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Missouri Revenue Remains Strong; Collections Ahead of Forecast

As Missouri heads into the last two months of Fiscal Year 2006, the state remains on track to exceed the revenue forecast, according to Tom Kruckemeyer, chief economist with the Missouri Budget Project.

“With refund growth returning to more normal levels, the overall revenue situation looks good. Despite a decline in March, the sales tax numbers are still fairly good and individual income tax withholding continues to be solid,” Kruckemeyer said. “As always, the April through June quarter is critical as the peak season for individual and corporate income tax filings is in full swing.”

An important development in March was a second month in which refund growth tapered off after growing at a rapid pace over the first seven months of the fiscal year. For the month, general revenue refunds fell 3.9 percent with the primary reason being a decrease of 1 percent in individual income tax refunds.

“Certainly, some decline in the refund growth rate had been anticipated as it was well above historical norms,” Kruckemeyer said. For the first nine months of Fiscal Year 2006, general revenue funds were \$824 million, which is 13 percent ahead of the \$729.3 million that had been paid during the first nine months of Fiscal Year 2005. “It is notable that corporate refunds are 83 percent ahead of last year. If refund growth continues to moderate, the state is in a much better position to achieve the revised consensus general revenue forecast for Fiscal Year 2006,” Kruckemeyer said.

In March, general revenue collections were \$710.4 million, a 7.9 percent increase from March, 2005. This brings the year-to-date growth rate to 7.6 percent for Fiscal Year 2006. Net General Revenue growth rate for March was 13.6 percent; for the first nine months of Fiscal Year 2006, the net General Revenue growth rate is 6.8%.

A detailed report on revenue collections is available on the Missouri Budget Project website: www.mobudget.org.