

## REVENUE OVERVIEW

In March of 2005, all parties to the budget negotiations were able to reach a consensus agreement on total revenues available for expenditure in SFY 2004-05 and SFY 2005-06. The Assembly revenue plan modifies the Executive's proposed revenue actions, resulting in a net increase in revenues above the consensus agreement. In SFY 2005-06, the Assembly revenue plan would increase total All Funds tax receipts by \$466 million.

### **State Fiscal Year 2004-05**

Total Tax receipts are estimated to total \$48.8 billion, representing growth of \$6.5 billion or 15.5 percent.

The strong growth is attributable to a solid economic recovery in the State and the revenue actions taken in 2003.

### **State Fiscal Year 2005-06**

Total All Funds tax revenues are expected to total \$51.677 billion, representing an increase of \$2.8 billion or 5.9 percent over estimated SFY 2004-05 collections.

The strong growth in revenues reflects a forecast of continued economic growth in the upcoming fiscal year and an increase in profitability in the financial services industry.

Personal Income Tax collections are forecasted to total \$30.3 billion, an increase of \$2.3 billion, or 8.4 percent.

Sales Taxes are forecasted to total \$11.113 billion, an increase of \$100 million, or 0.9 percent. Growth in the sales tax is dampened by the expiration of the temporary 0.25 percentage point surcharge on June 1, 2005.

Business Taxes are forecasted to total \$5.979 billion, representing an increase of \$362 million, or 6.5 percent.

Other Taxes are forecasted to total \$1.517 billion, which is a decrease of \$147 million, or 8.8 percent from SFY 2004-05.

The estimate of total All Funds tax receipts reflects the impact of the Assembly's revenue program on the consensus forecasts. Actions in the Assembly revenue program are expected to increase total tax revenue by \$466 million in SFY 2005-06 above the consensus revenue forecast.