



**JOINT LEGISLATIVE
ECONOMIC OUTLOOK
AND
REVENUE ASSESSMENT COMMITTEE**

COMMITTEE REPORT

FISCAL YEARS 2008 AND 2009

JANUARY 10, 2008



**JOINT LEGISLATIVE
ECONOMIC OUTLOOK AND REVENUE ASSESSMENT COMMITTEE
FISCAL YEARS 2008 AND 2009**

Committee Members

January 10, 2008

*Sen. John Goedde
Co-Chairman*

To the 59th Idaho Legislature, 2nd Regular Session:

Sen. Brad Little

We have completed making our overall assessment of Governor Otter's General Fund revenue projections for the fiscal years ended June 30, 2008 and 2009. Idaho's Constitution, Article VII, Section 11 requires balancing the state's appropriations and expenditures with its revenues. Accordingly, it is this Committee's role and mission to provide advice to you about the reasonableness of such revenue projections. The Committee reviewed and analyzed business, tax and financial data and trends relating to the state's economy and obtained testimony from economic, business and industry experts regarding those aspects of the state's economy and revenues of which they have knowledge.

Sen. Brent Hill

Sen. Shawn Keough

Sen. Steve Bair

Sen. Mike Burkett

*Rep. Scott Bedke
Co-Chairman*

Governor Otter's General Fund revenue projections for FY 2008 and FY 2009 compared to the Committee's median projections are as follows in millions of dollars:

Rep. Dennis Lake

Rep. Ken Roberts

Rep. Bert Brackett

Rep. Cliff Bayer

Rep. Nicole LeFavour

	<u>FY 2008</u>	<u>FY 2009</u>
Governor Otter's projections	\$ 2,912.2	\$ 3,011.9
Committee's median projections	\$ 2,924.1	\$ 2,985.7
Amount and percent over/(under) Gov. projection	\$ 11.9 0.4%	(\$26.2) (0.9%)

Legislative Staff

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Attachment 1 provides the detail for all twelve committee members and three of the presenters.

In our opinion, Governor Otter's General Fund revenue projections for FY 2008 and FY 2009 are reasonable for the purpose of the legislature making General Fund appropriations for those years. Because the committee median forecast is slightly lower than the Governor's forecast for FY 2009, we believe the legislature should take a cautious approach with regard to funding commitments to ongoing programs.

On-line Information

www.legislature.idaho.gov

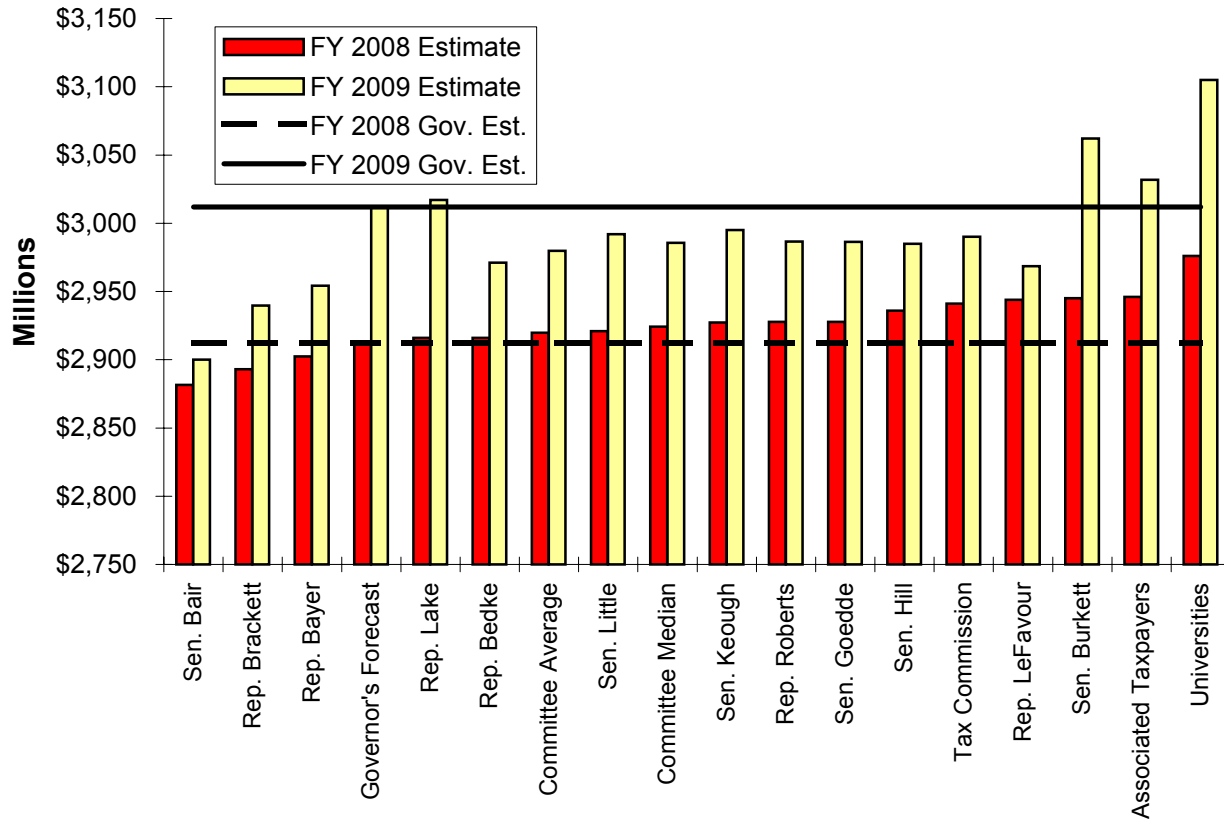
Attachment 2 provides a historical comparison of projections and actual collections. Copies of the "Committee Information Packet" comprising analyses of key state and industry economic trends are available on the internet at <http://www.legislature.idaho.gov/budget/EORAC/index.htm>.

Respectfully,

Representative Scott Bedke

Senator John Goedde

**2008 Joint Legislative
Economic Outlook and Revenue Assessment Committee
General Fund Revenue Projections**



FY 2007 Revenues \$2,812.5 Millions of Dollars

Sort #1	Participant	FY 2008 Estimate	FY 07-08 Change	Sort #2	FY 2009 Estimate	FY 08-09 Change	Two-year Estimate
1	Sen. Bair	\$2,881.5	2.5%	1	\$2,900.0	0.6%	\$5,781.5
2	Rep. Brackett	\$2,893.1	2.9%	2	\$2,939.6	1.6%	\$5,832.7
3	Rep. Bayer	\$2,902.4	3.2%	3	\$2,954.2	1.8%	\$5,856.6
	Governor's Forecast	\$2,912.2	3.5%		\$3,011.9	3.4%	\$5,924.1
4	Rep. Lake	\$2,916.0	3.7%	11	\$3,017.0	3.5%	\$5,933.0
5	Rep. Bedke	\$2,916.1	3.7%	5	\$2,971.1	1.9%	\$5,887.2
	Committee Average	\$2,919.8	3.8%		\$2,979.8	2.1%	\$5,899.6
6	Sen. Little	\$2,921.0	3.9%	9	\$2,992.0	2.4%	\$5,913.0
	Committee Median	\$2,924.1	4.0%		\$2,985.7	2.1%	\$5,909.8
7	Sen. Keough	\$2,927.2	4.1%	10	\$2,995.0	2.3%	\$5,922.2
8	Rep. Roberts	\$2,927.8	4.1%	8	\$2,986.6	2.0%	\$5,914.4
9	Sen. Goedde	\$2,927.8	4.1%	7	\$2,986.4	2.0%	\$5,914.2
10	Sen. Hill	\$2,936.0	4.4%	6	\$2,985.0	1.7%	\$5,921.0
	Tax Commission	\$2,941.2	4.6%		\$2,990.0	1.7%	\$5,931.2
11	Rep. LeFavour	\$2,943.9	4.7%	4	\$2,968.6	0.8%	\$5,912.5
12	Sen. Burkett	\$2,945.0	4.7%	12	\$3,062.0	4.0%	\$6,007.0
	Associated Taxpayers	\$2,945.9	4.7%		\$3,031.9	2.9%	\$5,977.8
	Universities	\$2,976.0	5.8%		\$3,105.0	4.3%	\$6,081.0
Range of Participants		\$94.5			\$205.0		\$299.5

Sorted by FY 2008 Estimate
Pessimistic to Optimistic

History of General Fund Revenue Projections Compared to Actual Collections

Session	Fiscal Year	Projection	Assoc. Taxpayers	Tax Commission	Universities	Committee Median	Committee Average	Gov's Forecast
1999	FY 2000	Original	(8.5%)		(6.7%)	(8.8%)	(8.9%)	(8.9%)
2000	FY 2000	Revised	(4.9%)		(5.7%)	(5.9%)	(6.1%)	(6.4%)
2000	FY 2001	Original	(7.9%)		(10.1%)	(10.3%)	(10.3%)	(11.2%)
2001	FY 2001	Revised	(0.6%)	1.6%	(2.2%)	0.7%	0.7%	0.8%
2001	FY 2002	Original	13.1%	11.2%	13.9%	13.3%	14.2%	12.4%
2002	FY 2002	Revised	5.8%	5.8%	6.5%	5.8%	5.5%	5.8%
2002	FY 2003	Original	8.1%	7.6%	9.3%	6.8%	7.0%	9.2%
2003	FY 2003	Revised	0.7%		0.7%	0.5%	0.8%	0.9%
2003	FY 2004	Original	(3.5%)		(3.0%)	(3.7%)	(3.2%)	(3.5%)
2004	FY 2004	Revised	(1.6%)	(1.6%)	(2.3%)	(1.7%)	(2.4%)	(1.1%)
2004	FY 2005	Original	(9.6%)	(9.6%)	(7.8%)	(9.3%)	(9.5%)	(8.1%)
2005	FY 2005	Revised	(4.4%)	(4.5%)	(5.2%)	(4.8%)	(4.7%)	(4.9%)
2005	FY 2006	Original	(13.1%)	(14.0%)	(14.1%)	(14.2%)	(14.1%)	(14.3%)
2006	FY 2006	Revised	(6.5%)	(6.6%)	(6.7%)	(6.5%)	(6.3%)	(8.3%)
2006	FY 2007	Original	(9.3%)	(9.7%)	(9.4%)	(9.3%)	(9.3%)	(12.0%)
2007	FY 2007	Revised	(4.2%)	(3.7%)	(1.7%)	(5.0%)	(4.7%)	(3.8%)
Average Original			(3.9%)	(2.9%)	(3.5%)	(4.4%)	(4.3%)	(4.5%)
Standard Deviation Original			9.4%	11.4%	9.9%	9.6%	9.8%	10.0%
Average Revised			(2.0%)	(1.5%)	(2.1%)	(2.1%)	(2.1%)	(2.1%)
Standard Deviation Revised			4.0%	4.5%	4.2%	4.3%	4.2%	4.6%

Adjusted for law changes and differences expressed as percent of actual collections.

The Governor's FY 2007 revised projection was 3.8% below actual collections.

The Governor's revised projection over the last eight years averaged 2.1% below actual collections plus or minus 4.6% at one standard deviation (68% confidence).

In FY 2007, 1% of collections was \$28 million and one Gov's revised standard deviation was \$129 million.

Participant History of Projections (Millions of Dollars Difference from Actual Collections)

