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CA Controller Reports “Big Three” State Revenue Sources Fell Below Budget Estimates for December

SACRAMENTO—California revenues of \$12.85 billion for December missed projections in the 2016-17 Budget Act that Governor Jerry Brown signed in June by \$1.87 billion, a shortfall of 12.7 percent, State Controller Betty T. Yee reported today—just as the Governor’s Department of Finance released its proposed 2017-18 budget.

“Given the state’s revenue shortfall and an inevitable future economic downturn, coupled with unpredictable federal funding under the new president, Governor Brown is right to be cautious,” said Controller Yee, the state’s chief fiscal officer and board member of CalPERS and CalSTRS. “After CalPERS’ recent action to reduce the discount rate, I am pleased the proposed 2017-18 state budget would increase the state employer contribution by \$172 million. This will help to stabilize the pension fund as the Board continues to work judiciously to secure public employees’ earned benefits.”

The “big three” sources of California general fund dollars—personal income taxes, corporation taxes, and retail sales and use taxes—all missed the monthly mark and are now behind fiscal year-to-date estimates. For the first half of the fiscal year that began in July, total revenues of \$51.72 billion are \$1.66 billion below budget estimates, or 3.1 percent.

December personal income tax (PIT) receipts of \$8.58 billion fell short of budget projections by \$1.38 billion, or 13.9 percent—roughly the same percentage by which November PIT receipts topped estimates. Six months into the new fiscal year, California has collected total PIT receipts of \$34.58 billion, missing estimates by \$824.1 million, or 2.3 percent.

Corporation tax receipts of \$1.77 billion for December were \$29.4 million lower than expected. Fiscal year-to-date corporation tax receipts of \$3.23 billion are \$347.7 million below projections in the 2016-17 Budget Act—a shortfall of 9.7 percent.

Retail sales and use tax receipts of \$2.14 billion for December missed expectations by \$372.1 million, or 14.8 percent. For the fiscal year-to-date, sales tax receipts of \$12.06 billion are \$610.4 million below estimates, or 4.8 percent.

The state ended December with unused borrowable resources of \$20.49 billion, which was \$2.01 billion less than predicted in the 2016-17 Budget Act. Outstanding loans of \$17.75 billion were \$3.98 billion higher than projected. This loan balance consists of borrowing from the state’s internal special funds.

For more details, read the [monthly cash report](#). Read this month’s edition of the Controller’s [California Fiscal Focus newsletter](#) for an analysis of CalPERS’ discount rate and cost-saving measures.

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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