



Idaho General Fund Revenue Report

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The revised FY 2016 Idaho General Fund revenue forecast is the focus of this month's report. Last January the Division of Financial Management (DFM) projected revenues for FY 2016 would be \$3,127.6 million. The revised FY 2016 forecast is \$3,181.1 million, which is \$53.5 million above January's forecast and is a 4.1% increase from the previous fiscal year's collections.

Every revenue category's FY 2016 forecast has been revised upwards. Of these, the individual income tax has the largest increase. It is forecast to be \$1,530.2 million, which is a \$41.6 million increase from the January estimate. Filing collections account for the majority of this improvement; they are \$26.8 million above the previous projection. This revision is influenced by both recent collections and equity market conditions.

The Idaho individual income tax outlook is also lifted by withholding payments that are \$12.4 million higher than the previous forecast. There are expected to be \$349.2 million in individual income tax refunds this fiscal year, which is very close to the \$350.2 million in refunds that were forecast in January 2015.

Corporate income tax collections for FY 2016 have been raised from \$212.5 million to \$218.4 million. This change is the net result of refunds that are \$11.0 million lower than in the prior forecast. They were reduced because actual refunds have been coming in below forecasts in recent years. For example, refunds in FY 2015 were expected to be \$33.8 million, but instead came in at \$19.8 million. Estimated payments and filing collections are

both slightly lower than previously forecast because of the slower Idaho personal income growth in FY 2016. Namely estimated payments have been reduced by about \$3.8 million and filing collections are \$1.0 million lower. These reductions are more than offset by the \$11.0 million refund revision, however.

The revision to the sales tax forecast is much smaller than those of the individual and corporate income taxes. In fact, the current FY 2016 sales tax projection is \$1,270.1 million, which is virtually the same as the previous forecast. However, it should be pointed out that there is a conceptual difference between the two projections. The January 2015 forecast was prepared before the legislative session and does not include the fiscal impacts of any laws passed during the session. The current forecast includes \$4.1 million in reductions due to law changes.

Idaho is expected to collect product taxes of \$50.6 million this fiscal year, an increase of \$1.9 million from the previous forecast. The cigarette tax accounts for the largest change between the projections. The amount of this tax distributed to the General Fund was set at \$7.9 million during the 2015 legislative session, which is about \$1.2 million more than was forecast last January. Revenue from miscellaneous sources has been revised upward to \$111.8 million from the previous estimate of \$107.9 million mainly because of the improved outlook for insurance premium taxes.

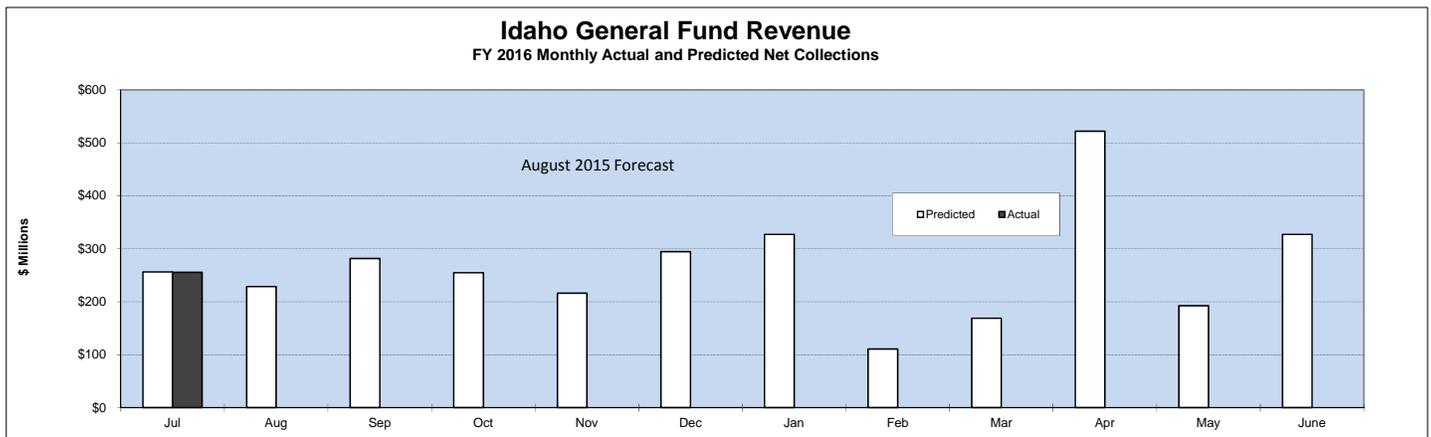
July 2015 General Fund receipts were \$255.7 million, which is \$0.7 million (-0.3%) below the revised forecast. This month's performance reflects the mixed results from the state's five

revenue categories. The individual income tax collections of \$104.1 million were \$4.3 million below the expected receipts. In addition, corporate income tax receipts also fell short of the projection, \$4.7 million versus \$7.7 million. However, a large portion of these combined shortfalls was offset by sales tax receipts of \$118.5 million that were \$5.1 million higher than expected.

The individual income tax receipts were weighed down by withholding collections of \$101.5 million that were \$5.3 million below the target. Filing payments of \$7.9 million were also low, but they were much closer (-\$0.1 million) to the projection. Refunds were also low by \$1.0 million, which helped the July individual income tax category's bottom line.

Higher-than-expected refunds weighed down this month's corporate income tax bottom line. Refunds of \$4.3 million were nearly \$2.8 million above the forecast. Estimated payments of \$7.5 million were \$0.3 million under the projection. Filing collections were the only revenue source to exceed expectations, but the surplus of just \$0.4 million did not come close to offsetting shortfalls elsewhere. The sales tax posted a strong showing in July 2015. Receipts for the month of \$118.5 million were 12.1% above those for the previous year and were \$5.1 million above the forecast for the month.

Both product tax collections and miscellaneous revenue receipts topped their forecasts. Product tax collections of \$9.1 million exceeded expectations by \$0.2 million. Miscellaneous receipts were \$19.2 million, which is \$1.2 million more than projected.



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Idaho General Fund Collections for July 2015

MONTHLY ACTUAL AND PREDICTED COLLECTIONS FOR JULY					
	<i>Actual FY 2014</i>	<i>Actual FY 2015</i>	<i>Actual FY 2016</i>	<i>Predicted FY 2016</i>	<i>Forecast Performance FY 2016</i>
					<i>(Actual versus Predicted)</i>
Individual Income Tax (\$000)	\$92,872.6	\$99,868.1	\$104,112.8	\$108,365.4	Difference (\$4,252.6)
Percent Change from Previous Year	1.5%	7.5%	4.3%	8.5%	Percent -3.9%
Corporate Income Tax (\$000)	\$7,848.6	\$9,348.0	\$4,735.4	\$7,713.6	Difference (\$2,978.1)
Percent Change from Previous Year	49.7%	19.1%	-49.3%	-17.5%	Percent -38.6%
Sales Tax (\$000)	\$101,105.4	\$105,742.3	\$118,543.8	\$113,445.4	Difference \$5,098.5
Percent Change from Previous Year	2.5%	4.6%	12.1%	7.3%	Percent 4.5%
Product Tax (\$000)	\$8,475.4	\$9,081.4	\$9,092.5	\$8,889.9	Difference \$202.7
Percent Change from Previous Year	-0.2%	7.2%	0.1%	-2.1%	Percent 2.3%
Miscellaneous Revenue (\$000)	\$21,731.6	\$16,903.4	\$19,207.1	\$18,016.6	Difference \$1,190.5
Percent Change from Previous Year	15.1%	-22.2%	13.6%	6.6%	Percent 6.6%
Total (\$000)	\$232,033.6	\$240,943.1	\$255,691.8	\$256,430.8	Difference (\$739.1)
Percent Change from Previous Year	4.2%	3.8%	6.1%	6.4%	Percent -0.3%

FISCAL YEAR-TO-DATE ACTUAL AND PREDICTED COLLECTIONS THROUGH JULY					
	<i>Actual FY 2014</i>	<i>Actual FY 2015</i>	<i>Actual FY 2016</i>	<i>Predicted FY 2016</i>	<i>Forecast Performance FY 2016</i>
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