



## Revenue Estimating Conference — October 17, 2024

**FY 2025 Estimate:** The Revenue Estimating Conference (REC) met and decreased their estimate for FY 2025 net General Fund Receipts (including transfers) by \$454.9 million compared to the adjusted March REC estimate (adjusted for legislative law changes that occurred after the March REC meeting). The new FY 2025 estimate is \$490.6 million (-5.1%) below the FY 2024 actual amount.

**FY 2026 Estimate:** The REC also set the FY 2026 estimate at \$583.0 million (-6.4%) below the new FY 2025 estimate. Factors contributing to the negative growth rate include implemented and upcoming tax law changes that will reduce income tax rates to a flat tax rate of 3.8% starting in January 2025. This will impact FY 2025 and FY 2026 income tax projections and actual amounts collected.

Revenue Estimating Conference October 17, 2024: Net General Fund Receipts (including Transfers)  
(Dollars in Millions)

Actual FY 2024 Net General Fund Receipts	FY 2025 - March REC Adjusted for Tax Changes	October REC Estimates					
		Estimated for FY 2025	Est. FY 2025 vs. FY 2024	% Change Est. FY 2025 vs. FY 2024	Estimated for FY 2026	Est. FY 2026 Vs. Est. FY 2025	% Change Est. FY 2026 vs. FY 2025
\$ 9,602.6	\$ 9,566.9	\$ 9,112.0	\$ (490.60)	-5.1%	\$ 8,529.0	\$ (583.00)	-6.4%

### What does this mean?

Final FY 2024 general fund tax revenues grew slightly more than the REC projected, coming in at about \$129.3 million above the March REC estimate (adjusted for tax law changes and based on the end-of-session Legislative Services Agency balance sheet). At the end of FY 2024, the state general fund surplus totaled over \$1.9 billion, the taxpayer relief fund totaled more than \$3.75 billion and reserve funds totaled approximately \$960 million. Despite these large balance amounts, it's important to remember that fund balances are considered one-time and are generally not used for ongoing expenditure items.

The October REC estimates are a barometer three months into the new fiscal year. It's important to remember that the December REC estimates will be what the Governor and legislature use when establishing the budget for FY 2026. The next meeting will likely occur by mid-December and will help provide more insight into the overall budget situation.

### More on the REC

The Revenue Estimating Conference is a three-member panel that is required to meet at least three times a year to agree upon the revenue estimates for the current fiscal year and the following fiscal year. These estimates are used by:

- The Governor when submitting budget recommendations to the legislature in January and;
- The Legislature when appropriating funds for the state budget during the legislative session.

The next REC meeting will be held in December, and the estimates they establish for FY 2026 will be used to set the state budget for FY 2026. Additional information on the REC is available on the [Department of Management's website](#).