GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Sen. Bill Ketron, Chairman
Senators
Douglas Henry — Reginald Tate
Doug Jackson — Ken Yager
Brian Kelsey
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Charles Curtiss, Vice-Chairman
Representatives
Harry Brooks — Donna Rowland
Curtis Johnson — Tony Shipley
Steve McManus — Curry Todd
Mary Pruitt — Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Kent Williams, *ex officio*

MAY 2010 STATE REVENUE COLLECTIONS

TENNESSEE GENERAL ASSEMBLY FISCAL REVIEW COMMITTEE STAFF

JUNE 11, 2010

The Fiscal Review Committee (FRC) staff has prepared the attached estimates of May revenue collections necessary to meet budgeted estimates for fiscal year 2009-10, which began July 1, 2009. Collections are recorded on an accrual basis with May as the tenth month for which collections are measured in FY09-10.

The estimates are a projection of collection patterns required for each tax, total revenue collections, and general fund collections to meet the amount required to fund the budget adopted by the General Assembly for FY09-10. Monthly estimates for FY09-10 were revised during February (for months February through July) to reflect the budgeted estimate for FY09-10 as reflected in the Governor's Recommended Budget for FY10-11. Monthly estimates (for June and July) will be revised (during June 2010) to reflect the revised FY09-10 budget as adopted by the General Assembly with passage of the general appropriations bill.

For May 2010, total collections were $767,148,000, an under-collection of $3,255,000 relative to the original FRC budgeted estimate for the month; and an over-collection of $6,256,800 relative to the revised FRC budgeted estimate for the month. Sales taxes were under-collected by $1,949,000 relative to the original estimate; over-collected by $8,281,000 relative to the revised estimate. Franchise and excise taxes were under-collected by $7,263,000 relative to the original estimate; under-collected by $12,633,000 relative to the revised estimate. All other taxes were over-collected by $5,957,000 relative to the original estimate; over-collected by $10,608,800 relative to the revised estimate.

Relative to actual collections in May 2009, total collections increased by 7.06 percent, compared to the original FRC budgeted estimate of a 7.52 percent increase; and compared to the revised FRC budgeted estimate of 6.19 percent increase. General fund collections increased by 7.31 percent, compared to the original FRC budgeted estimate of a 8.21 percent increase; and compared to the revised FRC budgeted estimate of 6.32 percent increase.

Sales tax collections increased by 3.70 percent, compared to the original FRC budgeted estimate of a 4.09 percent increase; and compared to the revised FRC budgeted estimate of a 2.02 percent increase. Franchise and excise tax collections decreased by 12.50 percent, compared to the original FRC budgeted estimate of a 15.29 percent increase; and compared to the revised FRC budgeted estimate of a 35.84 percent increase. All other tax collections increased by 18.13 percent, compared to the original FRC budgeted estimate of a 15.10 percent increase; and compared to the revised FRC budgeted estimate of a 12.73 percent increase.

Year-to-date collections through the first ten months of FY09-10 were $8,193,940,200. This represents a cumulative under-collection of $194,778,800 relative to the original FRC budgeted estimates for the ten-month period; and a cumulative under-collection of $149,592,500 relative to the revised FRC budgeted estimates for the ten-month period. Sales tax collections were $5,099,914,000. This represents a cumulative under-collection of $203,550,500 relative to the original FRC budgeted estimates; and a cumulative under-collection of $148,915,500 relative to the revised FRC budgeted estimates. Franchise and excise tax collections were $1,122,261,000. This represents a cumulative over-collection of $56,081,900 relative to the original FRC budgeted estimates; and a cumulative over-collection of $31,428,900 relative to the revised FRC budgeted estimates. All other taxes were $1,971,567,000. This represents a cumulative under-collection of $47,310,200 relative to the original FRC budgeted estimates; and a cumulative under-collection of $32,105,900 relative to the revised FRC budgeted estimates.

Relative to actual collections for the first ten months of FY08-09, year-to-date collections for FY09-10 have decreased by 1.24 percent. Sales tax collections have decreased by 3.38 percent year-to-date. Franchise and excise tax collections have increased by 6.86 percent year-to-date. All other taxes have increased by 0.18 percent year-to-date. The budget for FY09-10 adopted by the General Assembly assumed positive total revenue growth of 0.91 percent and negative general fund growth of 0.06 percent. The Governor's recommended budget for FY09-10 assumes negative total revenue growth of 0.68 percent and negative general fund growth of 1.88 percent.