

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

**Buena Vista – December 21, 2015**

**Attendance:**

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

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

**Members in Attendance: 19**

**Members Absent: 14**

**Others Present:** A. Aka, R. Armitage, J. Baker, M. Brennan, B. Doolittle, K. Dwyer, J. Eisenbrey, D. Gregor, C. Heiks, M. Jackson, P. Jackson, A. Jenkins, J. Johnstone, B. Maxwell, S. McVay, P. Morrill, B. Motyl, A. Penney, P. Reynolds, J. Seemans and members of the press.

**Opening Business:** Mr. Lewis called the meeting to order at 3:03 p.m.

The minutes from the September meeting were approved as submitted.

**Expenditure Subcommittee:**

Mr. Ratledge presented the Expenditure Subcommittee's report.

Mr. Ratledge reported that, according to the Balance Sheet estimate, prior years' Continuing, Reversions and Encumbered estimates are unchanged from September's estimates, at \$154.2 million, \$25.0 million and \$38.0 million, respectively. (See Table 1a for complete details).

Mr. Ratledge noted that all estimates are also unchanged with the Functional method. Using annual average growth rates, he indicated that Pension, Debt Services and Contractual Services estimates have posted robust increases between FY 2012 and FY 2016 and are growing faster than revenue sources. Mr. Ratledge mentioned that the number of individuals eligible for Medicaid—which averaged 226,418 in November—was slightly down from the August figure, while newly eligible enrollees averaged 10,156 last month. He indicated that the compound annual growth of 1.96% for the Medicaid estimate reflects a stabilization of that expenditure category over the past 3-4 years. (See Table 1b for complete details).

A motion was made, seconded and approved to accept \$3,935.6 million as the expenditure estimate for FY 2016. The estimate is unchanged from September's estimate.

**Revenue Subcommittee:**

Mr. Lewis presented the Revenue Subcommittee's report.

**Economic Outlook**

Mr. Aka presented U.S. trade data from IHS and Moody's Analytics, as requested in the previous DEFAC meeting. He also presented IHS Global Insight's U.S. macroeconomic assumptions and forecasts, as well as Delaware's economic forecasts. Short-term forecasts for Personal Income and Employment were largely unchanged from September. While describing the components of Personal Income, Mr. Aka noted that Net Earnings in both DE and U.S. have seen a decline in their share between CY 2004 and CY 2014. Meanwhile the proportion of Transfer Receipts in Personal Income has increased more rapidly in Delaware than in the nation. Finally, Mr. Aka explained why the Philadelphia Fed's leading index—which pointed to a contraction in Delaware's economy into the second quarter of CY 2016—will soon revert to positive territory.

Mr. Lewis indicated that, during the Subcommittee discussions, several members have disagreed with the IHS energy assumptions, which expected Brent oil prices to average \$54/barrel in both CY 2015 and CY 2016, and \$65/barrel in CY 2017. He noted that WTI crude oil prices stood at \$34.50/barrel at the time of DEFAC meeting. Ms. Davis Burnham

expected the IHS assumptions to be revised downward in the months ahead. In response to an inquiry from Mr. Lewis, Mr. Johnstone said that Moody's oil price forecast was in the same range as IHS, and added that Moody's attributed the recent oil price decline to financial speculations, not to economic fundamentals.

### General Fund Revenues - Fiscal Year 2016:

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

| Revenue Category             | Sep-15  | Dec-15  | Change |
|------------------------------|---------|---------|--------|
| Corporation Income Tax       | 200.0   | 260.0   | 60.0   |
| Franchise Tax                | 682.2   | 701.1   | 18.9   |
| Other Refunds                | (84.9)  | (97.1)  | (12.2) |
| Estate Tax                   | 4.0     | 11.0    | 7.0    |
| Personal Income Tax          | 1,511.6 | 1,516.8 | 5.2    |
| PIT Refunds                  | (204.9) | (210.0) | (5.1)  |
| Limited Partnerships & LLC's | 256.7   | 261.4   | 4.7    |
| Lottery                      | 203.9   | 208.5   | 4.6    |
| Realty Transfer Tax          | 90.0    | 92.0    | 2.0    |
| Other Revenues               | 96.7    | 98.7    | 2.0    |
| CIT Refunds                  | (53.0)  | (55.0)  | (2.0)  |
| Corporate Fees               | 106.8   | 108.3   | 1.5    |
| Public Utility Tax           | 48.5    | 49.5    | 1.0    |
| Uniform Commercial Code      | 18.3    | 19.0    | 0.7    |
| Hospital Board and Treatment | 46.1    | 46.5    | 0.4    |
| Dividends and Interest       | 4.0     | 3.7     | (0.3)  |

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

### Discussion of FY 2016 Estimates:

**Net Personal Income Tax:** Mr. Lewis noted a slight increase in the estimate. He indicated that the FY 2016 PIT Withholding estimate has been lowered from September's estimate, but noted that the estimate for Estimated Payments has been raised on the back of tracking and stock market activity. Mr. Lewis mentioned that estimating Final Payments and PIT Refunds could prove challenging this year because of stock market volatility. For FY 2017 the Withholding estimate has been decreased by \$7.0 million during the Subcommittee meeting to account for the some of the effects of the Dow-DuPont merger. Mr. Lewis indicated that a more careful analysis of the impact of the merger should be conducted for other revenue streams such as Corporate Income and Gross Receipts. Such an analysis should be performed as more information about the merger is made available.

**Corporate Franchise Tax + LP/LCC:** Mr. Lewis noted an increase in the estimate. Mr. Geisenberger had indicated during the Subcommittee meeting that despite a decline in IPO activities in the second half of CY 2015, the record number of formation activities have helped to boost real growth for Corporate Franchise tax from 1.0% in September to 3.8%. With regard to LCCs, he mentioned that strong formation activities have also boosted growth. Mr. Geisenberger also said that Business Entities fees saw good collection months in October and November.

**Corporate Income Tax:** Mr. Lewis noted an increase in the estimate. He noted that the majority of the increase can be attributed to tracking, and the remaining increase to a federal audit.

**Realty Transfer Tax:** Mr. Lewis noted an increase in the estimate, owing to activities in the real estate market.

**Lottery:** Mr. Lewis noted an increase in the estimate. He indicated that warmer weather this year is having a favorable impact on the estimate.

**Estate Tax:** Mr. Lewis noted an increase in the estimate by \$7.0 million, owing to a recent collection from a large estate. He indicated that long-term revenue estimates for Estate have been left unchanged at \$4.0 million.

**Other Refunds:** Mr. Lewis stated that the bulk of the increase in the estimate is due to Refunds for Abandoned Property. He explained that the website for Abandoned Property has made it convenient for people to claim small refunds.

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 \$4,039.0 million as the revenue estimate for FY 2016. The estimate represents an \$88.4 million increase from DEFAC's September estimate.

In response to a question from Mr. Simpler, Mr. Cook indicated that large swings in the estimate for Corporate Income Tax have to do with a multiple-year federal audit.

**General Fund Revenues - Fiscal Year 2017:**

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

| Revenue Category             | Sep-15  | Dec-15  | Change |
|------------------------------|---------|---------|--------|
| Abandoned Property           | 440.0   | 470.0   | 30.0   |
| Corporation Income Tax       | 206.0   | 235.0   | 29.0   |
| Franchise Tax                | 685.6   | 711.0   | 25.4   |
| Other Refunds                | (85.1)  | (95.1)  | (10.0) |
| Limited Partnerships & LLC's | 269.6   | 275.7   | 6.1    |
| Personal Income Tax          | 1,587.2 | 1,581.3 | (5.9)  |
| PIT Refunds                  | (215.1) | (220.5) | (5.4)  |
| Lottery                      | 205.5   | 210.1   | 4.6    |
| Realty Transfer Tax          | 79.0    | 81.2    | 2.2    |
| Corporate Fees               | 111.1   | 112.7   | 1.6    |
| Public Utility Tax           | 45.1    | 46.1    | 1.0    |
| Uniform Commercial Code      | 18.5    | 19.0    | 0.5    |
| Dividends and Interest       | 8.0     | 7.5     | (0.5)  |
| Hospital Board and Treatment | 45.4    | 45.8    | 0.4    |

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

**Discussion of FY 2017 Estimates:**

**Corporate Franchise Tax:** Mr. Lewis reported an increase in the estimate. The strong formation activity seen this year has led to an upward revision in the growth rate from 0.5% in September to 1.4%.

**Abandoned Property:** Mr. Lewis stated an increase in the estimate, due to large equity audits.

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

In response to a question from Mr. Simpson about Realty Transfer tax, Mr. Gregor said that the estimates for this fiscal year and next are based on an assumption of 10% growth for the rest of the fiscal year and an additional 10% increase in FY 2017. He added that the revenue category has been growing by more than 10% on an FYTD basis. Mr. Simpson mentioned that the FY 2017 estimate of \$81.2 million seems light. Mr. Gregor replied that the estimate represents the General Fund portion of overall Realty Transfer taxes, and excludes transfers to special funds amounting to \$20.0 million.

**FY 2017 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$4,026.1 million as the revenue estimate for FY 2017. The estimate represents an increase of \$79.0 million from the September estimate.

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

**Transportation Trust Fund (TTF)**

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

**State Operations Expenditure:** There was no change from the September estimate of \$341.3 million.

**State Capital Expenditure:** There was no change from the September estimate of \$195.0 million.

**Federal Capital Expenditure:** There was no change from the September estimate of \$263.7 million.

**GARVEE – US301 Capital Expenditure:** There was no change from the September estimate of \$24.5 million.

A motion was made, seconded, and approved to accept \$824.5 million as the FY 2016 TTF expenditure estimate. The estimate is unchanged from the September estimate. (See Table 4.)

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

The following changes were made from the September estimates.

**FY 2016 Estimates:**

**Toll Road Revenues:** There was no change from the September estimate of \$183.1 million.

**Motor Fuel Tax Administration:** There was no change from the September

estimate of \$121.3 million.

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

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

A motion was made, seconded, and approved to accept \$514.9 million as the FY 2016 TTF revenue estimate. The estimate is unchanged from September's estimate.

**FY 2017 Estimates:**

The following changes were made from the September estimates.

**Toll Road Revenues:** There was no change from the September estimate of \$184.6 million.

**Motor Fuel Tax Administration:** There was no change from the September estimate of \$121.3 million.

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

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

A motion was made, seconded, and approved to accept \$529.1 million as the FY 2017 TTF revenue estimate. The estimate is unchanged from the September 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 \$201.305 million.

**Fiscal Notebook and Tax Preference Report:** Mr. Gregor indicated that the most recent editions of the Delaware Fiscal Notebook and Tax Preference Report are available; they can be found on the Department of Finance's webpage.

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

[http://finance.delaware.gov/publications/fiscal\\_notebook\\_15/front/toc.shtml](http://finance.delaware.gov/publications/fiscal_notebook_15/front/toc.shtml)

Mr. Lewis announced the next scheduled DEFAC meeting dates:

- March 21, 2016
- April 18, 2016

Mr. Simpson recommended having a special meeting in January 2016 to assess the impact of the Dow-DuPont merger on the state's revenue streams. Mr. Harty indicated that the Delaware Department of Labor is notified 60 days in advance on information pertaining to layoffs. He added that information on layoffs that will take place in March should be available by the end of January. Mr. Cook said that the Department of Finance will closely monitor all relevant information about the merger and recalibrate relevant revenue estimates as quickly as possible.

Ms. Davis Burnham asked about the status of Delaware Expenditure Review Committee, which is currently reviewing the state's spending. Mr. Cook said that work of the Committee is expected to conclude at the end of January 2016. Mr. Ratledge, a member of the Committee, said that their next meeting will take place on January 4 and added that recommendations will be made soon after.

There being no further business, Mr. Lewis adjourned the meeting at 4:00 p.m.

Respectfully submitted,

Arsene Aka



Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2016 (\$ in millions)  
December 2015 (as of 11/30/15) DRAFT

|                           | FY2010  | FY2011  | FY2012  | FY2013  | FY2014  | FY2015  | FY2016  | FY2016  | Difference | % change   | Annual Avg. | FY2016 YTD        | % spent    | % of forecast | FY2015 total | FY2014 total | FY2013 total | FY2012 total |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|------------|------------|-------------|-------------------|------------|---------------|--------------|--------------|--------------|--------------|
|                           | Actual  | Actual  | Actual  | Actual  | Actual  | Actual  | Dec     | Sep     | 16 vs. '15 | 16 vs. '15 | 16 vs. '12  | (actual 11/30/15) | FY2016 YTD | FY2016 total  | FY2014 total | FY2013 total | FY2012 total |              |
| Salaries                  | 1154.7  | 1200.1  | 1,277.4 | 1,285.6 | 1,306.8 | 1,338.5 | 1,359.7 | 1,359.7 | 21.2       | 1.6%       | 1.57%       | 602.8             | 34.5%      | 34.5%         | 34.4%        | 35.1%        | 35.6%        |              |
| Fringe Benefits           | 330.9   | 365.4   | 379.5   | 379.0   | 396.0   | 403.0   | 453.2   | 453.2   | 50.2       | 12.5%      | 4.54%       | 194.9             | 11.2%      | 10.5%         | 10.4%        | 10.4%        | 10.6%        |              |
| Health Care               | 218.9   | 253.0   | 260.6   | 261.7   | 279.1   | 283.1   | 331.6   | 331.6   | 48.5       | 17.1%      | 6.21%       | 141.5             | 8.1%       | 7.4%          | 7.4%         | 7.2%         | 7.3%         |              |
| Other                     | 112.0   | 112.4   | 118.9   | 117.3   | 116.9   | 119.9   | 121.6   | 121.6   | 1.7        | 1.4%       | 0.56%       | 53.4              | 3.1%       | 3.1%          | 3.1%         | 3.2%         | 3.3%         |              |
| Pension                   | 196.7   | 222.2   | 252.9   | 271.9   | 285.8   | 287.0   | 299.6   | 299.6   | 12.6       | 4.4%       | 4.33%       | 143.8             | 8.2%       | 7.5%          | 7.5%         | 7.4%         | 7.0%         |              |
| Debt Service              | 174.3   | 169.5   | 144.4   | 144.8   | 158.0   | 163.9   | 169.4   | 169.4   | 5.5        | 3.4%       | 4.07%       | 108.0             | 6.2%       | 4.3%          | 4.2%         | 4.0%         | 4.0%         |              |
| Grants                    | 276.6   | 327.3   | 364.0   | 372.8   | 379.6   | 377.9   | 354.7   | 354.7   | (23.2)     | -6.1%      | -0.64%      | 157.6             | 9.0%       | 9.0%          | 10.0%        | 10.2%        | 10.1%        |              |
| Medicaid                  | 428.6   | 466.2   | 637.3   | 637.0   | 661.8   | 668.0   | 688.7   | 688.7   | 20.7       | 3.1%       | 1.96%       | 298.2             | 17.1%      | 17.4%         | 17.4%        | 17.4%        | 17.7%        |              |
| Contractual Services      | 435.7   | 434.5   | 455.1   | 484.0   | 517.3   | 511.9   | 527.3   | 527.3   | 15.4       | 3.0%       | 3.75%       | 207.1             | 11.8%      | 13.4%         | 13.6%        | 13.2%        | 12.7%        |              |
| Supplies & Materials      | 58.9    | 59.1    | 65.5    | 63.7    | 69.9    | 68.0    | 68.0    | 68.0    | 0.0        | 0.0%       | 0.94%       | 30.3              | 1.7%       | 1.8%          | 1.8%         | 1.8%         | 1.8%         |              |
| Capital Outlay            | 20.1    | 26.4    | 16.3    | 19.6    | 18.8    | 14.4    | 15.0    | 15.0    | 0.6        | 4.2%       | -2.06%      | 5.1               | 0.3%       | 0.4%          | 0.5%         | 0.5%         | 0.5%         |              |
| FY Budgetary Expenditures | 3,076.5 | 3,270.7 | 3,592.4 | 3,658.5 | 3,794.0 | 3,832.6 | 3,935.6 | 3,935.6 | 103.0      | 2.7%       | 2.31%       | 1,747.8           | 100.0%     | 100.0%        | 100.0%       | 100.0%       | 100.0%       |              |

Comments:

## Table 2. DEFAC General Fund Revenue Worksheet

| December-15<br>DEFAC Meeting | FY 2015                    |                      |                    | FY 2016              |                    |                              |                      | FY 2017            |                      |                    |                              |
|------------------------------|----------------------------|----------------------|--------------------|----------------------|--------------------|------------------------------|----------------------|--------------------|----------------------|--------------------|------------------------------|
|                              | A<br>Actual<br>Collections | B<br>DEFAC<br>Sep-15 | C<br>%<br>B over A | D<br>DEFAC<br>Dec-15 | E<br>%<br>D over A | F<br>\$ Increase<br>D over B | G<br>DEFAC<br>Sep-15 | H<br>%<br>G over B | I<br>DEFAC<br>Dec-15 | J<br>%<br>I over D | K<br>\$ Increase<br>I over G |
| Revenue Category             |                            |                      |                    |                      |                    |                              |                      |                    |                      |                    |                              |
| Personal Income Tax          | 1,444.3                    | 1,511.6              | 4.7%               | 1,516.8              | 5.0%               | 5.2                          | 1,587.2              | 5.0%               | 1,581.3              | 4.3%               | (5.9)                        |
| Less: Refunds                | (192.4)                    | (204.9)              | 6.5%               | (210.0)              | 9.2%               | (5.1)                        | (215.1)              | 5.0%               | (220.5)              | 5.0%               | (5.4)                        |
| PIT Less Refunds             | 1,251.9                    | 1,306.7              | 4.4%               | 1,306.8              | 4.4%               | 0.1                          | 1,372.1              | 5.0%               | 1,360.8              | 4.1%               | (11.3)                       |
| Franchise Tax                | 675.5                      | 682.2                | 1.0%               | 701.1                | 3.8%               | 18.9                         | 685.6                | 0.5%               | 711.0                | 1.4%               | 25.4                         |
| Limited Partnerships & LLC's | 244.4                      | 256.7                | 5.1%               | 261.4                | 7.0%               | 4.7                          | 269.6                | 5.0%               | 275.7                | 5.5%               | 6.1                          |
| Subtotal Franchise + LP/LLC  | 919.8                      | 938.9                | 2.1%               | 962.5                | 4.6%               | 23.6                         | 955.2                | 1.7%               | 986.7                | 2.5%               | 31.5                         |
| Less: Refunds                | (8.9)                      | (10.0)               | 12.3%              | (10.0)               | 12.3%              | 0.0                          | (10.0)               | 0.0%               | (10.0)               | 0.0%               | 0.0                          |
| Net Franchise + LP/LLC       | 910.9                      | 928.9                | 2.0%               | 952.5                | 4.6%               | 23.6                         | 945.2                | 1.8%               | 976.7                | 2.5%               | 31.5                         |
| Business Entity Fees         | 102.7                      | 106.8                | 4.0%               | 108.3                | 5.4%               | 1.5                          | 111.1                | 4.0%               | 112.7                | 4.1%               | 1.6                          |
| Uniform Commercial Code      | 18.3                       | 18.3                 | 0.3%               | 19.0                 | 4.1%               | 0.7                          | 18.5                 | 1.1%               | 19.0                 | 0.0%               | 0.5                          |
| Corporation Income Tax       | 305.2                      | 200.0                | -34.5%             | 260.0                | -14.8%             | 60.0                         | 206.0                | 3.0%               | 235.0                | -9.6%              | 29.0                         |
| Less: Refunds                | (35.7)                     | (53.0)               | 48.3%              | (55.0)               | 53.9%              | (2.0)                        | (42.6)               | -19.6%             | (42.6)               | -22.5%             | 0.0                          |
| CIT Less Refunds             | 269.5                      | 147.0                | -45.5%             | 205.0                | -23.9%             | 58.0                         | 163.4                | 11.2%              | 192.4                | -6.1%              | 29.0                         |
| Bank Franchise Tax           | 95.0                       | 88.3                 | -7.1%              | 88.3                 | -7.1%              | 0.0                          | 89.2                 | 1.0%               | 89.2                 | 1.0%               | 0.0                          |
| Gross Receipts Tax           | 223.4                      | 230.0                | 2.9%               | 230.0                | 2.9%               | 0.0                          | 238.7                | 3.8%               | 238.7                | 3.8%               | 0.0                          |
| Lottery                      | 202.3                      | 203.9                | 0.8%               | 208.5                | 3.1%               | 4.6                          | 205.5                | 0.8%               | 210.1                | 0.8%               | 4.6                          |
| Abandoned Property           | 514.1                      | 554.0                | 7.8%               | 554.0                | 7.8%               | 0.0                          | 440.0                | -20.6%             | 470.0                | -15.2%             | 30.0                         |
| Hospital Board and Treatment | 46.3                       | 46.1                 | -0.4%              | 46.5                 | 0.5%               | 0.4                          | 45.4                 | -1.5%              | 45.8                 | -1.5%              | 0.4                          |
| Dividends and Interest       | 2.8                        | 4.0                  | 40.6%              | 3.7                  | 30.0%              | (0.3)                        | 8.0                  | 100.0%             | 7.5                  | 102.7%             | (0.5)                        |
| Realty Transfer Tax          | 73.6                       | 90.0                 | 22.3%              | 92.0                 | 25.0%              | 2.0                          | 79.0                 | -12.2%             | 81.2                 | -11.7%             | 2.2                          |
| Estate Tax                   | 5.8                        | 4.0                  | -31.6%             | 11.0                 | 88.2%              | 7.0                          | 4.0                  | 0.0%               | 4.0                  | -63.6%             | 0.0                          |
| Insurance Taxes              | 54.8                       | 55.3                 | 0.9%               | 55.3                 | 0.9%               | 0.0                          | 55.6                 | 0.5%               | 55.6                 | 0.5%               | 0.0                          |
| Public Utility Tax           | 47.2                       | 48.5                 | 2.8%               | 49.5                 | 4.9%               | 1.0                          | 45.1                 | -7.0%              | 46.1                 | -6.9%              | 1.0                          |
| Cigarette Taxes              | 102.7                      | 107.0                | 4.2%               | 107.0                | 4.2%               | 0.0                          | 104.9                | -2.0%              | 104.9                | -2.0%              | 0.0                          |
| Other Revenues               | 118.5                      | 96.7                 | -18.4%             | 98.7                 | -16.7%             | 2.0                          | 106.5                | 10.1%              | 106.5                | 7.9%               | 0.0                          |
| Less: Other Refunds          | (84.8)                     | (84.9)               | 0.1%               | (97.1)               | 14.4%              | (12.2)                       | (85.1)               | 0.2%               | (95.1)               | -2.1%              | (10.0)                       |
| Net Receipts                 | 3,955.1                    | 3,950.6              | -0.1%              | 4,039.0              | 2.1%               | 88.4                         | 3,947.1              | -0.1%              | 4,026.1              | -0.3%              | 79.0                         |

Table 2. DEFAC General Fund Revenue Worksheet

| Revenue Category               | FY 2018              |                    |                      |                    |        | P<br>\$ Increase<br>N over L |
|--------------------------------|----------------------|--------------------|----------------------|--------------------|--------|------------------------------|
|                                | L<br>DEFAC<br>Sep-15 | M<br>%<br>L over G | N<br>DEFAC<br>Dec-15 | O<br>%<br>N over I |        |                              |
| <b>Personal Income Tax</b>     | 1,662.7              | 4.8%               | 1,656.7              | 4.8%               | (6.0)  |                              |
| Less: Refunds                  | (225.5)              | 4.8%               | (231.1)              | 4.8%               | (5.6)  |                              |
| <b>PIT Less Refunds</b>        | 1,437.2              | 4.7%               | 1,425.6              | 4.8%               | (11.6) |                              |
| Franchise Tax                  | 689.0                | 0.5%               | 714.5                | 0.5%               | 25.5   |                              |
| Limited Partnerships & LLC's   | 283.0                | 5.0%               | 289.5                | 5.0%               | 6.5    |                              |
| Subtotal Franchise + LP/LLC    | 972.0                | 1.8%               | 1,004.0              | 1.8%               | 32.0   |                              |
| Less: Refunds                  | (10.0)               | 0.0%               | (10.0)               | 0.0%               | 0.0    |                              |
| Net Franchise + LP/LLC         | 962.0                | 1.8%               | 994.0                | 1.8%               | 32.0   |                              |
| <b>Business Entity Fees</b>    | 115.5                | 4.0%               | 117.2                | 4.0%               | 1.7    |                              |
| <b>Uniform Commercial Code</b> | 18.7                 | 1.1%               | 19.0                 | 0.0%               | 0.3    |                              |
| Corporation Income Tax         | 212.2                | 3.0%               | 242.1                | 3.0%               | 29.9   |                              |
| Less: Refunds                  | (43.5)               | 2.1%               | (43.5)               | 2.1%               | 0.0    |                              |
| CIT Less Refunds               | 168.7                | 3.2%               | 198.6                | 3.2%               | 29.9   |                              |
| <b>Bank Franchise Tax</b>      | 91.0                 | 2.0%               | 91.0                 | 2.0%               | 0.0    |                              |
| <b>Gross Receipts Tax</b>      | 250.7                | 5.0%               | 250.7                | 5.0%               | 0.0    |                              |
| <b>Lottery</b>                 | 211.0                | 2.7%               | 215.8                | 2.7%               | 4.8    |                              |
| Abandoned Property             | 440.0                | 0.0%               | 440.0                | -6.4%              | 0.0    |                              |
| Hospital Board and Treatment   | 45.7                 | 0.7%               | 46.1                 | 0.7%               | 0.4    |                              |
| Dividends and Interest         | 13.0                 | 62.5%              | 12.5                 | 66.7%              | (0.5)  |                              |
| <b>Realty Transfer Tax</b>     | 82.2                 | 4.1%               | 84.4                 | 3.9%               | 2.2    |                              |
| <b>Estate Tax</b>              | 4.0                  | 0.0%               | 4.0                  | 0.0%               | 0.0    |                              |
| <b>Insurance Taxes</b>         | 55.3                 | -0.5%              | 55.3                 | -0.5%              | 0.0    |                              |
| Public Utility Tax             | 46.7                 | 3.5%               | 47.7                 | 3.5%               | 1.0    |                              |
| Cigarette Taxes                | 102.8                | -2.0%              | 102.8                | -2.0%              | 0.0    |                              |
| Other Revenues                 | 104.3                | -2.1%              | 104.3                | -2.1%              | 0.0    |                              |
| <b>Less: Other Refunds</b>     | (85.3)               | 0.2%               | (95.3)               | 0.2%               | (10.0) |                              |
| <b>Net Receipts</b>            | 4,063.5              | 2.9%               | 4,113.7              | 2.2%               | 50.2   |                              |

**Table 3. Balance and Appropriations Worksheet**

| FY 2016 EXPENDITURES  |           | FY 2016 BALANCES  |           | FY 2017 APPROPRIATION LIMITS            |           |
|---|-----------|---|-----------|---|-----------|
| Total Spending Authority                                    | \$4,152.8 | Total Expenditures  | \$3,935.6 | FY 2017 Revenue Estimate                | \$4,026.1 |
| Less: Continuing Appropriations & Encumbrances from FY 2016 | (\$192.2) | vs. FY 2016 Revenues  | 4,039.0   | Unencumbered Cash Balance from FY 16    | \$233.4   |
| Less: Reversions  | (\$25.0)  | Operating Balance   | 103.4     | 100% Appropriation Limit                | \$4,259.5 |
| Total Expenditures  | \$3,935.6 | Prior Year Cash Balance                                     | \$536.9   | 98% Appropriation Limit                 | \$4,174.2 |
|   |           | Cumulative Cash Balance                                     | 640.3     | Prior 98% Appropriation Limit           | \$4,010.2 |
|   |           | Less: Continuing Appropriations & Encumbrances from FY 2016 | (192.2)   | Increase (Decrease) from Prior Meeting  | \$164.0   |
|   |           | Less: Budgetary Reserve Account                             | (\$214.8) | Sept. 2015 98% Appropriation Limit      | \$4,010.2 |
|   |           | Unencumbered Cash Balance 6/30                              | \$233.4   | Increase (Decrease) from September 2015 | \$164.0   |

Table 4.

**Delaware Department of Transportation  
FY 2016 Expenditures, Through November 30, 2015**

|  | FY2014<br>Actual | FY2015<br>Actual | FY2016<br>Appropriation | SEPTEMBER<br>FY2016<br>Forecast | DECEMBER<br>FY2016<br>Forecast | \$ difference | \$ difference<br>Forecast V.<br>FY2015 Actual | FY2016<br>YTD<br>Spend | % spent<br>YTD |
|--|------------------|------------------|-------------------------|---------------------------------|--------------------------------|---------------|---|------------------------|----------------|
| <u>Operations</u>                        |                  |                  |                         |                                 |                                |               |   |                        | 42%            |
| Debt Service                             | 112.3            | 107.5            | 103.1                   | 103.1                           | 103.1                          | 0.0           | (4.4)   | 84.3                   | 82%            |
| Personnel Costs                          | 86.4             | 85.2             | 87.3                    | 87.3                            | 87.3                           | 0.0           | 2.1   | 37.1                   | 42%            |
| Operations/Capital Outlay                | 66.1             | 72.0             | 64.1                    | 65.5                            | 65.5                           | 0.0           | (6.5)   | 24.6                   | 38%            |
| Transit Operations (DTC)                 | 83.9             | 85.6             | 85.4                    | 85.4                            | 85.4                           | 0.0           | (0.2)   | 35.6                   | 42%            |
| <b>Total Expenditures - Operations</b>   | <b>348.7</b>     | <b>350.3</b>     | <b>339.9</b>            | <b>341.3</b>                    | <b>341.3</b>                   | <b>0.0</b>    | <b>(9.0)</b>                                  | <b>181.6</b>           | <b>53%</b>     |
| <u>Capital (State)</u>                   |                  |                  | <u>Cash Available</u>   |                                 |                                |               |   |                        |                |
| Road System                              | 92.6             | 80.3             | 99.7                    | 99.7                            | 99.7                           | 0.0           | 19.4  | 39.5                   | 40%            |
| Grants & Allocations                     | 17.7             | 19.3             | 21.8                    | 21.8                            | 21.8                           | 0.0           | 2.5   | 8.2                    | 38%            |
| Support Systems                          | 47.2             | 28.3             | 52.7                    | 52.7                            | 52.7                           | 0.0           | 24.4  | 6.2                    | 12%            |
| Transit                                  | 13.6             | 7.8              | 20.8                    | 20.8                            | 20.8                           | 0.0           | 13.0  | 1.7                    | 8%             |
| <b>Total Expenditures- State Capital</b> | <b>171.1</b>     | <b>135.7</b>     | <b>195.0</b>            | <b>195.0</b>                    | <b>195.0</b>                   | <b>0.0</b>    | <b>59.3</b>                                   | <b>55.6</b>            | <b>28%</b>     |
| <u>Capital (Federal)</u>                 |                  |                  | <u>CTP Spend</u>        |                                 |                                |               |   |                        |                |
| Federal Capital                          | 201.3            | 236.9            | 263.7                   | 263.7                           | 263.7                          | 0.0           | 26.8  | 75.0                   | 28%            |
| <u>Capital (GARVEE)</u>                  |                  |                  | <u>CTP Spend</u>        |                                 |                                |               |   |                        |                |
| GARVEE - US301                           | 7.0              | 10.1             | 24.5                    | 24.5                            | 24.5                           | 0.0           | 14.4  | 4.3                    | 18%            |
| <b>Total Expenditures - Capital</b>      | <b>379.4</b>     | <b>382.7</b>     | <b>483.2</b>            | <b>483.2</b>                    | <b>483.2</b>                   | <b>0.0</b>    | <b>100.5</b>                                  | <b>134.9</b>           | <b>28%</b>     |
| <b>TOTAL EXPENDITURES</b>                | <b>728.1</b>     | <b>733.0</b>     | <b>823.1</b>            | <b>824.5</b>                    | <b>824.5</b>                   | <b>0.0</b>    | <b>91.5</b>                                   | <b>316.5</b>           | <b>38%</b>     |

Table 5.

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

|  | FY 14       | FY 15       | % Chg.       | Fiscal 2016   |               |              | Fiscal 2017   |               |              |       |  |  |
|--|-------------|-------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|-------|--|--|
|  |             |             |              | 9/21/2015     | 12/21/2015    | % Chg.       | 9/21/2015     | 12/21/2015    | % Chg.       |       |  |  |
|  |             |             |              | Approved      | Recomm        | FY 15        | Approved      | Recomm        | FY 16        |       |  |  |
| <b><u>TOLL ROAD REVENUES:</u></b>        |             |             |              |               |               |              |               |               |              |       |  |  |
| 195 Newark Plaza                         | \$119.9     | \$117.8     | -1.8%        | \$122.9       | \$122.9       | 4.3%         | \$123.6       | \$123.6       | 0.6%         |       |  |  |
| Route 1 Toll Road                        | 47.6        | 55.8        | 2.9%         | \$57.5        | \$57.5        | 3.1%         | \$58.2        | \$58.2        | 1.2%         |       |  |  |
| Concessions                              | <u>2.5</u>  | <u>2.6</u>  | <u>4.5%</u>  | <u>\$2.7</u>  | <u>\$2.7</u>  | <u>5.2%</u>  | <u>\$2.8</u>  | <u>\$2.8</u>  | <u>3.7%</u>  |       |  |  |
| <b>Total Toll Road Revenues</b>          | 170.0       | 176.2       | 3.6%         | \$183.1       | \$183.1       | 3.9%         | \$184.6       | \$184.6       | 0.8%         |       |  |  |
| <b>MOTOR FUEL TAX ADMIN.</b>             | 116.9       | 119.7       | 2.4%         | \$121.3       | \$121.3       | 1.4%         | \$121.3       | \$121.3       | 0.0%         |       |  |  |
| <b><u>DIVISION OF MOTOR VEHICLES</u></b> |             |             |              |               |               |              |               |               |              |       |  |  |
| 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                       | <u>26.3</u> | <u>25.8</u> | <u>6.6%</u>  | <u>\$36.9</u> | <u>\$36.9</u> | <u>43.3%</u> | <u>\$41.0</u> | <u>\$41.0</u> | <u>11.1%</u> |       |  |  |
| <b>Total DMV Revenues</b>                | 160.3       | 171.0       | 6.7%         | \$196.5       | \$196.5       | 14.9%        | \$209.0       | \$209.0       | 6.4%         |       |  |  |
| <b><u>OTHER TRANSPORTATION REV.</u></b>  |             |             |              |               |               |              |               |               |              |       |  |  |
| Other Transportation Rev                 | 11.6        | 10.1        | -1.6%        | \$11.1        | \$11.1        | 16.0%        | \$11.2        | \$11.2        | 0.9%         |       |  |  |
| Investment Income(Net)                   | <u>2.3</u>  | <u>1.9</u>  | <u>16.4%</u> | <u>\$2.9</u>  | <u>\$2.9</u>  | <u>57.2%</u> | <u>\$3.0</u>  | <u>\$3.0</u>  | <u>3.4%</u>  |       |  |  |
| <b>Total Other Transp. Revenue</b>       | 13.9        | 12.0        | -13.7%       | \$14.0        | \$14.0        | 16.7%        | \$14.2        | \$14.2        | 1.4%         |       |  |  |
| <b>GRAND TOTAL</b>                       | \$461.1     | \$478.9     | 3.9%         | \$514.9       | \$514.9       | 7.5%         | \$529.1       | \$529.1       | 2.8%         |       |  |  |
|  |             |             |              |               |               |              |               |               |              | \$0.0 |  |  |