



PR19:2
For Immediate Release
1/10/2019

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As Governor Releases First Budget Proposal, CA Controller Reports State Closed 2018 Short of Expectations

SACRAMENTO — On the day Governor Gavin Newsom proposed his first budget, State Controller Betty T. Yee reported California's revenues in December fell short of assumptions in the 2018-19 fiscal year budget by \$4.82 billion. For the fiscal year, revenues of \$55.63 billion are 4.4 percent (\$2.54 billion) less than projected in the budget, which was enacted at the end of June.

"With our economy continuing to hover on the brink of a downturn, I applaud Governor Newsom's budget planning with an eye towards building a strong foundation of long-term cost savings and fiscal discipline. The Governor's proposals for debt and pension liability reduction; bold programming investments for education, health care, child care, and housing; and rainy day savings will pay dividends," said Controller Yee, the state's chief fiscal officer. "With thoughtful allocation of finite resources, we can shape solutions to one of our most vexing challenges—the widening inequality that plagues our state."

Personal income tax (PIT), sales tax, and corporation tax — the state's "big three" revenue sources — all were lower than projected in the FY 2018-19 budget. The shortfall in December could be partly due to lags in taxpayer filings at the end of the tax year as a result of federal tax deduction changes. Consequently, January receipts are expected to catch up to the FY 2018-19 budget forecast.

For December, PIT receipts of \$6.76 billion were \$3.45 billion less than expected in the FY 2018-19 Budget Act. PIT receipts in December 2017 were \$11.50 billion.

Sales tax receipts of \$1.16 billion for December were \$1.42 billion less than anticipated in the FY 2018-19 budget. Last month's corporation taxes of \$2.09 billion were \$179.5 million lower than FY 2018-19 Budget Act estimates.

The General Fund ended December with an internal loan borrowing balance of \$11.80 billion, which was \$4.85 billion less than anticipated in the FY 2018-19 budget.

For more details and comparisons, read the [monthly cash report](#). This month's edition of the Controller's [California Fiscal Focus](#) newsletter examines the effects of U.S.-China tariffs and federal tax changes on the State of California.

As the chief fiscal officer of California, Controller Yee is responsible for accountability and disbursement of the state's financial resources. The Controller also safeguards many types of property until claimed by the rightful owners, and has independent auditing authority over government agencies that spend state funds. She is a member of numerous financing authorities, and fiscal and financial oversight entities including the Franchise Tax Board. She also serves on the boards for the nation's two largest public pension funds. Elected in 2014 and reelected in 2018, Controller Yee is only the tenth woman elected to a statewide office in California's history. Follow the Controller on Twitter at [@CAController](#) and on Facebook at [California State Controller's Office](#).



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