

EXECUTIVE TAX REVENUE FORECAST

SFY 2006-07 Estimate

The Executive's SFY 2006-07 estimate for total tax collections is \$58.3 billion, an increase of \$4.7 billion or 8.7 percent. The majority of the increase is due to continued economic growth, especially in the financial services, real estate and construction sectors of the economy. The state has experienced strong growth in receipts despite the implementation of over \$1 billion in newly enacted tax reductions in SFY 2006-07. Adjusted for tax law changes, growth in receipts would have been 11.9 percent. Year to date growth has continued to surpass previous estimates, and as a result the All Funds tax estimate has been revised upwards by \$476 million from the Mid-year Update. The Executive's current estimate is \$1.4 billion above May's Enacted Budget forecast.

SFY 2007-08 Outlook

All Funds tax receipts are expected to grow by \$2.7 billion or 4.5 percent to \$60.961 billion. The majority of the increase is due to the expectation of continued economic growth, offset by previously enacted and proposed tax law changes which are expected to lower receipts by \$450 million. Adjusting for policy changes, growth in the tax base is forecasted at 6.5 percent.

The forecast for All Funds tax receipts has been revised upwards by \$2.1 billion from the Mid-Year Update. The upward revision is the result of three factors: better than expected results in the prior fiscal year, which has lifted the tax base, an upward revision in the economic outlook for 2007-08 and policy actions proposed in the budget to close tax loopholes.

Table 22

Executive Tax Forecast Summary State Fiscal Years 2006-07 and 2007-08 (\$ in Millions)					
	2005-06 Actual	2006-07 Estimate	Percent Growth	2007-08 Forecast	Percent Growth
Personal Income Tax	\$20,700	\$22,829	10.3%	\$22,258	-2.5%
User Taxes	8,639	8,305	-3.9%	8,633	3.9%
Business Taxes	5,084	6,027	18.5%	6,333	5.1%
Other	882	1,077	22.2%	1,060	-1.6%
General Fund Taxes	35,305	38,238	8.3%	38,283	0.1%
Non-General Fund Taxes	18,338	20,071	9.5%	22,676	13.0%
All Fund Taxes	\$53,643	\$58,309	8.7%	\$60,959	4.5%

Table 23

Executive Revenue Estimates: Total Tax Collections SFY 2006-07				
(\$ in Millions)				
	2005-06	2006-07		Percent
	Actual	Estimate	Change	Growth
Personal Income Tax	30,812	34,434	\$3,622	11.8%
Gross Receipts	36,544	39,964	3,420	9.4%
Withholding	24,761	26,710	1,949	7.9%
Estimated Payments	9,158	10,352	1,194	13.0%
Vouchers	6,684	7,572	888	13.3%
IT 370s	2,474	2,780	306	12.4%
Final Payments	1,849	2,078	229	12.4%
Delinquencies	776	824	48	6.2%
Total Refunds	5,732	5,530	(202)	-3.5%
Prior Year Refunds	3,481	3,227	(254)	-7.3%
Current Refunds	1,512	1,500	(12)	-0.8%
Previous Refunds	273	270	(3)	-1.1%
State/City Offsets	466	533	67	14.4%
Collections	30,812	34,434	3,622	11.8%
User Taxes and Fees	13,922	13,725	(197)	-1.4%
Sales and Use Tax	11,196	10,880	(316)	-2.8%
Motor Fuel Tax	531	519	(12)	-2.3%
Cigarette Tax	974	969	(5)	-0.5%
Motor Vehicle Fees	785	900	115	14.6%
Highway Use	160	157	(3)	-1.9%
Alcoholic Beverage Tax	192	196	4	2.1%
Alcoholic Beverage Fees	42	58	16	38.1%
Auto Rental Tax	42	46	4	9.5%
Business Taxes	7,088	8,123	1,035	14.6%
Corporate Franchise	3,053	4,070	1,017	33.3%
Utility Tax	832	817	(15)	-1.8%
Insurance Tax	1,083	1,226	143	13.2%
Bank Tax	974	905	(69)	-7.1%
Petroleum Business Tax	1,146	1,105	(41)	-3.6%
Other	1,820	2,027	207	11.4%
Real Property Gains	1	1	0	0.0%
Estate and Gift	857	1,055	198	23.1%
Real Estate Transfer	938	950	12	1.3%
Pari Mutuel	23	20	(3)	-13.0%
Other	1	1	0	0.0%
Total Taxes	\$53,642	58,309	\$4,667	8.7%

Table 24

Executive Revenue Estimates: Total Tax Collections SFY 2007-08				
(\$ in Millions)				
	2006-07	2007-08		Percent
	Estimate	Forecast	Change	Growth
Personal Income Tax	\$34,434	\$36,274	\$1,840	5.3%
Gross Receipts	39,964	42,588	2,624	6.6%
Withholding	26,710	28,376	1,666	6.2%
Estimated Payments	10,352	11,147	795	7.7%
Vouchers	7,572	8,272	700	9.2%
IT 370s	2,780	2,875	95	3.4%
Final Payments	2,078	2,156	78	3.8%
Delinquencies	824	909	85	10.3%
Total Refunds	5,530	6,314	784	14.2%
Prior Year Refunds	3,227	4,035	808	25.0%
Current Refunds	1,500	1,500	0	0.0%
Previous Refunds	270	270	0	0.0%
State/City Offsets	533	509	(24)	-4.5%
Collections	34,434	36,274	1,840	5.3%
User Taxes and Fees	13,725	14,277	552	4.0%
Sales and Use Tax	10,880	11,306	426	3.9%
Motor Fuel Tax	519	536	17	3.3%
Cigarette Tax	969	1,078	109	11.2%
Motor Vehicle Fees	900	900	0	0.0%
Highway Use	157	157	0	0.0%
Alcoholic Beverage Tax	196	200	4	2.0%
Alcoholic Beverage Fees	58	52	(6)	-10.3%
Auto Rental Tax	46	48	2	4.3%
Business Taxes	8,123	8,450	327	4.0%
Corporate Franchise	4,070	4,265	195	4.8%
Utility Tax	817	816	(1)	-0.1%
Insurance Tax	1,226	1,259	33	2.7%
Bank Tax	905	926	21	2.3%
Petroleum Business Tax	1,105	1,184	79	7.1%
Other	2,027	1,844	(183)	-9.0%
Real Property Gains	1	-	(1)	-100.0%
Estate and Gift	1,055	970	(85)	-8.1%
Real Estate Transfer	950	850	(100)	-10.5%
Pari Mutuel	20	23	3	15.0%
Other	1	1	0	0.0%
Total Taxes	\$58,309	\$60,845	\$2,536	4.3%