S U M M A R Y

Preliminary total FY 2021 revenue to the General and Education Funds totaled over $10.0 billion, above the target of $9.3 billion. This represents a year-over-year (YoY) increase of 41.3%, compared to a target growth rate of 27.9%. While FY 2021 collections appear to be well above target, many adjustments are made between now and the final accounting in the coming months, including diversions to rainy day funds and other contingent appropriations. Thus, a possible surplus will not be known until later in the calendar year. Strong collections represent a recovering economy, but should also be viewed in the context of the historical federal stimulus dollars that flowed into the state throughout the fiscal year, which likely had a significant effect in propping up collections of both sales and income taxes.

G E N E R A L  F U N D

General Fund collections totaled over $3.1 billion in FY 2021, representing a YoY growth rate of 11.9%. This nearly doubles the target growth rate of 6.5%. Sales tax is largely behind the General Fund performance, up 16.5% compared to the anticipated growth rate of 9.6%. Sales tax outperformed expectations throughout the fiscal year, likely due to federal stimulus dollars and, in more recent months, pent-up demand as the pandemic waned and the economy reopened. Year-end adjustments may alter the final amounts in the coming months.

E D U C A T I O N  F U N D

Education Fund collections reached nearly $6.9 billion in FY 2021, representing a YoY increase of 56.8%, compared to the target growth rate of 41.6%. Individual income tax growth outperformed expectations by nearly 10 percentage points, but the real standout was corporate income tax, growing at over 108.0% compared to its projected growth of 26.0%. Both categories of collections were likely influenced by federal stimulus, including business loans and individual stimulus checks. Interpretation of these figures requires caution, however, as the 2020 income tax filing deadline was delayed to July. Thus, YoY comparisons do not include all collections for the prior tax year, and so appear artificially high. Year-end adjustments may alter the final amounts in the coming months.

T R A N S P O R T A T I O N  F U N D

Transportation Fund collections reached over $648 million in FY 2021, a rate of 8.1% YoY. This is above the consensus target of 5.3%. Collections were closer to target until recent weeks, when they accelerated. This may be due to increased consumer confidence, travel and tourism, and returns to traditional workplaces, resulting in longer commutes. Cautious interpretation of the growth rate is warranted, as the YoY comparison looks back to May 2020 fuel consumption, which was depressed due to the pandemic.