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Department of Finance and Administration

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MEMORANDUM

TO: Larry Walther, Secretary
Paul Louthian, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research JS

SUBJECT: **General Revenue Report for March (FY 2022)**

DATE: April 4, 2022 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues total $5,060.3 million, $390.5 million or 8.4 percent above year ago levels. After nine months into the fiscal year, Net Available revenue is above forecast by $456.0 million or 9.9 percent.

Year-to-date Gross General Revenues total $5,898.0 million, representing an increase of $415.2 million or 7.6 percent above last year. Gross general revenues are above forecast by $456.2 million or 8.4 percent.

Year-to-date Individual Income Tax collections total $2,718.4 million, $20.5 million or a 0.8 percent above FY 2021 collections and $277.4 million or 11.4 percent above forecast. Tax due date shift accounts for the limited growth against year ago levels while Estimated Payments and Payroll Withholding account for most of the current gains above forecast.

Year-to-date individual income tax refunds total $260.2 million, down $17.8 million or -6.4 percent compared to the same period last year and $6.4 million or 2.5 percent above forecast. Cumulative numbers of refund claims and average refund amount have tracked close to last year over the 2022 tax filing season.

Year-to-date Sales and Use Tax collections total $2,335.5 million, an increase of $271.5 million or 13.2 percent from FY 2021 and $106.3 million or 4.8 percent above forecast.

Year-to-date Corporate Income Taxes total $448.7 million, an increase of $104.3 million from year-to-date FY 2021. Corporate income is above forecast by $61.6 million or 15.9 percent. Corporate Estimated Payments exceeded year ago and forecast levels.

Year-to-date Corporate income tax refunds total $45.4 million, a decrease of $13.7 million compared to the same year-to-date period last year.

MARCH REVENUE SUMMARY

March Net Available General Revenues total $519.2 million, $146.3 million or 39.2 percent above last year and $138.2 million or 36.3 percent above forecast.

Net Available revenue results were above forecast in all major categories. Individual Income Tax collections benefited from continued high growth in Payroll Withholding Tax and payments from Income Tax Returns. Sales Tax collections were above forecast and year ago levels in most reporting sectors. Corporate Income Tax collections were above forecast, largely from Estimated Payments.

Among smaller revenue sources, Tobacco was above forecast by $0.2 million and below year ago collections. Results in Gaming revenue were below forecast for the month by $0.6 million.

March Gross General Revenues total $691.5 million, an increase of $121.7 million or 21.4 percent above last year and $162.4 million or 30.7 percent above forecast. Gains in Gross revenue from collections were broad-based in March.

March Individual Income Tax collections total $312.2 million. Collections increased by $25.7 million or 9.0 percent compared to last year. With respect to the forecast, collections were $80.7 million or 34.9 percent above forecast. Individual Withholding Tax revenue increased 7.6 percent compared to last year.

March Individual Income Tax Refunds total $105.9 million, $36.3 million below last year and $25.4 million above forecast. Combined refund claims in February and March of the current tax filing season are close to forecast. Refund claims above forecast subtract from net revenue results.

March Sales and Use Tax collections total $283.3 million, an increase of $70.6 million or 33.2 percent above last year. Collections were above monthly forecast levels by $53.6 million or 23.3 percent. Major reporting sectors of Sales Tax displayed large gains compared to year ago in part from comparison with the snow week last year and allowance for the normal one-month lag in vendor reporting. Motor Vehicles Sales Tax was down -6.8 percent from last year, largely because of the spike in vehicle sales and collections last March.

March Corporate Income Tax collections total $40.5 million, an increase of $16.1 million from year ago, and $25.9 million above forecast.

March Corporate Income Tax Refunds total $6.7 million. This amount is $2.4 million above year ago levels. Refunds were $4.3 million below forecast.

March Tobacco Tax collections, a smaller component of general revenue in annual terms, total $16.8 million. Collections decreased by $1.9 million from year earlier levels and were above forecast by $0.2 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

SPECIAL REVENUES OF NOTE

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 March 2022, $60.8 million was collected and deposited to the fund. After deductions, the net amount is $59.0 million. The monthly collection is equivalent to a 31.1 percent increase from prior year collections.

C: /FISCNOT/March FY 2022
Attachment (2)

March 2022 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 12/16/21

Millions of $

	Actual Mar FY21	Forecast Mar FY22	Actual Mar FY22	Change from Forecast: Dollar Difference	Change from Forecast: Percent Difference	Change from Last Year: Dollar Difference	Change from Last Year: Percent Difference
Individual Income	2,697.8	2,441.0	2,718.4	277.4	11.4	20.5	0.8
Corporate Income	344.4	387.1	448.7	61.6	15.9	104.3	30.3
Sales & Use	2,064.0	2,229.2	2,335.5	106.3	4.8	271.5	13.2
Alcohol	48.3	50.8	53.0	2.2	4.4	4.7	9.7
Tobacco	166.1	157.0	161.2	4.2	2.7	-4.9	-2.9
Insurance	65.5	76.4	76.6	0.2	0.2	11.1	17.0
Racing	1.0	1.0	1.1	0.1	8.6	0.1	6.9
Gaming	23.4	32.2	31.4	-0.8	-2.6	7.9	33.9
Severance	5.3	7.6	9.8	2.2	29.4	4.5	84.0
Franchise	8.0	8.0	8.0	0.0	0.0	0.0	0.0
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	56.2	48.9	51.7	2.8	5.8	-4.5	-8.0
Total Gross	5,482.7	5,441.8	5,898.0	456.2	8.4	415.2	7.6
LESS: (SCSF/COF) [1]	170.0	167.1	182.8	15.7	9.4	12.9	7.6
Individual Income Refunds	278.0	253.8	260.2	6.4	2.5	-17.8	-6.4
Corporate Income Refunds	59.1	63.7	45.4	-18.3	-28.8	-13.7	-23.2
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	5.4	15.0	11.1	-3.9	-26.0	5.7	104.6
Amendment 82 Bonds	1.0	1.0	1.0	0.0	-2.8	0.0	-4.2
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	11.2	11.2	11.2	0.0	0.0	0.0	0.0
College Savings Bonds	3.0	2.7	2.7	0.0	1.8	-0.2	-8.3
City & County Tourist	0.7	0.7	0.7	0.0	-4.9	0.0	0.0
Educational Excellence	261.4	296.2	296.3	0.1	0.0	35.0	13.4
Educational Adequacy	23.1	26.1	26.2	0.1	0.4	3.1	13.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	812.9	837.5	837.6	0.1	0.0	24.8	3.0
Net Available	4,669.9	4,604.3	5,060.3	456.0	9.9	390.5	8.4

Revenue Forecast Summary for the Month

March Year-to-Date Gross: $ 456.2 Million OR 8.4% Above Forecast

March Year-to-Date Net Available: $ 456.0 Million OR 9.9% Above Forecast

[1] State Central Services Fund and Constitutional Officers Fund.

March 2022 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 12/16/21

Millions of $

	Actual Mar FY21	Forecast Mar FY22	Actual Mar FY22	Change from Forecast: Dollar Difference	Change from Forecast: Percent Difference	Change from Last Year: Dollar Difference	Change from Last Year: Percent Difference
Individual Income	286.5	231.5	312.2	80.7	34.9	25.7	9.0
Corporate Income	24.3	14.6	40.5	25.9	177.1	16.1	66.2
Sales & Use	212.7	229.7	283.3	53.6	23.3	70.6	33.2
Alcohol	4.6	4.8	5.4	0.6	13.4	0.9	18.6
Tobacco	18.7	16.6	16.8	0.2	1.4	-1.9	-10.0
Insurance	17.2	25.2	25.2	0.0	-0.2	7.9	45.9
Racing	0.3	0.2	0.4	0.2	102.6	0.1	17.8
Gaming	2.4	4.3	3.7	-0.6	-14.0	1.3	55.9
Severance	0.5	0.4	1.2	0.8	196.2	0.7	138.0
Franchise	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	2.4	1.8	2.7	0.9	52.7	0.4	16.6
Total Gross	569.7	529.1	691.5	162.4	30.7	121.7	21.4
LESS: (SCSF/COF) [1]	17.7	16.8	21.4	4.6	27.6	3.8	21.4
Individual Income Refunds	142.1	80.5	105.9	25.4	31.5	-36.3	-25.5
Corporate Income Refunds	4.2	11.0	6.7	-4.3	-39.3	2.4	57.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.0	2.8	1.3	-1.5	-53.8	1.3	0.0
Amendment 82 Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recycling Tax 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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Educational Excellence	29.0	32.9	32.9	0.0	0.1	3.9	13.4
Educational Adequacy	2.6	2.9	2.9	0.0	0.4	0.3	13.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	196.8	148.1	172.3	24.2	16.3	-24.5	-12.5
Net Available	372.9	381.0	519.2	138.2	36.3	146.3	39.2

Revenue Forecast Summary for the Month

March Gross: $ 162.4 Million OR 30.7% Above Forecast

March Net Available: $ 138.2 Million OR 36.3% Above Forecast

[1] State Central Services Fund and Constitutional Officers Fund.