

Sales Tax Transfer to Various Funds As of 11.9.2020

Recent policies transfer a portion of the sales and use tax to various funds and continue to do so at an accelerated pace through FY 23.

Although the transfers support other funds, the direct impact to the General Fund (GF) is a loss of revenue, growing from FY 21 to FY 22 by \$558.5 million to a total of nearly \$1 billion, or approximately 20% of all sales and use taxes collected in FY 22. This increase is primarily due to the reintroduction of the transfer to MRSA (Municipal Revenue Sharing Account) and the continual phase-in of the sales tax on motor vehicles to the Special Transportation Fund (STF).

Figure 1.1 Estimated Sales and Use Tax for Non-GF
In Millions of Dollars

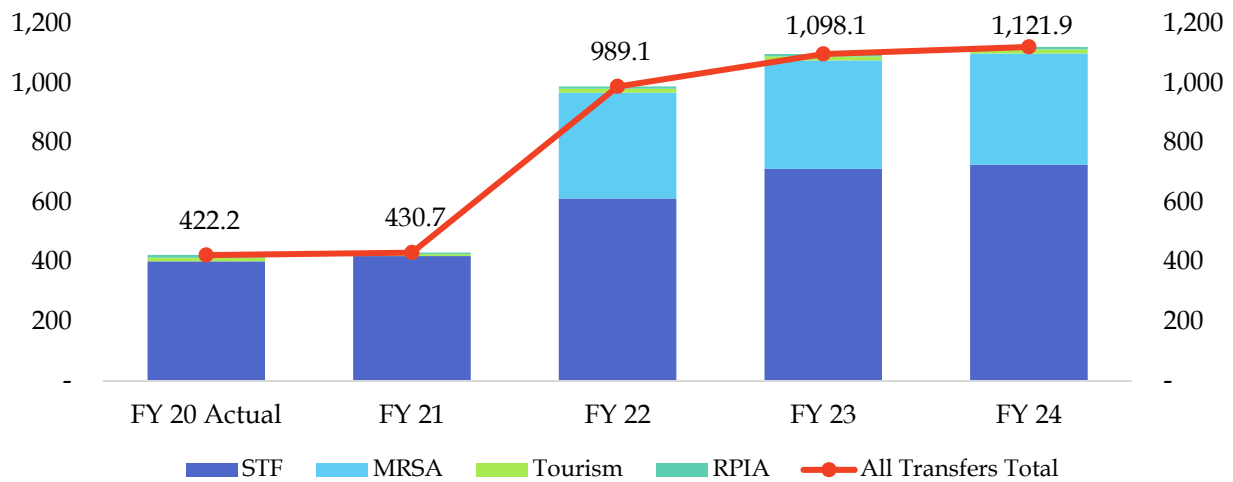
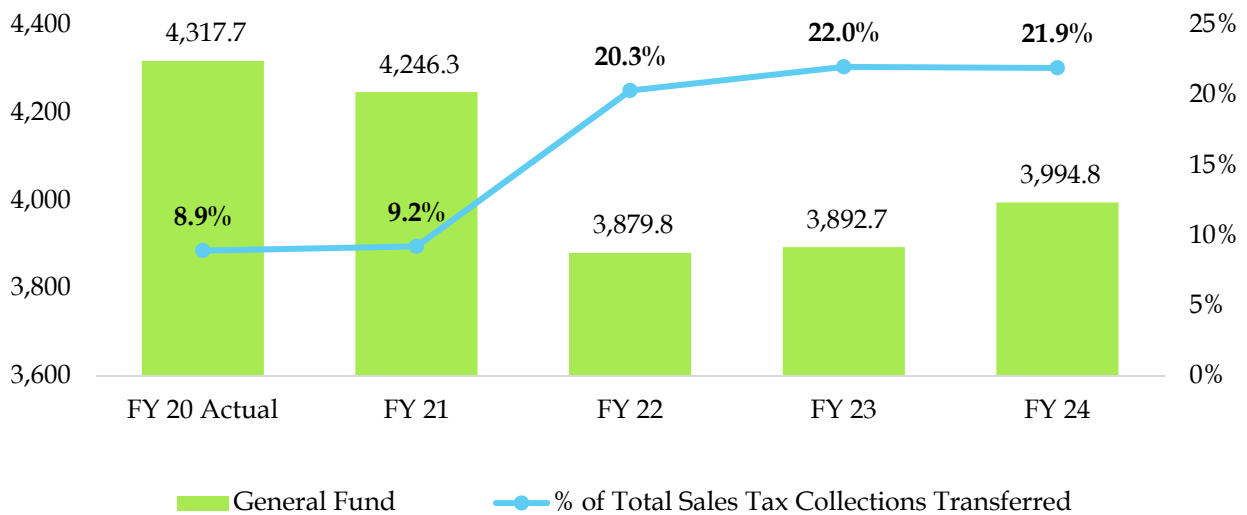


Figure 1.2 Estimated Sales and Use Tax for the General Fund
In Millions of Dollars



Background on Transfers

Special Transportation Fund. The STF receives two transfers. The first is 0.5 percentage points of the 6.35% rate. The second is a phased-in transfer of motor vehicle sales based on the schedule outlined in Table 1.1.

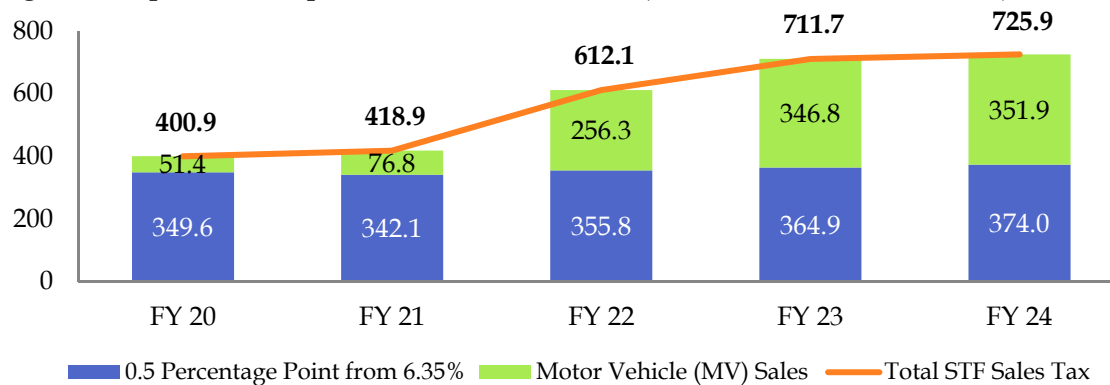
Table 1.1 Motor Vehicle Sales Tax Transfer Schedule

In Millions of Dollars

Diversion	FY 20	FY 21	FY 22	FY 23	FY 24
% Transfer	17%	25%	75%	100%	100%
Amount	51.4	76.8	256.3	346.8	351.9

Figure 1.3 below provides a comparison of the two transfers from the GF to the STF as estimated in the November 2020 Consensus.

Figure 1.3 Special Transportation Fund Transfers (November 2020 Consensus)



Tourism Fund. This transfer includes 1.5 percentage points of the 15% room occupancy tax (or 10% of total collections).

Regional Performance Incentive Account. The RPIA receives two transfers: 1 percentage point of the 15% hotel tax rate (or 6.7% of total collections) and 1 percentage point of the 9.35% rental car rate (or 10.7% of total collections).

Municipal Revenue Sharing Account. The transfer, scheduled to begin in FY 22, includes 0.5 percentage points of the 6.35% rate (or 7.87% of collections).

Table 1.2 All Sales Tax Transfers (as of November 2020 Consensus)

In Millions of Dollars

Fund	FY 20 Actual	FY 21	FY 22	FY 23	FY 24
Special Transportation Fund	400.9	418.9	612.1	711.7	725.9
Municipal Revenue Sharing Account	-	-	355.8	364.9	374.0
Tourism Fund	12.6	6.2	13.2	13.4	13.6
Regional Performance Incentive Account	8.7	5.6	8.0	8.2	8.4
Subtotal - Transfers	422.2	430.7	989.1	1,098.1	1,121.9
General Fund	4,317.7	4,246.3	3,879.8	3,892.7	3,994.8
TOTAL	4,739.9	4,677.0	4,868.9	4,990.8	5,116.7