

Administration Proposal - Joint Fiscal Analysis - June 20, 2018

Preliminary Review - Draft 1:09 PM

1. As we understand the proposal there is no change from their position:

- Flat average residential
- Flat non residential

2. We agree with Box One and Two in their proposal:

- Ten million corporate refund is part of \$19 million contingent

3. The third box in their presentation contains an error:

- The cost of maintaining the residential property tax is \$23.2 million not \$20 million
- This means that the \$33.2 million surplus is actually \$30 million

4. That leaves \$15 million for the Governor and \$15 million for the Legislature:

- The Governor's \$15 million would buy the nonresidential rate to \$1.561
- \$9 million of this is contingent but very likely

5. To buy the non-residential rate down to \$1.535 the Governor would need another \$11 million:

- These are funds above the current forecast in the General Fund and above the current collections

6. Other Fiscal Issues:

- Until a revenue change in July, the Education Fund reserve will be below 5%. It will remain below unless funded.
- FY 2020 will have a \$50-\$56 million shortfall that could be covered by more one time money, lower growth rates, or higher tax rates