

REVENUE TRENDS – JUNE 2003

June state tax collections from all revenue sources amounted to \$356.9 million, an increase of \$131.1 million or 58.1% when compared with the previous June. With this increase, cumulative state tax collections for the 2002-2003 fiscal year stood at \$3,733.5 million, \$209.1 million or 5.9% more than the amount collected during the previous year.

A significant portion of June's \$131 million revenue increase can be attributed to technical factors. Approximately \$60 million was due to a "double weekend effect". General excise/use taxes and the transient accommodations tax (TAT) are subject to the weekend effect because they are due on the last day of the month, which, if a non-work day, becomes the first work day of the following month. June 2003 was the beneficiary of some May 2003 revenue because the last day of May fell on a weekend, while June 2002 lost some revenue because the last day of that month fell on a weekend. For general excise/use taxes, the weekend effect helped push June 2003 revenue \$71 million ahead of the previous June. For the transient accommodations tax, June 2003 revenue increased by \$5.8 million.

Another technical factor was behind the \$16.5 million increase in June franchise tax revenue paid by financial institutions. The entire \$16.5 million increase was due to a payment made under protest. When the protested payment is transferred to the litigated claims fund in July, it will result in a decrease in the general fund.

Another technical factor is monthly fluctuations in refund payments. Individual refunds dropped by \$23.8 million and corporate refunds by \$2.5 million in June.

STATE GENERAL FUND

Tax collections accruing to the state general fund for the month of June totaled \$319.0 million, \$123.8 million or 63% more than the amount that accrued the previous June. The June 2003 general fund amount includes \$1.5 million transferred to the general fund from the TAT Trust Fund because that fund had more than enough to increase the Tourism Special Fund to \$63.292 million at the end of the fiscal year.

Cumulative general fund accruals for fiscal 2002-2003 amounted to \$3,182 million, an increase of \$133.5 million or 4.4% when compared with the prior fiscal year. This figure exceeded the 1.8% projected by the Council on Revenue. After adjustments for the technical factors mentioned earlier, comparable revenue growth was approximately 2.5%.

