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**Department of Finance
and Administration**

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M E M O R A N D U M

TO: Richard Weiss, Director
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FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for November (FY 2010)**

DATE: December 2, 2009

Copy: Governor's Office
Management Services

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues: Year-to-date net available general revenues total \$1,868.7 million. This amount is \$15.1 million or -0.8 percent below last year and \$34.0 million or -1.8 percent below the general revenue forecast that was released on October 20, 2009. The amount below forecast is due to a mix of declines across all the major revenue categories. Gross Receipts (Sales and Use Tax) are below forecast the most in both percentage and absolute terms. Gross Receipts are below forecast by -1.6 percent or -\$13.3 million. This decline stems from a combination of weak consumer sales, business-to-business sales, weather effects, and a series of non-recurring refunds. Corporate Income Tax collections are below forecast by \$1.9 million or -1.1 percent. Several large, non-recurring payments in Corporate Income Tax were anticipated in the forecast release on October 20, 2009 and were subsequently collected in November.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$2,147.7 million, representing a decrease of \$51.6 million or -2.3 percent below last year. Gross general revenues are \$19.4 million or -0.9 percent below the general revenue forecast.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$959.9 million, \$44.8 million or -4.5 percent below FY 2009 collections and \$3.7

million or -0.4 percent below forecast. Collections growth for individual monthly withholding is also down -1.7 percent from year ago levels.

Year-to-date individual income tax refunds total \$59.2 million, up \$10.5 million or 21.5 percent compared to last year and \$6.2 million or 11.7 percent above forecast.

Year-to-date Gross Receipts Collections: Gross receipts consist primarily of sales and use taxes. On a year-to-date basis, gross receipts total \$827.2 million, a decrease of \$81.6 million or -9.0 percent below FY 2009 and \$13.3 million or -1.6 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$164.0 million, an increase of \$37.8 million or 29.9 percent from year-to-date FY 2009. Collections are also down \$1.9 million or -1.1 percent compared to forecast.

Year-to-date corporate income tax refunds total \$30.8 million, up \$11.6 million or 60.7 percent from the comparable year-to-date period last year and \$11.2 million or 57.4 percent above forecast.

NOVEMBER REVENUE SUMMARY

November Net Available General Revenues total \$391.6 million, \$63.6 million or 19.4 percent above last year and \$16.2 million or -4.0 percent below forecast. This pattern was produced by large, non-recurring collections in Corporate Income Tax that were accounted for in the forecast.

November Gross General Revenues: November collections total \$480.7 million, an increase of \$79.5 million or 19.8 percent above last year and \$4.0 million or -0.8 percent below forecast.

November Individual Income Tax collections total \$190.7 million. Collections decreased by \$1.5 million, or -0.8 percent, compared to last year. With respect to the forecast, collections are \$0.3 million or -0.1 percent below forecast. Individual withholding increased 0.1 percent compared to last year.

November Individual Income Tax Refunds total \$14.4 million. Refunds are up \$4.2 million or 41.4 percent above November 2008. This amount is 34.3 percent above forecast for the month.

November Gross Receipts Collections: November collections total \$155.7 million, a decrease of \$11.8 million or -7.1 percent from last year. Collections were below monthly forecast levels by \$6.4 million or -3.9 percent.

November Corporate Income Tax collections total \$83.8 million, an increase of \$77.2 million or 1,165.6 percent from year earlier levels, and \$1.9 million or 2.3 percent above forecast. Corporate Income Tax benefited from non-recurring collections that were anticipated in the forecast revision from October 20, 2009.

November Corporate Income Tax Refunds total \$22.4 million. This amount is \$12.5 million or 125.4 percent above year ago refunds.

November Tobacco Tax collections, a small component of general revenue, total \$22.6 million or 124.4 percent above year earlier levels. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers. Year ago growth comparisons are impacted by tax rate changes that became effective on March 1.

SPECIAL REVENUES OF NOTE

Year-to-date Medicaid Program Trust Fund: Year-to-date collections of the dedicated soft drink tax total \$19.8 million, a decrease of \$1.2 million or -5.5 percent below 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 2009, \$32.3 million was collected and deposited to the fund. After deductions, the net amount is \$31.4 million. The monthly collection is equivalent to a -8.3 percent decrease from prior year collections.

YEAR TO DATE REPORT, NOVEMBER 2009
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH NOVEMBER 2009
5 Months YTD
Forecast Date: 10/20/2009

MILLIONS OF DOLLARS

	ACTUAL FY 2009	FORECAST FY 2010	INCREASE		ACTUAL FY 2009	ACTUAL FY 2010	INCREASE		ACTUAL AS % OF FORECAST
			AMOUNT	PERCENT			AMOUNT	PERCENT	
INDIVIDUAL INCOME	1,004.8	963.6	-41.2	-4.1	1,004.8	959.9	-44.8	-4.5	99.6
ESTATE ¹	-0.6	0.0	0.6	0.0	-0.6	0.1	0.7	0.0	0.0
CORPORATE INCOME	126.2	165.9	39.7	31.4	126.2	164.0	37.8	29.9	98.9
GROSS RECEIPTS ²	908.8	840.5	-68.3	-7.5	908.8	827.2	-81.6	-9.0	98.4
ALCOHOLIC BEVERAGE ³	12.8	13.2	0.4	3.3	12.8	12.6	-0.2	-1.4	95.5
TOBACCO	60.3	104.0	43.7	72.6	60.3	106.7	46.4	77.0	102.6
INSURANCE	40.5	44.6	4.1	10.0	40.5	44.3	3.8	9.3	99.4
RACING	1.9	1.9	0.0	1.3	1.9	1.8	-0.1	-6.0	92.8
GAMES OF SKILL	2.5	3.0	0.5	21.9	2.5	3.0	0.5	21.9	100.0
MISCELLANEOUS ⁴	42.3	30.4	-11.9	-28.1	42.3	28.1	-14.2	-33.5	92.4
TOTAL GROSS	2,199.3	2,167.1	-32.2	-1.5	2,199.3	2,147.7	-51.6	-2.3	99.1
PLUS:									
REVENUE ALLOTMENT RESERVE	3.4	61.0	57.6	1,704.7	3.4	61.0	57.7	1,706.2	100.1
LESS: SCSF/COF ⁵	66.0	65.0	-1.0	-1.5	66.0	64.4	-1.6	-2.4	99.1
IND INCOME TAX REFUNDS	48.7	53.0	4.3	8.8	48.7	59.2	10.5	21.5	111.7
CORP INCOME TAX REFUNDS	19.2	19.6	0.4	2.1	19.2	30.8	11.6	60.7	157.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	6.4	7.3	0.9	14.9	6.4	5.3	-1.1	-16.6	72.6
WATER/SEWER BONDS	2.5	5.5	3.0	120.0	2.5	5.5	3.0	120.0	100.0
COLLEGE SAVINGS BONDS	6.1	6.0	-0.1	-1.2	6.1	5.6	-0.4	-7.2	93.9
CITY/CO. TOURIST	3.6	3.7	0.1	3.7	3.6	3.6	0.1	1.9	98.2
SCHOOL DESEGREGATION	34.9	35.9	1.0	2.9	34.9	35.9	1.0	2.9	100.0
EDUCATIONAL EXCELLENCE	120.1	118.2	-1.9	-1.6	120.1	118.4	-1.7	-1.4	100.1
EDUCATIONAL ADEQUACY	10.6	10.4	-0.2	-2.0	10.6	10.5	-0.2	-1.4	100.6
ELDERLY TRANSPORTATION	0.9	0.8	-0.1	-11.4	0.9	0.8	-0.1	-14.1	96.9
NET AVAILABLE	1,883.7	1,902.7	19.0	1.0	1,883.7	1,868.7	-15.1	-0.8	98.2

REVENUE FORECAST SUMMARY FOR NOVEMBER

YEAR-TO-DATE GROSS	\$ 19.4 MILLION OR 0.9% BELOW FORECAST.
YEAR-TO-DATE REFUNDS	\$ 17.4 MILLION OR 24.0% ABOVE FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 34.0 MILLION OR 1.8% BELOW FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 09</u> 21.0	<u>YTD FY 10</u> 19.8	<u>% CHANGE</u> -5.5
EDUCATIONAL ADEQUACY FUND (NET DEPOSIT)	<u>YTD FY 09</u> 182.6	<u>YTD FY 10</u> 165.7	<u>% CHANGE</u> -9.2

- 1) Effective January 1, 2005, the federal estate tax credit was abolished, effectively ending state tax collections in FY06.
- 2) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 3) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 4) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 5) State Central Services Fund and Constitutional Officers Fund.

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

November 30, 2009
Days Remaining: 0
Forecast date: 10/20/2009

MILLIONS OF \$

	<u>CURRENT MONTH</u>				<u>CURRENT MONTH TO DATE</u>				
	ACTUAL FY 2009	FORECAST FY 2010	CHANGE AMOUNT	PERCENT	ACTUAL FY 2009	ACTUAL FY 2010	CHANGE AMOUNT	PERCENT	ACTUAL AS % OF FORECAST
INDIVIDUAL INCOME	192.3	191.0	-1.3	-0.7	192.3	190.7	-1.5	-0.8	99.9
ESTATE ¹	-0.1	0.0	0.1	0.0	-0.1	0.0	0.2	0.0	0.0
CORPORATE INCOME	6.6	81.9	75.3	1136.8	6.6	83.8	77.2	1165.6	102.3
GROSS RECEIPTS ²	167.6	162.1	-5.5	-3.3	167.6	155.7	-11.8	-7.1	96.1
ALCOHOLIC BEVERAGE ³	2.8	3.0	0.2	6.9	2.8	2.3	-0.5	-17.1	77.5
TOBACCO	10.1	20.1	10.0	99.4	10.1	22.6	12.5	124.4	112.5
INSURANCE	17.6	22.0	4.4	25.1	17.6	21.7	4.2	23.6	98.8
RACING	0.5	0.4	-0.1	-11.9	0.5	0.4	0.0	-4.3	108.7
GAMES OF SKILL	0.5	0.6	0.1	24.6	0.5	0.6	0.2	31.4	105.5
MISCELLANEOUS ⁴	3.4	3.6	0.2	5.0	3.4	2.6	-0.8	-24.6	71.8
TOTAL GROSS	401.1	484.7	83.6	20.8	401.1	480.7	79.5	19.8	99.2
PLUS:									
REV. ALLOTMENT RESERVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LESS: 3% (SCSF/COF) ⁵	12.0	14.5	2.5	20.4	12.0	14.4	2.4	19.7	99.4
IND INC TAX REFUNDS	10.2	10.7	0.5	5.3	10.2	14.4	4.2	41.4	134.3
CORP INC TAX REFUNDS	9.9	11.2	1.3	12.6	9.9	22.4	12.5	125.4	200.1
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	2.4	2.3	-0.1	-4.6	2.4	0.0	-2.4	-100.0	0.0
WATER/SEWER BONDS	0.5	1.1	0.6	120.0	0.5	1.1	0.6	120.0	100.0
COLLEGE SAVINGS BONDS	6.1	6.0	-0.1	-1.2	6.1	5.6	-0.4	-7.2	93.9
CITY & COUNTY TOURIST	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHOOL DESEGREGATION	5.7	5.2	-0.5	-8.8	5.7	5.2	-0.5	-8.8	100.0
EDUCATIONAL EXCELLENCE	24.0	23.6	-0.4	-1.8	24.0	23.7	-0.3	-1.4	100.3
EDUCATIONAL ADEQUACY	2.1	2.1	0.0	-1.1	2.1	2.1	0.0	-1.4	99.7
ELDERLY TRANSPORTATION	0.1	0.2	0.1	33.9	0.1	0.2	0.0	11.2	83.0
NET AVAILABLE	328.0	407.8	79.8	24.3	328.0	391.6	63.6	19.4	96.0

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Nov 08</u> 34.2	<u>Nov 09</u> 31.4	<u>% CH</u> -8.3
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