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January 5, 2016

To: Legislative Budget Committee

## STATE GENERAL FUND (SGF) RECEIPTS July through December, FY 2016

This is the second monthly report based on the revised estimate of SGF receipts in FY 2016 made by the Consensus Estimating Group on November 6, 2015. The figures in both the "Estimate" and "Actual" columns under FY 2016 on the following table include actual amounts received in July-October. Thus, the report essentially deals with the difference between the estimated and actual receipts in November and December.

**Total receipts through December of FY 2016 were \$42.8 million, or 1.5 percent, above the estimate.** (Absent two transfer adjustments of \$62.8 million described in more detail below, total receipts would have been \$20.0 million below the estimate.) The component of SGF receipts from taxes only was \$19.2 million, or 0.7 percent, below the estimate. Total receipts through November of FY 2016 had been \$14.6 million, or 0.6 percent, above the estimate and taxes only were \$8.1 million, or 0.4 percent, above the estimate.

The timing and processing of receipts can affect comparisons of the estimate with actual receipts over a short period of time. In addition, receipts through the end of January may include additional sales tax receipts on Christmas business and additional individual income tax estimated payments due in January 2016.

Tax sources that exceeded the estimate by more than \$1.0 million were: insurance premiums tax (\$8.2 million or 14.2 percent); compensating use tax (\$4.6 million or 2.5 percent); corporate income tax (\$4.6 million or 2.6 percent); and cigarette tax (\$2.7 million or 3.7 percent).

Tax sources that fell below the estimate by more than \$1.0 million were individual income tax (\$22.8 million or 2.1 percent); retail sales tax (\$10.5 million or 0.9 percent); financial institutions tax (\$3.8 million or 19.6 percent); severance tax (\$1.4 million or 11.1 percent); and liquor enforcement tax (\$1.3 million or 3.8 percent).

Individual income tax withholding for December finished \$6.0 million below the previous year's level. Estimated payments finished about \$11.0 million below expectations for the month, according to the Department of Revenue (remember that such payments are not due until the end of January).

Sales tax revenue remains below expectations and will continue to be closely monitored over the winter months. A Department of Revenue survey of the 67 largest retailers (who collect about half of all receipts) found that taxable sales actually declined by 4.2 percent from the month of November 2014 compared to the month of November 2015.

With regard to the insurance premiums tax, the increase in December receipts for the payment of insurance premiums is largely related to the timing of refund payments. Several large refunds were paid out in December 2014; this was not the case in December 2015, and additionally, some sizable refunds were paid out earlier in the fiscal year.

Interest earnings were above the estimate by \$0.9 million. Net transfers were less than anticipated resulting in a surplus to the SGF of \$62.0 million. This is primarily due to a delay in the Bioscience Development Fund transfer of \$5.9 million and the Governor's November special allotment authority plan which contains transfers totaling \$56.9 million from the State Highway Fund and the Children's Initiative Fund. Agency earnings were below the estimated amount by \$0.8 million.

**Total SGF receipts through December of FY 2016 were \$185.4 million or 6.8 percent above FY 2015 for the same period. Tax receipts only, for the same period, were above FY 2015 by \$52.1 million or 1.9 percent.**

This report excludes a deposit to the SGF which totals \$840.0 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-December, FY 2016

(dollar amounts in thousands)

|                              | Actual<br>FY 2015 | FY 2016      |              |             | Percent change relative to: |          |
|------------------------------|-------------------|--------------|--------------|-------------|-----------------------------|----------|
|                              |                   | Estimate*    | Actual       | Difference  | FY 2015                     | Estimate |
| Property Tax/Fee:            |                   |              |              |             |                             |          |
| Motor Carriers               | \$ 5,314          | \$ 4,400     | \$ 4,689     | \$ 289      | (11.8) %                    | 6.6 %    |
| Income Taxes:                |                   |              |              |             |                             |          |
| Individual                   | \$ 1,098,119      | \$ 1,110,000 | \$ 1,087,157 | \$ (22,843) | (1.0) %                     | (2.1) %  |
| Corporation                  | 196,087           | 178,000      | 182,559      | 4,559       | (6.9)                       | 2.6      |
| Financial Inst.              | 18,270            | 19,200       | 15,433       | (3,767)     | (15.5)                      | (19.6)   |
| Total                        | \$ 1,312,476      | \$ 1,307,200 | \$ 1,285,149 | \$ (22,051) | (2.1) %                     | (1.7) %  |
| Excise Taxes:                |                   |              |              |             |                             |          |
| Retail Sales                 | \$ 1,084,093      | \$ 1,165,000 | \$ 1,154,529 | \$ (10,471) | 6.5 %                       | (0.9) %  |
| Comp. Use                    | 175,664           | 187,000      | 191,611      | 4,611       | 9.1                         | 2.5      |
| Cigarette                    | 45,005            | 73,000       | 75,672       | 2,672       | 68.1                        | 3.7      |
| Tobacco Prod.                | 3,802             | 4,100        | 4,102        | 2           | 7.9                         | 0.0      |
| Cereal Malt Bev.             | 821               | 790          | 737          | (53)        | (10.2)                      | (6.7)    |
| Liquor Gallonage             | 9,926             | 9,900        | 10,047       | 147         | 1.2                         | 1.5      |
| Liquor Enforce.              | 33,467            | 33,500       | 32,214       | (1,286)     | (3.7)                       | (3.8)    |
| Liquor Drink                 | 5,149             | 5,300        | 5,334        | 34          | 3.6                         | 0.6      |
| Corp. Franchise              | 1,578             | 1,580        | 1,555        | (25)        | (1.5)                       | (1.6)    |
| Severance                    | 55,210            | 12,200       | 10,848       | (1,352)     | (80.4)                      | (11.1)   |
| Gas                          | 14,797            | 2,900        | 2,409        | (491)       | (83.7)                      | (16.9)   |
| Oil                          | 40,413            | 9,300        | 8,439        | (861)       | (79.1)                      | (9.3)    |
| Total                        | \$ 1,414,715      | \$ 1,492,370 | \$ 1,486,649 | \$ (5,721)  | 5.1 %                       | (0.4) %  |
| Other Taxes:                 |                   |              |              |             |                             |          |
| Insurance Prem.              | \$ 57,788         | \$ 57,800    | \$ 65,993    | \$ 8,193    | 14.2 %                      | 14.2 %   |
| Miscellaneous                | 689               | 600          | 644          | 44          | (6.5)                       | 7.3      |
| Total                        | \$ 58,477         | \$ 58,400    | \$ 66,637    | \$ 8,237    | 14.0 %                      | 14.1 %   |
| Total Taxes                  | \$ 2,790,982      | \$ 2,862,370 | \$ 2,843,124 | \$ (19,246) | 1.9 %                       | (0.7) %  |
| Other Revenue:               |                   |              |              |             |                             |          |
| Interest                     | \$ 6,584          | \$ 17,500    | \$ 18,368    | \$ 868      | -- %                        | 5.0 %    |
| Transfers (net)              | (89,977)          | (20,710)     | 41,308       | 62,018      | --                          | --       |
| Agency Earnings<br>and Misc. | 37,395            | 28,400       | 27,607       | (793)       | (26.2)                      | (2.8)    |
| Total                        | \$ (45,998)       | \$ 25,190    | \$ 87,283    | \$ 62,093   | -- %                        | -- %     |
| TOTAL RECEIPTS               | \$ 2,744,984      | \$ 2,887,560 | \$ 2,930,407 | \$ 42,847   | 6.8 %                       | 1.5 %    |

Consensus estimate as of November 6, 2015.

Excludes a Certificate of Indebtedness of \$840.0 million that must be redeemed prior to the end of the fiscal year.

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