

Budget & Economic Forecast

At a Glance

February 2014

FOR IMMEDIATE RELEASE

Minnesota's Economic & Budget Outlook Improve

FY2014-15 Projected Balance Rises to \$1.233 Billion

Small Revenue Gain Drives Increase in Forecast Balance.

The general fund balance expected for FY 2014-15 is now \$1.233 billion, \$408 million higher than forecast in November. General fund revenues are expected to be \$39.575 billion, \$366 million (0.9 percent) above November's forecast. Spending is expected to be \$39.019 billion, \$48 million (0.1 percent) less. These changes, offset by a \$6 million increase in stadium reserves, increased the forecast balance from the \$825 million forecast in November.

FY 2014-15 General Fund Forecast

(\$ in millions)	November	February	\$ Change
Beginning Balance	\$1,712	\$1,712	\$0
Revenues	39,209	39,575	366
Spending	39,067	39,019	(48)
Cash & Budget Reserve	1,011	1,011	0
Stadium Reserve	17	23	6
Budgetary Balance	\$825	\$1,233	\$408

Minnesota Total Non-Farm Employment
Seasonally Adjusted, Thousands of Jobs

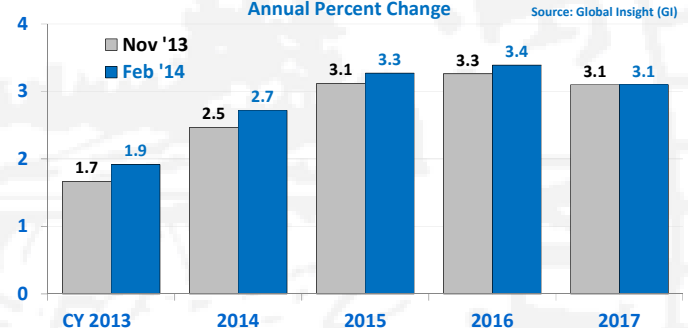


Solid Economic Performance, Strong Tax Collections Add to Forecast.

Continuing growth in Minnesota employment and income contributes to the increase in forecast revenues. So far in FY 2014, individual estimated income tax payments have been higher than expected, but most of this increase is likely due to taxpayers changing the timing of their payments, rather than higher tax liabilities. Forecast tax revenues increased \$362 million (1.0 percent) in FY 2014-15. Higher income and sales tax estimates account for almost all of the gain.

U.S. Economic Outlook Has Improved. Positive momentum at the end of 2013 has contributed to an improved U.S. economic outlook. In addition, less federal policy uncertainty is increasing confidence. Global Insight expects economic activity to accelerate through 2015, fueled by an upturn in consumer spending, improved housing and equipment investment, and the easing of federal fiscal drag. Real GDP growth is now forecast to be 2.7 percent in 2014 and 3.3 percent in 2015. November's baseline called for 2.5 percent growth in 2014 and 3.1 percent in 2015.

U.S. Real GDP
Annual Percent Change



FY 2014-15 Revenue Forecast

(\$ in millions)	November	February	\$ Change
Individual Income	\$19,372	\$19,560	\$188
Sales	10,194	10,361	167
Corporate	2,675	2,714	38
Statewide Property	1,670	1,665	(4)
Other Tax Revenues	3,541	3,513	(27)
Total Tax Revenues	\$37,451	\$37,813	\$362
All Other, Transfers	1,758	1,762	4
Total Revenues	\$39,209	\$39,575	\$366

Long Term Budget Outlook Remains Positive. Improved budget outlook continues into FY 2016-17. Without adjusting for inflation, there is a positive balance of \$2.599 billion going into the 2014 session. Economic changes as well as the nature and timing of any budget changes may materially affect both revenue and expenditure projections for the next biennium.

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Complete Forecast & Supporting Budget Documents: www.mmb.state.mn.us

