



The Senate Committee on Finance

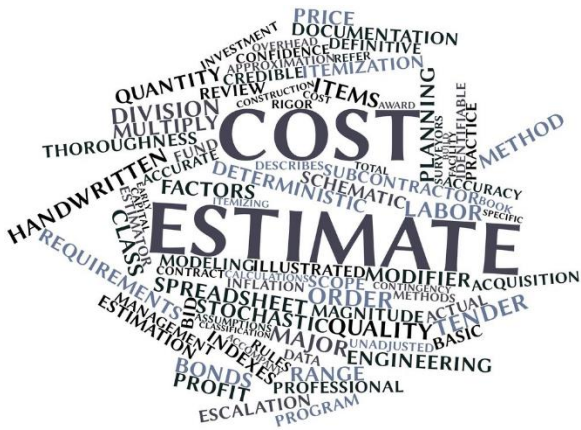
Budget Bulletin

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FISCAL YEAR 2020 REVENUE ESTIMATES



Last week’s Budget Bulletin summarized revenue collections for Fiscal Year 2019 and compared those to the revenue estimates made last July. This week’s Bulletin will discuss revenue estimates for Fiscal Year 2020 (July 1st, 2019 - June 30th, 2020) and compare those to the revenue collections in FY2019. Revenue estimates are the Department of Revenue’s projections estimating revenue collections for the upcoming fiscal year. The total revenue to be collected in FY2020 is expected to be \$4.71 billion, which is about \$46 million lower than total revenue collections for FY2019.

SOURCES OF REVENUE

Personal Income Tax – The state has a progressive income tax, meaning that your tax rates increase depending on your level of income.

West Virginia Taxable Income	Rate
\$0 - \$10,000	3.00%
\$10,000 - \$25,000	4.00%
\$25,000 - \$40,000	4.50%
\$40,000 - \$60,000	6.00%
\$60,000+	6.50%

Consumer Sales Tax – West Virginia has a 6% tax on most goods and services provided to consumers. Exemptions include certain prescription medicines, grocery food and items purchased for resale.

Business and Occupation Tax - The Business and Occupation Tax is imposed on any persons engaging or continuing with the state in any public service or utility business.

Tobacco Products Tax – West Virginia taxes all tobacco products at a rate of 7%

REVENUE ESTIMATES

The West Virginia Department of Revenue uses a series of calculations, based off former tax receipts and predicted changes in collections, to predict total revenue collections for the upcoming fiscal year. The Department of Revenue makes its revenue estimates at the beginning of the fiscal year. The estimates for Fiscal Year 2020 were released on the first day of the fiscal year, July 1st, 2019.

The revenue estimates are an important piece of the state's budgeting process because to achieve a balanced budget the state cannot appropriate more money than they are expected to receive. The Department of Revenue has the power, however, to increase or decrease revenue estimates during the fiscal year depending on actual collections.

KEY TERMS

Revenue Estimates: The money the state expects it will collect in a given year. The governor can raise revenue estimates if the state is collecting more money than previously expected.

Revenue Collections: Money the state collects in a given year from various taxes and fees. These monies are then used to fund the General Revenue section of the budget, which includes most government agencies.

Balanced Budget: As required by the West Virginia Constitution, the total amount of spending authority the legislature grants in the budget cannot be greater than the amount of revenue that the governor projects the state will generate by the end of that fiscal year.

Appropriation: Money that has been allocated in the state budget to fund a specific purpose. For example, money might be "appropriated" to dam safety within the Department of Environmental Protection. The agency cannot use the money for any other purpose.

FY 2020 REVENUE ESTIMATES V. FY 2019 REVENUE COLLECTIONS

Figure 1 on the following page shows the revenue estimates for FY 2020. As you can see, the revenue collections vary from month to month, with the highest collections in April. The Department of revenue bases these estimates on the revenue collection of previous years. Total collections are expected to be \$4,710,200,000.

Figure 2 shows both the revenue estimates (updated in June, 2019) and actual revenue collections for FY 2019. Total revenue collections for FY 2019 were \$4,756,335,000. This means that revenue estimates for FY 2020 are \$46,135,000 lower than revenue collected in FY 2019.

The Department of Revenue has an incentive to be conservative with their estimates. If actual collections are higher than estimates, more money becomes available for surplus or supplemental appropriations. If actual collections are lower, the Governor will be forced to ask agencies to make budget cuts.

Figure 1: Fiscal Year 2020 Revenue Estimates

	FY 20			
	Estimate	Actual	Difference	% Difference
July	\$ 317,650	\$ -	\$ (317,650)	0%
August	\$ 352,999	\$ -	\$ (352,999)	0%
September	\$ 457,241	\$ -	\$ (457,241)	0%
October	\$ 357,566	\$ -	\$ (357,566)	0%
November	\$ 330,128	\$ -	\$ (330,128)	0%
December	\$ 421,352	\$ -	\$ (421,352)	0%
January	\$ 430,541	\$ -	\$ (430,541)	0%
February	\$ 297,765	\$ -	\$ (297,765)	0%
March	\$ 350,492	\$ -	\$ (350,492)	0%
April	\$ 591,367	\$ -	\$ (591,367)	0%
May	\$ 334,443	\$ -	\$ (334,443)	0%
June	\$ 468,656	\$ -	\$ (468,656)	0%
Totals	\$ 4,710,200	\$ -	\$ (4,710,200)	0%

* all numbers in thousands

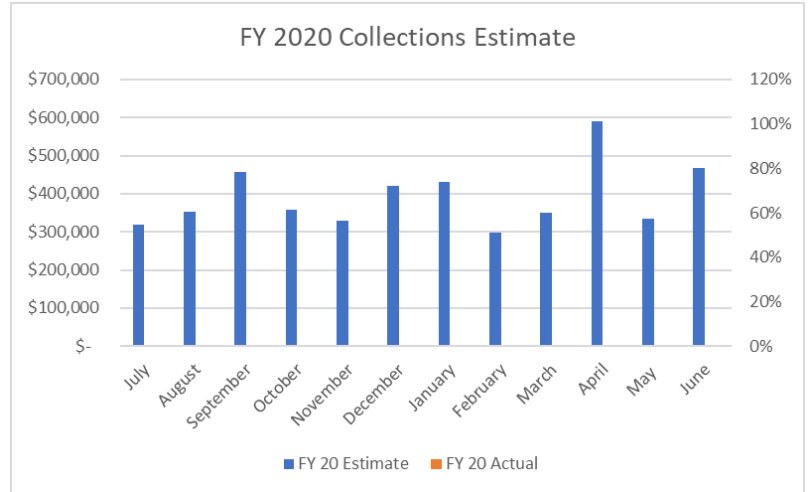


Figure 2: Fiscal Year 2019 Revenue Estimated and Actual Collections

	FY 19			
	Estimate**	Actual	Difference	% Difference
July	\$ 313,716	\$ 313,605	\$ (111)	100%
August	\$ 346,950	\$ 352,280	\$ 5,330	102%
September	\$ 438,230	\$ 452,908	\$ 14,678	103%
October	\$ 361,577	\$ 359,160	\$ (2,417)	99%
November	\$ 335,860	\$ 333,641	\$ (2,219)	99%
December	\$ 422,073	\$ 422,995	\$ 922	100%
January	\$ 433,302	\$ 422,335	\$ (10,967)	97%
February	\$ 293,815	\$ 302,822	\$ 9,007	103%
March	\$ 349,383	\$ 333,001	\$ (16,382)	95%
April	\$ 596,913	\$ 604,695	\$ 7,782	101%
May	\$ 369,394	\$ 380,898	\$ 11,504	103%
June	\$ 486,945	\$ 477,995	\$ (8,950)	98%
Totals	\$ 4,748,158	\$ 4,756,335	\$ 8,177	100%

**Estimates adjusted for G.R. Increases * all numbers in thousands

