

## Section II. Revenue

### April Consensus / May Update

The General Fund budget outlook improved significantly in April as a result of positive trends in collections since the January Consensus in income-related taxes, sales and use tax, and other revenues (net). The Federal funds projection increase for FY 22 is due to the timing of reimbursements from FY 21 to FY 22 and rate adjustments for various federally supported programs.

General Fund revenues were upgraded again in May to reflect ongoing strength in FY 21 collections. The FY 21 adjustments to the income and sales and use taxes were also projected to continue into FY 22 and FY 23 at a total of \$95 million per

fiscal year. The FY 22 and FY 23 Budget includes those updated estimates in the revenue schedule as adopted by the Finance, Revenue and Bonding Committee.

**Table 2.1** General Fund Consensus Adjustments and May Updates

In Millions of Dollars

Description	April Consensus		May Update	
	FY 22	FY 23	FY 22	FY 23
<b>Income Tax Related Updates</b>				
Withholding	161.7	168.4	50.0	50.0
E&F/PET (net)	352.5	368.8	300.0	100.0
Earned Income Tax Credit	(28.7)	(2.7)	-	-
Volatility Cap Transfer	(357.2)	(359.6)	(300.0)	(100.0)
<b>Subtotal</b>	<b>128.3</b>	<b>174.9</b>	<b>50.0</b>	<b>50.0</b>
<b>Other Updates</b>				
Sales and Use	100.2	100.4	45.0	45.0
Federal Funds	289.1	7.5	-	-
All Other Revenue	75.5	51.0	-	-
<b>Subtotal</b>	<b>464.8</b>	<b>158.9</b>	<b>45.0</b>	<b>45.0</b>
<b>TOTAL</b>	<b>593.1</b>	<b>333.8</b>	<b>95.0</b>	<b>95.0</b>

### Budget Policies

The budget includes revenue-related policies which increase total General Fund revenue by \$1.3 billion in FY 22 and \$1.8 billion in FY 23.<sup>5</sup> The highlights are listed below.

#### Federal Stimulus

The federal American Rescue Plan Act (ARPA), which was signed into law on March 22, 2021, initially allocated \$2,650 million to Connecticut. The amount subsequently was revised to \$2,812 million. The budget transfers \$559.9 million in FY 22 and \$1,194.9 million in FY 23 from the Connecticut ARPA allocation to the General Fund.

#### Municipal Revenue Sharing Account (MRSA) Transfer to the General Fund

The MRSA revenue diversion at a rate of 0.5% percentage points goes into effect on July 1, 2021 under current law. However, the budget as enacted transfers revenues of \$262.7 million in FY 22 and \$276.3 million in FY 23 from MRSA back to the General Fund.

#### Other Policies

All other policies, including the May revenue update noted above, total 35% and 15% of all budgeted policies for FY 22 and FY 23 respectively. For further details on revenue policies see **Section IV** and **Part III**.

<sup>5</sup> Additional policies not included in the budget are anticipated to impact revenue estimates. See below for more details.