



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
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MAY REVENUES

NASHVILLE – The decline in state tax collections continued for a tenth consecutive month in May, as overall May revenues were \$716.5 million, or \$123.3 million less than the state budgeted. May also marks the fifteenth month of negative growth for sales tax collections in the past 17 months.

“As the state’s revenue collections continue to deteriorate, we have to rely on a combination of reserves and reducing recurring expenses to help stabilize the budget,” Finance & Administration Commissioner Dave Goetz said. “We’ve worked hard for the past six years to build our reserves and manage spending, and that will continue to be critically important in managing next year’s budget, as economists agree that recovery may not be quick.”

On an accrual basis, May is the tenth month in the 2008-2009 fiscal year.

The general fund was under-collected by \$111.9 million, and the four other funds were under-collected by \$11.4 million.

Sales tax collections were \$71.4 million less than the estimate for May. The May growth rate was negative 11.00%. For ten months revenues are under-collected by \$538.3 million. The year-to-date growth rate for ten months was negative 7.15%..

Franchise and excise taxes combined were \$22.9 million below the budgeted estimate of \$49.0 million. The growth rate for May was negative 45.25%. For ten months revenues are under collected by \$280.9 million and the year-to-date growth rate is negative 20.44%.

Privilege tax collections were \$12.7 million below the May estimate. For ten months collections are \$51.7 million below the budgeted estimate.

Tobacco tax collections were \$4.0 million under the budgeted estimate of \$29.1 million. For ten months revenues are under collected in the amount of \$24.4 million.

Gasoline and motor fuel collections for May decreased by 12.86%. For ten months revenues are under-collected by \$44.0 million and the ten month year-to-date growth rate is negative 6.91%.

Year-to-date collections for ten months were \$1.011 billion less than the budgeted estimate. The general fund was under collected by \$919.8 million and the four other funds were under collected by \$91.1 million.

The budgeted revenue estimates are based on the State Funding Board's consensus recommendation adopted by the second session of the 105th General Assembly in May of 2008.

The revised estimates for this fiscal year as presented in the 2009-2010 Budget Document assume an under collection in total taxes in the amount of \$1.10 billion. The general fund under collection is projected to be \$1.06 billion.

By tax source the assumed under collections are: Sales tax \$544.2 million; F&E taxes \$336.1 million; privilege taxes \$80.6 million; hall income tax \$58.0 million; highway fund road user taxes \$48.6 million; and a net under collection of \$40.0 million from all other tax sources.

On May 7, 2009 the State Funding Board met and revised revenue growth ranges for the current fiscal year ranging from -9.00% to -8.50% for total taxes, and -10.20% to -9.70% in general fund taxes.

These ranges recognize a revenue shortfall in total taxes from the original budgeted estimates in the amount of \$1.280 billion at the low end of the range to \$1.224 billion at the high end. The ranges for the general fund recognize a shortfall of \$1.222 billion at the low end to \$1.176 billion at the high end.

**REVENUE COLLECTIONS
MAY, 2009, AND 10 MONTHS YEAR-TO-DATE**

May Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$685,576,000	\$573,672,000	(\$111,904,000)
Highway Fund	60,837,000	57,014,000	(3,823,000)
Sinking Fund	26,131,000	25,547,000	(584,000)
City & County Fund	66,354,000	59,413,000	(6,941,000)
Earmarked Fund	891,000	892,000	1,000
Total	\$839,789,000	\$716,538,000	(\$123,251,000)

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$7,721,611,000	\$6,801,826,000	(\$919,785,000)
Highway Fund	594,796,000	559,674,000	(35,122,000)
Sinking Fund	262,414,000	258,203,000	(4,211,000)
City & County Fund	719,698,000	667,924,000	(51,774,000)
Earmarked Fund	8,917,000	8,917,000	0
Total	\$9,307,436,000	\$8,296,544,000	(\$1,010,892,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	May			
	2008	2009	Change	Percent
Franchise & Excise	\$47,731,000	\$26,135,000	(\$21,596,000)	-45.25%
Income	9,401,000	4,747,000	(4,654,000)	-49.51%
Inheritance & Estate	6,200,000	4,085,000	(2,115,000)	-34.11%
Gasoline	50,285,000	48,613,000	(1,672,000)	-3.33%
Petroleum Special	5,295,000	4,966,000	(329,000)	-6.21%
Tobacco	28,779,000	25,102,000	(3,677,000)	-12.78%
Beer	1,401,000	1,851,000	450,000	32.12%
Motor Vehicle Registration	22,122,000	21,225,000	(897,000)	-4.05%
Motor Vehicle Title	864,000	701,000	(163,000)	-18.87%
Mixed Drink	4,735,000	4,316,000	(419,000)	-8.85%
Business	1,359,000	2,797,000	1,438,000	105.81%
Privilege	46,255,000	38,225,000	(8,030,000)	-17.36%
Gross Receipts	78,000	176,000	98,000	125.64%
TVA - In Lieu of Tax Payments	22,012,000	24,015,000	2,003,000	9.10%
Alcoholic Beverage	3,858,000	3,459,000	(399,000)	-10.34%
Sales and Use	555,081,000	494,012,000	(61,069,000)	-11.00%
Motor Vehicle Fuel	19,480,000	11,832,000	(7,648,000)	-39.26%
Severance	200,000	248,000	48,000	24.00%
Coin-operated Amusement	12,000	1,000	(11,000)	-91.67%
Unauthorized Substance	66,000	32,000	(34,000)	-51.52%
Total	\$825,214,000	\$716,538,000	(\$108,676,000)	-13.17%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - May			
	2007-2008	2008-2009	Change	Percent
Franchise & Excise	\$1,320,102,000	\$1,050,224,000	(\$269,878,000)	-20.44%
Income	286,811,000	217,608,000	(69,203,000)	-24.13%
Inheritance & Estate	89,478,000	70,318,000	(19,160,000)	-21.41%
Gasoline	510,771,000	491,266,000	(19,505,000)	-3.82%
Petroleum Special	54,090,000	50,594,000	(3,496,000)	-6.46%
Tobacco	234,090,000	243,762,000	9,672,000	4.13%
Beer	15,241,000	15,048,000	(193,000)	-1.27%
Motor Vehicle Registration	208,586,000	200,327,000	(8,259,000)	-3.96%
Motor Vehicle Title	8,799,000	8,192,000	(607,000)	-6.90%
Mixed Drink	45,406,000	44,399,000	(1,007,000)	-2.22%
Business	16,306,000	20,744,000	4,438,000	27.22%
Privilege	238,735,000	183,943,000	(54,792,000)	-22.95%
Gross Receipts	14,134,000	19,138,000	5,004,000	35.40%
TVA - In Lieu of Tax Payments	226,309,000	235,070,000	8,761,000	3.87%
Alcoholic Beverage	35,972,000	36,627,000	655,000	1.82%
Sales and Use	5,684,425,000	5,278,204,000	(406,221,000)	-7.15%
Motor Vehicle Fuel	154,701,000	127,996,000	(26,705,000)	-17.26%
Severance	1,883,000	1,966,000	83,000	4.41%
Coin-operated Amusement	78,000	119,000	41,000	52.56%
Unauthorized Substance	1,572,000	999,000	(573,000)	-36.45%
Total	\$9,147,489,000	\$8,296,544,000	(\$850,945,000)	-9.30%

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

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Sales Tax	\$ (518,400,000)	\$ (19,900,000)	\$ (538,300,000)
Income Tax	(27,000,000)	(13,600,000)	(40,600,000)
Inheritance Tax	(10,900,000)	0	(10,900,000)
Privilege Tax	(51,700,000)	0	(51,700,000)
Business Tax	3,200,000	0	3,200,000
TVA	(800,000)	(600,000)	(1,400,000)
Gross Receipts	1,300,000	0	1,300,000
Gasoline & Motor Fuel Taxes	(2,200,000)	(41,800,000)	(44,000,000)
Motor Vehicle Registration	(3,600,000)	(11,500,000)	(15,100,000)
Other Taxes	<u>(28,800,000)</u>	<u>(3,700,000)</u>	<u>(32,500,000)</u>
Tobacco	(24,400,000)	0	(24,400,000)
Beer	(300,000)	(200,000)	(500,000)
Motor Vehicle Title	(1,100,000)	(300,000)	(1,400,000)
Mixed Drink	(3,100,000)	(3,100,000)	(6,200,000)
Alcoholic Beverage	200,000	0	200,000
Severance	100,000	400,000	500,000
Coin Operated Amusement	0	0	0
Unauthorized Substance	(200,000)	(500,000)	(700,000)
Sub-Total	<u>\$ (638,900,000)</u>	<u>\$ (91,100,000)</u>	<u>\$ (730,000,000)</u>
F & E Taxes	<u>(280,900,000)</u>	<u>0</u>	<u>(280,900,000)</u>
Total	<u><u>\$ (919,800,000)</u></u>	<u><u>\$ (91,100,000)</u></u>	<u><u>\$ (1,010,900,000)</u></u>