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The monthly revenue report of July 2013 state tax collections was released today.

Results

- For the first month of FY 2014, state general fund revenues were \$1,040.7 million, \$14.3 million (1.4%) below the target based on the most recent forecast updated on April 16, 2013.
- Absent the redirection of sales tax under HEA 1001-2013, total collections would have been \$4.2 million (0.7%) below the forecast target. Sales tax collections overall were \$10.0 million below forecast, but \$14.0 million above collections for July 2012.
- Individual income tax collections totaled \$319.3 million for the month, \$69.1 million (17.8%) below collections for the same month last year. A large decline was expected due to the way in which the timing of withholding payments are influenced by the number of Fridays in a month. Individual income tax collections were \$12.0 (3.6%) million below target for the month.
- Corporate income tax collections were \$5.4 million (18.5%) above forecast, but \$1.6 million (4.4%) below July of last year.

Commentary

For the first month of the fiscal year, state general fund revenues were \$14.3 million below target based on the most recent revenue forecast updated on April 16, 2013. State general fund revenues were 6.5% lower than in July 2012 due largely to a redirection of sales tax under HEA 1001–2013 and a normally occurring timing issue with withholding payments. The April 2013 forecast projected annual growth of 2.5% for the year.

HEA 1001–2013 redirected 1% of sales tax collections to the Motor Vehicle Highway fund thereby reducing General Fund collections by \$5.9 million for the month. Absent that change, sales tax collections would have increased by 3.4% over July 2012. The April 2013 forecast projected sales tax collections to grow by 3.9% for the year.

Months containing five Fridays, such as June 2012, result in increased withholding payments in the following month when they are remitted. This timing issue can result in large year-over-year increases and decreases. While individual income tax collections were \$69.1 million below last July, much of this decline was expected due to this timing issue. For the month, individual income tax collections were \$12.0 million below the forecast target.

Corporate income tax collections were \$5.4 million above the forecast target for July and 4.4% below July 2012.