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

Fiscal Years 2023 through 2024

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Prepared for the Vermont Emergency Board

PREPARED BY:

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ECONOMIC, POLICY, AND FINANCIAL ANALYSTS

- **Updated Staff Consensus Forecast Update Recommendations for Fiscal Year 2023 and Fiscal Year 2024 along with Consensus Fiscal Planning Revenue Estimates for Fiscal Years 2025 through Fiscal Year 2027**

- Against the backdrop of the cross-pressures associated with the unprecedented impacts of the on-going COVID-19 pandemic along with the staggering amount of federal financial pandemic assistance and the previously highly-stimulative posture of federal monetary policy over the first two years of the pandemic, the latest consensus revenue forecast update for July of fiscal year 2023 calls for:

  1. An unusually large forecast upgrade in the revenues "Available to the General Fund" for fiscal year 2023;

  2. Followed by a significant pull-back in the pace of revenue collections in fiscal 2024 as the torrent of federal financial pandemic assistance further unwinds during fiscal year 2024 and the Federal Reserve continues to pull back on its monetary policy levers in order to fight worsening rates of inflation;

  3. With revenues across-the-board in all three fund aggregates then reflecting a return to reflecting the underlying fundamentals of the economy as the state moves through the out-years of the forecast update period during fiscal years 2025 through 2027—corresponding to the three-year fiscal planning time frame beyond the statutory fiscal year 2023 and 2024 consensus forecast update period.

- Although it has been stated previously in recent consensus forecast updates, it is worth mentioning once again that there is no clear, historical precedent for how state revenues are going to behave after the effects of the unprecedented, roughly $10.3 billion in highly stimulative federal financial pandemic assistance to the state eventually runs its course.

  - At that point, the economy will complete its transition back to relying upon the economy's underlying, but very likely changed set of fundamentals.

  - The state's "new normal" in this regard is likely to be accompanied by a significant rise in uncertainty, and it will likely contain a number of surprises—including those that will be positive and others that are likely to be negative.

- Overall, the updated staff-recommended Legislative JFO-Administration consensus economic and revenue forecast update calls for the continuation of the impressive level of revenue momentum in the economy and G-Fund and E-Fund revenues for much or all of fiscal year 2023, even as the Federal Reserve tightens the monetary policy screws consistent with its recent policy pivot, and the T-Fund and T-Fund TIB revenues continue to reflect the current high energy price environment and inventory issues in the market for vehicles.

  - The pace of activity in the economy and state revenues is then expected to slow significantly during fiscal year 2024 and into fiscal year 2025, as the pressure on the portion of "federal policy foot" that is on the "brake pedal" (corresponding to monetary policy) increases and eventually overtakes the other federal policy foot (corresponding to federal fiscal policy) that has recently begun to ease up on the accelerator.

  - This consensus forecast update then expects that the effects of the federal pandemic financial aid will fade and largely run their course in the out-years of the five-year consensus forecast update, except for some of the residual re-spending effects that may be still underway at the end of the forecast time horizon in fiscal year 2027.

- The updated January 2022 staff recommended consensus revenue forecast includes both an updated consensus economic forecast and consensus revenue forecast for the period and extends through calendar year and fiscal year 2027 as developed over late-June through the last week of July 2022 time period.

  - This staff recommended consensus revenue forecast update includes all of the best available information regarding the economic and fiscal effects of the still on-going pandemic, the downstream effects and transition by the economy and revenues away from the extended period of highly stimulative federal fiscal and monetary policy—and back to an economy that will again rely on its underlying fundamentals—likely as part of a "new normal" in this regard.

  - The staff recommended consensus forecast update also includes full consideration of the underlying trends and the actual collections data from the fourth quarter and second half of the state's 2022 fiscal year.

- Within the above-described, economic and state revenue environment, the updated staff recommended consensus forecast update for G-Fund, T-Fund, E-Fund, and T-Fund TIB revenues includes the following:

- For the G-Fund overall on a current law basis, the staff recommends an updated consensus forecast of $2,061.0 million in "Available to the G-Fund" revenues for fiscal year 2023 and an updated staff recommended consensus forecast of $1,978.3 million in "Available to the G-Fund" revenues for fiscal year 2024 (see Table 1 below). For the fiscal planning out-years covering the fiscal year 2025-2027 period, staff recommends a consensus forecast of "Available to the G-Fund" revenues of $2,055.5 million for fiscal year 2025, $2,141.2 million for fiscal year 2026, and a staff recommended forecast of $2,239.7 million for fiscal year 2027.

- With respect to the G-Fund's Health Care revenues portion of the "Available to the G-Fund" on a current law basis, the staff recommends an updated consensus forecast of $312.0 million in fiscal year 2023 and an updated consensus forecast of $321.7 million for fiscal year 2024. The staff also recommends an updated forecast of $325.0 million for Health Care revenues "Available to the General Fund" for the fiscal year 2025, an updated forecast of $328.4 million for fiscal year 2026, and a consensus forecast of $331.9 million for fiscal year 2027.

Table 1: Staff Recommended Consensus Revenue Forecast Update: G-Fund, T-Fund, E-Fund and T-Fund TIB Revenues (FY 2023-FY 2024)
Current Law (Including Health Care Revenues in the G-Fund)

Revenue Levels by Fiscal Year--July 2022 "Staff Recommnded" Consensus		
($ Millions)	2023	2024
Available to the General Fund (Including Health Care Revenues)	$2,061.0	$1,978.3
Available to the Transportation Fund	$300.1	$301.4
E-Fund [Partial]	$699.7	$707.2
Total--Three Funds	$3,060.8	$2,986.9
MEMO: Available Health Care Revenues	$312.0	$321.7
TIB Funds:		
Gasoline TIB	$21.6	$19.7
Diesel TIB	$2.0	$2.0
Total TIB Funds	$23.6	$21.7
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- For the T-Fund, staff recommends an updated consensus forecast of "Available to the T-Fund" revenues of $300.1 million for fiscal year 2023 and an updated staff recommended consensus forecast of $301.4 million in "Available to the T-Fund" revenues for fiscal year 2024, on a current law basis. For the fiscal planning out-years covering the 2025-2027 fiscal year period, staff recommends a consensus forecast of "Available to the T-Fund" revenues of $306.3 million for fiscal year 2025, a staff recommended forecast of "Available to the T-Fund" revenues of $311.4 million for fiscal year 2026, and a staff recommended forecast of "Available to the T-Fund" revenues of $317.4 million for fiscal year 2027, on a current law basis.

- For the T-Fund TIB revenues, staff recommends an updated consensus forecast of $23.6 million for fiscal year 2023 and an updated staff recommended consensus forecast of $21.7 million in T-Fund TIB revenues for fiscal year 2024, on a current law basis. For the fiscal planning out-years covering the 2025-2027 fiscal year period, staff recommends a consensus forecast of T-Fund TIB revenues of $22.5 million for fiscal year 2025, a staff recommended forecast of T-Fund TIB revenues of $22.9 million for fiscal year 2026, and a staff recommended forecast of T-Fund TIB revenues of $23.5 million for fiscal year 2027, on a current law basis.

- For the E-Fund, staff recommends an updated consensus forecast of $699.7 million in "Available to the E-Fund" revenues for fiscal year 2023 and an updated staff recommended consensus forecast of $707.2 million in "Available to the E-Fund" revenues for fiscal year 2024, on a current law basis. For the fiscal planning out-years covering the 2025-2027 fiscal year period, staff recommends a consensus forecast of "Available to the E-Fund" revenues of $728.4 million for fiscal year 2025, a staff recommended forecast of "Available to the E-Fund" revenues of $752.1 million for fiscal year 2026, and a staff recommended forecast of "Available to the E-Fund" revenues of $775.9 million for fiscal year 2027, on a current law basis.

▪ On a comparative basis relative to the July 2022 consensus revenue forecast, the scale of the staff recommended consensus revenue forecast for changes in the "Available to the G-Fund" total +$138.8 million for fiscal year 2023, and +$31.9 million for fiscal year 2024—with the above numbers including Health Care revenues as presented in Table 2 (below), on a current law basis.

  - On an "apples-to-apples" basis and beginning on fiscal year 2025 and beyond which corresponds to the three-year fiscal planning period following the consensus forecast update time frame, the size of the staff recommended consensus revenue forecast changes in the "Available to the G-Fund" totals +$70.6 million for fiscal year 2025, $108.5 million for fiscal year 2026, and +$151.6 million for fiscal year 2027, on a current law basis.

  - All of the above itemized forecasted numbers include Health Care Revenues that are allocated to the G-Fund.

Table 2: Staff Recommended Consensus Revenue Forecast Update-Changes from the January 2022 Consensus Forecast for the G-Fund, T-Fund, E-Fund and T-Fund TIB (FY 2023-FY 2024, FY 2025-FY 2027)

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

Differences-January 2022 Proposed Consensus Forecast versus the July 2021 Consensus Forecast (By Fund)	2023		2024		2025		2026		2027	
Current Law	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
General Fund (Incl. Health Care Revenues)	$138.2	7.2%	$31.9	1.6%	$70.6	3.6%	$108.4	5.3%	$151.6	7.3%
Transportation Fund	($3.2)	-1.1%	($1.1)	-0.4%	$6.3	2.1%	$8.5	2.8%	$10.9	3.6%
Available to the Transportation Fund										
Education Fund	$11.4	1.7%	$14.0	2.0%	$27.2	3.9%	$36.6	5.1%	$42.5	5.8%
Partial-Including all Recent Fund Allocation Changes										
Total--"Big 3 Funds"	$146.4	5.0%	$44.8	1.5%	$104.1	3.5%	$153.4	5.0%	$205.0	6.6%
MEMO #1: Health Care Revenues	$19.3	6.6%	$26.6	9.0%	$27.5	9.2%	$28.5	9.5%	$30.8	10.2%
MEMO #2: TIB [3]										
Gasoline	$6.3	40.7%	$4.2	27.2%	$4.4	27.3%	$4.3	26.1%	$4.4	26.1%
Diesel	($0.1)	-3.3%	($0.1)	-4.2%	($0.1)	-4.2%	($0.1)	-3.2%	($0.1)	-3.2%
Total TIB	$6.2	35.1%	$4.1	22.7%	$4.3	23.0%	$4.2	22.1%	$4.4	22.8%

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

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- With respect to the G-Fund's Health Care revenues portion of the "Available to the G-Fund," the staff recommended changes in the consensus revenue forecast for the G-Fund's Health Care revenues component includes a +$19.3 million increase for fiscal year 2023,[1] and a +$26.6 million forecast upgrade for fiscal year 2024, on a current law basis.

  - The staff also recommends a forecast upgrade for Health Care revenues "Available to the General Fund" for the fiscal year 2025 through 2027 fiscal planning period of +$27.5 million in fiscal year 2025, a forecast upgrade of +$28.5 million for fiscal year 2026, and a $30.8 million for fiscal year 2027, on a current law basis.

- The staff recommended forecast for revenues "Available to the Transportation Fund" includes a forecast downgrade of -$3.2 million for fiscal year 2023, and a forecast downgrade of -$1.1 million for fiscal year 2024, on a current law basis.

  - For the fiscal planning period covered by fiscal years 2025 through 2027, the staff recommends forecast upgrades for revenues "Available to the Transportation Fund" of +$6.3 million in fiscal year 2025, +$8.5 million for fiscal year 2026, and +$10.9 million for fiscal year 2027, on a current law basis.

- The staff recommended consensus forecast also includes an upward adjustment in

[1] Including Cannabis revenues.

the staff-recommended consensus revenue forecast for combined Gasoline TIB and Diesel TIB revenues in both fiscal year 2023 (at a combined +$6.2 million) and a combined +$4.1 million in fiscal year 2024. Across the fiscal planning period of fiscal years 2025 through 2027, the staff recommends a combined Gas TIB and Diesel TIB revenue forecast upgrade of +$4.3 million in fiscal year 2025, +$4.2 million in fiscal year 2026, and +$4.4 million is fiscal year 2027, on a current law basis.

- For Gas TIB revenues, staff recommends an upward adjustment for Gas TIB revenues of +$6.3 million in fiscal year 2023 and +$4.2 million in fiscal year 2024. For the fiscal planning period of fiscal year 2025 through fiscal year 2027, the staff recommends a Gas TIB forecast upgrade of +$4.4 million in fiscal year 2025, +$4.3 million in fiscal year 2026, and +$4.4 million is fiscal year 2027, on a current law basis.

- The updated staff-recommended consensus forecast for Diesel TIB revenues recommends small consensus forecast downgrade across the board in fiscal years 2023 and 2024 of -$0.1 million. For the fiscal planning period of fiscal year 2025 through fiscal year 2027, the staff recommends a Diesel TIB revenue forecast downgrade of -$0.1 million each for fiscal years 2025, 2026, and 2027, on a current law basis.[2]

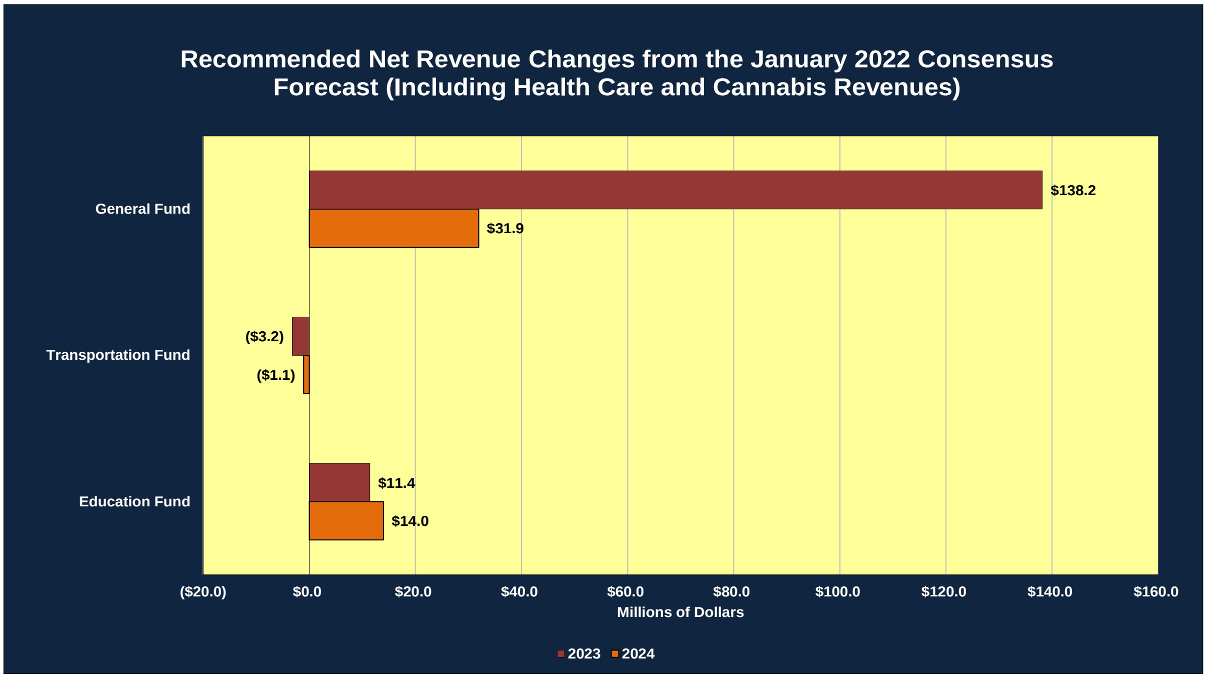
▪ For the E-Fund [Partial], this updated staff recommended consensus forecast calls for a forecast upgrade of +$11.4 million for fiscal year 2023 and a +$14.0 million forecast upgrade for fiscal year 2024.

  - Across the fiscal planning timeline corresponding to fiscal year 2025 through 2027, staff recommends a consensus forecast upgrade of +$27.2 million for fiscal year 2025, +$36.6 million for fiscal year 2026, and a +$42.5 million consensus forecast upgrade for fiscal year 2027, on a current law basis.

▪ The revised, staff recommended July 2022 consensus forecast update for all three fund aggregates is presented graphically below for the current fiscal year 2023 and fiscal year 2024 fiscal year forecast update period by major fund aggregate.

  - Like Table 2 above, the bar chart below presents the changes by fund on a current law basis.

[2] Please note that totals for these small T-Fund TIB revenue categories may not sum due to rounding as consensus forecast recommendations are out to two decimal places for the TIB Diesel receipts category.



❖ **Background and Context: Discussion of the Updated Staff Recommended July 2022 Consensus Economic and Revenue Forecast Update for Fiscal Year 2023 and Fiscal Year 2024[3]**

▪ This latest July 2022 staff recommended consensus revenue forecast update was completed as the COVID-19 pandemic and the extraordinary public health, fiscal policy, and monetary policy measures to address it are progressing through yet another stage of evolution.

  – For the most part, the public health aspects of the COVID-19 pandemic have moved towards more of a "management phase," where the virus and its variants have become more endemic, and the seriousness and life- threatening aspects of illness associated with the virus in Vermont have been reduced significantly—although serious illness related to COVID-19 remains as a potential health risk for at least some of the more vulnerable parts of the state's population and particularly for the portion Aged 85 years and up.

▪ The unprecedented Keynesian experiment carried out by U.S. fiscal policy to address the negative economic effects of the virus likewise remains as an on-going trial, which has now moved on into a new phase as the public health risks associated with the pandemic have likewise moved into a new, less critical stage.

[3] With fiscal planning forecasted numbers by fund by year through Fiscal Year 2027.

- This "new phase" of policies associated with the above-referenced Keynesian experiment are designed to address the continuing, residual effects of the federal fiscal and monetary policy initiatives implemented mostly over the first two years of the pandemic.

- This new set of policies involve letting the fiscal policy measures run their course (as they naturally ebb in significance), and implementing an additional set of federal monetary policy "tightening" adjustments—with likely more forthcoming—to address the side-effects (e.g. inflation) related to the initial set of federal fiscal and monetary policies that were implemented to offset the "blunt force trauma" to the economy caused by the initial public health measures related to the virus.

▪ As a result, this July 2022 staff recommended consensus revenue forecast update was completed against an unusually uncertain and volatile backdrop—perhaps as uncertain and volatile as any in the more than 25 years of consensus revenue forecasting for the state.

  - This is because the federal, state, and local policy apparatus are now forced to contend with the emerging and largely still evolving secondary effects of the COVID-19 pandemic and the various public health, fiscal, and federal monetary policies designed to address it.

▪ Throughout the first roughly two-and-one-half years of the pandemic, much of the public policy response (both with respect to the public health challenges and the negative impact those policies had on the economy) have largely proven to have been appropriate and effective.

  - However, significant policy challenges remain in both areas that carry the ever-present possibility of failure—especially as the economy and revenues progress further into the area of transition between the pandemic-based expansionary monetary and fiscal policy experiments of the first two years of the pandemic, and back towards a more restrictive monetary policy and fiscal policy posture as economic activity reverts back to a more normal character of activity tied to its underlying fundamentals.

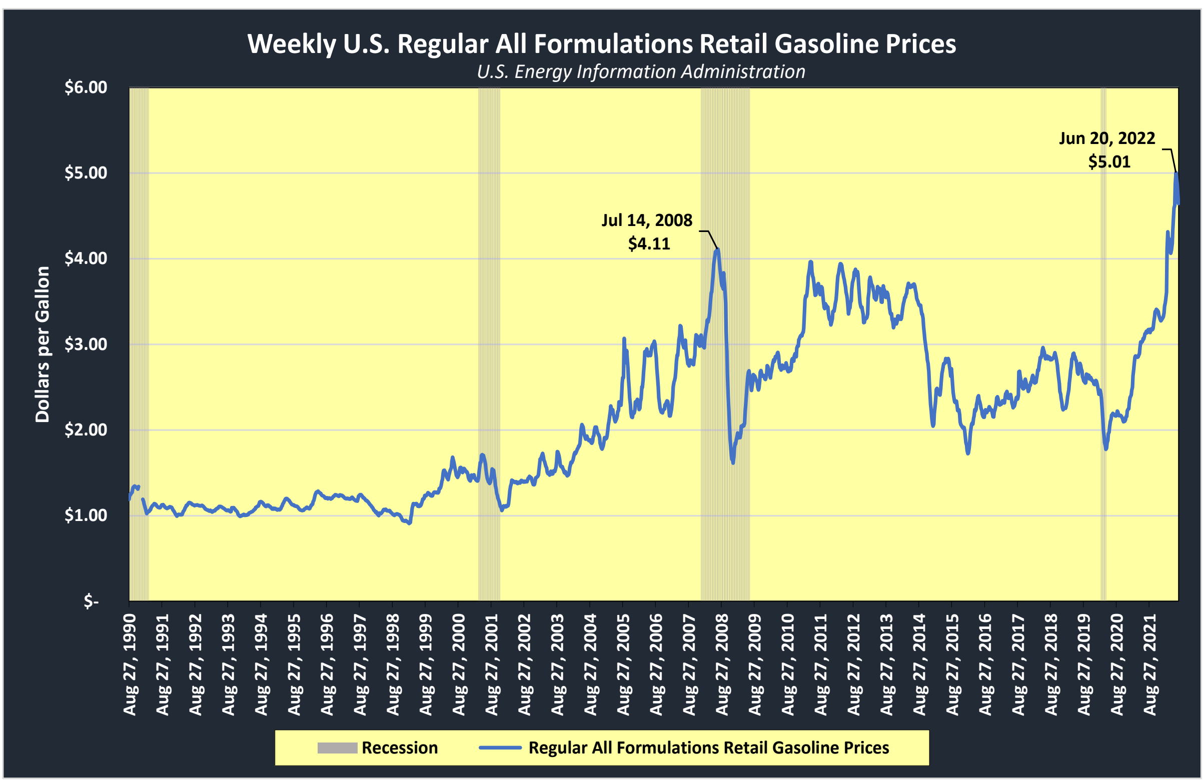
▪ Aside from the increased level of uncertainty in this most recent consensus forecast update (relative to last forecast update in January of 2022), the one thing that seems certain is that the fiscal and monetary policy environment both nationally and in

Vermont has also become significantly more complicated.

- One of the leading factors complicating the economic and revenue background was the onset of the war in Ukraine with Russia unprovoked invasion in February.

- The continuation of this war in Ukraine and subsequent sanctions on Russia for the period going on six months means that the global, U.S., and State economic and financial systems now have to contend with all of the attendant geo-political, security, and the economic disruptions and risks that such a war continues to entail.

▪ These disruptions (and risks) so far have included major increases in food and energy commodity prices (leading to a record high for the average retail price of a gallon of gasoline in the U.S. of $5.01 the week of June 20, 2022 but which recently has declined by about 10%—see below), and significant disruptions (due to the resulting harsh economic sanctions imposed on Russia) to the global financial system, and perilous threats to the European economy's energy supplies—particularly for Russian-sourced natural gas.

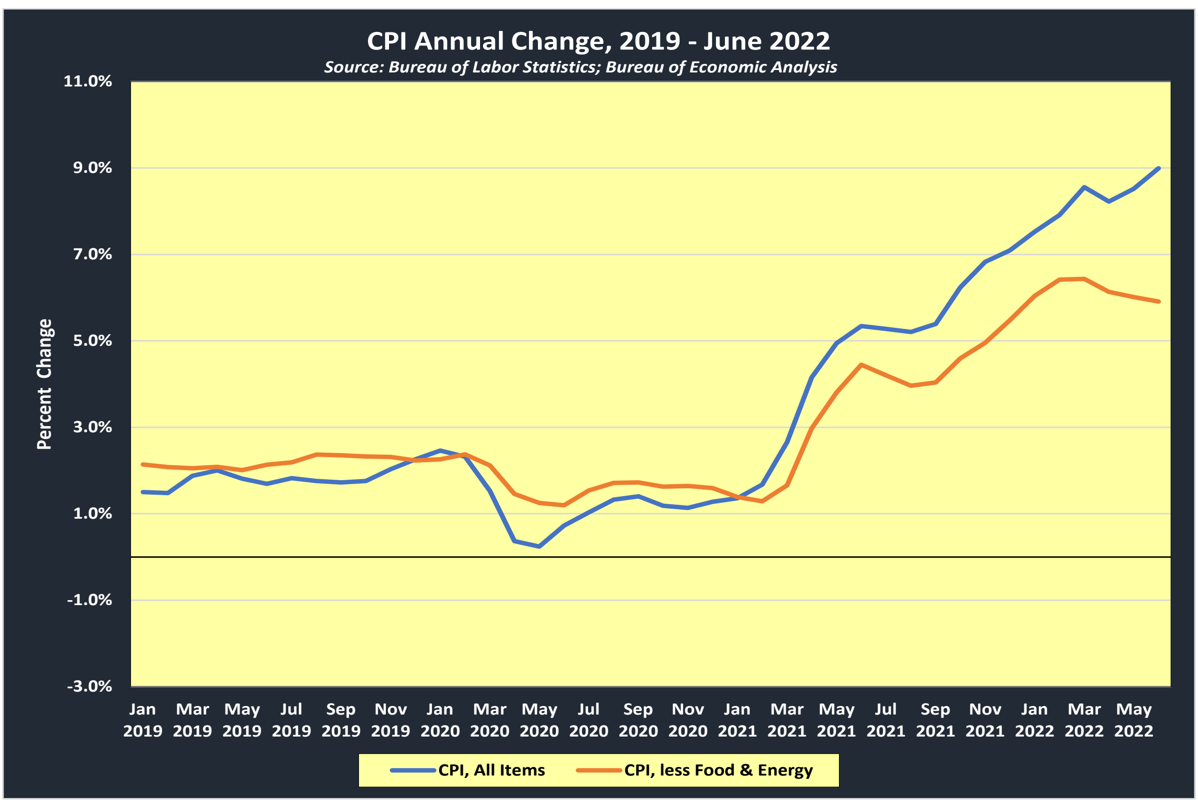


▪ Related to the above, one of the most significant changes in the economic environment since the last consensus forecast update back in January is the increasing escalation rates in major price indicators for the U.S. economy (and for prices globally).

- These recent price reports have also resulted in elevated fears that the recent escalating level of consumer prices, if unchecked, will become embedded in the economy by fanning the flames of "inflationary expectations."

- A sustained rise in "inflationary-expectations" can often become self-sustaining throughout the economy and can act to cause significant harm to the long-term health of the economy overall.

▪ Looking at the recent inflation readings from the U.S. Department of Labor, U.S. consumer prices—as measured by the U.S. Consumer Price Index (or "CPI") for all items—accelerated to a +9.1% annual rate of increase during June—the fastest rate of increase for the CPI in more than 40 years dating back to November 1981.



- This latest report on the CPI was higher than the +8.6% rate of increase that was registered during May. The June CPI increase was the result of a sharp increase in energy prices (up 11.2% from the previous month and up by nearly 60%

from a year earlier), along with large increases in housing costs and food prices.

- At the same time, core prices, which exclude the volatile food and energy price components, increased by 5.9% in June from a year earlier. That rate of increase was slightly less than May's 6.0% core prices gain and was above the Federal Reserve's reported +2.0% target for the long-run increase in consumer prices by nearly three times.

▪ This latest price increase in the CPI price index for the month of June occurred as the most recent reading of the Federal Reserve's preferred inflation index—called the Personal Consumption Expenditure Price Index (or the PCE index)—posted +6.3% readings for both the months of April and May. Those readings were both down somewhat from the PCE's previous peak reading of +6.6% posted in March.

- Because the CPI and PCE indexes are constructed differently, with the PCE index covering a broader list of household expenditures in the U.S.[4] relative to the CPI[5]), the PCE index has historically tracked lower than the CPI index over time.

- However, the gap between the two price indices has widened recently (see the chart below) and has in fact become the largest since the early 1980s.[6]

▪ These most recent price reports were not well received by the financial markets and the differing coverages in terms of price changes between the two indices is likely to complicate the effort of today's monetary policies to engineer a "soft-landing" for the economy over the next 12-24 months.

- Because the overall CPI reading for June exceeded May's report and reached a rate of increase that was in excess of +9.0%, the Fed once again this week raised short-term interest rates by 0.75 percentage points following its July 26-27 meeting (as this report was going to press) to a range between 2.25% and 2.5%—with additional increases virtually a "given."

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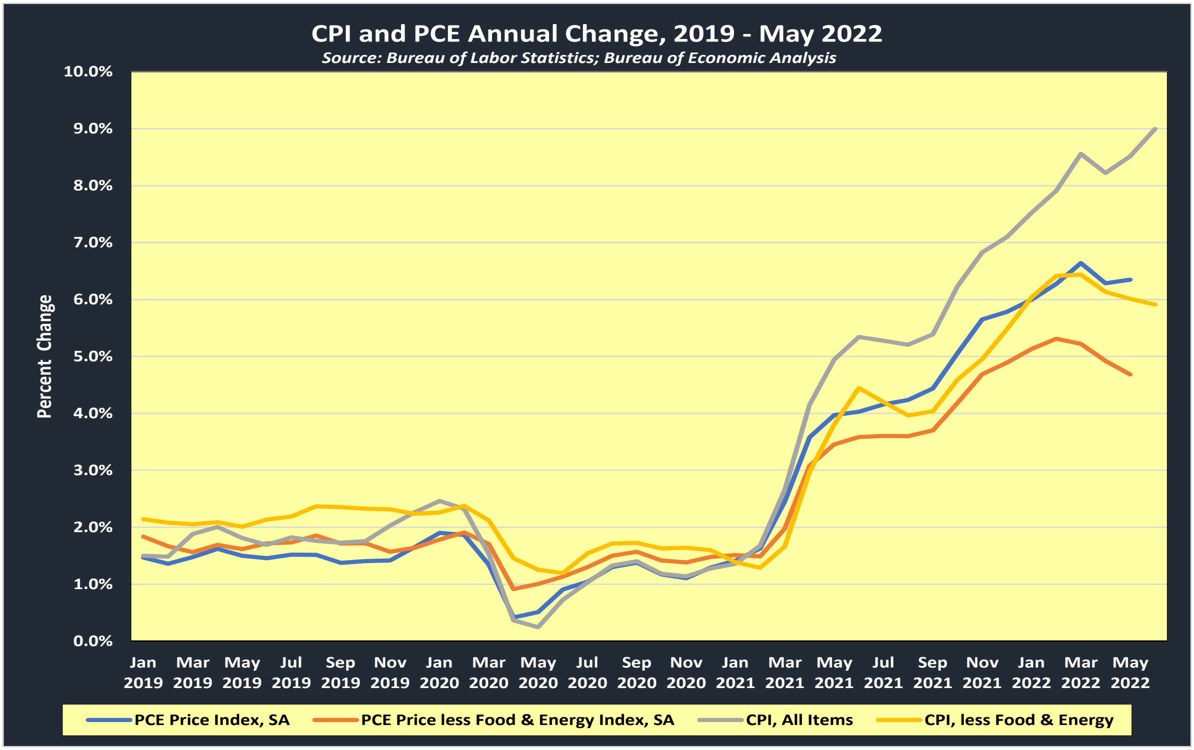
[4] Including health care expenditures that recently have been relatively subdued, and the PCE index also includes s financial-services costs that are not in the CPI index—and at least some of those financial-services prices have declined recently as the stock market has declined.

[5] Where the CPI covers just the out-of-pocket expenses of urban consumers.

[6] The reader may recall that the early 1980s was a time when the CPI inflation rate was declining from double-digit highs—as the then Federal Reserve Board Chair Paul Volker implemented his famous, anti-inflation, tight monetary policy measures that ultimately plunged the U.S. economy into a deep recession at that time.



- In fact, there was some speculation that the Federal Reserve may have considered the possibility of a highly unusual, full percentage point increase in short-term interest rates during preparations for the July 26-27 meeting.[7]

- This is because slowing demand has become the key to the Federal Reserve's goal of restoring price stability in an economy.

- However, the price situation remains complicated by the ever-present supply chain issues largely brought about by the surge in demand fueled by the re-opening of the economy and the aggressive amount of federal government financial assistance provided to address the COVID-19 pandemic.

▪ The concern is that simply raising short-term interest rates is an imprecise tool for addressing any price increases attributable to supply-side issues.

  - In addition, there are uncertainties regarding the timing of precisely when each increase in short-term rates actually has the desired restraining effect on economic activity (again principally on the demand side)—with the lag between the "act and impact" of each tightening move-action therefore elevates the risk of a recession.

[7] Following the Bank of Canada which recently raised its "policy rate" by a full percentage point.

- This recession risk comes in the form of the Federal Reserve potentially overdoing it, and thereby pushing the overall economy into a recession because Fed policymakers did not recognize that that the final tightening action (or final tightening actions) went too far because of its/their lagged effect on actual U.S. economic activity.

▪ Despite the worsening price escalation situation discussed above, there have been some recent developments on the price front that offer some hope that prices could start to ease somewhat over the coming months.

  - For example, expectations within the business community and among investors that global economic growth looks to be slowing have led to at least the start of declines in some key commodity prices—such as oil and copper, and in important food stuffs such as wheat and corn. Price levels for many major commodities, which were already elevated at the time, began to rise even more sharply shortly after Russia invaded the Ukraine roughly six months ago.

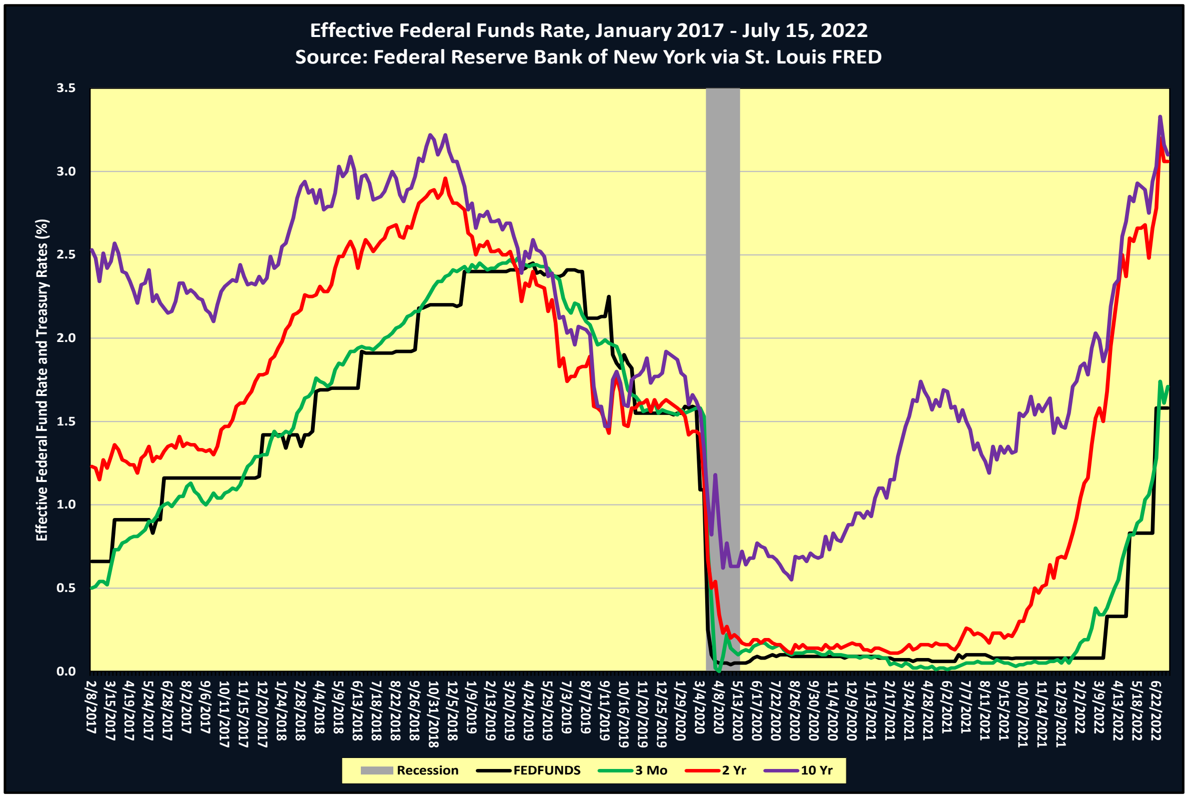
  - In addition, certain retailers have begun to warn about the need to work off unwanted inventories.

▪ That warning, if it actually develops, would be an important development for upcoming readings on the inflation rate (for both indexes) because retail discounting has not yet really begun to show up in the various inflation readings of late.

  - A return of some retail discounting in the current price otherwise pretty negative price escalation environment could be a key development in terms of actually demonstrating that the inflation rate is finally starting to come back under some degree of control.

▪ At their mid-June 2022 meeting, the Federal Reserve raised short-term interest rates by 0.75 percentage points, the largest increase since 1994, which brought the range of the Fed’s benchmark short-term rate to between 1.5% to 1.75%.

  - Although the Federal Reserve’s tightening actions are designed to constrain overall demand, the Fed is also pursuing this tightening approach as they also try to keep inflationary expectations by all of the major participants in the economy “in check.”



- This is thought to be key in the Fed's monetary policy view because, if such inflationary expectations are not restrained, they can result in a debilitating, self-reinforcing and perpetuating upward movement in inflationary pressures.

  - Indications are that so far expectations of chronically higher rates of inflation have not yet taken hold widely throughout the country.[8]

  - However, the decidedly "hawkish" public posturing by key members of the Fed—including the Chair of the Federal Reserve—over the course of the past month or two seems designed to try to help prevent higher inflationary expectations from becoming embedded across the economy.

- All of the above appears to have led to increasing discussion about prospects for a general economic recession within the forecast update time horizon—not a "soft-landing" slowdown in the economy—with some analysts and business leaders

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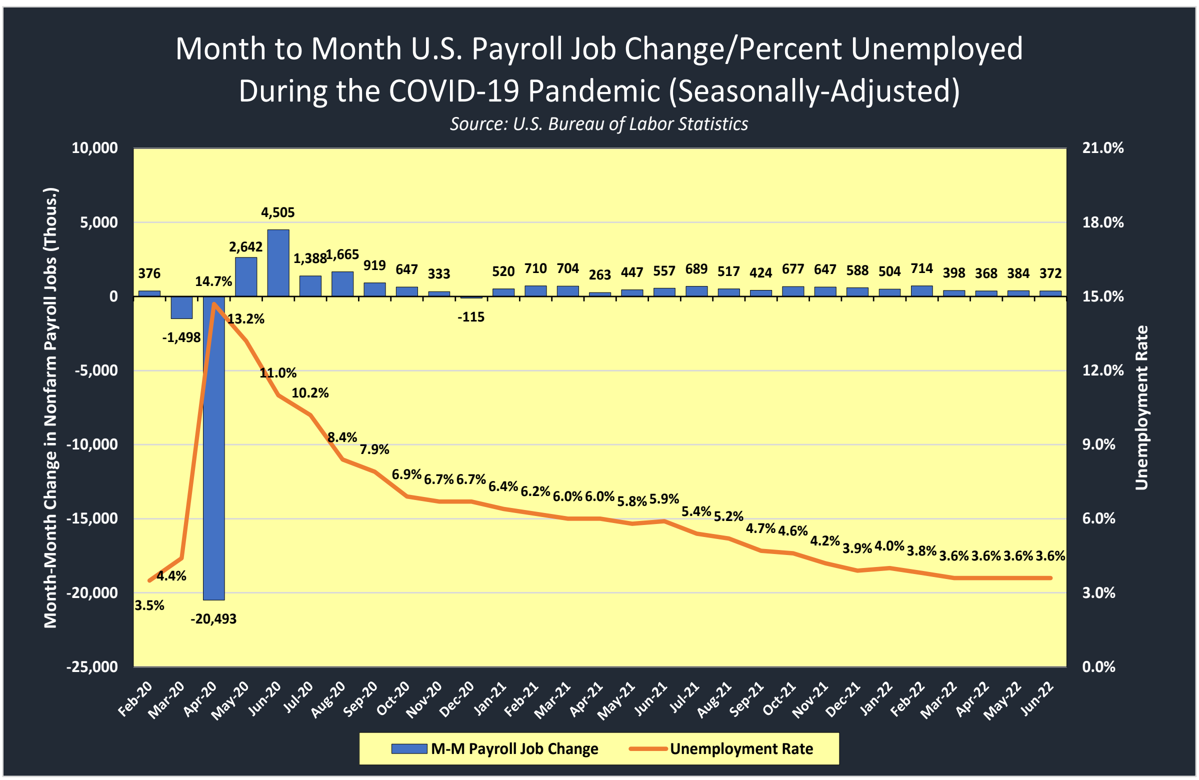
[8] Per the recent survey by the New York Federal Reserve Bank which showed that long-term, household inflationary expectations remain subdued. According to the June 2022 survey, households expect a more subdued inflation rate than they had expected in recent months. For example, June respondents saw the U.S. annual inflation rate three years from now at 3.6% (down from a 3.9% expected general inflation rate in May). The survey also indicated that respondent households in June expected the U.S. annual inflation rate five years from now to be 2.8%, down from the 2.9% U.S. inflation rate expectation in May.

concerned that the U.S. economy may already be in an economic downturn. To be sure, recent data do portray a "mixed picture" of current conditions in the U.S. economy, but it seems like a stretch to say that the economy is in fact in a recession at this point.[9]

- On the positive side, news in last month's labor market report that the U.S. economy had re-gained all of the private sector jobs (but not all of the combined public sector and private sector jobs) that were lost during the harsh, short, pandemic-induced recession (along with a continued flat U.S. unemployment rate at 3.6%) was in fact a positive milestone for the U.S. economy.



- In addition, although it has slowed recently, overall consumption spending continues to be at healthy levels although consumers recently have turned to using part of their recently accumulated savings[10] to maintain those generally higher spending levels.

- It also is important to note that the U.S. unemployment rate remains low (at 3.6% or just 0.1 percentage points higher than just prior to the pandemic), with

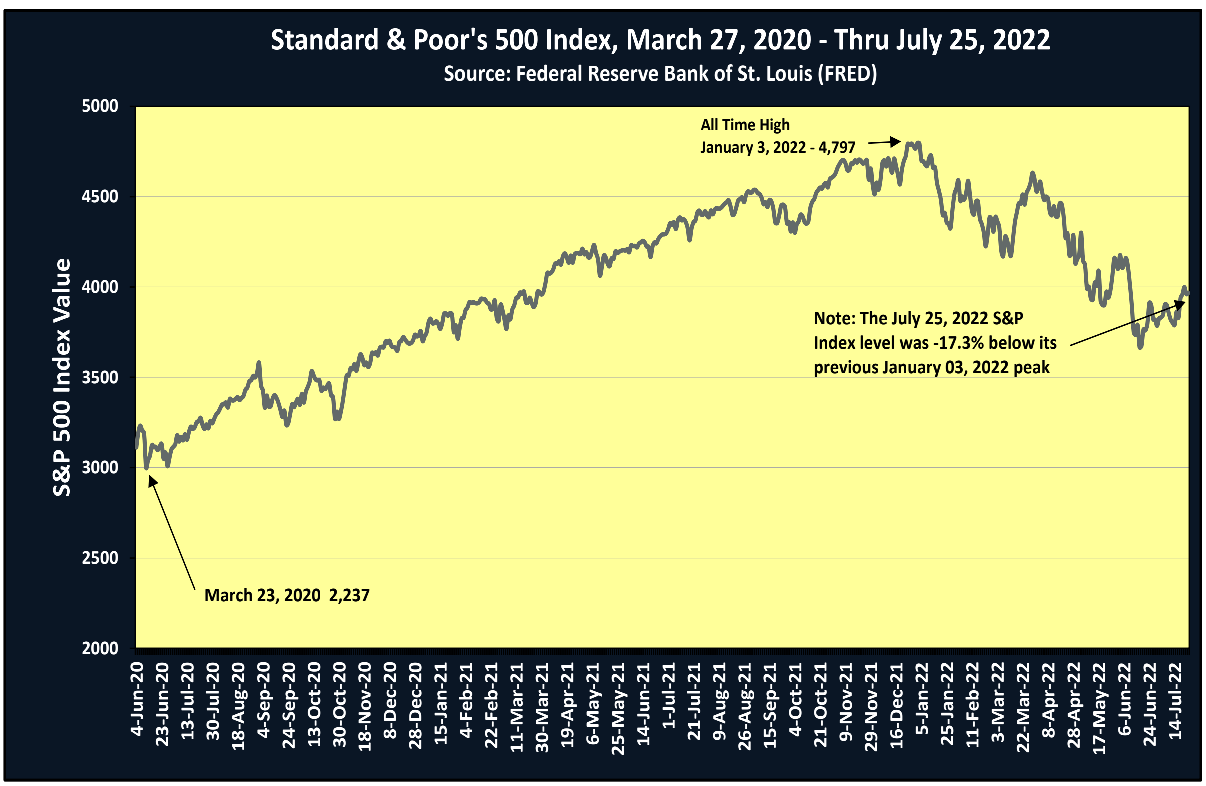
[9] Even if we get a second consecutive negative reading on U.S. inflation-adjusted output growth later this week.
[10] For example, since the start of the flow of the federal pandemic assistance support.

plenty of job openings for any worker—or prospective worker—that wants a job.

- On the negative side of the ledger, recent statistics show that manufacturing output fell for the second straight month in June (on top of the January to March inflation-adjusted overall 1.6% decline in U.S. output),[11] and the University of Michigan's index of consumer sentiment in early July experienced a reading that was near the index's lowest level on record.

  – Recent reports also indicate that unemployment insurance claims have trended upward in recent weeks (after hitting half century lows), the rate of house selling has slowed, and the pace of new construction has also been slowing over the past few months—reflecting the recent rise in interest rates.

  – Sentiment in the banking sector has also shifted negatively over the past two months, and prices in major equity markets have fallen significantly with the S&P index recently falling into "bear territory"—having lost more than 20 percent in value since its recent peak during at least some portions of the months of June and July (see below).



[11] Along with two consecutive months of job decline as reported in the ISM Purchasing Managers survey.

- Despite the mixed character to the above indicators, there currently is little solid evidence at this juncture that a recession is either here or is in any way a part of the economy's near-term future—as some have recently suggested.

  - Although the current economic backdrop and the various shocks (e.g., energy prices) currently impacting the economy remain somewhat "unusual," a lot negative things would still have to happen to push the economy over the edge into a general and broader economic downturn.

- This is because conditions in financial markets do not appear to be out of balance, corporate profits—while declining somewhat—but remain high (at about 18% of sales), households remain flush with cash (with about $18.5 trillion in checking and saving accounts, and money market mutual funds).

  - All of those resources are still available to the economy before all of the federal pandemic financial relief that remains in the state and local government pipeline (i.e., the so-called ARPA and infrastructure project funding) that still remains left to be expended.

  - At least some macro forecasting services look to be missing the more gradual pullback in federal pandemic assistance spending as listed above in their economic recession scenarios—especially on the ARPA and infrastructure spending side of the issue which currently may only be appropriated-obligated and does not have to actually be spent until the end of federal fiscal year 2026.

- As a result, some macro forecasts look to be more pessimistic over the near-term than they should likely otherwise be. This is probably not surprising given the unusual and somewhat contradictory "one foot on the brake…one foot in the accelerator" position of various federal, state and municipal governmental monetary and fiscal policies as the consensus forecast is currently being updated.

  - This highlights the unusual, post-pandemic situation that the U.S. and Vermont economies are dealing with at this juncture. As part of the current consensus forecast update, we have worked with the JFO economists to try to account for the unusual macroeconomic environment we currently find ourselves in.

- The two tables below (Table 3 and Table 4) highlight the updated consensus economic outlook that has been used as part of this updated consensus economic forecast process.

Table 3

Comparison of Recent Consensus U.S. Macroeconomic Forecasts
December 2020 through July 2022, Selected Variables, Calendar Year Basis

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real GDP Growth									
December-2020	*1.7*	*2.3*	*3.0*	*2.2*	*-3.5*	*4.1*	*4.7*	*3.2*	*2.3*
June-2021	*1.7*	*2.3*	*3.0*	*2.2*	*-3.5*	*6.7*	*5.0*	*2.9*	*2.5*
December-2021	*1.7*	*2.3*	*2.9*	*2.3*	*-3.4*	*5.6*	*4.2*	*2.8*	*2.7*
July-2022	*1.7*	*2.3*	*2.9*	*2.3*	*-3.4*	*5.7*	*2.0*	*1.9*	*2.3*
S&P 500 Growth (Annual Avg.)									
December-2020	*1.5*	*17.0*	*12.1*	*6.1*	*9.7*	*12.8*	*1.7*	*-3.9*	*1.7*
June-2021	*1.5*	*17.0*	*12.1*	*6.1*	*10.5*	*26.3*	*-3.5*	*-2.7*	*1.9*
December-2021	*1.5*	*17.0*	*12.1*	*6.1*	*10.5*	*32.6*	*3.4*	*-8.1*	*-5.4*
July-2022	*1.5*	*17.0*	*12.1*	*6.1*	*10.5*	*32.6*	*-3.9*	*1.0*	*4.0*
Employment Growth (Non-Ag)									
December-2020	*1.8*	*1.6*	*1.6*	*1.4*	*-5.8*	*1.2*	*2.5*	*2.4*	*1.2*
June-2021	*1.8*	*1.6*	*1.6*	*1.3*	*-5.7*	*3.0*	*4.6*	*2.1*	*0.8*
December-2021	*1.8*	*1.6*	*1.6*	*1.3*	*-5.7*	*2.8*	*3.8*	*1.5*	*0.8*
July-2022	*1.7*	*2.3*	*2.9*	*2.3*	*-3.4*	*5.7*	*2.7*	*1.4*	*2.3*
Unemployment Rate									
December-2020	*4.9*	*4.3*	*3.9*	*3.7*	*8.1*	*6.9*	*6.0*	*4.6*	*4.3*
June-2021	*4.9*	*4.4*	*3.9*	*3.7*	*8.1*	*5.4*	*3.7*	*3.5*	*3.7*
December-2021	*4.9*	*4.4*	*3.9*	*3.7*	*8.1*	*5.4*	*3.7*	*3.6*	*3.6*
July-2022	*4.9*	*4.4*	*3.9*	*3.7*	*8.1*	*5.4*	*3.7*	*3.9*	*4.0*
West Texas Int. Crude Oil $/Bbl									
December-2020	*43*	*51*	*65*	*57*	*38*	*45*	*54*	*60*	*59*
June-2021	*43*	*51*	*65*	*57*	*39*	*67*	*63*	*58*	*59*
December-2021	*43*	*51*	*65*	*57*	*40*	*68*	*67*	*61*	*61*
July-2022	*43*	*51*	*65*	*57*	*40*	*68*	*99*	*90*	*70*
Prime Rate									
December-2020	*3.51*	*4.10*	*4.90*	*5.29*	*3.54*	*3.25*	*3.25*	*3.33*	*4.13*
June-2021	*3.51*	*4.10*	*4.90*	*5.29*	*3.54*	*3.25*	*3.25*	*3.64*	*4.60*
December-2021	*3.51*	*4.10*	*4.90*	*5.29*	*3.54*	*3.25*	*3.70*	*4.65*	*5.25*
July-2022	*3.51*	*4.10*	*4.90*	*5.29*	*3.54*	*3.25*	*5.40*	*6.65*	*5.80*
Consumer Price Index Growth									
December-2020	*1.3*	*2.1*	*2.4*	*1.8*	*1.2*	*2.0*	*2.6*	*2.7*	*2.5*
June-2021	*1.3*	*2.1*	*2.4*	*1.8*	*1.2*	*3.4*	*2.8*	*2.6*	*2.5*
December-2021	*1.3*	*2.1*	*2.4*	*1.8*	*1.2*	*4.6*	*4.2*	*3.1*	*2.9*
July-2022	*1.3*	*2.1*	*2.4*	*1.8*	*1.2*	*4.7*	*7.4*	*3.8*	*2.7*
Average Home Price Growth									
December-2020	*5.3*	*5.8*	*5.8*	*4.8*	*4.7*	*4.5*	*4.8*	*5.1*	*5.3*
June-2021	*5.3*	*5.5*	*5.6*	*4.6*	*5.1*	*8.6*	*10.4*	*8.4*	*6.3*
December-2021	*5.3*	*5.5*	*5.6*	*4.6*	*5.1*	*12.9*	*13.5*	*8.9*	*4.6*
July-2022	*5.2*	*5.5*	*5.5*	*4.6*	*5.1*	*13.7*	*11.7*	*4.8*	*2.4*

Table 4
Comparison of Consensus Administration and JFO Vermont State Forecasts
December 2019 through July 2022, Selected Variables, Calendar Year Basis

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real GSP Growth									
December-2019	1.6	0.1	1.2	2.6	1.7	1.8	2.4	2.2	2.1
July-2020	1.6	0.1	1.2	2.5	-5.1	2.9	4.8	4.0	2.5
December-2020	1.1	0.4	0.9	0.8	-6.2	3.4	4.9	3.4	2.1
June-2021	1.1	0.4	0.9	0.8	-5.4	6.2	4.6	2.8	2.6
December-2021	1.0	0.3	0.4	1.0	-4.2	4.4	4.2	3.0	2.8
July-2022	1.0	0.3	0.4	1.0	-4.2	3.5	2.4	1.8	2.3
Population Growth									
December-2019	-0.3	0.1	0.0	-0.1	0.1	0.1	0.1	0.1	0.1
July-2020	-0.3	0.1	0.0	-0.1	0.1	0.2	0.2	0.1	0.1
December-2020	-0.2	0.1	-0.1	-0.1	-0.1	0.1	0.1	0.1	0.1
June-2021	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
December-2021	0.3	0.3	0.3	0.3	0.3	0.5	0.4	0.3	0.3
July-2022	0.3	0.3	0.3	0.3	0.3	0.5	0.3	0.3	0.3
Employment Growth									
December-2019	0.3	0.6	0.1	0.8	0.5	0.1	0.6	0.5	0.4
July-2020	0.3	0.6	0.2	0.1	-8.0	1.3	3.2	2.6	0.9
December-2020	0.3	0.6	0.2	0.1	-9.3	2.0	2.7	2.4	1.1
June-2021	0.3	0.6	0.3	0.1	-9.4	2.7	3.8	1.8	0.9
December-2021	0.3	0.6	0.3	0.1	-9.4	2.7	3.1	1.6	1.0
July-2022	0.3	0.6	0.3	0.1	-9.3	2.4	2.8	1.3	1.0
Unemployment Rate									
December-2019	3.2	3.0	2.7	2.2	2.5	3.2	3.4	3.6	3.6
July-2020	3.2	2.9	2.6	2.4	7.9	6.1	4.9	3.9	3.8
December-2020	3.2	2.9	2.6	2.4	6.1	3.4	3.3	3.1	3.2
June-2021	3.1	3.0	2.6	2.3	5.6	2.8	2.3	2.4	2.7
December-2021	3.1	3.0	2.6	2.3	5.6	2.9	2.2	2.3	2.6
July-2022	3.1	3.0	2.6	2.3	5.6	3.4	2.5	2.6	2.8
Personal Income Growth									
December-2019	2.2	2.5	4.5	4.9	3.1	2.5	3.2	3.0	2.9
July-2020	2.2	2.5	4.5	4.2	4.0	-1.1	4.3	4.9	4.5
December-2020	1.8	2.6	3.5	3.2	8.6	2.3	4.1	5.2	4.6
June-2021	1.8	2.6	3.5	3.2	6.0	3.5	1.3	4.6	4.5
December-2021	1.6	2.6	3.2	3.4	6.7	3.6	2.2	4.7	4.6
July-2022	1.6	2.6	3.2	3.4	6.7	4.5	2.2	5.2	5.0
Home Price Growth (JFO)									
June-2019	1.5	2.6	3.4	4.1	5.6	5.3	4.9	4.4	4.2
December-2019	1.7	2.5	3.6	3.8	4.2	4.6	4.8	4.5	4.2
July-2020	1.6	2.4	3.5	4.1	4.9	5.2	6.0	5.8	5.3
December-2020	1.5	2.2	3.3	3.7	4.9	5.9	6.2	5.7	5.2
June-2021	1.6	2.2	3.1	3.6	5.2	8.7	10.2	8.9	6.6
July-2022	1.4	2.3	3.0	3.7	5.1	14.0	13.4	5.6	2.6

- The economic forecast update expects the Fed will be successful in engineering "a soft-landing" overall and the U.S. and Vermont economies will therefore be able to avoid a general economic downturn that would be far more detrimental to state revenues than is expected in this staff recommended consensus forecast update.

▪ It reflects an expected economic outlook scenario where the economy has a "bend-but-don't break" character to expected economic activity where the output in the economy slows or even declines for a brief period, but the output decline is not enough to result in significant deterioration in labor market conditions given today's very "tight" labor market.

  - This is likely to result in an economic scenario where the economy continues to expand/recover, even as the pace of economic recovery slows overall, contending with significantly higher consumer and producer prices (particularly higher energy prices), significantly higher interest rates (resulting from the Fed's policy pivot to more significant tightening measures), and significantly slower job recovery-growth momentum.

  - The updated consensus economic forecast also expects that the economy could experience a milder, "full-employment" downturn in output growth in the economy that will likely be a significant slowdown in economic activity (and this will likely have an impact on future revenue receipts activity), but the slowdown will not likely be significant enough to meet the "technical definition" of a full-fledged, economic downturn at any time during the forecast update timeframe.

▪ According to the National Bureau of Economic Research, the official arbiter of the beginning and ending dates of U.S. economic recessions since the 1850s, indicates that a recession is defined as follows: *"A recession is a significant decline in economic activity spread across the economy, normally visible in production, employment, and other indicators."*

  - The indicators of a recession have been known to not always move in sync. In recent times, one of the common denominators indicating an economic downturn is a loss of employment and a significant increase in unemployment. Since World War II, the average (median) increase in the rate of unemployment has been 3.5 percentage points, and the U.S. economy has never come through a recession with an unemployment rate lower than 6.1% over the post-war period.

- As such, the consensus forecast update does not expect that either the U.S. or Vermont economies will experience a full-fledged economic downturn during the consensus revenue forecast update period.

  - The revised consensus economic outlook includes an expected scenario where there is a significant slowdown in the pace of the economy's forward momentum for the reasons listed above, but labor markets will likely remain close to a "full employment" situation.

  - It is also expected that the economy will avoid a broader economic downturn, unless the Federal Reserve does in fact over-shoot in its tightening measures as it attempts to bring the high and so far still rising price pressures and any associated increase in inflationary expectations under control.

- As a result, while the expectation of a successful "soft-landing" for the economy represents a relatively upbeat state economic and state revenue collections environment for the next 6 to 12 months, that near-term positive character of the economy and State revenues will very likely run into stiff economic and revenue collections challenges as the state moves towards the period including fiscal year 2024 and beyond.

  - This staff recommended consensus economic forecast update therefore expects that the current environment and strong forward momentum to the economy and state revenues will likely not be sustained much beyond fiscal year 2023.

  - This forecast update expects that the economy and State revenues to run into significant headwinds after fiscal year 2023 as reflected in the fiscal year 2024 consensus revenue for that year and the updated consensus revenue estimates for the out-years of the forecast period for the out-years of the fiscal planning period for fiscal years 2025, 2026, and 2027.

- The above staff recommended consensus revenue forecast update is based and builds upon what has been learned so far during the evolution of the COVID-19 pandemic and the unprecedented public policy response that has transpired over the last two and one-half years to address it.

  - It also includes what is understood about the connections between state revenues to that unusual policy mix and what we have come to understand about the transition of the economy back to responding to its underlying fundamentals within the context of the consensus economic forecast update.

- For example, we know the combination of these factors have supported State tax revenues through significantly higher Personal Income Tax revenues (such as extraordinarily high revenues collected in the Personal Income Tax Withholding, Personal Income Estimates, and Personal Income Final Payment-Extension Returns sub-components[12]).

  - We also know that higher Personal Income Estimated Tax Payments tied to higher levels of business "pass-through" income appears to have occurred during the Spring of 2022 for Personal Income taxpayers who pay those business' income through their Personal Income Tax payments, and through higher Personal Income Tax payments tied to increased capital gains realizations associated with recent value surges in many categories of financial and real property asset values.

  - The end result for fiscal year 2022 was that the state realized the Personal Income Tax revenue equivalent of essentially two months of April. That level of revenue receipts is clearly unsustainable, and this consensus revenue forecast update does not expect that Personal Income Tax revenues this Spring to mirror anywhere near that over $310 million in second half of fiscal year 2023 Personal Income Tax receipts activity that fiscal year 2022 had.

- Higher state revenues collections activity last two fiscal years also included a strong connection between the federal pandemic assistance and higher corporate profits realizations and therefore Corporate Income Tax receipts.

  - During the past tax year (or two) these realizations have resulted in significantly higher and stronger than expected Corporate Income Tax receipts—where it is likely that the federal pandemic assistance and expansionary monetary policy (with its very low interest rates) apparently flowed to the bottom-line, and the higher level of profitability for businesses, in turn, has boosted Corporate Tax receipts versus what would otherwise have been the case without that federal assistance.[13]

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[12] Including an unprecedently strong Spring filing season this past Spring which resulted in an "off-the-charts" fourth quarter for collections during fiscal year 2022.

[13] However, it should also be mentioned that higher Corporate Income Tax receipts in Vermont also seem to have been associated with the recent change in Vermont taxation rules related to the so-called market-based sourcing income apportionment rules (versus the olde "three factor" formula.

- It is also noteworthy that we have come to see the connection between lower interest rates and higher asset values that have boosted receipts activity in source like the Property Transfer Tax (particularly from out-of-state purchasers of real estate), in the Estate Tax (the aberration in the fiscal year 2022 under-performance notwithstanding), and through surprise capital gains realizations in the financial sector tied to taxable investment accounts where equity market gains have produced out-sized year-end gains in the form of capital gains distributions.

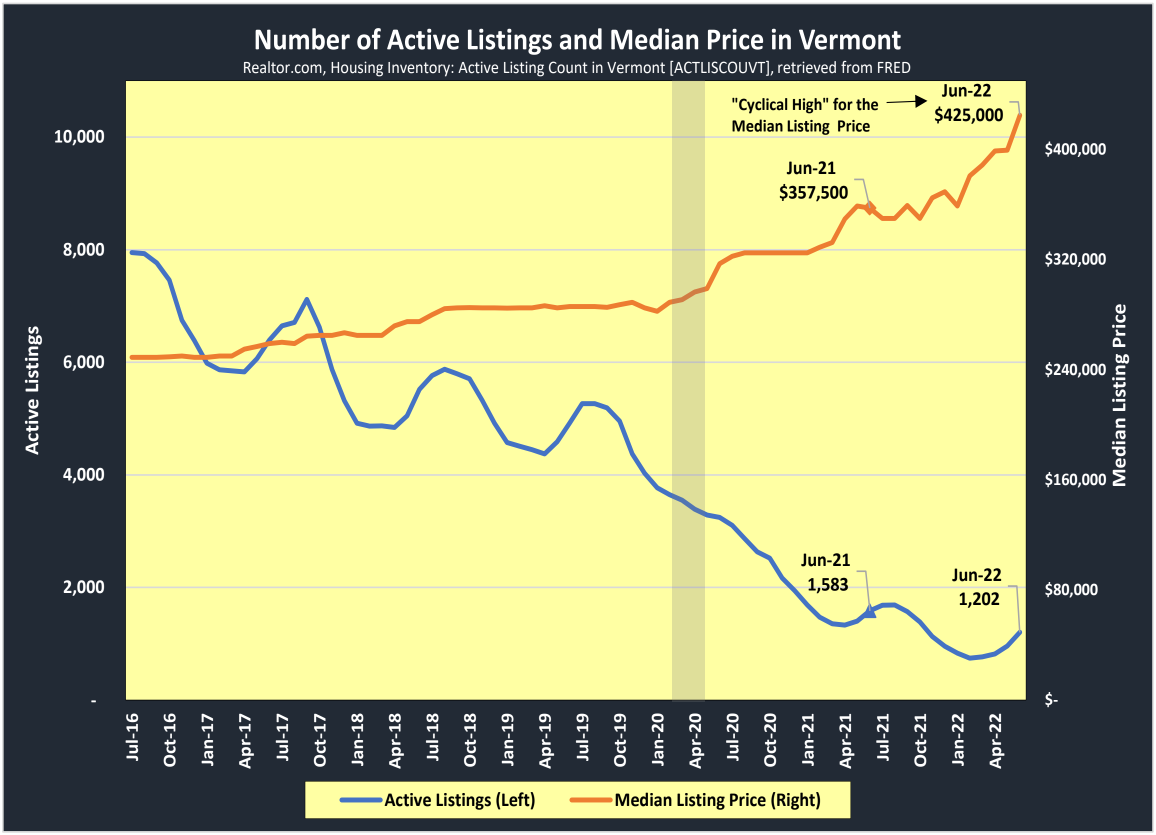
  - In many asset types (particularly in non-liquid property assets), asset prices continue to rise, and this can be a key development in times of rising rates of inflation because it is sometimes those type of surprise asset value gains in areas such as real estate and other tangible assets (i.e., for assets that are not very liquid holdings such as fine collectibles, etc.) that can result in taxpayers experiencing "surprise tax liabilities" that can impact several categories of state revenues—not the least of which is the state's Estate Tax that recently has been struggling a bit.

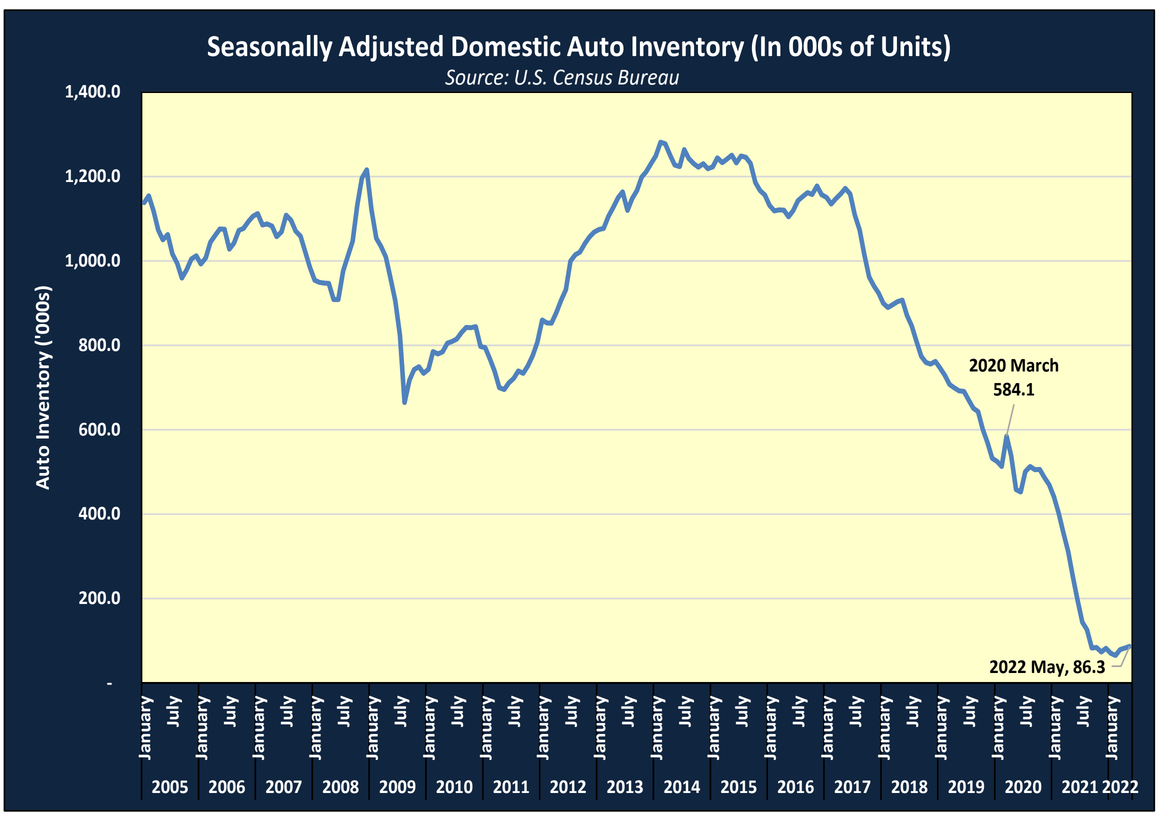
- In addition, we also know that the combination of the extraordinary federal fiscal and monetary policy assistance has provided the means (and the household savings) to fund current (and potentially future) purchases of "big-ticket" consumption items such as vehicles, luxury goods, and other items (particularly for so-called "creature comfort" items) that are taxable under the Sales and Use Tax—if it can be assumed that sellers in fact will have the available inventory of such items to meet that increase in demand.

  - In fact, looking at recent consumption trends for vehicles and housing unit sales, it does in fact seem that the major factor restraining vehicle (for both outright purchases and leasing sales) and housing unit sales is the lack of available inventory—which also appears to be underpinning the strong recent rates of price increases for both vehicles and housing units in Vermont.

- In addition, the recent mix of pandemic-based policies have also acted to provide households with the spending capacity for various amusement activities, including "high end" vacations, all of which have been important to supporting the recent and higher than expected Meals and Rooms Tax receipts and other visitor spending-related receipts activity.

  - This appears to have been the case even though some of this consumption activity may have in recent years migrated to providers outside of the


Number of Active Listings and Median Price in Vermont
Realtor.com, Housing Inventory: Active Listing Count in Vermont [ACTLISCOUVT], retrieved from FRED
"Cyclical High" for the Median Listing Price
Jun-22 $425,000
Jun-21 $357,500
Jun-21 1,583
Jun-22 1,202
Active Listings
Median Listing Price
10,000
8,000
6,000
4,000
2,000
-
$400,000
$320,000
$240,000
$160,000
$80,000
$-
Jul-16 Oct-16 Jan-17 Apr-17 Jul-17 Oct-17 Jan-18 Apr-18 Jul-18 Oct-18 Jan-19 Apr-19 Jul-19 Oct-19 Jan-20 Apr-20 Jul-20 Oct-20 Jan-21 Apr-21 Jul-21 Oct-21 Jan-22 Apr-22
Active Listings (Left)
Median Listing Price (Right)


Seasonally Adjusted Domestic Auto Inventory (In 000s of Units)
Source: U.S. Census Bureau
Auto Inventory ('000s)
1,400.0
1,200.0
1,000.0
800.0
600.0
400.0
200.0
-
2020 March 584.1
2022 May, 86.3
January July
2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

traditional lodging network due in the state due to health concerns related to the pandemic.

- Finally, there also have been apparent and noticeable upticks in State revenues in more obscure sources such as the Bank Franchise Tax—which is tied to the level of bank deposits—that may have recently increased sharply as a result of the increase in household savings tied to the federal and State pandemic assistance measures—not all of which may have been necessary to off-set the negative economic effects of the pandemic.

  - Receipts in the Bank Franchise Tax during fiscal year 2022 were impressive, rising to levels not previously observed in this revenue source going back over its history.

  - Analysis earlier in the fiscal year indicated that there had been an uptick of roughly $3.5 million in additional bank deposits on a 12-month moving average basis had accumulated over the course of the first two years of the pandemic that appeared to have corresponded to the unprecedented period of federal fiscal and monetary policy support during the first two years of the COVID-19 pandemic.

  - Those additional deposits also provide some state-specific reassurance that the near-term positive momentum in household consumption will likely continue at least over much of the fiscal year 2023 time frame—barring a full-fledged economic recession.

- Overall, those dynamics resulted is a positive performance for State tax revenue receipts for the 2022 fiscal year overall are represented in Table 6 below.

  - The strong second half state revenue performance during fiscal year 2022 and the decidedly upbeat revenue performance for all of fiscal year 2022 has set the stage for the continuation of the near-term receipts strength in the G-Fund expected in the staff recommended consensus forecast update for fiscal year 2023.

  - While this momentum is not expected to continue over the longer-term, t does lay a reasonably strong basis for state revenues going forward and in fact this latest consensus forecast represents the largest consensus forecast upgrade recommendation dollar-wise—probably in the history of the consensus revenue forecasting process going back to the mid-1990s.

Table 6: Status of Fiscal Year 2022 Revenue Receipts versus Cumulative Consensus Expectations by Fund (As of June 30th FY 2022)

Analysis of Cumulative Receipts--v. CUMULATIVE TARGETS-JUNE 2022			
FINAL Schedule 2 Results-As of June 30th		Dollar	Percent of the
Fund/Component ($000s)		Difference	TOTAL
GENERAL FUND w/Health Care Revs	**$**	**225,386.8**	**100.0%**
Personal Income	**$**	**164,277.0**	72.9%
Withholding	$	38,287.1	17.0%
Estimates	$	42,475.5	18.8%
Paids	$	106,505.6	47.3%
Refunds	**$**	**(25,944.7)**	-11.5%
Other	$	2,953.5	1.3%
Meals and Rooms	**$**	**13,266.4**	5.9%
Corporate Tax	**$**	**44,361.5**	19.7%
Estate Tax	**$**	**(8,603.0)**	-3.8%
Insurance Tax	$	5,366.8	2.4%
Property Transfer Tax	$	1,053.3	0.5%
Fees	$	299.1	0.1%
Beverage	**$**	**(262.6)**	-0.1%
Other	$	2,690.8	1.2%
Health Care Revenues	**$**	**2,937.7**	**1.3%**
EDUCATION FUND	**$**	**8,569.4**	**100.0%**
Sales and Use Tax	$	6,482.0	75.6%
Meals and Rooms Tax	$	4,806.7	56.1%
MvPurchase and Use Tax	**$**	**(1,406.5)**	-16.4%
Lottery	**$**	**(1,502.7)**	-17.5%
Net Interest	$	189.9	2.2%
TRANSPORTATION FUND	**$**	**(8,253.3)**	**100.0%**
Gas Tax	**$**	**(505.2)**	6.1%
Diesel Tax	**$**	**(502.3)**	6.1%
MvPurchase and Use Tax	**$**	**(2,813.0)**	34.1%
MvFees	**$**	**(2,942.3)**	35.6%
Other Fees	**$**	**(1,490.4)**	18.1%
TIB	**$**	**245.6**	**100.0%**
Gas Tax	$	343.5	139.9%
Diesel Tax	**$**	**(97.9)**	-39.9%

- **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 2023 through fiscal year 2024 that are part of the official Emergency Board motion. Fiscal years 2025 through 2027, the staff recommended consensus forecasts are presented for fiscal planning purposes only, and are subject to less rigorous forecasting methods and protocols than the consensus forecasts for the initial fiscal year 2023 and 2024 time frame.

  - The revenue forecasting process is a collaborative process that involves on-going involvement by the staff of the Vermont Department of Taxes, VTrans, the Legislative Joint Fiscal Office, Kavet Rockler & Associates, LLC, and many others throughout state government and the staff of Economic & Policy Resources. Special thanks are due to several staff members of the Vermont Department of Taxes, including Rebecca Sameroff, Sharon Asay, Erin Hicks-Tibbles, Jennifer McNall, and Andrew Stein. Special thanks also are due to staff of the Vermont Department of Financial Regulation; Carma Flowers, Bradley Kukenberger, Ann Noelk, and Aaron Brodeur at Vermont Agency of Transportation, Douglas Farnham, John Becker, Joe Harris, and Peggy Brooks at the Vermont Agency of Administration and Vermont Department of Finance and Management.

  - The JFO staff also provided key assistance to this forecast update, including Catherine Benham, Graham Campbell, Stephanie Barrett, Dan Dickenson, Joyce Manchester, Mark Perrault, and Sorsha Anderson. There also were many others in both the Administration and the JFO who contributed time and energy to assembling data, providing analysis, or technical assistance that was crucial to completing these forecasts that are too numerous to mention here.

  - The consensus forecasting process involves the discussion and agreement of two independent forecasts completed by Thomas E. Kavet of 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). 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 has been provided by Tom Kavet of KRA, as the State Economist and Principal Economic Advisor to the Vermont Legislature.

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 2022

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY 2018** *(Actual)*	**%** Change	**FY 2019** *(Actual)*	**%** Change	**FY2020** *(Actual)*	**%** Change	**FY2021** *(Actual)*	**%** Change	**FY2022** *(Preliminary)*	**%** Change	**FY2023** *(Forecast)*	**%** Change	**FY2024** *(Forecast)*	**%** Change
REVENUE SOURCE														
Personal Income	$832.0	10.0%	$875.4	5.2%	$925.8	5.8%	$1069.8	15.5%	$1267.8	18.5%	$1187.4	-6.3%	$1129.9	-4.8%
Sales and Use[1]	$397.8	5.6%	$412.5	3.7%	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$563.2	3.3%	$567.6	0.8%
Corporate	$96.4	0.6%	$134.2	39.3%	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$196.7	-11.9%	$161.5	-17.9%
Meals and Rooms[5]	$173.2	4.8%	$182.1	5.1%	$163.6	-10.1%	$143.8	-12.1%	$216.8	50.8%	$228.5	5.4%	$233.3	2.1%
Liquor	$19.8	3.6%	$21.4	8.1%	$21.6	0.8%	$28.7	32.8%	$30.1	5.0%	$31.2	3.5%	$32.4	3.8%
Insurance	$57.5	1.0%	$56.9	-1.2%	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$67.7	3.1%	$68.8	1.6%
Telephone	$4.7	-16.8%	$4.3	-8.8%	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-4.6%	$2.3	-4.2%
Beverage	$7.1	2.5%	$7.6	6.9%	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.2	2.3%	$7.4	2.8%
Estate	$22.9	37.6%	$12.6	-44.9%	$15.2	20.1%	$26.9	77.5%	$14.0	-48.0%	$24.8	77.2%	$27.1	9.3%
Property	$40.9	5.6%	$41.1	0.6%	$42.3	2.9%	$73.9	74.8%	$77.7	5.1%	$69.2	-10.9%	$62.4	-9.8%
Bank	$13.1	-1.3%	$12.5	-4.6%	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$16.0	-5.5%	$15.3	-4.4%
Cannabis Excise	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$4.1	NM	$10.9	168.5%
Other Tax	$1.8	-15.2%	$2.4	32.9%	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.2	-4.2%	$1.0	-16.7%
Total Tax Revenue	$1667.2	7.3%	$1763.0	5.7%	$1829.7	3.8%	$2068.5	13.1%	$2468.2	19.3%	$2399.5	-2.8%	$2319.8	-3.3%
Business Licenses	$1.2	-2.9%	$1.2	-1.0%	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$1.3	4.4%	$1.33	2.3%
Fees	$47.1	-2.9%	$47.0	-0.2%	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.2	7.1%	$44.8	-0.9%
Services	$2.9	-4.2%	$3.4	16.4%	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$2.7	-3.9%	$2.7	-1.9%
Fines	$3.5	-19.8%	$3.3	-5.6%	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$3.6	7.6%	$3.8	5.6%
Interest	$2.8	80.1%	$5.0	79.1%	$4.1	-18.0%	$0.9	-77.9%	$2.6	185.2%	$4.2	60.9%	$4.7	13.0%
Special Assessments	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Lottery	$27.1	6.4%	$29.5	8.6%	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$31.8	3.3%	$32.7	2.8%
All Other[3]	$2.4	-18.8%	$4.6	92.7%	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$0.7	-27.3%	$0.8	14.3%
Total Other Revenue	$87.0	-0.1%	$93.9	7.9%	$84.8	-9.7%	$84.1	-0.8%	$83.9	-0.2%	$89.5	6.6%	$90.8	1.5%
Healthcare Revenue[4]	$275.6	-0.4%	$276.3	0.2%	$284.7	3.0%	$281.0	-1.3%	$303.5	8.0%	$316.5	4.3%	$326.3	3.1%
TOTAL GENERAL FUND	**$2029.8**	**5.9%**	**$2133.2**	**5.1%**	**$2199.2**	**3.1%**	**$2433.6**	**10.7%**	**$2855.6**	**17.3%**	**$2805.5**	**-1.8%**	**$2736.8**	**-2.4%**

1) Includes Telecommunications Tax; includes $3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.
2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and E-Fund.
3) Includes $2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.
4) Heathcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.
5) Includes Clean Water Fund redirect consisting of 6% of total M&R collections

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2018 (Actual)	% Change	FY 2019 (Actual)	% Change	FY2020 (Actual)	% Change	FY2021 (Actual)	% Change	FY2022 (Preliminary)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$832.0	10.0%	$875.4	5.2%	$925.8	5.8%	$1069.8	15.5%	$1267.8	18.5%	$1187.4	-6.3%	$1129.9	-4.8%
Sales and Use[1]	$258.6	5.6%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$96.4	0.6%	$134.2	39.3%	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$196.7	-11.9%	$161.5	-17.9%
Meals and Rooms	$173.2	4.8%	$136.5	-21.2%	$116.1	-15.0%	$99.2	-14.5%	$149.6	50.8%	$157.7	5.4%	$161.0	2.1%
Liquor[6]	$19.8	3.6%	$21.4	8.1%	$3.6	-83.2%	$4.8	32.8%	$5.0	5.0%	$5.2	3.5%	$5.4	3.8%
Insurance	$57.5	1.0%	$56.9	-1.2%	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$67.7	3.1%	$68.8	1.6%
Telephone	$4.7	-16.8%	$4.3	-8.8%	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-4.6%	$2.3	-4.2%
Beverage	$7.1	2.5%	$7.6	6.9%	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.2	2.3%	$7.4	2.8%
Estate[3]	$22.9	37.6%	$12.6	-44.9%	$15.2	20.1%	$23.4	54.1%	$14.0	-40.1%	$24.8	77.2%	$27.1	9.3%
Property	$12.4	-1.5%	$12.5	0.9%	$12.9	3.0%	$23.1	79.6%	$24.3	5.3%	$21.6	-11.2%	$19.4	-10.2%
Bank	$13.1	-1.3%	$12.5	-4.6%	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$16.0	-5.5%	$15.3	-4.4%
Cannabis	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$4.1	NM	$0.0	-100.0%
Other Tax	$1.8	-15.2%	$2.4	32.9%	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.2	-4.2%	$1.0	-16.7%
Total Tax Revenue	$1499.5	7.4%	$1276.4	-14.9%	$1302.3	2.0%	$1438.1	10.4%	$1777.4	23.6%	$1691.9	-4.8%	$1599.0	-5.5%
Business Licenses	$1.2	-2.9%	$1.2	-1.0%	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$1.3	4.4%	$1.3	2.3%
Fees	$47.1	-2.9%	$47.0	-0.2%	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.2	7.1%	$44.8	-0.9%
Services	$2.9	-4.2%	$3.4	16.4%	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$2.7	-3.9%	$2.7	-1.9%
Fines	$3.5	-19.8%	$3.3	-5.6%	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$3.6	7.6%	$3.8	5.6%
Interest	$2.3	96.1%	$4.3	87.8%	$3.3	-24.5%	$0.8	-75.5%	$2.3	187.4%	$3.7	61.2%	$4.2	13.5%
All Other[4]	$2.4	-18.8%	$4.6	92.7%	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$0.7	-27.3%	$0.8	14.3%
Total Other Revenue	$59.4	-3.0%	$63.7	7.4%	$57.2	-10.3%	$51.5	-9.9%	$52.9	2.6%	$57.2	8.2%	$57.6	0.7%
Healthcare Revenue[5]	$0.0	NM	$272.3	NM	$280.9	3.1%	$278.1	-1.0%	$299.3	7.6%	$312.0	4.2%	$321.7	3.1%
TOTAL GENERAL FUND	**$1558.9**	**7.0%**	**$1612.5**	**3.4%**	**$1640.4**	**1.7%**	**$1767.7**	**7.8%**	**$2129.5**	**20.5%**	**$2061.0**	**-3.2%**	**$1978.3**	**-4.0%**

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 2022

SOURCE HEALTHCARE [1] *revenues are prior to all allocations and other out-transfers; used for analytic and comparative purposes only*	**FY 2018** *(Actual)*	% Change	**FY 2019** *(Actual)*	% Change	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Preliminary)*	% Change	**FY2023** *(Forecast)*	% Change	**FY2024** *(Forecast)*	% Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	$71.1	-7.3%	$68.4	-3.7%	$71.4	4.3%	$77.5	8.6%	$76.0	-1.9%	$74.9	-1.4%	$73.7	-1.6%
Claims Assessment	$19.8	12.1%	$19.6	-1.3%	$20.7	5.7%	$19.7	-4.7%	$21.7	10.3%	$22.5	3.5%	$23.0	2.0%
Employer Assessment	$19.8	3.6%	$19.8	-0.5%	$20.2	2.4%	$17.9	-11.4%	$21.9	22.2%	$23.0	5.0%	$24.7	7.5%
Hospital Provider Tax	$143.5	4.5%	$146.3	2.0%	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.8	7.6%	$182.5	5.0%
Nursing Home Provide Tax	$14.8	-1.0%	$14.8	-0.3%	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.7	0.0%	$14.7	0.0%
Home Health Provider Tax	$4.7	-14.0%	$4.8	2.2%	$5.6	16.3%	$5.8	4.1%	$5.8	-0.3%	$5.9	1.0%	$6.0	2.6%
All Other HC Revenues	$1.8	-65.5%	$2.6	41.7%	$1.9	-26.5%	$1.8	-3.6%	$1.8	0.9%	$1.8	-3.0%	$1.8	0.6%
TOTAL HEALTHCARE	**$275.6**	**-0.4%**	**$276.3**	**0.2%**	**$284.7**	**3.0%**	**$281.0**	**-1.3%**	**$303.5**	**8.0%**	**$316.5**	**4.3%**	**$326.3**	**3.1%**

TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2018** *(Actual)*	% Change	**FY 2019** *(Actual)*	% Change	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Preliminary)*	% Change	**FY2023** *(Forecast)*	% Change	**FY2024** *(Forecast)*	% Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	$71.1	-7.3%	$68.4	-3.7%	$71.4	4.3%	$77.5	8.6%	$76.0	-1.9%	$74.9	-1.4%	$73.7	-1.6%
Claims Assessment	$15.9	13.2%	$15.6	-1.7%	$16.9	7.8%	$16.4	-3.0%	$17.6	7.3%	$18.0	2.4%	$18.4	2.0%
Employer Assessment	$19.8	3.6%	$19.8	-0.5%	$20.2	2.4%	$18.4	-9.2%	$21.9	19.2%	$23.0	5.0%	$24.7	7.5%
Hospital Provider Tax	$143.5	4.5%	$146.3	2.0%	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.8	7.6%	$182.5	5.0%
Nursing Home Provide Tax	$14.8	-1.0%	$14.8	-0.3%	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.7	0.0%	$14.7	0.0%
Home Health Provider Tax	$4.7	-14.0%	$4.8	2.2%	$5.6	16.3%	$5.8	4.1%	$5.8	-0.3%	$5.9	1.0%	$6.0	2.6%
All Other HC Revenues	$1.8	-65.5%	$2.6	41.7%	$1.9	-26.5%	$1.8	-3.6%	$1.8	0.9%	$1.8	-3.0%	$1.8	0.6%
TOTAL HEALTHCARE	**$271.7**	**-0.5%**	**$272.3**	**0.2%**	**$280.9**	**3.1%**	**$278.1**	**-1.0%**	**$299.3**	**7.6%**	**$312.0**	**4.2%**	**$321.7**	**3.1%**

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 2022

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	FY 2018 (Actual)	% Change	FY 2019 (Actual)	% Change	FY2020 (Actual)	% Change	FY2021 (Actual)	% Change	FY2022 (Preliminary)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change
REVENUE SOURCE														
Gasoline	$78.2	0.0%	$77.8	-0.5%	$71.0	-8.7%	$67.3	-5.3%	$71.9	6.9%	$78.2	8.8%	$76.0	-2.8%
Diesel****	$18.9	3.6%	$18.6	-1.6%	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$18.8	2.7%	$18.9	0.5%
Purchase and Use*	$109.4	6.0%	$111.8	2.2%	$105.4	-5.7%	$134.1	27.2%	$137.1	2.3%	$141.3	3.1%	$144.3	2.1%
Motor Vehicle Fees	$86.0	-0.3%	$85.4	-0.7%	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.8	2.1%	$88.6	0.9%
Other Revenue**	$23.0	15.3%	$24.6	7.0%	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.1	3.9%	$21.7	2.8%
TOTAL TRANS. FUND	**$315.4**	**3.1%**	**$318.2**	**0.9%**	**$299.2**	**-6.0%**	**$327.4**	**9.4%**	**$333.5**	**1.9%**	**$347.2**	**4.1%**	**$349.5**	**0.7%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2018 (Actual)	% Change	FY 2019 (Actual)	% Change	FY2020 (Actual)	% Change	FY2021 (Actual)	% Change	FY2022 (Preliminary)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change
REVENUE SOURCE														
Gasoline	$78.2	0.0%	$77.8	-0.5%	$71.0	-8.7%	$67.3	-5.3%	$71.9	6.9%	$78.2	8.8%	$76.0	-2.8%
Diesel	$18.9	3.6%	$18.6	-1.6%	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$18.8	2.7%	$18.9	0.5%
Purchase and Use[1]	$73.0	6.0%	$74.5	2.2%	$70.3	-5.7%	$89.4	27.2%	$91.4	2.3%	$94.2	3.1%	$96.2	2.1%
Motor Vehicle Fees	$86.0	-0.3%	$85.4	-0.7%	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.8	2.1%	$88.6	0.9%
Other Revenue[2]	$23.0	15.3%	$24.6	7.0%	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.1	3.9%	$21.7	2.8%
TOTAL TRANS. FUND	**$279.0**	**2.8%**	**$280.9**	**0.7%**	**$264.1**	**-6.0%**	**$282.7**	**7.0%**	**$287.8**	**1.8%**	**$300.1**	**4.3%**	**$301.4**	**0.4%**
OTHER (TIB[3])														
TIB Gasoline	$12.9	2.2%	$14.6	13.1%	$12.7	-12.8%	$10.2	-19.5%	$15.1	48.2%	$21.60	42.7%	$19.70	-8.8%
TIB Diesel and Other[4]	$2.0	16.1%	$2.1	3.7%	$2.0	-2.5%	$1.9	-4.5%	$1.9	1.7%	$2.03	4.3%	$2.04	0.5%
TOTAL OTHER (TIB)	**$14.9**	**2.4%**	**$16.6**	**11.9%**	**$14.7**	**-11.6%**	**$12.1**	**-17.5%**	**$17.1**	**40.8%**	**$23.6**	**38.3%**	**$21.7**	**-8.0%**

1) As of FY04, includes Motor Vehicle Rental tax revenue.
2) Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes $3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years.
3) Transportation Infrastructure Bond revenues
4) Includes TIB Fund interest income (which has never exceeded $85,000 per year); Includes FY17 adjustment of $215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

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

(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS *Source General and Transportation Fund taxes allocated to or associated with the Education Fund only*	**FY 2018** *(Actual)*	% Change	**FY 2019** *(Actual)*	% Change	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Preliminary)*	% Change	**FY2023** *(Forecast)*	% Change	**FY2024** *(Forecast)*	% Change
GENERAL FUND														
Meals and Rooms	$0.0	NM	$45.5	NM	$40.9	-10.1%	$36.0	-12.1%	$54.2	50.8%	$57.1	5.4%	$58.3	2.1%
Sales & Use[2]	$139.2	5.6%	$412.5	196.3%	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$563.2	3.3%	$567.6	0.8%
Interest	$0.5	30.3%	$0.7	38.1%	$0.8	23.9%	$0.1	-87.1%	$0.29	169.1%	$0.46	58.7%	$0.50	8.7%
Lottery	$27.1	6.4%	$29.5	8.6%	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$31.8	3.3%	$32.7	2.8%
TRANSPORTATION FUND														
Purchase and Use[3]	$36.5	6.0%	$37.3	2.2%	$35.1	-5.7%	$44.7	27.2%	$45.7	2.3%	$47.1	3.1%	$48.1	2.1%
TOTAL EDUCATION FUND	**$203.3**	**5.8%**	**$525.4**	**158.4%**	**$536.2**	**2.0%**	**$620.9**	**15.8%**	**$676.2**	**8.9%**	**$699.7**	**3.5%**	**$707.2**	**1.1%**

1) Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
2) Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors;
Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 100.0% beginning in FY19; Includes Cannabis Sales tax revenues beginning in FY23
3) Includes Motor Vehicle Rental revenues, restated

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	FY 2018 *(Actual)*	% Change	FY 2019 *(Actual)*	% Change	FY2020 *(Actual)*	% Change	FY2021 *(Actual)*	% Change	FY2022 *(Preliminary)*	% Change	FY2023 *(Forecast)*	% Change	FY2024 *(Forecast)*	% Change	FY2025 *(Forecast)*	% Change	FY2026 *(Forecast)*	% Change	FY2027 *(Forecast)*	% Change
REVENUE SOURCE																				
Personal Income	$832.0	10.0%	$875.4	5.2%	$925.8	5.8%	$1069.8	15.5%	$1267.8	18.5%	$1187.4	-6.3%	$1129.9	-4.8%	$1183.6	4.8%	$1240.7	4.8%	$1291.8	4.1%
Sales and Use[1]	$397.8	5.6%	$412.5	3.7%	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$563.2	3.3%	$567.6	0.8%	$584.8	3.0%	$603.8	3.3%	$622.6	3.1%
Corporate	$96.4	0.6%	$134.2	39.3%	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$196.7	-11.9%	$161.5	-17.9%	$175.5	8.7%	$189.6	8.0%	$202.2	6.6%
Meals and Rooms[2]	$173.2	4.8%	$182.1	5.1%	$163.6	-10.1%	$143.8	-12.1%	$216.8	50.8%	$228.5	5.4%	$233.3	2.1%	$239.7	2.7%	$247.9	3.4%	$257.1	3.7%
Liquor	$19.8	3.6%	$21.4	8.1%	$21.6	0.8%	$28.7	32.8%	$30.1	5.0%	$31.2	3.5%	$32.4	3.8%	$33.6	3.7%	$34.8	3.6%	$36.0	3.4%
Insurance	$57.5	1.0%	$56.9	-1.2%	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$67.7	3.1%	$68.8	1.6%	$70.4	2.3%	$72.1	2.4%	$73.9	2.5%
Telephone	$4.7	-16.8%	$4.3	-8.8%	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-4.6%	$2.3	-4.2%	$2.2	-4.3%	$2.1	-4.5%	$2.0	-4.8%
Beverage	$7.1	2.5%	$7.6	6.9%	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.2	2.3%	$7.4	2.8%	$7.5	1.4%	$7.6	1.3%	$7.7	1.3%
Estate	$22.9	37.6%	$12.6	-44.9%	$15.2	20.1%	$26.9	77.5%	$14.0	-48.0%	$24.8	77.2%	$27.1	9.3%	$29.2	7.7%	$31.4	7.5%	$33.7	7.3%
Property	$40.9	5.6%	$41.1	0.6%	$42.3	2.9%	$73.9	74.8%	$77.7	5.1%	$69.2	-10.9%	$62.4	-9.8%	$58.4	-6.4%	$63.1	8.0%	$65.5	3.8%
Bank	$13.1	-1.3%	$12.5	-4.6%	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$16.0	-5.5%	$15.3	-4.4%	$14.7	-3.9%	$14.5	-1.4%	$14.3	-1.4%
Cannabis Excise	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$4.1	NM	$10.9	168.5%	$15.8	45.6%	$18.2	14.9%	$19.7	8.4%
Other Tax	$1.8	-15.2%	$2.4	32.9%	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.2	-4.2%	$1.0	-16.7%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%
Total Tax Revenue	$1667.2	7.3%	$1763.0	5.7%	$1829.7	3.8%	$2068.5	13.1%	$2468.2	19.3%	$2399.5	-2.8%	$2319.8	-3.3%	$2416.5	4.2%	$2526.9	4.6%	$2627.8	4.0%
Business Licenses	$1.2	-2.9%	$1.2	-1.0%	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$1.3	4.4%	$1.33	2.3%	$1.36	2.3%	$1.39	2.2%	$1.42	2.2%
Fees	$47.1	-2.9%	$47.0	-0.2%	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.2	7.1%	$44.8	-0.9%	$44.5	-0.7%	$44.3	-0.4%	$44.2	-0.2%
Services	$2.9	-4.2%	$3.4	16.4%	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$2.7	-3.9%	$2.7	-1.9%	$2.6	-1.9%	$2.6	-1.9%	$2.5	-2.0%
Fines	$3.5	-19.8%	$3.3	-5.6%	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$3.6	7.6%	$3.8	5.6%	$4.0	5.3%	$4.2	5.0%	$4.4	4.8%
Interest	$2.8	80.1%	$5.0	79.1%	$4.1	-18.0%	$0.9	-77.9%	$2.6	185.2%	$4.2	60.9%	$4.7	13.0%	$4.4	-6.6%	$4.3	-2.5%	$4.3	0.0%
Special Assessments	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Lottery	$27.1	6.4%	$29.5	8.6%	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$31.8	3.3%	$32.7	2.8%	$33.7	3.1%	$34.8	3.3%	$35.9	3.2%
All Other[3]	$2.4	-18.8%	$4.6	92.7%	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$0.7	-27.3%	$0.8	14.3%	$0.9	12.5%	$1.0	11.1%	$1.1	10.0%
Total Other Revenue	$87.0	-0.1%	$93.9	7.9%	$84.8	-9.7%	$84.1	-0.8%	$83.9	-0.2%	$89.5	6.6%	$90.8	1.5%	$91.5	0.7%	$92.5	1.2%	$93.8	1.4%
Healthcare Revenue[4]	$275.6	-0.4%	$276.3	0.2%	$284.7	3.0%	$281.0	-1.3%	$303.5	8.0%	$316.5	4.3%	$326.3	3.1%	$329.7	1.0%	$333.2	1.1%	$336.7	1.1%
TOTAL GENERAL FUND	**$2029.8**	**5.9%**	**$2133.2**	**5.1%**	**$2199.2**	**3.1%**	**$2433.6**	**10.7%**	**$2855.6**	**17.3%**	**$2805.5**	**-1.8%**	**$2736.8**	**-2.4%**	**$2837.6**	**3.7%**	**$2952.6**	**4.1%**	**$3058.3**	**3.6%**

1) Includes Telecommunications Tax; includes $3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.
2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and E-Fund.
3) Includes $2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.
4) Heathcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.
5) Includes Clean Water Fund redirect consisting of 6% of total M&R collections

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2018 (Actual)	% Change	FY 2019 (Actual)	% Change	FY2020 (Actual)	% Change	FY2021 (Actual)	% Change	FY2022 (Preliminary)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change	FY2025 (Forecast)	% Change	FY2026 (Forecast)	% Change	FY2027 (Forecast)	% Change
REVENUE SOURCE																				
Personal Income	$832.0	10.0%	$875.4	5.2%	$925.8	5.8%	$1069.8	15.5%	$1267.8	18.5%	$1187.4	-6.3%	$1129.9	-4.8%	$1183.6	4.8%	$1240.7	4.8%	$1291.8	4.1%
Sales and Use[1]	$258.6	5.6%	$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	$96.4	0.6%	$134.2	39.3%	$147.9	10.2%	$133.4	-9.8%	$223.3	67.3%	$196.7	-11.9%	$161.5	-17.9%	$175.5	8.7%	$189.6	8.0%	$202.2	6.6%
Meals and Rooms	$173.2	4.8%	$136.5	-21.2%	$116.1	-15.0%	$99.2	-14.5%	$149.6	50.8%	$157.7	5.4%	$161.0	2.1%	$165.4	2.7%	$171.1	3.4%	$177.4	3.7%
Liquor[6]	$19.8	3.6%	$21.4	8.1%	$3.6	-83.2%	$4.8	32.8%	$5.0	5.0%	$5.2	3.5%	$5.4	3.8%	$5.6	3.7%	$5.8	3.6%	$6.0	3.4%
Insurance	$57.5	1.0%	$56.9	-1.2%	$58.0	2.1%	$60.4	4.0%	$65.7	8.7%	$67.7	3.1%	$68.8	1.6%	$70.4	2.3%	$72.1	2.4%	$73.9	2.5%
Telephone	$4.7	-16.8%	$4.3	-8.8%	$3.2	-26.4%	$2.3	-28.8%	$2.5	10.9%	$2.4	-4.6%	$2.3	-4.2%	$2.2	-4.3%	$2.1	-4.5%	$2.0	-4.8%
Beverage	$7.1	2.5%	$7.6	6.9%	$7.2	-5.3%	$7.2	1.3%	$7.0	-2.9%	$7.2	2.3%	$7.4	2.8%	$7.5	1.4%	$7.6	1.3%	$7.7	1.3%
Estate[3]	$22.9	37.6%	$12.6	-44.9%	$15.2	20.1%	$23.4	54.1%	$14.0	-40.1%	$24.8	77.2%	$27.1	9.3%	$29.2	7.7%	$31.4	7.5%	$33.7	7.3%
Property	$12.4	-1.5%	$12.5	0.9%	$12.9	3.0%	$23.1	79.6%	$24.3	5.3%	$21.6	-11.2%	$19.4	-10.2%	$18.1	-6.7%	$19.6	8.4%	$20.4	4.0%
Bank	$13.1	-1.3%	$12.5	-4.6%	$12.1	-3.0%	$13.9	14.6%	$16.9	22.1%	$16.0	-5.5%	$15.3	-4.4%	$14.7	-3.9%	$14.5	-1.4%	$14.3	-1.4%
Cannabis	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$4.1	NM	$0.0	-100.0%	$0.0	NM	$0.0	NM	$19.7	NM
Other Tax	$1.8	-15.2%	$2.4	32.9%	$0.4	-84.7%	$0.7	74.6%	$1.3	91.3%	$1.2	-4.2%	$1.0	-16.7%	$1.1	10.0%	$1.2	9.1%	$1.3	8.3%
Total Tax Revenue	$1499.5	7.4%	$1276.4	-14.9%	$1302.3	2.0%	$1438.1	10.4%	$1777.4	23.6%	$1691.9	-4.8%	$1599.0	-5.5%	$1673.2	4.6%	$1755.6	4.9%	$1850.4	5.4%
Business Licenses	$1.2	-2.9%	$1.2	-1.0%	$1.1	-4.5%	$1.3	13.9%	$1.2	-4.4%	$1.3	4.4%	$1.3	2.3%	$1.4	2.3%	$1.4	2.2%	$1.4	2.2%
Fees	$47.1	-2.9%	$47.0	-0.2%	$44.7	-4.7%	$42.7	-4.5%	$42.2	-1.3%	$45.2	7.1%	$44.8	-0.9%	$44.5	-0.7%	$44.3	-0.4%	$44.2	-0.2%
Services	$2.9	-4.2%	$3.4	16.4%	$2.4	-27.1%	$3.0	24.3%	$2.8	-7.7%	$2.7	-3.9%	$2.7	-1.9%	$2.6	-1.9%	$2.6	-1.9%	$2.5	-2.0%
Fines	$3.5	-19.8%	$3.3	-5.6%	$4.8	44.3%	$3.1	-35.6%	$3.3	7.5%	$3.6	7.6%	$3.8	5.6%	$4.0	5.3%	$4.2	5.0%	$4.4	4.8%
Interest	$2.3	96.1%	$4.3	87.8%	$3.3	-24.5%	$0.8	-75.5%	$2.3	187.4%	$3.7	61.2%	$4.2	13.5%	$3.9	-7.1%	$3.8	-2.6%	$3.8	0.0%
All Other[4]	$2.4	-18.8%	$4.6	92.7%	$0.7	-83.6%	$0.5	-34.4%	$1.0	96.4%	$0.7	-27.3%	$0.8	14.3%	$0.9	12.5%	$1.0	11.1%	$1.1	10.0%
Total Other Revenue	$59.4	-3.0%	$63.7	7.4%	$57.2	-10.3%	$51.5	-9.9%	$52.9	2.6%	$57.2	8.2%	$57.6	0.7%	$57.3	-0.6%	$57.2	0.0%	$57.4	0.3%
Healthcare Revenue[5]	$0.0	NM	$272.3	NM	$280.9	3.1%	$278.1	-1.0%	$299.3	7.6%	$312.0	4.2%	$321.7	3.1%	$325.0	1.0%	$328.4	1.0%	$331.9	1.1%
TOTAL GENERAL FUND	**$1558.9**	**7.0%**	**$1612.5**	**3.4%**	**$1640.4**	**1.7%**	**$1767.7**	**7.8%**	**$2129.5**	**20.5%**	**$2061.0**	**-3.2%**	**$1978.3**	**-4.0%**	**$2055.5**	**3.9%**	**$2141.2**	**4.2%**	**$2239.7**	**4.6%**

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 2022

SOURCE HEALTHCARE[1] *revenues are prior to all allocations and other out-transfers; used for analytic and comparative purposes only*	**FY 2018** *(Actual)*	% Change	**FY 2019** *(Actual)*	% Change	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Preliminary)*	% Change	**FY2023** *(Forecast)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	$71.1	-7.3%	$68.4	-3.7%	$71.4	4.3%	$77.5	8.6%	$76.0	-1.9%	$74.9	-1.4%	$73.7	-1.6%	$72.4	-1.7%	$71.1	-1.8%	$69.8	-1.9%
Claims Assessment	$19.8	12.1%	$19.6	-1.3%	$20.7	5.7%	$19.7	-4.7%	$21.7	10.3%	$22.5	3.5%	$23.0	2.0%	$23.4	2.0%	$23.9	2.0%	$24.4	2.0%
Employer Assessment	$19.8	3.6%	$19.8	-0.5%	$20.2	2.4%	$17.9	-11.4%	$21.9	22.2%	$23.0	5.0%	$24.7	7.5%	$25.2	2.0%	$25.7	2.0%	$26.2	2.0%
Hospital Provider Tax	$143.5	4.5%	$146.3	2.0%	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.8	7.6%	$182.5	5.0%	$186.1	2.0%	$189.8	2.0%	$193.6	2.0%
Nursing Home Provide Tax	$14.8	-1.0%	$14.8	-0.3%	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%
Home Health Provider Tax	$4.7	-14.0%	$4.8	2.2%	$5.6	16.3%	$5.8	4.1%	$5.8	-0.3%	$5.9	1.0%	$6.0	2.6%	$6.1	1.0%	$6.1	1.0%	$6.2	1.0%
All Other HC Revenues	$1.8	-65.5%	$2.6	41.7%	$1.9	-26.5%	$1.8	-3.6%	$1.8	0.9%	$1.8	-3.0%	$1.8	0.6%	$1.8	0.0%	$1.9	2.8%	$1.9	2.7%
TOTAL HEALTHCARE	**$275.6**	**-0.4%**	**$276.3**	**0.2%**	**$284.7**	**3.0%**	**$281.0**	**-1.3%**	**$303.5**	**8.0%**	**$316.5**	**4.3%**	**$326.3**	**3.1%**	**$329.7**	**1.0%**	**$333.2**	**1.1%**	**$336.7**	**1.1%**

TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2018** *(Actual)*	% Change	**FY 2019** *(Actual)*	% Change	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Preliminary)*	% Change	**FY2023** *(Forecast)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	$71.1	-7.3%	$68.4	-3.7%	$71.4	4.3%	$77.5	8.6%	$76.0	-1.9%	$74.9	-1.4%	$73.7	-1.6%	$72.4	-1.7%	$71.1	-1.8%	$69.8	-1.9%
Claims Assessment	$15.9	13.2%	$15.6	-1.7%	$16.9	7.8%	$16.4	-3.0%	$17.6	7.3%	$18.0	2.4%	$18.4	2.0%	$18.7	2.0%	$19.1	2.0%	$19.5	2.0%
Employer Assessment	$19.8	3.6%	$19.8	-0.5%	$20.2	2.4%	$18.4	-9.2%	$21.9	19.2%	$23.0	5.0%	$24.7	7.5%	$25.2	2.0%	$25.7	2.0%	$26.2	2.0%
Hospital Provider Tax	$143.5	4.5%	$146.3	2.0%	$150.2	2.6%	$143.7	-4.4%	$161.5	12.4%	$173.8	7.6%	$182.5	5.0%	$186.1	2.0%	$189.8	2.0%	$193.6	2.0%
Nursing Home Provide Tax	$14.8	-1.0%	$14.8	-0.3%	$14.7	-0.6%	$14.6	-1.0%	$14.7	0.7%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%
Home Health Provider Tax	$4.7	-14.0%	$4.8	2.2%	$5.6	16.3%	$5.8	4.1%	$5.8	-0.3%	$5.9	1.0%	$6.0	2.6%	$6.1	1.0%	$6.1	1.0%	$6.2	1.0%
All Other HC Revenues	$1.8	-65.5%	$2.6	41.7%	$1.9	-26.5%	$1.8	-3.6%	$1.8	0.9%	$1.8	-3.0%	$1.8	0.6%	$1.8	0.0%	$1.9	2.8%	$1.9	2.7%
TOTAL HEALTHCARE	**$271.7**	**-0.5%**	**$272.3**	**0.2%**	**$280.9**	**3.1%**	**$278.1**	**-1.0%**	**$299.3**	**7.6%**	**$312.0**	**4.2%**	**$321.7**	**3.1%**	**$325.0**	**1.0%**	**$328.4**	**1.0%**	**$331.9**	**1.1%**

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 2022

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY 2018** *(Actual)*	% Change	**FY 2019** *(Actual)*	% Change	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Preliminary)*	% Change	**FY2023** *(Forecast)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change
REVENUE SOURCE																				
Gasoline	$78.2	0.0%	$77.8	-0.5%	$71.0	-8.7%	$67.3	-5.3%	$71.9	6.9%	$78.2	8.8%	$76.0	-2.8%	$76.1	0.1%	$76.2	0.1%	$76.9	0.9%
Diesel****	$18.9	3.6%	$18.6	-1.6%	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$18.8	2.7%	$18.9	0.5%	$19.1	1.1%	$19.4	1.6%	$19.6	1.0%
Purchase and Use*	$109.4	6.0%	$111.8	2.2%	$105.4	-5.7%	$134.1	27.2%	$137.1	2.3%	$141.3	3.1%	$144.3	2.1%	$148.5	2.9%	$153.1	3.1%	$158.0	3.2%
Motor Vehicle Fees	$86.0	-0.3%	$85.4	-0.7%	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.8	2.1%	$88.6	0.9%	$89.9	1.5%	$90.9	1.1%	$92.1	1.3%
Other Revenue**	$23.0	15.3%	$24.6	7.0%	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.1	3.9%	$21.7	2.8%	$22.2	2.3%	$22.8	2.7%	$23.5	3.1%
TOTAL TRANS. FUND	**$315.4**	**3.1%**	**$318.2**	**0.9%**	**$299.2**	**-6.0%**	**$327.4**	**9.4%**	**$333.5**	**1.9%**	**$347.2**	**4.1%**	**$349.5**	**0.7%**	**$355.8**	**1.8%**	**$362.4**	**1.9%**	**$370.1**	**2.1%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2018** *(Actual)*	% Change	**FY 2019** *(Actual)*	% Change	**FY2020** *(Actual)*	% Change	**FY2021** *(Actual)*	% Change	**FY2022** *(Preliminary)*	% Change	**FY2023** *(Forecast)*	% Change	**FY2024** *(Forecast)*	% Change	**FY2025** *(Forecast)*	% Change	**FY2026** *(Forecast)*	% Change	**FY2027** *(Forecast)*	% Change
REVENUE SOURCE																				
Gasoline	$78.2	0.0%	$77.8	-0.5%	$71.0	-8.7%	$67.3	-5.3%	$71.9	6.9%	$78.2	8.8%	$76.0	-2.8%	$76.1	0.1%	$76.2	0.1%	$76.9	0.9%
Diesel	$18.9	3.6%	$18.6	-1.6%	$17.9	-3.5%	$17.9	0.2%	$18.3	2.0%	$18.8	2.7%	$18.9	0.5%	$19.1	1.1%	$19.4	1.6%	$19.6	1.0%
Purchase and Use[1]	$73.0	6.0%	$74.5	2.2%	$70.3	-5.7%	$89.4	27.2%	$91.4	2.3%	$94.2	3.1%	$96.2	2.1%	$99.0	2.9%	$102.1	3.1%	$105.3	3.2%
Motor Vehicle Fees	$86.0	-0.3%	$85.4	-0.7%	$83.6	-2.1%	$87.6	4.7%	$86.0	-1.9%	$87.8	2.1%	$88.6	0.9%	$89.9	1.5%	$90.9	1.1%	$92.1	1.3%
Other Revenue[2]	$23.0	15.3%	$24.6	7.0%	$21.3	-13.5%	$20.5	-3.4%	$20.3	-1.1%	$21.1	3.9%	$21.7	2.8%	$22.2	2.3%	$22.8	2.7%	$23.5	3.1%
TOTAL TRANS. FUND	**$279.0**	**2.8%**	**$280.9**	**0.7%**	**$264.1**	**-6.0%**	**$282.7**	**7.0%**	**$287.8**	**1.8%**	**$300.1**	**4.3%**	**$301.4**	**0.4%**	**$306.3**	**1.6%**	**$311.4**	**1.7%**	**$317.4**	**1.9%**
OTHER (TIB[3])																				
TIB Gasoline	$12.9	2.2%	$14.6	13.1%	$12.7	-12.8%	$10.2	-19.5%	$15.1	48.2%	$21.60	42.7%	$19.70	-8.8%	$20.40	3.6%	$20.80	2.0%	$21.40	2.9%
TIB Diesel and Other[4]	$2.0	16.1%	$2.1	3.7%	$2.0	-2.5%	$1.9	-4.5%	$1.9	1.7%	$2.03	4.3%	$2.04	0.5%	$2.07	1.5%	$2.10	1.4%	$2.12	1.0%
TOTAL OTHER (TIB)	**$14.9**	**2.4%**	**$16.6**	**11.9%**	**$14.7**	**-11.6%**	**$12.1**	**-17.5%**	**$17.1**	**40.8%**	**$23.6**	**38.3%**	**$21.7**	**-8.0%**	**$22.5**	**3.4%**	**$22.9**	**1.9%**	**$23.5**	**2.7%**

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

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

3) Transportation Infrastructure Bond revenues

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

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

(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2022

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only	FY 2018 (Actual)	% Change	FY 2019 (Actual)	% Change	FY2020 (Actual)	% Change	FY2021 (Actual)	% Change	FY2022 (Preliminary)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change	FY2025 (Forecast)	% Change	FY2026 (Forecast)	% Change	FY2027 (Forecast)	% Change
GENERAL FUND																				
Meals and Rooms	$0.0	NM	$45.5	NM	$40.9	-10.1%	$36.0	-12.1%	$54.2	50.8%	$57.1	5.4%	$58.3	2.1%	$59.9	2.7%	$62.0	3.4%	$64.3	3.7%
Sales & Use[2]	$139.2	5.6%	$412.5	196.3%	$432.5	4.8%	$507.6	17.4%	$545.2	7.4%	$563.2	3.3%	$567.6	0.8%	$584.8	3.0%	$603.8	3.2%	$622.6	3.1%
Interest	$0.5	30.3%	$0.7	38.1%	$0.8	23.9%	$0.1	-87.1%	$0.29	169.1%	$0.46	58.7%	$0.50	8.7%	$0.49	-2.0%	$0.48	-2.0%	$0.48	0.0%
Lottery	$27.1	6.4%	$29.5	8.6%	$26.8	-9.0%	$32.5	21.2%	$30.8	-5.2%	$31.8	3.3%	$32.7	2.8%	$33.7	3.1%	$34.8	3.3%	$35.9	3.2%
TRANSPORTATION FUND																				
Purchase and Use[3]	$36.5	6.0%	$37.3	2.2%	$35.1	-5.7%	$44.7	27.2%	$45.7	2.3%	$47.1	3.1%	$48.1	2.1%	$49.5	2.9%	$51.0	3.1%	$52.7	3.2%
TOTAL EDUCATION FUND	**$203.3**	**5.8%**	**$525.4**	**158.4%**	**$536.2**	**2.0%**	**$620.9**	**15.8%**	**$676.2**	**8.9%**	**$699.7**	**3.5%**	**$707.2**	**1.1%**	**$728.4**	**3.0%**	**$752.1**	**3.2%**	**$775.9**	**3.2%**

1) Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
2) Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors;
Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 100.0% beginning in FY19; Includes Cannabis Sales tax revenues beginning in FY23
3) Includes Motor Vehicle Rental revenues, restated