

Estimated Revenue Issues for the Remainder of FY 2020 of COVID-19

As of April 2, 2020

Prepared by the Joint Fiscal Office

- All estimates are relative to the January 2020 forecast for FY20 revenues
- All estimates are likely to change and will be updated.

Summary of COVID-19 Revenue Impacts on FY20 Revenues (in millions of dollars) as of April 2			
	General Fund (inc. healthcare revenues)	Transportation Fund and TIB	Education Fund (non-property tax revenues)
January 2020 FY20 Consensus Revenue Forecast	\$1,595	\$300	\$558
of which: projected March through June 2020	\$592	\$110	\$180
Revenue Impact due to COVID-19 (subject to change)	-\$202	-\$45	-\$142
of which: Economic Impacts	-\$62	-\$42	-\$89
of which: Tax deferrals and Administration decisions (funds could be available in FY21)	-\$140	-\$3	-\$53
Total Available FY20 Resources after Revenue Impacts	\$1,393	\$255	\$416

Note: Estimates above do not include General Fund direct apps related to the property transfer tax.

Additional Tax and Revenue Issues:

- The Administration has issued tax deferrals for the following revenue sources:
 - **Personal and Corporate Income Taxes:** Filing and payment deadlines pushed back from April 15 to July 15. This includes a delay of the April 15 estimated payment date.
 - **Homestead declaration and Household Income forms:** Used for determining property tax credits. Filing deadline pushed from April 15 to July 15.
 - **Meals & Rooms and Sales & Use Taxes:** Penalties and interest waived for non-filing and non-payment for the March and April payments have now been pushed to May.
 - These payments represent sales activity for February and March.
 - **Motor vehicle fees:** 90-day extension for renewals issued on March 17.
- **Revenue issues going forward:**
 - How do we make up revenue shortfalls (in all funds) in FY20?
 - On trust tax deferrals, there is significant risk that these businesses who did not pay in March will not be able to make three payments in May. Do these deferrals end up extending beyond May?
 - What does the Household Income form delay mean for property tax credits?
- Revenue reports for March are unlikely to indicate the scale of revenue impacts because much of the revenues reported in March are for activity in February.
 - Some indication that trust tax deferrals (S&U and M&R) have already put downward pressure on those revenues.
 - As of April 2, M&R missed its March target by 32% and S&U missed its target by 2.3%.
- Revenues for FY21 are expected to be lower than originally forecast as well.