



Massachusetts Department of Revenue

Briefing Book FY2014 Consensus Revenue Estimate Hearing

December 11, 2012

Presented by:

Amy Pitter
COMMISSIONER

Kazim P. Ozyurt
DIRECTOR
OFFICE OF TAX POLICY ANALYSIS

Table of Contents

Introduction.....	3
FY12 Results.....	4
FY13 Summary.....	5
FY14 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
FY13 and FY14 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 FY13 and FY14 and relevant background information.

Massachusetts economy and the state tax revenues have improved since the end of the recent *great* recession, though at a slow pace. The uncertainty about economic growth and tax revenue growth is still very high, due to the slowdown in the global economy, the uncertainty on U.S. fiscal policy, as well as the Eurozone's recession and sovereign debt/banking crisis. In this environment, tax revenue forecasting is still very difficult, and there is still great deal of uncertainty surrounding revenue forecasts.

Our FY13 and FY14 revenue forecasts are based on tax collections through November 2012 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 FY13 and FY14.

FY13 and FY14 Tax Revenue Projections

FY13 and FY14 Department of Revenue Tax Revenue Projections (in \$ Billions)

	FY13 Projections	% Growth Actual from FY12	% Growth Baseline from FY12	% Growth Baseline (Excluding One-time Revenues) from FY12	FY14 Projections	% Growth Actual from FY13	% Growth Baseline from FY13	% Growth Baseline (Excluding One-time Revenues) from FY13
A&F Revised Estimate	\$21.496	1.8%	2.6%	4.4%	N/A	N/A	N/A	N/A
Economy.com	\$21.490	1.8%	2.6%	4.4%	\$22.467	4.5%	4.9%	5.0%
Global Insight	\$21.462	1.6%	2.5%	4.3%	\$22.150	3.2%	3.5%	3.6%
NEEP	\$21.501	1.8%	2.7%	4.5%	\$22.316	3.8%	4.1%	4.2%

FY12 Results

- FY12 tax collections totaled \$21.115 billion, up \$598 million, or 2.9% from FY11.
- FY12 “baseline” tax collections (i.e., growth adjusted for the impact of tax law and administrative changes) were up 4.0% from FY11.
- FY12 tax collections were \$105 million above the final FY12 revenue estimate of \$21.010 billion, primarily due to higher than projected sales taxes, corporate and business taxes, estate and deeds taxes, partially offset by lower than projected income taxes, including withholding taxes, income tax estimated payments and final income tax payments. Capital gains taxes were up 0.4% in FY12 compared to FY11, and totaled about \$994.3 million.
- The FY12 performance reflected a Massachusetts economy that grew moderately, but at a pace slower than in the previous fiscal year. FY12 revenue collections saw increases in withholding, sales and use, and corporate and business taxes. But the revenue from income tax on investment income was stagnant.
 - FY12 income tax collections totaled \$11.911 billion, up 3.8% baseline. Withholding increased 3.8% baseline, while income tax from cash estimated payments, which included tax on capital gains, interest and dividends, and unincorporated business income, increased 0.9% baseline. Cash refunds were down 1.0% baseline. Income tax payments with returns and bills increased 2.8% baseline.
 - FY12 sales tax was \$5.059 billion, up 3.2% actual and 4.7% baseline. Regular sales tax totaled \$3.544 billion, up 4.2% baseline; meals tax totaled \$869 million, up 6.4% baseline; and motor vehicle sales tax totaled \$646 million, up 5.2% baseline.
 - FY12 corporate and business tax collections of \$2.320 billion for the year were up 4.1% actual and 5.7% baseline. Combined reporting has shifted the tax reporting of some utilities and financial institutions into the corporate tax type, with the result that many utilities and financial institutions now do not pay the financial institutions excise tax or the public utilities excise tax, but instead pay as corporate taxpayers. Corporate excise tax collections totaled \$1.771 billion, down 9.4% baseline; while insurance premiums taxes totaled \$318 million, up 14.6% baseline.

FY13 Summary

- The FY13 consensus revenue estimate assumed FY13 revenue collections of \$21.950 billion. After adjusting for revenue initiatives enacted as part of the FY13 budget, and the sales tax holiday, the FY13 tax forecast was \$22.011 billion, reflecting actual growth of 4.2% and baseline growth of 4.8% from FY12 collections.
- On December 4, 2012 the Executive Office for Administration and Finance (A&F) reduced the FY13 revenue estimate by \$515 million, to \$21.496 billion. The revised estimate reflects projected revenue increase of 1.8% actual and 2.6% baseline from FY12 collections.
- Through November 2012, FY13 tax collections totaled \$7.901 billion, up \$23 million, or 0.3% actual and 1.6% baseline compared to the same five-month period in FY12, \$235 million below the November year-to-date benchmark. Specifically:
 - Year-to-date withholding is up 1.3% actual and 3.3% baseline.
 - Year-to-date income tax estimated payments (cash) are up 5.6% actual and 6.1% baseline, reflecting increases in non-wage income.
 - Year-to-date corporate and business tax collections are down 20.1% actual and 18.3% baseline, mostly due to one-time revenues that were received last year but do not repeat this year. Corporate and business cash estimated payments (an indicator of current business conditions) are up 15.5% actual and baseline.
- The Massachusetts economy is projected to grow moderately in terms of output during the last three quarters of FY13. Employment is projected to grow slowly throughout FY13:
 - Real Gross State Product is projected to grow by 1.6% to 2.4% over the remainder of FY13.
 - Massachusetts payroll employment is projected to grow by between 0.8% and 1.2% in the last three quarters of FY13, and wages and salaries are projected to grow by 4.1% to 4.7% over the same period.
 - Retail sales are projected to grow by 3.6% to 4.4% over the remainder of FY13.

FY13 Summary

- Our vendors' baseline economic assumptions indicate a partial or a temporary solution to the current federal fiscal policy challenges (or so-called "fiscal cliff") by the end of this year.
- With respect to the capital gains, DOR assumed that we would probably see the top federal tax rate on realized capital gains go up marginally from 15% to 18.8% in 2013 due to the introduction of the 3.8% Medicare tax on realized capital gains in the 2010 health care reform laws, and then go up from 18.8% to 23.8% in 2014 due to the expiration of Bush tax cuts for high income earners. Based on this assumption DOR forecasts that tax year 2012 capital gains realizations (which mainly determine FY13 capital gains tax collections) will increase by 17.8% compared with tax year 2011, and will then increase by 2.7% in tax year 2013 before declining by 13.9% in tax year 2014.
- Using economic projections from Global Insight, Economy.com, and the New England Economic Partnership (NEEP), and DOR's capital gains projections, FY13 tax revenue is projected at \$21.462 billion to \$21.501 billion, \$510 million to \$549 million below the adjusted consensus FY13 estimate of \$22.011 billion. 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 \$175 million in FY13.

FY14 Summary

- The national economy is expected to grow faster in calendar year 2014 than in calendar year 2013. FY14 real Gross Domestic Product (GDP) forecasts range from an increase of 2.3% to 3.0%.

- The three forecast vendors project the following for FY14:
 - Projections for Massachusetts employment range from a growth of 1.0% to 1.3% in FY14, compared to growth of 0.9% to 1.2% in FY13, and Massachusetts wages and salary projections range from growth of 4.2% to 6.8% in FY14, compared to growth of 4.2% to 4.7% in FY13;
 - Massachusetts personal income is expected to rise 4.3% to 6.0% in FY14, compared to growth of 3.9% in FY13;
 - Nationally, corporate profits are expected to grow by 2.1% to 4.8% in FY14, compared to growth of 6.8% to 12.1% in FY13;
 - The stock market as measured by the S&P 500 index is expected to increase 3.9% to 6.9% in calendar year 2013, compared to increase of 8.0% to 8.4% in calendar year 2012.

- Using the economic growth assumptions from Economy.com, Global Insight, and the New England Economic Partnership (NEEP), FY14 tax revenue is projected to be \$22.15 billion to \$22.467 billion, reflecting baseline growth of 3.5% to 4.9% over FY13. 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 decrease of \$66 million in FY14.

Recent Revenue Trends

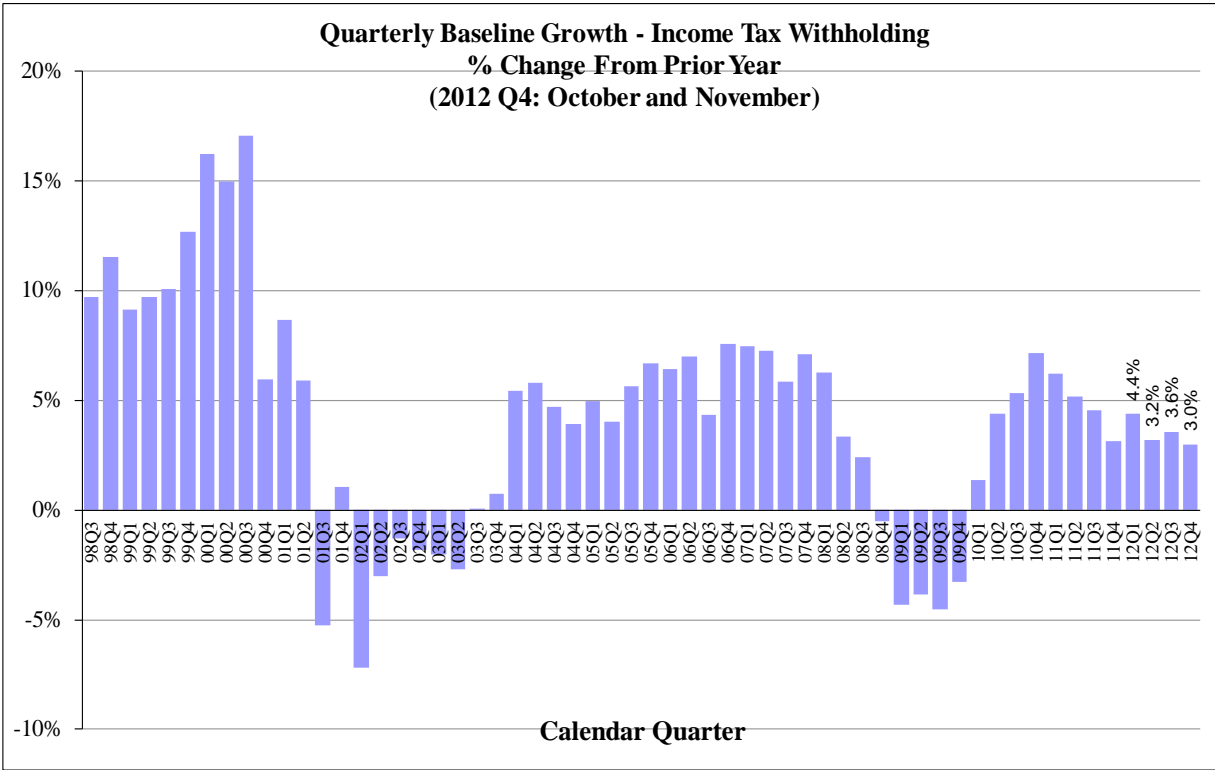
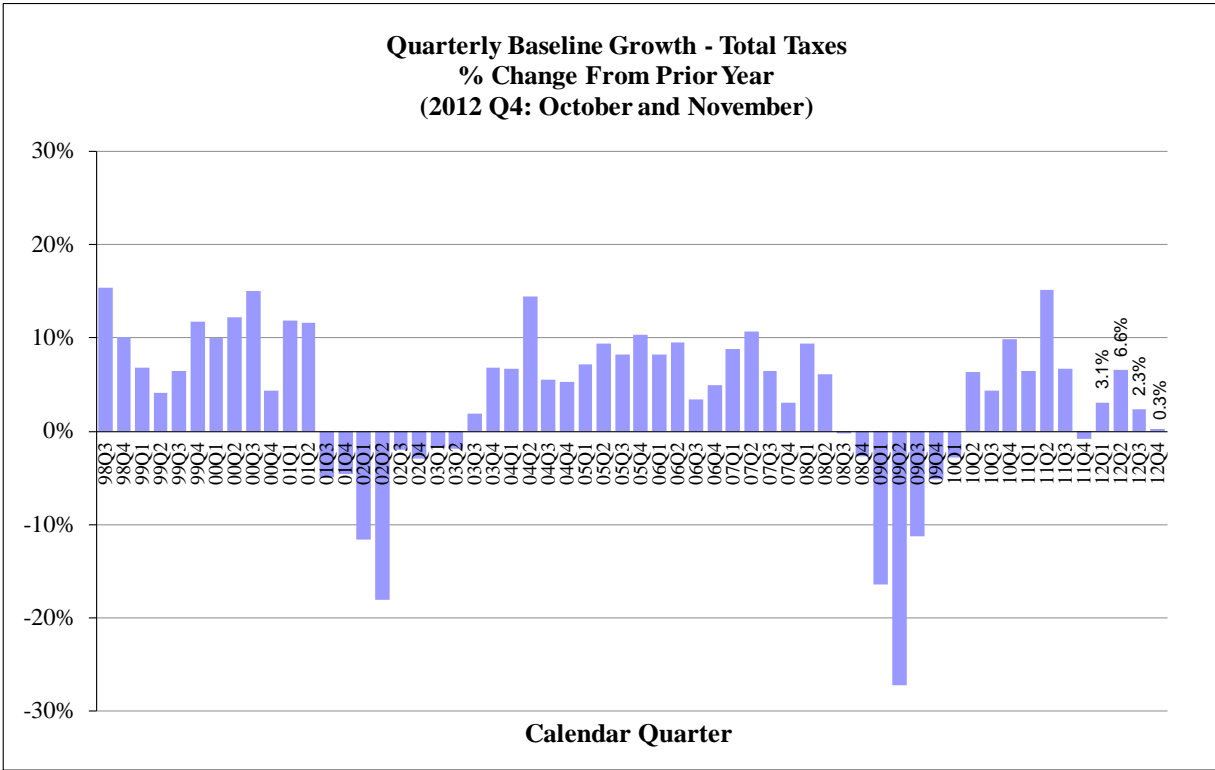
- **Two Measures of Tax Revenue Growth:**
 - Actual growth - growth in actual collections over two periods.
 - Baseline growth - growth had there been no tax law or administrative changes that affected tax collections. Baseline growth also adjusts for fluctuations in the timing of tax collections. Baseline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

FY2013 Year-to-Date Collections Through November 2012 (in \$ Millions)					
	11/12 FY13 YTD Collections	11/12 FY13 YTD \$ Change	11/12 FY13 YTD Actual % Change	11/12 FY13 YTD Baseline % Change	FY13 YTD \$ Above/(Below) Benchmark Based on FY13 Estimate of \$22.011 Billion
Income - Total	4,459	100	2.3%	4.3%	(114)
Income Withholding	3,890	49	1.3%	3.3%	(107)
Income Est. Payments (Cash)	522	28	5.6%	6.1%	(3)
Income Returns/Bills	222	24	12.0%	14.5%	(8)
Income Refunds (Cash)	179	5	2.7%	3.2%	2
Sales & Use - Total	2,167	62	2.9%	3.0%	(55)
Sales - Regular	1,481	29	2.0%	2.3%	(43)
Sales - Meals	406	23	6.0%	6.3%	(2)
Sales - Motor Vehicles	279	10	3.5%	2.3%	(10)
Corporate & Business - Total	514	(130)	-20.1%	-18.3%	(58)
All Other	761	(9)	-1.2%	-0.8%	(8)
Total Tax Collections	7,901	23	0.3%	1.6%	(235)

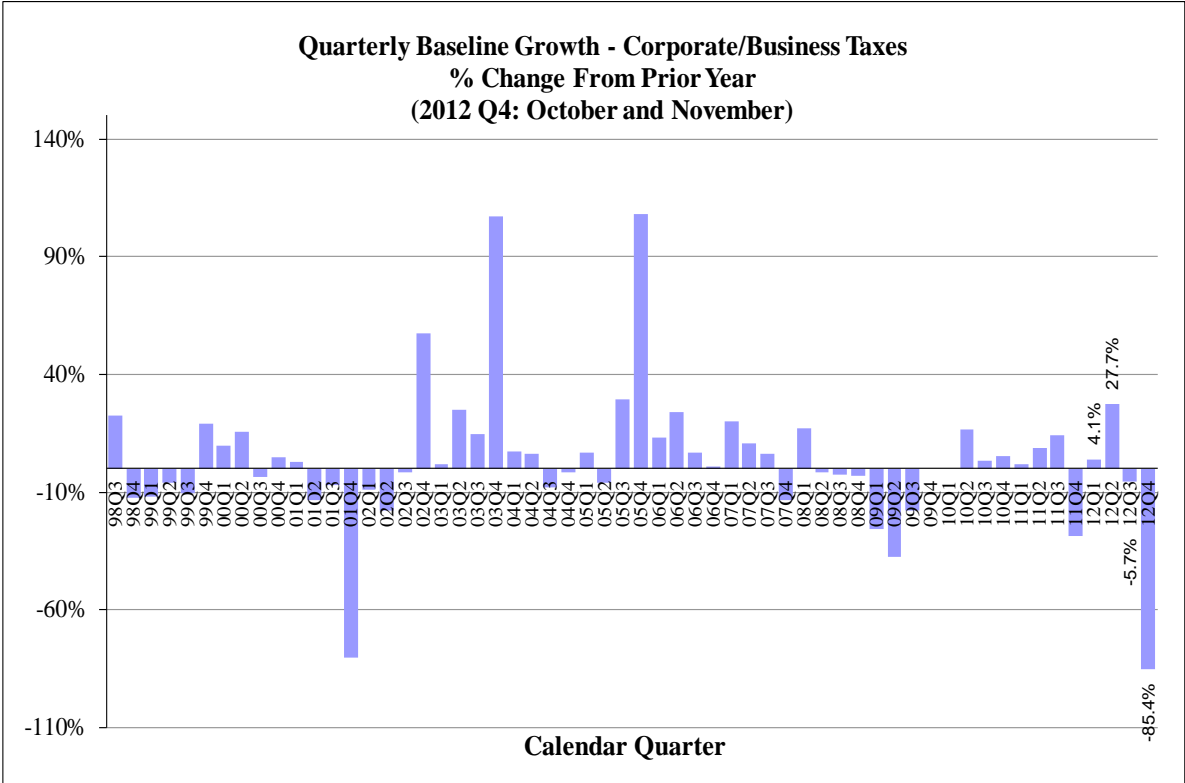
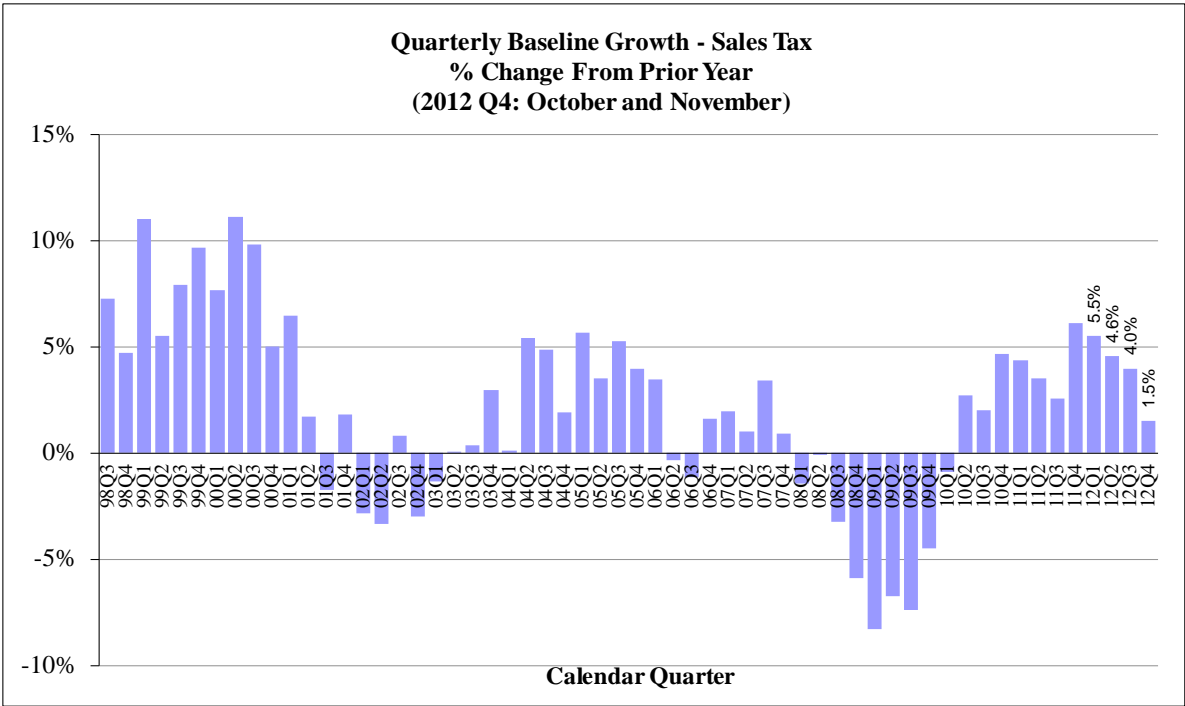
Recent Revenue Trends

- **Withholding**
 - Withholding has increased moderately so far in FY13, with baseline collections up 3.3% through November 2012, after having increased by 3.8% baseline in FY12.
- **Income Tax Estimated Payments (Cash)**
 - Income tax estimated payments (cash) have increased by 6.1% baseline so far in FY13, after having increased by 0.9% baseline in FY12, which shows faster growth than in the first two quarterly payments (April and June) for tax year 2012.
- **Sales Tax**
 - As consumers increase their spending, sales tax collections have increased in FY13. After having increased by 4.7% baseline in FY12, sales tax collections are up 3.0% baseline FY13 year-to-date. Regular sales tax is up by 2.3% baseline. Meals tax is up 6.3% baseline. Motor vehicle sales tax increases by 2.3% baseline.
- **Corporate and Business Excise**
 - Although national corporate profits have grown relatively strongly in 2012, the corporate and business tax collections have declined substantially in the first five months of FY13, with a baseline decrease of 18.3% through November compared with an increase of 5.7% baseline in FY12. This decline is mostly due to the one-time revenues that were received last year but do not repeat this year. A positive note: YTD corporate and business estimated payments (cash), which reflect current economic activity, are up 15.5% 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 economy is expected to remain slow in 2013 but accelerate in 2014, with real GDP expected to grow by 1.7% in the last three quarters of FY13, and 2.3%~3.0% in FY14. Global economic slowdown, U.S. fiscal policy challenges, and the Eurozone's recession and sovereign debt/banking crisis remain major sources of uncertainty for economic growth. Regarding U.S. fiscal policy, all three vendors expect that U.S. will probably avoid the fiscal cliff, and some middle ground scenario is probably the most likely outcome.
- The labor market continued to improve in 2012 but at a slow pace. US payroll employment rose by 146,000 in November 2012, and by about 1.7 million in the first eleven months of 2012. The unemployment rate, which was 7.7% in November 2012, is expected to remain stable in 2013 before falling to 7.1%~7.3% in 2014.
- The housing market is experiencing a steady recovery. Sales of new and existing homes have increased while housing inventory has declined gradually. In October 2012, new- and existing-home sales increased by 17.2% and 10.9% respectively compared with October 2011. During the same period of time, housing inventory fell to 4.8 month and 5.4 month of supply at the current sales rate from 6.1 month and 7.6 month of supply for new and existing homes respectively.

The U.S. Economy

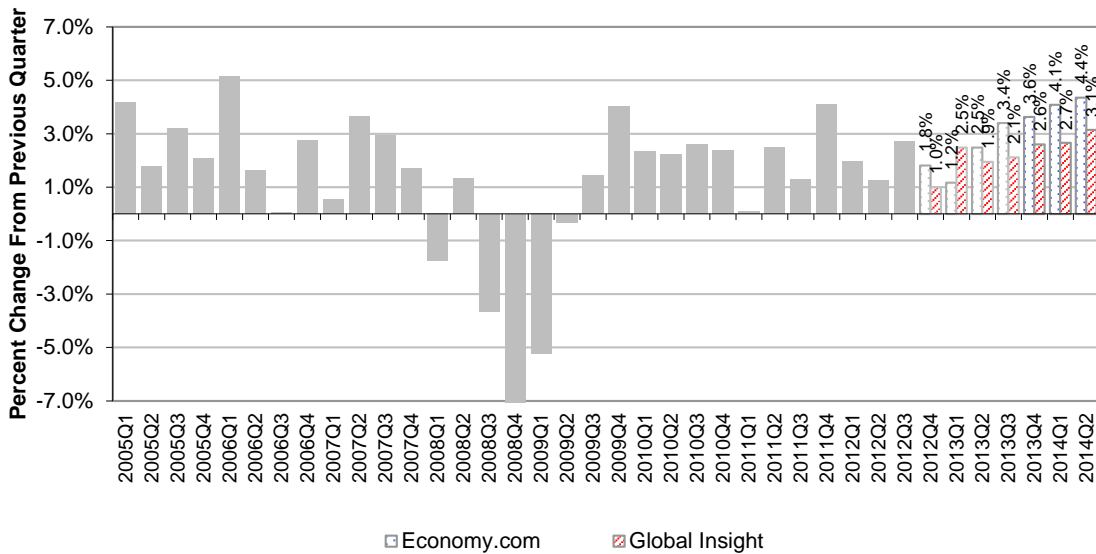
- Short-term interest rates are expected to remain very low over the remainder of 2012 and in 2013. The Federal Reserve is expected to keep the federal funds rate in its current target range of 0.0%-0.25% through 2013 and 2014. The bank prime rate will follow a similar trend.
- After a growth of 8.7% in FY12, corporate profits are expected to grow at similar pace over the remainder of FY13 but growth will slow down in FY14. Corporate profits are expected to grow 4.4%~10.0% over the remainder of FY13, and 2.1%~4.8% in FY14 .
- The stock market, as measured by the S&P 500 index, increased in the first three quarters of calendar year 2012, with the average daily close of the S&P 500 index up by 6.5% compared to the same period of 2011. The calendar year 2013 (FY14) average of the S&P 500 index is expected to increase by 3.9%~6.9% compared to calendar year 2012.

The U.S. Economy

Real GDP Growth FY94-14 (Forecasts begin in FY13)

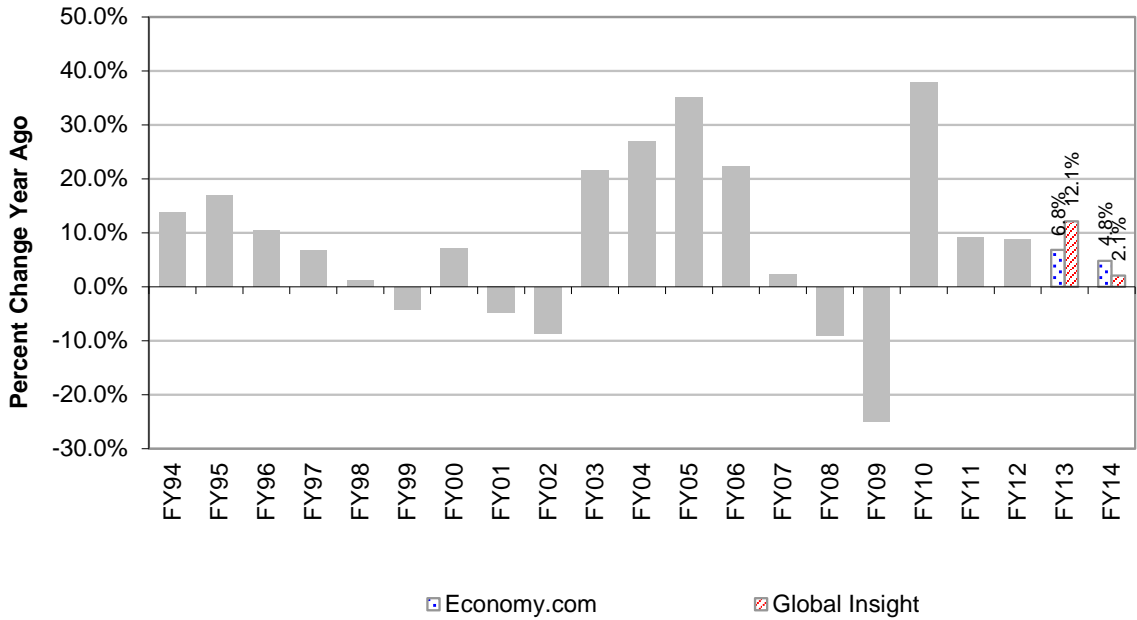


Annualized Quarterly Growth in U.S. Real GDP (Change from Previous Quarter, Annualized)



The U.S. Economy

Business Profits are Expected to Grow Moderately (Corporate Profits Before Tax FY94-14)



Interest Rates Will Remain Low Through FY14 (Bank Prime Rate)



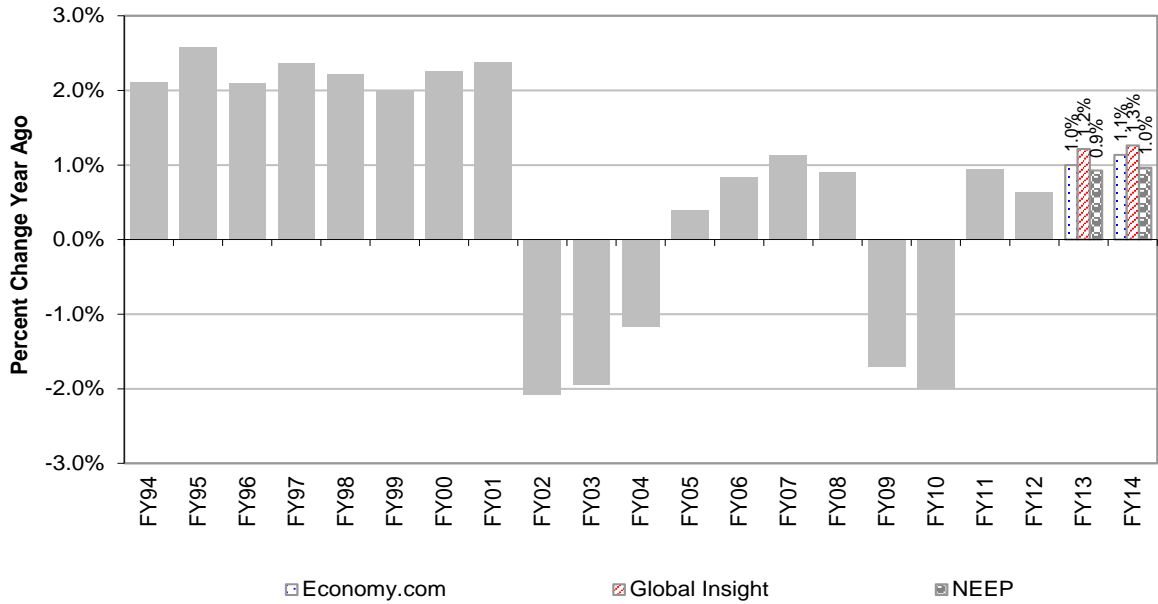
The Massachusetts Economy

The forecast assumptions for the Massachusetts economy are as follows:

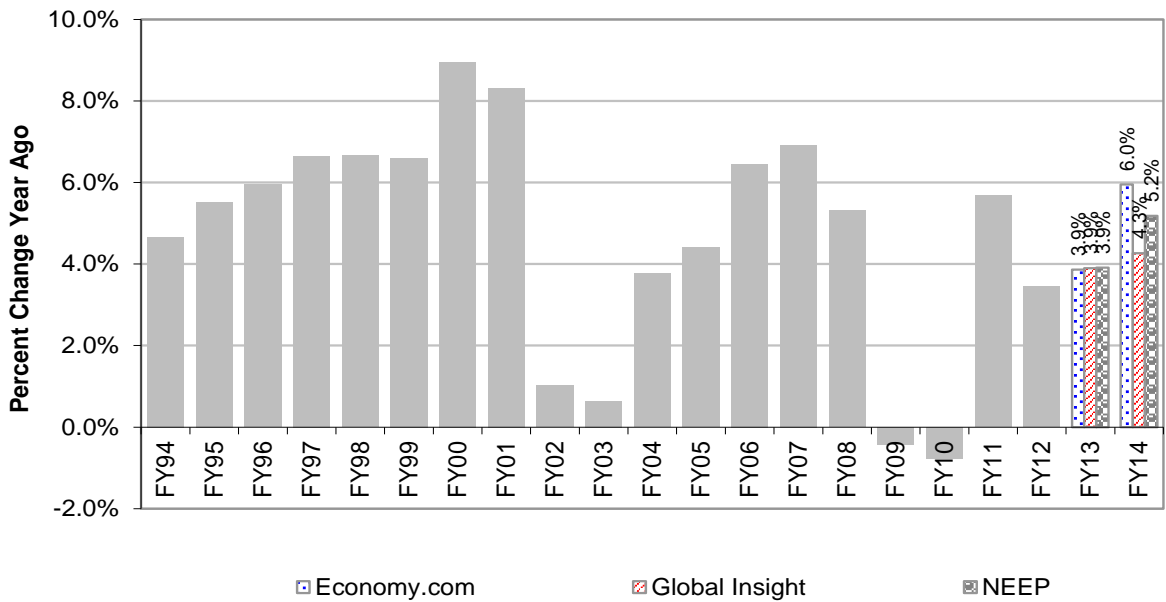
- The state economy has grown faster than the national economy since the end of recession, but the pace has slowed down in 2011 and 2012 in terms of output. Real state gross domestic product is projected to grow at a rate of 1.8% to 2.6% for FY13 and 2.0% to 3.2% for FY14.
- Massachusetts state employment bottomed out in November 2009, at which point the state's employment had declined by 143,000 (4.3%) from the peak reached in April 2008. By October 2012, 93,700 or 66% of the lost jobs has been recovered. State employment is projected to increase by 0.9% to 1.2% in FY13, and 1.0% to 1.3% in FY14. The state unemployment rate is projected to be 6.3% for FY13 and 5.8% to 6.3% for FY14.
- According to the U.S. Bureau of Economic Analysis's most recent reports, Massachusetts wage and salary disbursements in the second quarter of 2012 increased by 1.9% (compared to the same quarter in 2011) after rising by 3.3% in the first quarter. Personal income increased by 3.3% and 2.6% in the first and the second quarter of 2012 respectively. Compared to the same period in FY12, wage and salary disbursements are projected to increase by 4.1% to 4.7% over the remainder of FY13. For FY14, wages and salaries are expected to increase by 4.2% to 6.8% over FY13.
- The state's housing market has seen significant improvement. According to the Massachusetts Association of Realtors, the median price rose by 4.4% for single family homes and rose by 2.0% for condominiums in October 2012 on a year-over-year basis. During the same period of time, sales rose by 22.1% for single family homes and 34.8% for condominiums.
- Retail sales are projected to grow by 3.6% to 4.4% for the remainder of FY13, and grow by 2.6% to 4.2% in FY14.

The Massachusetts Economy

Massachusetts Employment Forecasts

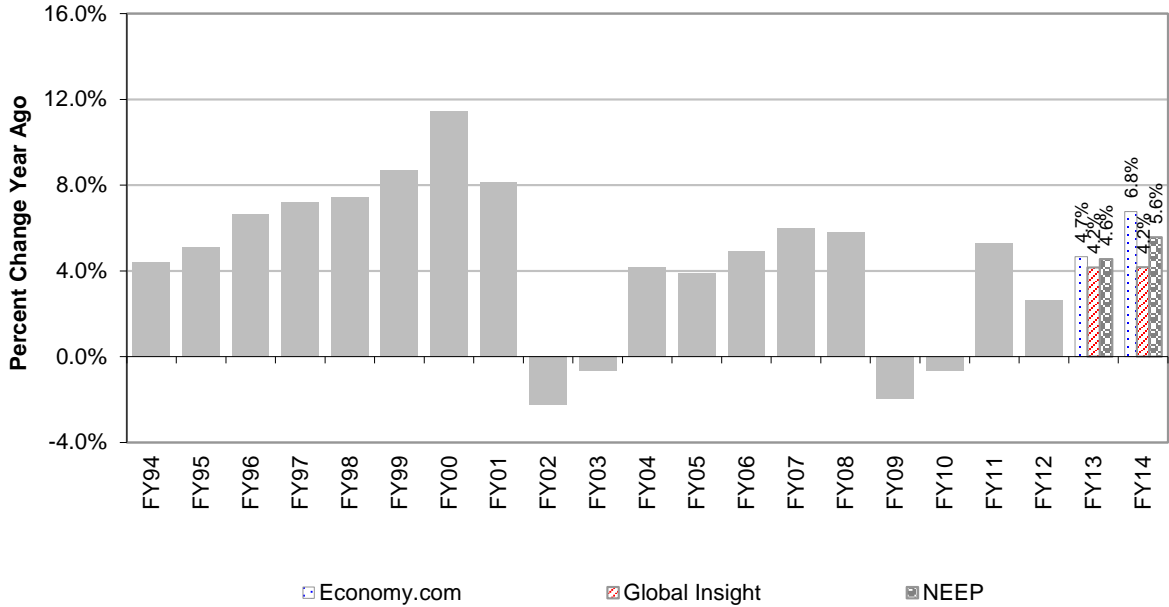


Massachusetts Personal Income Forecasts

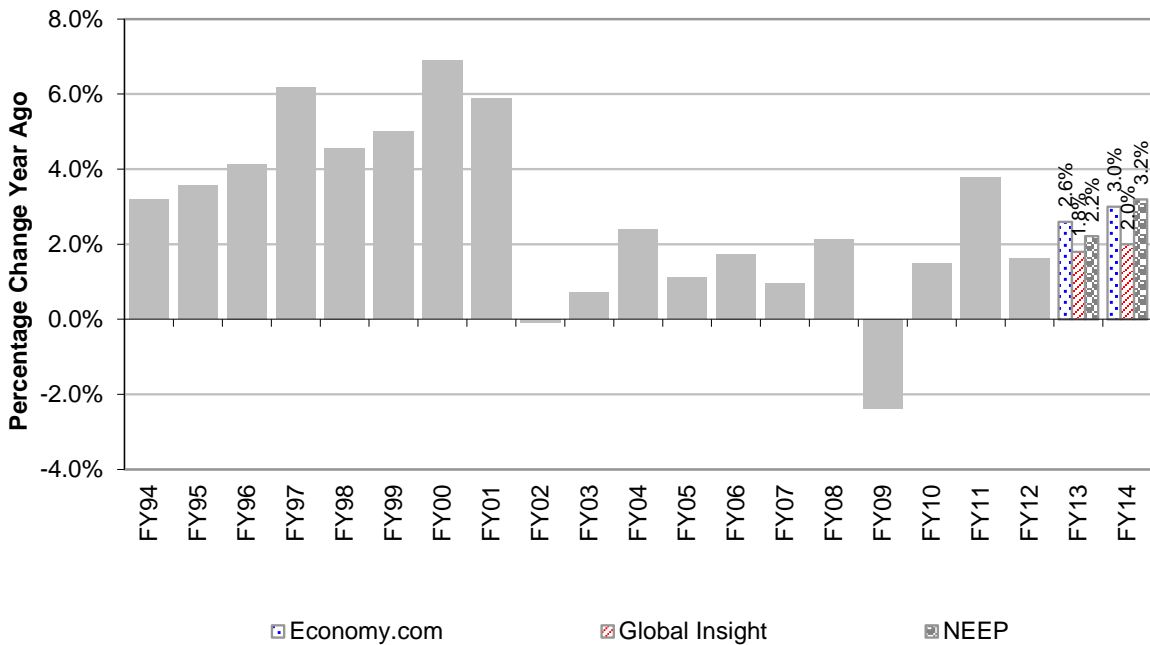


The Massachusetts Economy

Massachusetts Wages and Salaries Forecasts



Massachusetts Real Gross State Product (GSP) Growth FY94-14



U.S and Massachusetts Economic Forecast Table

(Percent Change from Prior Fiscal Year)

	History			Forecast			
	FY 2011	FY 2012	FY 2013 First Quarter	FY 2013	FY 2013 Full Year	FY 2014	FY 2015
				Last Three Quarters			
<u>US - Global Insight 11/12</u>							
Real GDP	2.2%	2.0%	2.3%	1.7%	1.9%	2.3%	3.3%
Corporate Profits	9.1%	8.7%	19.1%	10.0%	12.1%	2.1%	-1.7%
S&P500 (Calendar year lagged one year)	20.3%	11.4%	NA	NA	8.4%	3.9%	4.4%
Unemployment Rate	9.3%	8.6%	8.1%	7.8%	7.9%	7.6%	7.0%
Bank Prime Rate	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Federal Funds Rate	0.2%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%
<u>US - Economy.com 11/12</u>							
Real GDP	2.2%	2.0%	2.3%	1.7%	1.9%	3.0%	4.3%
Corporate Profits	9.1%	8.7%	14.9%	4.4%	6.8%	4.8%	9.5%
S&P500 (Calendar year lagged one year)	20.3%	11.4%	NA	NA	8.0%	6.9%	7.1%
Unemployment Rate	9.3%	8.6%	8.1%	7.9%	7.9%	7.6%	6.6%
Bank Prime Rate	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.9%
Federal Funds Rate	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.8%
<u>Massachusetts - Global Insight 11/12</u>							
Real Gross State Product	3.3%	2.2%	2.4%	1.6%	1.8%	2.0%	2.9%
Wages & Salaries	5.3%	2.6%	4.4%	4.1%	4.2%	4.2%	4.4%
Personal Income	5.7%	3.5%	4.2%	3.8%	3.9%	4.3%	4.7%
Employment	0.9%	0.6%	1.3%	1.2%	1.2%	1.3%	1.4%
Retail Sales	6.4%	6.1%	5.3%	3.6%	4.0%	2.6%	2.9%
Unemployment Rate	7.8%	6.8%	6.3%	6.3%	6.3%	5.8%	5.5%
Housing Starts	4.1%	9.8%	20.3%	12.1%	13.8%	38.1%	25.6%
<u>Massachusetts - Economy.com 11/12</u>							
Real Gross State Product	4.0%	1.3%	3.1%	2.4%	2.6%	3.0%	3.9%
Wages & Salaries	5.3%	2.6%	4.5%	4.7%	4.7%	6.8%	7.1%
Personal Income	5.7%	3.5%	4.3%	3.7%	3.9%	6.0%	7.2%
Employment	0.9%	0.6%	1.3%	0.9%	1.0%	1.1%	1.9%
Retail Sales	8.1%	7.6%	7.6%	4.4%	5.2%	4.2%	4.8%
Unemployment Rate	7.8%	6.8%	6.3%	6.3%	6.3%	6.2%	6.2%
Housing Permits	-1.0%	18.2%	92.7%	47.6%	54.8%	42.0%	16.9%
Home Sales	-18.0%	-5.6%	-2.3%	17.2%	12.1%	13.9%	-2.9%
<u>Massachusetts - NEEP 10/12</u>							
Real Gross State Product	4.0%	1.3%	2.6%	2.1%	2.2%	3.2%	4.1%
Wages & Salaries	5.3%	2.6%	4.3%	4.6%	4.6%	5.6%	5.8%
Personal Income	5.7%	3.5%	4.2%	3.8%	3.9%	5.2%	6.4%
Employment	0.9%	0.6%	1.3%	0.8%	0.9%	1.0%	2.0%
Retail Sales	8.1%	7.6%	7.3%	4.3%	5.0%	3.9%	4.5%
Unemployment Rate	7.8%	6.8%	6.3%	6.3%	6.3%	6.3%	6.2%
Housing Permits	-1.0%	18.2%	87.3%	33.9%	42.4%	31.7%	18.4%

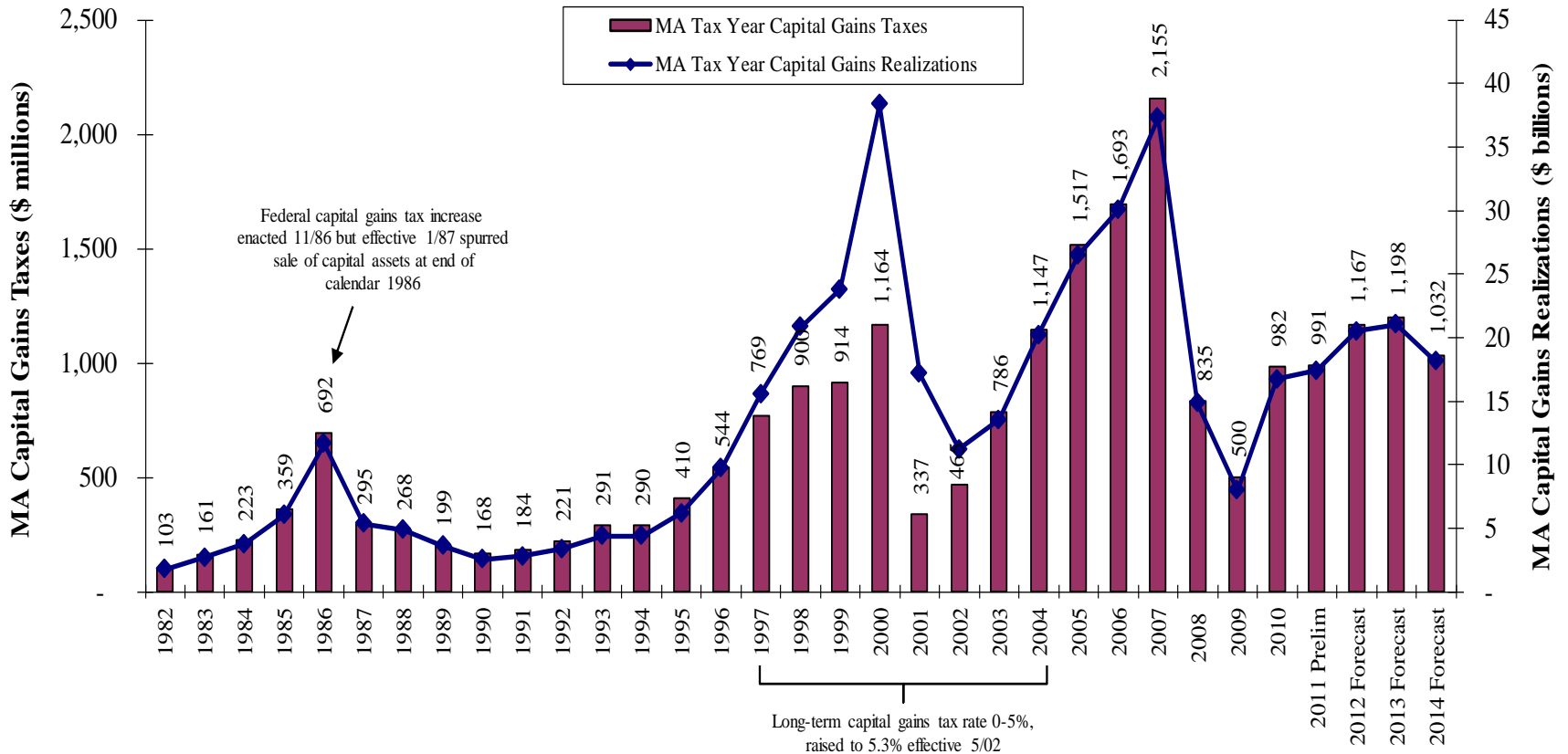
Note: For S&P500, the numbers shown are calendar year numbers with one year lag.

Capital Gains Taxes

- Estimates based on tax year 2011 income tax returns processed to date indicate that tax year 2011 capital gains realizations (taxes on which were remitted mostly in FY12) were \$17.4 billion, compared to \$16.7 billion in tax year 2010, an increase of 3.9%. Long-term realizations increased by about 7.4% while short-term realizations decreased by about 32.6%.
- Capital gains taxes increased from \$982 million in tax year 2010 to approximately \$991 million in tax year 2011, an increase of \$9 million, or 0.9%. On a fiscal year basis, FY12 capital gains taxes are estimated to have totaled about \$994.3 million (though no exact numbers are available on a fiscal year basis), an increase of \$4 million, or 0.4%, from FY11.
- DOR assumed that the top federal tax rate on realized capital gains will go up from 15% to 18.8% in 2013 due to the introduction of the 3.8% Medicare tax on realized capital gains in the 2010 health care reform laws, and then go up from 18.8% to 23.8% in 2014 due to the expiration of Bush tax cuts. Based on this assumption DOR projects that Massachusetts capital gains realizations will increase by 17.8% in tax year 2012 compared to tax year 2011, increase by 2.7% in tax year 2013, and then decrease by 13.9% in tax year 2014. DOR capital gains forecast implies tax year 2012 capital gains taxes of \$1.167 billion, and tax year 2013 capital gains taxes of \$1.198 billion. On a fiscal year basis, capital gains taxes would probably be in the range of \$1.05 billion to \$1.2 billion in FY13 depending on the timing of such payments, an increase of \$56 million to \$206 million compared to FY12. FY14 Capital gains taxes would probably be in the same range.

Capital Gains Taxes

Massachusetts Capital Gains Realizations and Taxes



FY13 and FY14 Tax Revenue Projections

FY13 and FY14 Tax Revenue Projections

FY13 and FY14 Tax Revenue Projections Based on Economic Forecasts of Moody's Economy.com, Global Insight, and New England Economic Partnership
(in \$ Billions)

	<u>FY13</u>	<u>\$ Growth</u>	<u>% Growth</u>	<u>% Growth</u>	<u>% Growth</u>	<u>FY14</u>	<u>\$ Growth</u>	<u>% Growth</u>	<u>% Growth</u>	<u>% Growth</u>
	<u>Projections</u>	<u>from FY12</u>	<u>Actual</u>	<u>Baseline</u>	<u>(Excluding One-</u>	<u>Projections</u>	<u>from FY13</u>	<u>Actual</u>	<u>Baseline</u>	<u>Baseline</u>
			<u>from FY12</u>	<u>from FY12</u>	<u>time Revenues)</u>			<u>from FY13</u>	<u>from FY13</u>	<u>(Excluding</u>
					<u>from FY12</u>					<u>One-time</u>
										<u>Revenues)</u>
										<u>from FY13</u>
A&F Revised Estimate	\$21.496	\$0.38	1.8%	2.6%	4.4%	N/A	N/A	N/A	N/A	N/A
Economy.com	\$21.490	\$0.375	1.8%	2.6%	4.4%	\$22.467	\$0.977	4.5%	4.9%	5.0%
Global Insight	\$21.462	\$0.347	1.6%	2.5%	4.3%	\$22.150	\$0.688	3.2%	3.5%	3.6%
NEEP	\$21.501	\$0.386	1.8%	2.7%	4.5%	\$22.316	\$0.815	3.8%	4.1%	4.2%

FY13 and FY14 Tax Revenue Projections

FY13 and FY14 Tax Revenue Projections

FY13 Year To Date Baseline Growth; Forecasts for Remainder of FY13 and FY14

	FY12 Baseline Growth	FY13 YTD Baseline Growth	Baseline Growth Remainder of FY13				FY14 Baseline Growth		
			A&F Revised				Economy.com	Global Insight	NEEP
			Estimate	Economy.com	Global Insight	NEEP			
Income Total	3.8%	4.3%	6.4%	6.6%	6.1%	6.7%	6.7%	4.4%	5.5%
<i>Income Withholding</i>	3.8%	3.3%	4.0%	4.1%	3.5%	4.1%	7.0%	4.2%	5.6%
Sales - Regular	4.2%	2.3%	1.4%	1.5%	1.6%	1.5%	2.0%	2.8%	1.9%
Sales - Meals	6.4%	6.3%	5.4%	2.9%	3.2%	3.1%	4.6%	3.9%	4.1%
Sales - Motor Vehicle	5.2%	2.3%	4.0%	2.8%	1.4%	3.4%	5.8%	3.4%	5.2%
Sales - Total	4.7%	3.0%	2.4%	1.9%	1.8%	2.0%	3.0%	3.1%	2.7%
Corporate & Business	5.7%	-18.3%	-7.7%	-8.2%	-7.2%	-8.2%	1.5%	2.3%	1.4%
Other Tax Revenue	1.5%	-0.8%	0.3%	0.6%	-0.1%	0.7%	1.7%	0.4%	1.7%
Total Tax Revenue	4.0%	1.6%	3.2%	3.2%	3.0%	3.3%	4.9%	3.5%	4.1%

FY13 and FY14 Tax Revenue Projections

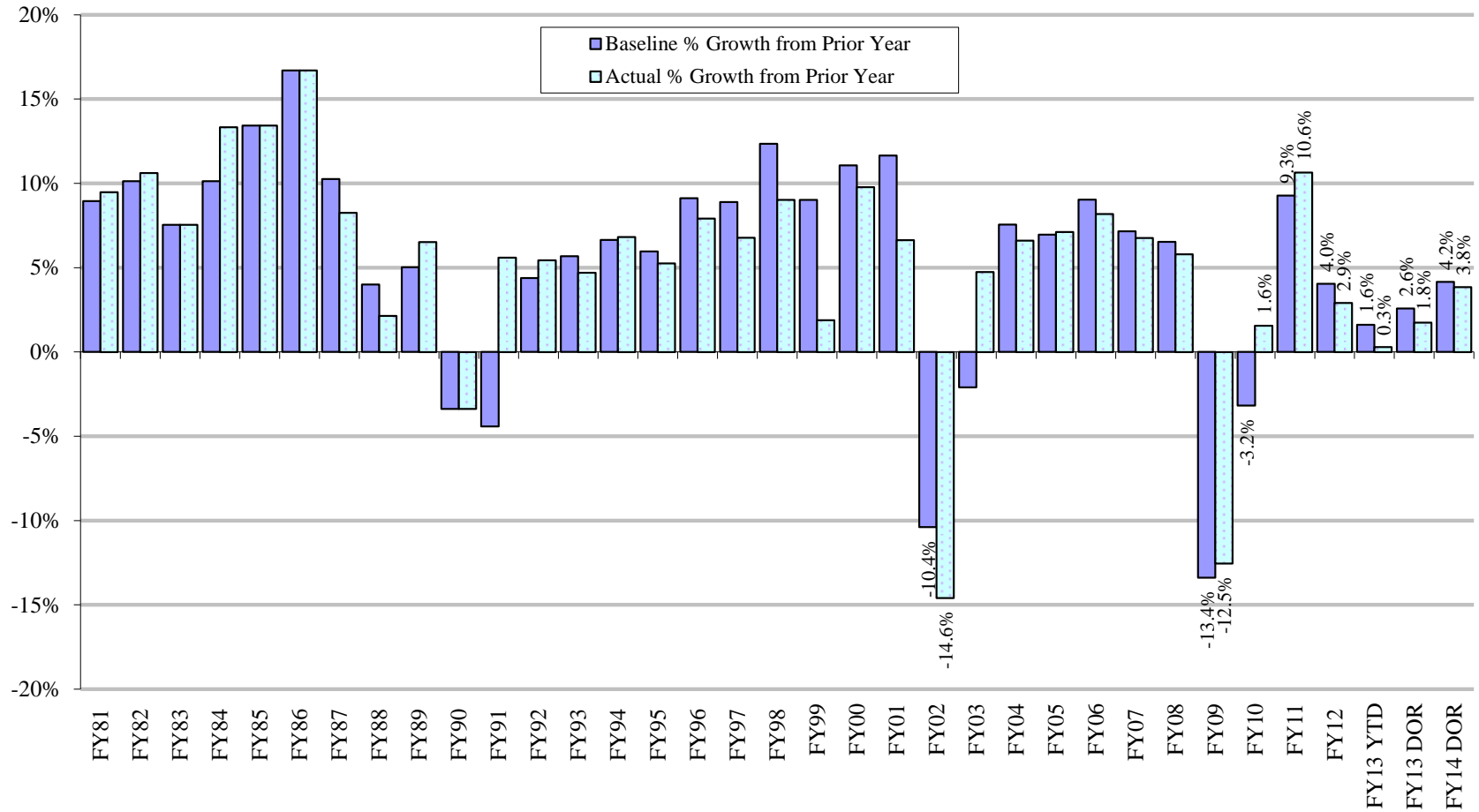
FY13 and FY14 Tax Revenue Projections

FY12 Actual Tax Revenue Collections, FY13 and FY14 Tax Revenue Forecasts (in \$ millions)
Forecasts for Remainder of FY13 and FY14.

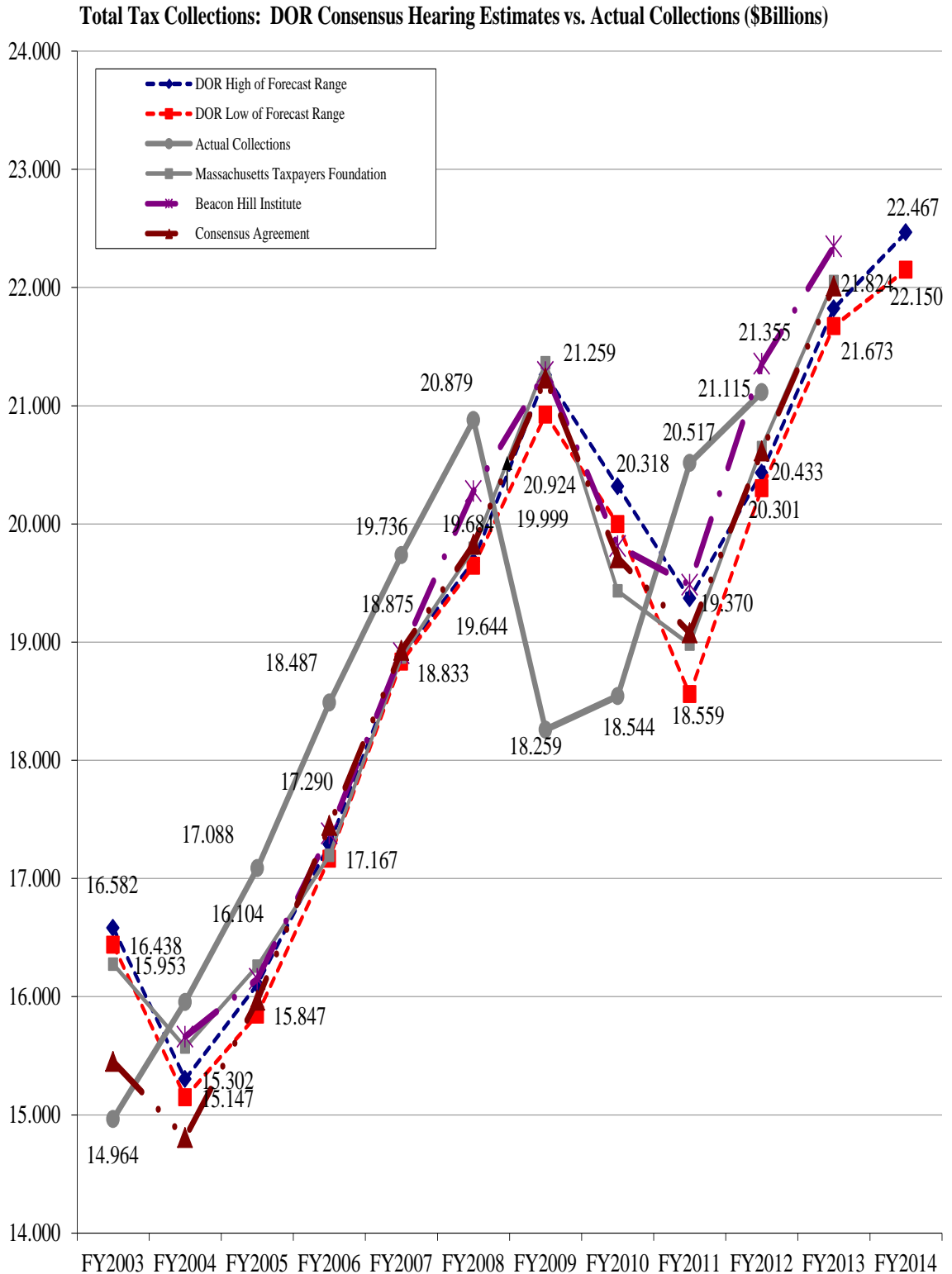
	----- FY 2013 -----					----- FY 2014 -----		
	FY12 Actual	A&F Revised Estimate	Economy.com	Global Insight	NEEP	Economy.com	Global Insight	NEEP
Total Income Tax	11,911	12,463	12,476	12,442	12,484	13,292	12,969	13,154
<i>Income Withholding</i>	9,767	10,036	10,043	10,008	10,046	10,742	10,422	10,607
Sales: Regular	3,544	3,597	3,600	3,601	3,600	3,687	3,715	3,681
Sales: Meals	869	912	900	902	901	936	931	932
Sales: Motor Vehicles	646	668	663	658	665	701	680	700
Sales Total	5,059	5,176	5,164	5,160	5,166	5,325	5,327	5,313
Corporate & Business	2,320	2,037	2,029	2,045	2,029	2,000	2,034	1,998
Other Tax Revenue	1,824	1,819	1,821	1,814	1,822	1,850	1,819	1,851
Total Tax Revenue	21,115	21,496	21,490	21,462	21,501	22,467	22,150	22,316

FY13 and FY14 Tax Revenue Projections

Actual and Baseline Tax Revenue Growth, FY1981-FY2014
(FY13 and FY14 Are Forecasts Based on Average of 3 Vendors)

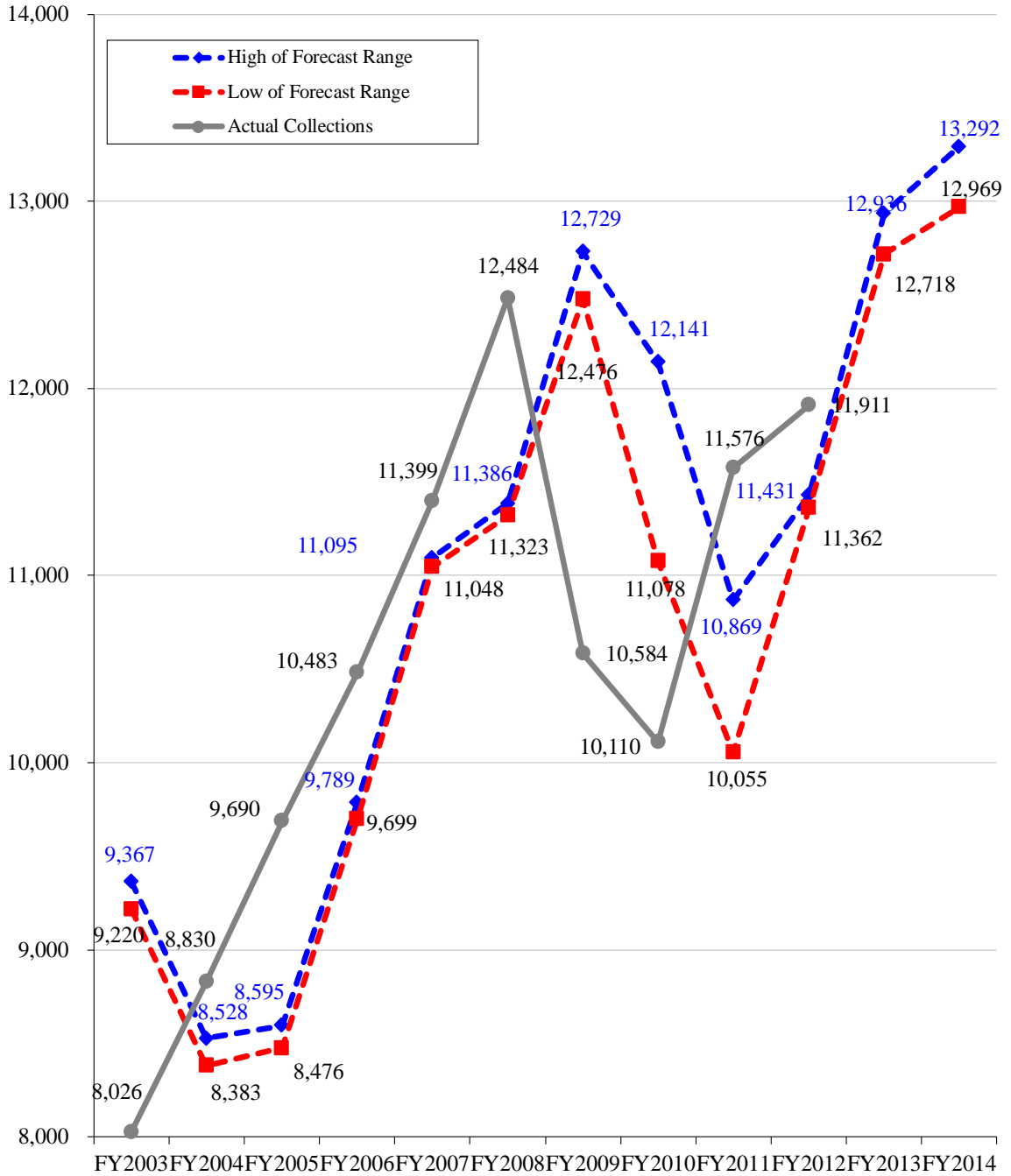


Historical Comparison of Projections to Actual Collections



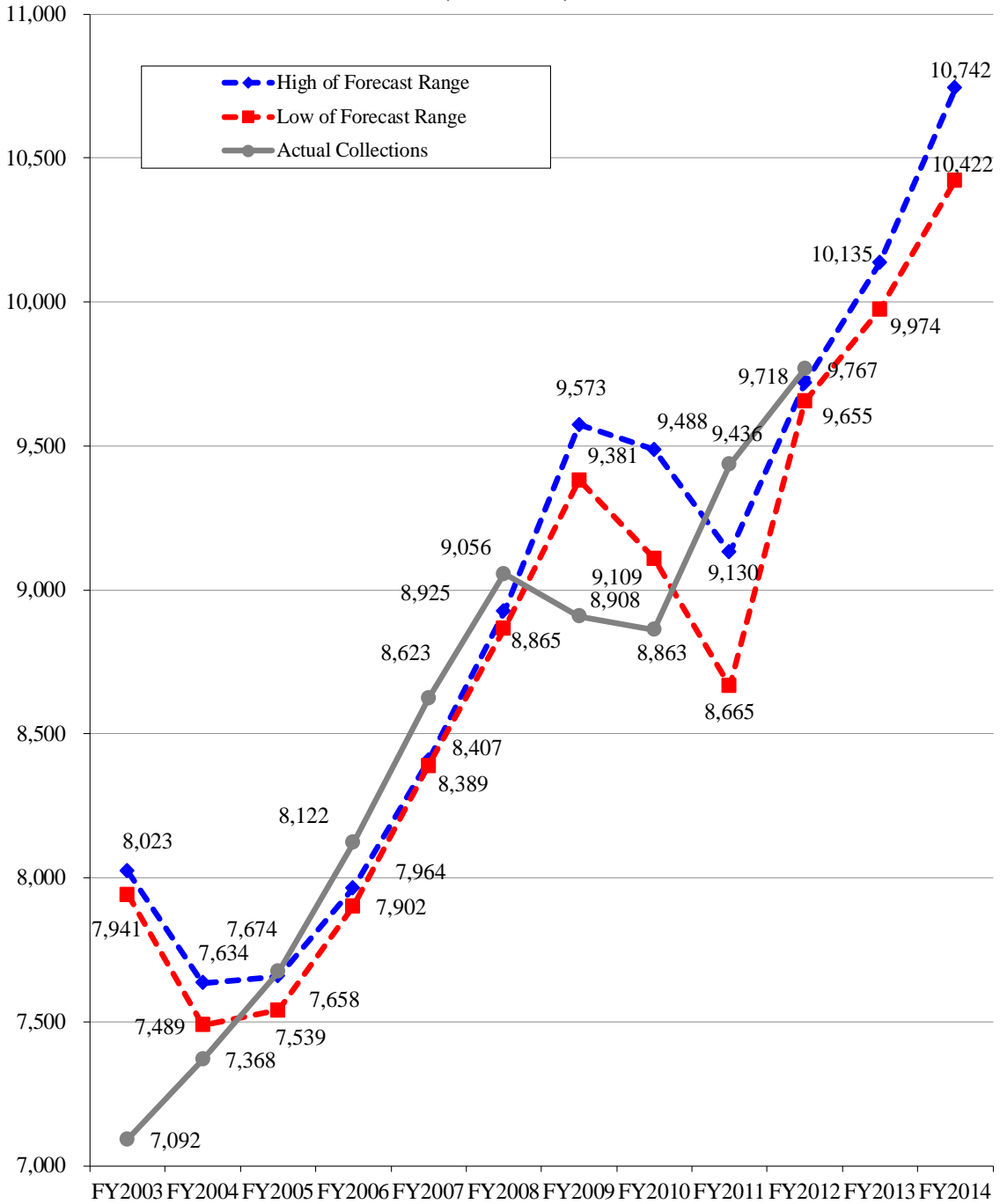
Historical Comparison of Projections to Actual Collections

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



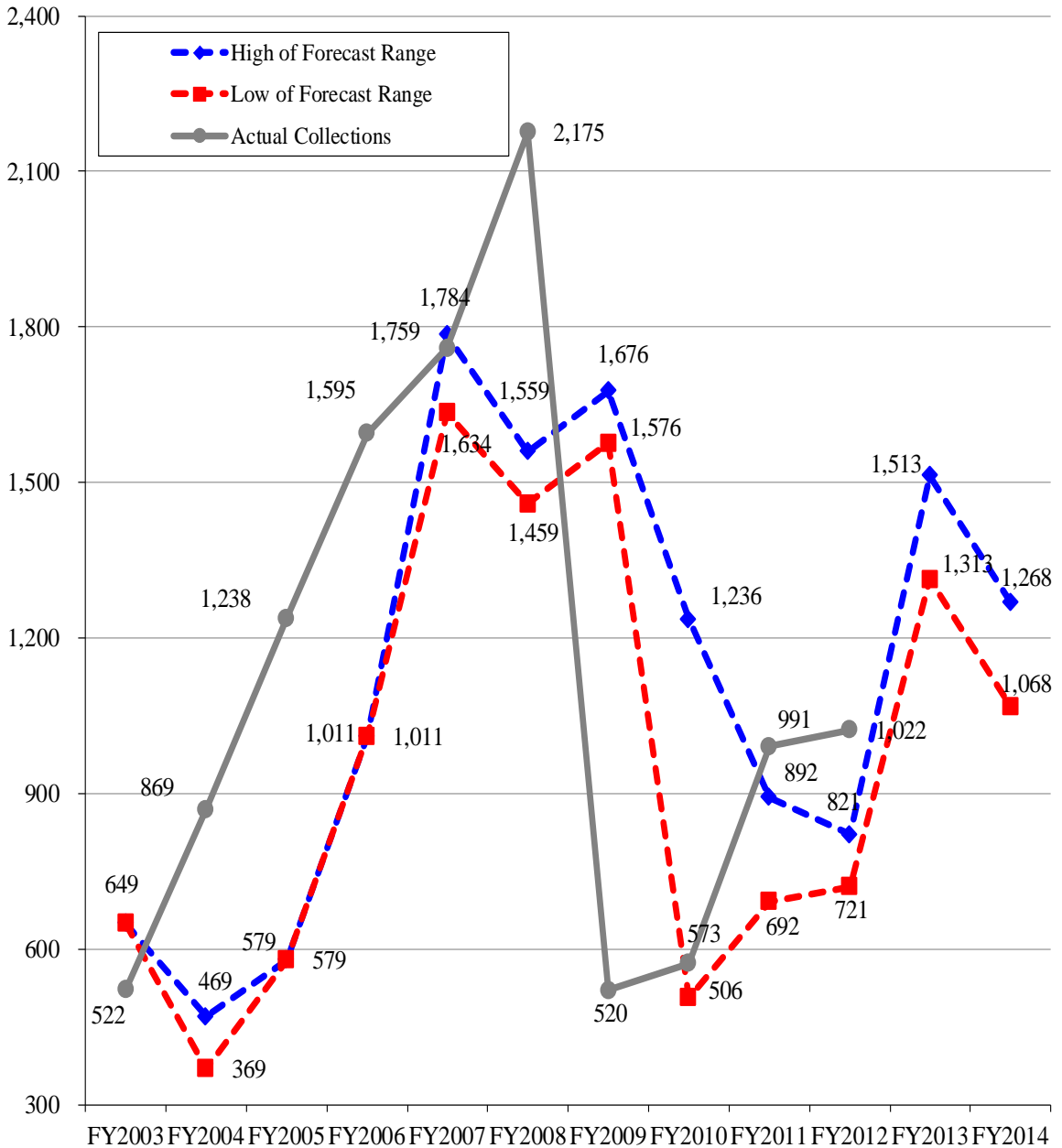
Historical Comparison of Projections to Actual Collections

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



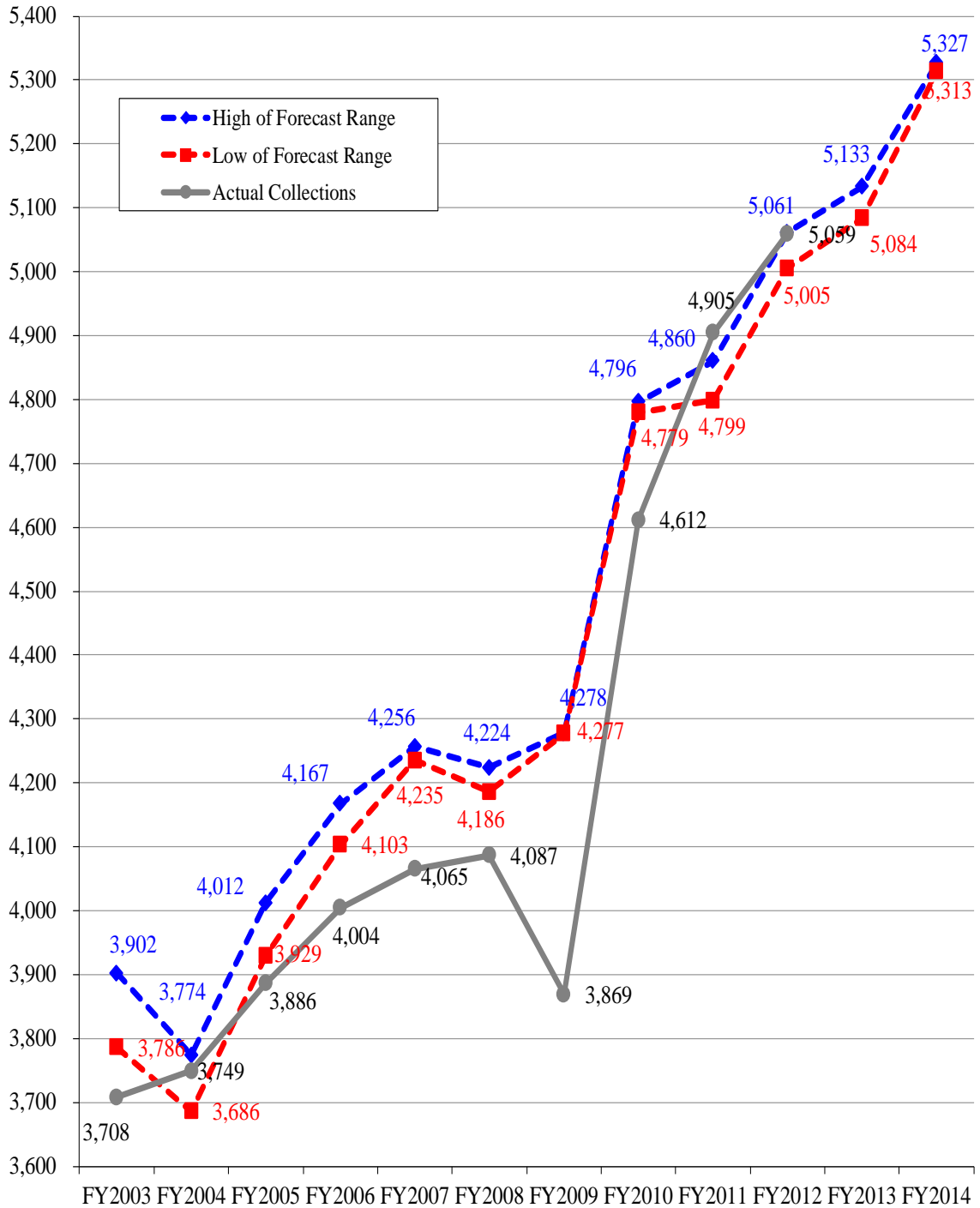
Historical Comparison of Projections to Actual Collections

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)

