



December 3, 2010

## Missouri General Revenues Continue to Show Modest Growth in November

By Tom Kruckemeyer  
Chief Economist

Continuing the recent trend, Missouri General Revenue (GR) collections (net of refunds) increased 3.3 percent in the month of November. For Fiscal Year (FY) 2011 overall, net GR collections are up 3.5 percent. Net GR growth at this level should be adequate to preclude additional budget cuts during FY 2011. However, even with this revenue growth, budget reductions of approximately \$800 million will likely be necessary for FY 2012.

Sales and Use tax collections in November grew 19.2 percent, boosting the FY 2011 growth rate to 3.3 percent. While Corporate Income/Franchise taxes fell 11 percent in November, they are up 13.5 percent for FY 2011 to date. However, Individual Income tax collections rose only 0.7 percent in November and thus are up only 2.4 percent after five months of FY 2011. In addition, GR Refunds increased about 33 percent for the month, bringing their FY 2011 growth to 9.6 percent.

<u>Tax</u>	<u>Through Nov FY 2010</u>	<u>Through Nov FY 2011</u>	<u>Pct. Change</u>
Ind. Income	\$1,960,029	\$2,006,828	2.4
Sales and Use	\$726,236	\$750,370	3.3
Corp Income/Fran	\$142,877	\$162,216	13.5
All Other	\$164,384	\$197,725	20.2
<b>Gross GR</b>	<b>\$2,993,526</b>	<b>\$3,116,940</b>	<b>4.1</b>
GR Refunds	\$285,688	\$313,023	9.6
<b>Net GR</b>	<b>\$2,707,837</b>	<b>\$2,803,917</b>	<b>3.5</b>

**Dollars in Thousands**

**Source: Missouri Office of Administration**

As noted above, state revenue growth as of November 30<sup>th</sup> is adequate to meet the current FY 2011 budget. Unfortunately, the still sluggish national economy is apt to prevent the sort of robust revenue growth that Missouri would need to avoid severe budget shortfalls in FY 2012 and beyond.

The latest national economic trends are as follows:

- Real Gross Domestic Product grew 2.5 percent in the 2010 Third Quarter. However, this growth rate has not yet led to substantial job growth. In fact, the just released November national unemployment rate stands at 9.8 percent, the highest since last April.
- The *US Index of Leading Economic Indicators* rose 0.5% in October, keeping with its generally positive path in 2010. The Index also rose 0.5% in September.
- After a sluggish summer, the stock market as measured by the *Standard & Poor's 500* has generally been on the rise over the last three months. This Index closed at 1221.5 on December 2<sup>nd</sup>, which is 13.1 percent ahead of the September 1<sup>st</sup> closing of 1080.3.