



October 1, 2019

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July through September, FY 2020

For the first four months of FY 2020, estimates of State General Fund (SGF) receipts are based upon the consensus estimates of April 18, 2019, as adjusted for legislation enacted after that date by the 2019 Legislature. The Consensus Estimating Group will meet on November 7 to revise the forecast for FY 2020 and FY 2021.

Total receipts for July through September, the first three months of FY 2020, were \$54.6 million, or 3.5 percent, above the estimate. The component of total SGF receipts from taxes only was \$48.0 million, or 2.8 percent, above the estimate.

The tax sources exceeding the estimate by more than \$1.0 million through September were individual income (\$25.6 million or 3.2 percent); corporation income (\$12.8 million or 11.9 percent); retail sales (\$9.3 million or 1.6 percent); and compensating use (\$2.6 million or 2.4 percent).

The tax sources below the estimate by more than \$1.0 million were severance (\$1.8 million or 30.9 percent); and cigarette (\$1.4 million or 4.2 percent).

September receipts include the first quarter of estimated payments for both the individual and corporation income taxes. Estimated payments for both sources exceeded expectations; while individual income tax withholding and corporate balance due payments also saw steady growth. Individual income tax receipts gained \$20.1 million and corporate receipts gained \$19.0 million above the estimate for the month of September.

As explained previously, the overall growth in these tax sources over the last year and a half has been impacted by a number of federal tax law changes enacted late in 2017. The Department of Revenue is conducting an analysis of tax year 2018 returns to provide updated information to the Consensus Estimating Group.

The transfer amount is \$7.9 million, or 5.3 percent, above the estimate due to lower transfers out of the SGF to the School District Capital Improvement fund partially offset by a higher than anticipated automated tax system transfer. Interest earnings exceeded the FY 2020 estimate by \$5.0 million due to higher than anticipated pooled money investment portfolio balances.

Notwithstanding the sales tax receipts coming in above the forecast thus far this fiscal year, growth in receipts still remains below long-run historical patterns while compensating use

tax growth has been accelerating due in part to more out-of-state entities collecting taxes on transactions shipped into the state in the wake of the 2018 Wayfair decision by the U.S. Supreme Court.

This report excludes the July 1 deposit to the SGF of \$275.0 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 2020
(Dollars in Thousands)

	Actual FY 2019	FY 2020			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2019	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 2,076	\$ 2,100	\$ 2,185	\$ 85	5.3 %	4.0 %
Income Taxes:						
Individual	\$ 795,428	\$ 805,000	\$ 830,545	\$ 25,545	4.4 %	3.2 %
Corporation	112,343	108,000	120,846	12,846	7.6	11.9
Financial Inst.	10,441	10,150	9,346	(804)	(10.5)	(7.9)
<i>Total</i>	<u>\$ 918,212</u>	<u>\$ 923,150</u>	<u>\$ 960,737</u>	<u>\$ 37,587</u>	<u>4.6 %</u>	<u>4.1 %</u>
Excise Taxes:						
Retail Sales	\$ 600,573	\$ 601,000	\$ 610,329	\$ 9,329	1.6 %	1.6 %
Compensating Use	103,664	106,000	108,553	2,553	4.7	2.4
Cigarette	33,231	33,000	31,618	(1,382)	(4.9)	(4.2)
Tobacco Products	2,329	2,300	2,311	11	(0.8)	0.5
Liquor Gallonage	5,818	5,200	5,430	230	(6.7)	4.4
Liquor Enforcement	18,135	17,500	18,389	889	1.4	5.1
Liquor Drink	2,943	3,000	3,119	119	6.0	4.0
Severance	9,171	5,700	3,936	(1,764)	(57.1)	(30.9)
Gas	831	600	(845)	(1,445)	(201.7)	(240.8)
Oil	8,340	5,100	4,781	(319)	(42.7)	(6.3)
<i>Total</i>	<u>\$ 775,864</u>	<u>\$ 773,700</u>	<u>\$ 783,685</u>	<u>\$ 9,985</u>	<u>1.0 %</u>	<u>1.3 %</u>
Other Taxes:						
Insurance Premiums	\$ (8,737)	\$ (11,450)	\$ (10,901)	\$ 549	(24.8) %	4.8 %
Corporate Franchise	952	1,050	748	(302)	(21.4)	(28.8)
Miscellaneous	873	900	1,023	123	17.2	13.7
<i>Total</i>	<u>\$ (6,912)</u>	<u>\$ (9,500)</u>	<u>\$ (9,130)</u>	<u>\$ 370</u>	<u>(32.1) %</u>	<u>3.9 %</u>
Total Taxes	\$ 1,689,240	\$ 1,689,450	\$ 1,737,478	\$ 48,026	2.9 %	2.8 %
Other Revenue:						
Interest	\$ 9,063	\$ 13,500	\$ 18,541	\$ 5,041	104.6 %	37.3 %
Transfers (net)	(156,614)	(150,080)	(142,161)	7,919	9.2	5.3
Agency Earnings & Misc	6,249	7,100	677	(6,423)	(89.2)	(90.5)
Total Other Revenue	\$ (141,302)	\$ (129,480)	\$ (122,943)	\$ 6,537	13.0 %	5.0 %
TOTAL RECEIPTS	\$ 1,547,938	\$ 1,559,970	\$ 1,614,535	\$ 54,563	4.3 %	3.5 %

* Consensus Estimate as of April 18, 2019, as further adjusted for subsequent legislation enacted after that date.

Excludes a Certificate of Indebtedness of \$275 million that must be redeemed prior to the end of the fiscal year.

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