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

Fiscal Years 2024 through 2026

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Prepared for the Vermont Emergency Board

PREPARED BY:

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ECONOMIC, POLICY, AND FINANCIAL ANALYSTS

❖ Updated Staff Consensus Forecast Update Recommendations for Fiscal Year 2024 and 2026 along with Consensus Fiscal Planning Revenue Estimates for Fiscal Year 2027 through Fiscal Year 2029.

- Despite a litany of uncertainties and the ever-increasing toll that "higher for longer" interest rates have begun to take on the economy, this latest staff recommended consensus revenue forecast update calls for modest overall changes in state revenues—reflecting the still resilient performance of the economy, recent and impressive progress in bringing down inflation, and a level of unemployment in both U.S. sand state labor markets that remain near historic lows.

  - Total state G-Fund, E-Fund and T-Fund (including TIB) revenues overall across the first half of fiscal year 2024 also displayed some resiliency against the backdrop of the flooding event in mid-July, finishing the month of December at +$27.0 million (or +1.8%) ahead of cumulative consensus expectations of $1.522 billion,[1]

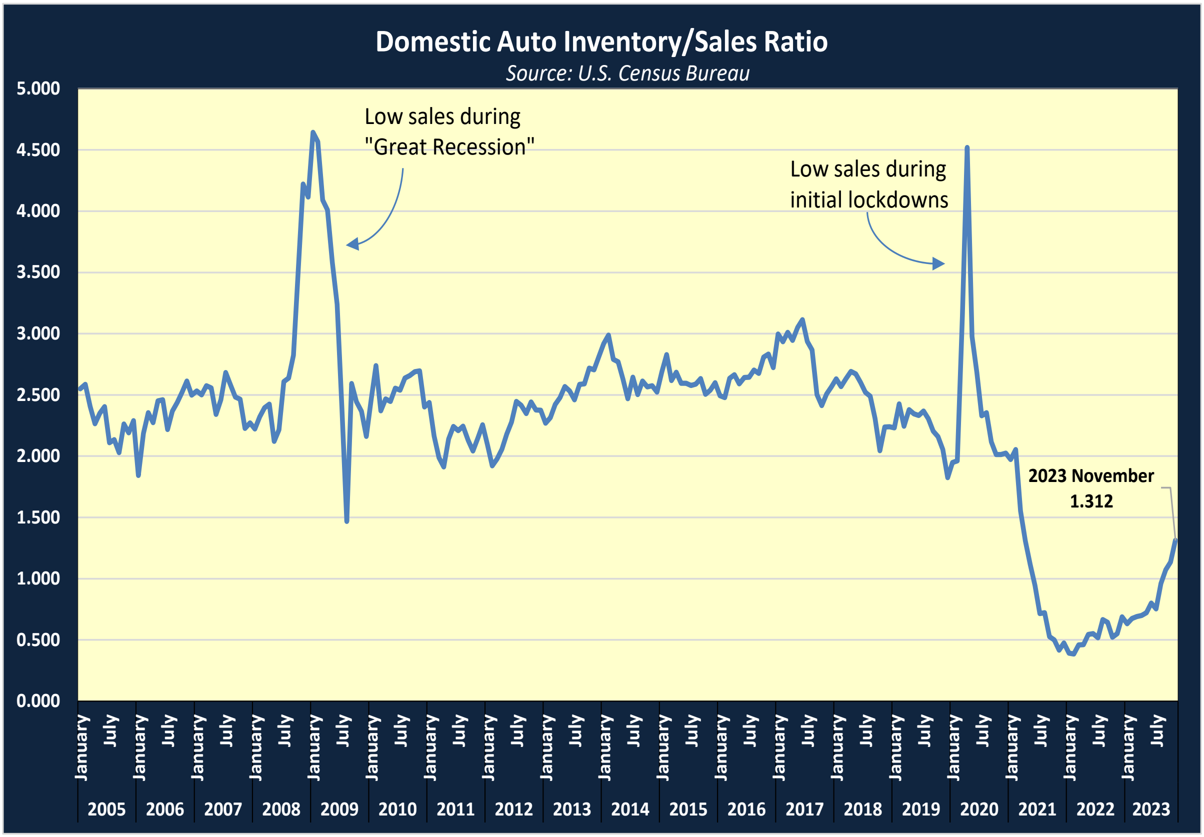
  - That generally positive revenue for the first half of fiscal year 2024 was a reflection of generally upbeat receipts in the Personal Income Tax (at +$18.6 million or +3.6% on cumulative consensus first half expectations of $523.9 million), strong receipts in Net Interest revenues (at a combined +$22.2 million or +154.9% in combined G-Fund and E-Fund Net Interest revenues through December above last fiscal year's first half combined G-Fund and E-Fund "Net Interest" revenue total) and resiliency in first half Sales and Use Tax receipts activity (at +$5.6 million or +1.9% versus cumulative consensus expectations of $302.6 million).

  - This occurred despite the sluggish performance by the Corporate Income Tax over the first half (at -$7.7 million or -7.3% below cumulative consensus expectations of $105.3 million over the July to December timeframe)—against the significantly elevated level of receipts that were forecasted last July.

  - First half receipts also were below consensus expectations for the T-Fund's Motor Vehicle Purchase and Use Tax (at a combined -$4.0 million or -5.5% on combined first half consensus expectations of $73.3 million)—reflecting high borrowing costs, the still scarce amount of supply of vehicles, and the negative impact of the labor unrest in the U.S. auto sector during the first half. That more sluggish rate of vehicle acquisition spilled over into receipts activity in

[1] As a federal aid minimum state allocation recipient.

the T-Fund's Motor Vehicle Fees category (at -$3.1 million or -7.2% on consensus expectations of $43.0 million–which remained sluggish in the aftermath of the pandemic.



- Over the near-term time horizon, current law forecast includes a small consensus revenue forecast upgrade for State revenues over the fiscal year 2024 through 2026 timeframe—totaling $56.6 million or 0.9% on $6.4 billion is expected G-Fund revenues over the fiscal year 2024 through 2026 (see Table 1 below near the top of the next page).

  – The forecast changes reflect technical updates and refinements in estimating the amount of revenues flowing from the G-Fund's Net Interest component and an updated forecast for the Corporate Income Tax.

  – The updated consensus forecast for the Personal Income Tax over the fiscal year 2024-26 time frame includes the final two years of an unusual three-year, consecutive year-over-year decline in net receipts—reflecting the unusual post-pandemic economic circumstances and updated consensus expectations for a slowing in the national and state economies over the next 12 to 18 months.

- The G-Fund consensus forecast upgrade also gets a small assist from upgraded consensus expectations of just under +$6.0 million for G-Fund Health Care revenues.

Table 1: Staff Recommended Consensus Revenue Forecast Update-Changes from the July FY 2024 Consensus Forecast for the G-Fund, T-Fund, E-Fund and T-Fund TIB

Current Law (Including Health Care Revenues in the G-Fund)

Differences-January 2024 Consensus Forecast versus the July 2023 Consensus Forecast (By Fund)-FINAL	2024		2025		2026		2027		2028	
Current Law	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
General Fund (Incl. Health Care Revenues)	$29.3	1.4%	$10.2	0.5%	$17.1	0.8%	$9.2	0.4%	$10.5	0.4%
Transportation Fund Available to the Transportation Fund	($5.1)	-1.7%	($6.4)	-2.0%	($7.4)	-2.3%	($7.2)	-2.2%	($6.1)	-1.8%
Education Fund Partial	$9.7	1.3%	$9.3	1.2%	$6.8	0.9%	$4.4	0.6%	$2.6	0.3%
Total--"Big 3 Funds"	$33.8	1.1%	$13.0	0.4%	$16.5	0.5%	$6.4	0.2%	$7.0	0.2%
MEMO #1: Health Care Revenues	$0.4	0.1%	$2.0	0.6%	$3.5	1.0%	$5.0	1.5%	$6.7	1.9%
MEMO #2: Change in G-Fund without Health Care	$28.8	1.6%	$8.2	0.5%	$13.7	0.7%	$4.2	0.2%	$3.9	0.2%
MEMO #3: TIB [3]										
Gasoline	$0.4	2.2%	($0.5)	-3.2%	($0.7)	-4.5%	($0.9)	-5.7%	($1.0)	-6.1%
Diesel	($0.0)	-0.5%	($0.0)	-1.0%	($0.0)	-0.5%	($0.0)	-0.5%	($0.0)	-0.5%
Total TIB	$0.4	1.9%	($0.6)	-3.1%	($0.7)	-4.1%	($0.9)	-5.2%	($1.0)	-5.5%

Notes:
[1] Current Law (Incl. Healtcare Taxes-Fees).
[2] Totals in the TIB may not add due to rounding.

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- For the T-Fund, the consensus forecast update changes reflect the recent sluggishness of T-Fund revenues against the backdrop of the various Fee changes passed during the 2023 Session of the Vermont General Assembly (at -$18.9 million or -2.0% of $934.9 million over the fiscal year 2024-26 period).

- The updated consensus forecast for the E-Fund includes the combination of the resilient performance of the E-Fund's Sales and Use Tax component, the strong recent performance of the Lottery Transfer component (with its recent record jackpots), and the E-Fund's portion of the significantly higher Net Interest revenues associated with higher interest rates and the State's more aggressive cash management practices.

▪ For the outyear fiscal planning period years for fiscal years 2027 through 2028, the forecast upgrade amounts are expected to be significantly smaller in dollar value. Those out-year forecast changes also reflect the first two years beyond the outyear impacts of the unprecedented levels of largely deficit-financed federal COVID pandemic assistance and infrastructure spending, and the initial phase of the transition of State revenue collections back to relying on the fundamentals of the Vermont economy.

- For T-Fund TIB revenue sources, the staff recommended consensus forecast recommends a revenue forecast downgrade based on the sensitivity of these TIB revenue sources to declining fuel consumption and upcoming changes in energy-fuel prices.

- On a fiscal year to fiscal year basis, staff recommends that this updated January 2024 consensus revenue forecast for expected revenues "Available to the General Fund" of +$29.3 million for fiscal year 2024, +$10.2 million for fiscal year 2025, and +$17.1 million in expected revenues for fiscal year 2026.

  - For the years beyond fiscal year 2026 (covering the additional fiscal policy planning time frame of fiscal years 2027 and 2028), the staff recommends an increase of +$9.2 million for fiscal year 2027 and a +$10.5 million consensus forecast upgrade of revenues "Available to the General Fund" for fiscal year 2028.

  - For fiscal year 2029, as the final year of the fiscal planning period added to this forecast, staff recommends a consensus forecast of $2,443.1 million.

- For expected revenues "Available to the Education Fund," staff recommends an increase of +$9.7 million in fiscal year 2024, a +$9.3 million consensus forecast upgrade for fiscal year 2025, and a +$6.8 million staff recommended forecast upgrade for expected E-Fund revenues for fiscal year 2026.

  - For the years beyond fiscal year 2026 (covering the additional fiscal policy planning time frame of fiscal years 2027 and 2028), the staff recommends revenues "Available to the Education Fund" of +$4.4 million in fiscal year 2027 and +$2.6 million for fiscal year 2028.

  - For fiscal year 2029, as the final year of the fiscal planning period added to this forecast, staff recommends a consensus forecast of $852.4 million.

- For the T-Fund, staff recommends a -$5.1 million forecast downgrade in revenues "Available to the Transportation Fund" for fiscal year 2024, another -$6.4 million forecast downgrade for fiscal year 2025, and -$7.4 million forecast downgrade for fiscal year 2026—which are a reflection of the more sluggish than anticipated performance by T-Fund revenues overall over the first half of fiscal year 2024 and the continued “higher for longer” level of interest rates and associated increase in financing costs that have negatively impacted vehicle purchase and leasing activity despite the Fee increases passed during the 2023 session of the Vermont General Assembly.

- For the additional planning out-years covering the 2027-2028 period, staff recommends consensus forecast upgrades of “Available to the T-Fund” revenues of -$7.2 million for fiscal year 2027 and a staff recommended forecast downgrade of “Available to the T-Fund” revenues of -$6.1 million for fiscal year 2028.

- For fiscal year 2029, as the final year of the fiscal planning period added to this forecast, staff recommends a consensus forecast of “Available to the T-Fund” revenues of $334.1million on a current law basis—well below the previously forecasted trend for T-Fund revenues during the out-year fiscal planning period.

▪ All of the above itemized forecasted numbers are current law numbers and include expectations of current law Health Care Revenues that are allocated to the G-Fund—including the sunset of the Home Health Care Provider Tax that went into effect on July 1, 2023.

  - Excluding Health Care revenues from the above staff recommended change numbers results a staff recommended forecast upgrade of +$28.8 million in fiscal year 2024, a +$8.2 million forecast upgrade in fiscal year 2025, and a staff recommended +$13.7 million forecast upgrade for fiscal year 2026 versus consensus expectations last July.

  - For the out-years of the fiscal years 2027 through 2028, the updated staff recommended consensus forecast expectations call for a +$5.0 million increase for fiscal year 2027 and a +$6.7 million increase in the consensus revenue forecast for fiscal year 2028.

  - For fiscal year 2029 as the final year of the fiscal planning period, this staff recommended forecast calls for a total of $355.7 million in G-Fund Health Care Revenues “Available to the General Fund” during that fiscal year.

▪ The staff recommended forecast for revenues T-Fund TIB revenues includes a combined TIB fund forecast upgrade of +$0.4 million for fiscal year 2024, a staff recommended forecast downgrade of -$0.6 million for fiscal year 2025, and a staff recommended forecast downgrade of -$0.7 million for fiscal year 2026.

- For the fiscal planning period for fiscal years 2027 through 2028, staff recommends forecast downgrades of -$0.9 million for fiscal year 2027 and -$1.0 million for fiscal year 2028 relative to the July 2023 revenue forecast.

- For fiscal year 2029, as the final year of the fiscal planning period added to this forecast update, staff recommends a $17.3 million consensus forecast.

- All of the T-Fund TIB consensus forecast recommendations are on a current law basis and reflect consensus expectations for the changing energy price situation, fuel consumption and commercial vehicle trips for Diesel Tax TIB.

▪ The updated July 2023 staff recommended consensus revenue forecast includes both an updated consensus economic forecast (see the section on the updated consensus economic forecast below) for the period and extends from the current 2024 calendar year through calendar year 2029 as developed during December of calenda year 2023 (or at the mid-point of fiscal year 2024).

  - This staff recommended consensus revenue forecast update includes all of the best available information regarding the still on-going economic and fiscal legacy effects of the COVID pandemic as they currently are understood and still are evolving, the state's recovery from the flooding event last July (and the second flooding event in mid-December),[2] and the on-going transition of the economy back to its underlying fundamentals—again, likely as part an emerging "new normal" in this regard, and accounts for all tax and fee changes as passed by the 2023 Vermont General Assembly.

▪ The staff recommended consensus forecast update also includes full consideration of the underlying trends and the actual collections data through the first half of fiscal year 2024 (see Table 2 below)—with emphasis on recent trends in underlying Personal Income Tax , Corporate Income Tax, and state consumption tax receipts activity, and with technical adjustments to and continuing refinements that are always made to refine forecasting the forecasting methodologies employed for G-Fund and E-Fund Net Interest revenues.

  - The updated Net Interest revenue forecast for the G-Fund and E-Fund also

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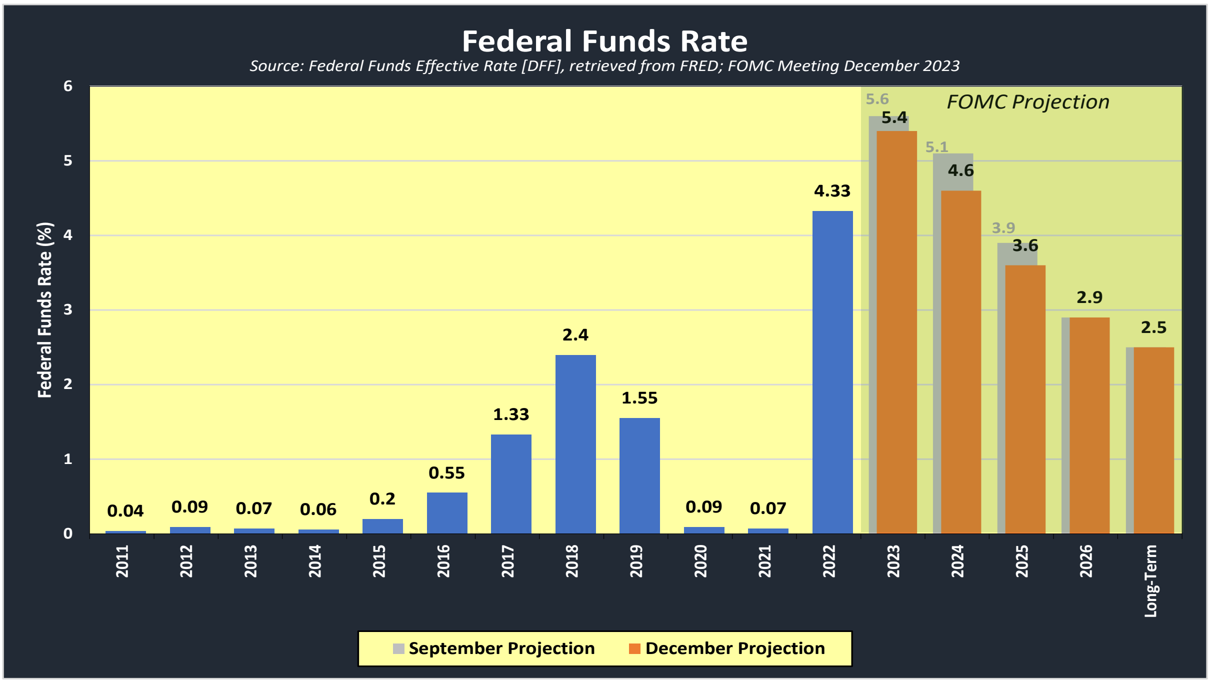
[2] Which turned out to be somewhat less impactful on the level and month-to-month profile of revenue receipts than was initially expected.

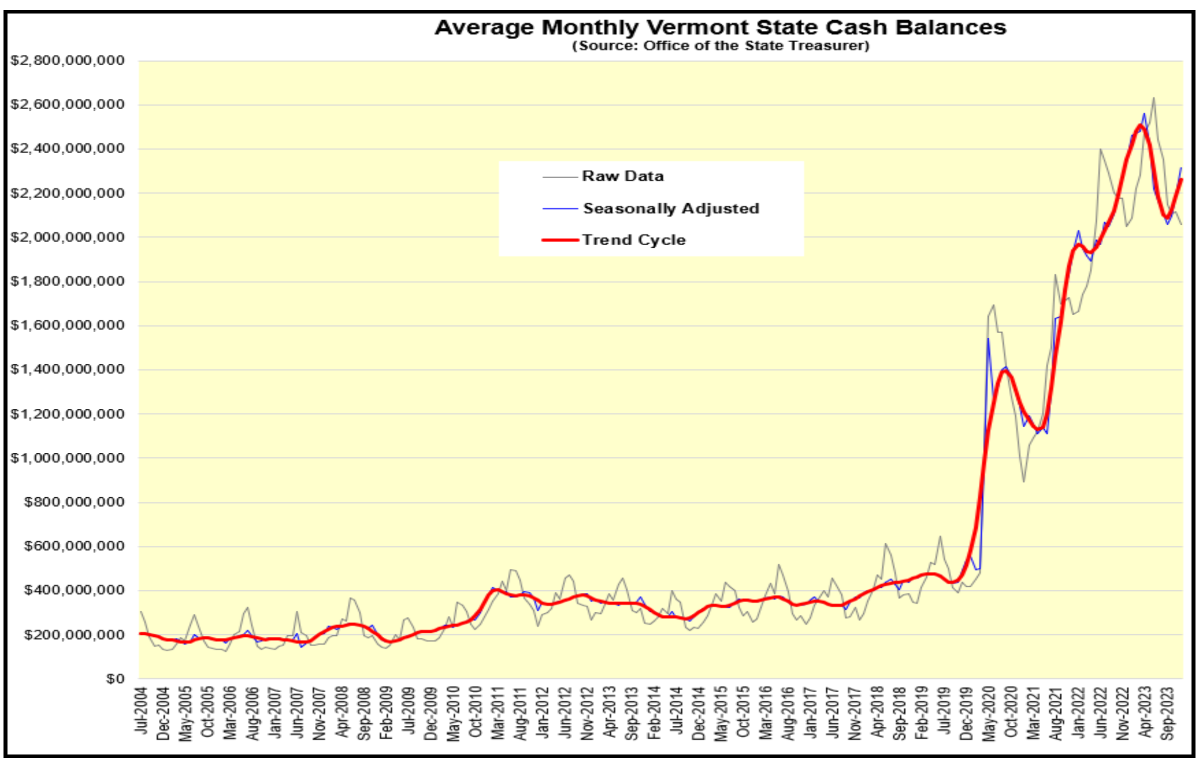
reflects expectations for "higher for longer" levels of interest rates the State's stepped-up cash management practices associated with its historically high cash bank balances that remain "on hand" (See the chart from the Federal Reserve Staff on the current and the expected future level of the U.S. Federal Funds Interest Rate and the seasonally-adjusted path of Average Monthly Vermont State Cash Balances following Table 2 below),

Table 2: Cumulative Receipts in the G-Fund, E-Fund, and T-Fund by Major Component/Sub-Component versus Cumulative Consensus Expectations through December of Fiscal Year 2024

Analysis of Cumulative Receipts--v. CUM. TARGETS THRU DECEMBER			
FINAL Schedule 2 Revs-As of Dec. 31st		Dollar	Percent of the
Fund/Component ($000s)		Difference	TOTAL
GENERAL FUND w/Health Care Revs	**$**	**28,575.1**	**100.0%**
Personal Income	**$**	**18,625.1**	**65.2%**
Withholding	**$**	**4,207.6**	**14.7%**
Estimates	**$**	**(8,130.2)**	**-28.5%**
Paids	$	11,316.7	39.6%
Refunds	$	6,167.6	21.6%
Other	$	5,063.4	17.7%
Meals and Rooms	**$**	**(1,952.5)**	**-6.8%**
Corporate Tax	**$**	**(7,663.5)**	**-26.8%**
Estate Tax	$	1,122.8	3.9%
Insurance Tax	$	372.3	1.3%
Property Transfer Tax	**$**	**(573.3)**	**-2.0%**
Fees	**$**	**(940.8)**	**-3.3%**
Beverage	**$**	**(229.6)**	**-0.8%**
Other (Incl. "Net Interest")	$	13,481.1	47.2%
Health Care Revenues	**$**	**6,333.7**	**22.2%**
EDUCATION FUND	**$**	**3,112.6**	**100.0%**
Sales and Use Tax	$	5,645.8	181.4%
Meals and Rooms Tax	**$**	**(707.4)**	**-22.7%**
MvPurchase and Use Tax	**$**	**(1,344.3)**	**-43.2%**
Lottery	$	1,976.5	63.5%
Net Interest	**$**	**(2,457.8)**	**-79.0%**
TRANSPORTATION FUND	**$**	**(5,913.1)**	**100.0%**
Gas Tax	**$**	**97.0**	**-1.6%**
Diesel Tax	**$**	**(33.2)**	**0.6%**
MvPurchase and Use Tax	**$**	**(2,688.7)**	**45.5%**
MvFees	**$**	**(3,088.6)**	**52.2%**
Other Fees	**$**	**(199.5)**	**3.4%**
TIB	**$**	**1,233.0**	**100.0%**
Gas Tax	$	1,255.5	101.8%
Diesel Tax	**$**	**(22.6)**	**-1.8%**

- That includes the expectation that the State will spend down at least part of the unprecedented level of federal funds received over the last several years—a significant portion of which remain in the spending pipeline—along with the generally increasing interest-earning cash balances at banks as overall revenue receipts have continued to grow with the economy over time.





- Within the above-described economic-revenue environment, the updated staff recommended consensus forecast updates for the fiscal year 2024 through 2026 timeframe for G-Fund, T-Fund, E-Fund, and T-Fund TIB revenues includes the following dollar levels (See Table 2 below):

  - For the G-Fund overall on a current law basis, the staff recommends an updated consensus forecast of $2,131.4 million in "Available to the G-Fund" revenues for fiscal year 2024, an updated staff recommended consensus forecast of $2,113.5 million in "Available to the G-Fund" revenues for fiscal year 2025, and a staff recommended $2,191.0 million in "Available to the G-Fund" revenues for fiscal year 2026.

  - For the fiscal planning out-years covering the fiscal year 2027-2029 period, this consensus revenue forecast update recommends "Available to the G-Fund" revenue amounts of $2,272.3 million for fiscal year 2027, $2,360.2 million for fiscal year 2028, and a forecast of $2,443.1 million for fiscal year 2029.

- With respect to the G-Fund's Health Care revenues portion of the "Available to the G-Fund" on a current law basis, the staff recommends an updated consensus forecast of $322.0 million in fiscal year 2024, an updated consensus forecast of $332.0 million for fiscal year 2025, and an updated consensus G-Fund Health Care revenue forecast of $337.5 million for fiscal year 2026 (see Table 3 below.

Table 3: Staff Recommended Consensus Revenue Forecast Update: G-Fund, T-Fund, E-Fund and T-Fund TIB Revenues (FY 2024-FY 2026)
Current Law (Including Health Care Revenues in the G-Fund)

Revenue Levels by Fiscal Year--January 2024 "Staff Recommended" Consensus ($ Millions)	2024	2025	2026
Available to the General Fund (Including Health Care Revenues)	$2,131.4	$2,113.5	$2,191.0
Available to the Transportation Fund	$299.4	$315.7	$319.8
E-Fund [Partial]	$745.9	$758.8	$778.6
Total--Three Funds	$3,176.6	$3,187.9	$3,289.5
MEMO: Available Health Care Revenues	$322.0	$332.0	$337.5
TIB Funds:			
Gasoline TIB	$17.3	$16.3	$15.4
Diesel TIB	$1.9	$1.9	$1.9
Total TIB Funds	$19.2	$18.2	$17.3
			Prepared by: Economic & Policy Resources, Inc.

  - The staff also recommends an updated forecast of $343.3 million for Health Care revenues "Available to the General Fund" for the fiscal year 2027, an updated forecast of $349.4 million for fiscal year 2028, and a consensus forecast of $355.7 million for fiscal year 2029—or for the three-year fiscal planning period associated with the consensus forecast update.

- For the T-Fund, staff recommends an updated consensus forecast of "Available to the T-Fund" revenues of $299.4 million for fiscal year 2024, and an updated staff recommended consensus forecast of $315.7 million in "Available to the T-Fund" revenues for fiscal year 2025, and a staff recommended $319.8 million "Available to the T-Fund" revenues total for fiscal year 2026 on a current law basis.

  - For the fiscal planning out-years covering the 2027-2029 fiscal year period, staff recommends a consensus forecast of "Available to the T-Fund" revenues of $324.9 million for fiscal year 2027, a staff recommended forecast of "Available to the T-Fund" revenues of $330.2 million for fiscal year 2028, and a staff recommended forecast of "Available to the T-Fund" revenues of $334.1 million for fiscal year 2029, on a current law basis.

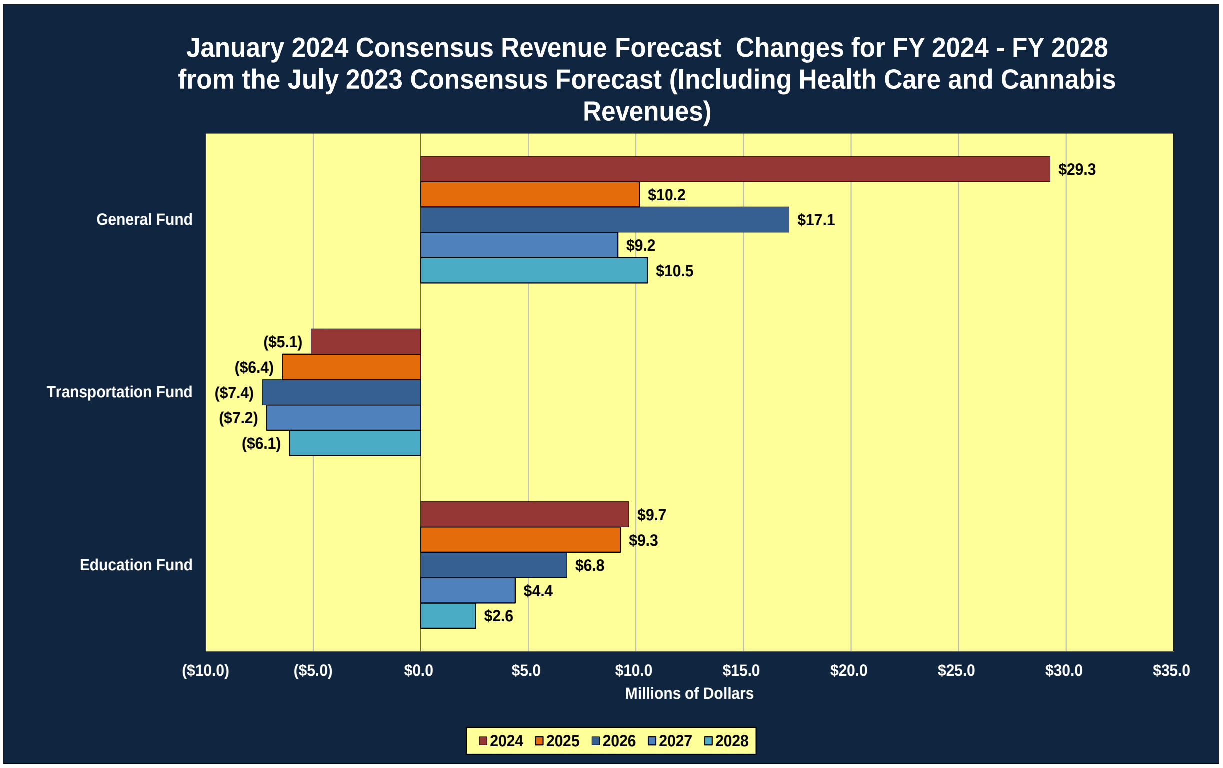
- For the T-Fund TIB revenues overall, staff recommends an updated staff recommended consensus forecast of $19.2 million for fiscal year 2024, and an updated staff recommended consensus forecast of $18.2 million in fiscal year 2025, and a revised staff recommended consensus forecast update of $17.3 million in T-Fund TIB revenues for fiscal year 2026 on a current law basis.

  - For the fiscal planning out-years covering the three-year 2027-2029 fiscal year period, staff recommends a consensus forecast of T-Fund TIB revenues of $17.2 million for fiscal year 2027, a staff recommended forecast of T-Fund TIB revenues of $17.2 million for fiscal year 2028, and a forecast of T-Fund TIB revenues of $17.3 million for fiscal year 2029, on a current law basis.

- For the E-Fund, staff recommends an updated consensus forecast of $745.9 million in "Available to the E-Fund" revenues for fiscal year 2024, an updated $758.8 million for fiscal year 2025, and an updated staff recommended consensus forecast of $778.6 million in "Available to the E-Fund" revenues for fiscal year 2026, on a current law basis.

  - For the fiscal planning out-years covering the 2027-2029 fiscal year period, staff recommends a consensus forecast of "Available to the E-Fund" revenues of $801.9 million for fiscal year 2027, a staff recommended forecast of "Available to the E-Fund" revenues of $827.7 million for fiscal year 2028, and a staff recommended forecast of $852.4 million for fiscal year 2029.

  - The revised, staff recommended January 2024 consensus forecast update for all three fund aggregates relative to the July of fiscal year 2024 consensus forecast updated is presented graphically below.



❖ Overview of Recent Economic Developments.

- Consistent with the above consensus forecast update discussion and the generally upbeat performance of state revenue over the first half (outside of the T-Fund and despite the July flooding event), it is also noteworthy that this staff recommended consensus revenue forecast update comes on the heels of a surprisingly resilient economic performance over the first half even in the face of rising interest rates.

  - As a result, the latest staff recommended consensus revenue forecast update for January 2024 calls for another near-term, but small forecast upgrade in expected receipts overall in what continues to be an extraordinary federal-state fiscal journey since the COVID pandemic began back in early calendar year 2020.

  - Although first half fiscal year 2024 revenues finished within 1.80% of consensus cash flow expectations overall (at +$27.0 million on a $1,522.1 billion first half target across all three major fund aggregates), developments on the macroeconomic front as the Federal Reserve attempts to tame the COVID pandemic-induced bout of high inflation and its resulting economic turbulence turned positive over the later part of the first half of fiscal year 2024—with the rate of inflation moderating, labor market conditions cooling, and consumption spending decelerating—but not by too much.

- Those positive economic developments in particular raised additional optimism that the Federal Reserve will ultimately be successful in achieving the relatively rare event of an "economic soft-landing." Although the month of December included yet another significant flooding event around the middle of the month (e.g. during the 18th and 19th of December) that was again very impactful for those affected, the underlying forward momentum in the economy (and revenues) from the first half of fiscal year 2024 seems secure—at least "for now."

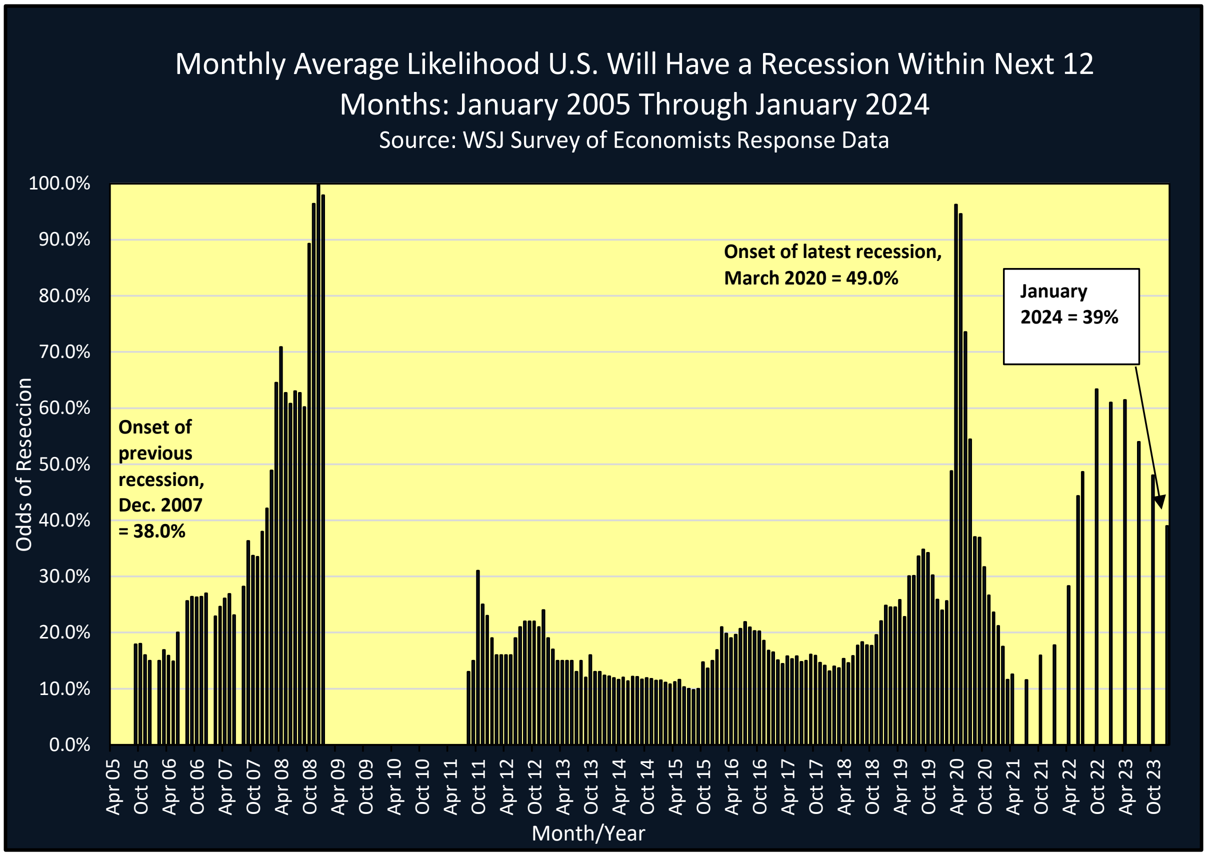
  - However, looking at revenue prospects for the second half, the economic and revenue environment will likely face more challenges—with a number of significant downside risks—as activity slows further even if a successful "soft-landing" for the economy is finally achieved.

- As a result, and consistent with the tone of past forecast updates, the next six to twelve months are shaping up to be a pivotal period for the economy and state revenues. In particular, U.S. monetary policy is expected to make a tricky transition from its past "historically aggressive tightening posture" to one that is expected to be significantly more accommodative—before the full restraining effects of the Fed's past tightening moves cause more damage.

  - The key question in fact going forward has become one of whether or not the outcome of the Fed's expected policy shift will result in an economy that will still be growing—but more slowly and with lower inflationary pressures.

  - Or, in the alternative, will this transition period end up becoming a turning point from growth to a possible economic downturn...because the Fed held interest rates too high for too long and the economy ended up making a much "harder-landing" than was initially hoped for.

- Currently, most analysts-forecasters have come to align themselves with the former outcome—or into the "no recession/successful economic soft-landing" camp—given recent more positive developments in the economy over the past several months (See the updated chart below which illustrates the decline in the percentage of economists surveyed by Wall Street Journal every quarter who forecasted the U.S. economy to be in a recession within the next year which has fallen to less than 40%--down from nearly 2/3 of respondents at 63.3% just six quarters ago).



- However, at the same time, it is hard to forget that the current broadening consensus for an economic "soft-landing" (with just an economic slowdown and "no recession") this year comes against the backdrop of last year's consensus outlook for the 2023 economy which had the U.S. economy falling into a recession within a year.

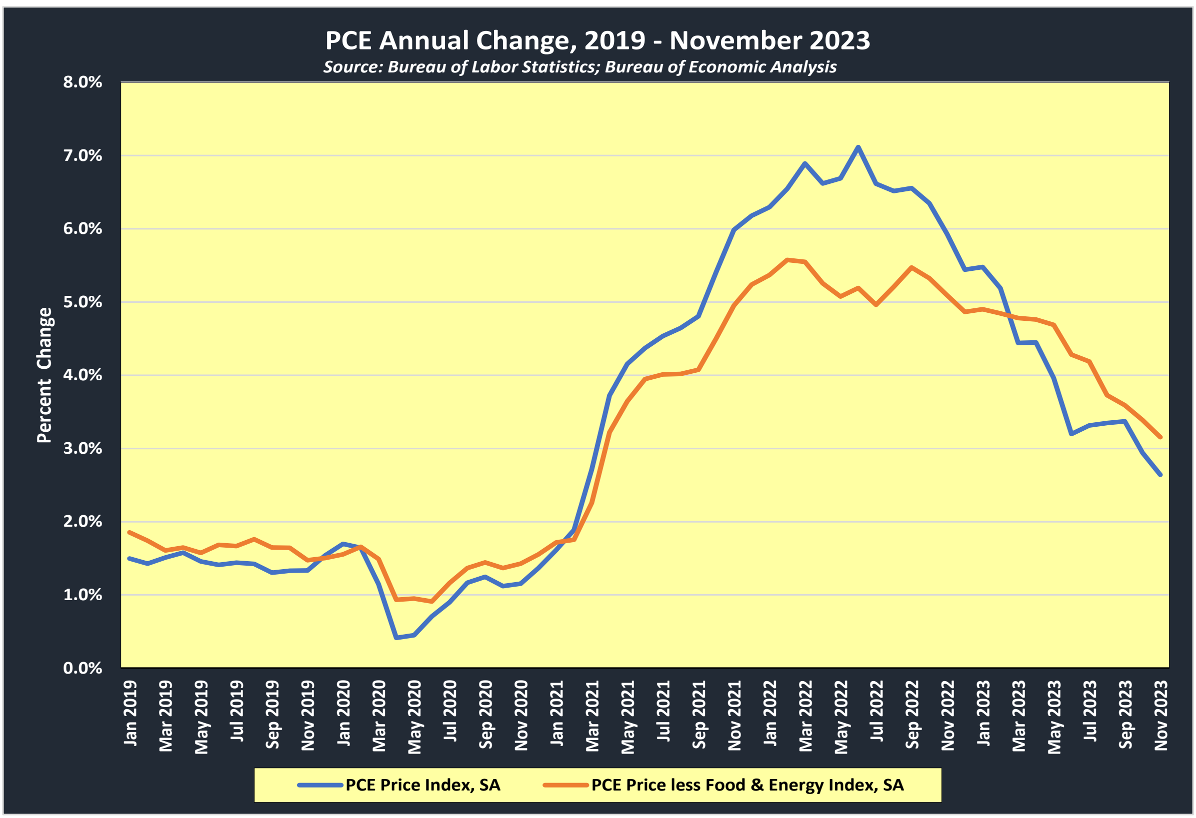
- At this time last year, it should be remembered that the majority of economic forecasters expected the Federal Reserve would be left with no other choice than to cause a recession—and all of its associated economic damage—in order to be successful in bringing the rate of inflation back down to its long-term target of 2.0% per year from its calendar year 2022 peak rates of increase.

▪ Instead, the resiliency of the U.S. economy and U.S. labor markets over the past year have surprised nearly all analysts-forecasters and a general downturn in the U.S. economy has been avoided—with all of its collateral damage and pain—at least to-date. That avoidance of even a mild, U.S. economic downturn so far during the Fed's tightening cycle has come at the same time that the U.S. inflation rate has made a significant decline (see the inflation chart below)—even though it still remains above the widely acknowledged +2.0% target for the U.S. Personal

Consumption Expenditure Price Index (or "PCE Price Index").[3]

- After peaking at different times during calendar year 2022, the two chief inflation gauges for the U.S. economy have both come down significantly over the past 18 months—including both the "top-line" inflation gauges and the so-called "core" inflation rate indexes—which exclude the more volatile food and energy price categories.

▪ In particular, the Fed's preferred price index, the "top line" PCE Price Index has declined to a +2.6% year-over-year in November 2023 down to a +3.2% for the "Core" PCE Price Index for November of 2023—which appeared for both indexes to be within striking distance of the Federal Reserve's +2.0% annual average long-term inflation rate goal (See the chart below).



- Although the "core" CPI-U ticked up a bit in December and generally remained "on a higher year-over-year plane" than the PCE index through the end of the calendar year, the stickiness of housing costs (which comprises a larger percentage of total costs tracked in the CPI-U versus the PCE Price index)

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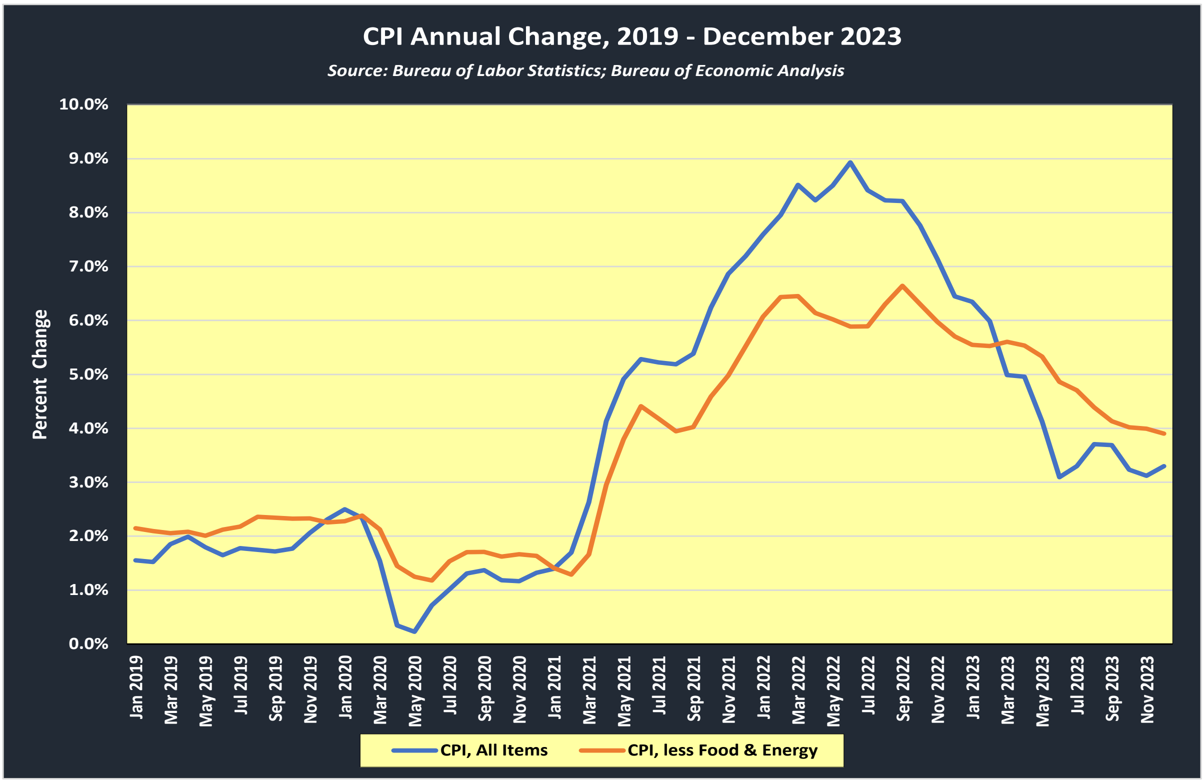
[3] With an associated +2.0% to +2.5% annual rate of increase for the Consumer Price Index (or "CPI-U").

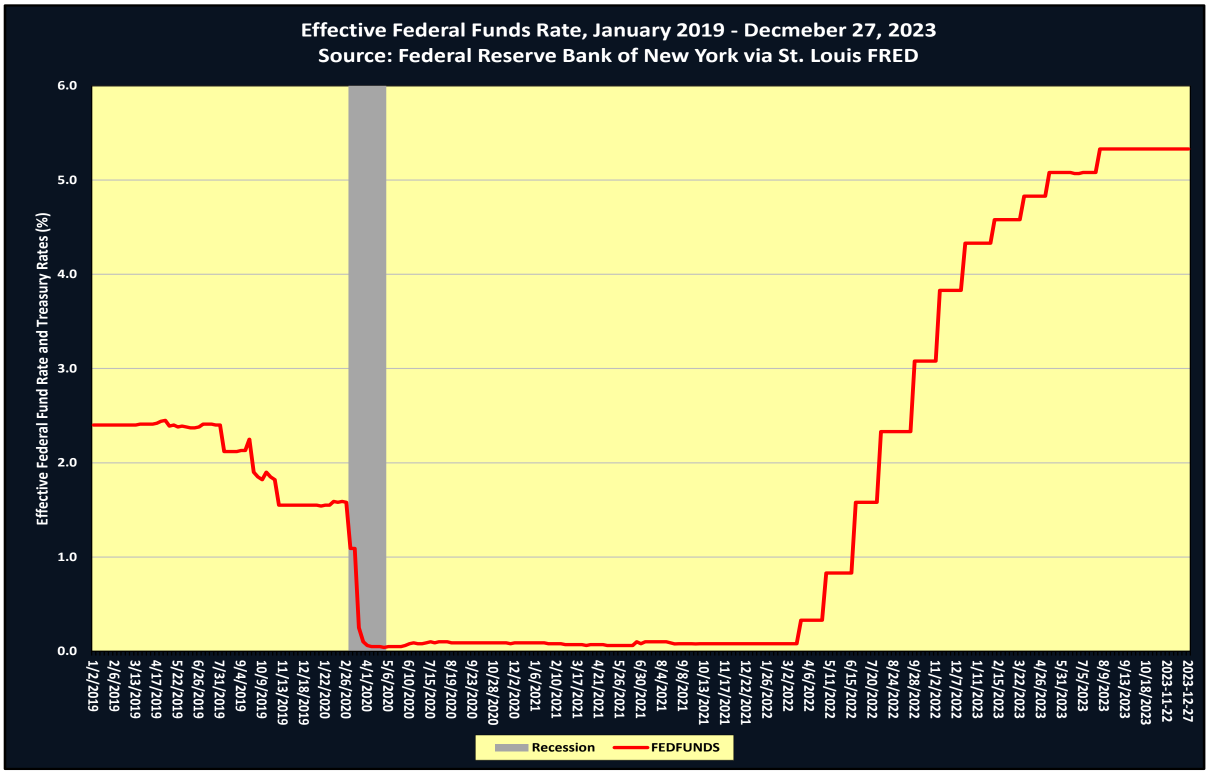
and the CPI-U's narrower focus to just the U.S. urban population has historically resulted in slower ups and downs in the CPI-U relative to the PCE price changes. This disparity will remain of some interest going forward as the rate of price changes close in on the hoped for +2.0% to +2.5% year-over-year range over the next year to 18 months.



- The key question going forward is whether or not there will continue to be generally positive inflation readings over the next six months or so that will allow U.S. monetary policymakers to make a policy pivot away from their "tightening posture" to one that would actually start reducing short-term interest rates in a way that will be fast enough to blunt the likely upcoming increasingly negative impacts of their past, already baked-in tightening moves.

  Those tightening moves have included a historically unprecedentedly fast rate of increase in the federal funds interest rate to the level of 5.25%-5.5% from the Spring of calendar year 2022 through July 2023 (see the chart below).

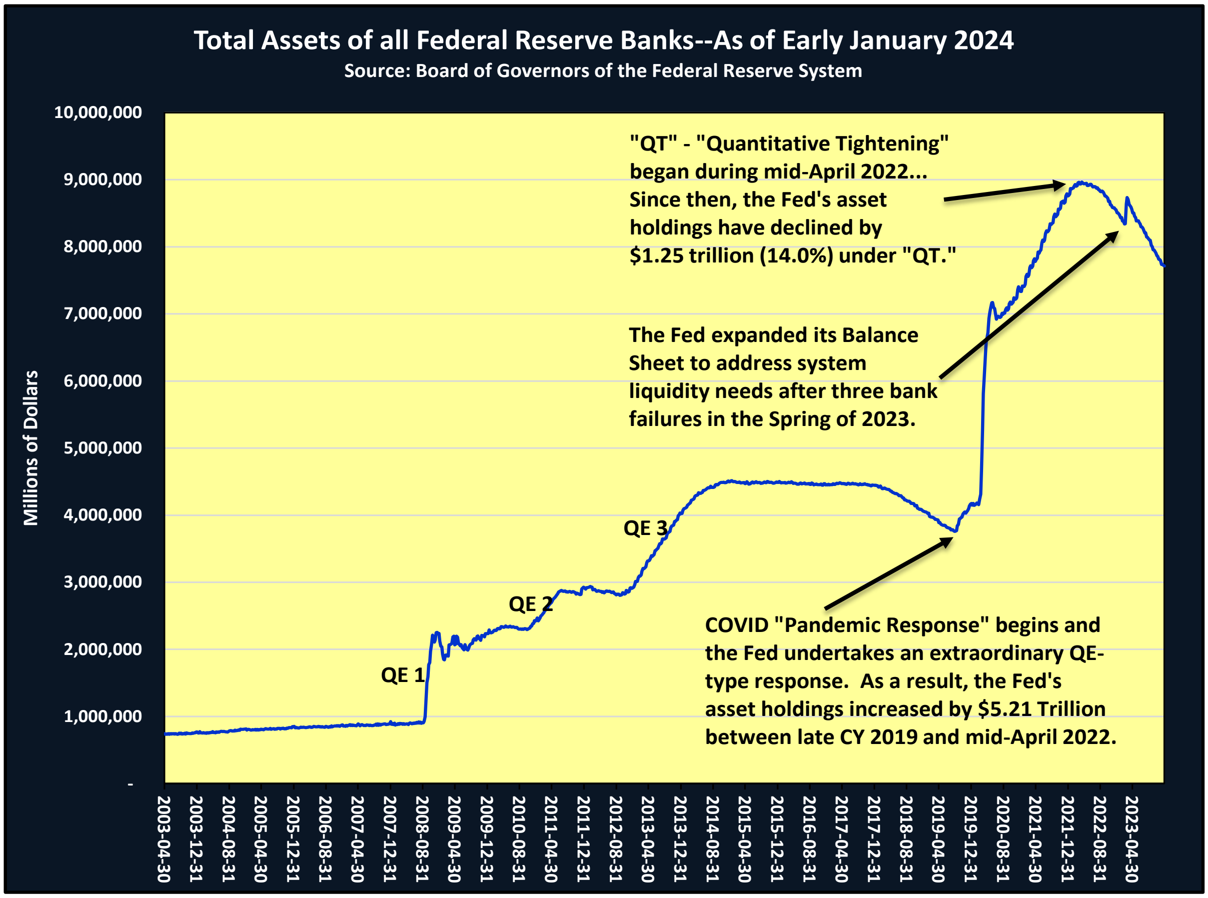
  - Since raising short-term interest rates to that level, the Federal Reserve has seen fit to hold the federal funds rate at that level since last July as it continues to review the economic data for further evidence that the economy's post-pandemic, inflationary pressures have permanently been brought back down.



- At the same time the Fed was increasing short-term interest rates sharply on the frontline of the inflation-reduction fight, the Fed had also embarked on a corresponding effort to reduce its long-term debt balance sheet holdings over roughly the same time frame as a way to at least reinforce, if not also compound, the inflation restraining effects of its short-term interest rate increases.

  - This period of reducing its balance sheet holdings followed a period where the Fed significantly expanded its long-term debt security holdings during the rapid economic declines associated with the onset of COVID pandemic—thereby providing the U.S. financial system with the liquidity needed to keep the COVID pandemic from paralyzing the functioning of credit markets in the U.S. economy.

  - Since the peak of its long-term securities holdings back in the Spring of 2022, the Fed has taken action to reduce its long-term securities holdings by nearly $1.3 trillion (or 14.0%) from its high point back in April of 2022 when the current so-called "Quantitative Tightening" (or "QT") cycle began (see the chart below which tracks the Fed's balance sheet securities holdings over time).



- Because reducing demand for long-term debt securities has a similar "monetary policy tightening effect" of putting upward pressure on longer-term interest rates, those balance sheet holding reductions were consistent with the Fed's direct actions to increase short-term interest rates though its increases in the Federal Funds Rate—consistent with its overall monetary policy tightening efforts to fight inflation.

▪ The key question for the economic outlook over the next several months is whether or not upcoming readings on the rate of U.S. inflation will allow the FOMC[4] with the latitude to make the expected policy pivot towards loosening fast enough to head off the negative impacts in store for the economy from the Fed's past tightening moves they have already made.

  - The nearer the shift in the FOMC's from tightening to loosening, the less of a chance that the economy will experience a "hard landing"—including the possibility of at least a mild recession.

[4] FOMC means the voting members of the **F**ederal **O**pen **M**arket **C**ommittee of the Federal Reserve.

- The farther off the shift in the FOMC's shift in monetary policy, the greater the likelihood that the current higher level of short-term interest rates will impart more damage to the economy—especially related to the very large amount of outstanding household and business debt that is expected to be re-priced during the next two calendar years (or in calendar years 2024 and 2025).

▪ The specific concern with that debt re-pricing is that as currently lower cost debt, taken out in years past when interest rates were at very low levels, is going to be forced to roll over and be re-priced at today's higher level of interest rates. As a result, a significant number of households and businesses—assuming they can re-finance their debt—are going to be saddled with much higher interest costs going forward to the detriment of their ability to fund new business activity-growth.

  - If enough of those re-priced borrowers become saddled with higher debt costs and either go under and/or pull significantly back on their business activities and growth, that could exert a significant drag on the economy and result in significant downside risk for the economic outlook over the next two years—especially if interest rates remain elevated for an extended period of time (see the updated "Consensus Economic Forecast" below).

▪ For example, according to Oxford Economics, a globally recognized economic forecasting firm, this could be significant. For example, Oxford Economics has recently estimated the amount of maturing corporate debt that will need to be re-priced is expected to double to approximately $1.0 trillion dollars in calendar year 2025.[5] Oxford Economics similarly projects that maturing corporate debt in the Euro Zone will triple by calendar year 2025 to more than $400 billion.[6]

  - As a result, the longer that borrowing costs stay elevated, the greater the threat that debt re-pricing effect poses to the outlook for the U.S. and Vermont economies during both calendar years 2024 and 2025.

▪ In fact, the recently emerging updated economic forecast narrative also includes the expectation that there will be a further easing in the U.S. inflation that will enable the Federal Reserve to begin reducing short-term interest rates beginning in the Summer of 2024—or during the first and second quarters of the 2025 fiscal year.

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[5] See Bloomberg-BusinessWeek Magazine; December 18, 2023; Page 27.
[6] Ibid.

- Assuming that emerging view pans out, that will likely help to limit the potential risks associated with a "hard-landing" scenario for the U.S. economy.

- Although any reduction in short-term interest rates by the Fed will likely be dependent upon the so far generally favorable inflation reports continuing over the next several months—thereby giving Federal Reserve policymakers the "inflation reduction" latitude to embark on a course to actually start reducing short-term interest rates by mid-calendar year 2024.

▪ Such a "second half of calendar year 2024" timing for the start of interest rate cuts appears to be consistent with the updated forecast released by Federal Reserve staff at its mid-December meeting (see the previous chart for the Federal Funds interest rate above).

  - The Fed staff's updated forecast includes a reduction in short term interest rates totaling three-quarters of a percentage point during calendar year 2024 overall.

  - The Fed staff's latest forecast contrasts with the earlier staff projection laid out in September of 2023 where the Fed staff forecast only included a half of a percentage point reduction in the federal funds rate during all of calendar year 2024.

▪ Because the Fed staff's forecasts are annual forecasts, neither the updated December 2023 Fed staff forecast nor the previous Fed staff forecast back in September 2023, included any definitive insight about the timing of potential short-term interest rate reductions across the 2024 calendar year.

  - Most economists and Fed watchers—like the passage above—continue to make inferences about the timing of potential short-term rate cutting actions given the combination of current economic data readings, the public statements made by the Fed Chair and other key members of the FOMC, and what can be gleaned after the publication of the meeting minutes of the FOMC's policy meetings that are held roughly every six weeks.

▪ Consistent with the above discussion, the early January U.S. labor market report, which showed that the U.S. economy added 216,000 more jobs last month, highlighted another solid and comfortable month of job additions for the U.S. economy.

- December hiring activity capped a good year for the U.S. labor market as it generally slows in the pace of job additions[7] over time and labor markets have recently become more "normal" in terms of its activity.

- For all of calendar year 2023, these data indicate that the U.S. economy added 2.7 million nonfarm payroll jobs last year—representing a significant slowdown from the 6.3 million jobs added in calendar year 2022 and the 4.1 million jobs added in calendar year 2021.

- However, that 2.7 million added jobs in 2023 was well above the 2.0 million jobs added in calendar year 2019, the last full calendar year prior to the COVID pandemic. All U.S. jobs lost during the pandemic have been recovered since earlier in calendar year 2023.

▪ That slowing, but still healthy rate of hiring in U.S. labor markets as the inflation rate has also come down has been a big part of why there has been increasing optimism for the "soft-landing," and why the Fed appears "comfortable" leaving short-term interest rates unchanged at the current 23 year high as they continue to examine the economic data for further evidence that the inflation rate is in fact slowing down back towards the Fed's +2.0% long-term rate increase target.

  - As such, this report will likely do little to change the Fed's current posture of "standing-pat" on the issue of possibly increasing short term interest rates. However, at the same time, the continued strength of U.S. labor markets likewise means that there also currently is not the type of apparent weakness in the economy that would cause the Fed to establish a plan for reducing short-term interest rates either.

▪ As has been pointed out in the last several consensus revenue and economic forecast updates, the economic literature has been pretty clear that monetary policy actions by the U.S. Federal Reserve sometimes work with "long- and variable-time lags."

  - This uncertainty relative to the exact timing of when the current higher interest rate profile will "bite" even harder than they already may now currently be

[7] Although the December rate of job addition was faster than November's revised gain of 173,000 nonfarm payroll jobs—as hiring activity was revised down for both the months of October (by 45,000 jobs or from +150,000 new jobs estimated initially to 105,000 new jobs) and November (which was revised down by 26,000 jobs from initial estimates of 199,000 new jobs added).

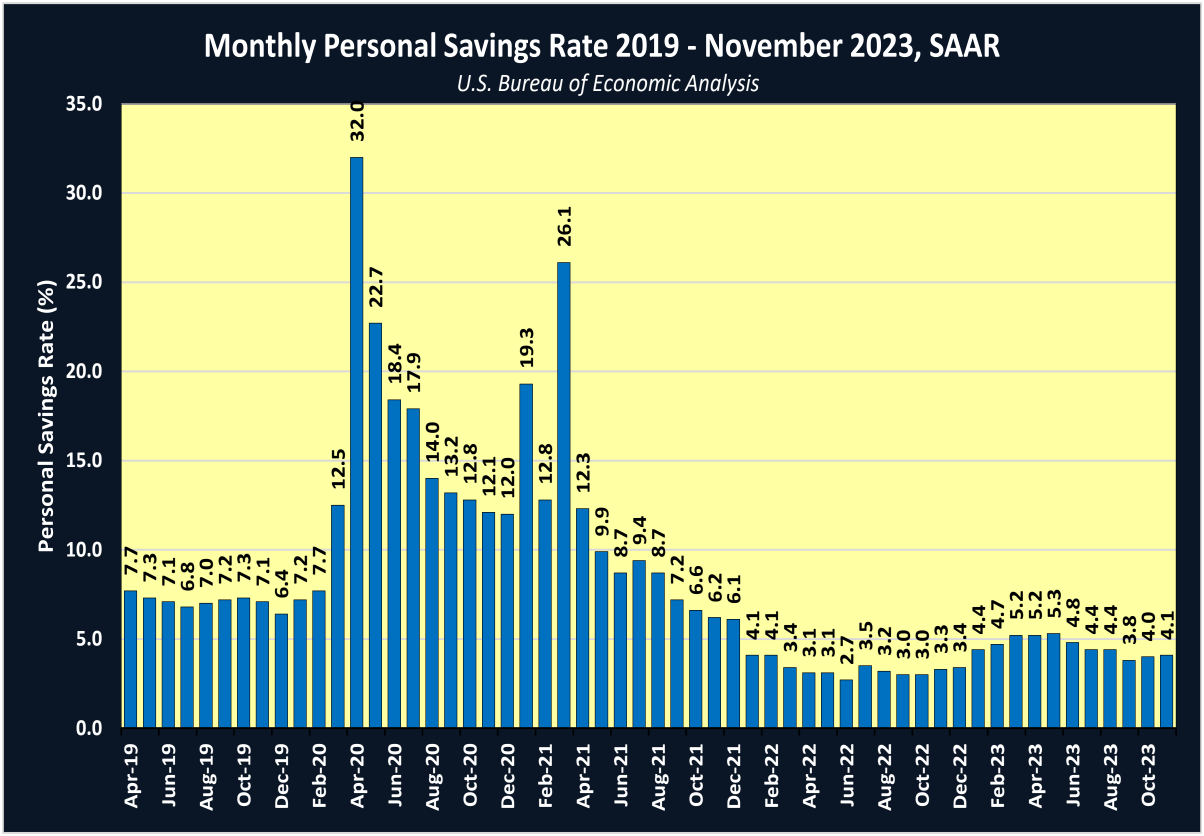
doing, essentially brackets the range of uncertainty for the economic forecast, and therefore also the revenue forecast, over the next few calendar years.

- Even so, with inflation rates in the U.S. (and in many other developed economies across the globe) coming down significantly since the Spring-Summer of calendar year 2022 peaks (depending on whether it is the CPI-U or the Fed-preferred PCE Price Index), the consensus forecast this year argues somewhat convincingly that the preponderance of the data and fundamentals of the U.S. economy are more firmly on the side of monetary policy easing (versus where it was a year ago)—thereby making a more compelling case that monetary policy will likely take a softer, more growth-accommodating posture in calendar years 2024 and 2025.

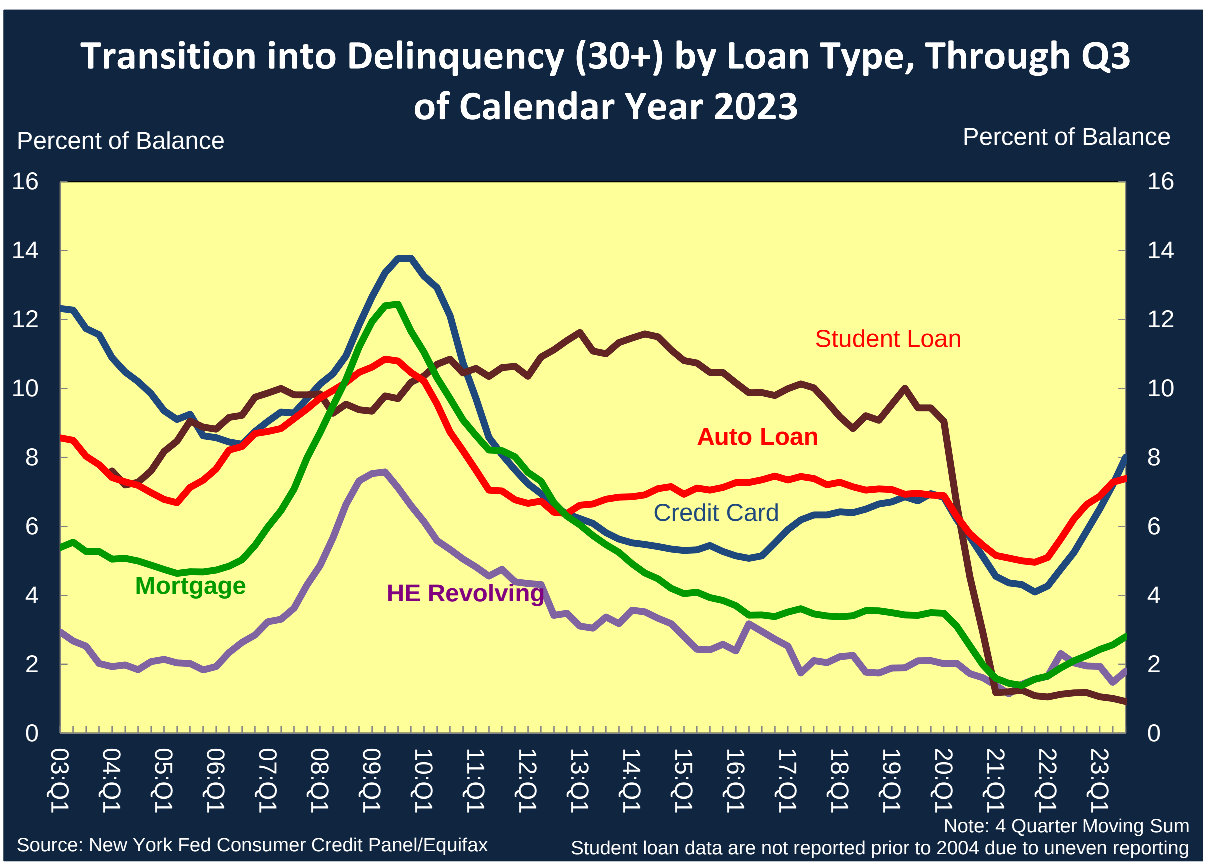
  - In fact, some forecasters and analysts have recently been characterizing this monetary policy easing dynamic as somewhat of a race against time—before the current historically high level of short-term interest rates take a more significant toll on the economy and the financial sector.

- While the clear underlying resiliency and upbeat forward momentum in the economy indicates it remains too soon to be concerned about a "harder landing" scenario that includes even a mild recession, there still are legitimate concerns about significant downside risks for the economy over the second half of fiscal year 2024 and into fiscal year 2025-26 timeframe.

  - These include, but clearly are not limited to, the following: (1) the on-going wars in Ukraine and in Gaza (the latter of which recently has been showing some signs of broadening territorially), (2) a dysfunctional U.S. Congress which is facing two near-term appropriations deadlines and threatens to send a message to the rest of the world that the U.S. has become unable to "govern" its increasingly complex domestic and foreign affairs, (3) shrinking household savings cushions—particularly for lower income households—that threaten to undermine continued healthy levels of consumption (see the first chart below), and (4) increasing signs of strain in household finances with rising default rates for higher interest rate loans—including credit card and auto installment loans—as households take on higher levels of more expensive debt to maintain their consumption spending (see the second chart below).

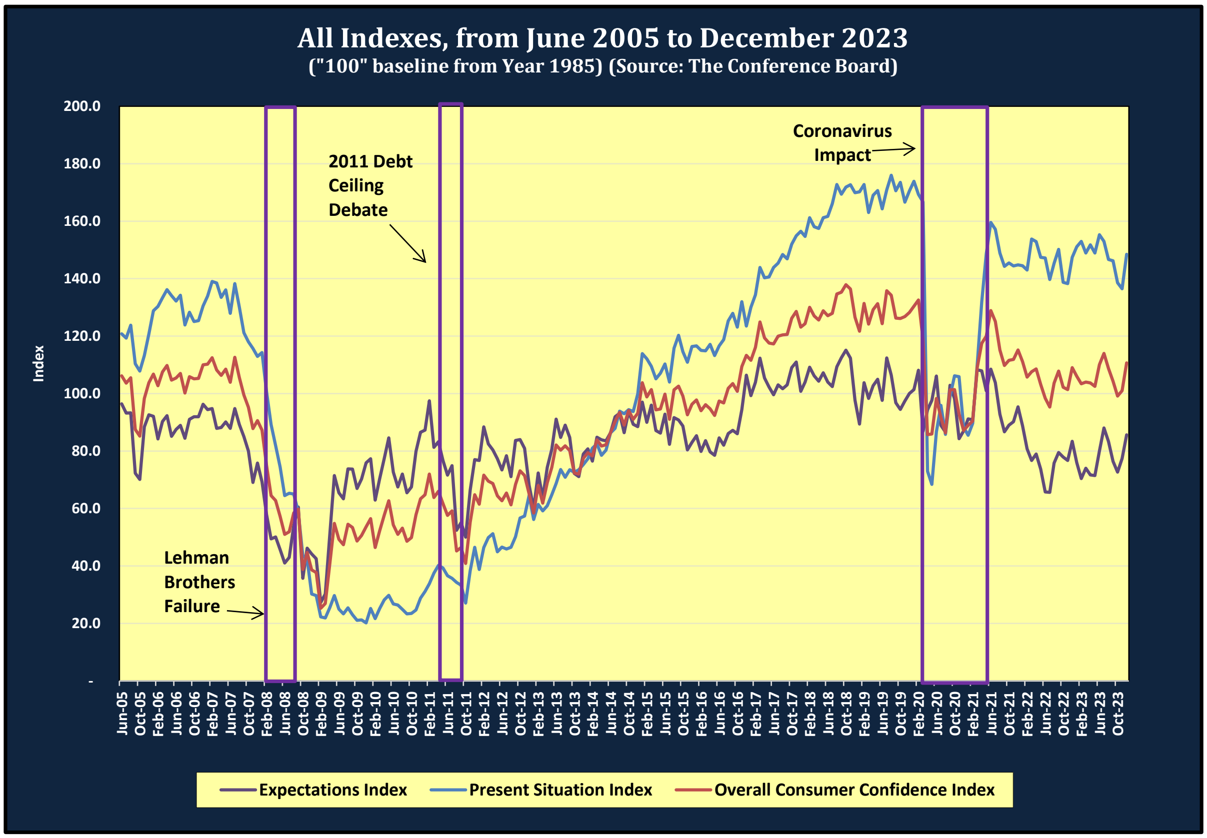


Monthly Personal Savings Rate 2019 - November 2023, SAAR
U.S. Bureau of Economic Analysis
Personal Savings Rate (%)



Transition into Delinquency (30+) by Loan Type, Through Q3 of Calendar Year 2023
Percent of Balance
Percent of Balance
Student Loan
Auto Loan
Credit Card
Mortgage
HE Revolving
Source: New York Fed Consumer Credit Panel/Equifax
Note: 4 Quarter Moving Sum
Student loan data are not reported prior to 2004 due to uneven reporting

- While it appears that the economy does in fact remain on a positive course—with even consumer confidence rebounding as inflation has ebbed from what has been termed as a "Vibe-Session" (see the chart below) tied to the increase in energy and food prices (which still remain elevated), the second half of fiscal year 2024 and fiscal year 2025 will likely be more challenging as mounting economic, political, climate, and other international security headwinds that will act to slow economic and revenue activity-growth.



❖ Update on the State's Labor Market Recovery from the COVID-Induced Recession in Early 2020.

- Turning once again to the latest data on the Vermont economy show that state labor markets continue to make slow progress towards its full recovery from the pandemic induced downturn Since the end of the pandemic induced downturn, state labor markets have had a slower than average rate of recovery—at least when the data are taken at "face value."

- The data from the state nonfarm payroll job data series showed through the latest month available (or through November), Vermont has recovered 59,500 of the total of nonfarm payroll jobs that were lost during the pandemic-induced downturn. At 88.5% of the total, Vermont still had 7,700 nonfarm payroll jobs left-to-recover or 11.5% of the total.

- That percentage was still the highest among the six New England state (with only the state of Rhode Island as the only other New England state that has yet to complete is full recovery from the pandemic-induced downturn (at 10,400 nonfarm payroll jobs still to recover—or 9.6% of the total nonfarm payroll jobs that state lost during the downturn).

- As has been noted in previous consensus revenue and economic forecast reports, Vermont's slower than average pace to its labor market recovery reflects a combination of data issues with the regular monthly survey of nonfarm payroll jobs of nonfarm business establishments throughout the state and a lack of available labor force to finally close the recovery gap from the sharp job declines experienced during the short, but harsh economic downturn the COVID pandemic (see the chart below).

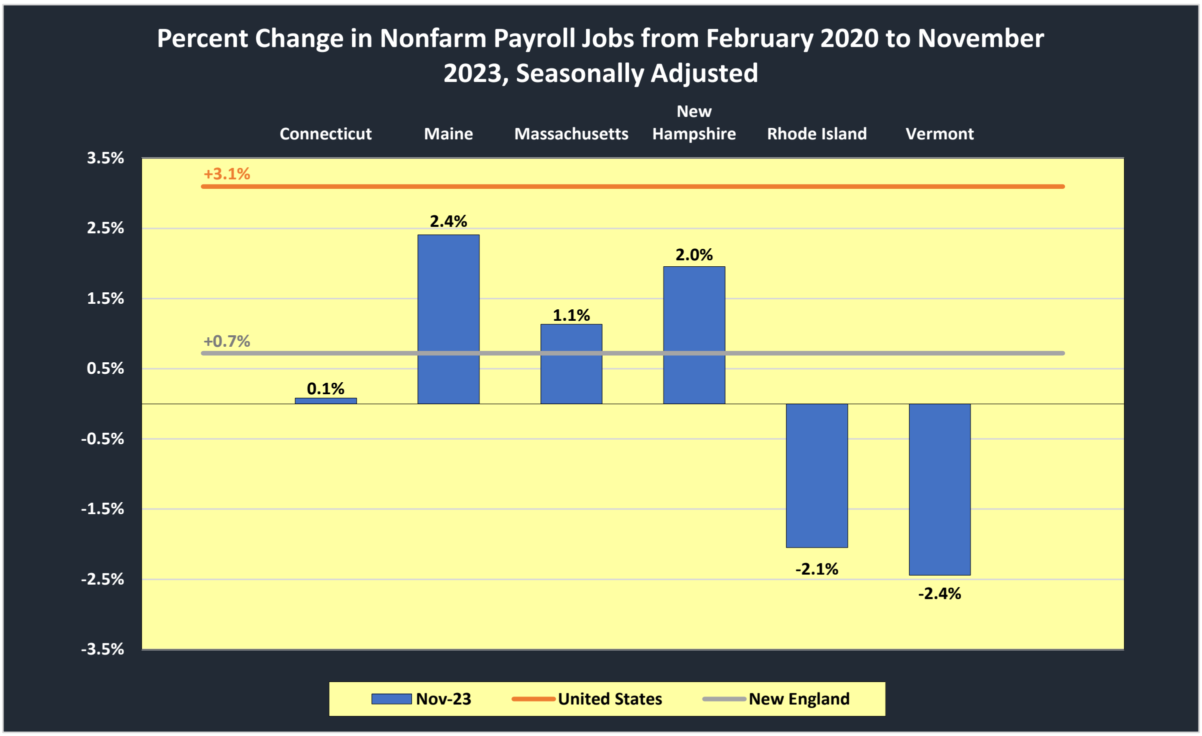
Table 4: Comparative State-by-State Payroll Job Losses and Recovery-Gains Since the 2020 Pandemic Induced Recession, Vermont and the N.E. States Compared to the U.S. and N.E. Averages

Payroll Jobs-Recession Losses (Feb.-April)/Recovered (April 2020-November 2023)	Lost	% of Total	Recovered	% of Total	% Recovered	% Left-to-Go	*Left-to-Go*
Connecticut	(289.1)	-17.0%	290.5	20.6%	100.5%	--	1.4
Maine	(95.6)	-14.9%	111.0	20.4%	116.1%	--	15.4
Massachusetts	(682.1)	-18.2%	724.6	23.7%	106.2%	--	42.5
New Hampshire	(116.8)	-16.9%	130.3	22.7%	111.6%	--	13.5
Rhode Island	(108.3)	-21.3%	97.9	24.5%	90.4%	9.6%	(10.4)
Vermont	(67.2)	-21.3%	59.5	24.0%	88.5%	11.5%	(7.7)
United States	(21,941.0)	-14.4%	26,657.0	20.4%	121.5%	--	4,716.0
N.E. TOTAL	(1,359.1)	-17.9%	1,413.8	22.7%	104.0%	--	54.7

- Table 4 (above) continues to highlight that Vermont has had the slowest rate of job recovery among the New England states and also relative to both the U.S. and New England regional averages—with 11.5% or 7,700 nonfarm payroll jobs still left-to-recover—reflecting an improvement of roughly a 0.1 percentage point increase versus the jobs recovery total last month.

  - Vermont continued to be only one of two New England states (the other being the state of Rhode Island) that has not yet fully recovered from the pandemic-induced downturn.

- In fact, because Vermont has had the slowest rate of job recovery since the end of the pandemic, the size of Vermont's nonfarm payroll job base still stood at -2.4% below its pre-pandemic level—with only the state of Rhode Island (at -2.1% below its pre-pandemic level) as the other New England still with some lost employment ground due to the pandemic-induced economic downturn.



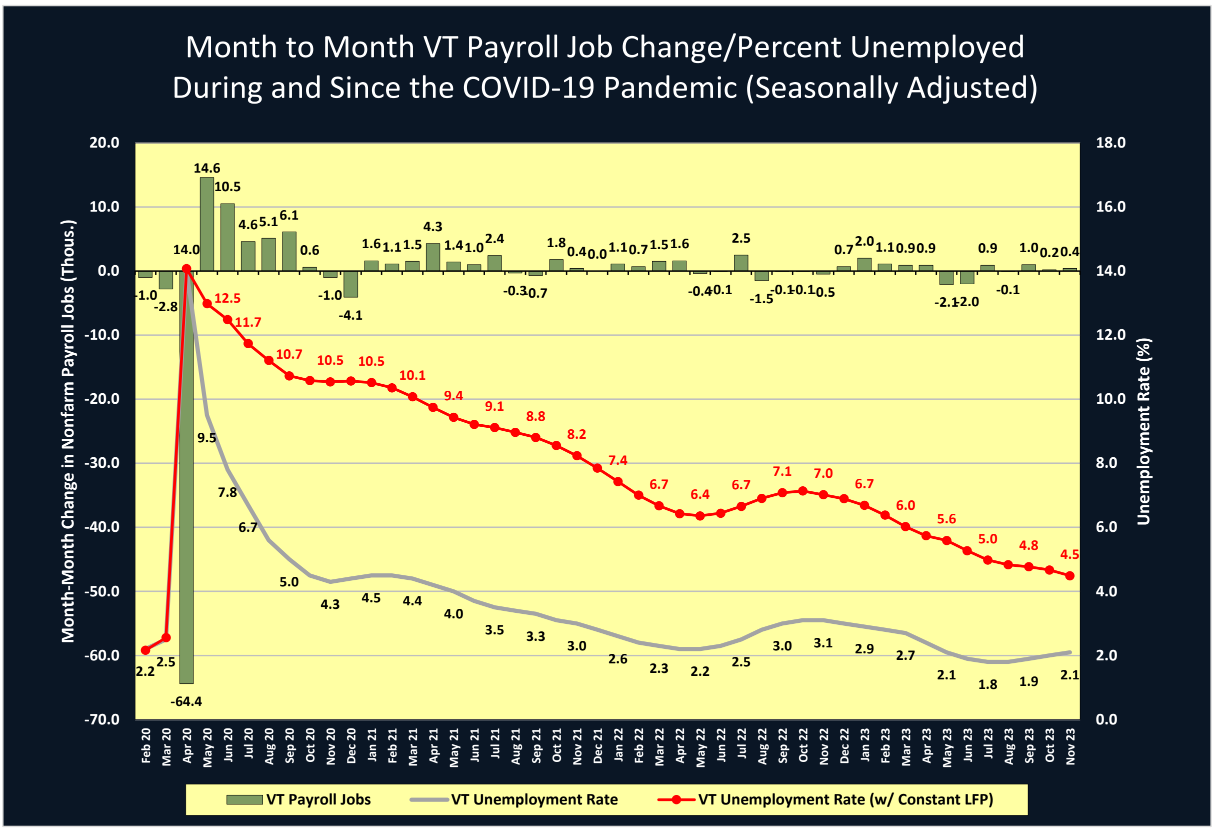
- Looking at the month-to-month job change chart back over the last year (or past twelve months back to November 2023), Vermont as a whole has added a total of 3,900 nonfarm payroll jobs over the past year, exhibiting a "see-saw" pattern of +3,800 nonfarm payroll jobs over the December 2022 through February 2023 three month period, followed by a decline of -300 nonfarm payroll jobs during the March 2023 through May 2023 period, -1,200 nonfarm payroll jobs during the June 2023 through August 2023 period, and +1,600 nonfarm payroll jobs during the September 2023 through November2023 time frame—(see the chart below).

    - The chart illustrates the uneven nature of Vermont's post-pandemic economic and labor market recovery which is not yet complete—according to the data.

    - Looking at the last twelve months, Vermont has had positive seasonally-adjusted job adds through November 2023 in eight of the last 12 months—ranging from a low of +200 nonfarm payroll jobs seasonally-adjusted in

October 2023 to a high of +2,000 nonfarm payroll jobs added in January 2023. Month-to-month seasonally-adjusted nonfarm payroll job declines ranged from a marginal decline of -100 jobs in August of 2023 to a loss of 2,100 nonfarm payroll jobs in May of 2023.

- That month-to-month job pattern has come at a time where the state's unemployment rate has continued to track at near record low levels—although the November 2023 reading at only 2.1% remains close to the all-time record low of 1.8% posted in July 2023 and August 2023.



- From the most recent nonfarm payroll job count data and cross-checking it with the household survey data of employed and unemployed Vermonters, we continue to see unusual disparities between the employment levels and month-to-month and year-over-year trends of those two key labor market surveys.

  - As we have noted over the course of much of the past six months, and there have been surprising and for the most part "hard-to-explain" month-to-month job changes that continue to appear to be the result of flawed seasonal-adjustment factors—as opposed to any real signs of economic weakness.

- This has resulted in what looks to be a significant under-counting of Vermont nonfarm payroll jobs according to the so-called monthly Current Employment Survey of business establishments (or the so-called "CES survey") relative to the data as indicated by the monthly household survey of employed residents in the other standard household survey approach the Labor Department uses used to gauge labor market changes.

▪ Looking more closely at the data regarding this issue, the CES survey seems to be missing a good portion of Services jobs that appear to actually be present in the Vermont economy versus what the CES survey has been indicating over time, and this has resulted in periodic over-estimating the monthly seasonally-adjusted ups and downs in the Private Educational Services sub-sector relating to a relatively few large companies that used to be located within the state but now are not presently operating in Vermont.

    - As a result, there have been a number of phantom "ups and downs" in the monthly seasonally-adjusted job counts which moved estimated Vermont job counts up and down consistent with what was expected to be normal seasonal staffing up and staffing down movements associated with the previously operating companies in Vermont associated with the school year—even though those companies are no longer present in Vermont.

▪ This very likely means that the CES job count survey apparently has been exaggerating the normal ups and downs associated with staffing up and then staffing down around the beginning and end of the school year—which has resulted in the creation of a series of fictitious movements in the "seasonally-adjusted" job count totals in Private Education Services.

    - We have been told by the Feds that they believed this was a seasonal factor issue that would be "self-correcting" over the course of a full calendar year—with some months of seasonally exaggerated "ups" to be followed by a series of off-setting seasonal "downs."

    - This will be the subject of some scrutiny over the next several months of job data to largely bounce-back from this artificial, seemingly unsupported downstroke in month-to-month job change as the school year goes through its normal seasonal "ups and downs" in order to close the gap between the two main surveys clearly divergent levels as of last month.

- So far, there has not been any significant evidence to actually relative to any self-correcting changes that would be expected to occur over time.

- So far, the results of the household survey and the CES payroll job survey by business establishment have not yet come into congruence.

- The difference between the lines remains significant, and the difference between the year-over-year payroll jobs change and the year-over-year change in the number of employed Vermonters and employed Vermonters still remained "at odds" through the most recent month's data.

▪ While the current difference between the two lines in the chart below does not appear to be all that large at only 2.4 percentage points overall, the difference in year-over-year change employment-job change was significant.

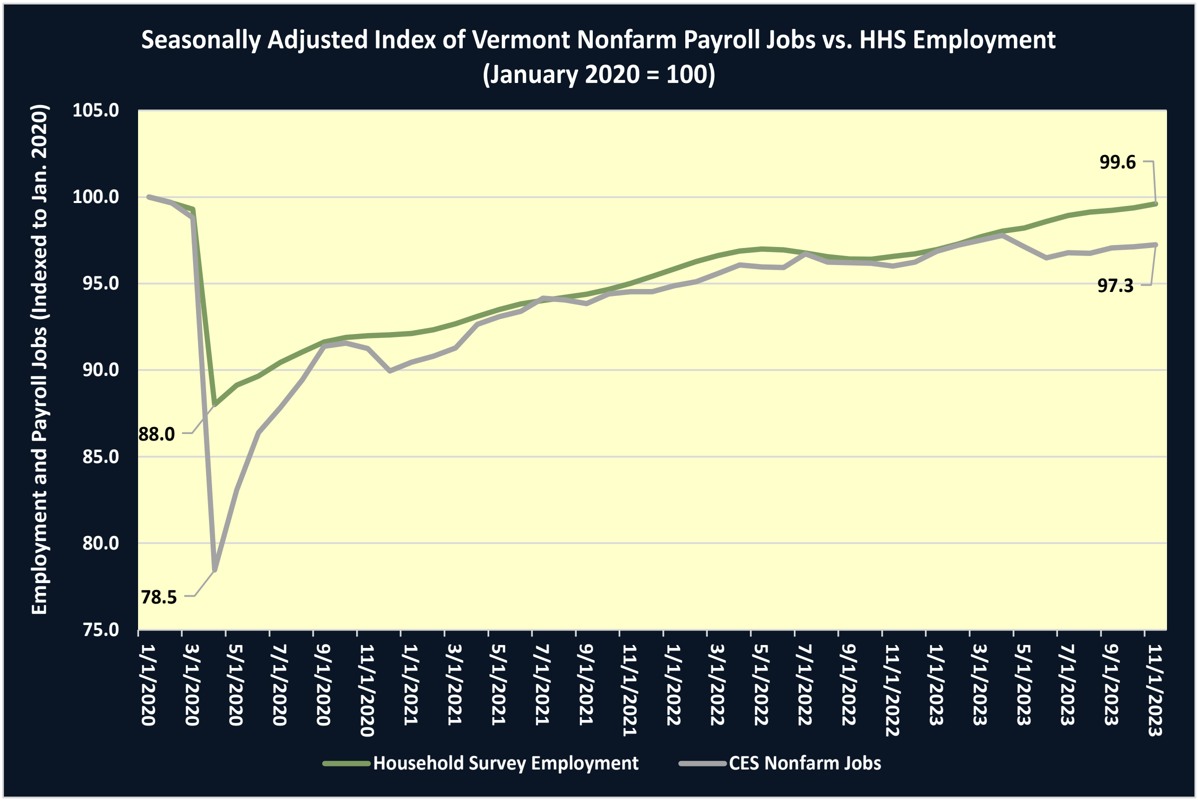
  - Indeed, the year-over-year change in the number of employed residents as of November 2023 (versus November 2022) as indicated by the household survey was at +10,492 more employed residents in November 2023 versus November 2022 compared a year-over-year change of only +3,900 nonfarm payroll job change as indicated by the business establishment survey in November 2023 versus November 2022.

  - Those year-over-year employment-job changes corresponded to a +3.2% change in the household survey-indicated number corresponding to the net gain in employed Vermont residents over the past year—a total nearly 3 times larger than the only +1.0% year-over-year change for the number of CES survey-indicated nonfarm payroll jobs gain over the past year.

▪ Those two different year-over-year change numbers convey significantly different stories about the strength of Vermont labor markets and the pace of change in employment.

  - Because it has become apparent that the seasonal-factors in the CES business establishment data are problematic, it can likely be concluded that the reality in Vermont labor markets is very likely much closer to the household survey number of employed Vermonters numbers—but that still requires actual verification by actual and revised data.

  - While it is likely that the CES business establishment nonfarm payroll job count data will eventually move back into better sync with the household survey numbers within the next six or so months as the seasonal factors do hopefully self-correct, this is in no way guaranteed.



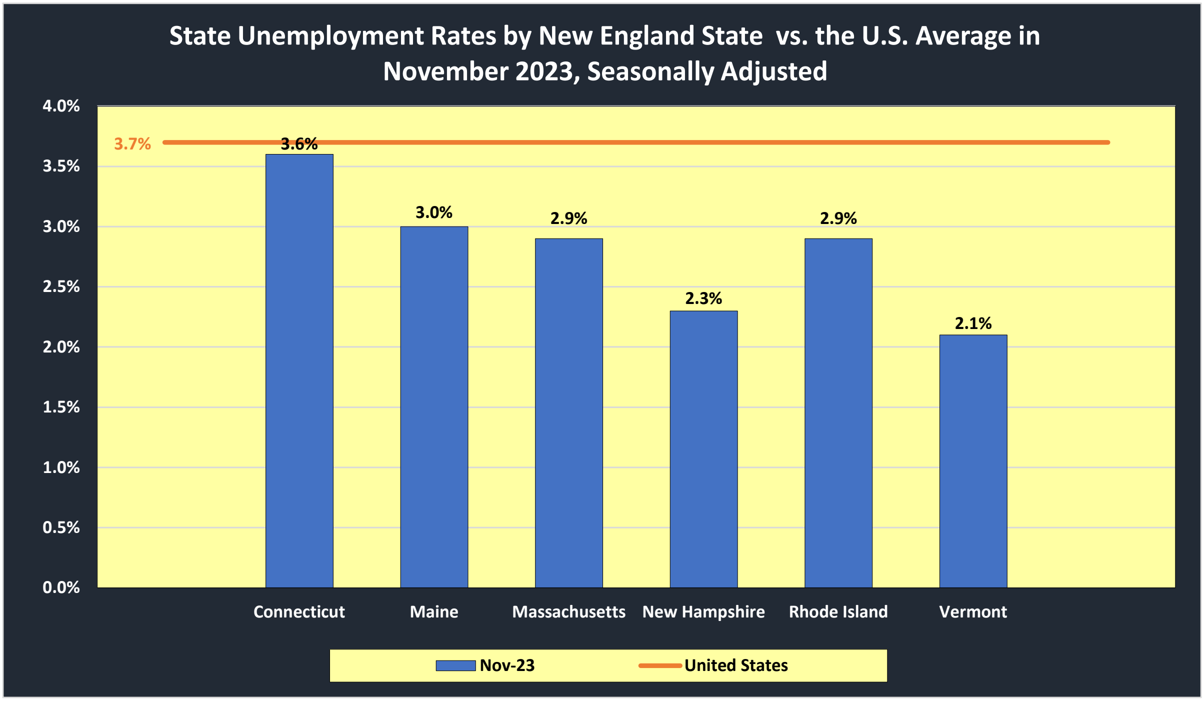
- At least part of the slower than average post-COVID recession recovery path of the Vermont economy appears to have been the result of the "exceptionally tight" labor market conditions that prevail in Vermont and in many of the New England states in November 2023 (see the updated chart below).

  - In Vermont, the November 2023 "top-line" unemployment rate stood at just 2.1%—only 0.2 percentage points above the all-time low established last July and August of 1.8%.

  - Four of the six New England state had a "top-line" unemployment rate equal to or below the level of at 3.0%.

  - Only the 3.6% November reading for the unemployment rate in the state of Connecticut was above 3.0% (at 3.6%), and all six New England states November 2023 reading was below the U.S. "top-line" unemployment rate of 3.9%.

- At 2.1% in November, Vermont's latest "top-line" unemployment rate reading was the 4th lowest unemployment rate reading in the U.S. during the month, representing a continuation of Vermont's very low unemployment rate status that has prevailed for the greater part of the last two years.



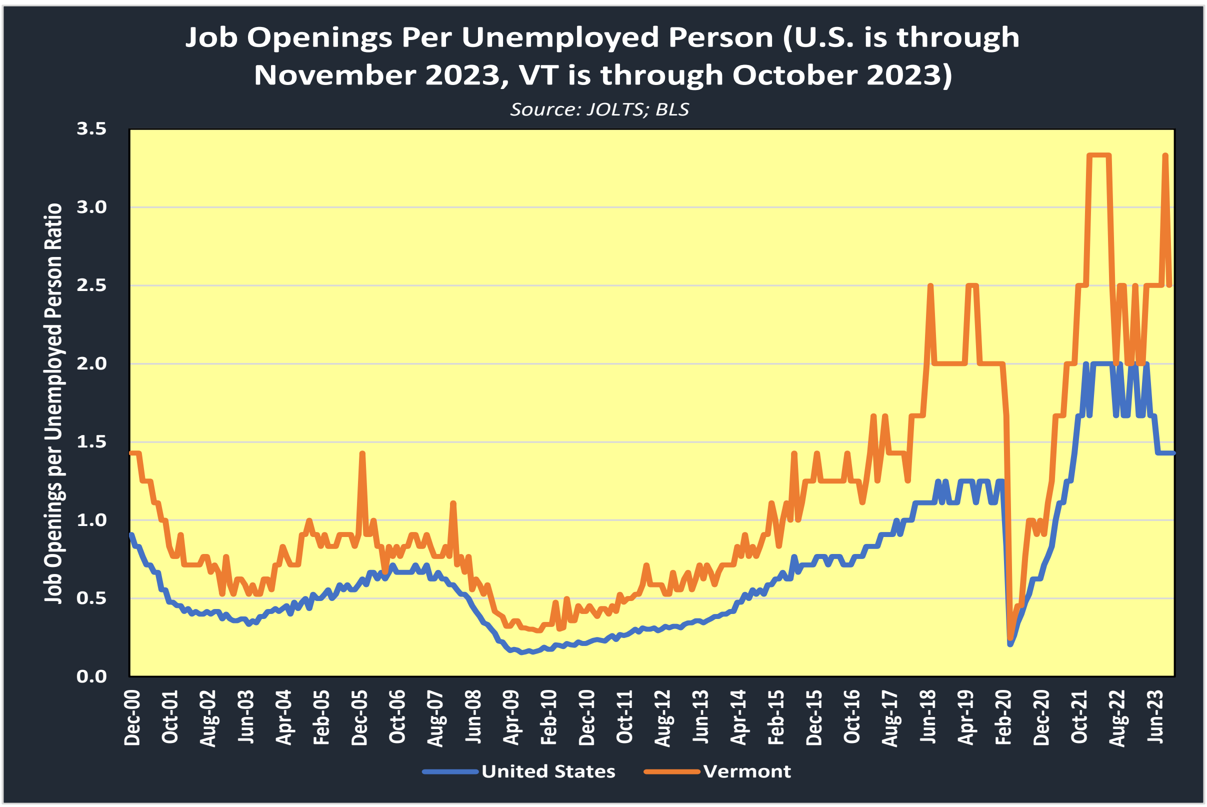
- Looking at the most recent reading of the U.S. Department of Labor's Job Openings and Labor Turnover ("JOLTS") data through November 2023 for the U.S. and through October 2023 for Vermont showed that there was a total of 19,000 available jobs in Vermont, totaling 2.5 available job opportunities for every available unemployed worker in Vermont (a decline of 0.8 job opportunities per unemployed worker in October).

  - The level of available jobs per unemployed worker for the U.S. in November 2023 stayed level with October 2023's reading at 1.4 available job opportunities per every available unemployed worker—as it has done nationally since July 2023 (or now five months in a row).

  - The level of available jobs per unemployed worker in the U.S. has been below the level of 2.0 jobs per unemployed worker for seven months in a row—a relative significant improvement as labor markets have been working towards a return to some degree of "normalcy."

- In Vermont, the number of available jobs per unemployed worker improved during October after taking a step back during September.

  - September 2023's 3.3 jobs per unemployed worker was the worst reading in this regard since the Spring of calendar year 2022—following an otherwise encouraging period between July 2022 and August 2023 where the number of job opportunities per unemployed worker had tracked below the 3.0 level until September 2023 (see the JOLTS data chart below).

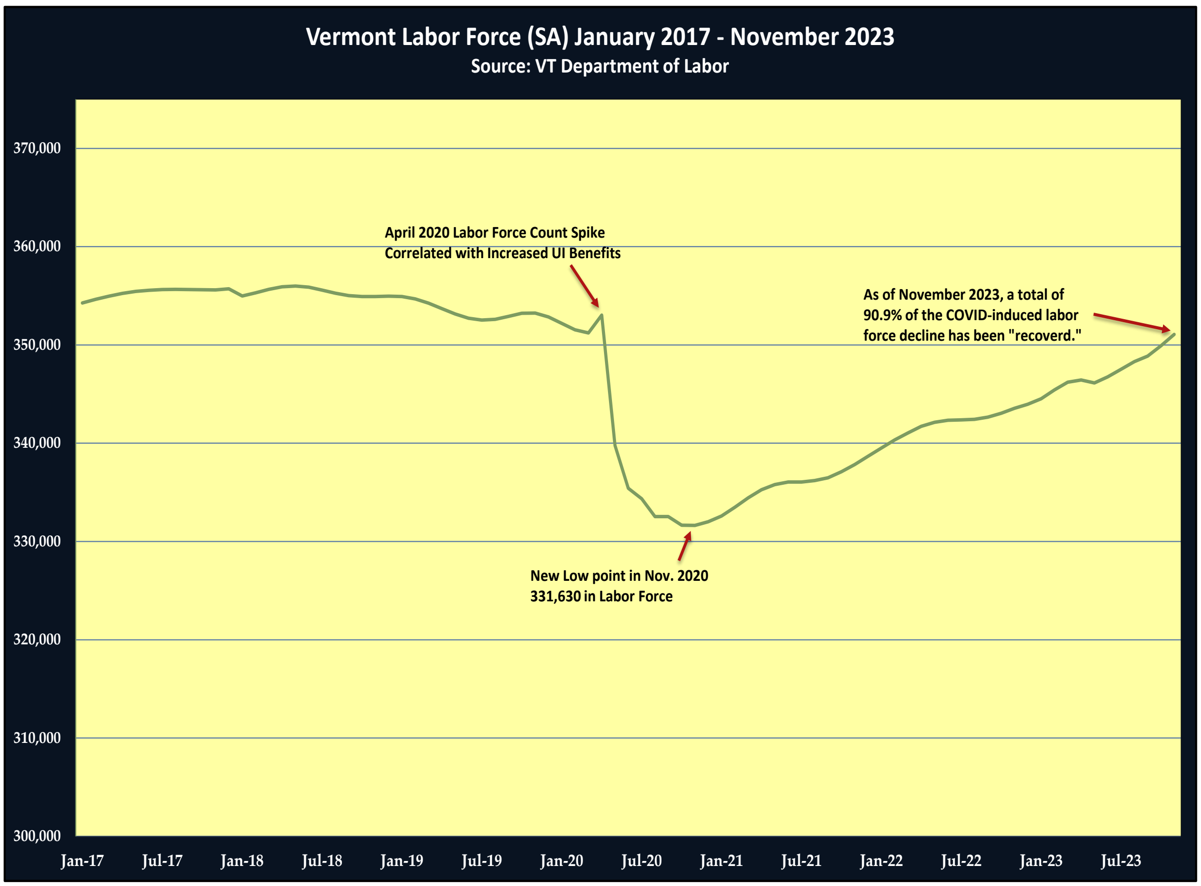


- Tracking how those data shake out in terms of the recovery of the state's overall labor force, the chart below shows the track of the state's labor force recovery since its low point in November 2020 (at 331,630 participants).

  - Using the most recent labor force data through November 2023 from the Household Survey of employed and unemployed Vermonters by household showed some additional progress in re-capturing the lost ground in the state's labor force again last month (adding another 1,166 participants seasonally-adjusted last month), leaving the state's labor force at only 1,954 participants left-to-recover in order to match Vermont's pre-pandemic "high point."

- As a result, the data showed that the state has recovered a total of 21,404 labor force participants or 90.9% of the 21,404 labor force participants lost from the April 2020 peak (at 353,528 participants at that time).[8]

- This means that more than nine of every ten previously lost labor force participants in Vermont re-gained through November of 2023, the state continued last month to make relatively steady progress at starting to relieve some of the excessive "tightness" in its labor markets that have been holding back our labor market recovery.



- However, while that represented considerable progress overall in terms of the state's recovery in labor force numbers from the sharp declines associated with the pandemic, Vermont through November 2023 still had one of the larger negative changes in its comparative labor force participation rates dating back to January 2020 (see the chart below).

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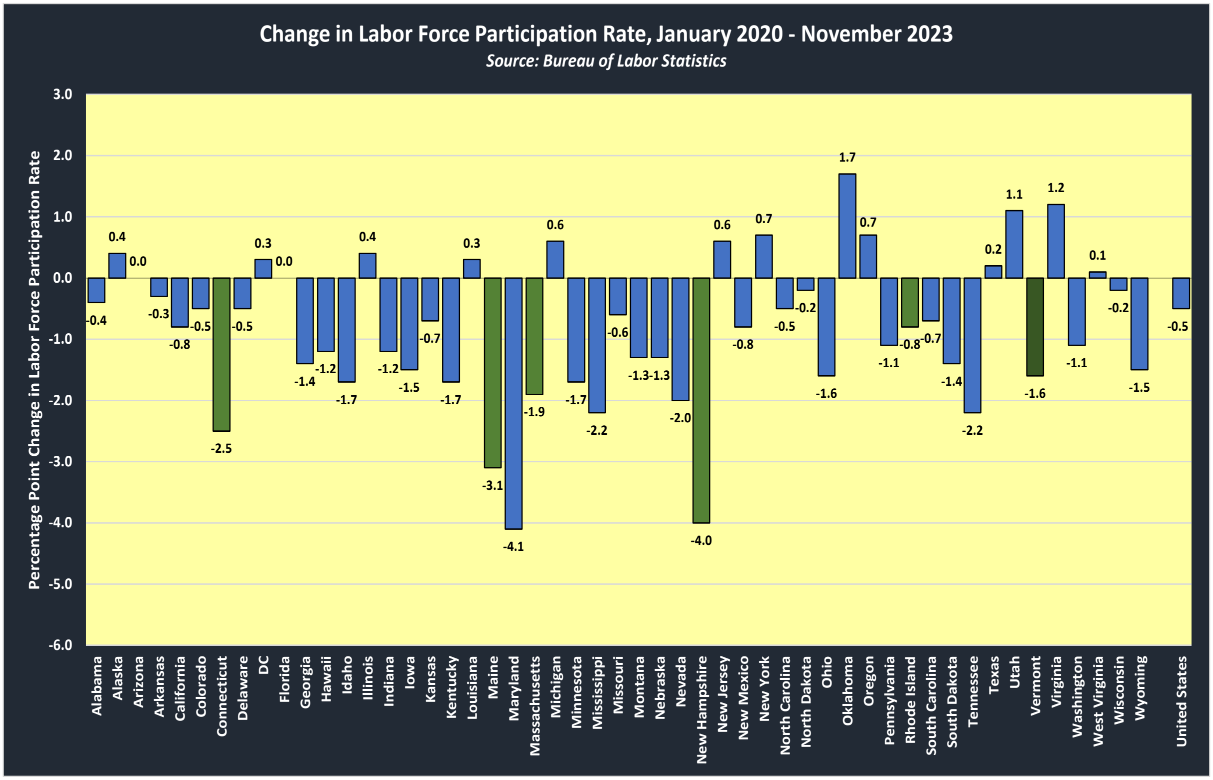
[8] Which likely was somewhat inflated by the need for workers at that time during the COVID pandemic to "claim" they were in the state's labor force and looking for a job in order to qualify for pandemic-enhanced unemployment benefits.



- Through last month, Vermont remained within the "Bottom Ten" of states (actually tied for 9th with the state of Ohio at -1.6%) between January 2020 and November 2023 in terms of the percentage decline in its labor force participation rates.

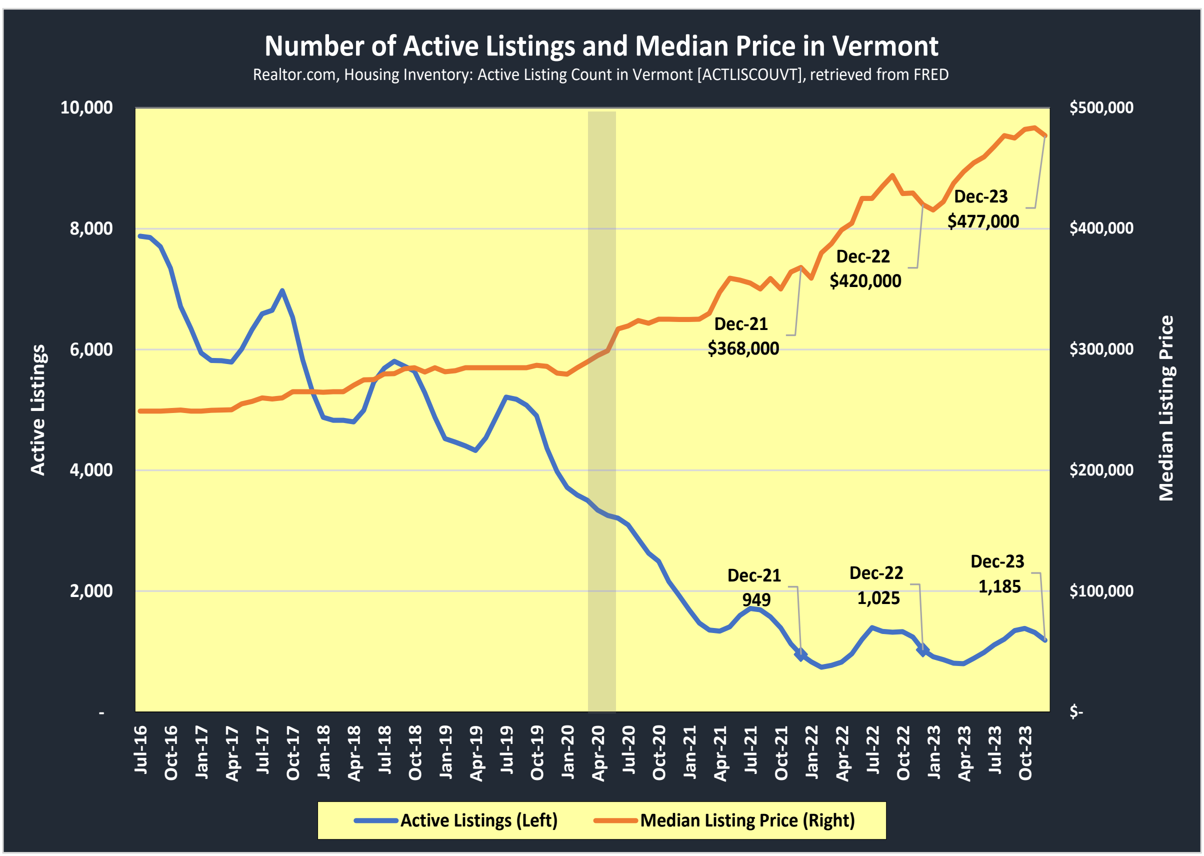
- In November of 2023, there were a total of eleven states which had a -1.6% or greater decline in their labor force participation rates since January 2020 (though November 2023).

- Among the thirteen states at or above a -1.5 percentage point decline in labor force participation since January 2020, a total of four of the six New England states were found in those top labor force participation declining states—including the state of New Hampshire at -4.0 percent, Maine at -3.1 percent, Connecticut at -2.5 percent, Massachusetts at -1.9 percent, to go along with Vermont's 1.6 percent decline in its labor force participation rate over the period.

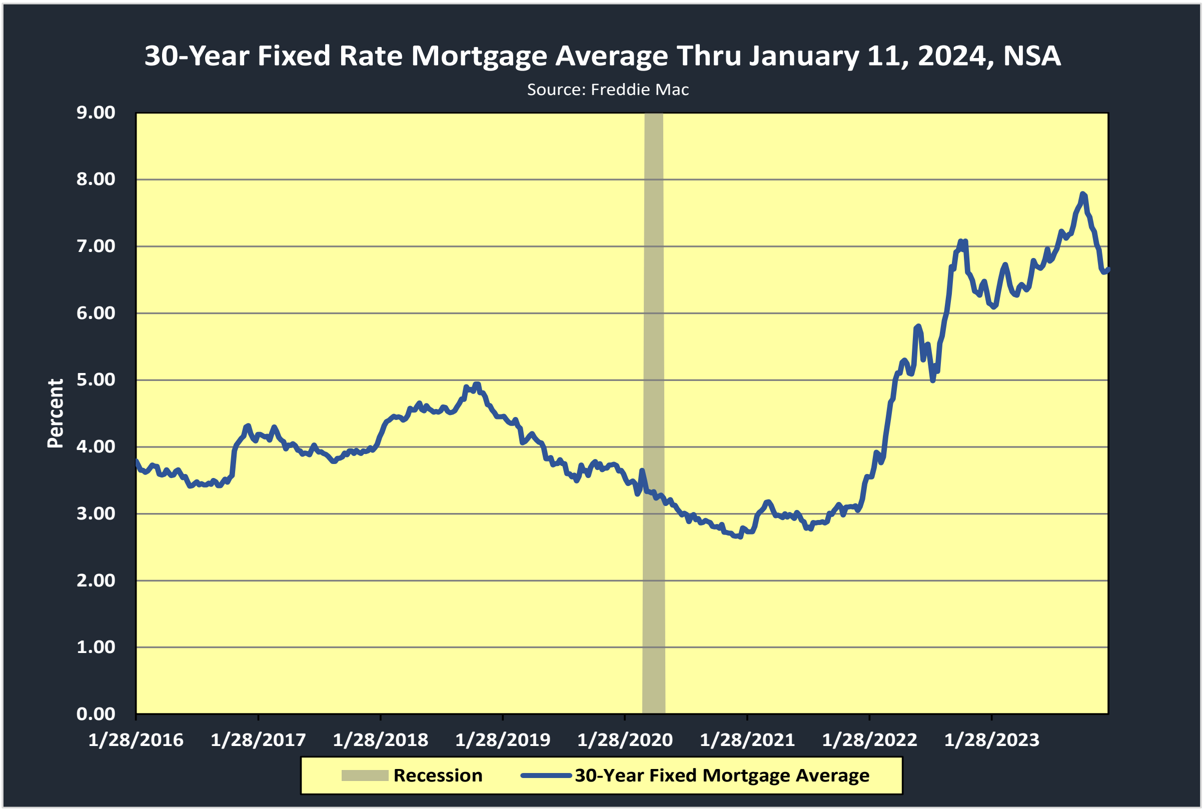
▪ Turning to Vermont real estate markets, the VT Realtor.com data through December of calendar year 2023 showed the continuing upward pressure on Vermont housing prices (as measured by the median price of listings throughout the state) through December 2023 which appeared directly related continued to be the direct effect of the limited supply of listings on the market across the state.

- Like other state and regional housing markets around the country and especially across northern New England, the recent increase in mortgage interest rates has continued to constrict supply as many prospective sellers have resisted putting a house on the market likely because of the likelihood of having to accept a significantly higher mortgage rate as they move to acquire a new unit to move into after their prospective sale.

- In fact, as of December 2023, the median listing price of listed units in Vermont available through the Realtor.com network (that is by so-called MLS or Multiple Listing Service agents) was up to $477,000—down slightly from the November 2023 cyclical high of $483,563—up still up by 13.6% year-over-year (see the chart below).



- As a result, most of the supply likely reflects those who are forced to put a unit on the market (e.g. a death, a new job, and a move, etc.)—despite the large increase in mortgage interest rates until just recently (e.g. the last five weeks where mortgage rates have come down (see the second chart regarding 30-year fixed mortgage rates below).



– While this is clearly not sustainable over the longer term, these unusual dynamics are apt to continue as long as many of these potential sellers are not "cash buyers" and many have much lower mortgage interest rates on their current housing unit's mortgage than would be the case if they sold and had to take out a new mortgage at today's elevated levels.

❖ Summary of the Updated Consensus Economic Forecast Update.

▪ In keeping with our usual practice in the quarterly versions of our monthly revenue analysis memos, the following section relates to the recently agreed-to consensus economic forecast update which will underpin the final consensus revenue forecast for fiscal years 2024, 2025, and 2026 (and for the fiscal planning period beyond).

– This latest consensus economic forecast update arrived during the late December 2023-early January 2024 period.

- The consensus economic forecast update reflects the expectation that after roughly four years of pandemic-induced turbulence, the U.S. economy finally seems poised to make its long-awaited landing.

  - At this point, the only question with respect to that pending arrival on the tarmac is whether or not the upcoming landing will be a relatively rare "soft-landing" for the economy or whether it may end up being somewhat "harder" than what was hoped for over the last year.

  - If the landing does end up being significantly harder—thereby resulting in somewhat higher costs for the economy as the Fed seeks to bring down inflation relative to what a softer-landing for the economy might involve.

- In recent months, prospects for a softer landing have increased, even though the path for such an economic scenario will not be without its challenges.

  - As such, this updated consensus economic forecast expects it is likely there still will be bumps along the way to the pending "soft-landing" for the economy, with the greatest risk for those uncertainties to pop up over the next six to twelve months—as the Federal Reserve attempts to make its policy pivot from exceptionally tight to a more accommodative policy position.

  - The updated consensus economic forecast expects that the economy will slow significantly during the initial part of the forecast update horizon, which is likely to be broadly felt across all sectors of the economy as activity slows. However, the consensus forecast update expects that the slowdown will not be significant or broad-based enough to result in a full-fledged economic downturn.

  - In fact, the expected slowdown is likely to be an important catalyst to further relieving what otherwise would be more stubbornly persistent inflationary pressures.

  - As a result, the expected slowdown is instead likely to play an important role of providing the Federal Reserve with the flexibility to complete its policy pivot to a more accommodative stance in terms of its interest rate and balance sheet holdings policies.

- For the early part of the consensus economic forecast update's time horizon, the forecast includes the following factors: (1) continued "sticky," elevated levels of inflation; (2) continued elevated levels of short-term and longer-term interest rates (at least relative to the very low interest rate levels of the post-"Great Recession" time frame as the Fed continues to act to restrain the elevated level of prices noted above); (3) rising consumer debt and debt burdens associated with the generally dissipating levels of pandemic-assisted savings; (4) the economic strains associated with the resumption of student loan payments; and (5) continued tightening lending standards—especially for small business and various forms of consumer-oriented credit.

  - It also is likely that the commercial real estate sector is going to be in for a rough ride during calendar year 2024 and into calendar years 2025 and 2026—especially as the commercial real estate sector goes through its significant debt re-pricing cycle this calendar year and next—which will be somewhat off-set by the still very strong household sector where a significant share of household debt—such as mortgage debt—carries very low mortgages rates that were financed/re-financed at very low mortgage rate levels from the Fed's post-"Great Recession" "easy money" policies.

  - In addition, there continue to by a number of threats—including both domestic[9] and foreign geo-political in nature—that could individually or in some combination derail an otherwise reasonably optimistic outlook for the economy.

- As a result, the updated consensus economic forecast update includes U.S. GDP growth rates from a low of 1.6% during calendar year 2024 monetary policy transition year—before recovering in calendar years 2025 and 2026 to +1.8% and +2.1%, respectively (see Tables 5 and 6 below at the end of this section for the U.S. and Vermont forecasted data, also respectively).

  - As a result, following the expected near-term slowdown in the economy as monetary policy makes its expected transition, the U.S. economy should begin to get back to a more normal performance and profile.

[9] Including two federal fiscal government spending—appropriations legislative deadlines over the next three or so weeks—where either one failing—could result in yet another partial federal government shutdown and all of its potential downside impacts and implications on the economy, the U.S. southern border, and the funding of the wars in eastern Europe and in Gaza region of the Middle East.

- While it is true that U.S. consumption spending has held up well—at least until recently—over the past calendar year despite higher inflation and rising interest rates, this updated consensus forecast update expects this trend will not ultimately prove to not be sustainable.

  - As Personal Income growth has slowed, pandemic savings have been declining, and household and business debt levels have also recently been rising.

  - That will be a clear drag on near-term consumption, especially as new student loan repayment requirements will also result in a headwind that will at least initially weigh on household consumption—until some debt cost relief starts to work its way through the economy.

- At the same time, after posting reasonably strong growth during the first half of calendar year 2023 (corresponding to the second half of fiscal year 2023), business investment activity slowed significantly over the past six months as the Fed's interest rate increases made investment activities significantly more expensive.

  - This updated consensus economic forecast expects that this drag will intensify as the Fed resists cutting interest rates until mid-calendar year 2024 (or until the first half of fiscal year 2025).

  - Activity in the housing market, which has been in decline since 2021, began to pick up over the last six months as persistent demand for housing and historically constrained housing unit inventory levels driving activity.

  - The updated consensus economic forecast expects the residential housing sector will not begin a sustained recovery until after the Fed starts reducing interest rates after mid-calendar year 2024 (or until the first half of fiscal year 2025).

  - At that point, a substantial amount of pent-up housing demand will push residential investment forward where it once again is likely to become a positive contributor to economic growth.

- On the inflation front, the updated consensus economic forecast update expects that there will be additional progress on the consumer price moderation front, but progress towards the Federal Reserve's price stability goal will be slower and more uneven than the current consensus view.

- There also are concerns about energy market and other commodity cost uncertainties related to the wars in eastern Europe and in Gaza that could serve to frustrate the expected "last mile" declines in U.S. and global inflation (especially amid worries about the conflict in Gaza may be broadening to other parts of the Middle East as attacks on commercial shipping by Iran and its surrogates in the Red Sea and Persian Gulf region have recently increased.

- The updated consensus economic forecast does expect that price pressures will continue to ease across many price categories including housing and many services categories even though progress will be slower and more uneven than many expect.

- As a result, this consensus economic forecast update expects that year-over-year inflation rate readings to remain at about 3 percent through calendar year 2024, reaching the Fed's +2.0 percent year-over-year target by the end of calendar year 2025.

▪ Labor market tightness has been persistent over much of the past two years even as the Fed has increased interest rates.

- However, recent data has begun to show some moderation, and this consensus economic forecast update expects this moderating trend to continue over the coming quarters, but the slowdown is not expected to result in the type of collapse in labor markets to collapse that could precipitate anything close to a full-blown economic downturn.

- The continued tightness in U.S. labor markets is expected to be the result of continuing labor force contraction as "Baby Boomers" continue to retire from the workforce.

- In fact, this labor force dynamic is expected to help prevent overall labor market conditions and economic growth from slipping too far into potentially contractionary territory, which is then expected to facilitate somewhat of a labor market rebound in calendar year 2025 and beyond.

▪ Looking into late calendar year 2024 and calendar years 2025 and 2026, this updated consensus economic forecast update expects the volatility that dominated the U.S. economy over the pandemic period will progressively diminish over the forecast update time frame.

- In the calendar year 2025, this updated consensus economic forecast update expects that overall GDP and job growth will return to more stable pre-pandemic rates, consumer inflation will unlikely get specifically down to the Fed's +2.0% goal per se but instead hover at around 2.5% by calendar year 2026, and the Fed will lower the Federal Funds interest rate to 3.0% or below by that time as well.

- However, due to an aging labor force this consensus economic forecast update expects tightness in the labor market to persist, thereby remaining an ongoing challenge for the economy for the foreseeable future.

▪ Turning to the Vermont revised consensus economic outlook, the updated consensus economic forecast update expects that the sub-average, demographically restrained pace of labor market and economic recovery in Vermont from the pandemic-induced downturn back in early calendar year 2020 will continue.

  - Labor markets are expected to remain "historically tight" throughout the consensus forecast update timeline, and job additions will continue to be constrained by the relative lack of available labor force—in contrast to the lack of available job opportunities.

  - For example, in October there were a total of 19,000 available job opportunities or 2.7 available jobs per unemployed Vermonter during that month last Fall.

▪ Looking ahead, there is little prospect of these tight labor market conditions easing significantly over the next several years, unless or until tight labor market conditions are off-set through significant labor force growth though population in-migration and/or coaxing some of the early retirees that surged during the pandemic to re-enter the labor force.

  - Since it took a while for the state to get into this situation, it is likely that it will take some time for this situation to eventually be corrected.

Table 5

Comparison of Recent Consensus U.S. Macroeconomic Forecasts June 2022 through December 2023, Selected Variables, Calendar Year Basis

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Real GDP Growth									
June-22	*2.9*	*2.3*	*-3.4*	*5.7*	*2.0*	*1.9*	*2.3*	*2.4*	*2.4*
December-22	*2.9*	*2.3*	*-2.8*	*5.9*	*1.9*	*1.0*	*1.7*	*2.6*	*2.8*
June 2023	*2.9*	*2.3*	*-2.8*	*5.9*	*2.1*	*1.5*	*1.3*	*2.5*	*2.7*
December 2023	*3.0*	*2.5*	*-2.2*	*5.8*	*1.9*	*2.4*	*1.6*	*1.8*	*2.1*
S&P 500 Growth (Annual Avg.)									
June-22	*12.1*	*6.1*	*10.5*	*32.6*	*-3.9*	*1.0*	*4.0*	*6.0*	*4.8*
December-22	*12.1*	*6.1*	*10.5*	*32.6*	*-4.1*	*-2.1*	*2.1*	*4.7*	*5.6*
June 2023	*12.1*	*6.1*	*10.5*	*32.6*	*-3.9*	*6.7*	*3.9*	*3.0*	*5.0*
December 2023	*12.1*	*6.1*	*10.5*	*32.6*	*-3.9*	*4.5*	*6.5*	*2.5*	*4.6*
Employment Growth (Non-Ag)									
June-22	*2.9*	*2.3*	*-3.4*	*5.7*	*2.7*	*1.4*	*2.3*	*2.5*	*2.6*
December-22	*1.6*	*1.3*	*-5.8*	*2.8*	*4.1*	*1.6*	*0.7*	*0.7*	*0.3*
July 2023	*1.6*	*1.3*	*-5.8*	*2.9*	*4.3*	*2.2*	*0.9*	*0.7*	*0.7*
December 2023	*1.6*	*1.3*	*-5.8*	*2.9*	*4.3*	*2.3*	*0.7*	*0.4*	*0.5*
Unemployment Rate									
June-22	*3.9*	*3.7*	*8.1*	*5.4*	*3.7*	*3.9*	*4.0*	*4.1*	*4.0*
December-22	*3.9*	*3.7*	*8.1*	*5.4*	*3.7*	*4.1*	*4.3*	*4.1*	*4.0*
June 2023	*3.9*	*3.7*	*8.1*	*5.4*	*3.6*	*3.8*	*4.3*	*4.5*	*4.4*
December 2023	*3.9*	*3.7*	*8.1*	*5.4*	*3.6*	*3.6*	*3.9*	*4.0*	*4.0*
West Texas Int. Crude Oil $/Bbl									
June-22	*65*	*57*	*40*	*68*	*99*	*90*	*70*	*71*	*77*
December-22	*65*	*57*	*40*	*68*	*95*	*87*	*69*	*68*	*70*
June 2023	*65*	*57*	*40*	*68*	*94*	*76*	*79*	*81*	*81*
December 2023	*65*	*57*	*40*	*68*	*94*	*78*	*79*	*83*	*84*
Prime Rate									
June-22	*4.90*	*5.29*	*3.54*	*3.25*	*5.40*	*6.65*	*5.80*	*5.67*	*5.67*
December-22	*4.90*	*5.29*	*3.54*	*3.25*	*4.84*	*8.14*	*7.52*	*6.40*	*5.70*
June 2023	*4.90*	*5.29*	*3.54*	*3.25*	*4.85*	*8.09*	*7.57*	*6.33*	*5.67*
December 2023	*4.90*	*5.29*	*3.54*	*3.25*	*4.85*	*8.20*	*8.28*	*7.33*	*6.36*
Consumer Price Index Growth									
June-22	*2.4*	*1.8*	*1.2*	*4.7*	*7.4*	*3.8*	*2.7*	*2.6*	*2.5*
December-22	*2.4*	*1.8*	*1.2*	*4.7*	*8.0*	*5.0*	*3.0*	*2.4*	*2.3*
June 2023	*2.4*	*1.8*	*1.3*	*4.7*	*8.0*	*4.3*	*3.1*	*2.6*	*2.5*
December 2023	*2.4*	*1.8*	*1.3*	*4.7*	*8.0*	*4.1*	*3.0*	*2.6*	*2.5*
Average Home Price Growth									
June-22	*5.5*	*4.6*	*5.1*	*13.7*	*11.7*	*4.8*	*2.4*	*0.7*	*1.2*
December-22	*5.6*	*4.6*	*5.1*	*13.7*	*17.0*	*5.3*	*-1.1*	*-0.4*	*1.8*
June 2023	*5.5*	*4.6*	*5.2*	*13.7*	*17.0*	*4.9*	*-1.3*	*-2.1*	*0.4*
December 2023	*5.5*	*4.6*	*5.2*	*13.7*	*16.9*	*5.4*	*0.1*	*-1.6*	*0.4*

Table 6
Comparison of Consensus Administration and JFO Vermont Forecasts June 2021 through December 2023, Selected Variables, Calendar Year Basis

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Real GSP Growth									
June-21	*0.9*	*0.8*	*-5.4*	*6.2*	*4.6*	*2.8*	*2.6*	*2.4*	*2.0*
December-21	*0.4*	*1.0*	*-4.2*	*4.4*	*4.2*	*3.0*	*2.8*	*2.6*	*2.3*
June-22	*0.4*	*1.0*	*-4.2*	*3.5*	*2.4*	*1.8*	*2.3*	*2.5*	*2.5*
December-22	*0.4*	*1.1*	*-2.9*	*5.1*	*2.7*	*0.5*	*1.5*	*2.5*	*2.6*
June 2023	*0.4*	*1.1*	*-2.9*	*5.1*	*2.8*	*1.6*	*1.2*	*2.1*	*2.5*
December 2023	*0.7*	*1.2*	*-2.7*	*4.8*	*2.2*	*1.5*	*1.1*	*1.2*	*1.8*
Population Growth									
June-21	*0.3*	*0.3*	*0.3*	*0.2*	*0.2*	*0.2*	*0.2*	*0.3*	*0.2*
December-21	*0.3*	*0.3*	*0.3*	*0.5*	*0.4*	*0.3*	*0.3*	*0.2*	*0.2*
June-22	*0.3*	*0.3*	*0.3*	*0.5*	*0.3*	*0.3*	*0.3*	*0.3*	*0.2*
December-22	*0.3*	*0.3*	*0.3*	*0.6*	*0.0*	*0.3*	*0.3*	*0.3*	*0.2*
June 2023	*0.1*	*0.0*	*-0.1*	*0.6*	*0.0*	*0.3*	*0.3*	*0.2*	*0.2*
December 2023	*0.1*	*0.0*	*-0.1*	*0.6*	*0.0*	*0.6*	*0.2*	*0.2*	*0.2*
Employment Growth									
June-21	*0.3*	*0.1*	*-9.4*	*2.7*	*3.8*	*1.8*	*0.9*	*0.6*	*0.6*
December-21	*0.3*	*0.1*	*-9.4*	*2.7*	*3.1*	*1.6*	*1.0*	*0.8*	*0.6*
June-22	*0.3*	*0.1*	*-9.3*	*2.4*	*2.8*	*1.3*	*1.0*	*1.1*	*0.8*
December-22	*0.3*	*0.1*	*-9.3*	*2.4*	*2.5*	*0.9*	*0.5*	*0.6*	*0.7*
June 2023	*0.3*	*0.1*	*-9.3*	*2.7*	*3.0*	*1.9*	*0.8*	*1.1*	*0.8*
December 2023	*0.3*	*0.1*	*-9.3*	*2.7*	*3.0*	*1.5*	*0.6*	*0.9*	*0.8*
Unemployment Rate									
June-21	*2.6*	*2.3*	*5.6*	*2.8*	*2.3*	*2.4*	*2.7*	*3.1*	*3.3*
December-21	*2.6*	*2.3*	*5.6*	*2.9*	*2.2*	*2.3*	*2.6*	*2.8*	*3.0*
June-22	*2.6*	*2.3*	*5.6*	*3.4*	*2.5*	*2.6*	*2.8*	*3.1*	*3.2*
December-22	*2.6*	*2.3*	*5.6*	*3.4*	*2.4*	*2.8*	*3.1*	*3.1*	*3.3*
June 2023	*2.5*	*2.1*	*5.7*	*3.7*	*2.6*	*2.7*	*3.1*	*3.2*	*3.3*
December 2023	*2.5*	*2.1*	*5.7*	*3.7*	*2.6*	*2.2*	*2.7*	*3.0*	*3.1*
Personal Income Growth									
June-21	*3.5*	*3.2*	*6.0*	*3.5*	*1.3*	*4.6*	*4.5*	*4.4*	*4.3*
December-21	*3.2*	*3.4*	*6.7*	*3.6*	*2.2*	*4.7*	*4.6*	*4.5*	*4.3*
June-22	*3.2*	*3.4*	*6.7*	*4.5*	*2.2*	*5.2*	*5.0*	*4.6*	*4.4*
December-22	*3.5*	*6.0*	*7.1*	*4.9*	*2.1*	*5.0*	*4.8*	*4.3*	*4.6*
June 2023	*3.5*	*6.0*	*7.1*	*4.9*	*2.4*	*5.6*	*5.2*	*4.5*	*4.2*
December 2023	*3.6*	*5.2*	*7.0*	*6.3*	*3.0*	*5.5*	*4.2*	*4.3*	*4.4*
Average Home Price Growth									
June-21	*3.1*	*3.6*	*5.2*	*8.7*	*10.2*	*8.9*	*6.6*	*3.7*	*0.3*
December-21	*3.0*	*3.8*	*5.1*	*13.3*	*13.5*	*8.7*	*3.8*	*0.4*	*0.2*
June-22	*3.0*	*3.7*	*5.1*	*14.0*	*13.4*	*5.6*	*2.6*	*1.9*	*2.2*
December-22	*3.1*	*3.7*	*5.1*	*14.1*	*17.8*	*5.9*	*1.4*	*-1.1*	*0.5*
June 2023	*3.0*	*3.7*	*5.1*	*14.0*	*18.2*	*6.7*	*0.3*	*-1.4*	*-0.3*
December 2023	*3.0*	*3.7*	*5.1*	*14.0*	*18.1*	*9.6*	*1.1*	*-1.5*	*-0.5*

❖ Acknowledgements, Notes, and Comments on Methods Associated with the Consensus Forecasting Process.

- All figures presented above reflect current law revenues for the respective funds listed in the consensus forecast estimate for fiscal years 2024 through fiscal year 2026 that are part of the official Emergency Board motion.

  - Fiscal years 2027 through 2029, are presented for fiscal planning purposes only by staff, and are subject to less rigorous forecasting methods and protocols than the consensus forecasts for the initial fiscal year 2024-2026 period.

- The revenue forecasting process is a collaborative process that involves on-going involvement by the staff of the Vermont Department of Taxes, VAOT, 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, Rebecca Sameroff, Ian Kimmel, Jennifer McNall, Ian Kimmel, and Andrew Stein.

  - Special thanks also are due to staff of the Department of Financial Regulation; Carma Flowers, Bradley Kukenberger, Ann Noelk, and Aaron Brodeur at the Vermont Agency of Transportation, Douglas Farnham, John Becker and Peggy Brooks at the Vermont Agency of Administration-Department of Finance and Management.

  - We also received important assistance from the Vermont treasurers Office, including Scott Baker, Jeremiah Breer, and Dan Currier, and Treasurer Pieciak. In the Department of Liquor and Lottery, Commissioner Knight and supporting analysts provided important data and insights into Lottery issues affecting FY24 and future revenues.

- The JFO staff also provided key assistance to this forecast update, including Catherine Benham, Ted Barnett, Chris Rupe, Dan Dickenson, Joyce Manchester, Noah Langwell, and Dan Dickerson.

  - 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 were 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 Kavet, Rockler, & Associates (KRA) for the JFO and the staff at Economic & Policy Resources, Inc. (EPR) on behalf of the Administration.

  - 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), but the State does not currently fund an internal State or U.S. macroeconomic model for forecasting purposes.

  - As such, this analysis uses a semi-annual macroeconomic forecast from Moody's Analytics, Inc. with consensus model adjustments by KRA and EPR using a customized on-line macro-model for Vermont provided through Moody's Analytics prepared for the month preceding the consensus revenue forecast update.

  - Prior to this, the NEEP forecast for Vermont was historically 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 was provided by Tom Kavet of KRA, as the State Economist and Principal Economic Advisor to the Vermont Legislature.

  - Occasionally, other tools such as input-output models maintained Regional Economic Models , Inc ("REMI") and Regional Dynamics, Inc *REDYN), and IMPLAN as managed by EPR, KRA, and the JFO have been used in selected economic impact and simulation analyses used to derive these estimates as needed.

Attachments: Consensus Forecast Update Tables/Five-Year Fiscal Planning Estimates

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change
REVENUE SOURCE														
Personal Income	$925.8	5.8%	$1069.8	15.5%	$1267.8	18.5%	$1210.0	-4.6%	$1140.9	-5.7%	$1134.7	-0.5%	$1184.5	4.4%
Sales and Use[1]	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$584.0	7.1%	$596.6	2.1%	$606.9	1.7%	$623.9	2.8%
Corporate	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$281.4	26.0%	$241.5	-14.2%	$229.2	-5.1%	$238.2	3.9%
Meals and Rooms[5]	$163.6	-10.1%	$143.8	-12.1%	$216.8	50.8%	$237.7	9.6%	$239.4	0.7%	$245.8	2.7%	$254.3	3.5%
Liquor	$21.6	0.8%	$28.7	32.8%	$30.1	5.0%	$30.8	2.1%	$31.2	1.3%	$31.8	1.9%	$32.4	1.9%
Insurance	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$68.8	4.8%	$70.2	2.0%	$71.2	1.4%	$72.7	2.1%
Telephone	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-5.7%	$2.2	-7.3%	$2.1	-4.5%	$2.0	-4.8%
Beverage	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.3	3.1%	$7.1	-2.2%	$7.2	1.4%	$7.3	1.4%
Estate	$15.2	20.1%	$26.9	77.5%	$14.0	-48.0%	$18.6	33.1%	$22.4	20.2%	$23.1	3.1%	$24.0	3.9%
Property	$42.3	2.9%	$73.9	74.8%	$77.7	5.1%	$69.2	-10.9%	$60.2	-13.0%	$58.1	-3.5%	$59.9	3.1%
Bank	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$17.8	4.9%	$17.9	0.7%	$17.6	-1.7%	$17.2	-2.3%
Cannabis Excise	$0.0	NM	$0.0	NM	$0.0	NM	$6.7	NM	$16.3	142.4%	$19.0	16.6%	$20.4	7.4%
Other Tax	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.4	11.7%	$0.9	-35.7%	$1.0	11.1%	$1.1	10.0%
Total Tax Revenue	$1829.7	3.8%	$2068.5	13.1%	$2468.2	19.3%	$2536.1	2.7%	$2446.8	-3.5%	$2447.7	0.0%	$2537.9	3.7%
Business Licenses	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$0.6	-54.5%	$0.7	23.6%	$0.8	14.3%	$0.9	12.5%
Fees	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.6	8.1%	$44.1	-3.3%	$44.2	0.2%	$44.4	0.5%
Services	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$3.7	33.2%	$3.8	1.6%	$3.6	-5.3%	$3.7	2.8%
Fines	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$2.6	-21.1%	$2.9	9.8%	$3.1	6.9%	$3.2	3.2%
Interest	$4.1	-18.0%	$0.9	-77.9%	$2.6	185.2%	$56.9	2102%	$72.2	26.8%	$55.5	-23.1%	$37.2	-33.0%
Special Assessments	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Lottery	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$32.1	4.3%	$34.9	8.6%	$35.7	2.3%	$36.5	2.2%
All Other[3]	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$1.5	58.7%	$0.8	-47.6%	$0.9	12.5%	$1.0	11.1%
Total Other Revenue	$84.8	-9.7%	$84.1	-0.8%	$83.9	-0.2%	$143.1	70.5%	$159.4	11.4%	$143.8	-9.8%	$126.9	-11.8%
Healthcare Revenue[4]	$284.7	3.0%	$281.0	-1.3%	$303.5	8.0%	$319.3	5.2%	$327.4	2.5%	$337.5	3.1%	$343.2	1.7%
TOTAL GENERAL FUND	**$2199.2**	**3.1%**	**$2433.6**	**10.7%**	**$2855.6**	**17.3%**	**$2998.5**	**5.0%**	**$2933.6**	**-2.2%**	**$2929.0**	**-0.2%**	**$3007.9**	**2.7%**

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

2) 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 E-Fund.

3) 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.

4) Heathcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.

5) Includes Clean Water Fund redirect consisting of 6% of total M&R collections

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY2020 *(Actual)*	% Change	FY2021 *(Actual)*	% Change	FY2022 *(Actual)*	% Change	FY2023 *(Actual)*	% Change	FY2024 *(Forecast)*	% Change	FY2025 *(Forecast)*	% Change	FY2026 *(Forecast)*	% Change
REVENUE SOURCE														
Personal Income	$925.8	5.8%	$1069.8	15.5%	$1267.8	18.5%	$1210.0	-4.6%	$1140.9	-5.7%	$1134.7	-0.5%	$1184.5	4.4%
Sales and Use[1]	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$281.4	26.0%	$241.5	-14.2%	$229.2	-5.1%	$238.2	3.9%
Meals and Rooms	$116.1	-15.0%	$99.2	-14.5%	$149.6	50.8%	$164.0	9.6%	$165.2	0.7%	$169.6	2.7%	$175.5	3.5%
Liquor[6]	$3.6	-83.2%	$4.8	32.8%	$5.0	5.0%	$5.1	2.1%	$5.2	1.3%	$5.3	1.9%	$5.4	1.9%
Insurance	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$68.8	4.8%	$70.2	2.0%	$71.2	1.4%	$72.7	2.1%
Telephone	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-5.7%	$2.2	-7.3%	$2.1	-4.5%	$2.0	-4.8%
Beverage	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.3	3.1%	$7.1	-2.2%	$7.2	1.4%	$7.3	1.4%
Estate[3]	$15.2	20.1%	$23.4	54.1%	$14.0	-40.1%	$18.6	33.1%	$22.4	20.2%	$23.1	3.1%	$24.0	3.9%
Property	$12.9	3.0%	$23.1	79.6%	$24.3	5.3%	$21.6	-11.2%	$18.7	-13.5%	$18.0	-3.6%	$18.6	3.2%
Bank	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$17.8	4.9%	$17.9	0.7%	$17.6	-1.7%	$17.2	-2.3%
Cannabis Excise	$0.0	NM	$0.0	NM	$0.0	NM	$6.7	NM	$0.0	-100.0%	$0.0	NM	$20.4	NM
Other Tax	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.4	11.7%	$0.9	-35.7%	$1.0	11.1%	$1.1	10.0%
Total Tax Revenue	$1302.3	2.0%	$1438.1	10.4%	$1777.4	23.6%	$1805.1	1.6%	$1692.1	-6.3%	$1679.0	-0.8%	$1766.8	5.2%
Business Licenses	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$0.6	-54.5%	$0.7	23.6%	$0.8	14.3%	$0.9	12.5%
Fees	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.6	8.1%	$44.1	-3.3%	$44.2	0.2%	$44.4	0.5%
Services	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$3.7	33.2%	$3.8	1.6%	$3.6	-5.3%	$3.7	2.8%
Fines	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$2.6	-21.1%	$2.9	9.8%	$3.1	6.9%	$3.2	3.2%
Interest	$3.3	-24.5%	$0.8	-75.5%	$2.3	187.4%	$51.2	2129%	$64.9	26.9%	$49.9	-23.1%	$33.4	-33.1%
All Other[4]	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$1.5	58.7%	$0.8	-47.6%	$0.9	12.5%	$1.0	11.1%
Total Other Revenue	$57.2	-10.3%	$51.5	-9.9%	$52.9	2.6%	$105.2	99.1%	$117.2	11.4%	$102.5	-12.5%	$86.6	-15.5%
Healthcare Revenue [5]	$280.9	3.1%	$278.1	-1.0%	$299.3	7.6%	$314.3	5.0%	$322.0	2.5%	$332.0	3.1%	$337.5	1.7%
TOTAL GENERAL FUND	**$1640.4**	**1.7%**	**$1767.7**	**7.8%**	**$2129.5**	**20.5%**	**$2224.6**	**4.5%**	**$2131.4**	**-4.2%**	**$2113.5**	**-0.8%**	**$2191.0**	**3.7%**

1) 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.
2) 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.
3) Excludes transfer to the Higher Education Trust Fund of $2.4M in FY05, $5.2M in FY06 and $11.0M in FY11.
4) 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.
5) Heathcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.
6) Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

TABLE 1B - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

SOURCE HEALTHCARE [1] *revenues are prior to all allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	$71.4	4.3%	$77.5	8.6%	$76.0	-1.9%	$74.8	-1.5%	$72.3	-3.4%	$71.4	-1.2%	$70.4	-1.4%
Claims Assessment	$20.7	5.7%	$19.7	-4.7%	$21.7	10.3%	$23.0	5.7%	$26.8	16.6%	$27.5	2.5%	$28.2	2.5%
Employer Assessment	$20.2	2.4%	$17.9	-11.4%	$21.9	22.2%	$24.9	13.9%	$26.3	5.6%	$28.3	7.6%	$29.5	4.0%
Hospital Provider Tax	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.9	7.6%	$185.5	6.7%	$193.8	4.5%	$198.7	2.5%
Nursing Home Provider Tax	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.6	-0.6%	$14.4	-1.1%	$14.4	0.0%	$14.4	0.0%
Home Health Provider Tax	$5.6	16.3%	$5.8	4.1%	$5.8	-0.3%	$6.1	5.6%	$0.0	-100.0%	$0.0	NM	$0.0	NM
All Other HC Revenues	$1.9	-26.5%	$1.8	-3.6%	$1.8	0.9%	$2.0	6.2%	$2.0	4.0%	$2.0	0.0%	$2.0	0.0%
TOTAL HEALTHCARE	**$284.7**	**3.0%**	**$281.0**	**-1.3%**	**$303.5**	**8.0%**	**$319.3**	**5.2%**	**$327.4**	**2.5%**	**$337.5**	**3.1%**	**$343.2**	**1.7%**

TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	$71.4	4.3%	$77.5	8.6%	$76.0	-1.9%	$74.8	-1.6%	$72.3	-3.3%	$71.4	-1.2%	$70.4	-1.4%
Claims Assessment	$16.9	7.8%	$16.4	-3.0%	$17.6	7.3%	$18.0	2.6%	$21.4	19.0%	$22.0	2.5%	$22.5	2.5%
Employer Assessment	$20.2	2.4%	$18.4	-9.2%	$21.9	19.2%	$24.9	13.9%	$26.3	5.6%	$28.3	7.6%	$29.5	4.0%
Hospital Provider Tax	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.9	7.6%	$185.5	6.7%	$193.8	4.5%	$198.7	2.5%
Nursing Home Provider Tax	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.6	-0.6%	$14.4	-1.1%	$14.4	0.0%	$14.4	0.0%
Home Health Provider Tax	$5.6	16.3%	$5.8	4.1%	$5.8	-0.3%	$6.1	5.6%	$0.0	-100.0%	$0.0	NM	$0.0	NM
All Other HC Revenues	$1.9	-26.5%	$1.8	-3.6%	$1.8	0.9%	$2.0	6.2%	$2.0	4.0%	$2.0	0.0%	$2.0	0.0%
TOTAL HEALTHCARE	**$280.9**	**3.1%**	**$278.1**	**-1.0%**	**$299.3**	**7.6%**	**$314.3**	**5.0%**	**$322.0**	**2.5%**	**$332.0**	**3.1%**	**$337.5**	**1.7%**

1) Heathcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff.

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$71.0	-8.7%	$67.3	-5.3%	$71.9	6.9%	$73.8	2.7%	$71.4	-3.3%	$70.4	-1.4%	$69.9	-0.7%
Diesel****	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$17.6	-3.7%	$17.8	1.0%	$17.7	-0.6%	$17.8	0.6%
Purchase and Use*	$105.4	-5.7%	$134.1	27.2%	$137.1	2.3%	$142.2	3.7%	$141.7	-0.3%	$147.4	4.0%	$152.6	3.5%
Motor Vehicle Fees	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.5	1.8%	$92.8	6.0%	$103.8	11.9%	$104.3	0.5%
Other Revenue**	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.4	5.3%	$22.9	7.1%	$25.5	11.4%	$26.1	2.4%
TOTAL TRANS. FUND	**$299.2**	**-6.0%**	**$327.4**	**9.4%**	**$333.5**	**1.9%**	**$342.5**	**2.7%**	**$346.6**	**1.2%**	**$364.8**	**5.3%**	**$370.7**	**1.6%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$71.0	-8.7%	$67.3	-5.3%	$71.9	6.9%	$73.8	2.7%	$71.4	-3.3%	$70.4	-1.4%	$69.9	-0.7%
Diesel	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$17.6	-3.7%	$17.8	1.0%	$17.7	-0.6%	$17.8	0.6%
Purchase and Use[1]	$70.3	-5.7%	$89.4	27.2%	$91.4	2.3%	$94.8	3.7%	$94.5	-0.3%	$98.3	4.0%	$101.7	3.5%
Motor Vehicle Fees	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.5	1.8%	$92.8	6.0%	$103.8	11.9%	$104.3	0.5%
Other Revenue[2]	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.4	5.3%	$22.9	7.1%	$25.5	11.4%	$26.1	2.4%
TOTAL TRANS. FUND	**$264.1**	**-6.0%**	**$282.7**	**7.0%**	**$287.8**	**1.8%**	**$295.1**	**2.5%**	**$299.4**	**1.4%**	**$315.7**	**5.4%**	**$319.8**	**1.3%**
OTHER (TIB[3])														
TIB Gasoline	$12.7	-12.8%	$10.2	-19.5%	$15.1	48.2%	$20.1	32.6%	$17.27	-14.0%	$16.26	-5.8%	$15.37	-5.5%
TIB Diesel and Other[4]	$2.0	-2.5%	$1.9	-4.5%	$1.9	1.7%	$2.2	13.6%	$1.93	-12.7%	$1.92	-0.5%	$1.92	0.0%
TOTAL OTHER (TIB)	**$14.7**	**-11.6%**	**$12.1**	**-17.5%**	**$17.1**	**40.8%**	**$22.3**	**30.4%**	**$19.2**	**-13.8%**	**$18.2**	**-5.3%**	**$17.3**	**-4.9%**

1) As of FY04, includes Motor Vehicle Rental tax revenue.
2) 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.
3) Transportation Infrastructure Bond revenues
4) Includes TIB Fund interest income (which has never exceeded $85,000 per year); Includes FY17 adjustment of $215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND[1] REVENUE FORECAST UPDATE

(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - January 2024

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change
GENERAL FUND														
Meals and Rooms	$40.9	-10.1%	$36.0	-12.1%	$54.2	50.8%	$59.4	9.6%	$59.9	0.7%	$61.5	2.7%	$63.6	3.5%
Sales & Use[2]	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$584.0	7.1%	$596.6	2.1%	$606.9	1.7%	$623.9	2.8%
Interest	$0.8	23.9%	$0.1	-87.1%	$0.3	169.1%	$5.8	1892%	$7.3	26.4%	$5.6	-23.3%	$3.8	-32.1%
Lottery	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$32.1	4.3%	$34.9	8.6%	$35.7	2.3%	$36.5	2.2%
TRANSPORTATION FUND														
Purchase and Use[3]	$35.1	-5.7%	$44.7	27.2%	$45.7	2.3%	$47.4	3.7%	$47.2	-0.3%	$49.1	4.0%	$50.9	3.5%
TOTAL EDUCATION FUND	**$536.2**	**2.0%**	**$620.9**	**15.8%**	**$676.2**	**8.9%**	**$728.77**	**7.8%**	**$745.9**	**2.3%**	**$758.8**	**1.7%**	**$778.6**	**2.6%**

1) 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.
2) 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 100.0% beginning in FY19; Includes Cannabis Sales tax revenues beginning in FY23
3) Includes Motor Vehicle Rental revenues, restated

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																				
Personal Income	$925.8	5.8%	$1069.8	15.5%	$1267.8	18.5%	$1210.0	-4.6%	$1140.9	-5.7%	$1134.7	-0.5%	$1184.5	4.4%	$1245.8	5.2%	$1307.2	4.9%	$1360.8	4.1%
Sales and Use[1]	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$584.0	7.1%	$596.6	2.1%	$606.9	1.7%	$623.9	2.8%	$643.0	3.1%	$663.4	3.2%	$683.1	3.0%
Corporate	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$281.4	26.0%	$241.5	-14.2%	$229.2	-5.1%	$238.2	3.9%	$250.7	5.2%	$262.3	4.6%	$273.5	4.3%
Meals and Rooms[5]	$163.6	-10.1%	$143.8	-12.1%	$216.8	50.8%	$237.7	9.6%	$239.4	0.7%	$245.8	2.7%	$254.3	3.5%	$264.3	3.9%	$274.6	3.9%	$285.0	3.8%
Liquor	$21.6	0.8%	$28.7	32.8%	$30.1	5.0%	$30.8	2.1%	$31.2	1.3%	$31.8	1.9%	$32.4	1.9%	$33.0	1.9%	$33.6	1.8%	$34.2	1.8%
Insurance	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$68.8	4.8%	$70.2	2.0%	$71.2	1.4%	$72.7	2.1%	$74.3	2.2%	$75.9	2.2%	$77.6	2.2%
Telephone	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-5.7%	$2.2	-7.3%	$2.1	-4.5%	$2.0	-4.8%	$1.9	-5.0%	$1.8	-5.3%	$1.7	-5.6%
Beverage	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.3	3.1%	$7.1	-2.2%	$7.2	1.4%	$7.3	1.4%	$7.4	1.4%	$7.5	1.4%	$7.6	1.3%
Estate	$15.2	20.1%	$26.9	77.5%	$14.0	-48.0%	$18.6	33.1%	$22.4	20.2%	$23.1	3.1%	$24.0	3.9%	$24.9	3.7%	$25.8	3.6%	$26.7	3.5%
Property	$42.3	2.9%	$73.9	74.8%	$77.7	5.1%	$69.2	-10.9%	$60.2	-13.0%	$58.1	-3.5%	$59.9	3.1%	$62.8	4.8%	$66.1	5.3%	$69.4	5.0%
Bank	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$17.8	4.9%	$17.9	0.7%	$17.6	-1.7%	$17.2	-2.3%	$16.9	-1.7%	$17.1	1.2%	$17.2	0.6%
Cannabis Excise	$0.0	NM	$0.0	NM	$0.0	NM	$6.7	NM	$16.3	142.4%	$19.0	16.6%	$20.4	7.4%	$21.2	3.9%	$21.7	2.4%	$22.2	2.3%
Other Tax	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.4	11.7%	$0.9	-35.7%	$1.0	11.1%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%	$1.4	7.7%
Total Tax Revenue	$1829.7	3.8%	$2068.5	13.1%	$2468.2	19.3%	$2536.1	2.7%	$2446.8	-3.5%	$2447.7	0.0%	$2537.9	3.7%	$2647.4	4.3%	$2758.3	4.2%	$2860.4	3.7%
Business Licenses	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$0.6	-54.5%	$0.7	23.6%	$0.8	14.3%	$0.9	12.5%	$1.0	11.1%	$1.1	10.0%	$1.2	9.1%
Fees	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.6	8.1%	$44.1	-3.3%	$44.2	0.2%	$44.4	0.5%	$45.1	1.6%	$45.9	1.8%	$46.8	2.0%
Services	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$3.7	33.2%	$3.8	1.6%	$3.6	-5.3%	$3.7	2.8%	$3.8	2.7%	$3.9	2.6%	$4.0	2.6%
Fines	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$2.6	-21.1%	$2.9	9.8%	$3.1	6.9%	$3.2	3.2%	$3.3	3.1%	$3.4	3.0%	$3.5	2.9%
Interest	$4.1	-18.0%	$0.9	-77.9%	$2.6	185.2%	$56.9	2102%	$72.2	26.8%	$55.5	-23.1%	$37.2	-33.0%	$25.7	-30.9%	$21.3	-17.1%	$19.9	-6.6%
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	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$32.1	4.3%	$34.9	8.6%	$35.7	2.3%	$36.5	2.2%	$37.3	2.2%	$38.1	2.1%	$38.9	2.1%
All Other[3]	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$1.5	58.7%	$0.8	-47.6%	$0.9	12.5%	$1.0	11.1%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%
Total Other Revenue	$84.8	-9.7%	$84.1	-0.8%	$83.9	-0.2%	$143.1	70.5%	$159.4	11.4%	$143.8	-9.8%	$126.9	-11.8%	$117.3	-7.6%	$114.9	-2.0%	$115.6	0.6%
Healthcare Revenue[4]	$284.7	3.0%	$281.0	-1.3%	$303.5	8.0%	$319.3	5.2%	$327.4	2.5%	$337.5	3.1%	$343.2	1.7%	$349.0	1.7%	$355.3	1.8%	$361.8	1.8%
TOTAL GENERAL FUND	**$2199.2**	**3.1%**	**$2433.6**	**10.7%**	**$2855.6**	**17.3%**	**$2998.5**	**5.0%**	**$2933.6**	**-2.2%**	**$2929.0**	**-0.2%**	**$3007.9**	**2.7%**	**$3113.7**	**3.5%**	**$3228.4**	**3.7%**	**$3337.8**	**3.4%**

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

2) 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 E-Fund.

3) 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.

4) Heathcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.

5) Includes Clean Water Fund redirect consisting of 6% of total M&R collections

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY2020 (Actual)	% Change	FY2021 (Actual)	% Change	FY2022 (Actual)	% Change	FY2023 (Actual)	% Change	FY2024 (Forecast)	% Change
REVENUE SOURCE										
Personal Income	$925.8	5.8%	$1069.8	15.5%	$1267.8	18.5%	$1210.0	-4.6%	$1140.9	-5.7%
Sales and Use[1]	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$281.4	26.0%	$241.5	-14.2%
Meals and Rooms	$116.1	-15.0%	$99.2	-14.5%	$149.6	50.8%	$164.0	9.6%	$165.2	0.7%
Liquor[6]	$3.6	-83.2%	$4.8	32.8%	$5.0	5.0%	$5.1	2.1%	$5.2	1.3%
Insurance	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$68.8	4.8%	$70.2	2.0%
Telephone	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-5.7%	$2.2	-7.3%
Beverage	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.3	3.1%	$7.1	-2.2%
Estate[3]	$15.2	20.1%	$23.4	54.1%	$14.0	-40.1%	$18.6	33.1%	$22.4	20.2%
Property	$12.9	3.0%	$23.1	79.6%	$24.3	5.3%	$21.6	-11.2%	$18.7	-13.5%
Bank	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$17.8	4.9%	$17.9	0.7%
Cannabis Excise	$0.0	NM	$0.0	NM	$0.0	NM	$6.7	NM	$0.0	-100.0%
Other Tax	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.4	11.7%	$0.9	-35.7%
Total Tax Revenue	$1302.3	2.0%	$1438.1	10.4%	$1777.4	23.6%	$1805.1	1.6%	$1692.1	-6.3%
Business Licenses	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$0.6	-54.5%	$0.7	23.6%
Fees	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.6	8.1%	$44.1	-3.3%
Services	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$3.7	33.2%	$3.8	1.6%
Fines	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$2.6	-21.1%	$2.9	9.8%
Interest	$3.3	-24.5%	$0.8	-75.5%	$2.3	187.4%	$51.2	2129%	$64.9	26.9%
All Other[4]	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$1.5	58.7%	$0.8	-47.6%
Total Other Revenue	$57.2	-10.3%	$51.5	-9.9%	$52.9	2.6%	$105.2	99.1%	$117.2	11.4%
Healthcare Revenue[5]	$280.9	3.1%	$278.1	-1.0%	$299.3	7.6%	$314.3	5.0%	$322.0	2.5%
TOTAL GENERAL FUND	**$1640.4**	**1.7%**	**$1767.7**	**7.8%**	**$2129.5**	**20.5%**	**$2224.6**	**4.5%**	**$2131.4**	**-4.2%**

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY2025 (Forecast)	% Change	FY2026 (Forecast)	% Change	FY2027 (Forecast)	% Change	FY2028 (Forecast)	% Change	FY2029 (Forecast)	% Change
REVENUE SOURCE										
Personal Income	$1134.7	-0.5%	$1184.5	4.4%	$1245.8	5.2%	$1307.2	4.9%	$1360.8	4.1%
Sales and Use[1]	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$229.2	-5.1%	$238.2	3.9%	$250.7	5.2%	$262.3	4.6%	$273.5	4.3%
Meals and Rooms	$169.6	2.7%	$175.5	3.5%	$182.4	3.9%	$189.5	3.9%	$196.7	3.8%
Liquor[6]	$5.3	1.9%	$5.4	1.9%	$5.5	1.9%	$5.6	1.8%	$5.7	1.8%
Insurance	$71.2	1.4%	$72.7	2.1%	$74.3	2.2%	$75.9	2.2%	$77.6	2.2%
Telephone	$2.1	-4.5%	$2.0	-4.8%	$1.9	-5.0%	$1.8	-5.3%	$1.7	-5.6%
Beverage	$7.2	1.4%	$7.3	1.4%	$7.4	1.4%	$7.5	1.4%	$7.6	1.3%
Estate[3]	$23.1	3.1%	$24.0	3.9%	$24.9	3.7%	$25.8	3.6%	$26.7	3.5%
Property	$18.0	-3.6%	$18.6	3.2%	$19.5	5.1%	$20.6	5.5%	$21.6	5.2%
Bank	$17.6	-1.7%	$17.2	-2.3%	$16.9	-1.7%	$17.1	1.2%	$17.2	0.6%
Cannabis Excise	$0.0	NM	$20.4	NM	$21.2	3.9%	$21.7	2.4%	$22.2	2.3%
Other Tax	$1.0	11.1%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%	$1.4	7.7%
Total Tax Revenue	$1679.0	-0.8%	$1766.8	5.2%	$1851.7	4.8%	$1936.2	4.6%	$2012.7	3.9%
Business Licenses	$0.8	14.3%	$0.9	12.5%	$1.0	11.1%	$1.1	10.0%	$1.2	9.1%
Fees	$44.2	0.2%	$44.4	0.5%	$45.1	1.6%	$45.9	1.8%	$46.8	2.0%
Services	$3.6	-5.3%	$3.7	2.8%	$3.8	2.7%	$3.9	2.6%	$4.0	2.6%
Fines	$3.1	6.9%	$3.2	3.2%	$3.3	3.1%	$3.4	3.0%	$3.5	2.9%
Interest	$49.9	-23.1%	$33.4	-33.1%	$23.1	-30.8%	$19.1	-17.3%	$17.9	-6.3%
All Other[4]	$0.9	12.5%	$1.0	11.1%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%
Total Other Revenue	$102.5	-12.5%	$86.6	-15.5%	$77.4	-10.6%	$74.6	-3.6%	$74.7	0.1%
Healthcare Revenue[5]	$332.0	3.1%	$337.5	1.7%	$343.3	1.7%	$349.4	1.8%	$355.7	1.8%
TOTAL GENERAL FUND	**$2113.5**	**-0.8%**	**$2191.0**	**3.7%**	**$2272.3**	**3.7%**	**$2360.2**	**3.9%**	**$2443.1**	**3.5%**

1) 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.
2) 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.
3) Excludes transfer to the Higher Education Trust Fund of $2.4M in FY05, $5.2M in FY06 and $11.0M in FY11.
4) 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.
5) Heathcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.
6) Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

TABLE 1B - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

SOURCE HEALTHCARE[1] *revenues are prior to all allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	$71.4	4.3%	$77.5	8.6%	$76.0	-1.9%	$74.8	-1.5%	$72.3	-3.4%	$71.4	-1.2%	$70.4	-1.4%	$69.4	-1.4%	$68.6	-1.2%	$67.9	-1.0%
Claims Assessment	$20.7	5.7%	$19.7	-4.7%	$21.7	10.3%	$23.0	5.7%	$26.8	16.6%	$27.5	2.5%	$28.2	2.5%	$28.9	2.5%	$29.6	2.5%	$30.3	2.5%
Employer Assessment	$20.2	2.4%	$17.9	-11.4%	$21.9	22.2%	$24.9	13.9%	$26.3	5.6%	$28.3	7.6%	$29.5	4.0%	$30.7	4.0%	$31.9	4.0%	$33.2	4.0%
Hospital Provider Tax	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.9	7.6%	$185.5	6.7%	$193.8	4.5%	$198.7	2.5%	$203.7	2.5%	$208.8	2.5%	$214.0	2.5%
Nursing Home Provider Tax	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.6	-0.6%	$14.4	-1.1%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%
Home Health Provider Tax	$5.6	16.3%	$5.8	4.1%	$5.8	-0.3%	$6.1	5.6%	$0.0	-100.0%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
All Other HC Revenues	$1.9	-26.5%	$1.8	-3.6%	$1.8	0.9%	$2.0	6.2%	$2.0	4.0%	$2.0	0.0%	$2.0	0.0%	$2.0	0.0%	$2.0	0.0%	$2.0	0.0%
TOTAL HEALTHCARE	**$284.7**	**3.0%**	**$281.0**	**-1.3%**	**$303.5**	**8.0%**	**$319.3**	**5.2%**	**$327.4**	**2.5%**	**$337.5**	**3.1%**	**$343.2**	**1.7%**	**$349.0**	**1.7%**	**$355.3**	**1.8%**	**$361.8**	**1.8%**

TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	$71.4	4.3%	$77.5	8.6%	$76.0	-1.9%	$74.8	-1.6%	$72.3	-3.3%	$71.4	-1.2%	$70.4	-1.4%	$69.4	-1.4%	$68.6	-1.2%	$67.9	-1.0%
Claims Assessment	$16.9	7.8%	$16.4	-3.0%	$17.6	7.3%	$18.0	2.6%	$21.4	19.0%	$22.0	2.5%	$22.5	2.5%	$23.1	2.5%	$23.7	2.5%	$24.3	2.5%
Employer Assessment	$20.2	2.4%	$18.4	-9.2%	$21.9	19.2%	$24.9	13.9%	$26.3	5.6%	$28.3	7.6%	$29.5	4.0%	$30.7	4.0%	$31.9	4.0%	$33.2	4.0%
Hospital Provider Tax	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.9	7.6%	$185.5	6.7%	$193.8	4.5%	$198.7	2.5%	$203.7	2.5%	$208.8	2.5%	$214.0	2.5%
Nursing Home Provider Tax	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.6	-0.6%	$14.4	-1.1%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%
Home Health Provider Tax	$5.6	16.3%	$5.8	4.1%	$5.8	-0.3%	$6.1	5.6%	$0.0	-100.0%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
All Other HC Revenues	$1.9	-26.5%	$1.8	-3.6%	$1.8	0.9%	$2.0	6.2%	$2.0	4.0%	$2.0	0.0%	$2.0	0.0%	$2.0	0.0%	$2.0	0.0%	$2.0	0.0%
TOTAL HEALTHCARE	**$280.9**	**3.1%**	**$278.1**	**-1.0%**	**$299.3**	**7.6%**	**$314.3**	**5.0%**	**$322.0**	**2.5%**	**$332.0**	**3.1%**	**$337.5**	**1.7%**	**$343.3**	**1.7%**	**$349.4**	**1.8%**	**$355.7**	**1.8%**

1) Heathcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff.

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																				
Gasoline	$71.0	-8.7%	$67.3	-5.3%	$71.9	6.9%	$73.8	2.7%	$71.4	-3.3%	$70.4	-1.4%	$69.9	-0.7%	$69.4	-0.7%	$68.6	-1.2%	$67.7	-1.3%
Diesel****	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$17.6	-3.7%	$17.8	1.0%	$17.7	-0.6%	$17.8	0.6%	$17.7	-0.6%	$17.6	-0.6%	$17.5	-0.6%
Purchase and Use*	$105.4	-5.7%	$134.1	27.2%	$137.1	2.3%	$142.2	3.7%	$141.7	-0.3%	$147.4	4.0%	$152.6	3.5%	$158.9	4.1%	$166.1	4.5%	$171.4	3.2%
Motor Vehicle Fees	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.5	1.8%	$92.8	6.0%	$103.8	11.9%	$104.3	0.5%	$105.1	0.8%	$105.8	0.7%	$106.4	0.6%
Other Revenue**	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.4	5.3%	$22.9	7.1%	$25.5	11.4%	$26.1	2.4%	$26.8	2.7%	$27.5	2.6%	$28.2	2.5%
TOTAL TRANS. FUND	**$299.2**	**-6.0%**	**$327.4**	**9.4%**	**$333.5**	**1.9%**	**$342.5**	**2.7%**	**$346.6**	**1.2%**	**$364.8**	**5.3%**	**$370.7**	**1.6%**	**$377.9**	**1.9%**	**$385.6**	**2.0%**	**$391.2**	**1.5%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2024

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																				
Gasoline	$71.0	-8.7%	$67.3	-5.3%	$71.9	6.9%	$73.8	2.7%	$71.4	-3.3%	$70.4	-1.4%	$69.9	-0.7%	$69.4	-0.7%	$68.6	-1.2%	$67.7	-1.3%
Diesel	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$17.6	-3.7%	$17.8	1.0%	$17.7	-0.6%	$17.8	0.6%	$17.7	-0.6%	$17.6	-0.6%	$17.5	-0.6%
Purchase and Use[1]	$70.3	-5.7%	$89.4	27.2%	$91.4	2.3%	$94.8	3.7%	$94.5	-0.3%	$98.3	4.0%	$101.7	3.5%	$105.9	4.1%	$110.7	4.5%	$114.3	3.2%
Motor Vehicle Fees	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.5	1.8%	$92.8	6.0%	$103.8	11.9%	$104.3	0.5%	$105.1	0.8%	$105.8	0.7%	$106.4	0.6%
Other Revenue[2]	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.4	5.3%	$22.9	7.1%	$25.5	11.4%	$26.1	2.4%	$26.8	2.7%	$27.5	2.6%	$28.2	2.5%
TOTAL TRANS. FUND	**$264.1**	**-6.0%**	**$282.7**	**7.0%**	**$287.8**	**1.8%**	**$295.1**	**2.5%**	**$299.4**	**1.4%**	**$315.7**	**5.4%**	**$319.8**	**1.3%**	**$324.9**	**1.6%**	**$330.2**	**1.6%**	**$334.1**	**1.2%**
OTHER (TIB[3])																				
TIB Gasoline	$12.7	-12.8%	$10.2	-19.5%	$15.1	48.2%	$20.1	32.6%	$17.27	-14.0%	$16.26	-5.8%	$15.37	-5.5%	$15.27	-0.7%	$15.30	0.2%	$15.39	0.6%
TIB Diesel and Other[4]	$2.0	-2.5%	$1.9	-4.5%	$1.9	1.7%	$2.2	13.6%	$1.93	-12.7%	$1.92	-0.5%	$1.92	0.0%	$1.91	-0.5%	$1.90	-0.5%	$1.89	-0.5%
TOTAL OTHER (TIB)	**$14.7**	**-11.6%**	**$12.1**	**-17.5%**	**$17.1**	**40.8%**	**$22.3**	**30.4%**	**$19.2**	**-13.8%**	**$18.2**	**-5.3%**	**$17.3**	**-4.9%**	**$17.2**	**-0.6%**	**$17.2**	**0.1%**	**$17.3**	**0.5%**

1) As of FY04, includes Motor Vehicle Rental tax revenue.

2) 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.

3) Transportation Infrastructure Bond revenues

4) Includes TIB Fund interest income (which has never exceeded $85,000 per year); Includes FY17 adjustment of $215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND[1] REVENUE FORECAST UPDATE

(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - January 2024

CURRENT LAW BASIS *Source General and Transportation Fund taxes allocated to or associated with the Education Fund only*	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
GENERAL FUND																				
Meals and Rooms	$40.9	-10.1%	$36.0	-12.1%	$54.2	50.8%	$59.4	9.6%	$59.9	0.7%	$61.5	2.7%	$63.6	3.5%	$66.1	3.9%	$68.7	3.9%	$71.3	3.8%
Sales & Use[2]	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$584.0	7.1%	$596.6	2.1%	$606.9	1.7%	$623.9	2.8%	$643.0	3.1%	$663.4	3.2%	$683.1	3.0%
Interest	$0.8	23.9%	$0.1	-87.1%	$0.3	169.1%	$5.8	1892%	$7.3	26.4%	$5.6	-23.3%	$3.8	-32.1%	$2.6	-31.6%	$2.2	-15.4%	$2.0	-9.1%
Lottery	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$32.1	4.3%	$34.9	8.6%	$35.7	2.3%	$36.5	2.2%	$37.3	2.2%	$38.1	2.1%	$38.9	2.1%
TRANSPORTATION FUND																				
Purchase and Use[3]	$35.1	-5.7%	$44.7	27.2%	$45.7	2.3%	$47.4	3.7%	$47.2	-0.3%	$49.1	4.0%	$50.9	3.5%	$53.0	4.1%	$55.4	4.5%	$57.1	3.2%
TOTAL EDUCATION FUND	**$536.2**	**2.0%**	**$620.9**	**15.8%**	**$676.2**	**8.9%**	**$728.77**	**7.8%**	**$745.9**	**2.3%**	**$758.8**	**1.7%**	**$778.6**	**2.6%**	**$801.9**	**3.0%**	**$827.7**	**3.2%**	**$852.4**	**3.0%**

1) 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.
2) 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 100.0% beginning in FY19; Includes Cannabis Sales tax revenues beginning in FY23
3) Includes Motor Vehicle Rental revenues, restated