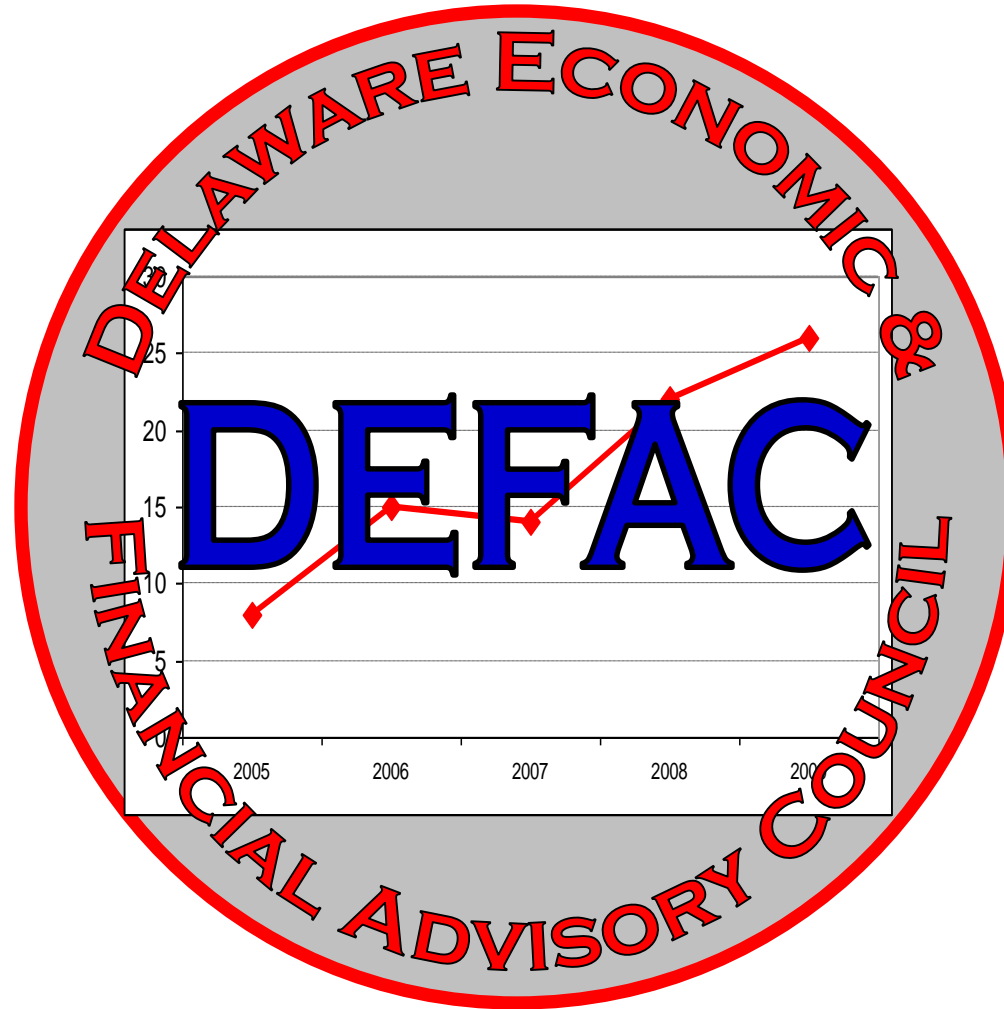


PLEASE NOTE: The projections contained in this package are NOT official.
They have been submitted for DEFAC's consideration.
Final projections may differ based on the outcome of DEFAC's deliberations.



PRESS PACKAGE

December 17, 2024

GENERAL FUND
DEFAC FORECAST
SUMMARY

DEFAC FORECAST SUMMARY

\$ Amounts in Millions

December-24

ECONOMIC OUTLOOK

- US economy is expected to grow slowly due to tariffs, reduced international migration, and rising inflation.
- Interest rates are decreasing, but federal cuts will slow soon.
- Higher producer and consumer prices are expected from increased tariffs.

	Average	<u>Annual % Change</u>		
	<u>FY22-24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
GDP	3.2	2.3	2.0	1.9
US Employment	3.3	1.2	0.6	0.2
DE Employment	3.0	1.7	0.8	0.3

REVENUE UPDATE

	<u>FY 24</u>	<u>FY25 (Est)</u>	<u>FY26 (Est)</u>	<u>FY27 (Est)</u>
NET GENERAL FUND	\$6,348.9	\$6,659.6	\$6,790.1	\$6,885.5
ANNUAL GROWTH RATES	0.9%	4.9%	2.0%	1.4%

MAJOR CHANGES SINCE LAST MEETING

	<u>FY 25</u>		<u>FY 26</u>
Personal Income Tax	\$35.0	Personal Income Tax	\$37.0
Dividends and Interest	\$28.3	CIT Refunds	(\$23.5)
CIT Refunds	\$23.5	Corporation Income Tax	\$19.4
TOTAL CHANGE	\$109.1	TOTAL CHANGE	\$61.9

EXPENDITURE UPDATE

FY 25 Estimate

\$6,963.4

COMPARISON VERSUS

	<u>\$ Change</u>	<u>% Change</u>
DEFAC's last meeting	(\$23.1)	-0.3%
FY 2024 Actual Expenditures	\$731.3	11.7%

Appropriation Limit

FY 26 BUDGET OUTLOOK

\$7,016.8

COMPARISON VERSUS

	<u>\$ Change</u>	<u>% Change</u>
DEFAC's last meeting	\$201.9	3.0%
Since Governor's FY 26 Recommended Budget (Dec.)	\$0.0	0.0%
Current Budget (FY 25)	\$887.6	14.5%

GENERAL FUND
BALANCE & APPROPRIATIONS
WORKSHEET

Balance and Appropriations Worksheet

December-24

FY 2025 EXPENDITURES

Total Spending Authority	\$8,688.1
Less: Continuing Appropriations & Encumbrances from FY 2025	(\$1,664.7)
Less: Reversions	<u>(\$60.0)</u>
Total Expenditures	\$6,963.4

FY 2025 BALANCES

Total Expenditures	\$6,963.4
vs. FY 2025 Revenues	6,659.6
Operating Balance	(303.8)
Prior Year Cash Balance	3156.4
Less: Budget Stabilization Fund (29 Del. C. § 6533(k))	<u>(\$469.2)</u>
Cumulative Cash Balance	2,383.4
Less: Continuing Appropriations & Encumbrances from FY 2025	(1,664.7)
Less: Budgetary Reserve Account	<u>(\$348.7)</u>
Unencumbered Cash Balance 6/30	\$370.0

FY 2026 APPROPRIATION LIMITS

FY 2026 Revenue Estimate	\$6,790.1
Unencumbered Cash Balance from FY 2025	<u>\$370.0</u>
100% Appropriation Limit	\$7,160.1
98% Appropriation Limit	<u>\$7,016.8</u>
Prior 98% Appropriation Limit	\$6,814.9
Increase (Decrease) from Prior Meeting	\$201.9
October 2024 98% Appropriation Limit	\$6,814.9
Increase (Decrease) from October 2024	\$201.9

FY 2025 BUDGET

Budget	\$6,129.2
Grants	\$98.5
Supplemental	\$595.9
Total Appropriations	\$6,823.6
Plus: Continuing Appropriations & Encumbrances from Prior Years	<u>\$1,864.5</u>
Total Spending Authority	\$8,688.1

FY 2025 RESERVES

2% Set Aside	\$140.5
Budget Reserve Account	\$348.7
Budget Stabilization Fund	<u>\$469.2</u>
Reserves	\$958.4
Revenue Resolution (Gross)	\$6,974.4
Reserve Ratio	13.7%

GENERAL FUND
EXPENDITURE REPORT

DEFAC Expenditures Forecast for General Fund Disbursements FY2025 (\$ in millions)											
<u>December 17, 2024</u>											
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024			FY2025	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>			<u>Appropriation</u>	
Budget Act	4,106.9	4,270.8	4,451.9	4,547.0	4,771.5	5,099.7	5,606.7			6,129.2	
Cash to Bond Bill	0.0	189.0	184.3	35.4	692.3	855.5	753.4			427.5	
Grant-in-Aid	37.3	52.1	55.1	54.5	63.2	69.4	72.0			98.5	
Continuing & Encumbered (from prior years)	178.6	184.1	329.6	431.3	495.8	1,100.2	1,575.0			1,864.6	
Supplementals	0.0	49.2	62.0	0.0	221.1	378.6	194.6			168.4	
Fiscal Year Spending Authority	4,322.8	4,745.2	5,082.8	5,068.2	6,243.9	7,503.4	8,201.7			8,688.1	
LESS:											
								Oct	Dec		
Reversions to the General Fund	20.6	21.4	137.6	53.4	85.8	67.5	105	25.0	60.0		
Encumbered to next fiscal year	35.8	41.5	54.0	53.2	71.6	57.3	61.6	60.0	60.0		
Continuing to next fiscal year											
Operating Budget											
Bond Bill											
Total Continuing	148.3	288.1	377.3	442.6	1,028.6	1,517.7	1,802.9	1,616.6	1,604.7		
Subtotal	204.7	351.0	568.9	549.2	1,186.0	1,642.5	1,969.5	1,701.6	1,724.7	(1,724.7)	
Fiscal Year Budgetary Expenditures	4,118.1	4,394.3	4,513.9	4,519.0	5,057.9	5,860.9	6,232.2			6,963.4	
% increase/(decrease)	0.29%	6.71%	2.72%	0.11%	11.93%	15.88%	6.34%			11.7%	
Comments:	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>5-Yr Avg</u>		<u>FY2025</u>	
Expenditures / Spending Authority	95.3%	92.6%	88.8%	89.2%	81.0%	78.1%	76.0%	82.6%		80.1%	
Reversions / Spending Authority	0.5%	0.5%	2.7%	1.1%	0.9%	0.9%	1.3%	1.4%		0.7%	
Encumbered / Spending Authority	0.8%	0.9%	1.1%	1.0%	0.9%	0.8%	0.8%	0.9%		0.7%	
Total Continuing / Spending Authority	3.4%	6.1%	7.4%	8.7%	7.1%	20.2%	22.0%	13.1%		18.5%	

DEFAC Expenditures Forecast for General Fund Disbursements FY2026-2030 (\$ in millions)															
December 17, 2024															
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		Forecast					
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
										June	June	June	June	June	June
Salaries	1,402.9	1,421.1	1,499.9	1,558.6	1593.0	1657.0	1,805.6	1,905.0		2,055.5	2,174.8	2,298.6	2,429.4	2,567.6	2,713.7
Fringe Benefits	480.5	479.6	494.4	506.1	513.3	515.4	561.3	619.1		772.8	824.5	897.8	977.9	1,065.3	1,160.7
Health Care	359.0	357.9	362.6	369.0	372.5	369.3	401.4	444.6		587.6	625.7	686.7	753.7	827.2	907.8
Other	121.5	121.7	131.8	137.1	140.8	146.1	159.9	174.5		185.2	198.8	211.1	224.2	238.1	252.9
Pension	317.7	316.7	360.8	360.1	372.5	421.0	664.7	498.1		588.9	571.8	648.4	756.7	916.2	1,159.2
Contribution	153.7	167.6	201.5	205.0	218.0	238.8	240.1	242.2		266.5	282.4	297.6	313.6	330.5	348.3
Health Care	131.3	136.0	145.4	145.9	148.7	170.6	170.9	174.2		208.1	220.5	236.8	254.2	272.9	293.0
Other	32.7	13.1	13.9	9.2	13.9	11.6	253.8	81.7		114.3	68.9	114.1	188.9	312.8	517.9
Debt Service	179.0	187.2	183.9	184.1	187.3	202.6	218.4	234.4		246.3	263.3	279.1	295.8	313.5	332.3
Grants	365.7	362.9	445.2	507.1	433.2	671.0	661.4	764.1		817.4	720.5	792.7	872.1	959.5	1,055.6
Medicaid	739.7	750.2	733.4	702.0	734.1	823.6	932.7	1,043.5		1,124.4	1,149.7	1,263.3	1,388.1	1,525.2	1,675.9
Contractual Services	537.6	526.1	589.0	600.5	607.5	674.7	871.6	948.3		1,015.3	898.8	998.3	1,108.9	1,231.7	1,368.1
Supplies & Materials	68.7	61.9	69.3	64.7	60.9	67.1	76.7	88.3		98.3	88.6	96.3	104.7	113.9	123.8
Capital Outlay	14.3	12.4	18.5	30.6	17.2	25.5	68.3	131.3		244.5	186.5	282.6	428.3	649.0	983.4
FY Budgetary Expenditures	4,106.1	4,118.1	4,394.3	4,513.9	4,519.0	5,057.9	5,860.8	6,232.1		6,963.4	6,878.5	7,557.2	8,361.9	9,341.9	10,572.8

OMB General Assumptions FY2026 Forecast

Salary - Includes increase for state employees, Collective Bargaining Agreements, Education Steps and Education Unit Count growth

Fringe Other/Fringe Healthcare - Projected using proposed rates in Governor's Recommended FY2026 Budget

Pension - Projected using proposed rates in Governor's Recommended FY2026 Budget

Debt Service – includes estimated debt service from a Spring 2025 general obligation bond issuance

Grants - Projected using current year Grant in Aid budget, operational funding provided to UD and Housing, and spending continued cash projects

Medicaid - Projected with trending healthcare inflation and demographic shifts in Delaware

Contractual Services - Projected using current year spend level for agency operations and spending continued cash projects

Supplies - Projected using current year spend level for agency operations

Capital - Projected using current year spend level for agency operations and spending continued cash projects

Medicaid - Projected with trending healthcare inflation and demographic shifts in Delaware

Contractual Services - Projected using current year spend level for agency operations and spending continued cash projects

Supplies - Projected using current year spend level for agency operations

Capital - Projected using current year spend level for agency operations and spending continued cash projects

GENERAL FUND
REVENUE REPORT

DEFAC General Fund Revenue Worksheet

December-24 DEFAC Meeting	FY 2024	FY 2025				
	A Actual Collections	B DEFAC Oct-24	C % B over A	D DEFAC Dec-24	E % D over A	F \$ Increase D over B
Revenue Category						
Personal Income Tax	2,503.3	2,641.1	5.5%	2,676.1	6.9%	35.0
Less: Refunds	<u>(286.4)</u>	<u>(286.9)</u>	0.2%	<u>(286.9)</u>	0.2%	0.0
PIT Less Refunds	2,216.9	2,354.2	6.2%	2,389.2	7.8%	35.0
Franchise Tax	1,321.8	1,328.9	0.5%	1,328.9	0.5%	0.0
Limited Partnerships & LLC's	495.8	497.8	0.4%	497.8	0.4%	0.0
Subtotal Franchise + LP/LLC	1,817.5	1,826.7	0.5%	1,826.7	0.5%	0.0
Less: Refunds	<u>(20.0)</u>	<u>(10.0)</u>	-50.0%	<u>(20.0)</u>	0.0%	<u>(10.0)</u>
Net Franchise + LP/LLC	1,797.5	1,816.7	1.1%	1,806.7	0.5%	(10.0)
Business Entity Fees	159.3	152.0	-4.6%	160.9	1.0%	8.9
Uniform Commercial Code	29.7	28.5	-4.0%	28.5	-4.0%	0.0
Unclaimed Property	554.0	554.0	0.0%	554.0	0.0%	0.0
Less: Refunds	<u>(143.5)</u>	<u>(130.0)</u>	-9.4%	<u>(130.0)</u>	-9.4%	<u>0.0</u>
Unclaimed Prop Less Refunds	410.5	424.0	3.3%	424.0	3.3%	0.0
Gross Receipts Tax	365.2	386.1	5.7%	386.1	5.7%	0.0
Lottery	245.9	258.9	5.3%	248.1	0.9%	(10.8)
Corporation Income Tax	426.0	427.0	0.2%	447.0	4.9%	20.0
Less: Refunds	<u>(81.2)</u>	<u>(103.3)</u>	27.3%	<u>(79.8)</u>	-1.7%	<u>23.5</u>
CIT Less Refunds	344.8	323.7	-6.1%	367.2	6.5%	43.5
Realty Transfer Tax	198.7	240.3	20.9%	240.3	20.9%	0.0
Cigarette Taxes	92.4	87.2	-5.6%	91.7	-0.7%	4.5
Bank Franchise Tax	100.3	103.1	2.8%	109.0	8.7%	5.9
Insurance Taxes and Fees	92.0	92.7	0.8%	92.7	0.8%	0.0
Hospital Board and Treatment	22.4	19.6	-12.4%	19.6	-12.4%	0.0
Public Utility Tax	34.5	32.8	-4.9%	35.4	2.6%	2.6
Alcoholic Beverage Tax	31.7	32.2	1.6%	32.2	1.6%	0.0
Dividends and Interest	133.7	137.0	2.4%	165.3	23.6%	28.3
Other Revenues	89.0	77.2	-13.3%	78.9	-11.4%	1.7
Less: Other Refunds	<u>(15.6)</u>	<u>(15.7)</u>	0.5%	<u>(16.2)</u>	3.7%	(0.5)
Net Receipts	6,348.9	6,550.5	3.2%	6,659.6	4.9%	109.1

DEFAC General Fund Revenue Worksheet

December-24 DEFAC Meeting	FY 2026					FY 2027				
	G DEFAC Oct-24	H % G over B	I DEFAC Dec-24	J % I over D	K \$ Increase I over G	L DEFAC Oct-24	M % L over G	N DEFAC Dec-24	O % N over I	P \$ Increase N over L
Revenue Category										
Personal Income Tax	2,787.6	5.5%	2,824.6	5.5%	37.0	2,834.2	1.7%	2,879.3	1.9%	45.1
Less: Refunds	<u>(258.5)</u>	<u>-9.9%</u>	<u>(258.5)</u>	<u>-9.9%</u>	<u>0.0</u>	<u>(239.5)</u>	<u>-7.4%</u>	<u>(239.5)</u>	<u>-7.4%</u>	<u>0.0</u>
PIT Less Refunds	2,529.1	7.4%	2,566.1	7.4%	37.0	2,594.7	2.6%	2,639.8	2.9%	45.1
Franchise Tax	1,328.9	0.0%	1,328.9	0.0%	0.0	1,328.9	0.0%	1,328.9	0.0%	0.0
Limited Partnerships & LLC's	497.8	0.0%	497.8	0.0%	0.0	497.8	0.0%	497.8	0.0%	0.0
Subtotal Franchise + LP/LLC	1,826.7	0.0%	1,826.7	0.0%	0.0	1,826.7	0.0%	1,826.7	0.0%	0.0
Less: Refunds	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	-50.0%	<u>0.0</u>	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,816.7	0.0%	1,816.7	0.6%	0.0	1,816.7	0.0%	1,816.7	0.0%	0.0
Business Entity Fees	152.0	0.0%	160.9	0.0%	8.9	152.0	0.0%	160.9	0.0%	8.9
Uniform Commercial Code	28.5	0.0%	28.5	0.0%	0.0	28.5	0.0%	28.5	0.0%	0.0
Unclaimed Property	525.0	-5.2%	525.0	-5.2%	0.0	500.0	-4.8%	500.0	-4.8%	0.0
Less: Refunds	<u>(130.0)</u>	0.0%	<u>(130.0)</u>	0.0%	<u>0.0</u>	<u>(130.0)</u>	0.0%	<u>(130.0)</u>	0.0%	<u>0.0</u>
Unclaimed Prop Less Refunds	395.0	-6.8%	395.0	-6.8%	0.0	370.0	-6.3%	370.0	-6.3%	0.0
Gross Receipts Tax	399.0	3.3%	399.0	3.3%	0.0	414.3	3.8%	414.3	3.8%	0.0
Lottery	264.0	2.0%	257.2	3.7%	(6.8)	267.7	1.4%	261.9	1.8%	(5.8)
Corporation Income Tax	414.2	-3.0%	433.6	-3.0%	19.4	405.1	-2.2%	424.1	-2.2%	19.0
Less: Refunds	<u>(79.8)</u>	-22.7%	<u>(103.3)</u>	29.4%	<u>(23.5)</u>	<u>(79.8)</u>	0.0%	<u>(79.8)</u>	-22.7%	<u>0.0</u>
CIT Less Refunds	334.4	3.3%	330.3	-10.0%	(4.1)	325.3	-2.7%	344.3	4.2%	19.0
Realty Transfer Tax	259.0	7.8%	259.0	7.8%	0.0	276.1	6.6%	276.1	6.6%	0.0
Cigarette Taxes	81.6	-6.4%	85.7	-6.5%	4.1	77.5	(0.1)	81.5	-4.9%	4.0
Bank Franchise Tax	107.7	4.5%	112.1	2.8%	4.4	109.9	2.0%	114.3	2.0%	4.4
Insurance Taxes and Fees	91.1	-1.7%	91.1	-1.7%	0.0	94.0	3.2%	94.0	3.2%	0.0
Hospital Board and Treatment	19.1	-2.6%	19.1	-2.6%	0.0	19.1	0.0%	19.1	0.0%	0.0
Public Utility Tax	32.1	-2.1%	34.6	-2.3%	2.5	31.5	-1.9%	32.8	-5.2%	1.3
Alcoholic Beverage Tax	32.5	0.9%	32.5	0.9%	0.0	32.8	0.9%	32.8	0.9%	0.0
Dividends and Interest	118.0	-13.9%	132.8	-19.7%	14.8	130.0	10.2%	127.5	-4.0%	(2.5)
Other Revenues	84.1	8.9%	85.7	8.6%	1.6	85.6	1.8%	87.2	1.8%	1.6
Less: Other Refunds	<u>(15.7)</u>	0.0%	<u>(16.2)</u>	0.0%	(0.5)	<u>(15.7)</u>	0.0%	<u>(16.2)</u>	0.0%	<u>(0.5)</u>
Net Receipts	6,728.2	2.7%	6,790.1	2.0%	61.9	6,810.0	1.2%	6,885.5	1.4%	75.5

Summary of Changes YTD December-24

	<u>FY 2025</u>		<u>FY 2026</u>	
	<u>Amount</u>	<u>% Ch</u>	<u>Amount</u>	<u>% Ch</u>
June 2024 Estimate:	\$6,449.6		\$6,599.0	
Revenue Adjustments: Revenue Resolution	<u>0.0</u>	0.0%	<u>0.0</u>	0.0%
Revenue Resolution (less HB 89 w/ HA 1 adjustment)	\$6,449.6		\$6,599.0	
October Changes to Forecast:	\$100.9	1.6%	\$129.2	2.0%
December Changes to Forecast:	\$109.1	1.7%	\$61.9	0.9%
March Changes to Forecast:		0.0%		0.0%
May Changes to Forecast:		0.0%		0.0%
June Changes to Forecast:		0.0%		0.0%
TOTAL CHANGES YTD vs. June DEFAC:				
Bottom Line: TOTAL CHANGES YTD vs. Rev. Resolution & other tax law changes	\$210.0	3.3%	\$191.1	2.9%
Current Estimate:	\$6,659.6		\$6,790.1	

**December 2024
over
October 2024**

		<u>FY 2025</u>	<u>FY 2026</u>
WHERE WE STARTED			
DEFAC Estimate:	Oct 24	\$6,550.5	\$6,728.2
WHERE WE ARE NOW			
Revenue Sub:	Dec 24	\$6,659.6	\$6,790.1
\$\$ Change vs	Oct 24	DEFAC	\$109.1
% Change vs.	Oct 24	DEFAC	0.9%
Major Positive Changes in:		<u>FY 2025</u>	<u>FY 2026</u>
Net CIT		\$43.5	Net PIT \$37.0
Net PIT		\$35.0	Dividends and Interest \$14.8
Dividends and Interest		\$28.3	Corporate Fees \$8.9
Corporate Fees		\$8.9	Bank Franchise Tax \$4.4
Major Negative Changes in:		<u>FY 2025</u>	<u>FY 2026</u>
Lottery		(\$10.8)	Lottery (\$6.8)
Net Franchise + LLP/LLC		(\$10.0)	Net CIT (\$4.1)
Other Refunds		(\$0.5)	Other Refunds (\$0.5)

TRANSPORTATION TRUST FUND
EXPENDITURE REPORT

Delaware Department of Transportation FY 2025 Expenditures, Through November 30, 2024							42%
	FY2023 Actual	FY2024 Actual	FY2025 Appropriation	DECEMBER FY2025 Forecast	\$ difference Forecast V. FY2024 Actual	FY2025 YTD Spend	% spent YTD
Operations			<u>w/o US301</u>				
Debt Service	83.0	82.2	91.6	91.6	9.4	77.0	84%
Personnel Costs	107.9	117.3	131.5	131.5	14.2	54.0	41%
Operations/Capital Outlay	66.8	82.1	95.1	95.1	13.0	36.3	38%
Transit Operations (DTC)	<u>80.3</u>	<u>98.2</u>	<u>118.4</u>	<u>118.4</u>	20.2	<u>49.4</u>	42%
Total Expenditures - Operations	338.0	379.8	436.6	436.6	56.8	216.7	50%
State Capital							
Road System	210.2	258.1	207.8	207.8	(50.3)	117.8	57%
Grants & Allocations	30.1	35.5	38.7	38.7	3.2	20.8	54%
Support Systems	52.0	51.9	50.6	50.6	(1.3)	23.2	46%
Transit	<u>23.5</u>	<u>14.3</u>	<u>15.0</u>	<u>15.0</u>	0.7	<u>3.5</u>	23%
State Capital	315.8	359.8	312.1	312.1	(47.7)	165.3	53%
Federal Capital							
Federal Capital	269.3	331.6	350.0	350.0	18.4	152.6	44%
Total Expenditures - Capital	585.1	691.4	662.1	662.1	(29.3)	317.9	48%
TOTAL EXPENDITURES	923.1	1,071.2	1,098.7	1,098.7	27.5	534.6	49%

	DECEMBER FY2025 Forecast	FY2025 YTD Spend	% spent YTD
DeIDOT	1,098.7	\$ 534.6	49%
US301	38.2	\$ 19.5	51%
TOTAL	1,136.9	\$ 554.1	49%

TRANSPORTATION TRUST FUND
REVENUE REPORT

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

	FY23	FY24	% Chg.	Fiscal 2025			Fiscal 2026		
				10/21/2024 Approved	12/17/2024 Recomm	% Chg. FY 24	10/21/2024 Approved	12/17/2024 Recomm	% Chg. FY 25
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$133.5	\$133.5	0.0%	\$134.9	\$134.9	1.1%	\$136.7	\$136.7	1.3%
Route 1 Toll Road	59.8	61.1	2.2%	\$61.8	\$61.8	1.1%	\$62.6	\$62.6	1.3%
Concessions	<u>2.1</u>	<u>2.4</u>	<u>14.3%</u>	<u>\$2.4</u>	<u>\$2.4</u>	<u>0.0%</u>	<u>\$2.4</u>	<u>\$2.4</u>	<u>0.0%</u>
Total Toll Road Revenues	195.4	197.0	0.8%	\$199.1	\$199.1	1.1%	\$201.7	\$201.7	1.3%
MOTOR FUEL TAX ADMIN.	136.1	137.4	1.0%	\$136.3	\$136.3	(0.8%)	\$136.3	\$136.3	0.0%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	164.5	149.1	-9.4%	\$149.0	\$149.0	-0.1%	\$151.2	\$151.2	1.5%
Motor Vehicle Registration Fees	61.6	61.0	-1.0%	\$62.1	\$62.1	1.8%	\$63.1	\$63.1	1.5%
Other DMV Revenues	<u>39.1</u>	<u>40.2</u>	<u>2.8%</u>	<u>\$42.0</u>	<u>\$42.0</u>	<u>4.4%</u>	<u>\$42.2</u>	<u>\$42.2</u>	<u>0.5%</u>
Total DMV Revenues	265.2	250.3	-5.6%	\$253.1	\$253.1	1.1%	\$256.5	\$256.5	1.3%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	9.0	9.1	1.1%	\$9.2	\$9.2	1.1%	\$9.2	\$9.2	0.0%
Investment Income(Net)	<u>12.0</u>	<u>19.5</u>	<u>62.5%</u>	<u>\$9.0</u>	<u>\$9.0</u>	<u>-53.9%</u>	<u>\$5.0</u>	<u>\$5.0</u>	<u>-44.4%</u>
Total Other Transp. Revenue	21.0	28.6	36.2%	\$18.2	\$18.2	-36.4%	\$14.2	\$14.2	-22.0%
GRAND TOTAL	\$617.7	\$613.3	-0.7%	\$606.7	\$606.7	-1.1%	\$608.7	\$608.7	0.3%

	FY23	FY24	% Chg.	\$0.0			(\$0.0)		
				Fiscal 2025			Fiscal 2026		
US301 Revenues	\$ 26.0	\$ 25.4	-2.3%	\$ 26.0	\$ 26.0	2.6%	\$ 28.0	\$ 28.0	7.7%
TOTAL	\$ 643.7	\$ 638.7	-0.8%	\$ 632.7	\$ 632.7	-0.9%	\$ 636.7	\$ 636.7	0.6%

MISCELLANEOUS

DEFAC

Recommended General Fund Revenue Estimate



December 17, 2024

Key Forecast Assumptions

- Universal 10% tariff and 30% tariff on imports from China (does not account for 25% tariff on imports from Canada or Mexico)
- Retaliatory tariffs imposed on US exports
- Extension of PIT TCJA provisions
- Federal corporate income tax rate of 15% for domestic producers
- Slower easing by the Federal Reserve, with terminal rate 50 basis points higher than previously expected (3% - 3.25% in early 2027)

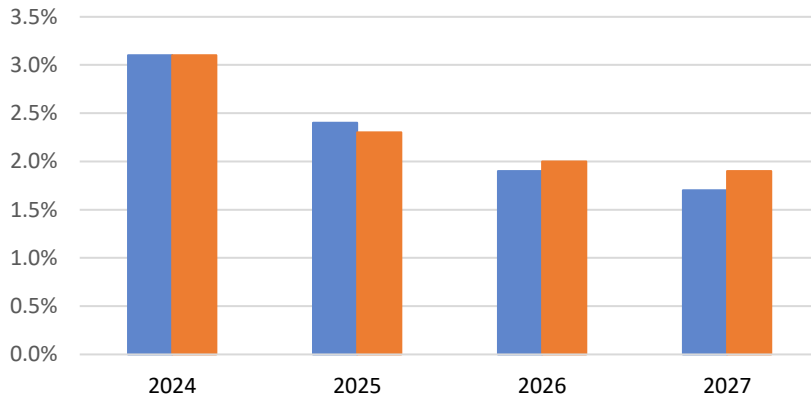
U.S. Economic Outlook

- Generally, inflationary pressures seem set to increase through tariffs, immigration and fiscal policy
- Core PCE inflation will reach 3.5% next year; Federal Reserve will pause easing cycle after three additional 25 basis point cuts in mid-2025
- Resulting tighter financial conditions will slow economic growth, with unemployment expected to peak at 4.8% in mid-2027 rather than 4.6%
- Big picture, though, is largely unchanged, although both **risks and especially uncertainty are greater**

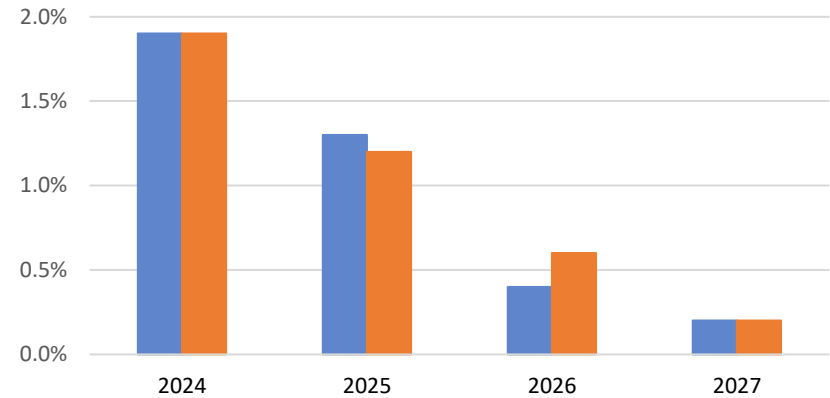
US Forecast Improves Near-Term

Fiscal Year Forecasts

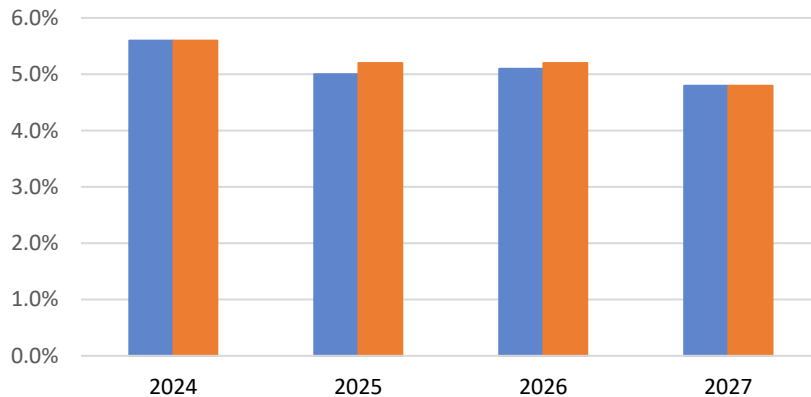
Real GDP Growth



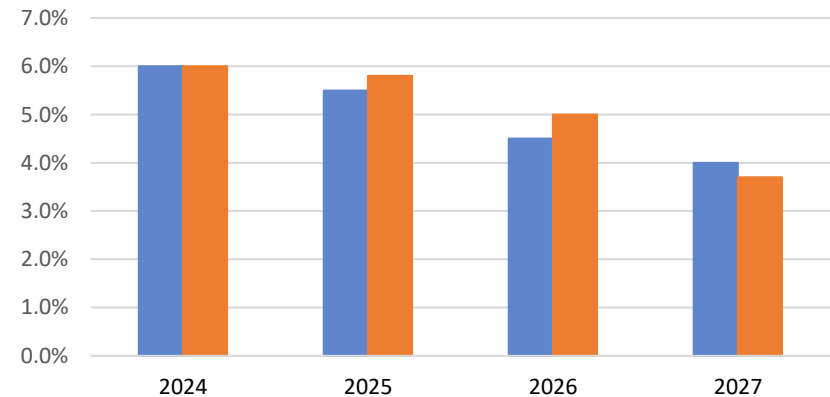
US Employment



US Personal Income



US Wage & Salary



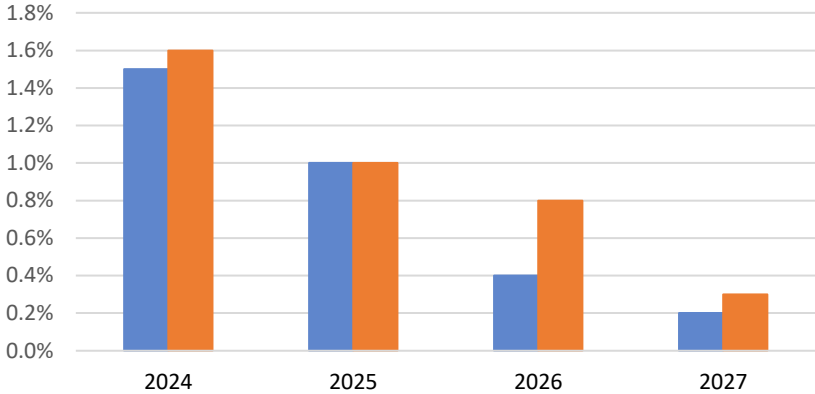
■ October ■ December

Source: S&P Global, December 11, 2024

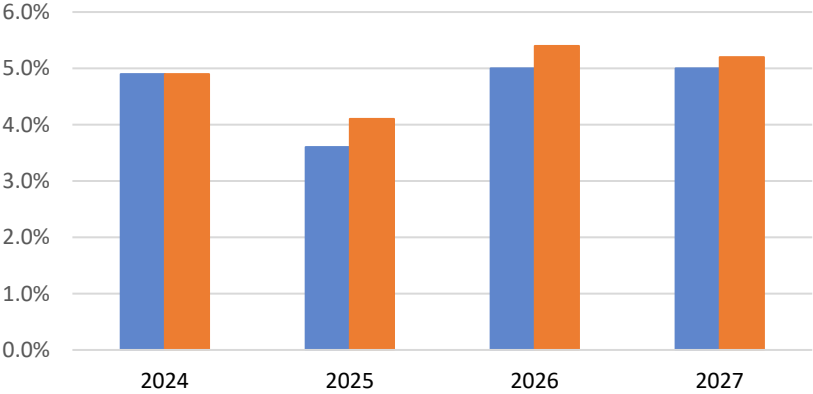
Delaware Wage Forecast Improves

Fiscal Year Forecasts

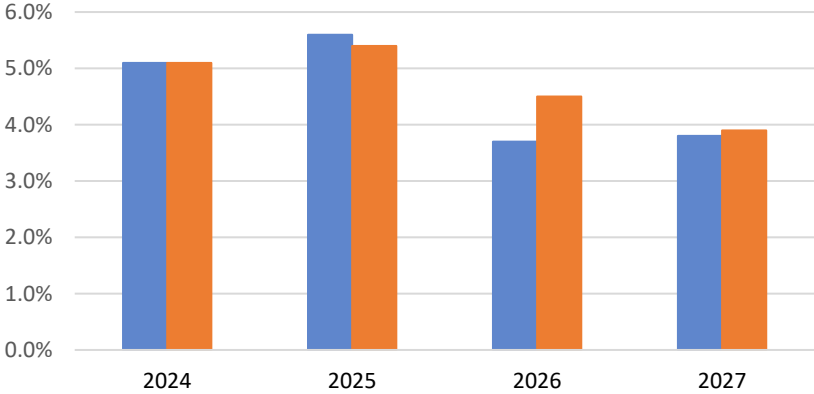
DE Employment



DE Personal Income



DE Wage & Salary



■ October ■ December

Trump Tax Proposals

- President-elect has proposed extending the expiring PIT provisions of the Tax Cuts and Jobs Act...
- With the probable exception of the \$10,000 cap on the deduction for state and local taxes, though an increase to \$20,000 has recently been discussed
- Several other tax breaks have been proposed
- Taxpayer behavior will play a role
 - Income and deductions will be accelerated/deferred for maximum advantage
 - Difficult to predict
- Implementation matters

Very Preliminary Revenue Effect

Provision	GF Cost in Millions
PIT TCJA Permanence (Except SALT)	<\$10
Full Deduction for SALT	\$60 - \$80
TCJA Business	>\$100
PIT Social Security Benefit Exemption	\$0
PIT Overtime Pay Exemption	\$60 - \$80
PIT Tip Exemption	\$15 - \$25
Itemized Deduction for Auto Loan Interest	\$3 - \$8
CIT Rate of 15% for Domestic Production	No Direct Impact

Note: Based on estimates of federal revenue impact by the Tax Foundation.

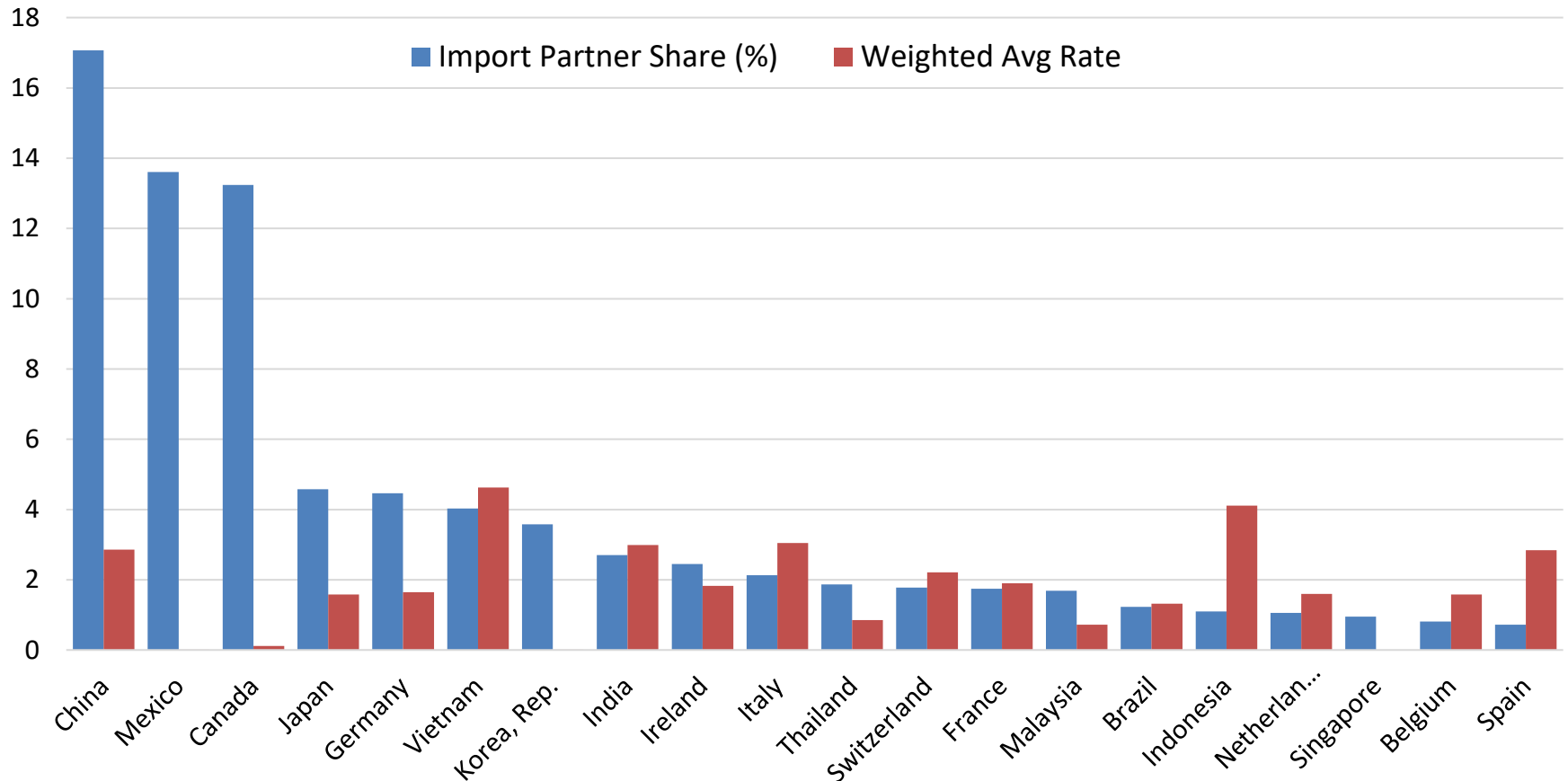
Estimates are for current discussion purposes only; provisions will be re-estimated in more detail if and when enacted.

Trump Tariffs

- Tariffs are effectively taxes on imports, usually designed to protect domestic industries from foreign competition as well as raising revenue
- By design, tariffs raise prices on select imported goods, allowing prices of domestic goods to increase, perhaps fueling inflation
- Higher costs can slow the economy leading to reduced investment and job losses
- Imposition of tariffs invites retaliatory tariffs, creating a vicious circle

Current Tariffs Relatively Low

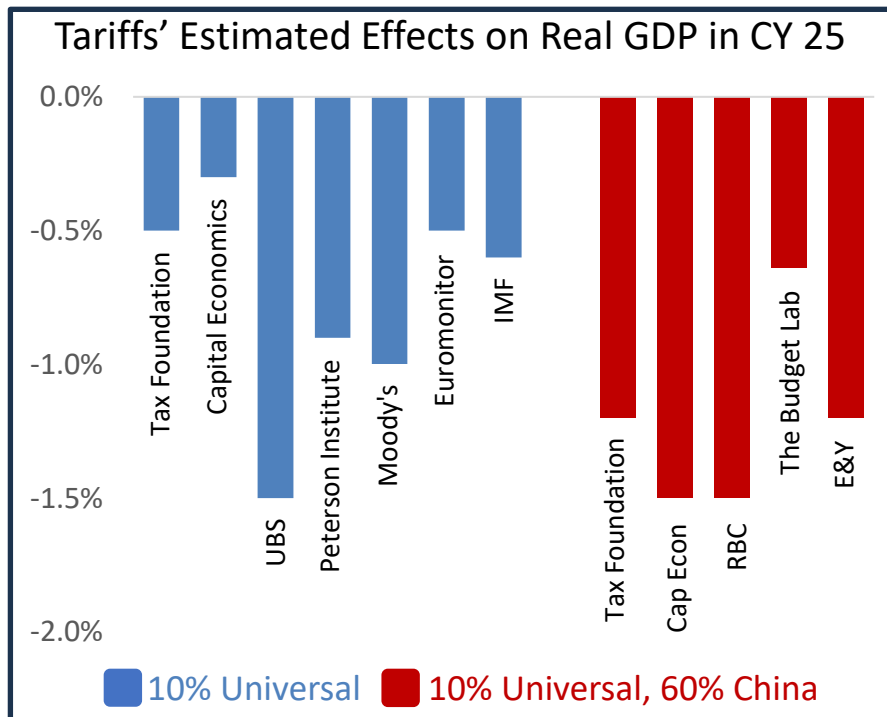
Major Importing Partners and Average Tariff Rates, 2022



Source: World Integrated Trade Solution

Impact of Tariffs

- Estimates vary widely—shaving 30 to 150 basis points off of GDP growth in 2025 (all else equal)
- Some estimates call for cumulative impact of 3.6% within three years



- Impact will likely vary widely across industries
- Reasonable at this point to assume PIT and GRT would be affected, and CIT with a lag
- Implementation matters

PIT Withholding

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2025 Growth	
Estimate	2,030.0	2,141.7	2,246.6	YTD	8.3%
Dec Revision	35.0	37.0	45.1	Req'd	7.2%
Growth	7.7%	5.5%	4.9%		

- Strong withholding growth has continued—8.3% YTD
- Accounting for timing of “8th monthly” due dates (in other words, comparing on a consistent basis with respect to the calendar), withholding is up 7.6%
- Growth will decelerate with the economy
- No change to other PIT components—estimated payments tracking to forecast (only one quarter in the door)

Lottery

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2025 Growth	
Estimate	248.1	257.2	261.9	YTD	(7.4%)
Dec Revision	(10.8)	(6.8)	(5.8)	Req'd	6.3%
Growth	0.9%	3.7%	1.8%		

- Most traditional games still down on the year—no large jackpots (until now?) for MM or PowerBall
- Over 200% rise in sports play, but bad luck
 - Three weeks negative (total) hold this year
 - Mobile sports hold is higher than expected, but much lower than non-mobile
- iGaming sales also up over 400%; ultimate return still uncertain, but may not be as high as expected

Net CIT

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2025 Growth*	
	Estimate	367.2	330.3	344.3	YTD
Dec Revision	43.5	(4.1)	19.0	Req'd	1.3%
Growth	6.5%	(10.1%)	4.2%		

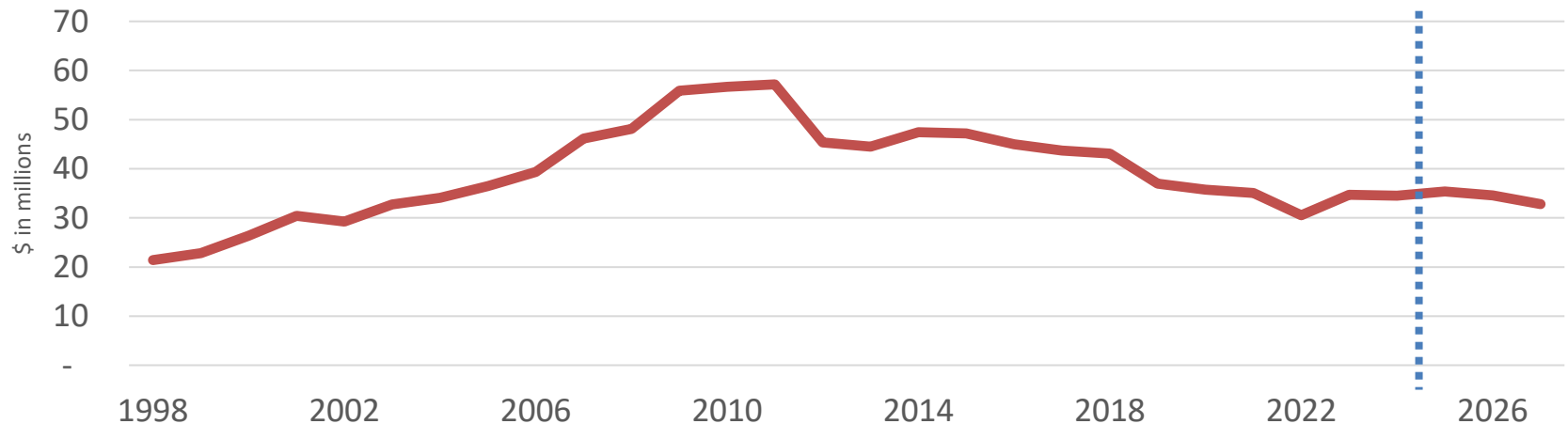
* Gross collections

- Gross collections continue to exceed expectations
- To the extent the changed treatment of R&D expenses is a driver, that impact is diminishing
- \$20 million increase in FY 25, flows through
- Had increased FY 25 refunds significantly last meeting for several large credits expected to be paid out
- Have shifted that amount, in refunds, from this year to next

Public Utility Tax

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2025 Growth	
Estimate	35.4	34.6	32.8	YTD	6.1%
Dec Revision	2.6	2.5	1.3	Req'd	0.9%
Growth	2.6%	(2.2%)	(5.4%)		

- Given the base, has been a declining revenue source
- May be at inflection point...if so, why?



Dividends & Interest

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2025 Growth	
Estimate	165.3	132.8	127.5	YTD	50.9%
Dec Revision	28.3	14.8	(2.5)	Req'd	8.1%
Growth	23.6%	(19.7%)	(4.0%)		

- Fixed income assets saw a modest increase in November, driven by a slight decline in interest rates across the yield curve
- The FY25 estimate increased due to a string of months with stronger than expected dividends and interest income
- Current 1-year rate expectations for FY25 - 4.05%

Other Revenues

- CFT refunds up \$10 million this year; Business Entity Fees up \$8.9 million each year due to increases in requests for good standing and other filings
- Tracking increases for bank franchise (\$5.9 million), tobacco (\$4.5 million), other revenues and other refunds (net of \$1.2 million)—all flow through

Unchanged Revenue Source	YTD Growth	Growth Req'd
Gross Receipts Tax	7.6%	4.3%
Realty Transfer Tax	41.4%	10.3%
Insurance	1.3%	0.6%
Alcoholic Beverage Tax	1.3%	1.9%

Fiscal Year 2025 Recommended Forecast

December-24 DEFAC Meeting	FY 2024 A	FY 2025				
		B	C	D	E	F
	Actual	DEFAC	%	DEFAC	%	\$ Increase
	Collections	Oct-24	B over A	Dec-24	D over A	D over B
Personal Income Tax	2,503.3	2,641.1	5.5%	2,676.1	6.9%	35.0
Less: Refunds	(286.4)	(286.9)	0.2%	(286.9)	0.2%	0.0
PIT Less Refunds	2,216.9	2,354.2	6.2%	2,389.2	7.8%	35.0
Franchise Tax	1,321.8	1,328.9	0.5%	1,328.9	0.5%	0.0
Limited Partnerships & LLC's	495.8	497.8	0.4%	497.8	0.4%	0.0
Subtotal Franchise + LP/LLC	1,817.5	1,826.7	0.5%	1,826.7	0.5%	0.0
Less: Refunds	(20.0)	(10.0)	-50.0%	(20.0)	0.0%	(10.0)
Net Franchise + LP/LLC	1,797.5	1,816.7	1.1%	1,806.7	0.5%	(10.0)
Business Entity Fees	159.3	152.0	-4.6%	160.9	1.0%	8.9
Uniform Commercial Code	29.7	28.5	-4.0%	28.5	-4.0%	0.0
Unclaimed Property	554.0	554.0	0.0%	554.0	0.0%	0.0
Less: Refunds	(143.5)	(130.0)	-9.4%	(130.0)	-9.4%	0.0
Unclaimed Prop Less Refunds	410.5	424.0	3.3%	424.0	3.3%	0.0
Gross Receipts Tax	365.2	386.1	5.7%	386.1	5.7%	0.0
Lottery	245.9	258.9	5.3%	248.1	0.9%	(10.8)
Corporation Income Tax	426.0	427.0	0.2%	447.0	4.9%	20.0
Less: Refunds	(81.2)	(103.3)	27.3%	(79.8)	-1.7%	23.5
CIT Less Refunds	344.8	323.7	-6.1%	367.2	6.5%	43.5
Realty Transfer Tax	198.7	240.3	20.9%	240.3	20.9%	0.0
Cigarette Taxes	92.4	87.2	-5.6%	91.7	-0.7%	4.5
Bank Franchise Tax	100.3	103.1	2.8%	109.0	8.7%	5.9
Insurance Taxes and Fees	92.0	92.7	0.8%	92.7	0.8%	0.0
Hospital Board and Treatment	22.4	19.6	-12.4%	19.6	-12.4%	0.0
Public Utility Tax	34.5	32.8	-4.9%	35.4	2.6%	2.6
Alcoholic Beverage Tax	31.7	32.2	1.6%	32.2	1.6%	0.0
Dividends and Interest	133.7	137.0	2.4%	165.3	23.6%	28.3
Other Revenues	89.0	77.2	-13.3%	78.9	-11.4%	1.7
Less: Other Refunds	(15.6)	(15.7)	0.5%	(16.2)	3.7%	(0.5)
Net Receipts	6,348.9	6,550.5	3.2%	6,659.6	4.9%	109.1

Fiscal Year 2026 Recommended Forecast

December-24 DEFAC Meeting	FY 2025	FY 2026				
	D	G	H	I	J	K
	DEFAC	DEFAC	%	DEFAC	%	\$ Increase
Revenue Category	Dec-24	Oct-24	G over B	Dec-24	I over D	I over G
Personal Income Tax	2,676.1	2,787.6	5.5%	2,824.6	5.5%	37.0
Less: Refunds	<u>(286.9)</u>	<u>(258.5)</u>	-9.9%	<u>(258.5)</u>	-9.9%	<u>0.0</u>
PIT Less Refunds	2,389.2	2,529.1	7.4%	2,566.1	7.4%	37.0
Franchise Tax	1,328.9	1,328.9	0.0%	1,328.9	0.0%	0.0
Limited Partnerships & LLC's	<u>497.8</u>	497.8	0.0%	<u>497.8</u>	0.0%	0.0
Subtotal Franchise + LP/LLC	1,826.7	1,826.7	0.0%	1,826.7	0.0%	0.0
Less: Refunds	<u>(20.0)</u>	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	-50.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,806.7	1,816.7	0.0%	1,816.7	0.6%	0.0
Business Entity Fees	160.9	152.0	0.0%	160.9	0.0%	8.9
Uniform Commercial Code	28.5	28.5	0.0%	28.5	0.0%	0.0
Unclaimed Property	554.0	525.0	-5.2%	525.0	-5.2%	0.0
Less: Refunds	<u>(130.0)</u>	<u>(130.0)</u>	0.0%	<u>(130.0)</u>	0.0%	<u>0.0</u>
Unclaimed Prop Less Refunds	424.0	395.0	-6.8%	395.0	-6.8%	0.0
Gross Receipts Tax	386.1	399.0	3.3%	399.0	3.3%	0.0
Lottery	248.1	264.0	2.0%	257.2	3.7%	(6.8)
Corporation Income Tax	447.0	414.2	-3.0%	433.6	-3.0%	19.4
Less: Refunds	<u>(79.8)</u>	<u>(79.8)</u>	-22.7%	<u>(103.3)</u>	29.4%	<u>(23.5)</u>
CIT Less Refunds	367.2	334.4	3.3%	330.3	-10.0%	(4.1)
Realty Transfer Tax	240.3	259.0	7.8%	259.0	7.8%	0.0
Cigarette Taxes	91.7	81.6	-6.4%	85.7	-6.5%	4.1
Bank Franchise Tax	109.0	107.7	4.5%	112.1	2.8%	4.4
Insurance Taxes and Fees	92.7	91.1	-1.7%	91.1	-1.7%	0.0
Hospital Board and Treatment	19.6	19.1	-2.6%	19.1	-2.6%	0.0
Public Utility Tax	35.4	32.1	-2.1%	34.6	-2.3%	2.5
Alcoholic Beverage Tax	32.2	32.5	0.9%	32.5	0.9%	0.0
Dividends and Interest	165.3	118.0	-13.9%	132.8	-19.7%	14.8
Other Revenues	78.9	84.1	8.9%	85.7	8.6%	1.6
Less: Other Refunds	<u>(16.2)</u>	<u>(15.7)</u>	0.0%	<u>(16.2)</u>	0.0%	(0.5)
Net Receipts	6,659.6	6,728.2	2.7%	6,790.1	2.0%	61.9

Fiscal Year 2027 Recommended Forecast

Revenue Category	<i>December-24 DEFAC Meeting</i>	FY 2026	FY 2027				
		I	L	M	N	O	P
		DEFAC	DEFAC	%	DEFAC	%	\$ Increase
		Dec-24	Oct-24	L over G	Dec-24	N over I	N over L
Personal Income Tax	2,824.6	2,834.2	1.7%	2,879.3	1.9%	45.1	
Less: Refunds	(258.5)	(239.5)	-7.4%	(239.5)	-7.4%	0.0	
PIT Less Refunds	2,566.1	2,594.7	2.6%	2,639.8	2.9%	45.1	
Franchise Tax	1,328.9	1,328.9	0.0%	1,328.9	0.0%	0.0	
Limited Partnerships & LLC's	<u>497.8</u>	<u>497.8</u>	0.0%	<u>497.8</u>	0.0%	<u>0.0</u>	
Subtotal Franchise + LP/LLC	1,826.7	1,826.7	0.0%	1,826.7	0.0%	0.0	
Less: Refunds	<u>(10.0)</u>	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>0.0</u>	
Net Franchise + LP/LLC	1,816.7	1,816.7	0.0%	1,816.7	0.0%	0.0	
Business Entity Fees	160.9	152.0	0.0%	160.9	0.0%	8.9	
Uniform Commercial Code	28.5	28.5	0.0%	28.5	0.0%	0.0	
Unclaimed Property	525.0	500.0	-4.8%	500.0	-4.8%	0.0	
Less: Refunds	<u>(130.0)</u>	<u>(130.0)</u>	0.0%	<u>(130.0)</u>	0.0%	0.0	
Unclaimed Prop Less Refunds	395.0	370.0	-6.3%	370.0	-6.3%	0.0	
Gross Receipts Tax	399.0	414.3	3.8%	414.3	3.8%	0.0	
Lottery	257.2	267.7	1.4%	261.9	1.8%	(5.8)	
Corporation Income Tax	433.6	405.1	-2.2%	424.1	-2.2%	19.0	
Less: Refunds	<u>(103.3)</u>	<u>(79.8)</u>	0.0%	<u>(79.8)</u>	-22.7%	<u>0.0</u>	
CIT Less Refunds	330.3	325.3	-2.7%	344.3	4.2%	19.0	
Realty Transfer Tax	259.0	276.1	6.6%	276.1	6.6%	0.0	
Cigarette Taxes	85.7	77.5	(0.1)	81.5	-4.9%	4.0	
Bank Franchise Tax	112.1	109.9	2.0%	114.3	2.0%	4.4	
Insurance Taxes and Fees	91.1	94.0	3.2%	94.0	3.2%	0.0	
Hospital Board and Treatment	19.1	19.1	0.0%	19.1	0.0%	0.0	
Public Utility Tax	34.6	31.5	-1.9%	32.8	-5.2%	1.3	
Alcoholic Beverage Tax	32.5	32.8	0.9%	32.8	0.9%	0.0	
Dividends and Interest	132.8	130.0	10.2%	127.5	-4.0%	(2.5)	
Other Revenues	85.7	85.6	1.8%	87.2	1.8%	1.6	
Less: Other Refunds	<u>(16.2)</u>	<u>(15.7)</u>	0.0%	<u>(16.2)</u>	0.0%	<u>(0.5)</u>	
Net Receipts	6,790.1	6,810.0	1.2%	6,885.5	1.4%	75.5	

Balance & Appropriations

FY 2025 EXPENDITURES

Total Spending Authority	\$8,688.1
Less: Continuing Appropriations & Encumbrances from FY24	(\$1,664.7)
Less: Reversions	(\$60.0)
Total Expenditures	\$6,963.4

FY 2025 BUDGET

Budget	\$6,129.2
Grants	\$98.5
Supplemental	\$595.9
Total Appropriations	\$6,823.6
Plus: Continuing Appropriations & Encumbrances from Prior Years	\$1,864.5
Total Spending Authority	\$8,688.1

FY 2025 BALANCES

Total Expenditures	\$6,963.4
vs. FY 2025 Revenues	\$6,659.6
Operating Balance	(\$303.8)
Prior Year Cash Balance	\$3,156.4
Less: Budget Stabilization Fund (29 Del. C. § 6533(k))	(\$469.2)
Cumulative Cash Balance	\$2,383.4
Less: Continuing Appropriations & Encumbrances from FY 2025	(\$1,664.7)
Less: Budgetary Reserve Account	(\$348.7)
Unencumbered Cash Balance 6/30	\$370.0

FY 2025 RESERVES (SB 270)

2% Set Aside	\$140.5
Budget Reserve Account	\$348.7
Budget Stabilization Fund	\$469.2
Reserves	\$958.4
Revenue Resolution (Gross)	\$6,974.4
Reserve Ratio	13.7%

FY 2026 APPROPRIATION LIMITS

FY 2026 Revenue Estimate	\$6,790.1
Unencumbered Cash Balance from FY 2025	\$370.0
100% Appropriation Limit	\$7,160.1
98% Appropriation Limit	\$7,016.8
Prior 98% Appropriation Limit	\$6,814.9
Increase (Decrease) from Prior Meeting	\$201.9
Oct 2024 98% Appropriation Limit	\$6,814.9
Increase (Decrease) from Oct 2024	\$201.9

FY 2026 Budget Benchmark Index



December 17, 2024

Benchmark Index

December 2023

FY	Income	Deflator	Population	Annual
2024	2.4%	1.9%	1.2%	2.8%
2023	9.5%	4.8%	1.5%	7.9%
2022	4.8%	8.0%	1.3%	7.1%
FY25 Benchmark Index: 5.9%				

May 2024

FY	Income	Deflator	Population	Annual
2024	2.6%	1.8%	1.2%	2.8%
2023	9.6%	4.8%	1.5%	7.9%
2022	4.8%	8.0%	1.3%	7.1%
FY25 Benchmark Index: 5.9%				

December 2024

FY	Income	Deflator	Population	Annual
2025	4.1%	2.8%	0.9%	3.9%
2024	4.9%	0.7%	1.1%	3.3%
2023	10.1%	4.0%	1.4%	7.8%
FY26 Benchmark Index: 5.0%				

Most likely to change

Might change

Not likely to change

Benchmark Appropriation

FY 2025 Budget	a	\$6,129.2
FY 2025 Grants-in-Aid	b	98.5
Operating Spending in Bond Bill	c	61.3
OPEB Set Aside	d	61.3
FY 2026 Benchmark Appropriation	e $(a + b) * 1.050 + c + d$	6,661.7
FY 2026 98% Appropriation Limit	f	7,016.8
FY 2026 Extraordinary Revenues/(Shortfall)	f – e	355.1

PROJECTED NEW GENERAL OBLIGATION DEBT AUTHORIZATION

In accordance with 29 Delaware Code, § 7423, the Delaware Economic and Financial Advisory Council (DEFAC) is required to publish semi-annually (in December and June) projections of the State's new tax-supported debt authorization for the next fiscal year. As defined in 29 Delaware Code, § 7422(b), the aggregate principal amount of tax-supported obligations which may be authorized by the State in any one fiscal year may not exceed five percent (5%) of the estimated net General Fund revenue for that fiscal year from all sources as determined by the joint resolution approved by a majority of the General Assembly and signed by the Governor in connection with the adoption of the annual budget appropriation bill.

Estimated Revenue for FY 2026	\$6,790,100,000
	x 0.05
New Tax-Supported Debt Limit for FY 2026	\$339,510,000

Tuesday, December 17, 2024