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and Administration**

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**MEMORANDUM**

TO: Richard Weiss, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

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

DATE: April 2, 2010 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 \$3,151.7 million. This amount is \$63.1 million or -2.0 percent below last year and \$16.2 million or 0.5 percent above the general revenue forecast that was released on January 11, 2010.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$3,922.4 million, representing a decrease of \$106.4 million or -2.6 percent below last year. Gross general revenues are up \$2.5 million or 0.1 percent above the general revenue forecast. The major revenue categories of Individual Income and Gross Receipts (Sales & Use Tax) are fractionally above forecast. They are also below year ago levels by 4.9 percent and 7.7 percent, respectively.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,793.4 million, \$92.3 million or -4.9 percent below FY 2009 collections and \$2.6 million or 0.1 percent above the revised forecast. Collections growth for individual monthly withholding is down -2.7 percent from year ago levels.

**Year-to-date individual income tax refunds** total \$342.8 million, up \$18.6 million or 5.7 percent compared to last year and \$6.3 million or 1.8 percent below 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 \$1,485.7 million, a decrease of \$123.6 million or -7.7 percent below FY 2009 and \$2.2 million or 0.1 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$315.8 million, an increase of \$46.2 million or 17.2 percent from year-to-date FY 2009. Collections are \$5.2 million or 1.7 percent above forecast. Several large, non-recurring payments in Corporate Income Tax were anticipated in the forecast and subsequently collected.

**Year-to-date corporate income tax refunds** total \$51.0 million, up \$1.6 million or 3.3 percent from the comparable year-to-date period last year and \$0.4 million or -0.7 percent below forecast.

## **MARCH REVENUE SUMMARY**

**March Net Available General Revenues** total \$285.2 million, \$14.3 million or -4.8 percent below last year and \$0.1 million or fractionally above forecast. Gross Receipts Tax Collections and Individual Income Tax Collections were down compared to year ago March levels. However, these two largest categories of general revenue were only marginally below forecast. The difference was offset mainly by corporate income tax exceeding forecast and lower than anticipated corporate income tax refunds.

**March Gross General Revenues:** March collections total \$455.1 million, an increase of \$0.5 million or 0.1 percent from last year and \$2.8 million or 0.6 percent above forecast.

**March Individual Income Tax** collections total \$194.9 million. Collections decreased by \$3.3 million, or -1.6 percent, compared to last year. With respect to the forecast, collections are \$0.9 million or 0.5 percent below forecast. Individual withholding increased 0.1 percent compared to last year.

**March Individual Income Tax Refunds** total \$116.3 million. Refunds are up \$16.4 million or 16.4 percent from March 2009. This amount is \$6.1 million or 5.6 percent above forecast for the month. Approximately 8,000 more refunds were processed this month than the same month a year ago, representing fluctuations in processing in monthly reports.

**March Gross Receipts Collections:** March collections total \$161.1 million, representing a decrease of \$11.0 million or -6.4 percent from last year. Collections were below monthly forecast levels by \$1.5 million or -0.9 percent.

**March Corporate Income Tax** collections total \$51.6 million, an increase of \$2.5 million or 5.2 percent from year earlier levels. Collections were above forecast by \$6.4 million or 14.2 percent.

**March Corporate Income Tax Refunds** total \$6.6 million. This amount is \$0.4 million or 7.1 percent above year ago refunds.

**March Tobacco Tax** collections, a smaller component of general revenue, total \$19.2 million or 139.6 percent above year earlier levels. Collections were 1.8 percent below forecast for the month. 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 \$33.3 million, a decrease of \$2.3 million or -6.3 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 March 2010, \$33.0 million was collected and deposited to the fund. After deductions, the net amount is \$32.1 million. The monthly collection is equivalent to a -4.4 percent decrease from prior year collections.

YEAR TO DATE REPORT, MARCH 2010  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH MARCH 2010  
9 Months YTD  
Forecast Date: 01/11/2010

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	1,885.7	1,790.8	-94.9	-5.0	1,885.7	1,793.4	-92.3	-4.9	100.1
ESTATE <sup>1</sup>	-1.2	0.0	1.2	0.0	-1.2	0.1	1.2	0.0	0.0
CORPORATE INCOME	269.6	310.6	41.0	15.2	269.6	315.8	46.2	17.2	101.7
GROSS RECEIPTS <sup>2</sup>	1,609.3	1,483.5	-125.8	-7.8	1,609.3	1,485.7	-123.6	-7.7	100.1
ALCOHOLIC BEVERAGE <sup>3</sup>	22.1	22.7	0.6	2.8	22.1	21.4	-0.7	-3.0	94.3
TOBACCO	109.4	185.6	76.2	69.6	109.4	181.7	72.3	66.1	97.9
INSURANCE	63.5	67.2	3.7	5.8	63.5	64.9	1.4	2.1	96.5
RACING	3.7	3.3	-0.4	-11.8	3.7	3.5	-0.3	-7.7	104.7
GAMES OF SKILL	4.5	5.4	0.9	20.2	4.5	5.9	1.4	30.4	108.5
MISCELLANEOUS <sup>4</sup>	62.1	50.8	-11.3	-18.2	62.1	50.1	-12.0	-19.3	98.6
TOTAL GROSS	4,028.7	3,919.9	-108.8	-2.7	4,028.7	3,922.4	-106.4	-2.6	100.1
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 <sup>5</sup>	120.9	117.6	-3.3	-2.7	120.9	117.7	-3.2	-2.6	100.1
IND INCOME TAX REFUNDS	324.2	349.1	24.9	7.7	324.2	342.8	18.6	5.7	98.2
CORP INCOME TAX REFUNDS	49.4	51.4	2.0	4.0	49.4	51.0	1.6	3.3	99.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	11.2	14.4	3.2	28.8	11.2	7.4	-3.8	-34.0	51.2
WATER/SEWER BONDS	4.5	9.9	5.4	120.0	4.5	9.9	5.4	120.0	100.0
COLLEGE SAVINGS BONDS	6.1	5.7	-0.4	-6.2	6.1	5.6	-0.4	-7.2	98.9
CITY/CO. TOURIST	5.4	5.5	0.1	2.8	5.4	5.4	0.1	1.9	99.1
SCHOOL DESEGREGATION	58.8	58.6	-0.2	-0.3	58.8	58.6	-0.2	-0.3	100.0
EDUCATIONAL EXCELLENCE	216.2	213.0	-3.2	-1.5	216.2	213.1	-3.1	-1.4	100.0
EDUCATIONAL ADEQUACY	19.1	18.8	-0.3	-1.6	19.1	18.8	-0.3	-1.4	100.2
ELDERLY TRANSPORTATION	1.6	1.4	-0.2	-12.5	1.6	1.3	-0.3	-17.9	93.9
NET AVAILABLE	3,214.8	3,135.5	-79.3	-2.5	3,214.8	3,151.7	-63.1	-2.0	100.5

REVENUE FORECAST SUMMARY FOR MARCH

YEAR-TO-DATE GROSS	\$ 2.5 MILLION OR 0.1% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 6.6 MILLION OR 1.7% BELOW FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 16.2 MILLION OR 0.5% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 09</u> 35.6	<u>YTD FY 10</u> 33.3	<u>% CHANGE</u> -6.3
EDUCATIONAL ADEQUACY FUND (NET DEPOSIT)	<u>YTD FY 09</u> 320.2	<u>YTD FY 10</u> 296.5	<u>% CHANGE</u> -7.4

- 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.

March 31, 2010  
Days Remaining: 0  
Forecast date: 01/11/2010

CURRENT MONTH

	ACTUAL FY 2009	FORECAST FY 2010	CHANGE AMOUNT	CHANGE PERCENT	ACTUAL FY 2009	ACTUAL FY 2010	CHANGE AMOUNT	CHANGE PERCENT	ACTUAL AS % OF FORECAST
INDIVIDUAL INCOME	198.1	195.8	-2.3	-1.2	198.1	194.9	-3.3	-1.6	99.5
ESTATE <sup>1</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CORPORATE INCOME	49.1	45.2	-3.9	-7.9	49.1	51.6	2.5	5.2	114.2
GROSS RECEIPTS <sup>2</sup>	172.1	162.6	-9.5	-5.5	172.1	161.1	-11.0	-6.4	99.1
ALCOHOLIC BEVERAGE <sup>3</sup>	2.2	2.4	0.2	6.8	2.2	2.2	0.0	-1.1	92.6
TOBACCO	8.0	19.6	11.6	143.9	8.0	19.2	11.2	139.6	98.2
INSURANCE	19.6	19.7	0.1	0.8	19.6	18.7	-0.8	-4.2	95.0
RACING	0.4	0.4	0.0	-3.4	0.4	0.6	0.2	43.3	148.3
GAMES OF SKILL	0.5	0.6	0.1	10.1	0.5	0.9	0.4	69.8	154.2
MISCELLANEOUS <sup>4</sup>	4.6	6.0	1.4	30.5	4.6	5.8	1.2	26.6	97.0
<b>TOTAL GROSS</b>	<b>454.7</b>	<b>452.3</b>	<b>-2.4</b>	<b>-0.5</b>	<b>454.7</b>	<b>455.1</b>	<b>0.5</b>	<b>0.1</b>	<b>100.6</b>
<b>PLUS:</b>									
REV. ALLOTMENT RESERVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>LESS: 3% (SCSF/COF) <sup>5</sup></b>	<b>13.6</b>	<b>13.6</b>	<b>0.0</b>	<b>-0.3</b>	<b>13.6</b>	<b>13.7</b>	<b>0.0</b>	<b>0.1</b>	<b>100.4</b>
IND INC TAX REFUNDS	99.9	110.2	10.3	10.3	99.9	116.3	16.4	16.4	105.6
CORP INC TAX REFUNDS	6.1	7.1	1.0	15.7	6.1	6.6	0.4	7.1	92.6
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.3	3.0	2.7	1070.1	0.3	0.2	-0.1	-32.7	5.7
WATER/SEWER BONDS	0.5	1.1	0.6	120.0	0.5	1.1	0.6	120.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHOOL DESEGREGATION	8.5	6.2	-2.3	-27.1	8.5	6.2	-2.3	-27.1	100.0
EDUCATIONAL EXCELLENCE	24.0	23.7	-0.3	-1.3	24.0	23.7	-0.3	-1.4	99.9
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	199.7	0.1	0.1	0.1	113.5	71.2
<b>NET AVAILABLE</b>	<b>299.5</b>	<b>285.1</b>	<b>-14.4</b>	<b>-4.8</b>	<b>299.5</b>	<b>285.2</b>	<b>-14.3</b>	<b>-4.8</b>	<b>100.0</b>

MARCH GROSS	\$ 2.8 MILLION OR 0.6% ABOVE FORECAST.
MARCH NET AVAILABLE	\$ 0.1 MILLION OR 0.03% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Mar 09</u> 33.6	<u>Mar 10</u> 32.1	<u>% CH</u> -4.4
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