General and Education Fund revenue collections totaled $3.4 billion for the first six months of FY 2019, representing a year-over-year (YoY) decline of 0.3% compared with the first six months of FY 2018. The -0.3% is a large drop from December’s 11.1%, November’s 11.2%, and October’s 13.8%. All three of the major revenue sources decelerated in December, with income tax dropping well below target. Timing of tax payments due to federal tax reform explains at least part of the $330 million decline in gross income tax payments. The other large sources—withholding, sales tax, and corporate tax—are above target or in line with target.

**General Fund**

General Fund collections totaled $1.3 billion for the first six months of FY 2019. This represents a YoY growth rate of 7.1% compared with the first six months of FY 2018. The prior month had revenue growing at 8.5%. The current consensus target is 5.8%. The 1.4 percentage point deceleration in revenue (7.1% vs. 8.5%) was due to weaker sales tax receipts (5.9% vs. 6.7%). With sales tax on target, the stronger General Fund is being bolstered by other sources coming in above target, including severance taxes and investment income.

**Education Fund**

Education Fund collections reached $2.0 billion through six months of FY 2019, a YoY decline of 4.6%. The drop was due to abnormally low income tax payments in December 2018 and early January 2019. From 12/1/2018 to 1/15/2019 $64 million was collected in income tax payments. Over the same period last year, $388 million was collected. In FY 2017 (12/1/2016-1/15/2017), $208 million. The decline is primarily due to timing of incentives created by federal tax reform, rather than a slowing economy. Income tax growth has been volatile this year, going from 11.2% in September, to 6.3% in October/November, and then to the -10.0% in December. Corporate tax receipts (64%) and withholding (10.7%) continue to come in strong.

**Transportation Fund**

Transportation Fund collections reached $308 million for the first six months, about in line with the revenue target.