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

Fiscal Years 2020 through 2021

July 29, 2019

Prepared for the Vermont Emergency Board

PREPARED BY:

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ECONOMIC, POLICY, AND FINANCIAL ANALYSTS

- **Background and Context: Discussion of the Updated Staff Recommended July 2019 Consensus Economic and Revenue Forecast Update**

  - The July 2019 consensus forecast is an update of the previous Emergency Board-approved January 2019 consensus revenue forecast for fiscal years 2020 and 2021. As was expected last January, this forecast update now includes likely prospects for the continuation of the longest period of uninterrupted recovery-expansion in recorded U.S. economic history underlying the U.S. and Vermont economic environment.

    - With an apparently "more dovish" outlook on the monetary policy front from the Federal Reserve, with the prospect of another round of federal fiscal stimulus resulting from the most recent two-year agreement on federal spending (a possible veto notwithstanding over border wall funding), this staff recommended consensus revenue forecast update expects that the current national and State economic upturns will continue over at least the near-term timeframe. In fact, it remains possible that the current record-setting upturn[1] will in fact potentially last through the entire forecast update period.

  - This is likely to be the case, even though there continues to be a high degree of uncertainty in the economic outlook associated with the aging economic up-cycle (which would be typical for any aging economic upturn), the now ebbing effect of the federal fiscal stimulus tied to the December 2017 passage of the Tax Cuts and Jobs Act ("TCJA"), the apparent slowdown in the global economy (especially in Europe, China, and many parts of the developing world), and continuing high levels of policy and geopolitical uncertainty. Chief among those policy and geopolitical concerns include global trade matters (particularly with respect to U.S.-China trade), the possibility of a less than orderly "Brexit" in the EU, and recently escalating security issues in the Persian Gulf—particularly with respect to energy supply.

    - With the Federal Reserve now on record[2] as being committed to **"...act as appropriate to sustain the expansion...,"** it is difficult to include a forecast of a recession over the next 24 months—and

[1] The current U.S. economic upturn has been an all-time record in terms of its duration, but at the same time in many ways has been the slowest (which clearly has contributed to its durability).
[2] See **Monetary Policy Report, July 5, 2019**; Board of Governors of the Federal Reserve System, Page 1.

probably even longer into the State's five-year fiscal planning time horizon. This indicates that at least over the near-term, State revenues collections will continue to benefit from an overall positive economic environment.

- This represents a significant improvement in the near-term, forecasted macroeconomic conditions relative to the consensus forecast update that was presented last January. In addition, the prospects for a near-term economic sub-cycle during fiscal years 2020 and 2021[3] as forecasted six months ago (or last January) now seems remote based on the policy trajectory/bias of both monetary policy and federal fiscal policy.

- As a result, near-term prospects for revenue collections have improved for both fiscal year 2020 and fiscal year 2021. Further, because there will not likely be a corresponding bounce-back from the fiscal year 2020 through fiscal year 2021 down-cycle, the initial bounce-back of the economy and revenues during the out-years of the fiscal planning time period (or during fiscal years 2022 through 2024) will not likely occur. As such, the year-over-year growth rates of revenues during that period are expected to be more subdued than was expected six months ago in January 2019.

▪ Taken in combination with the significantly stronger level of General Fund receipts that were collected over the second half of fiscal year 2019, both the staff recommended consensus economic outlook update for the U.S. and Vermont economies and the staff recommended consensus revenue forecast for G-Fund, T-Fund and E-Fund [Partial] revenues through the fiscal 2020 through 2021 forecast update timeframe has been significantly upgraded—even though it is expected there will be some initial near-term softness in T-Fund receipts for fiscal year 2020.

  - On an apples-to-apples basis,[4] the scale of the staff recommended consensus revenue forecast upgrade in the G-Fund, after adding back an expected budgetary transfer for Liquor Tax receipts[5] under

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[3] Including the corresponding slowdown in forward economic progress/activity.

[4] That is, after adjustment for the various changes as passed during the 2019 session of the Vermont General Assembly.

[5] Which was estimated by adding back the difference between the Source Liquor Tax forecast for fiscal

the new financing regime, totals approximately +$25.3 million for fiscal year 2020, and another +$20.1 million for fiscal year 2021 (see Table 1 below).

Table 1: Staff Recommended Consensus Revenue Forecast Update—Change from the July Consensus Forecast (FY 2020-FY 2021)

Current Law—Includes Fund Allocations per Act 11 excluding Health Care Taxes

Differences-July 2019 Proposed Consensus Forecast versus the January 2019 Consensus Forecast (By Fund)	2020		2021	
Current Law	Dollars	Percent	Dollars	Percent
General Fund Available to the General Fund-Including Act 11 Fund Allocations	$25.3	1.9%	$20.8	1.6%
Transportation Fund Available to the Transportation Fund	($1.9)	-0.7%	$1.6	0.6%
Education Fund Partial-Including Act 11 Fund Allocations	($3.1)	-0.6%	$3.9	0.7%
Total--"Big 3 Funds"	$20.3	1.0%	$26.4	1.2%
MEMO #1: TIB [3]				
Gasoline	$0.8	5.6%	($0.9)	-5.4%
Diesel	($0.0)	-0.3%	$0.0	1.7%
Total TIB	$0.8	4.8%	($0.8)	-4.6%

Notes:
[1] Current Law (Incl. Act 11 Structure , Federal Tax Reform-State Changes, 2019 Actions-but excludes Health Care Taxes).
[2] Totals in the TIB may not add due to rounding.

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- The staff recommended forecast for the T-Fund includes a forecast downgrade of -$1.9 million for fiscal year 2020 and a smaller forecast upgrade of +$1.6 million for fiscal year 2021.

- For the E-Fund [Partial], the staff recommended consensus forecast on an apples-to-apples basis calls for an initial -$3.1 million downgrade for fiscal year 2020 and a +$3.9 million forecast upgrade for fiscal year 2021—after consideration of the 2019 Legislative changes.

▪ The July 2019 staff recommended forecast update for all three fund aggregates is presented graphically below for the next two fiscal years by fund.

- Like Table 1 above, the bar chart below presents the changes by fund on a tax-adjusted, apples-to-apples basis and also excludes the

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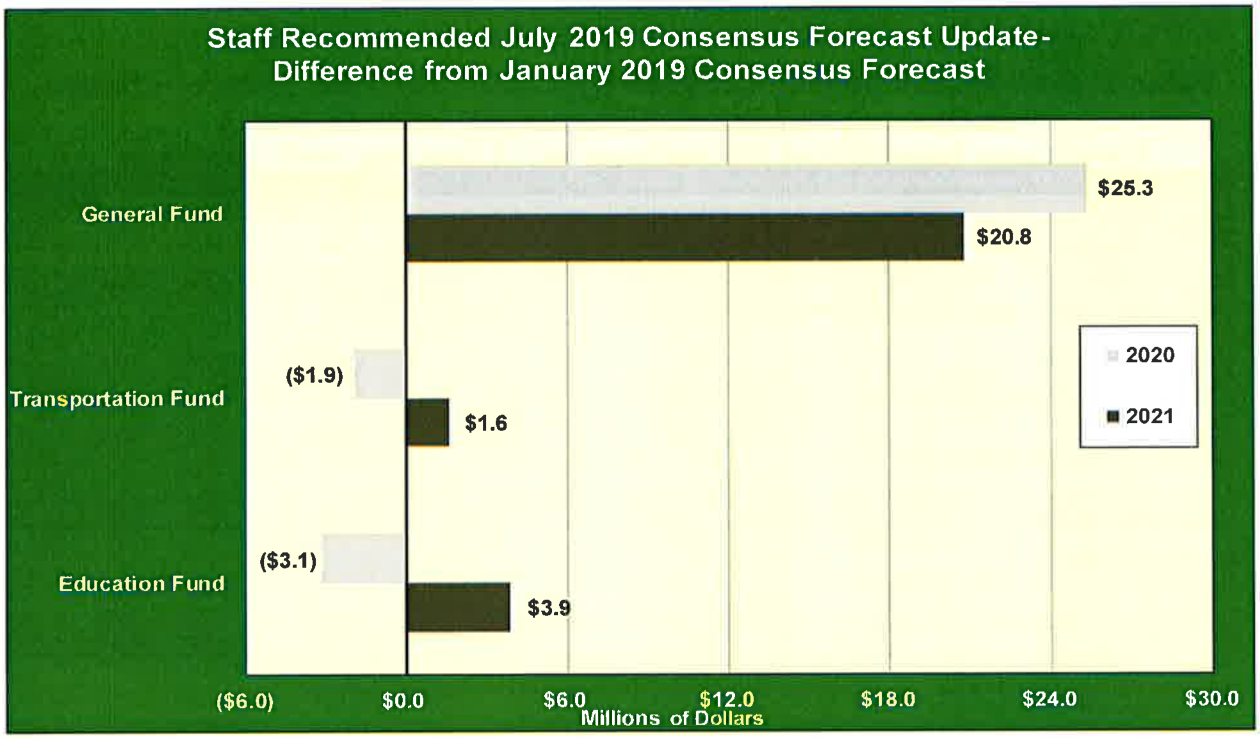
years 2020 and 20221 and the G-Fund Liquor Tax that will continue to be deposited directly into the G-Fund under the revised financing regime.

Health Care Taxes that were brought into the G-Fund for tracking purposes by Act 11 of the 2018 Vermont General Assembly.



- However, it should be recalled that the prevailing economic environment for this latest consensus revenue forecast update includes an economic cycle that is clearly in a "mature stage." As such, the current upcycle is now far more prone to developing the type of economic and financial imbalances that in the past have led to full-fledged economic recessions.

  - While economic upturns—even record-breaking economic upturns like the current one—do not end simply due to "old age," it likewise is no longer likely that the U.S. economy and the Vermont economy will proceed completely through the next five State fiscal years without experiencing at least some economic difficulties—if not an outright period of economic recession and its attendant downside pressures on G-Fund, T-Fund, and E-Fund receipts.

- As such, there is now a significantly higher level of downside risk to the current staff recommended consensus revenue forecast than has generally been the case over the past several consensus forecast update cycles. This is primarily tied to the fact that the State's G-Fund has a very heavy reliance on two cyclically-sensitive income tax sources (e.g. Personal Income Tax and the Corporate Income Tax) and given the importance of "healthy consumption tax receipts" on the fiscal fortunes of all three of the State's major fund aggregates.

- As was mentioned prominently during last January's forecast update, assuming that the path of the economy will be continually onward and upward over the next two to five of the State's fiscal years, the economyhas to have some equivocation. A national-State economic downturn sometime within the next five fiscal years will likely result in significant reductions in the above-mentioned cyclically sensitive receipts sources.

- For example, and although this is not a part of the staff recommended forecast, revenue reductions in G-Fund receipts amounting to over $150 million amounting to more than 10 percent of Source General Fund receipts during periods of economic downturns have been experienced in the past. Therefore, downside revenue risks that dollar amounts may approach that magnitude cannot be dismissed from any discussion of the State's fiscal prospects and planning—particularly for the outyears of the State's fiscal year planning horizon.

- It should be noted that the uncertainty in the July 2019 staff recommended consensus forecast update is higher than usual for reasons that go beyond the mere aging dynamics of a "mature" economic cycle.

    - These additional sources of risk come from the now second and third order behavioral effects of the passage of the federal TCJA of 2017 legislation, the on-going impact of the State's response to that federal legislation, the various State adjustments to the still evolving fiscal and economic growth environment associated with the recent e-commerce changes, the State's own demographic and labor force growth challenges, and the still relative lack of detailed information from actual return filings regarding the impacts of the federal TCJA legislation (e.g. and particularly for the Corporate Tax provisions regarding the repatriation of overseas profits).

- As mentioned in last January's consensus forecast update report, it remains largely unknown just how the subsequent rounds of taxpayer responses will play out over the next several fiscal years as the level of taxpayer knowledge grows and the IRS-State settle on prospective compliance actions that could also have a significant impact on those behaviors and selling points for the "tax avoidance" industry.

- In many respects, taxpayers' knowledge and views remain a moving target and the cottage industry of professionals that typically develop and sell "tax avoidance" strategies is still evolving—but both sides of this equation are likely getting significantly "smarter" over time as taxpayers and their advocates, and those parties at the federal and State government levels charged with enforcing taxpayer compliance gain experience and develop a greater understanding of the changes and the various new rules.

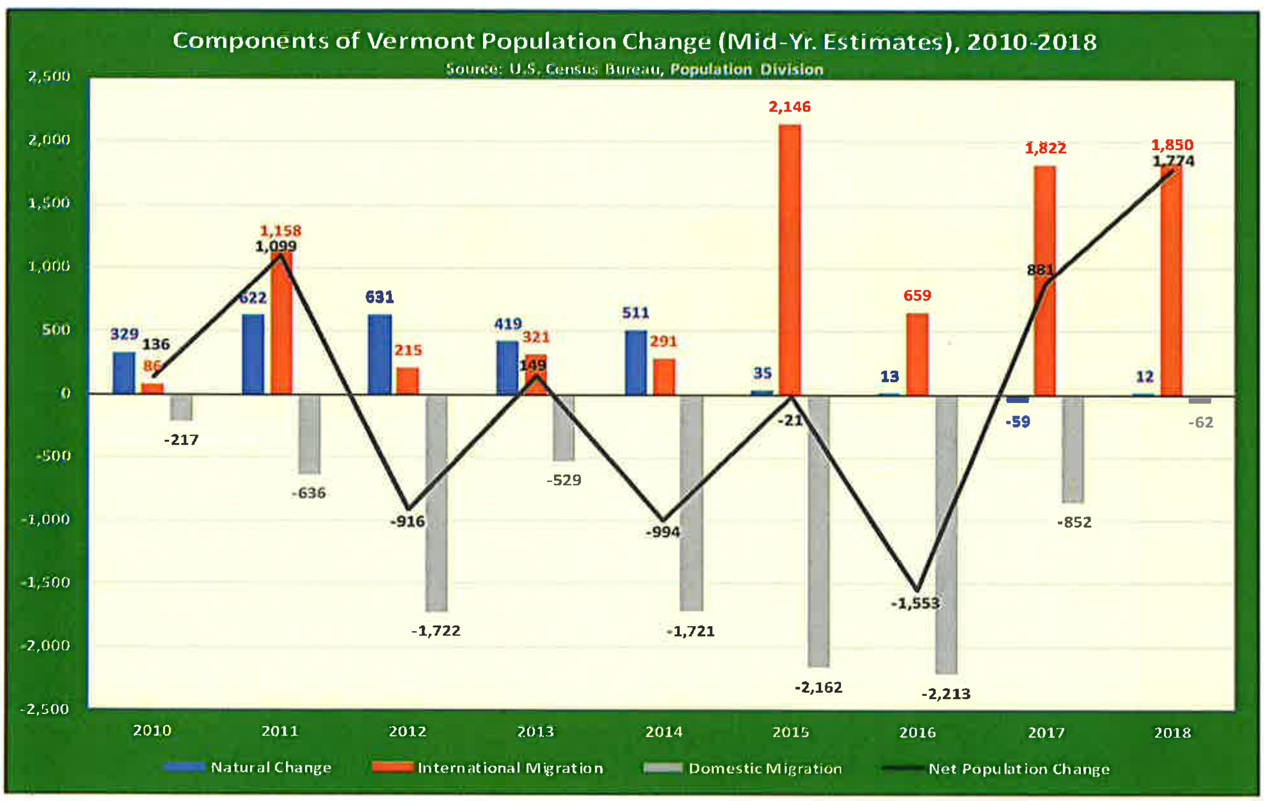
- To some extent, all of the cross-currents in this area are still very much a "work-in-progress," and will remain that way until comprehensive, final guidance is provided by the IRS and the State settles on its own compliance approach for several key tax matters that potentially involve significant sums of potential tax revenues. The best example of that for the State is the still wide variation of possible revenue outcomes regarding the repatriation of Corporate profits by multi-national corporate taxpayers with a nexus to Vermont via the State's "water's-edge" unitary taxing approach.

- It also remains unclear as to the precise timing of how the changes in tax liability for individuals and businesses will actually be paid into the State Treasury and/or result in reduced revenue receipts (including prospective requests for refunds by taxpayers) over time to the State—especially in the Personal Income Tax and the Corporate Income Tax.

▪ The structural changes in these two tax sources are significant for the State as they accounted for a total $1,009.6 million of the $1,612.7 million in total G-Fund receipts in fiscal year 2019—or just under two-thirds (62.6%) of total net G-Fund receipts paid in to the State last fiscal year. Differences between actual cash payments over the course of the State's fiscal year and accrued tax liabilities incurred by individuals and businesses can—and indeed have—differed significantly over time. Those differences, while largely technical in nature—can and have had large impacts on receipts for those tax-fiscal years when significant, structural tax changes have historically occurred.

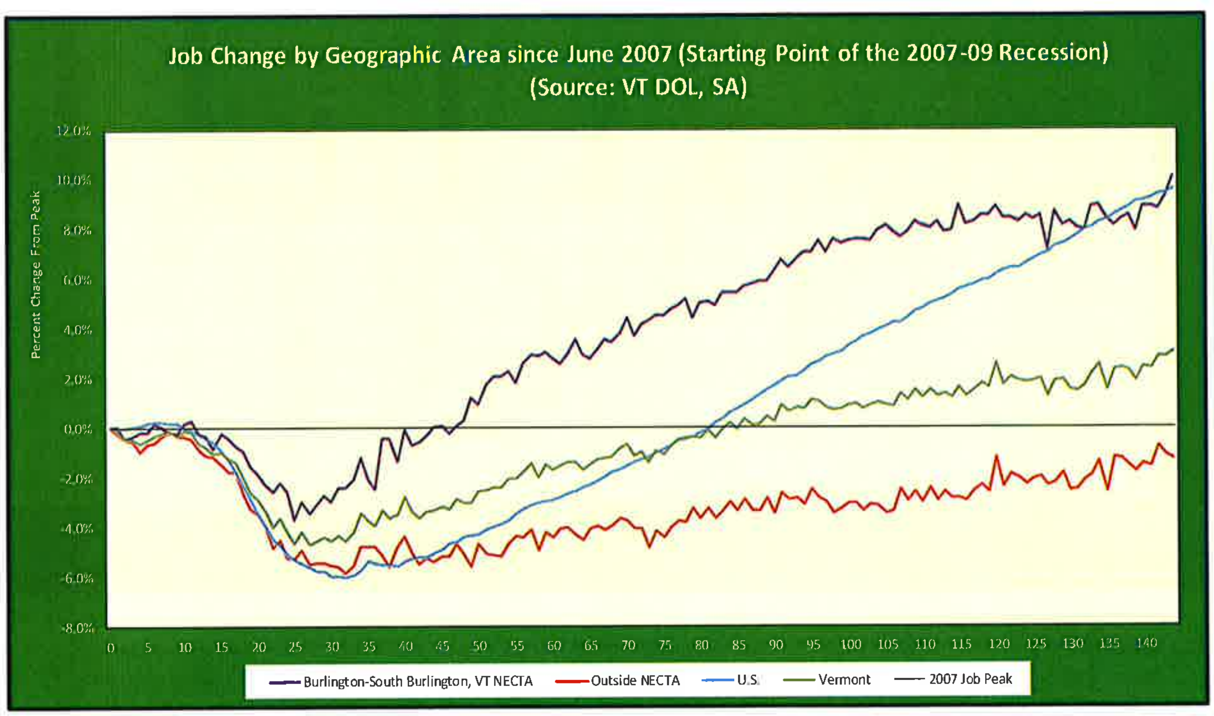
- As a result, it is likely that these new and still evolving relationships may take several more fiscal years to fully develop and become predictable (e.g. more stable) with a reasonable band of certainty. Until then, all consensus forecast updates will carry a more than routine level of risk/uncertainty which will very likely be to some degree exacerbated by the dynamics of the mature and aging economic cycle.

- Turning specifically to Vermont, it is widely understood that the State's relative economic performance numbers continue to be impacted by the current sub-national average rate of population growth (although this seems to be improving using the latest estimates of population change from the U.S. Census Bureau—see below), labor force growth (Again this appears to be improving according to the recent data—also see below[6]), and job growth in the State.



[6] On a seasonally-adjusted basis, the Vermont Department of Labor reports that the State has experienced seven consecutive months of labor force growth and the June estimate corresponds to the highest reading since early in calendar year 2014 (See July 19, 2019 Press Release from the Vermont Department of Labor).

- It also remains clear there has been a decidedly uneven character to economic, population, and housing market activity between urban-rural parts of the State and that this situation remains on-going.



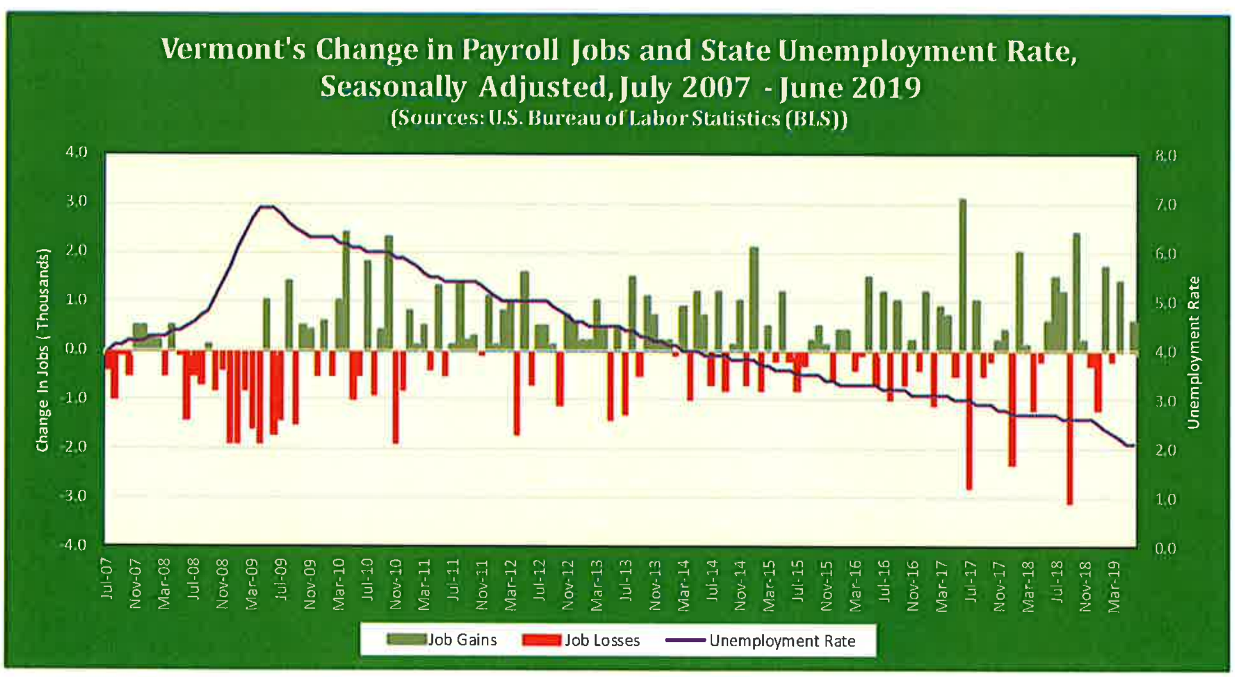
- This dynamic also appears to be characteristic of the other New England states (particularly the northern New England states), and many of the rural parts of upstate New York.

- For labor markets in the State, payroll job change has been modestly positive overall, but has had to contend with ups-and-downs in the month-to-month, seasonally-adjusted time series for the greater part of the last three years.

  - Household employment growth has also followed a sub-U.S. average rate of increase, with sluggish labor force growth since 2010 (but with some recent improvement noticeable as shown above).

  - This, in turn, has contributed to a historically low statewide unemployment rate—currently tracking at below 3.0 percent (at 2.1% as of June of calendar year 2019)—which ranks Vermont as having the lowest rate of unemployment in the New England region and for the U.S. as a whole—while still having decent payroll job growth over the past year.

  - This reading also ranks as tied (with May 2019) for the lowest unemployment rate ever recorded in the State's modern economic history dating back to 1976.



Payroll Job Performance By NAICS Supersector June 2018 vs. June 2019					
Industry Supersector	% Change in VT	VT Rank in New England	VT Rank in U.S.	Highest Ranked New England State	# of States Reporting Job Losses
Total Nonfarm	**1.3%**	**2**	**25**	**NH (20)**	**0**
Total Private	**1.4%**	**2**	**26**	**NH (18)**	**0**
Construction	-4.3%	6	49	NH (21)	8
Manufacturing	2.7%	1	14	VT (14)	9
Information	-2.3%	4	32	RI (1)	34
Financial Activities	-1.6%	5	46	ME (8)	17
Trade, Transportation, and Utilities	0.4%	3	29	NH (4)	15
Leisure and Hospitality	6.8%	1	1	VT (1)	1
Education and Health Services	1.4%	4	31	RI (9)	3
Professional and Business Services	1.7%	2	28	NH (25)	6
Government	0.5%	4	26	ME (17)	11

Notes: NAICS means North American Industry Classification System

Source: U.S. Department of Labor, BLS

- So far for fiscal years 2018 and 2019, revenue developments related to the federal tax changes under the TCJA and the State's changes during the 2018 and 2019 sessions of the Vermont General Assembly have on balance (despite the State off-set legislation for individual taxpayers tied to the loss and limitation of various deductions and the end of the personal exemption amount in the federal legislation) appeared to have resulted in higher state revenue collections.

  - It remains uncertain whether this will continue in the future as familiarity with the new tax structure, laws, and rules become clearer and better understood.

  - The current and potentially succeeding waves of understanding and compliance regarding these changes may still end up "moving the needle" in the other direction—particularly with respect to the State's Corporate Income Tax and Personal Income Tax sources (e.g. and particularly with respect to repatriation of corporate profits and Corporate Tax collections).

  - These will continue to be monitored closely with particular emphasis on the larger dollar value provisions and prospective behavioral and other changes.

❖ The Staff Consensus Forecast Recommendations for Fiscal Year 2020 and Fiscal Year 2021

- With the above as background and context, the staff recommends a near-term consensus forecast upgrade for the General Fund for fiscal years 2020 and fiscal year 2021 as outlined below.

  - The near-term G-Fund forecast upgrade on the plus side reflects a more "dovish" Fed on the monetary policy front and the strong prospect of another round of federal fiscal stimulus tied to the potential 2-year federal spending deal.

  - The near-term G-Fund forecast upgrade on the negative side also reflects the declining level of fiscal stimulus of the federal TCJA, the typical "late cycle" dynamics of the aging business cycle, and the higher level of uncertainty in growth prospects in the global economy, economic policy, and the local/regional demographic and labor force factors closer to home in Vermont.

  - While the potential forecast negatives are significant, the significant pluses and the dynamics of the political-economic cycle make it unlikely there will be a general downturn in the U.S of Vermont economies for at least the next 24 months—baring some apparent and/or currently unknown threat escalating "out-of-control."

- Consistent with recent consensus forecast updates, the staff recommendation includes the expectation that there will be no general economic downturn in the U.S. or Vermont through fiscal year 2021.

  - The staff recommendation also expects that economic growth will continue for at least the next 24 months and potentially through the three outyears of the State's five-year fiscal planning horizon—even though there will likely be slower rates of economic and revenue growth in those out-years.

  - The staff recommendation expects the character of economic and revenue growth to evolve into a profile and pace that is typical for "late cycle" expansions—including rising rates of inflation, relatively low unemployment rates with slow job growth, rising housing prices, and concurrently generally increasing interest rates—as the Federal reserve eventually responds to these late cycle dynamics by gradually "tightening" monetary policy—which in turn—results in moderating equity price gains.

- For the General Fund, Transportation Fund and Education Fund [Partial] Table 1 (below) outlines the approximate staff recommended changes from the January 2019 consensus revenue forecast—including the post-Act 11 fund allocation changes and the various structural changes (e.g. for Clean Water Funding) and other measures (e.g. the change in the financial process for recognizing-accounting for Liquor Tax receipts and transfers from the Department of Liquor Control) as passed by the 2019 Vermont General Assembly. These estimates remain "approximate," mostly because of the financial mechanisms employed—including budgetary transfers of special funds receipts that will not accrue to the G-Fund through the Schedule 2 revenue reports.

    - For the amount available to the General Fund, the staff recommended consensus forecast update calls for an approximately +$25.3 million forecast upgrade for fiscal year 2020, in comparison to last January's Emergency Board-adopted consensus forecast—including post-Act 11 forecast fund allocations on a roughly apples-to-apples basis (which excludes receipts from the former Health Care Access Fund for comparative purposes).

    - For fiscal year 2021, the staff recommendation calls for a smaller, roughly +$20.8 million upgrade to the staff recommended forecast compared to last January's Emergency Board-adopted consensus forecast-- including post-Act 11 forecast fund allocations on a roughly apples-to-apples basis (which excludes receipts from the former Health Care Access Fund for comparative purposes).

- For the T-Fund, the staff recommendation calls for between a staff recommended forecast downgrade of -$1.9 million in fiscal year 2020 and a staff recommended upgrade of +$1.6 million in fiscal year 2021 relative to the January 2019 Emergency Board-approved consensus forecast.

    - These near-term forecast changes reflect the late cycle economic growth dynamics that include the most recent trends and expectations for vehicle sales, somewhat lower energy prices, and a relatively healthy consumer sector over the fiscal year 2020 and 2021 period—with some weakening in demand for the out-years of the State's five year fiscal planning time frame.

- For the portion of the E-Fund that is included in the consensus forecasting process, the updated staff recommended consensus forecast includes a downgrade of -$3.1 million for fiscal year 2020 on a tax-adjusted, apples-to-apples basis and a forecast upgrade of +$3.9 million for fiscal year 2021 on a tax-adjusted, apples-to-apples basis—representing a relatively small forecast change two-year total of +$0.8 million.

  - The staff recommended consensus forecast upgrade for the Education Fund incorporates the revenue impacts associated with the growth of e-commerce retail sales—organically from the "bricks and mortar retail and the visitor spending components as the economy continues its forward progress and as a result of the growth of e-commerce overall.

  - The e-commerce position of this tax source continues to grow as a percentage of overall retail activity, and this portion of the retail sales revenue for the State is expected to grow significantly as the base of State-taxable e-commerce retail sales increases associated with greater taxpayer compliance following the so-called Wayfair decision by the U.S. Supreme Court last Summer (which overturned the Quill decision of 1992) and the participation of so-called Amazon-affiliates in collecting and remitting State sales taxes going forward.

- For the TIB portion for the Transportation Fund, the staff recommended forecast includes a significant staff recommended forecast upgrade for the Gas TIB component for fiscal year 2020, followed by significant downgrades for fiscal year 2021 and going farther out into the five year State fiscal planning horizon as fuel price increases moderate and an essentially flat Diesel TIB forecast for fiscal year 2020 and fiscal year 2021.

  - For Gas TIB[7] receipts for fiscal year 2020 and fiscal year 2021, the staff recommendation calls for a +$0.8 million forecast upgrade, followed by a -$0.9 million forecast downgrade for fiscal year 2021. The Gasoline TIB forecast downgrade scenario for the three outyears of

[7] The term TIB refers to Transportation Infrastructure Bond Fund.

the State's five-year fiscal planning process are more significant.

- For Diesel TIB receipts, the staff recommendation includes a small forecast downgrade for fiscal year 2020 of -$0.01 million versus consensus expectations of last July and a +$0.04 million forecast upgrade for Diesel TIB receipts in fiscal year 2021 versus last January.

- With respect to the changes outlined above, Table 2 (below) presents the dollar levels of the staff recommended forecast for the Emergency Board motion for the General Fund, Transportation Fund, and Education Fund [Partial] based on current law, including the post-Act 11 fund allocations, and including Health Care Taxes.

  - For the G-Fund, the staff recommends a consensus forecast of $1,576.2 million for fiscal year 2020, and $1,580.8 million for fiscal year 2021.

  - For the T-Fund, the staff recommends a forecast of $284.6 million for fiscal year 2020 and $288.0 million in fiscal year 2021.

  - For the E-Fund [Partial], the staff recommends a forecast of $552.8 million for fiscal year 2020 and a forecast of $568.7 million for fiscal year 2022.

  - For the TIB funds, the staff recommends a Gas TIB forecast of $14.6 million for fiscal year 2020 and a forecast of $15.2 million for fiscal year 2021. The staff recommended forecast for Diesel TIB includes a total of $2.0 million for fiscal year 2020 and $2.1 million for fiscal year 2021.

Table 2: Staff Recommended Consensus Forecast Revenue Collections by Fund

($ Millions)	2020	2021
Available to the General Fund (Including Health Care Taxes)	$1,576.2	$1,580.8
Available to the Transportation Fund	$284.6	$288.0
E-Fund [Partial]	$552.8	$568.7
Total	$2,413.6	$2,437.4
TIB Funds		
Gasoline TIB	$14.6	$15.2
Diesel TIB	$2.0	$2.1
Total TIB Funds	$16.6	$17.3

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- **Fiscal Year 2019 Second Half and Fiscal Year Total Actual Receipts/Collections Versus Expectations**

  - The July 2019 revenue forecast update reflects and incorporates recent revenue collection trends (with an emphasis on the sustainable aspects of the recent component-by-component receipts performance), the revised macroeconomic outlook for the U.S. and Vermont economies, the significant, structural changes in federal TCJA tax law, the recent tax and fee structure changes adopted by the Vermont General Assembly during 2018 and 2019, the updated forecasted impact of e-commerce sales tax revenues expected under the recent U.S. Supreme Court decision known as the "Wayfair decision," and changes in the allocations percentage of Source Sales & Use Tax and Source Meals & Rooms Tax between the G-Fund and the E-Fund beginning in fiscal year 2019 under Act 11 of the 2018 Session—including the Health Care Taxes that are, as of fiscal year 2019, included in the "Available to the General Fund" revenue totals.

    - For the second half of fiscal year 2019, actual receipts in the G-Fund tracked well above consensus expectations—at +$58.4 million ahead of cumulative consensus cash flow target for the fiscal year as a whole—mostly due to strong receipts activity in the Personal Income Tax and the Corporate Income Tax components.

    - Receipts activity in the T-Fund and E-Fund were more noticeably subdued, with T-Fund receipts as of June 30th well below consensus expectations -$3.4 million or -1.2% below the cumulative consensus target in for the 2019 fiscal year. E-Fund receipts finished fiscal year 2019 below consensus cumulative target $527.6 million by -$2.2 million, or -0.4% on its $527.6 million consensus target for fiscal year 2019.

  - Combined receipts for all three funds finished fiscal year 2019 at +$52.82 million or +2.5% on a $2,093.61 million combined consensus forecast.

    - Versus last year's +$71.58 million or +3.6% better than expected performance for the consensus forecast for combined fiscal year G-Fund/T-Fund/E-Fund receipts of $1,969.58 million last year, this year's positive revenue forecast variance had the feel of being slightly less robust in comparison to last fiscal year's larger positive versus consensus forecast target performance.

- Cumulatively in the G-Fund, revenues in the Corporate and Personal Income Tax components continued at a higher than expected pace throughout the second half of the 2019 fiscal year—even though their respective May performances were less than completely stellar.

  - For fiscal year 2019, revenues in the Personal Income Tax were +$50.3 million (or +6.1% versus cumulative consensus expectations), due at least in part to: (1) very strong Spring filing season performance by PI Paids at +$43.4 million, (+32.5%) versus cumulative target through June; and (2) PI Estimates at +$17.5 million (+11.7%) versus cumulative target through June.

- In particular, PI Paids receipts in fiscal year 2019 established another new all-time high for year-end final payments for the second consecutive Spring filing season—finishing the 2019 fiscal year at +$31.0 million versus last fiscal year's previous all-time record level of PI Paids receipts through June 30th. At this point, PI Paids receipts in fiscal year 2019 were $63.4 million higher than PI Paids receipts were in fiscal year 2017—corresponding to the last tax year before passage of the federal TCJA legislation.

  - PI Paids receipts during fiscal year 2019 were $54.8 million higher than the revenue receipts that flowed to the State from the extraordinary period of "asset churning" associated with the so-called "fiscal cliff" year back in fiscal year 2013.

PI Paids Actual (FY 2019)--Actual T-Date [Through June 30th Activity]				
Comparison Statistics (Total Fiscal Year 2019 versus Previous Fiscal Years)				
	Vs. 2018 Actual	$	31,018,646	Prev. All-Time High
	Vs. 2017 Actual	$	63,441,380	
	Vs. 2016 Actual	$	58,011,642	
	Vs. 2015 Actual	$	51,700,848	High-Prior to FY '18
	Vs. 2014 Actual	$	77,295,695	
	Vs. 2013 Actual	$	54,807,095	v. Fiscal Cliff Year
Fiscal Year 2019 @$133.3 Million	**Vs. Forecast**	**$**	**(43,369,295)**	**New Record**

  - Looking ahead, it is hard to definitively state that all of that increased PI Paids revenue will be sustainable going forward—as at least some of these receipts will flow into the State's coffers next year via PI Estimates under State PI Estimating rules.

- In addition, it is logical to expect that taxpayers will also gain experience with the new tax laws and will not as significantly under-estimate their annual tax liabilities (which leads to higher PI Paids revenues) as taxpayers gain experience with the post-TCJA world.

▪ Receipts for PI Estimates also reached a new all-time high for the second year in a row, beating last year's PI Estimates end of June record. This was a somewhat surprising development—especially considering the forward payment of State income taxes prompted last year by the TCJA's sharp limitation of the State and Local Taxes paid deduction or the so-called SALT deduction—even if the new record for PI Estimates receipts in fiscal year 2019 exceeded last year's total by only $0.7 million.

  - Cumulatively through June for the Corporate Income Tax (and despite its May under-performance due largely to M&A related refund activity), the component stood +$11.7 million or +9.5% versus consensus target for the fiscal year.

  - Currently, there is likely to be still one more round of M&A-based Corporate Refunds to resolve—with a total downside revenue risk exposure to the Corporate Tax and therefore G-Fund revenues of less than $5.0 million to be retained as an on-going revenue receipts risk factor for the component in the upcoming FY 2020 forecast update going forward.

  - Rounding out the "Big Three" sources, receipts in the Meals & Rooms Tax finished June +$0.1 million (or +1.2%) versus consensus expectations during June, and remained positive versus its cumulative consensus cash flow target through the end of the second half of fiscal year 2019 by +$0.4 million (corresponding to +0.3% of total fiscal year 2019 receipts).

▪ Outside of the "Big 3" sources through June on the positive side of the receipts ledger versus cumulative targets for all of fiscal year 2019 were: (1) Beverage Tax (at +$0.4 million versus its cumulative 2019 fiscal year consensus target), (2) Liquor Tax (at +$1.2 million versus cumulative consensus forecast for fiscal year 2019)—thanks to a solid 4th quarter of fiscal year 2019, (3) Telephone Tax (at +$0.2 million versus its cumulative consensus target for fiscal year 2019), and (4) Bank Franchise Tax (at +$0.1 million versus its cumulative consensus target for the 2019 fiscal year).

- Receipts in the Fees component were lackluster in June and finished the fiscal year -$0.6 million (-1.3%) versus this component's through-June cumulative consensus target. With the changes in Fees passed by the 2019 Vermont General Assembly, this will be a more significant component for fiscal year 2020 revenue prospects and beyond—even though receipts will be collected through special funds and may only work their way into the G-Fund via budgetary transfer.

- Insurance Tax receipts experienced a less than stellar month of June (at -$0.4 million or -58.5% versus June cash flow target)—following the positive performance during the month of May, which allowed this source cumulatively to come within $0.5 million of gaining back what was needed for the fiscal year as a whole to off-set the roughly $2.0 million of expected net Captive Insurance Tax receipts which failed to materialize during the February and March critical filing period.

  - As of the end of the 2019 fiscal year, cumulative receipts in the Insurance Tax component of the G-Fund were a total of -$0.9 million (or -1.6%) below this component's end of the fiscal year forecast target of $57.80 million.

- The Estate Tax component in June completed a perfect six-for-six consecutive monthly streak over the second half of fiscal year 2019 of below monthly target receipts performances—even though the monthly miss in February was under $0.10 million. Receipts during the month of June were -$0.8 million (or -53.2%) below its monthly consensus cash flow target.

  - For the 2019 fiscal year as a whole, Estate Tax receipts were -$6.5 million (or -33.9%) versus its cumulative $19.10 million consensus target for fiscal year 2019. Total FY 2019 Estate Tax receipts were $12.6 million through June, nearly matching total receipts in FY 2016 (at $12.5 million), but still ahead of cumulative Estate Tax receipts in FY 2015 ($9.9 million).

  - Without the upbeat performances by the two income tax sources, this miss would have been subject to much a greater level of analysis and introspection. Clearly even in this high asset price inflation environment, the base is smaller than contemplated last

Winter and this is expected to erode further with the coming increases in the size of the tax credit amount that will decrease significantly the size taxable estates in Vermont going forward.

Table 3: Second Half/Fiscal Year 2019 General Fund Results versus Consensus Target

Cumulative Through June Results Versus Target -- General Fund				
FY 2019--Cumulative Through June Component (Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Personal Income	**$ 875,425.5**	**$ 824,900.0**	**$ 50,525.5**	**6.1%**
Withholding	$ 646,601.4	$ 650,700.0	$ (4,098.6)	-0.6%
PI Estimates	$ 166,455.3	$ 149,100.0	$ 17,355.3	11.6%
PI Paid Returns	$ 176,669.3	$ 133,300.0	$ 43,369.3	32.5%
PI Refunds	$ (169,500.8)	$ (167,800.0)	$ (1,700.8)	-1.0%
PI Other	$ 55,200.3	$ 59,600.0	$ (4,399.7)	-7.4%
Corporate Income Tax	**$ 134,190.8**	**$ 122,540.0**	**$ 11,650.8**	**9.5%**
"Gross" Corporate Receipts	$ 152,376.5	$ 148,556.0	$ 3,820.5	2.6%
Corporate Refunds	$ (18,834.1)	$ (18,100.0)	$ (734.1)	-4.1%
Meals & Rooms	**$ 136,537.8**	**$ 136,125.0**	**$ 412.8**	**0.3%**
Property Transfer Tax	**$ 12,481.0**	**$ 13,453.4**	**$ (972.4)**	**-7.2%**
Other	**$ 181,692.9**	**$ 184,940.0**	**$ (3,247.1)**	**-1.8%**
Estate Tax	$ 12,629.7	$ 19,100.0	$ (6,470.3)	-33.9%
Insurance Tax	$ 56,861.8	$ 57,800.0	$ (938.2)	-1.6%
Total Telephone Tax	$ 4,329.7	$ 4,100.0	$ 229.7	5.6%
Bank Franchise Tax	$ 12,478.7	$ 12,400.0	$ 78.7	0.6%
Fees	$ 46,973.3	$ 47,600.0	$ (626.7)	-1.3%
Other	$ 48,419.7	$ 43,940.0	$ 4,479.7	10.2%
Total Net General Fund	**$ 1,340,328.1**	**$ 1,281,958.4**	**$ 58,369.6**	**4.6%**
			Basic Data Source: VT Agency of Administration	

- For the T-Fund, June receipts activity resulted in another below-target result versus its monthly consensus cash flow target, under-performing by a total of -$2.6 million (or -8.6%) on a June consensus target of $30.67 million. The June under-performance followed a decent receipts performance for the T-Fund during May, where T-Fund receipts posted their best monthly versus target performance of the second half of fiscal year 2019.

  - Following a reasonable month of April for T-Fund revenues (at +$0.13 million versus consensus expectations), it looked like the T-Fund overall would finish the 2019 fiscal year close to cumulative consensus expectations.

  - However, June receipts disappointed, and at $28.03 million in receipts for the month, T-Fund revenues overall finished the 2019 fiscal year at -$3.4 million or -1.2% versus cumulative expectations on a consensus target of $284.07 million.

- Over the course of much of the second half of the 2019 fiscal year, T-Fund revenues had been in "catch-up mode" since the sharp March under-performance in receipts that pushed T-Fund receipts at that time down by -$1.8 million versus consensus expectations. Over the course of the fourth fiscal quarter, T-Fund receipts were not able to re-capture the receipts ground lost during the month of March.

- Even though fiscal year 2019 T-Fund receipts finished the year in negative territory versus cumulative consensus target for fiscal year 2019, receipts overall were still +$1.7 million above total receipts for the 2018 fiscal year.

- The poor June performance was disappointing in that it also provided a less than optimal launching point for the consensus forecast update.

- In fact, the uneven path of T-Fund revenues throughout fiscal year 2019 suggests that some of the previous assumptions used in previous consensus forecasts for the fuel taxes and consumer purchasing activity (and therefore registration activity) may still be too robust. This was examined and adjusted as the updated consensus forecast update in the staff recommendation presented here was completed.

▪ Within the T-Fund, monthly and cumulative receipts performances among the major components through June were negative versus expectations across-the-board. Accruals this year appeared to be especially low. Both fuel taxes, the T-Fund's principal consumption tax (MvP&U Tax) and the Fees categories all trailed their respective monthly and cumulative consensus cash flow targets for and through June.

  - More specifically, receipts in the various T-Fund components were as follows: (1) Gasoline Tax at -$0.2 million (or -3.5%) versus monthly target and -$0.4 million (or -0.5%) versus cumulative June target; (2) Diesel Tax at -$0.3 million (or -16.0%) versus monthly target and -$0.5 million (or -2.9%) versus cumulative June target; (3) Mv P&U Tax at -$0.9 million (or -9.5%) versus monthly target and -$1.5 million (or -2.0%) versus cumulative June target; (4) MvFees at -$0.4 million (or -4.1%) versus monthly target and -$0.9 million (or -1.0%) versus cumulative June target; and (5) Other Fees at -$0.8 million (or -28.5%) versus monthly target and -$0.9 million (or -0.2%) versus cumulative June target.

- Consistent with the monthly receipts under-performances in the two fuel taxes in the T-Fund overall, revenues in the TIB sub-components were both "light" for the month of June versus consensus expectations, with Gas TIB receipts at -$0.06 million versus consensus monthly expectations for June and Diesel TIB receipts at -$0.05 versus consensus monthly expectations for the month.

    - However, cumulative receipts through the month of June for the Gasoline TIB finished +$0.3 million (+2.4%) versus cumulative consensus expectations, and the Diesel TIB receipts overall finished -$0.07 million behind expectations through the end of the fiscal year.

Table 4: Second Half Fiscal Year 2019 Transportation Fund Results versus Consensus Target

Cumulative Through June Results Versus Target --Transportation Fund							
FY 2019--Cumulative Through June Component (Thousands)		Cumulative Receipts		Cumulative Target		Dollar Difference	Percent Difference
Gasoline Tax (non-TIB)	$	77,816.7	$	78,200.0	$	(383.3)	-0.5%
Diesel Tax (non-TIB)	$	18,556.4	$	19,100.0	$	(543.6)	-2.8%
MvP&U Tax	$	74,538.8	$	76,066.7	$	(1,527.9)	-2.0%
MvFees	$	85,409.0	$	86,300.0	$	(891.0)	-1.0%
Other Fees-Revenues	$	24,348.0	$	24,400.0	$	(52.0)	-0.2%
Total Transportation Fund (no TIB)	**$**	**280,668.8**	**$**	**284,066.7**	**$**	**(3,397.9)**	**-1.2%**
Gasoline -TIB	$	14,645.1	$	14,300.0	$	345.1	2.4%
Diesel-TIB	$	1,973.6	$	2,046.0	$	(72.4)	-3.5%
Total Transportation Fund (w/TIB)	**$**	**297,287.5**	**$**	**300,412.7**	**$**	**(3,125.1)**	**-1.0%**
Basic Data Source: VT Agency of Administration							

- Overall, the E-Fund in June finished ahead of its monthly consensus cash flow target by +$0.6 million (or by +1.2%) on a consensus target of $46.81 million.

    - However, cumulative receipts in the E-Fund overall finished the 2019 fiscal year at -$2.2 million (or -0.4%) below its cumulative consensus annual forecast target for the 2019 fiscal year on a cumulative consensus revenue target of $527.59 million.

- A strong receipts performance by the Lottery component—boosted by the $3.5 million Lottery Transfer amount for the end of June from unclaimed prizes and other year-end adjustments—was mostly responsible for the overall positive June receipts performance by the E-Fund overall.

    - For June, Lottery Transfer receipts exceeded expectations by a total of +$1.0 million (or +21.7%) of its monthly consensus cash flow target.

- This resulted in a +$1.3 million positive receipts performance for the Lottery Transfer component of the E-Fund, corresponding to a +4.5% overall positive fiscal year receipts performance by the Lottery Transfer component of a total annual consensus forecast of $28.2 million for fiscal 2019.

▪ Outside of the Lottery component, E-Fund revenue receipt activity results in the two consumption taxes were essentially "on-target," even though cumulative receipts in the Sales and Use Tax component missed the mark by -$2.57 million or 0.6% of the $415.08 million consensus forecast target for this E-Fund revenue source for fiscal year 2019.

  - Sales & use Tax receipts lagged consistently versus cumulative expectations over the course of both the fourth quarter and the entire second half of the 2019 fiscal year. Within this consumption tax source, while E-commerce activity looked upbeat, traditional retail sales activity apparently was not. As a result, cumulative Sales & Use Tax receipts activity trailed cumulative consensus expectations in every month over the course of the second half of fiscal year 2019.

▪ Receipts in the Meals & Rooms Tax versus June expectations and for the fiscal year as a whole were slightly positive (at +$0.04 million for June and at +$0.14 million for the fiscal year as a whole on a $45.38 million consensus target).

  - Receipts in this component were bolstered by significant growth in the "share economy" component of this receipts source.

▪ June results for the MvP&U Tax (at -$0.47 million for the month of June and -$0.76 million cumulatively for the fiscal year as a whole versus target) was another principal drag on overall E-Fund receipts for June, the fourth quarter of the fiscal year, and the entire second half of fiscal 2019 as a whole.

  - This performance mirrored this component's relative performance in the T-Fund as discussed above.

▪ Rounding out the E-Fund Education Fund Interest receipts through the end of June were -$0.2 million (or -24.9%) versus the total FY 2019 consensus target for the component. E-Fund interest receipts were "consistently light" across the entire second half of fiscal year 2019.

Table 5: Second Half/Fiscal Year 2019 Education Fund Results versus Consensus Target

Cumulative Through June Results Versus Target --Education Fund [Partial]				
FY 2019--Cumulative Through June Component (Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Sales & Use Tax	$ 412,509.2	$ 415,080.0	$ (2,570.8)	-0.6%
Meals & Rooms	$ 45,512.6	$ 45,375.0	$ 137.6	0.3%
MvP&U Tax	$ 37,269.4	$ 38,033.3	$ (764.0)	-2.0%
Lottery	$ 29,470.4	$ 28,200.0	$ 1,270.4	4.5%
Interest	$ 676.3	$ 900.0	$ (223.7)	NM
Total Education Fund [Partial]	**$ 525,438.0**	**$ 527,588.3**	**$ (2,150.3)**	**-0.4%**
Notes: NM=Not Meaningful				
			Basic Data Source: VT Agency of Administration	

❖ Update of the Consensus Macroeconomic Forecast for the U.S. and Vermont Economies

- The most recent consensus update in the near-term economic outlook for the U.S. and Vermont economies and the dynamics of the updated consensus economic forecast are presented in Tables 6 and 7 (see below)—reflecting a maturing U.S. upturn as a backdrop for the consensus revenue forecast update.

  - Data are presented for the current consensus macroeconomic forecast along with previous consensus economic forecasts used in the revenue forecast updates back to December of 2017 (for the U.S. economy) and back to December of 2016 (for the Vermont economy).

- In Vermont, the State's economy for its part, reflects a generally "steady-as-you-go" but still improving outlook, with the State's various macro-indicators and benchmarks increasing at below the national average rates of change reflecting the State's demographic challenges to economic and labor market growth.

  - Although current data show the State's population (and labor force) data showing modest turnarounds, signs of a conclusive turnaround are still pending and likely require confirmation from the 2020 census (for the population data) and at least two to three more years of labor market information (for conclusive evidence of a sustained turnaround in the labor force).

  - The negative demographic factors impacting the State's economy and growth potential look to be very similar to those impacting Northern New England and upstate New York rural areas over the past ten or so years.

Table 6: Comparison of Recent Administration and JFO Consensus U.S. Macroeconomic Forecasts

December 2017 through June 2019, Selected Variables, Calendar Year Basis

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Real GDP Growth									
December-17	*1.7*	*2.6*	*2.9*	*1.5*	*2.3*	*2.8*	*2.5*	*1.1*	*2.2*
June-18	*1.7*	*2.6*	*2.9*	*1.5*	*2.3*	*3.0*	*2.6*	*0.9*	*2.3*
December-18	*1.8*	*2.5*	*2.9*	*1.6*	*2.2*	*3.0*	*2.4*	*1.1*	*1.9*
June-19	*1.8*	*2.5*	*2.9*	*1.6*	*2.2*	*2.9*	*2.3*	*1.8*	*1.9*
S&P 500 Growth (Annual Avg.)									
December-17	*19.1*	*17.5*	*6.8*	*1.5*	*17.0*	*7.1*	*-8.4*	*3.5*	*11.6*
June-18	*19.1*	*17.5*	*6.8*	*1.5*	*17.0*	*9.5*	*-9.7*	*2.3*	*10.3*
December-18	*19.1*	*17.5*	*6.8*	*1.5*	*17.0*	*12.2*	*-2.5*	*-4.7*	*9.0*
June-19	*19.1*	*17.5*	*6.8*	*1.5*	*17.0*	*12.1*	*6.4*	*-7.6*	*4.4*
Employment Growth (Non-Ag)									
December-17	*1.6*	*1.9*	*2.1*	*1.8*	*1.5*	*1.6*	*1.1*	*0.1*	*0.5*
June-18	*1.6*	*1.9*	*2.1*	*1.8*	*1.6*	*1.6*	*1.4*	*0.2*	*0.0*
December-18	*1.6*	*1.9*	*2.1*	*1.8*	*1.6*	*1.6*	*1.3*	*0.5*	*0.0*
June-19	*1.6*	*1.9*	*2.1*	*1.8*	*1.6*	*1.7*	*1.6*	*0.9*	*-0.1*
Unemployment Rate									
December-17	*7.4*	*6.2*	*5.3*	*4.9*	*4.3*	*3.8*	*3.7*	*4.5*	*5.1*
June-18	*7.4*	*6.2*	*5.3*	*4.9*	*4.4*	*3.8*	*3.3*	*4.0*	*4.8*
December-18	*7.4*	*6.2*	*5.3*	*4.9*	*4.4*	*3.8*	*3.6*	*3.9*	*4.5*
June-19	*7.4*	*6.2*	*5.3*	*4.9*	*4.4*	*3.9*	*3.6*	*3.7*	*4.1*
West Texas Int. Crude Oil $/Bbl									
December-17	*98*	*93*	*49*	*43*	*51*	*54*	*60*	*66*	*72*
June-18	*98*	*93*	*49*	*43*	*51*	*65*	*62*	*70*	*76*
December-18	*98*	*93*	*49*	*43*	*51*	*65*	*60*	*68*	*72*
June-19	*98*	*93*	*49*	*43*	*51*	*65*	*59*	*63*	*63*
Prime Rate									
December-17	*3.25*	*3.25*	*3.26*	*3.51*	*4.09*	*5.52*	*7.03*	*7.32*	*6.71*
June-18	*3.25*	*3.25*	*3.26*	*3.51*	*4.10*	*4.97*	*6.56*	*6.81*	*6.46*
December-18	*3.25*	*3.25*	*3.26*	*3.51*	*4.10*	*4.90*	*5.98*	*6.54*	*6.31*
June-19	*3.25*	*3.25*	*3.26*	*3.51*	*4.10*	*4.90*	*5.55*	*5.58*	*5.78*
Consumer Price Index Growth									
December-17	*1.5*	*1.6*	*0.1*	*1.3*	*2.1*	*2.5*	*2.9*	*2.8*	*2.5*
June-18	*1.5*	*1.6*	*0.1*	*1.3*	*2.1*	*2.7*	*2.5*	*2.4*	*2.3*
December-18	*1.5*	*1.6*	*0.1*	*1.3*	*2.1*	*2.4*	*2.5*	*2.1*	*2.3*
June-19	*1.5*	*1.6*	*0.1*	*1.3*	*2.1*	*2.4*	*1.9*	*2.1*	*2.3*
Average Home Price Growth									
December-17	*3.9*	*5.2*	*5.3*	*5.7*	*6.2*	*6.4*	*5.8*	*5.1*	*3.1*
June-18	*3.9*	*5.2*	*5.3*	*5.6*	*6.3*	*6.5*	*6.8*	*5.6*	*4.8*
December-18	*3.9*	*5.2*	*5.2*	*5.6*	*6.2*	*6.5*	*6.8*	*5.8*	*5.1*
June-19	*3.9*	*5.1*	*5.2*	*5.5*	*6.1*	*6.6*	*4.8*	*4.0*	*3.1*

Table 7: Comparison of Consensus Administration and JFO Vermont State Forecasts

December 2016 through June 2019, Selected Variables, Calendar Year Basis

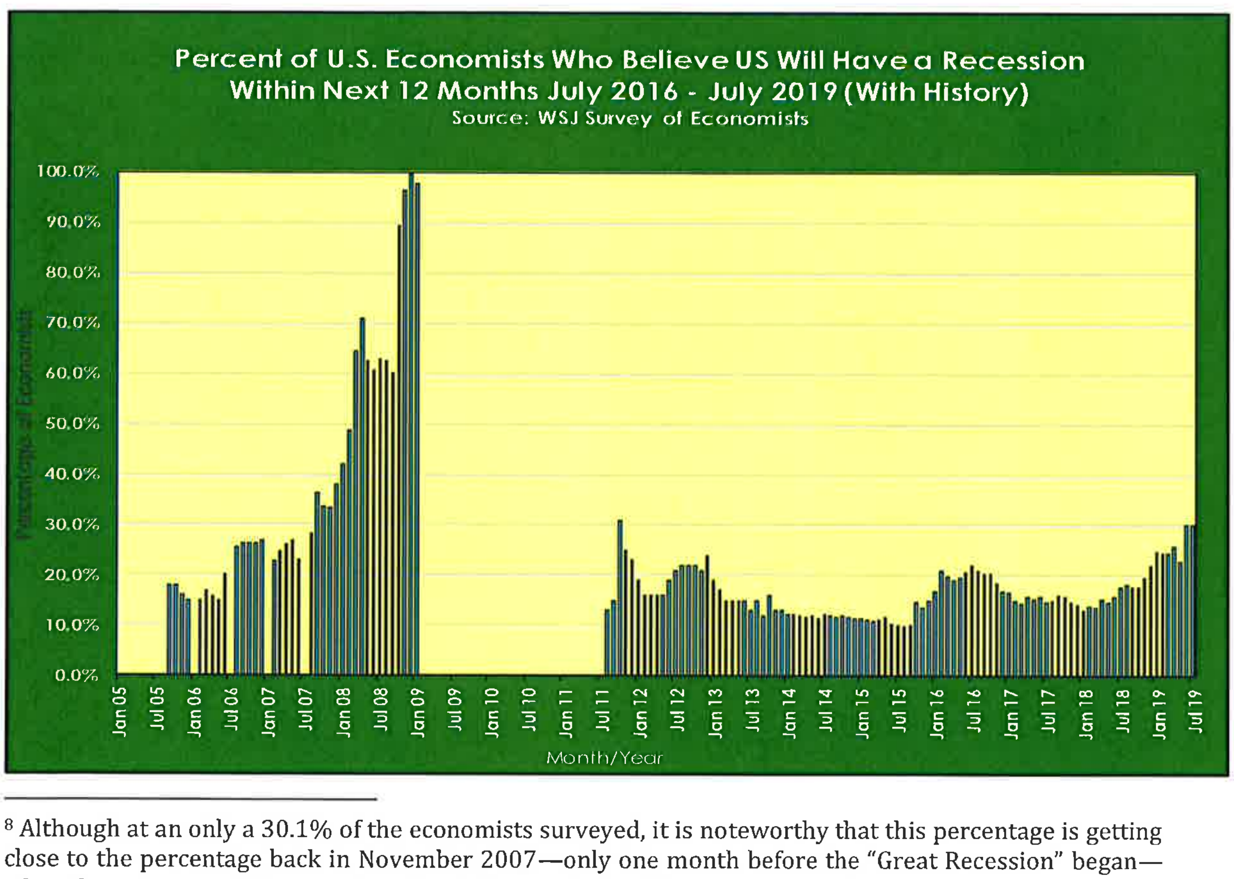
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Real GSP Growth									
December-16	*-0.4*	*1.5*	*0.2*	*1.8*	*2.4*	*2.0*	*1.5*	*1.0*	*1.3*
June-17	*-0.2*	*0.3*	*0.9*	*0.8*	*1.1*	*1.3*	*0.8*	*0.3*	*0.8*
December-17	*-0.2*	*0.5*	*0.9*	*0.7*	*0.9*	*1.4*	*0.8*	*0.1*	*0.9*
June-18	*-0.2*	*0.5*	*0.7*	*1.5*	*1.1*	*1.9*	*1.6*	*0.3*	*2.1*
December-18	*-0.2*	*0.5*	*0.7*	*1.5*	*1.1*	*2.2*	*1.9*	*0.6*	*1.9*
June-19	*-1.3*	*0.0*	*1.1*	*1.6*	*1.3*	*1.2*	*1.1*	*1.4*	*1.8*
Population Growth									
December-16	*0.1*	*-0.0*	*-0.1*	*-0.2*	*0.2*	*0.2*	*0.2*	*0.1*	*0.1*
June-17	*0.1*	*-0.0*	*-0.1*	*-0.2*	*0.1*	*0.1*	*0.2*	*0.2*	*0.1*
December-17	*0.1*	*-0.1*	*-0.2*	*-0.2*	*0.1*	*-0.0*	*0.1*	*0.1*	*0.1*
June-18	*0.1*	*-0.1*	*-0.2*	*-0.2*	*0.1*	*0.0*	*0.1*	*0.1*	*0.1*
December-18	*0.0*	*-0.2*	*0.0*	*-0.2*	*0.1*	*0.3*	*0.1*	*0.2*	*0.2*
June-19	*0.0*	*-0.2*	*0.0*	*-0.3*	*0.1*	*0.3*	*0.1*	*0.2*	*0.2*
Employment Growth									
December-16	*0.7*	*0.9*	*0.9*	*1.6*	*1.7*	*1.5*	*1.2*	*0.6*	*0.1*
June-17	*0.7*	*1.0*	*0.8*	*0.3*	*0.9*	*1.0*	*0.8*	*0.3*	*0.1*
December-17	*0.7*	*1.0*	*0.8*	*0.3*	*0.9*	*1.2*	*0.7*	*0.1*	*0.4*
June-18	*0.7*	*1.0*	*0.8*	*0.3*	*0.3*	*0.5*	*0.9*	*0.1*	*0.0*
December-18	*0.7*	*1.0*	*0.8*	*0.3*	*0.3*	*-0.1*	*0.4*	*0.2*	*-0.2*
June-19	*0.7*	*0.9*	*0.8*	*0.3*	*0.6*	*0.1*	*0.8*	*0.6*	*-0.2*
Unemployment Rate									
December-16	*4.4*	*4.0*	*3.7*	*3.2*	*3.1*	*3.0*	*3.0*	*3.4*	*3.7*
June-17	*4.4*	*3.9*	*3.6*	*3.3*	*3.1*	*3.0*	*3.0*	*3.3*	*3.7*
December-17	*4.4*	*3.9*	*3.6*	*3.3*	*3.0*	*2.8*	*2.9*	*3.3*	*3.7*
June-18	*4.4*	*4.0*	*3.6*	*3.2*	*3.0*	*2.7*	*2.6*	*3.2*	*3.8*
December-18	*4.4*	*4.0*	*3.6*	*3.2*	*3.0*	*2.8*	*2.7*	*3.2*	*3.6*
June-19	*4.4*	*3.9*	*3.6*	*3.2*	*3.0*	*2.7*	*2.4*	*2.6*	*3.3*
Personal Income Growth									
December-16	*1.7*	*3.3*	*2.9*	*3.0*	*3.4*	*3.7*	*3.4*	*2.8*	*2.4*
June-17	*1.7*	*3.3*	*2.9*	*3.3*	*2.4*	*2.1*	*2.7*	*2.0*	*1.8*
December-17	*1.7*	*3.3*	*3.6*	*2.0*	*2.4*	*2.0*	*2.5*	*1.9*	*2.1*
June-18	*1.7*	*3.3*	*3.6*	*2.0*	*2.1*	*3.4*	*3.4*	*2.8*	*2.9*
December-18	*1.4*	*3.9*	*3.5*	*2.3*	*3.2*	*3.0*	*2.8*	*2.6*	*2.5*
June-19	*1.4*	*3.9*	*3.5*	*2.3*	*3.2*	*3.1*	*2.5*	*3.0*	*2.2*
Home Price Growth (JFO)									
December-16	*0.1*	*0.5*	*1.9*	*1.4*	*2.4*	*3.1*	*3.7*	*4.1*	*4.3*
June-17	*0.1*	*0.3*	*2.0*	*1.4*	*2.6*	*3.1*	*3.7*	*4.1*	*4.3*
December-17	*0.1*	*0.2*	*2.0*	*1.6*	*2.1*	*3.2*	*3.8*	*4.5*	*5.4*
June-18	*0.0*	*0.2*	*2.0*	*1.5*	*2.7*	*3.4*	*4.2*	*5.1*	*5.4*
December-18	*0.0*	*0.1*	*1.9*	*1.6*	*2.6*	*4.5*	*5.3*	*6.2*	*6.1*
June-19	*0.0*	*0.1*	*1.9*	*1.5*	*2.6*	*3.4*	*4.1*	*5.6*	*5.3*

❖ Update of Forecast Risks

- Assuming the current U.S. economic upturn survives through the end of this month (e.g. for two more days), the current U.S. economic upturn will officially become the longest period of sustained economic recovery-expansion in recorded economic history dating back to 1854.

  - In fact, even with the fiscal stimulus from the federal TCJA winding down (potentially to be replaced by the new two-year spending agreement—although a veto over border wall funding still remains a possibility) and the U.S. economy currently growing a bit less than its potential, it remains difficult to put forth a credible, plausible case for the onset of an overall and sustained downturn in the economy anytime within the near-term (e.g. 18 to 24 months) time horizon.

- In July, the survey of roughly 50 economists conducted by the Wall Street Journal pegged the percentage of economists that believe the U.S. economy will fall into recession within the next year was 30.1%.[8]



[8] Although at an only a 30.1% of the economists surveyed, it is noteworthy that this percentage is getting close to the percentage back in November 2007—only one month before the "Great Recession" began—when the percentage of economists who believed a recession would start within one year was 33.5%.

- The nature of the dynamics associated with the currently "mature business cycle" and the on-going trade tensions between the Administration and China along (with similar trade uncertainty—including tariff threats—concerning a number of other trading partners) have combined to significantly increased the possibility that something could "go wrong," that could push the U.S. economy into a general downturn. While this risk is not great in the short-term, the risk increases the farther out into the State's five-year fiscal planning time horizon the outlook goes.

  - The list of what could "go wrong" is extensive (see below) and ranges from a number of cyclical factors to a number of geopolitical risks (in the Middle East region—including a recent escalation of tensions with Iran,[9] the Korean Peninsula in Asia, and now the real possibility of a "Hard Brexit" from the EU by the UK) and the possibility of either a fiscal policy mistake (including the use of "brinkmanship" in the financial management of the budget-payment of debt and foreign policy matters) or a monetary policy mistake (including too much easing or too much tightening for economic and financial conditions at the time).

- On the other side, against the above backdrop is the fact that there still appears to be a significant amount of "late-cycle growth potential" for the economy—especially given the largely successful de-regulation policies of the Administration which has used those policies to try to expand the productive capacity of the U.S. economy.[10]

  - This enhanced growth potential for the U.S. economy going forward ranges from:

    1. Increasing wage growth as labor market conditions continue to tighten (see the Vermont wage change chart below since the mid-2000s),

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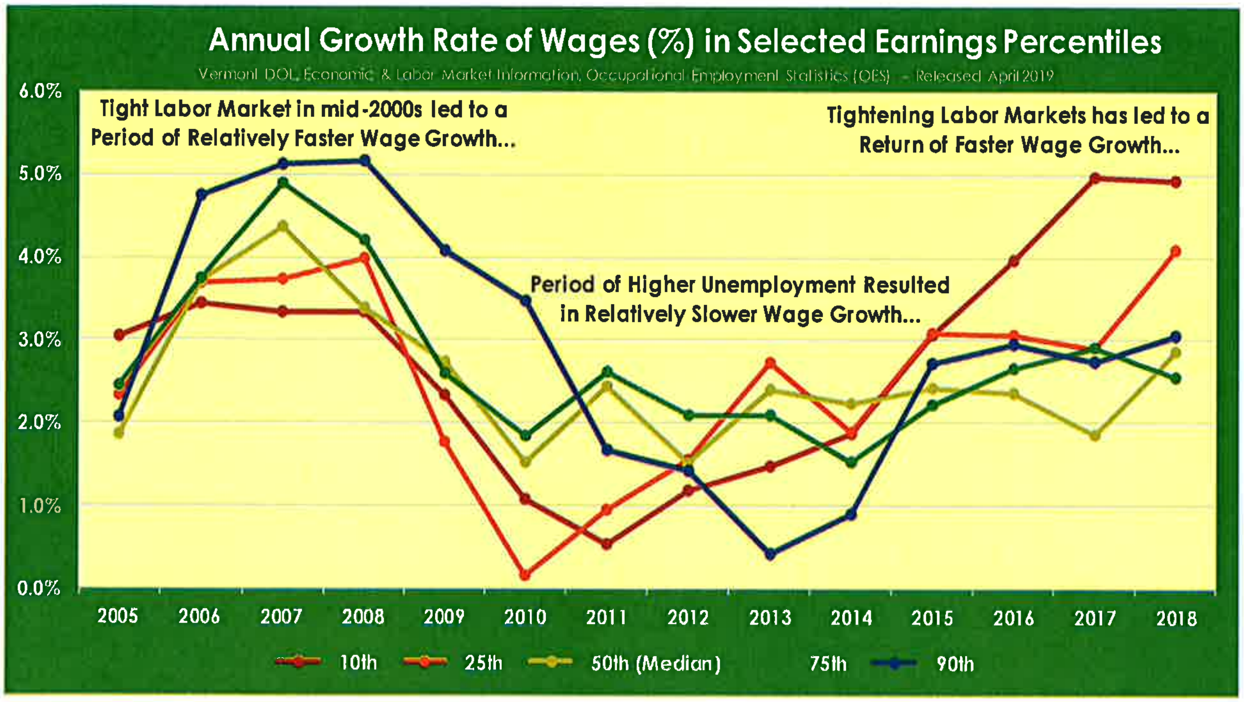
[9] A spike in oil prices at this point in the economic cycle from such tensions would clearly hurt the U.S. and Vermont economies.
[10] Which seeks to push the U.S. aggregate supply curve "out-to-the-right" so to speak.



2. Still generally increasing asset prices (with recent new records in U.S. equity markets—also see below—and strong price increases in U.S. real estate values), and

3. Now, another roughly $1 trillion federal fiscal stimulus from a prospective new, two-year federal spending agreement (according to the Congressional Budget Office scoring of the recently announced Congressional-Administration budget deal) which is likely to start impacting the economy just as the large federal fiscal stimulus associated with the TCJA has begun to fade.

- As is characteristic of periods involving mature business cycle dynamics, the economy is heading into/going through a period where the risks that the economy could devolve into a general economic downturn are increasing.

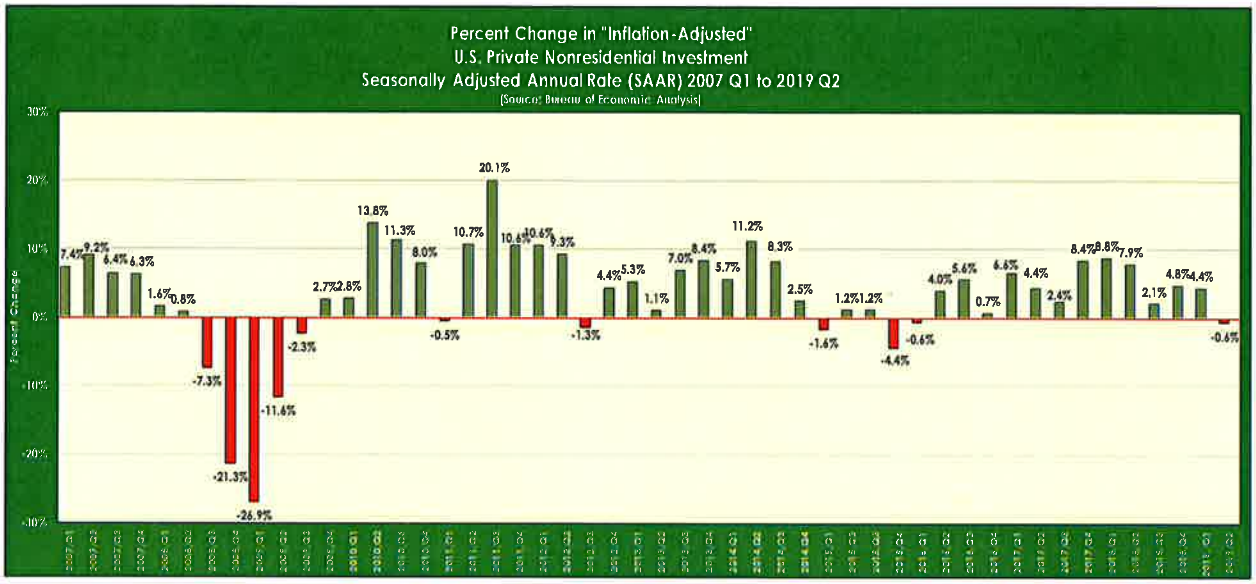
  - Whether or not there are "rational outcomes" to the plethora of matters that could potentially cause problems for and derail the current upturn is subject to considerable uncertainty.

- It is not at all clear that an expansion-sustaining resolution of the current trade tensions; a smooth, non-economically disruptive Brexit, and/or at least a recovery-neutral resolution of the various geopolitical issues which currently threaten the economic outlook actually come to pass. Businesses in particular, as evidenced by the throttling down on investment, appear nervous.

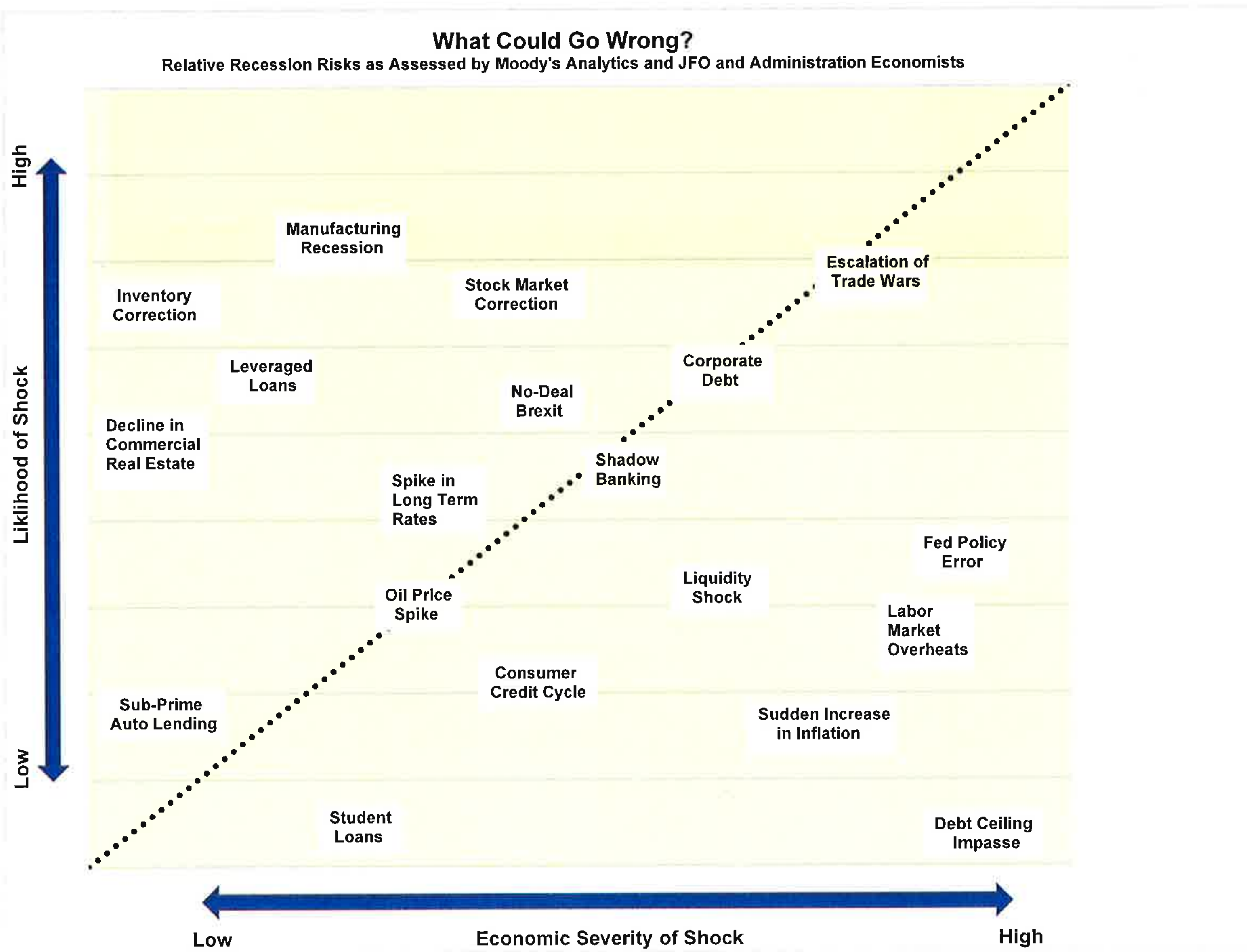
  - Given the still formidable list of matters/developments that could go wrong within the current consensus outlook timeframe, the assumption that all these matters will resolve themselves in an expansion-supporting matter is a significant and unproven one.

  - Since no one has repealed the fundamental principles of the U.S. and global business cycles, expecting everything to go forward without a mistake or mishap among so many global and U.S. players-stakeholders is, in all likelihood, too much to expect.

  - The only real remaining issue therefore is the timing of the next downturn and how severe it might eventually be. That remains entirely a point of speculation.



Percent Change in "Inflation-Adjusted"
U.S. Private Nonresidential Investment
Seasonally Adjusted Annual Rate (SAAR) 2007 Q1 to 2019 Q2
(Source: Bureau of Economic Analysis)
Percent Change
30%
20%
10%
0%
-10%
-20%
-30%
7.4%
9.2%
6.4%
6.3%
1.6%
0.8%
-7.3%
-21.3%
-26.9%
-11.6%
-2.3%
2.7%
2.8%
13.8%
11.3%
8.0%
-0.5%
10.7%
20.1%
10.6%
10.6%
9.3%
-1.3%
4.4%
5.3%
1.1%
7.0%
8.4%
5.7%
11.2%
8.3%
2.5%
-1.6%
1.2%
1.2%
-4.4%
-0.6%
4.0%
5.6%
0.7%
6.6%
4.4%
2.4%
8.4%
8.8%
7.9%
2.1%
4.8%
4.4%
-0.6%


What Could Go Wrong?
Relative Recession Risks as Assessed by Moody's Analytics and JFO and Administration Economists
High
Liklihood of Shock
Low
Manufacturing Recession
Inventory Correction
Stock Market Correction
Escalation of Trade Wars
Leveraged Loans
No-Deal Brexit
Corporate Debt
Decline in Commercial Real Estate
Spike in Long Term Rates
Shadow Banking
Fed Policy Error
Liquidity Shock
Oil Price Spike
Labor Market Overheats
Consumer Credit Cycle
Sub-Prime Auto Lending
Sudden Increase in Inflation
Student Loans
Debt Ceiling Impasse
Low
Economic Severity of Shock
High

❖ Notes and Comments on Methods:

- All figures presented above reflect current law revenues for the respective funds listed in the consensus forecast estimate for fiscal years 2020 through fiscal year 2021 that are part of the official Emergency Board motion. Fiscal year 2022 through 2024 staff recommended consensus forecasts are presented for fiscal planning purposes only.

- 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 Sharon Asay, Mary Cox, Jake Feldman, and Douglas Farnham. Special thanks also is due to Lenny LeBlanc, Christopher Baning, Michael Smith, and Renea Bordeau (all at VTrans). The JFO staff also provided key assistance to this forecast update, including Graham Campbell, Stephanie Barrett, Dan Dickenson, Catherine Benham, Neil Strickner, Theresa Utton-Jerman, Chloe Wexler, Joyce Manchester, and Mark Perrault. 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 the JFO and the staff at Economic & Policy Resources. 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 is 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.

Staff Recommended Consensus Forecast Update Tables

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

SOURCE G-FUND revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$875.4	5.2%	$876.9	0.2%	$893.4	1.9%
Sales & Use[1]	$364.6	3.1%	$370.7	1.7%	$376.7	1.6%	$397.8	5.6%	$412.5	3.7%	$436.2	5.7%	$448.2	2.8%
Corporate	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$134.2	39.3%	$108.4	-19.2%	$95.1	-12.3%
Meals and Rooms	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$182.1	5.1%	$192.6	5.8%	$200.1	3.9%
Liquor	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$21.4	8.1%	$21.6	0.8%	$22.1	2.3%
Insurance	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$56.9	-1.2%	$57.2	0.6%	$57.5	0.5%
Telephone	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.3	-8.8%	$4.0	-7.6%	$3.7	-7.5%
Beverage	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.6	6.9%	$7.6	0.6%	$7.8	2.6%
Electric[2]	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$12.6	-44.9%	$20.9	65.5%	$17.3	-17.2%
Property	$33.6	8.6%	$35.7	6.2%	$38.7	8.4%	$40.9	5.6%	$41.1	0.6%	$45.58	10.9%	$49.16	7.9%
Bank	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.5	-4.6%	$12.53	0.4%	$12.58	0.4%
Other Tax	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.4	32.9%	$1.72	-29.7%	$1.00	-41.9%
Total Tax Revenue	$1496.8	3.6%	$1534.0	2.5%	$1553.7	1.3%	$1667.2	7.3%	$1763.0	5.7%	$1785.2	1.3%	$1807.9	1.3%
Business Licenses	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	-1.0%	$1.19	-0.6%	$1.21	1.2%
Fees	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.0	-0.2%	$46.9	-0.2%	$46.8	-0.2%
Services	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$3.4	16.4%	$3.4	1.3%	$3.5	2.9%
Fines	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	0.6%	$3.6	2.0%	$3.7	1.1%
Interest	$0.3	40.4%	$0.7	130.6%	$1.5	111.5%	$2.8	80.1%	$5.0	79.1%	$5.2	4.2%	$5.5	5.8%
Lottery	$22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$29.5	8.6%	$29.4	-0.2%	$30.2	2.7%
All Other[4]	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$4.6	92.7%	$1.9	-58.3%	$1.5	-21.1%
Total Other Revenue	$52.2	3.0%	$58.9	12.9%	$87.1	47.9%	$87.0	-0.1%	$94.11	8.2%	$91.63	-2.6%	$92.39	0.8%
Healthcare Revenue[5]	$256.2	5.4%	$269.2	5.1%	$276.6	2.8%	$275.6	-0.4%	$276.3	0.2%	$274.4	-0.7%	$277.8	1.2%
TOTAL GENERAL FUND	**$1805.2**	**3.8%**	**$1862.1**	**3.2%**	**$1917.4**	**3.0%**	**$2029.8**	**5.9%**	**$2133.4**	**5.1%**	**$2151.3**	**0.8%**	**$2178.1**	**1.2%**

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

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$875.4	5.2%	$876.9	0.2%	$893.4	1.9%
Sales and Use[1]	$237.0	3.1%	$241.0	1.7%	$244.9	1.6%	$258.6	5.6%	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$134.2	39.3%	$108.4	-19.2%	$95.1	-12.3%
Meals and Rooms	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$136.5	-21.2%	$137.0	0.3%	$138.1	0.8%
Liquor[6]	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$21.4	8.1%	$4.14	-80.7%	$4.2	1.4%
Insurance	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$56.9	-1.2%	$57.2	0.6%	$57.5	0.5%
Telephone	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.3	-8.8%	$4.0	-7.6%	$3.7	-7.5%
Beverage	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.6	6.9%	$7.6	0.6%	$7.8	2.6%
Electric[2]	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate[3]	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$12.6	-44.9%	$20.9	65.5%	$17.3	-17.2%
Property	$10.9	8.7%	$11.5	6.0%	$12.6	9.0%	$12.4	-1.5%	$12.5	0.9%	$13.9	11.6%	$15.1	8.3%
Bank	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.5	-4.6%	$12.5	0.4%	$12.6	0.4%
Other Tax	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.4	32.9%	$1.7	-29.7%	$1.0	-41.9%
Total Tax Revenue	$1346.4	3.5%	$1380.1	2.5%	$1395.7	1.1%	$1499.5	7.4%	$1276.4	-14.9%	$1244.3	-2.5%	$1245.7	0.1%
Business Licenses	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	-1.0%	$1.2	-0.6%	$1.2	1.7%
Fees	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.0	-0.2%	$46.9	-0.2%	$46.8	-0.2%
Services	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$3.4	16.4%	$3.4	1.3%	$3.5	2.9%
Fines	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	0.6%	$3.6	2.0%	$3.7	1.1%
Interest	$0.2	51.9%	$0.6	136.1%	$1.2	108.2%	$2.3	96.1%	$4.3	87.8%	$4.5	4.3%	$4.7	4.4%
All Other[4]	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$4.6	92.7%	$1.9	-58.3%	$1.5	-21.1%
Total Other Revenue	$29.4	4.7%	$32.3	10.1%	$61.2	89.3%	$59.4	-3.0%	$64.0	7.8%	$61.5	-3.8%	$61.4	-0.2%
Healthcare Revenue[5]	$0.0		$0.0		$0.0		$0.0		$0.0		$270.4	NM	$273.7	1.2%
TOTAL GENERAL FUND	**$1375.8**	**3.6%**	**$1412.4**	**2.7%**	**$1457.0**	**3.2%**	**$1558.9**	**7.0%**	**$1340.3**	**-14.0%**	**$1576.2**	**17.6%**	**$1580.8**	**0.3%**

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) Healthcare 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 4 and 4A for details.

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

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change
REVENUE SOURCE														
Gasoline	$77.6	1.5%	$78.0	0.5%	$78.2	0.3%	$78.2	0.0%	$77.8	-0.5%	$78.1	0.4%	$77.9	-0.3%
Diesel****	$19.1	11.5%	$18.3	-4.4%	$18.2	-0.5%	$18.9	3.6%	$18.6	-1.6%	$18.8	1.3%	$19.0	1.1%
Purchase and Use*	$97.3	5.9%	$100.1	2.9%	$103.2	3.1%	$109.4	6.0%	$111.8	2.2%	$115.2	3.0%	$118.3	2.7%
Motor Vehicle Fees	$80.1	1.4%	$82.0	2.3%	$86.2	5.2%	$86.0	-0.3%	$85.4	-0.7%	$86.1	0.8%	$87.1	1.2%
Other Revenue**	$19.7	0.8%	$19.6	-0.5%	$19.9	1.8%	$23.0	15.3%	$24.3	6.0%	$24.8	1.9%	$25.1	1.2%
TOTAL TRANS. FUND	**$293.8**	**3.5%**	**$298.0**	**1.4%**	**$305.8**	**2.6%**	**$315.4**	**3.1%**	**$317.9**	**0.8%**	**$323.0**	**1.6%**	**$327.4**	**1.4%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change
REVENUE SOURCE														
Gasoline	$77.6	1.5%	$78.0	0.5%	$78.2	0.3%	$78.2	0.0%	$77.8	-0.5%	$78.1	0.4%	$77.9	-0.3%
Diesel****	$19.1	11.5%	$18.3	-4.4%	$18.2	-0.5%	$18.9	3.6%	$18.6	-1.6%	$18.8	1.3%	$19.0	1.1%
Purchase and Use*	$64.8	5.9%	$66.8	2.9%	$68.8	3.1%	$73.0	6.0%	$74.5	2.2%	$76.8	3.0%	$78.9	2.7%
Motor Vehicle Fees	$80.1	1.4%	$82.0	2.3%	$86.2	5.2%	$86.0	-0.3%	$85.4	-0.7%	$86.1	0.8%	$87.1	1.2%
Other Revenue**	$19.7	0.8%	$19.6	-0.5%	$19.9	1.8%	$23.0	15.3%	$24.3	6.0%	$24.8	1.9%	$25.1	1.2%
TOTAL TRANS. FUND	**$261.4**	**3.2%**	**$264.6**	**1.2%**	**$271.4**	**2.6%**	**$279.0**	**2.8%**	**$280.7**	**0.6%**	**$284.6**	**1.4%**	**$288.0**	**1.2%**
*OTHER (TIB***)*														
TIB Gasoline	$18.2	-5.2%	$13.0	-28.4%	$12.6	-3.3%	$12.9	2.2%	$14.6	13.1%	$14.6	-0.1%	$15.2	4.5%
TIB Diesel and Other****	$2.1	11.4%	$1.9	-6.1%	$1.7	-11.3%	$2.0	16.1%	$2.1	3.7%	$2.0	-1.3%	$2.1	1.5%
TOTAL OTHER (TIB)	**$20.2**	**-3.8%**	**$15.0**	**-26.1%**	**$14.5**	**-2.9%**	**$14.9**	**2.4%**	**$16.6**	**11.9%**	**$16.6**	**-0.2%**	**$17.3**	**4.2%**

* As of FY04, includes Motor Vehicle Rental tax revenue.

** 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.

*** Transportation Infrastructure Bond revenues

**** 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 2019

CURRENT LAW BASIS *Source General and Transportation Fund taxes allocated to or associated with the Education Fund only*	FY 2015 *(Actual)*	% Change	FY 2016 *(Actual)*	% Change	FY 2017 *(Actual)*	% Change	FY 2018 *(Actual)*	% Change	FY 2019 *(Preliminary)*	% Change	FY2020 *(Forecast)*	% Change	FY2021 *(Forecast)*	% Change
GENERAL FUND														
Meals and Rooms	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$45.5	NM	$48.2	5.8%	$50.0	3.9%
Sales & Use[2]	127.6	3.1%	$129.8	1.7%	$131.8	1.6%	$139.2	5.6%	$412.5	196.3%	$436.2	5.7%	$448.2	2.8%
Interest	0.1	3.6%	$0.2	135.7%	$0.4	122.7%	$0.5	30.3%	$0.7	38.1%	$0.7	3.5%	$0.8	14.3%
Lottery	22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$29.5	8.6%	$29.4	-0.2%	$30.2	2.7%
TRANSPORTATION FUND														
Purchase and Use[3]	32.4	5.9%	$33.4	2.9%	$34.4	3.1%	$36.5	6.0%	$37.3	2.2%	$38.4	3.0%	$39.433	2.7%
TOTAL EDUCATION FUND	**182.9**	**3.3%**	**$189.7**	**3.7%**	**$192.2**	**1.3%**	**$203.3**	**5.8%**	**$525.4**	**158.4%**	**$552.8**	**5.2%**	**$568.7**	**2.9%**

1) Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
2) Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F19.
3) Includes Motor Vehicle Rental revenues, restated

TABLE 4A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

SOURCE HEALTHCARE[1] *revenues are prior to all allocations and other out-transfers; used for analytic and comparative purposes only*	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	$76.8	6.7%	$80.7	5.2%	$76.7	-5.0%	$71.1	-7.3%	$68.4	-3.7%	$66.9	-2.2%	$65.6	-2.0%
Claims Assessment	$17.5	6.8%	$17.2	-1.5%	$17.7	2.9%	$19.8	12.1%	$19.6	-1.3%	$20.0	2.2%	$20.4	2.2%
Employer Assessment	$15.9	22.2%	$17.9	12.7%	$19.2	7.1%	$19.8	3.6%	$19.8	-0.5%	$20.0	1.2%	$20.4	2.0%
Hospital Provider Tax	$125.3	4.3%	$131.7	5.1%	$137.3	4.2%	$143.5	4.5%	$146.3	2.0%	$146.0	-0.2%	$149.6	2.5%
Nursing Home Provide Tax	$15.6	-2.5%	$15.7	0.5%	$15.0	-4.3%	$14.8	-1.0%	$14.8	-0.3%	$14.7	-0.8%	$14.7	0.0%
Home Health Provider Tax	$4.4	6.8%	$4.5	2.6%	$5.5	21.8%	$4.7	-14.0%	$4.8	2.2%	$5.3	10.3%	$5.5	2.9%
All other HC revenues	$0.8	-46.9%	$1.5	70.8%	$5.3	263.8%	$1.8	-65.5%	$2.6	41.7%	$1.6	-38.5%	$1.6	1.1%
TOTAL HEALTHCARE	**$256.2**	**5.4%**	**$269.2**	**5.1%**	**$276.6**	**2.8%**	**$275.6**	**-0.4%**	**$276.3**	**0.2%**	**$274.4**	**-0.7%**	**$277.8**	**1.2%**

TABLE 4 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	$77.6	7.9%	$80.7	4.0%	$76.7	-5.0%	$71.1	-7.3%	$68.4	-3.7%	$66.9	-2.2%	$65.6	-2.0%
Claims Assessment	$14.0	6.9%	$13.8	-1.5%	$14.1	2.1%	$15.9	13.2%	$15.6	-1.7%	$16.0	2.2%	$16.3	2.2%
Employer Assessment	$15.9	22.2%	$17.9	12.7%	$19.2	7.1%	$19.8	3.6%	$19.8	-0.5%	$20.0	1.2%	$20.4	2.0%
Hospital Provider Tax	$125.3	4.3%	$131.7	5.1%	$137.3	4.2%	$143.5	4.5%	$146.3	2.0%	$146.0	-0.2%	$149.6	2.5%
Nursing Home Provide Tax	$15.6	-2.5%	$15.7	0.5%	$15.0	-4.3%	$14.8	-1.0%	$14.8	-0.3%	$14.7	-0.8%	$14.7	0.0%
Home Health Provider Tax	$4.4	6.8%	$4.5	2.6%	$5.5	21.8%	$4.7	-14.0%	$4.8	2.2%	$5.3	10.3%	$5.5	2.9%
All other HC revenues	$0.8	-46.9%	$1.5	70.8%	$5.3	263.8%	$1.8	-65.5%	$2.6	41.7%	$1.6	-38.5%	$1.6	1.1%
TOTAL HEALTHCARE	**$253.6**	**5.8%**	**$265.7**	**4.8%**	**$272.9**	**2.7%**	**$271.7**	**-0.5%**	**$272.3**	**0.2%**	**$270.4**	**-0.7%**	**$273.7**	**1.2%**

1) Healthcare 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 4 and 4A for details.

Five Year Forecast Update Tables

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

SOURCE G-FUND
revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only

	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change
REVENUE SOURCE																				
Personal Income	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$875.4	5.2%	$876.9	0.2%	$893.4	1.9%	$913.7	2.3%	$936.3	2.5%	$961.8	2.7%
Sales & Use[1]	$364.6	3.1%	$370.7	1.7%	$376.7	1.6%	$397.8	5.6%	$412.5	3.7%	$436.2	5.7%	$448.2	2.8%	$460.3	2.7%	$472.0	2.5%	$483.6	2.4%
Corporate	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$134.2	39.3%	$108.4	-19.2%	$95.1	-12.3%	$89.9	-5.5%	$95.3	6.0%	$101.0	5.9%
Meals and Rooms	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$182.1	5.1%	$192.6	5.8%	$200.1	3.9%	$207.8	3.8%	$215.6	3.8%	$223.6	3.7%
Liquor	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$21.4	8.1%	$21.6	0.8%	$22.1	2.3%	$22.6	2.3%	$23.1	2.2%	$23.6	2.2%
Insurance	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$56.9	-1.2%	$57.2	0.6%	$57.5	0.5%	$57.8	0.5%	$58.2	0.7%	$58.6	0.7%
Telephone	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.3	-8.8%	$4.0	-7.6%	$3.7	-7.5%	$3.4	-8.1%	$3.1	-8.8%	$2.8	-9.7%
Beverage	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.6	6.9%	$7.6	0.6%	$7.8	2.6%	$8.0	2.6%	$8.2	2.5%	$8.4	2.4%
Electric[2]	$9.4	-28.2%	$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
Estate	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$12.6	-44.9%	$20.9	65.5%	$17.3	-17.2%	$15.1	-12.7%	$15.6	3.3%	$16.1	3.2%
Property	$33.6	8.6%	$35.7	6.2%	$38.7	8.4%	$40.9	5.6%	$41.1	0.6%	$45.58	10.9%	$49.16	7.9%	$51.90	5.6%	$53.93	3.9%	$55.85	3.6%
Bank	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.5	-4.6%	$12.53	0.4%	$12.58	0.4%	$12.64	0.5%	$12.72	0.6%	$12.79	0.6%
Other Tax	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.4	32.9%	$1.72	-29.7%	$1.00	-41.9%	$1.03	3.0%	$1.06	2.9%	$1.10	3.8%
Total Tax Revenue	$1496.8	3.6%	$1534.0	2.5%	$1553.7	1.3%	$1667.2	7.3%	$1763.0	5.7%	$1785.2	1.3%	$1807.9	1.3%	$1844.2	2.0%	$1895.1	2.8%	$1949.2	2.9%
Business Licenses	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	-1.0%	$1.19	-0.6%	$1.21	1.2%	$1.23	1.7%	$1.25	1.6%	$1.27	1.6%
Fees	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.0	-0.2%	$46.9	-0.2%	$46.8	-0.2%	$46.8	0.0%	$46.9	0.2%	$47.0	0.2%
Services	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$3.4	16.4%	$3.4	1.3%	$3.5	2.9%	$3.6	2.9%	$3.7	2.8%	$3.8	2.7%
Fines	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	0.6%	$3.6	2.0%	$3.7	1.1%	$3.7	1.6%	$3.8	1.9%	$3.9	2.1%
Interest	$0.3	40.4%	$0.7	130.6%	$1.5	111.5%	$2.8	80.1%	$5.0	79.1%	$5.2	4.2%	$5.5	5.8%	$5.8	5.5%	$6.0	3.4%	$6.2	3.3%
Lottery	$22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$29.5	8.6%	$29.4	-0.2%	$30.2	2.7%	$31.0	2.6%	$31.8	2.6%	$32.6	2.5%
All Other[3]	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$4.6	92.7%	$1.9	-58.3%	$1.5	-21.1%	$1.6	6.7%	$1.7	6.3%	$1.8	5.9%
Total Other Revenue	$52.2	3.0%	$58.9	12.9%	$87.1	47.9%	$87.0	-0.1%	$94.11	8.2%	$91.63	-2.6%	$92.39	0.8%	$93.77	1.5%	$95.16	1.5%	$96.56	1.5%
Healthcare Revenue[4]	$256.2	5.4%	$269.2	5.1%	$276.6	2.8%	$275.6	-0.4%	$276.3	0.2%	$274.4	-0.7%	$277.8	1.2%	$280.9	1.1%	$283.9	1.1%	$287.1	1.1%
TOTAL GENERAL FUND	**$1805.2**	**3.8%**	**$1862.1**	**3.2%**	**$1917.4**	**3.0%**	**$2029.8**	**5.9%**	**$2133.4**	**5.1%**	**$2151.3**	**0.8%**	**$2178.1**	**1.2%**	**$2218.9**	**1.9%**	**$2274.2**	**2.5%**	**$2332.9**	**2.6%**

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.

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change
REVENUE SOURCE																				
Personal Income	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$875.4	5.2%	$876.9	0.2%	$893.4	1.9%	$913.7	2.3%	$936.3	2.5%	$961.8	2.7%
Sales and Use[1]	$237.0	3.1%	$241.0	1.7%	$244.9	1.6%	$258.6	5.6%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$134.2	39.3%	$108.4	-19.2%	$95.1	-12.3%	$89.9	-5.5%	$95.3	6.0%	$101.0	5.9%
Meals and Rooms	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$136.5	-21.2%	$137.0	0.3%	$138.1	0.8%	$143.4	3.8%	$148.8	3.8%	$154.3	3.7%
Liquor[6]	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$21.4	8.1%	$4.14	-80.7%	$4.2	1.4%	$4.3	2.4%	$4.4	2.3%	$4.5	2.3%
Insurance	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$56.9	-1.2%	$57.2	0.6%	$57.5	0.5%	$57.8	0.5%	$58.2	0.7%	$58.6	0.7%
Telephone	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.3	-8.8%	$4.0	-7.6%	$3.7	-7.5%	$3.4	-8.1%	$3.1	-8.8%	$2.8	-9.7%
Beverage	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.6	6.9%	$7.6	0.6%	$7.8	2.6%	$8.0	2.6%	$8.2	2.5%	$8.4	2.4%
Electric[2]	$9.4	-28.2%	$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
Estate[3]	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$12.6	-44.9%	$20.9	65.5%	$17.3	-17.2%	$15.1	-12.7%	$15.6	3.3%	$16.1	3.2%
Property	$10.9	8.7%	$11.5	6.0%	$12.6	9.0%	$12.4	-1.5%	$12.5	0.9%	$13.9	11.6%	$15.1	8.3%	$16.0	5.9%	$16.6	4.1%	$17.3	3.7%
Bank	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.5	-4.6%	$12.5	0.4%	$12.6	0.4%	$12.6	0.5%	$12.7	0.6%	$12.8	0.6%
Other Tax	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.4	32.9%	$1.7	-29.7%	$1.0	-41.9%	$1.0	3.0%	$1.1	2.9%	$1.1	3.8%
Total Tax Revenue	$1346.4	3.5%	$1380.1	2.5%	$1395.7	1.1%	$1499.5	7.4%	$1276.4	-14.9%	$1244.3	-2.5%	$1245.7	0.1%	$1265.2	1.6%	$1300.3	2.8%	$1338.6	2.9%
Business Licenses	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	-1.0%	$1.2	-0.6%	$1.2	1.7%	$1.2	1.7%	$1.3	1.6%	$1.3	1.6%
Fees	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.0	-0.2%	$46.9	-0.2%	$46.8	-0.2%	$46.8	0.0%	$46.9	0.2%	$47.0	0.2%
Services	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$3.4	16.4%	$3.4	1.3%	$3.5	2.9%	$3.6	2.9%	$3.7	2.8%	$3.8	2.7%
Fines	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	0.6%	$3.6	2.0%	$3.7	1.1%	$3.7	1.6%	$3.8	1.9%	$3.9	2.1%
Interest	$0.2	51.9%	$0.6	136.1%	$1.2	108.2%	$2.3	96.1%	$4.3	87.8%	$4.5	4.3%	$4.7	4.4%	$4.9	4.3%	$5.0	2.0%	$5.1	2.0%
All Other[4]	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$4.6	92.7%	$1.9	-58.3%	$1.5	-21.1%	$1.6	6.7%	$1.7	6.3%	$1.8	5.9%
Total Other Revenue	$29.4	4.7%	$32.3	10.1%	$61.2	89.3%	$59.4	-3.0%	$64.0	7.8%	$61.5	-3.8%	$61.4	-0.2%	$61.9	0.8%	$62.4	0.8%	$62.9	0.8%
Healthcare Revenue[5]	$0.0		$0.0		$0.0		$0.0		$272.3	NM	$270.4	-0.7%	$273.7	1.2%	$276.7	1.1%	$279.6	1.1%	$282.8	1.1%
TOTAL GENERAL FUND	**$1375.8**	**3.6%**	**$1412.4**	**2.7%**	**$1457.0**	**3.2%**	**$1558.9**	**7.0%**	**$1612.7**	**3.5%**	**$1576.2**	**-2.3%**	**$1580.8**	**0.3%**	**$1603.8**	**1.5%**	**$1642.3**	**2.4%**	**$1684.2**	**2.6%**

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) Healthcare 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 2019

SOURCE HEALTHCARE[1] *revenues are prior to all allocations and other out-transfers; used for analytic and comparative purposes only*	FY 2015 *(Actual)*	% Change	FY 2016 *(Actual)*	% Change	FY 2017 *(Actual)*	% Change	FY 2018 *(Actual)*	% Change	FY 2019 *(Preliminary)*	% Change	FY2020 *(Forecast)*	% Change	FY2021 *(Forecast)*	% Change	FY2022 *(Forecast)*	% Change	FY2023 *(Forecast)*	% Change	FY2024 *(Forecast)*	% Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	$76.8	6.7%	$80.7	5.2%	$76.7	-5.0%	$71.1	-7.3%	$68.4	-3.7%	$66.9	-2.2%	$65.6	-2.0%	$63.9	-2.6%	$62.2	-2.7%	$60.4	-2.8%
Claims Assessment	$17.5	6.8%	$17.2	-1.5%	$17.7	2.9%	$19.8	12.1%	$19.6	-1.3%	$20.0	2.2%	$20.4	2.2%	$20.9	2.2%	$21.3	2.2%	$21.8	2.2%
Employer Assessment	$15.9	22.2%	$17.9	12.7%	$19.2	7.1%	$19.8	3.6%	$19.8	-0.5%	$20.0	1.2%	$20.4	2.0%	$20.8	2.0%	$21.2	2.0%	$21.6	2.0%
Hospital Provider Tax	$125.3	4.3%	$131.7	5.1%	$137.3	4.2%	$143.5	4.5%	$146.3	2.0%	$146.0	-0.2%	$149.6	2.5%	$153.4	2.5%	$157.2	2.5%	$161.1	2.5%
Nursing Home Provide Tax	$15.6	-2.5%	$15.7	0.5%	$15.0	-4.3%	$14.8	-1.0%	$14.8	-0.3%	$14.7	-0.8%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%
Home Health Provider Tax	$4.4	6.8%	$4.5	2.6%	$5.5	21.8%	$4.7	-14.0%	$4.8	2.2%	$5.3	10.3%	$5.5	2.9%	$5.7	3.7%	$5.7	0.9%	$5.8	1.8%
All other HC revenues	$0.8	-46.9%	$1.5	70.8%	$5.3	263.8%	$1.8	-65.5%	$2.6	41.7%	$1.6	-38.5%	$1.6	1.1%	$1.6	0.9%	$1.6	0.0%	$1.6	0.9%
TOTAL HEALTHCARE	**$256.2**	**5.4%**	**$269.2**	**5.1%**	**$276.6**	**2.8%**	**$275.6**	**-0.4%**	**$276.3**	**0.2%**	**$274.4**	**-0.7%**	**$277.8**	**1.2%**	**$280.9**	**1.1%**	**$283.9**	**1.1%**	**$287.1**	**1.1%**

TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2015 *(Actual)*	% Change	FY 2016 *(Actual)*	% Change	FY 2017 *(Actual)*	% Change	FY 2018 *(Actual)*	% Change	FY 2019 *(Preliminary)*	% Change	FY2020 *(Forecast)*	% Change	FY2021 *(Forecast)*	% Change	FY2022 *(Forecast)*	% Change	FY2023 *(Forecast)*	% Change	FY2024 *(Forecast)*	% Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	$77.6	7.9%	$80.7	4.0%	$76.7	-5.0%	$71.1	-7.3%	$68.4	-3.7%	$66.9	-2.2%	$65.6	-2.0%	$63.9	-2.6%	$62.2	-2.7%	$60.4	-2.8%
Claims Assessment	$14.0	6.9%	$13.8	-1.5%	$14.1	2.1%	$15.9	13.2%	$15.6	-1.7%	$16.0	2.2%	$16.3	2.2%	$16.7	2.2%	$17.1	2.2%	$17.4	2.2%
Employer Assessment	$15.9	22.2%	$17.9	12.7%	$19.2	7.1%	$19.8	3.6%	$19.8	-0.5%	$20.0	1.2%	$20.4	2.0%	$20.8	2.0%	$21.2	2.0%	$21.6	2.0%
Hospital Provider Tax	$125.3	4.3%	$131.7	5.1%	$137.3	4.2%	$143.5	4.5%	$146.3	2.0%	$146.0	-0.2%	$149.6	2.5%	$153.4	2.5%	$157.2	2.5%	$161.1	2.5%
Nursing Home Provide Tax	$15.6	-2.5%	$15.7	0.5%	$15.0	-4.3%	$14.8	-1.0%	$14.8	-0.3%	$14.7	-0.8%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%	$14.7	0.0%
Home Health Provider Tax	$4.4	6.8%	$4.5	2.6%	$5.5	21.8%	$4.7	-14.0%	$4.8	2.2%	$5.3	10.3%	$5.5	2.9%	$5.7	3.7%	$5.7	0.9%	$5.8	1.8%
All other HC revenues	$0.8	-46.9%	$1.5	70.8%	$5.3	263.8%	$1.8	-65.5%	$2.6	41.7%	$1.6	-38.5%	$1.6	1.1%	$1.6	0.9%	$1.6	0.0%	$1.6	0.9%
TOTAL HEALTHCARE	**$253.6**	**5.8%**	**$265.7**	**4.8%**	**$272.9**	**2.7%**	**$271.7**	**-0.5%**	**$272.3**	**0.2%**	**$270.4**	**-0.7%**	**$273.7**	**1.2%**	**$276.7**	**1.1%**	**$279.6**	**1.1%**	**$282.8**	**1.1%**

1) Healthcare 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 2019

SOURCE T-FUND revenues are prior to all E-Fund allocations and other out transfers; used for analytic and comparative purposes only	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change
REVENUE SOURCE																				
Gasoline	$77.6	1.5%	$78.0	0.5%	$78.2	0.3%	$78.2	0.0%	$77.8	-0.5%	$78.1	0.4%	$77.9	-0.3%	$77.8	-0.1%	$77.5	-0.4%	$77.3	-0.3%
Diesel****	$19.1	11.5%	$18.3	-4.4%	$18.2	-0.5%	$18.9	3.6%	$18.6	-1.6%	$18.8	1.3%	$19.0	1.1%	$19.2	1.1%	$19.4	1.0%	$19.6	1.0%
Purchase and Use*	$97.3	5.9%	$100.1	2.9%	$103.2	3.1%	$109.4	6.0%	$111.8	2.2%	$115.2	3.0%	$118.3	2.7%	$121.5	2.7%	$124.7	2.6%	$127.8	2.5%
Motor Vehicle Fees	$80.1	1.4%	$82.0	2.3%	$86.2	5.2%	$86.0	-0.3%	$85.4	-0.7%	$86.1	0.8%	$87.1	1.2%	$88.3	1.4%	$89.4	1.2%	$90.3	1.0%
Other Revenue**	$19.7	0.8%	$19.6	-0.5%	$19.9	1.8%	$23.0	15.3%	$24.3	6.0%	$24.8	1.9%	$25.1	1.2%	$25.4	1.2%	$25.8	1.6%	$26.2	1.6%
TOTAL TRANS. FUND	**$293.8**	**3.5%**	**$298.0**	**1.4%**	**$305.8**	**2.6%**	**$315.4**	**3.1%**	**$317.9**	**0.8%**	**$323.0**	**1.6%**	**$327.4**	**1.4%**	**$332.2**	**1.5%**	**$336.8**	**1.4%**	**$341.2**	**1.3%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2019

CURRENT LAW BASIS including all Education Fund allocations and other out transfers	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change
REVENUE SOURCE																				
Gasoline	$77.6	1.5%	$78.0	0.5%	$78.2	0.3%	$78.2	0.0%	$77.8	-0.5%	$78.1	0.4%	$77.9	-0.3%	$77.8	-0.1%	$77.5	-0.4%	$77.3	-0.3%
Diesel	$19.1	11.5%	$18.3	-4.4%	$18.2	-0.5%	$18.9	3.6%	$18.6	-1.6%	$18.8	1.3%	$19.0	1.1%	$19.2	1.1%	$19.4	1.0%	$19.6	1.0%
Purchase and Use[1]	$64.8	5.9%	$66.8	2.9%	$68.8	3.1%	$73.0	6.0%	$74.5	2.2%	$76.8	3.0%	$78.9	2.7%	$81.0	2.7%	$83.1	2.6%	$85.2	2.5%
Motor Vehicle Fees	$80.1	1.4%	$82.0	2.3%	$86.2	5.2%	$86.0	-0.3%	$85.4	-0.7%	$86.1	0.8%	$87.1	1.2%	$88.3	1.4%	$89.4	1.2%	$90.3	1.0%
Other Revenue[2]	$19.7	0.8%	$19.6	-0.5%	$19.9	1.8%	$23.0	15.3%	$24.3	6.0%	$24.8	1.9%	$25.1	1.2%	$25.4	1.2%	$25.8	1.6%	$26.2	1.6%
TOTAL TRANS. FUND	**$261.4**	**3.2%**	**$264.6**	**1.2%**	**$271.4**	**2.6%**	**$279.0**	**2.8%**	**$280.7**	**0.6%**	**$284.6**	**1.4%**	**$288.0**	**1.2%**	**$291.7**	**1.3%**	**$295.2**	**1.2%**	**$298.6**	**1.1%**
OTHER (TIB[3])																				
TIB Gasoline	$18.2	-5.2%	$13.0	-28.4%	$12.6	-3.3%	$12.9	2.2%	$14.6	13.1%	$14.6	-0.1%	$15.2	4.5%	$15.9	4.3%	$16.6	4.3%	$17.3	4.2%
TIB Diesel and Other[4]	$2.1	11.4%	$1.9	-6.1%	$1.7	-11.3%	$2.0	16.1%	$2.1	3.7%	$2.0	-1.3%	$2.1	1.5%	$2.1	1.0%	$2.1	1.0%	$2.1	1.0%
TOTAL OTHER (TIB)	**$20.2**	**-3.8%**	**$15.0**	**-26.1%**	**$14.5**	**-2.9%**	**$14.9**	**2.4%**	**$16.6**	**11.9%**	**$16.6**	**-0.2%**	**$17.3**	**4.2%**	**$18.0**	**3.9%**	**$18.7**	**4.0%**	**$19.4**	**3.9%**

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

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

(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2019

CURRENT LAW BASIS *Source General and Transportation Fund taxes allocated to or associated with the Education Fund only*	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Actual)	% Change	FY 2019 (Preliminary)	% Change
GENERAL FUND										
Meals and Rooms	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$45.5	NM
Sales & Use[2]	127.6	3.1%	$129.8	1.7%	$131.8	1.6%	$139.2	5.6%	$412.5	186.3%
Interest	0.1	3.6%	$0.2	135.7%	$0.4	122.7%	$0.5	30.3%	$0.7	38.1%
Lottery	22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$29.5	8.6%
TRANSPORTATION FUND										
Purchase and Use[3]	32.4	5.9%	$33.4	2.9%	$34.4	3.1%	$36.5	6.0%	$37.3	2.2%
TOTAL EDUCATION FUND	182.9	3.3%	$189.7	3.7%	$192.2	1.3%	$203.3	5.8%	$525.4	158.4%

CURRENT LAW BASIS *Source General and Transportation Fund taxes allocated to or associated with the Education Fund only*	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change	FY2024 (Forecast)	% Change
GENERAL FUND										
Meals and Rooms	$48.2	5.8%	$50.0	3.9%	$52.0	3.8%	$53.9	3.8%	$55.9	3.7%
Sales & Use[2]	$436.2	5.7%	$448.2	2.8%	$460.3	2.7%	$472.0	2.5%	$483.6	2.4%
Interest	$0.7	3.5%	$0.8	14.3%	$0.9	12.5%	$1.0	11.1%	$1.1	10.0%
Lottery	$29.4	-0.2%	$30.2	2.7%	$31.0	2.6%	$31.8	2.6%	$32.6	2.5%
TRANSPORTATION FUND										
Purchase and Use[3]	$38.4	3.0%	$39.433	2.7%	$40.5	2.7%	$41.567	2.6%	$42.6	2.5%
TOTAL EDUCATION FUND	$552.8	5.2%	$568.7	2.9%	$584.7	2.8%	$600.3	2.7%	$615.8	2.6%

1) Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
2) Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F19.
3) Includes Motor Vehicle Rental revenues, restated