



# Idaho General Fund Revenue Report

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DIVISION OF FINANCIAL MANAGEMENT  
Executive Office of the Governor

AUGUST 2019

VOLUME XLII NO. 2

The revised FY 2020 General Fund revenue forecast is the focus of this month's report. The current FY 2020 General Fund revenue projection is \$3,928.6 million, a 5.2% increase over FY 2019. It replaces the previous projection of \$4,057.4 million that was published in January. FY 2019's results include the first-year impacts of major changes to both federal and state income tax laws. Last year's actual data helped influence the FY 2020 forecast revisions.

Individual income tax receipts are expected to increase 7.1% to \$1,779.7 million in FY 2020. This amount is \$174.5 million below the previous forecast. This downward revision is mainly the result of much lower-than-expected withholding payments and lower filing collections in FY 2019.

The individual income tax withholding payments were short of the forecast in every month of FY 2019. For the fiscal year, actual withholding payments were nearly \$120 million under the projection. Part of this shortfall was due to the lower-than-anticipated adoption rate to the revised withholding tables. A statistical analysis including the newly available FY 2019 data suggested there was a significant downward shift to withholding payments that DFM's model was not capturing. The model was adjusted to reduce this bias. This revised amount for FY 2020 withholding payments

is \$1,333.6 million, which is \$194.6 million under the previous prediction.

Individual income tax filing collections were also under the FY 2019 forecast, \$743.6 million versus \$808.5 million. Again, the actual FY 2019 data were employed to recalibrate the model in order to improve the forecast's accuracy in FY 2020. The revised forecast of \$815.2 million is \$59.8 million below the previous forecast.

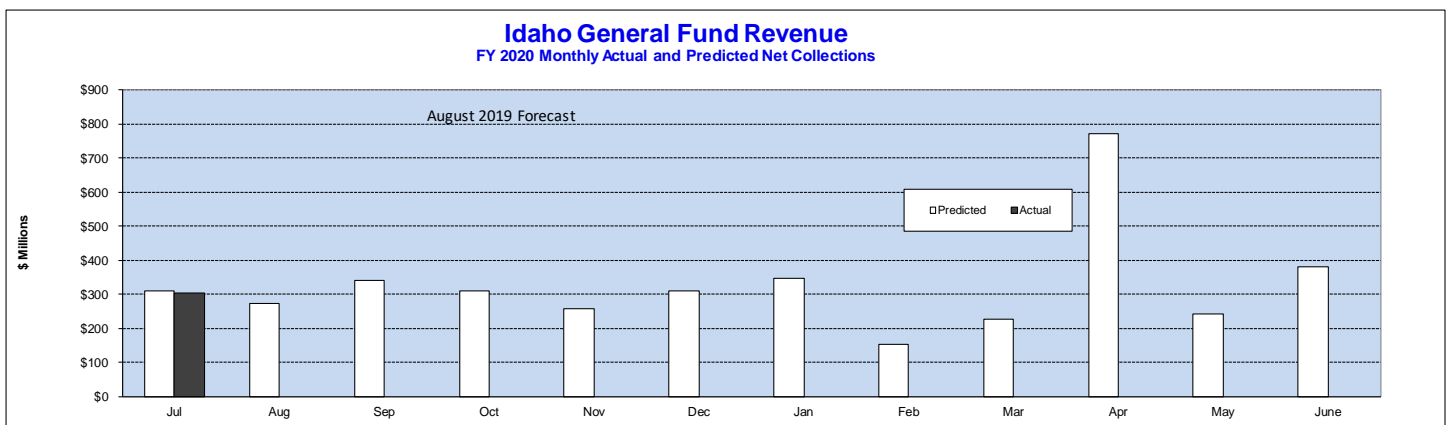
One-time and ongoing sources pushed FY 2019 corporate income tax receipts to a record \$283.2 million that exceeded the forecast by \$60 million. Unfortunately, these sources are not broken out in a manner that can be explicitly used to adjust the FY 2020 forecast. In the absence of this break out, adjustments were made based on experience and judgement. Specifically, the forecast assumes roughly two-thirds of the \$60 million excess were one time and \$20 million were ongoing. As a result, \$40 million was removed from FY 2019 base. The remaining \$20 million was kept in the base. The adjusted \$243.2 million base was increased by this year's expected growth of nearly 10% percent to arrive at the FY 2020 projection of \$264.1 million.

The sales tax forecast was revised upwards to \$1,691.3 million from \$1,667.0 million. This reflects the combined impact of last year's stronger-than-expected

receipts, expected economic conditions, and tax law changes. The most notable tax law change was H0259aaS that directed revenue from remote sellers and market place facilitators to the Tax Relief Fund, so the General Fund receives no portion from these receipts.

Total product tax revenue for FY 2020 is expected to be \$66.7 million, with cigarette taxes, wine taxes, and Idaho State Liquor Division distributions contributing the most to this total. Insurance premium taxes, unclaimed property distributions, and revenue from other departments and transfers boost revenue from miscellaneous sources to \$126.8 million.

General Fund receipts for the first month of FY 2020 were \$301.7 million, which was \$6.2 million (-2.0%) under the revised projection. Individual income tax receipts of \$109.4 million missed its forecast by \$5.4 million. However, this shortfall was partially offset by corporate income tax collections of \$9.2 million that were \$0.6 million (7.4%) above the forecast. The sales tax contribution to the General Fund of \$151.5 million was just \$0.2 million (0.2%) below the forecast. Product taxes of \$13.1 million were virtually on target. Miscellaneous revenue was \$1.1 million short of the forecast, \$22.4 million versus \$23.5 million.



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

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# Idaho General Fund Collections for July 2019

<b>MONTHLY ACTUAL AND PREDICTED COLLECTIONS FOR JULY</b>					
	<i>Actual FY 2018</i>	<i>Actual FY 2019</i>	<i>Actual FY 2020</i>	<i>Predicted FY 2020</i>	<i>Forecast Performance FY 2020</i>
					<i>(Actual versus Predicted)</i>
<b>Individual Income Tax (\$000)</b>	\$132,022.3	\$112,906.8	\$109,442.5	\$114,837.3	<b>Difference</b> <span style="color: red;">(\$5,394.9)</span>
<b>Percent Change from Previous Year</b>	10.0%	-14.5%	-3.1%	1.7%	<b>Percent</b> -4.7%
<b>Corporate Income Tax (\$000)</b>	\$6,400.7	\$11,794.6	\$9,240.3	\$8,604.7	<b>Difference</b> \$635.6
<b>Percent Change from Previous Year</b>	-1.9%	84.3%	-21.7%	-27.0%	<b>Percent</b> 7.4%
<b>Sales Tax (\$000)</b>	\$134,857.6	\$140,676.9	\$151,504.1	\$151,739.0	<b>Difference</b> <span style="color: red;">(\$234.9)</span>
<b>Percent Change from Previous Year</b>	5.7%	4.3%	7.7%	7.9%	<b>Percent</b> -0.2%
<b>Product Tax (\$000)</b>	\$10,742.5	\$11,735.1	\$13,081.5	\$13,174.8	<b>Difference</b> <span style="color: red;">(\$93.2)</span>
<b>Percent Change from Previous Year</b>	2.3%	9.2%	11.5%	12.3%	<b>Percent</b> -0.7%
<b>Miscellaneous Revenue (\$000)</b>	\$26,259.1	\$24,599.5	\$22,369.4	\$23,463.5	<b>Difference</b> <span style="color: red;">(\$1,094.1)</span>
<b>Percent Change from Previous Year</b>	74.1%	-6.3%	-9.1%	-4.6%	<b>Percent</b> -4.7%
<b>Total (\$000)</b>	\$310,282.3	\$301,712.9	\$305,637.7	\$311,819.2	<b>Difference</b> <span style="color: red;">(\$6,181.5)</span>
<b>Percent Change from Previous Year</b>	10.9%	-2.8%	1.3%	3.3%	<b>Percent</b> -2.0%

<b>FISCAL YEAR-TO-DATE ACTUAL AND PREDICTED COLLECTIONS THROUGH JULY</b>					
	<i>Actual FY 2018</i>	<i>Actual FY 2019</i>	<i>Actual FY 2020</i>	<i>Predicted FY 2020</i>	<i>Forecast Performance FY 2020</i>
					<i>(Actual versus Predicted)</i>
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