

The latest National economic forecasts are that the leading National Economic Index, the Gross National Product, will increase from the Calendar Year 1968 total of \$865 billion by 7½% to \$932 billion in Calendar Year 1969 and by 6% to a total of about \$985 billion in the Calendar Year 1970. Some authoritative estimates anticipate a trillion dollar total for 1970. The 1969 growth of 7½% reflects mainly the price level rise with about only 2% real growth. There are predictions that the 6% anticipated growth for 1970 will reflect price rise only, and that there may be little or no "Real" growth in the economy in that year. These GNP estimates can be considerably affected by the eventual trends of the aforementioned variable factors; inflation, construction and National Tax Reform.

Maryland's rapidly rising population continues to be an important factor in its revenue growth. Indications are that a total of 4,000,000 inhabitants will be reached by 1971 or 1972.

Dr. Neil Singer, Assistant Professor of Economics of the University of Maryland, who has been conducting research for the Comptroller on the possibility of formulating an Econometric Model of Maryland for estimating State revenues, has submitted a preliminary report on his project. His report notes that if sufficient historical data can be accumulated from State Income Tax returns on personal incomes by categories and bracket sizes, that a model can be gradually built up over a period of years. Steps are now being taken in conjunction with the Income Tax and Data Processing Divisions of the Comptroller's Office towards the accumulation of such a data bank. This model would serve both as an aid in estimating the effect of changes in tax structure as well as the regular estimating of revenues from the existing tax structure.

Although leading economists are now forecasting some slowdown in the economy by 1970, there are no very definite signs that this is as yet occurring in Maryland. However, if such developments do occur in Maryland, a re-appraisal of the estimates in this report may be necessary later.

Following is the Board's current projection of actual State revenues for the Fiscal Year Ended June 30, 1969 into the Fiscal Years 1970 and 1971.

	General Fund	Special, Federal Funds, Etc.	Total
\$ Thousands			
Fiscal Year 1969—Actual	664,943	441,861	1,106,804
Fiscal Year 1970—Revised Estimate	862,971	500,948	1,363,919
Fiscal Year 1971—Estimate			

Attached is a detailed analysis of these revenues.