

Non-property Tax, \$250 m tax expenditure reduction, \$300 m in cuts & efficiencies

Comments:

1. Transportation enhancements are assumed to be paid out of the transportation budget, and therefore do not show as GF or ED Legacy Expenditures
2. Additional K-12 spending, calculated as part of the base, are funding for I-732 and restoration of the 11-13 salary reductions.
3. Potential budget reductions include additional administrative efficiencies in general government and possible elimination or suspension of programs not currently implemented.
4. Transitional sales tax increase with all funds deposited to Education Legacy Trust Account; Increase is temporary, pending receipt of streamlined internet sales tax revenue or other sources of sales tax revenue; or implementation of a progressive structural tax change such as capital gains with appropriate exclusion levels relating to non-mortgage investment gains as well as mortgage derived capital gains. Additionally, during the period of the transitional sales tax increase, legislature should strongly consider implementation of the working family tax credit.
5. Re-enactment of hospital safety net assessment is proposed subject to negotiations and appropriate agreement with stakeholders to insure adequate budgetary funding for those effected.

Proposed Spending Need

Biennium Fiscal Year	2013-2015		2015-2017		2017-2019	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<u>Outlook balance:</u>	(\$547)	(\$357)	(\$251)	\$82	\$271	\$246
HB 2776:						
Transportation**	0	0	0	0	0	0
MSOC	(180)	(417)	(666)	(745)	(767)	(788)
↓ K-3 Class Sizes	(64)	(156)	(263)	(399)	(554)	(597)
Full-Day Kindergarten	(27)	(62)	(96)	16	(168)	(181)
Transitional Bilingual	(1)	(5)	(6)	(6)	(7)	(7)
Compensation	(75)	(125)	(150)	(200)	(225)	(225)
Career & College ready plan	(47)	(94)	(142)	(189)	(236)	(236)
Total Proposed K-12 Spending	(394)	(859)	(1,323)	(1,523)	(1,957)	(2,034)
Outlook Balance with K-12 Enhancements	(\$941)	(\$1,216)	(\$1,574)	(\$1,441)	(\$1,686)	(\$1,788)

**Transportation enhancements to come out of transportation budget, not GF or Ed legacy.

Proposed Funding Option

Biennium Fiscal Year	2013-2015		2015-2017		2017-2019	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<i>Budget Reductions</i>						
Administrative Efficiencies/budget reductions	150	150	150	150	150	150
<i>Subtotal of Reduction Options</i>	150	150	150	150	150	150
<i>Additional state revenue</i>						
Retain beer tax	60	60	60	60	60	60
Retain B&O surtax & remove sunset	260	273	287	301	316	332
Use budget stabilization funding (Rainy Day)	125	150	0	0	0	0
Hospital Safety Net Assessment	137	139	144	144	144	144
Close tax exemptions	125	125	125	125	125	125
Transitional sales tax increase of .2 to 6.7	209	242	246	259	259 **	
<i>Subtotal of Revenue Options</i>	916	989	862	889	904	661
Total resources:	\$1,066	\$1,139	\$1,012	\$1,039	\$1,054	\$811
annual over/under	125	(77)	(562)	(402)	(632)	(977)
cumulative over/under	125	48	(513)	(915)	(1,547)	(2,525)