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## Slow General Revenue Growth Continues in Missouri

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Despite the generally improving economy, Missouri net General Revenue collection growth remains sluggish. Missouri GR collections declined in December, slowing growth for the first six months of the state fiscal year. Collections must grow considerably over the next six months for the state to meet the revised Consensus Revenue Estimate for FY 2012 and avoid making mid-year budget cuts. In addition, it appears that there is little chance that more robust collections will help alleviate the anticipated \$800 million FY 2013 budget shortfall.

### Summary

GR collections, net of refunds, declined 2.1 percent in December compared to December of 2010. As a result, the state completes the first six months of FY 2012 with net GR growth of only 1.2 percent compared to the same period last year, falling considerably short of the estimated 2.7 percent growth expected in FY 2012.

Moreover, the December and quarterly results display a negative trend. After net GR grew at a fairly healthy 4.8 percent in the final quarter of FY 2011, the quarterly growth rates for FY 2012's first and second quarters have been 1.9 percent and 0 percent respectively.

**Individual Income Tax:** Overall net individual income tax (IIT) collections increased 4.0 percent, partially due to refunds being down about 17 percent. Unfortunately, IIT withholding growth has been stagnant, even though the Missouri economy added about 93,000 jobs from November of 2010 through November of 2011 and the state unemployment rate fell from 9.6 percent to 8.2 percent over this period.<sup>1</sup>

**Sales and Use Tax:** Collections fell 4.0 percent in December and completed the first half of FY 2012 up 2.2 percent. The quarterly trend is of concern for this tax source. After sales and use tax grew at 2.0 percent in the final quarter of FY 2011, the quarterly growth rates for FY 2012's first and second quarters have been 3.1 percent and 1.3 percent respectively.

**Corporate Income & Franchise Tax:** Collections fell 10.5 percent in December and are down 10.6 percent for FY 2012 overall. Growth in this area is likely to be sluggish as the law phasing out the corporate franchise tax takes effect for tax years that begin on or after January 1, 2012.

**GR Refunds:** GR refunds fell about 30 percent compared to last December, leaving refunds down 12.3 percent for the year thus far.

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<sup>1</sup> <http://www.missourieconomy.org/indicators/laus/default.aspx?sa=1>

## December GR Collections and Refunds

<u>Tax Source</u>	Dec. FY 11	Dec. FY 12	Percent Change	FY 2011	FY 2012	Percent Change
<b>Individual Income</b>						
Withholding	373,320	380,693	2.0	2,135,109	2,188,009	2.5
Declarations	48,996	40,244	(17.9)	211,678	202,344	(4.4)
Remittances	9,977	11,729	17.6	88,969	98,638	10.9
Fiduciaries	185	445	140.5	3,532	4,171	18.1
<b>Total</b>	<b>432,514</b>	<b>433,059</b>	<b>0.1</b>	<b>2,439,342</b>	<b>2,493,186</b>	<b>2.2</b>
<b>Sales and Use</b>						
Regular	147,889	142,036	(4.0)	898,529	918,189	2.2
<b>Total</b>	<b>147,889</b>	<b>142,036</b>	<b>(4.0)</b>	<b>898,529</b>	<b>918,189</b>	<b>2.2</b>
<b>Corporate Tax</b>						
Declarations	67,005	64,798	(3.3)	182,138	156,673	(14.0)
Remittances & Corp Franchise	15,360	8,947	(41.8)	62,442	61,876	(0.9)
<b>Total</b>	<b>82,365</b>	<b>73,745</b>	<b>(10.5)</b>	<b>244,580</b>	<b>218,650</b>	<b>(10.6)</b>
Estate	3	0	(0.0)	1,186	28	(97.6)
Interest	549	489	(10.9)	3,784	3,469	(8.3)
Liquor	1,822	2,188	20.1	11,458	11,392	(0.6)
Beer	608	601	(1.2)	4,225	4,180	(1.1)
County Foreign Insurance	15,631	18,287	17.0	107,784	83,011	(23.0)
Federal Reimbursements	7,403	(872)	(111.8)	25,496	6,757	(73.5)
All other revenues	16,219	9,775	(39.7)	65,154	60,008	(7.9)
<b>Gross GR collections</b>	<b>705,003</b>	<b>679,309</b>	<b>(3.6)</b>	<b>3,801,267</b>	<b>3,798,768</b>	<b>(0.1)</b>
<b>GR Refunds</b>						
Individual Income	15,445	14,702	(8.9)	211,402	175,814	(16.8)
Corp. Income & Franchise	16,961	9,673	(43.0)	97,018	95,079	(2.0)
Senior Citizen Property	406	393	(3.2)	4,204	4,420	5.1
Sales	4,262	1,712	(59.8)	25,164	14,406	(42.8)
All other	862	619	(28.2)	13,171	18,207	38.2
<b>Total GR Refunds</b>	<b>37,936</b>	<b>26,469</b>	<b>(30.2)</b>	<b>350,959</b>	<b>307,926</b>	<b>(12.3)</b>
<b>Net General Revenue</b>	<b>667,067</b>	<b>652,840</b>	<b>(2.1)</b>	<b>3,450,310</b>	<b>3,490,842</b>	<b>1.2</b>

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