

Revenue Estimating Conference Minutes August 5, 2003

Members present: Dennis Prouty, David Underwood, Holmes Foster.

Dennis Prouty called the Revenue Estimating Conference to order at 3:00 p.m. with all members present.

Dennis asked for a motion to approve the minutes of the April 9, 2003 REC Meeting. Motion made by Holmes Foster, seconded by David Underwood to approve minutes as printed. Motion carried.

Review Fiscal Year 2004 General Fund Estimates, Lottery and Other Transfers, Accruals, Refunds, and Gambling Revenues Transferred to Other Funds

2003 has closed as far as receipts go. Accruals and reversions are still open. The task for the REC is to review FY2004, look at state and federal legislation that has passed since the last REC meeting, and incorporate those legislative changes into FY2004 projections.

Total Tax & Other Receipts

LFB incorporated the legislative changes, adjusted the new base that came out in 2003 and also made minor adjustments within some of the categories. There was more money available for FY2004 due to the base being a little higher in 2003 and some federal action. Overall, LFB took the position that their projection, as modified, stays within the range of April's projections.

Holmes Foster shared that DOM projections show a 2% growth excluding the Federal tax bill and other Legislative changes.

David Underwood expressed a major concern in regards to the Income Tax and whether that will rise 2.5% or more. The 2.5% growth projected increase is close to the windfall of the Federal tax law changes. David felt the decline in withholding during the last six months was disconcerting.

Holmes felt the national outlook is the most optimistic it's been in the last three years.

Holmes asked Dennis when the Internet Sales/Catalog Sales Tax would be going into effect and how much money that would bring in.

Jeff Robinson responded saying if the Internet/Catalog Sales tax goes into effect July 1, 2004, it could raise tax receipts by \$1M in 2004 and between \$70M and \$80M in 2005.

Holmes then made motion to reduce DOM's projections for Total Tax & Other Receipts by \$21.1M giving a total of \$5,184.7M which is a 2.7% increase over FY2003. Motion seconded by David.

David asked for clarification on the increase of Miscellaneous Receipts. Joel Lunde responded explaining the increase was due to two bills passed on unclaimed property and three Area Education Agencies have to give \$10M back to the state.

Following discussion, Dennis called for a vote on the motion. Motion carried.

Lottery and Other Transfers

With DOM and LFB projections being the same for Lottery and Other Transfers, David made motion to accept DOM's projection of \$87.7M, seconded by Holmes. Motion carried.

Accruals

Dennis addressed the difference and changes in Accruals. LFB projected \$23.1M and DOM projected \$22.9M. Accruals jumped from \$12.0M because the Legislature passed a bill stipulating the Lottery go to an Authority rather than a Charter Agency. In that bill, they also changed the accrual process from a monthly to a quarterly basis.

Holmes made motion to accept DOM's projection of \$22.9M for Accruals, seconded by David. Motion carried.

Refunds

Holmes made motion to accept DOM's projection of \$655.6M, seconded by David. Motion carried.

Gambling Revenues Transferred to Other Funds

Motion made by Holmes, seconded by David to accept the \$123M projection. Motion carried.

With no further business, the REC meeting was adjourned.

Next REC Meeting scheduled for October 10th at 1:00 p.m.