



Maryland Economic and Revenue Outlook

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Disclaimer

 I represent myself today

 Not the Comptroller, not the Board of
Revenue Estimates

Maryland Revenue Outlook

 Quick Look @ National Economy

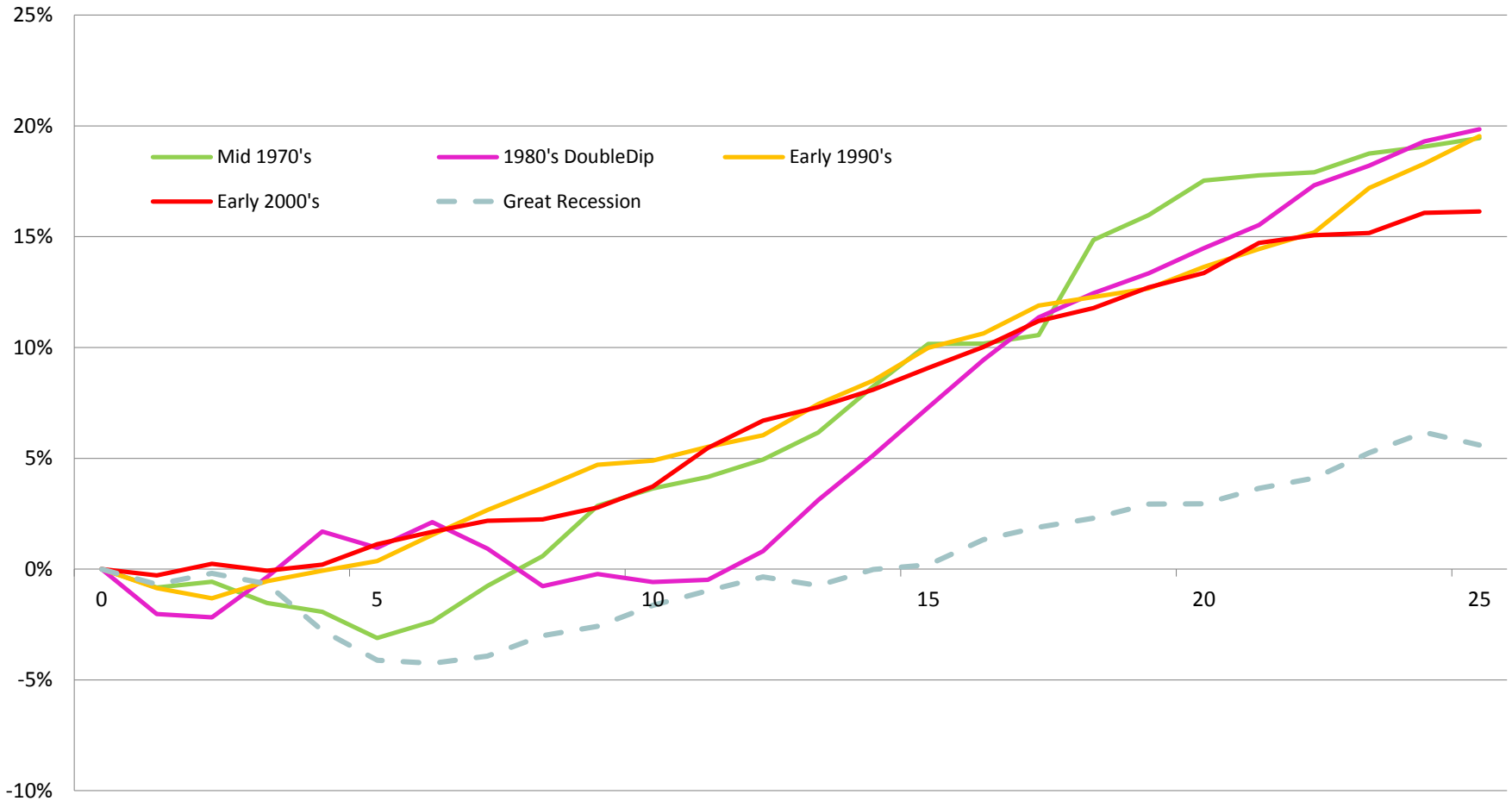
 Maryland Economy

 Revenue Outlook

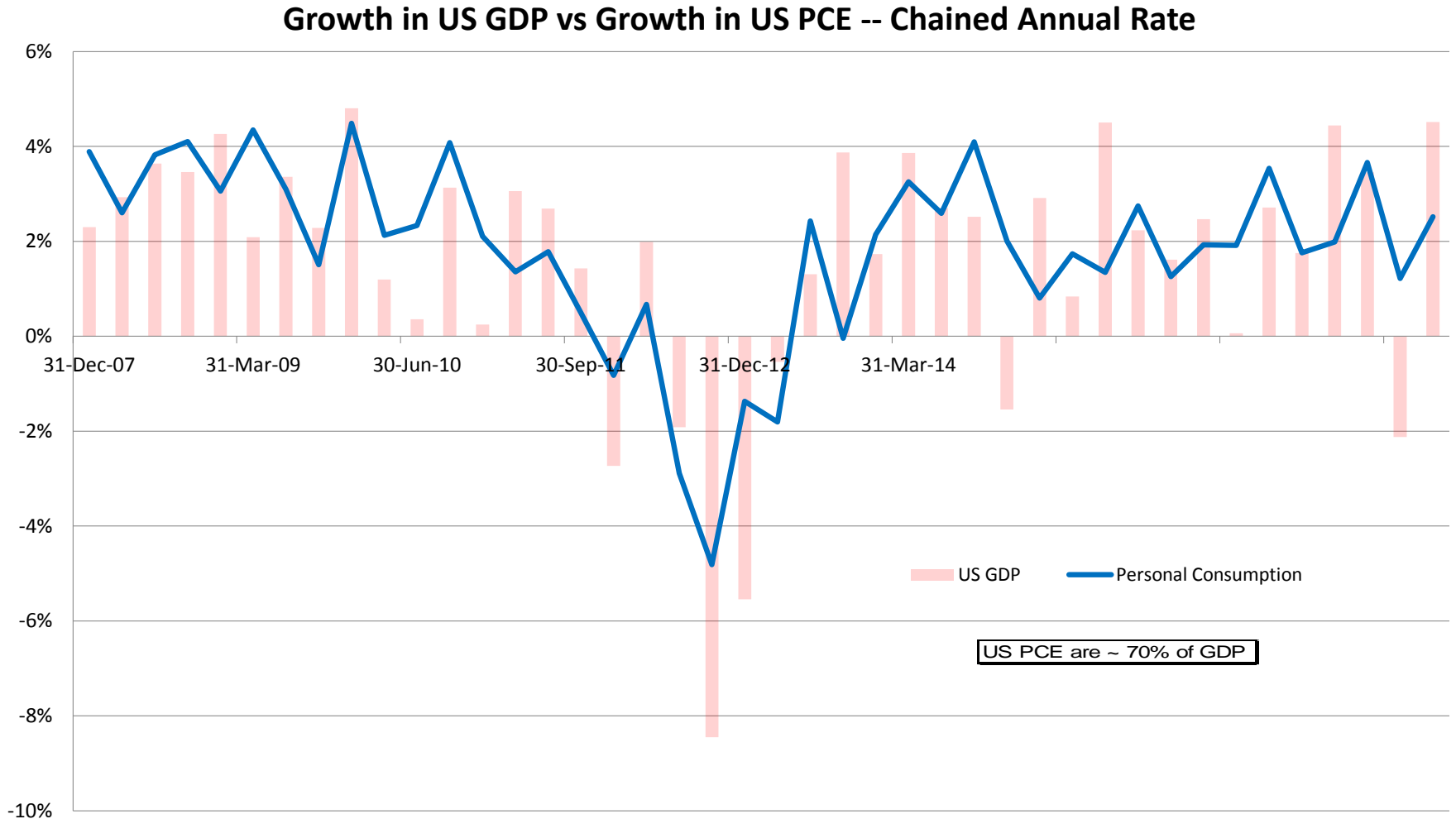
 Risks

Unprecedented Post-WWII Recession

Historic National Recessions -- Quarters to Regain Prior Peak Real GDP

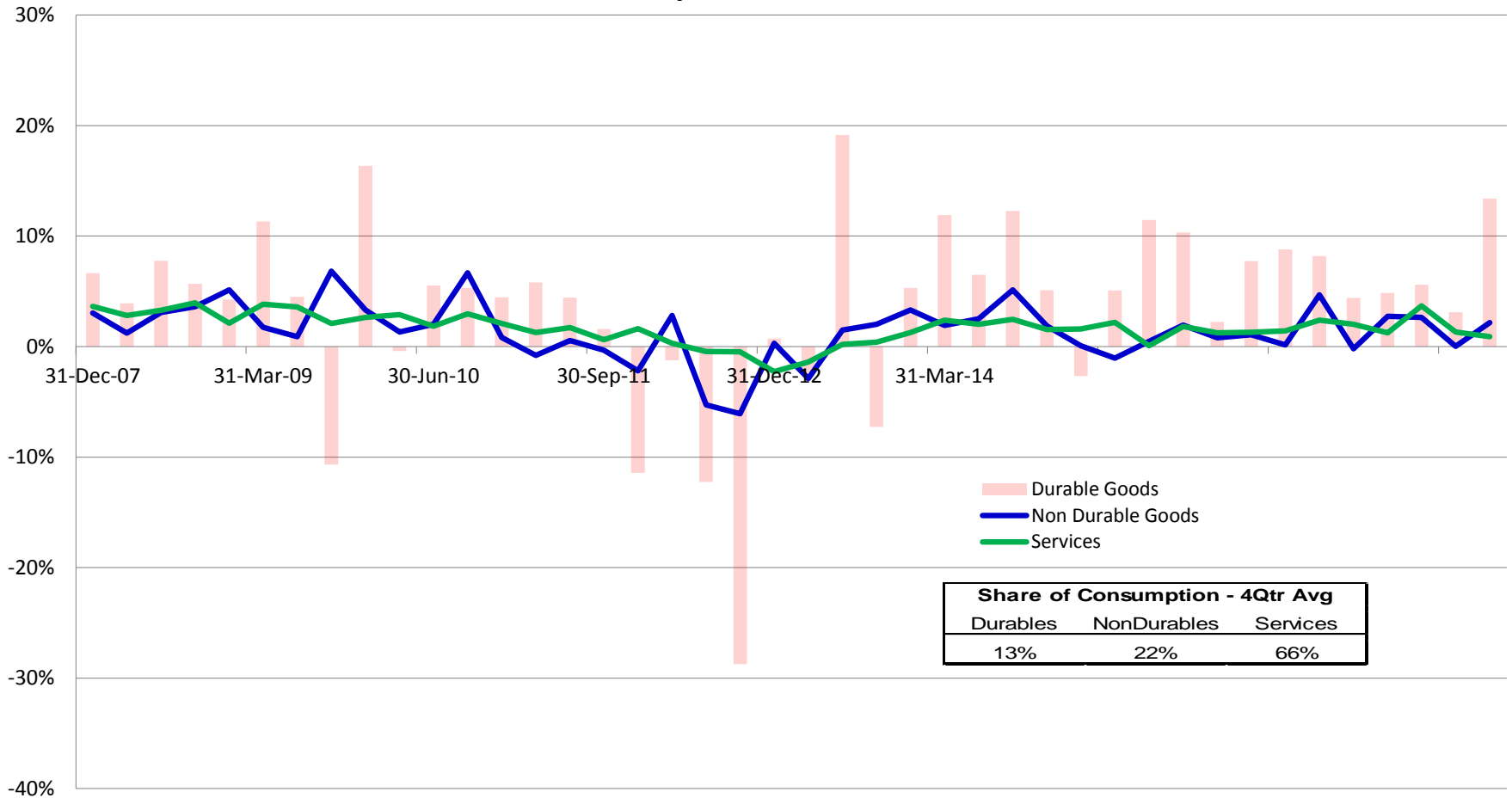


GDP Drivers – Consumption Relatively Strong



GDP Drivers – Durables

Growth in PCE Components -- Chained Annual Rate



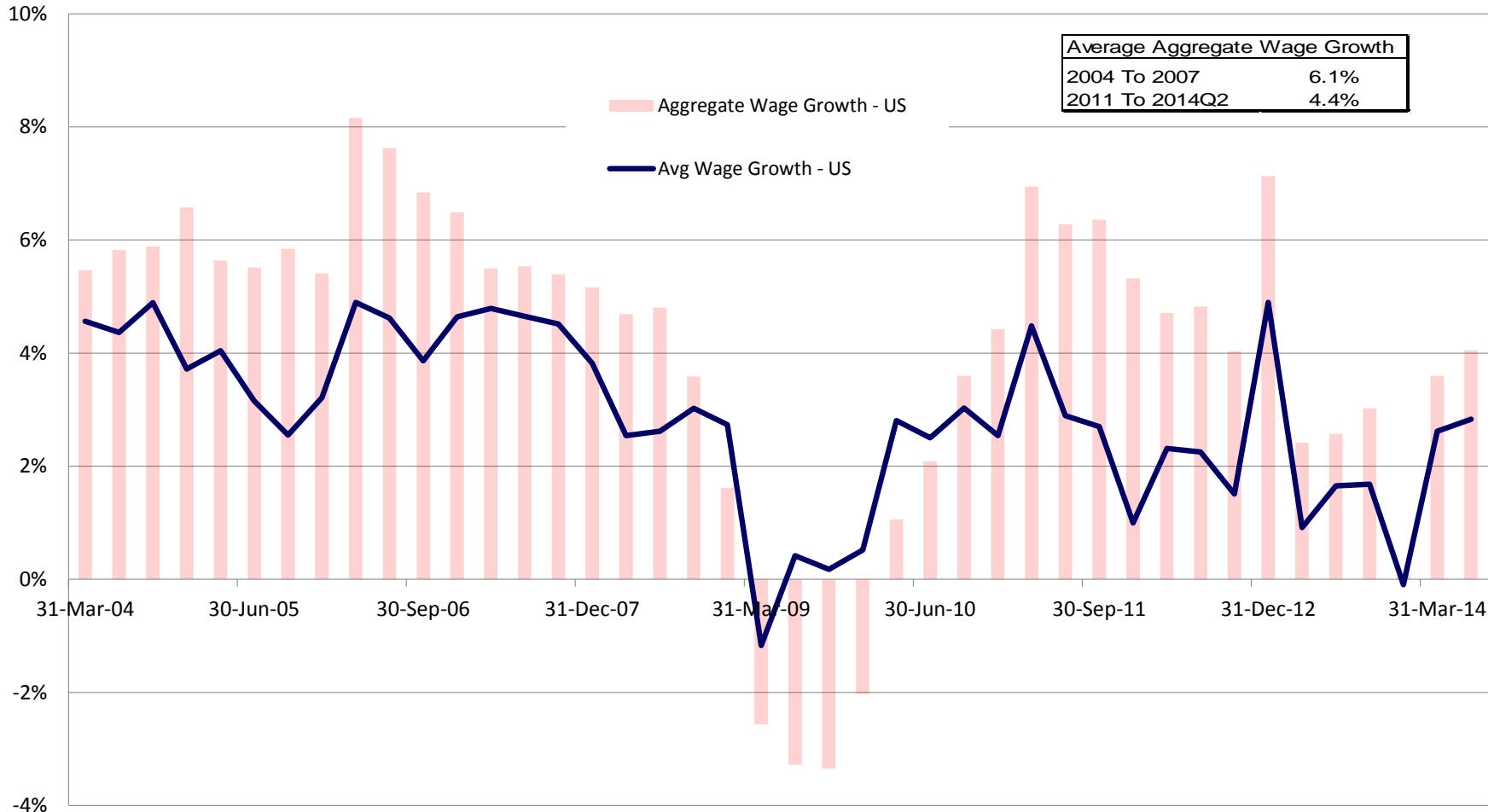
GDP Drivers – Durables – Don't Let the Scale Fool You

Growth in Durable Goods Components -- Chained Annual Rate



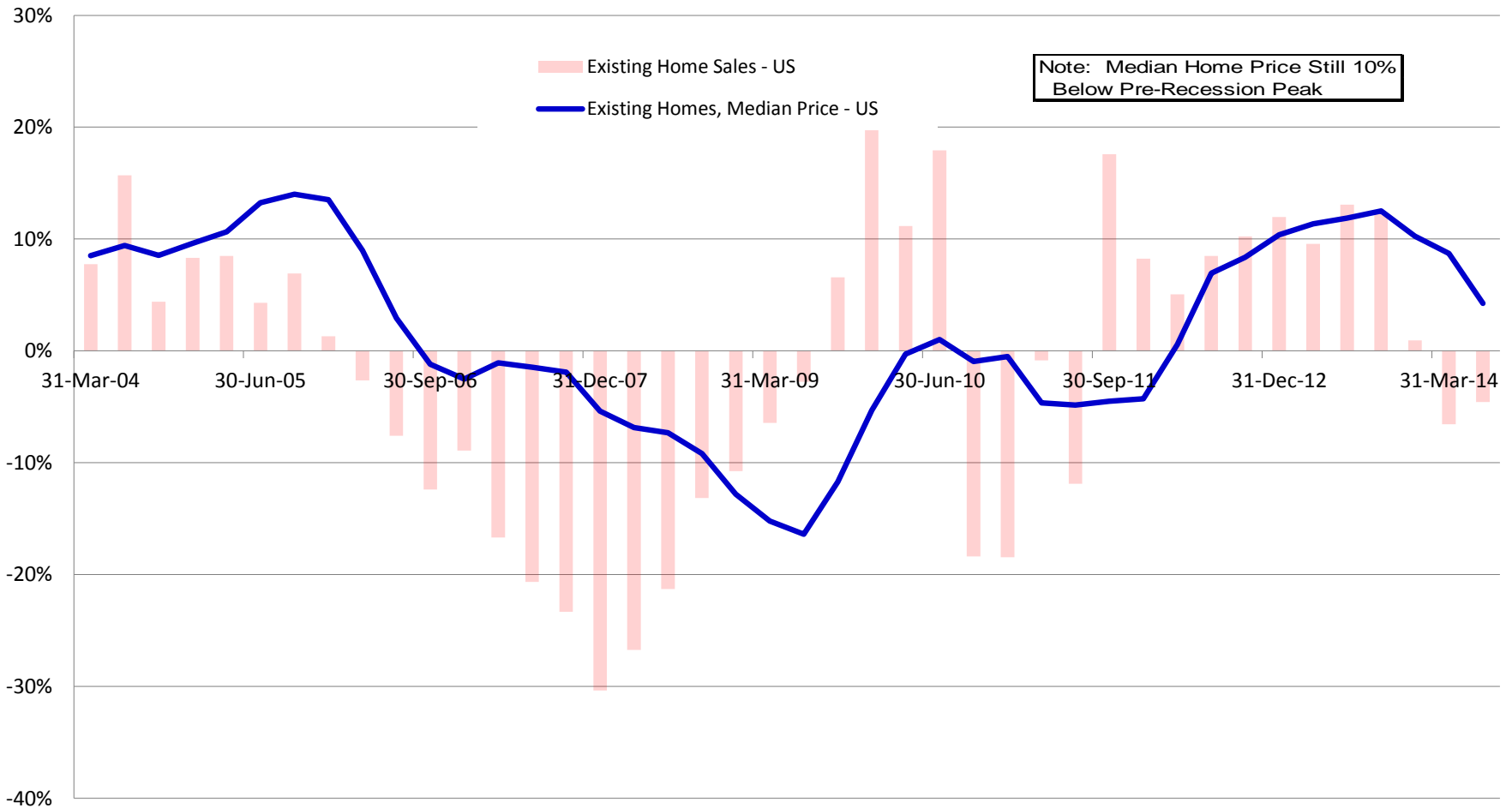
GDP Drivers – But How???

US Aggregate and Average Wage Growth

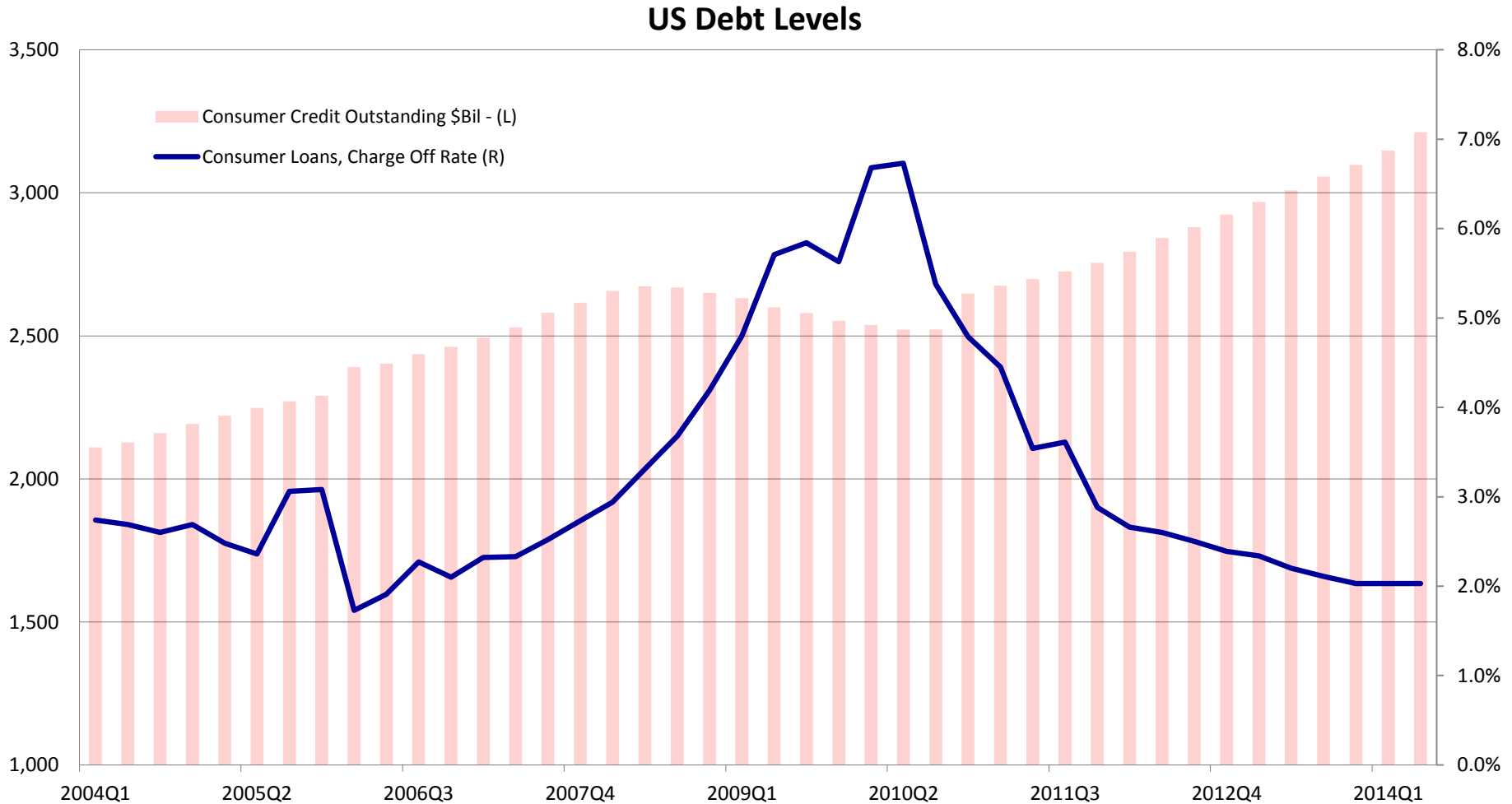


GDP Drivers – But How???

US Home Sales Volume and Median Price Growth

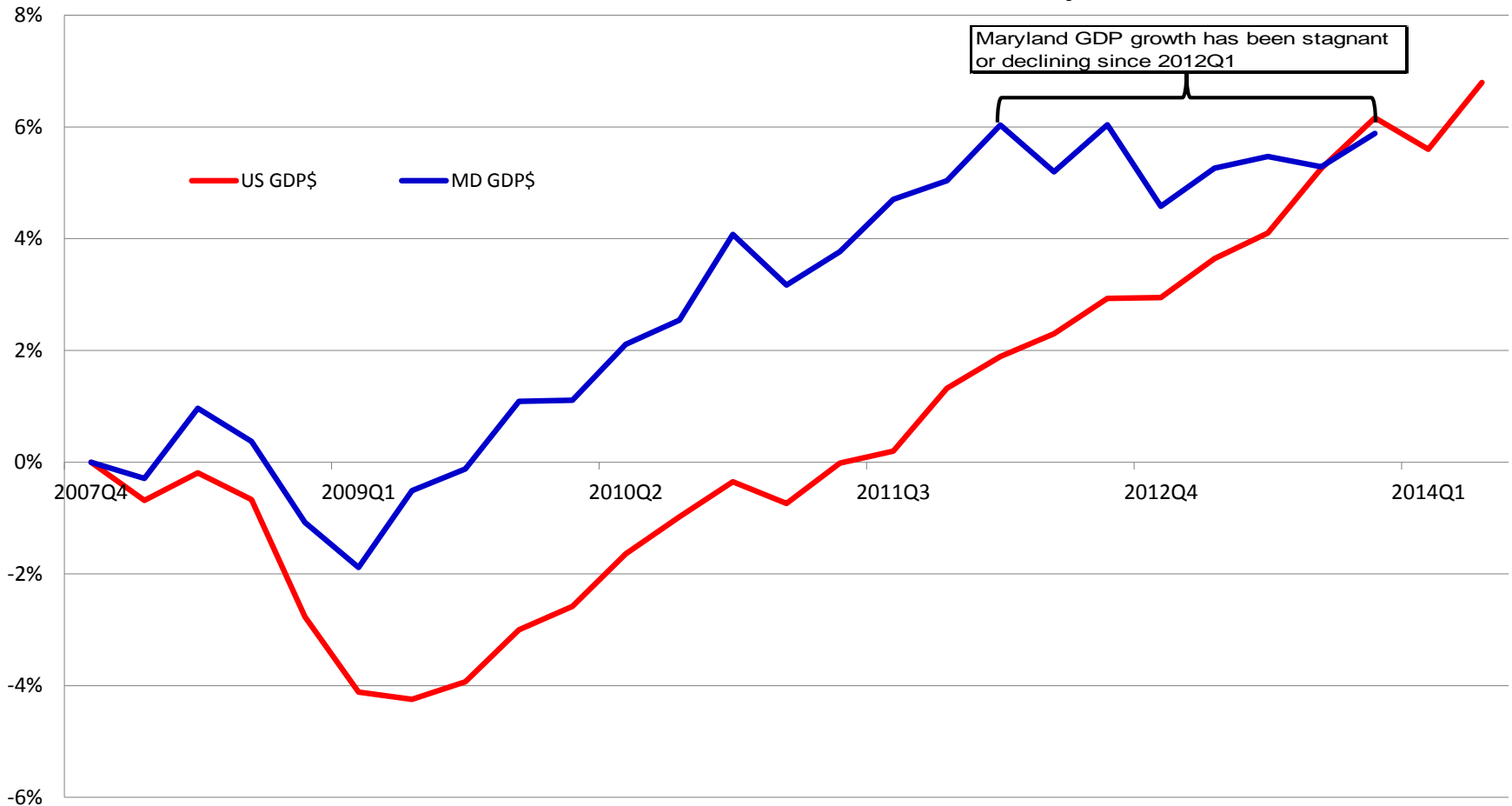


GDP Drivers – Ahhhh, our old friend DEBT



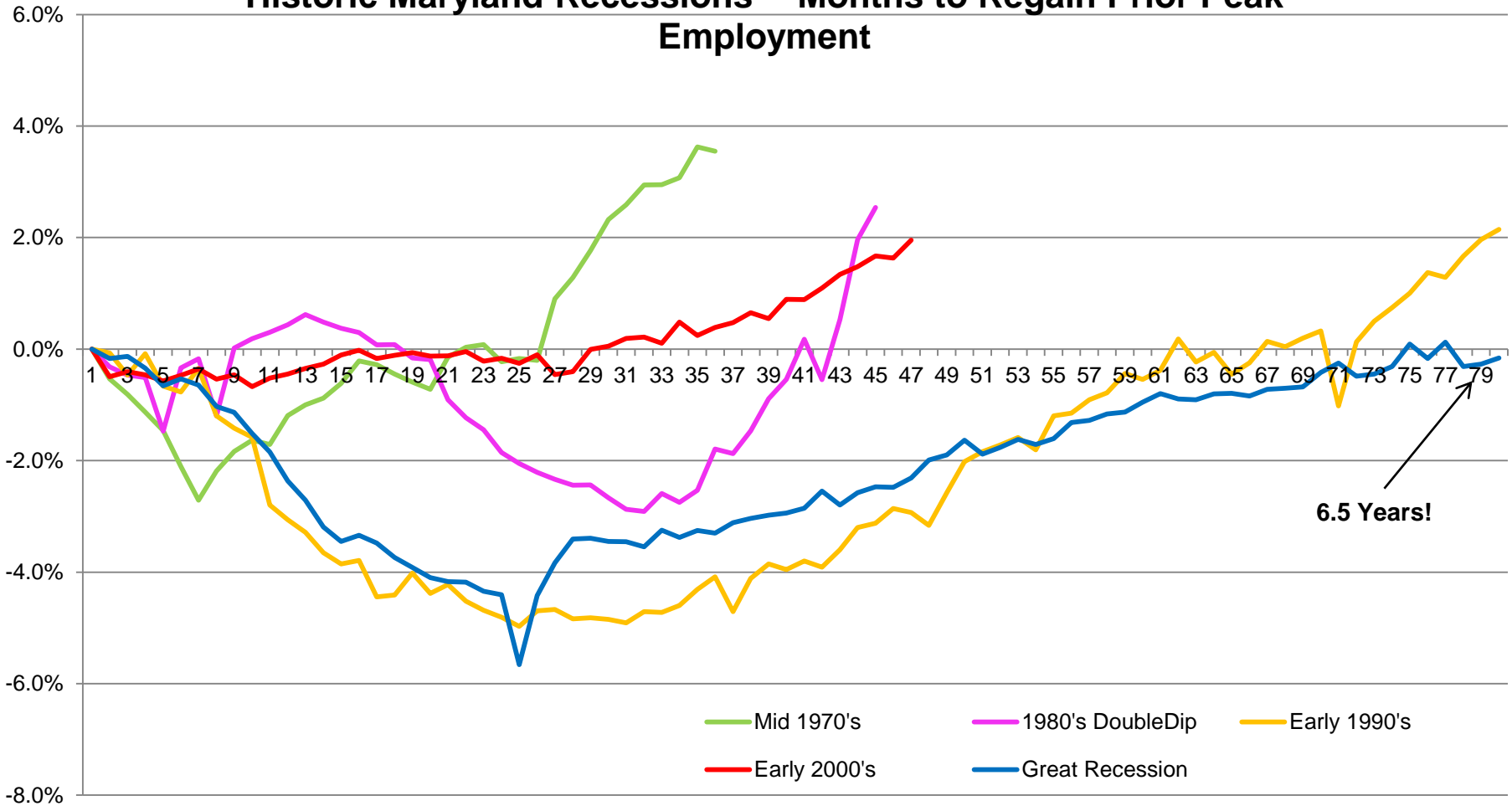
Maryland vs. U.S.

Great Recession -- GDP for MD and US, Indexed Quarterly to 4th Qtr 2007



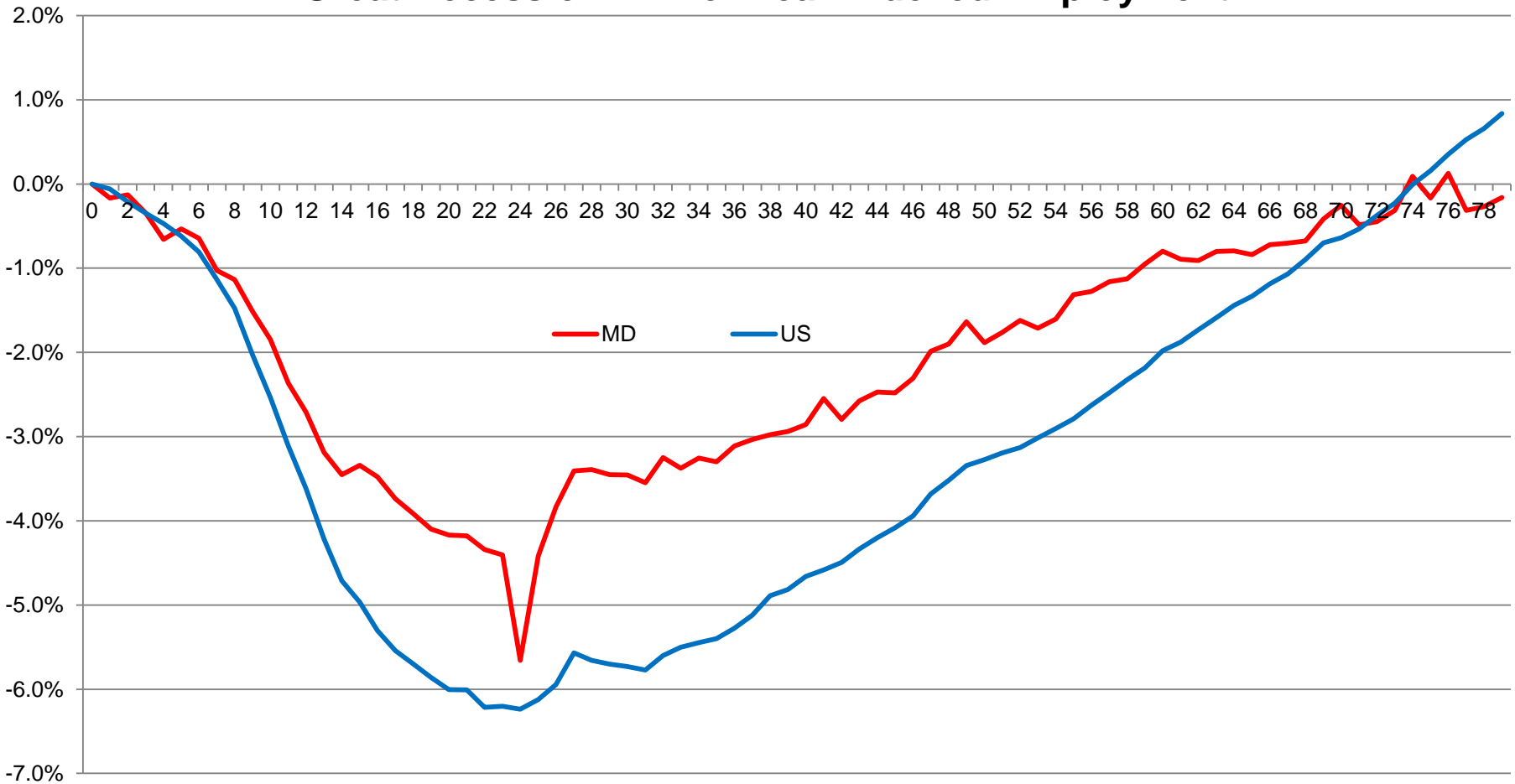
Maryland vs. U.S.

Historic Maryland Recessions -- Months to Regain Prior Peak Employment



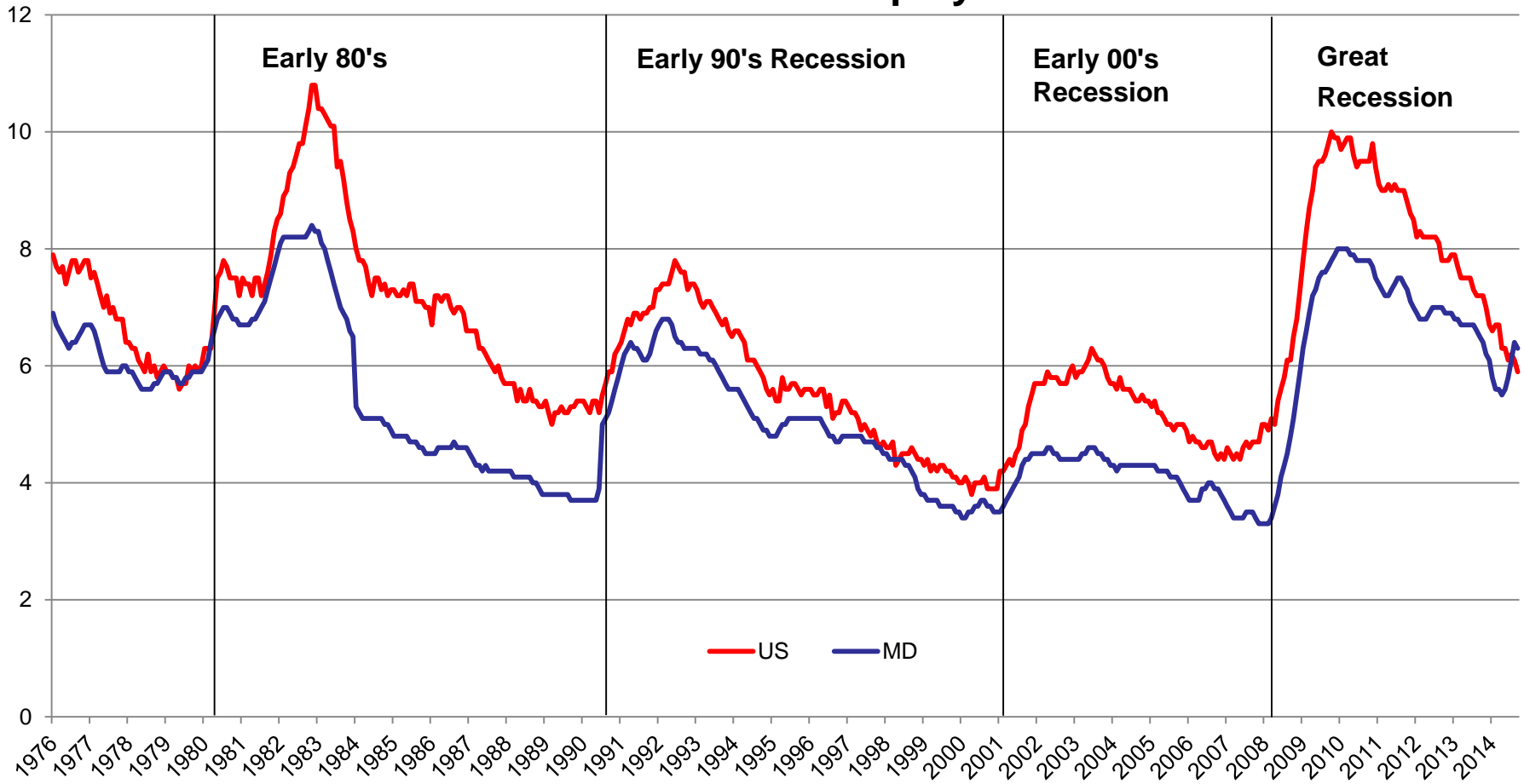
Maryland vs. U.S.

Great Recession -- Prior Peak Indexed Employment



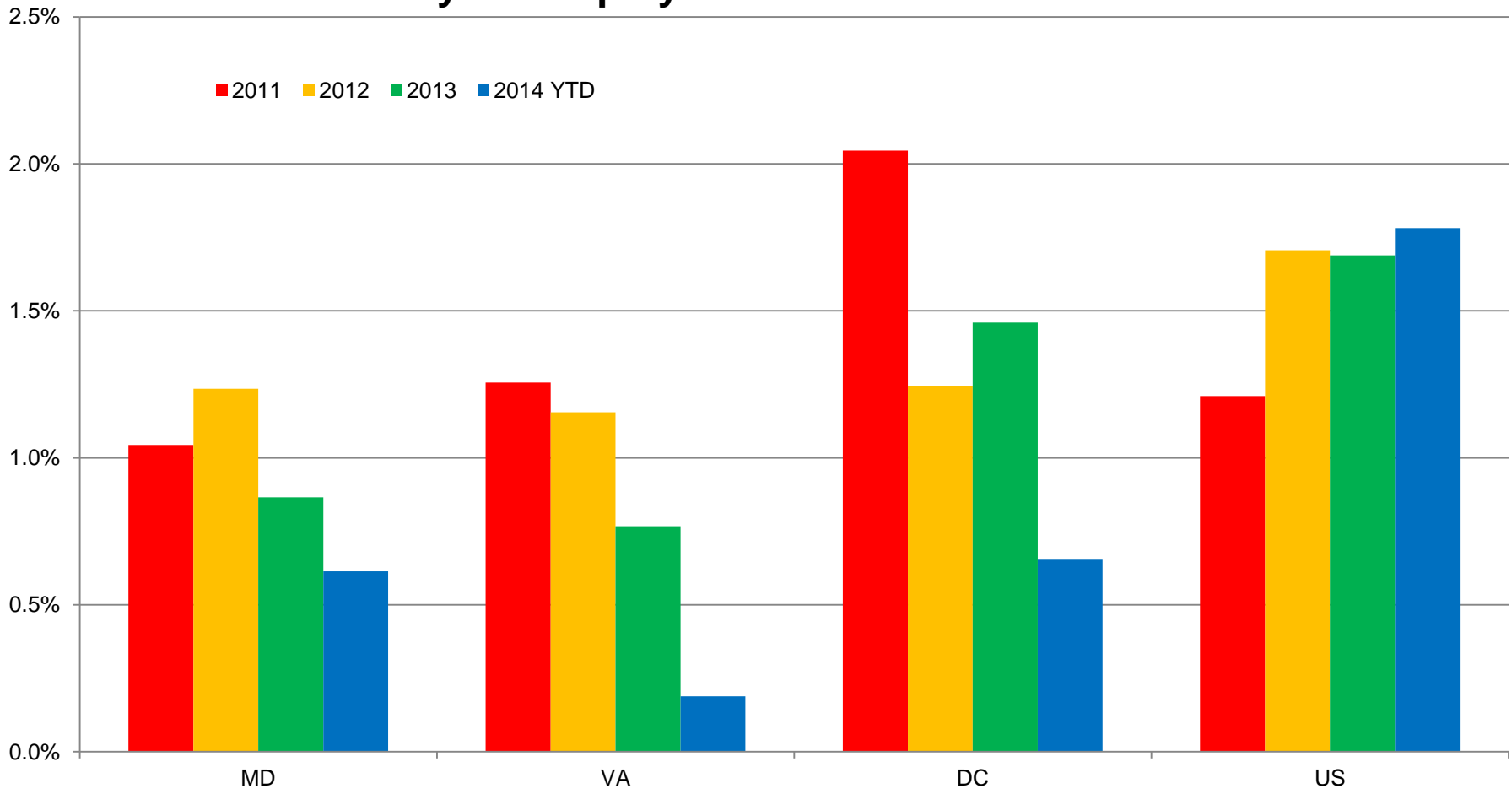
Maryland vs. U.S.

US and MD Historical Unemployment Rates



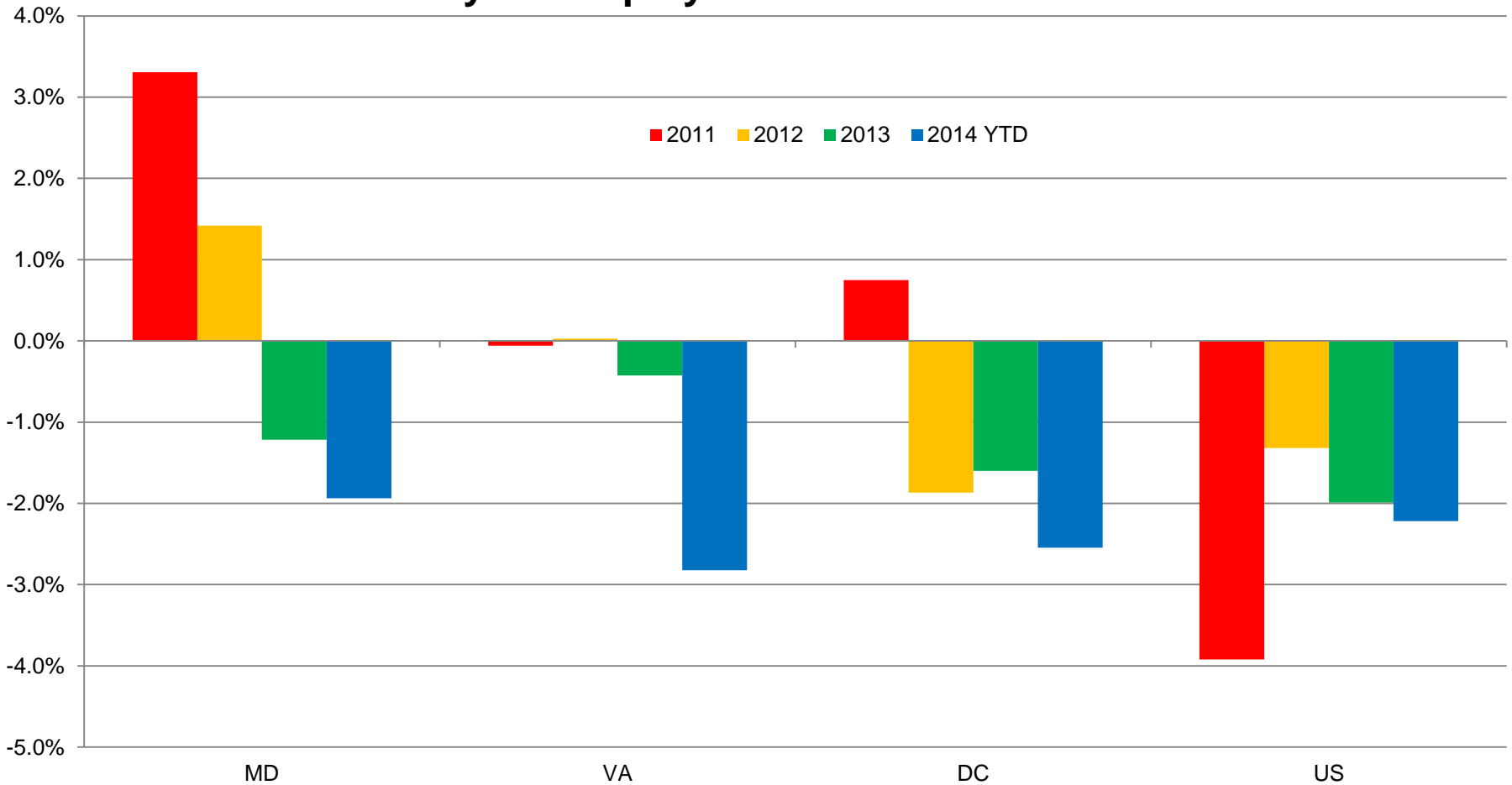
Region vs. U.S.

Total Payroll Employment - Year Over Year Growth



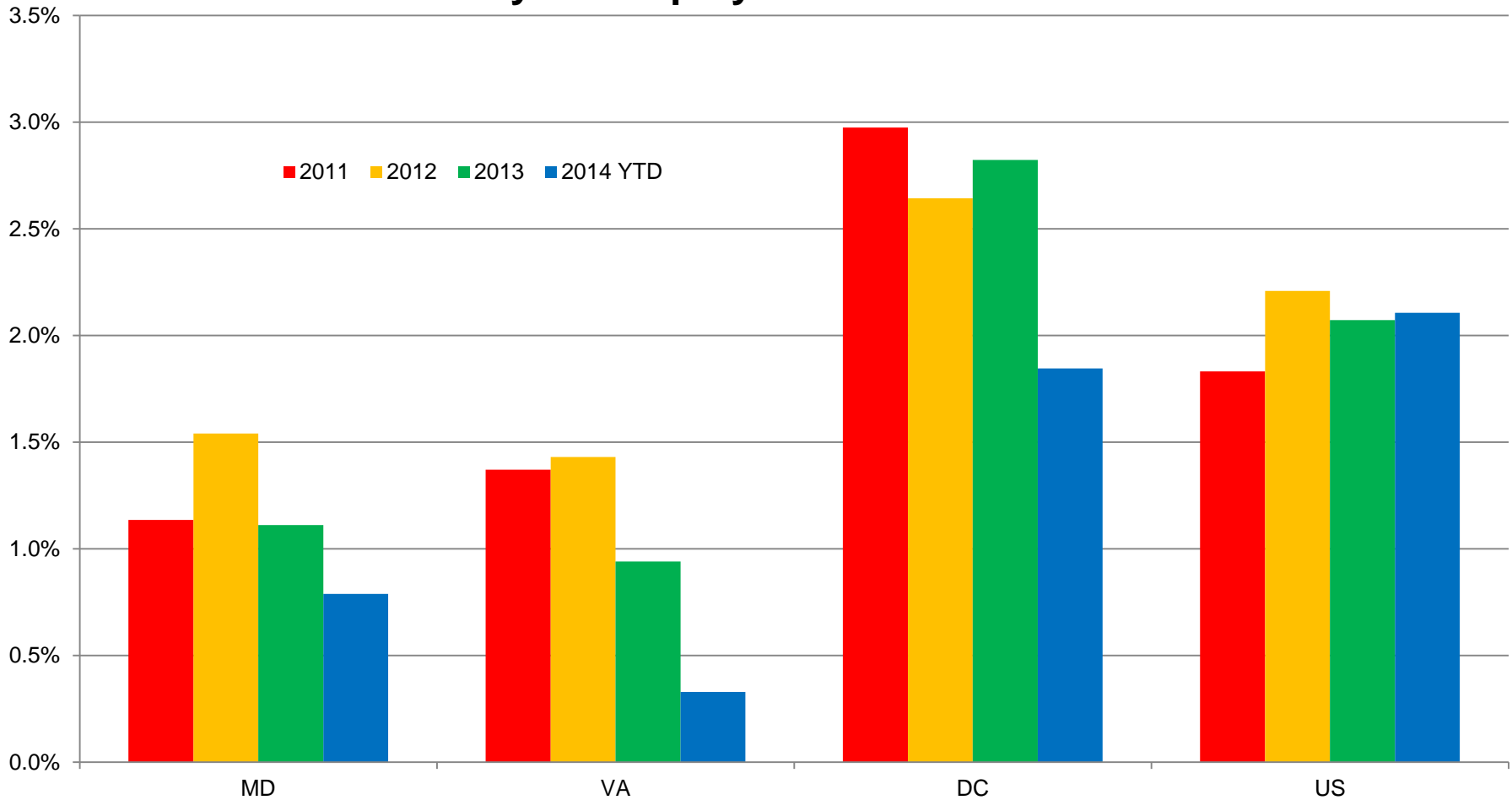
Region vs. U.S.

Federal Payroll Employment - Year Over Year Growth



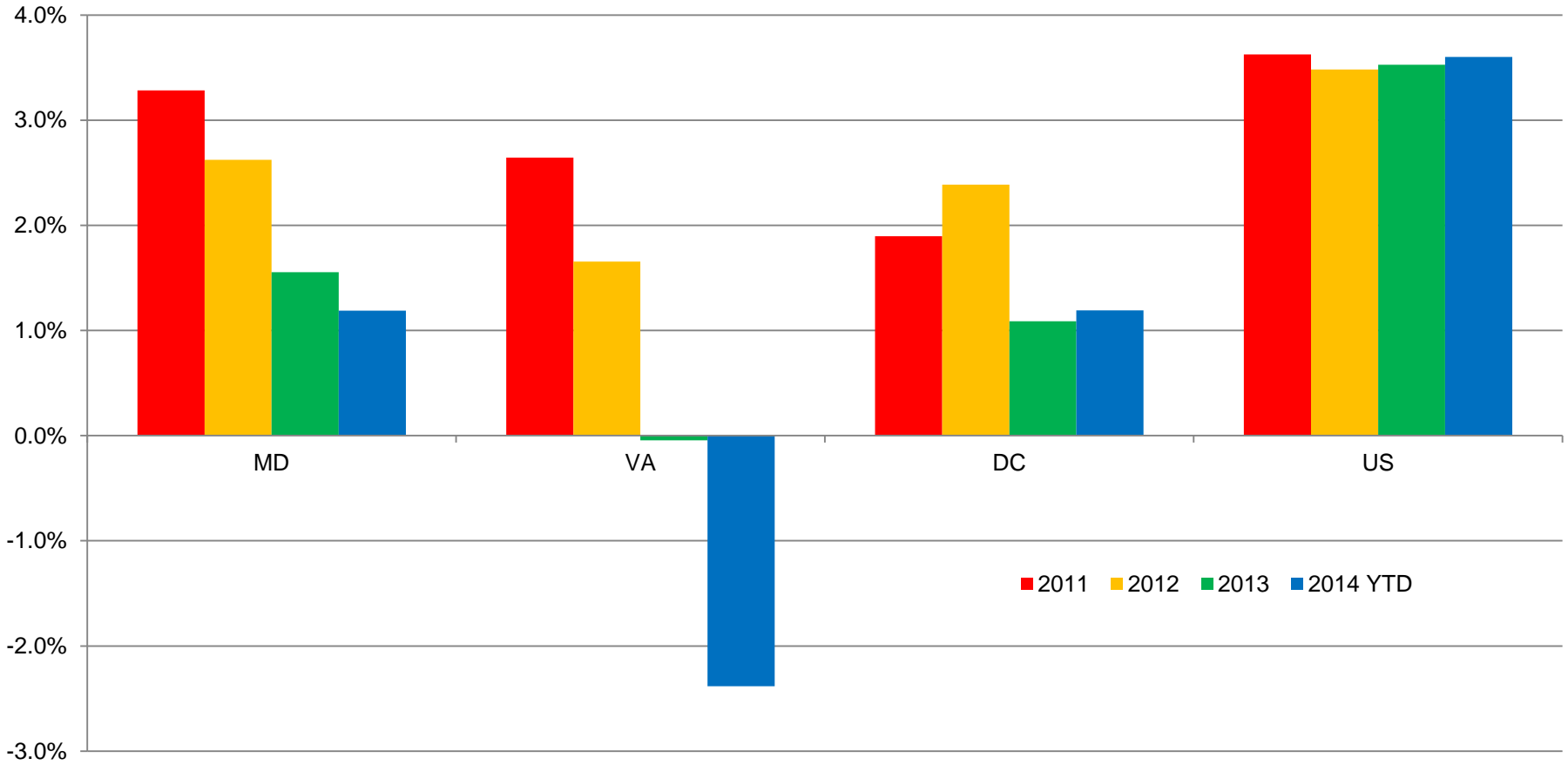
Region vs. U.S.

Total Private Payroll Employment - Year Over Year Growth



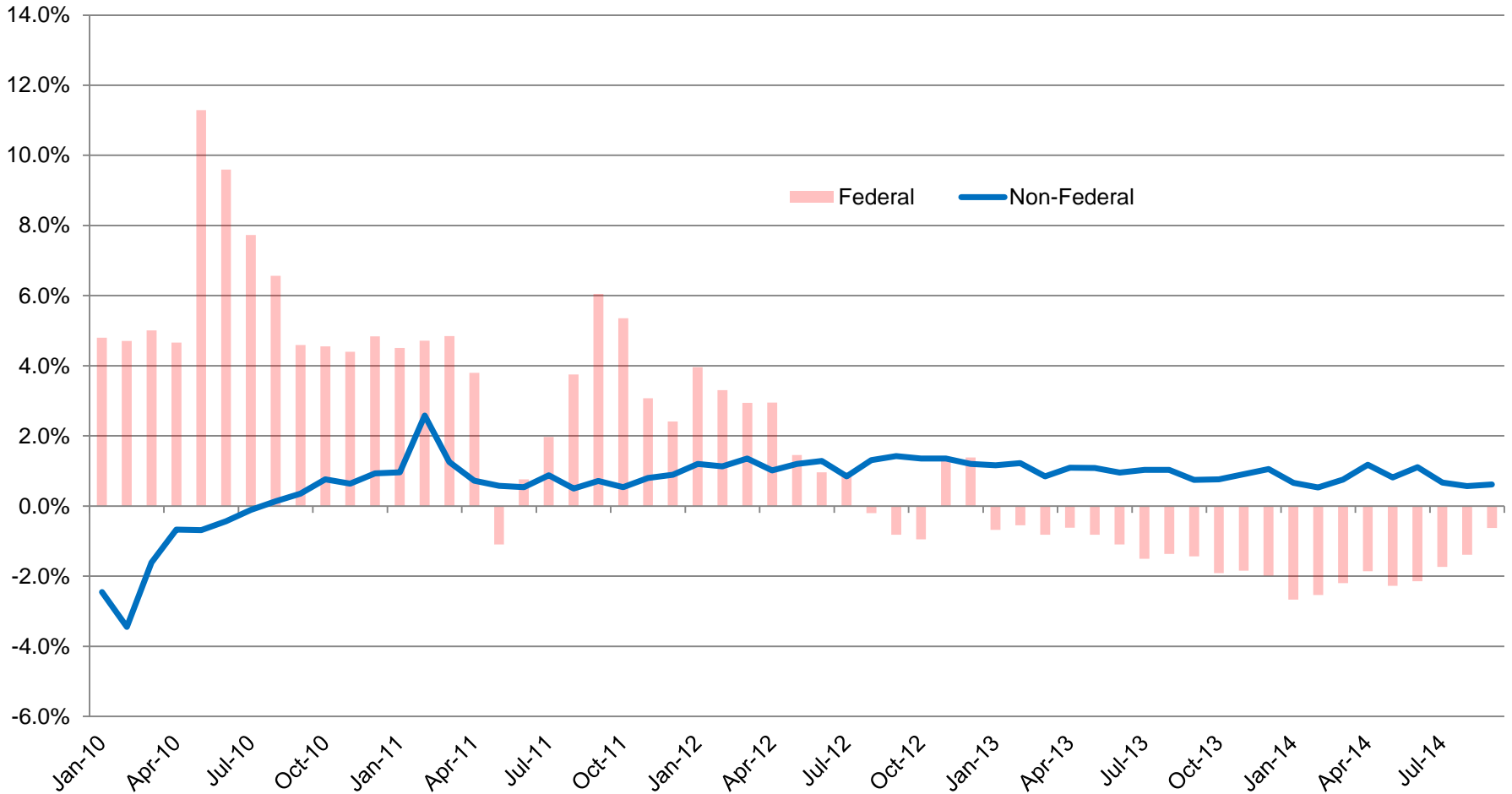
Region vs. U.S.

Professional and Business Services Payroll Employment - Year Over Year Growth



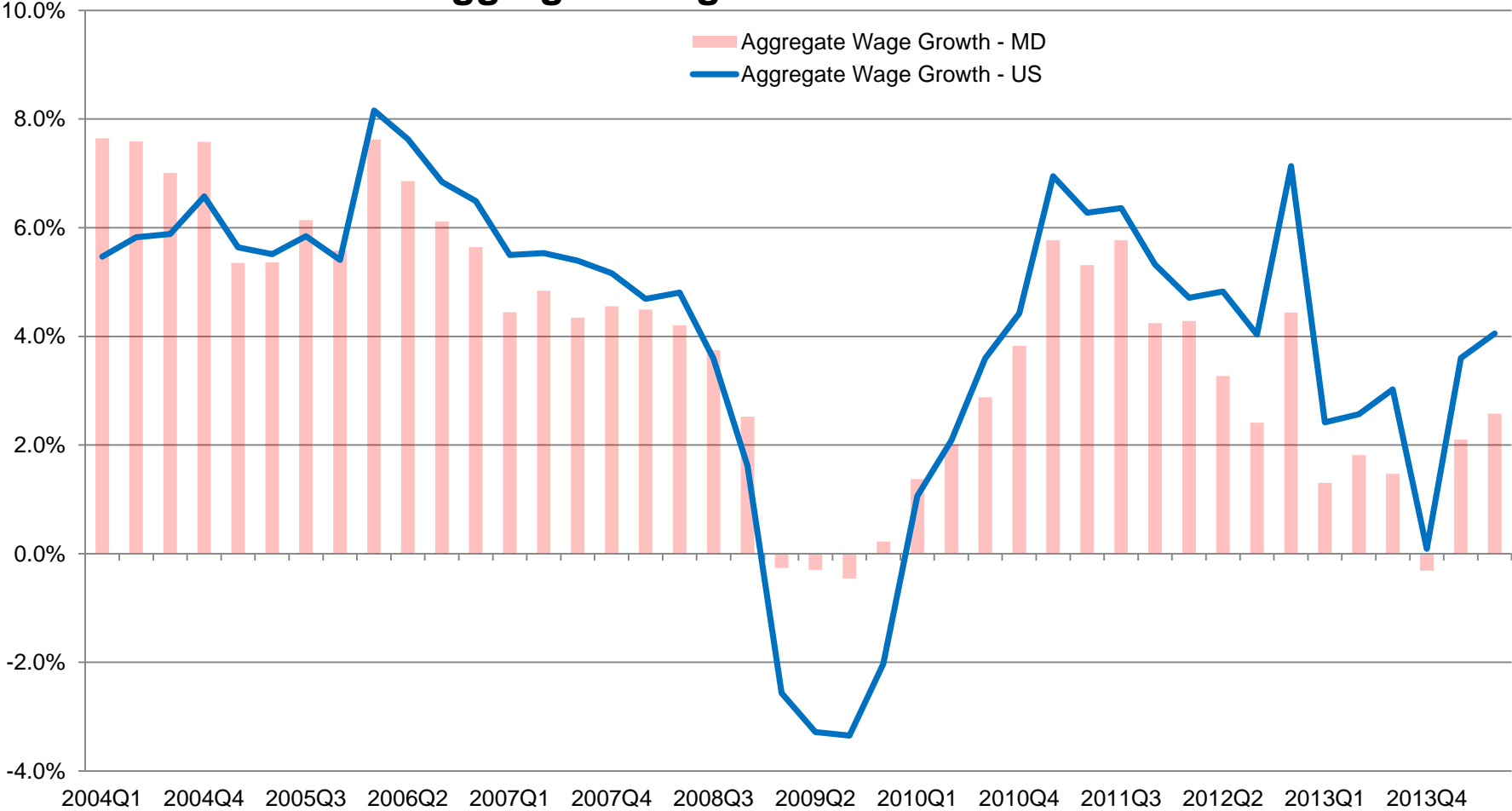
MD Federal vs Non-Federal

Maryland Federal Employment vs. Non-Federal - YOY Change



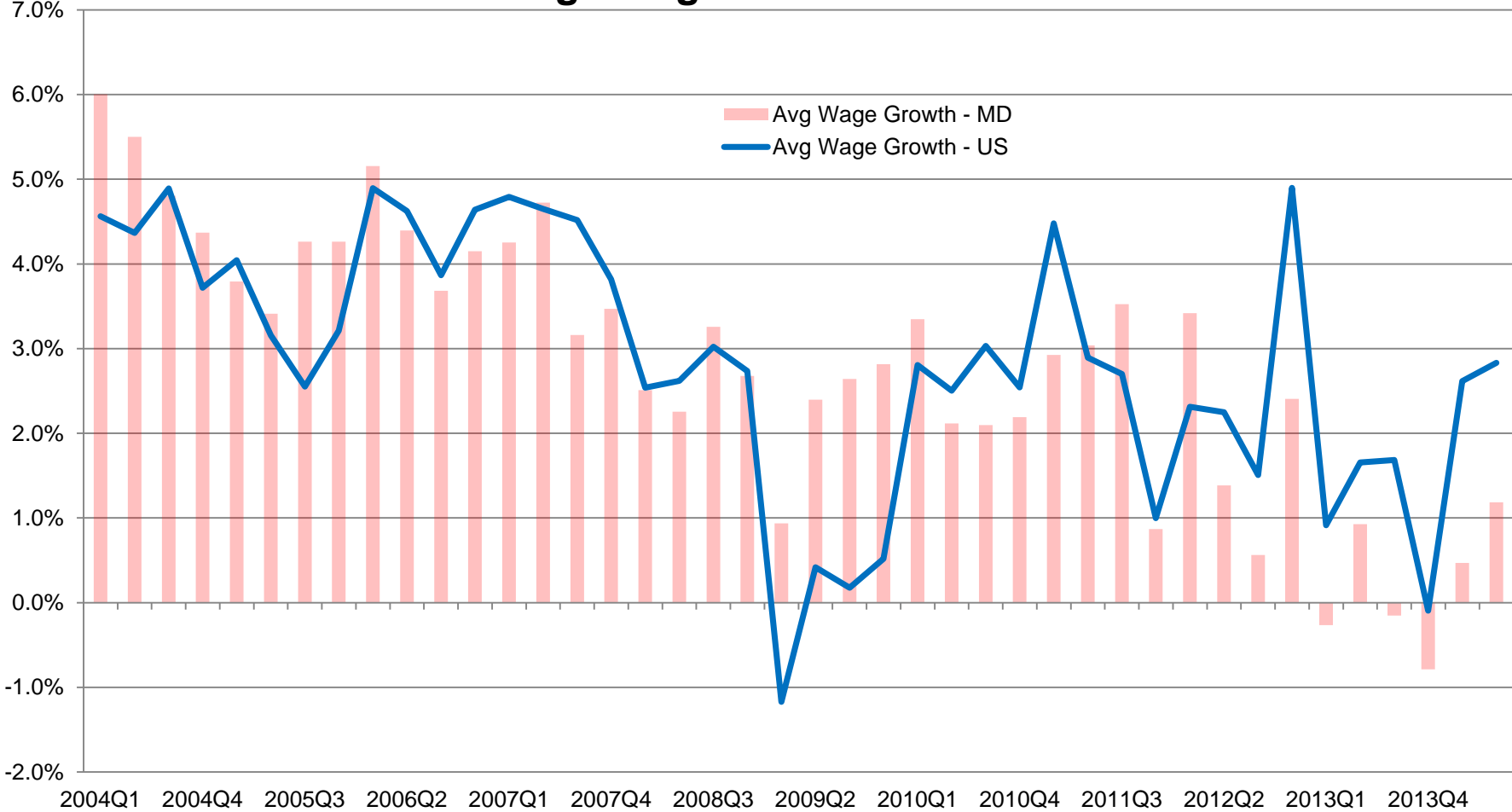
Wage Growth – US vs MD

Aggregate Wage Growth - MD vs US



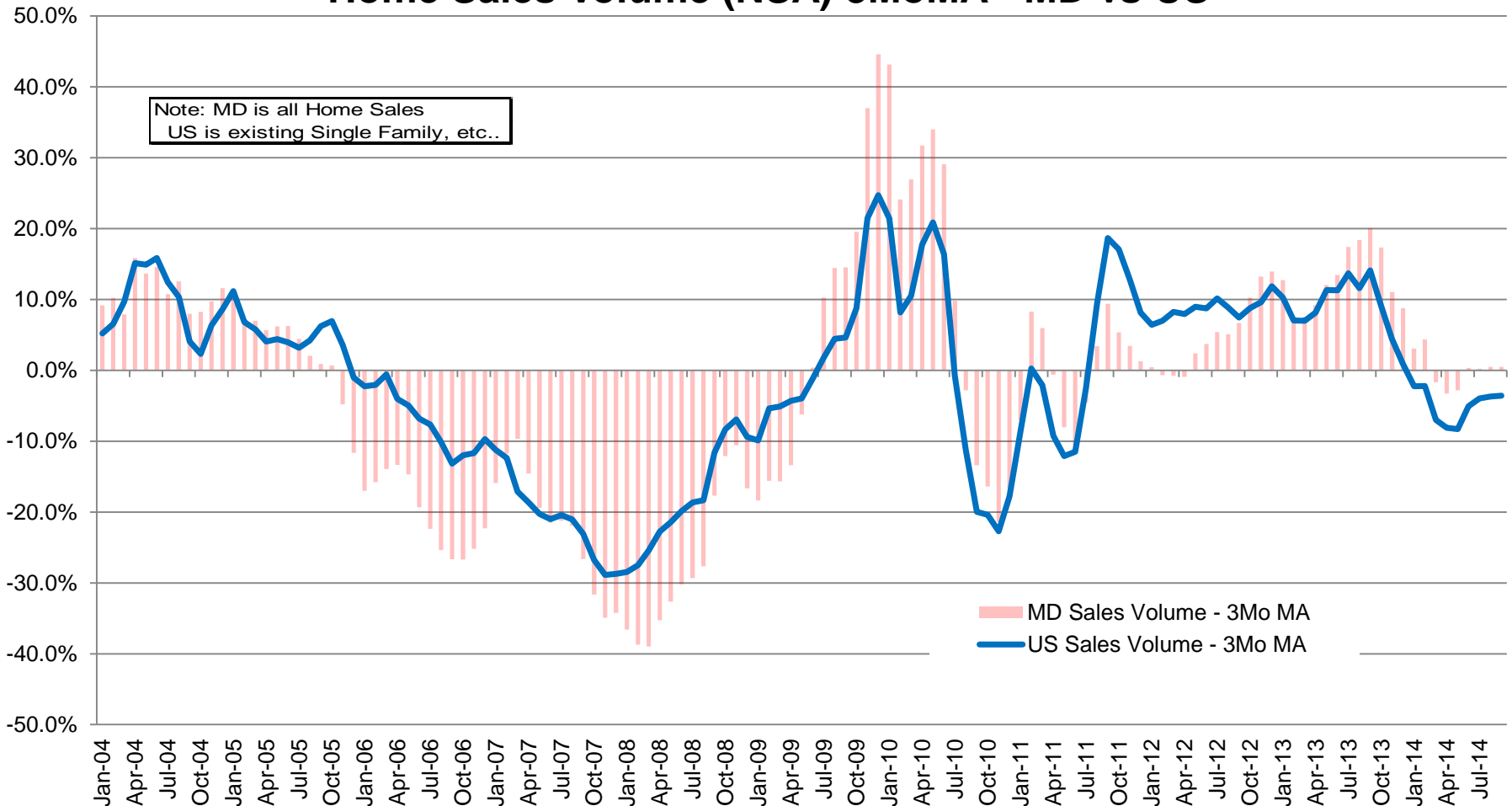
Wage Growth – US vs MD

Average Wage Growth - MD vs US



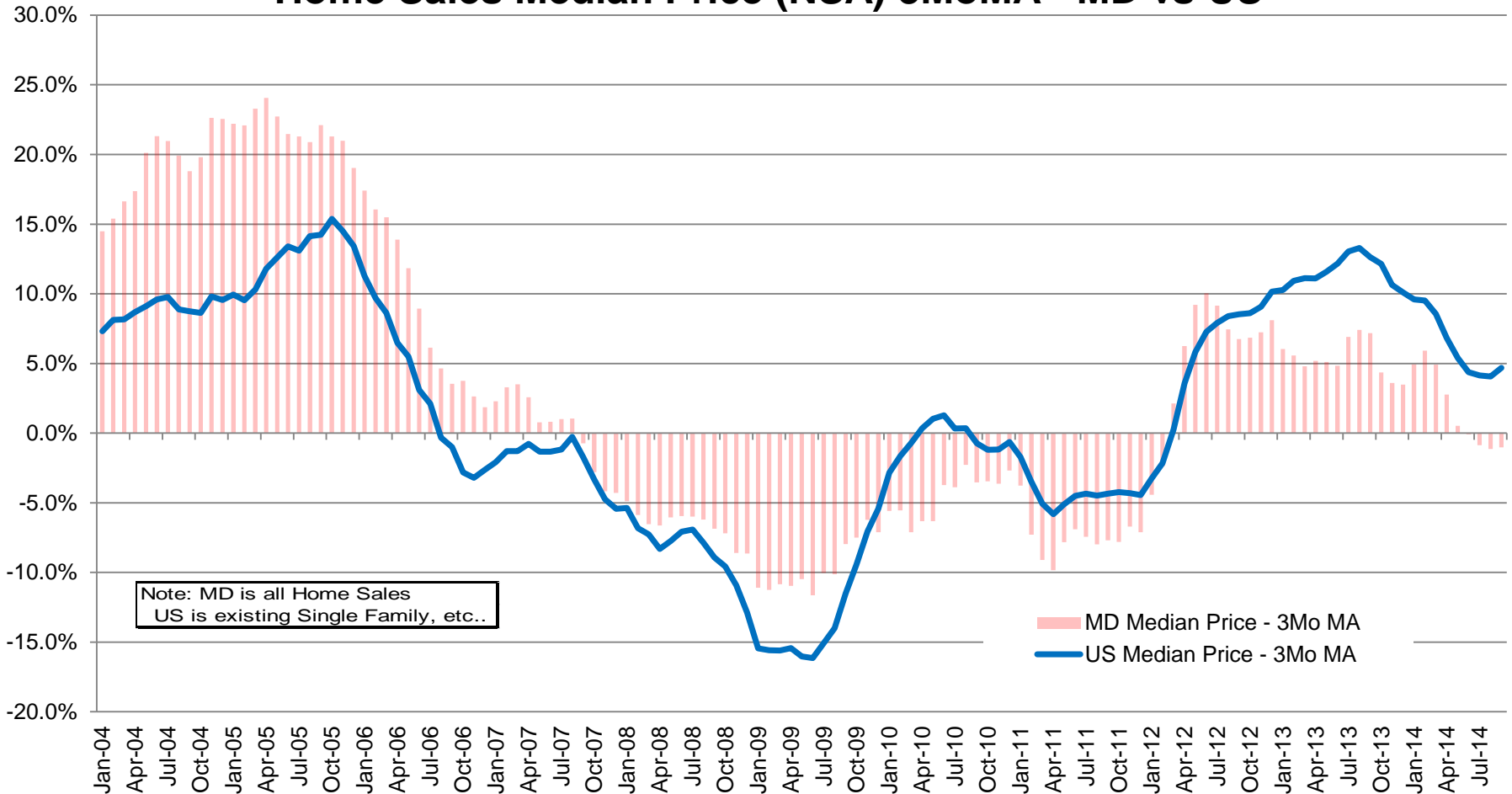
Housing – US vs MD

Home Sales Volume (NSA) 3MoMA - MD vs US



Housing – US vs MD

Home Sales Median Price (NSA) 3MoMA - MD vs US



Note: MD is all Home Sales
US is existing Single Family, etc..

MD Median Price - 3Mo MA
US Median Price - 3Mo MA

Current Economic Forecast

Board of Revenue Estimates' September 2014 Forecast

<u>CY</u>	<u>MD Emp</u>	<u>MD Inc</u>	<u>MD W&S</u>
2013	0.9%	1.4%	1.3%
2014	0.7%	3.3%	3.5%
2015	1.2%	4.0%	4.4%
2016	1.4%	4.3%	4.4%
2017	1.0%	4.8%	4.2%
2018	0.5%	4.3%	3.9%

Growth of Major Revenue Sources

General Fund Revenues

<u>FY</u>	<u>Ind Inc</u>	<u>Sales</u>	<u>GF</u>
1990s	5.2%	4.7%	4.9%
2000 – 2007	5.0%	4.7%	5.0%
2012	7.1%	10.5%	5.3%
2013	8.1%	0.7%	4.4%
2014	1.1%	1.9%	1.5%
2015	6.6%	4.3%	4.7%
2016	5.5%	4.7%	3.7%

Note: Varying Tax and Distribution Changes Throughout

Growth of Major Revenue Sources

General Fund Revenues - Baseline

<u>FY</u>	<u>Ind Inc</u>	<u>Sales</u>	<u>GF</u>
1990s	5.2%	4.7%	4.9%
2000 – 2007	5.0%	4.7%	5.0%
2015	5.2%	3.4%	3.4%
2016	5.6%	4.3%	4.0%

Note: Varying Tax and Distribution Changes Throughout

Risks to the Forecast

 Housing

 Washington Causing Non-Stop Uncertainty

 Continued Dysfunction

 Sequestration

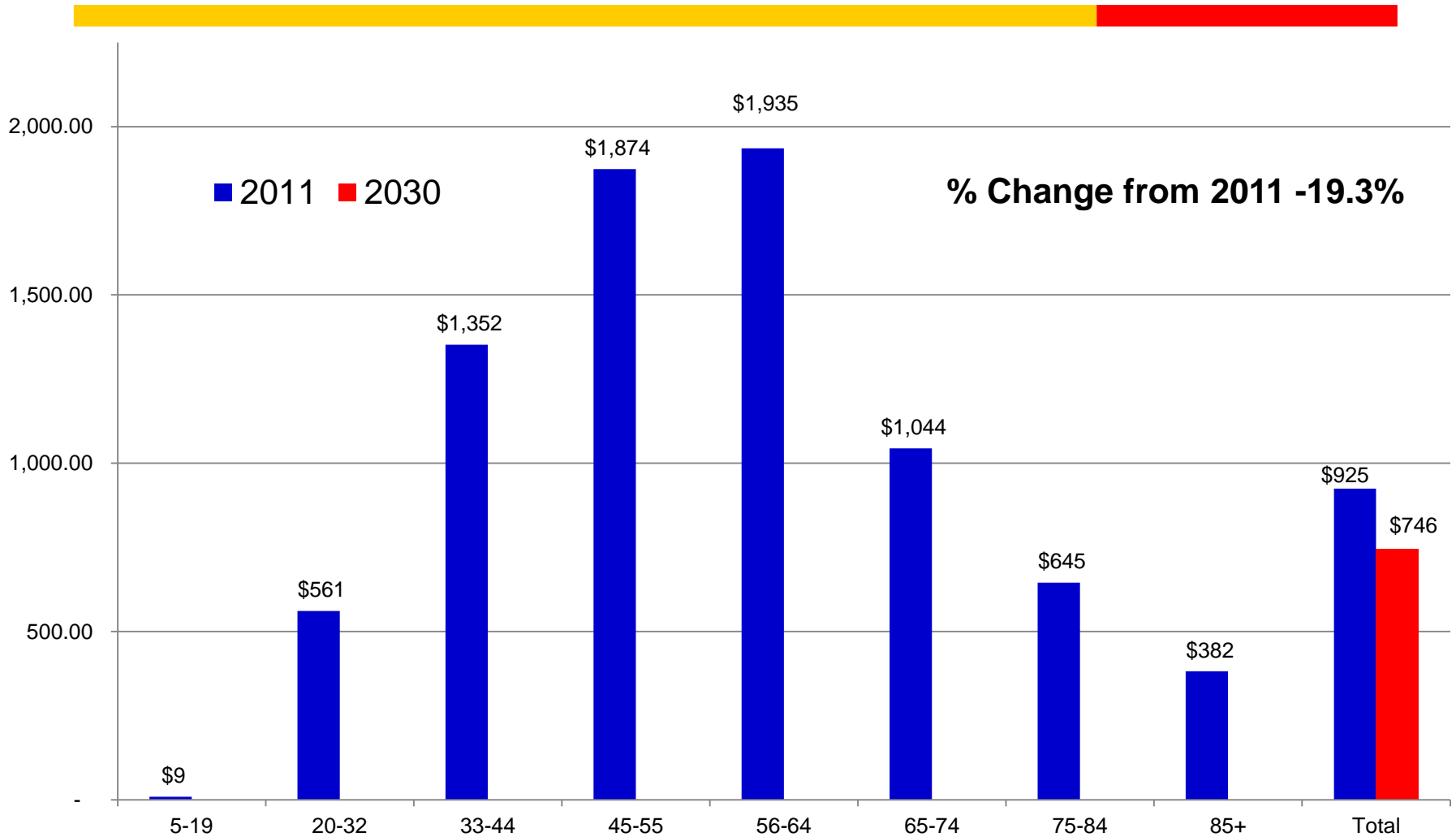
 Policy (Tax and Social) Uncertainty

 Federal Reserve Actions

 Mid East Unrest

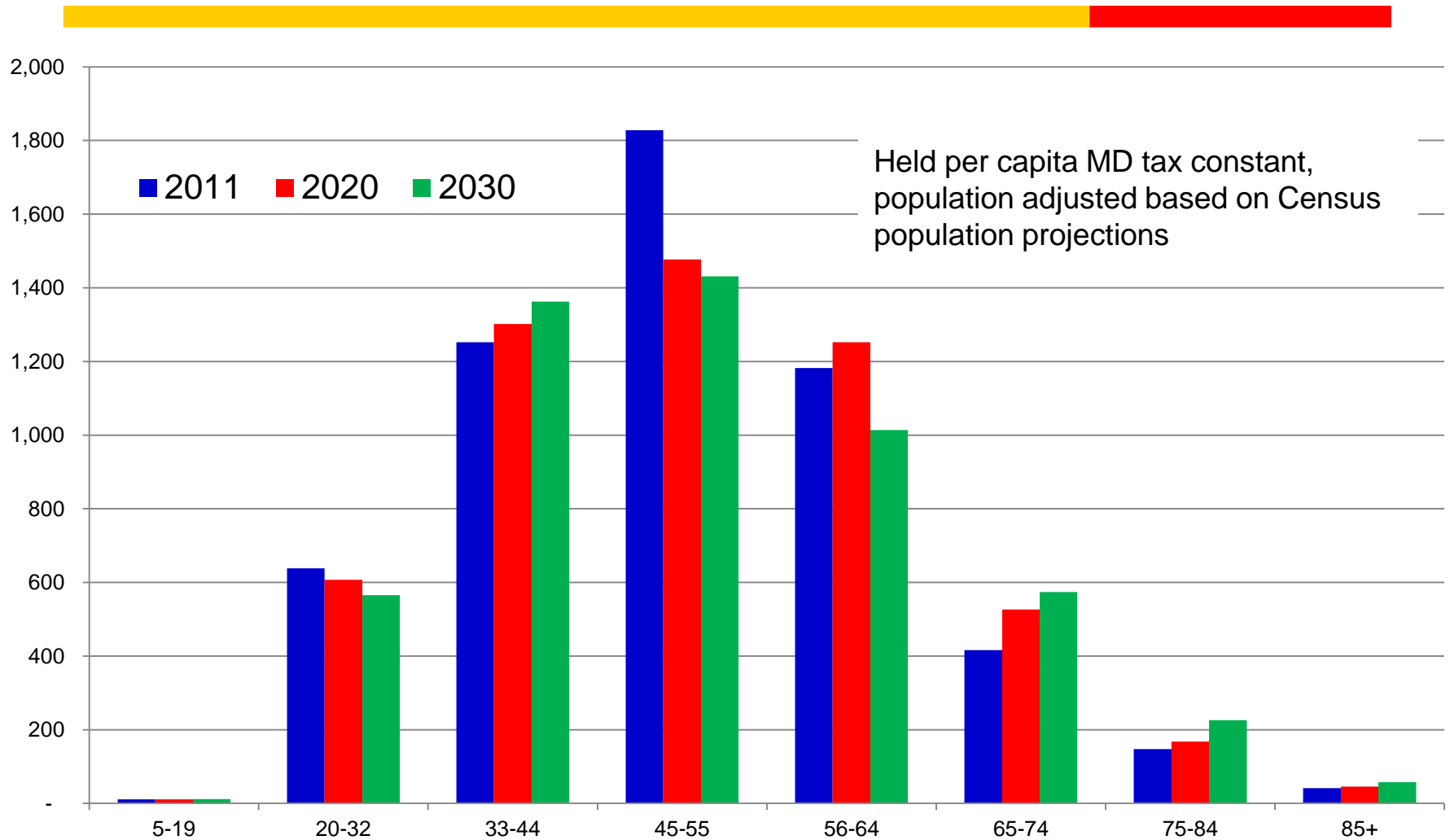
 Capital Gains Realizations

Maryland Per Capita Net Income Tax by Primary Taxpayers Age



Total Net MD Tax by Age of Primary Taxpayer

(\$ in millions)

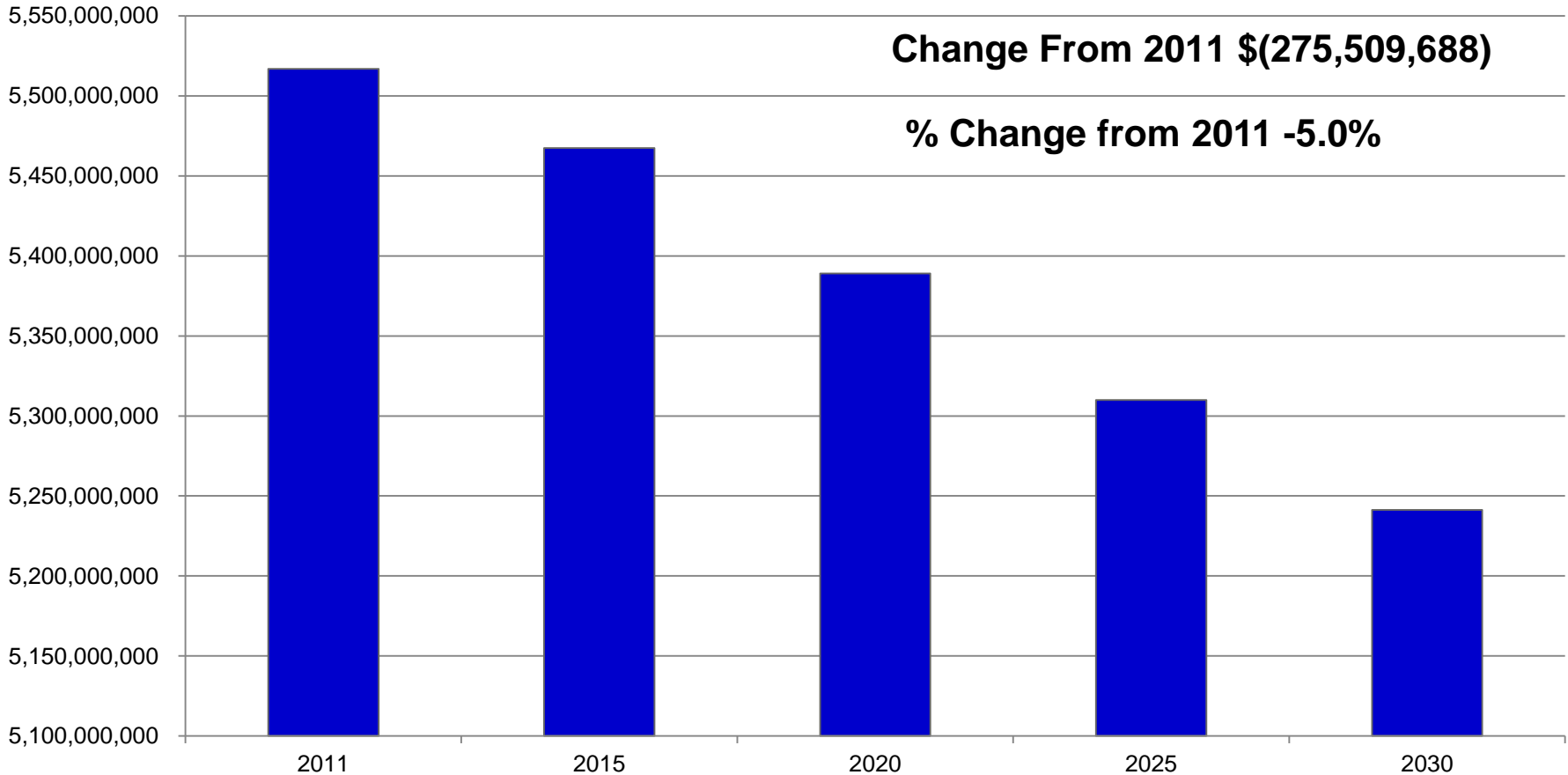


Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005






State Agency Exposure

Total Net Maryland Tax



2015 Session – Budget Issues

-  \$405 Million GF Write-down in September
-  Pre-September – Structural Deficit (per DLS) was \$404 million for FY16
 -  \$247 million projected as debt service costs

Maryland Revenues

 Questions?