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The monthly revenue report of December 2010 state tax collections was released today.

Results

- Total revenue collections were \$1,125 million, \$43 million above the revenue forecast recently updated in December 2010, but still \$17 million below the amount assumed in the June 2009 budget as passed. Total revenue collections were \$137 million above collections for the same period last year (+13.8%).
- Sales tax collections totaled \$505 million for the month, \$33 million (+7.0%) above collections for the same period last year.
- Individual income tax collections totaled \$326 million for the month, \$26 million (+8.6%) above collections for the same period last year.

Commentary

Through the first six months of FY 2011, state general fund revenues are now slightly ahead of the recently updated forecast by \$37 million (+0.6%). Revenues for FY 2011 now trail the May 2009 forecast, the basis for the budget that passed, by \$282 million. Revenues for FY 2010 were \$879 million less than the same May 2009 forecast upon which the budget was passed.

The state's general fund revenue forecast was updated in December 2010. The forecast increased anticipated collections for FY 2011 by more than \$115 million. All monthly targets for FY 2011 were reset based on the new forecast, and consequently, revenues through November 2010 were \$5.5 million below the updated forecast. Going forward, comparisons will be made to the updated, December 2010 forecast.

Sales tax collections have now increased on a year over year basis for ten consecutive months, with gains of more than 5% for four of the past five months. For the first six months of FY 2011, sales tax revenues have averaged growth of 4.2%, just slightly ahead of the 3.7% annual growth needed to meet the December 2010 revenue forecast.

Individual income tax collections increased 8.6% in December compared to prior year. For the first six months of FY 2011, individual income tax collections have increased 15.1% compared to prior year, with payroll withholdings averaging growth of 5.7%. Actual collections are running ahead of the December 2010 forecast which projects annual growth of 12.4%.

Corporate tax collections finally saw a rebound, increasing 74.0% compared to December 2009. However, corporate tax collections in December 2010 lagged collections in December 2008 by more than \$12 million. For the first six months of FY 2011, corporate tax collections have averaged growth of 19.1% compared to annual growth of 15.1% needed to meet the latest forecast.

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