

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.

Spending (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	1,059,972	3	1,366,211	4	-1	29%	23
Education	6,891,617	36	10,991,254	20	+16	59%	4
Government Administration	844,086	24	1,243,982	19	+5	47%	16
Health	1,341,846	10	1,958,191	7	+3	46%	16
Highways	1,642,654	30	2,510,419	16	+14	53%	8
Hospitals	400,821	31	541,820	27	+4	35%	27
Interest on Debt	710,689	20	1,046,312	18	+2	47%	19
Natural Resources	478,073	16	562,098	18	-2	18%	29
Parks and Recreation	268,944	3	269,711	7	-4	0%	34
Police Protection	387,251	6	405,655	7	-1	5%	42
Public Welfare	4,625,705	33	7,118,659	26	+7	54%	17
Salaries and Wages	3,974,484	19	4,724,830	24	-5	19%	38
Direct Expenditures	15,468,925	21	21,819,005	18	+3	41%	20
General Expenditures	20,704,431	29	30,328,008	19	+10	46%	9
Total Expenditures	23,317,261	29	34,029,818	21	+8	46%	10

Taxes (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax ¹	4,704,368	12	6,940,134	9	+3	48%	23
General Sales Tax ²	2,690,434	38	3,748,933	32	+6	39%	20
Corporate Income Tax ³	359,420	26	735,324	29	-3	105%	26
Total Taxes	10,821,276	16	15,713,987	15	+1	45%	24
Total Revenue	20,787,889	26	28,422,851	30	-4	37%	38

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.

