In one of the most crucial months for collections, California revenues of $15.98 billion for April fell short of projections in the governor’s proposed 2017-18 budget by $1.05 billion, or 6.2 percent, State Controller Betty T. Yee reported.

For the first ten months of the 2016-17 fiscal year that began in July, total revenues of $96.88 billion are $1.83 billion below last summer’s budget estimates and $211.3 million shy of January’s revised fiscal year-to-date predictions. Total fiscal year-to-date revenues are $1.74 billion higher than for the same period of the prior fiscal year.

April personal income tax (PIT) receipts of $12.76 billion lagged by $707.6 million, or 5.3 percent. In the current fiscal year, California has collected total PIT receipts of $67.66 billion, or 0.2 percent less than January’s revised estimate. Last year nearly 17 percent of PIT receipts arrived in April.

“April is usually the state’s biggest tax filing month, so lower-than-expected personal income tax receipts are troubling,” said Controller Yee, the state’s chief fiscal officer and a leading advocate for comprehensive tax reform. “While we await the governor’s May Revision, this is another signal that we may be inching towards an economic downturn, and we must prepare and tailor our spending accordingly.”

April retail sales and use tax receipts of $696.7 million fell short of projections in the governor’s proposed 2017-18 budget by $106.7 million, or 13.3 percent. For the fiscal year to date, sales tax receipts of $18.99 billion are $453.5 million below the revised estimates released in January.

Corporation tax receipts of $1.97 billion for April were 13.8 percent lower than assumptions in the proposed 2017-18 budget. Fiscal year-to-date corporation tax receipts of $7.17 billion are 1.6 percent above projections in the proposed budget, the only one of the “big three” General Fund revenue sources to exceed expectations.

The state ended April with unused borrowable resources of $27.02 billion, which was $3.46 billion more than predicted in the governor’s proposed budget. Outstanding loans of $12.28 billion were $276.6 million lower than projected in early January. This loan balance consists of borrowing from the state’s internal special funds.
State Lands Commission Safeguards Public Access to Natural Treasures

California’s spectacular beaches, tide pools, bustling ports, emerald lakes, and meandering rivers are cherished. Along the waters of the Pacific Coast, from the Klamath River in the north to the Tijuana Estuary in the south, and to Lake Tahoe and the Colorado River on the east, the state’s navigable waters have inspired Native Americans, early sailors and explorers, as well as curious children, boaters, innovative entrepreneurs, commercial and recreational fishers, scientists, and sports enthusiasts.

The California State Lands Commission (SLC) stewards public lands and waterways. Controller Yee is a member of SLC and the chairperson in even-numbered years.

In California, members of the public have rights to access and use navigable waters for many beneficial uses including navigation, fishing, and recreation. These rights are expressed in federal law, California’s Act of Admission, the California Constitution, court opinions, and state law. However, the public’s rights are sometimes misunderstood.

One major SLC responsibility is to inform and clarify—for the public, government officials, and private property owners—people’s rights to access and use the state’s navigable waters.

Property owners do not have the right to block access by posting “Do Not Enter” signs or placing gates of obstruction. For example, the owner of Martins Beach in San Mateo County has blocked access to an area where families have gathered and surfed for generations. The California Legislature has called on SLC to take every available action to allow the public to once again access Martins Beach, including the possible use of eminent domain. The dispute may take years to settle, including action in the courts.

Another example is unfolding on the San Joaquin River Parkway where local residents—many from low-income communities near the river—are trying to gain access on the Eaton Trail. Access for underserved and disadvantaged communities in Fresno may be achieved through community planning.

Access to California’s coast and rivers is an essential right for all people. SLC remains vigilant in safeguarding the public’s rights.
Tax Credits Encourage Green Economy Development

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) finances projects that advance state efforts to increase the deployment of sustainable and renewable energy systems and create high-quality employment opportunities. Among the strategies is the sales and use tax exclusion (STE) on equipment and machinery used in the advanced manufacturing processes.

CAEATFA, on which Controller Yee serves, has approved more than 80 projects that range from incentivizing companies like Tesla to green recycling. STE awards are capped at $100 million per calendar year.

XT Green Recycling, Inc. in Corona received a STE for constructing an advanced carpet recycling and manufacturing facility. Historically, carpet recycling has had limited success due to technologies that produce poor-quality recycled material, low yields, large amounts of waste, and air-related health problems for employees. XT Green developed a patent-pending manufacturing system that resolves these issues. The new process will result in a higher-quality recycled material that will be made into other products, expected to result in only 10-percent waste product and 100-percent reduction in air pollutants.

When CAEATFA approved the XT Green proposal, a company leader stated, “We will reduce waste to landfills, protect employees, and reduce GHG [greenhouse gas] emissions. We will do this at this first plant in California, then take it across the country to where carpets are made.” This small but significant investment in green technology highlights California’s ability to lead technological advancement in a green economy.