



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 2019-20 General Fund Tax Collections

2019-20 General Fund Tax Collections

Preliminary information regarding general fund tax collections for the 2019-20 fiscal year is now available. According to the Department of Revenue (DOR), collections totaled \$17,532.2 million in 2019-20, which was 1.1% higher than the previous year.

The final estimate of tax collections (projected last January and adjusted for subsequent law changes) was \$17,644.8 million. Actual collections were \$112.6 million, or 0.6%, below the estimated amount.

The attached table shows a comparison of the estimated and actual general fund tax collections, along with the differences between the estimated and actual amounts. The figures in the table are based on preliminary reports of 2019-20 tax revenues provided by DOR. Final general fund tax collections, along with departmental revenues and expenditures for 2019-20, will be available in mid-October when the state's Annual Fiscal Report is released by the Department of Administration.

2019-20 Deposit to the Budget Stabilization Fund

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. Under this provision, it is estimated that, for 2019-20, \$105.9 million will be transferred to the budget stabilization fund. That calculation is shown below.

**2019-20 Deposit to the Budget Stabilization Fund
(In Millions)**

Preliminary Actual Tax Collections	\$17,532.2
2019 Act 9 Tax Estimate	<u>-17,320.4</u>
Difference	\$211.8
Difference ÷ 2 for Deposit to the Budget Stabilization Fund	\$105.9

The budget stabilization fund currently has a balance of \$655.9 million. With the transfer shown here, that balance would increase to \$761.8 million, plus whatever interest accrues to the fund.

July, 2020, Corporate Tax Collections Carried Forward to Fiscal Year 2020-21

State income and franchise tax filing deadlines for estimated payments and net final payments due in April, May, and June were extended to July 15, 2020. As a result, \$972 million of such payments were deposited with DOR in July of 2020, which is \$918 million more than similar payments in July of 2019 (\$54 million). Under the state's budgetary cash and modified accrual method of accounting, income and franchise tax returns and estimated payments filed in July may accrue back to state fiscal year 2019-20. All of these amounts accrued to 2019-20, except that a portion of corporate estimated payments were thrown forward and attributed to state fiscal year 2020-21. DOR received \$280 million in corporate estimated payments in July of 2020, which is \$243 million more than was received in July of 2019 (\$37 million).

Under accounting principles applied by DOR, corporate estimated payments received in July of 2020 that relate to a taxable year ending on or before June 30, 2020, are attributed to state fiscal year 2019-20. Any estimated payments related to a taxable year ending after that date are thrown forward to 2020-21. Of the \$280 million in corporate estimated payments received in July, 2020, DOR determined that \$97 million was attributed to 2019-20, and the remaining \$183 million was thrown forward and attributed to 2020-21. This compares to July, 2019, estimated payments of \$37 million, of which \$28 million was thrown forward to the following fiscal year.

The preliminary actual collections are unaudited figures subject to final review by the State Controller's Office prior to publication of the Annual Fiscal Report and the Legislative Audit Bureau prior to publication of the Comprehensive Annual Fiscal Report in December.

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

ATTACHMENT

**Preliminary Information on Actual General Fund
Tax Collections for the 2019-20 Fiscal Year
(\$ in Millions)**

	Fiscal Year 2019-20		Difference	
	<u>General Fund Tax Revenues</u>		<u>Actual from Estimate</u>	
	<u>Estimated</u>	<u>Actual</u>	<u>Difference</u>	<u>Percent</u>
Individual Income	\$8,888.5	\$8,742.3	-\$146.2	-1.6%
General Sales and Use	5,929.9	5,836.2	-93.7	-1.6
Corporate Income/Franchise	1,502.3	1,607.9	105.6	7.0
Public Utility	358.0	357.2	-0.8	-0.2
Excise				
Cigarette	512.0	523.5	11.5	2.2
Tobacco Products	90.0	91.3	1.3	1.4
Vapor Products	2.3	1.3	-1.0	-43.5
Liquor and Wine	55.0	54.8	-0.2	-0.4
Beer	8.3	8.5	0.2	2.4
Insurance Company	201.0	217.4	16.4	8.2
Miscellaneous	<u>97.5</u>	<u>91.8</u>	<u>-5.7</u>	-5.8
TOTAL	\$17,644.8	\$17,532.2	-\$112.6	-0.6%