



Betty T. Yee

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Amid Economic Uncertainty, Controller Yee Echoes Governor's Restrained Budget Planning *December Cash Report Shows Revenues Surpassing Estimates*

SACRAMENTO— As the governor's Department of Finance released its proposed 2018-19 budget, State Controller Betty T. Yee reported today California's total revenues of \$16.25 billion for December were \$2.79 billion above June's budget expectations.

"I can sum up the governor's budget in one word: smart. The federal tax measure did not just stick it to California's individual taxpayers—it also likely will have a devastating impact on our state budget, which may mean less money for essential social services such as Medi-Cal, Medicare, and the children's health insurance program," said Controller Yee, the state's chief fiscal officer. "We are not going to know for months just how deep the wounds will be from the president's massive giveaway, so until we do, Governor Brown is once again wise in exercising caution with responsible short-term spending, boosting rainy day fund reserves, and paying down debt."

Personal income taxes (PIT) and corporation taxes, two of the "big three" sources of General Fund dollars, exceeded projections for the month. All three, including retail sales and use taxes, are ahead of fiscal year-to-date estimates. For the first half of the 2017-18 fiscal year, total revenues of \$57.21 billion are higher than budget projections by 7.1 percent and 10.6 percent higher than the same period in 2016-17.

For December, PIT receipts, the state's largest revenue source, were \$11.50 billion, or 25.0 percent above projections. While a portion of the variance may be due to taxpayer behavior, it is likely to be offset by reductions in future months' receipts. For the fiscal year, PIT receipts of \$39.10 billion are higher than budget estimates by \$2.28 billion or 6.2 percent.

Corporation taxes for December of \$2.47 billion were \$699.0 million or 39.6 percent higher than expected. For the fiscal year to date, total corporation tax receipts of \$4.26 billion are \$932.2 million, 28.0 percent, above assumptions in the 2017-18 Budget Act.

Sales tax receipts of \$1.86 billion for December were \$272.4 million lower than anticipated in the budget. However, for the fiscal year, sales tax receipts of \$12.03 billion are \$461.0 million or 4.0 percent above budget estimates.

Unused borrowable resources through December exceeded projections by \$6.88 billion, or 33.9 percent. Outstanding loans of \$16.11 billion at the end of December were \$2.45 billion less than 2017-18 Budget Act estimates. This loan balance consists of borrowing from the state's internal funds.

For more details, read the [monthly cash report](#). The Controller's [California Fiscal Focus newsletter](#) this month explores efforts to address climate change through state land management and investor engagement with corporations.

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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