



## DEPARTMENT OF FINANCE

Marc Elrich  
*County Executive*

### MEMORANDUM

Michael J. Coveyou  
*Director*

April 19, 2021

Honorable County Executive  
Members of the Montgomery County Council

Ladies and Gentlemen:

I am pleased to present the findings of the Twenty-Second Annual Business Advisory Panel that was convened on February 16, 2021. The enclosed report was prepared by the County's Department of Finance pursuant to Article XI, Section 20-61, of the Montgomery County Code.

The report consists of a summary of the panel's advice, a list of the panelists, the information package that the Department of Finance ("Department" or "Finance") sent to the panelists in advance of the meeting, and a presentation prepared for the panel by Andrew Schaufele, Director, Bureau of Revenue Estimates, Office of the Comptroller of Maryland. The information packet includes the agenda for the meeting, concise statements by the Department on the County's economic outlook, and the framework for discussion.

The accompanying material reflects the economic advice given by the Business Advisory Panel.

Sincerely,

  
Michael J. Coveyou

Attachments

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Department of Finance

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**FINDINGS OF THE TWENTY-SECOND ANNUAL  
BUSINESS ADVISORY PANEL  
FEBRUARY 16, 2021**

Pursuant to Article XI, Section 20-61, of the Montgomery County Code, the Department of Finance (Finance) convened a meeting of the Business Advisory Panel (BAP) on February 16, 2021. The County Council of Montgomery County established the BAP in 1999 to seek the advice of industry experts in key sectors of the County's business community concerning the current and future state of the County's economy and the impact on revenues. The law requires that the Director of Finance convene the panel annually and relay the panel's advice to the County Executive and County Council. The panel was convened and conducted in a virtual format due to the COVID-19 pandemic. This report provides such advice.

The BAP members representing real estate, finance, and trade associations, were joined by the County Executive Marc Elrich.

The meeting was structured to allow all participants to provide a briefing on the local, state, and regional economic trends and to share their insights about future economic prospects in the County. The participants also discussed Finance's economic forecasts. For purposes of this report, the results of the discussions are presented in two parts. The first part presents the economic and revenue forecast by the Bureau of Revenue Estimates (BRE, Maryland Comptroller, and Finance's economic assumptions). The second part discusses the participant's view of their respective industry sector.

The County Executive opened the meeting with an overview of Fiscal 2021 including the difficulties caused by the COVID-19 pandemic for the County, its residents and its business community. In July 2020, the County's second largest revenue source, income taxes, were expected to drop sharply due to the recession that resulted from the pandemic and stay at home orders. However, due to federal stimulus funds, enhanced unemployment insurance payments and other programs enacted as part of the federal CARES Act, income tax revenues did not drop as sharply as initially predicted. Property taxes, the largest County revenue, have remained stable. We are monitoring them closely with a focus on commercial activity, including vacancy rates, leasing activity and property tax appeals. With the increasing availability of vaccines over the next several months, the local and national economies are expected to recover in the second half of 2021. As the economy recovers, the County's goal will be to continue to support individuals and businesses that have been impacted by the recession while positioning ourselves for the future.

**I. Current Economic Conditions and Future Economic Assumptions**

Finance staff asked the participants to provide comments to a paper prepared by staff that analyzed the County's economy and provided assumptions about the economic outlook. The paper analyzed a number of economic indicators including employment, personal income, real estate, inflation, construction, and interest rates. A detailed report on the County's economy and economic assumptions follows:

- **Payroll Employment.** Finance assumes payroll employment will decrease from CY2019 to CY2022 at an average annual rate of 1.3 percent over that period. This is below the average annual growth rate of 0.8 percent experienced between CY2015 and CY2019. Finance assumes payroll employment will not reach its pre-pandemic level until CY2026.
- **Resident Employment.** Finance assumes that resident employment will decrease at an average annual rate of 1.5 percent from CY2019 to CY2022. That rate is below the average annual growth rate of 1.1 percent between CY2015 and CY2019. Finance estimates the resident employment will not reach its pre-pandemic level in CY2019 until CY2027-CY2028.
- **Wage and Salary Income.** Finance assumes wage and salary income will decrease at an average annual rate of 1.5 percent from CY2020 to CY2022 compared to the average annual growth rate of 2.6 percent from CY2015 to CY2020. Finance estimates that total wage and salary income will not reach its pre-pandemic peak in CY2020 until CY2023.
- **Income from Dividends, Interest, and Rents.** Finance assumes income from dividends, interest and rents in Montgomery County will decrease at an average annual rate of 5.9 percent from CY2019 to CY2021 compared to the average annual growth rate of 4.6 percent from CY2015 to CY2019. Income from dividends, interest, and rents will not reach its pre-pandemic peak until CY2024.
- **Personal Income.** Finance assumes that total personal income in Montgomery County will decrease at an average annual rate of 1.1 percent from CY2020 to CY2022 compared to an average annual growth rate of 3.5 percent from CY2015 to CY2020. Total personal income will not reach its pre-pandemic peak until CY2023.
- **Inflation (annual average).** Finance assumes that the overall regional inflation index will increase from 0.90 percent in CY2020 to 1.66 percent in CY2021, decelerate to 1.57 percent in CY2022, then increase to 2.40% in CY2023, and 2.44% in CY2024.
- **Interest Rates.** Since the yield on the County's short-term investments are highly correlated with the federal funds rate, the County earned an average of 1.76 percent in investment income on its short-term portfolio for fiscal year (FY) 2020 but will only earn an estimated average of 0.15 percent in FY21 and FY22 and 0.35 percent in FY23 and FY24 due to the rate cuts to the targeted federal funds by the Federal Open Market Committee of the Board of Governors of the Federal Reserve System in response to COVID-19 and national recession.

## **Maryland Economy and Revenues**

The Director of the Bureau of Revenue Estimates (BRE), Office of the Comptroller of Maryland, presented an economic outlook for the Maryland economy, and BRE's economic forecast for the Maryland economy to the County Executive and the participants. A copy of

BRE's presentation is included in this report. BRE's economic and revenue outlook is based on the December 2020 Board of Revenue Estimates update.

December's forecast assumed a difficult winter particularly in the food service sector but forecast a modest economic recovery in the spring based on fiscal stimulus and the availability of the vaccine. The State's residents received \$203.0 billion from the first stimulus of which more than half went to savings (27%) and paying debt (31%). BRE's economic forecast does not include the second stimulus that was under consideration in December 2020 because the economy had tremendous momentum and savings from the first stimulus heading into winter. Should Congress pass the stimulus currently under consideration, it would only moderately impact BRE's key economic fundamentals but boost spending.<sup>1</sup> BRE also noted an increased outlook for income from capital gains and possibly a stronger confidence in a "V" shaped economic recovery due to the availability and growth in vaccine inoculations.

Lower income jobs have borne the brunt of the recession and the State's revenue structure is set to minimize the taxes paid by lower income households. The largest decline in jobs during the pandemic occurred in the accommodation and food services industry with an average wage of \$24,082 – the lowest average wage among the sixteen private sector industries. In this sector there are 400,000 jobs statewide but that is down by 100,000 since the start of the pandemic.

Income tax represents 50.0 percent of State revenues and taxpayers earning less than \$50,000 accounted for 43.0 percent of all taxpayers in TY2019 but only 6.6 percent of the taxes paid. Revenues from withholdings have increased 5.1 percent attributed in part to unemployment compensation, and the increase in capital gains are reflected in estimated payments. Finally, the stimulus has either sustained or expanded consumer spending such that sales tax revenue experienced a shift from purchases of services and a shift to purchases of durable goods.

Unemployment insurance (UI) benefits are taxable in Maryland.<sup>2</sup> UI bolstered withholding collections by \$261.0 million in tax year 2020. However, BRE forecasts that 70.0 percent will be refunded at filing time. Currently, only 40.0 percent is withheld.

BRE's forecast has a greater downside risk on non-wage earnings. Businesses are making payroll but it is not clear that they are profitable. BRE notes that local governments rely heavily on property taxes and that commercial property valuations could undergo a correction.

Finally, BRE noted that there is a risk of higher inflation attributed to an increase in the demand for goods, and Maryland's population is growing at a slower rate than the population for the nation.

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<sup>1</sup> On December 27, 2020, Congress enacted and the President signed a \$900 billion stimulus and relief bill

<sup>2</sup> The Maryland RELIEF Act, signed into law on February 15, 2021 repealed all Maryland state and local income tax on unemployment benefits for tax years 2020 and 2021

## **II. Comments About Specific Industry Sectors**

### **Post COVID-19 Economic Recovery and Development**

The participants discussed the process by which information about the recovery from COVID-19 is communicated in the County. The first challenge discussed is the requirement to build a steady momentum toward a recovery and that the communication about such momentum is based on what will be the County's policy goals. Immediately there could be momentum for both government contracting and technology development. The County is well positioned regarding government contracting but it would be useful to disaggregate the government data as to who did well and who did not. The second challenge is to encourage millennials to move to Montgomery County or remain living and working in the County. The development of the concept of a "Town Centre" would help small businesses, especially restaurants, and also encourage millennials to locate and remain in Montgomery County. The momentum would also encourage further growth in information technology and light manufacturing. Currently, a regional government association is also focusing on transportation and housing issues. The lack of housing affordability in the County has a negative impact on the balance between where people work and where they live. Increased affordability would support more of the labor force living in the County. Because of the uneven recovery the County Council provided \$4.9 million relief to restaurants and \$5.0 million for the hospitality sector. The next round of relief is the American Rescue Plan<sup>3</sup> of which approximately \$205 million could be available for the County and \$40 million for municipalities and there may also be a federal Infrastructure Bill with funding for bus rapid transit (BRT) among other projects.

### **Real Estate Market**

Teleworking has created a gap in information regarding where some residents are working. Currently there is no detailed information available that would allow the County to understand how telework is impacting its residents. A more permanent shift to telework in the future may impact where workers choose to live within the State or potentially out-of-state. The State of Maryland has the best available income tax data that would allow the County to evaluate the impact of telework on income tax and property tax, however, that information is not available yet. Residential real estate sales accelerated during the pandemic attributed to low interest rates and migration to the County from denser, more urban areas due to teleworking.

A discussion on residential construction focused on the need to develop more low-rise housing units rather than high-rise units and to increase the number of subsidized affordable units. For the current market rate residential market, there is between six- to nine-months of pent-up demand. Currently there is a tale of two economies: market rate apartments versus subsidized apartments and office space versus retail space. The suggestion is to work with nonprofit builders for the construction of affordable housing.

### **Hotel-Motel Industry**

From April to December of last year, the hotel-motel sector lost \$163 million in revenue that translated into 1.12 million room nights. The occupancy rate declined from 78% to approximately 28% in March of 2020 and the average daily rate (ADR) dropped from \$144 to

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<sup>3</sup> The American Rescue Plan Act (ARPA) was signed in to law on March 11, 2021

\$88. Leisure travel will bounce back initially followed by mini-conference gatherings, with international travel and large convention meetings last. Unemployment rate is high and the recovery for the industry is one year away.

### **III. Conclusion**

The representatives expressed cautious optimism regarding the County's economy. The three major issues discussed by the representatives are the challenge of more workforce training for employment in the life sciences industry, the availability of more affordable housing, and continued growth in information technology and development of light manufacturing.

**MONTGOMERY COUNTY**

**22<sup>nd</sup> ANNUAL**

**BUSINESS ADVISORY PANEL**



**FEBRUARY 16, 2021**

## **MEETING**

**WHERE:** VIRTUAL MEETING VIA ZOOM

**WHEN:** TUESDAY, FEBRUARY 16, 2021

## **AGENDA**

- 9:00 A.M. Introduction, Michael Coveyou, Director,  
Montgomery Department of Finance
- 9:05 A.M. Opening Remarks by Marc Elrich, County Executive
- 9:20 A.M. Presentation of Department of Finance economic assumptions
- 9:30 A.M. Presentation by Andrew Schaufele, Director, Bureau of Revenue  
Estimates, Comptroller of Maryland
- 10:00 A.M. Roundtable discussion by participants
- 11:30 A.M. Adjournment

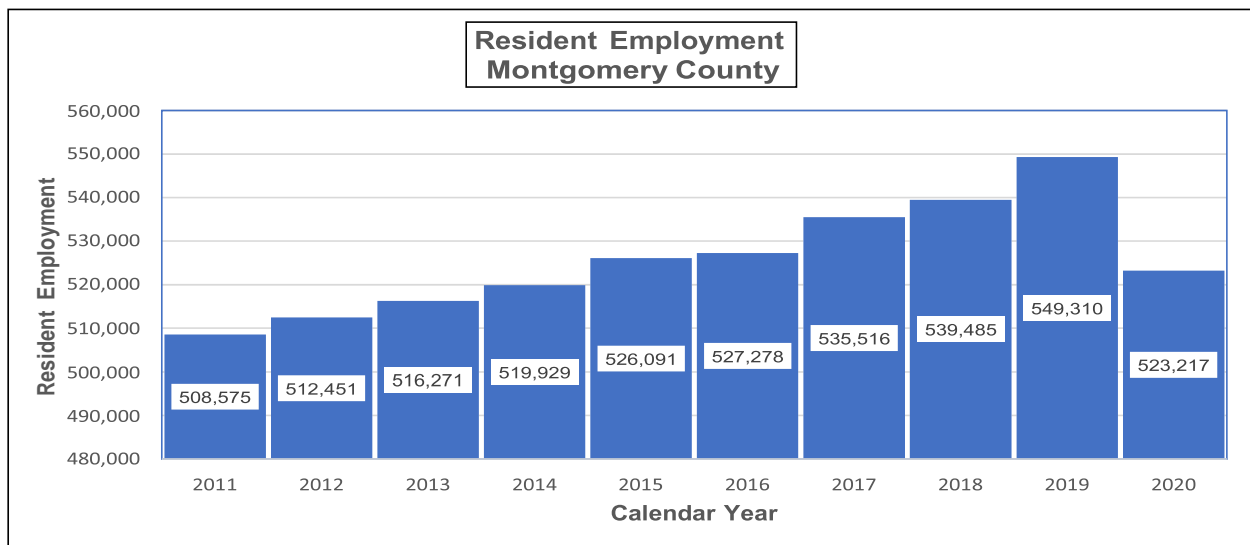


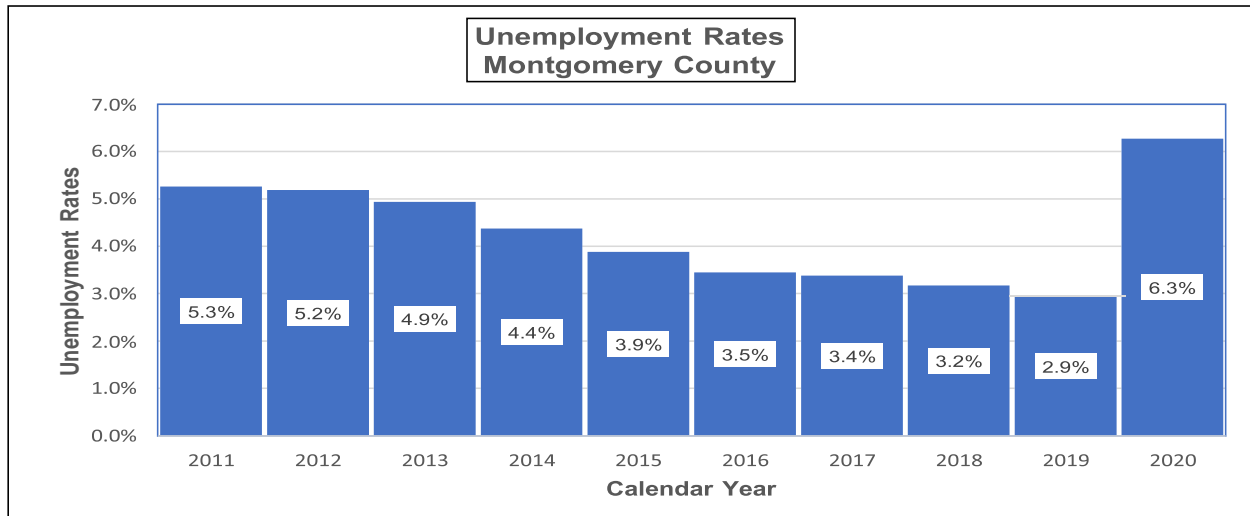
## ECONOMIC CONDITIONS AND OUTLOOK

Montgomery County's economy experienced mixed economic performance during calendar (CY) 2020 attributed to COVID-19. The areas of weakness included a decrease in resident employment, a significant increase in the unemployment rate, a decrease in the construction of residential housing and non-residential projects, and decreases in the added values of new construction for residential and non-residential properties. The areas of strength in the County's economy were an increase in the sales of existing homes and an increase in the median sales price for an existing home.

### *Employment Situation*

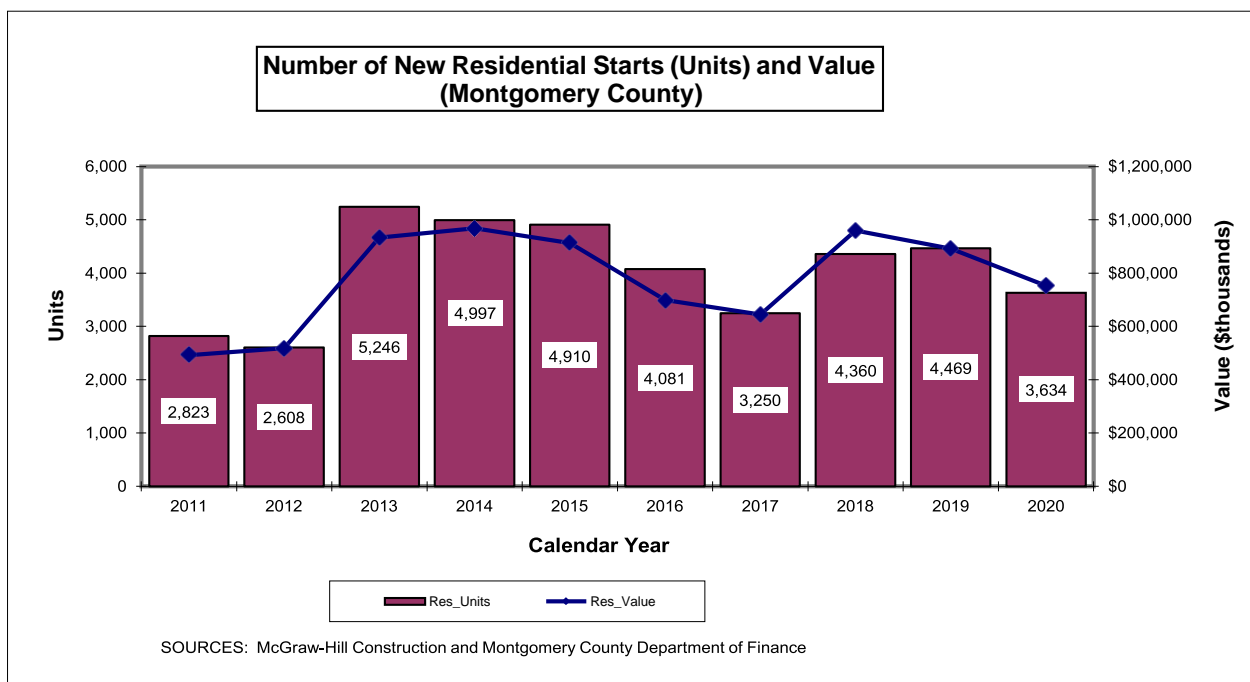
Based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics, U.S. Department of Labor, resident employment (labor force series and not seasonally adjusted) in CY2020 decreased by 26,000 from CY2019 (↓4.8%). The County's unemployment rate at 6.3 percent was more than twice the rate in CY2019.

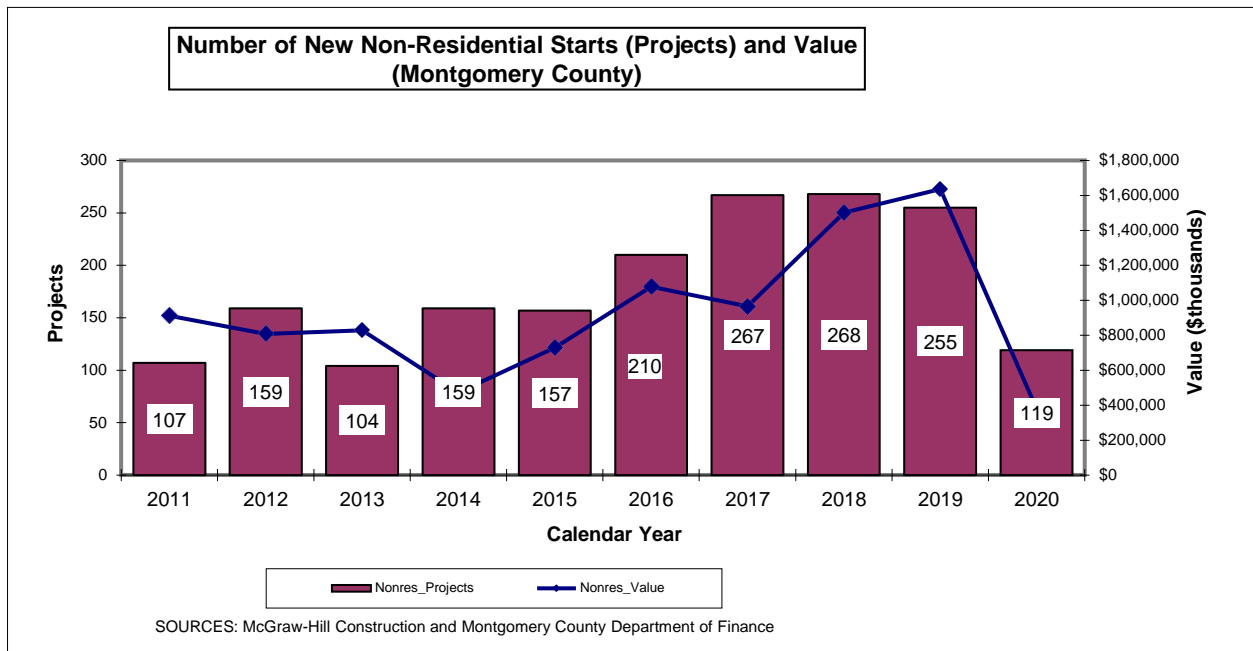




### *Construction Activity*

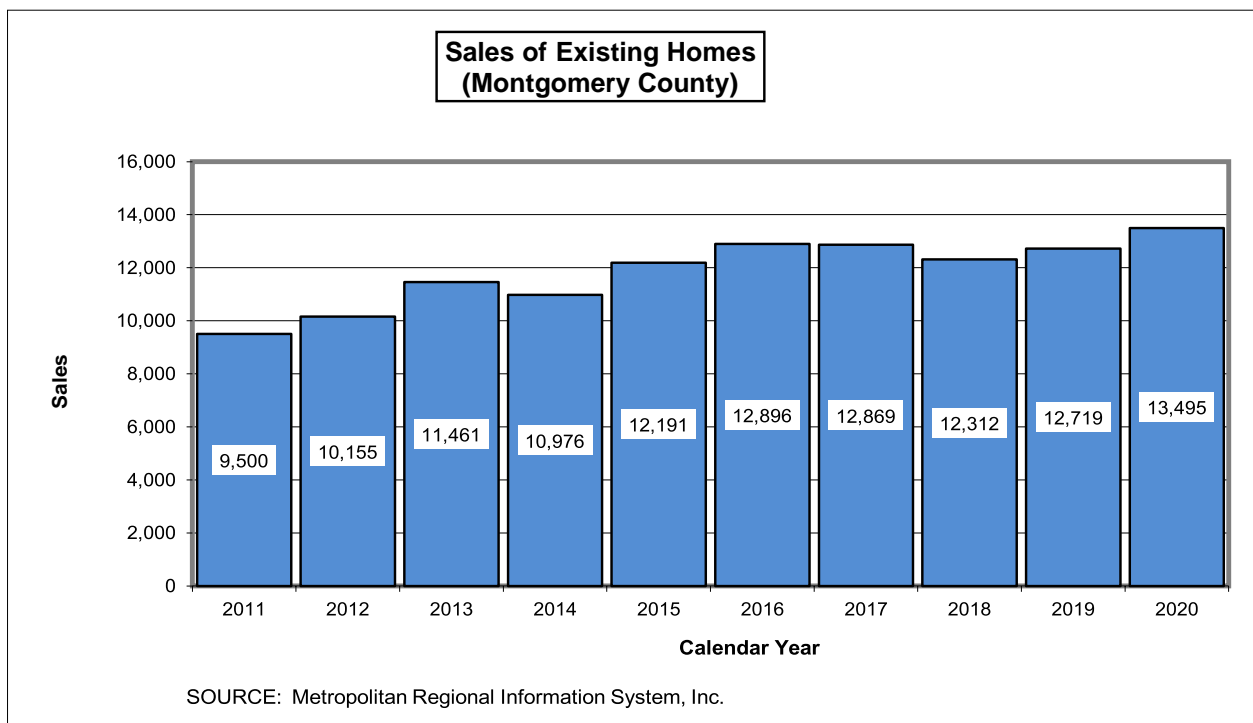
The construction of new residential units decreased 18.7 percent in CY2020, and total value added decreased from \$892.1 million in CY2019 to \$752.7 million in CY2020 (↓15.6%). The total value added from non-residential projects decreased from \$1,636.0 million in CY2019 to \$377.3 million (↓77.0%) in CY2020.

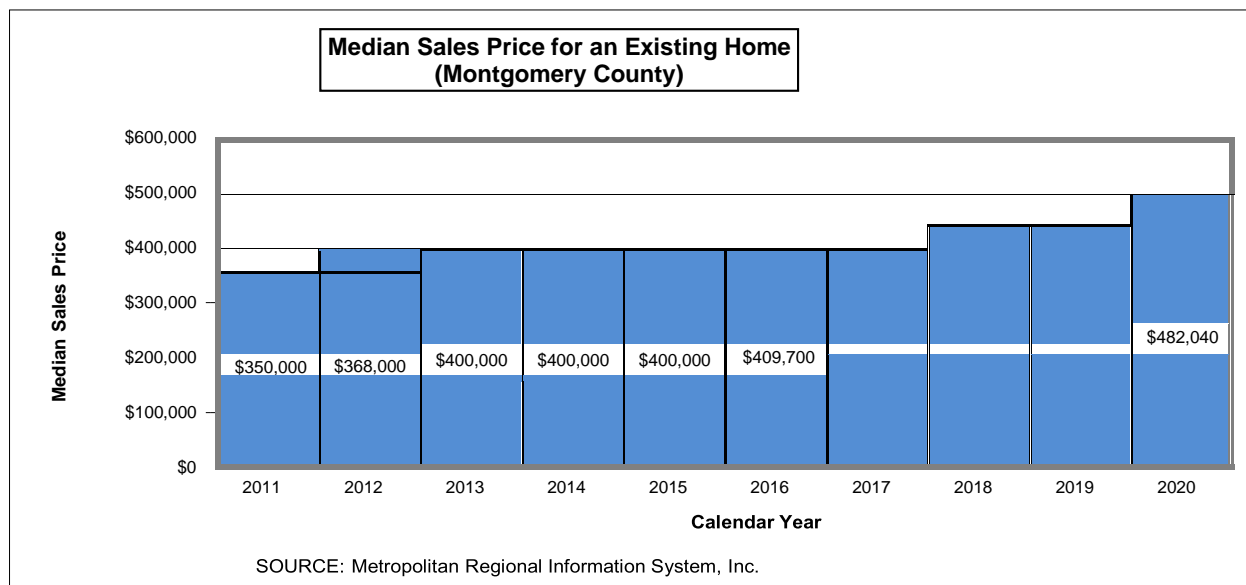




### ***Residential Real Estate***

During calendar year 2020, existing home sales increased 6.1 percent which followed an increase of 3.3 percent in CY2019. The median sales price for existing homes increased 7.1 percent in CY2020 following an increase of 2.3 percent in 2019.





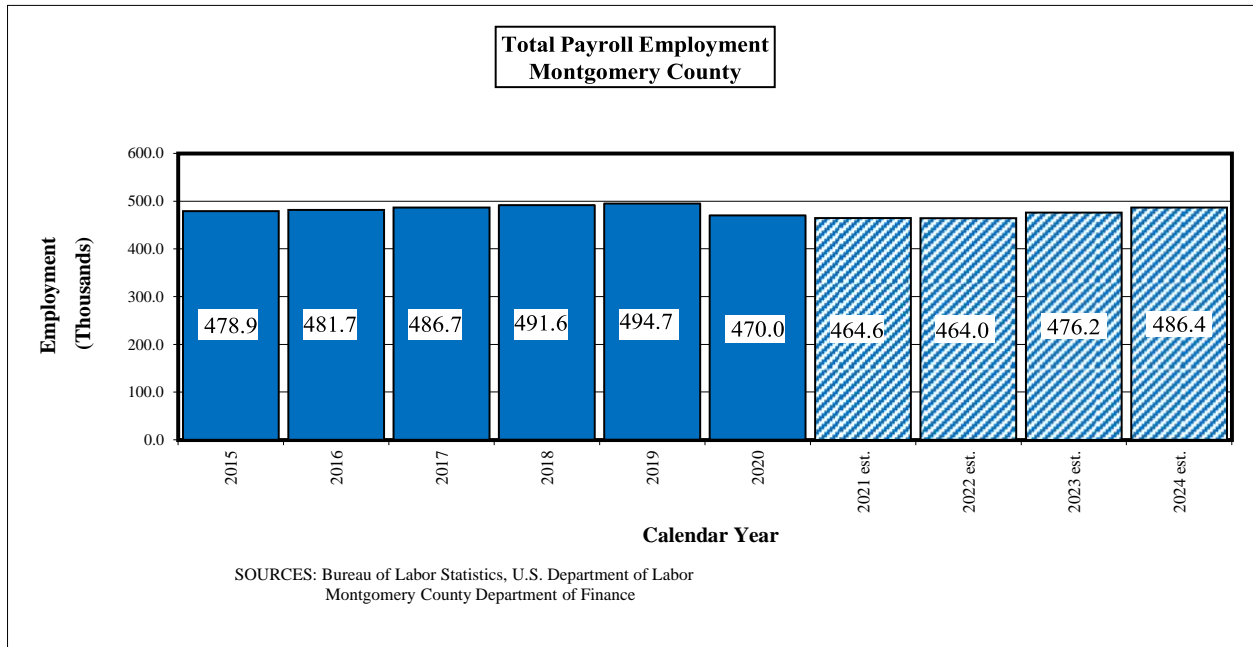
## CONCLUSION

The two economic indicators, employment and construction, confirm that the County's economy experienced weak economic performance attributed to the impact of COVID-19 during CY2020. That performance included a decrease in residential employment, an elevated unemployment rate, and a decrease in residential and non-residential construction. However, the residential real estate market experienced positive performance during COVID-19.

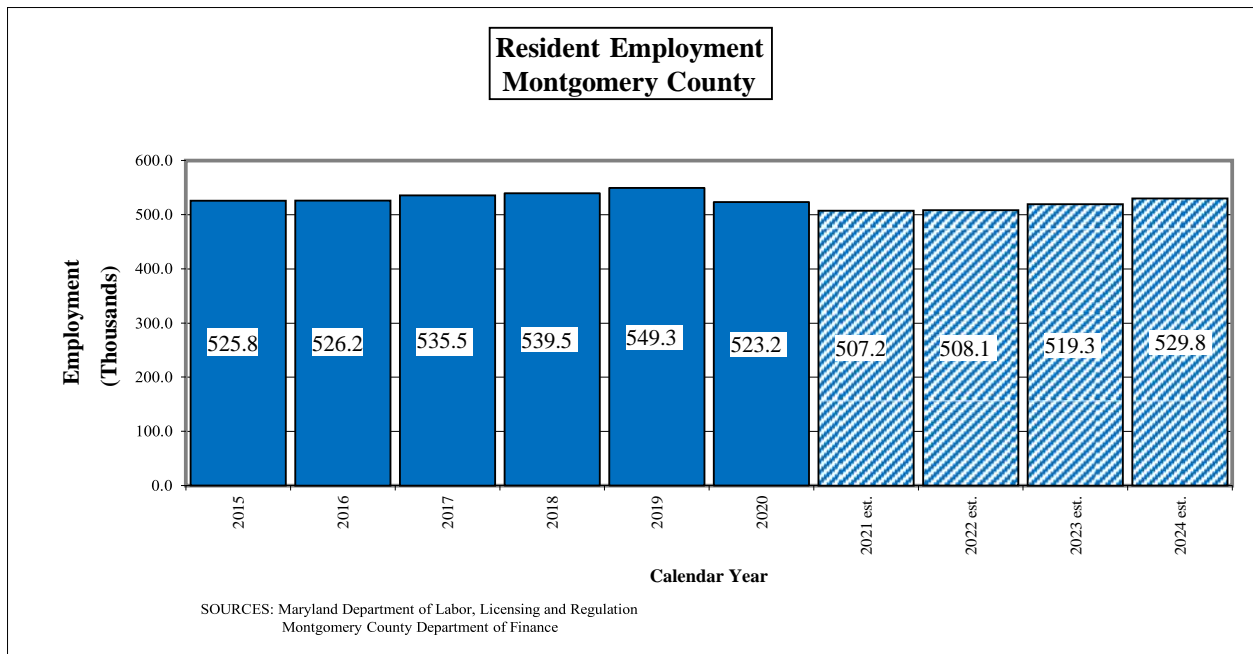
## ECONOMIC OUTLOOK

The Department of Finance (Finance) forecasts that Montgomery County's economy will continue to experience weak economic performance through CY2021 and CY2022.

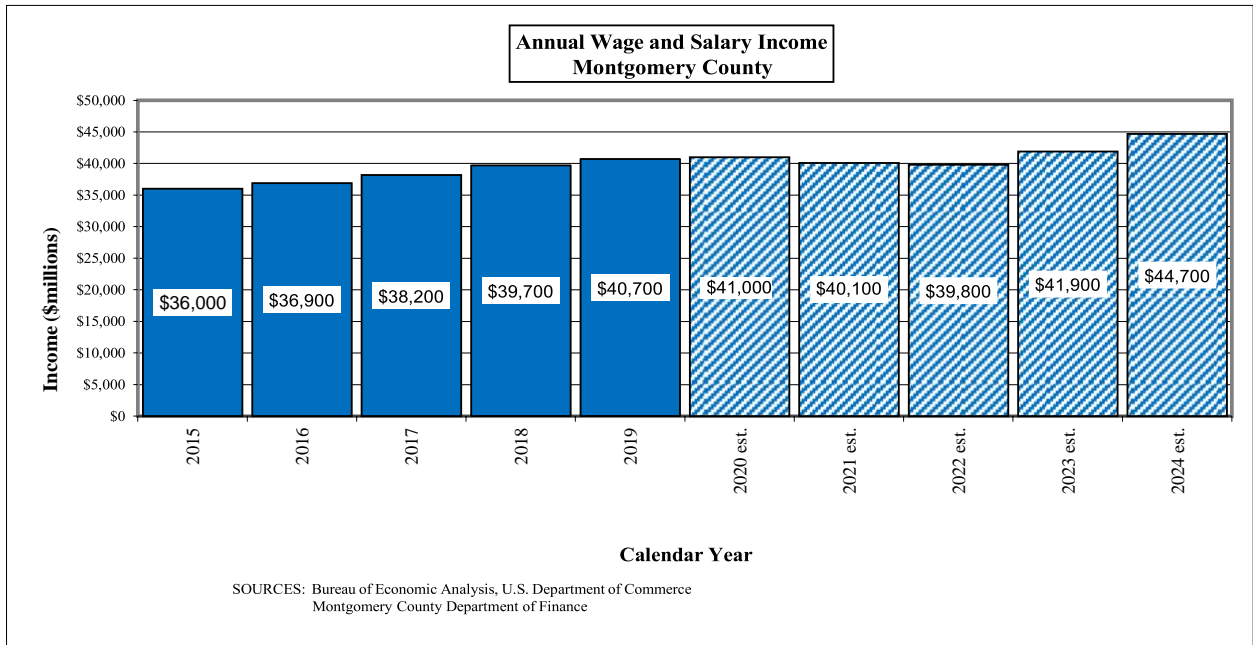
**Employment.** Finance assumes payroll employment will decrease from CY2019 to CY2022 at an average annual rate of 1.3 percent over that period. This is below the average annual growth rate of 0.8 percent experienced between CY2015 and CY2019. Finance assumes payroll employment will not reach its pre-pandemic level until CY2026.



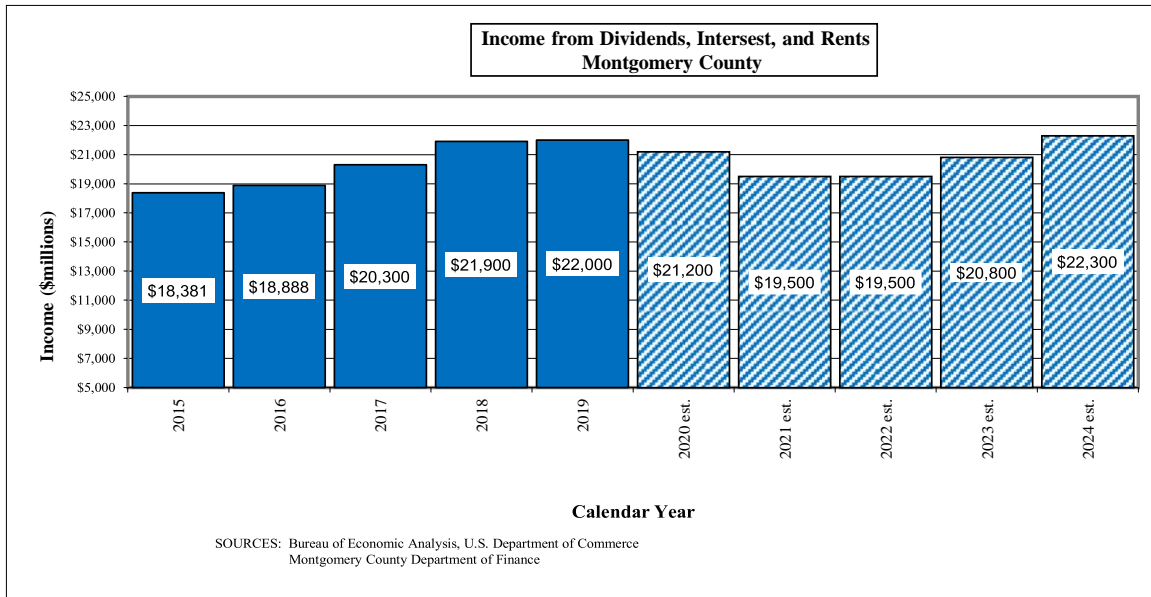
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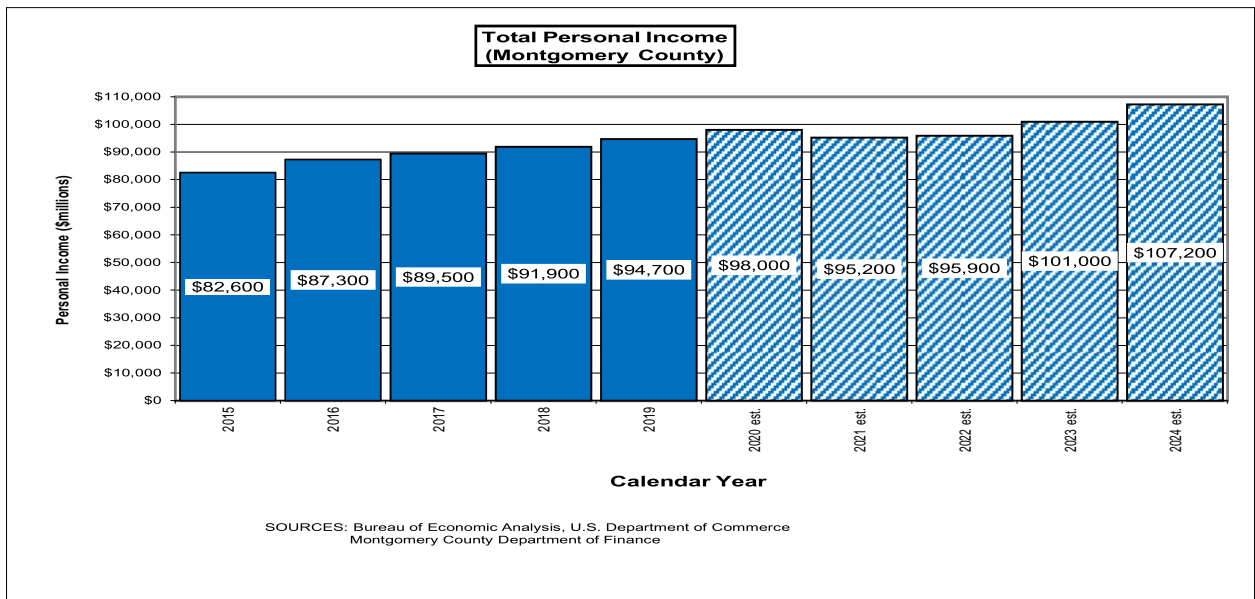
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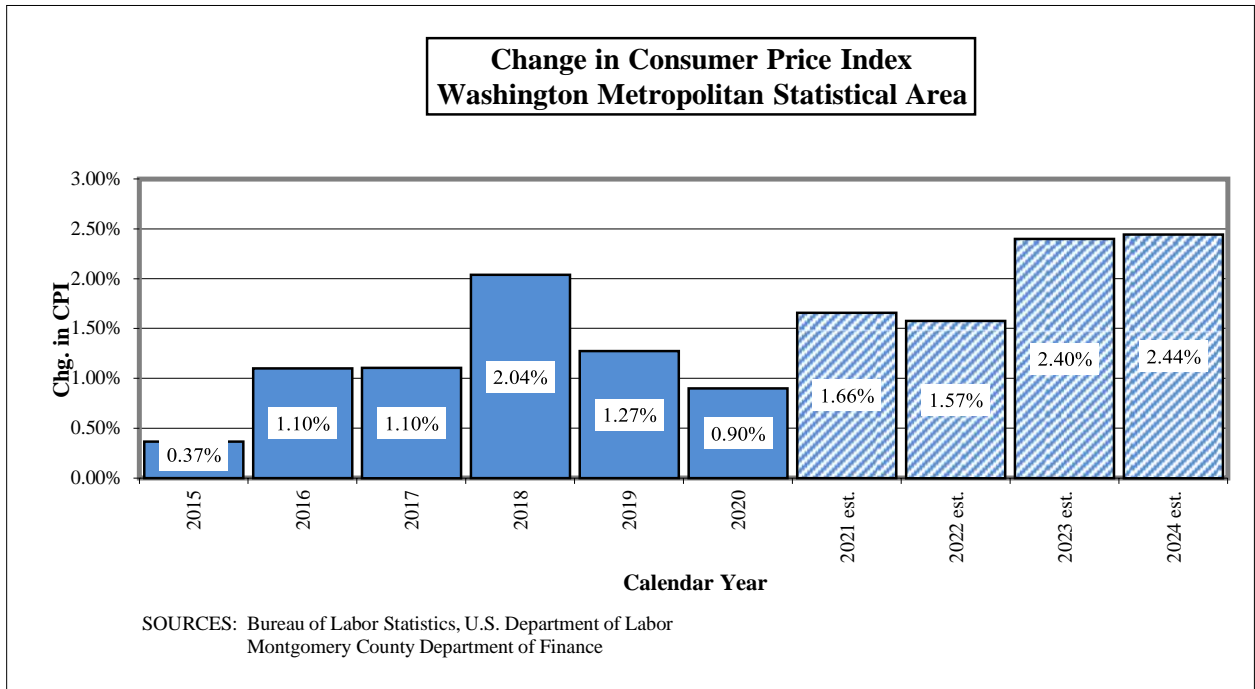
**Income from Dividends, Interest, and Rents.** Finance assumes income from dividends, interest and rents in Montgomery County will decrease at an average annual rate of 5.9 percent from CY2019 to CY2021 compared to the average annual growth rate of 4.6 percent from CY2015 to CY2019. Income from dividends, interest, and rents will not reach its pre-pandemic peak until CY2024.



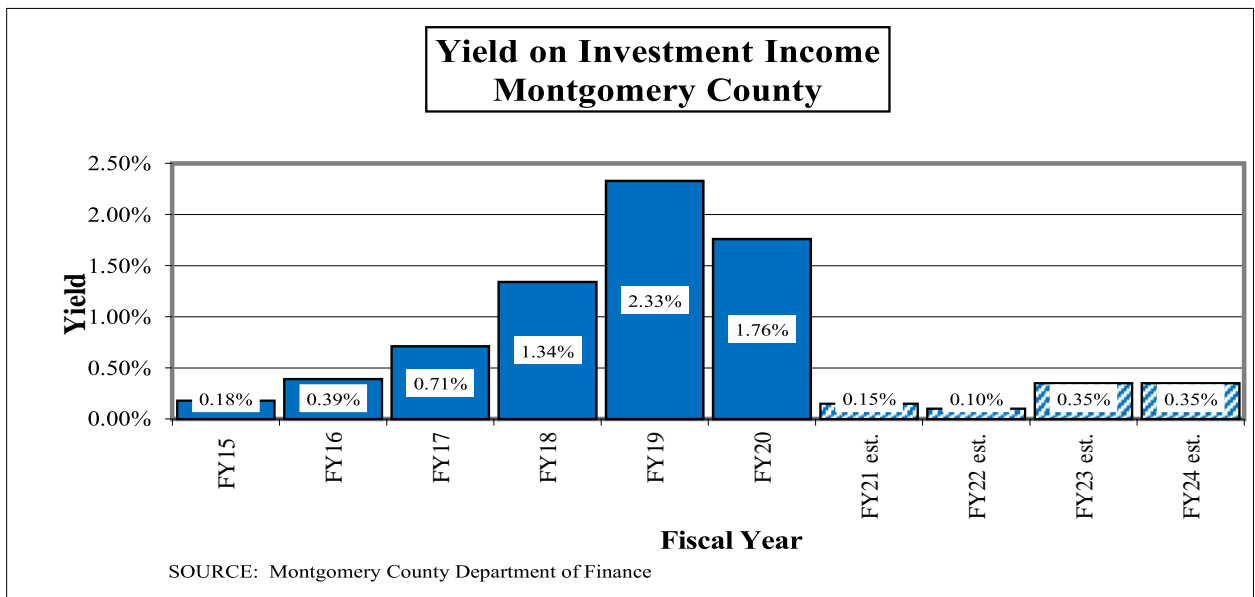
**Personal Income.** Finance assumes that total personal income in Montgomery County will decrease at an average annual rate of 1.1 percent from CY2020 to CY2022 compared to an average annual growth rate of 3.5 percent from CY2015 to CY2020. Total personal income will not reach its pre-pandemic peak until CY2023.



**Inflation (annual average).** Finance assumes that the overall regional inflation index will increase from 0.90 percent in CY2020 to 1.66 percent in CY2021, decelerate to 1.57 percent in CY2022, then increase to 2.40% in CY2023, and 2.44% in CY2024.



**Interest Rates.** Since the yield on the County's short-term investments are highly correlated with the federal funds rate, the County earned an average of 1.76 percent in investment income on its short-term portfolio for fiscal year (FY) 2020 but will only earn an estimated average of 0.15 percent in FY21 and FY22 and 0.35 percent in FY23 and FY24 due to the rate cuts to the targeted federal funds by the Federal Open Market Committee of the Board of Governors of the Federal Reserve System in response to COVID-19 and national recession.





## **DISCUSSION FRAMEWORK**

The economic assumptions provide a framework for the Department of Finance's revenue projections for FY22 through FY25. The following issues create the framework for the discussion that is the focus of the Business Advisory Panel. In order to gain a better understanding of the direction of the major industrial sectors in our county and region, it would be helpful if the participants of the Business Advisory Panel comment on our assumptions and discuss the major economic trends in the next four years that affect their industry sector. The following list of items, if applicable to your sector, may be used to focus your discussion:

### **Risk to the Forecasts (Assumptions)**

- COVID-19 cases, vaccine distribution, and status of business re-openings
- Impact of federal and state government fiscal stimulus
- Private sector employment particularly those sectors impacted by COVID-19
- Future interest rate policy by the FOMC
- Inflation outlook
- Domestic stock market and its impact on capital gains and non-wage income
- Residential and non-residential construction

### **Income**

- Federal and state fiscal stimulus
- Capital gains
- Estimated payments
- Tax Policy Changes: federal and state
- Availability and cost of healthcare

### **Real Estate**

- Residential construction
- Commercial construction
- Home sales and median prices
- Vacancy rates for commercial property
- Loan conditions – residential and commercial sectors and refinancing

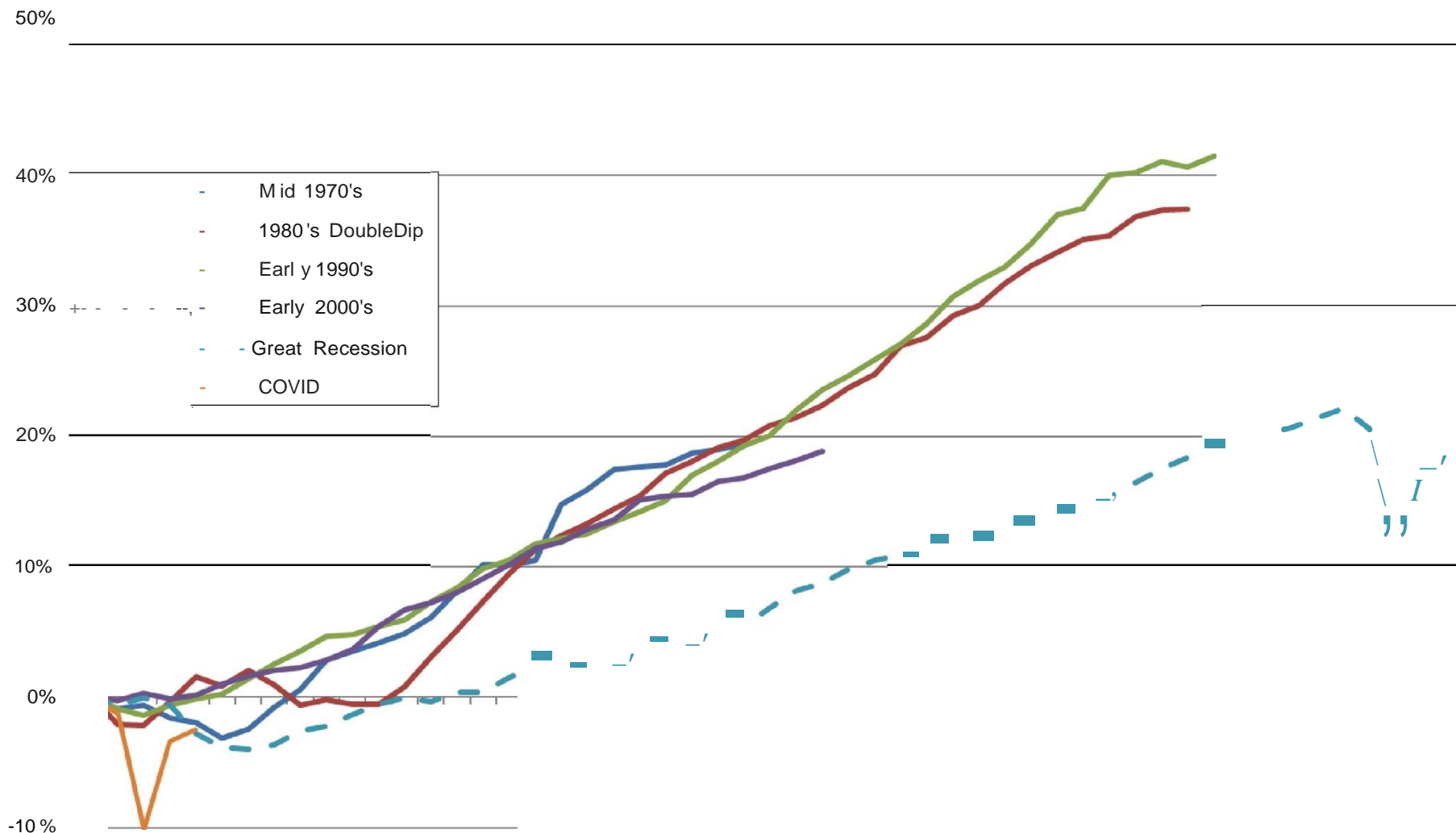
# REVENUE ESTIMATES AND ECONOMIC OUTLOOK

February 16, 2021

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Andrew Schaufele  
Executive Secretary  
Board of Revenue Estimates

## Historical Expansions -- % of Previous Peak GDP

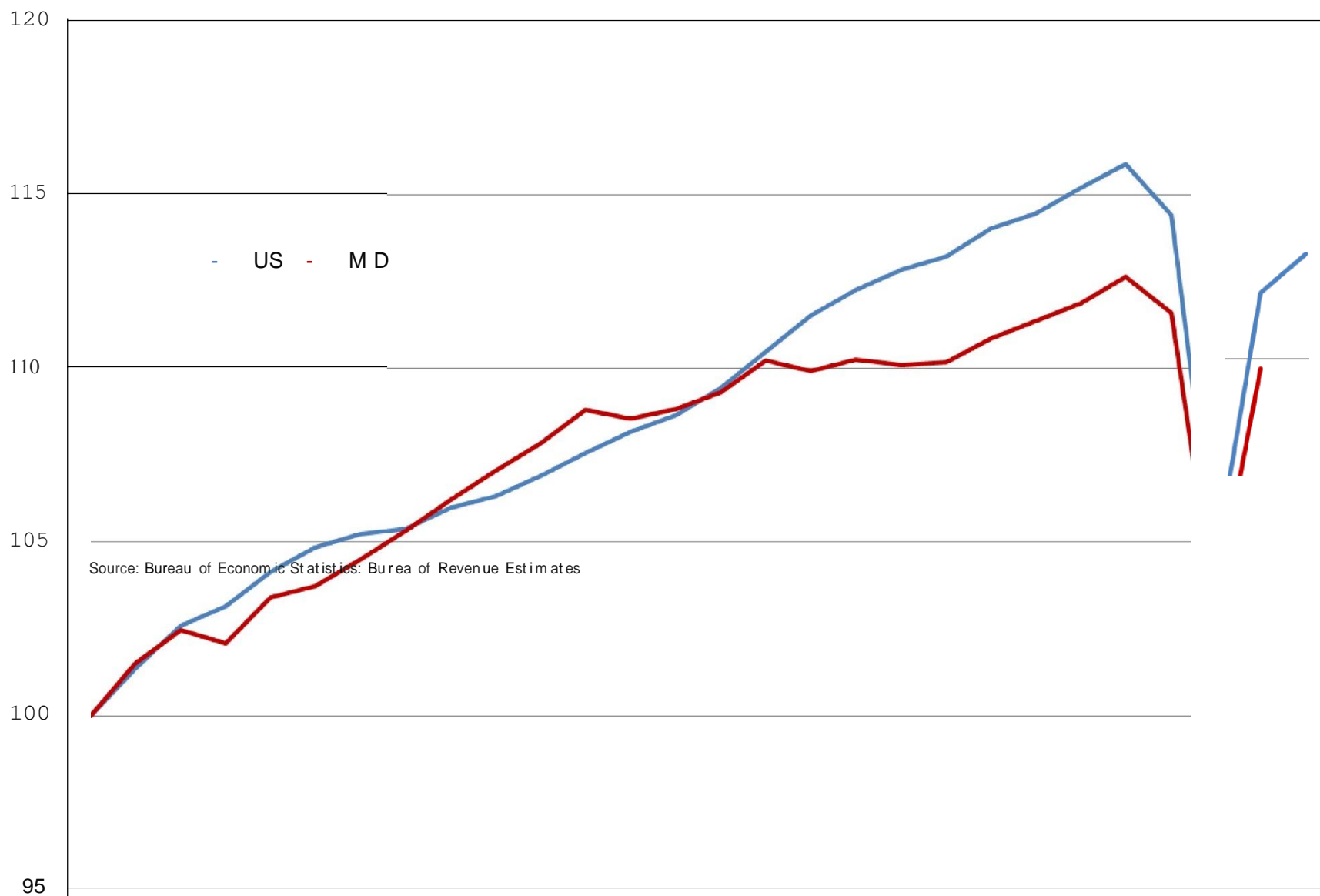


Source: US Bureau of Economic Analysis; MD Bureau of Revenue Estimates

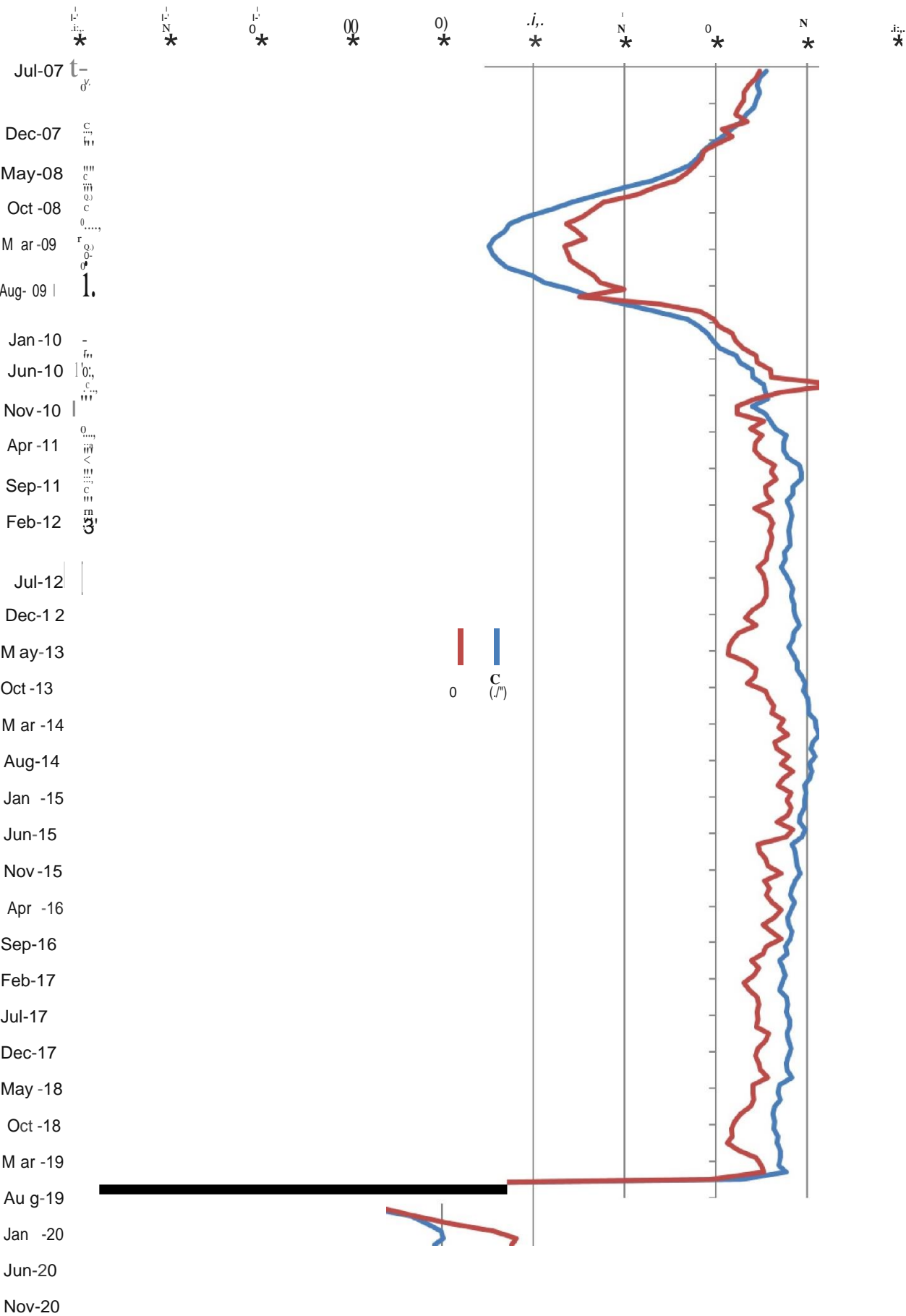
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# of Quarters Since Pri or Peak GDP

## Real GDP, Indexed to 2014Q1



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# High Level Comparison (Dec to Sep)

<b>December Estimates Versus September Estimates</b>		
Tax Type	Fiscal Year 2021	Fiscal Year 2022
Personal Income Tax	\$65.7	\$115.3
Corporate Income Tax	(29.7)	50.5
Sales Tax	75.7	(3.9)
Lottery	35.3	10.5
Other	(83.2)	38.3
<b>Subtotal: Ongoing Revenues</b>	<b>63.8</b>	<b>210.7</b>
Volatility Cap	0	(68.1)
<b>Total: Net General Fund</b>	<b>63.8</b>	<b>142.6</b>
Notes: Dollars in Millions		



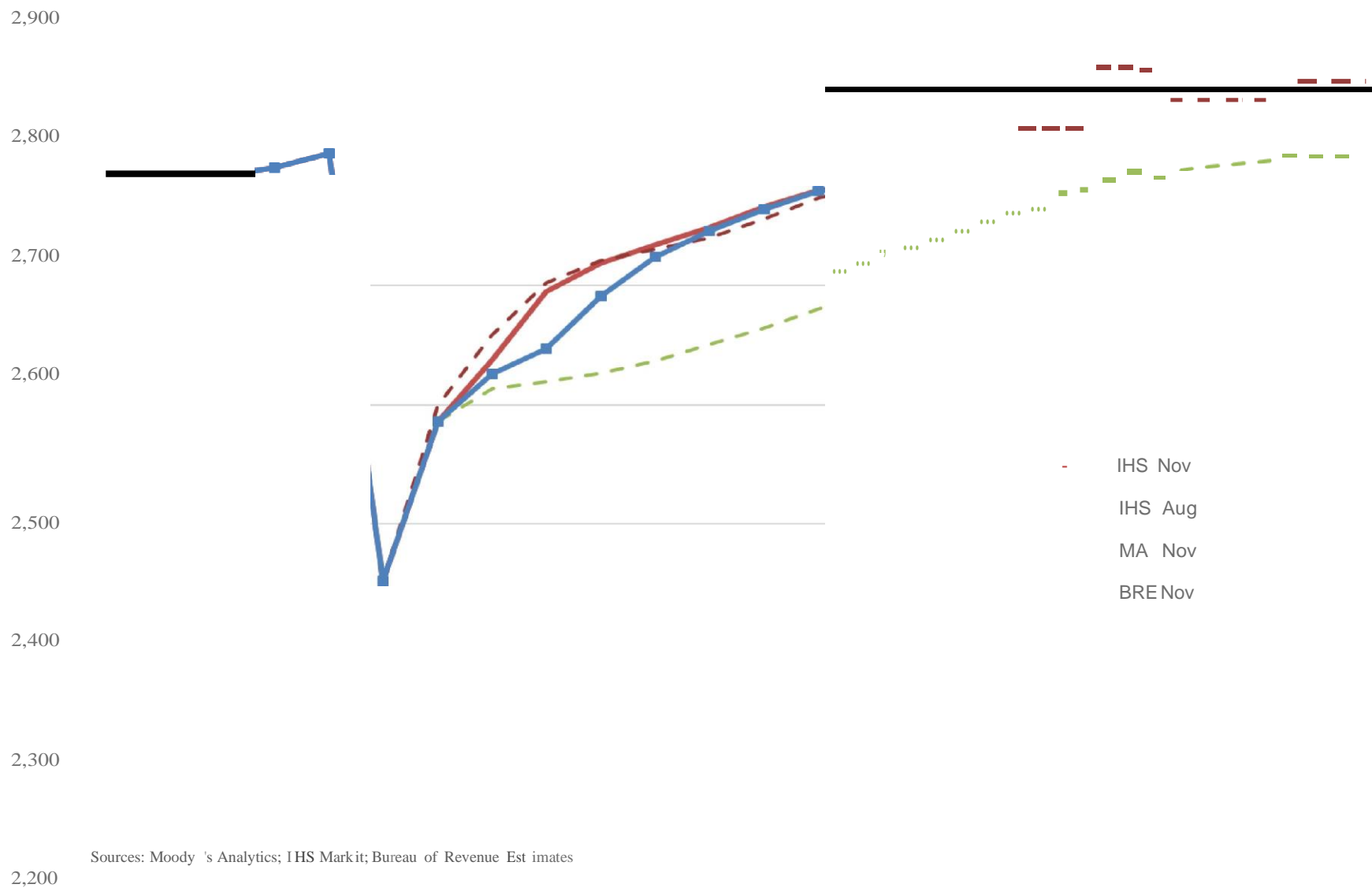
# High Level Comparison (Dec to Mar)

<b>December Estimates Versus March Estimates</b>		
Tax Type	Fiscal Year 2021	Fiscal Year 2022
Personal Income Tax	(\$186.9)	\$(113.9)
Corporate Income Tax	(32.2)	(6.4)
Sales Tax	(340.5)	(215.8)
Lottery	41.9	16.0
Other	(91.2)	7.9
<b>Subtotal: Ongoing Revenues</b>	<b>(608.8)</b>	<b>(312.2)</b>
Volatility Cap	0	0
<b>Total: Net General Fund</b>	<b>(608.8)</b>	<b>(312.2)</b>
Notes: Dollars in Millions		

# Changes to Econ Assumptions Since September

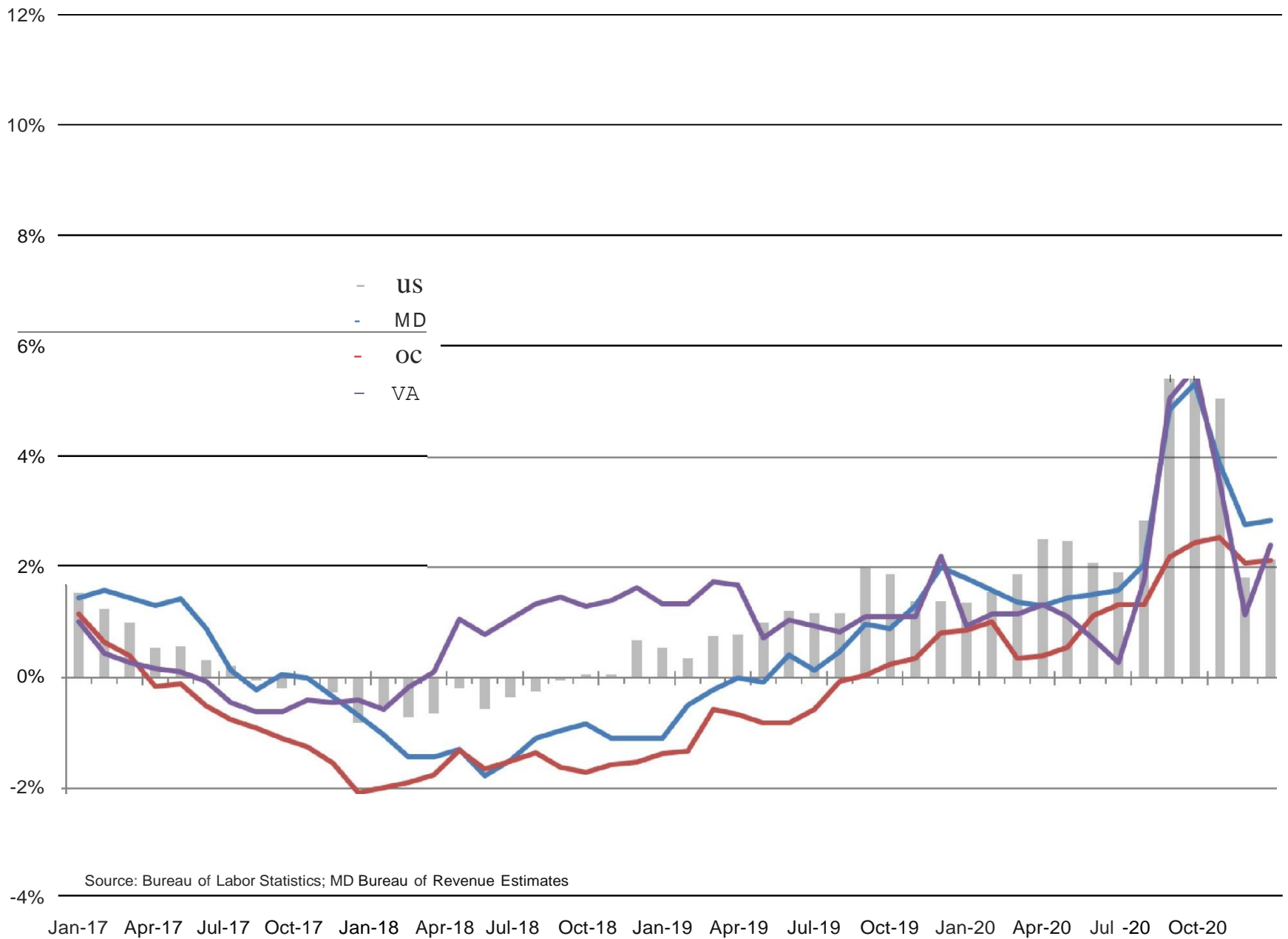
1. Have explicitly adjusted for a difficult winter for service labor economy, particularly food services where spring and summer adaptations become less viable
2. No longer have a second stimulus in our baseline
  - a. Economy has tremendous momentum and savings from the first stimulus as we head into winter
  - b. We are very concerned about the unemployment insurance situation – but more of a basic humanitarian need and public policy issue than a revenue problem
  - c. Should Congress pass the stimulus currently under consideration, it would largely maintain the pre-winter trajectory (likely only moderately impacting our key econ fundamentals), but might boost spending – we would address this in March
3. Increased outlook for Capital Gains Income
4. Stronger confidence in mostly “V” shaped recovery after vaccine

## Forecasts of Employment (OOOs)

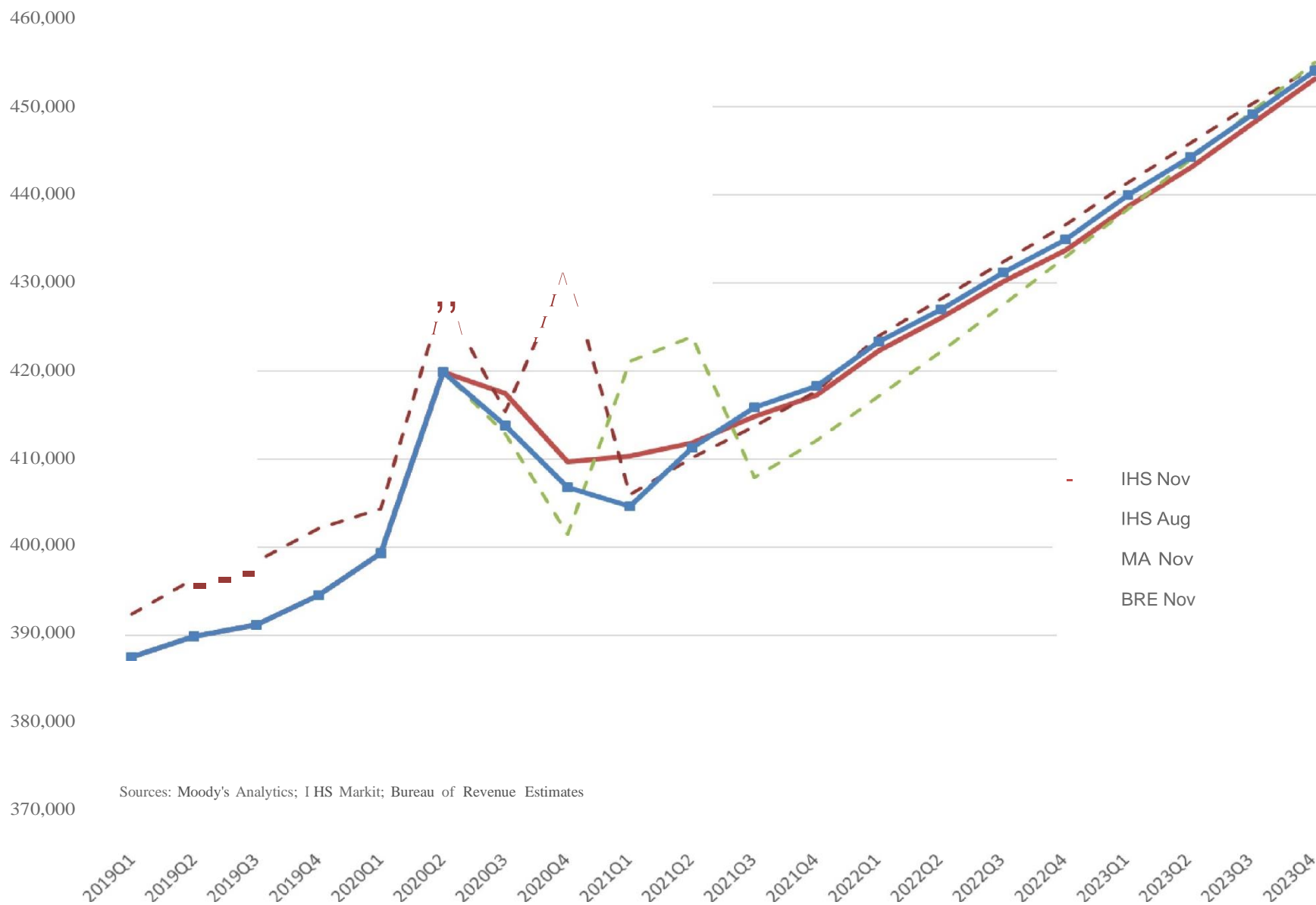


2019Q1 2019Q2 2019Q3 2019Q4 2020Q1 2020Q2 2020Q3 2020Q4 2021Q1 2021Q2 2021Q3 2021Q4 2022Q1 2022Q2 2022Q3 2022Q4 2023Q1 2023Q2 2023Q3 2023Q4 2024Q1 2024Q2 2024Q3 2024Q4

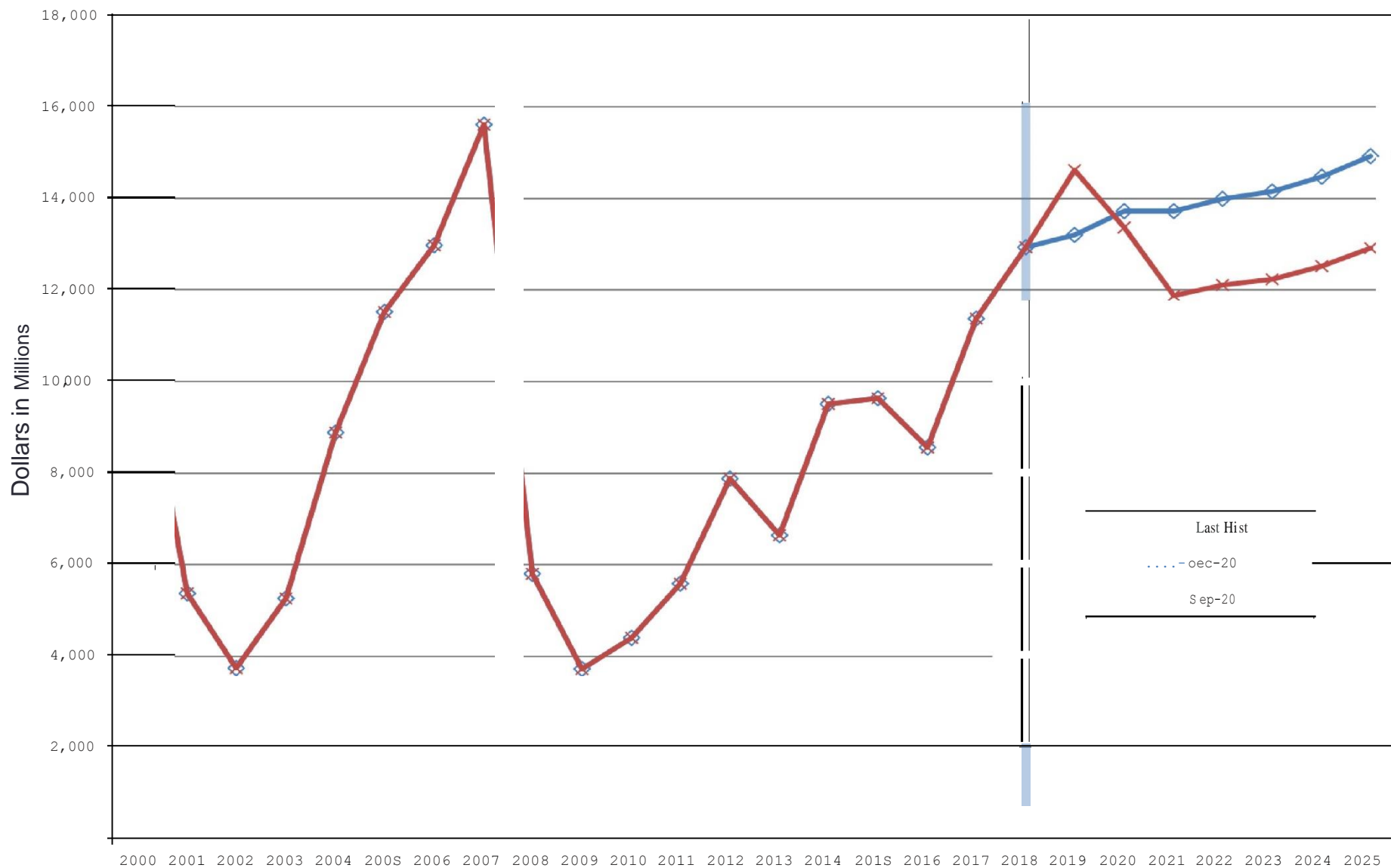
## Federal Employment, YoY Growth



## Forecasts of Personal Income (millions)

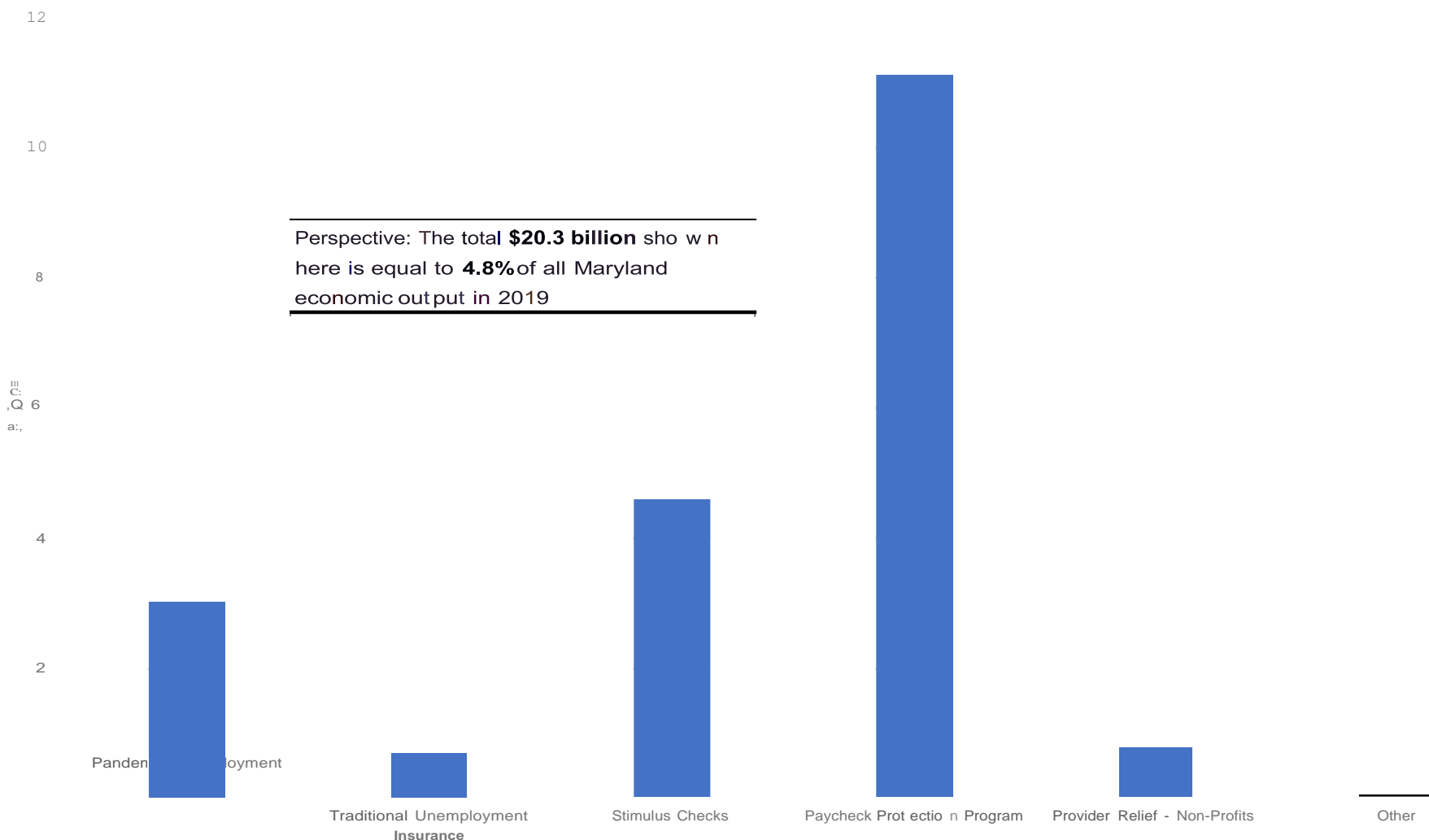


## Taxable Capital Gains



# 2020Q2 Stimulus Was Incredibly Successful

Estimated Stimulus Amounts by Key Programs in 2020Q2 (\$ in billions)



Note: This does not include all stimulus efforts (including much of the stimulus sent directly to governments), this represents the largest dollar categories for which we could find publicly available data

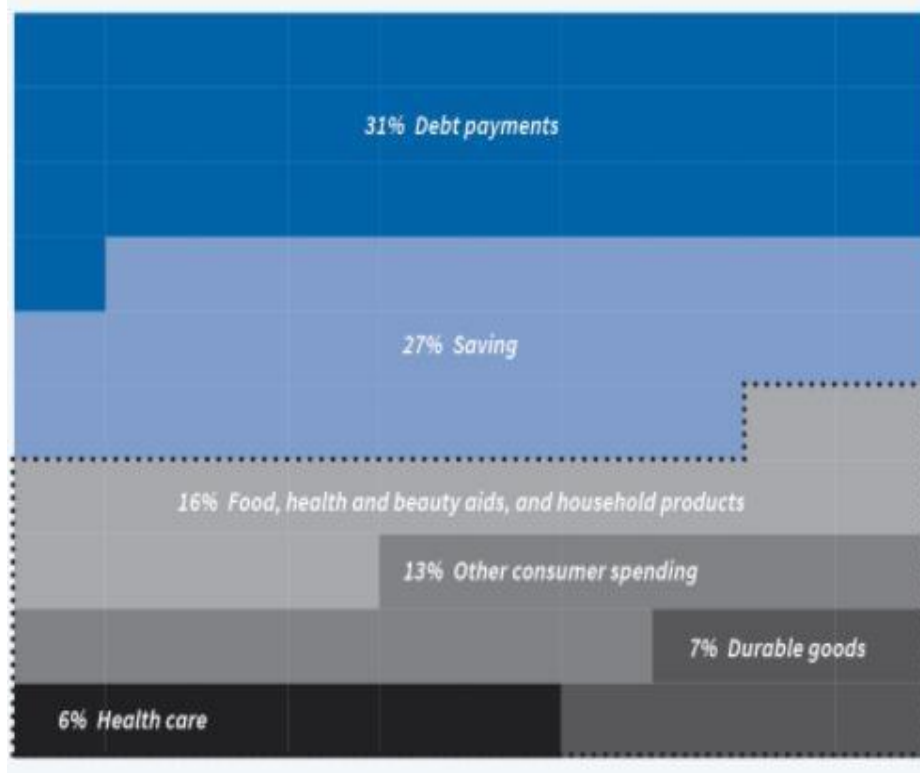


Sources: U.S. Bureau of Economic Analysis; U.S. Small Business Association; Comptroller of Maryland, Bureau of Revenue Estimates

# Early Stimulus Research

## Direct Payments

Recipients' Reported Use of CARES Act Stimulus Payments



## Unemployment Insurance

- Congressional Budget Office estimates that 5 of every 6 recipients of the extra \$600 received benefits that exceeded their work earnings
- Research from University of Chicago finds that typically consumption declines by 7% on UI, but instead actually increased with the extra \$600

Source: [National Bureau of Economic Research, Issue No 10, October 2020](#)

Sources: [CBO](#); and [University of Chicago](#)

## Disconnect between Social Impact & Revenue Impact

- Impact is largely income bi-furcated – lower income jobs bear the brunt of this recession
- And the State's revenue structure is set to minimize the tax paid by lower income households – thereby minimizing the revenue impact from this recession
- Meanwhile, losses in business income somewhat offset by gains in capital markets
- Most jobs lost are below state average wage
- For income tax, which is 50% of revenues:
  - Taxpayers making less than \$50k accounted for 43% of all taxpayers in 2019, but just 6.6% of tax
- Stimulus has sustained, and in some cases expanded, spending, so sales tax (25% of revenues) impact is mitigated

# Lower Income Service Jobs Most Impacted

Number Of Private Sector Jobs (Lost) or Gained: Dec 2020 versus Feb 2020

Natural resources; mining and construction: 2019Q4 Average Wage= \$73,294

Finance and insurance: 2019Q4 Average Wage= \$131,837

Transportation and utilities: 2019Q4 Average Wage= \$54,792

Professional and technical services: 2019Q4 Average Wage= \$111,057

Management of companies and enterprises: 2019Q4 Average Wage= \$126,250

Real estate and rental and leasing: 2019Q4 Average Wage= \$69,342

Wholesale trade: 2019Q4 Average Wage= \$85,493

Manufacturing: 2019Q4 Average Wage = \$79,444

Educational services: 2019Q4 Average Wage = \$60,413

Information: 2019Q4 Average Wage= \$93,896

Retail trade: 2019Q4 Average Wage = \$34,083

Other Services [except public administration]: 2019Q4 Average Wage= \$46,283

Arts; entertainment; and recreation: 2019Q4 Average Wage= \$37,727

Administrative and waste services: 2019Q4 Average Wage= \$46,899

Health care and social assistance: 2019Q4 Average Wage= \$58,775

Accommodations and food services: 2019Q4 Average Wage= \$24,082

■ # Jobs Lost Peak to Trough (Feb to Dec)

■ # Net Jobs (Lost) or Gained (Feb to Dec)

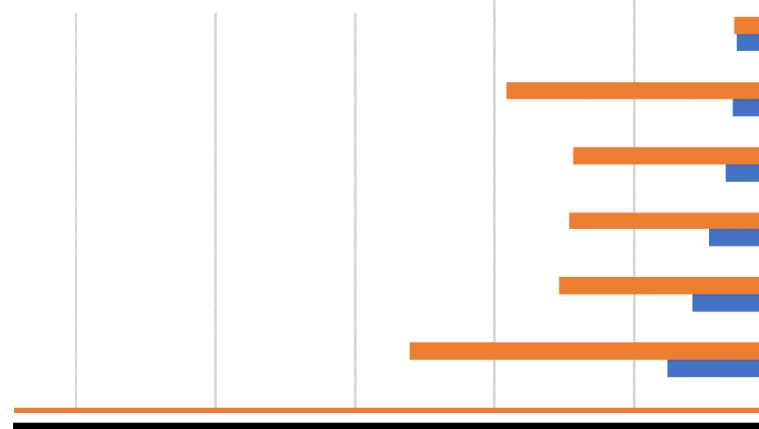
**Total Private Sector**

Trough Jobs Lost (378,700)

Jobs Still Lost (111,000)

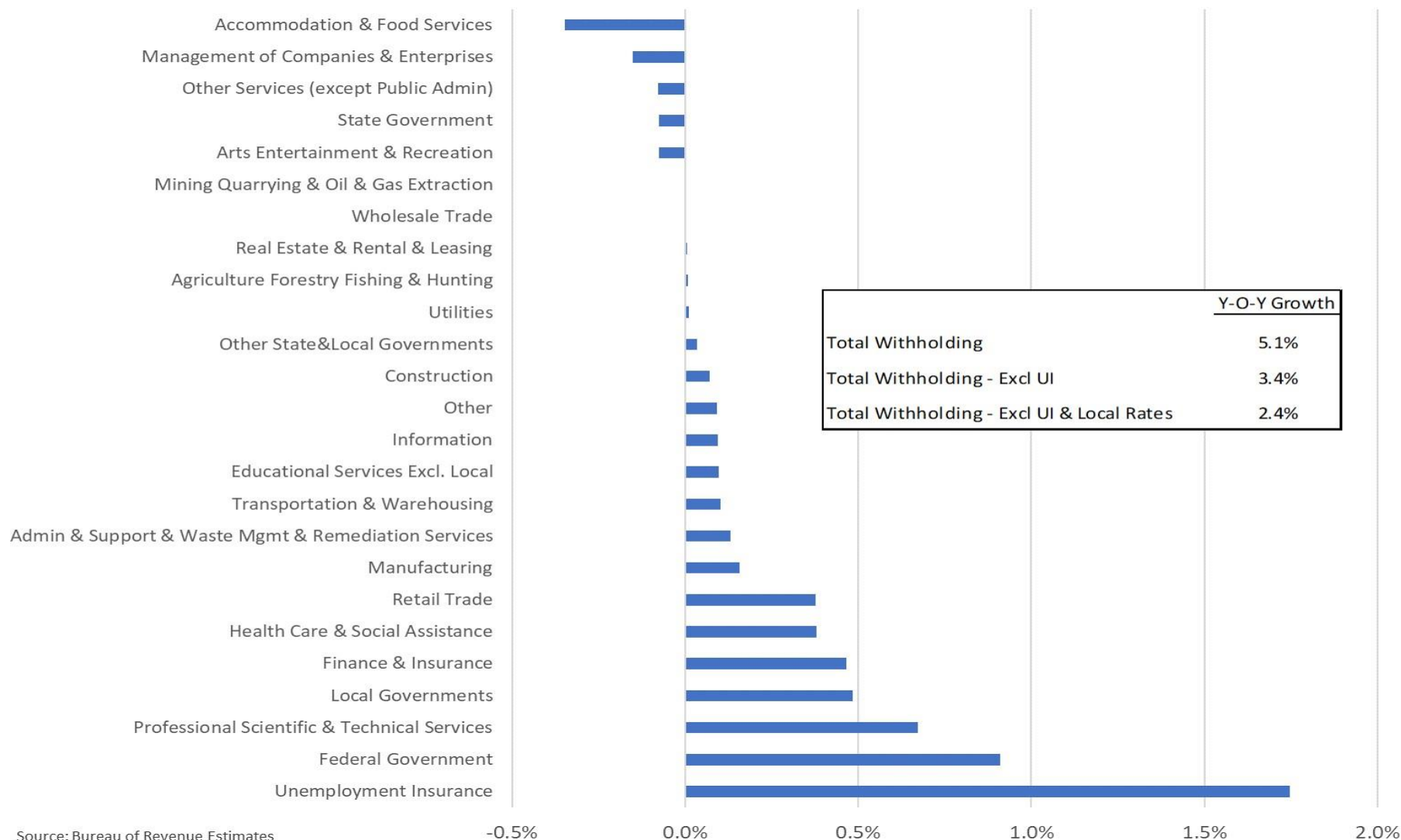
Emp Level (Dec to Feb) -4.8%

Average Wage 2019Q4 **\$63,838**



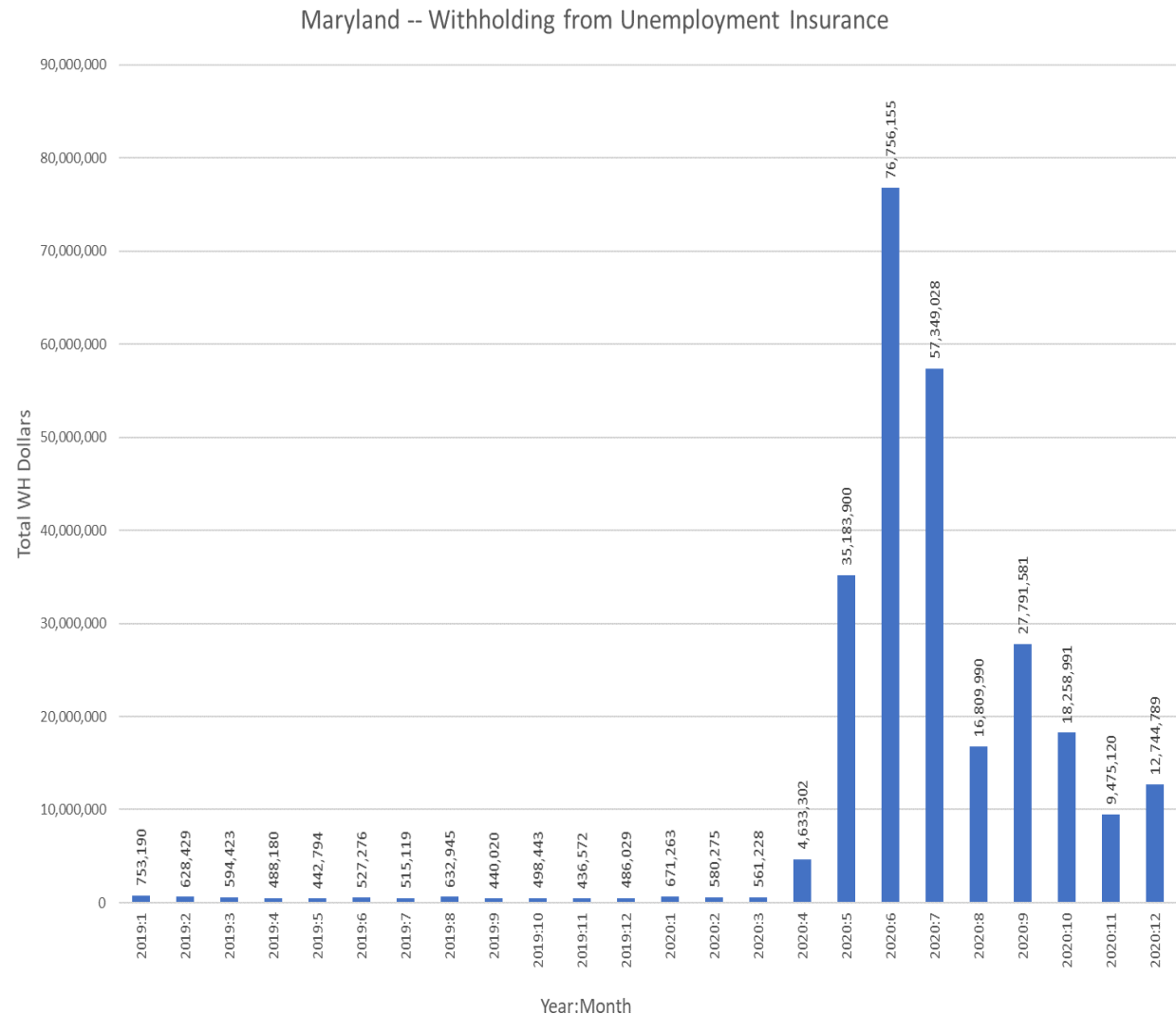
# Reflected in our Withholding Data

Contribution to Year-Over-Year Growth of Total Withholding (Jan to Dec)



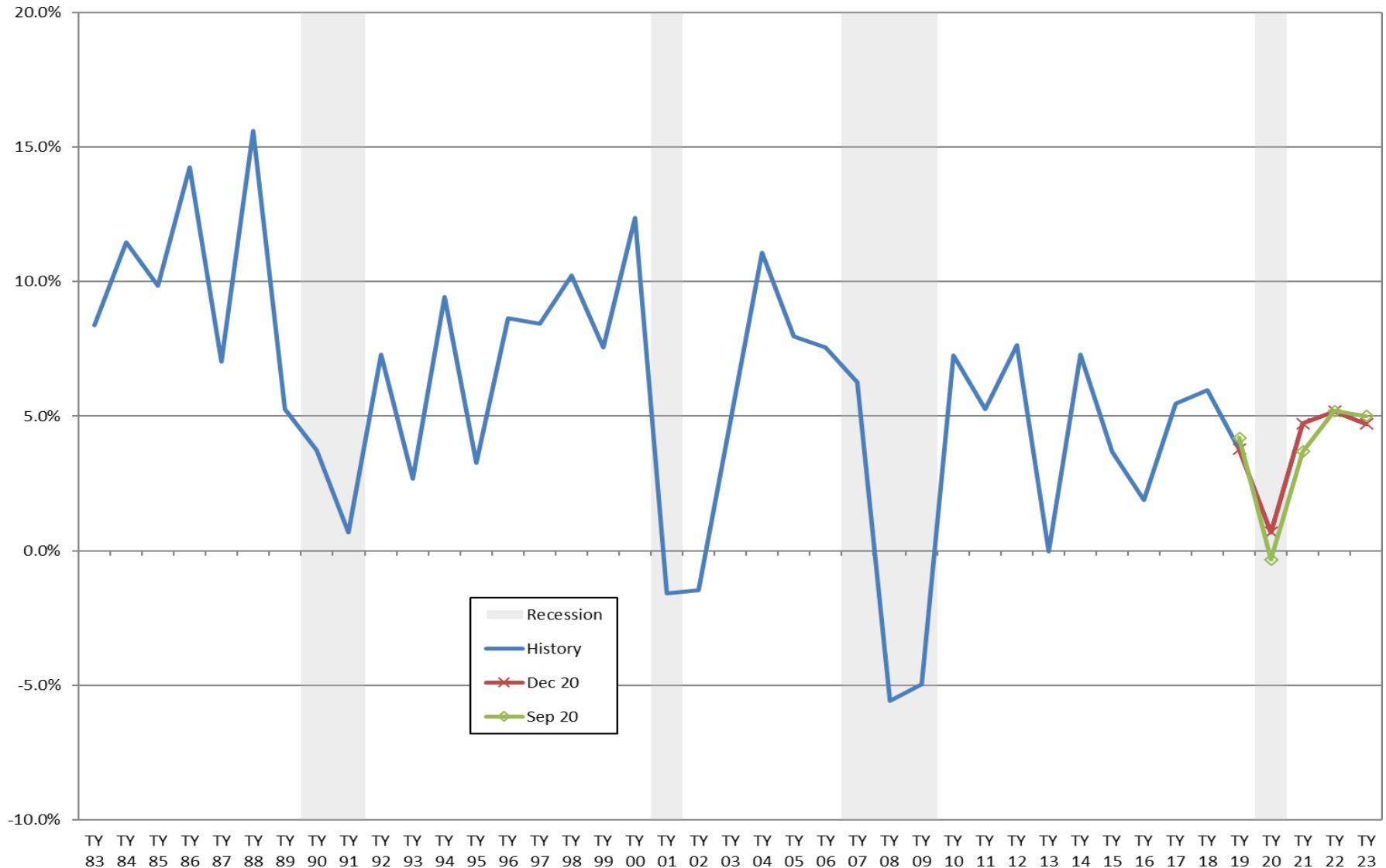
# Unemployment Insurance Direct Revenue Impact – Income Tax

- UI is taxable
- Bolstering withholding collections; \$261M for tax year 2020
- However, our research and simulations show that 70% will be refunded at filing time
- Currently Estimate that only 40% is withheld – so total is larger



# Income Tax Estimate By Tax Year (excl rate and law changes)

Estimate of Taxable Income - Baseline - Dec 2020



# Sales Tax: Volatile & Shifting

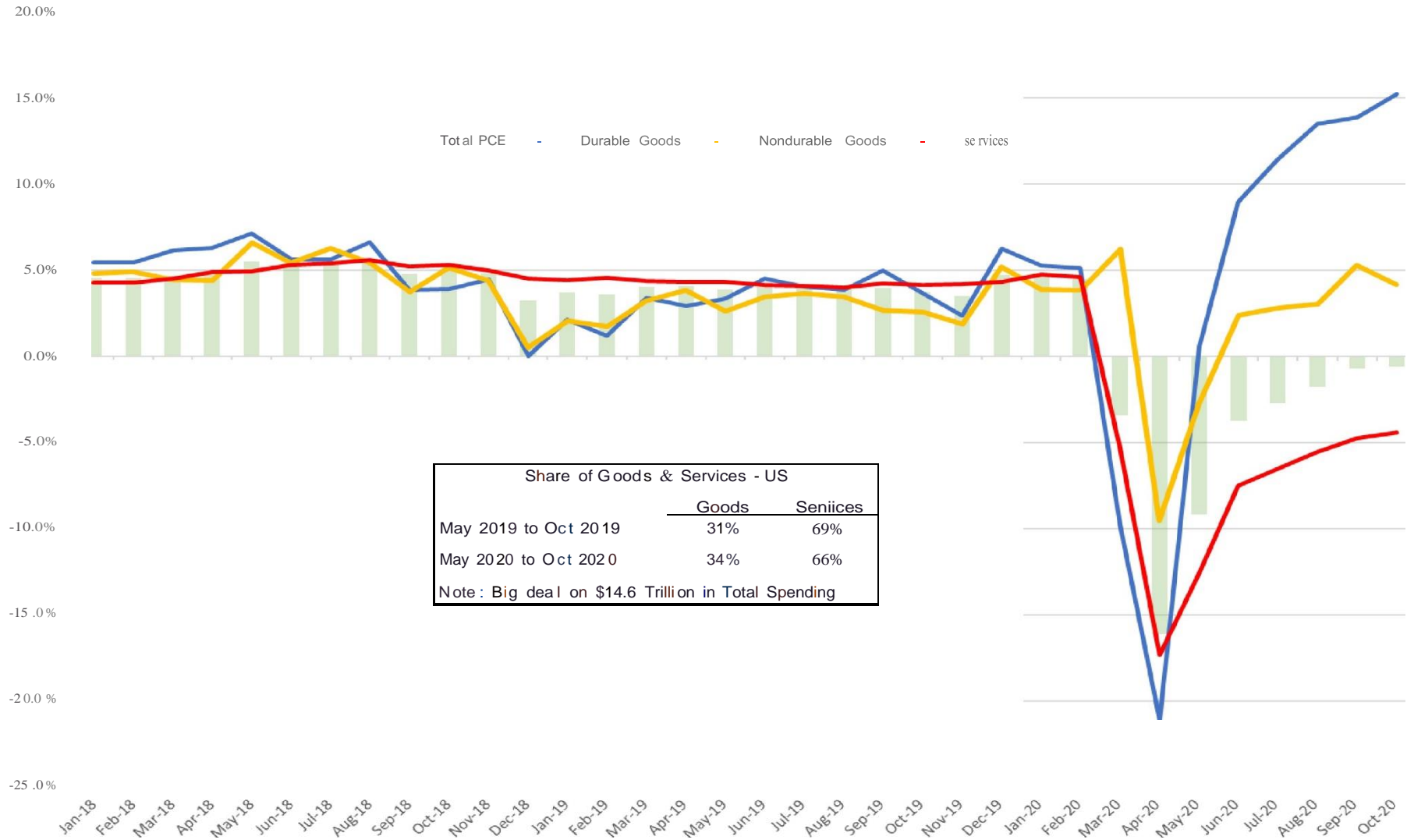
- Large downturns in the Spring with shutdown
- Stimulus very supportive
- Shift to durable goods in support of COVID replacement activities:
  - Home renovations; recreational items (canoes, kayaks, etc...)
- Shift to goods purchases in replacement of services
- Shift to online purchasing

Evolution of Forecast for Remote & Marketplace Sellers			
Fiscal Year	Mar 2020	Sep 2020	Dec 2020
2020	\$260	\$331	\$331
2021	324	465	<b>547</b>
2022	350	500	<b>547</b>
2023	374	550	563
Notes: (1) Dollars in Millions; (2) First \$100M to GF, rest to Blueprint (3) Does not include online retailers with nexus			



# Sales Tax: Temporary Shift From Services

National Personal Consumption Expenditures: Year-Over-Year Growth



# Disparate Impact Applies To Businesses Also

- In 2020Q2:
  - The top 0.1% of sales tax accounts (61 businesses) were up 32%
  - The remainder were down 22%
  - Also 11k fewer accounts (one account can be many locations)
- In 2020Q3:
  - The top 0.1% of sales tax accounts (55 businesses) were up 37%
  - The remainder were down 4%
  - Also 7.7k fewer accounts (one account can be many locations)

## TOP 100 RETAILERS - MARCH TO AUGUST 2020, YOY WITHHOLDING GROWTH

Top 100 Retailers are 1% of total,  
but 50% of Retail Withholding –  
up 16%

The remaining ~ 10,000 retailers  
are down 4%



# Final Revenue & Econ Thoughts

- Greater risk on the non-wage side, businesses making payroll, but are they profitable??
- **FREE LUNCH**
  - What is the cost for our stimulus???
  - Can we print our way out of this?
  - Is inflation on the horizon – slower econ growth? Currently under debate in economic circles
- What happens to the broader financial economy with delayed and perhaps delinquent mortgage and rent payments?
- Local budgets to be more impacted due to heavier reliance on property tax? (Commercial property to undergo valuation correction)
- Accelerated shifts to AI and robotics?

# Thank You

Andrew Schaufele

Comptroller of Maryland

Director, Bureau of Revenue Estimates

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[Links to BRE Estimating Documents](#)

**Business Advisory Panel  
February 16, 2021**

**Honorable Marc Elrich**  
Montgomery County Executive

**Mr. Michael Coveyou**  
Director  
Montgomery County Department of Finance

**PANELISTS**

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Bureau of Revenue Estimates  
Comptroller of Maryland

**Mr. Brian Barkley**  
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**Mr. Paul DesJardin, Director**  
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