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Westly: June Revenues Better Than Expected

Controller Says California's Economy Showing Strength

SACRAMENTO – State Controller Steve Westly announced today that state revenues for the month of June totaled \$8.8 billion, nearly 10 percent higher than forecast. For fiscal year 2003-04, total revenues were \$75.5 billion, an increase of almost 10 percent from fiscal year 2002-03.

Westly said June revenues from every major source were well ahead of estimates contained in the May revision of the State Budget: retail sales and use taxes were 28.1 percent higher; personal income taxes were 2.8 percent higher; and corporation taxes were 7.1 percent higher.

“We’re beating expectations across the board,” Westly said. “California’s economy is showing its strength.”

For the month of June, personal income tax receipts were \$3.8 billion, \$105 million above estimates. Retail sales and use taxes came in at \$2.8 billion, \$619 million above estimates. Corporation taxes yielded \$1.5 billion, \$99 million above estimates.

Westly also reported that California entered the new fiscal year July 1 with cash on hand of \$2.8 billion, after banking revenues from bonds approved by voters under Proposition 57.

“With the unexpected delay in the state budget, the cash cushion created by Prop. 57 became a financial lifeboat,” Westly said. “Without it, we’d be under water.”

Excerpt of revenue report follows. Link to full report at
<http://www.sco.ca.gov/ard/cash/0304/jun.pdf>

General Fund Revenues for the month of June 2004

In thousands

June 2004

	Actual	DOF's 2004-05 May Revision Estimates	Actual Over or (Under) Estimate	
			<u>Amount</u>	<u>%</u>
Alcoholic Beverage Excise Tax	24,382	22,974	1,408	6.1
Corporation Tax	1,487,617	1,388,707	98,910	7.1
Cigarette Tax	9,148	10,009	(861)	(8.6)
Estate, Inheritance, and Gift Tax	46,281	43,017	3,264	7.6
Insurance Companies Tax	424,359	376,174	48,185	12.8
Personal Income Tax	3,834,892	3,729,686	105,206	2.8
Retail Sales and Use Taxes	2,821,139	2,201,666	619,473	28.1
Pooled Money Investment Interest	14,684	13,585	1,099	8.1
Not Otherwise Classified	131,782	141,078	(9,296)	(6.6)
Economic Recovery Bond Proceeds	**	2,914,720		
Total Revenues	8,794,284	10,841,616	(2,047,332)	(18.9)

General Fund Revenues as of June 2004

In thousands

	Actual	DOF's 2004-05 May Revision Estimates	Actual Over or (Under) Estimate	
			<u>Amount</u>	<u>%</u>
Alcoholic Beverage Excise Tax	311,872	307,000	4,872	1.6
Corporation Tax	7,964,152	7,906,809	57,343	0.7
Cigarette Tax	116,903	115,000	1,903	1.7
Estate, Inheritance, and Gift Tax	574,510	572,000	2,510	0.4
Insurance Companies Tax	2,113,933	2,085,000	28,933	1.4
Personal Income Tax	36,752,037	36,783,000	(30,963)	(0.1)
Retail Sales and Use Taxes	23,699,237	23,703,000	(3,763)	(0.0)
Pooled Money Investment Interest	120,126	109,000	11,126	10.2
Not Otherwise Classified *	3,830,077	3,886,000	(55,923)	(1.4)
Economic Recovery Bond Proceeds	**	11,254,000		
Total Revenues	75,482,847	86,720,809	(11,237,962)	(13.0)

* \$2,263,609 Tobacco Securitization Bonds were received in September 2003.

** \$11,254,000 were transferred in from the Economic Recovery Fund in June 2004 and are reported under the Nonrevenues category.

SCHEDULE OF CASH RECEIPTS
(Amounts in thousands)

	Month of June		July 1 through June 30				
			2004		2003		
	<u>2004</u>	<u>2003</u>	<u>Actual</u>	<u>Estimate</u>	Actual Over or (Under) Estimate		<u>Actual</u>
				Amount	%		
REVENUES							
Alcoholic Beverage Excise Tax	\$24,382	\$19,767	\$311,872	\$307,000	\$4,872	1.6	\$289,428
Corporation Tax	1,487,617	1,204,101	7,964,152	7,906,809	57,343	0.7	6,509,506
Cigarette Tax	9,148	6,249	116,903	115,000	1,903	1.7	121,909
Estate, Inheritance, and Gift Tax	46,281	51,239	574,510	572,000	2,510	0.4	932,005
Insurance Companies Tax	424,359	379,241	2,113,933	2,085,000	28,933	1.4	1,870,608
Personal Income Tax	3,834,892	3,359,978	36,752,037	36,783,000	(30,963)	(0.1)	32,464,931
Retail Sales and Use Taxes	2,821,139	2,182,405	23,699,237	23,703,000	(3,763)	-	22,265,071
Pooled Money Investment Interest	14,684	21,289	120,126	109,000	11,126	10.2	211,318
Not Otherwise Classified	131,782	61,401	3,830,077	3,886,000	(55,923)	(1.4)	3,964,437
Economic Recovery Bond Proceeds	-	-	-	11,254,000	(11,254,000)	(100.0)	-
Total Revenues	8,794,284	7,285,670	75,482,847	86,720,809	(11,237,962)	(13.0)	68,629,213
NONREVENUES							
Transfers from Special Fund for Economic Uncertainties	-	-	2,524,497	2,524,497	-	-	-
Transfers from Other Funds	173,773	2,343,026	895,577	923,371	(27,794)	(3.0)	3,272,198
Transfers from Economic Recovery Fund	2,914,720	-	11,254,000	-	11,254,000	-	-
Transfers from Electric Power Fund	-	-	-	-	-	-	6,094,067
Miscellaneous	26,593	50,053	482,897	413,589	69,308	16.8	591,541
Total Nonrevenues	3,115,086	2,393,079	15,156,971	3,861,457	11,295,514	292.5	9,957,806
Total Receipts	11,909,370	9,678,749	90,639,818	90,582,266	57,552	0.1	78,587,019

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