SUMMARY

FY 2021 revenue to the General and Education Funds totaled $6.0 billion through the first eight months, a year-over-year (YoY) increase of 27.1%. This 27.1% is down from November’s 32.6%, December’s 33.7%, and January’s 29.8%, but up from February’s 24.4%. The consensus target for the whole fiscal year is 27.8%. Given the way monthly revenue collections fluctuate, current GF/EF revenue collections are within target range. The YoY difference in income tax collections may accelerate in the next two months as taxes due in April 2021 are occurring in July 2020 instead of April 2020. On the whole, Education Fund collections through February almost exactly match expectations for the year as a whole. In the coming two months, growth rates associated with collections may accelerate. This may happen because April 2021 final payments will be compared against a period in which what would have been April 2020 final payments were delayed to July 2020.

GENERAL FUND

General Fund collections totaled $2.0 billion through the first eight months of FY 2021, representing a YoY growth rate of 5.7%. The current consensus growth rate is 6.2%. Sales tax is largely behind the General Fund performance, up 10.3%. As it has all year, the sales tax growth rate continues to outperform expectations. Looking over the prior five months, the YoY sales tax growth rate has ranged from 9.6% to 10.3%.

EDUCATION FUND

Education Fund collections reached $3.9 billion through the first eight months of FY 2021, representing a YoY increase of 41.7%. The 41.7% increase is largely the result of income tax payments occurring in July 2020 instead of April 2020. On the whole, Education Fund collections through February almost exactly match expectations for the year as a whole. In the coming two months, growth rates associated with collections may accelerate. This may happen because April 2021 final payments will be compared against a period in which what would have been April 2020 final payments were delayed to July 2020.

TRANSPORTATION FUND

Transportation Fund collections reached $425 million through the first eight months of FY 2021, a rate of 3.4% over the prior year. This is below the consensus target of 5.3%. Overall, given the volatility in revenue collections that can occur over the final four months of the fiscal year, revenue to the Transportation Fund is on target with expectations. In the coming months, observers will gain greater insight into changed driving habits.