

The Maryland Constitution requires the Governor to submit annually to the General Assembly a balanced budget for the following year. The General Assembly cannot increase the budget except for the Legislature and Judiciary. 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 \$9,947,259,000 for the fiscal year ended June 30, 1992. This represents an increase of 8.4 percent over revenues for the fiscal year 1991. Income tax, the largest source of revenue, produced 30.6 percent of general governmental revenues compared to 33.1 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 1991 Actual</u>	
			<u>Amount</u>	<u>Percent</u>
Income taxes	\$3,043,695	30.6%	\$ 8,190	.3%
Sales and use taxes	1,579,785	15.9	38,898	2.5
Motor vehicle taxes and fees	990,540	10.0	71,320	7.8
Other taxes	874,283	8.8	26,231	3.1
Other licenses and fees	142,525	1.4	17,049	13.6
Charges for services	608,385	6.1	204,443	50.6
Interest and other investment income	33,189	.3	(40,514)	(55.0)
Federal revenue	2,421,904	24.3	439,690	22.3
Other	252,953	2.6	6,009	2.4
Total	\$9,947,259	100.0%	\$771,316	8.4%

Of the total income tax revenue for fiscal year 1992, \$2,861,785,000 was produced by the individual income tax and \$181,910,000 by the corporate income tax, representing an increase of \$27,194,000 and a decline of \$19,004,000, respectively, compared to the prior year. The decrease in the corporate income tax revenues of 9.5 percent from the prior year is attributable to the national recession which had an impact on corporate profits.

Revenues from other licenses and fees increased \$17,049,000 or 13.6 percent over 1991 primarily because of increased rates and activity of district court fines and charges.

Charges for services increased \$204,443,000 or 50.6 percent over the previous year primarily from the medicaid provider fee program. Also, certain amounts that would have been transferred to local subdivisions were, in accordance with budget reconciliation measures enacted by the General Assembly, instead credited to the State.

Interest and other investment income declined \$40,514,000 or 55.0 percent from 1991 as a result of lower interest rates and lesser amounts available for investment during the year.

Federal revenue increased \$439,690,000 or 22.3 percent over 1991 primarily because of growth in the expenditures for public assistance and medicaid programs.