



PR15:49
For Immediate Release:
12/10/2015

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CA Controller's November Cash Report Shows State's Three Major Taxes Beating Expectations

SACRAMENTO—Led in November by the retail sales and use tax, the state's three major sources of revenues beat projections, State Controller Betty T. Yee reported today.

Sales tax revenue of \$3.0 billion surpassed projections in the budget for the 2015-16 fiscal year by \$154.5 million, or 5.4 percent. Personal income tax revenue of \$3.8 billion beat estimates by \$47.5 million, or 1.3 percent. The corporation tax brought in \$89.1 million, almost double the anticipated amount, mostly the result of higher-than-expected estimated payments by corporations.

Overall, revenue for November fell short of projections by \$39.8 million. However, this did not occur because of a fiscal downturn but because a \$300 million payment the state expected in November had been received three months early. The payment was a settlement between the California Public Utilities Commission and Pacific Gas & Electric Co. over a 2010 pipeline explosion in San Bruno.

For the fiscal year that began July 1, higher-than-expected proceeds through November from the personal income tax were more than enough to offset shortfalls in the sales and corporation taxes. The personal income tax generated \$888.2 million, or 3.8 percent, more than anticipated. The sales tax fell short by \$226.7 million, or 2.3 percent, while the corporation tax trailed projections by \$146.4 million, or 8.6 percent.

Overall, total fiscal year revenues through November of \$37.1 billion beat projections by \$502.9 million, or 1.4 percent.

This month's edition of the Controller's California Fiscal Focus examines the question of whether volatility in state revenues is the inevitable outcome of a progressive tax system. For more details on that and other fiscal trends, see the [December newsletter](#).

The state ended the month of November with \$12.2 billion in outstanding loans—\$752.5 million, or 5.8 percent, less than expected. For the first year in 15 years, the state is covering month-to-month shortfalls exclusively through internal borrowing from special funds rather than external loans, such as revenue anticipation notes. The improved fiscal condition of the General Fund, the source of most state spending, has saved the state tens of millions of dollars in interest costs.

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

As the chief fiscal officer of California, Controller Yee is responsible for accountability and disbursement of the state's financial resources. The Controller also safeguards many types of property until claimed by the rightful owners, and has independent auditing authority over government agencies that spend state funds. She is a member of numerous financing authorities, and fiscal and financial oversight entities including the Franchise Tax Board. She also serves on the boards for the nation's two largest public pension funds. Elected in 2014, Controller Yee is the tenth woman elected to a statewide office in California's history. Follow the Controller on Twitter at [@CACController](#) and on Facebook at [California State Controller's Office](#).

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