



March 19, 2020 Release

# General Fund Revenue

February  
Fiscal Year 2019-20





# Revenue Digest

## February 2020

General Fund revenue increased 25.2 percent, or \$39.6 million, during the month of February 2020 from February 2019. Revenues through February 2020 have grown 8.5 percent, or \$483.5 million year-to-date. The table below summarizes the monthly and year-to-date growth rates in the major revenue categories.

Revenue Category	Month Over One Year Growth (percent change)	Year-to-Date Growth (percent change)
Sales and Use Tax	7.0	8.3
Individual Income Tax	13.8	7.8
Corporate Income Tax	44.1	21.7
Corporate License Tax	-26.3	13.6
Other Revenues	13.7	8.9
<b>Total General Fund</b>	<b>25.2</b>	<b>8.5</b>

The monthly revenue growth was broad-based with many revenue categories contributing to the overall year-to-date revenue excess against the revised revenue estimate adopted in February 2020. The notable events among the major accounts include:

- The Sales and Use tax continue to benefit from strong consumer confidence and the inclusion of \$6.3 million in third-party sales taxes in February 2020. These revenues were not collected this time a year ago and are attributable to collections from third-party sales. The Sales and Use tax increased 7.0 percent in February 2020 resulting in fiscal year-to-date growth of 8.3 percent.
- The lack of Individual Income tax refund processing has contributed positively to the revenue excess in this revenue category. Refund amounts have not kept pace with estimates for the past three months causing the Individual Income tax revenue excess against the revenue estimate to increase. Also, in March 2019, there was a one-time, nonrecurring Individual Income tax withholding payment of \$61.4 million from a Mega Millions jackpot winner, therefore, the year-to-date revenue excess will fall next month. This revenue excess is expected to fall also as refund processing accelerates.
- The Corporate Income tax increased 44.1 percent on small dollar volume in February 2020. February is not a scheduled quarterly declaration period, therefore, the expectation for revenue growth is mitigated. The Corporate License tax decreased 26.3 percent in February 2020. Through the first eight months in FY2019-20, the Corporate Income tax and the Corporate License tax have increased 21.7 percent and 13.6 percent, respectively.





Continued corporate earnings growth has positively translated into better-than-expected corporate revenue in FY2020.

- Other revenues were largely affected by the timing of revenue receipts. Unclaimed Property was remitted to the General Fund one month sooner (February 2020) than last fiscal year (March 2019). The Bank tax, the Documentary Stamp tax, Earnings on Investments are each exceeding their estimates and positively contributing to the bottom line. Other revenues through February 2020 have grown 8.9 percent.
- General Fund revenue collections through February 2020 amounted to \$6,181.6 million in FY2019-20, or 8.5 percent higher than in FY2018-19. The year-to-date revenue growth rate exceeds the 5.3 percent growth rate needed to meet the revised BEA General Fund revenue growth rate for FY2019-20 by an estimated \$191.3 million. As noted earlier, this excess is expected to decline next month as timing differences are reconciled.

To date, the state economy is closely tracking the forecast growth rates of employment and personal income. In November 2019, the Board of Economic Advisors adopted an employment growth rate of 1.6 percent and a personal income growth rate of 5.25 percent in FY2019-20. These economic assumptions were reaffirmed by the BEA on February 13, 2020. Employment figures show that job growth is expanding at an average rate of growth of 1.7 percent through the first six months of the fiscal year. Personal income is growing at an annual rate of 4.85 percent based on the latest available figures, and is expected to increase throughout the remainder of the fiscal year. These data series are subject to revision next month.

The BEA will meet April 9, 2020 to review current economic assumptions and revenue trends prior to releasing its final General Fund revenue forecast for FY2019-20.





## Summary of Forecast Assumptions

The BEA met February 13, 2020 to review the current year General Fund revenue forecast for FY2019-20 and review the economic and revenue projections for FY2020-21. The BEA unanimously adopted four revenue changes:

- The Individual Income non-withholdings (declarations and payments with tax returns) tax revenue estimate was increased by \$20 million in both FY2019-20 and FY2020-21.
- The State Treasurer revised the revenue estimate of Earnings on Investments figures for interest earnings on state General Fund investments by an additional \$10 million in FY2019-20. There was no adjustment made to the revenue estimate in FY2020-21.
- The Bank tax revenue estimate was increased by \$10 million in FY2019-20 and by \$5 million due to increased bank profitability as reported by the Federal Deposit Insurance Corporation.
- The Corporate Income tax revenue estimate was increased by \$20 million in FY2019-20 due to sustained corporate earnings growth through the end of calendar year 2019. The optimism was not carried over to FY2020-21 as corporate earnings are forecast to come under increasing pressure from global uncertainty.

Collectively, the General Fund revenue estimate for FY2019-20 was increased by \$60 million and the General Fund revenue estimate for FY2020-21 was increased by \$25 million. As a result of these changes, the revised growth rate needed to meet the General Fund revenue forecast was increased from 4.6 percent to 5.3 percent in FY2019-20. Also, because the FY2019-20 revenue estimate did not increase by as much as the adjustment to the FY2019-20 revenue estimate, the revised growth rate needed to meet the General Fund revenue forecast decreased from 4.0 percent to 3.6 percent in FY2020-21.





Table 1

February

General Fund Revenue	FY 2018-19	FY 2019-20	\$ Change	% Change
Sales and Use Tax	\$229,877,675	\$245,944,686	\$16,067,011	7.0
Individual Income Tax	(120,516,199)	(103,859,065)	16,657,134	13.8
Corporation Income Tax	5,728,417	8,253,055	2,524,638	44.1
Insurance Taxes	3,777,913	2,831,755	(946,158)	(25.0)
Admissions Tax	2,057,379	2,280,391	223,012	10.8
Aircraft Tax	0	(62)	(62)	---
Alcoholic Liquor Tax	6,501,275	7,151,551	650,276	10.0
Bank Tax	(1,299,626)	89,724	1,389,350	106.9
Beer and Wine Tax	8,092,021	8,693,079	601,058	7.4
Bingo Tax	(21,626)	37,772	59,398	274.7
Business Filing Fees	747,731	1,040,968	293,237	39.2
Circuit/Family Court Fines	635,848	284,973	(350,875)	(55.2)
Corporation License Tax	3,483,172	2,566,542	(916,630)	(26.3)
Documentary Tax	4,992,289	7,393,931	2,401,642	48.1
Earned on Investments	7,675,509	6,065,933	(1,609,576)	(21.0)
Indirect Cost Recoveries	851,589	1,439,067	587,478	69.0
Motor Vehicle Licenses	1,369,699	1,089,174	(280,525)	(20.5)
Nursing Home Fees	0	0	0	---
Parole and Probation Fees	282,734	565,468	282,734	100.0
Private Car Lines Tax	257,775	106,136	(151,639)	(58.8)
Public Service Authority	0	0	0	---
Purchasing Card Rebates	0	0	0	---
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	0	155,973	155,973	---
Security Dealer Fees	323,991	699,036	375,045	115.8
Surcharge on Vehicle Rentals	(854,343)	(2,187,899)	(1,333,556)	(156.1)
Tobacco Tax	2,377,850	2,214,491	(163,359)	(6.9)
Uncashed Checks	220,551	(109,957)	(330,508)	(149.9)
Unclaimed Property Fund	0	3,750,000	3,750,000	---
Workers' Comp. Insurance Tax	(799,700)	(399,525)	400,175	50.0
Other Source Revenues	1,348,931	635,289	(713,642)	(52.9)
<b>Gross General Fund Revenue</b>	<b>\$157,110,855</b>	<b>\$196,732,484</b>	<b>\$39,621,629</b>	<b>25.2</b>

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-11-150.



Table 2

July - February

General Fund Revenue	FY 2018-19	FY 2019-20	\$ Change	% Change
Sales and Use Tax	\$1,801,598,621	\$1,951,809,767	\$150,211,146	8.3
Individual Income Tax	3,173,304,560	3,420,662,158	247,357,598	7.8
Corporation Income Tax	132,213,007	160,905,258	28,692,251	21.7
Insurance Taxes	137,890,492	119,471,101	(18,419,391)	(13.4)
Admissions Tax	12,582,616	14,735,012	2,152,396	17.1
Aircraft Tax	2,500,000	2,620,852	120,852	4.8
Alcoholic Liquor Tax	46,033,539	49,222,221	3,188,682	6.9
Bank Tax	25,048,239	38,993,004	13,944,765	55.7
Beer and Wine Tax	64,825,657	65,809,406	983,749	1.5
Bingo Tax	(34,114)	62,664	96,778	283.7
Business Filing Fees	4,339,674	4,652,649	312,975	7.2
Circuit/Family Court Fines	4,353,838	3,857,711	(496,127)	(11.4)
Corporation License Tax	102,968,280	116,924,971	13,956,691	13.6
Documentary Tax	46,047,794	50,105,173	4,057,379	8.8
Earned on Investments	53,102,770	74,107,201	21,004,431	39.6
Indirect Cost Recoveries	6,689,909	6,893,659	203,750	3.0
Motor Vehicle Licenses	7,161,044	6,651,953	(509,091)	(7.1)
Nursing Home Fees	895,178	1,758,735	863,557	96.5
Parole and Probation Fees	2,261,872	2,261,872	0	0.0
Private Car Lines Tax	6,167,862	6,329,184	161,322	2.6
Public Service Authority	8,980,000	8,952,000	(28,000)	(0.3)
Purchasing Card Rebates	3,171,665	3,226,732	55,067	1.7
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	355,945	6,027,904	5,671,959	1,593.5
Security Dealer Fees	23,934,763	24,989,832	1,055,069	4.4
Surcharge on Vehicle Rentals	(421,628)	(822,516)	(400,888)	(95.1)
Tobacco Tax	16,859,442	15,378,769	(1,480,673)	(8.8)
Uncashed Checks	1,984,600	2,904,870	920,270	46.4
Unclaimed Property Fund	6,166,667	11,250,000	5,083,333	82.4
Workers' Comp. Insurance Tax	417,712	2,865,471	2,447,759	586.0
Other Source Revenues	6,683,739	8,968,928	2,285,189	34.2
<b>Gross General Fund Revenue</b>	<b>\$5,698,083,742</b>	<b>\$6,181,576,541</b>	<b>\$483,492,799</b>	<b>8.5</b>

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-11-150.



Board of Economic Advisors General Fund Revenue Monitor

Revenues vs. 2/13/20 BEA Revenue Estimate of \$9,898.2 Million in FY 2019-20 1/

	JULY - FEBRUARY FY 2019-20			Revenue Growth Rates (%)	
	(\$ in Millions)			Estimate Full Fiscal Yr.	Actual Yr. to Date
	Actual Revenues	Expected Revenues	Excess / (Shortfall)		
<b>Total General Fund Revenue</b>	<b>6,181.3</b>	<b>5,989.9</b>	<b>191.3</b>	<b>5.3</b>	<b>8.5</b>
Sales Tax	1,951.5	1,932.8	18.8	7.3	8.3
Individual Income Tax	3,420.7	3,320.9	99.7	4.8	7.8
Corporate Income Tax	160.9	135.5	25.4	(0.0)	21.7
Other Revenue Sources	648.2	600.7	47.5	3.8	9.7
<b>Select Tax Revenues, Sub-Total</b>	<b>544.8</b>	<b>513.1</b>	<b>31.7</b>	<b>4.0</b>	<b>7.8</b>
Admissions Tax - Total	14.7	12.9	1.8	2.7	17.2
Alcoholic Liquors Tax	49.2	48.2	1.0	4.7	6.9
Bank Tax	39.0	31.0	8.0	23.8	55.7
Beer and Wine Tax	65.8	65.8	0.0	1.5	1.5
Corporation License Tax	116.9	106.2	10.8	3.1	13.6
Documentary Tax	50.1	49.0	1.1	6.4	8.8
Earnings on Investments	74.1	60.7	13.4	14.3	39.6
Insurance Tax	119.5	120.8	(1.4)	(3.7)	(13.4)
Tobacco Tax	15.4	16.7	(1.3)	(1.1)	(8.8)
<b>Residual Revenue, Sub-Total 2/</b>	<b>103.4</b>	<b>87.7</b>	<b>15.7</b>	<b>2.4</b>	<b>20.7</b>

1/: BEA format - includes certified adjustments and excludes non-recurring cash transfers and certain "other source" revenues, where applicable.

2/: Refer to "Residual Revenue" on page 15 for a list of components in this subcategory.

Note: Detail may not sum to total due to independent rounding of individual revenue categories.



**Comparison of Revenue Collections**

2/13/2020

<b>General Fund Revenue</b>	<b>Final FY 2018-19</b>	<b>Estimate FY 2019-20</b>	<b>\$ Change</b>	<b>% Change</b>
Sales and Use Tax	\$3,186,425,454	\$3,418,401,000	\$231,975,546	7.3
Individual Income Tax	4,714,998,174	4,941,301,000	226,302,826	4.8
Corporation Income Tax	494,214,442	494,214,000	(442)	(0.0)
Insurance Taxes	256,207,957	246,832,000	(9,375,957)	(3.7)
Admissions Tax	32,571,884	33,451,000	879,116	2.7
Aircraft Tax	2,500,000	2,500,000	0	0.0
Alcoholic Liquor Tax	83,877,459	87,820,000	3,942,541	4.7
Bank Tax	68,798,957	85,197,000	16,398,043	23.8
Beer and Wine Tax	110,391,069	112,047,000	1,655,931	1.5
Bingo Tax	111,602	112,000	398	0.4
Business Filing Fees	7,424,879	7,830,000	405,121	5.5
Circuit/Family Court Fines	6,745,763	6,476,000	(269,763)	(4.0)
Corporation License Tax	112,007,772	115,480,000	3,472,228	3.1
Documentary Tax	80,425,985	85,573,000	5,147,015	6.4
Earned on Investments	87,487,280	100,000,000	12,512,720	14.3
Indirect Cost Recoveries	15,938,594	15,500,000	(438,594)	(2.8)
Motor Vehicle Licenses	12,079,044	12,478,000	398,956	3.3
Nursing Home Fees	3,547,314	3,600,000	52,686	0.0
Parole and Probation Fees	3,392,808	3,393,000	192	0.0
Private Car Lines Tax	6,215,080	6,495,000	279,920	4.5
Public Service Authority	17,496,000	17,600,000	104,000	0.6
Purchasing Card Rebates	3,171,665	3,330,000	158,335	5.0
Record Search Fees	4,461,000	4,461,000	0	0.0
Savings and Loan Assoc. Tax	1,254,252	1,141,000	(113,252)	(9.0)
Security Dealer Fees	27,178,783	27,700,000	521,217	1.9
Surcharge on Vehicle Rentals	(295,401)	175,000	470,401	159.2
Tobacco Tax	28,372,637	28,068,000	(304,637)	(1.1)
Uncashed Checks	1,027,801	1,000,000	(27,801)	(2.7)
Unclaimed Property Fund	12,600,000	15,000,000	2,400,000	19.0
Workers' Comp. Insurance Tax	9,382,100	9,101,000	(281,100)	(3.0)
Other Source Revenues	12,116,456	11,899,000	(217,456)	(1.8)
<b>Gross General Fund Revenue</b>	<b>\$9,402,126,809</b>	<b>\$9,898,175,000</b>	<b>\$496,048,191</b>	<b>5.3</b>

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-11-150.