Legislative Budget Office of the Legislative Service Commission

LBO BUDGET FOOTNOTES INFOGRAPHIC

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- The first quarter of FY 2027 was characterized by strong sales tax receipts and delayed GRF spending for property tax reimbursements.
- The sales and use tax (SUT) was the GRF tax with the largest positive variance, exceeding its year-to-date (YTD) estimate by $185.2 million (4.8%). When controlling for the FY 2026 sales holiday and its associated forgone GRF revenue of $186.5 million, the SUT increased by $522.9 million (14.9%) in FY 2027 as compared to the same quarter in the prior year. Tax policy changes played a role in GRF growth.
- The two other largest tax sources trended in opposite directions from one another. The personal income tax (PIT) was $83.6 million (2.9%) above its YTD estimate while the commercial activity tax (CAT) was $40.3 million (6.6%) shy of anticipated revenue.
- Total GRF tax revenue exceeded the YTD estimate by $230.8 million (3.0%).
- Both state nontax GRF revenue and federal grant revenue were below their YTD estimates by $8.2 million (12.2%) and $36.8 million (0.7%), respectively. GRF transfers in were $5.9 million above estimate, and total GRF sources surpassed the YTD estimate by $191.8 million (1.5%).
- GRF program expenditures were under the YTD estimate by $722.9 million (5.0%), largely due to the timing of county auditors' requests for property tax reimbursements after recently enacted state legislation. GRF transfers out were less than expected ($38.3 million, 2.0%), further increasing the YTD negative variance in total GRF uses to $761.1 million (4.7%).
- GRF Medicaid spending was within $4.4 million (0.1%) of its three-month estimate. Federal delays in state directed payments spurred non-GRF Medicaid spending ($2.12 billion, 35.1%) and all funds Medicaid spending ($2.12 billion, 15.4%) below their YTD estimates.

GRF & Medicaid Variances – Actual vs. Estimate

Month of September

Tax Revenue	**Federal Grants**	**Total GRF Sources**
$201.6 million 8.3% ↑	$19.3 million 1.4% ↑	$166.4 million 4.3% ↑
Program Expenditures		**Total GRF Uses**
-$442.9 million -9.7% ↓		-$441.9 million -9.7% ↓
GRF Medicaid	**Non-GRF Medicaid**	**All Funds Medicaid**
$132.2 million 6.5% ↑	-$2,067.4 million -50.3% ↓	-$1,935.2 million -31.4% ↓

FY 2027 YTD

Tax revenue	**Federal grants**	**Total GRF Sources**
$230.8 million 3.0% ↑	-$36.8 million -0.7% ↓	$191.8 million 1.5% ↑
Program Expenditures		**Total GRF Uses**
-$722.9 million -5.0% ↓		-$761.1 million -4.7% ↓
GRF Medicaid	**Non-GRF Medicaid**	**All Funds Medicaid**
$4.4 million 0.1% ↑	-$2,124.2 million -35.1% ↓	-$2,119.9 million -15.4% ↓