

News Release

Board of Revenue Estimates Updates Revenue Projections for FY 25 and Adopts Initial Estimates for FY 2026

Comptroller Remains Cautiously Optimistic as State Anticipates a Slight Increase in Revenues

ANNAPOLIS, Md. (September 26, 2024) — During the September meeting for the Board of Revenues Estimates on Thursday, the board, consisting of its chair, **Comptroller Brooke E. Lierman, Treasurer Dereck E. Davis, and Department of Budget and Management Secretary Helene T. Grady**, voted to approve the State's updated revenue forecast for Fiscal Years 2025 and initial forecast for 2026. The projections reflect total general fund revenues of \$25.1 billion in FY 2025, an increase of 0.8% over the FY24 actual revenue, and approximately \$25.3 billion in FY 2026, an increase of just under 1% over the currently projected FY 2025 revenue.

The new forecast for FY 2025 predicts a **\$88.4 million increase** in revenue compared to the March estimate, leaving the forecast mostly unchanged. This is the first official estimate for FY 26. The economic outlook is essentially unchanged with slight, positive revisions to the expectations outlined in the March 2024 forecast, with revenue growth still expected to be slow but positive. This forecast is considered a recalibration of long-term trends related to where Maryland is getting its revenue.

Comptroller Lierman highlighted several trends that could impact Maryland's economic performance. The State budget is increasingly reliant on volatile sources of revenue, including high earners in the corporate and personal income tax spaces, potential shutdowns by the federal government, and the write-down in sales tax revenue.

Bureau of Revenue Estimates Director and Board of Revenue Estimates Executive Secretary Robert J. Rehrmann noted there would need to be significant growth in sales tax in order to adjust their expectations for future forecasts.

Analysts also noted that Maryland's General Fund benefitted from a record amount of interest income and stronger than expected growth in miscellaneous revenues which is also reflected in the [2024 Closeout Report](#). The stronger than expected growth in these revenue sources led to total revenues exceeding the estimate by \$217.2 million which was 0.9% above the estimate.

Rehrmann also mentioned that it is too soon to predict the impact a recent rate reduction by the Federal Reserve will have on Maryland's economy. Rehrmann highlighted that consumption and labor participation rate could be predictors of the Federal Reserves' success.

Materials from the Board of Revenue Estimates' meeting will be available later this afternoon at this link: <https://mdbre.gov/revenue-estimates.php>.

The Bureau of Revenue Estimates serves as economic staff for the Comptroller and staff for the Board of Revenue Estimates. As such, the Bureau forecasts and analyzes the State and national economies; forecasts, analyzes, and monitors State revenues; and analyzes the effects of State and federal tax legislation on the State's revenues. In addition, the Bureau provides updates and analyses of the State's economy, revenue performance, and revenue forecasts to the bond rating agencies prior to every bond sale and otherwise as conditions warrant. For more information, visit <https://www.marylandtaxes.gov/divisions/bre.php>.

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Media Contacts

Robyne McCullough

rmccullough@marylandtaxes.gov

410-980-0139 (cell)

Barbara Sauers

bsauers@marylandtaxes.gov

410-212-9414 (cell)

Comptroller of Maryland, 80 Calvert Street, Annapolis, Maryland 21401, United States