SUMMARY

Given volatility that can occur in the final month of tax collections and year-end adjustments, we anticipate General and Education Fund revenue to be on target. We adjusted these revenue targets to account for updated June revenue estimates, to account for economic impacts of COVID-19, and the anticipated $770 million shift in income tax payments from FY 2020 into FY 2021 due to filing deadlines. General and Education Fund revenue collections totaled $6.5 billion in the first eleven months of FY 2020. This represents a year-over-year (YoY) decline of (6.5%) and below the full-year target revenue amount of (5.5%).

GENERAL FUND

Through the first eleven months of FY 2020, revenue to the General Fund reached $2.6 billion—a growth rate of 4.5%. That is below the consensus target of 5.9%. Sales tax revenue decelerated from 7.0% in March 2020 to 6.6% in April 2020 and then to 6.1% in May. The effects of the COVID-19 pandemic are affecting General Fund revenue, particularly sales tax, as consumption slowed and consumption patterns shifted during the high- and moderate-risk periods.

EDUCATION FUND

Education Fund collections through the first eleven months of FY 2020 reached $3.9 billion, representing a YoY decrease of 12.6%. The 12.6% decline was largely the result of individual income tax dropping 10.9% and corporate income tax decreasing 28.0%. The negative growth rate in the Education Fund is primarily due to delayed due dates for income tax payments. However, withholding and corporate profits are also being negatively impacted by the COVID-19 pandemic, due to significant drops in employment and total wages.

TRANSPORTATION FUND

Transportation Fund collections reached $551 million through the first eleven months of FY 2020, up 0.1% over the prior year. This is lower than the (1.5%) annual target. The effects of COVID-19 are also beginning to show in the Transportation Fund.