



STATE OF TENNESSEE

DEPARTMENT OF FINANCE AND ADMINISTRATION

STATE CAPITOL

NASHVILLE, TENNESSEE 37243-0285

**DAVE GOETZ
COMMISSIONER**

FOR IMMEDIATE RELEASE
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FEBRUARY REVENUES

NASHVILLE – State revenue collections once again fell short of budgeted estimates last month. Overall February revenues were \$638.9 million, which is \$47.1 million less than the state budgeted.

“This entire fiscal year has brought us negative growth in the sales tax, which is almost two-thirds of our revenue,” Finance and Administration Commissioner Dave Goetz said. “Moreover, the running total is now 21 consecutive months of negative growth in sales tax collections since January 2008, when the downward economic spiral began for us in Tennessee.”

“In spite of the budgetary challenges, we have laid out a plan for balancing the budget and we’re working with the Legislature to end this year and the next with a balanced budget, as our constitution requires.”

On an accrual basis, February is the seventh month in the 2009-2010 fiscal year.

The general fund was under collected by \$43.8 million and the four other funds were under collected by \$3.3 million.

Sales tax collections were \$38.4 million less than the estimate for February. The February growth rate was negative 6.67%. The year-to-date growth rate for seven months is negative 5.84%.

Franchise and excise taxes combined were \$1.4 million above the budgeted estimate of \$33.0 million. For seven months revenues are over collected by \$7.4 million. The year-to-date growth rate for seven months is 8.32%.

Gasoline and motor fuel collections for February decreased by 3.86%, but were \$180,000 above the budgeted estimate of \$68.3 million. For seven months revenues are under collected by \$13.9 million.

Tobacco tax collections were \$4.0 million under the budgeted estimate of \$23.1 million. For seven months revenues are over collected in the amount of \$303,000.

Year-to-date collections for seven months were \$232.4 million less than the budgeted estimate. The general fund was under collected by \$196.3 million and the four other funds were under collected by \$36.1 million.

The budgeted revenue estimates for 2009-2010 are based on the State Funding Board's consensus recommendation adopted by the first session of the 106th General Assembly in May of 2009, and are available on the state's Web site at <http://www.th.gov/finance/bud/budget.html>.

The State Funding Board met again on December 18, 2009 and adopted revised revenue ranges for 2009-2010. The revised ranges reflect growth rates ranging from negative 1.50% to negative 0.25% in total taxes, and negative 2.35% to negative 0.85% in general fund taxes.

Based on the funding board's consensus recommendation, the official budgeted estimates for 2009-2010 were revised in late December. The revised estimates are reflected on pages A-70 and A-72 in the 2010-2011 Budget Document. The revised estimates assume an under collection in total taxes in the amount of \$161.3 million, and an under collection of \$153.2 million in the general fund.

**REVENUE COLLECTIONS
FEBRUARY, 2010, AND 7 MONTHS YEAR-TO-DATE**

February Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$535,951,000	\$492,107,000	(\$43,844,000)
Highway Fund	58,400,000	55,567,000	(2,833,000)
Sinking Fund	31,910,000	31,622,000	(288,000)
City & County Fund	58,886,000	58,758,000	(128,000)
Earmarked Fund	892,000	891,000	(1,000)
Total	\$686,039,000	\$638,945,000	(\$47,094,000)

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$4,580,793,000	\$4,384,469,000	(\$196,324,000)
Highway Fund	386,453,000	359,220,000	(27,233,000)
Sinking Fund	226,740,000	225,297,000	(1,443,000)
City & County Fund	439,211,000	431,817,000	(7,394,000)
Earmarked Fund	6,241,000	6,242,000	1,000
Total	\$5,639,438,000	\$5,407,045,000	(\$232,393,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	February			
	2009	2010	Change	Percent
Franchise & Excise	\$33,405,000	\$34,448,000	\$1,043,000	3.12%
Income	2,094,000	1,840,000	(254,000)	-12.13%
Inheritance & Estate	4,134,000	5,765,000	1,631,000	39.45%
Gasoline	53,271,000	50,911,000	(2,360,000)	-4.43%
Petroleum Special	5,408,000	4,974,000	(434,000)	-8.03%
Tobacco	24,753,000	19,131,000	(5,622,000)	-22.71%
Beer	1,485,000	1,274,000	(211,000)	-14.21%
Motor Vehicle Registration	21,672,000	19,741,000	(1,931,000)	-8.91%
Motor Vehicle Title	802,000	808,000	6,000	0.75%
Mixed Drink	4,239,000	4,818,000	579,000	13.66%
Business	592,000	8,390,000	7,798,000	1317.23%
Privilege	12,035,000	11,024,000	(1,011,000)	-8.40%
Gross Receipts	29,000	43,000	14,000	48.28%
TVA - In Lieu of Tax Payments	24,015,000	26,498,000	2,483,000	10.34%
Alcoholic Beverage	2,614,000	2,474,000	(140,000)	-5.36%
Sales and Use	465,029,000	434,032,000	(30,997,000)	-6.67%
Motor Vehicle Fuel	12,546,000	12,593,000	47,000	0.37%
Severance	167,000	213,000	46,000	27.54%
Coin-operated Amusement	18,000	2,000	(16,000)	-88.89%
Unauthorized Substance	45,000	(34,000)	(79,000)	-175.56%
Total	\$668,353,000	\$638,945,000	(\$29,408,000)	-4.40%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - February			
	2008-2009	2009-2010	Change	Percent
Franchise & Excise	\$561,167,000	\$607,864,000	\$46,697,000	8.32%
Income	17,125,000	12,351,000	(4,774,000)	-27.88%
Inheritance & Estate	44,263,000	42,795,000	(1,468,000)	-3.32%
Gasoline	346,953,000	354,476,000	7,523,000	2.17%
Petroleum Special	35,941,000	36,073,000	132,000	0.37%
Tobacco	176,355,000	167,803,000	(8,552,000)	-4.85%
Beer	10,375,000	9,787,000	(588,000)	-5.67%
Motor Vehicle Registration	127,474,000	124,803,000	(2,671,000)	-2.10%
Motor Vehicle Title	5,651,000	5,680,000	29,000	0.51%
Mixed Drink	31,314,000	31,959,000	645,000	2.06%
Business	12,750,000	18,795,000	6,045,000	47.41%
Privilege	115,213,000	106,550,000	(8,663,000)	-7.52%
Gross Receipts	18,915,000	13,902,000	(5,013,000)	-26.50%
TVA - In Lieu of Tax Payments	163,027,000	185,418,000	22,391,000	13.73%
Alcoholic Beverage	25,956,000	26,585,000	629,000	2.42%
Sales and Use	3,797,431,000	3,575,725,000	(221,706,000)	-5.84%
Motor Vehicle Fuel	92,380,000	86,788,000	(5,592,000)	-6.05%
Severance	1,494,000	1,343,000	(151,000)	-10.11%
Coin-operated Amusement	93,000	66,000	(27,000)	-29.03%
Unauthorized Substance	764,000	(1,718,000)	(2,482,000)	-324.87%
Total	\$5,584,641,000	\$5,407,045,000	(\$177,596,000)	-3.18%

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

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Sales Tax	\$ (175,300,000)	\$ (22,100,000)	\$ (197,400,000)
Income Tax	(1,000,000)	(600,000)	(1,600,000)
Inheritance Tax	(8,700,000)	0	(8,700,000)
Privilege Tax	(17,000,000)	0	(17,000,000)
Business Tax	(6,400,000)	0	(6,400,000)
TVA	8,100,000	6,200,000	14,300,000
Gross Receipts	(1,300,000)	0	(1,300,000)
Gasoline & Motor Fuel Taxes	(500,000)	(13,400,000)	(13,900,000)
Motor Vehicle Registration	(800,000)	(4,400,000)	(5,200,000)
Other Taxes	(800,000)	(1,800,000)	(2,600,000)
Tobacco	300,000	0	300,000
Beer	400,000	200,000	600,000
Motor Vehicle Title	(400,000)	(100,000)	(500,000)
Mixed Drink	(200,000)	0	(200,000)
Alcoholic Beverage	(400,000)	(100,000)	(500,000)
Severance	100,000	100,000	200,000
Coin Operated Amusement	0	0	0
Unauthorized Substance	(600,000)	(1,900,000)	(2,500,000)
Sub-Total	\$ (203,700,000)	\$ (36,100,000)	\$ (239,800,000)
F & E Taxes	7,400,000	0	7,400,000
Total	\$ (196,300,000)	\$ (36,100,000)	\$ (232,400,000)