

News Release

Comptroller Franchot Releases FY 2021 Closeout Report Showing \$2.5 Billion Fund Balance

Enormous revenue growth driven by federal stimulus aid

ANNAPOLIS, Md. (September 29, 2021) - Comptroller Peter Franchot today announced that the State of Maryland [closed its books on Fiscal Year 2021](#) with an unassigned balance of the State's General Fund of \$2.5 billion, which represents more than five percent of the state's \$48 billion operating budget for FY21.

The [massive fund balance is driven by much larger-than-expected revenue growth](#) that is a direct reflection of federal stimulus funding, which significantly increased personal and business income and expanded consumer spending.

“Even with this great financial news, we still have a tale of two Marylands,” Comptroller Franchot said. “In one Maryland, there are hundreds of thousands of residents facing dire circumstances. Those without a job see their unemployment benefits expiring. Renters are facing homelessness since rental relief funds are not being disbursed quickly enough and the eviction moratorium has been lifted. Parents returning to work are struggling to find and afford daycare. Small businesses who couldn't access federal relief funds are struggling to rebuild.”

“In the other Maryland, which is about two-thirds of our population, workers are able to do their jobs remotely, invest their wealth in the markets, and run businesses that not only carried on throughout the pandemic, but in fact, did very well,” he said.

“The state's surplus is a once-in-a-generation opportunity to invest in programs that lift all Marylanders and help stabilize housing and other critical expenses for our lower- and middle-income families,” Comptroller Franchot added. “In order to accomplish this, we should put most of the surplus in the state's Rainy Day Fund and create a proper structure for addressing these urgent needs that our current

systems are failing to do effectively. We must deliver this money quickly to those who need it most and not into the hands of fraudsters.”

The ongoing general fund grew 9.9 percent over Fiscal Year 2020, a number that may be artificially inflated due to the “economic shutdown” for roughly three months in the spring of 2020. Perhaps a better comparison, Maryland’s general fund is up 11.3 percent over the pre-COVID Fiscal Year 2019 numbers.

A significant share of the additional balance is attributed to better-than-expected results for tax year 2020. Even in a year where 14 percent of employed Marylanders lost a job – and six percent remained unemployed at the end of the year – state personal income tax collections for tax year 2020 grew by roughly 7.3 percent. This indicates that taxpayers with business income and capital gains experienced robust income growth during 2020.

More recently, wage growth and sales tax collections outperformed expectations for the final six months of the fiscal year. It seems apparent that many Marylanders received bonuses and/or significant wage increases in early 2021. Those wage increases, coupled with bolstered savings levels derived from the height of the pandemic and stimulus efforts, are driving better than expected results for the sales tax.

Additionally, the corporate income tax delivered better than expected results. It seems likely that larger firms were well positioned to economically benefit during the pandemic -- driving profits by capturing additional market share from weaker competitors, increased sales from federal stimulus, and cutting expenses.

Agency staff will continue to monitor economic trends and examine data. The Board of Revenue Estimates is scheduled to meet virtually on Thursday afternoon to consider updated projections for FY 2022 and to hear fiscal forecasts for the following years.

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