

**OFA FACT SHEET: OIL COMPANIES TAX REVENUE AND
JANUARY FY 15 CONSENSUS REVENUE ESTIMATES**

Background

The Oil Companies Tax supports both the General and Special Transportation funds. Statutory language provides a transfer to the Special Transportation Fund from the General Fund which leaves the General Fund to bear all of the (upside and downside) risk in that revenue stream. In particular, any shortfall in revenue below the Special Transportation Fund transfer must be made up from the resources of the General Fund.

Pursuant to CGS 13b-61a(b), the FY 15 transfer amount due to the Special Transportation Fund is \$379.1 million. The total amount of Oil Companies Tax budgeted in FY 15 was \$413.9 million, which includes \$34.8 million to the General Fund.

However, the current revenue estimate for the Oil Companies Tax is only \$360.3 million (\$53.6 million less than budgeted). As a consequence, the General Fund revenue estimate for the Oil Companies Tax has been reduced from \$34.8 million (budgeted) to zero and a negative transfer adjustment of \$18.8 million has been made to the General Fund under the "Transfers to the Resources of the Special Transportation Fund" line in the consensus revenue schedule. A corresponding positive transfer adjustment has been made to the Special Transportation Fund under the "Transfers from the Resources of the General Fund" line.

It should be noted that these adjustments in the revenue schedule are based on estimates which may be subject to change and likely will vary from actual results. Regardless of these estimates, CGS 13b-61a(c) requires the Comptroller to ensure that the Special Transportation Fund receives the full \$379.1 million required by statute in FY 15 according to actual amounts received under the Oil Companies Tax.

Lastly, CGS 13b-61a(d) establishes an alternative mechanism for determining transfer amounts to the Special Transportation Fund. This mechanism is based on the percentage of Oil Companies Tax paid that is attributable to gasoline sold and would yield different transfer amounts than provided under CGS 13b-61a(b). In accordance with this statutory language, the Commissioner of the Department of Revenue Services must perform this calculation on the first day of January 15, 2013, and biennially thereafter.

See table below for an illustration of these differences.

The January 2015 consensus revenue schedule, like the January 2013 consensus revenue schedule, reflects the provisions of CGS 13b-61a(b) and 13b-61a(c) rather than CGS 13b-61a(d).

**CGS 13b-61a Oil Companies Transfer to the Special Transportation Fund
(in millions)**

Fiscal Year	STF Transfer under CGS 13b-61a(b) \$	STF Transfer under CGS 13b-61a(d) \$	Difference \$
FY 15	379.1	-	-
FY 16	377.3	306.4	(70.9)
FY 17	377.3	325.0	(52.3)
FY 18	377.3	347.3	(30.0)