



**Peter Franchot**  
Comptroller

October 22, 2013

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 revenue collections totaled \$1.37 billion in September, growth of 1.9%. For the fiscal year to date, revenues of \$2.82 billion reflect growth of 3.2% over last year. In the aggregate, collections are slightly above last month's revised revenue estimates.

#### *Individual Income Tax*

General fund individual income tax receipts for the month of September increased 9.3%, resulting in year-to-date growth of 7.5%. Withholding, the largest source of collections in September, increased 5.5% for the month, 3.3% for the year.

Refunds decreased in September by 4.4% (to the good of the general fund), resulting in a decrease of year-to-date growth of 4.8%. September is a quarterly month for estimated payments –up 13.2% for the month and 10.6% for the year. Although estimated payments posted strong growth, growth was still below expectations. Fiduciary payments continue to see strong growth with the month of September up 48% and year-to-date growth of 67.8%. The remaining major component of the individual income tax, final payments, increased 18.0% for the month and 23.2% for the year.

#### *Corporate Income Tax*

General fund corporate income tax receipts declined \$31.1 million (19.7%) in September, and are now down 22.5% for the fiscal year. Quarterly estimated payments, due this past month for most taxpayers, fell 9.0%. Corporate profits data is not yet available, but these results may reflect in part the sluggish growth in profits for the first two quarters of calendar year 2013. Final payments, a much smaller share of gross receipts in September, fell 8.2%. In total, gross receipts fell 10.9% for the month and are down 8.3% for the fiscal year. Refunds grew 54% in September and are up 54.7% for the year, resulting in a 28.3% increase in net receipts for the month, and a 37.0% increase for the fiscal year to date.

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### *Sales Tax*

General fund sales tax receipts (August sales) grew 0.4% and, after two months of collections, are up 1.2% for the year. Consumer receipts, the largest component of sales tax receipts, remained relatively flat, with year-to-date growth of just 0.1%. Capital goods receipts declined 12.9% for the month and 8.1% for the year. Construction-related receipts increased for the fifth consecutive month and are up 6.6% for the year-to-date. Assessments continued to decline – 5.9% for the month and 12.4% year-to-date.

### *Lottery*

Lottery sales increased 1.1% in September with Racetrax, Mega Millions/Powerball and MultiMatch showing month over month growth. In the aggregate, sales are down 1.7% for the year, with only Racetrax, and PowerBall showing growth for the year. Larger payouts for the month contributed to general fund revenues decreasing 7.6% for the month and 0.9% for the year. The distribution to the Stadium Authority, based on Mega Millions sales and revenues, is down \$500,000 compared to this time last year. Only Racetrax and Powerball revenues have increased year-to-date, growing 8.5% and 33.6% respectively.

### *Other Revenues*

Quarterly estimated payments are due in September for both the business franchise tax and insurance premium tax. Business franchise tax revenues were up 6.8% for the month, while insurance premium tax revenues were down 0.5%. However, both sources of revenue are up for the year by 34.7% and 34.0% respectively.

While inheritance tax revenues were down 40.7% for the month, estate tax revenues increased 6.9%, causing a 16.2% drop in death tax revenues for September. For the year, death tax receipts have declined 4.2%. Both alcohol and tobacco revenues decreased for the month, down 4.3% and 10.2%, respectively.

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

Sincerely,



Peter Franchot  
Comptroller

cc: Treasurer Nancy K. Kopp	Delegate Sheila E. Hixson
Secretary T. Eloise Foster	Delegate Anthony J. O'Donnell
Senator Edward J. Kasemeyer	Warren G. Deschenaux
Senator Edward J. Pipkin	David F. Roose
Delegate Norman H. Conway	Len N. Foxwell