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

Results

- Total revenue collections were \$1,848 million, \$159 million more than projected by the revenue forecast updated on December 14, 2011. Total collections for March were \$375 million above collections for the same period last year (+25.4%).
- Sales tax collections totaled \$586 million for the month, \$52 million (+9.8%) above collections for the same period last year.
- Individual income tax collections totaled \$872 million for the month, \$270 million (+44.9%) above collections for the same period last year. Payroll withholdings increased 20.0% compared to the same period last year.
- Through April, state general fund revenues are \$329 million ahead of the budget plan, which was based upon the April 15, 2011 revenue forecast.

Commentary

Through the first 10 months of the fiscal year, state general fund revenues are currently \$118 million (+1.0%) above the most recent revenue forecast updated on December 14, 2011. Through April, state general fund revenues have increased 9.0% compared to the same period last year. The December 2011 forecast projects annual growth of 6.0%.

Individual income tax collections significantly exceeded the April target, primarily as a result of the Department of Revenue's improvements in the processing of tax returns. Both refunds and payments are being processed faster than ever. The result is that the Department of Revenue processed approximately 260,000 more individual income tax returns (with \$160 million more individual income tax payments received) in April 2012 than it did in April 2011. While some of this increase reflects organic growth, it is likely that May revenues will decline because there are fewer payments remaining to be processed.

The 44.9% growth in individual income tax collection is also partially attributable to a 20.0% increase in withholdings. As has been discussed in previous months, the significant growth in payroll withholding is primarily a timing issue related to the number of payrolls in a given month compared to that same month in the prior year (e.g., 3 payrolls in a month compared to only 2). It is anticipated that payroll withholding reported for May revenue collections will be considerably weaker as this issue reverses itself.

Sales tax collections increased 9.8% over the same period last year. Through April, sales tax collections have increased 6.8% over the prior year, just slightly ahead of the 6.4% growth rate projected in the latest revenue forecast.

Through April, corporate income tax collections lead the December 2011 forecast by \$73 million.

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