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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 Shelnutt, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for September (FY 2014)**

DATE: October 2, 2013

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 \$1,320.9 million, \$53.3 million or 4.2 percent above year ago levels. After three months into the fiscal year, net available revenue is above forecast by \$29.7 million or 2.3 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$1,500.7 million, representing an increase of \$61.9 million or 4.3 percent above last year. Gross general revenues are above forecast by \$31.7 million or 2.2 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$691.5 million, \$14.1 million or 2.1 percent above FY 2013 collections and \$2.7 million or 0.4 percent above forecast. Collections for individual withholding are up 0.5 percent from year ago levels.

Year-to-date individual income tax refunds total \$21.5 million, up \$2.8 million or 15.3 percent compared to last year and \$1.8 million or 9.2 percent above forecast. Amounts above forecast in refund categories detract from net available revenue.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$567.3 million, an increase of \$33.5 million or 6.3 percent from FY 2013 and \$9.8 million or 1.7 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$108.1 million, an increase of \$12.3 million or 12.9 percent from year-to-date FY 2013. Corporate income is above forecast by \$10.9 million or 11.2 percent.

Year-to-date corporate income tax refunds total \$5.0 million, a decrease of \$1.1 million compared to the same year-to-date period last year.

SEPTEMBER REVENUE SUMMARY

September Net Available General Revenues total \$522.8 million, \$28.2 million or 5.7 percent above last year and \$16.3 million or 3.2 percent above forecast.

September results were boosted by gains in all major categories of collections. Individual Income tax was 7.3% above year ago levels and 4.0 percent above forecast. Corporate income was 13.9 percent above year ago and 12.3 percent above forecast. Sales and Use tax was 5.0 percent above year ago and 0.7 percent above forecast. Gains in the two economic-related revenue lines of Sales tax and Payroll Withholding were in-line with projections and encouraging for the state economy in the absence of any unusual collection factors.

September Gross General Revenues: September collections total \$590.1 million, an increase of \$36.2 million or 6.5 percent above last year and \$21.3 million or 3.7 percent above forecast.

September Individual Income Tax collections total \$295.7 million. Collections increased by \$20.2 million, or 7.3 percent compared to last year. With respect to the forecast, collections were \$11.3 million or 4.0 percent above forecast. Individual withholding increased 4.6 percent compared to last year.

September Individual Income Tax Refunds total \$7.2 million, \$2.5 million or 53.5 percent above last year and \$2.2 million or 44.8 percent above forecast. Refund amounts above forecast detract from net available fund results.

September Sales and Use Tax Collections: September collections total \$186.8 million, an increase of \$9.0 million or 5.0 percent above last year. Collections were also above monthly forecast levels by \$1.3 million or 0.7 percent.

September Corporate Income Tax collections total \$75.2 million, an increase of \$9.2 million from year ago, and \$8.2 million or 12.3 percent above forecast.

September Corporate Income Tax Refunds total \$3.3 million. This amount is \$0.3 million below year ago levels. Refunds were 16.2 percent below forecast.

September Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$18.5 million. Collections decreased by \$1.1 million or -5.4 percent from year earlier levels and were above forecast by 0.1 percent. 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 \$11.6 million, a decrease of -3.1 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 September 2013, \$38.5 million was collected and deposited to the fund. After deductions, the net amount is \$37.3 million. The monthly collection is equivalent to a 4.1 percent increase from prior year collections.

YEAR TO DATE REPORT, SEPTEMBER 2013
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH SEPTEMBER 2013
3 Months YTD
Forecast Date: 05/01/2013

MILLIONS OF DOLLARS

	CURRENT YEAR				CURRENT YEAR TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2013	FORECAST FY 2014	INCREASE AMOUNT PERCENT		ACTUAL FY 2013	ACTUAL FY 2014	INCREASE AMOUNT PERCENT		
INDIVIDUAL INCOME	677.4	688.8	11.4	1.7	677.4	691.5	14.1	2.1	100.4
CORPORATE INCOME	95.7	97.2	1.5	1.6	95.7	108.1	12.3	12.9	111.2
SALES AND USE	533.7	557.5	23.8	4.5	533.7	567.3	33.5	6.3	101.7
ALCOHOLIC BEVERAGE	12.8	12.8	0.0	0.0	12.8	13.3	0.5	4.2	104.1
TOBACCO	59.1	55.5	-3.6	-6.1	59.1	56.9	-2.2	-3.8	102.5
INSURANCE	20.3	20.9	0.6	2.8	20.3	21.5	1.2	5.7	102.8
RACING	0.7	0.6	-0.1	-7.8	0.7	0.6	-0.1	-14.3	92.9
GAMES OF SKILL	8.2	8.1	-0.1	-0.9	8.2	9.6	1.4	17.4	118.5
MISCELLANEOUS ¹	31.0	27.6	-3.4	-10.8	31.0	32.1	1.1	3.7	116.3
TOTAL GROSS	1,438.8	1,469.0	30.2	2.1	1,438.8	1,500.7	61.9	4.3	102.2
LESS: SCSF/COF ²	47.5	48.5	1.0	2.1	47.5	49.5	2.0	4.3	102.1
IND INCOME TAX REFUNDS	18.7	19.7	1.0	5.5	18.7	21.5	2.8	15.3	109.2
CORP INCOME TAX REFUNDS	6.1	7.1	1.0	15.7	6.1	5.0	-1.1	-17.9	70.9
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	3.1	5.7	2.6	83.5	3.1	7.1	4.0	129.7	125.2
WATER/SEWER BONDS	3.9	3.9	0.0	0.0	3.9	3.9	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	-100.0	0.0	0.0	0.0	43.3	0.0
CITY/CO. TOURIST	0.7	0.7	0.0	-0.3	0.7	0.7	0.0	-0.1	100.2
SCHOOL DESEGREGATION	13.0	13.0	0.0	0.0	13.0	13.0	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	71.9	72.9	1.0	1.5	71.9	72.6	0.8	1.1	99.6
EDUCATIONAL ADEQUACY	6.4	6.3	-0.1	-0.8	6.4	6.4	0.1	1.1	101.9
NET AVAILABLE	1,267.6	1,291.2	23.6	1.9	1,267.6	1,320.9	53.3	4.2	102.3

REVENUE FORECAST SUMMARY FOR SEPTEMBER

YEAR-TO-DATE GROSS	\$ 31.7 MILLION OR 2.2% ABOVE FORECAST
YEAR-TO-DATE REFUNDS	\$ 0.2 MILLION OR 0.9% BELOW FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 29.7 MILLION OR 2.3% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 13</u> 12.0	<u>YTD FY 14</u> 11.6	<u>% CHANGE</u> -3.1
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY 13</u> 108.3	<u>YTD FY 14</u> 114.6	<u>% CHANGE</u> 5.8

- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
2) State Central Services Fund and Constitutional Officers Fund.

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

September 30, 2013
Days Remaining: 0
Forecast date: 05/01/2013

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2013	FORECAST FY 2014	CHANGE AMOUNT	PERCENT	ACTUAL FY 2013	ACTUAL FY 2014	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	275.5	284.4	8.9	3.2	275.5	295.7	20.2	7.3	104.0
CORPORATE INCOME	66.1	67.0	0.9	1.4	66.1	75.2	9.2	13.9	112.3
SALES AND USE	177.8	185.5	7.7	4.3	177.8	186.8	9.0	5.0	100.7
ALCOHOLIC BEVERAGE	4.0	4.0	0.0	0.5	4.0	3.9	0.0	-1.0	98.5
TOBACCO	19.6	18.5	-1.1	-5.5	19.6	18.5	-1.1	-5.4	100.1
INSURANCE	0.8	0.8	0.0	3.3	0.8	0.8	0.0	3.4	100.1
RACING	0.2	0.2	0.0	20.0	0.2	0.1	0.0	-13.4	72.1
GAMES OF SKILL	4.5	2.7	-1.8	-40.2	4.5	3.3	-1.3	-28.0	120.4
MISCELLANEOUS ¹	5.5	5.7	0.2	3.0	5.5	5.8	0.3	4.7	101.7
TOTAL GROSS	553.9	568.8	14.9	2.7	553.9	590.1	36.2	6.5	103.7
LESS: (SCSF/COF) ²	18.3	18.8	0.5	2.8	18.3	19.5	1.2	6.5	103.6
IND INC TAX REFUNDS	4.7	5.0	0.3	6.0	4.7	7.2	2.5	53.5	144.8
CORP INC TAX REFUNDS	3.6	3.9	0.3	9.0	3.6	3.3	-0.3	-8.6	83.8
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	1.9	1.6	476.8	0.3	4.7	4.3	1312.3	244.9
WATER/SEWER BONDS	1.3	1.3	0.0	0.0	1.3	1.3	0.0	0.0	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	5.0	5.0	0.0	0.0	5.0	5.0	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	24.0	24.3	0.3	1.5	24.0	24.2	0.3	1.1	99.6
EDUCATIONAL ADEQUACY	2.1	2.1	0.0	-0.8	2.1	2.1	0.0	1.1	101.9
NET AVAILABLE	494.7	506.5	11.8	2.4	494.7	522.8	28.2	5.7	103.2

REVENUE FORECAST SUMMARY FOR SEPTEMBER

SEPTEMBER GROSS \$ 21.3 MILLION OR 3.7% ABOVE FORECAST.
SEPTEMBER NET AVAILABLE \$ 16.3 MILLION OR 3.2% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Sept 12</u> 35.8	<u>Sept 13</u> 37.3	<u>% CH</u> 4.1
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- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
2) State Central Services Fund and Constitutional Officers Fund.