

REVENUE TRENDS - JULY 2003

Statewide tax collections for July 2003 totaled \$278.7 million, representing a decrease of \$56.9 million or 16.9% when compared with the previous July. General excise and use tax collections declined by \$30.0 million as a result of the "weekend effect". Since June 30, 2002 fell on Sunday, taxes normally due that day were not due until July 1, thus pushing some June 2002 revenue into July. The amount of the "weekend effect" was somewhat larger than \$30 million because July probably experienced some economic growth, as evidenced by a 2.6% increase in taxes withheld on wages. Transient accommodations tax collections are also subject to the weekend effect and fell by \$4.7 million.

Franchise tax revenue from financial institutions fell by \$17.1 million, primarily as a result of the transfer of \$16.5 million in protested tax payments into a litigated claims fund.

Individual income tax revenue dropped by \$10.1 million despite the previously-mentioned increase in withholding taxes. That positive development was overwhelmed by sizable declines in estimated taxes and payments with returns and an increase in refunds.

On the positive side of the revenue picture, tobacco tax collections increased by \$1.8 million as wholesalers probably stocked up on cigarettes prior to the tax increase on July 1. July cigarette tax activity will appear on August monthly returns.

STATE GENERAL FUND

July 2003 general fund accruals totaled \$227.4 million, a decrease of \$58.9 million or 20.6% less than the total for the previous July.

