



PR16:22
For Immediate Release:
6/10/2016

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CA Controller's May Cash Report Shows Lower-than-Expected Revenues

SACRAMENTO—May state revenues fell short of projections in Gov. Jerry Brown's revised budget proposal by \$154.3 million, weighed down by corporation tax refunds far higher than expected, State Controller Betty T. Yee reported today.

"The state's other major taxes came close to or exceeded estimates in May, so we should not jump to conclusions about a downturn," said Controller Yee, the state's chief fiscal officer. "However, it is worth noting that this is the second month in a row in which overall revenues have fallen short. At this point, the signals are mixed."

In his May revision of the 2016-17 budget, Gov. Brown anticipated \$152.0 million from the corporation tax. Instead, the state paid out more in refunds than it brought in, resulting in a net loss of \$281.4 million.

By contrast, the personal income tax, the state General Fund's biggest revenue source, generated \$3.88 billion, surpassing estimates by \$273.2 million, or 7.6 percent. The retail sales and use tax fell short of May revision estimates, but not by much. Collections adding up to \$3.47 billion were \$64.7 million, or 1.8 percent, less than projected.

Overall, May revenues of \$7.43 billion fell short by 2.0 percent.

Compared to projections included in the state budget signed almost a year ago, May revenues were short by \$560.9 million, or 7.0 percent. However, revenues for the first 11 months of the fiscal year are ahead. Overall collections of \$102.57 billion are outstripping estimates by \$1.70 billion, or 1.7 percent. While the corporation and sales taxes have lagged for the fiscal year to date, the personal income tax has surpassed expectations by \$2.06 billion, or 3.1 percent.

Revenues look even healthier compared to actual collections in the prior fiscal year. With only one month remaining in the fiscal year, revenues are higher by \$5.06 billion, or 5.2 percent.

The state ended the month of May with unused borrowable resources of \$28.13 billion, which was \$3.86 billion more than expected in the May budget revision. Outstanding loans of \$7.39 billion were \$852.9 million less than projected. This loan balance consists of borrowing from the state's internal special funds.

For more details, read the [monthly cash report](#).

This month's edition of the Controller's California Fiscal Focus examines medium- to long-term budget risks. For more details on that and recent fiscal trends, see the [May newsletter](#).

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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