



**State of Vermont**  
**Agency of Administration**  
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*Susanne Young, Secretary*

## MEMORANDUM

**TO:** Emergency Board Members  
**FROM:** Susanne Young, Secretary of Administration  
**DATE:** May 3, 2018  
**SUBJECT:** Next Emergency Board Meeting

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There will be an Emergency Board meeting on Monday, May 7th, 2018 at 3:00 p.m., Governor's Ceremonial Office, State House, 115 State Street, Montpelier, Vermont.

The agenda item is as follows:

1. Consideration of a revised official revenue forecast reflecting the amount of actual receipts through April and of expected revenue for the remaining two months of fiscal year 2018.

Jeffrey Carr, State Economist for the Agency of Administration  
Thomas Kavet, State Economist for the Legislature

Materials for agenda item will be forthcoming.

cc: Beth Pearce, State Treasurer  
Adam Greshin, Commissioner, Department of Finance & Management  
Steve Klein, Legislative Joint Fiscal Office  
Michael Clasen, Deputy State Treasurer



Kavet, Rockler & Associates, LLC

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May 7, 2018

Emergency Board  
State of Vermont  
Vermont State House  
115 State Street  
Montpelier, Vermont 05633-5701

Dear Emergency Board Members,

As requested, we have estimated “minimum” Available General Fund revenue, per Table 1 in the regularly issued revenue forecasting reports, for fiscal year 2018 to be \$1,537.8 million. Based on data available at this time, we expect Available General Fund revenue in FY2018 to exceed \$1,537.8 million, approximately \$44.2 million above prior adopted January levels.

This estimate is not a forecast of expected revenue in FY2018, but a cursory estimate of annual revenue below which we believe is unlikely to occur. Accordingly, this is an estimate in which almost all FY2018 aggregate revenue variance risk remains on the upside.

Most of the current revenue strength can be attributed to unique events that may be unlikely to persist in future periods. Many of these are related to recent federal tax law changes. As you know, we have been analyzing these impacts since January with the Tax Department and will incorporate more complete estimates of these and other revenue events in the upcoming July Economic and Revenue Update.

We look forward to discussing this further at the Emergency Board meeting on Monday, May 7<sup>th</sup>, and addressing any questions you may have regarding the current revenue situation.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Thomas Kavet', written over a light blue circular stamp.

Thomas Kavet  
State Economist for the Vermont Legislature

A handwritten signature in black ink, appearing to read 'Jeffrey Carr', written over a light blue circular stamp.

Jeffrey Carr  
State Economist for the Agency of Administration

**TABLE 1 - STATE OF VERMONT  
LEGISLATIVE JOINT FISCAL OFFICE  
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE**  
Provisional Consensus JFO and Administration Forecast - January 2018

	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
<b>CURRENT LAW BASIS</b>														
<i>including all Education Fund allocations and other out-transfers</i>														
<b>REVENUE SOURCE</b>														
Personal Income	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$793.7	4.9%	\$846.9	6.7%	\$866.8	2.3%
Sales and Use*	\$229.9	-0.6%	\$237.0	3.1%	\$241.0	1.7%	\$244.9	1.6%	\$254.3	3.8%	\$256.6	0.9%	\$262.1	2.1%
Corporate	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$79.4	-17.1%	\$89.6	12.8%	\$96.8	8.0%
Meals and Rooms	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$172.4	4.3%	\$178.4	3.5%	\$183.9	3.1%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Liquor	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.4	1.4%	\$20.1	3.6%	\$20.7	3.0%
Insurance	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$57.8	1.5%	\$58.4	1.0%	\$59.0	1.0%
Telephone	\$9.1	-2.9%	\$7.7	-14.9%	\$6.7	-14.9%	\$5.7	-80.6%	\$4.5	-21.2%	\$4.0	-11.1%	\$3.6	-10.0%
Beverage	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.0	1.5%	\$7.2	2.9%	\$7.3	1.4%
Electric**	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate***	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$18.6	11.6%	\$19.4	4.3%	\$20.1	3.6%
Property	\$10.0	9.3%	\$10.9	8.7%	\$11.5	6.0%	\$12.6	9.0%	\$12.6	0.2%	\$13.6	7.7%	\$14.4	6.2%
Bank	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$12.1	-8.7%	\$11.5	-5.0%	\$11.7	1.7%
Other Tax	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$2.0	-8.0%	\$2.3	15.0%	\$2.6	13.0%
<b>Total Tax Revenue</b>	<b>\$1300.3</b>	<b>3.6%</b>	<b>\$1346.4</b>	<b>3.5%</b>	<b>\$1380.1</b>	<b>2.5%</b>	<b>\$1395.7</b>	<b>1.1%</b>	<b>\$1433.8</b>	<b>2.7%</b>	<b>\$1507.9</b>	<b>5.2%</b>	<b>\$1549.0</b>	<b>2.7%</b>
Business Licenses	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.1	-11.7%	\$1.1	1.8%	\$1.2	2.7%
Fees	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$47.8	-1.3%	\$48.6	1.7%	\$49.4	1.6%
Services	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$3.2	6.3%	\$3.2	0.9%	\$3.3	0.9%
Fines	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.1	-29.9%	\$3.2	3.2%	\$3.3	3.1%
Interest	\$0.2	-66.6%	\$0.2	51.9%	\$0.6	136.1%	\$1.2	108.2%	\$2.0	70.8%	\$2.6	30.0%	\$3.2	23.1%
All Other****	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$2.6	-10.5%	\$1.5	-42.3%	\$1.6	6.7%
<b>Total Other Revenue</b>	<b>\$28.0</b>	<b>-16.4%</b>	<b>\$29.4</b>	<b>4.7%</b>	<b>\$32.3</b>	<b>10.1%</b>	<b>\$61.2</b>	<b>89.3%</b>	<b>\$59.8</b>	<b>-2.3%</b>	<b>\$60.3</b>	<b>0.8%</b>	<b>\$61.9</b>	<b>2.8%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$1328.4</b>	<b>3.1%</b>	<b>\$1375.8</b>	<b>3.6%</b>	<b>\$1412.4</b>	<b>2.7%</b>	<b>\$1457.0</b>	<b>3.2%</b>	<b>\$1493.6</b>	<b>2.5%</b>	<b>\$1568.2</b>	<b>5.0%</b>	<b>\$1610.9</b>	<b>2.7%</b>

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

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

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

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

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

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

**Agenda & Motion Summary for Members**  
**May 7, 2018 Emergency Board Meeting**

**Item 1** - Official State Revenue Estimate Revision for FY 2018 General Fund; 32 VSA Sec. 305a (a).

- Presentation of Revenue Report by Jeff Carr and Tom Kavet
- 1 Motion for adoption

**PROPOSED MOTION**  
**FY 2018 Official General Fund Revenue Estimate Revision**  
(32 VSA Sec 305a (a))

May 7, 2018

Moved: That the state revenue estimate, pursuant to 32 V.S.A. 305a for FY 2018 General Fund is revised as follows:

<b>General Fund - Fiscal Year 2018</b>	<del>\$1,493.6M</del>	\$1,537.8M
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**STATE OF VERMONT**  
GENERAL ASSEMBLY

May 2, 2018

Governor Phil Scott  
Pavilion Office Building  
Montpelier, VT

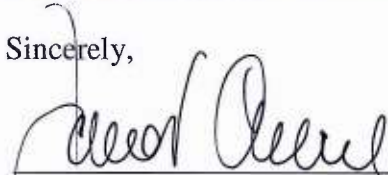
Dear Governor:

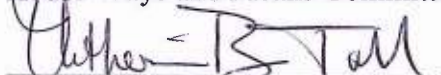
In accordance with 32 V.S.A. §131, the legislative members of the Emergency Board are requesting a meeting of the Board to take place on Monday, May 7th, at 3:00 pm to consider a revision to the fiscal year 2018 official revenue forecast.

Specifically, we would request that the Emergency Board, after hearing from the State and Legislative Economist, adopt a revised official revenue estimate for fiscal year 2018 that reflects the amount the State has received through April plus the minimum revenue expected in "Available General Funds" for the remaining two months of the fiscal year.


We appreciate your assistance with this request.

Sincerely,

  
Representative Janet Ancel, Chair  
House Ways and Means Committee

  
Representative Kitty Toll, Chair,  
House Appropriations Committee

  
Senator Ann Cummings, Chair  
Senate Finance Committee

  
Senator Jane Kitchel, Chair,  
Senate Appropriations Committee

cc Susanne Young, Secretary of Administration  
Adam Greshin, Commissioner, Department of Finance and Management