



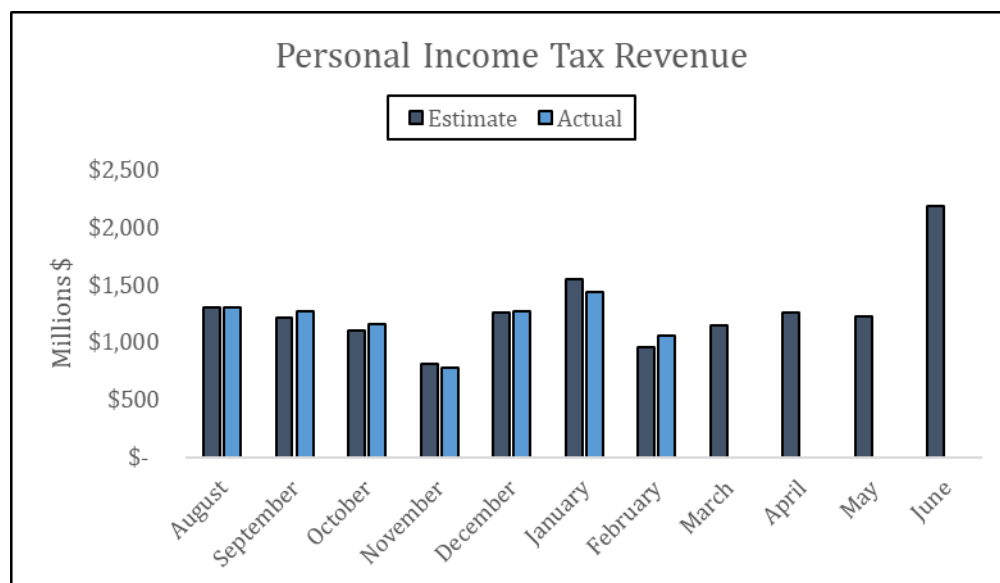
## Monthly Revenue Memo General Fund Revenue Summary Fiscal Year 2025 – February

### General Fund Revenue Overview

- General fund revenues totaled \$1,698.8 million, 12.2% above last February.
- Year-to-date general fund revenues are \$14,272.2 million, 3.3% above last year.
  - › This is \$89.6 million, or 0.6%, above the estimate.
  - › General fund over-attainment is primarily due to greater than expected personal income tax, sales and use tax, and miscellaneous revenues.
    - Withholding income tax revenues continue to be above estimate, increasing by 8.9% year-to-date.
  - › Corporate income tax revenue was less than anticipated due to higher refunds and lower than expected estimated payments.

### Personal Income Tax

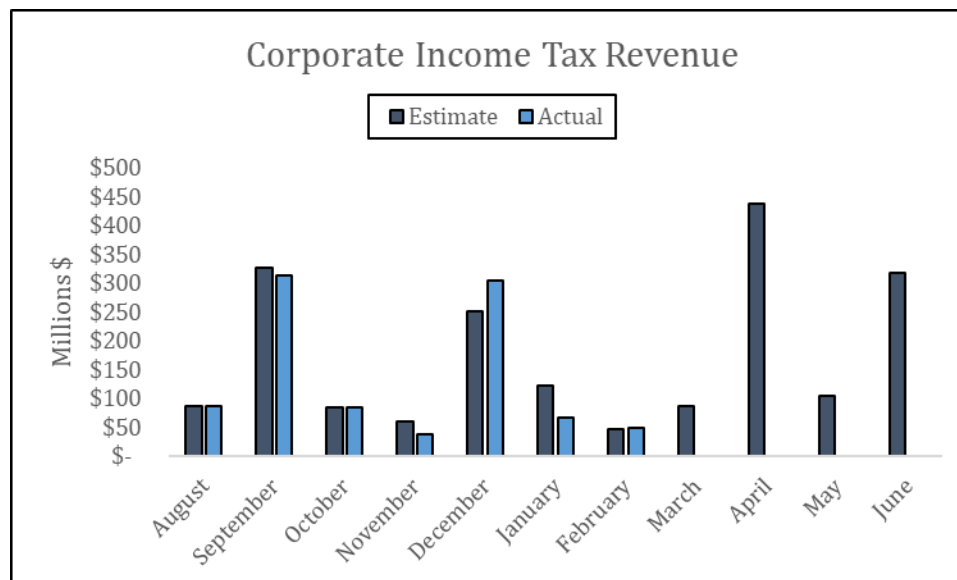
- General Fund
  - › Personal income tax revenues for February were \$1,053.6 million, 10.4% above last February.
  - › Year-to-date revenues are \$8,280.2 million, 7.6% above last year.
    - This is \$78.5 million, or 1.0%, above the estimate.



- Withholding income tax revenues continue to be strong and are up 8.9% year-to-date, 1.3% over the estimate.
  - › Significant uncertainty exists over the extent and timing of federal government related layoffs and spending reductions.
  - › If revenues slow significantly and are flat for the rest of the year the estimate will be attained.
- Estimated payments are under the estimate but final payments improved and are offsetting the year-to-date under-attainment from estimated payments.
- Refunds have been higher than expected.

### Corporate Income Tax

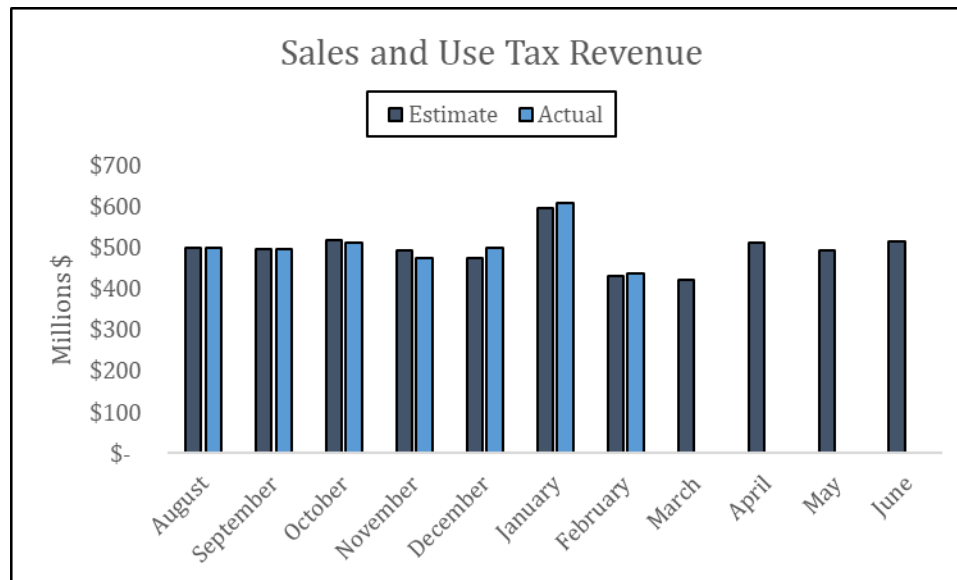
- On a general fund basis:
  - › February revenues totaled \$49.4 million, 47.6% below last February.
  - › Year-to-date revenues are \$942.1 million, 3.7% below last year.
    - This is \$34.4 million, or 3.5%, below the estimate.



- Estimated payments exhibited weakness.
- Monthly refund activity was strong, bringing refund attainment above the three-year average refund attainment.

### Sales and Use Tax

- On a general fund basis:
  - › February revenues totaled \$436.0 million, 62.4% above last February.
  - › Year-to-date revenues are \$3,530.3 million, 6.4% above last year.
  - › February FY 2024 collections were temporarily impacted by a system transition.
  - › This impact is pushing up FY 2025 year-over-year comparisons.
  - › Year-to-date revenues are above the estimate by \$20.8 million, or 0.6%.



- Although revenues are in line with the estimate, the potential impact of recent and proposed federal policy changes on consumer confidence and spending in Maryland and the region are not reflected in the data given the lag between tax collections and sales.

### *State Lottery / Gambling Revenues*

- State Lottery – Sales
  - › February sales were down 6% compared to last year, driven primarily by lower jackpot game and instant ticket sales.
  - › Last February had an extra day due to the leap year.
  - › Year-to-date sales are down 3.6%, mostly due to lower jackpot game prizes as all other games are up 1.1%.
- State Lottery – General Fund
  - › February revenues were \$52.3 million, 8.4% below last February.
  - › Year-to-date revenues are \$296.0 million, 34.1% below last year.
  - › Revenue declines reflect an increase in special fund distributions to pay for recent capital projects.
  - › Year-to-date revenues are \$4.7 million, or 1.6%, above the estimate.
- February casino revenues were below the estimate due to a decline in VLT revenues.
  - › Maryland Live and MGM were primary sources of underperformance.
- February sports wagering revenue was under the estimate, due to modestly lower than expected gross handle and more than expected promotional play.
  - › Year-to-date revenues are up 64.2% compared to last year.

### *Other Revenues*

- February revenues totaled \$107.6 million, 23.1% below last February.

- Year-to-date revenues are \$1,223.7 million, 0.6% below last year.
  - › This is \$20.1 million, or 1.9%, above the estimate.
- Business franchise tax revenue has been stronger than expected due to additional revenue at the beginning of the fiscal year.
- Alcohol tax revenue continues to be stronger than expected primarily due to recent strong wine revenues.
- On a cash basis interest revenue was stable in February with the interest rate earned on investments increasing by 0.25 basis points compared to the prior month.
- Estate tax revenue continues to underperform as the average large estate tax payment has been lower compared to last year.

### ***Federal Government Policy Update***

- The Department of Health and Human Services (HHS) announced in early April plans to terminate approximately 10,000 full-time employees.
  - › HHS is the largest federal agency employer located in the State, with over 40,000 employees.
  - › The Maryland Department of Labor has so far received notice of 2,755 layoffs.
- On April 2<sup>nd</sup>, the Trump administration announced significant increases in tariffs with subsequent additional announcements.
  - › Uncertainty over tariffs has driven recent equity and bond market volatility.

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Due to their volatility and/or incomplete reporting throughout the year, the year-to-date comparison of actual revenue to the estimate does not include interest income and certain hospital patient recoveries. In general, monthly and year-to-date revenue attainment should be interpreted with caution given monthly revenue volatility.

Except when noted, revenues reflect general fund revenues, not gross revenues and special funds.

A portion of sales and use tax and corporate income tax revenues are distributed to the general fund with remaining amounts distributed to special funds. Pursuant to recently enacted legislation, a greater portion of these revenues will be allocated to special funds over the next several years. Accordingly, general fund growth rates will differ than the total collections.