



# Revenue Estimating Conference (REC) Meeting— March 12, 2026

**FY 2026 Estimate:** The Revenue Estimating Conference (REC) met and revised its estimate for FY 2026 net General Fund Receipts (including transfers). They agreed to decrease the estimate by an additional \$46.4 million compared to their December estimates. With this revision, the FY 2026 general revenue amounts are estimated to be \$831.1 million (-9.3%) below FY 2025.

**FY 2027 Estimate:** The REC also revised its estimate for FY 2027. The change resulted in an additional \$26.9 million decrease compared to the December estimate for FY 2027, for a total increase of \$360.5 million (4.4%) over the revised FY 2026 estimate.

**FY 2028 Estimate:** The REC made an initial FY 2028 estimate, projecting a revenue increase of \$245.6 million (2.9%).

**Revenue Estimating Conference March 12, 2026: Net General Fund Receipts (including Transfers)**  
(Dollars in Millions)

Actual	December 2025 FY 2026 - December REC Estimate	March Estimates for FY 2026			
Actual FY 2025 Net General Fund Receipts		March REC Estimate for FY 2026	Est. FY 2026 vs. FY 2025	% Change Est. FY 2026 vs. FY 2025	Change from December REC Estimate for FY 2026
\$ 8,942.2	\$ 8,157.5	\$ 8,111.1	\$ (831.1)	-9.3%	\$ (46.40)
	December 2025 FY 2027 - December REC Estimate	March Estimates for FY 2027			
		March REC Estimate for FY 2027	Est. FY 2027 Vs. Est. FY 2026	% Change Est. FY 2027 vs. FY 2026	Change from December REC Estimate for FY 2027
	\$ 8,498.5	\$ 8,471.6	\$ 360.50	4.4%	\$ (26.90)
		March Estimates for FY 2028			
		\$ 8,717.2			

## What Does This Mean?

Factors contributing to the negative growth rates in FY 2025 and FY 2026 include tax law changes that reduced income tax rates to a flat 3.8% rate effective January 2025. This change in law affects both FY 2025 and FY 2026 tax collections. The REC anticipates a 12.9% reduction in personal income taxes in FY 2026 compared to FY 2025. This may affect districts' income surtax revenue in future years for either their Instructional Support Program or Voter Physical Plant and Equipment Levy.

- Income tax collections from FY 2025 will fund the FY 2027 school budget.
- Income tax collections from FY 2026 will fund the FY 2028 school budget.

Other factors contributing to the decrease in FY 2026 estimated receipts include federal tax law changes enacted last year. Both the Legislative Services Agency and the Department of Management estimate that FY 2026 will establish a new revenue base once the full implementation of tax law changes have taken effect. The state is expected to see growth from this base in future years, including FY 2027, absent an economic downturn.

The change in the estimates (comparing March to December) may affect work currently underway by the legislature as they craft the FY 2027 state budget. The Senate and House have yet to release budget targets for FY 2027. The 100-day legislative session is scheduled to end April 21, 2026. Things to watch for in the next several weeks:

- Conversations around property tax reform. The Governor, Senate, and House have introduced different bills that may impact school districts in different ways. Likely, any agreed-upon property tax bill will not affect the FY 2027 budget.

## More on the REC

The Revenue Estimating Conference (REC) is a three-member panel that meets three times a year to agree upon the revenue estimates for the current and following fiscal years. The next REC meeting will likely be held in October 2026. With FY 2027's March REC estimates being lower than the December estimates, the Legislature will be required to use the March estimates. However, the estimated declines do not affect the Governor's FY 2027 recommendations because of the ending general fund balances.

Additional information on the REC is available on the [Department of Management's website](#), and additional information on the REC estimates is available on the [General Assembly's website](#).