

**Consensus Revenue Forecast Update
for the
General Fund, Transportation Fund, and
Education Fund [Partial]**

Fiscal Years 2019 through 2020

July 27, 2018

Prepared for the Vermont Emergency Board

PREPARED BY:



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ECONOMIC, POLICY, AND FINANCIAL ANALYSTS

- **Discussion of the Updated Staff Recommended Consensus Revenue Forecast Update**

- Against a backdrop of the strong likelihood that the U.S. economic upturn will survive through the current fiscal year and the likely State revenue impacts associated with the passage and implementation of Act 11, the staff recommends a near-term consensus forecast upgrade for the General Fund for fiscal years 2019 and fiscal year 2020 consistent with the “budget-based” consensus reconciliation as outlined below.

January 2018 vs. July 2018 General Fund Forecast				
Adjusted For Act 11 Changes to Ed. Fund and PI Tax Structures				
	2019		2020	
Jan. General Fund Forecast	1,568		1,611	
Adj. - PI Tax Changes*		(29)		(30)
Adj. - 100% Sales & Use		(257)		(262)
Adj. - 25% Meals & Room		(45)		(46)
<i>Adj. Jan. General Fund Forecast</i>	<i>1,238</i>		<i>1,273</i>	
Jul. Post-Act 11 General Fund Forecast	1,271		1,291	
LESS: <i>Adj. Jan. General Fund Forecast</i>		<i>(1,238)</i>		<i>(1,273)</i>
Jan. vs. Jul. General Fund Upgrade/(Downgrade)	33		18	
*2020 value is a preliminary estimate				

- The forecast upgrade comes in response to the significant “late cycle” federal fiscal stimulus associated with the Federal Tax Cuts and Jobs Act (as passed last December), which will likely result in near-term and accelerating rates of economic growth (including payroll jobs and household employment growth).
 - Also included in the staff recommendation is the likelihood that economic growth beyond the next 12 to 24 months will slow as the current, significant round of federal fiscal stimulus ebbs—resulting in slower rates of economic and revenue growth in the three out years of the of the State’s five year fiscal planning period (or for fiscal years 2021, 2022, and 2023).
 - The later in the cycle slowdown is the result of more typical “late cycle” dynamics (e.g. rising inflation rates and rising interest rates in response to “tightening” monetary policy) weighing on the current

more than nine year, national economic upturn as these factors re-take their position of prominence.

- For the Transportation Fund and Education Fund before consideration of the Act 11 fund allocation changes, the second visual below (Table 1) outlines the staff recommended changes from the January 2018 consensus forecast.

**Table 1: Staff Recommended Consensus Revenue Forecast Update—
Transportation Fund and Education Fund
Change from January 2018 Consensus Forecast**

Differences-July 2018 Proposed Consensus Forecast versus the January 2018 Consensus Forecast (By Fund)				
Includes the Estimated Receipts Impacts of H.911 but DOES NOT INCLUDE Fund Allocations per H.911				
	2019		2020	
Current Law But Pre-Act 11 Fund Allocation Changes	Dollars	Percent	Dollars	Percent
Transportation Fund <i>[Available to the Transportation Fund]</i>	\$2.1	0.8%	\$1.5	0.5%
Education Fund <i>[Partial]</i>	\$7.2	3.4%	\$8.4	3.9%
Total--"Big 3 Funds"	\$22.9	1.1%	\$10.6	0.5%
MEMO #1: TIB [1]				
Gasoline	\$1.3	9.6%	\$1.2	8.5%
Diesel	\$0.1	2.5%	\$0.0	2.0%
Total TIB	\$1.4	8.7%	\$1.2	7.7%
Notes:				
[1] Totals in the TIB may not add due to rounding.				
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- For the T-Fund, the staff recommendation calls for between a \$2.1 million and \$1.5 million consensus forecast upgrade versus the January 2018 consensus forecast for fiscal years 2019 and 2020, respectively.
 - These near-term forecast upgrades reflect the late economic cycle federal fiscal stimulus providing near-term “juice” for the economy, generally rising energy prices, and still robust consumer sentiment in 2019 and 2020 fiscal years.
- For the portion of the E-Fund that is included in the consensus forecasting process and prior to the updated funding allocations as passed in Act 11, the updated staff recommended consensus forecast includes a significant upgrade totaling \$15.6 million over the two year fiscal 2019 through fiscal 2020 period – at +\$7.2 million for fiscal 2019 and +\$8.4 million for fiscal 2020.
 - The pre-Act 11 funding allocation basis allows for an economic

“apples-to-apples” comparison of the consensus forecast update changes so the forecast-to-forecast comparisons in receipts available to the Education Fund are not impacted by the changes in the allocations for the two major consumption taxes between the General Fund and the Education Fund beginning in fiscal year 2019.

- The staff recommended consensus forecast upgrade for the Education Fund reflects the near-term shot in the arm to the economy provided by the passage of the Federal Tax Cuts and Jobs Act, the growth in the taxable e-commerce consumption tax base—including the expected impact of the recently decided Wayfair decision by the U.S. Supreme Court which overturned the so-called Quill decision of 1992.¹
- As a result, previously uncollected sales tax on e-commerce-based retail sales to Vermont residents will be collected and remitted to the State by e-retailers who previously had claimed they had no physical nexus to the State and therefore were not required to collect and remit sales tax on sales to Vermont residents.
- For the TIB portion for the Transportation Fund, the staff recommended forecast includes a modest upgrade for the Gas TIB component and a mostly flat Diesel TIB forecast for fiscal year 2019 and for fiscal year 2020.
 - For Gas TIB² receipts for fiscal year 2019 and fiscal year 2020 the staff recommendation calls for a +\$1.3 million (or +9.6% increase versus the consensus forecast last January), a +\$1.2 million forecast upgrade for fiscal year 2020 (or +8.5% versus the consensus forecast last January)—largely reflecting a revised energy price forecast where prices track higher than was thought last January.
 - For Diesel TIB receipts, the staff recommendation includes a small forecast upgrade for fiscal year 2019 of +\$0.1 million (or +2.5% versus consensus expectations last January) and an unchanged staff recommended Diesel TIB forecast for fiscal year 2020.

¹ Please note the so-called Quill decision in 1992 at the time affirmed an earlier Supreme Court decision from 1967 regarding the need for a retailer to have a physical presence in a state—such as a “bricks and mortar” store—before the retailer would be required to collect and remit sales taxes from sales to another state’s residents.

² The term TIB refers to Transportation Infrastructure Bond Fund.

- The dollar levels of the staff recommended forecast for the General Fund, Transportation Fund, and Education Fund are presented in Table 2 (below)—based on current law and after the full implementation of the Act 11 fund allocations.
 - For the G-Fund, the staff recommends a consensus forecast of \$1,270.7 million for fiscal year 2019, and \$1,291.0 million for fiscal year 2020.
 - For the T-Fund, the staff recommends a forecast of \$283.2 million for fiscal year 2019 and \$287.0 million in fiscal year 2020.
 - For the E-Fund, the staff recommends a forecast of \$526.0 million for fiscal year 2019 and \$541.5 million for fiscal year 2020.

Table 2: Staff Recommended Consensus Forecast by Fund

(\$ Millions)	2019	2020
Available to the General Fund	\$1,270.7	\$1,291.0
Available to the Transportation Fund	\$283.2	\$287.0
E-Fund [Partial]	\$526.0	\$541.5
Total	\$2,079.9	\$2,119.6
TIB Funds		
Gasoline TIB	\$15.0	\$15.3
Diesel TIB	\$2.0	\$2.1
Total TIB Funds	\$17.1	\$17.4

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- **“Current Law Basis” Analysis of the Staff Recommended Consensus Forecast for July 2018**
 - The July 2018 consensus forecast update was completed against a backdrop of a myriad external factors. These included:
 1. the most significant structural changes in the federal tax code since 1986 (or roughly 32 years ago)—including sweeping changes to the Corporate Income Tax code,³
 2. the implementation of a significant state tax change principally designed to offset the inadvertent personal

³ Including the so-called repatriation of significant amounts of corporate profits that have been “parked off-shore” in order to avoid U.S. taxation but which have been provided incentives to return to the U.S. under the provisions of the Tax Cuts and Jobs Act.

income tax increase associated with the passage of the federal tax legislation,⁴

3. the significant revenue effects of the Wayfair decision by the U.S. Supreme Court, and
 4. the uncertain ways that these revenue enhancers and reductions may either inure and/or be lost to State revenues by fiscal year (which can differ significantly from annualized or tax year based liability changes).
- Against this backdrop and with so many moving parts, it is not surprising that there are any number of ways in which the staff recommended consensus forecast update can be examined and/or put into context for analysis purposes. While this can certainly be a very complicated analytical endeavor, there are roughly three general ways for examining consensus forecast update changes. These include the examination of results within the following frameworks:
 1. **Budgetary Basis**—which makes adjustments for policy actions undertaken between the current forecast and when the prior consensus forecast was completed and approved. This is an approach that was employed for the General Fund consensus forecast update last July,
 2. **Current Law Basis** (as of the date of the consensus forecast update)—which tracks updates to the consensus revenue forecast changes based on the tax law in effect at the time of the forecast even if the tax law changes from consensus forecast to consensus forecast), and
 3. **Consistent or Baseline Law Basis**—which seeks to standardize past consensus forecasts of prior periods to the current law in effect at the time of the current consensus forecast update. This approach was employed above for the General Fund consensus reconciliation.

⁴ Including the passage of a measure to reduce the State personal income tax burden of social security income on certain lower income Vermont resident retirees.

- Consistent with past staff recommended consensus forecast updates, the section below of this forecast update report (and from this point to the end of this report) the analysis framework for this staff recommended consensus forecast update employs the Current Law analysis context option described above.
 - As such, the data laid out below reviews the staff recommended consensus forecast update results on a current law basis including all of the changes as passed in Act 11 of the 2018 session.
- However, for greater clarity, the staff recommended results within this framework have been presented in two ways, including before and after the Act 11 funding allocation changes between the State's General Fund and Education Fund for the two principal consumption tax sources—the Sales & Use Tax and the Meals & Rooms Tax.
 - The framework is consistent with the analytical approach employed in the overwhelming majority of the past consensus forecast updates that have occurred since the consensus forecasting process came into existence in Vermont dating back to the early 2000s.
- Within this typical consensus forecast update framework, the staff recommends the following updated receipts changes for the G-Fund, the T-Fund, and the E-Fund over the fiscal year 2019 through 2020 period:
 - The staff recommended consensus forecast for the G-Fund calls for a modest \$13.6 million forecast upgrade—in comparison to last January's consensus forecast and using pre-Act 11 fund allocations and with full consideration of the revenue impacts included in Act 11 designed to off-set the inadvertent tax increase in Vermont from the passage of Federal Tax Cuts and Jobs Act.
 - For fiscal year 2020, the staff recommends a small \$0.7 million General Fund forecast upgrade—also based on using revenue impacts included in Act 11 but prior to including the Act 11 fund allocations changes.
- For the T-Fund as outlined above, the staff recommendation calls for small upgrades versus the January 2018 consensus forecast for fiscal years 2019 and 2020.

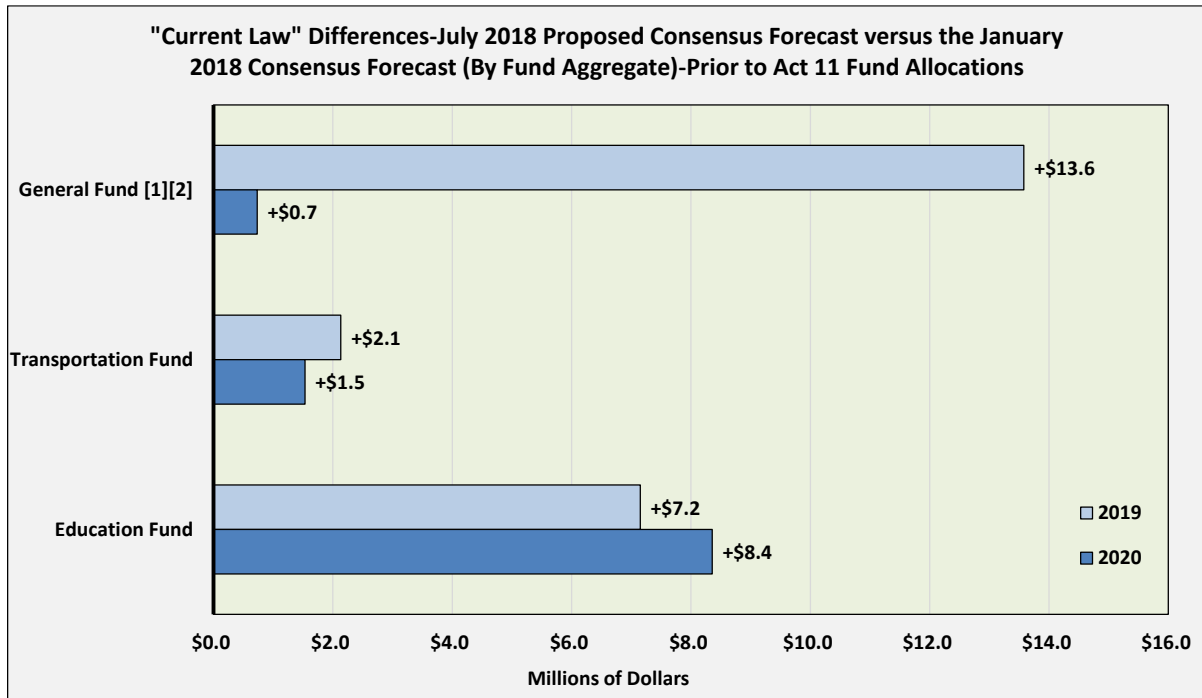
- For the portion of the E-Fund that is included in the consensus forecasting process and prior to the updated funding allocations as passed in Act 11, the updated staff recommended consensus forecast includes significant revenue upgrades.
- The upgrades were for the most part attributable to external factors such as the expected next phase of the faster than average growth in e-commerce-based retail activity, and the expected increased Sales & Use tax receipts likely to come from the recent Supreme Court decision allowing state taxation of internet sales (the Wayfair decision) and a revised consensus forecast of the State's consumption taxes for the.
 - Table 3 (below) and the accompanying chart highlights the staff recommended changes by fiscal year under current law by major fund aggregate relative to the consensus forecast approved by the Vermont Emergency Board on January 18, 2018—but prior to the changed fund allocations beginning in fiscal year 2019 according to Act 11.

**Table 3: Staff Recommended Consensus Revenue Forecast Update—
Change from January 2018-Current Law at the Time of the Forecast
Prior to Changes in Fund Allocations per Act 11 of the 2018 Session
[Includes the Impact of the State Response to the Federal Tax Cuts and Jobs Act]**

Differences-July 2018 Proposed Consensus Forecast versus the January 2018 Consensus Forecast (By Fund)				
<i>Includes the Estimated Receipts Impacts of Act 11 but DOES NOT INCLUDE Fund Allocations per Act 11</i>				
	2019		2020	
<i>Current Law But Pre-Act 11 Fund Allocation Changes</i>	Dollars	Percent	Dollars	Percent
General Fund [1][2] <i>[Available to the General Fund-Before Transfer of 100% of S&U Tax and 25% of R&M Tax to E-Fund]</i>	\$13.6	0.9%	\$0.7	0.0%
Transportation Fund <i>[Available to the Transportation Fund]</i>	\$2.1	0.8%	\$1.5	0.5%
Education Fund <i>[Partial]</i>	\$7.2	3.4%	\$8.4	3.9%
Total--"Big 3 Funds"	\$22.9	1.1%	\$10.6	0.5%
MEMO #1: TIB [3]				
Gasoline	\$1.3	9.6%	\$1.2	8.5%
Diesel	\$0.1	2.5%	\$0.0	2.0%
Total TIB	\$1.4	8.7%	\$1.2	7.7%
Notes:				
[1] Includes "Net" Estimated Impacts of Act 11 AND Federal Tax Reform Changes.				
[2] Net of the estimated impact of changes to the Personal Income Tax of roughly \$30 million per Act 11.				
[3] Totals in the TIB may not add due to rounding.				

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- The data as set forth in Table 3 include the estimated receipts impacts under Act 11, but is prior to the change in fund allocations per Act 11 to allow for an “apples-to-apples” comparison of the “current law” consensus forecasts that were in effect and acted on by the Emergency board as of the time of each consensus forecast update (in January 2018 and now in July 2018).



- Even though the comparison in Table 3 is not completely a current law comparison (because it illustrates the forecast update results prior to the changes in fund allocation under Act 11), it presents an economically consistent framework for understanding the economic-based tax revenue changes included in the consensus forecast update for comparative purposes.
 - However, because of the many changes in the factors impacting State revenue collections (including large stimulus from federal deficit spending at least temporarily boosting near-term economic conditions and the significant changes in federal and State tax laws—not to mention the recent U.S. Supreme Court decision allowing state taxation of internet sales, revenue comparisons of any kind with prior consensus forecasts (including the January 2018 consensus forecast update are complicated.

- Even so, no matter how they are measured, this staff recommended consensus forecast update clearly represents an upgrade to fiscal year 2019 and fiscal year 2020 versus the consensus forecast update acted upon by the Emergency Board last January.
- Table 3A (below) presents the same forecast updated staff recommended consensus forecast update results which include the estimated revenue impacts in Act 11 and following the change in fund allocations as prescribed by Act 11 for fiscal years 2019 and 2020.

**Table 3A: Staff Recommended Consensus Revenue Forecast Update—
Change from January 2018 (Current Law at the Time of the Forecast)
Includes Changes in Fund Allocations per Act 11 of the 2018 Session
*[Includes the Impact of the State Response to the Federal Tax Cuts and Jobs Act]***

Differences-July 2018 Proposed Consensus Forecast versus the January 2018 Consensus Forecast (By Fund)				
<i>Includes the Estimated Receipts Impacts and Fund Allocations per H.911</i>				
	2019		2020	
<i>Current Law-Provisional</i>	Dollars	Percent	Dollars	Percent
General Fund	(\$297.5)	-19.0%	(\$319.9)	-19.9%
<i>Available to the General Fund-Including H.911 Fund Allocations of 100% S&U Tax and 25% of R&M Tax to E-Fund</i>				
Transportation Fund	\$2.1	0.8%	\$1.5	0.5%
<i>[Available to the Transportation Fund]</i>				
Education Fund	\$318.2	153.1%	\$329.0	154.8%
<i>[Partial]</i>				
Total--"Big 3 Funds"	\$22.9	1.1%	\$10.6	0.5%
MEMO #1: TIB [3]				
Gasoline	\$1.3	9.6%	\$1.2	8.5%
Diesel	\$0.1	2.5%	\$0.0	2.0%
Total TIB	\$1.4	8.7%	\$1.2	7.7%
Notes:				
[1] Includes "Net" Estimated Impacts of H.911 AND Federal Tax Reform Changes.				
[2] Net of impact of the estimated changes to the Personal Income Tax of roughly \$30 million per H.911.				
[3] Totals in the TIB may not add due to rounding.				
Prepared by: Economic & Policy Resources, Inc.				

- Not surprisingly, given the significant re-allocation of receipts between the G-Fund and the E-Fund in H.911, the differences in the staff proposed consensus in July of 2018 versus the Emergency Board-approved consensus forecast in January 2018 are large and represent significant changes in the amount of dollars in each fund for fiscal year 2019 and going forward.
- However, the bottom line, "difference" numbers under Table 3 and Table 3A are identical because the net, bottom line changes total

from the Act 11 fund allocations are off-setting between the increases in revenues “available” in the E-Fund versus the declines in the “available” revenues for the G-Fund per the Act 11 allocations.

- For fiscal year 2019, the staff recommendation across all three fund aggregates in total calls for a total downward upward adjustment of \$22.9 million (or +1.1% versus the consensus forecast of last January), and assumes that the just under \$10.0 million in remaining M&A related Corporate refund exposure related to differences between taxpayer refund requests and the actual amount refunded by the State following review by Tax Department examiners would resolved unfavorably to the State by the end of fiscal year 2019.⁵
 - For fiscal year 2020, the staff recommendation across all three fund aggregates is for an additional +\$10.6 million upward adjustment in the consensus forecast (corresponding to a positive adjustment of +0.5% versus the consensus forecast of last January).
- **Fiscal Year 2018 Actuals Versus the January 2018 Consensus Forecast**
 - The July 2018 revenue forecast update reflects and incorporates recent revenue collection trends and component-by-component receipts performance, the revised economic outlook for the U.S. and Vermont economies, the significant, structural changes in federal tax law, the Vermont State changes, the forecasted impact of the recent U.S. Supreme Court decision (known as the “Wayfair decision”), and changes in the allocations percentage of Source Sales & Use Tax and Meals & Rooms Tax between the G-Fund and the E-Fund beginning in fiscal year 2019 under Act 11 of the 2018 Session.
 - For fiscal year 2018, actual through June 30th receipts across all three fund aggregates tracked significantly to slightly above consensus expectations—depending on the fund aggregate.
 - Combined receipts finished \$71.6 million above consensus expectations for the year—corresponding to a difference of +3.6% versus the fiscal 2018 combined fund forecast of \$1.970 billion.

⁵ This assumption therefore concludes that the entire potentially disputed dollar difference between taxpayer refund requests and the amount paid by the State after examination of those taxpayer refund requests is fully refunded in the form of higher Corporate Income Tax refunds during fiscal year 2019 to those taxpayers that have challenged the State’s determinations.

- For net revenues available to the G-Fund through June 30 of fiscal year 2018, cumulative receipts finished the year at +\$65.3 million above consensus target expectations (corresponding to a difference of 4.4% versus the January 2018 consensus forecast).
 - Receipts during fiscal year 2018 were unexpectedly upbeat due mostly to higher than expected payments in the Personal Income Tax (at +\$38.3 million or +4.8% versus cumulative expectations) and a stronger than expected Corporate Income Tax (at +\$17.0 million or +21.4% versus cumulative expectations).
 - The Sales & Use Tax finished FY 2018 +\$4.3 million or +1.7% above its cumulative target. Meals & Rooms completed the same period +\$0.8 million or +0.5% above its cumulative target.

Table 4: Fiscal Year 2018 Cumulative General Fund Results versus Forecast

FY 2018--Cumulative June Component (Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Personal Income	\$ 831,970.8	\$ 793,700.0	\$ 38,270.8	4.8%
<i>Withholding</i>	\$ 620,630.7	\$ 622,700.0	(2,069.3)	-0.3%
<i>PI Estimates</i>	\$ 166,002.7	\$ 159,900.0	\$ 6,102.7	3.8%
<i>PI Paid Returns</i>	\$ 145,650.6	\$ 115,800.0	\$ 29,850.6	25.8%
<i>PI Refunds</i>	\$ (149,900.7)	\$ (147,500.0)	\$ (2,400.7)	-1.6%
<i>PI Other</i>	\$ 49,587.3	\$ 42,800.0	\$ 6,787.3	15.9%
Net Sales & Use Tax	\$ 258,560.3	\$ 254,280.0	\$ 4,280.3	1.7%
Corporate Income Tax	\$ 96,363.6	\$ 79,400.0	\$ 16,963.6	21.4%
<i>Gross Corporate Receipts</i>	\$ 120,603.0	\$ 104,700.0	\$ 15,903.0	15.2%
<i>Corporate Refunds</i>	\$ (24,239.5)	\$ (25,300.0)	\$ 1,060.5	4.2%
Meals & Rooms	\$ 173,223.5	\$ 172,400.0	\$ 823.5	0.5%
Property Transfer Tax	\$ 12,369.2	\$ 12,572.9	\$ (203.7)	-1.6%
Other	\$ 186,390.7	\$ 181,207.4	\$ 5,183.4	2.9%
<i>Estate Tax</i>	\$ 22,935.3	\$ 18,600.0	\$ 4,335.3	23.3%
<i>Insurance Tax</i>	\$ 57,535.3	\$ 57,800.0	\$ (264.7)	-0.5%
<i>Total Telephone Tax</i>	\$ 4,749.6	\$ 4,500.0	\$ 249.6	5.5%
<i>Bank Franchise Tax</i>	\$ 13,080.4	\$ 12,100.0	\$ 980.4	8.1%
<i>Fees</i>	\$ 47,059.3	\$ 47,800.0	\$ (740.7)	-1.5%
<i>Other</i>	\$ 41,030.9	\$ 40,407.4	\$ 623.5	1.5%
Total Net General Fund	\$ 1,558,878.0	\$ 1,493,560.3	\$ 65,317.8	4.4%

Basic Data Source: VT Agency of Administration

- Looking more closely at the “higher than consensus” performance by the General Fund, in-depth analysis indicates that fiscal year 2018 receipts benefited from a rare confluence of a relatively small number of large revenue events.
 - These appear to have come from the combination of federal tax changes that gave rise to Vermont tax revenue from corporate profits parked in foreign jurisdictions for the purpose of avoiding taxation

and from a relatively small number of exceptionally large capital gains revenue events.

- **In total, forensic analysis of what was behind these events that positively impacted fiscal year 2018 actual results indicates that fewer than 30 revenue events over the past six months accounted for most of the +\$65.3 million positive, ahead of consensus target General Fund revenue windfall during fiscal year 2018 (see Addendum I: A Potential Wildcard in the Forecast: Corporate Revenues from Repatriation – below).**

- Although many of these events at this juncture appear to be “one-time” in nature, the large federal stimulus from unfunded tax cuts (and the associated unprecedented amount of “late cycle” federal deficit spending) will almost certainly give the economy a near-term, but likely shorter-term period of “heightened” output and job growth activity that has the potential to create a more pronounced down-cycle in the out-years of the five year fiscal planning period.

- **Practically speaking and with respect to the overall State revenue outlook, it appears that the higher revenue potential from this sequence of late cycle events over fiscal years 2019 and 2020 could eventually give way to the potential for the downward, downstream revenue effects from an exaggerated economic sub-cycle over the fiscal year 2021 to 2023 time frame.**
 - **In fact, the out-year effect may even involve a full economic down cycle, or period of steeper recession for the U.S. and Vermont economies and the attendant dampening effect on State revenues in that out-year fiscal planning time period that such an economic downturn might engender.**

- For net revenues available to the Transportation Fund, actual receipts results for fiscal year 2018 were a total of +\$1.4 million above consensus expectations for the period ended June 30th. This was primarily the result of a revenue under-performance related to the new Motor Vehicle Fees enacted in fiscal year 2018, and a surprising under-performance by the Diesel Tax.

- Regarding the two principal fuels taxes, Diesel Tax finished fiscal year 2018 above its consensus cumulative target through June by a total of +\$0.5 million or +2.5% versus consensus expectations.
- Gasoline Tax ended the fiscal year above its consensus target by +\$0.1 million or +0.1% versus consensus expectations.
- MvP&U Tax finished ahead of its cumulative consensus cash flow target for the fiscal year by +\$1.4 million or +1.9% through June.
- MvFees completed fiscal year 2018 below its cumulative consensus target by -\$2.0 million or -2.3%.
- Other Fees were +\$1.5 million or +6.8% versus its yearly cumulative consensus cash flow target.
- The TIB revenue sub-components ended fiscal year 2018 with the Gasoline TIB at -\$0.02 million or a total of -0.1% versus its cumulative consensus target and the Diesel TIB +\$0.03 million or +1.5% versus its through June cumulative consensus cash flow target.

Table 5: Fiscal Year 2018 Transportation Fund Results versus Forecast

FY 2018--Cumulative June Component (Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Gasoline Tax (non-TIB)	\$ 78,187.1	\$ 78,100.0	\$ 87.1	0.1%
Diesel Tax (non-TIB)	\$ 18,861.1	\$ 18,400.0	\$ 461.1	2.5%
MvP&U Tax	\$ 72,951.9	\$ 71,600.0	\$ 1,351.9	1.9%
MvFees	\$ 85,994.4	\$ 88,000.0	(2,005.6)	-2.3%
Other Fees-Revenues	\$ 22,969.4	\$ 21,500.0	\$ 1,469.4	6.8%
Total Transportation Fund (no TIB)	\$ 278,963.9	\$ 277,600.0	\$ 1,363.9	0.5%
Gasoline -TIB	\$ 12,882.9	\$ 12,900.0	\$ (17.1)	-0.1%
Diesel-TIB	\$ 1,998.7	\$ 1,970.0	\$ 28.7	1.5%
Total Transportation Fund (w/TIB)	\$ 293,845.6	\$ 292,470.0	\$ 1,375.6	0.5%

Basic Data Source: VT Agency of Administration

- For the net revenues available to the E-Fund [Partial], cumulative receipts were +4.9 million or +2.5% above consensus expectations relative to the January 2018 consensus forecast target (see Table 6 below).
 - The better than expected performance through fiscal year 2018 was the result of positive revenues among all major components (except for the relatively small negative variance in the Net Interest component).

- The Sales & Use Tax was +\$2.3 million or +1.7% above its cumulative consensus cash flow target through fiscal year 2018, mirroring its G-Fund performance.
- MvP&U finished the fiscal year at +\$0.7 million or +1.9% above their cumulative consensus targets.
- Lottery revenues, on the strength of a large year-end transfer of unclaimed prizes, were at +\$1.9 million or +7.7% above their fiscal-year-end target.

Table 6—Cumulative Education Fund Fiscal Year 2018 Results versus Forecast

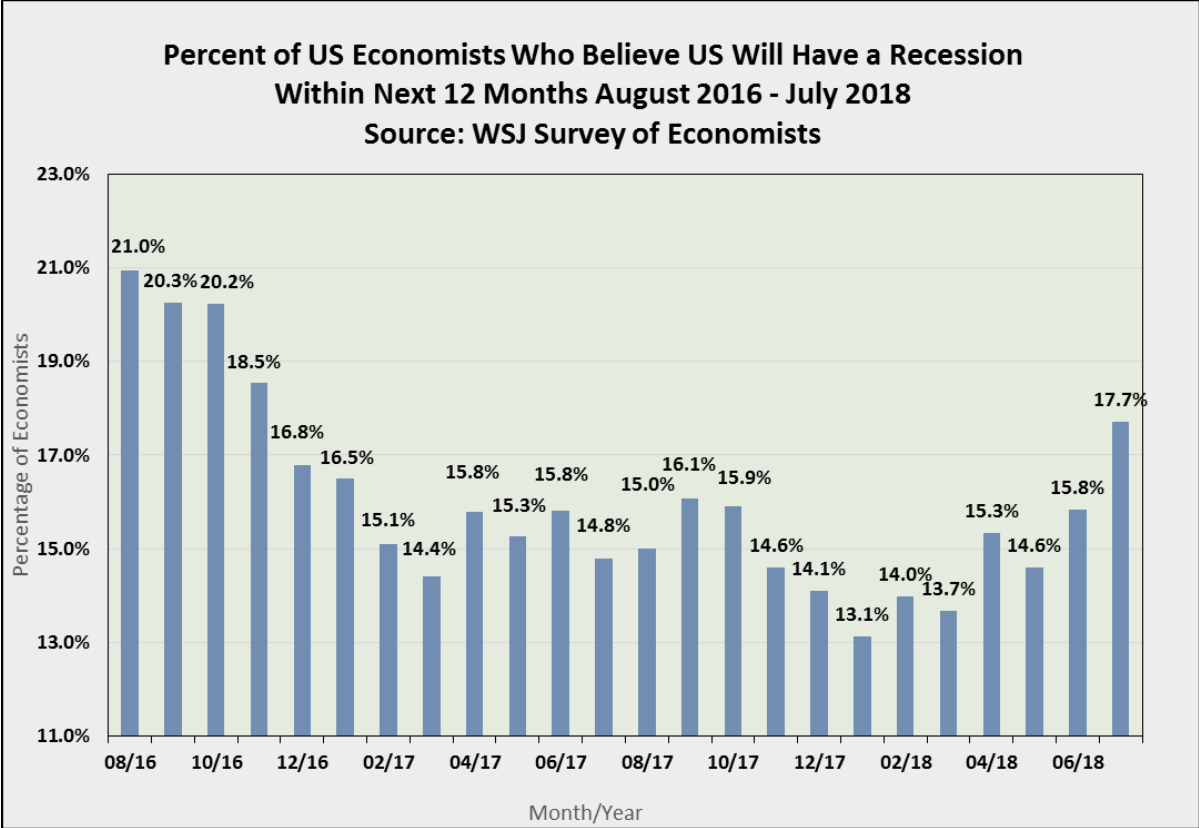
FY 2018--Cumulative June Component (Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Sales & Use Tax	\$ 139,224.8	\$ 136,920.0	\$ 2,304.8	1.7%
MvP&U Tax	\$ 36,476.0	\$ 35,800.0	\$ 676.0	1.9%
Lottery	\$ 27,145.8	\$ 25,200.0	\$ 1,945.8	7.7%
Interest	\$ 489.7	\$ 500.0	\$ (10.3)	NM
Total Education Fund [Partial]	\$ 203,336.2	\$ 198,420.0	\$ 4,916.2	2.5%

Notes: NM=Not Meaningful

Basic Data Source: VT Agency of Administration

- **Recent Economic Trends of Significance and the Updated Consensus Economic Forecast**
 - As of July 2018, the 109 month U.S. economic expansion has become the second longest in recorded economic history. With more than \$1.0 trillion in “late economic cycle” fiscal stimulus from the Federal Tax Cuts and Jobs Act, the U.S. economy in fact looks to be on course to pick up further near-term momentum and will almost certainly become the longest economic upcycle in recorded economic history (dating back to 1854) when the upcycle passes through June of 2019.
 - As of this month, less than one in five economists polled by the Wall Street Journal expect the U.S. economy to fall into a recession over the next calendar year.⁶

⁶ Although at 17.7% of those economists surveyed, the percentage is the highest since the November 2016 elections.



- For an economic upcycle that is over nine years old, the current performance for the U.S. economy may go down as “one for the ages.”
 - This is likely so, despite uncertainties associated with the global trade,⁷ more volatile equity markets, the increasing threat from rising energy prices (which can be traced to the rising geopolitical uncertainties in the Middle East region and the Korean Peninsula in Asia), and tightening monetary policy by the Federal Reserve.
- This is because there is a significant amount of “late-cycle stimulus” in the economy, arising from still generally increasing asset prices (e.g. in U.S. equity markets—despite the increased level of volatility—and in U.S. real estate markets), and because the Federal Tax Cut and Jobs Act has added another \$1.0 trillion in deficit spending into the picture.

⁷ Which so far macro-economically has been more rhetorical than impactful, although the retaliation taken by affected countries has been carefully directed at specific industries in specific geographical areas. This approach has had measurable impacts on some U.S. firms and producers—particularly those in agriculture and for those who rely on imported steel and aluminum as part of their supply chain.

- Combined with deregulation, the optimistic interpretation of recent events is that federal policy has helped to shift the supply curve out to the right, and the resulting increased supply side capacities mean the U.S. economy is not really as close to “full employment” or “full capacity” as traditional indicators tend to suggest regarding the current “late cycle” economy.⁸
- The U.S. economy actually has a lot more room to grow—this reasoning goes—and the new round of federal stimulus and the additional spending power provided to households through the above rising asset prices is actually “well-timed” to encourage a new, and even more robust round of U.S. economic expansion.
- However, that degree of pro-U.S. economic growth optimism does not necessarily have a completely “open field” within which to operate.⁹ There are at least some concerns in the current environment about the tightening monetary policy posture of the Federal Reserve,¹⁰ concerns about capacity constraints on the U.S. economy, and what looks by conventional measures to be an unsettling “flattening of the yield curve” which often signals the end of economic expansions.
 - Regarding the first concern, it is well known that the Federal Reserve tends to make the majority of its policy mistakes when it is in a “tightening posture” versus an “accommodative” posture. With monetary policy now “tightening” the chance of a policy error on this front has now risen significantly. To some economic and monetary policy observers-analysts, this clearly represents a significant “risk” to the current economic upturn.
 - Regarding the second factor (and obviously related to the first factor), there has been—and continues to be—a significant amount

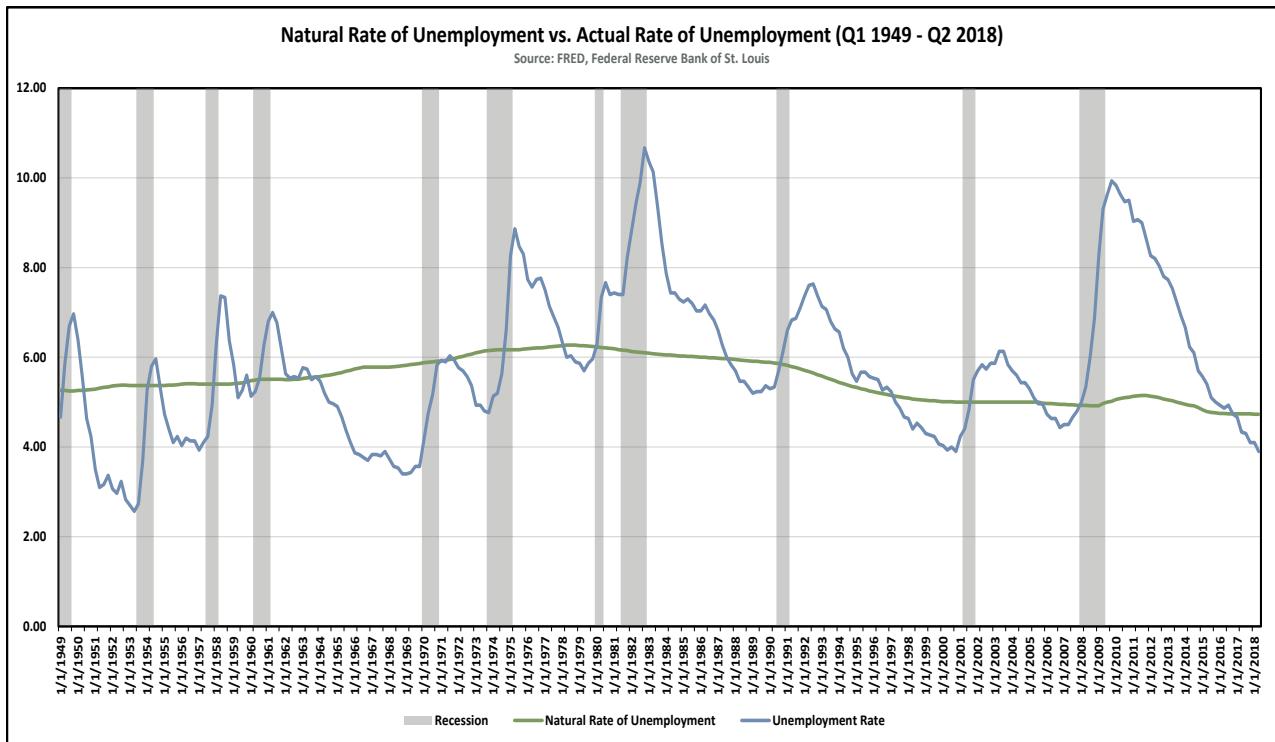
⁸ Along with the attendant price or inflationary pressures that economies operating at or near full capacity typically engender.

⁹ This is in addition to the now substantially reduced outlook for what had previously been advertised as the first synchronized period of global expansion in more than a decade. This is perhaps the most significant casualty of the current global trade tensions and the foreign policy saber rattling which has underpinned a rising trend in global energy prices.

¹⁰ With essentially two primary, well-entrenched groups with policy concerns. One group contends that the Federal Reserve is “tightening” monetary policy too quickly and will prematurely constraining (or choking off) an otherwise positive economic outlook, and the other camp believes that the Federal Reserve is not tightening monetary policy fast enough—which will result in growing economic imbalances and unnecessarily high rates of inflation that will, in turn, prematurely end the current U.S. economic expansion.

of discussion about how near the U.S. economy is to operating at or above its “non-inflationary” capacity. Concerns that the U.S. labor market is now operating above its “non-inflation accelerating rate of unemployment” (or “NIARU”) has been a key part of those discussions.

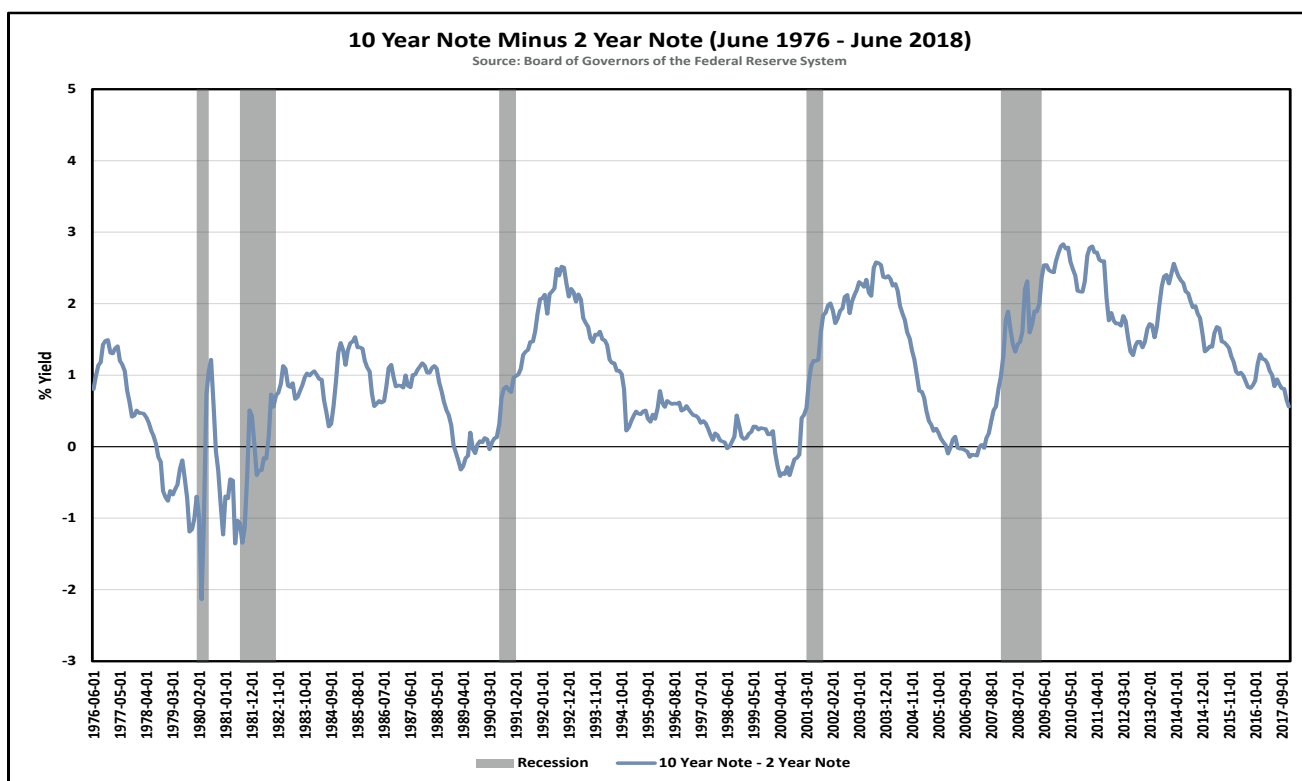
- One side believes that NIARU is a constantly moving target and has recently increased—meaning that the economy has significantly more room to keep on growing. The other side believes that the U.S. economy moved above the NIARU last Summer, and is living on borrowed time. The traditional analysis of NIARU is that the U.S. economy typically devolves into recession within three calendar years of moving above NIARU. Based on that traditional analysis, the U.S. economy is currently about two years away from its next downturn since the U.S. unemployment rate nudged above NIARU last Summer.



- Regarding the third (and also related to the above two concerns), traditionalists have been recently watching the movement of short-term and long-term interest rates and expressing concern about the narrowing of the difference between them—commonly referred to

as the “flattening of the yield curve.” The flattening of the “yield curve” is significant because of its implication on the supply of credit needed to fuel-support the financial needs of an expanding U.S. economy.

- The question currently weighing on the U.S. expansion is as the “yield curve flattens” will it actually “invert” and signal trouble for the U.S. expansion, or will it be a near-miss and the expansion will continue. Some “yield curve” watchers are also questioning the validity under current circumstances where the Federal Reserve has dramatically increased its presence in U.S. bond markets as the result of “quantitative easing” (or “QE”) that has contributed to an artificial reduction in the level of long-term rates that without Fed intervention that long-term rates actually would actually be at a significantly much higher level.



- As a result, this reasoning goes, the real spread between long-term and short-term rates is actually higher and this indicator is currently indicating, and the U.S. economy is actually much farther away from an actual inversion than the current spread is suggesting—and is therefore flashing a false recessionary concern. As the Federal

Reserve moves to reduce its bond portfolio through its “normalizing” of monetary policy, only time will tell who is actually correct in the above-referenced business cycle turning point debate.

- The most recent update in the near-term economic outlook for the U.S. and Vermont economies and the dynamics of the updated consensus economic forecast are reflected in Table 7 and Table 8 (below).
 - These tables show the most recent consensus macroeconomic forecast along with previous consensus economic forecasts that were employed in the revenue forecast updates back to December of 2016 (for the U.S. economy) and back to December of 2015 (for the Vermont economy). These updated forecasts reflect a maturing, but still securely forward-moving U.S. upturn as a backdrop for this revenue forecast update.
- In Vermont, the State’s economy for its part, reflects a generally “steady-as-you-go” outlook with below average rates of change.
 - This reflects the negative demographic factors that have emerged over the past ten or so years and likewise appear to also apply to the entire northern New England region and for greater upstate New York.
- Finally, and against the backdrop of a “maturing” economic upcycle, it is apparent that there still are few signs of the type of economic-cyclical imbalances in the economy that normally pre-sage an economic downturn is in the near future.
 - The U.S. and Vermont economies are not yet showing signs of overheating, and even with a negative interpretation of both of the above-discussed recession indicators, any downturn in the economy is likely still at least two years away—although it remains clear that the current U.S. economic and Vermont economic upcycles will not go on indefinitely.
 - As reflected in this consensus macroeconomic forecast update, it is expected that the profile of near-term economic activity is likely to encourage a more restrained period of growth (e.g. a potential economic “sub-cycle” within the five year fiscal planning horizon.

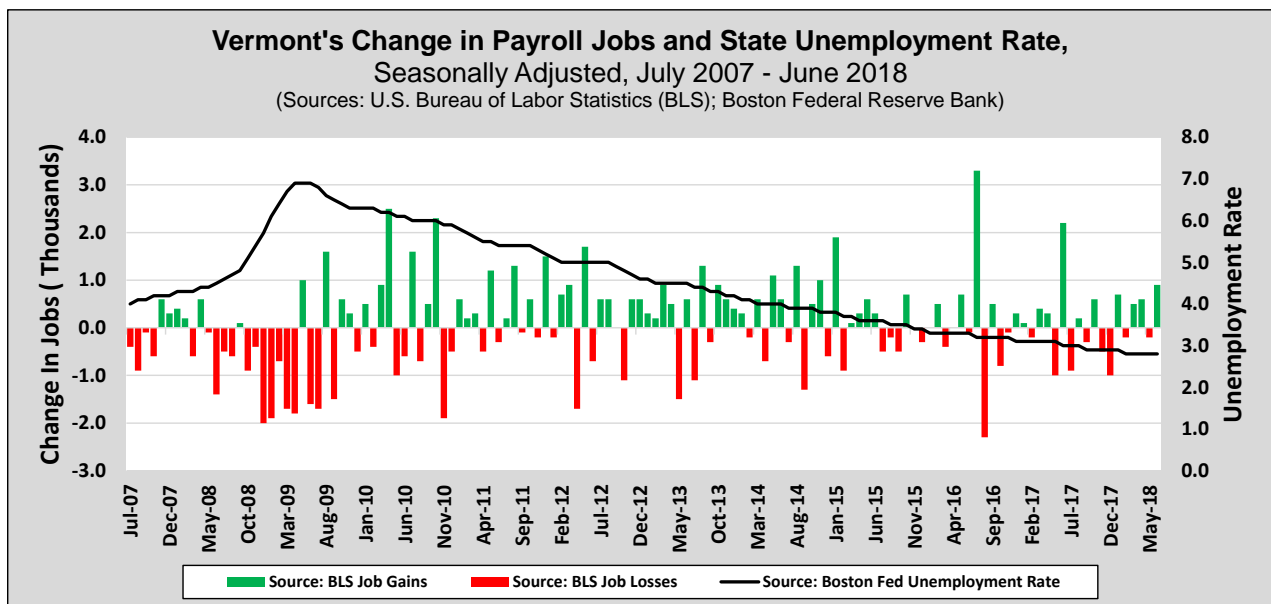
Table 7: Comparison of Recent Administration and JFO Consensus U.S. Macroeconomic Forecasts
December 2016 through June 2018, Selected Variables, Calendar Year Basis

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP Growth									
December-16	2.2	1.7	2.4	2.6	1.7	2.9	3.1	2.2	1.4
June-17	2.2	1.7	2.4	2.6	1.6	2.3	2.6	2.2	1.3
December 2017	2.2	1.7	2.6	2.9	1.5	2.3	2.8	2.5	1.1
June 2018	2.2	1.7	2.6	2.9	1.5	2.3	3.0	2.6	0.9
S&P 500 Growth (Annual Avg.)									
December-16	8.7	19.1	17.5	6.8	1.5	5.4	-1.6	-2.0	5.5
June-17	8.7	19.1	17.5	6.8	1.5	8.0	-0.7	-4.5	5.5
December 2017	8.7	19.1	17.5	6.8	1.5	17.0	7.1	-8.4	3.5
June 2018	8.7	19.1	17.5	6.8	1.5	17.0	9.5	-9.7	2.3
Employment Growth (Non-Ag)									
December-16	1.7	1.6	1.9	2.1	1.7	1.6	1.6	1.3	0.5
June-17	1.7	1.6	1.9	2.1	1.8	1.5	1.3	1.2	0.5
December 2017	1.7	1.6	1.9	2.1	1.8	1.5	1.6	1.1	0.1
June 2018	1.7	1.6	1.9	2.1	1.8	1.6	1.6	1.4	0.2
Unemployment Rate (%)									
December-16	8.1	7.4	6.2	5.3	4.9	4.7	4.5	4.4	4.7
June-17	8.1	7.4	6.2	5.3	4.9	4.4	4.1	3.9	4.2
December 2017	8.1	7.4	6.2	5.3	4.9	4.3	3.8	3.7	4.5
June 2018	8.1	7.4	6.2	5.3	4.9	4.4	3.8	3.3	4.0
West Texas Int. Crude (\$/Bbl)									
December-16	94.2	98.0	93.0	48.8	43.3	56.6	62.6	66.1	70.3
June-17	94.2	98.0	93.0	48.7	43.3	50.7	53.9	61.0	67.6
December 2017	94.2	98.0	93.0	48.7	43.3	50.7	54.2	59.7	66.1
June 2018	94.2	98.0	93.0	48.8	43.4	50.8	64.8	61.9	69.6
Prime Rate (%)									
December-16	3.25	3.25	3.25	3.26	3.51	4.10	5.00	6.50	6.80
June-17	3.25	3.25	3.25	3.26	3.51	4.10	4.80	5.70	6.20
December 2017	3.25	3.25	3.25	3.26	3.51	4.09	5.52	7.03	7.32
June 2018	3.25	3.25	3.25	3.26	3.51	4.10	4.97	6.56	6.81
Consumer Price Index Growth (%)									
December-16	2.1	1.5	1.6	0.1	1.2	2.6	2.8	3.1	2.6
June-17	2.1	1.5	1.6	0.1	1.3	2.1	2.3	2.7	2.6
December 2017	2.1	1.5	1.6	0.1	1.3	2.1	2.5	2.9	2.8
June 2018	2.1	1.5	1.6	0.1	1.3	2.1	2.7	2.5	2.4
Average Home Price Growth (%)									
December-16	-0.2	4.0	5.4	5.5	5.6	5.9	6.3	6.1	5.6
June-17	-0.2	4.0	5.3	5.4	5.7	5.2	5.4	4.8	3.4
December 2017	-0.2	3.9	5.2	5.3	5.7	6.2	6.4	5.8	5.1
June 2018	-0.3	3.9	5.2	5.3	5.6	6.3	6.5	6.8	5.6

Table 8: Comparison of Consensus Administration and JFO Vermont State Forecasts
December 2015 through June 2018, Selected Variables, Calendar Year Basis

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real GSP Growth									
December-15	0.4	-0.3	0.6	2.2	2.8	2.4	2.0	1.6	1.2
June-16	0.6	-0.9	0.3	-0.1	1.9	2.3	1.7	1.2	1.1
December-16	0.0	-0.4	1.5	0.2	1.8	2.4	2.0	1.5	1.0
June-17	-0.2	-0.2	0.3	0.9	0.8	1.1	1.3	0.8	0.3
December 2017	-0.2	-0.2	0.5	0.9	0.7	0.9	1.4	0.8	0.1
June 2018	-0.2	-0.2	0.5	0.7	1.5	1.1	1.9	1.6	0.3
Population Growth									
December-15	-0.1	0.1	-0.1	-0.1	0.3	0.3	0.3	0.3	0.3
June-16	-0.0	0.1	-0.1	-0.1	0.1	0.2	0.3	0.3	0.2
December-16	-0.1	0.1	-0.0	-0.1	-0.2	0.1	0.2	0.1	0.1
June-17	-0.1	0.1	-0.0	-0.1	-0.2	0.1	0.1	0.2	0.2
December 2017	-0.1	0.1	-0.1	-0.2	-0.2	0.1	-0.0	0.1	0.1
June 2018	-0.1	0.1	-0.1	-0.2	-0.2	0.1	0.0	0.1	0.1
Employment Growth									
December-15	1.3	0.8	1.0	1.6	1.7	1.8	1.6	1.0	0.6
June-16	1.3	0.7	0.9	0.9	1.6	1.7	1.5	1.1	0.7
December-16	1.3	0.7	0.9	0.9	1.6	1.7	1.5	1.2	0.6
June-17	1.2	0.7	1.0	0.8	0.3	0.9	1.0	0.8	0.3
December 2017	1.2	0.7	1.0	0.8	0.3	0.9	1.2	0.7	0.1
June 2018	1.2	0.7	1.0	0.8	0.3	0.3	0.5	0.9	0.1
Unemployment Rate									
December-15	4.9	4.4	4.1	3.7	3.4	3.3	3.2	3.3	3.4
June-16	4.9	4.4	4.0	3.7	3.3	3.2	3.1	3.2	3.4
December-16	4.9	4.4	4.0	3.7	3.2	3.2	3.1	3.2	3.4
June-17	4.9	4.4	3.9	3.6	3.3	3.1	3.0	3.0	3.3
December 2017	4.9	4.4	3.9	3.6	3.3	3.0	2.8	2.9	3.3
June 2018	4.9	4.4	4.0	3.6	3.2	3.0	2.7	2.6	3.2
Personal Income Growth									
December-15	3.6	1.4	3.5	4.5	5.1	4.6	4.6	3.7	2.8
June-16	3.6	1.4	3.5	3.0	3.3	4.1	4.2	3.4	2.8
December-16	3.3	1.7	3.3	2.9	3.0	3.4	3.7	3.4	2.8
June-17	3.3	1.7	3.3	2.9	3.3	2.4	2.1	2.7	2.0
December 2017	3.3	1.7	3.3	3.6	2.0	2.4	2.0	2.5	1.9
June 2018	3.3	1.7	3.3	3.6	2.0	2.1	3.4	3.4	2.8
Home Price Growth (JFO)									
December-15	0.4	0.1	0.7	2.5	2.9	3.4	4.1	4.8	5.9
June-16	0.4	0.1	0.6	2.2	2.3	3.0	3.8	4.4	5.0
December-16	0.4	0.1	0.5	1.9	1.8	2.6	3.3	3.8	4.1
June-17	0.3	0.1	0.3	2.0	1.4	2.6	3.1	3.7	4.1
December 2017	0.3	0.1	0.2	2.0	1.6	2.1	3.2	3.8	4.5
June 2018	0.3	0.0	0.2	2.0	1.5	2.7	3.4	4.2	5.1

- The concern is that the currently expected sub-cycle could mushroom into a more significant period of economic weakness—that could more easily at that time devolve into a period of actual economic recession, especially if a mistake is made on either trade policy or in monetary policy.
- As with the past several consensus forecast updates, the near-term economic forecast in Vermont has been complicated by generally flat economic and labor market performance data, especially those relating to the state’s on-going labor market expansion against a historically low rate of unemployment.
 - From the recent payroll job estimates data, the State’s economy continues to expand at an uneven and restrained pace on a seasonally-adjusted basis.
 - The latest seasonally-adjusted payroll job statistics for the April 2018 through June 2018 period showed that the Vermont nonfarm payroll job count increased by 1,300 jobs—seasonally adjusted—over the previous three month period from January 2017 through March 2018. The data show that there was a seasonally-adjusted payroll job loss in May 2018 (-200), even as jobs in April 2018 (+600) and June 2018 (+900) increased to nudge the quarterly performance of state labor markets into positive territory.



- Tables 9 and 10 below compare the Total Nonfarm and Private sector

payroll job changes by state over the last 12 months by major North American Industry Classification System (NAICS) industry sector over the most recent year where comparable annual job change data is available for all 50 states (or for the period June 2017- June 2018).

- From the table below, Vermont had a -0.1% year-over-year growth rate during the month of June. Total Private Sector payroll jobs over the June 2017- June 2018 period declined by -0.1% over the past year—placing Vermont 6th among the six New England States over the past year and 49th among the U.S. as a whole relative to all 50 states for the period June 2017-June 2018.
- Among the individual industry sectors, Vermont’s best year-over-year performing sector was the Financial Activities category, with year-over-year job additions of +4.9%. That performance places Vermont 1st among the six New England states and 2nd among the 50 states in the U.S overall.
 - Outside of that sector, Professional & Business Services employment expanded by +1.4% year-over-year, ranking Vermont 40th in the U.S and 4th in the New England region. Across all of the nine so-called NAICS super-sectors, the data shows that six of Vermont’s nine payroll job categories have decreased their number of payroll jobs over the last year—reflecting the still restrained and choppy forward progress of the Vermont economy as portrayed by the seasonally-adjusted payroll job data.
- The weakest year-over-year job change was in the Information sector with a -4.3% decline from June of 2017 to June of 2018. Manufacturing employment also fell -1.3% in June from one year ago—likely the continuing result of mergers and acquisitions activity in the State and a number of on-going employer downsizings or restructuring.
 - In addition, Vermont’s overall higher than average reliance on manufacturing activity and goods-producing payroll jobs in general, at least in the recent past, continues to act as a bit of a drag on payroll job growth. In addition, there recently was yet another down-sizing announcement at Global Foundries which resulted in the layoff of about 5% of its workforce globally, and seems to have particularly impacted position-holders in middle-management and other managerial positions.

▪ **Table 9: Year Over Year Job Change by Selected States (Total Payroll and Total Private Payroll Jobs)**

Year-Over-Year Job Change by State Total Payroll Jobs (June 2017-June 2018)			Year-Over-Year Job Change by State Private Sector Payroll Jobs (June 2017-June 2018)		
Rank	State	% Change	Rank	State	% Change
1	Utah	3.3%	1	Wyoming	3.8%
2	Idaho	3.0%	2	Oregon	3.6%
3	Nevada	2.9%	3	Utah	3.6%
4	Texas	2.9%	4	Texas	3.4%
5	Colorado	2.8%	5	Idaho	3.2%
15	New Hampshire	2.1%	14	New Hampshire	2.4%
16	South Dakota	2.1%	18	Massachusetts	2.2%
17	Massachusetts	1.9%	22	Rhode Island	2.1%
18	Oklahoma	1.8%	23	Pennsylvania	1.9%
19	Georgia	1.8%	24	Virginia	1.9%
20	Rhode Island	1.8%	25	California	1.9%
21	California	1.8%	31	New York	1.6%
32	New York	1.4%	39	Connecticut	1.4%
39	Maine	1.1%	40	Maine	1.2%
43	Connecticut	0.9%	46	Maryland	0.8%
44	Arkansas	0.8%	47	North Dakota	0.6%
45	Indiana	0.7%	48	Kentucky	0.5%
46	Maryland	0.6%	49	Vermont	-0.1%
47	Kentucky	0.4%	50	Alaska	-0.6%
48	North Dakota	0.1%			
49	Vermont	-0.1%			
50	Alaska	-0.7%			

Source: U.S. Department of Labor, BLS

Table 10: Payroll Job Performance by NAICS Supersector (June 2017-June 2018)

Industry Supersector	% Change in VT	VT Rank in New England	VT Rank in U.S.	Highest Ranked New England State	# of States Reporting Job Losses
Total Nonfarm	-0.1%	6	49	NH (15)	2
Total Private	-0.1%	6	49	NH (14)	2
Construction	-0.6%	6	45	MA (6)	8
Manufacturing	-1.3%	6	49	NH (13)	5
Information	-4.3%	4	38	MA (16)	37
Financial Activities	4.9%	1	2	VT (2)	10
Trade, Transportation, Utilities	-1.1%	6	49	NH (9)	8
Leisure and Hospitality	-0.8%	6	48	NH (2)	5
Education and Health Services	0.5%	5	43	CT (27)	4
Professional and Business Services	1.4%	4	40	MA (2)	3
Government	-0.2%	3	32	ME (22)	21

Notes: NAICS means North American Industry Classification System

Source: U.S. Department of Labor, BLS

- The strong U.S. dollar, especially as the fed continues to tighten will underpin a strong U.S. dollar—that will not likely be helpful to U.S.

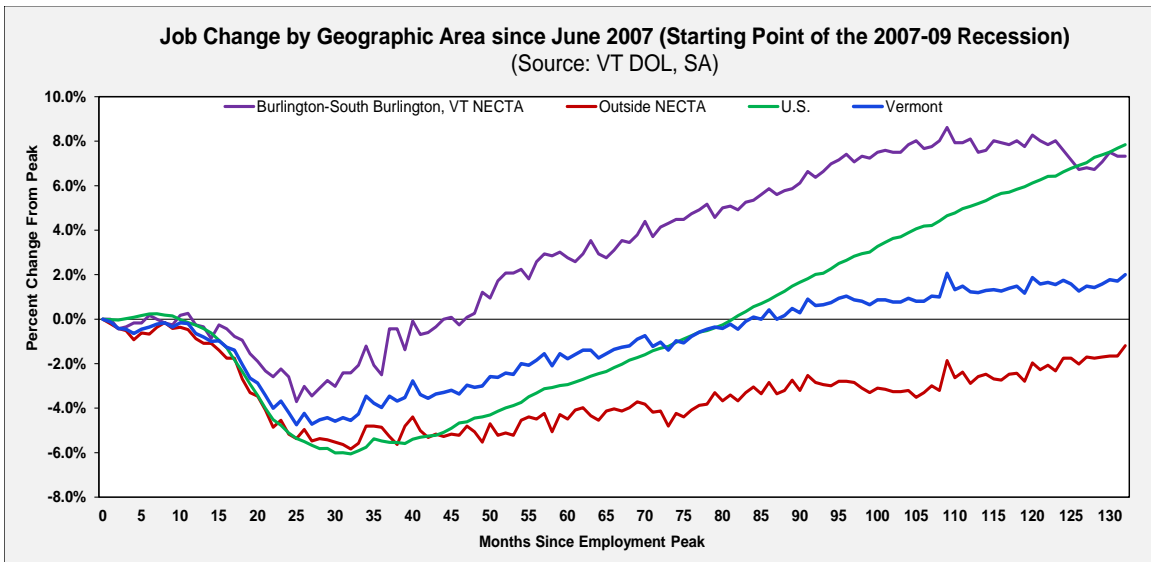
exports and Vermont companies which participate in those trade-sensitive sectors (on top of the existing trade policy uncertainties). Trade, Transportation, & Utilities; Construction; Leisure & Hospitality; Education & Health Services; and Government experienced year-over-year movement of approximately less than 1.0% from the previous June.

- Looking at the household survey data for employed and unemployed Vermonters, the unemployment rate in Vermont has continued to be at or around the level of 3.0% for the greater part of 2 years—following a pattern of consistently declining since calendar year 2010 which seemed to be mostly tied to a shrinking State labor force.
 - For example, from 2010 through 2015, the total Vermont labor force lost on average 3,261 workers each year. Recently, the Vermont labor force has reversed this trend, expanding by 5,828 total workers since January 2016. In fact even with a larger workforce, Vermont’s unemployment rate has modestly declined from 3.0% in June 2017 to 2.8% in June 2018.
 - The Vermont unemployment rate in June was the sixth lowest in the nation and second lowest in New England behind the State of New Hampshire’s 2.7% rate (against the backdrop of a 4.0% U.S. “top-line” June unemployment rate).
- Vermont unemployment rates over the past two decades have been generally below the average for the U.S. as a whole, as has the unemployment rates for most of the New England region—except for the States of Rhode Island and Connecticut.
 - For the most part, this continued standing likely reflects the current demographics of the State (e.g. Vermont’s higher median age of the population is consistent with that for the northern New England region).
- With respect to the South Burlington-Burlington NECTA¹¹ comparison, the data show that the labor markets in the northwest region of the State (see the purple line for the Burlington-South Burlington NECTA in relation to the green

¹¹ NECTA stands for New England City and Town Area.

line representing the U.S. average rate of job recovery/expansion since the Great Recession”) have now fallen below the U.S. recovery-expansion average.

- Overall, labor markets in Vermont appear “flat,” even in the northwest portion of the State. The northwest region has historically been the State’s strongest region and has consistently tracked ahead of the U.S. average until recently as indicated by the chart. The appears to be an extension of constraints on labor supply that are unlikely to ease appreciably within the near-term future.



■ **Notes and Comments on Methods:**

- All figures presented above reflect current law revenues for the respective funds listed in the consensus forecast estimate for fiscal years 2019 and 2020 that are part of the official Emergency Board motion.
- The revenue forecasting process is a collaborative process that involves ongoing involvement by the staff of the Vermont Department of Taxes, VTrans, the Legislative Joint Fiscal Office, Kavet Rockler & Associates, LLC, and many others throughout state government and the staff of Economic & Policy Resources. Special thanks are due to several staff members of the Vermont Department of Taxes, including Sharon Asay, Mary Cox, Andrew Stein, Jake Feldman, and Doug Farnham. Special thanks also is due to Lenny LeBlanc and Kelly Lawrence of VTrans). The JFO staff also provided key assistance to this forecast update, including Graham Campbell, Stephanie Barrett, Dan Dickenson, Catherine Benham, Neil Strickner, Theresa Utton-Jerman, Chloe

Wexler, Joyce Manchester, and Mark Perrault. There also were many others in both the Administration and the JFO who contributed time and energy to assembling data, providing analysis, or technical assistance that was crucial to completing these forecasts that are too numerous to mention here.

- The consensus forecasting process involves the discussion and agreement of two independent forecasts completed by Thomas E. Kavet of the JFO and the staff at Economic & Policy Resources. Agreement on the consensus forecast occurs after a complete discussion-vetting and reconciliation of these independent forecasts.

- The State continues to develop an internal State macroeconomic model which may eventually replace the model maintained at Moody's Analytics through the New England Economic Partnership (NEEP). The NEEP forecast for Vermont is managed by Economic & Policy Resources, Inc., who currently supports the Vermont Agency of Administration with the Administration's part of the consensus forecasting process. Since October 2001, input and review of initial Vermont NEEP model design and output prior to its release has been provided by Tom Kavet of KRA, as the State Economist and Principal Economic Advisor to the Vermont Legislature.

Addendum I:

A Potential Wildcard in the Forecast: Corporate Revenues from Repatriation¹²

One of the most important provisions in the Federal Tax Cut and Jobs Act (TCJA) also introduces considerable complexity and uncertainty in terms of revenue impacts: repatriation of potentially \$3.0 trillion or more in accumulated U.S. corporate offshore earnings. These profits, sheltered from U.S. taxation in a wide array of global tax havens, have allowed corporations to avoid U.S. and related state income taxes for many years. The TCJA fundamentally changes the rules of international taxation and provides for repatriation of this accumulated income at a fraction of the prior tax rate (35%), at either 15.5% (for cash) or 8.0% (for more illiquid holdings), over an eight year period.

It is currently the opinion of both the Vermont Tax Department and Legislative Council that this repatriated income is also subject to state income taxation. Although currently impossible to verify with complete certainty, we estimate that approximately \$15 million in fiscal year 2018 State Corporate receipts and more than \$1.0 million in fiscal year to date have been received in connection with repatriated earnings.

In conjunction with the Tax Department, we have developed a list of 322 corporations with large potential repatriation liabilities based on publicly available information, who collectively have an estimated \$2.7 trillion in offshore earnings. We have applied the relevant Vermont apportionment factors to each affected company from Tax filings and estimated potential State Corporate receipts at both the 8.0% and 15.5% tax rates. Based on this, the State could ultimately receive \$100-\$200 million, however, the timing and exact liability is still highly uncertain at this time. Some even contest the ability of states to tax this income – and the same legal and accounting firms that set up these and other tax avoidance mechanisms are hard at work to minimize tax payments under the new law. Thus, final receipt of these amounts could be subject to lengthy legal proceedings and even claw-back from firms who have already paid.

In recognition of this, we have only included \$15-\$20 million in expected fiscal year 2019 Corporate Tax revenues from repatriation and smaller amounts (\$1 to \$5 million per year) thereafter. The Tax Department is planning on publishing guidance to Corporate Tax taxpayers on this issue within the next few months, and eventually,

¹² This section is nearly identical to a similar section in the JFO forecast update report dealing with this subject. This has the potential to be a major issue for years in the consensus forecast process going forward. This language has been reviewed for content by technical personnel in the Vermont Department of Taxes.

forms to specifically identify tax payments connected to repatriated earnings. With this information, and federal tax returns, we will be in a better position to identify payments linked to this liability and establish a more accurate sense of both potential liabilities and tax payment timing.

The Wall Street Journal currently estimates that only about 10% of all corporate repatriation has been effected to date, due to the eight year Federal payment window. At the State level, however, Vermont considers the entire liability to be due with tax year 2017 payments. We will be tracking this closely in fiscal year 2019 and beyond, since it could contribute to enormous revenue variances - up or down—in selected revenue forecast periods.

A. Updated Forecast Tables

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018**

SOURCE G-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$832.0	10.0%	\$835.1	0.4%	\$854.9	2.4%
Sales & Use*	\$353.6	2.0%	\$364.6	3.1%	\$370.7	1.7%	\$376.7	1.6%	\$397.8	5.6%	\$415.6	4.5%	\$428.1	3.0%
Corporate	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$96.4	0.6%	\$102.3	6.2%	\$93.2	-8.9%
Meals and Rooms	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$173.2	4.8%	\$180.3	4.1%	\$186.6	3.5%
Cigarette and Tobacco**	\$71.9	-3.3%	\$76.8	6.7%	\$80.7	5.2%	\$76.7	-5.0%	\$71.1	-7.3%	\$68.5	-3.6%	\$66.2	-3.4%
Liquor	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.8	3.6%	\$20.4	2.9%	\$21.0	2.9%
Insurance	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$57.5	1.0%	\$58.1	1.0%	\$58.5	0.7%
Telephone	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$4.7	-16.8%	\$4.1	-13.7%	\$3.6	-12.2%
Beverage	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.5%	\$7.3	2.9%	\$7.5	2.8%
Electric***	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$22.9	37.6%	\$19.9	-13.2%	\$21.1	6.0%
Property	\$30.9	8.5%	\$33.6	8.6%	\$35.7	6.2%	\$38.7	8.4%	\$40.9	5.6%	\$44.1	7.9%	\$47.1	6.8%
Bank	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$13.1	-1.3%	\$12.4	-5.2%	\$12.6	1.6%
Other Tax	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$1.8	-15.2%	\$2.0	8.6%	\$2.2	10.0%
Total Tax Revenue	\$1517.0	3.6%	\$1573.5	3.7%	\$1614.8	2.6%	\$1630.4	1.0%	\$1738.3	6.6%	\$1770.0	1.8%	\$1802.5	1.8%
Business Licenses	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.2	-2.9%	\$1.2	0.9%	\$1.3	2.5%
Fees	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$47.1	-2.9%	\$47.8	1.6%	\$48.5	1.5%
Services	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$2.9	-4.2%	\$2.95	2.3%	\$3.00	1.7%
Fines	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-19.8%	\$3.6	1.5%	\$3.7	2.8%
Interest	\$0.2	-59.2%	\$0.3	40.4%	\$0.7	130.6%	\$1.5	111.5%	\$2.8	80.1%	\$3.4	22.0%	\$4.1	19.1%
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Lottery	\$22.6	-1.6%	\$22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$27.1	6.4%	\$26.3	-3.1%	\$26.6	1.1%
All Other****	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$2.4	-18.8%	\$2.1	-11.1%	\$2.2	4.8%
Total Other Revenue	\$50.7	-10.4%	\$52.2	3.0%	\$58.9	12.9%	\$87.1	47.9%	\$87.0	-0.1%	\$87.4	0.4%	\$89.3	2.2%
TOTAL GENERAL FUND	\$1567.6	3.1%	\$1625.7	3.7%	\$1673.7	2.9%	\$1717.5	2.6%	\$1825.3	6.3%	\$1857.4	1.8%	\$1891.8	1.9%

* Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.

** Includes Cigarette, Tobacco Products and Floor Stock tax revenues.

*** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

**** Excludes \$5 million Vermont Yankee settlement agreement transitional payment in FY2015.

*****Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

TABLE 1B - STATE OF VERMONT (PRE-H.911 REVENUE ALLOCATION - FOR COMPARATIVE PURPOSES ONLY)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE																
Personal Income	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$832.0	10.0%	\$835.1	0.4%	\$854.9	2.4%	\$862.7	0.9%
Sales and Use*	\$229.9	-0.6%	\$237.0	3.1%	\$241.0	1.7%	\$244.9	1.6%	\$258.6	5.6%	\$266.0	2.9%	\$274.0	3.0%	\$278.3	1.6%
Corporate	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$96.4	0.6%	\$102.3	6.2%	\$93.2	-8.9%	\$85.5	-8.3%
Meals and Rooms	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$173.2	4.8%	\$180.3	4.1%	\$186.6	3.5%	\$191.4	2.6%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Liquor	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.8	3.6%	\$20.4	2.9%	\$21.0	2.9%	\$21.4	1.9%
Insurance	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$57.5	1.0%	\$58.1	1.0%	\$58.5	0.7%	\$59.0	0.9%
Telephone	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$4.7	-16.8%	\$4.1	-13.7%	\$3.6	-12.2%	\$3.2	-11.1%
Beverage	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.5%	\$7.3	2.9%	\$7.5	2.8%	\$7.6	1.5%
Electric**	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate***	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$22.9	37.6%	\$19.9	-13.2%	\$21.1	6.0%	\$21.9	3.8%
Property	\$10.0	9.3%	\$10.9	8.7%	\$11.5	6.0%	\$12.6	9.0%	\$12.4	-1.5%	\$13.5	8.8%	\$14.4	7.2%	\$15.1	4.5%
Bank	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$13.1	-1.3%	\$12.4	-5.2%	\$12.6	1.6%	\$12.8	1.6%
Other Tax	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$1.8	-15.2%	\$2.0	8.6%	\$2.2	10.0%	\$2.4	9.1%
Total Tax Revenue	\$1300.3	3.6%	\$1346.4	3.5%	\$1380.1	2.5%	\$1395.7	1.1%	\$1499.5	7.4%	\$1521.3	1.5%	\$1549.6	1.9%	\$1561.2	0.8%
Business Licenses	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.2	-2.9%	\$1.2	0.9%	\$1.3	2.5%	\$1.3	2.4%
Fees	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$47.1	-2.9%	\$47.8	1.6%	\$48.5	1.5%	\$49.1	1.2%
Services	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$2.9	-4.2%	\$3.0	2.3%	\$3.0	1.7%	\$3.0	1.0%
Fines	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-19.8%	\$3.6	1.5%	\$3.7	2.8%	\$3.8	2.7%
Interest	\$0.2	-66.6%	\$0.2	51.9%	\$0.6	136.1%	\$1.2	108.2%	\$2.3	96.1%	\$2.8	21.9%	\$3.4	21.4%	\$3.6	5.9%
All Other****	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$2.4	-18.8%	\$2.1	-11.1%	\$2.2	4.8%	\$2.3	4.5%
Total Other Revenue	\$28.0	-16.4%	\$29.4	4.7%	\$32.3	10.1%	\$61.2	89.3%	\$59.4	-3.0%	\$60.5	1.9%	\$62.1	2.6%	\$63.1	1.7%
TOTAL GENERAL FUND	\$1328.4	3.1%	\$1375.8	3.6%	\$1412.4	2.7%	\$1457.0	3.2%	\$1558.9	7.0%	\$1581.8	1.5%	\$1611.6	1.9%	\$1624.3	0.8%

* Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

*** Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.

**** Excludes \$5 million Vermont Yankee settlement agreement transitional payment in FY2015.

*****Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

**TABLE 1 - STATE OF VERMONT (POST- H.911 REVENUE ALLOCATIONS)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018**

CURRENT LAW BASIS

including all Education Fund

	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
<i>allocations and other out-transfers</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$832.0	10.0%	\$835.1	0.4%	\$854.9	2.4%
Sales and Use*	\$229.9	-0.6%	\$237.0	3.1%	\$241.0	1.7%	\$244.9	1.6%	\$258.6	5.6%	\$0.0	NM	\$0.0	NM
Corporate	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$96.4	0.6%	\$102.3	6.2%	\$93.2	-8.9%
Meals and Rooms	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$173.2	4.8%	\$135.2	-21.9%	\$140.0	3.5%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Liquor	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.8	3.6%	\$20.4	2.9%	\$21.0	2.9%
Insurance	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$57.5	1.0%	\$58.1	1.0%	\$58.5	0.7%
Telephone	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$4.7	-16.8%	\$4.1	-13.7%	\$3.6	-12.2%
Beverage	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.5%	\$7.3	2.9%	\$7.5	2.8%
Electric**	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate***	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$22.9	37.6%	\$19.9	-13.2%	\$21.1	6.0%
Property	\$10.0	9.3%	\$10.9	8.7%	\$11.5	6.0%	\$12.6	9.0%	\$12.4	-1.5%	\$13.5	8.8%	\$14.4	7.2%
Bank	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$13.1	-1.3%	\$12.4	-5.2%	\$12.6	1.6%
Other Tax	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$1.8	-15.2%	\$2.0	8.6%	\$2.2	10.0%
Total Tax Revenue	\$1300.3	3.6%	\$1346.4	3.5%	\$1380.1	2.5%	\$1395.7	1.1%	\$1499.5	7.4%	\$1210.2	-19.3%	\$1228.9	1.5%
Business Licenses	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.2	-2.9%	\$1.2	0.9%	\$1.3	2.5%
Fees	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$47.1	-2.9%	\$47.8	1.6%	\$48.5	1.5%
Services	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$2.9	-4.2%	\$3.0	2.3%	\$3.0	1.7%
Fines	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-19.8%	\$3.6	1.5%	\$3.7	2.8%
Interest	\$0.2	-66.6%	\$0.2	51.9%	\$0.6	136.1%	\$1.2	108.2%	\$2.3	96.1%	\$2.8	21.9%	\$3.4	21.4%
All Other****	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$2.4	-18.8%	\$2.1	-11.1%	\$2.2	4.8%
Total Other Revenue	\$28.0	-16.4%	\$29.4	4.7%	\$32.3	10.1%	\$61.2	89.3%	\$59.4	-3.0%	\$60.5	1.9%	\$62.1	2.6%
TOTAL GENERAL FUND	\$1328.4	3.1%	\$1375.8	3.6%	\$1412.4	2.7%	\$1457.0	3.2%	\$1558.9	7.0%	\$1270.7	-18.5%	\$1291.0	1.6%

* Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

*** Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.

**** Excludes \$5 million Vermont Yankee settlement agreement transitional payment in FY2015.

*****Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018**

SOURCE T-FUND

revenues are prior to all E-Fund allocations

and other out-transfers; used for
analytic and comparative purposes only

	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY2020	
	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE														
Gasoline	\$76.5	27.6%	\$77.6	1.5%	\$78.0	0.5%	\$78.2	0.3%	\$78.2	0.0%	\$78.1	-0.1%	\$77.9	-0.3%
Diesel****	\$17.2	9.7%	\$19.1	11.5%	\$18.3	-4.4%	\$18.2	-0.5%	\$18.9	3.6%	\$19.0	0.7%	\$19.1	0.5%
Purchase and Use*	\$91.8	9.9%	\$97.3	5.9%	\$100.1	2.9%	\$103.2	3.1%	\$109.4	6.0%	\$115.3	5.4%	\$118.7	2.9%
Motor Vehicle Fees	\$79.0	1.5%	\$80.1	1.4%	\$82.0	2.3%	\$86.2	5.2%	\$86.0	-0.3%	\$86.3	0.4%	\$87.6	1.5%
Other Revenue**	\$19.5	2.3%	\$19.7	0.8%	\$19.6	-0.5%	\$19.9	1.8%	\$23.0	15.3%	\$22.9	-0.3%	\$23.3	1.7%
TOTAL TRANS. FUND	\$284.0	10.9%	\$293.8	3.5%	\$298.0	1.4%	\$305.8	2.6%	\$315.4	3.1%	\$321.6	2.0%	\$326.6	1.6%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018**

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY2020	
	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE														
Gasoline	\$76.5	27.6%	\$77.6	1.5%	\$78.0	0.5%	\$78.2	0.3%	\$78.2	0.0%	\$78.1	-0.1%	\$77.9	-0.3%
Diesel****	\$17.2	9.7%	\$19.1	11.5%	\$18.3	-4.4%	\$18.2	-0.5%	\$18.9	3.6%	\$19.0	0.7%	\$19.1	0.5%
Purchase and Use*	\$61.2	9.9%	\$64.8	5.9%	\$66.8	2.9%	\$68.8	3.1%	\$73.0	6.0%	\$76.9	5.4%	\$79.1	2.9%
Motor Vehicle Fees	\$79.0	1.5%	\$80.1	1.4%	\$82.0	2.3%	\$86.2	5.2%	\$86.0	-0.3%	\$86.3	0.4%	\$87.6	1.5%
Other Revenue**	\$19.5	2.3%	\$19.7	0.8%	\$19.6	-0.5%	\$19.9	1.8%	\$23.0	15.3%	\$22.9	-0.3%	\$23.3	1.7%
TOTAL TRANS. FUND	\$253.4	11.0%	\$261.4	3.2%	\$264.6	1.2%	\$271.4	2.6%	\$279.0	2.8%	\$283.2	1.5%	\$287.0	1.4%

OTHER

TIB Gasoline	\$19.2	-9.5%	\$18.2	-5.2%	\$13.0	-28.4%	\$12.6	-3.3%	\$12.9	2.2%	\$15.0	16.6%	\$15.3	1.9%
TIB Diesel and Other***	\$1.8	4.0%	\$2.1	11.4%	\$1.9	-6.1%	\$1.7	-11.3%	\$2.0	16.1%	\$2.0	2.8%	\$2.1	0.5%
Total TIB****	\$21.0	-8.4%	\$20.2	-3.8%	\$15.0	-26.1%	\$14.5	-2.9%	\$14.9	2.4%	\$17.1	14.8%	\$17.4	1.8%

* As of FY04, includes Motor Vehicle Rental tax revenue.

** Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years.

*** Includes TIB Fund interest income (which has never exceeded \$35,000 per year).

**** Includes FY17 adjustment of \$215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

**TABLE 3B - STATE OF VERMONT (PRE-H.911 REVENUE ALLOCATION - FOR COMPARATIVE PURPOSES ONLY),
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2018**

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated

with the Education Fund only

	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
GENERAL FUND														
Sales & Use**	\$123.8	7.1%	127.6	3.1%	\$129.8	1.7%	\$131.8	1.6%	\$139.2	5.6%	\$149.6	7.5%	\$154.1	3.0%
Interest	\$0.1	-17.2%	0.1	3.6%	\$0.2	135.7%	\$0.4	122.7%	\$0.5	30.3%	\$0.6	22.5%	\$0.65	8.3%
Lottery	\$22.6	-1.6%	22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$27.1	6.4%	\$26.3	-3.1%	\$26.6	1.1%
TRANSPORTATION FUND														
Purchase and Use***	\$30.6	9.9%	32.4	5.9%	\$33.4	2.9%	\$34.4	3.1%	\$36.5	6.0%	\$38.4	5.4%	\$39.6	2.9%
TOTAL EDUCATION FUND	\$177.0	6.3%	182.9	3.3%	\$189.7	3.7%	\$192.2	1.3%	\$203.3	5.8%	\$214.9	5.7%	\$220.9	2.8%

* Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

** Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F1

*** Includes Motor Vehicle Rental revenues, restated

TABLE 3 - STATE OF VERMONT (POST- H.911 REVENUE ALLOCATIONS)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only

	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
GENERAL FUND														
Meals and Rooms	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$45.1	NM	\$46.7	3.5%
Sales & Use**	\$123.8	7.1%	127.6	3.1%	\$129.8	1.7%	\$131.8	1.6%	\$139.2	5.6%	\$415.6	198.5%	\$428.1	3.0%
Interest	\$0.1	-17.2%	0.1	3.6%	\$0.2	135.7%	\$0.4	122.7%	\$0.5	30.3%	\$0.6	22.5%	\$0.65	8.3%
Lottery	\$22.6	-1.6%	22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$27.1	6.4%	\$26.3	-3.1%	\$26.6	1.1%
TRANSPORTATION FUND														
Purchase and Use***	\$30.6	9.9%	32.4	5.9%	\$33.4	2.9%	\$34.4	3.1%	\$36.5	6.0%	\$38.4	5.4%	\$39.6	2.9%
TOTAL EDUCATION FUND	\$177.0	6.3%	182.9	3.3%	\$189.7	3.7%	\$192.2	1.3%	\$203.3	5.8%	\$526.0	158.7%	\$541.5	3.0%

* Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

** Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in FY15

*** Includes Motor Vehicle Rental revenues, restated

B. Five Year Revenue Forecast Tables

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018**

SOURCE G-FUND	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY2020		FY2021		FY2022		FY2023		
<i>revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	
REVENUE SOURCE																					
Personal Income	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$832.0	10.0%	\$835.1	0.4%	\$854.9	2.4%	\$862.7	0.9%	\$881.6	2.2%	\$908.6	3.1%	
Sales & Use*	\$353.6	2.0%	\$364.6	3.1%	\$370.7	1.7%	\$376.7	1.6%	\$397.8	5.6%	\$415.6	4.5%	\$428.1	3.0%	\$434.8	1.6%	\$444.4	2.2%	\$457.7	3.0%	
Corporate	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$96.4	0.6%	\$102.3	6.2%	\$93.2	-8.9%	\$85.5	-8.3%	\$88.7	3.7%	\$98.3	10.8%	
Meals and Rooms	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$173.2	4.8%	\$180.3	4.1%	\$186.6	3.5%	\$191.4	2.6%	\$197.0	2.9%	\$203.6	3.4%	
Cigarette and Tobacco**	\$71.9	-3.3%	\$76.8	6.7%	\$80.7	5.2%	\$76.7	-5.0%	\$71.1	-7.3%	\$68.5	-3.6%	\$66.2	-3.4%	\$64.0	-3.3%	\$62.0	-3.1%	\$60.2	-3.0%	
Liquor	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.8	3.6%	\$20.4	2.9%	\$21.0	2.9%	\$21.4	1.9%	\$21.9	2.3%	\$22.5	2.7%	
Insurance	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$57.5	1.0%	\$58.1	1.0%	\$58.5	0.7%	\$59.0	0.9%	\$59.6	1.0%	\$60.3	1.2%	
Telephone	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$4.7	-16.8%	\$4.1	-13.7%	\$3.6	-12.2%	\$3.2	-11.1%	\$3.0	-6.3%	\$2.8	-6.7%	
Beverage	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.5%	\$7.3	2.9%	\$7.5	2.8%	\$7.6	1.5%	\$7.7	2.0%	\$8.0	3.0%	
Electric***	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	
Estate	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$22.9	37.6%	\$19.9	-13.2%	\$21.1	6.0%	\$21.9	3.8%	\$22.7	3.7%	\$23.5	3.5%	
Property	\$30.9	8.5%	\$33.6	8.6%	\$35.7	6.2%	\$38.7	8.4%	\$40.9	5.6%	\$44.1	7.9%	\$47.1	6.8%	\$49.1	4.2%	\$50.7	3.3%	\$52.3	3.2%	
Bank	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$13.1	-1.3%	\$12.4	-5.2%	\$12.6	1.6%	\$12.8	1.6%	\$12.9	0.8%	\$13.0	0.8%	
Other Tax	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$1.8	-15.2%	\$2.0	8.6%	\$2.2	10.0%	\$2.4	9.1%	\$2.6	8.3%	\$2.7	3.8%	
Total Tax Revenue	\$1517.0	3.6%	\$1573.5	3.7%	\$1614.8	2.6%	\$1630.4	1.0%	\$1738.3	6.6%	\$1770.0	1.8%	\$1802.5	1.8%	\$1815.8	0.7%	\$1854.8	2.1%	\$1913.5	3.2%	
Business Licenses	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.2	-2.9%	\$1.2	0.9%	\$1.3	2.5%	\$1.3	2.4%	\$1.3	2.3%	\$1.3	2.3%	
Fees	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$47.1	-2.9%	\$47.8	1.6%	\$48.5	1.5%	\$49.1	1.2%	\$50.1	2.0%	\$51.5	2.8%	
Services	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$2.9	-4.2%	\$2.95	2.3%	\$3.00	1.7%	\$3.03	1.0%	\$3.06	1.0%	\$3.10	1.3%	
Fines	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-19.8%	\$3.6	1.5%	\$3.7	2.8%	\$3.8	2.7%	\$3.9	2.6%	\$4.0	2.6%	
Interest	\$0.2	-59.2%	\$0.3	40.4%	\$0.7	130.6%	\$1.5	111.5%	\$2.8	80.1%	\$3.4	22.0%	\$4.1	19.1%	\$4.3	6.2%	\$4.4	2.9%	\$4.6	2.8%	
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	
Lottery	\$22.6	-1.6%	\$22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$27.1	6.4%	\$26.3	-3.1%	\$26.6	1.1%	\$26.8	0.8%	\$27.0	0.7%	\$27.4	1.5%	
All Other****	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$2.4	-18.8%	\$2.1	-11.1%	\$2.2	4.8%	\$2.3	4.5%	\$2.4	4.3%	\$2.5	4.2%	
Total Other Revenue	\$50.7	-10.4%	\$52.2	3.0%	\$58.9	12.9%	\$87.1	47.9%	\$87.0	-0.1%	\$87.4	0.4%	\$89.3	2.2%	\$90.6	1.5%	\$92.2	1.7%	\$94.4	2.4%	
TOTAL GENERAL FUND	\$1567.6	3.1%	\$1625.7	3.7%	\$1673.7	2.9%	\$1717.5	2.6%	\$1825.3	6.3%	\$1857.4	1.8%	\$1891.8	1.9%	\$1906.4	0.8%	\$1947.0	2.1%	\$2007.9	3.1%	

* Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.

** Includes Cigarette, Tobacco Products and Floor Stock tax revenues.

*** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

**** Excludes \$5 million Vermont Yankee settlement agreement transitional payment in FY2015.

*****Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

TABLE 1B - STATE OF VERMONT (PRE-H.911 REVENUE ALLOCATION - FOR COMPARATIVE PURPOSES ONLY)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE																				
Personal Income	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$832.0	10.0%	\$835.1	0.4%	\$854.9	2.4%	\$862.7	0.9%	\$881.6	2.2%	\$908.6	3.1%
Sales and Use*	\$229.9	-0.6%	\$237.0	3.1%	\$241.0	1.7%	\$244.9	1.6%	\$258.6	5.6%	\$266.0	2.9%	\$274.0	3.0%	\$278.3	1.6%	\$284.4	2.2%	\$293.0	3.0%
Corporate	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$96.4	0.6%	\$102.3	6.2%	\$93.2	-8.9%	\$85.5	-8.3%	\$88.7	3.7%	\$98.3	10.8%
Meals and Rooms	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$173.2	4.8%	\$180.3	4.1%	\$186.6	3.5%	\$191.4	2.6%	\$197.0	2.9%	\$203.6	3.4%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Liquor	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.8	3.6%	\$20.4	2.9%	\$21.0	2.9%	\$21.4	1.9%	\$21.9	2.3%	\$22.5	2.7%
Insurance	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$57.5	1.0%	\$58.1	1.0%	\$58.5	0.7%	\$59.0	0.9%	\$59.6	1.0%	\$60.3	1.2%
Telephone	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$4.7	-16.8%	\$4.1	-13.7%	\$3.6	-12.2%	\$3.2	-11.1%	\$3.0	-6.3%	\$2.8	-6.7%
Beverage	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.5%	\$7.3	2.9%	\$7.5	2.8%	\$7.6	1.5%	\$7.7	2.0%	\$8.0	3.0%
Electric**	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate***	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$22.9	37.6%	\$19.9	-13.2%	\$21.1	6.0%	\$21.9	3.8%	\$22.7	3.7%	\$23.5	3.5%
Property	\$10.0	9.3%	\$10.9	8.7%	\$11.5	6.0%	\$12.6	9.0%	\$12.4	-1.5%	\$13.5	8.8%	\$14.4	7.2%	\$15.1	4.5%	\$15.6	3.4%	\$16.1	3.3%
Bank	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$13.1	-1.3%	\$12.4	-5.2%	\$12.6	1.6%	\$12.8	1.6%	\$12.9	0.8%	\$13.0	0.8%
Other Tax	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$1.8	-15.2%	\$2.0	8.6%	\$2.2	10.0%	\$2.4	9.1%	\$2.6	8.3%	\$2.7	3.8%
Total Tax Revenue	\$1300.3	3.6%	\$1346.4	3.5%	\$1380.1	2.5%	\$1395.7	1.1%	\$1499.5	7.4%	\$1521.3	1.5%	\$1549.6	1.9%	\$1561.2	0.8%	\$1597.7	2.3%	\$1652.3	3.4%
Business Licenses	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.2	-2.9%	\$1.2	0.9%	\$1.3	2.5%	\$1.3	2.4%	\$1.3	2.3%	\$1.3	2.3%
Fees	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$47.1	-2.9%	\$47.8	1.6%	\$48.5	1.5%	\$49.1	1.2%	\$50.1	2.0%	\$51.5	2.8%
Services	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$2.9	-4.2%	\$3.0	2.3%	\$3.0	1.7%	\$3.0	1.0%	\$3.1	1.0%	\$3.1	1.3%
Fines	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-19.8%	\$3.6	1.5%	\$3.7	2.8%	\$3.8	2.7%	\$3.9	2.6%	\$4.0	2.6%
Interest	\$0.2	-66.6%	\$0.2	51.9%	\$0.6	136.1%	\$1.2	108.2%	\$2.3	96.1%	\$2.8	21.9%	\$3.4	21.4%	\$3.6	5.9%	\$3.7	2.8%	\$3.8	2.7%
All Other****	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$2.4	-18.8%	\$2.1	-11.1%	\$2.2	4.8%	\$2.3	4.5%	\$2.4	4.3%	\$2.5	4.2%
Total Other Revenue	\$28.0	-16.4%	\$29.4	4.7%	\$32.3	10.1%	\$61.2	89.3%	\$59.4	-3.0%	\$60.5	1.9%	\$62.1	2.6%	\$63.1	1.7%	\$64.5	2.2%	\$66.2	2.7%
TOTAL GENERAL FUND	\$1328.4	3.1%	\$1375.8	3.6%	\$1412.4	2.7%	\$1457.0	3.2%	\$1558.9	7.0%	\$1581.8	1.5%	\$1611.6	1.9%	\$1624.3	0.8%	\$1662.2	2.3%	\$1718.6	3.4%

* Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

*** Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.

**** Excludes \$5 million Vermont Yankee settlement transitional payment in FY2015.

*****Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

**TABLE 1 - STATE OF VERMONT (POST- H.911 REVENUE ALLOCATIONS)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018**

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE																				
Personal Income	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$832.0	10.0%	\$835.1	0.4%	\$854.9	2.4%	\$862.7	0.9%	\$881.6	2.2%	\$908.6	3.1%
Sales and Use*	\$229.9	-0.6%	\$237.0	3.1%	\$241.0	1.7%	\$244.9	1.6%	\$258.6	5.6%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Corporate	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$96.4	0.6%	\$102.3	6.2%	\$93.2	-8.9%	\$85.5	-8.3%	\$88.7	3.7%	\$98.3	10.8%
Meals and Rooms	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$173.2	4.8%	\$135.2	-21.9%	\$140.0	3.5%	\$143.6	2.6%	\$147.8	2.9%	\$152.7	3.4%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Liquor	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.8	3.6%	\$20.4	2.9%	\$21.0	2.9%	\$21.4	1.9%	\$21.9	2.3%	\$22.5	2.7%
Insurance	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$57.5	1.0%	\$58.1	1.0%	\$58.5	0.7%	\$59.0	0.9%	\$59.6	1.0%	\$60.3	1.2%
Telephone	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$4.7	-16.8%	\$4.1	-13.7%	\$3.6	-12.2%	\$3.2	-11.1%	\$3.0	-6.3%	\$2.8	-6.7%
Beverage	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.5%	\$7.3	2.9%	\$7.5	2.8%	\$7.6	1.5%	\$7.7	2.0%	\$8.0	3.0%
Electric**	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate***	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$22.9	37.6%	\$19.9	-13.2%	\$21.1	6.0%	\$21.9	3.8%	\$22.7	3.7%	\$23.5	3.5%
Property	\$10.0	9.3%	\$10.9	8.7%	\$11.5	6.0%	\$12.6	9.0%	\$12.4	-1.5%	\$13.5	8.8%	\$14.4	7.2%	\$15.1	4.5%	\$15.6	3.4%	\$16.1	3.3%
Bank	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$13.1	-1.3%	\$12.4	-5.2%	\$12.6	1.6%	\$12.8	1.6%	\$12.9	0.8%	\$13.0	0.8%
Other Tax	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$1.8	-15.2%	\$2.0	8.6%	\$2.2	10.0%	\$2.4	9.1%	\$2.6	8.3%	\$2.7	3.8%
Total Tax Revenue	\$1300.3	3.6%	\$1346.4	3.5%	\$1380.1	2.5%	\$1395.7	1.1%	\$1499.5	7.4%	\$1210.2	-19.3%	\$1228.9	1.5%	\$1235.1	0.5%	\$1264.1	2.3%	\$1308.5	3.5%
Business Licenses	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.2	-2.9%	\$1.2	0.9%	\$1.3	2.5%	\$1.3	2.4%	\$1.3	2.3%	\$1.3	2.3%
Fees	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$47.1	-2.9%	\$47.8	1.6%	\$48.5	1.5%	\$49.1	1.2%	\$50.1	2.0%	\$51.5	2.8%
Services	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$2.9	-4.2%	\$3.0	2.3%	\$3.0	1.7%	\$3.0	1.0%	\$3.1	1.0%	\$3.1	1.3%
Fines	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-19.8%	\$3.6	1.5%	\$3.7	2.8%	\$3.8	2.7%	\$3.9	2.6%	\$4.0	2.6%
Interest	\$0.2	-66.6%	\$0.2	51.9%	\$0.6	136.1%	\$1.2	108.2%	\$2.3	96.1%	\$2.8	21.9%	\$3.4	21.4%	\$3.6	5.9%	\$3.7	2.8%	\$3.8	2.7%
All Other****	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$2.4	-18.8%	\$2.1	-11.1%	\$2.2	4.8%	\$2.3	4.5%	\$2.4	4.3%	\$2.5	4.2%
Total Other Revenue	\$28.0	-16.4%	\$29.4	4.7%	\$32.3	10.1%	\$61.2	89.3%	\$59.4	-3.0%	\$60.5	1.9%	\$62.1	2.6%	\$63.1	1.7%	\$64.5	2.2%	\$66.2	2.7%
TOTAL GENERAL FUND	\$1328.4	3.1%	\$1375.8	3.6%	\$1412.4	2.7%	\$1457.0	3.2%	\$1558.9	7.0%	\$1270.7	-18.5%	\$1291.0	1.6%	\$1298.2	0.6%	\$1328.5	2.3%	\$1374.7	3.5%

* Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

*** Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.

**** Excludes \$5 million Vermont Yankee settlement transitional payment in FY2015.

*****Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018**

SOURCE T-FUND		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
<i>revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only</i>		(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE																					
Gasoline	\$76.5	27.6%	\$77.6	1.5%	\$78.0	0.5%	\$78.2	0.3%	\$78.2	0.0%	\$78.1	-0.1%	\$77.9	-0.3%	\$77.5	-0.5%	\$77.1	-0.5%	\$76.5	-0.8%	
Diesel****	\$17.2	9.7%	\$19.1	11.5%	\$18.3	-4.4%	\$18.2	-0.5%	\$18.9	3.6%	\$19.0	0.7%	\$19.1	0.5%	\$19.145	0.2%	\$19.164	0.1%	\$19.2	0.2%	
Purchase and Use*	\$91.8	9.9%	\$97.3	5.9%	\$100.1	2.9%	\$103.2	3.1%	\$109.4	6.0%	\$115.3	5.4%	\$118.7	2.9%	\$119.0	0.3%	\$119.2	0.2%	\$121.2	1.7%	
Motor Vehicle Fees	\$79.0	1.5%	\$80.1	1.4%	\$82.0	2.3%	\$86.2	5.2%	\$86.0	-0.3%	\$86.3	0.4%	\$87.6	1.5%	\$87.9	0.3%	\$89.1	1.4%	\$89.4	0.3%	
Other Revenue**	\$19.5	2.3%	\$19.7	0.8%	\$19.6	-0.5%	\$19.9	1.8%	\$23.0	15.3%	\$22.9	-0.3%	\$23.3	1.7%	\$23.5	0.9%	\$23.8	1.3%	\$24.2	1.7%	
TOTAL TRANS. FUND	\$284.0	10.9%	\$293.8	3.5%	\$298.0	1.4%	\$305.8	2.6%	\$315.4	3.1%	\$321.6	2.0%	\$326.6	1.6%	\$327.0	0.1%	\$328.4	0.4%	\$330.5	0.7%	

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018**

CURRENT LAW BASIS		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
<i>including all Education Fund allocations and other out-transfers</i>		(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE																					
Gasoline	\$76.5	27.6%	\$77.6	1.5%	\$78.0	0.5%	\$78.2	0.3%	\$78.2	0.0%	\$78.1	-0.1%	\$77.9	-0.3%	\$77.5	-0.5%	\$77.1	-0.5%	\$76.5	-0.8%	
Diesel****	\$17.2	9.7%	\$19.1	11.5%	\$18.3	-4.4%	\$18.2	-0.5%	\$18.9	3.6%	\$19.0	0.7%	\$19.1	0.5%	\$19.1	0.2%	\$19.2	0.1%	\$19.2	0.2%	
Purchase and Use*	\$61.2	9.9%	\$64.8	5.9%	\$66.8	2.9%	\$68.8	3.1%	\$73.0	6.0%	\$76.9	5.4%	\$79.1	2.9%	\$79.3	0.3%	\$79.5	0.2%	\$80.8	1.7%	
Motor Vehicle Fees	\$79.0	1.5%	\$80.1	1.4%	\$82.0	2.3%	\$86.2	5.2%	\$86.0	-0.3%	\$86.3	0.4%	\$87.6	1.5%	\$87.9	0.3%	\$89.1	1.4%	\$89.4	0.3%	
Other Revenue**	\$19.5	2.3%	\$19.7	0.8%	\$19.6	-0.5%	\$19.9	1.8%	\$23.0	15.3%	\$22.9	-0.3%	\$23.3	1.7%	\$23.5	0.9%	\$23.8	1.3%	\$24.2	1.7%	
TOTAL TRANS. FUND	\$253.4	11.0%	\$261.4	3.2%	\$264.6	1.2%	\$271.4	2.6%	\$279.0	2.8%	\$283.2	1.5%	\$287.0	1.4%	\$287.4	0.1%	\$288.6	0.4%	\$290.1	0.5%	
OTHER																					
TIB Gasoline	\$19.2	-9.5%	\$18.2	-5.2%	\$13.0	-28.4%	\$12.6	-3.3%	\$12.9	2.2%	\$15.0	16.6%	\$15.3	1.9%	\$16.6	8.6%	\$18.0	8.4%	\$18.9	4.7%	
TIB Diesel and Other***	\$1.8	4.0%	\$2.1	11.4%	\$1.9	-6.1%	\$1.7	-11.3%	\$2.0	16.1%	\$2.0	2.8%	\$2.1	0.5%	\$2.1	0.0%	\$2.1	0.0%	\$2.1	0.5%	
Total TIB****	\$21.0	-8.4%	\$20.2	-3.8%	\$15.0	-26.1%	\$14.5	-2.9%	\$14.9	2.4%	\$17.1	14.8%	\$17.4	1.8%	\$18.7	7.6%	\$20.1	7.4%	\$20.9	4.3%	

* As of FY04, includes Motor Vehicle Rental tax revenue.

** Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years.

*** Includes TIB Fund interest income (which has never exceeded \$35,000 per year).

**** Includes FY17 adjustment of \$215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

TABLE 3B - STATE OF VERMONT (PRE-H.911 REVENUE ALLOCATION - FOR COMPARATIVE PURPOSES ONLY)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only

	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
GENERAL FUND																				
Sales & Use**	\$123.8	7.1%	127.6	3.1%	\$129.8	1.7%	\$131.8	1.6%	\$139.2	5.6%	\$149.6	7.5%	\$154.1	3.0%	\$156.5	1.6%	\$160.0	2.2%	\$164.8	3.0%
Interest	\$0.1	-17.2%	0.1	3.6%	\$0.2	135.7%	\$0.4	122.7%	\$0.5	30.3%	\$0.6	22.5%	\$0.65	8.3%	\$0.7	7.7%	\$0.73	3.6%	\$0.75	3.4%
Lottery	\$22.6	-1.6%	22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$27.1	6.4%	\$26.3	-3.1%	\$26.6	1.1%	\$26.8	0.8%	\$27.0	0.7%	\$27.4	1.5%
TRANSPORTATION FUND																				
Purchase and Use***	\$30.6	9.9%	32.4	5.9%	\$33.4	2.9%	\$34.4	3.1%	\$36.5	6.0%	\$38.4	5.4%	\$39.6	2.9%	\$39.7	0.3%	\$39.7	0.2%	\$40.4	1.7%
TOTAL EDUCATION FUND	\$177.0	6.3%	182.9	3.3%	\$189.7	3.7%	\$192.2	1.3%	\$203.3	5.8%	\$214.9	5.7%	\$220.9	2.8%	\$223.7	1.3%	\$227.4	1.7%	\$233.3	2.6%

* Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

** Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F19.

*** Includes Motor Vehicle Rental revenues, restated

TABLE 3 - STATE OF VERMONT (POST- H.911 REVENUE ALLOCATIONS)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only

	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY2020		FY2021		FY2022		FY2023	
	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
GENERAL FUND																				
Meals and Rooms	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$45.1	NM	\$46.7	3.5%	\$47.9	2.6%	\$49.3	2.9%	\$50.9	3.4%
Sales & Use**	\$123.8	7.1%	127.6	3.1%	\$129.8	1.7%	\$131.8	1.6%	\$139.2	5.6%	\$415.6	198.5%	\$428.1	3.0%	\$434.8	1.6%	\$444.4	2.2%	\$457.7	3.0%
Interest	\$0.1	-17.2%	0.1	3.6%	\$0.2	135.7%	\$0.4	122.7%	\$0.5	30.3%	\$0.6	22.5%	\$0.65	8.3%	\$0.7	7.7%	\$0.73	3.6%	\$0.75	3.4%
Lottery	\$22.6	-1.6%	22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$27.1	6.4%	\$26.3	-3.1%	\$26.6	1.1%	\$26.8	0.8%	\$27.0	0.7%	\$27.4	1.5%
TRANSPORTATION FUND																				
Purchase and Use***	\$30.6	9.9%	32.4	5.9%	\$33.4	2.9%	\$34.4	3.1%	\$36.5	6.0%	\$38.4	5.4%	\$39.6	2.9%	\$39.7	0.3%	\$39.7	0.2%	\$40.4	1.7%
TOTAL EDUCATION FUND	\$177.0	6.3%	182.9	3.3%	\$189.7	3.7%	\$192.2	1.3%	\$203.3	5.8%	\$526.0	158.7%	\$541.5	3.0%	\$549.8	1.5%	\$561.1	2.0%	\$577.2	2.9%

* Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

** Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F19.

*** Includes Motor Vehicle Rental revenues, restated

JFO BUDGET SUMMARY

Budget Impact of July 2018 Revenue Forecast for FY19 and FY20
Compared to As Passed Budget Revenue with Tax Changes and EF/GF Fund Source Restructure

General Fund				Education Fund			
	Jan '18 + changes	July '18 restructured	Budgetary Forecast Change ³		Jan '18 + changes	July '18 restructured	Budgetary Forecast Change ⁴
FY 2019				FY 2019			
Official Forecast	1,568.2	1,270.7		Official Forecast	207.8	526.0	
Less Funding Restructure w/EF				Plus Funding Restructure w/GF			
Sales and Use	(256.6)			Sales and Use	256.6		
25% Meals and Rooms	(44.6)			25% Meals & Room	44.6		
Less PI Income Tax Changes	(29.2)						
Available in Forecast ¹	1,237.8	1,270.7	32.9	Available in Forecast ¹	509.0	526.0	17.0
PTT Redirect ²	15.27	15.07	-0.2				
Net Change Including PTT	1,253.0	1,285.8	32.7				
FY 2020				FY 2020			
Official Forecast	1,610.9	1,291.0		Official Forecast	212.6	541.5	
Less Funding Restructure w/EF				Plus Funding Restructure w/GF			
Sales and Use	(262.1)			Sales and Use	262.1		
25% Meals and Rooms	(46.0)			25% Meals and Rooms	46.0		
Less PI Income Tax Changes	(29.8)						
Available in Forecast ¹	1,273.0	1,291.0	18.0	Available in Forecast ¹	520.7	541.5	20.8

Notes

- 1 - Jan'18 Official Forecast plus changes is needed to have an 'Apples to Apples' revenue change from the as passed budget perspective
- 2 - Total Property Transfer Tax Estimate changed by -\$300k, this impacts the 2/3 portion redirected to GF outside of the PTT formula
- 3 - The GF change is smaller in FY20 than in FY19 indicating the significant portion of the FY19 GF upgrade is one time in nature.**
- 4 - The EF change is greater in FY20 than in FY19 indicating the EF upgrade is ongoing in nature .