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**Department of Finance
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MEMORANDUM

TO: Larry Walther, Director
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for October (FY 2017)**

DATE: November 2, 2016

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 \$1,771.3 million, \$28.9 million or 1.7 percent above year ago levels. After four months into the fiscal year, net available revenue is below forecast by \$23.2 million or -1.3 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$2,050.1 million, representing an increase of \$37.8 million or 1.9 percent above last year. Gross general revenues are below forecast by \$16.8 million or -0.8 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$956.6 million, \$41.4 million or 4.5 percent above FY 2016 collections and \$4.3 million or 0.4 percent above forecast.

Year-to-date individual income tax refunds total \$32.7 million, down \$0.9 million or -2.6 percent compared to last year and \$1.7 million or 5.4 percent above forecast. Amounts above forecast in refund categories decrease net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$788.2 million, a decrease of \$1.5 million or -0.2 percent from FY 2016 and \$31.6 million or -3.9 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$126.2 million, a decrease of \$10.9 million or -8.0 percent from year-to-date FY 2016. Corporate income is below forecast by \$7.1 million or -5.4 percent.

Year-to-date corporate income tax refunds total \$27.4 million, an increase of \$3.5 million compared to the same year-to-date period last year.

OCTOBER REVENUE SUMMARY

October Net Available General Revenues total \$439.1 million, \$33.2 million or 8.2 percent above last year and \$8.9 million or 2.1 percent above forecast.

October results were above forecast in two major categories of collections, Individual and Corporate Income Tax.

Among the major categories, Corporate Income tax collections were \$17.9 million above forecast. Individual Income tax collections were \$2.1 million over forecast. Sales tax collections were \$3.7 million below forecast for the month.

Among smaller revenue sources, Tobacco was above forecast and year ago collections. Results in Gaming revenue also exceeded forecast.

October Gross General Revenues: October collections total \$530.0 million, an increase of \$39.6 million or 8.1 percent above last year and \$19.3 million or 3.8 percent above forecast.

October Individual Income Tax collections total \$256.0 million. Collections increased by \$22.2 million, or 9.5 percent over last year. With respect to the forecast, collections were \$2.1 million or 0.8 percent above forecast. Individual withholding increased 15.2 percent compared to last year.

October Individual Income Tax Refunds total \$16.5 million, \$2.9 million or 21.5 percent above last year and \$3.5 million or 27.3 percent above forecast. Refund amounts above forecast detract from net available fund results.

October Sales and Use Tax Collections: October collections total \$198.6 million, an increase of \$5.0 million or 2.6 percent from last year. Collections were below monthly forecast levels by \$3.7 million or -1.8 percent.

October Corporate Income Tax collections total \$41.0 million, an increase of \$10.5 million from year ago, and \$17.9 million above forecast.

October Corporate Income Tax Refunds total \$20.8 million. This amount is \$1.4 million above year ago levels. Refunds were also \$7.7 million above forecast.

October Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$19.6 million. Collections increased by \$0.6 million or 3.2 percent from year earlier levels and were above forecast by \$2.0 million. 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 \$16.8 million, an increase of 7.5 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 October 2016, \$41.0 million was collected and deposited to the fund. After deductions, the net amount is \$39.8 million. The monthly collection is equivalent to a 3.7 percent increase from prior year collections.

C: /FISCNOT/October FY 2017
Attachment (2)

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

FORECAST DATE: 2/1/2016

MILLIONS OF \$

	ACTUAL FY16	FORECAST FY17	ACTUAL FY17	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	915.2	952.3	956.6	4.3	0.4	41.4	4.5
CORPORATE INCOME	137.1	133.3	126.2	-7.1	-5.4	-10.9	-8.0
SALES AND USE	789.7	819.8	788.2	-31.6	-3.9	-1.5	-0.2
ALCOHOLIC BEVERAGE	17.5	17.6	18.5	0.9	4.9	0.9	5.3
TOBACCO	76.4	71.1	74.2	3.1	4.4	-2.2	-2.9
INSURANCE	22.7	22.7	22.8	0.1	0.4	0.1	0.5
RACING	0.6	0.6	0.6	0.0	-5.1	0.0	-5.7
GAMES OF SKILL	17.3	17.1	18.9	1.8	10.3	1.6	9.2
MISCELLANEOUS ¹	35.8	32.4	44.3	11.9	36.6	8.5	23.7
TOTAL GROSS	2,012.3	2,066.9	2,050.1	-16.8	-0.8	37.8	1.9
LESS: SCSF/COF ²	64.4	66.2	65.6	-0.6	-0.9	1.2	1.9
INDIV INCOME TAX REFUNDS	33.5	31.0	32.7	1.7	5.4	-0.9	-2.6
CORP INCOME TAX REFUNDS	23.9	17.5	27.4	9.9	56.3	3.5	14.5
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	3.2	7.6	3.8	-3.8	-49.4	0.7	21.2
AMENDMENT 82 BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RECYCLING EQUIP CREDIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WATER/SEWER BONDS	5.2	5.2	5.2	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	0.0	0.0	0.0	-100.0
CITY & COUNTY TOURIST	0.5	0.4	0.4	0.0	11.0	-0.1	-15.2
SCHOOL DESEGREGATION	29.9	30.0	29.9	-0.1	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	100.3	105.2	104.5	-0.7	-0.7	4.2	4.2
EDUCATIONAL ADEQUACY	8.9	9.3	9.2	-0.1	-0.7	0.4	4.2
TOTAL DEDUCTIONS	269.8	272.4	278.7	6.3	2.3	9.0	3.3
NET AVAILABLE	1,742.5	1,794.5	1,771.3	-23.2	-1.3	28.9	1.7

REVENUE FORECAST SUMMARY FOR OCTOBER

YEAR-TO-DATE GROSS	\$ 16.8 MILLION OR 0.8% BELOW FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 23.2 MILLION OR 1.3% 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.

OCTOBER 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	FORECAST	ACTUAL	DOLLAR	PERCENT	DOLLAR	PERCENT
	OCT FY16	OCT FY17	OCT FY17	DIFFERENCE	DIFFERENCE	DIFFERENCE	DIFFERENCE
INDIVIDUAL INCOME	233.8	253.9	256.0	2.1	0.8	22.2	9.5
CORPORATE INCOME	30.5	23.1	41.0	17.9	77.6	10.5	34.6
SALES AND USE	193.6	202.3	198.6	-3.7	-1.8	5.0	2.6
ALCOHOLIC BEVERAGE	4.4	4.4	4.2	-0.2	-5.0	-0.2	-4.4
TOBACCO	18.9	17.6	19.6	2.0	11.1	0.6	3.2
INSURANCE	0.7	0.7	0.6	-0.1	-17.5	-0.1	-18.0
RACING	0.1	0.1	0.1	0.0	-4.6	0.0	-21.3
GAMES OF SKILL	4.2	4.1	4.7	0.6	15.0	0.5	12.9
MISCELLANEOUS ¹	4.2	4.5	5.2	0.7	15.5	1.0	24.3
TOTAL GROSS	490.4	510.7	530.0	19.3	3.8	39.6	8.1
LESS: SCSF/COF ²	15.7	16.3	17.0	0.7	4.1	1.3	8.1
INDIV INCOME TAX REFUNDS	13.6	13.0	16.5	3.5	27.3	2.9	21.5
CORP INCOME TAX REFUNDS	19.4	13.1	20.8	7.7	58.8	1.4	7.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	1.0	1.9	0.7	-1.2	-63.0	-0.3	-27.8
AMENDMENT 82 BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RECYCLING EQUIP CREDIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WATER/SEWER BONDS	1.3	1.3	1.3	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CITY & COUNTY TOURIST	0.3	0.2	0.2	0.0	11.0	0.0	-15.2
SCHOOL DESEGREGATION	6.0	6.0	6.0	0.0	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	25.1	26.3	26.1	-0.2	-0.7	1.1	4.2
EDUCATIONAL ADEQUACY	2.2	2.4	2.3	-0.1	-3.8	0.1	4.2
TOTAL DEDUCTIONS	84.5	80.5	90.9	10.4	13.0	6.5	7.6
NET AVAILABLE	405.9	430.2	439.1	8.9	2.1	33.2	8.2

REVENUE FORECAST SUMMARY FOR OCTOBER

OCTOBER GROSS	\$ 19.3 MILLION OR 3.8% ABOVE FORECAST
OCTOBER NET AVAILABLE	\$ 8.9 MILLION OR 2.1% 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.