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To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS JULY THROUGH APRIL, FY 2015

This is the first monthly report of State General Fund (SGF) receipts in FY 2015 based upon the revised estimates made by the Consensus Estimating Group on April 20, 2015.

The figures in the "Estimate" and "Actual" columns under FY 2015 in the following table include actual total receipts through March, so this report focuses on a comparison of the estimated and actual total receipts for April only.

Total receipts through April of FY 2015 were \$1.6 million, or 0.0 percent, above the estimate. The component of total SGF receipts from taxes was \$4.0 million, or 0.1 percent, below the estimate.

There were no tax sources that exceeded the newly adjusted estimates by more than \$1.0 million. Those tax sources that fell below the estimate by more than \$1.0 million were: corporate income tax (\$3.3 million or 1.1 percent) and severance tax (\$1.0 million or 1.2 percent).

As a result of the April 20th Consensus Revenue meeting the estimate for FY 2015 State General Fund receipts was increased by \$157.0 million, or 2.7 percent, above the November estimate. The estimate for total taxes was decreased by \$87.5 million, while the estimate for other revenues was increased by \$244.5 million. The change in other revenues was heavily influenced by the enactment of House Sub. for SB 4 (the rescission bill), which included transfer adjustments of \$243.6 million. Estimates for FY 2015 were decreased by \$30 million for corporation income tax, by \$40 million for retail sales and compensating use tax, and by \$25 million for severance tax. The overall revised estimate of \$5.926 billion represents a 4.8 percent increase above final FY 2014 receipts.

Individual Income Tax Processing

The fiscal-year-to-date result through April for individual income taxes is premised on tax processing information provided by the Department of Revenue. Through the first ten months of FY 2015, individual income tax receipts are approximately \$82 million below the first ten months of FY 2014. The current estimate is that final FY 2015 receipts will finish about \$62 million above final FY 2014 receipts for this source. This means there

will need to be \$144 million of additional individual income tax receipts in the final two months of the fiscal year beyond the amount that came in above those same two months last year.

The Department estimates that as of April 30, 2015, nearly 100,000 unopened returns and checks had not yet been processed, which puts the current processing time line at least a week to ten days behind last year's. By April 30, 2014, the Department had opened all returns. Significantly fewer temporary workers had been available to open returns and process checks in March and April this year, according to the Director of Taxation.

About \$27 million of balance due remittances were deposited in the month of May last year. This year, the Department expects balance dues in May of about \$100-\$110 million, leaving individual income tax receipts generally on track to make the final FY 2015 estimate. The assumption of overall individual income tax receipts for the month of May of \$266 million (which also includes withholding, refunds, and estimated payments), therefore, requires close monitoring. The Department has indicated additional information should be available during the next couple of weeks with respect to whether both the number of balance-due checks and the amount of the checks is going to be on track with respect to the assumption that an additional \$80 million of such remittances will be deposited during the month of May alone.

Interest was above the estimate by \$0.4 million, or 3.9 percent. Transfers (net) were above the estimate by \$2.4 million, or 2.1 percent. Agency earnings and miscellaneous were above the estimate by \$2.8 million, or 5.6 percent.

Total SGF receipts through April of FY 2015 were \$155.9 million, or 3.4 percent above FY 2014 for the same period. Tax receipts only for the same period were below last year's collections by \$75.8 million, or 1.6 percent.

This report excludes a deposit to the SGF of \$675.0 million due to the issuance of a Certificate of Indebtedness. The Certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-April, FY 2015
(dollar amounts in thousands)

| | Actual FY 2014 | FY 2015 | | | Percent change relative to: | |
|------------------------------|---------------------|---------------------|---------------------|-------------------|-----------------------------|----------------|
| | | Estimate* | Actual | Difference | FY 2014 | Estimate |
| Property Tax/Fee: | | | | | | |
| Motor Carriers | \$ 27,922 | \$ 9,600 | \$ 9,602 | \$ 2 | (65.6) % | 0.0 % |
| Income Taxes: | | | | | | |
| Individual | \$ 1,870,427 | \$ 1,789,000 | \$ 1,788,757 | \$ (243) | (4.4) % | 0.0 % |
| Corporation | 315,699 | 310,000 | 306,715 | (3,285) | (2.8) | (1.1) |
| Financial Inst. | 23,975 | 30,000 | 29,734 | (266) | 24.0 | (0.9) |
| Total | \$ 2,210,101 | \$ 2,129,000 | \$ 2,125,206 | \$ (3,794) | (3.8) % | (0.2) % |
| Excise Taxes: | | | | | | |
| Retail Sales | \$ 1,747,772 | \$ 1,782,000 | \$ 1,782,330 | \$ 330 | 2.0 % | 0.0 % |
| Comp. Use | 286,144 | 296,000 | 296,655 | 655 | 3.7 | 0.2 |
| Cigarette | 73,834 | 72,600 | 72,111 | (489) | (2.3) | (0.7) |
| Tobacco Prod. | 5,909 | 6,200 | 6,044 | (156) | 2.3 | (2.5) |
| Cereal Malt Bev. | 1,403 | 1,270 | 1,274 | 4 | (9.2) | 0.3 |
| Liquor Gallonage | 15,645 | 15,900 | 15,917 | 17 | 1.7 | 0.1 |
| Liquor Enforce. | 52,862 | 55,000 | 55,059 | 59 | 4.2 | 0.1 |
| Liquor Drink | 8,371 | 8,700 | 8,690 | (10) | 3.8 | (0.1) |
| Corp. Franchise | 5,115 | 5,000 | 4,898 | (102) | 259.1 | (2.0) |
| Severance | 107,374 | 83,900 | 82,860 | (1,040) | (22.8) | (1.2) |
| Gas | 31,304 | 24,300 | 23,668 | (632) | (24.4) | (2.6) |
| Oil | 76,070 | 59,600 | 59,192 | (408) | (22.2) | (0.7) |
| Total | \$ 2,304,429 | \$ 2,326,570 | \$ 2,325,838 | \$ (732) | 0.9 % | (0.0) % |
| Other Taxes: | | | | | | |
| Insurance Prem. | \$ 121,935 | \$ 127,600 | \$ 128,069 | \$ 469 | 5.0 % | 0.4 % |
| Miscellaneous | 1,241 | 1,140 | 1,163 | 23 | (6.3) | 2.0 |
| Total | \$ 123,176 | \$ 128,740 | \$ 129,232 | \$ 492 | 4.9 % | 0.4 % |
| Total Taxes | \$ 4,665,628 | \$ 4,593,910 | \$ 4,589,878 | \$ (4,032) | (1.6) % | (0.1) % |
| Other Revenue: | | | | | | |
| Interest | \$ 10,356 | \$ 10,300 | \$ 10,703 | \$ 403 | 3.4 % | 3.9 % |
| Transfers (net) | (108,674) | 114,140 | 116,552 | 2,412 | -- | 2.1 |
| Agency Earnings and Misc. | 46,643 | 49,900 | 52,713 | 2,813 | 13.0 | 5.6 |
| Total | \$ (51,675) | \$ 174,340 | \$ 179,968 | \$ 5,628 | -- % | 3.2 % |
| TOTAL RECEIPTS | \$ 4,613,953 | \$ 4,768,250 | \$ 4,769,846 | \$ 1,596 | 3.4 % | 0.0 % |

Consensus estimate as of April 20, 2015.

Excludes a Certificate of Indebtedness of \$675 million that must be redeemed prior to the end of the fiscal year.

NOTE: Details may not add to totals due to rounding.