

June 2010 Analysis of Revenue Collections

June Revenues

June marked the last month in the FY10 fiscal year. Department of Revenue tracked tax collections were down \$1.42 billion or -9.1% year to date. Individual categories year to date are as follows:

- Individual Income taxes were down \$779 million or -10.0%.
- Sales and Use Tax collections decreased by \$564 million or -10.6%.
- Corporate Income Tax collections decreased \$10 million or -1.4%.
- Total Motor Fuel Tax collections declined \$32.5 million or -3.8%.

End of Year Preliminary Shortfall Analysis

Based on the Office of Treasury revenue collections release, the state ended \$128.8 million below budget for the 2010 fiscal year that ended June 30th. The Governor has taken preliminary steps to dampen the shortfall by instituting a June partial agency allotment withholding, reviewing agency state fund encumbrances, and shifting a portion of the federal stimulus funds previously allocated for FY11. The Revenue Shortfall Reserve (currently at \$103 million) will also have to be utilized, but to what extent is unknown at this early stage in the reconciliation process.

June 2010 revenues were up compared to June 2009. It will be important to watch the first quarter of FY11 to see whether this is an anomaly or an indication of better economic times. The state ended the year collecting at approximately 2004 to 2005 levels. This comparison should also note that Georgia's population has grown 6% since 2005.

After adjusting for sources of revenue new in FY11 (GEFA Securitization income, the hospital provider fee, and the user fee increases) revenue collections will need to grow 4.24% over the amended FY10 revenue estimate in order to make the FY11 budget as passed in April.

Table 1: FY2010 Estimated Shortfall		
	DOR Tracked	All State General Funds (Incl. MFT)
FY09 Revenues YTD	\$15,619,041,000	\$16,766,661,804
FY10 Revenues YTD	\$14,198,824,000	\$15,085,121,326
Revenue Deficit	-\$1,420,217,000	-\$1,681,540,478
Growth Built into FY10 General Estimate (Over FY09) That Will Not Be Realized	-\$304,116,664	-\$227,585,390
Estimated FY2010 Amd. Shortfall	-\$1,724,333,664	-\$1,909,125,868
FY10A Governor Estimated Shortfall	-\$1,697,408,477	-\$1,780,343,348
Difference from Estimated FY10 Amd Shortfall	-\$26,925,187	-\$128,782,520