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CA Controller's September Cash Report Shows Revenues Slightly Lower than Estimates

SACRAMENTO—State revenues fell short of Department of Finance projections by 2.6 percent in September, but are still outpacing estimates for the first quarter of the 2015-16 fiscal year, State Controller Betty T. Yee reported today.

In September, two of the state's three top revenue sources failed to match projections. Retail sales and use tax revenues of \$1.7 billion were \$392.5 million, or 18.8 percent, less than estimates. Corporation tax revenues of \$836.6 million came up \$135.2 million short of projections, or 13.9 percent.

Only the personal income tax beat Department of Finance expectations. Revenues of \$6.7 billion were \$447.0 million (or 7.2 percent) greater than anticipated in the budget, driven by strong proceeds from paycheck withholding, tax returns, estimated payments, and other categories.

Overall, when other taxes and revenues are included, the state in September brought in \$9.6 billion, or \$252.2 million less than projected in July.

For the first quarter of the 2015-16 fiscal year, revenues outpaced estimates, driven by personal income tax proceeds that surpassed projections by \$606.2 million, or 4.1 percent. This was more than enough to offset shortfalls in the corporation tax of \$100.6 million, or 7.3 percent, and \$379.1 million, or 6.3 percent, for the retail sales and use tax.

Compared to a year ago, September revenues came up short by 1.8 percent. However, for the first quarter as a whole, revenues exceeded last year's by \$1.6 billion, or 7.5 percent.

This month's edition of the Controller's California Fiscal Focus takes a longer view of state fiscal trends, showing that over 40 years revenues as a share of total personal income have fallen, resulting in a modest reduction in the bite of the state tax system. For more details on that and other fiscal trends, see the [October newsletter](#).

The state ended September with \$26.9 billion in unused borrowable resources—\$3.8 billion, or 16.7 percent, more than expected. This is money available from other funds to the General Fund, the source of most state spending, to even out variability in revenue and disbursement patterns without having to seek external loans such as a revenue anticipation note.

For more details, read the [monthly cash report](#).

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