Revenue to the General and Education Funds totaled $2.4 billion through the first four months of FY 2020, representing a year-over-year (YoY) growth rate of 5.5%. The 5.5% growth rate is above the unadjusted consensus revenue target of 3.5%. The revenue target will be updated when the Governor releases his budget proposal in early December. On the General Fund, the actual growth rate of 4.1% is below the growth rate needed to reach last session’s target of 6.4%. The revenue growth to the Education Fund of 6.6% is above the 1.9% target.

Revenue growth rates are highly volatile during the first half of a fiscal year. Because of this, one should be careful reading too much into these figures. Lastly, the revenue targets have not been updated since February.

Education Fund collections through the fourth months of 2020 reached $1.5 billion, representing a YoY increase of 6.6%. The 6.6% growth rate is largely the result of individual income tax growth of 11.3% and weaker corporate tax payments, which pushed corporate revenue down –28.6%. Also, revenue during the first half of a fiscal year can be volatile. One should be careful interpreting these results. The revenue targets have not been updated since February.

Transportation Fund collections reached $212 million through the first four months of FY 2020, up 5.1% over the prior year. This is higher than the 3.3% target. Behind the performance of revenue sources to the Transportation Fund, motor fuel tax is currently up 2.2%. Special fuel is currently up 15.1%, while all the other sources to the Transportation Fund are growing at 0.9%.

Note 1: The sales tax set-aside figure includes revenue from the recently enacted Medicaid sales tax increase of 0.15%.