



Legislative Fiscal Bureau

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TO: Representative John Nygren, Assembly Chair
Senator Alberta Darling, Senate Chair
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Preliminary 2018-19 General Fund Tax Collections

2018-19 General Fund Tax Collections

Preliminary information regarding general fund tax collections for the 2018-19 fiscal year is now available. According to the Department of Revenue (DOR), collections totaled \$17,341.4 million in 2018-19, which is an increase of 7.4% from the prior year.

The final estimate in May, 2019, of tax collections for 2018-19 was \$17,265.9 million. Actual collections were \$75.5 million, or 0.4% above the estimate.

The attachment presents a comparison of the estimated and actual general fund tax collections along with the differences between the estimated and actual figures. The amounts in the table are based on preliminary reports of 2018-19 tax collections provided by DOR. Final general fund tax collections, along with department revenues and expenditures for 2018-19, will be available in mid-October when the Annual Fiscal Report is issued by the Department of Administration.

2018-19 Deposit to the Budget Stabilization Fund

As noted above, tax collections for 2018-19 are \$75.5 million higher than the most recent estimate. Under s. 16.518 of the statutes, half of any excess of actual general fund tax collections in a fiscal year over the amount estimated at the time of enactment of the biennial budget must be deposited into the budget stabilization fund at the close of the fiscal year. Additionally, 2017 Act 368 directed that the amount of sales and use taxes collected in 2018-19 under the *Wayfair* decision be excluded from the calculation. Under these provisions, it is estimated that, for 2018-19, \$321.7 million will be transferred to the budget stabilization fund. That calculation is shown below.

**2018-19 Deposit to the Budget Stabilization Fund
(in Millions)**

Preliminary Actual Tax Collections	\$17,341.4
Estimated Collections under <i>Wayfair</i>	<u>-59.2</u>
Subtotal	\$17,282.2
2017 Act 59 Tax Estimate	<u>-16,638.8</u>
Difference	\$643.4
Difference ÷ 2 for Deposit to the Budget Stabilization Fund	\$321.7

The budget stabilization fund currently has a balance of \$327.4 million. With the transfer shown here, that balance would increase to \$649.1 million, plus whatever interest accrues to the fund.

2019-21 Effect on the General Fund Balance

On May 15, 2019, this office projected 2018-19 tax collections at \$17,265.9 million. Of that amount, it was estimated that collections under *Wayfair* would total \$45.0 million. As indicated, 2018-19 tax collections are \$75.5 million above the May estimates and the *Wayfair* amount for 2018-19 is estimated at \$59.2 million, or \$14.2 million higher than projected in May.

The table below shows the distribution of the additional amount to the budget stabilization fund and the general fund balance (in millions) compared to the May projection.

Deposit to the Budget Stabilization Fund	
Additional Tax Collections	\$75.5
Additional Collections under <i>Wayfair</i>	<u>-14.2</u>
Difference	\$61.3
Difference ÷ 2 for Deposit to the Budget Stabilization Fund	\$30.65
 Deposit to the General Fund	
Additional Tax Collections	\$75.5
Amount for Deposit to the Budget Stabilization Fund	<u>-30.65</u>
Amount for Deposit to the General Fund	\$44.85

Under 2019 Act 9 (the budget act), it was estimated that the net, general fund balance at the end of the 2019-21 biennium would be \$29.20 million. With the addition of the \$44.85 million shown above, the estimated balance would increase to \$74.05 million.

BL/SM/lb
Attachment
cc: Members, Wisconsin Legislature

ATTACHMENT

Preliminary Information on Actual General Fund Tax Collections for the 2018-19 Fiscal Year (\$ in Millions)

	Fiscal Year 2018-19 General Fund Tax Revenues		Difference Actual from Estimate	
	<u>Estimated</u>	<u>Actual</u>	<u>Difference</u>	<u>Percent</u>
Individual Income	\$8,950.0	\$8,994.1	\$44.1	0.5%
General Sales and Use	5,650.0	5,695.5	45.5	0.8
Corporate Income/Franchise	1,355.0	1,338.1	-16.9	-1.2
Public Utility	353.0	364.9	11.9	3.4
Excise				
Cigarette	523.0	514.3	-8.7	-1.7
Tobacco Products	86.0	85.5	-0.5	-0.6
Liquor and Wine	54.0	53.6	-0.4	-0.7
Beer	8.9	8.5	-0.4	-4.5
Insurance Company	195.0	194.4	-0.6	-0.3
Miscellaneous	<u>91.0</u>	<u>92.5</u>	<u>1.5</u>	1.6
TOTAL	\$17,265.9	\$17,341.4	\$75.5	0.4%