SUPPLEMENT TO

OFFICIAL STATEMENT

Relating to

$852,125,000
STATE OF MARYLAND
General Obligation Bonds
State and Local Facilities Loan of 2021, Second Series

$540,000,000 Second Series A Tax-Exempt Bonds (Competitive)	$75,000,000 Second Series B Taxable Bonds (Competitive)	$113,840,000 Second Series C Tax-Exempt Refunding Bonds (Negotiated) (2022 Forward Delivery)	$123,285,000 Second Series D Tax-Exempt Refunding Bonds (Negotiated) (2022 Forward Delivery)

Pursuant to and in satisfaction of the terms of the Forward Delivery Bond Purchase Agreement for the $113,840,000 State of Maryland General Obligation Bonds State and Local Facilities Loan of 2021, Second Series C Tax-Exempt Refunding Bonds (Negotiated) (2022 Forward Delivery)(the "Second Series C Bonds"), the State of Maryland is providing this Supplement to Official Statement dated February 24, 2022 (this "Supplement"), which amends and supplements the Official Statement dated August 11, 2021 (the "Official Statement"). This Supplement contains additional information the State wishes to share with investors. See "ADDITIONAL INFORMATION REGARDING THE STATE OF MARYLAND" below. Furthermore, this Supplement updates certain sections of the Official Statement. See "AMENDMENTS TO THE OFFICIAL STATEMENT" below.

Each word or term used as a defined term but not otherwise defined expressly in this Supplement has the meaning assigned to it in the Official Statement.

This Supplement is an integral part of the Official Statement and the information contained in this Supplement should be considered in the context of information contained in the Official Statement. The Official Statement as amended and supplemented by this Supplement constitutes the "Updated Official Statement" to be delivered pursuant to the Forward Delivery Bond Purchase Agreement for the Second Series C Bonds.

The information in the Official Statement is hereby updated as follows.

ADDITIONAL INFORMATION REGARDING THE STATE OF MARYLAND

COVID-19 Updates

As of January 21, 2022, 76.5% of Maryland residents aged five or older have been fully vaccinated and 88.0% have received at least one dose. In addition, 36.3% of the population 18 years of age or older have received a booster dose. The State has established a dedicated website providing up-to-date information concerning the State's coronavirus metrics at https://coronavirus.maryland.gov. This website is incorporated for convenience only and is not incorporated by reference into the Updated Official Statement.

Various actions have been taken by the State, as well as federal and local governments and agencies, to address the impact of the COVID-19 pandemic See "STATE FINANCES – General Fund 2022 Budget" for a description of such actions. The State anticipates posting future updates on the financial and operational impact of COVID-19 at www.buymarylandbonds.com/covid-19.pdf. This website is incorporated for convenience only and is not incorporated by reference into this Supplement or the Official Statement.

The ultimate impact of the pandemic on the revenues and operations of the State remains uncertain. There can be no assurance that actual results will not be materially different from the estimates and projections set forth in this Supplement.

State's Annual Comprehensive Financial Report

As of the date of this Supplement, the State's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021 (the "2021 ACFR") has not been finalized. The Comptroller expects the 2021 ACFR to be released by March 31, 2022. When the 2021 ACFR is released, it will be available on the website of the Comptroller and filed by the Treasurer on the EMMA website. The release of the 2021 ACFR is later than normally expected due primarily to the effects of a network security incident which has caused disruption to some of the Maryland Department of Health's operations and has hampered efforts to finalize the 2021 ACFR. See "Cybersecurity" below for more information.

The financial information in this Supplement for the year ended June 30, 2021 is unaudited. While the financial information has been prepared in accordance with generally accepted accounting principles and the State believes the financial information provides a fair presentation of the State's finances for the year ended June 30, 2021, the information is unaudited. There can be no assurance that the financial results presented in the State's 2021 ACFR will not vary from the financial results presented in this Supplement.

Cybersecurity

In the conduct of its daily business, the State employs technology and collects and stores sensitive data. The secure processing, maintenance, and transmission of this information is critical to many of the State's operations. Despite security and other technical measures currently in place and those which may be adopted in the future, information technology and infrastructure may be vulnerable to attacks by hackers, nation states or other breaches, including as a result of error, malfeasance or other disruptions or failures. Any such breach, disruption or other failure could compromise State services, networks, facility operations and the information stored there could be accessed, disrupted, publicly disclosed, lost or stolen. Any such access, disruption, disclosure, theft or other loss of information could result in disruptions to State operations and financial or other activities, or legal claims or proceedings, including pursuant to laws that protect the privacy of personal information, or regulatory penalties.

To prevent such disruptions to State operations, the State maintains a cybersecurity office within the Department of Information and Technology. The State uses the National Institute of Standards and Technology Cybersecurity Framework to measure the maturity of cybersecurity controls and exposure to cyber risks in State government. The current focus is on improving detection, response and recovery capabilities along with a continual review of critical controls for systems which process State data and providing cyber security education to state employees on an ongoing basis.

In carrying out its cybersecurity functions, the DoIT Office of Security Management (OSM) works with a range of State and federal law enforcement agencies, including the Federal Bureau of Investigation's Joint Terrorism Task

Force. The CSD also regularly works with other state and municipalities throughout the country to share cybersecurity threat intelligence and best practices, as well as with non-governmental entities such as utilities, telecommunication providers and financial services companies for the purpose of enhancing collective cyber defenses. The State has developed standard cybersecurity policies and standards for third party vendors of the State to follow, and security provisions for contracts with vendors, which help ensure the State is notified of cyber breaches and suspected cyber breaches of a vendor's network environment.

While the State conducts periodic test and reviews of its networks, no assurances can be given that such security and operational control measures will be successful in guarding against all cyber threats and attacks. New technical cyber vulnerabilities are discovered in the United States daily. The techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasing complex and sophisticated. In addition, there is a heightened risk due to an increase in remote access to State systems by State employees as a result of the outbreak of COVID-19. As cybersecurity threats continue to evolve, the State may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The results of any successful attack on the State's computer and information technology systems could impact its operations and damage the State's digital networks and systems, and the costs of remedying any such damage could be substantial.

On December 4, 2021, the Maryland Department of Health ("MDH") experienced a service disruption as a result of a ransomware attack. On that date, MDH detected unauthorized activity involving multiple network infrastructure systems. Immediate countermeasures were implemented to contain the incident, and servers were taken offline to protect MDH's network. The State's Chief Information Security Officer stood up an incident command structure with a focus on protecting the MDH network, conducting a forensic investigation and restoring core services. Because of the State's aggressive cybersecurity strategy, and the use of cloud-based services, many of MDH's core functions were not affected. At this time, MDH does not believe any data was compromised, other than certain redundant or obsolete data. To prevent additional damage, MDH and DoIT continue to be methodical and deliberate in restoring network systems while prioritizing health and human safety functions. The State remains actively engaged with both state and federal law enforcement partners as part of an ongoing criminal investigation. To date, no ransom has been paid and there is no expectation at this time that any payment will be made. Additionally, since the response is ongoing, the financial impact to the State and the eligible cost to be covered by the insurance policy managed by the State Treasurer's Office cannot be fully determined, but the net financial exposure to the State from the incident is not expected to be material.

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AMENDMENTS TO THE OFFICIAL STATEMENT

The sections of the Official Statement titled "STATE GOVERNMENT," "STATE FINANCES," STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM," "MISCELLANEOUS REVENUE AND ENTERPRISE FINANCINGS," "STATE DEMOGRAPHIC AND ECONOMIC DATA," and "LEGAL MATTERS" are hereby amended and restated as set forth in Attachment 1 hereto.

In addition, Appendices A, B and C of the Official Statement are hereby amended and restated as set forth in Appendices A, B and C to this Supplement.

This Supplement to Official Statement has been approved and authorized by the Board of Public Works of Maryland as of the date set forth above for use in connection with the closing of the Second Series C Bonds.

BOARD OF PUBLIC WORKS OF MARYLAND

LAWRENCE J. HOGAN, JR.
Governor

PETER FRANCHOT
Comptroller

DERECK E. DAVIS
Treasurer

Annapolis, Maryland

ATTACHMENT 1

AMENDED AND RESTATED SECTIONS OF THE OFFICIAL STATEMENT

The sections of the Official Statement titled "STATE GOVERNMENT," "STATE FINANCES," STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM," "MISCELLANEOUS REVENUE AND ENTERPRISE FINANCINGS," "STATE DEMOGRAPHIC AND ECONOMIC DATA," and "LEGAL MATTERS" are amended and restated as set forth below.

Please note that the financial information in this Supplement for the year ended June 30, 2021 is unaudited. While the financial information has been prepared in accordance with generally accepted accounting principles and the State believes the financial information provides a fair presentation of the State's finances for the year ended June 30, 2021, the information is unaudited. There can be no assurance that the financial results presented in the State's 2021 ACFR will not vary from the financial results presented in this Supplement.

STATE GOVERNMENT

Legislature

The State has a bicameral legislature, the General Assembly, composed of the Senate with 47 members and the House of Delegates with 141 members. The State is divided into 47 legislative districts, each with one senator and three delegates. All members of the General Assembly are elected for four-year terms. The General Assembly meets annually for a 90-day session beginning on the second Wednesday in January. This regular session may be extended by the General Assembly or the Governor, and the General Assembly may meet in special sessions, but no extended or special session may last for longer than 30 days except for the purpose of enacting the annual budget.

Constitutional Officers

The leadership of State government includes four constitutional officers elected by the voters on a statewide basis for four-year terms: the Governor, the Lieutenant Governor, the Comptroller, and the Attorney General. The Treasurer is also a constitutional officer, appointed upon a joint ballot of the Senate and the House of Delegates for a four-year term.

The Governor is the chief executive officer of the State. The Lieutenant Governor has such duties as are delegated by the Governor, which may include any and all powers and duties of the Governor, and may serve as Acting Governor during the absence or incapacity of the Governor. The Attorney General is legal counsel to the Governor, the General Assembly, and all departments and units of the State government except the Public Service Commission and certain authorities.

Together, the Comptroller and the Treasurer constitute the Treasury Department. The Comptroller is required to exercise general superintendence over the fiscal affairs of the State, to prepare plans for the improvement and management of revenue and support of public credit, to keep the accounts of the State and its agencies, to prescribe the form of completing and stating these accounts, and to superintend and enforce the collection of all taxes and revenue. The Treasurer maintains custody of all deposits of State monies, invests the State's surplus funds, maintains custody of all securities, and is responsible for all disbursements of State funds, including payment of principal and interest on State debt. Acting on behalf of the Board of Public Works, the Treasurer manages the State's general obligation debt program, including all matters relating to the issuance and oversight of general obligation bonds.

Principal Departments

The executive functions of State Government are organized into 20 major departments, 19 of which are headed by a Secretary appointed by the Governor with the advice and consent of the Senate. The State Department of Education is headed by the State Board of Education, the members of which are appointed by the Governor for overlapping five-year terms, and the State Superintendent of Schools, who is appointed by the State Board of Education for a four-year term. The departments and their principal responsibilities are as follows:

The Department of Aging administers the delivery of services and activities for the elderly.

The Department of Agriculture is responsible for supervising, administering, and promoting agricultural activities in the State.

The Department of Budget and Management analyzes and plans budgetary matters and provides coordination and liaison for the Governor with the General Assembly, State operating agencies, and the public on matters relating to the operating and capital budgets, analysis of program revenues and budget implications, and performance auditing; manages and coordinates employee health benefits; and administers personnel policies with respect to State employees.

The Department of Commerce promotes economic development, industrial opportunities, tourism, and economic resources of the State; and provides for and assists in financing industrial and commercial development.

The Department of Disabilities is responsible for developing, maintaining, revising, and enforcing statewide disability policies and standards.

The Department of Emergency Management is charged with ensuring the State is prepared to deal with emergencies beyond the capabilities of local authorities, providing for the common defense, protecting the public peace, health and safety, and preserving the lives and property of Marylanders.

The Department of the Environment is responsible for fostering and protecting the State's natural environment and administers various State programs regulating air, water, and hazardous waste pollution.

The Department of General Services advises the Board of Public Works and State agencies on matters of engineering, construction, and contracts in connection with capital expenditures and coordinates land acquisitions and the design and construction of State public works projects. The agency also houses the Office of State Procurement, which has centralized authority for procurement for all executive branch agencies except for the Maryland Department of Transportation.

The Department of Health is responsible for matters concerning public health in the State, including the direct delivery of health care services through State-owned health centers and hospitals and the financing of health services to low-income individuals through the Medicaid program.

The Department of Housing and Community Development administers the State's housing and community development assistance programs, including certain housing loan and mortgage insurance programs.

The Department of Human Services administers, on the State level, the federal and State social service, public assistance, child support, and income maintenance programs.

The Department of Information Technology is responsible for statewide Information Technology ("IT") policy, oversight of large IT projects and expenditures, and centralization of common IT functions and assets statewide.

The Department of Juvenile Services is responsible for State programs serving delinquent youths, children in need of supervision, and children in need of assistance.

The Department of Labor administers various State regulatory agencies and licensing boards responsible for licensing and regulating professions, businesses, and trades, and has responsibility for the direction, coordination, and monitoring of all State employment and training and unemployment insurance programs.

The Department of Natural Resources is responsible for developing, coordinating, and administering policies and programs involving the natural resources and wildlife of the State.

The Department of Planning is the principal agency for planning matters concerning the development and effective use of the natural and other resources of the State and also is responsible for various historical and cultural programs.

The Department of Public Safety and Correctional Services is responsible for public safety, State correctional facilities, and parole and probation.

The Department of State Police is responsible for law enforcement and crime prevention.

The Department of Transportation is responsible for State-owned transportation facilities and programs, including the planning, financing, construction, operation, and maintenance of highway, transit, rail, port, and aviation facilities.

The Department of Veterans Affairs assists the State's veterans in obtaining benefits and services, maintains veterans' cemeteries and war memorials, and operates the State's veterans' home.

The State Department of Education is charged with the general supervision of public elementary and secondary education and is responsible for establishing and administering State educational policies and programs.

See "STATE FINANCES – State Expenditures and Services" for information concerning the activities of the departments that administer functions requiring the largest expenditures of funds by the State.

Judiciary

The Judiciary, a separate branch of government established in the State Constitution, includes two courts of appellate jurisdiction. The Court of Appeals, originally created by the State Constitution of 1776, is the State's highest court; today this court's appellate jurisdiction is almost entirely discretionary. The Court of Special Appeals was established in 1966 as an intermediate appeals court having statewide jurisdiction; almost all initial civil and criminal appeals are now included in the jurisdiction of this court.

The Circuit Courts, which function as trial courts of general jurisdiction, are the common law and equity courts of record exercising original jurisdiction within the State and handle the major civil and the more serious criminal matters. A Circuit Court sits in each county and in Baltimore City. The District Court of Maryland, created in 1970, is divided into 12 geographic districts throughout the State and exercises limited civil and criminal jurisdiction.

Board of Public Works

The Governor, Comptroller, and Treasurer are the members of the Board of Public Works. The Constitution of Maryland, Article XII, §2, provides that a majority of the Board shall be competent to act. A constitutional body, the Board supervises the expenditure of all funds obtained by State general obligation bond issues and all funds appropriated for capital improvements other than public schools, roads, bridges, and highways. The Board must review and approve all contracts for such capital expenditures after review by the legislatively authorized control agency, principally, the Department of Transportation, the Department of General Services or the University System of Maryland. The Board considers, acts upon, and authorizes all issues of State general obligation bonds and fixes the rate of the State property tax required for debt service.

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STATE FINANCES

Budgetary System

Maryland has a strong executive system of government. Under the Maryland Constitution, Article III, §52, the Governor is responsible for the preparation and introduction of the State's annual budget. The Governor is required by the Constitution to submit a balanced budget, and in preparing the budget, the Governor is statutorily required to use revenue estimates reported by the Board of Revenue Estimates, whose members are the Comptroller, the Treasurer and the Secretary of Budget and Management, or explain the use of different estimates. Except for the General Assembly's own budget and the Judiciary's budget, the General Assembly cannot increase the Governor's proposed budget, but may reduce it.

Passage of the State's budget is constitutionally prioritized. The General Assembly meets annually for 90 days, beginning the second Wednesday of each January. If the budget has not been enacted seven days before the end of session (the 83rd day), the Constitution requires that the Governor issue a proclamation extending the session. If the budget has not been enacted by the 90th day, the General Assembly cannot consider any matter except the budget. This places the normal budget deadline in early April, almost three months before the start of the next fiscal year.

Although laws enacted by the General Assembly are generally subject to referendum, the power of referendum is subject to express limitations, and does not extend to the State budget. The effective date of the State budget cannot be delayed by referendum. Maryland does not require supermajorities to increase taxes or enact the budget. A simple majority is required for passage of all bills.

The Governor submits to the General Assembly, shortly after the beginning of its annual session, a budget containing a complete plan of proposed expenditures and estimated revenues for the ensuing fiscal year, together with a statement showing: (1) the revenues and expenditures for the preceding fiscal year; (2) reserves, and surplus or deficit of the State; (3) the debts and funds of the State; (4) an estimate of the State's financial condition as of the beginning and end of the preceding fiscal year; and (5) any explanation the Governor may desire to make as to the important features of the budget and any suggestions as to methods for reduction or increase of the State's revenue. The budget is required to include a total for all appropriations and all estimated revenues; total appropriations may not exceed the estimated revenues, either as submitted by the Governor or as enacted by the General Assembly. The Constitution requires the Governor to include appropriations for certain matters, including specifically an appropriation to pay and discharge the principal and interest of the debt of the State in conformity with Article III, §34 of the Constitution and all laws enacted pursuant thereto. See "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM."

The Governor also is required to include in the annual budget sufficient appropriations to fund programs for which specific statutory spending levels or rates have been established by the General Assembly at a preceding session. With the submission of the budget for the ensuing year, the Governor also presents to the General Assembly any deficiency appropriations that the Governor may deem necessary to supplement the current year's appropriations in light of current conditions. By law the Governor has the power, with the approval of the Board of Public Works, to reduce by not more than 25% any appropriation that the Governor may deem unnecessary, except appropriations for the payment of interest and the retirement of State debt, the legislature, the public schools, the judiciary, and the salaries of public officers during their terms of office.

The General Assembly is prohibited by the Constitution from amending the budget to affect certain specified provisions, including the obligations or debt of the State under Article III, §34 of the Constitution. Except for these specified provisions, the General Assembly may amend the budget to increase or decrease appropriations relating to the legislative and judicial branches but it may only strike out or reduce executive branch appropriations submitted by the Governor. The General Assembly must enact a balanced budget. After the enactment of the budget, and not before, the General Assembly is permitted to enact supplementary appropriations but may not enact any supplementary appropriation unless embodied in a separate bill that is limited to a single object or purpose and provides the revenue necessary to pay the appropriation by a tax to be levied and collected under the terms of the bill.

State expenditures are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendment. The various units of State government may, with the Governor's approval, amend the appropriations for particular programs in their individual budgets funded from the General Fund, provided they do not exceed their total General Fund appropriations as contained in the annual budget. Additionally, appropriations for programs funded in whole or in part from funds other than the General Fund may permit expenditures in excess of original appropriations to the extent that revenues from the particular non-General Fund sources exceed original budget estimates and the additional expenditures are approved by the Governor.

The Department of Budget and Management is headed by a Secretary who assists the Governor in the preparation and administration of the budget and constitutes a statutorily created department that currently contains 320 positions.

The Department of Legislative Services provides full-time professional assistance to all committees and subcommittees of the General Assembly including those involved with budget, taxation and fiscal matters. The department also conducts research into fiscal and policy issues. The Office of Legislative Audits is part of the department and is required by law to examine and report on the books and accounts of all agencies of State government at least every four years. See APPENDIX A – "FINANCIAL AND ACCOUNTING SYSTEM."

The Spending Affordability Committee consists of certain designated officers of the General Assembly and other members as may be appointed by the President of the Senate and the Speaker of the House of Delegates. Each year the Committee must submit a report to the Legislative Policy Committee of the General Assembly and to the Governor recommending the level of State spending, the level of new debt authorization, the level of State personnel, and the use of any anticipated surplus.

State Financial Overview

The fiscal year 2022 budget passed by the General Assembly on April 2, 2021 and, including proposed deficiencies and other actions in the fiscal year 2023 budget submission, is expected to close with a General Fund balance of $3.7 billion and a Revenue Stabilization Account balance of $1.2 billion; fiscal year 2023 is projected to close with a General Fund balance of $583.7 million and a Revenue Stabilization Account balance of $3.6 billion. See "STATE FINANCES – Budgetary System," "–State Revenues," "– General Fund 2022 Budget," "– General Fund 2023 Budget" and "– Interim General Fund Revenues and Expenditures."

State Revenues

The State derives most of its revenue from a combination of specialized taxes and user charges. The following are principal sources of the State's revenues:

Income Taxes. An income tax is imposed on: (1) the Federal Adjusted Gross Income ("FAGI") of individuals, subject to certain positive and negative adjustments and minus certain deductions and personal exemptions; and (2) the federal taxable income of corporations, subject to certain positive and negative adjustments. Individuals may elect to use a standard deduction in lieu of itemized deductions. The standard deduction is 15% of the individual's Maryland adjusted gross income, subject to minimum and maximum thresholds. Legislation in 2018 set those limits to not less than $1,500 or more than $2,250 in the case of most individual returns, and not less than $3,000 or more than $4,500 in the case of a joint return or an individual return of a head of household or surviving spouse. This same legislation also indexed the deduction limits beyond tax year 2018 to the cost of living as defined in the Internal Revenue Code.

Each county and Baltimore City must levy a local income tax at the rate of at least 1.75% but not more than 3.20% of the individual's Maryland taxable income. An additional tax on the income of non-residents is imposed in the amount of the lowest county income tax rate in effect (currently 1.75%). There is a growing number of credits available against the income taxes, including a refundable earned income credit. An accounting of available credits, in addition to other tax expenditures, is provided in the biannual Tax Expenditure Report from the Department of Budget and Management. The latest version of the Tax Expenditure Report is publicly available on the State Treasurer's website at http://treasurer.state.md.us/media/135975/fy2020taxexpenditurereport.pdf.

Corporations (domestic and foreign), including financial institutions and utilities, pay tax on the portion of net taxable income allocable to the State. Maryland is a "separate entity" reporting state, meaning that each corporate entity files a return for its own activities; the entities are not combined to form a single economic entity or in a manner similar to a federal affiliated filing. Generally, income has been apportioned according to a three-factor apportionment formula using sales, property, and payroll, where the sales factor is double-weighted. Legislation from the 2018 legislative session phases in a single sales formula used to apportion income to the State for the corporate income tax over a five-year period beginning in tax year 2018. In tax year 2022, all corporations subject to the corporate income tax, with an exception for specified industries and worldwide headquartered companies, now must allocate to Maryland modified income using an apportionment formula in which that income is multiplied by 100% of the sales factor. Manufacturing corporations already apportion their income based on sales only and certain other industries use apportionment formulas that more accurately reflect their in-state activity. Corporate taxpayers are required to add to income any payments made for interest or intangibles to a related company and any payments made as dividends by "captive" real estate investment trusts, in order to prevent out-of-state subsidiaries from sheltering income from the Maryland corporate income tax. The corporate tax rate in effect since tax year 2008 is 8.25%.

Sales and Use Taxes. The State imposes a 6% sales and use tax on a retail sale or use of most tangible personal property in the State and certain enumerated services (including custom telephone, detective and building cleaning services among others); most services are exempt. The sales and use tax rate on alcohol purchases is 9%. Among the exemptions from the sales and use tax are sales of food for consumption off the premises by a vendor who operates a substantial grocery or market business at the same location, medicines, medical supplies and medical aids, agricultural equipment and supplies, manufacturing and research and development equipment and supplies, tangible personal property used in a production activity, residential utilities and fuel, motor vehicles and vessels subject to excise taxes, and sales to nonprofit charitable, educational or religious organizations to enable the organizations to carry on their exempt activities.

Following the Supreme Court's ruling in South Dakota v. Wayfair Inc., states may require remote sellers to collect and remit sales tax to the locality in which the customer resides. Following the ruling, the Comptroller issued regulations enabling the State to collect sales tax from remote sellers and began receiving these taxes in November 2018. In the 2019 legislative session, a bill was passed which requires online marketplace facilitators (a website that facilitates third party sales) to collect and remit sales tax based on the size of the marketplace rather than of individual sellers using the marketplace. Marketplace facilitators began remitting sales tax in November 2019. In 2020 a bill was passed to expand the sales and use tax to select digital goods, effective March 14, 2021. The tax on digital goods applies to the sale, subscription or license of digital entertainment products such as streaming services and news publication and general software applications.

Property Taxes. Generally, all real property in the State is assessed at full cash value once every three years, with any increase in full cash value arising from the assessment phased in over the ensuing three taxable years in equal installments. Any decrease in the full cash value is recognized in full in the next taxable year and held constant for the remaining two taxable years. Certain farm, marshland, woodland, country club, and planned development property is assessed under special valuation techniques while public utility property is assessed at fair market value determined by reference to both income and property values.

The State imposes a tax at a rate expressed per $100 of assessed value on all real property subject to taxation. The State property tax rate was set at 11.2 cents in 2007 and has been maintained at that constant level. Properties exempt from the State property tax include public property and property owned by certain nonprofit organizations for their designated purposes. The Homestead Property Tax Credit limits to 10% the maximum annual increase in assessments for owner-occupied principal residences that are subject to the State property tax. Revenues from the State property tax are credited to the Annuity Bond Fund and used to service general obligation debt.

Each of the counties and Baltimore City levies its own property tax at rates established by them, as do most incorporated municipalities. Tangible personal property and commercial and manufacturing inventory of businesses is assessed at fair market value determined from annual reports filed with the State Department of Assessments and Taxation. There is no State personal property tax but 19 counties levy a tax on business personal property. See also, "STATE DEMOGRAPHIC AND ECONOMIC DATA – Assessed Value of Property."

Lottery Revenues. The State currently operates 11 major lottery games: FastPlay instant games, three- and four-digit games drawn twice daily; a five-number Maryland-only lotto-type game drawn daily; an 18-number, three-line lotto-type game drawn twice a week; three multi-state six-number lotto-type games (Mega Millions, Powerball, and Cash4Life) drawn twice a week; Keno and Racetrax, both terminal games; and various instant ticket games. Lottery tickets are sold by licensed agents under the supervision of the Maryland Lottery and Gaming Control Agency. In fiscal year 2021, the allocation of gross sales was 62.4% to prizes, 11.1% to administrative costs and agents' commissions, and 26.5% to State revenues. Except for administrative costs and relatively small distributions to the Maryland Stadium Authority and Veteran's Trust Fund, the State revenues are credited to the General Fund. In addition, since fiscal year 2016, $20.0 million has been distributed annually to the Baltimore City Public School Construction Financing Fund. This $20.0 million annual distribution is anticipated to continue for as long as related Baltimore City Public School Construction Bonds are outstanding.

Casino Gaming Revenues. The Maryland Constitution permits a maximum of 16,500 video lottery terminals ("VLT") at six locations, in Cecil County, Worcester County, Anne Arundel County, Allegany County, Baltimore City, and

Prince George's County. Video lottery operation licensees are authorized to operate table games. The distributive share of VLT revenues to the Education Trust Fund ("ETF") varies by casino and by year. For fiscal year 2021, 38.2% of VLT revenue was distributed to the ETF. For table games, the distribution of revenues is 80.0% to the video lottery operation licensee, 15.0% to the ETF, and 5.0% for grants to impacted local governments.

In addition, the expanded gaming legislation contained certain provisions not subject to referendum, including: the issuance of licenses to qualifying veterans' organizations in certain counties for instant ticket lottery machines; and transitioning VLT ownership from the State to VLT licensees. Under State law, VLT licensees who pay out more money than was bet through VLTs or table games on a given day can subtract the loss from the proceeds of a following day. In 2018, ballot question 1, which passed overwhelmingly, amended the constitution of Maryland to require that revenues from VLT operation and other commercial gaming be dedicated as supplemental funding (above statutory minimums) for pre-K through 12 public education in the following amounts: $125 million in fiscal year 2020, $250 million in fiscal year 2021, $375 million in 2022, and 100% of gaming revenues for fiscal year 2023 and beyond.

In response to the COVID-19 pandemic, the Governor of Maryland ordered the State's six casinos to close on March 16, 2020. The order to close was lifted on June 19, 2020 and each casino was operating at various levels of capacity depending on state and local orders. Since May 15, 2021, casinos have been allowed to operate at 100% capacity.

The following tables provide a summary of the ongoing revenue distribution of Maryland's casino gaming program:

Total Revenue Generated by the Video Lottery
Fiscal Years 2021-2023
($ in millions)

	2021 Actual (a)	**2022 Estimate (b)**	**2023 Estimate (b)**
Revenue Distribution (c)			
Education Trust Fund	$443.6	$496.5	$504.1
Facility License Owners	546.5	611.0	620.3
Racing Purses/Bred Funds	62.9	70.4	71.5
Local Impact Grants	17.0	19.1	19.3
Racetrack Renewal	67.8	75.9	77.1
Lottery Operations	11.1	12.4	12.6
Small, Minority, and Women-owned Businesses	11.6	13.0	13.2
Total (d)	**$1,160.4**	**$1,298.2**	**$1,318.1**

(a) Unaudited.
(b) The 2022 and 2023 Estimates are based on December 14, 2021 revenue estimates from the Board of Revenue Estimates.
(c) The share for each of the funds is statutory, varies across facilities, and may change at certain milestones.
(d) Totals may not sum due to rounding.

Total Revenue Generated by the Table Games
Fiscal Years 2021-2023
($ in millions)

	2021 Actual(a)	**2022 Estimate (b)**	**2023 Estimate (b)**
Revenue Distribution(c)			
Education Trust Fund	$87.8	$91.3	$94.1
Facility License Owners	468.3	487.0	501.7
Local Impact Grants	29.3	30.4	31.4
Total (d)	**$585.3**	**$608.7**	**$627.1**

(a) Unaudited.
(b) The 2021 and 2022 Estimates are based on December 14, 2021 revenue estimates from the Board of Revenue Estimates.
(c) The share for each of the funds is statutory, varies across facilities, and may change at certain milestones.
(d) Totals may not sum due to rounding.

The distribution of revenue will be used for the following purposes:

Education Trust Fund: To provide funding for public elementary and secondary education, through continuation of the funding and formulas established under the Bridge to Excellence in Public Schools Act and school construction to certain jurisdictions under the Built to Learn Act. In addition to the ongoing operational revenues above, the Education

Trust Fund also receives all related miscellaneous revenue, including casino license fees and account interest. Miscellaneous amounts are typically small unless there is revenue from licensing fees.

Facility License Owners: To reimburse the owners of the casino gaming facilities for operation of the facilities.

Racing Purses/Bred Funds: To supplement funding for racing purses and to assist the horse breeding industry.

Local Impact Grants: To provide assistance to local governments to be used for improvements primarily in the communities in the immediate proximity to the video lottery facilities.

Racetrack Renewal: To make funds available for capital construction and improvements to the holders of a racetrack license.

Lottery Operations: To reimburse the State Lottery and Gaming Control Commission for the costs of regulating the operation of casino gaming in Maryland.

Public Service Company Franchise Taxes. The State imposes a franchise tax at the rate of 2% on the gross receipts from operations of public service companies engaged in the telephone business or in the transmission, distribution or delivery of electricity or natural gas in Maryland. In addition, a franchise tax of 0.062 cents for each kilowatt hour of electricity delivered for final consumption in Maryland, and of 0.402 cents for each therm of natural gas delivered for final consumption in Maryland, is imposed on each public service company engaged in the transmission, distribution or delivery of electricity or natural gas in Maryland. Public service companies subject to the tax on kilowatt hours of electricity and therms of natural gas are entitled to credits with respect to deliveries of such products to certain industrial customers.

Insurance Taxes. Insurance companies, including health maintenance organizations, are taxed at the rate of 2% on all new and renewal gross direct premiums (after certain deductions) allocable to the State.

Motor Vehicle Fuel and Titling Taxes and Registration Fees. The State imposes a per gallon excise tax at the wholesale level. In the 2013 Legislative Session, the static excise tax rates for gasoline and special fuel were replaced by a two-part rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years.

The first component is an annual adjustment to the July 1, 2013 base excise tax rates on each July 1st. The base rates are indexed to the Consumer Price Index, compounding with each adjustment, and the annual increase may not be greater than 8%. The second component is the product of multiplying 5% by the prior year's average daily retail price (less federal and State motor fuel excise taxes) for regular gasoline. The effective rates, beginning July 1, 2021, are 36.10 cents, 36.85 cents, and 7.00 cents for gasoline, special fuels, and aviation fuels respectively.

There is an excise tax imposed upon the issuance of original and subsequent certificates of title to motor vehicles at the rate of 6% of the fair market value of the vehicle, with an allowance for 100% of the value of a trade-in (prior to January 1, 2008, the excise tax rate was 5% and there was no trade-in allowance). The State requires a registration fee on all motor vehicles that ranges from $2.50 to $1,838 per vehicle depending on the size and type of vehicle. Registration fees are generally imposed for two years at the time of titling or at the time registration is renewed. There are several classes of vehicles, and fees vary within a class depending on the size of the vehicle. For example, the registration fee for passenger cars (Class A) ranges from $135 to $187 depending on the weight of the vehicle. An annual surcharge of $17.00 is included in most registration fees and is dedicated to the statewide Emergency Medical Services System.

Tobacco Taxes. The State imposes a tax at the rate of $3.75 per pack of 20 cigarettes, 70% of the wholesale price for cigars other than premium cigars, 30% for pipe tobacco, and 15% for premium cigars.

Estate and Inheritance Taxes. The State's inheritance tax rate is 10% (bequests to direct relations and siblings are exempt). The State also imposes an estate tax and a generation-skipping transfer tax. These taxes were initially designed to capture the maximum revenue possible without imposing an additional tax burden on estates through a credit against the federal taxes. For State estate tax purposes, the unified credit was fixed at $345,000, which effectively exempts $1.0 million from the estate tax. Chapter 612 of 2014 provided for a phased increase in the exemption amount, and Chapters 15 and 21 of 2018 set the effective Maryland exemption of $5.0 million for decedents dying on or after January 1, 2019. As of January 1, 2019 up to $5.0 million of qualified agricultural property is exempted for Maryland estate tax purposes, although the estate tax will be recaptured if, within 10 years of the decedent's death, the property ceases to be used for agricultural purposes.

Alcoholic Beverage Taxes. There is a tax at the rate of $1.50 per gallon on all alcoholic beverages, except beer and wine, sold or delivered by a manufacturer or wholesaler to any retail dealer in the State. Taxes at the rates of 40 cents per gallon of wine and 9 cents per gallon of beer are imposed on the sale or delivery of those beverages by a manufacturer to a wholesale or retail dealer in the State. In addition, the sales and use tax rate on retail alcoholic purchases is 9%.

Bay Restoration Fee. Most users of sewerage and septic systems in the State are charged a mandatory fee of $60 per year. Revenues from users of sewerage and septic systems are pledged, to the extent necessary, as security for Bay Restoration Revenue Bonds issued by the Maryland Water Quality Financing Administration, the proceeds of which are applied primarily to provide grant funds to upgrade wastewater treatment plants with enhanced nutrient removal technology.

Other Revenues. Exclusive of the proceeds of bond issues, approximately 54.1% of State revenues in fiscal year 2021 were received from sources other than taxes and lottery receipts. The largest component (38.4% of total revenues) was received from the federal government for highway and transit reimbursements; reimbursements and grants for health care programs; categorical and matching aid for public assistance, social services, and employment security; aid for public education; and miscellaneous grants-in-aid to State agencies. In addition to federal funds, the State receives revenues from court fines and costs; patient payments for services in State hospitals; interest on invested funds; and tuition fees paid to institutions of higher education. The State also receives revenues from operations of the Maryland Transit Administration, the Maryland Port Administration, and the Maryland Aviation Administration, which are paid into the Transportation Trust Fund.

Revenue Estimates. The State's revenue estimates are based upon projections by the Board of Revenue Estimates, composed of the Comptroller, the Treasurer, and the Secretary of Budget and Management. The Board studies the findings and recommendations of the Bureau of Revenue Estimates, a statutory State agency administratively under the Comptroller, that reviews the findings and recommendations of other agencies responsible for economic monitoring and revenue administration, and reports the estimates of revenue to the Governor for submission to the General Assembly in connection with the budget.

In its report issued each December, the Board of Revenue Estimates presents revised revenue estimates for the current fiscal year (based upon current economic factors and legislative changes), and revenue estimates for the next succeeding fiscal year, upon which that fiscal year's budget is based. The revised estimate for the current year is made seven months before the end of that fiscal year, while the budget estimate for the next succeeding fiscal year is made 19 months before the end of that fiscal year. The estimates are reviewed in March, prior to final action on the budget by the General Assembly, and any appropriate adjustments to the estimates are made at that time.

The following table shows the accuracy of General Fund revenue estimates compared to actual collections for fiscal years 2017 through 2021:

Historic General Fund Revenue Estimates and Actual Collections
($ in millions)

Fiscal Year	Actual Collections	Original Estimate Amount	Original Estimate % (a)	Final Estimate Amount	Final Estimate % (a)
2017	$16,698.7	$17,081.9	97.8%	$16,608.4	100.5%
2018	17,372.5	17,180.3	101.8	17,033.1	102.0
2019	18,199.0	17,624.9	103.3	17,982.4	101.2
2020	18,634.1	18,622.3	100.0	18,736.3	99.5
2021[b]	20,831.0	19,172.9	108.6	19,119.8	108.9

(a) Actual collections as a percentage of estimates.
(b) Unaudited.

State Property Tax Revenue Estimates

Receipts from the State property tax, all of which are devoted to debt service on general obligation bonds and which are expected to provide approximately 65.6% of revenues available for general obligation bond debt service payment in fiscal year 2022 (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – General Obligation Bonds"), are credited to a separate account known as the Annuity Bond Fund. The Board of Public Works is required annually to fix the property tax rate by May 1, after the end of the regular Legislative Session, in an amount sufficient to pay all debt service for the ensuing fiscal year on general obligation bonds after taking account of the amounts and sources of funds provided in the budget for that fiscal year, which begins July 1. The Commission on State Debt (consisting of the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, the Director of the State Department of Assessments and Taxation, and one individual appointed by the Governor and not otherwise affiliated with State government) makes an original estimate approximately three months before July 1 of the year to which the property tax rate will apply and a revised estimate approximately nine months after that date. The following table portrays the accuracy of estimates of State property tax revenue in fiscal years 2017 through 2021. To date, it is unknown what the impact of the current economic climate will be on property assessments and tax revenue.

State Property Tax Revenue Estimates
($ in millions)

Fiscal Year	Property Tax Rate (a)	Actual Collections	Original Estimate Amount	Original Estimate % (b)	Final Estimate Amount	Final Estimate % (b)
2017..........	11.2	$775.2	$774.6	100.08%	$779.9	99.40%
2018..........	11.2	800.8	799.9	100.11	807.8	99.13
2019..........	11.2	828.5	834.1	99.33	836.0	99.05
2020..........	11.2	860.6	860.5	100.00	862.7	99.74
2021..........	11.2	892.2[c]	870.0	102.55	870.4	102.50

(a) The property tax rate is in cents per $100 of assessed valuation.
(b) Actual collections as a percentage of estimates.
(c) Unaudited.

State Expenditures and Services

State expenditures and services for capital and operating programs include a typical range of direct governmental services and activities, as well as State support and aid to local governmental units, primarily in the area of education. The following figures include the enacted fiscal year 2022 budget along with including proposed deficiencies and other actions in the fiscal year 2023 budget submission.

Public Education. The agencies administering public education spend the largest portion of State revenue. In the fiscal year 2022 budget, public education accounts for 44.3% of General Fund appropriations and 30.9% of all appropriations. In the proposed fiscal year 2023 budget, public education accounts for 39.0% of General Fund appropriations and 29.7% of all appropriations.

Elementary and Secondary Education. The school boards of the 23 counties and Baltimore City are responsible for much of the administration of public elementary and secondary schools, including charter schools. There are no special, separate school districts in Maryland. The State supports the elementary and secondary education programs of the counties and Baltimore City through a number of aid programs. The major programs are described as follows: (1) under a formula equalized for ability to pay and based on wealth and enrollment factors, the State distributes aid to the local school systems for current expenses; (2) for personnel in local public schools, the State pays directly its share of the employer's portion of the State Retirement and Pension System contributions; and (3) the State also distributes aid based on the number of students receiving free or reduced price meals, under various components of the Students with Disabilities Aid Program, and for pupil transportation. In addition to these major programs, the State Department of Education provides aid for food service, and various educational activities and, through the State Department of Education's Interagency Fund, distributes funds to address the service needs of children at risk.

Higher Education. The public higher education system consists of the University System of Maryland and Morgan State University, each governed by its respective Board of Regents; St. Mary's College of Maryland, governed by its own Board of Trustees; Baltimore City Community College, a State institution governed by its Board of Trustees; and 15 community colleges, each governed by a local or regional Board of Trustees.

The Maryland Higher Education Commission is responsible for developing a statewide plan for higher education, approving mission statements, setting funding guidelines and administering State aid to local community colleges, aid to private colleges and universities, and student financial aid programs.

The State finances the State universities and colleges principally with State General Fund revenues. In addition, the State finances a share of the cost of the locally owned two-year community colleges. State financial assistance is primarily in the form of general purpose formula grants. The State also makes grants to eligible private institutions of higher education under a formula based on State support for State four-year universities and colleges. The higher education share of fiscal year 2022 expenditures for all funds is 13.0% and is projected to be 12.9% of the fiscal year 2023 Budget.

The following table presents the trends of enrollment (expressed in full-time equivalent students) at the State universities and colleges and the local community colleges for the fiscal years shown.

Enrollment (full-time equivalent students)
in State Universities and Colleges

Fiscal Year	State Four-Year Institutions	Community Colleges	Total
2017................................	139,099	95,926	235,025
2018	140,970	92,464	233,434
2019................................	141,337	89,990	231,327
2020	138,810	84,662	223,472
2021	138,915	76,480	215,395
2022 estimate..................	135,605	79,193	214,798
2023 estimate..................	136,408	84,617	221,025

Health. The Department of Health has general responsibility for public health in the State and provides direct services through 11 health facilities, finances medical services to the indigent, and aids local health departments on a matching formula basis. For fiscal year 2022, $17.9 billion is budgeted for the Department of Health, including $10.9 billion in federal funds, $5.8 billion in State general funds and $1.2 billion in State special funds. For the proposed fiscal year 2023 budget, $17.8 billion is budgeted for the Department of Health, including $9.9 billion in federal funds, $6.6 billion in State general funds, and $1.4 billion in State special funds.

The Department's largest expenditure is for the medical assistance (Medicaid) program under which the State makes payments to vendors providing health services to eligible low-income individuals and families. For fiscal year 2022, the budget provided for nearly 1.5 million Medical Assistance and the Maryland Children's Health Program (MCHP) enrollees and funding of nearly $13.5 billion. The majority of these expenditures are for services for which the State will recover approximately a 56.2% match from the federal government. For fiscal year 2023, the proposed budget provides for nearly 1.6 million Medical Assistance and MCHP enrollees and funding of nearly $14.1 billion. The fiscal year 2023 budget assumes that the State match on most Medicaid spending will be 50%.

The hospitals operated by the Department of Health provide care for individuals with behavioral health conditions, developmental disabilities, and chronic illness. In recent years, the State has expanded programs to provide services within the community as an alternative to institutionalization in State facilities.

Transportation. Transportation is the third largest category of State expenditures. The Department of Transportation is responsible for most of the State's various transportation facilities and for developing and maintaining a State master plan for transportation. It administers the State highway system; operates a mass transit system in the Baltimore region; assists mass transit in the Washington, D.C. region; operates and assists commuter rail systems and certain critical freight railroads; operates two airports, including Baltimore/Washington International Thurgood Marshall Airport ("BWI Marshall Airport"); operates State-owned port facilities, primarily in Baltimore Harbor; and administers the licensing and regulation of motor vehicle drivers and dealers, as well as motor vehicles. For the fiscal year 2022 budget, the transportation budget totals $5.9 billion; on the same basis, for fiscal year 2023, $5.6 billion is in the proposed budget. See "STATE FINANCES – Transportation Trust Fund" with respect to the principal revenues and expenditures related to the Department of Transportation. The legislature took subsequent action on the budget to reduce or to restrict transportation funds for other, non-transportation, purposes in the budget.

The Maryland Transportation Authority ("MDTA"), of which the Secretary of Transportation is Chairman, is responsible for the administration of the various toll revenue facilities, which consist of bridges over the Susquehanna, Patapsco, and Potomac Rivers and the Chesapeake Bay; two tunnels under the Baltimore Harbor; the John F. Kennedy Memorial Highway (including the Interstate 95 Express Toll Lanes); the Intercounty Connector; and other transportation facilities. The MDTA's financial transactions are accounted for in a separate special revenue fund and are not included in the Transportation Trust Fund.

Human Services. The Department of Human Services administers State and federal programs relating to child welfare, foster care, public assistance, family investment services, adult services, energy assistance, legal services, child support enforcement, and work opportunity assistance for adults receiving public assistance. For fiscal year 2022, including the Department of Housing and Community Development, Maryland Commission on Civil Rights, and the Department of Human Services, $7.1 billion was budgeted for human services, including $757.3 million in State general funds. For fiscal year 2023, approximately $4.3 billion is in the proposed budget, including $929.7 million in State general funds.

Public assistance programs include Temporary Cash Assistance ("TCA"), Supplemental Nutrition Assistance Program ("SNAP"), assistance to disabled citizens, and several emergency assistance programs. The largest categories of programs are TCA, in which the State/federal government shares vary depending upon the areas to which the State directs its maintenance of effort, and food stamps (SNAP), which are 100% federal funds. The Department of Human Services also provides a broad range of social services to the indigent and other eligible persons under both Federal-State and State-only programs.

Public Safety and Correctional Services, State Police, Juvenile Services and the Governor's Office of Crime Prevention, Youth, and Victim Services. The Departments of Public Safety and Correctional Services, State Police, and Juvenile Services, include correctional agencies and institutions, parole units, the Maryland State Police, services and facilities for adjudicated youth, and related activities. The Governor's Office of Crime Prevention, Youth, and Victim Services administers Federal and State grant programs focusing on crime control and prevention. For fiscal year 2022, approximately $2.6 billion was budgeted for these departments, of which $1.6 billion is from State general funds. For fiscal year 2023, approximately $2.9 billion is in the proposed budget for these departments, of which $2.2 billion is from State general funds.

Other Expenditures and Services. The State has numerous other operating units, including the judicial system; financial and revenue administration; labor; planning, budgetary activity and personnel administration; natural resources and recreation; commerce; environment; and others, all of which account for approximately 10.8% of total expenditures for fiscal year 2022 and 10.7% of the fiscal year 2022 General Fund Budget. These account for 9.9% of the proposed fiscal year 2023 total expenditures and 9.5% of the 2023 proposed General Fund Budget. In addition, general obligation bond debt service accounted for approximately 1.2% of the fiscal year 2022 General Fund appropriation and 2.3% of the fiscal year 2022 Total Fund appropriation. For fiscal year 2023, debt service accounts for 1.7% of the proposed General Fund Budget and 2.5% of total expenditures.

State Reserve Fund

The State Reserve Fund is currently composed of four accounts: the Revenue Stabilization Account (sometimes referred to herein as the "Rainy Day Fund"), which is established to retain State revenues for future needs and to reduce the need for future tax increases; the Dedicated Purpose Account, which is established to retain appropriations for major multi-year expenditures and to meet contingency requirements; the Economic Development Opportunities Program Account, which is to be used for extraordinary economic development opportunities as a supplement to existing programs; and the Catastrophic Event Account, which is to be used to respond quickly to a natural disaster or other catastrophic event that cannot be managed within existing appropriations. All interest earned on the State Reserve Fund is credited to the Revenue Stabilization Account.

The Governor is required to include in each annual budget bill an appropriation of $100.0 million if the balance in the Revenue Stabilization Account is less than 3.0% of estimated General Fund revenues. If the balance in the Account is at least 3.0% of estimated General Fund revenues but less than 7.5% of estimated General Fund revenues, the Governor is required to include an appropriation to the Account of $50.0 million or the amount necessary to bring the balance of the Account to above 7.5%, whichever is less. Additionally, it is the State's general management practice to maintain at least 5.0% of estimated General Fund revenues in the State Reserve Fund, and any transfer that would result in a balance below 5.0% must be authorized by legislation separate from the State's annual budget bill. Maryland law defines estimated General Fund revenues as those stated in the annual report of the Board of Revenue Estimates submitted to the Governor.

Legislation passed during the 2017 Legislative Session requires that beginning in fiscal year 2021, one-quarter of the unappropriated General Fund surplus above $10.0 million be appropriated to the Postretirement Health Benefits Trust Fund and another quarter be appropriated to the State Retirement System. Each of these appropriations is capped at $25.0 million. Any remaining unappropriated General Funds above those distributions are appropriated to the Revenue Stabilization Account.

In 2017, legislation was enacted to address the volatility inherent to revenue estimates. The legislation was the result of recommendations made by a workgroup made up of experts from both the Legislative and Executive branches of State government. It requires that beginning in fiscal 2020, the Revenue Stabilization Account shall receive a share of nonwithholding General Fund revenues above the 10-year average nonwithholding revenues' share of total General Fund, subject to certain caps in certain years. In years when nonwithholding income exceeds the 10-year average, revenues allocable to the General Fund are reduced. At the end of the fiscal year, excess funds are first used to offset any General Fund revenue shortfall. If there is no shortfall, the Comptroller is required to credit excess funds to the Revenue Stabilization Account if that fund's balance is less than 6% of estimated general fund revenues. Once the Revenue Stabilization Account balance reaches 6% of estimated General Fund revenues, 50% of any excess funds are credited to the Revenue Stabilization Account (until the balance equals at least 10% of estimated General Fund revenues), and the other 50% is credited to a newly created Fiscal Responsibility Fund, which the Governor must use to provide PAYGO appropriations for public school, community college, and four-year higher education projects.

In the past, withdrawals that do not result in a Revenue Stabilization Account balance below 5% of estimated General Fund revenues required authorization by an act of the General Assembly other than the State budget bill. In fiscal year 2019 and beyond withdrawals that do not result in a balance below 5% may be authorized in the State budget. Withdrawals that result in a Revenue Stabilization Account balance below 5% of estimated General Fund revenues still must be authorized by an act of the General Assembly other than the State Budget Bill.

On November 4, 2020, the Administration withdrew $250 million from the State Reserve Fund to assist Marylanders impacted by COVID 19. The initial $150 million was distributed as follows: (1) $20 million to the Department of Labor for a COVID Layoff Aversion Fund; (2) $20 million to the Department of Housing and Community Development for business-related economic recovery; and (3) $110 million through the Department of Commerce to provide assistance to eligible businesses. The remaining $100 million was distributed at the end of December 2020 for the following purposes: (1) $5 million to the Maryland Technology Development Corporation to provide grants to socially and economically disadvantaged companies and rural companies; (2) $15 million to the Department of Housing and Community Development to support entertainment venues; and (3) $80 million to provide assistance to the hospitality industry, bars and restaurants.

Under the RELIEF ACT described below under "General Fund 2022 Budget," additional spending related to the pandemic is funded with transfers of $306 million from the State Reserve Fund. The General Assembly proposed restoring the funding to the State Reserve Fund in fiscal 2022 by rejecting $306 million of the Governor's proposed cut to the appropriation to the State Reserve Fund. With the passage of the American Rescue Plan and the availability of $3.7 billion in funding for the State Fiscal Relief Fund, the $306 million in Recovery Now spending was shifted to federal dollars. This action reflected an agreement that was reached by the Maryland General Assembly and the Governor regarding use of the State Fiscal Relief Funds. American Rescue Plan Act funds were brought into the fiscal year 2022 budget via amendment in December 2021. The original $306.0 million appropriated was reverted to the General Fund at the close of fiscal year 2021.

The following table presents the balances of the State Reserve Fund for the fiscal years ended June 30, 2019 through June 30, 2021, and the estimates for the fiscal years ending on June 30, 2022, and June 30, 2023. Additional actions related to COVID-19 may result in balances lower than the estimates provided in the table below.

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State Reserve Fund
Fiscal Years 2019–2023
($ in millions)

	Balance at Fiscal Year End			
Fiscal Year	Revenue Stabilization Account	Other Accounts	Total State Reserve Fund	Revenue Stabilization Account as a % of General Fund Revenue
2019 (a)	$876.5	$14.2	$890.7	4.8%
2020	1,177.2	54.9	1,232.1	6.3
2021 (b)	631.2	15.5	647.7	3.0(c)
2022 (estimate)	1,160.2	10.0	1,170.2	5.4
2023 (estimate)	3,587.8	10.0	3,597.8	15.7

Totals may not add due to rounding.

(a) In the fiscal year 2019 budget, the Revenue Stabilization Account balance as a percentage of General Fund revenue as stated in the annual report of the Board of Revenue Estimates enacted fiscal year 2019 equaled 5.0%. Subsequently, revenue write-ups related to the Tax Cut and Jobs Act of 2017 brought reserves slightly below 5.0% prior to the enactment of the fiscal year 2020 budget.

(b) Unaudited.

(c) In the proposed budget, the Revenue Stabilization Account balance as a percentage of General Fund revenue as stated in the annual report of the Board of Revenue Estimates enacted in fiscal year 2021 equaled 5.5%. Subsequently, the State utilized funds for COVID-related relief efforts enacted prior to receipt of federal relief funding and guidance, dropping the balance below 5.0%.

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Fiscal Year 2017-2021 GAAP General Fund Results of Operations

The GAAP General Fund is that fund from which all general costs of State government are paid and to which taxes and other revenues not specifically directed by law to be deposited in separate funds are recorded in accordance with Generally Accepted Accounting Principles ("GAAP"). The following table presents the comparative statement of revenues, expenditures, and changes in fund balances in the GAAP General Fund for fiscal years ended June 30, 2017 through 2021.

GAAP General Fund Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years 2017-2021
($ in thousands)

	2017	2018	2019	2020	2021[b]
Revenues (a):					
Income taxes	$9,786,505	$10.740.942	$11,475,949	$12,309,248	13,481,354
Sales and use taxes	4,609,782	4,716,515	4,888,811	4,937,256	5,458,775
Other taxes	1,788,424	1,826,222	1,763,155	1,838,627	1,917,365
Other licenses and fees	604,004	561,410	870,084	733,714	610,146
Charges for services	1,538,017	1,506,729	1,537,854	1,515,764	2,417,203
Interest and other investment income	(63,033)	(44,267)	250,729	133,563	16,798
Federal revenue	10,992,657	10,903,198	11,362,229	12,936,897	17,221,411
Other	542,086	393,458	691,186	586,103	1,470,637
Total revenues	29,798,442	30,604,207	32,839,998	34,991,171	42,593,690
Expenditures (a):					
General government	873,014	909,097	1,016,992	1,015,719	2,116,706
Health	13,334,642	13,483,142	14,295,022	15,565,135	17,412,157
Education	9,717,075	9,787,350	10,131,819	10,810,646	11,076,693
Human Services	2,391,286	2,324,795	2,325,457	2,770,891	4,015,730
Public Safety	2,076,945	1,989,791	2,075,392	2,249,138	2,568,167
Judicial	740,041	742,851	760,493	801,765	916,262
Labor, licensing and regulation	334,642	364,276	366,086	362,992	517,926
Natural resources and recreation	306,062	353,728	406,571	390,665	400,215
Housing and community development	319,809	327,564	360,319	377,920	1,058,392
Environment	108,702	102,623	109,268	109,987	99,859
Agriculture	71,000	82,600	94,104	109,899	118,016
Commerce	106,959	100,377	92,348	107,355	173,232
Intergovernmental	412,329	392,939	394,715	375,832	302,296
Capital outlays	0	0	0	0	31,000
Total expenditures	30,792,506	30,961,133	32,428,586	35,047,944	40,806,652
Excess (deficiency) of revenues over expenditures	(994,064)	(356,926)	411,411	(56,773)	1,787,038
Other sources (uses) of financial resources:					
Capital leases	9,900	15,034	14,416	4,463	0
Transfers in	1,224,862	1,357,120	1,359,062	1,150,190	1,442,348
Transfers out	(678,964)	(640,454)	(824,481)	(771,539)	(718,584)
Net other sources (uses) of financial resources	555,798	731,700	548,997	383,114	723,764
Net change in fund balances	(438,267)	374,774	960,408	326,341	2,510,802
Fund balances at the beginning of the year	1,796,452	1,358,186	1,732,960	2,693,368	3,019,709
Fund balances, June 30	$1,358,186	$1,732,960	$2,693,368	$3,019,709	$5,530,511
Fund balance as % of revenues	4.6%	5.7%	8.2%	8.6%	13.0%

(a) The budgetary system's principal departures from the modified accrual basis, i.e. GAAP, are with the classification of the State's budgetary funds and the timing of certain revenues and expenditures. See APPENDIX A – "ANNUAL COMPREHENSIVE FINANCIAL REPORT."
(b) Unaudited.

General Fund 2022 Budget

2022 Budget. The Maryland General Assembly passed the fiscal year 2022 Budget (the "2022 Budget") on April 2, 2021. The 2022 Budget as enacted includes $20.9 billion in General Fund spending. The three largest categories of expenditures are: (1) aid to local governments from general funds, including K-12 education; (2) support for public health programs, including medical assistance; and (3) the State Retirement and Pension System.

As part of the fiscal year 2022 Budget plan, the Administration introduced the Budget Reconciliation and Financing Act (the "2021 BRFA"). The 2021 BRFA has an overall impact of $263.4 million on the fiscal 2022 budget plan. General fund actions total $468.3 million, of which the majority ($430.2 million) results from expenditure reductions. Special fund actions result in a net increase of $209.0 million in special fund spending. Federal fund expenditures are reduced by $4.2 million. The vast majority of the general fund expenditure reductions ($413.9 million) result from provisions that authorize the use of alternative fund sources in lieu of general funds. The largest of these fund swaps ($210.4 million) results from a provision authorizing MDH and other appropriate State agencies to temporarily charge COVID-19-related expenditures to the Local Income Tax Reserve Account while awaiting federal disaster relief funds. The Local Income Tax Reserve Account will be repaid from federal reimbursements or by the general fund if the charges are not fully reimbursed. Additional general fund reductions totaling $200.0 million result from a provision that authorizes transfers of the same amount from the health insurance provider assessment instituted for the State Reinsurance Program to Medicaid in fiscal 2021 and 2022. The fiscal 2021 special fund appropriation in Medicaid is increased by $100.0 million as a result of this provision. See "STATE FINANCES – Maryland State Retirement and Pension System – Funding Policies."

The 2022 Budget funds debt service on the State's general obligation bonds with $260.0 million in general funds, $1.1 billion in special funds, primarily from State property tax revenues, and $11.0 million in federal funds reflecting the interest subsidy on current outstanding ARRA Bonds. The projected amount of State property tax revenues reflects a property tax rate of 11.2 cents (per $100 of taxable assessed value), a rate unchanged since fiscal year 2007.

As part of the Governor's response to the impact of the COVID-19 pandemic on Marylanders, the Administration introduced emergency legislation known as the RELIEF Act, which the General Assembly passed in the 2021 Session. This bill provided temporary tax relief to Maryland families and businesses and authorized additional spending. General Fund revenues declined compared to the official revenue estimate by $394.0 million in fiscal 2021 and $190.0 million in fiscal 2022 due to provisions exempting most unemployment benefits from the income tax for two years, expanding the refundable Earned Income Tax credit for three years, and allowing certain businesses to retain a portion of the sales tax they collect for three months in fiscal 2021. The bill also authorized $582.0 million of additional spending in fiscal 2021 and $105.0 million in fiscal 2022 to provide one-time stimulus payments to certain low-income households, address learning loss, reopen schools, provide grants to businesses impacted by the pandemic, temporarily expand the safety net for low-income Marylanders, and offset revenue losses for the Transportation Trust Fund. The additional spending is funded with transfers of $306.0 million from the Rainy Day Fund, $53.0 million from the Strategic Energy Investment Fund, and $150.0 million from the Blueprint Fund (revenue dedicated to implementing enhancements to K-12 education). This bill also contained a provision authorizing MDH and other appropriate State agencies to temporarily charge $210.4 million in COVID-19-related expenditures to the Local Income Tax Reserve Account while awaiting federal disaster relief funds. The Local Income Tax Reserve Account will be repaid from federal reimbursements or by the general fund if the charges are not fully reimbursed. The Governor signed this amended bill into law on February 15, 2021.

On March 9, 2021, the Board of Revenue Estimates increased the estimated fiscal year 2022 General Fund revenues by $298.6 million.

On March 11, 2021, the U.S. Congress passed the American Rescue Plan Act of 2021 (ARPA) to provide further pandemic-related fiscal relief to states. This resulted in $5.7 billion in federal fund revenue spread over fiscal years 2021 and 2022 through a variety of programs and enhanced federal matching initiatives.

Subsequently, five supplemental budgets were introduced by the Governor primarily in order to utilize relief funds. For fiscal year 2022, these added up to $2.6 billion in total funds. This includes $619.7 million in General Funds, $1.7 billion in Federal Funds, $88.6 million in Higher Education Funds, and $163.7 million in Special Funds.

On September 30, 2021, the Board of Revenue Estimates increased the estimated fiscal year 2022 General Fund revenues by $995.1 million.

On December 14, 2021, the Board of Revenue Estimates increased the estimated fiscal year 2022 General Fund revenues by an additional $495.2 million.

Based on the events and actions discussed above, it is estimated that the General Fund balance on a budgetary basis at June 30, 2022 will be $3.7 billion.

General Fund 2023 Budget

2023 Budget. The Governor proposed the fiscal year 2023 Budget (the "2023 Budget") on January 19, 2022. The 2023 Budget includes $25.8 billion in General Fund spending. The four largest categories of expenditures are: (1) aid to local governments from general funds, including K-12 education; (2) support for public health programs, including medical assistance; (4) the Revenue Stabilization Account; and (4) the State Retirement and Pension System.

On February 22, 2022 the Governor submitted a $480.0 million supplemental budget for fiscal year 2023, including resources to support first responders, economic development in rural counties, and renters and homeowners across the state. The supplemental budget was submitted as an amendment to the Governor's 2023 Budget.

General Fund Outlook

As with all future projections, the information in this section is based on certain assumptions. One or more of these assumptions may prove to be inaccurate and may be changed in the future as new information becomes available. The Department of Legislative Services forecasts a range of structural budget deficits from $500.0 million to $1.2 billion for fiscal years 2023 through 2027, not including the Governor's proposed tax cut. See "STATE FINANCES – Budgetary System."

General Fund Revenues and Appropriations — Budgetary Basis
Fiscal Years 2021-2023
($ in millions)

	2021 Actual (a)	2022 Est. (b)	2023 Est. (b)
General Fund Revenues			
Income Taxes	$13,166.7	$13,447.7	$14,441.7
Sales and Use Taxes	4,988.1	5,509.5	5,742.5
Lottery	631.7	648.7	664.9
Franchises, Excises, Licenses, Fees	1,685.9	2,065.6	2,039.9
Adjustments / Extraordinary Items	358.6	(81.4)	(325.0)
Total*	$20,831.0	$21,590.1	$22,564.0
General Fund Appropriations			
Public Education	$9,018.5	$9,043.5	$9,780.4
Human Services	707.1	714.9	732.5
Health	5,156.8	5,980.2	6,606.5
Public Safety, State Police, Juvenile Services, and the Governor's Office of Crime Prevention, Youth, and Victim Services	1,794.4	1,622.4	2,171.8
Capital Funding	199.2	445.7	710.1
State Reserve Fund – Revenue Stabilization & Dedicated Purpose Accounts	114.0	782.9	2,873.3
Debt Service – GO Bonds	131.0	260.0	430.0
Administrative and Other	1,674.6	2,276.1	2,441.3
Total*	$18,795.6	$21,125.7	$25,745.9

*Totals may not add due to rounding.
(a) Unaudited.
(b) Fund balance does not include amounts reserved for the State Reserve Fund or encumbrances. See "STATE FINANCES – State Reserve Fund."

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General Fund Balance — Budgetary Basis
Fiscal Years 2021-2023
($ in millions)

	2021 Actual (a)	2022 Est. (b)(c)	2023 Est. (b)
Balance Beginning of Year	$703.5	$3,239.1	$3,724.0
Increases:			
Revenues	20,908.8	21,591.5	22,789.0
Reimbursements from Tax Credit Reserves	25.8	20.4	41.6
Other Revenues	(77.8)	(1.4)	(225.0)
Transfer from other funds	474.3	0.1	-
Total Increase	21,331.1	21,610.6	22,605.6
Decreases:			
Appropriations	19,663.2	21,544.3	25,780.9
Reductions	(647.9)	(350.0)	-
Reversions	(219.8)	(68.6)	(35.0)
Total Decrease	18,795.5	21,125.7	25,745.9
Balance End of Year*	$3,239.1	$3,724.0	$583.7

*Totals may not add due to rounding.
(a) Unaudited.
(b) Fund balance does not include amounts reserved for the State Reserve Fund or encumbrances. See "STATE FINANCES – State Reserve Fund."
(c) Appropriations include deficiency appropriations proposed in the fiscal year 2023 budget submission.

Interim General Fund Revenues and Expenditures

The State does not issue, nor does it have procedures in effect that provide interim financial statements; however, the Office of the Comptroller has compiled the following summary data with respect to the revenues of the General Fund for the six months ended December 31, 2020 and 2021. The General Fund is the fund from which all general costs of State government are paid and to which taxes and other revenues not specifically directed by law to be deposited in separate funds are recorded. Approximately 39.5% of revenues were accounted for in the General Fund in fiscal year 2021, and it is currently estimated that the General Fund will account for 37.6% of all revenues in fiscal year 2022. The presentation of this data does not purport to be, and should not be construed as, an interim Statement of General Fund Revenues, Expenditures, and Surplus; however, adjustments have been made to present the revenues on a basis reasonably comparable to the table of operating revenues included in the section "STATE FINANCES – State Revenues" presented elsewhere in this Updated Official Statement.

General Fund Revenues. The following presents a summary of General Fund revenues on a budgetary basis by major categories for the six months ended December 31, 2020 and 2021.

General Fund Revenues
($ in millions)

	Six Months Ended December 31			
	Fiscal Year 2021		Fiscal Year 2022	
	Amount	% of FY Actual Revenues (a)	Amount	% of FY Estimated Revenues (a)
Income Taxes (b)	$4,993.8	37.9%	$5,526.8	41.1%
Sales and Use Taxes (b)	2,037.9	40.9	2,608.8	47.4
Property, Franchise, Excise Taxes	582.4	47.1	803.9	50.5
Sundry Fees, Licenses, Charges, Etc.	427.7	39.6	444.4	39.6
Federal	3.3	9.8	3.6	6.3
Totals *	$8,045.2	43.2%	$9,387.5	45.9%

*Totals may not add due to rounding.
(a) For the first six months of fiscal year 2021, represents the percentage of actual revenues for the full fiscal year; for the first six months of fiscal year 2022, represents the percentage of revenues as estimated by the Board of Revenues Estimates on December 14, 2021.
(b) Income taxes and sales and use taxes reflect amounts received from July through September, excluding amounts received in that period allocable to the preceding fiscal year.

General Fund Expenditures. The following presents a summary of General Fund expenditures on a budgetary basis by major category for the six months ended December 31, 2021 and 2022 (see note (a)):

General Fund Expenditures
($ in millions)

	Six Months Ended December 31			
	Fiscal Year 2021		Fiscal Year 2022	
	Amount	% of FY Actual Expenditures (b)	Amount	% of FY Budget Expenditures (c)
Public Education	$4,667.2	51.8%	$5,208.8	55.8%
Human Services	235.6	37.9	343.6	48.5
Public Health	3,604.3	65.5	3,410.8	58.5
Public Safety	846.2	46.7	826.0	45.3
Administrative & Other	833.8	40.3	862.0	40.3
Capital Funding	2.0	133.3	-	-
State Reserve Fund	97.0	85.1	525.8	78.1
Debt Service (d)	131.0	100.0	260.0	100.0
Totals*	$10,417.1	54.1	$11,437.0	54.6

* Totals may not add due to rounding.

(a) The State's accounting procedures do not require recording encumbrances (i.e., commitments evidenced by purchase orders or contracts) for financial reporting purposes except at the end of each fiscal year. Accordingly, no amounts of encumbrances have been recorded for the six months ended December 2021 and 2022. At December 31, 2021 and 2022, General Fund encumbrances charged to expenditures for the fiscal years ended totaled $294.6 million and $337.1 million, respectively. The Office of the Comptroller has no reason to believe that the current patterns of commitments are not in conformity with historical practices.

(b) Represents the percentage of actual expenditures for the full fiscal year.

(c) Represents the percentage of current budget expenditures.

(d) Debt Service totaling $131.0 million and $260.0 million were appropriated in the General Fund and transferred to the Annuity Bond Fund in Fiscal Years 2021 and 2022, respectively.

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Fiscal Year 2017-2021 General Fund Budget vs. Actual

The following statement presents a comparison of budget versus actual revenues, expenditures and encumbrances and changes in fund balance in the State's General Fund using the budgetary basis of accounting for each of the past five fiscal years ended June 30.

Statutory General Fund Comparative Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balance Budget and Actual Fiscal Years 2017 to 2021 ($ in thousands)

	2017		2018		2019		2020		2021(a)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
Income taxes	$10,134,354	$9,862,303	$10,223,292	$10,328,177	$10,797,042	$11,105,461	$11,339,828	$11,750,683	$11,940,736	$13,166,670
Sales and use taxes	4,601,449	4,539,320	4,727,127	4,645,756	4,750,875	4,812,090	5,026,412	4,634,874	4,591,207	4,988,078
Other taxes	1,136,076	1,147,778	1,103,093	1,232,018	1,087,227	1,082,744	1,100,408	1,152,862	1,196,321	1,238,441
Licenses and fees	187,217	202,368	176.807	164,962	160,024	161,291	146,374	142,894	118,677	107,953
Charges for services	297,978	204,050	293,858	228,611	286,252	202,405	280,181	176,666	273,742	259,597
Interest and other investment income	20,000	39,388	35,000	45,700	47,250	66,715	50,000	61,641	8,800	15,241
Other	623,134	778,584	609,825	671,057	634,312	755,483	664,666	1,096,559	649,147	913,538
Federal revenue	-	-	-	-	-	-	-	-	341,167	341,167
Total revenues (b)	17,000,208	16,773,791	17,169,002	17,316,281	17,762,982	18,186,189	$18,607,869	$19,016,179	$19,119,797	$21,030,685
Expenditures and encumbrances by major function:										
Payments of revenue to civil divisions of the State	180,150	179,150	166,484	166,483	168,463	168,463	173,832	173,832	185,980	185,980
Legislative	89,156	89,155	89,334	89,334	91,929	91,629	97,629	97,629	131,650	93,233
Judicial review and legal	612,083	609,958	612,612	610,870	638,516	635,665	675,238	673,976	717,415	678,638
Executive and administrative control	234,183	229,276	238,594	235,214	290,074	285,118	310,261	279,101	336,582	307,010
Financial and revenue administration	231,691	224,775	225,405	220,128	236,795	228,979	234,741	222,682	239,846	218,440
Budget and management	83,979	82,763	80,141	78,950	125,860	120,619	165,408	125,986	125,239	107,648
General services	70,444	69,854	66,402	66,137	69,953	69,901	77,438	73,897	81,662	75,267
Natural resources and recreation	60,339	59,943	60,069	59,748	65,486	65,356	76,850	63,836	66,525	61,773
Agriculture	30,003	29,905	32,131	32,037	35,219	34,980	39,648	38,982	38,729	37,094
Health and hospitals	4,435,390	4,390,610	4,675,547	4,669,099	4,939,437	4,935,669	5,275,257	5,118,305	5,138,356	5,037,540
Human services	648,932	648,832	613,378	610,170	607,773	605,773	615,478	613,454	712,191	702,758
Labor, licensing and regulation	45,468	43,910	47,371	46,338	45,195	44,167	50,867	47,499	55,667	47,140
Public safety and correctional services	1,243,040	1,229,941	1,198,696	1,193,413	1,235,378	1,235,273	1,265,946	1,258,447	1,255,624	1,204,643
Public education	8,060,390	8,044,991	8,157,167	8,142,973	8,709,016	8,338,095	8,850,938	8,815,604	9,208,020	9,013,940
Housing and community development	57,995	57,519	11,846	11,845	22,616	22,615	32,752	30,077	69,026	33,079
Business and economic development	108,930	108,444	103,669	103,520	100,112	99,355	119,444	101,974	111,781	97,813
Environment	40,504	29,885	28,869	28,869	31,062	30,986	35,601	35,599	36,500	34,016
Juvenile services	272,372	269,985	266,386	257,998	264,928	262,110	267,400	259,560	253,414	242,766
State police	284,002	283,701	276,733	276,322	294,240	294,240	315,763	238,408	213,349	199,046
Loan Accounts	259,395	259,395	259,649	259,649	286,000	286,000	287,000	287,000	131,000	131,000
State reserve fund	240,336	160,377	10,000	10,000	14,345	14,345	563,621	405,621	114,000	113,540
Reversions:										
Current year reversions	(30,000)	-	(30,000)	-	(30,000)	-	(30,000)	-	(35,000)	-
Prior year reversions	-	(43,471)	-	(92,792)	-	(36,261)	-	(31,872)	-	-
Total expenditures and encumbrances	17,258,782	17,058,898	17,190,483	17,076,305	18,242,397	17,833,077	$19,501,112	$18,929,717	$19,187,556	$18,622,364
Changes in encumbrances during fiscal year	-	(28,887)		(7,056)		(146,744)		22,859		
Total expenditures	17,258,782	17,030,011	17,190,483	17,069,249	18,242,397	17,686,333	19,501,112	18,952,576	19,187,556	18,622,364
Excess of revenues over (under) expenditures	(258,574)	(256,220)	(21,481)	247,032	(479,415)	499,856	(893,243)	63,603	(67,759)	2,408,321
Other sources (uses) of financial resources:										
Transfers in (out)	-	149,304	-	113,175	-	38,634	-	(15,783)	-	(415,128)
Excess of revenues over (under) expenditures and other sources of financial resources	(258,574)	(106,916)	(21,481)	360,207	(479,415)	538,490	(893,243)	47,820	(67,759)	1,993,193
Fund balances at the beginning of the year	1,390,513	1,390,513	1,283,597	1,283,597	1,643,804	1,643,804	2,182,294	2,182,294	2,230,114	2,230,114
Fund balances, June 30 (c)	$914,400	$1,283,597	$1,131,939	$1,643,804	$1,262,116	$2,182,294	$1,289,051	$2,230,114	$2,162,355	$4,223,307

(a) Unaudited.

(b) This amount differs from the total General Fund revenues noted in the "General Fund Revenues and Appropriations – Budgetary Basis" schedule due to the different treatment of transfers, including the transfer of revenues from the State Reserve Fund.

(c) Includes balances for the State Reserve Fund and encumbrances.

Cigarette Restitution Fund

All payments received by the State related to the tobacco settlement are to be deposited into the Cigarette Restitution Fund ("CRF"), which can only be spent through appropriations in the annual State budget. At least 50% of the appropriations must be for: the reduction of tobacco use by minors; implementation of the agriculture plan adopted by the Tri-County Council for Southern Maryland; public and school education campaigns to decrease tobacco use; smoking cessation programs; enforcement of laws regarding tobacco sales; support for programs that expand access to health care for the uninsured; primary health care in rural areas and those targeted by tobacco companies; prevention, treatment, and research, including capital projects, concerning cancer, heart disease, lung disease, and tobacco use and control; and substance abuse treatment and prevention programs. Thirty percent of appropriations funded by the CRF must be for the Medicaid program. The remainder of the CRF may be appropriated for any public purpose. Maryland law provides a framework for two of the primary uses of the CRF by creating and outlining two specific programs: the Tobacco Use Prevention and Cessation Program and the Cancer Prevention, Education, Screening, and Treatment Program.

The special fund appropriations of the CRF are limited to the available proceeds of the tobacco settlement. In its budgetary process, the State has made various revenue assumptions; in the event the anticipated revenues or funds are less than the State expects, the appropriations cannot be fully expended. The fiscal year 2022 budget included $36.0 million in CRF support for the Medicaid program. The fiscal year 2023 allowance includes $68.0 million for the Medicaid program. Net expenditures from the CRF were $120.8 million in fiscal year 2021 and are estimated to total $180.0 million in fiscal year 2022.

Local Income Tax Reserve Account

Each county and Baltimore City is required by State law to levy an income tax on individuals residing within their boundaries on the last day of the taxable year. The Comptroller collects the local income tax on behalf of the local jurisdictions. When received, local income tax revenue collected by the Comptroller becomes a liability of the State as either revenue owed to the local jurisdiction or as an income tax refund owed to individual taxpayers.

Under Maryland law, the State is required to distribute a significant portion of the local income tax collected to local jurisdictions prior to receipt of individual income tax returns. Taxpayers are permitted to file an amended return up to three years after the due date for filing of each year's income tax return. To offset amounts that will be due as refunds to individual taxpayers, the State maintains a Local Income Tax Reserve Account that is funded with local income tax receipts collected by the Comptroller and not yet distributed to the local jurisdictions. As a result of the holdback of reserve funds to provide for estimated income tax refunds to individuals, local jurisdictions do not receive the full distribution of local income tax revenue until nearly four years following the receipt of income tax payments.

Over the past 10 years, multiple bills were signed into law which impacted the balance in the Local Income Tax Reserve Account. Transfers to the General Fund which have not been repaid total $869.7 million. Under current law, annual re-payments of $33.3 million from the State to the Local Income Tax Reserve Account are scheduled for fiscal years 2021 through 2026 for a total repayment of $200.0 million. The 2020 BRFA restructures the repayment into 20 increments of $10 million per fiscal year transferred from income tax revenue eliminating the need for appropriations while repaying the $200.0 million in full. During the 2015 legislative session, an additional transfer of $100 million from the Local Income Tax Reserve Account to the General Fund was authorized in fiscal year 2015. To date, $50 million of that transfer has been repaid with the remainder to be repaid in $10 million increments in fiscal years 2021-2025. An additional $21.8 million receivable was established as the result of a five year audit undertaken by the Comptroller's Office to determine whether or not tax returns had been coded to the proper local jurisdiction. The audit found that 99.9% of the local revenue had been allocated correctly; under-allocated local governments received $21.8 million upon audit completion and those that were over-allocated were scheduled to repay the account over a 10-year period beginning in fiscal year 2024, however, 2017 legislation eliminated the repayment of excess local tax distributions.

On May 18, 2015, the U.S. Supreme Court decided the Maryland State Comptroller of the Treasury v. Brian Wynne case. As a result of this decision, through December 2020, $249.6 million in local income tax refunds have been paid to Maryland taxpayers for tax years prior to 2014. Legislation passed in the 2015 General Assembly session authorized the Comptroller to pay the refunds due as a result of the Wynne decision, plus accrued interest, from the Local Income Tax Reserve Account. The Comptroller began processing and disbursing these refunds in July 2015. Under this legislation, the Comptroller had the authority to withhold the amount owed to individual taxpayers as a result of the Wynne decision from the Local Income Tax Reserve Account to the affected local jurisdictions from quarterly income tax distributions in nine equal installments beginning in fiscal year 2017. Legislation passed in the 2016 General Assembly session extends the reimbursement period to forty quarterly distributions beginning in fiscal year 2019. In the 2018 Session, legislation passed that further extended the start of repayment until fiscal year 2021. Since repayment was anticipated and has begun, the Office of the Comptroller does not expect any impact to the unassigned fund balance.

State Unemployment Insurance Trust Fund

The Maryland Unemployment Insurance Trust Fund (the "Fund"), provides funding for unemployment benefits in the State. Pursuant to Section 8-403 of the Labor and Employment Article of the Maryland Annotated Code, the Fund may only be used for payment of unemployment insurance benefits. The Fund pays up to 26 weeks of benefits for Marylanders who lose jobs through no fault of their own. Extended benefits beyond the first 26 weeks are paid for by federal funds. The Division of Unemployment Insurance ("Division") paid $216.5 million in Maryland Unemployment Insurance benefits to claimants (excluding Federal benefits paid entirely by the federal government) from July 1, 2021, to December 31, 2021. The Division collected $185.5 million in Maryland employer contributions during the first two quarters of fiscal year 2022.

At the beginning of the COVID-19 pandemic, the Division received a record number of unemployment insurance claims, and as a result, the Unemployment Insurance Trust fund was depleted. The Division requested a Title XII Advance ("Advance") from the United States Department of Labor ("USDOL") to continue to pay benefits to Maryland claimants. The Division borrowed a total of $68.5 million from USDOL. The Division paid back the Advance on August 26, 2021. There was no interest paid since the Advance was interest free through September 6, 2021. Governor Hogan also provided $830 million of federal funds from the American Rescue Plan Act to replenish the Trust Fund to pre-pandemic levels.

Transportation Trust Fund

The Transportation Trust Fund ("TTF"), administered by the Department of Transportation, is the largest of the special funds and consolidates into a single fund substantially all fiscal resources dedicated to transportation (excluding the Maryland Transportation Authority) including the excise taxes on motor vehicle fuel and motor vehicle titles, a portion of the sales and use tax on short-term vehicle rentals, a portion of the corporate income tax, and certain port, airport, and transit operating revenues. As of July 1, 2013, the static excise tax rates for gasoline and special fuel were replaced by a two prong rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years. See "STATE FINANCES – State Revenues." All expenditures of the Department of Transportation are made from the TTF. In addition, the various categories of transportation bonds are serviced from the TTF, and the particular taxes and other designated revenues are both dedicated to the payment of such indebtedness and constitute the sole sources to which holders of transportation bonds legally may look for repayment.

Amounts in the TTF do not revert to the General Fund if unexpended at the end of the fiscal year; however, from time to time, the General Assembly has enacted legislation requiring that certain unpledged revenue in the TTF be delivered to the General Fund. An amendment to the State Constitution was adopted in November 2014 by a statewide referendum vote to further restrict use of the TTF funds to debt service on bonds and any lawful purpose related to the State's transportation system unless the Governor declares a fiscal emergency exists and three-fifths of all elected members of the General Assembly concurs. Legislation also has provided for the subsequent re-transfers of such funds from the General Fund to the TTF within five years of the transfer.

The following table shows a condensed summary of the fund balances of the Department of Transportation for each of the past five fiscal years ended June 30.

Department of Transportation Fund Balances
Fiscal Years 2017-2021
($ in thousands)

	2017	2018	2019	2020	2021
Revenues	$4,490,955	$4,407,888	$4,609,469	$4,791,959	$5,058,269
Expenditures	5,142,879	5,240,698	5,201,272	5,557,276	5,216,330
Excess (deficiency) of revenues over expenditures	(651,924)	(832,810)	(591,803)	(765,317)	(158,061)
Net other sources (uses) of financial resources	737,021	643,348	821,406	554,597	390,063
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	85,097	(189,462)	229,603	(210,720)	232,002
Fund balance, July 1	123,474	208,571	19,109	248,712	37,992
Fund balance, June 30	$208,571	$19,109	$248,712	$37,992	$269,994

Note: The Department of Transportation Special Revenue and Debt Service Funds account for substantially all of the financial activities of the Transportation Trust Fund. The Maryland Transportation Authority ("MDTA") is not part of the Transportation Trust Fund. The above summary was prepared from the audited financial statements of the Department of Transportation which are prepared in accordance with Generally Accepted Accounting Principles.

Investment of State Funds

State statute provides that the investment of unexpended or surplus money over which the Treasurer has custody, which includes both general funds and special funds, is generally limited to: (1) U.S. Treasury obligations; (2) obligation of certain United States agencies or instrumentalities (collectively, "Agencies"); (3) obligations of certain supranational issuers denominated in United States dollars and eligible to be sold in the United States; (4) repurchase agreements collateralized in an amount not less than 102% of principal by U.S. Treasuries or Agencies; and (5) bankers' acceptances, money market mutual funds and commercial paper (limited to 10% of total investments), all only with the highest rating; and (6) the Maryland Local Government Investment Pool ("MLGIP").

Investment Portfolio Distribution
(par value)

	December 31, 2020	December 31, 2021(a)
U.S. Treasuries	$0	$209,512,577
Agencies	1,325,391,078	4,018,394,544
Supranational Issuers	511,296,726	788,546,389
Repurchase Agreements	4,825,567,696	5,543,522,116
Banker's, MMMF & CP	345,523,739	3,666,344,406
MLGIP	2,471,282,357	1,719,379,135
Total*	$9,479,061,596	$15,945,699,167
Weighted Average Maturity in Days	189.9	471.3

* Totals may not add due to rounding.
(a) Unaudited.

Investments in U.S. Treasuries and Agencies were 26.5% of the portfolio on December 31, 2021, while supranational issuers were 5.0% and repurchase agreements were 34.8%. The monthly weighted average portfolio interest rate was 0.36% for December 31, 2021 compared to 0.69% for December 31, 2020. Since March 16, 2020, the Federal Open Market Committee have left rates unchanged. The current Federal Fund Rate Range as of December 31, 2021 is 0.00% - 0.25%[1].

[1] Source: https://www.federalreserve.gov/monetarypolicy/openmarket.htm

Maryland State Retirement and Pension System

Introduction. This section is intended to provide a summary of relevant information related to the Maryland State and Retirement and Pension System (the "System" or the "State Retirement System"). The following documents related to the System are available at https://sra.maryland.gov/investments-financials and are incorporated herein by reference:

- Maryland State Retirement and Pension System Actuarial Valuation Report, as of June 30, 2021
- Maryland State Retirement and Pension System Actuarial Valuation Report for Maryland Municipal Corporations, as of June 30, 2021
- Maryland State Retirement and Pension System Annual Comprehensive Financial Report for the years ended June 30, 2021 and 2020

Please note the actuarial information provided in this section has been provided to the System by the System's Actuary, Gabriel Roeder Smith & Company ("GRS"), which was retained by the Board of Trustees of the System pursuant to statute. As with all actuarial valuations and future projections, the actuarial valuations are based on actuarial assumptions that have been presented by the actuary and adopted by the Board of Trustees. One or more of these assumptions may prove to be inaccurate and may be changed in the future based on the future experience of the System.

Plan Description. The System was established in accordance with Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits in a defined benefit plan to State employees, teachers, police, judges, legislators and employees of participating governmental units. The System is administered by a 15-member Board of Trustees that has the authority to invest and reinvest the System's assets. The Board of Trustees is obligated to hold the assets of the System for the exclusive purposes of providing benefits to participants and for reasonable expenses of administration.

The Board of Trustees pays all benefits and expenses of the various plans in the System from the accumulation fund[1], annuity savings fund[2], and expense fund established for each plan. As additional security, if needed, the State is obligated to annually pay into the System at least an amount that, when combined with the System's accumulation funds, is sufficient to provide the allowances and other benefits payable under each plan during that fiscal year.

The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The "State Pool" consists of State agencies, boards of education, community colleges and libraries (the "State Pool"). The "Municipal Pool" consists of the participating governmental units that elect to join the System (the "Municipal Pool"). For actuarial valuation and funding purposes, neither pool shares in each other's actuarial liabilities. Municipal Pool participants cost-share in the liabilities of only the Municipal Pool, which receives a separate annual actuarial valuation in order to determine the funding levels and actuarial liabilities of the Municipal Pool. The Municipal Pool covers employees of over 163 political subdivisions and other entities within the State.

For actuarial valuation and funding purposes, the State Pool comprises five distinct systems: Teachers' Retirement and Pension Systems (the "Teachers' Combined Systems"), Employees' Retirement and Pension Systems (the "Employees' Combined Systems"), State Police Retirement System, Judges' Retirement System, and Law Enforcement Officers' Pension System. As of June 30, 2020, the State's membership in the System included 168,758 active members, 41,787 vested former members, and 149,541 retirees and beneficiaries. Together, the Teachers' Combined Systems and the Employees' Combined Systems account for 98% of membership in the State Pool.

Plan Benefits Pre- and Post-Reform. During the 2011 Legislative Session, pension reform legislation was proposed by the Governor and enacted by the General Assembly to ensure the long-term sustainability of the System's defined benefit structure and the affordability of the State's contribution in future years (the "2011 Pension Reforms").

[1]The accumulation fund consists of employer contributions, interest on System assets, and retired members' previous contributions.
[2]The annuity savings fund consists of member contributions and statutory regular interest on members' accumulated contributions.

Following the 2011 Pension Reforms the normal service retirement benefits within the State Pool offered by the System are as follows:

PLAN TYPE	ANNUAL ALLOWANCE EQUALS	NORMAL SERVICE RETIREMENT ELIGIBILITY
Employees and Teachers Pension Systems		
Reformed	AFC[1] × .015 × Years of Service	• Rule of 90[2]; or • Age 65 with at least 10 years of eligibility service.
Alternate Contributory	(AFC × .012 × Years of Service to 6/30/98) + (AFC × .018 × Years of Service after 6/30/98)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Contributory	(AFC × .012 × Years of Service to 6/30/98) + (AFC × .014 × Years of Service after 6/30/98)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Non-Contributory	(AFC up to SSIL[3] × .008 × Years of Service) + (AFC over the SSIL × .015 × Years of Service after 6/30/98)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Non-Contributory Reformed	(AFC up to SSIL × .008 × Years of Service) + (AFC over the SSIL × .015 × Years of Service)	• Rule of 90; or • Age 65 with at least 10 years of eligibility service.
Employees and Teachers Retirement Systems		
Non-Bifurcated	$\frac{\text{AFC}}{55} \times$ Years of Service	• At least 30 years of eligibility service; or • At least age 60.
Plan C (Bifurcated Plan)	See Plan C (Bifurcated Plan) Worksheet	• At least age 60, regardless of creditable service or at least 30 years of service regardless of age.
Law Enforcement Officers' Pension System		
Non-Reformed	.02 × AFC × Years of Service up to 32.5 years	• At least age 50; or • At least 25 years of eligibility service.
Reformed	.02 × AFC × Years of Service up to 30 years	• At least age 50; or • At least 25 years of eligibility service.
Transfers from ERS	(.023 × AFC × Years of Service up to 30 years) + (.01 × AFC × Years of Service beyond 30 years)	• At least age 50; or • At least 25 years of eligibility service.
State Police Retirement System		
Non-Reformed	AFC × .0255 × Years of Service up to 28 years	• At least 22 years of eligibility service; or • At least age 50.
Reformed	AFC × .0255 × Years of Service up to 28 years	• At least 25 years of eligibility service; or • At least age 50.
CORS	1.818% × years of service × AFC	• Members joining on or before June 30, 2011: 3 highest years of salary and 5 years. • All others: 5 highest years of salary and 10 years.

PLAN TYPE	ANNUAL ALLOWANCE EQUALS	NORMAL SERVICE RETIREMENT ELIGIBILITY
		• Eligible after accruing 20 years of service regardless of age.
Judges' Retirement System		
All	.6667 × Salary of Active Judge holding same level position held at termination (Prorated if years of service less than 16)	• Members joining on or before June 30, 2012: at least age 60 or retired by order of Court of Appeals. • All others: at least age 60 and have accrued at least 5 years of eligibility service or l retired by order of Court of Appeals.
Legislative Pension Plan		
All	3.0% × current salary × years of service	• Members joining on or before June 30, 2012: age 60 and 8 years. • All others: age 62 and 8 years.

[1]AFC for purposes of the Employee and Teachers Pension Systems (Reformed benefit and Non-Contributory Reformed benefit only), the Law Enforcement Officers' Pension System (Reformed benefit only), the State Police Retirement System (Reformed benefit only) and Correctional Officers' Retirement System (Reformed benefit only) means the five highest consecutive years of earnings divided by five. For all others, AFC means the three highest consecutive years of earnings divided by three.
[2]Eligible for normal service retirement if years of service plus age equal 90.
[3]The Social Security Integration Level (SSIL) for the year of retirement or separation from employment. The SSIL for 2020 is $133,770.

In fiscal year 2021, State retirees and beneficiaries within the State Pool received benefit payments totaling $3.9 billion, with an average benefit of $26,352.

Assumptions. By law, employer contribution rates are established by annual actuarial valuations using the individual entry age normal cost method and actuarial assumptions adopted by the Board of Trustees. Assets are valued for funding purposes by recognizing investment gains and losses over a five-year period. Each year's investment gain or loss is amortized on a straight-line basis over five years. The final actuarial value of assets is limited to not more than 120% or less than 80% of the market value of assets.

At its July 2021 meeting, the System's Board of Trustees voted to reduce the assumed rate of return from 7.40% to 6.80% and to lower the general inflation assumption from 2.60% to 2.25%.

Based on the Actuary's actuarial experience study for fiscal years 2015 to 2018, the System's Board of Trustees adopted the following demographic assumptions:

- Retirement Age - Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period July 1, 2014 to June 30, 2018.
- Mortality - Public Sector 2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scales for males and females.

Investments Allocations and Returns. The target asset allocation is set by the Board of Trustees, with no legal limits imposed by the General Assembly. The actual allocation takes into account that private market investments are made gradually in order to prudently reach the target level over multiple years. Amounts not yet invested in private markets are currently allocated to public equity and fixed income.

Asset Allocation

	Actual Allocation as of November 30, 2021	Long-Term Target Allocation
Public Equity	32.5%	37.0%
Private Equity	19.1	13.0
Rate Sensitive	17.7	19.0
Real Assets	12.0	14.0
Credit/Debt Strategies	9.0	9.0
Absolute Return	7.7	8.0
Multi Asset	1.0	0.0
Cash	1.0	0.0
Total*	100.0%	100.0%

*Totals may not add due to rounding.

The historical rates of return on the System's investments are (as of November 30, 2021, unaudited):

	1 year	3 year	5 year	10 year	20 year	25 year
Annualized Returns (gross of fees)	16.54%	13.39%	11.21%	9.12%	6.95%	6.80%

The System's rate of return, net of fees, on its investment portfolio was 3.83% (unaudited) for the fiscal year-to-date as of November 30, 2021.

Funding Policies. Effective on July 1, 2015, the State eliminated the corridor funding method for the Teachers' Combined Systems and Employees' Combined Systems beginning with fiscal year 2017. All future contributions will be based upon the Actuarially Determined Employer Contribution ("ADEC").

Employer Contribution. In fiscal year 2021, the State paid the full ADEC and contributed a total of $2.0 billion. Beginning in fiscal year 2017, the local school boards now pay 100% of the local teachers' normal cost of local teachers' retirement as determined by the most recent valuation of the System. County governments were required to increase education funding by the additional pension costs during the phase in period.

The Department of Budget and Management estimates that the General Fund portion of the employer contribution represents 6.7% of the fiscal year 2022 General Fund budget. This percentage is anticipated to decrease 5.3% in fiscal year 2023, rise slightly to 5.4% in fiscal year 2024 and then decrease incrementally to 3.6% by fiscal year 2027. The following table presents estimates of the employer contribution relative to the General Fund budget in the next five fiscal years.

These projections reflect the current legislative requirements and all supplemental payments made to date (see below for a discussion of supplemental payments). As with all future projections, the data in the following table are based on certain assumptions. One or more of these assumptions may prove to be inaccurate and may be changed in the future based on future experience.

Projected Employer Contributions as a Percent of the General Fund Budget

	Employer Contributions		
Fiscal Year	State Employees	Local Teachers	Total*
2023	2.2%	3.1%	5.3%
2024	2.4	3.0	5.4
2025	2.2	2.7	5.0
2026	2.1	2.4	4.5
2027	1.9	1.7	3.6

* Totals may not add due to rounding.

Supplemental Payments. In 2011, the General Assembly passed legislation requiring supplemental contributions to each system. The supplemental payments were to reflect the difference between the State's required contribution under the corridor funding method for that fiscal year and the amount that would have been required had the 2011 Pension Reforms not been enacted (each a "supplemental payment"). In addition to the supplemental payments, during the fiscal year 2017 the General Assembly authorized additional contributions to the System of $50 million.

The General Assembly has also authorized a "pension sweeper" amendment that, unless waived by future legislation, require an additional State contribution to the System that will continue until the later of either the fund reaching 85% funded status, or when the legislature determines it to be no longer needed. In accordance with this pension sweeper, beginning with the fiscal year 2021 budget, the System and the Postretirement Health Benefits Trust Fund would each receive one-quarter of any unappropriated General Fund balance in excess of $10.0 million, in each case up to a maximum of $25 million. Any remaining unappropriated general funds above these distributions are appropriated to the Revenue Stabilization Account.

The following table reflects all supplemental payments that have been received through fiscal year 2021, and are budgeted to be received in fiscal year 2022 and 2023:

Supplemental Payments, Additional Contributions and Pension Sweeper Amounts Received from the State ($ in millions)

Fiscal Year	Voluntary Contributions
2015	$100.0
2016	75.0
2017	150.0
2018	75.0
2019	75.0
2020	75.0
2021	75.0
2022 (budgeted)	100.0
2023 (budgeted)	100.0

Funded Status and Asset Value. As reported in the System's annual Actuarial Valuation Report, the funded status of each plan in the "State Pool" as of June 30, 2021 was as follows:

Funded Status of the Plans within the "State Pool" Portion of the Maryland State Retirement and Pension System As of June 30, 2021 ($ in thousands)

Plan	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members) (a)	UAAL as a Percent of Payroll % (a)
Teachers' Retirement and Pension System	$47,635,355	$38,215,959	80.23%	$9,419,395	$7,688,846	122.5%
Employees' Retirement and Pension System	23,113,512	15,868,373	68.65	7,245,138	3,425,932	211.5
State Police Retirement System	2,527,230	1,771,695	70.10	755,535	119,048	634.6
Judges' Retirement System	622,633	570,319	91.6	52,314	52,073	100.5
Law Enforcement Officers' Pension System	1,299,476	875,491	67.37	423,985	125,116	338.9
Total of All Plans*	$75,198,206	$57,301,839	76.20%	$17,896,367	$11,411,015	156.8%

*Totals may not add due to rounding.

(a) The Covered Payroll and UAAL as a Percentage of Payroll results reported in the System's Actuarial Valuation Report were calculated using actual payroll data and differ slightly from the calculations shown in the State's Financial Statements which were calculated using projected payroll rather than actual payroll data.

The following table presents information regarding the unfunded actuarial accrued liability of the System, including both the State Pool and the Municipal Pool for the years 2012 to 2021 as of June 30 valuation dates, derived from a report by the System's Actuary.

Historical Funding Progress
Maryland State Retirement and Pension System (a)
Actuarial Value of Assets
($ in thousands)

Valuation Date June 30	Actuarial Accrued Liability (AAL)	Actuarial Value Of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL as a Percent of Payroll %
2012	$57,869,145	$37,248,401	64.4%	$20,620,745	$10,336,537	199.5%
2013.......	60,060,091	39,350,970	65.5	20,709,122	10,477,544	197.6
2014	62,610,193	42,996,957	68.7	19,613,237	10,803,632	181.5
2015	66,281,781	46,170,624	69.7	20,111,157	11,063,961	181.7
2016	67,781,924	47,803,679	70.5	19,978,245	11,155,924	179.1
2017	69,986,576	50,250,465	71.8	19,736,110	11,418,973	172.8
2018	72,574,689	52,586,528	72.5	19,988,161	11,566,220	172.8
2019.......	74,526,000	54,361,969	72.9	20,164,031	11,905,403	169.4
2020.......	76,471,035	56,246,776	73.6	20,224,259	12,501,422	161.8
2021.......	81,738,557	62,817,938	76.8	18,920,619	12,749,247	148.4

(a) Includes both the State Pool and the Municipal Pool accrued liabilities.

The following table shows the projected funded ratios of the State Pool through projected full funding and reflects all legislative action and supplemental payments to date.

Projected Funded Ratios of State Pool
(as of December 31)

Valuation Year	Based on June 30, 2021 Valuation
2023	81.6%
2025	87.1
2027	88.9
2030	91.4
2031	92.2
2037	98.1
2039	100.2
2040	100.3

The following table presents information regarding the Asset Market Values of the System, including both the State Pool and the Municipal Pool, for the years 2012 to 2021 as of June 30 valuation dates, derived from a report by the System's Actuary.

Historical Market Value of Assets
Maryland State Retirement and Pension System (a)
($ in thousands)

Valuation Date, June 30	Market Value of Assets	Valuation Date, June 30	Market Value of Assets
2012	$37,178,726	2017	$48,987,183
2013	40,363,217	2018	51,827,233
2014	45,363,217	2019	53,943,420
2015	45,789,840	2020	54,586,037
2016	45,365,926	2021	67,604,500

(a) Includes both the State Pool and the Municipal Pool.

As of November 30, 2021, the System's market value of assets (unaudited) was $69.7 billion.

Accounting and Reporting. Beginning in fiscal year 2015, Statement No. 68 of the Governmental Accounting Standards Board required changes to the State's pension accounting and reporting. The net pension liability ("NPL") defined by the pronouncement, similar to the unfunded actuarial accrued liability, is reported as a liability on the government-wide statement of net position. It is a present value measure of benefits to be provided based on the employees' past service, and accordingly, recognizes the entire net pension expense, regardless of when this expense will be funded. It replaced the Net Pension Obligation ("NPO") previously reported as a liability. The NPO was the cumulative difference between required contributions to the pension plans to meet obligations as they came due and actual contributions, and therefore, measured the funding obligation only.

For the State Retirement and Pension System, a cost-sharing multiple-employer system, all cost-sharing employers are required to recognize a liability for their proportionate share of the NPL. In Maryland, the State funds the unfunded actuarial accrued liability applicable to local teachers' service, and therefore, the State records the NPL for the teachers' plan as a non-employer contributing entity.

For fiscal year 2021, the State's contribution to the System was $2.0 billion, and the total contribution to the System was $2.2 billion. The NPL for the System was calculated as $15.0 billion as of June 30, 2021 of which the State's share has been estimated to be $21.1 billion.

For a more detailed discussion of the System, see APPENDIX A, Note 15 to the Financial Statements and Required Supplementary Information. A copy of the System's Actuarial Valuation Report as of June 30, 2021 may be obtained online at https://sra.maryland.gov/actuarial-valuation-reports.

Maryland Transit Administration Retirement Programs

In addition to the principal retirement programs administered by the Board of Trustees, the Maryland Transit Administration of the Department of Transportation provides pension benefits to its employees for the three unions it recognizes and for former union members promoted to management positions (the "MTA Plan"). All other management employees hired after April 30, 1970 are members of the State Employees' Retirement or Pension Systems. All three active union contracts include a provision requiring union employees to contribute 4% of their gross pay to the MTA Plan, according to their respective collective bargaining agreements.

The MTA Plan provides retirement, death and disability benefits and is funded in compliance with collective bargaining agreements. Employees hired after July 1, 2016 are vested after 10 years of service. For all employees hired before July 1, 2016, vesting varies based on each bargaining agreement. Employee retirement benefits are based on years of service times an annual benefit multiplier of 1.7% of final average compensation. Generally, full service retirement benefits are based on either 30 years of service and age 52 or attainment of age 65.

The annual contribution to the MTA Plan is based upon a report of the consulting actuary (Gabriel, Roeder, Smith & Company). The Department of Transportation provided $59.3 million (which excludes employee contributions of approximately $7.3 million) to plan for fiscal year 2021. The Department's MTA fiscal year 2022 budget provides approximately $53.6 million (which excludes employee contributions of approximately $6.6 million) for the plan. The MTA's fiscal year 2021 allocation of the NPL was just under $1.1 billion.

As of December 31, 2021, membership in the MTA Plan included 2,511 active members, 518 vested former members, and 2,006 retirees and beneficiaries. The total pension liability is based upon the July 1, 2021 valuation data and assumption determined by the consulting actuary and rolled forward to June 30, 2022:

Funded Status of the MTA Plan
as of July 1, 2021
($ in thousands)

Actuarial Accrued Liability(AAL)	Actuarial Value Of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL as a Percent of Payroll%
$844,099	$418,742	49.61%	$425,358	$164,553	258.5%

Note: For a more detailed discussion of the MTA Plan, see https://mdot.maryland.gov/OOF/2021_FINAL_Pension_201778_MTA.pdf.

Other Post-Employment Benefits

State Employee and Retiree Health and Welfare Benefits Program. Retired State employees and their eligible dependents meeting certain qualifications may participate, on a subsidized basis, in the State Employee and Retiree Health and Welfare Benefits Program (the "Program"). As of June 30, 2021, the Program membership included 81,922 active employees, 2,510 vested former employees and 52,758 retirees and beneficiaries. The Program assesses a charge to retirees for post-employment health care benefits that is based on health care insurance charges for active employees. For the fiscal year ending June 30, 2021, retiree program members contributed $101.0 million and the State contributed $601.5 million for retiree health care benefits.

The State has adopted the GASB Statement No. 75 ("GASB 75") which supersedes GASB 45 and addresses how state and local governments should account for and report costs and obligations related to post-employment health care and other post-employment non-pension benefits ("OPEB") effective for fiscal year ending June 30, 2018. GASB 75 generally requires that the annual cost of OPEB and the related obligations and commitments be accounted for and reported in essentially the same manner as pensions under GASB 68. Annual OPEB costs typically will be based on actuarially determined amounts that, if paid on an ongoing basis, would provide sufficient resources to pay benefits as they come due.

The provisions of GASB 75 do not prescribe methods for funding OPEB plans, nor do they require governments to fund their OPEB plans. GASB 75 does, however, establish additional disclosure requirements for employers contributing to OPEB plans. For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Disclosure and required supplementary information requirements about defined benefit OPEB also are required regardless of whether or not the plan is administered through a qualifying trust.

Under GASB 75, the Net OPEB Liability is reported as a liability on the State's financial statements. The Net OPEB Liability is the difference between the Total OPEB Liability (the actuarial present value of all future projected benefit payments attributable to service prior to the measurement date) and the Fiduciary Net Position (market value of assets).

The State's annual OPEB expense is calculated as change in Net OPEB Liability over the measurement period, with deferred recognition of certain aspects of the change in liability, including investment gains/losses, demographic gains/losses, and changes in actuarial assumptions. Unrecognized amounts are reported as deferred inflows and/or deferred outflows of resources related to OPEB until they are recognized in the annual OPEB expense.

2011 Employee and Retiree Health Benefits Reforms. The 2012 Budget implemented changes to employee and retiree prescription drug and health benefits (the "2011 Health Benefit Reforms") that decreased the State's projection of OPEB liability from $15.9 billion prior to the 2011 Health Benefit Reforms to $9.2 billion after the 2011 Health Benefit Reforms, and decreased the corresponding State projection of ADEC under GASB 45 from $1.22 billion to $704.4 million. The 2011 Health Benefit Reforms increased employee and retiree prescription drug copayments and increased retiree premium payments and out of pocket maximums. For new employees hired after June 30, 2011, 10 years of service rather than 5 years is required for eligibility for retiree health benefits, and 25 years of service rather than 16 years is required in order to receive a full State subsidy. Under current law, effective January 1, 2019, State prescription drug benefits would have been discontinued for certain retirees and those retirees would have been required to enroll in Medicare Part D after the Part D coverage gap is phased out. However, following litigation brought by State retirees, an injunction has been issued forbidding the discontinuation of the prescription drug benefits for those retirees until the litigation is resolved. In addition, the General Assembly passed legislation that would create three state-funded programs to limit costs related to the prescription drug benefit for certain eligible retirees. The Department of Budget and Management projects this legislation will increase the State's net OPEB liability by at least $2.36 billion over 30 years. See "LEGAL MATTERS – Litigation and Other Matters" for a description of legal proceedings.

OPEB Projections. As of June 30, 2021, the actuary's Total OPEB Liability was $16.8 billion, and the Fiduciary Net Position was $355.1 million, resulting in a Net OPEB Liability ("NOL") of $16.4 billion. The discount rate used was an unblended pay-go rate of 2.21%. The ratio of the Fiduciary Net Position to the Total OPEB Liability was 2.12%. The covered payroll (annual payroll of active employees covered under the Program) was $5.7 billion, and the ratio of the NOL to the covered payroll was 289.69%.

The following table from the Actuarial Valuation Reports as of June 30, 2021, prepared by the State's actuary, shows the components of the State's annual OPEB expense, the contribution to the Program and the State's Net OPEB Liability for fiscal year 2022.

State Employee and Retiree Health and Welfare Benefits Program
Annual OPEB Expense and Net OPEB Liability
Fiscal Year 2021-2022
Projections as of December 31, 2021
($ in millions)

Reporting Date under GASB 75	<u>**June 30, 2021**</u>	<u>**June 30, 2022**</u>
Measurement Date under GASB 75	<u>**June 30, 2020**</u>	<u>**June 30, 2021**</u>
<u>Net OPEB Liability</u>	$16,424.5	$14,798.6
Deferred inflows of resources related to OPEB	1,253.9	3,020.1
Deferred outflows of resources related to OPEB	(2,303.4)	(2,324.7)
Net Liabilities Relating to OPEB	**$15,375.0**	**$15,494.0**
Net OPEB Expense	$1,064.1	$748.7
Less: Contributions made	(601.5)	(629.6)
Net Change in Liabilities Relating to OPEB	**$462.6**	**$119.1**

The State's General Fund has historically contributed approximately 60% of the annual pay-as-you-go costs of other post-employment benefits, with special and federal funds contributing the balance. Chapter 355 of the 2007 Laws of Maryland created the Postretirement Health Benefits Trust Fund (the "Trust Fund") as an irrevocable trust. Funds of the Trust Fund will be used to assist in financing the State's post-retirement health insurance subsidy. The net assets held in trust for post-retirement health benefits as of June 30, 2021 were $355.1 million. This balance also reflects the activity for investment earnings and administrative expenses during the period.

Maryland Transit Administration. The MTA provides a retiree health care benefits plan (the "MTA OPEB") to all employees who are members of the MTA plan, except for transfers from union to management positions who are required to enroll in the State Employee and Retiree Health and Welfare benefits program described above. The annual funding of the MTA OPEB is based upon a report of the consulting actuary (Gabriel, Roeder, Smith & Company). The MTA OPEB is an unfunded pay-as-you-go plan. The MTA does not currently have a separate fund set aside to pay healthcare costs.

The funded status for MTA OPEB are as follows:

Maryland Transit Administration Plan OPEB
Annual OPEB Cost and Net OPEB Liability
Fiscal Year 2021
($ in millions)

Balance as of June 30, 2019 for FY 2020	$832.7
Changes for the Year:	
Service Cost	46.1
Interest	26.5
Changes of Benefit Terms	0.0
Experience Losses/(Gains)	19.7
Trust Contribution – Employer	(20.4)
Net Investment Income	0.0
Changes in Assumptions	(21.7)
Benefits Payments (net of retiree contributions)	0.0
Administrative Expense	0.0
Net Changes	50.3
Balance as of June 30, 2020 for FY 2021	$883.0

Note: Numbers may not add due to rounding

For a more detailed discussion of the MTA OPEB, see Appendix A, Note 16 to the State's 2021 Annual Comprehensive Financial Report.

Labor Management Relations

As of December 31, 2021, the State had approximately 105,748 employees.

States are exempt from the provisions of the National Labor Relations Act; thus, State employees may engage in collective bargaining only if specifically authorized. Since 1999, collective bargaining has been available to eligible State employees. Eligible State employees are assigned to one of nine bargaining units. These bargaining units are represented by six certified exclusive bargaining representatives that are entitled to negotiate with the Governor or his designee(s) regarding wages, hours, and terms and conditions of employment on behalf of bargaining unit employees. The negotiating parties execute a memorandum of understanding of not less than one year or more than three years duration that incorporates all matters of agreement. Matters of agreement that require legislative approval or the appropriation of funds are subject to the approval of the General Assembly. Additionally, State employees may join employee associations, and the State permits the deduction of dues from employees' salaries for these associations. In December of 2021, the State negotiated four full agreements and two economic reopeners for the six certified exclusive bargaining representatives. Employees represented by most of these exclusive bargaining representatives negotiated the following: (1) a make-up increment for employees who would have been eligible for an increment on January 1, 2021 or July 1, 2021, but did not receive an increment due to budgetary constraints; (2), a 1% cost-of-living adjustment ("COLA") on January 1, 2022; (3) bonuses totaling $1,500 in January 2022 (excluding employees represented by the American Federation of State, County, and Municipal Employees ("AFSCME"), which received $1,000); (4) a 3% COLA effective July 1, 2023; (5) an increment in fiscal 2023; and (6) a 2% COLA on July 1, 2023. In addition, AFSCME members received a 1% catch-up COLA in January 2022, and specified members received a $2,500 payment as part of a group grievance settlement. Separately from these increases, members of the State Law Enforcement Officers Labor Alliance and BWI Firefighters received a 7% COLA on July 1, 2022, and an increment in Fiscal 2023 based on negotiated agreements.

Over 4,000 State employees from 19 State agencies filed a grievance in the Office Administrative Hearings ("OAH") that sought double time emergency pay during the COVID-19 State of Emergency in Maryland. These employees were represented in the grievance matters at OAH by the American Federation of State, County and Municipal Employees (AFSCME), a public sector union. In connection with its annual negotiations, the State and AFSCME have entered into a settlement agreement that resolves the emergency pay grievances at OAH. The settlement agreement was approved by the AFSCME's members. Pursuant to that settlement agreement, AFSCME has filed a Notice of Withdrawal and Stipulation of Dismissal with prejudice at OAH and the matter is now closed.

In addition to State employees, in 2001 collective bargaining was extended similarly to approximately 10,000 employees of the University System of Maryland, St. Mary's College of Maryland, Morgan State University, and Baltimore City Community College. Eligible employees of these entities are assigned to one of three bargaining units at each of 15 campus locations, and are represented by a total of three certified exclusive bargaining representatives. Collectively, approximately 1,252 employees of these higher education institutions pay dues to four employee associations, including the three certified exclusive bargaining representatives.

Collective bargaining was extended in 2012 to eligible State employees of the Office of the Comptroller, Maryland Transportation Authority, State Retirement Agency and Maryland State Department of Education. Since that date, approximately 750 additional employees have been extended collective bargaining.

Public school teachers throughout the State are not State employees but are employed and otherwise paid by the local school boards of education. The State, however, pays partial retirement benefit contributions on behalf of those employees. Teachers have been authorized by statute to form and participate in employee organizations for the purpose of representation on all matters relating to salaries, wages, hours, and other working conditions. Similar laws have been enacted to cover employees of Baltimore City and some counties.

The employees of the public community colleges and the public libraries are not State employees; the State, however, pays each employer's share of the retirement contribution.

Aid to Local Government

The State provides substantial assistance to local governments through a variety of direct and indirect assistance programs. Cash assistance is provided to support, among other local expenditures, community colleges, basic current expenses of elementary and secondary schools, pupil transportation, road construction and maintenance, the education of students with disabilities, local health departments, and local police departments. In addition to cash grants, the State has contributed directly to retirement for local teachers and librarians. Beginning in fiscal year 2013, State retirement contributions for local teachers and librarians reflect a lower State obligation pursuant to legislation enacted during the 2012 Legislative Session that allows for sharing costs with local jurisdictions. The State has also directly paid a major share of the debt service on bonds issued to pay for the construction of local elementary and secondary schools, community colleges, and water treatment facilities. Further, the State has assumed the non-federal share of the costs of providing medical assistance, income maintenance payments, and social services for the needy. In the transportation area, the State operates the mass transit program in the Baltimore area and provides grant assistance for the Maryland portion of the Washington metropolitan area transit system.

The following table presents a summary of major State financial support for fiscal years 2019 through 2021, and the estimates for fiscal years 2022 and 2023. Federal funds are excluded.

Major State Financial Support to Local Governments
Fiscal Years 2019–2023
($ in millions)

	2019	**2020**	**2021**	**2022 Estimated**	**2023 Estimated**
Education	$6,957	$7,418	$7,727	$8,107	$8,683
Transportation	247	243	265	272	282
Health	52	59	69	74	75
Environment	59	54	50	59	88
Public Safety	132	150	168	183	242
Other	312	325	343	343	340
Total *	$7,759	$8,249	$8,622	$9,038	$9,710

* Totals may not add due to rounding.

STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM

The State issues general obligation bonds, to the payment of which the State ad valorem property tax is pledged, for capital improvements and for various State-sponsored projects. In addition, the Maryland Department of Transportation issues for transportation purposes its limited, special obligation bonds payable primarily from specific, fixed-rate excise taxes and other revenues related mainly to highway use. The State and certain of its agencies also have entered into a variety of lease-purchase agreements to finance the acquisition of capital assets. These lease agreements specify that payments thereunder are subject to annual appropriation by the General Assembly.

There is no general debt limit imposed by the State Constitution or public general laws. Although the State has the authority to make short-term borrowings in anticipation of taxes and other receipts up to a maximum of $100.0 million, the State has not issued short-term tax anticipation notes or made any other similar short-term borrowings for cash flow purposes.

Tax-Supported Debt Outstanding

The aggregate principal amount of outstanding bonded indebtedness of the State as of December 31, 2021 is as follows:

Tax-Supported Debt Outstanding
($ in millions)

	Outstanding at December 31, 2021	As Adjusted For This Sale (a)
General Obligation Bonds (b)	$9,872.5	$9,851.7
Consolidated Transportation Bonds (c)	3,763.7	3,763.7
Maryland Stadium Authority Bonds and Leases (d)	107.8	107.8
Capital Leases (e)	73.0	73.0
Bay Restoration Revenue Bonds (f)	209.7	209.7
Net Tax-Supported Debt	$14,026.7	$14,005.9

(a) Reflects issuance of Second Series C Bonds. Does not include issuance of Second Series D Bonds.
(b) As of December 31, 2021 the authorized but unissued amount was $1.96 billion. This amount includes approximately $87.5 million of outstanding qualified zone academy bonds which are privately placed. See also APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES."
(c) See "Department of Transportation Debt."
(d) See "Maryland Stadium Authority Lease Revenue Debt Outstanding."
(e) See "Lease and Conditional Purchase Financings."
(f) See "Other Tax-Supported Debt."

The above table excludes local debt as well as revenue and enterprise debt, all of which are not State tax-supported debt. (For further information on Revenue and Enterprise Debt see "MISCELLANEOUS REVENUE AND ENTERPRISE FINANCINGS" and APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – Revenue and Enterprise Financings.")

General Obligation Bonds

General Obligation bonds are authorized and issued primarily to provide funds for State-owned capital improvements, including institutions of higher education, and the construction of locally owned public schools. General obligation bonds also have been issued to fund local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for repayable loans or outright grants to private, nonprofit, cultural, or educational institutions. In the proposed fiscal year 2023 capital program, 49.8% of new general obligation bond authorizations represented financing of State-owned capital facilities, 16.2% represented financing grant and loan programs to public school construction, and 34.0% represented financing of other capital needs such as those owned by non-profit or other private entities.

Dedication of State Property Tax to General Obligation Debt. The State Constitution prohibits the contracting of State debt unless the debt is authorized by a law levying an annual tax or taxes sufficient to pay the debt service within 15 years and prohibiting the repeal of the tax or taxes or their use for another purpose until the debt is paid. As a uniform practice, each separate enabling act that authorizes the issuance of general obligation bonds for a given object or purpose has specifically levied and directed the collection of a State ad valorem property tax on all taxable property in the State.

The Board of Public Works is directed by law to fix by May 1 of each year the property tax rate necessary to produce revenue sufficient for the debt service requirements of the next fiscal year, which begins July 1, but the taxes so levied need not be collected if or to the extent that funds sufficient for debt service requirements in the next fiscal year have been appropriated in the annual budget. Accordingly, the Board, in annually fixing the rate of property tax after the end of the regular Legislative Session in April, takes account of appropriations of general and other funds for debt service.

From fiscal year 1972 through fiscal year 2003, general funds were appropriated to the State Department of Education for payment of debt service for public school construction debt. Other general obligation bonds were serviced to a lesser degree (prior to fiscal year 2014) from general funds as well as from the State property tax and other special and federal funds. As a result, although all the enabling acts commit the State property tax to the service of general obligation debt, and all amounts collected from such tax are applied to that purpose, it had been the normal practice to devote a significant amount of General Fund revenue to general obligation debt service.

General Fund Revenue Dedicated to
General Obligation Debt Service
($ in millions)

Fiscal Year	General Fund Subsidy
2016	$252.4
2017	259.4
2018	259.6
2019	286.0
2020	287.0
2021	131.0
2022 (appropriated)	260.0
2023 (proposed)	430.0

For fiscal year 2023, the sources of current revenues are the State property tax (64.4%), general funds (29.9%), carried-over balance from previous years (5.1%), and federal subsidies for ARRA Bonds and other revenues (0.6%).

Department of Transportation Debt

Consolidated Transportation Bonds are limited obligations issued by the Maryland Department of Transportation (the "Department"), the principal of which must be paid within 15 years from the date of issue, for highway, port, transit, rail, or aviation facilities or any combination of such facilities. The law limits the outstanding aggregate principal amount of these bonds to $4.5 billion. Current law also provides that the General Assembly may establish in the budget for any fiscal year a maximum outstanding aggregate amount of these bonds as of June 30 of the fiscal year that is less than $4.5 billion. For fiscal year 2021, the limit is $3.9 billion. As of December 31, 2021, the principal amount of outstanding bonds is $3.8 billion.

Debt service on Consolidated Transportation Bonds is payable from those portions of the excise tax on each gallon of motor vehicle fuel and the motor vehicle titling tax, sales and use tax on short-term vehicle rentals, and the corporate income tax as are credited to the Department after distribution to the General Fund, plus all departmental operating revenues and receipts. In addition, beginning July 1, 2013, the static excise tax rates for gasoline and special fuel were replaced by a two-prong rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years. See "STATE FINANCES- State Revenues." Pursuant to the Chapter 397, Laws of Maryland 2011 enacted in the 2011 legislative session of the General Assembly, the Department no longer receives a portion of the State's general sales and use tax; however the Department's former share of that tax remains pledged to Consolidated Transportation Bonds issued prior to July 1, 2011. The holders of the Consolidated Transportation Bonds are not entitled to look to other sources for payment. The Department has covenanted with the holders of outstanding Consolidated Transportation Bonds not to issue additional bonds unless certain revenue adequacy tests are met.

In the 2014 Legislative Session, the General Assembly authorized the Department, by resolution of the Secretary of the Department, to borrow funds to finance the costs of transportation facilities through the issuance of revenue-backed bonds so long as the payment of debt service on such bonds is not supported directly or indirectly by State tax revenues pledged to meet debt service on the Department's Consolidated Transportation Bonds. Prior to enactment of this legislation, the Department had relied on the Maryland Transportation Authority or the Maryland Economic Development Corporation to be conduit issuers for these types of revenue-backed bonds. On February 10, 2021, the Department issued $219.9 million of Special Transportation Project Refunding Revenue Bonds refunding existing bonds previously issued by the Maryland Transportation Authority and the Maryland Economic Development Corporation to consolidate separate revenue pledges and provide a gross pledge of MAA's operating revenues. On July 14, 2021, the Department issued $190.5 million of additional bonds to fund the Concourse A/B Connector and Baggage Handling System project at the Baltimore/Washington International Thurgood Marshall Airport.

Nontraditional Debt. During the 2021 Legislative Session, the General Assembly established a maximum outstanding principal amount of $1.2 billion as of June 30, 2022, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or Grant Anticipation Revenue Vehicle ("GARVEE") Bond. Such debt includes but is not limited to: Certificates of Participation (documented by conditional purchase agreements) ("COPs"), debt backed by customer facility charges, passenger facility charges ("PFC"), or other revenues, and debt issued by Maryland Economic Development Corporation ("MEDCO") or any other third party on behalf of the Department. As of December 31, 2021, the Department's nontraditional debt outstanding was $775.8 million. In addition, the Department is required to report on debt issued by the Purple Line project concessionaire as non-State tax supported debt, , of which no amounts were outstanding on December 31, 2021.

Private Public Partnerships

Purple Line Transit Project (Purple Line). The Purple Line is a 16.2 mile east-to-west light rail line that runs across Montgomery and Prince George's counties just inside the I-495/Capital Beltway in the Washington, D.C. metropolitan area. It will provide a direct connection to Metrorail Red, Green, and Orange lines. It will also connect to MARC, Amtrak and local bus services. In 2016, the Department and the Maryland Transit Administration ("MTA") entered into a public-private partnership with Purple Line Transit Partners ("PLTP") for the design, construction, financing, operations, and maintenance of the Purple Line over a six-year design and construction period and a 30-year operating period. The project financing includes a federal New Starts grants, State contributions, and private debt and equity.

After the Public-Private Partnership Agreement with PLTP was signed, the project's Record of Decision from the Federal Transit Administration was vacated by a federal court action. That decision was later overruled in July 2017 and the Record of Decision was reinstated. This action, along with several others, resulted in claims from PLTP for additional time and more than $755 million for alleged project delays. The Department, MTA, and PLTP were unable to come to agreement on the entitlement and value of such claims.

In June 2020, PLTP provided notice to the State of its unconditional termination of the Public-Private Partnership Agreement for extended delay and court actions were filed by both parties. After PLTP left the job in September, the State assumed key contracts and hundreds of subcontracts necessary to continue the delivery of the Purple Line, safeguard its investment, and make the project site safe for the public. Despite these events, the parties continued to meet and try to resolve these issues.

In December 2020, the Board of Public Works approved a settlement agreement that resolved all outstanding claims, provided a $250 million settlement payment to the design-build contractor, and provided for completion of the project with a new design-build contractor.

Since that time, PLTP, the Department, and MTA have been working closely together on the selection of a new design-build contractor. A new design-build contractor was selected in October 2021 and approved by the Board of Public Works on January 26, 2022. The cost of the new design-build is an additional $2.3 billion. The State continues to manage the project and is focused on de-risking the project by finalizing designs, obtaining certain remaining permits, and progressing utility relocation work. This effort will continue post commencement of the new design builder on select elements of the work through 2022.

Op Lanes Maryland. In 2017, Governor Larry Hogan announced Maryland's Traffic Relief Plan to reduce traffic congestion, increase economic development, and enhance safety and return quality of life to Maryland commuters. The largest component of the Plan, the I-495 & I-270 Public-Private Partnership Program, is being delivered through multiple phases. Phase 1, known as the American Legion Bridge I-270 to I-70 Relief Plan, begins south of the American Legion Bridge in the vicinity of the George Washington Memorial Parkway and extends north to I-270 and then up I-270 to I-70 in Frederick. Within Phase 1 there will be multiple sections. The section from the vicinity of the George Washington Memorial Parkway across the American Legion Bridge to I-370, including replacement of the American Legion Bridge, will be developed and delivered as the first section ("Phase 1 South"). The northern portion of Phase 1 ("Phase 1 North") includes the remaining improvements to I-270, from I-370 to I-70.

In June 2019, the Board of Public Works designated the project as a public-private partnership and approved the public-private partnership solicitation method. In January 2020, the Board of Public Works provided a supplemental approval for the delivery of the Project through the solicitation of a phase developer under a phased delivery approach.

A two-step solicitation process was completed that included a Request for Qualifications and Request for Proposals. In July 2020, four highly qualified respondents were selected to submit a proposal to enter into a Phase Public-Private Partnership Agreement to complete the predevelopment work. Accelerate Maryland Partners, LLC ("AMP") was announced as the selected proposer. The AMP team includes Transurban (USA) Operations, Inc. and Macquarie Infrastructure Developments LLC as lead developers and equity members. On March 1, 2021, one of the proposers that was not selected for award filed a protest against the award of the Phase Public-Private Partnership Agreement to AMP. On April 15, 2021, the protest was denied by the contracting officer on both procedural and substantive grounds and the contracting officer's decision was appealed to the Secretary of the Department or their designee. After hearing arguments on a motion to dismiss the protest based on the timeliness of the filing, the Secretary's designee found that the protest was not filed timely and the unsuccessful bidder petitioned for judicial review of that decision to the Montgomery County Circuit Court in September 2021. In February 2022, a judge ruled that although one basis of a portion of the protest was untimely, the other bases of the protest were timely and were remanded to the Department to process with a hearing on the merits. That process is ongoing.

On August 11, 2021 the Board of Public Works approved the Phase Public-Private Partnership Agreement to allow predevelopment work to proceed. Predevelopment work includes robust collaboration with stakeholders and identification of the best ways to advance the preliminary design and due diligence activities to further avoid and minimize impacts to environmental resources, communities, properties, utilities, and other features. After completion of the predevelopment work with respect to a section of Phase 1 South, and only if a build alternative is identified under the NEPA approval process, final Board of Public Works approval will be sought for a 50-year Section Public-Private Partnership Agreement for final design, construction, financing, operations, and maintenance of Phase 1 South. The developer will retain the revenue risk for the project and all debt of the project will be backed by toll revenue and be non-recourse to the State and to the Department.

Maryland Stadium Authority Bonds

The Maryland Stadium Authority (the "Authority") was created in 1986 as an instrumentality of the State responsible for financing and directing the acquisition and construction of professional sports facilities in Maryland. Since then, the Authority's responsibility has been extended to include convention centers in Baltimore City and Ocean City, a conference center in Montgomery County, the Hippodrome Theater in Baltimore City, Camden Station Renovation in Baltimore City, Baltimore City Public Schools, and the Built to Learn Act which is a statewide school construction program. On December 31, 2021, the principal amount of tax-supported outstanding bonds and capital leases of the Authority was $107.8 million. See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – Maryland Stadium Authority" for a summary of outstanding debt and interest rate exchange agreements of the Authority and descriptions of the Authority's projects.

Lease and Conditional Purchase Financings

The State has financed and expects to continue to finance the construction and acquisition of various facilities and equipment through conditional purchase, sale-leaseback, and similar transactions. As of December 31, 2021 the total tax-supported capital leases and conditional purchase financing outstanding was $232.2 million. See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – State Tax-Supported Lease and Conditional Purchase Financings" for details of the total tax-supported capital leases outstanding. All of the tax-supported lease payments under these arrangements are subject to annual appropriation by the General Assembly. In the event that appropriations are not made, the State may not be held contractually liable for the payments. These transactions generally are subject to approval by the Board of Public Works.

In 2011, MEDCO issued $170.9 million in Lease Revenue Bonds to finance the Public Health Lab (the "2011 Bonds") for use by the Department of Health, in Baltimore City, Maryland. In April 2021, MEDCO issued its $123.4 million in Lease Revenue Refunding Bonds, Series 2021 for the purpose of refunding the 2011 Bonds and to pay certain costs of issuance. In 2002, MEDCO issued Lease Revenue Bonds in the amount of $36.0 million to finance the construction of a new headquarters building for the Department of Transportation. On May 25, 2010, MEDCO issued refunding bonds to refund the 2002 Lease Revenue Bonds. The refunding bonds will be fully repaid in fiscal year 2022.

Local government agencies or other lessors have also issued revenue bonds or sold COPs to finance facilities. In 2019, the State sold $23.49 million of COPs to finance the acquisition of buses for shuttle services at the Baltimore Washington International Thurgood Marshall Airport.

The State Treasurer's Office consolidates equipment lease-purchases authorized in the budget into periodic lease-purchase agreements for all executive agencies. The State also has a lease-purchase program to provide financing for energy conservation projects at State facilities. Lease payments are made from the agencies' annual utility appropriations from the savings achieved through the implementation of energy performance contracts.

Bay Restoration Revenue Bonds

During the 2004 Legislative Session, the Maryland General Assembly created the Bay Restoration Fund to be managed by the Water Quality Financing Administration of the Maryland Department of the Environment ("Administration"). Through fiscal year 2012, the Bay Restoration Fund received a mandatory fee of $30 per year per equivalent dwelling unit from users of sewerage systems in the State, as well as $30 per year from septic system users. During the 2012 Legislative Session, the fee was increased from $30 per year to $60 per year for most users, effective July 1, 2012. The sewer fee revenues are projected at approximately $110.0 million per year. The sewer fee revenues are pledged, to the extent necessary, as security for Bay Restoration Revenue Bonds issued by the Administration, the proceeds of which will be applied primarily to provide grant funds to upgrade wastewater treatment plants with enhanced nutrient removal technology. The first $50.0 million of Bay Restoration Fund Revenue Bonds were issued on June 25, 2008, followed by another $100.0 million on April 19, 2014 and $180.0 million in November 2015. As of December 31, 2021, the principal amount of outstanding Bay Restoration Revenue Bonds was $209.7 million.

Debt Data

The following tables present, at fiscal year-end, various data showing: (1) the trend of outstanding general obligation debt, its relationship to assessed value of property, personal income, and population, and the trend of general obligation debt service and its relationship to revenues; (2) the trend of outstanding general obligation, transportation, and other State tax-supported debt and debt service and their relationships to the same factors; and (3) the total combined tax-supported debt of the State and debt of Baltimore City and all of the counties, towns, and special taxing districts within Maryland, and various relationships of such local combined debt to the assessed value of property, population and personal income. While the State is not obligated for local unit debt, the combined State and local unit debt ratios demonstrate the total State and local debt obligations relative to statewide assessed values, population and personal income, for general comparison with other states' debt levels.

The Capital Debt Affordability Committee ("CDAC") annually reports ratios for tax-supported debt outstanding compared to personal income and tax-supported debt service compared to revenues. Debt outstanding, personal income, debt service, revenues and population in the following tables are all as reported in the 2020 CDAC report. Because some of the numbers used in the CDAC report are preliminary, they may not agree with more recent figures reported elsewhere in this Updated Official Statement.

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General Obligation Bond Ratios
($ in millions except per capita amounts)

	End of Fiscal Years				
	2017	**2018**	**2019**	**2020**	**2021**
General Obligation Bonds (a)........	$9,334	$9,479	$9,607	$9,772	$9,913
% Change (b)................................	-1.4%	1.6%	1.4%	1.7%	1.4%
Assessed Value (c)	$694,548	$719,270	$746,081	$770,161	$793,419
Debt Ratio (d)...............................	1.3%	1.3%	1.3%	1.3%	1.2%
Population (e)	6,052	6,043	6,046	6,056	6,165
Per Capita Debt.............................	$1,542	$1,569	$1,589	$1,614	$1,608
Personal Income (f)	$368,258	$380,172	$390,792	$413,359	$404,521
Debt Ratio (d)...............................	2.5%	2.5%	2.5%	2.4%	2.5%
General Obligation Debt Service...	$1,191	$1,235	$1,291	$1,323	$1,278
Revenues (g).................................	$18,236	$19,052	$19,909	$19,806	$23,004
Debt Service Ratio (d)..................	6.5%	6.5%	6.5%	6.7%	5.6%

* Totals may not add due to rounding.
(a) Shows amount of debt outstanding at the end of fiscal years shown (June 30) less amounts advance refunded and net of any sinking funds. Local debt includes the debt of Baltimore City, counties, towns, and special districts. Local debt data are derived from compilations by the Department of Legislative Services of data reported by the local units as required by statute.
(b) Shows the percentage of increase or decrease of the dollar values from the preceding year's amount.
(c) Amounts for full value are stated as of January 1, the date assessments are made final for the fiscal year beginning the next July 1.
(d) The debt ratios are expressed as the principal amounts of outstanding debt as percentages of (i) assessed value and (ii) personal income. The debt service ratios are expressed as the total annual amounts of debt service as percentages of all relevant revenues.
(e) Population is stated in thousands.
(f) Personal income is for the calendar year ended December 31 of the year shown.
(g) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, and Education Trust Fund.

Combined State and Local Unit Debt Ratios
($ in millions except per capita amounts)

	2017	**2018**	**2019**	**2020**	**2021**
Outstanding Debt (a)					
State Tax-Supported Debt	$12,750	$13,103	$13,598	$13,957	$15,275
Local Debt (h)...................................	24,092	26,546	28,244	29,001	28,984(i)
Total Combined Debt*	$36,842	$39,649	$41,842	$42,958	$44,259
Assessed Value (c)	$694,548	$719,270	$746,081	$770,161	$793,419
Debt Ratio (d)....................................	5.3%	5.5%	5.6%	5.6%	5.6%
Population (e)	6,052	6,043	6,046	6,056	6,165
Per Capita Debt...............................	$6,088	$6,561	$6,921	$7,094	$7,179
Personal Income (f)	$368,258	$380,172	$390,792	$413,359	$404,521
Debt Ratio (d)....................................	10.0%	10.4%	10.7%	10.4%	10.9%

* Totals may not add due to rounding.
(a) Shows amount of debt outstanding at the end of fiscal years shown (June 30) less amounts advance refunded and net of any sinking funds. Local debt includes the debt of Baltimore City, counties, towns, and special districts. Local debt data are derived from compilations by the Department of Legislative Services of data reported by the local units as required by statute.
(b) Shows the percentage of increase or decrease of the dollar values from the preceding year's amount.
(c) Amounts for full value are stated as of January 1, the date assessments are made final for the fiscal year beginning the next July 1.
(d) The debt ratios are expressed as the principal amounts of outstanding debt as percentages of (i) assessed value and (ii) personal income. The debt service ratios are expressed as the total annual amounts of debt service as percentages of all relevant revenues.
(e) Population is stated in thousands.
(f) Personal income is for the calendar year ended December 31 of the year shown.
(g) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, and Education Trust Fund.
(h) Includes outstanding debt of component units.
(i) Estimate.

Combined General Obligation, Transportation and Other State Tax-Supported Debt Ratios
($ in millions except per capita amounts)

	End of Fiscal Years				
	2017	**2018**	**2019**	**2020**	**2021**
Outstanding					
General Obligation Bonds (a)	$9,334	$9,479	$9,607	$9,772	$9,913
Transportation Bonds:					
Consolidated Transportation	2,578	2,912	3,343	3,627	3,672
Capital Leases	217	210	215	199	158
Stadium Authority	120	97	130	127	1,322
GARVEE Bonds	207	130	49	0	0
Bay Restoration Revenue Bonds	293	274	253	232	210
Total State Tax-Supported Debt*	$12,748	$13,102	$13,597	$13,957	$15,275
Assessed Value (b)	$694,548	$719,270	$746,081	$770,161	$793,419
Debt Ratio (c)	1.8%	1.8%	1.8%	1.8%	1.9%
Population (d)	6,052	6,043	6,046	6,056	6,165
Per Capita Debt	$2,107	$2,168	$2,249	$2,305	$2,478
Personal Income (e)	$368,258	$380,172	$390,792	$413,359	$404,521
Debt Ratio (c)	3.5%	3.4%	3.5%	3.4%	3.8%
Debt Service	$1,660	$1,744	$1,802	$1,807	$1,770
Revenues (f)	$22,084	$22,903	$23,888	$24,044	$26,758
Debt Service Ratio (c)	7.5%	7.6%	7.5%	7.5%	6.6%

* Totals may not add due to rounding.
(a) Shows amount of debt outstanding at the end of fiscal years shown (June 30) less amounts advance refunded and net of any sinking funds. Local debt includes the debt of Baltimore City, counties, towns, and special districts. Local debt data are derived from compilations by the Department of Legislative Services of data reported by the local units as required by statute.
(b) Amounts for full value are stated as of January 1, the date assessments are made final for the fiscal year beginning the next July 1.
(c) The debt ratios are expressed as the principal amounts of outstanding debt as percentages of (i) assessed value and (ii) personal income. The debt service ratios are expressed as the total annual amounts of debt service as percentages of all relevant revenues.
(d) Population is stated in thousands.
(e) Personal income is for the calendar year ended December 31 of the year shown.
(f) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, and Education Trust Fund.

See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – General Obligation Bonds" for: (1) amounts of the outstanding general obligation bonds of the State at each fiscal year end for the period 2014 through 2021; and (2) for the annual debt service requirements on all outstanding general obligation bonds of the State for future fiscal years.

Capital Programs

General obligation debt is one of several sources of funds used to finance capital assets of the State and to provide State capital grants and repayable loans to local governments and the private sector (see "STATE TAX- SUPPORTED DEBT AND CAPITAL PROGRAM – General Obligation Bonds"). Other types of debt incurred by the State and its units to finance various capital facilities and programs include bonds issued by the Department of Transportation (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Department of Transportation Bonds"), bonds issued by the Maryland Stadium Authority (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Maryland Stadium Authority Bonds") and capital leases for the acquisition of property and equipment (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Lease and Conditional Purchase Financings").

The State has also funded capital projects through current operating revenues and receipts. For example, the Department of Transportation funds roads, bridges, and other transportation facilities from current revenues from dedicated sources; and the Department of Natural Resources constructs waterway improvements, shore erosion and land development projects, purchases land for recreational and conservation purposes, and provides capital grants to local governments from revenues in its operating budget. Furthermore, some operating budgets have included general funds for projects normally eligible for funding by general obligation bonds.

The General Assembly annually enacts a Maryland Consolidated Capital Bond Loan appropriating funds for the various capital programs to be funded through the sale of State general obligation bonds. Once authorized, the projects are implemented by various State agencies, generally under the supervision of the Board of Public Works. Project expenditures are accounted for in the Capital Projects Fund. General obligation bonds are issued as cash is needed to meet project requirements. General obligation bond proceeds are credited to the State and Local Facilities Loan Fund, and cash is transferred to fund capital project expenditures, as needed. For each fiscal year from 2018 through 2022, the following table sets forth the amount of bonds authorized, issued, cancelled, and retired; the cumulative amount of general obligation bonds outstanding; and the cumulative amount of bonds authorized but unissued.

Bonds Authorized, Issued, Cancelled and Retired ($ in thousands)[(a)]

	Activity during Fiscal Year						Status at Fiscal Year End	
		Issued		Authorizations	Principal			Authorized
Fiscal Year	Authorized (b)	New	Refunding	Cancelled	Redeemed	Refunded	Outstanding*	but Unissued*
2018	$1,075,000	$1,079,823	$785,340	$2,300	$835,446	$884,515	$9,479,407	$2,399,142
2019	1,085,000	1,000,000	-	1,337	872,498	-	9,606,909	2,507,805
2020	1,095,000	1,095,000	232,230	25,153	904,346	257,325	9,772,468	2,482,652
2021	1,105,000	1,015,000	471,390	-	851,598	494,330	9,912,930	2,572,652
2022 (c)......	-	615,000	-	-	655,432	-	9,872,498	1,957,652

* Totals may not add due to rounding.
(a) Per the Comptroller's Office.
(b) Amounts shown represent authorizations that become effective in the fiscal year indicated. The normal effective date is June 1, which is in the same fiscal year as the session of the General Assembly enacting the authorization; however, some authorizations are not effective until July 1, which is the first day of the following fiscal year.
(c) As of December 31, 2021.

The following table reflects activity and ending balances in the Capital Projects Fund on a budgetary basis.

Capital Projects Fund ($ in thousands)

Fiscal Year	Beginning Balance	Bond Proceeds (a)	Other (b)	General Fund Appropriation	Project Expenditures	Ending Balance*
2018	$223,838	$1,079,765	$145,454	$-	$1,038,855	$410,202
2019	410,202	1,000,000	215,539	31,074	1,249,376	407,439
2020	407,439	1,094,924	192,706	-	1,083,507	611,562
2021	611,562	1,014,816	330,908	-	1,172,433	784,854
2022 (c)..................	784,854	614,926	41,362	-	522,748	918,394

* Totals may not add due to rounding.
(a) Includes premiums on the sale of bonds used to pay underwriter's discount and costs of issuance, net of amounts used to pay refunded bonds.
(b) Consists primarily of State property transfer tax revenues and other transfers in (out).
(c) As of December 31, 2021.

The capital budget for fiscal year 2023 totals $3.8 billion. Of this amount, $2.3 billion is discretionary State funds comprised of general obligation, bond premiums, and general fund "paygo" (pay as you go). The remainder is comprised of federal funds, special funds, and revenue bonds set aside for specific uses. The capital budget authorizes the creation of $1.2 billion in general obligation bond debt and anticipates $210.0 million in general obligation bond premium proceeds will be used for capital projects. In addition, the State's strong revenues and fiscal outlook allow for $910.1 million in general fund paygo to support the capital program.

In fiscal year 2023, $222.2 million in General Obligation bonds is provided to improve schools throughout the State, and $685.4 million in General Obligation bond funding is provided for new construction of and improvements to State-owned facilities, with a portion going to the Department of Transportation. The capital budget includes an additional $467.4 million to address other capital needs, including environmental and outdoor infrastructure improvements, local higher education facilities, affordable housing, community revitalization, and other important capital priorities throughout the State. General Fund paygo of $910.1 million will supplement these capital programs with $421.5 million for State-owned facilities and transportation, $257.8 million for public school improvements, and $230.8 million for other capital needs.

The State's five-year Capital Improvement Program for fiscal years 2023 through 2027 includes $8.6 billion in discretionary funds: $5.7 billion in General Obligation bond sale revenue, $210.0 million in bond premium set aside for project costs, and $2.6 billion in General Fund paygo. The State's anticipated capital needs for these fiscal years, included in the January 2022 Capital Improvement Program, that are to be funded through General Obligation bond issuances, total $3.5 billion for State-owned facilities, $603.8 million to improve schools throughout the State, and $1.8 billion for other capital needs. General Fund paygo supplements these programs with $1.1 billion for State-owned facilities, $1.3 billion for improvements to public school facilities, and $274.8 million for other capital needs. The funded amount, by year, is outlined in the following table.

Governor's Capital Improvement Program
General Obligation Bonds
($ in millions)

	GO Bonds and Bond Premiums			General Fund Paygo		
Fiscal Year	**State-Owned Facilities**	**Public School Improvements**	**Other Capital Needs**	**State-Owned Facilities**	**Public School Improvements**	**Other Capital Needs**
2023	$685.4	$222.2	$467.4	$421.5	$257.8	$230.8
2024	763.2	59.6	302.2	167.0	256.5	9.8
2025	744.5	69.6	320.9	167.0	256.5	10.0
2026	740.0	49.6	355.4	167.0	256.5	15.0
2027	584.7	202.8	367.5	167.0	240.8	9.3
Total	**$3,517.8**	**$603.8**	**$1,813.3**	**$1,089.5**	**$1,268.0**	**$274.8**

Capital Debt Affordability Committee

The General Assembly created a Capital Debt Affordability Committee (the "CDAC"), the members of which are the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, and one person appointed by the Governor. The Chairs of the Capital Budget Subcommittees of the Senate Budget and Taxation Committee and the House Appropriations Committee participate as non-voting members. The CDAC is required to submit to the Governor by October 20 of each year an estimate of the maximum amount of new general obligation debt that prudently may be authorized. Although the CDAC's responsibilities are advisory only, the Governor is required to give due consideration to the CDAC's finding in preparing a preliminary allocation of new general obligation debt authorizations for the next fiscal year.

As part of its process, the CDAC reviews all tax-supported debt, including general obligation debt, Consolidated Transportation Bonds issued by the Department of Transportation, tax-supported bonds issued by the Maryland Stadium Authority, State tax-supported capital lease transactions, GARVEE Bonds and Bay Restoration Revenue Bonds. The CDAC's most recent report, from November 2021, recommended to the Governor and the General Assembly to limit new general obligation bond authorizations to $900 million for fiscal year 2023. The Committee stated that the 2021 recommendation is within the adopted affordability benchmarks of 8% debt service to revenues and 4% debt outstanding to personal income.

The following table compares the CDAC's recommendations for general obligation bond authorizations with the authorizations enacted by the General Assembly during each of the last five sessions.

CDAC's Recommendations for Bond Authorizations
($ in thousands)

General Assembly Session	For Fiscal Year	CDAC Recommendations (A)	Total New Bond Authorizations (B)	General Assembly Deauthorizations of Prior Years' Bond Authorizations (C)	Net Bond Authorizations (B) - (C)	Difference (B) - (C) - (A)
2018	2019	$995,000	$1,091,179	$16,179	$1,075,000	$80,000
2019	2020	995,000	1,092,194	7,194	1,085,000	90,000
2020	2021	1,095,000	1,108,114	13,114	1,095,000	0
2021	2022	1,095,000	1,106,371	1,371	1,105,000	10,000
2022	2023	900,000	n/a	n/a	n/a	n/a

Total sales of General Obligation bonds during the five fiscal years 2018 through 2022 are as follows:

Total Sales of General Obligation Bonds
Fiscal Years 2018-2022
($ in thousands)

	2018	2019	2020	2021	2022*
General Construction	$664,973	$659,609	$421,488	$415,717	$375,150
State Public School Construction	399,210	299,603	646,822	551,435	123,000
Other	15,640	40,788	26,690	47,848	116,850
Total	$1,079,823	$1,000,000	$1,095,000	$1,015,000	$615,000
Refunding	$785,340	$0	$232,230	$471,390	$0

*as of December 31, 2021

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MISCELLANEOUS REVENUE AND ENTERPRISE FINANCINGS

Certain other units of the State government are authorized to borrow money under legislation that expressly provides that the loan obligations shall not be deemed to constitute a debt or a pledge of the faith and credit of the State. The Community Development Administration of the Department of Housing and Community Development, higher education institutions (including the University System of Maryland, Morgan State University, St. Mary's College of Maryland and Baltimore City Community College), the Maryland Transportation Authority, the Maryland Water Quality Financing Administration, the Maryland Environmental Service and the Maryland Department of Transportation have issued and have outstanding bonds of this type. The principal of and interest on bonds issued by these bodies are payable solely from various sources, principally fees generated from use of the facilities or enterprises financed by the bonds. Outstanding revenue and enterprise debt of these State units, together with their non-State tax-supported lease and conditional purchase financings, amounted to approximately $7.4 billion on December 31, 2021. See APPENDIX B – "SUPPLEMENTARY DEBT SCHEDULES – Revenue and Enterprise Financings" for a summary of outstanding Revenue and Enterprise Financings.

The Department of Budget and Management is required to report annually on the levels of debt issued and outstanding by certain State agencies and to recommend annual debt issuance amounts for those agencies. The Governor may establish the amounts of such debt to be issued during the fiscal year, which amounts may be amended by the Governor.

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STATE DEMOGRAPHIC AND ECONOMIC DATA

Introduction

The following selected socioeconomic data may be relevant in evaluating the economic and financial condition of the State; however, this information is not intended to provide all relevant data necessary for a complete evaluation of the State's economic and financial condition.

Maryland is located on the East Coast in the South Atlantic Census Region, and is bordered by Delaware, Pennsylvania, West Virginia, Virginia, and the District of Columbia. Maryland encompasses 12,407 square miles. Ranking 42 among the 50 states in size, Maryland's land area (exclusive of inland waterways and the 1,726 square miles of the Chesapeake Bay) is 9,844 square miles.

Population

According to the 2020 Census, Maryland's population on April 1 of that year was 6,177,224, an increase of 7.0% from 2010. Maryland's population is concentrated in urban areas. In 2020, the eleven counties and Baltimore City located in the Baltimore-Washington region contained 87.3% of its population. The 2020 population for the Baltimore Metropolitan Statistical Areas was estimated at 2,800,189 and for the Maryland portion of the Washington Metropolitan Statistical Areas, 2,484,097. Overall, Maryland's population per square mile was 615 in 2020. The following table presents estimated population of Maryland and the United States from 2012 - 2021.

Population

	Maryland		United States	
Year	Population	Change	Population	Change
2012	5,888,375	0.8%	313,877,662	0.7%
2013	5,925,197	0.6	316,059,947	0.7
2014	5,960,064	0.6	318,386,329	0.7
2015	5,988,528	0.5	320,738,994	0.7
2016	6,007,014	0.3	323,071,755	0.7
2017	6,028,186	0.4	325,122,128	0.6
2018	6,042,153	0.2	326,838,199	0.5
2019	6,054,954	0.2	328,329,953	0.5
2020	6,172,679	1.9	331,501,080	1.0
2021	6,165,129	(0.1)	331,893,745	0.1

Source: U.S. Department of Commerce, Bureau of the Census.
Note: Figures are estimates for July 1 of each year.

In addition to population growth, the age distribution of the population has a significant impact on the economy and State revenues. Realized and expected changes to the age distribution of the population will result in subdued productivity and labor force growth compared to economic expansions of the recent past. Primarily this is due to the fact that the age distribution of the labor force is skewed more towards younger and older workers than in the past, and middle-aged workers are the most productive and have the highest earning on average. In March 2018, the Bureau of Revenue Estimates released a report titled The Impact of Age Demographics on Maryland's Economic and Tax Revenue Outlook. This report may be obtained online at the following link: http://treasurer.state.md.us/media/1111/BRE_Report_On_Age_Demographics.pdf. For 2020, the most recent year for which data is available, the populations of Maryland and the United States were distributed by age as follows:

Age Distribution 2020

Age	Maryland	United States
Under 5 years	5.9%	5.8%
5 through 19 years	18.6	18.7
20 to 44 years	32.8	33.1
45 to 64 years	26.4	25.0
65 years and over	16.3	16.8
	100.0%*	100.0%*

Source: U.S. Department of Commerce, Bureau of the Census.
* Totals may not add due to rounding.

Educational Levels

Maryland's workforce is more highly educated than the United States as a whole. As of 2019, the most recent year for which data are available, the percentage of the population (25 years and over) with a bachelor's degree or higher is 40.9% compared to 33.1% for the nation as a whole. Maryland ranks third in the nation in the percentage of its population over 25 with a graduate or professional degree. The percentage of the population with a high school diploma or higher is 90.4% in Maryland compared to 88.6% for the nation as a whole. Maryland's high levels of educational attainment partially explain higher median and average wages in Maryland compared to the nation as a whole. The State's educated labor force facilitates the growth of the professional services and information services sectors.

Educational Attainment of Population 25 Years and Over in 2019

	Maryland	United States
Less than High School	9.6%	11.4%
High School Diploma	24.6	26.9
Some College	18.0	20.0
Associate's Degree	6.9	8.6
Bachelor's Degree	21.8	20.3
Graduate or Professional Degree	19.1	12.8

Source: U.S. Department of Commerce, Census Bureau (American Community Survey).

Personal Income

Maryland residents received approximately $404.5 billion in personal income in 2020. Maryland's total personal income increased at a rate of 6.1%, compared to the national average of 6.6%. Per capita income remained significantly above the national average in 2020: $66,799 in Maryland compared to the national average of $59,510. In 2020, Maryland's per capita personal income ranked eighth highest in the nation. Per capita income varies across the State, with the highest incomes in the Washington and Baltimore regions. The table below shows trends in per capita personal income in Maryland and the United States.

Per Capita Personal Income Trends

Year	Maryland	Change	United States	Change	Maryland Ranking
2011	$51,970	4.6%	$42,783	5.1%	5
2012	53,016	2.0	44,614	4.3	8
2013	52,576	-0.8	44,894	0.6	8
2014	54,100	2.9	47,017	4.7	8
2015	56,392	4.2	48,891	4.0	7
2016	58,329	3.4	49,812	1.9	5
2017	60,014	2.9	51,811	4.0	5
2018	61,600	2.6	54,098	4.4	6
2019	62,989	2.3	56,047	3.6	8
2020	66,799	6.0	59,510	6.2	8

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
Note: Rankings do not include the District of Columbia.

As one of the wealthier states, a greater share of personal income is derived from dividends, interest and rent, and a lesser share comes from transfer payments. In 2020, the sources of personal income in the State and the comparable sources of personal income for the nation were as follows:

Sources of Personal Income
2020
($ in millions)

		Percentage of Personal Income Before Residence Adjustment	
	Maryland	**Maryland**	**United States**
Mining, forestry, fishing	$257	0.1%	0.9%
Construction	18,151	4.8	4.2
Manufacturing	11,868	3.1	6.0
Trade, transportation & utilities	32,014	8.5	10.2
Information services	5,852	1.5	2.5
Finance, insurance & real estate	23,333	6.2	6.7
Professional & business services	53,265	14.1	12.1
Educational & health services	35,019	9.3	8.7
Leisure & hospitality services	8,600	2.3	2.5
Other services	9,165	2.4	2.3
Government			
Federal, civilian	29,088	7.7	1.9
Military	4,430	1.2	0.7
State & local	31,122	8.2	8.0
Farm income	476	0.1	0.6
Earnings by place of work	262,639	69.5	67.3
Less:			
Personal contributions for social insurance	(29,360)	-7.8	-7.4
Plus:			
Dividends, Interest and Rent	70,043	18.5	18.5
Transfer Payments	74,467	19.7	21.6
Personal income before residence adjustment	23,333	100.0%*	100.0%*
Residence adjustment	26,732	6.6	0.0
Total Personal Income	$404,521*		

* Totals may not add due to rounding.
Source: U.S. Department of Commerce, Bureau of Economic Analysis (State Quarterly Personal Income, Series SQ5N).
Note: Total personal income is reported by place of residence; however, income by industry is shown by place of work. The residence adjustment accounts for Maryland residents who work outside the State.

Between 2015 and 2020, total personal income in Maryland has grown 3.5% annually, compared to a national growth rate of 4.0%. During this period, wage and salary income, roughly half of total personal income, has grown at a lower rate in Maryland than nationally. The difference in growth of the residence adjustment income earned by residents who work outside of Maryland or the nation is not very meaningful, because the residence adjustment is 6.3% of Maryland personal income, but less than one tenth a percent of national personal income.

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Average Annual Growth of Personal Income Components
(2015 through 2020)

	Maryland	United States
Wages and Salaries	3.1%	3.7%
Supplements to Wages and Salaries	2.3	2.9
Proprietors' Income	(0.3)	3.0
Contributions for Social Insurance	3.0	3.9
Residence Adjustment	3.6	1.7
Dividends, Interest, and Rent	2.2	3.3
Transfer Payments	9.8	9.6
Total Personal Income	3.7	4.6

Source: U.S. Department of Commerce, Bureau of Economic Analysis (State Annual Personal Income, Series A04).
Note: Total personal income is reported by place of residence; however income by industry is shown by place of work.
The residence adjustment accounts for Maryland residents who work outside the State.

Within the past year, a significant contraction in economic output occurred due to the COVID-19 pandemic and efforts to contain it. However, a massive federal economic stimulus response (both monetary and fiscal) has kept aggregate income growing, boosting both savings and consumption. As a result, the state's revenues have so far been insulated from experiencing the shortfall that typically accompanies recessions.

Annual Personal Income and Wages and Salaries Growth

	Personal Income		Wages and Salaries	
	Maryland	United States	Maryland	United States
2011	5.5%	5.9%	3.6%	4.0%
2012	2.9	5.0	3.1	4.6
2013	(0.2)	1.3	0.9	2.7
2014	3.5	5.5	3.4	5.1
2015	4.7	4.8	4.7	5.1
2016	3.8	2.6	3.1	3.0
2017	3.3	4.7	3.6	4.7
2018	2.9	5.0	3.5	4.9
2019	2.5	4.1	3.7	4.8
2020	6.1	6.6	1.7	1.2

Source: U.S. Bureau of Economic Analysis.

Employment

Maryland's labor force totaled 3.1 million in December 2021. The government, retail trade, and services sectors (notably professional and business, and educational and health) are the leading areas of employment in the State. In contrast to the nation, considerably more Marylanders are employed by the federal government and service sectors and fewer in manufacturing, as shown in the following table:

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Distribution of Employment
2020

	Maryland	United States
Construction & mining	6.3%	5.5%
Manufacturing	4.2	8.6
Trade, transportation & utilities	17.3	18.7
Information services	1.3	1.9
Financial activities	5.3	6.1
Professional & business services	17.1	14.2
Educational & health services	17.2	16.3
Leisure & hospitality services	8.2	9.4
Other services	3.9	3.8
Government		
Federal	5.8	2.1
State & local	13.5	13.3
Total	100.0%*	100.0%*

Source: U.S. Department of Labor, Bureau of Labor Statistics.
*Totals may not add due to rounding.

Average Annual Employment Growth
(2015 through 2020)

	Maryland	United States
Construction & mining	0.7%	1.7%
Manufacturing	0.4	(0.2)
Trade, transportation & utilities	(0.7)	(0.2)
Information services	(3.1)	(0.4)
Financial activities	(1.2)	1.4
Professional & business services	0.3	0.6
Educational & health services	0.1	1.1
Leisure & hospitality services	(4.6)	(2.5)
Other services	(2.0)	(0.8)
Government		
Federal	0.7	1.2
State & local	(0.6)	(0.3)
Total Non-agricultural Employment	(0.6)	0.1

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Historical annual employment growth in Maryland's five largest sectors is shown in the table below. Maryland's five largest sectors represented 79.0% of total employment in 2020. Typically, federal government employment acts as a stabilizing factor in Maryland, falling less than private employment during recession, and rising less than private employment during expansions. In mid-2019 federal employment returned to growth after about a year of gradual decline. As of the fourth quarter of 2020, federal government purchases of inputs from the private sector continued to increase year over year by 3.1%. In the spring of 2020, the nation experienced its worst job losses since the Great Depression. In April 2020, Maryland employment declined 13.0% year over year. Employment then sharply rebounded over the summer and fall. As of December 2021, employment remains 7.2% below its December 2021 level.

The employment recovery in Maryland has been largely bifurcated, with sectors directly affected by the pandemic, such as accommodations and food service, experiencing significant losses to date and other sectors experiencing more complete recoveries. In general, sectors worst impacted by the pandemic are lower paying than those that are not. As a result, aggregate wages (and therefore income tax withholding) have fallen less than would typically be expected given the extent of job losses.

Annual Employment Growth
Maryland's Five Largest Employment Sectors

	Total Government	Trade, Transportation, & Utilities	Educational & Health Services	Professional & Business Services	Leisure & Hospitality Services	Total MD Employment	Total US Employment
2011	0.5%	1.4%	1.9%	3.1%	1.6%	1.0%	1.2%
2012	(0.3)	1.3	2.4	2.8	4.7	1.2	1.7
2013	0.0	0.2	1.4	1.8	4.0	0.9	1.6
2014	(0.3)	1.0	1.2	1.5	2.5	0.9	1.9
2015	0.3	1.6	2.4	1.8	2.7	1.5	2.1
2016	0.0	1.1	2.0	1.8	2.1	1.2	1.8
2017	0.3	0.3	2.4	0.7	2.5	1.1	1.6
2018	0.4	0.5	2.1	1.9	0.7	0.9	1.6
2019	0.2	(0.3)	1.2	1.9	0.3	0.6	1.3
2020	(1.8)	(4.7)	(6.6)	(4.5)	(25.4)	(6.8)	(5.7)

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Recent employment trends in Maryland are shown in the following table.

Employment Trends

Year	Unemployment Rate in Maryland	Unemployment Rate in the United States	Growth in Maryland Labor Force	Growth in United States Labor Force
2011	7.3%	8.9%	0.6%	(0.2)%
2012	6.9	8.1	0.8	0.9
2013	6.5	7.4	0.3	0.3
2014	5.7	6.2	(0.1)	0.3
2015	5.0	5.3	0.5	0.8
2016	4.3	4.9	0.5	1.3
2017	4.1	4.4	1.5	0.7
2018	3.8	3.9	0.4	1.1
2019	3.5	3.7	1.7	0.9
2020	6.8	8.1	(3.0)	(1.7)

Source: Maryland Department of Labor, Licensing and Regulation.

Assessed Value of Property

Maryland levies a State tax on real property, revenues from which are credited to the Annuity Bond Fund to pay debt service. Through fiscal year 2003 the rate was 8.4 cents per $100 of assessment (21 cents on utility operating property). In fiscal year 2004 the rate was increased to 13.2 cents per $100 of assessment (33 cents on utility operating property). For fiscal years 2007 through 2022 the tax rate has been 11.2 cents per $100 of assessment (28 cents on utility operating property).

Shown below is the assessed value for State purposes of real property as determined by the State Department of Assessments and Taxation. All real property is assessed at full cash value once every three years, with any increase in full cash value phased in over the ensuing three taxable years in equal installments. Any decrease in the full cash value is recognized in full in the next taxable year and held constant for the remaining two taxable years.

Assessed Values of Real Estate
($ in thousands)

Fiscal Year	Real Property	Utility Operating Real Property	Total	Change in Assessed Values
2010	$750,498,802	$1,069,237	$751,568,039	6.2%
2011	733,884,066	708,090	734,592,156	(2.3)
2012	682,650,240	793,154	683,443,394	(7.0)
2013	651,655,464	714,633	652,370,097	(4.5)
2014	642,571,751	737,924	643,309,675	(1.4)
2015	650,759,385	780,572	651,539,957	1.3
2016	669,345,818	786,889	670,132,707	2.9
2017	694,547,847	838,059	695,385,906	3.8
2018	719,269,719	889,156	720,158,875	3.6
2019	746,080,873	837,642	746,918,515	3.7
2020	770,161,164	864,974	771,026,138	3.2
2021	793,419,280	909,519	794,328,799	3.0
2022	816,946,909	974,813	817,921,722	2.9

Source: State Department of Assessments and Taxation, December 2021.
Note: See also, "STATE FINANCES – State Revenues, Property Taxes and State Property Tax Revenue Estimates."

Residential Real Estate

Residential real estate is particularly important in terms of State borrowing as State property tax revenue is dedicated to paying off principal and interest on general obligation bonds.

In 2020, the value of all Maryland residential unit permits issued increased by 2.7%, while the total number of residential building permits decreased by 2.8%. In 2021, the average monthly active inventory of units for sale decreased 37.9%. Unit sales for 2021 increased 10.5%, while the median unit price rose 9.4%. Recent federal tax changes are expected to decrease the portion of taxpayers who itemize deductions, which will result in fewer people receiving the home mortgage interest deduction. Given historically low interest rates however, any impact is expected to be minor.

Another relevant issue concerning real estate values, and thus property tax revenue, is climate change. Climate change is expected to result in higher sea levels, threatening coastal property. The State's Atlantic coastline is rather short relative to other East Coast states. Assateague Island, a protected barrier island, makes up the majority of Maryland's Atlantic coastline, leaving just over nine miles of developed coastline. However, as noted earlier, the State's boundaries encompass 1,726 square miles of the Chesapeake Bay (the "Bay"), the nation's largest estuary. The Bay coastline faces the twin problems of rising sea levels and subsiding land, owing to geological factors relating to the creation of the Bay and the composition of the soil. Contemporary flood risk and past instances of flooding would clearly reduce the relative value of a property. But economic theory holds that market participants are forward looking and price in their expectations of the future. Recent research confirms this tendency for properties that are expected to only be threatened by sea level rise several decades into the future. According to a November 2019 paper in the Journal of Financial Economic, such homes already sell for an average discount of 6.6% compared to observably identical unexposed properties. The pricing in of future expectations means adjustment should be gradual rather than sudden. It is important to note that coastal properties are still more valuable than non-coastal properties on average and are expected to remain so because owners value the access to coastal amenities they provide.

Aggregate Value of and Building Permits Issued for Residential Construction in Maryland

Year	Value of Construction in Current Dollars ($ in millions)	Change	Number of Permits Issued	Change
2011	$2,204.6	12.9%	$13,481	13.0%
2012	2,409.9	9.3	15,217	12.9
2013	2,811.2	16.7	17,918	17.7
2014	2,889.2	2.8	16,331	(8.9)
2015	3,080.6	6.6	17,057	4.4
2016	3,166.8	2.8	17,044	(0.1)
2017	3,257.3	2.9	16,224	(4.8)
2018	3,701.8	13.6	18,647	14.9
2019	3,754.0	1.4	18,469	(1.0)
2020	3,853.5	2.7	17,982	(2.8)

Source: U.S. Department of Commerce, Bureau of the Census.

Home Sales and Median Home Price

Year	Unit Home Sales	Change	Median Home Price	Change
2012	54,148	5.6%	$246,467	6.9%
2013	61,191	13.0	261,369	5.6
2014	62,804	2.6	262,837	1.0
2015	73,014	16.3	261,172	(0.7)
2016	80,045	9.6	270,902	3.8
2017	82,851	3.5	282,433	4.5
2018	83,598	0.9	288,282	2.1
2019	88,282	5.6	316,683	9.9
2020	103,362	17.1	338,387	6.9
2021	103,165	(0.2)	362,538	7.1

Source: Maryland Association of Realtors.

Taxable Retail Sales

In general, taxable retail sales in Maryland are sales of tangible goods and a few specific services, with notable exemptions for unprepared food and medicines, among others. The structure of the sales tax is increasingly out of step with consumption patterns. Consumption spending is shifting away from goods towards services, the vast majority of which are not taxable. Furthermore, consumers continue to transition to digital goods, which are not tangible and therefore not taxable, a process which has been accelerated by COVID-19. This means the sales tax base is becoming a smaller share of overall consumption spending. As a result, we collect less sales tax per dollar of consumption spending than in the past. The shrinking tax base also increases the volatility of sales tax revenue to the business cycle. In times of economic stress, consumers are typically better able to delay or forego consuming goods than services. The current recession, brought on by COVID-19, is different from previous recessions. In particular, historic trends have been reversed as consumers have shifted a greater share of total consumption away from services, generally not taxed, and towards goods, which generally are taxed.

Recent regulatory and legislative changes have broadened the sales tax base however, prior to such changes, in fiscal year 2015 Amazon established nexus with the State and began to collect sales tax on its direct sales. The Supreme Court decision, South Dakota v. Wayfair Inc., allowed states to require that remote sellers collect and remit sales tax to the locality in which the customer resides. The Comptroller promulgated regulations to require remote sellers to remit sales tax beginning in November 2018. Legislation from the 2019 session was passed that requires marketplace facilitators to collect and remit sales tax on behalf of sellers who use the online marketplace. Marketplace facilitators began to remit sales tax in November 2019. The Bureau expects combined revenue from remote sellers and marketplace facilitators to total around $331 million in fiscal year 2020 and grow at a faster pace than overall sales tax thereafter. While these actions have broadened the scope of the sales tax, they will not contribute to ongoing growth in general fund revenue. Only the first $100 million of revenue from remote sellers and marketplace facilitators is distributed to the State's general fund, the remainder is distributed to the Blueprint for Maryland's Future Fund.

The following table illustrates the change in taxable sales for fiscal years 2012 through 2021.

Taxable Retail Sales in Maryland
(includes automobile sales)
($ in thousands)

Fiscal Year	Taxable Retail Sales	Change
2012	$76,758,835	3.1%
2013	78,254,027	1.9
2014	80,415,065	2.8
2015	84,825,062	5.5
2016	87,778,479	3.5
2017	89,627,253	2.1
2018	90,937,146	1.5
2019	94,489,166	3.9
2020	94,452,170	0.0
2021	103,153,242	9.2

Source: Comptroller of the Treasury, Bureau of Revenue Estimates. Note: Includes sales and use tax base and motor vehicle excise tax base.

LEGAL MATTERS

Legality of the Bonds

The legality of the issuance of the Bonds offered by this Official Statement will be passed upon by the Honorable Brian E. Frosh, Attorney General of Maryland, and by Kutak Rock LLP, Washington, DC, Bond Counsel. However, Bond Counsel will rely upon the opinions of the Attorney General addressed to Bond Counsel with respect to the validity of the specified State loans or installments thereof represented by the Bonds and as to compliance with State law. Delivery of the Bonds is conditioned upon delivery by the Attorney General and Bond Counsel of unqualified opinions substantially in the respective forms set forth in APPENDIX D.

Litigation and Other Matters

The State and its units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Except as noted below, the legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse effect on the State's financial position.

Kenneth Fitch, et al. v. State of Maryland, et al. As discussed above under "STATE FINANCES -- Other Post-Employment Benefits -- 2011 Employee and Retiree Health Benefits Reforms", this case involves State retirees' challenge to legislation eliminating the retiree prescription drug benefit. The lawsuit alleges violations of the Takings and Contract clauses as well as state contract claims. Legislation was passed after the commencement of the suit, which would replace the elimination of the state prescription drug plans with an alternative benefit, but plaintiffs maintain their challenge alleging the benefit is not equivalent. The State has been enjoined from discontinuing the prescription drug program since October 2018. In December 2019, the State prevailed in preventing an expansion of the injunction. On December 30, 2021, the court issued a decision denying the State's motion to dismiss with respect to retirees who had retired prior to 2019, but granting it with respect to current employees and retirees who had retired in 2019 or later. The parties are in the process of advising the court as to how the litigation should unfold from here, including through appellate proceedings. The State is vigorously contesting the case, and it is too early to determine any financial impact on the State.

See also "STATE FINANCES – Labor Management Relations" for a description of grievance proceeding related to emergency pay for approximately 4,000 State employees.

FINANCIAL AND ACCOUNTING SYSTEM

The financial statements and other financial data contained in this Updated Official Statement have been prepared in accordance with accounting principles generally accepted in the United States by the Office of the Comptroller.

As of the date of this Supplement, the State's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021 (the "2021 ACFR") has not been finalized. The Comptroller expects the 2021 ACFR to be released by March 31, 2022. When the 2021 ACFR is released, it will be available on the website of the Comptroller and filed by the Treasurer on the EMMA website. The financial information in this Supplement for the year ended June 30, 2021 is unaudited. While the financial information has been prepared in accordance with generally accepted accounting principles and the State believes the financial information provides a fair presentation of the State's finances for this year ended June 30, 2021, the information is unaudited. There can be no assurance that the financial results presented in the State's 2021 ACFR will not vary from the financial results presented in this Supplement.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its annual comprehensive financial reports for fiscal years 1980 through 2020. In order to be awarded a Certificate of Achievement, a governmental unit must publish an annual comprehensive financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In accordance with generally accepted accounting principles, these basic financial statements include Management's Discussion and Analysis, which provides a narrative overview and analysis of the State's financial activities. Furthermore, they include government-wide financial statements, (i.e., the statement of net position and the statement of activities), which provide both short-term and long-term information about the State's financial position. The statement of activities demonstrates the degree to which the direct expenses of a given function of the State's activities are offset by its program revenues. These statements provide statewide financial information distinguished between governmental activities, business-type activities and component units. Included with these statements are reconciliations between the entity-wide statements, prepared on the full accrual basis, and the fund level statements prepared on the modified accrual basis. In addition, there are reconciliations between the fund level and budgetary statements. Detailed information on these accounting policies is provided in the Management's Discussion and Analysis section and in Note 1 of the "Notes to the Financial Statements."

State statutes require an audit of every unit of State government, including the Office of the Comptroller, by the Legislative Auditor at least every four years or more as determined by the Legislative Auditor. The Legislative Auditor is required to be, and is, a certified public accountant. The Legislative Auditor conducts fiscal, compliance, and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits usually are not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

The State maintains accounts on a budgetary basis for each program within an agency, and places strong reliance upon the checks, balances, and controls inherent in the constitutional budgetary system. Under constitutional and statutory requirements, a balanced State Budget must be adopted each year, and expenditures may not be made in excess of appropriations. Agencies must report on an object and program basis to the Office of the Comptroller which, in turn, reports to the Department of Budget and Management, which monitors compliance with the Budget. See "STATE FINANCES – Budgetary System." In addition, for year-end reporting purposes, the State converts its financial statements prepared on a budgetary basis to financial statements prepared in accordance with generally accepted accounting principles.

Although the accounts maintained by the State on a budgetary basis conform in many respects to accounting principles generally accepted in the United States, there are certain departures from these principles that are dictated by statutory requirements and historical practices. The principal departures are the classification of the State's principal funds and the timing of recognition of certain revenues, expenditures, and expenses.

The State's accounting system is maintained by the Comptroller in compliance with State law and in accordance with the State's budgetary funds. In addition to the accounting systems maintained by the Comptroller, certain individual agencies that are not subject to the State Budget maintain accounting systems that permit financial reporting on the basis of generally accepted accounting principles.

For the purpose of reporting its financial activities in accordance with generally accepted accounting principles, at the fund level the State records its activities in Governmental, Proprietary, and Fiduciary Fund types. See Note 1 to "Notes to the Financial Statements." On a budgetary basis, the State reports its financial activities in the General, Special, Federal, Annuity Bond (Debt Service), Capital Projects, and Higher Education, Current Unrestricted and Current Restricted Funds.

The *General Fund* is the fund in which all general transactions of the State are recorded unless otherwise directed by law to be included in another fund. The General Fund includes most of the governmental operating assets, liabilities, revenues, and expenditures. To the extent that the Budget enacted by the General Assembly uses an estimated fund balance at the end of the current fiscal year, in establishing the Budget for the next succeeding year, that amount of General Fund balance existing at June 30 of the current fiscal year is recorded as designated to supplement the new year's Budget. See "STATE FINANCES – Budgetary System."

The *Annuity Bond Fund* (Debt Service Fund) is used to account for all payments of debt service on general obligation bonds.

The *Capital Projects Fund is* a group of accounts, each set up for a particular legislated authorization. The proceeds of general obligation bonds, the transfers from the General Fund, and the expenditures of the funds obtained thereby (which are almost entirely for capital projects) are accounted for in each of the accounts.

The *Federal Funds* are used to account for most grants from the federal government.

The *Special Funds* include the transportation activities of the State, including related indebtedness, except for federal transportation grants, which are accounted for in Federal Funds. In addition to the transportation activities, transactions related to dedicated funds, such as fishery and wildlife funds and shared taxes, are recorded in Special Funds.

The *Higher Education, Current Unrestricted and Current Restricted Funds* are used to account for higher education activities. Higher Education, Current Unrestricted and Current Restricted Funds include all revenues used or available for carrying out the current operations of the State's universities and colleges.

Under budgetary reporting, revenues generally are recognized when cash is received except for (i) significant self-assessed taxes, which are recorded in the period to which they apply, and (ii) federal grants, which are recorded when earned. Expenditures generally are recorded when cash is disbursed or upon the approval of encumbrances against appropriations. At the fund level under generally accepted accounting principles, revenues generally are recognized when earned, subject in certain cases to their availability to fund appropriations. Expenditures and expenses are recognized when liabilities are incurred, subject to certain modifications for interest and principal on general long-term debt, retirement costs, other post-employment benefits, compensated absences, pollution remediation, and claims and judgments. See Note 2 of "Notes to the Financial Statements" for further information concerning the significant accounting policies employed by the State in preparing its financial statements in accordance with accounting principles generally accepted in the United States.

A summary of the effects of fund structure and timing difference on the General Fund balances between the budgetary basis and generally accepted accounting principles basis for fiscal years 2020 and 2021 follows.

	2020	2021 (unaudited)
Year end fund balance on budgetary basis	$2,230,114	$4,223,307
Fund structure reclassifications	2,421,048	3,340,714
Adjustments to the budgetary accounting system:		
Cash and cash equivalents	42,228	119,108
Investments	20,259	(2,660)
Other accounts receivable	(1,095,027)	925,375
Other assets	867,999	1,568,188
Accounts payable and accrued liabilities	(2,014,535)	(2,997,266)
Deferred revenue	547,623	(1,646,255)
Year end fund balance on generally accepted accounting principles basis	$3,019,709	$5,530,511

FINANCIAL STATEMENTS

The Annual Comprehensive Financial Report of the State, including the audited Basic Financial Statements, for the fiscal year ended June 30, 2020, has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system and is obtainable from them in accordance with their procedures. The 2020 ACFR is also posted on the Maryland State Treasurer's Office website and can be accessed at http://www.treasurer.state.md.us/media/88527/cafr2020.pdf.

The following reports, each of which are included in the 2020 ACFR and have been posted online at the web address above, are incorporated herein by reference:

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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Notes to the Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION

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APPENDIX B

SUPPLEMENTARY DEBT SCHEDULES

GENERAL OBLIGATION BONDS

General Obligation Bonds Issued and Outstanding

The following table shows the principal amounts of outstanding general obligation bonds and authorized and unissued amounts at the end of each fiscal year shown.

As of June 30	Issued and Outstanding	Authorized but Unissued
	($ in thousands)	
2014	$8,362,347	$2,538,414
2015	8,677,214	2,559,720
2016	9,465,285	2,017,467
2017	9,334,205	2,406,265
2018	9,479,407	2,399,142
2019	9,606,909	2,507,805
2020	9,772,468	2,482,652
2021	9,912,930	2,572,652
December 31, 2021	9,872,498	1,957,652
Second Series C Tax-Exempt Refunding Bonds	113,840	-
Refunded Debt	(134,655)	-
Pro Forma	$9,851,683	$1,957,652

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Debt Service Requirements on General Obligation Bonds

The following tables show debt service requirements for all general obligation bonds of the State for all current and future fiscal years: (1) as of December 31, 2021; and (2) after giving effect to the issuance of the Second Series C Tax-Exempt Refunding Bonds. Not included is debt service on general obligation bonds for which cash and United States government obligations sufficient to provide fully for the timely payment of principal, interest, and applicable redemption premium are being held in escrow funds.

Debt Service Requirements on General Obligation Bonds
Actual - General Obligation Bonds Outstanding
($ in thousands)

Fiscal Year	Principal	Gross Interest	Gross Debt Service	Interest Subsidy (a)	Net Debt Service
2022	$295,300	$210,973	$506,273	$(4,160)	$502,113
2023	987,355	396,157	1,383,512	(7,337)	1,376,175
2024	1,005,999	351,746	1,357,745	(6,174)	1,351,572
2025	1,050,299	310,118	1,360,417	(4,949)	1,355,468
2026	970,506	269,715	1,240,221	(2,565)	1,237,657
2027	887,418	229,110	1,116,529	(874)	1,115,655
2028	823,363	193,596	1,016,960	(213)	1,016,746
2029	758,913	158,984	917,898	-	917,898
2030	697,420	125,490	822,910	-	822,910
2031	624,382	95,655	720,037	-	720,037
2032	491,394	68,759	560,153	-	560,153
2033	443,732	47,942	491,673	-	491,673
2034	351,200	30,933	382,133	-	382,133
2035.................................	262,610	17,718	280,328	-	280,328
2036.................................	161,585	7,384	168,969	-	168,969
2037.................................	61,020	1,220	62,240	-	62,240
Total*	$9,872,498	$2,515,501	$12,387,999	$(26,272)	$12,361,727

Debt Service Following Issuance of 2021 Second Series C Bonds
($ in thousands)

Fiscal Year	Principal	Gross Interest	Gross Debt Service	Interest Subsidy (a)	Net Debt Service
2022	$295,300	$210,973	$506,273	$(4,160)	$502,113
2023	987,355	396,106	1,383,461	(7,337)	1,376,125
2024	1,005,999	351,695	1,357,695	(6,174)	1,351,521
2025	1,050,299	310,067	1,360,366	(4,949)	1,355,417
2026	963,326	269,664	1,232,991	(2,565)	1,230,426
2027	887,418	228,565	1,115,983	(874)	1,115,110
2028	816,678	193,051	1,009,729	(213)	1,009,516
2029	751,963	158,706	910,670	-	910,670
2030	697,420	125,490	822,910	-	822,910
2031	624,382	95,655	720,037	-	720,037
2032	491,394	68,759	560,153	-	560,153
2033	443,732	47,942	491,673	-	491,673
2034	351,200	30,933	382,133	-	382,133
2035.................................	262,610	17,718	280,328	-	280,328
2036.................................	161,585	7,384	168,969	-	168,969
2037.................................	61,020	1,220	62,240	-	62,240
Total*	$9,851,683	$2,513,929	$12,365,612	$(26,272)	$12,339,340

*Totals may not add due to rounding.

(a) Interest Subsidy is the original Federal Subsidy for certain qualified bonds. Due to federal budget sequestration, federal direct pay subsidies to the State for ARRA Bonds have been subject to reductions since March 1, 2013.

MARYLAND STADIUM AUTHORITY

Lease Revenue Debt Outstanding as of December 31, 2021

The following table shows the lease revenue debt of the Maryland Stadium Authority outstanding, the uses of the proceeds thereof, and the sources of repayment of the debt. Project descriptions follow.

Use of Proceeds	Source of Repayment	Principal Amount Outstanding as of December 31, 2021 ($ in thousands)
Bonds Outstanding		
Oriole Park at Camden Yards (a)	Lease Payments/ Operating Revenues	$39,485
Ravens Stadium	Lease Payments	43,105
Hippodrome Theater	Lease Payments	1,545
Montgomery County Conference Center	Lease Payments	4,240
Camden Station Renovation	Lease Payments	2,220
Ocean City Convention Center	Lease Payments	20,915
Capital Leases Outstanding		
Oriole Park at Camden Yards (Energy)	Operating Revenues	1,012
Ravens Stadium (Energy)	Operating Revenues	379
Total Debt Outstanding (a)		$112,901

(a) Total includes $5.1 million of lease revenue bonds that are not tax-supported. Therefore, the total tax-supported debt of the Maryland Stadium Authority is $108.5 million as of December 31, 2021. See "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Tax-Supported Debt Outstanding."

Project Descriptions

Oriole Park at Camden Yards. The Maryland Stadium Authority ("Authority") operates Oriole Park at Camden Yards, which opened in 1992. The Authority's notes and bonds are lease-backed revenue obligations, the payment of which is secured by, among other things, an assignment of revenues received under a lease of Oriole Park at Camden Yards from the Authority to the State. The rental payments due from the State under that lease are subject to annual appropriation by the General Assembly. Revenues to fund the lease payments are generated from a variety of sources, including in each year revenues from sports lotteries, the net operating revenues of the Authority, and $1.0 million from the City of Baltimore.

In April 2010, the Authority issued the Sports Facilities Taxable Revenue Bonds, Series 2010 Bonds, in the amount of $10.0 million; the proceeds of which were used for capital repairs to Oriole Park and to fund a debt service reserve account. The Series 2010 Bonds matured in 2013 and were refinanced with the Sports Facilities Taxable Revenue Bonds Series 2013. The amount outstanding for the Series 2013 as of December 31, 2021 totaled $1.9 million.

In August 2011, the Authority issued the Sports Facilities Taxable Revenue Bonds, Series 2011 Bonds, in the amount of $11.1 million. The proceeds were used for capital repairs to the warehouse located at the Camden Yards Complex. The Series 2011 Bonds matured on December 15, 2014 and were refinanced with the Sports Facilities Taxable Revenue Bonds, Series 2014. The amount outstanding as of December 31, 2021 totaled $3.2 million.

In May 2019, the Authority issued the Sports Facilities Lease Revenue Bonds, Series 2019B Bonds, in the amount of $34.4 million. The proceeds will be used for capital repairs to the warehouse located at the Camden Yards Complex and cost of issuance. The Series 2019B Bonds will mature in March 2039. There will only be interest payments for the first 7 years of the bonds and the principal will be amortized over the last 13 years. The annual debt service is approximately $1.2 million for the first seven years and $3.4 million for the final 13 years. The amount outstanding as of December 31, 2021 totaled $34.4 million.

Annual debt service on the Authority's total bond obligations for Oriole Park at Camden Yards is $3.4 million and the amount outstanding as of December 31, 2021 totaled $39.5 million.

In November 2009, the Authority entered into a contract with Pepco Energy Services to provide $6.0 million of energy upgrades and enhancements to Oriole Park at Camden Yards and the adjoining warehouse. The Authority is financing the upgrades and enhancements under the State's Energy Performance Contract Lease-Purchase Program over 12 years. Some of the upgrades and enhancements include the replacement of a chiller and cooling tower, replacement of light fixtures and upgrades to the generator plant. The outstanding balance as of December 31, 2021 was $1.0 million.

Ravens Stadium. The Authority currently operates M&T Stadium, which opened in 1998. In connection with the construction of that facility in 1996, the Authority sold $87.6 million in lease-backed revenue bonds. The proceeds from the Authority's bonds, along with cash available from State lottery proceeds, investment earnings, contributions from the Ravens and other sources were used to pay project design and construction expenses of approximately $229.0 million. The bonds are solely secured by an assignment of revenues received under a lease of the project from the Authority to the State. In June 1998, the Authority entered into an agreement to implement a synthetic fixed rate refinancing of the football lease-backed revenue bonds using a combination of variable rate refunding obligations and forward interest rate exchange agreements. As provided under the agreements, savings of $2.6 million were paid to the Authority. The Authority issued Authority Sports Facilities Lease Revenue Refunding Bonds Football Stadium Issue Series 2007 in the amount of $73.5 million of which $73.1 million was used to call the outstanding principal balance on the 1996 Series Bonds and the balance of the proceeds was used for closing costs. The 1996 Series Bonds were called in accordance with the swap agreement. The Authority's debt service is $6.5 million annually. The bonds outstanding as of December 31, 2021 totaled $27.3 million.

In November 2009, the Authority entered into a contract with Pepco Energy Services to provide energy upgrades and enhancements to Ravens Stadium. The Authority financed the $2.5 million in energy upgrades and enhancements under the State's Energy Performance Contract Lease-Purchase Program over 12 years. The outstanding balance as of December 31, 2021 was $0.4 million.

In May 2019, the Authority issued the Sports Facilities Lease Revenue Bonds, Series 2019A Bonds, in the amount of $20.6 million with $2.5 million generated in premium. The proceeds are being used for capital repairs to the Ravens Stadium at the Camden Yards Complex and cost of issuance. The Series 2019A Bonds will mature in March 2026. The annual debt service is approximately $3.7 million. The outstanding balance as of December 31, 2021 totaled $15.8 million.

Hippodrome Theater. In July 2002, the Authority issued $20.3 million in taxable lease-backed revenue bonds in connection with the design and renovation of the Hippodrome Theater as part of Baltimore City's West Side Development. The cost of renovating the theater was $63.0 million and was financed by various public and private sources. The Authority does not have any operating risk for the project.

In July 2012, the Authority issued the Taxable Lease Revenue Refunding Bonds, Series 2012 in the amount of $14.1 million. The Authority used $13.7 million to call the Taxable Lease-Backed Revenue Bonds, Series 2002 and the balance was used for costs of issuance. The annual debt service on the Taxable Lease Revenue Refunding Bonds, Series 2012 is approximately $1.6 million annually. The bonds outstanding as of December 31, 2021 totaled $1.5 million.

Montgomery County Conference Center. In January 2003, the Authority issued $23.2 million in lease-backed revenue bonds in connection with the construction of a conference center in Montgomery County. The conference center is adjacent and physically connected to a Marriott Hotel, which was privately financed. The center cost $33.5 million and was financed through a combination of funding from Montgomery County and the Authority. The Authority does not have any operating risk for the project.

In November 2012, the Authority refinanced the final 10 years of maturities on the lease-backed revenue bonds, Series 2003 totaling $15.0 million. The Authority issued the Lease Revenue Refunding Bonds, Series 2012 in the amount of $12.9 million generating $2.9 million in premium with $15.6 million being used to call the Series 2003 Bonds, in June 2013 and the balance was used for costs of issuance. The annual debt service on the Series 2012 Bonds is approximately $1.6 million. The amount outstanding as of December 31, 2021 totaled $4.2 million.

Camden Station Renovation. In February 2004, the Authority issued $8.7 million in taxable lease-backed revenue bonds in connection with the renovation of the historic Camden Station located at the Camden Yards Complex in Baltimore, Maryland. The cost of the renovation was $8.0 million. To date, lease payments have not been sufficient to cover debt service on the bonds and the shortfall has been subsidized by the Authority. The average annual debt service for these bonds is $0.8 million. Bonds outstanding as of December 31, 2021 totaled $2.2 million.

Ocean City Convention Center. In October 2019, the authority issued $20.9 million in tax-exempt lease-backed revenue bonds in connection with the expansion of the Ocean City Convention Center. The cost of the expansion is expected to be $38.0 million and will be funded with a State grant, bonds from the Town of Ocean City and the Authority's bonds. The State and the Town of Ocean City share in the operating deficiency of the building 50/50 and both the State and the Town of Ocean City will make annual contributions of $100,000 into a capital improvements fund. The average annual debt service will be $1.7 million. The outstanding balance as of December 31, 2021 totaled $20.9 million.

Baltimore City Public Schools. In April 2016, the Authority issued $320.0 million in tax-exempt revenue bonds in connection with the replacement and renovation of 11 Baltimore City Public Schools. This was the inaugural series of bonds with the proceeds going towards the overall cost of approximately $531.2 million. The security pledge for the bonds are three revenue sources, $20.0 million each, from the City of Baltimore, Baltimore City Public Schools and Lottery revenues from the State of Maryland for a total of $60 million annually. The transaction generated approximately $66.0 million in premium that will be used for project costs. The annual debt service is approximately $20.8 million. In July 2020, approximately $183.3 million were refinanced with the Series 2020C. The new debt service on the remaining bonds is $11.6 million. Bonds outstanding as of December 31, 2021 totaled $110.0 million.

In February 2018, the Authority issued the second series of tax-exempt revenues bonds in connection with the replacement and renovation of Baltimore City Public Schools. The par amount of the second series was $426.44 million. The proceeds were used to complete all but one of the first 11 schools with the balance being used for the replacement and renovation of an additional 17 schools. The security pledge for the bonds are three revenue sources as the first series. The transaction generated about $70.0 million in premium that will be used for project costs. The annual debt service is approximately $27.3 million. In July 2020, approximately $45.8 million were refinanced with the Series 2020C. The new debt service on the remaining bonds is $25.0 million. Bonds outstanding as of December 31, 2021 totaled $352.9 million.

In July 2020, the Authority issued the third series of tax-exempt revenues bonds in connection with the replacement and renovation of Baltimore City Public Schools. There were two series of bonds issued. Series A had a par amount of $194.0 million and Series B had a par amount of $34.0 million for a total par value of $228.0. The proceeds will be used to complete all 28 projects. The security pledge for the bonds are the same three revenue sources as the first and second series. The transaction generated about $114.3 million in premium that will be used for project costs. The annual debt service is approximately $11.5 million. Bonds outstanding as of December 31, 2021 totaled $228.0 million.

In July 2020, the Authority also issued a federally taxable refunding bond for certain maturities from the Series 2016 and Series 2018A bonds. Series 2020C had a par amount of $296.3 million and the proceeds will be used to pay-off the Series 2016 and Series 2018A bonds that were refunded under this series. The series 2016 bonds are callable in 2026 and the series 2018A bonds are callable in 2028. The security pledge for the bonds are the same three revenue sources as the other series. Debt service will range from $11.8 to $23.6 million annually. Together with the Series 2016, Series 2018A, Series 2020A, and Series 2020B, total debt service is $60.0 million. Bonds outstanding as of December 31, 2021 totaled $287.7 million.

The Authority is looking at a potential refunding of additional Series 2016 and Series 2018A bonds. The projected debt service savings would be used to issue new debt that could generate about $15.0 million in proceeds. The Authority is also considering issuing approximately $50.0 million in Capital Appreciation Bonds The proceeds from the refunding and the Capital Appreciation Bonds and remaining proceeds from Series 2020A and Cash would be used to renovate the Frederick Douglass High School in Baltimore, Maryland.

Built to Learn Act of 2020. In October 2021, the Authority issued $257.0 million in tax-exempt revenue bonds in connection with the renovation and replacement of public schools in several counties in Maryland. The security pledge for the bonds is from the State's Education Trust Fund. The transaction generated approximately $36.0 million in premium that will be used for project costs. There was $285.9 million deposited into the construction fund, $6.0 million deposited into the capitalized interest fund, and $1.1 million for cost of issuance and underwriter's discount. The annual debt service is approximately $14.8 million. Bonds outstanding as of December 31, 2021 totaled $257.0 million.

The Authority expects the second series of Built to Learn bonds in February 2022. The amount to be issued will be up to $464.6 million in tax-exempt bonds. Proceeds from the sale will be used to renovation and replacement of public schools in several counties in Maryland, plus pay for cost of issuance. The security pledge for the bonds is from the State's Education Trust Fund.

Hagerstown Multi-Use Stadium and Other Event Facility. The Authority expects the issued up to $59.5 million in tax-exempt bonds. Proceeds from the sale will be used to acquire, design, construct and equip a new minor baseball facility in Hagerstown Maryland, in Washington County. The estimated annual debt service will be $3.75 million.

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State Tax-Supported Lease and Conditional Purchase Financings

Lease and Conditional Purchase Financings Outstanding as of December 31, 2021

The following table shows, by State agency, State tax-supported capital lease and conditional purchase financings, the facilities financed, and the principal amount outstanding.

State Agency	Facilities Financed	Principal Amount Outstanding as of December 31, 2021 ($ in thousands)
Department of Transportation	Headquarters office building	$2,675
	MAA Shuttle Buses	21,135
Department of General Services	Prince George's County Justice Center	10,205
Department of Health	Public Health Lab	111,695
Various State Agencies	Energy performance projects	62,451[1]
Various State Agencies	Communications, data processing, and other equipment	10,554
Maryland Transportation Authority	State office parking facility	13,491
Total		$232,206

[1]This includes all Energy Performance Contract ("EPC") lease financings. As of December 31, 2021, $56.1 million of the outstanding EPC lease financings had guaranteed energy savings equal to or greater than corresponding lease debt service. The Capital Debt Affordability Committee ("CDAC") does not include such EPC lease financings in the calculation of total tax-supported debt outstanding.

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REVENUE AND ENTERPRISE FINANCINGS

Revenue and Enterprise Financings Outstanding as of December 31, 2021[(a)]

The following table shows, by issuing agency, certain revenue and enterprise non-tax-supported debt outstanding, the facilities financed, and the sources of repayment of the debt.

Agency	Facilities Financed	Source of Repayment	Principal Amount Outstanding as of December 31, 2021 ($ in thousands)
Higher Education (b)			
University System of Maryland	Academic facilities, Student Housing, parking facilities, and equipment	Tuition and auxiliary enterprise facilities revenues	$1,152,780
	Communication, data processing, and other equipment	Operating revenues	46,665
St. Mary's College of Maryland	Student housing/campus center and athletic facility	Academic fees and auxiliary facilities fees	39,865
Community Development Administration of the Department of Housing and Community Development	Mortgage and construction loans	Mortgage repayments and sales	3,171,364
	Loans to local governments for infrastructure projects	Loan repayments	180,715
Maryland Environmental Service	Landfill projects	Tipping fees	19,450
	Equipment	Operating revenues	1,161
Maryland Transportation Authority	Bridges, tunnels, and highways	Tolls	2,106,040
	Car rental facility	Customer facility charges	69,230
	Improvements at BWI Airport	Passenger facility charges	255,460
Maryland Water Quality Financing Administration	Loans to local governments for water pollution control facilities	Loan repayments	12,400
Maryland Department of Transportation			
Maryland Aviation Administration	BWI renovations, de-icing ramp	Lease revenues	6,160
	BWI Marshall Airport Piers A&B and parking garage (c)	Airport operating revenues	219,880
	BWI Marshall Airport A/B Connector and Baggage Handling System	Airport operating revenues	190,485
Maryland Transit Administration	MARC rail station parking garage	Parking revenues	4,270
Maryland Port Administration	Warehouse Facility South Locust Point Terminal (d)	Lease revenues	6,510
Total			$7,440,435

(a) The table does not include (i) debt of certain authorities that, under criteria prescribed by the Governmental Accounting Standards Board, are not considered State entities for financial reporting purposes including debt described in this Appendix B under "Maryland Stadium Authority" or (ii) debt for which United States government obligations sufficient to provide fully for the timely payment of principal, interest, and applicable redemption premium are being held in escrow funds.

(b) As of December 31, 2021, the outstanding capital leases financed by the State Treasurer's Office (including capitalized interest) for University System of Maryland and St. Mary's College of Maryland were $6.4 million and $0.2 million, respectively.

(c) Financings of the BWI Marshall Airport Piers A & B by the Maryland Economic Development Corporation and of a BWI Marshall Airport parking garage by the Maryland Transportation Authority were refunded in February 2021;

(d) The MPA Warehouse Facility financing at the South Locust Point Terminal was refunded in December 2016.

Descriptions of Revenue and Enterprise Financings

Higher Education Institutions. Legislation limits the aggregate principal amount of revenue bonds outstanding and the present value of capital lease payments, less the amount of any reserves established therefore, for academic or auxiliary facilities; effective June 1, 2011 the limits are $1.4 billion for the University System of Maryland, $88.0 million for Morgan State University, $60.0 million for St. Mary's College of Maryland, and $65.0 million for Baltimore City Community College. As of December 31, 2021, outstanding debt and lease purchase financings of the University System of Maryland, Morgan State University, and St. Mary's College of Maryland will be $1.2 billion, $12.2 million, and $40.1 million, respectively. Lease and conditional purchase financings have been used for facilities at various colleges and universities.

In addition, in October of 2020, Morgan State University initiated $69.8 million in Future Advance Project Funding Bonds from the U.S. Department of Education as part of the HBCU Capital Financing Loan Program. As of December 31, 2021, $4.1 million is outstanding and is included in outstanding debt and lease purchase financings noted above.

Community Development Administration. The Community Development Administration ("CDA"), a unit within the Department of Housing and Community Development, is responsible for housing finance and assistance programs. CDA issues bonds and notes to provide funding for various home ownership and rental housing loan programs. The debt service on CDA's revenue bonds and notes generally is paid from mortgage repayments. As of December 31, 2021, $3.2 billion of these bonds and notes are outstanding. CDA also issues bonds to provide loans to local governments for various infrastructure projects. The bonds are secured by the general obligation pledges of the participating local governments. As of December 31, 2021, $180.7 million of these bonds are outstanding.

Maryland Environmental Service. The Maryland Environmental Service ("MES") was established in 1993 to provide water supply, wastewater treatment, and waste management services to State agencies, local governments, and private entities. MES is authorized to issue revenue bonds secured by the revenue derived from its various facilities and projects. In February 2011 MES issued the Midshore II Regional Landfill Project Revenue Bonds in the amount of $18.3 million. These 2011 Bond Series have been defeased. In April 2011, the MES Water Quality Bond, Series 2011A in the amount of $2.0 million was issued in connection with the closure and capping of the Hobbs Road Landfill. In May 2014, MES issued the Midshore II Revenue Bonds 2014 Series in the amount of $4.5 million for the construction of a new cell. Repayment of the bond is derived from operating revenues of the Midshore II Landfill. MES issued $8.9 million in tax-exempt bonds in July of 2018 for the purpose of financing the cost of Midshore II Regional Landfill Project Cell #3, to improve or increase the disposal capacity of the Midshore II Landfill. MES issued $9.8 million in tax-exempt bonds in September 2020, for the purpose of refunding Midshore's outstanding revenue bond 2011 series. Outstanding debt of MES amounts to $20.6 million as of December 31, 2021.

Maryland Transportation Authority. The Maryland Transportation Authority ("MDTA") of which the Secretary of Transportation is Chairman, is responsible for the administration of the various toll revenue facilities, which consist of bridges over the Susquehanna, Patapsco, and Potomac Rivers and the Chesapeake Bay; two tunnels under the Baltimore Harbor; the John F. Kennedy Memorial Highway (including the I-95 Express Toll Lanes); and the Intercounty Connector ("ICC"). The tolls and other revenues received from these facilities are pledged as security for revenue bonds of the MDTA issued under and secured by a second amended and restated trust agreement dated as of September 1, 2007, as further supplemented, between the MDTA and a corporate trustee. Under separate supplemental trust agreements, the MDTA issued $549.4 million of revenue bonds in December 2009, $326.4 million in July 2010, and $67.6 million in February 2012 to partially refund its 2004 Series bonds. In July 2017, the MDTA issued $169.6 million of revenue refunding bonds to fully redeem the Series 2007 revenue bonds. In June 2020, the MDTA issued $400 million of revenue bonds. In April 2021, the MDTA issued $746 million of revenue bonds including refunding bonds to fully redeem the Series 2008A TIFIA loan.

In June 2002, the MDTA issued revenue bonds in the amount of $117.3 million for construction of a consolidated rental car facility at BWI Marshall Airport. Customer facility charge revenues on rental cars are pledged for the repayment of the bonds. In April 2012, December 2012, December 2014 and June 2019, the MDTA issued revenue bonds in the amount of $69.7 million, $50.9 million, $135.5 million, $40.0 million and $108.7 million, respectively, for the construction of additional projects at BWI Marshall Airport. Passenger facility charge revenues are pledged for the payment of these bonds.

As of December 31, 2021, $2.4 billion of the MDTA's revenue and enterprise financings are outstanding under various trust agreements.

Maryland Water Quality Financing Administration. The Water Quality Financing Administration in the Department of the Environment administers the Water Quality and Drinking Water Revolving Loan Funds (the "Funds"). The Funds may be used to provide loans, subsidies, and other forms of financial assistance to local government units and private entities for wastewater and drinking water projects as provided by the federal Water Pollution Control Act and the federal Safe Drinking Water Act.

The Administration is authorized to issue bonds secured by revenues of the Funds, including loan repayments, fees, federal capitalization grants, and matching State grants. As of December 31, 2021, $12.4 million of the Administration's revenue bonds are outstanding.

Units of the Maryland Department of Transportation

Revenues from the following projects financed for units of the Maryland Department of Transportation ("Department") are pledged to the payment of principal and interest on the respective bonds and certificates; therefore, these financings are also not considered to be tax-supported.

Maryland Aviation Administration ("MAA"). MAA and the Department entered into a conditional purchase agreement to provide financing for capital improvements at BWI Marshall Airport and sold $42.8 million COPs for various MAA projects in May 1999. The MAA Series 1999 was refunded in December 2010 for $19.6 million. As of December 31, 2021, $6.1 million of the COPs are outstanding.

In February 2021, MDOT issued the Special Transportation Project Refunding Revenue 2021A Bonds in the amount of $219.9 million to refund lease revenue bonds previously issued by MEDCO to finance the expansion and renovation of Piers A and B and the Terminal building at BWI Marshall Airport and parking revenue bonds previously issued by MDTA to construct a parking garage at BWI Marshall Airport. As of December 31, 2021, $219.9 million are outstanding.

In July 2021, MDOT issued the Special Transportation Project Refunding Revenue 2021B Bonds in the amount of $190.5 million to finance the concourse A/B Connector and Baggage Handling System replacement project. As of December 31, 2021, $190.5 million are outstanding.

Maryland Transit Administration ("MTA"). MTA and the Department entered into a conditional purchase agreement in fiscal year 2001 to provide financing to expand parking in the vicinity of BWI Marshall Airport at the Maryland Rail Commuter BWI Marshall Airport rail station and sold $33.0 million COPs in October 2000. The MTA Series 2000 was refunded in December 2010 for $13.1 million. As of December 31, 2021, $4.3 million of the COPs are outstanding.

Maryland Port Administration ("MPA"). The Department entered into a conditional purchase agreement in fiscal year 2006 to provide financing to construct a warehouse at the South Locust Point Terminal, and the Department sold $26.5 million Project COPs in June 2006. The MPA Series 2006 financing was refunded in December 2016 for $15.0 million. As of December 31, 2021, $6.5 million of the COPs are outstanding.

APPENDIX C

Supplementary Revenue Schedules

STATE OF MARYLAND

Comparison of Combined General, Special, Federal, and Higher Education Funds Revenue Estimates and Collections

The following table shows, on a net budgetary basis, a comparison between the original revenue estimate (made 19 months before the end of the fiscal year), the revised revenue estimate (made seven months before the end of the fiscal year and reviewed four months before the end of the fiscal year), and the actual revenue collections for the combined General, Special, Federal, and Higher Education Funds for the four fiscal years ended June 30.

	Fiscal Year 2018			Fiscal Year 2019			Fiscal Year 2020			Fiscal Year 2021[(a)]		
	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections
					($ in millions)							
Income Taxes	$10,434.9	$10,312.5	$10,541.0	$10,898.8	$11,409.1	$11,573.4	$11,742.4	$11,860.9	$12,023.5	$12,417.0	$11,940.7	$13,545.8
Sales and Use Taxes	4,810.9	4,611.7	4,716.2	4,807.4	4,934.9	4,888.7	5,099.7	5,076.9	4,936.7	5,187.2	4,591.2	5,458.9
Motor Vehicle User Taxes, Fees	2,726.4	2,702.1	2,724.9	2,786.1	2,813.4	2,853.7	2,887.6	2,905.0	2,637.6	2,952.0	2,616.3	2,776.6
Property, Franchise, Excise Taxes	2,240.5	2,369.0	2,279.7	2,355.2	2,508.1	2,192.0	2,461.8	2,468.7	2,276.4	2,467.4	2,516.6	2,473.8
Sundry Fees, Licenses, Charges	10,406.3	10,344.6	10,946.2	10,373.6	10,057.1	10,215.4	10,343.4	11,061.8	10,291.4	10,701.2	11,168.5	8,547.6
Federal	12,970.2	13,124.1	13,091.5	13,062.9	13,088.5	12,397.8	13,177.1	13,126.4	14,959.6	13,885.0	17,033.0	20,406.6
Total*	$43,589.3	$43,463.9	$44,299.3	$44,284.0	$44,811.2	$44,121.0	$45,711.9	$46,502.6	$47,125.0	47,609.8	49,866.4	53,209.2

(a) Unaudited.
*Totals may not add due to rounding.
Notes: The estimates and actuals exclude transfers and other actions appearing on page C-3 as extraordinary transfers. Federal revenues are generally recognized to the extent related expenditures chargeable to the federal grant have been recognized.

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STATE OF MARYLAND

Comparison of General Fund Revenue Estimates and Collections

The following table shows, on a budgetary basis, a comparison between the original revenue estimate (made 19 months before the end of the fiscal year), the revised revenue estimate (made seven months before the end of the fiscal year and revised four months before the end of the fiscal year), and the actual revenue collections for the four years ended June 30.

	Fiscal Year 2018			Fiscal Year 2019			Fiscal Year 2020			Fiscal Year 2021(a)		
	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections
					($ in millions)							
Income Taxes	$10,219.7	$10,104.2	$10,328.2	$10,668.9	$11,022.7	$11,305.5	$11,492.1	$11,598.6	$11,750.7	12,131.4	11,940.7	13,166.7
Sales and Use Taxes	4,741.2	4,611.7	4,645.8	4,735.1	4,863.1	4,812.1	5,026.4	4,951.9	4,634.9	5,040.6	4,591.2	4,988.1
Motor Vehicle User Taxes, Fees	-	-	-	-	-	-	-	-	-	-	-	-
Property, Franchise, Excise Taxes	1,188.1	1,236.2	1,297.6	1,181.5	1,202.2	1,149.9	1,166.1	1,176.2	1,197.4	1,379.9	1,196.3	1,237.2
Sundry Fees, Licenses, Charges	975.8	1,017.4	1,034.6	980.3	840.2	871.3	882.9	953.7	993.8	573.5	1,343.5	1,376.1
Federal	55.6	63.8	66.4	59.	54.3	60.3	54.8	56.0	57.3	47.5	48.0	63.0
Total *	$17,180.3	$17,033.2	$17,372.5	$17,624.9	$17,982.4	$18,199.0	$18,622.3	$18,736.3	$18,634.1	19,172.9	19,119.8	20,831.0

(a) Unaudited.
*Totals may not add due to rounding.
Notes: The estimates and actuals exclude transfers and other actions appearing on page C-3 as extraordinary transfers. Federal revenues are generally recognized to the extent related expenditures chargeable to the federal grant have been recognized.

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STATE OF MARYLAND

Summary of Revenues by Source (a)

The following table shows, on a net budgetary basis, the trend of the operating revenues of the principal sources of funds of the State for the last four fiscal years ended June 30, and the most recent estimate for the fiscal year ending June 30, 2022. See the footnotes to the summary table of revenues in "STATE REVENUES" for certain information essential to the evaluation of the following data.

	Fiscal Year ($ in millions)				
	2018	**2019**	**2020**	**2021(a)**	**Estimated 2022 (b)**
Income Taxes					
Individuals (c)	$9,507.8	$10,272.4	$10,698.9	$11,704.8	$12,058.2
Corporations	1,033.2	1,301.1	1,324.6	1,841.0	1,749.8
Total	10,541.0	11,573.4	12,023.5	13,545.8	13,808.0
Sales and Use Taxes	4,716.2	4,888.7	4,936.7	5,458.9	6,175.0
Motor Vehicle User Taxes, Fees					
Motor Vehicle Fuel Taxes	1,077.8	1,133.1	1,070.1	1,017.1	1,084.1
Motor Vehicle Registration, Fees	777.7	804.1	720.7	782.7	803.5
Motor Vehicle Titling Tax	869.3	916.5	846.8	976.7	991.4
Total	2,724.9	2,853.7	2,637.6	2,776.6	2,879.0
Property, Franchise, Excise Taxes					
Real Property Tax	806.0	830.3	860.2	884.3	914.0
Property Transfer Tax	217.9	207.6	215.5	267.2	303.4
Business Franchise Taxes	245.9	245.1	211.3	294.1	244.5
State Tobacco Tax	372.7	356.7	362.9	388.3	532.7
Tax on Insurance Companies	386.4	335.2	395.9	358.1	358.1
Tax on Distilled Spirits, Wine, Beer	32.0	32.5	30.2	39.7	33.6
Tax on Horse Racing	4.2	4.2	3.3	1.6	0.9
Death Taxes	214.4	180.4	197.2	240.6	214.3
Total	2,279.7	2,192.0	2,276.4	2,473.8	2,601.4
Sundry Fees, Licenses, Service Charges					
University and College Receipts	4,656.2	4,614.2	4,501.1	4,552.8	5,071.7
Mass Transit, Port, Aviation Income	459.9	453.3	394.3	283.6	378.1
Miscellaneous Taxes, and Other Receipts	3,408.4	2,236.0	4,103.9	2,172.8	4,194.3
Interest on Invested Funds	32.0	50.2	46.8	12.3	15.0
District Courts Fines and Fees	63.0	59.9	47.7	35.2	43.8
State Lottery Receipts	645.0	672.2	666.4	759.7	774.7
Casino Receipts (d)	1,681.7	1,763.6	531.2	731.2	809.0
Total	10,946.2	10,215.4	10,291.4	8,547.6	11,286.5
Federal Receipts	13,091.5	12,397.8	14,959.6	20,406.6	25,261.1
Extraordinary Transfers & Revenues	-	-	-	-	-
Grand Total *	$44,299.3	$44,121.0	$47,125.0	$53,209.2	$62,011.0

*Totals may not add due to rounding.

(a) Unaudited.

(b) The estimated revenues include the General Fund estimate by the Board of Revenue Estimates in December 2021 and the general, federal and special funds authorized in the State budget as set forth in the fiscal year 2022 budget books.

(c) The State has recorded revenues from individual income taxes on a modified accrual basis.

(d) Inclusive of all State funds that benefit from casino operations, as well as facility license owner revenue.

STATE OF MARYLAND

Comparison of General Fund Revenues Collected for the First Six Months of Fiscal Year 2022

The following table compares actual cash collections for the period from July 1 to December 31 during fiscal year 2022 with collections during that same period in the previous four fiscal years. The table does not reflect current year accruals.

Fiscal Years
($ in millions)

	2018	2019	2020	2021	2022
Individual Income Tax (a)	$3,708.0	$3,875.7	$4,122.1	$4,474.6	$4,855.6
Corporate Income Tax (b)	339.9	392.3	413.4	519.3	671.1
Sales and Use Tax	1,920.6	1,997.9	2,104.9	2,037.9	2,608.8
State Lottery	259.4	269.0	250.6	300.2	309.4
Business Franchise Taxes	86.4	90.5	85.1	130.5	96.1
Tobacco Tax	173.1	169.1	162.2	152.1	249.4
Insurance Taxes and Fees	151.9	158.5	132.8	189.6	295.6
Alcoholic Beverage Taxes	13.2	13.4	13.7	17.7	13.2
Death Taxes	100.1	94.7	122.3	92.6	149.5
Clerks of Court	19.8	20.5	26.5	27.6	45.4
Motor Fuel Taxes	0.0	0.0	0.0	0.0	0.0
Transfer Tax (c)	0.0	0.0	0.0	0.0	0.0
Hospital Patient Recoveries	46.0	0.0	0.0	0.0	0.0
Interest on Investments	5.5	5.1	4.5	4.2	4.2
District Court Fees	32.3	11.0	24.1	0.5	6.5
Miscellaneous	33.5	33.1	32.4	18.2	22.8
Total*	$6,962.2	$7,195.7	$7,564.9	$8,045.2	$9,387.5

*Totals may not add due to rounding.
(a) The State has recorded revenues from individual income taxes on a modified accrual basis.
(b) The Transportation Trust Fund receives a distribution from the corporate income tax. The distribution percentage varies from year to year.
(c) These revenues include existing transfer tax revenue whose distribution was amended to provide various disbursement amounts to the General Fund across several years; see The Tax Property Article §13-209.

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STATE OF MARYLAND

General Fund Revenues
Needed to Meet Estimates During the Remainder of Fiscal Year 2022

The following table compares: (1) the revenues needed during the period from January 1 to June 30, 2022 (including appropriate accruals), in order to meet the most recent official estimate of revenues for the 2022 fiscal year with (2) actual collections for that same period during the previous four fiscal years (including appropriate accruals).

Fiscal Years
($ in millions)

	2018	2019	2020	2021	2022
Individual Income Tax (a)............	$5,799.7	$6,396.7	$6,576.8	$7,230.2	$7,202.6
Corporate Income Tax (b)............	480.5	640.8	638.4	942.6	718.3
Sales and Use Tax	2,725.2	2,814.2	2,529.9	2,950.2	2,900.7
State Lottery	275.2	283.4	297.9	331.5	339.3
Business Franchise Taxes............	159.6	154.5	126.1	80.0	148.4
Tobacco Tax	199.6	187.6	200.7	236.2	283.3
Insurance Taxes and Fees............	234.5	176.7	263.1	168.5	272.0
Alcoholic Beverage Taxes...........	18.8	19.2	16.5	22.1	20.4
Death Taxes.................................	114.3	85.7	74.9	148.0	64.8
Clerks of Court	11.9	9.7	2.8	8.5	-2.8
Motor Fuel Taxes	0.0	0.0	0.0	0.0	0.0
Transfer Tax Revenues (c)	0.0	0.0	0.0	0.0	0.0
Hospital Patient Recoveries..........	64.3	59.2	56.0	60.5	55.9
Interest on Investments................	-0.3	39.3	22.7	11.8	8.5
District Court Fees.......................	29.5	26.7	15.3	17.0	20.9
Miscellaneous..............................	282.1	309.7	248.2	220.1	251.7
Total *	$10,395.0	$11,203.3	$11,069.2	$12,427.2	$12,284.0

*Totals may not add due to rounding.
(a) The State has recorded revenues from individual income taxes on a modified accrual basis.
(b) The Transportation Trust Fund receives a distribution from the corporate income tax. The distribution percentage varies from year to year.
(c) These revenues include existing transfer tax revenue whose distribution was amended to provide various disbursement amounts to the General Fund across several years; see The Tax Property Article §13-209.

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