



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

August 21, 2006

The Honorable Nancy Wyman
State Comptroller
55 Elm Street
Hartford, Connecticut 06106

Dear Comptroller Wyman:

The following information on the State's General Fund for Fiscal Year 2006-2007 is provided in accordance with Section 4-66 of the General Statutes. In addition, an analysis of the Special Transportation Fund is included due to the significant nature of this fund. Estimates are as of July 31, 2006.

On May 7, 2006 Governor Rell signed the midterm budget into law (Public Act 06-186). We are not projecting any deficiencies in either the General Fund or the Special Transportation Fund at this time. The balance in the General Fund is now projected at \$212.9 million, an increase of \$52.1 million over the original enacted budget.

In the General Fund, we are projecting \$54.4 million in additional revenue above the originally adopted budget. Income tax collections are being revised upward by \$86.6 million to reflect continued strength in both the withholding and estimated payments revenue collection. The corporation tax has been revised downward by \$26.5 million primarily due to the difference in estimates regarding recently enacted tax credits. Federal grants are \$39 million lower due to OPM's interpretation of the federal Deficit Reduction Act's impact on Title IV-E collections. All other general fund revenue changes net to a positive \$33.3 million.

The Special Transportation Fund is projected to produce a \$31.3 million surplus which will increase the overall balance in the fund to an estimated \$167.2 million. Revenues in the transportation fund have been revised downward by \$18 million from the estimates contained in the originally adopted budget. The primary change is in the motor fuels tax which is being revised downward by \$10.2 million and reflects the continuation of the decline in demand experienced for this tax in fiscal 2006. Motor vehicle receipts have also been revised downward by \$11.2 million as actual collections in fiscal 2006 were less than anticipated.

It should be noted that while these projections are the best that can be made at this time, estimates may have to be adjusted to reflect changes in the economy, expenditure patterns and/or other factors.

Sincerely,

Robert L. Genuario
Secretary

RLG:dd
Attachments

Summary
August 21, 2006

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2007
(In Millions)

General Fund

Balance - Budget Plan		\$	160.8
Revenues			
Personal Income Tax	86.6		
Sales & Use	(4.5)		
Corporation	(26.5)		
Public Service	(6.1)		
Insurance Companies	4.4		
Refund of Taxes	14.0		
Federal Grants	(39.0)		
All Other	25.5		54.4
Expenditures			
Additional Requirements - No Change	0.0		
Additional Lapses - No Change	0.0		
Miscellaneous Adjustments/Rounding	(2.3)		(2.3)
Balance - August 21, 2006		\$	<u>212.9</u>

Special Transportation Fund

Carry Forward FY 2005-06 Surplus		\$	135.9
Balance - Budget Plan			49.3
Revenues			
Motor Fuesl Tax	(10.2)		
Motor Vehicle Receipts	(11.2)		
All Other	3.4		(18.0)
Expenditures			
Additional Requirements - No Change	0.0		
Additional Lapses - No Change	0.0		
Miscellaneous Adjustments/Rounding - No Change	0.0		-
Balance - August 21, 2006		\$	<u>167.2</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2007
As of July 31, 2006
(In Millions)

	General Assembly Budget Plan ¹ .	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$12,150.7	\$12,202.5	\$51.8
Less: Refunds	<u>(900.0)</u>	<u>(883.5)</u>	<u>16.5</u>
Taxes - Net	11,250.7	11,319.0	68.3
Other Revenue	1,119.3	1,143.0	23.7
Other Sources	<u>2,628.0</u>	<u>2,590.4</u>	<u>(37.6)</u>
TOTAL Revenue	\$14,998.0	\$15,052.4	\$54.4
EXPENDITURES			
Appropriations	\$14,952.1	\$14,952.1	\$0.0
Net Additional Requirements	0.0	0.0	0.0
Less: Estimated Lapses	<u>(115.0)</u>	<u>(115.0)</u>	<u>0.0</u>
TOTAL Expenditures	\$14,837.2	\$14,837.2	\$0.0
Balance from Operations	\$160.8	\$215.2	\$54.4
Miscellaneous Adjustments	<u>0.0</u>	<u>(2.3)</u>	<u>(2.3)</u>
Estimated Balance 6/30/07	<u>\$160.8</u>	<u>\$212.9</u>	<u>\$52.1</u>

1. PA 06-186

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2007
As of July 31, 2006
(In Millions)

TAXES	
Personal Income	\$6,515.0
Sales and Use	3,529.5
Corporation	680.6
Public Service Corporations	225.9
Inheritance and Estate	158.8
Insurance Companies	274.6
Cigarettes	268.8
Real Estate Conveyance	195.1
Oil Companies	135.0
Alcoholic Beverages	46.5
Admissions and Dues	34.6
Miscellaneous	138.1
TOTAL - TAXES	<u>\$12,202.5</u>
Less: Refunds of Taxes	(876.0)
R & D Credit Exchange	<u>(7.5)</u>
TOTAL - TAXES - NET	<u>\$11,319.0</u>
OTHER REVENUE	
Transfers - Special Revenue	\$282.6
Indian Gaming Payments	438.7
Licenses, Permits, Fees	144.7
Sales of Commodities and Services	36.0
Rents, Fines, Escheats	46.0
Investment Income	55.0
Miscellaneous	140.6
Refunds of Payments	<u>(0.6)</u>
TOTAL - OTHER REVENUE	<u>\$1,143.0</u>
OTHER SOURCES	
Federal Grants	\$2,534.3
Transfer from Tobacco Settlement Fund	101.4
Transfers to Other Funds	<u>(45.3)</u>
TOTAL - OTHER SOURCES	<u>\$2,590.4</u>
TOTAL - GENERAL FUND REVENUE	\$15,052.4

Statement 3
August 21, 2006

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2007
As of July 31, 2006

Additional Requirements

\$0

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2007
As of July 31, 2006

Legislative Unallocated Lapses	\$2,200,000
Estimated Unallocated Lapses	65,580,000
Debt Service	22,200,000
General Personal Services Reduction	14,000,000
General Other Expenses Reductions	11,000,000
Total	<u>\$114,980,000</u>

State of Connecticut
2006-07 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹ :	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007
REVENUE	\$14,998.0	\$15,052.4											
Appropriations	14,952.1	14,952.1											
Additional Requirements	0.0	0.0											
Less: Estimated Lapses	(115.0)	(115.0)											
TOTAL - Estimated Expenditures	14,837.2	14,837.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	160.8	215.2											
Compt.'s Misc. Adjustments/Rounding	0.0	(2.3)											
Estimated Balance 6/30/07	\$160.8	\$212.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. PA 06-186

Statement 1T
August 21, 2006

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2007
As of July 31, 2006
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Surplus Carried Forward from 2005-06	\$135.9	\$135.9	\$0.0
REVENUE			
Taxes	\$702.6	\$691.0	(\$11.6)
Less: Refunds of Taxes	<u>(8.6)</u>	<u>(9.1)</u>	<u>(0.5)</u>
Taxes - Net	694.0	681.9	(12.1)
Other Revenue	<u>411.5</u>	<u>405.6</u>	<u>(5.9)</u>
TOTAL - Revenue	\$1,105.5	\$1,087.5	(\$18.0)
EXPENDITURES			
Appropriations	\$1,067.2	\$1,067.2	\$0.0
Additional Appropriations	0.0	0.0	0.0
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>0.0</u>
TOTAL - Expenditures	\$1,056.2	\$1,056.2	\$0.0
Balance from Operations	\$49.3	\$31.3	(\$18.0)
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/07	<u>\$185.2</u>	<u>\$167.2</u>	<u>(\$18.0)</u>

1. PA 06-186

Statement 2T
August 21, 2006

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2007
As of July 31, 2006
(In Millions)

TAXES	
Motor Fuels	\$478.4
Oil Companies	141.0
Sales Tax DMV	71.6
TOTAL - TAXES	<u>691.0</u>
Less: Refunds of Taxes	<u>(9.1)</u>
TOTAL - TAXES - NET	\$681.9
OTHER REVENUE	
Motor Vehicle Receipts	\$231.8
Licenses, Permits, Fees	162.0
Interest Income	42.0
Transfers to Other Funds	(27.3)
Refunds of Payments	<u>(2.9)</u>
TOTAL - OTHER REVENUE	\$405.6
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,087.5

Statement 3T
August 21, 2006

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Additional Appropriations
Projected to June 30, 2007
As of July 31, 2006

Additional Appropriations

\$0

Statement 4T
August 21, 2006

State of Connecticut
Special Transportation Fund
Estimated Lapse
Projected to June 30, 2007
As of July 31, 2006

Estimated Unallocated Lapses	\$11,000,000
Total	<u>\$11,000,000</u>

State of Connecticut
2006-07 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹ .	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007
Beginning Balance	\$135.9	\$135.9											
Revenue	<u>1,105.5</u>	<u>1,087.5</u>											
Total Available	1,241.4	1,223.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations	1,067.2	1,067.2											
Additional Appropriations	0.0	0.0											
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>											
TOTAL - Estimated Expenditures	1,056.2	1,056.2											
Balance from Operations	49.3	31.3											
Compt's Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>											
Estimated Balance 6/30/07	\$185.2	\$167.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. PA 06-186