

OLS Revenue Snapshot

FY 2002 - Through November 2001

- **Revenue Picture Remains Weak – Crucial Months Loom Ahead.** State Revenue collections in November were 1.3% lower than they were in November 2000, marking the third consecutive month where receipts trailed the prior year. Five months into FY 2002, eleven of the 14 major tax revenues that the OLS tracks are running behind their year-end target growth rates, including each of the nine largest tax revenues. Moreover, the income tax and the corporation tax, two of the "Big Three," are actually running *below* last year's collections (see the graph on page 2). The next two months, encompassing the holiday sales period, important quarterly tax payments, and tax payments from bonus income, are the second most significant time for State revenue collections, behind only the April tax filing period.
- **Gross Income Tax (GIT)** receipts after the first five months of FY 2002 are at \$2.02 billion, or about 6.3% *below* the same period last fiscal year. The certified year-end target requires GIT growth of nearly 7% for the year. The next two months, December and January, will be crucial for income tax collections, as year-end bonuses are usually paid at this time and another quarterly estimated payment is due. One year ago the quarterly estimated payments through January were up over 30%, but these payments are down nearly 10% so far this fiscal year. If estimated payments continue to deteriorate over the next two months, it could signal that additional revenue losses are in store for April, when final payments for tax year 2001 are due.
- **Sales Tax** receipts through the first four months are at \$1.96 billion, or 3.0% above the same period last year. The certified year-end target for this revenue requires growth over 6% for the year. Following the events of September 11, October sales tax receipts (reflecting September sales activity) fell 8.3% below last October's receipts, consistent with a national sales decline. November sales tax receipts (reflecting October sales activity) rebounded sharply, growing by 14.4% over the same month last year. Sales and financing incentives in the auto industry are widely considered to have spurred consumer spending. What remains to be seen is whether the jump in auto sales reflects new spending or spending that would have occurred anyway, but was "borrowed" from future months. The next two months will reflect the important holiday shopping period.
- **Corporation Business Tax (CBT)** collections after five months are only \$306.2 million, *down* a sharp 21.0% compared to the same time last year. The underlying year-end growth rate in the certified CBT base is about 9.0%, after adjusting for certain energy related receipts, tax changes, and a \$420 million revenue infusion anticipated in April of 2002 from limited liability corporations. This revenue is driven by quarterly corporate payments with the next important payment month being December.

*Office of Legislative Services
December 14, 2001*

As in past years, the OLS Revenue Snapshot summarizes current cash revenue collections in comparison to prior year cash collections for the same period, using information provided by the Department of Treasury. Certain revenues are reported with a one month lag due to payment schedules. The Treasury publicly reports monthly revenues in a different format which compares estimated or accrued earnings with FY 2002 budget projections.

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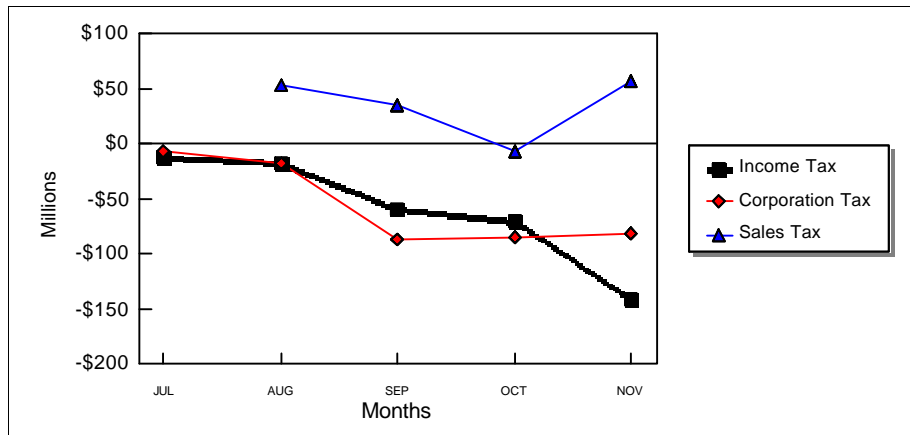
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2001 Actual Year-To-Date	FY 2002 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$2,162.0	\$2,021.2	-6.5%	6.6%	\$8,545.2
* SALES TAX	\$1,906.1	\$1,963.1	3.0%	6.2%	\$6,137.0
CORPORATION TAX	\$387.4	\$306.2	-21.0%	38.9%	\$1,854.1
LOTTERY	\$276.9	\$284.4	2.7%	7.3%	\$765.0
TRANSFER INHERITANCE	\$226.2	\$247.6	9.5%	13.7%	\$540.0
* MOTOR FUELS	\$177.8	\$175.8	-1.1%	2.7%	\$537.0
MOTOR VEH FEES	\$162.4	\$150.4	-7.4%	0.2%	\$396.8
CASINO	\$150.4	\$148.7	-1.1%	4.1%	\$359.4
INSURANCE PREM	\$10.1	\$6.6	-34.2%	1.0%	\$303.0
* PETROLEUM PRODUCTS	\$71.9	\$75.7	5.3%	3.2%	\$224.0
(a) CIGARETTE	\$14.5	\$10.4	-28.1%	-1.8%	\$221.0
* REALTY TRANSFER	\$30.8	\$34.1	10.6%	8.7%	\$87.0
* ALCOHOL EXCISE	\$26.8	\$27.6	2.9%	2.5%	\$82.0
BANKS & FINANCIAL (CBT)	\$16.0	\$11.5	-27.9%	11.7%	\$67.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY02 Over FY01
Actual Year-To-Date
\$ Change**



Sources: Executive year-end certified revenues are the amounts from the FY 2002 Appropriations Act.

FY 2002 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent four months of cash collections. All others represent five months of cash collections.

** The percentage difference between FY 2002 certified revenue estimates (06/01) and final year-end estimated figures released by the Executive in June, 2001.

(a) The first \$155 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.1997, c.264).