

Individual Income Taxes

As noted before, there will be 14 months of receipts from employer withholdings in the Fiscal Year 1970 due to the change from quarterly to monthly remittance procedures for these withholdings to the State beginning with January 1970. Consequently, this revenue will show only a slight change in Fiscal Year 1971 when it returns to a normal 12 months rate.

Tabulations of net Individual Income Tax receipts applicable to income tax returns for the taxable year 1968 indicate that the General Fund revenue from this source amounted to about \$294,000,000.

The growth in the revenue from the Maryland income tax will depend largely on economic developments as indicated by the GNP index. Following is a comparative table showing the GNP trend as compared to the trend of Maryland income taxes for current years.

	GNP (\$ Billions)	Maryland Individual Income Tax (\$ Millions)	% Growth	
			GNP	Maryland Income Tax
Calendar Year 1965	684.9	149.8	8.3	13.4
Calendar Year 1966	749.9	171.1	9.5	14.2
Calendar Year 1967	793.5	250.9#	5.8	46.6#
Calendar Year 1968	865.7	294.0	8.9	17.2

Large increase due to change to Graduated Income Taxes in 1967.

It will be noted that Maryland Individual Income Taxes have shown a considerably higher growth rate than the GNP. In 1968 this growth rate was double that of the GNP. On the basis of an average 7% annual increase in the 1969 and 1970 GNP, it is therefore expected that Individual Income Taxes will increase by about 15% annually in those years.

The Calendar Year totals are as follows:

1967 Actual —\$250,900,000 (Before 5% Credit)

1968 Actual —\$294,000,000—17.2% Growth

1969 Estimate—\$338,000,000—15.0% Estimated Growth

1970 Estimate—\$388,000,000—15.0% Estimated Growth