



Idaho General Fund Revenue Report

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This month's Idaho General Fund Revenue Report features the Division of Financial Management's (DFM) revised FY 2015 General Fund forecast. In January 2014 DFM projected FY 2015 General Fund receipts would be \$2,987.8 million, a 6.1% increase above the \$2,815.4 million collected in FY 2014. This projection has been superseded by the revised General Fund forecast of \$2,970.6 million, which is an increase of 5.5% over FY 2014. The roughly \$17-million decline from the previous forecast is mainly the result of changes in the outlooks for the Idaho and national economies.

These economic factors have had their largest impacts on Idaho's sales tax forecast. Fueled by increasing personal income and the recovering building sector, the sales tax contribution to the General Fund was anticipated in January 2014 to be \$1,233.4 million, an increase of 7.7% from the FY 2014 amount. This growth was consistent with the projected 5.2% increase in Idaho nominal personal income and 12,900 housing starts predicted for FY 2015. However, the outlooks for these two components have softened since January 2014, and so has the projection for sales tax collections. In the revised Idaho economic forecast published this August, Idaho personal income is expected to grow 3.4% in FY 2015 and there are predicted to be about 11,500 housing starts. As a result, the revised FY 2015 sales tax forecast is \$1,212.9 million, which is a 5.9% increase from the prior fiscal year.

Stronger-than-predicted individual income tax receipts in FY 2014 caused DFM to revise the FY 2015 projection. Collections in

FY 2014 of \$1,329.3 million were almost \$10.0 million higher than forecasted. This increase lifted the starting point for the revised FY 2015 forecast. The new individual income tax forecast for FY 2015 of \$1,412.6 million is \$9.6 million higher than in the previous forecast. As a result, receipts grow 6.3% in FY 2015. This growth is much higher than the previous year's 3.5% rate because individual income tax filing receipts shrank in FY 2014 after experiencing a spike in FY 2013. The one-time surge in FY 2013 was caused by income being shifted from CY 2013 into CY 2012 to avoid higher anticipated federal income taxes in CY 2013. After FY 2014's decline, filing collections are expected to rebound in FY 2015.

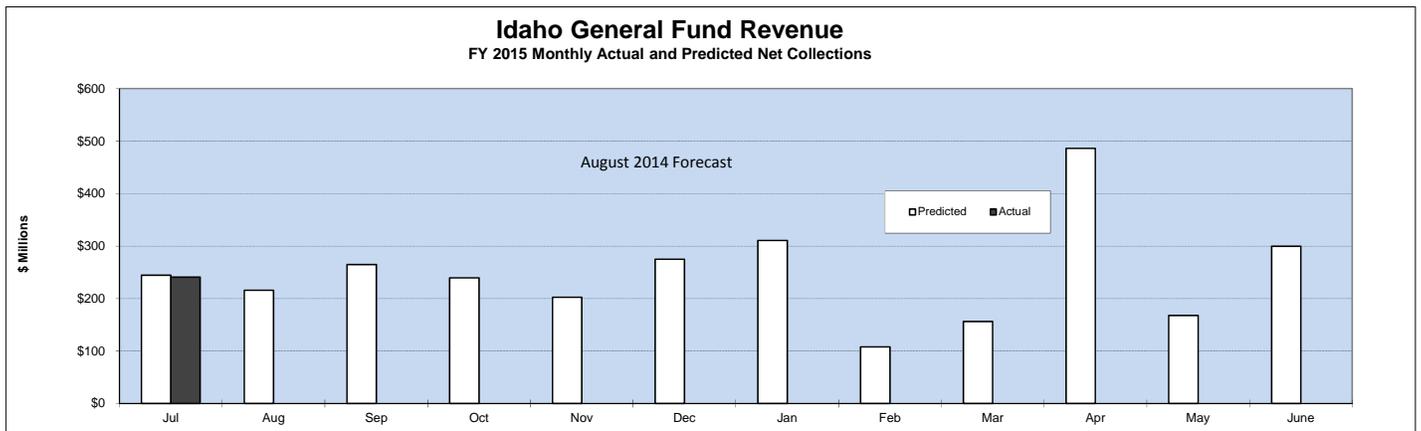
Idaho's corporate income tax is forecast to recover in FY 2015. Last year's nearly 28% decline in corporate filing collections caused total corporate income tax receipts to drop to \$188.3 million from \$198.7 million in FY 2013. However, filing collections should advance by about 15.0% in FY 2015. This increase, along with the expected growth in quarterly payments, should help bring the corporate income tax's share of the General Fund to \$198.3 million, which is within one-half million dollars of the amount received in FY 2013.

Fiscal year 2015 revenue from product taxes is expected to be \$44.8 million, which is \$1.0 million higher than in FY 2014. Cigarette taxes, which were set by statute at \$3.3 million, are about \$0.4 million lower than last year. However, this decline is more than offset by the General Fund's portion of liquor receipts that are expected to be \$1.3 million higher in FY 2015 than in FY 2014. Forecasted revenue from miscellaneous sources is \$101.9 million.

July 2014 General Fund receipts of \$240.9 million were \$3.3 million (-1.4%) under the revised forecast of \$244.3 million. Individual income tax collections for the month were \$99.9 million, which is \$2.7 million below the expected amount. Coincidentally, corporate income tax collections of \$9.3 million were above the target by about the same amount, \$2.8 million. The sales tax receipts for July 2014 were just short of the forecast. The \$105.7 million collected was \$3.2 million below the predicted \$108.9 million. The revenue from miscellaneous sources was also slightly lower than predicted, \$16.9 million versus \$17.3 million. Product taxes of \$9.1 million, on the other hand, were just above the expected \$9.0 million.

This month's individual income tax shortfall was the result of the withholding collections being \$3.5 million lower than anticipated. However, part of this gap was partially mitigated by slightly better-than-expected filing collections. Filing collections were \$0.6 million above the \$7.3 million forecasted for July 2014. Refunds for the month of \$4.6 million were virtually on target.

Corporate income tax receipts for July 2014 benefited from strong filing collections. This category added \$2.6 million to the General Fund, which is \$1.1 million above the forecast. Also assisting the General Fund's bottom line were refunds of \$0.4 million, which were \$1.8 million under the forecast. Estimated payments contributed \$7.2 million to the General Fund, which were \$0.3 million below the projected \$7.5 million.



Idaho General Fund Collections for July 2014

MONTHLY ACTUAL AND PREDICTED COLLECTIONS FOR JULY					
	<i>Actual FY 2013</i>	<i>Actual FY 2014</i>	<i>Actual FY 2015</i>	<i>Predicted FY 2015</i>	<i>Forecast Performance FY 2015</i>
					<i>(Actual versus Predicted)</i>
Individual Income Tax (\$000)	\$91,482.6	\$92,872.6	\$99,868.1	\$102,524.1	Difference (\$2,656.0)
Percent Change from Previous Year	-0.1%	1.5%	7.5%	10.4%	Percent -2.6%
Corporate Income Tax (\$000)	\$5,244.6	\$7,848.6	\$9,348.0	\$6,566.2	Difference \$2,781.8
Percent Change from Previous Year	-6.5%	49.7%	19.1%	-16.3%	Percent 42.4%
Sales Tax (\$000)	\$98,677.2	\$101,105.4	\$105,742.3	\$108,904.4	Difference (\$3,162.1)
Percent Change from Previous Year	4.0%	2.5%	4.6%	7.7%	Percent -2.9%
Product Tax (\$000)	\$8,491.2	\$8,475.4	\$9,081.4	\$8,980.2	Difference \$101.1
Percent Change from Previous Year	173.9%	-0.2%	7.2%	6.0%	Percent 1.1%
Miscellaneous Revenue (\$000)	\$18,883.7	\$21,731.6	\$16,903.4	\$17,300.8	Difference (\$397.4)
Percent Change from Previous Year	7.7%	15.1%	-22.2%	-20.4%	Percent -2.3%
Total (\$000)	\$222,779.2	\$232,033.6	\$240,943.1	\$244,275.7	Difference (\$3,332.5)
Percent Change from Previous Year	4.8%	4.2%	3.8%	5.3%	Percent -1.4%

FISCAL YEAR-TO-DATE ACTUAL AND PREDICTED COLLECTIONS THROUGH JULY					
	<i>Actual FY 2013</i>	<i>Actual FY 2014</i>	<i>Actual FY 2015</i>	<i>Predicted FY 2015</i>	<i>Forecast Performance FY 2015</i>
					<i>(Actual versus Predicted)</i>
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