

WISCONSIN ECONOMIC OUTLOOK

Wisconsin Department of Revenue

AT A GLANCE

- The U.S. and Wisconsin economies continue growing in 2019, at a slower pace compared to 2018 and with some uncertainties clouding the forecast. Personal consumption growth continues to be strong, helped by tight job markets and low oil prices.
- Wisconsin's unemployment rate remains below the national rate, while both stay near historical lows.
- Wisconsin employment grew 0.8% in 2018. The forecast calls for similar growth in 2019 and 2020. Wisconsin personal income grew 4.0% in 2018, below the 4.5% growth nationwide, and slightly ahead of the 3.9% growth of the Great Lakes region. It is expected to increase 3.5% in 2019 and 4.4% in 2020, compared to 4.0% and 4.9% growth nationwide, respectively.

OVERVIEW

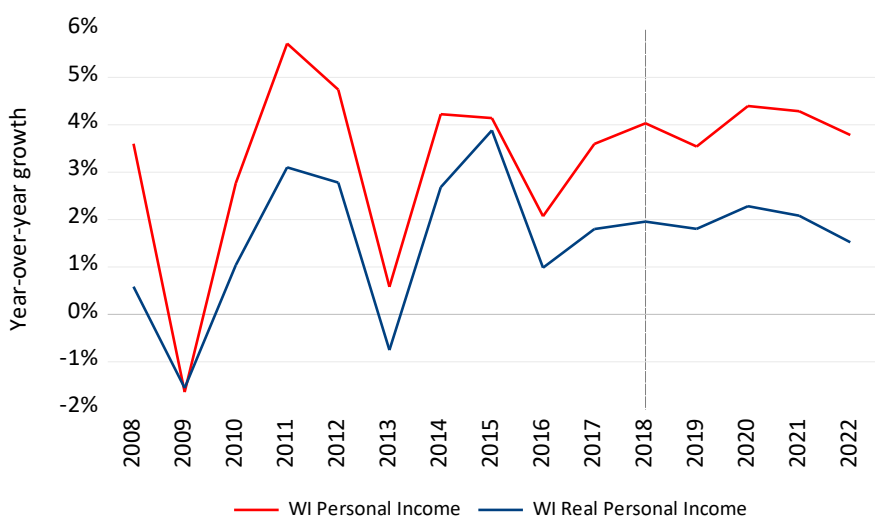
The U.S. and Wisconsin economies showed steady growth during 2018, helped by the impact of the federal tax cut. Economic growth is expected to moderate, as the current expansion cycle is just one month away from being the longest in record and the one-time fiscal impact from the tax cuts faded away. Labor markets started to show some wear in 2019, after seven years of strong growth between 2012 and 2018. Consumer confidence has been close to its all-time high, but uncertainties about trade and weaker labor markets are starting to have an impact on consumer confidence, despite the ongoing wage increases. The housing market is showing signs of

deceleration, with housing starts declining in the last two quarters.

According to the latest IHS Markit forecast of the U.S. economy, real GDP growth will recede from 2.9% in 2018 and 2.7% in 2019 to 2.1% in 2020 and below 2% in 2021.

There are some downside risks to the forecast, including a rising dollar, slower world growth, a continuing trade war with China, and a cooling housing market.

Wisconsin Personal Income Growth



Wisconsin personal income grew 4.0% in 2018, just above the 3.9% growth in the Great Lakes region and below the 4.4% growth nationwide. Wisconsin personal income should post growth of 3.5% in 2019 and 4.4% in 2020, compared to an average annual growth of 4.5% nationwide.

Wisconsin employment grew at slightly less than half the pace of the U.S. in the last two years. Wisconsin annual job gains declined from an average of 33,700 jobs during the initial years of the recovery (2011-2016) to just 21,500 jobs in 2017 and 23,000 in 2018. The forecast calls a continuation of this trend of growth, adding 25,000 (0.9%) jobs in 2019 and 23,000 (0.8%) in 2020, while U.S. employment growth slows to 1.4% in 2019 and 1.0% in 2020.

LABOR MARKET

Wisconsin employment grew 0.7% in 2017 and 0.8% in 2018, compared with a growth rate of 1.6% in both years nationwide.

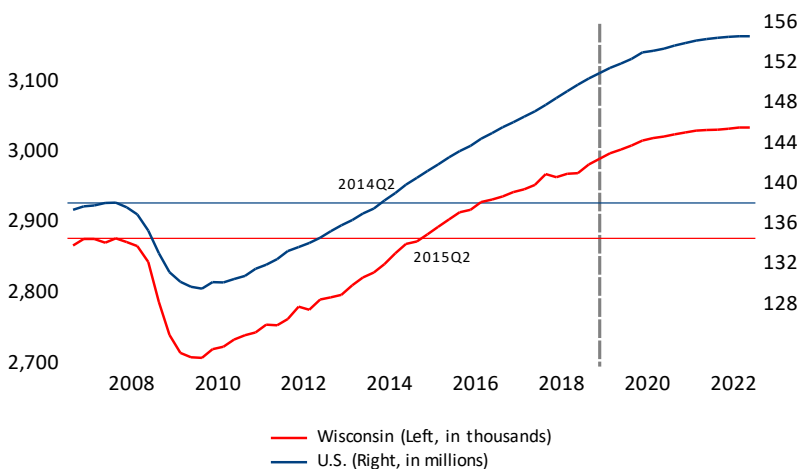
Even though labor markets are near full employment with a record low unemployment rate, the employment-population ratio shows that there is still room to grow without the economy overheating. The forecast calls for two more years of modest growth in employment through 2019 and 2020 and a significant slowdown in 2021 and 2022, following national trends. The forecast expects an average annual growth of 0.8% year-over-year in 2019 and 2020. The U.S. will post growth of 1.6% in 2019 and 1.2% in 2020. In the medium term, employment growth will fall to a meager 0.2% and 0.3% growth in Wisconsin and in the U.S., respectively.

Wisconsin's seasonally adjusted unemployment rate dropped to 2.9% in the first quarter of 2019, falling further to 2.8% in May 2019. Wisconsin's unemployment rate has been consistently below the national rate since 2008. The unemployment rate is expected to stay around 2.9% between 2019 and 2020, slightly increasing to 3.2% by 2022. The U.S. unemployment rate was one percentage point higher at 3.9% in the first quarter of 2019. The forecast calls for small declines to reach 3.4% by mid-2020 before picking up slightly to 3.9% in 2022.

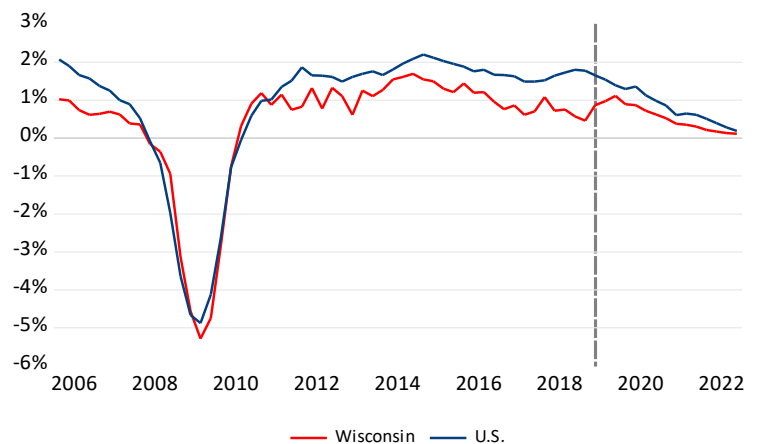
EMPLOYMENT SECTORS

Trade, Transportation and Utilities is the largest employment sector in Wisconsin and the U.S. This sector provides 544,000 jobs in Wisconsin and 28 million jobs in the U.S. Recovery of the largest employment sector has been particularly slow in Wisconsin.

Total Employment Growth Moderates



Employment Growth (Year-Over-Year %)



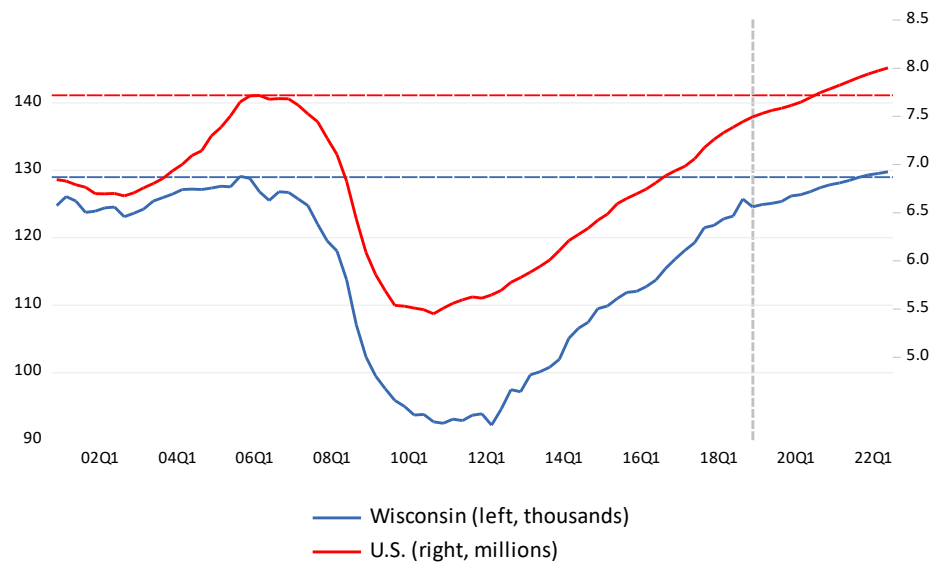
While U.S. employment in this sector surpassed its previous peak in early 2015, Wisconsin is just currently approaching its previous peak, four years later than the U.S.

Employment in trade, transportation, and utilities grew 0.5% in 2017 and 0.2% in 2018. The forecast calls for continuing weak growth of 0.5% in 2019, no change in 2020, and declines of -0.3% in 2021 and -0.9% in 2022.

Manufacturing, Wisconsin’s second largest employment sector, showed a strong recovery out of the last recession. Manufacturing jobs represent 16% of total jobs in Wisconsin, compared to 9% nationwide. The last recession hit the manufacturing sector particularly hard: Wisconsin lost 82,000 jobs, and the U.S. lost almost 3 million jobs. Wisconsin has now recovered 63% of the jobs lost in the recession, while the U.S. recovered just half of the lost jobs.

This sector posted modest growth of 0.6% in 2017 and growth of 1.7% in 2018. The forecast calls for one more year of expansion, with growth of 1.1% in 2019, followed by contractions averaging -0.7% annually in 2020-2022. The declining trend that starts in mid-2020 would be driven by slower global growth, tariffs, uncertainty about U.S. trade policy and a strong dollar.

Construction Jobs



The second largest services sector, the **Education and Health Services** sector, grew 1.1% in 2018. Jobs in this sector will continue to grow but at a slower pace, averaging 0.8% between 2019 and 2021.

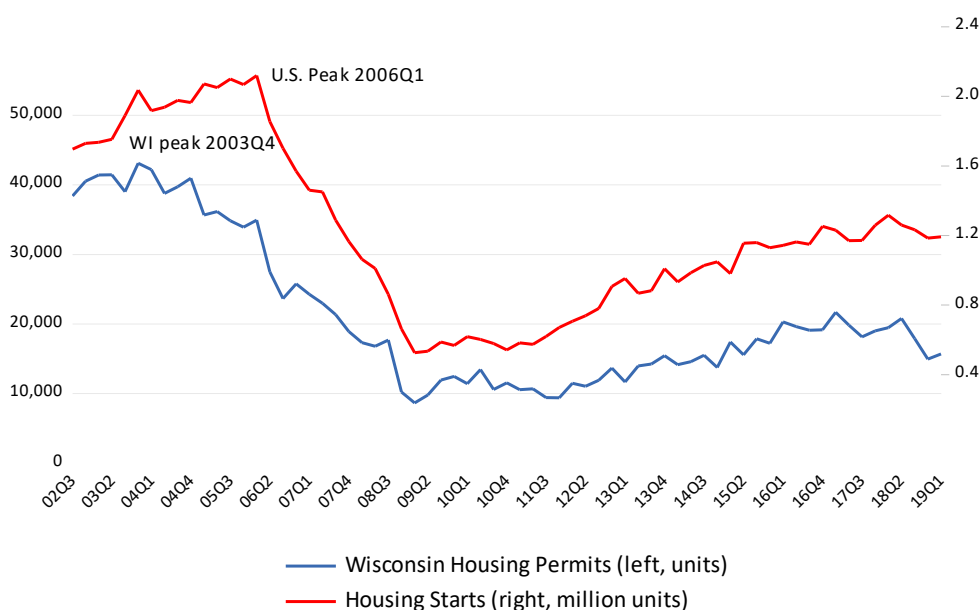
The **Leisure and Hospitality** sector will be the fastest growing services sector in 2019 and is expected to continue to grow at a solid pace until 2022. In contrast, two other services sectors, Information and Other Services, are expected to decline in 2020.

Construction jobs account for 4% of total jobs in Wisconsin and 5% nationwide. During the last recession, nearly a third of construction jobs were lost at the state and national levels. The pace of recovery in this sector has been similar for Wisconsin and the U.S. In early 2019, construction jobs are just 4% below their pre-recession level in Wisconsin and in

the U.S. The forecast calls for continued but slower growth between 2020 and 2022.

Wisconsin Construction employment grew at an average rate of 4.0% between 2012 and 2018, matching the U.S. growth rate. During the period 2012-2016, Wisconsin building permits and U.S. housing starts grew at an average growth rate of 14%. However, the growth pace of both indicators started to slow down in mid-2017. Wisconsin building permits started to decline in late 2017, while U.S. housing starts followed, a year later. The forecast for Wisconsin housing permits and U.S. housing starts calls for a decline in 2019 and mild growth for the rest of the forecast period. This trend explains the expected slowdown in the creation of new construction jobs between 2020 and 2022.

Housing Permits and Starts



Existing home sales, another state housing indicator, is also showing a deceleration in the housing market that will impact the number of construction jobs. Wisconsin existing home sales grew in eight of the last 10 years, showing an increase of 1.5% in 2017 and a decline of 1.7% in 2018. For the first five months of 2019 existing home sales fell 3.9% from last year. Prices, however, are holding strong, with the median price of existing homes growing 6.6% in 2018 and during the first five months of 2019. The median price was at \$202,000 in May 2019.

INCOME OUTLOOK

The U.S. Bureau of Economic Analysis (BEA) revised state annual income data in March 2019. The

revised data shows that Wisconsin personal income in 2018 grew 4.0%, slightly above the 3.9% growth of the Great Lakes region, but below the 4.5% growth at the national level. Wisconsin's 2018 growth was driven by the relatively strong expansion of personal transfer receipts (5.4%), as well as solid growth in the two largest components: wages and salaries (3.9%) and property income (3.8%).

The outlook calls for Wisconsin personal income to grow 3.5% in 2019, driven by 4% growth in wages. Growth of 4.4% in 2020 and 4.3% in 2021 will be mostly driven by strong growth in property income and personal transfers.

Inflation, as measured by the total personal consumption

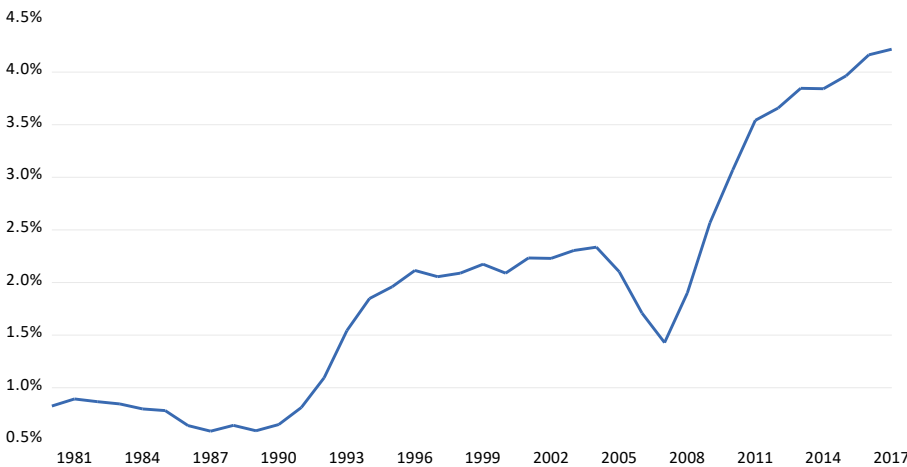
expenditures price index, was 2.0% in 2018 but decelerated to 1.4% in the first four months of 2019. The forecast expects inflation to stay below 2% in 2019 and slowly step up to 2.2% by 2022. Taking the impact of inflation into account, real personal income in Wisconsin increased 1.5% in 2018 and is expected to show growth of 1.9% in 2019 and 2.4% in 2020. At the national level, real personal income grew 2.4% in 2018 and is expected to grow 2.3% in 2019 and 2.8% in 2020.

PERSONAL INCOME COMPONENTS

Wages and salaries grew 3.9% in 2018 in Wisconsin and 4.5% nationwide. Wisconsin's forecast calls for an average wage growth of 4% in 2019 and over the next three years, compared to an average of 4.5% nationwide. Real wages declined in 2008 and 2009 and grew slowly during the first years of the recovery, posting an average annual growth of 1.1% in Wisconsin and of 1.4% nationwide between 2010 and 2013. As the labor markets tighten, the differential between U.S. and Wisconsin real wages growth grew larger, from 0.3 to 0.6 percentage points between 2014 and 2018.

A report released in April 2018 by the Pew Foundation points out that the demand for rental

Share of Rental Income



properties has increased across age and socio-economic groups since 2008, arguing that a significant portion was driven by a decline in homeownership since the Great Recession. Also, as more households rely on renting, vacancies dropped, and rental market prices increased, fueling the rent burden rate (the share of households that spend 30% or more of pretax income on rent).

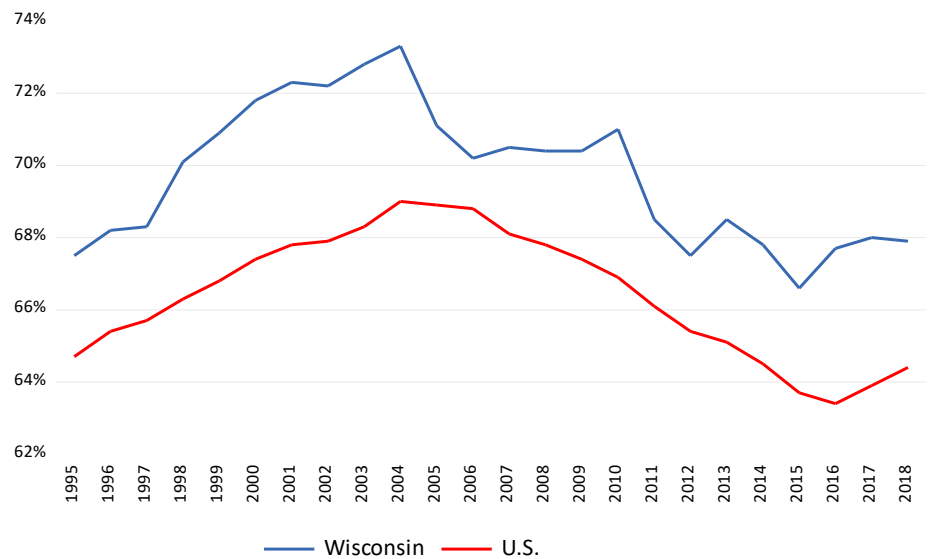
Rental income represents 4% of total personal income, but its share of total personal income has doubled in the last decade due to the fast-growing trend since the Great Recession. Between 2010 and 2017, Wisconsin rental income increased an annual average of 10%, three times faster than wages (3.3%). Wisconsin real

wages grew an average of 1.8% during the same period, compared with a U.S. growth of 2.3%. It is worth noting that these trends represent an uneven burden for low income households, where

housing costs consume a higher and growing share of their income, forcing families to reduce spending in other areas and making homeownership less likely.

The homeownership rate peaked in 2004 at 73% in Wisconsin and 69% nationwide. It has been declining since, reaching a low of 67% in Wisconsin in 2015 and 63% in U.S. in 2016. The last three years show some improvement, but homeownership rate is still well below its peak.

Homeownership Rate



This report was prepared by the
Wisconsin Department of Revenue
 Division of Research & Policy

Website: <https://www.revenue.wi.gov/Pages/Report/Home.aspx>. Questions: doreconomists@wisconsin.gov

APPENDIX 1
WISCONSIN CES EMPLOYMENT FORECAST: INDUSTRY DETAIL
(THOUSANDS OF JOBS)

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Total Nonfarm	2,892.0	2,926.8	2,948.3	2,971.3	2,996.7	3,020.1	3,031.9	3,036.8
% Change	1.4	1.2	0.7	0.8	0.9	0.8	0.4	0.2
Private Nonfarm	2,482.7	2,514.9	2,540.9	2,563.6	2,588.3	2,606.5	2,617.2	2,619.6
% Change	1.7	1.3	1.0	0.9	1.0	0.7	0.4	0.1
Natural Resources & Mining	4.2	3.8	4.4	4.7	4.9	5.2	5.4	5.8
% Change	2.7	-9.6	15.2	8.8	2.4	6.2	5.7	5.7
Construction	109.5	112.6	117.4	122.3	125.1	126.2	128.0	129.4
% Change	5.6	2.9	4.3	4.2	2.3	0.9	1.4	1.1
Manufacturing	467.3	464.7	467.4	475.2	480.3	477.3	471.8	469.8
% Change	0.5	-0.5	0.6	1.7	1.1	-0.6	-1.2	-0.4
Trade, Transportation & Utilities	531.2	539.5	542.4	543.3	546.2	546.3	544.9	539.9
% Change	1.3	1.6	0.5	0.2	0.5	0.0	-0.3	-0.9
Information	48.9	49.1	47.9	47.3	47.4	47.3	47.4	47.5
% Change	2.0	0.3	-2.5	-1.3	0.4	-0.2	0.2	0.2
Financial Activities	151.2	151.9	152.8	152.9	154.0	154.8	155.8	155.7
% Change	0.8	0.4	0.6	0.0	0.7	0.5	0.6	0.0
Professional & Business Services	315.4	322.6	325.8	326.9	330.0	342.4	352.3	355.4
% Change	2.4	2.3	1.0	0.3	1.0	3.8	2.9	0.9
Education & Health Services	436.1	444.7	451.0	456.1	459.6	463.3	466.5	469.0
% Change	1.3	2.0	1.4	1.1	0.8	0.8	0.7	0.5
Leisure & Hospitality	270.8	276.1	280.5	282.7	286.8	290.4	292.4	295.5
% Change	2.6	1.9	1.6	0.8	1.4	1.3	0.7	1.1
Other Services	148.1	149.9	151.3	152.3	153.9	153.3	152.6	151.5
% Change	3.3	1.2	1.0	0.7	1.1	-0.4	-0.5	-0.7
Government	409.3	411.8	407.4	407.7	408.4	413.6	414.8	417.2
% Change	-0.6	0.6	-1.1	0.1	0.2	1.3	0.3	0.6
Federal Government	28.8	29.0	29.0	29.1	29.1	30.2	28.9	28.8
% Change	0.6	0.8	0.0	0.1	0.0	3.9	-4.4	-0.2
State & Local Government	380.5	382.8	378.3	378.6	379.3	383.4	385.9	388.4
% Change	-0.7	0.6	-1.2	0.1	0.2	1.1	0.6	0.6

Household Survey Employment Measures

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Labor Force	3,092.3	3,125.6	3,140.4	3,133.3	3,137.6	3,161.7	3,176.6	3,190.3
% Change	0.3	1.1	0.5	-0.2	0.1	0.8	0.5	0.4
Employment	2,952.1	3,000.3	3,037.7	3,039.3	3,047.0	3,070.2	3,082.2	3,087.5
% Change	1.3	1.6	1.2	0.1	0.3	0.8	0.4	0.2
Unemployment Rate (%)	4.5	4.0	3.3	3.0	2.9	2.9	3.0	3.2

APPENDIX 2
WISCONSIN CES EMPLOYMENT FORECAST: INDUSTRY DETAIL
(THOUSANDS OF JOBS)
Quarterly Data (Seasonally Adjusted, % Change at an Annual Rate)

	History				Forecast			
	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4	2020:1
Total Nonfarm	2,967.6	2,972.4	2,973.4	2,985.5	2,993.4	3,001.3	3,006.7	3,012.3
% Change	0.7	0.8	0.6	0.5	0.9	1.0	1.1	0.9
Private Nonfarm	2,559.6	2,563.4	2,567.1	2,582.2	2,584.5	2,591.1	2,595.5	2,600.6
% Change	0.8	0.8	0.7	0.7	1.0	1.1	1.1	0.7
Natural Resources & Mining	4.7	4.8	4.7	4.8	4.8	4.9	4.9	5.0
% Change	10.1	5.9	1.4	0.0	1.4	2.3	5.8	5.5
Construction	121.8	122.8	123.2	125.8	126.0	126.5	126.7	126.9
% Change	4.2	4.0	3.3	3.5	3.4	2.9	2.8	0.9
Manufacturing	474.1	477.1	476.8	476.8	480.3	481.0	482.3	482.1
% Change	1.5	2.1	1.5	0.8	1.3	0.8	1.2	1.1
Trade, Transportation & Utilities	543.9	543.6	540.4	549.1	545.0	544.0	543.9	544.3
% Change	0.4	0.3	-0.5	0.7	0.2	0.1	0.7	-0.9
Information	47.1	47.1	47.6	47.6	47.5	47.7	47.5	47.4
% Change	-2.1	-1.1	0.9	0.8	0.8	1.2	-0.3	-0.4
Financial Activities	152.6	152.7	153.7	153.6	154.2	154.8	155.4	155.9
% Change	-0.3	0.0	0.8	0.7	1.0	1.4	1.1	1.5
Professional & Business Services	328.8	325.3	323.3	324.9	325.8	326.7	329.1	332.2
% Change	1.1	-0.5	-1.5	-1.5	-0.9	0.4	1.8	2.2
Education & Health Services	454.9	456.8	457.8	457.0	458.3	461.3	461.1	461.0
% Change	1.0	1.2	1.1	0.5	0.7	1.0	0.7	0.9
Leisure & Hospitality	279.8	281.4	286.1	288.3	288.2	289.2	290.0	291.3
% Change	-0.1	0.2	1.8	1.7	3.0	2.7	1.4	1.0
Other Services	151.8	151.9	153.5	154.3	154.4	155.0	154.7	154.6
% Change	0.2	0.3	1.4	1.5	1.7	2.1	0.8	0.2
Government	408.0	409.0	406.4	403.4	408.8	410.2	411.1	411.7
% Change	0.0	0.4	0.0	-1.0	0.2	0.3	1.2	2.1
Federal Government	29.0	29.0	29.2	29.0	29.0	29.0	29.3	29.2
% Change	-0.2	0.2	0.8	-0.3	0.0	-0.1	0.3	0.9
State & Local Government	379.0	380.0	377.2	374.4	379.8	381.2	381.9	382.5
% Change	0.1	0.4	-0.1	-1.0	0.2	0.3	1.2	2.2

Household Survey Employment Measures

	History				Forecast			
	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4	2020:1
Labor Force	3,138.9	3,127.6	3,124.8	3,127.4	3,133.2	3,141.2	3,148.4	3,154.2
% Change	0.0	-0.6	-0.6	-0.5	-0.2	0.4	0.8	0.9
Employment	3,043.3	3,033.2	3,031.4	3,036.0	3,043.4	3,051.7	3,057.0	3,062.7
% Change	0.2	-0.3	-0.5	-0.4	0.0	0.6	0.8	0.9
Unemployment Rate (%)	3.1	3.0	3.0	2.9	2.9	2.9	2.9	2.9

APPENDIX 3
WISCONSIN INCOME SUMMARY
PERSONAL INCOME BY MAJOR SOURCE
(\$ Billions)

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Total Personal Income	268.238	273.788	283.636	295.073	305.523	318.953	332.630	345.223
% Change	4.1	2.1	3.6	4.0	3.5	4.4	4.3	3.8
Wages and Salaries	135.131	138.668	143.412	149.052	155.067	161.499	167.901	174.371
% Change	4.4	2.6	3.4	3.9	4.0	4.1	4.0	3.9
Supplements to Wages and Salaries	35.198	36.444	37.760	38.697	39.755	41.245	42.819	44.428
% Change	-0.6	3.5	3.6	2.5	2.7	3.7	3.8	3.8
Proprietor's Income	19.824	18.712	19.078	20.096	20.392	20.738	21.451	21.506
% Change	2.1	-5.6	2.0	5.3	1.5	1.7	3.4	0.3
Property Income	50.397	51.984	54.032	56.106	57.245	60.423	63.402	65.727
% Change	7.4	3.1	3.9	3.8	2.0	5.6	4.9	3.7
Personal Interest Income	20.823	20.963	21.879	22.857	22.791	24.203	25.866	27.320
% Change	6.3	0.7	4.4	4.5	-0.3	6.2	6.9	5.6
Personal Dividend Income	18.945	19.624	20.195	20.901	21.566	22.696	23.480	24.050
% Change	8.6	3.6	2.9	3.5	3.2	5.2	3.5	2.4
Rental Income	10.629	11.398	11.958	12.348	12.888	13.525	14.055	14.356
% Change	7.4	7.2	4.9	3.3	4.4	4.9	3.9	2.1
Personal Current Transfer Receipts	45.953	46.546	48.659	51.299	54.061	56.766	59.521	62.448
% Change	4.1	1.3	4.5	5.4	5.4	5.0	4.9	4.9
Residence Adjustment	3.651	3.757	3.942	4.097	4.268	4.424	4.579	4.734
% Change	4.7	2.9	4.9	3.9	4.2	3.6	3.5	3.4
Contributions to Government Social Ins.	21.915	22.324	23.248	24.273	25.265	26.141	27.043	27.990
% Change	3.5	1.9	4.1	4.4	4.1	3.5	3.4	3.5

Related Income Measures

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Real Personal Income (2012 \$)	280.407	284.766	290.420	294.737	300.373	307.564	313.631	318.051
% Change	4.4	1.6	2.0	1.5	1.9	2.4	2.0	1.4
Population (Millions)	5.761	5.773	5.792	5.814	5.830	5.850	5.869	5.888
% Change	0.1	0.2	0.3	0.4	0.3	0.3	0.3	0.3
Real Per Capita Income (2012 \$)	48,670	49,328	50,141	50,698	51,521	52,575	53,442	54,018
% Change	4.2	1.4	1.6	1.1	1.6	2.0	1.6	1.1
Per Capita Income	46,558	47,426	48,970	50,756	52,404	54,522	56,679	58,632
% Change	4.1	1.9	3.3	3.6	3.2	4.0	4.0	3.4
Personal Tax & Nontax Payments	31.303	32.508	33.600	34.186*	35.681	37.348	38.964	40.610
% Change	9.3	3.9	3.4	1.7	4.4	4.7	4.3	4.2
Disposable Personal Income	236.935	241.279	250.036	260.887	269.842	281.605	293.666	304.612
% Change	3.5	1.8	3.6	4.3	3.4	4.4	4.3	3.7
GDP	304.852	312.141	321.584	336.972	350.431	364.972	379.347	393.334
% Change	3.9	2.4	3.0	4.8	4.0	4.1	3.9	3.7
Real GDP (2009 \$)	285.271	288.416	292.477	299.835	306.029	311.055	315.078	318.350
% Change	1.4	1.1	1.4	2.5	2.1	1.6	1.3	1.0

APPENDIX 4
WISCONSIN INCOME SUMMARY
PERSONAL INCOME BY MAJOR SOURCE (\$ Billions)
Quarterly Data (Seasonally Adjusted, % Change at an Annual Rate)

	History				Forecast			
	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Total Personal Income	292.000	293.100	295.700	299.500	302.400	303.800	306.300	309.600
% Change	7.1	1.4	3.6	5.2	4.0	1.8	3.3	4.5
Wages and Salaries	148.100	148.000	149.300	150.900	153.300	154.200	155.500	157.200
% Change	9.1	-0.3	3.7	4.3	6.6	2.3	3.6	4.4
Supplements to Wages and Salaries	38.700	38.500	38.700	38.900	39.500	39.600	39.800	40.200
% Change	7.2	-1.6	1.7	2.9	5.4	1.1	2.3	3.9
Proprietor's Income	19.800	20.000	19.900	20.600	20.600	20.300	20.300	20.300
% Change	13.4	4.2	-2.9	15.9	-0.5	-5.7	0.5	-0.1
Property Income	55.300	55.800	56.300	57.000	56.600	56.800	57.300	58.200
% Change	2.6	3.5	3.8	4.9	-2.7	1.6	3.5	6.6
Personal Current Transfer Receipts	50.300	50.800	51.700	52.400	53.300	53.800	54.300	54.900
% Change	6.6	4.2	6.8	5.3	7.2	3.9	4	4.1
Residence Adjustment	3.990	4.080	4.130	4.180	4.210	4.240	4.290	4.330
% Change	0.0	9.5	5.0	4.3	2.7	3.8	4.3	4.2
Contributions to Government Social Ins.	24.100	24.100	24.300	24.500	25.000	25.200	25.300	25.500
% Change	11.2	-0.2	3.1	3.9	8.5	1.8	3.1	2.9

General Purpose Revenues

Fiscal Year-to-date Through May 2019

Wisconsin's General Purpose Revenues (GPR) totaled \$14,519 million through May of fiscal year (FY) 2019. Based on the May 2019 forecast from the Legislative Fiscal Bureau (LFB), this is \$48.5m above expected revenues. For the entire fiscal year, revenues are expected to total \$17,266 million, 6.9% above FY18 totals.

General Purpose Revenues

Fiscal Year-to-date through May 2019

(\$ in millions)	Prior Year	Actual	% Change from Prior Year	Expected Revenues	\$ Difference
Individual Income Tax	\$7,202.6	\$7,638.6	6.1%	\$7,640.3	-\$1.7
General Sales Tax	\$4,445.4	\$4,624.6	4.0%	\$4,596.9	\$27.7
Corporate Franchise Tax	\$682.1	\$1,076.2	57.8%	\$1,091.6	-\$15.5
Other Revenues	\$1,173.68	\$1,179.1	0.5%	\$1,141.2	\$37.9
Total GPR:	\$13,503.8	\$14,518.6	7.5%	\$14,470.1	\$48.5

Individual income tax receipts are 6.1% above last years' levels, and are \$1.7 million below expected. Revenues are higher than expected for estimated and final payments but lower for withholding and refunds (refunds paid out are higher than expected).

Sales tax receipts have increased 4.0% year/year through May and are \$27.7 million above their expected levels. Sales tax receipts in May reflect April activity, and were likely impacted by anomalies in the weather, which shifted retail purchases from the winter into spring.

Corporate income tax receipts are 57.8% above last years' levels, primarily on strong estimated payments. LFB increased the corporate income tax forecast in their May revision, and currently receipts are \$15.5 million below their expected levels. Other revenues are also above expectations, with utility and insurance premium tax receipts above their target levels and excise and real estate transfer fees as expected.

Total GPR is 7.5% above last year's revenues, and \$48.5 million above expected.