



WEST VIRGINIA DEPARTMENT OF REVENUE

Governor Joe Manchin's Monthly General Revenue Collections Report for October 2010

The October 2010 General Revenue Collections report highlights state revenue collections made between October 1, 2010 through the last business day in the month, October 29, 2010, for the West Virginia General Revenue Fund. The General Revenue Fund is comprised of various sources of revenue which is used to provide vast government services for the citizens of West Virginia. Prior to the start of each fiscal year the West Virginia Tax Department estimates how much revenue will be collected each month of that fiscal year. This report compares actual collections with such estimates, and with collections made during the same time period for the year prior. In addition, the current year-to-date collections are evaluated by revenue source. All tables are expressed in millions.

October 2010 Overall General Revenue Collections:

October 2010 General Revenue Fund collections of \$284.9 million were \$12.0 million above estimate, but 0.8 percent below prior year receipts. Cumulative collections of more than \$1.31 billion were \$95.6 million above the estimate and 13.2 percent above prior year collections. The cumulative year-to-date \$95.6 million surplus was attributable to higher than anticipated growth in personal income tax, corporation net income tax, severance tax, and sales tax receipts for the year. These four revenue sources collectively accounted for more than \$84 million in total cumulative surplus.

October 2010 Actual Collections by Revenue Source vs. Estimate:

Personal Income Tax collections of \$108.5 million exceeded estimate in October by \$4.8 million. Due to a stabilizing employment environment and a higher average workweek in key industries, such as mining, income withholding tax receipts rose by an impressive 7.2 percent in October and 6.3 percent for the year-to-date. Corporation Net Income/Business Franchise Tax collections of more than \$13.9 million were \$8.4 million above estimate. Due to a shortened collection month, October 29th was the last day for collections, Severance Tax collections of nearly \$18.1 million fell short of estimate by \$4.9 million. This end of month shortage will likely be offset with higher than usual collections during the first couple days of November. Consumer Sales and Use Tax collections of nearly \$98.7 million were \$5.5 million above estimate in October. Tobacco Products Tax collections of nearly \$8.1 million were more than \$1.2 million below estimate.

October 2010 Revenue Expressed in Millions

| Tax Component | Estimate | Actual |
|--------------------------|----------|---------|
| Personal Income Tax | \$103.7 | \$108.5 |
| Sales and Use Tax | \$ 93.2 | \$ 98.6 |
| Corporate Net Income Tax | \$ 5.5 | \$ 13.9 |
| Severance Tax | \$ 23.0 | \$ 18.0 |
| Insurance Tax | \$ 26.0 | \$ 25.6 |
| Tobacco Products Tax | \$ 9.3 | \$ 8.0 |



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October 2010 Actual Collections by Revenue Source vs. October 2009 Receipts:

October 2010 Personal Income Tax collections exceeded prior year receipts by 6.4 percent. The Corporate Net Income/Business Franchise Tax collections for October were 63.8 percent ahead of prior year receipts for the month. Severance Tax collections fell short of prior year receipts by 40.4 percent due to an unfavorable calendar with a last collection date of October 29th. The October quarterly local coal severance tax distribution of more than \$8.7 million was 14.4 percent higher than the distribution for the prior year. Consumer Sales and Use Tax collections were 5.1 percent ahead of prior year receipts. October marked the seventh consecutive month for higher sales tax collections for the State, a major indicator of economic recovery. Tobacco Products tax collections were 9.4 percent below prior year receipts and were more than \$1.2 million below estimate for the month of October.

Revenue Expressed in Millions

| Tax Component | October 2009 | October 2010 |
|----------------------|--------------|--------------|
| Personal Income Tax | \$101.3 | \$108.5 |
| Sales and Use Tax | \$ 93.8 | \$98.6 |
| Corp. Net Income Tax | \$8.4 | \$ 13.9 |
| Severance Tax | \$30.3 | \$18.0 |
| Insurance Tax | \$25.8 | \$ 25.6 |
| Tobacco Products Tax | \$ 8.9 | \$ 8.0 |

Year-to-Date October 2010 Actual Collections by Revenue Source:

Cumulative Personal Income Tax collections of nearly \$498.9 were nearly \$32.4 million above estimate and 9.5 percent ahead of prior year receipts. Corporate Net Income/Business Franchise Tax cumulative collections of \$82.0 million were \$24.0 million above estimate and 1.7 percent ahead of prior year receipts. Corporate profits have generally been rising in recent quarters. In addition, payments made on extension for the 2009 tax year were higher than anticipated over the past two months. Despite a short collections month, cumulative Severance Tax collections of nearly \$113.8 million were still \$15.5 million above estimate and 12.6 percent higher than prior year receipts. October marked the seventh consecutive month for higher sales tax collections for the State, a major indicator of economic recovery. Cumulative Consumer Sales and Use Tax collections of \$390.3 million were nearly \$12.2 million above estimate and 5.0 percent ahead of prior year receipts. Tobacco Products Tax cumulative collections of \$37.6 million were \$1.3 million below estimate and 5.5 percent below prior year receipts. A large portion of the deficit associated with the Tobacco Products Tax is likely attributable to a minor alteration in the timing of tax receipts. Overall, collection growth is forecast to slow toward the 3 percent to 4 percent range for the year in line with anticipated slower economic growth over the next couple quarters. However, General Revenue Fund collections are still forecast to exceed the year-end estimate by more than \$100 million.

2010 YTD Revenue Expressed in Millions

| Tax Component | Estimate | Actual |
|-----------------------|----------|----------|
| Personal Income Tax | \$466.5 | \$498.8 |
| Sales and Use Tax | \$378.1 | \$390.2 |
| Corp. Net Income Tax | \$ 58.0 | \$ 82.0 |
| Severance Tax | \$ 98.2 | \$ 113.7 |
| Insurance Premium Tax | \$ 51.0 | \$ 50.2 |
| Tobacco Products Tax | \$ 38.9 | \$37.6 |

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