

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

	2023-24
	Estimated
Tax Revenue:	
Gross Receipts Tax (GRT)	\$ (41,100)
Effective January 1, 2024, excluding mobile telecommunications services from GRT.	
Sales and Use Tax (SUT)	\$ (20,900)
Effective January 1, 2024, excluding mobile telecommunications services from SUT.	
Elimination of the Enhanced Revenue Collections Account (ERCA)	\$ 21,100
Effective July 1, 2023, revenues previously attributed to ERCA are included in General Fund revenue by tax type, estimated at \$8.7 million corporate net income tax; \$6.7 million personal income tax; \$5.1 million sales and use tax; and \$0.6 million inheritance tax. General Fund refunds are also adjusted to reflect avoidance of erroneous refund overpayments. The innovative collection activity that was previously funded by ERCA will now be included in the Department of Revenue's General Government Operations appropriation, since this work has been integrated into the department's procedures, making the need for a separate account obsolete.	
Transfer to Public Safety and Protection Fund	\$ (1,017,300)
A redirection of revenues collected from the other tobacco products tax and liquor tax and a \$400 million transfer of motor vehicle sales and use tax is proposed. The portion of revenue transferred from motor vehicle sales and use tax is proposed at \$450 million in 2024-25; \$500 million in 2025-26; \$550 million in 2026-27; and \$600 million in 2027-28.	
Transfer to Tobacco Settlement Fund	\$ (115,300)
A transfer of funds from the cigarette tax to the Tobacco Settlement Fund to replace monies deducted from the Master Settlement Agreement for deposit in the Tobacco Revenue Bond Debt Service Account is proposed.	
Transfer to Environmental Stewardship Fund	\$ (10,500)
A transfer of funds from the personal income tax to the Environmental Stewardship Fund for Growing Greener debt service payments is proposed.	
Adult Use Cannabis Tax	\$ -
A tax of 20 percent on the wholesale price of products sold through the regulated framework of the production and sales system, once legalized. Estimates assume sales commence January 1, 2025, with initial revenues realized in 2024-25.	
Nontax Revenue:	
Transfer from Medical Marijuana Program Fund	\$ 31,900
To comply with the intent of Act 16 of 2016, this budget reflects transfer of the unexpended fund balance of the Medical Marijuana Program Fund to the General Fund to offset Department of Health operations.	
TOTAL PROPOSED TAX AND REVENUE MODIFICATIONS	<u>\$ (1,152,100)</u>

This budget proposes the following revenue modification in 2023-24:

A new Individual Recruitment and Retention Tax Credit for wages earned by qualified newly certified and licensed professionals in the fields of nursing, teaching, and public policing, beginning January 1, 2023, is proposed. This credit is estimated to increase refunds by \$24.7 million in 2023-24.

Effective January 1, 2024, an increase in the minimum wage from \$7.25 per hour to \$15.00 per hour is proposed.