Revenue to the General and Education Funds totaled $1.8 billion through the first three months of FY 2020, representing a year-over-year (YoY) growth rate of 3.6%. The 3.6% growth rate is slightly above the unadjusted consensus revenue target of 3.5%. The revenue target will be updated when the Governor releases his budget proposal in early December. On the General Fund, the actual growth rate of 4.5% is below the growth rate needed to reach last session’s target of 6.4%. The revenue growth to the Education Fund of 2.9% is above the current target of 0.5%.

The first quarter of FY 2020 revenue to the General Fund reached $721 million, or 4.5% over revenue collected in the FY 2019. Sales tax revenue is growing at a 4.3% growth rate, while all other revenue sources are growing at a 5.5% growth rate. Revenue growth rates are highly volatile during the first half of a fiscal year. Because of this, one should be careful reading too much into these figures. Lastly, the revenue targets have not been updated for the FY 2019 year-end results.

Education Fund collections through the first quarter of 2020 reached $1.1 billion, representing a YoY increase of 2.9%. The 2.9% growth rate is largely the result of individual income tax growth of 8.1% and weaker third quarter of 2019 corporate tax payments, which pushed corporate revenue down –29.5%.

Also, revenue during the first half of a fiscal year can be volatile. One should be careful interpreting these results. The revenue targets have not been updated since February.

Transportation Fund collections reached $158 million through the first three months of FY 2020, up 3.6% over the prior year. This is slightly higher than the 3.3% target. Behind the performance of revenue sources to the Transportation Fund, motor fuel tax is currently down –2.0%, although, given the volatility of revenue postings this early in a fiscal year, this is within the target range. All the other sources to the Transportation Fund are growing at double-digit growth rates.