

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

**Buena Vista – March 15, 2010**

**Attendance:**

<b>Member</b>	<b>Present</b>
H. Beckler	Yes
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	Yes
N. Cook	Yes
T. Cook	Yes
R. Cordrey	Yes
R. Davis	Yes
R. Derrickson	No
J. DiPinto	Yes
F. Dixon	No
B. Fasy	Yes
R. Gilligan	Yes
R. Glen	Yes
G. Hindes	Yes
J. Horty	Yes

<b>Member</b>	<b>Present</b>
D. Hudson	Yes
V. Jones-Potter	Yes
R. Larson	No
A. Levin	No
K. Lewis	Yes
D. Link	Yes
A. Lubin	Yes
J. Martin	Yes
C. Morgan	Yes
W. Oberle	No
E. Ratledge	Yes
T. Shopa	Yes
G. Simpson	Yes
D. Swayze	Yes
A. Visalli	Yes
C. Wicks	Yes
D. Williams	No

**Members in Attendance: 28**

**Members Absent: 6**

**Others Present:** P. Carter, M. Casey, Z. Chaudhry, J. Craig, C. Erickson, R. Geisenberger, D. Gregor, S. Kubico, B. Maxwell, R. Morris, B. Motyl, H. Roberts, B. Scoglietti, S. Scola and members of the press.

**Opening Business:** Mr. Martin called the meeting to order at 3:05 p.m.

Mr. Martin introduced the newest member of DEFAC, Mr. Gary Hindes. Mr. Hindes stated that he is the Managing Director for Deltec Asset Management in New York.

The minutes from the December meeting were approved as submitted.

**Expenditure Subcommittee:**

Mr. Ratledge presented the Expenditure Subcommittee's report. He reviewed the changes in the Functional method as compared both to December estimate and FY2009. (See Table 1b for complete details.)

The Balance Sheet estimate is \$3,082.2 million. The Reversion estimate increased from \$45.0 million in December to \$48.9 million; Encumbered remained unchanged at \$33.0 million and Continuing increased from \$138.1 million to \$146.5 million. (See Table 1a for complete details.)

Mr. Ratledge presented two charts. The first chart tracked the growth of General Fund revenues and expenditures from FY1977 to FY2014. For the most recent period, General Fund expenditures was combined with ARRA (federal stimulus funds). The second chart tracked Total Expenditures for all Funds from FY2008 to FY2010. This showed General Fund, Appropriated Special Fund and Non-appropriated Special Fund and all three categories totaled together. Mr. Ratledge noted that ARRA funds have permitted total expenditures to actually increase over this period. The challenge to the State is that ARRA will be reduced in FY2011 and its future is unknown beyond then. (See Charts 1a and 1b for complete details.)

A motion was made, seconded and approved to accept \$3,082.2 million as the expenditure estimate for FY2010. This represents a decrease of \$12.3 million from December's estimate.

**Revenue Subcommittee:**

Mr. Lewis presented the Revenue Subcommittee's report.

**Economic Outlook**

Mr. Craig reviewed the Global Insight March forecast, which remains largely unchanged from December's outlook. Real GDP growth for FY2010 was increased from 0.3% to 0.8%. This reflected a fourth quarter growth of 5.9%, which was much stronger than expected due largely to a swing in the inventory cycle. More moderate growth of 3.0% is forecasted going forward. This is consistent with the outlook of the Blue Chip Consensus forecast. The primary reason that the recovery is not forecasted to be more robust is the modest outlook for the job market. U.S. employment is expected to grow 0.7% in FY2011. This outlook is unchanged from December's forecast. The forecast for Delaware's employment and personal income closely track the outlook for the U.S.

## General Fund Revenues - Fiscal Year 2010:

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

### FY 2010

Revenue Category	Dec-09	Mar-10	Change
Abandoned Property	400.0	470.0	70.0
Lottery	288.7	276.0	(12.7)
PIT Refunds	(187.0)	(197.0)	(10.0)
CIT Refunds	(45.0)	(36.0)	9.0
Personal Income Tax	1,066.0	1,058.7	(7.3)
Corporation Income Tax	92.5	98.5	6.0
Franchise Tax	624.9	629.8	4.9
Hospital Board and Treatment	78.1	76.2	(1.9)
Gross Receipts Tax	190.5	191.5	1.0
Bank Franchise Tax	42.2	41.4	(0.8)
Insurance Taxes	60.2	59.6	(0.6)
Uniform Commercial Code	13.1	13.6	0.5
Other Refunds	(33.3)	(33.6)	(0.3)
Other Revenues	100.8	100.5	(0.3)

For a complete listing of FY 2010 estimates, see Table 2.

### Discussion of FY 2010 Estimates:

**Personal Income Tax:** Mr. Lewis stated that Withholding tracking has improved and the estimate was increased by \$4.0 million. Estimated payments and Final settlements were reduced due to tracking.

**Franchise Tax:** Mr. Lewis said that the increase of \$4.9 million was attributed to tracking.

**Corporate Income Tax:** Mr. Lewis said that the increase of \$6.0 million was attributed to stronger tracking.

**Corporate Income Tax Refund:** Mr. Lewis said that the estimate decrease of \$9.0 million reflected a change in timing with one taxpayer.

**Bank Franchise Tax:** Mr. Lewis said that the decrease of \$0.8 million was attributed to data from the March 1 payments.

**Gross Receipts Tax:** Mr. Lewis said that the increase of \$1.0 million was attributed to tracking. While a small change, Mr. Lewis noted that it was encouraging to begin to see small positive changes that are economically driven.

**Lottery:** Mr. Lewis attributed the \$12.7 million decrease to reflect both problems with the weather and a reduction in slot machines to make way for table games.

**Abandoned Property:** Mr. Lewis said that the increase of \$70.0 million was attributed to strength in all three major areas of collections that comprise this category. In response to a question from Ms. Cook, Mr. Gregor stated that annual filings, which are due on March 1, typically account for \$180 to \$200 million. This year these filings may exceed \$200 million. Monthly "sweeps" from contractual entities typically account for \$50 million per year. This year the number appears to be closer to \$75 million and it is thought that some of the proceeds from last years five to three year dormancy legislative change is showing up in this years collections. Lastly, audits and enforcement efforts accounted for \$95 million last year. This year the amount has nearly doubled. Mr. Gregor cautioned that future years are always difficult to forecast. Ms. Cook noted that it is important for people to understand and be aware of the fluctuations in such a large revenue source.

**Realty Transfer Tax:** Mr. Lewis noted that although there was no change to the estimate, it is tracking ahead and is another cautiously optimistic sign about Delaware's economy.

Other changes were attributed to tracking.

#### **FY2010 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,201.1 million as the revenue estimate for FY2010.

The estimate represents an increase of \$57.5 million from DEFAC's December estimate.

#### **General Fund Revenues - Fiscal Year 2011:**

Mr. Lewis reported that the Subcommittee recommended the following updates to December's estimates:

## FY 2011

Revenue Category	Dec-09	Mar-10	Change
Lottery	226.2	260.3	34.1
Abandoned Property	380.0	410.0	30.0
Corporation Income Tax	103.6	110.3	6.7
PIT Refunds	(184.0)	(189.0)	(5.0)
CIT Refunds	(35.0)	(40.0)	(5.0)
Franchise Tax	591.4	596.2	4.8
Personal Income Tax	1,135.7	1,132.5	(3.2)
Other Refunds	(25.7)	(28.7)	(3.0)
Hospital Board and Treatment	81.3	78.5	(2.8)
Dividends and Interest	15.5	13.1	(2.4)
Bank Franchise Tax	35.6	33.3	(2.3)
Gross Receipts Tax	190.5	191.5	1.0
Insurance Taxes	63.4	62.8	(0.6)
Uniform Commercial Code	13.5	14.0	0.5
Other Revenues	111.1	110.8	(0.3)

For a complete listing of FY 2011 estimates, see Table 2.

#### Discussion of FY2011 Estimates:

**Personal Income Tax:** Mr. Lewis stated that the tracking change made to Withholding in FY2010 was carried forward, but the full decreases in Estimated and Final payments were not carried forward.

**Franchise Tax:** Mr. Lewis said that the increase in FY2010 was carried forward.

**Corporate Income Tax Refunds:** Mr. Lewis said that the increase of \$5.0 million was attributed to the timing of one refund that had previously been expected in FY2010.

**Lottery:** Mr. Lewis said that the increase of \$34.1 million was a combination of carrying the changes made in FY2010, plus the positive impact from table games and a delay in the operation at Ocean Downs.

**Abandoned Property:** Mr. Lewis said that the base has been increased by \$30.0 million. He noted that while this estimate is lower than FY2010, the drop is even more pronounced due to \$24.0 million scheduled to be transferred to the Transportation Trust Fund.

**Realty Transfer Tax:** In response to a question from Mr. Simpson, Mr. Lewis said that the adjusted growth rate is 2.2% after the special fund transfers are taken into account. Mr. Gregor noted that the special fund transfer amounts to

\$20.0 million. In FY2010 the special fund transfer was \$6.0 million.

**Dividends and Interest:** Mr. Lewis said that the decrease of \$2.4 million was attributed to interest rates.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY2010.

Mr. Cook noted that \$40.5 million of the increase in FY2011 is attributed to the enactment of table game legislation. This amount was not incorporated in DEFAC's December estimate, but it was included in the Governor's recommended FY2011 budget.

**FY 2011 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,228.8 million as the revenue estimate for FY2011.

The estimate represents an increase of \$52.5 million from the December estimate.

Mr. Lewis stated that the FY2012 estimate is \$3,362.7 million and represents growth of 4.1% and an increase of \$53.6 million from December's estimate.

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

Mr. Gregor presented a table that showed how the March forecast compared to various benchmarks. He stated that, while the two-year, FY10-11 total had increased \$110.0 million since the December DEFAC meeting, a more relevant figure was that it had increased \$69.5 million since the Governor's FY2011 budget had been introduced. He also commented that, when one adjusts for legislative changes, the two-year total was down nearly \$70 million since the start of the fiscal year.

Ms. Visalli added that it is important to consider revenue sources that contributed to the upswing in the March estimates. She commented that Abandoned Property, which contributed the lion's share of the March increase, is among the State's most volatile and unpredictable revenue sources and, as a consequence, she felt it important to continue the Administration's cautious approach toward the FY2011 budget. (See Table 4.)

**Transportation Trust Fund (TTF)**

**TTF -- Expenditures:** Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

Mr. Motyl stated that due primarily to weather related delays in projects there is a \$34.0 million reduction in the estimate for State Capital expenditures.

Mr. Motyl reported that there is a \$9.4 million reduction in the estimate for Federal Capital expenditures.

A motion was made, seconded, and approved to accept \$943.7 million as the FY2010 TTF expenditure estimate. The estimate represents a decrease of \$43.4 million from the December estimate. (See Table 5.)

**TTF -- Revenues:** Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

**FY2010 Estimates:**

The following changes were made from the December estimate.

**I-95 Toll Revenue:** Decreased from \$120.9 million to \$117.0 million.

Mr. Motyl noted that this reflects a decline in both commercial and passenger traffic. Bad weather in February worsened this decline.

**SR-1 Toll Revenue:** Decreased from \$45.2 million to \$44.4 million.

Mr. Motyl noted that this reflects a similar decrease as on I-95.

**Motor Fuel Tax:** Decreased from \$118.6 million to \$116.6 million.

Mr. Motyl noted that this reflects a continued decline in consumption.

**Motor Vehicle Registration:** Decreased from \$44.6 million to \$43.2 million.

Mr. Motyl noted that this reflects a tracking change.

**Other DMV Revenues:** Decreased from \$23.2 million to \$21.4 million.

Mr. Motyl noted that this reflects a tracking change.

A motion was made, seconded, and approved to accept \$415.3 million as the FY2010 revenue estimate. This represents a decrease of \$9.9 million from the December estimate.

**FY2011 Estimates:**

The following changes were made from the December estimate.

**I-95 Toll Revenue:** Decreased from \$122.6 million to \$119.0 million.

**SR-1 Toll Revenue:** Decreased from \$46.3 million to \$45.5 million.

**Motor Fuel Tax:** Decreased from \$121.0 million to \$118.9 million.

In response to a question from Ms. Davis Burnham, Mr. Motyl noted that this estimate reflects the re-opening of the I-95 service plaza this summer. FY2010 lost \$1.3 million in revenue as a result of the closing.

**Motor Vehicle Registration:** Decreased from \$46.0 million to \$44.5 million.

**Other DMV Revenues:** Decreased from \$23.9 million to \$22.0 million.

A motion was made, seconded, and approved to accept \$426.2 million as the FY2011 revenue estimate. This represents a decrease of \$9.8 million from the December estimate. (See Table 6.)

**Other Business:**

Mr. Martin announced that the Revenue and Expenditure Sub-committees will resume holding their meetings on the Friday prior to the Monday DEFAC meeting.

Mr. Martin noted that the Expenditure Sub-committee will meet at 8:30 and the Revenue Sub-committee will meet at 9:30. The meetings will be held at Buena Vista.

Mr. Martin announced the next scheduled DEFAC meeting date:

- April 19, 2010
- May 17, 2010

There being no further business, Mr. Martin adjourned the meeting at 4:05 p.m.

Respectfully submitted,

James A. Craig

Table 1a.

## DEFAC Expenditures Forecast for General Fund Disbursements FY2010 (\$ in millions)

March, 2010

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009							FY2010
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>							<u>Appropriation</u>
Budget Act	2,445.1	2,600.4	2,836.0	3,101.9	3,285.6	3362.9							3,091.5
Cash to Bond Bill	142.0	235.0	281.6	243.3	77.9	83.4							0.0
Grant-in-Aid	38.4	40.0	42.4	50.0	47.7	45.2							35.4
Continuing & Encumbered (from prior years)	173.3	240.1	327.8	342.5	335.8	234.8							183.7
Supplementals	24.9	50.0	48.0	0.0	0.0	0.0							
<b>Fiscal Year Spending Authority</b>	<b>2,823.7</b>	<b>3,165.5</b>	<b>3,535.8</b>	<b>3,737.7</b>	<b>3,747.0</b>	<b>3,726.3</b>							<b>3,310.6</b>
<b>LESS:</b>													
							Sep	Dec	Mar	Apr	May	June	
Reversions to the General Fund	29.8	15.4	12.8	12.0	90.6	247	8.9	45.0	48.9				
Encumbered to next fiscal year	29.1	32.8	32.2	36.4	33.0	36.3	20	33.0	33.0				
Continuing to next fiscal year													
Operating Budget													
Bond Bill													
Total Continuing	211.0	295.0	310.3	299.4	201.8	147.4	45	138.1	146.5				
Subtotal	269.9	343.2	355.3	347.8	325.4	430.7	73.9	216.1	228.4	0.0	0.0	0.0	(228.4)
<b>Fiscal Year Budgetary Expenditures</b>	<b>2,553.8</b>	<b>2,822.3</b>	<b>3,180.5</b>	<b>3,389.9</b>	<b>3,421.6</b>	<b>3,295.5</b>							<b>3,082.2</b>
<b>% increase/(decrease)</b>		<b>10.51%</b>	<b>12.69%</b>	<b>6.58%</b>	<b>0.94%</b>	<b>-3.69%</b>							<b>-9.92%</b>

Comments:

Table 1b.

**DEFAC Expenditures Forecast for General Fund Disbursements FY2010 (\$ in millions)**  
**March, 2010**

	FY2005	FY2006	FY2007	FY2008	FY2009	Sep FY2010	Dec FY2010	Mar FY2010	Difference 09 vs. '10	<b>FY2010 YTD (8 mo actual)</b>	<b>% spent FY2010 YTD</b>	<b>% of FY2010 total</b>	<b>% of FY2009 total</b>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>					
<b>Salaries</b>	1,023.1	1,108.3	1,167.3	1,222.9	1,225.5	1,223.0	1175.7	1168.3	(57.2)	<b>828.0</b>	<b>70.9%</b>	<b>38.1%</b>	<b>37.2%</b>
<b>Fringe Benefits</b>	263.2	298.4	323.5	332.7	332.9	336.3	325.0	335.2	2.3	<b>222.4</b>	<b>66.3%</b>	<b>10.2%</b>	<b>10.1%</b>
<b>Pension</b>	147.1	180.7	201.5	218.6	211.1	203.3	198.0	197.2	(13.9)	<b>140.4</b>	<b>71.2%</b>	<b>6.5%</b>	<b>6.4%</b>
<b>Debt Service</b>	153.5	132.5	131.2	151.1	156.4	171.0	176.3	176.3	19.9	<b>127.2</b>	<b>72.1%</b>	<b>5.9%</b>	<b>4.7%</b>
<b>Grants</b>	294.1	403.1	365.1	259.1	265.8	177.5	178.8	178.8	(87.0)	<b>140.7</b>	<b>78.7%</b>	<b>6.5%</b>	<b>8.1%</b>
<b>Medicaid</b>	339.1	381.4	441.6	494.2	419.4	469.2	434.8	434.1	14.7	<b>305.4</b>	<b>70.4%</b>	<b>14.1%</b>	<b>12.7%</b>
<b>Public Assistance Programs</b>	83.6	91.7	94.1	97.2	85.3	75.0	77.6	78.2	(7.1)	<b>53.1</b>	<b>67.9%</b>	<b>2.4%</b>	<b>2.6%</b>
<b>Professional Services</b>	161.3	181.0	216.8	210.6	204.2	218.9	195.8	186.3	(17.9)	<b>125.7</b>	<b>67.5%</b>	<b>5.8%</b>	<b>6.2%</b>
<b>Contractual Services</b>	228.9	252.2	289.5	296.7	286.8	278.9	253.7	251.5	(35.3)	<b>173.7</b>	<b>69.1%</b>	<b>8.0%</b>	<b>8.7%</b>
<b>Supplies &amp; Materials</b>	66.5	73.6	72.1	72.1	66.6	58.6	56.7	56.4	(10.2)	<b>40.2</b>	<b>71.3%</b>	<b>1.9%</b>	<b>2.0%</b>
<b>Capital Outlay</b>	<u>61.9</u>	<u>77.6</u>	<u>87.2</u>	<u>66.5</u>	<u>41.5</u>	<u>25.2</u>	<u>22.3</u>	<u>19.9</u>	(21.6)	<b><u>14.9</u></b>	<b>74.9%</b>	<b><u>0.7%</u></b>	<b><u>1.3%</u></b>
<b>FY Budgetary Expenditures</b>	2,822.3	3,180.5	3,389.9	3,421.7	3,295.5	3,236.9	3094.5	3082.2	(213.3)	<b>2,171.7</b>	<b>70.5%</b>	<b>100.0%</b>	<b>100.0%</b>

**Comments:**

## DEFAC General Fund Revenue Worksheet

<b>March-10 DEFAC Meeting</b>	<b>FY 2009 A Actual Collections</b>	<b>FY 2010</b>					<b>FY 2011</b>				
		<b>B DEFAC Dec-09</b>	<b>C % B over A</b>	<b>D DEFAC Mar-10</b>	<b>E % D over A</b>	<b>F \$ Increase D over B</b>	<b>G DEFAC Dec-09</b>	<b>H % G over B</b>	<b>I DEFAC Mar-10</b>	<b>J % I over D</b>	<b>K \$ Increase I over G</b>
Revenue Category											
<b>Personal Income Tax</b>	1,105.2	1,066.0	-3.6%	1,058.7	-4.2%	(7.3)	1,135.7	6.5%	1,132.5	7.0%	(3.2)
<b>Less: Refunds</b>	<u>(194.6)</u>	<u>(187.0)</u>	-3.9%	<u>(197.0)</u>	1.3%	<u>(10.0)</u>	<u>(184.0)</u>	-1.6%	<u>(189.0)</u>	-4.1%	<u>(5.0)</u>
<b>PIT Less Refunds</b>	910.7	879.0	-3.5%	861.7	-5.4%	(17.3)	951.7	8.3%	943.5	9.5%	(8.2)
Franchise Tax	574.2	624.9	8.8%	629.8	9.7%	4.9	591.4	-5.4%	596.2	-5.3%	4.8
Limited Partnerships & LLC's	137.1	147.8	7.8%	147.8	7.8%	0.0	158.1	7.0%	158.1	7.0%	0.0
Subtotal Franchise + LP/LLC	711.3	772.7	8.6%	777.6	9.3%	4.9	749.5	-3.0%	754.3	-3.0%	4.8
Less: Refunds	<u>(7.0)</u>	<u>(12.0)</u>	71.6%	<u>(12.0)</u>	71.6%	<u>0.0</u>	<u>(12.0)</u>	0.0%	<u>(12.0)</u>	0.0%	<u>0.0</u>
Net Franchise + LP/LLC	704.3	760.7	8.0%	765.6	8.7%	4.9	737.5	-3.0%	742.3	-3.0%	4.8
<b>Business Entity Fees</b>	50.8	73.0	43.6%	73.0	43.6%	0.0	74.8	2.5%	74.8	2.5%	0.0
<b>Uniform Commercial Code</b>	11.2	13.1	17.3%	13.6	21.8%	0.5	13.5	3.1%	14.0	2.9%	0.5
Corporation Income Tax	162.1	92.5	-42.9%	98.5	-39.2%	6.0	103.6	12.0%	110.3	12.0%	6.7
Less: Refunds	<u>(35.6)</u>	<u>(45.0)</u>	26.3%	<u>(36.0)</u>	1.1%	<u>9.0</u>	<u>(35.0)</u>	-22.2%	<u>(40.0)</u>	11.1%	<u>(5.0)</u>
CIT Less Refunds	126.5	47.5	-62.5%	62.5	-50.6%	15.0	68.6	44.4%	70.3	12.5%	1.7
<b>Bank Franchise Tax</b>	81.8	42.2	-48.4%	41.4	-49.4%	(0.8)	35.6	-15.6%	33.3	-19.6%	(2.3)
<b>Gross Receipts Tax</b>	164.1	190.5	16.1%	191.5	16.7%	1.0	190.5	0.0%	191.5	0.0%	1.0
<b>Lottery</b>	248.0	288.7	16.4%	276.0	11.3%	(12.7)	226.2	-21.6%	260.3	-5.7%	34.1
Abandoned Property	392.1	400.0	2.0%	470.0	19.9%	70.0	380.0	-5.0%	410.0	-12.8%	30.0
Hospital Board and Treatment	77.0	78.1	1.5%	76.2	-1.0%	(1.9)	81.3	4.1%	78.5	3.0%	(2.8)
Dividends and Interest	8.9	10.0	12.5%	10.0	12.5%	0.0	15.5	55.0%	13.1	31.0%	(2.4)
<b>Realty Transfer Tax</b>	44.6	40.4	-9.4%	40.4	-9.4%	0.0	27.4	-32.2%	27.4	-32.2%	0.0
<b>Estate Tax</b>	0.1	2.5	3105.1%	2.5	3105.1%	0.0	25.0	900.0%	25.0	900.0%	0.0
<b>Insurance Taxes</b>	77.3	60.2	-22.1%	59.6	-22.9%	(0.6)	63.4	5.3%	62.8	5.4%	(0.6)
Public Utility Tax	55.9	56.0	0.3%	56.0	0.3%	0.0	59.6	6.4%	59.6	6.4%	0.0
Cigarette Taxes	125.7	134.2	6.8%	134.2	6.8%	0.0	140.3	4.5%	140.3	4.5%	0.0
Other Revenues	130.3	100.8	-22.7%	100.5	-22.9%	(0.3)	111.1	10.2%	110.8	10.2%	(0.3)
<b>Less: Other Refunds</b>	<u>(61.1)</u>	<u>(33.3)</u>	-45.5%	<u>(33.6)</u>	-45.0%	<u>(0.3)</u>	<u>(25.7)</u>	-22.8%	<u>(28.7)</u>	-14.6%	<u>(3.0)</u>
<b>Net Receipts</b>	3,148.0	3,143.6	-0.1%	3,201.1	1.7%	57.5	3,176.3	1.0%	3,228.8	0.9%	52.5

FY 2011 Debt Limit:     **\$161.4**

Impact of legislative changes adopted in January:

**\$0.0**

**\$40.5**

Net March 2010 DEFAC updates

**\$57.5**

**\$12.0**

## DEFAC General Fund Revenue Worksheet

<b>March-10 DEFAC Meeting</b>	<b>FY 2012</b>				
	<b>L DEFAC Dec-09</b>	<b>M % L over G</b>	<b>N DEFAC Mar-10</b>	<b>O % N over I</b>	<b>P \$ Increase N over L</b>
Revenue Category					
<b>Personal Income Tax</b>	<b>1,221.6</b>	<b>7.6%</b>	<b>1,217.6</b>	<b>7.5%</b>	<b>(4.0)</b>
<b>Less: Refunds</b>	<b>(193.2)</b>	<b>5.0%</b>	<b>(198.5)</b>	<b>5.0%</b>	<b>(5.3)</b>
<b>PIT Less Refunds</b>	<b>1,028.4</b>	<b>8.1%</b>	<b>1,019.1</b>	<b>8.0%</b>	<b>(9.3)</b>
Franchise Tax	603.3	2.0%	608.1	2.0%	4.8
Limited Partnerships & LLC's	<u>169.2</u>	7.0%	<u>169.2</u>	7.0%	0.0
Subtotal Franchise + LP/LLC	772.5	3.1%	777.3	3.0%	4.8
Less: Refunds	<u>(12.0)</u>	0.0%	<u>(12.0)</u>	0.0%	<u>0.0</u>
Net Franchise + LP/LLC	760.5	3.1%	765.3	3.1%	4.8
<b>Business Entity Fees</b>	<b>76.7</b>	<b>2.5%</b>	<b>76.7</b>	<b>2.5%</b>	<b>0.0</b>
<b>Uniform Commercial Code</b>	<b>13.9</b>	<b>3.0%</b>	<b>14.4</b>	<b>2.9%</b>	<b>0.5</b>
Corporation Income Tax	119.1	15.0%	126.8	15.0%	7.7
Less: Refunds	<u>(36.8)</u>	5.1%	<u>(36.8)</u>	-8.0%	<u>0.0</u>
CIT Less Refunds	82.3	20.0%	90.1	28.2%	7.8
<b>Bank Franchise Tax</b>	<b>37.4</b>	<b>5.1%</b>	<b>35.0</b>	<b>5.1%</b>	<b>(2.4)</b>
<b>Gross Receipts Tax</b>	<b>201.9</b>	<b>6.0%</b>	<b>203.0</b>	<b>6.0%</b>	<b>1.1</b>
<b>Lottery</b>	<b>217.3</b>	<b>-3.9%</b>	<b>243.5</b>	<b>-6.5%</b>	<b>26.2</b>
Abandoned Property	380.0	0.0%	410.0	0.0%	30.0
Hospital Board and Treatment	84.1	3.4%	81.2	3.4%	(2.9)
Dividends and Interest	17.5	12.9%	16.2	23.7%	(1.3)
<b>Realty Transfer Tax</b>	<b>30.2</b>	<b>10.2%</b>	<b>30.2</b>	<b>10.2%</b>	<b>0.0</b>
<b>Estate Tax</b>	<b>26.5</b>	<b>6.0%</b>	<b>26.5</b>	<b>6.0%</b>	<b>0.0</b>
<b>Insurance Taxes</b>	<b>67.8</b>	<b>6.9%</b>	<b>67.2</b>	<b>7.0%</b>	<b>(0.6)</b>
Public Utility Tax	62.6	5.0%	62.6	5.0%	0.0
Cigarette Taxes	141.7	1.0%	141.7	1.0%	0.0
Other Revenues	107	-3.7%	106.7	-3.7%	(0.3)
<b>Less: Other Refunds</b>	<b>(26.7)</b>	<b>3.9%</b>	<b>(26.7)</b>	<b>-7.0%</b>	<b>0.0</b>
<b>Net Receipts</b>	<b>3,309.1</b>	<b>4.2%</b>	<b>3,362.7</b>	<b>4.1%</b>	<b>53.6</b>

Impact of legislative changes adopted in January:

**\$35.5**

Net March 2010 DEFAC updates

**\$18.1**

Table 3.

## Balance and Appropriations Worksheet

FY 2010 EXPENDITURES		FY 2010 BALANCES		FY 2011 APPROPRIATION LIMITS		
Total Spending Authority	\$3,310.6	Total Expenditures	\$3,082.2	FY 2011 Revenue Estimate	\$3,228.8	
Less: Continuing Appropriations & Encumbrances from FY 2010	(\$179.5)	vs. FY 2010 Revenues	3,201.1	Unencumbered Cash Balance from FY 10	<u>\$131.5</u>	
Less: Reversions	<u>(\$48.9)</u>	Operating Balance	118.9	100% Appropriation Limit	\$3,360.3	
Total Expenditures	\$3,082.2	Prior Year Cash Balance	<u>\$378.5</u>	98% Appropriation Limit	<u>\$3,293.1</u>	
		Cumulative Cash Balance	497.4	Prior 98% Appropriation Limit	\$3,181.5	
		Less: Continuing Appropriations & Encumbrances from FY 2010	(179.5)	Increase (Decrease) from Prior Meeting	\$111.6	3.5%
		Less: Budgetary Reserve Account	<u>(\$186.4)</u>	Sept. 2009 98% Appropriation Limit	\$3,186.3	
		Unencumbered Cash Balance 6/30	\$131.5	Increase (Decrease) from September 2009	\$106.8	

Table 4.

**DEFAC REVENUE SUMMARY**

03/15/2010

	<u>FY 2010</u>	<u>FY 2011</u>	<u>Two-Yr Total</u>
<b>Change since the introduction of Governor's Recommended FY 2011 Budget</b>	<b>57.5</b>	<b>12.0</b>	<b>69.5</b>
<b>Change since December DEFAC (includes \$40.5 in FY 11 for Table Games legislation adopted in Jan. 2010)</b>	<b>57.5</b>	<b>52.5</b>	<b>110.0</b>
<b>Change since start of FY 2010:</b>			
<b>Including Table Games Legislation</b>	<b>10.4</b>	<b>(36.8)</b>	<b>(26.4)</b>
<b>Excluding Table Games Legislation</b>	<b>10.4</b>	<b>(77.3)</b>	<b>(66.9)</b>

Table 5.

Delaware Department of Transportation  
FY 2010 EXPENDITURES , February 28, 2010

(\$ in millions)

67%

	FY2007 <u>Actual</u>	FY2008 <u>Actual</u>	FY2009 <u>Actual</u>	FY2010 <u>Appropriation</u>	September FY2010 <u>Forecast</u>	December FY2010 <u>Forecast</u>	March FY2010 <u>Forecast</u>	\$ difference December V. <u>March</u>	\$ difference Forecast V. FY2009 Actual	FY2010 YTD <u>Spend</u>	% spent <u>YTD</u>
<b>Operations</b>											
Debt Service	115.1	119.2	122.3	125.3	121.5	121.5	121.5	0.0	(0.8)	81.3	66.9%
Personnel Costs	106.1	93.7	87.2	88.6	88.6	88.6	88.6	0.0	1.4	53.1	59.9%
Operations/Capital Outlay	49.5	53.6	50.6	56.5	56.5	56.5	56.5	0.0	5.9	32.9	58.2%
Transit Operations (DTC)	<u>79.3</u>	<u>85.8</u>	<u>87.7</u>	<u>90.0</u>	<u>90.0</u>	<u>90.0</u>	<u>90.0</u>	<u>0.0</u>	<u>2.3</u>	<u>60.2</u>	66.9%
<b>Total Expenditures - Operations</b>	<b>350.0</b>	<b>352.3</b>	<b>347.8</b>	<b>360.4</b>	<b>356.6</b>	<b>356.6</b>	<b>356.6</b>	<b>0.0</b>	<b>8.8</b>	<b>227.5</b>	<b>63.8%</b>
<b>Capital (State)</b>											
				<u>CTP</u>							
Road System	121.3	145.9	127.5	133.3	140.8	165.2	144.2	(21.0)	16.7	72.1	50.0%
Grants & Allocations	30.5	24.2	23.0	37.7	29.3	29.3	16.4	(12.9)	(6.6)	10.2	62.2%
Support Systems	28.3	41.4	58.3	51.4	51.6	27.2	31.3	4.1	(27.0)	11.2	35.8%
Transit	<u>3.5</u>	<u>9.2</u>	<u>14.7</u>	<u>13.2</u>	<u>12.6</u>	<u>12.6</u>	<u>8.4</u>	<u>(4.2)</u>	<u>(6.3)</u>	<u>4.4</u>	52.4%
<b>Total Expenditures- State Capital</b>	<b>183.6</b>	<b>220.7</b>	<b>223.5</b>	<b>235.6</b>	<b>234.3</b>	<b>234.3</b>	<b>200.3</b>	<b>(34.0)</b>	<b>(23.2)</b>	<b>97.9</b>	<b>48.9%</b>
<b>Capital (Federal)</b>											
Road System	83.7	118.3	168.1	337.9	337.6	337.6	329.6	(8.0)	161.5	123.8	37.6%
Grants & Allocations	0.0	1.0	0.3	0.0	0.0	0.0	0.2	0.2	(0.1)	0.2	-
Support Systems	8.5	15.0	12.0	17.6	15.4	15.4	15.4	0.0	3.4	7.3	47.4%
Transit	<u>12.2</u>	<u>21.4</u>	<u>21.1</u>	<u>42.5</u>	<u>43.2</u>	<u>43.2</u>	<u>41.6</u>	<u>(1.6)</u>	<u>20.5</u>	<u>14.1</u>	33.9%
<b>Sub-Total - Federal Capital</b>	<b>104.4</b>	<b>155.7</b>	<b>201.5</b>	<b>398.0</b>	<b>396.2</b>	<b>396.2</b>	<b>386.8</b>	<b>(9.4)</b>	<b>185.3</b>	<b>145.4</b>	<b>37.6%</b>
<b>Total Expenditures - Capital</b>	<b>288.0</b>	<b>376.4</b>	<b>425.0</b>	<b>633.6</b>	<b>630.5</b>	<b>630.5</b>	<b>587.1</b>	<b>(43.4)</b>	<b>162.1</b>	<b>243.3</b>	<b>41.4%</b>
<b>TOTAL EXPENDITURES</b>	<b>638.0</b>	<b>728.7</b>	<b>772.8</b>	<b>994.0</b>	<b>987.1</b>	<b>987.1</b>	<b>943.7</b>	<b>(43.4)</b>	<b>170.9</b>	<b>470.8</b>	<b>49.9%</b>

Table 6.

**DELAWARE DEPARTMENT OF TRANSPORTATION**  
**Transportation Trust Fund Revenues**

				Fiscal 2010			Fiscal 2011		
	FY 08 Actual	FY 09 Actual	% Chg. FY 08	12/21/2009 Approved	03/15/2010 Recomm	% Chg. FY 09	12/21/2009 Approved	03/15/2010 Recomm	% Chg. FY 10
<b><u>TOLL ROAD REVENUES:</u></b>									
I95 Newark Plaza	\$115.4	\$118.8	2.9%	\$120.9	\$117.0	-1.5%	\$122.6	\$119.0	1.7%
Route 1 Toll Road	40.5	44.5	9.9%	\$45.2	\$44.4	-0.3%	\$46.3	\$45.5	2.5%
Concessions	<u>2.5</u>	<u>2.4</u>	<u>-4.0%</u>	<u>\$2.1</u>	<u>\$2.1</u>	<u>-12.5%</u>	<u>\$2.3</u>	<u>\$2.3</u>	<u>9.5%</u>
<b>Total Toll Road Revenues</b>	<b>158.4</b>	<b>165.7</b>	<b>4.6%</b>	<b>\$168.2</b>	<b>\$163.5</b>	<b>-1.3%</b>	<b>\$171.2</b>	<b>\$166.8</b>	<b>2.0%</b>
<b><u>MOTOR FUEL TAX ADMIN.</u></b>									
	122.9	119.5	-2.8%	\$118.6	\$116.6	-2.4%	\$121.0	\$118.9	2.0%
<b><u>DIVISION OF MOTOR VEHICLES</u></b>									
Motor Vehicle Document Fees	64.6	56.2	-13.0%	\$55.3	\$55.3	-1.6%	\$57.0	\$57.0	3.1%
Motor Vehicle Registration Fees	41.3	43.3	4.8%	\$44.6	\$43.2	-0.2%	\$46.0	\$44.5	3.0%
Other DMV Revenues	<u>23.6</u>	<u>22.5</u>	<u>-4.7%</u>	<u>\$23.2</u>	<u>\$21.4</u>	<u>-4.8%</u>	<u>\$23.9</u>	<u>\$22.0</u>	<u>2.8%</u>
<b>Total DMV Revenues</b>	<b><u>129.5</u></b>	<b><u>122.0</u></b>	<b><u>-5.8%</u></b>	<b><u>\$123.1</u></b>	<b><u>\$119.9</u></b>	<b><u>-1.7%</u></b>	<b><u>\$126.9</u></b>	<b><u>\$123.5</u></b>	<b><u>3.0%</u></b>
<b><u>OTHER TRANSPORTATION REV.</u></b>									
Other Transportation Rev	11.5	8.3	-27.8%	\$11.9	\$11.9	43.5%	\$12.0	\$12.0	0.8%
Investment Income(Net)	<u>10.8</u>	<u>4.7</u>	<u>-56.5%</u>	<u>\$3.4</u>	<u>\$3.4</u>	<u>-27.5%</u>	<u>\$5.0</u>	<u>\$5.0</u>	<u>47.1%</u>
<b>Total Other Transp. Revenue</b>	<b><u>22.3</u></b>	<b><u>13.0</u></b>	<b><u>-41.7%</u></b>	<b><u>\$15.3</u></b>	<b><u>\$15.3</u></b>	<b><u>17.7%</u></b>	<b><u>\$17.0</u></b>	<b><u>\$17.0</u></b>	<b><u>11.1%</u></b>
<b>GRAND TOTAL</b>	<b><u>\$433.1</u></b>	<b><u>\$420.2</u></b>	<b><u>-3.0%</u></b>	<b><u>\$425.2</u></b>	<b><u>\$415.3</u></b>	<b><u>-1.2%</u></b>	<b><u>\$436.1</u></b>	<b><u>\$426.2</u></b>	<b><u>2.6%</u></b>

(\$9.9)

(\$9.8)