

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

Buena Vista – September 21, 2009

Attendance:

Member	Present
H. Beckler	Yes
J. Bullock	No
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	Yes
N. Cook	Yes
T. Cook	Yes
R. Cordrey	Yes
R. Davis	Yes
R. Derrickson	Yes
J. DiPinto	Yes
F. Dixon	Yes
B. Fasy	No
R. Gilligan	Yes
R. Glen	Yes
J. Horthy	No

Member	Present
D. Hudson	No
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	No
G. Simpson	Yes
D. Swayze	Yes
A. Visalli	Yes
C. Wicks	No

Members in Attendance: 23

Members Absent: 9

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

Opening Business: Mr. Martin called the meeting to order at 3:10 p.m.

The minutes from the June meeting were approved as submitted.

Expenditure Subcommittee:

Mr. Ratledge presented the Expenditure Subcommittee's report.

Mr. Ratledge reported that the Function Sheet estimate is \$3,236.9 million for FY2010. This represents a decrease of \$58.6 million from FY2009. \$629.7 million has been expended in the first two months of the fiscal year.

The Balance Sheet estimate is \$3,236.7 million. Spending Authority is \$3,310.6 million. Reversions are \$8.0 million, Encumbered is \$20.0 million and Continuing is \$45.9 million.

A motion was made, seconded and approved to accept \$3,236.7 million as the expenditure estimate for FY2010. (See Tables 1a and 1b for complete details.)

Revenue Subcommittee:

Mr. Lewis presented the Revenue Subcommittee's report. He noted that the Committee met earlier in the day. He stated that the process by which the Subcommittee derived its estimates started with June numbers, adding the legislative changes enacted in July and then making modifications based on recent tracking and assumption changes.

Mr. Lewis noted that June's forecast for FY2009 was \$1.0 too low. There were many compensating errors between categories.

Economic Outlook

Mr. Craig reviewed the Global Insight September forecast. The recession appears to have ended during the summer. The rebound in the first Quarter of FY2010 is much stronger than was forecasted back in June. The factors contributing to this strong rebound, however, are not predicted to continue through the fiscal year. Weak employment and personal income growth will continue through FY2010 and sustained trend growth will not resume until FY2012.

Mr. Lewis noted that much of the discussion in the Subcommittee meeting focused on the long-term forecast for FY2013 and FY2014.

Mr. Dixon stated that the Global Insight forecast was in line with the consensus. He cautioned, however, that the track record of forecasting turning points is not good and that the recovery could be stronger than expected. He noted that some forecasters who did not foresee the depth of recent recession are now predicting a weak, slow recovery. Already the near-term outlook for GDP has nearly doubled since the last forecast.

General Fund Revenues - Fiscal Year 2010:

The Revenue Subcommittee recommended the following updates to June's estimates:
FY 2010

Revenue Category	Jun-09	Sep-09	Change
Franchise Tax	504.5	601.9	97.4
Abandoned Property	350.0	374.0	24.0
Corporate Fees	52.3	73.0	20.7
Other Revenues	91.2	110.7	19.5
Cigarette Taxes	118.2	134.2	16.0
Lottery	297.6	286.7	(10.9)
Realty Transfer Tax	30.4	40.4	10.0
Gross Receipts Tax	180.0	186.6	6.6
Personal Income Tax	1,089.8	1,095.7	5.9
Public Utility Tax	57.5	63.1	5.6
Bank Franchise Tax	34.1	39.4	5.3
Limited Partnerships & LLC's	148.2	153.4	5.2
Estate Tax	0.0	5.0	5.0
Corporation Income Tax	97.0	92.5	(4.5)
Other Refunds	(29.4)	(32.7)	(3.3)
PIT Refunds	(181.5)	(184.5)	(3.0)
Hospital Board and Treatment	81.1	78.1	(3.0)
Dividends and Interest	11.5	9.0	(2.5)
Uniform Commercial Code	11.3	12.6	1.3
Insurance Taxes	65.0	66.0	1.0

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

Discussion of FY 2010 Estimates:

Personal Income Tax: Mr. Lewis stated that the Financial Package added \$26.8 million to the June estimate. Weak tracking in Withholding and Estimated payments led the Subcommittee to decrease the estimate by \$23.9 million. FY 2010 refunds were also increase by \$3.0 million resulting in an increase to Net PIT of just \$2.9 million.

Franchise Tax: Mr. Lewis said that the increase of \$97.4 million was all attributed to the Financial Package.

Business Entity Fees: Mr. Lewis said that the increase of \$20.7 million was all attributed to the Financial Package.

Corporate Income Tax: Mr. Lewis said that the decrease of \$4.5 million reflected the over-forecast that occurred in June for FY 2009.

Gross Receipts Tax: Mr. Lewis said that the increase of \$6.6 million was all attributed to the Financial Package.

Lottery: Mr. Lewis said that the unfavorable court decision on sports betting reduced the estimate by \$10.3 million. The announcement of competition beginning in Ocean Downs next June reduced the estimate by \$0.6 million.

Mr. Cook noted that a big reduction from the court ruling was due to the limitation of betting solely on NFL football. By the December meeting it is hoped that the cross-over impact will be better assessed. The first week of sports betting has been positive.

Abandoned Property: Mr. Lewis said that the increase of \$24.0 million was all attributed to the Financial Package.

Realty Transfer Tax: Mr. Lewis noted that the Financial Package added \$14.0 million and weak tracking decreased the estimate by \$4.0 million.

Cigarette Tax: Mr. Lewis said that the increase of \$16.0 million was all attributed to the Financial Package

FY2010 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,143.1 million as the revenue estimate for FY2010.

The estimate represents an increase of \$196.3 million from DEFAC's June estimate.

Mr. Lewis summarized that July legislative changes added \$243.9 million to the June estimate. The latest updates made by the Subcommittee reduced the estimate by \$47.6 million, resulting in the net increase of \$196.3 million.

Mr. Cordrey stated that the revenues are down but because of the legislative tax increases the bottom line is up.

General Fund Revenues - Fiscal Year 2011:

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

FY 2011

Revenue Category	Jun-09	Sep-09	Change
Franchise Tax	514.5	591.5	77.0
Personal Income Tax	1,125.5	1,174.0	48.5
Estate Tax	0.0	25.0	25.0
Cigarette Taxes	119.3	140.3	21.0
Corporate Fees	53.9	74.7	20.8
Gross Receipts Tax	186.5	202.5	16.0
Lottery	234.6	224.1	(10.5)
Public Utility Tax	59.5	67.2	7.7
Limited Partnerships & LLC's	158.6	163.8	5.2
Corporation Income Tax	108.6	103.6	(5.0)
Realty Transfer Tax	31.5	27.4	(4.1)
Hospital Board and Treatment	84.4	81.3	(3.1)
Bank Franchise Tax	35.8	38.8	3.0
Other Revenues	93.2	95.8	2.6
Insurance Taxes	67.0	69.5	2.5
Uniform Commercial Code	11.6	12.9	1.3
Dividends and Interest	16.5	15.5	(1.0)
Other Refunds	(25.4)	(25.7)	(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 Financial Package added \$73.2 million to the June estimate. The weaker forecast for FY2010 decreased the estimate by \$24.7 million. These combined for a net increase of \$48.5 million.

Franchise Tax: Mr. Lewis said that the increase of \$76.9 million was all attributed to the Financial Package.

Business Entity Fees: Mr. Lewis said that the increase of \$20.8 million was all attributed to the Financial Package.

Corporate Income Tax: Mr. Lewis said that the decrease of \$5.0 million reflected the reduced FY2010 estimate.

Gross Receipts Tax: Mr. Lewis said that the increase of \$16.0 million was all attributed to the Financial Package.

Realty Transfer Tax: Mr. Morgan asked why this estimate dropped so much from its FY 2010 level. Mr. Gregor responded that estimate reflects a \$20.0 million transfer to Special Funds. Adjusting for that legislative change, the estimate represents 2.0% growth from FY2010.

Estate Tax: Mr. Lewis said that the increase of \$25.0 million was all attributed to the Financial Package.

Public Utility Tax: Mr. Lewis noted that the Financial Package added \$9.2 million and weak FY2010 tracking decreased the estimate by \$1.5 million, for a net increase of \$7.7 million.

Cigarette Tax: Mr. Lewis said that the increase of \$21.0 million was all attributed to the Financial Package

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

FY 2011 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,218.7 million as the revenue estimate for FY2011.

The estimate represents an increase of \$206.5 million from the June estimate.

Mr. Lewis summarized that July legislative changes added \$253.4 million to the June estimate. The latest updates made by the Subcommittee reduced the estimate by \$46.9 million, resulting in the net increase of \$206.5 million.

Mr. Lewis stated that the FY2012 estimate is \$3,370.5 million and represents growth of 4.7%.

Long Term Revenue Forecast: Mr. Lewis presented a long-term revenue outlook for FY2013 – FY2014 which correlated forecasted personal income growth with growth in major revenue sources. Personal Income Tax rises in FY2012 and FY2013 but tails off in FY2014 due to expiring tax rate increases.

Mr. Lewis expressed two concerns about this outlook. The first is that revenue growth in the out years does not reach the mean of personal income growth. This may indicate that the tax structure needs to be re-examined. The second opinion was that the personal income forecast was too robust and that the tax structure was fine.

A review of the Bank Franchise Tax outlook projected that bank profitability had suffered dramatic losses and were not predicted to rebound. Gross Receipts tax showed a return to the mean by FY2013, but tailing off in FY2014 as tax increases were sunset.

The Lottery forecast remains under pressure due to competition from other states. Mr. Lewis summarized that Delaware's revenue portfolio contained three major categories, Abandoned Property, Bank Franchise and Lottery that were providing little or no growth over the long term forecast. It is problematic not providing growth in revenue that keeps pace with growth in the economy.

Mr. Derrickson concluded that the State needs to consider shrinking the size of government. Ms. Visalli responded that nearly 500 positions were eliminated in the last year's budget and an additional 500 will be removed during the current year. Mr. Gilligan added that the demands on government are greater during a recession.

Mr. Swayze observed that that the higher growth rates in personal income compared to the lower growth in General Fund revenue suggested that either the personal income forecast was too optimistic or that there was a structural problem with revenues that required examination. Mr. Link thought that the personal income forecast was too optimistic. Mr. Gregor responded that the income growth rates were below the thirty year trend growth rates.

Mr. Derrickson asked how many persons worked for the state and if they were going to receive pay increases. Ms. Visalli responded that, including teachers, 30,000 people worked for the state and that, if revenues are available, restoring last years pay cut is a high priority.

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

A motion was made, seconded and approved to accept \$3,209.9 million as the 98% Appropriation Limit for FY2011.

(PLEASE NOTE: The Balance and Appropriations Worksheet presented at the meeting contained an error. The FY 2010 beginning cash balance was overstated. The attached tables have been corrected.)

Transportation Trust Fund (TTF)

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

Mr. Motyl stated that the \$396.2 million estimate for Federal Capital spending included the impact of the federal stimulus legislation.

A motion was made, seconded, and approved to accept \$987.1 million as the FY2010 TTF expenditure estimate. (See Table 4.)

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

FY2010 Estimates:

The following changes were made from the June estimate.

I95 Toll Road: Decreased from \$122.6 million to \$120.9 million.
Mr. Motyl noted that this reflects substantial decrease in commercial traffic.

SR1 Toll Road: Decreased from \$45.8 million to \$45.2 million.

Concessions: Increased from \$2.0 million to \$2.1 million.
Mr. Motyl noted that the Service plaza is currently closed but rent is still being collected. In response to a question from Ms. Davis Burnham, Mr. Motyl said that the Service plaza hopes to re-open by the end of the fiscal year.

MV Document Fees: Decreased from \$57.3 million to \$55.3 million.
Mr. Motyl noted that vehicle sales continue to be down. In response to a question from Ms. Davis Burnham, Mr. Motyl said that the Cash for Clunker program had minimal impact in Delaware. There was a discussion about how the program was administered.

Other DMV Revenues: Decreased from \$23.3 million to \$23.2 million.

Other Transportation: Increased from \$9.0 million to \$11.9 million.
Mr. Motyl stated that this increase reflected an accounting change and not an actual revenue increase.

Investment Income: Decreased from \$6.0 million to \$4.5 million.

Mr. Motyl stated that this decrease reflected lower balances and interest rates.

A motion was made, seconded, and approved to accept \$429.3 million as the FY2010 revenue estimate. This represents a decrease of \$4.3 million from the June estimate.

FY2011 Estimates:

The following changes were made from the June estimate.

I95 Toll Road: Decreased from \$124.3 million to \$122.6 million.

SR1 Toll Road: Decreased from \$46.9 million to \$46.3 million.

MV Document Fees: Decreased from \$59.1 million to \$57.0 million.

Other DMV Revenues: Decreased from \$24.0 million to \$23.9 million.

Other Transportation: Increased from \$9.2 million to \$12.0 million.

Investment Income: Decreased from \$8.0 million to \$6.0 million.

A motion was made, seconded, and approved to accept \$440.1 million as the FY2011 revenue estimate. This represents a decrease of \$5.3 million from the June estimate. (See Table 5.)

Other Business:

Mr. Martin announced the next two scheduled DEFAC meeting dates:

- December 21, 2009
- March 15, 2010

Mr. Martin noted that there were some pressures involved in conducting the Expenditure and Revenue Subcommittees on the same day as the full Council meeting. This schedule will be re-considered. If anyone has specific thoughts or concerns, please inform Mr. Martin. Final Subcommittee meeting dates will be forthcoming when the meeting announcements are sent out.

There being no further business, Mr. Martin adjourned the meeting at 4:20 p.m.

Respectfully submitted,

James A. Craig

Table 1a.

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

September, 2009

	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							
Fiscal Year Spending Authority	2,823.7	3,165.5	3,535.8	3,737.7	3,747.0	3,726.3							3,310.6
LESS:													
							Sep	Dec	Mar	Apr	May	June	
Reversions to the General Fund	29.8	15.4	12.8	12.0	90.6	247	8.0						
Encumbered to next fiscal year	29.1	32.8	32.2	36.4	33.0	36.3	20.0						
Continuing to next fiscal year													
Operating Budget													
Bond Bill													
Total Continuing	211.0	295.0	310.3	299.4	201.8	201.8	45.9						
Subtotal	269.9	343.2	355.3	347.8	325.4	485.1	73.9	0.0	0.0	0.0	0.0	0.0	(73.9)
Fiscal Year Budgetary Expenditures	2,553.8	2,822.3	3,180.5	3,389.9	3,421.6	3,241.2							3,236.7
% increase/(decrease)		10.51%	12.69%	6.58%	0.94%	-5.27%							-5.40%

Comments:

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2010 (\$ in millions)
September, 2009

	FY2005	FY2006	FY2007	FY2008	FY2009	Sep FY2010	Difference	FY2010 YTD	% spent	% of
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	09 vs. '10	<u>(2 mo actual)</u>	<u>YTD</u>	<u>total</u>
Salaries	1,023.1	1,108.3	1,167.3	1,222.9	1,225.5	1,223.0	(2.5)	243.8	38.7%	19.9%
Fringe Benefits	263.2	298.4	323.5	332.7	332.9	336.3	3.4	61.8	9.8%	18.4%
Pension	147.1	180.7	201.5	218.6	211.1	203.3	(7.8)	41.4	6.6%	20.4%
Debt Service	153.5	132.5	131.2	151.1	156.4	171.0	14.6	60.4	9.6%	35.3%
Grants	294.1	403.1	365.1	259.1	265.8	177.5	(88.3)	35.8	5.7%	20.2%
Medicaid	339.1	381.4	441.6	494.2	419.4	469.2	49.8	82.9	13.2%	17.7%
Public Assistance Programs	83.6	91.7	94.1	97.2	85.3	75.0	(10.3)	12.7	2.0%	16.9%
Professional Services	161.3	181.0	216.8	210.6	204.2	218.9	14.7	33.7	5.4%	15.4%
Contractual Services	228.9	252.2	289.5	296.7	286.8	278.9	(7.9)	37.8	6.0%	13.6%
Supplies & Materials	66.5	73.6	72.1	72.1	66.6	58.6	(8.0)	10.9	1.7%	18.6%
Capital Outlay	<u>61.9</u>	<u>77.6</u>	<u>87.2</u>	<u>66.5</u>	<u>41.5</u>	<u>25.2</u>	(16.3)	8.5	1.3%	33.7%
FY Budgetary Expenditures	2,822.3	3,180.5	3,389.9	3,421.7	3,295.5	3,236.9	(58.6)	629.7	100.0%	19.5%

Comments:

Table 2.

**September 2009 Revenue Update:
Legislative Changes vs.
Updates to Baseline Outlook**

September-09 DEFAC Meeting	FY 2010					FY 2011				
	A	B	C = A+B Updated for Financial Package ONLY	D Recommended Estimate Sep-09	E = D - C Change from new Baseline	F	G	H = F+G Updated for Financial Package ONLY	I Recommended Estimate Sep-09	J = I - H Change from new Baseline
Revenue Category	DEFAC Jun-09	Financial Package				DEFAC Jun-09	Financial Package			
Personal Income Tax	1,089.8	26.8	1,116.6	1,095.7	(20.9)	1,125.5	70.2	1,195.7	1,174.0	(21.7)
Less: Refunds	<u>(181.5)</u>		<u>(181.5)</u>	<u>(184.5)</u>	<u>(3.0)</u>	<u>(181.5)</u>	<u>3.0</u>	<u>(178.5)</u>	<u>(181.5)</u>	<u>(3.0)</u>
PIT Less Refunds	908.3		935.1	911.2	(23.9)	944.0		1,017.2	992.5	(24.7)
Franchise Tax	504.5	97.4	601.9	601.9	0.0	514.5	76.9	591.4	591.5	0.1
Limited Partnerships & LLC's	<u>148.2</u>	5.2	153.4	153.4	0.0	<u>158.6</u>	<u>5.2</u>	163.8	163.8	0.0
Subtotal Franchise + LP/LLC	652.7		755.3	755.3	0.0	673.2		755.2	755.3	0.1
Less: Refunds	<u>(12.0)</u>		<u>(12.0)</u>	<u>(12.0)</u>	<u>0.0</u>	<u>(12.0)</u>		<u>(12.0)</u>	<u>(12.0)</u>	<u>0.0</u>
Net Franchise + LP/LLC	640.7		743.3	743.3	0.0	661.2		743.2	743.3	0.1
Business Entity Fees	52.3	20.7	73.0	73.0	0.0	53.9	20.8	74.7	74.7	0.0
Uniform Commercial Code	11.3	1.3	12.6	12.6	0.0	11.6	1.3	12.9	12.9	0.0
Corporation Income Tax	97.0		97.0	92.5	(4.5)	108.6		108.6	103.6	(5.0)
Less: Refunds	<u>(50.0)</u>		<u>(50.0)</u>	<u>(50.0)</u>	<u>0.0</u>	<u>(35.0)</u>		<u>(35.0)</u>	<u>(35.0)</u>	<u>0.0</u>
CIT Less Refunds	47.0		47.0	42.5	(4.5)	73.6		73.6	68.6	(5.0)
Bank Franchise Tax	34.1		34.1	39.4	5.3	35.8		35.8	38.8	3.0
Gross Receipts Tax	180.0	6.6	186.6	186.6	0.0	186.5	16.0	202.5	202.5	0.0
Lottery	297.6		297.6	286.7	(10.9)	234.6		234.6	224.1	(10.5)
Abandoned Property	350.0	24.0	374.0	374.0	0.0	365.0		365.0	365.0	0.0
Hospital Board and Treatment	81.1		81.1	78.1	(3.0)	84.4		84.4	81.3	(3.1)
Dividends and Interest	11.5		11.5	9.0	(2.5)	16.5		16.5	15.5	(1.0)
Realty Transfer Tax	30.4	14.0	44.4	40.4	(4.0)	31.5		31.5	27.4	(4.1)
Estate Tax	0.0	5.0	5.0	5.0	0.0	0.0	25.0	25.0	25.0	0.0
Insurance Taxes	65.0		65.0	66.0	1.0	67.0		67.0	69.5	2.5
Public Utility Tax	57.5	7.1	64.6	63.1	(1.5)	59.5	9.2	68.7	67.2	(1.5)
Cigarette Taxes	118.2	16.0	134.2	134.2	0.0	119.3	21.0	140.3	140.3	0.0
Other Revenues	91.2	19.8	111.0	110.7	(0.3)	93.2	4.8	98.0	95.8	(2.2)
Less: Other Refunds	<u>(29.4)</u>		<u>(29.4)</u>	<u>(32.7)</u>	<u>(3.3)</u>	<u>(25.4)</u>		<u>(25.4)</u>	<u>(25.7)</u>	<u>(0.3)</u>
Net Receipts	2,946.8	243.9	3,190.7	3,143.1	(47.6)	3,012.2	253.4	3,265.6	3,218.7	(46.9)

DEFAC General Fund Revenue Worksheet

September-09 DEFAC Meeting	FY 2009 DEFAC Jun-09	FY 2009 A Actual Collections	FY 2009 Variance Actual - June	June DEFAC Growth Rate for FY 2010	FY 2010				
					B DEFAC Jun-09	C % B over A	D DEFAC Sep-09	E % D over A	F \$ Increase D over B
Revenue Category									
Personal Income Tax	1,106.0	1,105.2	(0.8)	-1.5%	1,089.8	-1.4%	1,095.7	-0.9%	5.9
Less: Refunds	<u>(193.0)</u>	<u>(194.6)</u>	<u>(1.6)</u>	<u>-6.0%</u>	<u>(181.5)</u>	<u>-6.7%</u>	<u>(184.5)</u>	<u>-5.2%</u>	<u>(3.0)</u>
PIT Less Refunds	913.0	910.7	(2.3)	-0.5%	908.3	-0.3%	911.2	0.1%	2.9
Franchise Tax	575.0	574.2	(0.8)	-12.3%	504.5	-12.1%	601.9	4.8%	97.4
Limited Partnerships & LLC's	137.6	137.1	(0.5)	7.7%	148.2	8.1%	153.4	11.9%	5.2
Subtotal Franchise + LP/LLC	712.6	711.3	(1.3)	-8.4%	652.7	-8.2%	755.3	6.2%	102.6
Less: Refunds	<u>(7.0)</u>	<u>(7.0)</u>	<u>0.0</u>	<u>71.4%</u>	<u>(12.0)</u>	<u>71.6%</u>	<u>(12.0)</u>	<u>71.6%</u>	<u>0.0</u>
Net Franchise + LP/LLC	705.6	704.3	(1.3)	-9.2%	640.7	-9.0%	743.3	5.5%	102.6
Business Entity Fees	50.8	50.8	0.0	3.0%	52.3	2.9%	73.0	43.6%	20.7
Uniform Commercial Code	11.0	11.2	0.2	2.7%	11.3	1.2%	12.6	12.8%	1.3
Corporation Income Tax	170.0	162.1	(7.9)	-42.9%	97.0	-40.2%	92.5	-42.9%	(4.5)
Less: Refunds	<u>(35.7)</u>	<u>(35.6)</u>	<u>0.1</u>	<u>40.1%</u>	<u>(50.0)</u>	<u>40.4%</u>	<u>(50.0)</u>	<u>40.4%</u>	<u>0.0</u>
CIT Less Refunds	134.3	126.5	(7.8)	-65.0%	47.0	-62.8%	42.5	-66.4%	(4.5)
Bank Franchise Tax	81.9	81.8	(0.1)	-58.4%	34.1	-58.3%	39.4	-51.8%	5.3
Gross Receipts Tax	164.0	164.1	0.1	9.8%	180.0	9.7%	186.6	13.7%	6.6
Lottery	247.0	248.0	1.0	20.5%	297.6	20.0%	286.7	15.6%	(10.9)
Abandoned Property	390.4	392.1	1.7	-10.3%	350.0	-10.7%	374.0	-4.6%	24.0
Hospital Board and Treatment	76.4	77.0	0.6	6.2%	81.1	5.4%	78.1	1.5%	(3.0)
Dividends and Interest	8.9	8.9	(0.0)	29.2%	11.5	29.3%	9.0	1.2%	(2.5)
Realty Transfer Tax	44.0	44.6	0.6	-30.9%	30.4	-31.8%	40.4	-9.4%	10.0
Estate Tax	0.1	0.1	(0.0)	-100.0%	0.0	-100.0%	5.0	6310.3%	5.0
Insurance Taxes	75.0	77.3	2.3	-13.3%	65.0	-15.9%	66.0	-14.6%	1.0
Public Utility Tax	56.3	55.9	(0.4)	2.1%	57.5	2.9%	63.1	13.0%	5.6
Cigarette Taxes	124.7	125.7	1.0	-5.2%	118.2	-6.0%	134.2	6.8%	16.0
Other Revenues	126.8	130.3	3.5	-28.1%	91.2	-30.0%	110.7	-15.1%	19.5
Less: Other Refunds	<u>(63.2)</u>	<u>(61.1)</u>	<u>2.1</u>	<u>-53.5%</u>	<u>(29.4)</u>	<u>-51.8%</u>	<u>(32.7)</u>	<u>-46.4%</u>	<u>(3.3)</u>
Net Receipts	3,147.0	3,148.0	1.0	-6.4%	2,946.8	-6.4%	3,143.1	-0.2%	196.3



→ Impact of legislative changes adopted after June DEFAC:

\$243.9

Net September 2009 DEFAC updates

(\$47.6)

DEFAC General Fund Revenue Worksheet

September-09 DEFAC Meeting	FY 2013					FY 2014				
	Q DEFAC Jun-09	R % Q over L	S DEFAC Sep-09	T % S over N	U \$ Increase T over Q	V DEFAC Jun-09	W % V over Q	X DEFAC Sep-09	Y % X over S	Z \$ Increase X over V
Revenue Category										
Personal Income Tax	NA	NA	1,335.7	6.0%	NA	NA	NA	1,372.3	2.7%	NA
Less: Refunds	<u>NA</u>	NA	<u>(200.1)</u>	5.0%	<u>NA</u>	<u>NA</u>	NA	<u>(208.1)</u>	4.0%	<u>NA</u>
PIT Less Refunds	NA	NA	1,135.6	6.2%	NA	NA	NA	1,164.2	2.5%	NA
Franchise Tax	NA	NA	615.4	2.0%	NA	NA	NA	627.7	2.0%	NA
Limited Partnerships & LLC's	<u>NA</u>	NA	<u>187.5</u>	7.0%	NA	<u>NA</u>	NA	<u>200.7</u>	7.0%	NA
Subtotal Franchise + LP/LLC	NA	Na	802.9	3.1%	NA	NA	Na	828.4	3.2%	NA
Less: Refunds	<u>NA</u>	NA	<u>(12.0)</u>	0.0%	<u>NA</u>	<u>NA</u>	NA	<u>(12.0)</u>	0.0%	<u>NA</u>
Net Franchise + LP/LLC	NA	NA	790.9	3.2%	NA	NA	NA	816.4	3.2%	NA
Business Entity Fees	NA	NA	78.2	2.4%	NA	NA	NA	80.0	2.3%	NA
Uniform Commercial Code	NA	NA	13.7	3.0%	NA	NA	NA	14.1	2.9%	NA
Corporation Income Tax	NA	NA	129.8	9.0%	NA	NA	NA	140.2	8.0%	NA
Less: Refunds	<u>NA</u>	NA	<u>(36.8)</u>	0.0%	<u>NA</u>	<u>NA</u>	NA	<u>(36.8)</u>	0.0%	<u>NA</u>
CIT Less Refunds	NA	NA	93.1	13.0%	NA	NA	NA	103.4	11.2%	NA
Bank Franchise Tax	NA	NA	42.8	4.9%	NA	NA	NA	44.9	4.9%	NA
Gross Receipts Tax	NA	NA	225.4	5.0%	NA	NA	NA	228.3	1.3%	NA
Lottery	NA	NA	223.8	4.0%	NA	NA	NA	232.7	4.0%	NA
Abandoned Property	NA	NA	385.0	1.3%	NA	NA	NA	390.0	1.3%	NA
Hospital Board and Treatment	NA	NA	89.2	6.1%	NA	NA	NA	92.9	4.1%	NA
Dividends and Interest	NA	NA	20.7	18.3%	NA	NA	NA	23.3	12.6%	NA
Realty Transfer Tax	NA	NA	33.2	10.0%	NA	NA	NA	36.5	10.0%	NA
Estate Tax	NA	NA	28.0	5.7%	NA	NA	NA	22.5	-19.6%	NA
Insurance Taxes	NA	NA	77.7	4.5%	NA	NA	NA	81.2	4.5%	NA
Public Utility Tax	NA	NA	74.1	5.0%	NA	NA	NA	77.8	5.0%	NA
Cigarette Taxes	NA	NA	143.1	1.0%	NA	NA	NA	144.6	1.0%	NA
Other Revenues	NA	NA	98.8	5.7%	NA	NA	NA	103.8	5.1%	NA
Less: Other Refunds	<u>NA</u>	NA	<u>(23.9)</u>	-10.5%	NA	<u>NA</u>	NA	<u>(24.4)</u>	2.1%	NA
Net Receipts	NA	NA	3,529.4	4.7%	NA	NA	NA	3,632.2	2.9%	NA

Table 3.

Balance and Appropriations Worksheet

FY 2010 EXPENDITURES		FY 2010 BALANCES		FY 2011 APPROPRIATION LIMITS	
Total Spending Authority	\$3,310.6	Total Expenditures	\$3,236.7	FY 2011 Revenue Estimate	\$3,218.7
Less: Continuing Appropriations & Encumbrances from FY 2010	(\$65.9)	vs. FY 2010 Revenues	3,143.1	Unencumbered Cash Balance from FY 10	<u>\$32.6</u>
Less: Reversions	<u>(\$8.0)</u>	Operating Balance	(93.6)	100% Appropriation Limit	\$3,251.3
Total Expenditures	\$3,236.7	★ <i>Prior Year Cash Balance (Corrected)</i>	<u>\$378.5</u> ★	98% Appropriation Limit	<u>\$3,186.3</u>
		Cumulative Cash Balance	284.9	Prior 98% Appropriation Limit	\$0.0
		Less: Continuing Appropriations & Encumbrances from FY 2010	(65.9)	Increase (Decrease) from Prior Meeting	\$0.0
		Less: Budgetary Reserve Account	<u>(\$186.4)</u>	Dec. 2009 98% Appropriation Limit	\$0.0
		Unencumbered Cash Balance 6/30	\$32.6	Increase (Decrease) from December 2009	\$0.0

Table 4.

**Delaware Department of Transportation
FY 2010 EXPENDITURES , August 31, 2009**

17%

	FY2007 <u>Actual</u>	FY2008 <u>Actual</u>	FY2009 <u>Actual</u>	FY2010 <u>Appropriation</u>	September FY2010 <u>Forecast</u>	\$ difference Forecast V. <u>Appropriation</u>	\$ difference Forecast V. FY2009 Actual	FY2010 YTD <u>Spend</u>	% spent <u>YTD</u>
Operations									
Debt Service	115.1	119.2	122.3	121.5	121.5	0.0	(0.8)	20.2	16.6%
Personnel Costs	106.1	93.7	87.2	88.6	88.6	0.0	1.4	12.7	14.3%
Operations/Capital Outlay	49.5	53.6	50.6	56.5	56.5	0.0	5.9	8.5	15.0%
Transit Operations (DTC)	79.3	85.8	87.7	90.0	90.0	0.0	2.3	15.1	16.8%
Total Expenditures - Operations	350.0	352.3	347.8	356.6	356.6	0.0	8.8	56.5	15.8%
Capital (State)									
				<u>CTP</u>					
Road System	121.3	145.9	127.5	133.3	140.8	7.5	13.3	17.5	12.4%
Grants & Allocations	30.5	24.2	23.0	37.7	29.3	(8.4)	6.3	3.4	11.6%
Support Systems	28.3	41.4	58.3	51.4	51.6	0.2	(6.7)	1.5	2.9%
Transit	3.5	9.2	14.7	13.2	12.6	(0.6)	(2.1)	0.2	1.6%
Total Expenditures- State Capital	183.6	220.7	223.5	235.6	234.3	(1.3)	10.8	22.6	9.6%
Capital (Federal)									
Road System	83.7	118.3	168.1	337.9	337.6	(0.3)	(118.3)	23.8	7.0%
Grants & Allocations	0.0	1.0	0.3	0.0	0.0	0.0	(1.0)	0.0	0.0%
Support Systems	8.5	15.0	12.0	17.6	15.4	(2.2)	(15.0)	1.4	9.1%
Transit	12.2	21.4	21.1	42.5	43.2	0.7	(21.4)	0.3	0.7%
Sub-Total - Federal Capital	104.4	155.7	201.5	398.0	396.2	(1.8)	(155.7)	25.5	6.4%
Total Expenditures - Capital	288.0	376.4	425.0	633.6	630.5	(3.1)	(144.9)	48.1	7.6%
TOTAL EXPENDITURES	638.0	728.7	772.8	990.2	987.1	(3.1)	(136.1)	104.6	10.6%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

				Fiscal 2010			Fiscal 2011		
	FY 08 Actual	FY 09 Actual	% Chg. FY 08	06/15/2009 Approved	09/21/2009 Recomm	% Chg. FY 09	06/15/2009 Approved	09/21/2009 Recomm	% Chg. FY 10
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$115.4	\$118.8	2.9%	\$122.6	\$120.9	1.8%	\$124.3	\$122.6	1.4%
Route 1 Toll Road	40.5	44.5	9.9%	\$45.8	\$45.2	1.5%	\$46.9	\$46.3	2.4%
Concessions	<u>2.5</u>	<u>2.4</u>	<u>-4.0%</u>	<u>\$2.0</u>	<u>\$2.1</u>	<u>-12.5%</u>	<u>\$2.3</u>	<u>\$2.3</u>	<u>9.5%</u>
Total Toll Road Revenues	158.4	165.7	4.6%	\$170.4	\$168.2	1.5%	\$173.5	\$171.2	1.8%
<u>MOTOR FUEL TAX ADMIN.</u>									
	122.9	119.5	-2.8%	\$123.0	\$121.6	1.8%	\$125.5	\$124.0	2.0%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	64.6	56.2	-13.0%	\$57.3	\$55.3	-1.6%	\$59.1	\$57.0	3.1%
Motor Vehicle Registration Fees	41.3	43.3	4.8%	\$44.6	\$44.6	3.0%	\$46.0	\$46.0	3.1%
Other DMV Revenues	<u>23.6</u>	<u>22.5</u>	<u>-4.7%</u>	<u>\$23.3</u>	<u>\$23.2</u>	<u>3.2%</u>	<u>\$24.0</u>	<u>\$23.9</u>	<u>3.0%</u>
Total DMV Revenues	<u>129.5</u>	<u>122.0</u>	-5.8%	<u>\$125.2</u>	<u>\$123.1</u>	0.9%	<u>\$129.1</u>	<u>\$126.9</u>	3.1%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	11.5	8.3	-27.8%	\$9.0	\$11.9	43.5%	\$9.2	\$12.0	0.8%
Investment Income(Net)	<u>10.8</u>	<u>4.7</u>	<u>-56.5%</u>	<u>\$6.0</u>	<u>\$4.5</u>	<u>-4.1%</u>	<u>\$8.0</u>	<u>\$6.0</u>	<u>33.3%</u>
Total Other Transp. Revenue	<u>22.3</u>	<u>13.0</u>	-41.7%	<u>\$15.0</u>	<u>\$16.4</u>	26.2%	<u>\$17.2</u>	<u>\$18.0</u>	9.8%
GRAND TOTAL	<u>\$433.1</u>	<u>\$420.2</u>	<u>-3.0%</u>	<u>\$433.6</u>	<u>\$429.3</u>	<u>2.2%</u>	<u>\$445.3</u>	<u>\$440.1</u>	<u>2.5%</u>

(\$4.3)

(\$5.3)