

**MINUTES of the  
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

**Buena Vista – May 18, 2015**

**Attendance:**

<b>Member</b>	<b>Present</b>
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	No
J. Cohan	Yes
N. Cook	Yes
T. Cook	Yes
R. Davis	No
J. DiPinto	Yes
F. Dixon	Yes
B. Fasy	No
R. Glen	Yes
G. Hindes	Yes
J. Horty	Yes
D. Hudson	No
A. Levin	Yes
K. Lewis	Yes

<b>Member</b>	<b>Present</b>
D. Link	Yes
A. Lubin	No
G. Marcozzi	Yes
J. Martin	Yes
C. Morgan	Yes
M. Morton	No
J. Polidori	No
E. Ratledge	Yes
T. Shopa	Yes
K. Simpler	Yes
G. Simpson	Yes
M. George Smith	No
A. Staton	Yes
D. Swayze	Yes
J. Twilley	No
A. Visalli	No

**Members in Attendance: 23**

**Members Absent: 10**

**Others Present:** A. Aka, P. Carter, H. Curran, K. Dwyer, D. Gregor, J. Hoover, J. Johnstone, K. Knight, S. McVay, A. Penney, M. Roach, B. Scoglietti, S. Scola, C. Stewart, M. Vaught and members of the press.

**Opening Business:** Mr. Martin called the meeting to order at 3:00 p.m.

The minutes from the April meeting were approved as submitted.

**Expenditure Subcommittee:**

Mr. Ratledge presented the Expenditure Subcommittee's report.

In his review of the Balance Sheet method, Mr. Ratledge said that estimates for Continuing, Reversions and Encumbered have not changed from the April estimates. The Continuing, Reversions and Encumbered estimates stand at \$184.0 million, \$35.0 million and \$35.0 million, respectively. (See Table 1a for complete details).

Reviewing the Functional method, Mr. Ratledge noted two minor changes in the estimates: the Grants estimate has increased by \$2.0 million while the estimate for Capital Outlay has been reduced by the same amount. All other expenditure categories—Salaries, Fringe Benefits, Pension, Debt Service, Supplies and Materials, Contractual Services and Medicaid—are unchanged from April.

Mr. Ratledge indicated that the number of individuals eligible for Medicaid average 225,600 per month, down from 229,200 in April. He added that the average of newly eligible enrollees is also down in April, to 10,500. (See Table 1b for complete details).

A motion was made, seconded and approved to accept \$3,819.5 million as the expenditure estimate for FY 2015. The estimate is unchanged from April.

**Revenue Subcommittee:**

Mr. Lewis presented the Revenue Subcommittee's report.

**Economic Outlook**

Mr. Aka presented the IHS Global Insight's U.S. macroeconomic assumptions and forecasts. He pointed out that short-term U.S. GDP forecast was revised down by IHS due to dismal economic performance in the opening quarter of the calendar year. Forecasts of all major macroeconomic series are almost unchanged from April. Mr. Aka presented the economic forecasts for Delaware and noted that all series are broadly unchanged from April.

Mr. Horthy asks about the basis for Delaware's optimistic Personal Income forecasts over the next two years. Mr. Aka replied that Delaware forecasts are tied to the U.S. Mr. Gregor added that the state's forecasts are based on the fact that what occurs in Delaware is strongly related to what takes place in the nation. He added that the Subcommittee shared Mr. Horthy's sentiment and reduced Withholding growth estimates for fiscal years 2016 and 2017. Mr. Gregor also noted that, when it comes to Withholding, the Department of Finance does not rely solely on IHS forecasts. It also takes into account specific knowledge that it has on taxpayers, bonuses and other important

information.

Mr. Dixon acknowledged that Delaware is a subset of the national economy but questions optimistic forecasts for the next two years in light of poor performance of the U.S. economy during the past 6 years. Pointing out the gap between the average Federal Reserve forecasts for the past 4 years (i.e., 2.9%) and actual rates (2.1%), Mr. Dixon says that the Federal Reserve has consistently been overly optimistic. He suggested that such optimism was based on the assumption that monetary accommodation would stimulate the national economy.

Mr. Dixon said that a movement away from the ongoing accommodative policy to a more neutral stance might be the key to unlock future economic growth. He pointed out that IHS growth forecasts for calendar year 2015 have fluctuated widely, from 2.9% in March to 2.8% in April and 2.2% in May. Mr. Dixon mentions that IHS may have to revise their GDP growth estimate further down as first-quarter growth could turn out to be worse than initially forecast.

Mr. Lewis stressed that members in the Subcommittee meeting have agreed on a more pessimistic outlook for Withholding by decreasing the growth rate in the out-years from 5.0% to 4.5%. He noted that the rates could even go lower in future meetings. Mr. Link agreed with Mr. Lewis.

Mr. Simpler asked if a study of systematic biases in previous estimates over several cycles has been conducted. Mr. Lewis answers that forecasts do not take into account tax policies that have not yet been approved by the General Assembly. He added such a study can be done but cautions that it must be done very carefully.

Mr. Dixon noted that revenue estimates were consistently underestimated a number of years ago during times of economic expansions. Likewise estimates were consistently revised down during the downturn of the latest business cycle. He indicated that the current expansion, now in its 6<sup>th</sup> year, feels almost like a recession. Because of the weak expansion, revisions to forecasts are not as optimistic as they used to be.

Mr. Ratledge says that adjustments to forecasts should be made as often as possible. Mr. Bullock asks whether Delaware's forecasts are too optimistic. Mr. Ratledge answers that series such as Delaware's Wages and Salaries deserve closer scrutiny.

**General Fund Revenues - Fiscal Year 2015:**

The Revenue Subcommittee recommended the following updates to April's estimates:

Revenue Category	Apr-14	May-15	Change
Corporation Income Tax	262.0	250.0	(12.0)
Personal Income Tax	1,426.2	1,431.0	4.8
Realty Transfer Tax	73.2	73.9	0.7
Cigarette Taxes	105.5	106.0	0.5
Other Revenues	119.0	118.6	(0.4)
Hospital Board and Treatment	45.4	45.6	0.2
Other Refunds	(86.7)	(86.8)	(0.1)

For a complete listing of FY 2015 estimates, see Table 2.

**Discussion of FY 2015 Estimates:**

**Personal Income Tax:** Mr. Lewis indicated that the estimate was increased from April, reflecting tracking performance in Estimated payments.

**Net Franchise and LP/LLC:** Mr. Lewis indicated no change to the forecast. In an email addressed to Mr. Lewis, Mr. Geisenberger stated that quarterly franchise and annual LLC tax payments as well as annual LP fees are due on June 1<sup>st</sup>. Mr. Geisenberger added that formation activity remains strong so the out-year growth estimate for the revenue category is unchanged from April.

**Corporate Income Tax:** Mr. Lewis said that the estimate was reduced from April, as \$25 million expected from an audit has been moved from the current fiscal year into the next. Mr. Lewis added that this year's estimate has also benefited from strong collections over the past month.

**Hospital Board and Treatment:** Mr. Lewis indicated that the estimate was slightly increased from April. Mr. Aka explained during the Subcommittee meeting that increased revenue from DHSS more than offset decreased revenue from the Vets Home.

**Realty Transfer Tax:** Mr. Lewis indicated that the estimate was increased from April, due to tracking.

Mr. Simpson asks whether revenue collections from the Estate Tax currently stand at \$6.0 million. Mr. Gregor answered that collections currently amount to \$5.8 million.

Other changes were attributed to tracking.

### **FY 2015 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,874.7 million as the revenue estimate for FY 2015.

The estimate represents a \$6.3 million reduction from DEFAC's April estimate.

### **General Fund Revenues - Fiscal Year 2016:**

The Revenue Subcommittee recommended the following updates to April's estimates:

<b>Revenue Category</b>	<b>Apr-14</b>	<b>May-15</b>	<b>Change</b>
Corporation Income Tax	210.0	235.0	25.0
Realty Transfer Tax	64.9	65.5	0.6
Personal Income Tax	1,494.2	1,493.7	(0.5)
Cigarette Taxes	103.4	103.9	0.5
Other Revenues	95.5	95.1	(0.4)

For a complete listing of FY 2016 estimates, see Table 2.

### **Discussion of FY 2016 Estimates:**

**Personal Income Tax:** Mr. Lewis reported a decrease in the estimate. During the Subcommittee meeting, Mr. Link indicated that the 5.0% Withholding growth estimate for FY 2016 is high, and DEFAC members voted to lower the rate to 4.5%.

**Corporate Income Tax:** Mr. Lewis reported that the increase in the estimate reflects an inflow of funds from fiscal year 2015.

**Realty transfer Tax:** Mr. Lewis stated that the increase in the estimate reflects the carrying forward of changes made in the previous fiscal year.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY 2015 and maintaining previous growth rates.

**FY 2016 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,888.7 million as the revenue estimate for FY 2016.

The estimate represents an increase of \$25.2 million from the April estimate.

For information purposes, Mr. Lewis reported that the FY 2017 revenue estimate is \$3,857.3 million. The estimate represents a reduction of \$5.4 million from DEFAC's April estimate. Mr. Lewis pointed out that the estimate is lower than the FY 2015 estimate.

**Balance and Appropriations Worksheet:** Mr. Gregor presented the Balance and Appropriations worksheet. The result of this exercise is attached as Table 3.

**Transportation Trust Fund (TTF)**

**TTF -- Expenditures:** Ms. Penney presented the Transportation Trust Fund's expenditure forecast.

**State Operations Expenditure:** There was no change from the April estimate of \$351.0 million.

**State Capital Expenditure:** Decreased from \$159.5 million in March to \$150.0 million. Ms. Penney attributed the reduction to decreases in the estimates for Road System and Transit on the back of various delays (e.g., weather-related delays, late advertising, later-than-anticipated project starts). She mentioned an increase in the estimate for the Support System category by \$2.0 million.

**Federal Capital Expenditure:** Decreased from \$299.6 million in March to \$250.0 million. Ms. Penney explains that the decrease represents the Federal match to the state projects that were delayed and the last of several 100% Federal projects.

**GARVEE – US301 Capital Expenditure:** There was no change from the April estimate of to \$8.2 million.

A motion was made, seconded, and approved to accept \$759.2 million as the FY 2015 TTF expenditure estimate. The estimate represents a reduction of \$59.1 million from April's estimate. (See Table 4.)

**TTF -- Revenues:** Ms. Penney presented the Transportation Trust Fund's revenue

forecast.

**FY 2015 Estimates:**

**Toll Road Revenues:** There was no change from the April estimate of \$178.4 million.

**Motor Fuel Tax Administration:** There was no change from the April estimate of \$119.8 million.

**Division of Motor Vehicles:** There was no change from the April estimate of \$172.7 million.

**Other Transportation Revenues:** There was no change from the April estimate of \$13.8 million.

Ms. Penney explained that April revenues are up 1.3% compared to last year. She added that year-to-date revenues are 5.0% ahead of last year and that core revenues are in line with the DEFAC growth estimate of 5.1%.

A motion was made, seconded, and approved to accept \$484.7 million as the FY 2015 TTF revenue estimate. The estimate is unchanged from April.

**FY 2016 Estimates:**

The following changes were made from the April estimate.

**Toll Road Revenues:** There was no change from the April estimate of \$180.6 million.

**Motor Fuel Tax Administration:** There was no change from the April estimate of \$118.8 million.

**Division of Motor Vehicles:** There was no change from the April estimate of \$177.8 million.

**Other Transportation Revenues:** There was no change from the April estimate of \$14.0 million.

A motion was made, seconded, and approved to accept \$491.2 million as the FY 2016 TTF revenue estimate. The estimate is unchanged from the April estimate. (See Table 5.)

**Other Business:**

Mr. Martin announced the next scheduled DEFAC meeting dates:

- June 15, 2015
- September 21, 2015

Mr. Martin says that the June 15 Subcommittee meeting will start at 1:00 p.m. while the September Subcommittee meeting will probably start earlier, at 12:00 p.m.

**Structural Revenue Review:** Mr. Martin reviewed recent work by the Structural Revenue Review Advisory Council (hereby referred to as the "Council"). He pointed out that the expenditure side of the budget was not addressed in the final report, since this was not part of the charge of the Council as stated in Executive Order No 47. Mr. Martin notes that the report is a consensus document, approved by every member of the Council. He emphasizes that not every Council member approved every recommendation in the report.

Mr. Martin extended his heartfelt thanks for a lot of work completed under a very tight deadline. He noted that the monumental undertaking did not go off track despite various backgrounds of Council members. Mr. Martin acknowledged the help of the Department of Finance (DOF), and noted that Jamie Johnstone of DOF welcomed a baby with his wife during the drafting process.

Mr. Gregor outlined recent macro and micro trends such as the slow pace of economic recovery, the growing number of retirees and the persistent demand for public services. He mentioned that Delaware has a lot of revenue sources that do not keep pace with economic growth. He indicated some problems with Escheat and Lottery, and mentioned the high volatility of Corporate Income Tax.

Mr. Gregor noted the continued reliance on "silver bullets," which have helped the state lessen the impact of downturns in the business cycle. However these silver bullets have started to wane and will become less reliable in the future. He added that Executive Order No. 47 tasked the Council to look at revenues on the basis of their volatility, elasticity and competitiveness, and report to the Governor, DEFAC and the General Assembly.

Mr. Gregor thanked the Council for sticking to the criteria outlined in the Executive Order. He mentioned that Delaware's revenue system is very unique and very centralized, when compared to other states. He indicated that the revenue portfolio exhibits two big players (Personal Income tax – PIT – and Corporate Franchise Tax). The next largest category, Abandoned Property, is expected to have a flat outlook. Mr. Gregor also described statutory provisions regarding PIT that have narrowed the tax base and limited its growth potential.

Mr. Gregor said the Council's perspective is to have a balanced portfolio that consists of primary, secondary and tertiary revenue sources and meets the objectives described in the Executive Order. Further, the Council determined that such a revenue portfolio should be considered under the constraint of revenue neutrality.

Mr. Gregor described main features of ongoing primary sources of revenues (PIT and Corporate Franchise Tax & LLC), secondary sources (Corporate Income Tax, Gross Receipts and Abandoned Property), and tertiary sources (Lottery, Bank Franchise Tax, Estate Tax, Realty Transfer Tax). He described the Council's recommendations regarding these sources. He also showed a table requested by a Council member, which shows that a working-age family of four can end up paying several thousand dollars in state income taxes, when a retired couple with the same ability to pay ends up paying nothing.

Mr. Gregor said that the Council talked about immediate, intermediate and long-term concerns. For the long term, the Council suggested Property Tax as a candidate for a strong and stable second tier revenue source. Mr. Gregor said that there was no discussion of sales tax as an option. He said that current fiscal regulators are designed to protect the portfolio during economic downturns. He noted that regulators that will offer protection on the upside (e.g., unexpected revenues, one-time revenues) are missing. Mr. Gregor said the consensus in the Council is for a regulator that will complement the Rainy Day Fund. Finally, Mr. Gregor briefly described an example of a revenue reform package.

In response to a question from Mr. Horthy about sales tax, Mr. Cook said that the lack of sales tax is one reason why Delaware is attractive and competitive with surrounding states. He mentioned Gross Receipts as another reason since the latter is based on receipts and not on profits. Mr. Cook also thanked Mr. Martin (the Council Chair) for his leadership, Council members and DOF staff. He recalled that Mr. Simpson asked in a previous DEFAC meeting whether the Council will investigate sources of revenues that can be considered to be "outside the box." Mr. Cook credited Mr. Ratledge for suggesting such a revenue stream (i.e., Property tax). Finally, he explained why the Council did not address the issue of expenditures.

Mr. Bullock thanks DOF for a job well done. He mentioned that Delaware has a fiscal challenge, which is being met by slowly reducing the size of its government. Mr. Bullock added that the current revenue structure no longer keeps pace with the economy. A reform is thus needed for Delaware to continue to be able to provide current levels of services.

Mr. Byrd asked whether it would be appropriate for DEFAC to endorse the Council's final report. Mr. Martin answered it is appropriate. DEFAC's endorsement of the Council's report is motioned, seconded and approved.

Mr. Simpler expressed his appreciation for the whole DEFAC Committee voting on the report.

Mr. Ratledge thanks DOF for providing a very sound report.

Mr. Harty said that the report was amazing and clearly lays out where the state has been in terms of revenue, what has worked and what has not.

The Council's final report can be accessed from the Department of Finance webpage:

<http://finance.delaware.gov/publications/DEFAC.shtml>

There being no further business, Mr. Martin adjourned the meeting at 4:23 p.m.

Respectfully submitted,

Arsene Aka

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2015 (\$ in millions)												
May 2015 (as of 04/30/15) DRAFT												
	FY2010	FY2011	FY2012	FY2013	FY2014							FY2015
	Actual	Actual	Actual	Actual	Actual							Appropriation
Budget Act	3,091.5	3,305.3	3,508.6	3,586.8	3,718.2							3,809.5
Cash to Bond Bill	0.0	91.0	115.3	53.4	60.9							23.8
Grant-in-Aid	35.4	35.2	41.2	44.2	44.8							45.4
Continuing & Encumbered (from prior years)	183.7	184.9	303.7	301.1	276.4							194.8
Supplementals	0.0	0.0	0.0	0.0	0.0							0.0
<b>Fiscal Year Spending Authority</b>	<b>3,310.6</b>	<b>3,616.4</b>	<b>3,968.8</b>	<b>3,985.5</b>	<b>4,100.2</b>							<b>4,073.5</b>
<b>LESS:</b>												
Reversions to the General Fund	49.3	42.1	75.3	50.5	111.3							
Encumbered to next fiscal year	37.7	35.2	39.3	35.6	40.2		Sep	Dec	Mar	Apr	May	June
Continuing to next fiscal year							10.0	35.0	35.0	35.0	35.0	35.0
Operating Budget							35.0	35.0	35.0	35.0	35.0	35.0
Bond Bill												
Total Continuing	147.2	268.4	261.8	240.9	154.6		197.6	196.0	188.0	184	184	184
Subtotal	234.1	345.7	376.4	327.0	306.1		242.6	266.0	258.0	254.0	254.0	254.0
<b>Fiscal Year Budgetary Expenditures</b>	<b>3,076.5</b>	<b>3,270.7</b>	<b>3,592.4</b>	<b>3,658.5</b>	<b>3,794.1</b>							<b>3,819.5</b>
<b>% increase/(decrease)</b>		<b>6.31%</b>	<b>9.84%</b>	<b>1.84%</b>	<b>3.71%</b>							<b>0.7%</b>
<b>Comments:</b>												
Expenditures / Spending Authority	FY2010 92.9%	FY2011 90.4%	FY2012 90.5%	FY2013 91.8%	FY2014 92.5%		5-Yr Avg 91.6%					FY 2015 93.8%
Reversions / Spending Authority	1.5%	1.2%	1.9%	1.3%	2.7%		1.7%					0.9%
Encumbered / Spending Authority	1.1%	1.0%	1.0%	0.9%	1.0%		1.0%					0.9%
Total Continuing / Spending Authority	4.4%	7.4%	6.6%	6.0%	3.8%		5.7%					4.5%

Table 1b.

## DEFAC Expenditures Forecast for General Fund Disbursements FY2015 (\$ in millions)

May 2015 (as of 04/30/15) DRAFT

	FY2010		FY2011		FY2012		FY2013		FY2014		Sep		Dec		Mar		Apr		May		FY2015 YTD (actual 04/30/15)		% spent FY2015 YTD		% of forecast FY2015 total		% of FY2014 total		% of FY2013 total		% of FY2012 total		% of FY2011 total							
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast																								
Salaries	1154.7	1200.1	1200.1	1,277.4	1,285.6	1,306.8	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,340.2	1,097.3	1,097.3	34.3%	35.1%	34.4%	35.1%	34.4%	35.1%	34.4%	35.1%	34.4%	35.1%	34.4%	35.1%	36.7%			
Fringe Benefits	330.9	365.4	365.4	379.5	379.0	396.0	400.2	400.2	400.2	400.2	400.2	400.2	400.2	400.2	400.2	400.2	400.2	400.2	400.2	400.2	400.2	333.5	333.5	10.4%	10.5%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	11.2%		
Health Care	218.9	253.0	253.0	260.6	261.7	279.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	281.1	235.3	235.3	7.4%	7.4%	7.4%	7.2%	7.4%	7.3%	7.2%	7.4%	7.3%	7.4%	7.3%	7.4%	7.3%	7.4%	7.7%		
Other	112.0	112.4	112.4	118.9	117.3	116.9	119.1	119.1	119.1	119.1	119.1	119.1	119.1	119.1	119.1	119.1	119.1	119.1	119.1	119.1	119.1	98.2	98.2	3.1%	3.1%	3.1%	3.2%	3.1%	3.3%	3.2%	3.1%	3.3%	3.2%	3.1%	3.3%	3.4%	3.1%			
Pension	196.7	222.2	222.2	252.9	271.9	285.8	286.2	286.2	286.2	286.2	286.2	286.2	286.2	286.2	286.2	286.2	286.2	286.2	286.2	286.2	286.2	238.8	238.8	7.5%	7.5%	7.5%	7.4%	7.5%	7.4%	7.5%	7.4%	7.5%	7.4%	7.5%	7.4%	7.5%	7.4%	7.5%	6.8%	
Debt Service	174.3	169.5	169.5	144.4	144.8	158.0	165.7	164.0	164.0	164.0	164.0	164.0	164.0	164.0	164.0	164.0	164.0	164.0	164.0	164.0	164.0	149.7	149.7	4.7%	4.3%	4.2%	4.0%	4.2%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	5.2%		
Grants	276.6	327.3	327.3	364.0	372.8	379.6	365.0	360.0	365.0	365.0	365.0	365.0	365.0	365.0	365.0	365.0	365.0	365.0	365.0	365.0	365.0	319.5	319.5	10.0%	9.6%	10.0%	10.2%	10.0%	10.2%	10.2%	10.1%	10.2%	10.1%	10.2%	10.1%	10.2%	10.0%	10.0%	10.0%	
Medicaid	428.6	466.2	466.2	637.3	637.0	661.8	664.9	664.9	664.9	664.9	664.9	664.9	664.9	664.9	664.9	664.9	664.9	664.9	664.9	664.9	664.9	566.5	566.5	17.7%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	17.4%	14.3%	
Contractual Services	435.7	434.5	434.5	455.1	484.0	517.3	507.0	507.0	510.0	515.0	515.0	515.0	515.0	515.0	515.0	515.0	515.0	515.0	515.0	515.0	515.0	426.4	426.4	13.3%	13.5%	13.6%	13.2%	13.6%	13.2%	13.2%	13.6%	13.2%	13.2%	13.6%	13.2%	13.6%	13.3%	13.3%	13.3%	
Supplies & Materials	58.9	59.1	59.1	65.5	63.7	69.9	68.0	68.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	57.9	57.9	1.8%	1.8%	1.8%	1.7%	1.8%	1.7%	1.7%	1.8%	1.7%	1.8%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Capital Outlay	20.1	26.4	26.4	16.3	19.6	18.8	17.0	17.0	16.0	15.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	11.6	11.6	0.4%	0.3%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.8%	
FY Budgetary Expenditures	3,076.5	3,270.7	3,270.7	3,592.4	3,658.5	3,794.0	3,807.5	3,815.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,819.5	3,201.2	3,201.2	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Comments:

## Table 2. DEFAC General Fund Revenue Worksheet

Revenue Category	FY 2014		FY 2015					FY 2016				
	A Actual Collections		B DEFAC Apr-14	C % B over A	D DEFAC May-15	E % D over A	F \$ Increase D over B	G DEFAC Apr-14	H % G over B	I DEFAC May-15	J % I over D	K \$ Increase I over G
Personal Income Tax	1,385.0		1,426.2	3.0%	1,431.0	3.3%	4.8	1,494.2	4.8%	1,493.7	4.4%	(0.5)
Less: Refunds	(197.3)		(205.0)	3.9%	(205.0)	3.9%	0.0	(218.3)	6.5%	(218.3)	6.5%	0.0
PIT Less Refunds	1,187.7		1,221.2	2.8%	1,226.0	3.2%	4.8	1,275.9	4.5%	1,275.4	4.0%	(0.5)
Franchise Tax	625.6		674.8	7.9%	674.8	7.9%	0.0	681.5	1.0%	681.5	1.0%	0.0
Limited Partnerships & LLC's	195.8		242.1	23.7%	242.1	23.7%	0.0	254.2	5.0%	254.2	5.0%	0.0
Subtotal Franchise + LP/LLC	821.4		916.9	11.6%	916.9	11.6%	0.0	935.7	2.1%	935.7	2.1%	0.0
Less: Refunds	(6.8)		(9.0)	32.2%	(9.0)	32.2%	0.0	(10.0)	11.1%	(10.0)	11.1%	0.0
Net Franchise + LP/LLC	814.6		907.9	11.5%	907.9	11.5%	0.0	925.7	2.0%	925.7	2.0%	0.0
Business Entity Fees	96.0		102.8	7.1%	102.8	7.1%	0.0	106.9	4.0%	106.9	4.0%	0.0
Uniform Commercial Code	17.2		17.7	3.2%	17.7	3.2%	0.0	17.9	1.1%	17.9	1.1%	0.0
Corporation Income Tax	175.5		262.0	49.3%	250.0	42.4%	(12.0)	210.0	-19.8%	235.0	-6.0%	25.0
Less: Refunds	(73.5)		(39.0)	-46.9%	(39.0)	-46.9%	0.0	(53.0)	35.9%	(53.0)	35.9%	0.0
CIT Less Refunds	102.0		223.0	118.6%	211.0	106.8%	(12.0)	157.0	-29.6%	182.0	-13.7%	25.0
Bank Franchise Tax	102.7		92.6	-9.8%	92.6	-9.8%	0.0	88.9	-4.0%	88.9	-4.0%	0.0
Gross Receipts Tax	226.5		217.9	-3.8%	217.9	-3.8%	0.0	226.2	3.8%	226.2	3.8%	0.0
Lottery	214.6		203.1	-5.3%	203.1	-5.3%	0.0	204.2	0.5%	204.2	0.5%	0.0
Abandoned Property	474.9		529.0	11.4%	529.0	11.4%	0.0	514.0	-2.8%	514.0	-2.8%	0.0
Hospital Board and Treatment	48.9		45.4	-7.2%	45.6	-6.8%	0.2	44.4	-2.2%	44.4	-2.6%	0.0
Dividends and Interest	2.8		2.6	-8.6%	2.6	-8.6%	0.0	5.0	92.3%	5.0	92.3%	0.0
Realty Transfer Tax	60.3		73.2	21.3%	73.9	22.5%	0.7	64.9	-11.3%	65.5	-11.4%	0.6
Estate Tax	1.3		6.0	371.5%	6.0	371.5%	0.0	4.0	-33.3%	4.0	-33.3%	0.0
Insurance Taxes	53.0		52.8	-0.3%	52.8	-0.3%	0.0	53.5	1.3%	53.5	1.3%	0.0
Public Utility Tax	47.4		48.0	1.2%	48.0	1.2%	0.0	46.0	-4.2%	46.0	-4.2%	0.0
Cigarette Taxes	114.7		105.5	-8.0%	106.0	-7.6%	0.5	103.4	-2.0%	103.9	-2.0%	0.5
Other Revenues	88.4		119.0	34.6%	118.6	34.1%	(0.4)	95.5	-19.7%	95.1	-19.8%	(0.4)
Less: Other Refunds	(80.4)		(86.7)	7.9%	(86.8)	8.0%	(0.1)	(69.9)	-19.4%	(69.9)	-19.5%	0.0
Net Receipts	3,572.7		3,881.0	8.6%	3,874.7	8.5%	(6.3)	3,863.5	-0.5%	3,888.7	0.4%	25.2

Adj Growth Rate

4.00%

1.75%

## Table 2. DEFAC General Fund Revenue Worksheet

Revenue Category	FY 2017					P \$ Increase N over L
	L DEFAC Apr-14	M % L over G	N DEFAC May-15	O % N over I		
<b>Personal Income Tax</b>	1,568.8	5.0%	1,562.8	4.6%	(6.0)	
<b>Less: Refunds</b>	<u>(229.2)</u>	5.0%	<u>(229.2)</u>	5.0%	0.0	
<b>PIT Less Refunds</b>	1,339.6	5.0%	1,333.6	4.6%	(6.0)	
Franchise Tax	681.5	0.0%	681.5	0.0%	0.0	
Limited Partnerships & LLC's	<u>267.0</u>	5.0%	<u>267.0</u>	5.0%	0.0	
Subtotal Franchise + LP/LLC	948.5	1.4%	948.5	1.4%	0.0	
<b>Less: Refunds</b>	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	0.0	
<b>Net Franchise + LP/LLC</b>	938.5	1.4%	938.5	1.4%	0.0	
<b>Business Entity Fees</b>	111.2	4.0%	111.2	4.0%	0.0	
<b>Uniform Commercial Code</b>	18.2	1.7%	18.2	1.7%	0.0	
Corporation Income Tax	202.9	-3.4%	202.9	-13.7%	0.0	
<b>Less: Refunds</b>	<u>(42.6)</u>	-19.6%	<u>(42.6)</u>	-19.6%	0.0	
<b>CIT Less Refunds</b>	160.3	2.1%	160.3	-11.9%	0.0	
<b>Bank Franchise Tax</b>	87.9	-1.1%	87.9	-1.1%	0.0	
<b>Gross Receipts Tax</b>	234.8	3.8%	234.8	3.8%	0.0	
<b>Lottery</b>	205.8	0.8%	205.8	0.8%	0.0	
Abandoned Property	400.0	-22.2%	400.0	-22.2%	0.0	
Hospital Board and Treatment	44.8	0.9%	44.8	0.9%	0.0	
Dividends and Interest	11.0	120.0%	11.0	120.0%	0.0	
<b>Realty Transfer Tax</b>	68.2	5.1%	68.8	5.0%	0.6	
<b>Estate Tax</b>	4.0	0.0%	4.0	0.0%	0.0	
<b>Insurance Taxes</b>	54.6	2.1%	54.6	2.1%	0.0	
Public Utility Tax	47.6	3.5%	47.6	3.5%	0.0	
Cigarette Taxes	101.3	-2.0%	101.8	-2.0%	0.5	
Other Revenues	104.8	9.7%	104.3	9.7%	(0.5)	
<b>Less: Other Refunds</b>	<u>(69.9)</u>	0.0%	<u>(69.9)</u>	0.0%	0.0	
<b>Net Receipts</b>	3,862.7	0.0%	3,857.3	-0.8%	(5.4)	

Adj Growth Rate

4.75%

**Table 3. Balance and Appropriations Worksheet**

FY 2015 EXPENDITURES		FY 2015 BALANCES		FY 2016 APPROPRIATION LIMITS	
Total Spending Authority	\$4,073.5	Total Expenditures	\$3,819.5	FY 2016 Revenue Estimate	\$3,888.7
Less: Continuing Appropriations & Encumbrances from FY 2015	(\$219.0)	vs. FY 2015 Revenues	3,874.7	Unencumbered Cash Balance from FY 15	\$38.1
Less: Reversions	(\$35.0)	Operating Balance	55.2	100% Appropriation Limit	\$3,926.8
Total Expenditures	\$3,819.5	Prior Year Cash Balance	\$414.4	98% Appropriation Limit	\$3,848.2
		Cumulative Cash Balance	469.6	Prior 98% Appropriation Limit	\$3,829.6
		Less: Continuing Appropriations & Encumbrances from FY 2015	(219.0)	Increase (Decrease) from Prior Meeting	\$18.6
		Less: Budgetary Reserve Account	(\$212.5)	Sept. 2014 98% Appropriation Limit	\$3,887.0
		Unencumbered Cash Balance 6/30	\$38.1	Increase (Decrease) from September 2014	(\$38.8)

Table 4.

Delaware Department of Transportation											83%
FY 2015 Expenditures, Through April 30, 2015											% spent YTD
	FY2013 Actual	FY2014 Actual	FY2015 Appropriation	SEPTEMBER FY2015 Forecast	DECEMBER FY2015 Forecast	MARCH FY2015 Forecast	APRIL FY2015 Forecast	MAY FY2015 Forecast	\$ Difference	\$ Difference Forecast V. FY14 Actual	FY2015 YTD Spend
<u>Operations</u>											
Debt Service	123.5	112.3	109.4	107.5	107.5	107.5	107.5	107.5	0.0	(4.8)	107.5
Personnel Costs	86.5	86.4	86.8	86.8	86.8	86.0	86.0	86.0	0.0	(0.4)	69.1
Operations/Capital Outlay	56.9	66.1	67.8	67.8	67.8	70.4	71.9	71.9	0.0	5.8	59.7
Transit Operations (DTC)	83.0	83.9	84.5	84.5	84.5	85.6	85.6	85.6	0.0	1.7	71.5
Total Expenditures - Operations	349.9	348.7	348.5	346.6	346.6	349.5	351.0	351.0	0.0	2.3	307.8
<u>Capital (State)</u>			<u>CTP Spend</u>								
Road System	134.6	92.6	100.4	100.4	100.4	100.4	100.4	91.3	(9.1)	(1.3)	59.9
Grants & Allocations	20.9	17.7	21.8	21.8	21.8	21.8	21.8	21.8	0.0	4.1	17.5
Support Systems	27.0	47.2	25.3	25.3	25.3	25.3	25.3	27.3	2.0	(19.9)	16.5
Transit	5.5	13.6	12.0	12.0	12.0	12.0	12.0	9.6	(2.4)	(4.0)	4.5
Total Expenditures- State Capital	188.0	171.1	159.5	159.5	159.5	159.5	159.5	150.0	(9.5)	(21.1)	98.4
<u>Capital (Federal)</u>			<u>CTP Spend</u>								
Federal Capital	214.5	201.3	329.6	329.6	329.6	299.6	299.6	250.0	(49.6)	48.7	187.9
<u>Capital (GARVEE)</u>			<u>CTP Spend</u>								
GARVEE - US301	26.9	7.0	23.2	23.2	23.2	8.2	8.2	8.2	0.0	1.2	6.8
Total Expenditures - Capital	429.4	379.4	512.3	512.3	512.3	467.3	467.3	408.2	(59.1)	28.8	293.1
<b>TOTAL EXPENDITURES</b>	779.3	728.1	860.8	858.9	858.9	816.8	818.3	759.2	(59.1)	31.1	600.9

Table 5.

<b>DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues</b>									
	FY 13	FY 14	% Chg.	Fiscal 2015			Fiscal 2016		
				4/20/2015 Approved	5/18/2015 Recomm	% Chg. FY 14	4/20/2015 Approved	5/18/2015 Recomm	% Chg. FY 15
<b><u>TOLL ROAD REVENUES:</u></b>									
195 Newark Plaza	\$117.7	\$119.9	1.9%	\$119.7	\$119.7	-0.2%	\$120.4	\$120.4	0.6%
Route 1 Toll Road	46.2	47.6	2.9%	\$56.1	\$56.1	18.0%	\$57.5	\$57.5	2.5%
Concessions	2.4	2.5	4.5%	\$2.6	\$2.6	4.7%	\$2.7	\$2.7	3.8%
<b>Total Toll Road Revenues</b>	166.3	170.0	2.2%	\$178.4	\$178.4	4.9%	\$180.6	\$180.6	1.2%
<b><u>MOTOR FUEL TAX ADMIN.</u></b>									
	115.0	116.9	1.7%	\$119.8	\$119.8	2.5%	\$118.8	\$118.8	(0.8%)
<b><u>DIVISION OF MOTOR VEHICLES</u></b>									
Motor Vehicle Document Fees	77.6	84.8	9.3%	\$93.3	\$93.3	10.0%	\$96.1	\$96.1	3.0%
Motor Vehicle Registration Fees	47.6	49.2	3.0%	\$52.0	\$52.0	5.6%	\$53.5	\$53.5	2.9%
Other DMV Revenues	25.5	26.3	6.6%	\$27.4	\$27.4	4.3%	\$28.2	\$28.2	2.9%
<b>Total DMV Revenues</b>	150.7	160.3	6.4%	\$172.7	\$172.7	7.7%	\$177.8	\$177.8	3.0%
<b><u>OTHER TRANSPORTATION REV.</u></b>									
Other Transportation Rev	11.2	11.6	-1.6%	\$11.4	\$11.4	-1.5%	\$11.5	\$11.5	0.9%
Investment Income(Net)	2.2	2.3	16.4%	\$2.4	\$2.4	6.3%	\$2.5	\$2.5	4.2%
<b>Total Other Transp. Revenue</b>	13.4	13.9	3.7%	\$13.8	\$13.8	-0.7%	\$14.0	\$14.0	1.4%
<b>GRAND TOTAL</b>	\$445.4	\$461.1	3.5%	\$484.7	\$484.7	5.1%	\$491.2	\$491.2	1.3%

(\$0.0)

(\$0.0)