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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 November (FY 2016)**

DATE: December 2, 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 \$2,117.0 million, which is \$0.9 million more or approximately equal to year ago levels. After five months into the fiscal year, net available revenue is above forecast by \$59.1 million or 2.9 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$2,475.2 million, representing an increase of \$18.9 million or 0.8 percent above last year. Gross general revenues are above forecast by \$74.0 million or 3.1 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,128.6 million, \$42.3 million or -3.6 percent below FY 2015 collections and \$25.6 million or 2.3 percent above forecast.

**Year-to-date individual income tax refunds** total \$47.6 million, down \$1.5 million or -3.1 percent compared to last year and \$4.1 million or -8.0 percent below forecast. Amounts below forecast in refund categories increase net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$974.6 million, an increase of \$52.8 million or 5.7 percent from FY 2015 and \$34.6 million or 3.7 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$144.7 million, an increase of \$5.6 million or 4.0 percent from year-to-date FY 2015. Corporate income is above forecast by \$0.6 million or 0.4 percent.

**Year-to-date corporate income tax refunds** total \$44.3 million, an increase of \$26.9 million compared to the same year-to-date period last year.

## **NOVEMBER REVENUE SUMMARY**

**November Net Available General Revenues** total \$374.6 million, \$16.5 million or -4.2 percent below last year and \$4.3 million or -1.1 percent below forecast.

November results were split, with Gross Revenue above forecast and Net Available below forecast. This resulted from larger than expected Corporate Refunds impacting Net Available funds, but not Gross Collections. The refunds were three times higher than last year and \$12.5 million greater than forecast. Most of the refunds represented reconciliation of overpayments by corporations with their final returns for tax year 2014. On the positive side, Gross Revenue was boosted by \$4.45 million from a one-time court settlement and deposit from the Attorney General's Office.

Among major categories, Sales and Use tax was 0.5 percent above forecast (\$0.9 million), Individual Income Tax was 0.4 percent below forecast (-\$1.0 million), and Corporate Income tax mainly from current year liabilities added \$1.3 million above forecast (+20.4 percent).

Among smaller revenue sources, Tobacco was above forecast by 2.2 percent (+\$0.4 million) and Games of Skill was above forecast by 26.5 percent (+\$1.0 million).

**November Gross General Revenues:** November collections total \$462.9 million, a decrease of \$1.7 million or -0.4 percent below last year and \$7.4 million or 1.6 percent above forecast.

**November Individual Income Tax** collections total \$213.4 million. Collections decreased by \$13.7 million, or -6.0 percent compared to last year. With respect to the forecast, collections were \$1.0 million or -0.4 percent below forecast. Reduced collections from Withholding tax accounted for the decline from year ago levels.

**November Individual Income Tax Refunds** total \$14.0 million, \$1.9 million or 15.3 percent above last year and \$1.2 million or 9.5 percent above forecast. Refund amounts above forecast detract from net available fund results.

**November Sales and Use Tax Collections:** November collections total \$184.9 million, an increase of \$4.5 million or 2.5 percent above last year. Collections were above monthly forecast levels by \$0.9 million or 0.5 percent. The results reflect continued growth above forecast.

**November Corporate Income Tax** collections total \$7.6 million, an increase of \$1.2 million from year ago, and \$1.3 million or 20.4 percent above forecast.

**November Corporate Income Tax Refunds** total \$20.5 million. This amount is \$13.7 million above year ago levels. Refunds were \$12.5 million above forecast, reflecting elevated claims from reconciliation of 2014 tax liability.

**November Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$18.0 million. Collections increased by \$0.6 million or 3.6 percent from year earlier levels and were slightly above forecast by \$0.4 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 \$19.0 million, an increase of 3.2 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 November 2015, \$38.9 million was collected and deposited to the fund. After deductions, the net amount is \$37.8 million. The monthly collection is equivalent to a 4.3 percent increase from prior year collections.

NOVEMBER 2015 YEAR-TO-DATE GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 5/6/2015

MILLIONS OF \$

	ACTUAL FY15	FORECAST FY16	ACTUAL FY16	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	1,170.9	1,103.0	1,128.6	25.6	2.3	-42.3	-3.6
CORPORATE INCOME	139.1	144.1	144.7	0.6	0.4	5.6	4.0
SALES AND USE	921.8	940.0	974.6	34.6	3.7	52.8	5.7
ALCOHOLIC BEVERAGE	22.3	22.6	22.3	-0.3	-1.2	0.1	0.3
TOBACCO	94.6	90.3	94.4	4.1	4.6	-0.1	-0.1
INSURANCE	44.2	44.2	43.6	-0.6	-1.4	-0.7	-1.5
RACING	0.9	0.8	0.9	0.1	10.3	-0.1	-6.3
GAMES OF SKILL	17.1	17.7	21.8	4.1	23.3	4.7	27.8
MISCELLANEOUS <sup>1</sup>	45.5	38.5	44.3	5.8	15.0	-1.2	-2.7
<b>TOTAL GROSS</b>	<b>2,456.4</b>	<b>2,401.2</b>	<b>2,475.2</b>	<b>74.0</b>	<b>3.1</b>	<b>18.9</b>	<b>0.8</b>
LESS: SCSF/COF <sup>2</sup>	78.6	76.9	79.2	2.3	3.0	0.6	0.8
INDIV INCOME TAX REFUNDS	49.1	51.7	47.6	-4.1	-8.0	-1.5	-3.1
CORP INCOME TAX REFUNDS	17.4	20.5	44.3	23.8	116.3	26.9	154.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	5.0	9.5	3.2	-6.3	-66.6	-1.8	-36.6
WATER/SEWER BONDS	6.4	6.4	6.4	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	5.2	4.7	4.7	0.0	-0.9	-0.6	-10.6
CITY & COUNTY TOURIST	1.4	0.6	0.5	-0.1	-12.7	-0.9	-62.6
SCHOOL DESEGREGATION	42.2	36.0	35.9	-0.1	-0.3	-6.3	-14.9
EDUCATIONAL EXCELLENCE	123.9	126.0	125.3	-0.7	-0.5	1.4	1.1
EDUCATIONAL ADEQUACY	11.0	11.0	11.1	0.1	0.7	0.1	1.1
<b>NET AVAILABLE</b>	<b>2,116.1</b>	<b>2,057.9</b>	<b>2,117.0</b>	<b>59.1</b>	<b>2.9</b>	<b>0.9</b>	<b>0.0</b>

REVENUE FORECAST SUMMARY FOR NOVEMBER

YEAR-TO-DATE GROSS	\$ 74.0 MILLION OR 3.1% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 59.1 MILLION OR 2.9% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY15</u> 18.4	<u>YTD FY16</u> 19.0	<u>% CH</u> 3.2
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY15</u> 186.5	<u>YTD FY16</u> 196.0	<u>% CH</u> 5.1

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.

NOVEMBER 2015 GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 5/6/2015

MILLIONS OF \$

	CHANGE FROM FORECAST				CHANGE FROM LAST YEAR		
	ACTUAL NOV FY15	FORECAST NOV FY16	ACTUAL NOV FY16	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	227.1	214.4	213.4	-1.0	-0.4	-13.7	-6.0
CORPORATE INCOME	6.4	6.3	7.6	1.3	20.4	1.2	18.8
SALES AND USE	180.5	184.0	184.9	0.9	0.5	4.5	2.5
ALCOHOLIC BEVERAGE	4.2	4.3	4.8	0.5	11.6	0.6	14.3
TOBACCO	17.4	17.6	18.0	0.4	2.2	0.6	3.6
INSURANCE	20.5	20.5	20.9	0.4	1.9	0.4	1.7
RACING	0.2	0.2	0.3	0.1	39.2	0.0	17.5
GAMES OF SKILL	3.4	3.6	4.6	1.0	26.5	1.2	35.1
MISCELLANEOUS <sup>1</sup>	5.0	4.6	8.5	3.9	84.4	3.5	71.2
TOTAL GROSS	464.6	455.5	462.9	7.4	1.6	-1.7	-0.4
LESS: SCSF/COF <sup>2</sup>	14.9	14.6	14.8	0.2	1.5	-0.1	-0.4
INDIV INCOME TAX REFUNDS	12.2	12.8	14.0	1.2	9.5	1.9	15.3
CORP INCOME TAX REFUNDS	6.7	8.0	20.5	12.5	155.6	13.7	203.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.4	1.9	0.0	-1.9	-100.0	-0.4	-100.0
WATER/SEWER BONDS	1.2	1.2	1.2	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	5.2	4.7	4.6	-0.1	-1.1	-0.6	-10.7
CITY & COUNTY TOURIST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHOOL DESEGREGATION	6.0	6.0	6.0	0.0	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	24.8	25.2	25.1	-0.1	-0.5	0.3	1.1
EDUCATIONAL ADEQUACY	2.2	2.2	2.2	0.0	0.7	0.0	1.1
NET AVAILABLE	391.1	378.9	374.6	-4.3	-1.1	-16.5	-4.2

REVENUE FORECAST SUMMARY FOR NOVEMBER

NOVEMBER GROSS	\$ 7.4 MILLION OR 1.6% ABOVE FORECAST
NOVEMBER NET AVAILABLE	\$ 4.3 MILLION OR 1.1% BELOW FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Nov FY15</u> 36.2	<u>Nov FY16</u> 37.8	<u>% CH</u> 4.3
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1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.