

Executive Summary

The table below shows the forecasts of Gross Receipts Tax collections and Communications Services Tax collections. These amounts reflect the November 7, 2006 estimating conference results.

	Gross Receipts Tax All Sources	Gross Receipts Tax on Electricity	Gross Receipts Tax on Gas	Communications Services Tax- Gross Receipts Component	Communications Services Tax- State Tax Component	Additional State Tax on Direct-to-Home Satellite	Local Communications Service Tax
FY 05-06	975.79	524.33	28.55	422.91	1007.20	52.19	843.31
FY 06-07	1050.78	584.63	26.25	439.90	1045.20	57.04	870.70
FY 07-08	1074.16	589.75	27.11	457.30	1100.10	64.23	899.61
FY 08-09	1126.60	626.31	27.19	473.10	1149.40	69.04	926.82
FY 09-10	1166.67	652.48	26.99	487.20	1194.10	73.88	950.71
FY 10-11	1197.06	671.78	26.18	499.10	1232.20	78.31	970.30
FY 11-12	1219.27	683.85	25.42	510.00	1267.70	82.23	988.64
FY 12-13	1235.93	690.23	25.80	519.90	1300.00	85.51	1005.43
FY 13-14	1257.88	702.26	26.32	529.30	1330.90	88.08	1022.26
FY 14-15	1283.68	717.68	26.80	539.20	1363.00	90.72	1039.85
FY 15-16	1309.97	732.75	27.82	549.40	1396.20	93.44	1058.23

The Conference discussed the recent tax collection pattern since the last estimate was adopted at the March 2006 meeting. Collections for the past eight months are running \$16.3 million above the estimate – mainly because the previous forecast underestimated collections on electricity and overestimated natural gas collections. These errors are largely due to intervening price fluctuations. There have also been higher than expected receipts from the Communications Services Tax.

Gross Receipts Tax on Electricity- In the new estimate, the higher price for electricity results in another strong forecast for the current fiscal year (11.5% growth over last year). However, current fuel costs are expected to stabilize, and the future fuel cost index is flat. In the future, this will result in lower than anticipated collections from electricity. Only 0.9% growth is expected for FY 2008-09, generating a \$6.5 million loss from the prior estimate.

Gross Receipts Tax on Gas Fuels- For FY 2006-07, the new forecast is \$8.4 million lower than the old estimate (a decrease of 8.1% from the prior year). The influence of market price reduction is much stronger in this tax source than in electricity. After the current fiscal year, collections are expected to be maintained around the current level (\$26.3 million) as gas prices moderate.

Communications Services Tax- Tax collections from the Communications Services Tax (CST) have been higher than expected. Much of the strength is coming from strong demand for cellular phone services. In addition, the expected negative impact from ITNA has not materialized as quickly as anticipated. For FY 2006-07, the Gross Receipts Tax component will increase by \$21.3 million, and the Sales Tax portion of CST will increase \$62.5 million.

Additional State Tax on Direct-to-Home Satellite Service and Local Communications Service Tax- The new forecasts for additional sales tax on Direct-to-Home Satellite Service (DHSS) and local communications service tax are also included in the conference final package. The additional state tax on DHSS is the portion of the sales tax on DHSS that is distributed to local governments through the Local Government Half-Cent Clearing Trust Fund. Increases in the forecast lead to projections of \$57 million and \$64.2 million for FY 2006-07 and FY 2007-08, respectively. The forecast for local communications service tax is \$870.7 million for FY 2006-07 and \$899.6 million for FY 2007-08.

Gross Receipts Tax
Forecast Comparison
November 7, 2006

Total Collections

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88	217.85	6.6%			
FY88-89	227.62	4.5%			
FY89-90	290.02	27.4%			
FY90-91	333.57	15.0%			
FY91-92	391.38	17.3%			
FY92-93	447.83	14.4%			
FY93-94	459.38	2.6%			
FY94-95	506.84	10.3%			
FY95-96	543.13	7.2%			
FY96-97	572.11	5.3%			
FY97-98	593.39	3.7%			
FY98-99	639.27	7.7%			
FY99-00	669.18	4.7%			
FY00-01	722.91	8.0%			
FY01-02	779.49	7.8%			
FY02-03	786.03	0.8%			
FY03-04	826.59	5.2%			
FY04-05	882.15	6.7%			
FY05-06	980.73	11.2%	975.79	10.6%	-4.94
FY06-07	1028.89	4.9%	1050.78	7.7%	21.89
FY07-08	1049.34	2.0%	1074.16	2.2%	24.82
FY08-09	1073.92	2.3%	1126.60	4.9%	52.69
FY09-10	1098.85	2.3%	1166.67	3.6%	67.82
FY10-11	1118.80	1.8%	1197.06	2.6%	78.26
FY11-12	1139.65	1.9%	1219.27	1.9%	79.62
FY12-13	1159.90	1.8%	1235.93	1.4%	76.04
FY13-14	1181.97	1.9%	1257.88	1.8%	75.92
FY14-15	1211.03	2.5%	1283.68	2.1%	72.66
FY15-16	1240.83	2.5%	1309.97	2.0%	40.57

Gross Receipts Tax

Forecast Comparison

November 7, 2006

Collections on Electricity

YEAR	Old Forecast		New Forecast**		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88	130.56	5.1%			
FY88-89	136.57	4.6%			
FY89-90	169.14	23.8%			
FY90-91	190.58	12.7%			
FY91-92	230.52	21.0%			
FY92-93	258.67	12.2%			
FY93-94	259.29	0.2%			
FY94-95	274.09	5.7%			
FY95-96	296.01	8.0%			
FY96-97	294.31	-0.6%			
FY97-98	308.67	4.9%			
FY98-99	324.50	5.1%			
FY99-00	309.42	-4.6%			
FY00-01	353.54	14.3%			
FY01-02	374.08	5.8%			
FY02-03	388.60	3.9%			
FY03-04	425.00	9.4%			
FY04-05	453.25	6.6%			
FY05-06	524.95	15.8%	524.33	15.7%	-0.62
FY06-07	575.57	9.6%	584.63	11.5%	9.06
FY07-08	596.20	3.6%	589.75	0.9%	-6.45
FY08-09	619.18	3.9%	626.31	6.2%	7.13
FY09-10	636.35	2.8%	652.48	4.2%	16.12
FY10-11	648.98	2.0%	671.78	3.0%	22.79
FY11-12	661.62	1.9%	683.85	1.8%	22.23
FY12-13	672.60	1.7%	690.23	0.9%	17.64
FY13-14	684.97	1.8%	702.26	1.7%	17.30
FY14-15	704.25	2.8%	717.68	2.2%	13.43
FY15-16	724.08	2.8%	732.75	2.1%	8.67

Gross Receipts Tax

Forecast Comparison

November 7, 2006

Collections on Gas Fuels

YEAR	Old Forecast		New Forecast		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88	6.51	15.8%			
FY88-89	5.69	-12.6%			
FY89-90	10.38	82.4%			
FY90-91	12.31	18.6%			
FY91-92	11.97	-2.8%			
FY92-93	12.74	6.4%			
FY93-94	10.92	-14.3%			
FY94-95	11.03	1.0%			
FY95-96	13.68	24.0%			
FY96-97	11.97	-12.5%			
FY97-98	12.41	3.7%			
FY98-99	10.17	-18.0%			
FY99-00	10.71	5.3%			
FY00-01	16.65	55.5%			
FY01-02	13.74	-17.5%			
FY02-03	14.39	4.7%			
FY03-04	18.52	28.7%			
FY04-05	23.21	25.3%			
FY05-06	33.74	45.4%	28.55	23.0%	-5.19
FY06-07	34.68	2.8%	26.25	-8.1%	-8.43
FY07-08	33.21	-4.2%	27.11	3.3%	-6.10
FY08-09	31.99	-3.7%	27.19	0.3%	-4.80
FY09-10	31.24	-2.3%	26.99	-0.7%	-4.25
FY10-11	30.30	-3.0%	26.18	-3.0%	-4.12
FY11-12	29.93	-1.2%	25.42	-2.9%	-4.51
FY12-13	30.54	2.0%	25.80	1.5%	-4.74
FY13-14	31.66	3.7%	26.32	2.0%	-5.34
FY14-15	32.54	2.8%	26.80	1.8%	-5.74
FY15-16	33.45	2.8%	27.82	3.8%	-5.63

Gross Receipts Tax
Forecast Comparison
November 7, 2006

Transfer from Communications Services Tax

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88	80.78	8.4%			
FY88-89	85.35	5.7%			
FY89-90	110.50	29.5%			
FY90-91	130.68	18.3%			
FY91-92	148.89	13.9%			
FY92-93	176.41	18.5%			
FY93-94	189.17	7.2%			
FY94-95	221.72	17.2%			
FY95-96	233.44	5.3%			
FY96-97	265.83	13.9%			
FY97-98	272.31	2.4%			
FY98-99	304.60	11.9%			
FY99-00	349.05	14.6%			
FY00-01	352.72	1.1%			
FY01-02	391.67	11.0%			
FY02-03	383.04	-2.2%			
FY03-04	383.07	0.0%			
FY04-05	405.69	5.9%			
FY05-06	422.04	4.0%	422.91	4.2%	0.87
FY06-07	418.64	-0.8%	439.90	4.0%	21.26
FY07-08	419.93	0.3%	457.30	4.0%	37.37
FY08-09	422.75	0.7%	473.10	3.5%	50.35
FY09-10	431.25	2.0%	487.20	3.0%	55.95
FY10-11	439.51	1.9%	499.10	2.4%	59.59
FY11-12	448.11	2.0%	510.00	2.2%	61.89
FY12-13	456.76	1.9%	519.90	1.9%	63.14
FY13-14	465.34	1.9%	529.30	1.8%	63.96
FY14-15	474.23	1.9%	539.20	1.9%	64.97
FY15-16	483.29	1.9%	549.40	1.9%	66.11

State Sales Tax
Forecast Comparison
November 7, 2006

Transfer from Communications Services Tax

YEAR	Old Forecast		New Forecast		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	526.50	#N/A			
FY02-03	817.10	55.2%			
FY03-04	863.50	5.7%			
FY04-05	944.10	9.3%			
FY05-06	992.46	5.1%	1007.20	6.7%	14.74
FY06-07	982.73	-1.0%	1045.20	3.8%	62.47
FY07-08	992.53	1.0%	1100.10	5.3%	107.57
FY08-09	1004.67	1.2%	1149.40	4.5%	144.73
FY09-10	1042.43	3.8%	1194.10	3.9%	151.67
FY10-11	1080.54	3.7%	1232.20	3.2%	151.66
FY11-12	1103.31	2.1%	1267.70	2.9%	164.39
FY12-13	1129.51	2.4%	1300.00	2.5%	170.49
FY13-14	1155.77	2.3%	1330.90	2.4%	175.13
FY14-15	1182.76	2.3%	1363.00	2.4%	180.24
FY15-16	1210.38	2.3%	1396.20	2.4%	185.82

State Sales Tax
Forecast Comparison
November 7, 2006

Percent of Gross Receipts CST Base

YEAR	Old Forecast		New Forecast		Diff.
	%	%chg	%	%chg	
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	0.47	#N/A			
FY02-03	0.74	58.7%			
FY03-04	0.79	5.7%			
FY04-05	81.1%	3.2%			
FY05-06	82.0%	1.1%	83.0%	2.3%	1.0%
FY06-07	81.8%	-0.2%	82.8%	-0.2%	1.0%
FY07-08	82.4%	0.7%	83.8%	1.2%	1.5%
FY08-09	82.8%	0.5%	84.7%	1.0%	1.8%
FY09-10	84.2%	1.7%	85.4%	0.9%	1.2%
FY10-11	85.7%	1.7%	86.0%	0.7%	0.4%
FY11-12	85.8%	0.1%	86.6%	0.7%	0.8%
FY12-13	86.2%	0.4%	87.1%	0.6%	1.0%
FY13-14	86.6%	0.4%	87.6%	0.6%	1.1%
FY14-15	86.9%	0.4%	88.1%	0.5%	1.2%
FY15-16	87.3%	0.4%	88.6%	0.5%	1.3%

Additional State Tax on Direct-to-Home Satellite

Forecast Comparison

November 7, 2006

YEAR	Old Forecast		New Forecast		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	14.06	#N/A			
FY02-03	21.12	50.2%			
FY03-04	35.25	66.9%			
FY04-05	40.18	14.0%			
FY05-06	51.01	27.0%	52.19	29.9%	1.18
FY06-07	55.79	9.4%	57.04	9.3%	1.25
FY07-08	62.78	12.5%	64.23	12.6%	1.45
FY08-09	69.78	11.2%	69.04	7.5%	-0.74
FY09-10	76.41	9.5%	73.88	7.0%	-2.53
FY10-11	82.30	7.7%	78.31	6.0%	-3.99
FY11-12	87.78	6.7%	82.23	5.0%	-5.55
FY12-13	92.65	5.5%	85.51	4.0%	-7.14
FY13-14	95.72	3.3%	88.08	3.0%	-7.64
FY14-15	98.06	2.4%	90.72	3.0%	-7.34
FY15-16	100.57	2.6%	93.44	3.0%	-7.13

Local Communications Service Tax
Forecast Comparison
November 7, 2006

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	426.65	#N/A			
FY02-03	739.34	73.3%			
FY03-04	711.73	-3.7%			
FY04-05	802.44	12.7%			
FY05-06	831.58	3.6%	843.31	5.1%	11.73
FY06-07	819.97	-1.4%	870.70	3.2%	50.73
FY07-08	815.53	-0.5%	899.61	3.3%	84.08
FY08-09	815.91	0.0%	926.82	3.0%	110.91
FY09-10	825.71	1.2%	950.71	2.6%	125.00
FY10-11	835.91	1.2%	970.30	2.1%	134.39
FY11-12	847.34	1.4%	988.64	1.9%	141.30
FY12-13	859.69	1.5%	1005.43	1.7%	145.74
FY13-14	874.15	1.7%	1022.26	1.7%	148.11
FY14-15	890.20	1.8%	1039.85	1.7%	149.65
FY15-16	906.40	1.8%	1058.23	1.8%	151.83