

The Fiscal 2018-19 Revenue Outlook for the General Fund, Transportation Fund, and Education Fund [Partial]

Prepared for the Vermont Emergency Board

July 21, 2017

PREPARED BY:



400 Cornerstone Drive, Suite 310 | P.O. Box 1660 | Williston, VT 05495-1660
(802) 878-0346 | (800) 765-1377 | info@epreconomics.com | www.epreconomics.com

ECONOMIC, POLICY, AND FINANCIAL ANALYSTS

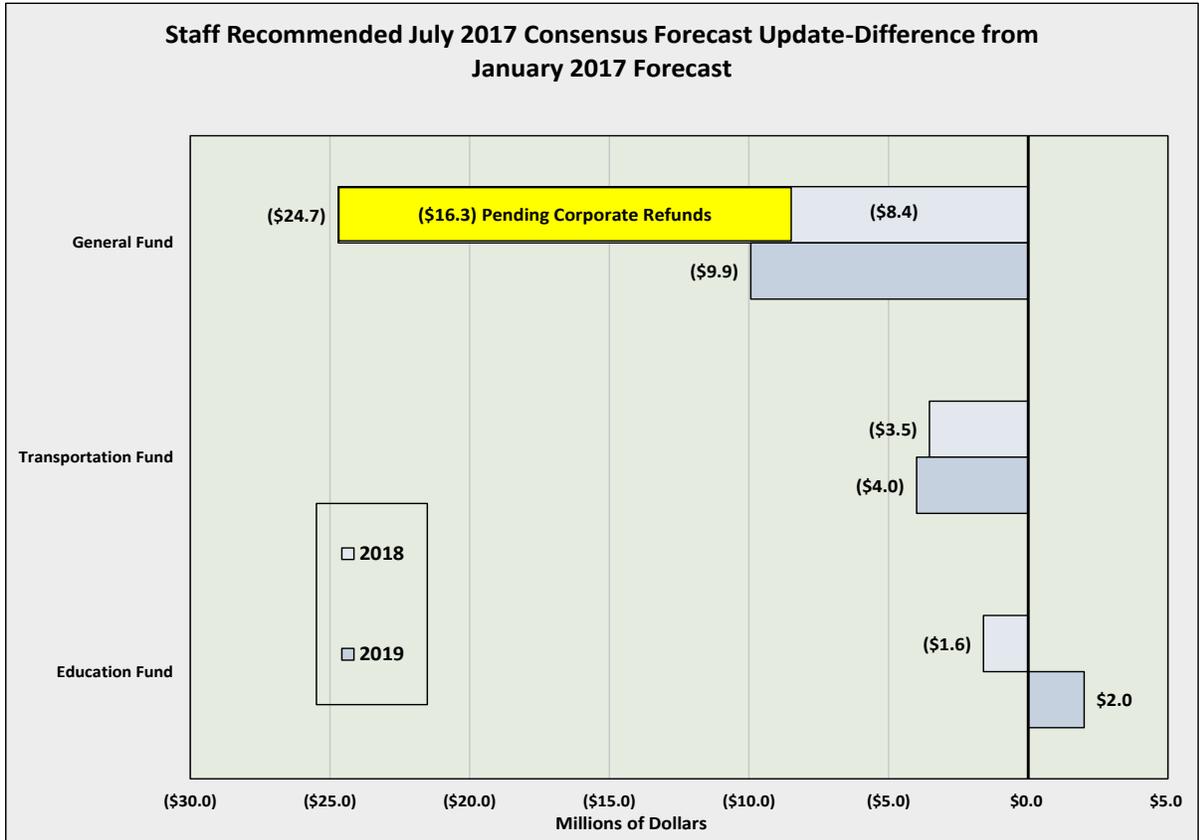
A. Discussion of the Updated Staff Recommended Consensus Revenue Forecast Update

- With the economic expansion now at eight years old and still moving undeniably forward, the staff recommended July 2017 consensus forecast update calls for a modest downgrade to revenue expectations for the G-Fund and the T-Fund over the fiscal year 2018 through 2019 time frame.
 - The G-Fund forecast downgrade is mainly the result of the \$16.3 million in extraordinary Corporate Income Tax refunds that are still pending as the State begins fiscal year 2018. That factor, in combination with sluggish receipts in the Sales & Use Tax, are largely responsible for the total \$24.7 million downgrade in the consensus forecast for fiscal year 2018.
 - The large amount of pending extraordinary Corporate Tax refunds appear to reflect recent mergers and acquisitions activity in the State, and therefore appear to be one-time events or factors. A total of \$8.4 million of the \$24.7 total staff recommended forecast downgrade represents a mix of economic and other factors—and may predict more on-going receipts weakness.
- For the T-Fund, the staff recommendation calls for between a \$3.0 million and \$4.5 million consensus forecast downgrade, primarily reflecting weak Motor Vehicle Fees revenue collections during the 2017 fiscal year, against the backdrop of the significant fee increases enacted by the 2016 Vermont General Assembly that went into effect in July of fiscal year 2017.
 - For the fiscal year 2018 through 2019 period, T-Fund receipts are expected under the staff recommendation to decline by a total of \$7.5 million.
- For the portion of the E-Fund that is included in the consensus forecasting process, staff recommended forecast calls for a modest upgrade totaling \$0.4 million over the two year forecast period.
 - The E-Fund forecast upgrade for the most part reflects the one percentage point increase in the E-Fund's share of source Sales & Use Tax receipts (or from 35% of the total to 36% of the total) as passed during the most recent legislative session.

- Table 1 (on the following page) and the accompanying chart regarding the staff recommended changes to the consensus forecast highlight the staff recommended changes by fiscal year by major fund aggregate relative to the consensus forecast approved by the Vermont Emergency Board on January 19, 2017.
 - The table and chart also include the staff recommended changes associated the consensus forecast update relative to the adjusted consensus revenue forecast level as passed and enacted in Act 85 of 2017 corresponding to the fiscal year 2018 budget.
 - The 2018 budget's revenue forecast relied upon the January Vermont Emergency Board-adopted official forecast plus a series of revenue adjustments that occurred during the legislative session. The adjustments totaled \$4.1 million for the G-Fund and \$0.6 million for the E-Fund.
- For the purpose of identifying the fiscal year 2018 budget impact and subsequent rescission impact, the July 2017 staff recommended consensus revenue forecast update must be compared to the budgeted revenue position as enacted.
 - Sec. D.105 of Act 85 required the JFO and Administration economists to identify the portion of the expected July 2017 General Fund consensus revenue forecast downgrade that is attributable to likely non-recurring, higher than normal Corporate Tax refunds. That section authorized specified fund transfers to address this portion of the downgrade. The remaining revenue downgrade amount is to be addressed by the existing rescission statute in 32 V.S.A. § 704.
 - The result of the new staff recommended consensus revenue forecast is a G-Fund budget position that is expected to be in total \$28.8 million below the fiscal year 2018 budgeted level.
 - Note that \$16.3 million of that expected gap is estimated to be due to pending, extraordinary Corporate Tax refunds, and a total of \$12.5 million of that staff recommended consensus forecast downgrade is estimated to reflect a reduction in base G-Fund revenues.

Table 1: Staff Recommended July Forecast Update

Staff Recommended July 2017 Consensus Forecast Update-Difference from January 2017 Forecast				
	2018		2019	
	Dollars	Percent	Dollars	Percent
General Fund [1] <i>[Available to the General Fund]</i>	(\$24.7)	-1.6%	(\$9.9)	-0.6%
Transportation Fund <i>[Available to the Transportation Fund]</i>	(\$3.5)	-1.3%	(\$4.0)	-1.4%
Education Fund <i>[Partial]</i>	(\$1.6)	-1.3%	\$2.0	1.0%
Total--"Big 3 Funds"	(\$29.8)	-1.5%	(\$11.9)	-0.6%
MEMO #1: G-Fund Diff. JUNE 2017 Budgetary Baseline				
Difference January 2017 Forecast Consensus	(\$24.7)			
<i>PLUS: Session Additions to the Consensus Forecast</i>	(\$4.1)			
Total Downgrade-Including Session Additions	(\$28.8)			
MEMO #2: E-Fund Diff. JUNE 2017 Budgetary Baseline				
Difference January 2017 Forecast Consensus	(\$1.6)			
<i>PLUS: Session Additions to the Consensus Forecast</i>	(\$0.6)			
Total Downgrade-Including Session Additions	(\$2.2)			
MEMO #3: TIB: [2]				
Gasoline	(\$0.1)	-0.9%	(\$1.0)	-7.6%
Diesel	(\$0.2)	-7.6%	(\$0.2)	-8.0%
Total TIB	(\$0.3)	-1.9%	(\$1.2)	-8.3%
Notes:				
[1] G-Fund receipts include pending extraordinary Corporate Tax Refunds that are estimated to total \$16.3 million.				
[2] Totals in the TIB may not add due to rounding.				
Prepared by: Economic & Policy Resources, Inc.				



- For fiscal year 2018, the staff recommendation across all three fund aggregates in total calls for a total downward adjustment of \$29.8 million (or -1.5% versus the consensus forecast of last January) of which \$16.3 million is accounted for by the extraordinary pending Corporate tax refunds.
 - For fiscal year 2019, the staff recommendation across all three fund aggregates is for an additional -\$11.9 million downward adjustment in the consensus forecast (corresponding to a downward adjustment of -0.6% versus the consensus forecast of last January).

- The staff recommended forecast for the G-Fund, T-Fund and E-Fund are presented below in Table 2 (below).
 - For the G-Fund, the staff recommends a forecast of \$1,485.5 million for fiscal year 2018, with a \$1,538.4 million forecast for fiscal year 2019.
 - For the T-Fund, the staff recommendation for July 2017 is for \$276.2 million in receipts, followed by \$278.9 million in fiscal year 2019.
 - For the E-Fund, the staff recommends a forecast of \$198.0 million for fiscal 2018, followed by a \$206.7 million forecast for fiscal year 2019.

Table 2: Staff Recommended Consensus Forecast by Fund

(Millions of Dollars)	2018	2019
Available to the General Fund	\$1,485.5	\$1,538.4
Available to the Transportation Fund	\$276.2	\$278.9
E-Fund	\$198.0	\$206.7
Total	\$1,959.7	\$2,024.1
TIB		
Gasoline	\$12.5	\$12.6
Diesel	\$2.0	\$2.0
Total	\$14.5	\$14.6

Prepared by: Economic & Policy Resources, Inc.

- The staff recommendation also includes forecast downgrades for each TIB component across the fiscal year 2018 through fiscal year 2019 time frame.
 - For Gas TIB¹ receipts for fiscal year 2018 and fiscal year 2019, the staff recommendation calls for -\$0.1 million (or -0.9% versus the consensus forecast last January), and a -\$1.0 million downgrade for

¹ The term TIB refers to Transportation Infrastructure Bond Fund.

fiscal 2019 (or -7.6% versus the consensus forecast last January)—reflecting the revised energy price forecast.

- For Diesel TIB receipts, the staff recommendation includes a forecast downgrade of between -7.6% in fiscal year 2018 and -8.0% in fiscal year 2019. The staff recommendation for Diesel TIB receipts includes changes that are relatively small in terms of dollar amounts. The staff recommended forecast downgrade is -\$0.2 million (rounded) across the two year forecast time horizon.

B. Fiscal Year 2017 Actuals Versus Last January's Consensus Forecast

- The July revenue forecast update is a reflection of the revised economic outlook for the U.S. and Vermont economies, recent revenue performance, and changes in the allocation percentage of Source Sales & Use Tax between the G-Fund and the E-Fund beginning in fiscal year 2019.
 - For fiscal year 2017, actual receipts across all three fund aggregates tracked very close to expectations. Combined receipts finished just \$3.1 million below consensus expectations for the year—corresponding to a difference of just -0.16% versus the fiscal 2017 combined fund forecast of \$1.923 billion.
- For net revenues available to the G-Fund, fiscal year 2017 results finished at +\$2.0 million above target (corresponding to a difference of just 0.07% versus the January 2017 consensus forecast).
 - The fiscal 2017 differences from the consensus forecast included a significant downside miss in the Personal Income Tax and the Sales & Use Tax (at a combined -\$17.4 million along with minor differences elsewhere), off-set by a significant up-side miss in the Corporate Income Tax of +\$19.5 million—that was largely the result of lower than expected Corporate Tax refunds.

Table 3—FY 2017 Cumulative G-Fund Results Versus Forecast

FY 2017--Cumulative June Component (Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Personal Income	\$ 756,452.1	\$ 770,300.0	\$ (13,847.9)	-1.8%
<i>Withholding</i>	\$ 598,310.3	\$ 596,900.0	\$ 1,410.3	0.2%
<i>PI Estimates</i>	\$ 149,998.0	\$ 157,400.0	\$ (7,402.0)	-4.7%
<i>PI Paid Returns</i>	\$ 113,373.8	\$ 122,900.0	\$ (9,526.2)	-7.8%
<i>PI Refunds</i>	\$ (143,957.7)	\$ (143,600.0)	\$ (357.7)	-0.2%
<i>PI Other</i>	\$ 38,727.7	\$ 36,700.0	\$ 2,027.7	5.5%
Net Sales & Use Tax	\$ 244,855.7	\$ 248,365.0	\$ (3,509.3)	-1.4%
Corporate Income Tax	\$ 95,763.1	\$ 76,300.0	\$ 19,463.1	25.5%
<i>"GROSS" Corporate Tax Revenues</i>	\$ 100,112.7	\$ 95,164.9	\$ 4,947.8	5.2%
<i>Corporate Refunds</i>	\$ (4,349.6)	\$ (19,155.2)	\$ 14,805.6	77.3%
Meals & Rooms	\$ 165,346.0	\$ 165,800.0	\$ (454.0)	-0.3%
Property Transfer Tax	\$ 12,553.8	\$ 12,796.2	\$ (242.4)	-1.9%
Other	\$ 181,982.6	\$ 182,345.7	\$ (363.1)	-0.2%
<i>Estate Tax</i>	\$ 16,669.9	\$ 17,300.0	\$ (630.1)	-3.6%
<i>Insurance Tax</i>	\$ 56,950.2	\$ 57,300.0	\$ (349.8)	-0.6%
<i>Total Telephone Tax</i>	\$ 5,707.7	\$ 6,300.0	\$ (592.3)	-9.4%
<i>Bank Franchise Tax</i>	\$ 13,247.1	\$ 12,700.0	\$ 547.1	4.3%
<i>Fees</i>	\$ 48,451.6	\$ 47,600.0	\$ 851.6	1.8%
<i>Other</i>	\$ 40,956.2	\$ 41,145.7	\$ (189.6)	-0.5%
Total Net General Fund	\$ 1,456,953.2	\$ 1,455,907.0	\$ 1,046.2	0.1%

Basic Data Source: VT Agency of Administration

- For net revenues available to the T-Fund, actual receipts in fiscal year 2017 were -\$3.3 million below expectations. This was primarily the result of a revenue under-performance related to the new Motor Vehicle Fees enacted in fiscal year 2017, and a surprising under-performance by the Diesel Tax.
 - The Gas Tax ended the 2017 fiscal year very close to consensus expectations and the MvP&U Tax finished fiscal year 2017 within \$0.05 million of consensus expectations—or virtually “on-target.”

Table 4—Fiscal 2017 T-Fund Results Versus Forecast

FY 2017--Cumulative June Component (Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Gasoline Tax (non-TIB)	\$ 78,219.0	\$ 78,200.0	\$ 19.0	0.0%
Diesel Tax (non-TIB)	\$ 17,998.3	\$ 19,100.0	\$ (1,101.7)	-5.8%
MvP&U Tax	\$ 68,825.2	\$ 68,866.7	\$ (41.4)	-0.1%
MvFees	\$ 86,227.1	\$ 89,000.0	\$ (2,772.9)	-3.1%
Other Fees-Revenues	\$ 19,918.6	\$ 19,300.0	\$ 618.6	3.2%
Total Transportation Fund (no TIB)	\$ 271,188.1	\$ 274,466.7	\$ (3,278.5)	-1.2%
Gasoline -TIB	\$ 12,626.2	\$ 12,517.0	\$ 109.2	0.9%
Diesel-TIB	\$ 2,104.3	\$ 2,046.0	\$ 58.3	2.9%
Total Transportation Fund (w/TIB)	\$ 285,918.7	\$ 289,029.7	\$ (3,111.0)	-1.1%

Basic Data Source: VT Agency of Administration

- For the net revenues available to the E-Fund [Partial], cumulative receipts were -\$0.9 million or -0.4% below expectations relative to the January 2017 consensus forecast target (see Table 5 below).

- The under-performance was mainly the result of weaker than expected Sales & Use tax receipts activity.

Table 5—Cumulative E-Fund Fiscal 2017 Results Versus Forecast

FY 2017--Cumulative June Component (Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Sales & Use Tax	\$ 131,845.4	\$ 133,735.0	\$ (1,889.6)	-1.4%
MvP&U Tax	\$ 34,412.6	\$ 34,433.3	\$ (20.7)	-0.1%
Lottery	\$ 25,521.6	\$ 24,600.0	\$ 921.6	3.7%
Interest	\$ 375.9	\$ 250.0	\$ 125.9	NM
Total Education Fund [Partial]	\$ 192,155.5	\$ 193,018.3	\$ (862.8)	-0.4%

Notes: NM=Not Meaningful

Basic Data Source: VT Agency of Administration

- The Sales and Use Tax contribution to the E-Fund followed the under-performing trend of their G-Fund counterpart, as did the contribution from MvP&U. The Lottery transfer tax posted a positive performance for the end of the fiscal year.

C. Recent Trends and the Updated Consensus Economic Forecast

- It is notable that the U.S. economic expansion has now attained the ripe old age of 8 years. However, the heightened degree of pro-growth optimism associated with the widely expected bump-up in U.S. economic activity following the Fall 2016 elections has now begun to fade.
 - The reality of the complex nature of health care reform, tax reform, and the nuances of trade policy has begun to throttle back initial expectations regarding the near-term prospects of pro-growth policies of kicking U.S. economic growth up to a higher plane.
 - Aside from the regulatory changes that have been implemented, significant policy changes to aid growth are still forthcoming. As a result, most macro-forecasts are now tempering expectations back somewhat towards a more steady-state expansion with GDP growth and labor market advances moving up and down around a modest but durable trend line.
- The most recent update in the near-term economic outlook for the U.S. and Vermont economies and the dynamics of the updated consensus economic forecast are reflected in Table 6 and Table 7 on the following pages. These tables show the most recent consensus macroeconomic forecast along with

previous consensus economic forecasts that were employed in the revenue forecast updates back to December of 2015 (for the U.S. economy) and back to December of 2014 (for the Vermont economy).

- For the maturing, but still stable U.S. economic upturn and the upcoming policy implications of national legislation:
 1. U.S. GDP growth has been reduced by 0.6 percentage points for calendar 2017 (following an actual down of 0.1 percentage points for calendar year 2016), followed by a downgrade of 0.5 percent for calendar year 2018 to a 2.6 percent GDP growth rate. For calendar year 2019, U.S. GDP is expected to increase by 2.2%--representing a continuation of the previous upgraded outlook from January's consensus forecast.
 2. The rate of payroll job creation was adjusted downward again this forecast cycle by between 0.1 and 0.3 percentage points over the calendar year 2017 through calendar year 2019 period. This is despite actual employment growth in 2016 outpacing expectations by 0.1 percent, citing the expectation of an impending downward trend within the overall business cycle.
 3. Interest rates in this forecast are expected to remain steady during the remainder of 2017, then are expected to increase significantly during calendar years 2018 and 2019, although not rising as quickly or as high as was expected in January.
 4. Energy prices are also expected to remain relatively low and increases restrained over the forecast period. The updated consensus economic forecast includes oil prices that are slightly lower than expectations back in January, the benchmark West Texas Intermediate Crude Oil price is expected to average at or below \$60 per barrel for each year through calendar year 2019.
 5. The U.S. stock market, using the S&P 500 index, is expected to follow-up 2016's gain of 1.5% with an 8.0% gain for calendar year 2017 (Last July's consensus economic forecast included a 5.4% increase for calendar year 2017). For calendar years 2018 and 2019, the consensus economic forecast expects the S&P 500 Index to decline by 0.7% and 4.5% for each year, respectively.

6. Consumer prices over the calendar year 2017 to 2019 time frame are expected to continue its rate of increase year-to-year but in a more restrained pattern than was expected in January. Expectations for calendar year 2017 were decreased by 0.5% below January expectations. In calendar year 2019, consumer prices are expected to increase by 2.7%, 0.4% lower than expectations in the previous forecast update. The January forecast predicted that price growth would surpass the 3.0% rate, which hasn't been observed since 2011, however this July forecast update has walked those expectations back.
- In Vermont, the State's economy seems overall to be entering a more sluggish period. The May 2017 job statistics, the most recent available, show that the Vermont nonfarm payroll job count declined by 2,200 jobs—seasonally adjusted—over the four month period since the last month where the number of jobs increased in January 2017. According to the latest seasonally-adjusted payroll job data, it appears that the 3,300 jobs gained in December and January may have been a brief break in the downward trend that has been experienced since August 2016.
 - Consistent with the updated U.S macroeconomic forecast update, the updated consensus short-term economic forecast for Vermont also includes a slightly slower pace of output growth and a somewhat slower pace to personal income growth over the near term forecast horizon.
 - While the annual unemployment rate will remain essentially unchanged through calendar year 2019, labor market conditions are expected to tighten marginally with Statewide employment growth following a more restrained trajectory than anticipated in the January update. Following the 2016 actual growth of only 0.3% as opposed to the anticipated 1.6%, expectations for 2017, 2018, and 2019 were lowered by factors of 0.8%, 0.5%, and 0.4%, respectively.

Table 6
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
December 2015 through June 2017, Selected Variables, Calendar Year Basis

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real GDP Growth									
December-15	1.6	2.2	1.5	2.4	2.5	2.9	3.1	2.8	2.2
June-16	1.6	2.2	1.5	2.4	2.4	2.2	2.9	2.6	1.8
December-16	1.6	2.2	1.7	2.4	2.6	1.7	2.9	3.1	2.2
June-17	1.6	2.2	1.7	2.4	2.6	1.6	2.3	2.6	2.2
S&P 500 Growth (Annual Avg.)									
December-15	11.4	8.7	19.1	17.5	-0.7	2.7	4.8	6.9	5.6
June-16	11.4	8.7	19.1	17.5	6.8	-2.1	1.5	0.2	0.5
December-16	11.4	8.7	19.1	17.5	6.8	1.5	5.4	-1.6	-2.0
June-17	11.4	8.7	19.1	17.5	6.8	1.5	8.0	-0.7	-4.5
Employment Growth (Non-Ag)									
December-15	1.2	1.7	1.7	1.9	2.1	2.0	2.0	1.9	1.2
June-16	1.2	1.7	1.6	0.9	2.1	1.8	1.8	1.5	1.1
December-16	1.2	1.7	1.6	1.9	2.1	1.7	1.6	1.6	1.3
June-17	1.2	1.7	1.6	1.9	2.1	1.8	1.5	1.3	1.2
Unemployment Rate									
December-15	8.9	8.1	7.4	6.2	5.3	4.8	4.7	4.9	5.0
June-16	8.9	8.1	7.4	6.2	5.3	4.7	4.6	4.5	4.6
December-16	8.9	8.1	7.4	6.2	5.3	4.9	4.7	4.5	4.4
June-17	8.9	8.1	7.4	6.2	5.3	4.9	4.4	4.1	4.4
West Texas Int. Crude Oil \$/Bbl									
December-15	95	94	98	93	49	55	64	71	76
June-16	95	94	98	93	49	43	53	55	69
December-16	95	94	98	93	49	43	57	63	70
June-17	95	94	98	93	48	43	51	55	60
Prime Rate									
December-15	3.25	3.25	3.25	3.25	3.26	3.97	5.74	6.91	6.84
June-16	3.25	3.25	3.25	3.25	3.26	3.50	4.20	5.50	6.50
December-16	3.25	3.25	3.25	3.25	3.26	3.51	4.10	5.00	6.50
June-17	3.25	3.25	3.25	3.25	3.26	3.51	4.10	4.80	5.70
Consumer Price Index Growth									
December-15	3.1	2.1	1.5	1.6	0.2	2.2	2.9	3.1	2.8
June-16	3.1	2.1	1.5	1.6	0.1	1.2	2.1	2.4	2.6
December-16	3.1	2.1	1.5	1.6	0.1	1.2	2.6	2.8	3.1
June-17	3.1	2.1	1.5	1.6	0.1	1.3	2.1	2.3	2.7
Average Home Price Growth									
December-15	-3.7	-0.1	4.0	5.6	5.5	5.7	5.9	6.1	6.6
June-16	-3.8	-0.2	4.0	5.5	5.6	5.7	5.9	6.1	6.2
December-16	-3.9	-0.2	4.0	5.4	5.5	5.6	5.9	6.3	6.1
June-17	-3.9	-0.2	4.0	5.3	5.4	5.7	5.2	5.4	4.8

- Population growth in Vermont, following the 2016 estimate of State population by the U.S. Census Bureau showing a 0.2 percent decline in Vermont's resident population, is expected to experience a turnaround and resume a small, positive trend following three years of estimated population declines.
- More specifically, among the major macroeconomic variables:
 1. Output growth in Vermont is expected to be 1.1% in calendar 2017, which is 1.3 percentage points weaker growth than was assumed in the January forecast update, followed by slightly improved output growth in calendar year 2018 at 1.3%. Continuing with the expectation for the July forecast update of a more restrained period of growth in the State's current business cycle, expectations for calendar year 2019 are for 0.8% growth. This output growth overall follows the significantly downward-revised track adopted for last July's forecast revision. The current growth track was adopted following the significant and downward revisions in State Gross Product numbers. Therefore, a relatively extended period of restrained GSP growth remains the basis of the forecast until details on proposed economic stimulus policies of the new Administration are debated and their potentially stimulative properties actually begin to take hold.
 2. Relative to the State's 3.3% unemployment rate for all of calendar year 2016, the updated consensus economic forecast calls for the State's unemployment rate to remain very low and to fall an additional 0.3 percentage points from the recorded 2016 actual rate through calendar year 2019.
- Consistent with the above consensus economic forecast update, the Personal Income growth rate in calendar year 2016 has been adjusted upward slightly from previously estimated data in this series. For calendar year 2017, the updated consensus forecast takes another 0.7 percentage points off the forecast relative to the consensus last January, and 1.6 percentage points off of the consensus forecast for calendar year 2018. For calendar year 2019, the forecast again was reduced from January assumptions from 3.4% to 2.7%, a 0.7 percentage point reduction. The above updated downshift in the consensus economic forecast remains a reflection of the "maturing" U.S. and Vermont economic expansions and on-going volatility in the global economy (including

uncertainty in the EU over the details of “Brexit” and its impacts on the United Kingdom and Europe).

- In addition, there remain concerns about the future performance in the rising global economic power, China—including fears of an asset bubble in Chinese real estate markets and concerns about over-capacity in many basic Chinese industries.
- Beyond the above, many key parts of the developing world have been experiencing some degree of economic and political stress (e.g. Brazil, Russia, Venezuela, and other commodity-producing countries in the Middle East and Eastern Europe) as global commodity (oil) prices remain weak. This has resulted in a strong U.S. dollar tends to curtail U.S. export activity, and this represents a drag on activity and complicates U.S. trade policy.
- Lastly, even though the current economic upcycle is “maturing,” it remains significant that there currently are few, if any, signs that a U.S. economic downturn is in the near future. The U.S. and Vermont economies are not yet showing any concrete signs of imbalances or over-heating—although the current upcycle will not go on indefinitely. However, as is reflected in the five year planning forecast, it is more likely than not to enter a more restrained period of growth within the forecast horizon, and may enter a period of cyclical weakness within the next five years.²
- The near-term economic forecast in Vermont has been complicated recently by disappointing State economic and labor market performance data, including a recent and significant downward revision in the Gross State Product (or output) numbers for the last several years (see Table 7 above) and similarly poor performance numbers for the state’s on-going labor market expansion.

² For example, the five year fiscal planning forecast include a period of cyclical weakness starting in fiscal year 2020 as shown in the 5-year planning forecast (below), and going through at least the early part of fiscal year 2021.

Table 7
Comparison of Consensus Administration and JFO Vermont State Forecasts
December 2014 through June 2017, Selected Variables, Calendar Year Basis

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real GSP Growth									
December-14	2.2	1.1	1.9	1.0	3.3	3.6	2.8	1.9	1.8
June-15	2.2	1.1	1.9	1.2	2.4	3.0	2.6	2.1	1.7
December-15	2.8	0.4	-0.3	0.6	2.2	2.8	2.4	2.0	1.6
June-16	2.9	0.6	-0.9	0.3	-0.1	1.9	2.3	1.7	1.2
December-16	2.8	0.0	-0.4	1.5	0.2	1.8	2.4	2.0	1.5
June-17	2.4	-0.2	-0.2	0.3	0.9	0.8	1.1	1.3	0.8
Population Growth									
December-14	0.1	0.0	0.1	0.0	0.1	0.2	0.3	0.2	0.2
June-15	0.1	0.0	0.1	0.0	0.1	0.2	0.3	0.2	0.2
December-15	0.1	-0.1	0.1	-0.1	-0.1	0.2	0.2	0.3	0.3
June-16	0.1	-0.0	0.1	-0.1	-0.1	0.1	0.2	0.3	0.3
December-16	0.1	-0.1	0.1	-0.0	-0.1	-0.2	0.2	0.2	0.2
June-17	0.1	-0.1	0.1	-0.0	-0.1	-0.2	0.1	0.1	0.2
Employment Growth									
December-14	0.8	1.3	0.5	1.0	1.6	1.9	1.3	0.7	0.4
June-15	0.9	1.3	0.8	1.0	1.7	1.9	1.8	1.3	0.8
December-15	0.9	1.3	0.8	1.0	1.6	1.7	1.8	1.6	1.0
June-16	0.9	1.3	0.7	0.9	0.9	1.6	1.7	1.5	1.1
December-16	0.9	1.3	0.7	0.9	0.9	1.6	1.7	1.5	1.2
June-17	0.9	1.2	0.7	1.0	0.8	0.3	0.9	1.0	0.8
Unemployment Rate									
December-14	5.6	4.9	4.4	3.7	3.5	3.2	2.9	2.8	2.9
June-15	5.5	4.9	4.4	4.1	3.6	3.2	2.9	2.8	3.0
December-15	5.5	4.9	4.4	4.1	3.7	3.4	3.3	3.2	3.3
June-16	5.5	4.9	4.4	4.0	3.7	3.3	3.2	3.1	3.2
December-16	5.5	4.9	4.4	4.0	3.7	3.2	3.1	3.0	3.0
June-17	5.5	4.9	4.4	3.9	3.6	3.3	3.1	3.0	3.0
Personal Income Growth									
December-14	7.1	3.7	2.9	3.8	5.1	5.4	4.7	4.4	4.1
June-15	7.2	3.4	2.5	4.0	4.8	5.2	4.7	4.4	3.9
December-15	6.8	3.6	1.4	3.5	4.5	5.1	4.6	4.6	3.7
June-16	6.8	3.6	1.4	3.5	3.0	3.3	4.1	4.2	3.4
December-16	6.3	3.3	1.7	3.3	2.9	3.0	3.4	3.7	3.4
June-17	6.3	3.3	1.7	3.3	2.9	3.3	2.4	2.1	2.7
Home Price Growth (JFO)									
December-14	-0.6	0.5	0.2	0.9	2.1	2.7	3.4	4.1	4.8
June-15	-0.7	0.4	0.2	0.7	2.3	2.8	3.4	4.1	4.8
December-15	-0.8	0.4	0.1	0.7	2.5	2.9	3.4	4.1	4.8
June-16	-0.8	0.4	0.1	0.6	2.2	2.3	3.0	3.8	4.4
December-16	-0.8	0.4	0.1	0.5	1.9	1.4	2.4	3.1	3.7
June-17	-0.8	0.3	0.1	0.3	2.0	1.4	2.6	3.1	3.7

- Tables 8 and 9 below compare the Total Nonfarm and Private sector payroll job changes by state on a year-over-year by major North American Industry Classification System (NAICS) industry sector over the most recent year where comparable annual job change data is available for all 50 states (or for the period May 2016-May 2017).
 - From the table below, Vermont had a 0.3% year-over-year growth rate during the month of May. Total Private Sector payroll jobs over the May 2016-May 2017 period grew by +0.2% over the past year—placing Vermont fifth among the six New England States.
- Looking at the individual sectors, Vermont’s best year-over-year performing sector was the Leisure & Hospitality category, with job additions on a year-over-year basis of +3.4%. That performance places Vermont 2nd among the six New England states and 9th among the 50 states in the U.S overall. Outside of that sector, the Professional & Business Services sector, at +1.8% year-over-year, ranks Vermont 27th in the U.S and 3rd in the New England region. Across all of the nine NAICS³ super-sectors, the data shows that three of Vermont’s nine payroll job categories have decreased in terms of the change in the number of payroll jobs over the last year.
 - The weakest year-over-year job changes were in the Manufacturing sector with a -4.0% decline from May of 2016 to May of 2017—the continuing results of some significant mergers and acquisitions activity in the State and a number of announced employer downsizings—such as the termination of the cold beverage system initiative at Keurig-Green Mountain and the right-sizing job force actions by Global Foundries and others (As off-set by other somewhat positive news associated with employers such as Revision Military.
 - In addition, Vermont’s overall higher than average reliance on manufacturing activity in a time of the recent strengthening of the U.S. dollar versus the currencies of most U.S. trading partners has been, at least in the recent past, a bit of a drag on State job growth.
 - At least in the near term, this headwind on manufacturing is expected to continue as the Fed continues to normalize (e.g. tighten) U.S. monetary policy. Financial Activities experienced a -2.5% year-

³ For this comparative payroll job analysis, the acronym NAICS refers to the North American Industry Classification System.

over-year drop from the previous May. Trade, Transportation & Utilities were flat in year-over-year employment for May.

Table 8: Year Over Year Job Change by Selected States (*Total Payroll* and *Total Private Payroll Jobs*)

Year-Over-Year Job Change by State <i>Total Payroll Jobs (May 2016-May 2017)</i>			Year-Over-Year Job Change by State <i>Private Sector Payroll Jobs (May 2016-May 2017)</i>		
Rank	State	% Change	Rank	State	% Change
1	Utah	3.3%	1	Utah	3.5%
2	Nevada	2.9%	2	Nevada	3.1%
3	Florida	2.8%	3	Florida	3.1%
4	Idaho	2.6%	4	Oregon	2.7%
5	Georgia	2.5%	5	Georgia	2.7%
9	Texas	2.2%	10	Texas	2.3%
17	New Hampshire	1.6%	17	New Hampshire	1.8%
18	Maryland	1.6%	18	Kentucky	1.7%
19	New York	1.6%	19	New York	1.7%
20	California	1.6%	26	Massachusetts	1.6%
21	Missouri	1.5%	27	California	1.5%
22	Massachusetts	1.5%	32	Rhode Island	1.4%
27	Rhode Island	1.3%	38	Connecticut	1.0%
40	Connecticut	0.5%	44	Vermont	0.2%
41	Illinois	0.4%	45	Maine	0.2%
42	Oklahoma	0.4%	46	Mississippi	0.1%
43	Vermont	0.3%	47	West Virginia	-0.1%
44	Louisiana	0.3%	48	Kansas	-0.5%
45	Maine	0.3%	49	Wyoming	-1.3%
46	Mississippi	0.1%	50	Alaska	-2.0%
47	Kansas	-0.4%			
48	West Virginia	-1.2%			
49	Alaska	-1.3%			
50	Wyoming	-1.5%			

Source: U.S. Department of Labor, BLS

Table 9: Payroll Job Performance by NAICS Supersector (May 2016-May 2017)

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	0.3%	5	43	NH (17)	4
Total Private	0.2%	5	44	NH (17)	4
Construction	-1.9%	6	46	RI (1)	10
Manufacturing	-4.0%	6	49	RI (10)	21
Information	0.0%	3	28	MA (3)	21
Financial Activities	-2.5%	6	50	CT (14)	10
Trade, Transportation, Utilities	0.0%	3	35	RI (14)	15
Leisure and Hospitality	3.4%	2	9	NH (2)	7
Education and Health Services	0.9%	5	45	ME (27)	1
Professional and Business Services	1.8%	3	27	MA (17)	7
Government	0.7%	4	25	MA (15)	13

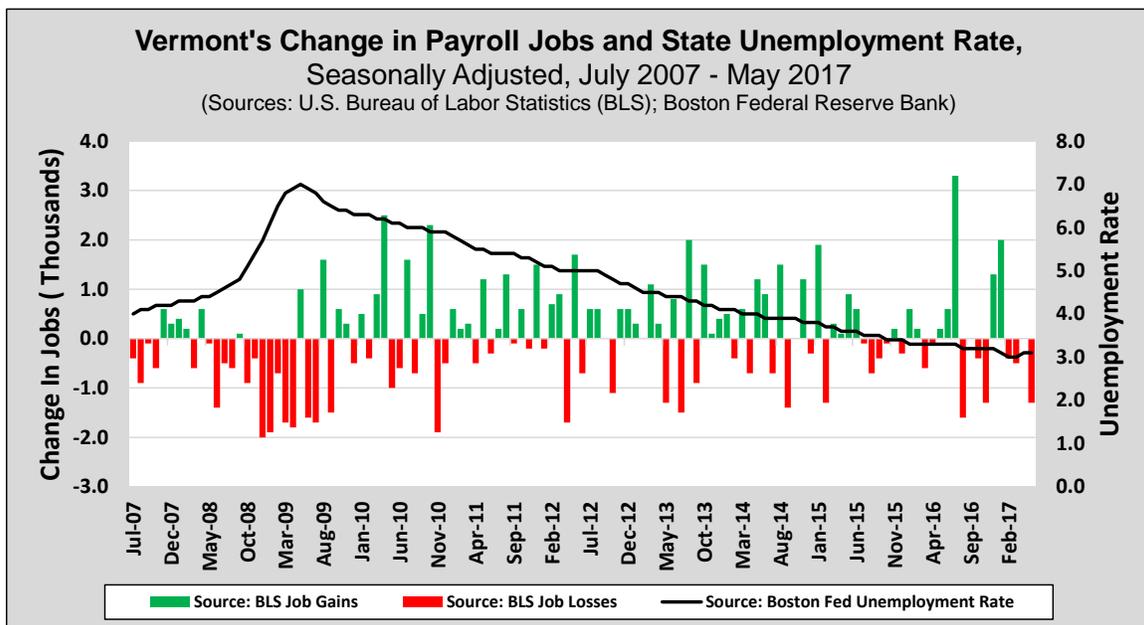
Notes: NAICS means North American Industry Classification System

Source: U.S. Department of Labor, BLS

- Turning to the household survey of employed and unemployed Vermonters, the unemployment rate in Vermont has hovered around 3.0%,

resulting from recent employment trends but also a decline in the civilian labor force. Year-over-year, Vermont’s unemployment rate has declined from 3.3% in May 2016 to 3.1% in May 2017. The Vermont unemployment rate in May was the eighth lowest in the nation and second lowest in New England behind the State of New Hampshire’s 2.9% rate (against the backdrop of a 4.3% U.S. “top-line” May unemployment rate). Vermont unemployment rates over the past two decades have been generally below the average for the U.S. as a whole, as has the unemployment rates for most of the New England region—except for the States of Rhode Island and Connecticut.

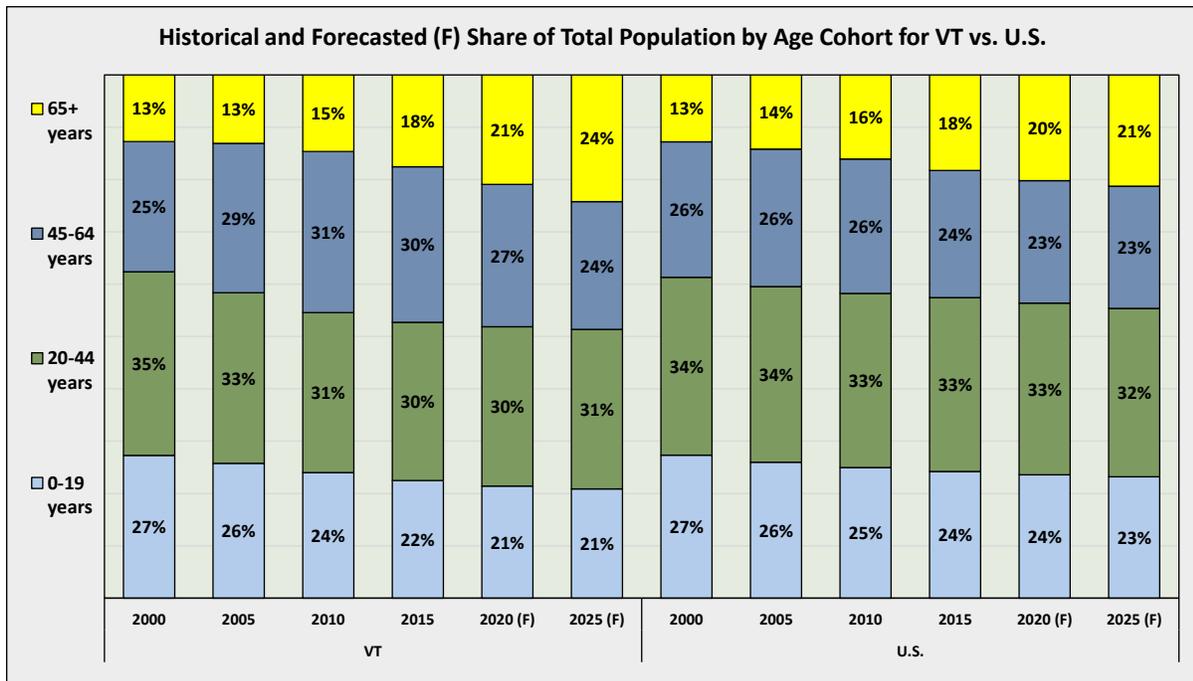
- To a large extent, much of this standing may reflect the higher than average median age of the Vermont population, the population of the northern New England region and of the State of Massachusetts.
- This and future consensus revenue forecast updates will also be impacted by the State’s continuing, not-so-positive demographics. First, it is no secret that Vermont has one of the oldest populations—in fact the second oldest population in the country behind only Maine.⁴



⁴ U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates.

- A total of 48% of Vermont’s population was over 45 years of age in 2015, versus only 42% for the U.S. population as a whole in that same year. This “higher than average percentage of older residents” or “older than average” population status is forecasted to continue through calendar year 2025 as Vermont’s population share over 65 is expected to grow at a significantly faster rate than is the case for the U.S. as a whole. This is illustrated by the chart below.⁵

- The older and more rapidly aging population in Vermont is likely to have a significant and adverse impact on tax receipts over the next several years.
 - This is largely due to the impact that an aging population is expected to have on Personal Income Tax receipts and Sales & Use Tax revenues, which currently comprise just over two-thirds (or 68.6%) of total General Fund revenues.



⁵ Moody’s Analytics National Forecast (June 2017) for the U.S. population. The Vermont population forecast through 2025 reflects the Consensus Administration/Vermont Legislative Joint Fiscal Office Forecast (June 2017).

- With respect to the Personal Income Tax, it should come as no surprise that the highest end of the age spectrum includes residents/households that tend to have lower earnings (from both labor and other non-labor sources) as individuals enter retirement with largely fixed incomes and adjust their household expenditures to reflect their changed employment status.⁶ Often times, the change in employment status results in lower levels of household income and spending—including spending for many categories of expenditures that result in Sales & Use tax receipts for the State. As a result, the State receives lower levels of Personal Income Tax receipts and Sales & Use tax receipts than would be the case if the household had had a younger head of household that was, for example, still participating full-time in the labor force at an occupation commensurate with the prospective worker’s skill set and earning power.

- More specifically, the 2014-15 Consumer Expenditure Survey for northeastern U.S. households showed that households with a head of household aged 45-54 years paid an average of \$4,109 in personal state and local income taxes⁷ and households with a head of household aged 55-64 years paid an average of \$3,137 in personal state and local income taxes. Those amounts are significantly higher—indeed at least three multiples higher—than the \$977 in personal state and local income taxes paid by Northeastern households with a head of household aged 65 years and over.⁸

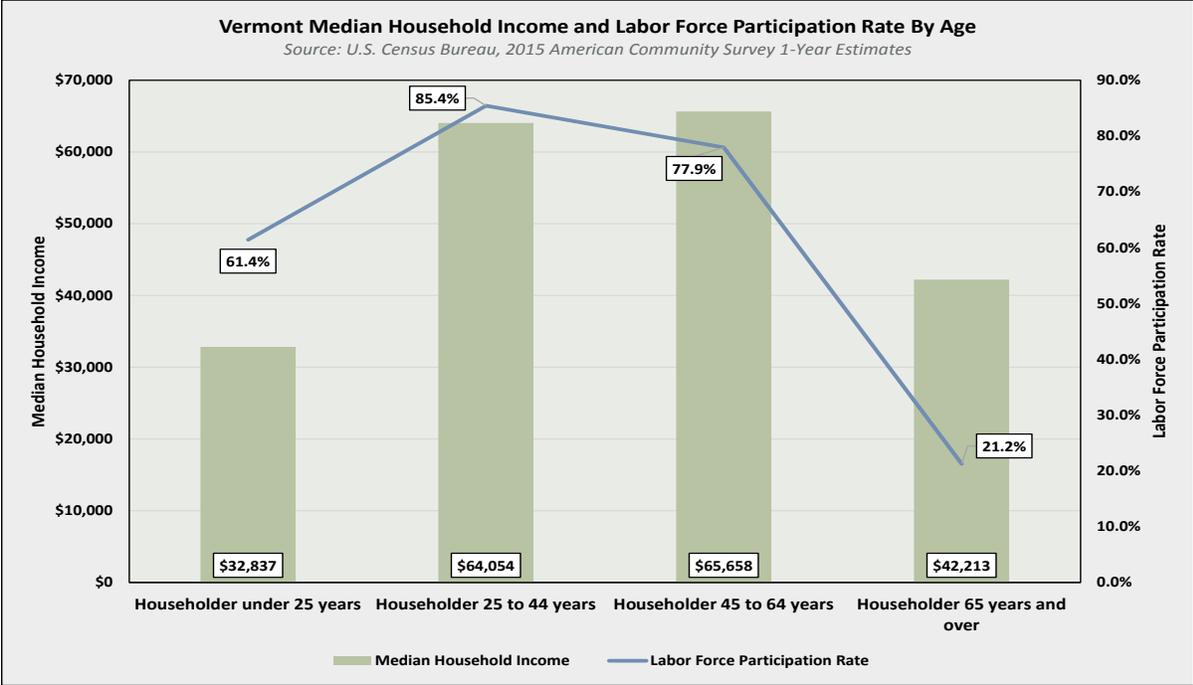
- This is further illustrated by the chart on the following page, which shows that the highest median household income earners were the 45-64 age cohort in 2014-15, and median household income is reported in

⁶ Felix, Alison; Watkins, Kate. Economic Review - Federal Reserve Bank of Kansas City; Kansas City (Q4 2013)

⁷ The reader will note that these numbers include both State and local taxes. The data presented are not intended to present a precise estimate of the dollar impact on Vermont state revenues. They are presented only to illustrate that the direction of this effect is negative and to show that the magnitude of this effect is not insignificant.

⁸ Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, (August, 2016).

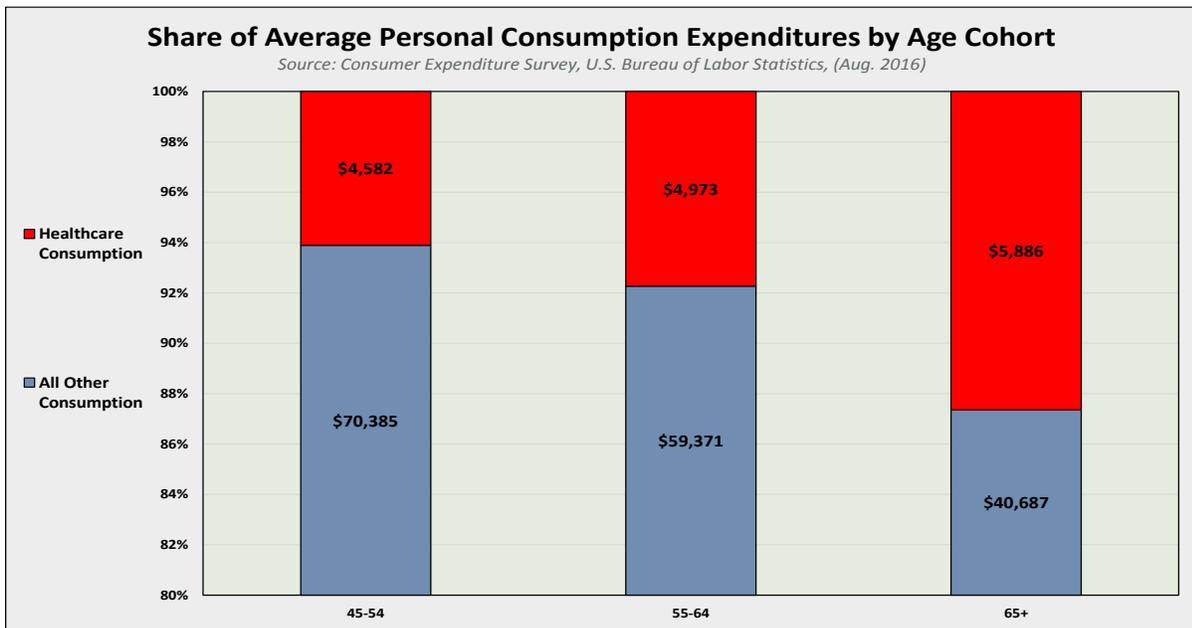
the data to drop off significantly as residents enter the Aged 65 years+ age cohort. As the baby boomer generation moves toward retirement, this is very likely to continue to have a negative effect on Personal Income Tax revenues as the proportion of the Vermont population in their prime earning years declines—unless this trend can be arrested and eventually reversed.



- With respect to the Sales & Use Tax, the aging of the Vermont population is also likely to have similar adverse tax receipts effects.
 - Individuals heading households that are aged 45-64 years also have been shown by the 2014-15 consumer expenditure survey data to make large, even out-sized contributions in consumption taxes—such as the Sales & Use Tax. As householders reach retirement age, with a likely largely fixed income, spending levels on taxable items are demonstrably lower, adversely impacting consumption tax revenues.⁹

⁹ Obviously not just Sales and Use Tax revenues, but consumption tax revenues of all types both inside and outside of the State’s General Fund. The above example is simply used to demonstrate the main analysis point.

- For example, annual Personal Consumption Expenditures from 2014-15 in the northeastern U.S. for households headed by individuals aged 45-54 years averaged \$74,967 in annual expenditures while households headed by persons aged 55-64 years averaged \$64,344 in consumption spending. This compared to annual consumption expenditures for households headed by persons 65 years of age and older of only \$46,573.
- In fact, the only major category of consumption expenditures that households headed by residents over 65 years of age exceeded those of households headed by those aged 45-54 years and 55-64 years of age was the Healthcare category—where many of those expenditures may not be subject to consumption taxes (see the chart below).



- In contrast, expenditures on items such as food, transportation, housing, apparel and services, and entertainment all were lower for northeastern households headed by those over 65 years old as compared to expenditure levels for households headed by those aged 45-54 years of age or 55-64 years of age.¹⁰

¹⁰ Ibid

D. 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 2018 and 2019 that are part of the official Emergency Board motion—along with the estimate of the amount of extraordinary Corporate Income Tax refunds.
- The revenue forecasting process is a collaborative one involving 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, Rebecca Sameroff, Andrew Stein, Jake Feldman, and Doug Farnham. Special thanks also is due to Lenny LeBlanc and Kelly Lawrence of VTrans). The JFO staff also provided immeasurable assistance to this forecast update. Key staff include Sara Teachout, Stephanie Barrett, Dan Dickenson, Catherine Benham, Neil Strickner, Theresa Utton-Jerman, Chloe Wexler, 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). Again this forecast cycle, the NEEP forecast was not available so a full consensus economic forecast was developed outside of the NEEP framework by EPR and KRA.

E. Detailed Forecast Tables.

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2017**

SOURCE G-FUND

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

	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$660.6	10.7%	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$784.0	3.6%	\$808.1	3.1%
Sales & Use*	\$346.8	1.4%	\$353.6	2.0%	\$364.6	3.1%	\$370.7	1.7%	\$376.7	1.6%	\$390.9	3.8%	\$400.3	2.4%
Corporate	\$95.0	10.5%	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$80.8	-15.6%	\$97.6	20.8%
Meals and Rooms	\$134.8	6.2%	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$171.1	3.5%	\$176.9	3.4%
Cigarette and Tobacco**	\$74.3	-7.2%	\$71.9	-3.3%	\$76.8	6.7%	\$80.7	5.2%	\$76.7	-5.0%	\$75.0	-2.2%	\$73.3	-2.4%
Liquor	\$17.0	3.4%	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.6	2.5%	\$20.2	3.1%
Insurance	\$55.0	-2.3%	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$58.0	1.8%	\$58.7	1.2%
Telephone	\$9.4	-2.6%	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$5.0	-12.4%	\$4.4	-12.0%
Beverage	\$6.2	3.3%	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.9%	\$7.3	2.8%
Electric***	\$8.9	204.5%	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate	\$15.4	15.4%	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$18.4	10.4%	\$19.3	4.9%
Property	\$28.5	18.3%	\$30.9	8.5%	\$33.6	8.6%	\$35.7	6.2%	\$38.8	8.7%	\$41.8	7.7%	\$44.2	5.7%
Bank	\$10.7	0.2%	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$11.8	-10.9%	\$11.1	-5.9%
Other Tax	\$1.8	42.9%	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$2.3	5.8%	\$2.5	8.7%
Total Tax Revenue	\$1464.3	6.7%	\$1517.0	3.6%	\$1573.5	3.7%	\$1614.8	2.6%	\$1630.5	1.0%	\$1665.8	2.2%	\$1723.9	3.5%
Business Licenses	\$2.8	-8.0%	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.3	4.4%	\$1.3	2.3%
Fees	\$21.4	2.2%	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$49.8	2.8%	\$51.0	2.4%
Services	\$2.5	8.3%	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$3.1	3.0%	\$3.1	1.0%
Fines	\$4.7	-35.9%	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-20.9%	\$3.6	2.9%
Interest	\$0.6	26.3%	\$0.2	-59.2%	\$0.3	40.4%	\$0.7	130.6%	\$1.5	111.5%	\$2.2	43.8%	\$2.9	31.5%
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Lottery	\$22.9	2.7%	\$22.6	-1.6%	\$22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$25.3	-0.9%	\$25.6	1.2%
All Other****	\$1.7	93.1%	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$1.1	-62.2%	\$1.2	9.1%
Total Other Revenue	\$56.6	-1.2%	\$50.7	-10.4%	\$52.2	3.0%	\$58.9	12.9%	\$87.104	47.9%	\$86.325	-0.9%	\$88.8	2.8%
TOTAL GENERAL FUND	\$1520.9	6.4%	\$1567.6	3.1%	\$1625.7	3.7%	\$1673.7	2.9%	\$1717.7	2.6%	\$1752.2	2.0%	\$1812.7	3.5%

* Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.

** Includes Cigarette, Tobacco Products and Floor Stock tax revenues.

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

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

**TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2017**

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$660.6	10.7%	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$784.0	3.6%	\$808.1	3.1%
Sales and Use*	\$231.2	1.4%	\$229.9	-0.6%	\$237.0	3.1%	\$241.0	1.7%	\$244.9	1.6%	\$254.1	3.8%	\$256.2	0.8%
Corporate	\$95.0	10.5%	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$80.8	-15.6%	\$97.6	20.8%
Meals and Rooms	\$134.8	6.2%	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$171.1	3.5%	\$176.9	3.4%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Liquor	\$17.0	3.4%	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.6	2.5%	\$20.2	3.1%
Insurance	\$55.0	-2.3%	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$58.0	1.8%	\$58.7	1.2%
Telephone	\$9.4	-2.6%	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$5.0	-12.4%	\$4.4	-12.0%
Beverage	\$6.2	3.3%	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.9%	\$7.3	2.8%
Electric**	\$8.9	204.5%	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate***	\$15.4	15.4%	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$18.4	10.4%	\$19.3	4.9%
Property	\$9.2	16.5%	\$10.0	9.3%	\$10.9	8.7%	\$11.5	6.0%	\$12.6	9.0%	\$12.7	1.2%	\$13.5	6.1%
Bank	\$10.7	0.2%	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$11.8	-10.9%	\$11.1	-5.9%
Other Tax	\$1.8	42.9%	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$2.3	5.8%	\$2.5	8.7%
Total Tax Revenue	\$1255.0	8.0%	\$1300.3	3.6%	\$1346.4	3.5%	\$1380.1	2.5%	\$1395.7	1.1%	\$1424.9	2.1%	\$1475.8	3.6%
Business Licenses	\$2.8	-8.0%	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.3	4.4%	\$1.3	2.3%
Fees	\$21.4	2.2%	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$49.8	2.8%	\$51.0	2.4%
Services	\$2.5	8.3%	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$3.1	3.0%	\$3.1	1.0%
Fines	\$4.7	-35.9%	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-20.9%	\$3.6	2.9%
Interest	\$0.5	20.5%	\$0.2	-66.6%	\$0.2	51.9%	\$0.6	136.1%	\$1.2	108.2%	\$1.8	53.7%	\$2.4	33.3%
All Other****	\$1.7	93.1%	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$1.1	-62.2%	\$1.2	9.1%
Total Other Revenue	\$33.5	-3.9%	\$28.0	-16.4%	\$29.4	4.7%	\$32.3	10.1%	\$61.2	89.3%	\$60.6	-1.0%	\$62.7	3.4%
TOTAL GENERAL FUND	\$1288.6	7.7%	\$1328.4	3.1%	\$1375.8	3.6%	\$1412.4	2.7%	\$1457.0	3.2%	\$1485.5	2.0%	\$1538.4	3.6%

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

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

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

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

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

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

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2017**

SOURCE T-FUND

revenues are prior to all E-Fund allocations

and other out-transfers; used for

analytic and comparative purposes only

	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Preliminary)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE														
Gasoline	\$59.9	1.1%	\$76.5	27.6%	\$77.6	1.5%	\$78.0	0.5%	\$78.2	0.2%	\$78.1	-0.1%	\$77.8	-0.4%
Diesel	\$15.6	-2.2%	\$17.2	9.7%	\$19.1	11.5%	\$18.3	-4.4%	\$18.0	-1.7%	\$18.4	2.2%	\$18.7	1.6%
Purchase and Use*	\$83.6	2.0%	\$91.8	9.9%	\$97.3	5.9%	\$100.1	2.9%	\$103.2	3.1%	\$106.3	3.0%	\$109.5	3.0%
Motor Vehicle Fees	\$77.9	5.9%	\$79.0	1.5%	\$80.1	1.4%	\$82.0	2.3%	\$86.2	5.2%	\$88.0	2.1%	\$88.3	0.3%
Other Revenue**	\$19.1	4.2%	\$19.5	2.3%	\$19.7	0.8%	\$19.6	-0.5%	\$19.9	1.8%	\$20.8	4.5%	\$21.1	1.4%
TOTAL TRANS. FUND	\$256.0	2.8%	\$284.0	10.9%	\$293.8	3.5%	\$298.0	1.4%	\$305.5	2.5%	\$311.6	2.0%	\$315.4	1.2%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2017**

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Preliminary)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE														
Gasoline	\$59.9	1.1%	\$76.5	27.6%	\$77.6	1.5%	\$78.0	0.5%	\$78.2	0.2%	\$78.1	-0.1%	\$77.8	-0.4%
Diesel	\$15.6	-2.2%	\$17.2	9.7%	\$19.1	11.5%	\$18.3	-4.4%	\$18.0	-1.7%	\$18.4	2.2%	\$18.7	1.6%
Purchase and Use*	\$55.7	2.0%	\$61.2	9.9%	\$64.8	5.9%	\$66.8	2.9%	\$68.8	3.1%	\$70.9	3.0%	\$73.0	3.0%
Motor Vehicle Fees	\$77.9	5.9%	\$79.0	1.5%	\$80.1	1.4%	\$82.0	2.3%	\$86.2	5.2%	\$88.0	2.1%	\$88.3	0.3%
Other Revenue**	\$19.1	4.2%	\$19.5	2.3%	\$19.7	0.8%	\$19.6	-0.5%	\$19.9	1.8%	\$20.8	4.5%	\$21.1	1.4%
TOTAL TRANS. FUND	\$228.2	2.9%	\$253.4	11.0%	\$261.4	3.2%	\$264.6	1.2%	\$271.1	2.5%	\$276.2	1.9%	\$278.9	1.0%

OTHER

TIB Gasoline	\$21.2	1.4%	\$19.2	-9.5%	\$18.2	-5.2%	\$13.0	-28.4%	\$12.6	-3.3%	\$12.5	-0.7%	\$12.6	1.1%
TIB Diesel and Other***	\$1.8	-8.1%	\$1.8	4.0%	\$2.1	11.4%	\$1.9	-6.1%	\$2.1	11.0%	\$2.0	-7.9%	\$2.0	1.0%
Total TIB	\$23.0	0.6%	\$21.0	-8.4%	\$20.2	-3.8%	\$15.0	-26.1%	\$14.7	-1.5%	\$14.5	-1.8%	\$14.6	1.1%

* 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.

*** Includes TIB Fund interest income (which has never exceeded \$20,000 per year).

**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 2017**

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only

	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
GENERAL FUND														
Sales & Use**	\$115.6	1.4%	\$123.8	7.1%	127.6	3.1%	\$129.8	1.7%	\$131.8	1.6%	\$136.8	3.8%	\$144.1	5.3%
Interest	\$0.1	72.8%	\$0.1	-17.2%	0.1	3.6%	\$0.2	135.7%	\$0.4	122.7%	\$0.4	13.1%	\$0.5	23.5%
Lottery	\$22.9	2.7%	\$22.6	-1.6%	22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$25.3	-0.9%	\$25.6	1.2%
TRANSPORTATION FUND														
Purchase and Use***	\$27.9	2.0%	\$30.6	9.9%	32.4	5.9%	\$33.4	2.9%	\$34.4	3.1%	\$35.4	3.0%	\$36.5	3.0%
TOTAL EDUCATION FUND	\$166.5	1.7%	\$177.0	6.3%	182.9	3.3%	\$189.7	3.7%	\$192.2	1.3%	\$198.0	3.0%	\$206.7	4.4%

* 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.

** 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 FY15

*** Includes Motor Vehicle Rental revenues, restated

Appendix A

Five Year Revenue Forecast Tables

July 2017

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2017**

SOURCE G-FUND	<i>revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only</i>																				
	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>									
REVENUE SOURCE																					
Personal Income	\$660.6	10.7%	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$784.0	3.6%	\$808.1	3.1%	\$827.2	2.4%	\$840.5	1.6%	\$862.7	2.6%	
Sales & Use*	\$346.8	1.4%	\$353.6	2.0%	\$364.6	3.1%	\$370.7	1.7%	\$376.7	1.6%	\$390.9	3.8%	\$400.3	2.4%	\$409.1	2.2%	\$415.7	1.6%	\$425.2	2.3%	
Corporate	\$95.0	10.5%	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$80.8	-15.6%	\$97.6	20.8%	\$96.8	-0.8%	\$93.7	-3.2%	\$97.2	3.7%	
Meals and Rooms	\$134.8	6.2%	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$171.1	3.5%	\$176.9	3.4%	\$182.4	3.1%	\$186.9	2.5%	\$192.6	3.0%	
Cigarette and Tobacco**	\$74.3	-7.2%	\$71.9	-3.3%	\$76.8	6.7%	\$80.7	5.2%	\$76.7	-5.0%	\$75.0	-2.2%	\$73.3	-2.4%	\$71.4	-2.5%	\$69.6	-2.5%	\$67.8	-2.6%	
Liquor	\$17.0	3.4%	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.6	2.5%	\$20.2	3.1%	\$20.8	3.0%	\$21.3	2.4%	\$22.0	3.3%	
Insurance	\$55.0	-2.3%	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$58.0	1.8%	\$58.7	1.2%	\$59.3	1.0%	\$59.6	0.5%	\$60.5	1.5%	
Telephone	\$9.4	-2.6%	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$5.0	-12.4%	\$4.4	-12.0%	\$3.9	-11.4%	\$3.5	-10.3%	\$3.2	-8.6%	
Beverage	\$6.2	3.3%	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.9%	\$7.3	2.8%	\$7.5	2.7%	\$7.7	2.7%	\$7.9	2.6%	
Electric***	\$8.9	204.5%	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	
Estate	\$15.4	15.4%	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$18.4	10.4%	\$19.3	4.9%	\$20.2	4.7%	\$21.1	4.5%	\$22.0	4.3%	
Property	\$28.5	18.3%	\$30.9	8.5%	\$33.6	8.6%	\$35.7	6.2%	\$38.8	8.7%	\$41.8	7.7%	\$44.2	5.7%	\$46.0	4.1%	\$46.9	2.0%	\$47.7	1.7%	
Bank	\$10.7	0.2%	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$11.8	-10.9%	\$11.1	-5.9%	\$11.2	0.9%	\$11.3	0.9%	\$11.4	0.9%	
Other Tax	\$1.8	42.9%	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$2.3	5.8%	\$2.5	8.7%	\$2.7	8.0%	\$2.9	7.4%	\$3.0	3.4%	
Total Tax Revenue	\$1464.3	6.7%	\$1517.0	3.6%	\$1573.5	3.7%	\$1614.8	2.6%	\$1630.5	1.0%	\$1665.8	2.2%	\$1723.9	3.5%	\$1758.5	2.0%	\$1780.7	1.3%	\$1823.2	2.4%	
Business Licenses	\$2.8	-8.0%	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.3	4.4%	\$1.3	2.3%	\$1.4	2.3%	\$1.4	2.2%	\$1.4	2.2%	
Fees	\$21.4	2.2%	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$49.8	2.8%	\$51.0	2.4%	\$52.2	2.4%	\$53.3	2.1%	\$54.8	2.8%	
Services	\$2.5	8.3%	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$3.1	3.0%	\$3.1	1.0%	\$3.2	1.0%	\$3.2	0.9%	\$3.2	0.9%	
Fines	\$4.7	-35.9%	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-20.9%	\$3.6	2.9%	\$3.7	2.8%	\$3.8	2.7%	\$3.9	2.6%	
Interest	\$0.6	26.3%	\$0.2	-59.2%	\$0.3	40.4%	\$0.7	130.6%	\$1.5	111.5%	\$2.2	43.8%	\$2.9	31.5%	\$3.6	23.1%	\$3.9	6.9%	\$4.0	3.9%	
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	
Lottery	\$22.9	2.7%	\$22.6	-1.6%	\$22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$25.3	-0.9%	\$25.6	1.2%	\$25.8	0.8%	\$25.9	0.4%	\$26.0	0.4%	
All Other****	\$1.7	93.1%	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$1.1	-62.2%	\$1.2	9.1%	\$1.3	8.3%	\$1.4	7.7%	\$1.5	7.1%	
Total Other Revenue	\$56.6	-1.2%	\$50.7	-10.4%	\$52.2	3.0%	\$58.9	12.9%	\$87.104	47.9%	\$86.325	-0.9%	\$88.8	2.8%	\$91.1	2.6%	\$92.8	1.9%	\$94.8	2.2%	
TOTAL GENERAL FUND	\$1520.9	6.4%	\$1567.6	3.1%	\$1625.7	3.7%	\$1673.7	2.9%	\$1717.7	2.6%	\$1752.2	2.0%	\$1812.7	3.5%	\$1849.6	2.0%	\$1873.6	1.3%	\$1918.0	2.4%	

* Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.

** Includes Cigarette, Tobacco Products and Floor Stock tax revenues.

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

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

**TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2017**

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>								
REVENUE SOURCE																				
Personal Income	\$660.6	10.7%	\$671.1	1.6%	\$705.9	5.2%	\$747.0	5.8%	\$756.5	1.3%	\$784.0	3.6%	\$808.1	3.1%	\$827.2	2.4%	\$840.5	1.6%	\$862.7	2.6%
Sales and Use*	\$231.2	1.4%	\$229.9	-0.6%	\$237.0	3.1%	\$241.0	1.7%	\$244.9	1.6%	\$254.1	3.8%	\$256.2	0.8%	\$261.8	2.2%	\$266.0	1.6%	\$272.1	2.3%
Corporate	\$95.0	10.5%	\$94.8	-0.1%	\$121.9	28.5%	\$117.0	-4.0%	\$95.8	-18.1%	\$80.8	-15.6%	\$97.6	20.8%	\$96.8	-0.8%	\$93.7	-3.2%	\$97.2	3.7%
Meals and Rooms	\$134.8	6.2%	\$142.7	5.9%	\$150.8	5.7%	\$154.2	2.2%	\$165.3	7.3%	\$171.1	3.5%	\$176.9	3.4%	\$182.4	3.1%	\$186.9	2.5%	\$192.6	3.0%
Cigarette and Tobacco	\$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
Liquor	\$17.0	3.4%	\$17.7	4.0%	\$18.2	2.9%	\$18.3	0.8%	\$19.1	4.4%	\$19.6	2.5%	\$20.2	3.1%	\$20.8	3.0%	\$21.3	2.4%	\$22.0	3.3%
Insurance	\$55.0	-2.3%	\$57.1	3.7%	\$55.3	-3.1%	\$56.2	1.7%	\$57.0	1.3%	\$58.0	1.8%	\$58.7	1.2%	\$59.3	1.0%	\$59.6	0.5%	\$60.5	1.5%
Telephone	\$9.4	-2.6%	\$9.1	-2.9%	\$7.7	-14.9%	\$3.2	-59.2%	\$5.7	80.6%	\$5.0	-12.4%	\$4.4	-12.0%	\$3.9	-11.4%	\$3.5	-10.3%	\$3.2	-8.6%
Beverage	\$6.2	3.3%	\$6.4	3.6%	\$6.7	4.2%	\$6.7	0.6%	\$6.9	2.9%	\$7.1	2.9%	\$7.3	2.8%	\$7.5	2.7%	\$7.7	2.7%	\$7.9	2.6%
Electric**	\$8.9	204.5%	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate***	\$15.4	15.4%	\$35.5	131.0%	\$9.9	-72.2%	\$12.5	26.5%	\$16.7	33.3%	\$18.4	10.4%	\$19.3	4.9%	\$20.2	4.7%	\$21.1	4.5%	\$22.0	4.3%
Property	\$9.2	16.5%	\$10.0	9.3%	\$10.9	8.7%	\$11.5	6.0%	\$12.6	9.0%	\$12.7	1.2%	\$13.5	6.1%	\$14.1	4.3%	\$14.4	2.1%	\$14.6	1.8%
Bank	\$10.7	0.2%	\$11.0	2.7%	\$10.7	-2.0%	\$10.7	-0.6%	\$13.2	24.0%	\$11.8	-10.9%	\$11.1	-5.9%	\$11.2	0.9%	\$11.3	0.9%	\$11.4	0.9%
Other Tax	\$1.8	42.9%	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-9.0%	\$2.2	18.0%	\$2.3	5.8%	\$2.5	8.7%	\$2.7	8.0%	\$2.9	7.4%	\$3.0	3.4%
Total Tax Revenue	\$1255.0	8.0%	\$1300.3	3.6%	\$1346.4	3.5%	\$1380.1	2.5%	\$1395.7	1.1%	\$1424.9	2.1%	\$1475.8	3.6%	\$1507.9	2.2%	\$1528.9	1.4%	\$1569.2	2.6%
Business Licenses	\$2.8	-8.0%	\$1.1	-61.4%	\$1.1	0.2%	\$1.1	-1.6%	\$1.2	16.8%	\$1.3	4.4%	\$1.3	2.3%	\$1.4	2.3%	\$1.4	2.2%	\$1.4	2.2%
Fees	\$21.4	2.2%	\$20.6	-3.4%	\$22.1	7.0%	\$23.0	4.2%	\$48.5	110.8%	\$49.8	2.8%	\$51.0	2.4%	\$52.2	2.4%	\$53.3	2.1%	\$54.8	2.8%
Services	\$2.5	8.3%	\$1.3	-47.3%	\$1.5	12.5%	\$2.8	86.6%	\$3.0	7.9%	\$3.1	3.0%	\$3.1	1.0%	\$3.2	1.0%	\$3.2	0.9%	\$3.2	0.9%
Fines	\$4.7	-35.9%	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	5.5%	\$4.4	21.0%	\$3.5	-20.9%	\$3.6	2.9%	\$3.7	2.8%	\$3.8	2.7%	\$3.9	2.6%
Interest	\$0.5	20.5%	\$0.2	-66.6%	\$0.2	51.9%	\$0.6	136.1%	\$1.2	108.2%	\$1.8	53.7%	\$2.4	33.3%	\$3.0	25.0%	\$3.2	6.7%	\$3.3	3.1%
All Other****	\$1.7	93.1%	\$1.3	-24.0%	\$1.0	-20.4%	\$1.3	25.9%	\$2.9	128.5%	\$1.1	-62.2%	\$1.2	9.1%	\$1.3	8.3%	\$1.4	7.7%	\$1.5	7.1%
Total Other Revenue	\$33.5	-3.9%	\$28.0	-16.4%	\$29.4	4.7%	\$32.3	10.1%	\$61.2	89.3%	\$60.6	-1.0%	\$62.7	3.4%	\$64.7	3.3%	\$66.3	2.4%	\$68.1	2.8%
TOTAL GENERAL FUND	\$1288.6	7.7%	\$1328.4	3.1%	\$1375.8	3.6%	\$1412.4	2.7%	\$1457.0	3.2%	\$1485.5	2.0%	\$1538.4	3.6%	\$1572.6	2.2%	\$1595.2	1.4%	\$1637.4	2.6%

* 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% to 36% effective in FY19.

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

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

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

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

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

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2017**

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

	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change								
REVENUE SOURCE																				
Gasoline	\$59.9	1.1%	\$76.5	27.6%	\$77.6	1.5%	\$78.0	0.5%	\$78.2	0.2%	\$78.1	-0.1%	\$77.8	-0.4%	\$77.5	-0.4%	\$77.1	-0.5%	\$76.4	-0.9%
Diesel	\$15.6	-2.2%	\$17.2	9.7%	\$19.1	11.5%	\$18.3	-4.4%	\$18.0	-1.7%	\$18.4	2.2%	\$18.7	1.6%	\$18.9	1.1%	\$19.0	0.5%	\$19.3	1.6%
Purchase and Use*	\$83.6	2.0%	\$91.8	9.9%	\$97.3	5.9%	\$100.1	2.9%	\$103.2	3.1%	\$106.3	3.0%	\$109.5	3.0%	\$112.7	2.9%	\$115.4	2.4%	\$119.0	3.1%
Motor Vehicle Fees	\$77.9	5.9%	\$79.0	1.5%	\$80.1	1.4%	\$82.0	2.3%	\$86.2	5.2%	\$88.0	2.1%	\$88.3	0.3%	\$89.7	1.6%	\$90.1	0.4%	\$91.4	1.4%
Other Revenue**	\$19.1	4.2%	\$19.5	2.3%	\$19.7	0.8%	\$19.6	-0.5%	\$19.9	1.8%	\$20.8	4.5%	\$21.1	1.4%	\$21.4	1.4%	\$21.6	0.9%	\$22.0	1.9%
TOTAL TRANS. FUND	\$256.0	2.8%	\$284.0	10.9%	\$293.8	3.5%	\$298.0	1.4%	\$305.5	2.5%	\$311.6	2.0%	\$315.4	1.2%	\$320.2	1.5%	\$323.2	0.9%	\$328.1	1.5%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2017**

CURRENT LAW BASIS
including all Education Fund allocations and other out-transfers

	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change								
REVENUE SOURCE																				
Gasoline	\$59.9	1.1%	\$76.5	27.6%	\$77.6	1.5%	\$78.0	0.5%	\$78.2	0.2%	\$78.1	-0.1%	\$77.8	-0.4%	\$77.5	-0.4%	\$77.1	-0.5%	\$76.4	-0.9%
Diesel	\$15.6	-2.2%	\$17.2	9.7%	\$19.1	11.5%	\$18.3	-4.4%	\$18.0	-1.7%	\$18.4	2.2%	\$18.7	1.6%	\$18.9	1.1%	\$19.0	0.5%	\$19.3	1.6%
Purchase and Use*	\$55.7	2.0%	\$61.2	9.9%	\$64.8	5.9%	\$66.8	2.9%	\$68.8	3.1%	\$70.9	3.0%	\$73.0	3.0%	\$75.1	2.9%	\$76.9	2.4%	\$79.3	3.1%
Motor Vehicle Fees	\$77.9	5.9%	\$79.0	1.5%	\$80.1	1.4%	\$82.0	2.3%	\$86.2	5.2%	\$88.0	2.1%	\$88.3	0.3%	\$89.7	1.6%	\$90.1	0.4%	\$91.4	1.4%
Other Revenue**	\$19.1	4.2%	\$19.5	2.3%	\$19.7	0.8%	\$19.6	-0.5%	\$19.9	1.8%	\$20.8	4.5%	\$21.1	1.4%	\$21.4	1.4%	\$21.6	0.9%	\$22.0	1.9%
TOTAL TRANS. FUND	\$228.2	2.9%	\$253.4	11.0%	\$261.4	3.2%	\$264.6	1.2%	\$271.1	2.5%	\$276.2	1.9%	\$278.9	1.0%	\$282.6	1.3%	\$284.7	0.7%	\$288.4	1.3%
OTHER																				
TIB Gasoline	\$21.2	1.4%	\$19.2	-9.5%	\$18.2	-5.2%	\$13.0	-28.4%	\$12.6	-3.3%	\$12.5	-0.7%	\$12.6	1.1%	\$13.7	8.1%	\$14.7	7.8%	\$15.8	7.1%
TIB Diesel and Other***	\$1.8	-8.1%	\$1.8	4.0%	\$2.1	11.4%	\$1.9	-6.1%	\$2.1	11.0%	\$2.0	-7.9%	\$2.0	1.0%	\$2.0	1.0%	\$2.0	1.5%	\$2.1	1.0%
Total TIB	\$23.0	0.6%	\$21.0	-8.4%	\$20.2	-3.8%	\$15.0	-26.1%	\$14.7	-1.5%	\$14.5	-1.8%	\$14.6	1.1%	\$15.7	7.1%	\$16.8	7.0%	\$17.8	6.3%

* 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.

*** Includes TIB Fund interest income (which has never exceeded \$20,000 per year).

**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 2017**

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only

	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>								
GENERAL FUND																				
Sales & Use**	\$115.6	1.4%	\$123.8	7.1%	127.6	3.1%	\$129.8	1.7%	\$131.8	1.6%	\$136.8	3.8%	\$144.1	5.3%	\$147.3	2.2%	\$149.7	1.6%	\$153.1	2.3%
Interest	\$0.1	72.8%	\$0.1	-17.2%	0.1	3.6%	\$0.2	135.7%	\$0.4	122.7%	\$0.4	13.1%	\$0.5	23.5%	\$0.6	14.3%	\$0.7	8.3%	\$0.7	7.7%
Lottery	\$22.9	2.7%	\$22.6	-1.6%	22.8	0.8%	\$26.4	16.1%	\$25.5	-3.3%	\$25.3	-0.9%	\$25.6	1.2%	\$25.8	0.8%	\$25.9	0.4%	\$26.0	0.4%
TRANSPORTATION FUND																				
Purchase and Use***	\$27.9	2.0%	\$30.6	9.9%	32.4	5.9%	\$33.4	2.9%	\$34.4	3.1%	\$35.4	3.0%	\$36.5	3.0%	\$37.6	2.9%	\$38.5	2.4%	\$39.7	3.1%
TOTAL EDUCATION FUND	\$166.5	1.7%	\$177.0	6.3%	182.9	3.3%	\$189.7	3.7%	\$192.2	1.3%	\$198.0	3.0%	\$206.7	4.4%	\$211.2	2.2%	\$214.7	1.6%	\$219.4	2.2%

* 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.

** 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.

*** Includes Motor Vehicle Rental revenues, restated