

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

Buena Vista – June 20, 2016

Attendance:

Member	Present
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	Yes
J. Cohan	No
N. Cook	Yes
T. Cook	Yes
R. Davis	No
J. DiPinto	No
F. Dixon	Yes
B. Fasy	Yes
R. Glen	Yes
G. Hindes	Yes
J. Horthy	Yes
D. Hudson	No
K. Lewis	No
D. Link	Yes

Member	Present
A. Lubin	Yes
G. Marcozzi	Yes
J. Martin	Yes
B. Maxwell	Yes
C. Morgan	Yes
M. Morton	Yes
J. Polidori	No
E. Ratledge	Yes
T. Shopa	No
K. Simpler	Yes
G. Simpson	Yes
M. George Smith	No
A. Staton	No
D. Swayze	Yes
J. Twilley	No
B. Whaley	Yes

Members in Attendance: 23

Members Absent: 10

Others Present: A. Aka, R. Armitage, P. Carter, B. Doolittle, D. Gregor, C. Heiks, M. Jackson, A. Jenkins, J. Johnstone, K. Knight, T. Leveridge, J. Massih, R. Mitchell, B. Motyl, A. Penney, J. Seemans, R. Scoglietti, S. Scola, S. Steward, C. Stewart, D. Taylor, M. Valentine, A. Wilson and members of the press.

Opening Business: Mr. Martin called the meeting to order at 3:01 p.m.

The minutes from the May meeting were approved as submitted.

Expenditure Subcommittee:

Mr. Ratledge presented the Expenditure Subcommittee's report.

Mr. Ratledge reviewed the Balance Sheet estimate. He reported that the Continuing estimate was down between May and June, to \$141.3 million, while Reversions to the General Fund were up by \$22.0 million, to \$57.0 million. Changes in the balance sheet estimate were due in part to a drop in the number of individuals eligible for Medicaid. (See Table 1a for complete details).

Mr. Ratledge also reviewed the Functional method. He mentioned that, unlike Grants, Contractual Services, Capital Outlay and Supplies and Materials, the June estimates for Salaries, Fringe Benefits, Pension and Medicaid were higher than their actual FY 2015 values. Mr. Ratledge noted that the FY 2012-16 annual average growth rates for Health Care, Pension and Debt Service stood at 6.4%, 4.1% and 4.1% respectively. In response to a question from Mr. Simpler, Mr. Ratledge explained that the Pension data consist of both actual contributions from state employees and retiree health benefits. He added that the data will be disaggregated next year. (See Table 1b for complete details).

For informational purposes, Mr. Ratledge presented a series of charts which tracked the long term revenue and expenditure forecasts. He explains that the gap between these 2 forecasts can largely be attributed to Continuing funds. He also presented charts that disaggregated expenditures by Fund type and Department. In response to questions from Mr. Simpler about whether DEFAC Council should have a better understanding of Non-Appropriated Special Funds (NSF), Mr. Ratledge said that the latter are mostly comprised of intergovernmental funds, Pension and local school taxes. Mr. Gregor said that NSF funds are purely pass-through.

A motion was made, seconded and approved to accept \$3,914.5 million as the expenditure estimate for FY 2016. The estimate represents a \$13.0 million decrease from the May estimate.

Revenue Subcommittee:

Mr. Ratledge presented the Revenue Subcommittee's report.

Economic Outlook

Mr. Aka said that the IHS Global Insight U.S. GDP growth outlook has changed between March and June, as its first-quarter growth forecast proved overly optimistic. Except for Wages and Salaries, Delaware's economic forecasts are basically unchanged from March.

Mr. Dixon said that forecasts from IHS and Moody's Analytics were revised down in both CY 2016 and CY 2017, but noted that the magnitude of the revisions was much larger this year than next. He pointed out that the Federal Reserve has cut its growth projections for the next few years to only 2.0%, and expected IHS and other firms to lower their medium to long term forecasts accordingly.

Mr. Dixon also downplayed recession risks in the short term. He explained that although the current expansion has now lasted 84 months, the prior 3 expansions lasted an average of 95 months. Mr. Dixon added that economic expansions usually come to an end because of excesses (e.g., rapid inflation, market, financial bubbles), but that the latter have been hard to build in the current economic environment.

In response to a question from Mr. Hindes, Mr. Dixon said that average growth rates in previous expansions were significantly higher than the rates seen in the ongoing expansion. Mr. Ratledge added that expansions following a financial crisis led recession can last 10 years. Mr. Simpler asked how to quantify excesses that have built up in credit markets over the past few years. Mr. Dixon answered that significant deviations from historical trends can serve as a guide.

General Fund Revenues - Fiscal Year 2016:

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

Revenue Category	May-16	Jun-16	Change
Corporation Income Tax	260.0	232.5	(27.5)
Limited Partnerships & LLC's	261.4	267.5	6.1
Personal Income Tax	1,501.5	1,497.0	(4.5)
Other Refunds	(95.6)	(92.0)	3.6
Lottery	210.0	207.5	(2.5)
Abandoned Property	525.0	527.0	2.0
CIT Refunds	(80.0)	(82.0)	(2.0)
Realty Transfer Tax	88.5	89.6	1.1
Cigarette Taxes	107.0	108.0	1.0
Other Revenues	98.9	99.7	0.8
Public Utility Tax	46.0	45.5	(0.5)
Bank Franchise Tax	92.2	92.7	0.5
Corporate Fees	104.2	104.7	0.5
Uniform Commercial Code	19.0	19.4	0.4
Dividends and Interest	3.3	3.0	(0.3)
Hospital Board and Treatment	46.9	46.7	(0.2)
Estate Tax	9.5	9.4	(0.1)

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

Discussion of FY 2016 Estimates:

Net Personal Income Tax: Mr. Ratledge noted a decrease in the estimate by \$4.5 million. Mr. Gregor had indicated during the Subcommittee discussions that tracking changes have led to a small increase in Estimated PIT payments, as well as drops in the estimates for Withholding and Final payments by \$3.0 million and \$2.0 million respectively.

Net Corporate Franchise Tax + LP/LCC: Mr. Ratledge noted an increase in the estimate by \$6.1 million. Mr. Johnstone had mentioned during the Subcommittee meeting that the higher FY 2016 estimate was partly due to real growth and partly to a technical glitch in the new Department of State system that had allowed some taxpayers to prepay for tax year 2016. Since those taxpayers that did so will not be billed next year, the LLC tax growth was not fully carried into FY 2017.

Corporate Income Tax (CIT) Less Refunds: Mr. Ratledge noted a decrease in the estimate by \$29.5 million. Mr. Gregor explained that quarterly payments this June will be the third weakest since 2000, based on 11 months of tracking. He noted that only recession years 2002 and 2009 were weaker, and explained that the national outlook of the State's larger payers turned out to be much weaker than anticipated. Mr. Gregor also mentioned a reduction in a large audit payment and \$2.0 million of unexpected refunds.

In response to a question from Mr. Morgan, Mr. Gregor explained that this FY refund figure is skewed by a single \$45.0 million claim. He added that the range of \$35.0-45.0 million is typical for CIT refunds. Mr. Ratledge noted that the decrease in the CIT estimate is not surprising in light of sinking U.S. corporate profits. Mr. Gregor mentioned that the revenue category is affected by noise and lags. Addressing a question from Mr. Simpler, Mr. Gregor said the latest legislation designed to smooth quarterly payments will affect companies whose national receipts do not exceed \$20.0 million. He added that even quarters will help the Finance Department to better forecast the volatile revenue category. Given that some large companies can decide to skip their second quarterly payments entirely based on their profit outlook, Mr. Simpler noted that June—the last month of the State's fiscal year—is a bad time of the year to incur such volatility. Mr. Ratledge noted a decline in net CIT by \$110.0 million from FY 2015 and mentioned that one way of addressing the volatility of the revenue category is by reducing the size of the corporate income tax. Mr. Gregor said that last year's revenues include more than \$90.0 million in audits.

Bank Franchise Tax: Mr. Ratledge reported an increase in the estimate by \$0.5 million. Mr. Glen had indicated during the Subcommittee meeting that the June 1 payments were slightly higher than expected. He added that refunds for

this fiscal year will come in at only \$0.3 million, which is much lower the May estimate of \$3.1 million.

Lottery: Mr. Ratledge indicated a decrease in the estimate by \$2.5 million. Mr. Gregor explained that the drop was due to tracking as well as an accounting catch up.

Abandoned Property: Mr. Ratledge indicated an increase in the estimate by \$2.0 million. After providing some background information on the current lawsuit against several U.S. states in the U.S. Supreme Court, Mr. Gregor said that \$20.0 million in receipts have been moved to FY 2017 due to an extension granted on an annual filing. The small increase in this year's estimate was the result of stronger than anticipated equity sales and VDA settlements. Mr. Gregor noted that the revenue category is extremely back loaded: \$300.0 million were collected in the last 3 weeks of June 2015 while some \$200.0 million are expected this June.

In response to a question from Mr. Ratledge, Mr. Gregor said that cash refunds are forecast at \$78.0 million this fiscal year. Since General Fund refunds do not include securities, he also said that cash and securities refunds will be over \$100.0 million this year, which is 5 times higher than only 3-4 years ago. Mr. Gregor mentioned an article from the [Boston Globe](#) saying that Delaware returns more unclaimed property per capita than any other U.S. state.

In response to a question from Mr. Swayze regarding MoneyGram and the petitions to the U.S. Supreme Court made by Delaware and other states, Mr. Gregor said that not every one of MoneyGram's products is subject to the issue raised in the lawsuits. He hoped that by October, the U.S. Supreme Court will have decided whether or not they would like to hear the case, and that MoneyGram will then be in a position to decide what they would like to do about the unclaimed property at issue in the lawsuits. Mr. Gregor believed it is too early to make a decision on whether or not to set aside the disputed funds.

Hospital Board and Treatment: Mr. Ratledge reported a decrease in the estimate by \$0.2 million. Mr. Johnstone had indicated during the Subcommittee discussions that the decline was due to tracking and the delay of a small payment into FY 2017.

Realty Transfer Tax: Mr. Ratledge noted an increase in the estimate by \$1.1 million. Mr. Gregor had mentioned during the Subcommittee meeting that the June collections were stronger than expected. He added that, until the General Assembly decides otherwise, the estimate for FY 2017 must include a presumption that Special Fund transfers will resume at their statutorily defined levels.

Other Refunds: Mr. Ratledge noted a decrease in Refunds from \$95.6 million to \$92.0 million. Mr. Gregor explained that the increase in the Abandoned Property refund estimate was offset by decreases in the refunds for Bank Franchise, License, Estate and Insurance.

Other changes were attributed to tracking.

FY 2016 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,952.6 million as the revenue estimate for FY 2016. The estimate represents a \$21.6 million decrease from DEFAC's May estimate.

General Fund Revenues - Fiscal Year 2017:

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

Revenue Category	May-16	Jun-16	Change
Abandoned Property	525.0	545.0	20.0
Corporation Income Tax	211.8	200.0	(11.8)
Bank Franchise Tax	86.6	82.5	(4.1)
Personal Income Tax	1,560.6	1,556.9	(3.7)
Other Refunds	(95.1)	(98.1)	(3.0)
Limited Partnerships & LLC's	275.7	278.2	2.5
Lottery	211.7	209.8	(1.9)
Corporate Fees	108.4	106.6	(1.8)
Realty Transfer Tax	74.7	75.9	1.2
Public Utility Tax	42.5	41.5	(1.0)
Cigarette Taxes	105.4	106.4	1.0
Estate Tax	4.0	5.0	1.0
Dividends and Interest	6.3	6.9	0.6
Other Revenues	106.6	106.0	(0.6)
Uniform Commercial Code	19.0	19.4	0.4
Hospital Board and Treatment	50.6	50.7	0.1

For a complete listing of FY 2017 estimates, see Table 2.

Discussion of FY 2017 Estimates:

Net Corporate Franchise Tax + LP/LCC: Mr. Ratledge reported a rise in the

estimate by \$2.5 million.

Business Entity Fees: Mr. Ratledge noted a decrease in the estimate by \$1.8 million. Mr. Johnstone had mentioned during the Subcommittee meeting that the drop reflects flatter growth in formation activity over the past several months.

Corporate Income Tax Less Refunds: Mr. Ratledge noted a decrease in the estimate by \$11.8 million. Mr. Gregor explained why the *adjusted* growth rates for FY 2017 and FY 2018 have been flattened out, leading to a smaller drop in CIT in FY 2017 than in FY 2016. He added that *nominal* growth rates for the coming two years are not flat, however, because of tax law changes.

Bank Franchise Tax: Mr. Ratledge reported a decrease in the estimate by \$4.1 million. Mr. Glen had explained during the Subcommittee meeting that some taxpayers may choose to apply their refunds as credits against future tax payments, leading to offsetting reductions in both revenues and refunds.

Lottery: Mr. Ratledge reported a drop in the estimate by \$1.9 million. Mr. Gregor noted that Internet Gaming has picked up in the past quarter, helping to limit the drop in Lottery from the May estimate.

Abandoned Property: Mr. Ratledge reported a rise in the estimate by \$20.0 million, owing to an extension granted on an annual filing.

Mr. Ratledge reported that all other changes reflected the carrying forward of changes made in FY 2016 and maintaining previous growth rates.

FY 2017 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$4,025.9 million as the revenue estimate for FY 2017. The estimate represents a decrease of \$1.1 million from the May estimate.

For information purposes, Mr. Ratledge said that the FY 2018 estimate is \$4,010.4 million.

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

State Operations Expenditure: There was no change from the May estimate of \$339.6 million.

State Capital Expenditure: There was no change from the May estimate of \$191.7 million.

Federal Capital Expenditure: Decreased from \$240.0 million in May to \$230.0 million. Motyl attributed the decrease to various delays.

U.S. 301 Capital: Decreased from \$45.2 million in May to \$42.2 million. Mr. Motyl attributed the decrease to weather issues and delays.

A motion was made, seconded, and approved to accept \$803.5 million as the FY 2016 TTF expenditure estimate. The estimate represents a decrease of \$13.0 million from the May estimate. (See Table 4.)

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

The following changes were made from the May estimates.

FY 2016 Estimates:

Toll Road Revenues: Decreased from \$192.4 million in May to \$190.4 million. Motyl attributed the decrease to traffic trend and anticipated June revenue.

Motor Fuel Tax Administration: There was no change from the May estimate of \$125.3 million.

Division of Motor Vehicles: There was no change from the May estimate of \$196.5 million.

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

A motion was made, seconded, and approved to accept \$526.2 million as the FY 2016 TTF revenue estimate. The estimate represents a decrease of \$2.0 million from the May estimate.

FY 2017 Estimates:

The following changes were made from the May estimates.

Toll Road Revenues: Decreased from \$194.1 million in May to \$192.1 million. Mr. Motyl expected a return to normal growth rate for SR 1.

Motor Fuel Tax Administration: There was no change from the May estimate of \$125.3 million.

Division of Motor Vehicles: There was no change from the May estimate of \$209.0 million.

Other Transportation Revenues: There was no change from the May estimate of \$14.2 million.

A motion was made, seconded, and approved to accept \$540.6 million as the FY 2017 TTF revenue estimate. The estimate represents a decrease of \$2.0 million from the May estimate. (See Table 5.)

Other Business:

FY 2017 Debt Limit: Mr. Gregor presented the debt limit for FY 2017. This amount is equal to 5% of projected FY 2017 revenues or \$201.295 million.

Proposal to Combine Subcommittee and Full Council Meetings: Mr. Martin explained why it is more efficient for DEFAC to combine the Subcommittee and Full Council meetings. He argues that the combined meeting could last 2 hours if properly managed. Mr. Cook proposed using the September and December meetings to fine-tune the transition process. Mr. Simpler suggested the possibility of having various estimates ready before the meetings, with the goal of having a consensus estimate developed during the meetings. Mr. Harty suggested looking for ways to gain invaluable insights into major local industries. Mr. Fasy said that Subcommittee meetings have a lot of in-depth discussions about each individual revenue category. Ms. Davis Burnham expressed some concerns as to how the lively discussions of the Subcommittee meetings could continue with a larger group size. Finally, Mr. Simpler turned his attention to the contextualization of the DEFAC estimates and suggested that members speak with one voice in a statement about the estimates. A motion was made, seconded, and unanimously approved to combine Subcommittee and Full Council Meetings.

Mr. Martin announced the next scheduled DEFAC meeting dates:

- September 19, 2016

- December 19, 2016

There being no further business, Mr. Martin adjourned the meeting at 4:11 p.m.

Respectfully submitted,

Arsene Aka

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2016 (\$ in millions)													
Jun 2016 (as of 06/20/16) DRAFT													
	FY2010		FY2011		FY2012		FY2013		FY2014		FY2015		FY2016
	Actual		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		3,908.5
Cash to Bond Bill	0.0		91.0		115.3		53.4		60.9		23.8		0.0
Grant-in-Aid	35.4		35.2		41.2		44.2		44.8		45.4		43.0
Continuing & Encumbered (from prior years)	183.7		184.9		303.7		301.1		276.4		194.8		201.3
Supplementals:	0.0		0.0		0.0		0.0		0.0		0.0		0.0
Fiscal Year Spending Authority	3,310.6		3,616.4		3,968.8		3,985.5		4,100.2		4,073.5		4,152.8
LESS:													
Reversions to the General Fund	49.3		42.1		75.3		50.5		111.3		39.6		
Encumbered to next fiscal year	37.7		35.2		39.3		35.6		40.2		39.5		
Continuing to next fiscal year													
Operating Budget													
Bond Bill													
Total Continuing	147.2		268.4		261.8		240.9		154.6		161.8		141.3
Subtotal	234.1		345.7		376.4		327.0		306.1		240.9		238.3
Fiscal Year Budgetary Expenditures	3,076.5		3,270.7		3,592.4		3,658.5		3,794.1		3,832.6		3,914.5
% increase/(decrease)			6.31%		9.84%		1.84%		3.71%		1.01%		2.1%
Comments:													
Expenditures / Spending Authority	FY2010 92.9%		FY2011 90.4%		FY2012 90.5%		FY2013 91.8%		FY2014 92.5%		FY2015 94.1%		FY 2016 94.3%
Reversions / Spending Authority	1.5%		1.2%		1.9%		1.3%		2.7%		1.0%		1.4%
Encumbered / Spending Authority	1.1%		1.0%		1.0%		0.9%		1.0%		1.0%		1.0%
Total Continuing / Spending Authority	4.4%		7.4%		6.6%		6.0%		3.8%		4.0%		3.4%

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2016 (\$ in millions)
Jun 2016 (as of 06/20/16) DRAFT

	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Sep	FY2016 Dec	FY2016 Mar	FY2016 Apr	FY2016 May	FY2016 Jun	Difference 16 vs. '15	% change 16 vs. '15	Annual Avg. 16 vs. 12	FY2016 YTD (actual vs. YTD)	% spent FY2016 YTD	% of forecast FY2016 total	% of FY2015 total	% of FY2014 total	% of FY2013 total	% of FY2012 total
Salaries	1,277.4	1,285.6	1,306.8	1,338.5	1,359.7	1,359.7	1,361.5	1,361.5	1,361.5	1,361.5	23.0	1.7%	1.61%	1,266.3	34.8%	34.8%	34.9%	34.4%	35.1%	35.6%
Fringe Benefits	379.5	379.0	386.0	403.0	453.2	453.2	451.4	451.4	451.4	454.1	51.1	12.7%	4.59%	418.1	11.5%	11.6%	10.5%	10.4%	10.4%	10.6%
Health Care	260.6	261.7	279.1	283.1	331.6	331.6	331.6	331.6	331.6	334.3	51.2	18.1%	6.42%	306.9	8.4%	8.5%	7.4%	7.4%	7.2%	7.3%
Other	118.9	117.3	116.9	119.9	121.6	119.8	119.8	119.8	119.8	119.8	(0.1)	-0.1%	0.19%	111.2	3.1%	3.1%	3.1%	3.1%	3.2%	3.3%
Pension	252.9	271.9	285.8	287.0	299.6	299.6	299.6	299.6	299.6	297.5	10.5	3.7%	4.14%	277.8	7.6%	7.6%	7.5%	7.5%	7.4%	7.0%
Debt Service	144.4	144.8	158.0	163.9	169.4	169.4	169.4	169.4	169.4	169.4	5.5	3.4%	4.07%	169.3	4.7%	4.3%	4.3%	4.2%	4.0%	4.0%
Grants	364.0	372.8	379.6	377.9	354.7	354.7	354.7	354.7	354.7	354.7	(23.2)	-6.1%	-0.64%	327.0	9.0%	9.1%	9.9%	10.0%	10.2%	10.1%
Medicaid	637.3	637.0	661.8	668.0	688.7	688.7	701.7	701.7	701.7	689.1	21.1	3.2%	1.97%	643.1	17.7%	17.6%	17.4%	17.4%	17.4%	17.7%
Contractual Services	455.1	484.0	517.3	511.9	527.3	527.3	519.1	509.1	509.1	509.1	(2.8)	-0.5%	2.84%	462.3	12.7%	13.0%	13.4%	13.6%	13.2%	12.7%
Supplies & Materials	65.5	63.7	69.9	68.0	68.0	68.0	68.0	68.0	66.3	66.3	(1.7)	-2.5%	0.30%	60.7	1.7%	1.7%	1.8%	1.8%	1.8%	1.8%
Capital Outlay	16.3	19.6	18.8	14.4	15.0	15.0	15.0	15.0	13.8	12.8	(1.6)	-11.1%	-5.86%	9.7	0.3%	0.3%	0.4%	0.5%	0.5%	0.5%
FY Budgetary Expenditures	3,592.4	3,658.5	3,794.0	3,832.6	3,935.6	3,940.4	3,930.4	3,927.5	3,927.5	3,914.5	81.9	2.1%	2.17%	3,634.3	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Comments:

Table 2. DEFAC General Fund Revenue Worksheet

Revenue Category	FY 2015		FY 2016					FY 2017				
	A Actual Collections		B DEFAC May-16	C % B over A	D DEFAC Jun-16	E % D over A	F \$ Increase D over B	G DEFAC May-16	H % G over B	I DEFAC Jun-16	J % I over D	K \$ Increase I over G
Personal Income Tax	1,444.3		1,501.5	4.0%	1,497.0	3.6%	(4.5)	1,560.6	3.9%	1,556.9	4.0%	(3.7)
Less: Refunds	(192.4)		(212.0)	10.2%	(212.0)	10.2%	0.0	(222.6)	5.0%	(222.6)	5.0%	0.0
PIT Less Refunds	1,251.9		1,289.5	3.0%	1,285.0	2.6%	(4.5)	1,338.0	3.8%	1,334.3	3.8%	(3.7)
Franchise Tax	675.5		710.0	5.1%	710.0	5.1%	0.0	710.0	0.0%	710.0	0.0%	0.0
Limited Partnerships & LLC's	244.4		261.4	7.0%	267.5	9.5%	6.1	275.7	5.5%	278.2	4.0%	2.5
Subtotal Franchise + LP/LLC	919.8		971.4	5.6%	977.5	6.3%	6.1	985.7	1.5%	988.2	1.1%	2.5
Less: Refunds	(8.9)		(13.5)	51.6%	(13.5)	51.6%	0.0	(10.0)	-25.9%	(10.0)	-25.9%	0.0
Net Franchise + LP/LLC	910.9		957.9	5.2%	964.0	5.8%	6.1	975.7	1.9%	978.2	1.5%	2.5
Business Entity Fees	102.7		104.2	1.4%	104.7	1.9%	0.5	108.4	4.0%	106.6	1.8%	(1.8)
Uniform Commercial Code	18.3		19.0	4.1%	19.4	6.3%	0.4	19.0	0.0%	19.4	0.0%	0.4
Corporation Income Tax	305.2		260.0	-14.8%	232.5	-23.8%	(27.5)	211.8	-18.5%	200.0	-14.0%	(11.8)
Less: Refunds	(35.7)		(80.0)	123.9%	(82.0)	129.5%	(2.0)	(42.6)	-46.8%	(42.6)	-48.0%	0.0
CIT Less Refunds	269.5		180.0	-33.2%	150.5	-44.2%	(29.5)	169.2	-6.0%	157.4	4.6%	(11.8)
Bank Franchise Tax	95.0		92.2	-2.9%	92.7	-2.4%	0.5	86.6	-6.1%	82.5	-11.0%	(4.1)
Gross Receipts Tax	223.4		240.3	7.6%	240.3	7.6%	0.0	242.8	1.0%	242.8	1.0%	0.0
Lottery	202.3		210.0	3.8%	207.5	2.6%	(2.5)	211.7	0.8%	209.8	1.1%	(1.9)
Abandoned Property	514.1		525.0	2.1%	527.0	2.5%	2.0	525.0	0.0%	545.0	3.4%	20.0
Hospital Board and Treatment	46.3		46.9	1.3%	46.7	0.9%	(0.2)	50.6	7.9%	50.7	8.6%	0.1
Dividends and Interest	2.8		3.3	16.0%	3.0	5.4%	(0.3)	6.3	90.9%	6.9	130.0%	0.6
Realty Transfer Tax	73.6		88.5	20.3%	89.6	21.8%	1.1	74.7	-15.6%	75.9	-15.3%	1.2
Estate Tax	5.8		9.5	62.5%	9.4	60.8%	(0.1)	4.0	-57.9%	5.0	-46.8%	1.0
Insurance Taxes	54.8		51.6	-5.9%	51.6	-5.9%	0.0	55.6	7.8%	55.6	7.8%	0.0
Public Utility Tax	47.2		46.0	-2.5%	45.5	-3.6%	(0.5)	42.5	-7.6%	41.5	-8.8%	(1.0)
Cigarette Taxes	102.7		107.0	4.2%	108.0	5.2%	1.0	105.4	-1.5%	106.4	-1.5%	1.0
Other Revenues	118.5		98.9	-16.6%	99.7	-15.9%	0.8	106.6	7.8%	106.0	6.3%	(0.6)
Less: Other Refunds	(84.8)		(95.6)	12.7%	(92.0)	8.4%	3.6	(95.1)	-0.5%	(98.1)	6.6%	(3.0)
Net Receipts	3,955.1		3,974.2	0.5%	3,952.6	-0.1%	(21.6)	4,027.0	1.3%	4,025.9	1.9%	(1.1)

Table 2. DEFAC General Fund Revenue Worksheet

Revenue Category	FY 2018					P \$ Increase N over L
	L DEFAC May-16	M % L over G	N DEFAC Jun-16	O % N over I		
Personal Income Tax	1,630.1	4.5%	1,625.1	4.4%	(5.0)	
Less: Refunds	(233.3)	4.8%	(233.3)	4.8%	0.0	
PIT Less Refunds	1,396.8	4.4%	1,391.8	4.3%	(5.0)	
Franchise Tax	713.5	0.5%	713.5	0.5%	0.0	
Limited Partnerships & LLC's	289.5	5.0%	292.1	5.0%	2.6	
Subtotal Franchise + LP/LLC	1,003.0	1.8%	1,005.6	1.8%	2.6	
Less: Refunds	(10.0)	0.0%	(10.0)	0.0%	0.0	
Net Franchise + LP/LLC	993.0	1.8%	995.6	1.8%	2.6	
Business Entity Fees	112.8	4.1%	108.7	2.0%	(4.1)	
Uniform Commercial Code	19.0	0.0%	19.4	0.0%	0.4	
Corporation Income Tax	205.1	-3.2%	188.3	-5.8%	(16.8)	
Less: Refunds	(43.5)	2.1%	(43.5)	2.1%	0.0	
CIT Less Refunds	161.6	-4.5%	144.8	-8.0%	(16.8)	
Bank Franchise Tax	89.0	2.8%	86.0	4.2%	(3.0)	
Gross Receipts Tax	254.9	5.0%	254.9	5.0%	0.0	
Lottery	217.4	2.7%	215.4	2.7%	(2.0)	
Abandoned Property	440.0	-16.2%	440.0	-19.3%	0.0	
Hospital Board and Treatment	48.7	-3.8%	48.7	-3.9%	0.0	
Dividends and Interest	11.2	77.8%	9.4	36.2%	(1.8)	
Realty Transfer Tax	81.3	8.8%	82.6	8.8%	1.3	
Estate Tax	4.0	0.0%	5.0	0.0%	1.0	
Insurance Taxes	55.3	-0.5%	55.3	-0.5%	0.0	
Public Utility Tax	44.0	3.5%	42.5	2.4%	(1.5)	
Cigarette Taxes	103.8	-1.5%	104.8	-1.5%	1.0	
Other Revenues	104.4	-2.1%	103.8	-2.1%	(0.6)	
Less: Other Refunds	(95.3)	0.2%	(98.3)	0.2%	(3.0)	
Net Receipts	4,041.9	0.4%	4,010.4	-0.4%	(31.5)	

Table 3. Balance and Appropriations Worksheet

FY 2016 EXPENDITURES		FY 2016 BALANCES		FY 2017 APPROPRIATION LIMITS	
Total Spending Authority	\$4,152.8	Total Expenditures	\$3,914.5	FY 2017 Revenue Estimate	\$4,025.9
Less: Continuing Appropriations & Encumbrances from FY 2016	(\$181.3)	vs. FY 2016 Revenues	3,952.6	Unencumbered Cash Balance from FY 16	\$179.0
Less: Reversions	(\$57.0)	Operating Balance	38.1	100% Appropriation Limit	\$4,204.9
Total Expenditures	\$3,914.5	Prior Year Cash Balance	\$536.9	98% Appropriation Limit	\$4,120.7
		Cumulative Cash Balance	575.0	Prior 98% Appropriation Limit	\$4,121.4
		Less: Continuing Appropriations & Encumbrances from FY 2016	(181.3)	Increase (Decrease) from Prior Meeting	(\$0.7)
		Less: Budgetary Reserve Account	(\$214.8)	Sept. 2015 98% Appropriation Limit	\$4,010.2
		Unencumbered Cash Balance 6/30	\$179.0	Increase (Decrease) from September 2015	\$110.5

Table 4.

Delaware Department of Transportation FY 2016 Expenditures, Through May 31, 2016													92%
	FY2014 Actual	FY2015 Actual	FY2016 Appropriation	SEPTEMBER FY2016 Forecast	DECEMBER FY2016 Forecast	MARCH FY2016 Forecast	APRIL FY2016 Forecast	MAY FY2016 Forecast	JUNE FY2016 Forecast	\$ difference FY2015 Actual Forecast	\$ difference Forecast V. FY2015 Actual	FY2016 YTD Spend	% spent YTD
Operations													
Debt Service	112.3	107.5	103.1	103.1	103.1	101.4	101.4	101.4	101.4	0.0	(6.1)	101.4	100%
Personnel Costs	86.4	85.2	87.3	87.3	87.3	87.3	87.3	87.3	87.3	0.0	2.1	80.8	93%
Operations/Capital Outlay	66.1	72.0	64.1	65.5	65.5	65.5	65.5	65.5	65.5	0.0	(6.5)	54.2	83%
Transit Operations (DTC)	83.9	85.6	85.4	85.4	85.4	85.4	85.4	85.4	85.4	0.0	(0.2)	78.3	92%
Total Expenditures - Operations	348.7	350.3	339.9	341.3	341.3	339.6	339.6	339.6	339.6	0.0	(10.7)	314.7	93%
State Capital			<u>Cash Available</u>										
Road System	92.6	80.3	99.7	99.7	99.7	106.7	106.7	106.7	106.7	0.0	26.4	98.5	92%
Grants & Allocations	17.7	19.3	21.8	21.8	21.8	21.8	21.8	21.8	21.8	0.0	2.5	17.9	82%
Support Systems	47.2	28.3	52.7	52.7	52.7	52.7	52.7	52.7	52.7	0.0	24.4	39.9	76%
Transit	13.6	7.8	20.8	20.8	20.8	13.8	13.8	10.5	10.5	0.0	2.7	8.6	92%
Total Expenditures- State Capital	171.1	135.7	195.0	195.0	195.0	195.0	195.0	191.7	191.7	0.0	56.0	164.9	86%
Federal Capital			<u>CTP Spend</u>										
Federal Capital	201.3	236.9	263.7	263.7	263.7	240.0	240.0	240.0	230.0	(10.0)	(6.9)	183.0	80%
US301 Capital			<u>CTP Spend</u>										
GARVEE Bonds	7.0	10.1	24.5	24.5	24.5	16.0	16.0	16.0	16.0	0.0	5.9	12.2	76%
Toll Revenue Bonds	0.0	0.0	39.1	0.0	0.0	39.1	39.1	29.2	26.2	(3.0)	26.2	12.2	47%
TIFIA Loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Total US301	7.0	10.1	63.6	24.5	24.5	55.1	55.1	45.2	42.2	(3.0)	32.1	24.4	58%
Total Expenditures - Capital	379.4	382.7	522.3	483.2	483.2	490.1	490.1	476.9	463.9	(13.0)	81.2	360.1	78%
TOTAL EXPENDITURES	728.1	733.0	862.2	824.5	824.5	829.7	829.7	816.5	803.5	(13.0)	70.5	674.8	84%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY 14	FY 15	% Chg.	Fiscal 2016			Fiscal 2017		
				5/23/2016 Approved	6/20/2016 Recomm	% Chg. FY 15	5/23/2016 Approved	6/20/2016 Recomm	% Chg. FY 16
<u>TOLL ROAD REVENUES:</u>									
195 Newark Plaza	\$119.9	\$117.8	-1.8%	\$126.9	\$126.9	7.7%	\$127.7	\$127.7	0.6%
Route 1 Toll Road	47.6	55.8	2.9%	\$62.8	\$60.8	9.0%	\$63.6	\$61.6	1.3%
Concessions	2.5	2.6	4.5%	\$2.7	\$2.7	5.2%	\$2.8	\$2.8	3.7%
Total Toll Road Revenues	170.0	176.2	3.6%	\$192.4	\$190.4	8.1%	\$194.1	\$192.1	0.9%
MOTOR FUEL TAX ADMIN.	116.9	119.7	2.4%	\$125.3	\$125.3	4.7%	\$125.3	\$125.3	0.0%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	84.8	94.0	10.8%	\$106.3	\$106.3	13.0%	\$112.8	\$112.8	6.1%
Motor Vehicle Registration Fees	49.2	51.2	3.0%	\$53.3	\$53.3	4.1%	\$55.2	\$55.2	3.6%
Other DMV Revenues	26.3	25.8	6.6%	\$36.9	\$36.9	43.3%	\$41.0	\$41.0	11.1%
Total DMV Revenues	160.3	171.0	6.7%	\$196.5	\$196.5	14.9%	\$209.0	\$209.0	6.4%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	11.6	10.1	-1.6%	\$11.1	\$11.1	16.0%	\$11.2	\$11.2	0.9%
Investment Income(Net)	2.3	1.9	16.4%	\$2.9	\$2.9	57.2%	\$3.0	\$3.0	3.4%
Total Other Transp. Revenue	13.9	12.0	-13.7%	\$14.0	\$14.0	16.7%	\$14.2	\$14.2	1.4%
GRAND TOTAL	\$461.1	\$478.9	3.9%	\$528.2	\$526.2	9.9%	\$542.6	\$540.6	2.7%
									(\$2.0)