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Memorandum

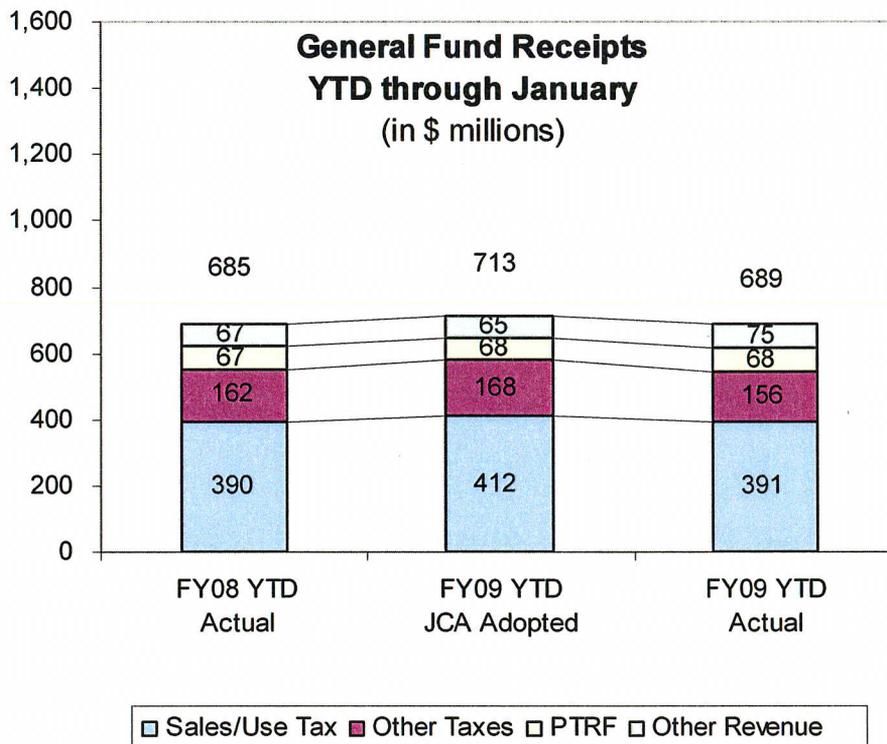
February 17, 2009

To: Joint Committee on Appropriations
Members of the Legislature (Quarterly Distribution)

From: Fred Schoenfeld, Chief Fiscal Analyst, LRC *AS*
Aaron Olson, Senior Fiscal Analyst, LRC

Subject: General Fund Revenue Report

Through January, total FY09 General Fund revenues booked into the General Fund are calculated to be \$23.7 million below the budgetary estimates. This shortfall requires further comment as follows.



Based on actual receipts booked into the General Fund, the **Sales and Use Tax** continues to show a negative variance to the JCA's adopted estimate. However, it must be noted that FY09 YTD actual data deducts estimated refunds for large projects on a monthly basis. In FY08 and the JCA estimate for FY09, it was assumed these refunds would be deducted at year's end. Therefore, the mid-year negative variance shown for Sales taxes and Contractor's Excise Taxes is overstated. For example, if the \$8.5 million in sales tax refunds is added back for comparability, there would be a YTD increase of 2.45% compared to FY08 actuals which is consistent with the 3.48% YTD increase in gross collections recently reported in the media. It would also reduce the negative variance to the JCA-adopted estimate to minus 3.08%. A similar adjustment to the **Contractor's Excise Tax (CET)** would also reduce the negative variance. However, even with such an adjustment this revenue stream remains significantly below both FY08 and the JCA adopted FY09 estimates. Similarly, the **Bank Franchise Tax** continues the negative trend from prior months with no sign of this trend changing.

About one-third of the negative difference for sales tax and CET shown below and about one-half of the combined net negative difference can be explained by the \$11.3 million in refunds discussed above. This leaves a significant YTD shortfall in funds available to meet FY09 appropriations.

STATE GENERAL FUND RECEIPTS
FY09 - Year to Date through January
 (in thousands of dollars, except where noted)

	FY08 YTD Actual	FY09 YTD JCA Adopted	FY09 YTD Actual	Difference	FY09 YTD Actual % Change from:	
					FY08 YTD Actual	FY09 YTD JCA Adopted
Taxes:						
Sales and Use Tax	389,524	411,749	390,527	(21,223)	0.3%	-5.2%
Contractor's Excise Tax	58,180	61,590	51,495	(10,095)	-11.5%	-16.4%
Wholesale Alcohol Tax	740	801	775	(26)	4.7%	-3.3%
Alcohol Beverage Tax	4,290	4,932	4,968	36	15.8%	0.7%
Cigarette Tax	30,000	30,000	30,000	0	0.0%	0.0%
Bank Franchise Tax	30,419	29,751	25,323	(4,427)	-16.8%	-14.9%
Insurance Company Tax	36,957	38,638	39,820	1,182	7.7%	3.1%
Mineral Severance Taxes	1,728	2,314	3,123	809	80.7%	35.0%
Total Taxes	551,837	579,775	546,031	(33,744)	-1.1%	-5.8%
Other Revenue:						
Licenses Permits and Fees	15,807	18,857	23,749	4,893	50.2%	25.9%
Charges for Goods and Services	13,267	13,104	11,468	(1,636)	-13.6%	-12.5%
State Lottery, Instant Tickets	0	130	0	(130)		
Property Tax Reduction Fund	67,115	67,665	67,584	(81)	0.7%	-0.1%
Investment Income and Interest	1,309	1,076	1,962	886	49.9%	82.4%
Transfers In	8,403	6,697	10,890	4,192	29.6%	62.6%
Trust Funds	18,423	18,031	19,350	1,319	5.0%	7.3%
Sales-Leaseback	8,155	7,177	7,693	515		
CRP Program	1,145	251	341	90		
Total Other Revenue	133,624	132,988	143,036	10,049	7.0%	7.6%
TOTAL RECEIPTS	685,461	712,763	689,067	(23,696)	0.5%	-3.3%

SOURCE: BFM, BAIE0102

NOTE: Details may not add to totals due to rounding; values less than 1,000 are disregarded in calculating percentages. Transfers In excludes 1-time transfers. Cigarette tax, PTRF and Transfers In cigarette tax revenues, and investment income are adjusted for seasonality.

