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CA Controller's April Cash Report Shows State Revenues Lagging

SACRAMENTO—April state revenues fell short of estimates in Gov. Jerry Brown's proposed 2016-17 budget by \$1.19 billion, mostly the result of lower-than-expected receipts from the personal income tax in one of the most important months for collections, State Controller Betty T. Yee reported today.

"We know that state revenues cannot defy gravity forever," said Controller Yee, the state's chief fiscal officer. "It is too early to call this a trend rather than a one-time occurrence. However, we should always expect peaks and valleys in the state's financial performance."

Most Californians file their tax returns in April, and the month's total is closely watched as a possible bellwether of the state's fiscal fortunes. April personal income tax revenues of \$13.40 billion fell short by \$1.22 billion, 8.4 percent less than projected in the January proposed budget. Retail sales and use tax revenues of \$816.1 million lagged by \$53.9 million, or 6.2 percent. Only the corporation tax beat estimates, with revenues of \$1.98 billion coming in \$95.4 million higher than expected, or 5.1 percent.

Overall, April's total revenues of \$16.78 billion fell short of the January estimate by 6.6 percent.

April's collections drove revenues for the fiscal year to date into negative territory compared to the January projections. For the fiscal year that began July 1, overall revenues of \$95.15 billion are off by \$680.5 million, or 0.7 percent. The personal income tax and the sales tax are falling short by \$1.16 billion and \$217.6 million, respectively. The corporation tax for the fiscal year to date is surpassing expectations by \$476.3 million.

Compared to actual revenues in the prior fiscal year, April revenues were \$215.0 million lower. However, for the fiscal year to date, revenues are still outpacing the previous fiscal year by \$4.99 billion, or 5.5 percent.

The state ended the month of April with unused borrowable resources of \$25.59 billion, which was \$1.85 billion more than expected in the governor's proposed budget. Outstanding loans of \$7.34 billion were \$1.07 billion 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 describes then-Governor Ronald Reagan's call for systemic tax reform. 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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