

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following year. The General Assembly cannot increase the budget except in certain organizational units. The budget currently uses a legally mandated budgetary fund structure. Each state agency is provided appropriations at a program level, the level at which expenditures cannot legally exceed the appropriations. The State also utilizes an encumbrance system to serve as a tool for managing available appropriations.

Maryland maintains its accounts to conform with generally accepted accounting principles and also to comply with the legally mandated budget. Financial control is generally exercised under the budgetary system.

General Governmental Functions

Revenues of the general governmental functions (excluding capital projects) totaled \$9,175,943,000 for the fiscal year ended June 30, 1991. This represents an increase of 0.8 percent over revenues for the fiscal year 1990. Income tax, the largest source of revenue, produced 33.1 percent of general governmental revenues compared to 34.0 percent last year. The revenues from various sources and the changes from last year are shown in the following tabulation (amounts expressed in thousands):

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1990 Actual</u>	
			<u>Amount</u>	<u>Percent</u>
Income taxes	\$3,035,505	33.1%	\$ (60,918)	(2.0)%
Sales and use taxes	1,540,887	16.8	(30,980)	(2.0)
Motor vehicle taxes and fees	919,220	10.0	(36,033)	(3.8)
Other taxes	848,052	9.2	(46,677)	(5.2)
Other licenses and fees	125,476	1.4	12,287	10.9
Charges for services	403,942	4.4	72,630	21.9
Interest and other investment income	73,703	.8	(51,815)	(41.3)
Federal revenue	1,982,214	21.6	156,461	8.6
Other	246,944	2.7	56,083	29.4
Total	<u>\$9,175,943</u>	<u>100.0%</u>	<u>\$ 71,038</u>	0.8 %

Of the total income tax revenue for fiscal year 1991, \$2,834,591,000 was produced by the individual income tax and \$200,914,000 by the corporate income tax, representing declines of \$27,175,000 and \$33,743,000, respectively, compared to the prior year. The decrease in individual income tax revenues of 0.9 percent and the decrease in the corporate income tax revenues of 14.4 percent from the prior year are attributable to a national recession which had an impact on individual earnings and corporate profits.

Revenues from other licenses and fees increased \$12,287,000 or 10.9 percent over 1990 primarily for increased rates for licensing of stock brokers, investment advisors, etc.

Charges for services increased \$72,630,000 or 21.9 percent over the previous year primarily from increased earnings for local governments' reimbursements for transportation related activities.

Interest and other investment income declined \$51,815,000 or 41.3 percent from 1990 as a result of lower interest rates and lesser amounts available for investment during the year.

Other revenue increased \$56,083,000 or 29.4 percent over the previous year primarily as a result of a return of the State's funds on deposit with the Injured Workers' Insurance Fund and a return of excess health insurance contributions from the agency fund for Payroll Taxes and Fringe Benefits.