



Missouri Fiscal Update

July 2014

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MISSOURI FISCAL UPDATE July 2014

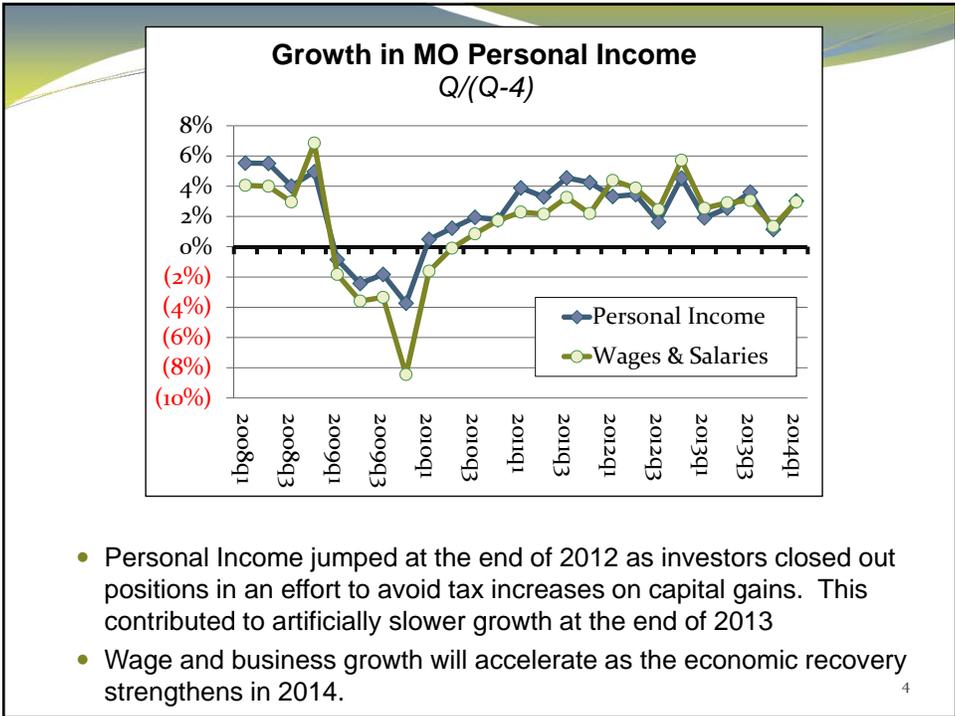
- Economic Data – Actual & Projected
- State Revenue Update
- State Spending Update
- Current Status and Future Outlook

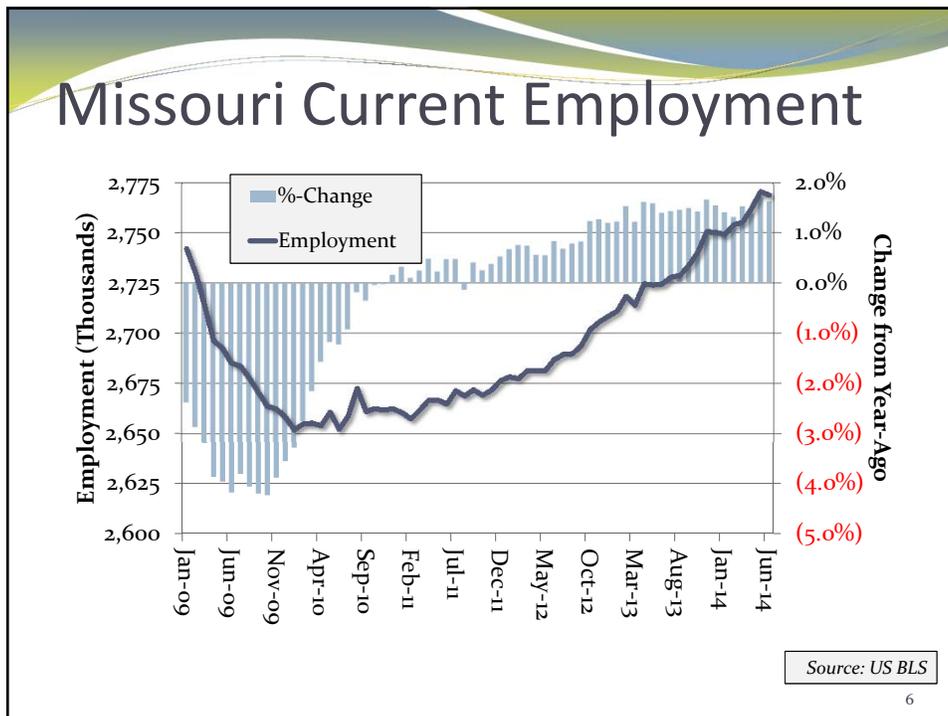
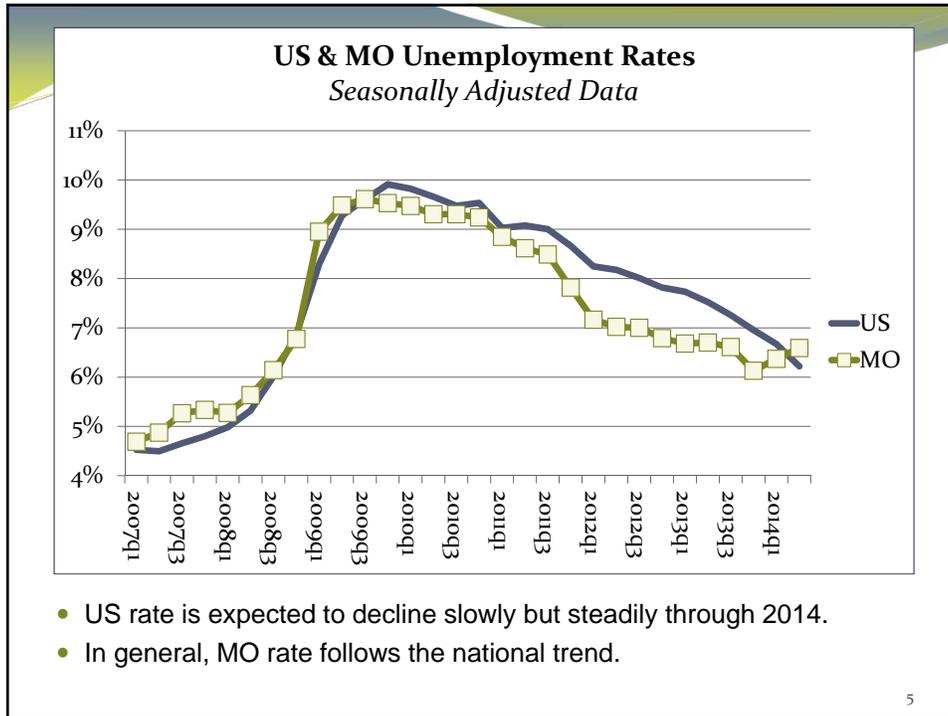
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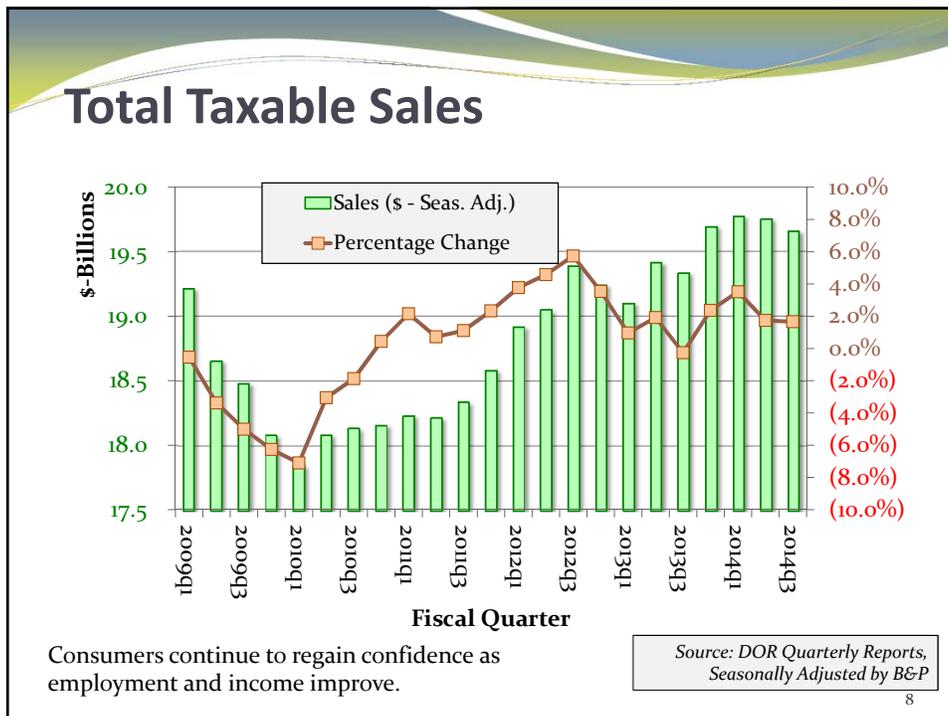
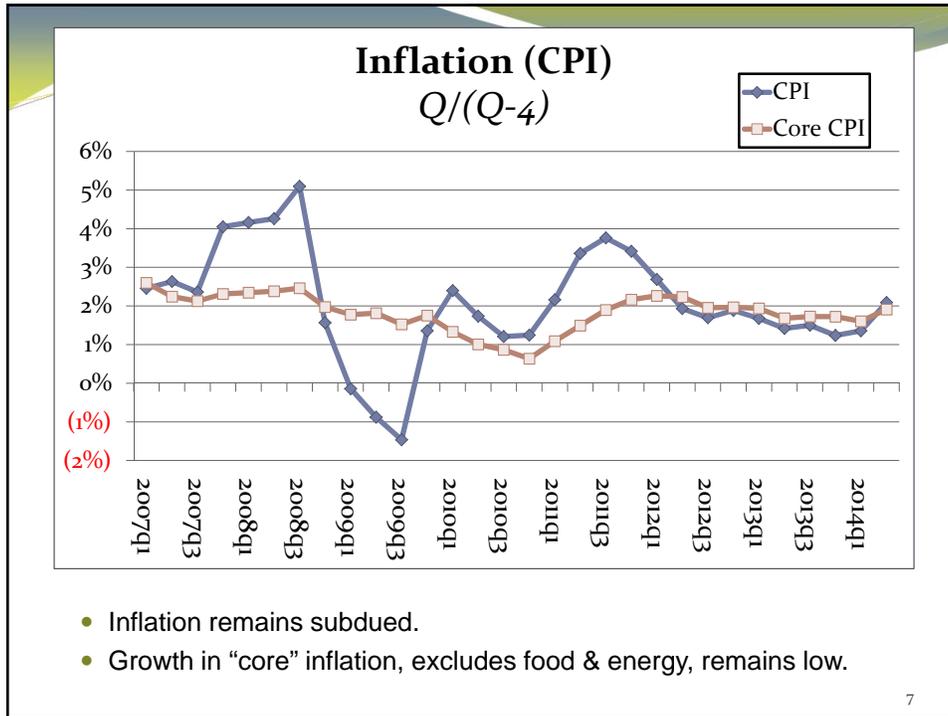
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Economic Data – Actual & Projected

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State Revenue Update

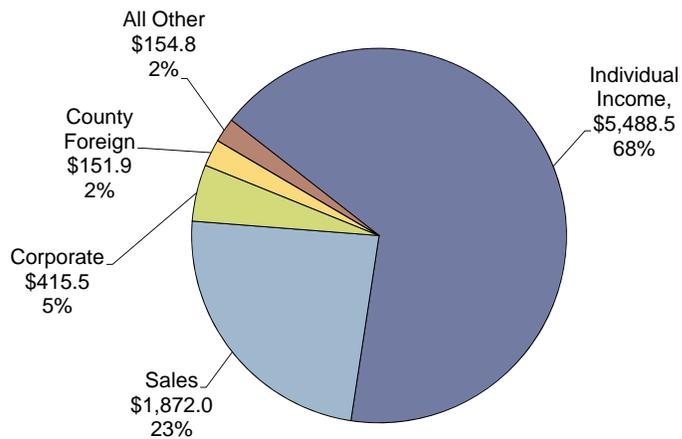
- Recent general revenue collections
- Historical comparisons

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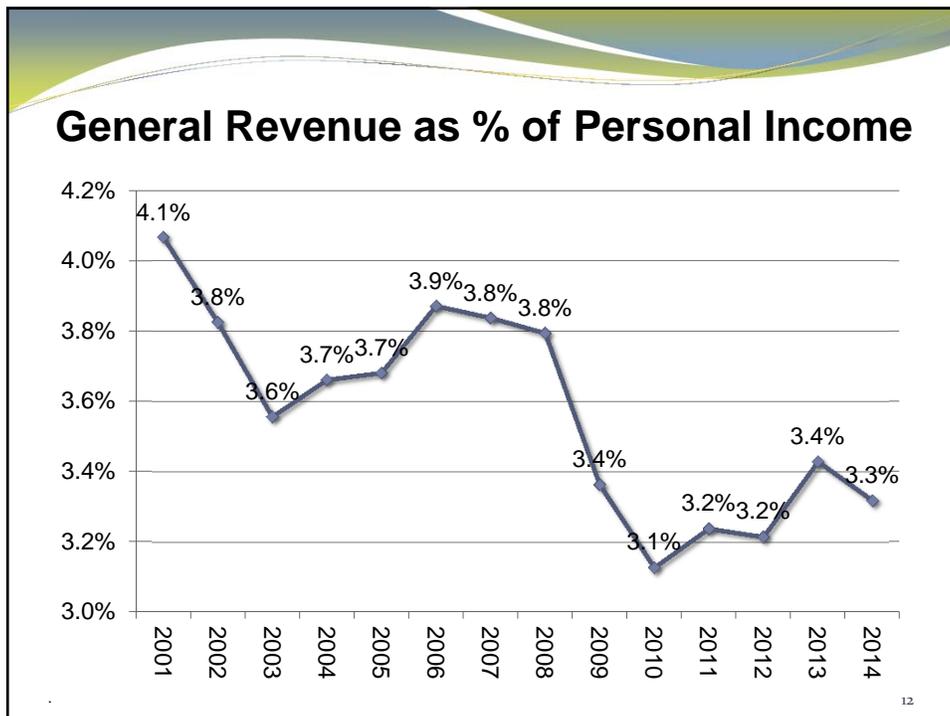
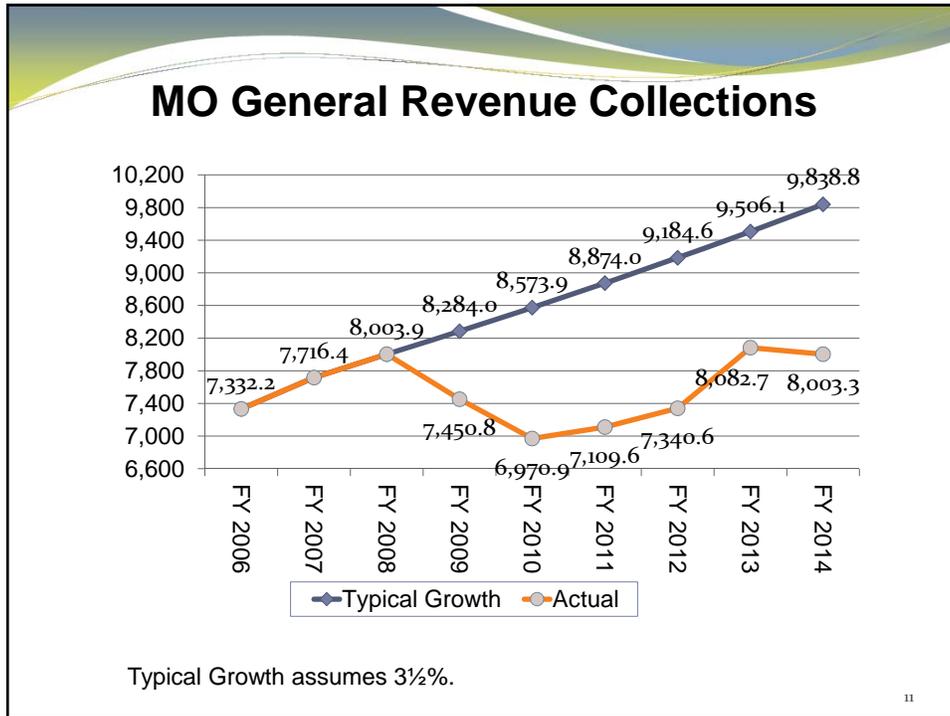
FY 2014 NET GENERAL REVENUE COLLECTIONS

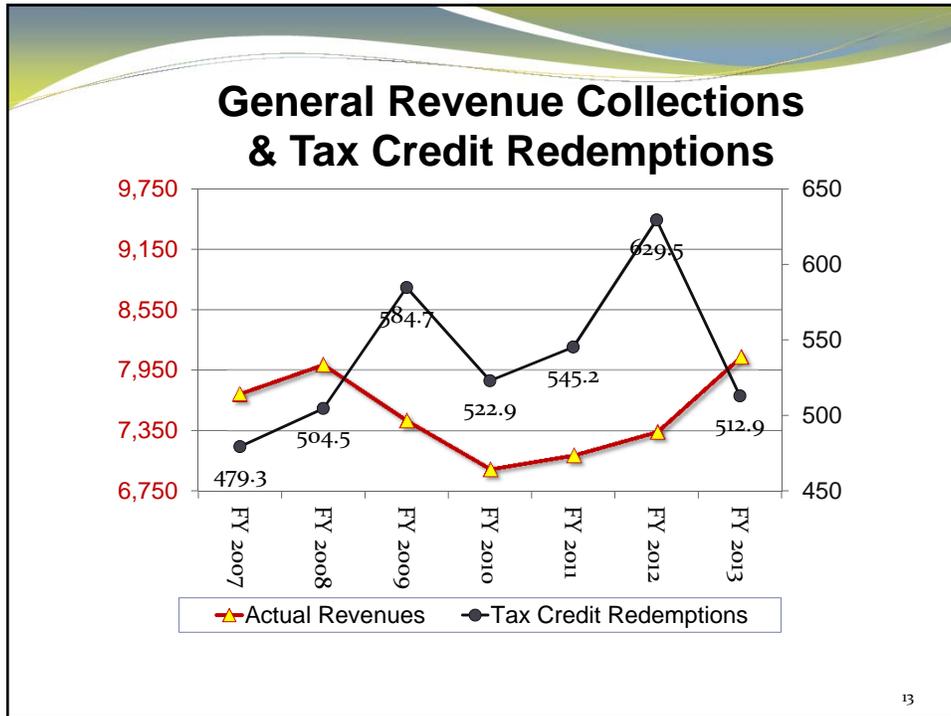
(\$ in millions)

Total \$8,003.3

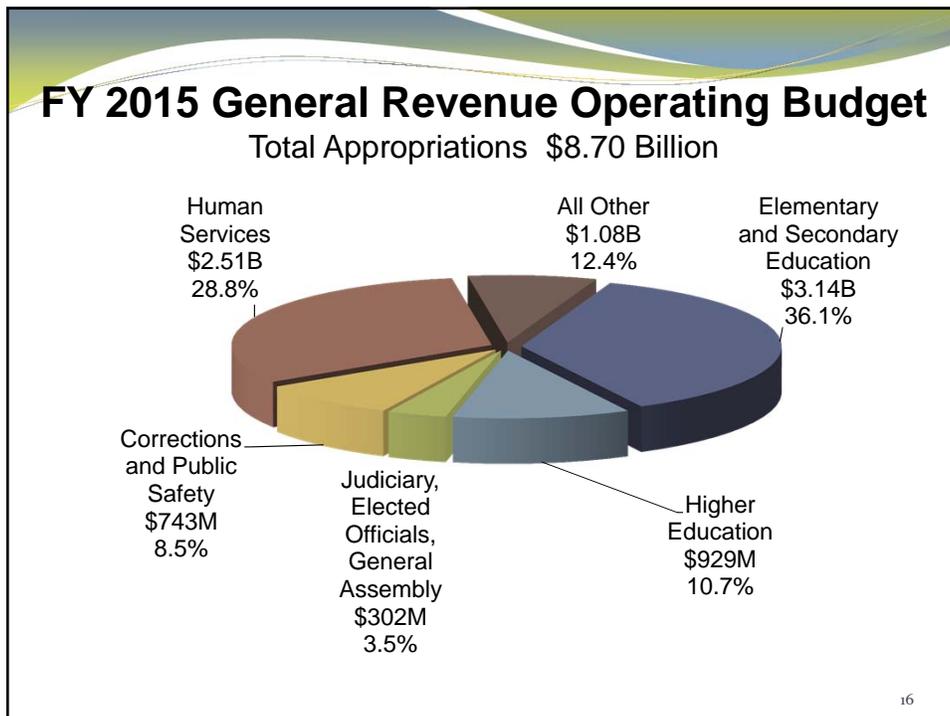
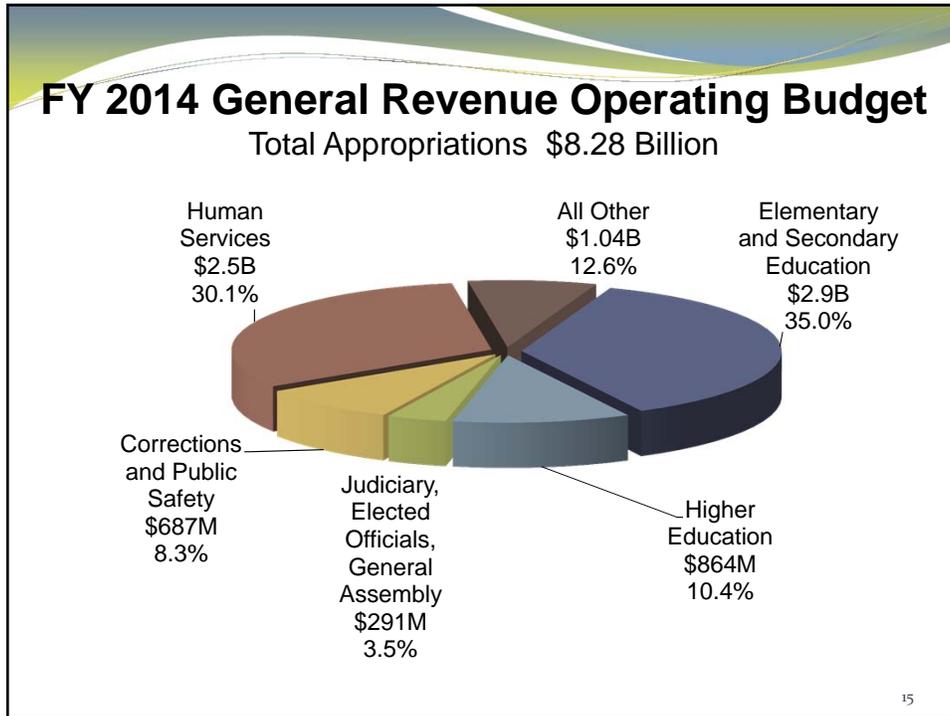


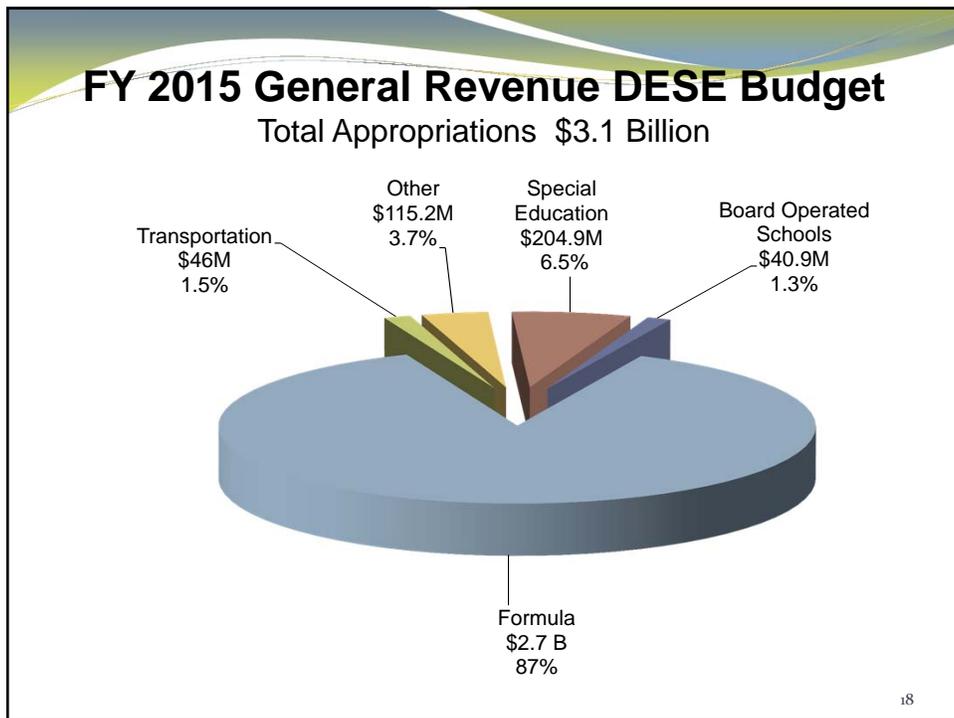
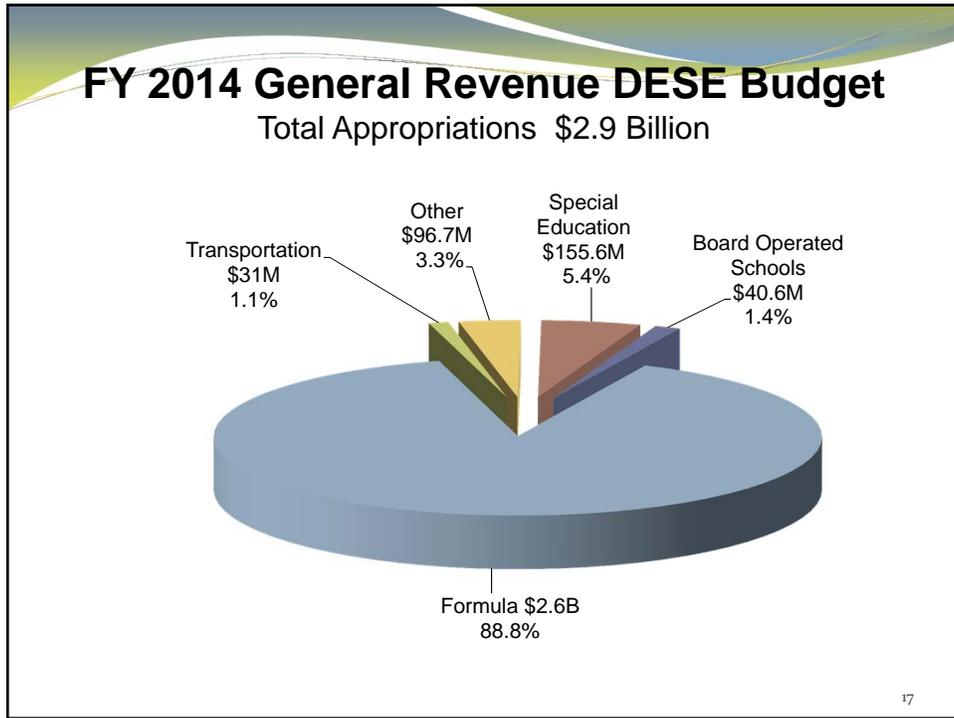
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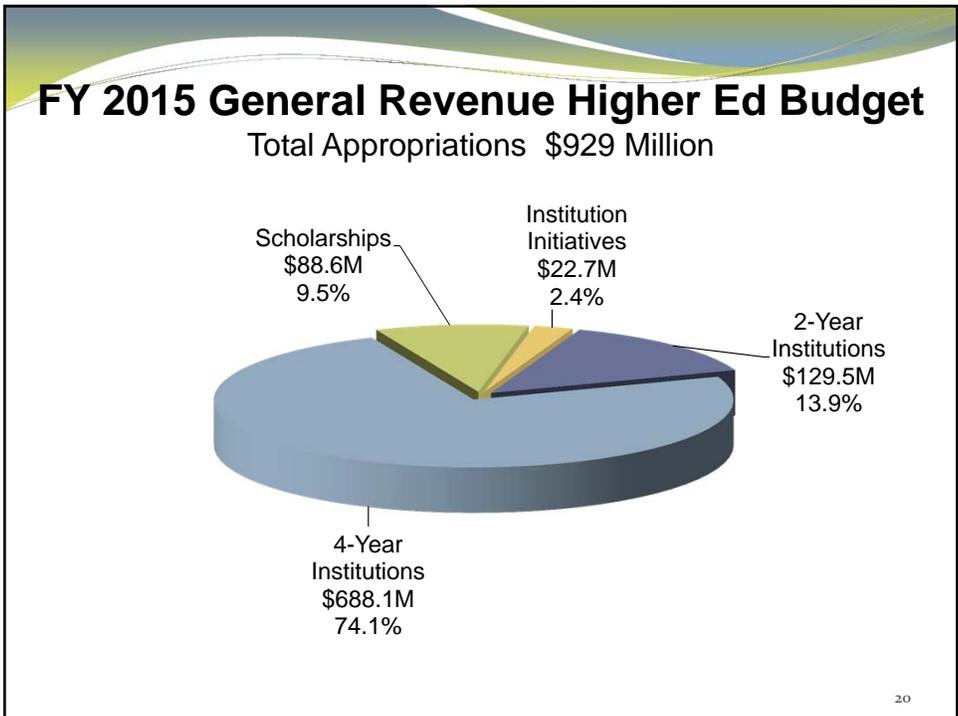
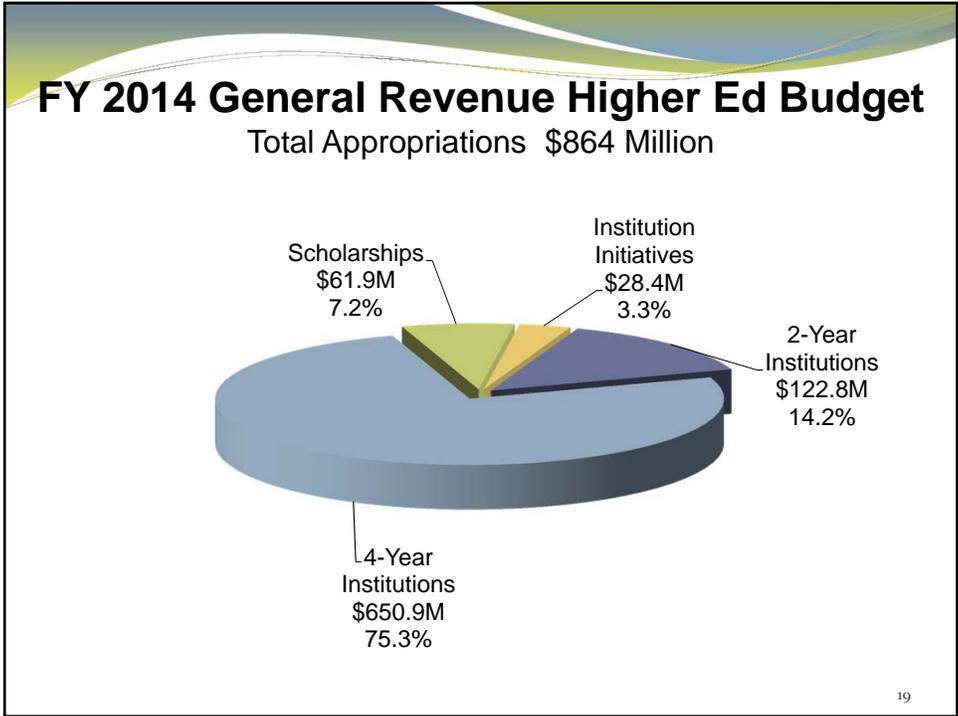




- ### State Spending Update
- The Overall Spending Pie
 - DESE appropriations
 - DHE appropriations
 - Summary of Savings
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Summary of Savings Since FY 2009

- State reduced 4500 FTE.
- Pension and Health Care reform.
- Medicaid - trend held to 3.7%, inc PTD, less than 2% without PTD.
- 11% reduction in leased space.
- Energy usage down 22%.

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Summary of Savings Since FY 2009

(Continued)

- Travel mileage down 8%.
- Debt Restructuring (PV savings \$80M).
- Similar saving strategies by higher education institutions, schools, and other local entities.

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Current Status and Future Outlook

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CURRENT STATUS

- The revised revenue forecast estimated 4.8% growth for GR for FY13; actual collections at 10%.
- Biggest growth - declarations and remittances. Investment income & federal tax changes. One-Time revenue bump.
- Withholding up 3.5%, right on forecast.

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CURRENT STATUS

- FY2014 GR collections declined 1%; revised estimate was for 2% growth.
- Net Individual Income Tax Collections – down 1.5%
 - Decline is in remittances – down 14%
 - Withholding tax up, but modest – up 1.6%
 - Seeing same impact as most states of really good capital gains in FY2013 having “borrowed” money from FY2014
- Net Sales Tax Collections – up 2.8%
- Net Corporate Tax Collections – down 4.7%.

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FUTURE OUTLOOK

- Need 10% GR growth to meet revenue needs for FY15 (including makeup for other shortfalls).
- Need 2.7% growth in “core” revenue to make up for tax cut legislation; 12.7% total growth.
- Shortfall of about \$800M for FY15.
 - \$217M redux due to tax cut legislation
 - \$400 - \$430M due to FY 2014 being short & lower base. Assuming 5.2% growth in FY 2015.
 - \$51.8M tax amnesty
 - \$50M tobacco settlement
 - \$60M supplementals

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FUTURE OUTLOOK

- Tax Cuts include 10 bills passed at end of session.
- GR impact estimated at over \$280 million. FY2015, impact estimated at \$217 million if overridden.
- Also would impact other state and local revenue.
- Other state funds include Prop C for K-12 educ, conservation, parks/soils, and state hwy.
- Local impact large because hits sales tax base.
- Total impact state and local is estimated at over \$770M for a full year.

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FUTURE OUTLOOK

- Base revenue would likely turn around as economy continues to improve.
- However, combination of new legis that will immediately impact collections and SB509 that will begin impact in FY2017 will result in lower revenue growth for foreseeable future.
- Will not have the \$s to invest as planned.

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LOTTERY AND RIVERBOAT

- Lottery
 - FY13 actual was \$288.8M.
 - FY14 budget assumed \$315.6M; 9.3% growth.
 - Actual was \$267.3M; decline of 7.4%.
 - FY15 budget assumes \$299M; 11.9% growth over FY14 and 3.5% growth over FY13.

- Riverboat
 - FY13 actual was \$329.1M.
 - FY14 budget assumed \$342.8M; 4.2% growth.
 - Actual was \$314.4M; decline of 4.5%.
 - FY15 budget assumes \$340M; 8% growth.

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- Questions?

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