

## ***Tax Revenues***

LSC expects lagging tax revenue growth for the remainder of FY 2003 with an acceleration in growth for FY 2004-2005. This pattern of revenue growth is dependent on the pattern of economic growth. The most recent economic forecast we have is for economic growth to pick up during the second half of 2003. The table below summarizes our tax revenue forecasts and provides information on revenue growth.

### **GRF Tax Revenues**

Estimate for FY 2003, Forecast for FY 2004-2005

Dollar amounts in millions

Tax	2003	2004	2005	2003	2004	2005
Auto Sales	\$914.0	\$912.4	\$922.0	-1.5%	-0.2%	1.1%
Non-Auto Sales & Use	\$5,197.0	\$5,381.5	\$5,628.3	1.7%	3.6%	4.6%
<b>Total Sales</b>	<b>\$6,111.0</b>	<b>\$6,293.9</b>	<b>\$6,550.3</b>	<b>1.2%</b>	<b>3.0%</b>	<b>4.1%</b>
Personal Income	\$7,599.0	\$7,987.1	\$8,467.9	4.0%	5.1%	6.0%
Corporate Franchise	\$690.0	\$742.1	\$821.5	-3.1%	7.6%	10.7%
Public Utility	\$228.7	\$239.3	\$238.3	-12.1%	4.6%	-0.4%
Kilowatt Hour Excise	\$339.5	\$347.3	\$354.8	5.0%	2.3%	2.2%
<b>Total Major Taxes</b>	<b>\$14,968.2</b>	<b>\$15,609.7</b>	<b>\$16,432.8</b>	<b>2.3%</b>	<b>4.3%</b>	<b>5.3%</b>
Foreign Insurance	\$194.1	\$203.7	\$211.9	-9.4%	4.9%	4.0%
Domestic Insurance	\$161.6	\$170.7	\$178.3	22.0%	5.6%	4.5%
Business & Property	\$49.0	\$50.9	\$52.8	592.6%	3.9%	3.7%
Cigarette	\$585.0	\$563.0	\$555.0	108.0%	-4.3%	-1.4%
Alcoholic Beverage	\$56.3	\$56.7	\$57.4	1.0%	0.7%	1.2%
Liquor Gallonage	\$29.7	\$29.9	\$30.2	1.3%	0.7%	1.0%
Estate	\$91.0	\$69.0	\$72.0	-21.7%	-24.2%	4.3%
<b>Total Other Taxes</b>	<b>\$1,166.7</b>	<b>\$1,143.9</b>	<b>\$1,157.6</b>	<b>39.5%</b>	<b>-2.2%</b>	<b>1.2%</b>
<b>Total Taxes</b>	<b>\$16,134.9</b>	<b>\$16,753.6</b>	<b>\$17,590.4</b>	<b>4.3%</b>	<b>3.8%</b>	<b>5.0%</b>

The “major taxes” are expected to account for over 90% of GRF tax revenues. The largest source is the personal income tax, which is forecasted to account for 48% of GRF tax revenues in the upcoming biennium. The sales tax is forecasted to account for 37%, the corporate franchise tax 5%, and public utilities taxes (the public utility excise tax and the kilowatt-hour tax) 3%. Because of the recent increase, the cigarette tax is expected to account for 3% of GRF tax revenues during the next biennium. The chart below presents the distribution of GRF tax revenues by source for the upcoming biennium.

**GRF Tax Revenues by Source**  
FY 2004-2005

