

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

Buena Vista – September 20, 2010

Attendance:

Member	Present
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	No
N. Cook	Yes
T. Cook	Yes
R. Cordrey	Yes
R. Davis	Yes
R. Derrickson	Yes
J. DiPinto	No
F. Dixon	Yes
B. Fasy	No
R. Gilligan	Yes
R. Glen	Yes
G. Hindes	Yes
J. Horty	Yes
D. Hudson	No

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

Members in Attendance: 23

Members Absent: 11

Others Present: P. Carter, Z. Chaudhry, J. Craig, C. Erickson, D. Gregor, S. Kubico, B. Maxwell, S. McVay, B. Motyl, H. Roberts, B. Scoglietti, and members of the press.

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

Mr. Martin announced that since the last meeting Henry Beckler had resigned from the Council. Mr. Martin introduced the newest member of the Council, Mr. Jack Polidori. Mr. Polidori is currently works for the National Education Association.

The minutes from the June meeting were approved as submitted.

Expenditure Subcommittee:

Mr. Ratledge presented the Expenditure Subcommittee's report. He reviewed the Balance Sheet estimate of \$3,316.3 million. The Reversion estimate is \$10.0 million; Encumbered is \$36.0 million and Continuing is \$254.0 million.

(See Table 1a for complete details.)

Mr. Ratledge reviewed the Functional method. (See Table 1b for complete details.)

A motion was made, seconded and approved to accept \$3,316.3 million as the expenditure estimate for FY2011. This represents an increase of \$239.8 million from FY2010.

Revenue Subcommittee:

Mr. Lewis presented the Revenue Subcommittee's report.

Economic Outlook

Mr. Craig reviewed that the Global Insight September forecast. Since June, the FY2011 Real GDP growth rate has been lowered from 3.3% to 2.2%. This reflects a considerable slow down in the economy during the summer. The second Quarter Real GDP grew at 1.6%, much less than June's 4.4% forecast. The last 3 consecutive employment reports have also been very weak. This diminished economic outlook resulted in lower growth rates forecast for Delaware employment and personal income.

Mr. Morgan asked what tax policy assumptions Global Insight used? Mr. Craig responded that it was assumed that all the Bush tax cuts would be extended on a temporary basis and that the increases for the high earners will be delayed for one year. Also assumed was that an R&D tax credit would be permanently extended.

Mr. Hinds questioned whether weak GDP growth of less than 2.0% posed concerns about another recession. Mr. Craig noted that Global Insight has assigned a 25% risk probability to a double dip recession. It would most likely occur in the event of an unforeseen shock such as a spike in the price of oil. Mr. Dixon referred to this as a "black swan". Mr. Hinds added that there are some economists who believe that we are headed for a second recession.

Mr. Dixon offered two quotes from Yogi Berra, who said "predictions are difficult, especially when they are about the future" and "the future ain't what it used to be."

General Fund Revenues - Fiscal Year 2011:

The Revenue Subcommittee recommended the following updates to June's estimates:
FY 2011

Revenue Category	Jun-10	Sep-10	Change
Abandoned Property	400.0	424.0	24.0
Bank Franchise Tax	59.2	82.4	23.2
Personal Income Tax	1,163.2	1,145.1	(18.1)
Other Revenues	112.1	125.1	13.0
Realty Transfer Tax	33.1	45.0	11.9
Corporation Income Tax	138.4	149.8	11.4
CIT Refunds	(40.0)	(35.0)	5.0
Hospital Board and Treatment	75.7	71.9	(3.8)
PIT Refunds	(193.3)	(190.0)	3.3
Dividends and Interest	13.1	11.0	(2.1)
Other Refunds	(32.7)	(34.7)	(2.0)
Lottery	256.3	254.8	(1.5)
Cigarette Taxes	138.2	136.9	(1.3)
Public Utility Tax	60.2	59.5	(0.7)
Corporate Fees	76.3	76.8	0.5

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

Discussion of FY 2011 Estimates:

Mr. Gregor noted that two changes to the revenue estimates are the result of legislative action which occurred after the June DEFAC meeting. Special Fund transfers totaling \$38.0 million were suspended. For the General Fund this translates to \$24.0 million returning to Abandoned Property and \$14.0 to Realty Transfer Tax.

Personal Income Tax: Mr. Lewis stated that due to the weaker economic outlook, the growth rate for Withholding was lowered from 6.6% growth to 5.3%. Ms. Davis Burnham noted that there has been little movement towards converting to Roth IRAs and recommended that the estimate for Final settlements be reduced. Mr. Shopa concurred and noted that there may still be activity closer towards the end of the calendar year. The estimated impact of the Roth conversion was lowered from \$7.0 million to \$4.5 million in each of the next 3 years.

Mr. Gregor presented a chart which tracked an index of PIT receipts and Delaware personal income for the last 10 years and the 5 year forecast.

Mr. Hindes asked if the impact of the MBNA merger was known. Mr. Gregor responded affirmatively. Mr. Shopa noted that the exercise of options by MBNA executives at the time of the merger provided a windfall to State revenues.

Franchise Tax: Mr. Lewis noted that there was no change in the estimate from June.

Mr. Gregor presented a chart which tracked an index of Franchise tax receipts and Delaware personal income for the last 10 years and the 5 year forecast. He noted that recent growth was due in large measure to an increase in tax rates and that a decline in FY2015 revenue outlook was attributable to the sunset of said tax increase.

Corporate Income Tax: Mr. Lewis said that there was an increase in the corporate profit outlook, we have been under-forecasting this category in recent history and the Refund estimate was reduced.

Mr. Gregor noted that there is somewhat of a lag effect between corporate profits and tax receipts. He said the most difficult issue is estimating the out years for this category.

Mr. Gregor presented a chart which tracked an index of Corporate Income tax receipts and Delaware personal income for the last 10 years and the 5 year forecast. He commented that the flattening growth curve in the forecast's later years reflected corporate profits returning to their historic level relative to GDP.

Bank Franchise Tax: Mr. Lewis noted that the September 1st payments were larger than expected.

Mr. Gregor presented a chart which tracked an index of Bank Franchise receipts and Delaware personal income for the last 10 years and the 5 year forecast.

Gross Receipts Tax: Mr. Lewis noted that this category is tracking well.

Mr. Gregor presented a chart which tracked an index of Gross Receipts tax receipts and Delaware personal income for the last 10 years and the 5 year forecast. He pointed out the tax's stability and noted that most of its observed variability was due to statutory changes.

Lottery: Mr. Lewis noted that there was a small downward revision attributed to the traditional component. Mr. Cook reminded the Council that Delaware is facing increased competition from Maryland and Pennsylvania this year. Mr. Cook also noted that the table game operations were facing staffing challenges.

Mr. Gregor presented a chart which tracked an index of Lottery receipts and Delaware personal income for the last 10 years and the 5 year forecast.

Abandoned Property: Mr. Lewis attributed the \$24.0 million increase to a legislative change which returned a TTF Special Fund transfer back to the General Fund.

Mr. Gregor presented an overview of the operation of Abandoned Property. He reviewed definitions, terms, policy basis, examples, where to remit, revenue distribution and recent legislation.

In response to a question from Mr. Horty, Mr. Gregor noted that there is fine balance between the holder's interests and the States'.

Realty Transfer Tax: Mr. Lewis noted that there was a \$14.0 million increase due to a legislative change which returned a Special Fund transfer back to the General Fund.

Weaker underlying tracking reduced the estimate by \$2.1 million.

In response to a question from Mr. Lewis, Mr. Lubin spoke about construction in downtown Wilmington and noted that, on net, there was not much occurring in the way of new office space entering the market.

Mr. Gregor presented a chart which tracked an index of Realty Transfer tax receipts and Delaware personal income for the last 10 years and the 5 year forecast. Mr. Gregor made note of the size of the bubble that occurred in early part of the decade and observed that, at present rates of growth, at no point in the 5-year forecast did revenues rebound to those peak levels.

Cigarette Tax: Mr. Lewis noted that there was a small tracking adjustment.

Mr. Gregor presented a chart which tracked an index of Cigarette tax receipts and Delaware personal income for the last 10 years and the 5 year forecast. He commented that the outlook for overall tobacco consumption revealed little growth potential for this tax. Any future volatility in revenues would probably be due to changes to excise tax rates in the region.

Other Revenue: Mr. Lewis attributed \$12.0 million of the increase to an accounting issue which moved this amount from FY2010 to FY2011.

Other changes were attributed to tracking.

FY2011 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,363.0 million as the revenue estimate for FY2011.

The estimate represents an increase of \$62.8 million from DEFAC's June estimate.

Mr. Lewis stated that \$38.0 million of the increase was due to Special Fund transfers being returned to the General Fund and \$12.0 million due to an accounting adjustment. Thus, \$12.8 million of the increase was due to other factors.

General Fund Revenues - Fiscal Year 2012:

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

FY 2012

Revenue Category	Jun-10	Sep-10	Change
Personal Income Tax	1,251.1	1,221.1	(30.0)
Bank Franchise Tax	63.9	82.8	18.9
Corporation Income Tax	150.5	162.9	12.4
Hospital Board and Treatment	78.5	73.7	(4.8)
Dividends and Interest	16.2	12.1	(4.1)
PIT Refunds	(194.7)	(191.4)	3.3
Realty Transfer Tax	36.5	33.6	(2.9)
Cigarette Taxes	139.6	136.9	(2.7)
Other Revenues	108.2	110.6	2.4
Other Refunds	(30.2)	(32.0)	(1.8)
Gross Receipts Tax	216.0	214.5	(1.5)
Lottery	237.4	235.9	(1.5)
Public Utility Tax	63.2	62.5	(0.7)
Corporate Fees	78.2	78.7	0.5

For a complete listing of FY 2012 estimates, see Table 2.

Discussion of FY2012 Estimates:

Personal Income Tax: Mr. Lewis stated that due to the lower economic outlook, the growth rate for Withholding was lowered from 5.8% growth to 5.0%.

Mr. Lewis noted that changing demographics is part of the reason that long-term growth rates in this category are lower than the historical norm.

Mr. Ratledge stated that over the next 20 years the share of the population over 65 years of age will double. Mr. Gregor added that this why PIT growth will flatten out as the composition of income received by older persons is more likely to tax exempt.

Corporate Income Tax: Mr. Lewis said that the growth rate assumption was unchanged for this category.

Bank Franchise Tax: Mr. Glen noted that there was an assumed 5.0% growth rate, but due to the timing of payment receipts, FY2012 appears flat compared to FY2011.

Gross Receipts Tax: Mr. Lewis said that the growth rate was decreased slightly due to the reduced economic outlook. Mr. Gregor noted that the return of the refinery adds to this estimate.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY2011.

FY 2012 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,428.0 million as the revenue estimate for FY2012.

The estimate represents a decrease of \$12.5 million from the June estimate.

Mr. Lewis stated that the FY2013 estimate is \$3,557.7 million and represents growth of 3.8%.

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 \$3,464.7 million as the 98% Appropriation Limit for FY2012.

Transportation Trust Fund (TTF)

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

Mr. Motyl stated that the Operations estimate is \$361.7 million. He stated that State Capital estimate was \$218.9 million. He stated that Federal Capital estimate was \$329.3 million. He stated that there is a new expenditure category for Grant Anticipation Revenue Bonds. This estimate is \$71.9 million.

A motion was made, seconded, and approved to accept \$981.8 million as the initial FY2011 TTF expenditure estimate. The estimate represents an increase of \$217.9 million from the FY2010 actual. (See Table 4.)

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

FY2011 Estimates:

The following changes were made from the June estimate.

Toll Road – I95: Decreased from \$119.0 million to \$116.1 million. Mr. Motyl noted that this reflects decreased traffic.

Toll Road – SR1: Increased from \$45.5 million to \$45.7 million. Mr. Motyl noted that this also reflects increased traffic.

Motor Vehicle Document Fees: Increased from \$59.8 million to \$60.1 million. Mr. Motyl noted that this reflects increased sales.

Motor Vehicle Registration Fees: Increased from \$45.5 million to \$45.9 million. Mr. Motyl noted that this also reflects increased sales.

Other DMV Revenues: Increased from \$22.6 million to \$23.5 million. Mr. Motyl noted that this reflects a tracking change.

Investment Income: Decreased from \$5.0 million to \$4.0 million.

In response to Ms. Burnham Davis, Mr. Motyl noted that newly installed high speed diesel pumps has resulted in an increase of sales from 130,000

gallons last year to over 400,000 gallons in the first two months of this year.

A motion was made, seconded, and approved to accept \$427.5 million as the FY2011 revenue estimate. This represents a decrease of \$2.1 million from the June estimate.

FY2012 Estimates:

The following changes were made from the June estimate.

Toll Road – I95: Decreased from \$120.8 million to \$117.2 million.

Toll Road – SR1: Decreased from \$47.1 million to \$46.0 million.

Motor Vehicle Document Fees: Increased from \$61.6 million to \$61.9 million.

Motor Vehicle Registration Fees: Increased from \$46.9 million to \$47.2 million.

Other DMV Revenues: Increased from \$23.2 million to \$24.2 million.

Investment Income: Decreased from \$7.0 million to \$6.0 million.

A motion was made, seconded, and approved to accept \$437.4 million as the FY2012 revenue estimate. This represents a decrease of \$4.1 million from the June estimate. (See Table 5)

Other Business:

Mr. Martin announced the next scheduled DEFAC meeting dates:

- December 20, 2010
- March 21, 2011

There being no further business, Mr. Martin adjourned the meeting at 4:30 p.m.

Respectfully submitted,

James A. Craig

DEFAC Expenditures Forecast for General Fund Disbursements FY2011 (\$ in millions)

Sep. 2010

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010								FY2011
	<u>Actual</u>								<u>Appropriation</u>						
Budget Act	2,445.1	2,600.4	2,836.0	3,101.9	3,285.6	3,362.9	3,091.5								3,305.3
Cash to Bond Bill	142.0	235.0	281.6	243.3	77.9	83.4	0.0								91.0
Grant-in-Aid	38.4	40.0	42.4	50.0	47.7	45.2	35.4								35.2
Continuing & Encumbered (from prior years)	173.3	240.1	327.8	342.5	335.8	234.8	183.7								184.9
Supplementals	24.9	50.0	48.0	0.0	0.0	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								3,616.3
LESS:															
Reversions to the General Fund	29.8	15.4	12.8	12.0	90.6	247.0	49.3	Sep	Dec	Mar	Apr	May	June		
Encumbered to next fiscal year	29.1	32.8	32.2	36.4	33.0	36.3	37.7	10.0							
Continuing to next fiscal year								36.0							
Operating Budget															
Bond Bill															
Total Continuing	211.0	295.0	310.3	299.4	201.8	147.4	147.2	254.0							
Subtotal	269.9	343.2	355.3	347.8	325.4	430.7	234.1	300.0	0.0	0.0	0.0	0.0	0.0	0.0	(300.0)
Fiscal Year Budgetary Expenditures	2,553.8	2,822.3	3,180.5	3,389.9	3,421.6	3,295.5	3,076.5								3,316.3
% increase/(decrease)		10.51%	12.69%	6.58%	0.94%	-3.69%	-6.65%								7.80%

Comments:	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	7-Yr Avg		FY 2011
Expenditures / Spending Authority	90.4%	89.2%	90.0%	90.7%	91.3%	88.4%	92.9%	90.4%		91.7%
Reversions / Spending Authority	1.1%	0.5%	0.4%	0.3%	2.4%	6.6%	1.5%	1.8%		0.3%
Encumbered / Spending Authority	1.0%	1.0%	0.9%	1.0%	0.9%	1.0%	1.1%	1.0%		1.0%
Total Continuing / Spending Authority	7.5%	9.3%	8.8%	8.0%	5.4%	4.0%	4.4%	6.8%		7.0%

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2011 (\$ in millions)

Sep. 2010

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Sep FY2011	Difference		FY2011 YTD	% spent		% of	% of
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>10 vs. '11</u>		<u>(2 mo actual)</u>	<u>FY2011 YTD</u>		<u>FY2011 total</u>	<u>FY2010 total</u>
Salaries	1,023.1	1,108.3	1,167.3	1,222.9	1,225.5	1154.7	1,220.9	66.2		247.8	20.3%		36.8%	37.5%
Fringe Benefits	263.2	298.4	323.5	332.7	332.9	330.9	347.3	16.4		65.1	18.7%		10.5%	10.8%
Pension	147.1	180.7	201.5	218.6	211.1	196.7	220.1	23.4		46.2	21.0%		6.6%	6.4%
Debt Service	153.5	132.5	131.2	151.1	156.4	174.3	174.6	0.3		37.8	21.6%		5.3%	5.7%
Grants	294.1	403.1	365.1	259.1	265.8	276.6	424.0	147.4		75.3	17.8%		12.8%	9.0%
Medicaid	339.1	381.4	441.6	494.2	419.4	428.6	487.0	58.4		80.5	16.5%		14.7%	13.9%
Public Assistance Programs	83.6	91.7	94.1	97.2	85.3	0.0	0.0	0.0		0.0	0.0%		0.0%	0.0%
Professional Services	161.3	181.0	216.8	210.6	204.2	0.0	0.0	0.0		0.0	0.0%		0.0%	0.0%
Contractual Services	228.9	252.2	289.5	296.7	286.8	435.7	360.1	(75.7)		42.2	11.7%		10.9%	14.2%
Supplies & Materials	66.5	73.6	72.1	72.1	66.6	58.9	54.5	(4.4)		5.6	10.3%		1.6%	1.9%
Capital Outlay	<u>61.9</u>	<u>77.6</u>	<u>87.2</u>	<u>66.5</u>	<u>41.5</u>	<u>20.1</u>	<u>28.0</u>	<u>7.9</u>		<u>11.2</u>	40.1%		0.8%	0.7%
FY Budgetary Expenditures	2,822.3	3,180.5	3,389.9	3,421.7	3,295.5	3,076.5	3,316.3	239.8		611.7	18.4%		100.0%	100.0%

Comments:

DEFAC General Fund Revenue Worksheet

September-10 DEFAC Meeting	FY 2010 DEFAC Jun-10	FY 2010 A Actual Collections	FY 2010 Variance Actual - June	June DEFAC Growth Rate for FY 2011	FY 2011				
					B DEFAC Jun-10	C % B over A	D DEFAC Sep-10	E % D over A	F \$ Increase D over B
Revenue Category									
Personal Income Tax	1,058.6	1,061.5	2.9	9.9%	1,163.2	9.6%	1,145.1	7.9%	(18.1)
Less: Refunds	<u>(210.0)</u>	<u>(208.4)</u>	<u>1.6</u>	<u>-8.0%</u>	<u>(193.3)</u>	<u>-7.2%</u>	<u>(190.0)</u>	<u>-8.8%</u>	<u>3.3</u>
PIT Less Refunds	848.6	853.1	4.5	14.3%	969.9	13.7%	955.1	12.0%	(14.8)
Franchise Tax	637.2	633.1	(4.1)	-3.9%	612.5	-3.3%	612.5	-3.3%	0.0
Limited Partnerships & LLC's	144.6	145.0	0.4	7.1%	<u>154.9</u>	6.8%	<u>154.9</u>	6.8%	0.0
Subtotal Franchise + LP/LLC	781.8	778.1	(3.7)	-1.8%	767.4	-1.4%	767.4	-1.4%	0.0
Less: Refunds	<u>(13.0)</u>	<u>(13.0)</u>	<u>0.0</u>	<u>-7.7%</u>	<u>(12.0)</u>	<u>-7.7%</u>	<u>(12.0)</u>	<u>-7.7%</u>	<u>0.0</u>
Net Franchise + LP/LLC	768.8	765.1	(3.7)	-1.7%	755.4	-1.3%	755.4	-1.3%	0.0
Business Entity Fees	74.4	74.9	0.5	2.6%	76.3	1.9%	76.8	2.6%	0.5
Uniform Commercial Code	14.1	14.1	0.0	2.8%	14.5	2.6%	14.5	2.6%	0.0
Corporation Income Tax	120.0	125.6	5.6	15.3%	138.4	10.2%	149.8	19.3%	11.4
Less: Refunds	<u>(41.5)</u>	<u>(37.7)</u>	<u>3.8</u>	<u>-3.6%</u>	<u>(40.0)</u>	6.1%	<u>(35.0)</u>	-7.2%	<u>5.0</u>
CIT Less Refunds	78.5	87.9	9.4	25.4%	98.4	12.0%	114.8	30.6%	16.4
Bank Franchise Tax	53.9	54.0	0.1	9.8%	59.2	9.6%	82.4	52.6%	23.2
Gross Receipts Tax	193.5	194.6	1.1	0.8%	195.0	0.2%	195.0	0.2%	0.0
Lottery	275.0	275.5	0.5	-6.8%	256.3	-7.0%	254.8	-7.5%	(1.5)
Abandoned Property	495.0	493.2	(1.8)	-19.2%	400.0	-18.9%	424.0	-14.0%	24.0
Hospital Board and Treatment	74.4	74.7	0.3	1.7%	75.7	1.4%	71.9	-3.7%	(3.8)
Dividends and Interest	10.2	10.9	0.7	28.4%	13.1	20.2%	11.0	0.9%	(2.1)
Realty Transfer Tax	46.0	46.9	0.9	-28.0%	33.1	-29.4%	45.0	-4.0%	11.9
Estate Tax	0.3	0.3	(0.0)	8233.3%	25.0	8403.4%	25.0	8403.4%	0.0
Insurance Taxes	48.0	51.8	3.8	5.2%	50.5	-2.6%	50.5	-2.6%	0.0
Public Utility Tax	56.5	56.7	0.2	6.5%	60.2	6.2%	59.5	4.9%	(0.7)
Cigarette Taxes	132.2	132.3	0.1	4.5%	138.2	4.5%	136.9	3.5%	(1.3)
Other Revenues	101.5	86.5	(15.0)	10.4%	112.1	29.6%	125.1	44.7%	13.0
Less: Other Refunds	<u>(37.9)</u>	<u>(37.3)</u>	<u>0.6</u>	<u>-13.7%</u>	<u>(32.7)</u>	<u>-12.3%</u>	<u>(34.7)</u>	<u>-6.9%</u>	<u>(2.0)</u>
Net Receipts	3,233.0	3,235.1	2.1	2.1%	3,300.2	2.0%	3,363.0	4.0%	62.8

Impact of legislative changes adopted after June DEFAC:

\$38.0

Net September 2010 DEFAC updates

\$24.8

DEFAC General Fund Revenue Worksheet

September-10 DEFAC Meeting	FY 2012					FY 2013				
	G DEFAC Jun-10	H % G over B	I DEFAC Sep-10	J % I over D	K \$ Increase I over G	L DEFAC Jun-10	M % L over G	N DEFAC Sep-10	O % N over I	P \$ Increase N over L
Revenue Category										
Personal Income Tax	1,251.1	7.6%	1,221.1	6.6%	(30.0)	NA	NA	1,286.9	5.4%	NA
Less: Refunds	(194.7)	0.7%	(191.4)	0.7%	3.3	NA	NA	(200.9)	5.0%	NA
PIT Less Refunds	1,056.4	8.9%	1,029.7	7.8%	(26.7)	NA	NA	1,086.0	5.5%	NA
Franchise Tax	624.7	2.0%	624.7	2.0%	0.0	NA	NA	637.2	2.0%	NA
Limited Partnerships & LLC's	<u>165.7</u>	7.0%	<u>165.7</u>	7.0%	0.0	<u>NA</u>	NA	<u>177.3</u>	7.0%	NA
Subtotal Franchise + LP/LLC	790.4	3.0%	790.4	3.0%	0.0	NA	NA	814.5	3.0%	NA
Less: Refunds	<u>(12.0)</u>	0.0%	<u>(12.0)</u>	0.0%	<u>0.0</u>	<u>NA</u>	NA	<u>(12.0)</u>	0.0%	<u>NA</u>
Net Franchise + LP/LLC	778.4	3.0%	778.4	3.0%	0.0	NA	NA	802.5	3.1%	NA
Business Entity Fees	78.2	2.5%	78.7	2.5%	0.5	NA	NA	80.7	2.5%	NA
Uniform Commercial Code	14.9	2.8%	14.9	2.8%	0.0	NA	NA	15.4	3.4%	NA
Corporation Income Tax	150.5	8.7%	162.9	8.7%	12.4	NA	NA	169.4	4.0%	NA
Less: Refunds	<u>(36.8)</u>	-8.0%	<u>(36.8)</u>	5.1%	<u>0.0</u>	<u>NA</u>	NA	<u>(38.6)</u>	4.9%	<u>NA</u>
CIT Less Refunds	113.7	15.5%	126.1	9.8%	12.4	NA	NA	130.8	3.7%	NA
Bank Franchise Tax	63.9	7.9%	82.8	0.5%	18.9	NA	NA	87.0	5.1%	NA
Gross Receipts Tax	216.0	10.8%	214.5	10.0%	(1.5)	NA	NA	225.2	5.0%	NA
Lottery	237.4	-7.4%	235.9	-7.4%	(1.5)	NA	NA	245.0	3.9%	NA
Abandoned Property	390.0	-2.5%	390.0	-8.0%	0.0	NA	NA	390.0	0.0%	NA
Hospital Board and Treatment	78.5	3.7%	73.7	2.5%	(4.8)	NA	NA	75.7	2.7%	NA
Dividends and Interest	16.2	23.7%	12.1	10.0%	(4.1)	NA	NA	13.5	11.6%	NA
Realty Transfer Tax	36.5	10.3%	33.6	-25.3%	(2.9)	NA	NA	35.3	5.1%	NA
Estate Tax	26.5	6.0%	26.5	6.0%	0.0	NA	NA	28.0	5.7%	NA
Insurance Taxes	53.1	5.1%	53.1	5.1%	0.0	NA	NA	55.8	5.1%	NA
Public Utility Tax	63.2	5.0%	62.5	5.0%	(0.7)	NA	NA	65.6	5.0%	NA
Cigarette Taxes	139.6	1.0%	136.9	0.0%	(2.7)	NA	NA	136.9	0.0%	NA
Other Revenues	108.2	-3.5%	110.6	-11.6%	2.4	NA	NA	117.1	5.9%	NA
Less: Other Refunds	(30.2)	-7.6%	(32.0)	-7.8%	(1.8)	NA	NA	(32.8)	2.5%	NA
Net Receipts	3,440.5	4.3%	3,428.0	1.9%	(12.5)	NA	NA	3,557.7	3.8%	NA

FY 2012 Debt Limit: \$171.4

DEFAC General Fund Revenue Worksheet

September-10 DEFAC Meeting	FY 2014					FY 2015				
	Q DEFAC Jun-10	R % Q over L	S DEFAC Sep-10	T % S over N	U \$ Increase T over Q	V DEFAC Jun-10	W % V over Q	X DEFAC Sep-10	Y % X over S	Z \$ Increase X over V
Revenue Category										
Personal Income Tax	NA	NA	1,316.2	2.3%	NA	NA	NA	1,335.0	1.4%	NA
Less: Refunds	<u>NA</u>	NA	<u>(210.9)</u>	5.0%	<u>NA</u>	<u>NA</u>	NA	<u>(224.7)</u>	6.5%	<u>NA</u>
PIT Less Refunds	NA	NA	1,105.3	1.8%	NA	NA	NA	1,110.3	0.5%	NA
Franchise Tax	NA	NA	650.0	2.0%	NA	NA	NA	583.0	-10.3%	NA
Limited Partnerships & LLC's	<u>NA</u>	NA	<u>189.8</u>	7.1%	NA	<u>NA</u>	NA	<u>203.0</u>	7.0%	NA
Subtotal Franchise + LP/LLC	NA	NA	839.8	3.1%	NA	NA	NA	786.0	-6.4%	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	827.8	3.2%	NA	NA	NA	774.0	-6.5%	NA
Business Entity Fees	NA	NA	82.7	2.5%	NA	NA	NA	84.7	2.4%	NA
Uniform Commercial Code	NA	NA	15.8	2.6%	NA	NA	NA	16.3	3.2%	NA
Corporation Income Tax	NA	NA	173.6	2.5%	NA	NA	NA	178.0	2.5%	NA
Less: Refunds	<u>NA</u>	NA	<u>(40.6)</u>	5.0%	<u>NA</u>	<u>NA</u>	NA	<u>(42.6)</u>	5.0%	<u>NA</u>
CIT Less Refunds	NA	NA	133.1	1.8%	NA	NA	NA	135.4	1.7%	NA
Bank Franchise Tax	NA	NA	91.4	5.0%	NA	NA	NA	96.0	5.1%	NA
Gross Receipts Tax	NA	NA	228.2	1.3%	NA	NA	NA	228.6	0.2%	NA
Lottery	NA	NA	254.7	4.0%	NA	NA	NA	264.9	4.0%	NA
Abandoned Property	NA	NA	390.0	0.0%	NA	NA	NA	390.0	0.0%	NA
Hospital Board and Treatment	NA	NA	78.7	4.0%	NA	NA	NA	81.8	3.9%	NA
Dividends and Interest	NA	NA	15.0	11.1%	NA	NA	NA	17.5	16.7%	NA
Realty Transfer Tax	NA	NA	38.8	10.0%	NA	NA	NA	42.7	10.0%	NA
Estate Tax	NA	NA	22.5	-19.6%	NA	NA	NA	0.0	-100.0%	NA
Insurance Taxes	NA	NA	58.5	5.0%	NA	NA	NA	61.5	5.0%	NA
Public Utility Tax	NA	NA	68.9	5.0%	NA	NA	NA	72.3	5.0%	NA
Cigarette Taxes	NA	NA	136.9	0.0%	NA	NA	NA	136.9	0.0%	NA
Other Revenues	NA	NA	121.8	4.0%	NA	NA	NA	126.6	4.0%	NA
Less: Other Refunds	<u>NA</u>	NA	<u>(34.1)</u>	4.0%	<u>NA</u>	<u>NA</u>	NA	<u>(35.5)</u>	4.0%	<u>NA</u>
Net Receipts	NA	NA	3,636.0	2.2%	NA	NA	NA	3,604.0	-0.9%	NA

Table 3.

Balance and Appropriations Worksheet

FY 2011 EXPENDITURES		FY 2011 BALANCES		FY 2012 APPROPRIATION LIMITS	
Total Spending Authority	\$3,616.3	Total Expenditures	\$3,316.3	FY 2012 Revenue Estimate	\$3,428.0
Less: Continuing Appropriations & Encumbrances from FY 2011	(\$290.0)	vs. FY 2011 Revenues	3,363.0	Unencumbered Cash Balance from FY 11	<u>\$107.4</u>
Less: Reversions	<u>(\$10.0)</u>	Operating Balance	46.7	100% Appropriation Limit	\$3,535.4
Total Expenditures	\$3,316.3	Prior Year Cash Balance	<u>\$537.1</u>	98% Appropriation Limit	<u>\$3,464.7</u>
		Cumulative Cash Balance	583.8	Prior 98% Appropriation Limit	NA
		Less: Continuing Appropriations & Encumbrances from FY 2011	(290.0)	Increase (Decrease) from Prior Meeting	NA
		Less: Budgetary Reserve Account	<u>(\$186.4)</u>	Sept. 2010 98% Appropriation Limit	\$3,464.7
		Unencumbered Cash Balance 6/30	\$107.4	Increase (Decrease) from September 2010	NA

Table 4

Delaware Department of Transportation								
FY 2011 Expenditures , August 31, 2010								
	FY2009 Actual	FY2010 Actual	FY2011 Appropriation	September FY2010 Forecast	\$ difference	\$ difference Forecast V. FY2010 Actual	FY2011 YTD Spend	% spent YTD
17%								
Operations								
Debt Service	122.3	121.5	129.5	129.5	0.0	8.0	20.5	15.8%
Personnel Costs	87.2	83.4	86.3	86.3	0.0	2.9	15.7	18.2%
Operations/Capital Outlay	50.6	59.6	55.5	55.5	0.0	(4.1)	3.9	7.0%
Transit Operations (DTC)	<u>87.7</u>	<u>90.0</u>	<u>90.4</u>	<u>90.4</u>	<u>0.0</u>	<u>0.4</u>	<u>15.1</u>	16.7%
Total Expenditures - Operations	347.8	354.5	361.7	361.7	0.0	7.2	55.2	15.3%
Capital (State)			CTP					
Road System	127.5	124.0	142.4	142.4	0.0	18.4	12.3	8.6%
Grants & Allocations	23.0	13.5	40.7	40.7	0.0	27.2	2.5	6.1%
Support Systems	58.3	24.0	25.5	25.5	0.0	1.5	0.3	1.2%
Transit	<u>14.7</u>	<u>8.8</u>	<u>10.3</u>	<u>10.3</u>	<u>0.0</u>	<u>1.5</u>	<u>0.0</u>	0.0%
Total Expenditures- State Capital	223.5	170.3	218.9	218.9	0.0	48.6	15.1	6.9%
Capital (Federal)			CTP					
Federal Capital	201.5	239.1	329.3	329.3	0.0	90.2	14.9	4.5%
Capital (GARVEE)			CTP					
GARVEE - US301	<u>0.0</u>	<u>0.0</u>	<u>71.9</u>	<u>71.9</u>	<u>0.0</u>	<u>71.9</u>	<u>0.0</u>	0.0%
Total Expenditures - Capital	425.0	409.4	620.1	620.1	0.0	210.7	30.0	4.8%
TOTAL EXPENDITURES	772.8	763.9	981.8	981.8	0.0	217.9	85.2	8.7%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY 09	FY 10	% Chg.	Fiscal 2011			Fiscal 2012		
				6/17/2010 Approved	9/20/2010 Recomm	% Chg. FY 10	6/17/2010 Approved	9/20/2010 Recomm	% Chg. FY 11
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$118.8	\$117.2	-1.3%	\$119.0	\$116.1	-1.0%	\$120.8	\$117.2	0.9%
Route 1 Toll Road	44.5	45.5	2.2%	\$45.5	\$45.7	0.4%	\$47.1	\$46.0	0.7%
Concessions	<u>2.4</u>	<u>2.2</u>	<u>-8.3%</u>	<u>\$2.3</u>	<u>\$2.3</u>	<u>5.3%</u>	<u>\$2.5</u>	<u>\$2.5</u>	<u>8.7%</u>
Total Toll Road Revenues	165.7	164.9	-0.5%	\$166.8	\$164.1	-0.5%	\$170.4	\$165.7	1.0%
MOTOR FUEL TAX ADMIN.	119.5	115.7	-3.2%	\$117.9	\$117.9	1.9%	\$120.3	\$120.3	2.0%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	56.2	58.4	3.9%	\$59.8	\$60.1	3.0%	\$61.6	\$61.9	3.0%
Motor Vehicle Registration Fees	43.3	44.5	2.8%	\$45.5	\$45.9	3.0%	\$46.9	\$47.2	3.0%
Other DMV Revenues	<u>22.5</u>	<u>22.8</u>	<u>1.3%</u>	<u>\$22.6</u>	<u>\$23.5</u>	<u>3.0%</u>	<u>\$23.2</u>	<u>\$24.2</u>	<u>3.0%</u>
Total DMV Revenues	122.0	125.7	3.0%	\$127.9	\$129.5	3.0%	\$131.7	\$133.3	3.0%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	8.3	11.0	32.5%	\$12.0	\$12.0	8.8%	\$12.1	\$12.1	0.8%
Investment Income(Net)	<u>4.7</u>	<u>3.1</u>	<u>-34.0%</u>	<u>\$5.0</u>	<u>\$4.0</u>	<u>28.3%</u>	<u>\$7.0</u>	<u>\$6.0</u>	<u>50.0%</u>
Total Other Transp. Revenue	13.0	14.1	8.5%	\$17.0	\$16.0	13.5%	\$19.1	\$18.1	13.1%
GRAND TOTAL	\$420.2	\$420.4	0.0%	\$429.6	\$427.5	1.7%	\$441.5	\$437.4	2.3%

(\$4.1)