CITY COUNCIL WORK SESSION AGENDA

Budget Update

City Council Virtual Meeting will be held online

***The public may attend the Special Meeting of the City Council immediately prior to the closed session and observe the vote of Council to move into closed session with the dial-in information provided below.**

Resident participation:
https://us02web.zoom.us/j/5046463594?pwd=aTFvdDZMWFNReHZDbkJuQUt4Z05XZz09
Passcode: 736144

OR

Join By Phone: (301) 715-8592
Meeting ID: 504 646 3594
Passcode: 736144

In advance, the hearing impaired is advised to use Video Relay Services at 711 to submit your questions/comments or contact the City Clerk at (301) 474-8000 or email banderson@greenbeltmd.gov.
Monday, December 28, 2020
8:00 PM

Work Session Packet

Budget Update

FY2021 Budget Update - Narrative 12-24-20.pdf
FY2021 Budget Update 12-23-2020.pdf
November 2020 - Expenditures.pdf
November 2020 - Revenue.pdf
News Release Comptroller Franchot's Statement on Updated Revenue Estimates.pdf

CITY OF GREENBELT

MEMORANDUM

DATE: December 22, 2020

TO: Nicole Ard
City Manager

FROM: Bertha A. Gaymon
City Treasurer

RE: FY2021 Budget Update - As of November 30, 2020

It is with guarded optimism that I submit this memo and the accompanying spreadsheets as an update to the FY2021 budget. There are several reports for your review. First, you will find the usual monthly financial reports that show the FY2021 vs. FY2020 & Historical data for revenue and expenses. Additionally, you will find the FY2021 Budget Update Schedule that informs where adjustments are recommended to the FY2021 Adopted Budget. Specifically, the Schedule shows columns for 1) the FY2021 Adopted Budget; 2) actual amounts through November 2020; 3) projected amounts for December 1st through June 30th; and 4) the estimated year-end total for each line item. Emphasis is placed on column 5 as it shows the recommended amounts for the line items that were changed.

While the projections are rather early, there are some facts and trends regarding several FY2021 revenue and expense lines that can be highlighted. First, as a reminder, last year during the budget process, adjustments were made for potential revenue losses due to COVID-19 for the City of Greenbelt—estimated in the range of $2.6 million to $3.6 million—this assumed the pandemic would last approximately six months and businesses would then reopen. Based on this, FY2021 revenue was decreased by $3,358,200 and expenditures were decreased by $3,783,100.

Next, new information was received recently regarding several revenue sources and expenditures lines that warrant an update. As such, I consulted with the former city treasurer, assistant city manager, city directors and several external sources to provide this budget update. Please note that only the revenue and expense categories with recommended changes are discussed below and adjusted on the spreadsheet. All other revenue and expenditure lines remain as recorded in the FY2021 Adopted Budget.

REVENUES:

1. Real Estate Taxes:

Real estate taxes in the adopted budget are $18,090,800 or 62.07% of total income in FY2021. Actual receipts total $19,970,847 as of November 30, 2020.

Forecast:

As of November 2020—five months into the fiscal year, actual receipts exceed the budgeted amount for the entire year. This is consistent with the State's Board of Revenue's recent estimates that increased revenue projections for FY2021 and for FY2022. With this, it seems likely that real estate tax will remain stable with no necessary adjustments at this time. This is also consistent with projections from other local municipalities whose finance managers have highlighted several additional facts. First, this income source will remain steady through FY2023 due to the time it takes to process changes to vital records, including abatements. In the FY2021 adopted budget, the real estate amount was reduced by $1,897,000 for current and prior year abatements, of which only $6,126 have actually been realized to date. And if the timing of processing abatements holds true, it seems unlikely this level of abatements will come to fruition in FY2021 and possibly not in FY2022.

While there continues to be some uncertainty about abatements, there are several options for covering them when they occur. Assuming large amounts may actually occur, we have the options of 1) continue restricting the $1,897,000 in this year's budget to cover abatements—in this case, abatements would be covered regardless of when presented to the City; 2) pay abatements in the fiscal year in which they are presented to the City—this could mean funding an amount in future budgets; or 3) continue to hold a portion (one-third) of the $1,897,000 in this year's budget and fund any remaining portion in future year budgets.

With this latest information, it is recommended that the real estate amount in the adopted budget remains at $20,113,600. However, it is also recommended that Option 3 be exercised thereby reducing property abatements from $1,897,000 to $632,333. Reductions for the Homestead and Homeowner tax credit should remain the same.

2. Other Taxes:

Other taxes in the adopted budget are $4,080,950 or 13.78% of total revenue in FY2021 and include income taxes, admission and amusement, hotel/motel and highway taxes. Actual receipts from these income sources total $1,403,755 as of November 30, 2020.

Forecast:

a. Income taxes comes with guarded optimism. Lower than expected receipts at the end of FY2020 have been followed by higher than expected receipts in early FY2021. The latter is consistent with the Board of Revenue's recent estimates that increased revenue projections for FY2021 and FY2022. Therefore, it is recommended that the $3,047,000 remain per the adopted budget.

b. Admission & Amusement tax receipts will be minimal due to the closure of movie theaters and judging from the current environment, it is likely the theaters will remain closed through year's end. Receipts from this revenue source total only $5,872 through November. Assuming the impacts from COVID-19 will continue, it is recommended to further reduce this income source from $175,000 to $15,000.

c. Hotel/Motel taxes are expected to be less than the adopted budget in FY2021. With the planned six-month closure of the Crowne Plaza and the possibility of more closures due to continued impacts of COVID-19, the near-term prospects for this revenue are not favorable. To date, a total of $28,976 has been received for the 1st quarter. However, this amount was for prior year activity—3rd quarter (January through March) and 4th quarter (April through June). We expect to receive the 1st quarter payment in January 2021 and assumes this low amount continues for all four quarters. As such, further reductions from $573,750 to $115,904 is also recommended at this time.

d. Highway revenue offers good news. Per a letter dated October 6, 2020 from the Maryland Department of Transportation's State Highway Administration, highway revenue was revised to increase in FY2021 and in FY2022. As such, it is recommended that this revenue source to be changed to reflect their latest amount—from $284,950 to $540,776.

3. Service Charges for Services

Recreation revenue is the only revenue source projected to be lower in the Service Charges category. Consistent with the Director's recommendations, the various line items should be reduced are as follows:

	FY2021 Adopted Budget	FY2021 Estimated	Variance
Recreation Reduction in Revenue			
Centers	$38,000	$5,000	($33,000)
Aquatic/Fitness	216,800	70,000	($146,800)
Community Center	207,900	55,000	($152,900)
Kids	295,000	100,000	($195,000)
Adult Fitness & Leisure	80,000	30,000	($50,000)
Arts	123,900	45,000	($78,900)
TR	14,000	1,000	($13,000)
TOTAL	**$975,600**	**$306,000**	**($669,600)**
			($669,600)

4. Interest Income

The last revenue source that is projected to change is interest Income. The FY2021 approved budget amount is $150,000 or 0.51% of the total budget. Actual receipts total $3,992 as of November 30, 2020.

Forecast:

Interest income is likely to be lower if trends continue and probably will not recover until the Federal Reserve lifts its benchmark rates which are not expected for several years. As such, further reductions are recommended from $150,000 to $9,581.

Incorporating the recommended changes to the FY2021 Adopted Budget will result in a net increase of $32,571 in revenue.

EXPENDITURES:

Expenditures in the FY2021 Adopted Budget totals $29,142,800 of which $11,331,570 has been expended as of November 30, 2020. Similar to revenue, major adjustments were made in the adopted budget as closings and reduced services were anticipated. Brief conversations with City Directors indicate that most expenditures will be in line with the adopted budget, with one exception. However, a more in-depth review will be conducted as part of the budget preparation process that will begin next month.

The one exception is the Recreation Department. The Director is recommending further reducing recreation expenditures which will result in savings. They are as follows:

	FY2021 Adopted Budget	FY2021 Estimated	Savings
Recreation Savings in Expenditures			
Admin	$691,300	$493,000	($198,300)
Centers	751,700	560,000	($191,700)
GAFC	1,252,500	850,000	($402,500)
CC	935,800	825,000	($110,800)
Kids	607,900	400,000	($207,900)
TR	167,400	100,000	($67,400)
Adult Leisure	149,100	110,000	($39,100)
Arts	249,100	230,000	($19,100)
Spec. Events	104,500	50,000	($54,500)
TOTAL	**$4,909,300**	**$3,618,000**	**($1,291,300)**
			($1,291,300)

SUMMARY:

Based on this snapshot in time, I have incorporated the recommended revenue and expense adjustments in the FY2021 Budget Review Schedule. It shows there could be a $91,900 increase in revenue and a $1,291,300 reduction in expenditures for a net amount of $1,383,200 savings in the FY2021 Adopted Budget. These adjustments are likely to carry over into the FY2022, as I expect that pre-pandemic revenue levels will not return soon after the pandemic ends. Even though there is now a vaccine available, it will probably take several additional months for the general population to receive it. If this holds true, the timing would be around the City's year-end—June 30th.

To suggest how the $1,383,200 might be spent, I remind you of the some of the items that were deferred in the FY2021 Adopted Budget including:

Deferred Expenditures	Amount
Salary Increases for Staff	$550,000
Building Capital Reserve Fund Transfer	700,000
Capital Projects Fund Transfer	1,000,000
Replacement Fund Transfer	448,300
Architectural Space Study Funding	30,000
Vacant Positions	693,600
Compensation Study	75,000
	$3,496,900

Please note the list is not necessarily in priority order but captures expenditures that could be reinstated. The funds could also be used to cover some of new/proposed FY2021 expenditures that are not budgeted i.e. maglev legal cost, armory redevelopment related costs, additional resident support related to COVID, and other items recommended by staff and/or Council.

I hope you find this budget update useful. Again, this forecast is early; however, I will continue to monitor the city's financial activities and will keep you updated on a regular basis. I look forward to further discussing the FY2021 Budget Update with you at your convenience.

City of Greenbelt
FY2021 Budget Update Schedule
as of November 30, 2020

	FY2021 Adopted Budget	Actual as of November 30, 2020	Projected Amount for December 1, 2020 through June 30, 2021	FY2021 Projected Year-End Amount	Recommended Adjustments to FY2021 Adopted Budget	
FUND BALANCE AS OF JULY 1, 2020						
Unassigned	$5,292,899			$5,292,899		
Nonspendable & Assigned	$750,000			$750,000		
TOTAL FUND BALANCE	**$6,042,899**			**$6,042,899**		
REVENUES						
Real Property						
Real Property	$20,113,600	$20,074,703	$38,897	$20,113,600		
Real Property Abatements	(1,897,000)	(6,125)	(626,208)	(632,333)	1,264,700	Increase
Homestead Tax Credit	(76,100)	(73,104)	(2,996)	(76,100)		
Homeowner Tax Credit	(49,700)	(24,626)	(25,074)	(49,700)		
Personal Property Taxes	1,868,700	877,997	990,703	1,868,700		
Other Taxes						
Income Tax	3,047,250	1,311,467	1,735,783	3,047,250		
Admission & Amusement	175,000	5,872	9,128	15,000	(160,000)	Decrease
Hotel/Motel	573,750	28,976	86,928	115,904	(457,800)	Decrease
Highway	284,950	57,440	483,335	540,776	255,000	Increase
Licenses and Permits	1,399,100	435,141	963,959	1,399,100		
Intergovernmental	1,104,435	182,792	921,644	1,104,436		
Charges for Services -Other	697,600	239,691	457,909	697,600		
Charges for Services -Recreation						
Centers	38,000	1,588	3,412	5,000	(33,000)	Decrease
Aquatic/Fitness	216,800	5,450	64,550	70,000	(146,800)	Decrease
Community Center	207,900	22,686	32,314	55,000	(152,900)	Decrease
Kids	295,000	18,128	81,872	100,000	(195,000)	Decrease
Adult Fitness & Leisure	80,000	11,183	18,817	30,000	(50,000)	Decrease
Arts	123,900	11,324	33,676	45,000	(78,900)	Decrease
TR	14,000	0	1,000	1,000	(13,000)	Decrease
Fines and Forfeitures	610,750	283,423	327,327	610,750		
Interest	150,000	3,992	5,589	9,581	(140,400)	Decrease
Miscellaneous Revenue	280,200	43,256	236,944	280,200		
Interfund Transfers	364,700	0	364,700	364,700		
TOTAL REVENUES	**$29,622,835**	**$23,511,254**	**$6,204,209**	**$29,715,463**	**$91,900**	**Increase In Revenue**
EXPENDITURES						
General Government	$3,708,700	$1,395,069	$2,313,631	$3,708,700		
Planning and Development	887,300	302,323	584,977	887,300		
Public Safety	11,194,000	3,638,654	7,555,346	11,194,000		
Public Works	3,780,900	1,473,791	2,307,109	3,780,900		
Greenbelt CARES	1,225,000	490,339	734,661	1,225,000		
Recreation and Parks - Other	1,313,500	545,780	767,720	1,313,500		
Recreation and Parks - Specific						
Admin	691,300	189,347	303,654	493,001	(198,299)	Savings
Centers	751,700	218,220	341,780	560,000	(191,700)	Savings
GAFC	1,252,500	317,744	532,256	850,000	(402,500)	Savings
Community Center	935,800	417,989	407,011	825,000	(110,800)	Savings
Greenbelt Kids	607,900	184,994	215,006	400,000	(207,900)	Savings
TR	167,400	40,488	59,512	100,000	(67,400)	Savings
Adult Leisure	149,100	43,661	66,339	110,000	(39,100)	Savings
Arts	249,100	94,634	135,366	230,000	(19,100)	Savings
Spec. Events	104,500	14,701	35,299	50,000	(54,500)	Savings
Miscellaneous	316,700	135,007	181,693	316,700		
Non-Departmental	765,700	1,828,828	(1,063,128)	765,700		COVID Reimbursements from County
Fund Transfers	1,041,700	0	1,041,700	1,041,700		
TOTAL EXPENDITURES	**$29,142,800**	**$11,331,570**	**$16,519,931**	**$27,851,500**	**($1,291,300)**	**Decrease in Expenditures**
Fund Balance Increase/(Decrease)	**$480,035**	**$12,179,684**	**-$10,315,721**	**$1,863,963**	**$1,383,200**	**Overall Savings**
FUND BALANCE AS OF JUNE 30						
Unassigned	$5,772,934			$7,156,862		
Nonspendable & Assigned	$750,000			$750,000		
TOTAL FUND BALANCE	**$6,522,934**			**7,906,862**		
% Unassigned Fund Balance to Expenditures for t	19.81%					
Revenue Increase/(Decrease) as a %	-10.18%			0.31%		
Expenditure Increase/(Decrease) as a %	-11.49%			-4.43%		
Net Cash Flow Growth Rate as a %	1.31%			4.74%		

City of Greenbelt
Expenditures - FY 2021 vs. FY2020 & Historical
November

	Department	FY 2021 Adopted Budget	Nov-20	% of FY 2021 Budget	FY 2019	Historical %
100	**General Government**					
	Salary/Benefits	$2,826,100	1,102,839	39.02%	39.55%	41.12%
	Operating Expense	872,600	292,229	33.49%	39.42%	42.05%
	Capital Outlay	10,000	0	0.00%	0.00%	46.71%
	Total General Gov't	**3,708,700**	**1,395,068**	**39.36%**	**39.36%**	**41.37%**
200	**Planning/Comm. Dev.**					
	Salary/Benefits	762,500	251,010	32.92%	38.80%	37.73%
	Operating Expense	124,800	51,312	41.12%	26.21%	13.39%
	Capital Outlay	0	0	0.00%	0.00%	0.00%
	Total Plan. & C. D.	**887,300**	**302,323**	**34.47%**	**35.62%**	**31.74%**
300	**Public Safety**					
	Salary/Benefits	9,032,200	3,059,502	33.87%	37.57%	37.06%
	Operating Expense	1,572,400	579,152	36.83%	40.02%	43.68%
	Capital Outlay	589,400		0.00%	3.89%	1.16%
	Total Public Safety	**11,194,000**	**3,638,654**	**34.81%**	**36.14%**	**36.48%**
410	**Public Works**					
	Salary/Benefits	2,311,100	933,038	40.37%	39.34%	40.35%
	Operating Expense	660,000	228,215	34.58%	37.74%	38.02%
	Capital Outlay	0	0	0.00%	0.00%	0.00%
	Total	2,971,100	1,161,253	39.38%	39.00%	39.78%
450	**Waste Collection**					
	Salary/Benefits	604,000	221,761	36.72%	41.24%	40.30%
	Operating Expense	205,800	90,777	44.11%	35.93%	33.37%
	Capital Outlay	0		0.00%	0.00%	0.00%
	Total	809,800	312,538	38.59%	39.87%	38.46%
	Total Public Works	**3,780,900**	**1,473,791**	**38.05%**	**39.19%**	**39.49%**
500	**Greenbelt Cares**					
	Salary/Benefits	1,182,000	443,692	37.54%	41.14%	41.47%
	Operating Expense	43,000	46,647	108.48%	22.46%	38.91%
	Capital Outlay	0	0	0.00%	0.00%	0.00%
	Total Greenbelt Cares	**1,225,000**	**490,339**	**41.41%**	**39.74%**	**41.08%**
600	**Recreation**					
	Salary/Benefits	2,981,200	972,979	32.64%	47.73%	47.98%
	Operating Expense	675,600	190,952	28.26%	44.17%	45.26%
	Capital Outlay	0	0	0.00%	0.00%	0.00%
	Total	$3,656,800	$1,163,931	44.88%	47.01%	47.35%

City of Greenbelt
Expenditures - FY 2021 vs. FY2020 & Historical
November

	Department	FY 2021 Adopted Budget	Nov-20	% of FY 2021 Budget	FY 2019	Historical %
650	**Aquatic & Fitness**					
	Salary/Benefits	$905,600	226,991	25.07%	44.24%	45.61%
	Operating Expense	346,900	90,753	26.16%	38.81%	39.18%
	Capital Outlay	0	39,285	0.00%	0.00%	0.00%
	Total	1,252,500	357,029	28.51%	42.67%	43.49%
	Total Recreation	**4,909,300**	**1,520,960**	**44.26%**	**45.86%**	**46.35%**
700	**Parks**					
	Salary/Benefits	1,084,600	461,304	42.53%	43.90%	43.06%
	Operating Expense	228,900	85,294	37.26%	30.44%	32.57%
	Capital Outlay	0	0	0.00%	0.00%	0.00%
	Total Parks	**1,313,500**	**546,598**	**39.25%**	**41.17%**	**41.02%**
900	**Miscellaneous**					
	Salary/Benefits	250,100	97,506	38.99%	43.51%	42.19%
	Operating Expense	65,700	38,449	58.52%	24.31%	21.50%
	Capital Outlay	0	305,296	0.00%	0.00%	0.00%
	Total Miscellaneous	**315,800**	**441,251**	**44.32%**	**37.01%**	**35.27%**
	Operating Expenditures					
	Salary/Benefits	$21,939,400	$7,770,622	35.42%	40.35%	40.31%
	Operating Expense	4,795,700	1,693,782	35.32%	38.19%	39.68%
	Capital Outlay	599,400	344,581	57.49%	3.80%	1.78%
	Total Operating Exp.	**$27,334,500**	**$9,808,985**	**38.18%**	**39.13%**	**39.45%**
990	**Reserves**					
	Non-Departmental	225,600	896,702	397.47%	30.03%	59.58%
	Workers' Compensation	541,000	625,882	115.69%	99.98%	97.79%
	Interfund Transfers	1,041,700	0	0.00%	0.00%	0.00%
	Total Reserves	1,808,300	1,522,584	84.20%	13.90%	26.11%
	Total General Fund	**$29,142,800**	**$11,331,568**	**38.28%**	**35.66%**	**38.15%**

City of Greenbelt
Revenues - FY 2021 vs FY2020 & Historical
November

Number	Description	FY 2021 Adopted Budget	Nov-20	% of FY 2021 Budget	% of FY 2020	Historical %
	Taxes					
411100	Real Estate	$20,113,600	$20,074,700	99.81%	99.08%	99.54%
411210	Real Estate Abatements	(1,897,900)	(6,123)	0.32%	-3.98%	13.96%
411220	Homestead Credit	(76,100)	(73,104)	96.06%	100.00%	99.62%
411230	Homeowner's Credit	(49,700)	(24,626)	49.55%	42.92%	49.32%
	Personal Property					
412100	Local	14,000	13,308	95.05%	71.49%	65.21%
412110	Utility	330,000	43,333	13.13%	95.19%	90.88%
412120	Corporate	1,450,000	703,840	48.54%	47.94%	62.55%
412140	Local - Prior Years	0	0	0.00%	0.00%	0.00%
412160	Corporate - Prior Years	30,000	109,492	364.97%	5.67%	47.98%
412200	Abatements	(80,000)	(28,029)	35.04%	22.97%	24.50%
	Other Taxes					
421100	Income	3,047,250	1,311,467	43.04%	26.67%	30.95%
421200	Admissions	175,000	5,872	3.36%	7.30%	28.31%
421300	Hotel/Motel	573,750	28,976	5.05%	27.81%	25.65%
422100	Highway	284,950	57,440	20.16%	77.52%	76.45%
	Licenses					
431000	Permits	942,800	340,300	36.09%	24.18%	24.23%
433400	Cable	385,000	95,124	24.71%	25.45%	27.87%
	Grants - State					
442101	Police	445,000	111,953	25.16%	25.22%	28.22%
442102	Youth Service	65,000	0	0.00%	0.00%	3.26%
	Grants - County					
443106	Landfill	57,700	14,413	24.98%	25.00%	23.81%
443102	Youth Service	50,000	0	0.00%	16.67%	6.93%
443128	MNCPPC	234,000	0	0.00%	0.00%	0.00%
443127	School Resource	80,000	0	0.00%	0.00%	0.00%
	Other					
451000	Refuse/Recycling	686,200	166,570	24.27%	24.92%	28.64%
452000	Recreation	550,900	42,223	7.66%	0.00%	58.66%
453000	Fitness Center	216,800	70,360	32.45%	0.00%	77.26%
454000	Community Center	207,900	22,686	10.91%	0.00%	46.12%
460100	Fines/Foreitures	90,750	13,292	14.65%	36.57%	44.48%
460200	Red Light Cameras	292,500	172,344	58.92%	35.15%	53.36%
460300	Speed Cameras	227,500	97,787	42.98%	40.05%	41.66%
470000	Interest	150,000	3,992	2.66%	24.07%	29.86%
480400	Partnerships	156,800	30,258	19.30%	0.00%	24.02%
490000	Interfund Transfers	364,700	0	0.00%	0.00%	0.00%
	Miscellaneous	504,435	43,256	8.58%	22.76%	25.74%
	Total	**$29,622,835**	**$23,441,102**	**79.13%**	**76.48%**	**60.99%**

Subject: News Release: Comptroller Franchot's Statement on Updated Revenue Estimates

Subject: News Release: Comptroller Franchot's Statement on Updated Revenue Estimates

PETER FRANCHOT
Comptroller of Maryland

COMPTROLLER of MARYLAND
Serving the People

News Release

MEDIA CONTACTS: SUSAN O'BRIEN: MOBILE - 443-875-8540
ALAN BRODY: MOBILE - 443-924-1473

Comptroller Franchot's Statement on Updated Revenue Estimates

Despite uptick in revenues, Maryland's lowest wage earners and small businesses bearing the economic impact of COVID-19

ANNAPOLIS, Md. (December 11, 2020) - The Board of Revenue Estimates voted today to slightly increase the revenue projections for Fiscal Year 2021 by 0.3 percent to $18.8 billion, representing a $64 million increase from the September estimates. Additionally, the Board revised the projection for Fiscal Year 2022 to $19.8 billion, representing a 0.7 percent, or $143 million increase from the previous estimates.

While the figures approved today may seem positive overall, they also demonstrate that Maryland's lowest wage earners and small businesses continue to bear the brunt of the COVID-19 pandemic's economic impact.

The following is an excerpt of Comptroller Franchot's remarks, as prepared for delivery (view the PowerPoint presentation here and the revenue table here):

"We have hundreds of thousands of Marylanders who are unemployed and as of today are facing evictions, hunger, lack of medical care, and the end of relief payments through no fault of their own. In addition, tens of thousands of small businesses have permanently closed and tens of thousands more are hanging on by a thread.

"I join Governor Hogan, our Congressional Delegation, and leaders across our state in calling on Congress to pass a second stimulus before they adjourn for the year. But I also want the State of Maryland to step up and do the right thing in the form of a Maryland stimulus.

"I have identified $1.5 billion in state reserves that could be spent immediately to prevent evictions, feed the hungry, provide medical care, and also support small businesses.

"We are entering the worst three months in Maryland's history because of the pandemic. The lives and livelihoods of our friends and neighbors are at stake. And with the vaccine just right around the corner, we must remain aggressive in doing all we can not only to contain the virus, but to safeguard the financial security of working families and small businesses.

"That's why we need a one-time Maryland stimulus plan to protect our citizens and our economy now. Tomorrow is too late and thousands of Marylanders across our state are looking to us – their leaders in state government – for action. We can't let them down."

The increases in revenue estimates are due to higher-than-expected sales tax revenue and higher capital gains from an unexpectedly strong stock market this fall. The multi-billion-dollar federal stimulus program shifted Maryland consumers from spending money on untaxed services to taxable goods like appliances and outdoor-related items that helped keep families busy while staying close to home during the warmer weather.

"The write-up also reflects the strong bones of our state's economy and our ability to weather tough times," said Andrew Schaufele, the board's executive secretary.

"Furthermore, our data shows that just during the second quarter of 2020, when compared to the same time period in 2019, big businesses - measured by sales tax that represent our top 0.1 percent or just 61 businesses - are reporting an increase of 32 percent in sales," he said. "Our smaller businesses - or 99.1 percent of our state's businesses - are seeing drops in receipts of about 11 percent on average. This shows that big businesses are benefiting tremendously from the economic shut down, while our smaller businesses are suffering. In fact, also during this same time period, the State of Maryland lost 11,634 sales tax accounts."

More than 1.1 million Marylanders have filed for unemployment since this pandemic began and many of these employees worked in the hospitality sector, which in normal times, employs hundreds of thousands of Marylanders.

The federal CARES Act provided an additional 13 weeks of available unemployment insurance; however, that extension is set to expire next week for most who filed early in the pandemic.

A report released earlier this week by the National Restaurant Association states 17 percent of restaurants—more than 110,000 establishments—are closed permanently or long-term.

Maryland has more than 170,000 small businesses across our state, and the Comptroller estimates about 30,000 have either closed or will close their doors permanently due to the pandemic.

"It is important to note that even though we are writing up our estimates today, the budget is negatively impacted by the COVID recession," said Mr. Schaufele, who also serves as director of the Bureau of Revenue Estimates, which analyzed economic data and prepared today's report for the Board.

There have been several iterations of revenue estimates modeling the impact of COVID. The best comparison for the actual effect is to compare today's estimates to the Board's last meeting, pre-COVID, which was in March 2020. At that meeting, the Board formally adopted estimates for the budget during the 2020 General Assembly. In comparison to the approved budget, the current fiscal year -- Fiscal Year 2021 -- is down $608.8 million and Fiscal Year 2022, which begins July 1, is down $312.2 million.

MEDIA CONTACTS: Susan O'Brien - sobrien@marylandtaxes.gov
443-875-8540 (mobile)

Alan Brody - abrody@marylandtaxes.gov
443-924-1473 (mobile)

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