



Legislative Fiscal Bureau

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September 18, 2014

TO: Representative John Nygren
Room 309 East, State Capitol

FROM: Bob Lang, Director

SUBJECT: 2013-15 and 2015-17 General Fund

In a memorandum from this office to Senator Shilling dated September 8, 2014, it was estimated that the state could face a two-year future commitment of \$1,766 million going into the 2015-17 biennium. The Department of Revenue recently reported that tax collections in 2013-14 were \$281 million lower than the final budget estimate. The \$1,766 million estimate in the September 8 memorandum assumes that tax collections in 2014-15 will also be below the budgeted amount by \$281 million.

On September 16, 2014, Department of Revenue Secretary Chandler stated that, "We believe it is likely that the state will meet the LFB's May estimate of \$14,725 million in total tax collections for FY 15."

You asked that I project the gross, general fund balance for 2014-15 and the structural balance for 2015-17 under the following assumptions:

1. Tax collections in 2014-15 would be \$14,725, as suggested by Secretary Chandler.
2. Net appropriations would be reduced, on a one-time basis, in 2014-15 by \$116 million in order to end the fiscal year with a gross balance of \$0.
3. Revenues in 2015-16 and 2016-17 would increase annually at the rate of tax collection growth over the previous five fiscal years. The average annual growth in tax collections for the five-year period (since 2008-09) has been 2.9%.
4. Net appropriations for 2015-16 and 2016-17 would remain at the 2014-15 level, adjusted for one-time amounts and 2015-17 commitments.

Under these assumptions, the 2014-15 gross, general fund balance would be \$0 and the structural balance (surplus) for 2015-17 would be \$535 million.

BL/sas