



**Peter Franchot**  
Comptroller

November 23, 2010

Honorable Martin O'Malley  
Governor of Maryland  
State House  
Annapolis, Maryland 21401

Honorable Thomas V. "Mike" Miller, Jr.  
President, Senate of Maryland  
State House  
Annapolis, Maryland 21401

Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House  
Annapolis, Maryland 21401

Dear Governor, President and Speaker:

General fund revenues for the month of October, generally not a significant month for revenue collections, totaled \$911.8 million, an increase of 2.1% from October of last year. For the fiscal year to date, general fund collections are just under \$3.3 billion, 4.2% above collections through October 2009.

#### *Individual Income Tax*

Individual income tax withholding was down 0.5% for the month of October, the second year in a row of decline. One fewer deposit day, though, implies that all else equal, growth was four percentage points lower than it otherwise would have been. For the year, withholding has increased 3.2%. Estimated payments are typically not substantial in October; the 24.7% growth for the month brings year to date performance to a 3.2% decline for the year. While October is also not an overly important month for final payments and refunds, the fact that the extension due date for tax year 2009 returns is October 15 does mean that final payments and refunds do occur at slightly elevated levels relative to the other off-months. Final payments fell 11.4%, and are now down just slightly on the year, while refunds fell 6.0% for the month and are now 31% below last year's year to date levels. Overall, general fund revenue from the individual income tax increased marginally by 0.8% in October, and for the year, revenues have increased 4.6%.

#### *Corporate Income Tax*

Extension returns for calendar year corporate taxpayers are also due in October, though October is also not a significant month for corporate income tax collections. Final payments fell 19.7% for the month, but estimated payments were up by nearly 40%. Altogether, gross receipts grew 4.7%, and are up 7.5% year to date. Corporate income tax refunds are typically the largest in October and November. The 68% growth in refunds may or may not be a concern depending on November's level of activity. Despite the surge in refunds this month, refunds remain down 2.2% for the year. After distributions, the general fund distribution is up 10.6% for the month and 21% for the year to date.

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*Sales Tax*

General fund sales tax receipts (September sales) are up 3.7% for the month and also up 3.5% on the year. Receipts from consumer-related sales increased 4.0%, and are up a similar 3.7% for the year; October was the seventh consecutive month of growth, though in all but one of those months growth has been 4.5% or lower. Receipts from construction-related activity increased 3.7%, slightly ahead of the 3.1% year to date growth. Growth in receipts from capital goods was 9.0% for the month, and they are now up 6.5% for the year, a good sign for the broader economy. Utility receipts, however, fell 3.7% for the month and they are now off 1.6% for the year. While growth in sales taxes resumed in April, there has not been much acceleration—other than April, when gross receipts increased 8.3%, growth has ranged from 2.8% to 4.4%.

*Lottery*

General fund lottery collections were up 5.6% for the month, despite overall sales being down 2.4%. Year to date sales remain down 2.2%. Multimatch posted a double-digit sales decline sales of 15.4%, while the multi-state jackpot games, Pick 3 and Keno all fell by 4.2% or more. Racetrax posted the only significant sales increase at 12.4%. Although Pick 3 sales fell, revenues increased by 34% due to favorable prize payouts. Racetrax, Pick 4 and Keno also posted modest growth in revenues. For the year, general fund lottery revenues have increased 2.0%.

*Other Revenues*

October is an insignificant month for business taxes; the 81% decline in insurance premium taxes and the 22% drop in business franchise taxes are therefore not of particular concern. Death taxes nearly doubled for the month as a result of estate tax collections, which were boosted by five estates with payments over \$500,000. Negative interest collections for the month were attributable to accounting issues and are still deeply affected by reduced treasury rates. Finally, excise taxes continue to be up for the year.

I hope this information is helpful. If you have any questions or concerns, please do not hesitate to contact me or David F. Roose, Director of the Bureau of Revenue Estimates.

Sincerely,



Peter Franchot  
Comptroller

cc: Treasurer Nancy K. Kopp  
Secretary T. Eloise Foster  
Senator Ulysses Currie  
Senator Allan H. Kittleman  
Delegate Norman H. Conway  
Delegate Sheila E. Hixson

Delegate Anthony J. O'Donnell  
Warren G. Deschenaux  
Len Foxwell  
Linda L. Tanton

**State of Maryland General Fund Source Revenue Collections**  
**Fiscal Year 2011 (October)**  
**Summary Report**  
(\$ in thousands)

	October			Year to Date		
	FY 2011	FY 2010	Growth	FY 2011	FY 2010	Growth
<b>General Fund Receipts</b>						
Individual Income Tax	453,638	449,864	0.8%	1,695,986	1,621,801	4.6%
Corporate Income Tax	14,255	12,895	10.6%	131,272	108,434	21.1%
Sales Tax	309,607	298,542	3.7%	915,273	884,097	3.5%
Lottery	40,938	38,756	5.6%	158,895	155,763	2.0%
Franchise Tax	2,138	2,723	-21.5%	44,302	43,376	2.1%
Premium Tax	390	2,029	-80.8%	69,904	65,744	6.3%
Death Taxes	27,490	14,174	93.9%	66,571	56,427	18.0%
Alcohol / Tobacco	35,955	37,821	-4.9%	124,555	121,819	2.2%
Court Revenues	10,292	11,132	-7.5%	42,504	46,647	-8.9%
Interest	(3,355)	2,824	-218.8%	(3,801)	7,032	-154.1%
Miscellaneous	21,471	21,996	-2.4%	50,400	50,596	-0.4%
<b>Total</b>	<b>912,819</b>	<b>892,757</b>	<b>2.2%</b>	<b>3,295,860</b>	<b>3,161,735</b>	<b>4.2%</b>
<b>Individual Income Tax Detail</b>						
Withholding	862,377	866,323	-0.5%	3,048,565	2,953,780	3.2%
Estimated	62,863	50,393	24.7%	378,858	391,336	-3.2%
Final / Fiduciary	52,617	60,795	-13.5%	130,926	134,897	-2.9%
Gross Receipts	977,856	977,512	0.0%	3,558,350	3,480,013	2.3%
Refunds	(103,850)	(110,498)	-6.0%	(227,776)	(266,458)	-14.5%
Net Receipts	<b>874,006</b>	<b>867,014</b>	<b>0.8%</b>	<b>3,330,574</b>	<b>3,213,555</b>	<b>3.6%</b>
<b>Corporate Income Tax Detail</b>						
Estimated	40,866	29,329	39.3%	194,589	186,552	4.3%
Final	33,321	41,508	-19.7%	91,958	79,968	15.0%
Gross Receipts	74,186	70,836	4.7%	286,547	266,520	7.5%
Refunds	(30,028)	(17,890)	67.8%	(79,216)	(81,003)	-2.2%
Net Receipts	<b>44,158</b>	<b>52,946</b>	<b>-16.6%</b>	<b>207,331</b>	<b>185,517</b>	<b>11.8%</b>
<b>Lottery Sales</b>	<b>138,874</b>	<b>142,253</b>	<b>-2.4%</b>	<b>550,211</b>	<b>562,726</b>	<b>-2.2%</b>

Income tax receipts are shown before distributions to the local reserve fund and to/from the refund reserve fund for the individual income tax, and before distributions to the Transportation Trust Fund, Higher Education Investment Fund, and to/from the refund reserve fund for the Corporate Income Tax.