



Idaho General Fund Revenue Report

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DIVISION OF FINANCIAL MANAGEMENT
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The Idaho Division of Financial Management publishes General Fund revenue forecasts in January and August. The new FY 2019 revenue forecast is in this month's *Idaho General Fund Revenue Report*. Earlier this year it was anticipated General Fund revenue would grow 5.3% in FY 2019 to \$3,823.1 million. The revised forecast shows revenue declining slightly from FY 2018 to \$3,724.8 million, which is \$98.3 million less (-2.6%) than previously forecast. This difference is primarily due to Idaho law changes made this spring.

Idaho individual income tax is predicted to drop from \$1,828.3 million in FY 2018 to \$1,775.1 million in FY 2019. The major reasons are house bills 463 and 675. H0463 conformed to many features of the new federal income tax laws and provided major tax relief. It lowered each of the state's individual income tax rates by 0.475 percentage point and adopted a \$130 child tax credit to offset the loss of the federal dependent exemptions. H0463 is estimated to lower the General Fund by \$68.0 million. The child tax credit was raised to \$205 per dependent child in H0675. This reduces the General Fund another \$25.0 million.

Federal income tax reform further contributes to the decline in two other ways. There was a significant increase in filing collections at the end of CY 2017. US Department of Commerce data show several Idaho personal income components advanced

at double-digit rates in CY 2017's fourth quarter. This surge was partly income being shifted from CY 2018 to CY 2017 in response to federal tax reform. Since this income has already been taxed in CY 2017, filing collections will be lower in FY 2019.

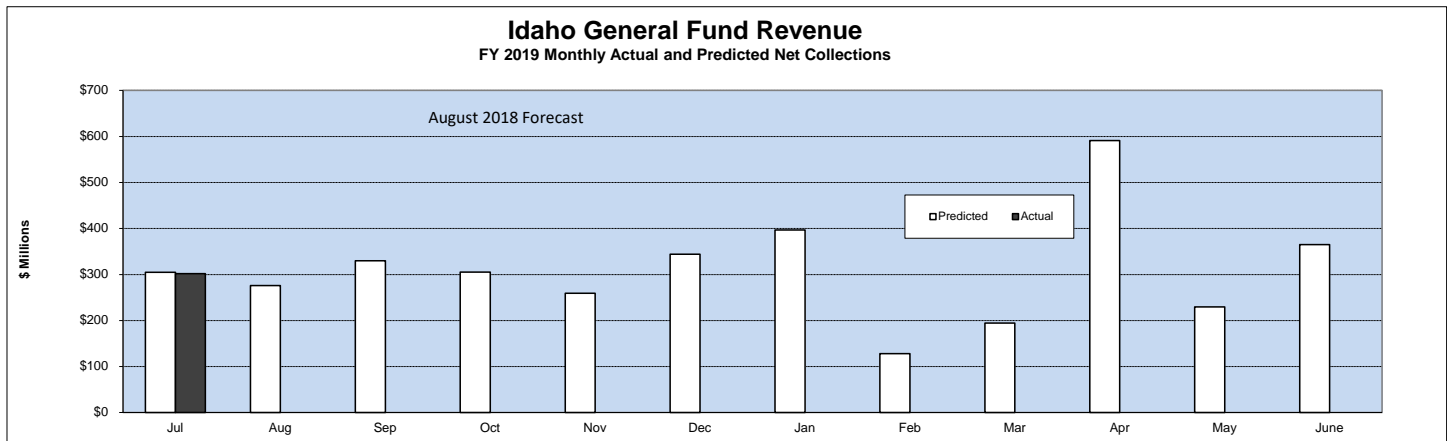
Idaho's individual income tax rates were lowered effective January 1, 2018 by H0463, but withholding tables for the lower rates were not implemented until late spring. As a result, employers were withholding too much earlier this year. The excess payments will be refunded to workers when they file their returns in FY 2019. The forecast includes an adjustment for these higher refunds, further reducing the General Fund. The Idaho Tax Commission encourages taxpayers to review their personal tax situations in light of the recent changes. Impacts of the new Idaho withholding tables are apparent; Idaho withholding payments fell 16.8% from July 2017 to July 2018.

H0463 reduced the corporate income tax rate from 7.4% to 6.925%. This shaved \$15.1 million from FY 2019's corporate income tax receipts. Conformity with federal tax law lowered corporate income tax revenue by another \$21.4 million. In January, corporate income tax was forecast to be \$235.0 million. It has been revised down to \$207.7 million this summer. That is \$31.0 million lower than last year's showing.

The General Fund is forecast to receive \$1,563.8 million from the sales tax in FY 2019, which is 5.0% over the previous year. This is about \$17.7 million more than the January 2018 projection. Higher-than-anticipated revenue in FY 2018 raised the starting point for this year's forecast. Law changes will have only minor impacts on FY 2019 sales tax receipts.

Product tax revenues are forecast to rise to \$65.2 million, which is \$6.9 million higher than FY 2018's \$58.3 million. This increase is due to higher cigarette tax and liquor sales collections. Expected revenue from miscellaneous sources of \$113.0 million is down \$3.3 million from FY 2018.

July 2018 General Fund revenue was lower than predicted. Receipts were expected to be \$305.0 million, but came in at \$301.7 million—a difference of \$3.3 million (-1.1%). The individual income tax shortfall is the main reason for this deficit. At \$112.9 million, it was \$13.9 million (-11.0%) under its target. The month's bottom line would have been worse had corporate income tax receipts of \$11.8 million not come in nearly twice as high as predicted, generating a \$5.6 million surplus. Sales tax collections were very close to the forecast, \$140.7 million compared to the anticipated \$140.4 million. Product taxes of \$11.7 million were virtually on target and miscellaneous revenue of \$24.6 million was \$4.8 million above the forecast.



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Idaho General Fund Collections for July 2018

MONTHLY ACTUAL AND PREDICTED COLLECTIONS FOR JULY					
	<i>Actual FY 2017</i>	<i>Actual FY 2018</i>	<i>Actual FY 2019</i>	<i>Predicted FY 2019</i>	<i>Forecast Performance FY 2019</i>
					<i>(Actual versus Predicted)</i>
Individual Income Tax (\$000)	\$120,014.4	\$132,022.3	\$112,906.8	\$126,853.4	Difference (\$13,946.6)
Percent Change from Previous Year	15.3%	10.0%	-14.5%	-3.9%	Percent -11.0%
Corporate Income Tax (\$000)	\$6,527.7	\$6,400.7	\$11,794.6	\$6,199.3	Difference \$5,595.3
Percent Change from Previous Year	37.8%	-1.9%	84.3%	-3.1%	Percent 90.3%
Sales Tax (\$000)	\$127,617.5	\$134,857.6	\$140,676.9	\$140,415.9	Difference \$261.1
Percent Change from Previous Year	7.7%	5.7%	4.3%	4.1%	Percent 0.2%
Product Tax (\$000)	\$10,505.9	\$10,742.5	\$11,735.1	\$11,766.3	Difference (\$31.1)
Percent Change from Previous Year	15.5%	2.3%	9.2%	9.5%	Percent -0.3%
Miscellaneous Revenue (\$000)	\$15,080.1	\$26,259.1	\$24,599.5	\$19,775.8	Difference \$4,823.7
Percent Change from Previous Year	-21.5%	74.1%	-6.3%	-24.7%	Percent 24.4%
Total (\$000)	\$279,745.6	\$310,282.3	\$301,712.9	\$305,010.5	Difference (\$3,297.6)
Percent Change from Previous Year	9.4%	10.9%	-2.8%	-1.7%	Percent -1.1%

FISCAL YEAR-TO-DATE ACTUAL AND PREDICTED COLLECTIONS THROUGH JULY					
	<i>Actual FY 2017</i>	<i>Actual FY 2018</i>	<i>Actual FY 2019</i>	<i>Predicted FY 2019</i>	<i>Forecast Performance FY 2019</i>
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