Maryland

From 2002 to 2008, Maryland’s spending increased the most in the education (59%), welfare (54%), and highways (53%) categories. The increase in education spending was the fourth-largest in terms of percentage. The spending categories that saw the least growth were salaries and wages (19%), natural resources (18%), police (5%), and parks and recreation (0%). The state’s overall general spending increase of 46% ranked ninth-highest, although its 41% increase in direct spending, over which the legislature has the most control, was a bit more modest, ranking 20th.

Maryland’s total overall revenue growth of 37% ranked 38th for the period, and its total tax revenue growth of 45% ranked 24th. Corporate income taxes were the fastest growing tax revenue category, increasing 105% and ranking 26th-highest. The state’s personal income tax revenue growth of 48% and its general sales tax revenue growth of 39% also ranked near the median, at 23rd and 20th, respectively.

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<tbody>
<tr>
<td>Corrections</td>
<td>1,059,972</td>
<td>3</td>
<td>1,366,211</td>
<td>4</td>
<td>-1</td>
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<tr>
<td>Education</td>
<td>6,891,617</td>
<td>36</td>
<td>10,991,254</td>
<td>20</td>
<td>+16</td>
<td>59%</td>
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<tr>
<td>Government Administration</td>
<td>844,086</td>
<td>24</td>
<td>1,243,982</td>
<td>19</td>
<td>+5</td>
<td>47%</td>
<td>16</td>
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<tr>
<td>Health</td>
<td>1,341,846</td>
<td>10</td>
<td>1,958,191</td>
<td>7</td>
<td>+3</td>
<td>46%</td>
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<tr>
<td>Highways</td>
<td>1,642,654</td>
<td>30</td>
<td>2,510,419</td>
<td>16</td>
<td>+14</td>
<td>53%</td>
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<tr>
<td>Hospitals</td>
<td>400,821</td>
<td>31</td>
<td>541,820</td>
<td>27</td>
<td>+4</td>
<td>35%</td>
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<tr>
<td>Interest on Debt</td>
<td>710,689</td>
<td>20</td>
<td>1,046,312</td>
<td>18</td>
<td>+2</td>
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<tr>
<td>Natural Resources</td>
<td>478,073</td>
<td>16</td>
<td>562,098</td>
<td>18</td>
<td>-2</td>
<td>18%</td>
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<tr>
<td>Parks and Recreation</td>
<td>268,944</td>
<td>3</td>
<td>268,711</td>
<td>7</td>
<td>-4</td>
<td>0%</td>
<td>34</td>
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<td>Police Protection</td>
<td>387,251</td>
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<td>405,655</td>
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<td>5%</td>
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<td>Public Welfare</td>
<td>4,625,705</td>
<td>33</td>
<td>7,118,659</td>
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<td>+7</td>
<td>54%</td>
<td>17</td>
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<td>Salaries and Wages</td>
<td>3,974,484</td>
<td>19</td>
<td>4,724,830</td>
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<td>-5</td>
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<td>Direct Expenditures</td>
<td>15,468,925</td>
<td>21</td>
<td>21,819,005</td>
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<td>+3</td>
<td>41%</td>
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<tr>
<td>General Expenditures</td>
<td>20,704,431</td>
<td>29</td>
<td>30,328,008</td>
<td>19</td>
<td>+10</td>
<td>46%</td>
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<td>Total Expenditures</td>
<td>23,317,261</td>
<td>29</td>
<td>34,029,818</td>
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<td>+8</td>
<td>46%</td>
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<tbody>
<tr>
<td>Personal Income Tax(^1)</td>
<td>4,704,368</td>
<td>12</td>
<td>6,940,134</td>
<td>9</td>
<td>+3</td>
<td>48%</td>
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<tr>
<td>General Sales Tax(^2)</td>
<td>2,690,434</td>
<td>38</td>
<td>3,748,933</td>
<td>32</td>
<td>+6</td>
<td>39%</td>
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<tr>
<td>Corporate Income Tax(^3)</td>
<td>359,420</td>
<td>26</td>
<td>735,324</td>
<td>29</td>
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<tr>
<td>Total Taxes</td>
<td>10,821,276</td>
<td>16</td>
<td>15,713,987</td>
<td>15</td>
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<td>45%</td>
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<tr>
<td>Total Revenue</td>
<td>20,787,889</td>
<td>26</td>
<td>28,422,851</td>
<td>30</td>
<td>-4</td>
<td>37%</td>
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</tbody>
</table>

\(^1\) Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

\(^2\) General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

\(^3\) Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.
Comparison to Baseline Growth

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and Maryland’s population increased by 3%. This yields a “baseline” growth of 23% for the period. The figure below compares the difference in Maryland’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.