EELARVENÕUKOGU
FISCAL COUNCIL

OPINION OF THE FISCAL COUNCIL ON THE TARGETS FOR THE STRUCTURAL BUDGET POSITION FOR 2020-2023

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Opinion

The fiscal position of the Estonian general government proved to be weaker than expected in 2018. The estimate of the Ministry of Finance from spring 2019 put the structural deficit last year at 1.4% of GDP. The State Budget Act states that such a large deficit requires the fiscal policy goal of a return to structural balance to be set.

The state budget strategy 2020-2023 sets targets for the structural fiscal position for the next four years. The government aims to achieve structural balance in 2021. While moving towards balance, the fiscal position will be in structural deficit this year and next year as well. The Fiscal Council finds however that budget deficits in 2019 and 2020 are not justified and recommends that the government return to structural balance this year.

The Fiscal Council finds that the targets set for the structural fiscal position in 2020-2021 comply with the State Budget Act. The government proposes several revenue and expenditure measures in the budget strategy in order to achieve these targets. The Fiscal Council considers that the measures proposed may not ensure the required amount of additional revenues for structural balance to be achieved.

The government aims to maintain structural balance in the final years of the budget strategy. However, the State Budget Act requires that structural surpluses be planned after structural balance has been achieved to compensate for the earlier deficits. For this reason the Fiscal Council does not believe that the targets for the fiscal position for 2022-2023 are in line with the requirements of the budget rules.

To remedy this, the government plans to change the State Budget Act by abandoning the requirement for surpluses. This would mean easing the fiscal rules for the second time in recent years. The Fiscal Council considers that it is not good policy to change the fiscal rules so frequently, as this can harm the credibility of Estonian fiscal policy and the fiscal rules. A reliable and stable fiscal policy is necessary for companies and households to be able to make long-term decisions that will support growth in the economy.

Chairman of the Fiscal Council
Raul Eamets
Tallinn, 30 May 2019

Explanatory Report

Under the State Budget Act, the Fiscal Council must give its opinion in spring on the achievement of the targets for the structural fiscal position in the previous year and on the targets set in the state budget strategy for the next four years, looking at the budget rules and the need to adjust the structural budget position[1]. As the general government structural deficit was larger than planned in 2018, the State Budget Act requires the fiscal position to be improved this year already. The structural fiscal position must be improved by at least 0.5 percentage point a year until structural balance has again been achieved. The state budget strategy 2020-2023 sets the target of achieving structural balance in 2021.

Assessment of the targets for the structural budget position for 2020-2023

Budgetary position in 2019

The fiscal position of the Estonian general government proved to be weaker than forecast in 2018 (for more see Background 1). The estimate of the Ministry of Finance from spring 2019 put the structural deficit last year at 1.4% of GDP. The larger deficit than permitted in 2018 triggered the correction mechanism, which requires the structural fiscal position to be improved by at least 0.5 percentage point a year until structural balance has again been achieved.

The state budget for 2019 was drafted to give the general government budget a small nominal surplus and to put it in structural balance (see Table 1). However, the spring forecast 2019 of the Ministry of Finance finds that the expected fiscal position for 2019 has weakened and will be in deficit. The nominal fiscal position is 200 million euros weaker than what the state budget expected, and the structural fiscal position is worse by one percentage point. The Fiscal Council found a structural deficit of a similar size in its own calculations on the data of the spring forecast.

Table 1. Budgetary position in 2019

	State budget 2019	Spring forecast 2019	State budget strategy 2020-2023
Nominal balance (million euros)	130	−67	−97
Nominal balance (% of GDP)	0.5	−0.2	−0.4
Output gap (% of GDP)	1.3	1.6	1.6
Structural balance (% of GDP)	0.0	−1.0	−1.1

Source: Ministry of Finance

The budget strategy for 2020-2023, published some two months after the spring forecast, expects the fiscal position for 2019 to be even weaker. The position has been weakened because of the reduction in tax revenues following the cut in alcohol excise in 2019 and the postponement of sales of frequency licences. The most recent forecast of the Ministry of Finance expects the structural deficit this year to be 1.1% of GDP, and the nominal deficit to be around 100 million euros. Given the good position of the economy, the Fiscal Council does not find that such a large deficit in the general government fiscal position is justified.

Assuming a structural deficit of 1.4% of GDP last year, the structural deficit in 2019 should not exceed 0.9% of GDP under the State Budget Act. In this case the requirement of the fiscal rules for the structural fiscal

[1] The state budget strategy is usually prepared together with the stability programme to be submitted to the European Commission at the end of April. This year though the regular elections to the Riigikogu were held in March, and the State Budget Act allows the government one extra month to prepare its budget strategy when there are elections. This year the government confirmed its budget strategy for 2020-2023 on 30 May.

position to be improved by at least 0.5 percentage point from last year would be met. The government target in the budget strategy for 2020-2023 is indeed for a structural deficit this year of 0.9% of GDP. This means the structural deficit forecast for this year exceeds the target set for it by 0.2 percentage point, or around 50 million euros.

The Ministry of Finance says that the additional measures needed to achieve the target will be decided on in the autumn, when the summer economic forecast of the ministry will also be prepared. Possible measures that have been discussed include taking additional dividends from state-owned companies and cutting or postponing spending. For this reason the Fiscal Council cannot be certain that the fiscal position will be improved by enough in 2019 to meet the requirements of the State Budget Act.

A structural deficit of around 1% this year is only permitted under the law because the structural deficit in 2018 was so extraordinarily large and the State Budget Act requires the fiscal position to be improved in steps of at least 0.5 percentage point. No surplus has been built up in earlier years to cover a structural deficit in 2019. Although it is possible to take larger steps to improve the fiscal position, the government has decided to take the smallest steps permitted, keeping the fiscal position in 2019 in nominal and structural deficit. This will be the fourth year in a row that the general government fiscal position is in nominal and structural deficit.

The Fiscal Council finds that a structural deficit of around 1% is not justified when the economy is doing well. For this reason it considers that the measures taken to improve the fiscal position in 2019 should not be the minimum required by the State Budget Act, but that the target should be to take larger steps. The fiscal framework of the European Union also has the principle for its rules that the fiscal position must be improved by larger amounts when the economy is doing well. The Fiscal Council recommends that the target of structural balance set in the state budget for 2019 should still be met, if necessary by restricting the growth in spending.

Budgetary targets for 2020-2023

The spring economic forecast 2019 of the Ministry of Finance made clear that the general government will remain in structural deficit in 2019 and in the longer term (see Table 2). Calculations by the Fiscal Council also indicated a structural deficit of a similar size. As the general government structural deficit was larger than planned in 2018 and the Ministry of Finance spring forecast expects the structural deficit to remain larger than promised in the coming years, the Fiscal Council considers that the fastest possible intervention is required to ensure compliance with the fiscal rules and the long-term sustainability of public finances.

Table 2. General government structural balance for 2020-2023 (% of GDP)

	2020	2021	2022	2023
Spring forecast 2019	–0.8	–0.8	–0.8	–0.1
State budget strategy 2020-2023 (including planned measures)	–0.4	0.0	0.2	0.2
Targets set in the state budget strategy 2020-2023	–0.4	0.0	0.0	0.0

Source: Ministry of Finance

The state budget strategy written in the spring sets targets for the structural fiscal position of the general government for each of the next four years. The fiscal targets set this spring started from the requirement of the State Budget Act that the structural fiscal position must be repaired by at least 0.5 percentage point a year until structural balance has again been achieved. The state budget strategy 2020-2023 set the government a target of achieving structural balance in 2021 and then of maintaining structural balance each year. While moving towards balance, the fiscal position will be in structural deficit this year and next year as well. The government decided to meet the requirements of the State Budget Act by introducing revenue and expenditure measures, which the spring forecast 2019 did not include.

The Fiscal Council must give its opinion on the targets for the structural fiscal position looking at the budget rules and the need to adjust the structural budget position. This time, the assessment of the Fiscal Council is different for the first and final years of the budget strategy. The Fiscal Council analysed whether the numerical targets for the fiscal position meet the requirements of the State Budget Act, and whether revenue and expenditure measures that have been announced would ensure achieving that target.

The Fiscal Council finds that the targets for the structural fiscal position in 2020-2021 are in line with the requirements of the current State Budget Act. This assumes the minimum required steps being taken in 2019 to improve the position from 2018, and the minimum required steps onwards from the position of 2019 being taken in the next two years. The Fiscal Council finds though that the targets set for 2022 and 2023 do not meet the fiscal rules because they do not set the target of a structural surplus of at least 0.5% of GDP, but rather the target of maintaining structural balance. To remedy this, the government plans to change the State Budget Act by abandoning the requirement for surpluses.

Like it did last spring, the state budget strategy offers several revenue and expenditure measures to improve the fiscal position from the spring economic forecast and to ensure the budget targets for the next four years are met (see Table 3).

Table 3. The revenue and expenditure measures in the state budget strategy for 2020-2023 (% of GDP)

	2020	2021	2022	2023
Revenue measures total	0.15	0.63	0.99	0.61
funds from new EU financing framework	*-*	*0.33*	*0.94*	*0.60*
additional dividends (with income tax)	*0.08*	*0.22*	*0.04*	*-*
additional revenues from CO_2	*0.07*	*0.06*	*0.04*	*0.03*
postponement and additional sales of frequency licenses	*0.06*	*0.05*	*-*	*-*
cut in alcohol excise	*0.01*	*0.01*	*0.01*	*0.01*
postponement of the rise in tobacco excise	*−0.02*	*-*	*0.02*	*0.04*
additional tax breaks for the retired	*−0.05*	*−0.06*	*−0.07*	*−0.07*
other revenues	*0.01*	*0.02*	*-*	*-*
Expenditure measures total	0.22	0.22	0.04	−0.26
changes in operating costs and subsidies	*0.11*	*0.09*	*−0.08*	*−0.11*
changes in investment	*0.15*	*0.18*	*0.17*	*−0.09*
changes in social spending	*-*	*−0.01*	*−0.02*	*−0.03*
increase in transport subsidies	*−0.03*	*−0.03*	*−0.03*	*−0.02*
Revenue and expenditure measures total	0.37	0.85	1.03	0.35

Source: Ministry of Finance

The Ministry of Finance estimates that those measures will have a total positive impact of around 750 million euros over the four years. The fiscal position is expected to be improved by the measures taken by 0.4% of GDP in 2020, then by 0.8% in 2021 and by a full 1% in 2022.

The main measures to improve the fiscal position in 2020 are reductions in investment and in current expenditure, which will save a total of around 100 million euros. Additional revenues are also planned from dividends from state-owned companies, additional sales of frequency licences, and a higher selling price for

CO_2 quotas (see Background 2 for more on CO_2 quotas). An even greater impact from reducing and postponing investment is expected in 2021, together with additional dividends. From 2021 the funds from the new financing framework of the European Union will also start to become available, which will increase the revenues over the whole budget period by 600 million euros. The Fiscal Council considers that the measures planned for 2020-2023 may not ensure the required amount of additional revenues, and this threatens the ability to achieve structural balance.

The Fiscal Council has doubts about the increase in the role subsidies from the European Union will play in funding budget spending. It is hard to estimate the accuracy of the calculation of revenues from foreign assistance in the new budget period as a measure for improving the fiscal position, as it is not clear what level of foreign assistance was calculated in the spring forecast. It is also not known in what proportions it should be assumed that the funds from the new and the current budget periods will be used after 2020, meaning whether some amounts from the current budget period will still be available for use later, or will simply remain unused.

Unlike the state budget strategy, the explanatory note to the spring forecast of the Ministry of Finance does not distinguish between structural funds and total foreign aid. In the interests of clarity and confidence, it should be possible to separate the new outlook for EU funding from the previous estimate found from the spring forecast. The current presentation gives the impression that the outlook for foreign subsidies has become more pessimistic.

The use of funds under the new financing framework of the European Union from 2021 means that the state funds that were planned for current expenditure and investment will partly be replaced from then on by funds from abroad. This means making changes in the structure of state spending though, and coordinating those changes with the procedures of the European Union.

The Ministry of Finance says the plan is to increase the contribution of EU funding by using the experience from 2014-2015, which were the initial years of the previous budget period. Data from Statistics Estonia show that current and capital transfers at that time made up at around 2% of GDP. This time there is greater ambition and it is planned that foreign financing will be around 3% of GDP. Achieving this would require a lot more effort than in the previous round.

The Fiscal Council acknowledges that it is hard to forecast the actual amounts of foreign aid that will be used. The actual amounts received from the EU budget in 2016-2018 differed from the expectations in the state budget by on average a little more than 20%. Usually these forecast errors do not pose a particular problem, because the EU transfers do not affect the calculation of the fiscal position of the general government, and forecast errors in different directions balance each other out over the budget period. This time however there is the question of whether the fiscal position meets the fiscal rules. Overall the Fiscal Council is not certain that more EU financing can be used in 2021-2023 from the new budget period than previously estimated.

Furthermore, the Fiscal Council considers that the plan to take out more dividends could impose too much of a burden on some state-owned companies. In the past five years the dividend revenues paid into the state budget have averaged 0.6% of GDP, not including income tax. The government wants to receive dividends of 770 million euros from state-owned companies in 2019-2023. Unfortunately there is only a small number of companies that pay dividends. In the past five years, 75% of the dividends have been received from four companies: Eesti Energia, Tallinna Sadam, Riigimetsa Majandamise Keskus and Elering.

The updated state budget strategy wants to receive 35% of its dividend revenues from Eesti Energia in the coming years and a little over 40% in 2021. The profit of Eesti Energia has been quite volatile over recent years and could prove volatile and hard to forecast in the years ahead. Price forecasts for electricity, heating oil and CO_2 emissions quotas could all prove wrong. In relation to this, the Fiscal Council already published its concern in spring 2018 that the profit of state-owned businesses would not be large enough for them to pay large dividends and also make the investments needed. The Fiscal Council stands by this opinion.

Electricity from oil shale has become less competitive of late, and there are indications of cuts in production ahead and of redundancies at Eesti Energia. If these fears are realised, but the government still takes out additional dividends at a time of large redundancies among workers, it could face problems in domestic policy and its reputation could suffer.

Finally, the Fiscal Council finds it unclear what impact the planned cut in excise rates for alcohol would have on cross-border sales and on tax revenues in the state budget. The Ministry of Finance has assumed for the state budget strategy that the lower revenues from excise in 2019 caused by tax cut and the additional revenues in subsequent years will balance each other out.

In total the Fiscal Council considers that the measures taken to improve the fiscal position may not ensure the expected amount of additional revenue, and that this will threaten the ability to achieve structural balance.

After structural balance has been achieved in 2021, the government plans to maintain structural balance in 2022 and 2023. Under the current State Budget Act, once structural balance has been achieved, a structural surplus of at least 0.5% of GDP a year should be planned until balance has also been achieved in the calculation of the cumulative structural position. For this reason the Fiscal Council does not believe that the targets for the fiscal position for 2022-2023 are in line with the requirements of the budget rules, which call for a structural surplus to be built up. Given the cumulative structural deficit at the end of 2018 of around 160-170 million euros and the targets for the structural fiscal position in 2019-2020, the structural surplus that should be planned in the final years of the budget strategy to comply with the current State Budget Act ought to be around 500 million euros.

Like it did in spring 2017, the government has approved a budget strategy that sets goals for the fiscal position that are not in line with the requirements of the State Budget Act as it currently stands. In 2017 the approval of the state budget strategy was followed by changes to the State Budget Act that meant the rules were adjusted to the targets.

This spring the government has again decided to initiate changes to the State Budget Act, eliminating the compensation mechanism in the fiscal rules and the calculation of the cumulative structural fiscal position. The government's plan is to return to a requirement for annual structural balance, like in 2014-2017. This would mean easing the fiscal rules for the second time in recent years. The changes that were made to the fiscal rules in 2017 allowed a structural deficit to be planned for the general government if surpluses had earlier been built up. The planned changes to the State Budget Act would mean a new easing of the fiscal rules.

The Fiscal Council considers that it is not good policy to change the fiscal rules so frequently, as this can harm the credibility of Estonian fiscal policy and the fiscal rules. A reliable and stable fiscal policy is necessary for companies and households to be able to make long-term decisions that will support growth in the economy.

Background 1. *Budgetary position in 2018*

It became clear in spring 2019 that both the nominal and structural fiscal positions of the general government were in deficit in 2018. The nominal fiscal position was weaker than expected in 2018 by around 100 million euros from the time when the state budget was written, and around 300 million euros from when the economic forecast of the Ministry of Finance was written in autumn 2018. Preliminary data from Statistics Estonia show that the nominal deficit in 2018 was 120 million euros, or 0.5% of GDP. The spring economic forecast 2019 of the Ministry of Finance put the structural deficit last year at 1.4% of GDP.

The deficit in 2018 was a surprise to those who wrote the state budget as well, as they still thought in autumn 2018 that there would be a moderate surplus and structural balance at the end of the fiscal year. Tax revenues were very good in the first half of 2018, and in the third quarter they were still 10% higher than they had been in 2017. Non-tax income also increased rapidly in the first half of the year.

The very strong revenues in the third quarter created the expectation that receipts for the final months of the year would also be substantially better than forecast. In expectation of very good revenues, several decisions were taken to strengthen the fiscal position for 2019, which at the same time weakened the results for 2018. It was decided for example partially to postpone taking out dividends, and to set limits on how much of their unused funds ministries could transfer to 2019. It was assumed that these steps would weaken the nominal fiscal position for 2018 by a little less than 0.2% of GDP.

The expectation of better growth in revenues in the final months of the year was not entirely met though. Tax changes implemented at the beginning of the year meant that receipts of corporate income tax and personal income tax started to depend more on the preferences of taxpayers and their plans for the future. Corporate income tax grew more slowly at the end of the year than in earlier months for example. Growth in domestic demand was also less tax-rich in the fourth quarter, and the growth in revenues from VAT slowed sharply. Although the differences from the forecast for different types of tax were larger than usual, tax receipts for the year as a whole were still a little better than was expected when the state budget 2018 was prepared. As already noted though, expectations had increased further in the meantime.

Non-tax revenues saw an even sharper slowdown at the end of the year than tax revenues did, as growth dropped in subsidies received from the European Union budget. Receipts of non-tax revenues were smaller than expected for the year as a whole as well (see Figure 1).

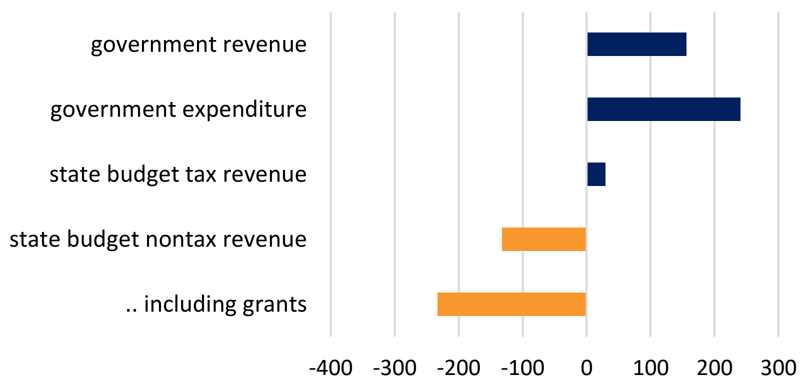

Figure 1. Budgetary position in 2018 compared to the forecast in State Budget 2018

Sources: Ministry of Finance, Statistics Estonia

Spending, in contrast, turned out to be somewhat larger than forecast in the final months of the year. Growth in spending slowed in the fourth quarter of the year as expected, but not by as much as expected, while growth in wages and administration costs actually accelerated. It was not only the ministries that contributed to the increase in the deficit, but also other units of central government. For this reason the Fiscal Council recommended in its opinion on the spring forecast 2019 of the Ministry of Finance that a move should be made towards publishing more data and giving out more information on the fiscal position than Statistics Estonia currently does. A distinction should be made in the central government budget between the first pension pillar and the rest of the central government, meaning public law institutions, nonprofit organisations, and businesses funded by the general government. This has been done, but not consistently.

Annual data also show that although the total amount invested by the general government was as forecast, the structure of this funding was not as expected. Capital transfers from the European Union played a smaller role than expected, and this worsened the nominal fiscal position of the general government.

The Ministry of Finance has a relative advantage over other institutions in analysing, forecasting and monitoring in real-time the spending in the general government budget, and the Fiscal Council has trusted the assessments of the ministry experts in its own opinions. The Ministry of Finance has access to a very large amount of information and it is worth reviewing how this information is used in forecasting. The Fiscal Council considers that the National Audit Office could analyse the procedures for drafting and executing the state budget.

Background 2. *The EU emissions trading system and its contribution to Estonian government revenue*

The general government budget of Estonia has in recent years benefited from significant revenues from the auction of greenhouse gas (GHG) emission allowances from the European Union Emissions Trading System (EU ETS). These revenues have increased recently, surpassing 141 million euros in 2018 having been 39 million in 2017. The size and variability of this source of revenue makes it relevant for understanding, planning and forecasting public finance as a whole. For this reason, this box provides a summary of background information about the GHG emission allowance auction revenues.

The EU ETS was created in 2003 by a Directive of the European Parliament and of the Council and started operations in 2005. It is a pivotal element in the European Union's efforts to prevent anthropogenic climate change and, more specifically, it is the main tool for reducing the emission of greenhouse gases. The EU ETS was the first large international emissions trading system to be established and remains the largest. It covers about 45% of all GHG emissions in the EU.

The EU ETS operates as a cap-and-trade system. The cap part means that there are defined limits on the maximum GHG emissions allowed, and these limits are lowered every year so that emissions will fall over time. The trade part means that GHG emitters may buy and sell the right to emit GHGs. These emitters are essentially factories and other industrial plants. The right to emit one metric tonne of CO_2 or an amount of other GHGs with an equivalent global warming potential is called an allowance. In Estonia, 46 producers are part of the system.

By 30 April each year, emitters must surrender to the EU ETS registry a number of allowances that corresponds to their GHG emissions in the previous year. They may receive none, some or all of the allowances for free, and they must buy additional allowances to cover any emissions that are beyond the allowances they own. If their emissions are smaller than their stock of allowances, they may sell the leftover allowances to other emitters. This incentivises them to reduce their GHG emissions, as doing so means they need to buy fewer allowances and may even benefit from selling some of them.

Allowances are traded between emitters and are also sold in EU ETS auctions. Over the different phases of the EU ETS, the share of allowances auctioned has grown relative to the share of allowances given for free. So that the EU can achieve its emissions reduction objectives, the total supply of allowances is set to decrease at a constant annual rate of 1.74% in 2013-2020 and at a rate of 2.2% in 2021-2030.

Allowance auctions generate revenue that is distributed among the EU ETS countries in proportion to their shares of the allowances being auctioned. The distribution of revenue mostly depends on the distribution of auctioning rights. Overall, the largest shares of auctioning rights are held by those countries that generated the largest amounts of GHGs in the past, which is mainly because of the size of their industrial and energy sectors. In 2019, Estonia had a total of 6.8 million allowances to be auctioned.

From 12 November 2012 to December 2018, Estonia earned around 250 million euros from auctions of allowances (see Table 4). Average gross income of 41.8 million euros a year was earned in 2013-2018. The Ministry of Finance forecasts that income in 2019-2020 will average 144.5 million euros a year. These are large numbers next to the total revenues in the state budget. The income earned in 2019 from auctions is expected to be 1.4% of the total revenue in the state budget.

Table 4. Estonian income from auctions of allowances in 2013–2020 (current prices, million euros)[2]

	2013	2014	2015	2016	2017	2018	2019	2020
million euros	18	7	21	24	39	141	156	133
% of total government revenue	0.3	0.1	0.3	0.3	0.4	1.4	1.4	1.1

Sources: Ministry of Finance, Eurostat

Countries that participate in the EU ETS are required to use at least 50% of their ETS auctioning revenue for projects that help the EU achieve its climate and energy policy objectives. This percentage is raised to 100% for auctions of aviation allowances. The Estonian government used or planned to use 47.2% of its auction revenues from 2013-2015 for such projects.

The government registers each year the revenues it received during the previous year. This means that the government knows exactly how much money it can expect the following year. So the 141 million euros received in 2018 are registered for 2019 for example.

It is not clear whether revenues will increase or decrease for Estonia and the other EU Member States in the long term. The share of auctioned allowances will increase relative to free allowances, but at the same time there is a steady decline in the total supply of allowances, and market-related rules require a portion of them to be moved to the market stability reserve. Moreover, it cannot be known with any certainty how the auction price will evolve. Given all the changes that the EU ETS has already gone through, there is great regulatory uncertainty about the period beyond 2030.

Higher auction prices have both a positive and a negative impact on the state budget. Income is higher, at least as long as the number of allowances auctioned does not fall too far, but higher auction prices mean higher costs for companies like Eesti Energia, which can then mean the government later receives less in dividends. Higher costs could also provoke redundancies at Eesti Energia, which would then raise government spending on unemployment benefits and other labour market measures.

In view of all the uncertainty involved and to avoid revenue levels being unexpectedly low, the Fiscal Council recommends that the revenue forecast should be conservative. A safe forecast for the annual auction revenue in the period beginning in 2021 could take the actual average annual revenue in the previous years as its reference.

In terms of spending, the Fiscal Council recommends that the planned spending of auction revenues be smoothed over time so that the amount spent each year is about the same and is close to the average revenue in the previous years. When auction revenue was especially high in the previous year, as it was in 2018, only a part of it should be spent in the present year and the remainder should be used to help improve the general government budget balance. If the revenue from the previous year was lower than expected and all the fiscal rules are respected, it is recommended that more be spent than that amount of revenue, up to the planned smoothed amount.

[2] Covers auctions of general allowances and aviation allowances. The income from auctions is recorded on a cash basis, meaning it is reflected when the income is actually received. The bottom row of the table shows the revenues received as a percentage of the total revenue in the state budget. The income forecast for 2019 and 2020 is taken from the state budget strategy for 2020-2023.