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**Department of Finance  
and Administration**

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**MEMORANDUM**

TO: Larry Walther, Director  
Paul Louthian, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

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

DATE: February 2, 2017

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 \$3,155.3 million, \$22.3 million or 0.7 percent above year ago levels. After seven months into the fiscal year, net available revenue is below forecast by \$57.1 million or -1.8 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$3,649.8 million, representing an increase of \$17.3 million or 0.5 percent above last year. Gross general revenues are below forecast by \$70.3 million or -1.9 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,751.4 million, \$37.9 million or 2.2 percent above FY 2016 collections and \$24.0 million or -1.4 percent below forecast.

**Year-to-date individual income tax refunds** total \$62.8 million, down \$9.1 million or -12.6 percent compared to last year and \$9.6 million or -13.2 percent below forecast. Amounts below forecast in refund categories increase net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,376.1 million, an increase of \$17.5 million or 1.3 percent from FY 2016 and \$38.2 million or -2.7 percent below forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$221.7 million, a decrease of \$43.3 million or -16.3 percent from year-to-date FY 2016. Corporate income is below forecast by \$29.4 million or -11.7 percent.

**Year-to-date corporate income tax refunds** total \$47.9 million, a decrease of \$6.0 million compared to the same year-to-date period last year.

## **JANUARY REVENUE SUMMARY**

**January Net Available General Revenues** total \$535.9 million, \$15.9 million or -2.9 percent below last year and \$47.1 million or -8.1 percent below forecast.

Results in January were impacted by a timing shift relative to forecast in Payroll Withholding tax collections during the month. The timing shift involved expectations of higher growth from more paydays in the reporting month than last year. Lack of this payday gain because of early holiday-related payrolls a year ago caused the shortfall and will shift a gain against forecast to February results. Payroll Withholding Tax collections were \$20.5 million below forecast but above year ago collections. Individual Income Tax overall was \$26.8 million below forecast.

Corporate Income Tax collections were below forecast as a result of lower than expected Estimated Payments in January. Corporate tax payments have been volatile in recent quarters due to excess tax payments in prior years compared to liabilities and subsequent adjustment.

Among other major categories, Sales and Use Tax collections were \$6.0 million below forecast. Individual Income Tax Refunds were below forecast by \$5.5 million, adding to Net Available fund results.

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

**January Gross General Revenues:** January collections total \$614.4 million, a decrease of \$13.6 million or -2.2 percent below last year and \$55.6 million or -8.3 percent below forecast.

**January Individual Income Tax** collections total \$358.7 million. Collections increased by \$4.5 million, or 1.3 percent above last year. With respect to the forecast, collections were \$26.8 million or -6.9 percent below forecast. Individual withholding increased 1.9 percent compared to last year. A significant payroll timing shift occurred relative to forecast that is expected to benefit collections in February.

**January Individual Income Tax Refunds** total \$18.4 million, \$1.1 million or 6.3 percent above last year and \$5.5 million or -22.9 percent below forecast. Refund amounts below forecast add to net available fund results.

**January Sales and Use Tax Collections:** January collections total \$200.5 million, an increase of \$2.9 million or 1.5 percent above last year. Collections were below monthly forecast levels by \$6.0 million or -2.9 percent.

**January Corporate Income Tax** collections total \$22.6 million, a decrease of \$17.2 million from year ago, and -\$19.4 million below forecast.

**January Corporate Income Tax Refunds** total \$4.5 million. This amount is \$0.7 million above year ago levels. Refunds were also \$0.8 million above forecast.

**January Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$18.0 million. Collections increased by \$0.8 million or 4.8 percent from year earlier levels and were above forecast by \$2.1 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 \$28.7 million, an increase of 7.3 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 January 2017, \$41.5 million was collected and deposited to the fund. After deductions, the net amount is \$40.2 million. The monthly collection is equivalent to an 1.7 percent increase from prior year collections.

JANUARY 2017 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	1,713.5	1,775.4	1,751.4	-24.0	-1.4	37.9	2.2
CORPORATE INCOME	265.0	251.1	221.7	-29.4	-11.7	-43.3	-16.3
SALES AND USE	1,358.6	1,414.3	1,376.1	-38.2	-2.7	17.5	1.3
ALCOHOLIC BEVERAGE	31.2	31.3	31.9	0.6	2.1	0.7	2.2
TOBACCO	130.2	121.1	128.2	7.1	5.9	-2.0	-1.6
INSURANCE	44.8	44.8	44.5	-0.3	-0.6	-0.3	-0.7
RACING	1.3	1.2	1.1	-0.1	-4.5	-0.1	-11.5
GAMES OF SKILL	30.4	30.2	32.8	2.6	8.6	2.4	7.7
MISCELLANEOUS <sup>1</sup>	57.4	50.7	62.0	11.3	22.2	4.5	7.9
<b>TOTAL GROSS</b>	<b>3,632.5</b>	<b>3,720.1</b>	<b>3,649.8</b>	<b>-70.3</b>	<b>-1.9</b>	<b>17.3</b>	<b>0.5</b>
LESS: SCSF/COF <sup>2</sup>	116.2	119.1	116.8	-2.3	-1.9	0.6	0.5
INDIV INCOME TAX REFUNDS	71.9	72.4	62.8	-9.6	-13.2	-9.1	-12.6
CORP INCOME TAX REFUNDS	53.9	40.7	47.9	7.2	17.7	-6.0	-11.1
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	4.4	13.4	6.2	-7.2	-53.9	1.8	40.3
AMENDMENT 82 BONDS	0.0	1.1	1.1	0.0	2.4	1.1	0.0
RECYCLING EQUIP CREDIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WATER/SEWER BONDS	8.8	7.6	8.8	1.2	15.8	0.0	0.0
COLLEGE SAVINGS BONDS	4.7	4.5	3.4	-1.1	-25.5	-1.3	-28.0
CITY & COUNTY TOURIST	0.8	0.6	0.7	0.1	11.0	-0.1	-15.2
SCHOOL DESEGREGATION	47.9	48.0	47.9	-0.1	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	175.5	184.1	182.8	-1.3	-0.7	7.4	4.2
EDUCATIONAL ADEQUACY	15.5	16.2	16.2	0.0	-0.2	0.7	4.2
<b>TOTAL DEDUCTIONS</b>	<b>499.5</b>	<b>507.7</b>	<b>494.5</b>	<b>-13.2</b>	<b>-2.6</b>	<b>-5.0</b>	<b>-1.0</b>
<b>NET AVAILABLE</b>	<b>3,133.0</b>	<b>3,212.4</b>	<b>3,155.3</b>	<b>-57.1</b>	<b>-1.8</b>	<b>22.3</b>	<b>0.7</b>

REVENUE FORECAST SUMMARY FOR JANUARY

YEAR-TO-DATE GROSS	\$ 70.3 MILLION OR 1.9% BELOW FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 57.1 MILLION OR 1.8% 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.

JANUARY 2017 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	
	JAN FY16	JAN FY17	JAN FY17	DIFFERENCE	DIFFERENCE	DIFFERENCE	DIFFERENCE	
INDIVIDUAL INCOME	354.2	385.5	358.7	-26.8	-6.9	4.5	1.3	
CORPORATE INCOME	39.8	42.0	22.6	-19.4	-46.2	-17.2	-43.2	
SALES AND USE	197.6	206.5	200.5	-6.0	-2.9	2.9	1.5	
ALCOHOLIC BEVERAGE	4.3	4.3	4.5	0.2	5.5	0.3	6.1	
TOBACCO	17.1	15.9	18.0	2.1	12.9	0.8	4.8	
INSURANCE	0.6	0.6	0.9	0.3	51.5	0.3	51.4	
RACING	0.3	0.3	0.3	0.0	-11.0	0.0	-7.2	
GAMES OF SKILL	4.4	4.4	4.8	0.4	10.2	0.4	9.1	
MISCELLANEOUS <sup>1</sup>	9.6	10.5	4.0	-6.5	-61.5	-5.6	-58.0	
<b>TOTAL GROSS</b>	<b>628.0</b>	<b>670.0</b>	<b>614.4</b>	<b>-55.6</b>	<b>-8.3</b>	<b>-13.6</b>	<b>-2.2</b>	
LESS: SCSF/COF <sup>2</sup>	20.1	21.4	19.7	-1.7	-8.1	-0.4	-2.2	
INDIV INCOME TAX REFUNDS	17.3	23.9	18.4	-5.5	-22.9	1.1	6.3	
CORP INCOME TAX REFUNDS	3.8	3.7	4.5	0.8	21.6	0.7	19.1	
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
ECON DEVEL INCENTIVE FUND	0.2	2.0	0.0	-2.0	-100.0	-0.2	-100.0	
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	1.2	1.2	1.2	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	2.3	2.3	0.0	0.4	0.1	4.2	
<b>TOTAL DEDUCTIONS</b>	<b>76.1</b>	<b>87.0</b>	<b>78.4</b>	<b>-8.6</b>	<b>-9.9</b>	<b>2.3</b>	<b>3.0</b>	
<b>NET AVAILABLE</b>	<b>551.9</b>	<b>583.0</b>	<b>535.9</b>	<b>-47.1</b>	<b>-8.1</b>	<b>-15.9</b>	<b>-2.9</b>	

REVENUE FORECAST SUMMARY FOR JANUARY

JANUARY GROSS	\$ 55.6 MILLION OR 8.3% BELOW FORECAST
JANUARY NET AVAILABLE	\$ 47.1 MILLION OR 8.1% 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.