

# IFO Revenue Estimate – General Fund Snapshot

June 16, 2014

This snapshot summarizes the Independent Fiscal Office’s (IFO) revised revenue estimate for FY13-14 and its official revenue estimate for FY14-15. The full report (available on the IFO [website](#)) contains additional detail, including a brief discussion of the economic outlook.

The revised General Fund revenue estimate of \$28.5 billion for FY13-14 represents a decrease of \$103 million (-0.4 percent) compared to the prior fiscal year. Revenues for FY14-15 are projected to be \$29.4 billion, a \$902 million (3.2 percent) increase from the prior year.

Compared to the IFO’s May 1 release, the estimates for FY13-14 and FY14-15 have decreased by \$3 million and \$92 million, respectively. The two-year total is \$95 million less than the earlier projections. The reductions are largely the result of updated economic assumptions, a lower estimate for small games of chance tax revenues and new information on the timing of potential casino licensing decisions.

Relative to the Executive Budget published in February, these projections are \$572 million lower for FY13-14 and \$870 million lower for FY14-15, a two-year difference of \$1,442 million.

**Corporate Net Income Tax** – Revenues are expected to be flat in FY14-15. Lower tax liabilities from the expanded net operating loss deduction will offset some of the gains from modestly higher corporate profits. In addition, the unwinding of federal 100 percent bonus depreciation will provide less revenue for FY14-15 than it did for FY13-14.

**Sales and Use Tax** – The forecast projects a moderate increase in non-motor collections consistent with higher consumer confidence, an improving labor market and increased disposable income. Receipts are restrained by low inflation for taxable consumer goods. Motor vehicle receipts are projected to display continued growth.

**Personal Income Tax** – Deposits from employer withholding are projected to increase modestly due to increased employment and low wage inflation. Quarterly and annual remittances are expected to exhibit much stronger growth in FY14-15 because these revenues were suppressed in FY13-14 due to a behavioral response related to federal tax law changes.

**Nontax revenues** – The projection includes \$50 million from the slot machine license fee for a new Category 1 license.

## General Fund Snapshot

(\$ millions)

Revenue Source	FY13-14 <sup>1</sup>	Growth	FY14-15 <sup>1</sup>	Growth
<u>General Fund - Total</u>	<u>\$28,544</u>	<u>-0.4%</u>	<u>\$29,445</u>	<u>3.2%</u>
Corporate Net Income	2,479	2.3%	2,482	0.1%
<u>Sales and Use - Total</u>	<u>9,117</u>	<u>2.5%</u>	<u>9,441</u>	<u>3.6%</u>
Non-motor	7,882	2.0%	8,166	3.6%
Motor Vehicle	1,235	5.8%	1,275	3.2%
<u>Personal Income - Total</u>	<u>11,435</u>	<u>0.6%</u>	<u>12,014</u>	<u>5.1%</u>
Withholding	8,740	2.5%	9,050	3.6%
Quarterly	1,500	0.4%	1,586	5.8%
Annual	1,195	-11.8%	1,377	15.2%
Other Tax Revenue	5,003	-7.0%	4,946	-1.1%
Non-tax Revenue	509	-12.2%	563	10.5%

<sup>1</sup> Detail may not sum to total due to rounding.