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**M E M O R A N D U M**

TO: Larry Walther, Director  
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FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for May (FY 2016)**

DATE: June 2, 2016

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 \$4,826.1 million, which is \$162.6 million or 3.5 percent above year ago levels. After eleven months into the fiscal year, net available revenue is above forecast by \$104.8 million or 2.2 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$5,827.3 million, representing an increase of \$26.8 million or 0.5 percent above last year. Gross general revenues are above forecast by \$14.9 million or 0.3 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$2,878.1 million, \$31.0 million or -1.1 percent below FY 2015 collections and \$13.7 million or 0.5 percent above forecast.

**Year-to-date individual income tax refunds** total \$333.8 million, down \$158.3 million or -32.2 percent compared to last year and \$73.0 million or -17.9 percent below forecast. Amounts below forecast in refund categories add to net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$2,095.1 million, an increase of \$56.7 million or 2.8 percent from FY 2015

and \$18.0 million or -0.9 percent below forecast. An \$8.2 million refund was issued through the Sales and Use tax collection system during the month as part of a court settlement.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$401.8 million, a decrease of \$11.0 million or -2.7 percent below year-to-date FY 2015. Corporate income is above forecast by \$3.4 million or 0.8 percent.

**Year-to-date corporate income tax refunds** total \$68.1 million, an increase of \$26.4 million compared to the same year-to-date period last year. Corporate refunds are \$6.1 million below forecast or -8.3 percent.

## **MAY REVENUE SUMMARY**

**May Net Available General Revenues** total \$338.2 million, \$2.3 million or 0.7 percent above last year and \$5.2 million or -1.5 percent below forecast.

Results in May were below forecast due to an \$8.2 million refund processed in Sales and Use tax related to a court settlement. Sales tax collections were also impacted by reduced collections in the utilities portion of sector activity.

Individual Income tax was ahead of forecast and year ago in part from a payday timing factor in Withholding Income tax on payrolls during the collection month. Corporate Income tax receipts were on forecast for the month and above year ago collections by 2.8 percent.

Among smaller revenue sources, Tobacco was above forecast (+\$3.0 million) and Games of Skill was also above forecast (+\$0.7 million).

**May Gross General Revenues:** May collections total \$432.9 million, an increase of \$5.3 million or 1.2 percent above last year and \$7.6 million or -1.7 percent below forecast.

**May Individual Income Tax** collections total \$217.0 million. Collections increased by \$18.2 million, or 9.1 percent compared to last year. With respect to the forecast, collections were \$9.8 million or 4.7 percent above expected levels. Gains from Withholding tax on payrolls accounted for most of the increase from year ago levels and forecast.

**May Individual Income Tax Refunds** total \$27.4 million, \$3.8 million below last year and \$0.1 million below forecast. Refund amounts below forecast add to net available fund results.

**May Sales and Use Tax Collections:** May collections total \$171.6 million, a decrease of \$17.0 million or -9.0 percent below last year. Collections were below monthly

forecast levels by \$21.2 million or -11.0 percent. The collection results largely reflect taxable sales activity in April.

**May Corporate Income Tax** collections total \$8.9 million, an increase of \$0.2 million from year ago, and fractionally above forecast.

**May Corporate Income Tax Refunds** total \$4.7 million. This amount is \$3.0 million above year ago levels. Refunds were \$0.7 million above forecast.

**May Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$19.8 million. Collections increased by \$2.1 million or 12.1 percent from year earlier levels and were \$3.0 million above forecast. 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 \$42.0 million, an increase of 9.8 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 May 2016, \$44.3 million was collected and deposited to the fund. After deductions, the net amount is \$43.0 million. The monthly collection is equivalent to a gain of 13.6 percent from prior year collections.

MAY 2016 YEAR-TO-DATE GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 2/1/2016

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	2,909.0	2,864.4	2,878.1	13.7	0.5	-31.0	-1.1
CORPORATE INCOME	412.8	398.4	401.8	3.4	0.8	-11.0	-2.7
SALES AND USE	2,038.4	2,113.1	2,095.1	-18.0	-0.9	56.7	2.8
ALCOHOLIC BEVERAGE	47.9	49.4	49.7	0.3	0.7	1.8	3.8
TOBACCO	199.6	197.2	203.7	6.5	3.3	4.1	2.0
INSURANCE	69.0	64.3	64.0	-0.3	-0.5	-5.0	-7.2
RACING	2.5	2.4	2.4	0.0	-1.2	-0.1	-4.5
GAMES OF SKILL	42.6	48.6	51.1	2.5	5.1	8.5	19.9
MISCELLANEOUS <sup>1</sup>	78.6	74.6	81.5	6.9	9.2	2.8	3.6
<b>TOTAL GROSS</b>	<b>5,800.4</b>	<b>5,812.4</b>	<b>5,827.3</b>	<b>14.9</b>	<b>0.3</b>	<b>26.8</b>	<b>0.5</b>
LESS: SCSF/COF <sup>2</sup>	185.6	186.0	186.5	0.5	0.3	0.9	0.5
INDIV INCOME TAX REFUNDS	492.1	406.8	333.8	-73.0	-17.9	-158.3	-32.2
CORP INCOME TAX REFUNDS	41.7	74.2	68.1	-6.1	-8.3	26.4	63.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	10.1	19.6	9.0	-10.6	-53.9	-1.1	-10.7
WATER/SEWER BONDS	13.6	13.6	13.6	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	22.1	24.0	23.2	-0.8	-3.3	1.1	4.8
CITY & COUNTY TOURIST	2.8	1.0	1.0	0.0	4.7	-1.8	-62.6
SCHOOL DESEGREGATION	72.1	65.8	65.8	0.0	0.0	-6.3	-8.7
EDUCATIONAL EXCELLENCE	272.7	275.8	275.8	0.0	0.0	3.1	1.1
EDUCATIONAL ADEQUACY	24.1	24.3	24.4	0.1	0.3	0.3	1.1
<b>TOTAL DEDUCTIONS</b>	<b>1,136.9</b>	<b>1,091.1</b>	<b>1,001.1</b>	<b>-90.0</b>	<b>-8.2</b>	<b>-135.7</b>	<b>-11.9</b>
<b>NET AVAILABLE</b>	<b>4,663.6</b>	<b>4,721.3</b>	<b>4,826.1</b>	<b>104.8</b>	<b>2.2</b>	<b>162.6</b>	<b>3.5</b>

REVENUE FORECAST SUMMARY FOR MAY

YEAR-TO-DATE GROSS	\$ 14.9 MILLION OR 0.3% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 104.8 MILLION OR 2.2% ABOVE FORECAST

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

2) State Central Services Fund and Constitutional Officers Fund.

MAY 2016 GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 2/1/2016

MILLIONS OF \$

	CHANGE FROM FORECAST				CHANGE FROM LAST YEAR		
	ACTUAL MAY FY15	FORECAST MAY FY16	ACTUAL MAY FY16	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	198.9	207.2	217.0	9.8	4.7	18.2	9.1
CORPORATE INCOME	8.7	8.9	8.9	0.0	0.4	0.2	2.8
SALES AND USE	188.6	192.8	171.6	-21.2	-11.0	-17.0	-9.0
ALCOHOLIC BEVERAGE	4.8	5.6	5.8	0.2	4.0	1.0	21.8
TOBACCO	17.6	16.8	19.8	3.0	17.8	2.1	12.1
INSURANCE	1.6	1.6	1.1	-0.5	-28.9	-0.5	-28.7
RACING	0.2	0.1	0.2	0.1	72.5	0.0	11.7
GAMES OF SKILL	4.4	4.4	5.1	0.7	16.0	0.7	17.0
MISCELLANEOUS <sup>1</sup>	2.9	3.1	3.3	0.2	5.3	0.4	14.2
TOTAL GROSS	427.5	440.5	432.9	-7.6	-1.7	5.3	1.2
LESS: SCSF/COF <sup>2</sup>	13.7	14.1	13.9	-0.2	-1.8	0.2	1.2
INDIV INCOME TAX REFUNDS	31.2	27.5	27.4	-0.1	-0.4	-3.8	-12.3
CORP INCOME TAX REFUNDS	1.6	4.0	4.7	0.7	17.1	3.0	184.1
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.0	3.8	1.7	-2.1	-55.1	1.7	0.0
WATER/SEWER BONDS	1.2	1.2	1.2	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	16.9	19.3	18.5	-0.8	-3.9	1.6	9.6
CITY & COUNTY TOURIST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHOOL DESEGREGATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDUCATIONAL EXCELLENCE	24.8	25.0	25.1	0.1	0.3	0.3	1.1
EDUCATIONAL ADEQUACY	2.2	2.2	2.2	0.0	0.7	0.0	1.1
TOTAL DEDUCTIONS	91.7	97.1	94.7	-2.4	-2.5	3.0	3.3
NET AVAILABLE	335.9	343.4	338.2	-5.2	-1.5	2.3	0.7

REVENUE FORECAST SUMMARY FOR MAY

MAY GROSS	\$ 7.6 MILLION OR 1.7% BELOW FORECAST
MAY NET AVAILABLE	\$ 5.2 MILLION OR 1.5% BELOW FORECAST

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

2) State Central Services Fund and Constitutional Officers Fund.