COMPTROLLER of MARYLAND
SERVING THE PEOPLE

Brooke E. Lierman
Comptroller

Luther Dolcar
Director

September 4, 2026

The Honorable Brooke E. Lierman
Comptroller of Maryland
Comptroller's Office
80 Calvert Street
Annapolis, Maryland 21404

Dear Comptroller Lierman:

Enclosed you will find the statement of General Fund Balance for the year ended June 30, 2026. In addition, you will find a schedule of General Fund revenues and an analysis of the variances between the 2026 estimated and actual revenues prepared by the Bureau of Revenue Estimates.

The State closed the fiscal year which ended on June 30, 2026 with a fund balance of $1.052 billion in the General Fund. Of this amount, $551 million was assigned by the 2026 General Assembly for fiscal year 2027 operations, leaving an unassigned fund balance of $501 million.

Please advise if you have any questions or would like additional information.

Sincerely,

Luther Dolcar

Luther Dolcar
Director, General Accounting Division

80 Calvert Street, Annapolis, Maryland 21401 410-260-7310 1-800-552-3941 (MD) www.marylandtaxes.gov
Fax: 410-974-3808 Maryland Relay 711 TTY 410-260-7157 ldolcar@marylandtaxes.gov

General Fund Balance
June 30, 2026

General Fund Balance, June 30, 2026		$ 270,538,504
Add:		
2026 Estimated Revenues (Board of Revenue Estimates March 2026)		27,118,564,750
Adjustments to Revenues (see detail)		374,800,000
Reimbursement from reserve for Tax Credits		44,655,625
Other adjustments to revenue:		
Transfer from Revenue Stabilization Account		326,300,000
Transfer from other funds		556,172,016
Deduct:		
2026 General Fund Appropriations		
Appropriated by 2025 General Assembly	27,010,530,017	
Deficiency appropriations	1,056,141,341	
Specific reversions	(28,902,251)	
Estimated agency reversions	(100,000,000)	
Net appropriations		(27,937,769,107)
Estimated 2026 General Fund Balance		753,261,788
Add:		
Excess of Actual Revenues over (under) estimates	563,535,136	
Excess of Actual Transfers over (under) estimates	(372,283,473)	
		191,251,663
Add:		
Excess of Actual Reversions over estimates	107,619,015	
		107,619,015
Total General Fund Balance		1,052,132,465
Deduct: General Fund Balance Reserved for 2027 Operations	(753,261,788)	
2027 Estimated Surplus	201,718,982	
		(551,542,806)
2026 Unassigned General Fund Balance		$ 500,589,659

EXHIBIT A
GENERAL FUND BUDGET SUMMARY
Detail - Fiscal Year 2026

Adjustments to Revenues - Other

Government Modernization Initiative Car Sale Revenue	$ 1,800,000
MHEC - Extend Cap on Student Debt Relief Tax Credit	(7,000,000)
Local Income Tax Reserve Fund - Extraordinary Revenues	380,000,000
	$ 374,800,000

Agency Reversions

MDH - Local Behavioral Health FY 2025 Unspent Funding	$ (16,700,000)
SRA - Administrative Fee	(5,691,206)
MCA - Cannabis Incubator Project	(2,000,000)
STO - Maryland Save4College FY 2026 Projections	(1,500,000)
DoIT - Government Modernization Initiative - FY 2026 Laptops and Radios	(1,357,822)
Commerce - Business Telework Assistance Grant Fund	(1,000,000)
USM - Frostburg State University Challenger Center Funds	(337,599)
MDP - Maryland Historical Trust FY 2025 Contingent Funds	(180,000)
Commerce - The Environmental Product Declaration Assistance Fund	(135,624)
	$ (28,902,251)

Transfers from Other Funds

MEA - SEIF Alternative Compliance Payments	$ 259,000,000
Fiscal Responsibility Fund	119,151,120
Local Income Tax Reserve Fund	77,867,430
MEA - SEIF RGGI Administration Account	33,000,000
Land Records Improvement Fund	20,000,000
MDH - Maternal & Child Health Population Improvement Fund	13,100,000
MHEC - Nurse Support Program Assistance Fund	10,000,000
Commerce - More Jobs for Marylanders Opportunity Zone Reserve Fund	6,000,000
Maryland Environmental Service	3,809,982
Labor - Non-Depository Fund	3,500,000
Racing and Community Development Financing Fund Interest	3,000,000
DPSCS - Maryland Police Training and Standards Commission Fund	2,000,000
GOCPP - Performance Incentive Grant Fund	2,000,000
Labor - Bank Institution and Credit Union Fund	1,500,000
MDE - Used Tire Cleanup and Recycling Fund	1,000,000
DPA FY 2023 - Grant to Domestic Violence Centers	355,760
DPA FY 2023 - Assisted Living Facilities	201,292
DPA FY 2024 - Rebuilding State Government	197,530
DPA FY 2023 - State Police Gun Center	152,732
DPA FY 2023 - Crossing Jurisdictional Boundaries	101,537
DPA FY 2023 - Center for Neuroscience of Social Injustice	100,001
DPA FY 2023 - Grants to Violence Prevention and Interruption Organizations	75,988
DPA FY 2023 - Greater Baltimore Regional Integrated Crisis System	51,600
DPA FY 2024 - Food Banks	7,044
	$ 556,172,016

Transfers from Revenue Stabilization Account

FY 2026 Governor's Allowance Adjustment	$ 219,000,000
FY 2026 Adjustment to 8%	107,300,000
	$ 326,300,000

STATE OF MARYLAND

State Reserve Fund

6/30/2026

(In Dollars)

	Revenue Stabilization Account (Rainy Day) A0101 (fund 0201)		Dedicated Purpose Account A0201 (fund 0202)		Economic Development Opportunity (Sunny Day) A0301 (fund 0203)	Catastrophic Event Account A0401 (fund 0204)		Total
Beginning Balance - July 1, 2025	$ 2,379,973,616		$ 138,389,157		$ 3,614	$ 12,549,110		$ 2,530,915,497
Investment Earnings	92,004,105.09		-		-	-		92,004,105
Replenishments	-		79,500,000		16,000,000	-		95,500,000
Distributions/Transfers	(130,207,117)	a	(72,915,642)	b	-	(2,381,951)	c	(205,504,710)
Ending Balance - June 30, 2026	$ 2,341,770,604		$ 144,973,514		$ 16,003,614	$ 10,167,159		$ 2,512,914,892

Source: DAFRG110 & DAFRG400

(a) Transfer to GF Surplus Exh A - $219,000,000
(a) Transfer to GF Surplus Exh A - $107,300,000
(a) Transfer from GF Surplus RVC - $196,092,883
(b) Transfer from MDH - $1,148,549.55
(b) Transfer from MEA- $11,898,206
(b) Budget Amendment #003-26 $12,000,000 to LABOR
(b) Budget Amendment #004-26 $17,500,000 to MHEC
(b) Budget Amendment #007-26 $2,217,635 to COM
(b) Budget Amendment #017-26 $9,000,000 to MDE
(b) Budget Amendment #018-26 $217,511 to DHCD
(b) Budget Amendment #018-26 $6,967,799 to MHEC
(b) Budget Amendment #029-26 $3,287,555 to DGS
(b) Budget Amendment #043-26 $200,000 to Commerce
(b) Budget Amendment #056-26 $931,074 to COM
(b) Budget Amendment #066-26 $12,000,000 to DHCD
(b) Budget Amendment #078-25 $8,954,821 to MDH
(b) Transfer to DBM - $275,866
(b) Transfer to GF Surplus Exh A - $1,243,484
(b) Transfer to MSDE - $13,336,077
(b) Transfer from MSDE- $299,515.07
(b) Transfer from DGS - $1,411,673.59
(b) Transfer from COM - $458,235.39
(c) Budget Amendment #071-25 $903,211 to LABOR
(c) Budget Amendment #079-26 $1,478,740 to LABOR

COMPTROLLER of MARYLAND
SERVING THE PEOPLE

Brooke E. Lierman
Comptroller

Robert J. Rehrmann
Director
Bureau of Revenue Estimates

September 4, 2026

To: Honorable Brooke E. Lierman

Honorable Dereck E. Davis

Secretary Jake Weissmann

From: Robert J. Rehrmann, Director

Bureau of Revenue Estimates

Subject: Fiscal Year 2026 Revenues

General Fund (GF) revenues in Fiscal Year (FY) 2026 totaled $28.06 billion, an increase of 9.1% over FY 2025. Excluding $405.0 million in one-time revenues, ongoing GF revenues increased by 7.5% over FY 2025.

Before the impact of staturorily required transfers, general fund revenues were $563.5 million or 2.0% above the estimate. Most revenue sources contributed to the greater than expected revenues with the five revenue sources listed below driving the vast majority of the over-attainment. The Revenue Volatility Cap mitigates the impact volatile and difficult to predict non-wage income on the State budget. Pursuant to its requirements, the Comptroller's Office distributed $392.2 million of the over-attainment of non-wage or non-witholding income tax revenues to the Rainy Day Fund and Fiscal Responsibility Fund. After these transfers there is a total of $171.3 million in general funds above the Board estimate which is 0.6% above the estimate.

80 Calvert Street P.O. Box 466 Annapolis, Maryland 21404-0466 410-260-7450 www.marylandcomptroller.gov
Maryland Relay 711 TTY 410-260-7157 bre@marylandtaxes.gov www.mdbre.gov

Actual versus Estimated FY 2026 Revenues

Revenue ($ Millions)	Actual	Estimated	$ Difference from Estimate	% Difference from Estimate	% Growth FY 25 – FY 26
Personal Income Tax	$15,872.8	$15,617.9	$ 254.9	1.6%	9.0%
Sales Tax	$6,477.9	$6,430.0	$ 47.8	0.7%	7.1%
Corporate Income Tax	$1,778.1	$1,642.8	$ 135.3	8.2%	-5.3%
All Other Revenues	$3,523.1	$3,397.6	$ 125.5	3.7%	10.3%
Total - Ongoing General Funds	**$27,651.9**	**$27,088.4**	**$ 563.5**	**2.1%**	**7.5%**
Extraordinary Revenues	$405.0	$405.0	$ -	N/A	N/A
Total General Funds	**$28,056.9**	**$27,493.4**	**$ 563.5**	**2.0%**	**9.1%**
RVC Transfers to RDF/FRF	$392.2	N/A	$ 392.2	N/A	N/A
Remaining General Funds	**$27,664.7**	**$27,493.4**	**$ 171.3**	**0.6%**	**N/A**

Source: Bureau of Revenue Estimates

The table below displays the forecast variance of the five largest forecast variances. The Personal Income Tax (PIT), the Sales and Use Tax (SUT), and Corporate Income Tax (CIT), account for 87.4% of ongoing general funds. The PIT is the largest revenue source, is more volatile than most revenue sources, and typically has a high dollar variance even when the error percentage is small (1.6% in FY 2026). The CIT is a smaller revenue source but even more volatile – these revenues were 8.2% above the estimate but had a smaller dollar error than the PIT. SUT revenue were $47.8 million or 0.7% above the estimate.

Largest Forecast Variances

Revenue ($ Millions)	Dollar Variance	Percent Variance	GF Revenues (1=Largest Source through Smallest=15)	Dollar Variance Rank	Percent Variance Rank
Personal Income Tax	$ 254.9	1.6%	1	1	12
Sales Tax	$ 47.8	0.7%	2	4	14
Corporate Income Tax	$ 135.3	8.2%	3	2	5
Interest Income	$ 48.1	17.5%	8	3	1
Miscellaneous	$ 36.1	8.9%	7	5	4

Source: Bureau of Revenue Estimates

Lottery revenues were $4.3 million or 0.8% below the estimate. Total revenue from income taxes, sales tax, and lottery was $433.7 million or 1.8% above the estimate. The other revenue sources comprise 10.6% of the general fund and totaled $2.98 billion in fiscal year 2026. Other revenues were $129.8 million or 4.5% over the estimate, increasing the total over-attainment of ongoing revenues. While nearly all the other revenue sources were over the estimate to some degree, interest income and miscellaneous revenues drove most of the net over-attainment.

- Personal Income Tax
  - PIT revenues increased by 9.0% compared to a forecasted growth of 7.3%
  - This growth is well above its typical rate
  - Withholding revenues were resilient and outperformed the economic data but slowed at the end of the fiscal year
    - Withholding increased by 3.1% compared to 6.5% growth in FY 2025
  - Nonwage income had a second year of double-digit growth (20% gross receipts growth in FY 2026) and was stronger than expected even though the forecast included 10% growth in capital gains
  - Legislation enacted in the 2025 session accounted for a significant portion of the year's growth
    - The new legislation will likely increase the long-term growth of the PIT

but will boost growth when nonwage income is strong and amplify declines when it falls

- Sales and Use Tax
  - Total revenue increased by 7.0%
    - GF revenue increased by 7.1%, compared to an estimate of 6.3%
    - Strong growth in the "core" sales tax, collections that do not include recent expansions to cannabis and IT/data services
- Corporate Income Tax (CIT)
  - GF revenue decreased by 5.3%, compared to an estimate decline of 12.5%
    - US tax code changes contributed to volatility and uncertainty
- Other Revenues
  - Interest income and miscellaneous revenues were above expectations

Multiple Uncertainties Impacted FY 2026

Forecasting State revenues can be challenging in a year in which there is (1) recently enacted State revenue legislation; (2) recently enacted federal tax legislation; (3) Maryland specific economic shocks; or (4) national economic shocks and/or significant shifts in federal policies. Tax legislation that is retroactive also increases the challenges of correctly interpreting revenues throughout the fiscal year. The Board forecast had to account for all of these challenges simultaneously.

For the September forecast, economic data indicated ongoing federal and private sector losses that had not stabilized. The September forecast included a measured economic outlook given the losses in the State's highest paid industry and ongoing reductions in federal spending. In addition, there was the potential upcoming impact of the loss in pay from former federal workers who opted for the deferred resignation program which generally paid these former federal employees through September 30th. Throughout the year, the Revenue Monitoring Committee assessed that the job losses had not materially decreased personal income tax revenues or consumer spending, leading to write ups in the December and March forecast.

The Big Picture – Maryland faces economic headwinds, but the economy and revenues were resilient

Maryland's economy has faced significant headwinds since the beginning of calendar year 2025, but preliminary data show a partial recovery over the course of fiscal year 2026. That resilience was reflected in the strong revenue collections that exceeded the forecast, despite significant job losses and slowing real gross domestic product growth. State tax law changes from the 2026 legislative session also boosted revenue growth including a surcharge on capital gains income and the expansion of the sales tax to information technology and digital services.

The primary headwind for Maryland is the reduction in federal employment, Maryland's highest-paying industry throughout the Washington, DC region. Since January 2025, Maryland lost 28,500 federal jobs, a reduction of 18.5%. Private sector employment initially contracted along with federal employment. In addition to loss in direct employment, the most recent federal spending data indicates that federal obligations in Maryland have decreased. This decrease in spending can impact federal contractors as well as universities and nonprofits who receive funding for such activities as research and development.

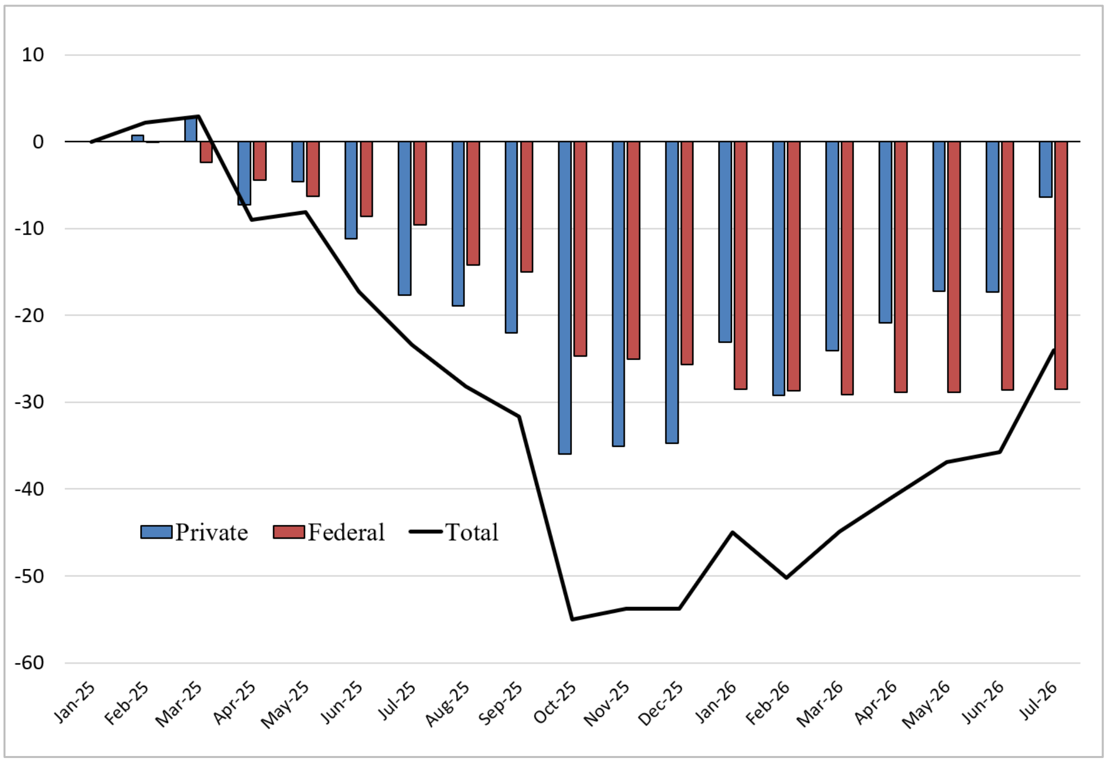
Despite the loss in federal employment and obligations, a recovery in the private sector began in November 2025 and federal job losses essentially stopped in January 2026. These data are taken from the Current Employment Statistics (CES) survey, the most timely data source available. Data from the less timely, but generally more accurate, Quarterly Census of Employment and Wages suggests that job losses were not as bad as initially reported in the CES.

Pushing in the other direction, the national economy continues to grow, buoyed by continued strength in the stock market, data center capital spending as well as accommodative monetary policy and unsustainable federal fiscal deficits. These policy stances keep spending circulating and enable quicker adjustment to negative economic shocks and faster recoveries as well as pressuring inflation. Policies that keep nominal growth, or growth before adjusting for inflation, high will keep tax revenue growth high, even when real growth is falling. Indeed, in Maryland real GDP growth has fallen to 0.8% year-over-year in the third quarter of FY 2026 while nominal growth is 4.4%. Similarly, Maryland's real average wage growth slowed to near zero, but total nominal wages, and therefore income tax withholdings, continue to grow.

Figure 1: Federal and Private Sector Employment in Maryland

Cumulative Change since January 2025

Numbers expressed in thousands



Note: Total includes State and local employment

Source: US Bureau of Labor Statistics

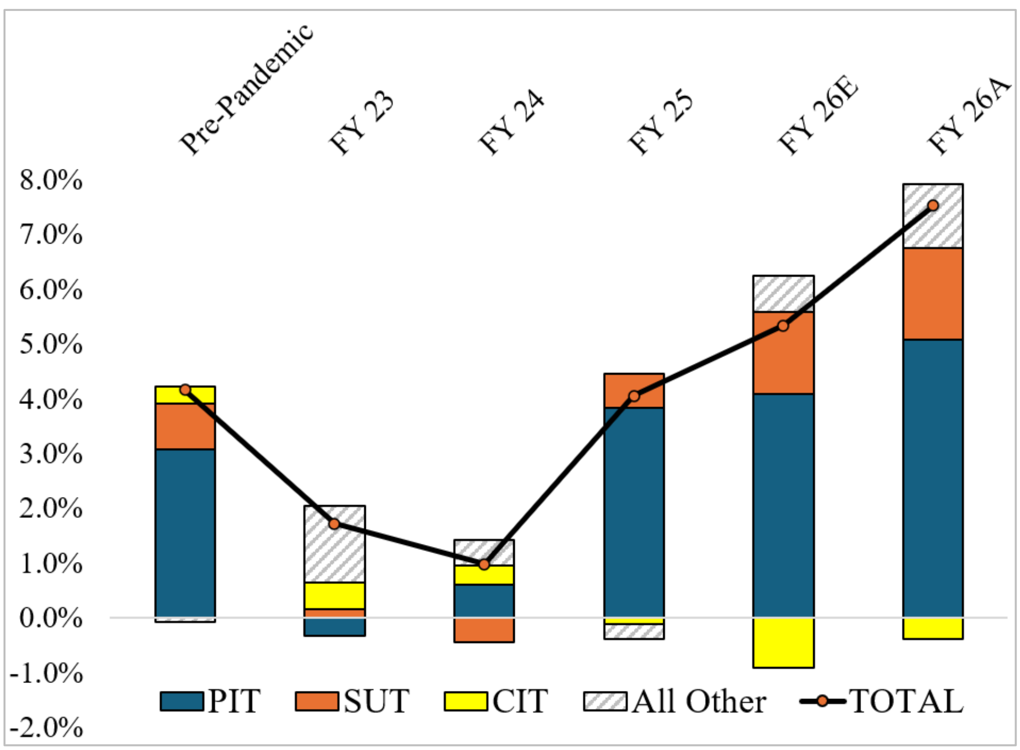
Link to Table

Board Forecast Assumed Strong Growth Despite Challenging Economic Data

Despite the Maryland labor market contraction and multiple national economic shocks the Board forecast predicted that fiscal 2026 revenues would grow above trend, primarily due to strong baseline growth rates for nonwage income and the sales tax. Another factor driving revenue growth that was anticipated in the forecast was strong payments from large estates that were realized before the March Board forecast.

Most of the greater than anticipated growth was due to (1) even stronger nonwage income growth than was anticipated; (2) a late, sudden recovery in corporate income tax revenues that was not broad-based; and (3) interest income and miscellaneous revenues that declined but not as much as anticipated in the Board forecast. The chart below shows the total growth rate in ongoing general fund growth rates in the five years before the pandemic, the below trend growth in fiscal year 2023 and fiscal 2024 driven by low SUT and PIT growth, and the recover to more typical growth rates in fiscal year 2025. The chart also shows the contribution to the total growth for the State's three main revenue sources and all other sources of revenues. For example, of the total growth of about 4% before the pandemic the PIT accounted for about 3% of this total growth, the sales tax a little less than 1%, and the CIT the remaining amount. The chart below also compares the growth that the Board forecast anticipated by source (FY 26E) compared to the actual growth in the year (FY 26A).

Figure 2: Contribution to Ongoing GF Growth by Source



Source: Bureau of Revenue Estimates

View as Table

Personal Income Tax

PIT Revenues

Revenue ($ Millions)	Actual	Estimated	$ Difference from Estimate	% Difference from Estimate	% Growth FY 25 – FY 26
Personal Income Tax	$15,872.8	$15,617.9	$ 254.9	1.6%	9.0%

Source: Bureau of Revenue Estimates

A total of $15.87 billion in GF revenue was collected in FY 2026, 1.6% or $254.9 million over the estimate. In addition, the Comptroller's Office distributed $114.8 million in PIT revenues to the Transportation Trust Fund (TTF) due to the newly enacted surcharge on capital gains. The Board forecasts were focused on monitoring the revenue impacts of recently enacted State and federal tax legislation, a cooling US labor market, and the ongoing federal and private job losses in the State and region. The high growth in FY 2026 of 9.0% reflected the impact of the State tax legislation increasing revenues above the baseline rate of growth, strong nonwage income growth of about one-fifth, and resilient withholding income tax revenues that outperformed the economic data.

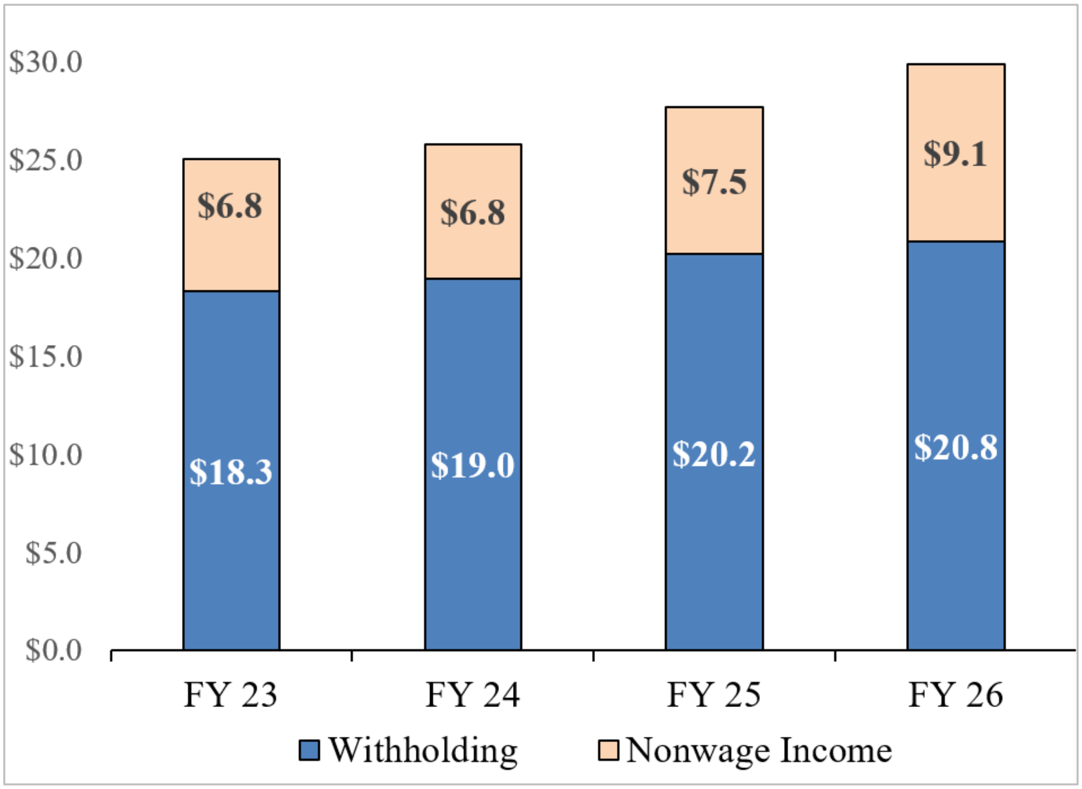
Withholding income taxes, generally those withheld from wages, comprise most of the income tax. Nonwage income, typically paid through estimated, final, and fiduciary payments, consists of dividend payments, interest income, rental income, business income, and capital gains. Although withholding taxes are a much larger share, the volatility of nonwage income can often cause unexpected changes in personal income tax collections.

Capital gains were strong in tax year 2024, leading to nonwage income growth of about 10% in fiscal year 2025, primarily through the growth in final payments. Given the volatility of capital gains, the September Board forecast incorporated a reduction in tax year 2025 capital gains. The December and September Board forecasts increased the capital gains forecast to a final estimate of 10% as estimated payments and fiduciary payments collections in the year were stronger than expected. The chart below details the gross State and local collections from withholding and nonwage income in fiscal years 2023 through 2026. Gross PIT collections increased by $2.2 billion in FY 2026. Of this growth, $1.6 billion or a little more than 70% was due to a 20% growth in nonwage income and withholding growth of 3.1% accounted for the remaining $0.6 billion.

Figure 3: Gross PIT Withholding and Nonwage Income Tax Collections

FY 2023 – FY 2026

Dollars expressed in billions



Note: Includes gross State and local collections.

Source: Bureau of Revenue Estimates

View as Table

Recent Tax Law Changes Amplified Nonwage Income Tax Growth

Beginning with tax year 2025, The Budget Reconciliation and Financing Act of 2025 enacted significant changes to the personal income tax by (1) restructuring tax brackets and raising rates including an increase in the top tax rate to 6.5%; (2) phasing out itemized deductions for certain high-income taxpayers; (3) imposing an additional surcharge of 2% on certain capital gains for taxpayers with federal adjusted gross income of greater than $350,000; and (4) increasing by one-fifth the standard deduction. On net, these provisions increased tax revenues since the additional taxes paid by higher-income taxpayers was greater than the reduction for lower – and moderate – income taxpayers claiming the standard deduction. The BRFA of 2025 extends a longer-term trend of higher-income taxpayers paying a growing share of PIT taxes – a shift driven both by law changes and by faster income growth among high earners. That faster growth stems largely from capital gains and other investment income, which make up a larger share of high earners' income but are also considerably more volatile than wages.

Capital Gains Surcharge

Of the amount generated from the capital gains surcharge, 37.5% must be distributed to the TTF. The fiscal estimate of the legislation that was updated and incorporated into the Board estimate assumed all of tax year 2025 and a portion of the tax year 2026 revenue would be distributed in FY 2026. Because estimated payments cannot be matched to a specific tax year until a final return is filed – and many high-income taxpayers likely paid the surcharge but filed for an extension – the Comptroller's Office distributed $114.8 million to the TTF. This reflects the March 2026 Board estimate of what the surcharge generated for tax year 2025. Going forward, each fiscal year's distribution will reflect a reconciliation distribution for the prior tax year plus an initial distribution for the current tax year.

Withholding Income Taxes

Although withholding income taxes grew just 3.1% – below the 4% trend growth rate – revenues outperformed the underlying economic data for much of the year. In the first half of the fiscal year, withholding revenues grew 4%, roughly double the growth rate of wages over the same period, even though withholding is typically closely correlated with wage growth. Heading into the March estimate, withholding revenues were $200 million above the forecast – normally a large enough over-attainment this far into the fiscal year to prompt an upward revision. However, because preliminary data pointed to a slowdown in recent months, the Board's forecast assumed that slowdown would continue for the remainder of the year and recognized only a portion of the over-attainment. That slowdown deepened as the fiscal year progressed, yet the withholding estimate was only $70.2 million or -0.3% from actual revenues despite the shift in the underlying trend over the course of the year.

This slowdown is worth noting despite FY 2026's otherwise strong revenue growth, given how significant a revenue source withholding is and how closely it tracks the health of the labor market.

PIT Variance by Component

Negative numbers are presented in parentheses and may not be read by screen readers.

Component	YoY Change	Estimate Variance ($ Millions)	Estimate Variance %
Withholding	**3.1%**	**$ (70.2)**	**-0.3%**
Estimated Payments	26.8%	$ 440.4	11.4%
Fiduciary Payments	52.5%	$ 77.3	42.3%
Final and Extension Payments	15.6%	$ 113.3	2.6%
Total Nonwithholding Revenues	**21.5%**	**N/A**	**N/A**
Refunds	5.1%	$ 217.5	5.5%

Note: Includes both State and local income taxes

Source: Bureau of Revenue Estimates

Sales Tax

Revenue ($ Millions)	Actual	Estimated	$ Difference from Estimate	% Difference from Estimate	% Growth FY 25 – FY 26
Sales and Use Tax	$6,477.9	$6,430.0	$ 47.8	0.7%	7.1%

Source: Bureau of Revenue Estimates

General Fund SUT revenues totaled $6.478 billion, $47.8 million, or 0.7%, above the estimate. GF Revenue increased by 7.1% in FY 2025, compared to a more typical 2.6% increase in the prior year. Total SUT revenues increased 7.0% in FY 2026, compared to 3.3% in FY 2025. Total revenue increased slightly faster than general fund revenue as special fund revenue sources grew faster than overall revenue and the share of revenue distributed to the Blueprint Fund rose from 11.3% in FY 2025 to 11.7% in FY 2026. The distribution to the Blueprint Fund will increase to 12.1% in FY 2027. Pushing in the other direction, the SUT was expanded to tax sales of Information Technology and Data Services (ITDS) at a rate of 3.0%. All of this new revenue goes to the general fund, somewhat equalizing the growth between total and general fund revenue in FY 2026.

Chapter 604 of the 2025 regular session expanded the SUT to ITDS sales beginning in FY

2026. The revenue effect of this legislation was estimated to be $482.8 million in FY 2026. The Board incorporated this estimate in the September forecast. By the December Board forecast the first quarter's ITDS revenue collection was weaker than expected and the Board reduced the estimate to about $408 million. By the March forecast it was apparent that the weakness was not isolated to just the first quarter of collections, and a larger write down was needed. The forecast was reduced to $112.8 million, a net write-down of $370.0 million over the course of the fiscal year. Actual collections totaled $100.8 million.

New tax types, with no history of collections to extrapolate from, are more difficult to estimate accurately. Without collections history based on actual economic activity, analysts must rely on publicly available historical data. The Board revised its forecast as new collections data became available.

Balancing the impact of lower ITDS forecasts, the rest of the sales tax experienced higher than normal growth. Estimated revenue for non-ITDS revenues increased as year-to-date revenue came in strong. No one factor can explain high taxable consumption growth. Consumers base their consumption not just on current conditions, but on past experience and future expectations. This means current conditions, namely the headwinds faced by Maryland's economy, do not solely determine consumption spending. Consumers often ride out difficult periods by dipping into their savings, especially if the difficult period is expected to be temporary. Indeed, national data shows that personal savings declined over the course of the fiscal year.

Corporate Income Tax

Revenue ($ Millions)	Actual	Estimated	$ Difference from Estimate	% Difference from Estimate	% Growth FY 25 – FY 26
Corporate Income Tax	$1,778.1	$1,642.8	$ 135.3	8.2%	-5.3%

Source: Bureau of Revenue Estimates

Corporate Revenues: An Outlier Amid Broader Revenue Strength

A total of $1.778 billion in GF revenue was collected in FY 2026, 8.2% or $135.3 million over the estimate. Corporate income tax revenue was a notable exception to the overall strong FY 2026 revenue growth. GF revenue decreased by 5.3% in FY 2026, compared to a decrease of 1.4% in FY 2025. In FY 2026, gross revenue, which is comprised of final and estimated payments, grew by 0.1%, an improvement from the 1.0% decline in FY 2025. Final payments, based on tax year 2025 profits, declined by 1.6% while estimated payments increased by 0.9%. Net revenue (all funds) for FY 2026 declined by 4.2%, while net revenue declined by only 0.3% in FY 2025. Refunds increased by 80.3%, the highest since FY 2017, breaking a post-pandemic trend of declining refund activity.

According to Moody's Analytics, U.S. corporate profits (with inventory valuation and capital consumption adjustments) increased by 4.6% in FY 2025 and are estimated to have increased by 12.1% in FY 2026, the highest growth since the pandemic. It is likely that two factors contributed to the relative underperformance of corporate income tax revenues. First, federal legislation was enacted that had a significant impact on State tax collections. Second, weakness among federal contractors, driven by reduced federal spending and regional economic uncertainty, also weighed on revenues. In addition, this underperformance was not unique. Several other jurisdictions reported lagging corporate tax revenues for much of FY 2026 before improving later in the year.

Federal Legislation Created Significant Uncertainty

Corporate collections, particularly from final payments, can vary significantly not only from year to year, but within a single year. These swings can stem from a range of factors, from broad economic trends and changes in tax policy to the payment activity of just a handful of large taxpayers. As noted above, significant tax law changes impacted all three of the State's most important fiscal year 2026 general fund revenue sources.

On July 4, 2025, the President signed into law HR 1 (PL 119-21), the One Big Beautiful Bill. The enactment of the federal Act, and the State's response to it, was a significant driver of uncertainty throughout fiscal 2026. In early September, the Comptroller's Office issued its 60-Day Report analyzing the State and local revenue impacts of the federal Act. The 60-Day Report concluded that four provisions of the Act will significantly reduce corporate income tax collections and determined that pursuant to statutory requirements the State temporarily decoupled from three of these provisions in tax year 2025 and any applicable prior tax years. The report estimated that after temporarily decoupling the Act decreased corporate income tax general fund revenues by a little more than $50 million in FY 2026 and by a greater amount in

FY 2027. The September 2025 Board Estimate incorporated this impact. In addition, corporate collections were weak in the second half of FY 2025, which was consistent with weaker corporate profit growth rates at that time, and the corporate income tax ended up about $50 million below the estimate in FY 2025 after a strong start to the year.

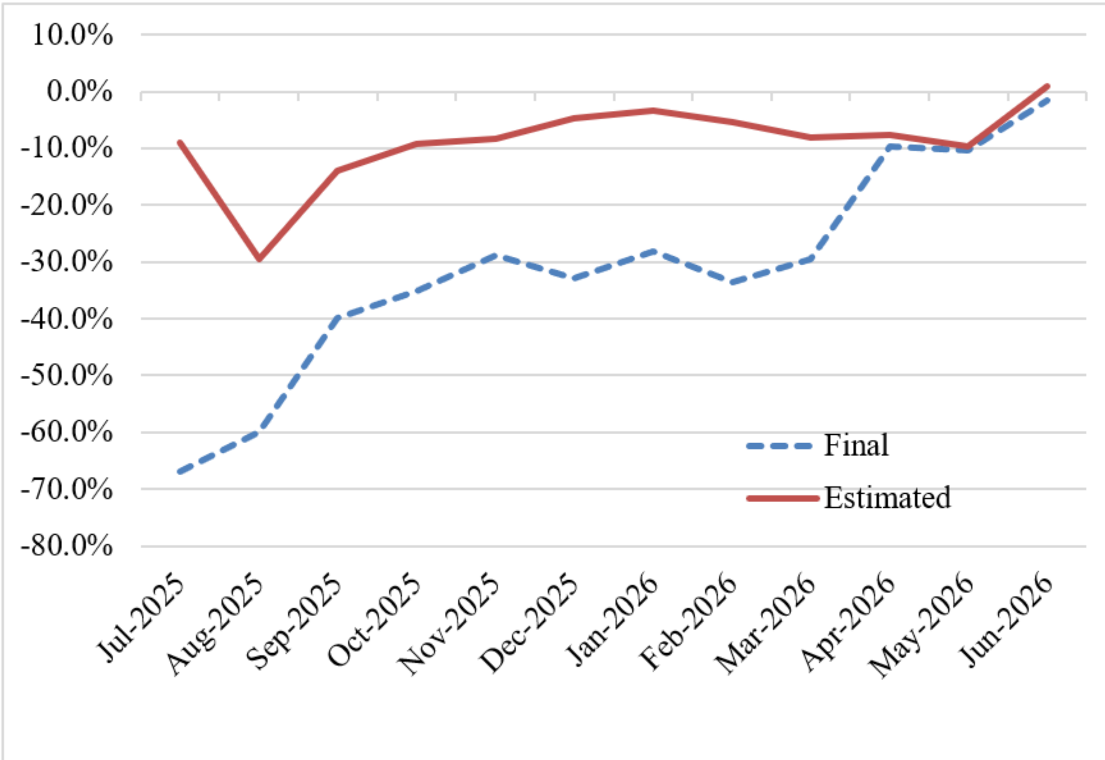
In the absence of legislative action, the State would have conformed to all of the Act's provisions beginning with tax year 2026. The Budget Reconciliation and Financing Act of 2026 permanently decoupled from one provision, the new expensing for qualified production property under IRC Section 168(n), and partially decoupled from bonus depreciation under Section 168(k) that was previously fully available to qualified manufacturers in the State.

The impact of these federal provisions, how they would filter through directly and indirectly to the State, including significant changes to international tax provisions, and how quickly corporations would react to these changes was a significant source of uncertainty in corporate income tax revenues throughout the year.

As shown in the chart below, year-to-date gross revenue for most of FY 2026 was well below FY 2025 and did not surpass it until the accrual period. Final payments were the primary source of the gross revenue decline through March. Starting in April, though, the year-to-date revenue gap began closing quickly: the decline went from 29.5% in March to 9.7% in April and narrowed further to 1.6% by the accrual period. The timing of this improvement coincided with two events – the signing of the decoupling legislation and the April deadline for tax year 2025 payments. A similar pattern occurred after the federal Tax Cuts and Jobs Act (TCJA) of 2017, when final payments increased near the end of the fiscal year following a stretch of weak payment activity.

Figure 4: Corporate Estimated and Final Payments

FY 2026 YTD Growth Rates



Source: Bureau of Revenue Estimates

View as Table

Estimated payments were down around 7% beginning in October through May before turning positive – an improvement that offset the decline in final payments. However, this turnaround happened only in the fourth quarter of the fiscal year and was not broad based, adding to the uncertainty about the trajectory of corporate revenues going forward.

Interest Income

Revenue ($ Millions)	Actual	Estimated	$ Difference from Estimate	% Difference from Estimate	% Growth FY 25 – FY 26
Interest Income	$323.1	$275.0	$ 48.1	17.5%	-9.9%

Source: Bureau of Revenue Estimates

The State Treasurer's Office generates interest income by investing the State’s cash – the available funds during the time in between when the revenue is collected and when budgeted amounts are disbursed. These balances are invested primarily in short-term instruments such as U.S. Treasury bills.

The amount of income generated each year depends on three factors: the State's total cash balances, the share of that income allocated to the general fund, and the rate of return on investments, which closely tracks interest rates. All three factors have increased in recent years. In fiscal year 2025, the State generated a total of $358.7 million in interest income, several times the amount collected before interest rates began rising in fiscal 2023.

In September 2025, the Federal Reserve determined it could resume lowering interest rates and it reduced the federal fund rate by 25 basis points at each of the final three meetings of the year (September, October, and December). In light of these actions, the Board forecast expected interest income to remain elevated but decline to $275 million. This projection assumed the Federal Reserve would continue reducing interest rates during the remainder of the fiscal year and that the State's available cash balances would modestly decrease.

Actual revenues did decline, falling by about 10% from fiscal year 2025 – but the decline was less than expected and as a result interest income was $48.1 million above the Board Forecast. This was the third largest variance by dollar amount and highest variance by percent (17.5%). This stronger-than-expected result was primarily due to two factors: a higher return on investment as the Federal Reserve held rates steady rather than continuing to cut them as assumed and the State's cash balances remained steady rather than modestly declining as projected.

Miscellaneous Revenues

Revenue ($ Millions)	Actual	Estimated	$ Difference from Estimate	% Difference from Estimate	% Growth FY 25 – FY 26
Miscellaneous Revenues	$440.9	$404.9	$ 36.1	8.9%	-3.3%

Source: Bureau of Revenue Estimates

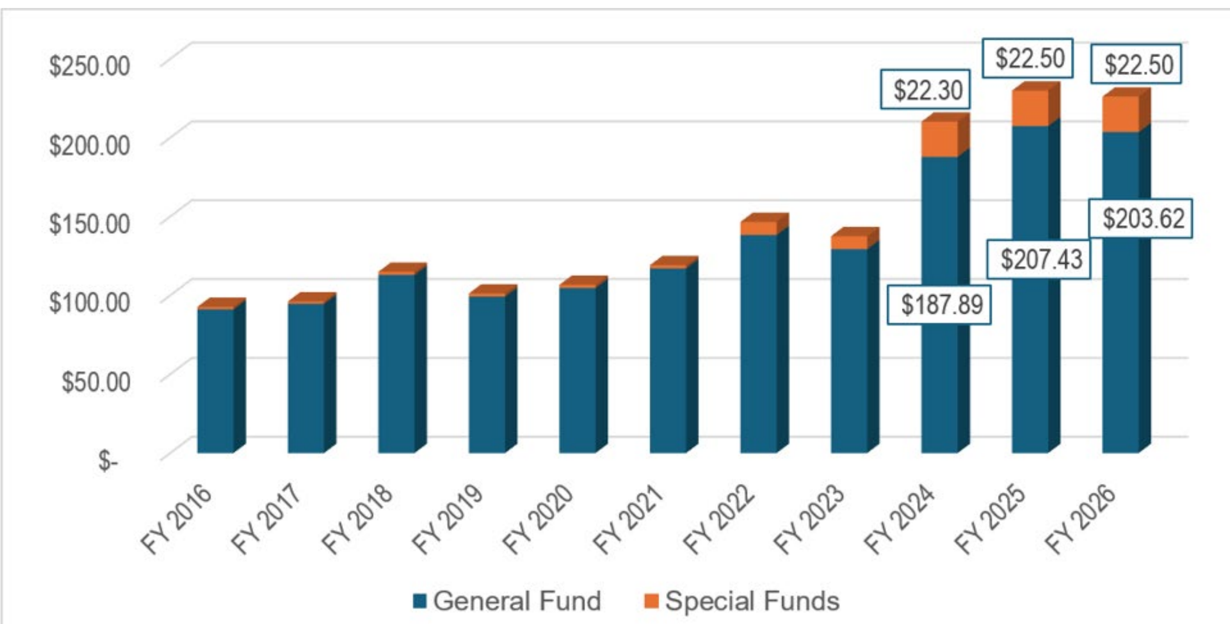
Miscellaneous revenues have typically ranged between $300 million and $330 million before increasing significantly to $445 million in fiscal 2024, driven mainly by strong growth in unclaimed property. Miscellaneous revenues rose modestly again in fiscal 2025, reaching

$456 million. This spike well above historical levels created uncertainty about whether the revenues were sustainable or would decline in future years.

Miscellaneous revenues did decline in fiscal 2026, but only modestly – falling 3.3% and less than the Board had anticipated. Revenues totaled $440.9 million which was $36.1 million above the estimate, the fourth-highest forecast variance in percentage terms and fifth-highest in absolute terms. By comparison, miscellaneous revenues are the seventh-largest source of general fund revenue. Unclaimed property, which had traditionally generated about $100 million annually for the general fund, has continued to perform well above historical levels for the past three years: general fund revenues from this source totaled $203.6 million in fiscal 2026, exceeding the estimate, with an additional $22.5 million distributed to certain special funds for a combined total of $226.1 million.

Figure 5: Unclaimed Property Revenue by Fiscal Year

Dollars expressed in millions



Note: Includes only certain special funds.

Source: Bureau of Revenue Estimates

[View as Table](#)

Beyond unclaimed property, several other sources contributed to the stronger-than-anticipated FY 2026 revenues, as shown below.

Miscellaneous Revenues

Negative numbers are presented in parenthesis and may not be read by screen readers.

Revenues by Source ($ Millions)	FY 2026 Revenues Actual	FY 2026 % Growth	Difference from Estimate	Difference from Estimate %
Comptroller - Unclaimed Property	$ 203.6	- 1.9%	$ 5.6	2.7%
Comptroller - Local Participation	$ 29.9	9.6%	$ 5.8	19.2%
Treasury - Unpresented Checks	$ 23.3	- 3.0%	$ 11.3	48.5%
MVA - Uninsured Motor Vehicle Fines	$ 54.4	21.3%	$ 14.9	27.5%
All Other Revenues	$ 129.7	- 15.2%	$ (1.5)	-1.1%
Total	**$ 440.9**	**- 3.3%**	**$ 36.1**	**8.9%**

Source: Bureau of Revenue Estimates

Revenue Volatility Cap

The 2016 Joint Chairmen's Report required that the Department of Budget and Management, the Comptroller of Maryland, and the Department of Legislative Services examine the volatility in Maryland's revenue structure and recommend an approach to reducing volatility. In response to the findings and recommendations of this report, the Spending Affordability Committee, in its final report to the Governor, recommended the consideration of legislation to mitigate the impact of these volatile revenue sources on the State budget.

Chapters 4 and 550 of 2017 implemented policies to mitigate the impact of volatile non-wage income on the State budget. In each fiscal year if general fund revenues are less than the March estimate, the amount of non-withholding income tax revenues that exceed the estimate must be applied to close the revenue gap for that fiscal year. After closing, any applicable shortfall specified amounts must then be distributed to the Rainy Day Fund (up to the amount that brings the balance of the fund to 10% of estimated general fund revenues) and the Fiscal Responsibility Fund.

In FY 2026, non-wage income was above the estimate and other revenue sources were on net above the estimates. Pursuant to the requirements of Chapters 4 and 550, as amended by subsequent Budget Reconciliation and Financing Acts, the Comptroller distributed $196,092,883 to the Rainy Day Fund and $196,092,883 to the Fiscal Responsibility Fund.

Bureau Recommendations

Section 6-104 of State Finance and Procurement requires the Bureau of Revenues to submit this report to the Board of Revenue Estimates and include any recommendations of the Bureau. The Revenue Volatility Cap requires (1) in certain years the Bureau to reduce its forecast if nonwage income comprises an elevated share of general fund revenues; and (2) if certain conditions are met at the end of the fiscal year the Comptroller to distribute to the Rainy Day Fund and Fiscal Responsibility Fund the over-attainment of nonwage income. The Bureau recommends that the Revenue Monitoring Committee review both these methodologies in light of the newly enacted capital gains surcharge distributed to the TTF and if necessary recommend clarifying legislative changes.

Actual and Estimated General Fund Revenue

Fiscal Year 2026

Negative numbers are presented in parentheses and may not be read by screen readers.

Revenue Source	FY 2026 Actual	FY 2026 Estimated[1]	FY 2026 Difference from Estimate ($)	FY 2026 Difference from Estimate (%)	FY 2025 Actual	FY 2025 - FY 2026 Growth ($)	FY 2025 - FY 2026 Growth (%)
Income Taxes							
Individual	15,872,800,331	15,617,891,467	254,908,864	1.6%	14,565,248,002	1,307,552,330	9.0%
Corporation	1,778,109,972	1,642,788,468	135,321,504	8.2%	1,876,709,091	(98,599,119)	- 5.3%
Total	17,650,910,303	17,260,679,935	390,230,368	2.3%	16,441,957,092	1,208,953,211	7.4%
Sales and Use Taxes	6,477,862,207	6,430,047,308	47,814,899	0.7%	6,048,564,973	429,297,233	7.1%
State Lottery Receipts	538,419,220	542,729,186	(4,309,965)	- 0.8%	518,990,117	19,429,103	3.7%
Other Revenues							
Business Franchise Taxes	304,076,318	286,330,350	17,745,968	6.2%	306,207,995	(2,131,676)	- 0.7%
Insurance Premium Tax	805,464,497	828,315,066	(22,850,569)	- 2.8%	789,799,058	15,665,440	2.0%
Estate and Inheritance Taxes	600,994,153	584,536,058	16,458,096	2.8%	227,264,552	373,729,602	164.4%
Tobacco Taxes	276,268,760	262,198,514	14,070,245	5.4%	369,956,135	(93,687,376)	- 25.3%
Alcoholic Beverages Excises	39,423,968	39,498,020	(74,052)	- 0.2%	39,201,896	222,073	0.6%
District Courts	40,153,932	37,896,565	2,257,367	6.0%	38,872,881	1,281,051	3.3%
Clerks of the Court	28,434,620	27,319,532	1,115,087	4.1%	28,114,516	320,103	1.1%
Hospital Patient Recoveries	93,239,725	80,934,593	12,305,132	15.2%	91,971,940	1,267,785	1.4%
Interest in Investments	323,111,500	275,000,000	48,111,500	17.5%	358,662,679	(35,551,179)	- 9.9%

Revenue Source	FY 2026 Actual	FY 2026 Estimated[1]	FY 2026 Difference from Estimate ($)	FY 2026 Difference from Estimate (%)	FY 2025 Actual	FY 2025 - FY 2026 Growth ($)	FY 2025 - FY 2026 Growth (%)
Miscellaneous	440,933,784	404,875,490	36,058,294	8.9%	456,120,625	(15,186,841)	- 3.3%
Sports Wagering	32,606,898	28,004,133	4,602,765	16.4%	-	32,606,898	N/A
Total	2,984,708,156	2,854,908,322	129,799,834	4.5%	2,706,172,275	278,535,880	10.3%
Total Current Revenues	27,651,899,886	27,088,364,750	563,535,136	2.1%	25,715,684,458	1,936,215,428	7.5%
Extraordinary Revenues[2]	380,000,000	380,000,000	-	N/A	-	380,000,000	N/A
Transfer Tax	25,000,000	25,000,000	-	N/A	-	25,000,000	N/A
Volatility Cap	-	-	-	N/A	-	-	N/A
GRAND TOTAL[3]	28,056,899,886	27,493,364,750	563,535,136	2.0%	25,715,684,458	2,341,215,428	9.1%

Notes:

[1] The 2026 Legislative Session resulted in an additional $374.8 million in estimated revenues beyond the March 2026 official estimate; this table has been adjusted accordingly.

[2] A total of $380.0 million from the local income tax reserve account is being recognized as revenue pursuant to the Budget Reconciliation and Financing Act of 2026.

[3] In FY 2026, a total of $392.2 million has been transferred to the Rainy Day Fund and Fiscal Responsibility Fund per the requirements of the Revenue Volatility Cap.

Bureau of Revenue Estimates, September 4, 2026

Appendix – Data Tables

Figure 1: Federal and Private Sector Employment in Maryland

Cumulative Change since January 2025

Numbers expressed in thousands

Month	Total	Private	Federal
January 2025	-	-	-
February 2025	2.2	0.7	(0.1)
March 2025	2.9	2.9	(2.4)
April 2025	(9.0)	(7.3)	(4.4)
May 2025	(8.1)	(4.6)	(6.3)
June 2025	(17.3)	(11.2)	(8.6)
July 2025	(23.4)	(17.7)	(9.6)
August 2025	(28.2)	(18.9)	(14.2)
September 2025	(31.7)	(22.0)	(15.0)
October 2025	(55.0)	(36.0)	(24.7)
November 2025	(53.8)	(35.1)	(25.0)
December 2025	(53.8)	(34.7)	(25.7)
January 2026	(45.0)	(23.1)	(28.5)
February 2026	(50.2)	(29.2)	(28.7)
March 2026	(44.9)	(24.1)	(29.1)
April 2026	(40.9)	(20.9)	(28.9)
May 2026	(36.9)	(17.2)	(28.9)
June 2026	(35.7)	(17.3)	(28.6)
July 2026	(24.0)	(6.4)	(28.5)

View as Chart

Figure 2: Contribution to Ongoing GF Growth by Source

Time Period	PIT	SUT	CIT	All Other	TOTAL
Pre-Pandemic	3.1%	0.8%	0.3%	- 0.1%	4.2%
FY 23	- 0.3%	0.2%	0.5%	1.4%	1.7%
FY 24	0.6%	- 0.4%	0.4%	0.5%	1.0%
FY 25	3.8%	0.6%	- 0.1%	- 0.3%	4.1%
FY 26 Estimate	4.1%	1.5%	- 0.9%	0.7%	5.3%
FY 26 Actual	5.1%	1.7%	- 0.4%	1.2%	7.5%

View as Chart

Figure 3: Gross PIT Withholding and Nonwage Income Tax Collections

FY 2023 – FY 2026

Dollars expressed in billions

Fiscal Year	Withholding	Nonwage Income
2023	$ 18.3	$ 6.8
2024	$ 19.0	$ 6.8
2025	$ 20.2	$ 7.5
2026	$ 20.8	$ 9.1

View as Chart

Figure 4: Corporate Estimated and Final Payments

FY 2026 YTD Growth Rates

Date	Final	Estimated
July 2025	- 66.9%	- 9.0%
August 2025	- 60.0%	- 29.4%
September 2025	- 39.9%	- 14.0%
October 2025	- 35.2%	- 9.3%
November 2025	- 28.9%	- 8.3%
December 2025	- 32.9%	- 4.8%
January 2026	- 28.1%	- 3.4%
February 2026	- 33.5%	- 5.5%
March 2026	- 29.5%	- 8.0%
April 2026	- 9.7%	- 7.7%
May 2026	- 10.4%	- 9.8%
June 2026	- 1.6%	0.9%

View as Chart

Figure 5: Unclaimed Property Revenue by Fiscal Year

Dollars expressed in millions

Fiscal Year	General Fund	Special Funds
2016	$ 91.20	$ 1.50
2017	$ 94.67	$ 1.50
2018	$ 113.00	$ 2.00
2019	$ 99.22	$ 2.00
2020	$ 104.70	$ 2.00
2021	$ 117.15	$ 2.00
2022	$ 138.31	$ 8.30
2023	$ 129.30	$ 8.25
2024	$ 187.89	$ 22.30
2025	$ 207.43	$ 22.50
2026	$ 203.62	$ 22.50

View as Chart