



Idaho General Fund Revenue Report

C.L. "Butch" Otter, Governor
Jani Revier, Administrator

DIVISION OF FINANCIAL MANAGEMENT
Executive Office of the Governor

AUGUST 2017

VOLUME XL NO. 2

This report introduces the revised FY 2018 Idaho General Fund revenue projection that supersedes the January 2017 estimate. The anticipated General Fund revenue is \$3,579.3 million. This amount is \$71.9 million higher than January's \$3,507.4 million, reflecting the net impact of three factors. First, all of the revenue categories' actual FY 2017 receipts were higher than their forecasts, which raised the starting points for their revised FY 2018 forecasts. Second, the revenue forecasts were lifted by the generally improved economic outlook since January. Third, the positive impacts of the first two factors were slightly offset by Idaho tax law changes enacted since January.

The improved General Fund revenue outlook reflects upward revisions to four of its five categories. Individual income tax collections are expected to be \$1,727.3 million, which exceeds the previous projection of \$1,666.8 million by \$60.5 million. Corporate tax receipts are projected to increase by about \$9.2 million, \$225.1 million versus the previous estimate of \$215.9 million. Both the product tax and miscellaneous revenue projections are also stronger than were previously forecast. Product tax collections have been raised slightly from January's \$56.0 million to \$58.3 million. The forecast for miscellaneous revenue has been increased from \$121.6 million to \$125.5 million. The sales tax category is the single exception to the upward revisions. Its contribution to the General Fund has been slightly lowered from

January's \$1,447.1 million to \$1,443.0 million in the current forecast.

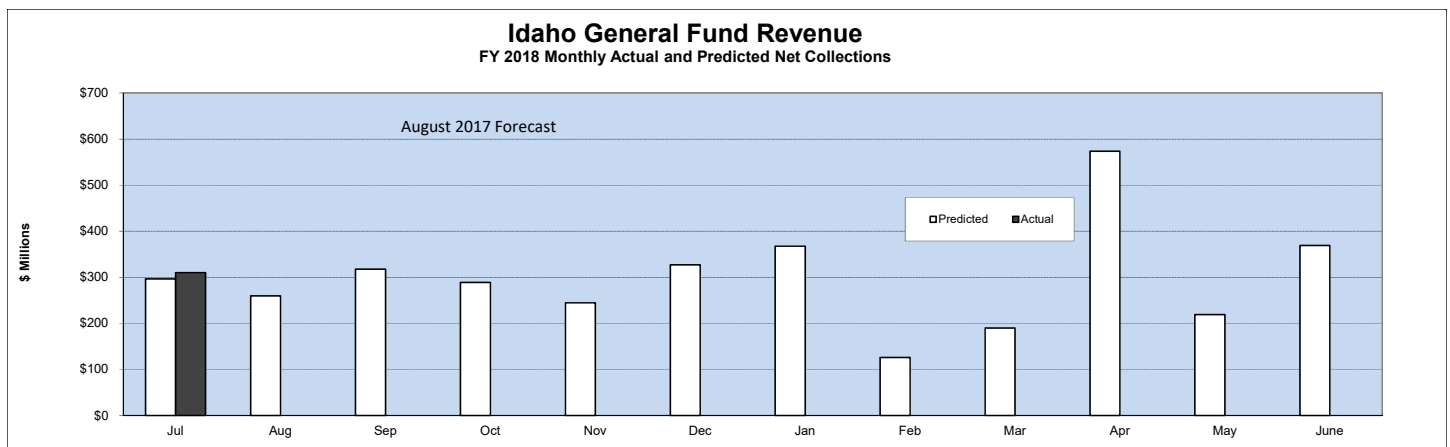
The lower FY 2018 sales tax forecast is the result of a tax law change that redirects one percent of the net collections after revenue sharing to the newly established transportation expansion and congestion mitigation program. It is estimated this change will reduce the sales tax contribution to the General Fund by \$15.2 million. Absent this change, the contribution would have been \$1,458.3 million, which is \$11.2 higher than in the January forecast.

The \$60.5 million upward revision to the individual income tax revenue largely reflects raised expectations for both filing collections and withholding payments. Filing collections have been increased by \$33.4 million to \$657.5 million from the previous forecast. One of the reasons for this change is that filing collections came in much stronger than expected in FY 2017, which raised the starting point for the FY 2018 forecast. This was also the case for withholding payments. As a result, these payments are anticipated to be \$1,472.3 million, which is \$21.2 million higher than the previously forecasted \$1,451.1 million. Net individual income tax revenue was further bolstered by revised refunds that are \$5.5 million lower than the amount forecasted this winter.

Corporate income tax is the smallest of the top three revenue categories. Its

forecast has been raised by \$9.2 million. Like individual income tax, the flow of funds into corporate income tax was increased. Namely, filing collections of \$58.8 million are \$2.4 million higher than in the previous forecast. In addition, estimated payments were increased by \$8.7 million to \$208.5 million. However, unlike its individual income tax counterpart, corporate income tax refunds were increased by \$1.7 since the January 2017 forecast.

The revised revenue forecasts predicted July 2017 receipts would be 5.9% above July 2016 receipts. Instead, actual July receipts of \$310.3 million were 10.9% above last July's receipts and \$14.0 million (4.7%) over the forecast. The largest contributor to this increase was individual income tax. Its collections of \$132.0 million topped the forecast by \$10.0 million (8.2%). The sales tax also posted a strong showing this month. Its \$134.9 million contribution to the General Fund was \$5.3 million (4.1%) more than was anticipated. Corporate income tax did not fare as well as its larger counterparts. Its receipts of \$6.4 million were \$0.7 million (-9.8%) below the expected \$7.1 million. Revenue from miscellaneous sources was also off by nearly the same amount. Specifically, receipts of \$26.3 million were \$0.7 million (-2.7%) below the forecast. Total product tax receipts of \$10.7 million were the closest to its forecast of all the revenue sources, coming in just \$0.1 million (1.1%) above the forecast.



Prepared by Derek E. Santos, Chief Economist and Greg Piepmeyer, Economist.

Idaho Division of Financial Management • 304 North 8th Street • PO Box 83720 • Boise, Idaho 83720-0032 • 208-334-3900

Idaho General Fund Collections for July 2017

MONTHLY ACTUAL AND PREDICTED COLLECTIONS FOR JULY						
	<i>Actual FY 2016</i>	<i>Actual FY 2017</i>	<i>Actual FY 2018</i>	<i>Predicted FY 2018</i>	<i>Forecast Performance FY 2018</i>	
					<i>(Actual versus Predicted)</i>	
Individual Income Tax (\$000)	\$104,112.8	\$120,014.4	\$132,022.3	\$122,038.1	Difference	\$9,984.2
Percent Change from Previous Year	4.3%	15.3%	10.0%	1.7%	Percent	8.2%
Corporate Income Tax (\$000)	\$4,735.4	\$6,527.7	\$6,400.7	\$7,099.2	Difference	(\$698.5)
Percent Change from Previous Year	-49.3%	37.8%	-1.9%	8.8%	Percent	-9.8%
Sales Tax (\$000)	\$118,543.8	\$127,617.5	\$134,857.6	\$129,567.8	Difference	\$5,289.8
Percent Change from Previous Year	12.1%	7.7%	5.7%	1.5%	Percent	4.1%
Product Tax (\$000)	\$9,092.5	\$10,505.9	\$10,742.5	\$10,630.4	Difference	\$112.1
Percent Change from Previous Year	0.1%	15.5%	2.3%	1.2%	Percent	1.1%
Miscellaneous Revenue (\$000)	\$19,207.1	\$15,080.1	\$26,259.1	\$26,996.7	Difference	(\$737.5)
Percent Change from Previous Year	13.6%	-21.5%	74.1%	79.0%	Percent	-2.7%
Total (\$000)	\$255,691.8	\$279,745.6	\$310,282.3	\$296,332.2	Difference	\$13,950.1
Percent Change from Previous Year	6.1%	9.4%	10.9%	5.9%	Percent	4.7%

FISCAL YEAR-TO-DATE ACTUAL AND PREDICTED COLLECTIONS THROUGH JULY						
	<i>Actual FY 2016</i>	<i>Actual FY 2017</i>	<i>Actual FY 2018</i>	<i>Predicted FY 2018</i>	<i>Forecast Performance FY 2018</i>	
					<i>(Actual versus Predicted)</i>	
Individual Income Tax (\$000)	\$104,112.8	\$120,014.4	\$132,022.3	\$122,038.1	Difference	\$9,984.2
Percent Change from Previous Year	4.3%	15.3%	10.0%	1.7%	Percent	8.2%
Corporate Income Tax (\$000)	\$4,735.4	\$6,527.7	\$6,400.7	\$7,099.2	Difference	(\$698.5)
Percent Change from Previous Year	-49.3%	37.8%	-1.9%	8.8%	Percent	-9.8%
Sales Tax (\$000)	\$118,543.8	\$127,617.5	\$134,857.6	\$129,567.8	Difference	\$5,289.8
Percent Change from Previous Year	12.1%	7.7%	5.7%	1.5%	Percent	4.1%
Product Tax (\$000)	\$9,092.5	\$10,505.9	\$10,742.5	\$10,630.4	Difference	\$112.1
Percent Change from Previous Year	0.1%	15.5%	2.3%	1.2%	Percent	1.1%
Miscellaneous Revenue (\$000)	\$19,207.1	\$15,080.1	\$26,259.1	\$26,996.7	Difference	(\$737.5)
Percent Change from Previous Year	13.6%	-21.5%	74.1%	79.0%	Percent	-2.7%
Total (\$000)	\$255,691.8	\$279,745.6	\$310,282.3	\$296,332.2	Difference	\$13,950.1
Percent Change from Previous Year	6.1%	9.4%	10.9%	5.9%	Percent	4.7%