



# Revenue Estimating Conference Meeting—March 13, 2025

**FY 2025 Estimate:** The Revenue Estimating Conference (REC) met and revised its estimate for FY 2025 net General Fund Receipts (including transfers). They agreed to decrease the estimate by \$19.0 million compared to their December estimates. With this revision, the FY 2025 general revenue amounts are estimated to be \$621.2 million (-6.4%) below FY 2024

**FY 2026 Estimate:** The REC also revised its FY 2026 estimate. The change resulted in a decrease of \$217.8 million compared to the estimate made in December and represents a decrease of \$626.7 million (-6.9%) compared to the revised FY 2025 estimate.

**FY 2027 Estimate:** The REC made an initial FY 2027 estimate, projecting a revenue increase of \$454.5 million (5.3%).

The primary factors contributing to the negative growth rate include implementing the 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 March 13, 2025: Net General Fund Receipts (including Transfers)**  
(Dollars in Millions)

Actual	Dec. Estimates	March Estimates for FY 2025			
	FY 2025 - Dec. REC Estimate	March REC Estimate for FY 2025	Est. FY 2025 vs. FY 2024	% Change Est. FY 2025 vs. FY 2024	Change from Dec. REC Estimate for FY 2025
Actual FY 2024 Net General Fund Receipts					
\$ 9,755.8	\$ 9,153.6	\$ 9,134.6	\$ (621.20)	-6.4%	\$ (19.00)
	Dec. Estimates	March Estimates for FY 2026			
	FY 2026 - Dec. REC Estimate	March REC Estimate for FY 2025	Est. FY 2026 Vs. Est. FY 2025	% Change Est. FY 2026 vs. FY 2025	Change from Dec. REC Estimate for FY 2026
	\$ 8,725.7	\$ 8,507.9	\$ (626.70)	-6.9%	\$ (217.80)

## What Does This Mean?

Although the FY 2025 and FY 2026 REC estimates do not show growth, the state’s balance sheet is still in good condition. 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. Increases in the taxpayer relief fund and general fund carryforward are due to actual revenues exceeding revenue projections and expenditure levels in the last few years.

Despite these large balance amounts, it's important to remember that fund balances have traditionally been considered one-time and are generally not used for ongoing expenditure items. How the legislature will use the general fund carryforward dollars and the dollars in the taxpayer relief fund remains unclear. We will likely know more once budget targets are made public.

The change in the estimates (comparing March to December) may impact work currently being done by the legislature as they craft the FY 2026 state budget. The Senate and House have yet to release budget targets for FY 2026. The 110-day legislative session is scheduled until May 2. Things to watch for in the next several weeks:

- **Passage of the SSA bill:** The House and Senate have competing bills, with the Senate matching the Governor's recommendations at 2.0% and the House passing 2.25% with additional funding for transportation equity, operational sharing and one-time money. An additional reduction in expected revenues for FY 2026 may impact these conversations.
- **Conversations around property tax reform:** The Senate and House have introduced companion bills that alter our current rate-restriction system to a revenue-restricted system.

## 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. With FY 2026'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 impact the Governor's FY 2026 recommendations.

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](#).