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

Fiscal Years 2025 and 2026

July 30, 2024

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 Years 2025 and 2026—Along with Staff Recommended Updated Consensus Revenue Estimates for Fiscal Planning Period Over Fiscal Years 2027 through Fiscal Year 2029.

- In a post-pandemic economic and revenue environment that has been filled with a myriad of unprecedented developments and events, this latest staff recommended consensus revenue forecast update (see Table 1 below) calls for a significant forecast upgrade in the General Fund (hereafter the "G-Fund") and only a modest forecast upgrade for both the Education Fund (hereafter the "E-Fund") and the T-Fund (hereafter the "T-Fund").

Table 1: Staff Recommended Consensus Revenue Forecast Update-Changes from the January 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)

Staff Recommended Consensus Revenue Forecast Levels by Fiscal Year Versus the E-Board Approved January 2024 Consensus Forecast										
Table with CORRECTED TELEPHIONE TAX CHANGE	2025		2026		2027		2028		2029	
Current Law (includes All Fee and Tax Changes)	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
General Fund (Incl. Health Care Revenues) Available to the General Fund	$184.9	8.7%	$163.4	7.5%	$ 140.6	6.2%	$ 139.2	5.9%	$ 156.8	6.4%
Transportation Fund Available to the Transportation Fund	$ 2.1	0.7%	$ 3.2	1.0%	$ 1.8	0.6%	$ 1.5	0.5%	$ 2.5	0.7%
Education Fund Partial	$ 10.4	1.4%	$ 12.4	1.6%	$ 14.8	1.8%	$ 19.8	2.4%	$ 28.4	3.3%
Total--"Big 3 Funds"	$197.5	6.2%	$ 179.0	5.4%	$ 157.2	4.6%	$ 160.6	4.6%	$ 187.7	5.2%
MEMO: #1: Total of Tax-Fee Changes-G-Fund	$ 24.4	NM	$ 23.6	NM	$ 24.3	NM	$ 25.3	NM	$ 26.4	NM
MEMO: #1a: Total of Tax-Fee Changes-T-Fund	$ 0.5	NM	$ 1.4	NM	$ -	NM	$ -	NM	$ -	NM
MEMO: #1b: Total of Tax-Fee Changes-E-Fund	$ 9.0	NM	$ 13.8	NM	$ 17.7	NM	$ 20.6	NM	$ 30.0	NM
TOTAL Combined Fund Total of Tax-Fee Changes	$ 33.9	NM	$ 38.8	NM	$ 42.0	NM	$ 45.9	NM	$ 56.4	NM

Notes:
NM=Not Meaningful
[1] Current Law (Incl. Healtcare Taxes-Fees).
[2] Revenue totals in the TIB category overall may not add due to rounding.

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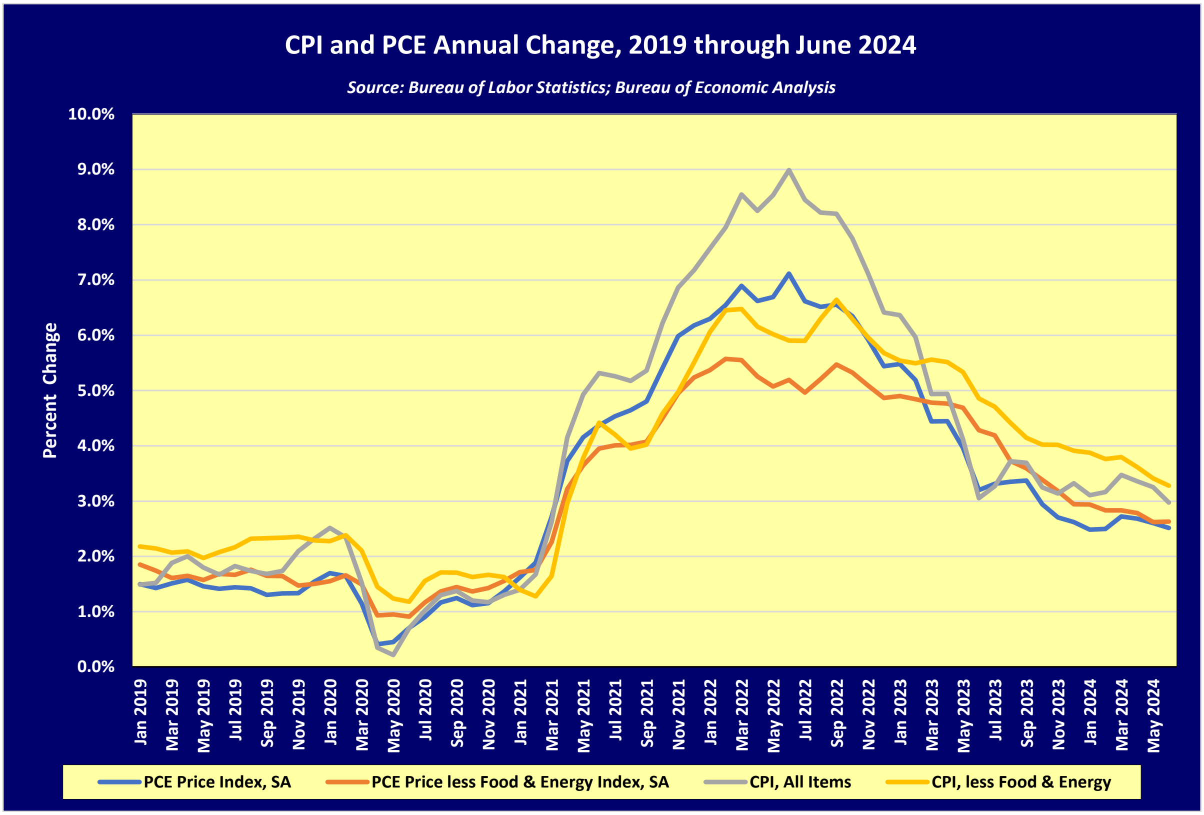
- The staff recommendations reflect the results of: (1) the passage of a number of tax and fee changes passed by the Legislature, (2) the still surprisingly resilient performance by the economy in the face of historically high interest rate levels, (3) the recent significant reduction in the rate of U.S. inflation (see the chart below), (4) a significantly stronger than expected performance by fiscal year 2024 State Revenues in the face of those elevated interest rate levels, and (5) a recent "soft-economic landing"-like slowdown in the pace of U.S. labor market activity.

- Indeed, the confluence of those above-referenced economic events has recently put policymakers at the U.S. Federal Reserve on the cusp of finally taking steps to moderate their heretofore historic fast and sustained period of monetary policy tightening dating back more than two years.



- The updated staff recommended consensus forecast update also fully incorporates the final fiscal year 2024 revenue performance totals in state revenues in the G-Fund (at +$139.0 million or 6.5% ahead of cumulative consensus expectations of $2.132 billion for fiscal year 2024), E-Fund (at +$0.9 million or +0.1% versus cumulative consensus expectations of $745.9 million for fiscal year 2024[1]), and T-Fund (excluding TIB) revenues (at +$3.7 million or +1.2% versus cumulative consensus expectations of $299.4 million for fiscal year 2024)—despite the historic flooding event in July 2023 and the persistence of those "higher for longer" overall interest rate levels (see Table 2 below).

[1] That ahead of consensus target number was reduced by $1.268 million because of a change in the Balance Budget Act of 2024 (or the "BBA") enacted in March of 2024 which changed the deposit treatment of Cannabis Sales Tax revenues from first being deposited into the E-Fund before being posted to its statutory special fund to being directly deposited into its statutory special fund for the rest of the fiscal year after the BBA's enactment.

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

Analysis of Cumulative Receipts--v. CUM. TARGETS THRU JUNE			
FINAL Schedule 2 Revs-As of JUNE 30, 2024 **Fund/Component ($000s)**		**Dollar Difference**	**Percent of the TOTAL**
GENERAL FUND w/Health Care Revs	**$**	**138,982.2**	**100.0%**
Personal Income	**$**	**102,169.2**	**73.5%**
Withholding	$	4,843.1	3.5%
Estimates	$	36,431.9	26.2%
Paids	$	30,009.5	21.6%
Refunds	$	29,156.3	21.0%
Other	$	1,728.4	1.2%
Meals and Rooms	**$**	**4,658.4**	**3.4%**
Corporate Tax	**$**	**(2,687.5)**	**-1.9%**
Estate Tax	$	1,291.1	0.9%
Insurance Tax	$	5,411.5	3.9%
Property Transfer Tax	$	893.0	0.6%
Bank Franchise	**$**	**(1,311.8)**	**-0.9%**
Fees	$	151.5	0.1%
Beverage	**$**	**(161.4)**	**-0.1%**
Other (Incl. "Net Interest")	$	22,965.6	16.5%
Health Care Revenues (Incl. Cigarette-Tobacco Taxes)	**$**	**5,602.5**	**4.0%**
EDUCATION FUND	$	913.1	100.0%
Sales and Use Tax	**$**	**(1,421.7)**	**-155.7%**
Meals and Rooms Tax	$	1,687.8	184.8%
MvPurchase and Use Tax	$	1,053.2	115.3%
Lottery	$	1,098.0	120.2%
Net Interest	**$**	**(1,504.2)**	**-164.7%**
TRANSPORTATION FUND	**$**	**3,683.2**	**100.0%**
Gas Tax	$	50.5	1.4%
Diesel Tax	$	26.7	0.7%
MvPurchase and Use Tax	$	2,106.4	57.2%
MvFees	$	785.9	21.3%
Other Fees	$	713.6	19.4%
TIB	**$**	**582.0**	**100.0%**
Gas Tax	$	614.4	105.6%
Diesel Tax	**$**	**(32.4)**	**-5.6%**

- The positive revenue performance in the G-Fund for the 2024 fiscal year reflected upbeat receipts activity versus consensus expectations in the Personal

Income Tax (at +$102.2 million or +9.0% versus cumulative consensus expectations of $1.141 billion for fiscal year 2024[2]), strong receipts in Net Interest revenues (at +$22.3 million or +34.4% above consensus G-Fund expectations of $64.9 million for fiscal year 2024), and in the Insurance Tax (at +$5.4 million or 7.7% above consensus fiscal year 2024 expectations of $70.2 million), and Meals and Rooms Tax (at +$4.7 million or 2.8% above consensus fiscal year 2024 expectations of $165.2 million) together accounted for 96.8% of the net positive revenue forecast variance in the G-Fund.

- That occurred despite the somewhat sluggish performance by the Corporate Income Tax during fiscal year 2024 (at -$2.7 million or -1.1% below cumulative consensus expectations of $241.5 million over the 2024 fiscal year), and the under-performance by the Bank Franchise Tax (at -$1.3 million or -7.3% below consensus expectations) during fiscal year 2024.[3]

- Turning to the T-Fund for fiscal year 2024, cumulative receipts also were above cumulative consensus expectations for the various components virtually across-the-board, with for the T-Fund's Motor Vehicle Purchase and Use Tax (at +$2.1 million or +2.2% ahead of cumulative consensus expectations of $94.5 million. This occurred even though high borrowing costs and the still comparatively low vehicle inventory levels (see the chart below—at the top of the next page) acted to restrain vehicles sales-leasing activity over a significant portion of fiscal year 2024.[4]

  - That more sluggish rate of vehicle acquisition also apparently acted as a drag on vehicle registration activity as well—although last January's forecast update revisions got it "about right" for the fiscal year as a whole—considering the various fee increases-changes that went into effect during the second half of the fiscal year (at $0.8 million or 3.1% versus cumulative consensus expectations of $92.8 million for fiscal year 2024).

  - Fiscal year 20204 was also a reasonably positive year for receipts in the Other Revenues-Fees category (at +$0.7 million or +3.1% versus consensus

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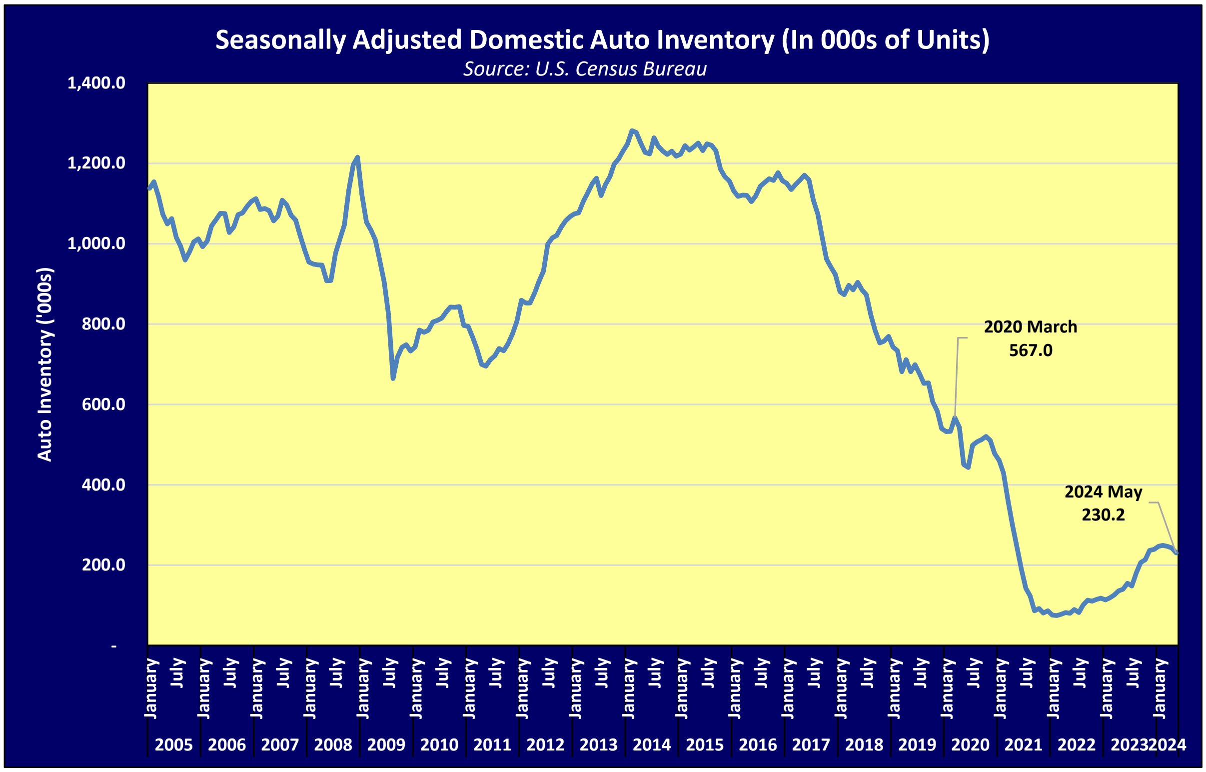
[2] That upbeat fiscal year 2024 performance in the Personal Income Tax performances was also concentrated among three sub-components including: PI Estimated Payments (at $36.4 million higher than EPR sub-component expectations for fiscal year 2024), revenues in the PI Paids category (at +$30.0 million higher than EPR sub-component expectations for fiscal year 2024), and lower than expected "cash out" PI Refunds (at $29.2 million lower than EPR sub-component expectations). Together, those three components alone represented $95.6 million (or 68.8%) of the G-Fund's +$139.0 million ahead of consensus target performance for the entire 2024 fiscal year.

[3] It should also be noted that fiscal year revenues the Beverage Tax also lagged slightly during fiscal year 2024 (at -$0.01 million or -2.2% versus consensus expectations of $7.1 million for fiscal year 2024.

[4] The unusually high level of labor unrest in the U.S. auto sector also was not helpful to U.S. vehicle sales.

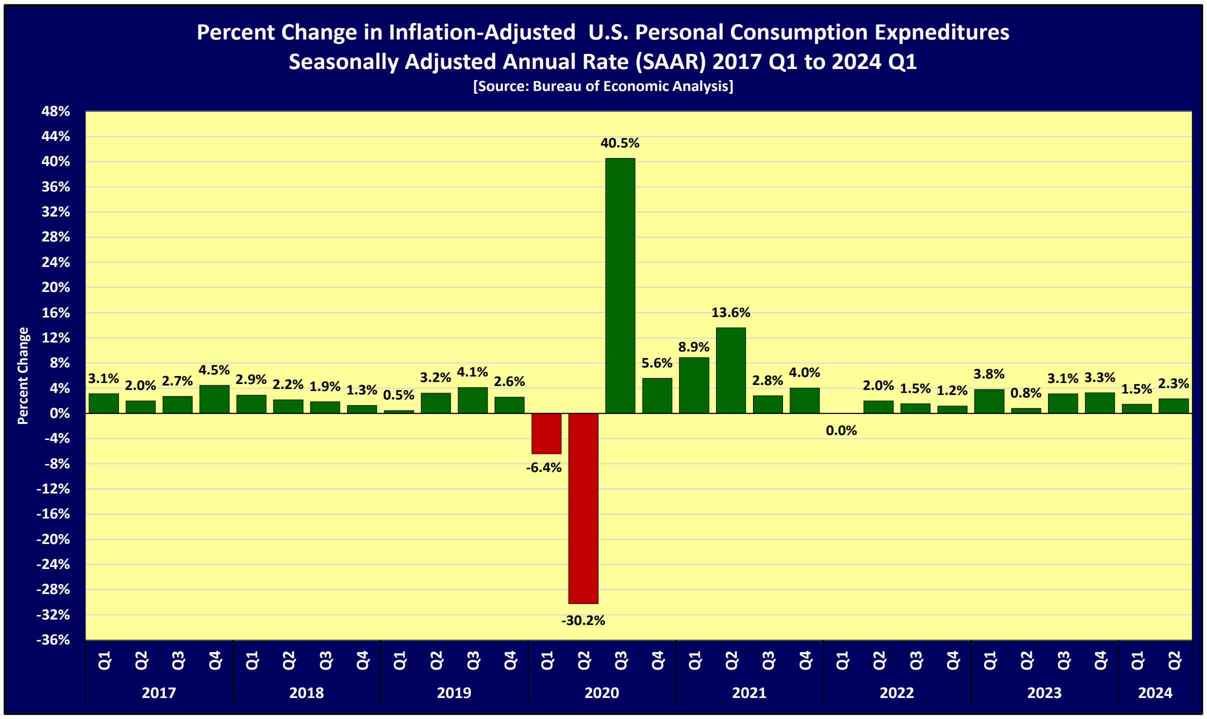
expectations of $22.9 million for fiscal year 2024) and for the essentially "on-target" performance for the two fuel tax categories as well.



- Looking at the E-Fund, fiscal year 2024 receipts were bolstered by revenues in the Meals and Rooms Tax (at +$1.7 million or +2.8% versus cumulative consensus expectations of $59.9 million), revenues in the MvP&U Tax (at +$1.1 million or +2.2% versus cumulative consensus expectations of $47.2 million), and stronger than expected receipts in the Lottery Transfer component (at +$1.1 million or +3.1% versus cumulative consensus expectations of $34.9 million).

  - Receipts lagged in the Sales and Use Tax (by -1.4 million or -0.2% versus cumulative consensus expectations of $596.6 million), at least in part because of the change in the treatment of Cannabis Sales Tax receipts in the Cannabis Sales Tax under the BBA but also at least in part due to recent lower levels of consumption activity that has begun to come down over the past two quarters (see the chart below).[5]

[5] At +2.3% per the second quarter of calendar year 2024 "flash" estimate of Personal Consumption Expenditures and the +1.5% change in Personal Consumption Expenditures during the first quarter of calendar year 2024 versus +3.1% and +3.3% during the third quarter and fourth quarter of calendar year 2023, respectively.



- Over the near-term time horizon, the current law consensus forecast update includes a significant +$376.5 million consensus revenue forecast upgrade for State revenues across all three fund aggregates over the fiscal years 2025 and 2026—including an estimated two-fiscal year total of $72.7 million in tax and fee changes from the last session of the Vermont Legislature that corresponds to 19.3% of the total three fund forecast upgrade.

  - The July 2024 consensus forecast update also includes the first staff recommended consensus forecast for the 0.44% Child Care Payroll Tax on Vermont wages-salaries and the 0.11% tax on Vermont-earned Self-Employment Income. The new consensus forecasting models estimate that these new taxes will result in $92.8 million in new Child Care Tax revenues in fiscal year 2025 and another $98.6 million in receipts for fiscal year 2026.

  - Across the five-year fiscal planning time frame, the new Child Care Taxes is expected to yield just over half a billion dollars (at $511.5 million)—equivalent to 58.0% of the $882.0 million in additional G-Fund, T-Fund and E-Fund receipts expected under this staff recommended consensus forecast upgrade.

  - In addition, this staff recommended forecast update also reflects all technical updates and refinements in estimating the amount of net revenues flowing to the State from the heightened, more aggressive pursuit by the State Treasurer's

Office of additional net interest earnings across the state afforded by the higher unrestricted cash balances in the State accounts of recent years and the "higher for longer" interest rate environment that has characterized economic and financial markets over the greater part of the last two years.

- The updated consensus forecast for the Personal Income Tax over the fiscal year 2025-26 time frame includes the final two years of a three year period of unusually low rates of change for net receipts (including an actual decline in fiscal year 2023)—reflecting the post-pandemic economic environment and updated consensus expectations for a slowing in the national and state economies over the next fiscal year before the economic "soft-landing" is achieved.[6]

  - The G-Fund consensus forecast upgrade also gets an assist from upgraded expectations of +$28.0 million for G-Fund Health Care revenues over the two-year fiscal year 2025 and 2026 period.

Table 2: 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 With Selected Special Analyses

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

Staff Recommended Consensus Revenue Forecast Levels by Fiscal Year Versus the E-Board Approved January 2024 Consensus Forecast										
Table with CORRECTED TELEPHONE TAX CHANGE	2025		2026		2027		2028		2029	
Current Law (includes All Fee and Tax Changes)	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
General Fund (Incl. Health Care Revenues) Available to the General Fund	$184.9	8.7%	$163.4	7.5%	$ 140.6	6.2%	$ 139.2	5.9%	$ 156.8	6.4%
Transportation Fund Available to the Transportation Fund	$ 2.1	0.7%	$ 3.2	1.0%	$ 1.8	0.6%	$ 1.5	0.5%	$ 2.5	0.7%
Education Fund Partial	$ 10.4	1.4%	$ 12.4	1.6%	$ 14.8	1.8%	$ 19.8	2.4%	$ 28.4	3.3%
Total--"Big 3 Funds"	$197.5	6.2%	$ 179.0	5.4%	$ 157.2	4.6%	$ 160.6	4.6%	$ 187.7	5.2%
MEMO: #1: Total of Tax-Fee Changes-G-Fund	$ 24.4	NM	$ 23.6	NM	$ 24.3	NM	$ 25.3	NM	$ 26.4	NM
MEMO: #1a: Total of Tax-Fee Changes-T-Fund	$ 0.5	NM	$ 1.4	NM	$ -	NM	$ -	NM	$ -	NM
MEMO: #1b: Total of Tax-Fee Changes-E-Fund	$ 9.0	NM	$ 13.8	NM	$ 17.7	NM	$ 20.6	NM	$ 30.0	NM
TOTAL Combined Fund Total of Tax-Fee Changes	$ 33.9	NM	$ 38.8	NM	$ 42.0	NM	$ 45.9	NM	$ 56.4	NM
MEMO #2: Health Care Revenues	$ 11.3	3.4%	$ 16.7	5.0%	$ 23.7	6.9%	$ 30.9	8.9%	$ 38.7	10.9%
MEMO #3: Change in G-Fund without Health Care	$ 173.6	9.7%	$ 146.7	7.9%	$ 116.9	6.1%	$ 108.2	5.4%	$ 118.1	5.7%
MEMO #4: Change in Personal Income Tax	$ 131.5	11.6%	$ 110.3	9.3%	$ 89.6	7.2%	$ 77.2	5.9%	$ 79.8	5.9%
MEMO #5: Change in Corporate Income Tax	$ (2.9)	-1.3%	$ (3.5)	-1.5%	$ (5.1)	-2.0%	$ (3.2)	-1.2%	$ 1.3	0.5%
MEMO #6: Change in G-Fund Net Interest	$ 15.6	31.3%	$ 12.4	37.1%	$ 5.4	23.4%	$ 6.9	36.1%	$ 8.6	48.0%
MEMO #7: Change in E-Fund Net Interest	$ (0.7)	-12.5%	$ 0.3	7.9%	$ 0.3	11.5%	$ 0.7	33.2%	$ 0.9	45.5%
MEMO #8: TIB [3]										
Gasoline	$ 0.7	4.4%	$ 1.6	10.3%	$ 1.6	10.3%	$ 1.6	10.5%	$ 1.6	10.5%
Diesel	$ 0.3	13.5%	$ 0.2	8.3%	$ 0.1	4.2%	$ 0.0	2.1%	$ 0.0	1.1%
Total TIB	$1.0	5.6%	$1.8	10.2%	$1.7	9.6%	$1.6	9.5%	$1.6	9.4%

Notes:
NM=Not Meaningful
[1] Current Law (Incl. Healtcare Taxes-Fees).
[2] Revenue totals in the TIB category overall may not add due to rounding.

Prepared by: Economic & Policy Resources, Inc.

[6] It should be noted that last January's consensus forecast update got the direction for overall G-Fund revenues correct—but it was overly pessimistic in forecasting a second consecutive year of G-Fund receipts decline.

- For fiscal years 2025 and 2026 in the G-Fund, the primary factors behind the consensus forecast upgrade include the +$131.5 million fiscal year 2025 and $110.3 million fiscal year 2026 increase in the consensus Personal Income Tax forecast, the additional $15.6 million and +$12.4 million increase in consensus expectations for Net Interest receipts, and the expected +$11.3 million and +$16.7 million consensus increase in Health Care Revenues for fiscal year 2025 and 2026, respectively. Together, these three factors account for 98.7% and 99.7% of the total staff recommended consensus forecast upgrade for the G-Fund in fiscal years 2025 and 2026 again respectively (see Table 3 below).

Table 3: Sources of Change-Staff Recommended Consensus Revenue Forecast Update for Fiscal Years 2025 and 2026

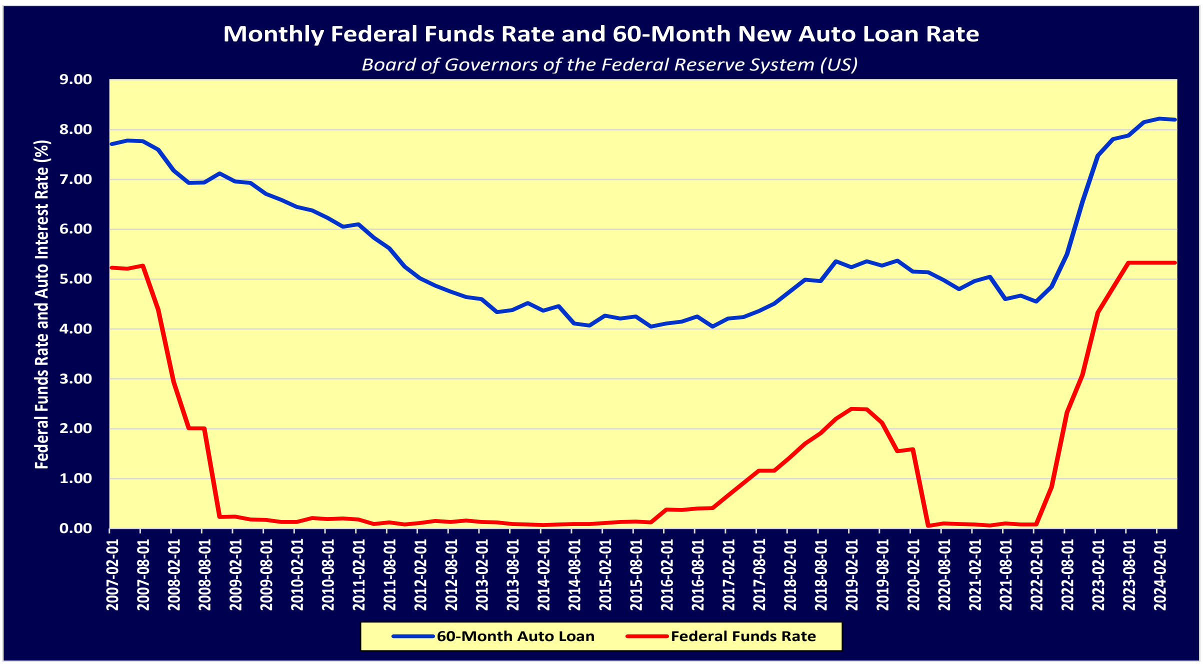
G-Fund-Statement of Change FY 2025-26 ($ Millions)	FY 2025		FY 2026	
Total G-Fund	$184.90	100.0%	$163.4	100.0%
Less Tax-Fee Changes	$ 24.40	13.2%	$ 23.60	14.4%
Net Change-January 2024 Forecast Basis	$160.50	100.0%	$139.82	100.0%
Chg. PI Tax; Net Interest; and Health Care	$158.36	98.7%	$139.42	99.7%
Change Accounted for by Other Sources	$ 2.14	1.3%	$ 0.40	0.3%

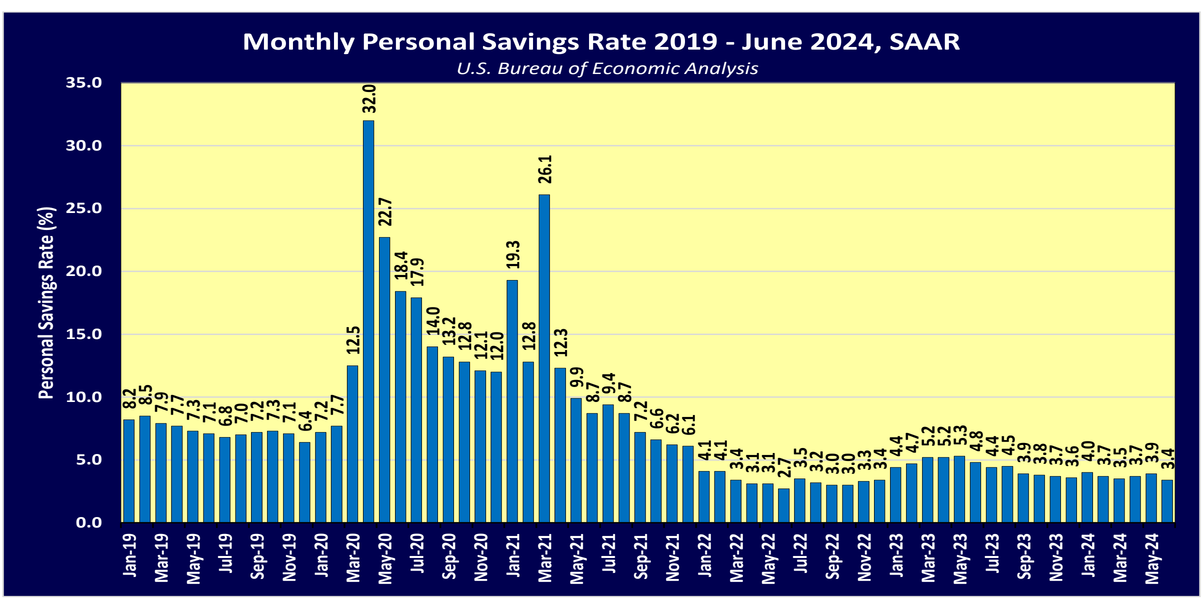
- That leaves all the other G-Fund revenues sources to account for only 1.3% (or $2.1 million) of the expected forecast upgrade for fiscal year 2025 and just 0.3% (or $0.4 million) of the projected G-Fund forecast upgrade for fiscal year 2026.

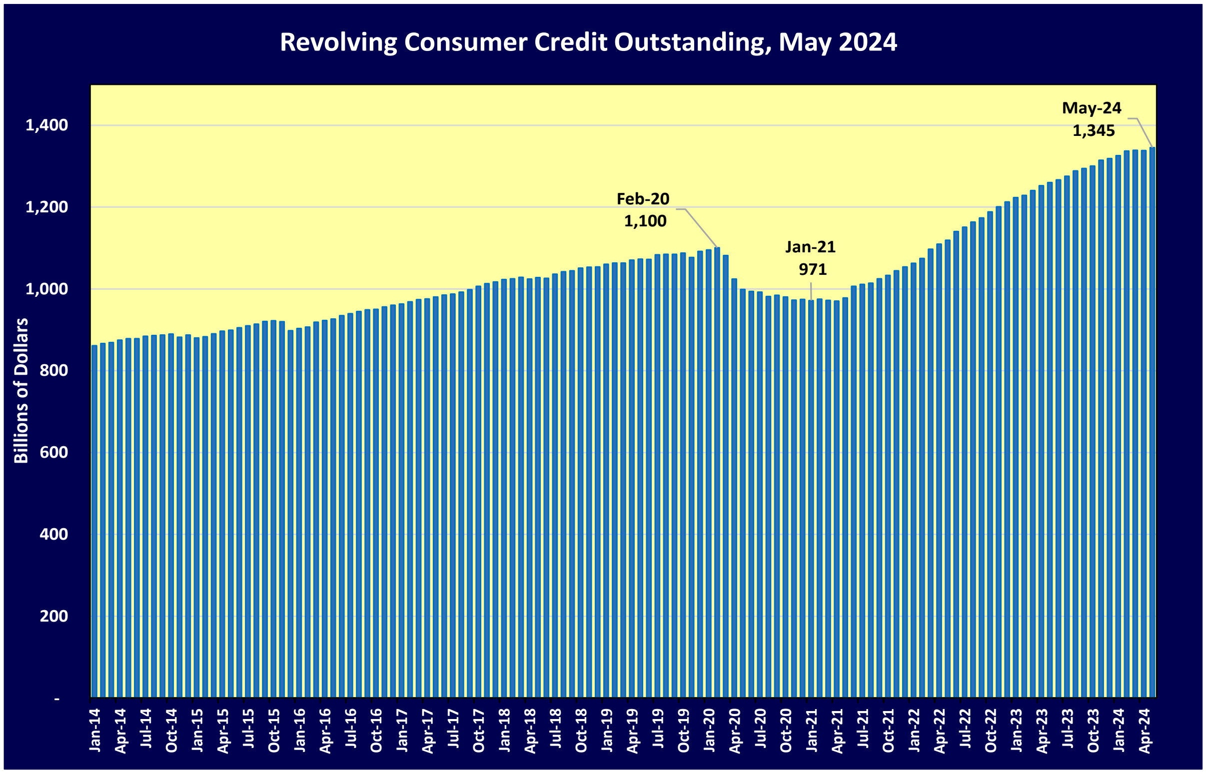
▪ For the T-Fund, the consensus forecast update changes reflect the recent performance of T-Fund revenues during fiscal year 2024 against the backdrop of the various Fee changes that became effective halfway through fiscal year 2024, and the still difficult vehicle acquisition-registration environment (see above) and fuel price-consumption markets that characterized much of the last fiscal year.

- In fact, after deducting the $1.9 million in estimated temporary infrastructure fees to be collected from E-Vehicle and Plug-in Hybrids over the fiscal year 2025-26 time frame, the total staff recommended consensus forecast upgrade for the T-Fund over the next five fiscal years total just $9.2 million—or less than +$2.0 million per year.

▪ The updated consensus forecast for the E-Fund includes the combination of the recent more tepid performance of the E-Fund's Sales and Use Tax component (adjusted for the BBA) during fiscal year 2024, the strong recent performance of the Lottery Transfer component (with its recent record jackpots which helped Lottery Transfer receipts increase by +$12.1% during fiscal year 2024 over fiscal year 2023 receipts), and better than expected receipts in the Meals and Rooms Tax component have helped to pace overall receipts in recent fiscal years as Sales and Use Tax receipts have recently begun to tail off as underlying consumption fundamentals have deteriorated (see the interest rate, personal savings rate, and revolving debt outstanding charts below).







- Looking out over the next five years, all of the expected +$139.7 million increase in E-Fund revenues is the result of the various tax changes enacted by the 2024 Vermont Legislature (at an estimated +$144.5 million over the next five years).

- As a result, this updated staff recommended consensus forecast update would have called for an actual -$4.8 million downward adjustment "but for" the tax changes enacted by the Legislature.

▪ For the T-Fund TIB revenue sources, the staff recommended consensus forecast update includes modest upgrades for both TIB categories of +$2.7 million combined, reflecting the relatively "tight" fossil fuel price environment in a still highly volatile world given the on-going hostilities in the Middle East and in Ukraine that could quickly deteriorate into something more serious without a lot of additional provocation.

  - Because these sources continue to have a high degree of sensitivity to the path of fossil fuel prices and available supply, the consensus forecast for these components have bounced around in recent consensus forecast updates in response to changes in energy-fuel prices and supplies-inventories.

❖ The Updated Staff Consensus Forecast Update Recommendations for Fiscal Years 2025 and 2026 and Fiscal Years 2027-29 in Detail.

- Looking more specifically at the three funds and on a fiscal year to fiscal year basis, staff recommends that this updated July 2024 consensus revenue forecast for expected revenues "Available to the General Fund" of +$184.9 million for fiscal year 2025, and +$163.4 million in expected revenues for fiscal year 2026.[7]

    - For the years beyond fiscal year 2026 (covering the fiscal policy planning time frame of fiscal years 2027 through 2029), the staff recommends an increase of +$140.6 million for fiscal year 2027, +$139.2 million for fiscal year 2028, and a +$156.8 million consensus forecast upgrade of revenues "Available to the General Fund" for fiscal year 2029.

- For expected revenues "Available to the Education Fund," staff recommends an increase of +$10.4 million in fiscal year 2025, and a +$12.4 million consensus forecast upgrade for fiscal year 2026.

    - For the years beyond fiscal year 2026 (covering the fiscal policy planning time frame of fiscal years 2027 through and 2029), the staff recommends revenues "Available to the Education Fund" of +$14.8 million in fiscal year 2027 and +$19.8 million for fiscal year 2028, and $28.4 million for fiscal year 2029.

- For the T-Fund, staff recommends a +$2.1 million forecast upgrade in revenues "Available to the Transportation Fund" for fiscal year 2025 and another +$3.2 million forecast upgrade for fiscal year 2026—which are a reflection of the recent actual performance by T-Fund revenues overall following the effective date of the 2023 fee changes legislation at the mid-point of fiscal year 2024, and the continued "higher for longer" level of interest rates that have negatively impacted vehicle financing costs.

    - For the additional fiscal planning out-years covering the fiscal year 2027-2029 period, staff recommends consensus forecast upgrades of "Available to the T-Fund" revenues of +$1.8 million for fiscal year 2027, +$1.5 million for fiscal year

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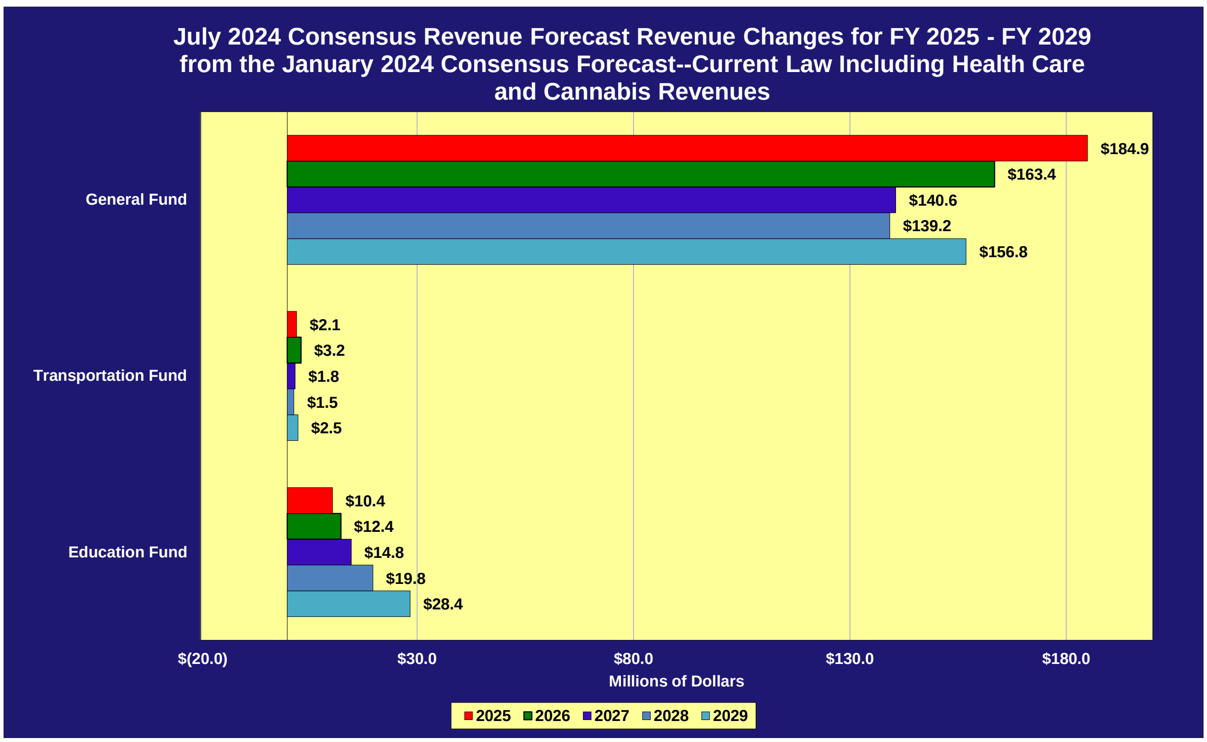
[7] The G-Fund change numbers do not include the shift in the G-Fund's Telephone Gross Receipts Tax and the G-Fund's Telephone Property Tax to the E-Fund as an Education Property Tax source only. That change represented roughly $2.0 million per year.

2028, and a staff recommended forecast upgrade of "Available to the T-Fund" revenues of +$2.5 million for fiscal year 2029.

- These numbers are all reflected in the chart below for all three of the State's fund aggregates for fiscal years 2025 and 2026, and for the fiscal planning out-years of the current consensus forecast updated covering the 2027-2029 fiscal year period.

  - The revised changes by fund aggregate in the staff recommended totals are presented below relative to the staff recommended January 2024 consensus forecast update totals for all three fund aggregates as approved by the Vermont Emergency Board last January.



- All of the above itemized forecasted numbers are current law numbers and include expectations of current law G-Fund Health Care Revenues—including the previously recognized sunset of the Home Health Care Provider Tax that went into effect for fiscal year 2024.

  - Excluding G-Fund Health Care revenues from the above staff recommended change numbers results in a staff recommended forecast upgrade of +$173.6 million in fiscal year 2025, and a +$146.7 million forecast upgrade in fiscal year 2026.

- In addition, the staff recommends a +$116.9 million forecast upgrade for fiscal year 2027 for the General Fund excluding Health Care Revenues versus consensus expectations last January, and a +$108.2 million staff recommended forecast upgrade for fiscal year 2028, and a +$118.1 million staff recommended increase in the consensus revenue forecast for "Revenues Available to the G-Fund" excluding Health Care revenues for fiscal year 2029.

- As a result, this July 2024 staff recommended consensus revenue forecast update includes an $11.3 million forecast upgrade for G-Fund Health Care revenues for fiscal year 2025 and another staff recommended +$16.7 million in fiscal year 2026.

- For the fiscal planning period fiscal years of 2027 through 2029, the staff recommends a +$23.7 million, +$30.9 million, and a +$38.7 million forecast upgrade for fiscal years 2027, 2028, and 2029, respectively.

▪ The staff recommended forecast for revenues T-Fund TIB revenues includes a combined TIB fund forecast upgrade of +$1.0 million for fiscal year 2025, and a staff recommended forecast upgrade of +$1.8 million for fiscal year 2026

  - For fiscal year 2027 and the other two fiscal planning years, corresponding to fiscal year 2028 and fiscal year 2029, the staff recommends forecast upgrades of +$1.7 million, +$1.6 million, and +$1.6 million, respectively.

  - 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 other items such as commercial vehicle trips within Vermont for Diesel Tax TIB category.

▪ The updated July 2024 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.

  - This staff recommended consensus revenue forecast update includes all of the latest available information regarding the still on-going economic and fiscal legacy effects of the various measures designed to off-set the negative economic effects of the COVID pandemic as they currently are understood, the state's recovery from the significant flooding event that occurred in July 2023, the effects of the second flooding event in mid-December 2023, and the still unfolding ramifications of the third flooding event in July 2024),[8] and the still on-going transition of the economy back to its underlying fundamentals. This transition is likely to result in a "new normal" in this regard at some point in the future.

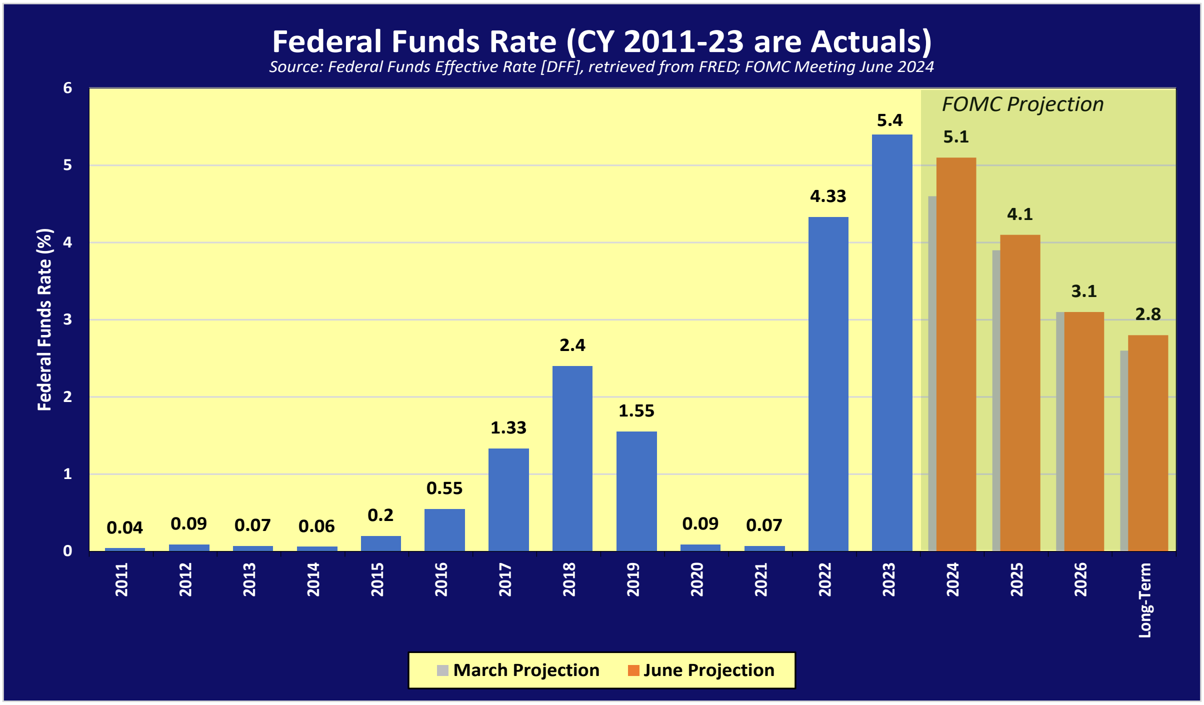
- This consensus forecast update also includes the staff's best estimates of the significant number of tax and fee changes as passed during the 2023 and 2024 sessions of the Vermont General Assembly.

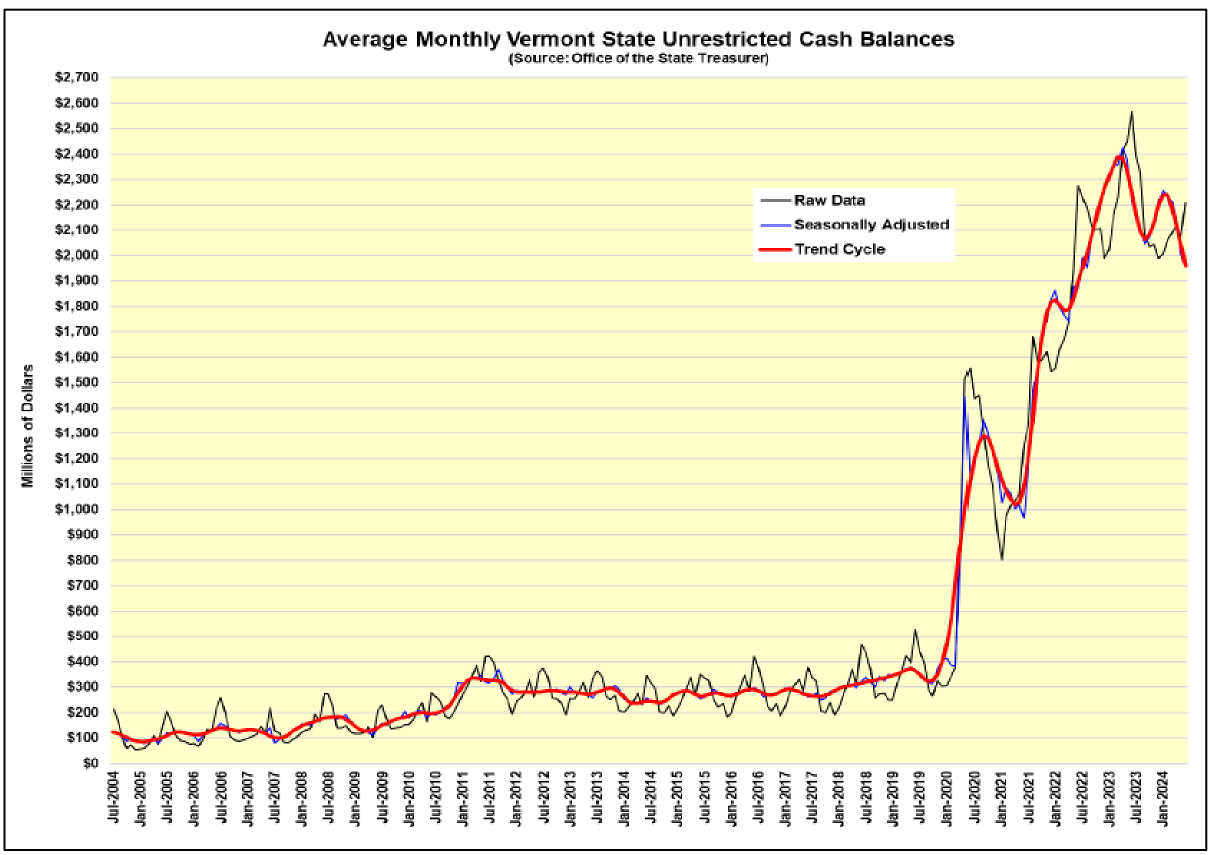
▪ The staff recommended consensus forecast update also includes full consideration of the underlying trends and the actual collections data through June of fiscal year 2024—with emphasis on recent trends in underlying Personal Income Tax, Net Interest receipts activities—related to changing State unrestricted bank balances and the still elevated level of key interest rates—recent changes in consumption activity as household financials have begun to deteriorate, and technical adjustments as called to refine the various forecasting methodologies.

- The updated Net Interest revenue forecast for the G-Fund and E-Fund also reflect expectations for a short-term interest rate cut by the Federal Reserve by October and a revised downward path for state cash balances against the backdrop of the State Treasurer Office's highly-focused cash management practices (See the chart on the next page regarding the staff of the Federal Reserve's forecast of the federal funds interest rate and the second chart presenting the Average Monthly Vermont State Cash Balances over time).

- The revised state cash balance forecast 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 from a variety of federal fiscal sources and legislation—where a significant portion of those funds remain in the State's spending pipeline but will be spent down over time. The forecasted balances going forward also expect them to grow along with the growth in the state economy over time.

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





- Looking at the various fund levels included in the July 2024 consensus revenue forecast update in the G-Fund, staff recommends the approval of current law revenues "Available to the G-Fund" of $2,298.4 million for fiscal year 2025 and $2,412.9 million in fiscal year 2026 (see Table 4 below).

- With respect to the G-Fund's Health Care revenues portion the staff also recommends approval of Health Care Revenues "Available to the G-Fund" on a current law basis of $343.3 million in fiscal year 2025, and an updated consensus forecast of $354.3 million for fiscal year 2026.

Table 4: Staff Recommended Consensus Revenue Forecast Update: G-Fund, T-Fund, E-Fund and T-Fund TIB Revenues (FY 2025 and FY 2026)
Current Law (Including Health Care Revenues in the G-Fund)

Revenue Levels by Fiscal Year--July 2024 "Staff Recommnded" Consensus ($ Millions)	2025	2026
Available to the General Fund (Including Health Care Revenues)	$ 2,298.4	$ 2,354.4
Available to the Transportation Fund	$ 317.8	$ 323.0
E-Fund [Partial]	$ 769.2	$ 791.2
Total--Three Funds	$ 3,385.4	$ 3,468.6
MEMO: Available Health Care Revenues	$ 343.3	$ 354.3
TIB Funds:		
Gasoline TIB	$ 17.0	$ 17.0
Diesel TIB	$ 2.2	$ 2.1
Total TIB Funds	$ 19.2	$ 19.0
Prepared by: Economic & Policy Resources, Inc.		

- For the T-Fund, staff recommends approval of an updated current law consensus forecast of "Available to the T-Fund" revenues of $317.8 million for fiscal year 2025, and an updated staff recommended consensus forecast of $323.0 million in "Available to the T-Fund" revenues for fiscal year 2026.

  - For the Gasoline TIB T-Fund revenue source, the staff recommends approval of a total of $17.0 million in Gasoline TIB receipts in fiscal year 2025, and another $17.0 million in Gasoline TIB receipts for fiscal year 2026.

  - For the Diesel TIB T-Fund revenue source, the staff recommends approval of a total of $2.2 million in Diesel TIB receipts in fiscal year 2025, and another $2.1 million in Diesel TIB receipts for fiscal year 2026.

- For the E-Fund, staff recommends approval of an updated consensus current law revenue forecast of $769.2 million in "Available to the E-Fund" revenues for fiscal year 2025, and an updated staff recommended consensus forecast of $791.2 million in "Available to the E-Fund" revenues for fiscal year 2026, on a current law basis.

❖ Summary Overview of Recent U.S. and Vermont Economic Developments.

- Consistent with the above consensus forecast update discussion and the generally upbeat performance of state revenue over the 2024 fiscal year, it is also noteworthy that this staff recommended consensus revenue forecast update comes on the heels of a continuing, surprisingly resilient economic performance by the U.S. and Vermont economies over the fiscal year 2024 period.

  - As a result, the latest staff recommended consensus revenue forecast update for July 2024 continues for the economy to avoid a general economic downturn and is likely to eventually experience the much-awaited economic soft-landing in the near-term future.

  - However, looking at revenue prospects for the upcoming two fiscal years, the economic and revenue environment will still be operating under the cloud of a number of significant downside risks—especially as activity slows somewhat further in order to successfully achieve the "soft-landing" for the economy.

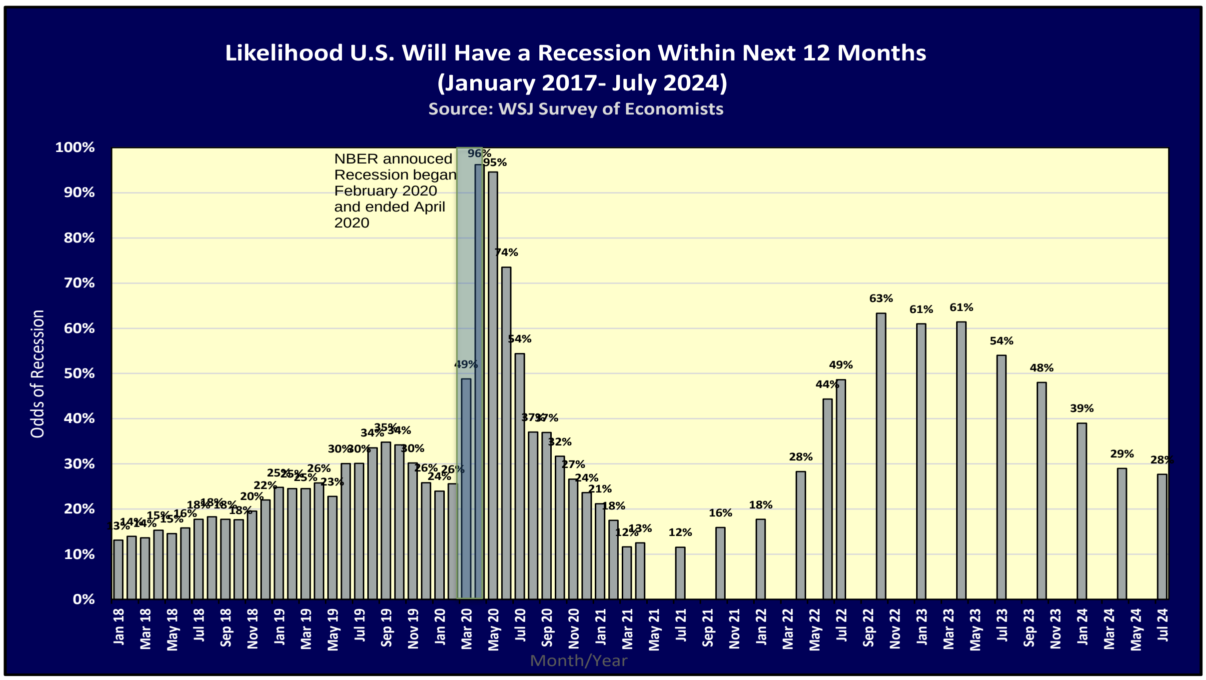
- As a result, and consistent with the tone of past forecast updates, the next twelve months are once again shaping up to be a pivotal period for the economy and state revenues. In particular, U.S. monetary policy is expected to make its long-awaited transition this Fall away from its current "aggressive tightening posture" to one that is expected to be significantly more accommodative—hopefully before the full economic restraining effects of its past tightening moves potentially cause more economic damage (versus what they already apparently have caused).

  - As mentioned in last January's forecast write-up, the key question going forward still remains as to whether or not the outcome of the Fed's forthcoming policy shift will result in an economy that will still be moving forward—avoiding a full-blown economic downturn—but at a slow enough pace with lower inflationary pressures relative to those that caused the highest rate of U.S. inflation in 40 years.

  - However, an alternative, not so good outcome is one that includes a full-blown economic recession. That remains a possibility for the economy. That would likely be the result of a monetary policy posture where the Federal Reserve keeps interest rates too high for too long, thereby resulting in a significantly "harder landing" for the economy than has recently been hoped for.

- In fact, most "Fed Watchers" point out that monetary policy is more prone to error when Fed policymakers "think they are right"—just as they do now.

▪ However, the consensus view of most economists-analysts is that the economy will avoid a recession and successfully make its "soft-landing." That consensus includes the economists-analysts that are respondents in the Wall Street Journal's quarterly survey of economists where less than 30% of economists expect the U.S. economy to devolve into a general economic recession as of early July (see the updated chart below)—a number than was roughly the same three months ago.



▪ However, it should be noted that it was not all that long ago when economic conventional wisdom thought that the pace and magnitude of the Federal Reserve's somewhat "behind the curve" efforts to fight inflation would almost certainly push the economy over the edge and into a recession and all of its attendant economic damage and hardship.

- Just as that full-fledged economic downturn failed to materialize as many economists expected, it remains quite possible that the economy will not achieve its much-anticipated "soft-landing" and potentially still could experience a period where the U.S. economy falls into a recession.

- In fact, about a year and a half ago, it should be remembered that many economic forecasters expected the Federal Reserve would be left with no other choice than to cause a recession 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.

▪ By way of a reminder, the Fed raised rates at the most rapid pace in decades in 2022 and 2023 to combat high inflation, and many economists have since then marveled at how the economy has weathered those increases so far.

  - The Fed Chair and other members of the FOMC[9]—as the policy making body-voting members of the Federal Reserve—do not want to cut rates without more ***"convincing evidence"*** their policy stance is as restrictive as they need it to be to successfully complete the so-called last mile of its anti-inflation fight.

  - The delicate part of the balancing act is that because we have come to understand in this cycle that higher short-term interest rates bite with a lag, it may turn out to be too late to take the countervailing monetary easing actions necessary to avoid a full-fledged economic downturn (and its associated economic damage) by the time the Fed actually observes the "convincing evidence" they are looking for.

▪ Therein lies the Federal Reserve's on-going policy dilemma which they have been struggling with for roughly two and one-half years—where they are attempting to deal with two prominent economic risks.

  - One is that there is more pain to come as banks and businesses least prepared for and most vulnerable to the economy's persistently higher level for short-term interest rates will encounter serious challenges if the level of those elevated interest rates does not come down fast enough in the months ahead to avoid an economic downturn—thereby achieving the much sought after "soft landing" for the U.S. economy.

  - The risk on the other side is that premature rate cuts underpin the resulting market rallies and increased spending that goes along with them that sustains inflation above the Fed's 2% annual long-term inflation rate target—as measured by the Personal Consumption Expenditures Price Index published by the U.S. Department of Commerce. Recently, it was reported that core

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[9] As a reminder, the FOMC refers to the **F**ederal **O**pen **M**arket **C**ommittee.

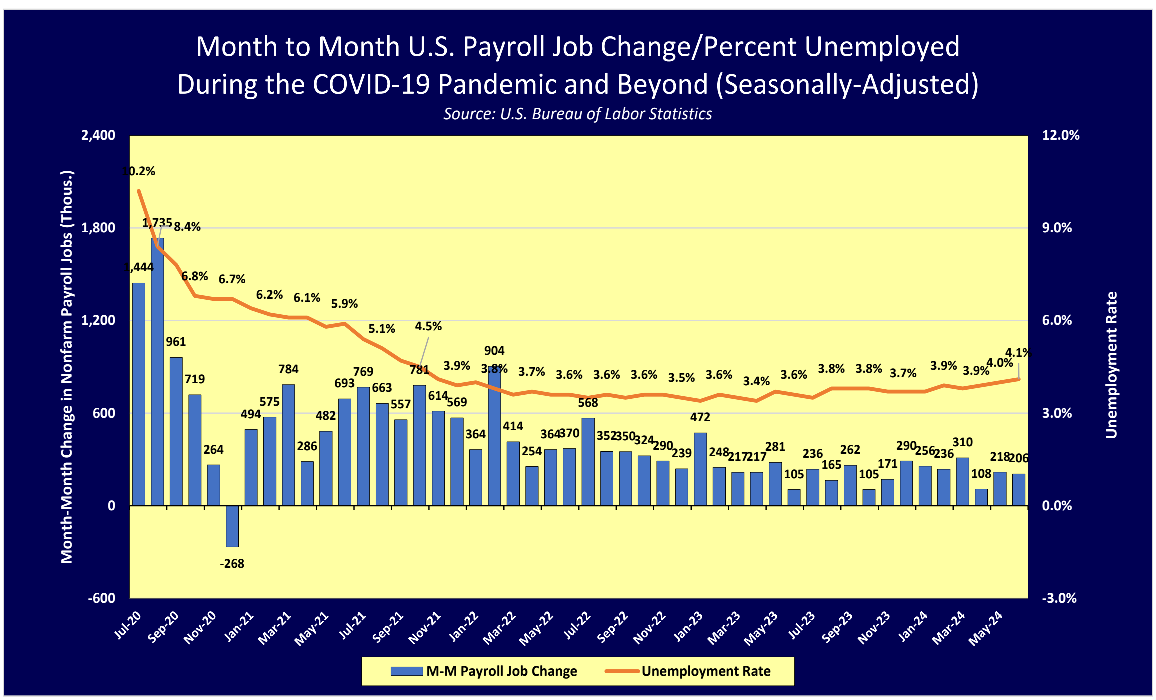
prices in the PCE Price Index—or those excluding food and energy—rose by +2.6% in May and June—after increasing by +2.8% in April.

- An important part of what might eventually become **"convincing evidence"** to the Federal Reserve is last week's report on conditions in U.S. labor markets.

  - Earlier in July, the U.S. Bureau of Labor Statistics reported that the U.S. economy added 206,000 nonfarm payroll jobs—above consensus expectations and making it 42 consecutive months where the U.S. economy has added jobs.

  - At the same time, the U.S. unemployment rate increased to 4.1% up by 0.7 percentage points since last May and marking the first time since November of 2021 (corresponding to the first time in 31 months) when the U.S. unemployment rate had risen above the 4.0% level—a reading that is widely viewed as being a full-employment unemployment rate.

  - When the U.S. unemployment rate rises above that 4.0% level, that could be an indication of some slack in labor markets, something markets (and the Federal Reserve) are looking for as the U.S. economy is showing signs of beginning to slow down (see the chart below).

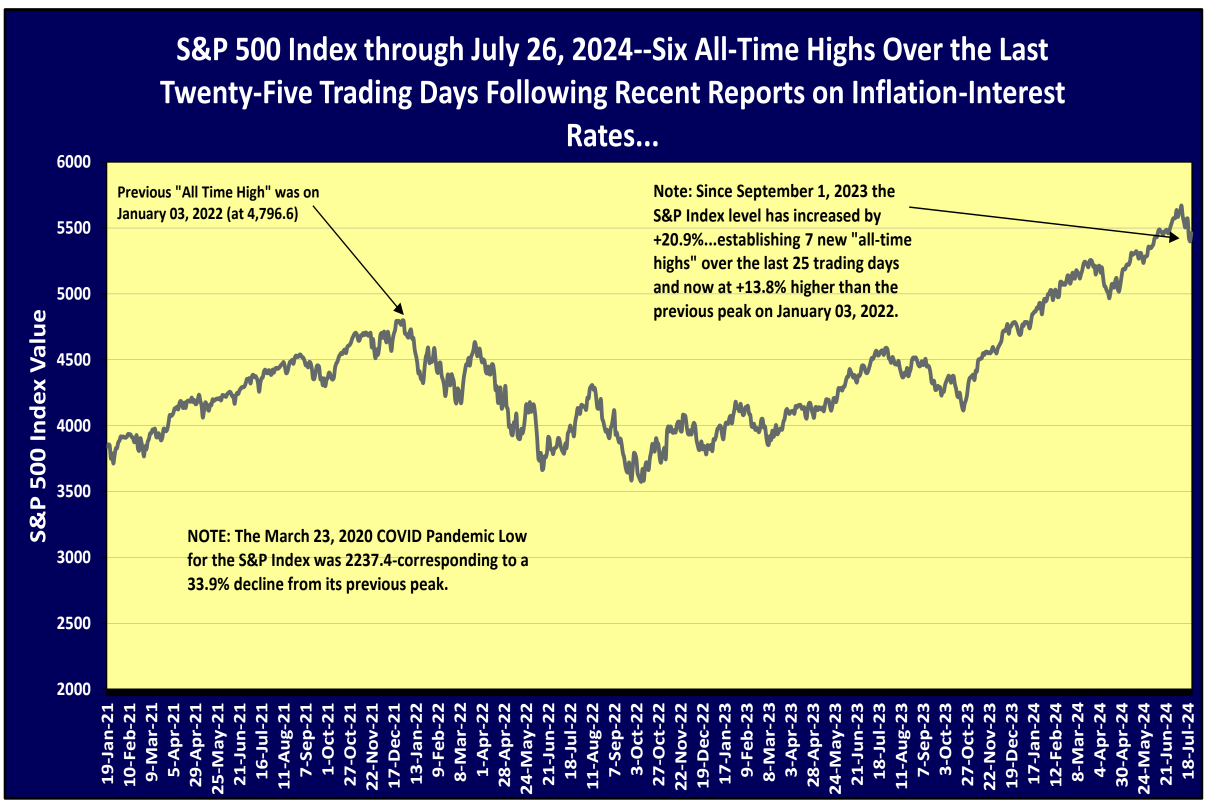


- At the same time, there were other indications as well that the job market is continuing to cool. For example, average hourly earnings were up by 3.9% during

June (on a year-over-year basis), marking the smallest year-over-year change in average hourly earnings since 2021.

- In addition, the previously reported increase in nonfarm payroll jobs for both April and May were both revised lower by a combined 111,000 jobs. Moreover, the labor-force participation rate (defined as the share of working-age people who were employed or seeking work), moved up to 62.6%—providing a sign that more people entered the labor market last month as the U.S. labor market has been recently normalizing.

- U.S. stock markets responded favorably to the labor market news (see the chart on the S&P 500 below), as market watchers viewed the report: (1) as evidence that the U.S. economy was in fact showing signs of slowing; (2) was providing the Federal Reserve some room to maneuver on the interest rate cutting front; but (3) was also maintaining a level of resiliency that did not indicate that an economic downturn was anywhere on the near-term time horizon.



- To prove the point, it was noted that nonfarm payroll jobs have increased at an average of 177,300 per month over the last three months—compared to 222,300 added jobs over the last six months and 230,800 per month during all of calendar year 2023.

- Even though U.S. labor market conditions appear healthy but slowing, the concern with that line of reasoning is that U.S. labor market conditions can—and have—deteriorated quickly in the past when they have slowed significantly (as they are now). Recently, it has looked as though high short-term interest rates have more clearly curtailed activity, and consumer spending has recently slowed even though earnings have also risen faster than recent inflationary price changes.

  - The fear is that if consumers cut back on their spending too much, employers could respond by cutting staff (instead of just reducing the number of available available-open positions as they have primarily done to-date), turning what has been a virtuous cycle of rising employment without a large increase in unemployment into wider and more pronounced economic downturn—including all of the associated economic damage that such an economic downcycle would typically bring.

- Currently complicating the Federal Reserve's ability to know just when enough tightening "is enough" for the current economic cycle is how labor market distortions from the COVID pandemic and the recent higher than usual of number of immigrants coming into the U.S. has potentially complicated the ability of the Fed to read the signals from U.S. labor markets.

  - For example, the labor market report earlier this month included analysis indicating that 1.7 million of the 2.7 million new nonfarm payroll jobs in the U.S. economy over the last year were the result of job gains in just three sectors: Health Care, Government, and the Leisure and Hospitality sectors.

  - The Labor Department further noted that much of that greater than average contribution to overall U.S. nonfarm payroll job growth represented "catch-up" as these sectors took a much longer period to just get back to their pre-pandemic levels than most other sectors in the economy.

  - In fact, the June 2024 job count in all three of those job categories were "still low" relative to their pre-pandemic levels and it is unclear if the job addition momentum of the past year will be maintained for much longer.

  - Moreover, at the same time those recent job drivers appear to be slowing, it remains unclear just how much border crossings by working age immigrants—which reportedly have fallen off in recent months—may be affecting the measures of labor force slack as these new immigrants authorization to be able to work in the U.S. after entering the country.

- These dynamics are also leading many analysts to focus on the recent rise in the U.S. unemployment rate as the best gauge to measure labor market normalization and slack (including adherents to the so-called Sahm Rule who have raised some concern that the recent rise in the U.S. unemployment rate may be a pre-cursor to an economic recession[10]).

  - If the unemployment rate continues to increase above last month's 4.1% level, it could be an indication of that the ***"convincing evidence"*** objective of the Federal Reserve has been met—and it is in fact time to ease.

  - At that point, it will be a matter of timing in terms of whether or not the Federal Reserve's decision to reduce short-term interest rates will have been timed correctly in order to forestall a greater level of deterioration in labor markets and the economy in order to prevent a full-fledged economic recession.

- While the clear underlying resiliency and the enduring forward momentum in the economy indicates it remains too soon to be concerned about a "harder landing" scenario that would include even a short and mild recession, there still are legitimate concerns about significant downside risks for the economy over the 2025 fiscal year and beyond.

  - These risks include, but clearly are not limited to, the: (1) the on-going wars in Ukraine and in Gaza in the Middle East[11] and their continuing impacts of key commodity markets (including fossil fuels); (2) a dysfunctional U.S. Congress which still is facing key policy and appropriations deadlines which threatens to send a message to the rest of the world that the U.S. has become unable to "govern;" (3) the shrinking household savings cushions (see the chart above)—particularly for lower income households which may act as a drag on U.S. consumption—to the detriment of the in-going economic expansion; (4) increasing signs of strain in commercial real estate markets that threatens to spread its negative contagion to the broader economy as a whole; and (5) the increasingly harsh weather events in the state that have negatively impacted

[10] However, in a recent blog post, the author of the "Sahm Rule" (Dr. Claudia Sahm) indicated that other distortions in U.S. labor markets were complicating the strict application of her rule to current U.S. labor market conditions. As such, a recession in the near-term did not appear to be indicated by that rule-benchmark.

[11] Which lately appears to be on the brink of spreading to the north with the recent attack by Hezbollah—as the Lebanese Shia Islamist political party.

key industries in the State and threaten to grow in terms of the significance of their economic impacts.

❖ Update on the State's Economy—Including Vermont's Labor Market Recovery from the Early 2020 COVID-Induced Recession.

- Turning to recent developments in the state economy, the data through June 2024 show that Vermont continues to creep closer to its full labor market recovery for nonfarm payroll jobs from the pandemic-induced downturn back in early 2020 (see Table 5 below concerning the count of nonfarm payroll jobs for all states in the New England region).

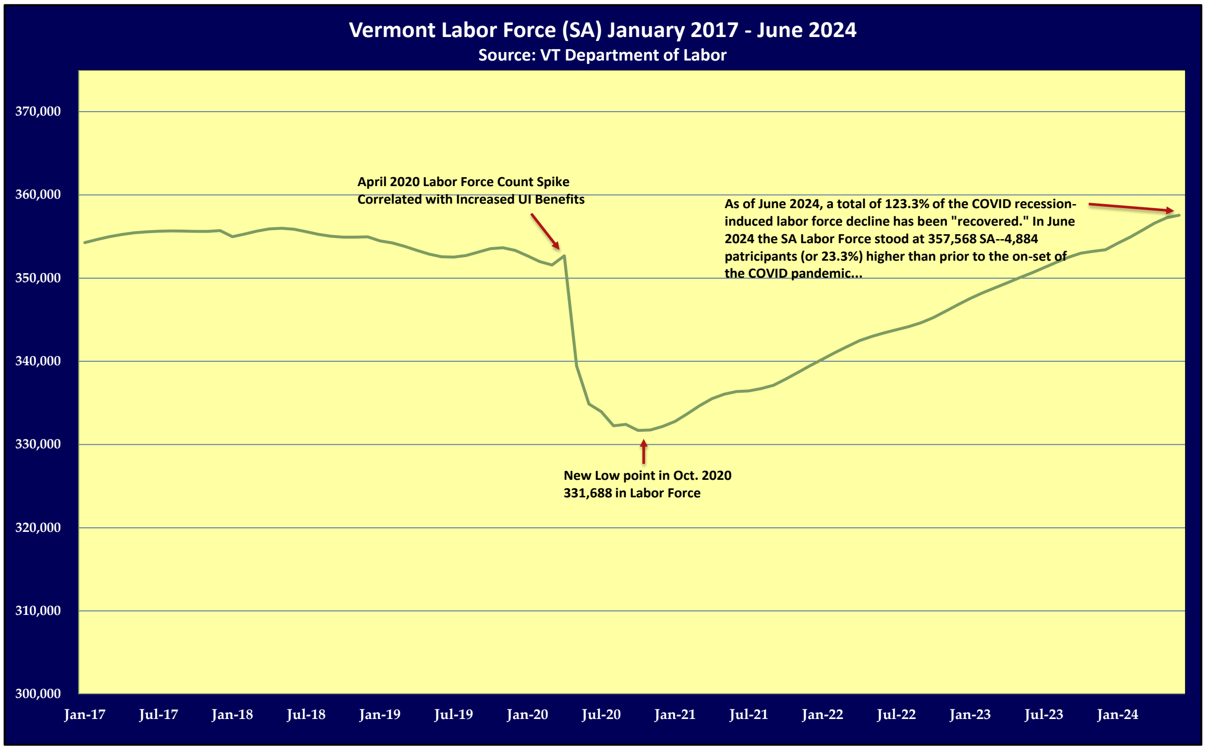
Table 5: State-by-State Nonfarm Payroll Job Counts by State (Seasonally-Adjusted), February 2020 through June 2024 (Compared to the U.S. and New England Averages)

Payroll Jobs-Recession Losses (Feb.-April)/Recovered (April 2020-June 2024)					%	%	
	Lost	% of Total	Recovered	% of Total	Recovered	Left-to-Go	*Left-to-Go*
Connecticut	(291.1)	-17.1%	306.2	21.8%	105.2%	--	15.1
Maine	(93.7)	-14.7%	114.0	20.9%	121.7%	--	20.3
Massachusetts	(682.6)	-18.2%	691.6	22.6%	101.3%	--	9.0
New Hampshire	(117.8)	-17.1%	139.1	24.3%	118.1%	--	21.3
Rhode Island	(108.7)	-21.4%	112.1	28.1%	103.1%	--	3.4
Vermont	(67.2)	-21.3%	65.4	26.3%	97.3%	2.7%	(1.8)
United States	(21,941.0)	-14.4%	28,208.0	21.6%	128.6%	--	6,267.0
N.E. TOTAL	(1,361.1)	-17.9%	1,428.4	22.9%	104.9%	--	67.3

– Although the Vermont nonfarm payroll job recovery is not complete, that is not the case in terms of additions to the state's labor force and for the number of employed Vermont residents (see Table 6 below and the state labor force chart)—which are as of June 2024 indicate that the State's recoveries for those two important labor market indicators were in fact complete.

Table 6: Comparative State-by-State Track of Employed Residents Losses and Recovery-Gains Since the Pandemic-Induced Recession, Vermont and the N.E. States Compared to the U.S. and N.E. Averages

Employed State Residents-Recession Losses from Pre-Covid Peak/Recovered (as of June 2024)					%	%	
	Lost	% of Total	Recovered	% of Total	Recovered	Left-to-Go	*Left-to-Go*
Connecticut	(193.7)	-10.4%	162.9	84.1%	84.1%	15.9%	(30.7)
Maine	(86.8)	-12.8%	84.4	97.2%	97.2%	2.8%	(2.4)
Massachusetts	(851.8)	-22.8%	798.1	93.7%	93.7%	6.3%	(53.7)
New Hampshire	(138.3)	-18.1%	126.3	91.3%	91.3%	8.7%	(12.0)
Rhode Island	(110.6)	-19.8%	116.8	105.6%	105.6%	--	--
Vermont	(43.4)	-12.5%	47.1	108.6%	108.6%	--	--
United States	(25,660.0)	-16.2%	28,014.0	109.2%	109.2%	--	--
N.E. TOTAL	(1,424.6)	-17.9%	1,335.7	-93.8%	93.8%	6.2%	(88.9)

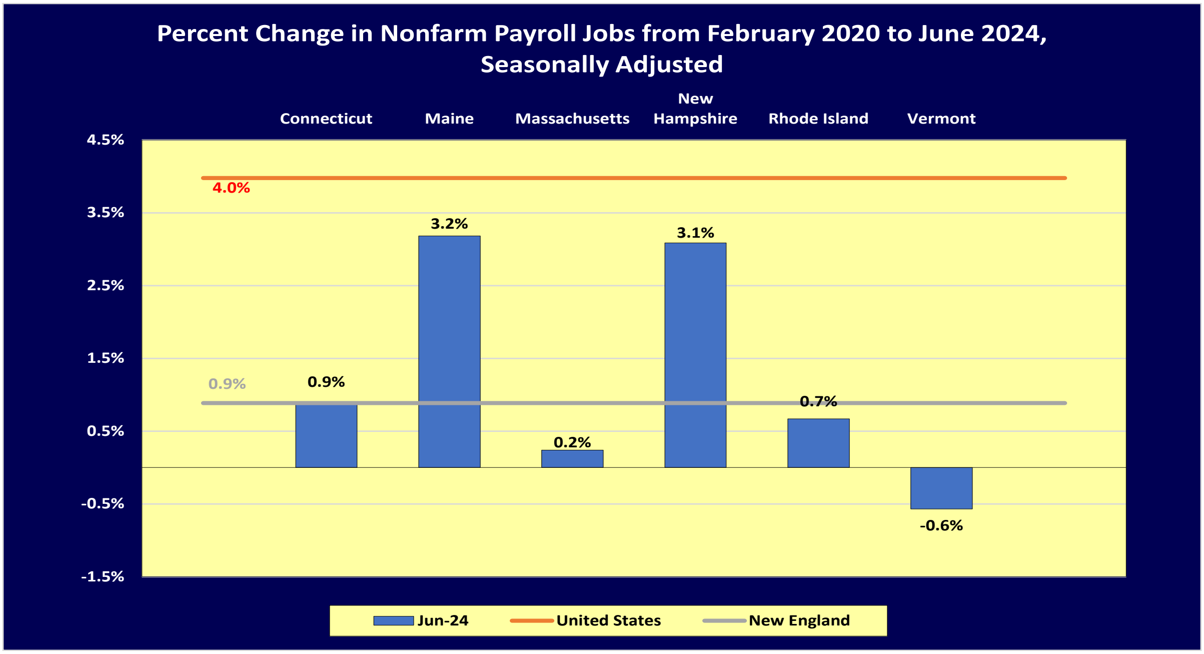


- The state's unemployment rate for June of 2024 also continued to remain very low from a historical perspective, and relative to the other states in New England and across the country—with Vermont's seasonally-adjusted unemployment rate for June ranked as the lowest in New England and was tied as the second lowest statewide unemployment rate among the 50 U.S. states.

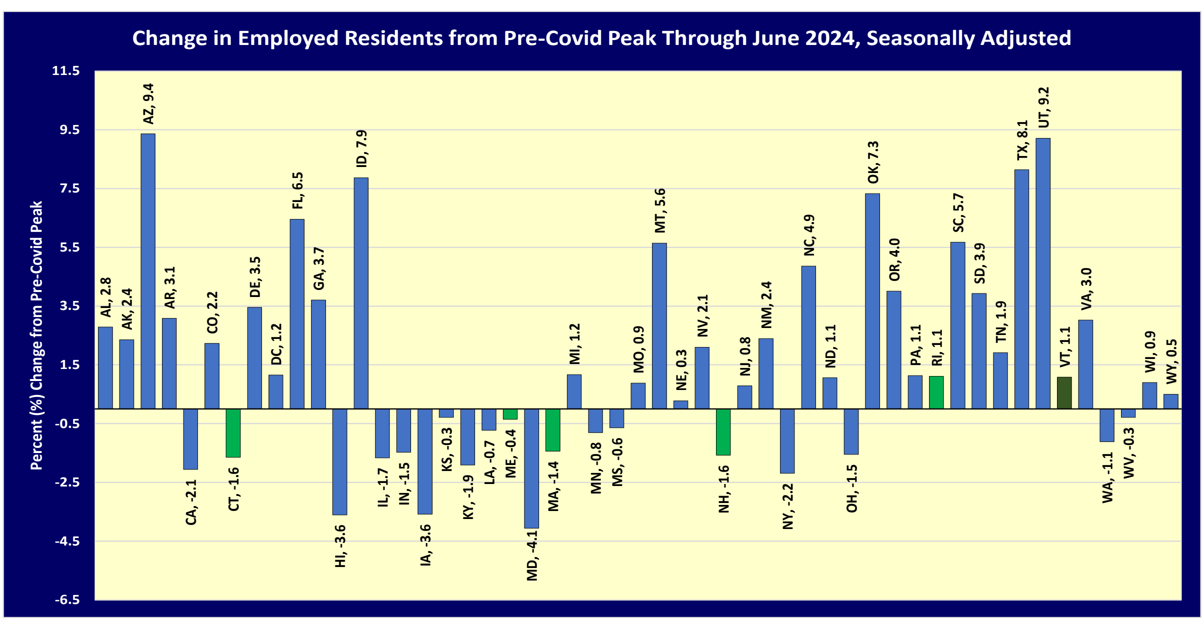
- Because the state's nonfarm payroll job recovery is not yet complete, the most current reading on the level of nonfarm payroll jobs in June 2024 relative to the pre-pandemic peak February 2020 level remains 0.6 percentage points below that level—ranking Vermont as the lowest among the six New England states (see the chart below).

  - The strongest performing state was Maine (at 2.9% higher than its pre-pandemic nonfarm payroll job total), followed closely by New Hampshire at +3.2% relative to its February 2020 nonfarm payroll job count level.

  - Rhode Island (at +0.7% above its February 2020 pre-pandemic nonfarm payroll job count level) and Connecticut (at +0.9% above its February 2020 pre-pandemic nonfarm payroll job count level), and Massachusetts (at +0.2% above its seasonally-adjusted February 2020 pre-pandemic nonfarm payroll job count level) round out the rest of the states in the New England region (which on average stood at +0.9% above its February 20202 pre-pandemic nonfarm payroll job count total).



- Looking at this measure for employed residents for all 50 states, Vermont +01.1% positive position was among the roughly 30 states nationally that were also in positive territory, and was one of two states in positive territory in the New England region (the other state in positive territory for this indicator being the state of Rhode Island).

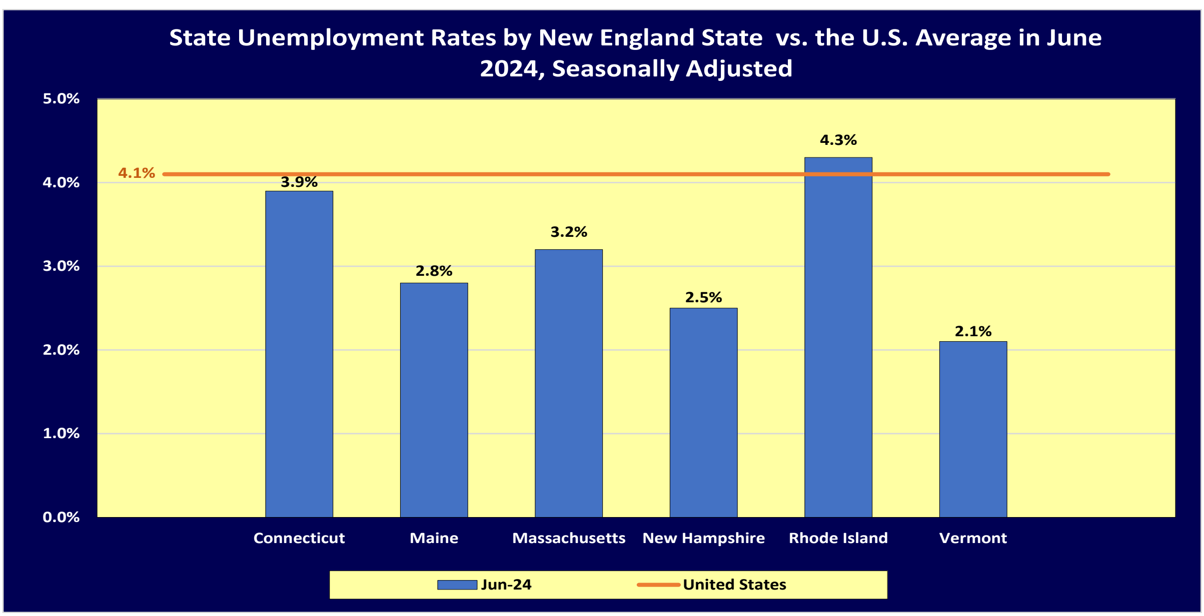


- As of June 2024, a good portion of the state's slower than the U.S. average rate of nonfarm payroll job recovery is likely linked to Vermont's significantly lower than the U.S. average unemployment rate indicating the continuation of the state's exceptionally tight labor market conditions.

  - Looking more specifically at the state's unemployment rate, Vermont's current 2.1% statewide unemployment rate is the lowest in the New England region and labor market conditions in Vermont remain exceptionally tight (see the New England state-by-state unemployment rate chart on the next page).

  - That level was among the lowest state unemployment rate in the nation—behind only the state of South Dakota and tied for second lowest in the U.S. with the state of South Dakota—who along with Vermont had a 2.1% statewide unemployment rate during the month of June 2024 (see the unemployment rate comparison chart for the New England states below).

- In addition, that 2.1% unemployment rate reading for Vermont in June 2024 was only 0.4 percentage points region higher than the previous 1.7% unemployment rate lows experienced back in April 2023 and May 2023—which at that time represented the lowest statewide unemployment rate readings registered in Vermont's modern economic history (going back almost 50 years to January 1976).



- As we have noted in prior revenue consensus forecast update reports, it is difficult to fill what available job opportunities there are if there are not available workers to fill those job opportunities.

- These latest data for the month of June of 2024 indicate that the historically tight labor markets conditions in Vermont continue—still suggesting that anyone who wants a job in Vermont can very likely find a job assuming they are geographically mobile enough to go to where the job opportunity is geographically located (e.g., their housing situation notwithstanding).

▪ This has occurred at the same time the state's labor force has accomplished a full recovery from its pre-pandemic levels (see the chart above). Through the month of June 2024, Vermont's seasonally adjusted Labor Force stood at 357,568 participants, a total of 4,884 (or 23.3%) higher than the number of labor force participants in the labor force back in October 2020—corresponding to the COVID pandemic low for the state labor force.

  - While May's seasonally-adjusted 357,568 preliminary labor force level reading was still 3,556 (or 1.0%) below the state's previous May 2004 labor force "high water mark," June 2024's seasonally-adjusted labor force reading was the highest for Vermont' labor force since June of 2011 (when the seasonally-adjusted labor force stood at 357,343 (seasonally-adjusted).

▪ The data appear to continue to show that the state has been making significant, additional progress in closing the negative gap in the size of its statewide labor force that has been a function of its "negative" demographic trends that have been a part of the state's long-term economic and population outlook dating back more than a decade.

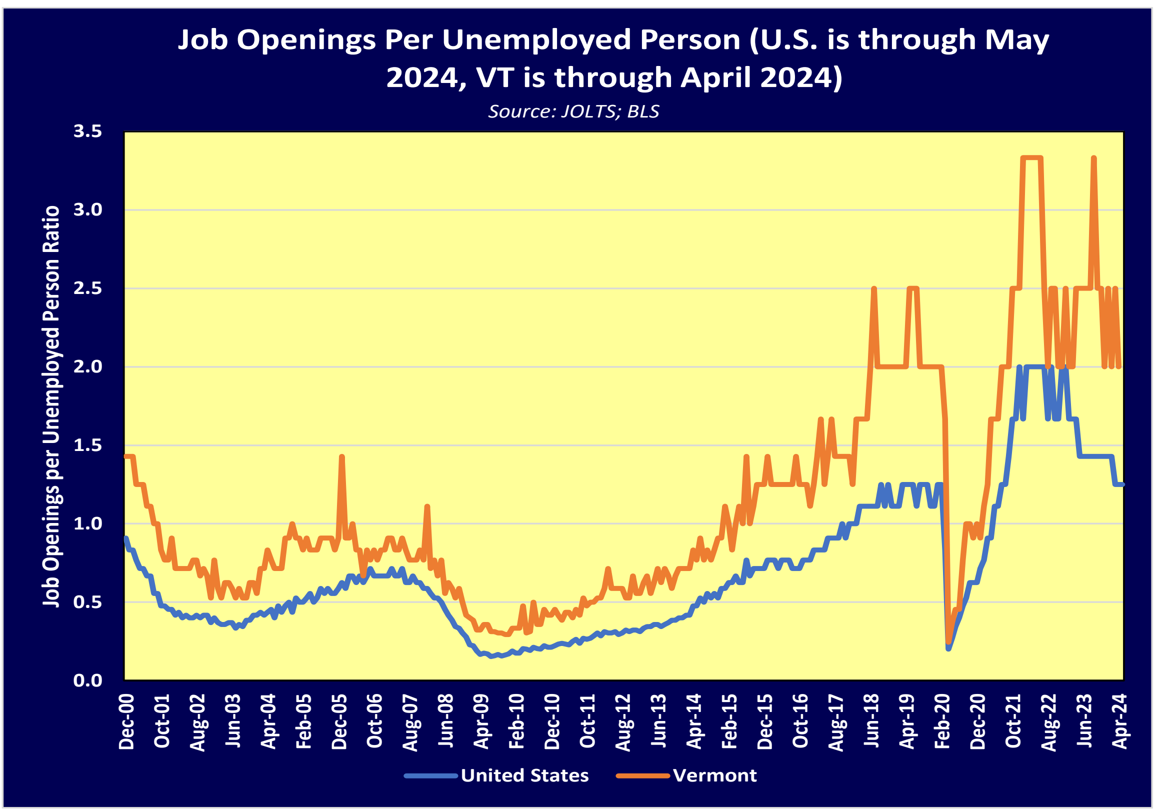
  - As we have contended in speaking with the various parties-audiences of the Vermont economy (e.g. rating agencies) over time, this is a long-term issue that will be difficult to turn around over a short-term time horizon.

  - Even so, these recent changes in labor force data do indicate significant progress in addressing the state's recent negative demographics—reflecting a mix of policy and some favorable environmental changes—the latter of which appears to have been the result of the public health concerns and the significant, apparently enduring changes in workplace arrangements and attitudes following the disruptions associated with COVID pandemic.

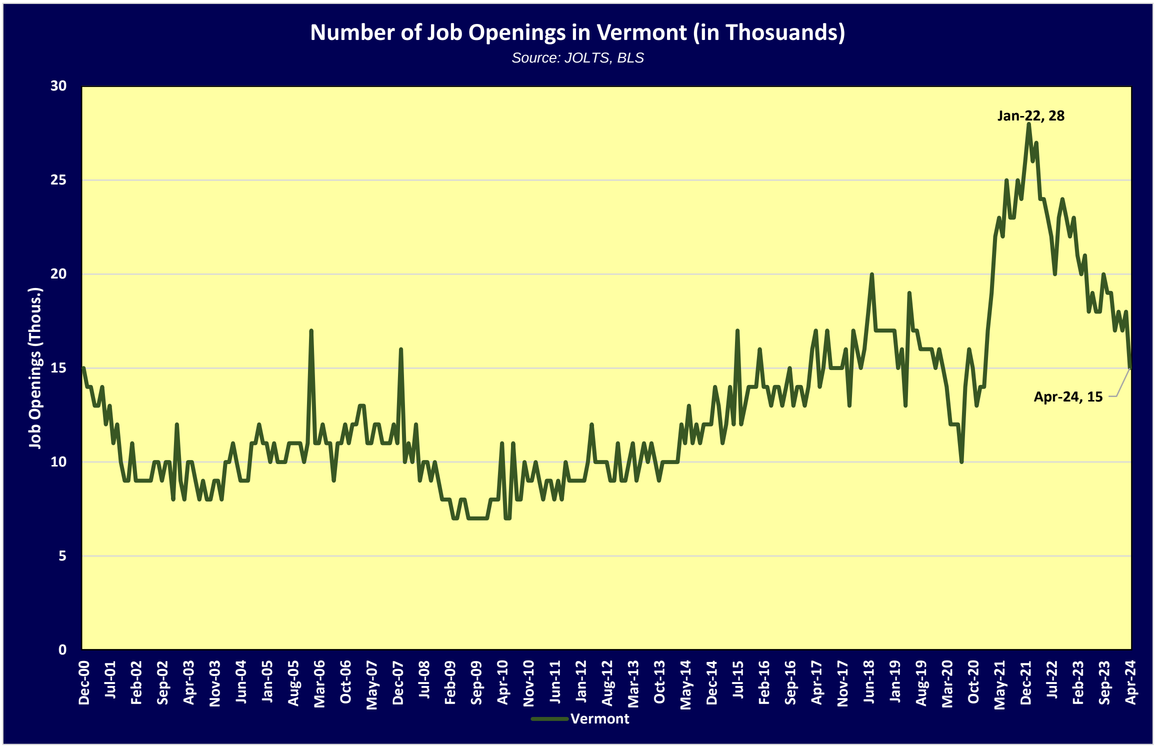
▪ The state's relatively tight labor market condition also was reflected in the most recent Job Openings and Labor Turnover Survey ("JOLTS") data, where Vermont's April 2024 reading (with April 2024 being the most recently available state-by-state JOLTS data available) still stood a 2.0 job openings per unemployed Vermont labor force participant[12] versus only 1.3 job opportunities per unemployed worker for the U.S. as a whole during May (with May being the most recent JOLTS data available for the U.S. as a whole)—see the chart below.

- Looking at the number of job opportunities in Vermont for April 2024, there were a total of 15,000 available job opportunities in the state or still at the level of 2.0 available jobs for every unemployed worker in the state (see the second chart below).

- That total was down by 3,000 available job openings since January of 2024 and by 8,000 available jobs since January of 2023.



[12] The number of job opportunities per unemployed worker in Vermont has been at or above the level of 2.0 since July of 2021—or 34 months in a row. The U.S. average JOLTS data has not been at the level of 2.0 available job opportunities per unemployed worker since January 2023—or 16 months ago.



- The recent uptick in Vermont's payroll jobs gains is highlighted by the data in Table 7 (below), where the state has a "top twenty five state" in the U.S. ranking in its Private Sector year-over-yar job change (at +1.5% year-over-year change through June 2024 ranking Vermont 2nd in New England (behind Maine) and 22nd among the 50 states. In fact, Vermont in June 2024 two "top ten" year-over-year nonfarm payroll job change performances nationally among its eight NAICS[13] super-sectors (including in the Leisure and Hospitality, and Professional and Business Services super-sectors)—with the Leisure and Hospitality job change ranking 7th in the nation and the Professional and Business Services year-over - year change ranking 8th.

  - At the same time, Vermont had the nation's worst performance in the year-over-year change in the Governmental sector (following several months where this category was a "leading" state job adding category[14]).

  - The state also had below-average year-over-year nonfarm payroll job change performance in the Information, Manufacturing, and Construction supersectors—the latter likely a function of lack of available labor.

[13] For this analysis, NAICS means **N**orth **A**merican **I**ndustry **C**lassification **S**ystem.
[14] Most likely a function of questionable seasonal factors—as has been noted in previous monthly-quarterly analysis memos-reports.

- This obviously bears close watching over the next several months as the state's seasonal factors tend to even out with the change in the "seasons."

Table 7: Comparative State-by-State Year-Over-Year Change in Nonfarm Payroll Jobs, June 2023 to June 2024

Payroll Job Performance By NAICS Supersector June 2023 vs. June 2024

Industry Supersector	% Change in VT	VT Rank in New England	VT Rank in U.S.	Highest Ranked New England State	# of States Reporting Job Losses
Total Nonfarm	**1.3%**	**3**	**32**	**ME (20)**	**1**
Total Private	**1.5%**	**2**	**22**	**ME (18)**	**4**
Construction	-1.2%	5	44	MA (22)	13
Manufacturing	-2.1%	5	46	RI (11)	23
Information	-2.2%	2	17	ME (7)	40
Financial Activities	0.8%	1	18	VT (18)	24
Trade, Transportation, and Utilities	0.4%	1	24	VT (24)	21
Leisure and Hospitality	4.2%	2	7	ME (1)	8
Education and Health Services	3.4%	4	33	NH (3)	0
Professional and Business Services	2.4%	2	8	RI (7)	16
Government	0.6%	6	47	NH (5)	2

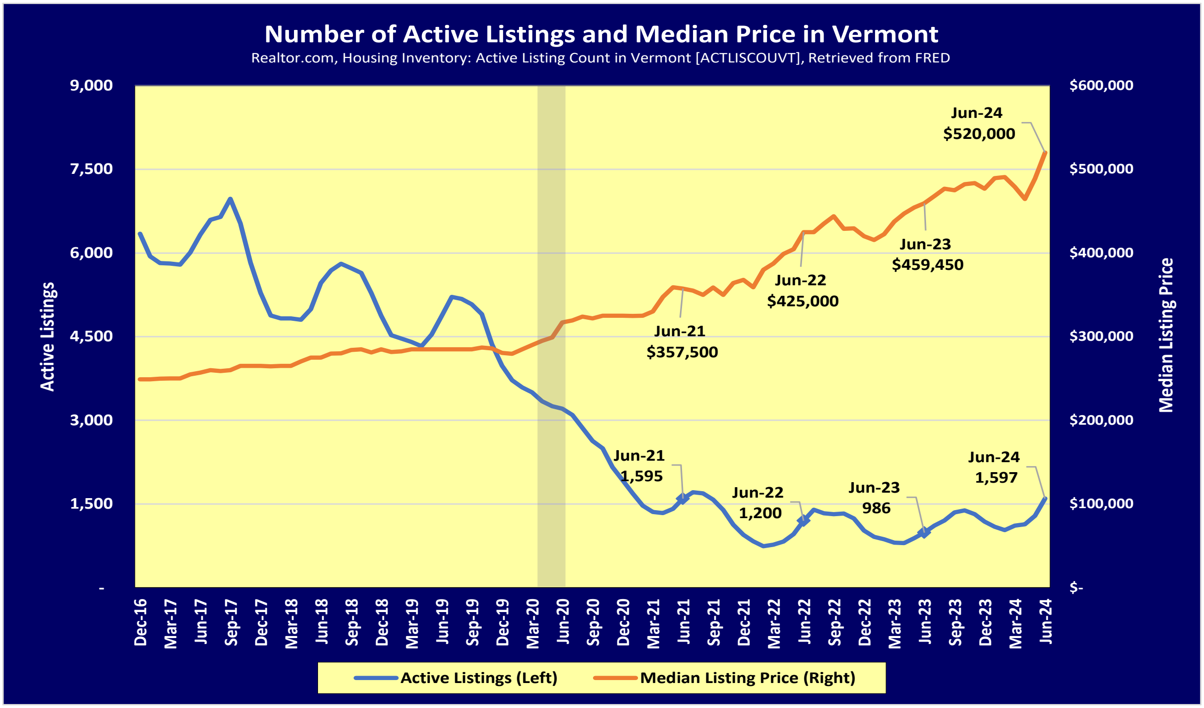
Notes: NAICS means North American Industry Classification System

Source: U.S. Department of Labor, BLS

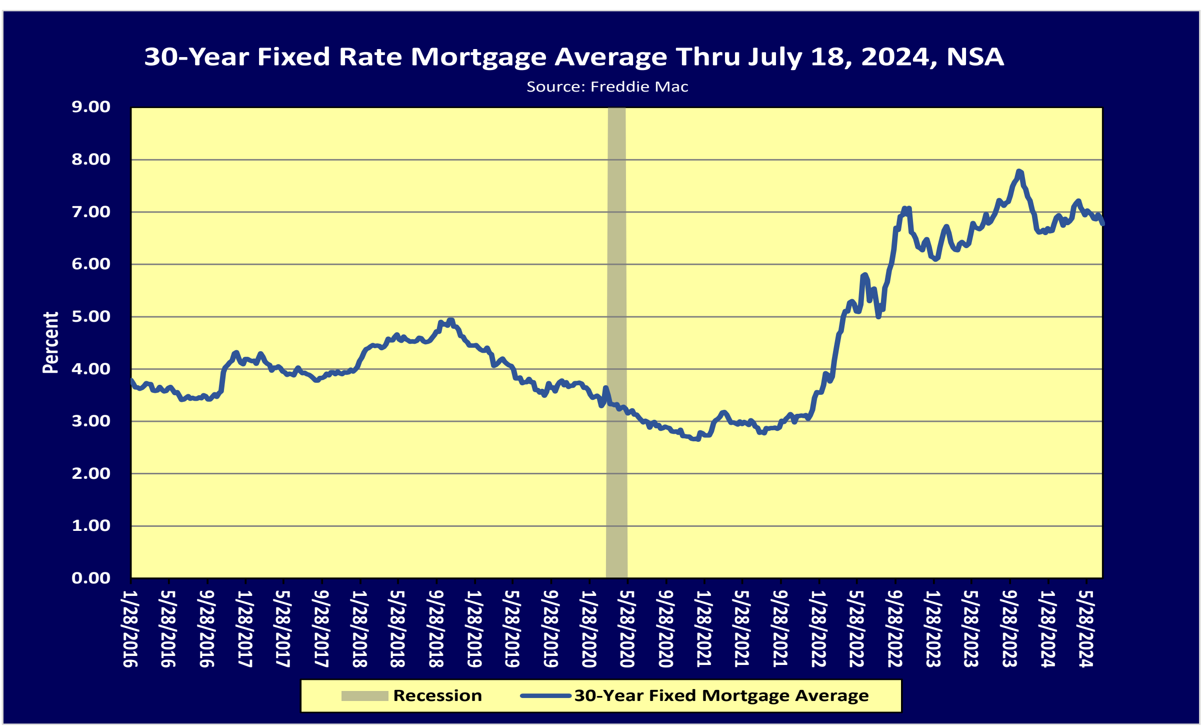
- Turning to Vermont real estate markets, the VT Realtor.com data through June 2024 showed the continuing upward pressure on Vermont housing prices (as measured by the median price of listings throughout the state) through June 2024 which continues to be a function of sharply constrained supply where the inventory of available housing units for sale has been depressed for the greater part of the last eight years 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 (although it has moderated over the past six months) 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.

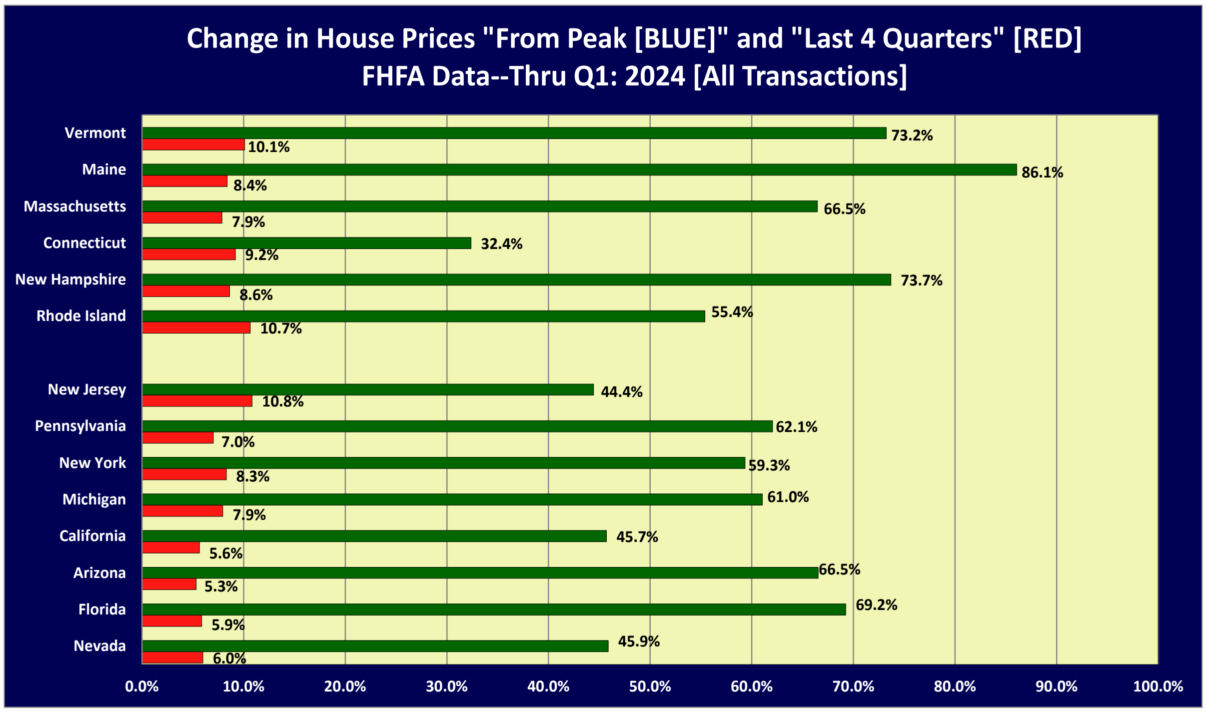
    - In fact, as of June 2024, the median listing price of listed units in Vermont available through the Realtor.com network (that is by so-called MLS or Multiple Listing Service agents) was up to $520,000—up significantly (or by +12.0%) since April 2024's recent low of $464,475—and up still up by 13.8% year-over-year since June 2023 (see the chart below).



- That has occurred despite a significant +611 (or +67.0%) increase in the supply of listed units across the state since a year ago in June of 2023. Combined with still high—although easing somewhat—level of mortgage interest rates, it continues to be a very challenging Vermont housing market overall. (see the chart regarding 30-year fixed mortgage rates below).



- These data are also confirmed by the most recent readings of the Federal Housing Finance Agency's (or "FHFA") price index which similarly has been "off-the- charts" in this regard over the past two quarters as well (or through Q1 of calendar year 2024)



- 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.

▪ These housing price and listed unit inventory data are not uniform across all counties in Vermont—which would be expected since the Vermont housing market is made up of several regional housing markets (see the Table 8 and Table 8A below).

  - However, even though the data on listed unit prices may vary by county, the one common feature of county and statewide data is that there has been a large decline in the number of listed units across the state's fourteen counties between June 2024 and June of 2017—or 7 years ago.

- Declines in the available listed unit inventory have ranged from a low of 62.6% in Lamoille County to a high of 81.8% in Orleans and Washington County (Chittenden County experienced a listed unit decline of 62.5% corresponding to 349 listed units over the period).

Table 8. County Median Listed Price for Single Family Housing Units and Number of Active Listings through Realtor.com, June 2024 (Diff. from June 2017)

	Median Listed Price ($)				Number of Listed Units (#)			
County	June 2024	June 2017	Dollar Change	Percent Change	June 2024	June 2017	Number Change	Percent Change
Addison	$ 549,000	$ 322,200	$ 226,800	70.4%	53	256	(203)	-79.3%
Bennington	$ 635,000	$ 309,500	$ 325,500	105.2%	108	566	(458)	-80.9%
Caledonia	$ 484,950	$ 177,225	$ 307,725	173.6%	84	312	(228)	-73.1%
Chittenden	$ 639,000	$ 416,450	$ 222,550	53.4%	209	558	(349)	-62.5%
Essex	$ 334,900	$ 154,675	$ 180,225	116.5%	25	109	(84)	-77.1%
Franklin	$ 399,000	$ 227,000	$ 172,000	75.8%	108	352	(244)	-69.3%
Grand Isle	$ 624,900	$ 266,575	$ 358,325	134.4%	41	186	(145)	-78.0%
Lamoille	$ 627,000	$ 269,000	$ 358,000	133.1%	129	345	(216)	-62.6%
Orange	$ 497,000	$ 224,425	$ 272,575	121.5%	56	241	(185)	-76.8%
Orleans	$ 398,750	$ 199,000	$ 199,750	100.4%	83	456	(373)	-81.8%
Rutland	$ 399,450	$ 198,750	$ 200,700	101.0%	162	712	(550)	-77.2%
Washington	$ 449,000	$ 249,700	$ 199,300	79.8%	85	468	(383)	-81.8%
Windham	$ 539,000	$ 249,125	$ 289,875	116.4%	191	749	(558)	-74.5%
Windsor	$ 595,000	$ 282,000	$ 313,000	111.0%	262	1,027	(765)	-74.5%
Vermont	$ 520,000	$ 257,000	$ 263,000	102.3%	1,597	6,328	(4,731)	-74.8%

Table 8a. County Median Listed Price for Single Family Housing Units and Number of Active Listings through Realtor.com, June 2024 (Diff. from June 2023)

	Median Listed Price ($)				Number of Listed Units (#)			
County	June 2024	June 2023	Dollar Change	Percent Change	June 2024	June 2023	Number Change	Percent Change
Addison	$ 549,000	$ 549,000	$ -	0.0%	53	32	21	65.6%
Bennington	$ 635,000	$ 609,125	$ 25,875	4.2%	108	62	46	74.2%
Caledonia	$ 484,950	$ 392,225	$ 92,725	23.6%	84	47	37	78.7%
Chittenden	$ 639,000	$ 549,950	$ 89,050	16.2%	209	132	77	58.3%
Essex	$ 334,900	$ 367,475	$ (32,575)	-8.9%	25	20	5	25.0%
Franklin	$ 399,000	$ 374,900	$ 24,100	6.4%	108	62	46	74.2%
Grand Isle	$ 624,900	$ 627,500	$ (2,600)	-0.4%	41	22	19	86.4%
Lamoille	$ 627,000	$ 535,950	$ 91,050	17.0%	129	78	51	65.4%
Orange	$ 497,000	$ 377,500	$ 119,500	31.7%	56	33	23	69.7%
Orleans	$ 398,750	$ 376,000	$ 22,750	6.1%	83	64	19	29.7%
Rutland	$ 399,450	$ 332,750	$ 66,700	20.0%	162	105	57	54.3%
Washington	$ 449,000	$ 459,125	$ (10,125)	-2.2%	85	66	19	28.8%
Windham	$ 539,000	$ 449,625	$ 89,375	19.9%	191	131	60	45.8%
Windsor	$ 595,000	$ 554,000	$ 41,000	7.4%	262	139	123	88.5%
Vermont	$ 520,000	$ 459,450	$ 60,550	13.2%	1,597	986	611	62.0%

❖ Summary of the Updated Consensus Economic Forecast Update.

- In keeping with our past forecast update reports, the following section relates to the recently agreed-to consensus economic forecast update which will underpin the final consensus revenue forecast covering the fiscal year 2025 and 2026 (including calendar years 2024 through 2026 to be presented to the Vermont Emergency Board later this month on July 30th. This latest consensus economic forecast update was agreed to in late June of calendar year 2024.

  - The consensus economic forecast update reflects the latest fine-tuning of last December's economic forecast update, taking into account recent developments with respect to diminishing effects of the pandemic-induced economic turbulence and the U.S. economy looking to still be on-course to make long-anticipated "soft economic landing."

  - At this point, the only question with respect to that pending arrival on the "soft-landing" tarmac is whether or not the so-called "last mile" of the Federal Reserve's now two and one-half year fight against inflation, and the still ever present possibility that the Federal Reserve will make a policy error and remain too constrictive for too long and result in a somewhat "harder" economic landing than what has been hoped since the Federal Reserve decided to tighten U.S. monetary policy after deciding the post-pandemic run-up in the U.S. inflation rate was in fact "not transitory" at it had initially determined.

  - If the U.S. economy's landing does end up being significantly harder than hoped for—which this consensus economic forecast update does not anticipate—the resulting performance of the U.S. and Vermont economies will likely end up being poorer than anticipated in Table 8 and Table 9 (see below).

- Over the last two quarters since the last consensus economic forecast update in December of calendar year 2023, prospects for a softer landing for the economy have increased, although this progress has been uneven.

  - The Winter period brought an unexpected firming in consumer prices—following a period of a surprisingly significant easing in consumer prices over the July through December 2023 period (corresponding to the first half of fiscal year 2024) that generally surprised analysts by the degree that price pressures actually declined.

- That period of improvement in price pressures during the second half of calendar year 2023 (corresponding to the first half of fiscal year 2024) also raised market expectations that the Federal Reserve might begin to ease back on its highly restrictive monetary policy posture earlier than was conventionally expected (e.g. possibly during the first half of calendar year 2024—or during the second half of fiscal year 2024).

▪ When that growing optimism for an easing in the highly restrictive monetary policy posture of the Federal Reserve failed to materialize because U.S. inflation was more persistent than anticipated, the economy and financial markets experienced a down period, indicating the still substantial challenges in the near-term economic outlook and the on-going significant trials and tribulations that the economic outlook still faced.

  - As a result, this updated consensus economic forecast expects that it is likely there will continue to be a few bumps along the way to the pending economic "soft-landing"—with the greatest risk from those uncertainties to having to be dealt with over the next twelve months—as the Federal Reserve attempts to execute the economy's "soft-landing."

▪ The updated consensus economic forecast expects that the economy will slow initially as the Federal Reserve eventually completes its anti-inflation fight and engineers the economy's "soft-landing" before firming and resuming a reasonable upward trajectory for the out-years of the consensus economic forecast update time horizon.

  - As with last Winter's consensus economic forecast update, the initial slowing in the pace of economic activity as price pressures continue to ease will not be significant enough or broad-based to result in a general downturn in the U.S or Vermont economy.

  - Instead, the near-term slowdown in economic activity is expected to be beneficial in terms of being 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 latitude required for the Federal Reserve to begin a policy pivot to a more accommodative stance in terms of its interest rate and balance sheet holdings policies sometime later this calendar-fiscal year.

- For at least the near-term time horizon, the updated June 2024 consensus economic forecast includes the following factors: (1) continued higher or "sticky," levels of inflation; (2) "higher for longer" levels of short-term and long-term interest rates relative to the long period of very low interest rate levels over the initial 12 year period following the 2007-09 "Great Recession" time frame as the Fed continues to lean against the economy's persistent inflationary pressures for a period of time that ultimately proves long enough to finally "finish the job" outlined in (1) above; (3) a period of rising consumer debt levels and associated debt burdens as pandemic-assisted savings are further reduced that begins to exert negative pressure on household spending; (4) the economic strains associated with the current downturn in commercial real estate—especially for those parts of the commercial real estate sector that will go through the "balloon payment" cycle and debt re-pricing cycle over the rest of this calendar year and into the next—while interest rate levels remain relatively "high" versus the post-"Great Recession" time period.

  - In addition, the U.S. and Vermont economies are likely to have to continue to contend with a number of threats—including those both domestic and foreign geo-political in nature[15]—that could individually or in some combination derail an otherwise reasonably optimistic outlook for the near-term outlook for the U.S. and Vermont economies.

- The final two tables below set forth the specifics of the consensus for both the U.S. (see Table 9 below) and the Vermont economies (see Table 9A (below).

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[15] Including important post-November election federal fiscal policy appropriations deadlines, the upcoming policy fight over extending or partially extending the expiring provisions of the 2018 federal tax cut package as passed in the Federal Tax Cuts and Jobs Act, continuing uncertainties in U.S. immigration policies and the situation at the southern U.S. border, and the geopolitical risks and funding matter related to the ground wars in eastern Europe (which is the most significant ground war since the Second World War), and the threat associated with potentially escalating hostilities in Gaza region of the Middle East, the northern Israeli border conflict with Hezbollah, and the continuing unstable situation on the West Bank..

Table 9

Comparison of Recent Consensus U.S. Macroeconomic Forecasts
December 2022 through June 2024, Selected Variables, Calendar Year Basis

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Real GDP Growth									
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*
June 2024	*3.0*	*2.5*	*-2.2*	*5.8*	*1.9*	*2.5*	*2.6*	*1.8*	*1.9*
S&P 500 Growth (Annual Avg.)									
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*
June 2024	*12.1*	*6.1*	*10.5*	*32.6*	*-3.9*	*4.5*	*17.5*	*3.2*	*4.5*
Employment Growth (Non-Ag)									
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 2022	*1.6*	*1.3*	*-5.8*	*2.9*	*4.3*	*2.3*	*0.7*	*0.4*	*0.5*
June 2024	*1.6*	*1.3*	*-5.8*	*2.9*	*4.3*	*2.3*	*1.6*	*0.9*	*0.5*
Unemployment Rate									
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 2022	*3.9*	*3.7*	*8.1*	*5.4*	*3.6*	*3.6*	*3.9*	*4.0*	*4.0*
June 2024	*3.9*	*3.7*	*8.1*	*5.4*	*3.6*	*3.6*	*3.9*	*4.1*	*4.2*
West Texas Int. Crude Oil $/Bbl									
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*
June 2024	*65*	*57*	*40*	*68*	*94*	*78*	*80*	*78*	*76*
Prime Rate									
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*
June 2024	*4.90*	*5.29*	*3.54*	*3.25*	*4.85*	*8.20*	*8.33*	*7.90*	*6.60*
Consumer Price Index Growth									
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*
June 2024	*2.4*	*1.8*	*1.3*	*4.7*	*8.0*	*4.1*	*3.3*	*2.6*	*2.5*
Average Home Price Growth									
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*
June 2024	*5.5*	*4.6*	*5.2*	*13.7*	*16.8*	*5.8*	*4.7*	*2.7*	*1.1*

Table 9A
Comparison of Consensus Administration and JFO Vermont State Forecasts, December 2021 through June 2024, Selected Variables, Calendar Year Basis

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Real GSP Growth									
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*
June 2024	*0.7*	*1.2*	*-2.7*	*4.8*	*2.2*	*1.3*	*2.1*	*1.5*	*1.5*
Population Growth									
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*	*0.1*	*0.2*	*0.2*	*0.2*
June 2024	*0.1*	*0.0*	*-0.1*	*0.6*	*0.0*	*0.1*	*0.2*	*0.2*	*0.2*
Employment Growth									
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*
June 2024	*0.3*	*0.1*	*-9.3*	*2.7*	*3.2*	*1.7*	*1.7*	*1.0*	*0.9*
Unemployment Rate									
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*
June 2024	*2.5*	*2.1*	*5.6*	*3.6*	*2.3*	*2.0*	*2.6*	*3.1*	*3.2*
Personal Income Growth									
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*
June 2024	*3.6*	*5.2*	*7.0*	*6.3*	*3.0*	*5.5*	*5.0*	*4.5*	*4.4*
Average Home Price Growth									
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*
June 2024	*3.0*	*3.8*	*5.1*	*14.0*	*18.0*	*10.6*	*6.9*	*2.5*	*-0.1*

❖ 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 2025 and fiscal year 2026 that are part of the official July 30, 2024 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 2025-2026 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 Commissioner Craig Bolio, Sharon Asay, Rebecca Sameroff, Ian Kimmel, Jennifer McNall, Jake Feldman, and Andrew Stein.

  - Special thanks also are due to staff of the Department of Financial Regulation; Carma Flowers and Lindsay Gillette at the Vermont Agency of Transportation, John Becker, Peggy Brooks, Joe Harris, Claudia Brousseau, and Aaron Brodeur 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, Gavin Boyles, Dan Currier, and Treasurer Michael Pieciak. In the Department of Liquor and Lottery, Commissioner Knight and supporting analysts provided important data and insights into Lottery issues affecting FY25 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, Emily Byrne, 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 - July 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** *(Preliminary)*	% 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%	$1243.1	2.7%	$1266.2	1.9%	$1294.8	2.3%
Sales and Use[1]	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$584.0	7.1%	$595.2	1.9%	$615.9	3.5%	$632.9	2.8%
Corporate	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$281.4	26.0%	$238.8	-15.1%	$226.3	-5.2%	$234.7	3.7%
Meals and Rooms[5]	$163.6	-10.1%	$143.8	-12.1%	$216.8	50.8%	$237.7	9.6%	$246.2	3.5%	$262.7	6.7%	$272.1	3.6%
Liquor	$21.6	0.8%	$28.7	32.8%	$30.1	5.0%	$30.8	2.1%	$30.2	-1.8%	$30.6	1.2%	$31.2	2.0%
Insurance	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$68.8	4.8%	$75.6	9.8%	$76.0	0.5%	$77.3	1.7%
Telephone (Discontinued as of FY26)	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-5.7%	$2.6	9.4%	$2.5	-3.7%	$0.0	NM
Beverage	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.3	3.1%	$6.9	-4.4%	$6.9	-0.6%	$6.87	-0.4%
Estate	$15.2	20.1%	$26.9	77.5%	$14.0	-48.0%	$18.6	33.1%	$23.9	28.2%	$23.1	-3.3%	$24.1	4.3%
Property	$42.3	2.9%	$73.9	74.8%	$77.7	5.1%	$69.2	-10.9%	$62.4	-9.9%	$74.3	19.1%	$76.9	3.5%
Bank	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$17.8	4.9%	$16.6	-6.6%	$15.9	-4.1%	$15.5	-2.5%
Cannabis Excise	$0.0	NM	$0.0	NM	$0.0	NM	$6.7	NM	$17.4	158.5%	$22.2	27.7%	$24.0	8.2%
Other Tax	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.4	11.7%	$1.3	-9.5%	$1.0	-21.1%	$1.1	10.0%
Total Tax Revenue	$1829.7	3.8%	$2068.5	13.1%	$2468.2	19.3%	$2536.1	2.7%	$2560.1	0.9%	$2623.6	2.6%	$2691.5	2.7%
Business Licenses	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$0.6	-54.5%	$1.3	130.2%	$1.34	2.7%	$1.38	3.0%
Fees	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.6	8.1%	$44.3	-3.0%	$53.2	20.2%	$53.7	0.9%
Services	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$3.7	33.2%	$4.1	10.0%	$3.9	-5.2%	$4.0	2.6%
Fines	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$2.6	-21.1%	$2.5	-6.8%	$2.8	13.8%	$3.0	7.1%
Interest	$4.1	-18.0%	$0.9	-77.9%	$2.6	185.2%	$56.9	2102%	$93.0	63.4%	$70.4	-24.3%	$49.8	-29.3%
Lottery	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$32.1	4.3%	$36.0	12.1%	$36.5	1.4%	$37.4	2.5%
All Other[3]	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$1.5	58.7%	$0.6	-60.1%	$0.9	47.6%	$1.0	11.1%
Total Other Revenue	$84.8	-9.7%	$84.1	-0.8%	$83.9	-0.2%	$143.1	70.5%	$181.7	27.0%	$169.0	-7.0%	$150.3	-11.1%
Healthcare Revenue[4]	$284.7	3.0%	$281.0	-1.3%	$303.5	8.0%	$319.3	5.2%	$333.0	4.3%	$349.0	4.8%	$360.3	3.2%
TOTAL GENERAL FUND	**$2199.2**	**3.1%**	**$2433.6**	**10.7%**	**$2855.6**	**17.3%**	**$2998.5**	**5.0%**	**$3074.8**	**2.5%**	**$3141.6**	**2.2%**	**$3202.0**	**2.0%**
CHILDCARE TAX REVENUE	**Tax Effective in FY25**		**$0.0**	**NM**	**$0.0**	**NM**	**$0.0**	**NM**	**$0.0**	**NM**	**$92.8**	**NM**	**$98.6**	**6.2%**

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
6) Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 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 (Preliminary)	% 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%	$1243.1	2.7%	$1266.2	1.9%	$1294.8	2.3%
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%	$238.8	-15.1%	$226.3	-5.2%	$234.7	3.7%
Meals and Rooms	$116.1	-15.0%	$99.2	-14.5%	$149.6	50.8%	$164.0	9.6%	$169.8	3.5%	$181.3	6.7%	$187.7	3.6%
Liquor[6]	$3.6	-83.2%	$4.8	32.8%	$5.0	5.0%	$5.1	2.1%	$5.0	-1.8%	$5.1	1.2%	$5.2	2.0%
Insurance	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$68.8	4.8%	$75.6	9.8%	$76.0	0.5%	$77.3	1.7%
Telephone (Discontinued as of FY26)	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-5.7%	$2.6	9.4%	$2.5	-3.7%	$0.0	NM
Beverage	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.3	3.1%	$6.9	-4.4%	$6.9	-0.6%	$6.9	-0.4%
Estate[3]	$15.2	20.1%	$23.4	54.1%	$14.0	-40.1%	$18.6	33.1%	$23.9	28.2%	$23.1	-3.3%	$24.1	4.3%
Property	$12.9	3.0%	$23.1	79.6%	$24.3	5.3%	$21.6	-11.2%	$19.4	-10.2%	$23.2	19.9%	$27.1	16.8%
Bank	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$17.8	4.9%	$16.6	-6.6%	$15.9	-4.1%	$15.5	-2.5%
Cannabis Excise	$0.0	NM	$0.0	NM	$0.0	NM	$6.7	NM	$0.0	-100.0%	$0.0	NM	$16.8	NM
Other Tax	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.4	11.7%	$1.3	-9.5%	$1.0	-21.1%	$1.1	10.0%
Total Tax Revenue	$1302.3	2.0%	$1438.1	10.4%	$1777.4	23.6%	$1805.1	1.6%	$1803.0	-0.1%	$1827.5	1.4%	$1891.2	3.6%
Business Licenses	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$0.6	-54.5%	$1.3	130.2%	$1.3	2.7%	$1.4	3.0%
Fees	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.6	8.1%	$44.3	-3.0%	$53.2	20.2%	$53.7	0.9%
Services	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$3.7	33.2%	$4.1	10.0%	$3.9	-5.2%	$4.0	2.6%
Fines	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$2.6	-21.1%	$2.5	-6.8%	$2.8	13.8%	$3.0	7.1%
Interest	$3.3	-24.5%	$0.8	-75.5%	$2.3	187.4%	$51.2	2129%	$87.2	70.5%	$65.5	-24.9%	$45.8	-30.1%
All Other[4]	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$1.5	58.7%	$0.6	-60.1%	$0.9	47.6%	$1.0	11.1%
Total Other Revenue	$57.2	-10.3%	$51.5	-9.9%	$52.9	2.6%	$105.2	99.1%	$139.9	33.0%	$127.6	-8.8%	$108.9	-14.7%
Healthcare Revenue[5]	$280.9	3.1%	$278.1	-1.0%	$299.3	7.6%	$314.3	5.0%	$327.5	4.2%	$343.3	4.8%	$354.3	3.2%
TOTAL GENERAL FUND	**$1640.4**	**1.7%**	**$1767.7**	**7.8%**	**$2129.5**	**20.5%**	**$2224.6**	**4.5%**	**$2270.5**	**2.1%**	**$2298.4**	**1.2%**	**$2354.4**	**2.5%**
CHILDCARE TAX REVENUE	**Tax Effective in FY25**		**$0.0**	**NM**	**$0.0**	**NM**	**$0.0**	**NM**	**$0.0**	**NM**	**$92.8**	**NM**	**$98.6**	**6.2%**

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 - July 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** (Preliminary)	% 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%	$70.0	-6.5%	$66.4	-5.1%	$64.3	-3.2%
Claims Assessment	$20.7	5.7%	$19.7	-4.7%	$21.7	10.3%	$23.0	5.7%	$27.3	18.6%	$28.6	5.0%	$30.1	5.0%
Employer Assessment	$20.2	2.4%	$17.9	-11.4%	$21.9	22.2%	$24.9	13.9%	$26.9	7.8%	$28.2	5.0%	$29.6	5.0%
Hospital Provider Tax	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.9	7.6%	$192.4	10.6%	$209.3	8.8%	$219.8	5.0%
Nursing Home Provider Tax	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.6	-0.6%	$14.4	-1.5%	$14.4	0.4%	$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%	$2.1	7.8%	$2.0	-3.5%	$2.1	3.4%
TOTAL HEALTHCARE	**$284.7**	**3.0%**	**$281.0**	**-1.3%**	**$303.5**	**8.0%**	**$319.3**	**5.2%**	**$333.0**	**4.3%**	**$349.0**	**4.8%**	**$360.3**	**3.2%**

TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 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** (Preliminary)	% 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%	$70.0	-6.4%	$66.4	-5.1%	$64.3	-3.2%
Claims Assessment	$16.9	7.8%	$16.4	-3.0%	$17.6	7.3%	$18.0	2.6%	$21.8	21.0%	$22.9	5.0%	$24.0	5.0%
Employer Assessment	$20.2	2.4%	$18.4	-9.2%	$21.9	19.2%	$24.9	13.9%	$26.9	7.8%	$28.2	5.0%	$29.6	5.0%
Hospital Provider Tax	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.9	7.6%	$192.4	10.6%	$209.3	8.8%	$219.8	5.0%
Nursing Home Provider Tax	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.6	-0.6%	$14.4	-1.5%	$14.4	0.4%	$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%	$2.1	7.8%	$2.0	-3.5%	$2.1	3.4%
TOTAL HEALTHCARE	**$280.9**	**3.1%**	**$278.1**	**-1.0%**	**$299.3**	**7.6%**	**$314.3**	**5.0%**	**$327.5**	**4.2%**	**$343.3**	**4.8%**	**$354.3**	**3.2%**

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 - July 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 *(Preliminary)*	% 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%	$71.5	-3.2%	$71.1	-0.5%	$70.9	-0.3%
Diesel****	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$17.6	-3.7%	$17.8	1.2%	$17.9	0.4%	$17.8	-0.6%
Purchase and Use*	$105.4	-5.7%	$134.1	27.2%	$137.1	2.3%	$142.2	3.7%	$144.9	1.9%	$148.2	2.3%	$153.3	3.4%
Motor Vehicle Fees	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.5	1.8%	$93.6	6.9%	$103.6	10.7%	$104.3	0.7%
Other Revenue**	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.4	5.3%	$23.6	10.4%	$26.4	11.8%	$27.8	5.3%
TOTAL TRANS. FUND	**$299.2**	**-6.0%**	**$327.4**	**9.4%**	**$333.5**	**1.9%**	**$342.5**	**2.7%**	**$351.3**	**2.6%**	**$367.2**	**4.5%**	**$374.1**	**1.9%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 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 *(Preliminary)*	% 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%	$71.5	-3.2%	$71.1	-0.5%	$70.9	-0.3%
Diesel	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$17.6	-3.7%	$17.8	1.2%	$17.9	0.4%	$17.8	-0.6%
Purchase and Use[1]	$70.3	-5.7%	$89.4	27.2%	$91.4	2.3%	$94.8	3.7%	$96.6	1.9%	$98.8	2.3%	$102.2	3.4%
Motor Vehicle Fees	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.5	1.8%	$93.6	6.9%	$103.6	10.7%	$104.3	0.7%
Other Revenue[2]	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.4	5.3%	$23.6	10.4%	$26.4	11.8%	$27.8	5.3%
TOTAL TRANS. FUND	**$264.1**	**-6.0%**	**$282.7**	**7.0%**	**$287.8**	**1.8%**	**$295.1**	**2.5%**	**$303.0**	**2.7%**	**$317.8**	**4.9%**	**$323.0**	**1.6%**
OTHER (TIB[3])														
TIB Gasoline	$12.7	-12.8%	$10.2	-19.5%	$15.1	48.2%	$20.1	32.6%	$17.55	-12.6%	$16.97	-3.3%	$16.96	-0.1%
TIB Diesel and Other[4]	$2.0	-2.5%	$1.9	-4.5%	$1.9	1.7%	$2.2	13.6%	$2.23	0.8%	$2.18	-2.1%	$2.08	-4.6%
TOTAL OTHER (TIB)	**$14.7**	**-11.6%**	**$12.1**	**-17.5%**	**$17.1**	**40.8%**	**$22.3**	**30.4%**	**$19.8**	**-11.2%**	**$19.2**	**-3.2%**	**$19.0**	**-0.6%**

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; 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 - July 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** *(Preliminary)*	% 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%	$61.5	3.5%	$72.1	17.2%	$76.1	5.4%
Sales & Use[2]	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$584.0	7.1%	$595.2	1.9%	$606.3	1.9%	$622.5	2.7%
Interest	$0.8	23.9%	$0.1	-87.1%	$0.3	169.1%	$5.8	1892%	$5.8	0.3%	$4.9	-15.5%	$4.0	-18.4%
Lottery	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$32.1	4.3%	$36.0	12.1%	$36.5	1.4%	$37.4	2.5%
TRANSPORTATION FUND														
Purchase and Use[3]	$35.1	-5.7%	$44.7	27.2%	$45.7	2.3%	$47.4	3.7%	$48.3	1.9%	$49.4	2.3%	$51.1	3.4%
TOTAL EDUCATION FUND	**$536.2**	**2.0%**	**$620.9**	**15.8%**	**$676.2**	**8.9%**	**$728.77**	**7.8%**	**$746.8**	**2.5%**	**$769.2**	**3.0%**	**$791.1**	**2.8%**

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 and the first 8-1/2 months of FY24, but then excludes them in FY25 and beyond
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 - July 2024

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2021** (Actual)	% Change	**FY2022** (Actual)	% Change	**FY2023** (Actual)	% Change	**FY2024** (Preliminary)	% Change	**FY2025** (Forecast)	% Change	**FY2026** (Forecast)	% Change	**FY2027** (Forecast)	% Change	**FY2028** (Forecast)	% Change	**FY2029** (Forecast)	% Change
REVENUE SOURCE																		
Personal Income	$1069.8	15.5%	$1267.8	18.5%	$1210.0	-4.6%	$1243.1	2.7%	$1266.2	1.9%	$1294.8	2.3%	$1335.4	3.1%	$1384.4	3.7%	$1440.6	4.1%
Sales and Use[1]	$507.6	17.4%	$545.2	7.4%	$584.0	7.1%	$595.2	1.9%	$615.9	3.5%	$632.9	2.8%	$654.9	3.5%	$680.3	3.9%	$708.1	4.1%
Corporate	$133.4	-9.8%	$223.3	67.3%	$281.4	26.0%	$238.8	-15.1%	$226.3	-5.2%	$234.7	3.7%	$245.6	4.6%	$259.1	5.5%	$274.8	6.1%
Meals and Rooms[5]	$143.8	-12.1%	$216.8	50.8%	$237.7	9.6%	$246.2	3.5%	$262.7	6.7%	$272.1	3.6%	$280.3	3.0%	$289.1	3.1%	$298.6	3.3%
Liquor	$28.7	32.8%	$30.1	5.0%	$30.8	2.1%	$30.2	-1.8%	$30.6	1.2%	$31.2	2.0%	$31.8	1.9%	$32.4	1.9%	$33.0	1.9%
Insurance	$60.4	4.0%	$65.7	8.7%	$68.8	4.8%	$75.6	9.8%	$76.0	0.5%	$77.3	1.7%	$78.8	1.9%	$80.5	2.2%	$82.3	2.2%
Telephone (Discontinued as of FY26)	$2.3	-28.8%	$2.5	10.9%	$2.4	-5.7%	$2.6	9.4%	$2.5	-3.7%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Beverage	$7.2	1.3%	$7.0	-2.9%	$7.3	3.1%	$6.9	-4.4%	$6.9	-0.6%	$6.87	-0.4%	$6.84	-0.4%	$6.82	-0.3%	$6.80	-0.3%
Estate	$26.9	77.5%	$14.0	-48.0%	$18.6	33.1%	$23.9	28.2%	$23.1	-3.3%	$24.1	4.3%	$25.1	4.1%	$26.1	4.0%	$27.2	4.2%
Property	$73.9	74.8%	$77.7	5.1%	$69.2	-10.9%	$62.4	-9.9%	$74.3	19.1%	$76.9	3.5%	$80.4	4.6%	$85.2	6.0%	$90.4	6.1%
Bank	$13.9	14.6%	$16.9	22.1%	$17.8	4.9%	$16.6	-6.6%	$15.9	-4.1%	$15.5	-2.5%	$15.7	1.3%	$16.2	3.2%	$16.8	3.7%
Cannabis Excise	$0.0	NM	$0.0	NM	$6.7	NM	$17.4	158.5%	$22.2	27.7%	$24.0	8.2%	$25.1	4.3%	$26.0	3.6%	$26.8	3.1%
Other Tax	$0.7	74.6%	$1.3	91.3%	$1.4	11.7%	$1.3	-9.5%	$1.0	-21.1%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%	$1.4	7.7%
Total Tax Revenue	$2068.5	13.1%	$2468.2	19.3%	$2536.1	2.7%	$2560.1	0.9%	$2623.6	2.5%	$2691.5	2.7%	$2781.0	3.3%	$2887.3	3.8%	$3006.7	4.1%
Business Licenses	$1.3	13.9%	$1.2	-4.4%	$0.6	-54.5%	$1.3	130.2%	$1.34	2.7%	$1.38	3.0%	$1.42	2.9%	$1.46	2.8%	$1.50	2.7%
Fees	$42.7	-4.5%	$42.2	-1.3%	$45.6	8.1%	$44.3	-3.0%	$53.2	20.2%	$53.7	0.9%	$54.4	1.3%	$55.2	1.5%	$56.1	1.6%
Services	$3.0	24.3%	$2.8	-7.7%	$3.7	33.2%	$4.1	10.0%	$3.9	-5.2%	$4.0	2.6%	$4.1	2.5%	$4.2	2.4%	$4.3	2.4%
Fines	$3.1	-35.6%	$3.3	7.5%	$2.6	-21.1%	$2.5	-6.8%	$2.8	13.8%	$3.0	7.1%	$3.2	6.7%	$3.4	6.3%	$3.6	5.9%
Interest	$0.9	-77.9%	$2.6	185.2%	$56.9	2102%	$93.0	63.4%	$70.4	-24.3%	$49.8	-29.3%	$31.3	-37.1%	$28.9	-7.7%	$29.4	1.8%
Lottery	$32.5	21.2%	$30.8	-5.2%	$32.1	4.3%	$36.0	12.1%	$36.5	1.4%	$37.4	2.5%	$38.5	2.9%	$39.6	2.9%	$40.8	3.0%
All Other[3]	$0.5	-34.4%	$1.0	96.4%	$1.5	58.7%	$0.6	-60.1%	$0.9	47.6%	$1.0	11.1%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%
Total Other Revenue	$84.1	-0.8%	$83.9	-0.2%	$143.1	70.5%	$181.7	27.0%	$169.0	-7.0%	$150.3	-11.1%	$134.0	-10.8%	$134.0	0.0%	$137.0	2.3%
Healthcare Revenue[4]	$281.0	-1.3%	$303.5	8.0%	$319.3	5.2%	$333.0	4.3%	$349.0	4.8%	$360.3	3.2%	$373.3	3.6%	$386.9	3.7%	$401.4	3.7%
TOTAL GENERAL FUND	**$2433.6**	**10.7%**	**$2855.6**	**17.3%**	**$2998.5**	**5.0%**	**$3074.8**	**2.5%**	**$3141.6**	**2.2%**	**$3202.0**	**2.0%**	**$3288.3**	**2.7%**	**$3408.2**	**3.6%**	**$3545.1**	**4.0%**
CHILDCARE TAX REVENUE	**$0.0**	**NM**	**$0.0**	**NM**	**$0.0**	**NM**	**$0.0**	**NM**	**$92.8**	**NM**	**$98.6**	**6.2%**	**$102.7**	**4.1%**	**$106.7**	**3.8%**	**$110.7**	**3.8%**

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
6) Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

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

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY2021** *(Actual)*	**%** Change	**FY2022** *(Actual)*	**%** Change	**FY2023** *(Actual)*	**%** Change	**FY2024** *(Preliminary)*	**%** Change	**FY2025** *(Forecast)*	**%** Change	**FY2026** *(Forecast)*	**%** Change	**FY2027** *(Forecast)*	**%** Change	**FY2028** *(Forecast)*	**%** Change	**FY2029** *(Forecast)*	**%** Change
REVENUE SOURCE																		
Personal Income	$1069.8	15.5%	$1267.8	18.5%	$1210.0	-4.6%	$1243.1	2.7%	$1266.2	1.9%	$1294.8	2.3%	$1335.4	3.1%	$1384.4	3.7%	$1440.6	4.1%
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	$0.0	NM	$0.0	NM
Corporate	$133.4	-9.8%	$223.3	67.3%	$281.4	26.0%	$238.8	-15.1%	$226.3	-5.2%	$234.7	3.7%	$245.6	4.6%	$259.1	5.5%	$274.8	6.1%
Meals and Rooms	$99.2	-14.5%	$149.6	50.8%	$164.0	9.6%	$169.8	3.5%	$181.3	6.7%	$187.7	3.6%	$193.4	3.0%	$199.5	3.1%	$206.0	3.3%
Liquor[6]	$4.8	32.8%	$5.0	5.0%	$5.1	2.1%	$5.0	-1.8%	$5.1	1.2%	$5.2	2.0%	$5.3	1.9%	$5.4	1.9%	$5.5	1.9%
Insurance	$60.4	4.0%	$65.7	8.7%	$68.8	4.8%	$75.6	9.8%	$76.0	0.5%	$77.3	1.7%	$78.8	1.9%	$80.5	2.2%	$82.3	2.2%
Telephone (Discontinued as of FY26)	$2.3	-28.8%	$2.5	10.9%	$2.4	-5.7%	$2.6	9.4%	$2.5	-3.7%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Beverage	$7.2	1.3%	$7.0	-2.9%	$7.3	3.1%	$6.9	-4.4%	$6.9	-0.6%	$6.9	-0.4%	$6.8	-0.4%	$6.8	-0.3%	$6.8	-0.3%
Estate[3]	$23.4	54.1%	$14.0	-40.1%	$18.6	33.1%	$23.9	28.2%	$23.1	-3.3%	$24.1	4.3%	$25.1	4.1%	$26.1	4.0%	$27.2	4.2%
Property	$23.1	79.6%	$24.3	5.3%	$21.6	-11.2%	$19.4	-10.2%	$23.2	19.9%	$27.1	16.8%	$28.4	4.7%	$30.1	6.2%	$32.0	6.3%
Bank	$13.9	14.6%	$16.9	22.1%	$17.8	4.9%	$16.6	-6.6%	$15.9	-4.1%	$15.5	-2.5%	$15.7	1.3%	$16.2	3.2%	$16.8	3.7%
Cannabis Excise	$0.0	NM	$0.0	NM	$6.7	NM	$0.0	-100.0%	$0.0	NM	$16.8	NM	$17.5	4.3%	$18.2	3.6%	$18.7	3.1%
Other Tax	$0.7	74.6%	$1.3	91.3%	$1.4	11.7%	$1.3	-9.5%	$1.0	-21.1%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%	$1.4	7.7%
Total Tax Revenue	$1438.1	10.4%	$1777.4	23.6%	$1805.1	1.6%	$1803.0	-0.1%	$1827.5	1.4%	$1891.2	3.6%	$1953.3	3.3%	$2027.6	3.8%	$2112.2	4.2%
Business Licenses	$1.3	13.9%	$1.2	-4.4%	$0.6	-54.5%	$1.3	130.2%	$1.3	2.7%	$1.4	3.0%	$1.4	2.9%	$1.5	2.8%	$1.5	2.7%
Fees	$42.7	-4.5%	$42.2	-1.3%	$45.6	8.1%	$44.3	-3.0%	$53.2	20.2%	$53.7	0.9%	$54.4	1.3%	$55.2	1.5%	$56.1	1.6%
Services	$3.0	24.3%	$2.8	-7.7%	$3.7	33.2%	$4.1	10.0%	$3.9	-5.2%	$4.0	2.6%	$4.1	2.5%	$4.2	2.4%	$4.3	2.4%
Fines	$3.1	-35.6%	$3.3	7.5%	$2.6	-21.1%	$2.5	-6.8%	$2.8	13.8%	$3.0	7.1%	$3.2	6.7%	$3.4	6.3%	$3.6	5.9%
Interest	$0.8	-75.5%	$2.3	187.4%	$51.2	2129%	$87.2	70.5%	$65.5	-24.9%	$45.8	-30.1%	$28.5	-37.8%	$26.0	-8.8%	$26.5	1.9%
All Other[4]	$0.5	-34.4%	$1.0	96.4%	$1.5	58.7%	$0.6	-60.1%	$0.9	47.6%	$1.0	11.1%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%
Total Other Revenue	$51.5	-9.9%	$52.9	2.6%	$105.2	99.1%	$139.9	33.0%	$127.6	-8.8%	$108.9	-14.7%	$92.7	-14.8%	$91.5	-1.4%	$93.3	2.0%
Healthcare Revenue[5]	$278.1	-1.0%	$299.3	7.6%	$314.3	5.0%	$327.5	4.2%	$343.3	4.8%	$354.3	3.2%	$366.9	3.6%	$380.3	3.6%	$394.5	3.7%
TOTAL GENERAL FUND	**$1767.7**	**7.8%**	**$2129.5**	**20.5%**	**$2224.6**	**4.5%**	**$2270.5**	**2.1%**	**$2298.4**	**1.2%**	**$2354.4**	**2.5%**	**$2412.9**	**2.5%**	**$2499.4**	**3.6%**	**$2600.0**	**4.0%**
CHILDCARE TAX REVENUE	**$0.0**	**NM**	**$0.0**	**NM**	**$0.0**	**NM**	**$0.0**	**NM**	**$92.8**	**NM**	**$98.6**	**6.2%**	**$102.7**	**4.1%**	**$106.7**	**3.8%**	**$110.7**	**3.8%**

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 - July 2024

SOURCE HEALTHCARE [1] *revenues are prior to all allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Preliminary)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																		
Cigarette, Tobacco, E-Cig	$77.5	8.6%	$76.0	-1.9%	$74.8	-1.5%	$70.0	-6.5%	$66.4	-5.1%	$64.3	-3.2%	$63.3	-1.6%	$62.3	-1.6%	$61.4	-1.4%
Claims Assessment	$19.7	-4.7%	$21.7	10.3%	$23.0	5.7%	$27.3	18.6%	$28.6	5.0%	$30.1	5.0%	$31.6	5.0%	$33.1	5.0%	$34.8	5.0%
Employer Assessment	$17.9	-11.4%	$21.9	22.2%	$24.9	13.9%	$26.9	7.8%	$28.2	5.0%	$29.6	5.0%	$31.1	5.0%	$32.7	5.0%	$34.3	5.0%
Hospital Provider Tax	$143.7	-4.4%	$161.5	12.4%	$173.9	7.6%	$192.4	10.6%	$209.3	8.8%	$219.8	5.0%	$230.7	5.0%	$242.3	5.0%	$254.4	5.0%
Nursing Home Provider Tax	$14.6	-1.0%	$14.7	0.7%	$14.6	-0.6%	$14.4	-1.5%	$14.4	0.4%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%
Home Health Provider Tax	$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	$1.8	-3.6%	$1.8	0.9%	$2.0	6.2%	$2.1	7.8%	$2.0	-3.5%	$2.1	3.4%	$2.1	0.0%	$2.1	0.0%	$2.1	0.0%
TOTAL HEALTHCARE	**$281.0**	**-1.3%**	**$303.5**	**8.0%**	**$319.3**	**5.2%**	**$333.0**	**4.3%**	**$349.0**	**4.8%**	**$360.3**	**3.2%**	**$373.3**	**3.6%**	**$386.9**	**3.7%**	**$401.4**	**3.7%**

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

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Preliminary)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																		
Cigarette, Tobacco, E-Cig	$77.5	8.6%	$76.0	-1.9%	$74.8	-1.6%	$70.0	-6.4%	$66.4	-5.1%	$64.3	-3.2%	$63.3	-1.6%	$62.3	-1.6%	$61.4	-1.4%
Claims Assessment	$16.4	-3.0%	$17.6	7.3%	$18.0	2.6%	$21.8	21.0%	$22.9	5.0%	$24.0	5.0%	$25.2	5.0%	$26.5	5.0%	$27.8	5.0%
Employer Assessment	$18.4	-9.2%	$21.9	19.2%	$24.9	13.9%	$26.9	7.8%	$28.2	5.0%	$29.6	5.0%	$31.1	5.0%	$32.7	5.0%	$34.3	5.0%
Hospital Provider Tax	$143.7	-4.4%	$161.5	12.4%	$173.9	7.6%	$192.4	10.6%	$209.3	8.8%	$219.8	5.0%	$230.7	5.0%	$242.3	5.0%	$254.4	5.0%
Nursing Home Provider Tax	$14.6	-1.0%	$14.7	0.7%	$14.6	-0.6%	$14.4	-1.5%	$14.4	0.4%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%	$14.4	0.0%
Home Health Provider Tax	$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	$1.8	-3.6%	$1.8	0.9%	$2.0	6.2%	$2.1	7.8%	$2.0	-3.5%	$2.1	3.4%	$2.1	0.0%	$2.1	0.0%	$2.1	0.0%
TOTAL HEALTHCARE	**$278.1**	**-1.0%**	**$299.3**	**7.6%**	**$314.3**	**5.0%**	**$327.5**	**4.2%**	**$343.3**	**4.8%**	**$354.3**	**3.2%**	**$366.9**	**3.6%**	**$380.3**	**3.6%**	**$394.5**	**3.7%**

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 - July 2024

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Preliminary)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																		
Gasoline	$67.3	-5.3%	$71.9	6.9%	$73.8	2.7%	$71.5	-3.2%	$71.1	-0.5%	$70.9	-0.3%	$70.6	-0.4%	$70.0	-0.8%	$69.2	-1.1%
Diesel****	$17.9	0.2%	$18.3	2.0%	$17.6	-3.7%	$17.8	1.2%	$17.9	0.4%	$17.8	-0.6%	$17.7	-0.6%	$17.6	-0.6%	$17.5	-0.6%
Purchase and Use*	$134.1	27.2%	$137.1	2.3%	$142.2	3.7%	$144.9	1.9%	$148.2	2.3%	$153.3	3.4%	$159.4	4.0%	$166.0	4.1%	$172.1	3.7%
Motor Vehicle Fees	$87.6	4.7%	$86.0	-1.9%	$87.5	1.8%	$93.6	6.9%	$103.6	10.7%	$104.3	0.7%	$105.2	0.9%	$105.9	0.7%	$106.8	0.8%
Other Revenue**	$20.5	-3.4%	$20.3	-1.1%	$21.4	5.3%	$23.6	10.4%	$26.4	11.8%	$27.8	5.3%	$27.0	-2.9%	$27.6	2.2%	$28.3	2.5%
TOTAL TRANS. FUND	**$327.4**	**9.4%**	**$333.5**	**1.9%**	**$342.5**	**2.7%**	**$351.3**	**2.6%**	**$367.2**	**4.5%**	**$374.1**	**1.9%**	**$379.9**	**1.6%**	**$387.1**	**1.9%**	**$393.9**	**1.8%**

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

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Preliminary)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
REVENUE SOURCE																		
Gasoline	$67.3	-5.3%	$71.9	6.9%	$73.8	2.7%	$71.5	-3.2%	$71.1	-0.5%	$70.9	-0.3%	$70.6	-0.4%	$70.0	-0.8%	$69.2	-1.1%
Diesel	$17.9	0.2%	$18.3	2.0%	$17.6	-3.7%	$17.8	1.2%	$17.9	0.4%	$17.8	-0.6%	$17.7	-0.6%	$17.6	-0.6%	$17.5	-0.6%
Purchase and Use[1]	$89.4	27.2%	$91.4	2.3%	$94.8	3.7%	$96.6	1.9%	$98.8	2.3%	$102.2	3.4%	$106.3	4.0%	$110.7	4.1%	$114.7	3.7%
Motor Vehicle Fees	$87.6	4.7%	$86.0	-1.9%	$87.5	1.8%	$93.6	6.9%	$103.6	10.7%	$104.3	0.7%	$105.2	0.9%	$105.9	0.7%	$106.8	0.8%
Other Revenue[2]	$20.5	-3.4%	$20.3	-1.1%	$21.4	5.3%	$23.6	10.4%	$26.4	11.8%	$27.8	5.3%	$27.0	-2.9%	$27.6	2.2%	$28.3	2.5%
TOTAL TRANS. FUND	**$282.7**	**7.0%**	**$287.8**	**1.8%**	**$295.1**	**2.5%**	**$303.0**	**2.7%**	**$317.8**	**4.9%**	**$323.0**	**1.6%**	**$326.8**	**1.2%**	**$331.8**	**1.5%**	**$336.5**	**1.4%**
OTHER (TIB[3])																		
TIB Gasoline	$10.2	-19.5%	$15.1	48.2%	$20.1	32.6%	$17.55	-12.6%	$16.97	-3.3%	$16.96	-0.1%	$16.84	-0.7%	$16.90	0.4%	$17.00	0.6%
TIB Diesel and Other[4]	$1.9	-4.5%	$1.9	1.7%	$2.2	13.6%	$2.23	0.8%	$2.18	-2.1%	$2.08	-4.6%	$1.99	-4.3%	$1.94	-2.5%	$1.91	-1.5%
TOTAL OTHER (TIB)	**$12.1**	**-17.5%**	**$17.1**	**40.8%**	**$22.3**	**30.4%**	**$19.8**	**-11.2%**	**$19.2**	**-3.2%**	**$19.0**	**-0.6%**	**$18.8**	**-1.1%**	**$18.8**	**0.1%**	**$18.9**	**0.4%**

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; 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 - July 2024

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only	**FY2021** *(Actual)*	% Change	**FY2022** *(Actual)*	% Change	**FY2023** *(Actual)*	% Change	**FY2024** *(Preliminary)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change	**FY2028** *(Forecast)*	% Change	**FY2029** *(Forecast)*	% Change
GENERAL FUND																		
Meals and Rooms	$36.0	-12.1%	$54.2	50.8%	$59.4	9.6%	$61.5	3.5%	$72.1	17.2%	$76.1	5.4%	$78.3	2.9%	$80.6	3.0%	$83.2	3.2%
Sales & Use[2]	$507.6	17.4%	$545.2	7.4%	$584.0	7.1%	$595.2	1.9%	$606.3	1.9%	$622.5	2.7%	$644.1	3.5%	$669.1	3.9%	$696.5	4.1%
Interest	$0.1	-87.1%	$0.3	169.1%	$5.8	1892%	$5.8	0.3%	$4.9	-15.5%	$4.0	-18.4%	$2.8	-30.0%	$2.9	3.6%	$2.91	0.3%
Lottery	$32.5	21.2%	$30.8	-5.2%	$32.1	4.3%	$36.0	12.1%	$36.5	1.4%	$37.4	2.5%	$38.5	2.9%	$39.6	2.9%	$40.8	3.0%
TRANSPORTATION FUND																		
Purchase and Use[3]	$44.7	27.2%	$45.7	2.3%	$47.4	3.7%	$48.3	1.9%	$49.4	2.3%	$51.1	3.4%	$53.1	4.0%	$55.3	4.1%	$57.4	3.7%
TOTAL EDUCATION FUND	**$620.9**	**15.8%**	**$676.2**	**8.9%**	**$728.77**	**7.8%**	**$746.8**	**2.5%**	**$769.2**	**3.0%**	**$791.1**	**2.8%**	**$816.7**	**3.2%**	**$847.5**	**3.8%**	**$880.8**	**3.9%**

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 and the first 8-1/2 months of FY24, but then excludes them in FY25 and beyond
3) Includes Motor Vehicle Rental revenues, restated