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**Department of Finance  
 and Administration**

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## MEMORANDUM

TO: Larry Walther, Secretary  
 Robert Brech, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research *JS*

SUBJECT: **General Revenue Report for April (FY 2023)**

DATE: May 2, 2023 Copy: Governor's Office

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### YEAR-TO-DATE REVENUE SUMMARY

**Year-to-date Net Available General Revenues** totaled \$6,022.5 million, \$163.1 million or -2.6 percent below year ago levels. After 10 months into the fiscal year, net available revenue is above forecast by \$430.2 million or 7.7 percent.

**Year-to-date Gross General Revenues** totaled \$7,313.1 million, representing an increase of \$88.5 million or 1.2 percent above last year. Gross general revenues are above forecast by \$356.4 million or 5.1 percent.

**Year-to-date Individual Income Taxes** totaled \$3,352.1 million, \$177.0 million or -5.0 percent below FY 2022 collections and \$104.2 million or 3.2 percent above forecast.

**Year-to-date individual income tax refunds** totaled \$577.0 million, up \$202.6 million or 54.1 percent compared to last year and \$71.3 million or -11.0 percent below forecast.

**Year-to-date Sales and Use Tax** totaled \$2,814.1 million, an increase of \$207.1 million or 7.9 percent from FY2022 and \$60.5 million or 2.2 percent above forecast.

**Year-to-date Corporate Income Taxes** totaled \$712.0 million, an increase of \$53.3 million from year-to-date FY2022 which is above forecast by \$175.5 million or 32.7 percent.

**Year-to-date corporate income tax refunds** totaled \$55.4 million, an increase of \$7.4 million compared to the same year-to-date period last year.

## APRIL REVENUE SUMMARY

**April Net Available General Revenues** totaled \$862.4 million, \$262.9 million or -23.4 percent below last year and \$123.5 million or 16.7 percent above forecast.

Monthly revenue results were above forecast in Corporate Income Tax categories and Sales Tax collections. Gross Individual Income Tax collections were fractionally below forecast in April. Individual Income Tax Refunds were far above year ago levels due to tax reductions over Tax Year 2022 but were less than forecast.

Among smaller revenue sources, Tobacco Tax collections were above forecast by \$0.9 million and below year ago collections. Results in Gaming revenue were above forecast by \$0.7 million.

**April Gross General Revenues** totaled \$1,120.9 million, a decrease of \$205.7 million or -15.5 percent below last year and \$66.7 million or 6.3 percent above forecast. Gross revenue from collections was led by gains in Corporate Income Tax filings.

**April Individual Income Tax** totaled \$603.3 million. Collections decreased by \$207.4 million, or -25.6 percent compared to last year. With respect to the forecast, collections were \$0.9 million or -0.1 percent below forecast. Individual Withholding Tax revenue increased 2.9 percent compared to last year. Growth in Withholding Tax collections in April combined the positive effects of a payday timing factor counted in April collections and lower ongoing withholding rates tied to recent tax reduction.

**April Individual Income Tax Refunds** totaled \$172.6 million, \$58.3 million above last year and \$50.2 million below forecast. Refund claims below forecast add to net revenue results.

**April Sales and Use Tax** totaled \$287.8 million, an increase of \$16.3 million compared to last year. Collections were above monthly forecast levels by \$5.3 million or 1.9 percent. Results by major reporting sector of Sales Tax displayed mixed results from prior year but elevated growth in the largest sector, Retail Trade. Motor vehicle sales tax collections were down -8.2 percent from year ago April after gains in recent months.

**April Corporate Income Tax** totaled \$198.2 million, a decrease of \$11.8 million from year ago, and \$62.1 million above forecast. Collection gains in April reflect higher than expected payments in Estimated Payments and Extensions compared to forecast.

**April Corporate Income Tax Refunds** totaled \$4.4 million. This amount is \$1.7 million above year ago levels. Refunds were also \$7.6 million below forecast.

**April Tobacco Tax** collections, a smaller component of general revenue in annual terms, totaled \$16.8 million. Collections were below year earlier levels and were above forecast by \$0.9 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

## **SPECIAL REVENUES OF NOTE**

**Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004 a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. In April 2023, \$69.3 million was collected and deposited to the fund. After deductions, the net amount is \$67.3 million. The monthly collection is equivalent to a 4.0 percent increase from prior year collections.

C: /FISCNOT/April FY 2023  
Attachment (2)

## April 2023 Year-to-Date General Revenue Report

### Economic Analysis and Tax Research, DFA

Forecast Date: 11/10/22

Millions of \$

	Actual Apr FY22	Forecast Apr FY23	Actual Apr FY23	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	3,529.1	3,247.9	3,352.1	104.2	3.2	-177.0	-5.0
Corporate Income	658.7	536.5	712.0	175.5	32.7	53.3	8.1
Sales & Use	2,607.0	2,753.6	2,814.1	60.5	2.2	207.1	7.9
Alcohol	59.4	58.9	60.5	1.6	2.7	1.1	1.8
Tobacco	178.9	164.1	170.1	6.0	3.6	-8.9	-5.0
Insurance	76.9	79.5	82.1	2.6	3.3	5.2	6.8
Racing	1.3	1.1	1.3	0.2	19.7	0.0	-0.6
Gaming	36.4	40.4	43.4	3.0	7.4	6.9	19.1
Severance	11.2	11.4	11.4	0.0	0.3	0.2	1.8
Franchise	8.0	8.0	8.0	0.0	0.2	0.0	0.2
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	54.9	52.7	55.4	2.7	5.1	0.5	0.9
<b>Total Gross</b>	<b>7,224.5</b>	<b>6,956.7</b>	<b>7,313.1</b>	<b>356.4</b>	<b>5.1</b>	<b>88.5</b>	<b>1.2</b>
LESS: (SCSF/COF) <sup>1</sup>	224.0	215.6	226.6	11.0	5.1	2.6	1.2
Individual Income Refunds	374.5	648.3	577.0	-71.3	-11.0	202.6	54.1
Corporate Income Refunds	48.0	64.4	55.4	-9.0	-13.9	7.4	15.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	13.1	19.4	12.0	-7.4	-38.3	-1.2	-8.9
Amendment 82 Bonds	1.0	0.9	0.9	0.0	2.7	0.0	-5.0
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	12.4	12.4	12.4	0.0	0.0	0.0	0.0
College Savings Bonds	2.7	2.5	2.5	0.0	1.4	-0.2	-7.8
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	329.3	360.2	360.2	0.0	0.0	30.9	9.4
Educational Adequacy	29.1	31.8	31.8	0.0	0.1	2.7	9.4
Highway Casino Transfer	3.9	8.0	10.7	2.7	34.2	6.9	176.3
<b>Total Deductions</b>	<b>1,038.9</b>	<b>1,364.4</b>	<b>1,290.5</b>	<b>-73.9</b>	<b>-5.4</b>	<b>251.6</b>	<b>24.2</b>
<b>Net Available</b>	<b>6,185.6</b>	<b>5,592.3</b>	<b>6,022.5</b>	<b>430.2</b>	<b>7.7</b>	<b>-163.1</b>	<b>-2.6</b>

#### Revenue Forecast Summary for the Month

April Year-to-Date Gross:	\$ 356.4 Million OR 5.1% Above Forecast
April Year-to-Date Net Available:	\$ 430.2 Million OR 7.7% Above Forecast

<sup>1</sup> State Central Services Fund and Constitutional Officers Fund.

# **April 2023 General Revenue Report** **Economic Analysis and Tax Research, DFA**

Forecast Date: 11/10/22

Millions of \$

	Actual Apr FY22	Forecast Apr FY23	Actual Apr FY23	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	810.8	604.2	603.3	-0.9	-0.1	-207.4	-25.6
Corporate Income	210.0	136.1	198.2	62.1	45.6	-11.8	-5.6
Sales & Use	271.5	282.5	287.8	5.3	1.9	16.3	6.0
Alcohol	6.4	6.3	6.0	-0.3	-4.7	-0.4	-6.1
Tobacco	17.7	15.9	16.8	0.9	5.7	-0.9	-5.2
Insurance	0.3	0.3	0.7	0.4	119.6	0.3	111.4
Racing	0.2	0.1	0.1	0.0	21.5	-0.1	-49.2
Gaming	5.1	5.2	5.9	0.7	13.8	0.8	16.5
Severance	1.4	0.9	1.0	0.1	9.0	-0.4	-29.9
Franchise	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	3.2	2.7	1.0	-1.7	-62.5	-2.2	-68.0
<b>Total Gross</b>	<b>1,326.6</b>	<b>1,054.2</b>	<b>1,120.9</b>	<b>66.7</b>	<b>6.3</b>	<b>-205.7</b>	<b>-15.5</b>
LESS: (SCSF/COF) <sup>1</sup>	41.1	32.7	34.7	2.0	6.3	-6.4	-15.5
Individual Income Refunds	114.3	222.8	172.6	-50.2	-22.5	58.3	51.0
Corporate Income Refunds	2.7	12.0	4.4	-7.6	-63.4	1.7	63.6
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	2.1	2.0	0.4	-1.6	-81.6	-1.7	-82.0
Amendment 82 Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	1.2	1.2	1.2	0.0	0.0	0.0	0.0
College Savings Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City & County Tourist	0.2	0.3	0.2	-0.1	-26.0	0.0	0.0
Educational Excellence	32.9	36.1	36.0	-0.1	-0.2	3.1	9.4
Educational Adequacy	2.9	3.2	3.2	0.0	-0.5	0.3	9.4
Highway Casino Transfer	3.9	5.0	5.7	0.7	14.5	1.8	47.4
<b>Total Deductions</b>	<b>201.3</b>	<b>315.3</b>	<b>258.4</b>	<b>-56.9</b>	<b>-18.0</b>	<b>57.2</b>	<b>28.4</b>
<b>Net Available</b>	<b>1,125.3</b>	<b>738.9</b>	<b>862.4</b>	<b>123.5</b>	<b>16.7</b>	<b>-262.9</b>	<b>-23.4</b>

## Revenue Forecast Summary for the Month

April Gross: \$ 66.7 Million OR 6.3% Above Forecast  
April Net Available: \$ 123.5 Million OR 16.7% Above Forecast

<sup>1</sup> State Central Services Fund and Constitutional Officers Fund.