

# GOV. JUSTICE RELEASES JANUARY 2019 REVENUE COLLECTIONS, ESTIMATES STILL TRENDING TOWARD SIGNIFICANT FY 2019 SURPLUS

*Posted on February 4, 2019 by Tyler Barker*



CHARLESTON, WV (WOAY)- Gov. Jim Justice reported Monday that January Revenue Collections were more than 99.3 percent of estimates and that his conservative approach to managing the state budget continues and he is confident that the Fiscal Year 2019 trend for a significant year-end surplus will take place.

“I always want to err on the conservative side, we’re doing this the right way and I’m good with it,” said Gov. Justice. “We anticipated a slight dip down at the beginning of the third quarter. But the reality is just this, all the way across the board the numbers are still spectacular. I love the numbers and where they are.”

January collections were \$3 million under estimates but were 7.4% ahead of prior year receipts and follow a state record \$185 million surplus during the first six months of Fiscal Year 2019.

The Governor’s Official Revenue estimates for Fiscal Year 2019 were revised upward by \$142 million at the beginning of January. The changes include an increase in the Personal Income Tax estimate



from \$2.004 billion to \$2.054 billion, a change in the Consumer Sales Tax estimate from \$1.316 billion to \$1.351 billion and a change in the Severance Tax estimate from \$361.7 million to \$418.7 million. As a result of these revisions, cumulative revenue collections at the end of December were \$43.861 million above the cumulative estimate and 13.5% ahead of prior year receipts.

The following is a summary of January revenue collections.

### **General Revenue Fund**

**January General Revenue Fund collections of \$422.3 million were \$3.0 million below estimate, but still 7.4% above prior year receipts.** The small shortfall was mainly due to weaker than anticipated monthly Personal Income Tax collections.

**Year-to-date collections of nearly \$2.657 billion were nearly \$40.9 million above the revised estimate and 12.5% ahead of prior year receipts.** The sharp rise in year-to-date collections was attributable to very high rates of growth in Severance Tax, Corporation Net Income Tax, Consumer Sales Tax and Personal Income Tax collections. Year-to-date General Fund Severance Tax collections were 45.7% (\$75.1 million) ahead of last year. Year-to-date Corporation Net Income Tax collections were 73.7% (\$44.3 million) ahead of last year. Year-to-date General Fund Consumer Sales Tax collections were 12.0% (\$85.5 million) ahead of last year. Year-to-date Personal Income Tax collections were 7.5% (\$82.0 million) ahead of last year.

A summary of major components follows:

**January Personal Income Tax collections of nearly \$216.3 million were \$10.7 million below estimate and 0.8% above prior year receipts.** Cumulative collections were \$8.7 million below the revised estimate and 7.5% ahead of prior year receipts. The December shortfall was due to a combination of factors including some negative impact on quarterly estimated payments and other return payments associated with the new \$10,000 limited on federal itemized deductions for state and local taxes paid. After declining by more than 65% in December, January estimated payments of \$58.9 million were roughly \$1 million below estimate, but still 4.3% ahead of prior year receipts. Tax refunds were up 12.4% for the month, non-resident withholding tax receipts were down by nearly 69% and return payments were down by nearly 52%. After a robust 22% increase in December, January income withholding tax payments of \$156.3 million were \$1.8 million below expectations and 4.2% ahead of last year. The temporary federal government shutdown may have contributed toward the slower growth numbers. Cumulative withholding tax collections of more than \$1 billion were a strong 11.9% above prior year receipts. Withholding tax collections previously grew by 9.1% during the final three months of FY2018.

**January Consumer Sales and Use Tax collections of \$124.7 million were \$2.5 million above estimate and 5.4% above prior year receipts.** Cumulative collections were nearly \$6.4 million above the revised estimate and 12.0% ahead of prior year receipts. Overall collection growth, including transfers to special revenue funds, was a robust **10.1%** for the year-to-date. After rising at a



more modest clip of roughly 2% during most of last year, total sales tax collections rose at much higher rates of 7.8% in June, 13.3% in July, 12.9% in August, 10.1% in September, 9.4% in October, 10.7% in November, 11.2% in December and 5.4% in January, respectively.

**January General Revenue Fund Severance Tax collections of \$30.5 million were nearly \$0.6 million above estimate and 17.0% ahead of prior year receipts. Year-to-date General Revenue Fund severance tax collections were \$2.7 million above the revised estimate and 45.7% ahead of prior year collections. Total cumulative severance tax collections for all funds were up by 38.6%.** Recent strong growth in collections was partially attributable to growth in the value of foreign exports of coal. In addition, natural gas prices are trending higher than last year with greater price stability this year.

**Corporation Net Income Tax collections totaled nearly \$6.9 million in January, an amount that was \$4.9 million above estimate and \$15.3 million better than prior year January net receipts of roughly -\$8.5 million.** Monthly gross collections were up 17.7% for the month and tax refunds were down 95.6% from nearly \$14.9 million last year to less than \$0.7 million this year.

Cumulative collections of \$104.4 million were \$30.4 million above estimate and 73.7% ahead of last year. A significant portion of the recent increase in collections was attributable to the energy sector.

**Tobacco Products collections totaled nearly \$13.5 million in January, an amount that was \$1.1 million below estimate and 2.0% below prior year receipts.** Cumulative collections were \$3.0 million below estimate and 2.8% below prior year receipts.

January Business and Occupation Tax collections of nearly \$8.6 million were roughly \$0.6 million below estimate. Cumulative collections of nearly \$62.0 million were \$0.9 million above estimate and 6.0% ahead of prior year receipts.

### **State Road Fund**

In January, total State Road Fund collections of \$100.8 were \$3.0 million above estimate and 1.1% below prior year receipts. Due to normal timing variations, State-sourced revenues were 16.5% lower than the prior year in January, following a 42.2% surge in the prior month. The change in revenue patterns was due to calendar month timing variation with the last day of December 2017 falling on Sunday and the last day of December 2018 falling on Monday. As a result, monthly Motor Fuel Excise Tax collections due on the last calendar day of each month were 37.7 percent lower in January after rising by more than 116% in December. January Motor Fuel Excise Tax collections were nearly \$3.2 million below estimate. Following below average collections in December, January License and Registration Fee collections were \$5.4 million above estimate and 51.1% above prior year receipts. Monthly Motor Vehicle Sales Tax collections of \$19.9 million were \$1.6 million above estimate and 11.3% above prior year receipts. Federal reimbursements were \$0.8 million below estimate, but more than 84% ahead of last year.

Cumulative State Road Fund collections of \$733.6 million were \$96.3 million below estimate and 1.9%



below prior year receipts. Federal reimbursements were \$122.1 million below estimate due to a time lag associated with a recently implemented upgrade in technology. Discounting federal reimbursements, total collections of \$521.7 million were \$25.8 million above estimate and 1.4% ahead of prior year receipts. Cumulative Motor Fuel Excise Tax collections were \$2.0 million above estimate and 5.7% ahead of last year. Cumulative License and Registration Fees were \$12.7 million ahead of estimate and 12.7% ahead of last year. Cumulative Motor Vehicle Sales Tax collections were \$10.3 million above estimate and 10.6% ahead of prior year receipts.

For details on other revenues, go to [www.budget.wv.gov/reportsandcharts/revenuereports](http://www.budget.wv.gov/reportsandcharts/revenuereports)