



Controller Betty T. Yee

California State Controller's Office

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.sco.ca.gov

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Contact: JOHN HILL
(916) 445-2636

CA Controller's July Cash Report Shows Revenues Close to Projections

SACRAMENTO—California's fiscal picture held steady in the first month of the 2015-16 fiscal year, with July revenues falling short of what was expected by only \$12.3 million, or 0.2 percent, according to State Controller Betty T. Yee's monthly report of California's cash balance, receipts, and disbursements published today.

Personal income tax, which surged throughout the previous fiscal year, continued to beat expectations. The state collected \$4.5 billion in July, 2.8 percent more than expected in the budget for the fiscal year that started July 1. However, this windfall was offset by shortfalls in the state's other two main sources of revenue — sales and use tax and corporation tax.

Sales and use tax totaling \$858.7 million fell short of projections by \$113.8 million, or 11.7 percent. Corporation tax revenues came in \$1 million, or 0.3 percent, lower than expected.

Still, revenues continued to outpace the 2014-15 fiscal year. The July revenue total of \$5.7 billion was 6 percent higher than a year ago, led by a 9.6 percent boost in personal income tax. This year-over-year increase was more than enough to offset a 6.6 percent drop in the sales and use tax and a 9.1 percent decrease in corporation tax, compared to the figures from a year ago.

For an analysis of fiscal trends and issues, see the newest issue of the Controller's monthly newsletter, [California Fiscal Focus](#).

The state ended the month of July with unused borrowable resources of \$26.1 billion, which is 11.1 percent more than anticipated when the budget was signed. The General Fund, the source of most state spending, may borrow from other funds to even out variability in revenue and disbursement patterns.

For many years, the Controller has pursued external borrowing when cash available from these special funds is projected to fall short of General Fund obligations. The Controller may ask the Treasurer to sell short-term revenue anticipation notes (RANs) that are repaid by the end of the fiscal year.

However, this year, because of the state's improved fiscal position, the Controller anticipates that internal borrowing will be sufficient to meet cash flow without having to issue RANs.

For more details on today's report, read the [monthly cash report](#).

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