

April 7, 2011

MEMORANDUM

TO:

**Senator John Arthur Smith, Chairman
Representative Luciano “Lucky” Varela, Vice Chairman**

THROUGH:

David Abbey, Director

FROM:

**Julie Anna Golebiewski, Economist
Leila Burrows, Economist**

SUBJECT:

**April 2011 General Fund Revenue Tracking Report Reflecting
Revenue Accruals through January 2011**

Table 1: General Fund Revenue Accruals:

- LFC reports fiscal year to date recurring revenues of \$2.88 billion, up 6.3% from the same period last year. This compares to the anticipated full-year growth of 7.6% from the December forecast.
- Personal Income Tax revenue has shown growth of 9.2% over the same period last year, just under the expected growth rate of 10.3%.
- Oil and gas revenues appear much higher than anticipated, but this is driven by low oil and gas prices at the beginning of FY10. Oil and gas prices jumped mid-FY10, so the year-over-year revenue growth is expected to level off as the fiscal year progresses.
- The Corporate Income Tax shows year-to-date growth of 400.1%, but the revenue is expected to fall by approximately \$15 million with February 2011 accruals.
- Other revenue sources show declines of 25% from the same period last year. This can be attributed to unusually large December 2009 reversions due to 2009 legislation that voided general fund projects authorized in previous years.

Table 2: FY11 Revenue Tracking:

- Actual recurring revenue accruals through January¹ are tracking approximately \$20 million greater than forecast.
- The major contributor to the surplus is the Federal Mineral Leasing royalties, with revenues exceeding expectations by \$21.3 million. Gross Receipts and Compensating Taxes also surpassed the forecast by approximately \$9.2 million due to larger than anticipated revenues in December 2010.
- Oil and Gas Taxes and the Insurance Premiums Tax contributed \$8.6 million and \$9.2 million to the surplus, respectively.

¹ Accrued revenue for January is available for almost all General Fund revenues but some figures are still preliminary. In addition to these accruals, this report reflects preliminary information on Federal Mineral Leasing royalties for February and March, and Corporate Income Tax for February.

- Personal Income Tax is tracking approximately \$37.7 million less than forecast, due to larger than expected refunds for December and January. Greater revenue is expected in March and April due to the repeal of the deduction for state and local taxes.
- An additional \$5 million in revenue was received from the Unclaimed Property Reserve in January 2011.

Outlook for the Remainder of FY11:

- In March, cash receipts for the Corporate Income Tax were about 45% higher than cash receipts in December 2009. This growth rate is consistent with previous months and may indicate resurgence in corporate income.
- The Gross Receipts Tax, Compensating Tax and Withholding are tracking ahead of forecast, and cash receipts in March appear to be consistent with this trend².
- Personal Income Tax remains the greatest uncertainty; the level of Personal Income Tax payment beginning April 15 will be watched closely.

Figure 1: Taxable gross receipts trends:

- Taxable gross receipts in the months of November, December and January showed growth rates of 3.4, 8.3, and 8.8 percent, respectively, compared to the same months last year.
- During the first half of FY11, the industries showing the most growth are Mining and Oil and Gas Extraction, Educational Services, Information and Cultural Services, Manufacturing, and Transportation and Warehousing.
- Industries that have continued to decline include Construction, Management of Companies and Enterprises, and Agriculture, Forestry, Fishing and Hunting.
- The three month moving average of taxable gross receipts has trended up in recent months, and year-over-year growth continues to be positive.

² Cash receipts generally reflect activity from the previous month.

Table 1
General Fund Revenue Accruals: FY11 vs FY10
(dollar amounts in millions)

Revenue Category	Fiscal Year-to-Date Through January		Year-to-Date Growth	Projected Full-Year Growth: December 2010 Forecast
	FY11	FY10		
General Sales Taxes	\$1,315.2	\$1,197.8	9.8%	6.5%
Personal Income Tax	\$525.4	\$481.3	9.2%	10.3%
Corporate Income Tax	\$124.1	\$24.8	400.1%	75.9%
Oil & Gas Revenues*	\$496.7	\$445.0	11.6%	-1.7%
Investment Income & Other	\$421.1	\$561.8	-25.0%	2.1%
Total Recurring Revenue	\$2,882.5	\$2,710.8	6.3%	7.6%
Total Recurring Excluding Oil & Gas	\$2,385.8	\$2,265.8	5.3%	9.5%

*FY11 year-to-date amount includes forecast for January 2011.

Table 2
FISCAL YEAR 2011 GENERAL FUND MONTHLY REVENUE TRACKING: Preliminary July through January Accruals
(dollars in millions; italics indicate preliminary actual revenue)

4/7/11 9:50 AM

Row #		PRELIM ACTUAL ACCRUALS							FORECAST REVENUE ACCRUALS						FY11 Actual + Forecast	% Chng FY10	TRACKING ERROR			FY10 Prelim	Row #
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	FY 11			YTD	YTD			
		Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Dec. 10 Est			% Error	\$ Error			
1	Gross Receipts Tax	137.9	149.9	148.6	141.0	134.6	171.9	143.5	131.6	134.3	144.6	136.0	171.4	1,745.3	6.8%	1,740.0	0.3%	5.3	1,634.4	1	
2	Compensating Tax	4.0	7.3	5.7	6.8	4.9	7.1	5.4	4.7	6.6	5.0	4.5	6.3	68.4	34.4%	64.5	6.1%	3.9	50.9	2	
3	TOTAL GENERAL SALES TAXES	141.9	157.2	154.2	147.9	139.5	179.0	148.9	136.3	140.9	149.7	140.6	177.7	1,813.7	7.6%	1,804.5	0.5%	9.2	1,685.3	3	
4	Tobacco Products & Cigarette Taxes	9.2	7.3	7.6	6.0	7.4	5.9	7.7	5.9	5.5	8.0	5.9	8.5	85.0	85.8%	81.0	4.9%	4.0	45.7	4	
5	Liquor Excise Tax	2.0	2.2	2.2	2.2	2.1	2.7	1.5	1.8	2.2	2.1	1.7	2.7	25.3	-1.2%	25.5	-0.9%	(0.2)	25.6	5	
6	Insurance Premiums Tax	0.6	32.5	12.7	4.9	30.8	0.6	1.1	29.1	1.1	1.3	27.3	4.7	146.5	12.4%	137.3	6.7%	9.2	130.3	6	
7	Fire Protection Fund Reversion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.3	18.3	266.3%	18.3	0.0%	0.0	5.0	7	
8	Motor Vehicle Excise Tax	8.4	8.7	8.7	8.5	7.2	7.9	7.6	7.8	8.9	7.8	8.5	8.7	98.6	6.9%	98.3	0.4%	0.3	92.3	8	
9	Gaming Excise Tax	5.6	5.4	5.3	5.4	4.9	5.6	5.6	5.4	5.8	5.6	6.7	5.3	66.6	2.2%	64.9	2.6%	1.7	65.1	9	
10	Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.2	0.3	0.4	0.5	0.5	0.5	0.6	5.4	-4.0%	5.8	-6.4%	(0.4)	5.7	10	
11	Other	0.1	0.0	-0.3	0.1	0.4	0.4	0.2	0.5	0.3	0.3	0.2	0.6	2.7	-13.4%	3.0	-8.0%	(0.2)	3.2	11	
12	TOTAL SELECTIVE SALES TAXES	26.4	56.6	36.5	27.7	53.3	23.3	23.9	50.8	24.2	25.6	50.7	49.4	448.5	20.3%	434.1	3.3%	14.4	372.9	12	
13	Withholding	84.4	77.0	86.1	89.6	75.2	119.6	78.2	79.5	102.0	78.8	78.1	97.7	1,046.3	2.6%	1,035.4	1.1%	10.9	1,020.1	13	
14	Final Settlements & Estimated Payments	0.2	9.3	34.4	9.7	10.2	12.4	52.1	10.1	20.1	74.6	35.9	58.7	327.7	7.0%	343.6	-4.6%	(15.9)	306.4	14	
15	Oil and Gas Withholding Tax	0.0	0.4	0.1	6.1	1.1	0.0	6.6	0.6	4.6	3.8	0.3	7.3	30.8	-1.7%	33.0	-6.6%	(2.2)	31.3	15	
16	Fiduciary Tax	-0.1	0.2	-0.7	0.2	0.0	2.8	0.1	-0.1	0.4	0.7	0.5	0.0	3.8	-387.8%	1.0	284.6%	2.8	(1.3)	16	
17	GROSS PERSONAL INCOME TAX	84.5	86.9	119.9	105.6	86.5	134.8	136.9	90.1	127.0	157.9	114.9	163.7	1,408.6	3.8%	1,413.0	-0.3%	(4.4)	1,356.5	17	
	Transfer to PIT Suspende	8.3	7.8	9.2	9.1	6.0	90.8	86.7	61.2	47.3	23.9	13.8	8.1	372.2	-2.5%	340.0	9.5%	32.2	381.7		
	Refunds/Adj/TAA Suspende	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	#DIV/0!	0.0	#DIV/0!	0.0	0.0		
	Retiree Health Care	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.2	1.2	1.2	1.2	1.3	16.7	4.6%	15.6	6.9%	1.1	15.9		
	Legislative Retirement	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.4	0.0%	2.4	0.0%	0.0	2.4		
18	Less: Refunds, distributions to other funds	10.0	9.5	10.8	10.8	7.7	92.5	88.4	62.7	48.8	25.3	15.2	9.7	391.3	-2.2%	358.0	9.3%	33.3	400.0	18	
19	NET PERSONAL INCOME TAX	74.5	77.4	109.0	94.8	78.8	42.4	48.5	27.4	78.3	132.6	99.7	154.0	1,017.3	6.4%	1,055.0	-3.6%	(37.7)	956.5	19	
20	NET CORPORATE INCOME TAX	0.0	2.6	3.7	43.6	36.0	-8.2	46.5	-15.1	4.5	43.0	25.1	41.3	222.9	78.2%	220.0	1.3%	2.9	125.1	20	
22	Oil and Gas School Tax	27.8	29.5	26.7	30.0	26.6	33.0	31.1	28.3	31.9	26.5	24.3	20.9	336.5	3.7%	328.5	2.4%	8.0	324.5	22	
23	Oil Conservation Tax	1.4	1.5	1.4	1.5	1.4	1.7	1.4	1.3	1.3	1.4	1.4	1.4	17.0	3.9%	16.7	1.7%	0.3	16.4	23	
24	Resources Excise Tax	0.6	0.5	1.0	1.1	0.8	0.5	1.0	0.8	0.6	1.2	1.2	0.7	9.8	4.9%	10.0	-1.7%	(0.2)	9.4	24	
25	Natural Gas Processors Tax	1.6	1.6	1.6	1.6	1.5	1.6	1.4	1.3	1.4	1.9	1.4	1.4	18.4	-54.6%	17.9	2.6%	0.5	40.4	25	
26	TOTAL MINERAL PROD. TAXES	31.4	33.0	30.7	34.2	30.3	36.7	34.9	31.7	35.2	30.9	28.3	24.3	381.7	-2.3%	373.1	2.3%	8.6	390.7	26	
27	LICENSE FEES	2.5	2.2	2.3	1.8	2.0	7.0	2.6	3.7	6.6	15.3	3.6	3.2	52.8	5.1%	52.0	1.6%	0.8	50.3	27	
28	Land Grant Perm. Fund Distributions	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.1	37.1	37.1	37.1	37.1	445.6	1.9%	445.2	0.1%	0.4	437.1	28	
29	State Treasurer's Earnings	0.0	0.0	0.0	1.9	1.6	5.3	0.0	4.4	1.1	-1.2	2.7	5.0	20.7	-6.4%	16.2	27.8%	4.5	22.1	29	
30	Severance Tax Perm. Fund Distributions	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	184.6	-1.3%	184.6	0.0%	(0.0)	187.1	30	
31	TOTAL INVESTMENT EARNINGS	52.5	52.5	52.6	54.4	54.2	57.9	52.6	56.8	53.6	51.2	55.1	57.5	650.9	0.7%	646.0	0.8%	4.9	646.3	31	
32	Federal Mineral Leasing Royalties	29.8	39.1	28.8	36.6	31.6	33.4	33.9	32.6	41.2	28.2	26.0	28.4	389.5	9.6%	368.2	5.8%	21.3	355.3	32	
33	State Land Office Bonuses, Rents	1.8	3.4	5.9	13.4	2.7	3.4	1.8	4.7	3.6	3.9	3.6	4.8	53.1	-21.6%	58.8	-9.7%	(5.7)	67.7	33	
34	TOTAL RENTS & ROYALTIES	31.6	42.5	34.7	50.0	34.4	36.7	35.7	37.3	44.8	32.1	29.7	33.1	442.5	4.6%	427.0	3.6%	15.5	423.0	34	
35	TRIBAL REVENUE SHARING	0.1	0.1	16.4	0.1	0.0	15.8	0.3	0.1	16.7	0.1	0.2	15.9	65.6	2.3%	65.4	0.3%	0.2	64.1	35	
36	MISCELLANEOUS RECEIPTS	1.2	4.4	1.4	1.4	1.6	1.2	7.6	1.6	2.7	2.5	1.6	24.5	51.6	16.2%	47.1	9.5%	4.5	44.4	36	
37	REVERSIONS	0.0	0.0	0.5	0.6	0.2	0.7	4.1	1.0	4.2	3.3	3.1	18.5	36.2	-52.8%	40.0	-9.4%	(3.8)	76.8	37	
38	TOTAL RECURRING REVENUE	362.0	428.5	442.0	456.3	430.4	392.3	405.5	331.6	411.7	486.4	437.6	599.5	5,183.7	7.2%	5,164.2	0.4%	19.6	4,835.3	38	
39	Amnesty	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	2.1	NA	2.1	NA	0.0	0.0	39	
46	Non-Recurring (one-time Fiduciary Tax)	0.1	0.2	0.0	0.0	0.0	36.0	0.0	0.0	0.0	0.0	0.0	0.0	36.3	NA	36.0	NA	0.3	438.9	46	
47	TOTAL NON-RECURRING REVENUE	0.1	0.2	0.0	0.0	0.0	36.0	0.0	0.0	0.0	0.0	0.0	2.1	38.4	NA	38.1	NA	0.3	438.9	47	
48	GRAND TOTAL REVENUE	362.1	428.7	442.0	456.3	430.4	428.3	405.5	331.6	411.7	486.4	437.6	601.7	5,222.2	-1.0%	5,202.3	0.4%	19.9	5,274.2	48	

Figure 1. Taxable Gross Receipts

