

**DATE:** February 11, 2013

**TO:** Governor Mark Dayton

**FROM:** Jim Schowalter, Commissioner 

**SUBJECT:** January Revenue Collections

Net general fund revenues totaled \$1.820 billion in January, \$140 million (8.3 percent) more than forecast. Fiscal year-to-date revenues now exceed November's forecast by \$254 million. Individual income tax withholding in January was \$30 million more than forecast and gross sales tax receipts were \$6 million above projections.

**MONTHLY RECEIPTS FOR JANUARY 2013**  
(\$ MILLIONS)

	<u>Est.</u>	<u>Act.</u>	<u>Var.</u>
INDIVIDUAL INCOME TAX	1,020.2	1,157.1	136.9
SALES TAX	472.6	490.1	17.5
CORPORATE INCOME TAX	41.6	21.8	-19.8
OTHER REVENUE	<u>146.0</u>	<u>151.0</u>	<u>5.0</u>
TOTAL	1,680.4	1,820.0	139.6

All results are preliminary and subject to revision. Monthly revenue variances should always be interpreted with great caution since some revenue variances may reflect only differences in the timing of receipts or the payment of refunds and not a change in tax liability or underlying economic activity. For example, about 75 percent of the \$20 million negative variance in the corporate income tax comes from larger than anticipated January refunds. The large variance in the income tax comes primarily from fourth quarter individual income tax estimated payments due January 15. It probably reflects an acceleration of income into tax year 2012 by high income taxpayers in anticipation of higher federal tax rates in 2013.

Variances for individual income tax refunds and miscellaneous payments are no longer being reported in MMB's January revenue report. As electronic filing has become more common the number of individual returns filed and processed in January has increased and become highly variable. Beginning this year January refund and miscellaneous payment variances will be treated in the same way as variances in those items in February through May have been in past years and reported only after the processing of timely tax year 2012 returns is complete. A more complete report covering fiscal year 2013 year-to-date receipts will be included in Minnesota Management and Budget's *February Forecast*.

cc: Yvonne Prettnner-Solon, Lt. Governor  
 Senator Tom Bakk, Majority Leader  
 Senator David Hann, Minority Leader  
 Rep. Paul Thissen, Speaker of the House  
 Rep. Kurt Daudt, Minority Leader