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Missouri Completes Fiscal Year 2012 With General Revenue Up 3.2 Percent

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Missouri General Revenue (GR) net of refunds rose 1.8 percent in June, which results in 3.2 percent net growth for Fiscal Year (FY) 2012. While the 3.2 percent growth rate marks the second consecutive year of net GR growth, the FY 2012 growth rate was less than the 4.9 percent growth seen in FY 2011.

Total net collections of \$7.34 billion were nearly \$40 million greater than the revised Consensus Revenue Estimate of \$7.3 billion. The additional \$40 million in revenue should not be considered a surplus, as this money will likely be needed to fund the FY 2013 budget, which is based upon several optimistic assumptions.

Moreover, the FY 2012 net GR total remains about \$663 million below the total collections of slightly more than \$8 billion attained in FY 2008.

The major components of GR collections for FY 2012 include:

Individual Income Tax: Gross individual income tax collections rose 3.8 percent for FY 2012. Coupled with a 6.2 percent decline in refunds for the year, net individual income rose 5.9 percent. This was an improvement over FY 2011, which saw net individual income tax increase 4.7 percent. Growth in this area is critical in that individual income tax accounted for 67 percent of net GR collections in FY 2012.

Sales and Use Tax: Gross sales and use tax collections rose 3.5 percent for FY 2012, a substantial improvement over FY 2011's 1.0 percent growth. Sales tax refunds also declined sharply, resulting in net sales tax collections growing 4.9 percent.

Corporate Income and Franchise: While both the individual income and sales and use taxes posted solid growth in FY 2012, the trend did not hold for corporate tax collections. For the fiscal year, gross corporate tax collections of \$502.9 million were 6.4 percent *below* FY 2011. Corporate refunds also rose 6.9 percent, which brought about an 11.7 percent decline in net collections. The decline in corporate collections comes in part due to legislation that phases out the corporate franchise tax completely by the end of 2015. The approximately \$341 million in net corporate collections provided just 4.6 percent of the state's net GR collections.

See table below for FY 2012 General Revenue totals.

FY 2011 General Revenue Collections
(in millions)

<u>Source</u>	FY 2011 Total	FY 2012 Total	Percent Change
Individual Income	\$5,633.0	\$5,844.7	3.76
Sales & Use	\$1,809.7	\$1,873.3	3.51
Corporate Income/Franchise	\$537.3	\$502.9	(6.40)
County Foreign Ins.	\$211.2	\$191.8	(9.19)
All Other	\$255.3	\$206.6	(19.08)
Gross General Revenue	\$8,446.5	\$8,619.3	2.05
GR Refunds	\$1,336.9	\$1,278.7	(4.35)
Net General Revenue	\$7,109.6	\$7,340.6	3.25

Source: Missouri Office of Administration