



Finance Bulletin

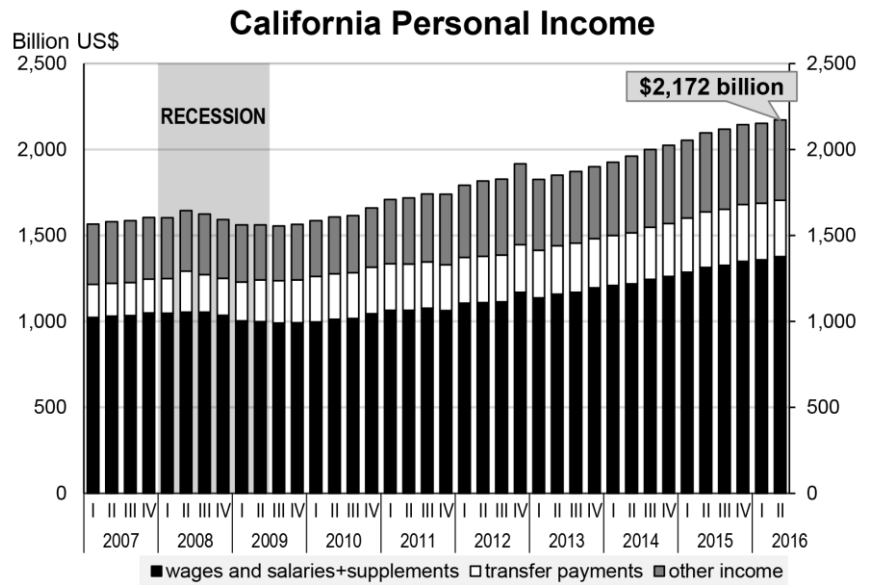
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Economic Update

California's personal income grew by 4.1 percent in the first half of 2016, while U.S. personal income grew by 3.4 percent. U.S. real GDP grew by an annualized 1.4 percent in the second quarter of 2016 after 0.8 percent growth in the first quarter.

PERSONAL INCOME

- California's personal income in the second quarter of 2016 grew by 3.6 percent compared to a year ago, following 4.7 percent growth in the first quarter. In 2015, California's personal income grew 6.4 percent, while U.S. personal income grew by 4.5 percent.
- Wages and salaries plus supplements to wages and salaries accounted for \$1.4 trillion of total personal income of \$2.2 trillion in the second quarter of 2016, and grew by 4.8 percent on a year-over-year basis. Other major components grew more slowly: other income (including proprietors' income and property income) grew by 2.2 percent, and transfer payments (including unemployment insurance, social security and medicare benefits) grew by 1.5 percent.



BUILDING ACTIVITY

- Residential construction permits in California increased by 43.4 percent from the previous month to a seasonally adjusted annual pace of 113,170 units, the highest since April 2014. Permits issued for single-family housing increased by 11.9 percent to 46,300 units and permits for multifamily housing increased by 78.3 percent to 66,870 units in August. During the first eight months of 2016, more than half of the total 97,000 residential construction permits were for multifamily housing permits.
- Nonresidential construction fell in August by 23.4 percent to \$20.9 billion. For the first eight months of 2016, nonresidential construction was up nearly 8 percent from the same months of 2015.

REAL ESTATE

- August sales of existing single-family homes in California increased by 1.1 percent from the previous month to a seasonally adjusted annualized rate of 420,360 units. Sales of the first eight months in 2016 have increased by 0.1 percent compared to the same period in 2015.
- The statewide median home price remained above the half-million dollar mark in August at \$526,580. The August median was only 11 percent (or \$67,950) lower than the pre-recession peak of \$594,530 from May 2007.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for September was \$32 million below the 2016-17 Budget Act forecast of \$10.414 billion. Year-to-date revenues are \$217 million below the expected \$24.807 billion.

- Personal income tax revenues to the General Fund were \$124 million above the month's forecast of \$7.023 billion. Withholding receipts were \$141 million above the forecast of \$4.28 billion. Other receipts were \$1 million higher than the forecast of \$3.135 billion. Refunds issued in September were \$15 million above the forecasted \$266 million. Proposition 63 requires that 1.76 percent of total monthly personal income tax collections be transferred to the Mental Health Services Fund (MHSF). The amount transferred to the MHSF in September was \$2 million above the forecast of \$126 million. Year-to-date General Fund income tax revenues are \$212 million above forecast.
- Sales and use tax receipts were \$70 million below the month's forecast of \$2.033 billion. September represents the second prepayment for third quarter taxable sales. Year-to-date revenues are \$221 million below forecast.
- Corporation tax revenues were \$181 million below the month's forecast of \$1.189 billion. Prepayments were \$104 million below the forecast of \$1.009 billion and other payments were \$67 million lower than the \$327 million forecast. Total refunds for the month were \$11 million higher than the forecast of \$147 million. Year-to-date revenues are \$281 million below forecast.
- Insurance tax revenues were \$94 million above the month's forecast of \$89 million, principally due to the timing of payments related to the September 1 due date for insurance companies' second prepayment. Year-to-date insurance tax revenues are \$69 million above the forecasted \$563 million.
- Revenues from the estate, alcoholic beverage, tobacco taxes, and pooled money interest came in \$2 million below the \$45 million forecast. "Other" revenues were \$2 million above the month's forecast of \$35 million.

2016-17 Comparison of Actual and Forecast Agency General Fund Revenues

Revenue Source	SEPTEMBER 2016				2016-17 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$7,023	\$7,147	\$124	1.8%	\$16,112	\$16,324	\$212	1.3%
Sales & Use	2,033	1,964	-70	-3.4%	6,211	5,989	-221	-3.6%
Corporation	1,189	1,007	-181	-15.3%	1,588	1,307	-281	-17.7%
Insurance	89	182	94	106.1%	563	632	69	12.3%
Estate	0	0	0	n/a	0	0	0	n/a
Pooled Money Interest	6	6	0	-1.7%	12	12	0	-1.5%
Alcoholic Beverages	32	31	-2	-5.0%	99	97	-2	-1.7%
Tobacco	7	7	0	2.0%	21	21	0	0.9%
Other	35	37	2	6.5%	202	207	5	2.4%
Total	\$10,414	\$10,381	-\$32	-0.3%	\$24,807	\$24,590	-\$217	-0.9%

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller.

Totals may not add due to rounding. The forecast is from the 2016-17 Budget Act.