

**DEPARTMENT OF TAXATION
2009 Fiscal Impact Statement**

1. **Patron** Ryan T. McDougale

2. **Bill Number** SB 895

3. **Committee** House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** General fund revenue estimates; inclusion of
alternative revenue estimates

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. Summary/Purpose:

This bill would require the Governor to submit any alternative general fund revenue forecasts considered by the Advisory Council on Revenue Estimates at the same time he submits the general fund revenue estimate to the General Assembly.

The effective date is not specified.

6. **No Fiscal Impact.** (See Line 8.)

7. **Budget amendment necessary:** No.

8. Fiscal implications:

Because no additional forecasts would be required by this bill, there would be no impact on the Department of Taxation's costs to produce the general fund revenue estimate. To the extent that the Governor's Advisory Council on Revenue Estimates considers alternative forecasts they would be provided to the General Assembly.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. **Technical amendment necessary:** No.

11. Other comments:

Current Law:

The revenue forecast is built from a consensus economic forecast. The current revenue forecast was developed using economic information from Global Insight, Moody's Economy, and other sources, in addition to information obtained from meetings with experts in the housing, consumer spending, and the auto industry. By law, TAX compiles this information for consideration by the Governor's Advisory Board of Economists

(GABE), who arrive at a consensus for the economic assumptions and technical econometric methodology. This information is then reviewed by the Governor's Advisory Council on Revenue Estimates (GACRE), who recommend a single consensus set of economic assumptions to be used for revenue estimating purposes. The final revenue forecast is based on the economic assumptions approved by GABE and GACRE, which also includes adjustments to reflect the Governor's policy proposals.

Proposal:

To the extent that GACRE considers alternative economic assumptions to be used for revenue forecasting they will be disclosed to the General Assembly.

cc : Secretary of Finance

Date: 2/10/2009 JPJ
DLAS File Name: SB895FS1161