



Peter Franchot
Comptroller

December 19, 2008

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 November totaled \$784.8 million, a decline of 3.4% over November 2007. Fiscal year to date, general fund collections are \$4.161 billion, growth of 1.8% (see attached table). Although growth for the fiscal year remains positive, November results mark the second straight month of year over year declines. Year to date general fund growth reached 8.1% before declining to 3.1% and 1.8% in October and November respectively. The negative growth trend does reflect, in part, current economic conditions. Note that November's revenue performance was taken into account in the Board of Revenue Estimates' December 16 revision of the official revenue estimates.

Individual Income Tax

General fund individual income tax receipts for the month of November declined 2.0% relative to last year. Year to date, collections have declined 0.1%. Individual income tax withholding increased 1.8% to \$800.1 million, a 1.9% year to date increase. Individual estimated taxes fell 16.3% to \$13.7 million. While November is the second straight month with a decline in estimated payments, these are not months with quarterly payments due, and so no conclusions can necessarily be drawn from that fact. November is also not a significant month for final payments or refunds, although the 38% increase in refunds is notable.

Corporate Income Tax

Estimated corporate taxes increased 47% to \$9.8 million while final payments fell 71% to \$6.2 million, resulting in a 42.6% decline in gross receipts. While November is a relatively meaningless month for gross receipts, refunds can occasionally be large in November. They were this past month—refunds increased 56% to \$59.6 million, the second-largest month on record. The refunds do not reflect current year activity, but may indicate that, as last year's ultimate liability was overstated through estimated payments, this year's may be as well. The net result is a \$33.2 million year over year decline in net receipts, totaling a loss of \$43.6 million. Despite what appears to be a huge loss, general fund receipts declined only \$9.0 million as much of the large amount of refunds was paid from the refund reserve.

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Sales Tax

General fund sales tax receipts increased 5.5% in November to \$301.6 million. Year to date revenues are up 8.3%. Adjusted for the sales tax rate increase and the new distribution to the Transportation Trust Fund, baseline performance remains depressingly low, a decline of about 6.2% for the month and 5.3% for the year. November results, reflecting October sales, are the first since the financial market meltdown in early October and the record low consumer confidence reached that month, but they do represent improvement over the (adjusted) 10.9% decline in October collections from September sales.

Lottery

Lottery proceeds to the general fund fell 16.1% to \$33.1 million despite a 1.2% increase in sales. Sales increased most notably in Pick 4, with 6.7% growth, but Pick 4 revenues declined as prize payouts were 65.6% of sales compared to just 36.4% last year. Also as a result of prize allocation, Pick 3 posted lower revenues despite a 1.7% increase in sales. All told, lottery general fund revenues are down \$24.1 million or 12.6%

Other Revenues

Insurance premium tax receipts fell 88.7% or \$4.8 million, although at least a part of that decline is due to administrative issues and does not reflect underlying trends. Death tax collections continued to be weak, posting a 33.8% decline equal to \$8.5 million. In the aggregate, other revenues declined 24.3% or \$27.9 million.

Again, November revenue collections were accounted for in the recent revisions of the official revenue estimates of the Board of Revenue Estimates. 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 David R. Brinkley
Delegate Norman H. Conway
Delegate Sheila E. Hixson
Delegate Anthony J. O'Donnell
Warren G. Deschenaux
Linda L. Tanton
David Weaver

State of Maryland General Fund Source Revenue Collections
Fiscal Year 2009 (November)
Summary Report
(\$ in thousands)

	November			Year to Date		
	FY 2009	FY 2008	Growth	FY 2009	FY 2008	Growth
General Fund Receipts						
Individual Income Tax	371,982	379,715	-2.0%	2,130,155	2,132,017	-0.1%
Corporate Income Tax	(9,045)	(7,872)	14.9%	116,052	83,184	39.5%
Sales Tax	301,610	286,010	5.5%	1,249,153	1,153,637	8.3%
Lottery	33,101	39,435	-16.1%	168,037	192,158	-12.6%
Franchise Tax	1,556	2,405	-35.3%	46,067	46,369	-0.7%
Premium Tax	606	5,372	-88.7%	67,907	74,849	-9.3%
Death Taxes	16,689	25,221	-33.8%	95,117	108,713	-12.5%
Alcohol / Tobacco	37,476	25,200	48.7%	160,958	112,047	43.7%
Court Revenues	7,006	8,996	-22.1%	52,122	60,039	-13.2%
Interest	5,797	23,311	-75.1%	3,121	37,639	-91.7%
Miscellaneous	18,021	24,573	-26.7%	72,526	87,861	-17.5%
Total	784,799	812,368	-3.4%	4,161,217	4,088,513	1.8%
Individual Income Tax Detail						
Withholding	800,167	785,817	1.8%	3,794,918	3,724,715	1.9%
Estimated	13,725	16,390	-16.3%	538,756	515,476	4.5%
Final / Fiduciary	19,486	14,609	33.4%	173,255	178,829	-3.1%
Gross Receipts	833,378	816,816	2.0%	4,506,929	4,419,020	2.0%
Refunds	(82,325)	(59,548)	38.3%	(301,110)	(276,348)	9.0%
Net Receipts	751,053	757,269	-0.8%	4,205,820	4,142,672	1.5%
Corporate Income Tax Detail						
Estimated	9,767	6,647	46.9%	221,575	193,538	14.5%
Final	6,230	21,238	-70.7%	78,387	89,570	-12.5%
Gross Receipts	15,997	27,885	-42.6%	299,962	283,108	6.0%
Refunds	(59,624)	(38,242)	55.9%	(141,259)	(173,656)	-18.7%
Net Receipts	(43,627)	(10,357)	--	158,703	109,452	45.0%
Lottery Sales	133,215	132,236	0.7%	676,761	682,466	-0.8%

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 and to/from the refund reserve fund for the corporate income tax.