MID-YEAR FINANCIAL UPDATE 1990-91

INTRODUCTION

Any mid-year budget update has limited usefulness as a precise measure of where the budget will be at the end of the fiscal year. Projections five months in advance are always uncertain. Given the volatility of the national economy, projections at this time can be little better than honest guesses. However, it can be reasonably asserted that most change will be negative in the days immediately ahead. It seems clear that the national economic tide is receding, carrying state economies and revenues down with it.

Here follows a detailed series of projections in the major categories on both sides of the budget and our current best estimate as to what the shortfall could be. It will be, certainly, subject to change.

CHANGES TO THE GENERAL FUND FINANCIAL PLAN

This is the second quarterly update to the State's Financial Plan as required by Section 23(4) of the State Finance Law. Reflected in this update are a new economic forecast, an analysis of six months of actual cash operating results as reported by the State Comptroller, and an assessment of recent developments affecting both State receipts and disbursements.

The first quarterly update to the 1990-91 cash basis Financial Plan was released on July 30, 1990 and projected that receipts and disbursements would be balanced at $29,765 million each; this reflected a reduction in both categories of $9 million from the levels projected for the budget that was enacted in May. Since then, things have changed for the worse.

ECONOMIC FORECAST

The national economic outlook has deteriorated sharply since July. Two major developments account for the dramatic shift.

First, in late July the Federal government published revised economic data showing that the national economy was far weaker in late 1989 and early 1990 than previously reported. Subsequent downward revisions to State data showed similar weakness in the State economy that was also greater than previously reported.

Second, the Iraqi invasion of Kuwait has driven oil prices higher, causing consumer confidence and the stock markets to plummet, and injecting new uncertainties into the planning environment. Consumer confidence undoubtedly has been further shaken by the prolonged difficulties faced by the Federal government in reaching timely agreement on a national deficit-reduction plan.

Sudden Changes

In the wake of these developments, economists have slashed their forecasts since our last report.

In August, 92 percent of the economists comprising the "Blue Chip" consensus lowered their forecast for 1990 growth — the second-largest drop in the history of this report. In September, the consensus dropped again. By October, the Blue Chip survey "officially" predicted a national recession, beginning in the current quarter. The last time the consensus predicted a recession was in December 1981, just before the 1982 recession.

The Budget Division, too, now forecasts a national recession, stretching from the fourth quarter of 1990 through the second quarter of 1991. At the national level, growth in income and wages slows significantly, and corporate profits decline. The forecasted recession is moderate, with a peak-to-trough decline in real gross national product (GNP) of only 0.6 percent.

National Economy

Even before the invasion of Kuwait, the national economy had been growing very slowly for many months as a result of the efforts of the Federal Reserve Board to engineer a "soft landing" which would slow the economy without driving it into recession.

The extent of the slowdown became strikingly apparent after the July 27 revisions to the national income and product accounts, which showed an economy that was far weaker than most economists had believed. The estimate for overall growth in the real gross national product in 1989 was revised downward by one-half of 1 percent, mostly reflecting weakness in consumer spending. Perhaps more disturbing was the revised pattern of growth, which showed a clear slowing throughout 1989. The most recent release for the April-June quarter of 1990 continues this pattern: overall growth in GNP was only 0.4 percent.

Since the August 2 invasion of Kuwait, the doubling of oil prices has worsened the economic environment significantly. An oil shock of this magnitude has pervasive effects throughout the economy: it raises the price of oil-based necessities, such as gasoline and heating oil, and raises the price of other commodities as the costs of derivative goods and transportation and electricity rise.

Consumers have to spend more of their income on those necessities that rise in price, and will have less money to spend on discretionary items such as restaurant meals, automobiles, appliances, furniture, and consumer durables in general. In addition to these relatively direct effects, the invasion has had an important psychological effect: consumer confidence plunged in August, as it frequently does after a shock to economic or political systems. Thus, not only will consumers have less income available to spend on discretionary purchases, but they are less willing to spend the income they have. Finally, recent weakness in labor markets suggests that overall income growth is slowing. These three factors combined point to a significant slowdown in consumption.

Businesses, too, have lost faith in the strength of the economy and have been trimming their capital spending plans. Now, faced with slackening consumer demand and the desire to avoid excess inventories, they will cut current production.

The one bright spot in the outlook is an improvement in the volume of exports compared to imports. Recent weakness in the dollar will improve the nation's international competitive position and allow for continued growth in exports, despite reduced growth in foreign economies. Import growth will slow significantly, reflecting the general slowdown in domestic consumption. The net result will be an improvement in the trade deficit.

In the updated forecast, these responses begin to take hold in the fourth quarter of 1990. Businesses, particularly automobile manufacturers, will scale back production plans in response to declining consumer spending and a desire to control inventories.

It is projected that a moderate consumer-led recession will begin in the fourth quarter of 1990 and continue through the first half of 1991.

Employment also will decline for three consecutive quarters, and the growth rates of wages and personal income will slow significantly. Corporate profits are projected to be flat in 1990 and to decline in 1991.

The Federal government will have only a limited ability to counter this economic decline. Direct fiscal stimulus will be out of the question, as the President and Congress instead strive to reduce the Federal deficit that ballooned over the last decade. Monetary policy will be the only available tool, and the Federal Reserve Board (FRB) is expected to cut short-term interest rates modestly. Unfortunately, the FRB's ability to lower long-term rates will be limited, given the upward pressure on rates from the Federal budget deficit and from higher foreign interest rates.

Nonetheless, since the national economy has already been in a slow-growth phase, many of the excesses normally present in a recession are missing. There has not been a recent construction boom, a big inventory buildup, a significant rise in inflation (aside from oil) or other characteristics of a booming economy. Consequently, fewer corrections will have to occur during the recession.

After a mild economic decline, the forecast anticipates that growth will resume in the last half of 1991, spurred by modestly lower interest rates and a reduction in oil prices from current levels.

Many risks remain. The course of political and economic events will be unusually uncertain over the next several months. Although a moderate recession is the most probable outcome, other outcomes are possible:

- Oil prices could vary widely and wildly: prices will surge if war breaks out with concomitant destruction of oil fields, or will ease if a negotiated settlement occurs quickly. Under either scenario, oil prices are unlikely to return to pre-August levels for the foreseeable future.

- Although there are relatively few excesses in the "real" economy, dramatic financial excesses abound. "Junk" bonds, bad real estate loans, and the increased debt load on businesses generally have created a fragile financial structure. Some commercial banks and insurance companies are beginning to face problems similar to those that have been widespread throughout the savings and loan industry. It is difficult to predict the extent to which cash flow problems, bankruptcies, and a credit squeeze will delay or hinder a recovery in the real economy.
- The national and international response to the Federal gap-reducing package continues to be a major uncertainty. In addition, the weakening economy may drive the Federal deficit above current projections, further disrupting the financial markets.

The reactions of consumers, businesses, and the Federal Reserve Board to the current economic environment and to the risks described above may vary substantially from expectations. As always, the path of the national economy may be more or less favorable than forecast.

New York Economy

New York is feeling the effects of the slowing national economy.

Along with the rest of the Northeast, and most of the rest of the country, we have been experiencing weaker economic growth over the last year and a half. The real estate market has been very weak, many construction projects are ending, the financial services industry has been shedding jobs, and defense spending has been declining. The weakness has become particularly pronounced in recent months, with New York employment declining since early in the year, after adjusting for seasonal variations. Most of the decline has been centered downstate.

All sectors and regions of the State will weaken relative to their performance over the last year. The State's economy will begin to recover at about the same time and for the same reasons as the national economy, but will grow more slowly than the nation. In addition, the financial services sector is expected to stabilize by the end of 1991, thus reducing a source of weakness in the State economy since 1987.

In aggregate, employment in New York is expected to decline for the remainder of 1990 and through much of 1991, before a modest recovery begins. Wage growth will slow significantly over the remainder of this year.

The forecast for New York is subject to the same uncertainties as the national forecast. In addition, there are a variety of New York-specific risks — New York depends more on foreign oil than the rest of the nation, and it is difficult to predict when and to what degree the financial services industry will recover. Another uncertainty relates to the rate of growth in wages per employee. The average wage per employee is higher in New York than in the nation, and has grown faster than the national average throughout most of the 1980s. There are now signs that this trend may be reversing. The extent and speed of such a reversal poses a significant risk in either direction to the overall forecast of wages.

Revisions in Receipts Estimates

The impact of the economic downturn upon New York's revenue structure has been sharp and swift. Withholding and sales tax collections have slowed significantly, bank tax collections have declined sharply, and real property gains tax collections have plummeted. As the Comptroller's monthly reports indicated, tax collections were essentially on target for four months, and then fell nearly $200 million below projections in August and September — despite relatively modest expectations. These shortfalls, coupled with a forecast of even further deterioration in the economy over the remaining six months of the year, necessitate major downward revisions to revenue estimates for the current year. After reflecting these revisions, projected General Fund receipts, including transfers from other funds and net of impoundment to repay the 1989-90 deficit notes, have been revised downward from the July forecast to $28,999 million.

Cash flow patterns: Tax receipts through September, after adjusting for the reclassification described below, were lower than projected in the July update, and in fact were $313 million, or 2.4 percent, lower than the first six months of 1989-90. A year-over-year decline in receipts during the first six months of the fiscal year was expected. It resulted mainly from a reduction in withholding tables that initially took effect in October of 1989,

and a sharp rise in the amount of refunds paid on 1989 personal income tax liability.

Even after the estimated reductions described below, tax receipts are expected to show year-over-year growth during the second half of the year, as several of the influences retarding growth disappear and as the impact of the revenue raising legislation adopted last spring takes effect.

Personal Income Tax: Personal income tax collections are now projected to total $15,112 million, down $460 million from the July forecast. Weakening economic activity during the summer resulted in slower than projected growth in withholdings and estimated payments during the second quarter, and the sharply lower outlook for wage growth over the balance of the year requires substantial reductions in the forecast of receipts from this source during the last half of the fiscal year.

Collections for the last two months ran some $178 million behind expectations, including shortfalls in withholding ($61 million), estimated tax payments ($47 million) and delinquency payments ($26 million). Annual estimates for these categories have been reduced by $418 million, including $287 million in withholding, $104 million in estimated payments, and $27 million in delinquency payments. Further reductions in all other categories of $42 million account for the balance of the revised estimate.

Even at these revised, lower levels, some risk remains to the forecast, as the extent of the slowdown in wage growth, and thus withholding, is not clear, and final installments on 1990 estimated taxes must grow by some 20 percent above last year's unusually depressed level.

User Taxes and Fees: User taxes and fees are now projected to total $7,910 million, down $170 million from the July update. After the reclassification of $1,117 million from this category to the miscellaneous receipts and transfers category, as described below, the revised estimate for this category is $6,793 million.

Sales Tax: The effects of the weakening economy have been most pronounced on the estimate of sales tax receipts, which has been revised downward by $133 million — the largest reduction in this category. Consumer purchases of durable goods such as automobiles, furniture and appliances, which comprise a large and volatile portion of the sales tax base, have slowed dramatically in recent months. After growing by 6.2 percent in 1988-89 and 4.1 percent in 1989-90, the year-over-year increase in national purchases of consumer durables slowed to 1.7 percent in the first quarter of this fiscal year, and is expected to slow further as the economy continues to deteriorate.

Largely reflecting the slowdown in consumer durables, sales tax collections grew by under one percent in the first half of the fiscal year (after appropriate adjustments for comparability). This growth was well below even the meager growth rates of the last two fiscal years, and also was below the modest expectations contained in the July financial plan. Year-over-year growth for the remainder of the fiscal year (after comparability adjustments) is expected to be minimal. After considering the tax increases enacted earlier this year, which will boost sales tax revenue in the second half of 1990-91, actual sales tax collections should show modest growth.

After reflecting the $133 million downward revision and the reclassification of $1,117 million, reported General Fund sales tax receipts are expected to total $4,833 million.

Reclassification: The "true" growth in sales tax collections has become more difficult to discern than usual due to a recent change in the law which requires the Comptroller to credit the equivalent of one percentage point of sales tax collections to the Local Government Assistance Tax Fund (LGATF), for purposes of securing debt service on bonds of the Local Government Assistance Corporation (LGAC). To the extent that these moneys are not necessary to pay debt service, they are transferred from the LGATF to the General Fund and are reported in the General Fund as a transfer from other funds rather than as sales tax receipts. Through September, approximately $272 million in moneys that otherwise would have been reported as sales tax receipts instead were reported as transfers. Based on the revised sales tax estimate, approximately $1,117 million will be credited to the LGATF by the end of the fiscal year.

This revision to the 1990-91 financial plan conforms with this new reporting requirement by lowering the sales tax estimate to reflect the amount projected to be credited to the LGATF, and by raising the estimate of transfers from other funds to reflect the amount expected to be transferred back to the General Fund from the LGATF. In 1990-91, the amount transferred back to the General Fund is expected to equal the amount credited to the

LGATF because no debt service payments will be made in 1990-91 on bonds of the Corporation. In future years, the amount transferred back from the LGATF should be less than the amount credited to the LGATF, to the extent of debt service on the bonds. The Comptroller is expected to provide informational reports that will facilitate year to year comparisons of sales tax receipts and transfers.

Other User Taxes: The revisions in estimates for other user taxes and fees, down $37 million from July, are dominated by downward revisions in the estimates for the motor fuel tax, highway use tax, and motor vehicle fees. The sharp run-up in gasoline prices after the Iraqi invasion of Kuwait and continuing economic deterioration will depress gasoline consumption, and thus motor fuel tax collections, in the second half of the fiscal year. The highway use tax will be similarly affected. Finally, motor vehicle fees in the second half of the year will be adversely affected by the plunge in consumer confidence and the concomitant slowdown in auto sales.

The user taxes and fees estimates will be subject to some uncertainty for the remainder of this fiscal year, as the extent and pace of consumer retrenchment continues to be a significant uncertainty in the economic forecast. The enactment of Federal excise tax increases poses a further risk to the estimates for this category, since the tax increases could drive down consumption and thereby drive down State tax collections as well.

Business Taxes: Total business tax receipts are now projected at $4,104 million, down $7 million from the July forecast. The sharp revision in the economic outlook since July, coupled with second quarter collection information, has produced partially offsetting changes in projected business tax collections. Higher energy prices suggest higher receipts from the corporation and utilities tax (up $18 million), while the continuing troubles of the banking industry and revised audit expectations compel a further downward revision in expected receipts from the bank tax (down $85 million).

The forecast for the State's general business tax has been adjusted upward modestly ($35 million), reflecting slightly stronger-than-expected second quarter collections and a continued easing in the pace of refund issuance. The estimate continues to anticipate year over year declines in corporate tax liability, consistent with the economic forecast. As in prior years, December and March will provide far more meaningful tax collection information.

The estimate for petroleum gross receipts taxes has been increased $25 million. The estimate for receipts attributable to the tax in effect through August 1990 has been raised to reflect the impact of higher oil prices on company receipts. This has been offset modestly by a reduction in the estimate of receipts under the converted tax that took effect after August, because consumption will be adversely affected by higher oil prices.

Even at the half-way point in the fiscal year, substantial risk remains in the forecast of business taxes. Economic activity may contract at a pace that will offset the impact of higher oil prices on utility receipts, or commercial bank fortunes may weaken even more than projected here. More generally, all of the business tax estimates require timely remittance of money from the legal changes adopted this year. The extent to which such changes have affected cash results to date is unclear.

Other Taxes: Receipts from other taxes are projected to total $1,217 million, a reduction of $99 million from the July estimate. The accelerating deterioration of the economy, a lack of credit availability that has had the effect of slowing asset purchases, and continued high mortgage interest rates have adversely affected collections under the real property gains tax (reduced $101 million) and the real estate transfer tax (down $6 million). Real property gains tax collections are now projected to total $285 million — down from the 1986-87 peak of $792 million, and the lowest level since the inception of the tax (excluding the 1983-84 start-up year). Lower projected pari-mutuel tax receipts (down $2 million) reflect the temporary loss of simulcasting and lower on-track handles experienced to date. Although the estimate for estate and gift tax revenues has been revised upward by $10 million to reflect recent collections from exceptionally large estates, the significant fall in security prices since the Iraqi invasion of Kuwait suggests that there is some downside risk.

Miscellaneous Receipts and Transfers: Miscellaneous receipts and transfers from other funds are now projected to total $2,548 million, including $1,175 million in miscellaneous receipts and $1,373 million in transfers. The total estimate is $1,087 million more than reflected in the July plan, largely reflecting reductions

in actual and anticipated investment income and an increase of $1,117 million for the reclassification of sales tax receipts, as described above. Reported results to date in the transfers category have been affected by the inclusion of the portion of the State sales tax earmarked for debt service on bonds issued by the Local Government Assistance Corporation. (See user taxes and fees for a more complete description of these transactions.)

Revisions in Disbursements Estimates

Before reflecting certain measures designed specifically to reduce spending, General Fund disbursements, including transfers to other funds for capital projects spending, debt service, and certain other purposes, are projected to total $29,823 million. Although there are numerous changes to estimates of spending for individual programs, these largely offset each other. The $58 million net increase in disbursements from the $29,765 million level projected in July is driven primarily by unanticipated increases in spending for public assistance, which in turn are precipitated by the economic downturn, and by an anticipated shortfall in lottery receipts that requires an increase in General Fund support for education. The revised Financial Plan reflects $250 million in gap-closing actions that reduce estimated disbursements to $29,573 million.

Grants to Local Governments: General Fund disbursements for Grants to Local Governments are projected to total $20,193 million. The net change in disbursements for this category, a reduction of $58 million from the July estimate, reflects primarily an increase of $90 million in the estimate of spending for Income Maintenance, largely offset by a reduced estimate for foster care, and savings from various cost management actions.

Caseloads for the AFDC and Home Relief programs of public assistance are now increasing at the fastest rate in approximately 15 years. New York saw a period of actual caseload decline, totalling 178,000 recipients, for the five-year period ending in July 1989 as economic growth and increased emphasis on job training and placement provided opportunities for public assistance recipients. However, in the past year, caseloads have increased by 86,000 recipients, or 7 percent.

Although the reasons for this caseload surge are many and complex, most of the increase can be explained by the economic slowdown. Rising unemployment, particularly in New York City, is being matched by a growing number of welfare case openings, and declines in case closings that result when recipients succeed in obtaining employment. There are other factors as well that contribute to the increase in caseloads, especially during times of economic distress. These include societal changes, most notably increases in the number of New Yorkers living in poverty, and the number of female-headed households, and the recent influx of immigrants from the Soviet Union. Finally, New York City has scaled back its actions to terminate benefits to recipients who fail to meet administrative reporting and other requirements.

All other spending in this category, exclusive of cash management actions, is now projected at $68 million below the level estimated in July. This reduction is caused primarily by lower-than-expected disbursements for foster care. Caseloads and associated local claims for this program are still growing considerably, but at a pace that is slower than expected at the time the 1990-91 Budget was enacted. The foster care caseload is now estimated to reach 70,000 by the end of 1990; this is some 2,000 cases below the level reflected in the last projection, but still up sharply from the 58,500 level of last December. This slower caseload growth, along with an increased utilization of Federal funds, will result in reduced spending for this program.

State Operations: Estimated disbursements for this category total $6,620 million, which is $75 million below the July estimate. Spending by the Department of Correctional Services is now projected at $1,157 million or $14 million higher than in July. Continuing growth in the inmate population in Corrections has necessitated a greater use of "double bunking" of prisoners. Although this option allows prison managers to cope with overcrowding, it causes concomitant increases in prison staff and spending for supplies, food and materials. Approximately one-half of this increase would be offset by savings in grants to local governments and other actions.

State Operations spending is also being driven up by the continuing presence of State Police officers at the St. Regis Indian Reservation in Franklin County. More than 100 State Police personnel have been deployed at St. Regis since April to prevent violence between rival factions of the Indian community at the reservation. This situation is expected to increase State costs by approximately $11 million. Finally, the surge in oil prices

following the Iraqi invasion of Kuwait is causing an increase in spending for various State agencies, primarily the Divisions of State Police and Military and Naval Affairs that are heavy users of gasoline.

Offsetting these increases are $107 million in reductions due to the application of non-recurring savings and implementation of a statewide freeze as discussed in the section on the gap-closing plan.

General State Charges: Spending for this category, estimated at $1,466 million, is down $40 million from the July update. All but $2 million of this reduction is attributable to cash management actions being implemented to offset the shortfall in receipts.

Debt Service: No changes are anticipated for spending for debt service on the annual cash flow borrowing completed last spring and on commercial paper.

Transfers to Other Funds: This category includes spending from the General Fund for capital projects and bonds as well as operating subsidies for certain State programs. Spending for debt service remains unchanged at $753 million.

Disbursements for capital projects are estimated at $164 million, a reduction of $41 million from the level projected in July. This reduction reflects slightly lower than projected spending for certain programs based on actual results for the first six months and slightly higher than expected miscellaneous receipts in the capital projects funds. Both developments reduce the need for General Fund support. In addition, the reduction reflects a $25 million savings in tax-supported capital spending attributed to efforts to accelerate the sale of surplus State property.

Disbursements for transfers to other funds from the General Fund increase by $22 million, primarily reflecting a reduced estimate for the level of funding provided by the State Lottery to the support of public schools.

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Changes in this fund type primarily reflect increases and decreases driven by revised projections in the General Fund. The projected shortfall in lottery receipts results in a $24 million decrease in miscellaneous receipts, offset by an equivalent increase in transfers from the General Fund pursuant to the lottery aid guarantee. Spending for State Operations is projected to increase $53 million, financed by transfers of excess moneys from debt service funds or excess balances in this fund type. These increases result in corresponding decreases to the State Operations category in the General Fund. Other minor changes are made to conform these projections to stated accounting policies of the State Comptroller.

Capital Projects Funds

The mid-year update of the Capital Projects fund type reflects the impact of actual spending results and reimbursements made during the first half of the fiscal year. Projected spending for capital projects has been reduced to reflect slower spending in Federal and bond reimbursable programs. Receipts in this fund type reflect corresponding reductions in Federal grants and bond proceeds. Projected miscellaneous receipts are increased to reflect receipts of authority bond proceeds for unreimbursed capital spending. Correspondingly, the projected balance in this fund type is no longer expected to be negative at the close of the 1990-91 fiscal year.

Debt Service Funds

Changes in this fund type are limited entirely to those resulting from the reclassification of sales tax proceeds to the Local Government Assistance Corporation Tax Fund. A more detailed description of this reclassification appears in the sales tax discussion in the General Fund section.

THE GAP AND THE CLOSING PLAN

Once again, given the uncertain circumstances, all predictions as to precisely what will occur during the period October 1, 1990 to March 31, 1991 are, at best, honest guesses. We project an imbalance of approximately 574 million dollars for the 1990-91 fiscal year. This full year estimate is consistent with the Comptroller's recent report that after six months, actual results were $246 million behind the cashflow projections.

Closing a potential gap that size will require sacrifice from every sector of State and local government. To deal with it the Governor has implemented an aggressive two-part strategy to balance the current year budget.

First, the Budget Director is releasing today a Budget Bulletin implementing a complete freeze on hiring, purchases, contracts and travel. The current freeze differs from earlier actions because no across-the-board exceptions are granted, even for programs and activities that are traditionally exempted from such controls. Requests for exceptions will be considered on a case-by-case basis by the Budget Division. In addition, the Director is pursuing various other gap-closing actions. These include the identification of certain excess fund balances, delays in the implementation of new programs pending legislative action, and additional sales of State property. In total, these actions are estimated to produce the approximate $250 million reflected in the current projections.

Second, all State agencies are directed to propose cost reduction actions that will, in the aggregate, close the remaining potential imbalance of $574 million. Agencies will submit plans equaling 3 percent, 5 percent and 7 percent of their current spending plans for State Operations, Aid to Localities and capital projects budgets. These proposals will form the basis of a detailed gap-closing agenda that will include administrative actions and measures that require legislative change. The Governor will present statutory amendments to the Legislature as soon as possible.

The Governor's plan closes the budget gap through spending cuts, management actions and no new taxes.

Risks

There are several areas where disbursements could exceed the level projected in this update. General Fund support for capital projects will increase by approximately $70 million if the voters fail to approve the 21st Century Environmental Quality Bond Act. The current financial plan also reflects approximately $155 million in disbursement savings attributable to budgetary provisions designed to capture a portion of pension contribution savings to be realized by local governments, school districts and public authorities. Because the Comptroller has adopted an interpretation of these provisions that differs from that intended by the Legislature and Governor, attainment of the full amount of savings is contingent on the enactment of technical amendments when the Legislature returns.

General Fund Financial Plan Prepared on the Cash Basis of Accounting 1990-91 (millions of dollars)

	1990-91 July Estimate	Change	1990-91 October Estimate
Opening fund balance	-0-	-0-	-0-
Receipts:			
Taxes			
Personal income tax	15,572	(460)	15,112
User taxes and fees	8,080	(1,287)	6,793*
Business taxes	4,111	(7)	4,104
Other revenues	1,316	(99)	1,217
Miscellaneous receipts	1,204	(29)	1,175
Transfers from other funds	257	1,116	1,373*
Impoundment for deficit TRANs	(775)	-0-	(775)
Total receipts	29,765	(766)	28,999
Disbursements:			
Grants to local governments	20,251	(58)	20,193
State operations	6,695	(75)	6,620
General State charges	1,506	(40)	1,466
Debt service	272	-0-	272
Transfers to other funds			
—Debt service	753	-0-	753
—Capital projects	205	(41)	164
—Other purposes	83	22	105
Total disbursements	29,765	(192)	29,573
Change in fund balance	-0-		(574)
Closing fund balance	-0-		(574)

* Reflects reclassification of sales tax receipts for Local Government Assistance Corporation. See text for full description.

1990-91 State Financial Plan
All Governmental Funds
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	-0-	1,276	169	138	1,583
Receipts:					
Taxes	27,226	681	-0-	1,202	29,109
Miscellaneous receipts	1,175	3,072	1,481	1,820	7,548
Federal grants	-0-	11,468	728	-0-	12,196
Subtotal	28,401	15,221	2,209	3,022	48,853
Impoundment for deficit TRANs	(775)	-0-	-0-	-0-	(775)
Total receipts	27,626	15,221	2,209	3,022	48,078
Disbursements:					
Grants to local governments	20,193	11,968	328	-0-	32,489
State operations	6,620	4,503	6	-0-	11,129
General State charges	1,466	287	-0-	-0-	1,753
Debt service	272	-0-	-0-	1,023	1,295
Capital projects	-0-	2	2,976	-0-	2,978
Total disbursements	28,551	16,760	3,310	1,023	49,644
Other financing sources (uses):					
Transfers from other funds	1,373	3,078	196	1,872	6,519
Transfers to other funds	(1,022)	(1,324)	(193)	(3,935)	(6,474)
Bond and note proceeds	-0-	-0-	954	-0-	954
Net other financing sources (uses)	351	1,754	957	(2,063)	999
Change in fund balance	(574)	215	(144)	(64)	(567)
Closing fund balance	(574)	1,491	25	74	1,016

1990-91 Receipts Estimates
Change From July Plan
(millions of dollars)

	July	October	Change
Personal income tax	15,572	15,112	(460)
User taxes and fees	8,080	6,793	(1,287)
**Sales and use tax	6,083	4,833	(1,250)
Motor fuel tax	474	460	(14)
Cigarette & tobacco taxes	626	617	(9)
Motor vehicle fees	447	438	(9)
Alcoholic beverage tax	227	229	2
Highway use tax	131	118	(13)
ABC license fees	29	29	-0-
Hotel/motel tax	35	45	10
Container tax	1	1	-0-
Auto rental tax	27	23	(4)
Business taxes	4,111	4,104	(7)
Corporation franchise tax	1,515	1,550	35
Corporation and utilities taxes	1,242	1,260	18
Insurance taxes	512	512	-0-
Bank tax	415	330	(85)
Petroleum gross receipts tax	427	452	25
Other taxes	1,316	1,217	(99)
Real property gains tax	386	285	(101)
Estate and gift taxes	674	684	10
Real estate transfer tax	175	169	(6)
Pari-mutuel tax	80	78	(2)
Other taxes	1	1	-0-
Miscellaneous receipts and Federal grants	1,204	1,175	(29)
**Transfers from other funds	257	1,373	1,116
Total receipts	30,540	29,774	(766)

**Reflects reclassification of sales tax receipts for Local Government Assistance Corporation. See text for full description.