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**Department of Finance  
 and Administration**

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**MEMORANDUM**

TO: Larry Walther, Secretary  
 Paul Louthian, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research JS

SUBJECT: **General Revenue Report for October (FY 2022)**

DATE: November 2, 2021 Copy: Governor's Office

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The general revenue forecast was revised October 19, 2021. The following forecast comparisons are based on the monthly forecast patterns associated with the revised annual Official Forecast.

**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$2,273.0 million, \$43.6 million or 2.0 percent above year ago levels. After four months into the fiscal year, Net Available revenue is above the revised forecast by \$15.8 million or 0.7 percent. Comparisons with year ago collections are distorted by the Income Tax due date shift to July of last year as a one-time change for pandemic relief efforts and the occurrence of two income tax filing dates in that fiscal year.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$2,589.2 million, representing an increase of \$30.5 million or 1.2 percent above last year. Gross general revenues are above forecast by \$17.6 million or 0.7 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,150.3 million, \$119.0 million or -9.4 percent below FY 2021 collections and \$10.4 million or 0.9 percent above forecast. Tax due date shift accounts for the disparity against year ago levels while Individual Return payments, Estimated Payments, and Payroll Withholding collections account for the gains above forecast.

**Year-to-date individual income tax refunds** total \$69.7 million, down \$31.6 million or -31.2 percent compared to last year and \$0.6 million or 0.9 percent above forecast. Tax due date shifts accounted for differences in refund levels in the year ago comparison.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,029.2 million, an increase of \$86.1 million or 9.1 percent from FY 2021 and \$2.4 million or 0.2 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$227.2 million, an increase of \$62.4 million from year-to-date FY 2021. Corporate income is above forecast by \$1.9 million or 0.8 percent. Corporate Estimated Payments exceeded year ago and forecast levels.

**Year-to-date corporate income tax refunds** total \$12.8 million, a decrease of \$0.4 million compared to the same year-to-date period last year.

## OCTOBER REVENUE SUMMARY

**October Net Available General Revenues** total \$548.8 million, \$62.7 million or 12.9 percent above last year and \$15.8 million or 3.0 percent above forecast.

Net Available revenue results were above the revised forecast in all major categories in October. Individual Income Tax collections benefited from Payroll Withholding and Returns with payments. Corporate Estimated Payments exceeded year ago levels and forecast. Sales Tax collection growth was broad based with a mix of rebounding sectors hit harder during Covid19 and sustained growth in early-gaining sectors.

Among smaller revenue sources, Tobacco was above forecast by \$1.0 million and also above year ago collections. Results in Gaming revenue matched forecast for the month.

**October Gross General Revenues:** October collections total \$634.9 million, an increase of \$69.5 million or 12.3 percent above last year and \$17.6 million or 2.8 percent above forecast. Gains in Gross revenue from collections were broad-based in October.

**October Individual Income Tax** collections total \$310.7 million. Collections increased by \$46.7 million or 17.7 percent compared to last year. With respect to the forecast, collections were \$10.4 million or 3.5 percent above forecast. Individual Withholding Tax revenue increased 13.5 percent compared to last year.

**October Individual Income Tax Refunds** total \$26.1 million, \$6.5 million above last year and \$0.6 million above forecast. Refund claims above forecast reduce net revenue results.

**October Sales and Use Tax Collections:** October collections total \$253.7 million, an increase of \$14.5 million or 6.0 percent above last year. Collections were above monthly forecast levels by \$2.4 million or 1.0 percent. Major reporting sectors of Sales Tax displayed mixed results compared to year ago, with high growth in sectors that experienced later recovery (restaurants and personal services) and lower growth in

sectors that rebounded earlier (retail and car sales). Motor vehicle sales tax collections were down -5.0 percent from year ago October. Retail Trade was up 0.6 percent after a 30 percent gain last October.

**October Corporate Income Tax** collections total \$36.1 million, an increase of \$5.5 million from year ago, and \$1.9 million above forecast. Most of the gain was concentrated in quarterly Corporate Estimated Payments and Extensions.

**October Corporate Income Tax Refunds** total \$2.8 million. This amount is \$4.5 million below year ago levels. Refunds were \$0.6 million above forecast.

**October Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$18.9 million. Collections increased by \$0.8 million from year earlier levels and were above forecast by \$1.0 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 October 2021, \$52.8 million was collected and deposited to the fund. After deductions, the net amount is \$51.2 million. The monthly collection is equivalent to a 7.3 percent increase from prior year collections.

C: /FISCNOT/October FY 2022  
Attachment (2)

## October 2021 Year-to-Date General Revenue Report

### Economic Analysis and Tax Research, DFA

Forecast Date: 10/19/21

Millions of \$

	Actual Oct FY21	Forecast Oct FY22	Actual Oct FY22	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar	Percent	Dollar	Percent
				Difference	Difference	Difference	Difference
Individual Income	1,269.4	1,139.9	1,150.3	10.4	0.9	-119.0	-9.4
Corporate Income	164.7	225.3	227.2	1.9	0.8	62.4	37.9
Sales & Use	943.1	1,026.8	1,029.2	2.4	0.2	86.1	9.1
Alcohol	22.7	24.9	25.3	0.4	1.7	2.6	11.4
Tobacco	76.5	74.6	75.6	1.0	1.4	-0.9	-1.2
Insurance	22.2	23.2	23.1	-0.1	-0.5	0.9	4.0
Racing	0.3	0.4	0.4	0.0	-11.8	0.1	35.2
Gaming	10.1	13.8	13.8	0.0	0.2	3.7	36.7
Severance	2.8	4.6	4.8	0.2	4.9	2.0	73.1
Franchise	7.1	7.4	7.7	0.3	4.3	0.7	9.3
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	37.1	28.1	29.0	0.9	3.3	-8.1	-21.9
<b>Total Gross</b>	<b>2,558.7</b>	<b>2,571.6</b>	<b>2,589.2</b>	<b>17.6</b>	<b>0.7</b>	<b>30.5</b>	<b>1.2</b>
LESS: (SCSF/COF) <sup>1</sup>	79.3	79.7	80.3	0.6	0.7	0.9	1.2
Individual Income Refunds	101.3	69.1	69.7	0.6	0.9	-31.6	-31.2
Corporate Income Refunds	13.2	12.2	12.8	0.6	5.1	-0.4	-2.8
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	3.4	4.4	4.4	0.0	-1.1	1.0	29.5
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	5.2	5.2	5.2	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	0.4	0.5	0.4	-0.1	-11.2	0.0	0.0
Educational Excellence	116.2	131.7	131.7	0.0	0.0	15.5	13.4
Educational Adequacy	10.3	11.6	11.6	0.0	0.4	1.4	13.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Deductions</b>	<b>329.2</b>	<b>314.4</b>	<b>316.2</b>	<b>1.8</b>	<b>0.6</b>	<b>-13.1</b>	<b>-4.0</b>
<b>Net Available</b>	<b>2,229.4</b>	<b>2,257.2</b>	<b>2,273.0</b>	<b>15.8</b>	<b>0.7</b>	<b>43.6</b>	<b>2.0</b>

#### Revenue Forecast Summary for the Month

October Year-to-Date Gross:                   \$ 17.6 Million OR 0.7% Above Forecast  
 October Year-to-Date Net Available:           \$ 15.8 Million OR 0.7% Above Forecast

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

**October 2021 General Revenue Report**  
**Economic Analysis and Tax Research, DFA**

Forecast Date: 10/19/21

Millions of \$

	Actual Oct FY21	Forecast Oct FY22	Actual Oct FY22	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	264.0	300.2	310.7	10.4	3.5	46.7	17.7
Corporate Income	30.6	34.2	36.1	1.9	5.4	5.5	18.0
Sales & Use	239.2	251.3	253.7	2.4	1.0	14.5	6.0
Alcohol	5.3	5.4	5.8	0.5	8.5	0.5	10.2
Tobacco	18.1	17.8	18.9	1.0	5.8	0.8	4.3
Insurance	0.4	0.4	0.3	-0.1	-25.8	-0.1	-20.4
Racing	0.1	0.1	0.1	0.0	-37.3	0.0	44.3
Gaming	2.5	3.4	3.5	0.0	1.0	1.0	38.3
Severance	0.6	0.7	0.9	0.2	31.3	0.4	61.3
Franchise	2.4	0.6	0.9	0.3	52.2	-1.5	-61.1
Real Estate Transfer	0.0	0.0	0.0	0.0	-100.0	0.0	0.0
Miscellaneous	2.4	3.2	4.0	0.9	28.3	1.7	71.9
<b>Total Gross</b>	<b>565.5</b>	<b>617.4</b>	<b>634.9</b>	<b>17.6</b>	<b>2.8</b>	<b>69.5</b>	<b>12.3</b>
LESS: (SCSF/COF) <sup>1</sup>	17.5	19.1	19.7	0.6	2.9	2.2	12.3
Individual Income Refunds	19.6	25.5	26.1	0.6	2.5	6.5	33.2
Corporate Income Refunds	7.4	2.2	2.8	0.6	27.9	-4.5	-61.4
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	1.7	0.2	0.1	0.0	-30.2	-1.6	-93.4
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	1.3	1.3	1.3	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	-20.2	0.0	0.0
Educational Excellence	29.0	32.9	32.9	0.0	0.0	3.9	13.4
Educational Adequacy	2.6	2.9	2.9	0.0	1.5	0.3	13.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Deductions</b>	<b>79.3</b>	<b>84.3</b>	<b>86.1</b>	<b>1.8</b>	<b>2.1</b>	<b>6.8</b>	<b>8.5</b>
<b>Net Available</b>	<b>486.2</b>	<b>533.0</b>	<b>548.8</b>	<b>15.8</b>	<b>3.0</b>	<b>62.7</b>	<b>12.9</b>

Revenue Forecast Summary for the Month

October Gross: \$ 17.6 Million OR 2.8% Above Forecast  
October Net Available: \$ 15.8 Million OR 3.0% Above Forecast

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