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CA Controller's January Cash Report Shows Revenues Falling Short of Estimates

SACRAMENTO—January state revenues fell short of projections included in Gov. Jerry Brown's budget proposal by \$239.8 million, with both the personal income tax and the retail sales and use tax failing to meet projections, State Controller Betty T. Yee reported today.

"The governor has emphasized the need to be alert to changes in the state's fiscal fortunes," said Yee, the state's chief fiscal officer. "While one month of faltering revenues does not make a trend, I will continue to closely monitor the state's cash position."

A month ago, as part of his proposed budget for the fiscal year that starts July 1, the governor estimated January revenues of about \$13.24 billion. In fact, collections were closer to \$13.0 billion, \$239.8 million less than expected.

The corporation tax brought in \$362.6 million, 81.1 percent more than estimated, largely the result of fewer refunds than expected. However, this windfall was not enough to erase deficits in the state's two other major taxes. Personal income tax receipts of \$11.7 billion fell short of projections by 2.5 percent, while sales tax revenue of \$738.0 million was shy by 15.2 percent.

Collections also slipped compared to estimates in the budget signed last July for the current fiscal year, falling short by \$353.8 million, or 2.7 percent. However, the total for the first seven months of the fiscal year still surpasses projections from last summer by \$530.8 million, or 0.8 percent. This surge can be attributed to personal income tax revenue \$888.5 million, or 2.0 percent, more than expected.

January revenues were \$386.3 million higher than the monthly total a year ago. For the fiscal year so far, revenues are \$4.1 billion higher than last year. Over the past few years, as the state's economy has strengthened, revenues generally have surpassed expectations. The last time they did not was in September 2015.

This month's edition of the Controller's *California Fiscal Focus* examines the governor's plan to deal with monthly cash deficits in the budget for the coming fiscal year. For more details on that and other fiscal trends, see the [February newsletter](#).

The state ended the month of January with \$8.3 billion in outstanding loans, which was \$857.3 million less than expected in the governor's proposed budget and \$593.9 less than projected in the budget signed last July.

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 [@CAController](#) and on Facebook at [California State Controller's Office](#).

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