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The monthly revenue report of February 2013 state tax collections was released today.

Results

- State general revenues totaled \$701 million, \$21.6 million (-3.0%) below target and \$1.7 million (-0.2%) below collections for the same period last year
- Year to date, state general fund revenues have increased \$311 million (+3.7%) and are \$154 million (1.8%) above forecast.
- Sales tax collections totaled \$525.8 million for the month, \$27.2 million (+5.5%) above collections for the same period last year and \$0.6 million (-0.1%) below target.
- Individual income tax collections totaled \$155.3 million for the month, \$18 million (+13.1%) above collections for the same period last year and \$34.3 million (+28.3%) above target.
- Corporate income tax collections totaled -\$70.9 million for the month, \$39.6 million (-127.0%) below collections for the same period last year and \$53.5 million (-307.8%) below target. Corporate collections were lower than expected due to an unusually large amount of corporate tax refunds paid out in February.

Commentary

Through the first eight months of FY 2013, state general fund revenues have increased 3.7%, more than double the rate projected in the December 17, 2012 forecast (1.5%). Total general fund revenues are now \$154.4 million ahead of the December forecast.

Sales tax collections in February increased 5.5% over the same period last year. February was the fifth month out of eight months in FY 2013 in which year-over-year sales tax growth exceeded 3.0%. Fiscal year-to-date sales tax revenues have grown 3.0% overall and are slightly below target (-1.1%).

Through February, individual income tax collections have increased 6.9% compared to the same eight-month period last year. Individual income tax collections are running 6.2% ahead of target through the first eight months of FY 2013, despite the transfer of \$123.5 million in individual income tax receipts into a local option income tax (LOIT) reserve in December, January and February. This reserve will smooth out fluctuations in the state's individual income tax revenue collections and provide a first layer of protection in the event of an economic downturn.

Due to IRS delays in accepting individual income tax returns, the Department of Revenue has thus far processed fewer individual income tax returns (and paid out less in refunds excluding amounts paid as automatic taxpayer refunds) than it has in a typical January and February. We therefore expect a corresponding increase in the number of individual income tax returns processed (and unreimbursed refunds paid out) in March and April.

Through February, corporate income tax collections have increased 4.1% compared to the same eight-month period last year and are running \$20.9 million (+5.1%) ahead of target through the first eight months of FY 2013. Corporate tax collections in February missed the target by \$53.5 million due to an unusually large amount of corporate refunds paid out in February.