



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**MARK A. EMKES
COMMISSIONER**

FOR IMMEDIATE RELEASE
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JULY REVENUES

NASHVILLE – Tennessee revenue collections continued a very modest growth trend in July. Finance and Administration Commissioner Mark Emkes today announced a net positive growth of 1.17% over July collections of one year ago. Overall July revenues were \$843.3 million or \$19.9 million more than the state budgeted.

July marks the 12th consecutive month this year in which total collections have exceeded the budgeted estimates. July sales tax collections represent consumer spending that took place in the month of June.

“The year-to-date growth in both sales and corporate tax collections indicates a very slow economic recovery in Tennessee, and it means we must continue to cautiously move forward in managing the state’s budget,” Emkes said. “Additional concern for us at the state level is that economic indicators are showing a very slow national recovery.”

On an accrual basis, July is the twelfth month in the 2010-2011 fiscal year.

The general fund was over collected by \$2.3 million, and the four other funds were over collected by \$17.6 million.

Sales tax collections were \$30.5 million more than the estimate for July. The July growth rate was 4.87%. For twelve months revenues are over collected by \$226.1 million. The year-to-date growth rate for twelve months was positive 4.62%.

Franchise and excise taxes combined were \$5.0 million under the budgeted estimate of \$55.4 million. The growth rate for July was negative 2.10%. For twelve months revenues are over collected by \$42.8 million and the year-to-date growth rate was positive 6.66%.

Inheritance and estate tax collections were \$5.6 million below the July estimate. For twelve months collections are \$21.1 million above the budgeted estimate.

Privilege tax collections were \$2.4 million below the July budgeted estimate. For twelve months collections are \$12.0 million less than the budgeted estimate, and the year-to date growth rate was positive 1.57%.

Tobacco tax collections were \$557,000 below the budgeted estimate of \$26.1 million. For twelve months revenues are under collected by \$7.7 million.

Gasoline and motor fuel tax collections for July were under collected by \$350,000. For twelve months revenues are over collected by \$10.3 million.

All other taxes for July were over collected by a net of \$3.3 million.

Year-to-date collections for twelve months were \$269.4 million more than the budgeted estimate. The general fund was over collected by \$221.3 million and the four other funds were over collected by \$48.1 million.

The budgeted revenue estimates for 2010-2011 are based on the State Funding Board's consensus recommendation of April 7, 2010, and adopted by the second session of the 106th General Assembly in June. They are available on the state's website at <http://www.tn.gov/finance/bud/budget.html>.

The State Funding Board met on the 8th and 14th of December 2010, and again on February 7, 2011. As a result of these meetings the board adopted mid-year revised revenue ranges for 2010-2011. The board issued a formal letter addressed to the Governor and Chairman of House and Senate Finance Ways and Means Committees dated February 25, 2011 detailing the board's actions.

The 2010-2011 revised ranges adopted by the board reflect growth rates ranging from 3.60% to 4.00% in total taxes, and 3.95% to 4.45% in general fund taxes.

Based on the board's consensus recommendation, the official budgeted estimates for 2010-2011 were revised in March 2011

The revised estimates are reflected on pages A-72 and A-74 in the 2011-2012 Budget Document and assume an over collection in total taxes in the amount of \$198.5 million, and an over collection of \$161.3 million in general fund taxes.

Year-to-date collections through July compared to the February revision are \$70.9 million above the total estimate, and \$42.8 million above the general fund estimate. The four other funds that share in state tax collections are \$28.1 million above the revised estimate.

The funding board met again on April 12, 2011 to hear updated revenue estimating presentations on the state's near-term economic outlook for fiscal years 2010-2011 and 2011-2012, taking final action on April 15th to revise the February ranges.

The action taken by the board in April recognized an increase at the top of the range for 2010-2011 from 4.00% to 4.15% in total taxes and from 4.45% to 4.50% in general fund taxes. The result of this action increased projected revenues for total taxes by \$15.1 million and general fund taxes by \$15.2 million for this fiscal year. This increase was recognized in the administration's budget amendment and adopted by the General Assembly on Saturday May 21, 2011.

Year-to-date collections through July compared to the final action taken by the board and approved by the General Assembly are \$55.8 million above the total estimate, and \$27.6 million above the general fund estimate.

Year-to-date collections for 2010-2011 are subject to final accrual adjustments.

**REVENUE COLLECTIONS
JULY, 2011, AND 12 MONTHS YEAR-TO-DATE**

July Collections:

	Budgeted Accrual Estimate	Actual	Difference
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General Fund	\$667,088,000	\$669,349,000	\$2,261,000
Highway Fund	57,936,000	75,141,000	17,205,000
Sinking Fund	31,089,000	31,183,000	94,000
City & County Fund	65,220,000	65,570,000	350,000
Earmarked Fund	2,050,000	2,050,000	0
Total	\$823,383,000	\$843,293,000	\$19,910,000

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
	<hr/>	<hr/>	<hr/>
General Fund	\$8,389,700,000	\$8,611,004,000	\$221,304,000
Highway Fund	665,900,000	687,610,000	21,710,000
Sinking Fund	369,200,000	370,831,000	1,631,000
City & County Fund	801,100,000	825,898,000	24,798,000
Earmarked Fund	24,600,000	24,600,000	0
Total	\$10,250,500,000	\$10,519,943,000	\$269,443,000

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	July			
	2010	2011	Change	Percent
Franchise & Excise	\$51,465,000	\$50,386,000	(\$1,079,000)	-2.10%
Income	776,000	(145,000)	(921,000)	-118.69%
Inheritance & Estate	13,515,000	7,603,000	(5,912,000)	-43.74%
Gasoline	51,516,000	52,472,000	956,000	1.86%
Petroleum Special	5,387,000	5,371,000	(16,000)	-0.30%
Tobacco	26,461,000	25,498,000	(963,000)	-3.64%
Beer	1,727,000	1,779,000	52,000	3.01%
Motor Vehicle Registration	20,507,000	20,738,000	231,000	1.13%
Motor Vehicle Title	916,000	928,000	12,000	1.31%
Mixed Drink	4,463,000	5,282,000	819,000	18.35%
Business	2,954,000	4,270,000	1,316,000	44.55%
Privilege	21,335,000	18,715,000	(2,620,000)	-12.28%
Gross Receipts	18,472,000	9,891,000	(8,581,000)	-46.45%
TVA - In Lieu of Tax Payments	26,499,000	26,095,000	(404,000)	-1.52%
Alcoholic Beverage	4,344,000	4,672,000	328,000	7.55%
Sales and Use	566,653,000	594,271,000	27,618,000	4.87%
Motor Vehicle Fuel	16,345,000	15,227,000	(1,118,000)	-6.84%
Severance	164,000	206,000	42,000	25.61%
Coin-operated Amusement	52,000	35,000	(17,000)	-32.69%
Unauthorized Substance	11,000	(1,000)	(12,000)	NA
Total	\$833,562,000	\$843,293,000	\$9,731,000	1.17%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - July			
	2009-2010	2010-2011	Change	Percent
Franchise & Excise	\$1,423,568,000	\$1,518,416,000	\$94,848,000	6.66%
Income	171,707,000	188,596,000	16,889,000	9.84%
Inheritance & Estate	87,304,000	107,439,000	20,135,000	23.06%
Gasoline	607,104,000	624,153,000	17,049,000	2.81%
Petroleum Special	62,794,000	63,429,000	635,000	1.01%
Tobacco	293,367,000	289,785,000	(3,582,000)	-1.22%
Beer	17,148,000	18,816,000	1,668,000	9.73%
Motor Vehicle Registration	239,417,000	245,960,000	6,543,000	2.73%
Motor Vehicle Title	10,402,000	11,053,000	651,000	6.26%
Mixed Drink	55,267,000	58,157,000	2,890,000	5.23%
Business	132,312,000	119,331,000	(12,981,000)	-9.81%
Privilege	247,569,000	251,461,000	3,892,000	1.57%
Gross Receipts	32,707,000	19,173,000	(13,534,000)	-41.38%
TVA - In Lieu of Tax Payments	317,910,000	321,126,000	3,216,000	1.01%
Alcoholic Beverage	46,608,000	48,692,000	2,084,000	4.47%
Sales and Use	6,188,562,000	6,474,557,000	285,995,000	4.62%
Motor Vehicle Fuel	154,632,000	157,633,000	3,001,000	1.94%
Severance	2,272,000	2,398,000	126,000	5.55%
Coin-operated Amusement	241,000	273,000	32,000	13.28%
Unauthorized Substance	(1,891,000)	(505,000)	1,386,000	NA
Total	\$10,089,000,000	\$10,519,943,000	\$430,943,000	4.27%

Table 3
August - July Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ 200,900,000	\$ 25,200,000	\$ 226,100,000
Income Tax	1,700,000	900,000	2,600,000
Inheritance Tax	21,100,000	0	21,100,000
Privilege Tax	(12,100,000)	100,000	(12,000,000)
Business Tax	(36,900,000)	0	(36,900,000)
TVA	12,500,000	9,500,000	22,000,000
Gross Receipts	(3,000,000)	0	(3,000,000)
Gasoline & Motor Fuel Taxes	600,000	9,700,000	10,300,000
Motor Vehicle Registration	(400,000)	900,000	500,000
Other Taxes	(5,900,000)	1,800,000	(4,100,000)
Tobacco	(7,700,000)	0	(7,700,000)
Beer	500,000	300,000	800,000
Motor Vehicle Title	300,000	200,000	500,000
Mixed Drink	1,000,000	1,000,000	2,000,000
Alcoholic Beverage	900,000	200,000	1,100,000
Severence	100,000	100,000	200,000
Coin Operated Amusement	0	0	0
Unauthorized Substance	(1,000,000)	0	(1,000,000)
Sub-Total	\$ 178,500,000	\$ 48,100,000	\$ 226,600,000
F & E Taxes	42,800,000	0	42,800,000
Total	\$ 221,300,000	\$ 48,100,000	\$ 269,400,000