

Monday, March 6, 2017

Income Tax Slide Continues As February Numbers Show Revenue Below Estimates

Personal income tax receipts continued to come in well below budget projections in February, according to preliminary revenue data from the Office of Budget and Management.

The income tax came in \$76.9 million, or 27.5%, below what analysts expected for the month as the recent trend of slumping receipts continues.

Overall revenue came in \$65.4 million, or 2.5%, below budget projections.

The [data](#) show below-estimate returns of \$12.4 million, or 1.9%, in non-auto sales and use tax revenue, partly offset by a \$12.2 million, or 14.4%, above-estimate revenue from auto sales and use tax. For the fiscal year to date, the auto sales and use tax now sits almost exactly at estimates.

Other taxes coming in below estimates included the financial institutions tax, which was \$12.2 million, or 26.6%, below projections, and the commercial activity tax, which was \$25.5 million, or 8.7%, below.

Those were partly offset by foreign insurance revenue coming in more than \$80.4 million, or 135.6%, above what analysts expected for the month.

Overall tax receipts finished February at \$1.54 billion - \$23.5 million, or 1.5%, below projections.

Non-tax revenue was below estimate by \$41.9 million, or 3.8%, in February.

For the year to date, tax receipts are \$411.6 million, or 2.8%, below estimates at \$14.4 billion, driven largely by the \$352.2 million underage in the personal income tax.

And FY 2017 continues to underperform the prior year in terms of tax intake. With four months remaining in the fiscal year the state has collected \$57.7 million, or 0.4% less, than it did through the first eight months of FY 2016.

OBM [Director Tim Keen](#) has said in the past that the state maintains a cushion of cash and underspending to offset the continuing slump in tax receipts. In January, while revenue was \$91.5 million below what was expected, the spending side of the ledger was nearly \$400 million below estimates. (See [Gongwer Ohio Report, February 13, 2017](#))