



Kavet, Rockler & Associates, LLC
Economic and Public Policy Consulting

985 Grandview Road
Williamstown, Vermont 05679-9003 U.S.A.
Telephone: 802-433-1360
Facsimile: 866-433-1360
Cellular: 802-433-1111
E-Mail: tek@kavet.net
Website: www.kavetrockler.com

January 2022 Economic Review and Revenue Forecast Update Virtual Version

Prepared for the
State of Vermont
Emergency Board and
Legislative Joint Fiscal Office

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Economic Review and Revenue Forecast Update

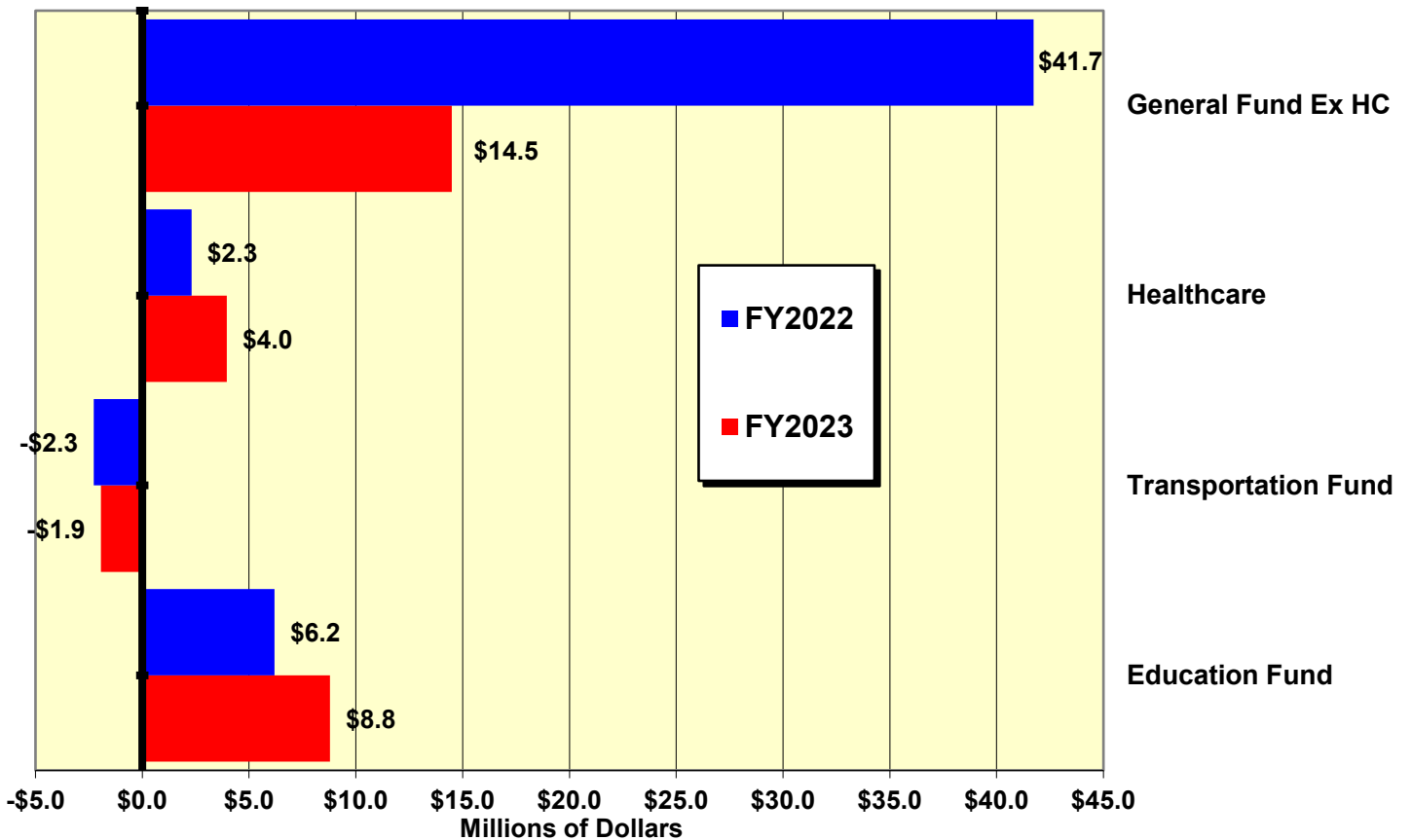
January 2022 – Virtual Version

Overview

Two unprecedented forces continue to shape the State economic and revenue outlook: The mercurial path of the pandemic and the torrent of federal fiscal spending and related monetary policies to offset its effects. It bears repeating that both are without historical precedent and remain highly unpredictable.

What we do know is that FY22 revenues have benefitted greatly from a portion of the more than \$10 billion in Federal spending now coursing through the State economy. It is showing up in taxes of all kinds, but especially in income and consumption taxes, which are the largest sources of State revenue. Most of these flows are at or slightly above prior July 2021 expectations, with aggregate recommended forecast adjustments across all funds of about 1.7% in FY22 and 0.9% in FY23. The most significant upgrade is to this year's G-Fund, which should receive an additional \$41.7M, about 2.4% above prior estimates, due mostly to strength in Personal and Corporate income taxes and a faster recovery in Meals & Rooms receipts.

Recommended Net Revenue Changes from July 2021 Forecast



Epidemiological Update

- Just when the Delta variant seemed to be receding, Omicron has arrived with formidable speed and reach. While apparently less virulent in its effects, it is setting caseload records and still taking workers out for weeks at a time, hospitalizing and killing the vulnerable and (especially) unvaccinated, and wreaking havoc with school systems, sports teams, airlines, and healthcare systems across the country. It is a grim reminder that the pandemic is still determining the path of the economy and that it can change quickly.
- Our current assumption is that the U.S. and State economies will be better able to weather successive COVID variants with less functional disruption and economic loss than early variants. Although the Omicron surge now appears to be consistent with this assumption, there is nothing in evolutionary biology that guarantees future variants will be less deadly or impactful.
- State caseloads are setting record highs as of this writing, as are hospitalizations. Death counts are currently still relatively low, but may soon follow suit. Despite this, State hospitals appear to be managing the intense demands and there have been no revived State lockdown or even behavioral mandates. As a result, it is not uncommon to see a wide blend of behavioral responses among State residents, from nothing at all to self-imposed isolation.
- Amidst those hospitalized in Vermont, most are unvaccinated and among those occupying critical care beds, the share is nearly two-thirds. It should be noted that there is an increasing incidence of persons entering hospitals for non-COVID reasons who are then found to be COVID-positive – referred to as “incidental hospitalizations.” This may inflate current COVID hospitalization statistics by as much as 30%-50%, but this also accentuates the preponderance of unvaccinated hospitalizations, since incidental hospitalizations are more likely to be vaccinated individuals. Adding to the current statistical confusion is the growing use of at-home antigen tests, whose results are not always reported to healthcare officials. There is also evidence the antigen tests may be less reliable – especially in generating false negatives – for the Omicron variant.
- The Delta and Omicron (especially) variants have also exposed growing confusion about ever-changing public healthcare protocols. The wide range of guidance among various political jurisdictions is dizzying and increasingly difficult to stay current with. As one UNH law professor recently tweeted, “Stay indoors. But also return in person. Wear a mask. Not that one. The expensive one, that you can’t find. Take rapid tests. Which you also can’t find. But if you find them, don’t buy them. Rapid tests don’t work.”
- Globally, there are even more divergent public policy approaches to the pandemic, from strict zero-COVID policies in China – even as they attempt to host the Winter Olympics - to little or nothing among poorer countries in Africa with fewer resources and options. At this time, these policy variations

represent gigantic experiments in public health (and economics), with far-reaching implications for future policy planning.

- The growing possibility that COVID will be endemic suggests greater permanence may be associated with some of the functional changes businesses and individuals have assumed during the pandemic. Some, like acceptance of remote work by employers, could confer enormous benefits to Vermont. Others, like labor force reductions from early retirements and reduced visitation to large hotels and resorts by older tourists, could represent a loss.
- The uncertainty of the pandemic's path is underscored by the above epidemiological statistics and resultant virtual E-Board meeting we are now holding, after convening in-person last July with high hopes the worst of the pandemic might be behind us and a return to normalcy, imminent. This uncertainty is best accommodated by frequent statistical updating as new facts emerge, policy flexibility and constant analytic work to understand events as they unfold. Accordingly, we will continue to track State, national and global epidemiological trends as a key determinant of the economy and the State's fiscal prospects.

Federal Fiscal and Monetary Policy Update

- The phenomenal Federal fiscal and monetary policies designed to mitigate the impacts of the pandemic have clearly stimulated the economy beyond its ability to produce – and even what foreign suppliers can produce and ship to the U.S. Various estimates to be 5x or more the amount needed to offset the economic loss from the pandemic, this fuel is running the economy at a high boil, and inevitably generating supply shortages, inflation, low unemployment rates, record corporate profits, huge asset price gains – and strong tax receipts. All are likely to continue until policy changes reverse course.
- This is now likely to begin soon, but will take time and will have considerable attendant risks. The first contractionary moves will come from the Fed in the next few months – with interest rate hikes likely throughout 2022 and a steady reduction in the Fed's balance sheet - but just how it will proceed and how long it will take are completely unknown. There has never been an interest rate environment and spending binge the likes of this and there has never been a wind-down from this level of government support from which to draw analogies.
- The combination of the vast Federal stimulus and unique pandemic conditions have created unusual and sometimes confusing statistical readings. Aggregate metrics belie vast differences in subsectors and population groups. There has never been a faster economic recovery period, with 18.8 million jobs added in the last 20 months and a record 6.45 million in 2021, but consumer sentiment is downbeat. Vermont is still about 19,000

jobs short of its pre-pandemic peak (-5.9%), the worst in New England, yet it has the lowest unemployment rate in the region and the fourth lowest in the nation, and is experiencing soaring personal income withholding tax receipts. As has been the case since the onset of the pandemic, there are individuals, companies and sectors of the economy that are benefitting from this unique combination of events, while others are suffering in equal measure.

- High and rapidly rising inflation is the critical metric triggering the Fed's urgent policy imperative to slow the economy. Given the level of excess demand, they believe this can be done without unduly damaging employment and wage growth. Such efforts in the past, however, have often precipitated recessions and this imbroglio of an economy will be much harder land. This is one of the greatest forecast risks, aside from pandemic uncertainty. It will also generate a new array of winners and losers, as pricing power, interest rate sensitivity and access to capital are highly variable by sector.
- Fiscal policy will remain stimulative as pandemic allocations hit the real economy and multiplier effects reinforce impacts, and new IIJA infrastructure spending begins. The timing and scope of the ambitious Build Back Better program, however, has been reduced and its chances of enactment are shrinking with each day of inaction. We are still assuming a pared back program will pass, on Joe Manchin's terms, which were last voiced at about \$1.8 trillion. Because this program is largely paid for with tax increases, it will not be as stimulative as the pandemic spending. Still, if it does not pass, real U.S. GDP growth in 2022 will be about 0.75 of a percentage point lower than currently forecast. Longer run, the economy's potential growth would be reduced by several basis points per year, as the BBB program lifts the incomes of lower and middle income families and elevates labor force participation by lowering the cost of work, particularly for lower-income minority women.
- All this implies continued strong economic growth over the next 18 months, but rising risks of a slowdown and ultimately a recession sometime in the next five years.

Economic Forecast Update

- If the pandemic recedes to "manageable" levels, extraordinary demand and improving labor markets could generate State nominal dollar GDP growth of nearly 9% in FY22 and 6% in FY23 - the highest two-year growth in more than 30 years.
- There will be significantly higher and more persistent inflation in both this fiscal year and next. Some sectors will likely experience much higher or much lower rates, as supply chain bottlenecks develop and resolve and supply and demand extremes also emerge as consumers shift purchasing preferences.

- The CPI spiked to its highest level in 40 years in December, at 7% year-over-year growth, and could top this rate in the first quarter of 2022, before receding.
- Inflationary pressures will remain well into 2022 and 2023, as the pandemic affects global manufacturing, transportation, and consumer preferences. While markets will eventually adjust – they cannot turn on a dime – and prices will reflect supply/demand imbalances.
- Some of the acceleration in price growth has been due to rapid and extreme swings in demand during various phases of the pandemic. Such as during the early phase of the pandemic, when consumers reduced expenditures on many items (such as services) and shifted it to others (such as goods), creating extraordinary market disruptions. At one point in time, the sudden reduction in motor fuel demand resulted in negative future prices for crude oil. When demand roared back this year, prices spiked, but are now drifting lower amidst Omicron fears.
- A great deal of what happens to rates of inflation over the next several years will also be psychological and behavioral. When people believe something will be in short supply, they often turn a potential shortage into a real one by quickly elevating demand via hoarding. This happens among both households and businesses and can create wild price swings until markets can respond and behavior shifts. Some of the recent port congestion was exacerbated by early seasonal product ordering and the absence of warehouse space to hold these goods.
- State real estate markets are in the midst of their third major cyclical upswing in the past 40 years, with home price gains in double digits likely throughout FY22 and FY23. With interest rates still relatively low, plentiful capital and income, and a decade of underinvestment in new housing, all the ingredients are in place for extraordinary price growth until supply catches up or incomes falter – probably not for several years.
- Unlike any other previous state or NE regional real estate cycle, there will be several nonresidential commercial building categories that will not share in the upswing. Office, retail and, especially, hotel/motel valuations and new construction demand will be subdued by lingering pandemic effects.
- There will be more single-family residential building (both primary residence and second homes), however, especially renovations and expansions, and commercial warehouse construction. Regional shifts away from the most densely populated urban areas to suburbs and more rural areas with good broadband and recreational amenities are also likely to be a feature of this cycle – potentially benefitting Vermont.
- Massive infrastructure spending will result in more nonbuilding construction, especially roads, highways, bridges, electric infrastructure, broadband

development, airports, public transit, climate-related investments to buildings (efficiency upgrades) and electric grid enhancements.

- Price bubbles are likely to develop as supply/demand imbalances occur and assets are repriced – such as is now occurring with housing. Home valuations increased by double-digit rates in the most recent quarter (2021Q3) for every U.S. state except ND, LA and DC. Growth in Vermont was 17.7%, the highest in more than 30 years. This will affect Grand List valuations and Education Fund tax rates in the coming years.
- Labor markets are gradually healing, with average U.S. monthly job growth of about 500,000 per month. At this rate, total U.S. payroll employment should regain pre-pandemic levels in late 2022.
- The latest U.S. unemployment rate dipped to 3.9% in December, with Vermont's at 2.6% in November (the latest available), the fourth lowest in the nation and lowest in New England.
- Job openings currently exceed the number of unemployed individuals, indicating both job mismatches and a large number of workers who have still not rejoined the labor force.
- The combination of strong demand for goods and services and fewer workers in the labor force has pushed wages significantly higher, driven the quit rate to record highs and dropped layoff rates to record lows. Worker absences due to illness are also on the rise, as the Omicron variant spreads throughout the nation.
- Many of the most severe economic impacts from the pandemic have been evident in, or caused by, labor force disruptions. Millions were out of work for extended periods, re-evaluated their jobs and places of work, and made changes. Early retirements among older workers, most vulnerable to COVID risks, may permanently reduce labor force participation rates.
- Some beneficial pandemic effects for Vermont are likely to persist in the next two fiscal years and possibly beyond, with positive net migration population effects from continued remote work options at many national and regional firms. Between July of 2020 and July of 2021, the Census Bureau estimates net migration to the State totaled 4,864 persons. In a typical year, between 20,000 and 30,000 people move into Vermont, and a comparable number leave the State. Births between mid-2020 and mid-2021 were exceptionally low, at 5,057 and deaths totaled 6,884, leaving a net total population gain of 3,075. Revisions to Vermont population estimates over the last decade are still being made in light of the 2020 Census, which showed about 19,000 more Vermonters in 2020 than had been previously estimated. Most of this is likely to be due to net migration, since data on natural changes are less prone to revision.

- Huge federal broadband investments will enable remote work in more Vermont locations and likely create the infrastructure necessary to sustain and possibly expand these migratory gains. This could be one of the most transformational changes affecting the long-term Vermont economy in decades.
- Some negative pandemic effects are also likely to persist, including earlier retirement ages for older workers, and the resultant reduction in the available labor force.

State Revenue Update

- Total Revenues through the first half of FY22 (General, Transportation and partial Education Funds) are about 2.6% above targets (about \$34M on a base of more than \$1.3B). Accordingly, the revenue adjustments recommended herein are relatively small, totaling about 1.7% in FY22 and 1.2% in FY23 across all three major funds. Revenue changes in the Transportation Fund and Education Fund in both fiscal years are plus or minus about 1%, with General Fund changes between 1.4% and 2.4%.
- Recommended revenue comparisons relative to the July 2021 forecast are outlined in the below table:

January 2022 vs. July 2021			
	FY2022	FY2023	FY2024
Education Fund	\$6.2	\$8.8	\$5.9
Transportation Fund	-\$2.3	-\$1.9	-\$1.7
General Fund	\$44.0	\$18.5	-\$0.1
(Healthcare Only)	\$2.3	\$4.0	\$4.6
(General Fund Ex HC)	\$41.7	\$14.5	-\$4.7
Total Current Law	\$48.0	\$25.3	\$4.1

- The revenue strength in the first 6 months of the fiscal year was concentrated in Personal Income, Corporate Income and Meals & Rooms receipts. With corporate profits at record levels, demand strong and prices rising, income tax liabilities have risen accordingly. Tourism travel continues to be heavily tilted towards on-line short-term rentals, but increasing numbers of visitors are venturing out and spending freely. With an aversion to air travel still evident and 50 million people within a five-hour drive from Vermont, tourism visitation has exceeded expectations, and through the first six months of the fiscal year is 50% above the same period in FY21 and 5% above the same (pre-pandemic) period in FY20.
- There is strong evidence that several revenue sources that have been at or slightly below FY22 targets would be higher, but for shortages of taxable supply. Empty car lots at dealers, a shortage of homes for sale, and long delays in ordering many items has reduced taxable receipts in MVP&U, S&U

and PTT taxes. Recent data on national automobile inventories show a mere 39,800 vehicles in dealer inventory, the lowest level ever recorded since the data series began in 1993. Normal inventory levels are well over 1 million.

- Inflationary price increases will generally result in higher State tax receipts, except with taxes based on physical volumes, such as a large portion of the transportation fuel taxes.
- FY22 Sales & Use tax receipts to date are very close to targets that assumed strong sustained growth. E-commerce continues to be a significant source of Sales & Use tax growth, after accelerating during the first year of the pandemic. The surge in Sales and Use tax receipts during the past three quarters implies a phenomenal increase in annualized taxable spending of more than \$1.7B – a clear beneficiary of the Federal transfer and other pandemic-related payments.
- Cannabis tax revenues are included in this forecast for the first time. The tax consists of an excise tax shown as a new row in General Fund Tables 1 and 1A, and a Sales tax which is included in the Education Fund Sales & Use tax in Table 3. It is expected to yield at least \$3.9M in GF revenues starting in FY23, with growth to \$8.5M in FY24 and \$11.1 in FY25. In addition to this, the Education Fund sales tax revenues from Cannabis should yield at least another \$2.4M in FY23, \$5.2M in FY24 and \$6.8M in FY25. There is considerable uncertainty regarding revenue yields from Cannabis, as comparable state experience is highly variable and demand during the pandemic has soared, but may not be permanent.
- The U.S. and Vermont macroeconomic forecasts upon which the revenue forecasts in this update are based are summarized in Tables A and B on the following two pages, and represent a consensus JFO and Administration forecast developed using internal JFO and Administration State economic models with input from Moody's Analytics December 2021 projections and other major forecasting entities, including the Federal Reserve, EIA, CBO, IMF, The Conference Board and other private forecasting firms with whom we interact.

TABLE A
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
July 2020 through December 2021, Selected Variables, Calendar Year Basis

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real GDP Growth									
July-20	1.6	2.4	2.9	2.3	-5.9	3.2	5.2	2.7	2.7
December-20	1.7	2.3	3.0	2.2	-3.5	4.1	4.7	3.2	2.3
June-21	1.7	2.3	3.0	2.2	-3.5	6.7	5.0	2.9	2.5
December-21	1.7	2.3	2.9	2.3	-3.4	5.6	4.2	2.8	2.7
S&P 500 Growth (Annual Avg.)									
July-20	1.5	17.0	12.1	6.1	-3.0	-2.9	12.4	4.9	5.8
December-20	1.5	17.0	12.1	6.1	9.7	12.8	1.7	-3.9	1.7
June-21	1.5	17.0	12.1	6.1	10.5	26.3	-3.5	-2.7	1.9
December-21	1.5	17.0	12.1	6.1	10.5	32.6	3.4	-8.1	-5.4
Employment Growth (Non-Ag)									
July-20	1.8	1.6	1.6	1.4	-5.9	0.5	3.5	3.2	1.4
December-20	1.8	1.6	1.6	1.4	-5.8	1.2	2.5	2.4	1.2
June-21	1.8	1.6	1.6	1.3	-5.7	3.0	4.6	2.1	0.8
December-21	1.8	1.6	1.6	1.3	-5.7	2.8	3.8	1.5	0.8
Unemployment Rate									
July-20	4.9	4.3	3.9	3.7	9.2	8.1	6.6	4.9	4.7
December-20	4.9	4.3	3.9	3.7	8.1	6.9	6.0	4.6	4.3
June-21	4.9	4.4	3.9	3.7	8.1	5.4	3.7	3.5	3.7
December-21	4.9	4.4	3.9	3.7	8.1	5.4	3.7	3.6	3.6
West Texas Int. Crude Oil \$/Bbl									
July-20	43	51	65	57	37	45	54	60	59
December-20	43	51	65	57	38	45	54	60	59
June-21	43	51	65	57	39	67	63	58	59
December-21	43	51	65	57	40	68	67	61	61
Prime Rate									
July-20	3.51	4.10	4.90	5.29	3.50	3.25	3.25	3.63	4.63
December-20	3.51	4.10	4.90	5.29	3.54	3.25	3.25	3.33	4.13
June-21	3.51	4.10	4.90	5.29	3.54	3.25	3.25	3.64	4.60
December-21	3.51	4.10	4.90	5.29	3.54	3.25	3.70	4.65	5.25
Consumer Price Index Growth									
July-20	1.3	2.1	2.4	1.8	0.4	1.6	2.3	2.4	2.6
December-20	1.3	2.1	2.4	1.8	1.2	2.0	2.6	2.7	2.5
June-21	1.3	2.1	2.4	1.8	1.2	3.4	2.8	2.6	2.5
December-21	1.3	2.1	2.4	1.8	1.2	4.6	4.2	3.1	2.9
Average Home Price Growth									
July-20	5.4	5.9	6.2	5.1	3.5	1.8	3.1	5.2	4.3
December-20	5.3	5.8	5.8	4.8	4.7	4.5	4.8	5.1	5.3
June-21	5.3	5.5	5.6	4.6	5.1	8.6	10.4	8.4	6.3
December-21	5.3	5.5	5.6	4.6	5.1	12.9	13.5	8.9	4.6

TABLE B
Comparison of Consensus Administration and JFO Vermont State Forecasts
June 2019 through December 2021, Selected Variables, Calendar Year Basis

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real GSP Growth									
June-19	1.6	1.3	1.2	1.1	1.4	1.8	2.1	2.0	1.8
December-19	1.6	0.1	1.2	2.6	1.7	1.8	2.4	2.2	2.1
July-20	1.6	0.1	1.2	2.5	-5.1	2.9	4.8	4.0	2.5
December-20	1.1	0.4	0.9	0.8	-6.2	3.4	4.9	3.4	2.1
June-21	1.1	0.4	0.9	0.8	-5.4	6.2	4.6	2.8	2.6
December-21	1.0	0.3	0.4	1.0	-4.2	4.4	4.2	3.0	2.8
Population Growth									
June-19	-0.3	0.1	0.3	0.1	0.2	0.2	0.2	0.2	0.2
December-19	-0.3	0.1	0.0	-0.1	0.1	0.1	0.1	0.1	0.1
July-20	-0.3	0.1	0.0	-0.1	0.1	0.2	0.2	0.1	0.1
December-20	-0.2	0.1	-0.1	-0.1	-0.1	0.1	0.1	0.1	0.1
June-21	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
December-21	0.3	0.3	0.3	0.3	0.3	0.5	0.4	0.3	0.3
Employment Growth									
June-19	0.3	0.6	0.1	0.8	0.6	-0.2	0.5	0.4	0.4
December-19	0.3	0.6	0.1	0.8	0.5	0.1	0.6	0.5	0.4
July-20	0.3	0.6	0.2	0.1	-8.0	1.3	3.2	2.6	0.9
December-20	0.3	0.6	0.2	0.1	-9.3	2.0	2.7	2.4	1.1
June-21	0.3	0.6	0.3	0.1	-9.4	2.7	3.8	1.8	0.9
December-21	0.3	0.6	0.3	0.1	-9.4	2.7	3.1	1.6	1.0
Unemployment Rate									
June-19	3.2	3.0	2.7	2.4	2.6	3.3	3.6	3.7	3.8
December-19	3.2	3.0	2.7	2.2	2.5	3.2	3.4	3.6	3.6
July-20	3.2	2.9	2.6	2.4	7.9	6.1	4.9	3.9	3.8
December-20	3.2	2.9	2.6	2.4	6.1	3.4	3.3	3.1	3.2
June-21	3.1	3.0	2.6	2.3	5.6	2.8	2.3	2.4	2.7
December-21	3.1	3.0	2.6	2.3	5.6	2.9	2.2	2.3	2.6
Personal Income Growth									
June-19	2.3	3.2	3.1	2.5	3.0	2.2	3.1	2.8	2.8
December-19	2.2	2.5	4.5	4.9	3.1	2.5	3.2	3.0	2.9
July-20	2.2	2.5	4.5	4.2	4.0	-1.1	4.3	4.9	4.5
December-20	1.8	2.6	3.5	3.2	8.6	2.3	4.1	5.2	4.6
June-21	1.8	2.6	3.5	3.2	6.0	3.5	1.3	4.6	4.5
December-21	1.6	2.6	3.2	3.4	6.7	3.6	2.2	4.7	4.6
Home Price Growth (JFO)									
June-19	1.5	2.6	3.4	4.1	5.6	5.3	4.9	4.4	4.2
December-19	1.7	2.5	3.6	3.8	4.2	4.6	4.8	4.5	4.2
July-20	1.6	2.4	3.5	4.1	4.9	5.2	6.0	5.8	5.3
December-20	1.5	2.2	3.3	3.7	4.9	5.9	6.2	5.7	5.2
June-21	1.6	2.2	3.1	3.6	5.2	8.7	10.2	8.9	6.6
December-21	1.4	2.3	3.0	3.8	5.1	13.3	13.5	8.7	3.8

Methodological Notes and Other Comments

- This analysis has benefited significantly from the input and support of Tax Department and Joint Fiscal Office personnel. In the Joint Fiscal Office, Graham Campbell, Theresa Utton-Jerman, Stephanie Barrett, Dan Dickerson, Catherine Benham, Joyce Manchester, Mark Perrault and Sorsha Anderson have contributed to numerous policy and revenue impact analyses and coordinated JFO forecast production and related legislative committee support functions. They have also painstakingly organized and updated large tax and other databases in support of JFO revenue forecasting activities. In the Tax Department, Sharon Asay, Jennifer McNall, Jake Feldman, Erin Hicks-Tibbles, and Rebecca Sameroff provided important analytic contributions to many tax and revenue forecasts, including tax law change analyses and statistical and related background information associated with the detailed tax databases they oversee. Our thanks to all of the above for their many contributions to this analysis.
- The analysis in support of JFO economic and revenue projections are based on statistical and econometric models, and professional analytic judgment. All models are based on 44 years of data for each of the 25 General Fund categories (three aggregates), 41 years of data for most of the Transportation Fund categories (one aggregate), and 22 to 44 years for each of the Education Fund categories. The analyses employed includes seasonal adjustment using U.S. Census Bureau X-13-ARIMA-SEATS and TRAMO-SEATS methods, various moving average techniques (such as Henderson Curves, etc.), Box-Jenkins ARIMA type models, pressure curve analysis, comparable-pattern analysis of monthly, quarterly and half year trends for current year estimation, and behavioral econometric forecasting models.
- Because the State does not currently fund an internal State or U.S. macro-economic model, this analysis relies primarily on semi-annual macroeconomic models from Moody's Analytics with consensus model adjustments made by JFO and Administration economists using a customized Moody's on-line Vermont model prepared during the month preceding the revenue forecast. Dynamic and other input/output-based models for the State of Vermont, including those from Regional Economic Models, Inc. (REMI), Regional Dynamics, Inc. (REDYN), and IMPLAN are also maintained and managed by the JFO and KRA for use in selected economic impact and simulation analyses used herein.
- The Consensus JFO and Administration forecasts are developed following discussion, analysis and synthesis of independent revenue projections, econometric models and source data produced by Administration and Joint Fiscal Office economists.

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

SOURCE G-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Personal Income	\$832.0	10.0%	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1103.5	3.2%	\$1102.6	-0.1%	\$1118.6	1.5%
Sales and Use ¹	\$397.8	5.6%	\$412.5	3.7%	\$432.5	4.8%	\$507.6	17.4%	\$538.7	6.1%	\$553.7	2.8%	\$555.1	0.3%
Corporate Meals and Rooms ²	\$96.4	0.6%	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$178.9	34.1%	\$187.4	4.8%	\$181.0	-3.4%
Liquor	\$173.2	4.8%	\$182.1	5.1%	\$163.6	-10.1%	\$143.8	-12.1%	\$197.6	37.4%	\$206.2	4.4%	\$214.0	3.8%
Insurance	\$19.8	3.6%	\$21.4	8.1%	\$21.6	0.8%	\$28.7	32.8%	\$30.0	4.5%	\$31.2	4.0%	\$32.4	3.8%
Telephone	\$57.5	1.0%	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$60.3	-0.1%	\$60.6	0.5%	\$61.0	0.7%
Beverage	\$4.7	-16.8%	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.2	-3.0%	\$2.1	-4.5%	\$2.0	-4.8%
Estate	\$7.1	2.5%	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.3	0.7%	\$7.4	1.4%	\$7.5	1.4%
Property	\$22.9	37.6%	\$12.6	-44.9%	\$15.2	20.1%	\$26.9	77.5%	\$22.6	-16.1%	\$26.3	16.4%	\$30.3	15.2%
Bank	\$40.9	5.6%	\$41.1	0.6%	\$42.3	2.9%	\$73.9	74.8%	\$74.4	0.7%	\$77.3	3.9%	\$66.2	-14.4%
Cannabis	\$13.1	-1.3%	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.0	15.3%	\$15.2	-5.0%	\$14.8	-2.6%
Other Tax	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$8.0	NM	\$17.3	114.8%
	\$1.8	-15.2%	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.4	113.7%	\$1.6	14.3%	\$1.3	-18.8%
Total Tax Revenue	\$1667.2	7.3%	\$1763.0	5.7%	\$1829.7	3.8%	\$2068.5	13.1%	\$2232.9	7.9%	\$2279.6	2.1%	\$2301.4	1.0%
Business Licenses	\$1.2	-2.9%	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.3	-0.2%	\$1.325	1.9%	\$1.35	1.9%
Fees	\$47.1	-2.9%	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$41.9	-2.0%	\$41.4	-1.2%	\$41.0	-1.0%
Services	\$2.9	-4.2%	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$3.1	1.9%	\$3.2	1.6%	\$3.2	1.6%
Fines	\$3.5	-19.8%	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.1	-0.4%	\$3.4	9.7%	\$3.6	5.9%
Interest	\$2.8	80.1%	\$5.0	79.1%	\$4.1	-18.0%	\$0.9	-77.9%	\$1.1	21.4%	\$1.6	45.5%	\$2.9	81.3%
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Lottery	\$27.1	6.4%	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$32.3	-0.6%	\$32.9	1.9%	\$33.5	1.8%
All Other ³	\$2.4	-18.8%	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$0.6	22.4%	\$0.7	16.7%	\$0.8	14.3%
Total Other Revenue	\$87.0	-0.1%	\$93.9	7.9%	\$84.8	-9.7%	\$84.1	-0.8%	\$83.4	-0.8%	\$84.5	1.3%	\$86.4	2.2%
Healthcare Revenue⁴	\$275.6	-0.4%	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$294.4	4.8%	\$297.0	0.9%	\$299.6	0.9%
TOTAL GENERAL FUND	\$2029.8	5.9%	\$2133.2	5.1%	\$2199.2	3.1%	\$2433.6	10.7%	\$2610.6	7.3%	\$2661.1	1.9%	\$2687.3	1.0%

1) Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.

2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and E-Fund.

3) Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

4) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.

5) Includes Clean Water Fund redirect consisting of 6% of total M&R collections

**TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$832.0	10.0%	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1103.5	3.2%	\$1102.6	-0.1%	\$1118.6	1.5%
Sales and Use ¹	\$258.6	5.6%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Corporate	\$96.4	0.6%	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$178.9	34.1%	\$187.4	4.8%	\$181.0	-3.4%
Meals and Rooms	\$173.2	4.8%	\$136.5	-21.2%	\$116.1	-15.0%	\$99.2	-14.5%	\$136.3	37.4%	\$142.3	4.4%	\$147.7	3.8%
Liquor ⁶	\$19.8	3.6%	\$21.4	8.1%	\$3.6	-83.2%	\$4.8	32.8%	\$5.0	4.5%	\$5.2	4.0%	\$5.4	3.8%
Insurance	\$57.5	1.0%	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$60.3	-0.1%	\$60.6	0.5%	\$61.0	0.7%
Telephone	\$4.7	-16.8%	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.2	-3.0%	\$2.1	-4.5%	\$2.0	-4.8%
Beverage	\$7.1	2.5%	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.3	0.7%	\$7.4	1.4%	\$7.5	1.4%
Estate ³	\$22.9	37.6%	\$12.6	-44.9%	\$15.2	20.1%	\$23.4	54.1%	\$22.6	-3.3%	\$26.3	16.4%	\$30.3	15.2%
Property	\$12.4	-1.5%	\$12.5	0.9%	\$12.9	3.0%	\$23.1	79.6%	\$23.3	0.7%	\$24.2	4.0%	\$20.6	-14.8%
Bank	\$13.1	-1.3%	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.0	15.3%	\$15.2	-5.0%	\$14.8	-2.6%
Cannabis	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$3.9	NM	\$8.5	117.9%
Other Tax	\$1.8	-15.2%	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.4	113.7%	\$1.6	14.3%	\$1.3	-18.8%
Total Tax Revenue	\$1499.5	7.4%	\$1276.4	-14.9%	\$1302.3	2.0%	\$1438.1	10.4%	\$1556.8	8.3%	\$1578.8	1.4%	\$1598.7	1.3%
Business Licenses	\$1.2	-2.9%	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.3	-0.2%	\$1.3	1.9%	\$1.4	1.9%
Fees	\$47.1	-2.9%	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$41.9	-2.0%	\$41.4	-1.2%	\$41.0	-1.0%
Services	\$2.9	-4.2%	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$3.1	1.9%	\$3.2	1.6%	\$3.2	1.6%
Fines	\$3.5	-19.8%	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.1	-0.4%	\$3.4	9.7%	\$3.6	5.9%
Interest	\$2.3	96.1%	\$4.3	87.8%	\$3.3	-24.5%	\$0.8	-75.5%	\$1.0	25.2%	\$1.4	40.0%	\$2.6	85.7%
All Other ⁴	\$2.4	-18.8%	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$0.6	22.4%	\$0.7	16.7%	\$0.8	14.3%
Total Other Revenue	\$59.4	-3.0%	\$63.7	7.4%	\$57.2	-10.3%	\$51.5	-9.9%	\$51.0	-1.0%	\$51.4	0.7%	\$52.6	2.3%
Healthcare Revenue⁵	\$0.0	NM	\$272.3	NM	\$280.9	3.1%	\$278.1	-1.0%	\$290.0	4.3%	\$292.7	0.9%	\$295.1	0.8%
TOTAL GENERAL FUND	\$1558.9	7.0%	\$1612.5	3.4%	\$1640.4	1.7%	\$1767.7	7.8%	\$1897.8	7.4%	\$1922.8	1.3%	\$1946.4	1.2%

1) Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

3) Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.

4) Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

5) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.

6) Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

**TABLE 1B - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

SOURCE HEALTHCARE ¹

*revenues are prior to all allocations
and other out-transfers; used for
analytic and comparative purposes only*

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	\$71.1	-7.3%	\$68.4	-3.7%	\$71.4	4.3%	\$77.5	8.6%	\$76.7	-1.0%	\$75.6	-1.5%	\$74.4	-1.6%
Claims Assessment	\$19.8	12.1%	\$19.6	-1.3%	\$20.7	5.7%	\$19.7	-4.7%	\$21.6	9.6%	\$21.8	1.0%	\$22.0	1.0%
Employer Assessment	\$19.8	3.6%	\$19.8	-0.5%	\$20.2	2.4%	\$17.9	-11.4%	\$20.3	13.3%	\$21.5	5.9%	\$22.5	4.7%
Hospital Provider Tax	\$143.5	4.5%	\$146.3	2.0%	\$150.2	2.6%	\$143.7	-4.4%	\$153.5	6.9%	\$155.8	1.5%	\$158.1	1.5%
Nursing Home Provide Tax	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.6%	\$14.6	-1.0%	\$14.7	0.7%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.7	-14.0%	\$4.8	2.2%	\$5.6	16.3%	\$5.8	4.1%	\$5.9	1.2%	\$6.0	2.0%	\$6.1	1.0%
All other HC revenues	\$1.8	-65.5%	\$2.6	41.7%	\$1.9	-26.5%	\$1.8	-3.6%	\$1.7	-7.1%	\$1.7	0.0%	\$1.8	5.9%
TOTAL HEALTHCARE	\$275.6	-0.4%	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$294.4	4.8%	\$297.0	0.9%	\$299.6	0.9%

**TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

CURRENT LAW BASIS

*including all Education Fund
allocations and other out-transfers*

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	\$71.1	-7.3%	\$68.4	-3.7%	\$71.4	4.3%	\$77.5	8.6%	\$76.7	-1.0%	\$75.6	-1.5%	\$74.4	-1.6%
Claims Assessment	\$15.9	13.2%	\$15.6	-1.7%	\$16.9	7.8%	\$16.4	-3.0%	\$17.3	5.6%	\$17.5	1.0%	\$17.6	1.0%
Employer Assessment	\$19.8	3.6%	\$19.8	-0.5%	\$20.2	2.4%	\$18.4	-9.2%	\$20.3	10.5%	\$21.5	5.9%	\$22.5	4.7%
Hospital Provider Tax	\$143.5	4.5%	\$146.3	2.0%	\$150.2	2.6%	\$143.7	-4.4%	\$153.5	6.9%	\$155.8	1.5%	\$158.1	1.5%
Nursing Home Provide Tax	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.6%	\$14.6	-1.0%	\$14.7	0.7%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.7	-14.0%	\$4.8	2.2%	\$5.6	16.3%	\$5.8	4.1%	\$5.9	1.2%	\$6.0	2.0%	\$6.1	1.0%
All other HC revenues	\$1.8	-65.5%	\$2.6	41.7%	\$1.9	-26.5%	\$1.8	-3.6%	\$1.7	-7.1%	\$1.7	0.0%	\$1.8	5.9%
TOTAL HEALTHCARE	\$271.7	-0.5%	\$272.3	0.2%	\$280.9	3.1%	\$278.1	-1.0%	\$290.0	4.3%	\$292.7	0.9%	\$295.1	0.8%

1) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff.

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

SOURCE T-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Gasoline	\$78.2	0.0%	\$77.8	-0.5%	\$71.0	-8.7%	\$67.3	-5.3%	\$72.4	7.6%	\$75.9	4.8%	\$77.0	1.4%
Diesel****	\$18.9	3.6%	\$18.6	-1.6%	\$17.9	-3.5%	\$17.9	0.2%	\$18.8	4.8%	\$19.4	3.2%	\$19.7	1.5%
Purchase and Use*	\$109.4	6.0%	\$111.8	2.2%	\$105.4	-5.7%	\$134.1	27.2%	\$141.3	5.4%	\$142.5	0.8%	\$136.9	-3.9%
Motor Vehicle Fees	\$86.0	-0.3%	\$85.4	-0.7%	\$83.6	-2.1%	\$87.6	4.7%	\$88.9	1.5%	\$90.0	1.2%	\$90.8	0.9%
Other Revenue**	\$23.0	15.3%	\$24.6	7.0%	\$21.3	-13.5%	\$20.5	-3.4%	\$21.8	6.2%	\$23.0	5.5%	\$23.7	3.0%
TOTAL TRANS. FUND	\$315.4	3.1%	\$318.2	0.9%	\$299.2	-6.0%	\$327.4	9.4%	\$343.2	4.8%	\$350.8	2.2%	\$348.1	-0.8%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Gasoline	\$78.2	0.0%	\$77.8	-0.5%	\$71.0	-8.7%	\$67.3	-5.3%	\$72.4	7.6%	\$75.9	4.8%	\$77.0	1.4%
Diesel	\$18.9	3.6%	\$18.6	-1.6%	\$17.9	-3.5%	\$17.9	0.2%	\$18.8	4.8%	\$19.4	3.2%	\$19.7	1.5%
Purchase and Use ¹	\$73.0	6.0%	\$74.5	2.2%	\$70.3	-5.7%	\$89.4	27.2%	\$94.2	5.4%	\$95.0	0.8%	\$91.3	-3.9%
Motor Vehicle Fees	\$86.0	-0.3%	\$85.4	-0.7%	\$83.6	-2.1%	\$87.6	4.7%	\$88.9	1.5%	\$90.0	1.2%	\$90.8	0.9%
Other Revenue ²	\$23.0	15.3%	\$24.6	7.0%	\$21.3	-13.5%	\$20.5	-3.4%	\$21.8	6.2%	\$23.0	5.5%	\$23.7	3.0%
TOTAL TRANS. FUND	\$279.0	2.8%	\$280.9	0.7%	\$264.1	-6.0%	\$282.7	7.0%	\$296.1	4.7%	\$303.3	2.4%	\$302.5	-0.3%

OTHER (TIB³)

TIB Gasoline	\$12.9	2.2%	\$14.6	13.1%	\$12.7	-12.8%	\$10.2	-19.5%	\$14.80	44.8%	\$15.35	3.7%	\$15.49	0.9%
TIB Diesel and Other ⁴	\$2.0	16.1%	\$2.1	3.7%	\$2.0	-2.5%	\$1.9	-4.5%	\$2.04	6.6%	\$2.10	2.9%	\$2.13	1.4%
TOTAL OTHER (TIB)	\$14.9	2.4%	\$16.6	11.9%	\$14.7	-11.6%	\$12.1	-17.5%	\$16.8	38.8%	\$17.5	3.6%	\$17.6	1.0%

1) As of FY04, includes Motor Vehicle Rental tax revenue.

2) Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years.

3) Transportation Infrastructure Bond revenues

4) Includes TIB Fund interest income (which has never exceeded \$85,000 per year); Includes FY17 adjustment of \$215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

**TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND¹ REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - January 2022**

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
GENERAL FUND														
Meals and Rooms	\$0.0	NM	\$45.5	NM	\$40.9	-10.1%	\$36.0	-12.1%	\$49.4	37.4%	\$51.6	4.4%	\$53.5	3.8%
Sales & Use ²	\$139.2	5.6%	\$412.5	196.3%	\$432.5	4.8%	\$507.6	17.4%	\$538.7	6.1%	\$556.1	3.2%	\$560.3	0.8%
Interest	\$0.5	30.3%	\$0.7	38.1%	\$0.8	23.9%	\$0.1	-87.1%	\$0.10	-7.2%	\$0.20	100.0%	\$0.3	50.0%
Lottery	\$27.1	6.4%	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$32.3	-0.6%	\$32.9	1.9%	\$33.5	1.8%
TRANSPORTATION FUND														
Purchase and Use ³	\$36.5	6.0%	\$37.3	2.2%	\$35.1	-5.7%	\$44.7	27.2%	\$47.1	5.4%	\$47.5	0.8%	\$45.6	-3.9%
TOTAL EDUCATION FUND	\$203.3	5.8%	\$525.4	158.4%	\$536.2	2.0%	\$620.9	15.8%	\$667.6	7.5%	\$688.3	3.1%	\$693.2	0.7%

1) Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

2) Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors;

Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 100.0% beginning in FY19; Includes Cannabis Sales tax revenues beginning in FY23

3) Includes Motor Vehicle Rental revenues, restated

Charts for Virtual Presentation and Discussion

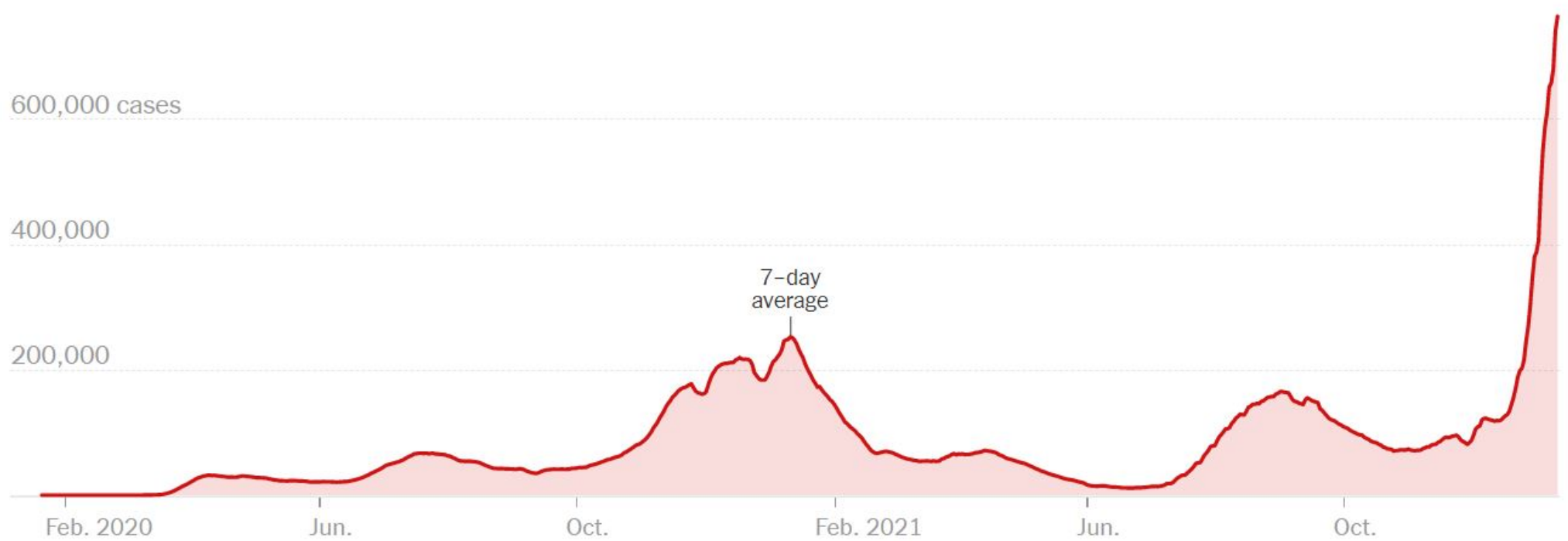
January 2022

COVID Cases in the United States

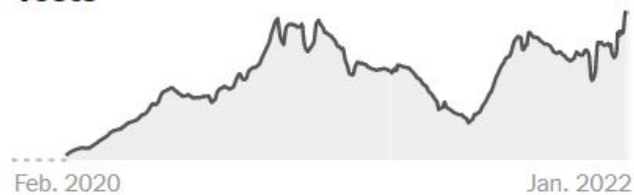
New reported cases

All time

Last 90 days



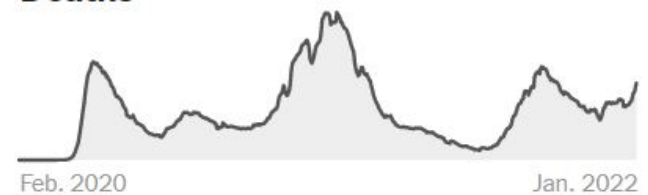
Tests



Hospitalized



Deaths

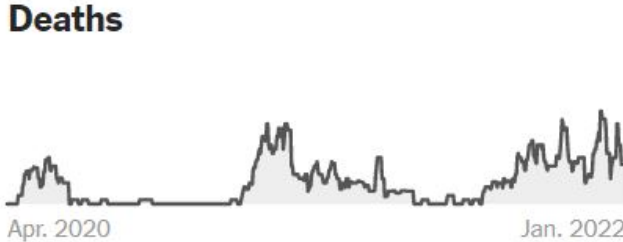
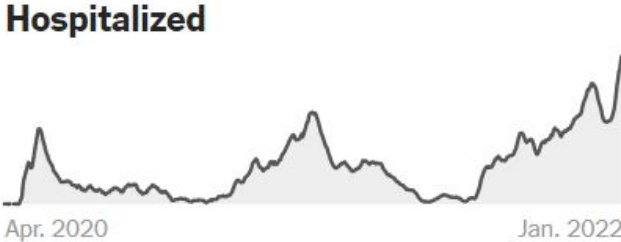
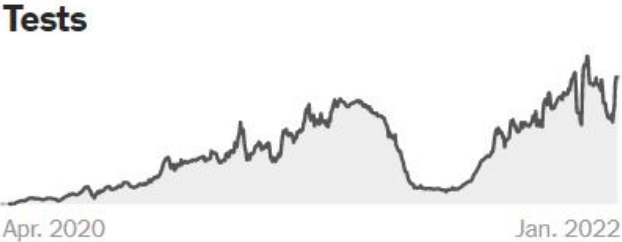
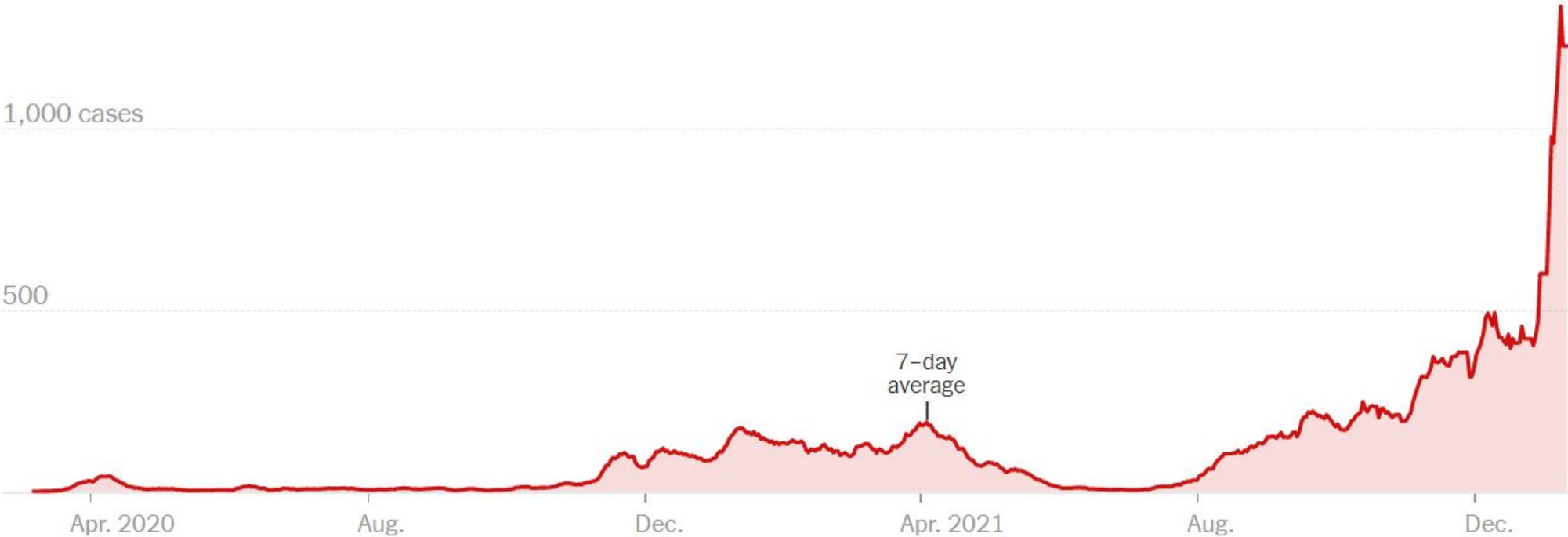


Source: New York Times, January 12, 2022

COVID Cases in Vermont

New reported cases

All time Last 90 days

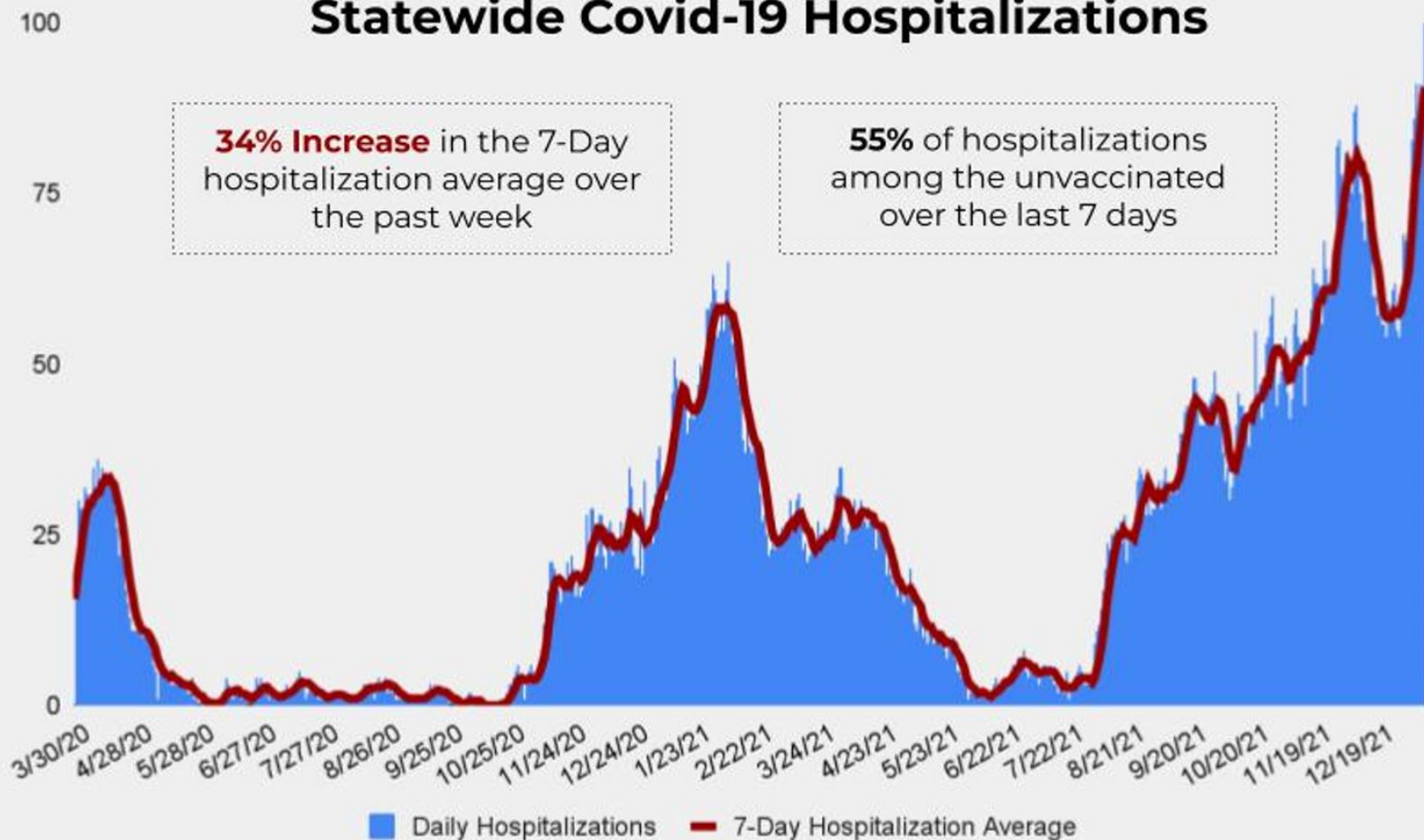


Source: New York Times, January 12, 2022

Statewide Covid-19 Hospitalizations

34% Increase in the 7-Day hospitalization average over the past week

55% of hospitalizations among the unvaccinated over the last 7 days

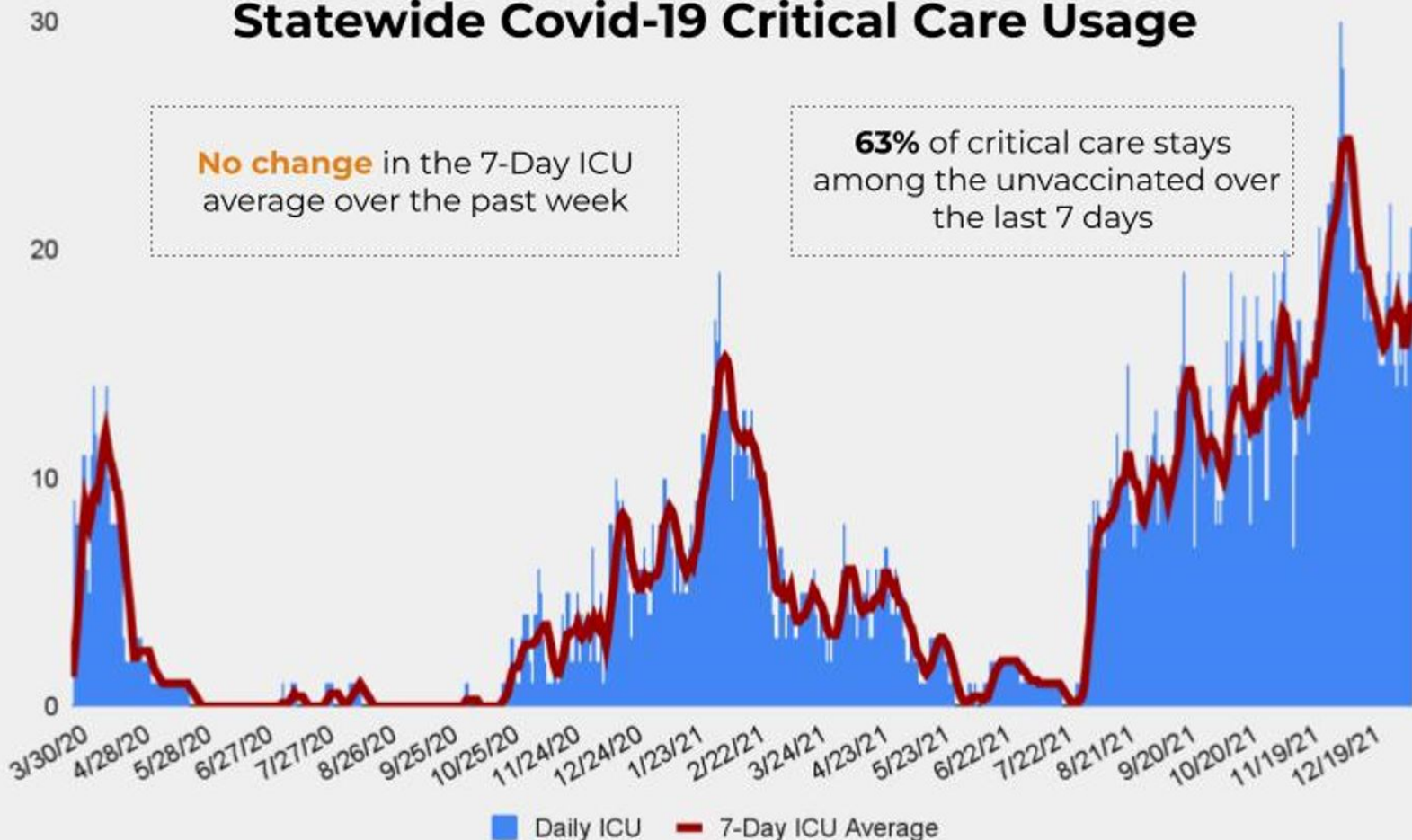


■ Daily Hospitalizations ■ 7-Day Hospitalization Average

Statewide Covid-19 Critical Care Usage

No change in the 7-Day ICU average over the past week

63% of critical care stays among the unvaccinated over the last 7 days

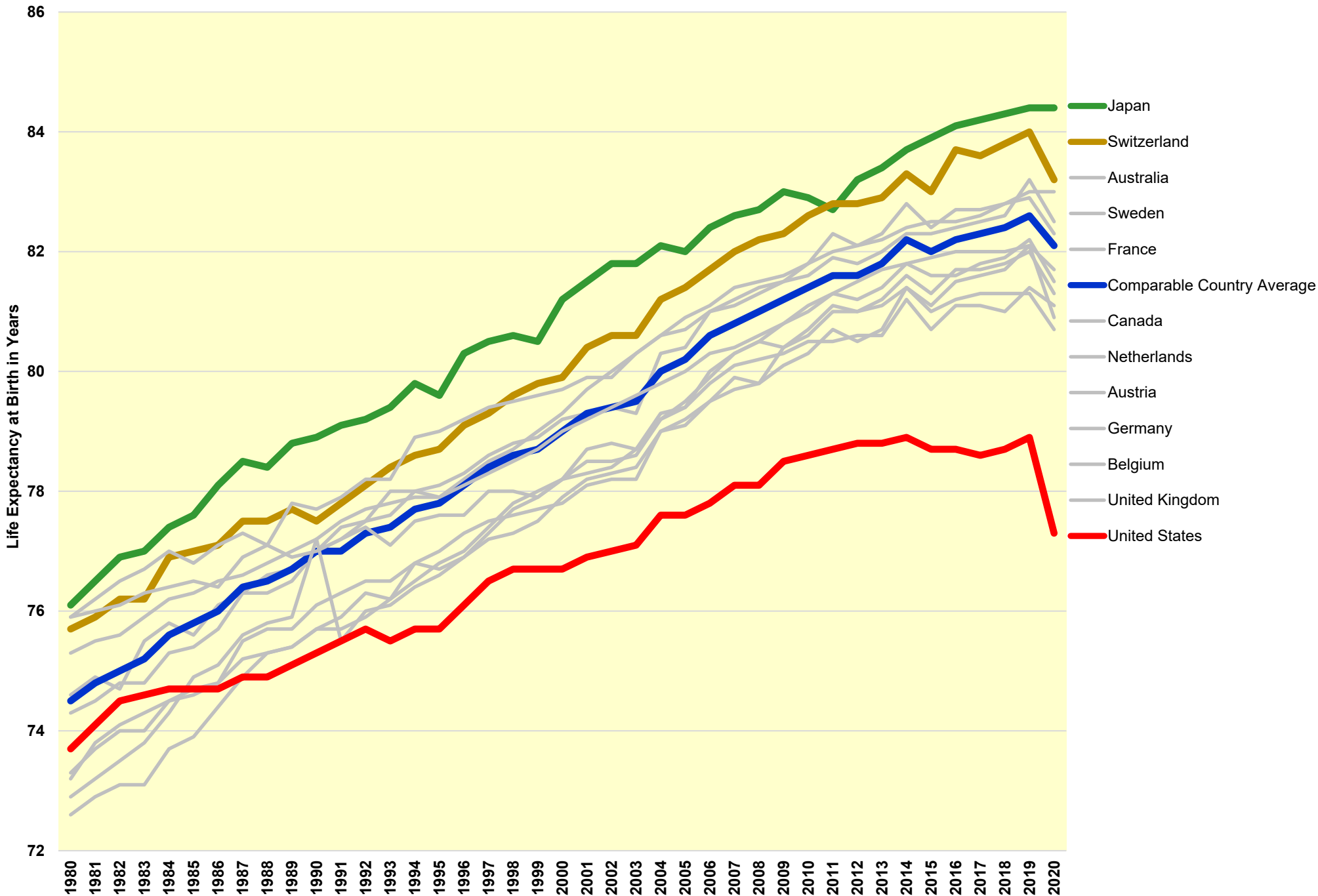


■ Daily ICU ■ 7-Day ICU Average

Is This The Best We Can Do? U.S. Healthcare Outcomes Deteriorate Further With COVID

Life Expectancy at Birth in Years, Selected Comparable Developed Nations

Source: Peterson/KFF Health System Tracker



Federal Government Fiscal & Monetary Policies - Pandemic Response

	ALLOWED	COMMITTED/DISBURSED	DEFICIT IMPACT
FISCAL POLICY			
Legislative	\$5.92 trillion	\$4.84 trillion	\$5.19 trillion
Loan and Grant Programs	\$1.56 trillion	\$1.32 trillion	\$1.05 trillion
Income Support	\$906 billion	\$850 billion	\$872 billion
State & Local Funding	\$884 billion	\$723 billion	\$882 billion
Direct Payments	\$869 billion	\$815 billion	\$869 billion
Health Spending	\$662 billion	\$410 billion	\$652 billion
Tax Policy	\$580 billion	\$437 billion	\$430 billion
Other Spending	\$465 billion	\$276 billion	\$439 billion
Administrative	\$861 billion	\$714 billion	\$125 billion
Trump Administration	\$598 billion	\$477 billion	\$78.5 billion
Biden Administration	\$288 billion	\$261 billion	\$64.7 billion
MONETARY POLICY			
Federal Reserve	\$6.83 trillion	\$3.82 trillion	N/A
Asset Purchases	\$3.74 trillion	\$3.68 trillion	N/A
Liquidity Measures	\$2.14 trillion	\$328 million	N/A
Other Loan Purchase Programs	\$806 billion	\$90.4 billion	N/A
Lending Facilities	\$141 billion	\$41.8 billion	N/A
Interest Rate & Reserve Requirement Changes	cut federal funds rate to near-zero and reduced reserve requirements to zero		

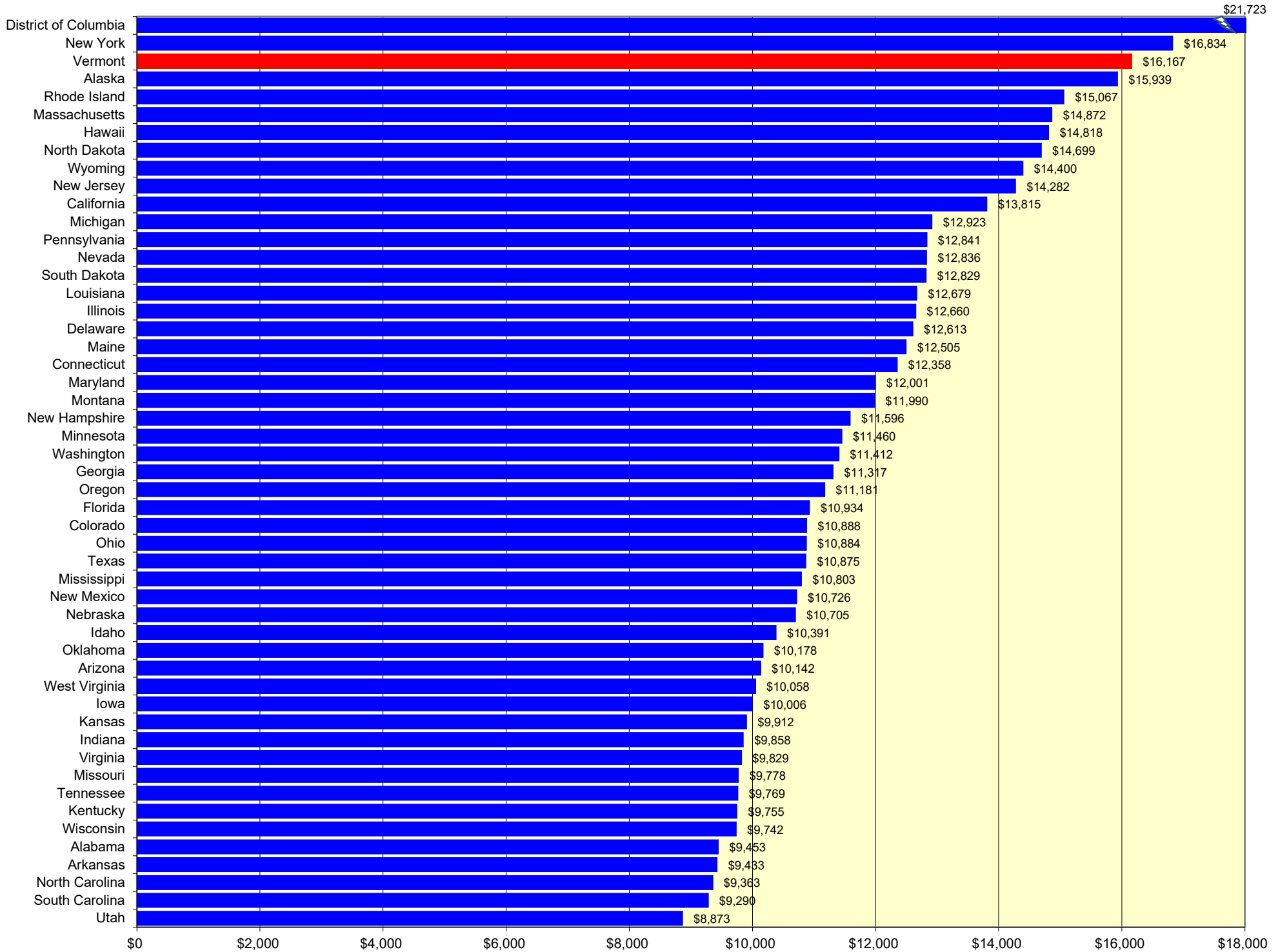
Federal Government Fiscal Policies - Infrastructure/Other

	PROPOSED	APPROVED	DEFICIT IMPACT
FISCAL POLICY			(static basis)
Legislative Total	\$2.43 trillion	\$1.2 trillion (\$550b new)	\$416 - 616 billion
Bipartisan Infrastructure Investment & Jobs Act		\$1.2 trillion (\$550b new)	\$256 billion
Reconciliation "Build Back Better" (House Passed)	\$2.43 trillion		\$160 - \$360 billion

Sources: Committee for a Responsible Federal Budget, Moody's Analytics, The White House, Congressional Budget Office

Per Capita Pandemic-Related Federal Transfer Payments

Based on Expenditures from 22 Major COVID-19 Relief Programs Totaling \$3.95 Trillion, Through December 2, 2021, Source: Peter G. Peterson Foundation



Federal Pandemic Transfer Payments to Vermont = **\$10.1 Billion**

ECONOMIC IMPACT PAYMENTS	\$ 1,643 Million
Economic Impact Payments	\$ 1,643 Million
UNEMPLOYMENT	\$ 1,272 Million
Federal Pandemic Unemployment Compensation	\$ 886 Million
Pandemic Emergency Unemployment Compensation	\$ 165 Million
Pandemic Unemployment Assistance	\$ 191 Million
Other Emergency Unemployment Funding	\$ 30 Million
SMALL BUSINESS SUPPORT	\$ 2,373 Million
Paycheck Protection Program	\$ 1,765 Million
Restaurant Revitalization Fund	\$ 77 Million
Shuttered Venue Operators Grant	\$ 28 Million
Emergency Injury Disaster Loan Advances	\$ 41 Million
Emergency Injury Disaster Loans	\$ 462 Million
PUBLIC HEALTH AID	\$ 864 Million
Provider Relief Fund	\$ 260 Million
HHS COVID-19 Appropriations	\$ 419 Million
Medicare Accelerated and Advance Payments	\$ 185 Million
DIRECT AID TO STATES	\$ 2,500 Million
Coronavirus Relief Fund	\$ 1,250 Million
Coronavirus State and Local Fiscal Recovery Fund	\$ 1,250 Million
OTHER	\$ 852 Million
FEMA Disaster Relief Fund	\$ 385 Million
Infrastructure Grants	\$ 65 Million
Rental Assistance	\$ 352 Million
Homeowner Assistance Fund	\$ 50 Million
EDUCATIONAL SUPPORT	\$ 584 Million
Governor's Emergency Education Relief Fund	\$ 17 Million
Elementary and Secondary School Emergency Relief Fund	\$ 443 Million
Higher Education Emergency Relief Fund	\$ 124 Million

Total Per Capita (third highest in the nation, after Washington, DC and New York): **\$16,167**

Source: Peter G. Peterson Foundation, estimates through December 2, 2021

Infrastructure Investment and Jobs Act Breakout of New Spending Components

\$1.2 Trillion Total*
\$550 Billion in New Spending

COMPONENT	TOTAL U.S.	Vermont (partial)
Roads, Bridges and major Projects	\$ 110 Billion	\$ 1.625 Billion
Power Infrastructure	\$ 73 Billion	Billion
Passenger and Freight Rail	\$ 66 Billion	Billion
Broadband Infrastructure	\$ 65 Billion	\$ 0.100 Billion
Water Infrastructure	\$ 55 Billion	\$ 0.355 Billion
Infrastructure Resiliency to Climate Change and Cyber Attacks	\$ 50 Billion	\$ 0.180 Billion
Public Transit	\$ 39 Billion	\$ 0.077 Billion
Airports	\$ 25 Billion	\$ 0.028 Billion
Ports and Waterways	\$ 17 Billion	Billion
Other Infrastructure-Related Items Such as Electric Buses and Transportation Safety	\$ 50 Billion	\$ 0.021 Billion
	\$ 550 Billion	\$ 2.386 Billion

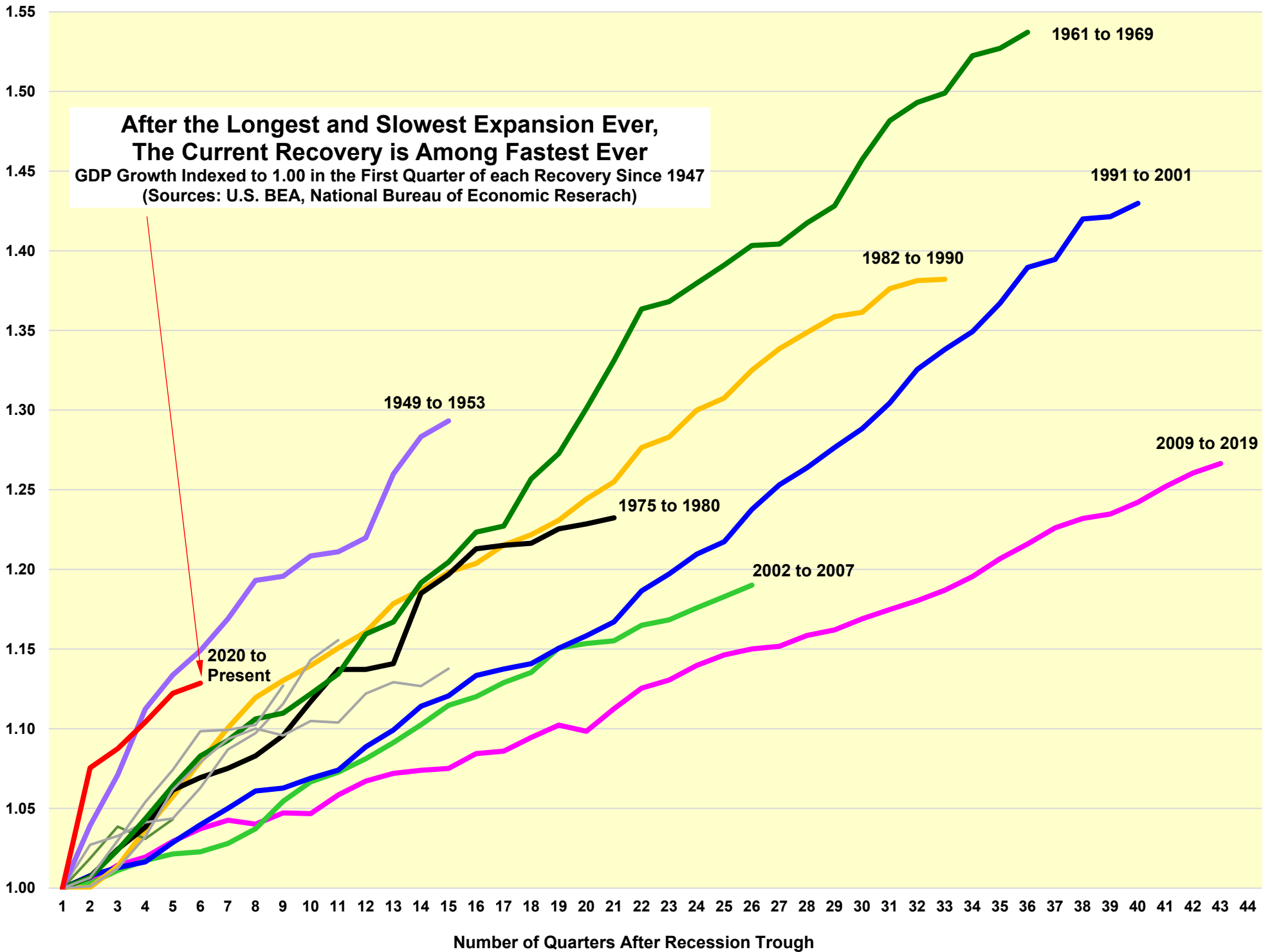
Total Per Capita:

\$1,659

\$3,710

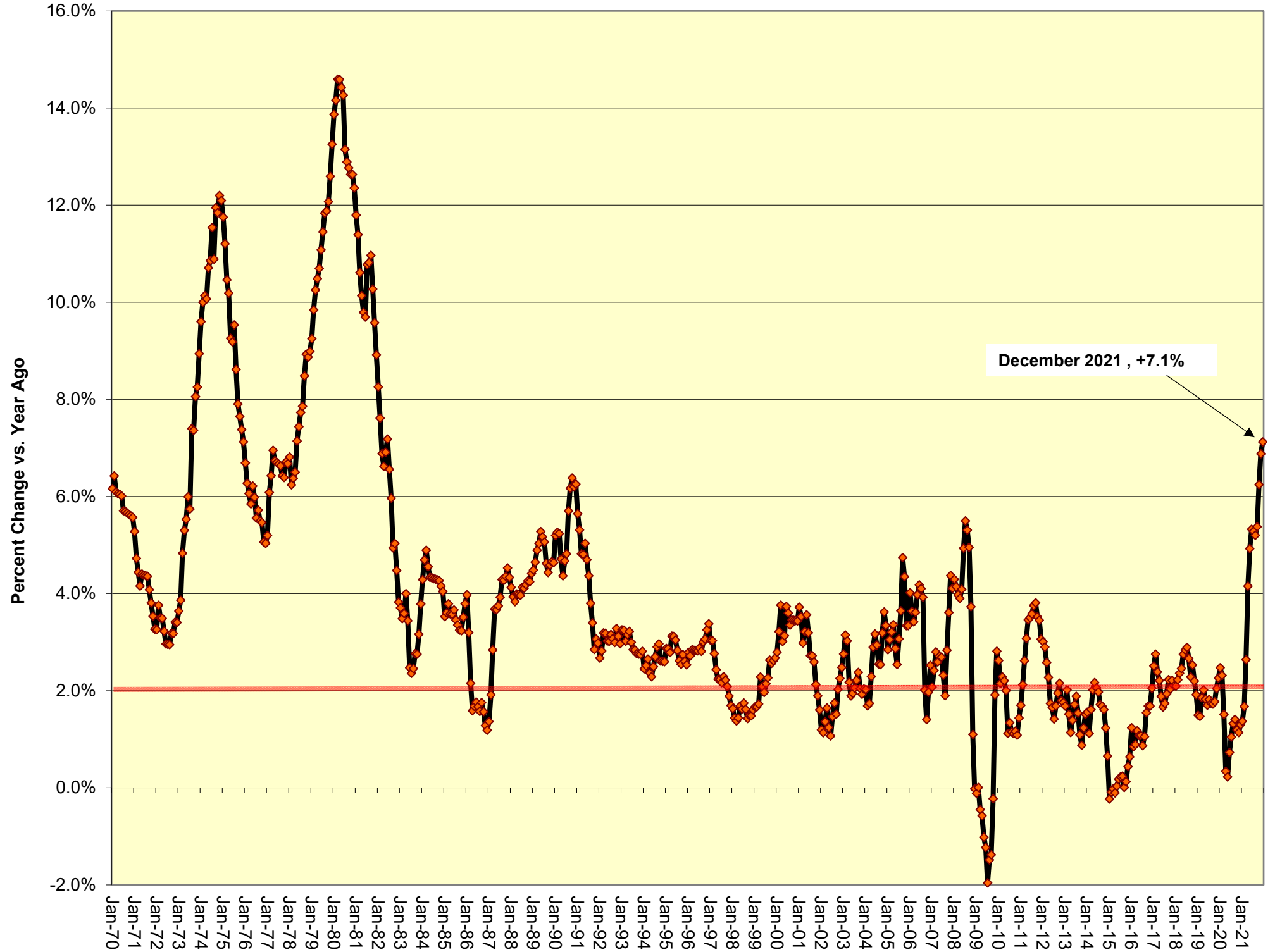
(Vermont is estimated to be the fifth highest in the nation on a per capita basis, after Washington DC, Alaska, Wyoming and Montana)

* Includes \$650 billion in reauthorized surface transportation programs; Source: The White House, as of December 2, 2021



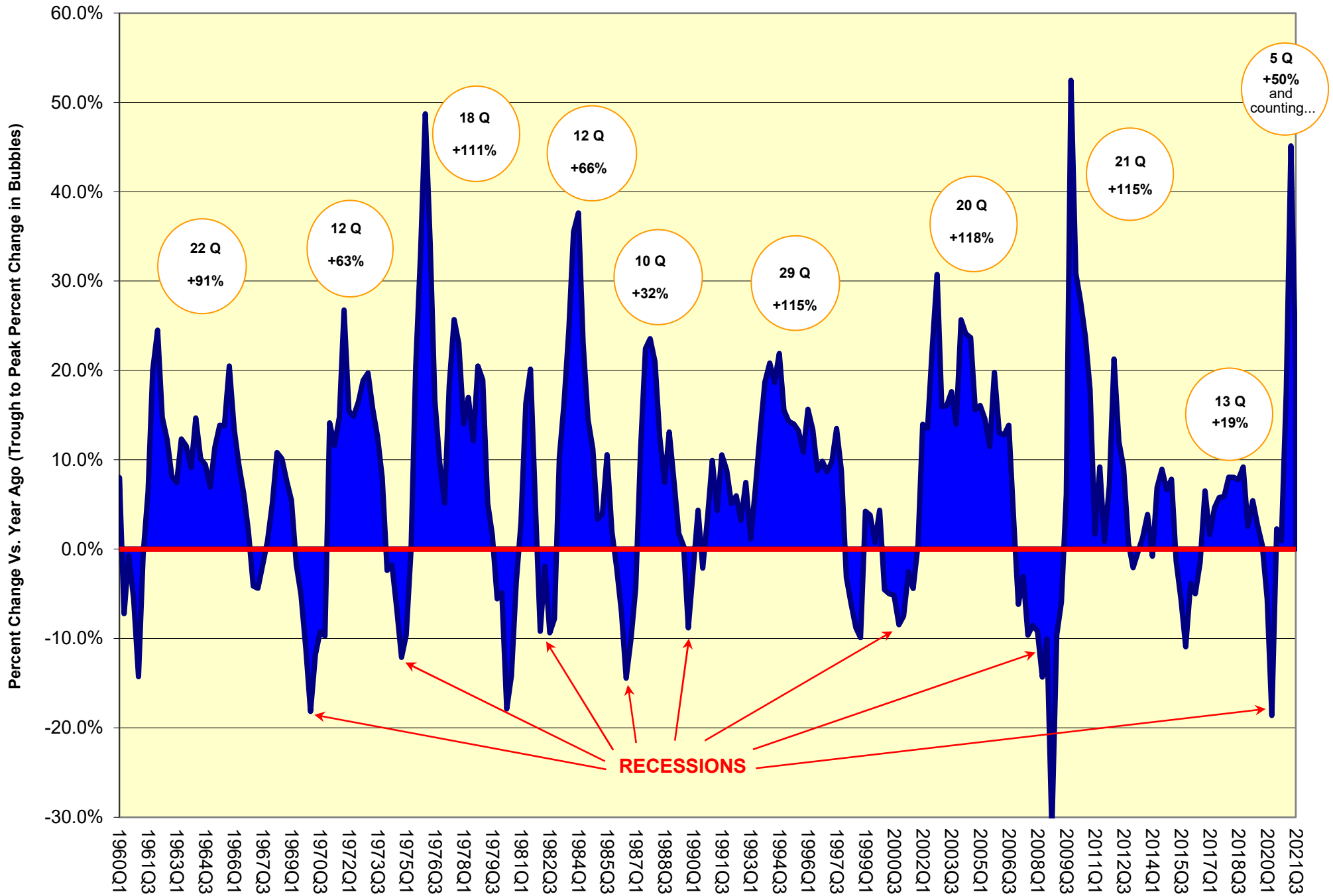
Vast Excess Demand Amidst Supply Constraints Reignites Inflation and Spooks the Fed

CPI-U - All Items, Source: U.S. Bureau of Labor Statistics



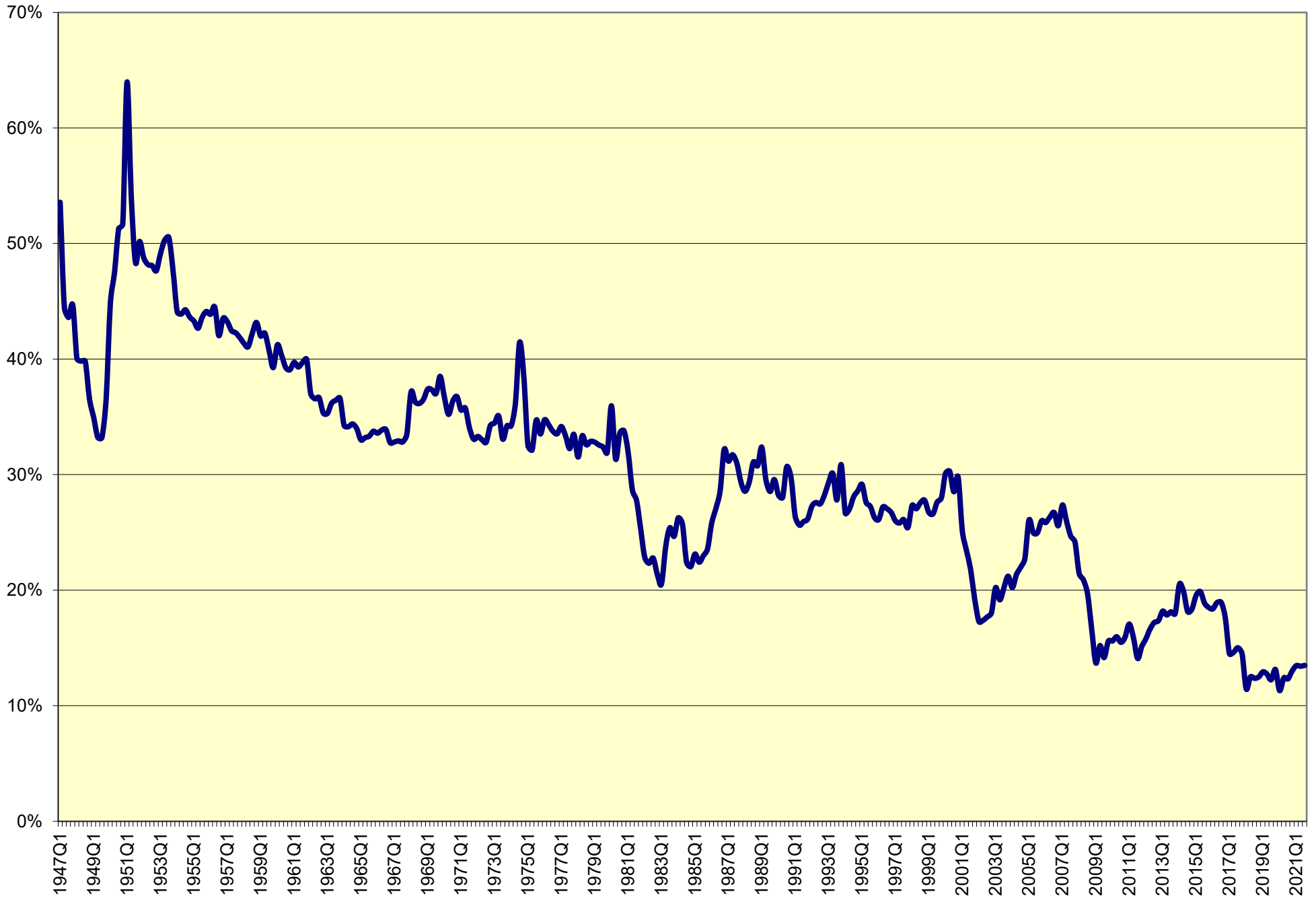
Corporate Profit Growth Flourishes Amidst Rising Inflation

U.S. corporate profits with inventory valuation and capital consumption adjustment; Source: US BEA
 Data in bubbles indicate number of consecutive quarters of growth and percent change, trough to peak



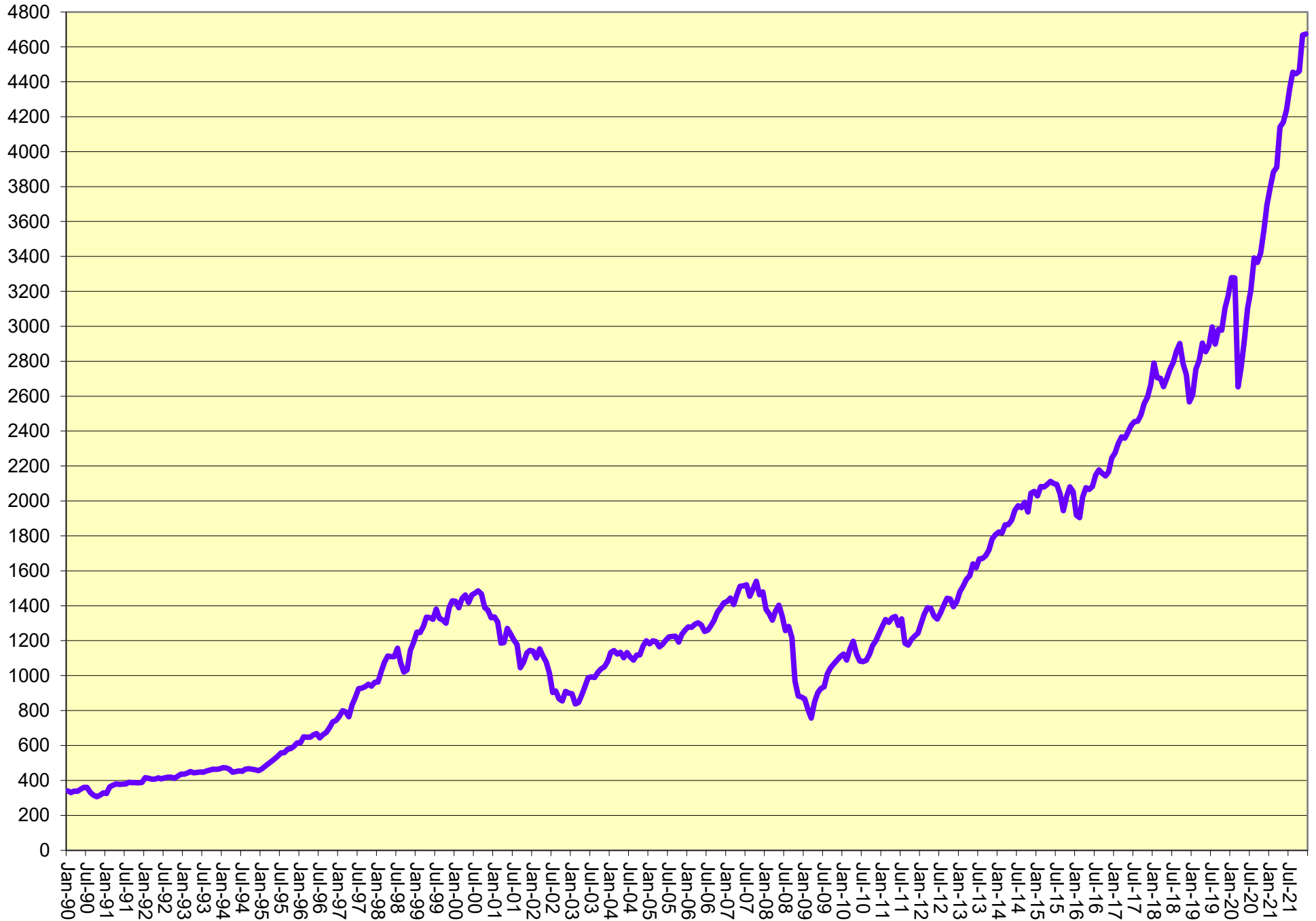
Effective Total Corporate Tax Rate Remains Near Historical Lows

Based on Before and After Tax Corporate Profits with Inventory Valuation Adjustment and Capital Consumption Adjustment
Billions of Dollars, Quarterly, Seasonally Adjusted Annual Rate, Source: BEA



Downside Risks Abound With 32% Surge in 2021 Equity Market Valuations

(Data Through December 2021, S&P 500 Monthly Average, Source: FRED data from S&P Global)



Awash in Excess Savings, Federal Largess Also Funds "Play" Money as Bitcoin, Other Crypto and Meme Stocks Soar

Weekly Bitcoin Value With Sunday End of Week Average Value, Source: Coinbase

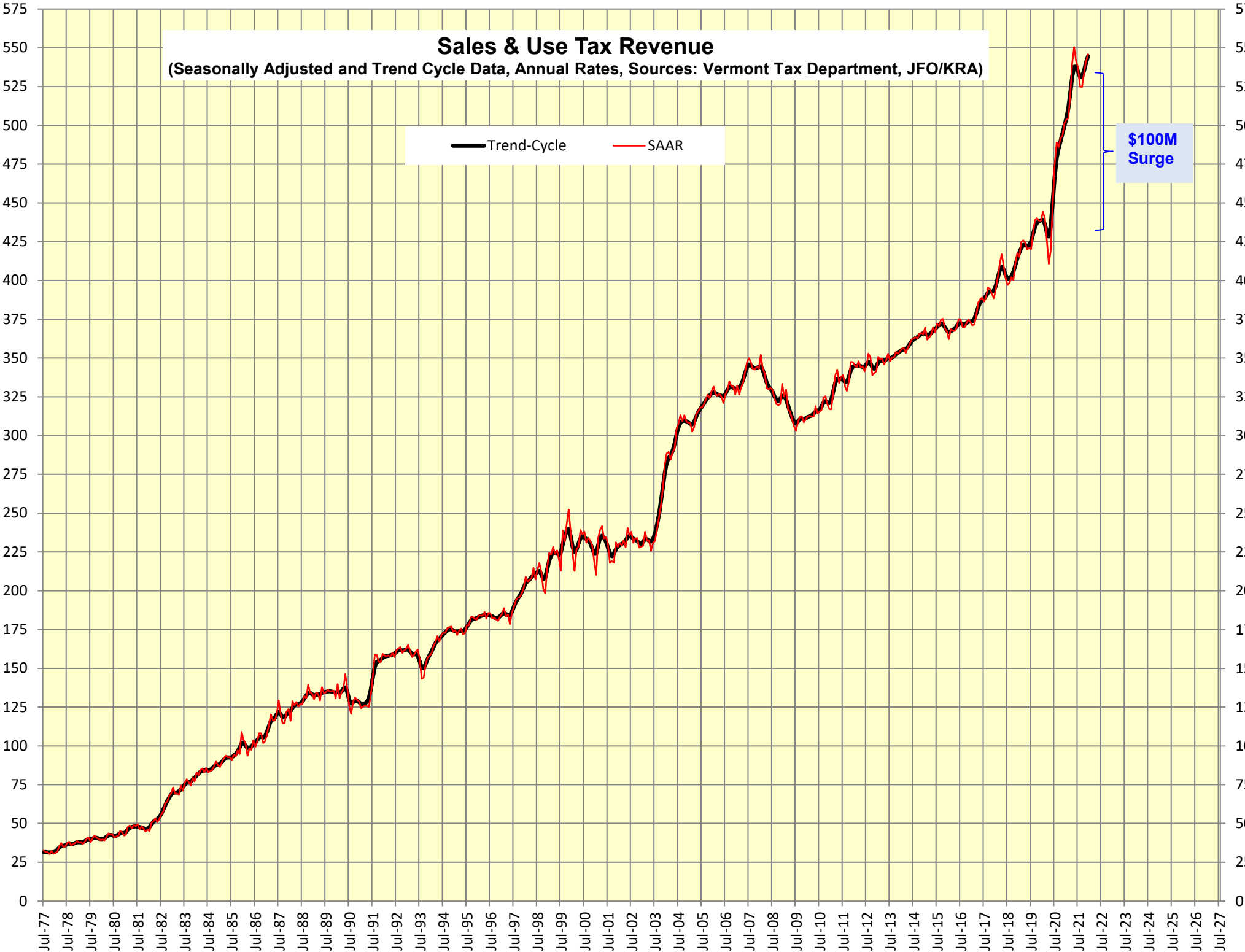


Sales & Use Tax Revenue

(Seasonally Adjusted and Trend Cycle Data, Annual Rates, Sources: Vermont Tax Department, JFO/KRA)

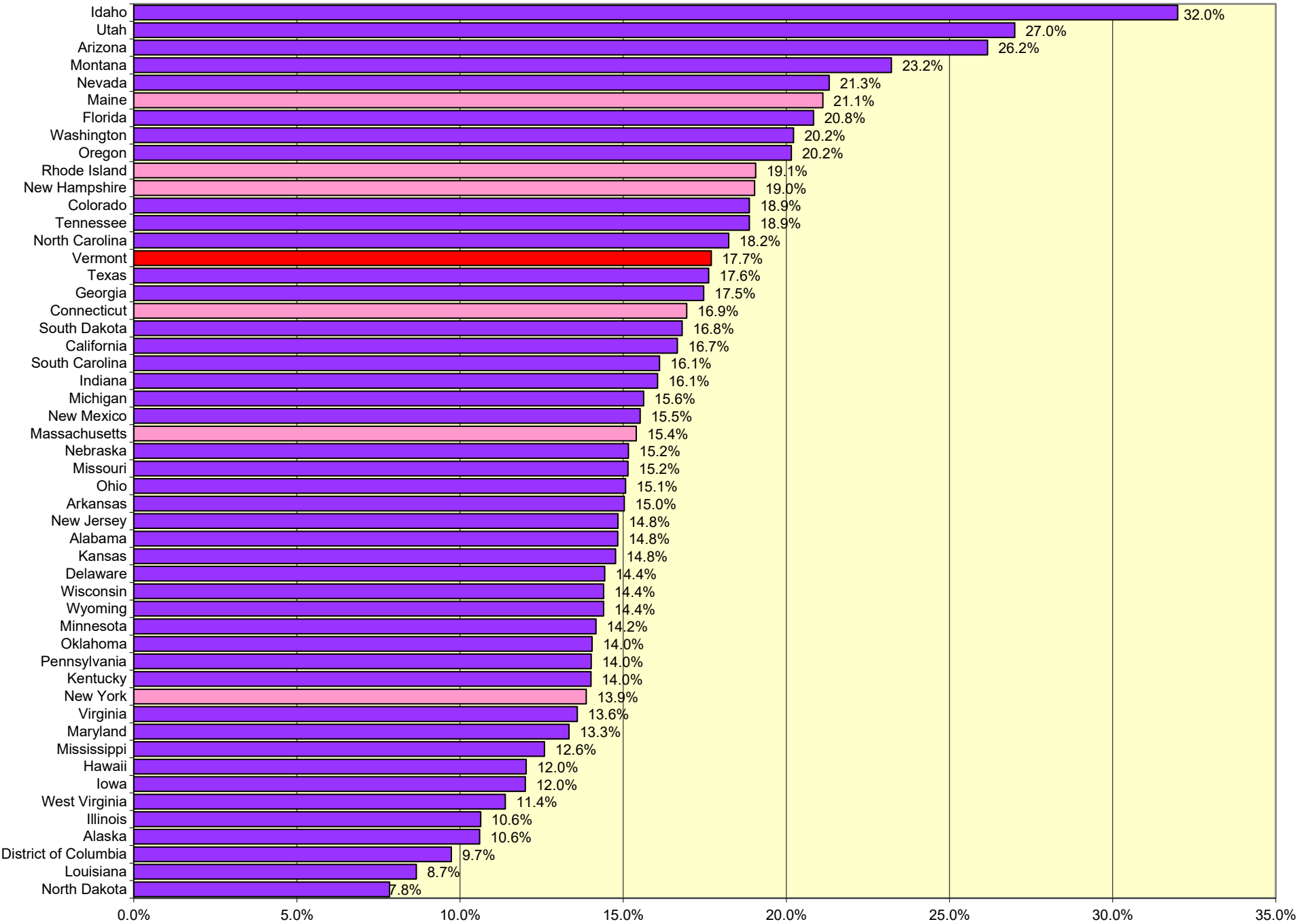
— Trend-Cycle — SAAR

\$100M
Surge



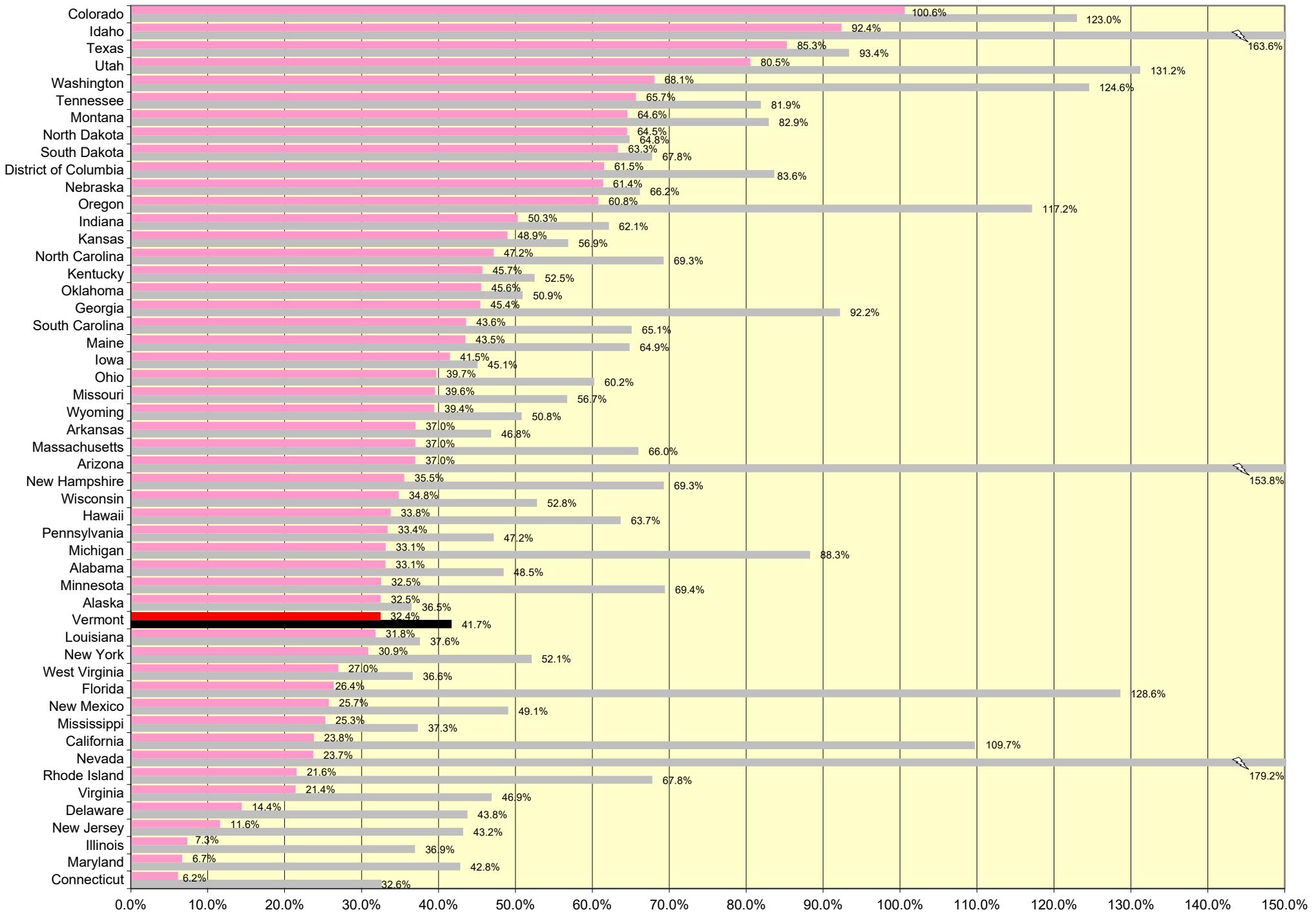
Another Housing Price Bubble Emerges as Asset Repricing Spreads to Real Estate

Percent Change, Third Quarter of 2021 vs. Third Quarter of 2020, Source: FHFA Home Price Index



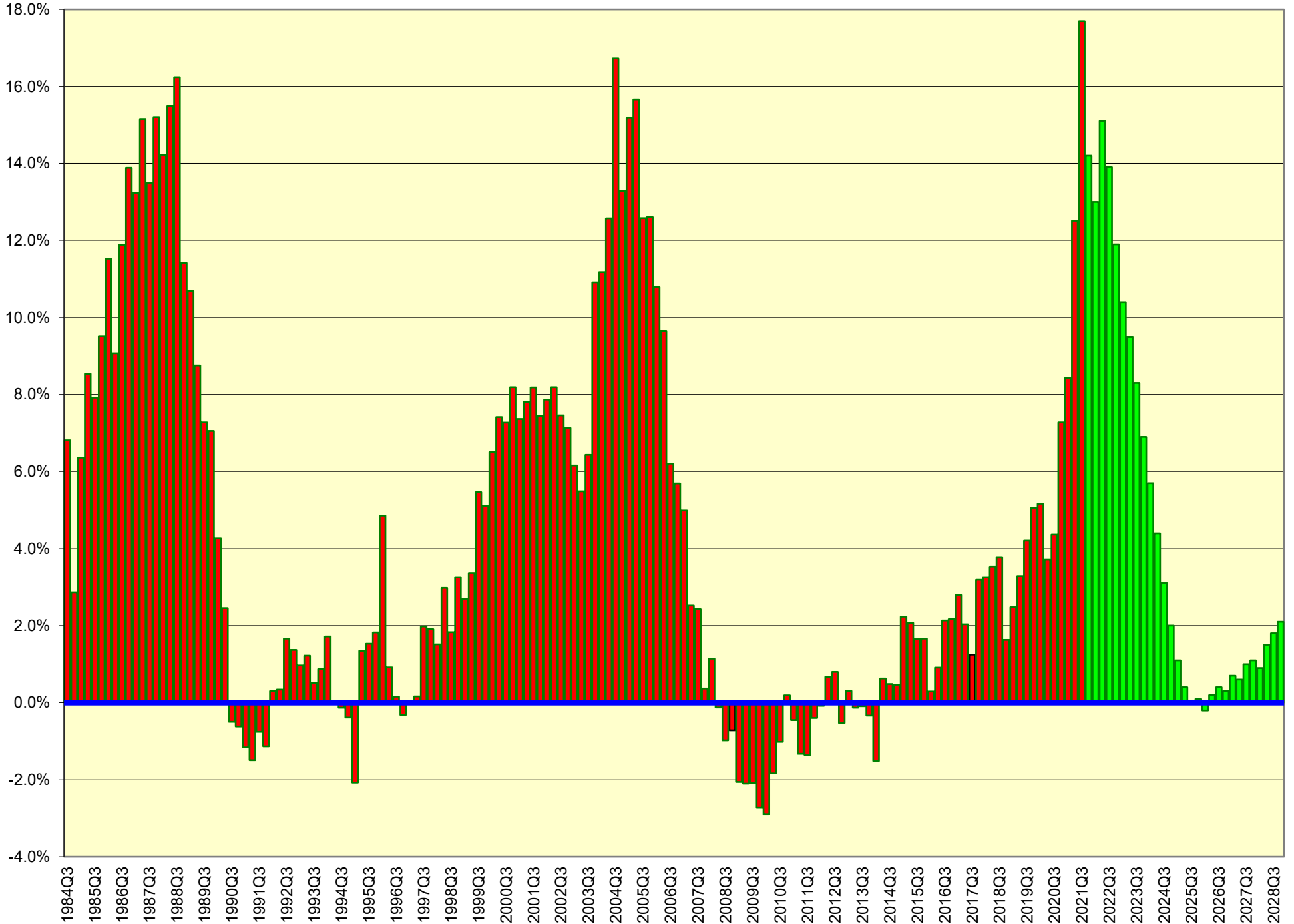
Real Estate Update: Housing Values Relative to Last Peak (pink) and Trough (grey)

Percent Change, 2021Q3 vs. Peak Price by State Reached Between 2005Q3 and 2009Q3 - Pink and 2021Q3 vs. Trough Price Reached Between 2009Q3 and 2014Q1 - Grey
 Source: FHFA Home Price Index

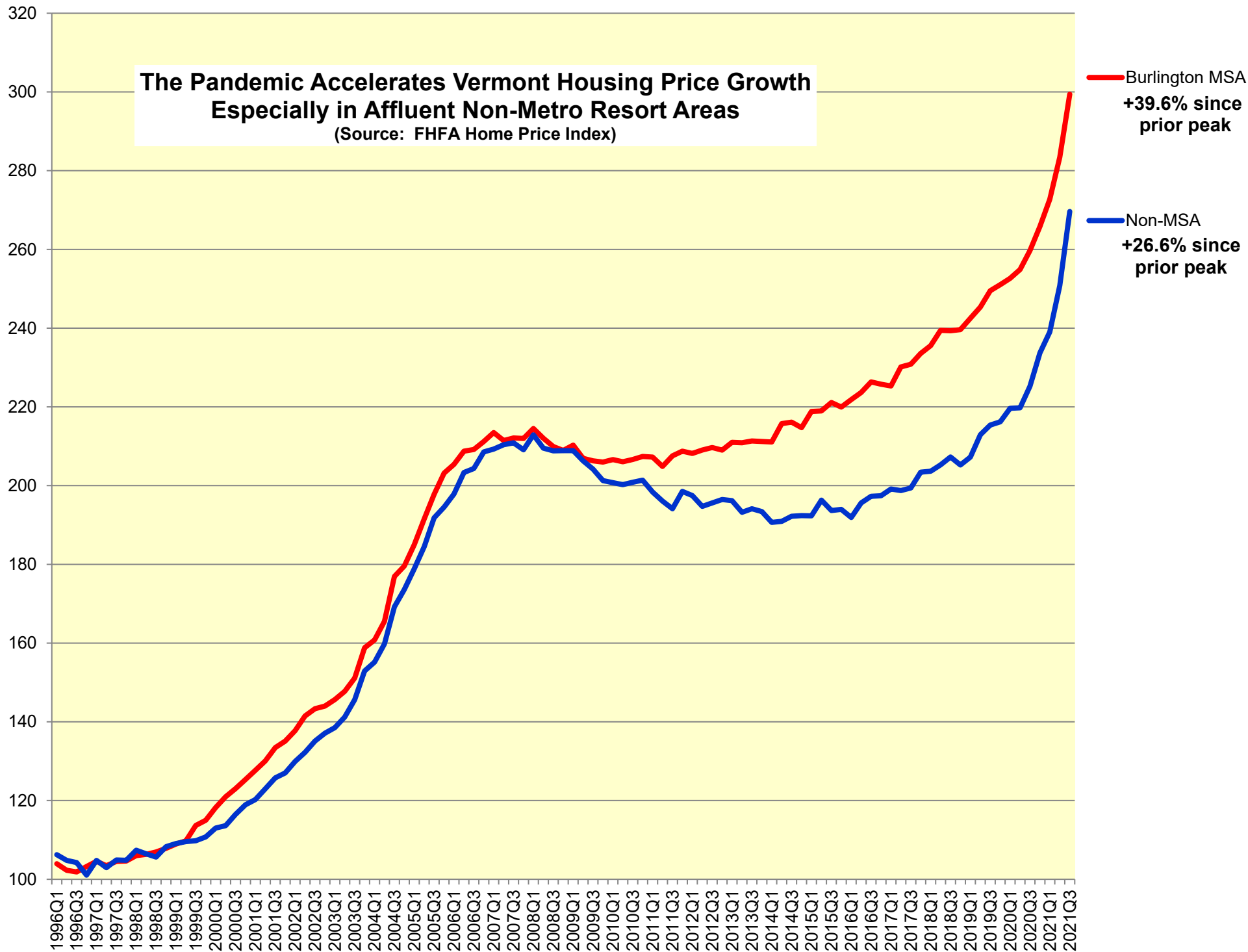


Vermont is Now Experiencing Its Third Major Real Estate Cycle in the Past 40 Years

(FHFA Vermont Housing Price Index Percent Change Vs. Year Ago, Historical Data - Red, JFO Forecast Data - Green)

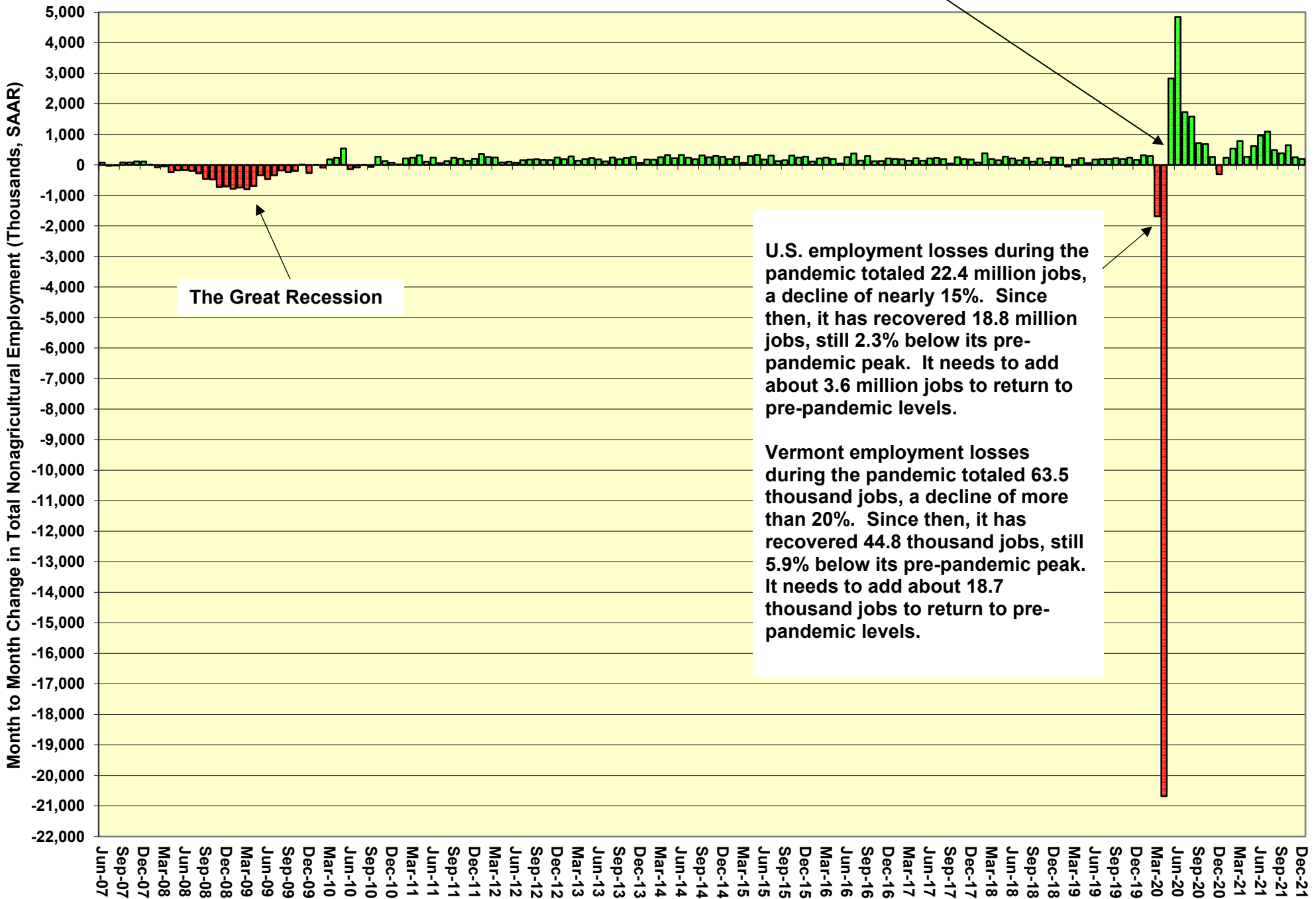


FHFA Home Price Index, 1995Q1 = 100



Employment Still Not Back to Pre-Pandemic Levels

Monthly Change in Total U.S. Payroll Employment, Seasonally-Adjusted, Source: U.S. Bureau of Labor Statistics



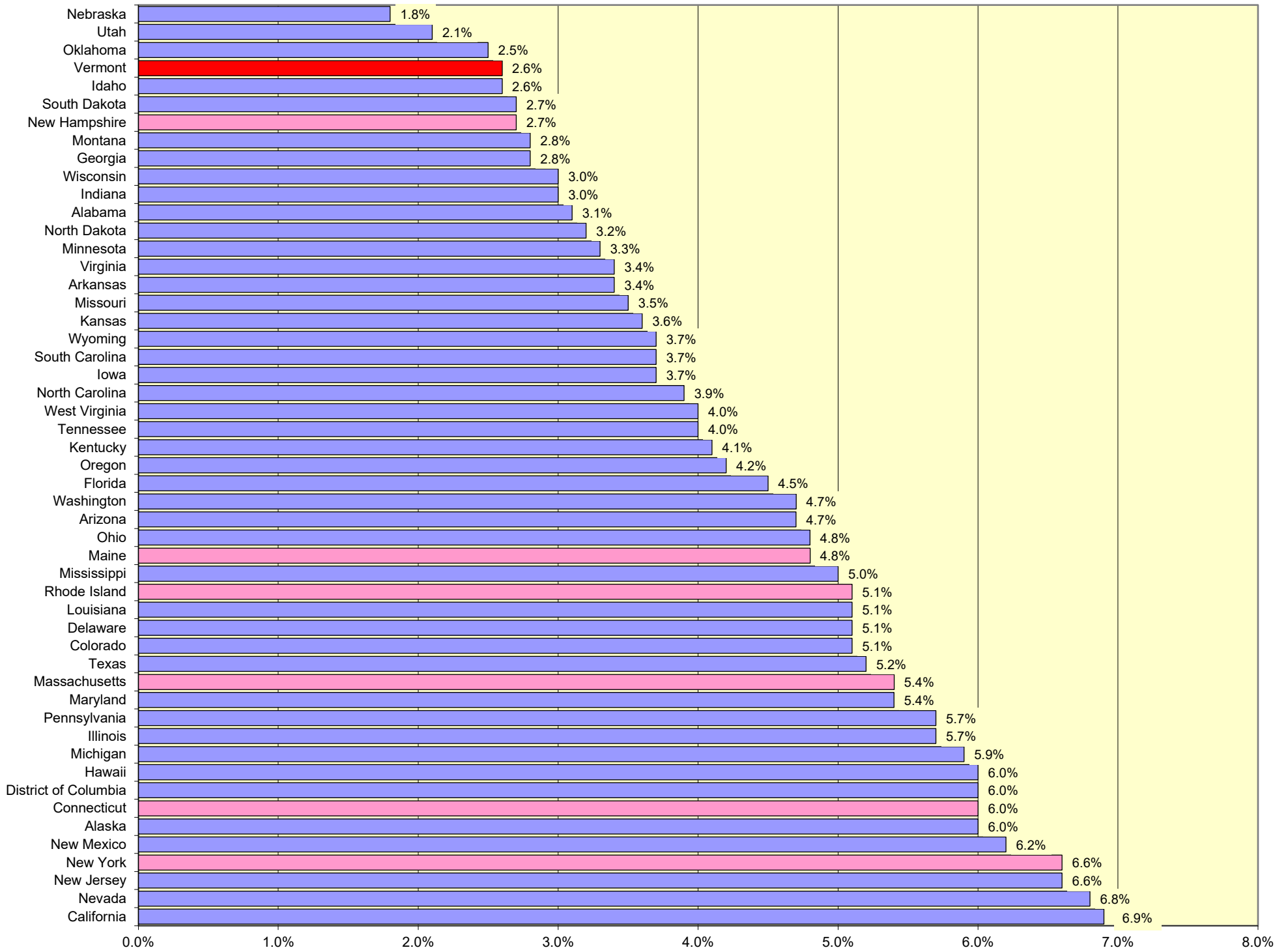
The Great Recession

U.S. employment losses during the pandemic totaled 22.4 million jobs, a decline of nearly 15%. Since then, it has recovered 18.8 million jobs, still 2.3% below its pre-pandemic peak. It needs to add about 3.6 million jobs to return to pre-pandemic levels.

Vermont employment losses during the pandemic totaled 63.5 thousand jobs, a decline of more than 20%. Since then, it has recovered 44.8 thousand jobs, still 5.9% below its pre-pandemic peak. It needs to add about 18.7 thousand jobs to return to pre-pandemic levels.

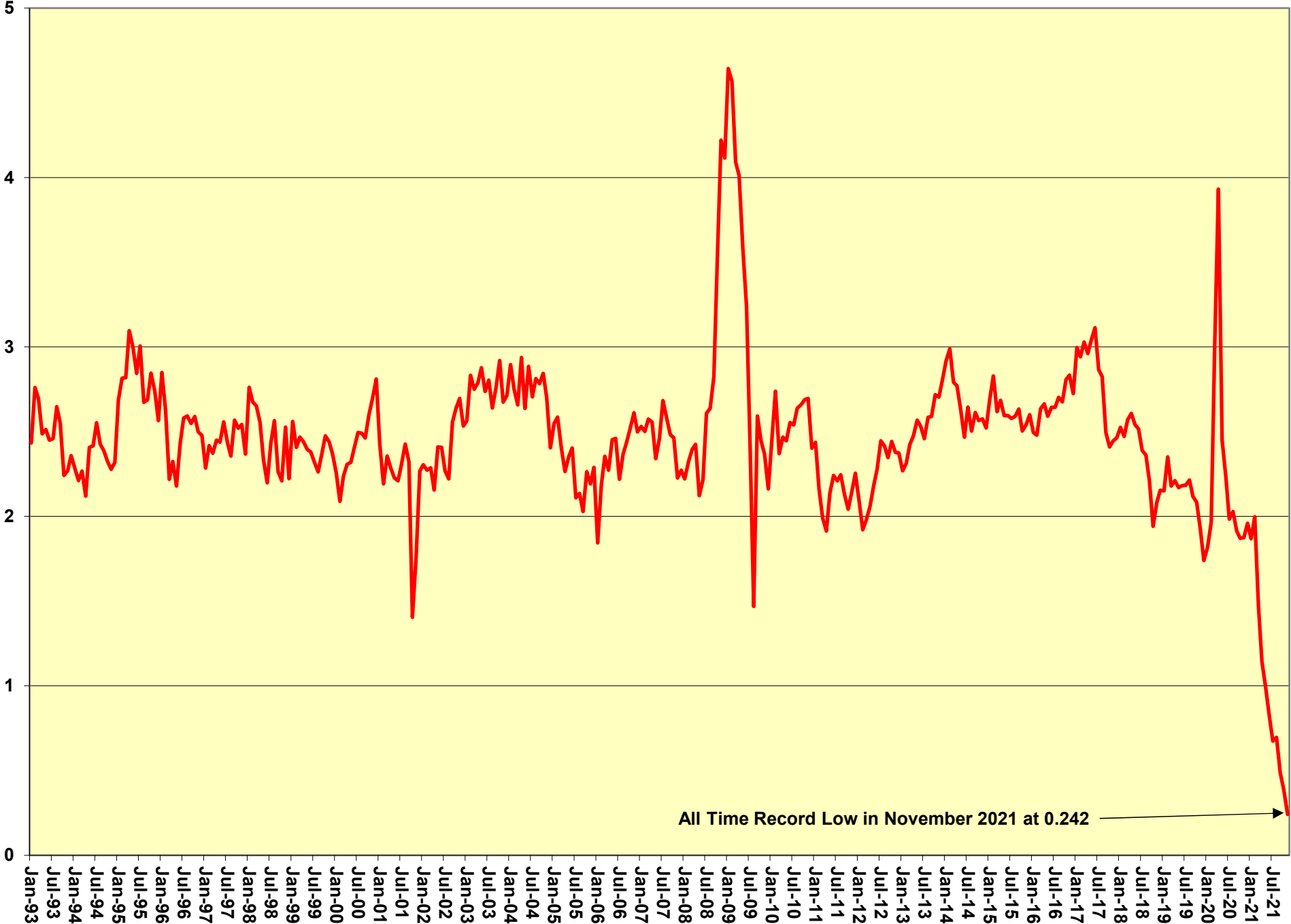
Unemployment Rate by State - November 2021

Seasonally Adjusted Data, Source: U.S. Bureau of Labor Statistics



Plenty of Demand, But Vehicles on Which the MVP&U Tax Can Be Levied are Scarce

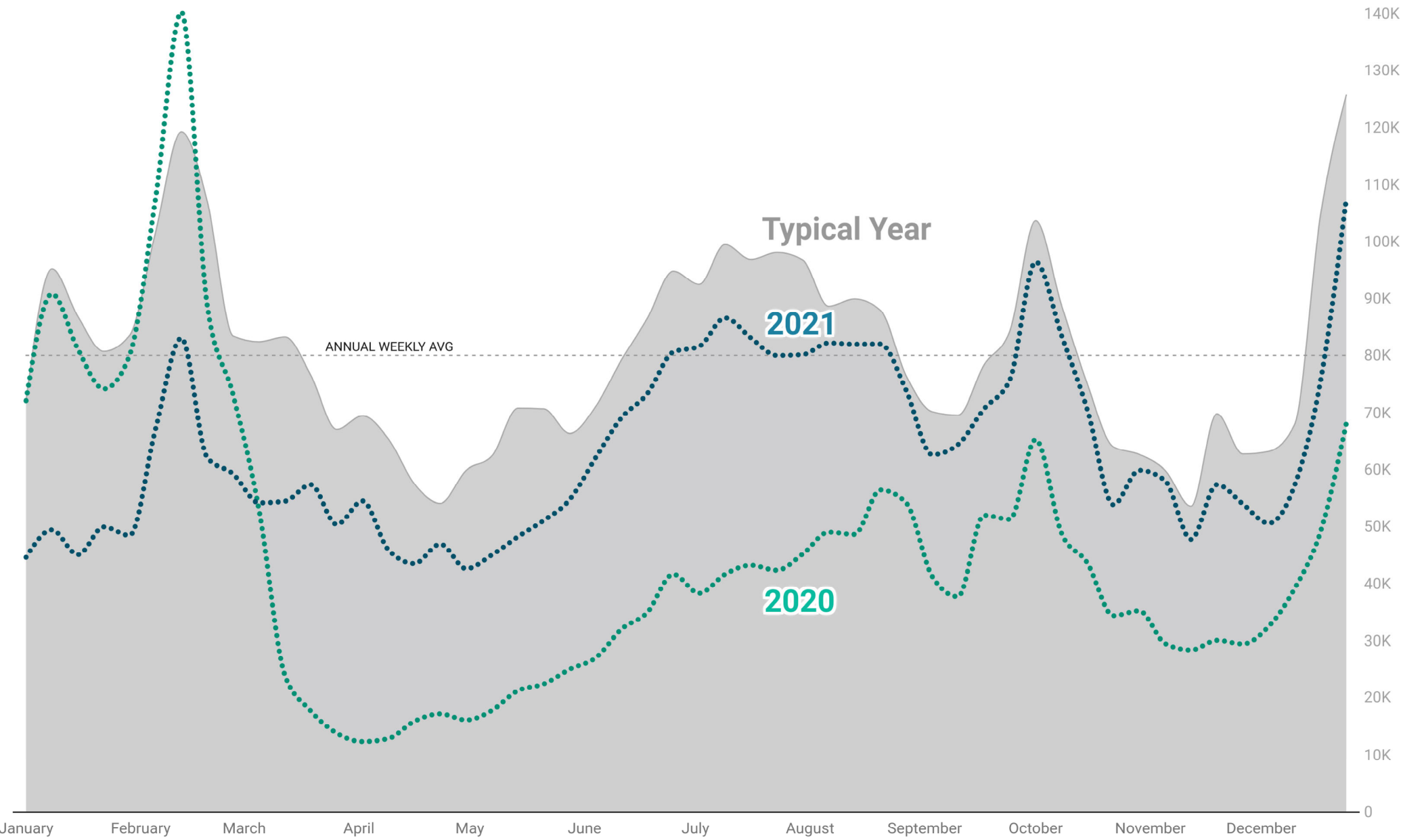
(Auto Inventory to Sales Ratio, Seasonally Adjusted data from the U.S. Bureau of Economic Analysis)



All Time Record Low in November 2021 at 0.242

VT Hotel Visitors in 2020 & 2021 Compared to a Typical Year

Through January 2nd, 2022.



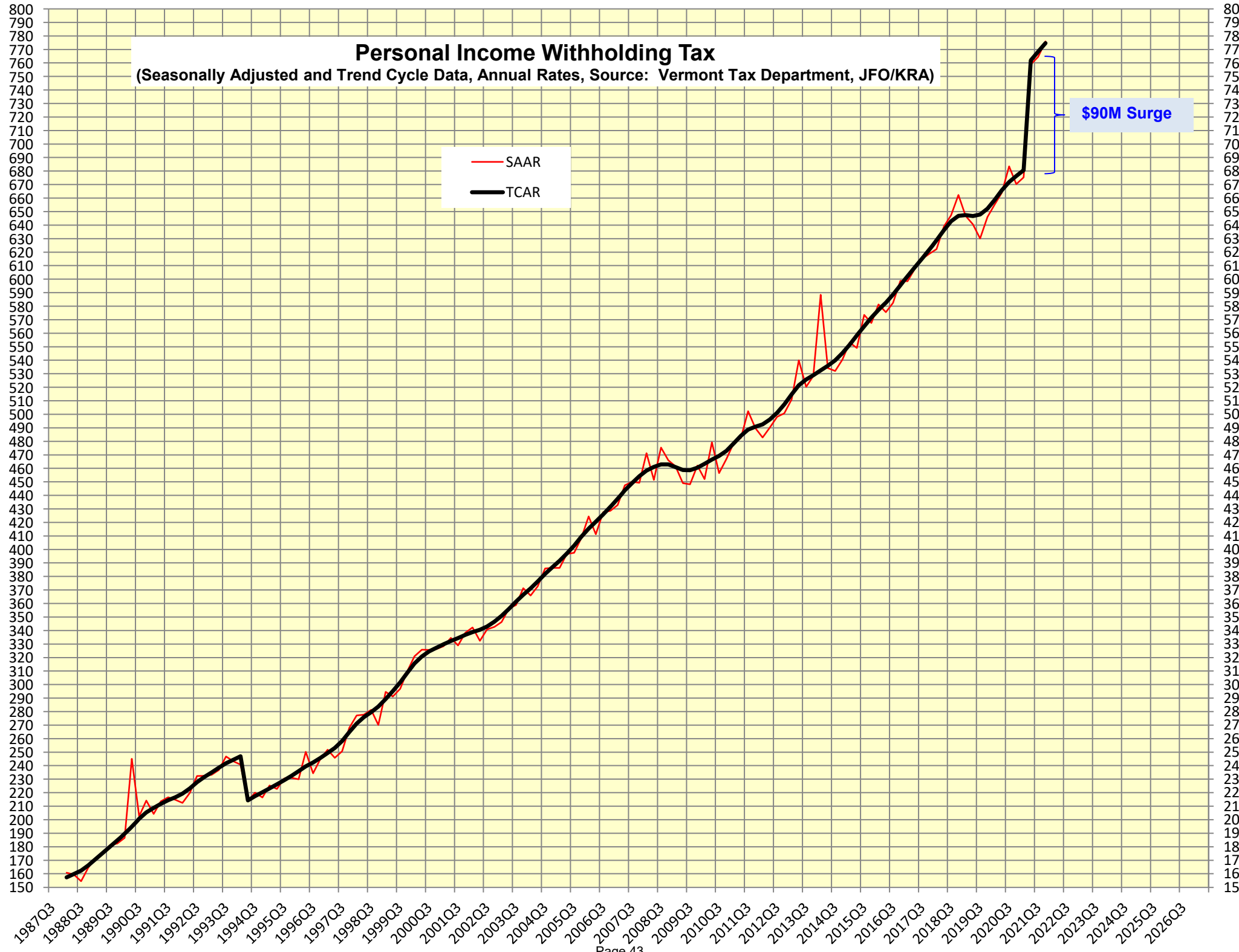
'Typical Year' calculated using 2018 & 2019 average.
Chart: VCGI · Source: Safegraph · Created with Datawrapper

Personal Income Withholding Tax

(Seasonally Adjusted and Trend Cycle Data, Annual Rates, Source: Vermont Tax Department, JFO/KRA)

— SAAR
— TCAR

\$90M Surge



Appendix A

Five Year Revenue Forecast Tables

January 2022

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

SOURCE G-FUND	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024		FY 2025		FY 2026		FY 2027			
<i>revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>		
REVENUE SOURCE																						
Personal Income	\$832.0	10.0%	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1103.5	3.2%	\$1102.6	-0.1%	\$1118.6	1.5%	\$1140.2	1.9%	\$1169.5	2.6%	\$1205.2	3.1%		
Sales and Use ¹	\$397.8	5.6%	\$412.5	3.7%	\$432.5	4.8%	\$507.6	17.4%	\$538.7	6.1%	\$553.7	2.8%	\$555.1	0.3%	\$560.8	1.0%	\$570.7	1.8%	\$584.2	2.4%		
Corporate	\$96.4	0.6%	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$178.9	34.1%	\$187.4	4.8%	\$181.0	-3.4%	\$185.8	2.7%	\$191.4	3.0%	\$198.2	3.6%		
Meals and Rooms ²	\$173.2	4.8%	\$182.1	5.1%	\$163.6	-10.1%	\$143.8	-12.1%	\$197.6	37.4%	\$206.2	4.4%	\$214.0	3.8%	\$222.0	3.7%	\$229.9	3.6%	\$238.0	3.5%		
Liquor	\$19.8	3.6%	\$21.4	8.1%	\$21.6	0.8%	\$28.7	32.8%	\$30.0	4.5%	\$31.2	4.0%	\$32.4	3.8%	\$33.6	3.7%	\$34.8	3.6%	\$36.0	3.6%		
Insurance	\$57.5	1.0%	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$60.3	-0.1%	\$60.6	0.5%	\$61.0	0.7%	\$61.5	0.8%	\$62.0	0.8%	\$62.4	0.6%		
Telephone	\$4.7	-16.8%	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.2	-3.0%	\$2.1	-4.5%	\$2.0	-4.8%	\$1.9	-5.0%	\$1.8	-5.3%	\$1.7	-5.6%		
Beverage	\$7.1	2.5%	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.3	0.7%	\$7.4	1.4%	\$7.5	1.4%	\$7.6	1.3%	\$7.7	1.3%	\$7.8	1.3%		
Estate	\$22.9	37.6%	\$12.6	-44.9%	\$15.2	20.1%	\$26.9	77.5%	\$22.6	-16.1%	\$26.3	16.4%	\$30.3	15.2%	\$34.1	12.5%	\$37.6	10.3%	\$40.4	7.4%		
Property	\$40.9	5.6%	\$41.1	0.6%	\$42.3	2.9%	\$73.9	74.8%	\$74.4	0.7%	\$77.3	3.9%	\$66.2	-14.4%	\$58.7	-11.3%	\$54.1	-7.8%	\$56.6	4.6%		
Bank	\$13.1	-1.3%	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.0	15.3%	\$15.2	-5.0%	\$14.8	-2.6%	\$14.2	-4.1%	\$14.4	1.4%	\$14.7	2.1%		
Cannabis	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$8.0	NM	\$17.3	114.8%	\$22.6	31.0%	\$26.0	14.9%	\$28.2	8.4%		
Other Tax	\$1.8	-15.2%	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.4	113.7%	\$1.6	14.3%	\$1.3	-18.8%	\$1.1	-15.4%	\$1.2	9.1%	\$1.3	8.3%		
Total Tax Revenue	\$1667.2	7.3%	\$1763.0	5.7%	\$1829.7	3.8%	\$2068.5	13.1%	\$2232.9	7.9%	\$2279.6	2.1%	\$2301.4	1.0%	\$2344.1	1.9%	\$2401.1	2.4%	\$2474.7	3.1%		
Business Licenses	\$1.2	-2.9%	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.3	-0.2%	\$1.325	1.9%	\$1.35	1.9%	\$1.375	1.9%	\$1.40	1.8%	\$1.425	1.8%		
Fees	\$47.1	-2.9%	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$41.9	-2.0%	\$41.4	-1.2%	\$41.0	-1.0%	\$40.7	-0.7%	\$40.5	-0.5%	\$40.4	-0.2%		
Services	\$2.9	-4.2%	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$3.1	1.9%	\$3.2	1.6%	\$3.2	1.6%	\$3.3	1.5%	\$3.3	1.5%	\$3.4	1.5%		
Fines	\$3.5	-19.8%	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.1	-0.4%	\$3.4	9.7%	\$3.6	5.9%	\$3.8	5.6%	\$4.0	5.3%	\$4.2	5.0%		
Interest	\$2.8	80.1%	\$5.0	79.1%	\$4.1	-18.0%	\$0.9	-77.9%	\$1.1	21.4%	\$1.6	45.5%	\$2.9	81.3%	\$3.4	17.2%	\$3.8	11.8%	\$4.0	5.3%		
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM		
Lottery	\$27.1	6.4%	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$32.3	-0.6%	\$32.9	1.9%	\$33.5	1.8%	\$34.0	1.5%	\$34.4	1.2%	\$34.8	1.2%		
All Other ³	\$2.4	-18.8%	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$0.6	22.4%	\$0.7	16.7%	\$0.8	14.3%	\$0.9	12.5%	\$1.0	11.1%	\$1.1	10.0%		
Total Other Revenue	\$87.0	-0.1%	\$93.9	7.9%	\$84.8	-9.7%	\$84.1	-0.8%	\$83.4	-0.8%	\$84.5	1.3%	\$86.4	2.2%	\$87.4	1.2%	\$88.4	1.1%	\$89.3	1.0%		
Healthcare Revenue⁴	\$275.6	-0.4%	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$294.4	4.8%	\$297.0	0.9%	\$299.6	0.9%	\$302.0	0.8%	\$304.4	0.8%	\$305.6	0.4%		
TOTAL GENERAL FUND	\$2029.8	5.9%	\$2133.2	5.1%	\$2199.2	3.1%	\$2433.6	10.7%	\$2610.6	7.3%	\$2661.1	1.9%	\$2687.3	1.0%	\$2733.5	1.7%	\$2793.9	2.2%	\$2869.6	2.7%		

- Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error.
- Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and E-Fund.
- Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.
- Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.
- Includes Clean Water Fund redirect consisting of 6% of total M&R collections

**TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%	
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	
REVENUE SOURCE																					
Personal Income	\$832.0	10.0%	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1103.5	3.2%	\$1102.6	-0.1%	\$1118.6	1.5%	\$1140.2	1.9%	\$1169.5	2.6%	\$1205.2	3.1%	
Sales and Use ¹	\$258.6	5.6%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	
Corporate	\$96.4	0.6%	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$178.9	34.1%	\$187.4	4.8%	\$181.0	-3.4%	\$185.8	2.7%	\$191.4	3.0%	\$198.2	3.6%	
Meals and Rooms	\$173.2	4.8%	\$136.5	-21.2%	\$116.1	-15.0%	\$99.2	-14.5%	\$136.3	37.4%	\$142.3	4.4%	\$147.7	3.8%	\$153.2	3.7%	\$158.6	3.6%	\$164.2	3.5%	
Liquor ⁶	\$19.8	3.6%	\$21.4	8.1%	\$3.6	-83.2%	\$4.8	32.8%	\$5.0	4.5%	\$5.2	4.0%	\$5.4	3.8%	\$5.6	3.7%	\$5.8	3.6%	\$6.0	3.4%	
Insurance	\$57.5	1.0%	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$60.3	-0.1%	\$60.6	0.5%	\$61.0	0.7%	\$61.5	0.8%	\$62.0	0.8%	\$62.4	0.6%	
Telephone	\$4.7	-16.8%	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.2	-3.0%	\$2.1	-4.5%	\$2.0	-4.8%	\$1.9	-5.0%	\$1.8	-5.3%	\$1.7	-5.6%	
Beverage	\$7.1	2.5%	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.3	0.7%	\$7.4	1.4%	\$7.5	1.4%	\$7.6	1.3%	\$7.7	1.3%	\$7.8	1.3%	
Estate ³	\$22.9	37.6%	\$12.6	-44.9%	\$15.2	20.1%	\$23.4	54.1%	\$22.6	-3.3%	\$26.3	16.4%	\$30.3	15.2%	\$34.1	12.5%	\$37.6	10.3%	\$40.4	7.4%	
Property	\$12.4	-1.5%	\$12.5	0.9%	\$12.9	3.0%	\$23.1	79.6%	\$23.3	0.7%	\$24.2	4.0%	\$20.6	-14.8%	\$18.2	-11.8%	\$16.7	-8.2%	\$17.5	4.8%	
Bank	\$13.1	-1.3%	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.0	15.3%	\$15.2	-5.0%	\$14.8	-2.6%	\$14.2	-4.1%	\$14.4	1.4%	\$14.7	2.1%	
Cannabis	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$3.9	NM	\$8.5	117.9%	\$11.1	30.6%	\$12.7	14.4%	\$13.8	8.7%	
Other Tax	\$1.8	-15.2%	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.4	113.7%	\$1.6	14.3%	\$1.3	-18.8%	\$1.1	-15.4%	\$1.2	9.1%	\$1.3	8.3%	
Total Tax Revenue	\$1499.5	7.4%	\$1276.4	-14.9%	\$1302.3	2.0%	\$1438.1	10.4%	\$1556.8	8.3%	\$1578.8	1.4%	\$1598.7	1.3%	\$1634.5	2.2%	\$1679.4	2.8%	\$1733.2	3.2%	
Business Licenses	\$1.2	-2.9%	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.3	-0.2%	\$1.3	1.9%	\$1.4	1.9%	\$1.4	1.9%	\$1.4	1.8%	\$1.4	1.8%	
Fees	\$47.1	-2.9%	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$41.9	-2.0%	\$41.4	-1.2%	\$41.0	-1.0%	\$40.7	-0.7%	\$40.5	-0.5%	\$40.4	-0.2%	
Services	\$2.9	-4.2%	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$3.1	1.9%	\$3.2	1.6%	\$3.2	1.6%	\$3.3	1.6%	\$3.3	1.5%	\$3.4	1.5%	
Fines	\$3.5	-19.8%	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.1	-0.4%	\$3.4	9.7%	\$3.6	5.9%	\$3.8	5.6%	\$4.0	5.3%	\$4.2	5.0%	
Interest	\$2.3	96.1%	\$4.3	87.8%	\$3.3	-24.5%	\$0.8	-75.5%	\$1.0	25.2%	\$1.4	40.0%	\$2.6	85.7%	\$2.9	11.5%	\$3.2	10.3%	\$3.3	3.1%	
All Other ⁴	\$2.4	-18.8%	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$0.6	22.4%	\$0.7	16.7%	\$0.8	14.3%	\$0.9	12.5%	\$1.0	11.1%	\$1.1	10.0%	
Total Other Revenue	\$59.4	-3.0%	\$63.7	7.4%	\$57.2	-10.3%	\$51.5	-9.9%	\$51.0	-1.0%	\$51.4	0.7%	\$52.6	2.3%	\$52.9	0.7%	\$53.4	0.9%	\$53.8	0.7%	
Healthcare Revenue⁵	\$0.0	NM	\$272.3	NM	\$280.9	3.1%	\$278.1	-1.0%	\$290.0	4.3%	\$292.7	0.9%	\$295.1	0.8%	\$297.5	0.8%	\$299.9	0.8%	\$301.1	0.4%	
TOTAL GENERAL FUND	\$1558.9	7.0%	\$1612.5	3.4%	\$1640.4	1.7%	\$1767.7	7.8%	\$1897.8	7.4%	\$1922.8	1.3%	\$1946.4	1.2%	\$1984.9	2.0%	\$2032.7	2.4%	\$2088.1	2.7%	

1) Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

2) Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund.

3) Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11.

4) Includes \$2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

5) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff. See Tables 1B and 1C for details.

6) Series is discontinuous beginning in FY20 due to fund allocation changes associated with Act 73 of the 2019 Session.

**TABLE 1B - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

SOURCE HEALTHCARE¹

revenues are prior to all allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	\$71.1	-7.3%	\$68.4	-3.7%	\$71.4	4.3%	\$77.5	8.6%	\$76.7	-1.0%	\$75.6	-1.5%	\$74.4	-1.6%	\$73.1	-1.7%	\$71.8	-1.9%	\$70.3	-2.1%
Claims Assessment	\$19.8	12.1%	\$19.6	-1.3%	\$20.7	5.7%	\$19.7	-4.7%	\$21.6	9.6%	\$21.8	1.0%	\$22.0	1.0%	\$22.3	1.0%	\$22.5	1.0%	\$22.7	1.0%
Employer Assessment	\$19.8	3.6%	\$19.8	-0.5%	\$20.2	2.4%	\$17.9	-11.4%	\$20.3	13.3%	\$21.5	5.9%	\$22.5	4.7%	\$23.5	4.4%	\$24.5	4.3%	\$24.5	0.0%
Hospital Provider Tax	\$143.5	4.5%	\$146.3	2.0%	\$150.2	2.6%	\$143.7	-4.4%	\$153.5	6.9%	\$155.8	1.5%	\$158.1	1.5%	\$160.5	1.5%	\$162.9	1.5%	\$165.4	1.5%
Nursing Home Provide Tax	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.6%	\$14.6	-1.0%	\$14.7	0.7%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.7	-14.0%	\$4.8	2.2%	\$5.6	16.3%	\$5.8	4.1%	\$5.9	1.2%	\$6.0	2.0%	\$6.1	1.0%	\$6.1	1.0%	\$6.2	1.0%	\$6.2	1.0%
All other HC revenues	\$1.8	-65.5%	\$2.6	41.7%	\$1.9	-26.5%	\$1.8	-3.6%	\$1.7	-7.1%	\$1.7	0.0%	\$1.8	5.9%	\$1.8	0.0%	\$1.9	5.6%	\$1.9	0.0%
TOTAL HEALTHCARE	\$275.6	-0.4%	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$294.4	4.8%	\$297.0	0.9%	\$299.6	0.9%	\$302.0	0.8%	\$304.4	0.8%	\$305.6	0.4%

**TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Cigarette, Tobacco, E-Cig	\$71.1	-7.3%	\$68.4	-3.7%	\$71.4	4.3%	\$77.5	8.6%	\$76.7	-1.0%	\$75.6	-1.5%	\$74.4	-1.6%	\$73.1	-1.7%	\$71.8	-1.9%	\$70.3	-2.1%
Claims Assessment	\$15.9	13.2%	\$15.6	-1.7%	\$16.9	7.8%	\$16.4	-3.0%	\$17.3	5.6%	\$17.5	1.0%	\$17.6	1.0%	\$17.8	1.0%	\$18.0	1.0%	\$18.2	1.0%
Employer Assessment	\$19.8	3.6%	\$19.8	-0.5%	\$20.2	2.4%	\$18.4	-9.2%	\$20.3	10.5%	\$21.5	5.9%	\$22.5	4.7%	\$23.5	4.4%	\$24.5	4.3%	\$24.5	0.0%
Hospital Provider Tax	\$143.5	4.5%	\$146.3	2.0%	\$150.2	2.6%	\$143.7	-4.4%	\$153.5	6.9%	\$155.8	1.5%	\$158.1	1.5%	\$160.5	1.5%	\$162.9	1.5%	\$165.4	1.5%
Nursing Home Provide Tax	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.6%	\$14.6	-1.0%	\$14.7	0.7%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.7	-14.0%	\$4.8	2.2%	\$5.6	16.3%	\$5.8	4.1%	\$5.9	1.2%	\$6.0	2.0%	\$6.1	1.0%	\$6.1	1.0%	\$6.2	1.0%	\$6.2	1.0%
All other HC revenues	\$1.8	-65.5%	\$2.6	41.7%	\$1.9	-26.5%	\$1.8	-3.6%	\$1.7	-7.1%	\$1.7	0.0%	\$1.8	5.9%	\$1.8	0.0%	\$1.9	5.6%	\$1.9	0.0%
TOTAL HEALTHCARE	\$271.7	-0.5%	\$272.3	0.2%	\$280.9	3.1%	\$278.1	-1.0%	\$290.0	4.3%	\$292.7	0.9%	\$295.1	0.8%	\$297.5	0.8%	\$299.9	0.8%	\$301.1	0.4%

1) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff.

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

SOURCE T-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Gasoline	\$78.2	0.0%	\$77.8	-0.5%	\$71.0	-8.7%	\$67.3	-5.3%	\$72.4	7.6%	\$75.9	4.8%	\$77.0	1.4%	\$76.8	-0.3%	\$76.2	-0.8%	\$75.5	-0.9%
Diesel****	\$18.9	3.6%	\$18.6	-1.6%	\$17.9	-3.5%	\$17.9	0.2%	\$18.8	4.8%	\$19.4	3.2%	\$19.7	1.5%	\$19.9	1.0%	\$20.1	1.0%	\$20.3	1.0%
Purchase and Use*	\$109.4	6.0%	\$111.8	2.2%	\$105.4	-5.7%	\$134.1	27.2%	\$141.3	5.4%	\$142.5	0.8%	\$136.9	-3.9%	\$130.7	-4.5%	\$133.5	2.1%	\$137.3	2.8%
Motor Vehicle Fees	\$86.0	-0.3%	\$85.4	-0.7%	\$83.6	-2.1%	\$87.6	4.7%	\$88.9	1.5%	\$90.0	1.2%	\$90.8	0.9%	\$91.8	1.1%	\$92.5	0.8%	\$93.4	1.0%
Other Revenue**	\$23.0	15.3%	\$24.6	7.0%	\$21.3	-13.5%	\$20.5	-3.4%	\$21.8	6.2%	\$23.0	5.5%	\$23.7	3.0%	\$24.4	3.0%	\$25.1	2.9%	\$25.8	2.8%
TOTAL TRANS. FUND	\$315.4	3.1%	\$318.2	0.9%	\$299.2	-6.0%	\$327.4	9.4%	\$343.2	4.8%	\$350.8	2.2%	\$348.1	-0.8%	\$343.6	-1.3%	\$347.4	1.1%	\$352.3	1.4%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2022**

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Gasoline	\$78.2	0.0%	\$77.8	-0.5%	\$71.0	-8.7%	\$67.3	-5.3%	\$72.4	7.6%	\$75.9	4.8%	\$77.0	1.4%	\$76.8	-0.3%	\$76.2	-0.8%	\$75.5	-0.9%
Diesel	\$18.9	3.6%	\$18.6	-1.6%	\$17.9	-3.5%	\$17.9	0.2%	\$18.8	4.8%	\$19.4	3.2%	\$19.7	1.5%	\$19.9	1.0%	\$20.1	1.0%	\$20.3	1.0%
Purchase and Use ¹	\$73.0	6.0%	\$74.5	2.2%	\$70.3	-5.7%	\$89.4	27.2%	\$94.2	5.4%	\$95.0	0.8%	\$91.3	-3.9%	\$87.1	-4.5%	\$89.0	2.1%	\$91.5	2.8%
Motor Vehicle Fees	\$86.0	-0.3%	\$85.4	-0.7%	\$83.6	-2.1%	\$87.6	4.7%	\$88.9	1.5%	\$90.0	1.2%	\$90.8	0.9%	\$91.8	1.1%	\$92.5	0.8%	\$93.4	1.0%
Other Revenue ²	\$23.0	15.3%	\$24.6	7.0%	\$21.3	-13.5%	\$20.5	-3.4%	\$21.8	6.2%	\$23.0	5.5%	\$23.7	3.0%	\$24.4	3.0%	\$25.1	2.9%	\$25.8	2.8%
TOTAL TRANS. FUND	\$279.0	2.8%	\$280.9	0.7%	\$264.1	-6.0%	\$282.7	7.0%	\$296.1	4.7%	\$303.3	2.4%	\$302.5	-0.3%	\$300.0	-0.8%	\$302.9	1.0%	\$306.5	1.2%
OTHER (TIB³)																				
TIB Gasoline	\$12.9	2.2%	\$14.6	13.1%	\$12.7	-12.8%	\$10.2	-19.5%	\$14.80	44.8%	\$15.35	3.7%	\$15.49	0.9%	\$16.02	3.4%	\$16.50	3.0%	\$16.97	2.8%
TIB Diesel and Other ⁴	\$2.0	16.1%	\$2.1	3.7%	\$2.0	-2.5%	\$1.9	-4.5%	\$2.04	6.6%	\$2.10	2.9%	\$2.13	1.4%	\$2.16	1.4%	\$2.17	0.5%	\$2.19	0.9%
TOTAL OTHER (TIB)	\$14.9	2.4%	\$16.6	11.9%	\$14.7	-11.6%	\$12.1	-17.5%	\$16.8	38.8%	\$17.5	3.6%	\$17.6	1.0%	\$18.2	3.2%	\$18.7	2.7%	\$19.2	2.6%

1) As of FY04, includes Motor Vehicle Rental tax revenue.

2) Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years.

3) Transportation Infrastructure Bond revenues

4) Includes TIB Fund interest income (which has never exceeded \$85,000 per year); Includes FY17 adjustment of \$215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

**TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND¹ REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - January 2022**

CURRENT LAW BASIS

Source General and Transportation
Fund taxes allocated to or associated
with the Education Fund only

	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
GENERAL FUND																				
Meals and Rooms	\$0.0	NM	\$45.5	NM	\$40.9	-10.1%	\$36.0	-12.1%	\$49.4	37.4%	\$51.6	4.4%	\$53.5	3.8%	\$55.5	3.7%	\$57.5	3.6%	\$59.5	3.5%
Sales & Use ²	\$139.2	5.6%	\$412.5	196.3%	\$432.5	4.8%	\$507.6	17.4%	\$538.7	6.1%	\$556.1	3.2%	\$560.3	0.8%	\$567.6	1.3%	\$578.5	1.9%	\$592.7	2.5%
Interest	\$0.5	30.3%	\$0.7	38.1%	\$0.8	23.9%	\$0.1	-87.1%	\$0.10	-7.2%	\$0.20	100.0%	\$0.3	50.0%	\$0.5	66.7%	\$0.6	20.0%	\$0.7	16.7%
Lottery	\$27.1	6.4%	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$32.3	-0.6%	\$32.9	1.9%	\$33.5	1.8%	\$34.0	1.5%	\$34.4	1.2%	\$34.8	1.2%
TRANSPORTATION FUND																				
Purchase and Use ³	\$36.5	6.0%	\$37.3	2.2%	\$35.1	-5.7%	\$44.7	27.2%	\$47.1	5.4%	\$47.5	0.8%	\$45.6	-3.9%	\$43.6	-4.5%	\$44.5	2.1%	\$45.8	2.8%
TOTAL EDUCATION FUND	\$203.3	5.8%	\$525.4	158.4%	\$536.2	2.0%	\$620.9	15.8%	\$667.6	7.5%	\$688.3	3.1%	\$693.2	0.7%	\$701.2	1.1%	\$715.5	2.0%	\$733.5	2.5%

1) Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

2) Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors;

Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 100.0% beginning in FY19; Includes Cannabis Sales tax revenues beginning in FY23

3) Includes Motor Vehicle Rental revenues, restated