

Tax Receipts Exceed Lowered Expectations-So Far

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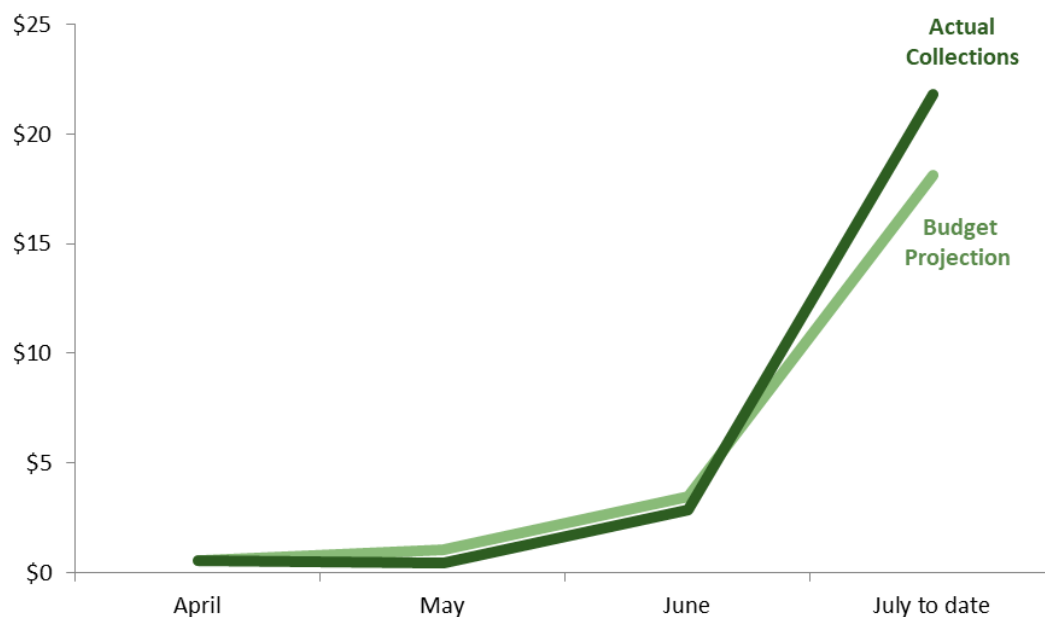
As part of the state and federal government response to the COVID-19 pandemic, personal income and corporate tax filing deadlines were extended to July 15, 2020. Moving tax payment dates beyond their traditional filing deadlines of April (personal income tax) and June (corporate tax) complicates the tracking of interim revenues to determine if these two critical revenue sources that support public education in California are keeping pace with expectations, or if there is more trouble looming on the horizon. Analysis is complicated further because delayed tax collections in July are comingled with normal monthly collections, obfuscating the data.

The Legislative Analyst's Office (LAO) recently published the article, "[July 2020 Tax Payments Tracker](#)" analyzing tax receipts through July 17, 2020. The LAO's graph below examines tax receipts from April 1 to July 17, which shows revenues from personal income and corporate taxes are outpacing the 2020–21 State Budget projections by approximately \$3.7 billion, or 20%.

Comparing April through July Tax Collections to Budget Projections

Cummulative personal income tax and corporation tax collections since April 1

(In billions)



The results published by the LAO incorporate similar positive monthly revenue trends from May and June. While 2020 tax receipts continue to beat expectations in the 2020–21 State Budget Act, it is important to recognize that revenues have fallen behind the 2019 pace by roughly 9%, or \$2 billion. The shifted tax deadline makes July a critical month for revenue tracking. The LAO plans to post updates on July 24 and July 31, 2020, which will be available [here](#). As always, we will provide you with the latest revenue information through our *Community College Update* articles.