



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

Capitol Update

By Senator Howard Marklein

January 29, 2021

State Revenues Projected Much Higher Than Expected

The non-partisan Legislative Fiscal Bureau (LFB) recently released projections of general fund revenues and expenditures. This report includes estimated revenues and expenditures for the current fiscal year and tax collection projections for each year of the next biennium. Basically, these projections tell us the status of our state's fiscal condition as we prepare to craft the next state budget.

I am happy to report that the state's fiscal condition is very good. It is much better than any of us could have predicted when our world shifted last March in response to the COVID-19 pandemic. But Republican reforms and our enduring focus on responsible budgeting have put us in a positive fiscal position.

The LFB says that general fund tax collections for the three-year period between Fiscal Year (FY) 2021 and FY 23 will be \$1.2 billion more than projections announced by the Department of Administration (DOA) in November 2020. Specifically for FY 21, we are projected to end the year with a nearly \$1.8 billion net balance. This is \$629.5 million more than projected in the November 2020 report and about \$1.1 billion more than projected in January 2020.

Under these revenue projections, we are projected to have about \$19.8 billion available to spend in FY 21. This is a combination of our carryover balance from FY 20 of nearly \$1.2 billion and our projected FY 21 revenues. Our projected expenditures are expected to be about \$18 billion. Even after a statutorily required \$232 million transfer to the Budget Stabilization Fund, our ending balance will still be nearly \$1.8 billion!

Wisconsin's Rainy Day fund will be the highest it has ever been at nearly \$1 billion after this statutory transfer. This is very good news for all Wisconsinites.

These projections are much better than the November 2020 report and certainly much better than anyone would have predicted back in March. In fact, we generated more revenue than projected at this time last year, even during a pandemic.

According to the LFB, the factors that drove the projections of increased tax collections include good news on the COVID-19 vaccine front as well as stimulus actions by the federal government. In addition, increases in departmental revenues and decreased state spending all factor into these projections.

As the Co-Chair of the legislature's Joint Committee on Finance (JFC), I have been waiting for the LFB revenue projections with great anticipation. The numbers projected by the DOA in November were good. But this projection further solidifies our positive financial position.

We are on the eve of our next state budget cycle. This projection is good news for us. However, I will continue to keep state spending within our means while funding our priorities. Many individuals and employers in our communities are struggling and we must be respectful of their situation. I will continue to protect the state's checkbook and taxpayers throughout Wisconsin.

As always, please do not hesitate to connect with me to provide input, ideas or to seek assistance. Send an email to sen.marklein@legis.wisconsin.gov or call 608-266-0703.