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PR15:46
For Immediate Release
11/10/2015

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CA Controller's October Cash Report Shows Robust Income Tax Revenues

SACRAMENTO—Driven by another strong month of personal income tax proceeds, state revenues in October beat estimates by \$191.9 million, or 3.1 percent, State Controller Betty T. Yee reported today.

Personal income tax revenues of \$5.1 billion for the month exceeded projections in the state budget signed in July by \$234.5 million, or 4.8 percent. That was more than enough to offset lower-than-expected collections from the state's two other largest revenue sources, the retail sales and use tax and the corporation tax. Sales tax revenue of \$935.0 million fell short of projections by \$2.0 million, or 0.2 percent. The corporation tax missed estimates by \$89.8 million, or 33.5 percent.

For the fiscal year that started July 1, state revenues are \$542.9 million, or 1.9 percent, greater than estimated, with strong collections from the personal income tax erasing shortfalls in the retail sales and use tax and the corporation tax. Revenues from the personal income tax are running \$840.7 million, or 4.3 percent, above expectations for the fiscal year so far. Retail sales and use taxes have fallen short by \$381.1 million, or 5.5 percent, while the corporation tax to date has brought in \$190.4 million, or 11.5 percent less than expected.

Total revenue in October of \$6.4 billion was 5.7 percent higher than a year ago, with both the personal income tax and the retail sales and use tax outstripping last year's collections. Compared to the first four months of the prior fiscal year, revenues to date of \$29.8 billion are 7.1 percent higher.

This month's edition of the Controller's California Fiscal Focus examines whether growing income inequality will lead to geographic disparities and new challenges for policymakers. For more details on that and other fiscal trends, see the [November](#) newsletter.

The state ended October with unused borrowable resources of \$20.4 billion — \$2.2 billion, or 12.4 percent, greater than projections. This is money available to the General Fund, the source of most state spending, from other funds to even out variability in revenue and disbursement patterns. For the first time in 15 years, these special fund monies appear to be sufficient to meet the cash flow needs of the General Fund without the state having to seek external loans, such as revenue anticipation notes.

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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