

Revenue Estimating Conference Minutes December 12, 2006

Members present: Dennis Prouty, Mike Ralston, David Underwood

Mr. Prouty called the Revenue Estimating Conference to order at 3:00 p.m.

Approval of Minutes of March 24, 2006 Meeting

Motion made by Mr. Underwood, seconded by Mr. Ralston to approve the Minutes of the October 16, 2006 meeting as printed. Motion carried.

Review Fiscal Year 2007 General Fund Estimates, Lottery and Other Transfers, Accruals, Refunds, and Gambling Revenues Transferred to Other Funds

Mr. Prouty stated that the order of business would be to review the FY07 estimates and look at FY08 estimates. He shared that personal income tax and corporate income tax went up while sales tax went down. Referring to the REC spreadsheet, Mr. Prouty noted that the Legislative Service Agency (LSA) estimates and the Governor's Appointee estimates were very close.

Mr. Ralston added that numbers show private industry has come in strong and will continue. He also noted that corporate income tax went up and felt there was room for growth with the LSA and the Governor's Appointee estimates.

Mr. Underwood shared that he hears there is a downturn in employment, although not looking at a recession. He noted that the two estimates were only \$7M different and felt they were both good estimates.

Motion made by Mr. Underwood, seconded by Mr. Ralston to accept the LSA estimate for FY07 Net General Fund Receipts of \$5,567.4M. Motion carried.

Review Fiscal Year 2008 General Fund Estimates, Lottery and Other Transfers, Accruals, Refunds, and Revenues Transferred to Other Funds.

Mr. Prouty shared that from the LSA standpoint, there is some upward movement for FY08. LSA weakened personal income tax and increased sales tax due to the adjustment made this year, ending up with a 3.3% growth to revenue for FY08.

Mr. Ralston stated that everyone is watching for the turn when it comes. There is evidence to suggest that things are still pretty strong, but there is some concern.

Mr. Underwood felt there is work to do on income tax credits and what impact they will have. The base percentages used for the increase seem to be reasonable. He noted there is a difference between the two estimates with personal income taxes when netted with refunds, but felt they were both good estimates.

Motion made by Mr. Underwood, seconded by Mr. Ralston to accept the LSA estimate for FY08 Net General Fund Receipts of \$5,751.6M. Motion carried.

With LSA and Governor's Appointee FY07 and FY08 Estimated Gambling Revenue Deposited to Other Funds being the same, Mr. Ralston made motion, seconded by Mr. Underwood to accept the \$210.4M estimates for FY07 and FY08. Motion carried.

Other Business

With no further business, Mr. Underwood made motion, seconded by Mr. Ralston to arise.

Respectfully submitted

A handwritten signature in cursive script, reading "Marcia E. Murrow".

Marcia E. Murrow
Secretary
Department of Management