



November 9, 2017

General Fund Revenue

October
Fiscal Year 2017-18





Revenue Digest

October 2017

General Fund revenue for the month of October 2017 increased 4.2 percent from October 2016. The majority of the monthly revenue increase is attributable to strong corporate license tax revenue growth as a result of a change in the required reporting due dates from September to October each year. Revenues through October 2017 have grown 2.5 percent year-to-date.

Revenue Category	Month-to-Date Growth (% Change)	Year-to-Date Growth (% Change)
Sales and Use Tax	3.1	4.0
Individual Income Tax	2.2	2.3
Corporate Income Tax	-585.9	23.3
Corporate License Tax	724.3	11.5
Other Revenues	-8.8	-9.0
Total General Fund	4.2	2.5

- Sales and Use tax revenue increased 3.1 percent for the month of October resulting in year-to-date growth of 4.0 percent. October represents the first “clean” month for revenue comparisons in FY2017-18. The accounting anomalies and shifts in timing caused by the installation of a new sales tax computer system at the Department of Revenue have been alleviated. Additionally, there remains a total of \$8.2 million of sales and use tax collections in a clearing account this month that has yet to be posted to the General Fund. After adjusting for the revenue segregated in a sales tax clearing account in October 2016 and the \$8.2 million of delayed sales tax deposits, the adjusted Sales and Use tax revenue growth is 3.5 percent for the fiscal year.
- The Individual Income tax revenue increased 2.2 percent in October. The past two consecutive months of weakness in Individual Income tax withholdings was reversed in October with withholdings increasing 6.0 percent during the month. The Department of Revenue’s new income tax computer system allowed the number of Individual Income tax refunds processed to catch up and mitigated the year-to-date growth. Total Individual Income tax revenue growth is 2.3 percent year-to-date through October.
- Corporate Income tax revenue decreased 585.9 percent in October and has increased 23.3 percent for the fiscal year. A change in the required reporting due dates from September to October each year allowed a shift of tax revenue originally reported as Corporate Income tax to be allocated to the Corporate License tax. This caused the Corporate





Income tax to be negatively impacted and the Corporate License tax to be positively impacted in October 2017.

- Other Revenues decreased 8.8 percent in October from one year ago, and have decreased 9.0 percent year-to-date from a variety of sources and timing of receipts. The biennial collection of insurance licenses has negatively affected Other Revenues. The licensure of insurance agents, brokers, and adjusters are paid every two years with the majority of the licenses coming due in odd-numbered fiscal years. This timing pattern results in unusual growth rates when comparing one fiscal year to another fiscal year. Also, the State Treasurer did not remit interest earnings from state General Fund investments in October. Additionally, Worker's Compensation tax revenue was affected by an early tax payment in October 2016 causing a negative comparison of revenue collections in October 2017. Offsetting this weakness was the collection of "sin" tax revenue that was delayed from the implementation of a new computer tax system at the Department of Revenue in September, and the delayed quarterly deposit of Unclaimed Property revenue was booked in October. These events coupled with a variety of timing issues combined for weak Other Revenues tax collections in October 2017.

Summary

Through the first four months of FY2017-18, General Fund revenues have increased 2.5 percent and are trending below current forecast projections by \$29.0 million. After adjusting for the "unclassified" sales tax revenue last fiscal year and delayed sales tax deposits this fiscal year, the adjusted General Fund tax revenue growth is 2.4 percent for the fiscal year.





Table 1

October

General Fund Revenue	FY 2016-17	FY 2017-18	\$ Change	% Change
Sales and Use Tax	\$235,923,491	\$243,235,290	\$7,311,799	3.1
Individual Income Tax	423,711,069	432,973,559	9,262,490	2.2
Corporation Income Tax	(980,252)	(6,723,101)	(5,742,849)	(585.9)
Insurance Taxes	3,690,538	1,750,341	(1,940,197)	(52.6)
Admissions Tax	2,939,115	3,036,260	97,145	3.3
Aircraft Tax	256,996	0	(256,996)	---
Alcoholic Liquor Tax	5,575,456	6,631,527	1,056,071	18.9
Bank Tax	3,933,916	895,383	(3,038,533)	(77.2)
Beer and Wine Tax	9,528,879	8,976,291	(552,588)	(5.8)
Bingo Tax	(49,540)	(226,903)	(177,363)	(358.0)
Business Filing Fees	346,124	490,005	143,881	41.6
Circuit/Family Court Fines	555,047	530,390	(24,657)	(4.4)
Corporation License Tax	3,190,407	26,298,224	23,107,817	724.3
Documentary Tax	4,500,286	6,354,125	1,853,839	41.2
Earned on Investments	2,160,712	72,687	(2,088,025)	(96.6)
Indirect Cost Recoveries	1,870,450	2,953,461	1,083,011	57.9
Motor Vehicle Licenses	952,074	732,365	(219,709)	(23.1)
Nursing Home Fees	902,734	894,608	(8,126)	(0.9)
Parole and Probation Fees	0	282,734	282,734	---
Private Car Lines Tax	38,424	9,697	(28,727)	(74.8)
Public Service Authority	0	0	0	---
Purchasing Card Rebates	2,907,963	3,034,527	126,564	4.4
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	(9,000)	(421,639)	(412,639)	(4,584.9)
Security Dealer Fees	831,786	1,025,015	193,229	23.2
Surcharge on Vehicle Rentals	(47,685)	831,464	879,149	1,843.7
Tobacco Tax	2,176,978	4,048,339	1,871,361	86.0
Uncashed Checks	0	(969)	(969)	---
Unclaimed Property Fund	3,750,000	3,750,000	0	---
Workers' Comp. Insurance Tax	948,152	(799,375)	(1,747,527)	(184.3)
Other Source Revenues	1,449,929	27,396	(1,422,533)	(98.1)
Gross General Fund Revenue	\$711,054,048	\$740,661,701	\$29,607,653	4.2

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 - October

General Fund Revenue	FY 2016-17	FY 2017-18	\$ Change	% Change
Sales and Use Tax	\$715,072,798	\$743,772,728	\$28,699,930	4.0
Individual Income Tax	1,687,504,564	1,726,741,796	39,237,232	2.3
Corporation Income Tax	54,664,247	67,396,338	12,732,091	23.3
Insurance Taxes	78,754,893	59,660,840	(19,094,053)	(24.2)
Admissions Tax	2,224,527	1,250,647	(973,880)	(43.8)
Aircraft Tax	256,996	2,262	(254,734)	(99.1)
Alcoholic Liquor Tax	17,295,961	17,161,588	(134,373)	(0.8)
Bank Tax	10,560,813	9,876,257	(684,556)	(6.5)
Beer and Wine Tax	29,262,473	27,673,568	(1,588,905)	(5.4)
Bingo Tax	190,535	(77,385)	(267,920)	(140.6)
Business Filing Fees	1,526,829	1,701,958	175,129	11.5
Circuit/Family Court Fines	2,563,945	2,487,916	(76,029)	(3.0)
Corporation License Tax	33,778,596	37,666,809	3,888,213	11.5
Documentary Tax	13,336,100	20,870,437	7,534,337	56.5
Earned on Investments	9,247,436	5,573,837	(3,673,599)	(39.7)
Indirect Cost Recoveries	2,609,331	3,453,651	844,320	32.4
Motor Vehicle Licenses	2,589,158	2,697,532	108,374	4.2
Nursing Home Fees	902,734	894,608	(8,126)	(0.9)
Parole and Probation Fees	848,202	1,130,936	282,734	33.3
Private Car Lines Tax	55,961	10,891	(45,070)	(80.5)
Public Service Authority	0	0	0	---
Purchasing Card Rebates	2,907,963	3,034,527	126,564	4.4
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	1,244,134	174,620	(1,069,514)	(86.0)
Security Dealer Fees	1,531,692	1,508,088	(23,604)	(1.5)
Surcharge on Vehicle Rentals	4,034	1,003,905	999,871	24,786.1
Tobacco Tax	6,435,091	6,881,641	446,550	6.9
Uncashed Checks	0	(37,237)	(37,237)	---
Unclaimed Property Fund	3,750,000	3,750,000	0	---
Workers' Comp. Insurance Tax	1,765,012	866,100	(898,912)	(50.9)
Other Source Revenues	3,934,776	4,739,995	805,219	20.5
Gross General Fund Revenue	\$2,684,818,803	\$2,751,868,855	\$67,050,052	2.5

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. 07/01/17 Adj. Appropriation Act of \$8,534.4 Million in FY 2017-18 1/

	JULY - OCTOBER FY 2017-18			Revenue Growth Rates (%)	
	(\$ in Millions)			Estimate Full Fiscal Yr.	Actual Yr. to Date
	Actual Revenues	Expected Revenues	Excess / (Shortfall)		
Total General Fund Revenue	2,751.9	2,780.8	(29.0)	4.6	2.5
Sales Tax	743.8	750.9	(7.1)	5.0	4.0
Individual Income Tax	1,726.7	1,755.6	(28.8)	4.6	2.3
Corporate Income Tax	67.4	87.1	(19.7)	7.5	23.3
Other Revenue Sources	214.0	187.3	26.7	2.3	(6.0)
Select Tax Revenues, Sub-Total	186.5	208.7	(22.1)	3.8	(7.2)
Admissions Tax - Total	1.2	1.9	(0.7)	(4.2)	(51.9)
Alcoholic Liquors Tax	17.2	18.1	(0.9)	4.7	(0.8)
Bank Tax	9.9	6.2	3.6	(40.9)	(6.6)
Beer and Wine Tax	27.7	30.7	(3.0)	4.8	(5.4)
Corporation License Tax	37.7	11.6	26.1	36.4	11.5
Documentary Tax	20.9	17.5	3.4	31.4	56.5
Earnings on Investments	5.6	5.4	0.2	(22.1)	(39.7)
Insurance Tax	59.7	63.9	(4.3)	1.8	(24.2)
Tobacco Tax	6.9	6.7	0.2	3.9	6.9

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

Note: Detail may not sum to total due to rounding.