



## **NEWS:**

# **State Revenue Makes Dramatic Turnaround**

**May 25, 2018** -- At this point last year, lawmakers were grappling with an operating budget shortfall estimated at more than \$364 million.

Now the state is flush with cash, the result of a confluence of factors including an improving economy, tax hikes enacted last year, and federal tax code changes beneficially impacting Delaware collections.

On Monday, the Delaware Economic Financial Advisory Council (DEFAC) released its [latest state revenue estimates](#) for the current fiscal year, as well as the one that begins July 1st (FY 2019).

DEFAC's May estimate showed total spendable state revenue to be up by more than \$82 million when compared to last month's projections. The development was welcomed, although fiscal analysts warned that more than half of the increase is thought to be "one-time" in nature, including a \$30 million jump in Corporate Income Tax receipts.

Ordinarily, state lawmakers could budget up to 98-percent of projected revenues. However, legislative budget writers meeting at the capitol this week voted to reduce that threshold to 97-percent. The action will take an additional \$46.7 million off the table, holding it in reserve.

Even with the move, legislators currently have [\\$4.53 billion at their disposal](#) to enact the state's three "money bills:" the operating budget; capital budget; and Grants-in-Aid Bill. At this time last year, the appropriation limit was [\\$3.909 billion](#) -- a \$621 million difference.

Legislators may be looking to restore more than \$8 million cut from Grants-in-Aid last year as part of the package to close the projected deficit. Those grants support the work of non-profit agencies serving the community such as senior centers, volunteer fire companies, and youth sports organizations.

The Delaware Financial Advisory Council will issue the last of its FY 2018 forecasts in mid-June. Whatever budgetary decisions lawmakers make over the next three weeks will be tweaked afterward in recognition of the new figures.