

# WAM Financial Plan, Tax & Economy Briefing

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# The COR has lowered revenue expectations

	Base	ESTIMATED (thousands)							
General Fund Estimates	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total 7Y
Sep 2016 COR (\$)	6,194,356	\$6,535,046	\$6,861,798	\$7,163,717	\$7,478,921	\$7,807,993	\$8,151,545	\$8,510,213	\$52,509,233
Sep 2016 COR (%)	8.0%	5.5%	5.0%	4.4%	4.4%	4.4%	4.4%	4.4%	
Mar 2017 COR (\$)	\$6,194,356	\$6,349,215	\$6,603,184	\$6,867,311	\$7,176,340	\$7,499,275	\$7,836,742	\$8,189,395	\$50,521,462
Mar 2017 COR (%)	8.0%	2.5%	4.0%	4.0%	4.5%	4.5%	4.5%	4.5%	
<b>Difference (\$)</b>	<b>\$0</b>	<b>(\$185,831)</b>	<b>(\$258,614)</b>	<b>(\$296,406)</b>	<b>(\$302,581)</b>	<b>(\$308,718)</b>	<b>(\$314,803)</b>	<b>(\$320,818)</b>	<b>(\$1,987,771)</b>
Difference (%)	0.0%	-3.0%	-1.0%	-0.4%	0.1%	0.1%	0.1%	0.1%	

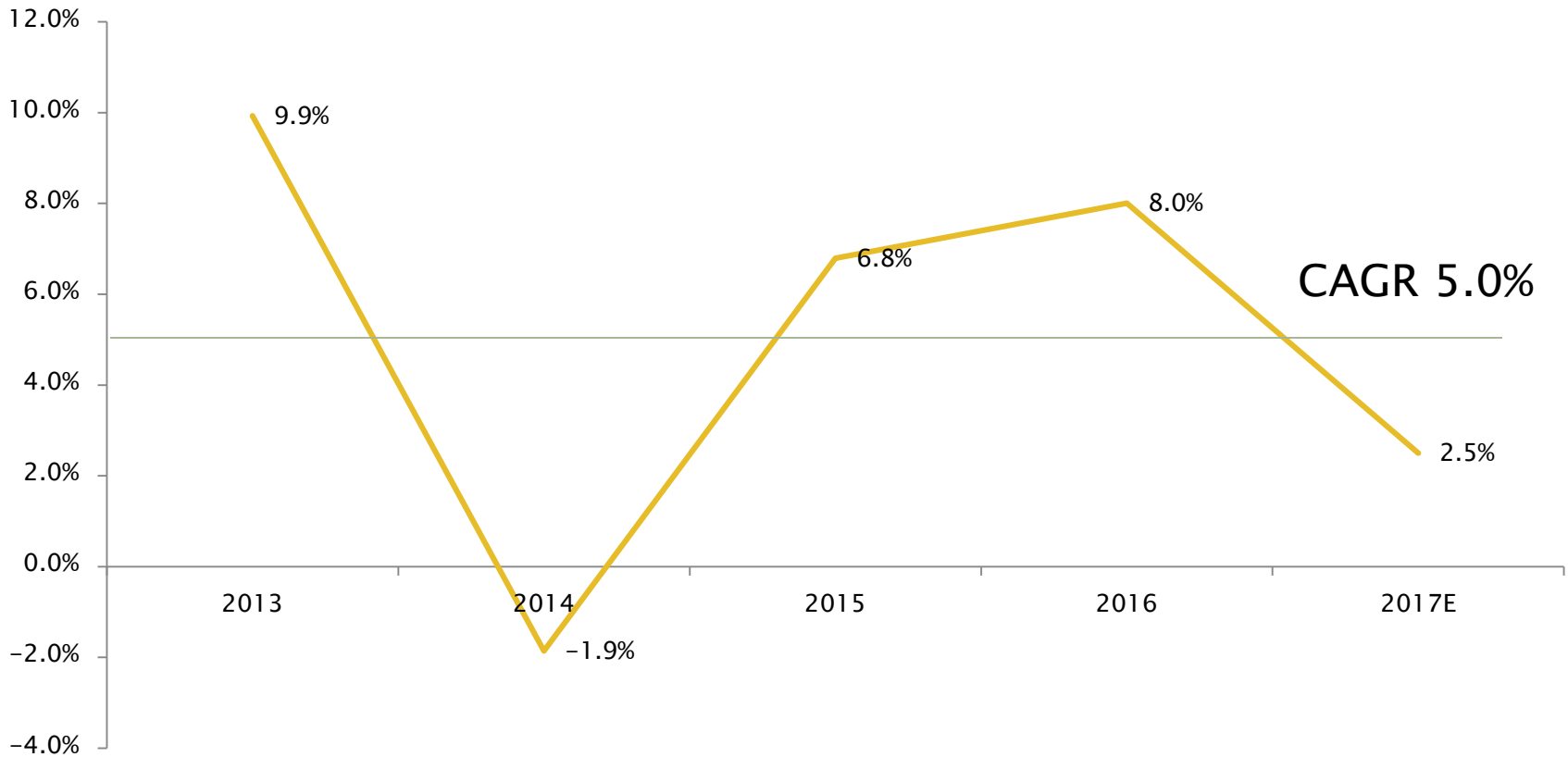
# Revenues must increase 3.9% in the final four months of the year to reach COR estimate of 2.5%

**Required growth in General Fund tax revenues for the last 4 months of the current fiscal year to reach various FY 2017 growth rates**

<b>Assumed growth rate for FY 2017</b>	<b>Total FY 2017 increase (\$ million)</b>	<b>Actual Jul '16 - Feb '17 increase (\$ million)</b>	<b>Required Mar '17 - Jun '17 increase (\$ million)</b>	<b>Required Mar '17 - Jun '17 growth rate</b>
5.0%	309.7	72.8	236.9	11.2%
4.0%	247.8	72.8	174.9	8.3%
3.0%	185.8	72.8	113.0	5.4%
<b>2.5%</b>	<b>154.9</b>	<b>72.8</b>	<b>82.0</b>	<b>3.9%</b>
2.0%	123.9	72.8	51.0	2.4%
1.0%	61.9	72.8	-10.9	-0.5%
0.0%	0.0	72.8	-72.8	-3.5%

# The five year Compound Annual Growth Rate (CAGR) is 5.0%

## YoY Revenue Growth



# Immediate causes of lower revenue growth

- ▶ Previous years have been above trend and revenue is returning to the long-term rate
- ▶ One-off adjustments (settlements and transfers)
- ▶ One less day in February 2017 compared to 2016. DOTAX receives ~\$23.8M/business day

# One time adjustments explain part of the lower revenue collections

Adjustment	Impact
FY16 \$39M deposit associated with OTC litigation	Inflates FY 2016 number
\$25M transfer out of GET and into TAT fund in FY17	Lowers the GET number and increases the TAT number
\$15.6M transfer out of GET into litigation fund (non-revenue) in FY17	Lowers GET number and General Fund number

# Revenue growth falls within the expected range accounting for adjustments

## PRELIMINARY COMPARATIVE STATEMENT OF STATE GENERAL FUND TAX REVENUES

(Dollars in thousands)

CUMULATIVE TOTALS AS OF FEBRUARY 28, 2017

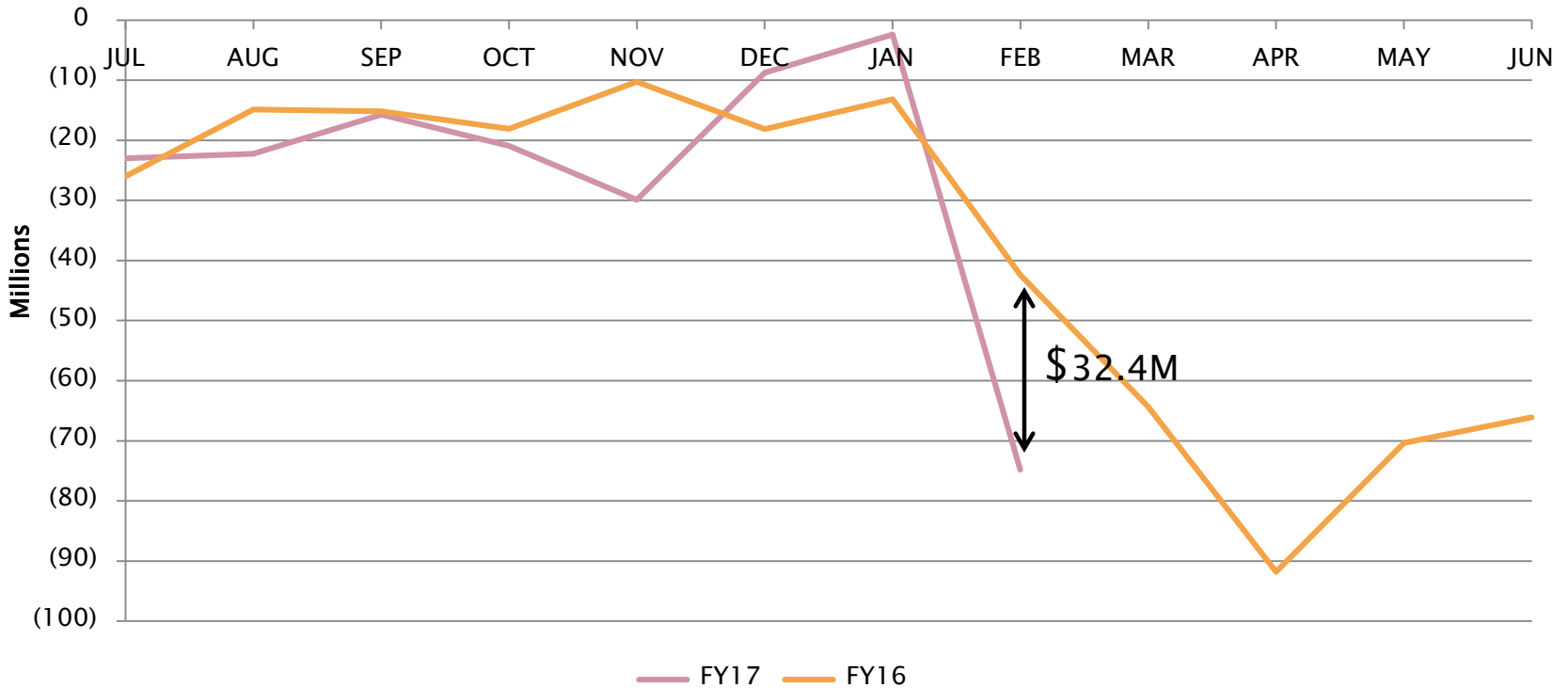
	Actual				With Adjustments			
	2016-2017	2015-2016	YoY Diff (\$)	YoY Diff(%)	2016-2017	2015-2016	YoY Diff (\$)	YoY Diff(%)
<b>GE/Use Taxes</b>	<b>2,161,225</b>	<b>2,159,997</b>	<b>1,228</b>	<b>0.1%</b>	<b>2,201,825</b>	<b>2,120,997</b>	<b>80,828</b>	<b>3.8%</b>
<b>Income Tax - Corp.</b>	<b>27,085</b>	<b>37,614</b>	<b>(10,529)</b>	<b>-28.0%</b>	<b>27,085</b>	<b>37,614</b>	<b>(10,529)</b>	<b>-28.0%</b>
Decl. Est. Taxes	104,455	91,830			104,455	91,830		
Payment w/returns	20,329	28,424			20,329	28,424		
Refunds	(97,699)	(82,640)			(97,699)	(82,640)		
<b>Income Tax - Ind.</b>	<b>1,436,947</b>	<b>1,395,174</b>	<b>41,773</b>	<b>3.0%</b>	<b>1,436,947</b>	<b>1,395,174</b>	<b>41,773</b>	<b>3.0%</b>
Decl. Est. Taxes	319,135	296,069			319,135	296,069		
Payment w/returns	64,440	59,730			64,440	59,730		
WH Tax on Wages	1,256,262	1,197,508			1,256,262	1,197,508		
Refunds	(202,855)	(158,101)			(202,855)	(158,101)		
Special Fund	(35)	(32)			(35)	(32)		
<b>Trans. Accom. Tax</b>	<b>346,792</b>	<b>293,885</b>	<b>52,907</b>	<b>18.0%</b>	<b>321,792</b>	<b>293,885</b>	<b>27,907</b>	<b>9.5%</b>
Convention Ctr. Enterprise Fund	(17,667)	(17,667)			(17,667)	(17,667)		
Tourism Special Fund	(54,667)	(54,667)			(54,667)	(54,667)		
Turtle Bay Conservation Fund	(1,000)	(1,000)			(1,000)	(1,000)		
Land & Development Fund	(2,000)	0			(2,000)	0		
County Fund	(68,667)	(68,667)			(68,667)	(68,667)		
<b>SUB-TOTAL</b>	<b>202,791</b>	<b>151,884</b>	<b>50,907</b>	<b>33.5%</b>	<b>177,791</b>	<b>151,884</b>	<b>25,907</b>	<b>17.1%</b>
<b>All Others</b>	<b>333,351</b>	<b>343,891</b>	<b>(10,540)</b>	<b>-3.1%</b>	<b>333,351</b>	<b>343,891</b>	<b>(10,540)</b>	<b>-3.1%</b>
<b>TOTAL GENERAL FUND</b>	<b>4,161,399</b>	<b>4,088,560</b>	<b>72,839</b>	<b>1.8%</b>	<b>4,176,999</b>	<b>4,049,560</b>	<b>127,439</b>	<b>3.1%</b>

Note: General Fund allocations are in bold print.

Produced by TRP. Not official DOTAX figures

# Accelerated processing times bring forward refund payments

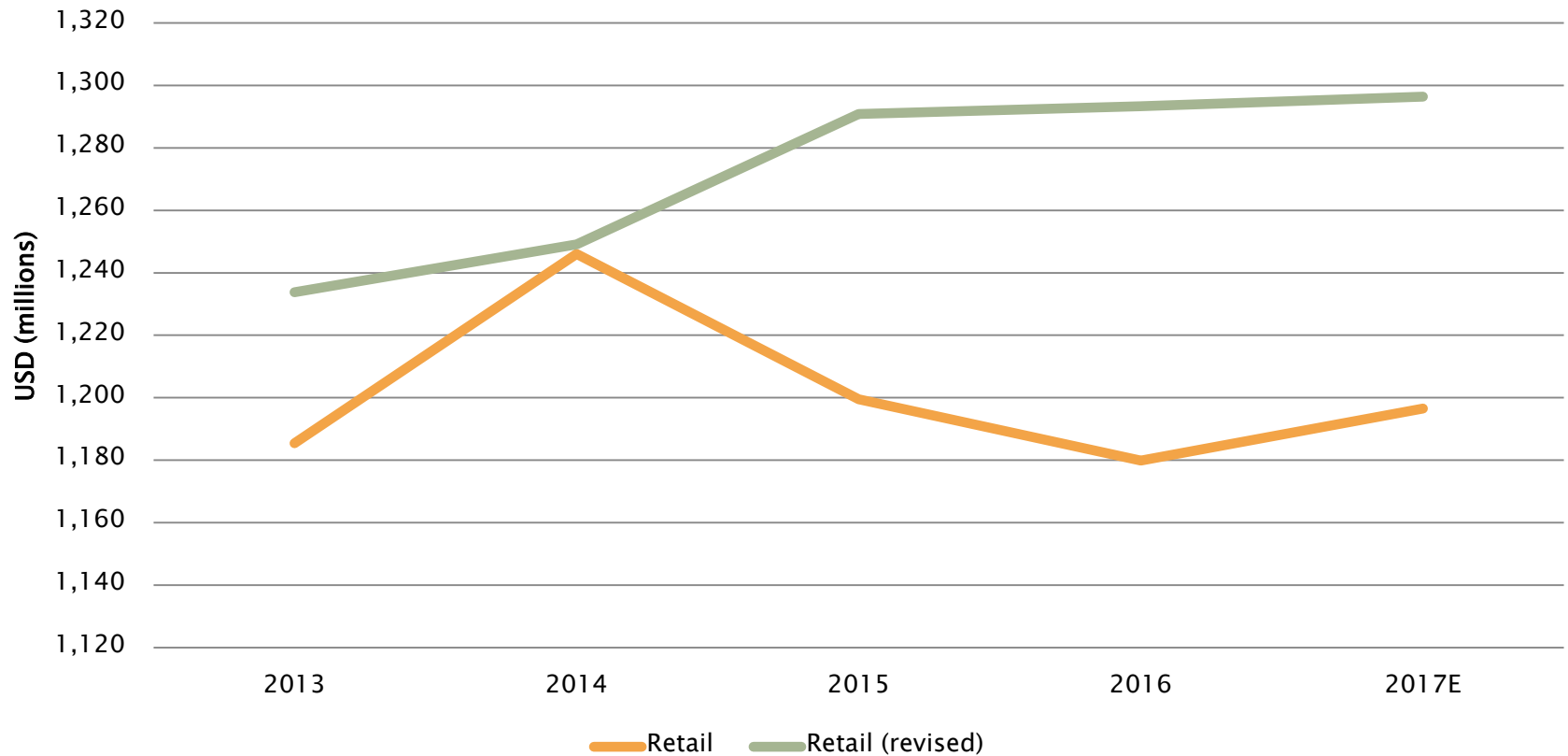
## Individual Income Refunds (Total \$)





# Revenue from retail sales have increased marginally in recent years

## GET Revenues

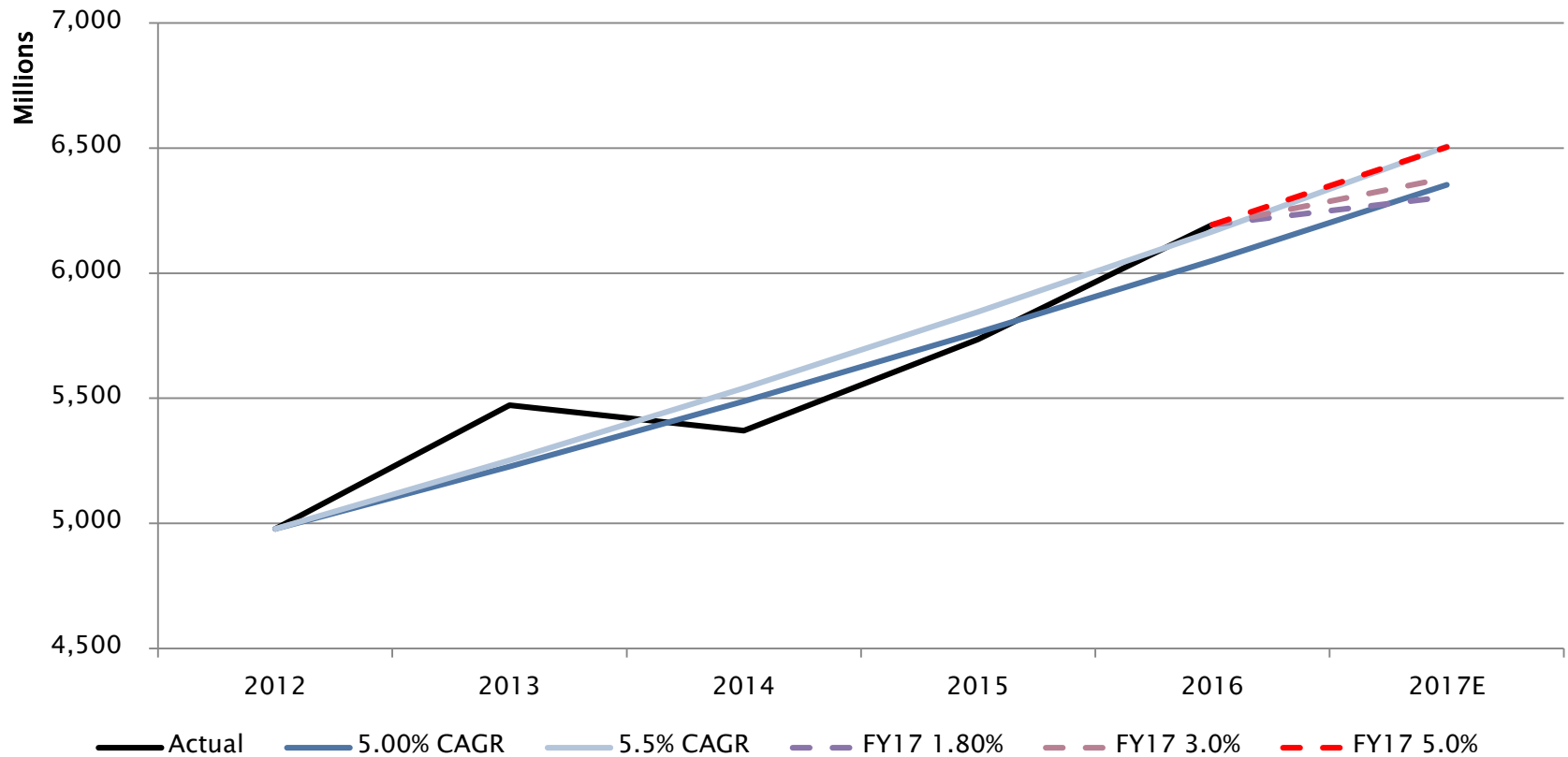


# Thank You

# Annexes

# Long term growth rate is at or above 5.0%

## General Fund growth & forecast scenarios



# General Fund Revenues

