LEGISLATIVE FISCAL ANALYST

Revenue & Economic Update June 2016

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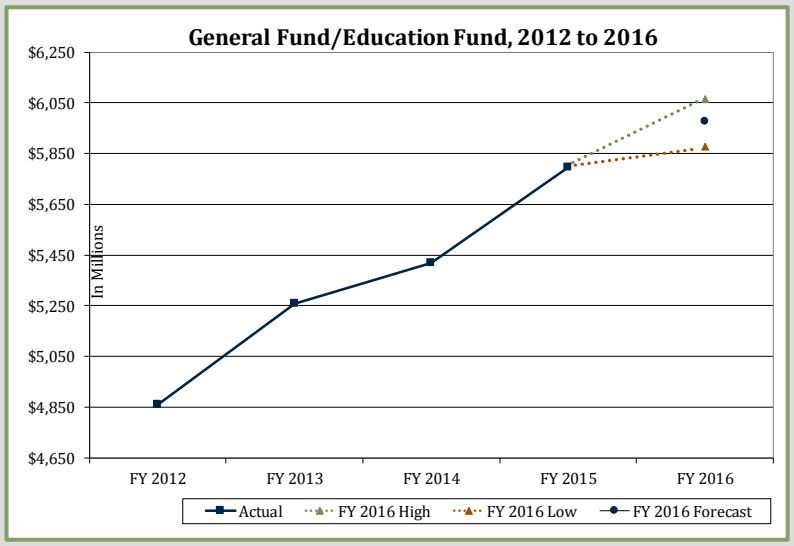
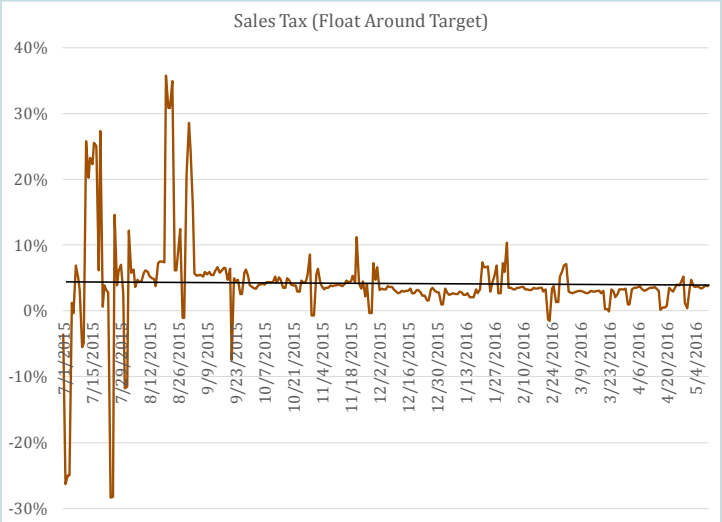
Report Structure

- Overview/FY 2016 Range
- Tax Collections:
  - General Fund
  - Education Fund
  - Transportation Fund
  - Federal Funds
- Economic Indicators
- Oil and Gas Issues
- Housing and Construction
- Upside and Downside Risks

Revenue Range FY 2016



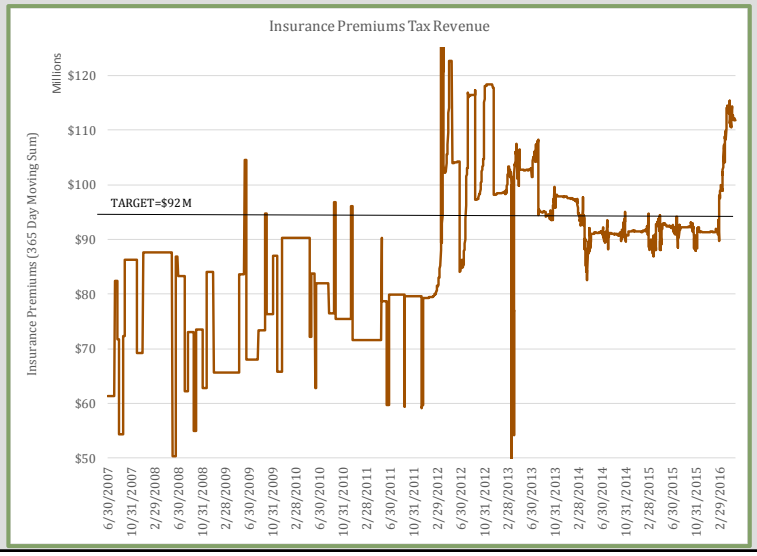
General Fund



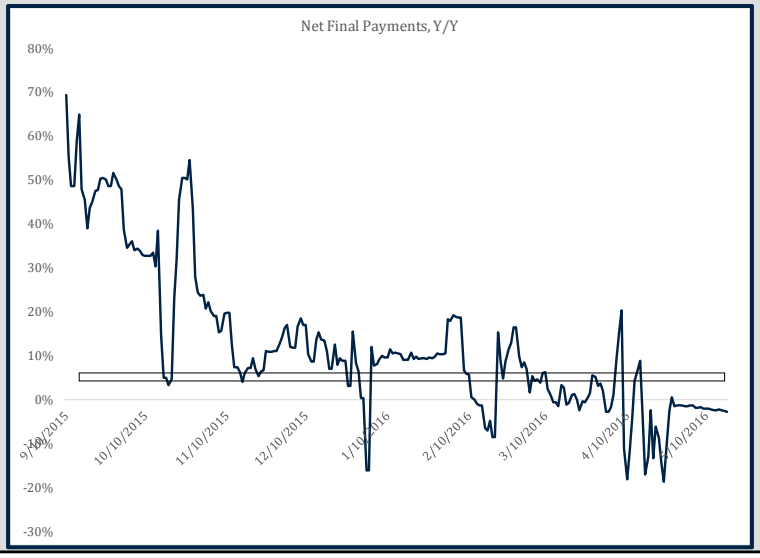
General Fund

Unfavorable factors to sales tax revenue growth	
Low inflation	$38 M
Weak business investment	$35 M
Weak wage growth	$32 M
Growth in online sales	$16 M

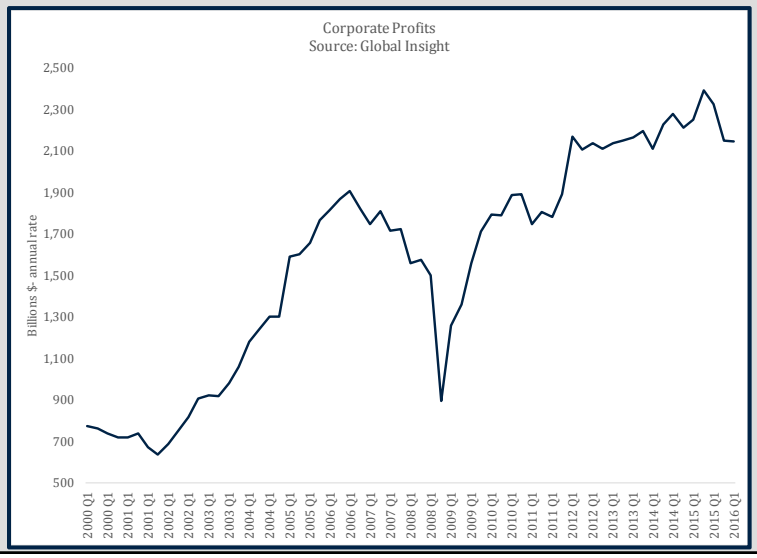
General Fund



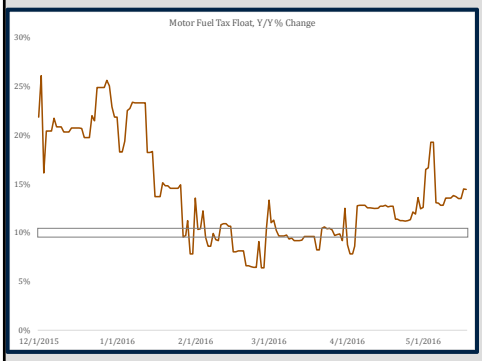
Education Fund

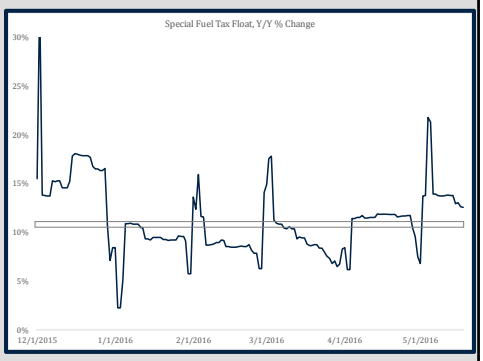


Education Fund



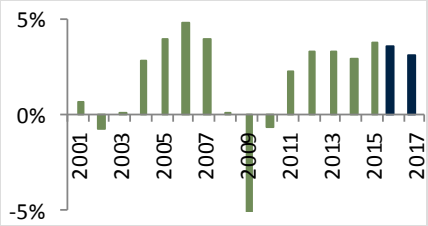
Transportation Fund



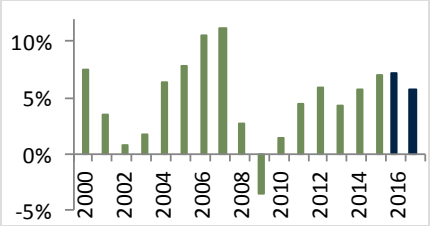


Employment and Wages

Nonagricultural Employment

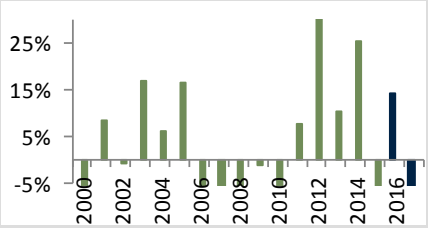


Nonagricultural Wages

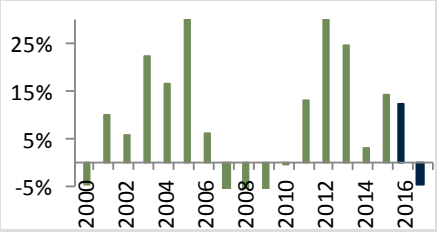


Housing

Dwelling Permits

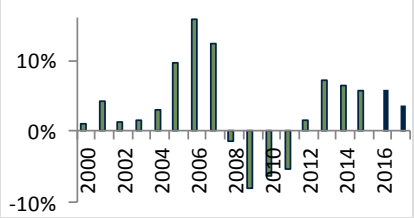


Residential Permit Value

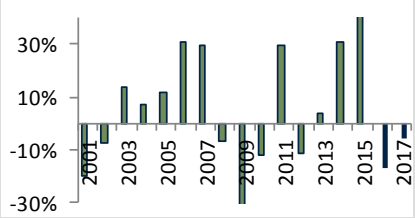


Housing Prices and Nonresidential Permit Value

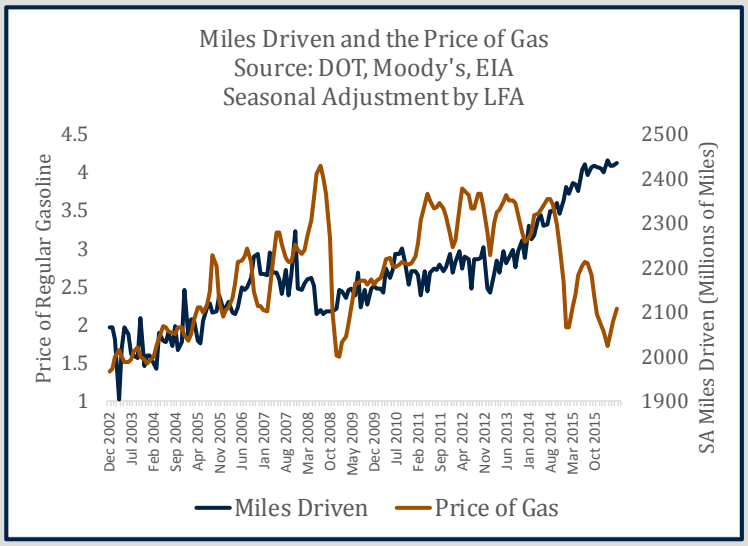
Housing Prices



Nonresidential Permit Value



Oil and Gas Issues



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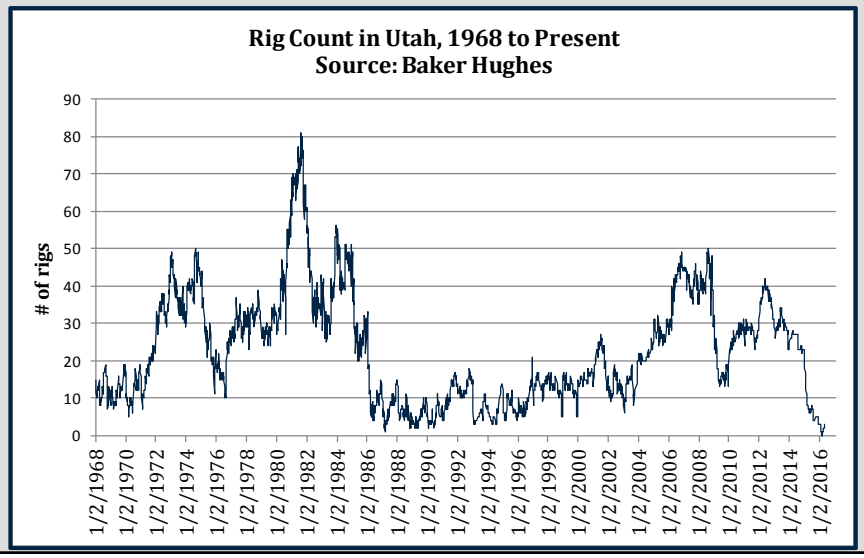
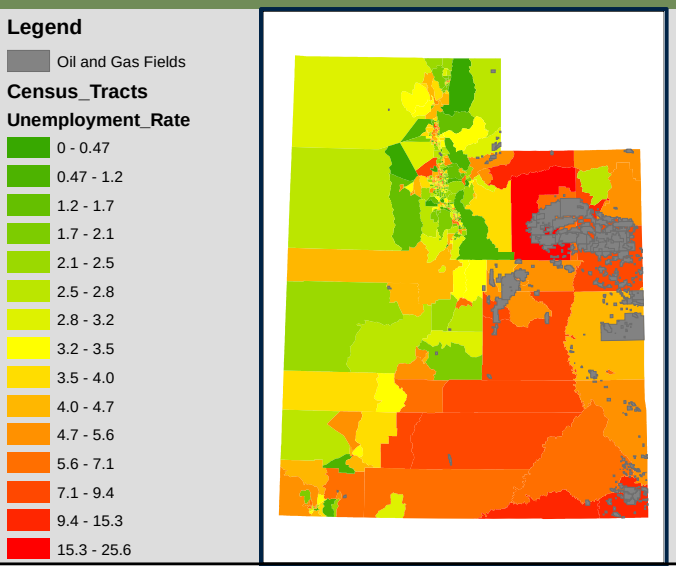
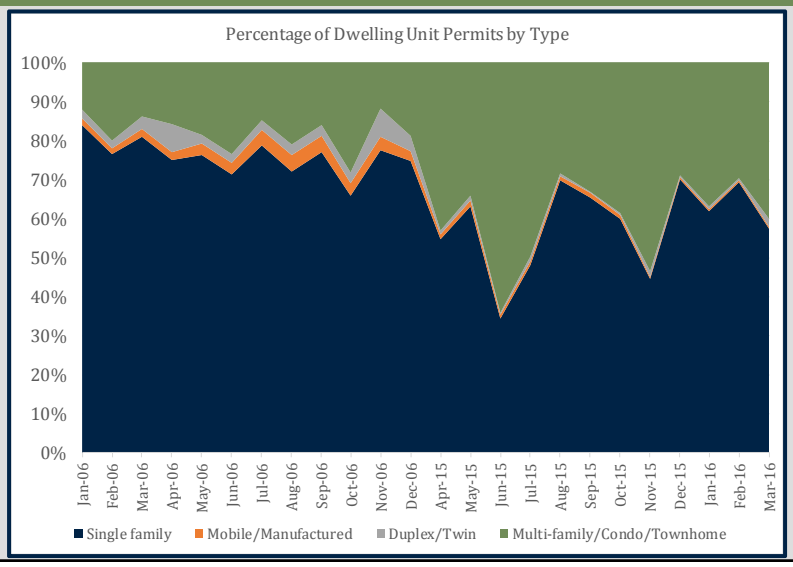


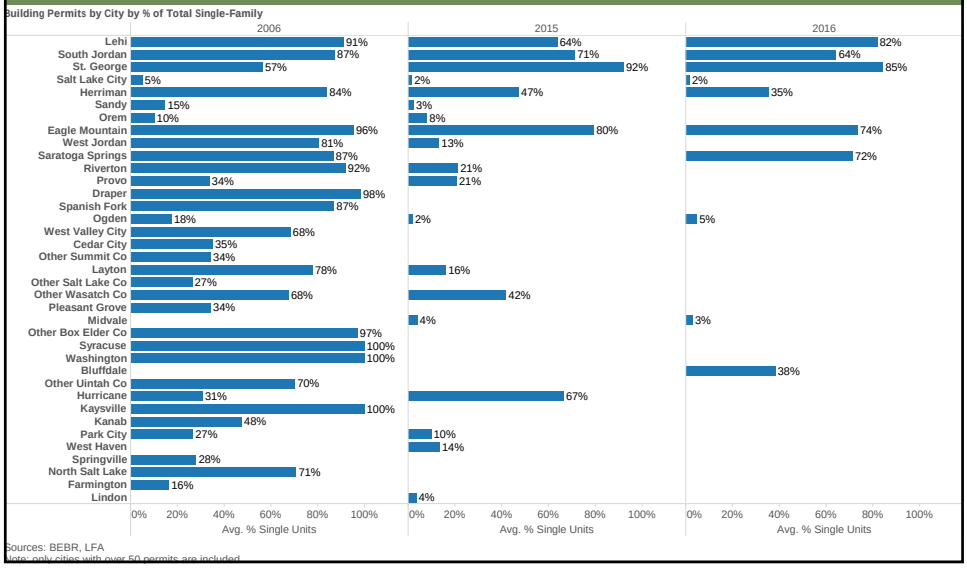
Unemployment Rate by Census Tract and Oil/Gas Fields



Dwelling Permits by Type



Housing Permits by City



Upside and Downside Risks

Upside Risks

- Household Formation Re-accelerates
- Business Investment Comes to Life
- In the near term, wage growth reignites
- Commodities fire back up

Downside Risks

- Negative interest rates
- China experiences a hard landing
- A negative feedback loop from weak equity markets materializes
- Consumers and businesses lose confidence
- Black swan events
- U.S. retail and corporate profits

Collections to Date

Tax Revenue *(In Millions of Dollars)*	FY 2015 Final	FY 2016 Consensus	FY 2016 Consensus Growth Rate	FY 2015 Year-to-Date 6/2/2015	FY 2016 Year-to-Date 6/2/2016	FY 2016 Year-to-Date Growth Rate
Sales & Use Taxes	$1,714.95	$1,774.60	3.5%	$1,592.55	$1,612.21	1.2%
Individual Income Tax	3,157.67	3,361.28	6.4%	2,892.63	3,017.11	4.3%
Corporate Franchise Tax	373.94	352.40	-5.8%	311.47	271.58	-12.8%
Beer, Cigarette & Tobacco	115.92	114.85	-0.9%	107.68	108.94	1.2%
Insurance Premium Taxes	92.39	91.54	-0.9%	91.88	111.59	21.4%
Severance Taxes	86.03	28.69	-66.7%	88.22	26.08	-70.4%
Other Sources	264.54	255.44	-3.4%	124.35	96.09	-22.7%
Total - General & Education Funds	**$5,805.43**	**$5,978.79**	**3.0%**	**$5,208.78**	**$5,243.59**	**0.7%**
Motor Fuel Tax	$261.74	$289.39	10.6%	235.14	262.66	11.7%
Special Fuel Taxes	100.07	109.74	9.7%	88.47	96.87	9.5%
Other Transportation Fund	85.12	87.39	2.7%	76.63	77.09	0.6%
Total - Transportation Fund	**$446.93**	**$486.52**	**8.9%**	**$400.24**	**$436.62**	**9.1%**

Source: LFA, USTC, DOF