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To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July through September, FY 2019

For the first four months of FY 2019, estimates of State General Fund (SGF) receipts are based upon the consensus estimates of April 20, 2018, as adjusted for legislation enacted after that date by the 2018 Legislature. The Consensus Estimating Group will meet on November 9 to revise the forecast for FY 2019 and provide the first estimates for FY 2020 and FY 2021.

Total receipts for July through September, the first three months of FY 2019, were \$97.5 million, or 6.7 percent, above the estimate. The component of total SGF receipts from taxes only was \$98.6 million, or 6.2 percent, above the estimate.

The tax sources exceeding the estimate by more than \$1.0 million through September were individual income (\$60.4 million or 8.2 percent); corporation income (\$31.4 million or 38.9 percent); compensating use (\$5.7 million or 5.8 percent); severance (\$3.3 million or 57.3 percent); and cigarette (\$2.5 million or 8.2 percent).

The tax sources below the estimate by more than \$1.0 million were retail sales (\$3.4 million or 0.6 percent); and insurance premiums tax (\$1.3 million or 18.1 percent).

Individual income tax saw year-over-year growth in the month of September, both in estimated (\$30.2 million or 14.5 percent) and in withholding (\$45.5 million or 80.6 percent). As reported earlier, the receipts from this source exceeded the final FY 2018 estimate by almost \$230 million. The Department of Revenue is continuing to analyze tax year 2017 returns to provide more complete information.

Corporation income tax payments also grew (\$15.9 million or 24.0 percent) over the same month last year. The Department of Revenue is reviewing these payments and will soon provide information about the possible reasons for this growth.

The transfer amount is \$4.3 million, or 2.8 percent, below the estimate due to a higher than anticipated automated tax system transfer. Interest earnings exceeded the FY 2019 estimate by \$3.9 million due to higher than anticipated pooled money investment portfolio balances and a higher return on investments.

This report excludes the July 1 deposit to the SGF of \$600.0 million pursuant to issuance of a Certificate of Indebtedness. The Certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-September, FY 2019
(Dollars in Thousands)

	Actual FY 2018	FY 2019			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2018	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 2,061	\$ 2,100	\$ 2,076	\$ (24)	0.7 %	(1.1) %
Income Taxes:						
Individual	\$ 654,671	\$ 735,000	\$ 795,428	\$ 60,428	21.5 %	8.2 %
Corporation	91,096	80,900	112,343	31,443	23.3	38.9
Financial Inst.	10,651	10,000	10,441	441	(2.0)	4.4
<i>Total</i>	<u>\$ 756,418</u>	<u>\$ 825,900</u>	<u>\$ 918,212</u>	<u>\$ 92,312</u>	<u>21.4 %</u>	<u>11.2 %</u>
Excise Taxes:						
Retail Sales	\$ 598,890	\$ 604,000	\$ 600,573	\$ (3,427)	0.3 %	(0.6) %
Compensating Use	98,090	98,000	103,664	5,664	5.7	5.8
Cigarette	33,051	30,700	33,231	2,531	0.5	8.2
Tobacco Products	2,246	2,300	2,329	29	3.7	1.3
Cereal Malt Beverages	420	390	439	49	4.5	12.6
Liquor Gallonage	5,418	5,300	5,379	79	(0.7)	1.5
Liquor Enforcement	18,764	18,900	18,135	(765)	(3.4)	(4.0)
Liquor Drink	2,827	2,880	2,943	63	4.1	2.2
Corporate Franchise	923	1,050	952	(98)	3.1	(9.3)
Severance	6,563	5,830	9,171	3,341	39.7	57.3
Gas	2,112	630	831	201	(60.7)	31.9
Oil	4,451	5,200	8,340	3,140	87.4	60.4
<i>Total</i>	<u>\$ 767,192</u>	<u>\$ 769,350</u>	<u>\$ 776,816</u>	<u>\$ 7,466</u>	<u>1.3 %</u>	<u>1.0 %</u>
Other Taxes:						
Insurance Premiums	\$ (9,666)	\$ (7,400)	\$ (8,737)	\$ (1,337)	9.6 %	(18.1) %
Miscellaneous	453	680	873	193	92.7	28.4
<i>Total</i>	<u>\$ (9,213)</u>	<u>\$ (6,720)</u>	<u>\$ (7,864)</u>	<u>\$ (1,144)</u>	<u>14.6 %</u>	<u>(17.0) %</u>
Total Taxes	\$ 1,516,458	\$ 1,590,630	\$ 1,689,240	\$ 98,609	11.4 %	6.2 %
Other Revenue:						
Interest	\$ 4,432	\$ 5,200	\$ 9,063	\$ 3,863	104.5 %	74.3 %
Transfers (net)	65,967	(152,290)	(156,614)	(4,324)	(337.4)	(2.8)
Agency Earnings & Misc	8,150	6,900	6,249	(651)	(23.3)	(9.4)
Total Other Revenue	\$ 78,549	\$ (140,190)	\$ (141,302)	\$ (1,112)	(279.9) %	(0.8) %
TOTAL RECEIPTS	\$ 1,595,007	\$ 1,450,440	\$ 1,547,938	\$ 97,497	(3.0) %	6.7 %

* Consensus Estimate as of April 20, 2018, as further adjusted for subsequent legislation enacted after that date.

Excludes a Certificate of Indebtedness of \$600 million that must be redeemed prior to the end of the fiscal year.

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