

# **State of Idaho**

## **Economic Outlook Forecast**

Prepared By:

Associated Taxpayers of Idaho  
Benjamin Davenport, President

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## SUMMARY OF FINDINGS (REVENUE PROJECTIONS)

FISCAL YEAR	GENERAL ACCOUNT REVENUE (in millions)	% Change
1995	1,288.1	9.8%
*1996	1,350.9	4.9%
1997	1,391.9	3.0%
1998	1,482.1	6.5%
1999	1,624.5	9.6%
2000	1,821.0	12.1%
2001	1,984.6	9.0%
2002	1,690.3	-14.8%
2003	1,750.5	3.6%
2004	2,033.6	16.2%
2005	2,268.8	11.6%
2006	2,431.3	7.2%
2007	2,812.5	15.7%
2008	2,909.8	3.5%
2009	2,466.6	-15.2%
2010	2,264.5	-8.2%
2011	2,444.5	7.9%
2012	2,587.7	5.9%
2013	2,750.3	6.3%
2014 Estimate	2,828.4	2.8%
2015 Forecast	2,930.6	3.6%

\*First year HB156-implemented. Provided \$40.8M of state sales taxes for school M&O property tax relief. This amount grows at the rate of taxable property value growth. The FY 97 amount was \$45.2M and FY 98 was \$50.4M. In FY 99 SB1564 (trailer bill to SB1555) amended the public school appropriation to include the amount of property tax replacement previously diverted directly from the sales tax. In FY 99 this added \$54.6M to the State General Fund, FY 2000 was \$58.0M, FY 2001 was \$60.9M, FY 2002 was \$64.6M, FY 2003 was \$68.9M, FY 2004 was \$73.0M and in FY 2005 the amount is capped at \$75.0M (see HB 463 of 2003). On August 25, 2006 HB1 passed the special Idaho Legislative session. HB1 shifted the remaining .3% school M & O levy from the property tax to the state general fund, which was paid with a 1-cent sales tax increase that began October 1, 2006. On April 3, 2013 HB 315 was passed, this Bill exempted the first \$100,000 in personal property value for businesses.

August revised Executive Estimate for FY 2014 = \$2,808.8M (2.1% over \$2,750.3M, FY 2013 actual).

Sources: Idaho General Fund Revenue Report - Division of Financial Management.  
Executive Budget, Fiscal Year 2012, Division of Financial Management.  
Idaho Legislature, General Fund Budget Monitor, November 2011 (and prior reports).

### 2014 Estimate

Based on general account revenues collected since 1995, existing accruals and the expectation of continued slower revenue growth, the FY 2014 estimate is \$2,828.4 M or 2.8% over FY 2013 (higher than DFM's August \$2,808.8M adjusted amount).

### 2015 Forecast

The attached background data about Idaho's economic future indicates there will be an increase from the 2014 revenue. The fundamental factors that make the Pacific NW (and Idaho) attractive remain in place.

Most segments of Idaho's economy are showing signs of slow and cautious growth.

Federal budgeting, national debt, energy costs, federal taxes and potential impacts of federal policy decisions will continue being on the minds of our citizens. Borrowers and lenders alike are expected to continue to be cautious, but a 2.7% increase from 2013 revenues is certainly possible.

**2013 County Assessed (Taxable) Property Values:**

SUMMARY TABLE FOR TEN  
MOST POPULATED COUNTIES  
PLUS MOST ASSESSED VALUE CHANGE

<u>COUNTY</u>	<u>COUNTY SEAT</u>	2012 COUNTY <u>POPULATION</u>	2013 <u>ASSESSED VALUE</u>	2012-13 ASSESSED <u>VALUE CHANGE</u>
1. Ada	Boise	409,061	\$27,061.3 M	\$2,445.9 M
2. Canyon	Caldwell	193,888	\$7,249.8	\$621.3
3. Kootenai	Coeur d'Alene	142,357	\$11,472.1	\$271.5
4. Bonneville	Idaho Falls	106,684	\$5,503.5	\$13.5
5. Bannock	Pocatello	83,800	\$4,000.5	\$57.0
6. Twin Falls	Twin Falls	78,595	\$4,269.7	\$85.4
7. Bingham	Blackfoot	45,474	\$1,844.9	\$45.8
8. Bonner	Sandpoint	40,476	\$5,682.6	(\$94.6)
9. Nez Perce	Lewiston	39,531	\$2,600.2	\$56.5
10. Latah	Moscow	38,184	\$2,030.1	\$38.8
SUBTOTAL		1,178,050 (73.8%)	\$71,714.7 (66.8%)	\$3,541.0 (102.1%)
Blaine	Hailey	21,146	8,181.1	(132.4)
Custer	Challis	4,331	775.8	(102.6)
Gem	Emmett	16,673	676.8	80.9
Jerome	Jerome	22,499	1,251.0	70.0
SUBTOTAL (Cumulative)		1,242,699 (77.9%)	\$82,599.3 (76.9%)	\$3,456.9 (99.6%)
TOTAL STATE		1,595,728 (100%)	\$107,390.3 (100%)	\$3,469.5 (100%)

\* 2012 Census Estimates (7-1-12)

\*\* Does not include previous year's subroll (est. only). Preliminary 2013 data includes Personal Property Value that was exempt after the 2013 legislature passed HB 315.

Assessed (taxable) property value in Idaho's counties increased by \$3,469.5 million between 2012 and 2013. The ten most populated counties had 102.1% of Idaho's increased value (several lower population counties had a decrease). When you include Blaine, Custer, Gem and Jerome counties with the ten most populated counties, 99.6% of Idaho's value change is accounted for. (In 2011-12 the ten most populated counties had 51.7% of Idaho's decreased value. When you included Minidoka, Latah, Jerome and Power counties with the ten most populated counties, 41.0% of Idaho's value change was accounted for).

The \$3,469.5 million assessed market value change for 2012-13 is 225.9% more than the 2011-12 change of \$(2,755.4) million. The 2010-11 change was \$(5,253.5) million and 2009-10 was \$(11,639.9) million.

Ada and Canyon counties showed the largest 2012-13 assessed market value change at \$2,445.9M and \$621.3M, respectively. In the 2011-12 period Bingham and Minidoka counties showed the largest increases at \$155.3 and \$90.3 million, respectively.

Sixteen counties lost net assessed market value in the 2012-13 period. Twenty six counties lost net assessed value in the 2011-12 period. Twenty counties in the 2010-11 period lost net assessed value.

Note: Assessed Market Value data is listed on following page.

**SUMMARY OF STATEWIDE ASSESSED VALUE CHANGES (2012/2013)**

2012/2013 Difference (includes subrolls)	\$104,206.8 to \$108,207.8* = \$4,001.0M	3.8%
<b>Categories with increases:</b>		
** Urban/Rural-owner occupied residential		N/A
** Urban/Rural non-owner occupied residential		N/A
Urban Residential, \$1,397.0		3.8%
Rural Residential, \$1,542.4		5.3%
Urban/Rural Commercial/Industrial, \$536.7		1.9%
Agriculture, \$198.1		5.7%
Timber, \$0.04		0.1%
Operating, \$500.5		10.0%
	<u>\$4,174.7M</u>	
<b>Categories with decreases:</b>		
Mining, \$(173.7)		(29.1)%
	<u>\$(173.7)M</u>	

\* Includes Personal Property Value that was exempt after the 2013 legislature passed HB 315.

\*\* Chart I from the Idaho State Tax Commission's (ISTC)'s, Market Value and Property Tax Report is usually used in this report. Because this chart was not available, we had to use other information from the ISTC. The totals should be the same, but it is broken down between urban and rural instead of owner occupied and non-owner occupied.

## Statewide County Assessed Market Values, 2013 and 2012 Compared

<u>COUNTY</u>	<u>2013</u>	<u>2012</u>	<u>DIFFERENCE</u>	<u>% Chg.</u>
Ada	\$27,061,316,878	\$24,615,392,820	2,445,924,058	9.9%
Canyon	7,249,795,384	6,628,454,731	621,340,653	9.4%
Kootenai	11,472,122,065	11,200,581,030	271,541,035	2.4%
Twin Falls	4,269,667,068	4,184,306,261	85,360,807	2.0%
Gem	676,759,426	595,872,327	80,887,099	13.6%
Jerome	1,250,957,679	1,180,989,590	69,968,089	5.9%
Bannock	4,000,492,467	3,943,509,438	56,983,029	1.4%
Nez Perce	2,600,213,980	2,543,748,455	56,465,525	2.2%
Bingham	1,844,868,254	1,799,099,647	45,768,607	2.5%
Fremont	1,600,780,698	1,558,549,089	42,231,609	2.7%
Gooding	919,081,902	879,652,727	39,429,175	4.5%
Latah	2,030,086,455	1,991,318,388	38,768,067	1.9%
Caribou	742,395,930	704,686,279	37,709,651	5.4%
Minidoka	1,113,189,733	1,077,093,021	36,096,712	3.4%
Madison	1,438,735,108	1,411,286,450	27,448,658	1.9%
Boise	654,335,346	628,566,139	25,769,207	4.1%
Owyhee	535,041,875	509,979,404	25,062,471	4.9%
Cassia	1,197,479,427	1,175,429,232	22,050,195	1.9%
Bonneville	5,503,515,308	5,490,005,456	13,509,852	0.2%
Power	795,341,272	784,121,354	11,219,918	1.4%
Boundary	825,462,900	814,519,343	10,943,557	1.3%
Lincoln	299,067,106	288,190,748	10,876,358	3.8%
Lewis	262,072,254	251,640,424	10,431,830	4.1%
Lemhi	613,290,057	607,448,870	5,841,187	1.0%
Oneida	301,208,860	299,123,728	2,085,132	0.7%
Clark	114,479,961	113,183,714	1,296,247	1.1%
Butte	164,916,373	163,817,260	1,099,113	0.7%
Franklin	615,175,675	614,861,774	313,901	0.1%
Camas	133,227,727	136,033,805	(2,806,078)	-2.1%
Idaho	1,245,361,827	1,250,092,977	(4,731,150)	-0.4%
Adams	392,834,675	397,696,197	(4,861,522)	-1.2%
Benewah	603,872,926	609,495,768	(5,622,842)	-0.9%
Washington	681,710,745	688,157,992	(6,447,247)	-0.9%
Clearwater	566,801,049	578,557,584	(11,756,535)	-2.0%
Bear Lake	742,093,345	758,526,896	(16,433,551)	-2.2%
Elmore	1,283,344,086	1,305,351,861	(22,007,775)	-1.7%
Valley	2,677,246,794	2,702,109,827	(24,863,033)	-0.9%
Payette	1,046,848,987	1,078,401,954	(31,552,967)	-2.9%
Shoshone	852,360,259	900,712,583	(48,352,324)	-5.4%
Jefferson	1,065,106,404	1,116,104,313	(50,997,909)	-4.6%
Teton	1,308,185,937	1,375,041,472	(66,855,535)	-4.9%
Bonner	5,682,576,687	5,777,201,713	(94,625,026)	-1.6%
Custer	775,793,234	878,391,254	(102,598,020)	-11.7%
Blaine	8,181,114,994	8,313,541,066	(132,426,072)	-1.6%

**TOTAL**                                **\$107,390,329,117**      **\$103,920,844,961**                **3,469,484,156**                **3.3%**

Note: This report does not include previous year's subroll (est. only)

**STATEWIDE COUNTY ASSESSED MARKET VALUES**

	<u>ASSESSED VALUE</u>	<u>ANNUAL CHANGE</u>	<u>PERCENT CHANGE</u>
1989	\$25,959,028,463	594,123,926	2.3%
1990	\$27,293,398,951	1,334,370,488	5.1%
1991	\$29,523,517,021	2,230,118,070	8.2%
1992	\$31,508,830,864	1,985,313,843	6.7%
1993	\$34,531,928,150	3,023,097,286	9.6%
1994	\$38,350,899,563	3,818,971,413	11.1%
1995	\$43,839,862,440	5,488,962,877	14.3%
1996	\$48,481,013,384	4,641,150,944	10.6%
1997	\$52,775,255,544	2,732,051,318	8.9%
1998	\$55,496,564,717	2,721,309,173	5.2%
1999	\$58,651,591,077	3,155,026,360	5.7%
2000	\$61,670,716,906	3,019,125,829	5.1%
2001	\$65,275,466,481	3,604,749,575	5.8%
2002	\$70,087,450,291	4,811,983,810	7.4%
2003	\$73,101,262,803	3,013,812,512	4.3%
2004	\$78,139,218,807	5,037,956,004	6.9%
2005	\$89,368,562,766	11,229,343,959	14.4%
2006	\$107,088,168,237	17,719,605,471	19.8%
2007	\$124,776,548,554	17,688,380,317	16.5%
2008	\$130,228,278,648	5,451,730,094	4.4%
2009	\$123,570,159,399	(\$6,658,119,249)	-5.1%
2010	\$111,930,297,991	(\$11,639,861,408)	-9.4%
2011	\$106,676,820,489	(\$5,253,477,502)	-4.7%
2012	\$103,920,844,961	(\$2,755,975,528)	-2.6%
2013	\$107,390,329,117	\$3,469,484,156	3.3%

AVERAGE ANNUAL % CHANGE: 6.2%

Note: This report does not include previous year's subroll (est. only).

**General Fund Update, State Division of Financial Management, November 30, 2010, 2011, 2012, 2013  
and 2013 Revenues. (Table also includes ATI calculations).**

REVENUE SOURCE	11/30/2010	% of	11/30/2011	% of	11/30/2012	% of	11/30/2013	% of
	FY 2011	YR END	FY 2012	YR END	FY 2013	YR END	FY 2014	YR END
Individual Income Tax	\$447.5 M	38.8%	\$465.7 M	38.6%	\$468.8 M	36.5%	\$505.4 M	
Corporate Income Tax	39.6	23.4%	49.2	26.3%	47.6	24.0%	60.0	
Sales Tax	431.1	44.3%	441.8	43.0%	474.5	42.8%	492.7	
Product Taxes	20.2	47.2%	20.5	47.5%	24.0	2.2%	21.8	
Miscellaneous	34.7	32.2%	38.8	31.3%	40.9	38.0%	34.8	
<b>TOTAL</b>	<b>\$973.2 M</b>	<b>39.81%</b>	<b>\$1,016.0 M</b>	<b>39.26%</b>	<b>\$1,055.7 M</b>	<b>38.38%</b>	<b>\$1,114.8 M</b>	<b>?</b>
<b>5 MO. GROWTH RATE</b>	<b>3.9%</b>		<b>4.4%</b>		<b>3.9%</b>		<b>5.6%</b>	
<b>YEAR END RATE</b>	<b>7.9%</b>		<b>5.9%</b>		<b>6.3%</b>		<b>?</b>	

Estimate for "% of YR END" for FY 2014 = average of FY 2011, FY 2012 and FY 2013 percentages.  
Average = (39.81% + 39.26 + 38.38)/3 = 39.15%

**Documentation for the ATI FY 2014/2015 general fund revenue estimates:**

Method #1 (Year End Total ) (39.15%) = \$1114.8M  
(FY 2014) (Year End Total ) (.3915) = \$1,114.8M  
Year End Total = (\$1,114.8M / .3915) = \$2,847.5M

Method #2 \$2,828M (after evaluating each revenue source individually this was used as  
(FY 2014) the FY 2014 end of year estimate)

Income tax collections were evaluated in more detail and were found to be 7.8% above last year's cumulative end of November collections. If this trend continues, the result would be individual income tax collections of \$1,384.2M for the FY 2014 estimate. Assume the last seven months of FY 2014 collections slow slightly as the FY progresses. Use \$1,323.1 M or 3% more than the FY 2013 year end amount.

Corporate tax collections is strong at 26.1% above last year's cumulative end of November collections. Assume corporate tax collections rise slightly for an est. of \$204.4 M.

Sales tax collections are growing at an estimated 3.8% rate for the first five months of FY 2014. Assume the sales tax collections continue for an overall FY 2014 increase of 4%, the net result being \$1,154.1 M FY 2014 collections.

Product taxes are assumed to be at the \$44. M level, the same as DFM's projection. Based on collections for the first five months, miscellaneous revenues are assumed to be on pace with the \$102.8 M August 2013 DFM prediction.

Method #2 final calculations for FY 2015 (See back page for results)  
Based on estimated end of year distributions for FY 2014 the average, adjusted general account revenue mix consists of 46.7% individual income tax revenues, 7.2% corporate income tax, 40.9% sales tax, 1.6% product taxes and 3.6% miscellaneous revenues. The FY 2015 breakout is shown in the chart on the last page of this report.

A diversion from the cigarette tax to the General Fund occurred as per Idaho Code 63-2520(b)(4) and is to be used to fund the school bond levy equalization support program identified in Idaho Code 33-906. The exact amount of this diversion is unavailable until budgeted, but on the average is assumed/estimated to be \$17.9M beginning in FY 2010 (see H327 from 2009 legislative session). However, after passage of H275 in the 2009 Legislative session, an estimated \$1.0M Lottery dividend is subtracted from this amount for a net \$16.9M from the Cigarette Taxes. The Lottery dividend subtraction estimated in FY 2011 = \$2.5M, FY2012 = \$3.0M, FY2013 = \$3.5M, FY2014 = \$4.0M and FY2015 = \$4.5M. After that the estimated Lottery subtraction is zero.

In 2010 the Idaho legislature passed S1418. Section 13 of that bill directed that \$14.4M shall be distributed from the cigarette tax in FY2011 for the school bond equalization support. Based on this, the FY2012 base amount was used, but was offset by \$3.0M lottery dividend for a net \$11.4M from the cigarette tax. FY 2013 was assumed to be \$14.4M-\$3.5M lottery offset for a net \$10.9M from the cigarette tax. FY2014 will be \$14.4M-\$4.0M lottery for a net \$10.4M cigarette tax and in FY 2015 it will be \$14.4M-\$4.5M offset for a net \$9.9M cigarette tax.

In its 2012 session the Idaho Legislature passed H 563 which reduced the maximum individual income tax rate from 7.8% to 7.4% and the maximum corporate income tax rate from 7.6% to 7.4%.

**PROJECTIONS BY SPECIFIC REVENUE SOURCE (MILLIONS \$'S)  
-FISCAL YEARS -**

Revenue Source	<sup>2</sup>		<sup>2</sup>														
	2007 (Actual)	% Chg	2008 (Actual)	% Chg	2009 (Actual)	% Chg	2010 (Actual)	% Chg	2011 (Actual)	% Chg	2012 (Actual)	% Chg	2013 (Actual)	% Chg	2014 (Estimate)	% Chg	2015 (Forecast)
<b>Ind. Inc. Tax</b>	<b>\$1,400.2</b>	<b>2.1%</b>	<b>\$1,430.2</b>	<b>-18.3%</b>	<b>\$1,168.1</b>	<b>-9.1%</b>	<b>\$1,061.9</b>	<b>8.6%</b>	<b>\$1,152.7</b>	<b>4.7%</b>	<b>\$1,206.4</b>	<b>6.5%</b>	<b>\$1,284.4</b>	<b>3.0%</b>	<b>\$1,323.1</b>	<b>3.5%</b>	<b>\$1,369.7</b>
<b>Corp. Inc. Tax</b>	<b>190.2</b>	<b>-0.3%</b>	<b>189.7</b>	<b>-25.6%</b>	<b>141.2</b>	<b>-31.3%</b>	<b>97.0</b>	<b>74.1%</b>	<b>168.9</b>	<b>10.7%</b>	<b>187.0</b>	<b>6.3%</b>	<b>198.7</b>	<b>2.9%</b>	<b>204.4</b>	<b>2.5%</b>	<b>209.5</b>
<b>Sales Tax</b>	<b>1,077.5</b>	<b>6.0%</b>	<b>1,142.5</b>	<b>-10.5%</b>	<b>1,022.9</b>	<b>-6.6%</b>	<b>955.9</b>	<b>1.7%</b>	<b>972.4</b>	<b>5.6%</b>	<b>1,027.3</b>	<b>8.0%</b>	<b>1,109.8</b>	<b>4.0%</b>	<b>1,154.1</b>	<b>4.0%</b>	<b>1,199.7</b>
<b>Product Taxes</b>	<b>22.4</b>	<b>19.6%</b>	<b>26.8</b>	<b>10.8%</b>	<b>29.7</b>	<b>38.7%</b>	<b>41.2</b>	<b>3.9%</b>	<b>42.8</b>	<b>0.9%</b>	<b>43.2</b>	<b>15.5%</b>	<b>49.9</b>	<b>-11.8%</b>	<b>44.0</b>	<b>5.0%</b>	<b>46.2</b>
Cigarettes	1.0		6.5		7.8		16.9		14.4		11.6		13.1				
Liquor	10.2		8.4		9.3		11.4		14.8		17.2		20.9				
Beer	2.1		2.1		2.0		2.1		2.0		1.9		1.9				
Wine	2.5		2.6		3.3		3.0		3.2		3.5		3.9				
Tobacco	6.6		7.2		7.3		7.8		8.4		8.9		10.0				
<b>Misc. Revenues</b>	<b>122.2</b>	<b>-1.2%</b>	<b>120.6</b>	<b>-13.2%</b>	<b>104.7</b>	<b>3.6%</b>	<b>108.5</b>	<b>-0.7%</b>	<b>107.7</b>	<b>14.9%</b>	<b>123.8</b>	<b>-13.1%</b>	<b>107.6</b>	<b>-4.5%</b>	<b>102.8</b>	<b>2.6%</b>	<b>105.5</b>
Mine License	2.3		2.0		0.9		1.8		1.6		2.0		0.5				
Kilowatt Hour	2.3		1.9		2.0		2.1		2.4		3.0		1.9				
Insurance	59.8		60.0		55.5		53.6		54.1		56.6		55.6				
State Police/Bev.Lic.	1.8		1.9		1.6		1.5		1.5		1.6		0.1				
State Treas.	17.2		14.0		0.8		-1.3		-0.4		-0.6		4.9				
Jud. Branch/County (courts)	5.0		5.1		5.4		5.4		5.1		4.8		4.6				
Unclaim. Prop.	3.3		2.5		1.8		8.2		4.5		8.9		7.0				
Lands	0.5		0.0		1.0		0.7		0.6		1.0		0.8				
Estate Tax	0.1		0.0		0.2		-0.2		0.5		0.0		0.1				
Secretary of State (UCC)	3.0		3.1		2.4		2.4		2.4		2.4		2.5				
<sup>1</sup> Other/Dept. Tran.	26.9		31.5		33.1		34.3		35.4		44.0		29.5				
<b>TOTAL</b>	<b>\$2,812.5</b>		<b>\$2,909.8</b>		<b>\$2,466.6</b>		<b>\$2,264.5</b>		<b>\$2,444.5</b>		<b>\$2,587.7</b>		<b>\$2,750.3</b>		<b>\$2,828.4</b>		<b>\$2,930.6</b>
<b>% CHG</b>	<b>+15.7%</b>		<b>+3.5%</b>		<b>-15.2%</b>		<b>-8.2%</b>		<b>7.9%</b>		<b>5.9%</b>		<b>6.3%</b>		<b>2.8%</b>		<b>3.6%</b>

Other:<sup>1</sup> Government overhead charge levied by the State Controller against dedicated and federal funds. The Secretary of State, Governor's office and departments of Agriculture, Administration, Corrections, Law Enforcement, Water Resources, DEQ, and Department of Lands provide some of this revenue. Public Utility Transfer to the General Account and other are also included. Supplemental appropriations may also entail some of this revenue (Example: FY 1994 included an additional \$3 million one time appropriation from the Budget Reserve for public school textbooks, supplies, materials and equipment. A \$420,000 transfer from the Liquor Fund to the General Account was also included.)

<sup>2</sup> In FY 2003 Idaho's sales tax collections included an est. \$13M, one-month (June 2003) of additional (1-cent) sales taxes. In FY 2004 the 1-cent additional sales taxes (est. \$171.6M) were collected for the full year and were sunset (est. \$187.0M) at the end of FY 2005 (June 30, 2005), thus one-month of an estimated \$17.8M sales tax increases were included in the first month of FY 2006. Idaho also increased cigarette taxes by 29 cents/pack in FY 2004 (est. \$21.5M) which did not sunset at end of FY 2005, but went to an Economic Recovery Fund in FY 2005 (est. \$21.9M) rather than the general fund. After that, the new cigarette tax goes to the state permanent building fund for Capitol Mall project improvements, along with approximately \$8.0M existing general fund cigarette taxes starting in FY 2007.

Idaho passed HB1 at the August 25, 2006 special legislative session. This 1-cent sales tax increase was done to help fund public school general M&O property tax relief. The 1-cent increase was estimated to be \$219M if all collected in FY 2007, however, the new tax collections started in October 2006, so only eight months of collections occurred in FY 2007 (Nov. through June). These eight months collections were estimated to be \$140.5M.