

July 1, 2011

**MEMORANDUM**

TO: Senator John Arthur Smith, Chairman, LFC  
Representative Luciano “Lucky” Varela, Vice-Chairman, LFC

THROUGH: David Abbey, Director, LFC

FROM: Leila Burrows, Economist, LFC  
Charles Kassiech, Economist, LFC

**SUBJECT: June 2011 General Fund Revenue Tracking Report Reflecting Revenue Accruals through April 2011**

**Table 1: General Fund Revenue Accruals:**

- LFC reports fiscal year to date recurring revenues of \$4.25 billion, up 8.0% from the same period last year. This compares to the anticipated full-year growth of 6.8% from the December forecast.
- Personal Income Tax revenue has shown growth of 9.7 % over the same period last year, just under the expected growth rate of 10.3%.
- Oil and gas revenues appear higher than anticipated, but this is partially driven by low oil and gas prices at the beginning of FY10. Potential increases in oil revenue in recent months are expected to be offset by decreases in natural gas revenue. However, Federal Mineral Leasing for FY11 is expected to be about \$40 million greater than forecast.
- The Corporate Income Tax shows year-to-date growth of 182.6%, but higher than anticipated film credit refunds for FY11 are expected to decrease end of year revenues.
- Other revenue sources show declines of 5.0% 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 April<sup>1</sup> are tracking approximately \$87.5 million greater than forecast.
- The major contributor to the surplus is the Gross Receipts Tax, with revenues exceeding expectations by \$56.8 million.
- Oil and Gas Taxes and Tobacco Products and Cigarette Taxes contributed \$10.6 million and \$6.4 million to the surplus, respectively.
- Personal Income Tax is tracking slightly above the forecast, which includes \$60 million in additional revenue due to the repeal of the deduction for state and local taxes.
- Corporate Income Tax is approximately \$39.6 million below expectations, largely due to higher than anticipated film credit refunds in FY11. An unexpected rush to receive film refunds before the new tax credit law takes effect in FY12 has pushed full-year credits to approximately \$101 million compared to the full forecast of \$65 million.
- Unclaimed Property Receipts, which total \$18 million year-to-date, were received in January and April, instead of June as forecast.

**Figure 1: Taxable gross receipts trends:**

- Taxable gross receipts in the months of March and April showed year-over-year growth rates of 8.1 and 6.4 percent, respectively.
- During FY11, the industries showing the most growth are Mining and Oil and Gas Extraction, Educational Services, Information and Cultural Services, and Manufacturing.
- 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. Year-over-year growth is approximately 5.1 percent.

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<sup>1</sup> Accrued revenue for April 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 revenue sources for May. Figures in italics indicate preliminary actual revenues.

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

Revenue Category	Fiscal Year-to-Date Through April		Year-to-Date Growth	Projected Full-Year Growth: December 2010 Forecast
	FY10	FY11		
General Sales Taxes (GRT & Comp)	\$1,384.2	\$1,543.0	11.5%	7.1%
Personal Income Tax	\$741.6	\$813.4	9.7%	10.3%
Corporate Income Tax	\$53.7	\$151.9	182.6%	75.9%
Oil & Gas Revenues	\$670.9	\$710.2	5.9%	-1.7%
Investment Income & Other*	\$1,084.4	\$1,029.9	-5.0%	2.4%
<b>Total Recurring Revenue</b>	<b>\$3,934.9</b>	<b>\$4,248.4</b>	<b>8.0%</b>	<b>6.8%</b>
<b>Total Recurring Excluding Oil &amp; Gas</b>	<b>\$3,264.0</b>	<b>\$3,538.2</b>	<b>8.4%</b>	<b>8.5%</b>

\*FY10 includes \$104 million in reversions accrued in December 2009

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

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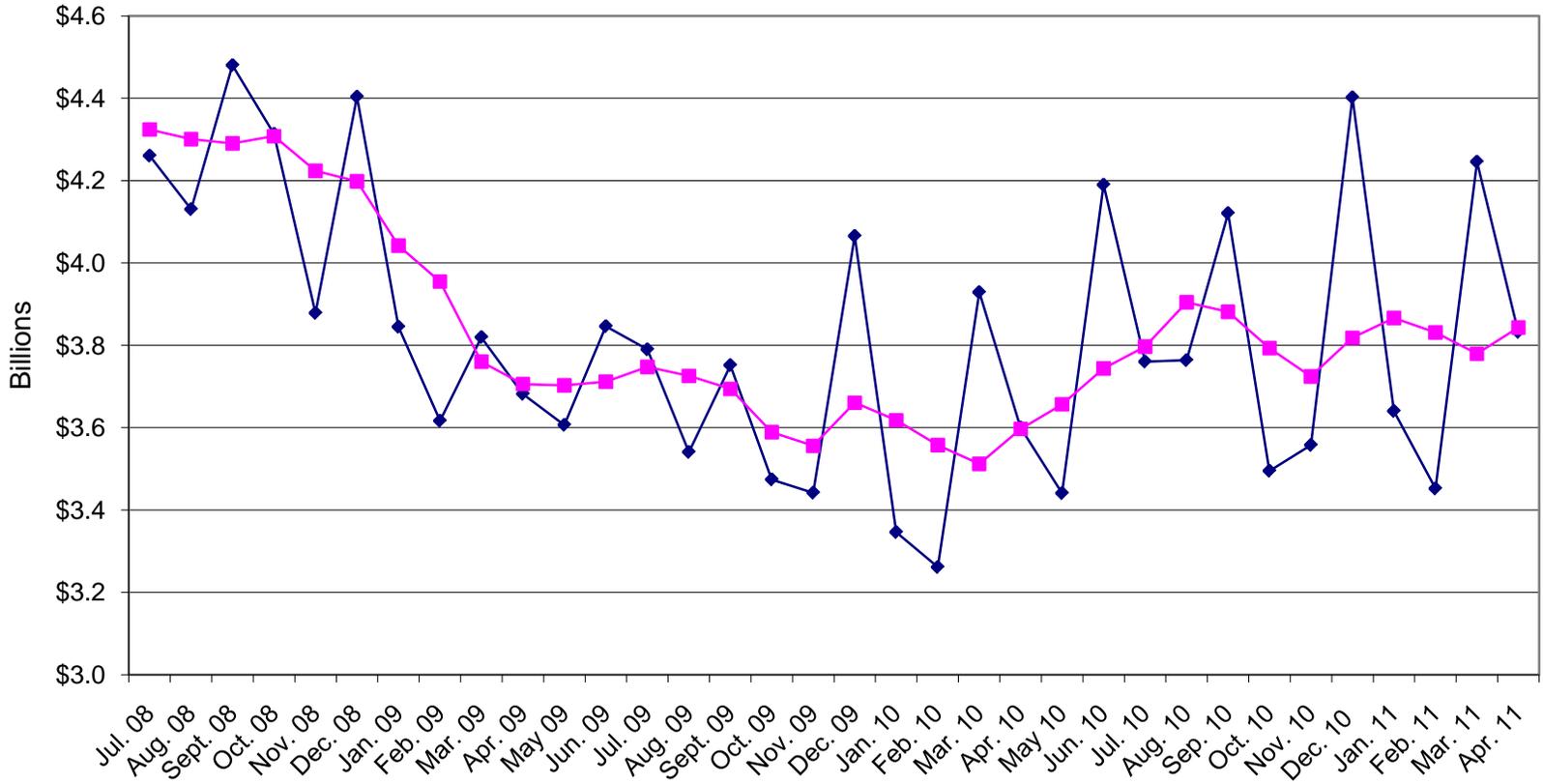
Row #		PRELIM ACTUAL ACCRUALS						FORECAST REVENUE ACCRUALS						FY11 Actual + Forecast	% Chng FY10	TRACKING ERROR			FY10 Prelim	Row #
		July Est.	Aug Est.	Sept Est.	Oct Est.	Nov Est.	Dec Est.	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.			FY 11 Dec. 10 Est.	YTD % Error	YTD \$ Error		
1	Gross Receipts Tax	137.9	149.9	148.6	141.0	134.6	171.9	143.5	136.0	169.8	152.8	136.0	171.4	1,793.4	9.7%	1,740.0	3.1%	53.4	1,634.4	1
2	Compensating Tax	4.0	7.3	5.7	6.8	4.9	7.1	5.4	4.5	6.2	5.2	4.5	6.3	67.8	33.3%	64.5	5.2%	3.3	50.9	2
3	<b>TOTAL GENERAL SALES TAXES</b>	<b>141.9</b>	<b>157.2</b>	<b>154.2</b>	<b>147.9</b>	<b>139.5</b>	<b>179.0</b>	<b>148.9</b>	<b>140.5</b>	<b>176.0</b>	<b>158.0</b>	140.6	177.7	1,861.3	10.4%	1,804.5	3.1%	56.8	1,685.3	3
4	Tobacco Products & Cigarette Taxes	9.2	7.3	7.6	6.0	7.4	5.9	7.7	6.4	7.7	7.7	5.9	8.5	87.4	91.0%	81.0	7.8%	6.4	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	-1.1%	25.5	-0.7%	(0.2)	25.6	5
6	Insurance Premiums Tax	0.6	32.5	12.7	4.9	30.8	0.6	1.6	21.9	0.6	1.3	27.3	4.7	139.5	7.0%	137.3	1.6%	2.2	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	10.3	9.3	9.7	8.7	102.8	11.4%	98.3	4.5%	4.5	92.3	8
9	Gaming Excise Tax	5.6	5.4	5.3	5.4	4.9	5.6	5.6	5.5	6.1	5.6	6.7	5.3	67.0	3.0%	64.9	3.3%	2.1	65.1	9
10	Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.2	0.3	0.3	0.4	0.4	0.5	0.6	5.2	-8.4%	5.8	-10.7%	(0.6)	5.7	10
11	Other	0.1	0.0	-0.3	0.1	0.4	0.4	0.2	0.3	0.7	0.4	0.2	0.6	3.1	-2.6%	3.0	3.5%	0.1	3.2	11
12	<b>TOTAL SELECTIVE SALES TAXES</b>	<b>\$26.4</b>	<b>\$56.6</b>	<b>\$36.5</b>	<b>\$27.7</b>	<b>\$53.3</b>	<b>\$23.3</b>	<b>\$24.5</b>	<b>\$44.0</b>	<b>\$28.1</b>	<b>\$26.8</b>	\$51.9	\$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	79.3	87.7	84.8	78.1	97.7	1,037.8	1.7%	1,035.4	0.2%	2.4	1,020.1	13
14	Final Settlements & Estimated Payments	0.2	9.3	34.4	9.7	10.2	12.4	52.1	10.0	27.9	112.5	28.3	58.7	365.8	19.4%	343.6	6.5%	22.2	306.4	14
15	Oil and Gas Withholding Tax	0.0	0.4	0.1	6.1	1.1	0.0	6.6	0.7	0.3	6.0	2.1	7.3	30.7	-2.2%	33.0	-7.1%	(2.3)	31.3	15
16	Fiduciary Tax	-0.1	0.2	-0.7	0.2	0.0	2.8	0.1	0.1	2.3	0.9	0.5	0.0	6.1	-557.3%	1.0	511.1%	5.1	(1.3)	16
17	<b>GROSS PERSONAL INCOME TAX</b>	<b>84.5</b>	<b>86.9</b>	<b>119.9</b>	<b>105.6</b>	<b>86.5</b>	<b>134.8</b>	<b>136.9</b>	<b>90.1</b>	<b>118.2</b>	<b>204.2</b>	109.0	163.7	1,440.3	6.2%	1,413.0	1.9%	27.3	1,356.5	17
	Transfer to PIT Suspense	8.3	7.8	9.2	9.1	6.0	90.8	86.7	61.8	41.1	16.6	13.8	8.1	359.4	-5.8%	340.0	5.7%	19.4	381.7	
	Refunds/Adj/TAA Suspense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5	1.5	0.0	0.0	4.5	NA	0.0	NA	4.5	0.0	
	Retiree Health Care	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.0	0.0	0.0	1.2	1.3	13.0	-18.4%	15.6	-16.6%	(2.6)	15.9	
	Legislative Retirement	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	2.2	-8.3%	2.4	-8.3%	(0.2)	2.4	
18	Less: Refunds, distributions to other funds	10.0	9.5	10.8	10.8	7.7	92.5	88.4	63.5	42.8	18.1	15.2	9.7	379.0	-5.2%	358.0	5.9%	21.0	400.0	18
19	<b>NET PERSONAL INCOME TAX</b>	<b>74.5</b>	<b>77.4</b>	<b>109.0</b>	<b>94.8</b>	<b>78.8</b>	<b>42.4</b>	<b>48.5</b>	<b>26.6</b>	<b>75.4</b>	<b>186.0</b>	93.8	154.0	1,061.3	11.0%	1,055.0	0.6%	6.3	956.5	19
20	<b>NET CORPORATE INCOME TAX*</b>	<b>0.0</b>	<b>2.6</b>	<b>3.7</b>	<b>43.6</b>	<b>36.0</b>	<b>-8.2</b>	<b>46.5</b>	<b>-15.2</b>	<b>30.2</b>	<b>12.7</b>	23.2	5.3	180.4	44.2%	220.0	-18.0%	(39.6)	125.1	20
22	Oil and Gas School Tax	27.8	29.5	26.7	30.0	26.6	33.0	29.5	26.7	36.8	26.5	24.3	20.9	338.1	4.2%	328.5	2.9%	9.6	324.5	22
23	Oil Conservation Tax	1.4	1.5	1.4	1.5	1.4	1.7	1.6	1.4	1.9	1.4	1.4	1.4	17.8	9.1%	16.7	6.8%	1.1	16.4	23
24	Resources Excise Tax	0.6	0.5	1.0	1.1	0.8	0.5	1.0	0.8	1.1	0.6	1.2	0.7	9.7	4.0%	10.0	-2.6%	(0.3)	9.4	24
25	Natural Gas Processors Tax	1.6	1.6	1.6	1.6	1.5	1.6	1.4	1.2	1.6	1.5	1.4	1.4	18.0	-55.5%	17.9	0.6%	0.1	40.4	25
26	<b>TOTAL MINERAL PROD. TAXES</b>	<b>31.4</b>	<b>33.0</b>	<b>30.7</b>	<b>34.2</b>	<b>30.3</b>	<b>36.7</b>	<b>33.5</b>	<b>30.1</b>	<b>41.4</b>	<b>29.9</b>	28.3	24.3	383.7	-1.8%	373.1	2.8%	10.6	390.7	26
27	<b>LICENSE FEES</b>	<b>2.5</b>	<b>2.2</b>	<b>2.3</b>	<b>1.8</b>	<b>2.0</b>	<b>7.0</b>	<b>2.6</b>	<b>3.5</b>	<b>9.4</b>	<b>12.3</b>	3.6	3.2	52.2	3.8%	52.0	0.4%	0.2	50.3	27
28	Land Grant Perm. Fund Distributions	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.1	37.1	446.0	2.0%	445.2	0.2%	0.8	437.1	28
29	State Treasurer's Earnings	0.0	0.0	0.0	1.9	1.6	5.3	0.0	0.2	1.4	1.1	2.7	5.0	19.2	-13.0%	16.2	18.8%	3.0	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	<b>TOTAL INVESTMENT EARNINGS</b>	<b>52.5</b>	<b>52.5</b>	<b>52.6</b>	<b>54.4</b>	<b>54.2</b>	<b>57.9</b>	<b>52.6</b>	<b>52.8</b>	<b>54.0</b>	<b>53.7</b>	55.1	57.5	649.8	0.5%	646.0	0.6%	3.8	646.3	31
32	Federal Mineral Leasing Royalties	29.8	39.1	28.8	36.6	31.6	33.4	33.9	32.6	42.0	25.6	38.0	40.5	411.7	15.9%	368.2	11.8%	43.5	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	4.7	4.1	3.3	4.8	54.1	-20.2%	58.8	-8.1%	(4.7)	67.7	33
34	<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>31.6</b>	<b>42.5</b>	<b>34.7</b>	<b>50.0</b>	<b>34.4</b>	<b>36.7</b>	<b>35.7</b>	<b>37.3</b>	<b>46.7</b>	<b>29.6</b>	41.3	45.3	465.7	10.1%	427.0	9.1%	38.7	423.0	34
35	<b>TRIBAL REVENUE SHARING</b>	<b>0.1</b>	<b>0.1</b>	<b>16.4</b>	<b>0.1</b>	<b>0.0</b>	<b>15.8</b>	<b>0.3</b>	<b>0.1</b>	<b>16.5</b>	<b>0.1</b>	0.2	15.9	65.4	1.9%	65.4	-0.1%	(0.0)	64.1	35
36	<b>MISCELLANEOUS RECEIPTS**</b>	<b>1.2</b>	<b>4.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.6</b>	<b>1.2</b>	<b>6.9</b>	<b>1.1</b>	<b>2.0</b>	<b>14.1</b>	1.6	9.3	46.2	4.2%	47.1	-1.8%	(0.9)	44.4	36
37	<b>REVERSIONS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>0.6</b>	<b>0.2</b>	<b>0.7</b>	<b>4.1</b>	<b>5.2</b>	<b>3.3</b>	<b>1.0</b>	3.1	18.5	37.2	-51.6%	40.0	-7.1%	(2.8)	76.8	37
38	<b>TOTAL RECURRING REVENUE</b>	<b>362.0</b>	<b>428.5</b>	<b>442.0</b>	<b>456.3</b>	<b>430.4</b>	<b>392.3</b>	<b>403.9</b>	<b>326.0</b>	<b>483.0</b>	<b>524.2</b>	442.7	560.5	5,251.6	8.6%	5,164.2	1.7%	87.5	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
40	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
41	<b>TOTAL NON-RECURRING REVENUE</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>36.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.0	2.1	38.4	NA	38.1	NA	0.3	438.9	47
42	<b>GRAND TOTAL REVENUE</b>	<b>362.1</b>	<b>428.7</b>	<b>442.0</b>	<b>456.3</b>	<b>430.4</b>	<b>428.3</b>	<b>403.9</b>	<b>326.0</b>	<b>483.0</b>	<b>524.2</b>	442.7	562.6	5,290.1	0.3%	5,202.3	1.7%	87.8	5,274.2	48

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\*June corporate income tax estimate was reduced by \$36 million in anticipation of higher than expected film credit refunds accruing in FY11

\*\*Due to an acceleration of unclaimed property revenue collections, the forecast has been adjusted to reflect accruals in January and April, instead of June.

**Figure 1. Taxable Gross Receipts**



◆ Monthly TGR      ■ 3-month moving average