

**Current Revenue / Budget Situation**  
**July 20, 2007**

1. Through May general revenue is down \$318 million from the March estimating conference.
  - a. Corporate income tax continues to decline. \$168 million less than estimated.
  - b. Sales Tax, particularly general sales tax, tourism, and business, are behind. Total of \$140 million.
  - c. Documentary stamp taxes are down by \$11 million.
2. Downward revenue trend is expected to continue.
3. Agencies, including universities, have been told to expect a minimum 4% recurring budget reduction.
4. This 4% reduction (approx. \$100 m) will be realized through a 24% quarterly release of funds instead of the normal 25% quarterly release.
5. A 10% (approx. \$232 m) recurring budget reduction plan for 2007-08 is to be submitted to the Legislature and Governor by August 8.
6. The target 10% budget reduction amount was provided by the Governor's office to agencies on July 16.
7. A general revenue estimating conference will be held August 1.
8. A special session will begin on September 18.

Attachments:

1. Monthly Revenue Report for May, 2007
2. Memorandum from the Office of the Governor and Legislature