

REVENUE TRENDS – APRIL 2003

April state tax collections from all revenue sources amounted to \$288.1 million, a decrease of \$81.8 million or 22.1% when compared with the previous April. Despite this sizable decrease, cumulative state tax collections after ten months of the 2002-2003 fiscal year stood at \$3,047.5 million, \$42.5 million or 1.4% more than the amount collected during the corresponding period of the previous year.

Part of the April decrease can be attributed to the “weekend effect”, which occurs when a tax is due on the last day of the month and that last day falls on a weekend or holiday, postponing the due date to the following month. April 2002 collections were inflated somewhat due to the fact that March 31, 2002 fell on Sunday. As a result, some March 2002 revenue was pushed into April 2002. The major taxes affected by the “weekend effect” are the general excise/use tax and the transient accommodations tax. April 2003 revenue decline amounted to \$8.1 million for general excise and use taxes and \$4.0 million for the transient accommodations tax. Despite the “weekend effect”, cumulative fiscal year collections from these sources were ahead 8.7% and 8.0%, respectively.

April is the month that many taxpayers file their individual income taxes and pay the first installment of the new year’s estimated taxes. April witnessed massive drops of \$21.8 million in individual estimated taxes and \$48.3 million in individual payments with returns. Major probable factors behind these declines include the state’s business investment and home remodeling tax credits, a change in estimated tax rules lowering minimum payments from 90% to 60% of current year liability, and reduced capital gains due to the depressed stock market. These developments pulled cumulative fiscal year revenue from the individual income tax \$92.7 million or 9.9% behind the previous year’s pace.

STATE GENERAL FUND

Tax collections accruing to the state general fund for the month of April totaled \$232.7 million, \$87.5 million or 27.3% less than the amount that accrued the previous April.

Cumulative general fund accruals for the first ten months of fiscal 2002-2003 amounted to \$2,601 million, a decrease of \$9.9 million or 0.4% when compared with the same period the prior fiscal year. For the full fiscal year, the Council on Revenues has projected an increase of 1.8% at its most recent meeting.

