



Peter Franchot
Comptroller

December 10, 2007

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 \$812.4 million, an increase of 7.1% from November 2006. For the fiscal year to date, general fund collections are \$4.089 billion, 3.2% higher than last year (see attached table). Revenue performance continues to be on course with the preliminary fiscal year 2008 staff estimates from the Bureau of Revenue Estimates.

Individual Income Tax

General fund individual income tax receipts for the month of November increased 2.8% over a year ago. Year to date growth is now 6.1%. Withholding increased only 2.2% for the month, but due to calendar issues low growth for the month was expected. Year to date, withholding is up 6.2%. Estimated income tax payments in November, another quiet month after third quarter payments were due in September, were up 9.1% over last year and are currently up 5.6% for the year. Final payments are down 1.4% for the year, and refunds have grown 22.8% for the year, although no conclusions about revenue performance can be drawn from those figures until the income tax filing season is well under way.

Corporate Income Tax

November is an off month for corporate income tax receipts, although refunds are often large. Gross receipts grew 39.7% in November, and are now up 1.8% for the year. Refunds declined 11.2% in November, although year to date refunds are 81.5% (\$78.0 million) above last year. As a result, net receipts have declined 55.2%.

Sales Tax

General fund sales tax receipts grew 5.7% in November (October sales), the second-best performance in 15 months. Very strong growth in the food and beverage sector offset weakness in the apparel and general merchandise sectors. Sales tax receipts were also very strong two months ago; unfortunately very weak growth of 0.2% occurred last month, so we have yet to see a trend of consistent, strong growth returning. Sales tax revenues are up 3.9% for the year to date.

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Lottery

The Lottery put in a very strong performance in November, with revenues increasing 13.0% over last year. General fund lottery revenues are up 8.7% year to date. Ticket sales are up 60% for Mega Millions and 27% for Instant games. Ticket sales for Keno/Racetrax (now also including Maryland Hold'em) are down 2.9% this month compared to this time last year, although the Lottery Agency was running a Keno promotion last year. Sales are now up 12.1% year to date, and are generally exhibiting very strong performance.

Other Revenues

Most other revenue sources grew in November. Death taxes were up 43.2%, while interest earnings (on a cash basis) increased 122%. Alcohol and tobacco revenues declined 4.6%, attributable to a 5.4% decline in the tobacco tax.

Taken together, revenues are performing as expected through November. The Board of Revenue Estimates will be taking year to date performance into account, along with the economic outlook and recent legislative actions, as we prepare our official fiscal year 2008 and 2009 general fund revenue estimates for release later this week.

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
Len Foxwell
Linda L. Tanton
David Weaver

State of Maryland General Fund Source Revenue Collections
Fiscal Year 2008 (November)
Summary Report
(\$ in thousands)

	November			Year to Date		
	FY 2008	FY 2007	Growth	FY 2008	FY 2007	Growth
General Fund Receipts						
Individual Income Tax	379,715	369,442	2.8%	2,132,017	2,010,353	6.1%
Corporate Income Tax	(7,872)	(10,229)	-23.0%	83,184	138,683	-40.0%
Sales Tax	286,010	270,575	5.7%	1,153,637	1,110,212	3.9%
Lottery	39,435	34,894	13.0%	192,158	176,851	8.7%
Franchise Tax	2,405	2,226	8.1%	46,369	42,009	10.4%
Premium Tax	5,372	4,189	28.2%	74,849	78,530	-4.7%
Death Taxes	25,221	17,610	43.2%	108,713	114,322	-4.9%
Alcohol / Tobacco	25,200	26,423	-4.6%	112,047	114,262	-1.9%
Court Revenues	8,996	9,187	-2.1%	60,039	65,121	-7.8%
Interest	23,311	10,490	122.2%	37,639	33,244	13.2%
Miscellaneous	24,573	23,774	3.4%	87,861	76,780	14.4%
Total	<u>812,368</u>	<u>758,580</u>	<u>7.1%</u>	<u>4,088,513</u>	<u>3,960,366</u>	<u>3.2%</u>
Individual Income Tax Detail						
Withholding	785,817	768,591	2.2%	3,724,715	3,505,650	6.2%
Estimated	16,390	15,022	9.1%	515,476	488,244	5.6%
Final / Fiduciary	14,609	21,257	-31.3%	178,829	181,299	-1.4%
Gross Receipts	816,816	804,870	1.5%	4,419,020	4,175,194	5.8%
Refunds	(59,548)	(56,504)	5.4%	(276,348)	(225,068)	22.8%
Net Receipts	<u>757,269</u>	<u>748,366</u>	<u>1.2%</u>	<u>4,142,672</u>	<u>3,950,125</u>	<u>4.9%</u>
Corporate Income Tax Detail						
Estimated	6,647	6,872	-3.3%	193,538	190,972	1.3%
Final	21,238	13,083	62.3%	89,570	87,161	2.8%
Gross Receipts	27,885	19,954	39.7%	283,108	278,133	1.8%
Refunds	(38,242)	(43,074)	-11.2%	(173,656)	(95,655)	81.5%
Net Receipts	<u>(10,357)</u>	<u>(23,119)</u>	<u>--</u>	<u>109,452</u>	<u>182,478</u>	<u>-40.0%</u>
Lottery Sales	132,236	126,456	4.6%	682,466	608,781	12.1%

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.