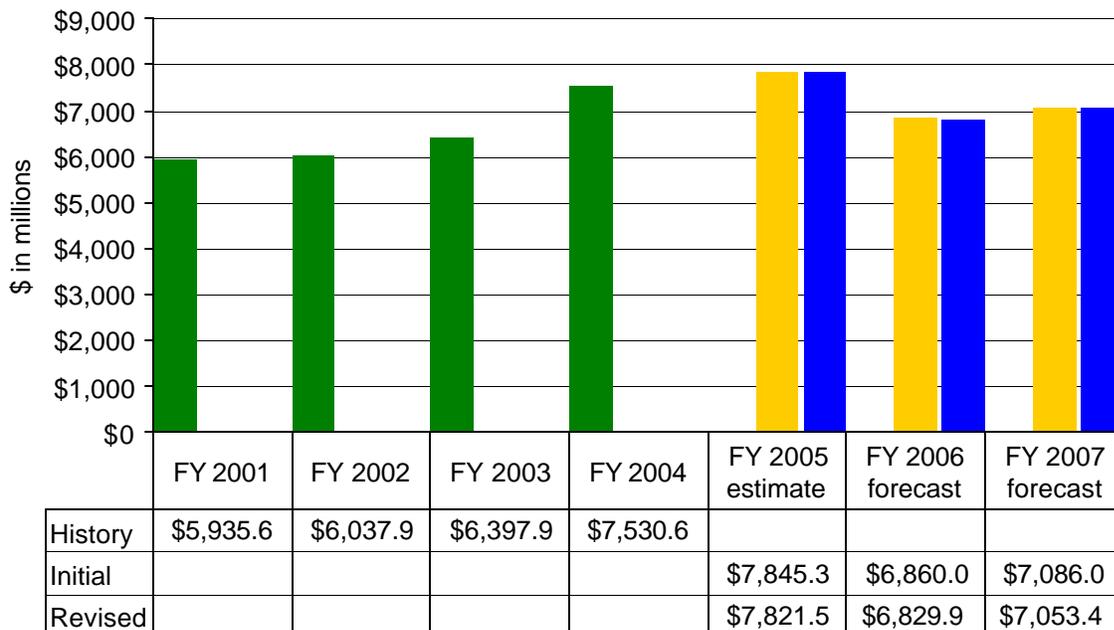


Sales and Use Tax

GRF Revenues from the Sales and Use Tax



The initial baseline forecast for FY 2005 was \$7,845.3 million in FY 2005, \$6,860.0 million in FY 2006, and \$7,086.0 million in FY 2007. Projected revenues for FY 2005 were revised downward because of lower-than-anticipated revenues in the current fiscal year through May 2005, when compared to the initial forecast primarily from the poor performance by the auto sales tax. The baseline forecast for FY 2006 and FY 2007 was also revised downward due to a reduction on projected revenue from the auto sales tax in the next two years. The revised forecast estimates GRF revenues of \$6,829.9 million in FY 2006 and \$7,053.4 million in FY 2007.

The proposed budget increases the sales and use tax rate to 5.5% permanently. Under current law, the sales and use tax rate would return to 5% on July 1, 2005. The rate increase to 5.5% would increase sales and use tax revenues by \$715.6 million in FY 2006 and \$739.2 million in FY 2007.

H.B. 66, As Passed by the Senate, increases the vendor discount to 0.9% for a vendor promptly filing sales and use tax returns. Under current law, the vendor discount was to return to 0.75% beginning July 1, 2005. This provision would reduce sales and use tax revenues by about \$16.4 million in FY 2006 and \$17.2 million in FY 2007.