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**Department of Finance  
and Administration**

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**MEMORANDUM**

TO: Larry Walther, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for January (FY 2015)**

DATE: February 3, 2015

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$3,120.2 million, \$121.0 million or 4.0 percent above year ago levels. After seven months into the fiscal year, net available revenue is above forecast by \$80.3 million or 2.6 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$3,614.3 million, representing an increase of \$131.8 million or 3.8 percent above last year. Gross general revenues are above forecast by \$79.2 million or 2.2 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,760.1 million, \$79.2 million or 4.7 percent above last year's collections and \$40.0 million or 2.3 percent above forecast. Collections for individual withholding are up 5.3 percent from year ago levels.

**Year-to-date individual income tax refunds** total \$86.2 million, up \$15.7 million or 22.3 percent compared to last year and \$14.8 million or 20.7 percent above forecast. The income tax filing season started on time this January for electronic filings at IRS, after two years of delayed start dates for the filing season.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,303.4 million, an increase of \$24.0 million or 1.9 percent from last year and \$9.5 million or 0.7 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$257.9 million, an increase of \$23.4 million or 10.0 percent from year-to-date in the prior year. Corporate income is above forecast by \$27.2 million or 11.8 percent.

**Year-to-date corporate income tax refunds** total \$27.0 million, a decrease of \$19.6 million compared to the same year-to-date period last year.

## **JANUARY REVENUE SUMMARY**

**January Net Available General Revenues** total \$521.3 million, \$37.6 million or 7.8 percent above last year and \$36.2 million or 7.5 percent above forecast.

January results were above forecast in all major revenue collection categories. The results represented broad-based gains, spanning business and household categories of taxable activity.

Collections in Individual Income tax were 11.3 percent above collections a year ago and \$33.9 million above forecast. Sales and Use tax was up 8.2 percent above year ago results and \$10.9 million above forecast. Corporate Income tax, a more volatile, mid-sized collection category was also above forecast in a minor collection month for that category.

Among smaller revenue sources, tobacco was also above forecast but below year ago levels. Gaming results were above forecast and year ago, due to a collection timing factor.

Individual Income tax refunds reported this month reflect an earlier start of IRS electronic filings of tax returns than in the prior two years. This variance in timing with prior year and forecast assumptions for state refunds accounts for growth difference in both benchmarks. Differences in the seasonal pattern are expected to even out across the filing period.

**January Gross General Revenues:** January collections total \$615.8 million, an increase of \$55.3 million or 9.9 percent above last year and \$54.6 million or 9.7 percent above forecast.

**January Individual Income Tax** collections total \$356.2 million. Collections increased by \$36.2 million, or 11.3 percent compared to last year. With respect to the forecast, collections were \$33.9 million or 10.5 percent above forecast. Individual withholding increased 11.2 percent compared to last year.

**January Individual Income Tax Refunds** total \$34.9 million, \$18.6 million or 114.0 percent above last year and \$17.6 million above forecast. Individual Income tax refunds reported this month reflect an earlier start of IRS electronic filings of tax returns than in the prior two years. Refund amounts above forecast detract from the bottom line, net available fund results.

**January Sales and Use Tax Collections:** January collections total \$193.2 million, an increase of \$14.6 million or 8.2 percent above last year. Collections were above monthly forecast levels by \$10.9 million or 6.0 percent.

**January Corporate Income Tax** collections total \$33.5 million, an increase of \$2.6 million from year ago, and \$7.3 million or 27.8 percent above forecast.

**January Corporate Income Tax Refunds** total \$4.4 million. This amount is \$3.1 million below year ago levels.

**January Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$16.5 million. Collections decreased by \$0.8 million or -4.4 percent from year earlier levels and were above forecast by \$0.3 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

### **SPECIAL REVENUES OF NOTE**

**Year-to-date Soft Drink Tax (for Medicaid Program Trust Fund):** Year-to-date collections of the dedicated soft drink tax total \$25.5 million, a decrease of -4.0 percent from last year.

**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 January 2014, \$40.6 million was collected and deposited to the fund. After deductions, the net amount is \$39.3 million. The monthly collection is equivalent to an 8.8 percent increase from prior year collections.

YEAR TO DATE REPORT, JANUARY 2015  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH JANUARY 2015  
7 Months YTD  
Forecast Date: 11/13/2014

MILLIONS OF DOLLARS

	CURRENT YEAR				CURRENT YEAR TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2014	FORECAST FY 2015	INCREASE		ACTUAL FY 2014	ACTUAL FY 2015	INCREASE		
			AMOUNT	PERCENT			AMOUNT	PERCENT	
INDIVIDUAL INCOME	1,680.9	1,720.1	39.2	2.3	1,680.9	1,760.1	79.2	4.7	102.3
CORPORATE INCOME	234.5	230.7	-3.8	-1.6	234.5	257.9	23.4	10.0	111.8
SALES AND USE	1,279.4	1,293.9	14.5	1.1	1,279.4	1,303.4	24.0	1.9	100.7
ALCOHOLIC BEVERAGE	30.2	30.8	0.6	1.8	30.2	30.9	0.7	2.3	100.4
TOBACCO	130.8	127.7	-3.1	-2.4	130.8	129.9	-0.9	-0.7	101.7
INSURANCE	45.3	45.7	0.4	1.0	45.3	45.6	0.3	0.7	99.7
RACING	1.6	1.5	-0.1	-3.6	1.6	1.4	-0.2	-13.2	90.1
GAMES OF SKILL	21.7	23.8	2.1	9.6	21.7	24.4	2.7	12.6	102.7
MISCELLANEOUS <sup>1</sup>	58.2	60.9	2.7	4.7	58.2	60.6	2.4	4.1	99.5
TOTAL GROSS	3,482.5	3,535.1	52.6	1.5	3,482.5	3,614.3	131.8	3.8	102.2
LESS: SCSF/COF <sup>2</sup>	114.9	113.2	-1.7	-1.5	114.9	115.7	0.7	0.6	102.2
IND INCOME TAX REFUNDS	70.5	71.4	0.9	1.3	70.5	86.2	15.7	22.3	120.7
CORP INCOME TAX REFUNDS	46.6	40.0	-6.6	-14.2	46.6	27.0	-19.6	-42.0	67.6
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	8.9	11.6	2.7	30.2	8.9	6.1	-2.8	-31.6	52.5
WATER/SEWER BONDS	8.8	8.8	0.0	0.0	8.8	8.8	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	5.3	5.2	-0.1	-2.6	5.3	5.2	-0.1	-2.4	100.2
CITY/CO. TOURIST	2.1	2.1	0.0	-0.2	2.1	2.1	0.0	-0.2	100.0
SCHOOL DESEGREGATION	41.8	54.1	12.3	29.4	41.8	54.2	12.4	29.5	100.1
EDUCATIONAL EXCELLENCE	169.5	173.5	4.0	2.4	169.5	173.5	4.1	2.4	100.0
EDUCATIONAL ADEQUACY	15.0	15.3	0.3	2.1	15.0	15.3	0.4	2.4	100.3
NET AVAILABLE	2,999.1	3,039.9	40.8	1.4	2,999.1	3,120.2	121.0	4.0	102.6

REVENUE FORECAST SUMMARY FOR JANUARY

YEAR-TO-DATE GROSS	\$ 79.2 MILLION OR 2.2% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 80.3 MILLION OR 2.6% ABOVE FORECAST

SOFT DRINK EXCISE TAX	<u>YTD FY 14</u>	<u>YTD FY 15</u>	<u>% CHANGE</u>
(MEDICAID PROGRAM TRUST FUND)	26.5	25.5	-4.0
EDUCATIONAL ADEQUACY FUND	<u>YTD FY 14</u>	<u>YTD FY 15</u>	<u>% CHANGE</u>
(NET COLLECTIONS)	258.8	263.3	1.8

- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.  
2) State Central Services Fund and Constitutional Officers Fund.

JANUARY GENERAL REVENUE REPORT  
(ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)  
(682-1688 for further information)

January 30, 2015  
Days Remaining: 0  
Forecast date: 11/13/2014

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2014	FORECAST FY 2015	CHANGE AMOUNT	PERCENT	ACTUAL FY 2014	ACTUAL FY 2015	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	320.0	322.3	2.3	0.7	320.0	356.2	36.2	11.3	110.5
CORPORATE INCOME	30.9	26.2	-4.7	-15.3	30.9	33.5	2.6	8.3	127.8
SALES AND USE	178.6	182.3	3.7	2.1	178.6	193.2	14.6	8.2	106.0
ALCOHOLIC BEVERAGE	4.5	4.5	0.0	0.0	4.5	4.7	0.2	3.8	103.8
TOBACCO	17.3	16.2	-1.1	-6.1	17.3	16.5	-0.8	-4.4	101.8
INSURANCE	1.2	1.0	-0.2	-15.8	1.2	0.8	-0.4	-35.3	76.8
RACING	0.3	0.3	0.0	-6.5	0.3	0.3	0.0	-10.7	95.5
GAMES OF SKILL	2.9	3.4	0.5	18.4	2.9	6.0	3.2	110.4	177.8
MISCELLANEOUS <sup>1</sup>	4.8	5.0	0.2	3.7	4.8	4.6	-0.2	-4.7	91.8
<b>TOTAL GROSS</b>	<b>560.5</b>	<b>561.2</b>	<b>0.7</b>	<b>0.1</b>	<b>560.5</b>	<b>615.8</b>	<b>55.3</b>	<b>9.9</b>	<b>109.7</b>
LESS: (SCSF/COF) <sup>2</sup>	18.5	18.0	-0.5	-2.7	18.5	19.7	1.2	6.5	109.5
IND INC TAX REFUNDS	16.3	17.3	1.0	6.0	16.3	34.9	18.6	114.0	201.9
CORP INC TAX REFUNDS	7.5	3.6	-3.9	-51.8	7.5	4.4	-3.1	-41.2	122.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.7	2.3	1.6	226.3	0.7	0.6	-0.1	-13.2	26.6
WATER/SEWER BONDS	1.2	1.2	0.0	0.0	1.2	1.2	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CITY & COUNTY TOURIST	0.7	0.7	0.0	-0.2	0.7	0.7	0.0	-0.2	100.0
SCHOOL DESEGREGATION	5.6	6.0	0.4	7.1	5.6	6.0	0.4	6.8	99.7
EDUCATIONAL EXCELLENCE	24.2	24.8	0.6	2.4	24.2	24.8	0.6	2.4	99.9
EDUCATIONAL ADEQUACY	2.1	2.2	0.1	2.8	2.1	2.2	0.1	2.4	99.6
<b>NET AVAILABLE</b>	<b>483.6</b>	<b>485.1</b>	<b>1.5</b>	<b>0.3</b>	<b>483.6</b>	<b>521.3</b>	<b>37.6</b>	<b>7.8</b>	<b>107.5</b>

REVENUE FORECAST SUMMARY FOR JANUARY

JANUARY GROSS	\$ 54.6 MILLION OR 9.7% ABOVE FORECAST
JANUARY NET AVAILABLE	\$ 36.2 MILLION OR 7.5% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Jan FY14</u> 36.2	<u>Jan FY15</u> 39.3	<u>% CH</u> 8.8
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- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.  
2) State Central Services Fund and Constitutional Officers Fund.