

## Section II. Revenue

### April Consensus

In April, the outlook for FY 20 and FY 21 General Fund revenues improved relative to January consensus by \$317 million and \$412.9 million, respectively. The withholding portion of the personal income tax accounts for approximately 69% of the improved revenue outlook for the FY 20 and FY 21 Budget.

Projected revenues in the Estimated and Final (E&F) and Pass-through Entity Tax (PET) categories improved by a cumulative total of \$44.8 million and \$40.1 million in FY 20 and FY 21, respectively. These improvements were largely offset by an increase in the [Volatility Cap Adjustment](#) transfer to the Budget Reserve Fund.<sup>1</sup>

Other significant updates to the April Consensus include improvements to projections for the corporation and investment income tax categories to reflect collections trends.

The outlook for FY 20 and FY 21 Special Transportation Fund revenues remained virtually unchanged to January's estimates, as negative adjustments to oil companies' revenue projections were largely offset, in total, by positive adjustments to interest income and motor fuels tax revenue projections.

### Budget Policies

The budget included revenue-related policies which increased total General Fund revenue by \$1.1 billion in FY 20 and \$1.5 billion in FY 21.

### Hospital Tax

Maintaining the hospital tax at the FY 19 level of \$900 million and the related impact on federal grant revenues makes up approximately 58% of the total General Fund revenue policies in the FY 20 and FY 21 Budget.

### Other Policies

General Fund revenue policy adjustments (unrelated to hospitals) are \$355 million in total in FY 20. This is the result of approximately \$468 million in tax revenue changes balanced against a reduction of \$113 million in other revenue sources, including federal funds and transfers.

**Table 2.1** General Fund Consensus Adjustment  
In Millions of Dollars

Description	FY 20	FY 21
<b>Personal Income Tax/PET Update</b>		
Withholding	183.5	316.6
E&F/PET (Net)	44.8	40.1
Volatility Cap Adjustment	(43.1)	(37.4)
<b>Subtotal</b>	<b>185.2</b>	<b>319.3</b>
<b>Other Updates</b>		
Federal Grants	62.9	39.8
Corporation Tax (Non-PET)	37.6	39.9
Investment Income	12.5	12.2
Various (Net) Adjustments	18.8	1.7
<b>Subtotal</b>	<b>131.8</b>	<b>93.6</b>
<b>TOTAL</b>	<b>317.0</b>	<b>412.9</b>

<sup>1</sup>For more information about the Volatility Cap Adjustment, refer to the OLR briefing:  
<https://www.cga.ct.gov/2018/rpt/pdf/2018-R-0296.pdf>