



Monthly Revenue Report

Office of Economic & Demographic Research

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Revised General Revenue Collections for October 2010 (Sales Tax Data Reported is Unaudited)

General Revenue (GR) collections for October 2010 were \$87.3 M over the estimates adopted by the General Revenue Estimating Conference (GR REC) on August 12, 2010. Total collections remained above receipts for the same month prior year, October 2009.

This month's surplus has a hidden downside that is producing a false positive signal. The bottom line was pumped up by a large shortfall in Refunds. Refunds are deducted from Total Revenue to produce the Net Revenue, so that when Refunds are under estimate, Net Revenue increases. The shortfall in Refunds this month was largely due to Corporate Income Tax Refunds. A federal filing process involving Florida returns delayed issuance of Corporate Refunds. We expect the \$61.9 M shortfall attributable to these refunds will be made up in next month's report, which will reduce Net GR more than previously forecast. Sales Tax Refunds were also significantly lower than expected, running \$11.3 M under estimate for the month.

Sales Tax GR was \$15.8 M (about 1.2%) under estimate. However, four of the six Sales Tax components were over estimate: Business was over estimate by \$12.6 M (about 4.6%); Tourism over by \$7.5 M (about 2.9%); Consumer Non-Durables over by \$5.8 M (about 1.3%); and Other Durables over by \$2.4 M (about 2.7%). The remaining two components were under estimate: Building barely under estimate by \$0.2 M (about 0.3%); and Automobiles under by \$12.6 M (about

5.6%). Summing the subcomponents, Final Liability was \$15.5 M (about 1.1%) over estimate. However, after adjusting the underlying liability by estimated payments, unpaid liability, audits, bad checks, and transfers to Sales Tax from the Communications Services Tax, Sales Tax GR ended with a \$15.8 M shortfall. Note that this Sales Tax report largely reflects activity that actually occurred in September.

Other sources split about half over and half under estimates for the month. As expected, Corporate Income Tax recovered a bit from last month's shortfall, coming in \$5.9 M over estimate. Even so, this source remains \$114.0 M under estimate for the year. The three issues identified in last month's report contributed in varying degrees to the continuing weakness in this source. First, even though the estimated distribution of receipts by month may have been skewed, it does not appear that this factor is playing a significant role in the shortfall. Second, estimates of NEW money from amnesty collections continued to be under estimate in October. The NEW MONEY amnesty shortfall now stands at \$45.4 M (about 73.7% under estimate). Third, the baseline estimate for Corporate Income Tax, after taking the amnesty issue into account, is running about 30% under estimate for the year.

Other sources over estimate include the Surplus Lines portion of Insurance Premium Tax, which was over estimate by \$4.6 M for the month. Collections for Documentary Stamp Tax were

over estimate, resulting in a GR transfer that was \$5.7 M over estimate. For the year, collections in this source are standing just over estimate. Beverage Taxes were over estimate by \$6.6 M, likely because Scholarship Tax Credits being taken are running under estimate for the year. Corporate Filing Fees are slowly coming back to estimate, running \$5.2 M over for the month but still lagging for the year to date. Earnings on Investment continued to provide a bright spot, over estimate for both the month and the year to date.

Only one other source was notably below the forecast. Severance Tax was \$2.1 M under estimate, with solid mineral production lighter than expected. This source reports quarterly, so we will be watching for next quarter's collections.

In summary, Net GR collections for October were \$87.3 M over estimate for the month and \$136.1 M under estimate for the fiscal year. The table below is based on the monthly estimates from the August 12, 2010 GR REC. Details of that conference can be found at <http://edr.state.fl.us/Content>. Note that the listing of sources below has been rearranged to reflect each source's overall importance to GR.

General Revenue Collections

Month: \$87.3 M over the August 2010 estimate; \$81.6 M over the March 2010 estimate adjusted for Legislative changes

Year: \$136.1 M under the August 2010 estimate; \$74.2 M over the March 2010 estimate adjusted for Legislative changes

October Lottery Transfers to DOE

Month: \$84.009 M, \$11.251 M under the November 2010 estimate

Year: \$352.585 M, \$11.251 M under the November 2010 estimate

OCTOBER 2010 GENERAL REVENUE COLLECTIONS (\$ MILLIONS)

BASED ON THE AUGUST 2010 REVENUE ESTIMATING CONFERENCE

	MONTH			FISCAL YEAR TO DATE				
	ACTUAL CURRENT MONTH	ESTIMATE CURRENT MONTH	OVER/UNDER ESTIMATE	ACTUAL CURRENT YEAR	ESTIMATE CURRENT YEAR	OVER/UNDER ESTIMATE	PRIOR YEAR ACTUAL	PERCENT INCREASE/DECREASE
SALES TAX COLLECTIONS	1,314.9	1,330.7	(15.8)	5,263.8	5,352.1	(88.3)	5,165.2	1.9%
CORPORATE INCOME TAX	124.1	118.2	5.9	534.8	648.8	(114.0)	510.5	4.8%
HIGHWAY SAFETY FEES	68.2	69.9	(1.7)	298.1	296.3	1.8	132.2	125.5%
INSURANCE PREMIUM TAX	23.0	18.4	4.6	77.6	82.6	(5.0)	79.4	-2.3%
BEVERAGE TAXES	39.8	33.2	6.6	167.6	160.8	6.8	181.1	-7.4%
SERVICE CHARGES	59.7	61.3	(1.6)	176.6	180.7	(4.1)	133.4	32.3%
ARTICLE V FEES AND TRANSFERS	16.3	16.1	0.2	61.9	66.7	(4.8)	67.5	-8.3%
TOBACCO TAX	16.9	17.9	(1.0)	56.9	54.8	2.1	46.2	23.0%
CORPORATE FILING FEES	11.5	6.3	5.2	38.6	42.6	(4.0)	29.0	33.2%
MEDICAL HOSPITAL FEES	21.5	23.3	(1.8)	59.8	82.3	(22.4)	57.3	4.5%
INTANGIBLES TAXES	13.1	12.7	0.4	51.0	53.5	(2.5)	57.6	-11.5%
INDIAN GAMING	12.5	12.5	0.0	37.5	37.5	0.0	0.0	100.0%
EARNINGS ON INVESTMENTS	14.0	8.5	5.5	56.5	42.2	14.3	40.7	39.0%
DOCUMENTARY STAMP TAX	14.5	8.8	5.7	50.1	48.4	1.7	45.4	10.2%
PARIMUTUEL TAXES	4.5	5.1	(0.6)	6.0	6.5	(0.5)	1.6	262.9%
SEVERANCE TAXES	2.5	4.6	(2.1)	6.5	8.3	(1.8)	2.6	151.5%
OTHER TAXES LICENSES AND FEES	2.9	4.1	(1.2)	13.7	13.4	0.2	12.8	7.1%
OTHER NONOPERATING REVENUES	22.1	15.1	7.0	60.9	55.1	5.9	59.8	1.8%
TOTAL REVENUE	1,782.2	1,766.7	15.5	7,017.9	7,232.5	(214.7)	6,622.4	6.0%
LESS REFUNDS	31.2	103.0	(71.8)	134.7	213.2	(78.6)	171.2	-21.3%
NET REVENUE	1,751.0	1,663.7	87.3	6,883.2	7,019.3	(136.1)	6,451.2	6.7%