

# Council on Revenues DOTAX Presentation

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SETH COLBY, PH.D.

TAX RESEARCH AND PLANNING OFFICER

DEPARTMENT OF TAXATION

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# Constitutional Refund

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The Constitutional Refund (Act 115 SLH 2022) remitted either \$100 or \$300 per exemption depending on Federal Adjusted Gross Income.

The refund has a revenue impact that was not mentioned in the September 2022 meeting.

The refund will only impact FY 2023. Nearly all the refund was disbursed in the first six months of the fiscal year

**The estimated revenue impact is:**

Amount	% Change FY 2022
-\$311.7 million	3.3%

**PRELIMINARY COMPARATIVE STATEMENT OF STATE GENERAL FUND TAX REVENUES**  
**April 2023**

(Dollars in Thousands)

	CUMULATIVE TOTALS			DIFFERENCE	
	Apr 2023	2022-2023	2021-2022	AMOUNT	%CHANGE
<b>GE/Use Taxes</b>	<b>\$409,442</b>	<b>\$3,692,932</b>	<b>\$3,304,241</b>	<b>388,691</b>	<b>11.8%</b>
<b>Income Tax - Corp.</b>	<b>78,881</b>	<b>260,639</b>	<b>197,218</b>	<b>63,421</b>	<b>32.2%</b>
Decl. Est. Taxes	69,390	287,034	261,166		
Payment w/ Returns	12,649	37,794	43,071		
Refunds	(3,158)	(64,189)	(107,018)		
<b>Income Tax - Ind.</b>	<b>629,626</b>	<b>2,553,891</b>	<b>3,133,881</b>	<b>(579,990)</b>	<b>-18.5%</b>
Decl. Est. Taxes	376,683	957,535	1,191,969		
Payment w/ Returns	159,272	373,695	448,185		
WH Tax on Wages	230,251	2,157,126	1,990,808		
Refunds Sub-Total	(136,580)	(934,452)	(497,070)		
Refunds	(136,564)	(622,733)	(497,070)		
Constitutional Refunds	(16)	(311,719)	0		
Special Fund	0	(13)	(12)		
Trans. Accom. Tax	79,997	724,336	597,035	127,301	21.3%
Turtle Bay Conservation Fund	0	(1,500)	(1,500)		
Convention Ctr. Enterprise Fund	0	(11,000)	(11,000)		
Tourism Emergency Special Fund	0	0	0		
Land & Development Fund	0	(3,000)	(3,000)		
Mass Transit Fund	(7,795)	(69,836)	(57,130)		
<b>SUB-TOTAL</b>	<b>72,201</b>	<b>639,000</b>	<b>524,405</b>	<b>114,595</b>	
<b>All Others</b>	<b>52,099</b>	<b>522,150</b>	<b>589,288</b>	<b>(67,138)</b>	<b>-11.4%</b>
Collected by DOTAX	34,692	312,588	309,971		
Collected by Other Departments*	17,407	209,562	279,317		
<b>TOTAL GENERAL FUND</b>	<b>\$1,242,250</b>	<b>\$7,668,612</b>	<b>\$7,749,033</b>	<b>(\$80,421)</b>	<b>-1.0%</b>

Without Constitutional Refund	
ADJUSTED AMOUNT	%CHANGE
311,673	-8.6%
311,673	3.0%

**April 2023 vs April 2022**

(Dollars in Thousands)

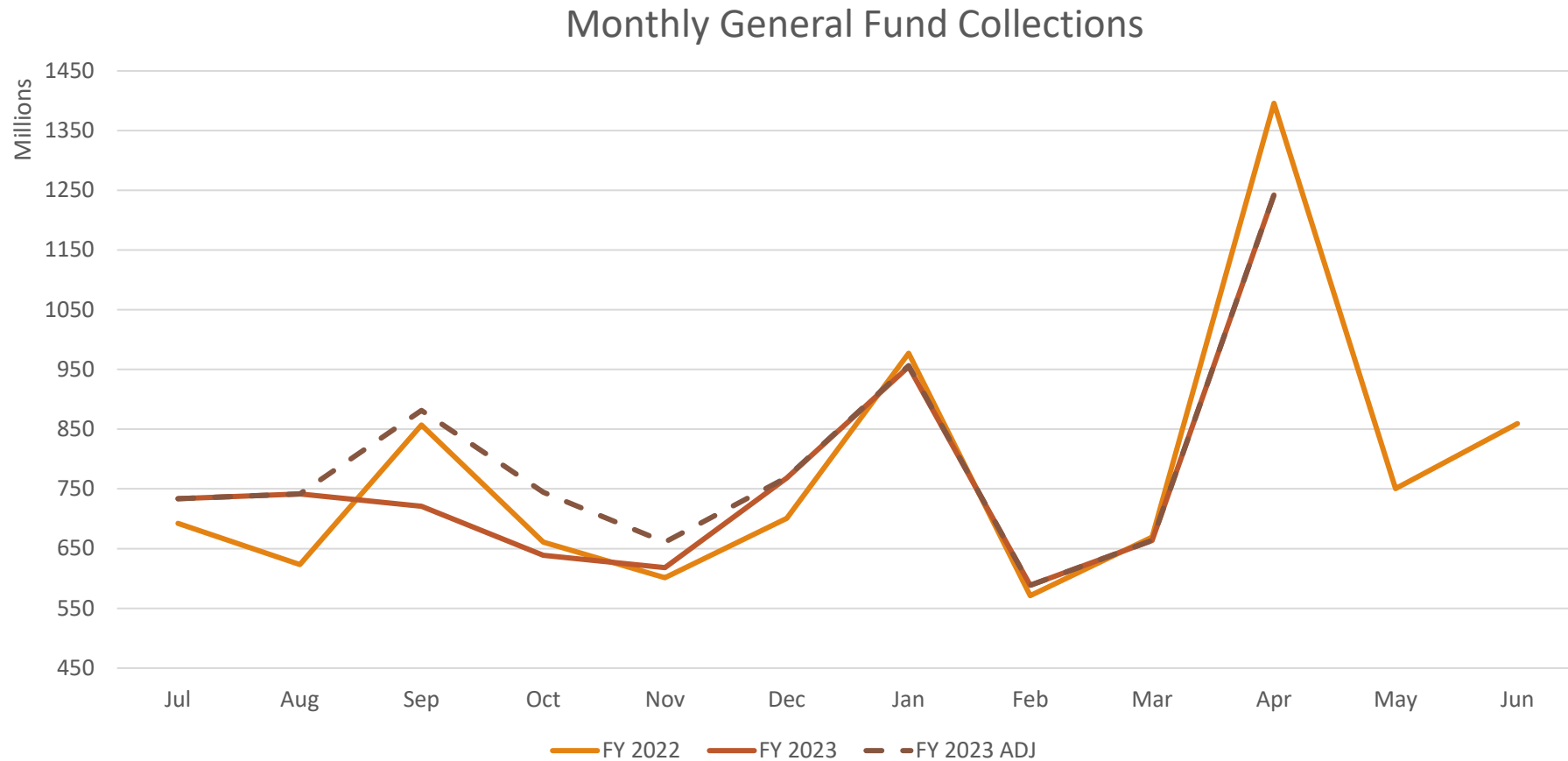
	Apr 2023	Apr 2022	DIFFERENCE	
			AMOUNT	%CHANGE
<b>GE/Use Taxes</b>	<b>\$409,442</b>	<b>\$394,973</b>	<b>14,469</b>	3.7%
<b>Income Tax - Corp.</b>	<b>78,881</b>	<b>56,314</b>	<b>22,567</b>	40.1%
Decl. Est. Taxes	69,390	65,992		
Payment w/ Returns	12,649	12,232		
Refunds	(3,158)	(21,909)		
<b>Income Tax - Ind.</b>	<b>629,626</b>	<b>810,799</b>	<b>(181,172)</b>	-22.3%
Decl. Est. Taxes	376,683	506,375		-25.6%
Payment w/ Returns	159,272	238,515		-33.2%
WH Tax on Wages	230,251	194,347		18.5%
Refunds Sub-Total	(136,580)	(128,439)		6.3%
Refunds	(136,564)	(128,439)		
Constitutional Refunds	(16)	0		
Special Fund	0	0		
Trans. Accom. Tax	79,997	75,437	4,559	6.0%
Turtle Bay Conservation Fund	0	0		
Convention Ctr. Enterprise Fund	0	0		
Tourism Emergency Special Fund	0	0		
Land & Development Fund	0	0		
Mass Transit Fund	(7,795)	(7,078)		
<b>SUB-TOTAL</b>	<b>72,201</b>	<b>68,359</b>	<b>3,842</b>	
<b>All Others</b>	<b>52,099</b>	<b>65,627</b>	<b>(13,528)</b>	-20.6%
Collected by DOTAX	34,692	43,706		
Collected by Other Departments*	17,407	21,922		
<b>TOTAL GENERAL FUND</b>	<b>\$1,242,250</b>	<b>\$1,396,072</b>	<b>(\$153,822)</b>	-11.0%

**Lower April 2023 collections were driven by:**

- Lower declared estimated taxes (-22.3%)
- Lower Payments W/returns (-33.2%)

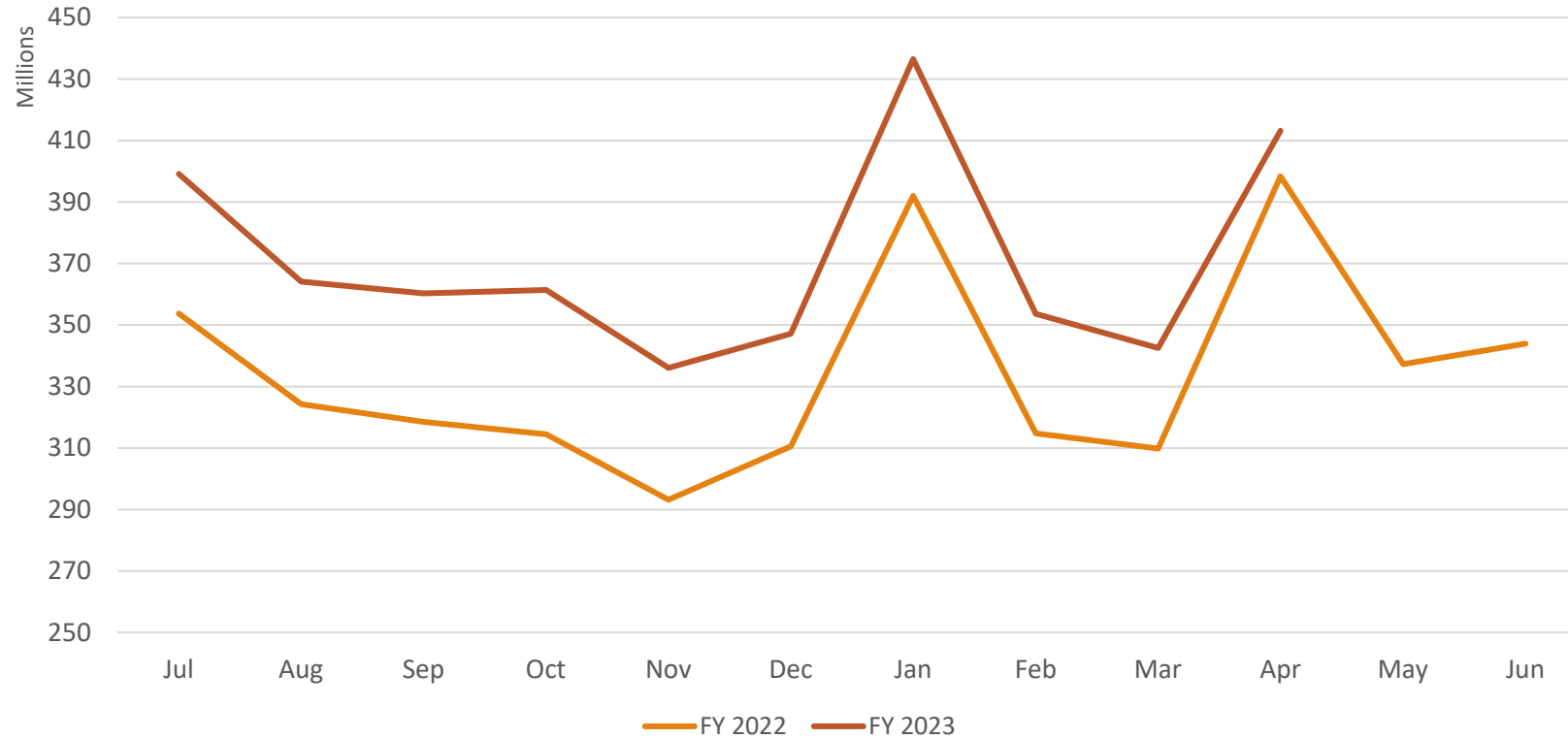
This was a common experience across states with Individual Income Tax

# The Constitutional Refund had the biggest impact on General Fund Collections in September, October, and November



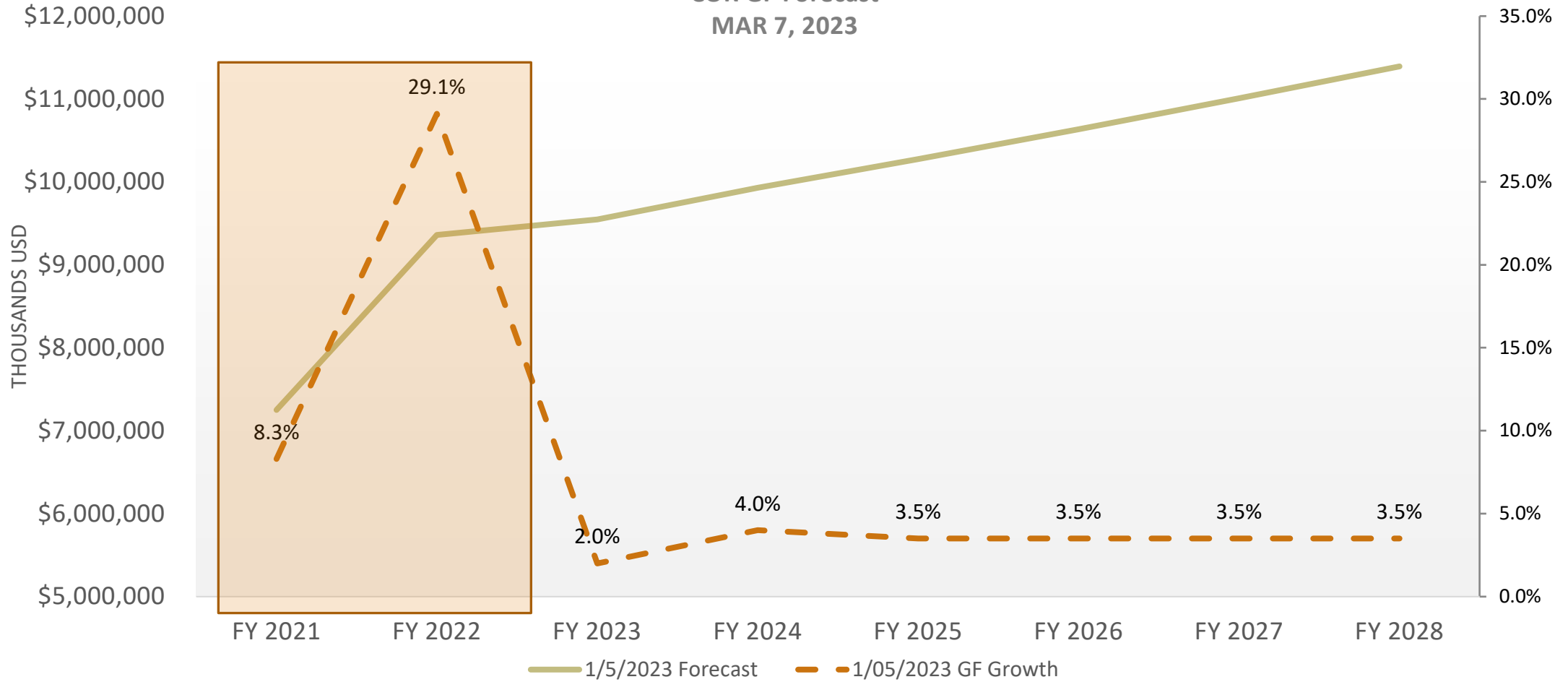
# Monthly GET Collection Growth Continues To Be Strong

## Monthly GET Revenues



# Current Council on Revenues Forecast

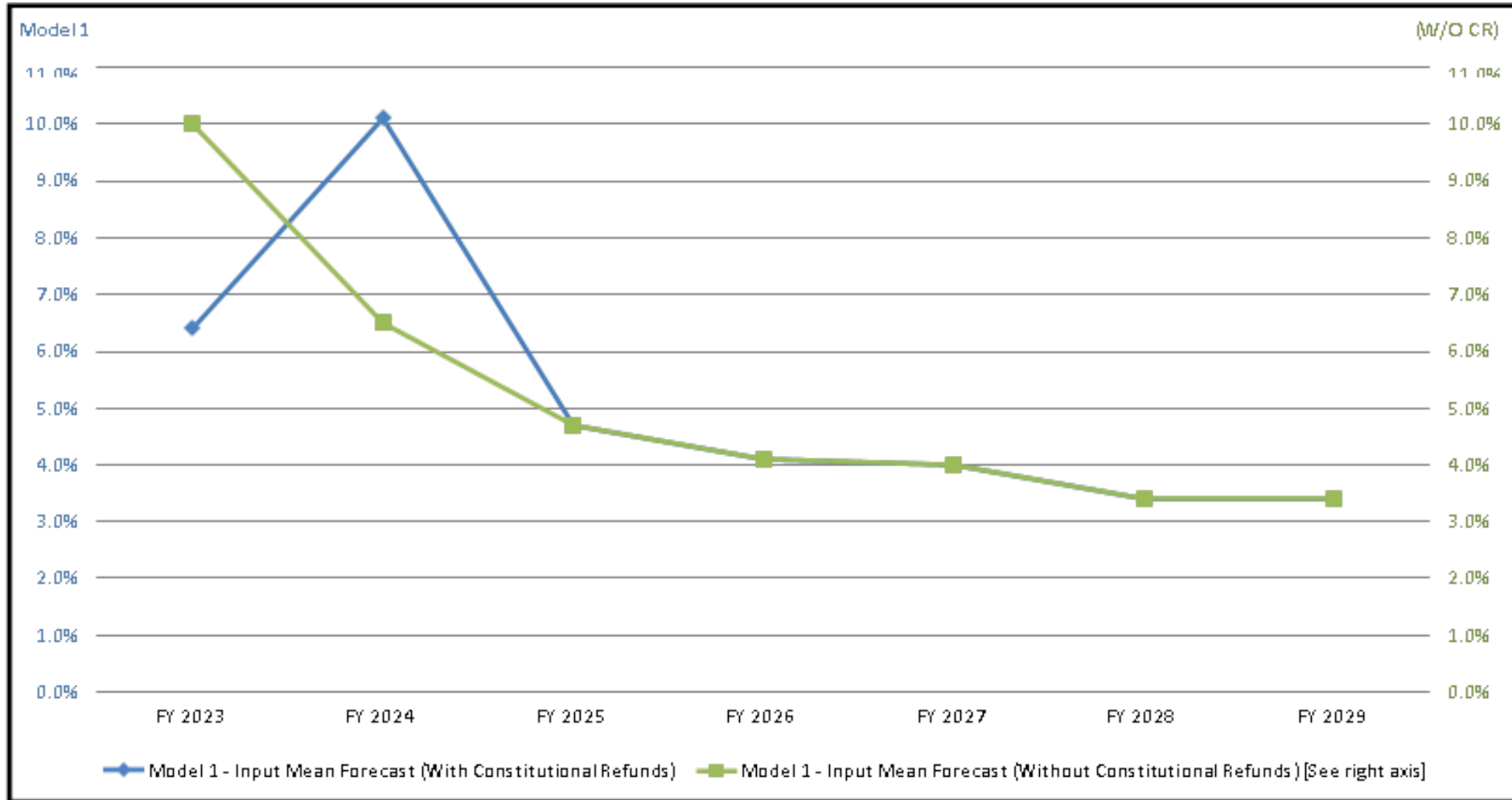
COR GF Forecast  
MAR 7, 2023



## Jan 5, 2023 Forecast

FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
\$ 7,250,261	\$ 9,358,848	\$9,546,025	\$9,927,866	\$10,275,341	\$10,634,978	\$11,007,202	\$11,392,455
8.3%	29.1%	2.0%	4.0%	3.5%	3.5%	3.5%	3.5%

### Chart 3: Results of Model 1 using mean forecast with and without Constitutional Refund





# Discussion: Below the the Line vs Above the Line

## BELOW THE LINE FORECASTING

Pros	Cons
Gives COR more flexibility	Hard to accurately calculate large changes in revenues
Easier to adjust forecast to Preliminary Statement number	Hard to accurately calculate accounting changes
	Harder to account for tax law changes

IMPACT: Must account for preliminary number, accounting changes, tax law impact, and macroeconomic variables

## ABOVE THE LINE FORECASTING

Pros	Cons
Only focus on macroeconomic variables	Would have to reestablish a baseline forecast
DOTAX would adjust for accounting and tax law changes.	

IMPACT: Most discussion on macroeconomic variables. Greater reliance on models