



Idaho General Fund Revenue Report

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This report features the revised FY 2021 Idaho General Fund revenue forecast. It anticipates receipts to grow 2.0% to \$4,111.3 million from the previous fiscal year's \$4,032.0. This projection was prepared using the July 2020 *Idaho Economic Forecast*. It replaces the January 2020 revenue forecast.

A major difference between the two forecasts is the pandemic's impacts on state revenue. There were no coronavirus impacts in the January 2020 revenue projection. The revised Idaho revenue outlook is shaped by the coronavirus-induced sharp, short decline in local economic activity followed by a slow recovery.

Idaho nonfarm employment is expected to plunge by over 50,000 jobs during this spring, though they are expected to be rebounding in the year's second half. Ordinarily such a drop would cause personal income to plummet, since wage and salary payments are the largest portion of income. However, the massive infusion of federal transfer payments softens the economic blow from lost wages. This boost is temporary; transfer payments recede in the third quarter.

For FY 2021, Idaho personal income is predicted to rise just 0.8%—its weakest showing since the Great Recession. Wages and salary payments advance just 2.0%, which is less than half

the previous year's pace. Transfer payments increase 27.3%.

After advancing 14.7% in FY 2020, Idaho individual income tax receipts are projected to decline 0.3% this fiscal year to \$1,898.7 million. This drop results from the withholding payments stalling this year under the burden of weak wage and salary payments. Specifically, withholding payments are forecast to be \$1,365.7 million, which is just 0.04% higher than in FY 2020. They grew 8.3% the previous fiscal year.

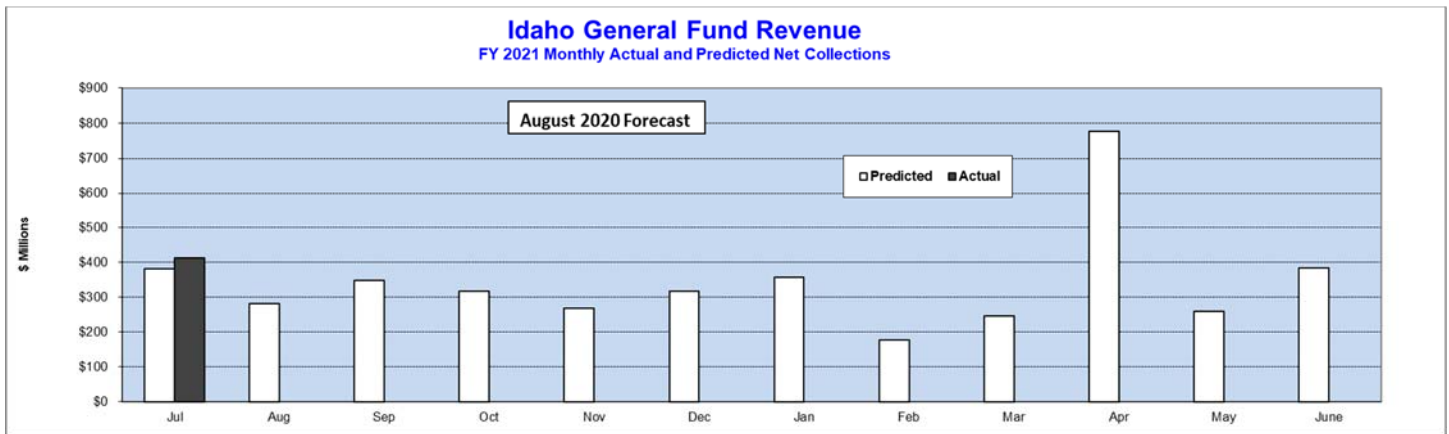
Filing collections increase 6.0% this fiscal year to \$854.2 million. Federal transfer payments are taxable in the state, but they are not subject to Idaho withholding payments. The income tax due on them for FY 2020 will come via payments when CY 2020 returns are filed in FY 2021. July 2020 Idaho filing collections were unusually large, \$89.3 million compared to July 2019's \$13.5 million. We suspect part of this increase reflects taxpayers filing their returns on the July 15, 2020 federal tax deadline instead of Idaho's June 15, 2020 deadline. Adopting the federal deadline also shifted refunds from late FY 2020 to early FY 2021. Full year expected refunds are \$312.2 million.

The sales tax is expected to contribute \$1,780.8 million to the General Fund this fiscal year, which is a 5.4% increase from FY 2020. This growth is slightly

slower than the previous year's 5.7% pace. This deceleration reflects flat personal income growth and stable housing starts in FY 2021. Sales tax from remote purchases are forecast to grow 10.0% this year. Ecommerce trade has been advancing strongly as consumer shopping habits have evolved, and this year its growth should be enhanced due to safety concerns. Ecommerce sales taxes are directed to the Tax Relief Fund, not the General Fund. They were \$10.9 million this month, which is more than twice last July's \$4.8 million.

After tumbling 14.1% in FY 2020, Idaho corporate income tax receipts are forecast to grow 4.2% this fiscal year to \$253.6 million. Strong receipts this month suggest some of the quarterly payments and filing collections were shifted from FY 2020 to this fiscal year. Revenue from product taxes are projected to be \$72.1 million and miscellaneous receipts should total \$106.1 million.

July 2020 General Fund receipts were \$412.3 million, which was \$32.1 million (8.4%) more than anticipated. Individual income tax revenue was \$12.7 million above the forecast. Corporate income tax receipts of \$25.2 million were \$6.3 million above its target. Sales tax collections of \$172.4 million topped the projected \$159.7 million. Product taxes for the month totaled \$15.7 million and miscellaneous revenue receipts were \$8.7 million. Both sources came in \$0.2 million above their respective forecasts.



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Idaho General Fund Collections for July 2020

| MONTHLY ACTUAL AND PREDICTED COLLECTIONS FOR JULY | | | | | | |
|--|---------------------------|---------------------------|---------------------------|------------------------------|---|------------|
| | <i>Actual FY 2019</i> | <i>Actual FY 2020</i> | <i>Actual FY 2021</i> | <i>Predicted FY 2021</i> | <i>Forecast Performance FY 2021</i> | |
| | | | | | <i>(Actual versus Predicted)</i> | |
| Individual Income Tax (\$000) | \$112,906.8 | \$109,442.5 | \$190,357.9 | \$177,642.2 | Difference | \$12,715.7 |
| Percent Change from Previous Year | -14.5% | -3.1% | 73.9% | 62.3% | Percent | 7.2% |
| Corporate Income Tax (\$000) | \$11,794.6 | \$9,240.3 | \$25,212.3 | \$18,924.3 | Difference | \$6,288.0 |
| Percent Change from Previous Year | 84.3% | -21.7% | 172.9% | 104.8% | Percent | 33.2% |
| Sales Tax (\$000) | \$140,676.9 | \$151,504.1 | \$172,388.2 | \$159,686.1 | Difference | \$12,702.1 |
| Percent Change from Previous Year | 4.3% | 7.7% | 13.8% | 5.4% | Percent | 8.0% |
| Product Tax (\$000) | \$11,735.1 | \$13,081.5 | \$15,677.4 | \$15,468.9 | Difference | \$208.5 |
| Percent Change from Previous Year | 9.2% | 11.5% | 19.8% | 18.3% | Percent | 1.3% |
| Miscellaneous Revenue (\$000) | \$24,599.5 | \$22,369.4 | \$8,685.8 | \$8,481.1 | Difference | \$204.7 |
| Percent Change from Previous Year | -6.3% | -9.1% | -61.2% | -62.1% | Percent | 2.4% |
| Total (\$000) | \$301,712.9 | \$305,637.7 | \$412,321.7 | \$380,202.7 | Difference | \$32,119.0 |
| Percent Change from Previous Year | -2.8% | 1.3% | 34.9% | 24.4% | Percent | 8.4% |

| FISCAL YEAR-TO-DATE ACTUAL AND PREDICTED COLLECTIONS THROUGH JULY | | | | | | |
|--|---------------------------|---------------------------|---------------------------|------------------------------|---|------------|
| | <i>Actual FY 2019</i> | <i>Actual FY 2020</i> | <i>Actual FY 2021</i> | <i>Predicted FY 2021</i> | <i>Forecast Performance FY 2021</i> | |
| | | | | | <i>(Actual versus Predicted)</i> | |
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