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The monthly revenue report of August 2012 state tax collections was released today.

Results

- State general revenues totaled \$948 million, \$16 million (-1.7%) below target and \$19 million (-2.0%) below collections for the same period last year.
- Sales tax collections totaled \$560 million for the month, \$6 million (+1.0%) above collections for the same period last year.
- Individual income tax collections totaled \$309 million for the month, \$14 million (-4.2%) below target and \$44 million (-12.5%) below collections for the same period last year. Payroll withholdings decreased 7.8% compared to the same period last year.
- Year-over-year comparisons are impacted by the individual income tax timing issue (1 fewer Friday than the same month last year). More reliable year-over-year comparisons can be made by looking at July and August revenues in combination.

Commentary

With FY 2012 state general revenues exceeding the latest forecast by approximately \$50 million, state general revenues need to increase less than 2.2% to meet the most recent forecast for FY 2013. Through August, state general fund revenues have increased 4.1%, nearly double the rate needed to meet the most recent forecast. Total general fund revenues are now \$28 million ahead of forecast through the first two months of the fiscal year.

Sales tax collections increased just 1.0% over the same period last year; however, August 2011 sales tax revenues were particularly strong, growing 7.3% over the prior year. Fiscal year-to-date sales tax revenues have grown 2.2%, matching the growth needed to meet the overall forecast.

Individual income tax collections underperformed the August target by \$14 million, falling short of collections for the same period last year by 12.5%. The large year-over-year decrease is caused by a timing issue related to the number of payrolls in a given month compared to that same month in the prior year (1 fewer Friday compared to prior year). As a result, payroll withholdings decreased 7.8% compared to the same period last year. This issue reversed itself from last month as predicted. Viewed over two months, payroll withholdings have grown 3.3% compared to the same two-month period last year. Individual income tax collections have increased 6.0% over that time period, and are now \$15 million ahead of target through August.

September is typically the 3rd largest revenue month of the year (in large part due to estimated payments), so next month should provide us with a clearer picture of how state general fund revenues are trending.

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