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**Department of Finance
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MEMORANDUM

TO: Larry Walther, Director
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FROM: John Shelnett, Economic Analysis & Tax Research JS

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

DATE: May 2, 2017 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 \$4,437.8 million, \$50.1 million or -1.1 percent below year ago levels. After ten months into the fiscal year, net available revenue is below forecast by \$54.0 million or -1.2 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$5,416.8 million, representing an increase of \$22.5 million or 0.4 percent above last year. Gross general revenues are below forecast by \$87.5 million or -1.6 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$2,728.5 million, \$67.5 million or 2.5 percent above FY 2016 collections and \$10.6 million or -0.4 percent below forecast.

Year-to-date individual income tax refunds total \$361.1 million, up \$54.7 million or 17.9 percent compared to last year and \$34.9 million or -8.8 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 \$1,942.7 million, an increase of \$19.3 million or 1.0 percent from FY 2016 and \$61.8 million or -3.1 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$331.7 million, a decrease of \$61.1 million or -15.6 percent from year-to-date FY 2016. Corporate income is below forecast by \$39.3 million or -10.6 percent.

Year-to-date corporate income tax refunds total \$65.2 million, an increase of \$1.8 million compared to the same year-to-date period last year.

APRIL REVENUE SUMMARY

April Net Available General Revenues total \$660.9 million, \$0.4 million or -0.1 percent below last year and \$11.3 million or 1.7 percent above forecast.

Results in April were positively impacted by a change in Corporate tax filing due dates compared to the monthly forecast. The timing shift involved Corporate Returns and Extension payments previously due in March and shifted to April in federal and adopted state law. The two filing categories involved in the positive shift into April are up \$22.3 million from a year ago and \$33.8 million compared to forecast.

Individual Income tax collections were \$9.7 million below forecast as lower payments from Individual Tax Returns, payments with Extensions, and Estimated Payments offset higher than expected Withholding Tax revenue.

Individual Income Tax Refunds were above forecast by \$4.1 million, subtracting from Net Available fund results. This amount reflects continued differences in filings and processing compared to last year to allow for additional fraud checks of refund requests.

Among other major categories, Sales and Use Tax collections were \$11.1 million below forecast and \$2.4 million below last year.

Among smaller revenue sources, Tobacco tax was above forecast. Results in Gaming revenue were also above forecast.

April Gross General Revenues: April collections total \$824.3 million, an increase of \$30.6 million or 3.9 percent above last year and \$14.3 million or 1.8 percent above forecast.

April Individual Income Tax collections total \$522.0 million. Collections increased by \$16.7 million, or 3.3 percent above last year. With respect to the forecast, collections were \$9.7 million or -1.8 percent below forecast. Individual withholding increased 21.4 percent compared to last year.

April Individual Income Tax Refunds total \$98.2 million, \$30.0 million or 43.9 percent above last year and \$4.1 million or 4.3 percent above forecast. Refund amounts above forecast subtract from net available fund results.

April Sales and Use Tax Collections: April collections total \$190.2 million, a decrease of \$2.4 million or -1.3 percent below last year. Collections were below monthly forecast levels by \$11.1 million or -5.5 percent.

April Corporate Income Tax collections total \$78.0 million, an increase of \$22.1 million from year ago, and \$31.7 million above forecast.

April Corporate Income Tax Refunds total \$1.1 million. This amount is \$1.3 million below year ago levels. Refunds were also \$1.3 million below forecast.

April Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$19.0 million. Collections increased by \$0.5 million or 2.6 percent from year earlier levels and were above forecast by \$1.8 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 \$39.1 million, an increase of 4.9 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 April 2017, \$47.6 million was collected and deposited to the fund. After deductions, the net amount is \$46.1 million. The monthly collection is equivalent to a 1.4 percent increase from prior year collections.

APRIL 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	2,661.0	2,739.1	2,728.5	-10.6	-0.4	67.5	2.5
CORPORATE INCOME	392.8	371.0	331.7	-39.3	-10.6	-61.1	-15.6
SALES AND USE	1,923.5	2,004.5	1,942.7	-61.8	-3.1	19.3	1.0
ALCOHOLIC BEVERAGE	43.9	44.0	44.5	0.5	1.1	0.6	1.3
TOBACCO	183.9	171.0	181.2	10.2	6.0	-2.7	-1.5
INSURANCE	62.8	62.8	62.1	-0.7	-1.2	-0.8	-1.2
RACING	2.2	2.1	2.1	0.0	1.9	-0.1	-2.7
GAMES OF SKILL	46.0	45.6	49.5	3.9	8.5	3.5	7.6
MISCELLANEOUS ¹	78.2	64.2	74.5	10.3	16.1	-3.7	-4.7
TOTAL GROSS	5,394.4	5,504.3	5,416.8	-87.5	-1.6	22.5	0.4
LESS: SCSF/COF ²	172.6	176.2	173.3	-2.9	-1.6	0.7	0.4
INDIV INCOME TAX REFUNDS	306.4	396.0	361.1	-34.9	-8.8	54.7	17.9
CORP INCOME TAX REFUNDS	63.4	50.0	65.2	15.2	30.4	1.8	2.9
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	7.3	19.4	11.5	-7.9	-40.7	4.2	56.9
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	12.4	12.4	12.4	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	4.7	4.5	3.4	-1.1	-25.5	-1.3	-28.0
CITY & COUNTY TOURIST	1.0	0.9	0.9	0.0	-1.3	-0.2	-15.2
SCHOOL DESEGREGATION	65.8	65.8	65.8	0.0	0.0	0.0	0.0
EDUCATIONAL EXCELLENCE	250.7	263.0	261.2	-1.8	-0.7	10.5	4.2
EDUCATIONAL ADEQUACY	22.2	23.2	23.1	-0.1	-0.5	0.9	4.2
TOTAL DEDUCTIONS	906.5	1,012.5	979.0	-33.5	-3.3	72.6	8.0
NET AVAILABLE	4,487.9	4,491.8	4,437.8	-54.0	-1.2	-50.1	-1.1

REVENUE FORECAST SUMMARY FOR APRIL

YEAR-TO-DATE GROSS	\$ 87.5 MILLION OR 1.6% BELOW FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 54.0 MILLION OR 1.2% 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.

APRIL 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 APR FY16	FORECAST APR FY17	ACTUAL APR FY17	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	505.3	531.7	522.0	-9.7	-1.8	16.7	3.3
CORPORATE INCOME	55.9	46.3	78.0	31.7	68.5	22.1	39.5
SALES AND USE	192.7	201.3	190.2	-11.1	-5.5	-2.4	-1.3
ALCOHOLIC BEVERAGE	4.2	4.2	4.3	0.1	2.3	0.1	3.1
TOBACCO	18.5	17.2	19.0	1.8	10.2	0.5	2.6
INSURANCE	0.9	0.9	0.8	-0.1	-15.8	-0.2	-20.0
RACING	0.3	0.3	0.3	0.0	-9.1	0.0	-7.6
GAMES OF SKILL	5.3	5.3	6.4	1.1	21.0	1.1	20.0
MISCELLANEOUS ¹	10.5	2.8	3.3	0.5	19.2	-7.2	-68.3
TOTAL GROSS	793.7	810.0	824.3	14.3	1.8	30.6	3.9
LESS: SCSF/COF ²	25.4	25.9	26.4	0.5	1.8	1.0	3.9
INDIV INCOME TAX REFUNDS	68.2	94.1	98.2	4.1	4.3	30.0	43.9
CORP INCOME TAX REFUNDS	2.4	2.4	1.1	-1.3	-52.6	-1.3	-53.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	1.6	2.0	1.9	-0.1	-5.0	0.3	15.7
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	0.3	0.2	-0.1	-26.0	0.0	-15.2
SCHOOL DESEGREGATION	6.0	5.9	6.0	0.1	1.4	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
TOTAL DEDUCTIONS	132.4	160.4	163.4	3.0	1.9	31.0	23.4
NET AVAILABLE	661.3	649.6	660.9	11.3	1.7	-0.4	-0.1

REVENUE FORECAST SUMMARY FOR APRIL

APRIL GROSS	\$ 14.3 MILLION OR 1.8% ABOVE FORECAST
APRIL NET AVAILABLE	\$ 11.3 MILLION OR 1.7% 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.