

Vermont's Revenue Outlook

An Overview of the January 2024 Consensus Revenue Forecast

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Joint Fiscal Office

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JFO

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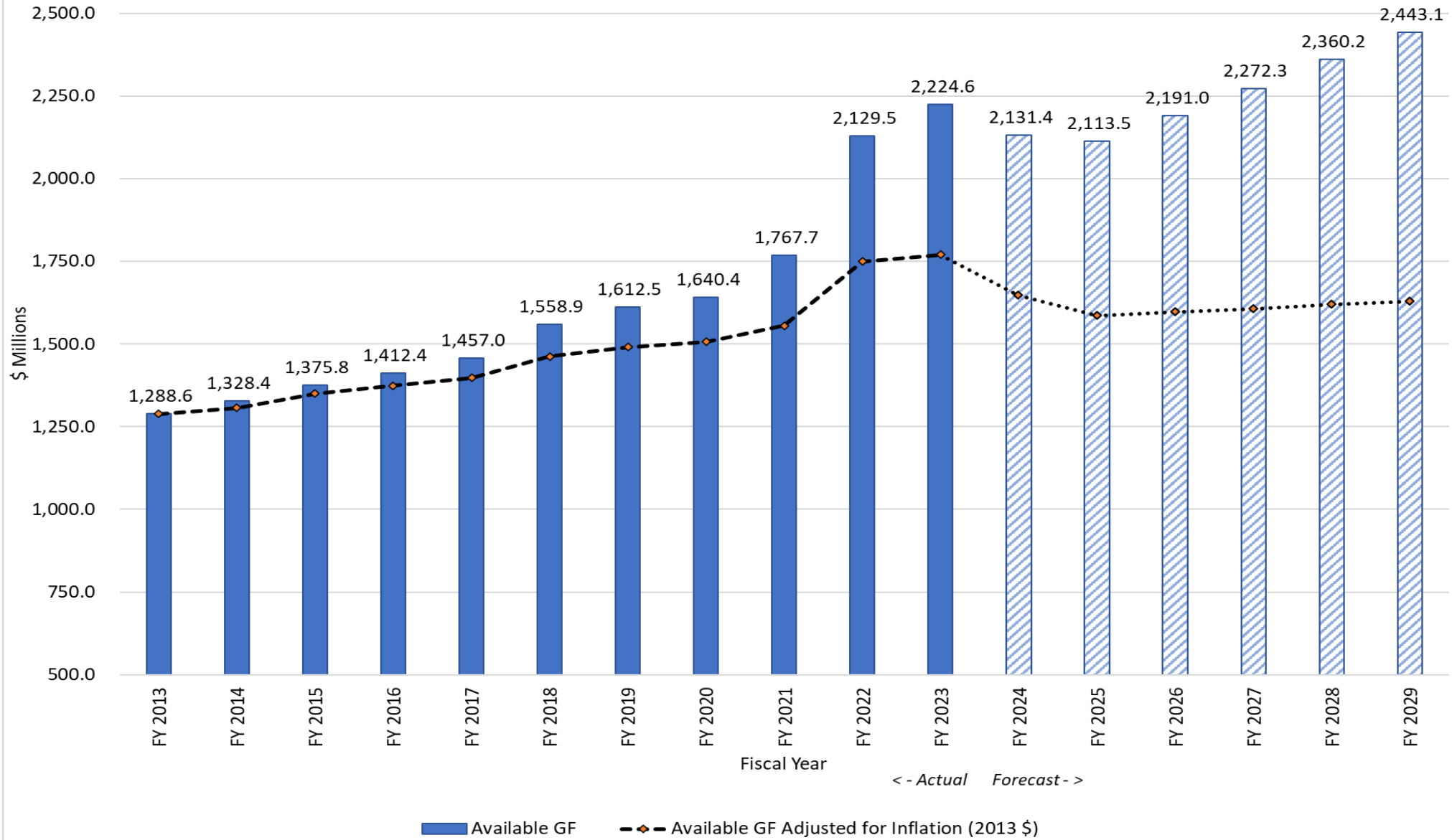
- Vermont’s tax revenues are expected to return to modest rates of growth in the years ahead (in nominal dollars).
- When adjusting for inflation:
 - General Fund is expected to decline noticeably to FY 2025 for the 2nd year in a row and grow very slowly after that.
 - Transportation Fund is expected to decline in future years.
 - Education Fund non-property revenues are expected to decline slightly and then flatten.
- General Fund (when adjusting for inflation) is not expected to return to FY 2023 “highs” during the forecast period.

Year-Over-Year Rates of Available Revenue Growth												
\$ millions	General Fund				Transportation Fund				Education Fund (non-property)			
	Nominal Dollars		Adjusted for Inflation (2013)		Nominal Dollars		Adjusted for Inflation (2013)		Nominal Dollars		Adjusted for Inflation (2013)	
FY 2014	\$ 39.8	3.1%	\$ 18.2	1.4%	\$ 25.2	11.0%	\$ 21.1	9.2%	\$ 10.5	6.3%	\$ 7.6	4.6%
FY 2015	47.4	3.6%	43.0	3.3%	8.0	3.2%	7.2	2.9%	5.9	3.3%	5.3	3.1%
FY 2016	36.6	2.7%	24.5	1.8%	3.2	1.2%	1.0	0.4%	6.8	3.7%	5.1	2.9%
FY 2017	44.6	3.2%	22.9	1.7%	6.8	2.6%	2.8	1.1%	2.5	1.3%	(0.3)	-0.1%
FY 2018	101.9	7.0%	64.6	4.6%	7.6	2.8%	1.4	0.5%	11.1	5.8%	6.3	3.4%
FY 2019	53.6	3.4%	29.2	2.0%	1.9	0.7%	(1.9)	-0.7%	322.1	158.4%	295.2	154.8%
FY 2020	27.9	1.7%	15.2	1.0%	(16.8)	-6.0%	(17.2)	-6.6%	10.8	2.1%	6.5	1.3%
FY 2021	127.3	7.8%	48.9	3.2%	18.6	7.0%	6.2	2.6%	84.7	15.8%	53.9	10.9%
FY 2022	361.8	20.5%	193.8	12.5%	5.1	1.8%	(12.3)	-5.0%	55.3	8.9%	9.1	1.7%
FY 2023	95.1	4.5%	21.5	1.2%	7.3	2.5%	(1.5)	-0.6%	52.6	7.8%	24.6	4.4%
FY 2024	(93.2)	-4.2%	(123.6)	-7.0%	4.3	1.5%	(3.5)	-1.5%	17.1	2.3%	(3.7)	-0.6%
FY 2025	(17.9)	-0.8%	(61.4)	-3.7%	16.3	5.4%	5.5	2.4%	12.9	1.7%	(7.1)	-1.2%
FY 2026	77.5	3.7%	10.3	0.6%	4.1	1.3%	(3.9)	-1.7%	19.8	2.6%	(2.2)	-0.4%
FY 2027	81.3	3.7%	11.0	0.7%	5.1	1.6%	(3.2)	-1.4%	23.3	3.0%	(0.0)	0.0%
FY 2028	87.9	3.9%	13.5	0.8%	5.3	1.6%	(3.1)	-1.3%	25.8	3.2%	1.2	0.2%
FY 2029	82.9	3.5%	8.1	0.5%	3.9	1.2%	(4.0)	-1.8%	24.7	3.0%	(0.1)	0.0%

Values prior to FY 2024 are actuals, and values after FY 2024 are forecasted based on the January 2024 forecast. Inflation adjustments reflected in 2013 \$ based on the Personal Consumption Expenditures index and a 3% annual assumption for FY 2024 and beyond.



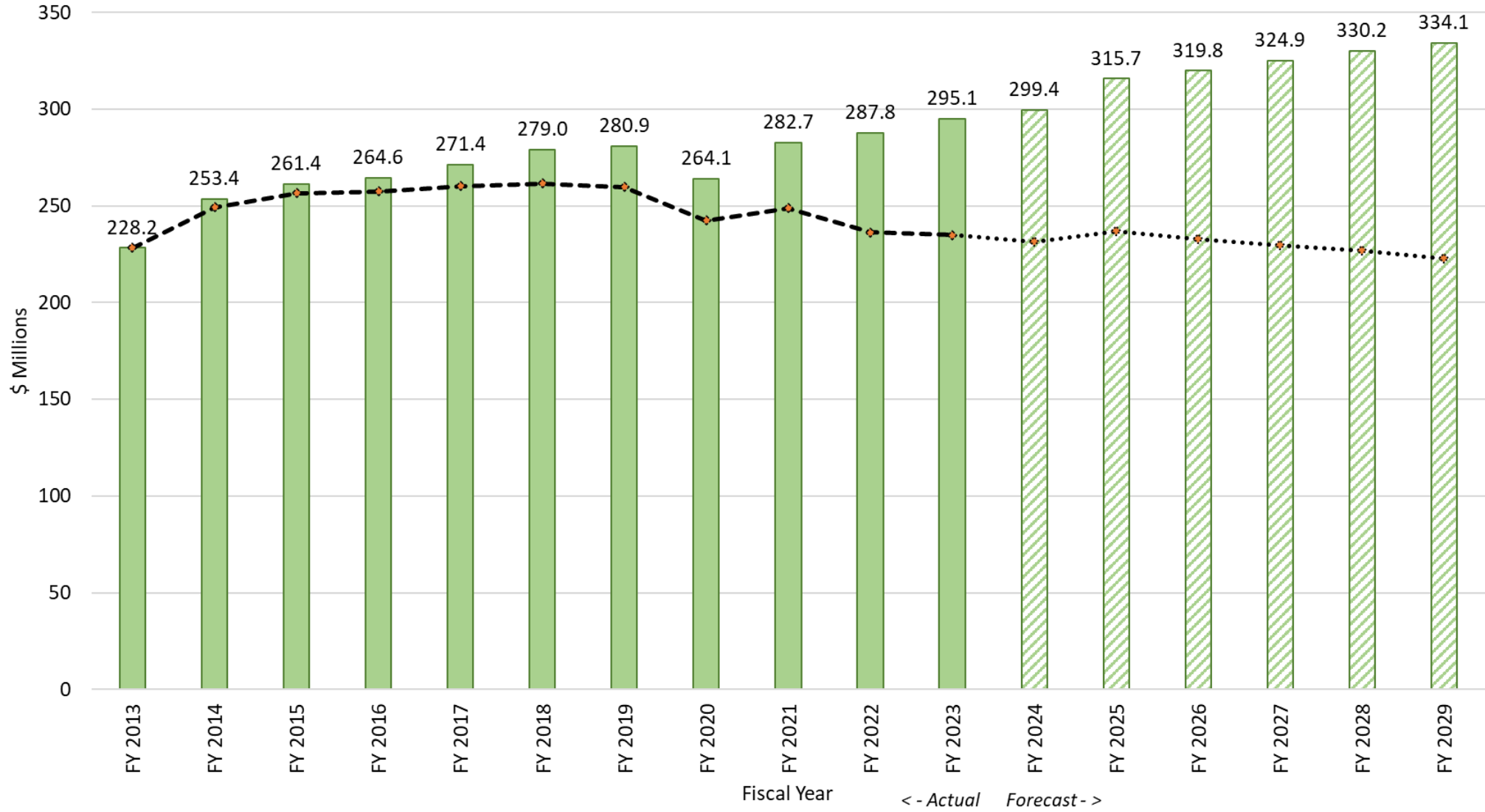
General Fund Available Revenues - January 2024 Forecast



Data from consensus revenue forecasts. Inflation measured by the Personal Consumption Expenditures index and applies a 3% annual assumption to years after FY 2023.



Transportation Fund Available Revenues - January 2024 Forecast



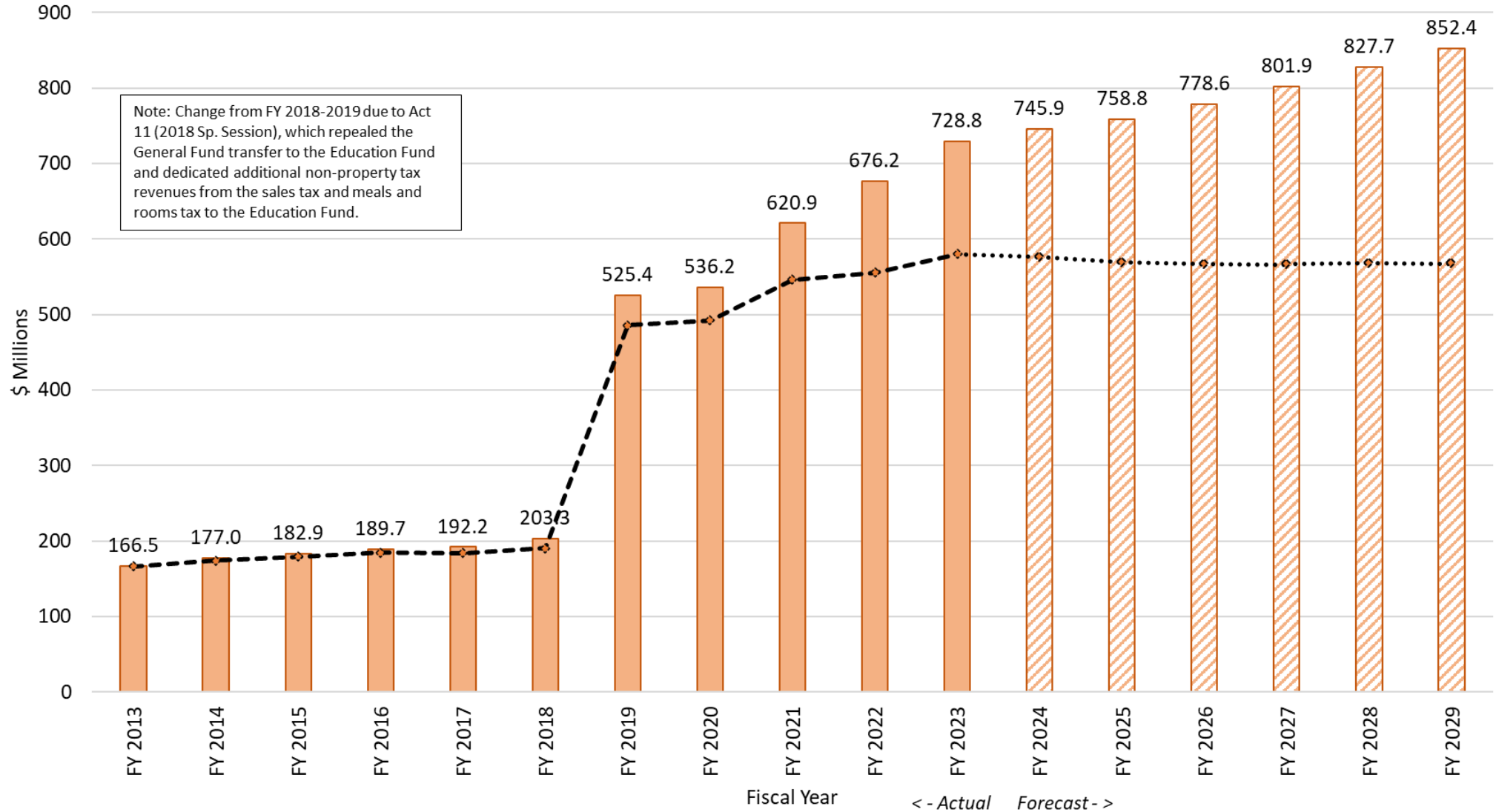
Available TF

◆ Available TF Adjusted for Inflation (2013 \$)

Data from consensus revenue forecasts. Inflation measured by the Personal Consumption Expenditures index and applies a 3% annual assumption to years after FY 2023.



Education Fund Available Non-Property Revenues - January 2024 Forecast



Data from consensus revenue forecasts. Inflation measured by the Personal Consumption Expenditures index and applies a 3% annual assumption to years after FY 2023. Reflects non-property tax revenues.

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

CURRENT LAW BASIS	FY2020		FY2021		FY2022		FY2023		FY2024		FY2025		FY2026		FY2027		FY2028		FY2029		
<small>including all Education Fund allocations and other out-transfers</small>	<small>(Actual)</small>	<small>% Change</small>	<small>(Actual)</small>	<small>% Change</small>	<small>(Actual)</small>	<small>% Change</small>	<small>(Actual)</small>	<small>% Change</small>	<small>(Forecast)</small>	<small>% Change</small>	<small>(Forecast)</small>	<small>% Change</small>	<small>(Forecast)</small>	<small>% Change</small>	<small>(Forecast)</small>	<small>% Change</small>	<small>(Forecast)</small>	<small>% Change</small>	<small>(Forecast)</small>	<small>% Change</small>	
REVENUE SOURCE																					
Personal Income	\$925.8	5.8%	\$1069.8	15.5%	\$1267.8	18.5%	\$1210.0	-4.6%	\$1140.9	-5.7%	\$1134.7	-0.5%	\$1184.5	4.4%	\$1245.8	5.2%	\$1307.2	4.9%	\$1380.8	4.1%	
Sales and Use ¹	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	
Corporate	\$147.9	10.2%	\$133.4	-9.8%	\$223.3	67.3%	\$281.4	26.0%	\$241.5	-14.2%	\$229.2	-5.1%	\$238.2	3.9%	\$250.7	5.2%	\$262.3	4.6%	\$273.5	4.3%	
Meals and Rooms	\$116.1	-15.0%	\$99.2	-14.5%	\$149.6	50.8%	\$164.0	9.6%	\$165.2	0.7%	\$169.6	2.7%	\$175.5	3.5%	\$182.4	3.9%	\$189.5	3.9%	\$196.7	3.8%	
Liquor ²	\$3.6	-83.2%	\$4.8	32.8%	\$5.0	5.0%	\$5.1	2.1%	\$5.2	1.3%	\$5.3	1.9%	\$5.4	1.9%	\$5.5	1.9%	\$5.6	1.8%	\$5.7	1.8%	
Insurance	\$58.0	2.1%	\$60.4	4.0%	\$65.7	8.7%	\$68.8	4.8%	\$70.2	2.0%	\$71.2	1.4%	\$72.7	2.1%	\$74.3	2.2%	\$75.9	2.2%	\$77.6	2.2%	
Telephone	\$3.2	-26.4%	\$2.3	-28.8%	\$2.5	10.9%	\$2.4	-5.7%	\$2.2	-7.3%	\$2.1	-4.5%	\$2.0	-4.8%	\$1.9	-5.0%	\$1.8	-5.3%	\$1.7	-5.6%	
Beverage	\$7.2	-5.3%	\$7.2	1.3%	\$7.0	-2.9%	\$7.3	3.1%	\$7.1	-2.2%	\$7.2	1.4%	\$7.3	1.4%	\$7.4	1.4%	\$7.5	1.4%	\$7.6	1.3%	
Estate ³	\$15.2	20.1%	\$23.4	54.1%	\$14.0	-40.1%	\$18.6	33.1%	\$22.4	20.2%	\$23.1	3.1%	\$24.0	3.9%	\$24.9	3.7%	\$25.8	3.6%	\$26.7	3.5%	
Property	\$12.9	3.0%	\$23.1	79.6%	\$24.3	5.3%	\$21.6	-11.2%	\$18.7	-13.5%	\$18.0	-3.6%	\$18.6	3.2%	\$19.5	5.1%	\$20.6	5.5%	\$21.6	5.2%	
Bank	\$12.1	-3.0%	\$13.9	14.6%	\$16.9	22.1%	\$17.8	4.9%	\$17.9	0.7%	\$17.6	-1.7%	\$17.2	-2.3%	\$16.9	-1.7%	\$17.1	1.2%	\$17.2	0.6%	
Cannabis Excise	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$6.7	NM	\$0.0	-100.0%	\$0.0	NM	\$20.4	NM	\$21.2	3.9%	\$21.7	2.4%	\$22.2	2.3%	
Other Tax	\$0.4	-84.7%	\$0.7	74.6%	\$1.3	91.3%	\$1.4	11.7%	\$0.9	-35.7%	\$1.0	11.1%	\$1.1	10.0%	\$1.2	9.1%	\$1.3	8.3%	\$1.4	7.7%	
Total Tax Revenue	\$1302.3	2.0%	\$1438.1	10.4%	\$1777.4	23.6%	\$1805.1	1.6%	\$1692.1	-6.3%	\$1679.0	-0.8%	\$1766.8	5.2%	\$1851.7	4.8%	\$1936.2	4.6%	\$2012.7	3.9%	
Business Licenses	\$1.1	-4.5%	\$1.3	13.9%	\$1.2	-4.4%	\$0.6	-54.5%	\$0.7	23.6%	\$0.8	14.3%	\$0.9	12.5%	\$1.0	11.1%	\$1.1	10.0%	\$1.2	9.1%	
Fees	\$44.7	-4.7%	\$42.7	-4.5%	\$42.2	-1.3%	\$45.6	8.1%	\$44.1	-3.3%	\$44.2	0.2%	\$44.4	0.5%	\$45.1	1.6%	\$45.9	1.8%	\$46.8	2.0%	
Services	\$2.4	-27.1%	\$3.0	24.3%	\$2.8	-7.7%	\$3.7	33.2%	\$3.8	1.6%	\$3.6	-5.3%	\$3.7	2.8%	\$3.8	2.7%	\$3.9	2.6%	\$4.0	2.6%	
Fines	\$4.8	44.3%	\$3.1	-35.6%	\$3.3	7.5%	\$2.6	-21.1%	\$2.9	9.8%	\$3.1	6.9%	\$3.2	3.2%	\$3.3	3.1%	\$3.4	3.0%	\$3.5	2.9%	
Interest	\$3.3	-24.5%	\$0.8	-75.5%	\$2.3	187.4%	\$51.2	2129%	\$64.9	26.9%	\$49.9	-23.1%	\$33.4	-33.1%	\$23.1	-30.8%	\$19.1	-17.3%	\$17.9	-6.3%	
All Other ⁴	\$0.7	-83.6%	\$0.5	-34.4%	\$1.0	96.4%	\$1.5	58.7%	\$0.8	-47.6%	\$0.9	12.5%	\$1.0	11.1%	\$1.1	10.0%	\$1.2	9.1%	\$1.3	8.3%	
Total Other Revenue	\$57.2	-10.3%	\$51.5	-9.9%	\$52.9	2.6%	\$105.2	99.1%	\$117.2	11.4%	\$102.5	-12.5%	\$86.6	-15.5%	\$77.4	-10.6%	\$74.6	-3.6%	\$74.7	0.1%	
Healthcare Revenue⁵	\$280.9	3.1%	\$278.1	-1.0%	\$299.3	7.6%	\$314.3	5.0%	\$322.0	2.5%	\$332.0	3.1%	\$337.5	1.7%	\$343.3	1.7%	\$349.4	1.8%	\$355.7	1.8%	
TOTAL GENERAL FUND	\$1640.4	1.7%	\$1767.7	7.8%	\$2129.5	20.5%	\$2224.6	4.5%	\$2131.4	-4.2%	\$2113.5	-0.8%	\$2191.0	3.7%	\$2272.3	3.7%	\$2360.2	3.9%	\$2443.1	3.5%	

- Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.
- Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;
Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.
- Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.
- 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.
- 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.
- Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

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

CURRENT LAW BASIS		FY2020		FY2021		FY2022		FY2023		FY2024		FY2025		FY2026		FY2027		FY2028		FY2029	
Including all Education Fund allocations and other out-transfers		(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE																					
Gasoline	\$71.0	-8.7%	\$67.3	-5.3%	\$71.9	6.9%	\$73.8	2.7%	\$71.4	-3.3%	\$70.4	-1.4%	\$69.9	-0.7%	\$69.4	-0.7%	\$68.6	-1.2%	\$67.7	-1.3%	
Diesel	\$17.9	-3.5%	\$17.9	0.2%	\$18.3	2.0%	\$17.6	-3.7%	\$17.8	1.0%	\$17.7	-0.6%	\$17.8	0.6%	\$17.7	-0.6%	\$17.6	-0.6%	\$17.5	-0.6%	
Purchase and Use ¹	\$70.3	-5.7%	\$89.4	27.2%	\$91.4	2.3%	\$94.8	3.7%	\$94.5	-0.3%	\$98.3	4.0%	\$101.7	3.5%	\$105.9	4.1%	\$110.7	4.5%	\$114.3	3.2%	
Motor Vehicle Fees	\$83.6	-2.1%	\$87.6	4.7%	\$86.0	-1.9%	\$87.5	1.8%	\$92.8	6.0%	\$103.8	11.9%	\$104.3	0.5%	\$105.1	0.8%	\$105.8	0.7%	\$106.4	0.6%	
Other Revenue ²	\$21.3	-13.5%	\$20.5	-3.4%	\$20.3	-1.1%	\$21.4	5.3%	\$22.9	7.1%	\$25.5	11.4%	\$26.1	2.4%	\$26.8	2.7%	\$27.5	2.6%	\$28.2	2.5%	
TOTAL TRANS. FUND	\$264.1	-6.0%	\$282.7	7.0%	\$287.8	1.8%	\$295.1	2.5%	\$299.4	1.4%	\$315.7	5.4%	\$319.8	1.3%	\$324.9	1.6%	\$330.2	1.6%	\$334.1	1.2%	
OTHER (TIB³)																					
TIB Gasoline	\$12.7	-12.8%	\$10.2	-19.5%	\$15.1	48.2%	\$20.1	32.6%	\$17.27	-14.0%	\$16.26	-5.8%	\$15.37	-5.5%	\$15.27	-0.7%	\$15.30	0.2%	\$15.39	0.6%	
TIB Diesel and Other ⁴	\$2.0	-2.5%	\$1.9	-4.5%	\$1.9	1.7%	\$2.2	13.6%	\$1.93	-12.7%	\$1.92	-0.5%	\$1.92	0.0%	\$1.91	-0.5%	\$1.90	-0.5%	\$1.89	-0.5%	
TOTAL OTHER (TIB)	\$14.7	-11.6%	\$12.1	-17.5%	\$17.1	40.8%	\$22.3	30.4%	\$19.2	-13.8%	\$18.2	-5.3%	\$17.3	-4.9%	\$17.2	-0.6%	\$17.2	0.1%	\$17.3	0.5%	

- 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 FUND¹ REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - January 2024**

CURRENT LAW BASIS		FY2020		FY2021		FY2022		FY2023		FY2024		FY2025		FY2026		FY2027		FY2028		FY2029	
Source General and Transportation Fund fees allocated to or associated with the Education Fund only		(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
GENERAL FUND																					
Meals and Rooms	\$40.9	-10.1%	\$38.0	-12.1%	\$54.2	50.8%	\$59.4	9.6%	\$59.0	0.7%	\$61.5	2.7%	\$63.6	3.5%	\$66.1	3.9%	\$68.7	3.9%	\$71.3	3.8%	
Sales & Use ²	\$432.5	4.8%	\$507.6	17.4%	\$545.2	7.4%	\$584.0	7.1%	\$598.6	2.1%	\$606.9	1.7%	\$623.9	2.8%	\$643.0	3.1%	\$663.4	3.2%	\$683.1	3.0%	
Interest	\$0.8	23.9%	\$0.1	-87.1%	\$0.3	189.1%	\$5.8	1892%	\$7.3	26.4%	\$5.6	-23.3%	\$3.8	-32.1%	\$2.6	-31.8%	\$2.2	-15.4%	\$2.0	-9.1%	
Lottery	\$26.8	-9.0%	\$32.5	21.2%	\$30.8	-5.2%	\$32.1	4.3%	\$34.9	8.6%	\$35.7	2.3%	\$36.5	2.2%	\$37.3	2.2%	\$38.1	2.1%	\$38.9	2.1%	
TRANSPORTATION FUND																					
Purchase and Use ³	\$35.1	-5.7%	\$44.7	27.2%	\$45.7	2.3%	\$47.4	3.7%	\$47.2	-0.3%	\$49.1	4.0%	\$50.9	3.5%	\$53.0	4.1%	\$55.4	4.5%	\$57.1	3.2%	
TOTAL EDUCATION FUND	\$536.2	2.0%	\$620.9	15.8%	\$676.2	8.9%	\$728.77	7.8%	\$745.9	2.3%	\$758.8	1.7%	\$778.6	2.6%	\$801.9	3.0%	\$827.7	3.2%	\$852.4	3.0%	