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and Administration**

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**MEMORANDUM**

TO: Richard Weiss, Director  
Tim Leathers, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for June and FY 2012 Summary**

DATE: July 3, 2012

Copy: Governor's Office  
Management Services

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**FISCAL YEAR 2012 REVENUE SUMMARY**

**Fiscal Year 2012 Net Available General Revenues and Surplus:** Fiscal year 2012 net available general revenues total \$4,751.6 million a new record for a fiscal year and for the month of June. This amount is \$178.7 million or 3.9 percent above last year. The resulting year-end surplus is \$145.6 million or 3.2 percent above forecast at the conclusion of fiscal year 2012.

The fiscal year ended above forecast as a result of growth across the three largest categories of collections: Individual Income Tax, Corporate Income Tax, and Gross Receipts (primarily Sales Tax). The Individual Income Tax gain of \$59.5 million above forecast reflected further recovery in the economy during tax year 2011 as reported on tax filings in 2012. Gains were spread across estimated income tax and returns. Withholding income tax growth was a moderate 4.2 percent above year ago levels and 1.1 percent above forecast. Corporate income Tax contributed \$43.0 million above forecast in this volatile category of filings. The gain in gross receipts contributed \$11.4 million above forecast. Sales and Use tax growth recovered in both consumer and business activity during the second half of the fiscal year, after a weak start in the first half.

Individual Income Tax refunds exceeded forecast by \$4.2 million while corporate income tax refunds were under forecast by \$9.3 million.

**Fiscal Year 2012 Gross General Revenues:** Fiscal year 2012 gross collections total \$5,924.2 million, representing an increase of \$250.8 million or 4.4 percent above last year. Gross general revenues are \$125.8 million or 2.2 percent above forecast.

**Fiscal Year 2012 Individual Income Taxes:** Fiscal year 2012 individual income tax collections total \$2,895.2 million, \$156.2 million or 5.7 percent above FY 2011 collections and \$59.5 million or 2.1 percent above forecast. Collections for individual withholding, the largest component of individual income tax, were \$2,278.9 million, representing a 4.2 percent increase over last year.

**Fiscal Year 2012 individual income tax refunds** total \$493.3 million, \$24.7 million or 5.3 percent above last year and \$4.2 million or 0.9 percent above forecast.

**Fiscal Year 2012 Gross Receipts Collections:** Gross receipts consist primarily of sales and use taxes. Fiscal year 2012 gross receipts total \$2,128.5 million, an increase of \$56.1 million or 2.7 percent over FY 2011 and \$11.4 million or 0.5 percent above forecast. Gains in sales tax collections relative to FY 2011 reflect further economic recovery in consumer and business activity.

**Fiscal Year 2012 Corporate Income Taxes:** Fiscal year corporate revenues total \$435.3 million, an increase of \$43.7 million or 11.2 percent above FY 2011. Collections came in \$43.0 million or 11.0 percent above forecast.

**Fiscal Year 2012 Corporate income tax refunds** total \$56.7 million, \$15.9 million or 38.9 percent above last year and \$9.3 million below the general revenue forecast. Amounts below forecast in refund categories contributed to higher net available revenue.

## **JUNE REVENUE SUMMARY**

**June Net Available General Revenues** total \$509.6 million, \$35.8 million or 7.6 percent above last year and \$132.3 million or 35.1 percent above forecast. Net and gross revenues for June include excess collections from the first 10 months of FY 2012 prior to the forecast revision.

Net available funds were boosted by gains in estimated payments in both Individual and Corporate Income. Sales tax collections (gross receipts) exceeded forecast and year ago benchmarks. The gain in income tax collections offset a rise in individual income

tax refunds for the month relative to forecast. Individual income tax withholding also exceeded forecast and year ago levels.

**June Gross General Revenues:** June collections total \$581.5 million, an increase of \$29.9 million or 5.4 percent above last year and \$118.2 million or 25.5 percent above forecast.

**June Individual Income Tax** collections total \$253.8 million. Collections increased by \$18.5 million, or 7.9 percent, compared to last year. With respect to the forecast, collections are \$61.4 million or 31.9 percent above forecast. Gains in estimated payments of 11.7 percent year-over-year accounted for much of the growth, while withholding grew by 6.4 percent.

**June Individual Income Tax Refunds** total \$20.4 million. This amount is \$4.4 million or -17.6 percent below year ago refunds and \$8.2 million above forecast for the month.

**June Gross Receipts Collections:** June collections total \$180.8 million, an increase of \$14.4 million or 8.6 percent from last year. Collections exceeded monthly forecast levels by \$9.1 million or 5.3 percent.

**June Corporate Income Tax** collections total \$81.8 million, an increase of \$8.8 million or 12.1 percent from year earlier levels, and \$39.9 million or 95.1 percent above forecast.

**June Corporate Income Tax Refunds** total \$1.5 million. This amount is \$4.0 million or -72.6 percent below year ago refunds.

**June Tobacco Tax** collections, a small component of general revenue, total \$19.6 million or 0.1 percent above year earlier levels.

## **SPECIAL REVENUES OF NOTE**

**Fiscal Year 2012 Soft Drink Tax (for Medicaid Program Trust Fund):** Fiscal year 2012 collections of the dedicated soft drink tax total \$46.8 million, an increase of \$0.3 million or 0.7 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 June 2012, \$40.5 million was collected and deposited to the fund. After deductions, the net amount is \$39.2 million. The monthly collection is equivalent to an 11.5 percent increase from prior year collections. Fiscal year net collections total \$438.1 million, compared to \$428.7 million last year. This represents a 2.2 percent fiscal year increase from prior year collections.

C: /FISCNOT/June FY 2012  
Attachment (2)

YEAR TO DATE REPORT, JUNE 2012  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH JUNE 2012  
12 Months YTD  
Forecast Date: 05/09/2012

MILLIONS OF DOLLARS

	CURRENT YEAR				CURRENT YEAR TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2011	FORECAST FY 2012	INCREASE AMOUNT	PERCENT	ACTUAL FY 2011	ACTUAL FY 2012	INCREASE AMOUNT	PERCENT	
INDIVIDUAL INCOME	2,739.0	2,835.7	96.7	3.5	2,739.0	2,895.2	156.2	5.7	102.1
CORPORATE INCOME	391.6	392.3	0.7	0.2	391.6	435.3	43.7	11.2	111.0
GROSS RECEIPTS <sup>1</sup>	2,072.4	2,117.1	44.7	2.2	2,072.4	2,128.5	56.1	2.7	100.5
ALCOHOLIC BEVERAGE <sup>2</sup>	32.9	33.5	0.6	1.7	32.9	33.5	0.6	1.7	100.0
TOBACCO	239.6	230.1	-9.5	-4.0	239.6	239.9	0.3	0.1	104.2
INSURANCE	114.5	95.3	-19.2	-16.8	114.5	99.3	-15.2	-13.3	104.2
RACING	4.0	3.6	-0.4	-9.0	4.0	3.4	-0.6	-14.7	93.8
GAMES OF SKILL	14.8	24.7	9.9	66.5	14.8	27.4	12.6	84.8	111.0
MISCELLANEOUS <sup>3</sup>	64.6	66.1	1.5	2.4	64.6	61.8	-2.8	-4.3	93.5
TOTAL GROSS	5,673.4	5,798.4	125.0	2.2	5,673.4	5,924.2	250.8	4.4	102.2
LESS: SCSF/COF <sup>4</sup>	169.5	191.4	21.8	12.9	169.5	195.4	25.8	15.2	102.1
IND INCOME TAX REFUNDS	468.6	489.1	20.5	4.4	468.6	493.3	24.7	5.3	100.9
CORP INCOME TAX REFUNDS	40.8	66.0	25.2	61.6	40.8	56.7	15.9	38.9	86.0
CLAIMS	0.0	10.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	12.9	23.4	10.5	82.1	12.9	16.5	3.7	28.5	70.6
WATER/SEWER BONDS	14.9	14.8	-0.1	-0.7	14.9	14.8	-0.1	-0.7	100.0
COLLEGE SAVINGS BONDS	23.9	17.7	-6.2	-26.1	23.9	17.7	-6.2	-25.9	100.2
CITY/CO. TOURIST	5.3	5.3	0.0	0.5	5.3	5.3	0.0	-0.1	99.4
SCHOOL DESEGREGATION	70.6	69.8	-0.8	-1.1	70.6	68.0	-2.6	-3.6	97.4
EDUCATIONAL EXCELLENCE	268.6	280.0	11.4	4.2	268.6	280.0	11.4	4.2	100.0
EDUCATIONAL ADEQUACY	23.7	24.8	1.1	4.4	23.7	24.8	1.0	4.2	99.8
ELDERLY TRANSPORTATION	1.7	0.2	-1.5	-88.3	1.7	0.2	-1.5	-90.6	80.1
NET AVAILABLE	4,572.8	4,605.9	33.1	0.7	4,572.8	4,751.6	178.7	3.9	103.2
LESS: SURPLUS TO ALLOTMENT RESERVE FUND	-93.9	0.0			-93.9	-145.6			
NET AVAILABLE DISTRIBUTION <sup>5</sup>	4,478.9	4,605.9	127.0	2.8	4,478.9	4,605.9	127.0	2.8	

REVENUE FORECAST SUMMARY FOR JUNE

YEAR-TO-DATE GROSS	\$ 125.8 MILLION OR 2.2% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 5.1 MILLION OR 0.9% BELOW FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 145.6 MILLION OR 3.2% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 11</u> 46.5	<u>YTD FY 12</u> 46.8	<u>% CHANGE</u> 0.7
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY 11</u> 428.7	<u>YTD FY 12</u> 438.1	<u>% CHANGE</u> 2.2

- 1) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 2) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 3) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 4) State Central Services Fund and Constitutional Officers Fund.
- 5) Net available for distribution includes A + B + \$10.0 million Rainy Day Fund.

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

June 29, 2012  
Days Remaining: 0  
Forecast date: 05/09/2012

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2011	FORECAST FY 2012	CHANGE AMOUNT	PERCENT	ACTUAL FY 2011	ACTUAL FY 2012	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	235.3	192.4	-42.9	-18.2	235.3	253.8	18.5	7.9	131.9
CORPORATE INCOME	72.9	41.9	-31.0	-42.5	72.9	81.8	8.8	12.1	195.1
GROSS RECEIPTS <sup>1</sup>	166.4	171.7	5.3	3.2	166.4	180.8	14.4	8.6	105.3
ALCOHOLIC BEVERAGE <sup>2</sup>	3.9	4.1	0.2	3.9	3.9	4.1	0.1	3.6	99.7
TOBACCO	19.5	12.7	-6.8	-35.0	19.5	19.6	0.0	0.1	153.9
INSURANCE	46.8	29.2	-17.6	-37.6	46.8	33.5	-13.3	-28.4	114.7
RACING	0.3	0.2	-0.1	-23.9	0.3	0.2	-0.1	-23.3	100.8
GAMES OF SKILL	2.3	1.0	-1.3	-55.8	2.3	2.6	0.4	16.8	264.4
MISCELLANEOUS <sup>3</sup>	4.2	10.1	5.9	138.5	4.2	5.2	1.0	23.2	51.7
<b>TOTAL GROSS</b>	<b>551.6</b>	<b>463.3</b>	<b>-88.3</b>	<b>-16.0</b>	<b>551.6</b>	<b>581.5</b>	<b>29.9</b>	<b>5.4</b>	<b>125.5</b>
LESS: (SCSF/COF) <sup>4</sup>	15.9	15.3	-0.6	-3.6	15.9	19.1	3.2	20.0	124.5
IND INC TAX REFUNDS	24.8	12.2	-12.6	-50.8	24.8	20.4	-4.4	-17.6	167.5
CORP INC TAX REFUNDS	5.5	10.0	4.5	82.2	5.5	1.5	-4.0	-72.6	15.1
CLAIMS	0.0	10.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.4	8.0	7.6	1905.3	0.4	2.2	1.8	444.0	27.1
WATER/SEWER BONDS	1.2	1.1	-0.1	-8.3	1.2	1.1	-0.1	-8.3	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	-100.0	0.0	0.0	0.0	-100.0	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	5.5	4.0	-1.5	-26.9	5.5	2.2	-3.3	-59.7	55.1
EDUCATIONAL EXCELLENCE	22.4	23.3	0.9	4.1	22.4	23.3	1.0	4.2	100.1
EDUCATIONAL ADEQUACY	2.0	2.1	0.1	6.1	2.0	2.1	0.1	4.2	98.2
ELDERLY TRANSPORTATION	0.1	0.0	-0.1	-100.0	0.1	0.0	-0.1	-100.0	0.0
<b>NET AVAILABLE</b>	<b>473.8</b>	<b>377.3</b>	<b>-96.5</b>	<b>-20.4</b>	<b>473.8</b>	<b>509.6</b>	<b>35.8</b>	<b>7.6</b>	<b>135.1</b>

REVENUE FORECAST SUMMARY FOR JUNE

JUNE GROSS	\$ 118.2 MILLION OR 25.5% ABOVE FORECAST.
JUNE NET AVAILABLE	\$ 132.3 MILLION OR 35.1% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>June 11</u> 35.2	<u>June 12</u> 39.2	<u>% CH</u> 11.5
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- 1) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 2) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 3) Miscellaneous includes estate tax, severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 4) State Central Services Fund and Constitutional Officers Fund.