

**MINUTES of the  
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

**Buena Vista – March 16, 2009**

**Attendance:**

<b>Member</b>	<b>Present</b>
H. Beckler	Yes
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	Yes
N. Cook	Yes
R. Cordrey	Yes
R. Davis	Yes
R. Derrickson	Yes
J. DiPinto	No
F. Dixon	No
B. Fasy	No
R. Gilligan	Yes
R. Glen	Yes
J. Horty	Yes
D. Hudson	No

<b>Member</b>	<b>Present</b>
V. Jones-Potter	Yes
R. Larson	Yes
A. Levin	Yes
K. Lewis	Yes
D. Link	No
A. Lubin	Yes
J. Martin	Yes
C. Morgan	Yes
W. Oberle	No
G. Pfeiffer	Yes
E. Ratledge	Yes
T. Shopa	Yes
G. Simpson	Yes
D. Swayze	Yes
A. Visalli	Yes
C. Wicks	Yes

**Members in Attendance: 26**

**Members Absent: 6**

**Others Present:** P. Carter, M. Casey, T. Cook, J. Craig, C. Erickson, D. Gregor, M. Jackson, P. Jackson, S. Kubico, B. Maxwell, B. Motyl, S. Scola and members of the press.

**Opening Business:** Mr. Martin called the meeting to order at 3:00 p.m.

Mr. Martin introduced himself as the new Chairman of DEFAC. Mr. Martin currently is a Partner with Potter, Anderson & Corroon. Previously, Mr. Martin was a Delaware Superior Court Judge for eight years and President and Chief Executive Officer of Verizon Delaware for nine years.

Mr. Martin pledged to maintain the integrity of DEFAC and welcomed any suggestions to improve DEFAC going forward.

Mr. Martin introduced the newest DEFAC members. Mr. Alan Levin is the Director of the Delaware Economic Development Office. Ms. Velda Jones-Potter is the State Treasurer. Ms. Ann Visalli is the Director of the Office of Management and Budget. Mr. Gary Pfeiffer is the Secretary of Finance.

Mr. Martin noted that attendance is very important. He requested that all members arrange their schedules to attend at least four of the six annual meetings. If that is a problem he requested that either he or staff at the Department of Finance be informed.

The minutes from the December meeting were approved as submitted.

### **Expenditure Subcommittee:**

Mr. Ratledge presented the Expenditure Subcommittee's report. He thanked Ms. Davis Burnham for the work she provided as previous Chairperson.

Mr. Ratledge reported that on the Balance sheet estimate, Reversions had increased to \$188.8 million from December's \$53.0 million. \$89.9 million of the increase was attributed to the Federal Stimulus package. \$25.0 million was attributed to the mini-bond bill.

A motion was made, seconded and approved to accept \$3,314.7 million as the expenditure estimate for FY2009. This represents a decrease of \$110.1 million from December's estimate. (See Tables 1a and 1b.)

### **Revenue Subcommittee:**

Mr. Lewis presented the Revenue Subcommittee's report.

### **Economic Outlook**

Mr. Craig reviewed the Global Insight baseline forecast for March. He noted that the macroeconomic forecast has further deteriorated since the December meeting. Real GDP is expected to contract 1.8% in both FY2009 and FY2010. The March baseline forecast is now more pessimistic than Global Insight's December pessimistic scenario.

Since the December meeting, the preliminary estimate for the 2008:4 GDP was revised downward from -3.8% to -6.2%. In the current quarter, GDP is expected to contract by 6.8%. Nearly 2.0 million jobs nationwide have been lost since the last meeting. This is worse than was expected.

In Delaware, employment is projected to contract by 1.7% in FY2009 and by 1.8% in FY2010. Personal Income growth has also been revised downward since the December forecast. It is now projected to grow by 3.1% in FY2009 and by 1.6% in FY2010.

Mr. Lewis asked the question about how the economy would look a year from now. He noted that the current economic outlook would predict an unemployment rate of 10.0% and virtually no growth in real GDP. He emphasized that a quick recovery is not in the forecast.

Mr. Simpson inquired about Delaware's employment composition. Mr. Ratledge responded that compared to the nation, Delaware has a heavier concentration in financial services and a lower reliance on manufacturing employment.

Mr. Horthy noted that there is a great difficulty in getting credit and that is having an adverse impact on the economy. Mr. Morgan added that it has been the secondary lenders, not the banks, which have restricted credit.

### General Fund Revenues - Fiscal Year 2009:

The Revenue Subcommittee recommended the following updates to December's estimates:

Revenue Category	Dec-08	Mar-09	Change
Personal Income Tax	1,171.2	1,146.2	(25.0)
Bank Franchise Tax	113.0	94.3	(18.7)
Other Revenues	92.6	109.8	17.2
Insurance Taxes	99.5	87.0	(12.5)
Gross Receipts Tax	181.6	170.0	(11.6)
Dividends and Interest	17.7	9.0	(8.7)
Other Refunds	(41.7)	(50.2)	(8.5)
Franchise Tax	565.1	571.0	5.9
Realty Transfer Tax	50.0	45.0	(5.0)
Corporation Income Tax	140.0	136.0	(4.0)
Franchise Tax Refunds	(10.0)	(7.0)	3.0
Cigarette Taxes	130.0	128.0	(2.0)
Hospital Board and Treatment	76.6	76.2	(0.4)

For a complete listing of FY 2009 estimates, see Table 2.

### Discussion of FY 2009 Estimates:

**Personal Income Tax:** Mr. Lewis stated that there is weakness across-the-

board in this category. Tracking is weak and annual bonuses are down. As a consequence, the estimate was lowered by \$25.0 million.

**Franchise Tax:** The increase was attributed to improved tracking.

**Corporation Income Tax:** The \$4.0 million decrease was attributed to the impact of the federally enacted Stimulus Package.

**Bank Franchise Tax:** Mr. Lewis reported that this estimate was lowered based on the results of the March 1<sup>st</sup> payments.

**Gross Receipts Tax:** Mr. Lewis stated that this category continues to track lower. Lower oil prices are a contributing factor for the lower tracking.

**Cigarette Tax:** The decrease in the estimate reflects the impact of the federally enacted excise tax rate increase.

**Realty Transfer Tax:** Mr. Lewis reported that the estimate reflects tracking that continues to be lower.

**Insurance Tax:** Mr. Gregor noted that this estimate was decreased because tracking did not support the Department's estimate.

**Other Revenues:** Mr. Gregor explained that this increase largely was attributed to Special Fund revenues being transferred to the General Fund.

**Other Refunds:** Mr. Glen noted that \$7.5 million of the increase was attributed to Bank Franchise refunds.

Mr. Gregor presented an overview of the impact of recently enacted federal legislation on Delaware revenues. Federal Stimulus Package (H.R.1) and the cigarette tax increase reduce Delaware's revenue by an estimated \$8.0 million in FY2009 and by \$24.0 million in FY2010. The impact will be felt in three categories – Personal Income taxes, Corporate Income taxes and Cigarette taxes.

#### **FY2009 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,154.2 million as the revenue estimate for FY2009.

The estimate represents a decrease of \$70.3 million from DEFAC's December estimate.

### General Fund Revenues - Fiscal Year 2010:

Mr. Lewis reported that the Subcommittee recommended the following updates to December's estimates:

Revenue Category	Dec-08	Mar-09	Change
Personal Income Tax	1,196.4	1,141.8	(54.6)
Bank Franchise Tax	98.1	54.4	(43.7)
Corporation Income Tax	102.0	80.0	(22.0)
Insurance Taxes	89.2	69.3	(19.9)
Gross Receipts Tax	197.8	184.0	(13.8)
PIT Refunds	(207.9)	(195.0)	12.9
Cigarette Taxes	131.3	121.3	(10.0)
Lottery	231.3	241.3	10.0
Dividends and Interest	19.0	12.0	(7.0)
Realty Transfer Tax	37.5	31.3	(6.2)
Franchise Tax	497.3	502.5	5.2
CIT Refunds	(45.0)	(40.0)	5.0
Franchise Tax Refunds	(10.0)	(12.0)	(2.0)
Other Revenues	94.3	92.7	(1.6)
Hospital Board and Treatment	81.4	80.9	(0.5)

For a complete listing of FY 2010 estimates, see Table 2.

### Discussion of FY2010 Estimates:

**Personal Income Tax:** Mr. Lewis stated that the continued deterioration in the economic forecast prompted the Subcommittee to further lower growth rates. Net Personal Income Tax was reduced from positive 1.6% in December to negative 0.1% in March.

**Franchise Tax:** There was no change from the December forecasted growth rate of -12.0%. Mr. Lewis noted that the refund estimate had been raised by \$2.0 million.

**Corporate Income Tax:** The decrease in the estimate was attributed half to the impact of the Stimulus Package and half to lowered forecasts for corporate profits.

**Bank Franchise Tax:** The decrease was based on the lower FY2009 estimate and on the lower outlook for banks. Mr. Morgan asked how many banks pay the tax. Mr. Glen answered that almost all the tax receipts come from about 10 banks.

**Gross Receipts Tax:** The decrease was based on the lower FY2009 estimate and

on the lower economic outlook.

**Lottery:** The estimate was raised based on information that Maryland will be slower in implementing their recently enacted lottery.

**Cigarette Tax:** The decrease in the estimate reflects the impact of the federally enacted rate increase.

**Realty Transfer Tax:** Based on the lower economic outlook, the growth was reduced in this category.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY2009.

### **FY 2010 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$2,937.7 million as the revenue estimate for FY2010.

The estimate represents a decrease of \$148.2 million from the December estimate.

Mr. Lewis stated that the FY2011 estimate is \$3,027.6 million and represents growth of 3.1%.

**Balance and Appropriations Worksheet:** Mr. Gregor presented the balance and appropriations worksheet. The result is attached as Table 3.

### **Transportation Trust Fund (TTF)**

**TTF -- Revenues:** Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

### **FY2009 Estimates:**

The following changes were made from the December estimate.

**Motor Fuel Tax:** Decreased from \$124.7 million to \$120.6 million.

**MV Document Fees:** Decreased from \$64.0 million to \$56.5 million.

**MV Registration Fees:** Decreased from \$45.4 million to \$44.0 million.

**Other DMV Revenues:** Decreased from \$25.6 million to \$23.0 million.

**Other Transportation Rev:** Increased from \$7.8 million to \$8.8 million.

**Investment Income:** Decreased from \$8.4 million to \$5.4 million.

A motion was made, seconded, and approved to accept \$426.6 million as the FY2009 revenue estimate. This represents a decrease of \$17.6 million from the December estimate.

**FY2010 Estimates:**

The following changes were made from the December estimate.

**Motor Fuel Tax:** Decreased from \$127.2 million to \$123.0 million.

**MV Document Fees:** Decreased from \$68.8 million to \$57.3 million.

**MV Registration Fees:** Decreased from \$46.8 million to \$44.6 million.

**Other DMV Revenues:** Decreased from \$26.4 million to \$23.3 million.

**Other Transportation Rev:** Increased from \$7.9 million to \$9.0 million.

**Investment Income:** Decreased from \$10.0 million to \$6.0 million.

A motion was made, seconded, and approved to accept \$433.7 million as the FY2010 revenue estimate. This represents a decrease of \$23.8 million from the December estimate. (See Table 4.)

**TTF -- Expenditures:** Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

State Capital Road System expenditures were increased by \$14.0 million.

State Transit expenditures were decreased by \$2.4 million.

Federal Capital Road System expenditures were decreased by \$12.4 million.

Federal Grants and Allocations expenditures were decreased by \$4.6 million.

Federal Support Systems expenditures were decreased by \$7.6 million.

Federal Transit expenditures were decreased by \$2.2 million.

Ms. Davis Burnham asked if there was an accounting for the impact of the Stimulus Package. Mr. Motyl responded positively that there will be a separate line on subsequent reports which tracks the Stimulus spending.

A motion was made, seconded, and approved to accept \$798.7 million as the FY2009 TTF expenditure estimate. This represents a decrease of \$3.2 million from December's estimate. (See Table 5.)

**Other Business:**

Mr. Martin announced the next two scheduled DEFAC meeting dates:

- April 20, 2009
- May 18, 2009

There being no further business, Mr. Martin adjourned the meeting at 4:10 p.m.

Respectfully submitted,

James A. Craig

Table 1a.

**DEFAC Expenditures Forecast for General Fund Disbursements FY2009** (\$ in millions)**March, 2009**

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Appropriation</u>	
Budget Act	2,445.1	2,600.4	2,836.0	3,101.9	3,285.6	3,362.9	
Cash to Bond Bill	142.0	235.0	281.6	243.3	77.9	83.4	
Grant-in-Aid	38.4	40.0	42.4	50.0	47.7	45.2	
Continuing & Encumbered (from prior years)	173.3	240.1	327.8	342.5	335.8	234.8	
Supplementals	24.9	50.0	48.0	0.0			
<b><i>Fiscal Year Spending Authority</i></b>	<b>2,823.7</b>	<b>3,165.5</b>	<b>3,535.8</b>	<b>3,737.7</b>	<b>3,747.0</b>	<b>3,726.3</b>	
<b><u>LESS:</u></b>						<i>Dec</i>	<i>Mar</i>
Reversions to the General Fund	29.8	15.4	12.8	12.0	90.6	53.0	188.8
Encumbered to next fiscal year	29.1	32.8	32.2	36.4	33.0	32.0	32.0
Continuing to next fiscal year							
Operating Budget						126.2	112.8
Bond Bill						90.3	78.0
Total Continuing	211.0	295.0	310.3	299.4	201.8	216.5	190.8
Subtotal	269.9	343.2	355.3	347.8	325.4	301.5	411.6
<b><i>Fiscal Year Budgetary Expenditures</i></b>	<b>2,553.8</b>	<b>2,822.3</b>	<b>3,180.5</b>	<b>3,389.9</b>	<b>3,421.6</b>	<b>3,314.7</b>	
<b>% increase/(decrease)</b>		<b>10.51%</b>	<b>12.69%</b>	<b>6.58%</b>	<b>0.94%</b>	<b>-3.12%</b>	

**Comments:**

1. Reversions include \$45.9m from the Jan mini-bond bill and agency cuts, the impact of \$89.9m increased federal Medicaid funding, and \$53m from the last estimate

Table 1b.

**DEFAC Expenditures Forecast for General Fund Disbursements FY2009** (\$ in millions)**March, 2009**

	FY2004	FY2005	FY2006	FY2007	FY2008	Dec FY2009	Mar FY2009	FY2009 YTD	% spent	% of
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>Forecast</u>	<u>(8 mo actual)</u>	<u>YTD</u>	<u>total</u>
<b>Salaries</b>	971.6	1,023.1	1,108.3	1,167.3	1,222.9	1,229.9	<b>1,225.4</b>	<b>874.9</b>	<b>71.4%</b>	<b>37.0%</b>
<b>Fringe Benefits</b>	233.3	263.2	298.4	323.5	332.7	329.6	<b>323.1</b>	<b>219.8</b>	<b>68.0%</b>	<b>9.7%</b>
<b>Pension</b>	127.8	147.1	180.7	201.5	218.6	212.2	<b>211.3</b>	<b>150.4</b>	<b>71.2%</b>	<b>6.4%</b>
<b>Debt Service</b>	134.3	153.5	132.5	131.2	151.1	156.4	<b>156.4</b>	<b>106.0</b>	<b>67.8%</b>	<b>4.7%</b>
<b>Grants</b>	224.2	294.1	403.1	365.1	259.1	265.0	<b>265.0</b>	<b>200.5</b>	<b>75.7%</b>	<b>8.0%</b>
<b>Medicaid</b>	327.2	339.1	381.4	441.6	494.2	519.8	<b>427.6</b>	<b>352.8</b>	<b>82.5%</b>	<b>12.9%</b>
<b>Public Assistance Programs</b>	62.8	83.6	91.7	94.1	97.2	94.7	<b>87.8</b>	<b>58.5</b>	<b>66.6%</b>	<b>2.6%</b>
<b>Personal Services</b>	143.7	161.3	181.0	216.8	210.6	204.3	<b>210.1</b>	<b>139.4</b>	<b>66.3%</b>	<b>6.3%</b>
<b>Contractual Services</b>	223.9	228.9	252.2	289.5	296.7	295.1	<b>291.5</b>	<b>200.7</b>	<b>68.9%</b>	<b>8.8%</b>
<b>Supplies &amp; Materials</b>	62.1	66.5	73.6	72.1	72.1	68.1	<b>68.2</b>	<b>48.9</b>	<b>71.7%</b>	<b>2.1%</b>
<b>Capital Outlay</b>	<u>42.9</u>	<u>61.9</u>	<u>77.6</u>	<u>87.2</u>	<u>66.5</u>	<u>49.7</u>	<b><u>48.3</u></b>	<b><u>32.3</u></b>	<b><u>66.9%</u></b>	<b>1.5%</b>
<b>FY Budgetary Expenditures</b>	2,553.8	2,822.3	3,180.5	3,389.9	3,421.7	3,424.8	<b>3,314.7</b>	<b>2,384.2</b>	<b>71.9%</b>	

**Comments:**

1. Top 3 grants are: Univ of DE \$126.7m; Schools \$124.5m; DSU \$37.2m
2. Medicaid forecast reflects \$89.9m stimulus funds State share now 39.81% versus 50%

## DEFAC General Fund Revenue Worksheet

<b>March-09 DEFAC Meeting</b>	FY 2008 A Actual Collections	FY 2009					FY 2010				
		B DEFAC Dec-08	C % B over A	D DEFAC Mar-09	E % D over A	F \$ Increase D over B	G DEFAC Dec-08	H % G over B	I DEFAC Mar-09	J % I over D	K \$ Increase I over G
Revenue Category											
<b>Personal Income Tax</b>	1,198.8	1,171.2	-2.3%	1,146.2	-4.4%	(25.0)	1,196.4	2.2%	1,141.8	-0.4%	(54.6)
Less: Refunds	(191.9)	(198.0)	3.2%	(198.0)	3.2%	0.0	(207.9)	5.0%	(195.0)	-1.5%	12.9
<b>PIT Less Refunds</b>	<b>1,006.9</b>	<b>973.2</b>	<b>-3.3%</b>	<b>948.2</b>	<b>-5.8%</b>	<b>(25.0)</b>	<b>988.5</b>	<b>1.6%</b>	<b>946.8</b>	<b>-0.1%</b>	<b>(41.7)</b>
Franchise Tax	566.3	565.1	-0.2%	571.0	0.8%	5.9	497.3	-12.0%	502.5	-12.0%	5.2
Limited Partnerships & LLC's	107.6	138.1	28.4%	138.1	28.4%	0.0	147.7	7.0%	147.7	7.0%	0.0
Subtotal Franchise + LP/LLC	673.9	703.2	4.4%	709.1	5.2%	5.9	645.0	-8.3%	650.2	-8.3%	5.2
Less: Refunds	(8.7)	(10.0)	14.7%	(7.0)	-19.7%	3.0	(10.0)	0.0%	(12.0)	71.4%	(2.0)
Net Franchise + LP/LLC	665.1	693.2	4.2%	702.1	5.6%	8.9	635.0	-8.4%	638.2	-9.1%	3.2
<b>Business Entity Fees</b>	<b>63.4</b>	<b>50.4</b>	<b>-20.5%</b>	<b>50.4</b>	<b>-20.5%</b>	<b>0.0</b>	<b>51.9</b>	<b>3.0%</b>	<b>51.9</b>	<b>3.0%</b>	<b>0.0</b>
<b>Uniform Commercial Code</b>	<b>13.6</b>	<b>10.5</b>	<b>-22.8%</b>	<b>10.5</b>	<b>-22.8%</b>	<b>0.0</b>	<b>10.8</b>	<b>2.9%</b>	<b>10.8</b>	<b>2.9%</b>	<b>0.0</b>
Corporation Income Tax	227.8	140.0	-38.5%	136.0	-40.3%	(4.0)	102.0	-27.1%	80.0	-41.2%	(22.0)
Less: Refunds	(49.3)	(50.0)	1.4%	(50.0)	1.4%	0.0	(45.0)	-10.0%	(40.0)	-20.0%	5.0
CIT Less Refunds	178.5	90.0	-49.6%	86.0	-51.8%	(4.0)	57.0	-36.7%	40.0	-53.5%	(17.0)
<b>Bank Franchise Tax</b>	<b>129.7</b>	<b>113.0</b>	<b>-12.9%</b>	<b>94.3</b>	<b>-27.3%</b>	<b>(18.7)</b>	<b>98.1</b>	<b>-13.2%</b>	<b>54.4</b>	<b>-42.3%</b>	<b>(43.7)</b>
<b>Gross Receipts Tax</b>	<b>162.1</b>	<b>181.6</b>	<b>12.0%</b>	<b>170.0</b>	<b>4.9%</b>	<b>(11.6)</b>	<b>197.8</b>	<b>8.9%</b>	<b>184.0</b>	<b>8.2%</b>	<b>(13.8)</b>
<b>Lottery</b>	<b>252.5</b>	<b>240.5</b>	<b>-4.8%</b>	<b>240.5</b>	<b>-4.8%</b>	<b>0.0</b>	<b>231.3</b>	<b>-3.8%</b>	<b>241.3</b>	<b>0.3%</b>	<b>10.0</b>
Abandoned Property	375.6	390.4	3.9%	390.4	3.9%	0.0	330.0	-15.5%	330.0	-15.5%	0.0
Hospital Board and Treatment	71.3	76.6	7.4%	76.2	6.9%	(0.4)	81.4	6.3%	80.9	6.2%	(0.5)
Dividends and Interest	32.9	17.7	-46.3%	9.0	-72.7%	(8.7)	19.0	7.3%	12.0	33.3%	(7.0)
<b>Realty Transfer Tax</b>	<b>76.0</b>	<b>50.0</b>	<b>-34.2%</b>	<b>45.0</b>	<b>-40.8%</b>	<b>(5.0)</b>	<b>37.5</b>	<b>-25.0%</b>	<b>31.3</b>	<b>-30.4%</b>	<b>(6.2)</b>
<b>Estate Tax</b>	<b>0.3</b>	<b>0.0</b>	<b>-100.0%</b>	<b>0.0</b>	<b>-100.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>	<b>0.0</b>	<b>NA</b>	<b>0.0</b>
<b>Insurance Taxes</b>	<b>80.8</b>	<b>99.5</b>	<b>23.1%</b>	<b>87.0</b>	<b>7.6%</b>	<b>(12.5)</b>	<b>89.2</b>	<b>-10.4%</b>	<b>69.3</b>	<b>-20.3%</b>	<b>(19.9)</b>
Public Utility Tax	48.1	57.0	18.5%	57.0	18.5%	0.0	58.2	2.1%	58.2	2.1%	0.0
Cigarette Taxes	125.3	130.0	3.7%	128.0	2.1%	(2.0)	131.3	1.0%	121.3	-5.2%	(10.0)
Other Revenues	116.3	92.6	-20.4%	109.8	-5.6%	17.2	94.3	1.8%	92.7	-15.6%	(1.6)
<b>Less: Other Refunds</b>	<b>(41.9)</b>	<b>(41.7)</b>	<b>-0.4%</b>	<b>(50.2)</b>	<b>19.9%</b>	<b>(8.5)</b>	<b>(25.4)</b>	<b>-39.1%</b>	<b>(25.4)</b>	<b>-49.4%</b>	<b>0.0</b>
<b>Net Receipts</b>	<b>3,356.7</b>	<b>3,224.5</b>	<b>-3.9%</b>	<b>3,154.2</b>	<b>-6.0%</b>	<b>(70.3)</b>	<b>3,085.9</b>	<b>-4.3%</b>	<b>2,937.7</b>	<b>-6.9%</b>	<b>(148.2)</b>

FY 2010 Debt Limit:      \$146.9

## DEFAC General Fund Revenue Worksheet

<b>March-09 DEFAC Meeting</b>	FY 2011				
	L DEFAC Dec-08	M % L over G	N DEFAC Mar-09	O % N over I	P \$ Increase N over L
Revenue Category					
<b>Personal Income Tax</b>	1,244.2	4.0%	1,182.2	3.5%	(62.0)
<b>Less: Refunds</b>	<u>(218.3)</u>	5.0%	<u>(201.8)</u>	3.5%	<u>16.5</u>
<b>PIT Less Refunds</b>	<b>1,025.9</b>	<b>3.8%</b>	<b>980.4</b>	<b>3.5%</b>	<b>(45.5)</b>
Franchise Tax	507.2	2.0%	512.5	2.0%	5.3
Limited Partnerships & LLC's	<u>158.1</u>	7.0%	<u>158.1</u>	7.0%	0.0
Subtotal Franchise + LP/LLC	665.3	3.1%	670.6	3.1%	5.3
Less: Refunds	<u>(10.0)</u>	0.0%	<u>(12.0)</u>	0.0%	<u>(2.0)</u>
Net Franchise + LP/LLC	655.3	3.2%	658.6	3.2%	3.3
<b>Business Entity Fees</b>	<b>53.5</b>	<b>3.1%</b>	<b>53.5</b>	<b>3.1%</b>	<b>0.0</b>
<b>Uniform Commercial Code</b>	<b>11.2</b>	<b>3.7%</b>	<b>11.1</b>	<b>2.8%</b>	<b>(0.1)</b>
Corporation Income Tax	111.6	9.4%	89.6	12.0%	(22.0)
Less: Refunds	<u>(35.0)</u>	-22.2%	<u>(35.0)</u>	-12.5%	<u>0.0</u>
CIT Less Refunds	76.6	34.4%	54.6	36.5%	(22.0)
<b>Bank Franchise Tax</b>	<b>102.9</b>	<b>4.9%</b>	<b>59.5</b>	<b>9.4%</b>	<b>(43.4)</b>
<b>Gross Receipts Tax</b>	<b>205.7</b>	<b>4.0%</b>	<b>190.5</b>	<b>3.5%</b>	<b>(15.2)</b>
<b>Lottery</b>	<b>180.1</b>	<b>-22.1%</b>	<b>194.0</b>	<b>-19.6%</b>	<b>13.9</b>
Abandoned Property	365.0	10.6%	365.0	10.6%	0.0
Hospital Board and Treatment	84.7	4.1%	84.1	4.0%	(0.6)
Dividends and Interest	21.5	13.2%	19.0	58.3%	(2.5)
<b>Realty Transfer Tax</b>	<b>39.3</b>	<b>4.8%</b>	<b>32.4</b>	<b>3.5%</b>	<b>(6.9)</b>
<b>Estate Tax</b>	<b>0.0</b>	<b>NA</b>	<b>0.0</b>	<b>NA</b>	<b>0.0</b>
<b>Insurance Taxes</b>	<b>93.6</b>	<b>4.9%</b>	<b>72.0</b>	<b>3.9%</b>	<b>(21.6)</b>
Public Utility Tax	60.2	3.4%	60.2	3.4%	0.0
Cigarette Taxes	132.6	1.0%	122.5	1.0%	(10.1)
Other Revenues	96.6	2.4%	95.1	2.6%	(1.5)
<b>Less: Other Refunds</b>	<u>(22.4)</u>	-11.8%	<u>(22.4)</u>	-11.8%	<b>0.0</b>
<b>Net Receipts</b>	<b>3,182.3</b>	<b>3.1%</b>	<b>3,030.1</b>	<b>3.1%</b>	<b>(152.2)</b>

## Balance and Appropriations Worksheet

### FY 2009 EXPENDITURES

Total Spending Authority	\$3,726.3
Less: Continuing Appropriations & Encumbrances from FY 2009	(\$222.8)
Less: Reversions	<u>(\$188.8)</u>
Total Expenditures	\$3,314.7

### FY 2009 BALANCES

Total Expenditures	\$3,314.7
vs. FY 2009 Revenues	3,154.2
Operating Balance	(160.5)
Prior Year Cash Balance	<u>\$526.0</u>
Cumulative Cash Balance	365.5
Less: Continuing Appropriations & Encumbrances from FY 2009	(222.8)
Less: Budgetary Reserve Account	<u>(\$186.4)</u>
Unencumbered Cash Balance 6/30	(\$43.7)

### FY 2010 APPROPRIATION LIMITS

FY 2010 Revenue Estimate	\$2,937.7
Unencumbered Cash Balance from FY 09	<u>(\$43.7)</u>
100% Appropriation Limit	\$2,894.0
98% Appropriation Limit	<u>\$2,836.1</u>
Prior 98% Appropriation Limit	\$2,917.2
Increase (Decrease) from Prior Meeting	(\$81.1)
Dec. 2008 98% Appropriation Limit	\$2,917.2
Increase (Decrease) from December 2008	(\$81.1)

Table 4.

**DELAWARE DEPARTMENT OF TRANSPORTATION**  
**Transportation Trust Fund Revenues**

				Fiscal 2009			Fiscal 2010		
	FY 07	FY 08	% Chg.	12/15/2008	3/16/2009	% Chg.	12/15/2008	3/16/2009	% Chg.
	Actual	Actual	FY 07	Approved	Recomm	FY 08	Approved	Recomm	FY 09
<b><u>TOLL ROAD REVENUES:</u></b>									
I95 Newark Plaza	\$93.9	\$115.4	22.8%	\$121.0	<b>\$121.0</b>	4.9%	\$122.6	<b>\$122.6</b>	1.3%
Route 1 Toll Road	32.6	40.5	24.2%	\$45.1	<b>\$45.1</b>	11.3%	\$45.8	<b>\$45.8</b>	1.6%
Concessions	<u>2.8</u>	<u>2.5</u>	<u>-10.7%</u>	<u>\$2.2</u>	<b><u>\$2.2</u></b>	<u>-12.0%</u>	<u>\$2.0</u>	<b><u>\$2.0</u></b>	<u>-9.1%</u>
<b>Total Toll Road Revenues</b>	129.3	158.4	22.5%	\$168.3	<b>\$168.3</b>	6.2%	\$170.4	<b>\$170.4</b>	1.2%
<b><u>MOTOR FUEL TAX ADMIN.</u></b>	120.8	122.9	1.7%	\$124.7	<b>\$120.6</b>	-1.9%	\$127.2	<b>\$123.0</b>	2.0%
<b><u>DIVISION OF MOTOR VEHICLES</u></b>									
Motor Vehicle Document Fees	62.7	64.6	3.1%	\$64.0	<b>\$56.5</b>	-12.5%	\$68.8	<b>\$57.3</b>	1.5%
Motor Vehicle Registration Fees	31.4	41.3	31.2%	\$45.4	<b>\$44.0</b>	6.5%	\$46.8	<b>\$44.6</b>	1.5%
Other DMV Revenues	<u>20.5</u>	<u>23.6</u>	<u>15.1%</u>	<u>\$25.6</u>	<b><u>\$23.0</u></b>	<u>-2.4%</u>	<u>\$26.4</u>	<b><u>\$23.3</u></b>	<u>1.5%</u>
<b>Total DMV Revenues</b>	<u>114.6</u>	<u>129.5</u>	13.0%	\$135.0	<b>\$123.5</b>	-4.6%	\$142.0	<b>\$125.3</b>	1.5%
<b><u>OTHER TRANSPORTATION REV.</u></b>									
Other Transportation Rev	15.7	11.5	-26.8%	\$7.8	<b>\$8.8</b>	-23.4%	\$7.9	<b>\$9.0</b>	2.3%
Investment Income(Net)	<u>14.8</u>	<u>10.8</u>	<u>-27.1%</u>	<u>\$8.4</u>	<b><u>\$5.4</u></b>	<u>-49.8%</u>	<u>\$10.0</u>	<b><u>\$6.0</u></b>	<u>11.1%</u>
<b>Total Other Transp. Revenue</b>	<u>30.5</u>	<u>22.3</u>	-26.9%	\$16.2	<b>\$14.2</b>	-36.3%	\$17.9	<b>\$15.0</b>	5.6%
<b>GRAND TOTAL</b>	<u>\$395.2</u>	<u>\$433.1</u>	9.6%	<u>\$444.2</u>	<b><u>\$426.6</u></b>	-1.5%	<u>\$457.5</u>	<b><u>\$433.7</u></b>	1.7%
					(\$17.6)			(\$23.8)	

Totals may not add due to rounding

Table 5.

**Delaware Department of Transportation**  
**FY 2009 EXPENDITURES** (through February)

(\$ in millions)

	FY2006	FY2007	FY2008	FY2009	December	March	\$ difference	\$ difference	\$ difference	FY2009	67%
	Actual	Actual	Actual	Appropriation	FY2009	FY2009	Dec V.	difference	difference	YTD	% spent
<b>Operations</b>					Forecast	Forecast	March	Forecast V.	Forecast V.	Spend	YTD
Debt Service	146.2	115.1	119.2	132.2	122.3	122.3	0.0	(9.9)	3.1	80.4	65.7%
Personnel Costs	87.1	106.1	93.7	90.3	90.3	90.3	0.0	0.0	(3.4)	56.9	63.0%
Operations/Capital Outlay	42.7	49.5	53.6	57.9	52.9	52.9	0.0	(5.0)	(0.7)	35.1	66.4%
Transit Operations (DTC)	<u>74.3</u>	<u>79.3</u>	<u>85.8</u>	<u>88.4</u>	<u>87.7</u>	<u>87.7</u>	<u>0.0</u>	<u>(0.7)</u>	<u>1.9</u>	<u>59.0</u>	67.3%
<b>Total Expenditures - Operations</b>	<b>350.3</b>	<b>350.0</b>	<b>352.3</b>	<b>368.8</b>	<b>353.2</b>	<b>353.2</b>	<b>0.0</b>	<b>(15.6)</b>	<b>0.9</b>	<b>231.4</b>	<b>65.5%</b>
<b>Capital (State)</b>											
Road System	211.8	121.3	145.9	156.7	136.3	150.3	14.0	(6.4)	4.4	97.2	64.7%
Grants & Allocations	23.9	30.5	24.2	35.6	31.0	31.0	0.0	(4.6)	6.8	20.3	65.5%
Support Systems	26.7	28.3	41.4	58.8	51.2	51.2	0.0	(7.6)	9.8	43.2	84.4%
Transit	<u>4.1</u>	<u>3.5</u>	<u>9.2</u>	<u>16.7</u>	<u>14.4</u>	<u>12.0</u>	<u>(2.4)</u>	<u>(4.7)</u>	<u>2.8</u>	<u>8.7</u>	72.5%
<b>Total Expenditures- State Capital</b>	<b>266.5</b>	<b>183.6</b>	<b>220.7</b>	<b>267.8</b>	<b>232.9</b>	<b>244.5</b>	<b>11.6</b>	<b>(23.3)</b>	<b>23.8</b>	<b>169.4</b>	<b>69.3%</b>
<b>Capital (Federal)</b>											
Road System	101.3	83.7	118.3	181.2	181.2	168.8	(12.4)	(12.4)	50.5	109.2	64.7%
Grants & Allocations	0.0	0.0	1.0	0.0	0.0	0.2	0.2	0.2	(0.8)	0.2	100.0%
Support Systems	0.2	8.5	15.0	11.1	11.1	10.7	(0.4)	(0.4)	(4.3)	8.4	78.5%
Transit	<u>8.4</u>	<u>12.2</u>	<u>21.4</u>	<u>23.5</u>	<u>23.5</u>	<u>21.3</u>	<u>(2.2)</u>	<u>(2.2)</u>	<u>(0.1)</u>	<u>13.7</u>	64.3%
<b>Total Expenditures - Federal Capital</b>	<b>109.9</b>	<b>104.4</b>	<b>155.7</b>	<b>215.8</b>	<b>215.8</b>	<b>201.0</b>	<b>(14.8)</b>	<b>(14.8)</b>	<b>45.3</b>	<b>131.5</b>	<b>65.4%</b>
<b>Total Expenditures - Capital</b>	<b>376.4</b>	<b>288.0</b>	<b>376.4</b>	<b>483.6</b>	<b>448.7</b>	<b>445.5</b>	<b>(3.2)</b>	<b>(38.1)</b>	<b>69.1</b>	<b>300.9</b>	<b>67.5%</b>
<b>TOTAL EXPENDITURES</b>	<b>726.7</b>	<b>638.0</b>	<b>728.7</b>	<b>852.4</b>	<b>801.9</b>	<b>798.7</b>	<b>(3.2)</b>	<b>(53.7)</b>	<b>70.0</b>	<b>532.3</b>	<b>66.6%</b>