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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 April (FY 2021)**

DATE: May 4, 2021 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues: Year-to-date net available general revenues total $5,449.5 million, $651.7 million or 13.6 percent above year ago levels. After 10 months into the fiscal year, net available revenue is above forecast by $716.8 million or 15.1 percent. The results include net collection increases tied to the income tax due date shift to July from April in the prior fiscal year.

Year-to-date Gross General Revenues: Year-to-date gross collections total $6,430.6 million, representing an increase of $640.7 million or 11.1 percent above last year. Gross general revenues are above forecast by $711.1 million or 12.4 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total $3,168.7 million, $287.8 million or 10.0 percent above FY 2020 collections and $291.7 million or 10.1 percent above forecast.

Year-to-date individual income tax refunds total $378.0 million, down $49.6 million or -11.6 percent compared to last year and $23.3 million or -5.8 percent below forecast. Amounts below forecast in refund categories add to net available revenue results. Returns with refund claims remained below normal in April, partly tied to the filing date extension to May 17th. Earlier Return filings with now-exempt unemployment benefits listed as income will be reworked with additional refunds.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total $2,352.8 million, an increase of $242.2 million or 11.5 percent from FY 2020

and $245.8 million or 11.7 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total $496.3 million, an increase of $92.5 million from year-to-date FY 2020. Corporate income is above forecast by $135.6 million or 37.6 percent.

Year-to-date corporate income tax refunds total $61.7 million, an increase of $14.6 million compared to the same year-to-date period last year.

APRIL REVENUE SUMMARY

April Net Available General Revenues total $779.6 million, $242.4 million or 45.1 percent above last year and $166.9 million or 27.2 percent above forecast.

Net Available revenue results were above forecast in all major categories in April. Sales Tax and Corporate Income Tax collections exceeded forecast and year ago levels by wide margins. Collections from Individual Income Tax filings were above year ago due to filing date changes last year during the onset of the pandemic. Payroll Withholding Tax collections exceeded expectations amid economic rebound, income tax reduction, and withholding formula changes tied to rate changes.

Individual Income Tax refund claims remained below typical tax season pattern and forecast in April, pushing back the catchup to normal levels to May and June.

Among smaller revenue sources, Tobacco was above forecast by $4.3 million and above year ago collections. Results in Gaming revenue were above forecast by $1.0 million.

April Gross General Revenues: April collections total $947.8 million, an increase of $260.0 million or 37.8 percent above last year and $153.3 million or 19.3 percent above forecast. Filing due date changes last year account for part of the growth compared to prior year.

April Individual Income Tax collections total $470.9 million. Collections increased by $104.5 million or 28.5 percent compared to last year. With respect to the forecast, collections were $2.3 million or 0.5 percent above forecast. Individual withholding revenue increased 6.3 percent compared to last year, reflecting labor market growth and broader recovery.

April Individual Income Tax Refunds total $99.9 million, $13.4 million above last year and $13.4 million below forecast. Refund amounts are above last year due to delayed tax filings during the onset of pandemic and below forecast this month due to current-year delays and additional processing of returns with now-exempt unemployment benefits reporting as income.

April Sales and Use Tax Collections: April collections total $288.8 million, an increase of $94.3 million or 48.5 percent above last year. Collections were above monthly forecast levels by $81.7 million or 39.5 percent. Most major reporting sectors of Sales Tax displayed double-digit percentage growth over the prior year, reflecting a combination of relative weakness in sales during onset of the pandemic and continuing expansion with stimulus payments in recent months. Motor vehicle sales tax collections were up 84.6 percent from year ago April.

April Corporate Income Tax collections total $151.8 million, an increase of $53.2 million from year ago, and $63.2 million above forecast.

April Corporate Income Tax Refunds total $2.6 million. This amount is $4.9 million below year ago levels. Refunds were also $6.7 million below forecast.

April Tobacco Tax collections, a smaller component of general revenue in annual terms, total $20.9 million. Collections increased by $3.1 million from year earlier levels and were above forecast by $4.3 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 April 2021, $67.2 million was collected and deposited to the fund. After deductions, the net amount is $65.2 million. The monthly collection is equivalent to a 47.9 percent increase from prior year collections.

C: /FISCNOT/April FY 2021
Attachment (2)

April 2021 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 04/02/20

Millions of $

	Actual Apr FY20	Forecast Apr FY21	Actual Apr FY21	Change from Forecast Dollar Difference	Change from Forecast Percent Difference	Change from Last Year Dollar Difference	Change from Last Year Percent Difference
Individual Income	2,880.9	2,877.0	3,168.7	291.7	10.1	287.8	10.0
Corporate Income	403.7	360.7	496.3	135.6	37.6	92.5	22.9
Sales & Use	2,110.6	2,107.0	2,352.8	245.8	11.7	242.2	11.5
Alcohol	49.3	51.6	54.4	2.8	5.4	5.1	10.3
Tobacco	182.8	163.8	187.0	23.2	14.2	4.2	2.3
Insurance	60.9	65.4	65.7	0.3	0.4	4.8	7.9
Racing	1.5	1.7	1.2	-0.5	-29.1	-0.3	-21.1
Gaming	31.2	29.1	29.0	-0.1	-0.3	-2.1	-6.9
Severance	7.4	5.3	6.1	0.8	15.5	-1.3	-17.4
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	51.0	47.3	58.8	11.5	24.3	7.8	15.3
Total Gross	**5,789.9**	**5,719.5**	**6,430.6**	**711.1**	**12.4**	**640.7**	**11.1**
LESS: (SCSF/COF) [1]	179.5	177.3	199.3	22.0	12.4	19.9	11.1
Individual Income Refunds	427.5	401.3	378.0	-23.3	-5.8	-49.6	-11.6
Corporate Income Refunds	47.1	58.8	61.7	2.9	4.9	14.6	31.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	14.1	19.5	8.6	-10.9	-55.7	-5.4	-38.5
Amendment 82 Bonds	1.1	1.0	1.0	0.0	1.5	0.0	-3.5
Recycling Tax 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	3.2	3.0	3.0	0.0	-0.1	-0.3	-7.8
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	281.5	287.1	290.4	3.3	1.2	9.0	3.2
Educational Adequacy	24.9	25.5	25.7	0.2	0.7	0.8	3.2
Total Deductions	992.1	986.8	981.1	-5.7	-0.6	-11.0	-1.1
Net Available	**4,797.8**	**4,732.7**	**5,449.5**	**716.8**	**15.1**	**651.7**	**13.6**

Revenue Forecast Summary for the Month

April Year-to-Date Gross: $ 711.1 Million OR 12.4% Above Forecast

April Year-to-Date Net Available: $ 716.8 Million OR 15.1% Above Forecast

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

April 2021 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 04/02/20

Millions of $

	Actual Apr FY20	Forecast Apr FY21	Actual Apr FY21	Change from Forecast: Dollar Difference	Change from Forecast: Percent Difference	Change from Last Year: Dollar Difference	Change from Last Year: Percent Difference
Individual Income	366.4	468.6	470.9	2.3	0.5	104.5	28.5
Corporate Income	98.6	88.6	151.8	63.2	71.4	53.2	53.9
Sales & Use	194.5	207.1	288.8	81.7	39.5	94.3	48.5
Alcohol	4.8	5.0	6.0	1.0	20.4	1.2	24.3
Tobacco	17.8	16.6	20.9	4.3	25.9	3.1	17.3
Insurance	0.4	0.9	0.2	-0.7	-79.0	-0.2	-56.5
Racing	0.1	0.3	0.2	-0.1	-37.0	0.1	40.5
Gaming	2.3	4.6	5.6	1.0	21.8	3.3	148.8
Severance	0.4	0.4	0.8	0.4	94.0	0.4	111.0
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	2.5	2.4	2.6	0.2	7.3	0.1	4.8
Total Gross	**687.8**	**794.5**	**947.8**	**153.3**	**19.3**	**260.0**	**37.8**
LESS: (SCSF/COF) [1]	21.3	24.6	29.4	4.8	19.4	8.1	37.8
Individual Income Refunds	86.6	113.3	99.9	-13.4	-11.8	13.4	15.5
Corporate Income Refunds	7.5	9.3	2.6	-6.7	-71.9	-4.9	-65.0
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	3.1	1.9	3.2	1.3	69.6	0.1	2.5
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	0.2	0.2	0.2	0.0	11.0	0.0	0.0
Educational Excellence	28.1	28.7	29.0	0.3	1.2	0.9	3.2
Educational Adequacy	2.5	2.6	2.6	0.0	-1.2	0.1	3.2
Total Deductions	150.6	181.8	168.2	-13.6	-7.5	17.6	11.7
Net Available	**537.3**	**612.7**	**779.6**	**166.9**	**27.2**	**242.4**	**45.1**

Revenue Forecast Summary for the Month

April Gross: $ 153.3 Million OR 19.3% Above Forecast

April Net Available: $ 166.9 Million OR 27.2% Above Forecast

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