

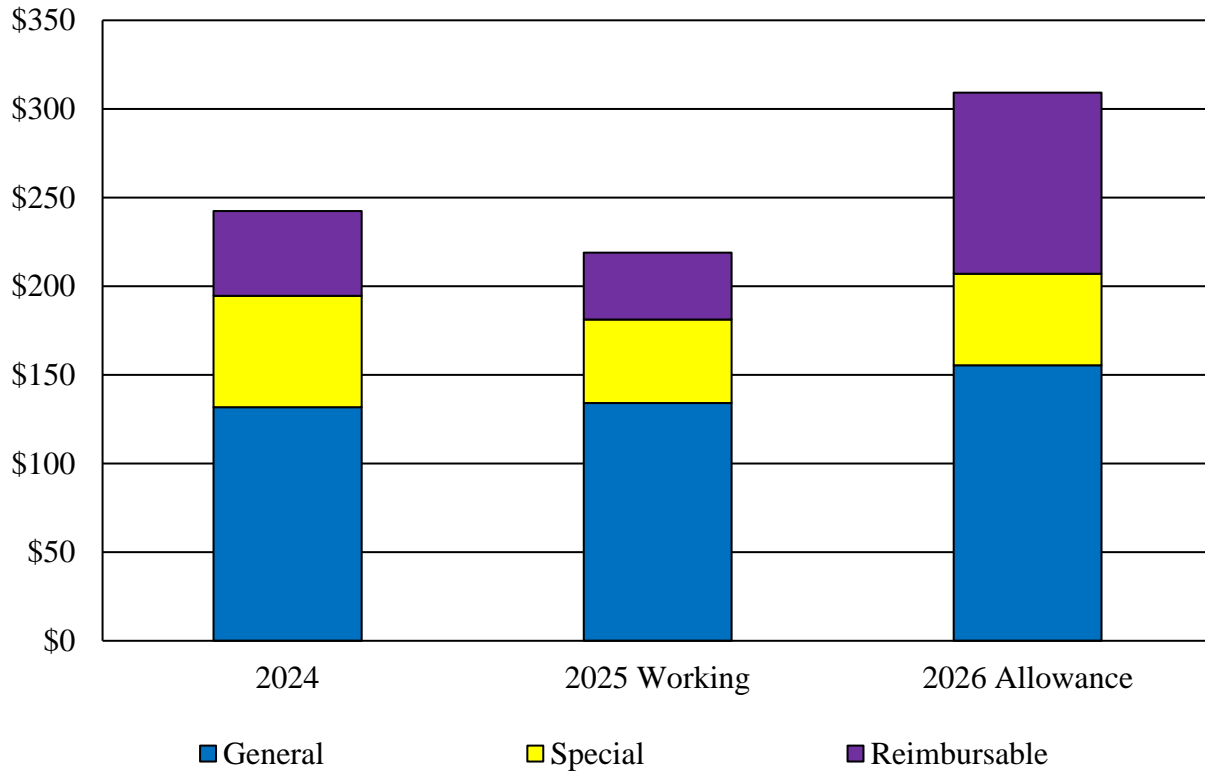
E00A
Comptroller of Maryland

Executive Summary

The Comptroller of Maryland is the State’s chief fiscal officer and is responsible for collecting tax revenue and enforcing compliance with the State’s tax laws. The Comptroller also provides general supervision of the State’s fiscal matters and sits on the Board of Public Works (BPW).

Operating Budget Summary

Fiscal 2026 Budget Increases \$90.1 Million, or 41.2%, to \$309.1 Million
(\$ in Millions)



Note: The fiscal 2025 working appropriation accounts for deficiencies and planned reversions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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- The overall increase of \$90.1 million in the fiscal 2026 allowance compared to the fiscal 2025 working appropriation is mainly attributed to an increase of \$64.3 million in reimbursable funds. The reimbursable fund change is attributed to an increase of \$68,986,005 from the Major Information Technology Development Project Fund (MITDPF) due to timing, as the fiscal 2025 working appropriation does not yet reflect reimbursable funds for Major Information Technology Development Projects (MITDP) under the Comptroller, but the fiscal 2026 allowance includes projected spending. There is also an increase of \$21,263,705 in general funds, which is primarily due to personnel costs associated with 117 new positions, including 68 contractual conversions.

Key Observations

- ***Active Delinquent Individual Income Tax Cases Increase:*** From fiscal 2021 to 2024, the number of active delinquent individual income tax cases increased by 301,420, or 110%. This large increase means there is a growing amount of outstanding taxes owed to the State.
- ***Major Financial Management Information System (FMIS) Modernization:*** The Comptroller’s largest MITDP modernizes the State’s FMIS, which is the primary accounting platform used by State agencies. The current system was implemented in the mid-1990s and is outdated. A project management vendor has been secured, and the next step is to determine the full scope required for the new system by engaging State agencies. The current total projected cost for this project is \$308.4 million, but that amount is likely to increase as the scope of the project becomes clearer.
- ***Collecting Outstanding Tax Liabilities:*** The Comptroller reported in February 2024 that there is approximately \$3 billion in outstanding tax liabilities for individual income taxes that are known and collectible, and there is a further estimated \$3 billion in unassessed and unpaid taxes from underreporting of income. The Comptroller has requested additional personnel through a multiyear staffing plan to perform the work necessary to collect these outstanding liabilities and proposes some new technologies that the agency can utilize to enhance these efforts.
- ***1099-G Mailing Error:*** On February 3, 2025, the Comptroller became aware of an issue after the agency mailed approximately 6,700 tax forms to incorrect addresses, thus compromising the identity of an equivalent number of taxpayers. The Comptroller is planning to implement several changes to ensure that this error does not happen again and will offer affected taxpayers a year of credit monitoring for free.

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

E00A
Comptroller of Maryland

Operating Budget Analysis

Program Description

The Comptroller is the State's chief fiscal officer and is responsible for collecting tax revenue and enforcing compliance with the State's tax laws. The Comptroller provides general supervision of the State's fiscal matters and sits on BPW.

Revenue Operations

The Revenue Administration Division (RAD) is responsible for the receiving and processing of tax returns and payments for the various tax types administered by the Comptroller's office, which include personal income; corporate income; sales and use; admissions and amusement; and taxes on the sale of alcohol, tobacco, and motor fuel, among others. The Taxpayer Services Division is responsible for assisting taxpayers and preparers with information regarding taxes, fees, and permits administered by the Comptroller.

Compliance

The Compliance Division is responsible for the enforcement of compliance with all tax laws that are administered by the Comptroller. This is achieved through conducting audits and investigations, processing tax appeals, pursuing collections on delinquent and unpaid taxes, and other legal enforcement activities.

Law and Oversight

The Office of Law and Oversight oversees the Field Enforcement Bureau (FEB) as well as two programs dedicated to Legal, Special Litigation & Appeals and Unclaimed & Abandoned Property. FEB is responsible for the enforcement of compliance with the State's revenue laws relating to motor fuel, business licenses, and sales and use taxes for individuals and businesses. Field inspections conducted by agents test the quality of motor fuel as well as monitor its storage and transportation. Agents also ensure that businesses are properly licensed and complying with recordkeeping regulations.

The office of Legal, Special Litigation & Appeals includes two subprograms. The Hearings and Appeals Division reviews tax assessments and refund denials and administers programs for compromise, voluntary disclosure agreements, and whistleblowing. The Legal Division drafts and manages public guidance on tax law, and monitors interaction with State and federal legislation, regulations, and relevant legal decisions.

The Unclaimed Property Division administers the Maryland Uniform Disposition of Abandoned Property Act (Title 17 of the Commercial Law Article), which requires the Office of

the Comptroller to take possession of unclaimed property and attempt to locate a rightful owner. This includes a variety of financial assets.

Accounting and Other Fiscal Services

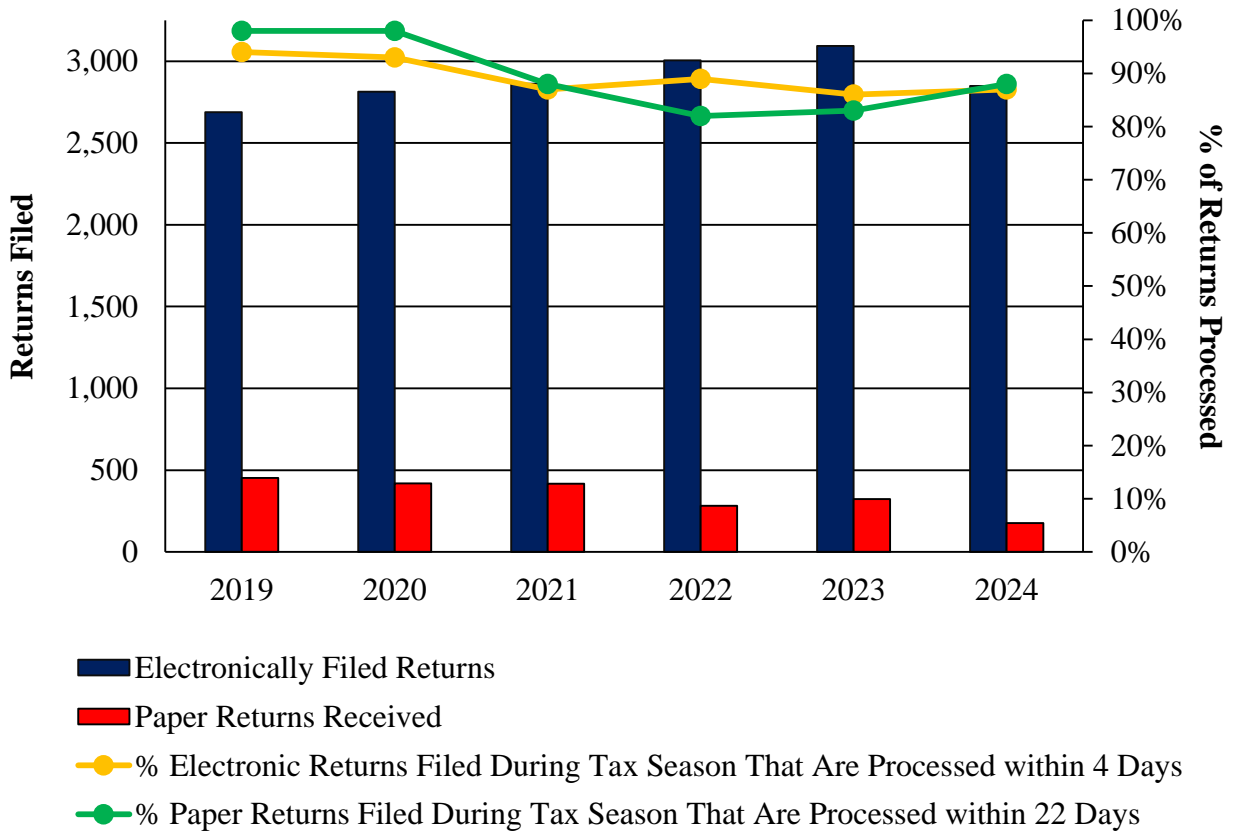
The Comptroller’s office also provides other accounting and fiscal services to the State. The General Accounting Division (GAD) is responsible for maintaining the State’s general ledger and accounting for all the State funds that are received and disbursed. The Bureau of Revenue Estimates (BRE) provides economic forecasts and analyses of the Maryland and national economy, other reports and analyses required by statute or requested by the General Assembly, and BRE forecasts of State revenues that are issued and revised throughout the year. Lastly, the Central Payroll Bureau (CPB) is responsible for the State’s payroll needs, including providing salaries and wages to all State employees.

Performance Analysis: Managing for Results

1. Filed Tax Returns Decrease and Timeliness Measures Improve

Through RAD, the Comptroller is responsible for receiving and processing tax returns and payments for various State taxes, the largest of which is the personal income tax. **Exhibit 1** shows the number of paper and electronic personal income tax returns received and the percentage processed within 22 days for paper and 4 days for electronic returns. In fiscal 2024, the number of electronically filed returns decreased by 243,628 (8%), and the number of paper returns received fell by 146,445 (45%) compared to fiscal 2023. Over the same period, the percentage of electronic returns that were processed within 4 days increased from 86% to 87%, and the percentage of paper returns that were processed within 22 days increased from 83% to 88%. A total of 3,024,735 tax returns were filed with the Comptroller in fiscal 2024, which is the lowest level since fiscal 2016 and a decrease of 390,073, or 11%, from fiscal 2023.

**Exhibit 1
Personal Income Tax Returns Received and Processed
Fiscal 2019-2024**



Source: Department of Budget and Management; Comptroller of Maryland

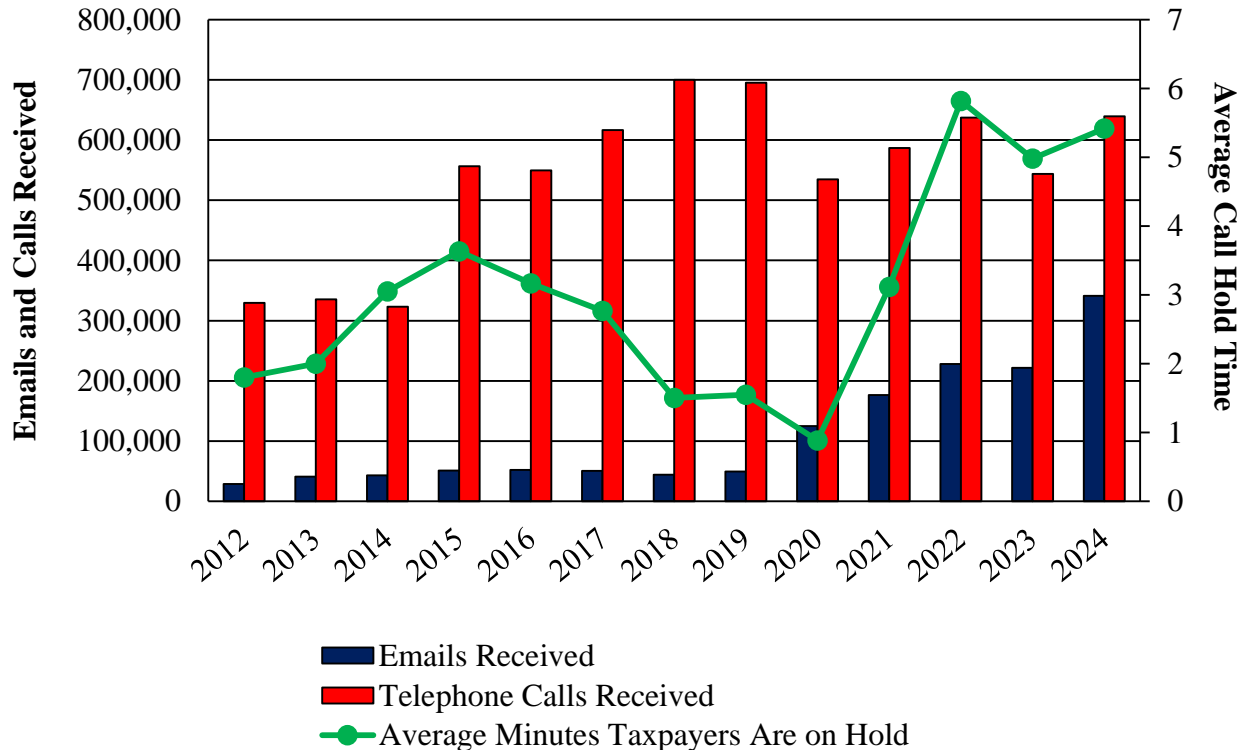
The Comptroller has previously reported that since a fiscal year spans two different tax years, data reporting on a fiscal year basis can distort trends that follow the tax year timeline. Committee narrative in the 2024 *Joint Chairmen’s Report* (JCR) requested that the Comptroller submit Managing for Results (MFR) performance data on both a tax and fiscal year basis. Filing activity shown by tax year reflects the year for which the taxes were filed, though the filing takes place in the following calendar year. For example, tax returns for tax year 2023 are filed in calendar 2024. With the Comptroller’s fiscal 2026 MFR submission, two variables that were previously measured in fiscal years are now also measured in tax years. The percentage of electronic returns filed during tax season that are processed within 4 days and the percentage of paper returns filed during tax season that are processed within 22 days are the two new MFR measures listed in tax years.

2. Communications with the Taxpayer Services Division

The Taxpayer Services Division within the Comptroller’s office receives and processes inquiries by mail, email, and telephone, mostly related to the seeking of information on the status of a refund, how to claim a certain tax credit, notices received, and on how to remedy license suspensions that are due to delinquent taxes. The correspondence received is manually tracked by the dates received, forwarded for response, and date that the response is mailed. This information is reported monthly to management.

As displayed in **Exhibit 2**, the number of emails received has drastically increased since fiscal 2019, though telephone calls are still the more common method for communication with the division. The number of telephone calls received decreased by 23.2% from fiscal 2019 to fiscal 2020, which coincided with the onset of the COVID-19 pandemic, before rising in fiscal 2021 and 2022. The Taxpayer Services Division received 341,315 emails and 639,280 phone calls in fiscal 2024, which is an increase of 54.1% and 17.6% compared to fiscal 2023, respectively.

Exhibit 2
Emails and Phone Calls Received
Fiscal 2012-2024

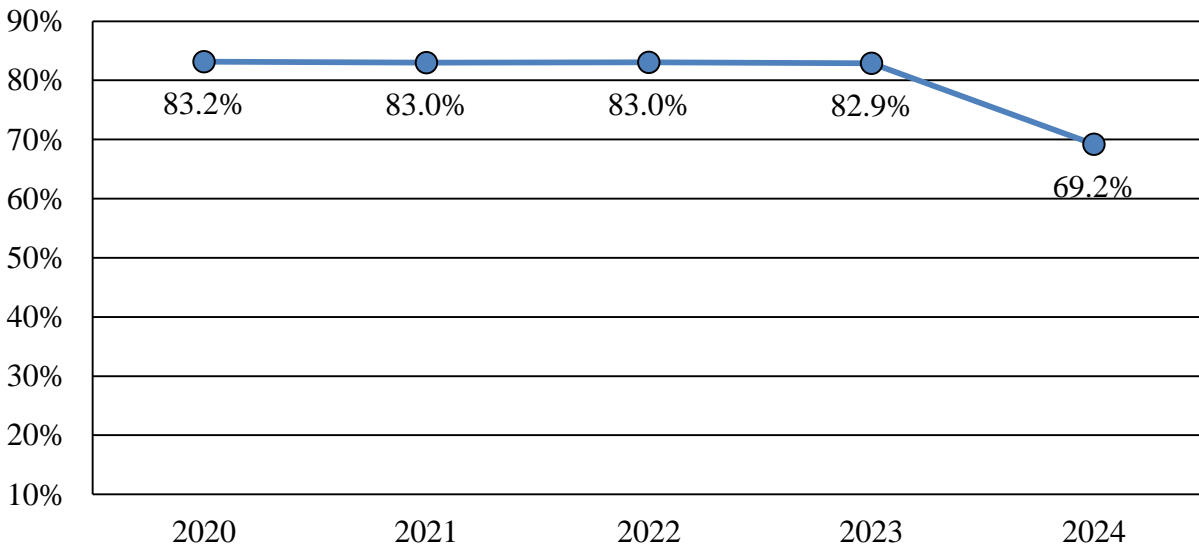


Source: Department of Budget and Management

The 17.6% increase in the number of telephone calls from fiscal 2023 to 2024 corresponded with a slight increase in the average time spent on hold. In fiscal 2024, the average time spent on hold was 5 minutes and 25 seconds. Average hold time has risen sharply since fiscal 2020 and has remained elevated over prepandemic numbers in each of the last three fiscal years shown in the exhibit. Additionally, the Comptroller’s five-year staffing and technology resources plan that was submitted in response to committee narrative in the 2024 JCR reported an average abandonment rate of 26% of the calls that make it into the call queue each day due to the long wait times. The fiscal 2026 allowance contains \$2.9 million for new call center contracts to staff phone lines during periods of high demand. **The Comptroller should comment on how much it estimates that these new contracts will reduce average wait times.**

Exhibit 3 shows the percentage of surveyed customers who were either satisfied or very satisfied with web-based services. From fiscal 2020 to 2023, customer satisfaction was very consistent at approximately 83%. This rate fell 13.7 percentage points from fiscal 2023 to 2024, reaching 69.2%. The Comptroller’s budget hearing testimony from the 2024 session indicated that the agency lacked a modern Customer Relationship Management system and that plans were in place to begin using the ServiceNow platform. **The Comptroller should comment on the implementation status of ServiceNow, the platform’s capabilities, and how its use will improve web-based services for taxpayers.**

Exhibit 3
Customer Satisfaction with Web-based Services
Fiscal 2020-2024

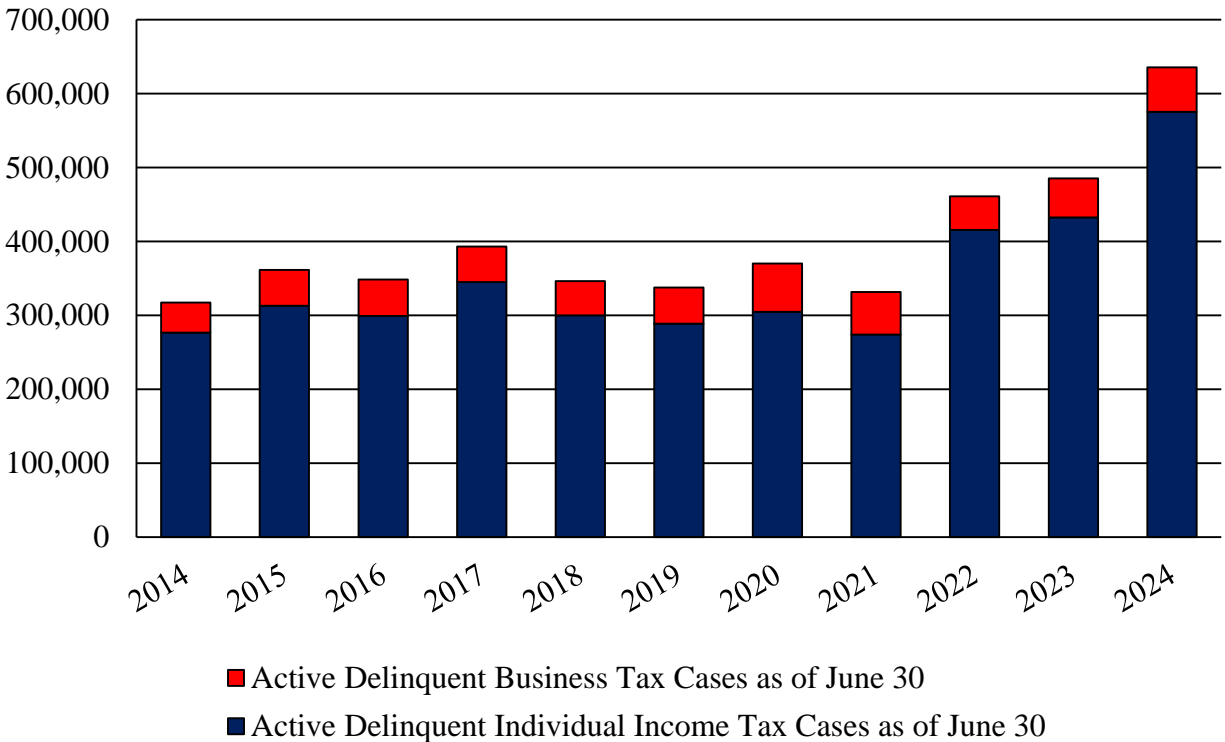


Source: Department of Budget and Management

3. Delinquent Accounts and Collections

The Comptroller’s Compliance Division is responsible for enforcing tax laws and fees administered by the State. This includes auditing tax returns, investigating fraud, and seeking collections. When a taxpayer does not file and pay taxes by statutory deadlines, the account in their name or for their business becomes delinquent. **Exhibit 4** shows the reported number of active delinquent individual and business tax accounts as of June 30 of each year for fiscal 2014 through 2024. The number of delinquent individual cases from fiscal 2014 to 2021 varied from a low of 274,198 in 2021 to a maximum of 345,086 in 2017 with no clear trend over those eight fiscal years. From fiscal 2021 to 2024, however, the number of active delinquent individual income tax cases increased by 301,420, or 110%. Most recently, from fiscal 2023 to 2024, the number of active delinquent individual income tax cases increased by 33.1%. In fiscal 2024, the number of active delinquent business tax cases increased by 13.5% from fiscal 2023. **The Comptroller should comment on the reasons why the number of active delinquent individual income tax cases has increased substantially since fiscal 2021 and what is being done to reduce the number of cases.**

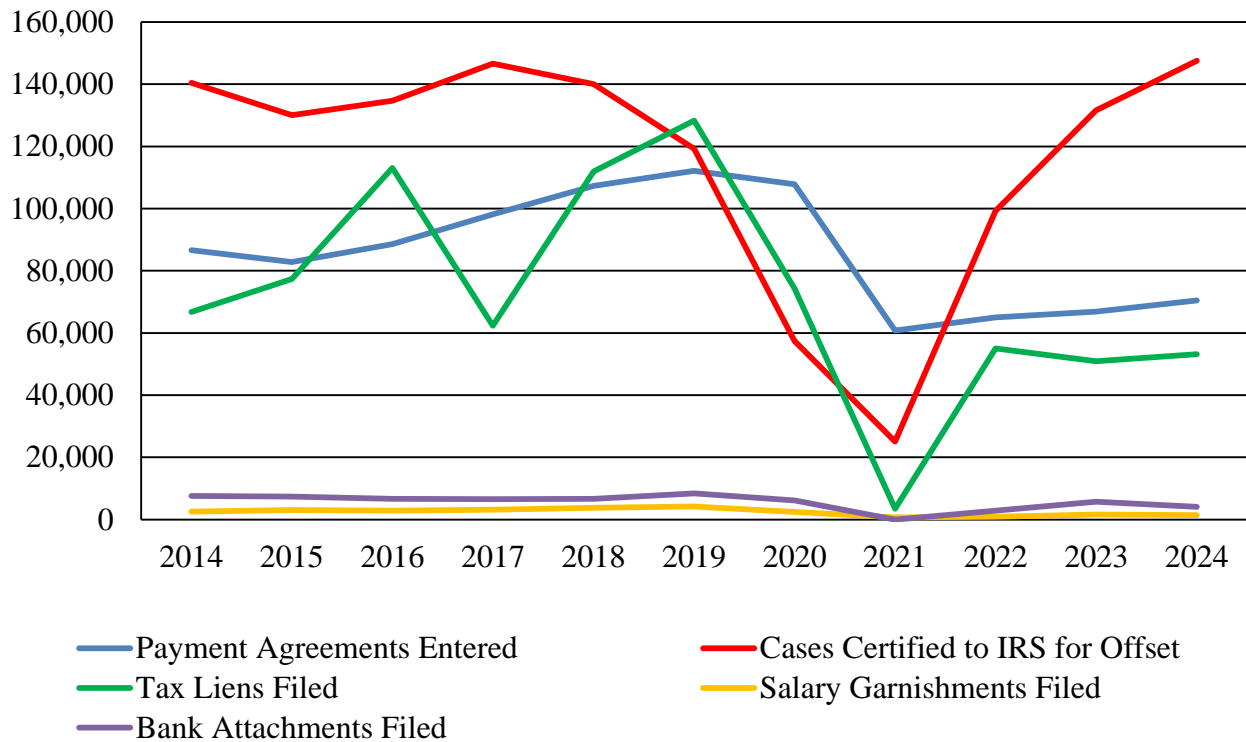
Exhibit 4
Delinquent Tax Cases
Fiscal 2014-2024



Source: Department of Budget and Management

The Comptroller uses a variety of methods to pursue payment or recovery of unpaid taxes, including payment agreements, tax liens, bank attachments, offsets by the Internal Revenue Service (IRS), and salary garnishments. **Exhibit 5** shows the number of accounts for which taxes were collected by each of these methods, from fiscal 2014 through 2024. In fiscal 2020 and 2021, the Comptroller reported considerable decreases in the number of collection cases processed through each of these methods. The Comptroller reports that collection efforts were placed on pause through fiscal 2021 and did not resume until August 2021. It took time to renew operations at the same time that many taxpayers with delinquent accounts continued to face financial hardship from the effects of the COVID-19 pandemic. From fiscal 2023 to 2024, the number of cases certified to the IRS for offset increased by 12.1%, the number of payment agreements entered increased by 5.4%, and the number of tax liens filed increased by 4.3%, while the number of salary garnishments filed decreased by 14.7% and the number of bank attachments filed decreased by 28%.

Exhibit 5
Methods of Unpaid Tax Collection
Fiscal 2014-2024

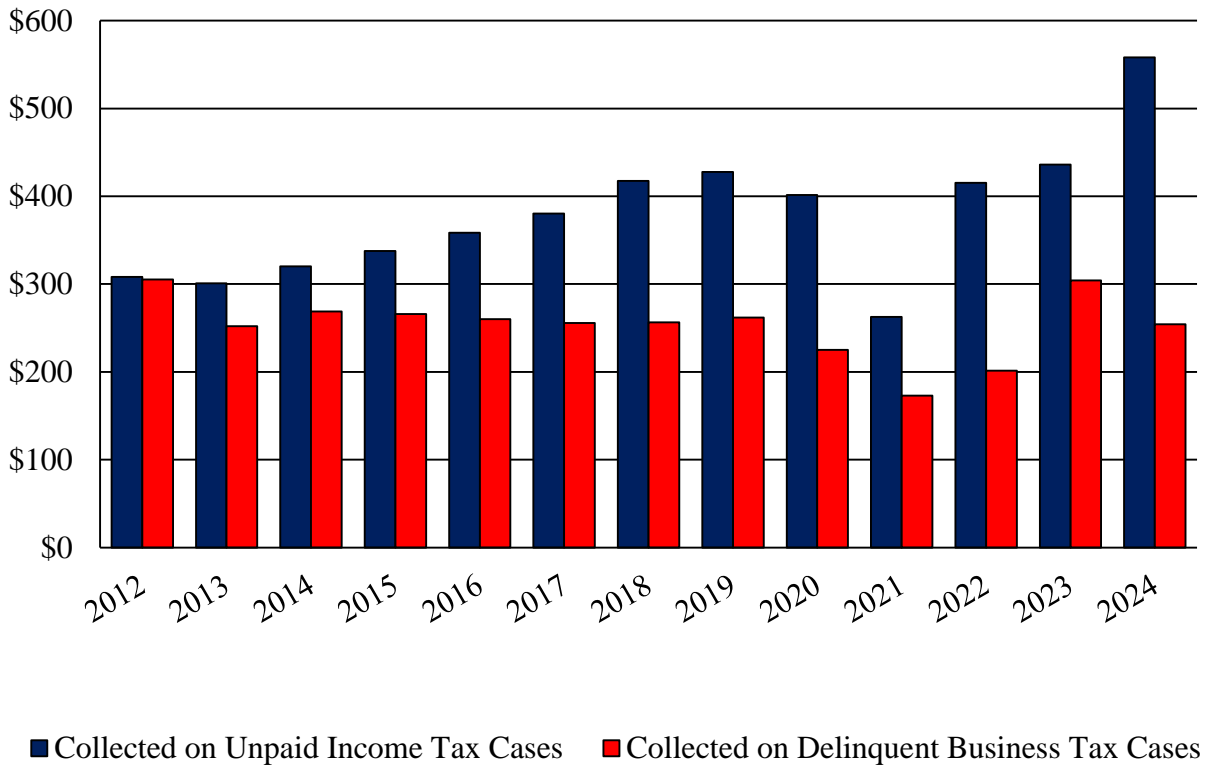


IRS: Internal Revenue Service

Source: Department of Budget and Management

Exhibit 6 shows a reduction in total dollars collected on delinquent accounts similar to the decrease in activity across collection methods, with decreases in fiscal 2020 and 2021 of 6.1% and 34.5% in collected income tax and 14% and 23.2% in collected business tax cases, respectively. This was after yearly increases in delinquent income tax collections and little change in collected business taxes from fiscal 2013 through 2019. However, fiscal 2022 and 2023 show increased recoveries in the amounts collected of both delinquent individual and business taxes. The amount collected for unpaid individual income tax increased by approximately \$122 million, or 28%, from fiscal 2023 to 2024, and the amount collected for unpaid business tax decreased by approximately \$50 million, or 16.3%, over the same period. The 28% increase in collections of unpaid individual income tax coincides with the 33.1% increase in the number of active delinquent individual income tax cases for fiscal 2024.

Exhibit 6
Dollars Collected on Delinquent Tax Cases
Fiscal 2012-2024
(\$ in Millions)

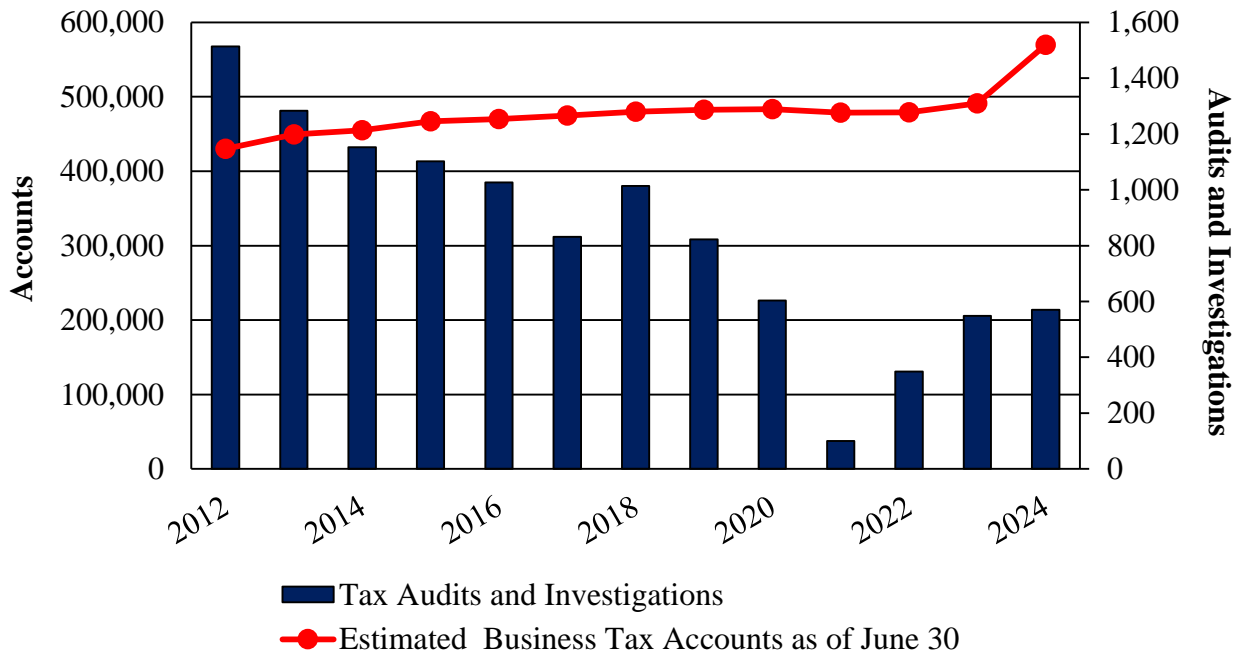


Source: Department of Budget and Management

4. Audits

One responsibility of the Comptroller’s Compliance Division is to audit tax returns. **Exhibit 7** shows that while the number of business tax accounts grew marginally or stagnated each year from fiscal 2012 through 2023, the number of business tax audits and investigations was on a downward trajectory even before the sharp decline reported in fiscal 2021 during the COVID-19 pandemic. While the number of tax audits and investigations only increased by 21, or 3.8%, in fiscal 2024 compared to 2023, the number of estimated business tax accounts as of June 30, 2024, rose sharply, relative to its historical pace, and increased by 78,900, or 16.1% over the prior year.

**Exhibit 7
Business Tax Accounts and Audits
Fiscal 2012-2024**



Source: Department of Budget and Management

The Comptroller has reported that business audit staff was reduced by nearly 50% over the last decade and that this explains the downward trend in productivity over the same time period. From fiscal 2016 to 2022 alone, 31 positions were transferred out of the Compliance Division to other units within the Comptroller’s office based on the most urgent needs. No positions were transferred out of the Compliance Division in fiscal 2023 or 2024. There is 1 position that will be transferred to the Compliance Division in the fiscal 2026 allowance.

Fiscal 2025

Cost Containment

On July 17, 2024, BPW approved 5 cost containment measures for the Office of the Comptroller. All of the measures delayed the hiring of new positions in the following units until later in fiscal 2025, totaling \$1.15 million in general fund reductions:

- \$39,124 from GAD;
- \$51,195 from BRE;
- \$580,727 from the Compliance Administration;
- \$104,985 from the Legal, Special Litigations & Appeals unit; and
- \$374,070 from the Comptroller Information Technology unit.

Implementation of Legislative Priorities

Section 21 of the fiscal 2025 Budget Bill (Chapter 716 of 2024) added a total of \$1.73 million of general funds to the Comptroller’s budget for the following uses:

- \$500,000 to provide additional grant funding to the Creating Assets, Savings, and Hope Campaign (CASH Campaign). This brought total funding for the CASH Campaign to \$1.0 million for fiscal 2025. The fiscal 2026 allowance includes \$800,000 of general funds for the CASH Campaign. Chapter 727 of 2024 increased the amount of the annual mandated appropriation for the CASH Campaign beginning in fiscal 2026 from \$500,000 to \$800,000;
- \$250,000 to provide funding for the Tax Clinics for Low-Income Marylanders (TCLIM) Fund. This funding brought the total grants for these clinics to \$500,000 for fiscal 2025. The fiscal 2026 allowance includes \$500,000 for the clinics. Chapter 727 of 2024 reinstated a required annual distribution of \$500,000 from the State’s Unclaimed Property Fund to the TCLIM Fund beginning in fiscal 2025;
- \$750,000 and 8 regular positions in Executive Direction to support taxpayer services and other office operations. These positions are included on an ongoing basis in the fiscal 2026 allowance; and
- \$225,000 to provide a grant to Economic Action Maryland to support the Securing Older Adult Resources Program. The fiscal 2026 allowance does not include further funding for this grant.

Proposed Deficiencies

The Comptroller receives three fiscal 2025 deficiencies totaling \$5,676,636 in the fiscal 2026 allowance:

- \$270,000 in general funds to support legal expenses in the Executive Direction division;
- \$572,769 in general funds for audit costs in GAD; and
- \$4,833,867 in reimbursable funds from the MITDPF in the Department of Information Technology (DoIT) for positions, supplies, and consulting for the Central Payroll Replacement project.

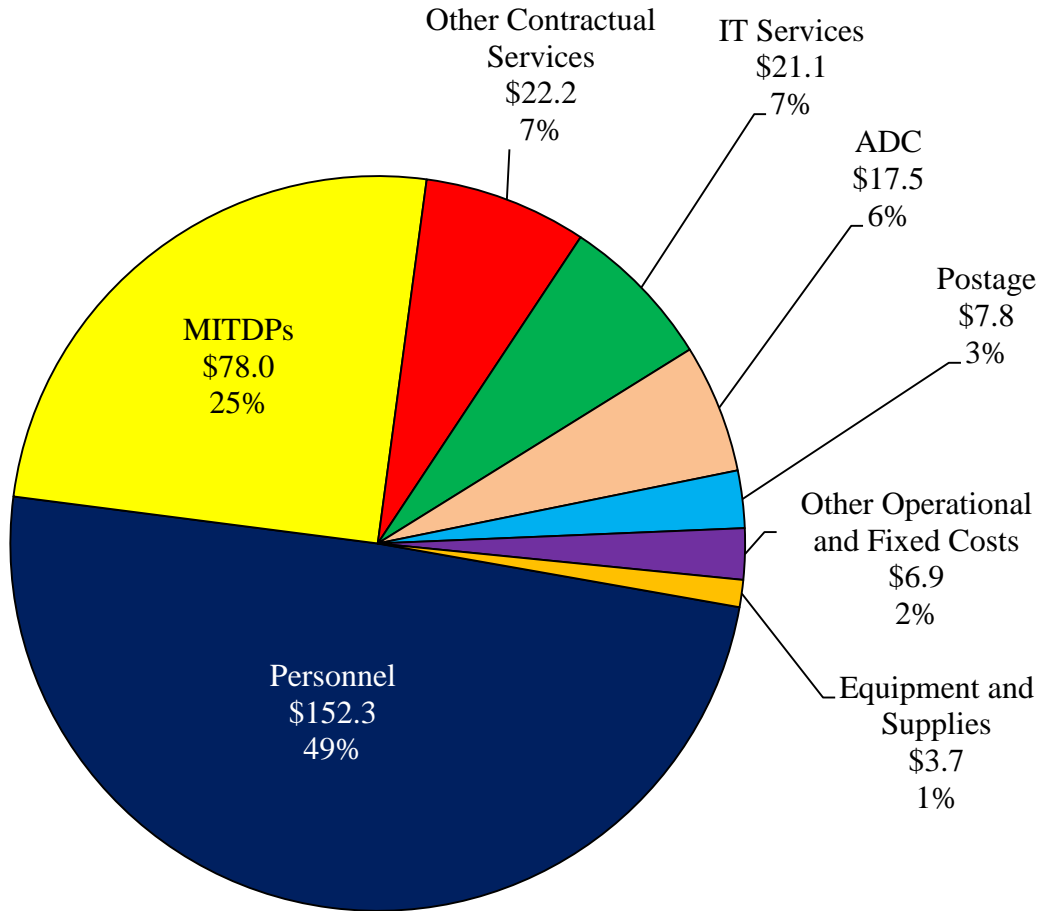
Planned Reversions

The Comptroller plans to revert \$2,709,102 in general funds at fiscal 2025 closeout for economic impact payments due to the program being discontinued based on the statutory time to file a 2019 Maryland income tax return for which the payments were eligible.

Fiscal 2026 Overview of Agency Spending

The Comptroller's fiscal 2026 allowance is \$309.1 million, as shown in **Exhibit 8**. About half, or \$152.3 million, is spent on personnel, and MITDPs comprise about \$78 million (25%). Other contractual services and information technology (IT) services are 7% each, and the Annapolis Data Center accounts for 6%, or \$17.5 million. The final 6% of the allowance is a combination of postage, other operational and fixed costs, equipment, and supplies.

Exhibit 8
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Millions)



ADC: Annapolis Data Center

IT: information technology

MITDP: Major Information Technology Development Project

Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Department of Budget and Management

Proposed Budget Change

The fiscal 2026 allowance increases by \$90.1 million compared to the fiscal 2025 working appropriation, as shown in **Exhibit 9**. Major changes include increases of \$13.2 million for salary increases and associated fringe benefits including fiscal 2025 cost-of-living adjustments for existing personnel and \$9.8 million to fund 117 new regular positions, of which 68 are contractual conversions. This growth in regular personnel spending is partially offset by a decrease of \$1.2 million for the converted contractual personnel. Three ongoing MITDPs also account for large increases in fiscal 2026 spending compared to fiscal 2025. However, the increases in spending appear larger than they truly are because reimbursable funds have not yet been appropriated to the Comptroller’s budget to account for general funds from DoIT for fiscal 2025, but the reimbursable funds are included in the fiscal 2026 allowance. This drives the following increases across the MITDPs:

- \$34.8 million for the central payroll system replacement;
- \$17.9 million for the Integrated Tax System (Compass); and
- \$15.7 million for the Financial Management Information System replacement.

Exhibit 9
Proposed Budget
Comptroller of Maryland
 (\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Reimb. Fund	Total
Fiscal 2024 Actual	\$131,784	\$62,754	\$47,882	\$242,421
Fiscal 2025 Working Appropriation	134,210	47,058	37,732	218,999
Fiscal 2026 Allowance	<u>155,473</u>	<u>51,590</u>	<u>102,065</u>	<u>309,128</u>
Fiscal 2025-2026 Amount Change	\$21,263	\$4,532	\$64,334	\$90,129
Fiscal 2025-2026 Percent Change	15.8%	9.6%	170.5%	41.2%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Salary increases and associated fringe benefits, including fiscal 2025 COLA and increments	\$13,228
Salaries and fringe benefits for 117 new positions, including 68 contractual conversions	\$9,760
Turnover rate decreases from 7.58% to 6.54%	1,326
Salaries and wages paid to temporary and emergency employees	282
Employee and retiree health insurance	-832
Reclassification costs for new positions added in fiscal 2025	-1,630
Other fringe benefits	-81

E00A – Comptroller of Maryland

Where It Goes:	<u>Change</u>
Other Changes	
Central payroll system replacement MITDP, which reflects a large increase because reimbursable funds for fiscal 2025 have not yet been appropriated	\$34,800
Integrated Tax System (Compass) MITDP, which reflects a large increase because reimbursable funds for fiscal 2025 have not yet been appropriated	17,862
FMIS MITDP, which reflects a large increase because reimbursable funds for fiscal 2025 have not yet been appropriated.....	15,721
Software licenses and technical support	3,035
Call center to staff phone lines during periods of high demand	2,887
Rent.....	2,171
Postage.....	1,510
Annapolis Data Center operation and software expenses.....	1,249
Statewide independent audit of the State’s Comprehensive Financial Report and other financial data conducted by a vendor	973
Security services for new office space after vacating State Center in Baltimore City	311
Printing related to increased outreach initiatives, particularly for reuniting citizens with unclaimed or abandoned property.....	147
Funding for the CASH Campaign, driven by an enhancement in fiscal 2025 that decreases slightly to meet the \$800,000 fiscal 2026 funding level, in accordance with Chapter 727 of 2024	-200
One-time fiscal 2025 grant to Economic Action Maryland to support the Securing Older Adult Resources Program	-225
Statewide cost allocations	-614
Contractual personnel salaries and fringe benefits, driven by a reduction of 68 FTEs due to contractual conversions	-1,164
Reduction in various hardware maintenance contracts and a contract with Gantech that assisted with the Integrated Tax System (Compass) MITDP	-1,359
One time storage replacement costs for the Annapolis Data Center	-2,670
One-time funds to set up a new tax fraud detection and compliance project in fiscal 2025.....	-3,327
Administrative and other various costs for Integrated Tax System (Compass) MITDP	-4,626
Other expenses.....	1,595
Total	\$90,129

CASH: Creating Assets, Savings, and Hope FTE: full-time equivalent
COLA: cost-of-living adjustment MITDP: Major Information Technology Development Project
FMIS: Financial Management Information System

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies and planned reversions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Personnel Data

	<u>FY 24 Actual</u>	<u>FY 25 Working</u>	<u>FY 26 Allowance</u>	<u>FY 25-26 Change</u>
Regular Positions	1,132.90	1,232.10	1,349.10	117.00
Contractual FTEs	<u>81.63</u>	<u>31.25</u>	<u>10.10</u>	<u>-21.15</u>
Total Personnel	1,214.53	1,263.35	1,359.20	95.85

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	79.79	6.54%
Positions and Percentage Vacant as of 12/31/24	94.00	7.70%
Vacancies Above Turnover	14.21	

- As of December 31, 2024, 94 positions were vacant in the Comptroller’s office, but none had been vacant for more than one year.
- The fiscal 2026 allowance provides 117 new positions after accounting for 12 new positions proposed in deficiency appropriations in fiscal 2025. BPW also created 10 new positions on December 4, 2024. These 10 positions are meant to be added in fiscal 2025, but due to timing, only appear as new positions in the fiscal 2026 allowance. The positions created by BPW will provide additional resources to help facilitate the FMIS project.
- The 107 remaining new positions are distributed across 6 programs, as shown in **Exhibit 10**. In the Taxpayer Services Division, 59 of the positions will be used to more efficiently communicate with taxpayers and solve their tax issues. In the Revenue Administration Division, 33 positions will help perform additional audits, enforce compliance, and migrate data into the new FMIS platform. An additional 13 positions will support the existing IT Division.

**Exhibit 10
New Regular Positions
Fiscal 2026 Allowance**

<u>Program</u>	<u>Position Count</u>	<u>Description of New Positions</u>
Financial and Support Services	1	Contractual conversion
Revenue Administration	33	29 contractual conversions and 4 transfers to the Taxpayer Accounting and Motor Fuel units to perform work related to adjustments, pass-through entities, manually approving individual and business tax credits, and preparing data for the transition of personal income taxes into the new tax processing system
Taxpayer Services Division	59	34 contractual conversions and 25 new positions for the Taxpayer Services Division to staff branch offices, call centers, and respond to taxpayer inquires via email, in-person meetings, and virtual appointments
Office of Policies, Public Engagement, Communications, and Government Affairs	1	New position to develop and maintain a transparency data dashboard that is displayed on BPW’s website pursuant to Chapters 580 and 581 of 2024
Information Technology Division	13	4 contractual conversions and 9 new positions to support ongoing operations for the Comptroller's website, MD Tax Connect, and to update systems and forms based on mandated changes by State and federal regulation
FMIS MITDP	10	10 new positions created on December 4, 2024, by BPW to support the FMIS MITDP and General Accounting Division
Total	117	

BPW: Board of Public Works
 FMIS: Financial Management Information System
 MITDP: Major Information Technology Development Project

Source: Comptroller of Maryland

Issues

1. Financial Management Information Systems Modernization

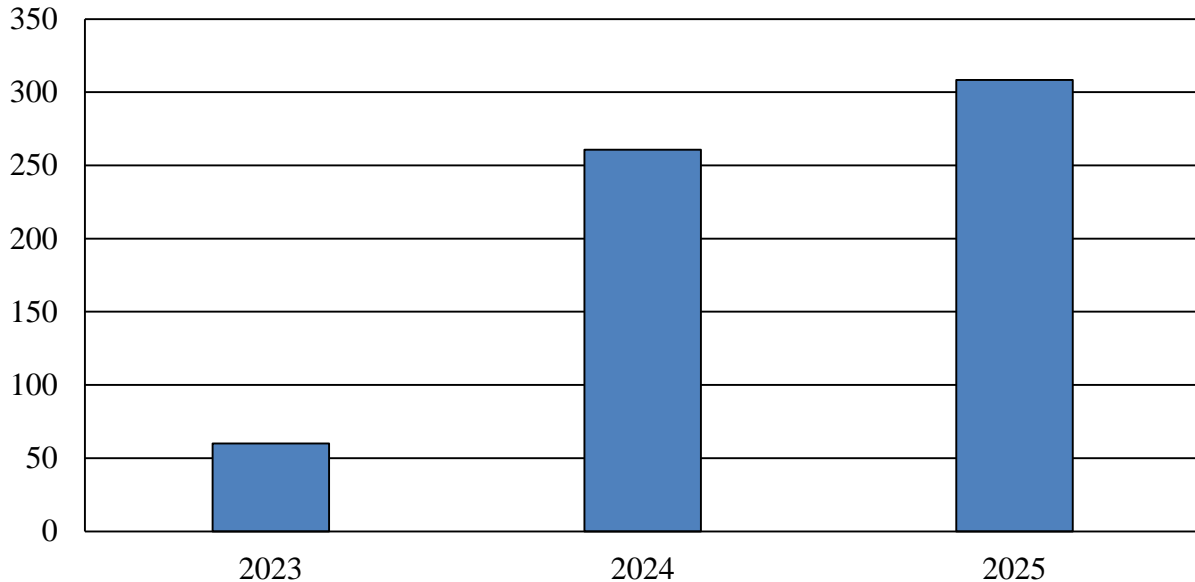
The Comptroller’s largest ongoing MITDP modernizes the State’s FMIS. While this MITDP is budgeted under the Comptroller, the project has wide ranging impacts on other State agencies. Chapters 22 and 23 of 2023 required the following agencies, collectively called the governance bodies, to oversee the transformation of the State’s FMIS into the 21st Century Financial Systems Enterprise (21CFSE):

- Office of the Comptroller;
- Office of the State Treasurer;
- Department of Budget and Management;
- DoIT; and
- Department of General Services

FMIS was implemented in the mid-1990s and encompasses accounting, purchasing, inventory, and reporting applications. Its two primary applications are known as ADPICS, which controls statewide procurement and accounts payable subledger functions, and R*STARS, which serves as the general ledger and financial accounting platform for State agencies. FMIS is antiquated and makes it difficult for agencies to implement new legislative mandates. It also has certain finance functions separated in multiple systems with limited capability to integrate across the State’s technology ecosystem that leads to the lack of standardization between agencies and within departments.

Exhibit 11 shows the total projected cost for FMIS as of each of the past three legislative sessions. Over that time, estimated costs have risen from \$60 million to \$308.4 million. The Comptroller has stated that the total projected costs for FMIS modernization have increased due to the scale and complexity of the initiative. As of the 2023 session, the total estimated project cost was only \$60 million, but this funding was merely to provide seed funding for the initiative since no market research or study had been conducted to fully gauge all future costs. As of the 2024 session, the total cost estimate for the core financial modernization components was \$261 million, based on a research study and analysis of states similar to Maryland.

Exhibit 11
Total Estimated FMIS Project Costs as of Each Legislative Session
Calendar 2023-2025
(\$ in Millions)



FMIS: Financial Management Information System

Note: These costs are as of the beginning of each respective legislative session.

Source: Department of Budget and Management

The current estimate of \$308.4 million reflects additional market research, comparable analysis of other states, and discussions with the DoIT Enterprise Program Management Office. The estimate includes the following three significant project components, with updated pricing expected by the end of calendar 2025 for some components:

- Project Management Office (PMO) services – the governance bodies overseeing this MITDP selected the vendor Guidehouse to serve as the project management services partner. At the BPW meeting on December 4, 2024, the board approved the contract for \$72,666,344 over a term of four years;
- Enterprise resource planning software – forecasted to cost \$55 million; and
- System implementor costs – forecasted to cost \$100 million.

The Comptroller is obligated by Chapters 22 and 23 to submit status updates for the FMIS project every six months, beginning with the initial submission that was due by December 31, 2023. The next due date is June 30, 2025. In its report from December 2024, the Comptroller stated that it is onboarding Guidehouse and organizing PMO. The next steps involve delineating the roles and responsibilities of the governance bodies and communicating the launch of PMO to other State agencies. These next steps are designed to gauge the full scope that the new 21CFSE will need to satisfy in order for each agency to be able to utilize it effectively. **The Comptroller should comment on what future costs still need to be taken into consideration and any project updates that have occurred since its December 2024 report.**

2. Five-year Staffing and Technology Resources Plan and Resulting Revenue Collection

The Comptroller indicated in February 2024 that there is approximately \$3 billion in outstanding tax liabilities for individual income taxes that are known and collectible. There is a further estimated \$3 billion in unassessed and unpaid taxes from underreporting of income. While additional positions and funding for technology were provided in fiscal 2024 and 2025, the Comptroller reports that more staff and funding for technology are needed to efficiently work toward closing the tax gap. However, the Comptroller indicates that hiring and onboarding must be staggered to match the capacity of the human resources team to process new hires and coordinate training. The addition of new technology may also require time for the procurement process, incorporating the technology into operational plans, and training staff in its use. The Comptroller has stated that any hiring to help close the tax gap would begin in fiscal 2027, though it should be noted that 107 new positions, including 68 contractual conversions, are provided for other initiatives in the fiscal 2026 allowance. Committee narrative in the 2024 JCR requested that the Comptroller submit a report providing a five-year staffing and technology resources plan and forecast of revenue collection to close the tax gap.

The Comptroller submitted the requested report in October 2024 and found that the number of residents per audit, collections, and compliance (ACC) position is higher in Maryland than in comparable states, as seen in **Exhibit 12**. The largest difference among comparable states is in Oregon, which has 52% fewer residents per ACC position, and the smallest difference is in Tennessee which has 22% fewer residents per ACC position. The Comptroller also reported that an increase in ACC positions would foster more audits and compliance, which would bring in more revenue for the State than it would cost to fund the new positions. Additional ACC information can be found in the Performance Analysis section of this analysis.

Exhibit 12
Residents Per Audit, Collections, and Compliance Position
Calendar 2020

<u>State</u>	<u>Audit/Collections/ Compliance Positions</u>	<u>State Population</u>	<u>Residents Per Position Ratio</u>	<u>% Difference Compared to Maryland</u>
Maryland	272	6,177,224	22,710	N/A
Massachusetts	584	7,029,917	12,038	-47%
New Jersey	770	9,288,994	12,064	-47%
Oregon	387	4,237,256	10,949	-52%
Tennessee	391	6,910,840	17,675	-22%
Washington	455	7,705,281	16,935	-25%

Note: State population shows 2020 Census data.

Source: Comptroller of Maryland

Exhibit 13 displays the number of requested positions, including the classification and the annual salary per position, for the Comptroller’s five-year staffing plan. However, in the report, hiring is spread out over more than five years because the Comptroller indicated that it recognizes the administrative burden involved in adding such a large number of new positions. Overall, 44 positions are requested for financial compliance positions and 44 for revenue examination or revenue administration positions. The staffing plan assumes that the positions would be hired over a nine-year period. An addition of 88 positions would place the ACC ratio at 1 per 17,000 Maryland residents, which is still higher than the comparable states but would place Maryland more in line with those states.

**Exhibit 13
Requested Positions
Fiscal 2027-2035**

<u>Position Classification</u>	<u>New Positions Requested</u>	<u>Salary Per Position</u>	<u>Total Annual Salary Cost</u>
Financial Compliance Auditor I	35	\$67,651	\$2,367,785
Financial Compliance Auditor Program Supervisor	7	87,724	614,068
Financial Compliance Auditor Manager	2	99,969	199,938
Revenue Examiner I	35	52,558	1,839,530
Revenue Specialist III	7	67,651	473,557
Revenue Administrator IV	2	82,187	164,374
Total	88	N/A	\$5,659,252

Note: The total salary cost column does not account for annual cost-of-living adjustments that may be made during each fiscal year. The salaries listed are as of fiscal 2025. This chart also does not account for fringe benefit costs.

Source: Comptroller of Maryland; Department of Legislative Services

Another component of the October 2024 report was descriptions of new technology resources that could contribute to revenue collection. The Comptroller identified four technologies that are estimated to increase revenue between \$6 and \$20 million per fiscal year.

The first technology involves public data mining online. The Comptroller participated in a pilot project during calendar 2023-2024 with a vendor that was able to use publicly available data and the Comptroller’s internal records to identify more than \$3.4 million in unreported income related to short-term rental properties and non-fungible token (commonly referred to as NFT) trading. The Comptroller is planning to build upon this pilot program by issuing a request for proposals in calendar 2024 and estimated costs are currently \$3.0 million per fiscal year for this service. The Comptroller did not provide an estimate for how much revenue this would generate for the State. **The Comptroller should comment on what publicly available data this technology uses and how it is validated for accuracy.**

Another technology resource the Comptroller is interested in utilizing is known as automated Financial Institution Data Match (FIDM). The Comptroller reports that FIDM, in unison with additional staff, would enable the agency to attach accounts from nontraditional financial institutions (such as CashApp, PayPal, Square, etc.), that may not be included under a traditional data match. The estimated cost for FIDM is \$1.0 million annually. The Comptroller

E00A – Comptroller of Maryland

cited that the Indiana Department of Revenue was able to match 283,898 debtors across 288 financial institutions to locate \$12.8 million in previously unknown money.

The third technology identified by the Comptroller is known as Intelligent Mail Barcodes (IMB). Placing barcodes on departmental mail allows staff to electronically track letters and verify taxpayer addresses. It also enables the agency to learn why a delivery failed, such as a change of address, which will prevent continuously sending mail to incorrect addresses and update a taxpayer's new address in the office's records. Additionally, IMB can designate what the U.S. Postal Service (USPS) should do with undeliverable mail. If a piece of mail does not contain any personally identifiable information, USPS can destroy it instead of returning it to the Comptroller, which reduces the agency's time spent processing mail. The Comptroller estimates an upfront cost of \$500,000 to implement IMB with minimal ongoing costs. The Comptroller also noted that Pennsylvania's first year using IMB, which enabled it to obtain updated addresses for taxpayers, resulted in \$1.6 million in outstanding payments being recovered. The agency expects to utilize IMB by fall 2025 by utilizing funds already allocated in fiscal 2025.

The fourth technology resource the Comptroller would like to employ is analytics within its data warehouse. The Comptroller possesses large amounts of data on individuals and businesses that could be used to predict potential non-filers and offer repayment options to non-filers that are best suited to ensure their compliance. Analytics would also be used to determine candidates for audit. Additionally, the agency is also interested in offering short-term payment plans to taxpayers upon initial notification of noncompliance instead of requiring a phone call or online interaction beforehand. Costs are estimated to be \$1 million in each fiscal year. Costs and revenues for this technology are estimated to break even in fiscal 2027 and, by fiscal 2029, is projected to bring in more revenue than it costs to operate.

Exhibit 14 shows the Comptroller's estimates for the net revenue that the requested new positions and proposed technology resources would generate for the State, after accounting for the partially offsetting costs. The estimates provided in the report only include fiscal 2027, 2029, 2031, 2033, and 2035. The total annual cost and revenue in fiscal 2027 is \$3.7 million and \$8.5 million, respectively (net revenue of \$4.8 million), and grows to \$7.0 million and \$30.0 million in fiscal 2035. Total costs and revenue for the years listed are \$25.4 million and \$97.5 million, respectively, which is a net revenue of \$72.1 million.

Exhibit 14
Total Estimated Costs and Revenues from the Comptroller’s Proposed
Staffing and Technology Resources Plan
Fiscal 2027-2035
(\$ in Millions)

	<u>2027</u>	<u>2029</u>	<u>2031</u>	<u>2033</u>	<u>2035</u>	Total for Fiscal Years Listed
New Positions						
Costs	\$1.7	\$1.7	\$3.5	\$3.5	\$5.0	\$15.4
Revenue	2.5	4.0	6.0	8.0	10.0	30.5
FIDM						
Costs	1.0	1.0	1.0	1.0	1.0	5.0
Revenue	3.0	5.0	7.0	9.0	10.0	34.0
IMB						
Costs	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
Revenue	2.0	3.0	4.0	4.0	5.0	18.0
Data Warehouse Analytics						
Costs	1.0	1.0	1.0	1.0	1.0	5.0
Revenue	1.0	2.0	3.0	4.0	5.0	15.0
Total Cost in Each						
Respective Fiscal Year	\$3.7	\$3.7	\$5.5	\$5.5	\$7.0	\$25.4
Total Revenue in Each						
Respective Fiscal Year	\$8.5	\$14.0	\$20.0	\$25.0	\$30.0	\$97.5
Net Revenue in Each						
Respective Fiscal Year	\$4.8	\$10.3	\$14.5	\$19.5	\$23.0	\$72.1

FIDM: Financial Institution Data Matching

IMB: Intelligent Mail Barcodes

Note: This exhibit does not include estimated costs or revenue generated using public data mining because the Comptroller did not provide a revenue estimate for that particular technology. The cost for new positions does not account for annual cost-of-living adjustments that may be made during each fiscal year or fringe benefits. The salaries listed are as of fiscal 2025. This exhibit also does not include costs for fiscal 2028, 2030, 2032, or 2034 because the Comptroller did not provide revenue estimates for those years. It is important to note that no costs or revenues that occur during even numbered fiscal years were included in the Comptroller’s report, and they are not included in the exhibit either.

Source: Comptroller of Maryland; Department of Legislative Services

3. Mailing Error Identified for 1099-G Tax Forms

Recently, it came to the attention of the Comptroller that 6,735 of 880,000 printed and processed 1099-G tax forms were mailed to incorrect addresses, which compromised the personal identification information of 6,735 taxpayers. The Comptroller discovered that one of the printers malfunctioned while producing a batch of 1099-G forms and, upon restarting, did not resume printing from the very beginning of the batch. As a result, cover pages were matched with the subsequent wrong pages, and documents were then mailed to incorrect addresses. On February 3, 2025, the Comptroller realized the error occurred, identified the source of it, and is working to mail corrected forms.

The Comptroller will implement several changes to prevent this mistake from occurring again. Historically, the complete Social Security number (SSN) for individuals was placed on 1099-G forms. Moving forward, 1099-G forms will no longer contain complete SSNs. Secondly, GAD will designate individuals to perform multiple reviews of large batches of tax forms prior to mailing to ensure the correct forms are paired with the proper cover letters. Lastly, the Comptroller is in the process of mailing letters to all taxpayers who were affected and will be offering them free credit monitoring for one year. **The Comptroller should comment on the budgetary impacts of the mailing error, including how much funding is needed to provide one year of credit monitoring for taxpayers who have been affected.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
2024 Joint Chairmen’s Report Responses from Agency

The 2024 JCR requested that the Comptroller of Maryland prepare one report. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Five-year Staffing and Technology Resources Plan and Resulting Revenue Collections:*** This report detailed the number of new positions, technology, and schedule that the Comptroller would need to collect known, unpaid tax liabilities and identify currently unknown tax owed to the State. The Comptroller estimates that these operations would cost less than the amount of revenue it would bring in. Further discussion of this report can be found in Issue 2 of this analysis.

- ***Performance Measures for Tax Filing by Tax Year:*** The Comptroller has previously stated that since a fiscal year spans two different tax years, reporting data on a fiscal year basis can distort trends that follow the tax year timeline. With the Comptroller’s fiscal 2026 MFR submission, two variables that were previously measured in fiscal years are now also measured in tax years. These variables are the percentage of electronic returns filed during tax season that are processed within 4 days and the percentage of paper returns filed during tax season that are processed within 22 days.

Appendix 2
General Accounting Division Audit Findings

Audit Period for Last Audit:	December 2, 2019 - June 30, 2023
Issue Date:	September 2024
Number of Findings:	2
Number of Repeat Findings:	1
% of Repeat Findings:	50%
Rating: (if applicable)	N/A

Finding 1: **GAD did not adequately monitor agency corporate purchasing card activity.**

Finding 2: GAD did not have a current and comprehensive listing of agencies that were granted an exemption (waiver) from submitting support for disbursements.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 3
Compliance Division Audit Findings

Audit Period for Last Audit:	March 18, 2019 - March 15, 2022
Issue Date:	May 2024
Number of Findings:	4
Number of Repeat Findings:	2
% of Repeat Findings:	50%
Rating: (if applicable)	N/A

Finding 1: **The division did not always assess penalties when holders of unclaimed property failed to remit such property to the Division.**

Finding 2: **Adjustments to business taxpayer accounts processed by one division unit were not always reviewed by supervisory personnel as required.**

Finding 3: The division did not conduct required supervisory reviews of State payments to taxpayers released from the Liability Intercept Program

Finding 4: The division only conducted a minimal number of Bay Restoration Fee audits and excluded the entities that collected the majority of these fees.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 4
Comptroller of Maryland Audit Findings

Audit Period for Last Audit:	January 22, 2019 - March 15, 2023
Issue Date:	May 2024
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	N/A

This audit reviewed the Office of the Comptroller, BRE, and the Field Enforcement Bureau covering the following time periods. The Office of Legislative Audits did not disclose any findings related to BRE or the Field Enforcement Bureau.

- **Office of the Comptroller:** January 22, 2019, to March 15, 2023;
- **BRE:** January 22, 2019, to March 15, 2023; and
- **Field Enforcement Bureau:** January 1, 2021, to March 15, 2023

Finding 1: The Office of the Comptroller did not publish 40 contract awards totaling \$138.4 million on eMaryland Marketplace Advantage as required.

Appendix 5
Information Technology Division and Annapolis Data Center and Network Operations Audit Findings

Audit Period for Last Audit:	February 2022 - January 2023
Issue Date:	April 2024
Number of Findings:	3
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	N/A

Finding 1: Redacted cybersecurity-related finding

Finding 2: Redacted cybersecurity-related finding

Finding 3: Redacted cybersecurity-related finding

Appendix 6
Financial Management Information Systems Modernization
Major Information Technology Development Project
Comptroller of Maryland

More discussion of this project can be found in Issue 1 of this analysis.

New/Ongoing: Ongoing								
Start Date: July 2022					Est. Completion Date: October 2030			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2025	2026	2027	2028	2029	Remainder	Total
GF	\$15.000	\$4.000	\$33.400	\$70.238	\$74.551	\$49.829	\$61,371	\$308.413
Total	\$15.000	\$4.000	\$33.400	\$70.238	\$74.551	\$49.829	\$61,371	\$308.413

- Project Summary:** Maryland’s accounting system, FMIS, is managed and operated under the Comptroller for the purposes of accounting, purchasing, inventory, and reporting. The FMIS platform, utilized by all State agencies, has two applications, referred to as (1) ADPICS and (2) R*STARS. The former is used to manage statewide procurement and an accounts payable subledger, and the latter serves as a general ledger and financial accounting platform. The replacement system, now referred to as the 21CFSE will be more efficient in operation and cost and allow for easier interfacing with other IT systems used by the Comptroller and other agencies. The development plan is organized in five phases, with estimated completion dates in June 2024, March 2025, June 2029, and June 2030, and project closeout in October 2030.
- Need:** The legacy FMIS system utilizes software or hardware that is no longer supported by the modern, most widely used computer or software architecture. While the current system is still functional, it is reported to function at “high risk,” which requires more costly maintenance and is inefficient in interfacing with other systems employed by State agencies.
- Observations and Milestones:** Project research began in fiscal 2023. In accordance with Chapters 22 and 23 of 2023, a program administration team and key leadership roles have been established and a financial management program initiated. On December 4, 2024, BPW approved Guidehouse to be the PMO services partner and will perform central oversight and quality assurance. BPW also approved 10 new positions to assist with project administration and to ensure no disruptions occur in the existing work of GAD. The next phase of the project involves coordinating with all State agencies that use the current FMIS system to develop a technical roadmap based on what functions need to be in future system. This phase is expected to conclude at the end of fiscal 2026 or in the beginning of fiscal 2027.

E00A – Comptroller of Maryland

- **Changes:** As of the beginning of the 2024 session, total estimated project costs were \$260,672,972. Estimated project costs have increased by \$47,739,757 to \$308,412,729 for the current session. The fiscal 2026 allowance includes \$33.4 million for the project, which is an increase of \$29.4 million over the fiscal 2025 working appropriation of \$4.0 million. The Comptroller’s Office has previously stated that project costs may change over time as the full scope of the work is determined.
- **Concerns:** The build and transition process is a significant undertaking in both time and cost for the State. Every State agency is integrated into the current FMIS system, and integration entails in-house policy and operations that will need to be considered in design of the new system and then modified to adapt to the new system. The current FMIS system stores a range of sensitive information, creating security risks that must be managed consistently according to standards through the multiyear development process. Project phases involve multiple subprojects, vendors, and consultants, all of which will be procured and engaged over time and entail costs and conditions that are presently uncertain.
- **Other Comments:** Chapters 22 and 23 mandate that the Comptroller submit a report to the General Assembly on the status of the development project every six months starting December 31, 2023, and ending on or before January 1, 2027.

Appendix 7
Integrated Tax System (Compass)
Major Information Technology Development Project
Comptroller of Maryland

New/Ongoing: Ongoing								
Start Date: Fiscal 2016					Est. Completion Date: December 2027			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Years	2025	2026	2027	2028	2029	Remainder	Total
GF	\$65.954	\$15.673	\$15.828	\$13.434	\$7.125	\$0.000	\$0.000	\$118.015
SF	64.778	24.362	10.703	0.000	0.000	0.000	0.000	99.844
RF	13.145	0.000	0.000	0.000	0.000	0.000	0.000	13.145
Total	\$143.877	\$40.035	\$26.532	\$13.434	\$7.125	\$0.000	\$0.000	\$231.004

- Project Summary:** The Integrated Tax System (Compass) will replace the State of Maryland Integrated Tax System (SMART), the Computer Assisted Collections System (CACS), and other outdated tax processing systems. It will integrate with a data warehouse to continue revenue generating projects and provide enhanced reporting functionality. The Integrated Tax System (Compass) will create uniformity in processing across tax types and facilitate compliance by taxpayers
- Need:** The SMART and CACS systems are nearly 30 years old. The two systems are not integrated and utilize two separate databases. Technical limitations prevent some tax and fee types from being maintained within these systems. These systems also do not update data in real time and pose security risks due to their age.
- Observations and Milestones:** In calendar 2022, a new vendor was selected to provide management and support staff services as project scope expanded, including the incorporation of the cannabis sales tax and restructuring of the Alcohol and Tobacco Commission and new Maryland Cannabis Administration. In calendar 2023, electronic filing for fiduciary income tax was released. The release of business tax functionality was deployed in February 2024, and all Maryland taxpayers are expected to be able to file their taxes in the new system by 2026.
- Changes:** Estimated total project costs increased by \$25,646,383 as of the beginning of the 2025 legislative session compared to the beginning of the 2024 session. The Comptroller has stated that costs have increased because new scope must be added for the digital advertising gross revenues tax, improved implementation for unclaimed property, data conversion for personal income taxes, the replacement of laptops (end of life), and for continued technical support from three vendors.

Appendix 8
Central Payroll Bureau System Replacement
Major Information Technology Development Project
Comptroller of Maryland

New/Ongoing: Ongoing								
Start Date: Fiscal 2023					Est. Completion Date: December 2027			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2025	2026	2027	2028	2029	Remainder	Total
GF	\$4.000	\$16.558	\$19.758	\$7.609	\$0.000	\$0.000	\$0.000	\$47.925
Total	\$4.000	\$16.558	\$19.758	\$7.609	\$0.000	\$0.000	\$0.000	\$47.925

- **Project Summary:** CPB currently operates a legacy mainframe but intends on moving to a cloud-based integrated software to support all essential payroll processing activities. The new system will process payroll for all employees of the Executive, Judicial, and Legislative branches and the University System of Maryland (USM).
- **Need:** The existing system was implemented in the mid-1990s. The system is described as inflexible and requires expensive development work, in particular in the outdated COBOL programming language, to maintain compliance with law, policy, and standards. Adopting a new system for CPB would ensure that Maryland is following standardized industry best practices for the employees of the State, including all branches of government and USM.
- **Observations and Milestones:** Workday was selected as the vendor for this project, and it will be launched in two cohorts. The first cohort is planned to go live January 1, 2026, and the last is expected to be ready by July 1, 2026.
- **Changes:** Estimated total project costs increased by \$33,924,708 as of the beginning of the 2025 session compared to the beginning of the 2024 session. The Comptroller reported that the fiscal 2025 costs were merely an estimate, and the updated costs reflect pricing now that a vendor has been selected.

Appendix 9
Object/Fund Difference Report
Comptroller of Maryland

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	1,132.90	1,220.10	1,349.10	129.00	10.6%
02 Contractual	81.63	31.25	10.10	-21.15	-67.7%
Total Positions	1,214.53	1,251.35	1,359.20	107.85	8.6%
Objects					
01 Salaries and Wages	\$ 125,693,418	\$ 128,731,428	\$ 151,091,878	\$ 22,360,450	17.4%
02 Technical and Special Fees	4,626,955	1,786,026	1,194,334	-591,692	-33.1%
03 Communication	8,155,529	7,926,992	9,325,028	1,398,036	17.6%
04 Travel	149,110	241,745	235,617	-6,128	-2.5%
06 Fuel and Utilities	81,525	71,493	91,108	19,615	27.4%
07 Motor Vehicles	780,782	276,595	315,682	39,087	14.1%
08 Contractual Services	86,224,433	62,951,599	136,657,163	73,705,564	117.1%
09 Supplies and Materials	2,393,139	3,203,486	2,764,612	-438,874	-13.7%
10 Equipment – Replacement	9,312,446	4,750,721	822,517	-3,928,204	-82.7%
11 Equipment – Additional	339,224	818,786	105,000	-713,786	-87.2%
12 Grants, Subsidies, and Contributions	1,052,500	1,760,000	1,335,000	-425,000	-24.1%
13 Fixed Charges	3,034,391	2,992,554	5,189,762	2,197,208	73.4%
14 Land and Structures	577,265	520,000	100	-519,900	-100.0%
Total Objects	\$ 242,420,717	\$ 216,031,425	\$ 309,127,801	\$ 93,096,376	43.1%
Funds					
01 General Fund	\$ 131,783,990	\$ 136,076,189	\$ 155,472,561	\$ 19,396,372	14.3%
03 Special Fund	62,754,266	47,057,588	51,589,921	4,532,333	9.6%
09 Reimbursable Fund	47,882,461	32,897,648	102,065,319	69,167,671	210.3%
Total Funds	\$ 242,420,717	\$ 216,031,425	\$ 309,127,801	\$ 93,096,376	43.1%

Note: The fiscal 2025 appropriation does not include deficiencies or planned reversions. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 10
Fiscal Summary
Comptroller of Maryland**

<u>Program/Unit</u>	<u>FY 24 Actual</u>	<u>FY 25 Wrk. Approp.</u>	<u>FY 26 Allowance</u>	<u>Change</u>	<u>FY 25 - FY 26 % Change</u>
01 Office of the Comptroller	\$ 14,846,505	\$ 15,050,169	\$ 16,352,791	\$ 1,302,622	8.7%
02 General Accounting Division	7,363,732	7,844,512	8,903,527	1,059,015	13.5%
03 Bureau of Revenue Estimates	1,638,042	1,501,758	1,734,334	232,576	15.5%
04 Revenue Operations	45,566,657	48,369,393	61,499,700	13,130,307	27.1%
05 Compliance Division	36,529,450	35,571,480	39,112,886	3,541,406	10.0%
06 Law and Oversight	18,368,853	20,914,974	22,432,482	1,517,508	7.3%
08 Motor Fuel Tax Division	3,569,561	4,287,349	4,535,500	248,151	5.8%
09 Central Payroll Bureau	5,051,566	4,837,270	5,176,869	339,599	7.0%
10 IT Strategy and Services	109,486,351	77,654,520	149,379,712	71,725,192	92.4%
Total Expenditures	\$ 242,420,717	\$ 216,031,425	\$ 309,127,801	\$ 93,096,376	43.1%
General Fund	\$ 131,783,990	\$ 136,076,189	\$ 155,472,561	\$ 19,396,372	14.3%
Special Fund	62,754,266	47,057,588	51,589,921	4,532,333	9.6%
Total Appropriations	\$ 194,538,256	\$ 183,133,777	\$ 207,062,482	\$ 23,928,705	13.1%
Reimbursable Fund	\$ 47,882,461	\$ 32,897,648	\$ 102,065,319	\$ 69,167,671	210.3%
Total Funds	\$ 242,420,717	\$ 216,031,425	\$ 309,127,801	\$ 93,096,376	43.1%

Note: The fiscal 2025 appropriation does not include deficiencies or planned reversions. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.