

Monthly Revenue Release

Agency of Administration
April 21, 2023

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Montpelier, VT - Secretary of Administration Kristin Clouser releases Vermont's revenue results for March 2023. For the sixth month in a row, both the General Fund and the Transportation Fund ended with revenue above consensus expectations. The Education Fund, however, missed its target by just under \$1.6 million. Year to date, only the Education Fund is lagging its respective target as adopted by the Emergency Board at its January 17, 2023 meeting.

Revenue collections for the month of March 2023 have been compiled. The State's General Fund, Transportation Fund, and Education Fund receipts were a combined \$241.6 million, or (0.3%), below monthly consensus expectations. Cumulative results through the third quarter of fiscal 2023, however, continued the trend of the first six months of the fiscal year, where combined revenues across all three funds were 6.3% above the consensus target set at the July 2022 Emergency Board meeting.

General Fund revenues collected in March totaled \$164.0 million, \$0.7 million or 0.4% above the monthly consensus cash flow target. For the second month in a row, Personal Income Tax receipts failed to meet their consensus target, missing by -\$7.2 million in March. Monthly revenues in the Corporate Income Tax also posted negative results for the first time since October of this fiscal year, missing its monthly consensus target by -\$2.8 million. Monthly revenues in the Liquor Tax and Estate Tax also missed their individual monthly consensus targets for a combined -\$0.3 million miss. The largest offset to those downside pressures was a \$5.7 million ahead of consensus target performance in the Other Revenues category. As in the prior month, this performance was due to the General Fund's uncharacteristically large cash balances and favorable interest environment propelling monthly G-Fund Net Interest revenues to over \$7.0 million for March. Monthly revenues in the Insurance Tax exceeded their consensus monthly target by \$2.9 million and monthly receipts in the G-Fund portion of the Property Transfer Tax also exceeded expectations by \$1.4 million—another effect of the unexpectedly large amount of recent mergers and acquisitions activity. Finally, monthly receipts in the Health Care taxes-revenues component (at \$0.5 million higher than consensus expectations) and revenues in the Meals & Rooms Tax (at \$0.4 million higher than consensus expectations) also performed somewhat better than expected during March.

Revenues in the Transportation Fund were essentially "on target" last month, bringing in \$25.0 million in March and beating monthly consensus expectations by \$0.1 million or 0.3%. Year to date, cumulative receipts have exceeded consensus expectations by \$1.6 million, or 0.7% through the third quarter of fiscal year 2023. The month of March saw a rebound in gasoline tax receipts as the \$0.2 million better than expected performance last month more than offset the -\$0.1 million miss in Diesel Tax receipts relative to their respective consensus monthly targets.

Education Fund revenues last month were -\$1.6 million, or -2.9%, below the \$54.1 million monthly consensus cash flow target, having collected only \$52.6 million during March. Although all other reported sources exceeded their respective individual consensus cash flow targets by a combined \$0.7 million, it was not enough to overcome the -\$2.2 million miss by monthly revenues in the Sales and Use Tax.

Revenue data for the first nine months of the State's fiscal year continue to show positive results in the aggregate. According to Secretary Clouser: "It is still unclear if March's revenue results are a one-time anomaly or if this signals slower economic activity in response to the Federal Reserve's actions to stem inflation. However, the fact that this is the first time this fiscal year the State has failed to meet its cumulative target across all funds, and that the General Fund's positive results were only due to uncharacteristically large investment earnings that are not sustainable over the long-term, the Administration restates the need to exercise prudence and caution as the fiscal year 2024 budget discussion continues."

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State of Vermont Revenue, by Major Fund Month: March
vs. Consensus Revenue Forecast Target FY: 2023
General Fund By Major Element (In Millions)* (1&2)

Tax Component	Month				Fiscal YTD				Prior Fiscal YTD		
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change	Revenue	\$ Change	% Change
Personal Income (1)	55.16	47.98	-7.18	-13.02%	809.74	810.35	0.61	0.08%	3.17	807.18	25466.09%
Corporate (2)	42.03	39.24	-2.78	-6.62%	154.95	179.87	24.92	16.08%	11.25	168.62	1498.40%
Meals & Room	14.57	14.95	0.38	2.64%	125.75	128.47	2.73	2.17%	7.66	120.81	1577.43%
Insurance Premium	16.42	19.33	2.92	17.76%	56.48	61.31	4.84	8.57%	55.73	5.59	10.02%
Inheritance & Estate	1.61	1.52	-0.10	-5.96%	11.40	8.51	-2.89	-25.35%	12.59	-4.08	-32.40%
Real Prop. Transfer	1.29	2.71	1.42	110.44%	15.63	16.79	1.16	7.44%	18.11	-1.31	-7.25%
State Health Care Taxes	22.01	22.50	0.49	2.23%	236.67	238.05	1.38	0.58%	-5.28	243.33	-4611.02%
Other	10.16	15.71	5.55	54.65%	81.48	96.08	14.60	17.92%	-83.48	179.56	-215.09%
Total	163.25	163.95	0.71	0.43%	1492.09	1539.44	47.35	3.17%	19.75	1519.69	7696.02%

*Differences due to rounding

Transportation Fund By Major Element (In Millions)*

Tax Component	Month				Fiscal YTD				Prior Fiscal YTD		
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change	Revenue	\$ Change	% Change
Gasoline	6.14	6.33	0.20	3.18%	56.81	56.56	-0.25	-0.44%	54.76	1.80	3.29%
Diesel Fuel	1.55	1.46	-0.09	-5.71%	14.04	13.74	-0.30	-2.16%	13.89	-0.15	-1.06%
MV Purchase & Use	7.85	8.02	0.17	2.16%	68.67	69.78	1.11	1.62%	65.87	3.92	5.95%
Motor Vehicle Fees	7.75	7.42	-0.33	-4.32%	60.83	61.24	0.41	0.67%	60.63	0.60	1.00%
Other	1.67	1.80	0.12	7.37%	15.21	15.85	0.63	4.15%	14.50	1.35	9.28%
Total	24.96	25.03	0.06	0.26%	215.56	217.16	1.60	0.74%	209.64	7.52	3.59%

Note:

TIB Fuel Fees/Gasoline 1.70 1.70 -0.01 -0.32% 15.56 16.01 0.44 2.84% 11.03 4.98 45.18%

TIB Fuel Fees/Diesel 0.17 0.16 -0.01 -8.06% 1.50 1.46 -0.05 -3.08% 1.47 -0.02 -1.03%

*Differences due to rounding

Education Fund By Major Element (In Millions)*

Non-Property Tax	Month				Fiscal YTD				Prior Fiscal YTD		
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change	Revenue	\$ Change	% Change
Sales & Use	42.36	40.14	-2.22	-5.24%	446.83	442.31	-4.51	-1.01%	411.46	30.86	7.50%
Meals & Room	5.28	5.42	0.14	2.64%	45.56	46.55	0.99	2.17%	42.29	4.26	10.08%
MV Purchase & Use	3.93	4.01	0.08	2.16%	34.33	34.89	0.56	1.62%	32.93	1.96	5.95%
Lottery Transfer	2.40	2.48	0.08	3.45%	20.48	20.53	0.05	0.23%	21.27	-0.75	-3.51%
Investment Income	0.16	0.52	0.36	216.97%	1.41	2.97	1.56	110.30%	0.08	2.89	3622.27%
Total	54.13	52.57	-1.56	-2.88%	548.61	547.25	-1.36	-0.25%	508.03	39.22	7.72%

*Differences due to rounding

(1) FY21 Personal Income includes \$162M in deferred payments from FY20

(2) FY21 Corporate Income Tax includes \$19.2M in deferred payments from FY20

State of Vermont
Comparative Statement of Revenues
General Fund
As of March 31, 2023

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% Change</u>
Taxes			
Personal Income Tax	720,519,314	810,347,000	12.5%
Sales & Use Tax	0	0	0.0%
Corporate Income Tax	134,121,832	179,873,696	34.1%
Meals & Rooms Tax	116,712,378	128,473,388	10.1%
Liquor & Wine Tax	3,863,320	3,939,866	2.0%
Insurance Premium	55,727,663	61,313,944	10.0%
Telephone Gross Receipts	169,044	176,585	4.5%
Telephone Property Tax	1,629,909	1,517,637	-6.9%
Beverage Tax	5,380,753	5,560,091	3.3%
Cannabis Excise Tax	0	3,416,584	100.0%
Electric Generating	0	0	0.0%
Inheritance & Estate Tax	12,589,557	8,509,644	-32.4%
Real Property Transfer Tax	18,106,073	16,792,595	-7.3%
Bank Franchise Tax	12,759,572	13,269,749	4.0%
All Other Taxes	1,040,466	1,036,215	-0.4%
Total Taxes	<u>1,082,619,882</u>	<u>1,234,226,992</u>	<u>14.0%</u>
Other Revenues			
Business Licenses	1,023,238	197,742	-80.7%
Fees	31,258,129	33,382,584	6.8%
Services	2,062,392	2,716,075	31.7%
Fines, Forfeits & Penalties	2,058,634	1,916,575	-6.9%
Interest, Prem	689,731	28,006,303	3960.5%
Special Assessments	0	0	0.0%
All Other Revenues	938,206	943,225	0.5%
Total Other Revenues	<u>38,030,329</u>	<u>67,162,505</u>	<u>76.6%</u>
Health Care Revenues			
Health Care Taxes and Assessments	<u>215,565,008</u>	<u>238,050,711</u>	<u>10.4%</u>
Total General Fund	<u>1,336,215,219</u>	<u>1,539,440,208</u>	<u>15.2%</u>

State of Vermont
 Comparative Statement of Revenues
 Education Fund
 As of March 31, 2023

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% Change</u>
Non-Dedicated			
Estimated Revenues:			
Sales & Use Tax	411,457,977	442,313,748	7.5%
Meals & Rooms Tax	42,287,094	46,548,329	10.1%
Purchase & Use Tax	32,932,997	34,891,320	5.9%
Lottery Transfer	21,273,196	20,526,192	-3.5%
Investment Income	79,878	2,973,275	3622.3%
Total estimated revenues	<u>508,031,142</u>	<u>547,252,864</u>	<u>7.7%</u>
Other Revenues:			
Education Property Taxes	103,071,861	92,316,925	-10.4%
Electric Energy Educ Prop Tax	0	0	0.0%
Uniform Capacity Tax	794,866	757,308	-4.7%
Medicaid Reimbursement	0	0	0.0%
All Other Revenues	1,491,758	2,596,229	74.0%
Total other revenues	<u>105,358,484</u>	<u>95,670,462</u>	<u>-9.2%</u>
Total Education Fund	<u>613,389,626</u>	<u>642,923,325</u>	<u>4.8%</u>

State of Vermont
 Comparative Statement of Revenues
 Transportation Fund
 As of March 31, 2023

State of Vermont

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% Change</u>
Non-Dedicated			
Taxes			
Gasoline	54,758,668	56,557,865	3.3%
Diesel Fuel	13,885,245	13,737,491	-1.1%
MV Purchase & Use	65,865,994	69,782,640	5.9%
Total Taxes	<u>134,509,907</u>	<u>140,077,995</u>	<u>4.1%</u>
Other Revenues			
Motor Vehicle Fees	60,632,263	61,235,643	1.0%
Other	14,500,741	15,846,065	9.3%
Total Other Revenues	<u>75,133,003</u>	<u>77,081,708</u>	<u>2.6%</u>
Total Non-Dedicated	<u>209,642,910</u>	<u>217,159,703</u>	<u>3.6%</u>
Dedicated			
Federal Aid	220,456,642	308,897,511	40.1%
Infrastructure Bond Fund Revenue	12,497,236	17,463,178	39.7%
Transportation Impact Fee	96,165	64,785	-32.6%
Other	1,984,012	3,641,172	83.5%
Total Dedicated	<u>235,034,054</u>	<u>330,066,646</u>	<u>40.4%</u>
Total Transportation Fund	<u>444,676,964</u>	<u>547,226,349</u>	<u>23.1%</u>