



Massachusetts Department of Revenue

Briefing Book FY2017 Consensus Revenue Estimate Hearing

December 16, 2015

Presented by:

Mark E. Nunnely
COMMISSIONER

Kazim P. Ozyurt
DIRECTOR
OFFICE OF TAX POLICY ANALYSIS

Table of Contents

Introduction.....	3
FY15 Results.....	4
FY16 Summary.....	5
FY17 Summary.....	7
Recent Revenue Trends.....	8
The U.S. Economy.....	12
The Massachusetts Economy.....	16
U.S. & Massachusetts Economic Forecast Table.....	19
Capital Gains Taxes.....	20
FY16 and FY17 Tax Revenue Projections.....	22
Historical Comparison of Projections to Actual Collections.....	26

Introduction

This Briefing Book was created by the Department of Revenue (DOR) and is intended to provide you with DOR's current tax revenue estimates for FY16 and FY17 and relevant background information.

Similar to previous years, the Massachusetts economy and state tax revenues have grown steadily in FY15 and the first 5 months of FY16. Increased investment and capital gains activity, improvements in labor market conditions, and increase in consumer confidence and spending, have all had a positive impact on revenues. The fluctuations in commodity prices, the U.S. monetary policy, the strong U.S. dollar, and the slowdown of economic growth (or even recession) in the rest of the world, such as the Eurozone, China, and other emerging markets, as well as unrest in the Middle East remain the major sources of uncertainty for economic growth and tax revenues in the near future. In this environment, there is still a great deal of uncertainty surrounding revenue forecasts.

Our FY16 and FY17 revenue forecasts are based on tax collections through November 2015 and the economic projections provided by *Moody's Economy.com*, *Global Insight*, and the *New England Economic Partnership (NEEP)*. The forecasts have been adjusted for legislatively mandated tax changes. The table below summarizes the Department's current tax revenue forecasts for FY16 and FY17.

FY16 and FY17 Department of Revenue Tax Revenue Projections
(in \$ Billions)

	FY16 Projections	% Growth Actual from FY15	% Growth Baseline from FY15	% Growth Baseline (Excluding One-time Revenues) from FY15	FY17 Projections	% Growth Actual from FY16	% Growth Baseline from FY16	% Growth Baseline (Excluding One-time Revenues) from FY16
GAA	\$25.611	2.7%	3.3%	4.6%	N/A	N/A	N/A	N/A
Economy.com	\$25.758	3.3%	3.9%	5.2%	\$26.858	4.3%	5.7%	5.7%
Global Insight	\$25.681	3.0%	3.6%	4.9%	\$26.657	3.8%	5.2%	5.3%
NEEP	\$25.843	3.7%	4.2%	5.5%	\$26.895	4.1%	5.5%	5.5%

FY15 Results

- FY15 tax collections totaled \$24.932 billion, up \$1.563 billion, or 6.7% from FY14.
- FY15 “baseline” tax collections (i.e., growth adjusted for the impact of tax law and administrative changes) were up 6.5% from FY14.
- Excluding \$215 million in “tax-related” settlements & judgments exceeding \$10 million each, FY15 tax collections were \$391 million above the final FY15 revenue estimate of \$24.325 billion. The surplus reflected mostly stronger than expected growth in withholding and non-withheld (investment-related) income tax, offset by lower than expected sales and use taxes collections. Capital gains tax revenues were up 24.2% in FY15 compared to FY14, and totaled about \$1.68 billion based on preliminary income tax return data.
 - FY15 income tax collections totaled \$14.449 billion, up 9.4% actual and 9.6% baseline. Withholding increased 5.7% baseline; income tax from cash estimated payments, which included tax on capital gains, interest and dividends, and unincorporated business income, increased 15.4% baseline; cash refunds were down 3.3% baseline; income tax payments with returns and bills increased 14.3% baseline.
 - FY15 sales tax was \$5.774 billion, up 5.1% actual and 4.5% baseline. Regular sales tax totaled \$3.987 billion, up 4.0% baseline; meals tax totaled \$999 million, up 4.3% baseline; and motor vehicle sales tax totaled \$789 million, up 7.2% baseline.
 - FY15 corporate and business tax collections of \$2.561 billion for the year were up 2.0% actual and 1.0% baseline. The slowdown in growth compared with FY14 was mostly due to the large decrease in one-time settlement and judgment payments from FY14 to FY15. Excluding these one-time payments, corporate and business tax collections increased by 12.1% from FY14 to FY15.

FY16 Summary

- The FY16 consensus revenue estimate assumed FY16 revenue collections of \$25.479 billion. After adjusting for the impact of subsequent changes affecting revenues (tax amnesty, delayed FAS109 deductions, illegal tobacco task force, self-imposed life sciences tax incentive cap, and sales tax holiday), the FY16 tax forecast was \$25.611 billion, reflecting actual growth of 2.7% and baseline growth of 3.3% from FY15 collections.
- Through November 2015, FY16 tax collections totaled \$9.289 billion, up \$392 million, or 4.4% actual and 6.0% baseline compared to the same five-month period in FY15. Excluding the \$14 million in tax related settlements & judgments exceeding \$10 million each, FY16 year-to-date tax collections totaled \$9.275 billion, \$73 million above the November year-to-date benchmark. Specifically:
 - Year-to-date withholding is up 3.3% actual and 4.9% baseline.
 - Year-to-date income tax estimated payments (cash) are up 10.9% actual and 11.6% baseline.
 - Year-to-date sales tax collections are up 5.9% actual and 6.6% baseline.
 - Including the \$14 million in tax related settlements & judgments exceeding \$10 million each, year-to-date corporate and business tax collections are down 0.3% actual and 0.1% baseline. Corporate and business cash estimated payments (an indicator of current business conditions) are down 9.5% actual and baseline.
- The Massachusetts economy is projected to grow moderately in terms of output during the last three quarters of FY16.
 - Real Gross State Product is projected to grow by 2.1% to 3.5% over the remainder of FY16.
 - Massachusetts payroll employment is projected to grow by 1.6% to 2.0% in the last three quarters of FY16, and wages and salaries are projected to grow by 3.5% to 4.8% over the same period.
 - Retail sales are projected to grow by 3.3% to 6.1% over the remainder of FY16.

FY16 Summary

- With respect to capital gains, DOR forecasts that tax year 2015 capital gains realizations (which mainly determine FY16 capital gains tax collections) will decrease by 7.7% to 9.7% compared with tax year 2014, mostly due to the slowdown in the stock market, and will then increase by 0.5% to 2.7% in tax year 2016 and decline by 1.2% to 5.5% in tax year 2017.
- Using economic projections from Global Insight, Moody's Economy.com, the New England Economic Partnership (NEEP), and DOR's capital gains projections, FY16 tax revenue is projected at \$25.681 billion to \$25.843 billion, \$69 million to \$231 million higher than the adjusted FY16 estimate of \$25.611 billion; a significant portion of this performance (above the current estimate) is probably attributable to investment-related income. Included in this forecast is an adjustment for the impact of tax law changes and revenue initiatives, which are expected to result in a net revenue loss of \$137 million in FY16. These forecasts take into account the impact of the expected part B income tax rate reduction (from 5.15% to 5.10%), effective January 1, 2016. Possible (further) future rate reductions do not have any impact on FY16 revenues.

FY17 Summary

- The national economy is expected to grow more strongly in FY17 with U.S. real Gross Domestic Product (GDP) forecasted to grow 3.0% to 3.1%.

- The three forecast vendors project the following for 2017:
 - Projections for Massachusetts employment range from a growth of 1.2% to 1.6% in FY17, compared to growth of 1.7% to 2.0% in FY16, and Massachusetts wages and salary projections range from growth of 4.7% to 5.5% in FY17, compared to growth of 3.7% to 4.8% in FY16;
 - Massachusetts personal income is expected to rise 4.9% to 5.6% in FY17, compared to growth of 3.9% to 5.5% in FY16;
 - Nationally, corporate profits are expected to grow by 3.2% to 3.4% in FY17, compared to growth of 6.6% to 9.7% in FY16;
 - The stock market as measured by the S&P 500 index is expected to increase 2.4% to 5.6% in CY2016, compared to an increase of 6.8% to 7.2% in CY2015.

- Using the economic growth assumptions from Economy.com, Global Insight, and the New England Economic Partnership (NEEP), FY17 tax revenue is projected to be \$26.657 billion to \$26.895 billion, reflecting baseline growth of 5.2% to 5.7% over FY16. Included in this forecast is an adjustment for the impact of tax law changes and revenue initiatives, which are expected to result in an offset of \$320 million in FY17. These forecasts take into account the impact of the recent part B income tax rate reduction (from 5.15% to 5.10%, effective January 1, 2016), and a possible future rate reduction (i.e., 5.10% to 5.05%, effective January 1, 2017).

Recent Revenue Trends

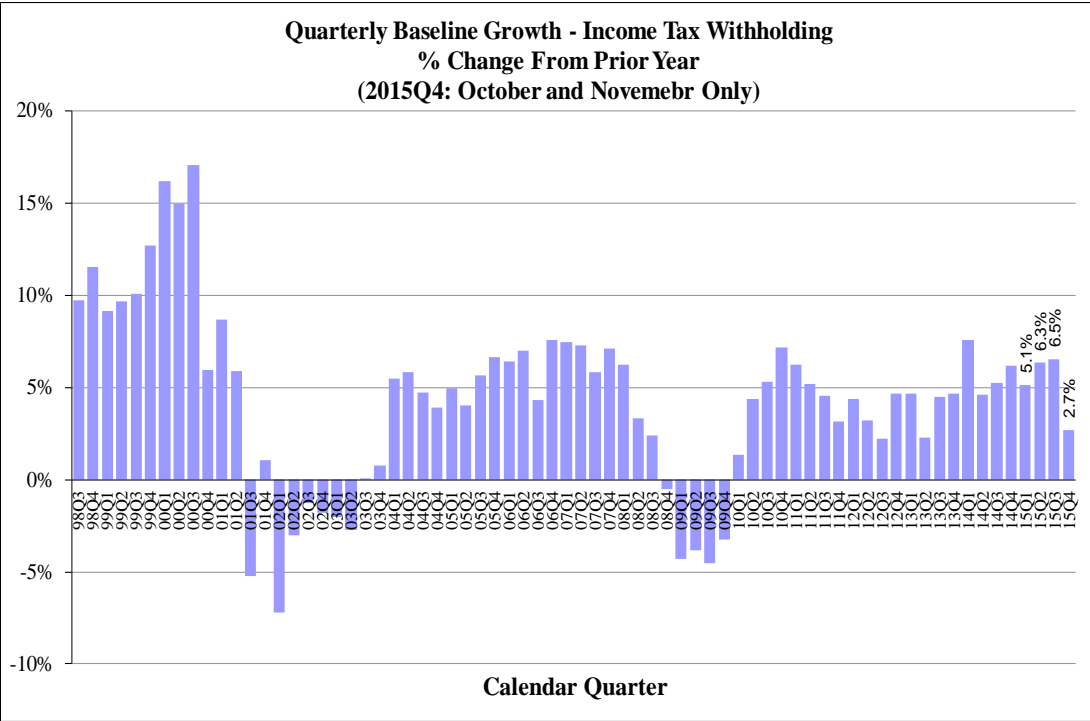
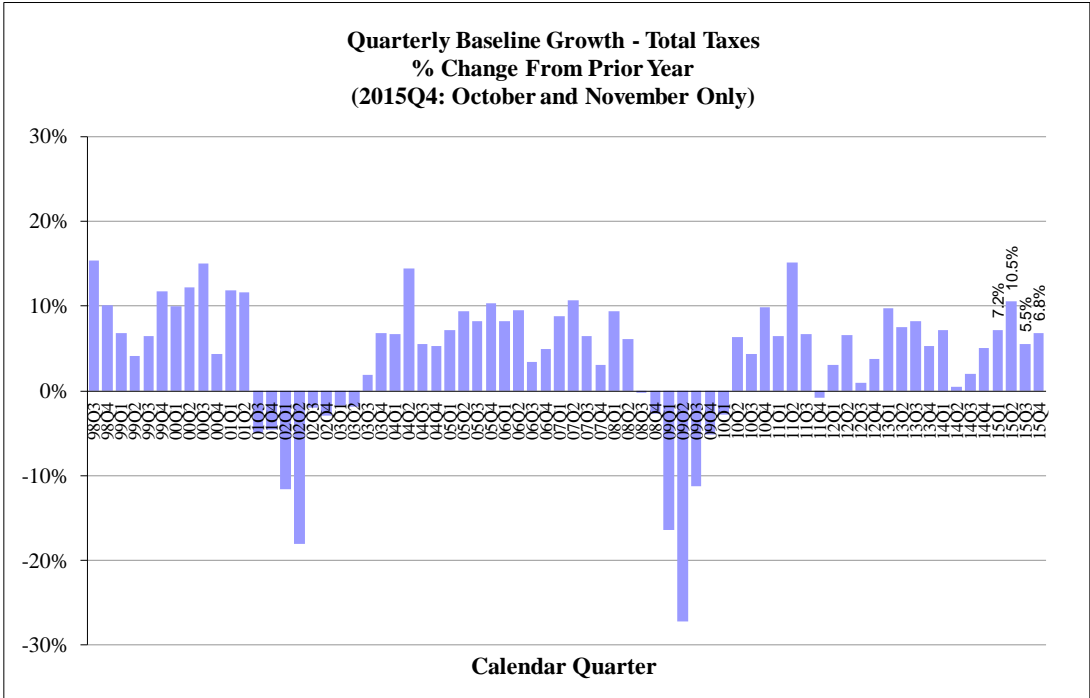
- **Two Measures of Tax Revenue Growth:**
 - Actual growth - growth in actual collections over two periods.
 - Baseline growth - growth had there been no tax law or administrative changes that affected tax collections. Baseline growth also adjusts for fluctuations in the timing of tax collections. Baseline growth is a better measure of the change in the underlying tax base and the economy.

FY2016 Year-to-Date Collections Through November 2015 (in \$ millions)					
	11/15 FY16 YTD Collections	11/15 FY16 YTD \$ Change	11/15 FY16 YTD Actual % Change	11/15 FY16 YTD Baseline % Change	FY16 YTD \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion
Income - Total	5,221	209	4.2%	6.6%	10
Income Withholding	4,470	142	3.3%	4.9%	(62)
Income Est. Payments (Cash)	705	70	10.9%	11.6%	36
Income Returns/Bills	267	21	8.4%	27.2%	59
Income Refunds (Cash)	219	23	11.6%	11.6%	24
Sales & Use - Total	2,560	142	5.9%	6.6%	43
Sales - Regular	1,728	83	5.0%	5.6%	21
Sales - Meals	474	23	5.2%	7.1%	10
Sales - Motor Vehicles	359	36	11.0%	10.9%	12
Corporate & Business - Total	562	(16)	-2.7%	-2.6%	(19)
All Other	932	42	4.8%	4.8%	39
Total Tax Collections	9,275	377	4.2%	5.8%	73
<i>Tax-Related Settlements & Judgments Exceeding \$10 Million Each</i> (NOT included in the YTD collections figures above. YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).					
	14.2				
Total Tax Collections <small>(including tax-related settlements & judgments)</small>	9,289	392	4.4%	6.0%	
Corporate & Business - Total <small>(including tax-related settlements & judgments)</small>	576	(2)	-0.3%	-0.1%	
Income Returns/Bills <small>(including tax-related settlements & judgments)</small>	267	21	8.4%	27.2%	

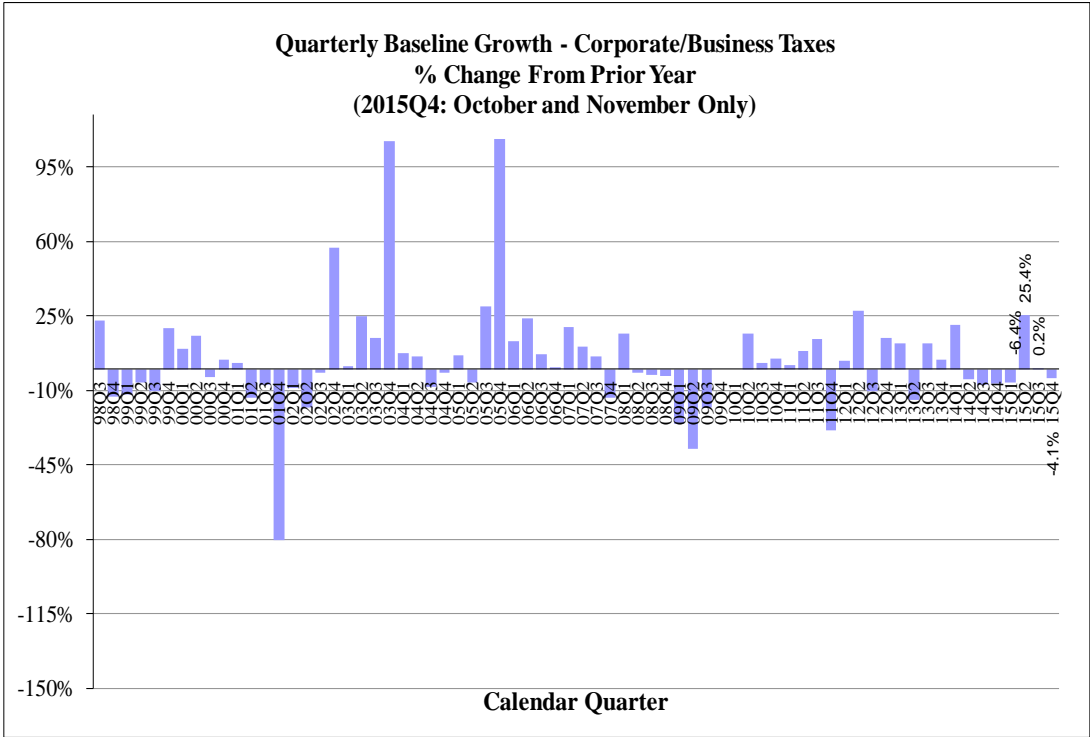
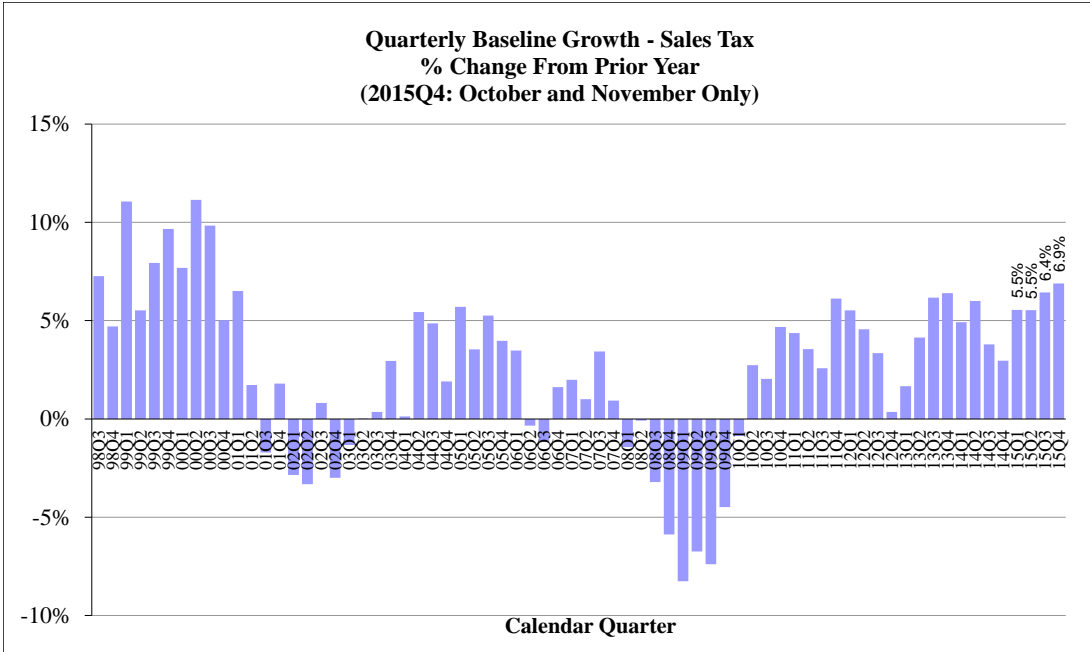
Recent Revenue Trends

- **Withholding**
 - Withholding has grown moderately so far in FY16, with baseline collections up 4.9% through November 2015, after having increased by 5.7% baseline in FY15.
- **Income Tax Estimated Payments (Cash)**
 - Income tax estimated payments (cash) have increased by 11.6% baseline so far in FY16, after having increased by 15.4% baseline in FY15 reflecting probably the slowdown in the stock market in calendar year 2015 after a strong stock market in calendar year 2014.
- **Sales Tax**
 - Sales tax collections have grown strongly so far in FY16. After having increased by 4.5% baseline in FY15, sales tax collections are up 6.6% baseline FY16 year-to-date. Regular sales tax is up by 5.6% baseline. Meals tax is up 7.1% baseline. Motor vehicle sales tax increased by 10.9% baseline.
- **Corporate and Business Excise**
 - Although growth in national corporate profits accelerated in the first half of calendar year 2015, corporate and business tax collections (including the \$14 million in tax related settlements & judgments exceeding \$10 million each) decreased slightly in the first five months of FY16, with a baseline decrease of 0.1% through November compared with an increase of 1.0% baseline in FY15. Year-to-date corporate and business cash estimated payments, which reflect current economic activity, were down 9.5% actual and baseline.

Recent Revenue Trends



Recent Revenue Trends



The U.S. Economy

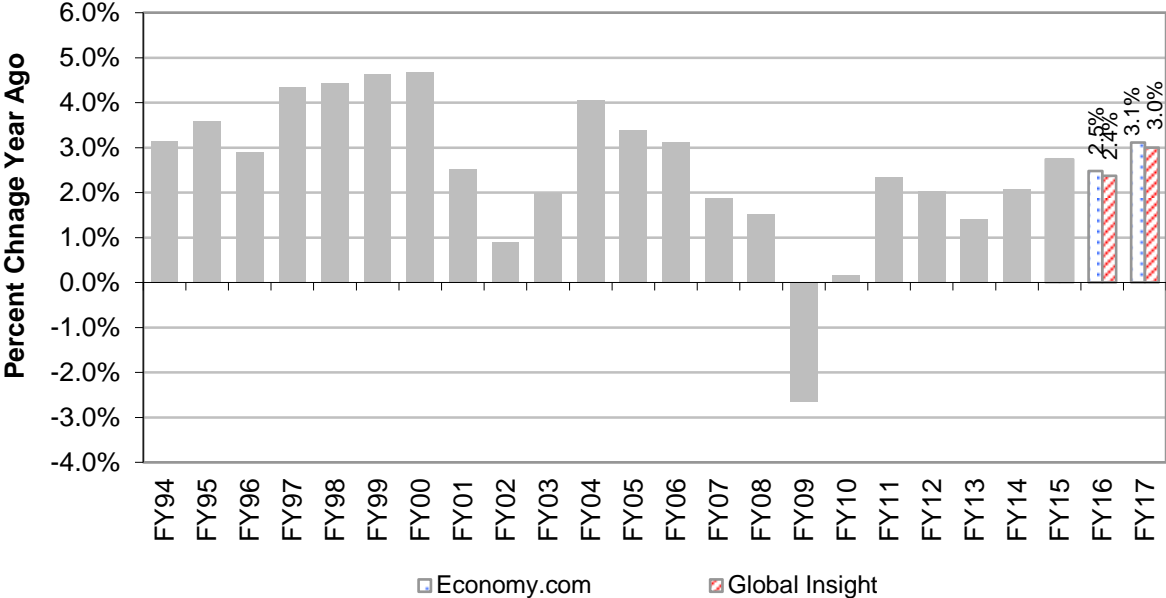
- DOR utilizes national and Massachusetts state economic forecasts from Global Insight, Moody's Economy.com, and the New England Economic Partnership.
- The growth of the national real GDP is predicted to be 2.4%-2.5% in FY2016 (2.9%-3.0% in CY2016) and 3.0%-3.1% in FY2017 (2.8%-3.0% in CY2017). The fluctuations in commodity prices, the U.S. monetary policy, the strong U.S. dollar, and the slowdown of economic growth in the rest of the world, as well as unrest in the Middle East remain the major sources of uncertainty for economic growth in the near future.
- The labor market condition has steadily improved in calendar year 2015. According to the data from the U.S. Bureau of Labor Statistics, U.S. nonfarm payroll employment rose by 2.637 million in November 2015 compared with November 2014. The unemployment rate, which was 5.0% in November 2015, is predicted to be in the range of 5.0%-5.1% in FY2016, and 5.0% in FY2017.
- With low mortgage rate and improved labor market condition, the U.S. housing market has continued to recover steadily in calendar year 2015. In October 2015, new- and existing-home sales increased by 4.9% and 3.9% respectively compared with October 2014. During the same period of time, housing inventory has changed slightly, from 5.3 month and 5.2 month of supply to 5.5 month and 4.8 month of supply at the current sales rate for new and existing homes respectively.
- With the Federal Reserve all but certain to raise interest rates for the first time in nearly a decade, short-term interest rates are predicted to get higher continuously in calendar year 2016 and 2017. The Federal funds rate is predicted to be around 0.3%-0.4% in FY2016 (0.7%-0.9% in CY2016), and 1.3%-1.4% in FY2017 (1.9%-2.1% in CY2017). The bank prime rate is predicted to be around 3.4%-3.5% in FY2016 and 4.3%-4.4% in FY2017.

The U.S. Economy

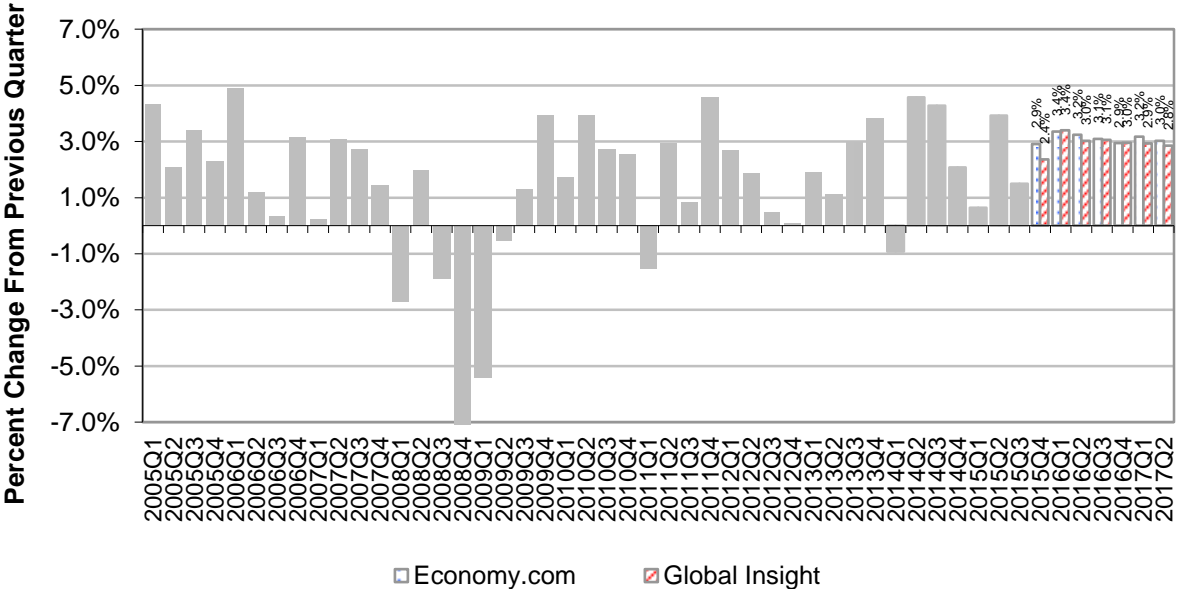
- After a growth of 5.0% in FY2015, the growth of corporate profits before tax is expected to be 7.4%-10.7% during the remainder of FY2016, compared to the same period of FY2015. The annual growth of the corporate profits before tax is predicted to be 6.6%-9.7% in FY2016 (6.1%-8.3% in CY2016) and 3.2%-3.4% in FY2017 (-1.0% to 1.0% in CY2017).
- The stock market, as measured by the S&P 500 index, is predicted to grow by 2.4%-5.6% in CY2016 and 5.7%-5.8% in CY2017.

The U.S. Economy

Real U.S. GDP Growth, FY1994-2017

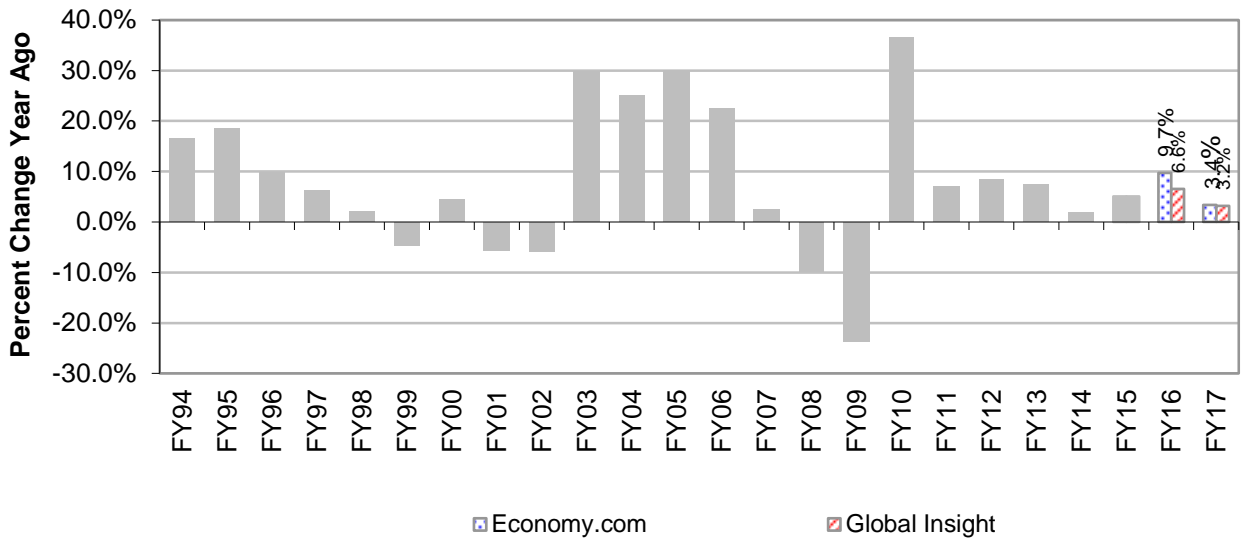


**Annualized Quarterly Growth in U.S. Real GDP
(Change from Previous Quarter, Annualized)**

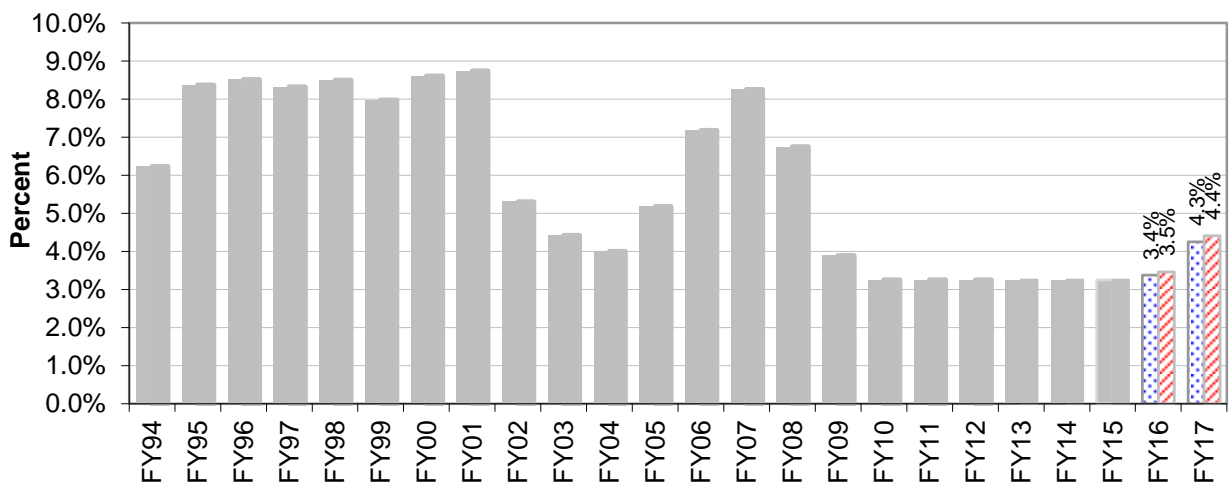


The U.S. Economy

Business Profits are Predicted to Grow Moderately (Corporate Profits Before Tax FY94-17)



Interest Rates Will Remain Low Through FY17 (Prime Rate FY94-17)



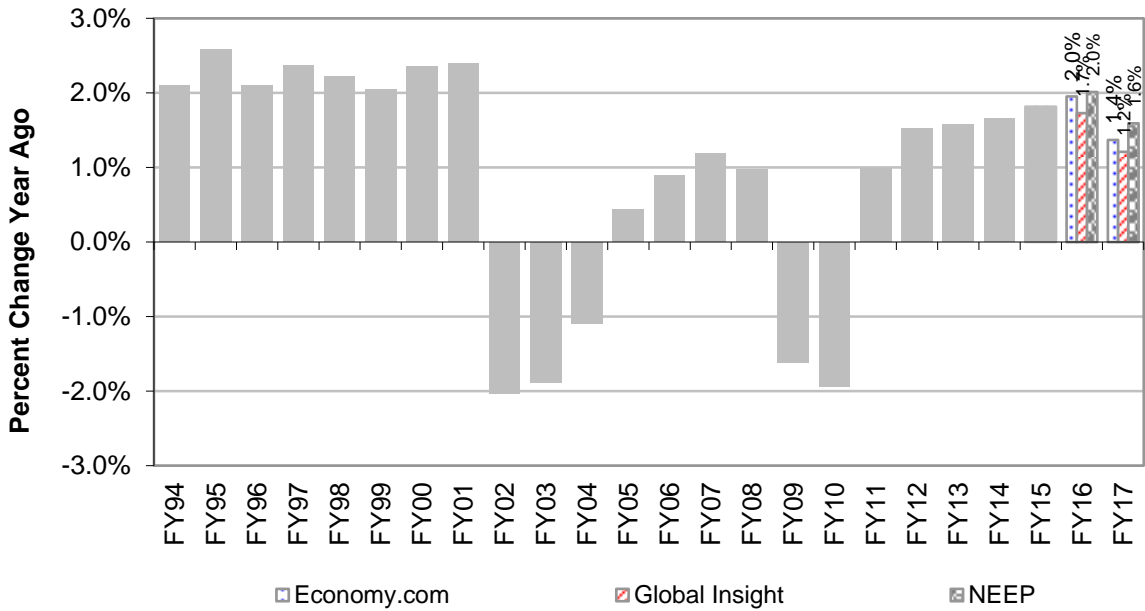
The Massachusetts Economy

The forecast assumptions and summary for the Massachusetts economy are as follows:

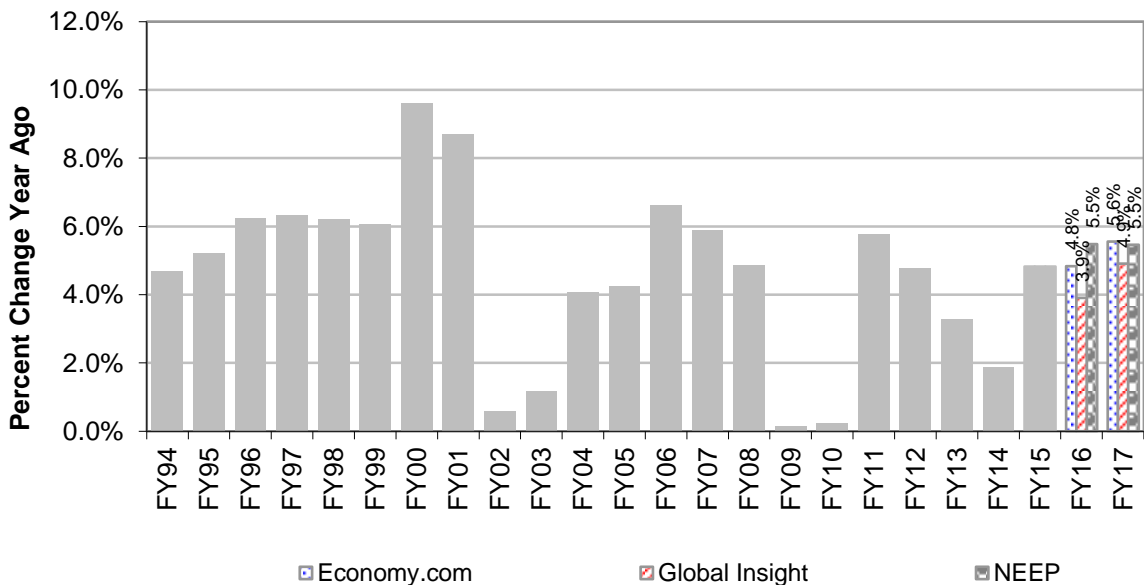
- The state economy is predicted to grow moderately. The annual growth of the state real GDP is predicted to be 2.1%-3.5% in FY2016 (2.5%-3.5% in CY2016) and 2.7%-3.3% in FY2017 (2.2%-3.2% in CY2017).
- State employment has grown strongly recently. According to the most recent Bureau of Labor Statistics (BLS) data, total nonfarm payroll employment increased by 80,600 (2.4%) in October 2015 compared with October 2014. State employment is predicted to grow by 1.7%-2.0% in FY2016 (1.3%-1.8% in CY2016) and 1.2%-1.6% in FY2017 (1.2%-1.4% in CY2017). The state unemployment rate is predicted to be 4.6% in FY2016 (4.4%-4.6% in CY2016) and 4.3%-4.7% in FY2017 (4.2%-4.7% in CY2017), which are lower than the predicted U.S. unemployment rates.
- Data from the U.S. Bureau of Economic Analysis suggest that, Massachusetts wage and salary disbursements grew by 5.5% in FY2015 compared with 4.3% in FY2014. The growth of state wage and salary disbursements is predicted to be 3.7%-4.8% in FY2016 (4.4% -5.4% in CY2016) and 5.2%-5.5% in FY2016 (5.2%-5.3% in CY2017). The growth of the state's personal income is predicted to be 3.9%-5.5% in FY2016 (4.3%-5.7% in CY2016) and 4.9%-5.6% in FY2017 (5.1%-6.1% in CY2017).
- The state's retail sales are predicted to grow by 2.9%-6.2% in FY2016 (4.6%-7.6% in CY2016) and by 4.3%-7.7% in FY2017 (4.0%-7.5% in CY2017).
- The state's housing market has continued to improve. According to the Massachusetts Association of Realtors, the median price rose by 3.1% for single family homes and rose by 5.3% for condominiums in October 2015 on a year-over-year basis. During the same period of time, sales rose by 7.8% for single family homes but down 2.3% for condominiums.

The Massachusetts Economy

Massachusetts Employment Forecasts

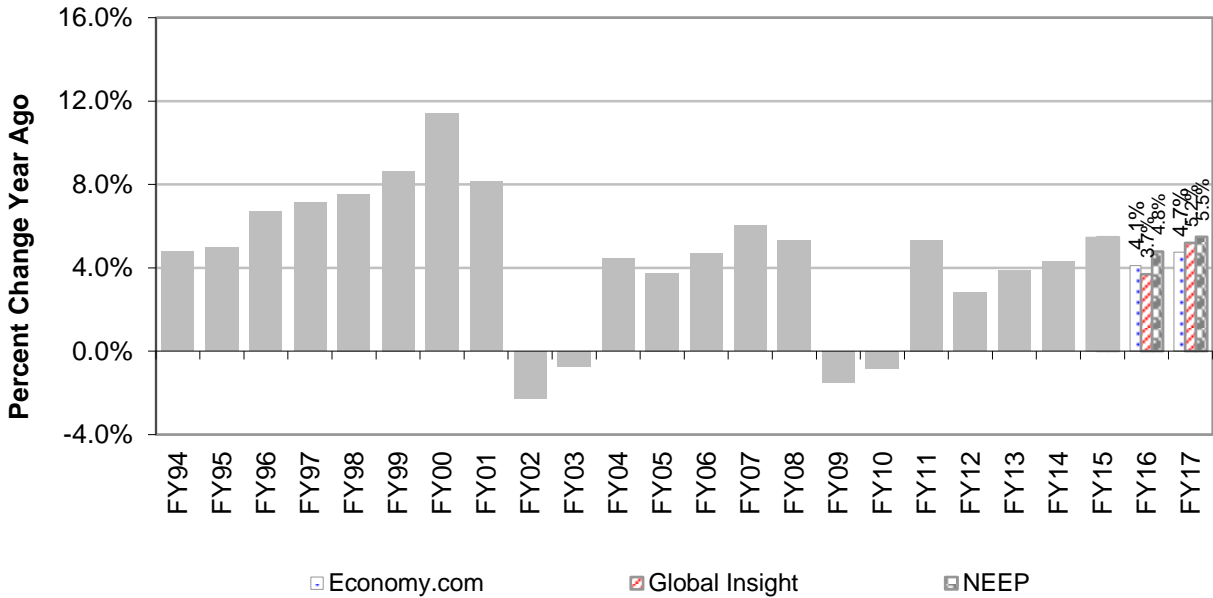


Massachusetts Personal Income Forecasts

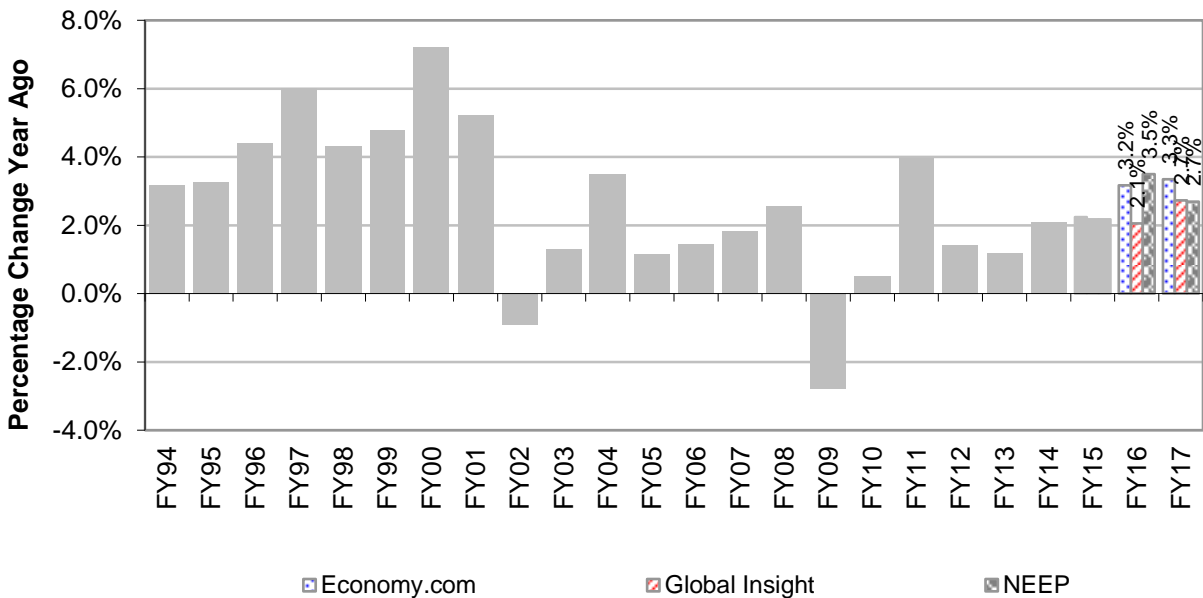


The Massachusetts Economy

Massachusetts Wages and Salaries Forecasts



Massachusetts Real Gross State Product (GSP) Growth FY94-17



U.S and Massachusetts Economic Forecast Table

(Percent Change from Prior Fiscal Year)

	History			Forecasts				
	FY 2013	FY 2014	FY 2015	FY 2016 First Quarter	FY 2016 Last Three Quarters	FY 2016	FY 2017	FY 2018
	<u>US - Global Insight 11/15</u>							
Real GDP	1.4%	2.1%	2.7%	2.0%	2.5%	2.4%	3.0%	2.7%
Corporate Profits	7.4%	1.9%	5.0%	4.1%	7.4%	6.6%	3.2%	-2.6%
S&P500 (Calendar year lagged one year)	8.7%	19.1%	17.5%	NA	NA	7.2%	5.6%	5.8%
Unemployment Rate	7.8%	6.8%	5.7%	5.2%	5.1%	5.1%	5.0%	5.0%
Bank Prime Rate	3.3%	3.3%	3.3%	3.3%	3.5%	3.5%	4.4%	5.4%
Federal Funds Rate	0.1%	0.1%	0.1%	0.1%	0.5%	0.4%	1.4%	2.4%
<u>US - Economy.com 11/15</u>								
Real GDP	1.4%	2.1%	2.7%	2.0%	2.6%	2.5%	3.1%	2.9%
Corporate Profits	7.4%	1.9%	5.0%	6.7%	10.7%	9.7%	3.4%	3.1%
SP500 (Calendar year lagged one year)	8.7%	19.1%	17.5%	NA	NA	6.8%	2.4%	5.7%
Unemployment Rate	7.8%	6.8%	5.7%	5.2%	4.9%	5.0%	5.0%	4.9%
Bank Prime Rate	3.3%	3.3%	3.3%	3.3%	3.4%	3.4%	4.3%	6.1%
Federal Funds Rate	0.1%	0.1%	0.1%	0.1%	0.4%	0.3%	1.3%	3.1%
<u>Massachusetts - Global Insight 11/15</u>								
Real Gross State Product	1.2%	2.1%	2.2%	1.9%	2.1%	2.1%	2.7%	2.5%
Wages & Salaries	3.9%	4.3%	5.5%	4.4%	3.5%	3.7%	5.2%	5.1%
Personal Income	3.3%	1.9%	4.8%	4.2%	3.8%	3.9%	4.9%	5.3%
Employment	1.6%	1.7%	1.8%	2.2%	1.6%	1.7%	1.2%	1.1%
Retail Sales	3.2%	2.4%	2.7%	1.6%	3.3%	2.9%	5.6%	5.0%
Unemployment Rate	6.7%	6.2%	5.2%	4.6%	4.6%	4.6%	4.5%	4.5%
Housing Starts	18.2%	23.9%	-1.5%	28.3%	15.7%	19.0%	8.9%	10.6%
<u>Massachusetts - Economy.com 11/15</u>								
Real Gross State Product	1.2%	2.1%	2.2%	2.6%	3.4%	3.2%	3.3%	3.1%
Wages & Salaries	3.9%	4.3%	5.5%	4.5%	4.0%	4.1%	4.7%	6.1%
Personal Income	3.3%	1.9%	4.8%	4.4%	5.0%	4.8%	5.6%	6.7%
Employment	1.6%	1.7%	1.8%	2.2%	1.9%	2.0%	1.4%	1.5%
Retail Sales	2.9%	2.2%	3.2%	3.8%	6.1%	5.5%	7.7%	6.9%
Unemployment Rate	6.7%	6.2%	5.2%	4.7%	4.5%	4.6%	4.7%	4.7%
Housing Permits	24.7%	22.0%	4.8%	17.2%	2.1%	5.4%	15.7%	12.1%
Home Sales	3.8%	2.1%	1.5%	7.8%	18.2%	15.6%	5.6%	-13.2%
<u>Massachusetts - NEEP 09/15 (Adjusted for Most Recent U.S. Government Data Release)</u>								
Real Gross State Product	1.2%	2.1%	2.7%	3.5%	3.5%	3.5%	2.7%	1.7%
Wages & Salaries	3.9%	4.3%	5.5%	4.9%	4.8%	4.8%	5.5%	4.9%
Personal Income	3.3%	1.9%	4.8%	5.1%	5.6%	5.5%	5.5%	4.5%
Employment	1.6%	1.7%	1.8%	2.1%	2.0%	2.0%	1.6%	1.1%
Retail Sales	3.7%	3.7%	5.8%	6.7%	6.0%	6.2%	4.3%	3.7%
Unemployment Rate	6.7%	6.2%	5.2%	4.7%	4.5%	4.6%	4.3%	4.1%
Housing Permits	30.2%	24.9%	14.3%	21.3%	21.4%	21.4%	10.4%	-4.9%

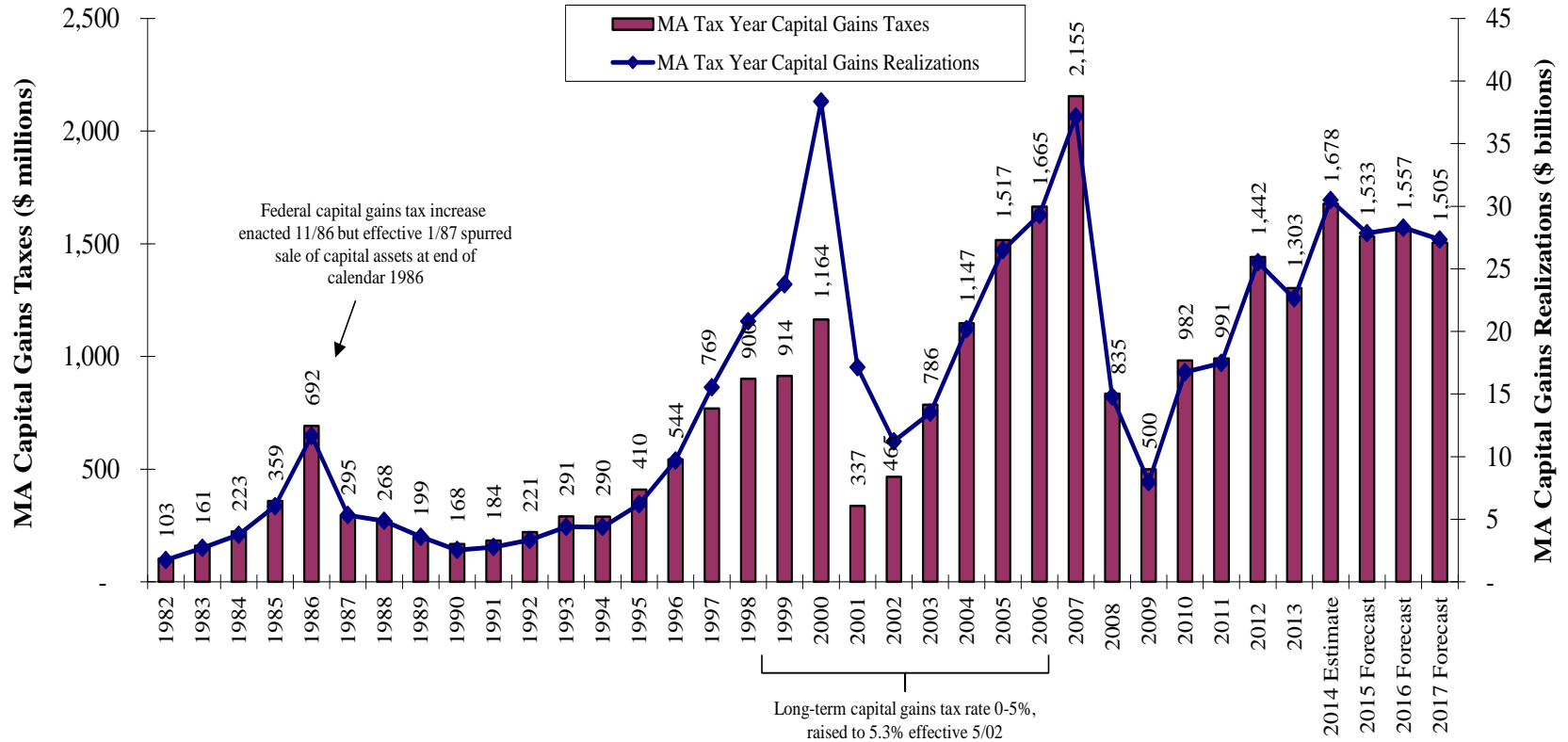
Note: For S&P500, the numbers shown are calendar year numbers with one year lag.

Capital Gains Taxes

- Estimates based on tax year 2014 income tax returns processed to date indicate that tax year 2014 capital gains realizations (taxes on which were remitted mostly in FY15) were \$30.5 billion, compared to \$22.6 billion in tax year 2013, an increase of 34.7%. Long-term realizations increased by about 39.2% while short-term realizations decreased by about 20.6%.
- Capital gains taxes increased from \$1.303 billion in tax year 2013 to approximately \$1.678 billion in tax year 2014, an increase of \$375 million, or 28.8%. On a fiscal year basis, FY15 capital gains taxes are estimated to have totaled about \$1.680 billion (though no exact numbers are available on a fiscal year basis), an increase of \$328 million, or 24.2%, from FY14.
- DOR projects that Massachusetts capital gains realizations will decrease by about 7.7% to 9.7% in tax year 2015 compared to tax year 2014, increase by 0.5% to 2.7% in tax year 2016 compared to tax year 2015, and then decrease by 1.2% to 5.5% in tax year 2017. DOR's capital gains forecast predicts tax year 2015 capital gains taxes of \$1.516 billion to \$1.549 billion, and tax year 2016 capital gains taxes of \$1.556 billion to \$1.557 billion. On a fiscal year basis, capital gains taxes would be about \$1.531 billion to \$1.557 billion in FY16, a decrease of \$123 million to \$149 million compared to FY15. FY17 capital gains taxes would probably be about \$1.539 billion to \$1.554 billion, a change of -\$3 million to +\$8 million from FY16.

Capital Gains Taxes

Massachusetts Capital Gains Realizations and Taxes



FY15 and FY16 Tax Revenue Projections

FY16 and FY17 Tax Revenue Projections Based on Economic Forecasts of Moody's Economy.com, Global Insight, and New England Economic Partnership (in \$ Billions)

	<u>FY16</u> <u>Projections</u>	<u>\$ Growth</u> <u>from FY15</u>	<u>% Growth</u> <u>Actual</u> <u>from FY15</u>	<u>% Growth</u> <u>Baseline</u> <u>from FY15</u>	<u>% Growth</u> <u>Baseline</u> <u>(Excluding</u> <u>One-time</u> <u>Revenues)</u> <u>from FY15</u>	<u>FY17</u> <u>Projections</u>	<u>\$ Growth</u> <u>from FY16</u>	<u>% Growth</u> <u>Actual</u> <u>from FY16</u>	<u>% Growth</u> <u>Baseline</u> <u>from FY16</u>	<u>% Growth</u> <u>Baseline</u> <u>(Excluding</u> <u>One-time</u> <u>Revenues)</u> <u>from FY16</u>
GAA	\$25.611	\$0.679	2.7%	3.3%	4.6%	N/A	N/A	N/A	N/A	N/A
Economy.com	\$25.758	\$0.826	3.3%	3.9%	5.2%	\$26.858	\$1.100	4.3%	5.7%	5.7%
Global Insight	\$25.681	\$0.749	3.0%	3.6%	4.9%	\$26.657	\$0.976	3.8%	5.2%	5.3%
NEEP	\$25.843	\$0.911	3.7%	4.2%	5.5%	\$26.895	\$1.052	4.1%	5.5%	5.5%

FY15 and FY16 Tax Revenue Projections

FY16 Year To Date Baseline Growth; Forecasts for Remainder of FY16 and FY17

	FY15 Baseline Growth	FY16 YTD Baseline Growth	Baseline (Excluding One-time Revenues) Growth Remainder of FY16			FY17 Baseline (Excluding One-time Revenues) Growth		
			Economy.com	Global Insight	NEEP	Economy.com	Global Insight	NEEP
Income Total	9.6%	6.6%	3.9%	4.0%	4.8%	6.1%	6.0%	6.6%
<i>Income Withholding</i>	5.7%	4.9%	4.4%	4.5%	5.5%	4.7%	5.1%	5.6%
Sales - Regular	4.0%	5.6%	7.5%	4.3%	6.8%	7.7%	5.6%	4.7%
Sales - Meals	4.3%	7.1%	5.4%	4.5%	6.9%	5.8%	5.6%	6.6%
Sales - Motor Vehicle	7.2%	10.9%	5.9%	7.7%	7.2%	5.1%	5.9%	4.4%
Sales - Total	4.5%	6.6%	7.0%	4.8%	6.9%	7.0%	5.6%	5.0%
Corporate & Business	1.0%	-0.1%	3.7%	2.7%	3.7%	4.6%	3.7%	4.7%
Other Tax Revenue	-1.3%	4.8%	2.4%	2.5%	2.4%	1.0%	1.0%	0.9%
Total Tax Revenue	6.5%	6.0%	4.4%	3.9%	4.9%	5.7%	5.3%	5.5%

FY15 and FY16 Tax Revenue Projections

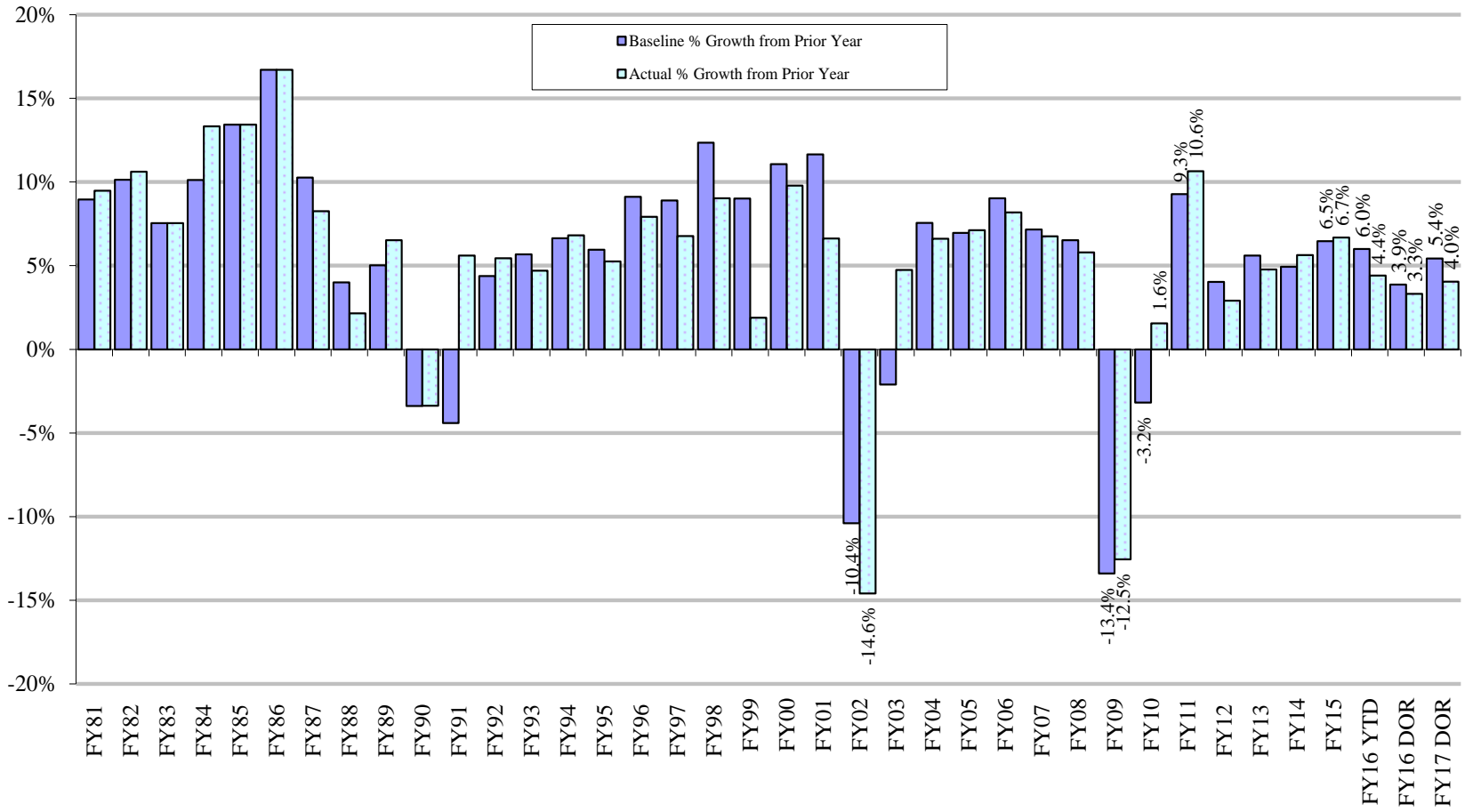
FY16 and FY17 Tax Revenue Projections

FY15 Actual Tax Revenue Collections, FY16 and FY17 Tax Revenue Forecasts (in \$ millions)
Forecasts for Remainder of FY16 and FY17.

	----- FY 2016 -----					----- FY 2017 -----		
	FY15 Actual	GAA	Economy.com	Global Insight	NEEP	Economy.com	Global Insight	NEEP
Withholding	11,063	11,589	11,454	11,463	11,531	11,867	11,931	12,055
Capital Gains	1,680	1,387	1,531	1,557	1,531	1,539	1,554	1,539
Other Income	1,705	1,887	1,944	1,920	1,953	2,139	2,058	2,113
Total Income Tax	14,449	14,863	14,928	14,940	15,014	15,545	15,543	15,706
Sales: Regular	3,987	4,161	4,253	4,178	4,237	4,587	4,419	4,443
Sales: Meals	999	1,045	1,057	1,051	1,065	1,113	1,105	1,129
Sales: Motor Vehicles	789	844	852	860	857	895	911	896
Sales Total	5,774	6,050	6,162	6,090	6,159	6,595	6,436	6,468
Corporate & Business	2,561	2,512	2,441	2,423	2,442	2,512	2,471	2,515
Other Tax Revenue	2,149	2,186	2,228	2,228	2,228	2,207	2,207	2,205
(A) Total Tax Revenue	24,932	25,611	25,758	25,681	25,843	26,858	26,657	26,895

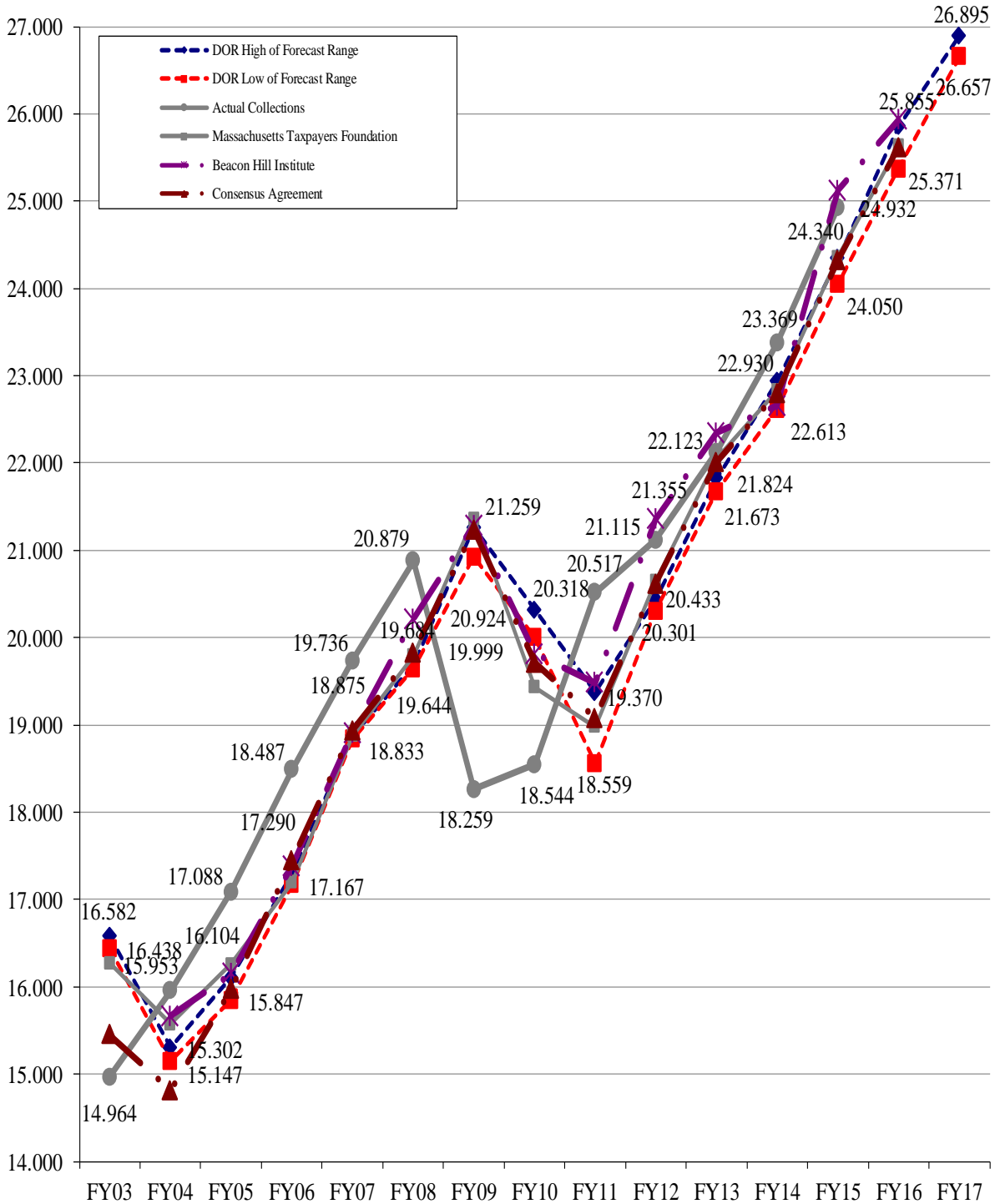
FY15 and FY16 Tax Revenue Projections

Actual and Baseline Tax Revenue Growth, FY1981-FY2017
 (FY16 and FY17 Are Forecasts Based on Average of 3 Vendors)



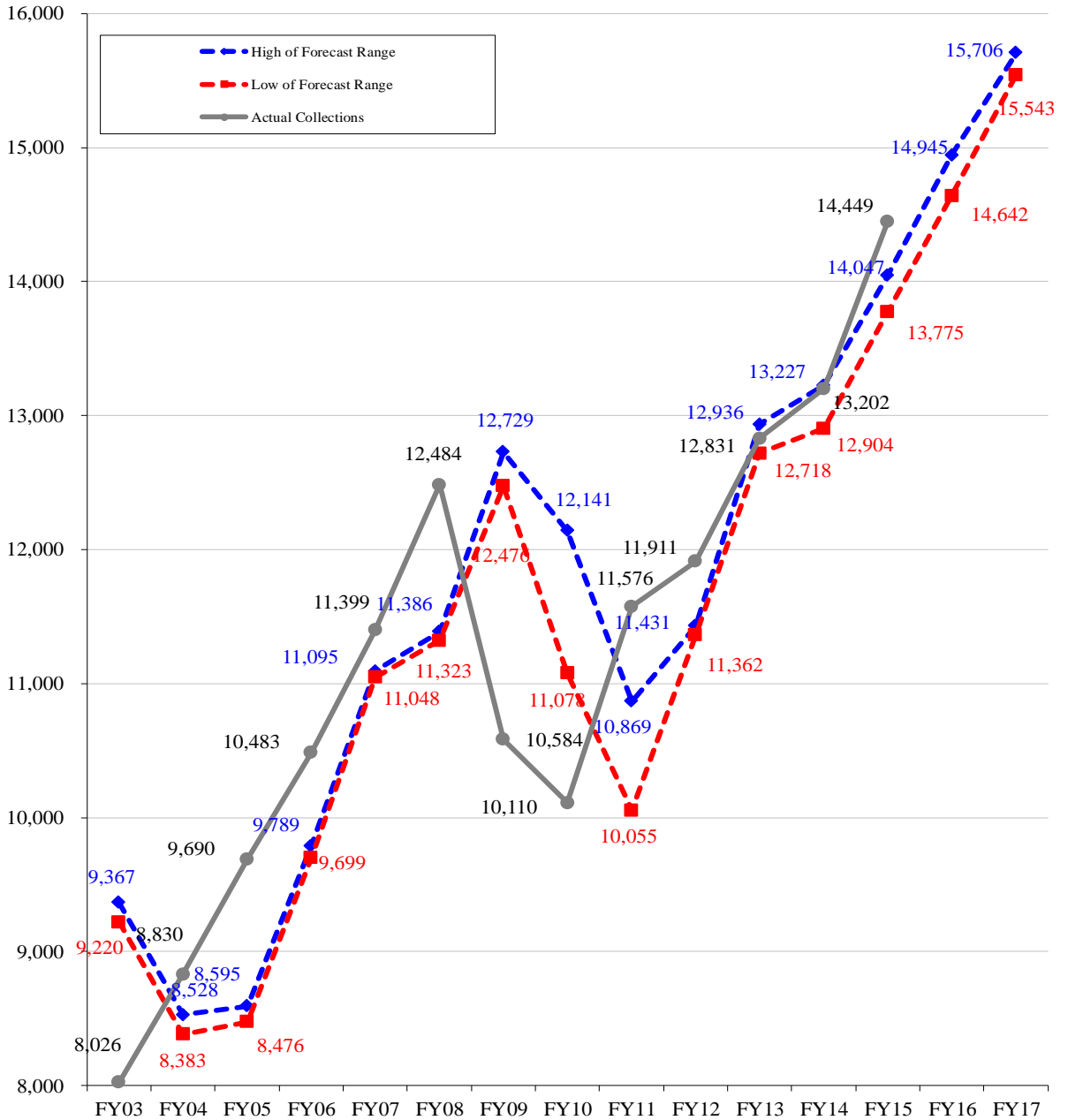
Historical Comparison of Projections to Actual Collections

Total Tax Collections: DOR Consensus Hearing Estimates vs. Actual Collections (\$Billions)



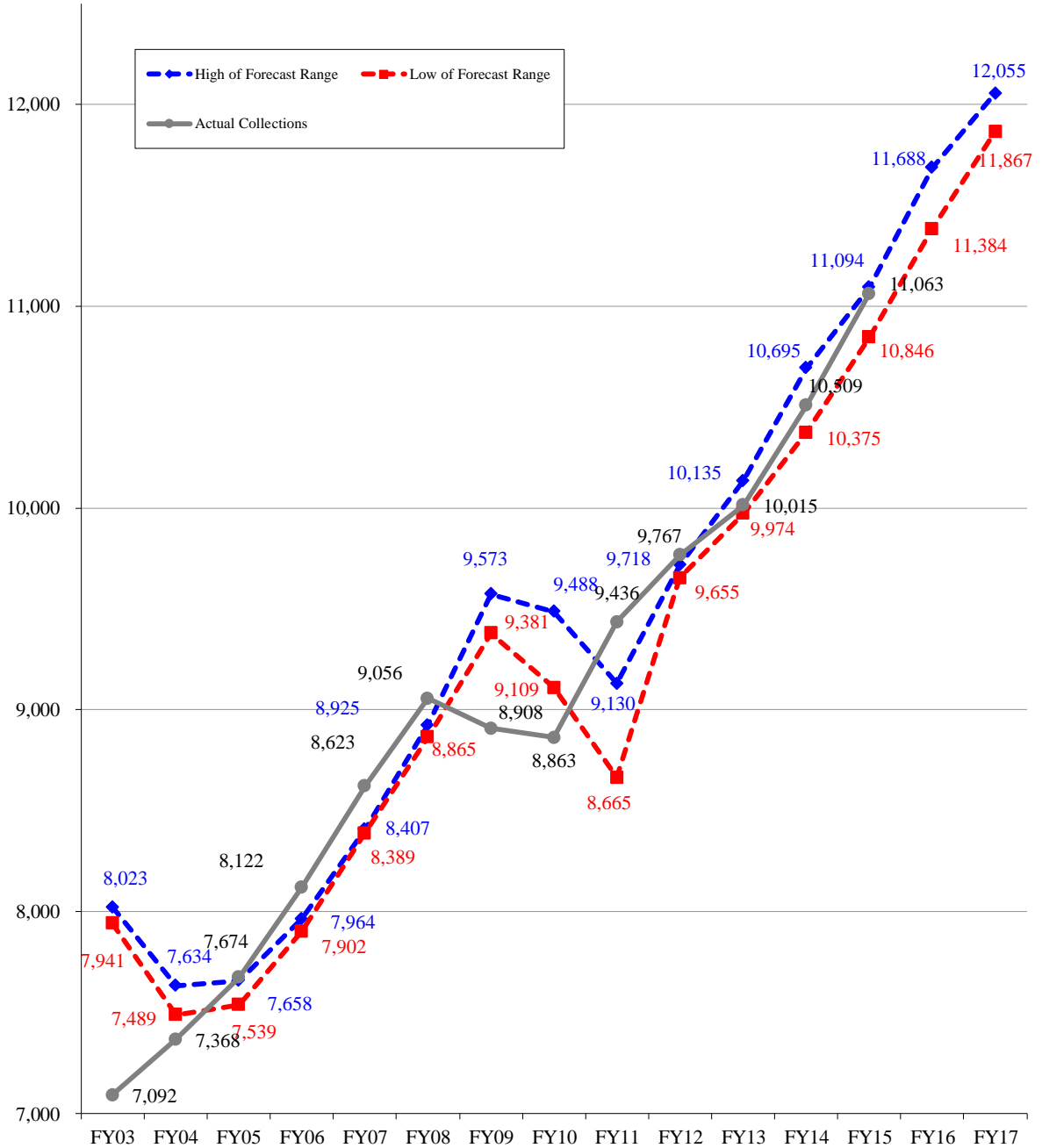
Historical Comparison of Projections to Actual Collections

Total Personal Income Tax: DOR Consensus Hearing Forecast Range (Adjusted for Subsequent Tax Law Changes) vs. Actual Collections
(in \$Millions)



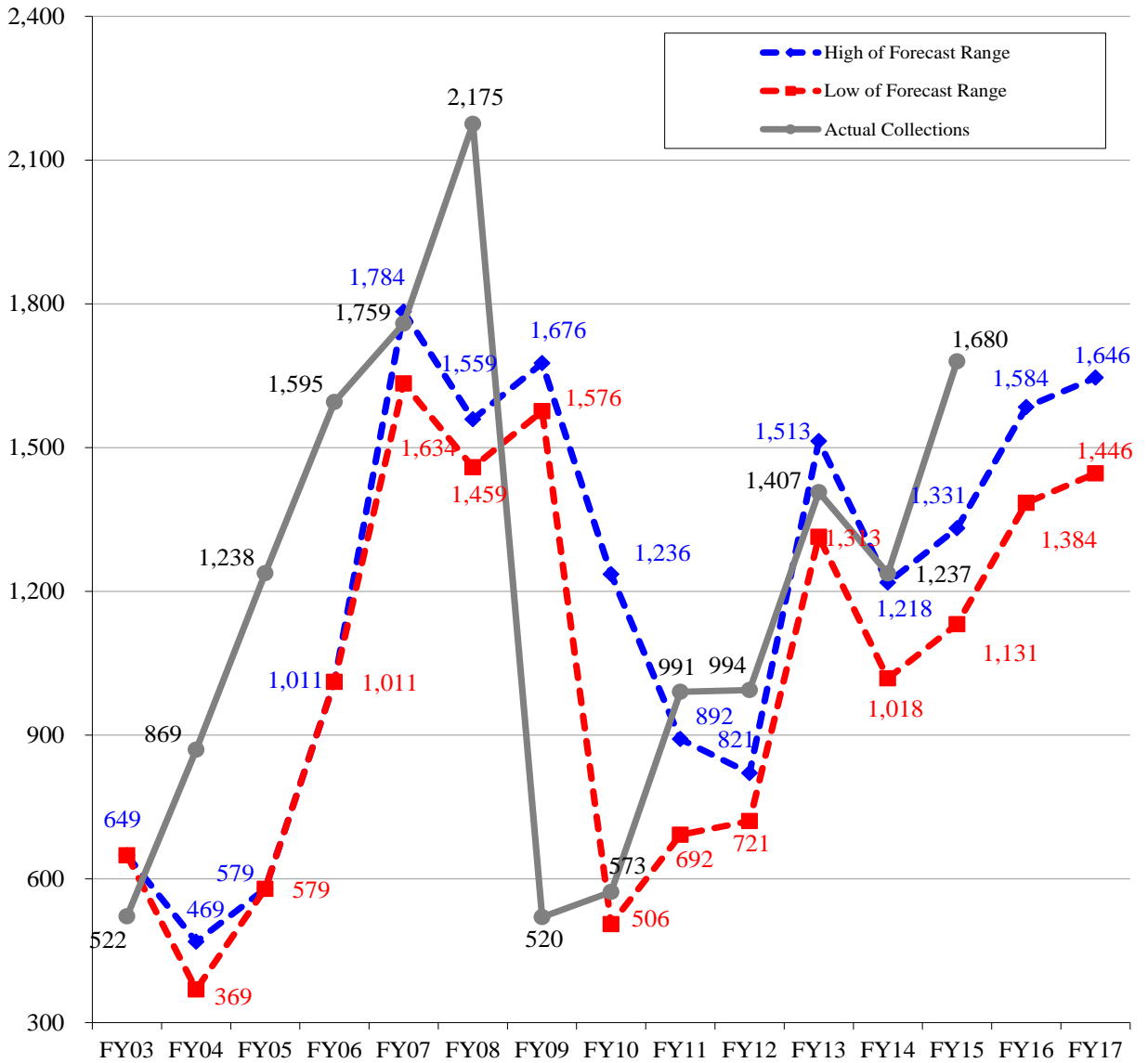
Historical Comparison of Projections to Actual Collections

Income Tax Withholding: DOR Consensus Hearing Forecast Range (Adjusted for Subsequent Tax Law Changes) vs. Actual Collections
(in \$Millions)



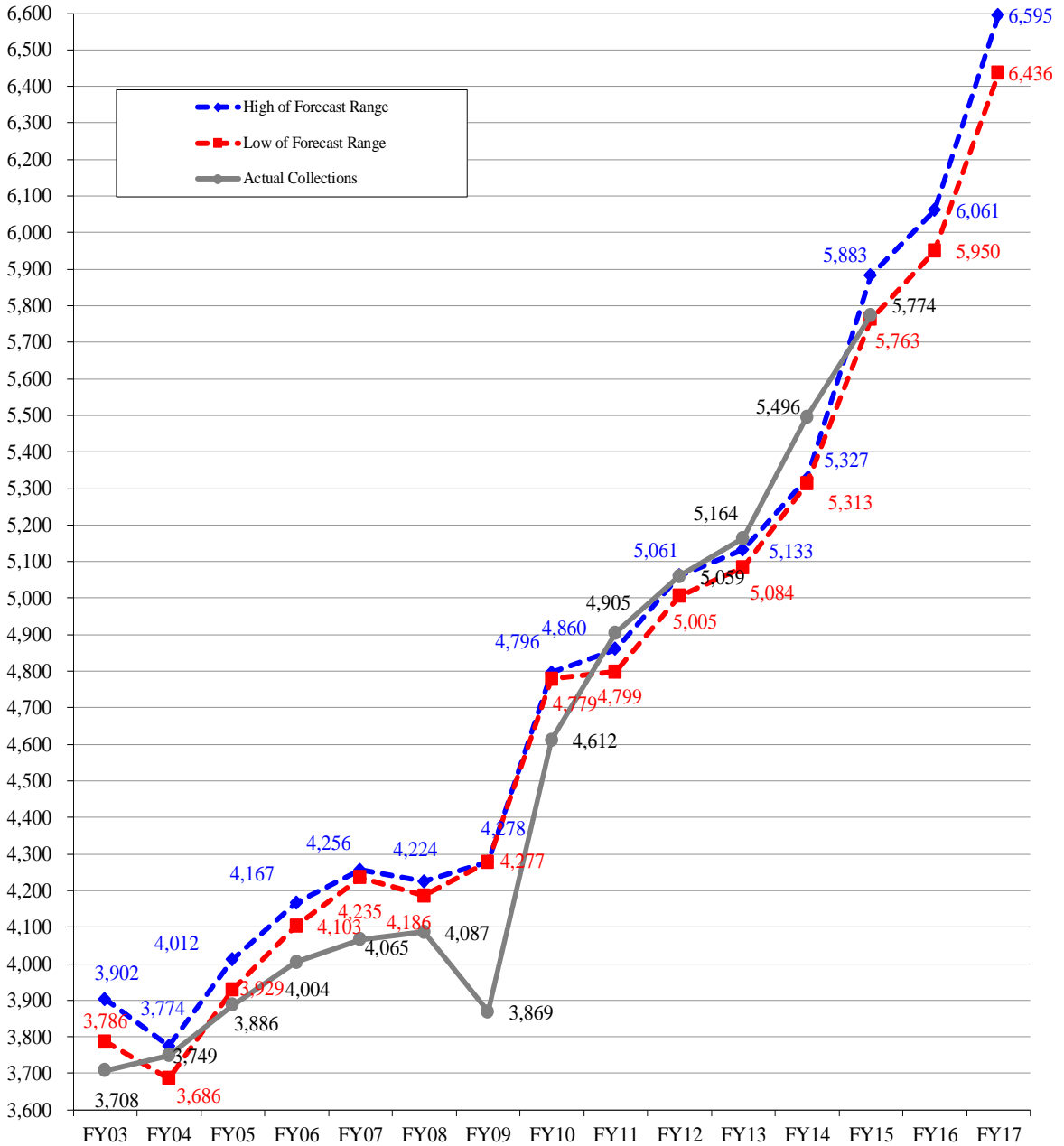
Historical Comparison of Projections to Actual Collections

Capital Gains Tax: DOR Consensus Hearing Forecast Range (Adjusted for Subsequent Tax Law Changes) vs. Actual Collections
(in \$Millions)



Historical Comparison of Projections to Actual Collections

Sales and Use Tax: DOR Consensus Hearing Forecast Range vs. Actual Collections
(in \$Millions)



Historical Comparison of Projections to Actual Collections

Corporate/Business Tax: DOR Consensus Hearing Forecast Range (Adjusted for Subsequent Tax Law Changes) vs. Actual Collections
(in \$Millions)

