

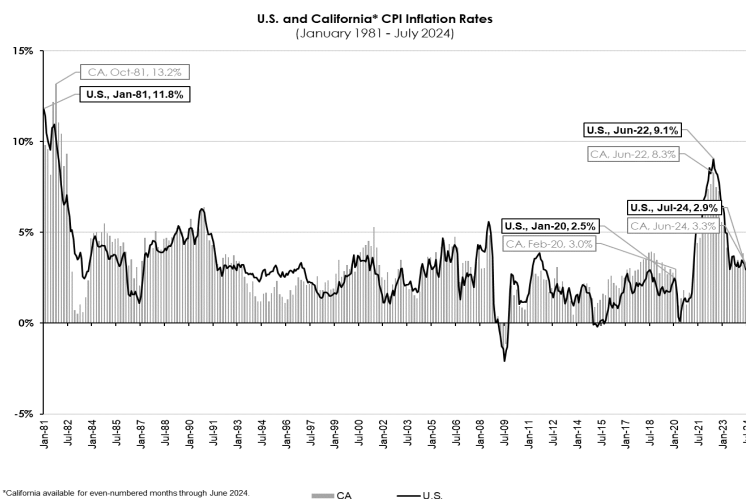


Finance Bulletin

Joe Stephenshaw, Director

Economic Update

In the advance estimate for the second quarter of 2024, U.S. real GDP grew at a 2.8-percent seasonally adjusted annualized rate (SAAR), up from 1.4-percent growth in the previous quarter. Growth in the second quarter was driven primarily by personal consumption and private domestic investment, which contributed 1.6 percentage points and 1.5 percentage points, respectively, which more than offset the drag from net exports of goods and services (-0.7 percentage point).



U.S. headline inflation slowed to 2.9 percent year-over-year in July 2024, down 0.1 percentage point from June 2024 and down 6.2 percentage points from its most recent peak of 9.1 percent in June 2022. Core inflation—which excludes food and energy—slowed to 3.2 percent year-over-year. Transportation inflation—which includes gasoline—slowed to 1 percent in July 2024 from 1.3 percent in June, while shelter inflation fell by 0.1 percentage point to 5.1 percent.

LABOR MARKET CONDITIONS

- In July 2024, the U.S. unemployment rate continued to tick up, increasing by 0.2 percentage point to 4.3 percent, as the civilian labor force increased by 420,000 and civilian unemployment and household employment increased by 352,000 and 67,000 persons, respectively. The U.S. added 114,000 nonfarm payroll jobs in the month with six sectors gaining jobs, driven by private educational and health services (57,000), followed by construction (25,000), leisure and hospitality (23,000), trade, transportation, and utilities (22,000), government (17,000), and manufacturing (1,000). Five sectors lost jobs in July, led by information (-20,000), followed by other services (-5,000), financial activities (-4,000), mining and logging (-1,000), and professional and business services (-1,000).
- California's unemployment rate was unchanged at 5.2 percent for the third consecutive month in July 2024, as the state's labor force and civilian household employment increased by 15,100 and 7,300 persons, respectively, and unemployment increased by 7,800 persons. California added 21,100 nonfarm payroll jobs in July 2024, as job gains were concentrated in four of the eleven major sectors led by government (19,200) followed by private educational and health services (12,300), construction (2,700), and leisure and hospitality (1,800). The other seven sectors lost jobs in July driven by trade, transportation and utilities (-4,300), followed by manufacturing (-3,100), information (-3,000), financial activities (-2,300), and other services (-2,000), while mining and logging and professional and business services each lost 100 jobs.

BUILDING ACTIVITY

- Year-to-date through June 2024, California has permitted 104,000 housing units (SAAR), down 1.2 percent from May 2024 and down 3 percent from a year ago in June 2023. June year-to-date annualized total permits consisted of 61,000 single-family units (down 1.5 percent from May, but up 13.1 percent year-over-year) and 43,000 multi-family units (down 0.8 percent from May, and down 19.2 percent year-over-year).

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts were \$983 million, or 10.1 percent, above the Budget Act forecast for July, driven by strength in corporate and personal income tax payments, which exceeded the forecast by \$844 million and \$418 million, respectively. July is not a particularly important month for corporate and personal income taxes as there are no major payment due dates within the month. Moreover, the overage in corporate income tax receipts was likely due to large payments from a few corporations and may not necessarily be indicative of overall ongoing corporation tax revenue strength. Cumulatively since April when the forecast was finalized, preliminary General Fund agency cash receipts were \$4.2 billion above projections. This includes an overage of \$3.2 billion attributed to cash collected during the 2023-24 fiscal year.

- Personal income tax cash receipts were \$418 million, or 5.8 percent, above forecast in July and were \$1.8 billion above forecast cumulatively since April. The July overage was due to the non-withholding components of personal income tax as non-withholding payments exceeded the forecast by approximately \$400 million and refunds were \$50 million below forecast. In terms of the total variance since April, non-withholding payments accounted for \$773 million of the overage, withholding receipts contributed \$541 million, and lower refunds boosted the total by \$521 million. Personal income tax withholding receipts were roughly on target in July, bringing the calendar year-to-date growth in withholding to 8.6 percent, higher than assumed in the forecast for the first seven months of the calendar year. Withholding should generally be evaluated over multiple months for longer-term trends as single-month readings can be misleading due to calendar changes affecting when payments are recorded and the timing of stock-based compensation.
- Corporation tax cash receipts were \$844 million, or 161.8 percent, above forecast in July and were \$1.9 billion above forecast cumulatively since April. The July overage was likely due to large payments by a small number of companies and may not necessarily be indicative of overall corporation tax revenue trends. Corporation payments exceeded the forecast by \$1.7 billion cumulatively since April while refunds were \$167 million lower than projected.
- Preliminary sales and use tax receipts were \$306 million, or 18.4 percent, below forecast in July. This shortfall is related to the timing of collections as higher-than-expected cash receipts shifted from July to August. July cash receipts included the final payment for second quarter taxable sales. Sales tax receipts were \$299 million below forecast cumulatively since April.

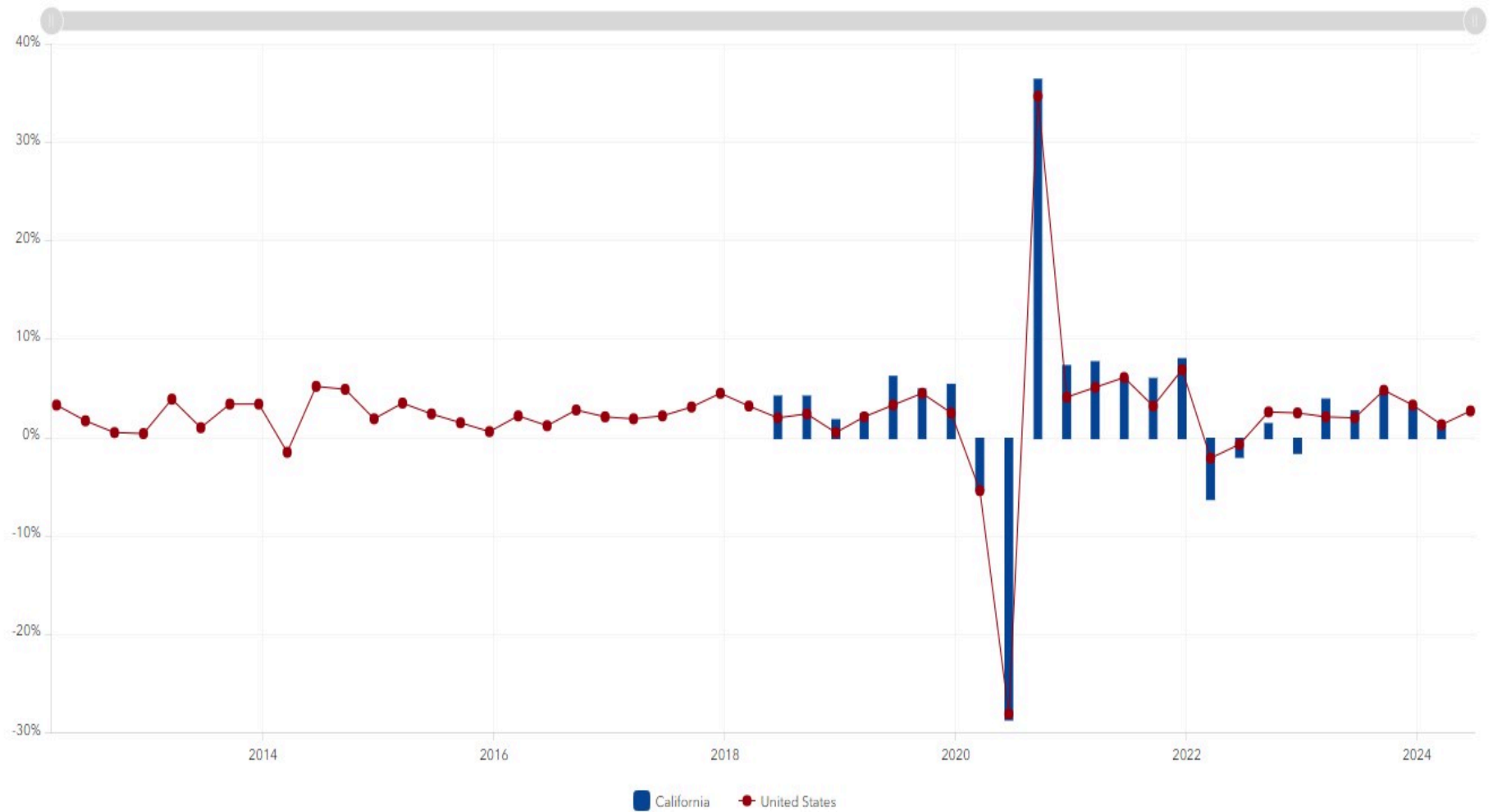
2024-25 Comparison of Actual and Forecast Agency General Fund Revenues (Dollars in Millions)

Revenue Source	JULY 2024				2024-25 YEAR-TO-DATE			
	Forecast	Actual	Difference	Percent Difference	Forecast	Actual	Difference	Percent Difference
Personal Income	\$7,164	\$7,582	\$418	5.8%	\$7,164	\$7,582	\$418	5.8%
Withholding	7,155	7,141	-13	-0.2%	7,155	7,141	-13	-0.2%
Estimated Payments	229	344	115	50.3%	229	344	115	50.3%
Final Payments	185	249	63	34.3%	185	249	63	34.3%
Other Payments	355	577	222	62.5%	355	577	222	62.5%
Refunds	-623	-573	50	-8.0%	-623	-573	50	-8.0%
MHSF Transfer	-118	-136	-18	15.5%	-118	-136	-18	15.5%
Corporation	\$521	\$1,365	\$844	161.8%	\$521	\$1,365	\$844	161.8%
Estimated Payments	500	1,023	523	104.6%	500	1,023	523	104.6%
PTET Payments	93	130	37	40.3%	93	130	37	40.3%
Other Payments	200	382	181	90.5%	200	382	181	90.5%
Refunds	-272	-170	102	-37.5%	-272	-170	102	-37.5%
Sales & Use	\$1,664	\$1,358	-\$306	-18.4%	\$1,664	\$1,358	-\$306	-18.4%
Insurance	\$56	\$77	\$21	37.7%	\$56	\$77	\$21	37.7%
Pooled Money Interest	\$198	\$239	\$40	20.4%	\$198	\$239	\$40	20.4%
Alcohol	\$43	\$44	\$1	2.7%	\$43	\$44	\$1	2.7%
Tobacco	\$4	\$3	-\$1	-13.8%	\$4	\$3	-\$1	-13.8%
Other	\$95	\$61	-\$34	-36.3%	\$95	\$61	-\$34	-36.3%
Total	\$9,745	\$10,728	\$983	10.1%	\$9,745	\$10,728	\$983	10.1%

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. The personal income total includes Individual Shared Responsibility Penalty transfers. The forecast is from the 2024-25 Budget Act. General Fund agency cash receipts for the entire 2023-24 fiscal year were \$3.2 billion above the 2024-25 Budget Act forecast.

Figure 1

Quarterly GDP Growth
Seasonally Adjusted Annualized Rate (%)



Source: Bureau of Economic Analysis (BEA)

Figure 2

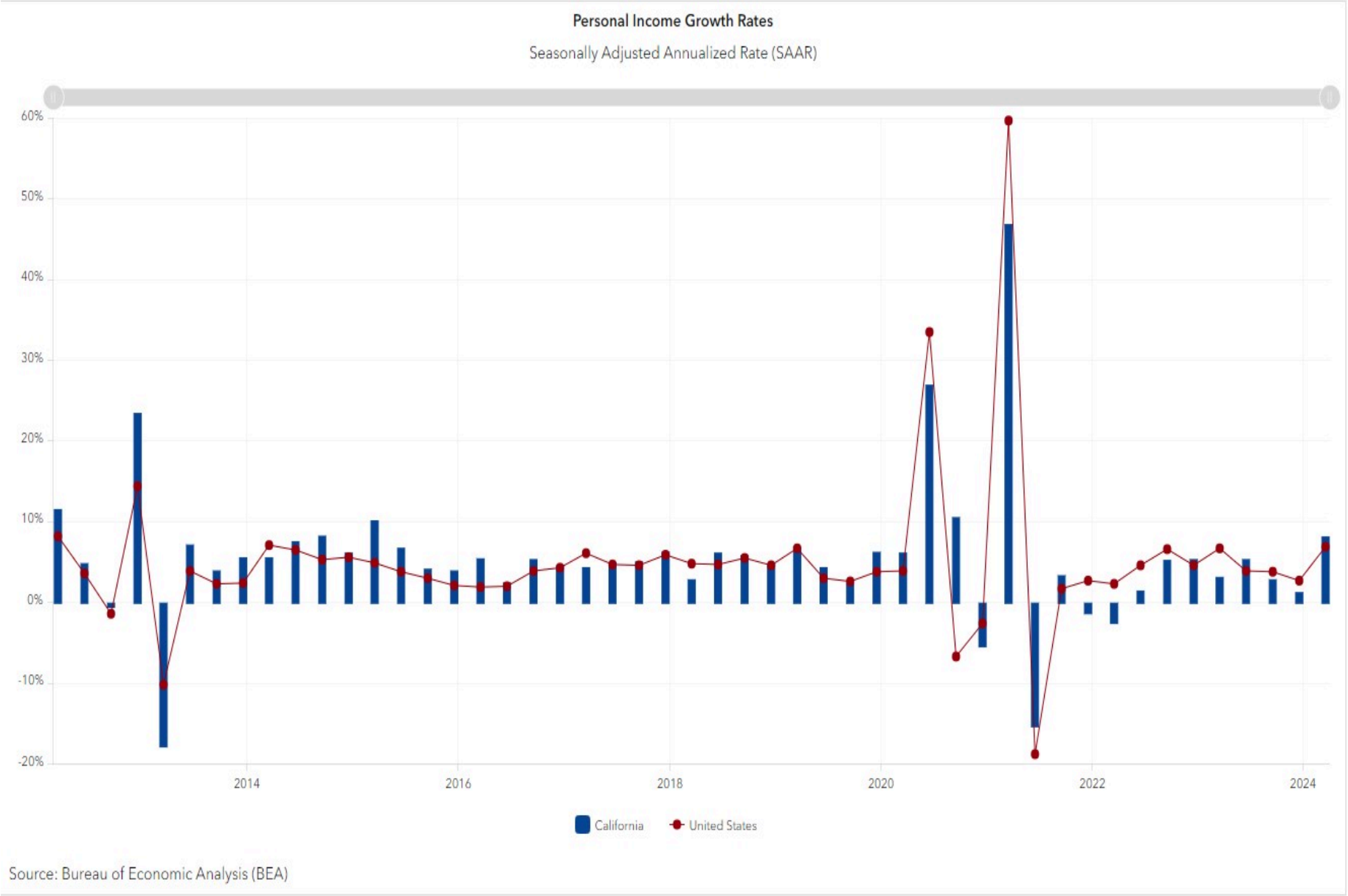
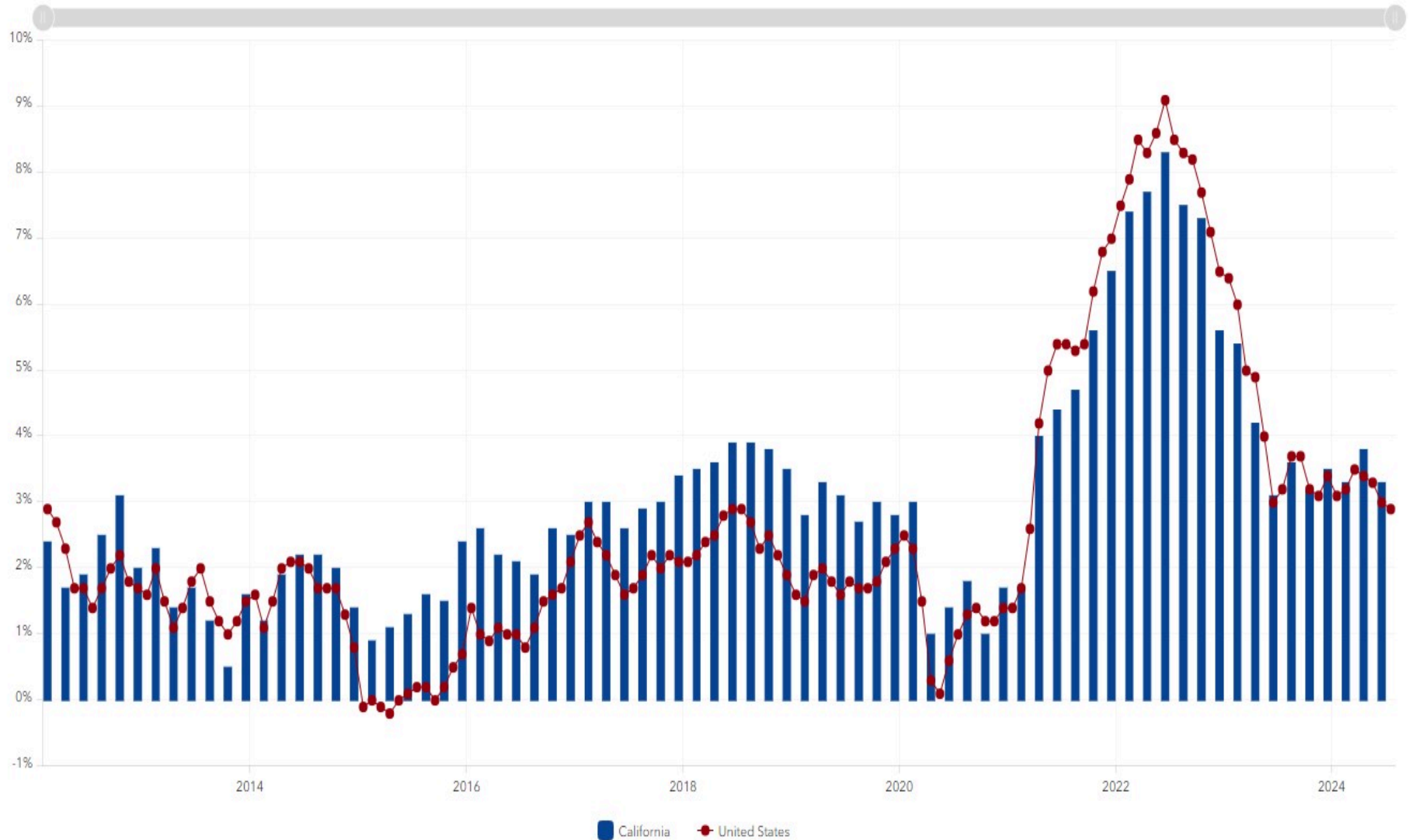


Figure 3

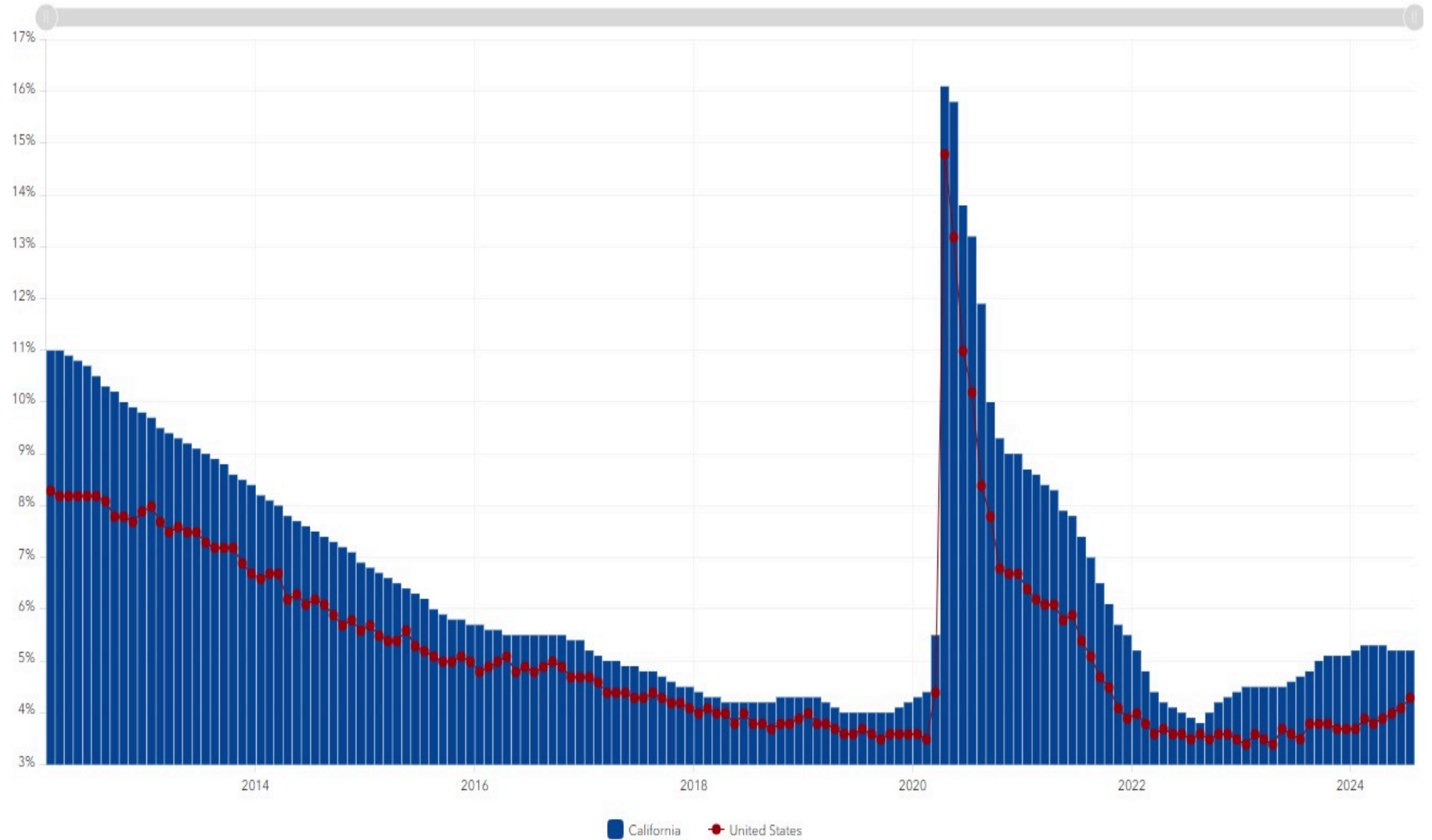
U.S. and California Consumer Price Index (CPI) Rates



Sources: Bureau of Labor Statistics (BLS) and California Department of Industrial Relations (DIR)

Figure 4

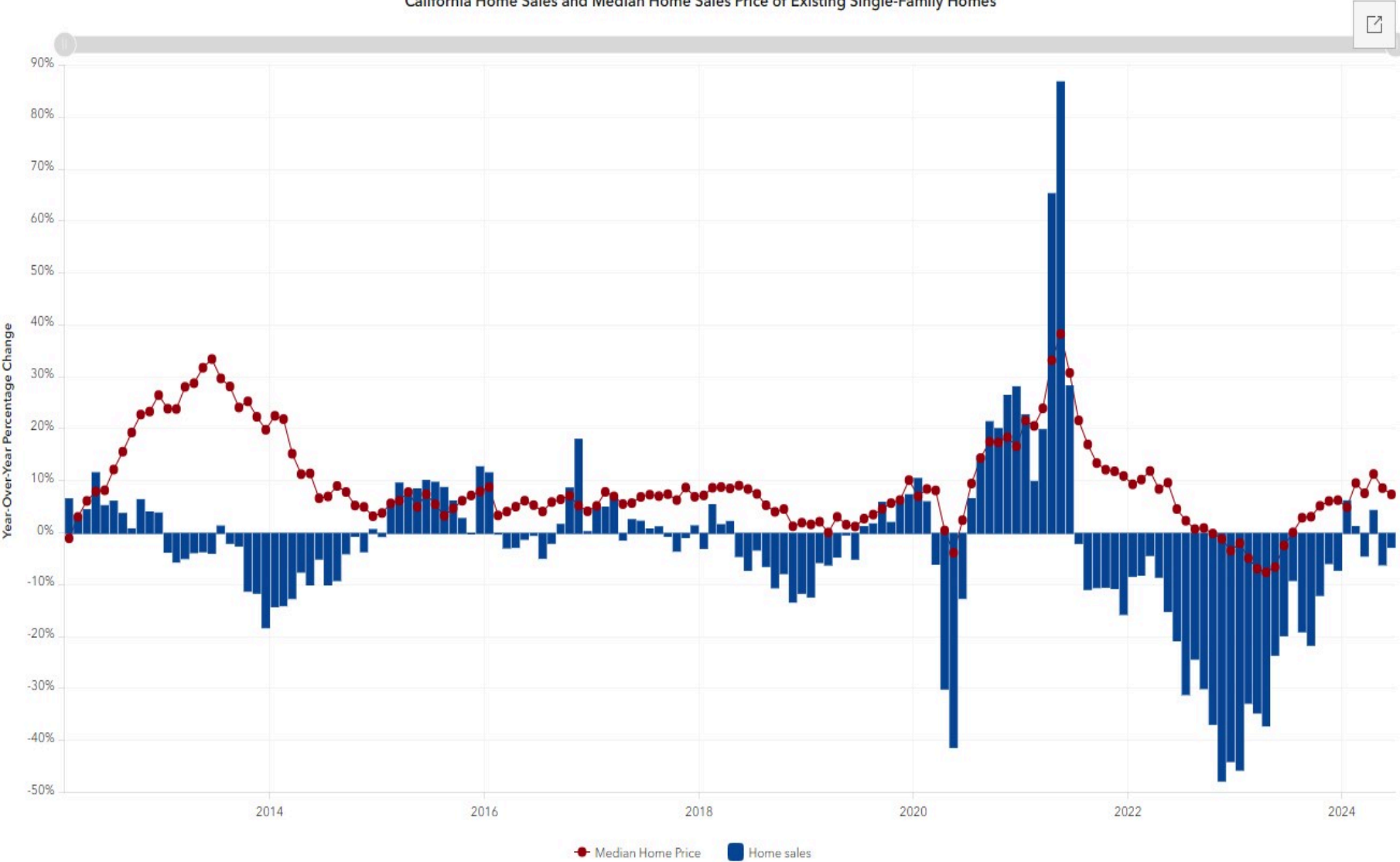
U.S. and California Unemployment Rate



Source: California Employment Development Department (EDD), Bureau of Labor Statistics (BLS)

Figure 5

California Home Sales and Median Home Sales Price of Existing Single-Family Homes



Source: California Association of Realtors (CAR)

Figure 6

Comparison of Actual and 2024-25 Budget Act Forecast: Agency General Fund Cash Receipts

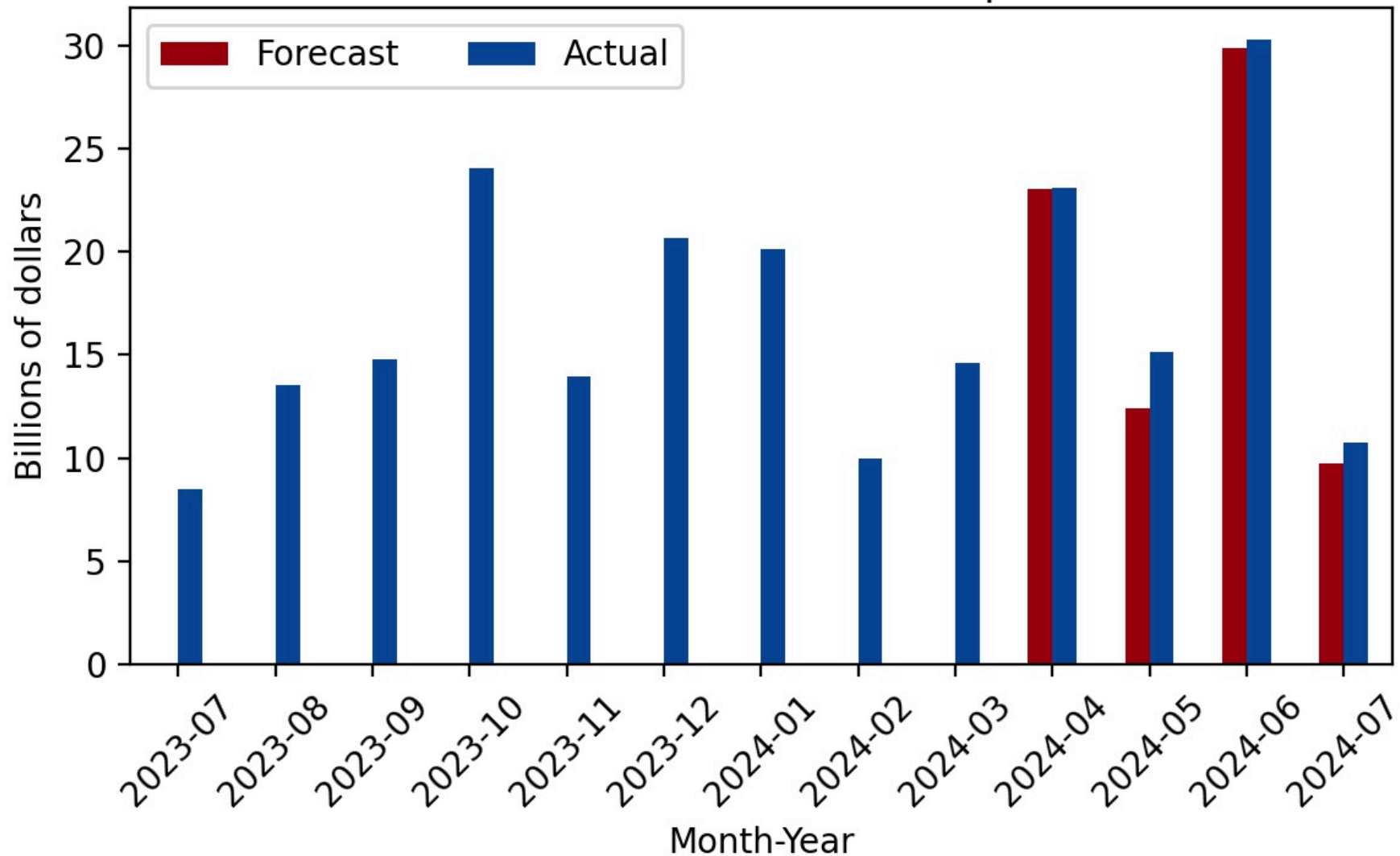


Figure 7

Comparison of Actual and 2024-25 Budget Act Forecast: Personal Income Tax

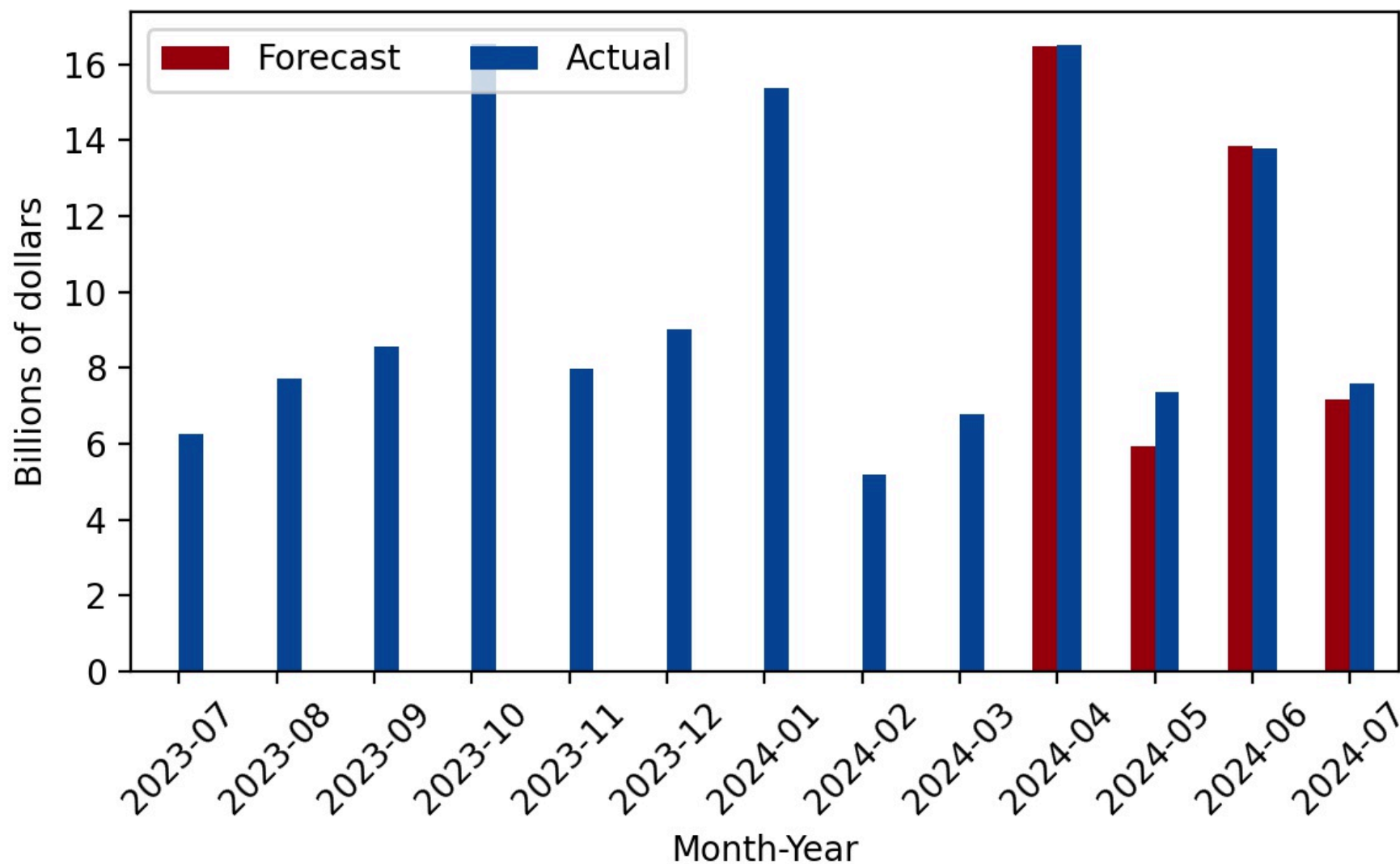


Figure 8

Comparison of Actual and 2024-25 Budget Act Forecast:
Corporation Tax

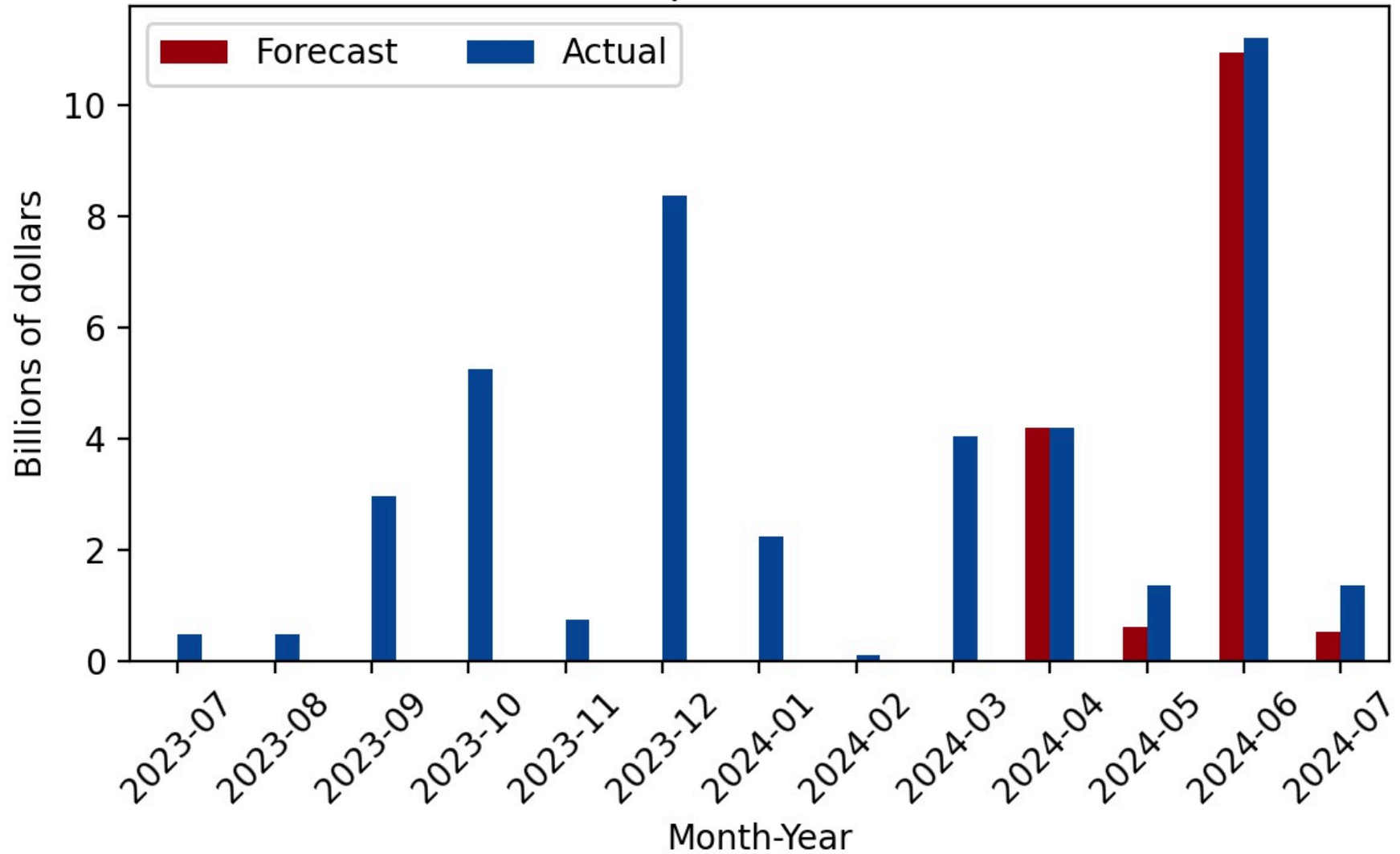


Figure 9

Comparison of Actual and 2024-25 Budget Act Forecast: Sales & Use Tax

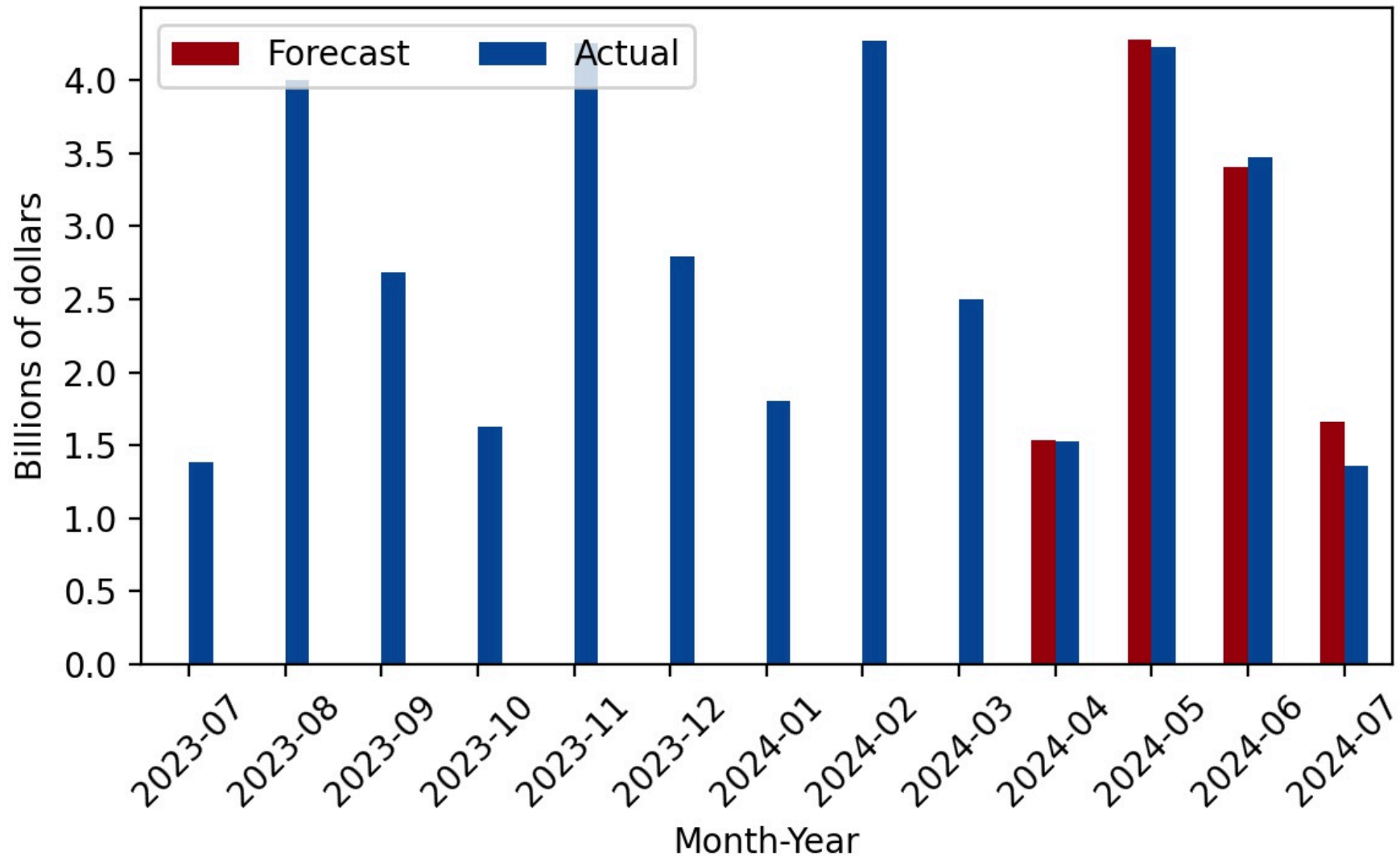


Figure 10

Comparison of Actual and 2024-25 Budget Act Forecast: All Other Taxes

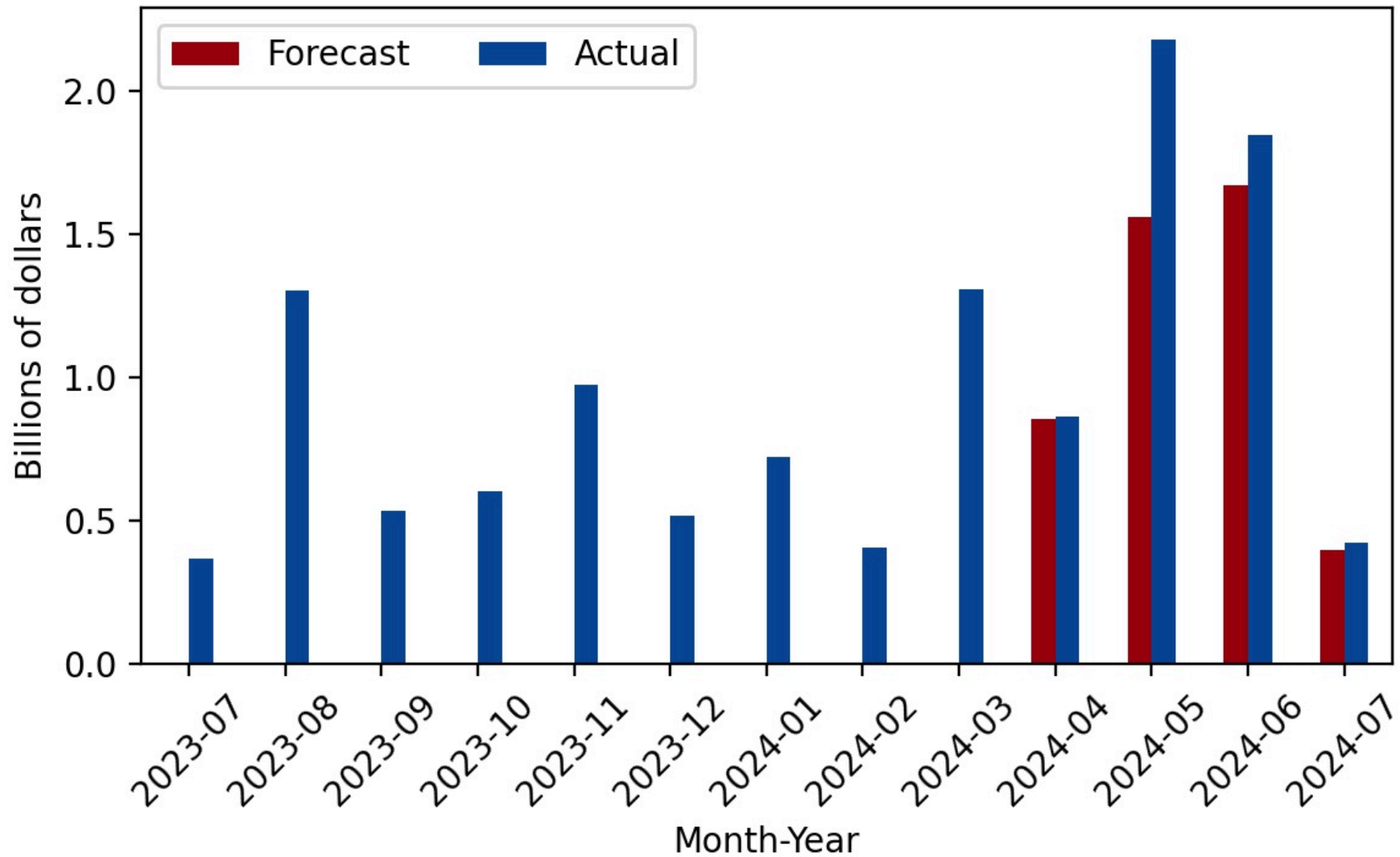


Figure 11

Difference between Actual and 2024-25 Budget Act Forecast:
Agency General Fund Cash Receipts

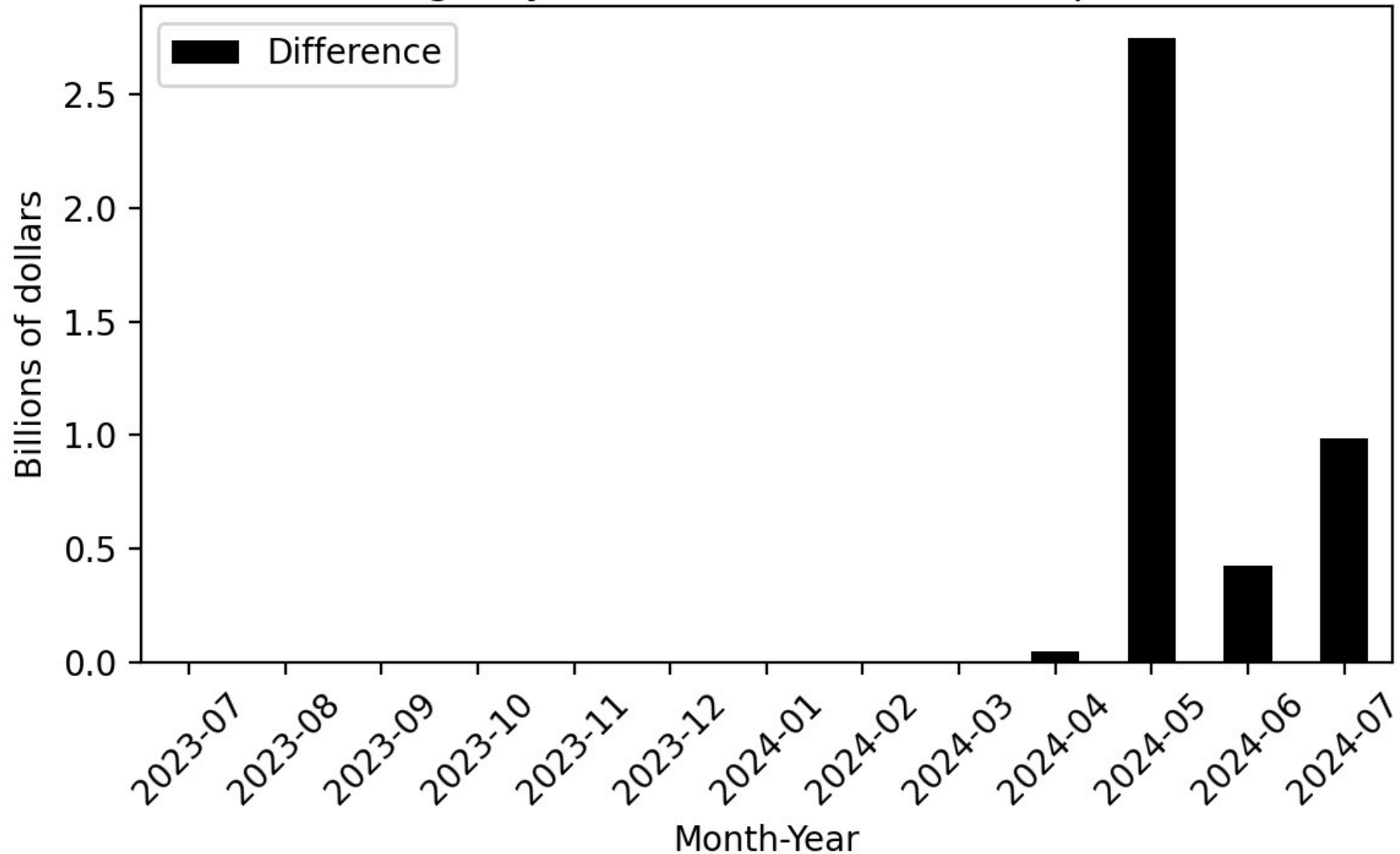


Figure 12

Difference between Actual and 2024-25 Budget Act Forecast:
Personal Income Tax

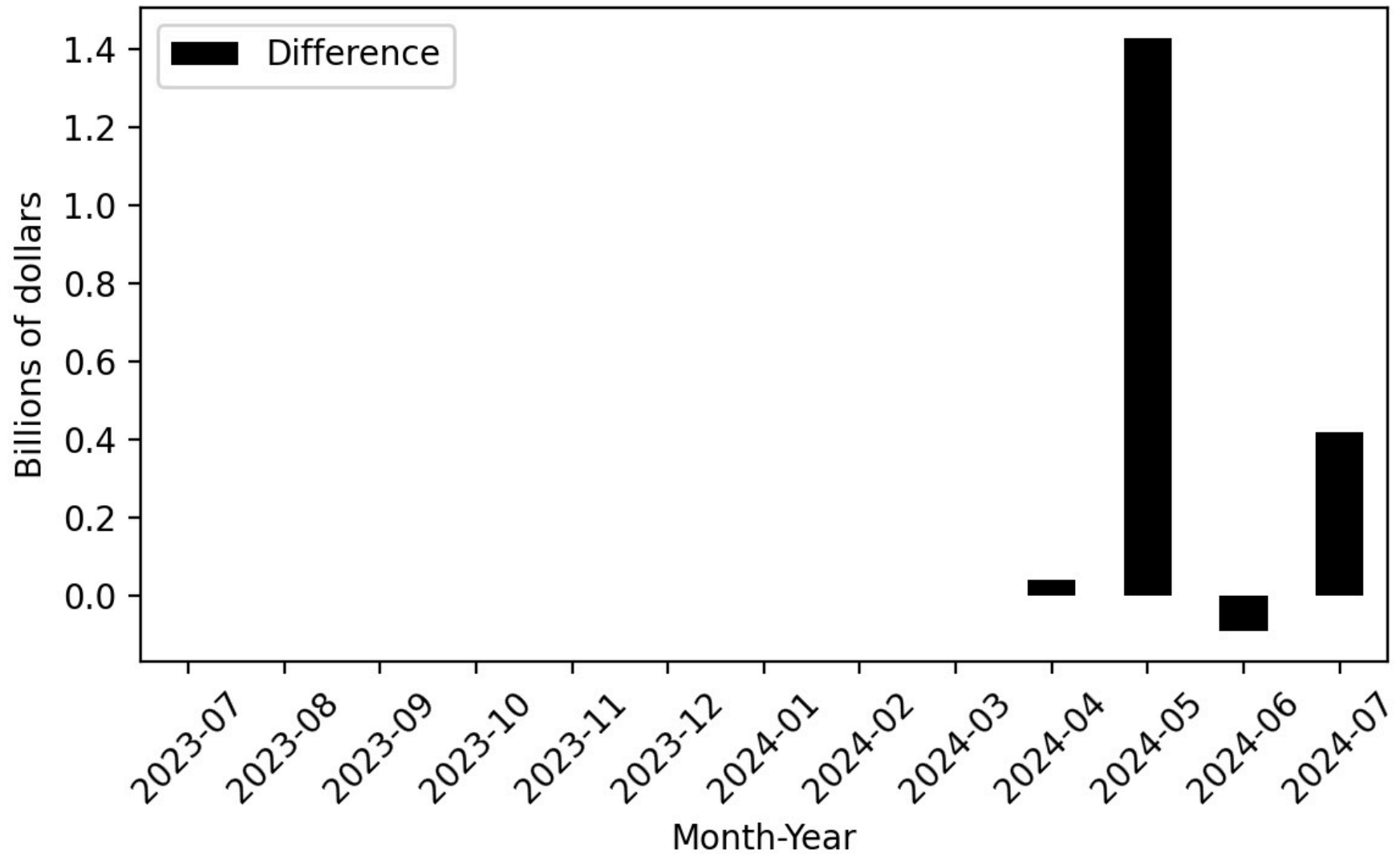


Figure 13

Difference between Actual and 2024-25 Budget Act Forecast:
Corporation Tax

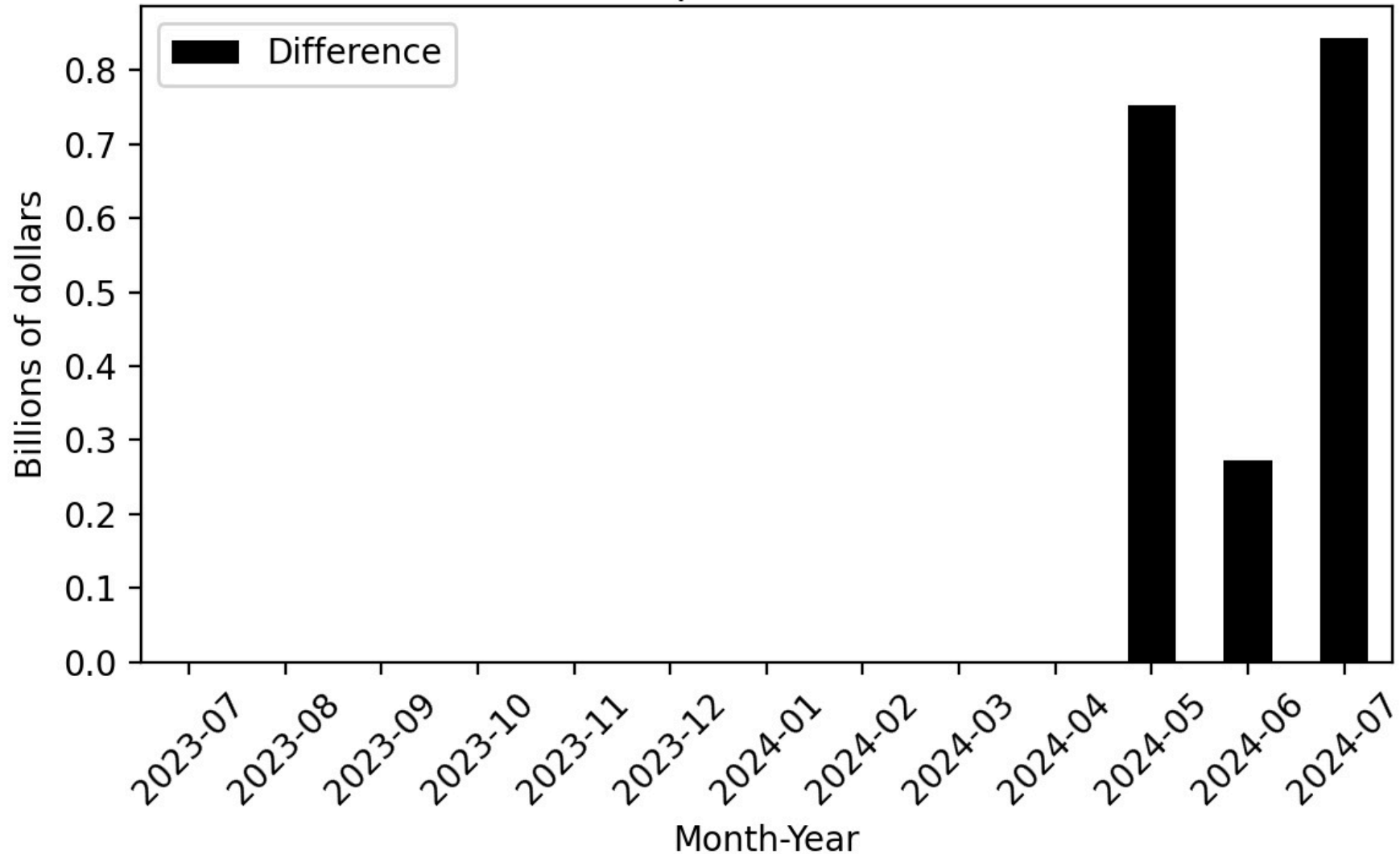


Figure 14

Difference between Actual and 2024-25 Budget Act Forecast:
Sales & Use Tax

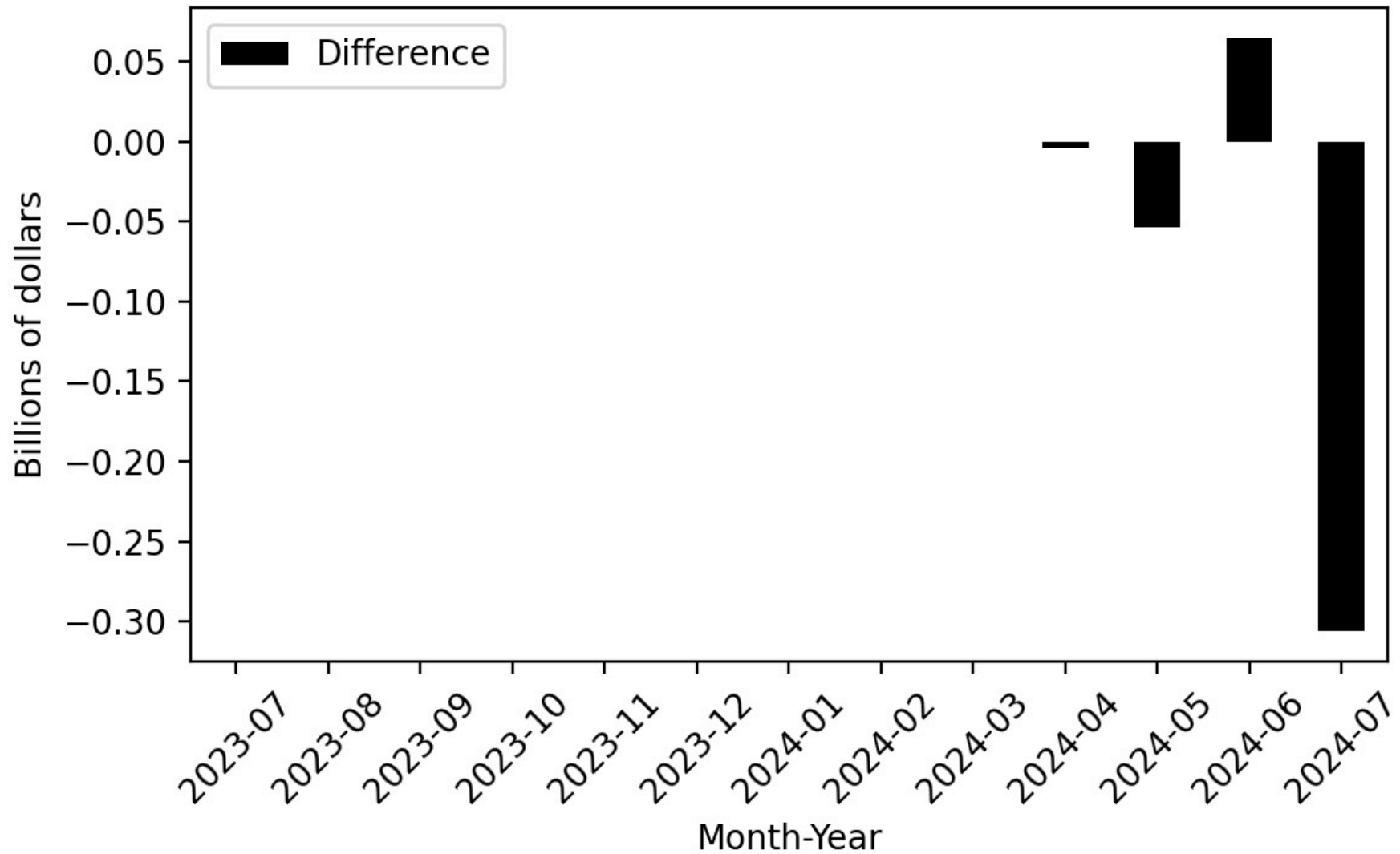


Figure 15

Difference between Actual and 2024-25 Budget Act Forecast: All Other Taxes

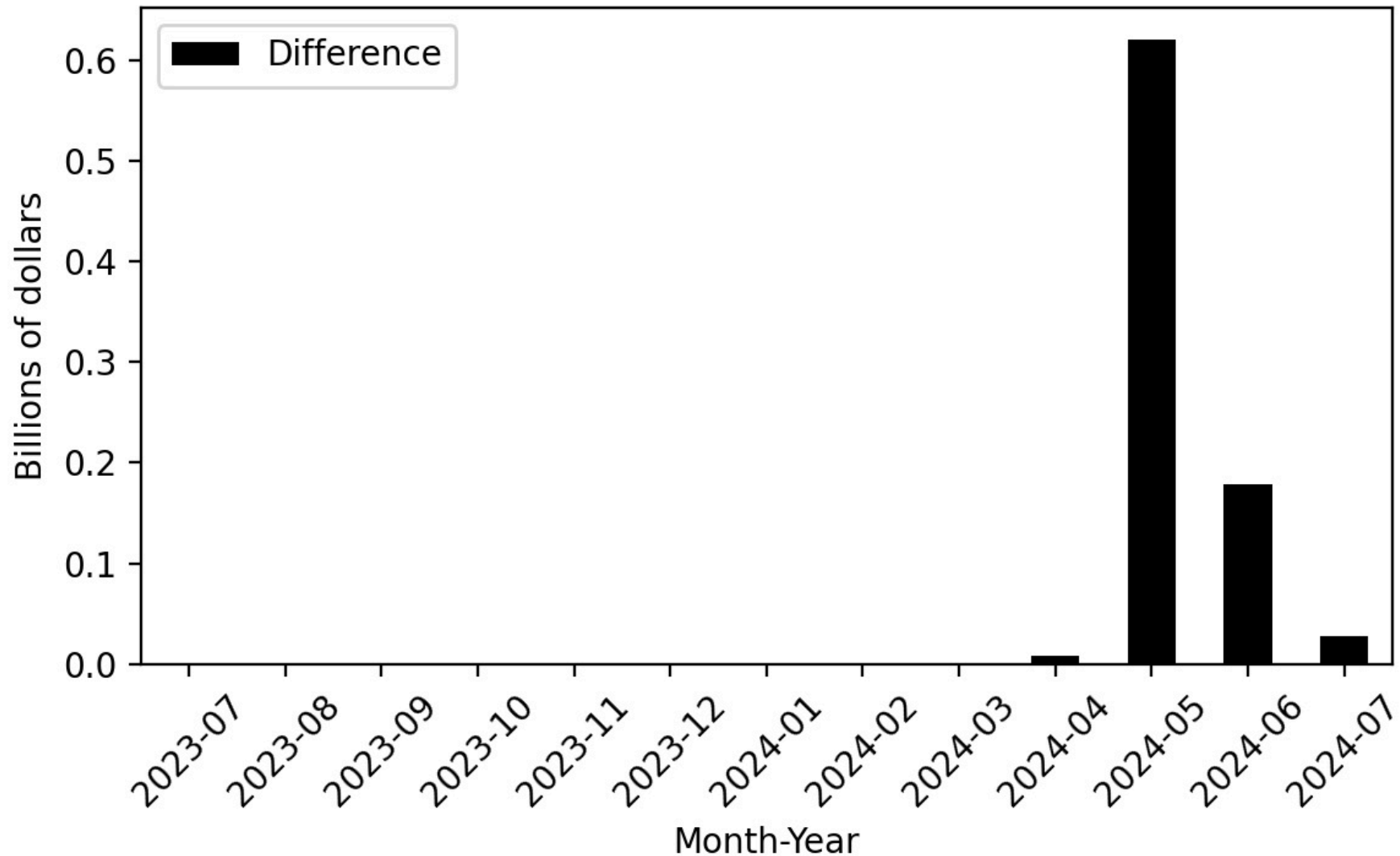


Figure 16

Cumulative Difference between Actual and 2024-25 Budget Act Forecast: Agency General Fund Cash Receipts

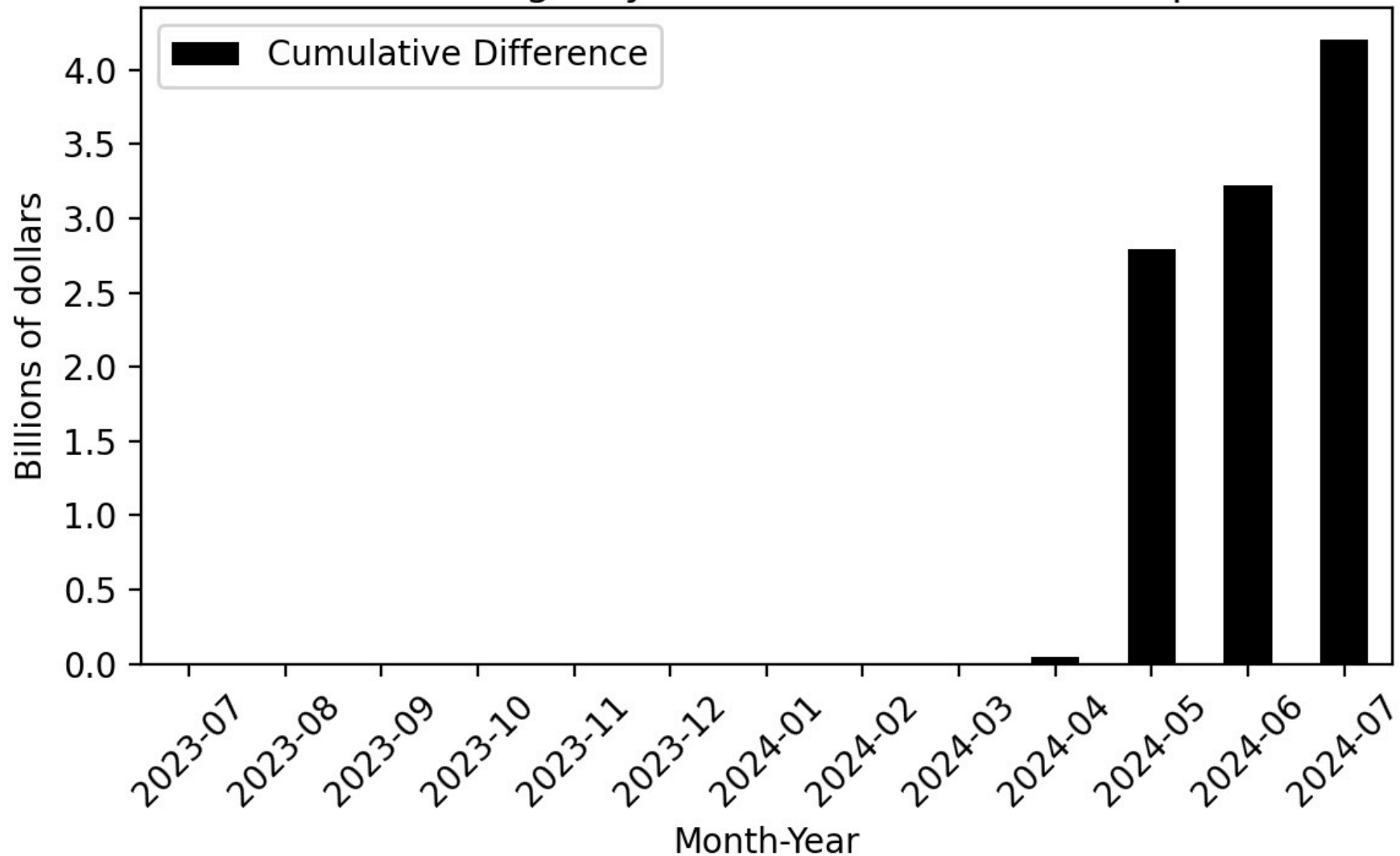


Figure 17

Cumulative Difference between Actual and 2024-25 Budget Act
Forecast: Personal Income Tax

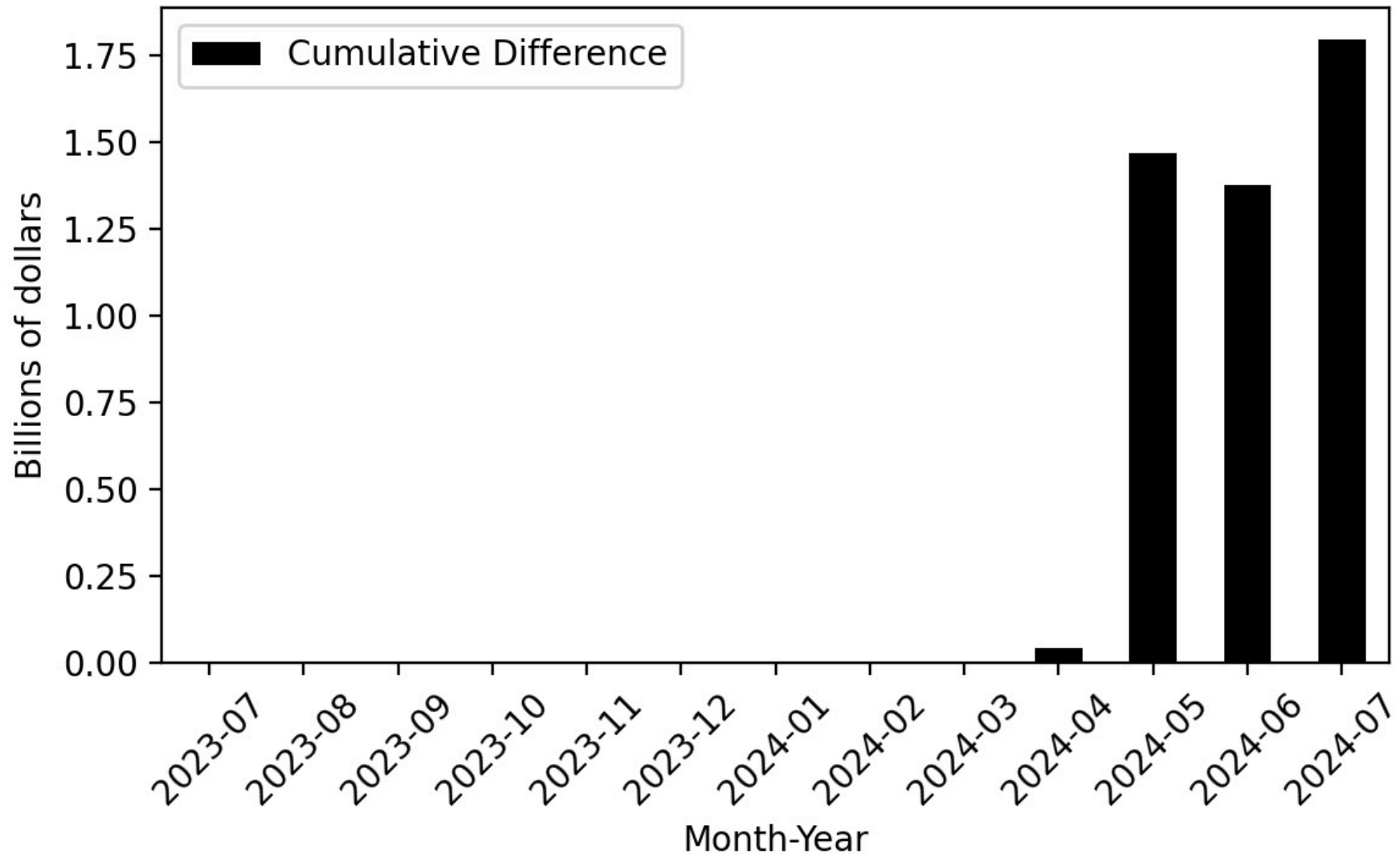


Figure 18

Cumulative Difference between Actual and 2024-25 Budget Act
Forecast: Corporation Tax

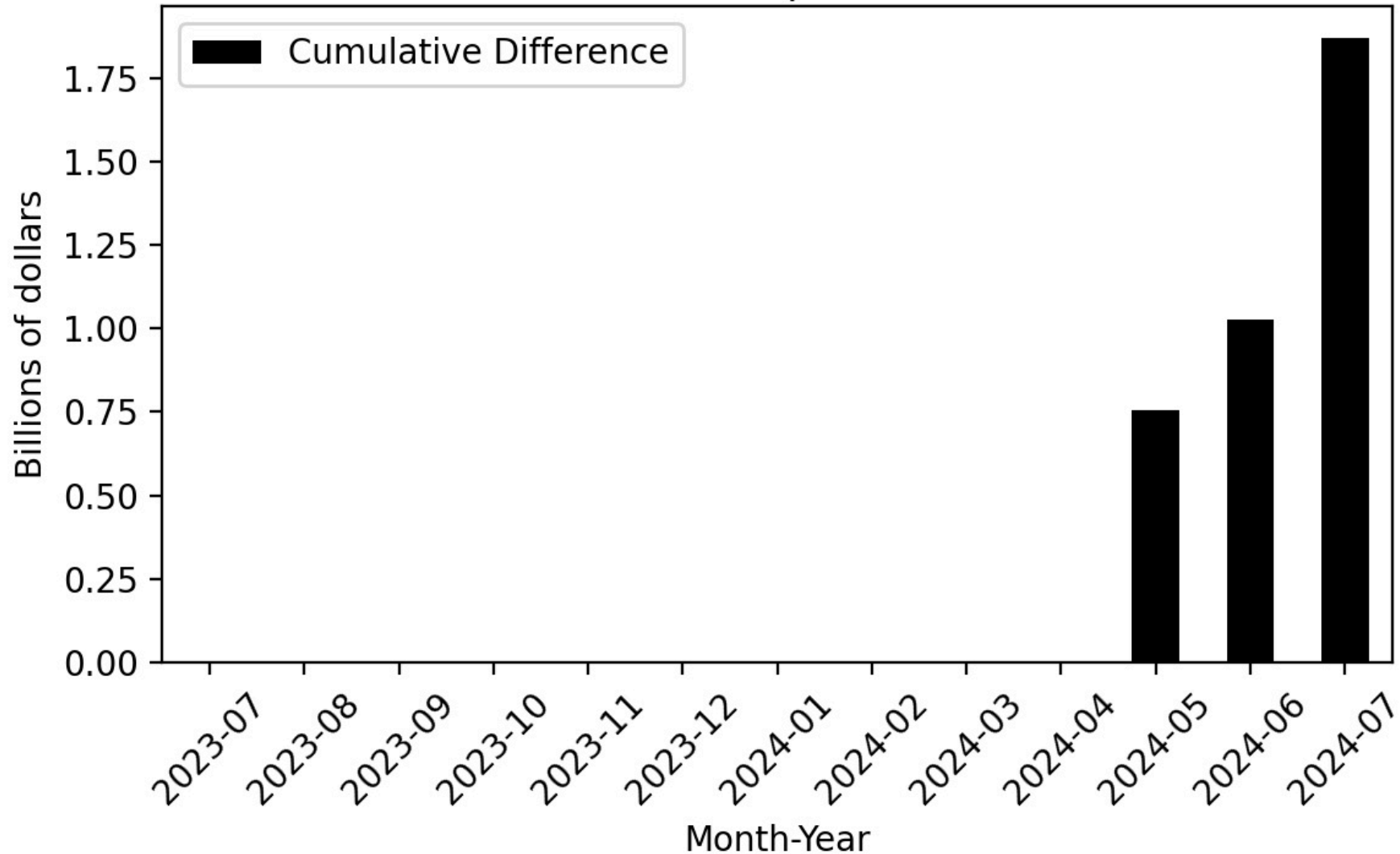


Figure 19

Cumulative Difference between Actual and 2024-25 Budget Act
Forecast: Sales & Use Tax

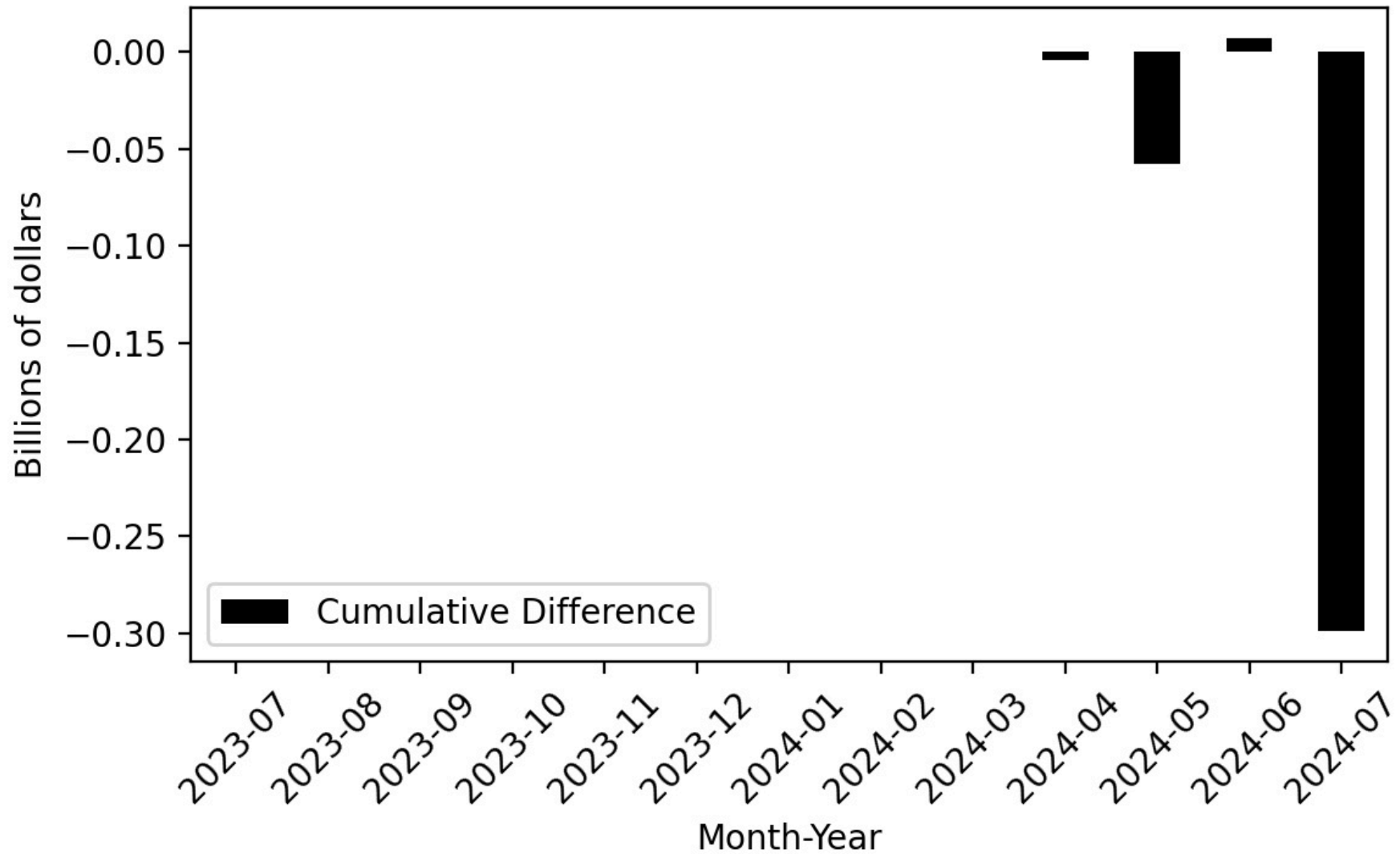


Figure 20

Cumulative Difference between Actual and 2024-25 Budget Act
Forecast: All Other Taxes

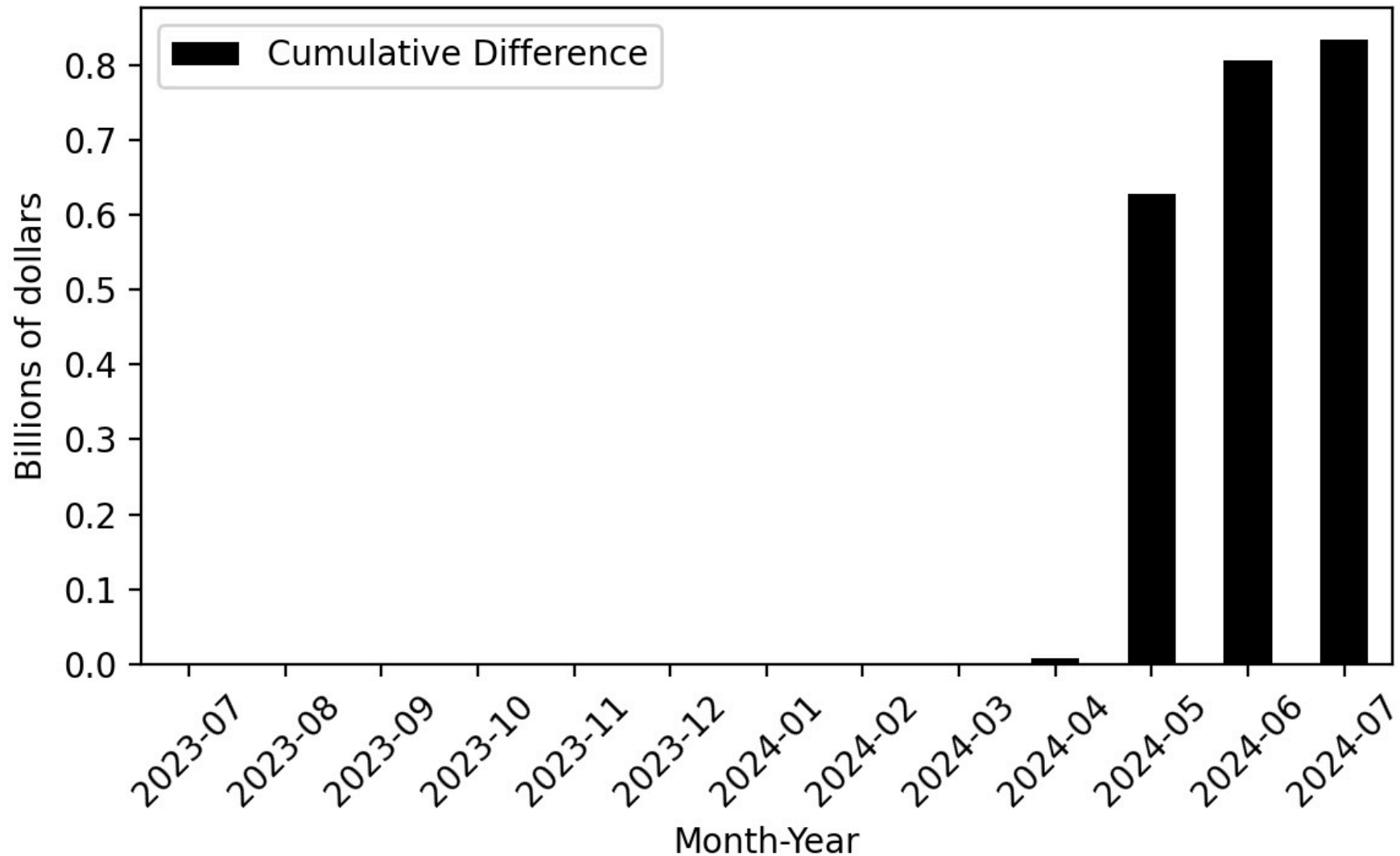


Figure 21

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
- Agency General Fund Cash Receipts

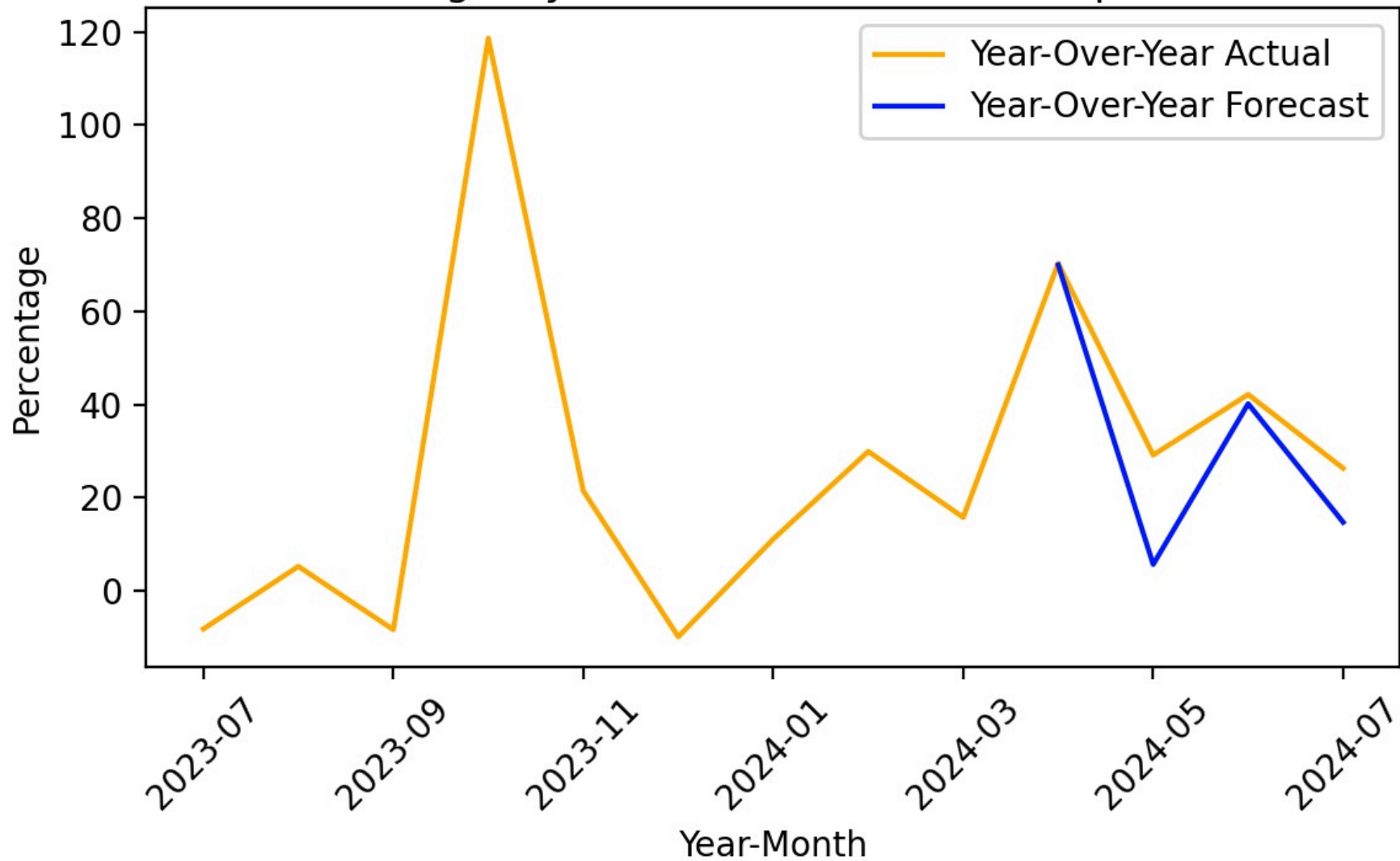


Figure 22

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
PIT-Personal Income

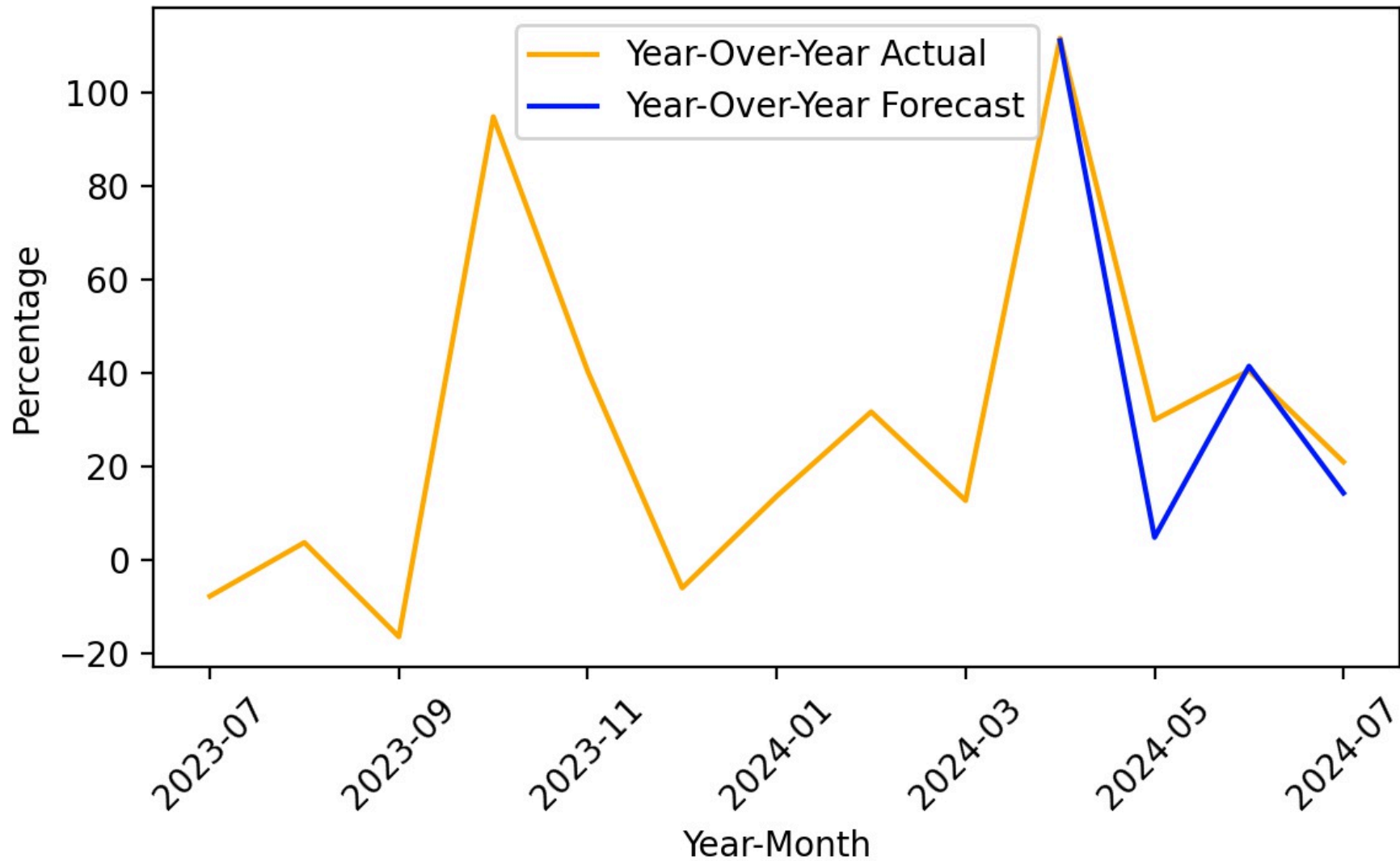


Figure 23

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
Corp-Corporation

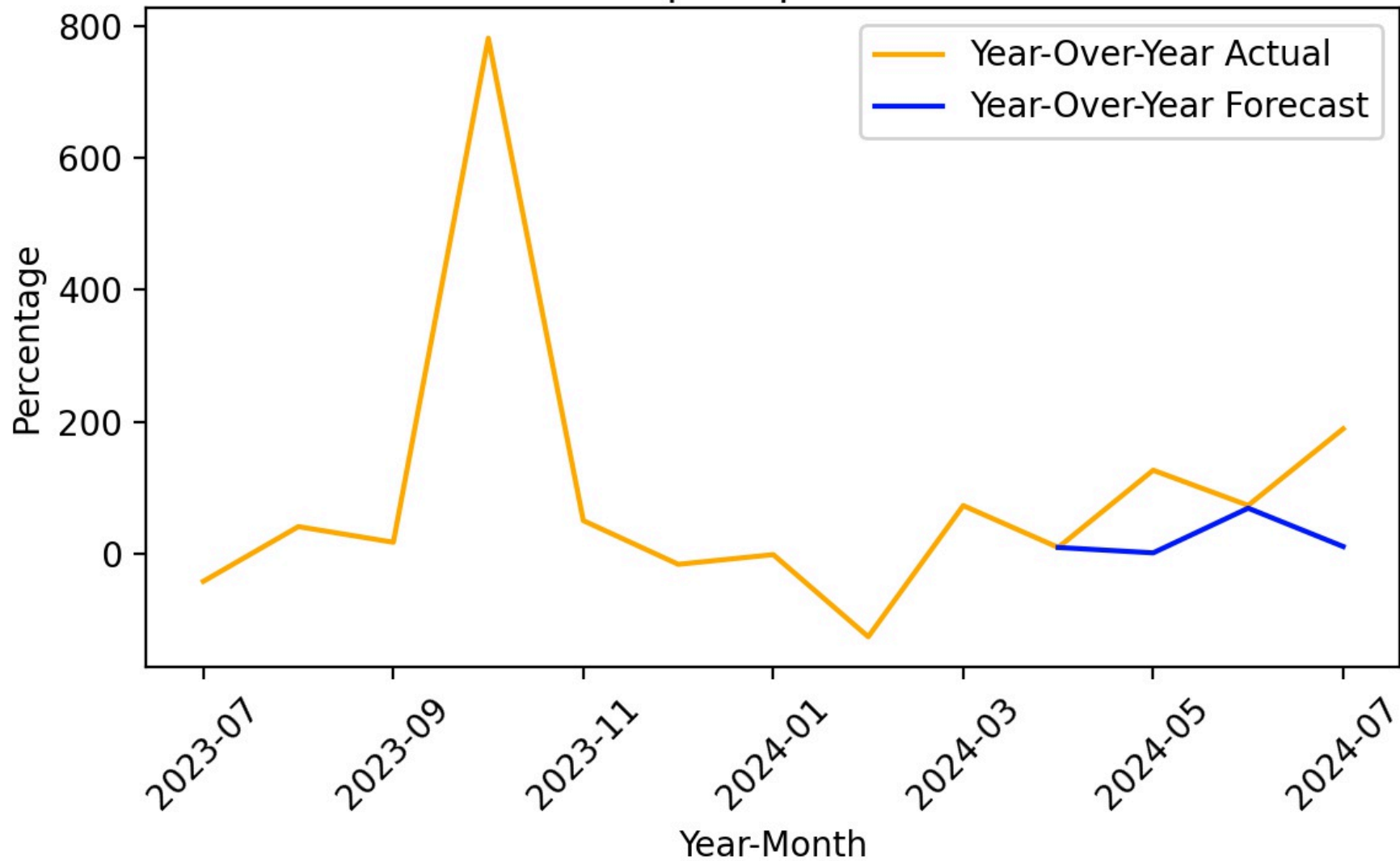


Figure 24

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
SUT-Sales & Use

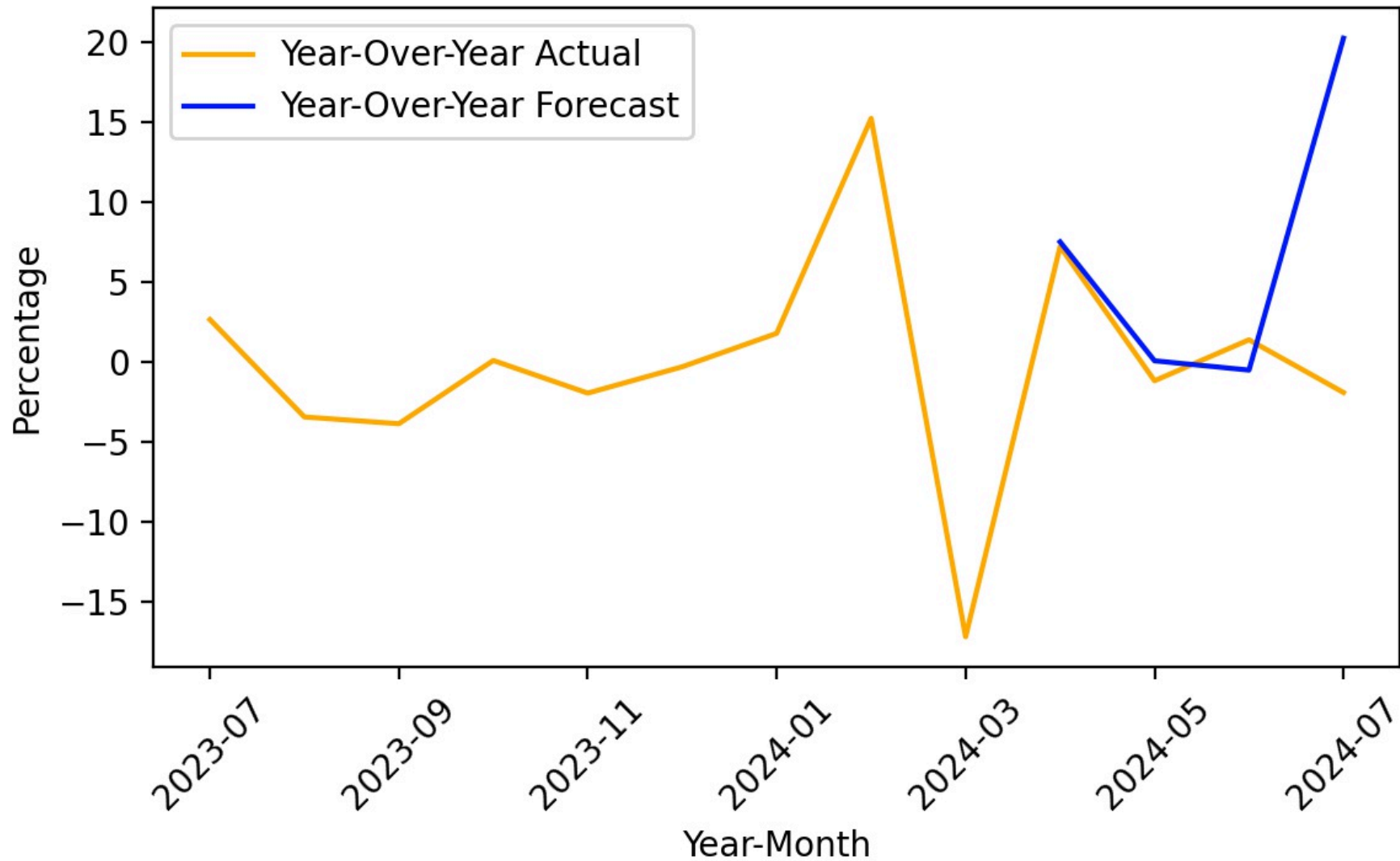


Figure 25

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
All Other-All Other Revenue

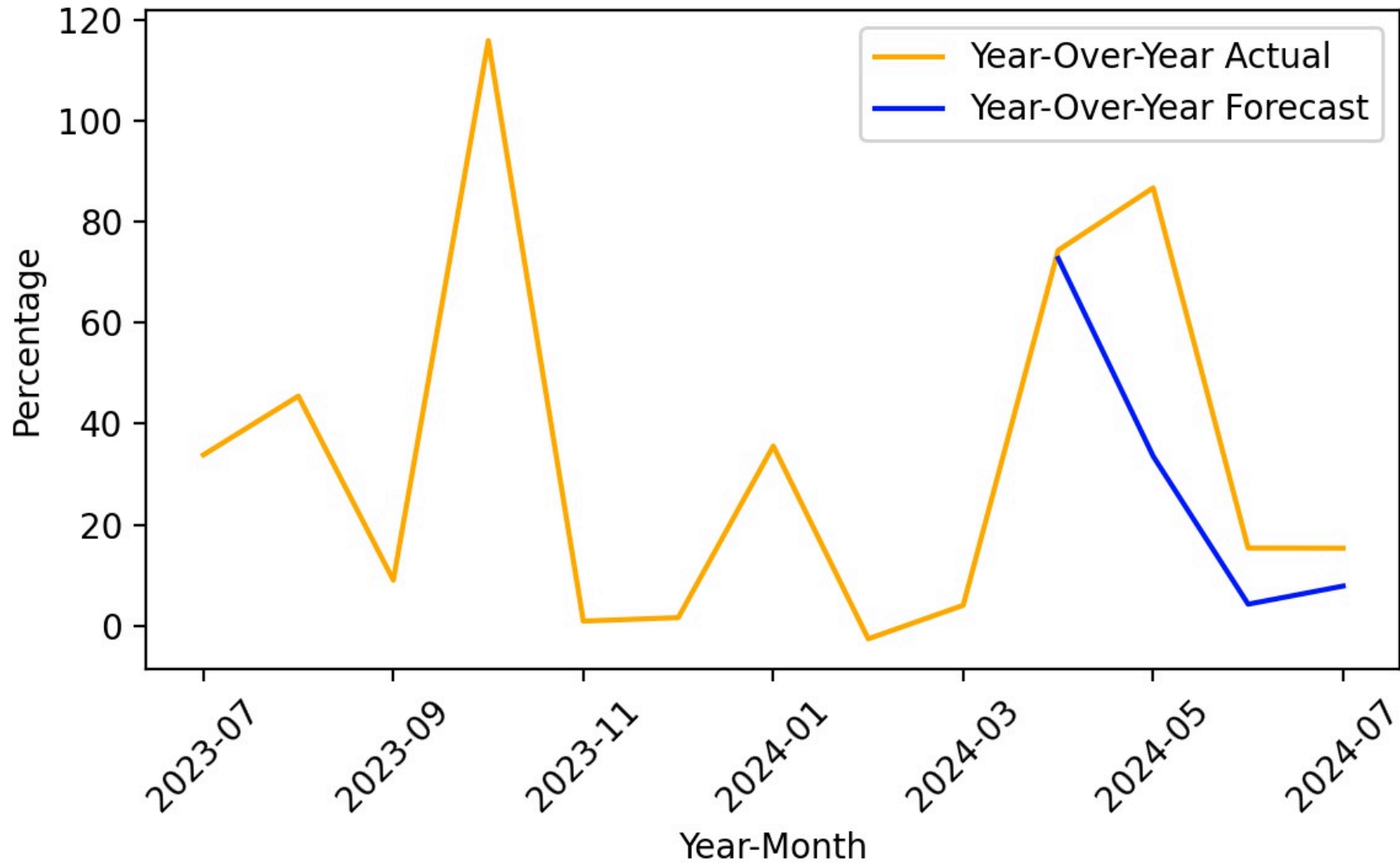


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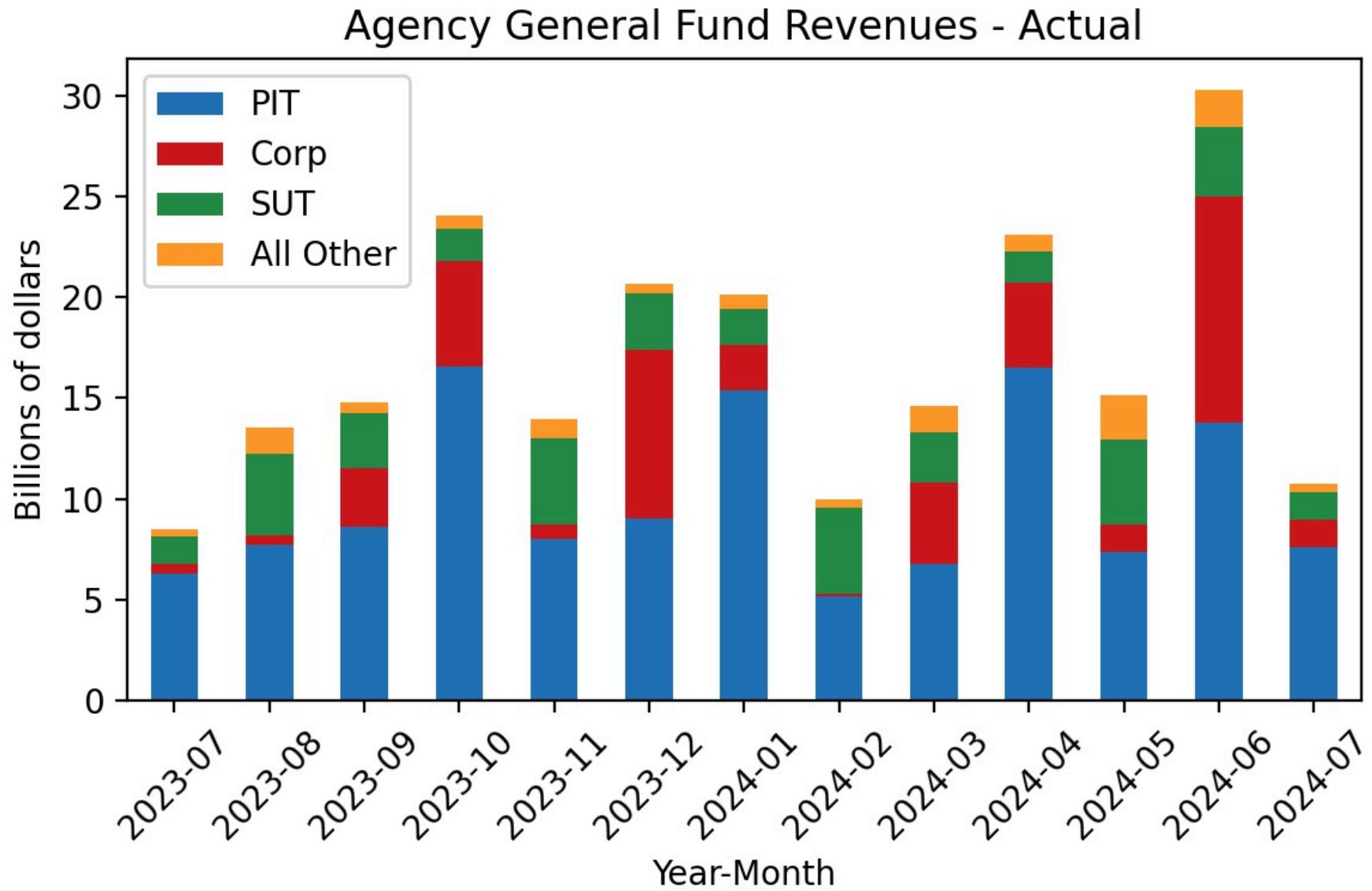


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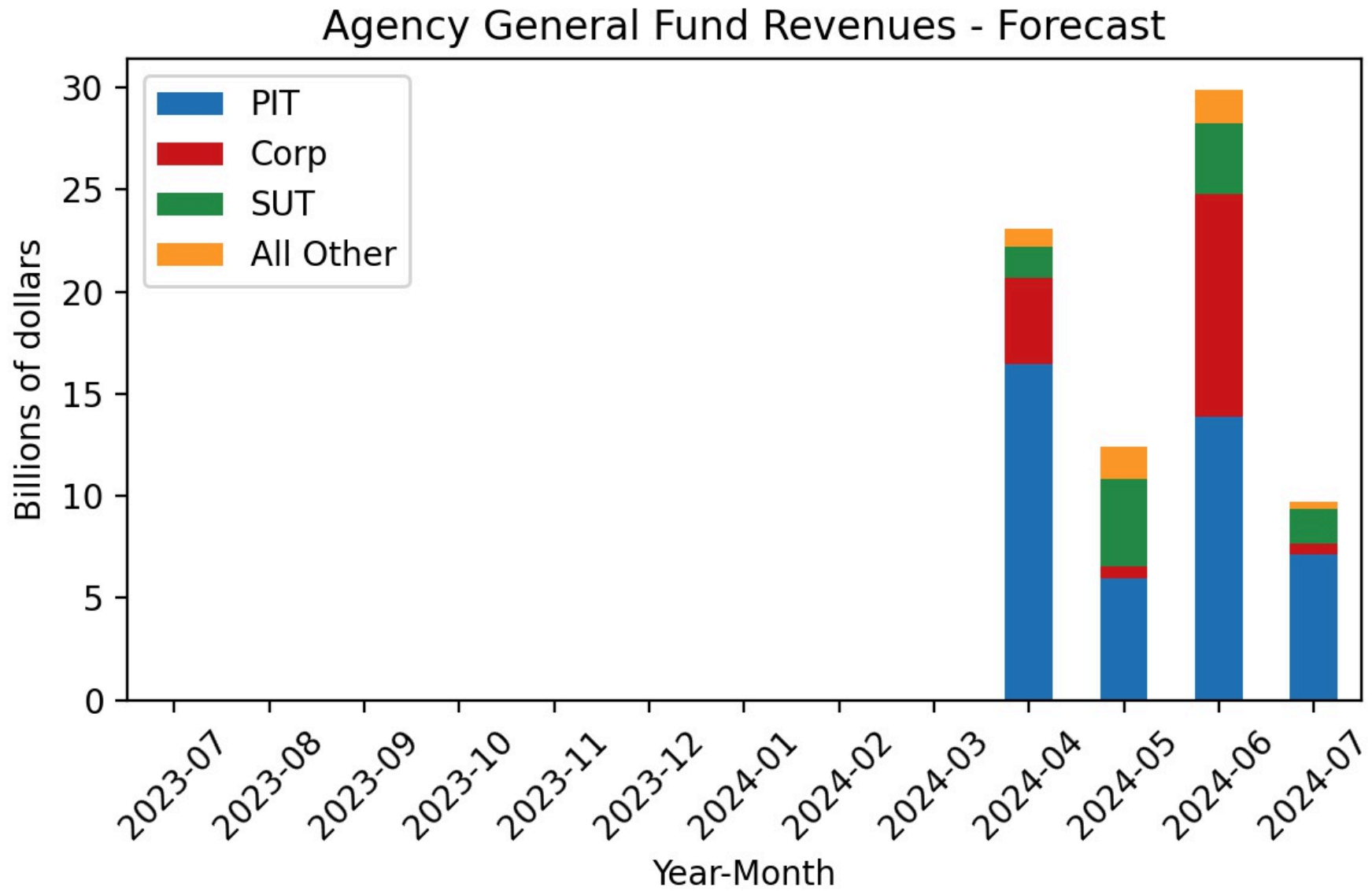


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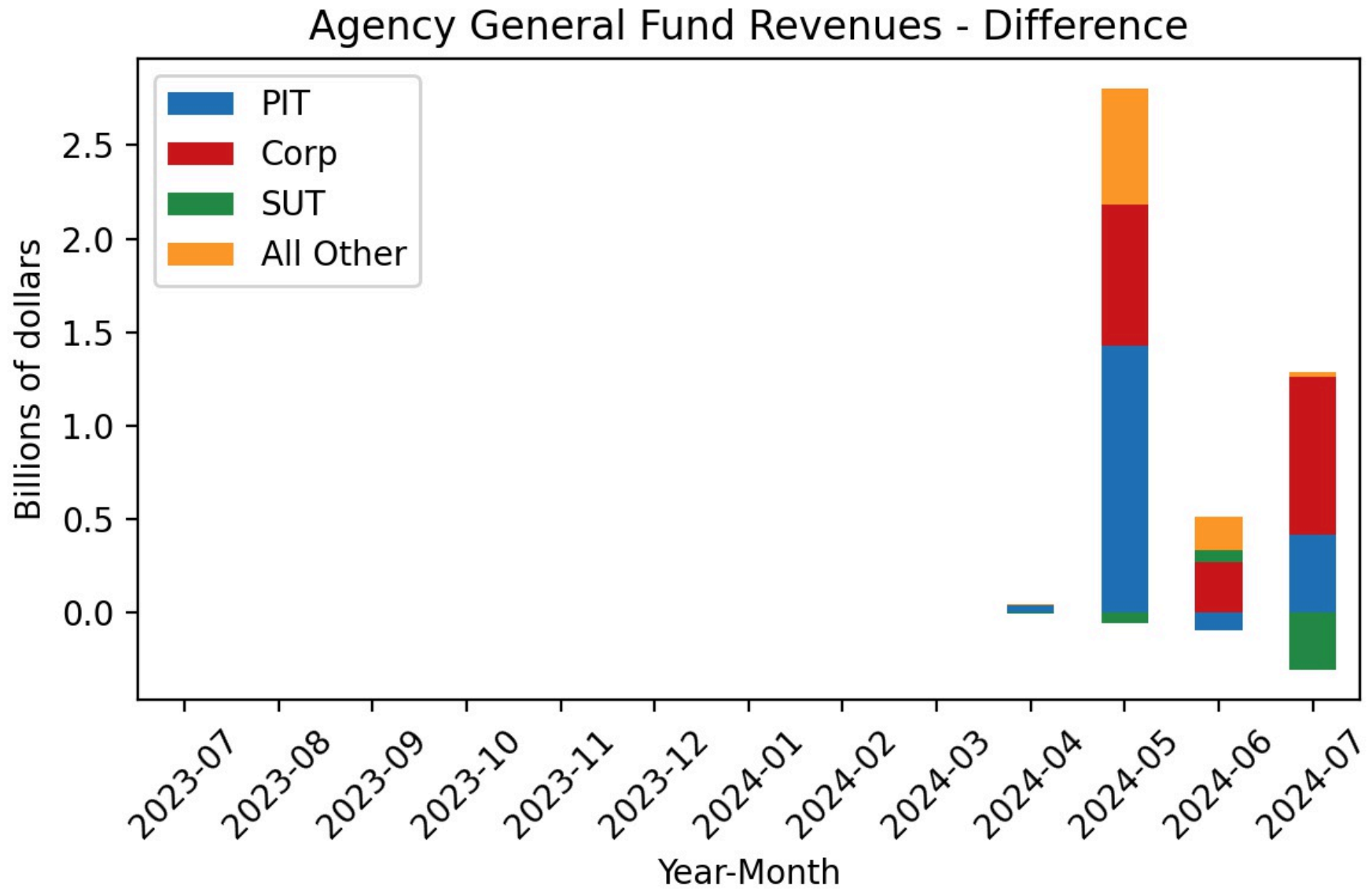


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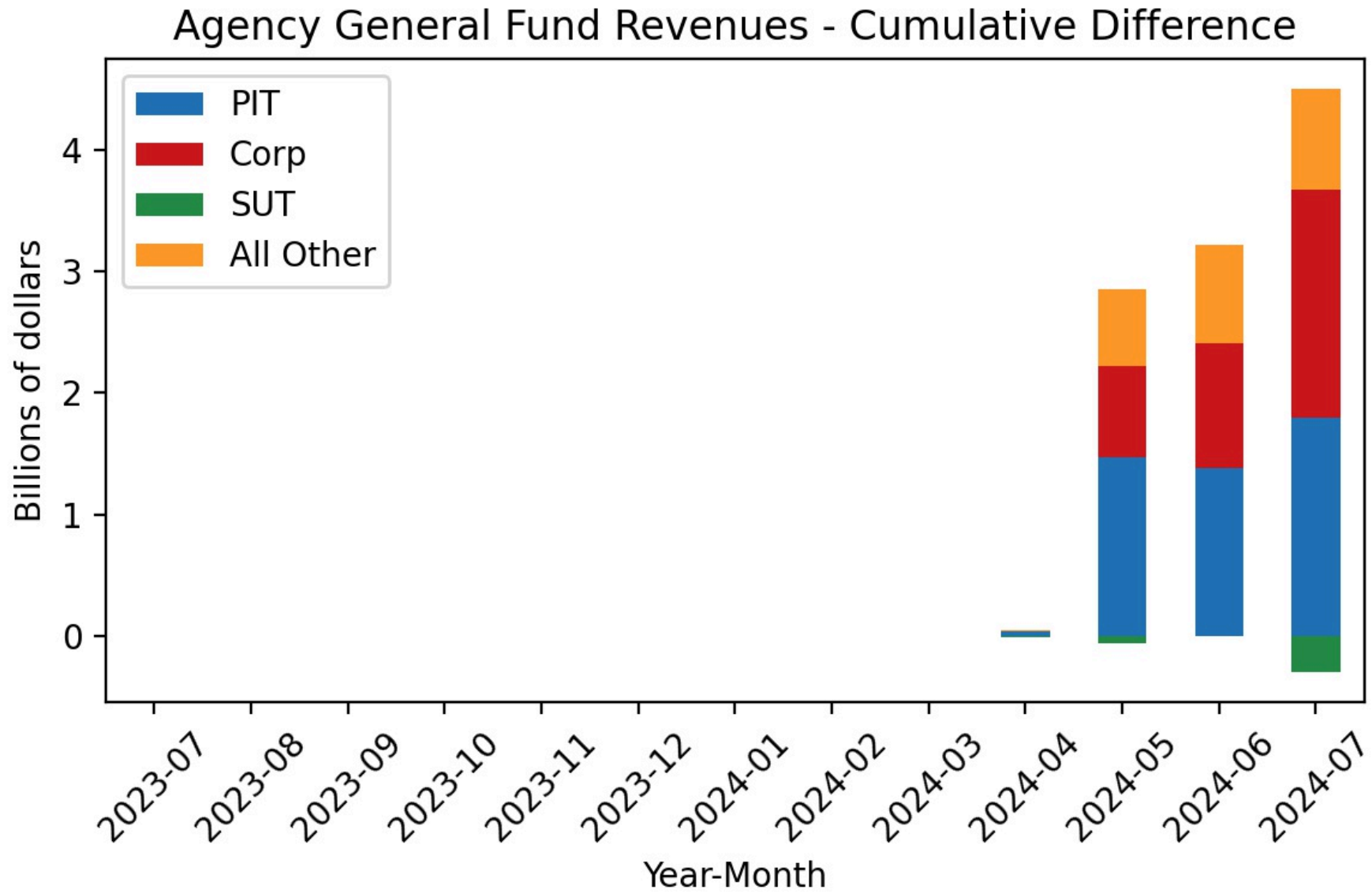


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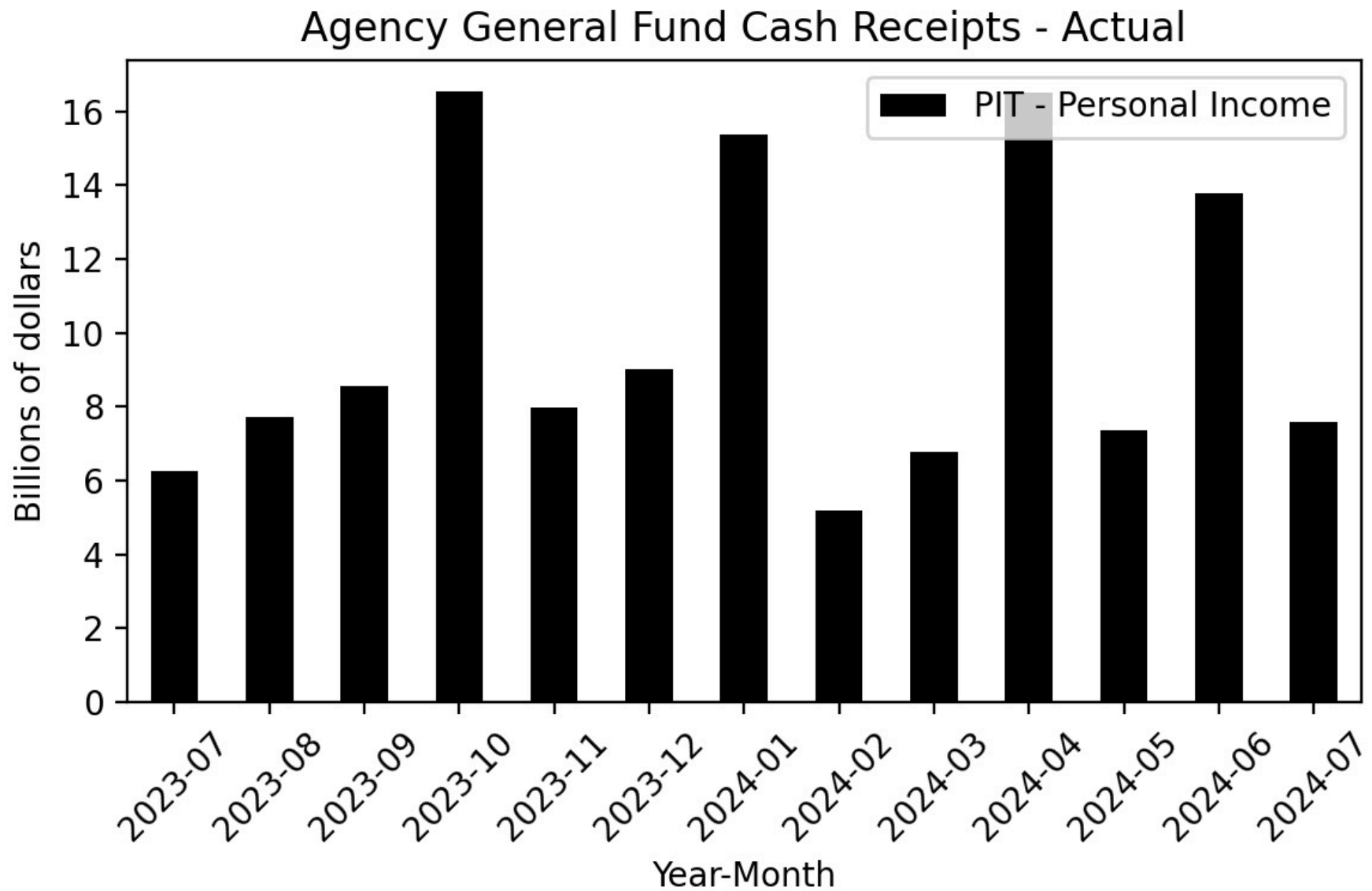


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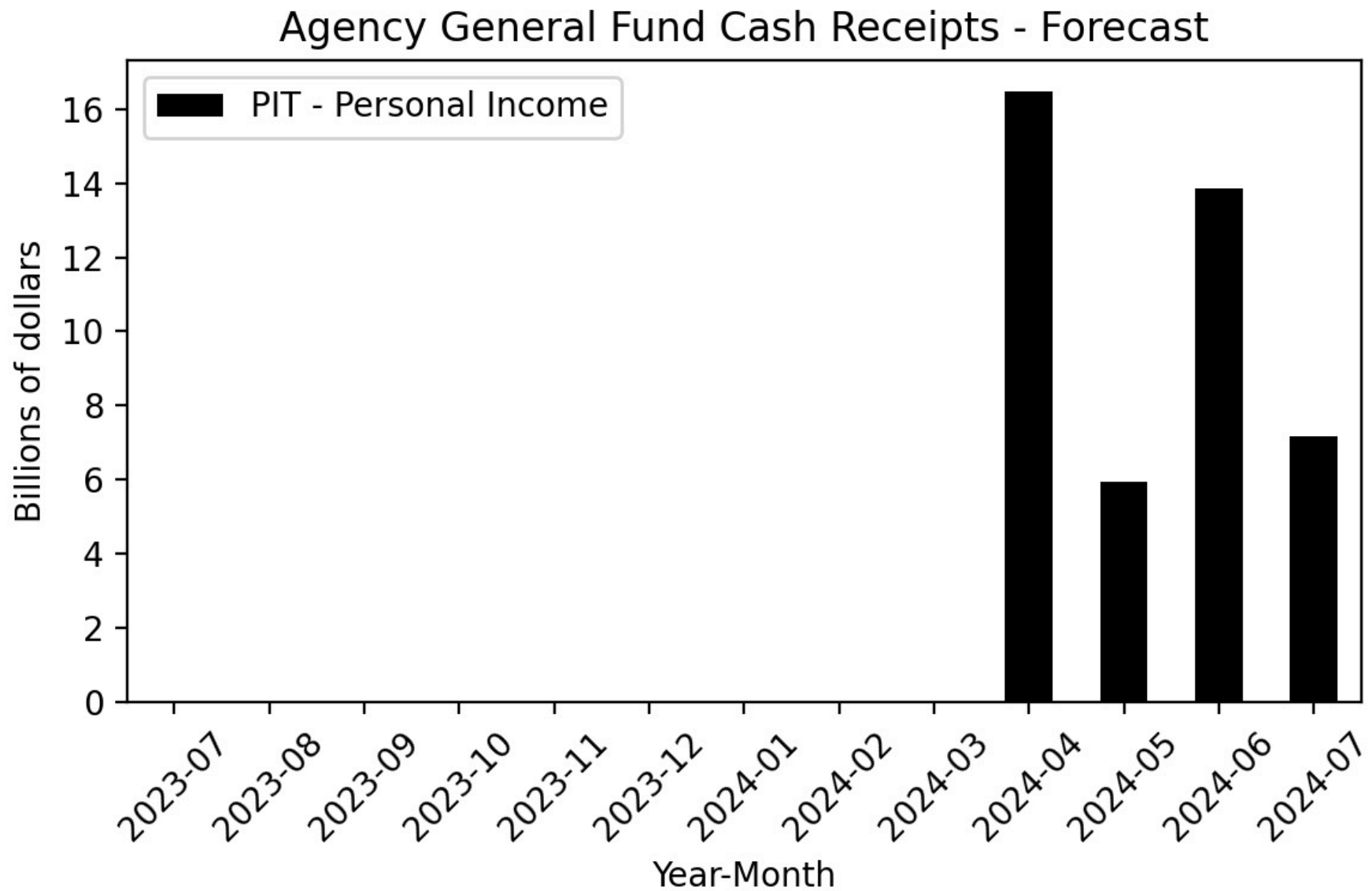


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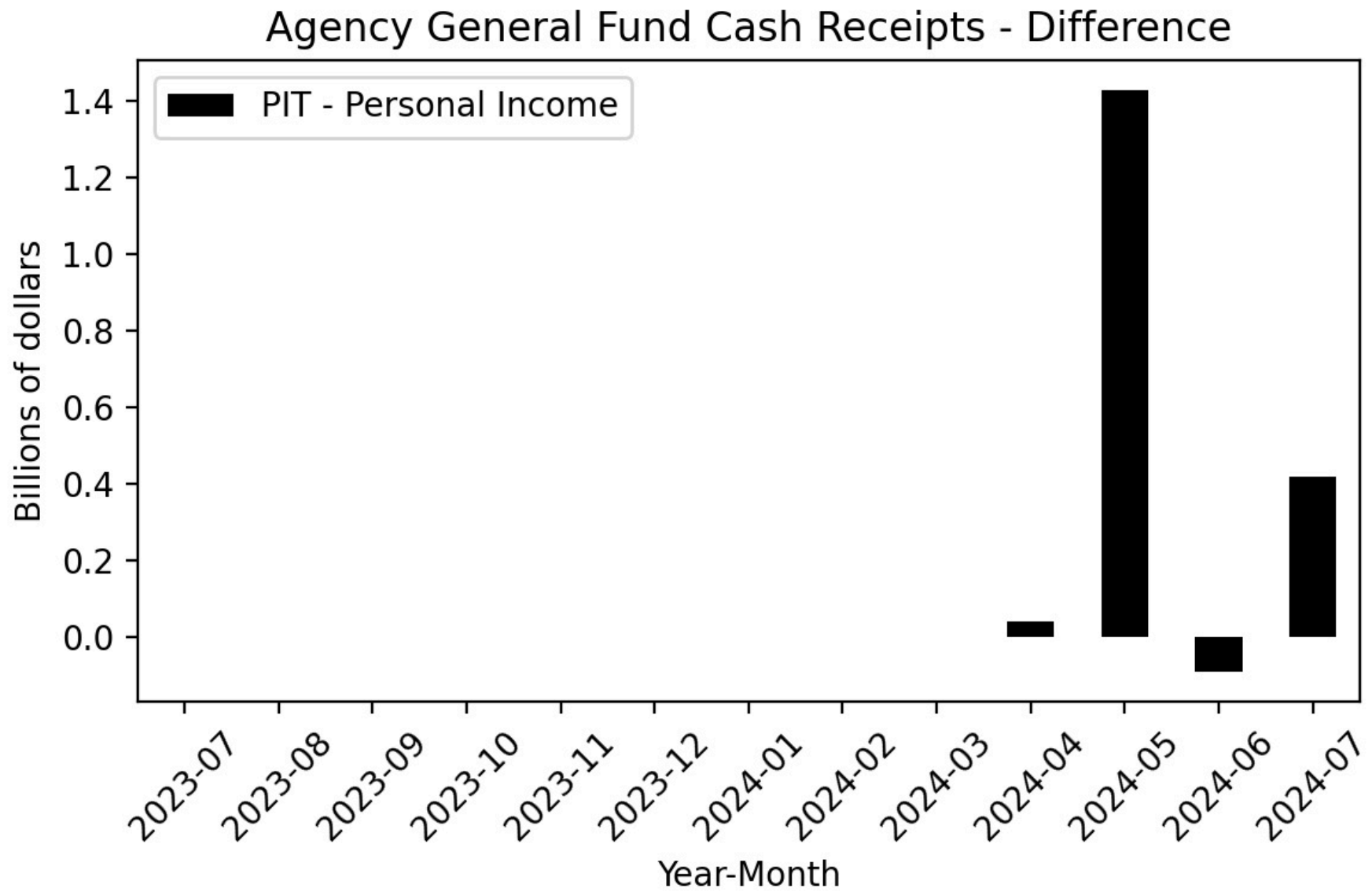


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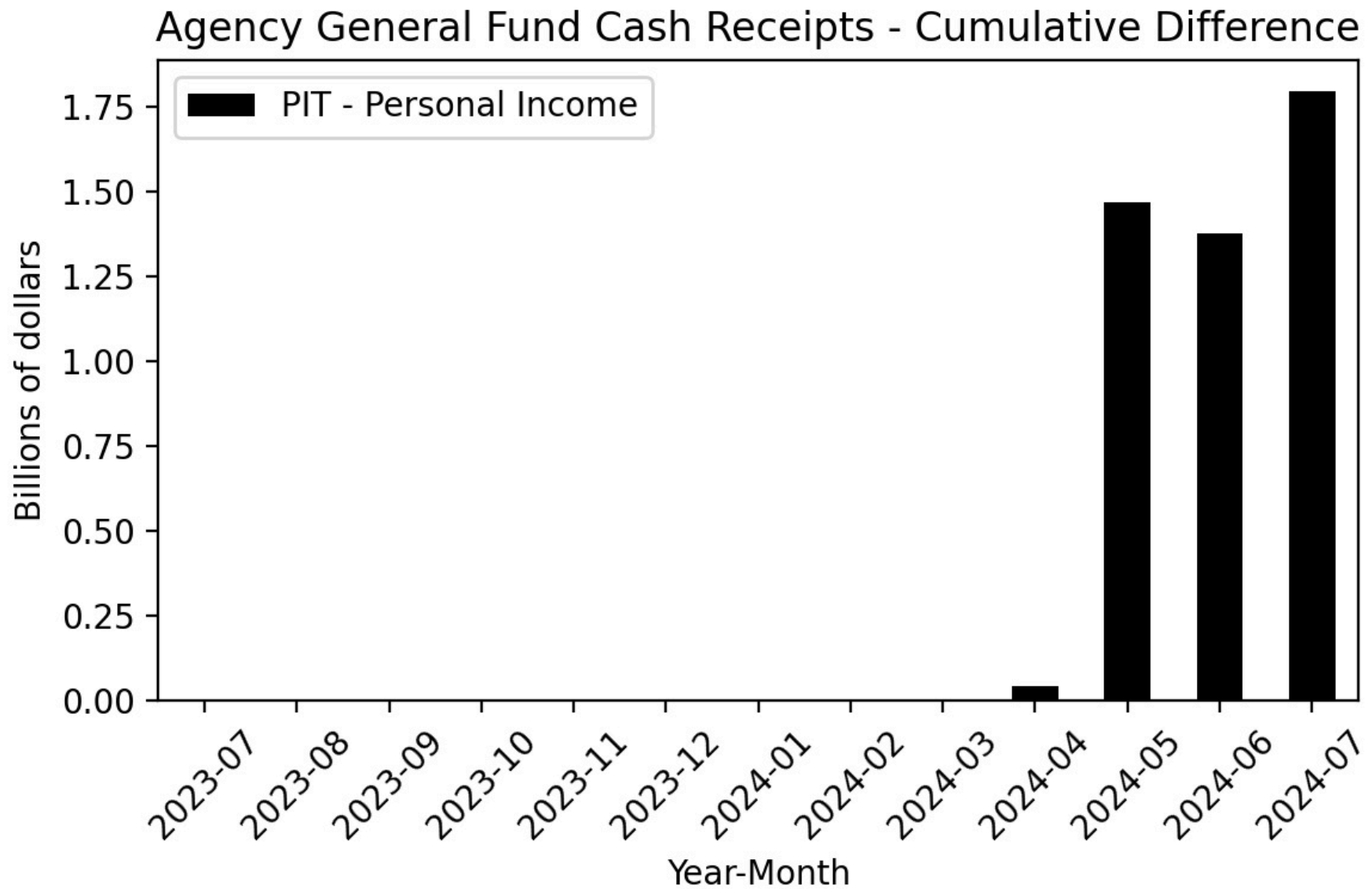


Figure 34

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
PIT-Personal Income

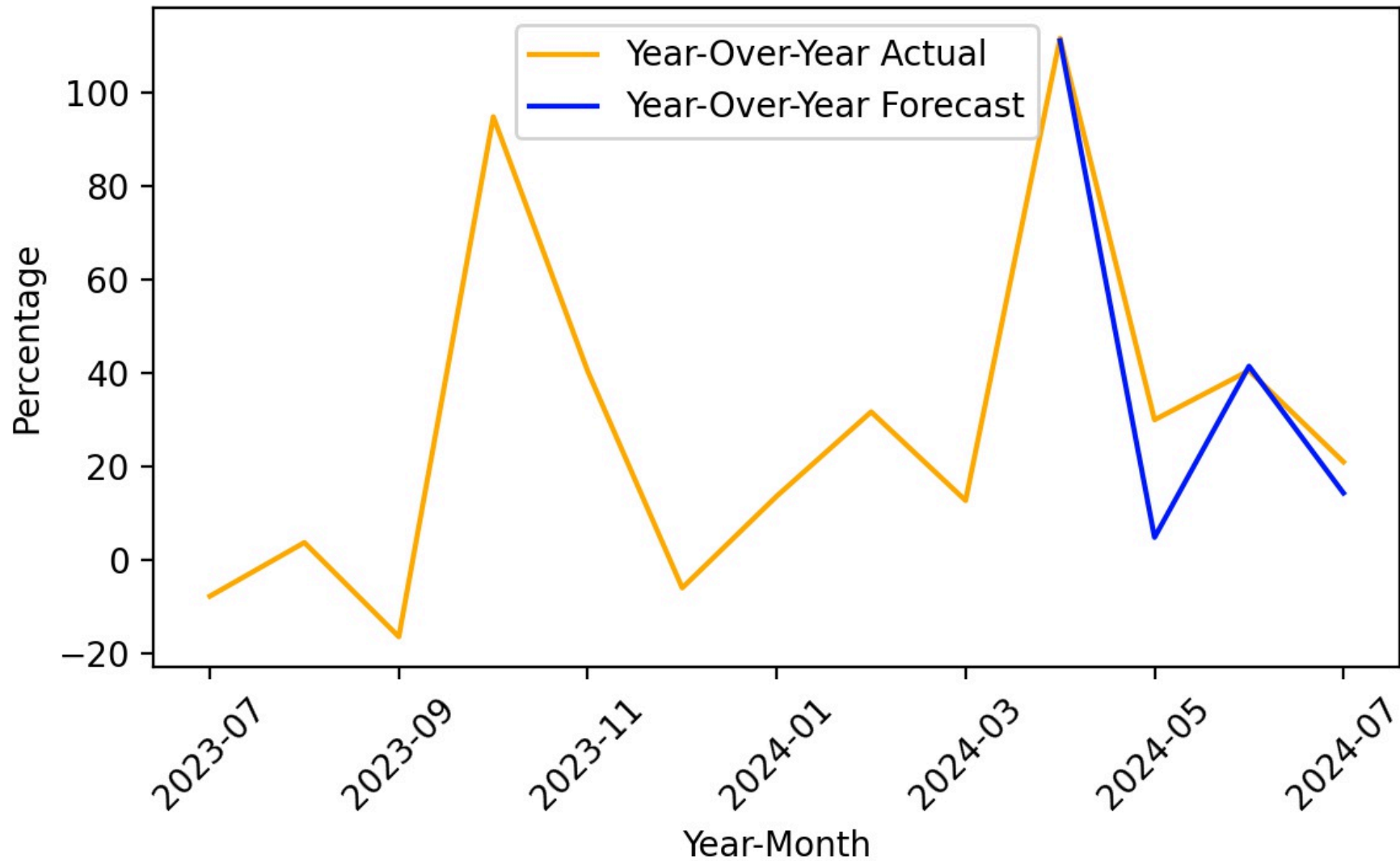


Figure 35

Agency General Fund Cash Receipts - Actual

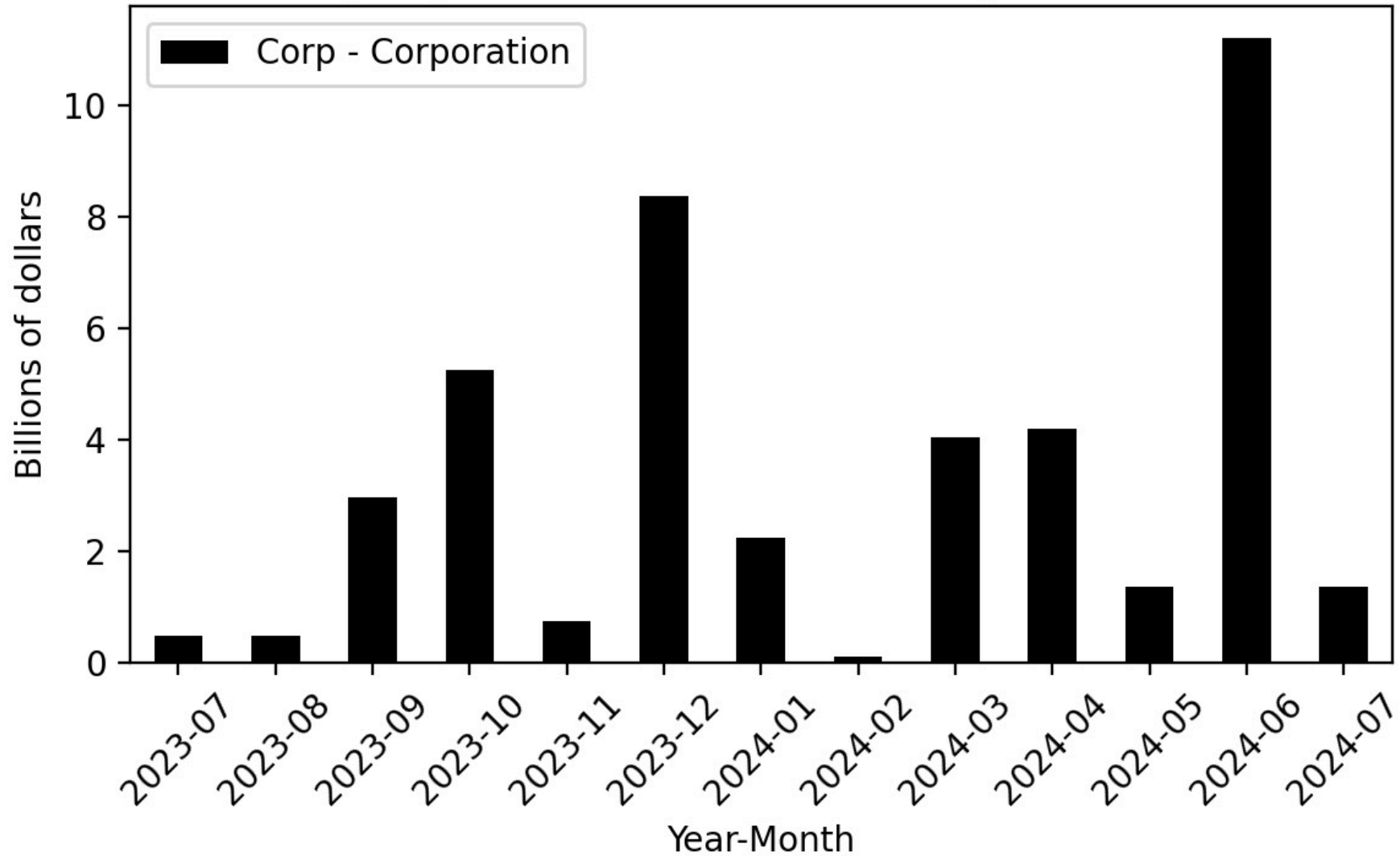


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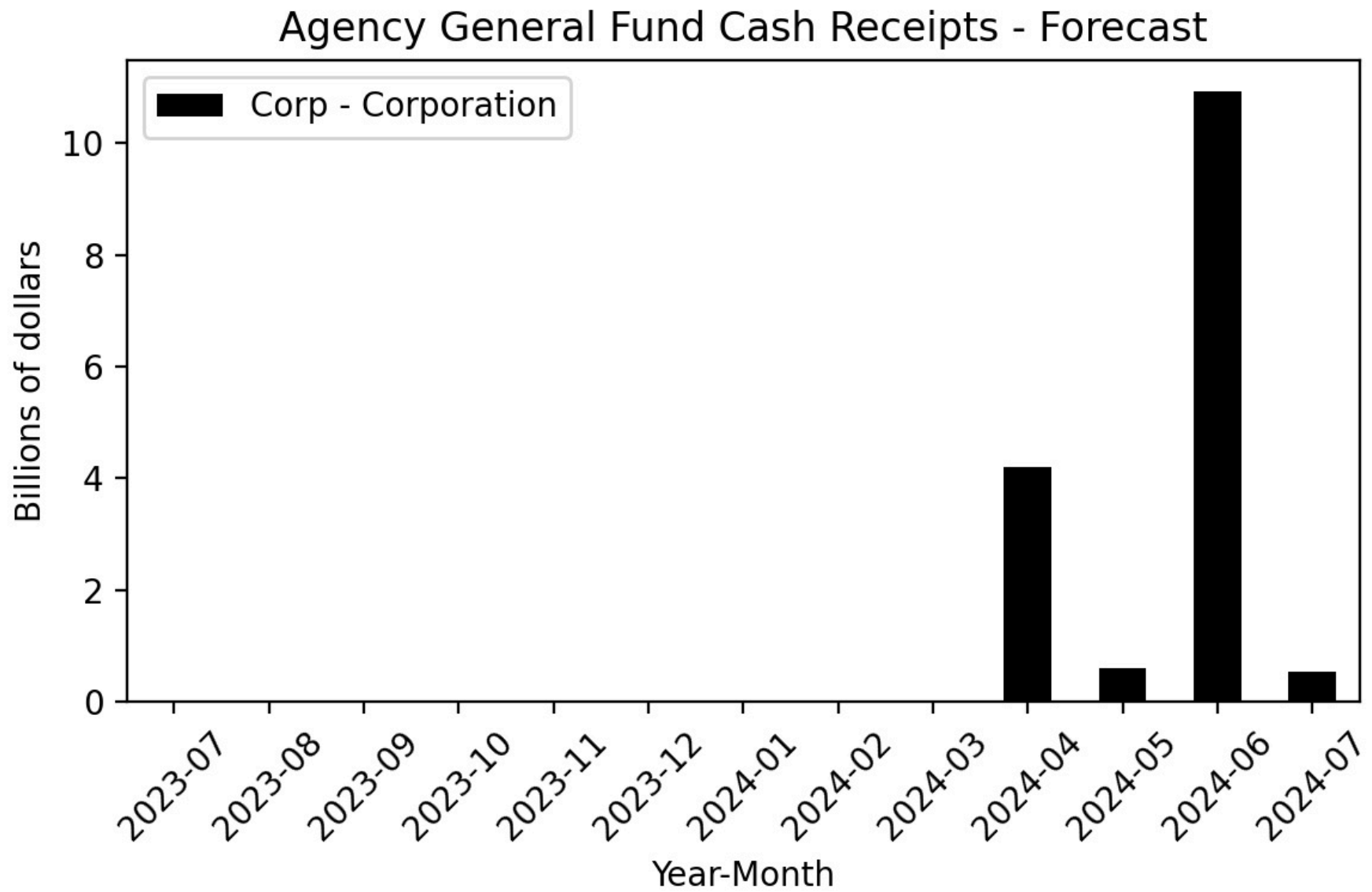


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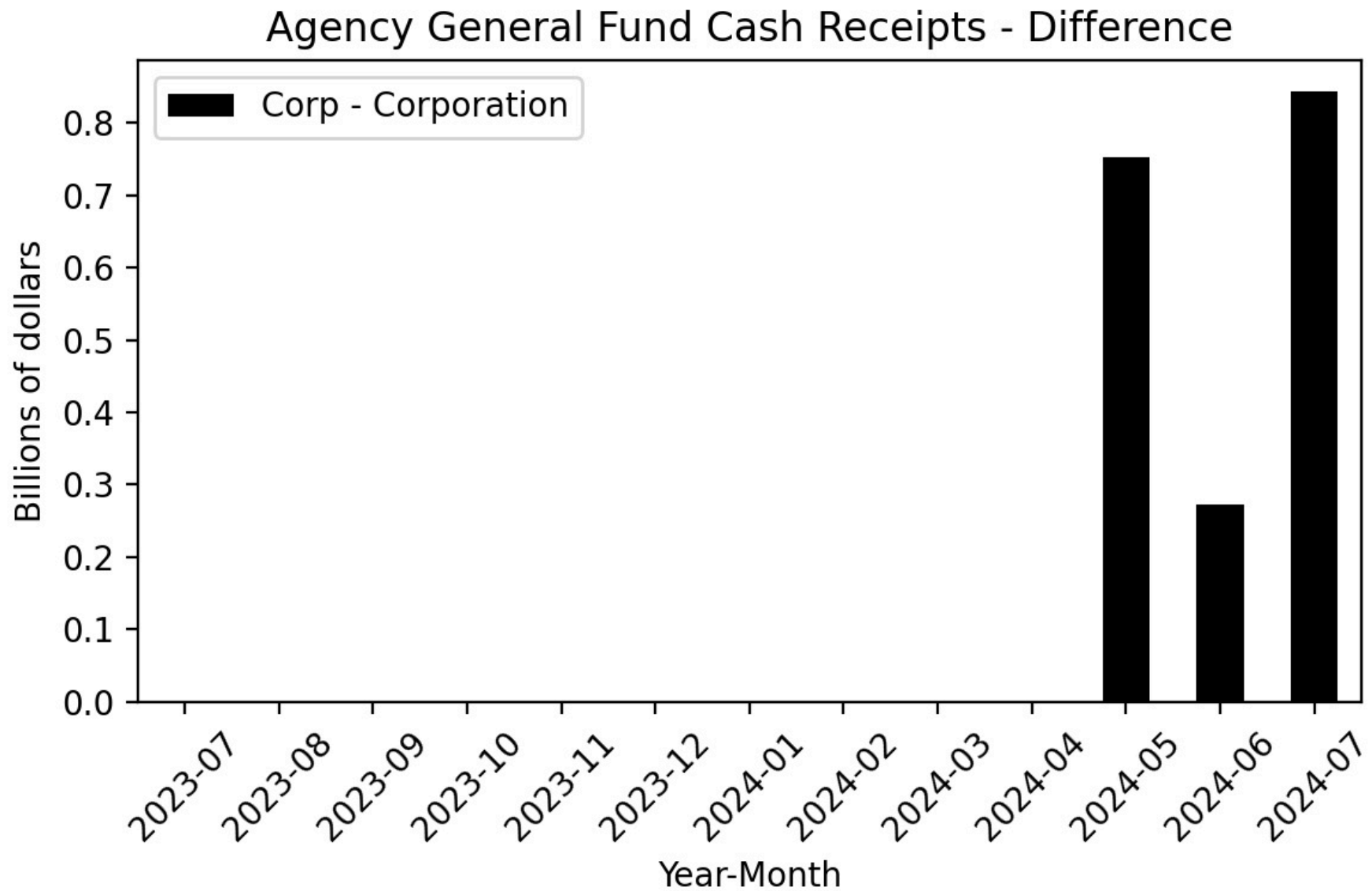


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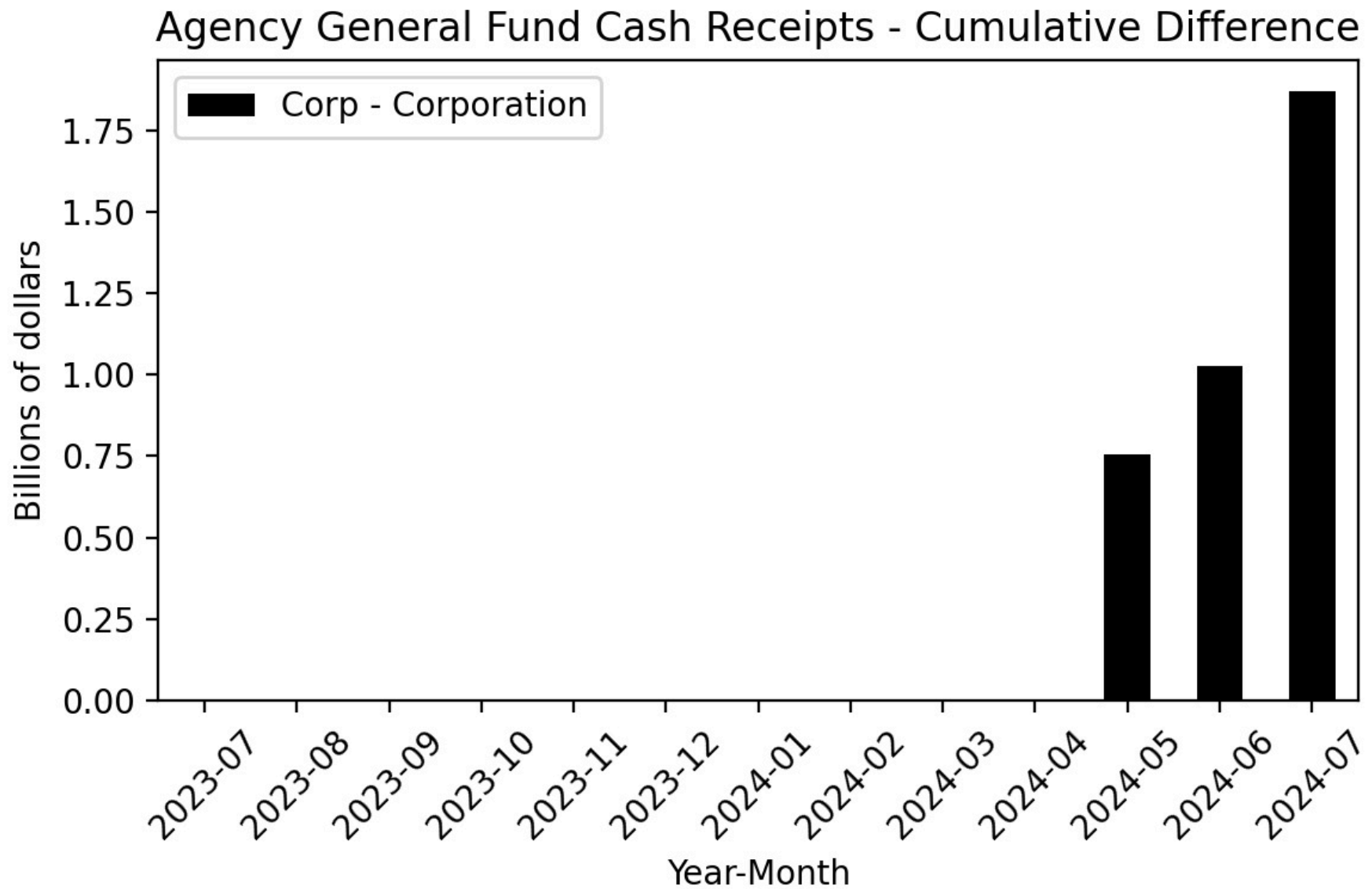


Figure 39

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
Corp-Corporation

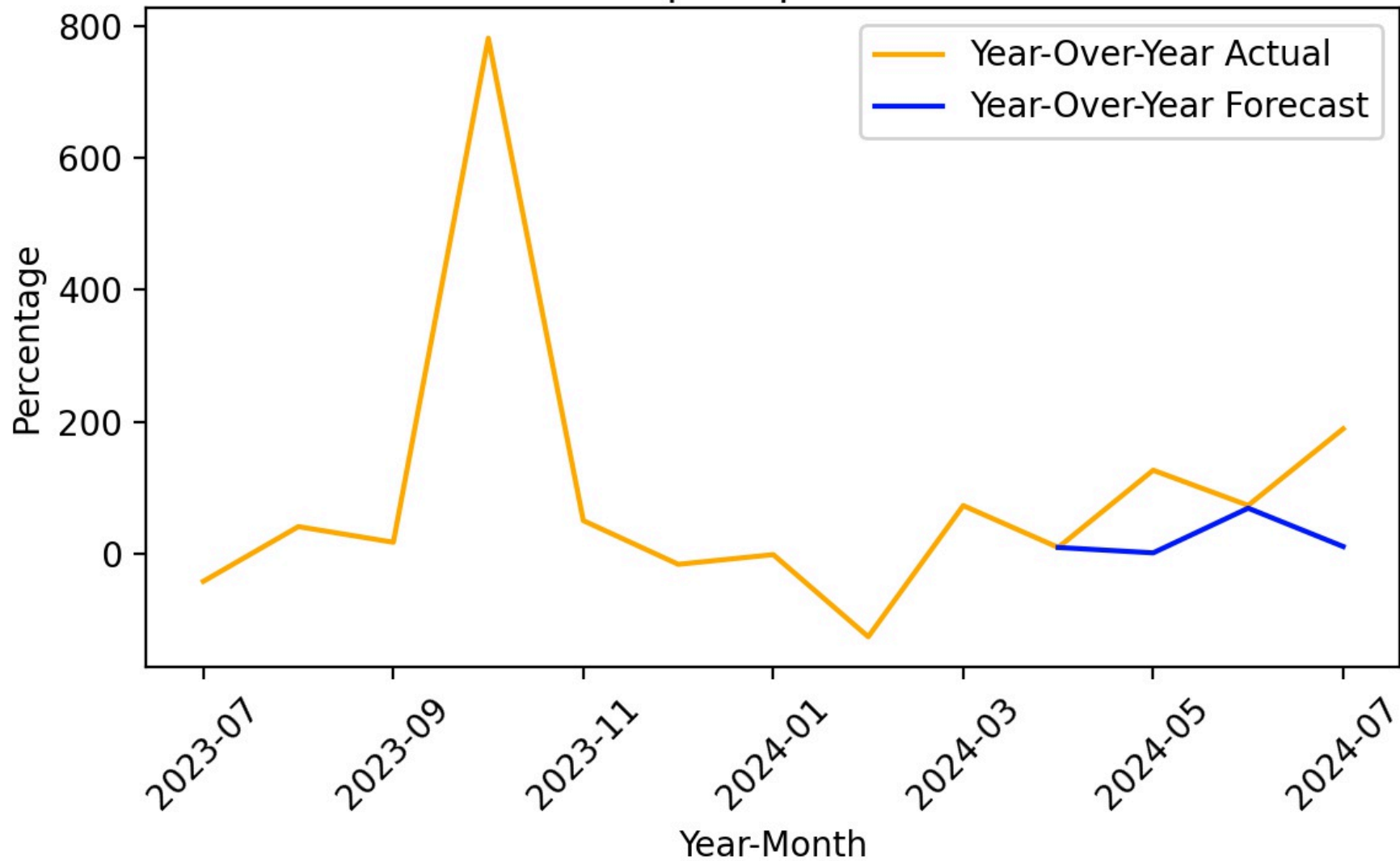


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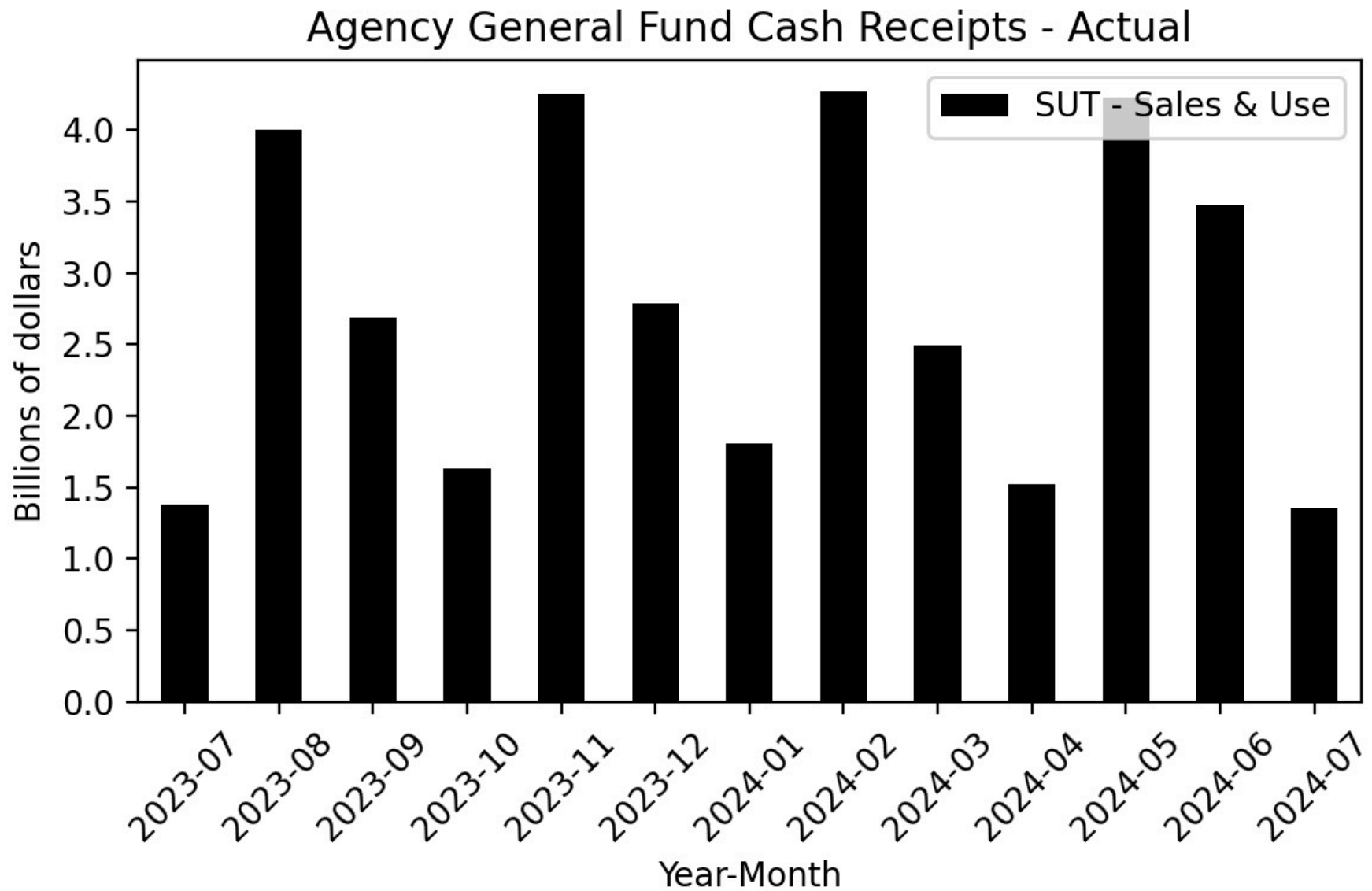


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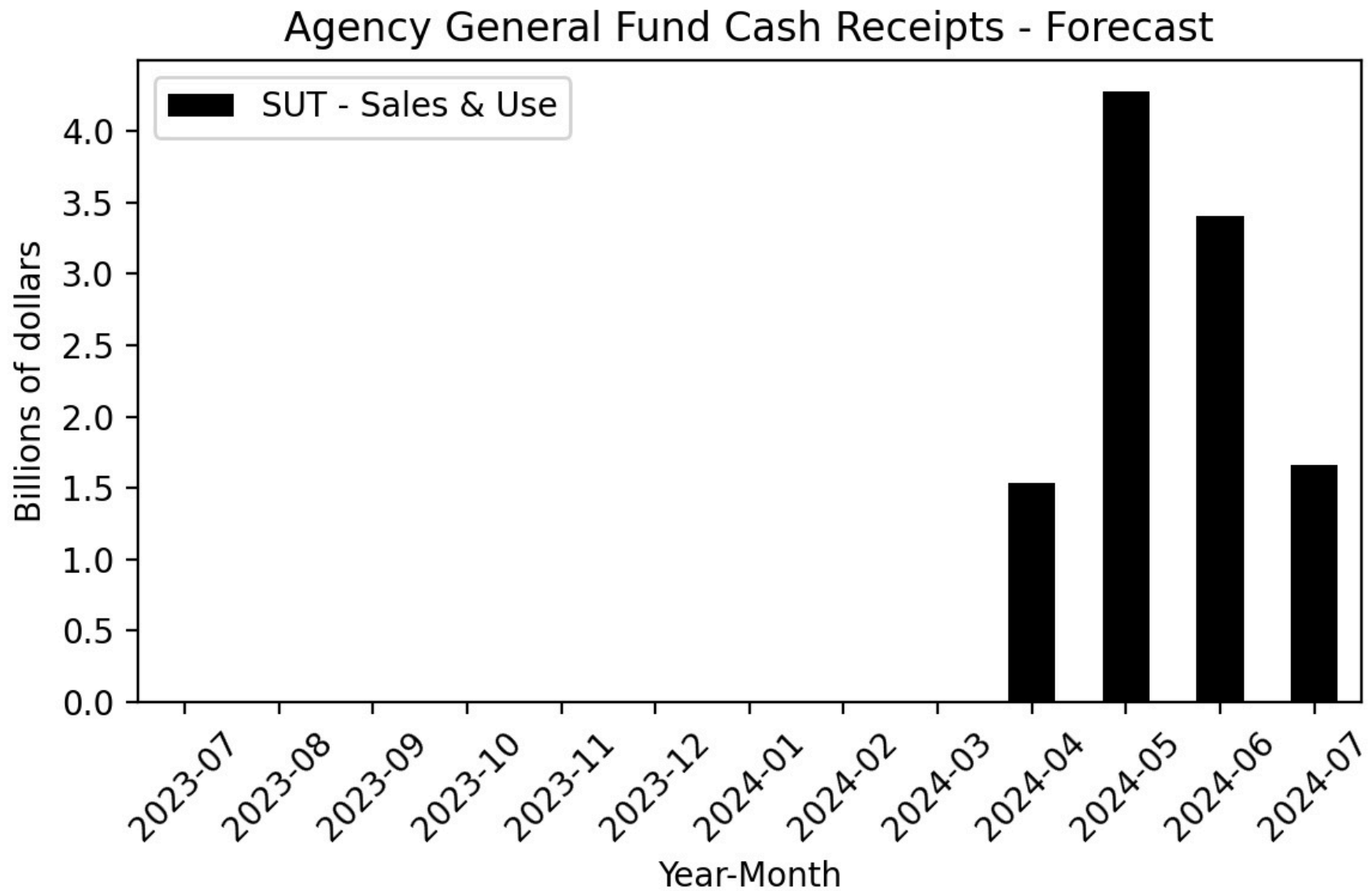


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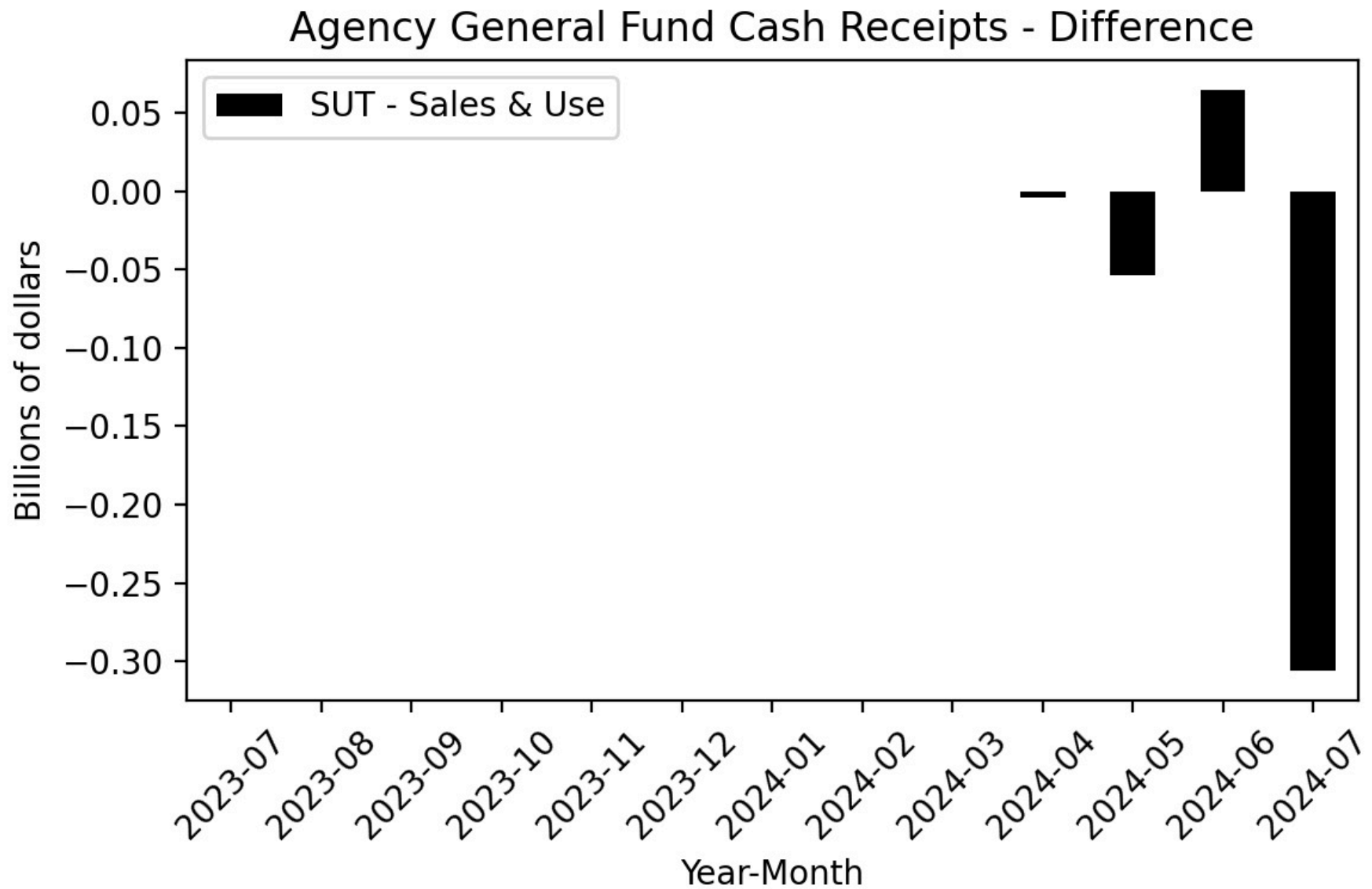


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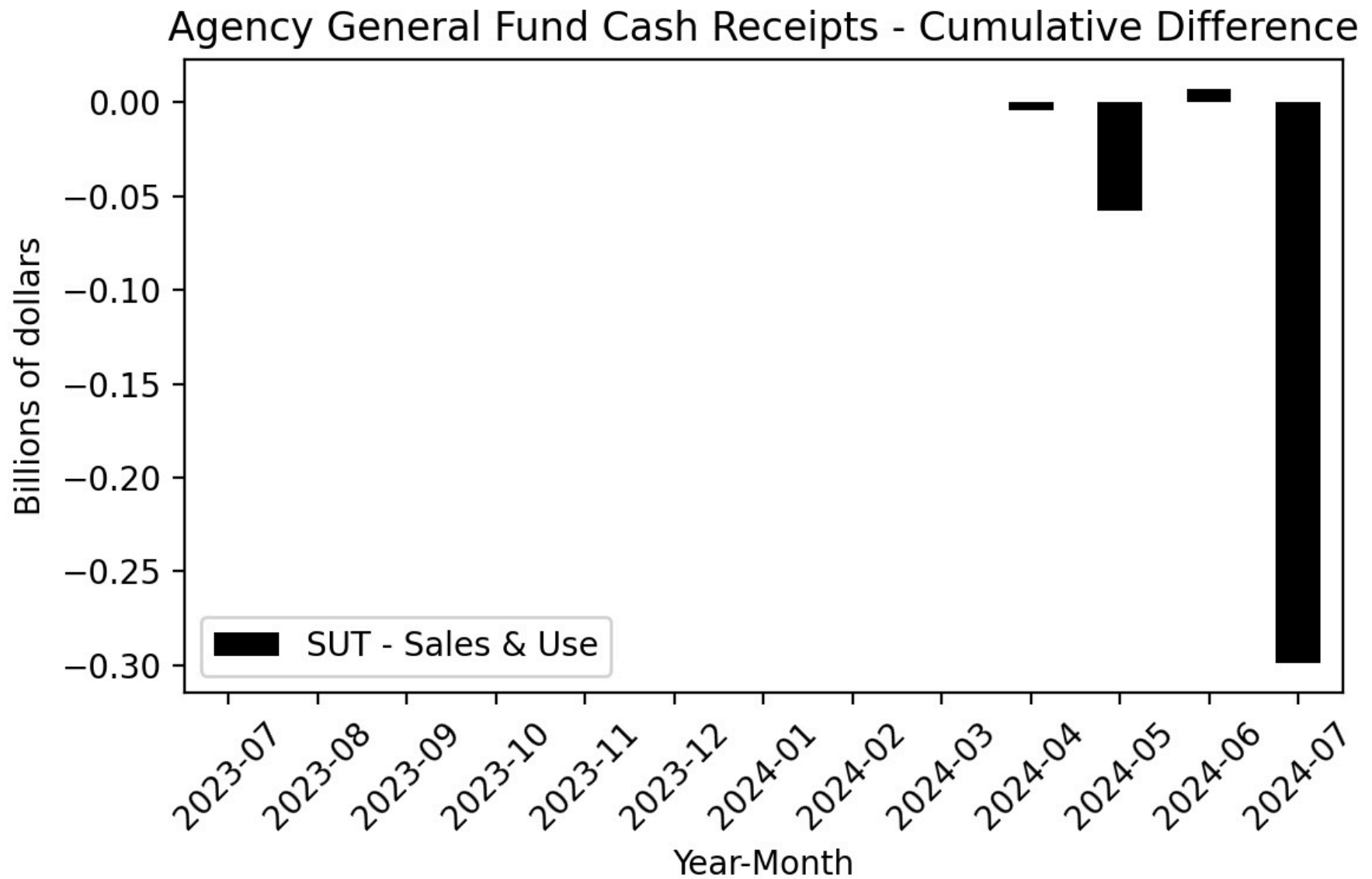


Figure 44

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
SUT-Sales & Use

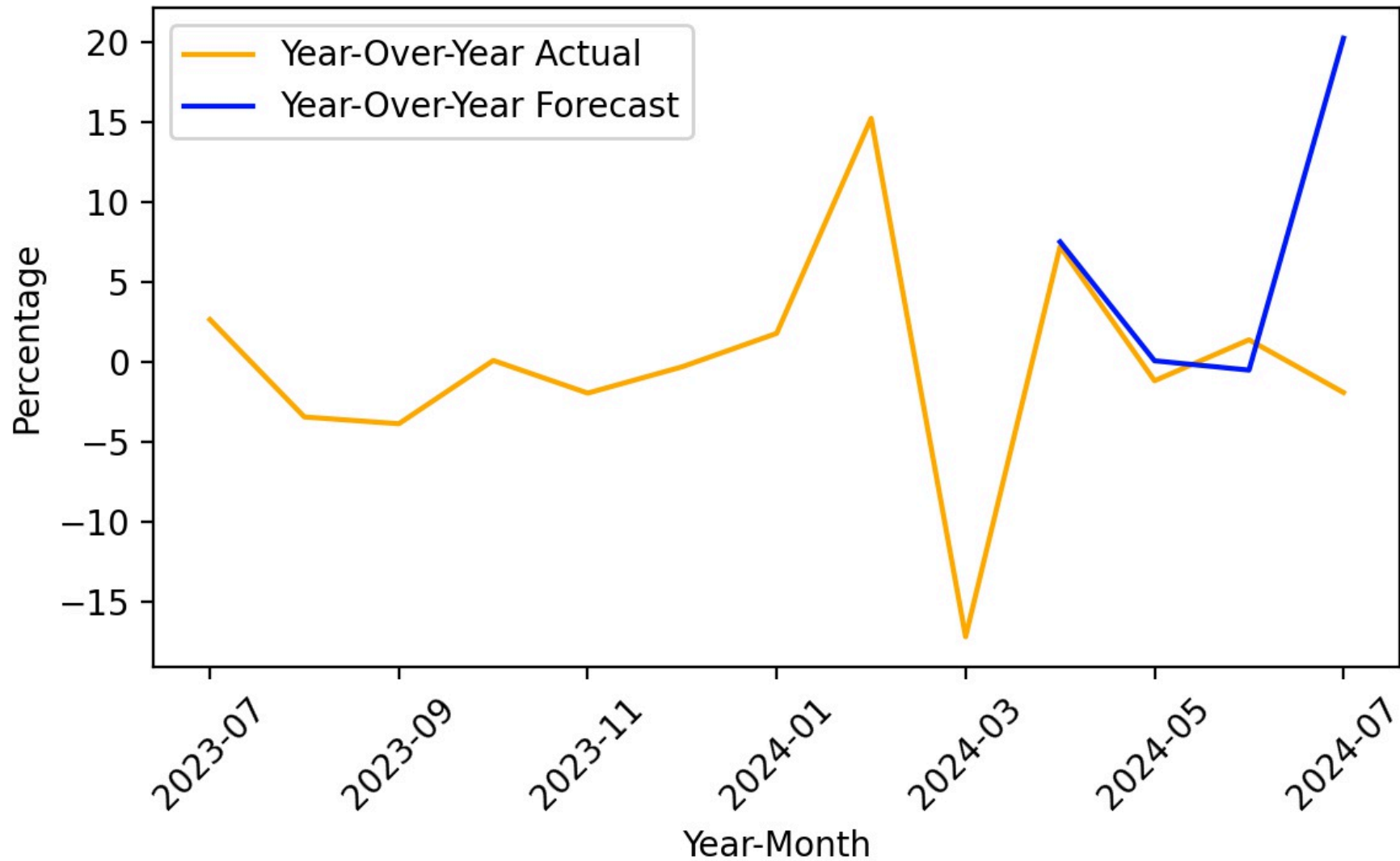


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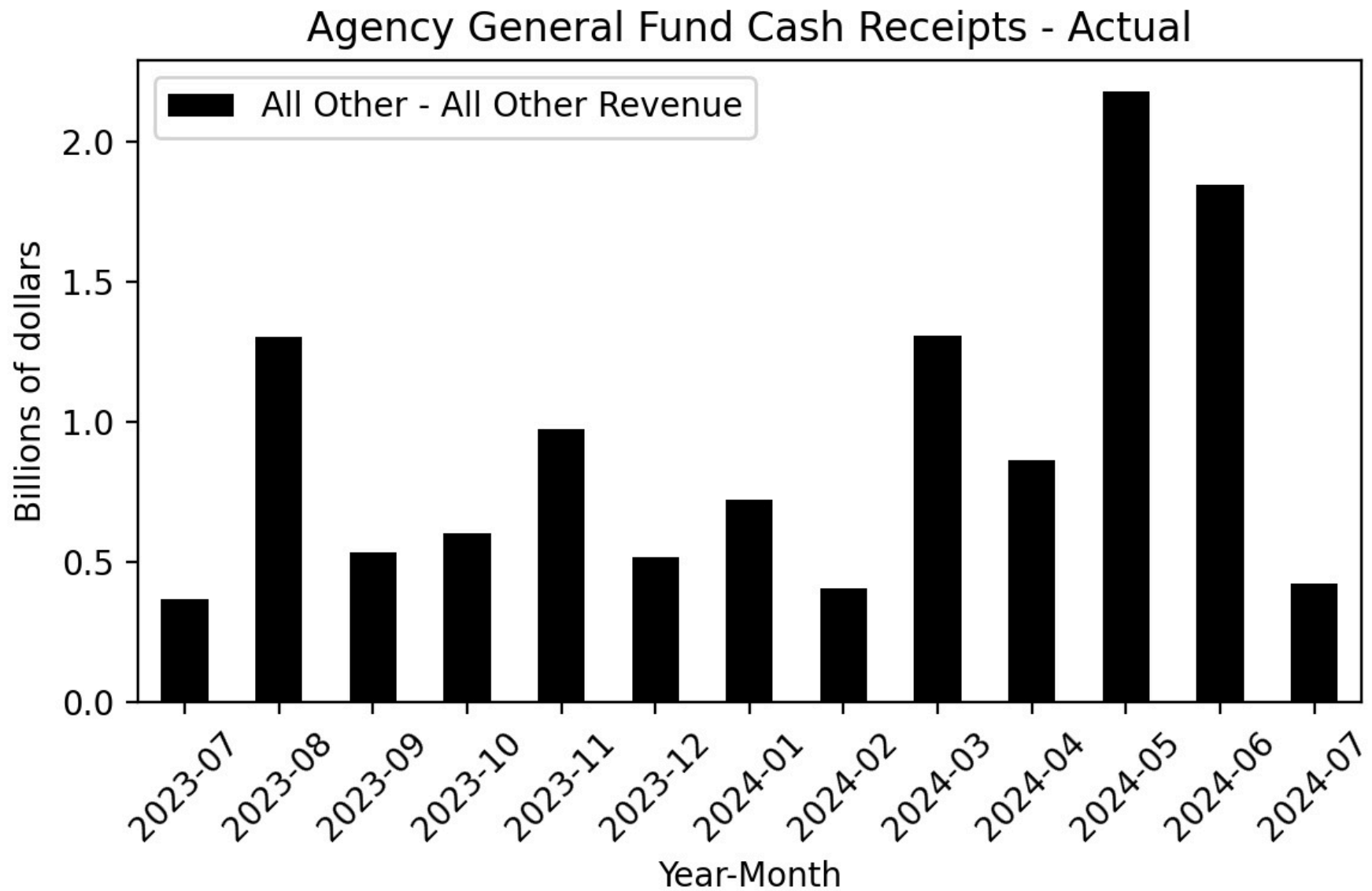


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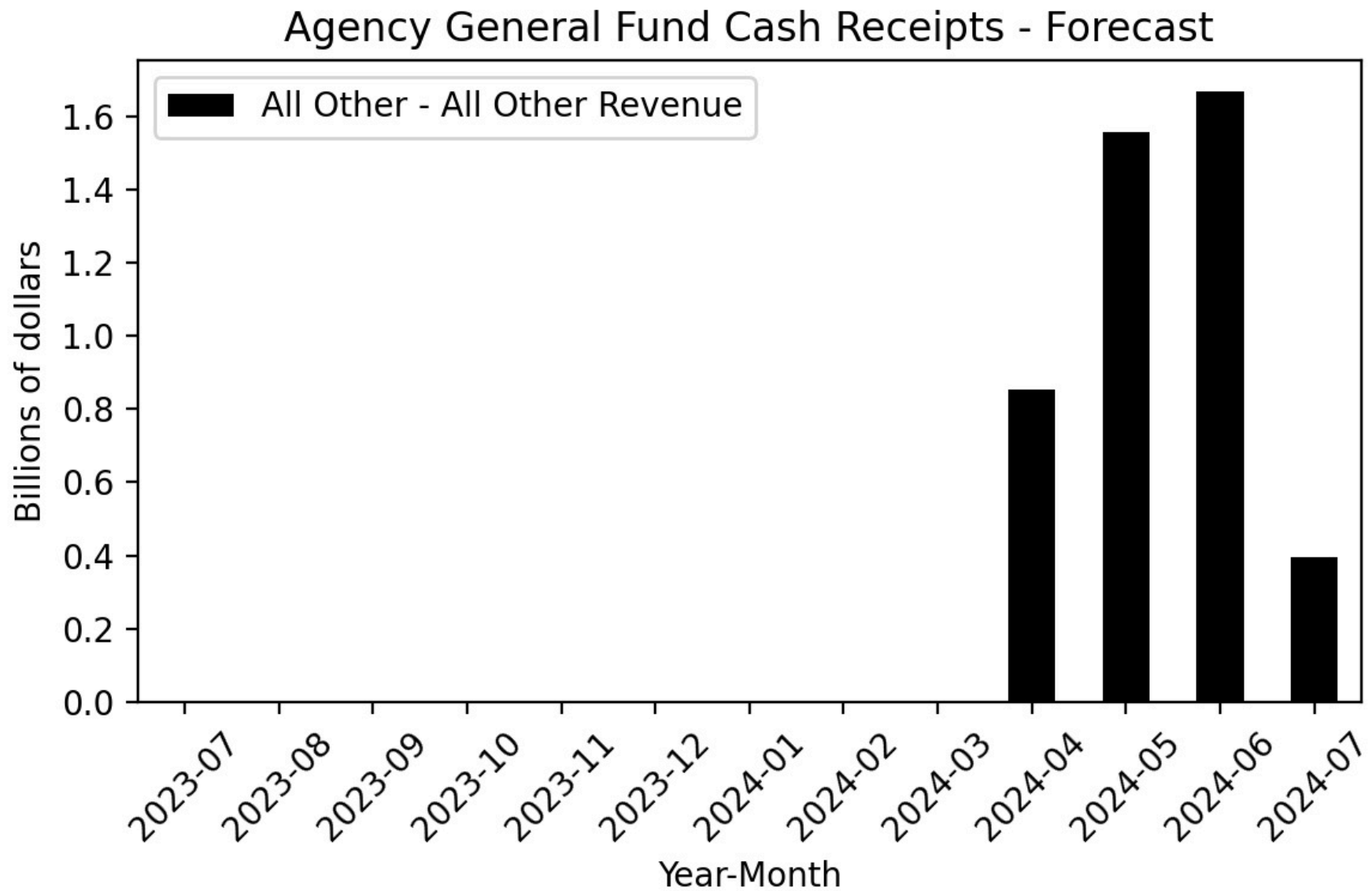


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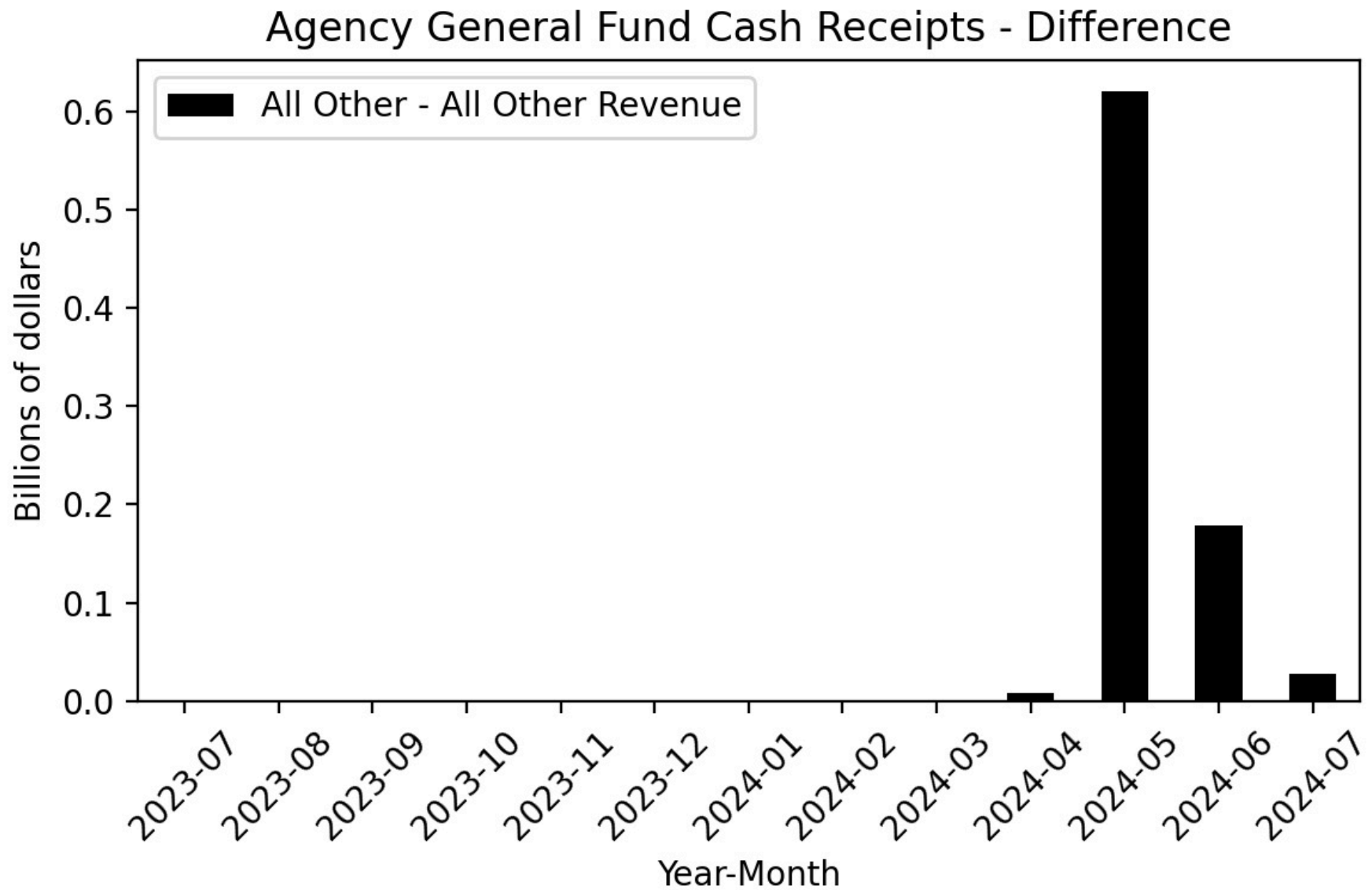


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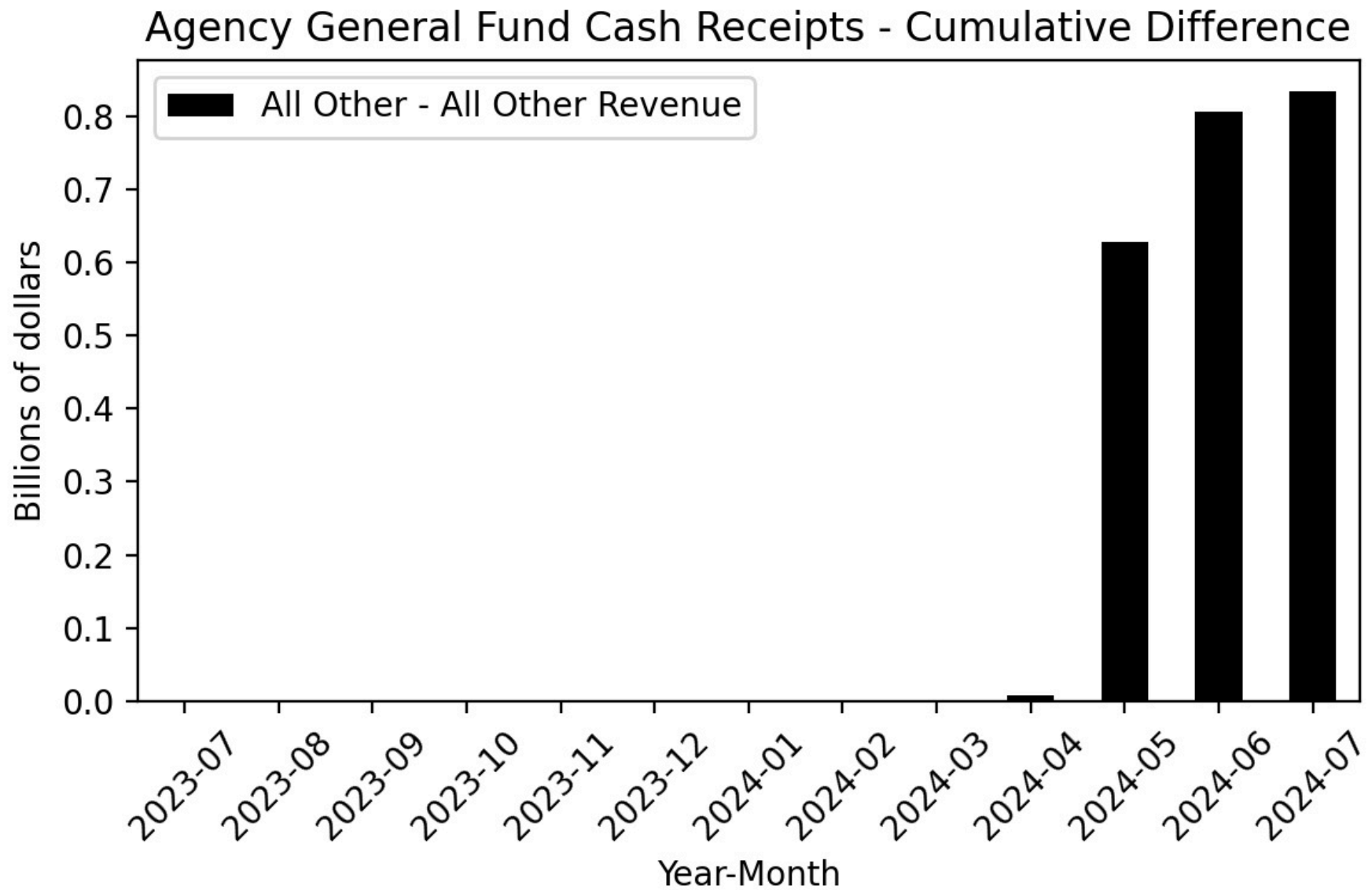


Figure 49

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
All Other-All Other Revenue

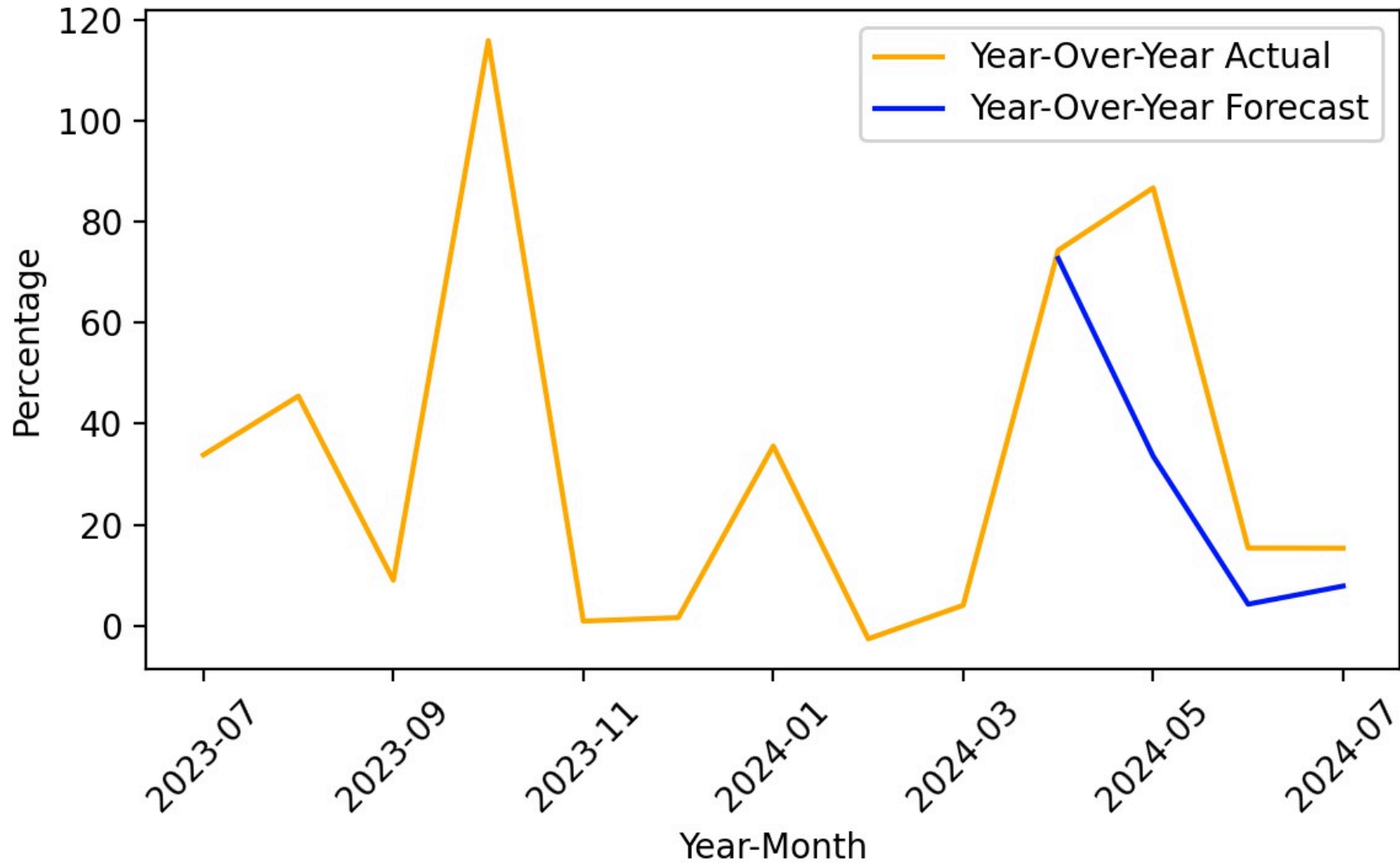


Figure 50

Personal Income Tax - Agency General Fund Revenues (Actual)

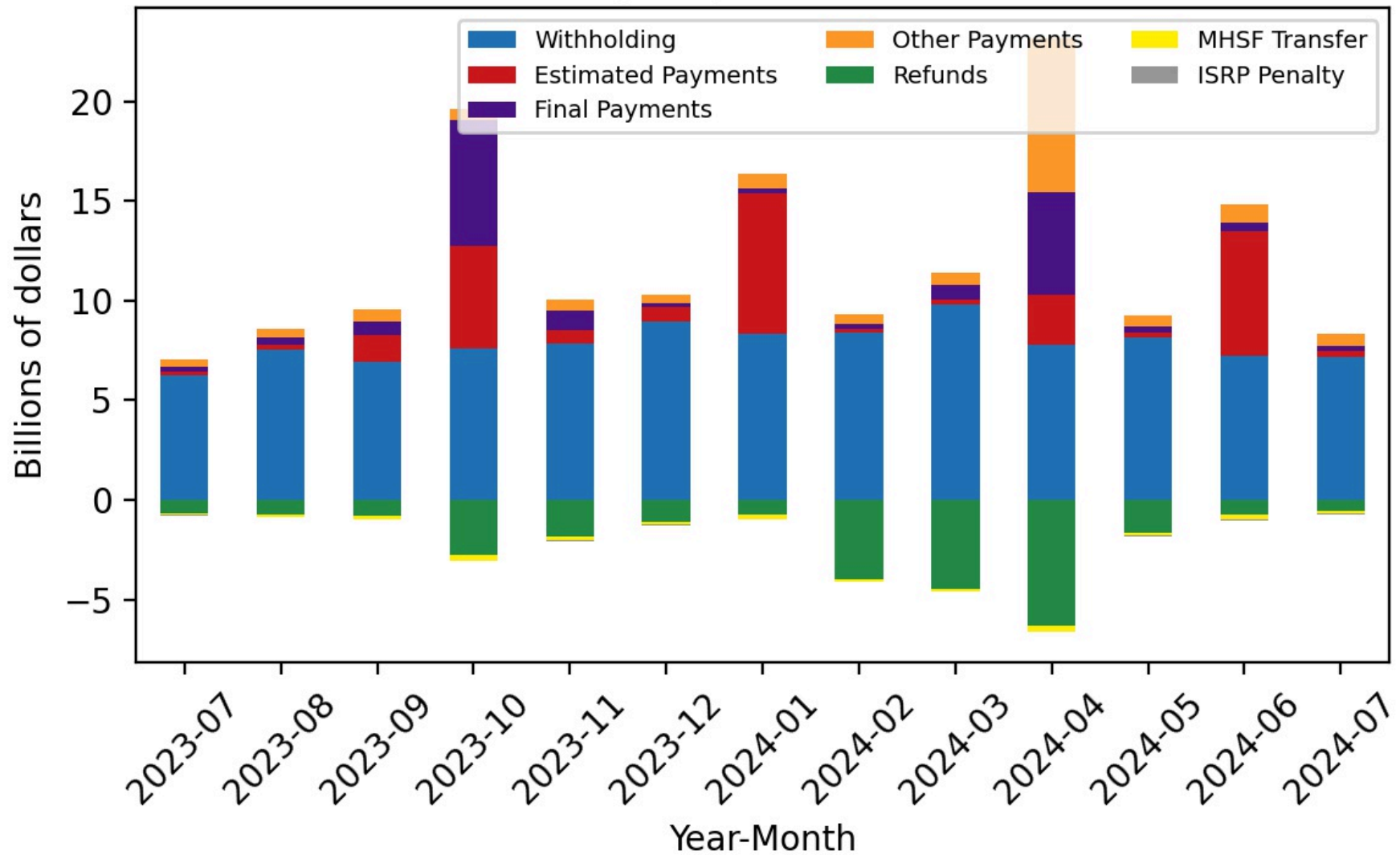


Figure 51

Personal Income Tax - Agency General Fund Revenues (Forecast)

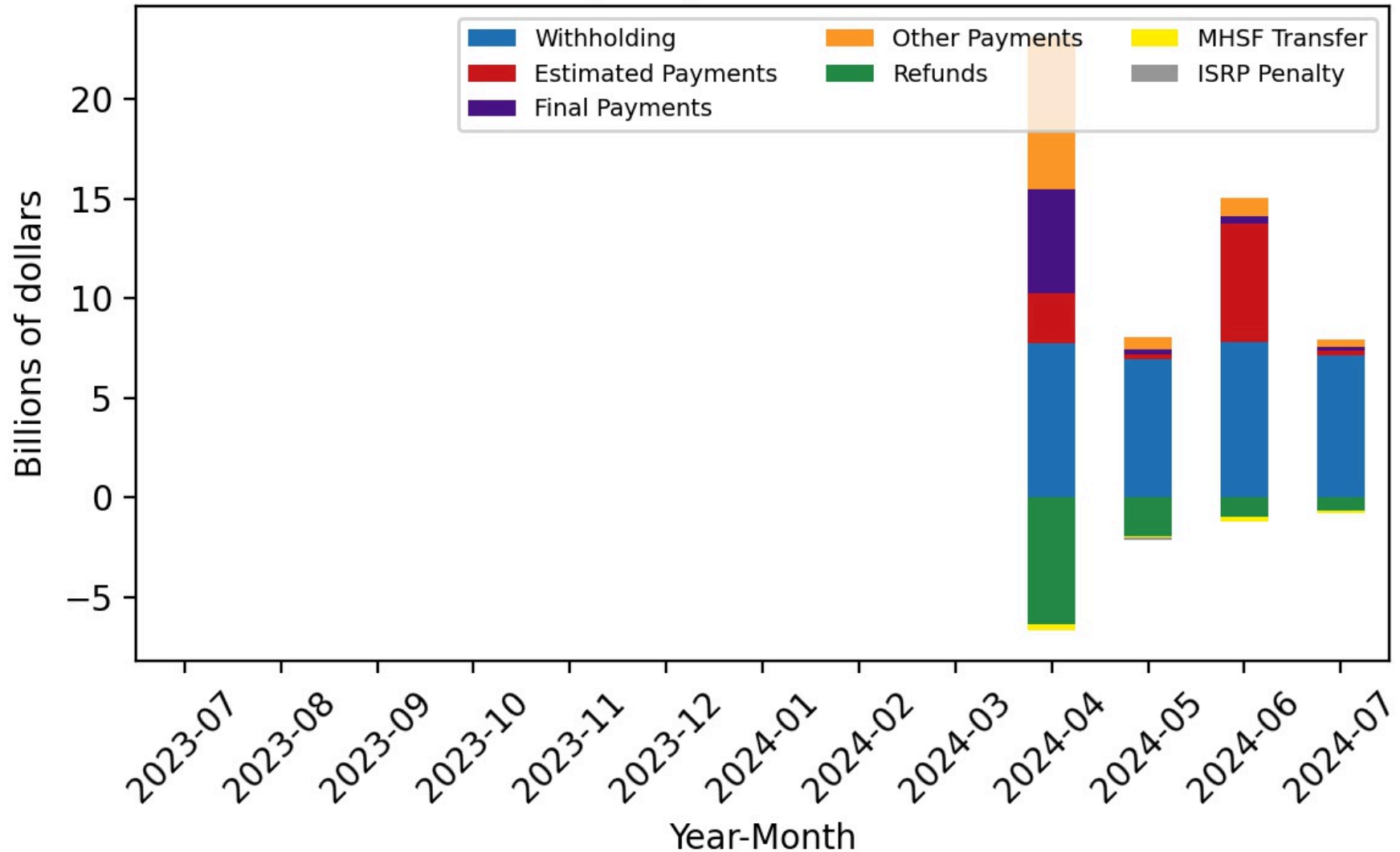


Figure 52

**Personal Income Tax - Agency General Fund Revenues
(Difference)**

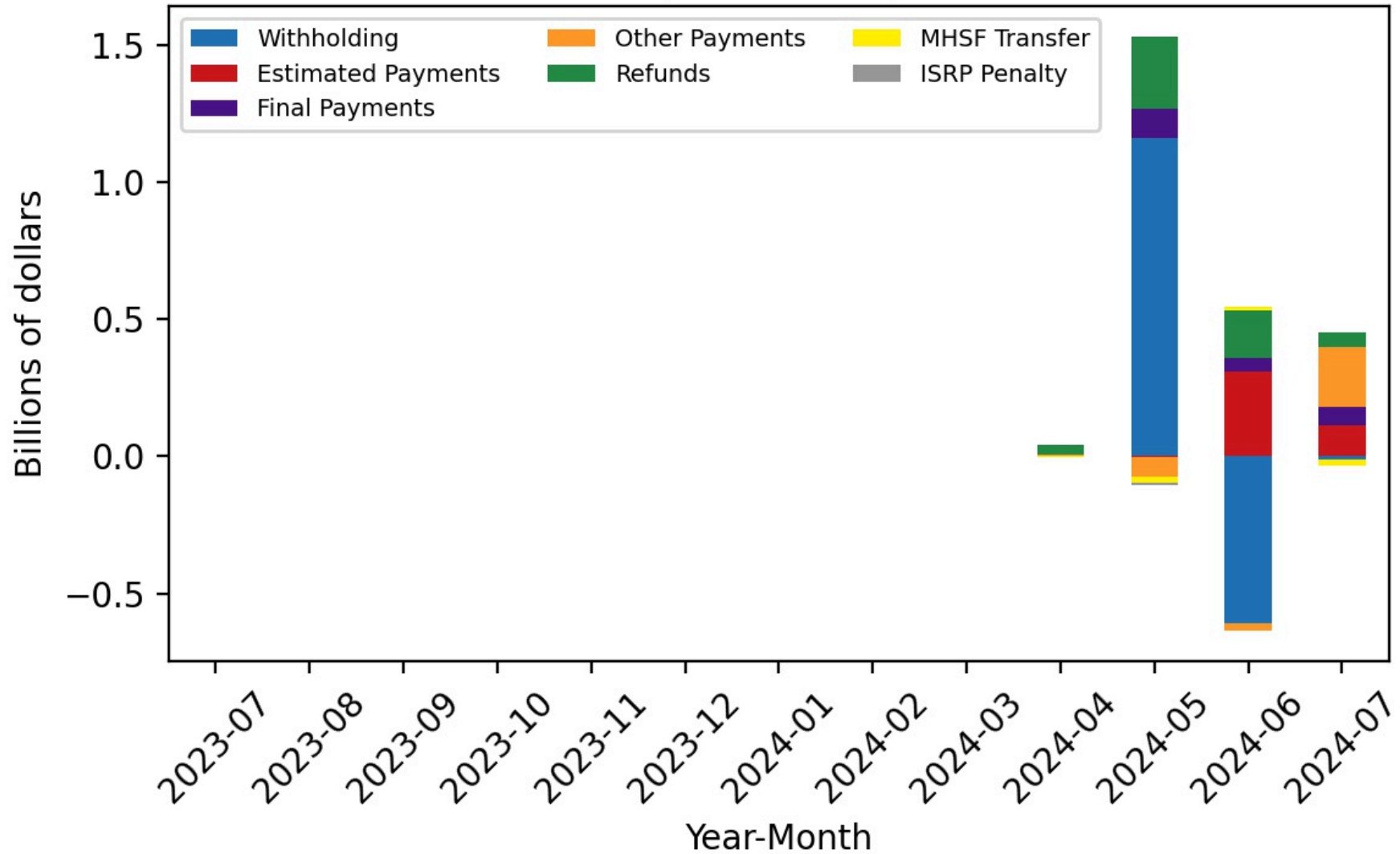


Figure 53

**Personal Income Tax - Agency General Fund Revenues
(Cumulative Difference)**

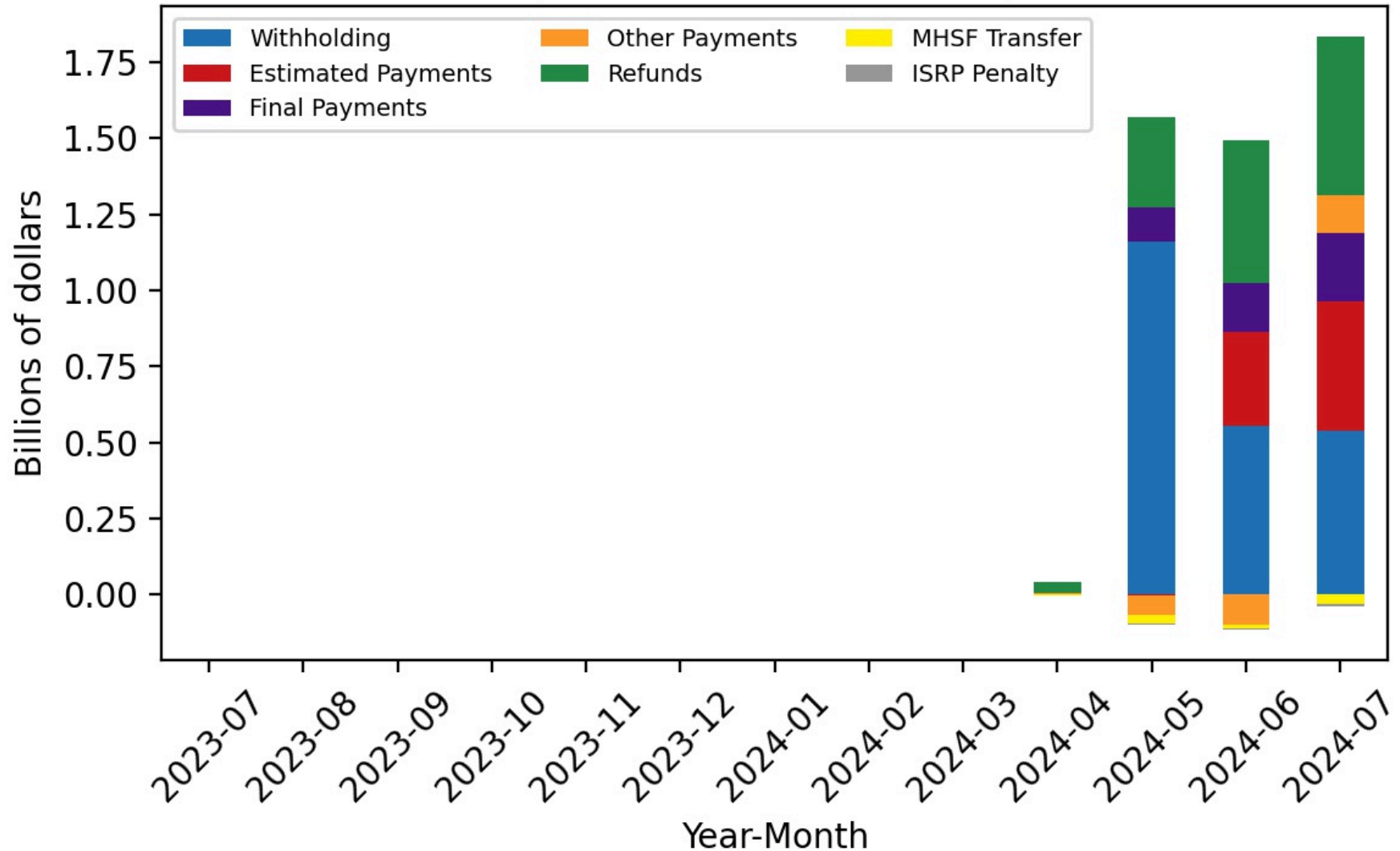


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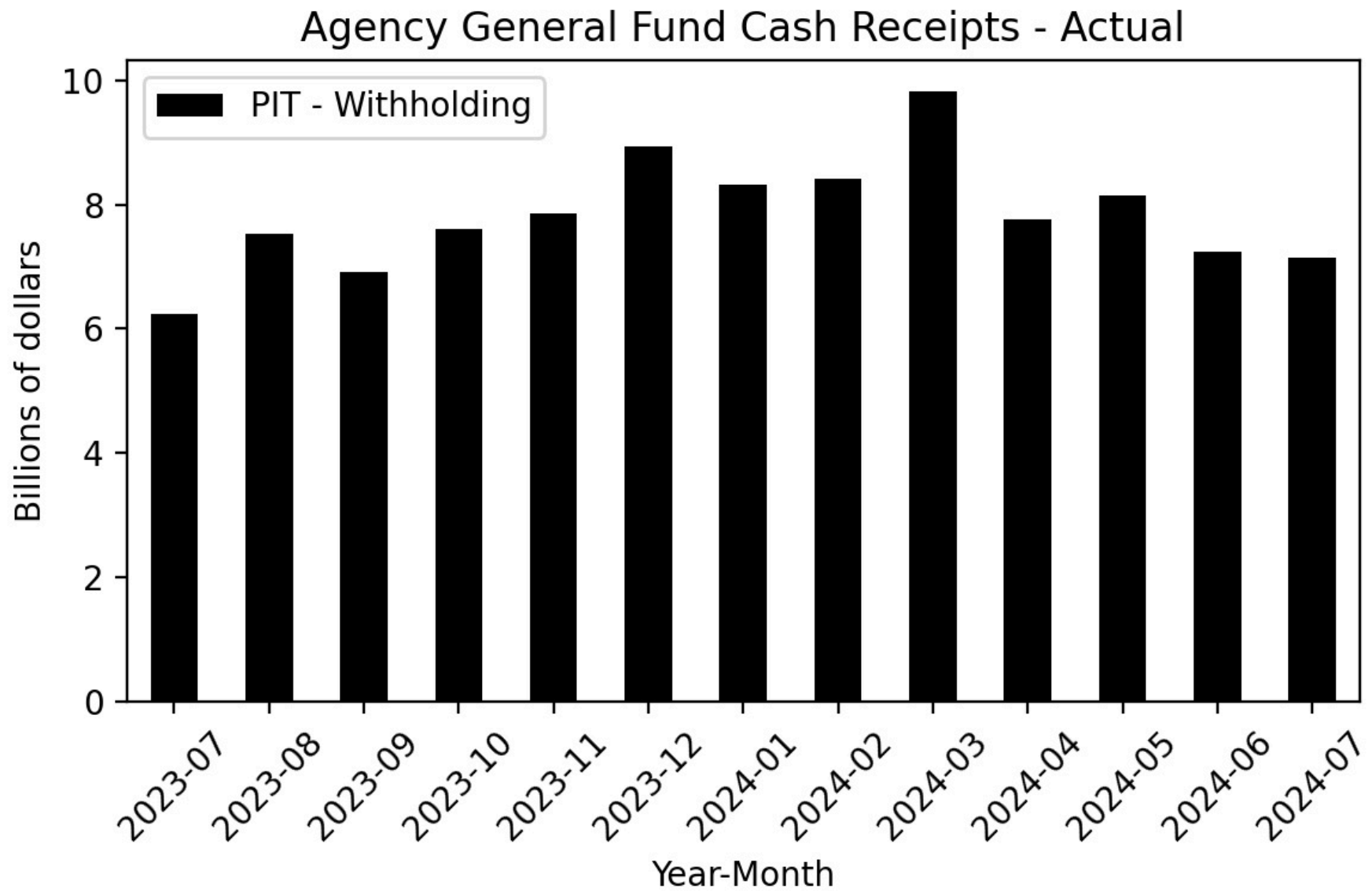


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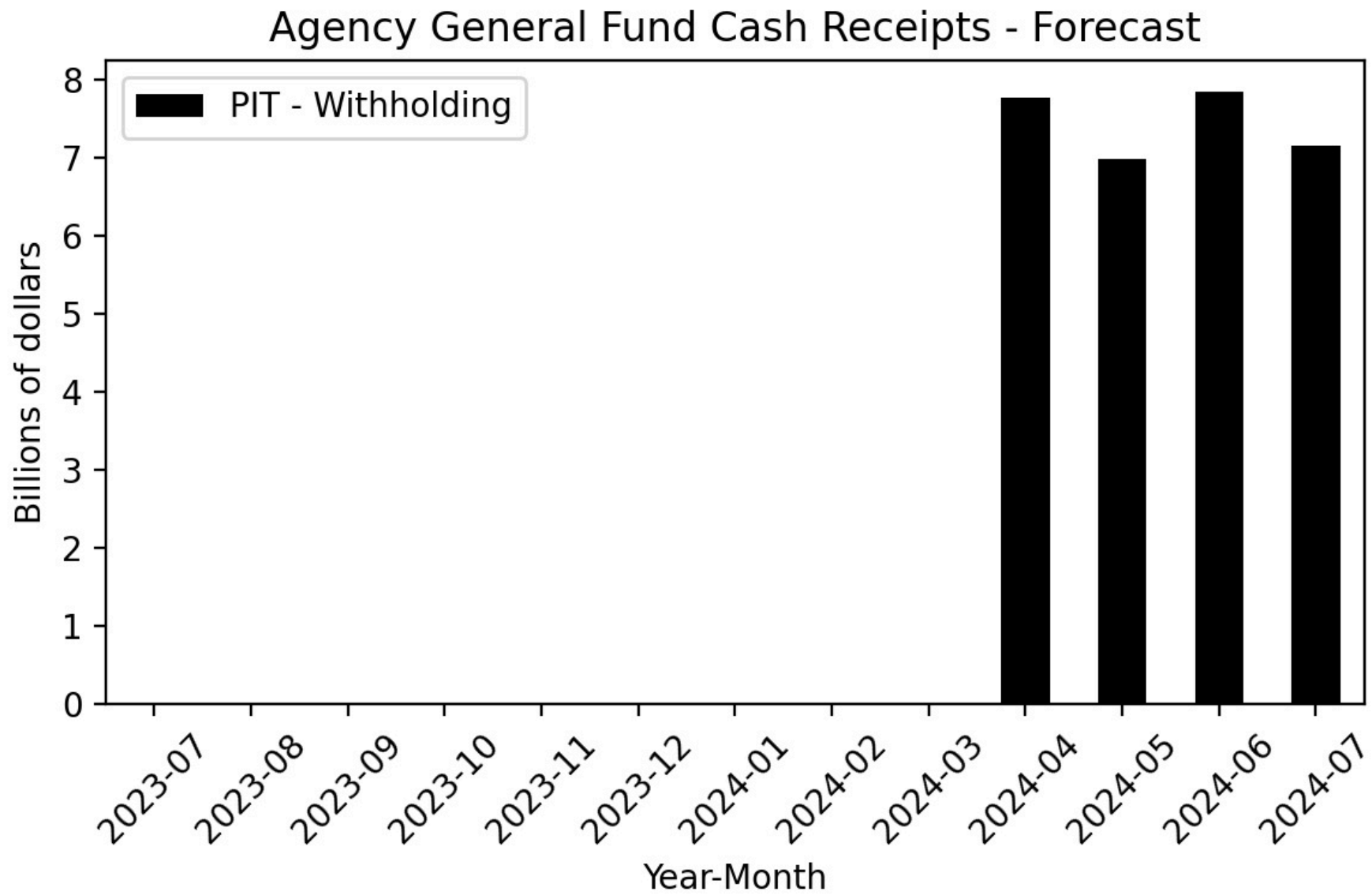


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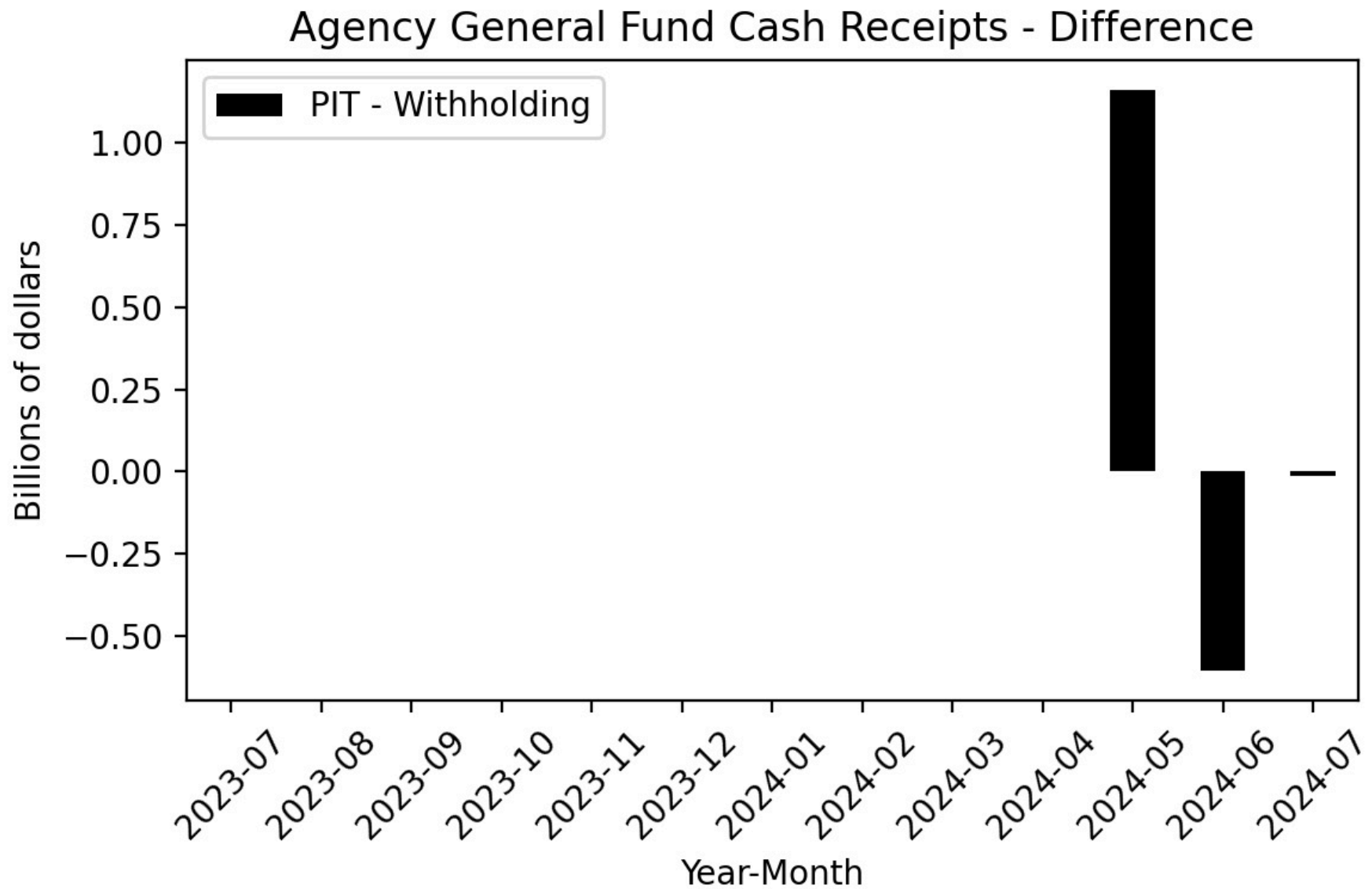


Figure 57

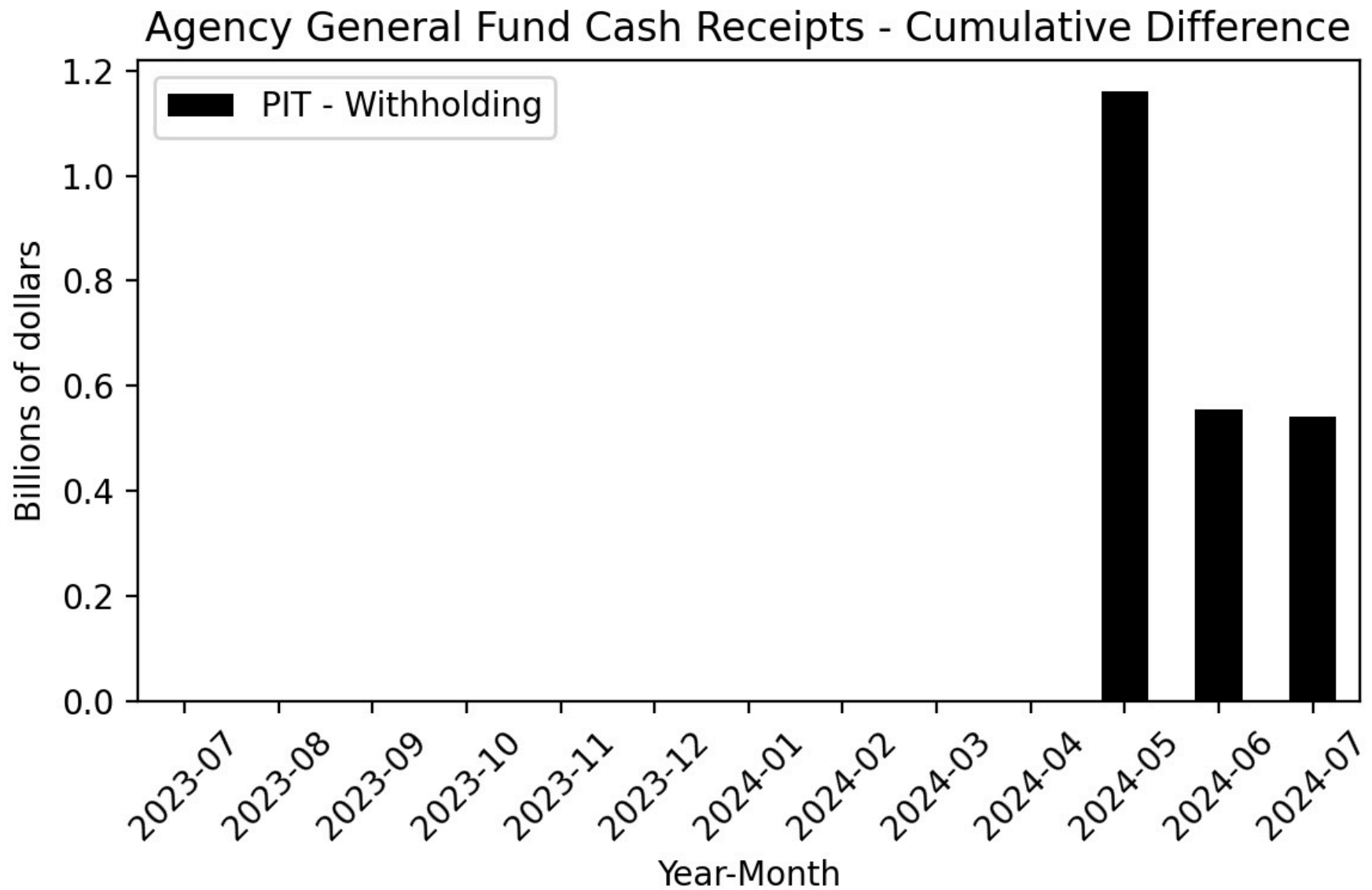


Figure 58

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
PIT-Withholding

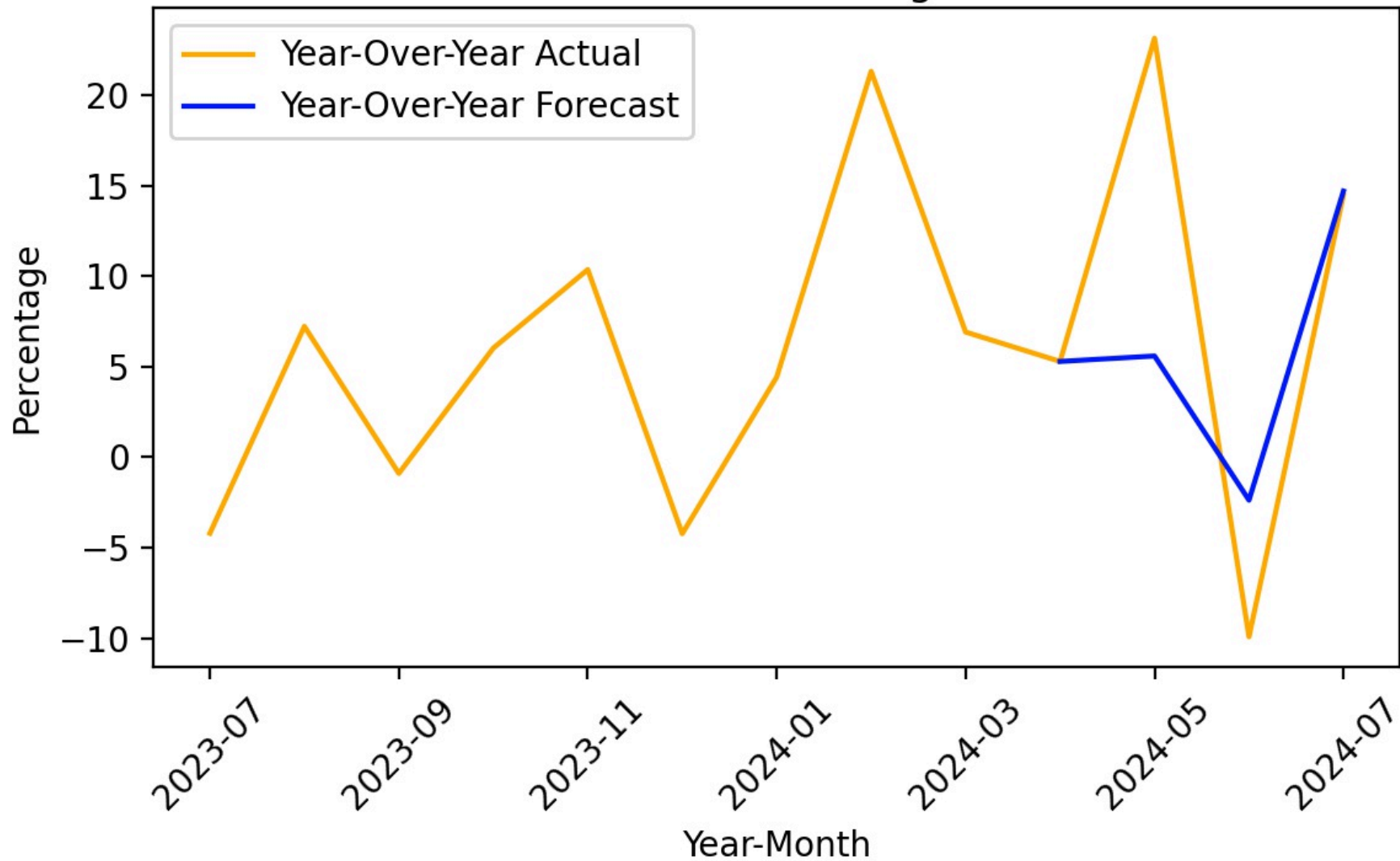


Figure 59

Agency General Fund Cash Receipts - Actual

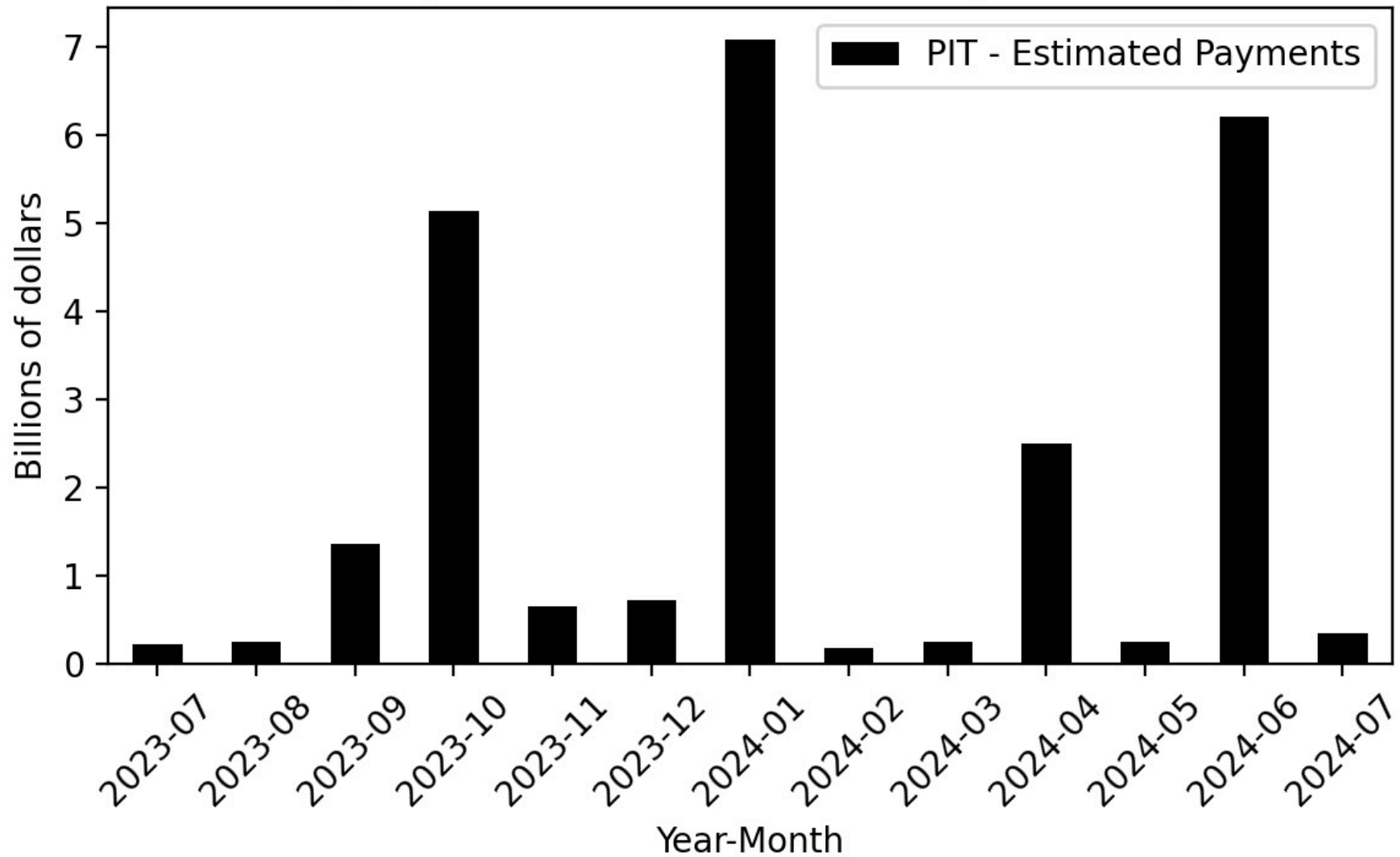


Figure 60

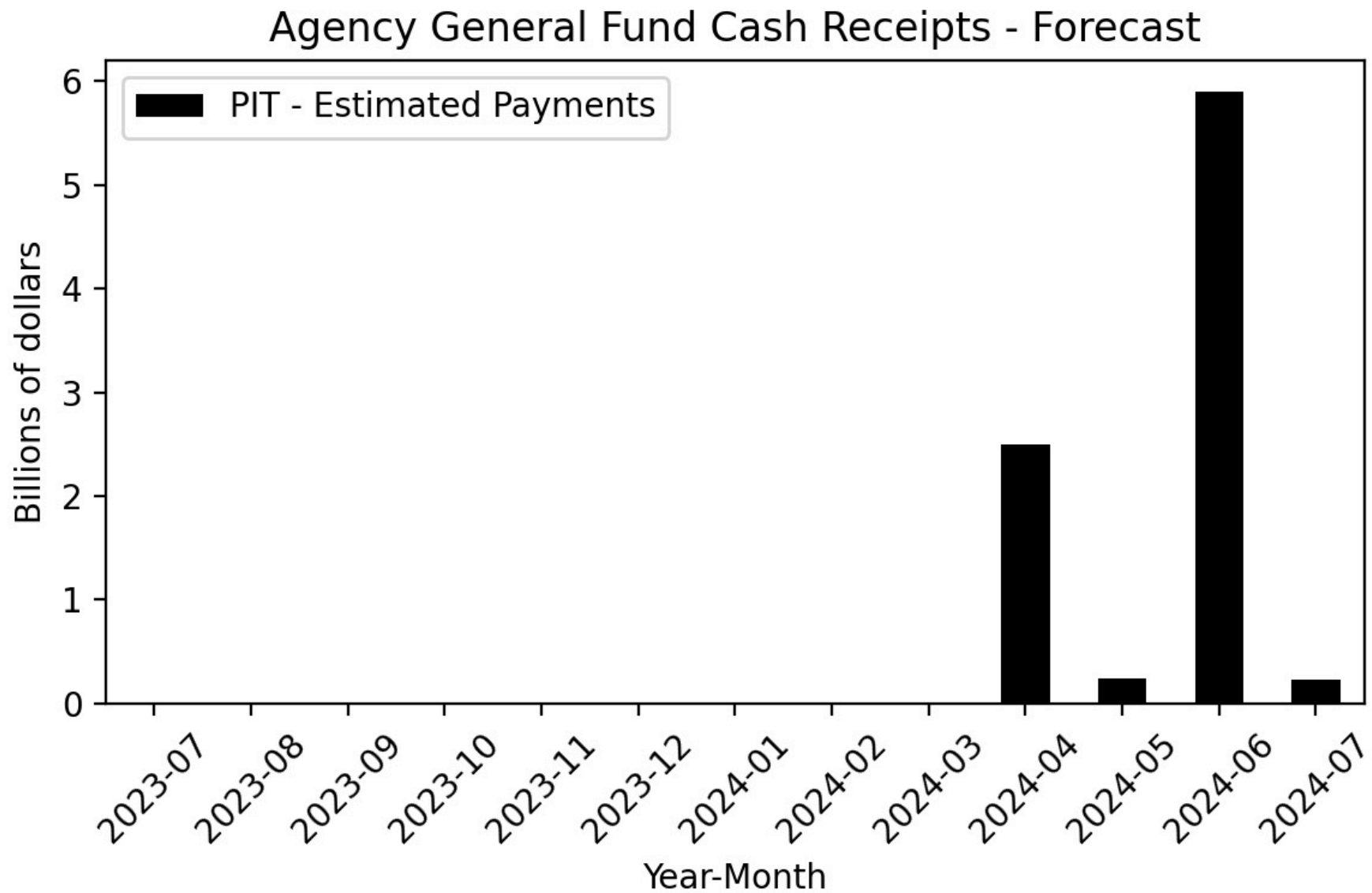


Figure 61

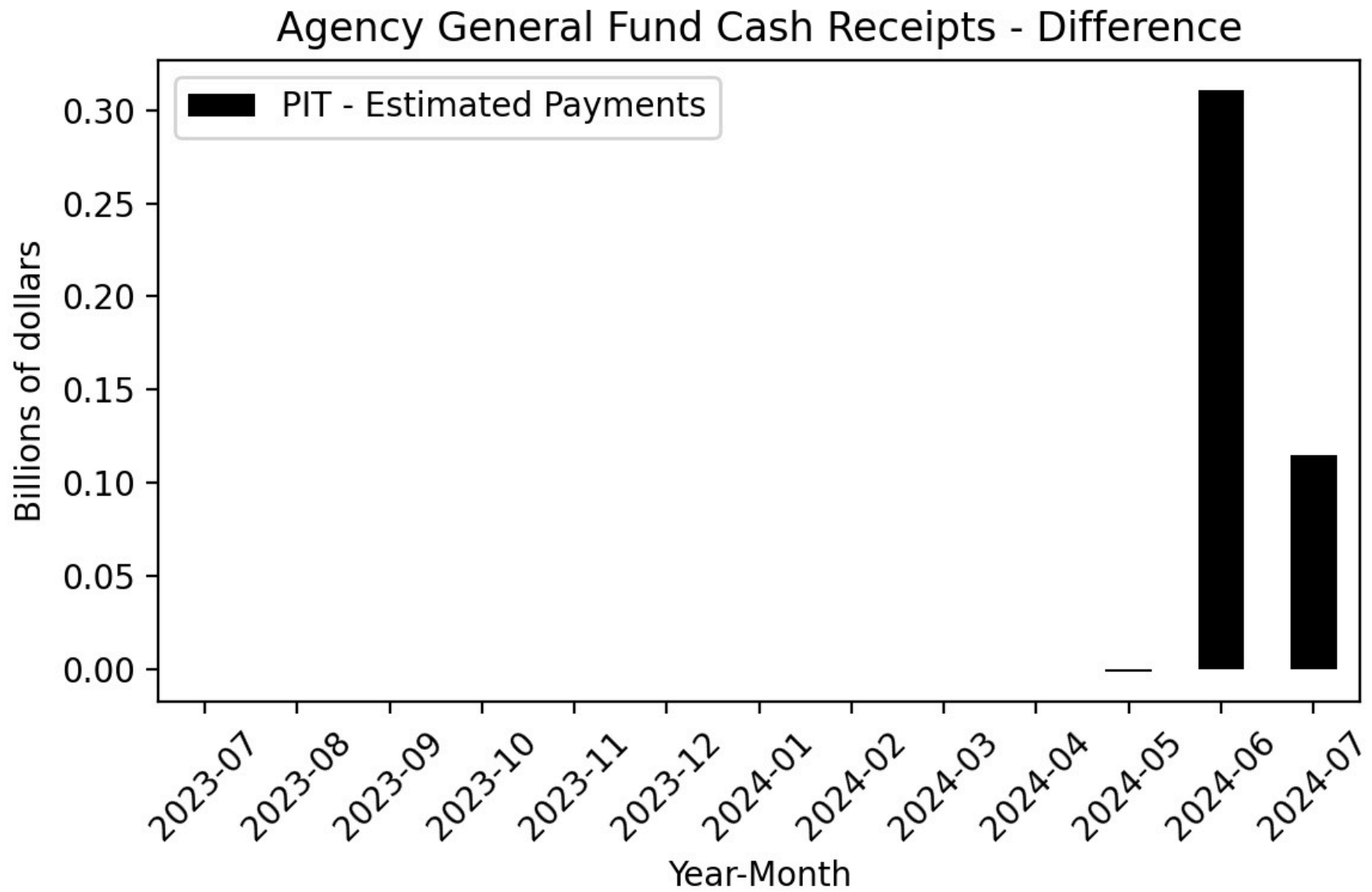


Figure 62

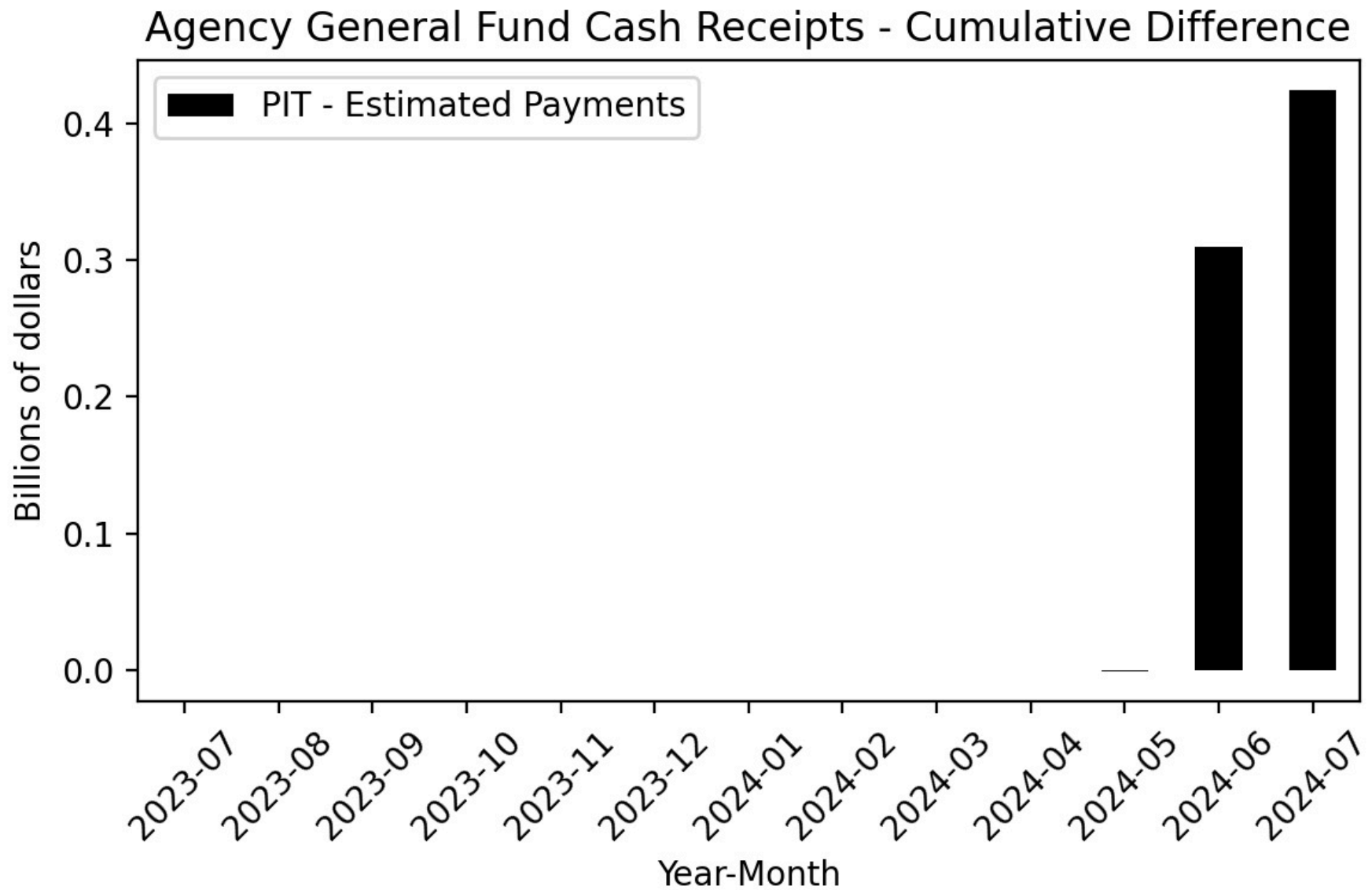


Figure 63

Year-Over-Year Change - Actual and 2024-25 Budget Act
Forecast PIT-Estimated Payments

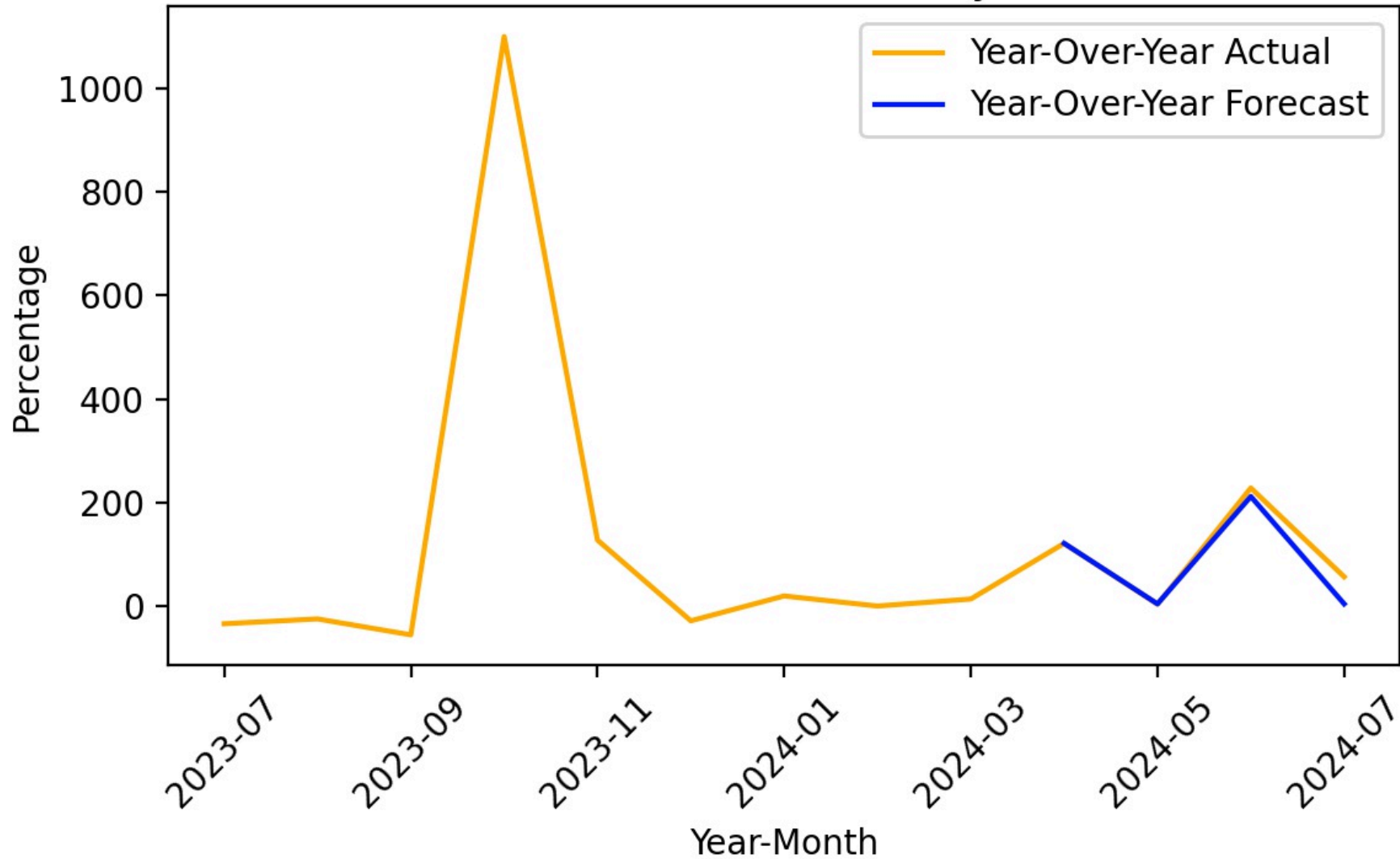


Figure 64

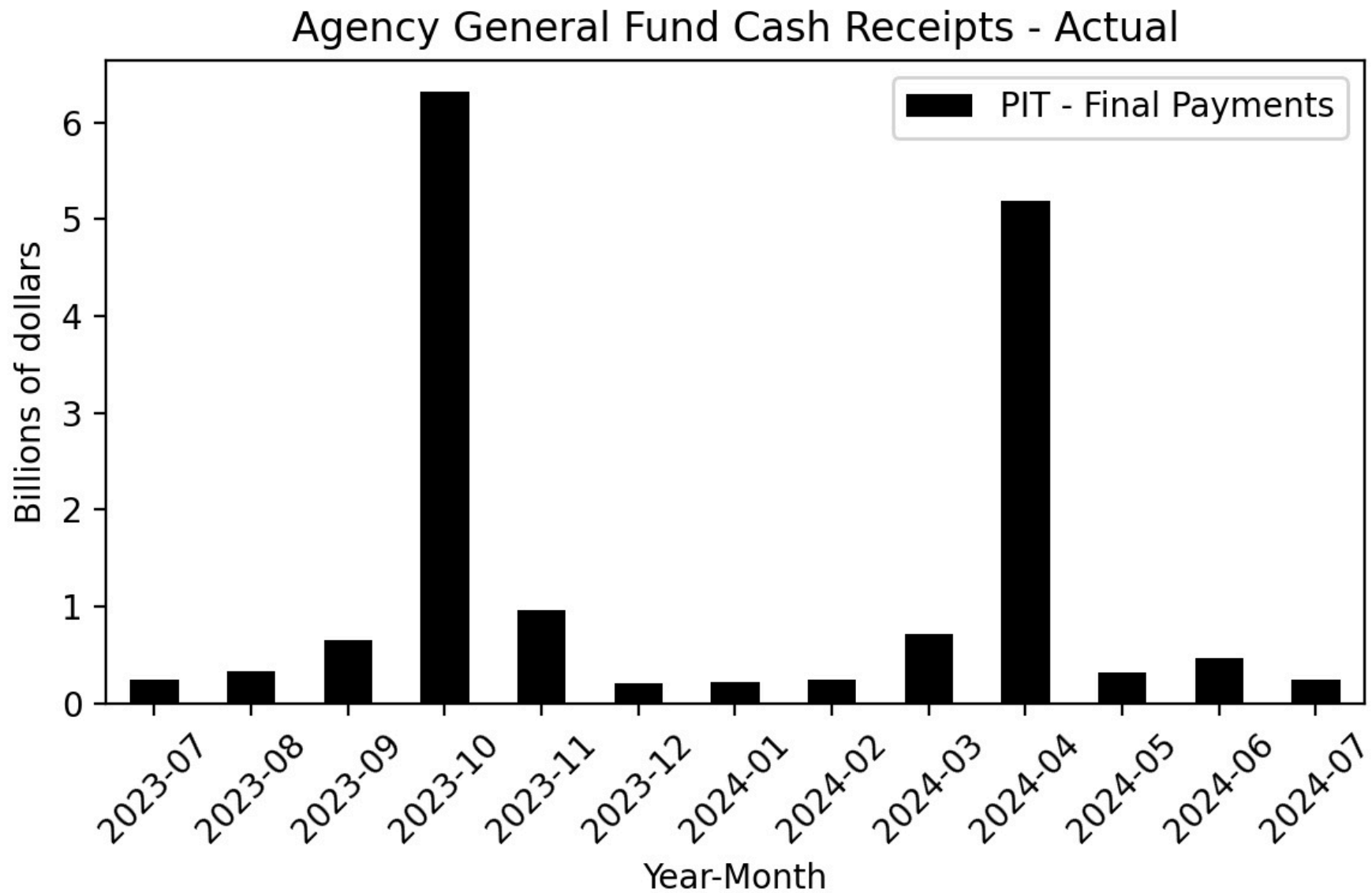


Figure 65

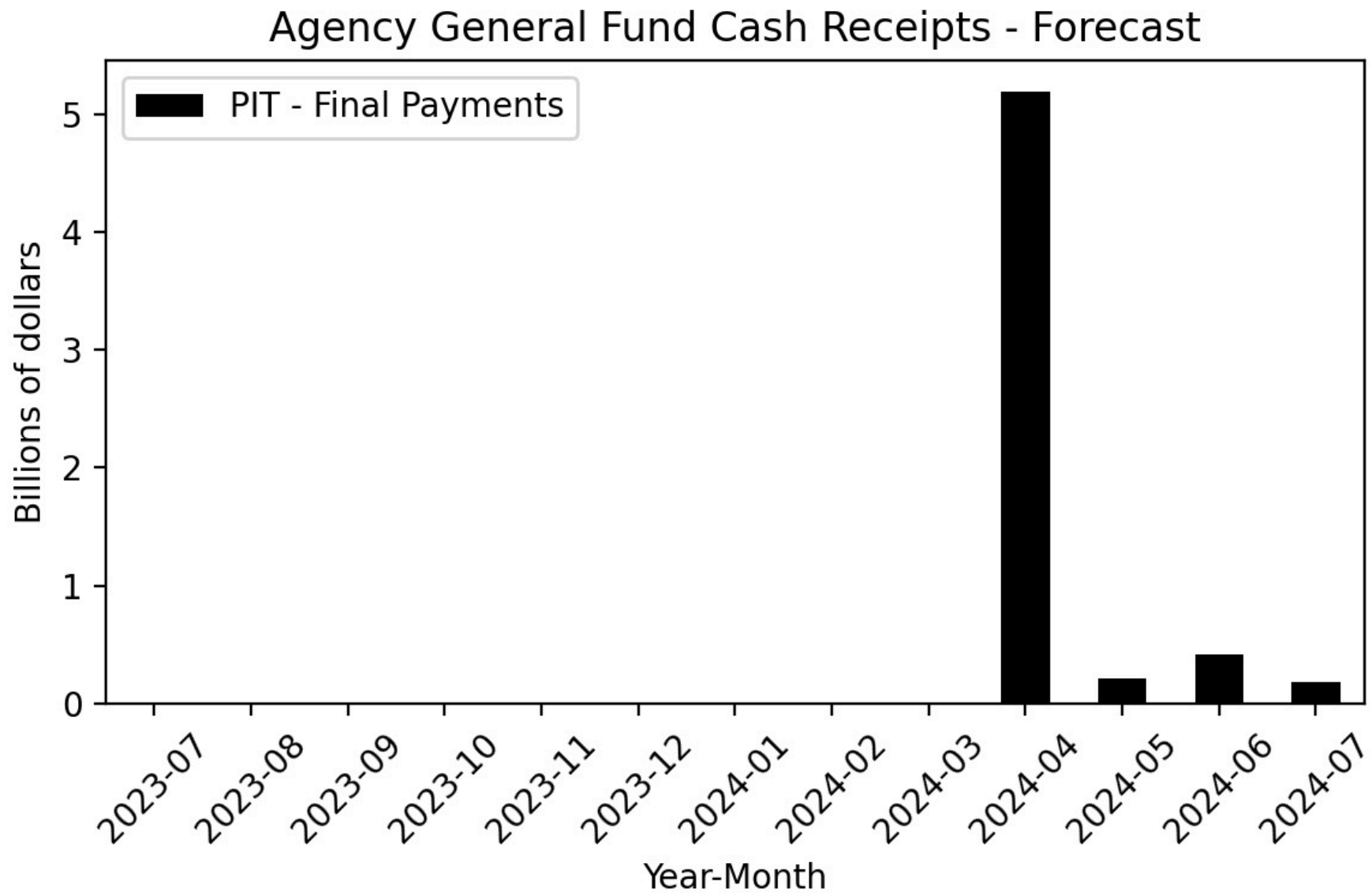


Figure 66

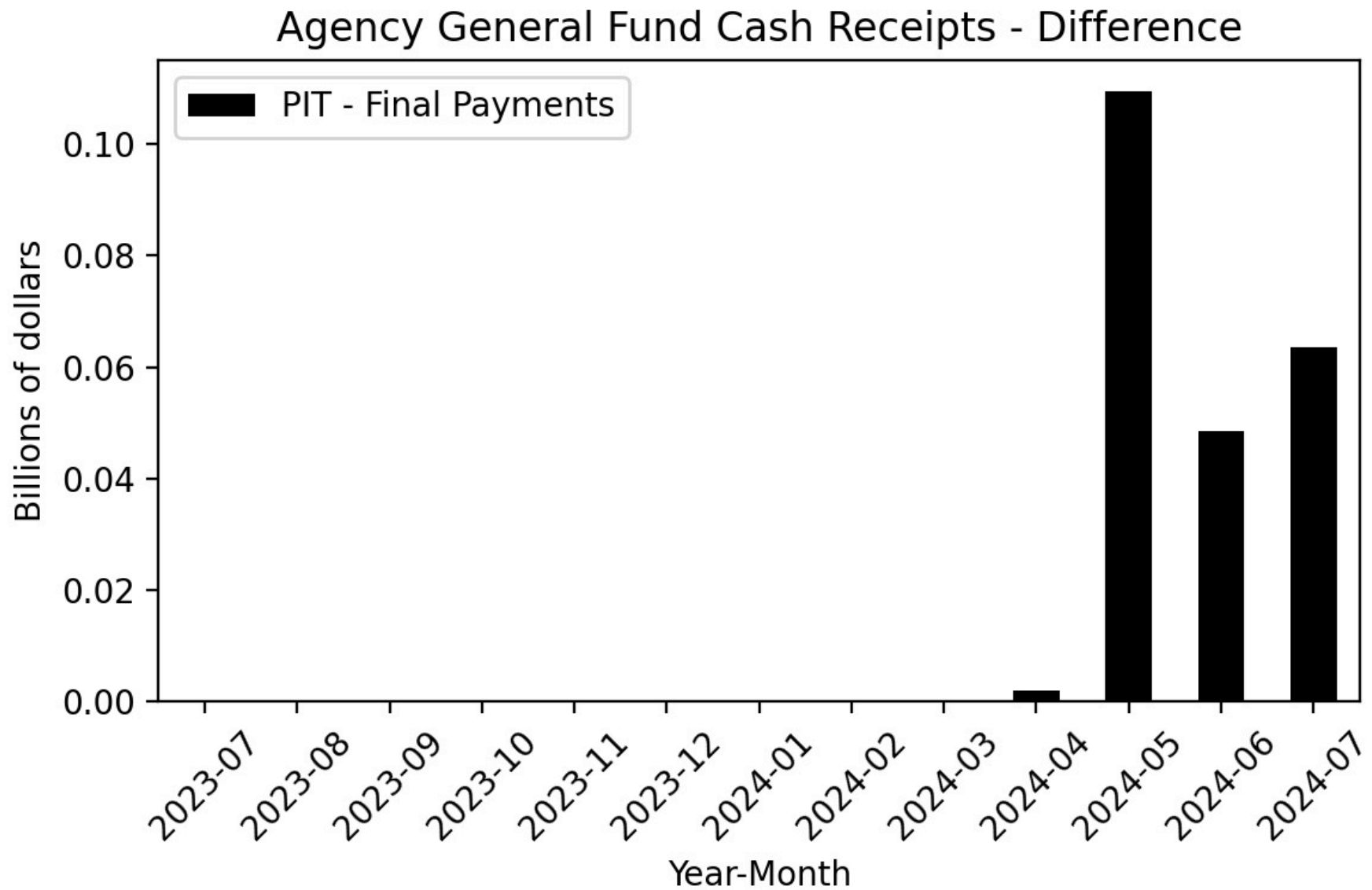


Figure 67

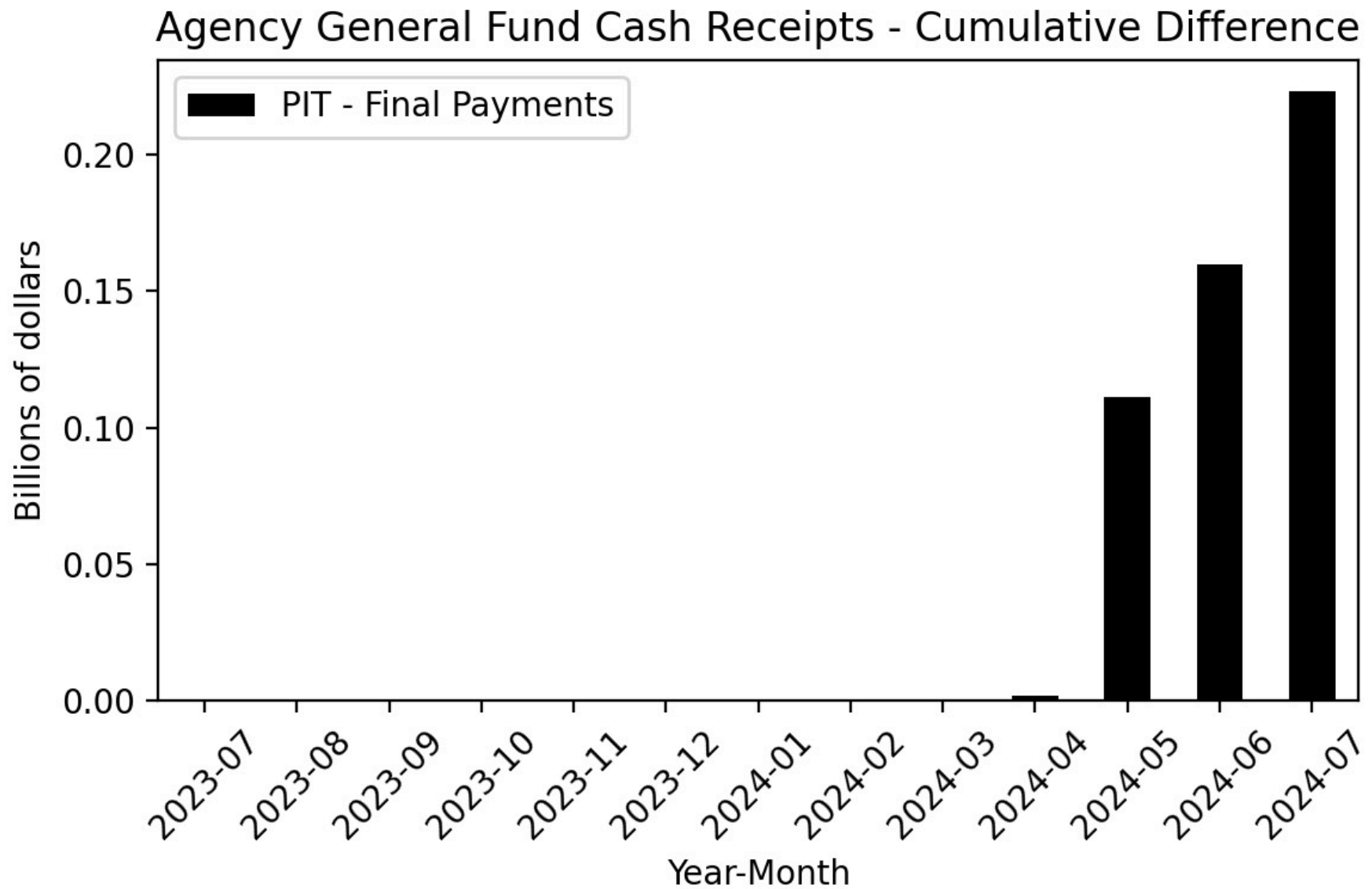


Figure 68

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
PIT-Final Payments

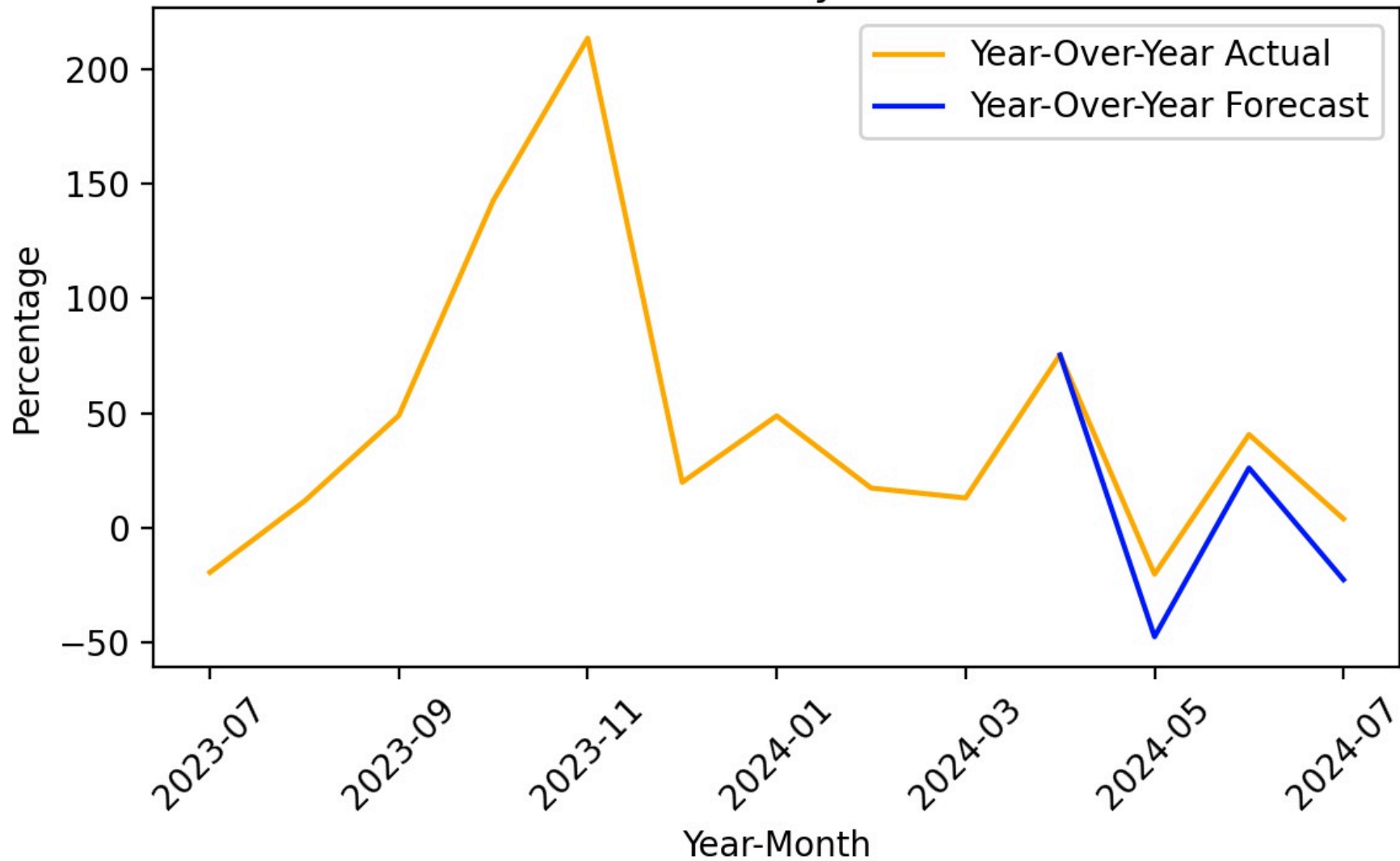


Figure 69

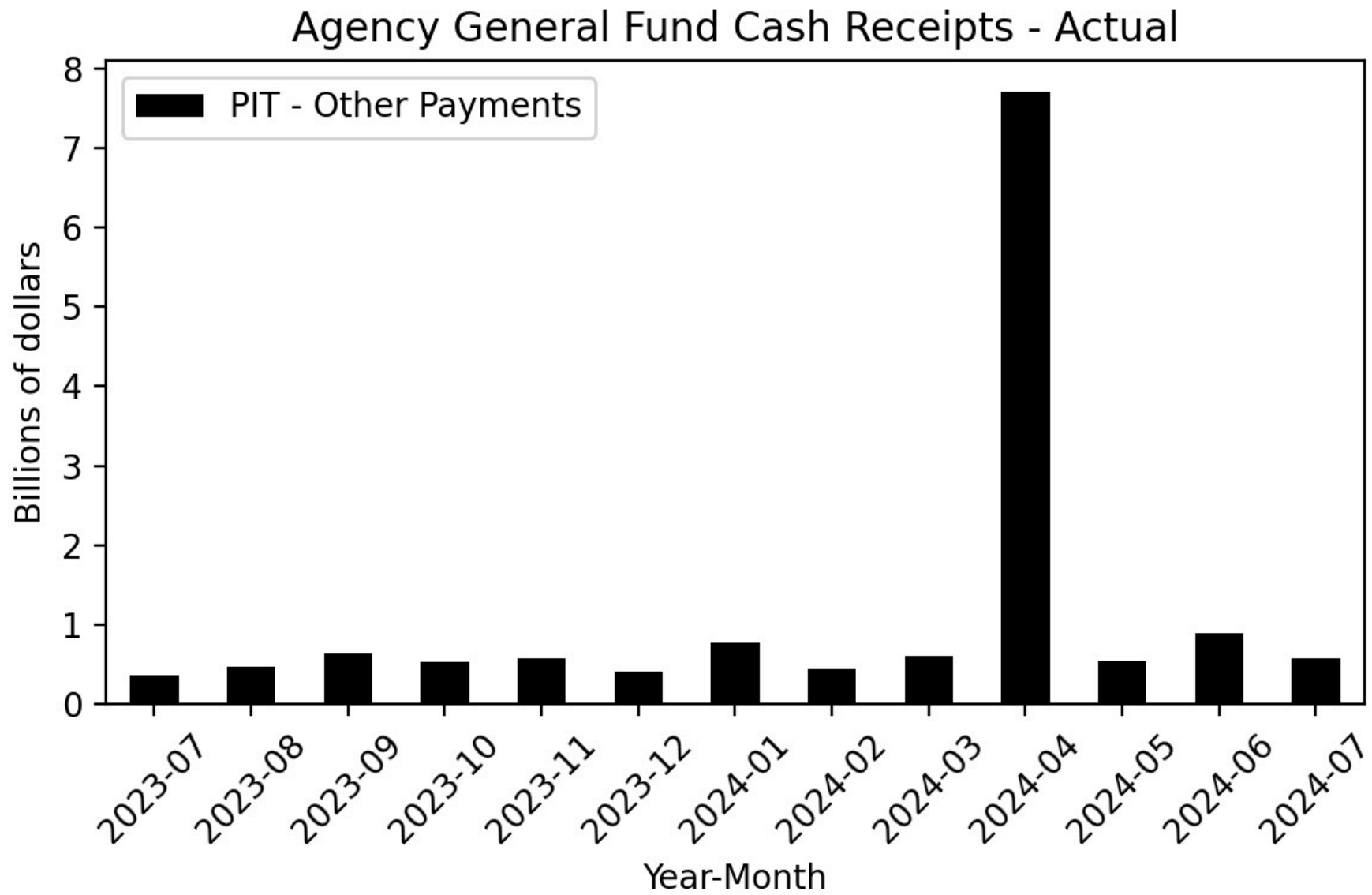


Figure 70

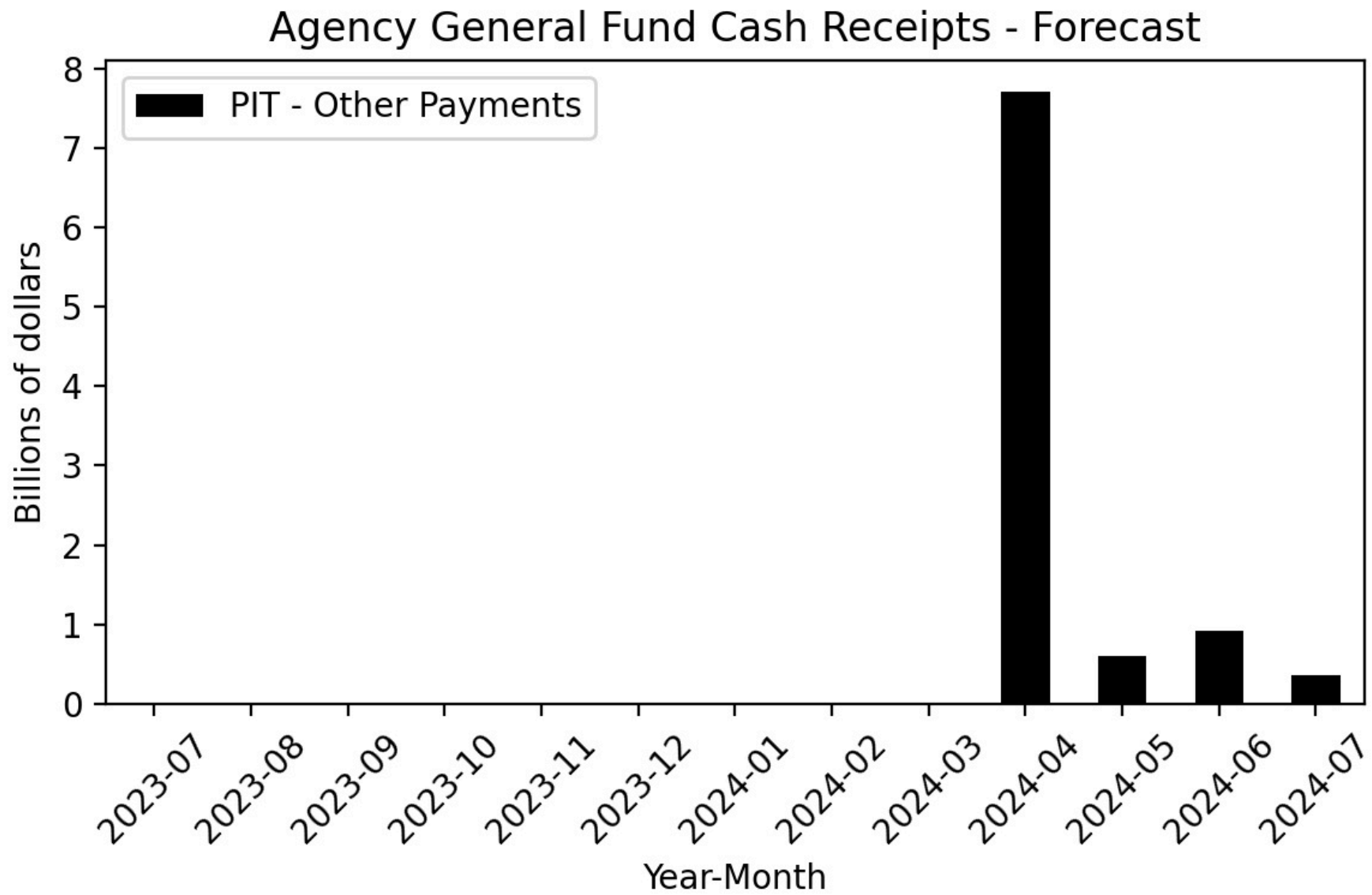


Figure 71

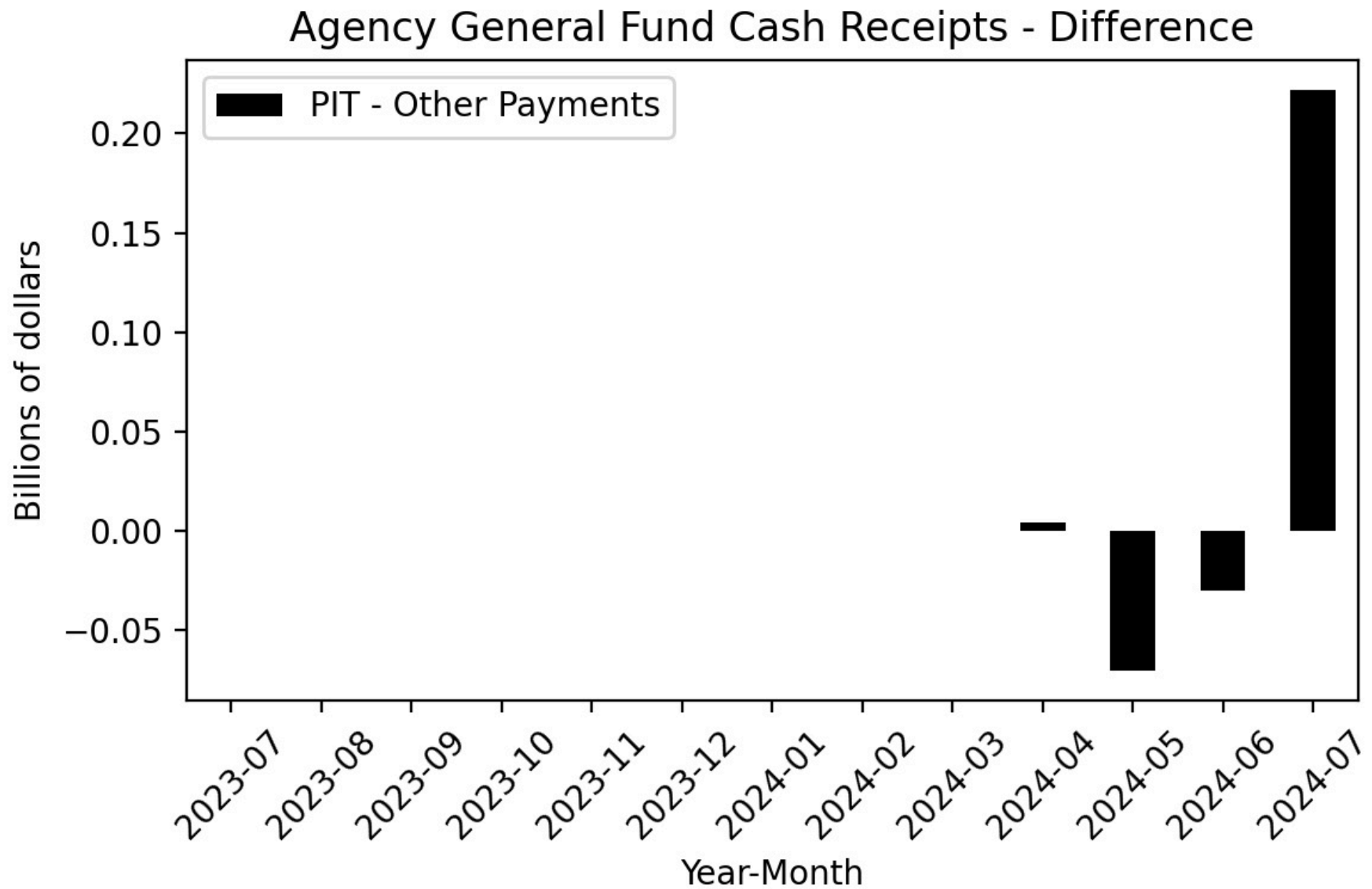


Figure 72

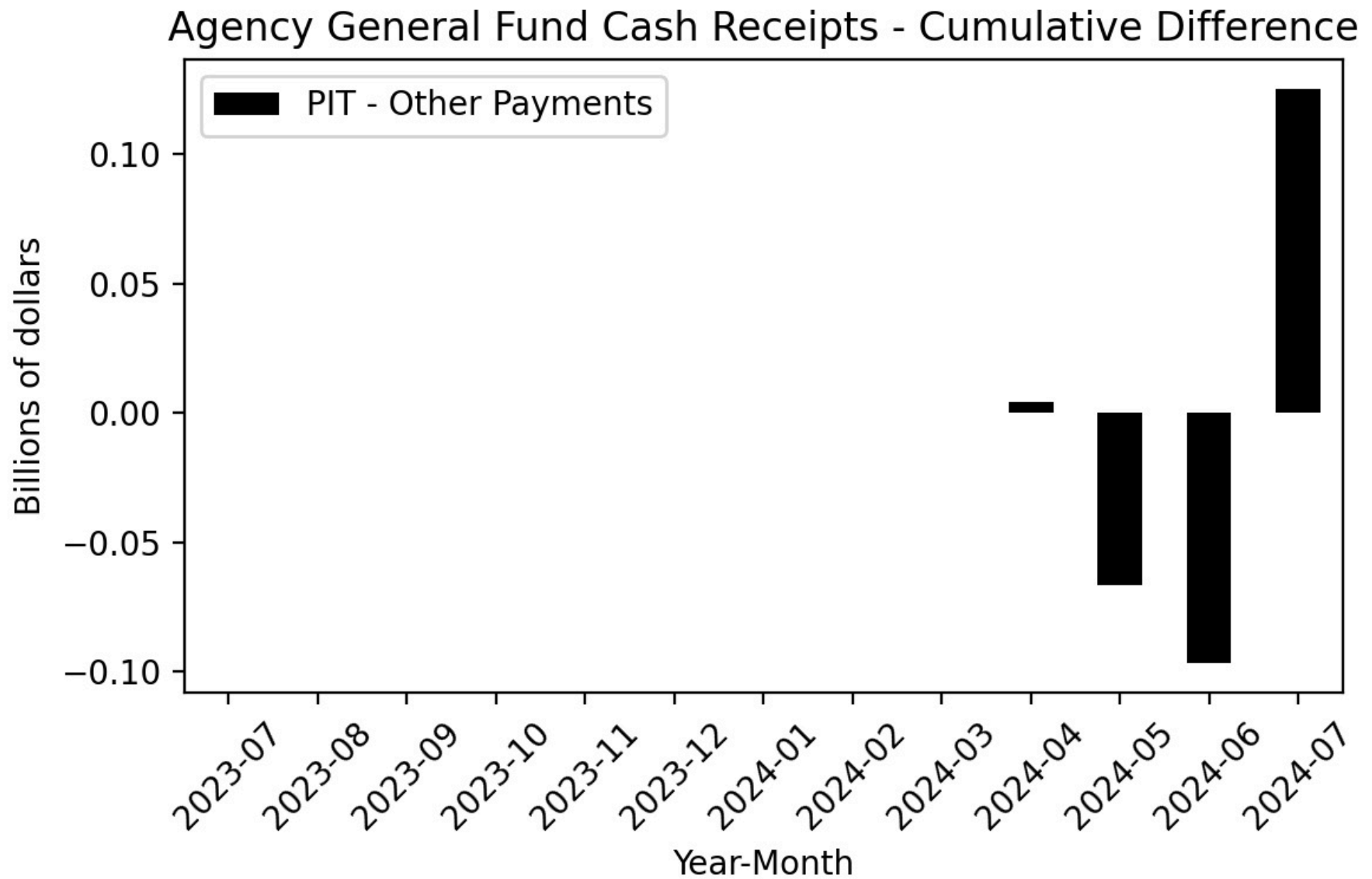


Figure 73

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
PIT-Other Payments

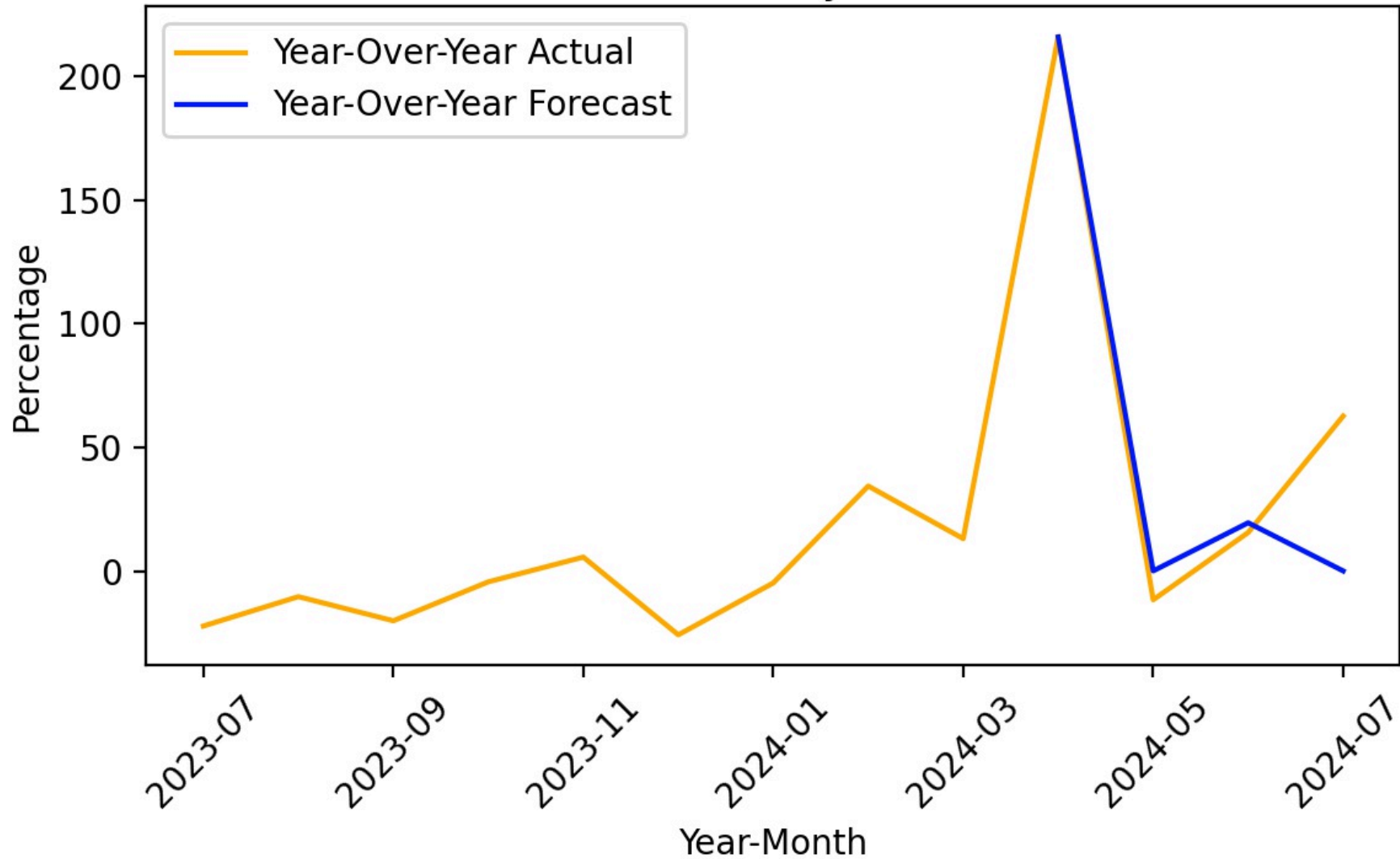


Figure 74

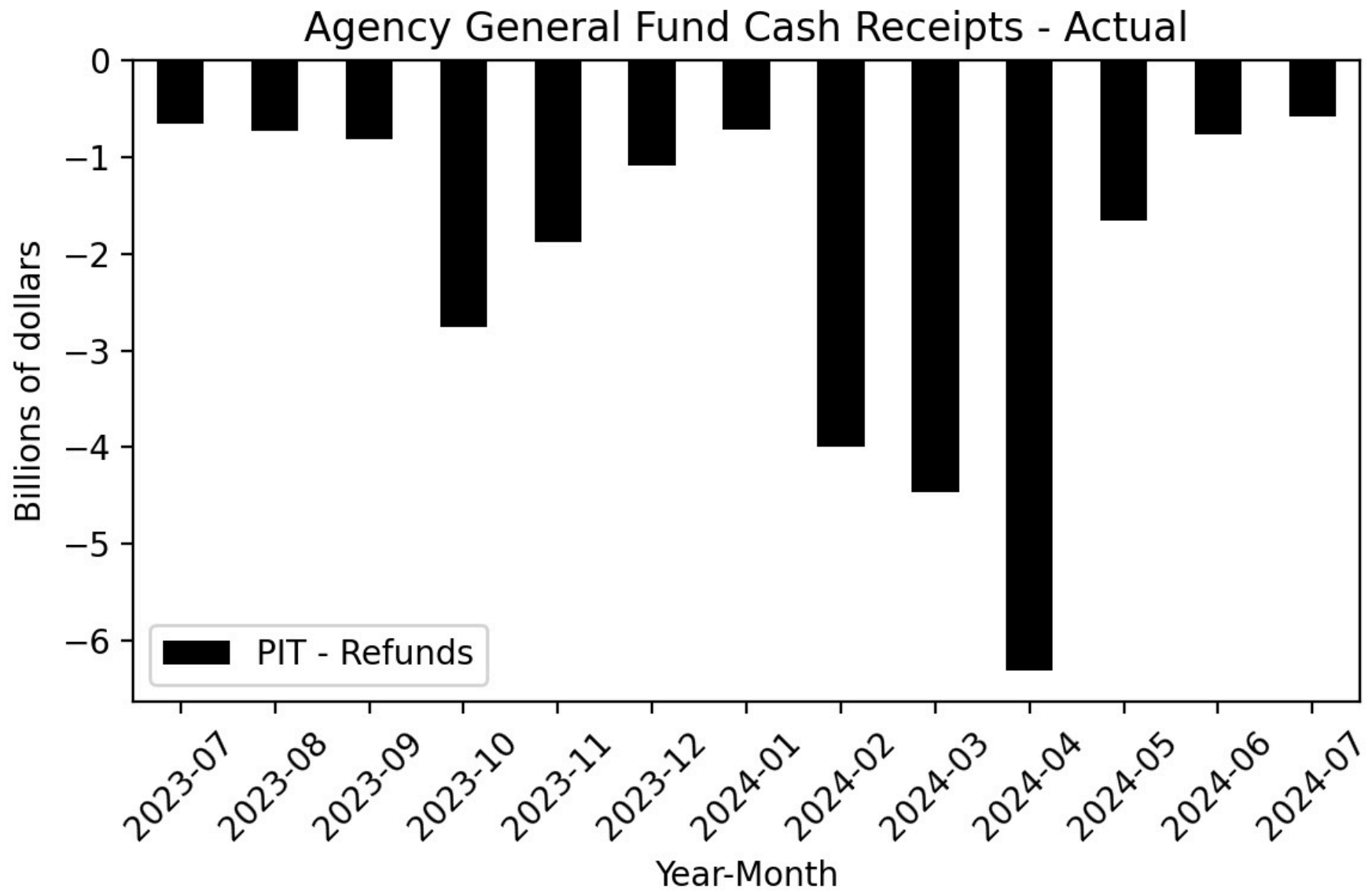


Figure 75

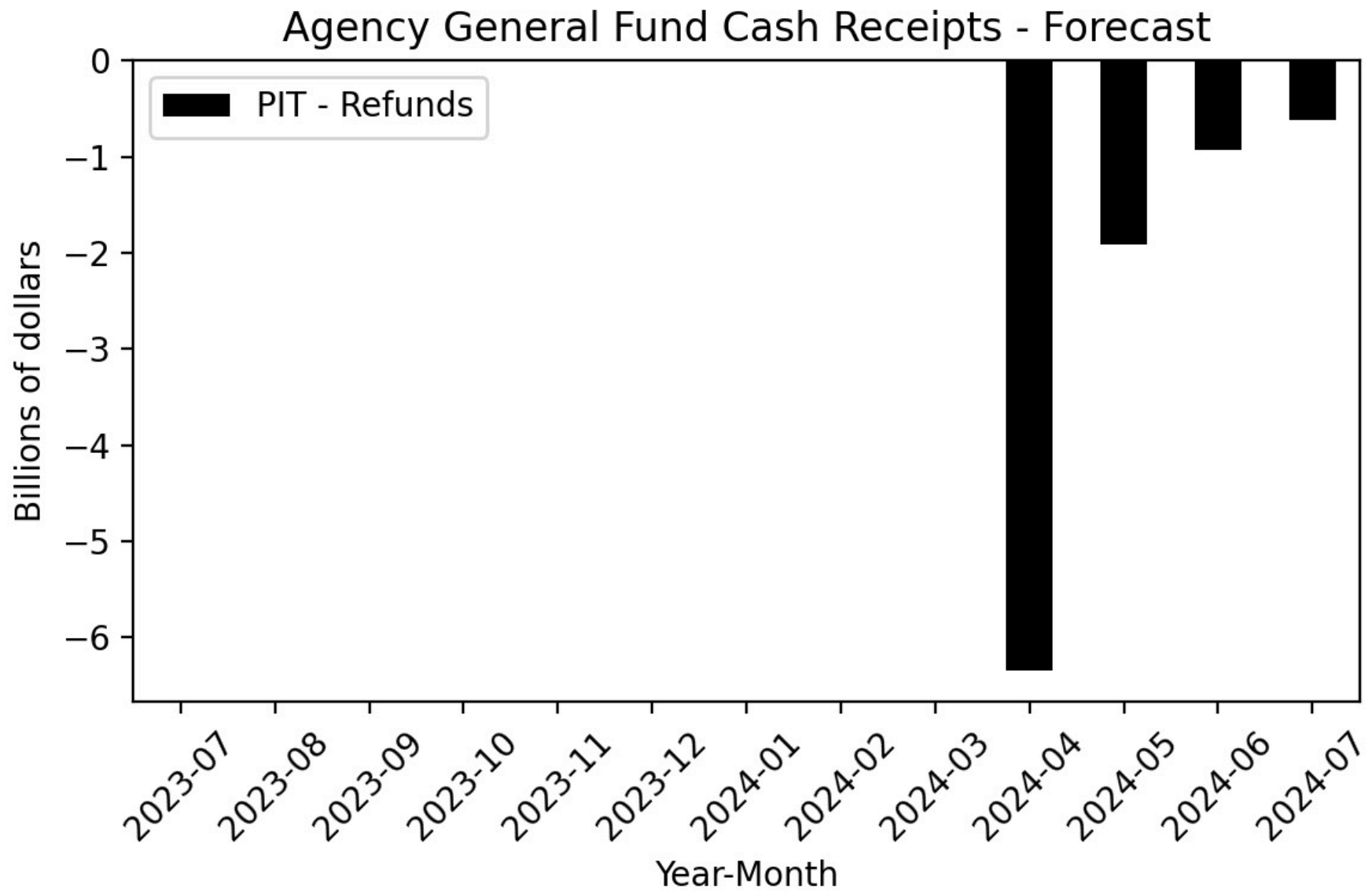


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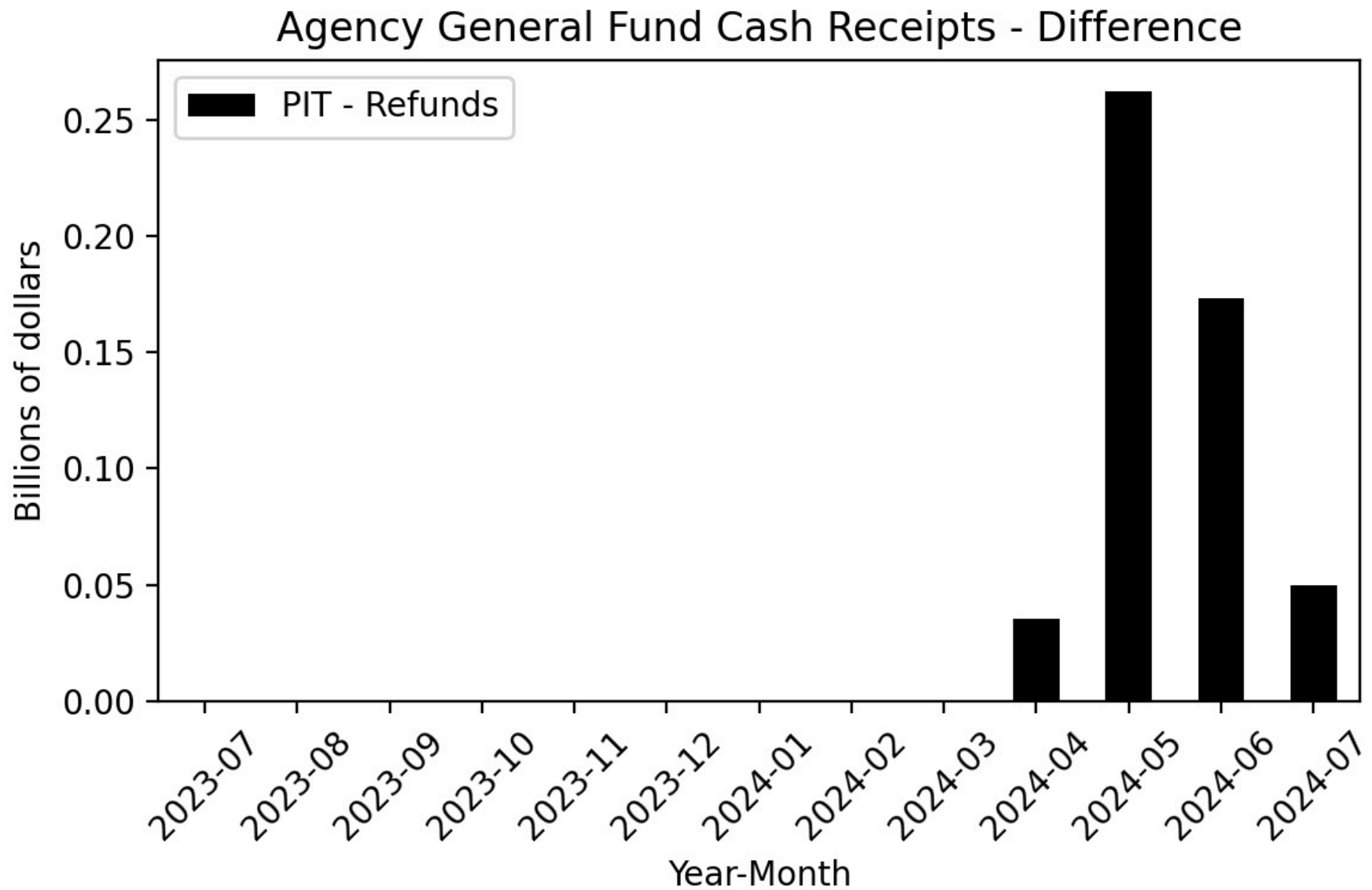


Figure 77

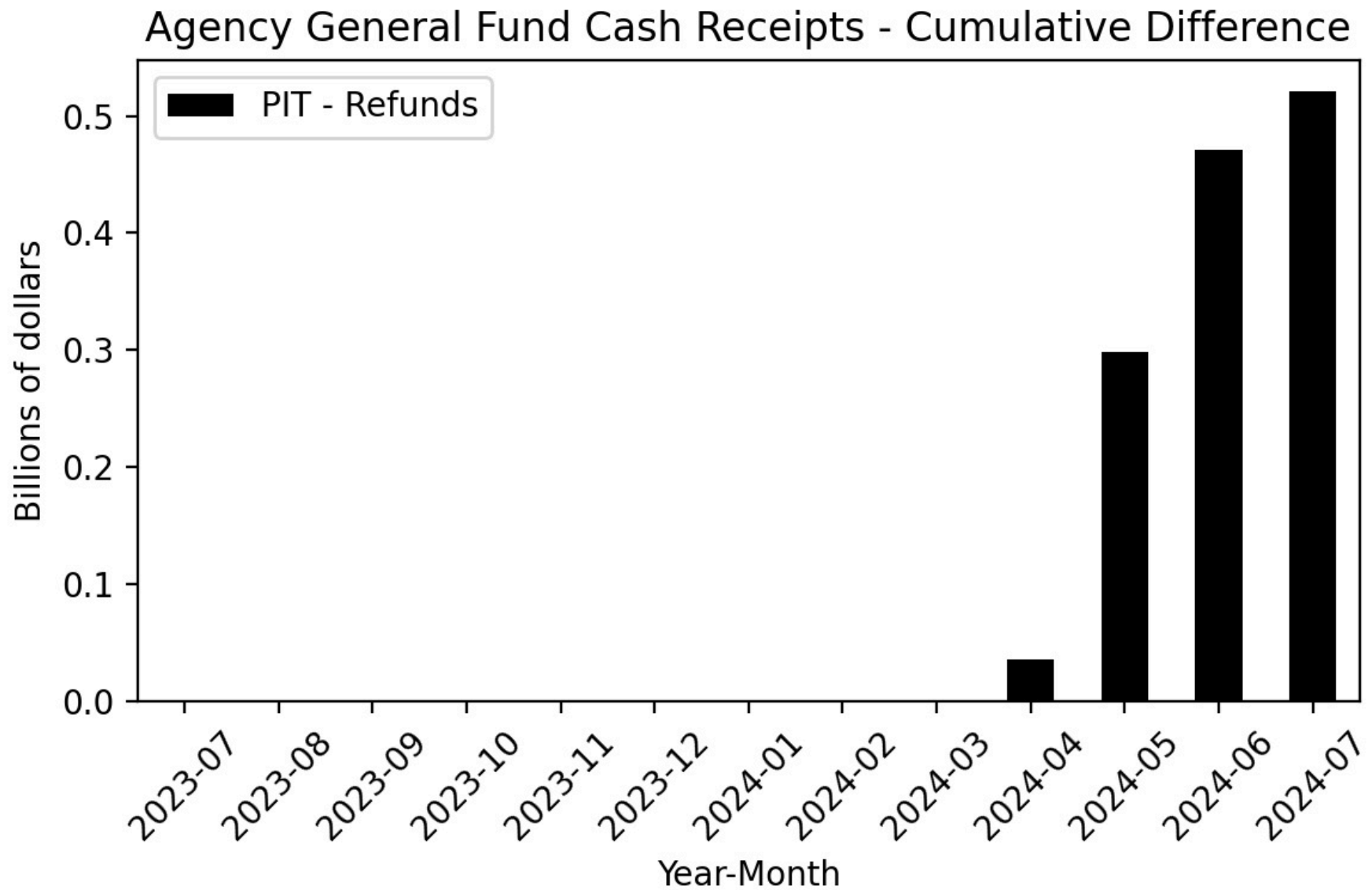


Figure 78

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
PIT-Refunds

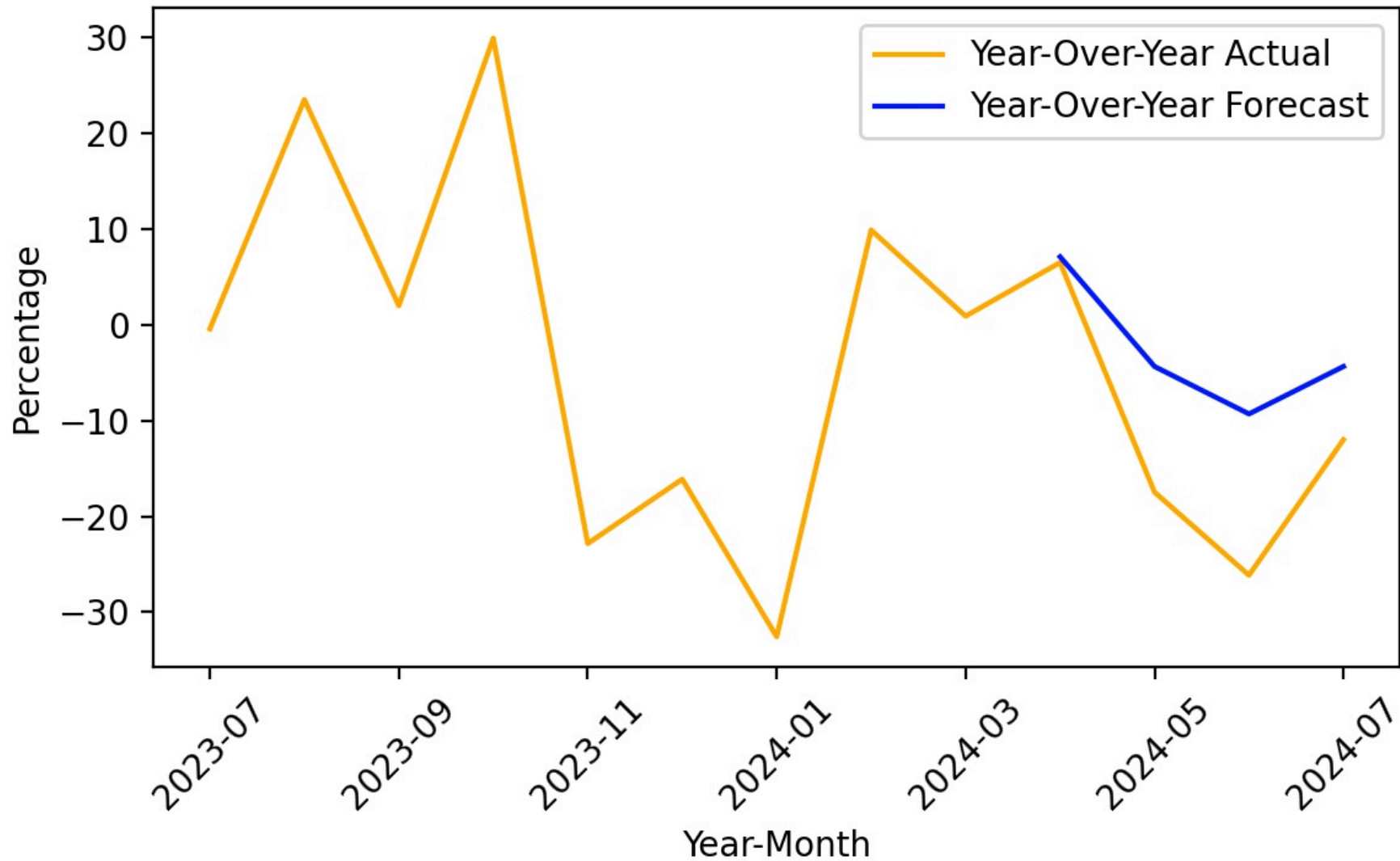


Figure 79

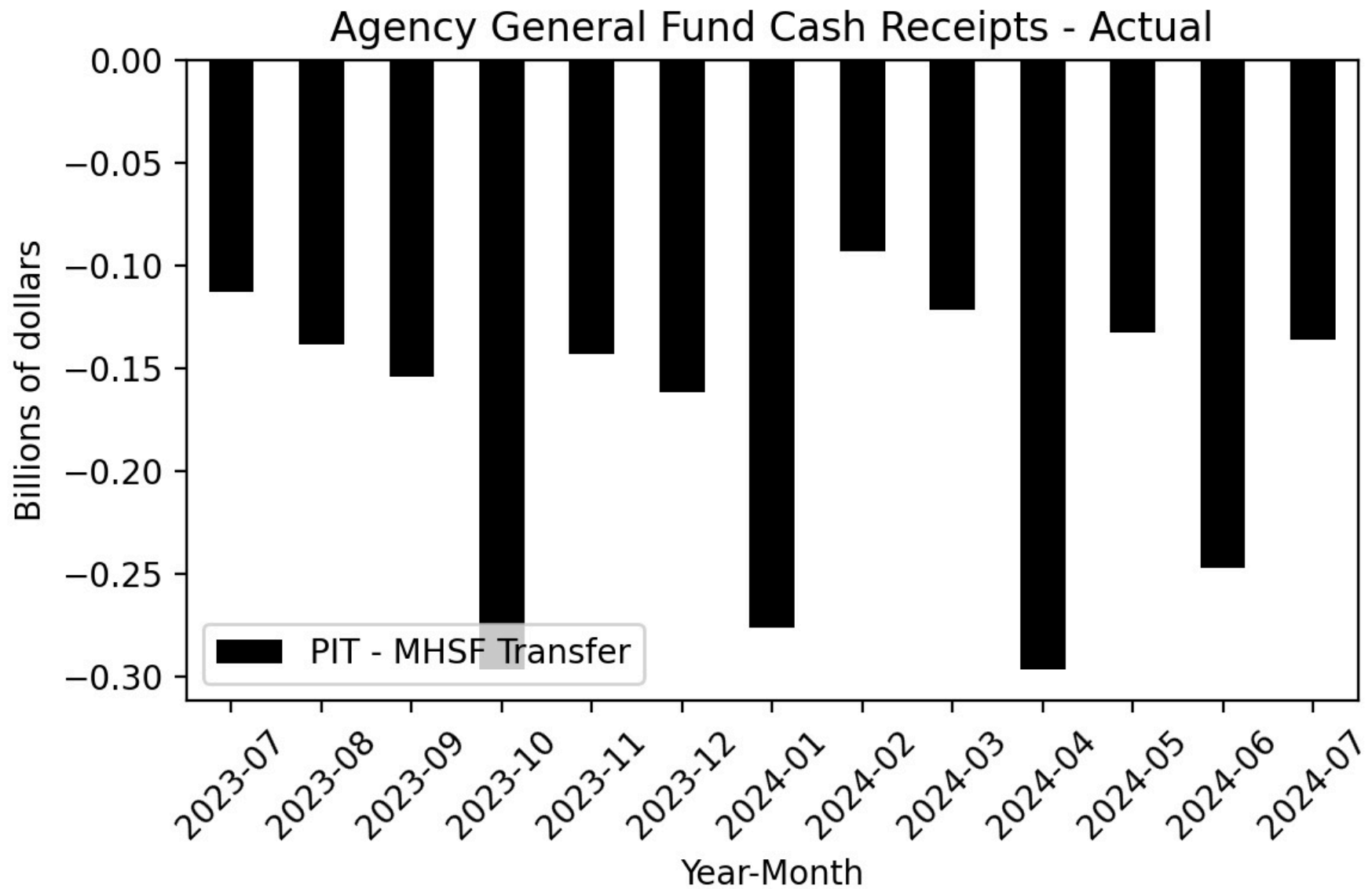


Figure 80

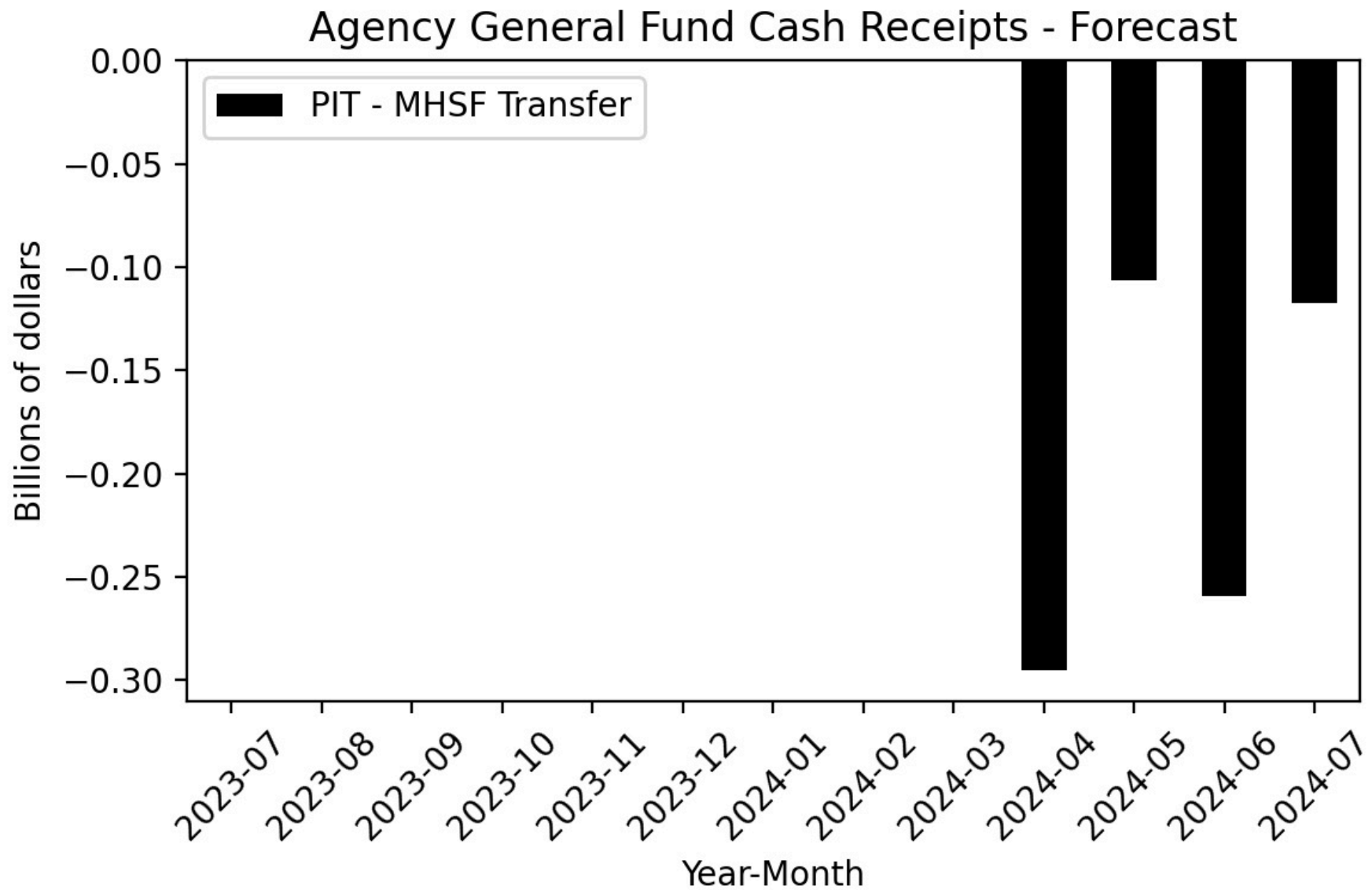


Figure 81

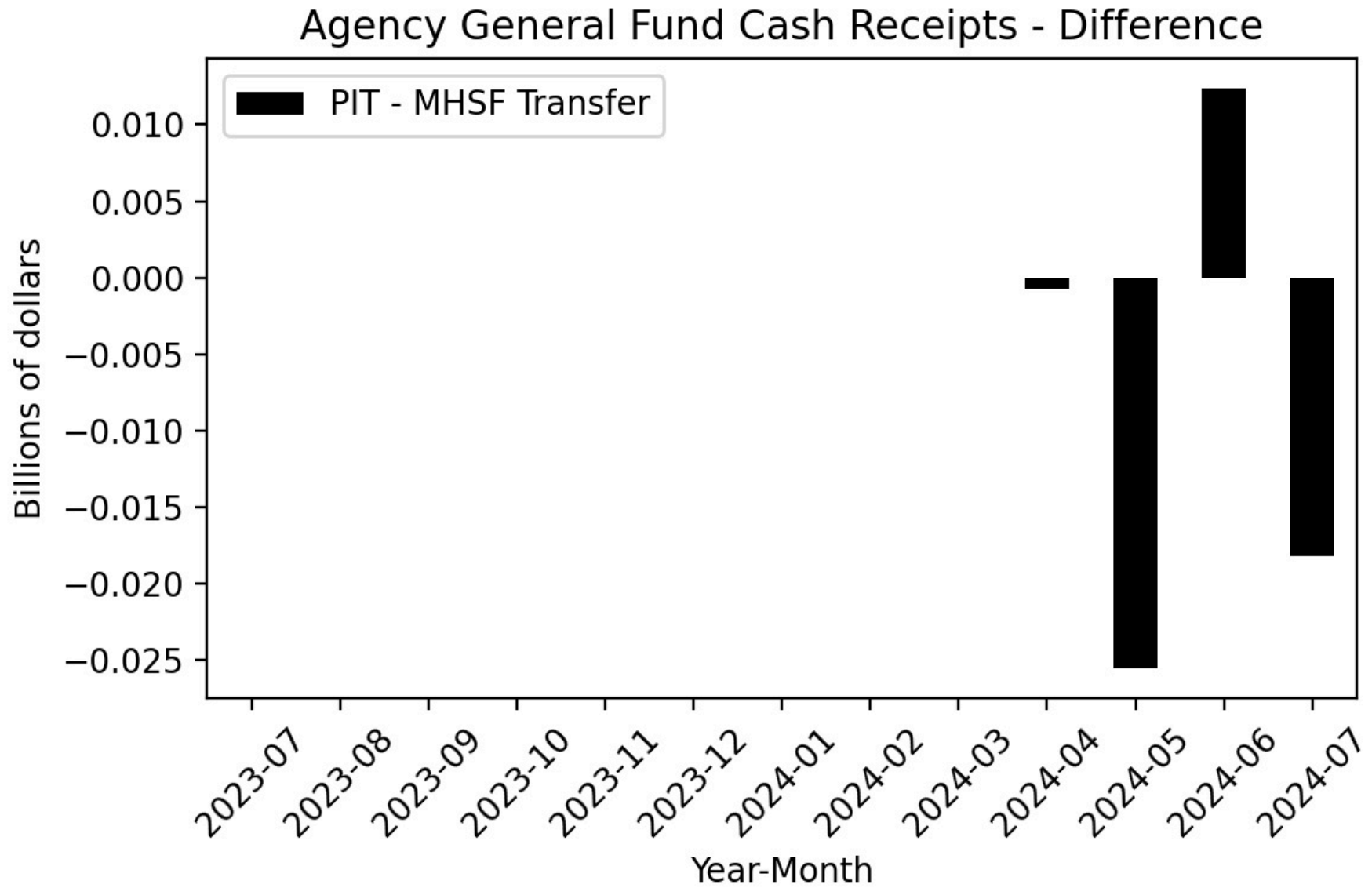


Figure 82

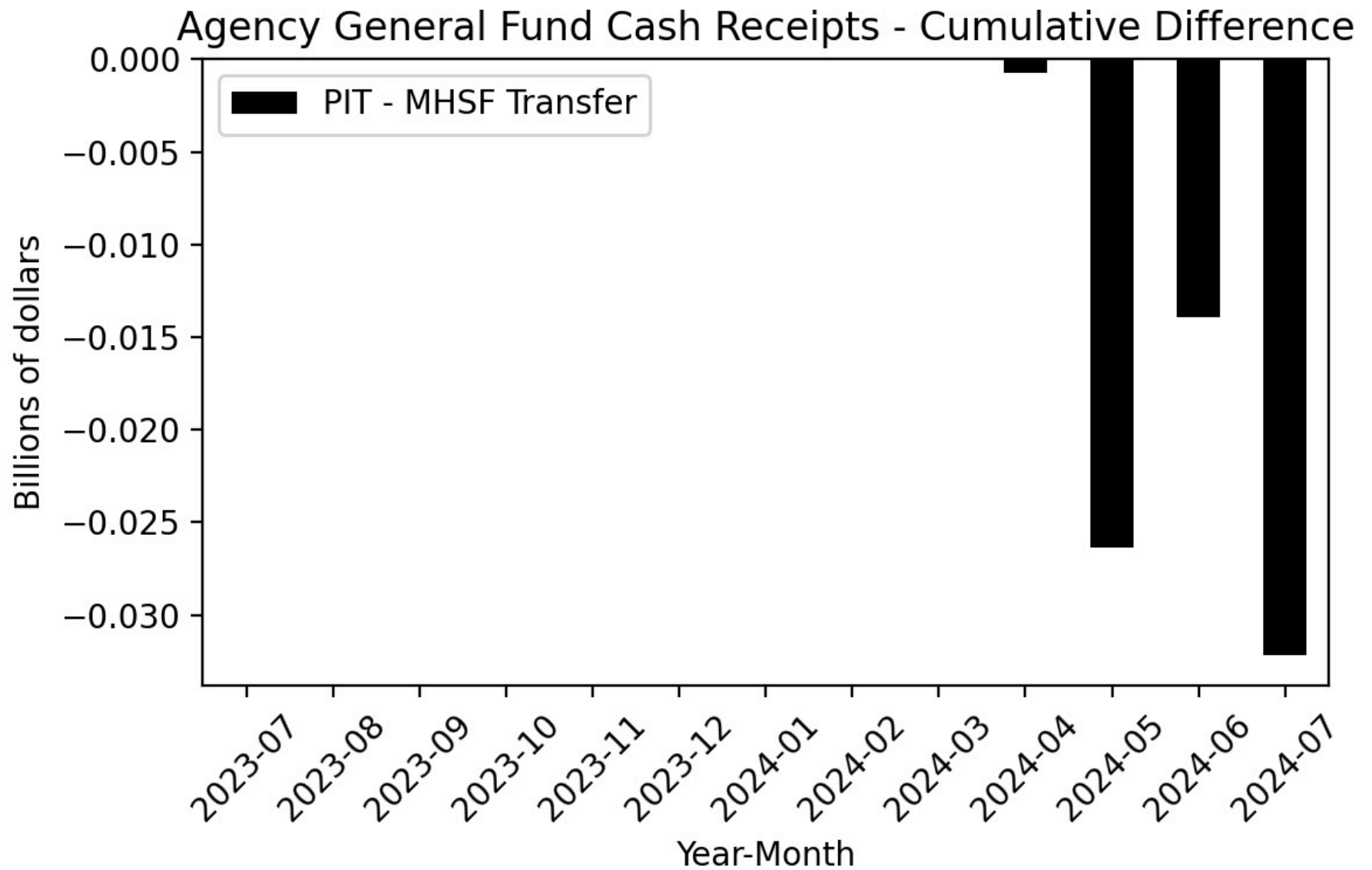


Figure 83

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
PIT-MHSF Transfer

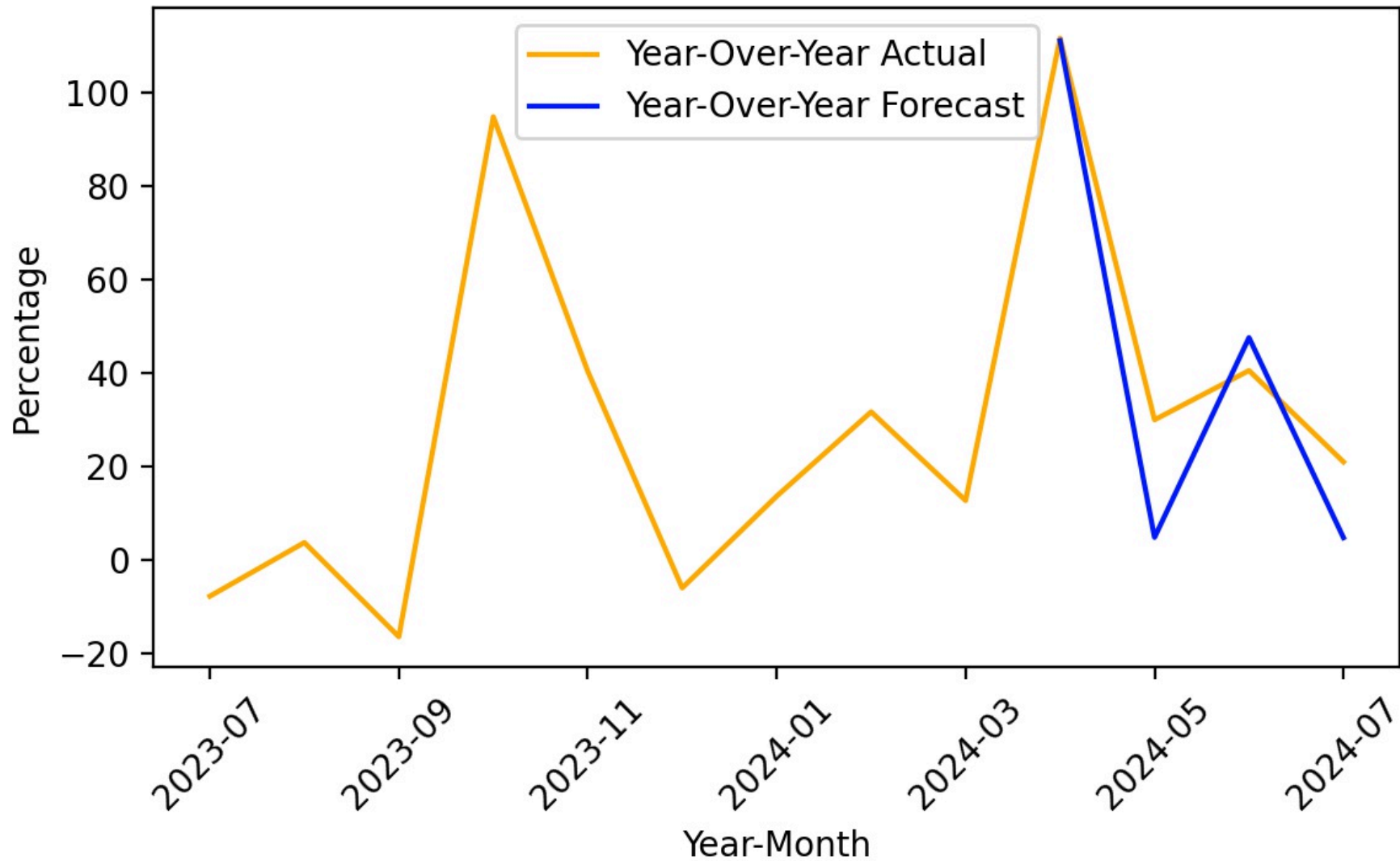


Figure 84

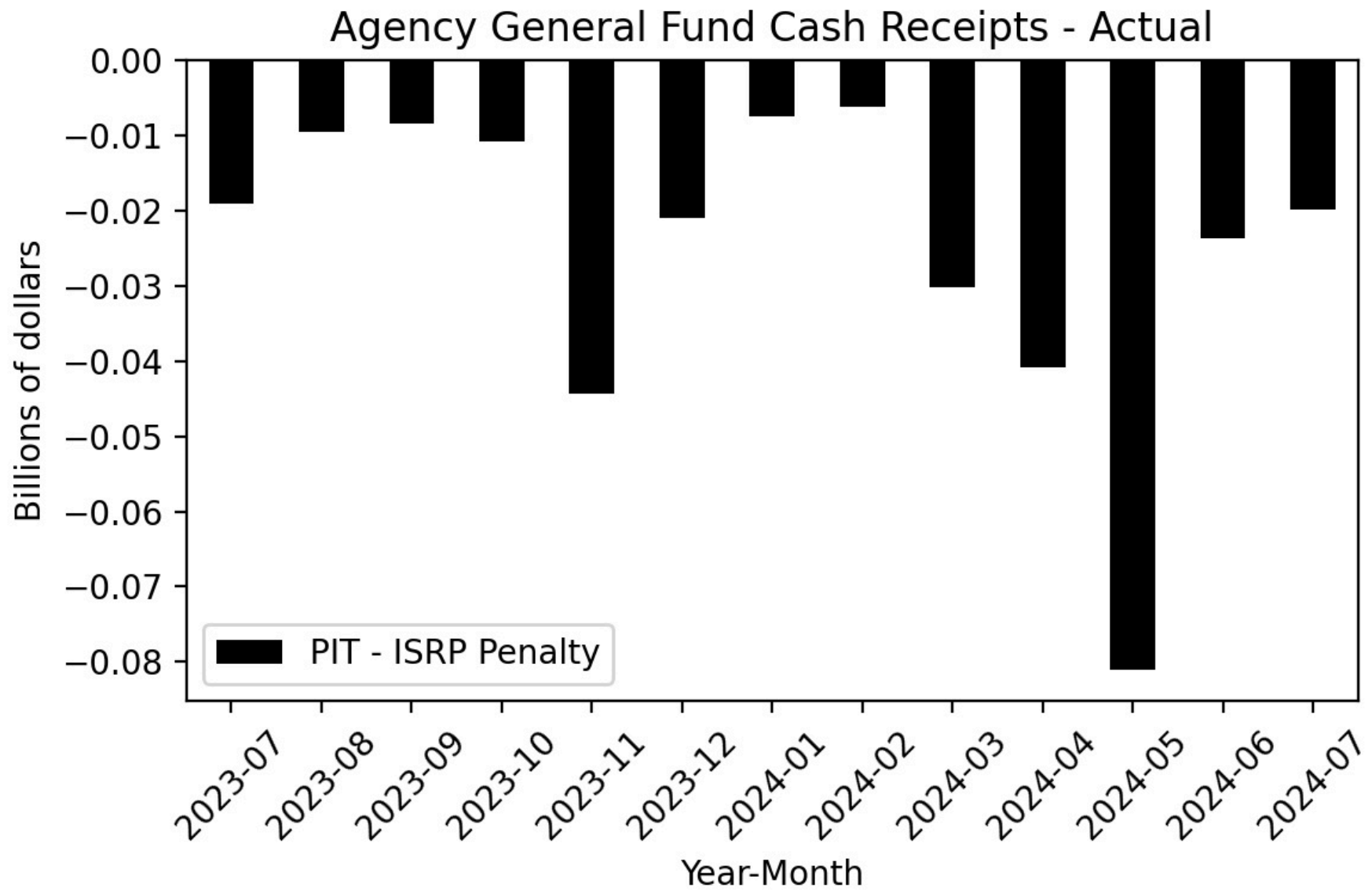


Figure 85

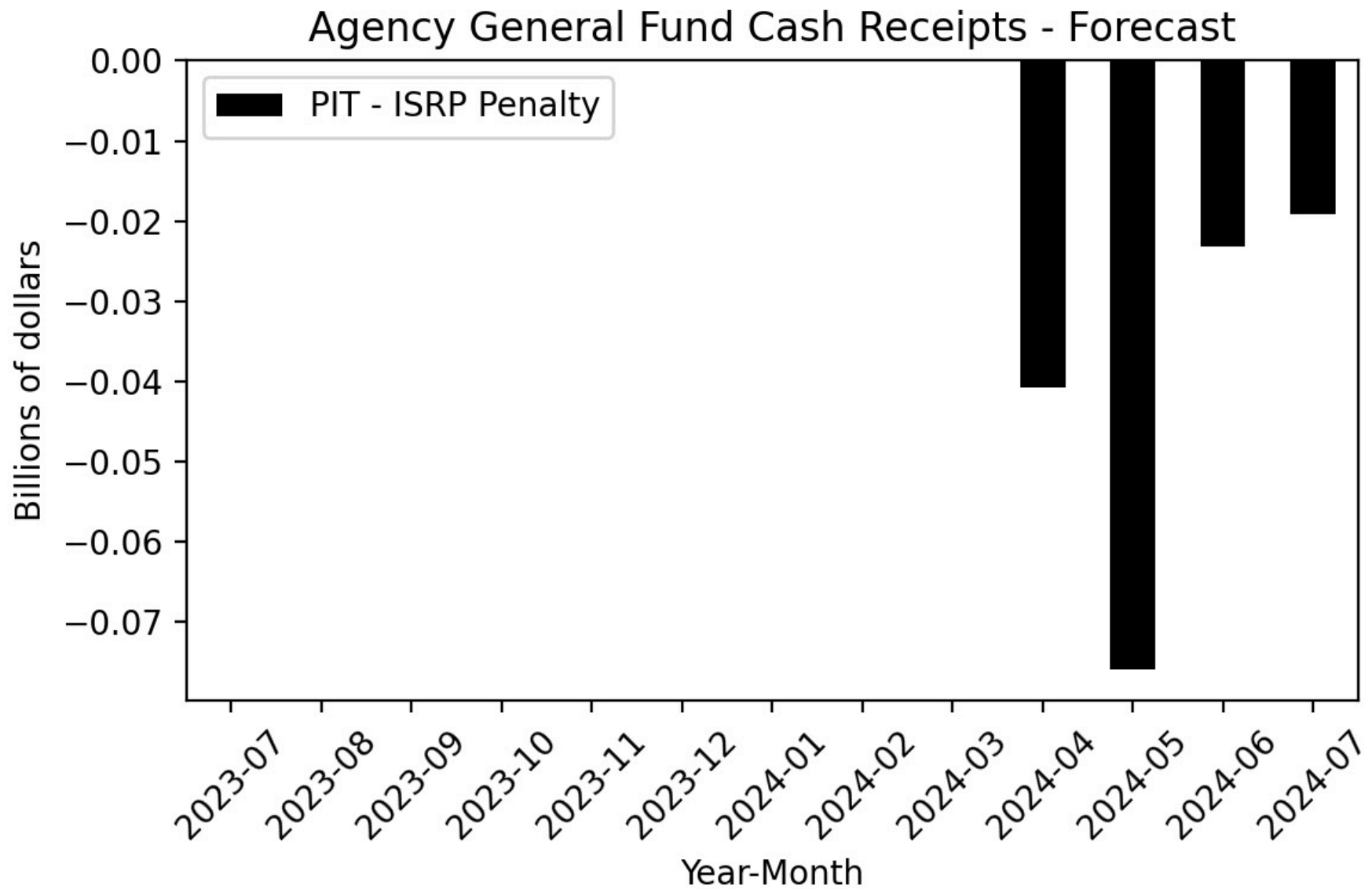


Figure 86

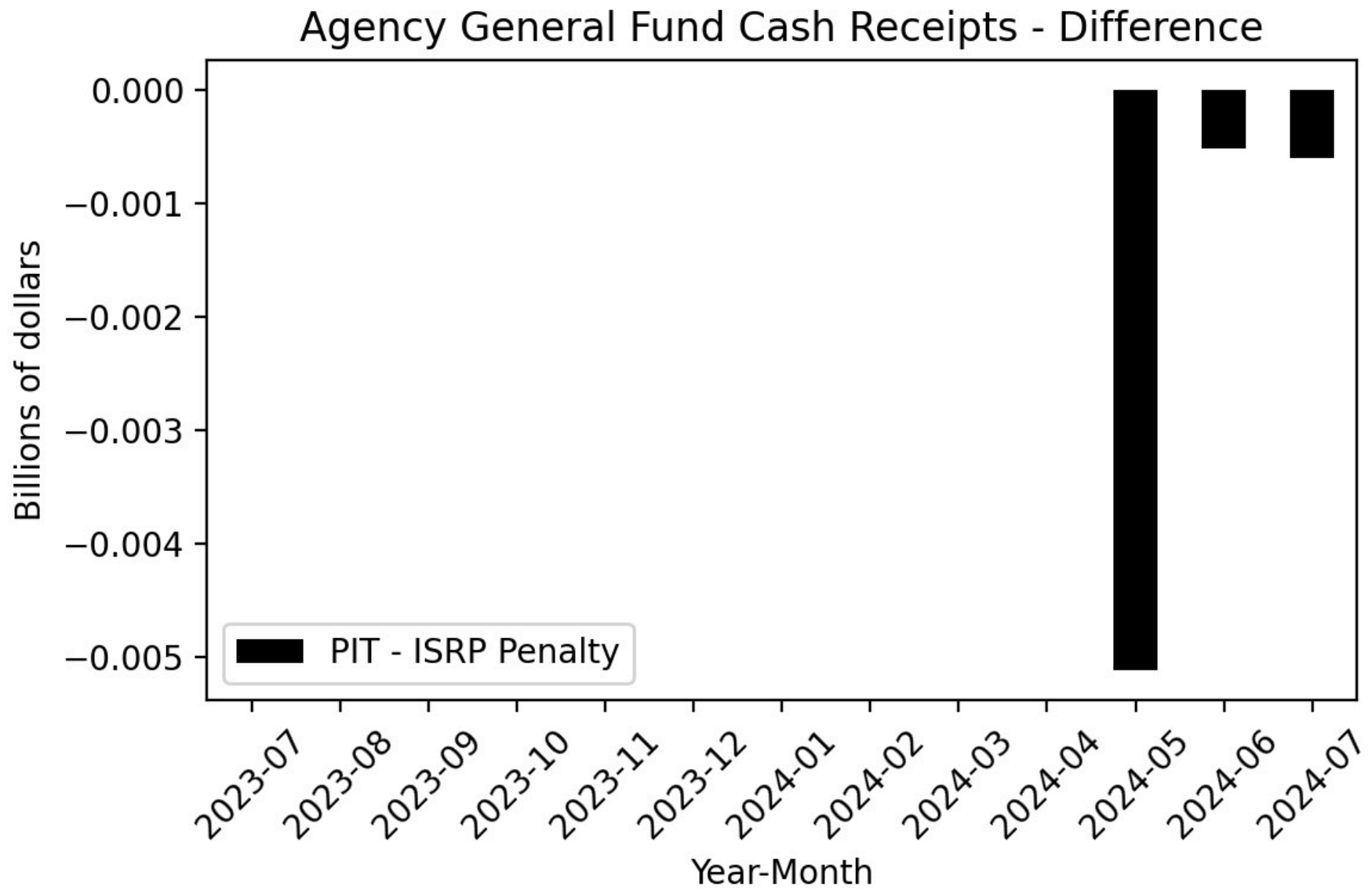


Figure 87

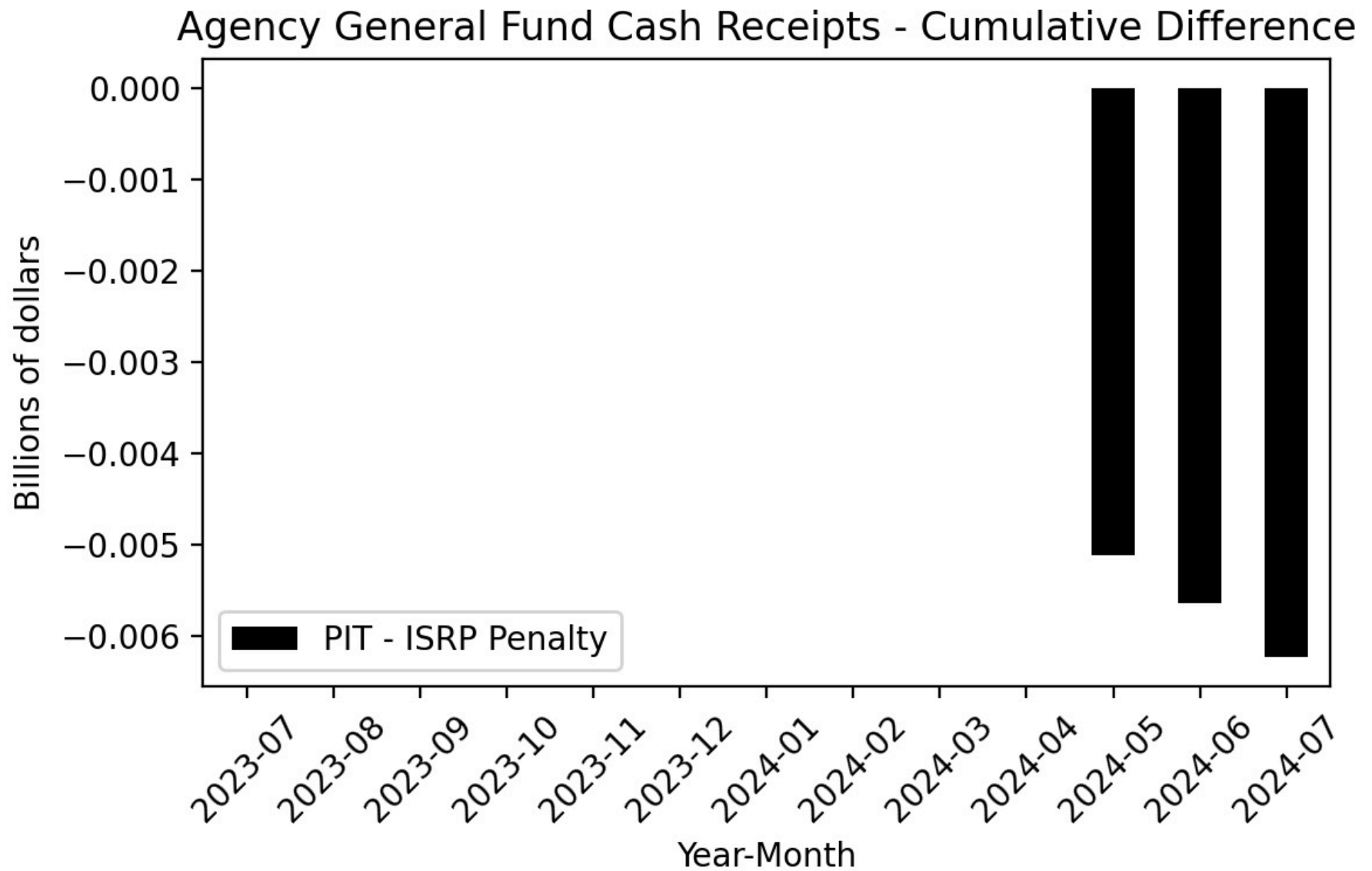


Figure 88

Year-Over-Year Change - Actual and 2024-25 Budget Act
Forecast PIT-ISRP Penalty

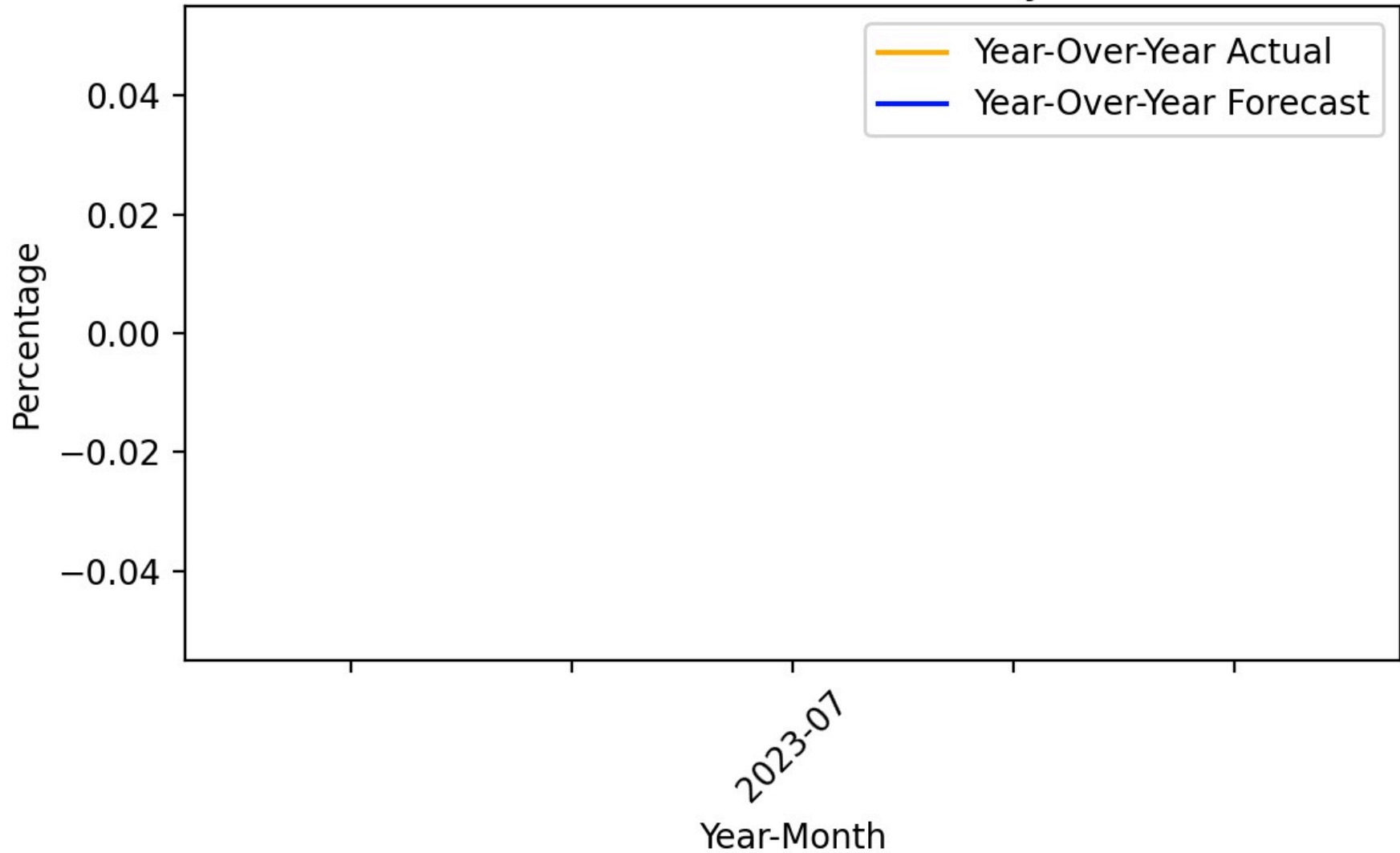


Figure 89

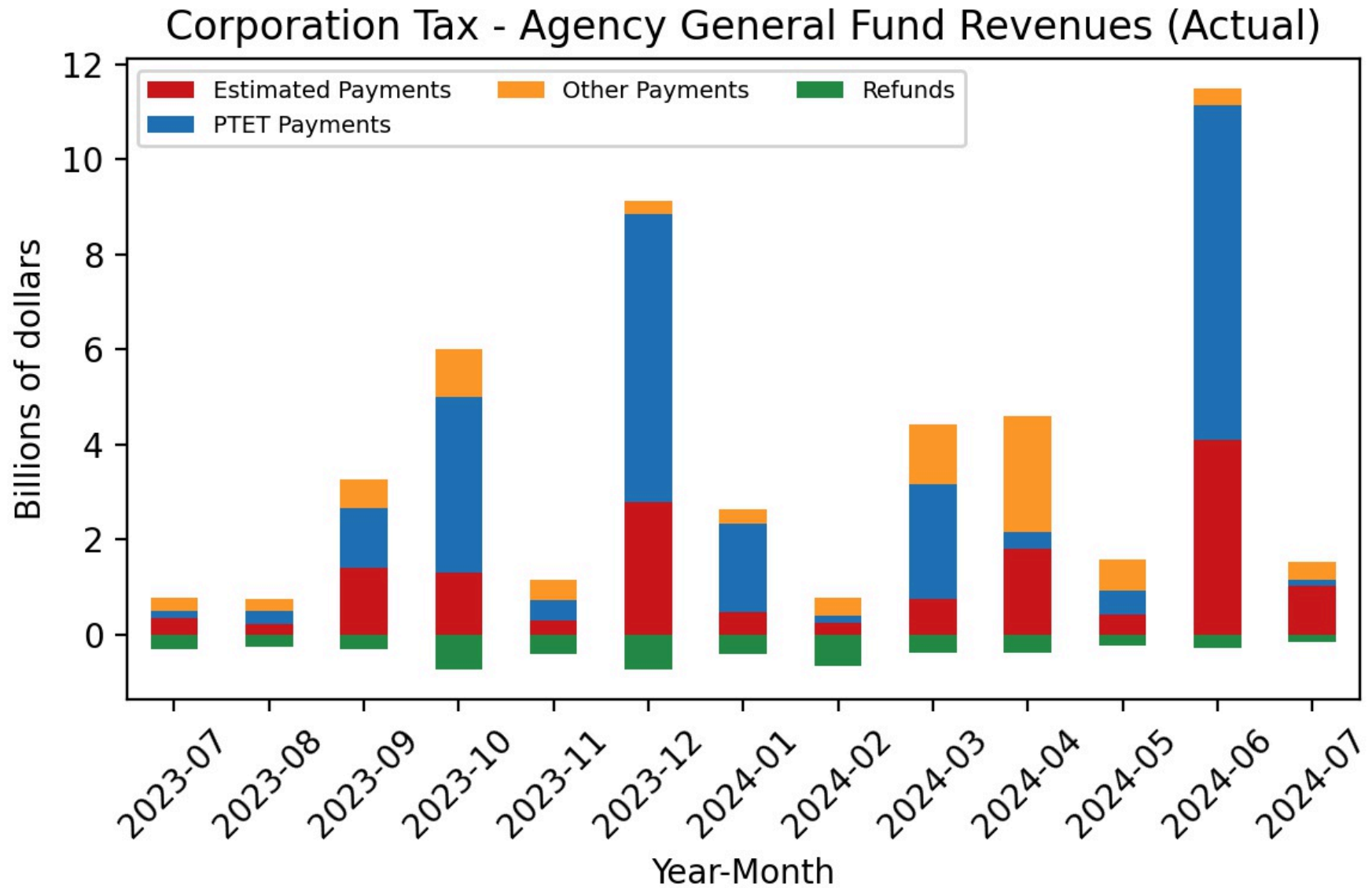


Figure 90

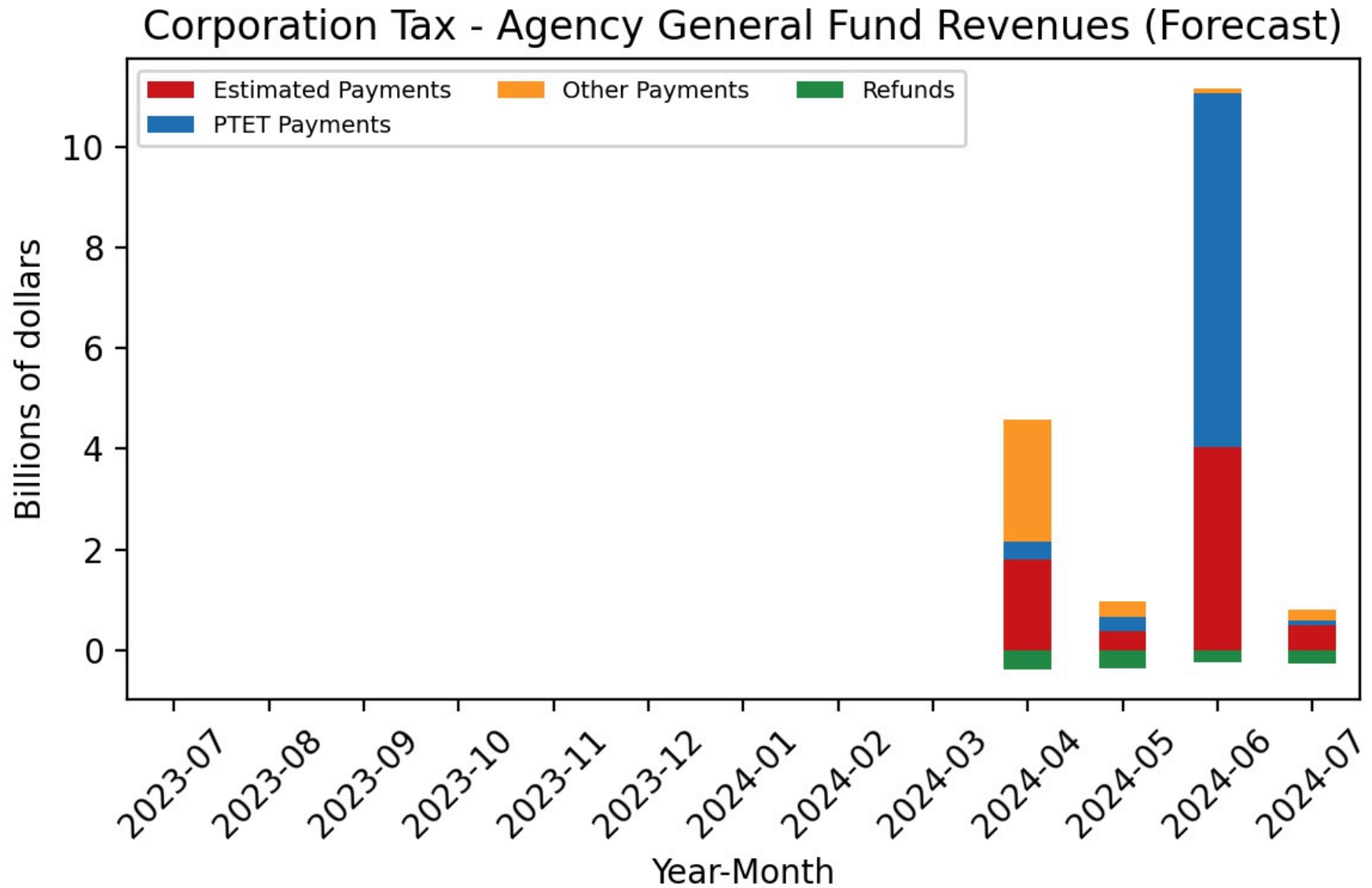


Figure 91

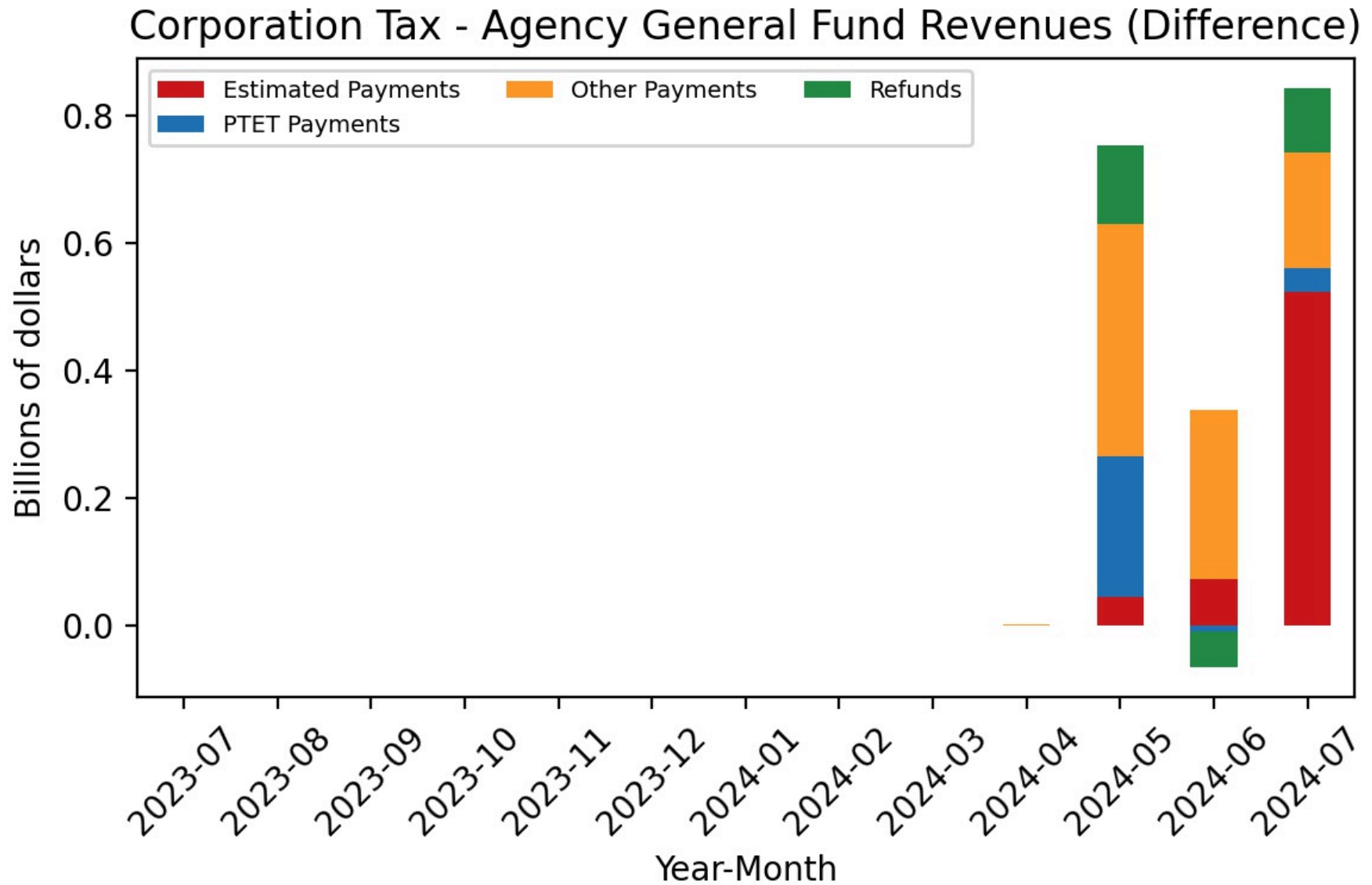


Figure 92

Corporation Tax - Agency General Fund Revenues (Cumulative Difference)

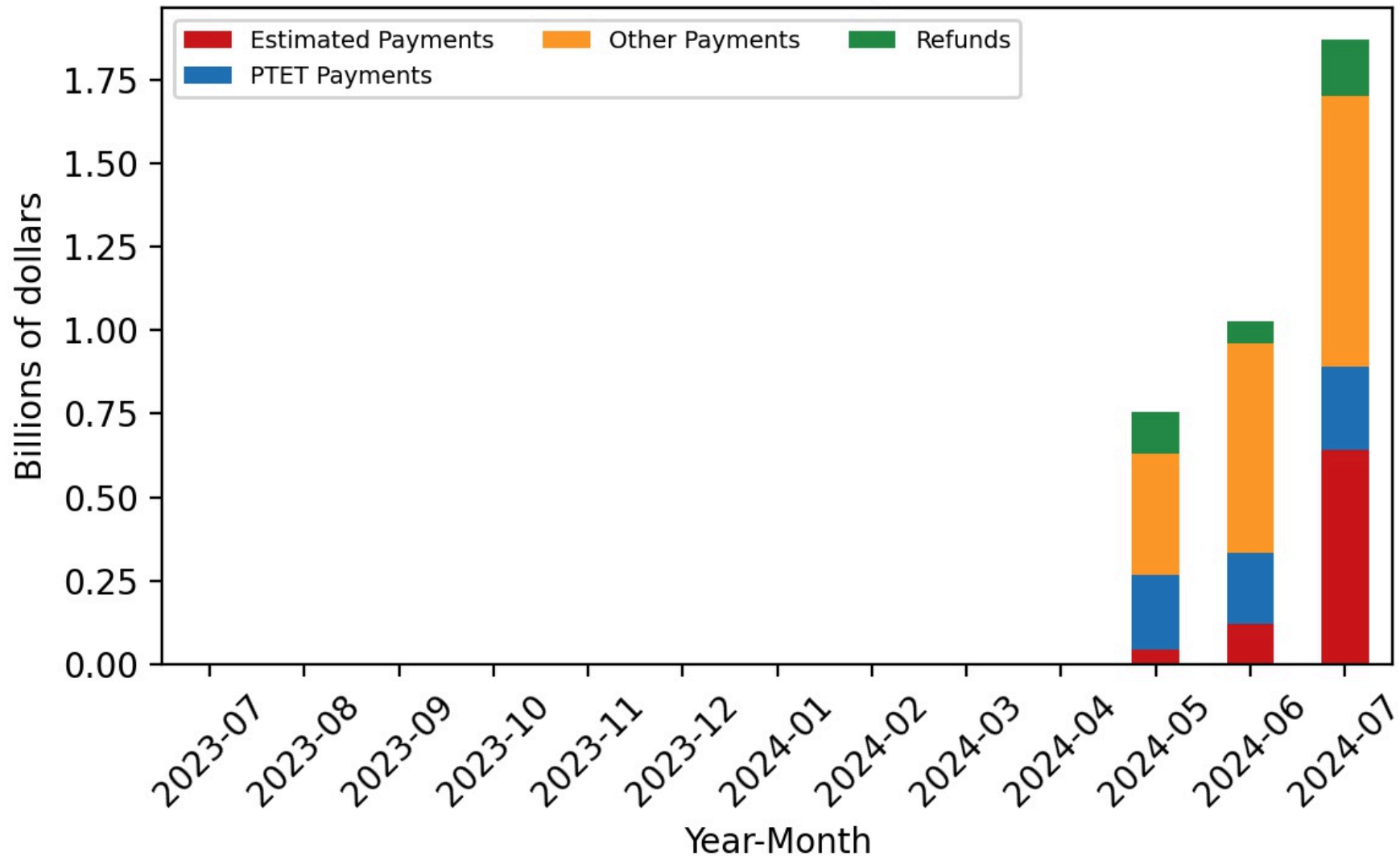


Figure 93

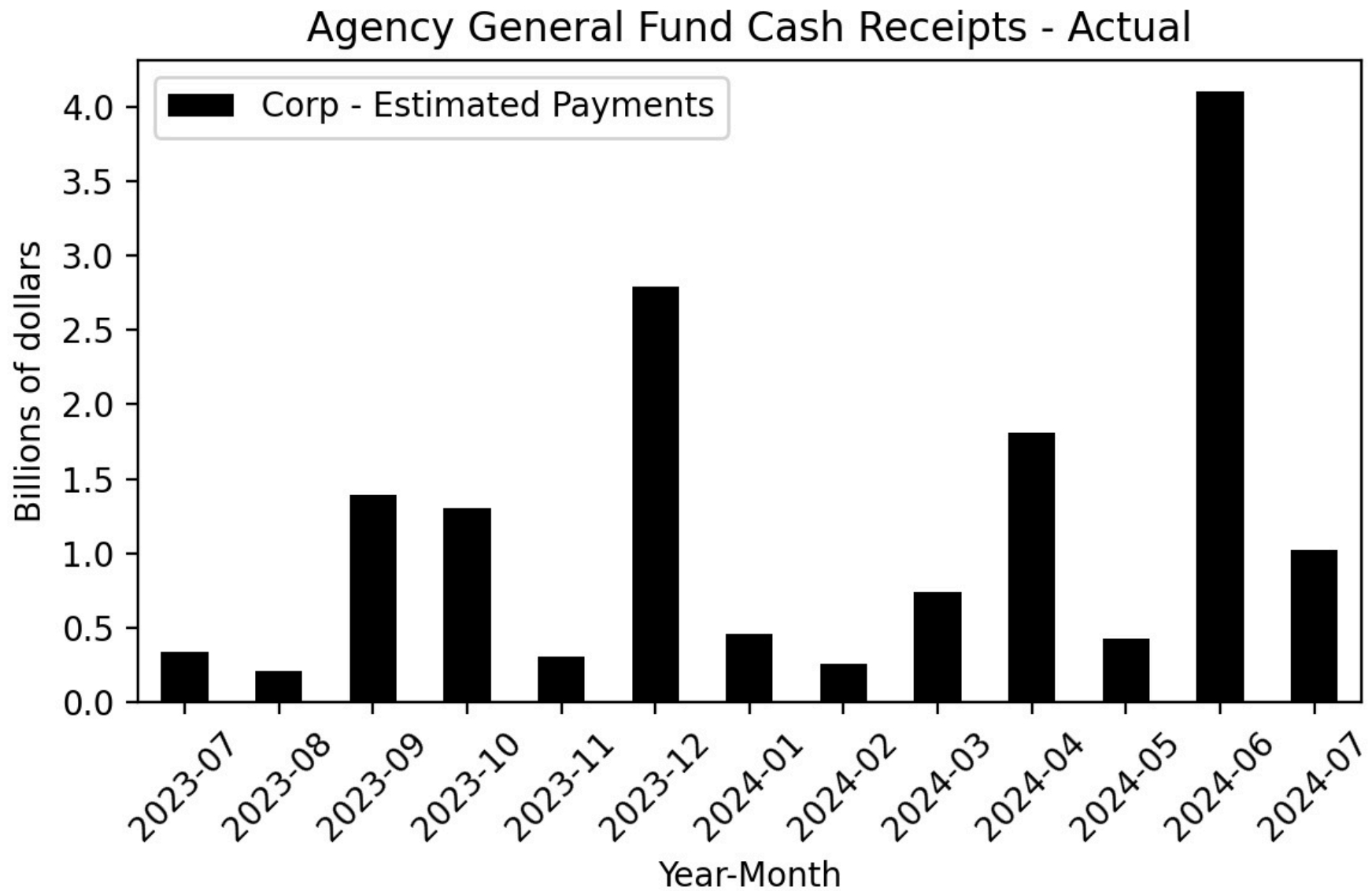


Figure 94

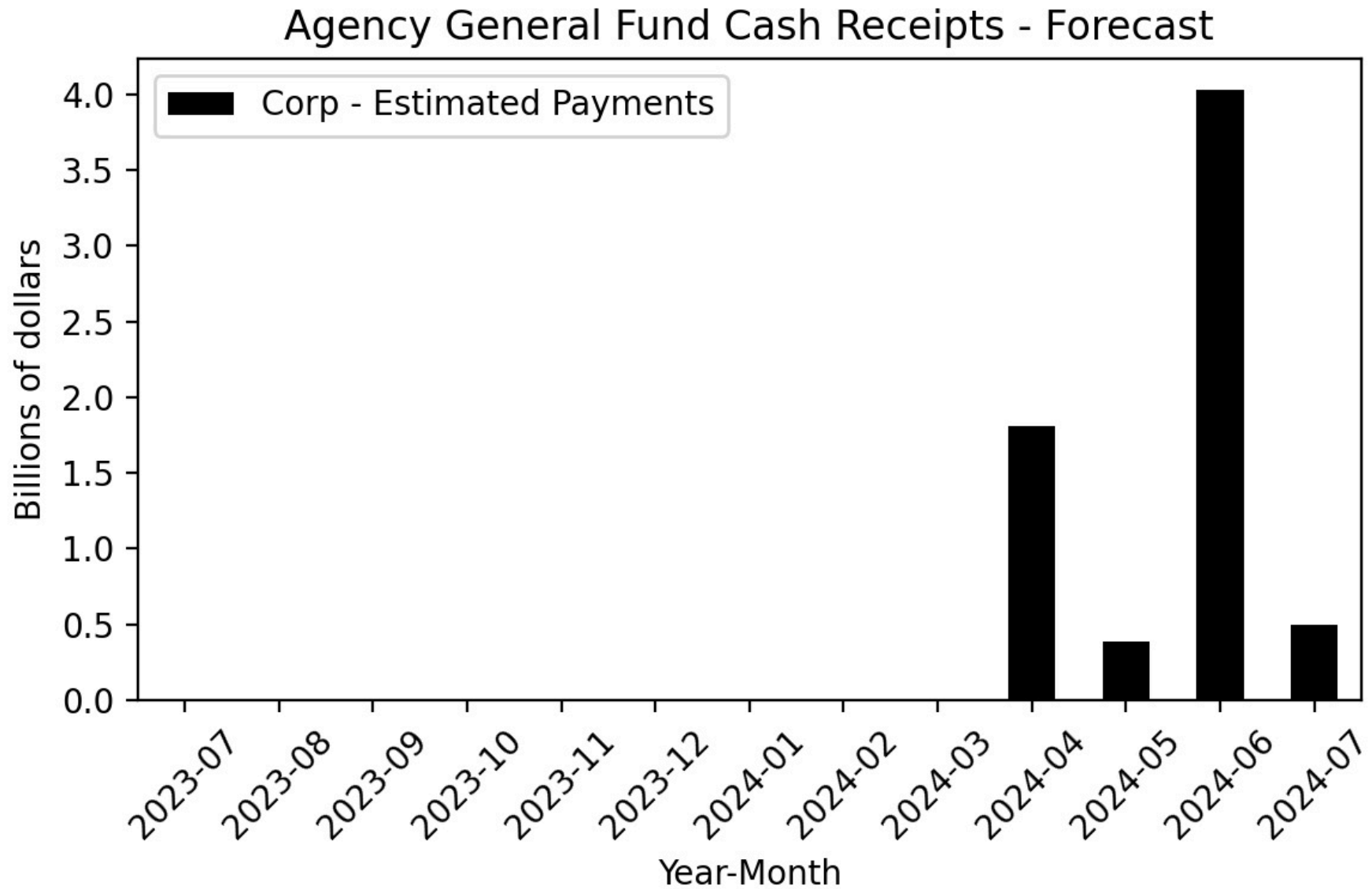


Figure 95

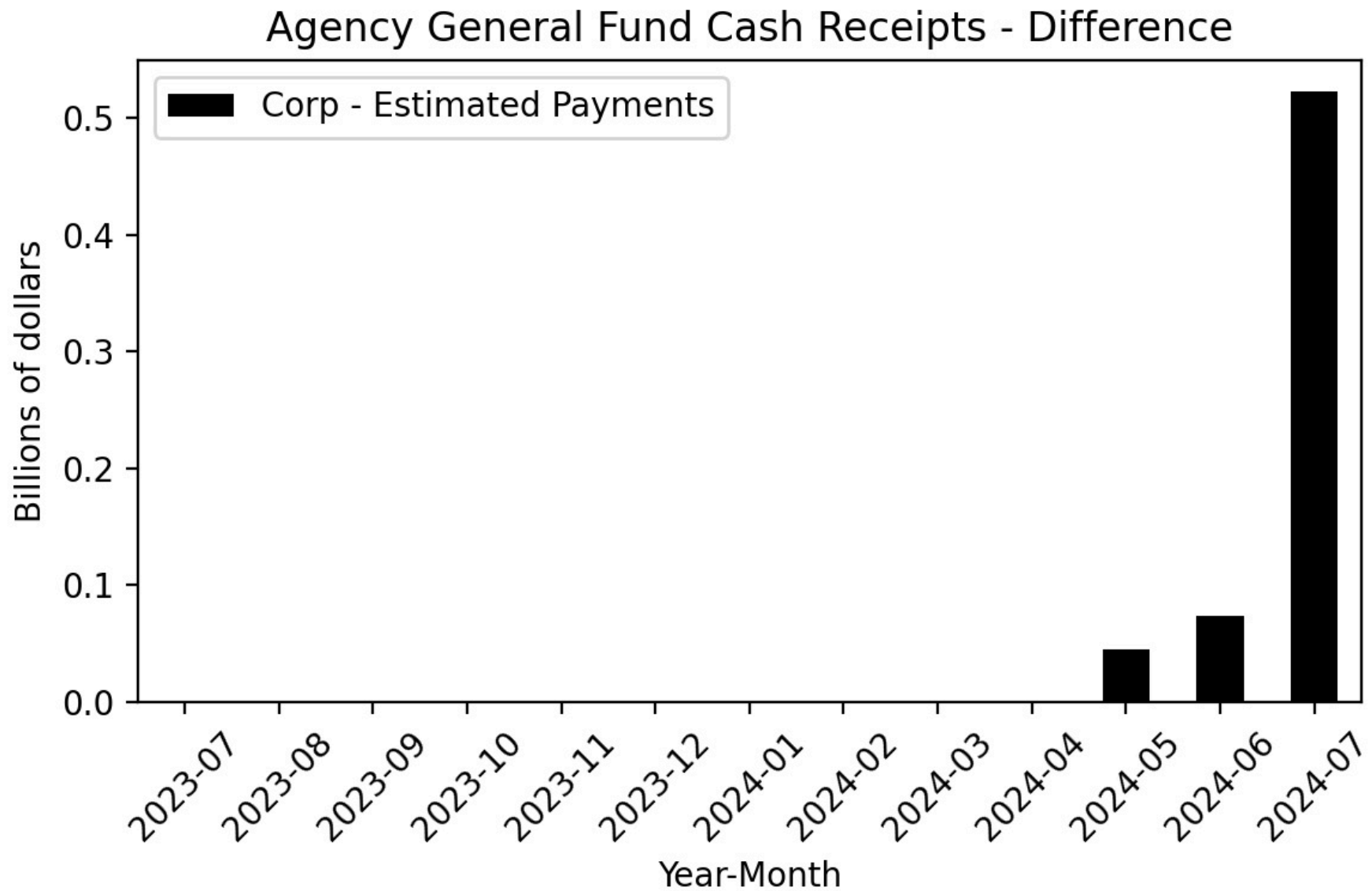


Figure 96

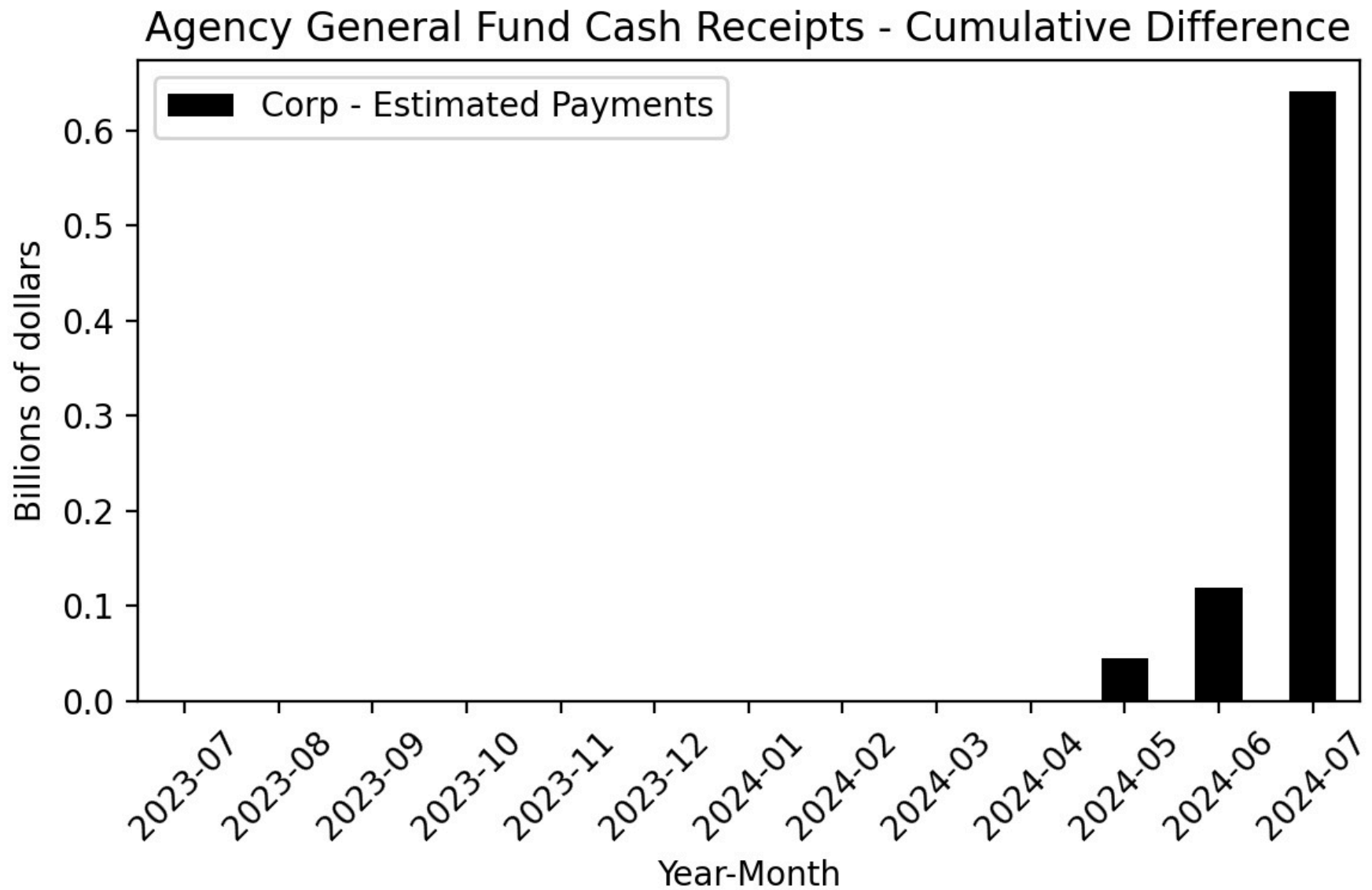


Figure 97

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
Corp-Estimated Payments

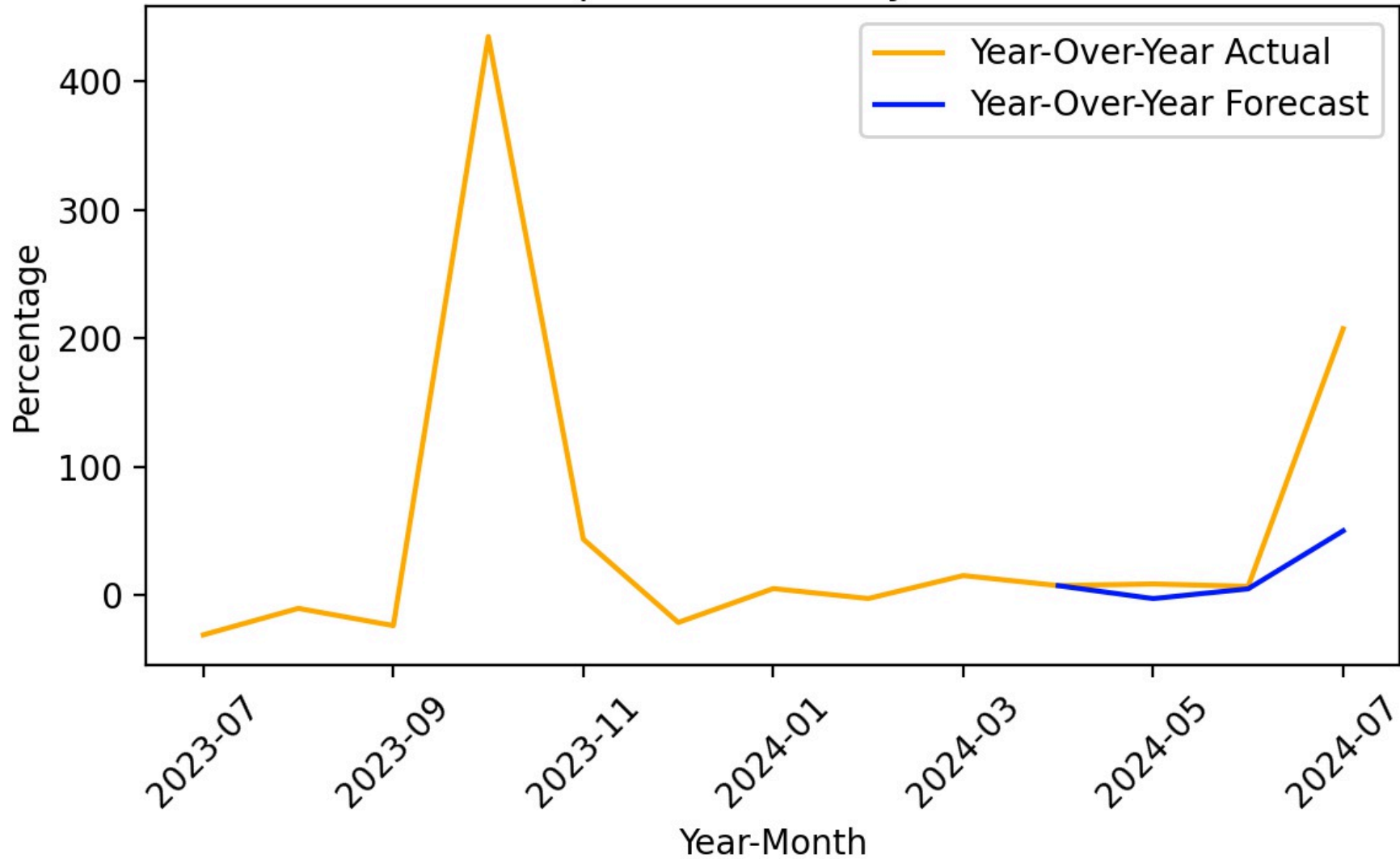


Figure 98

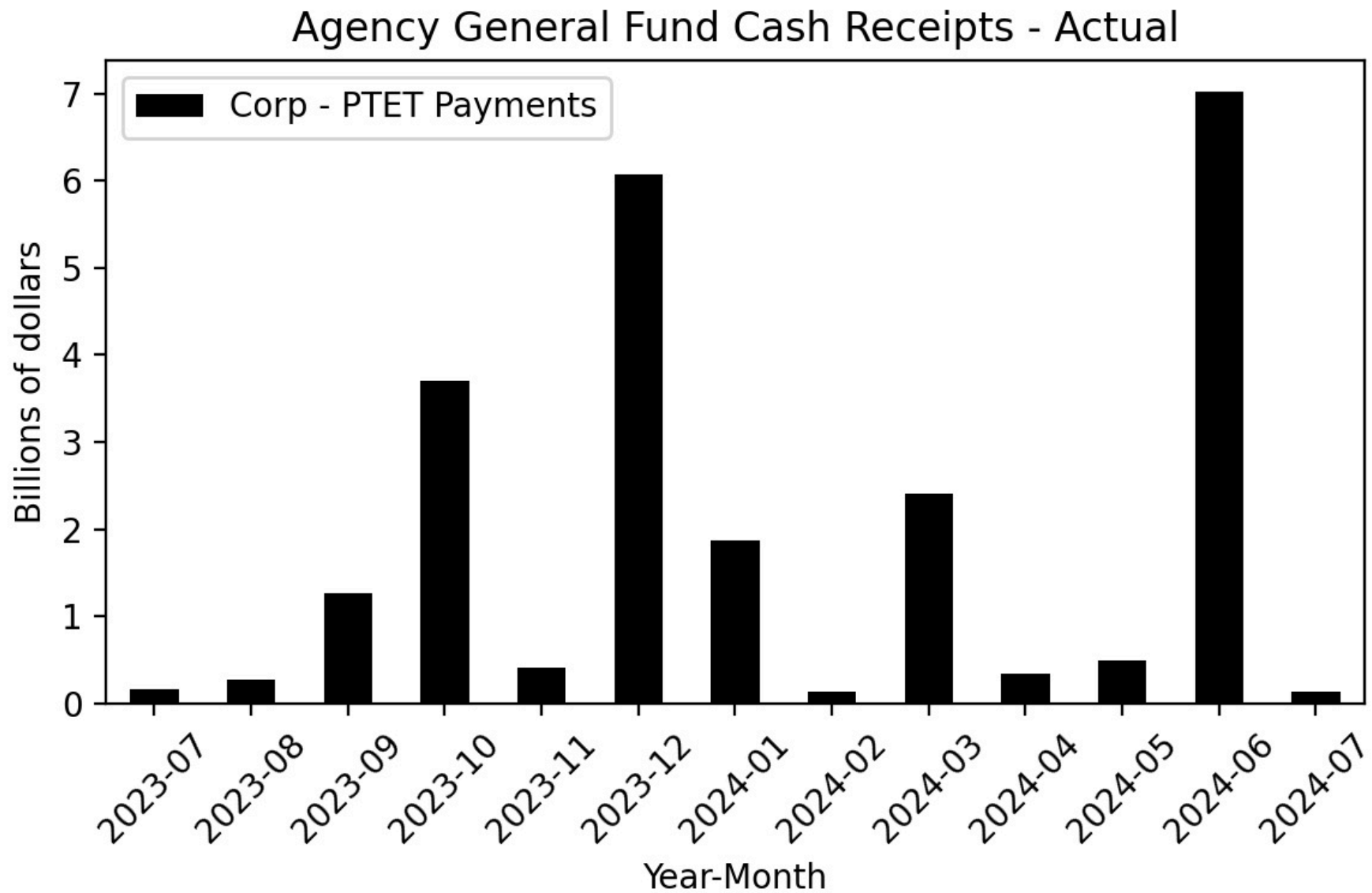


Figure 99

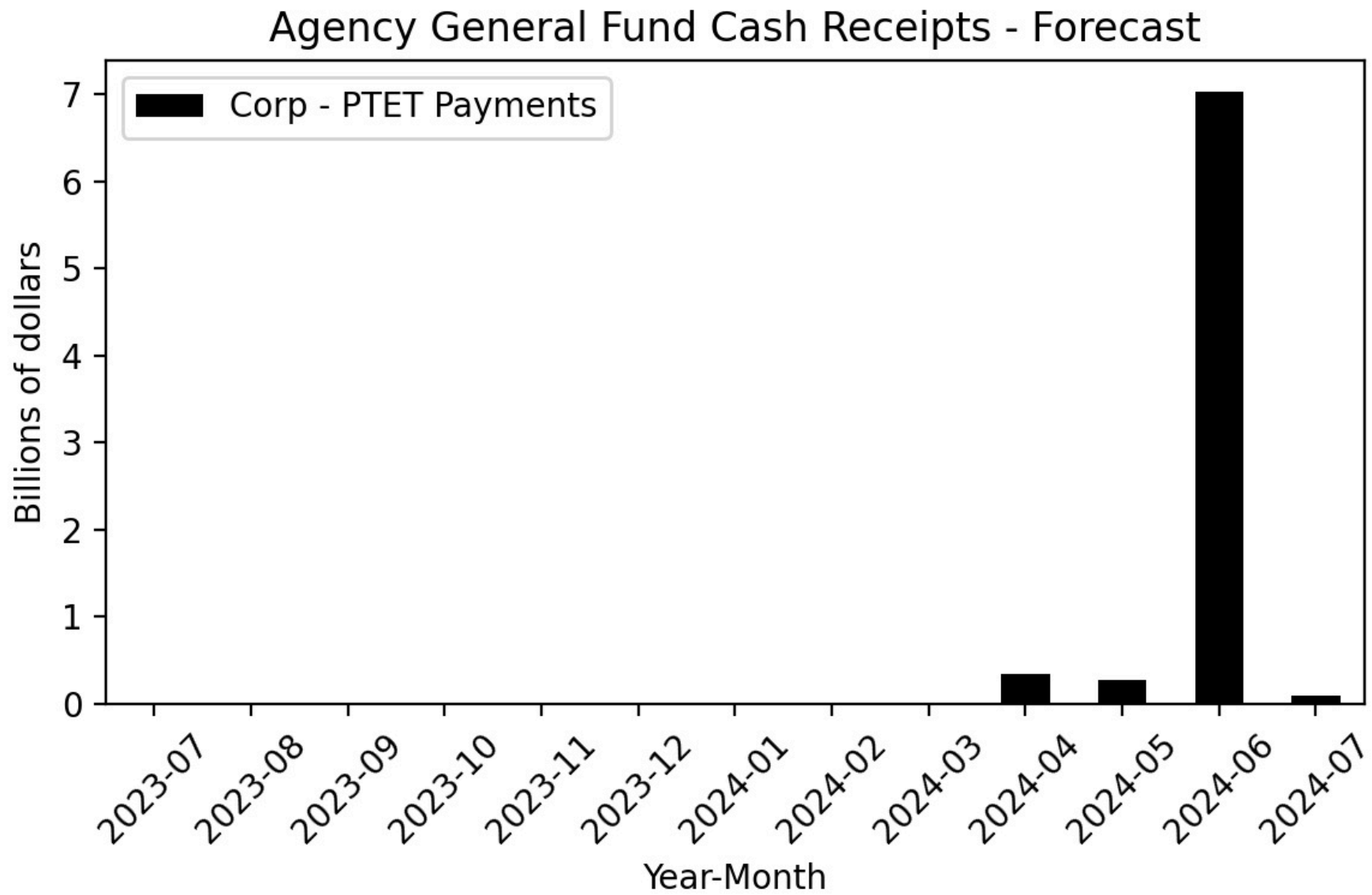


Figure 100

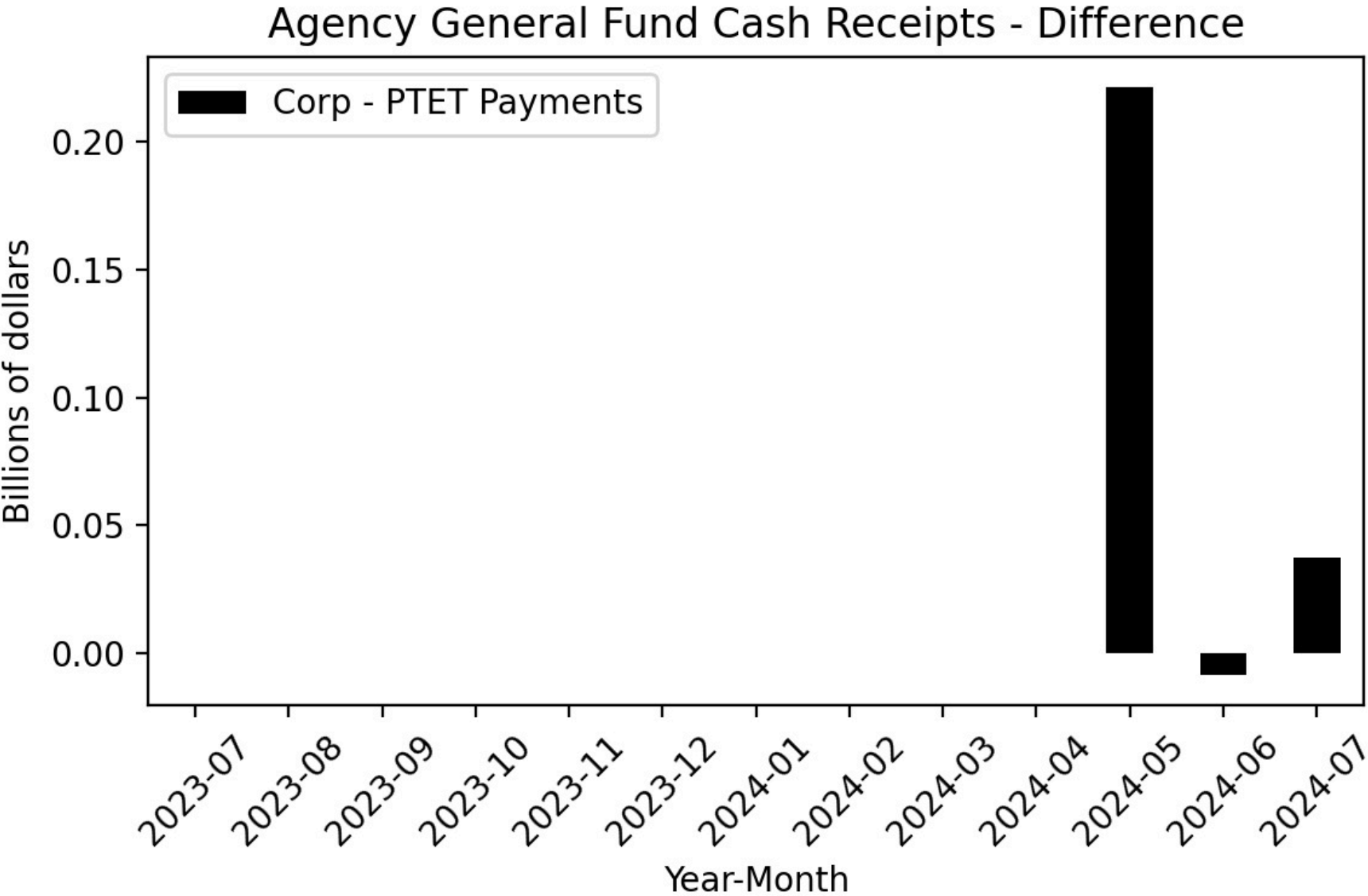


Figure 101

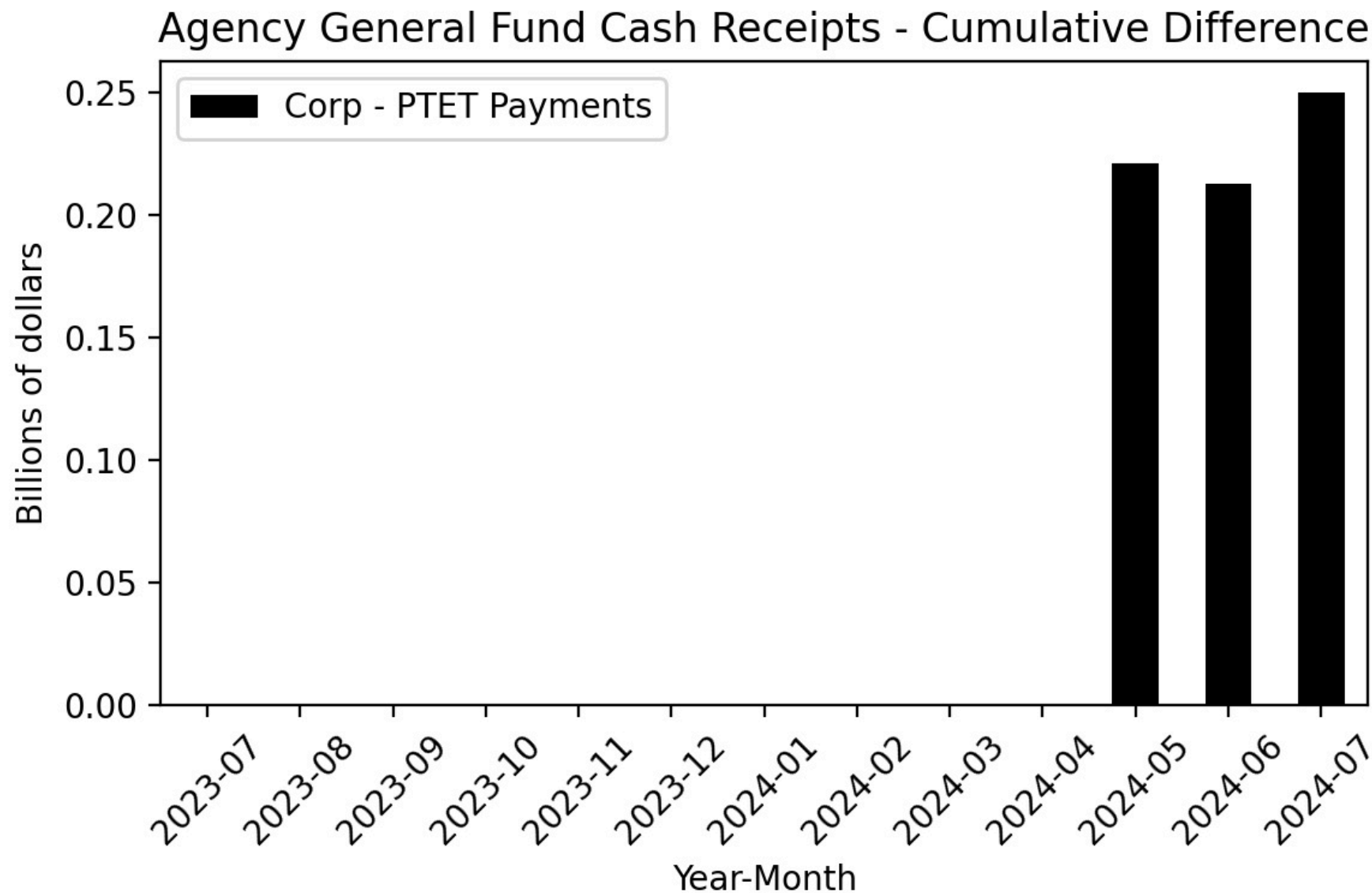


Figure 102

Year-Over-Year Change - Actual and 2024-25 Budget Act
Forecast Corp-PTET Payments

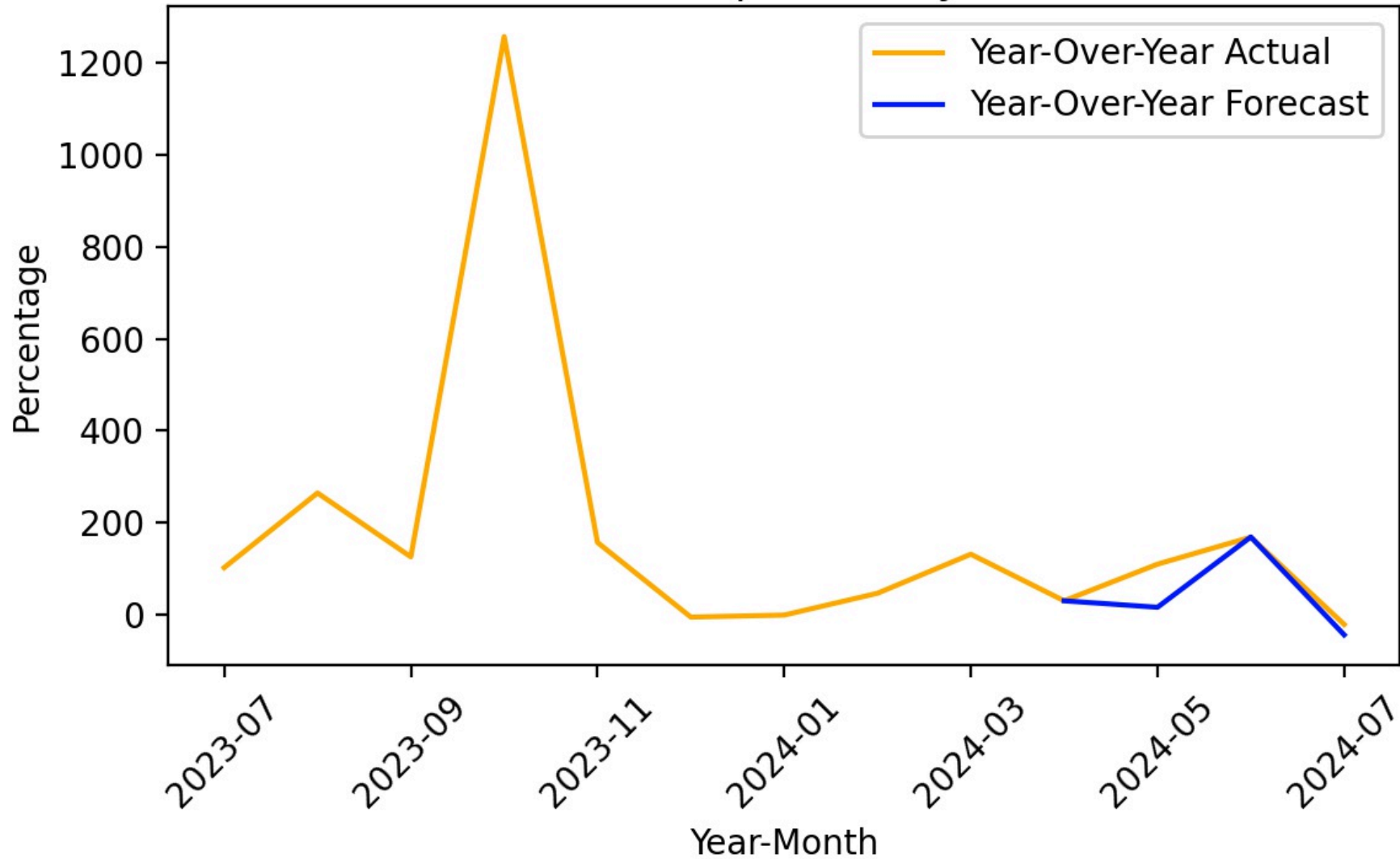


Figure 103

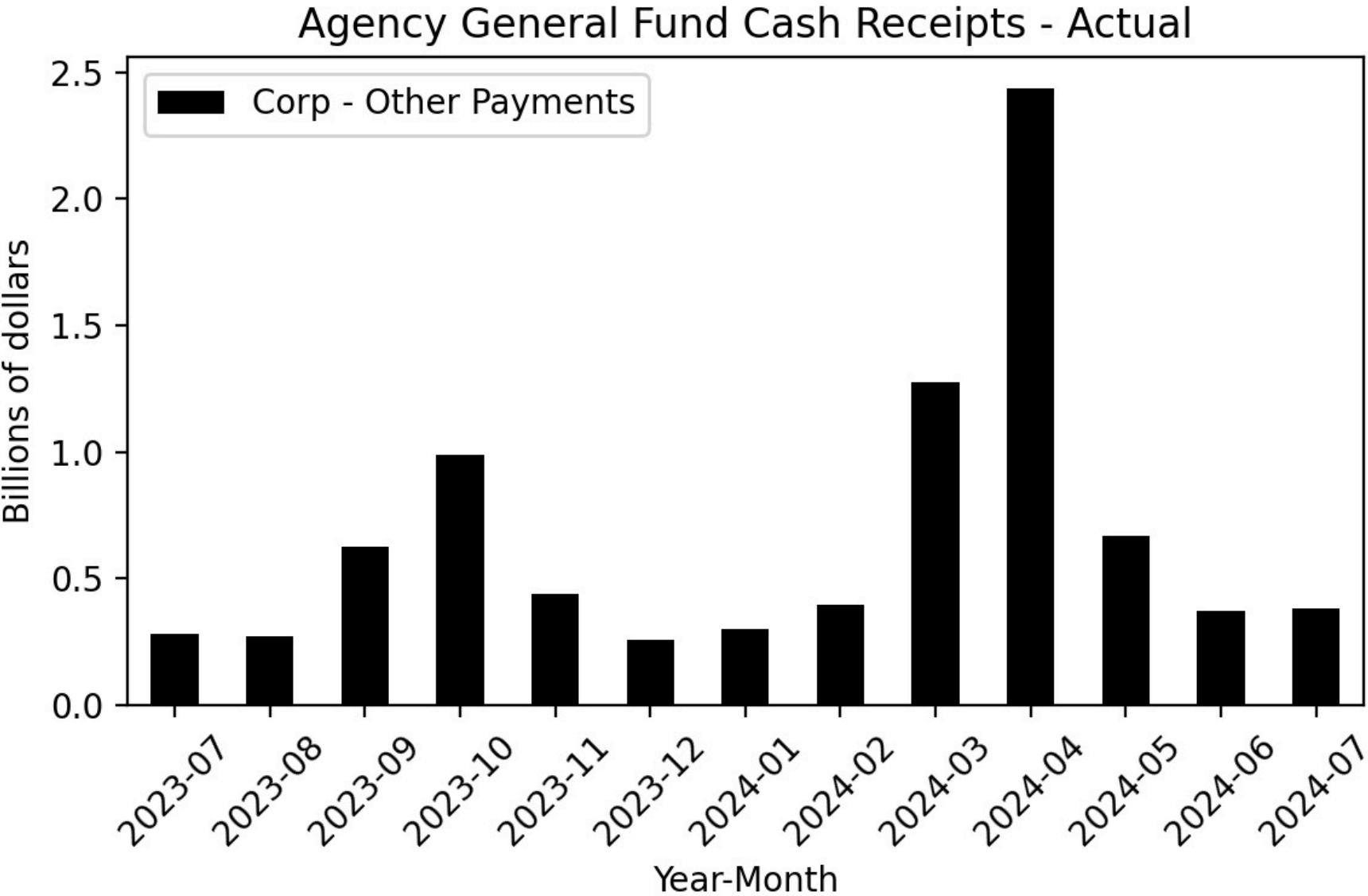


Figure 104

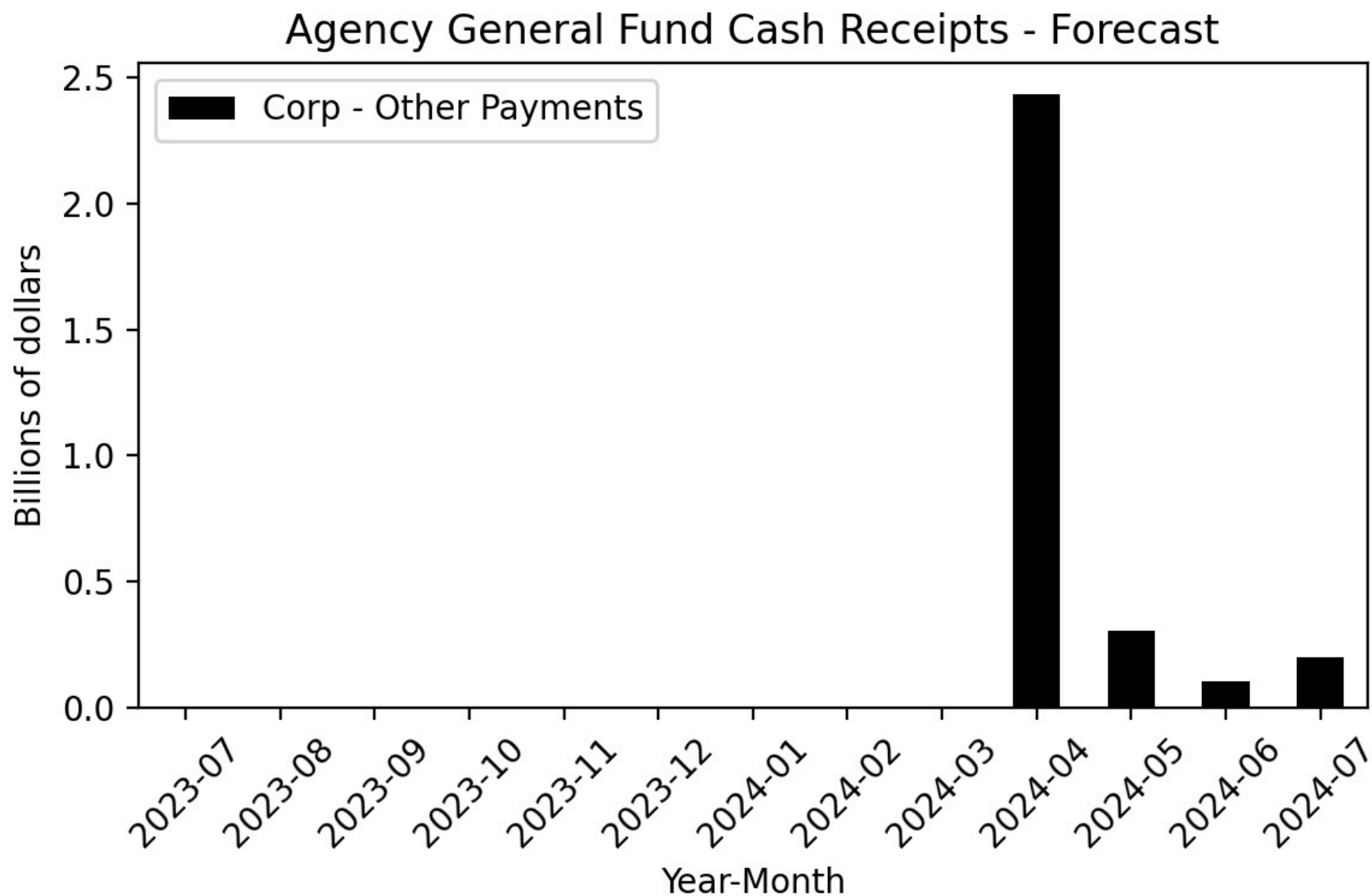


Figure 105

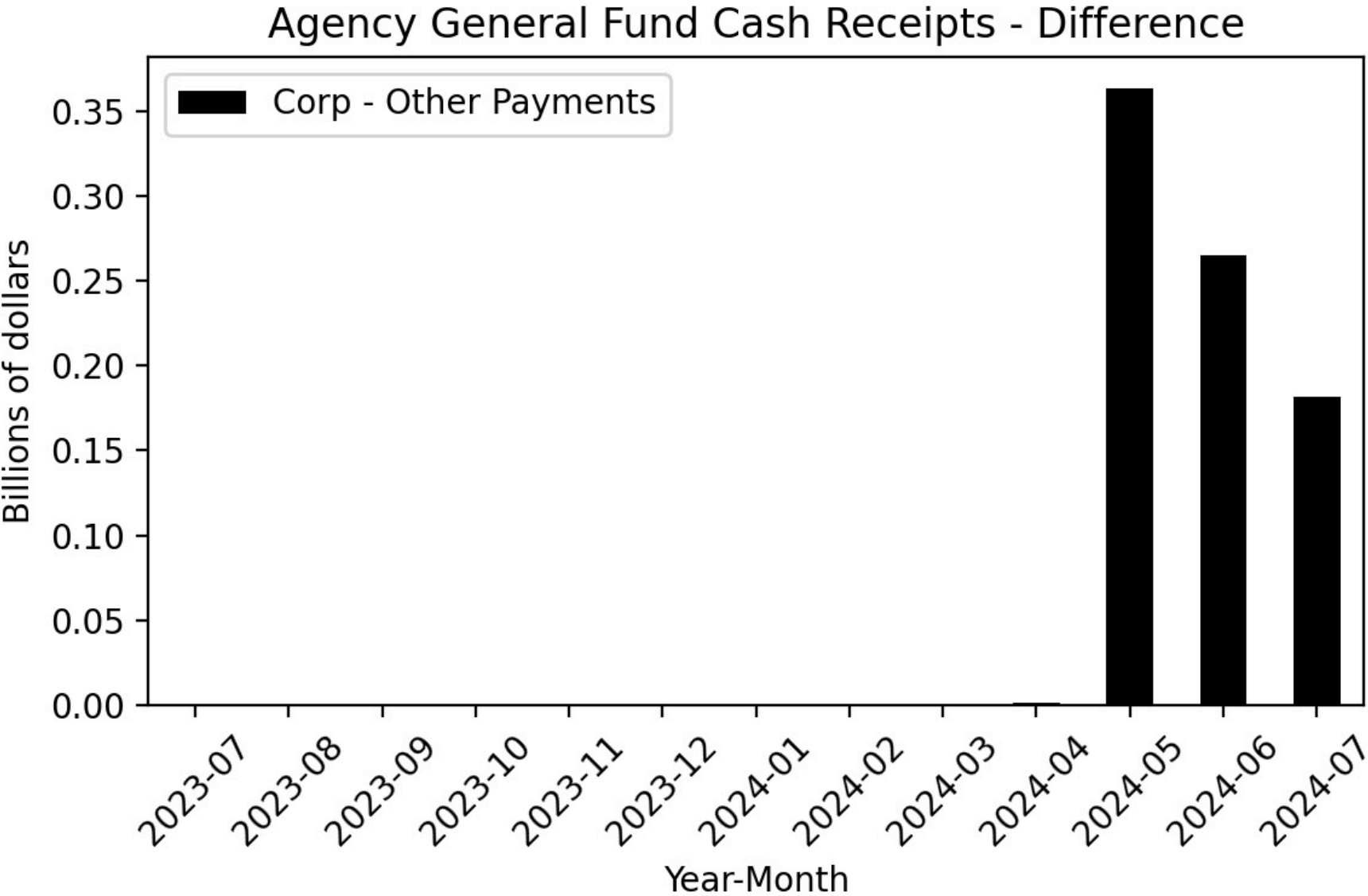


Figure 106

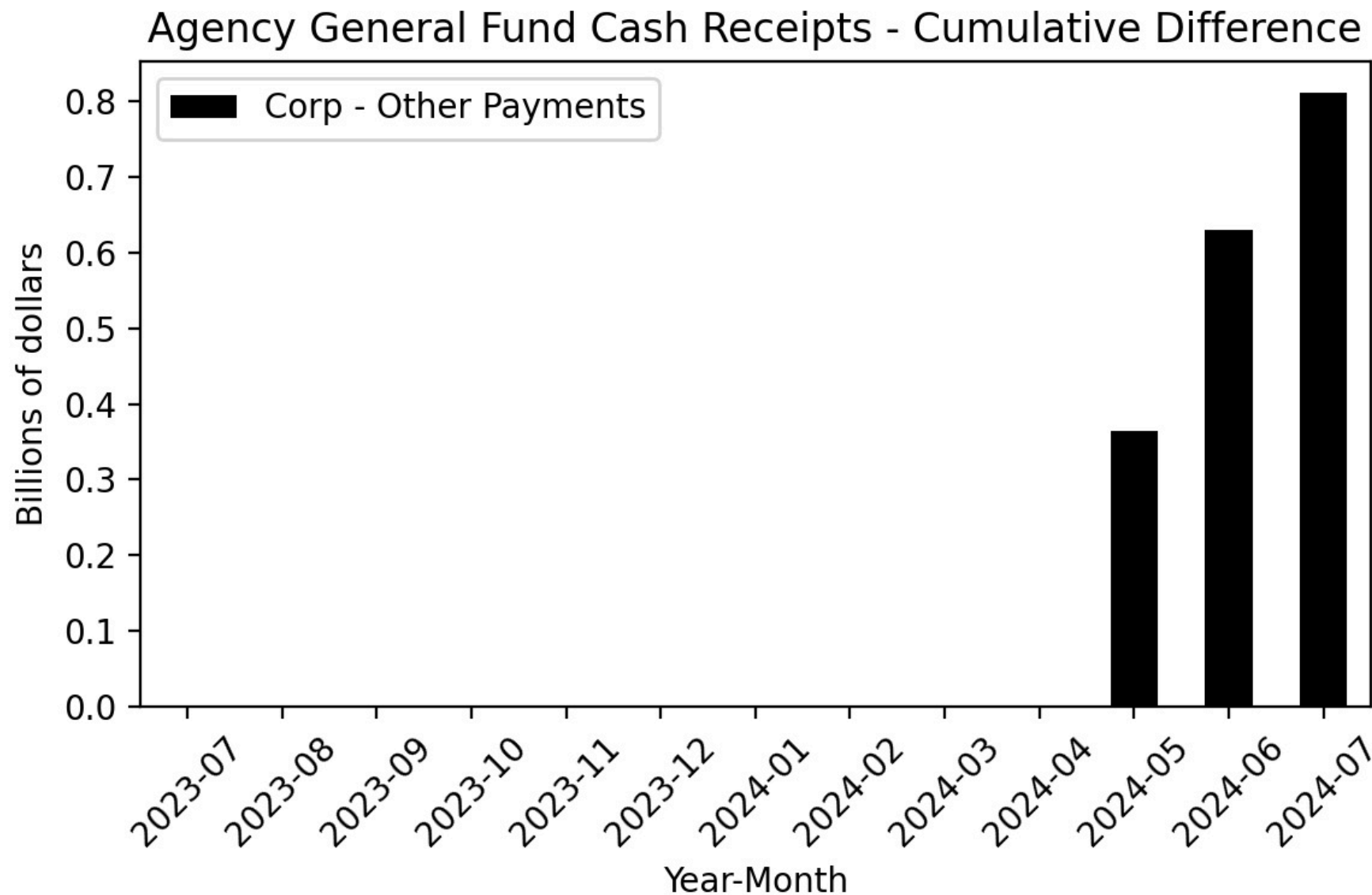


Figure 107

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
Corp-Other Payments

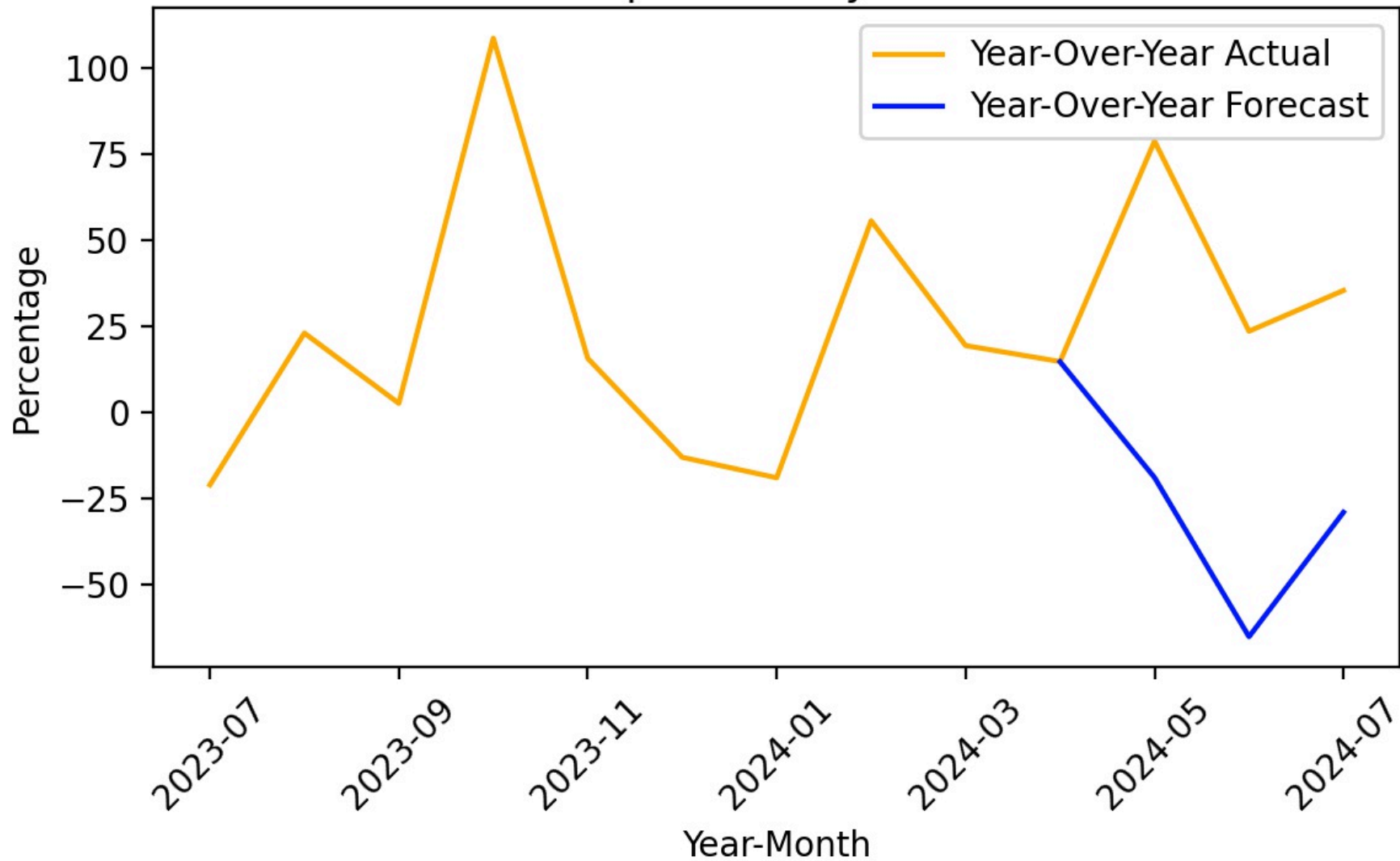


Figure 108

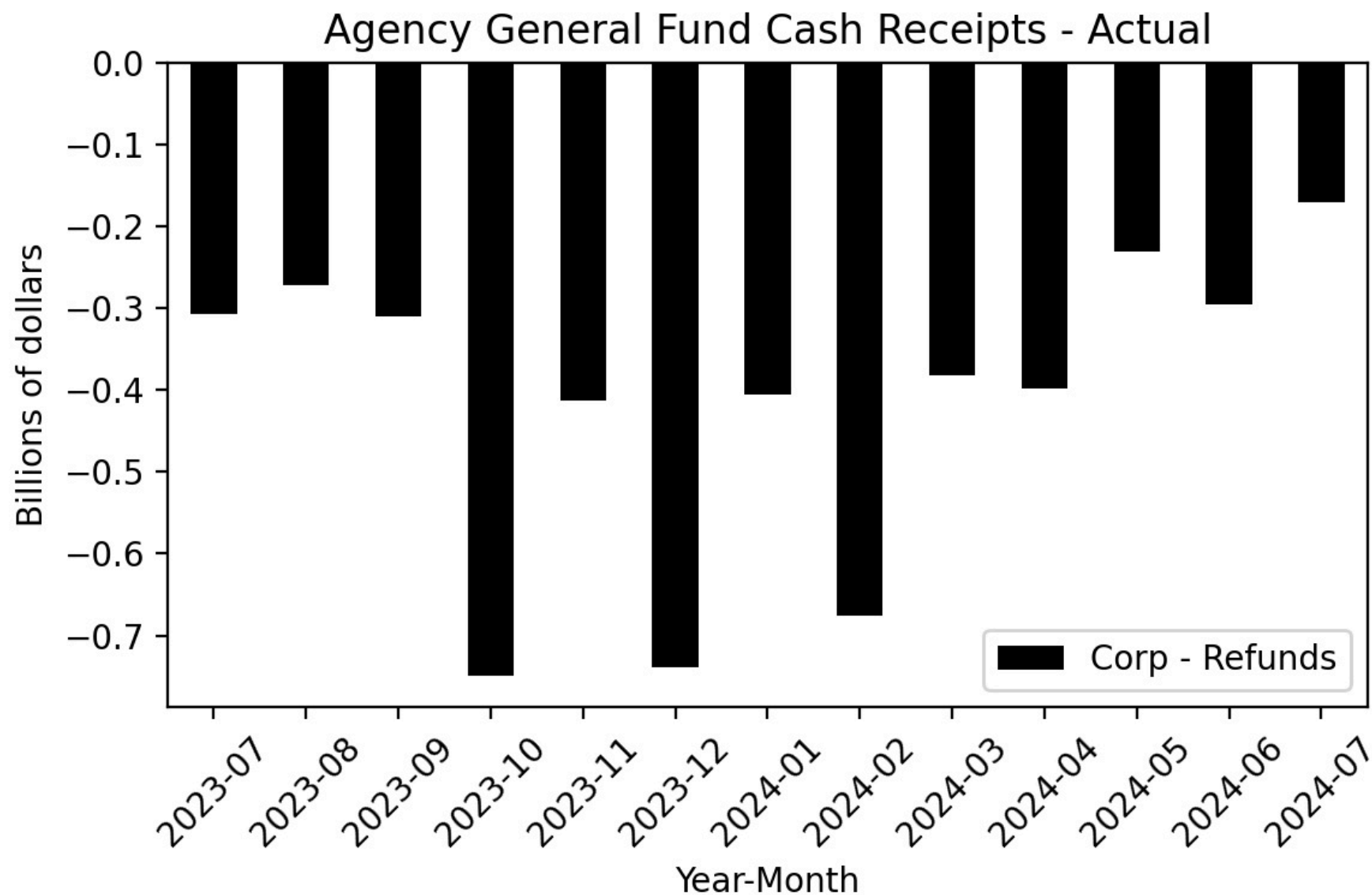


Figure 109

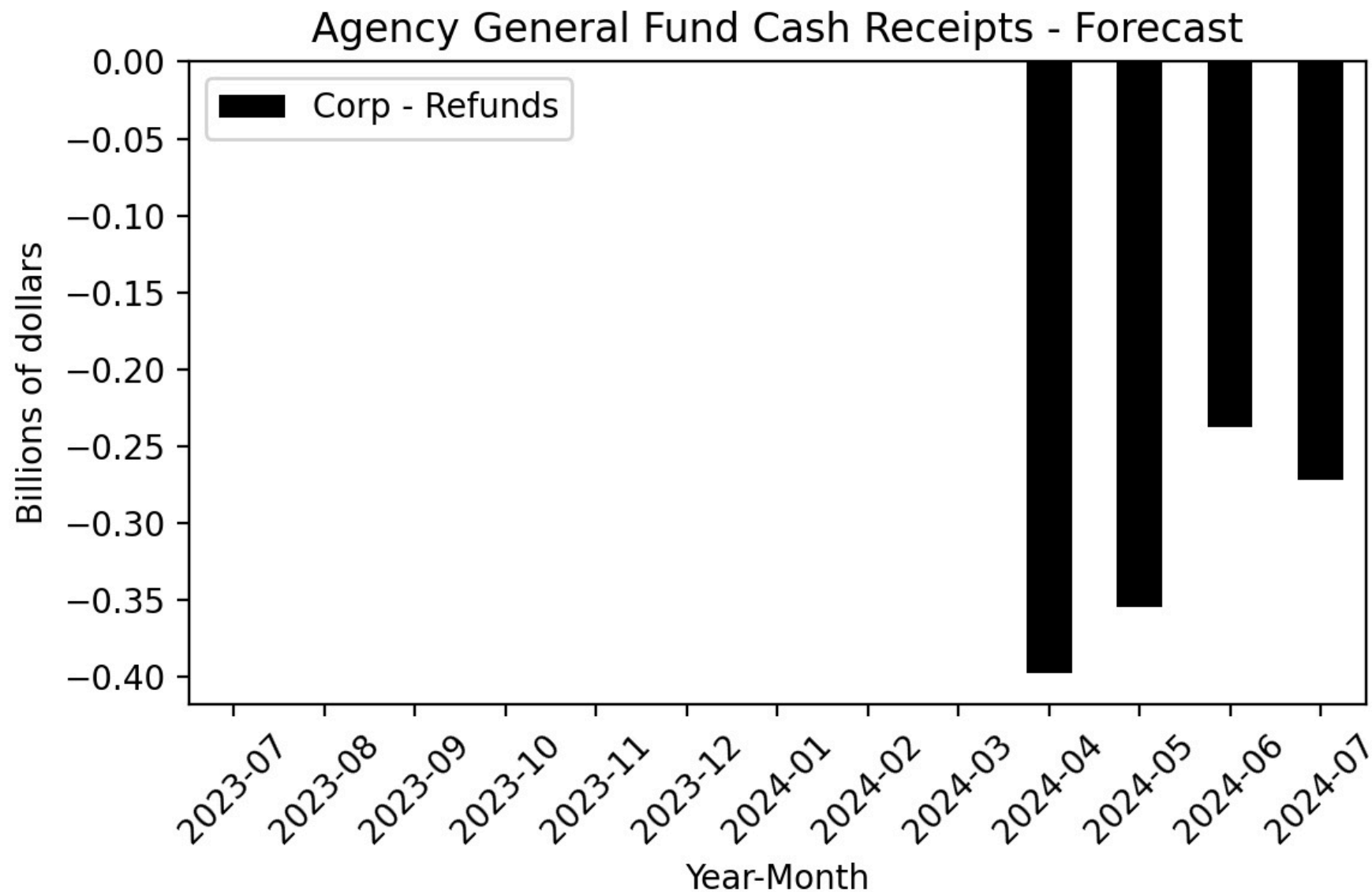


Figure 110

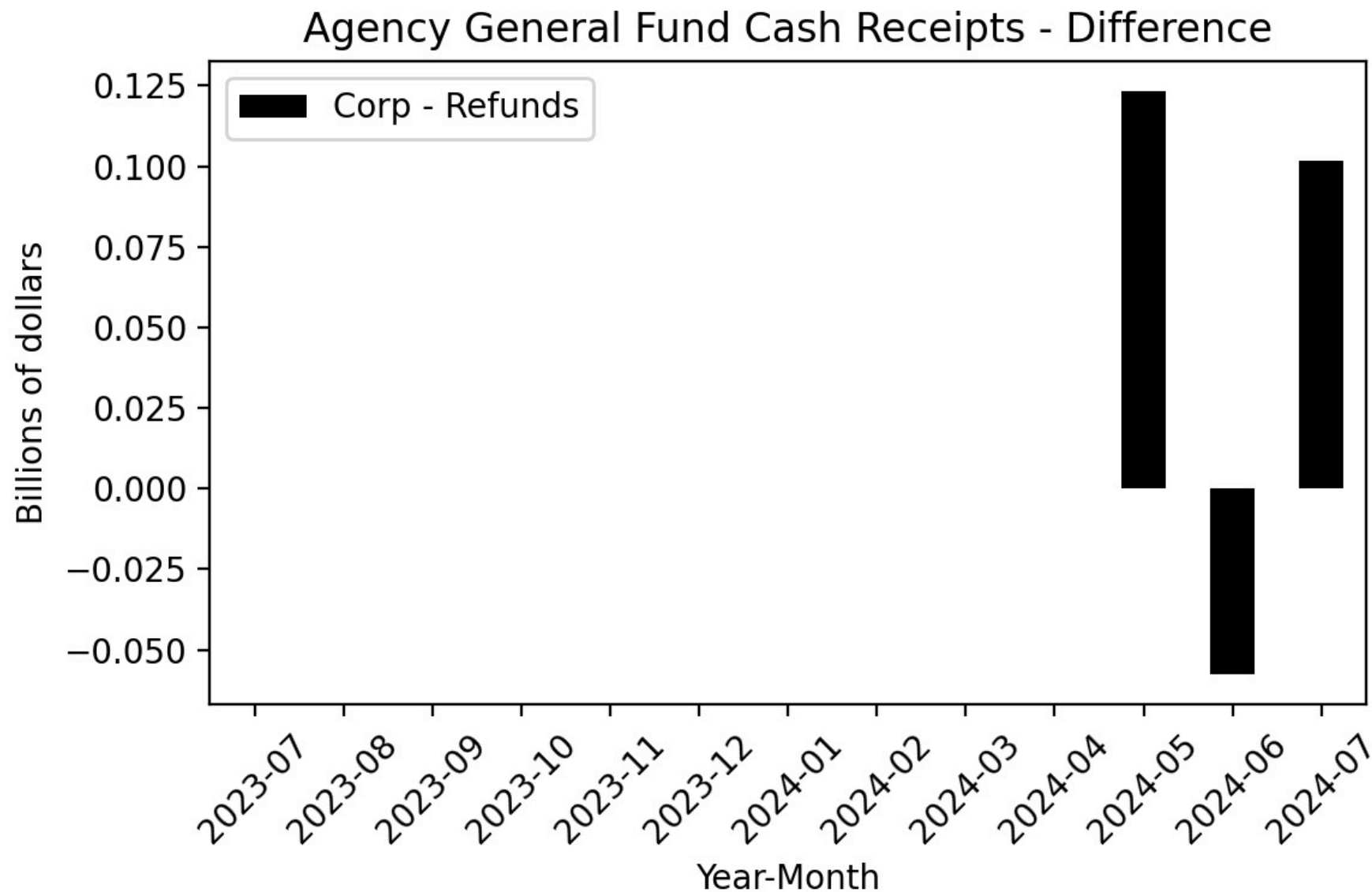


Figure 111

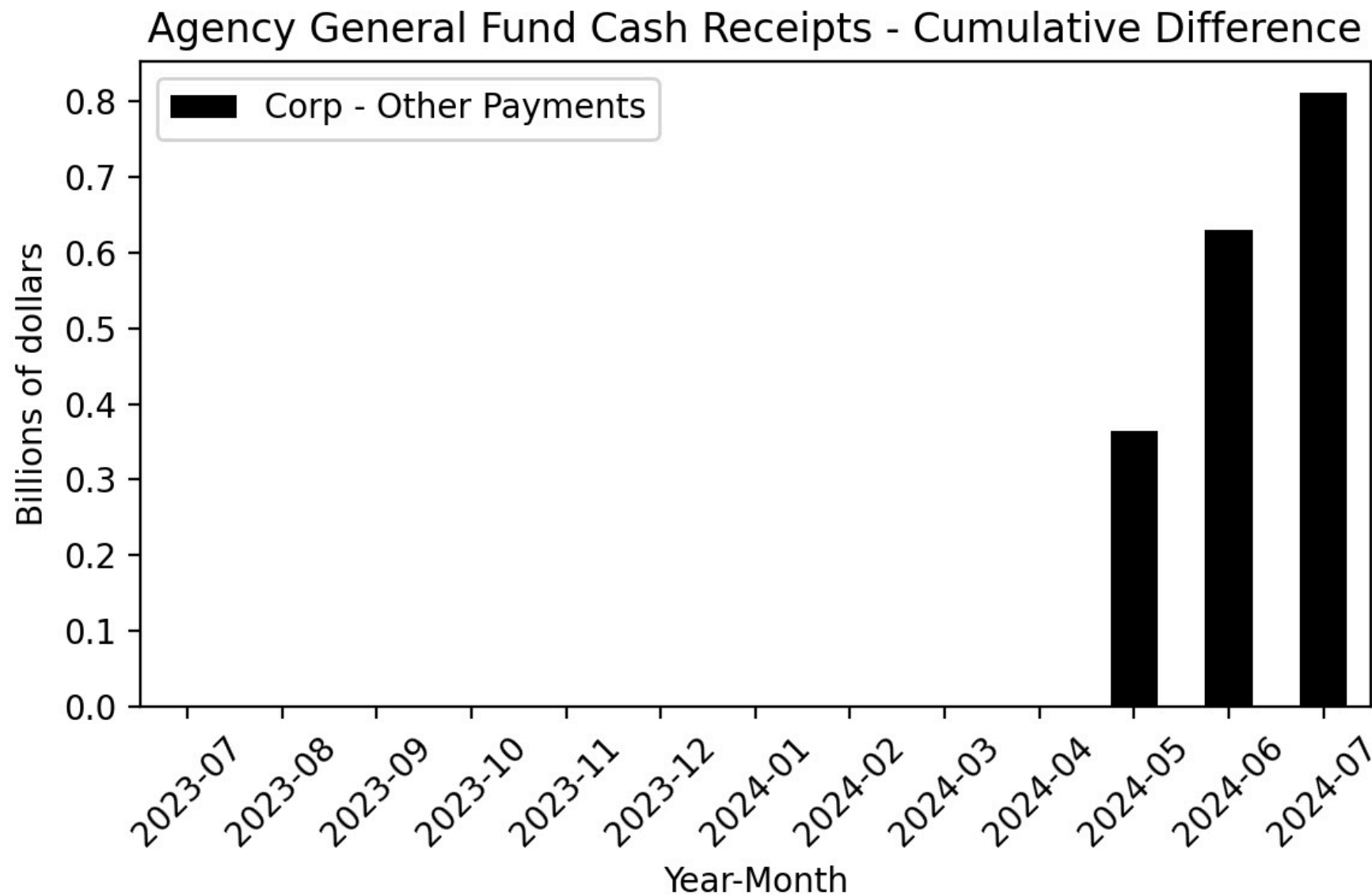


Figure 112

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
Corp-Refunds

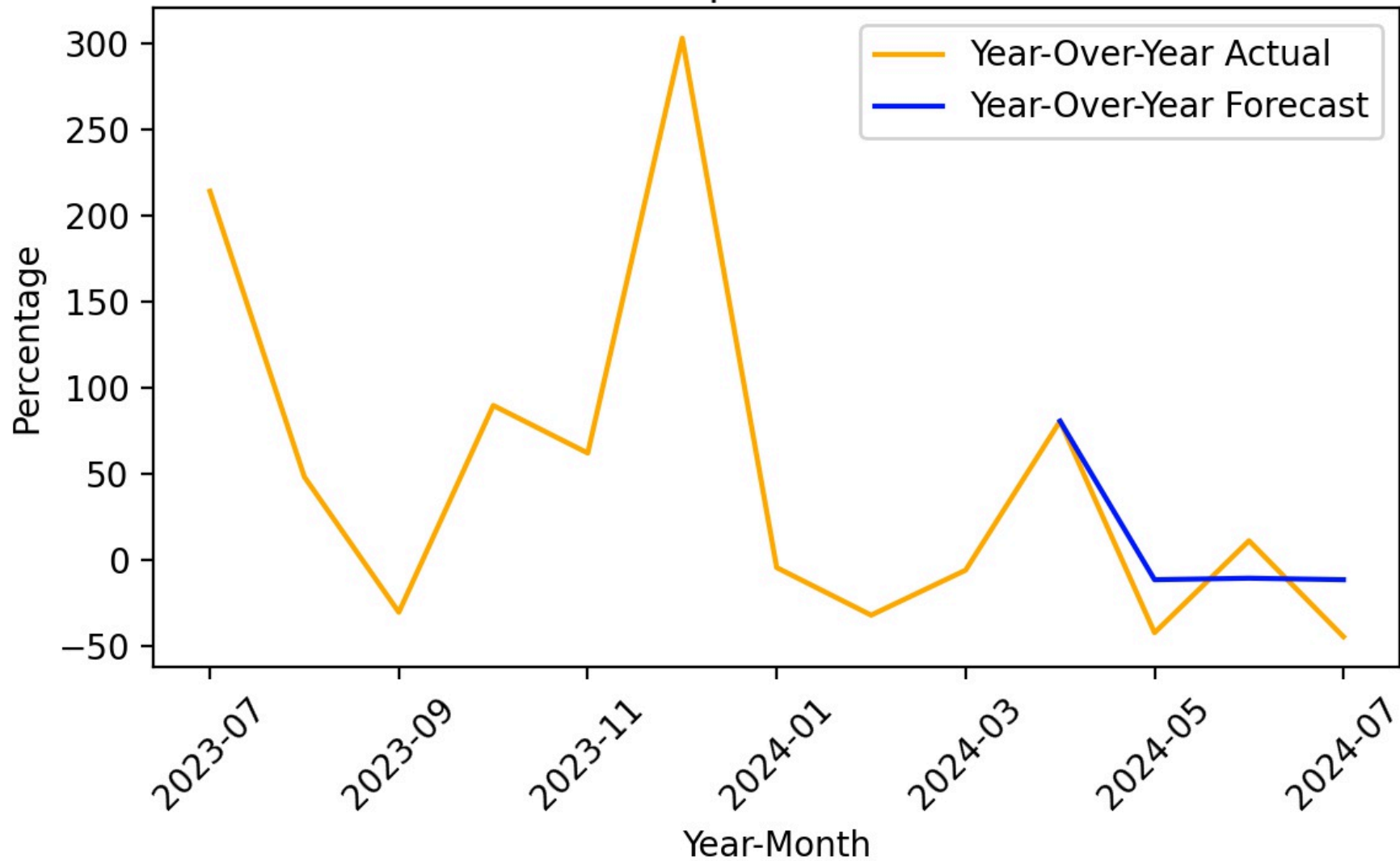


Figure 113

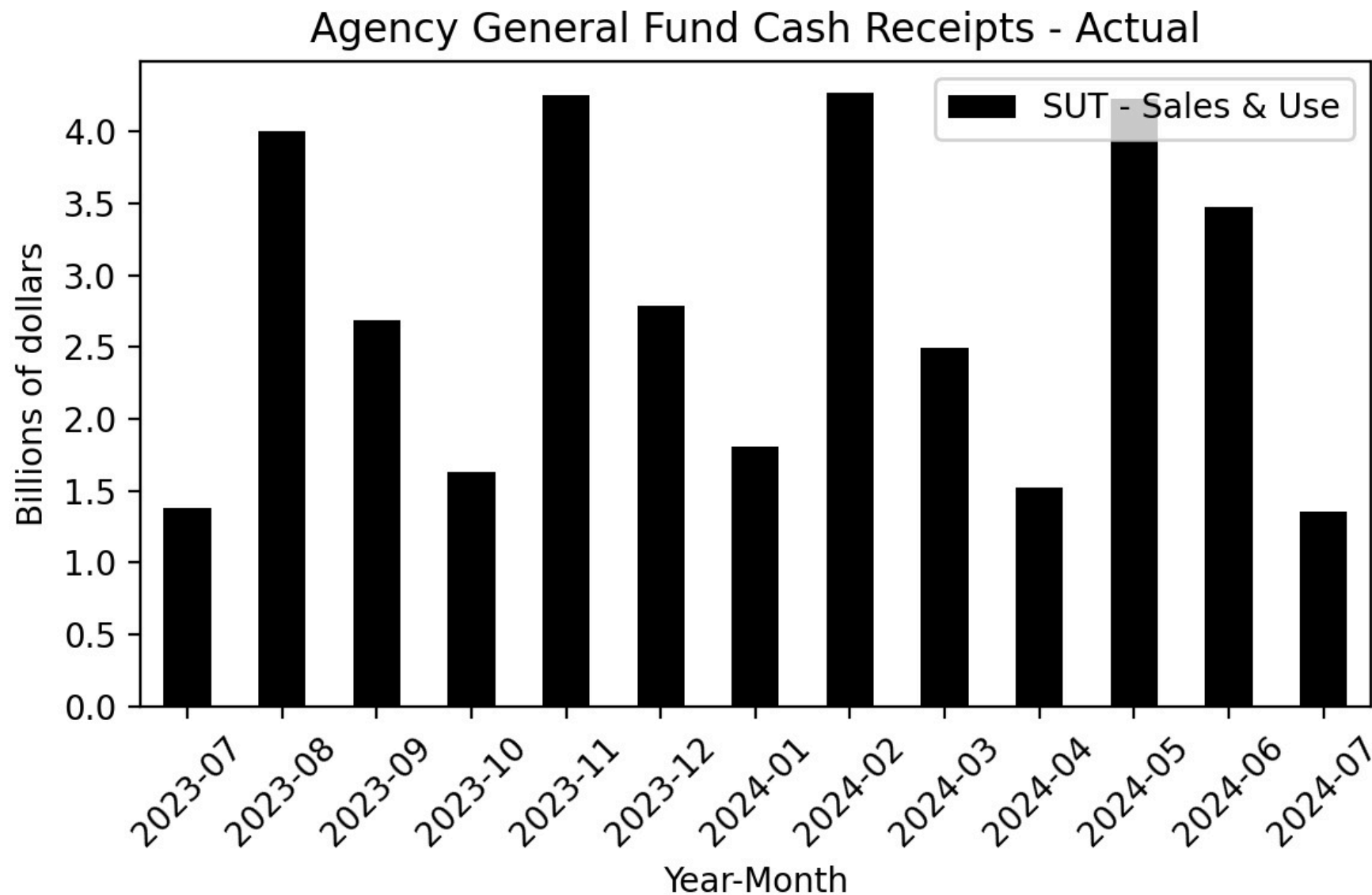


Figure 114

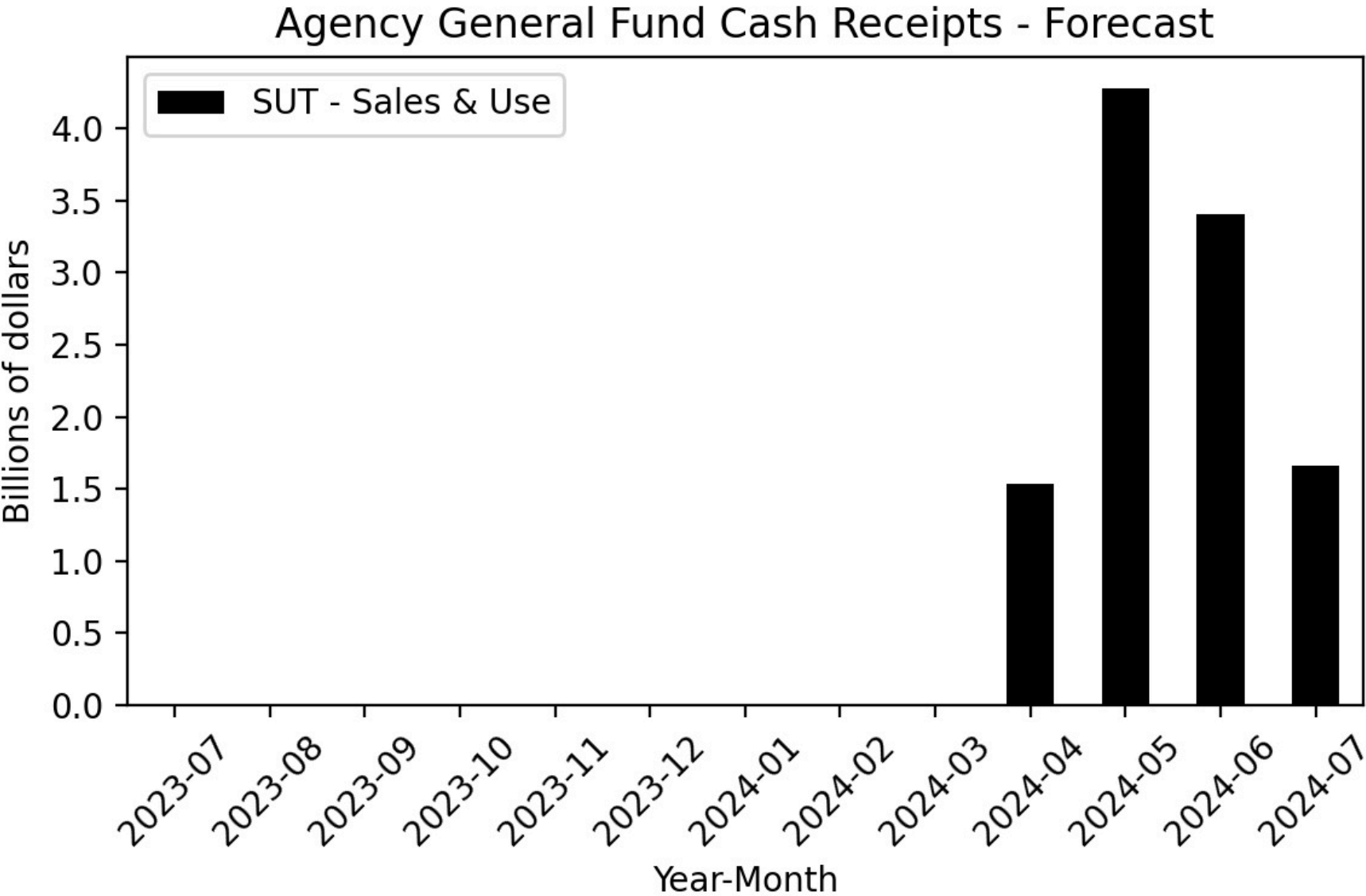


Figure 115

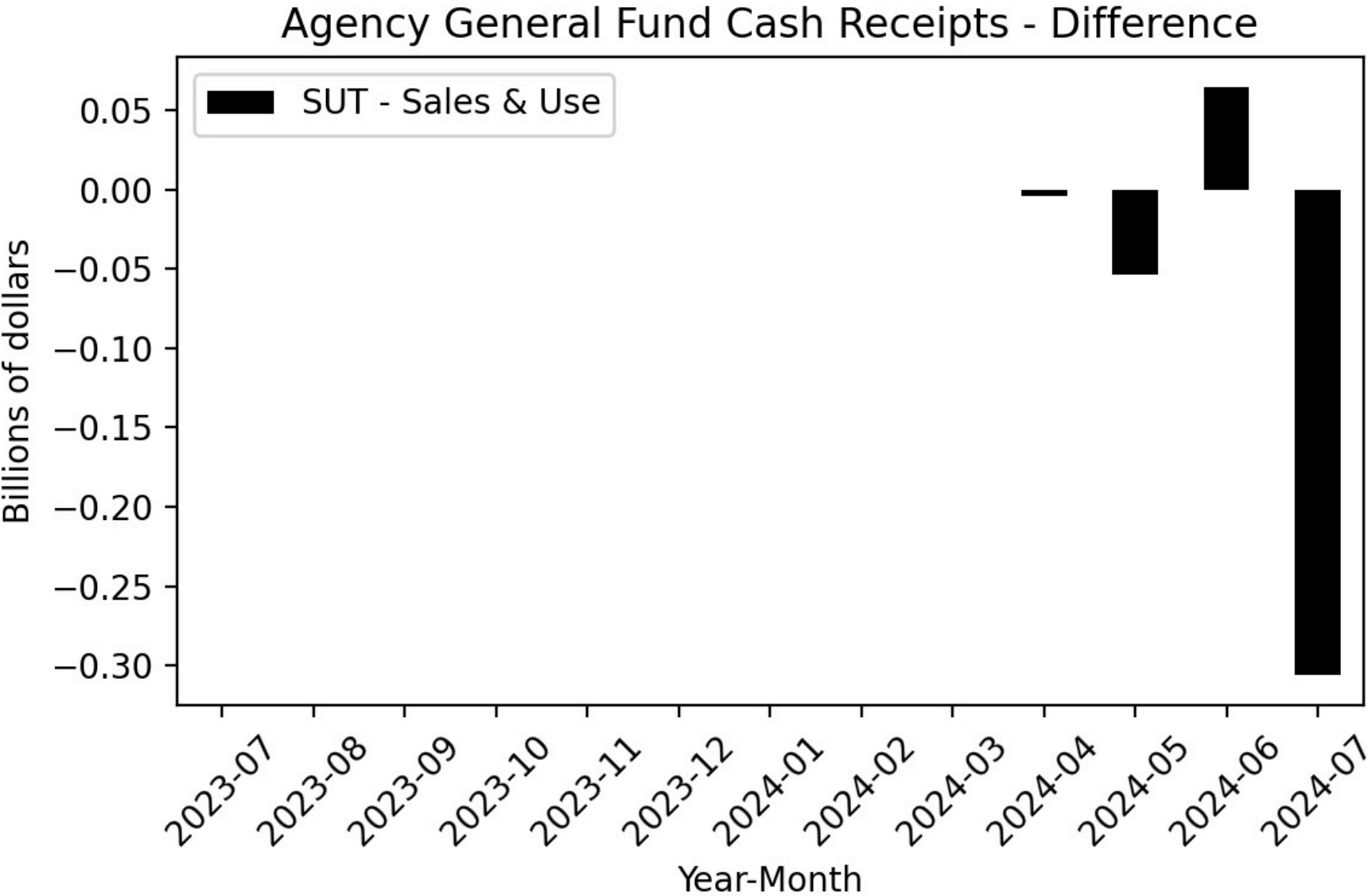


Figure 116

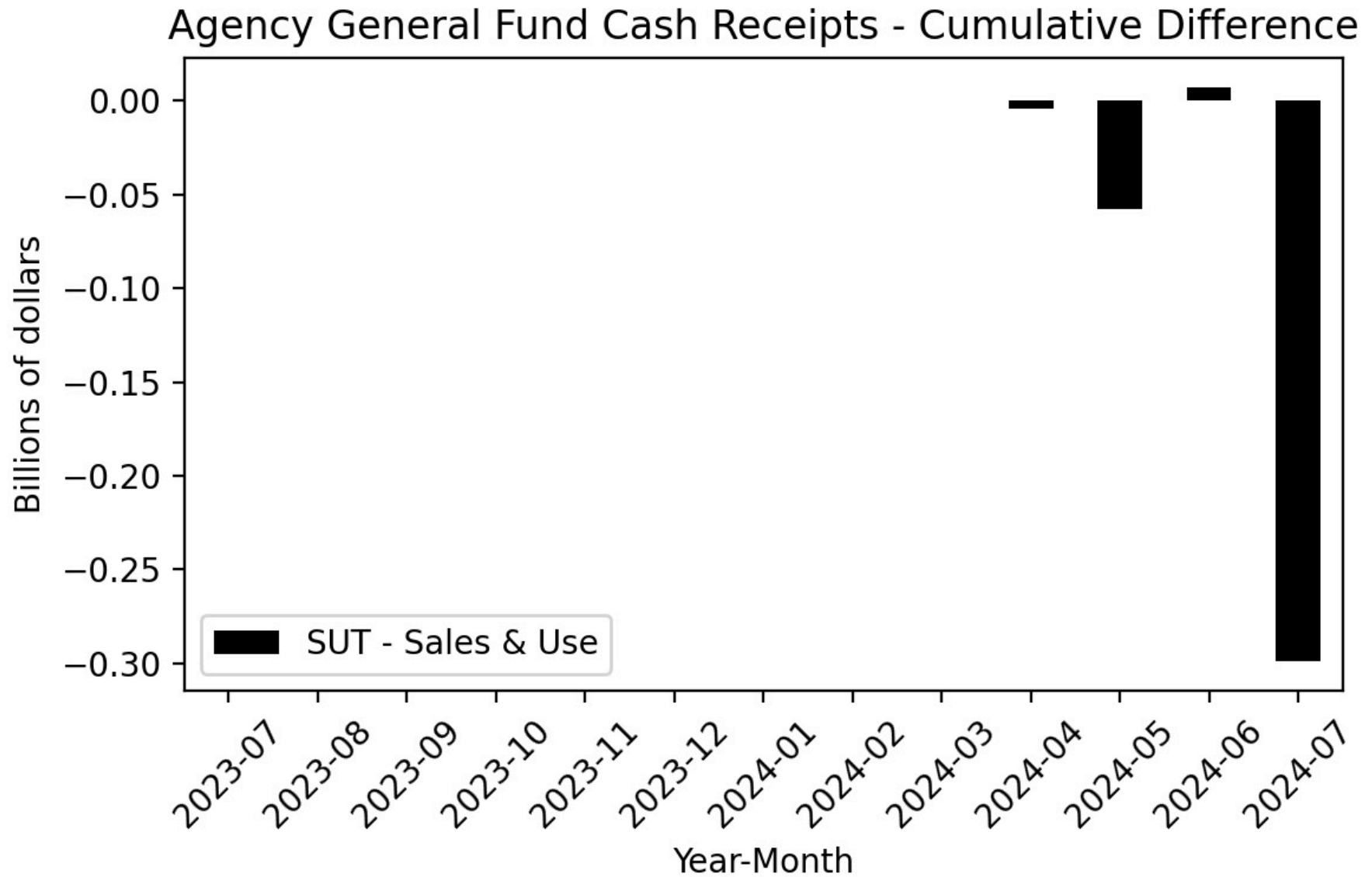


Figure 117

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
SUT-Sales & Use

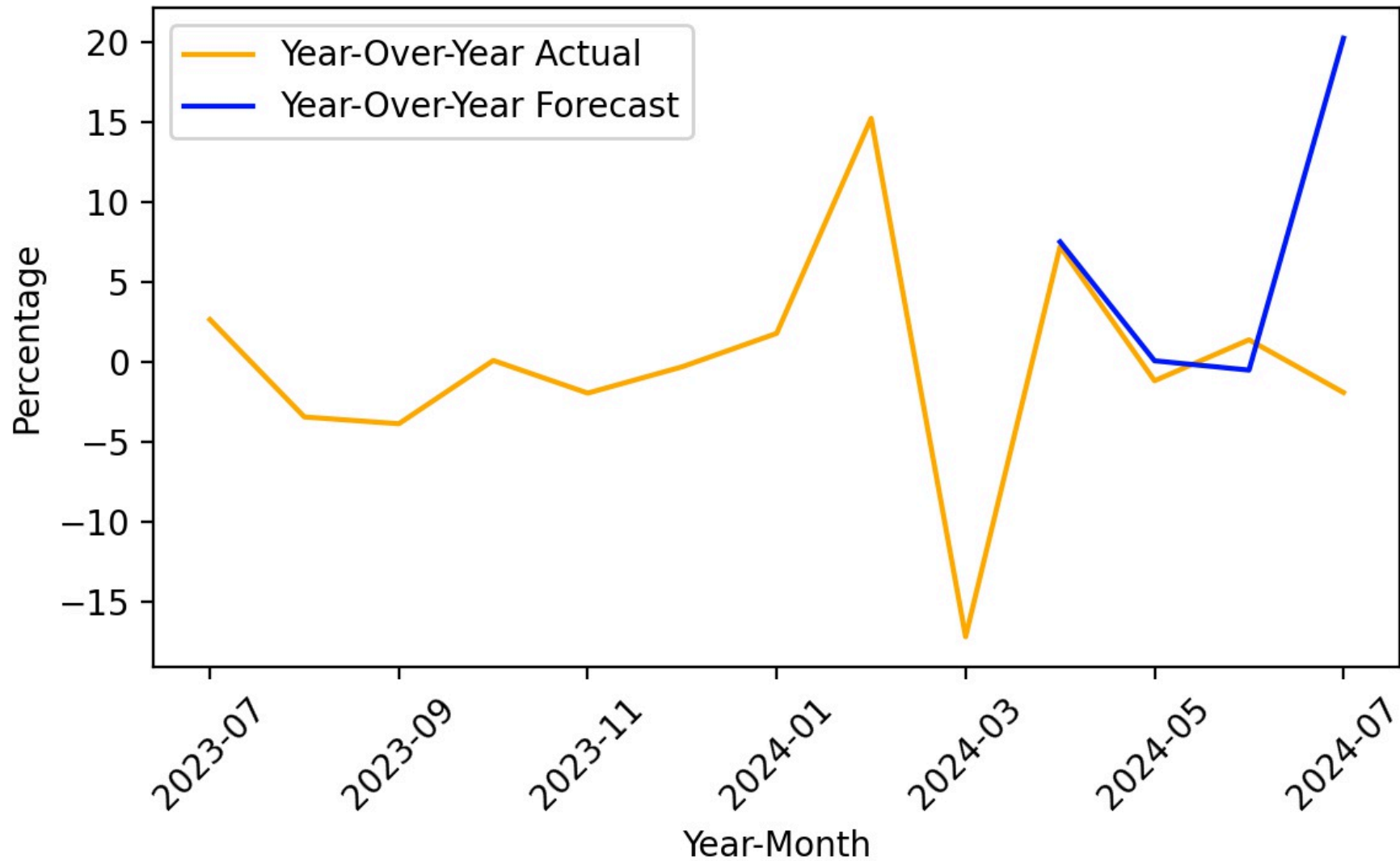


Figure 118

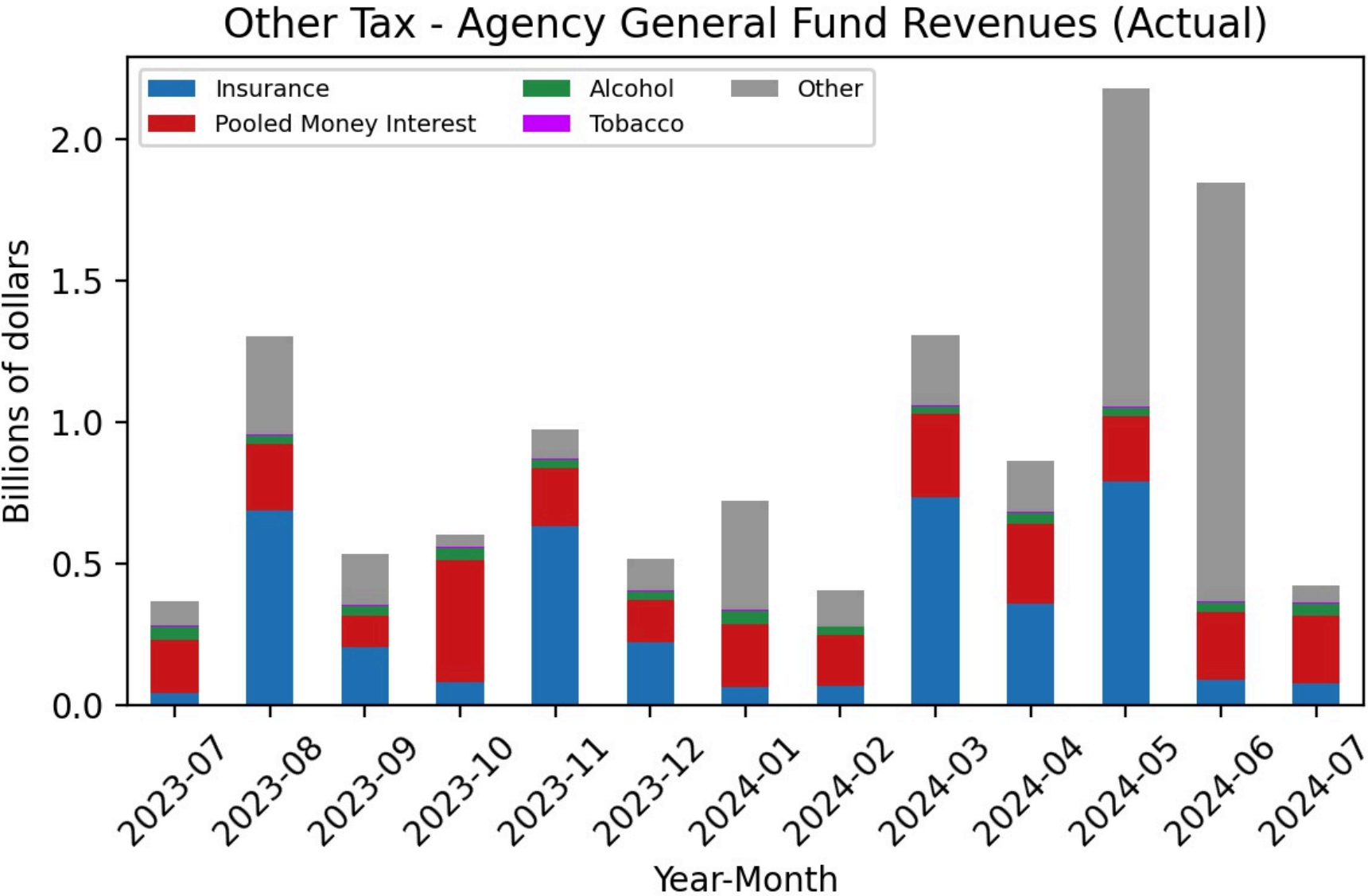


Figure 119

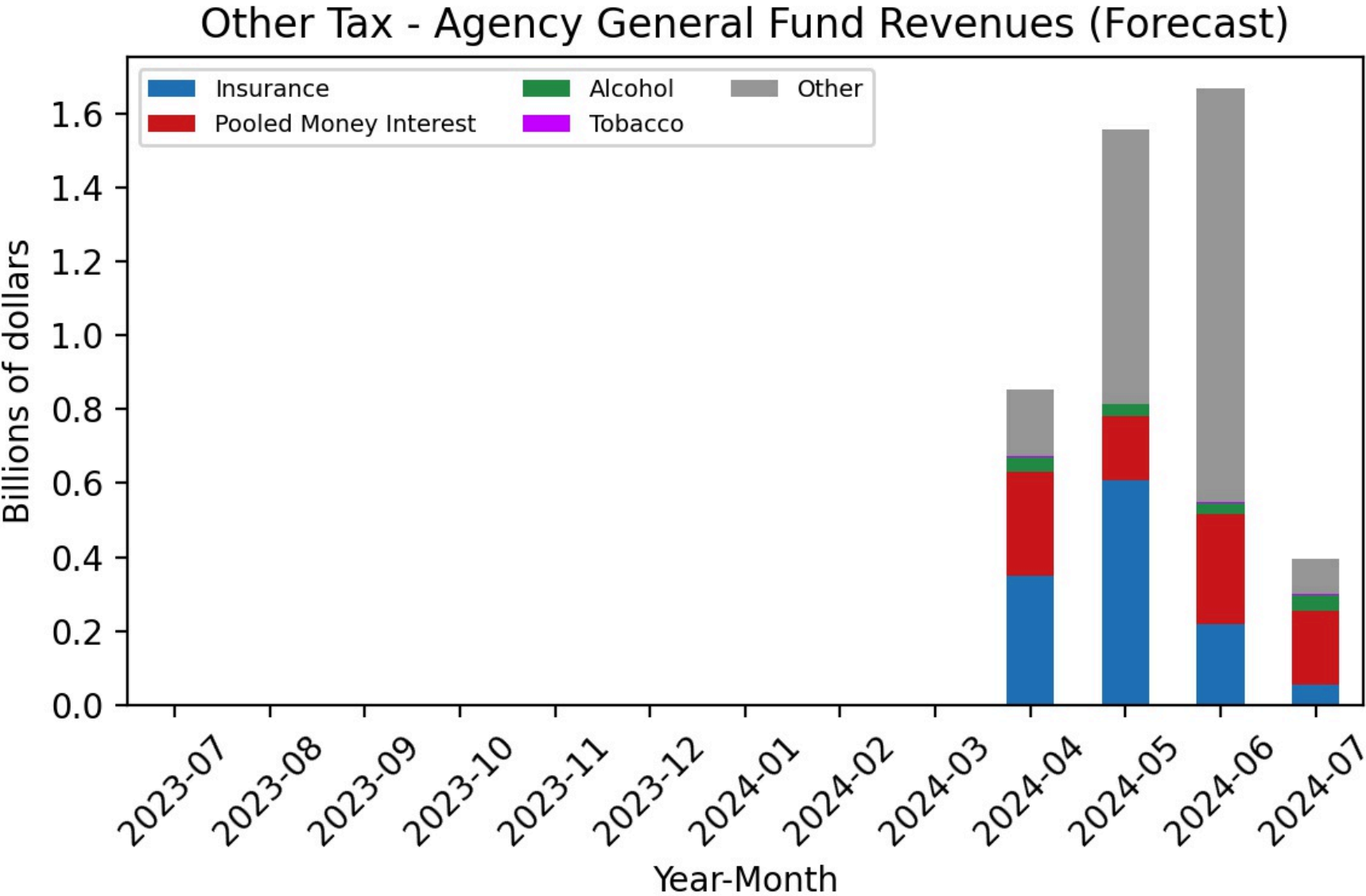


Figure 120

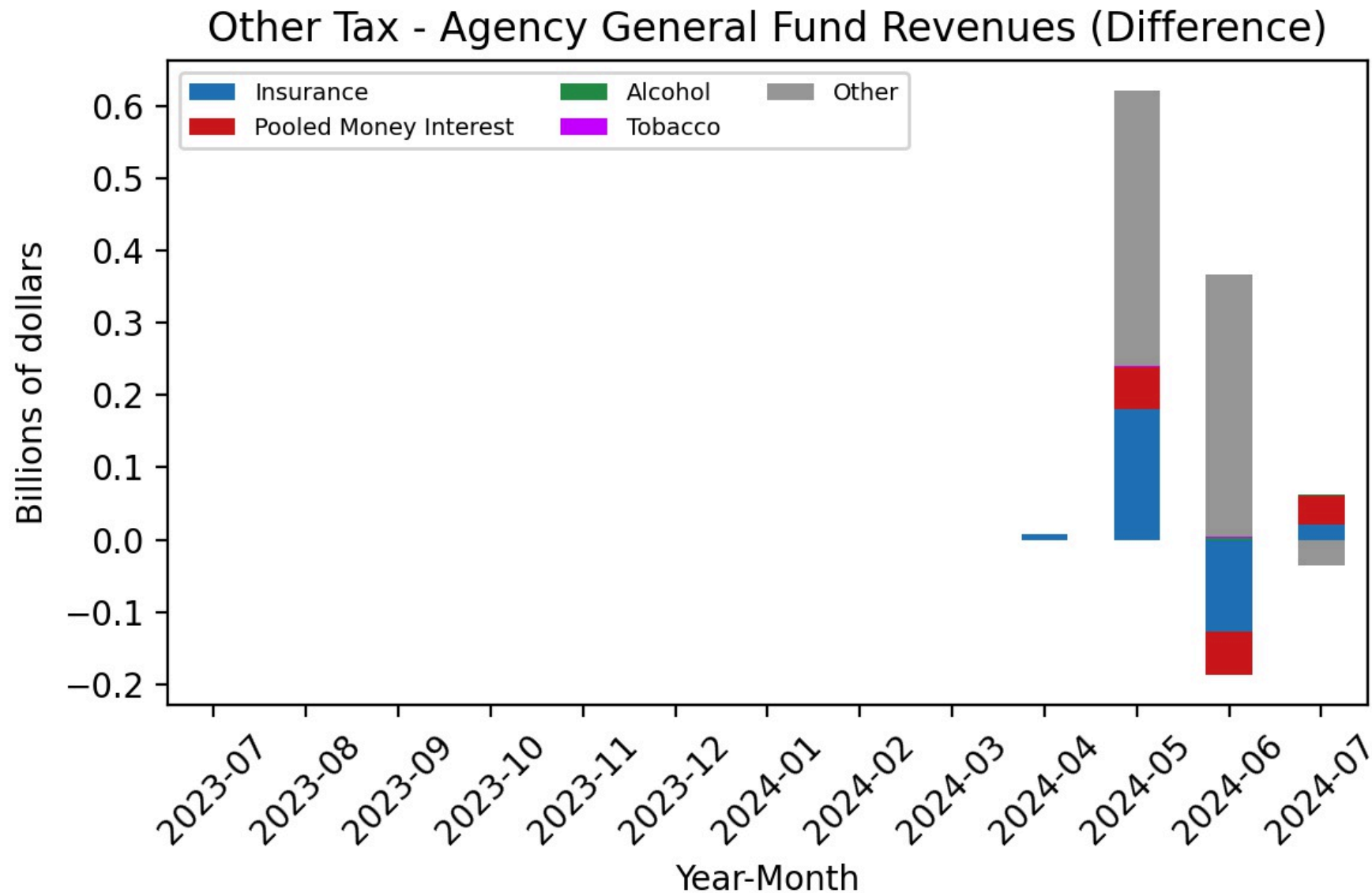


Figure 121

Other Tax - Agency General Fund Revenues (Cumulative Difference)

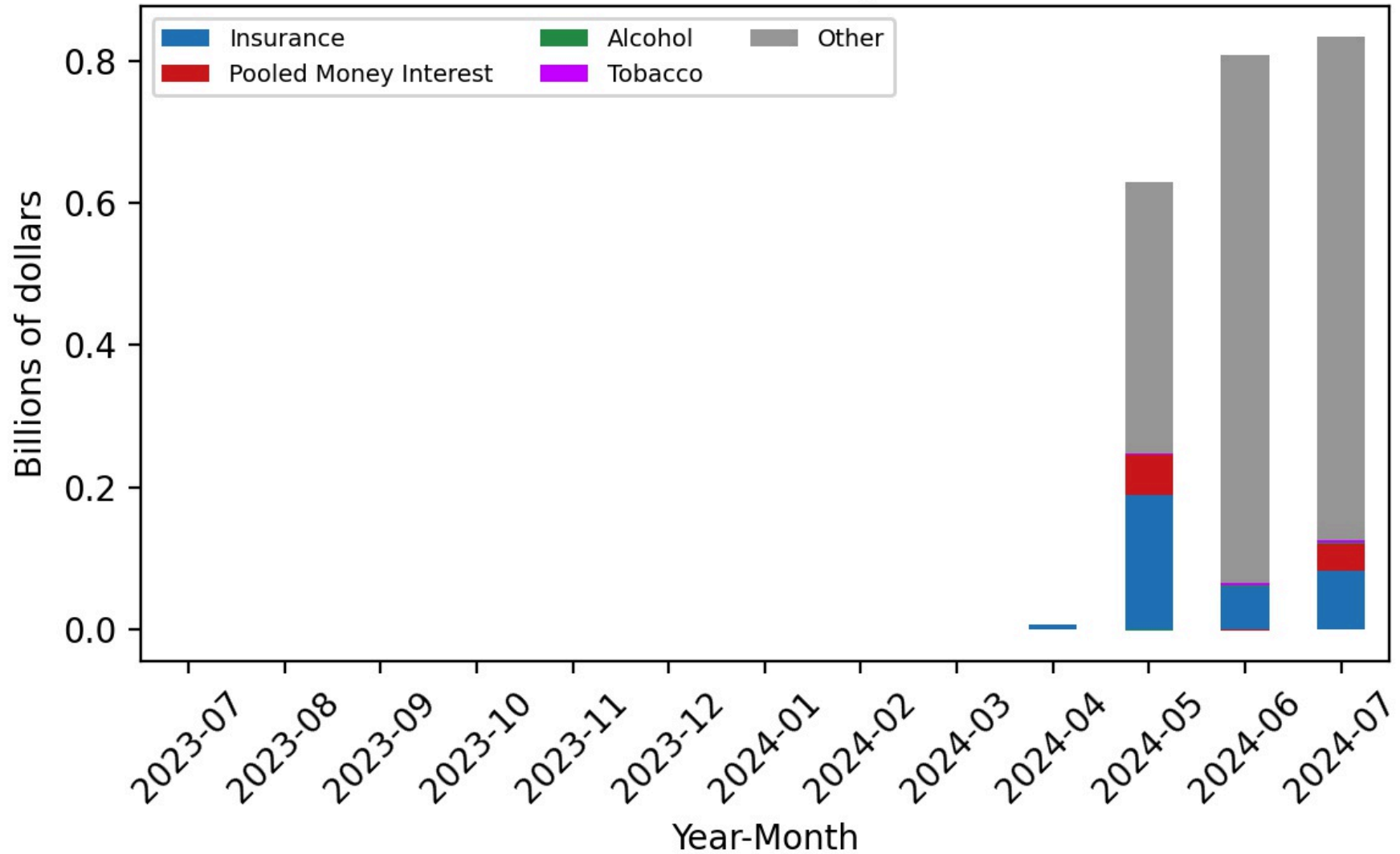


Figure 122

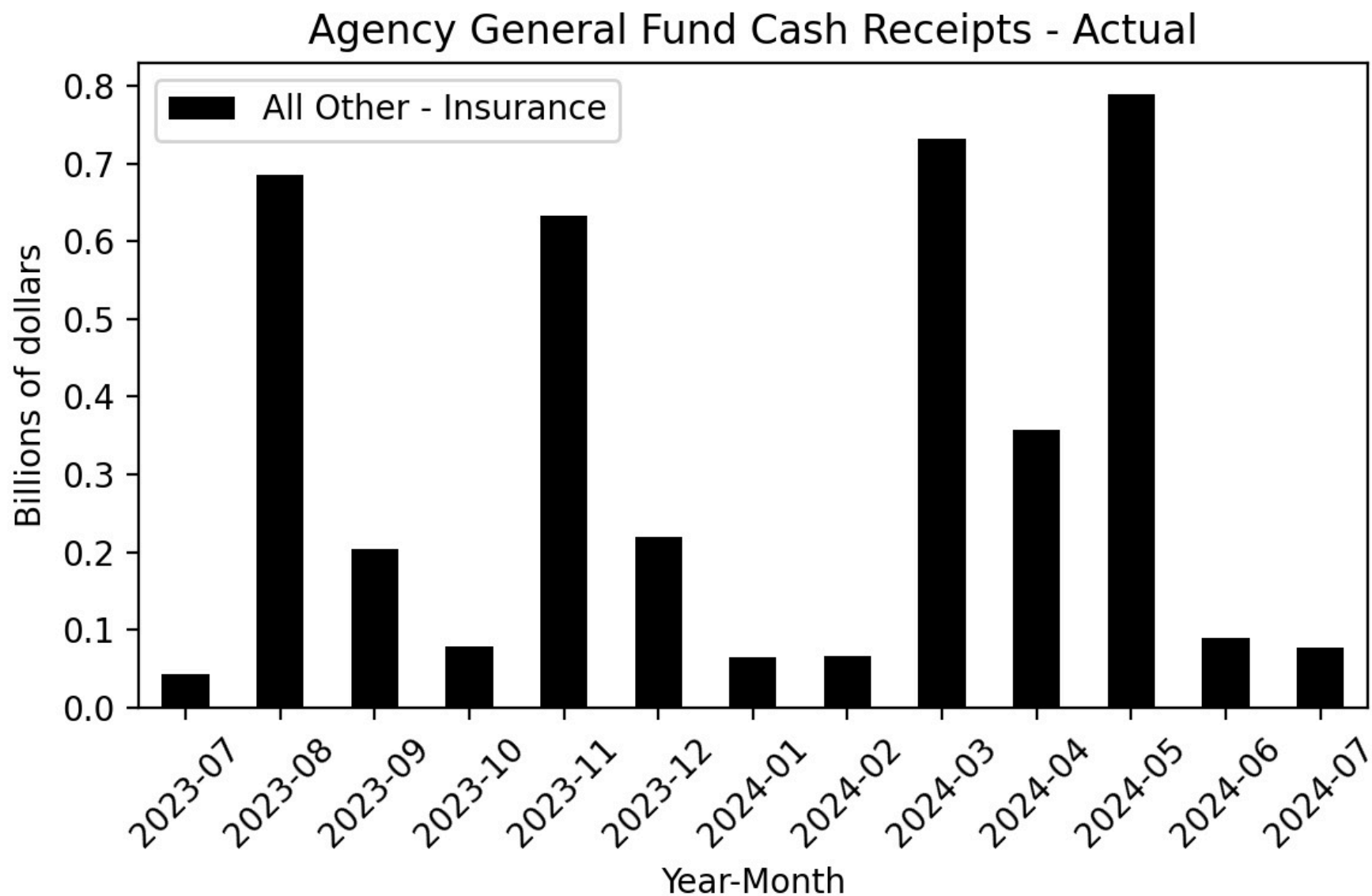


Figure 123

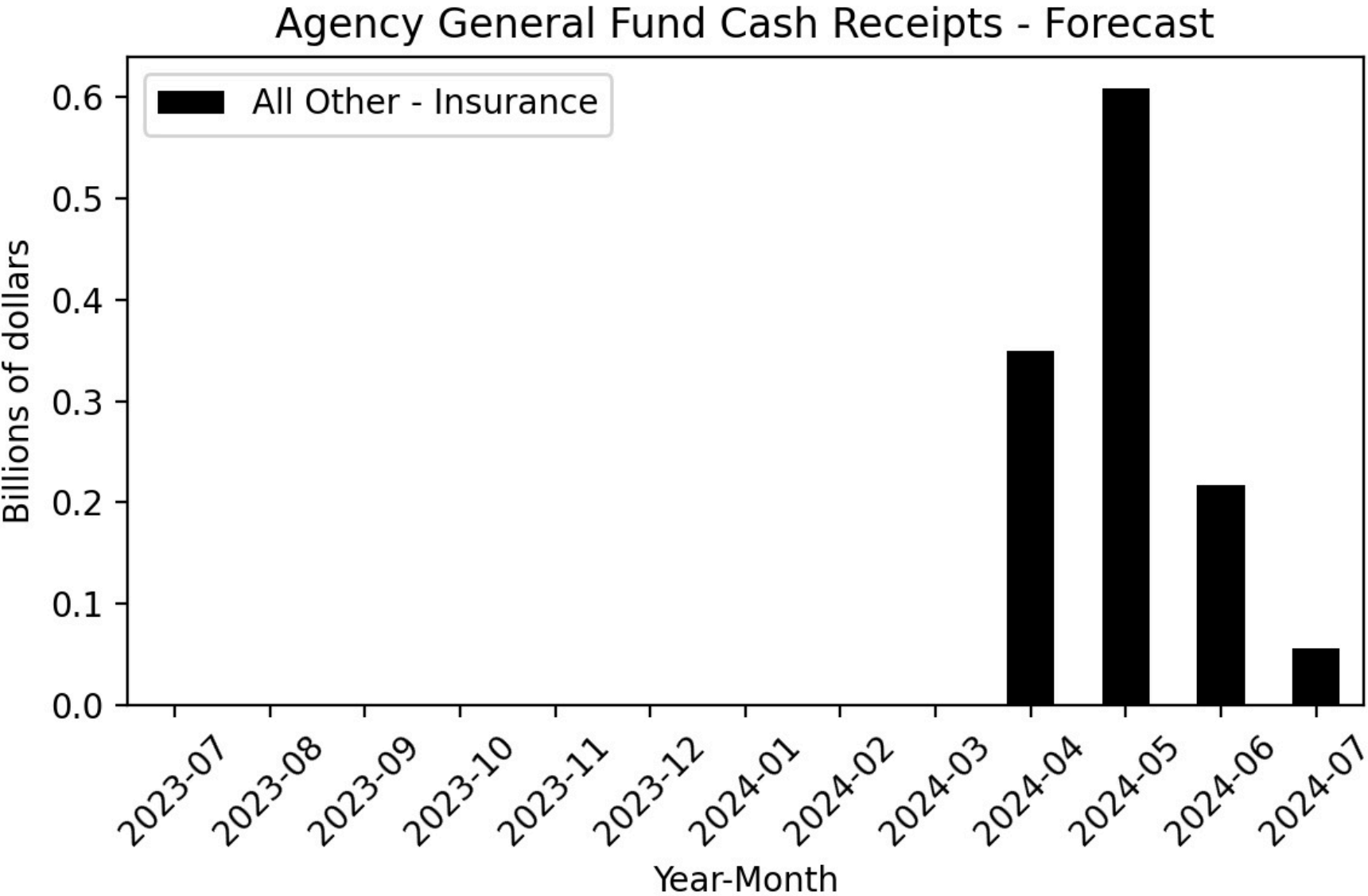


Figure 124

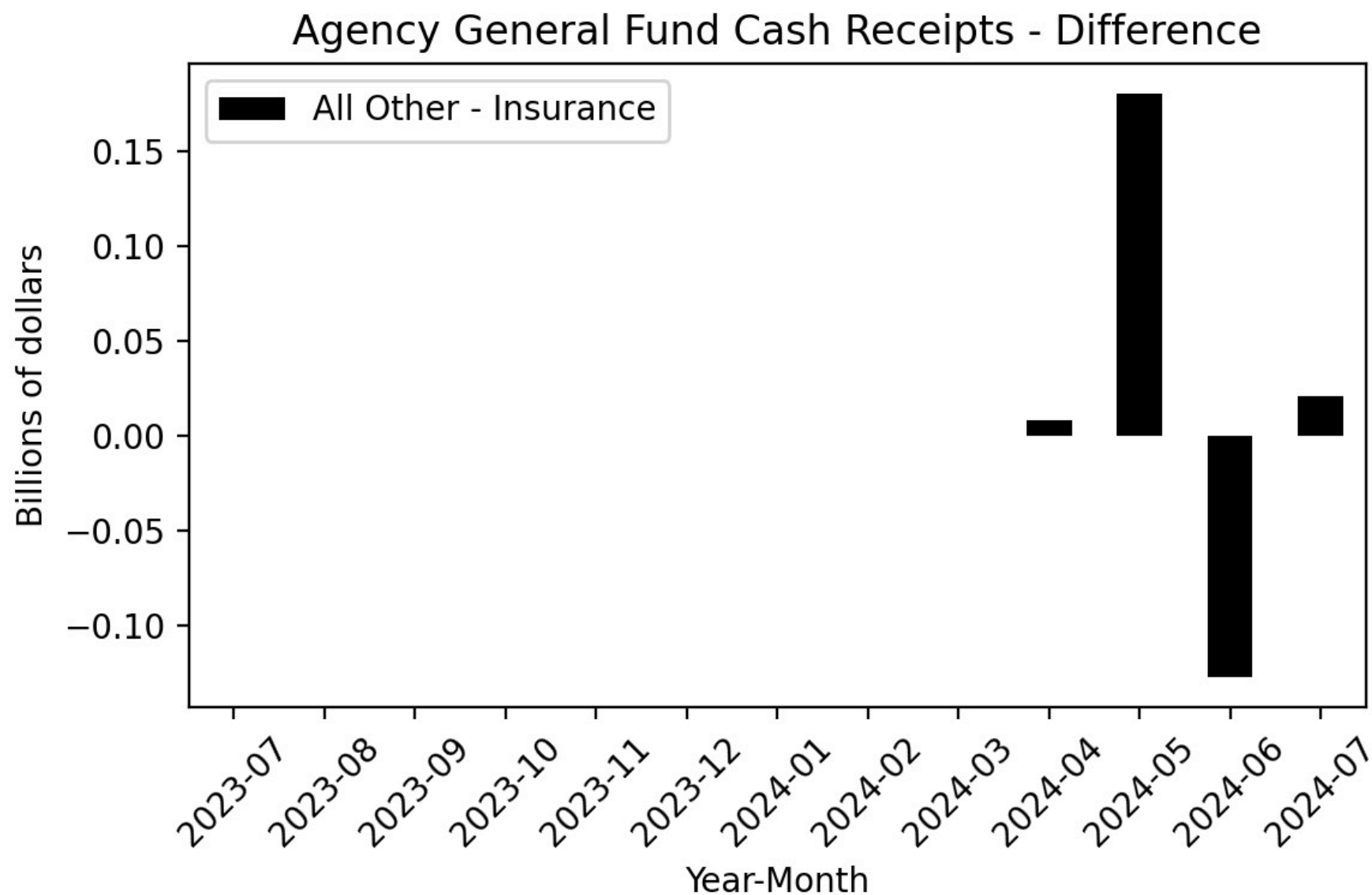


Figure 125

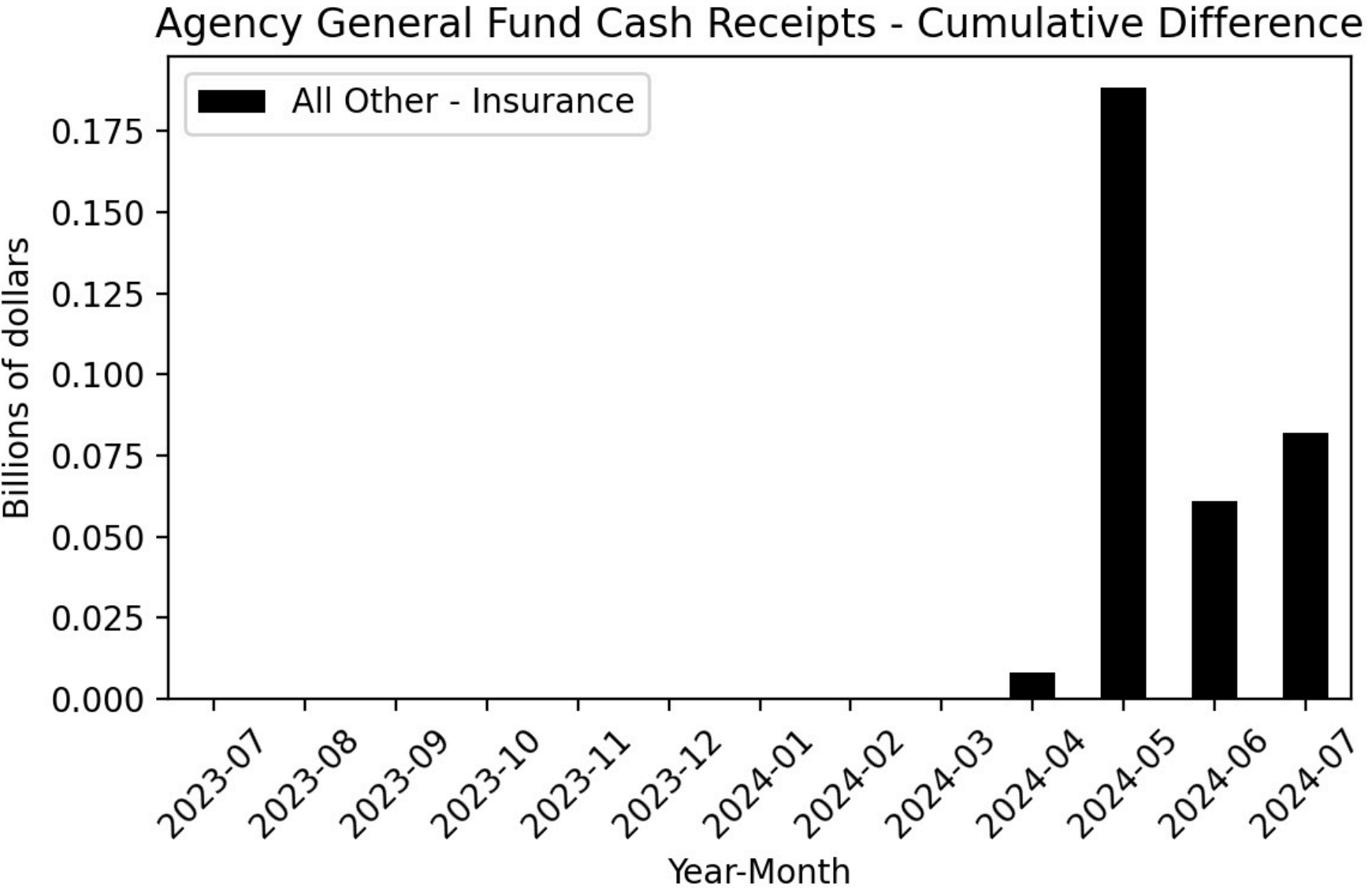


Figure 126

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
All Other-Insurance

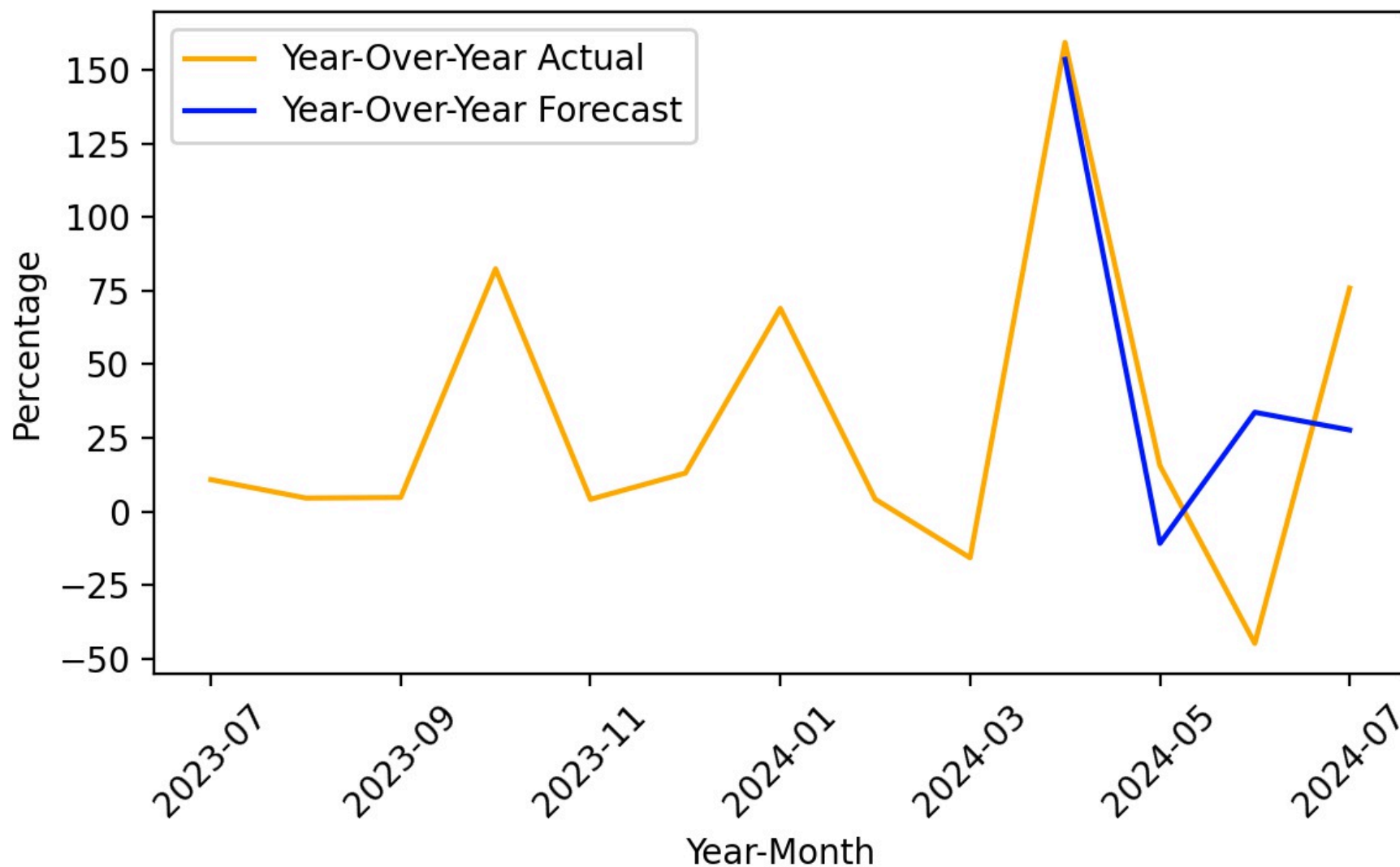


Figure 127

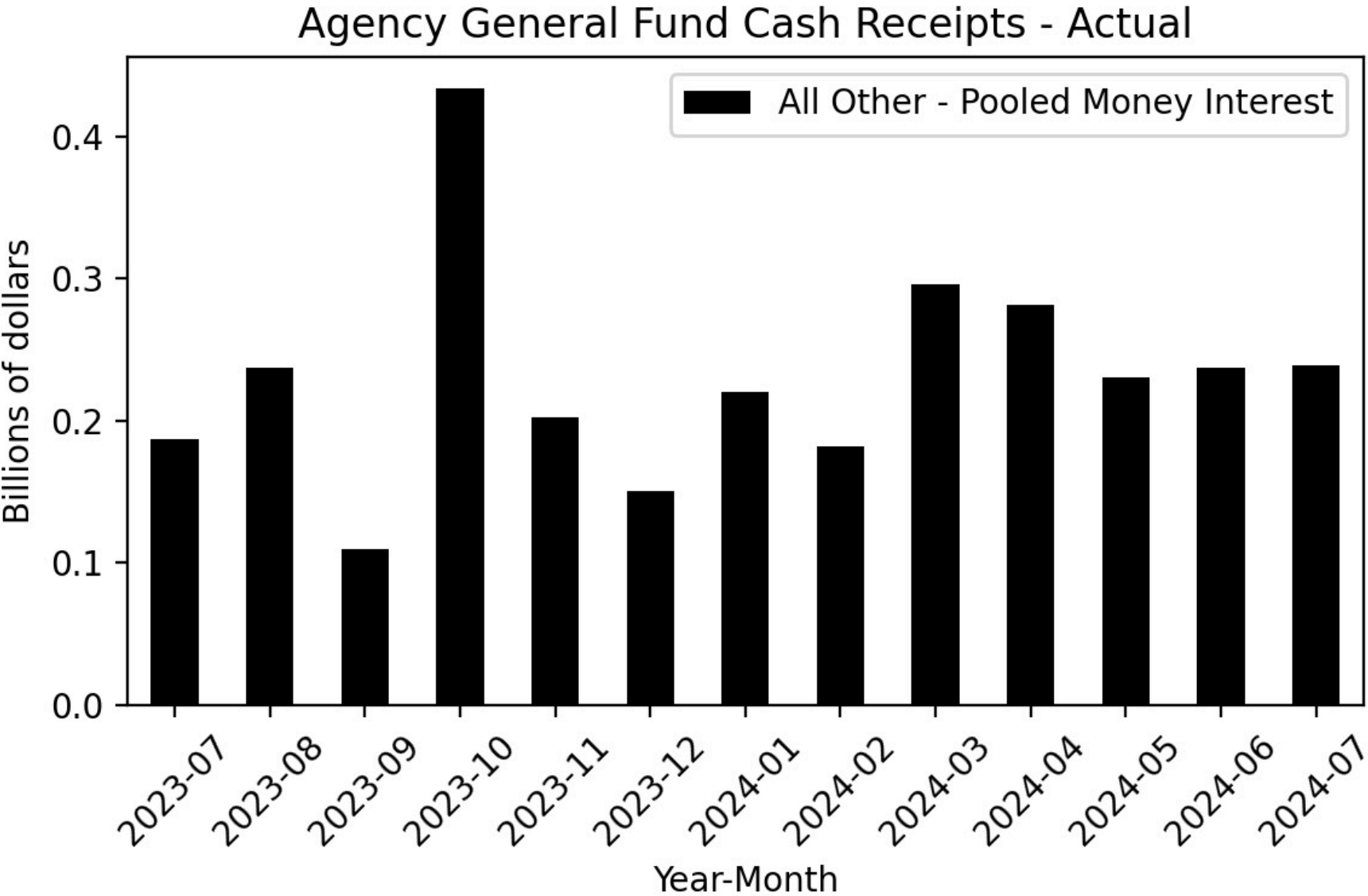


Figure 128

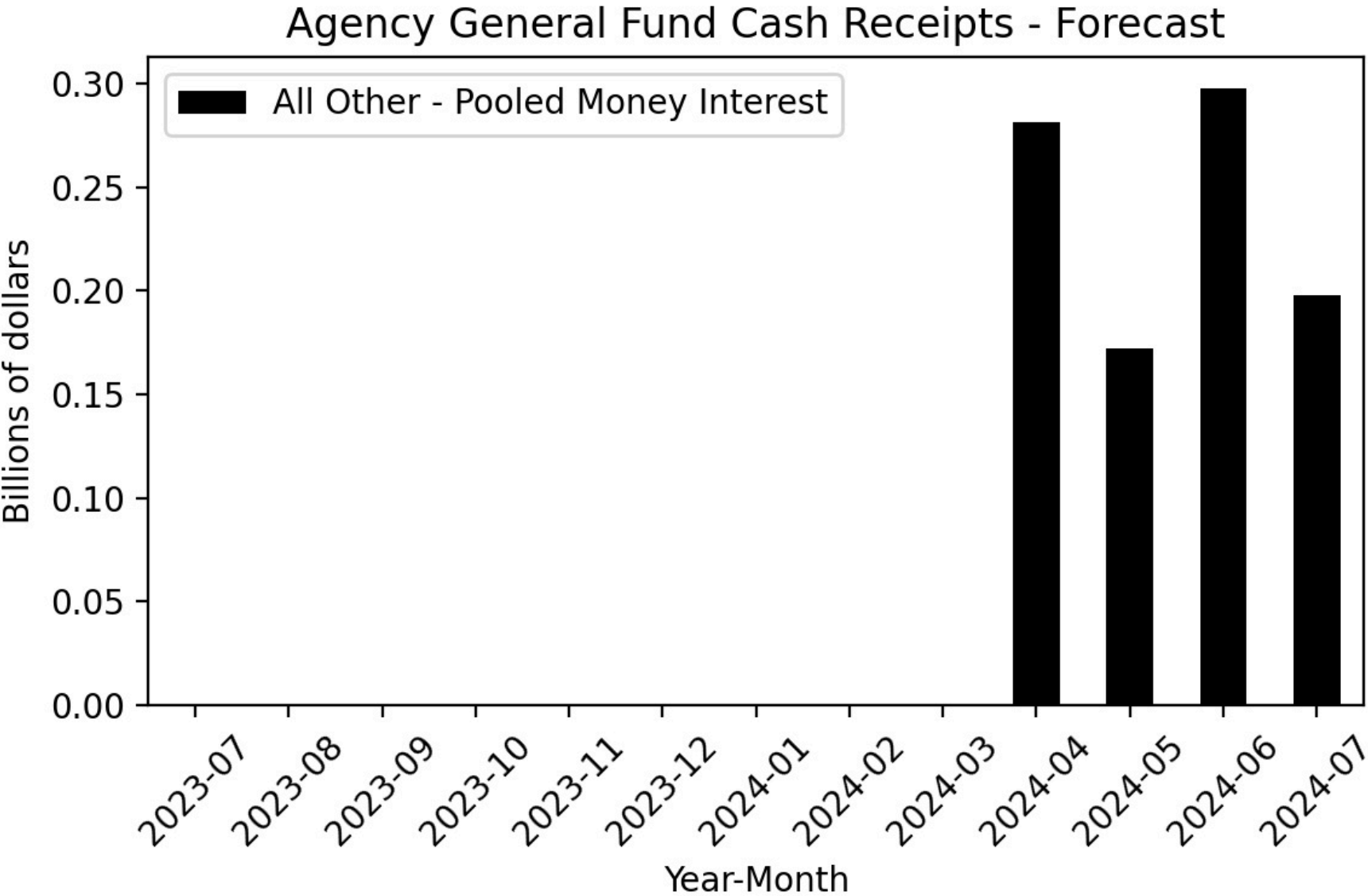


Figure 129

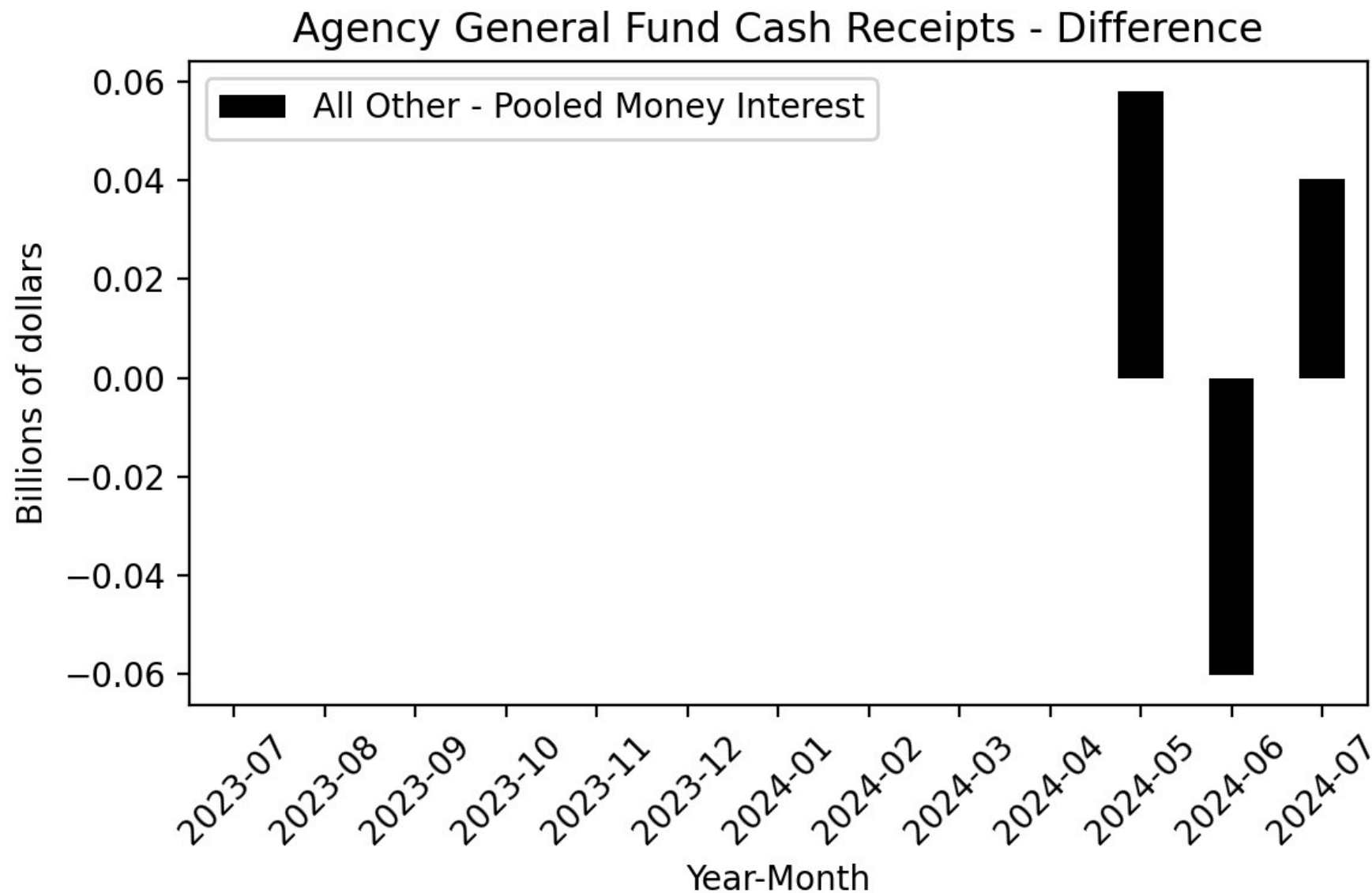


Figure 130

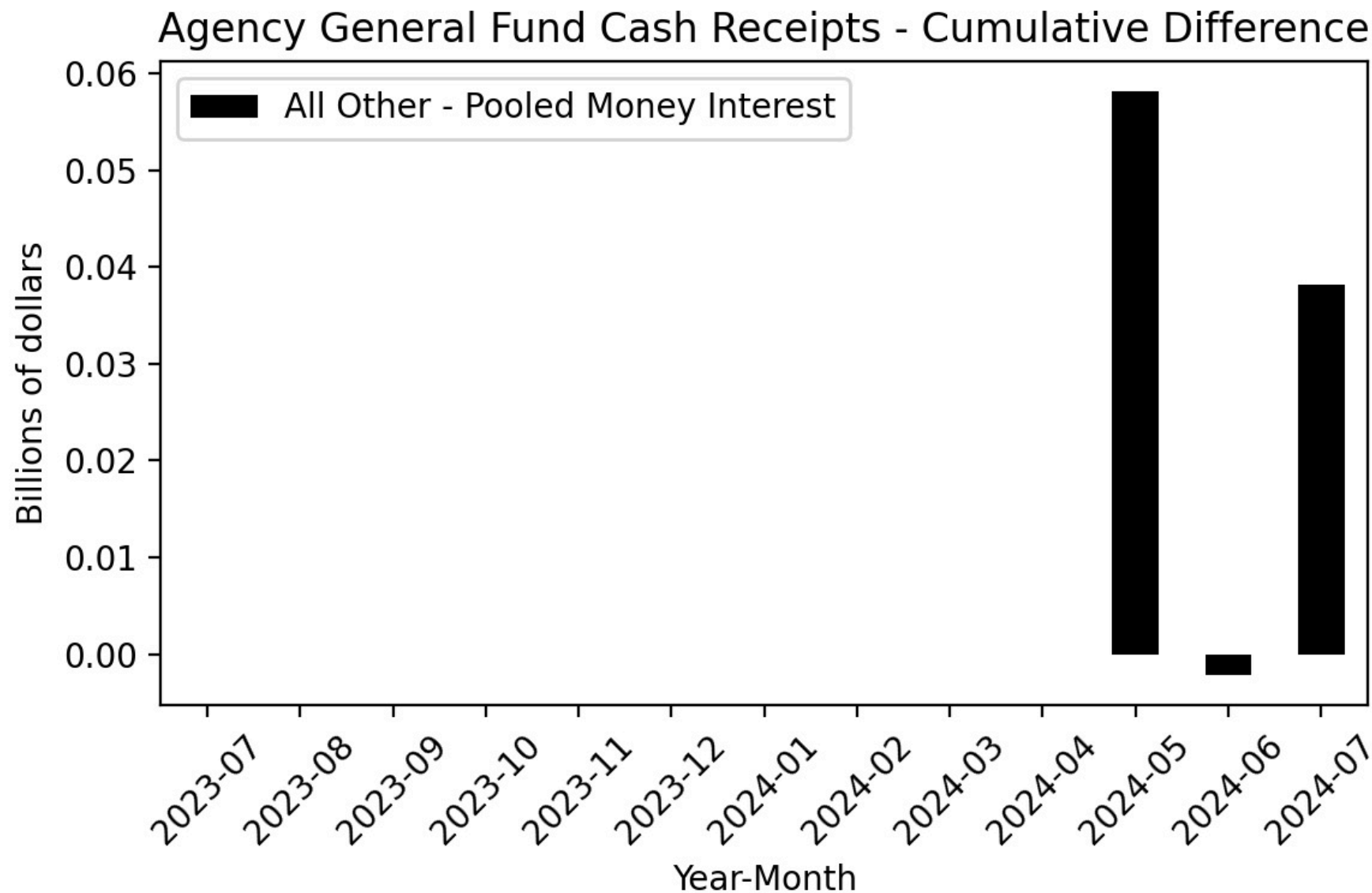


Figure 131

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
All Other-Pooled Money Interest

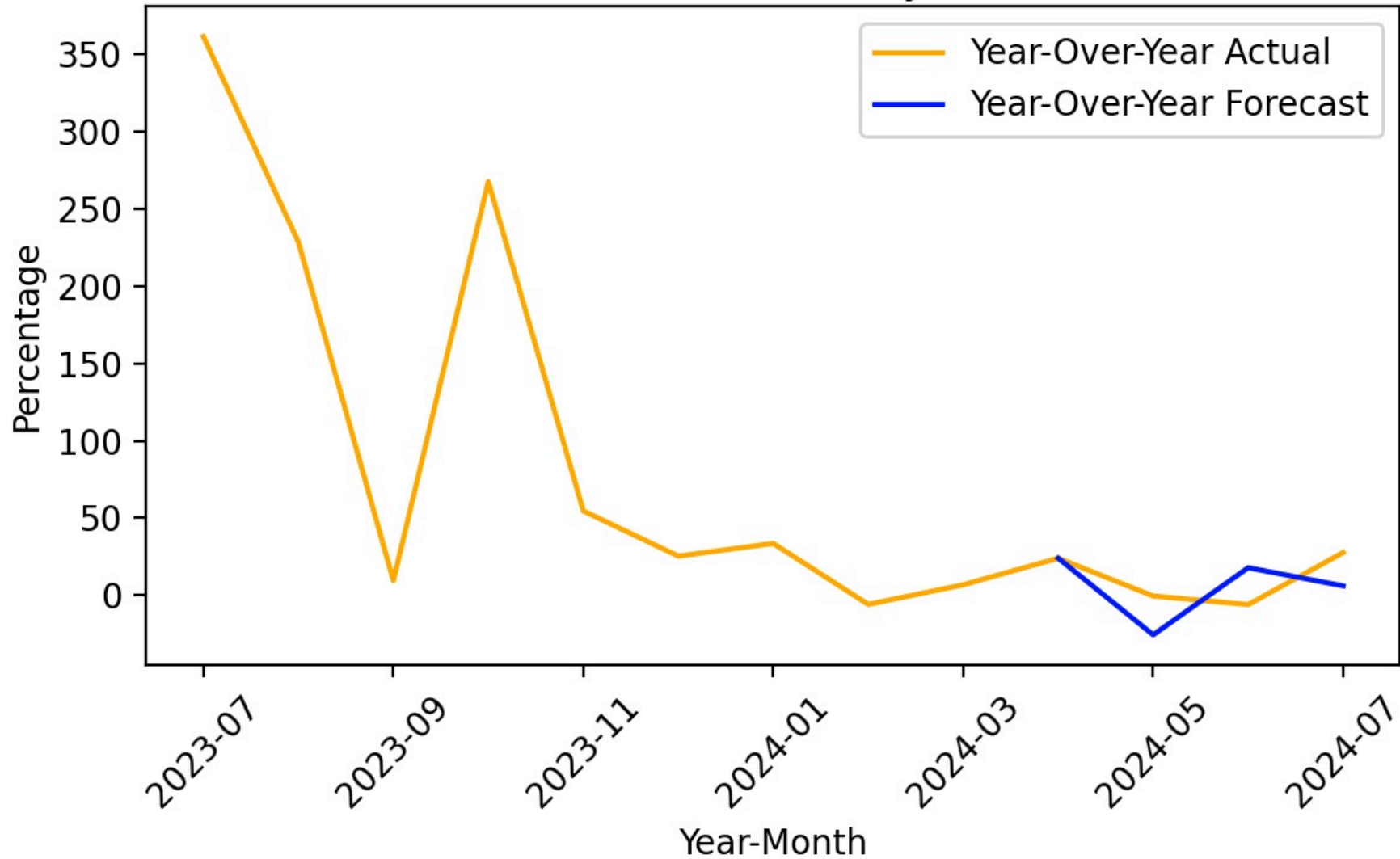


Figure 132

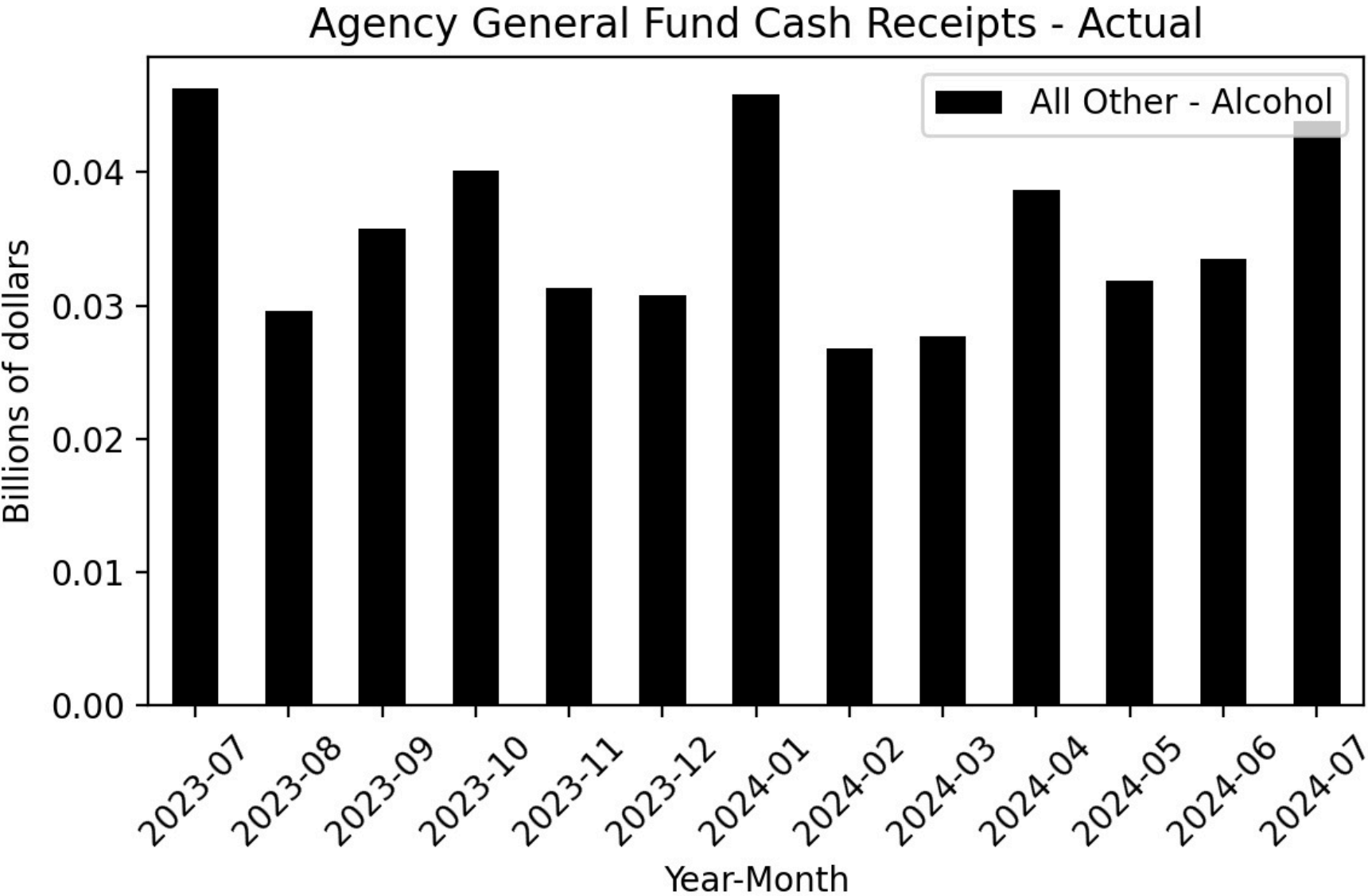


Figure 133

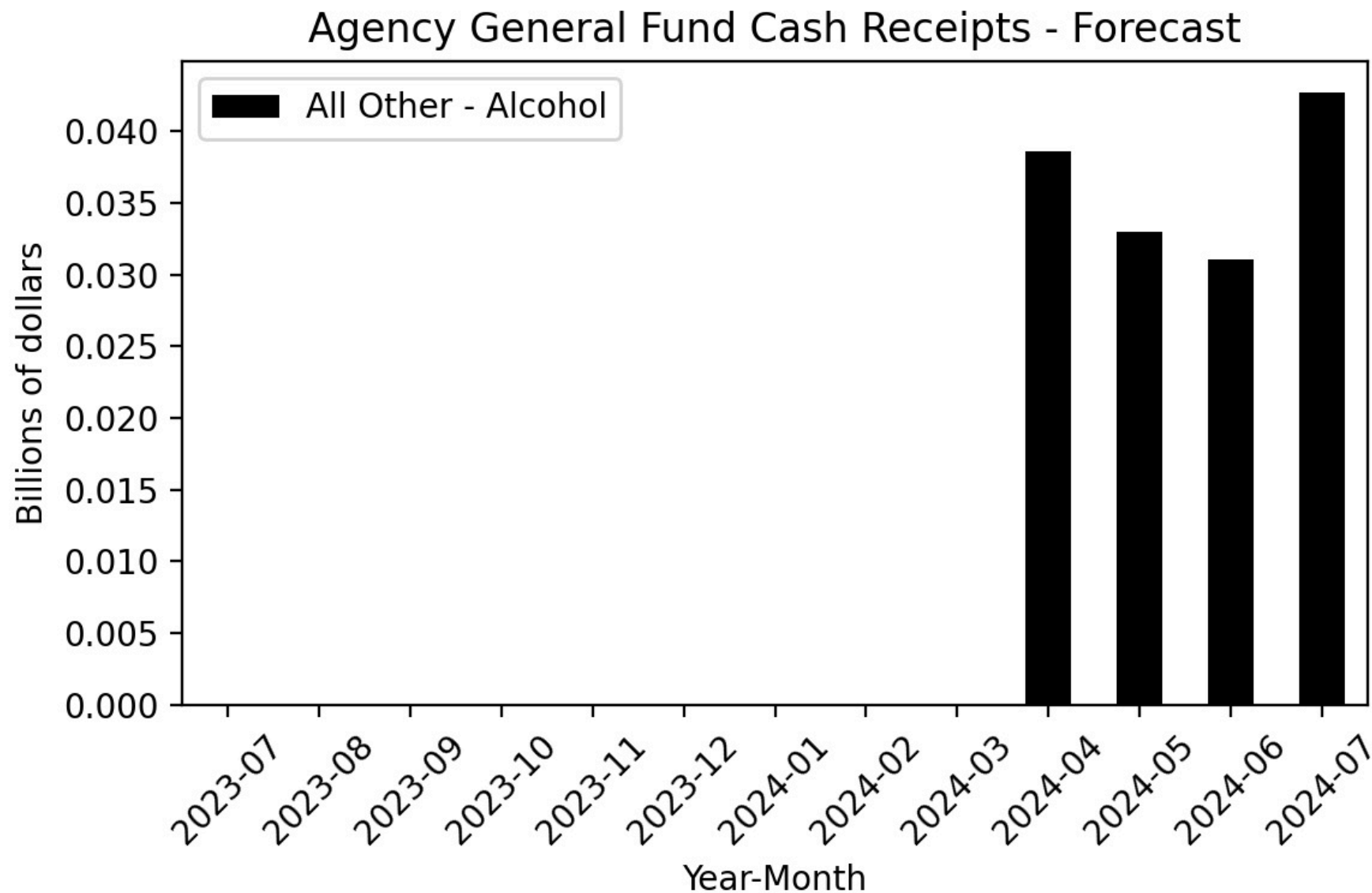


Figure 134

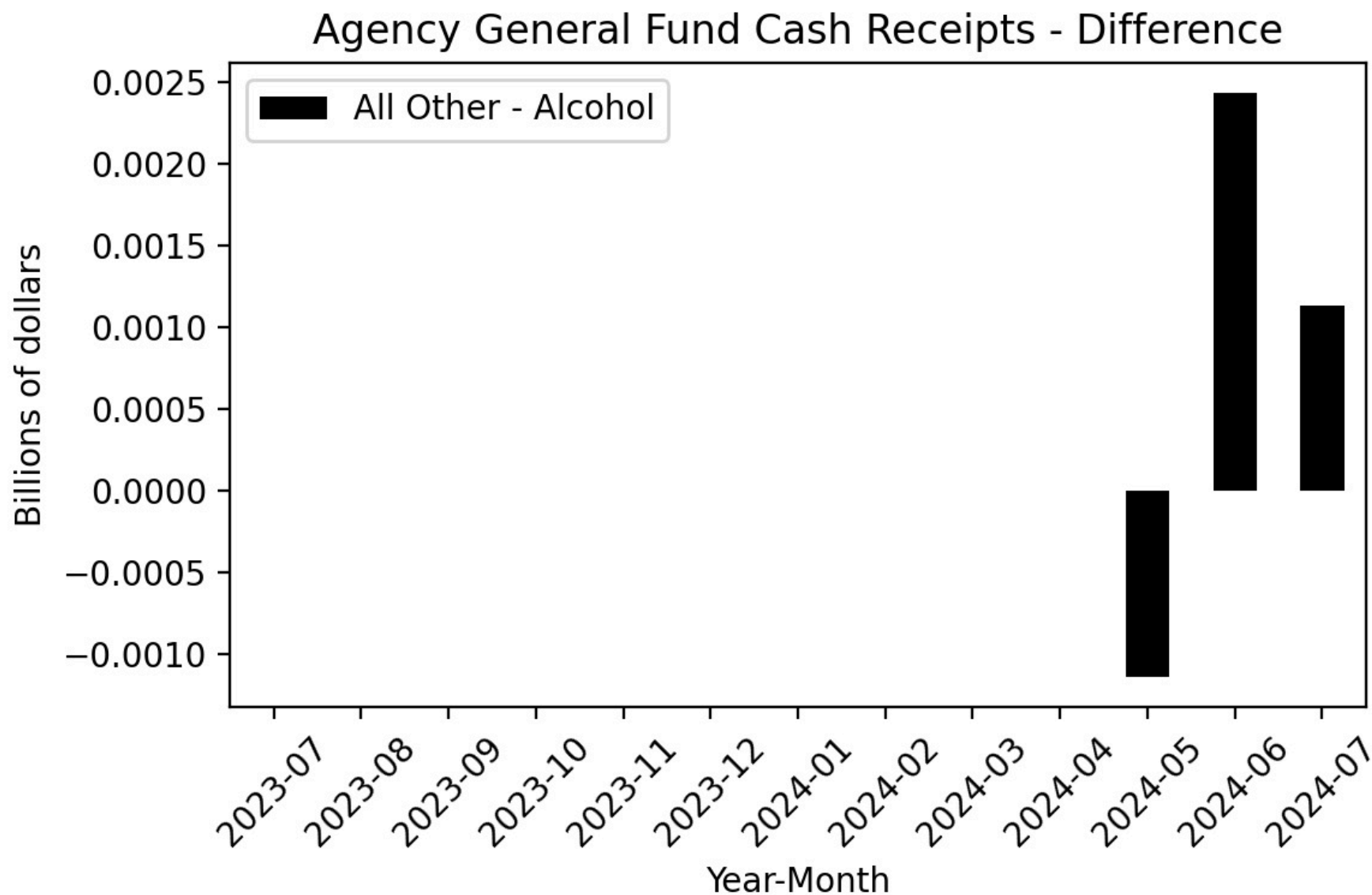


Figure 135

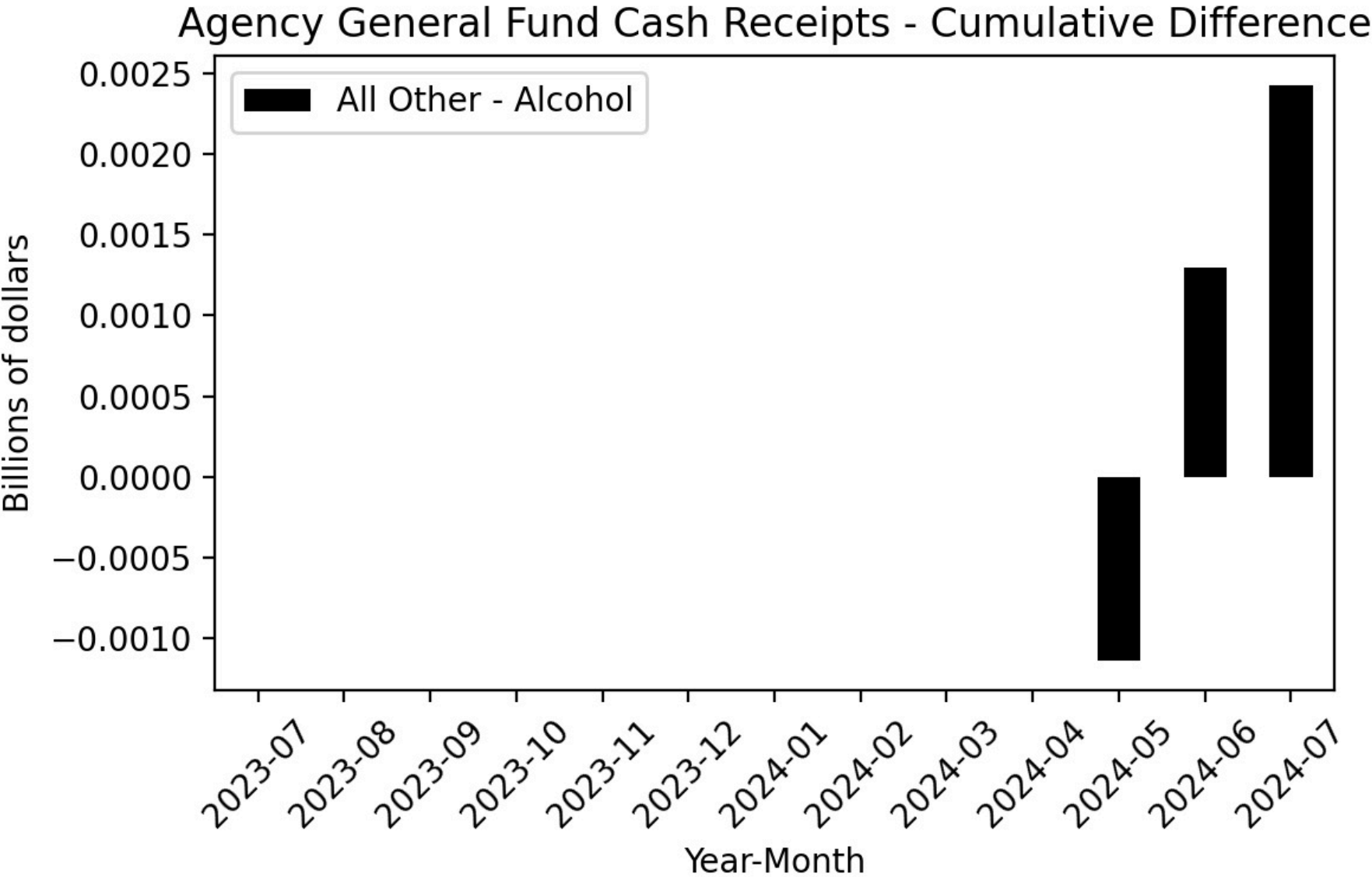


Figure 136

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
All Other-Alcohol

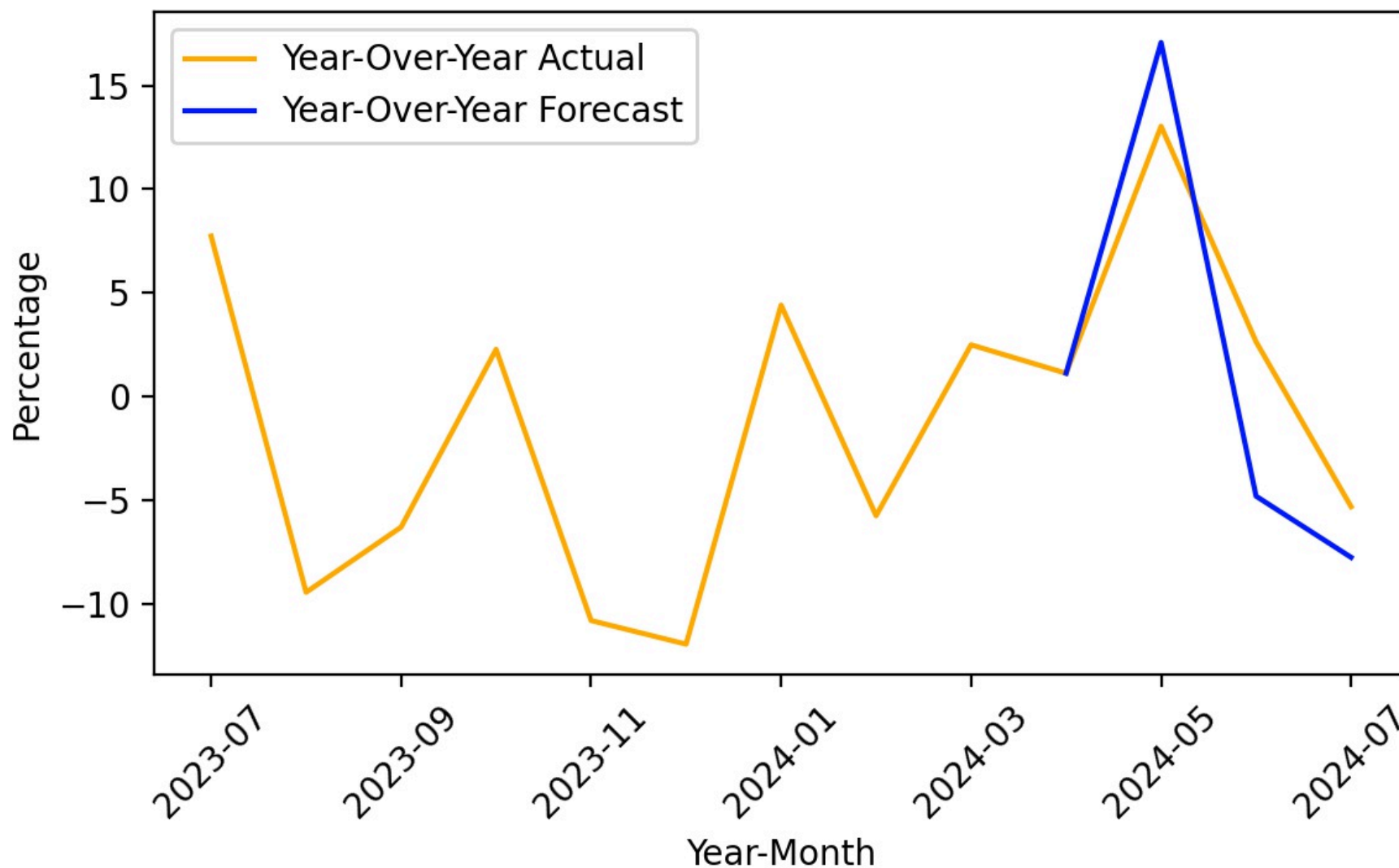


Figure 137

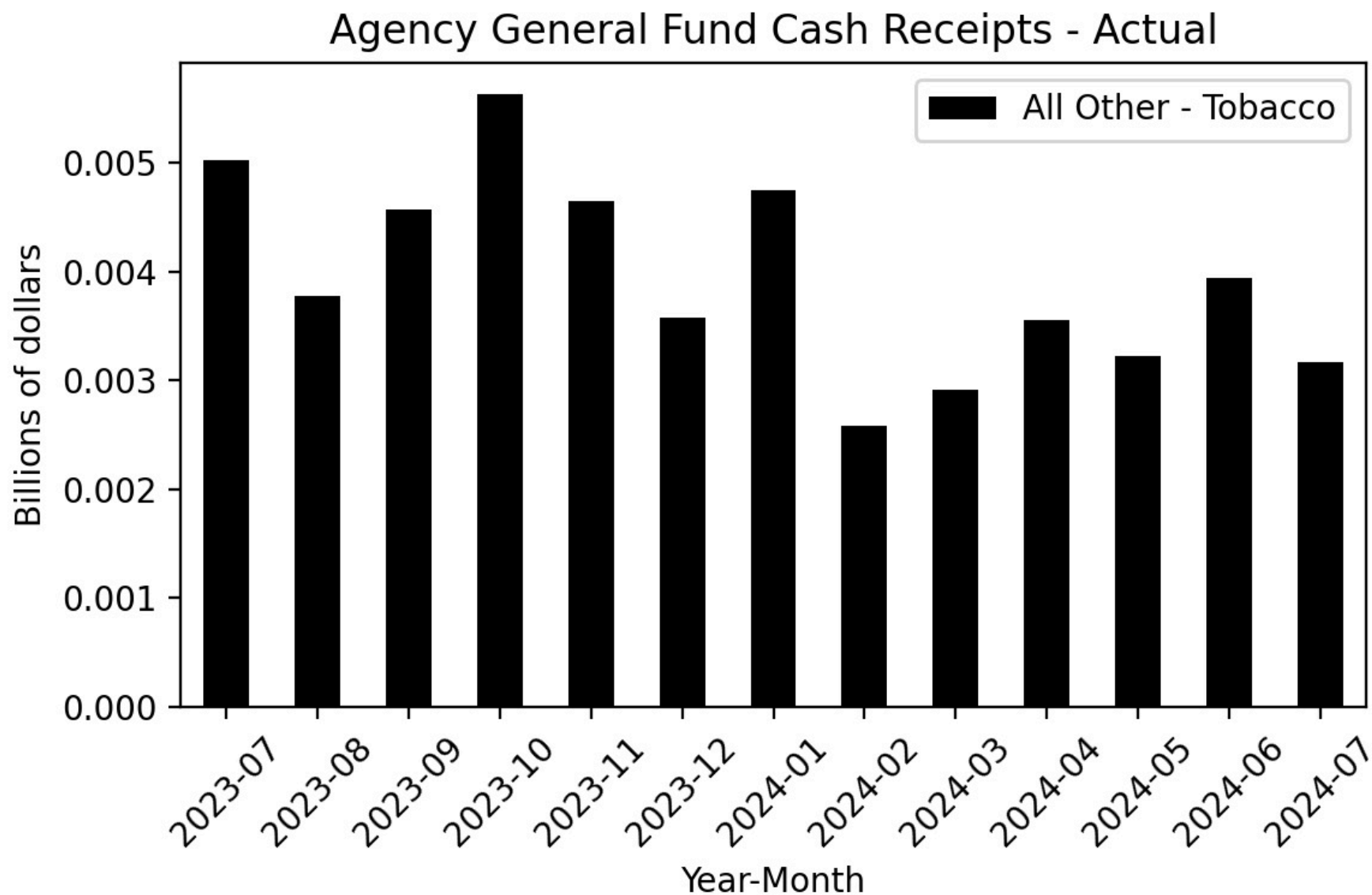


Figure 138

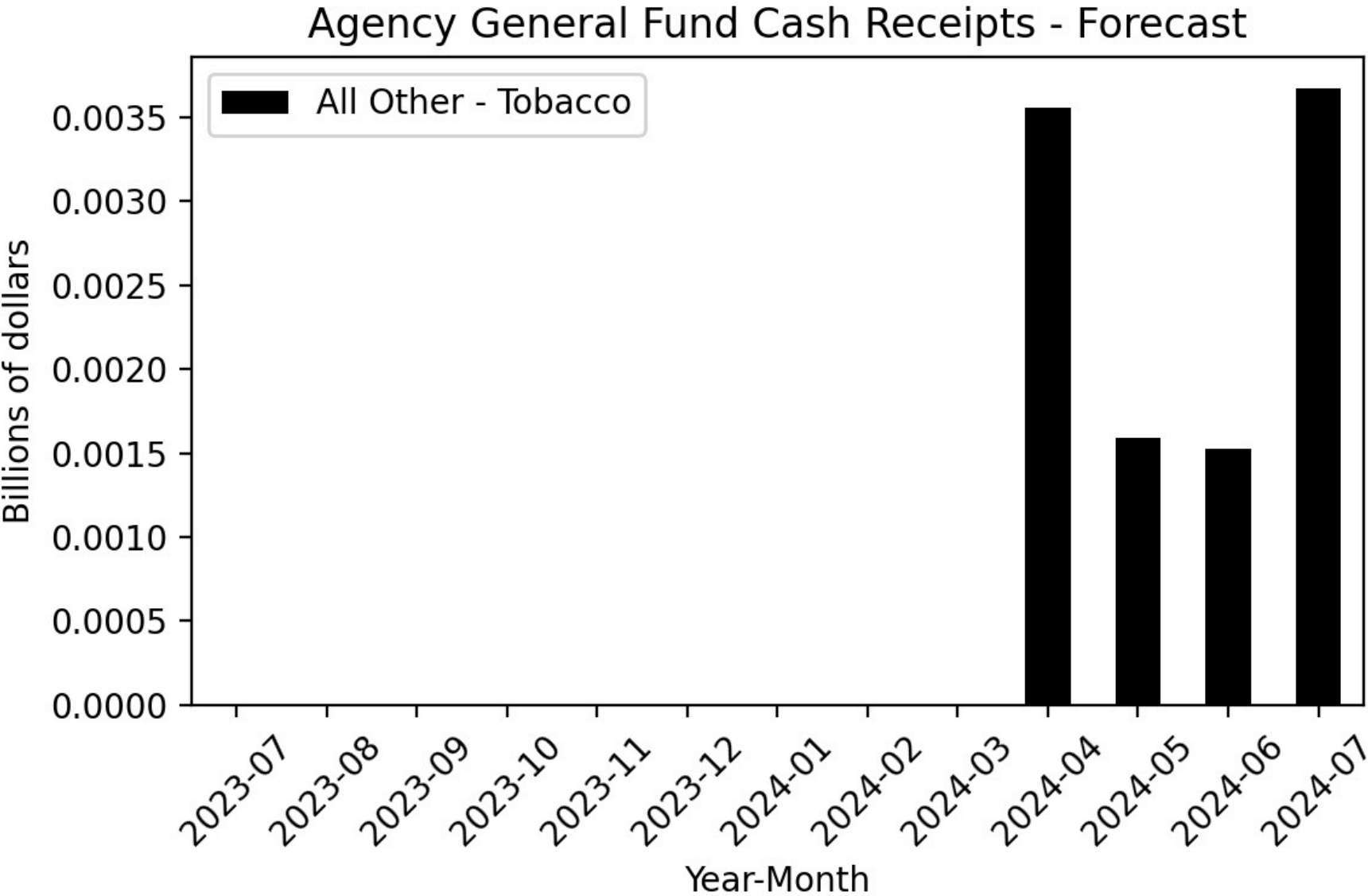


Figure 139

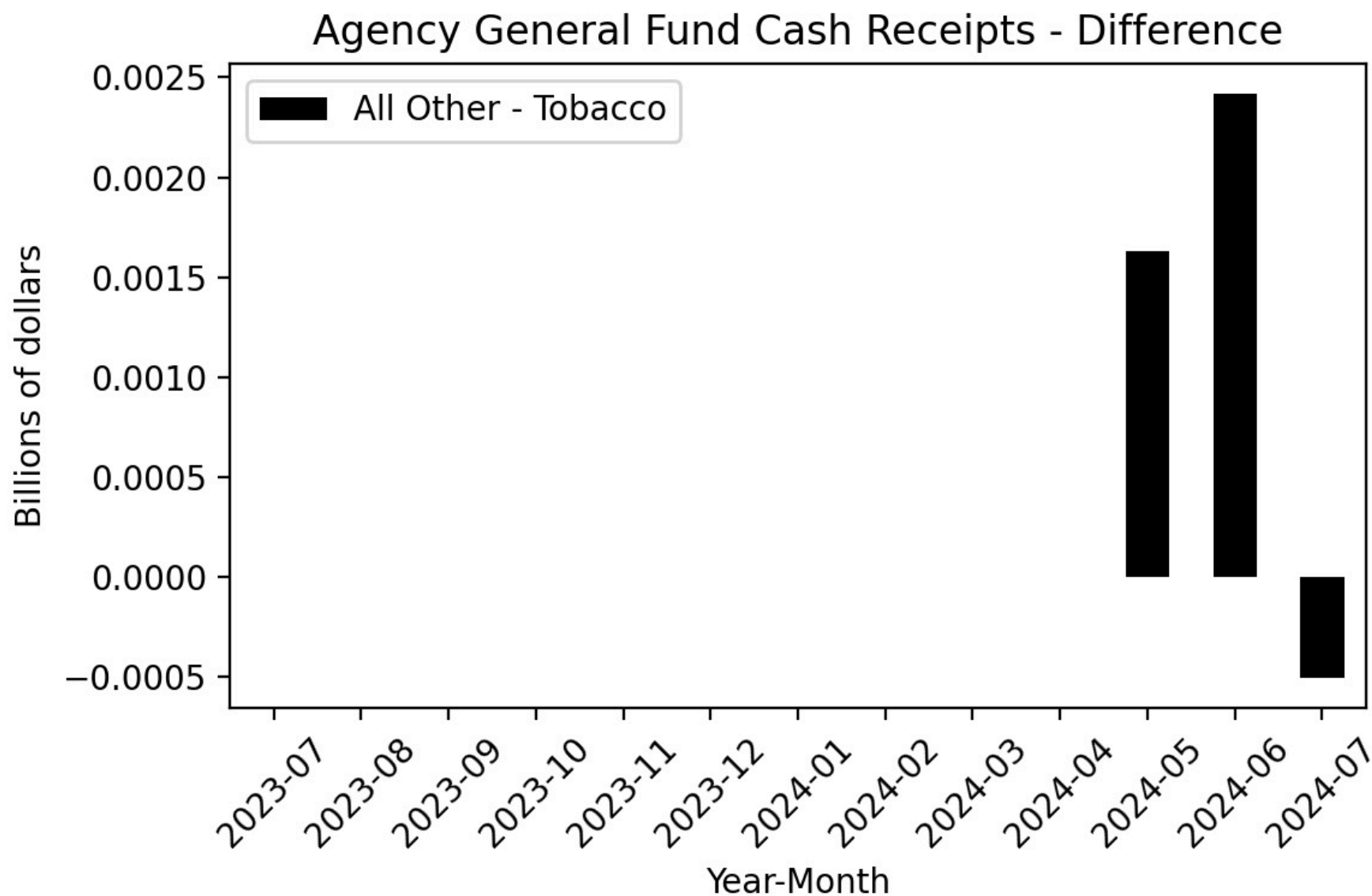


Figure 140

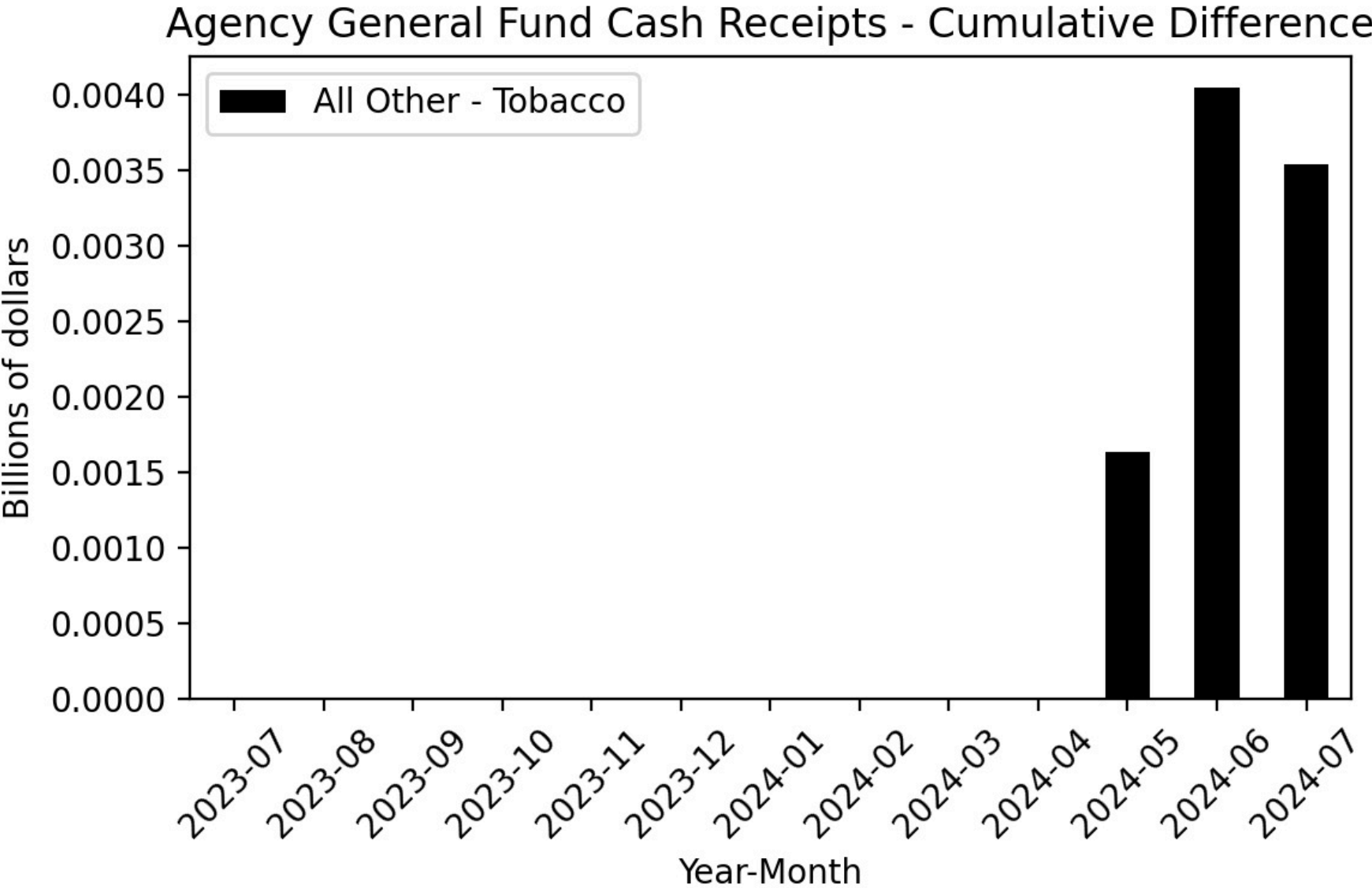


Figure 141

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
All Other-Tobacco

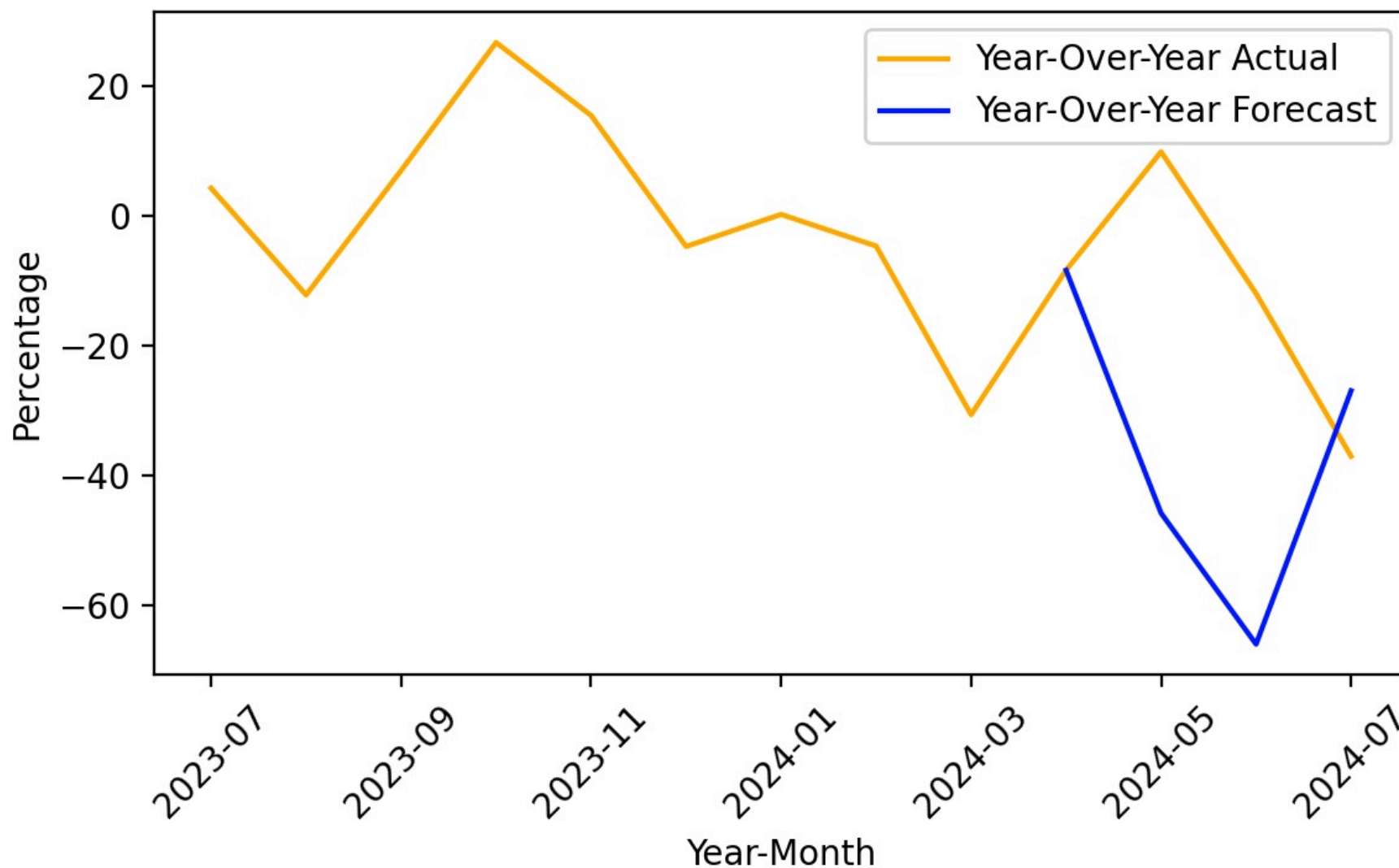


Figure 142

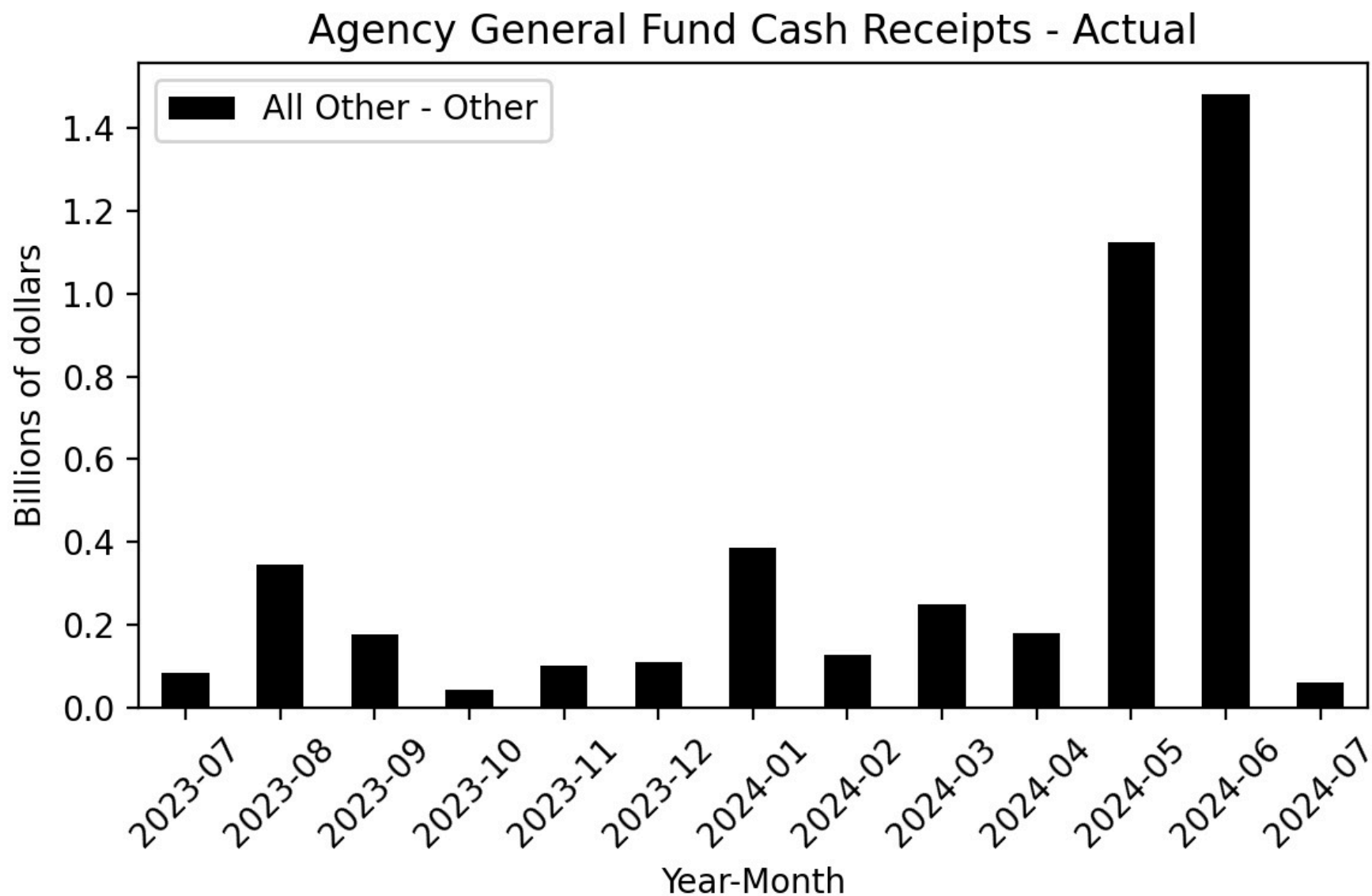


Figure 143

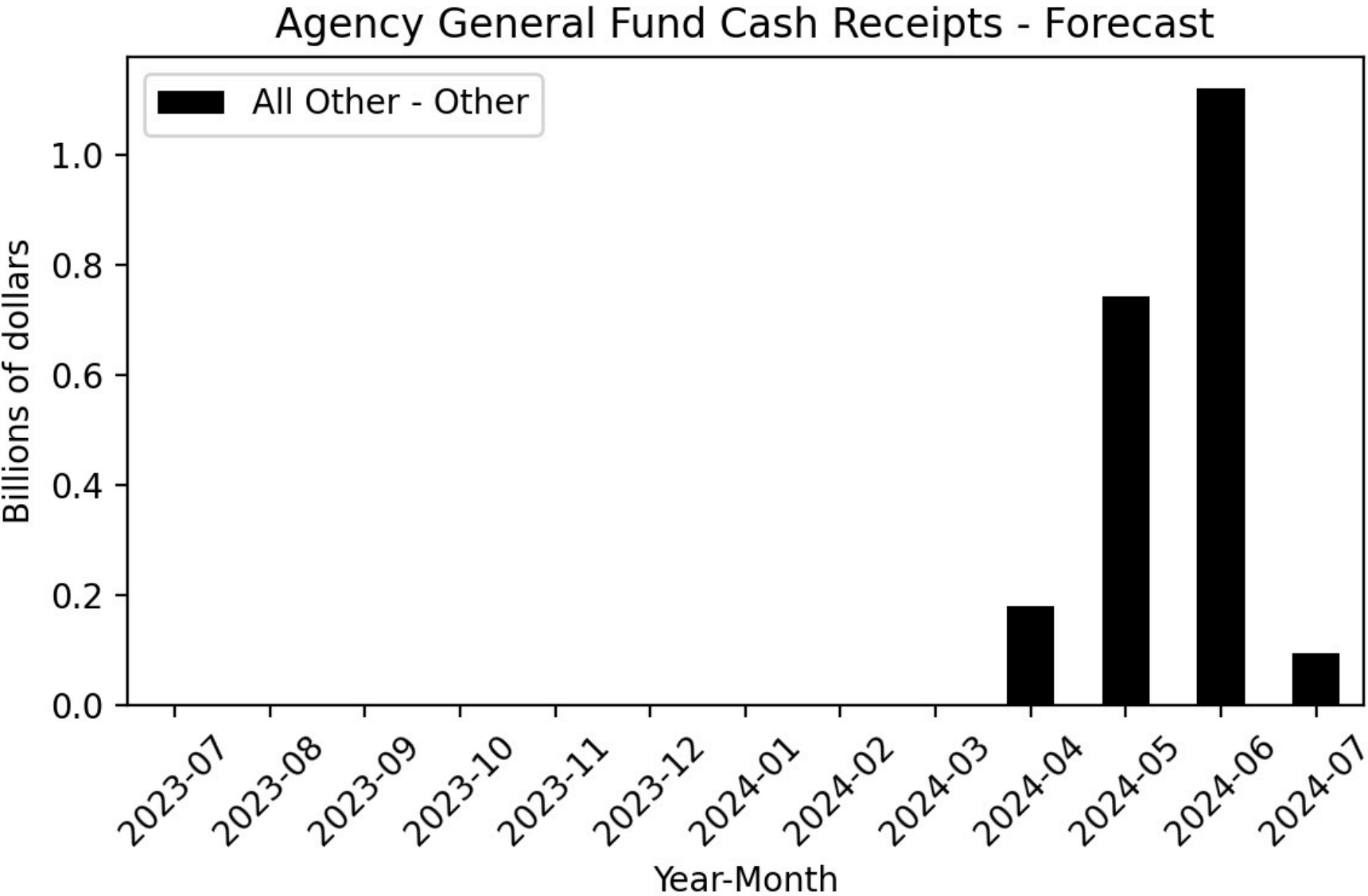


Figure 144

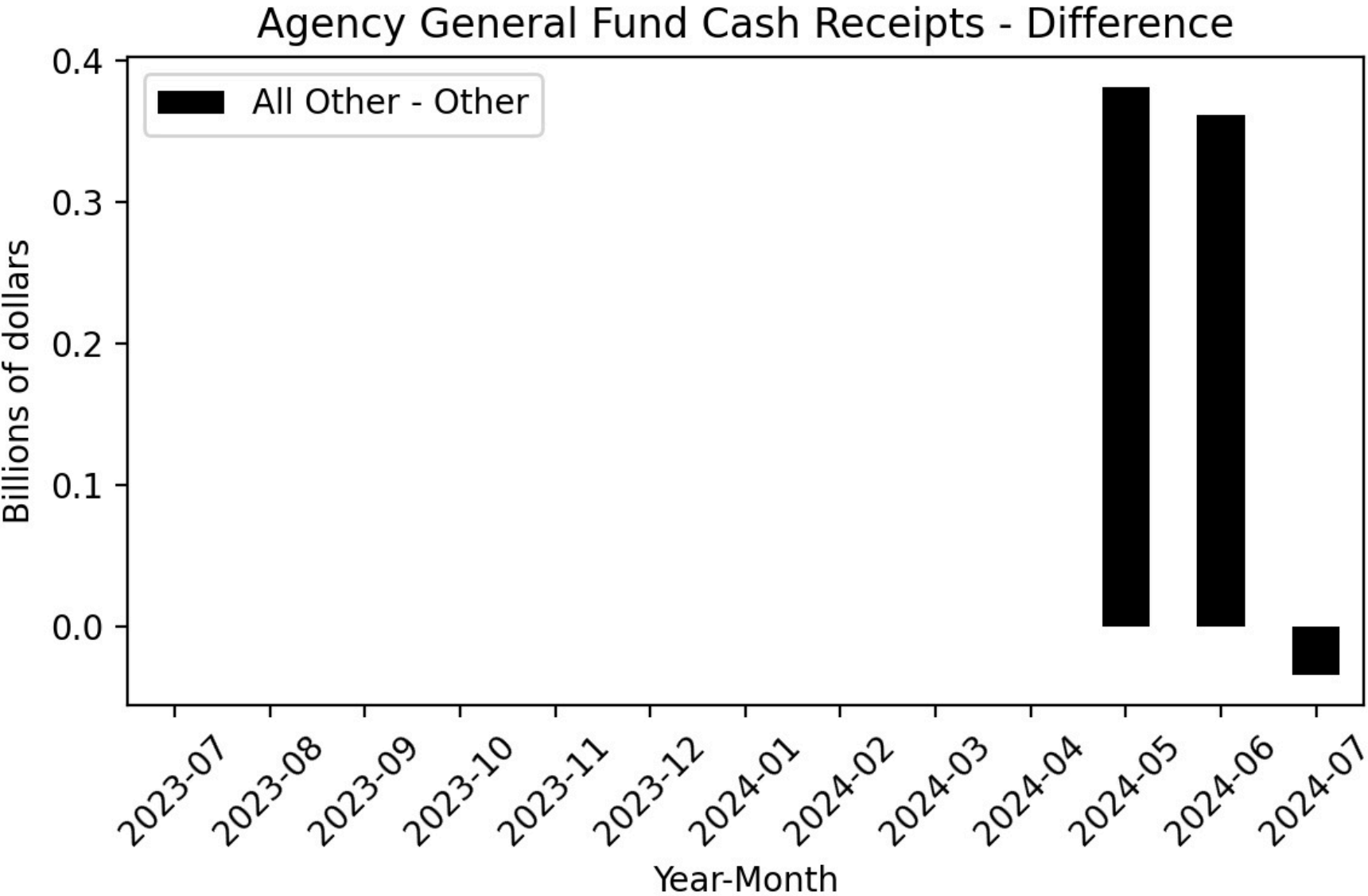


Figure 145

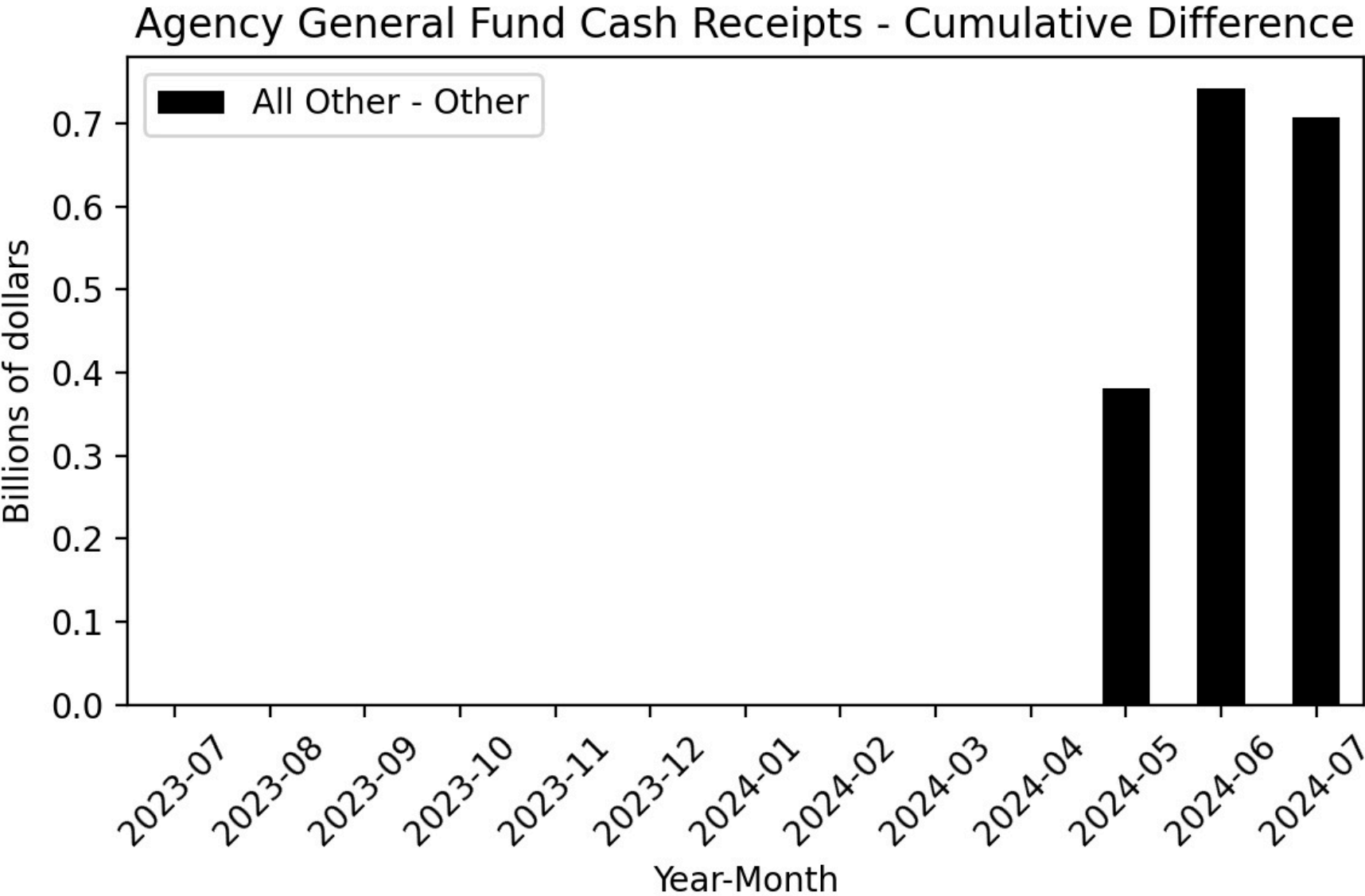


Figure 146

Year-Over-Year Change - Actual and 2024-25 Budget Act Forecast
All Other-Other

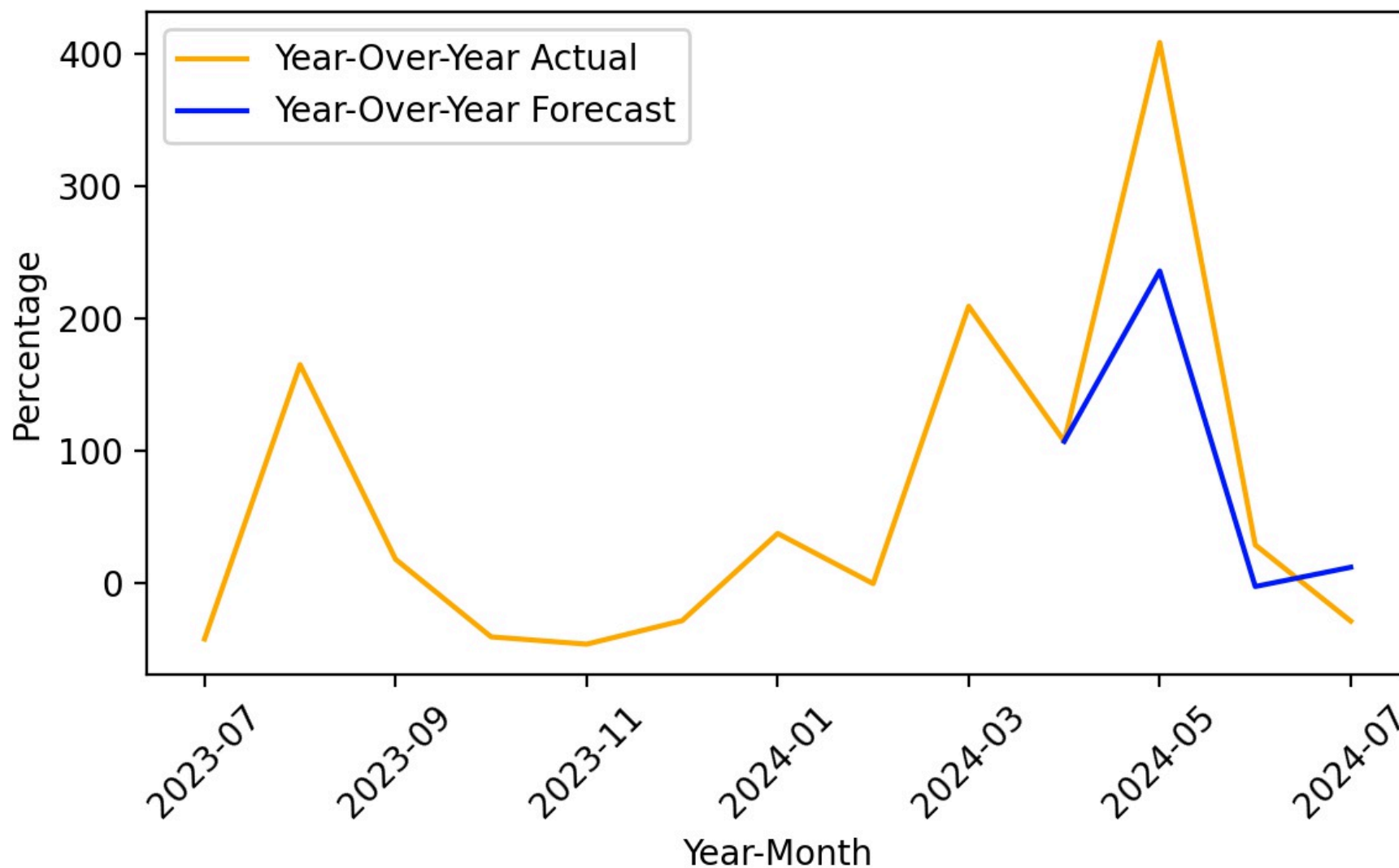


Figure 147

**Personal Income Tax - Historical Agency General Fund Revenues
by Sub-Category (Calendar Year)**

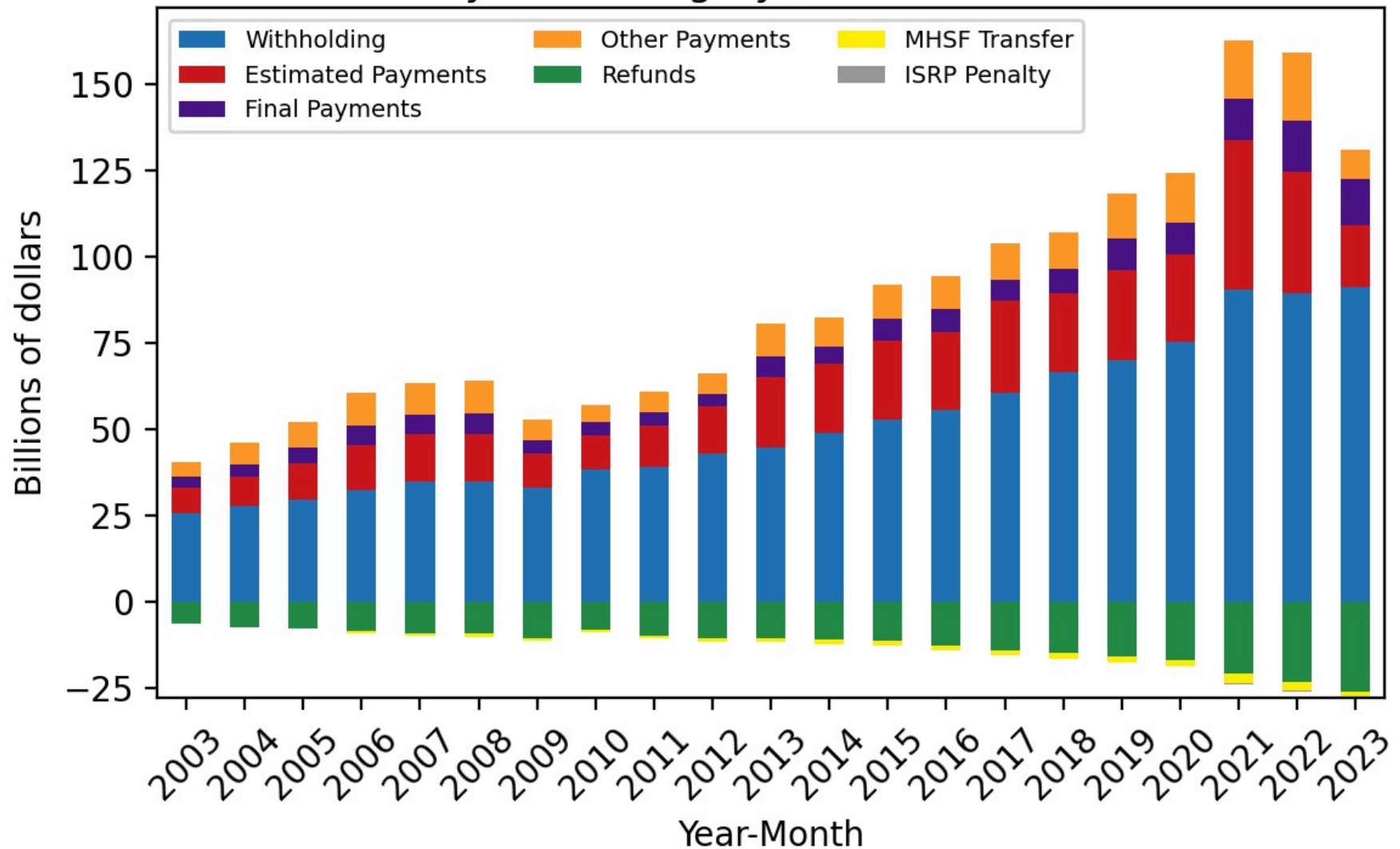


Figure 148

**Personal Income Tax - Historical Agency General Fund Revenues
by Sub-Category (Fiscal Year)**

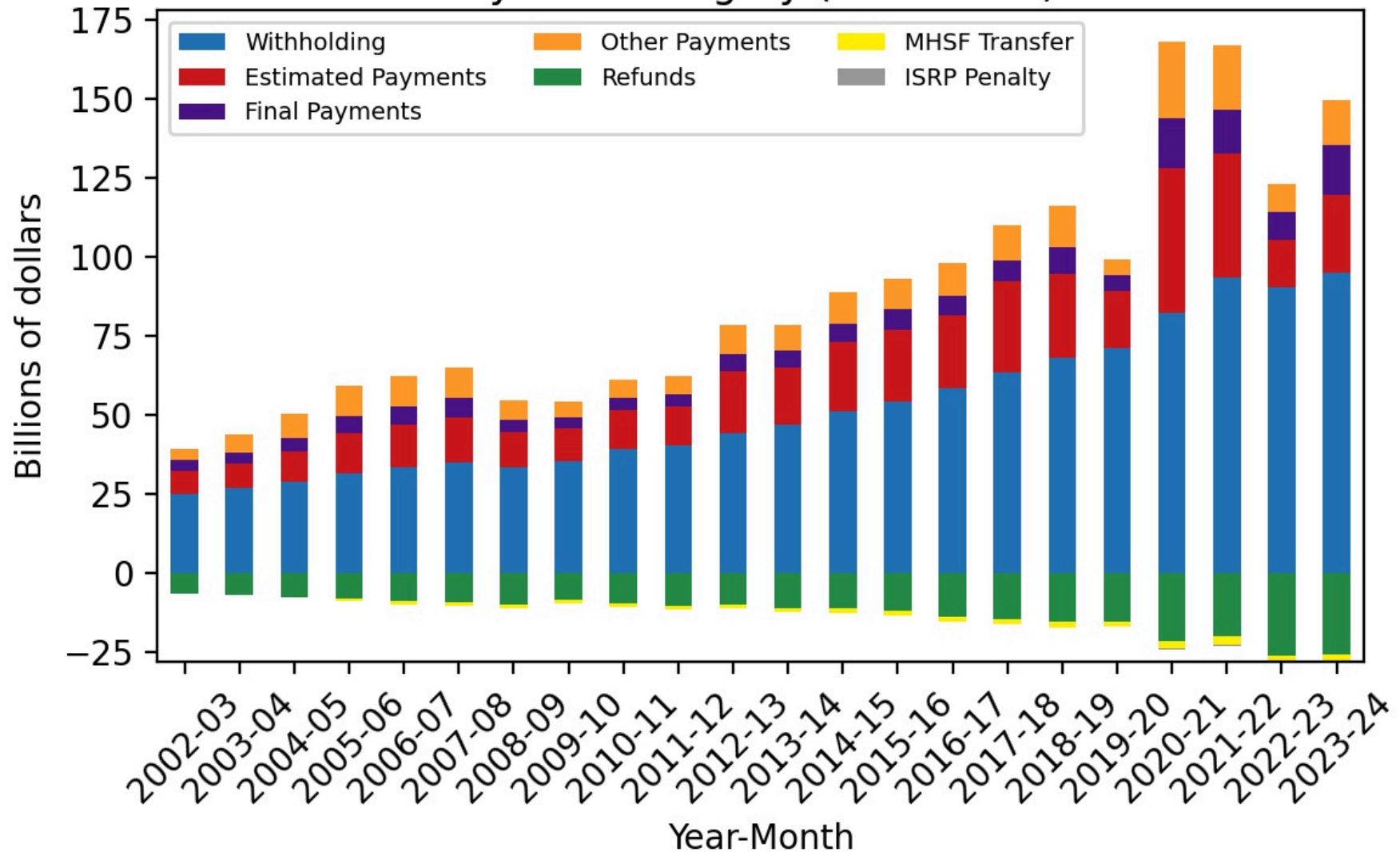


Figure 149

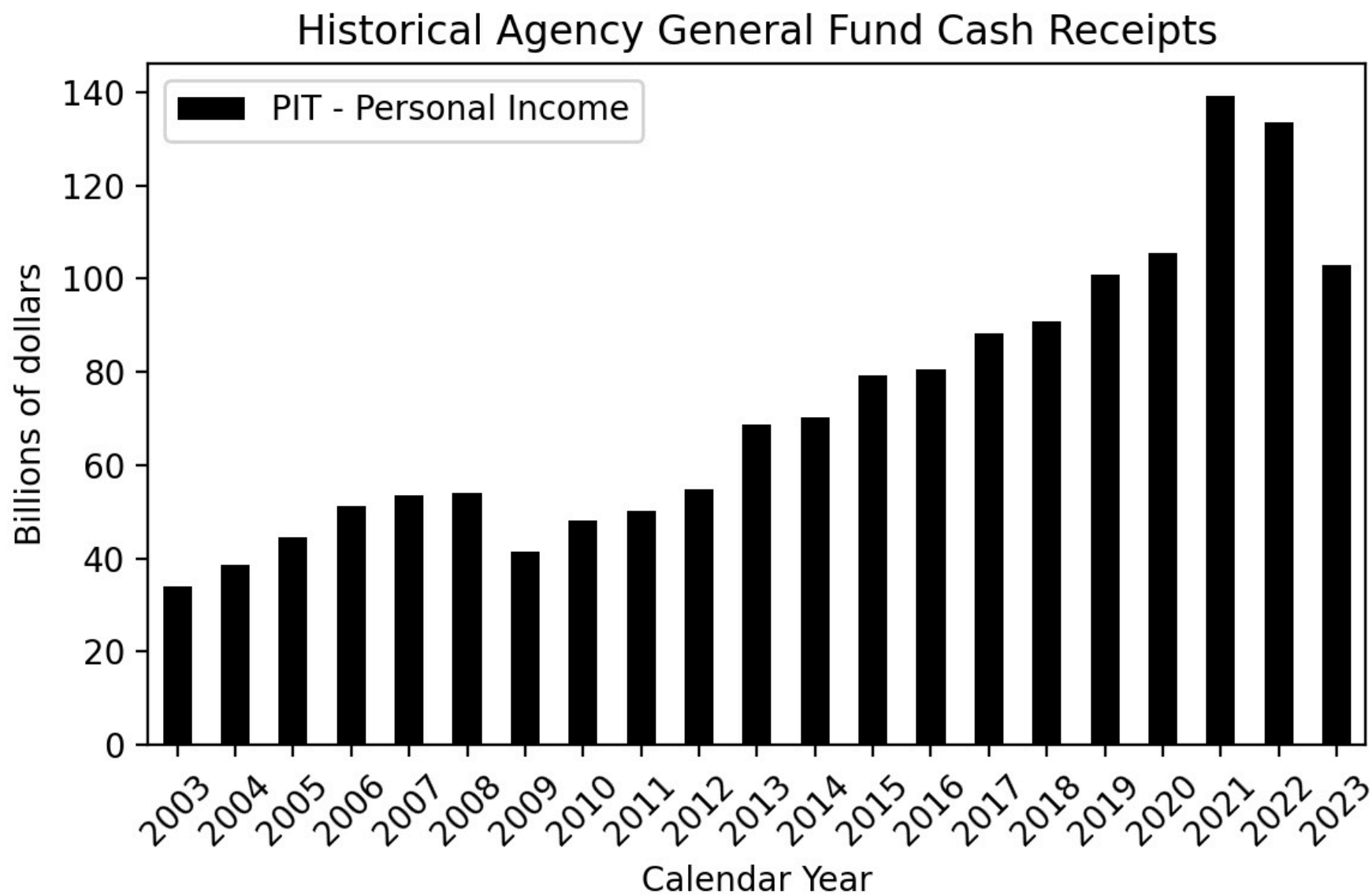


Figure 150

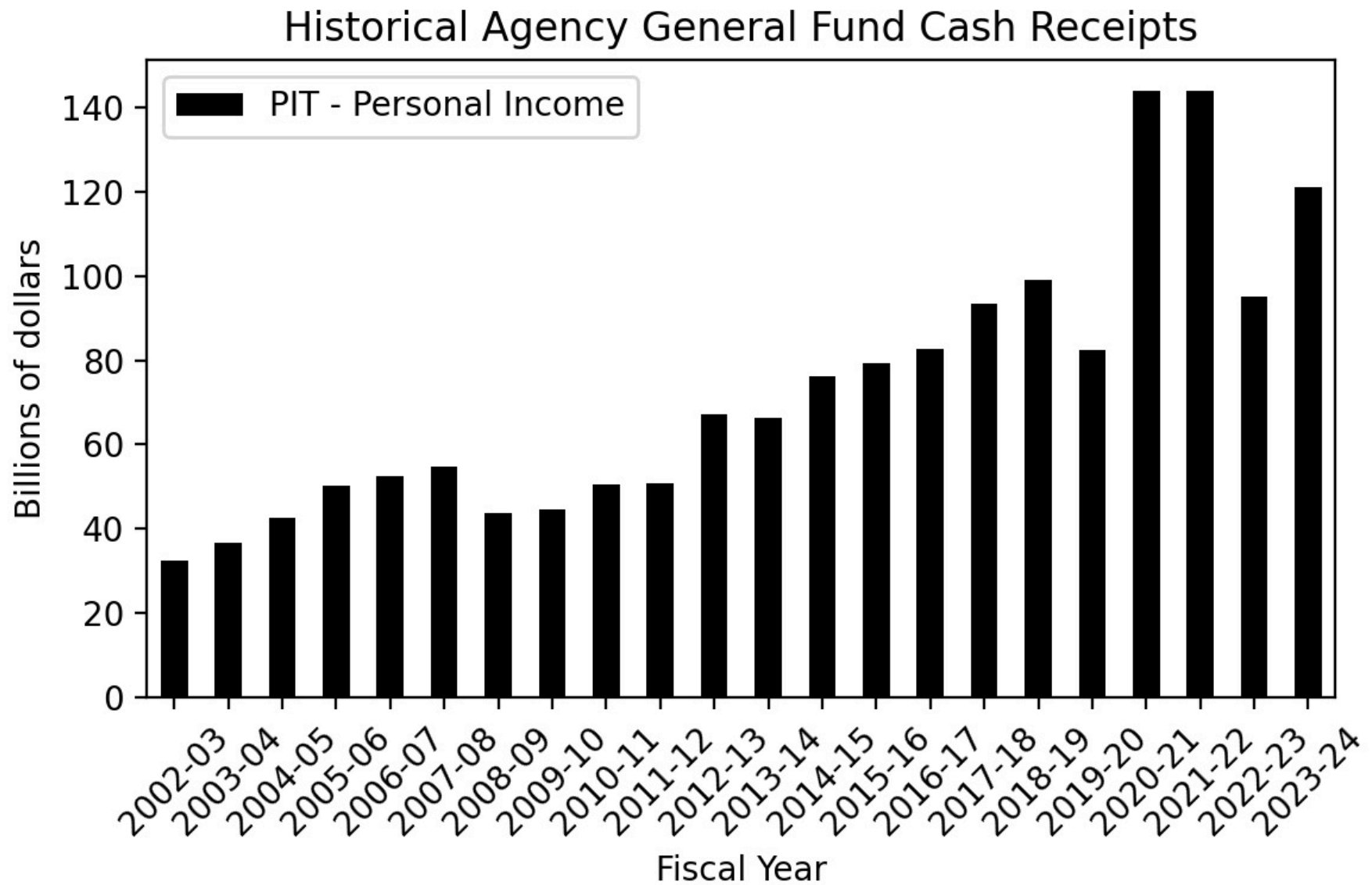


Figure 151

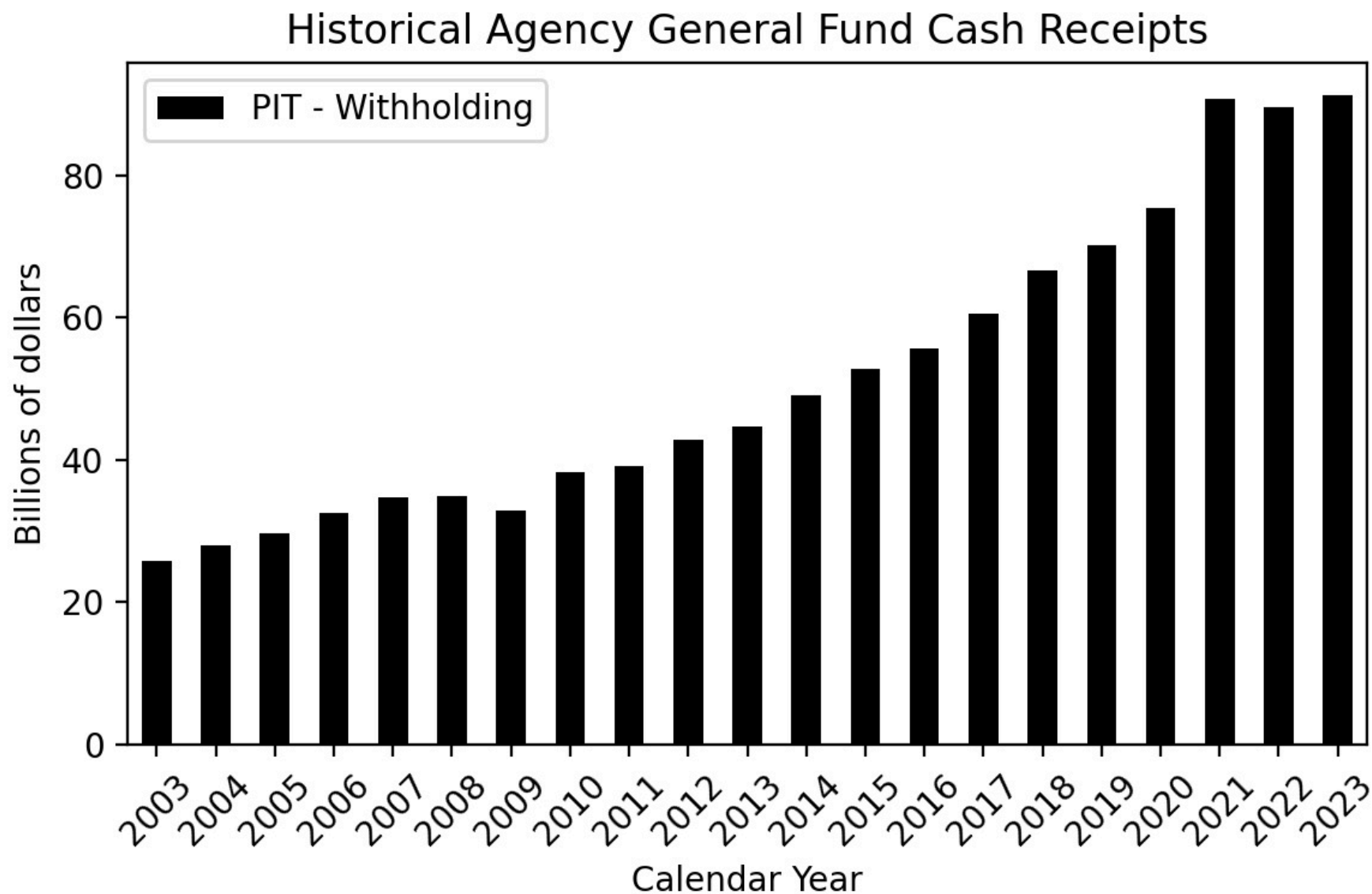


Figure 152

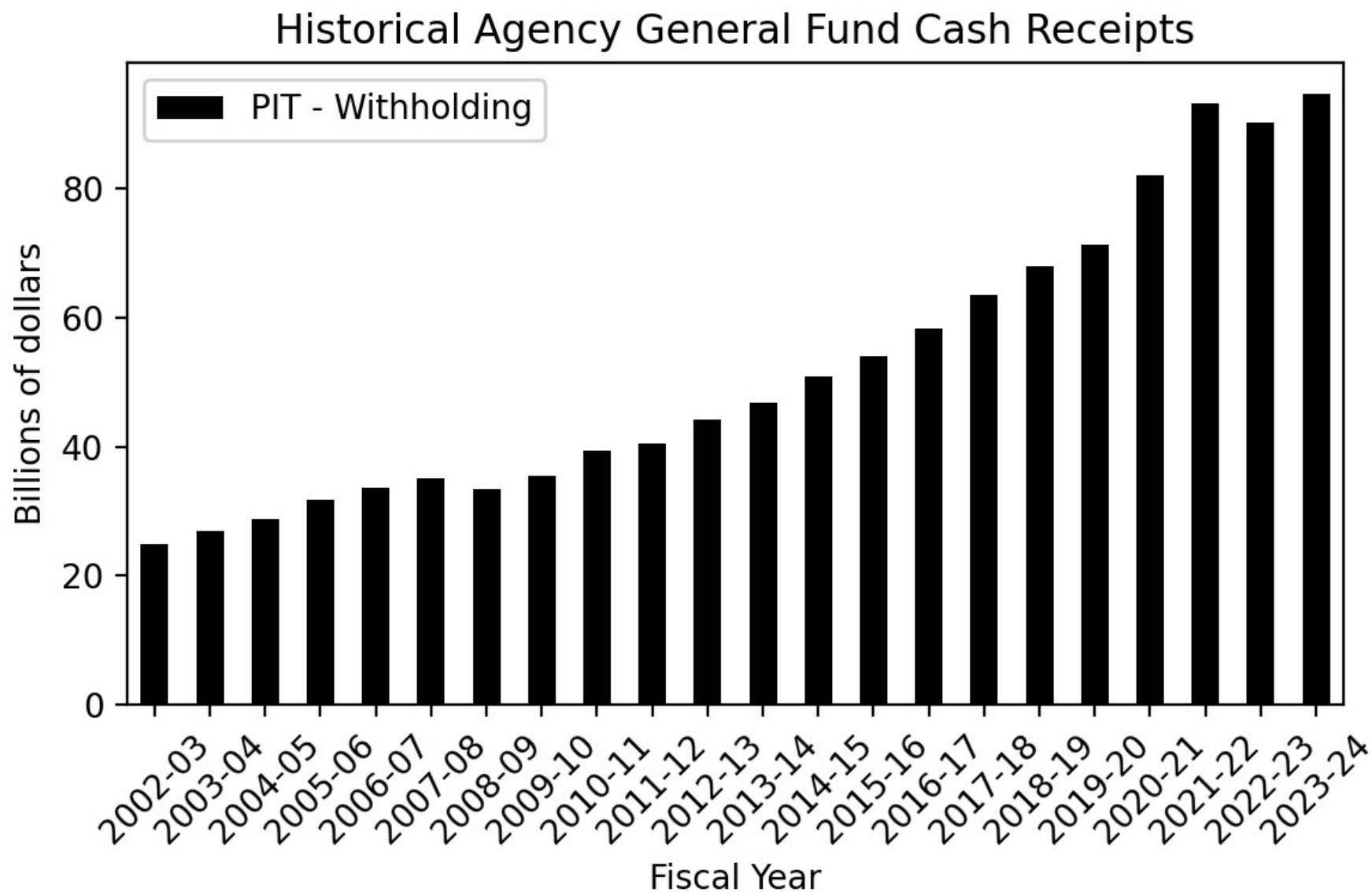


Figure 153

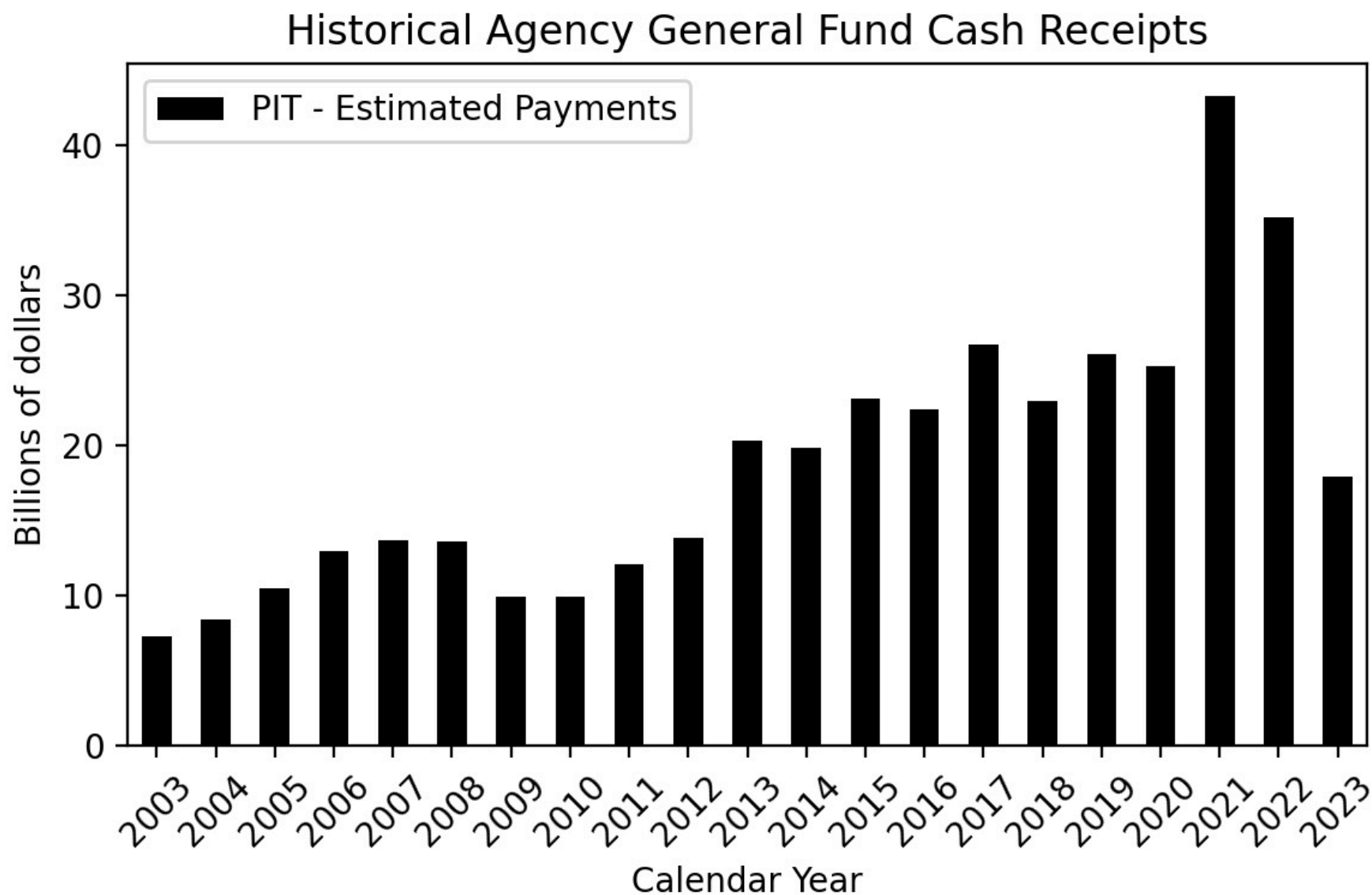


Figure 154

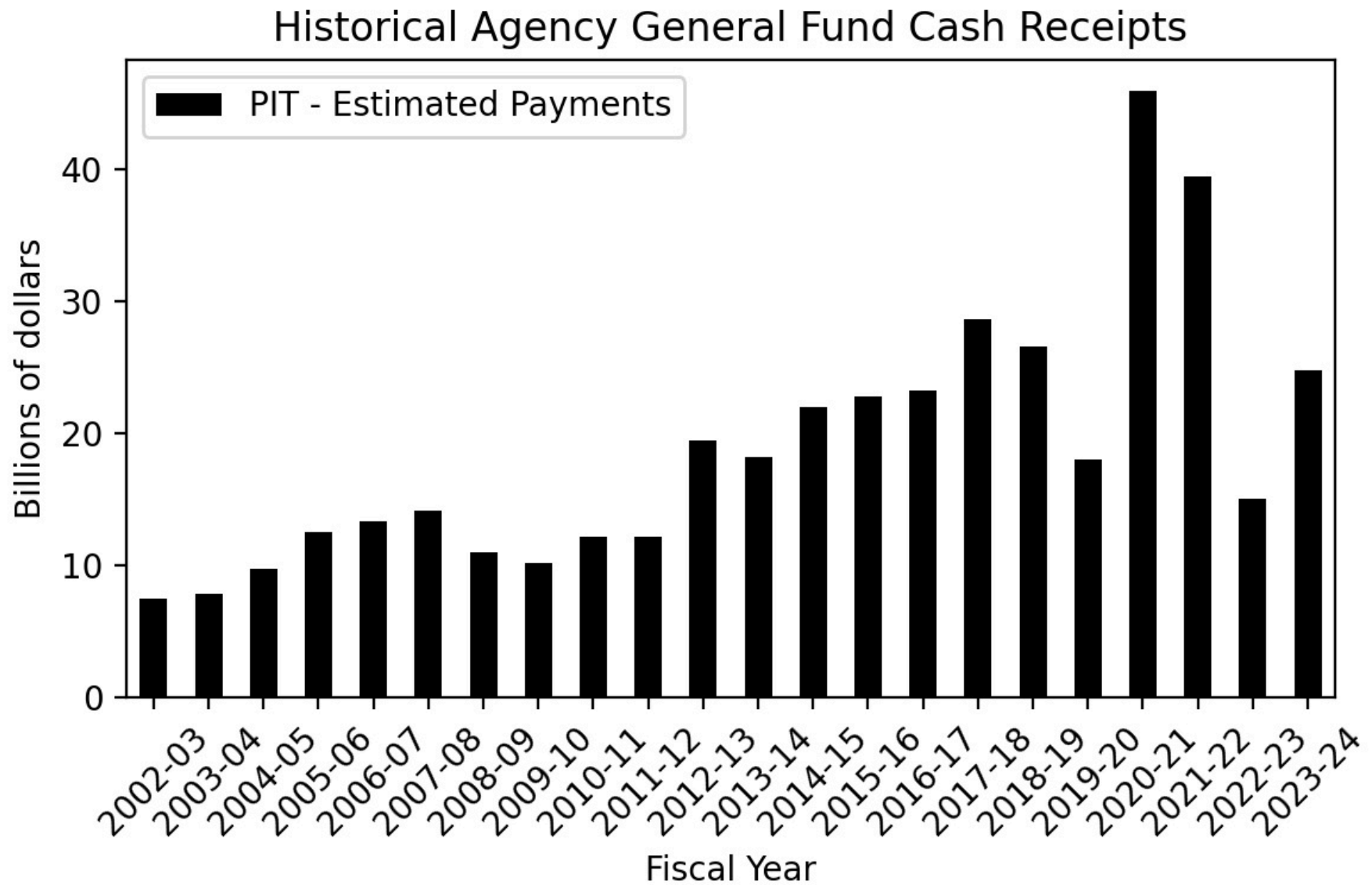


Figure 155

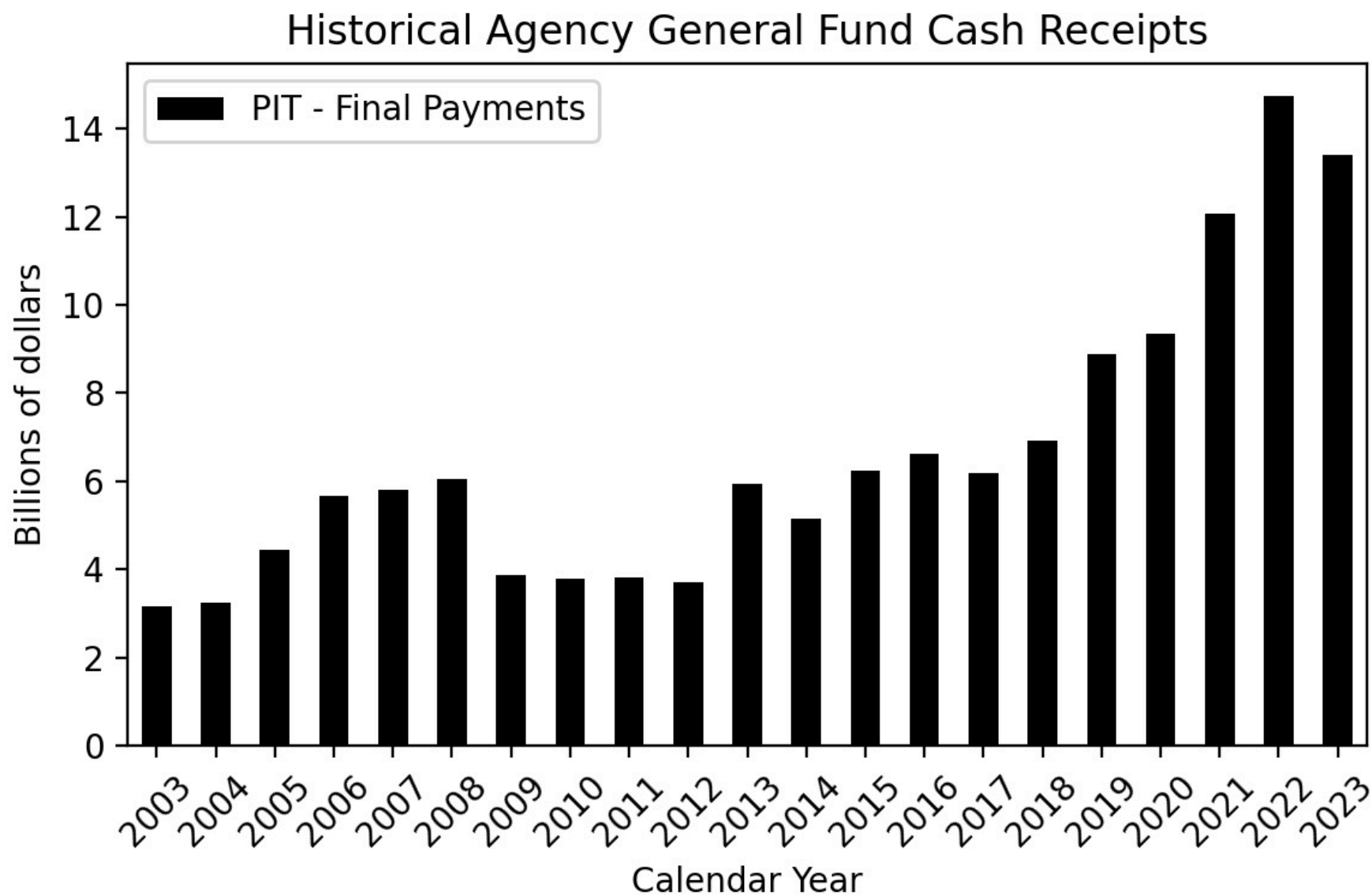


Figure 156

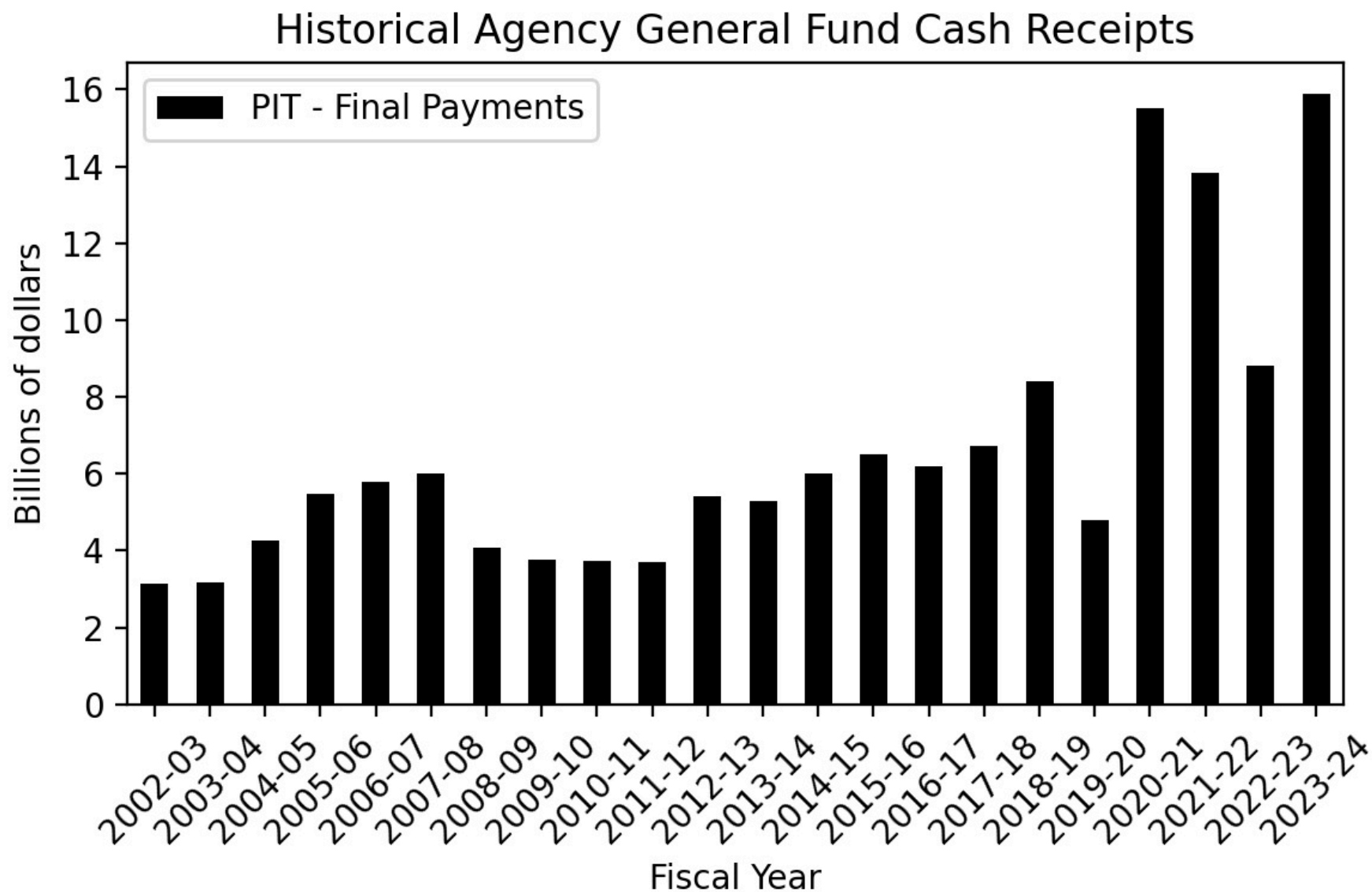


Figure 157

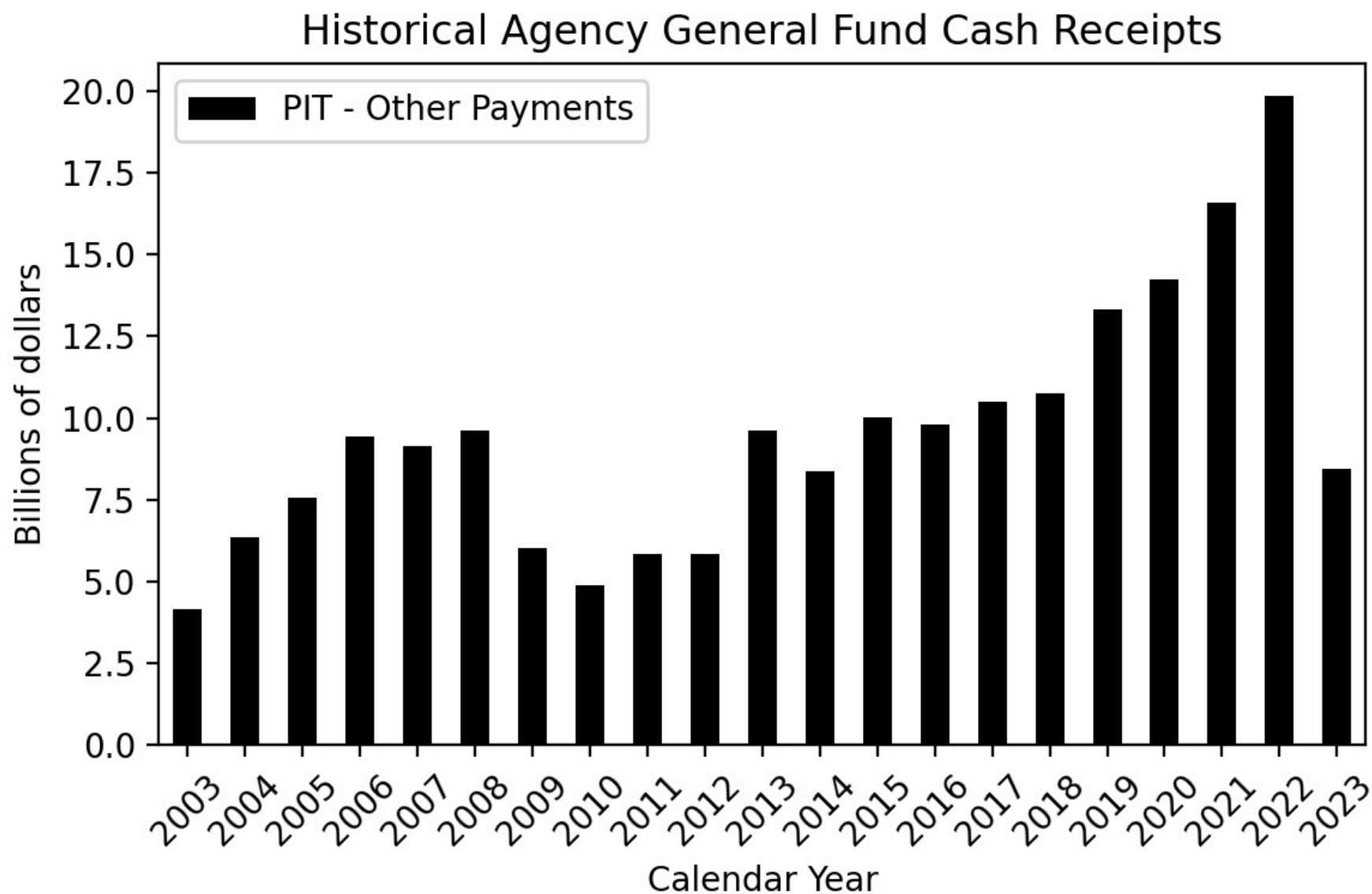


Figure 158

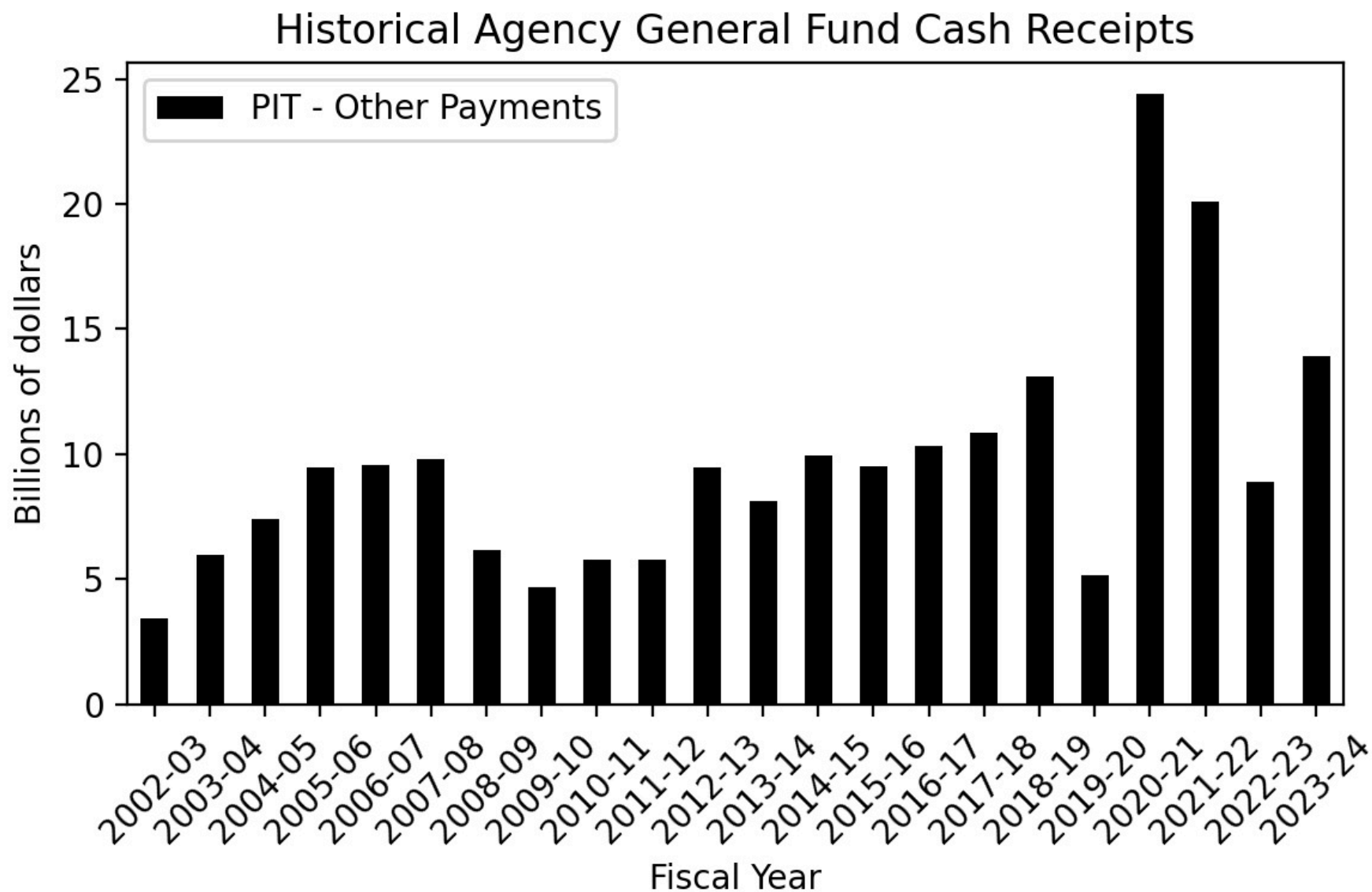


Figure 159

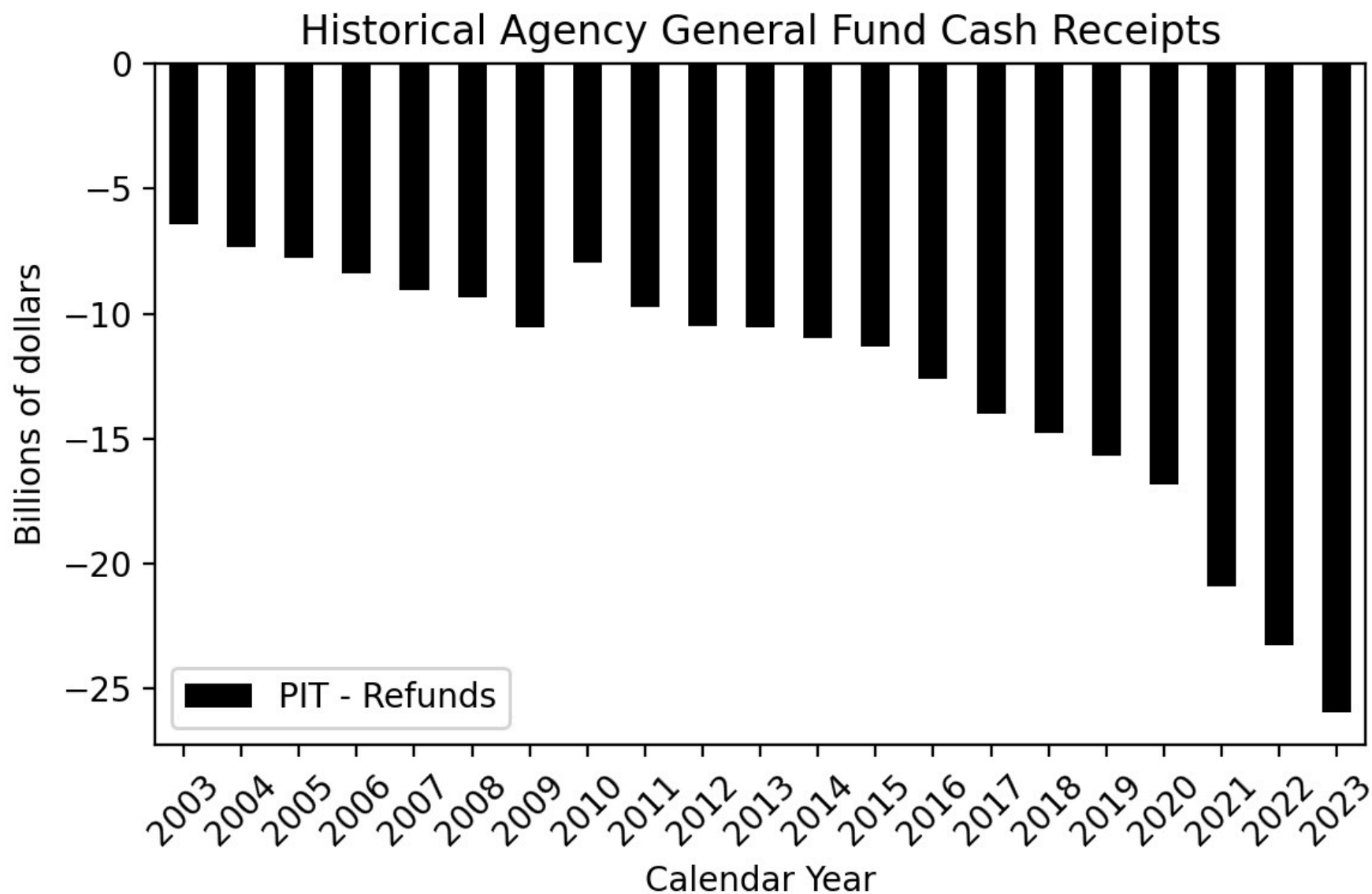


Figure 160

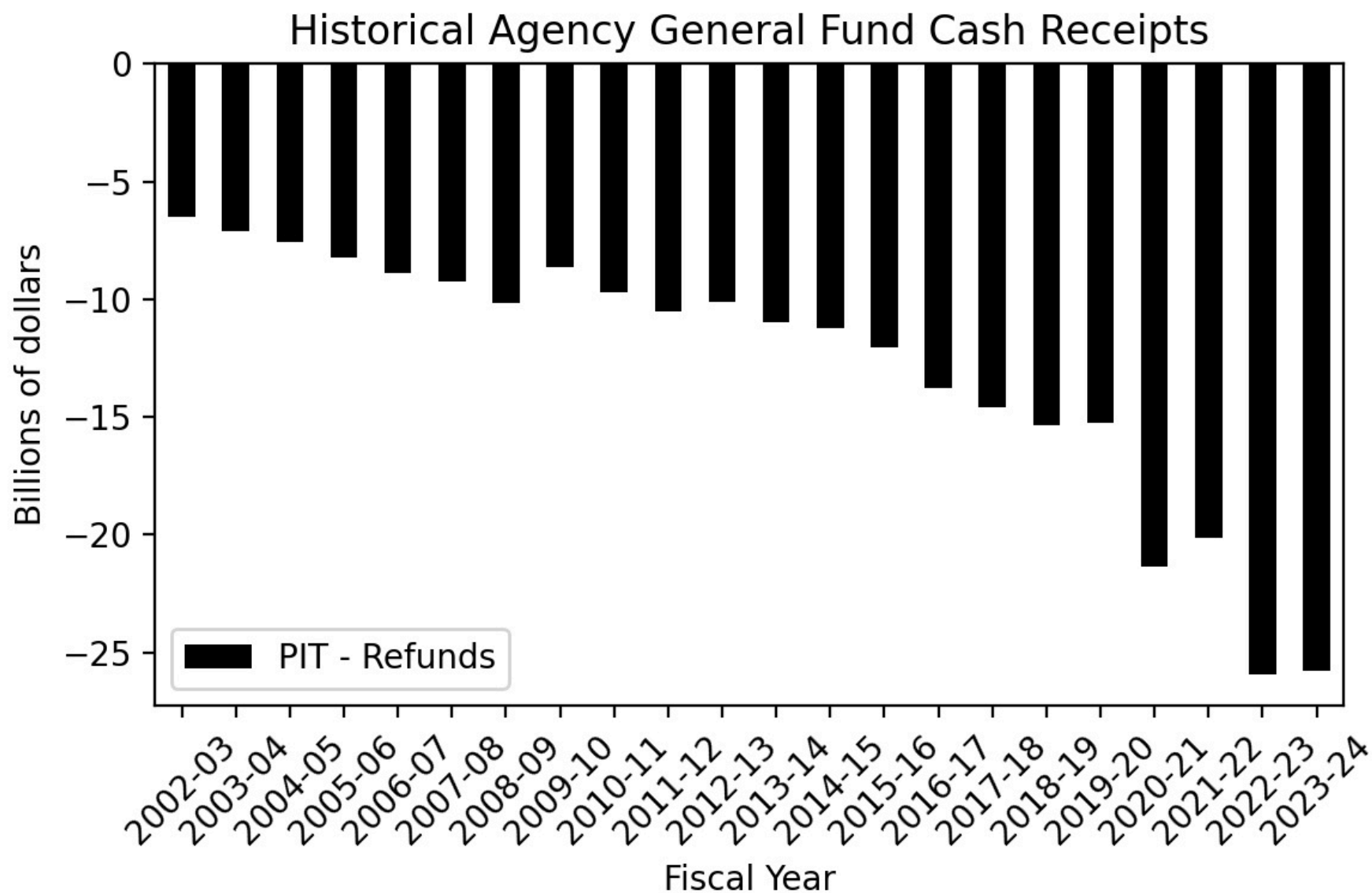


Figure 161

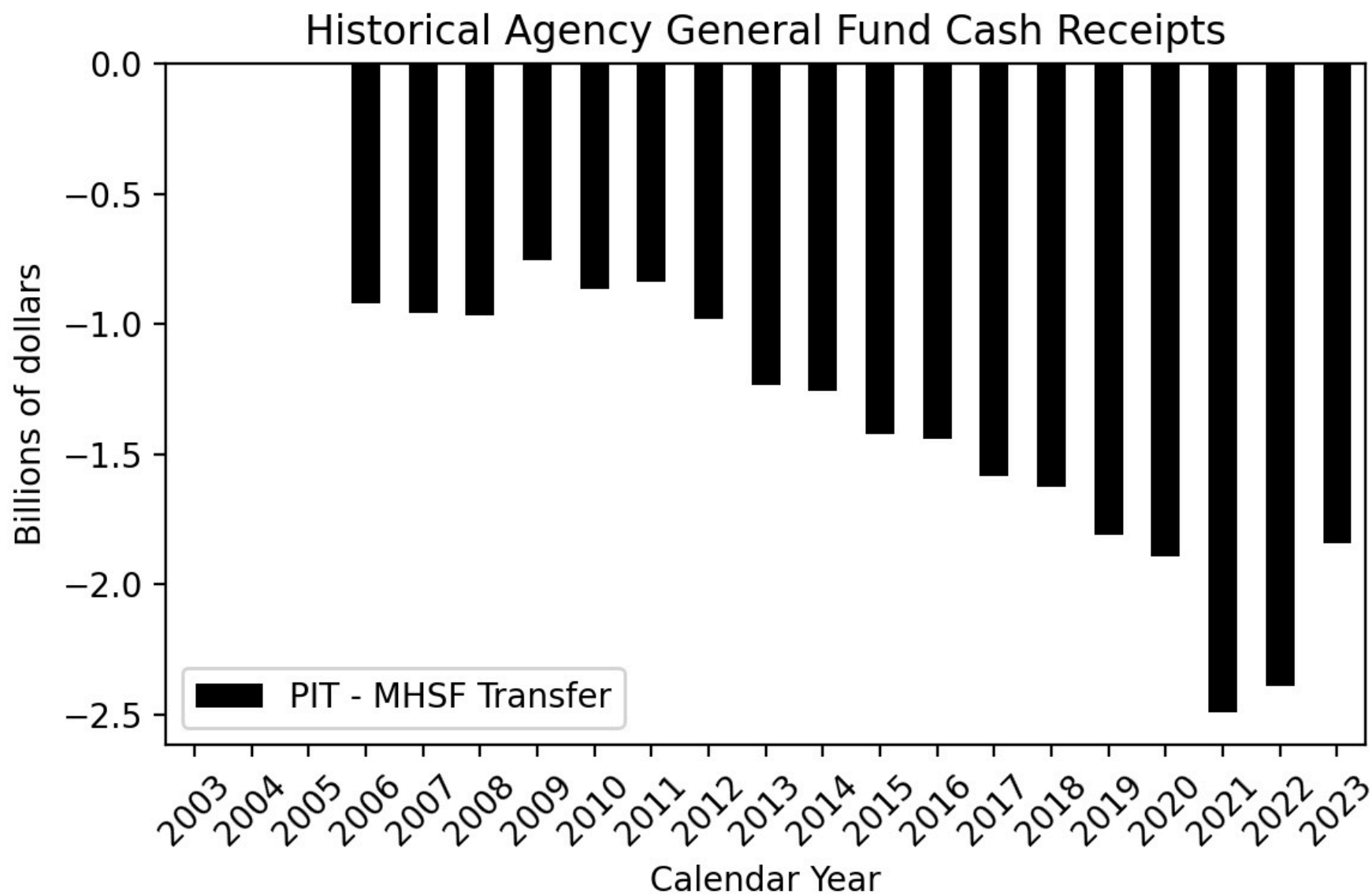


Figure 162

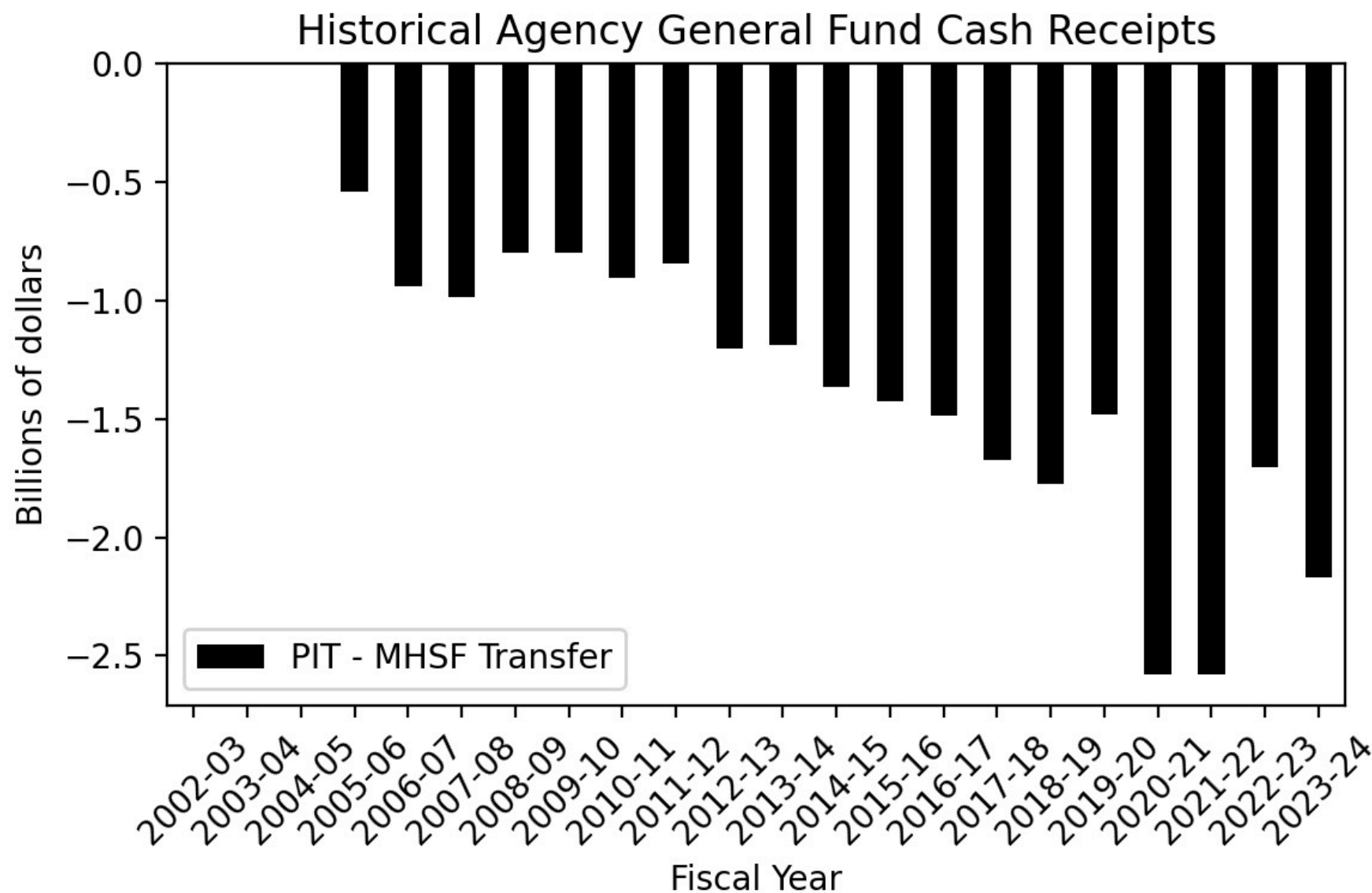


Figure 163

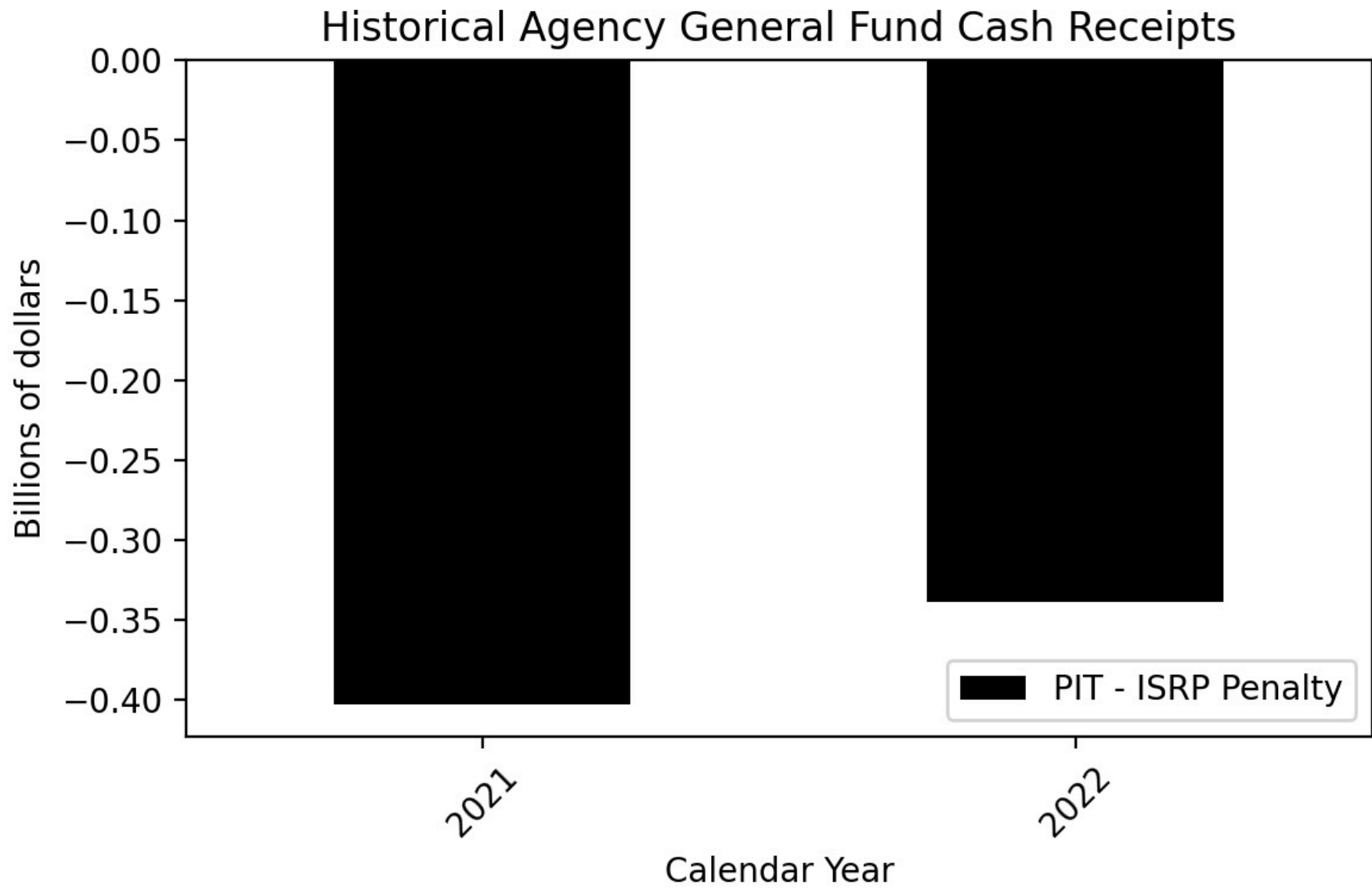


Figure 164

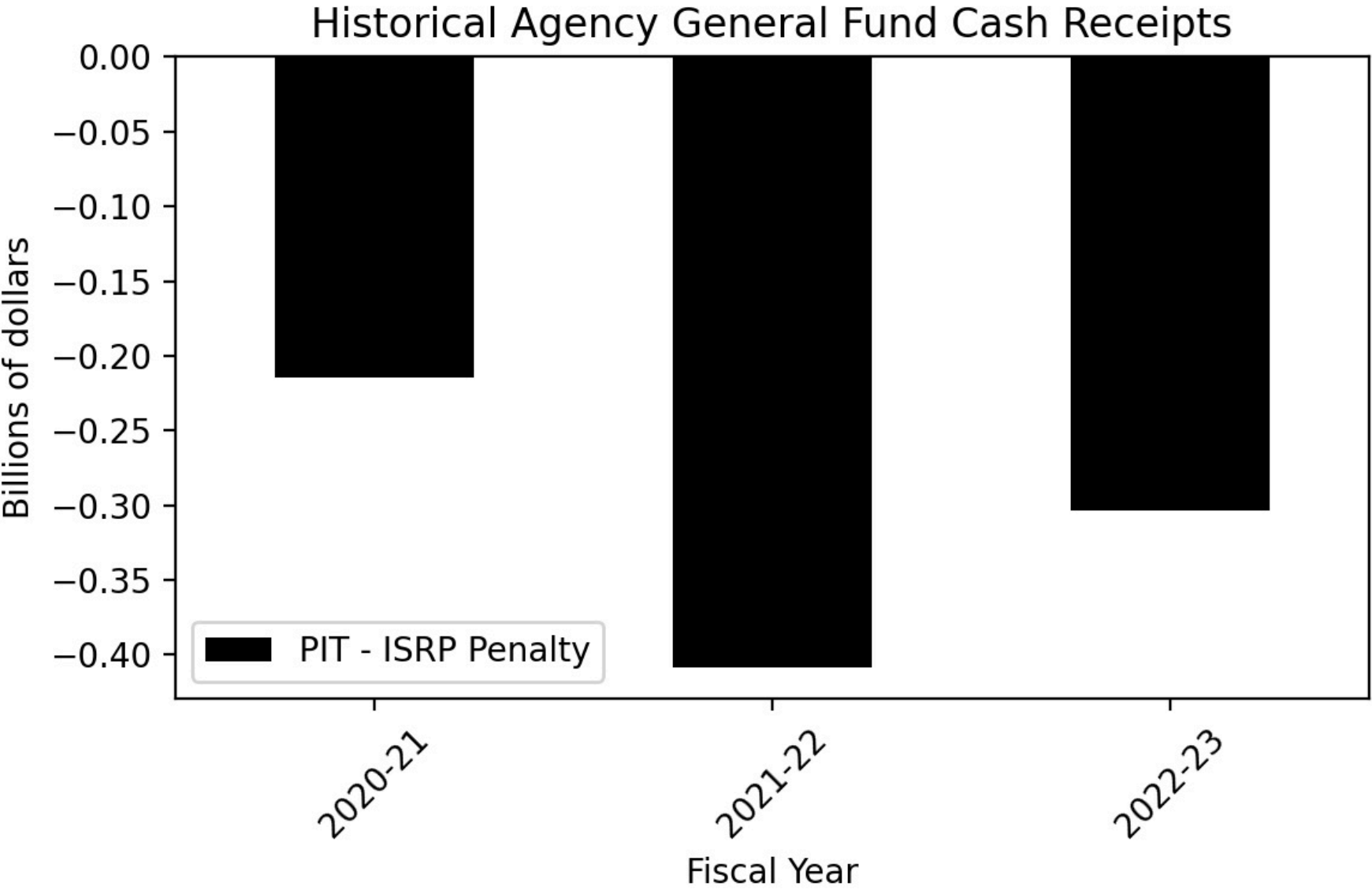


Figure 165

Corporation Tax - Historical Agency General Fund Revenues by Sub-Category (Calendar Year)

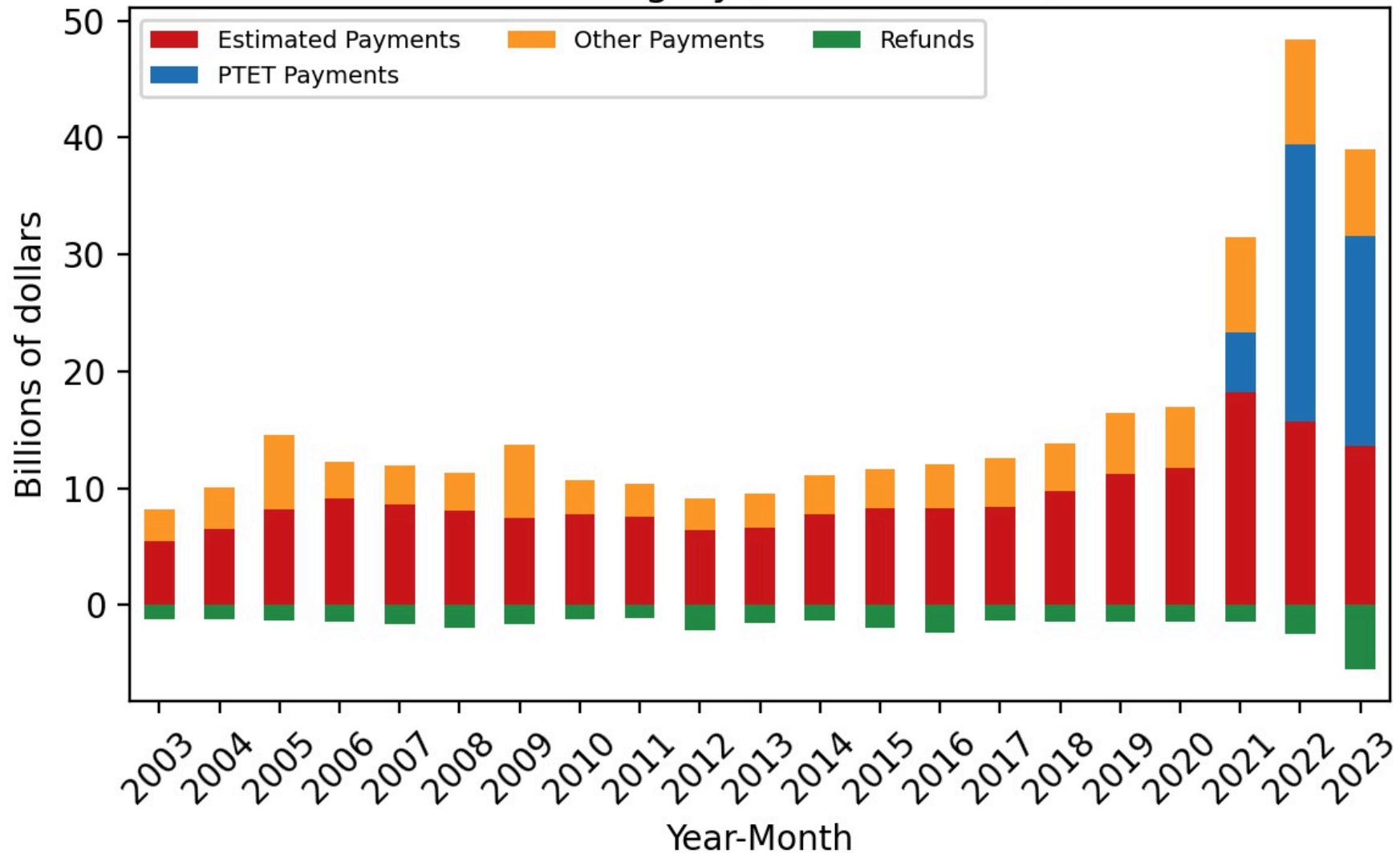


Figure 166

Corporation Tax - Historical Agency General Fund Revenues by Sub-Category (Fiscal Year)

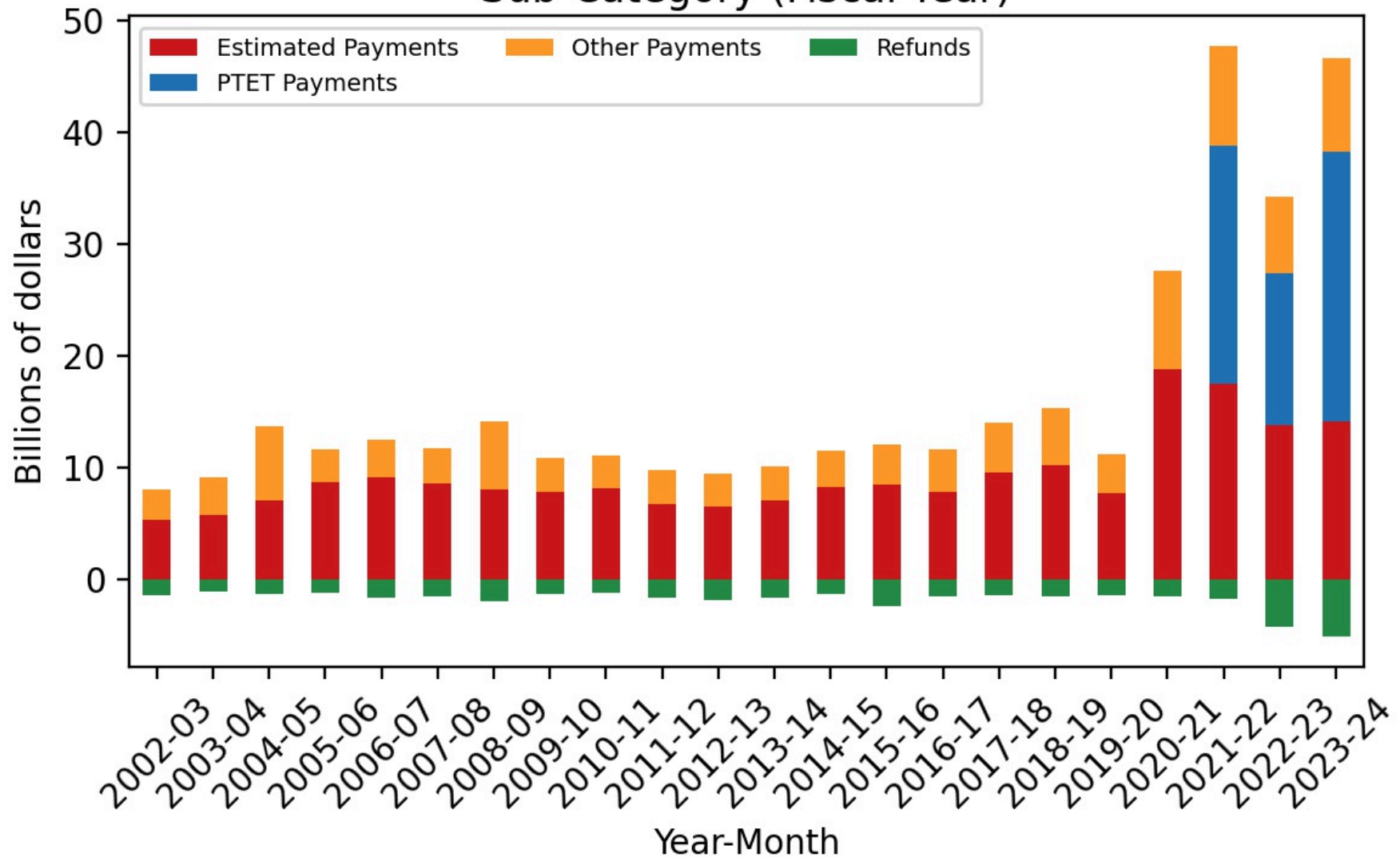


Figure 167

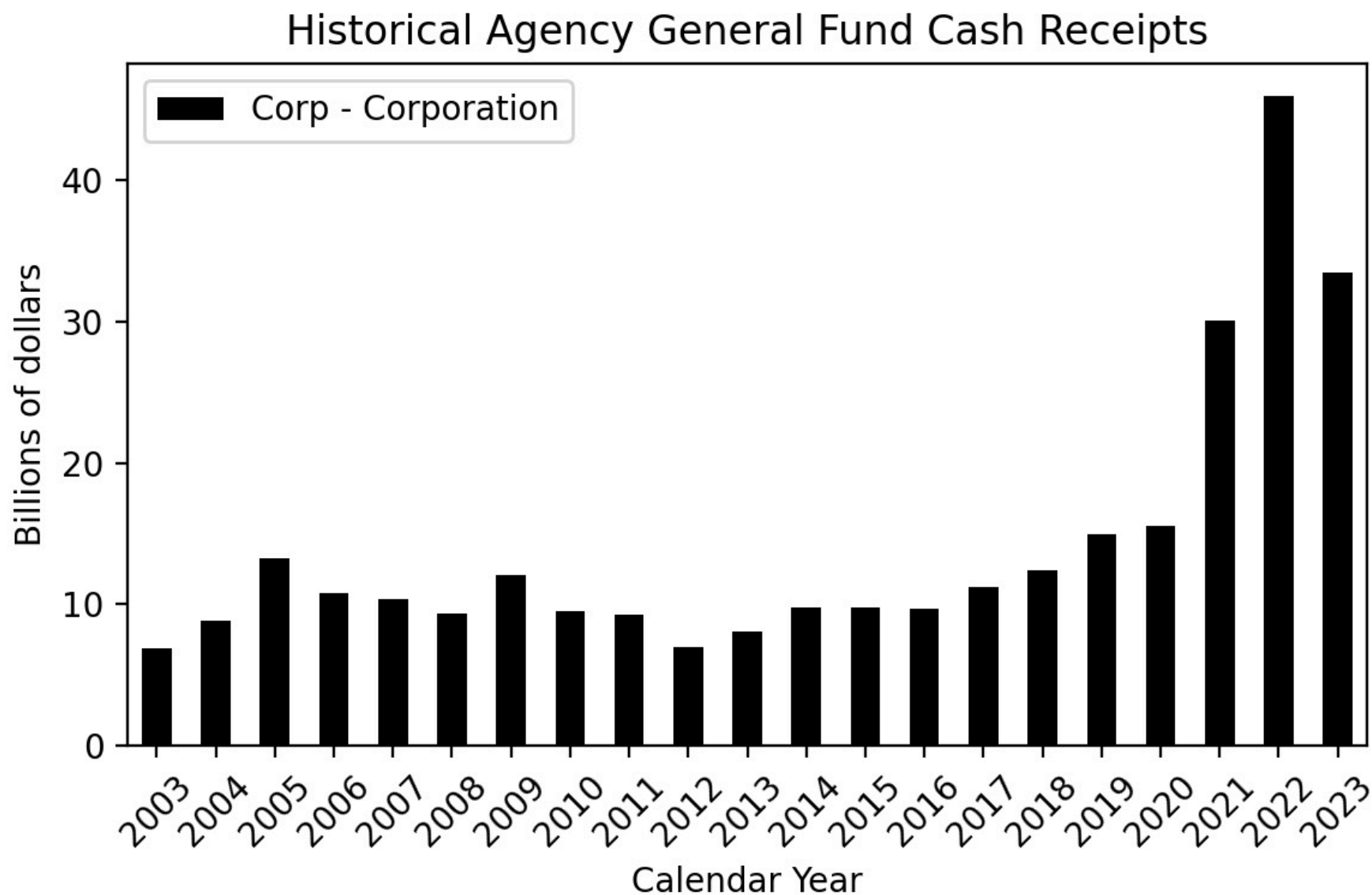


Figure 168

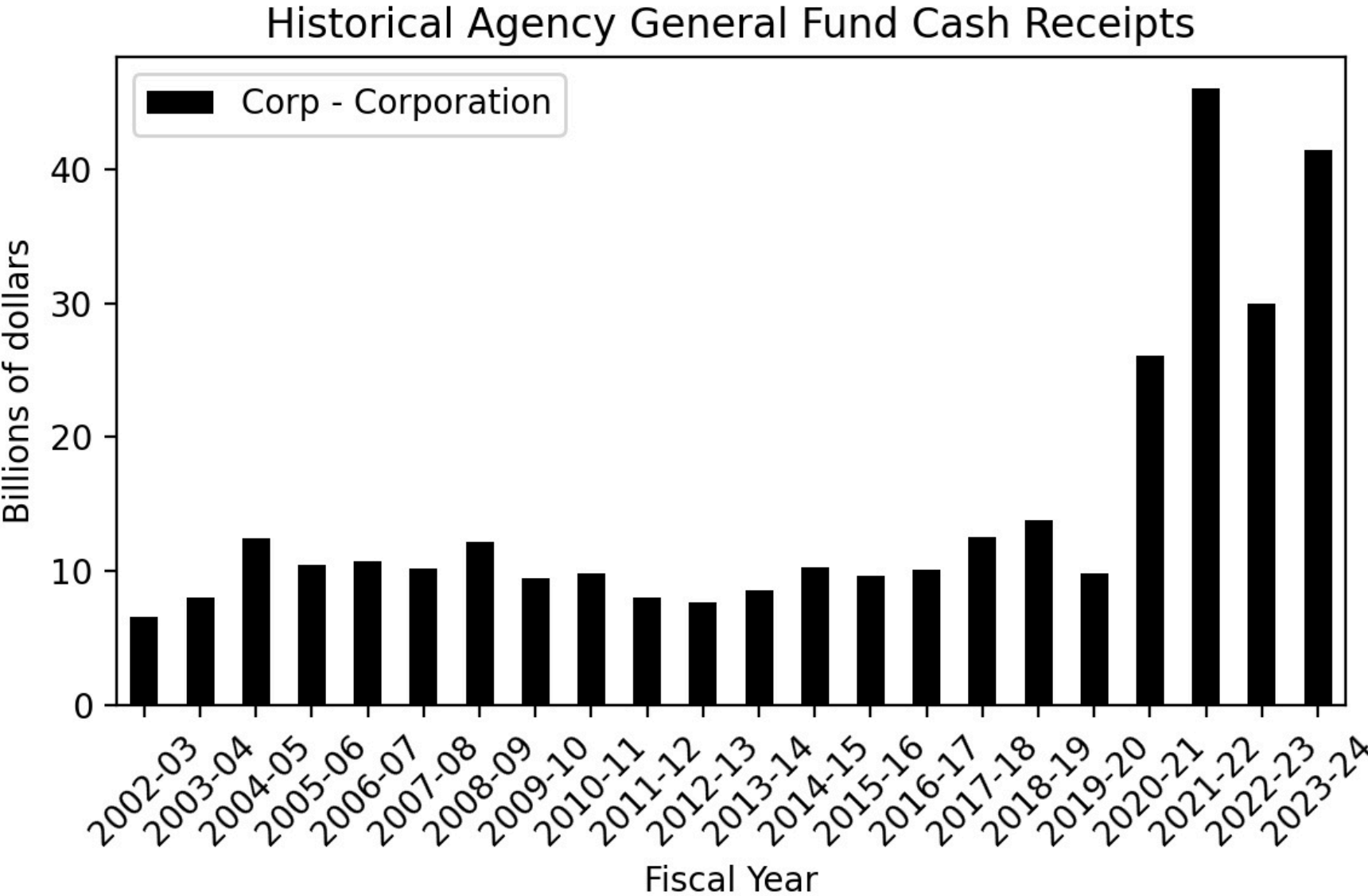


Figure 169

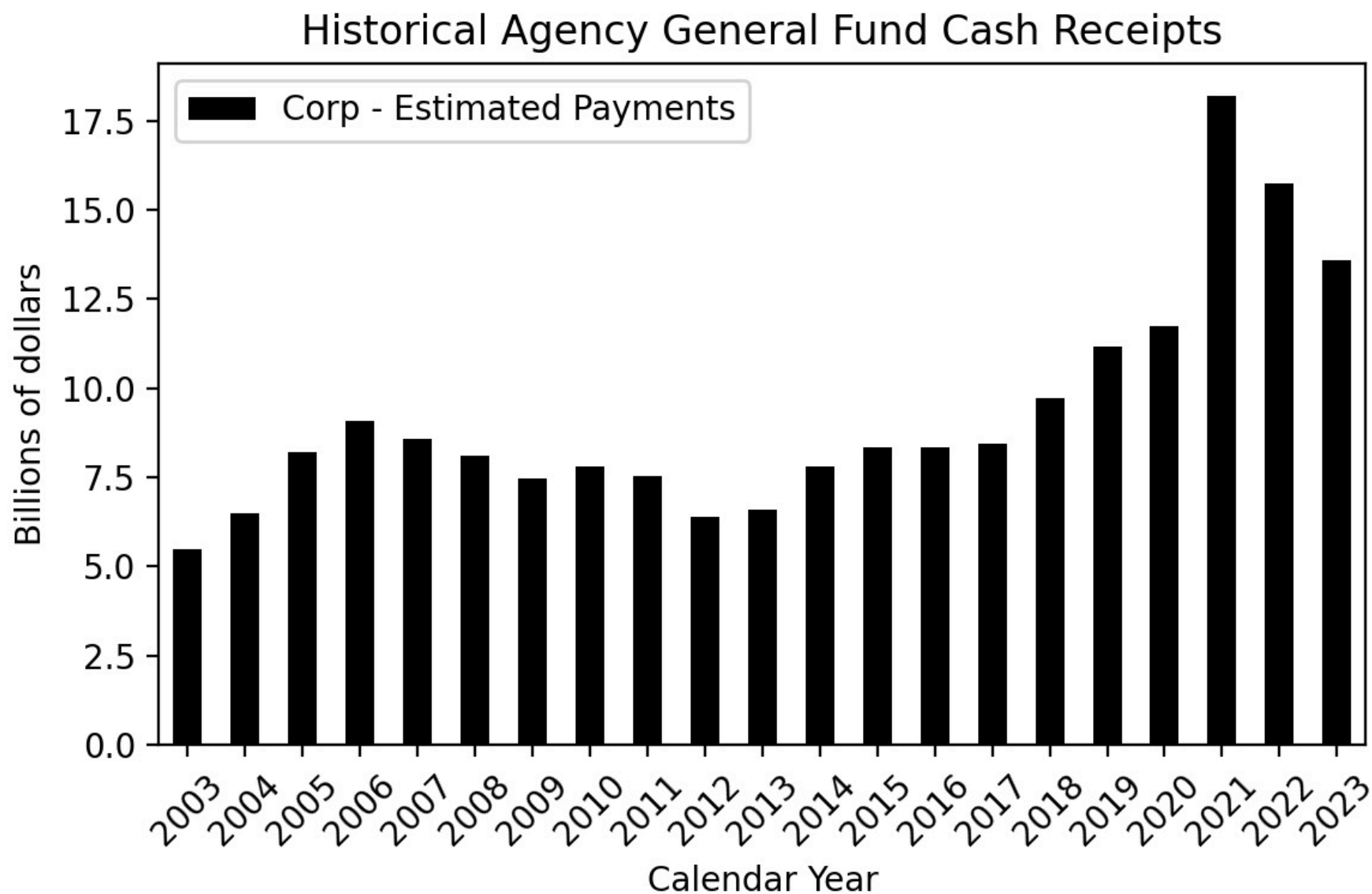


Figure 170

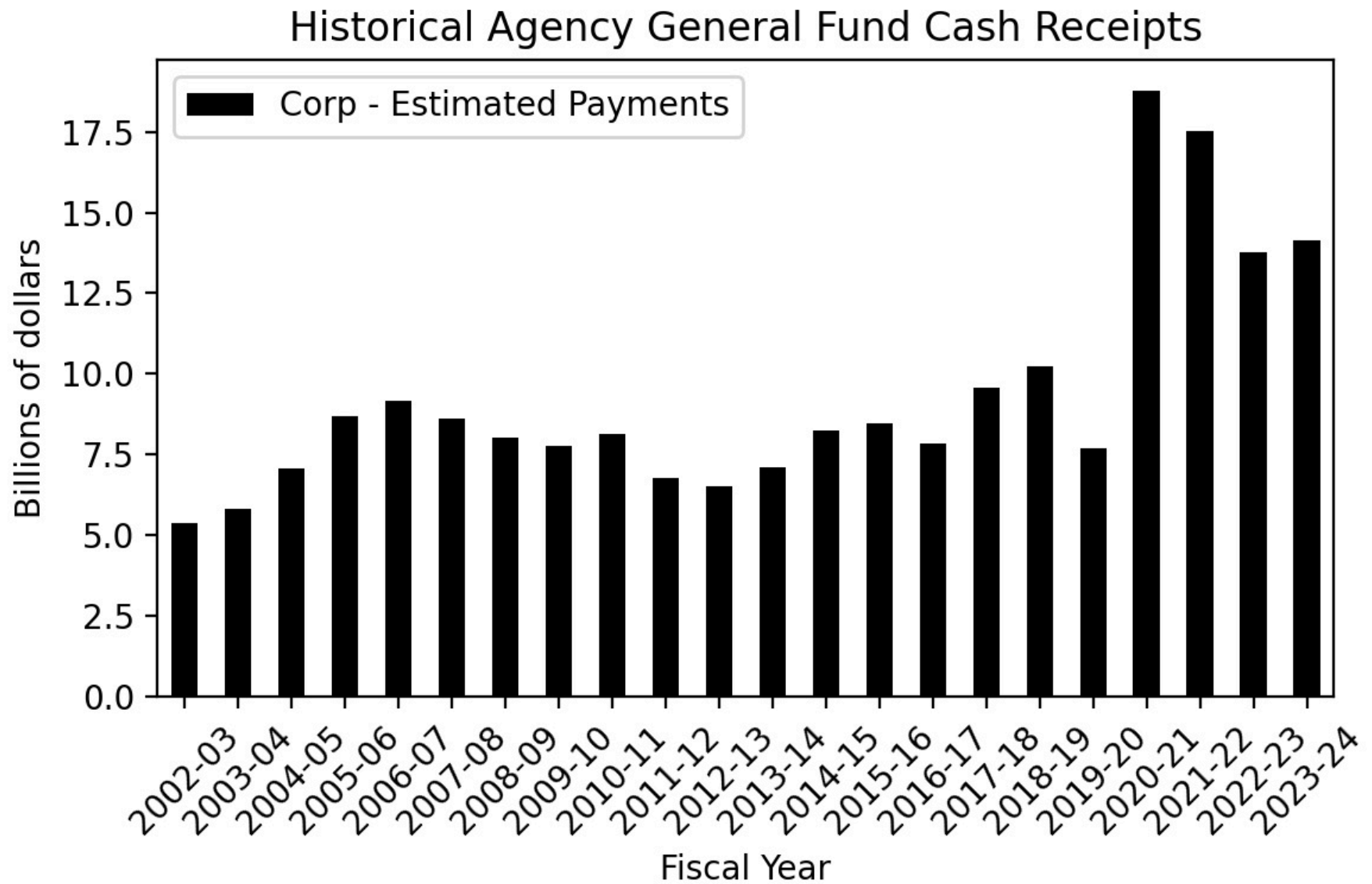


Figure 171

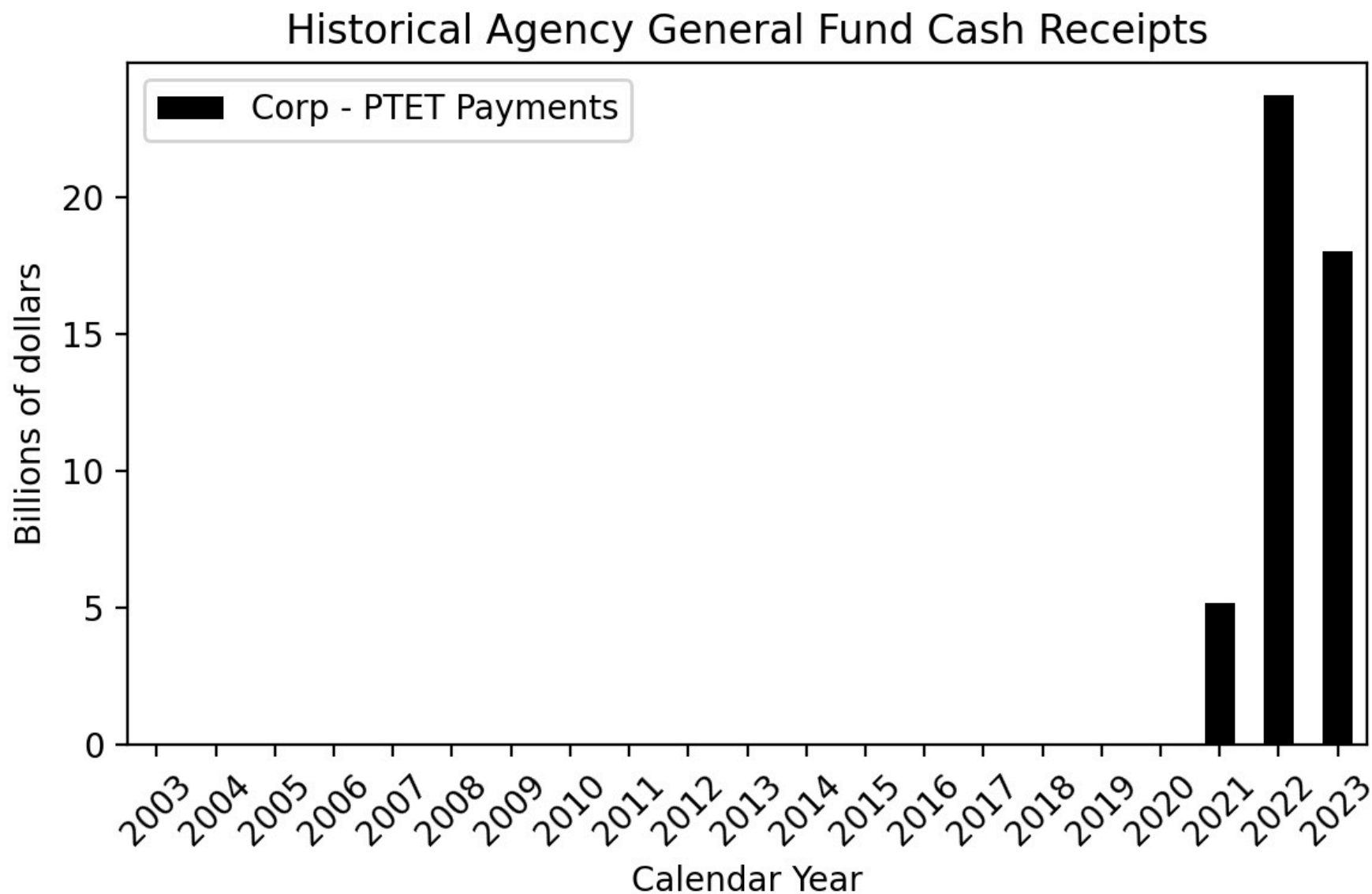


Figure 172

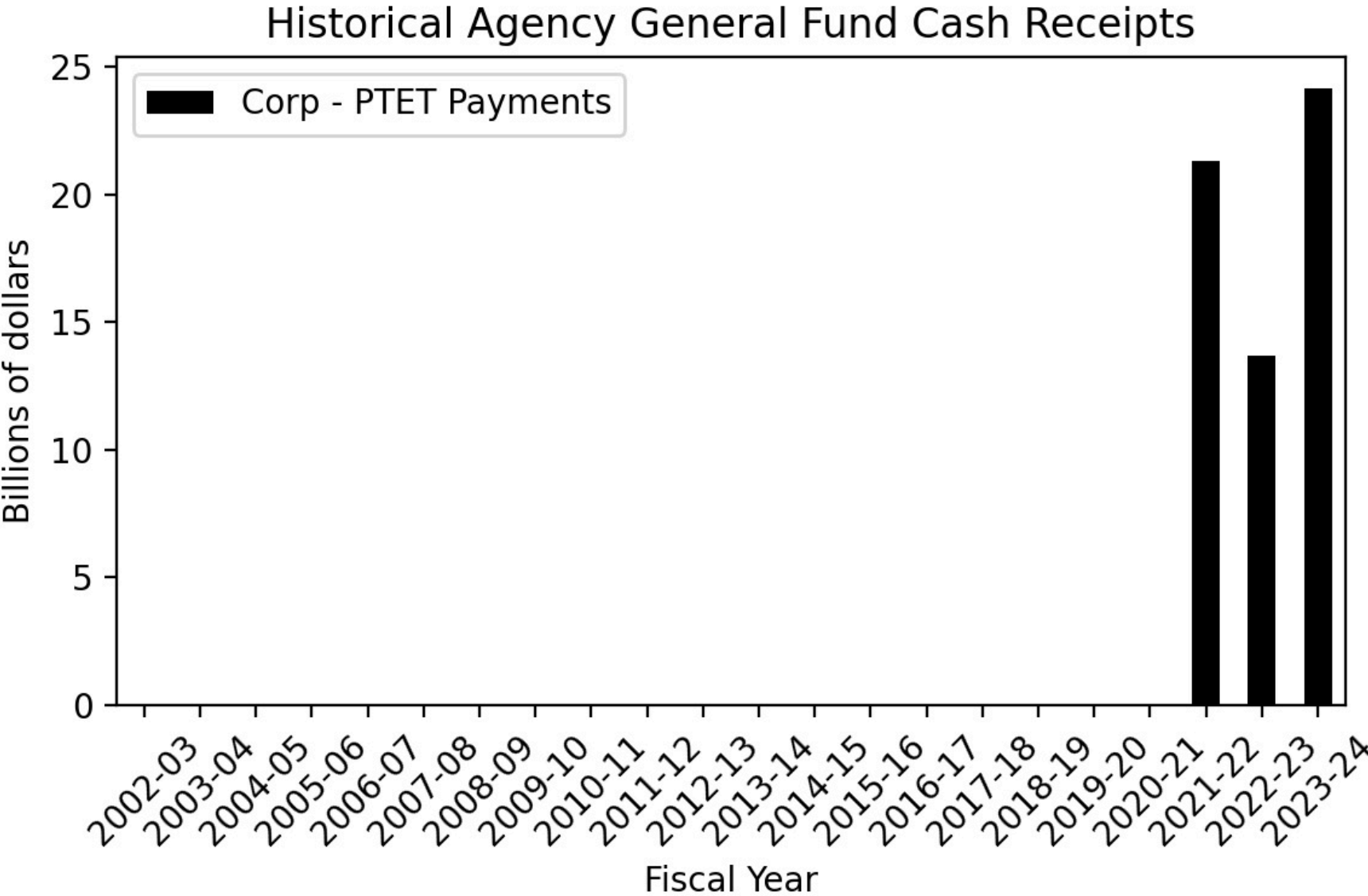


Figure 173

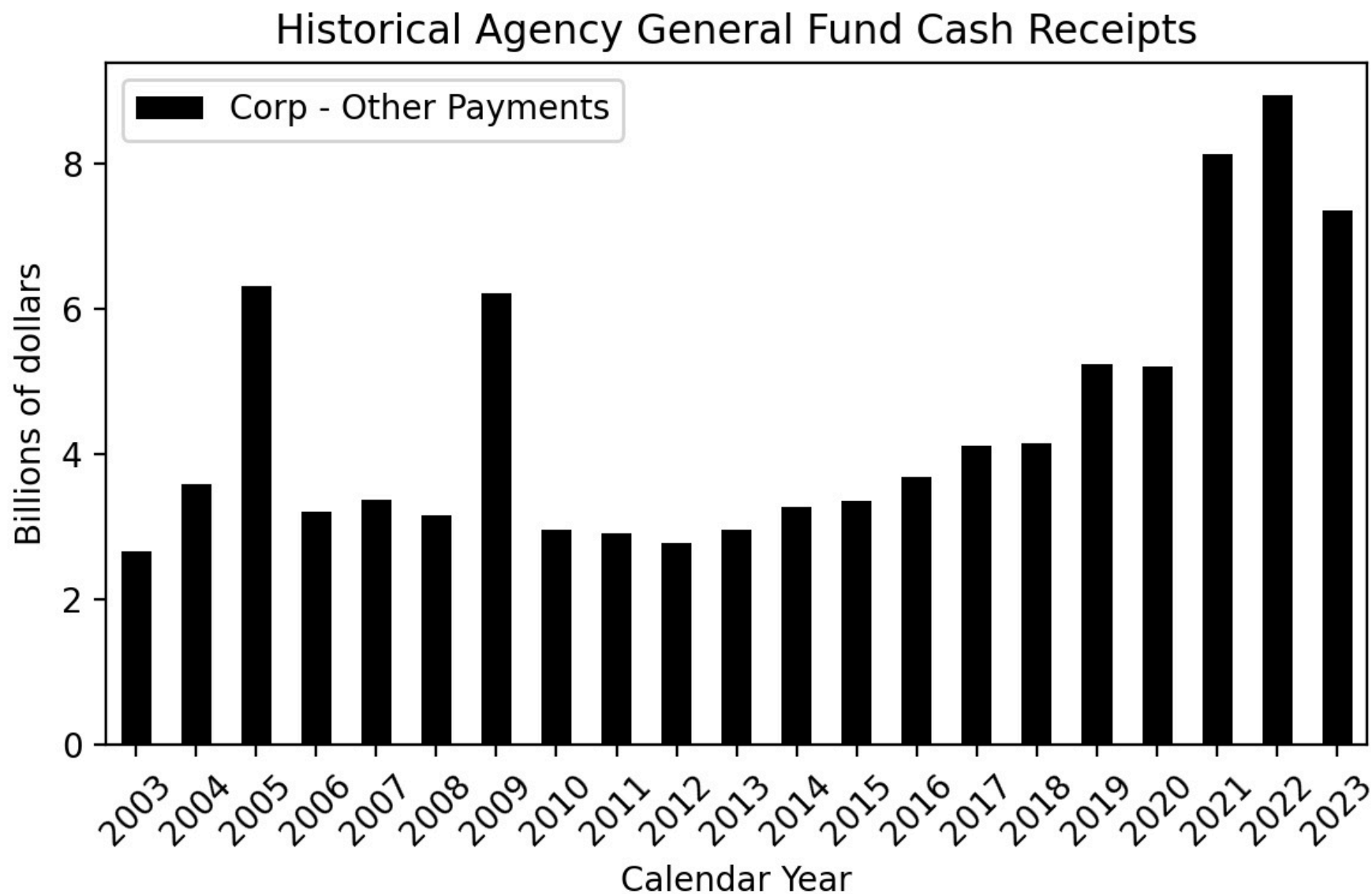


Figure 174

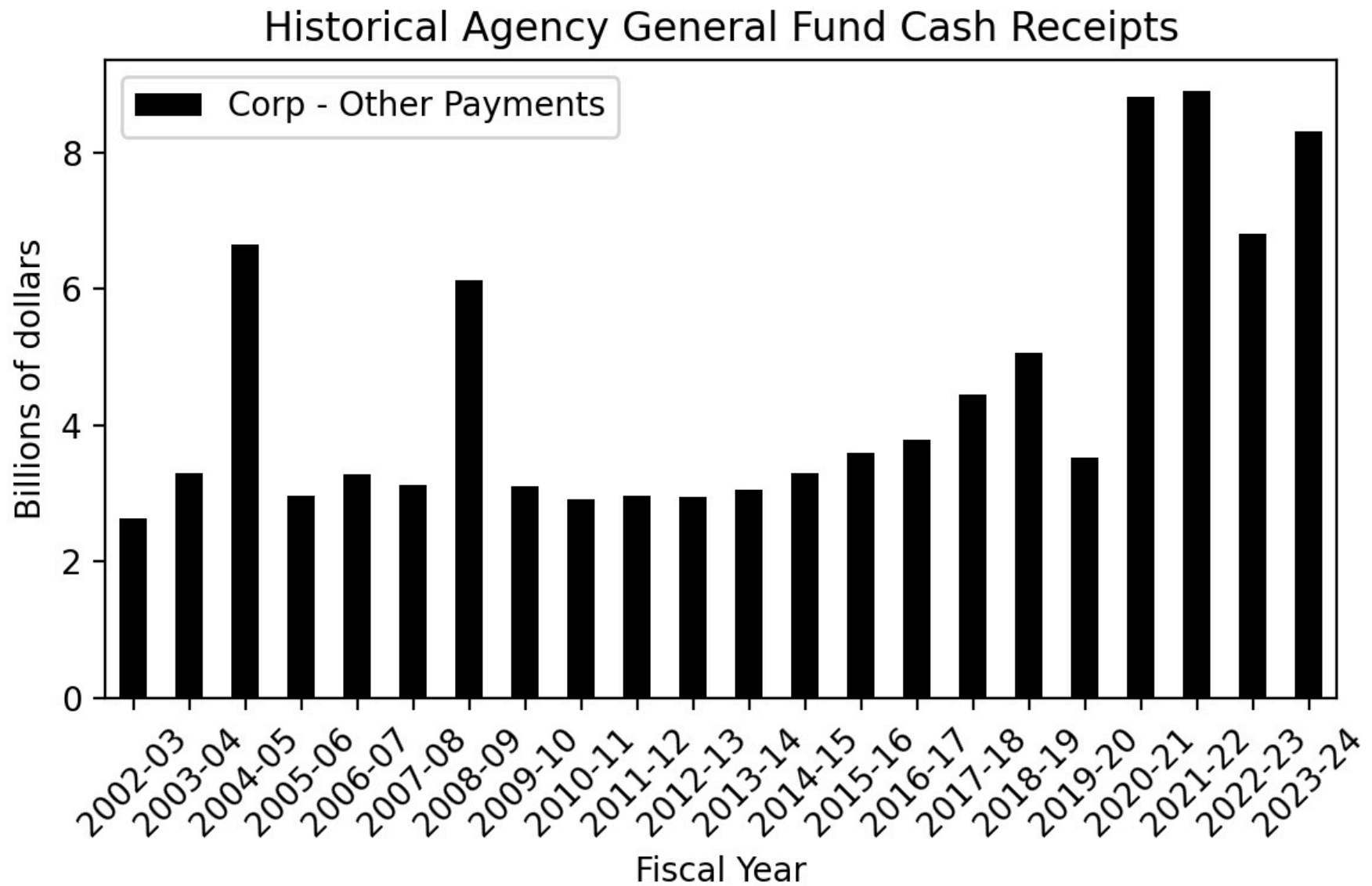


Figure 175

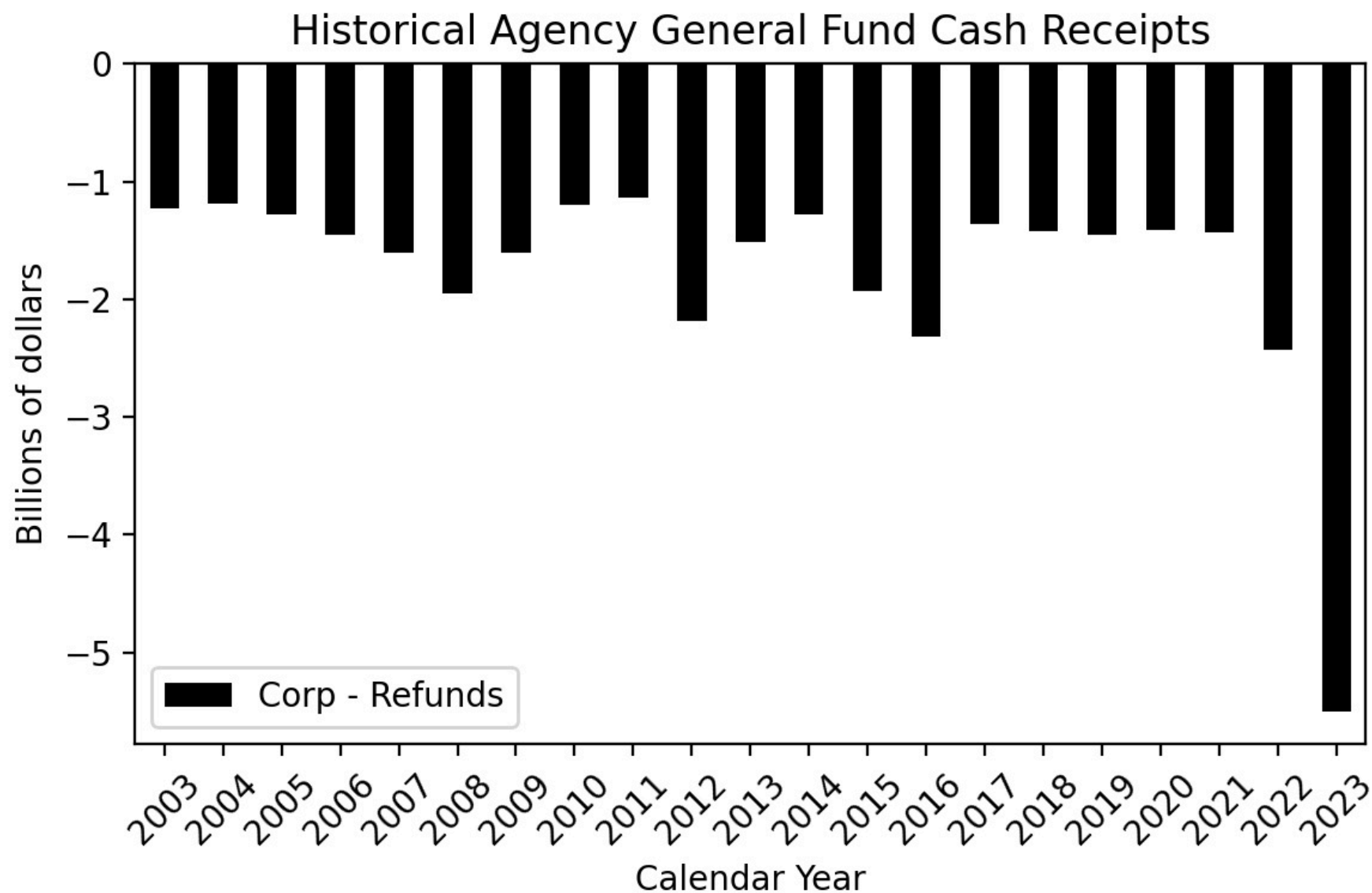


Figure 176

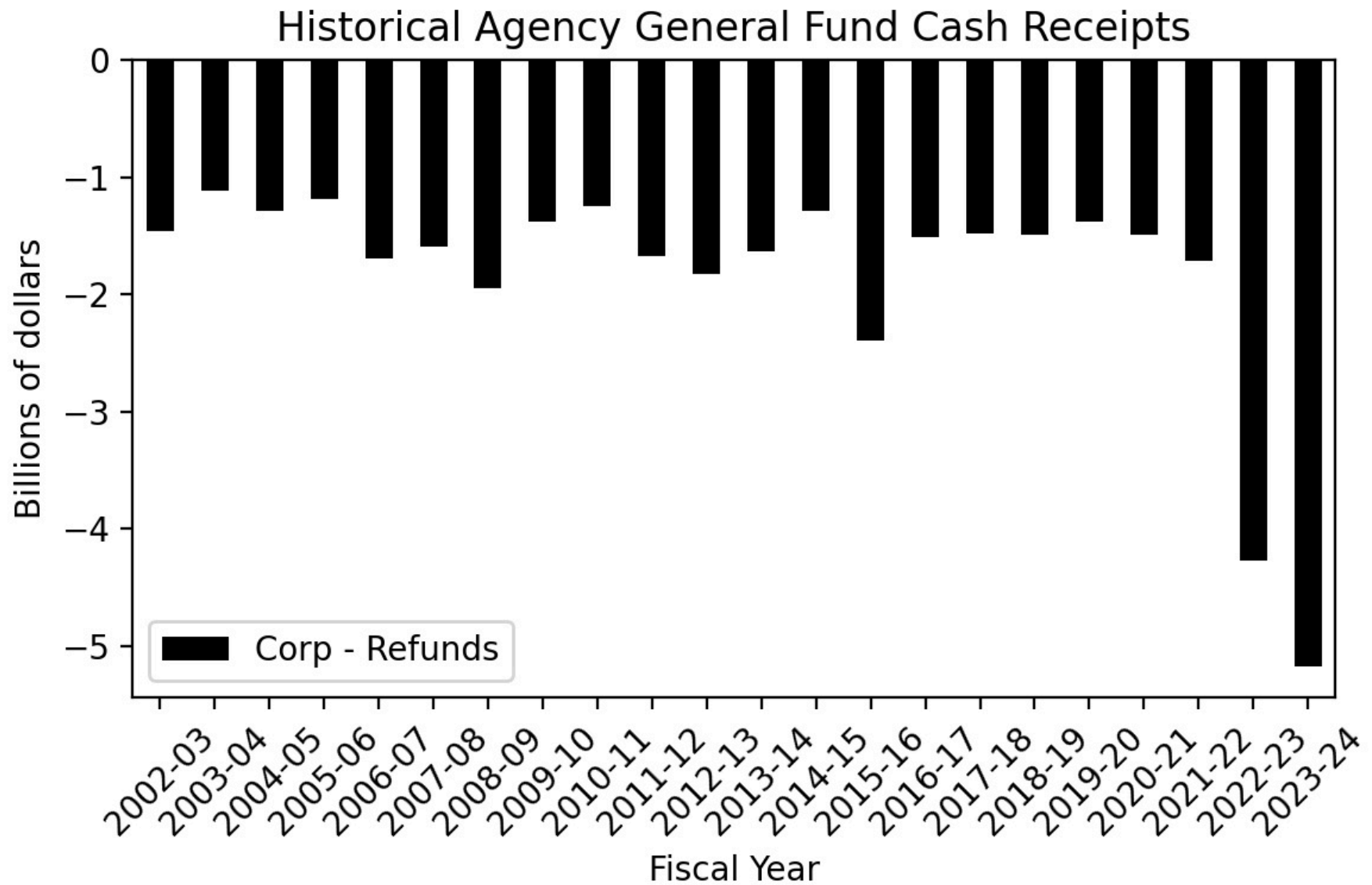


Figure 177

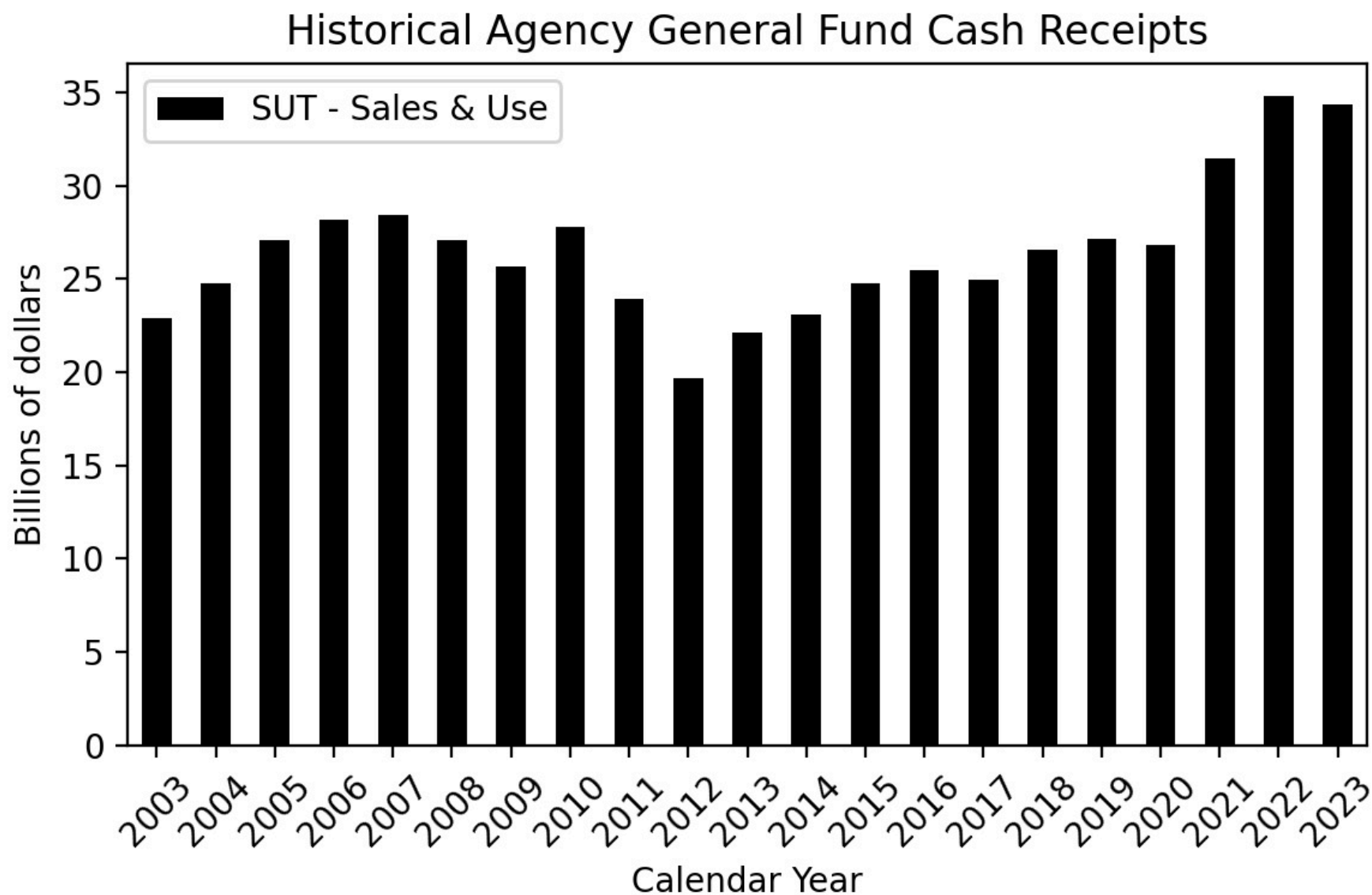


Figure 178

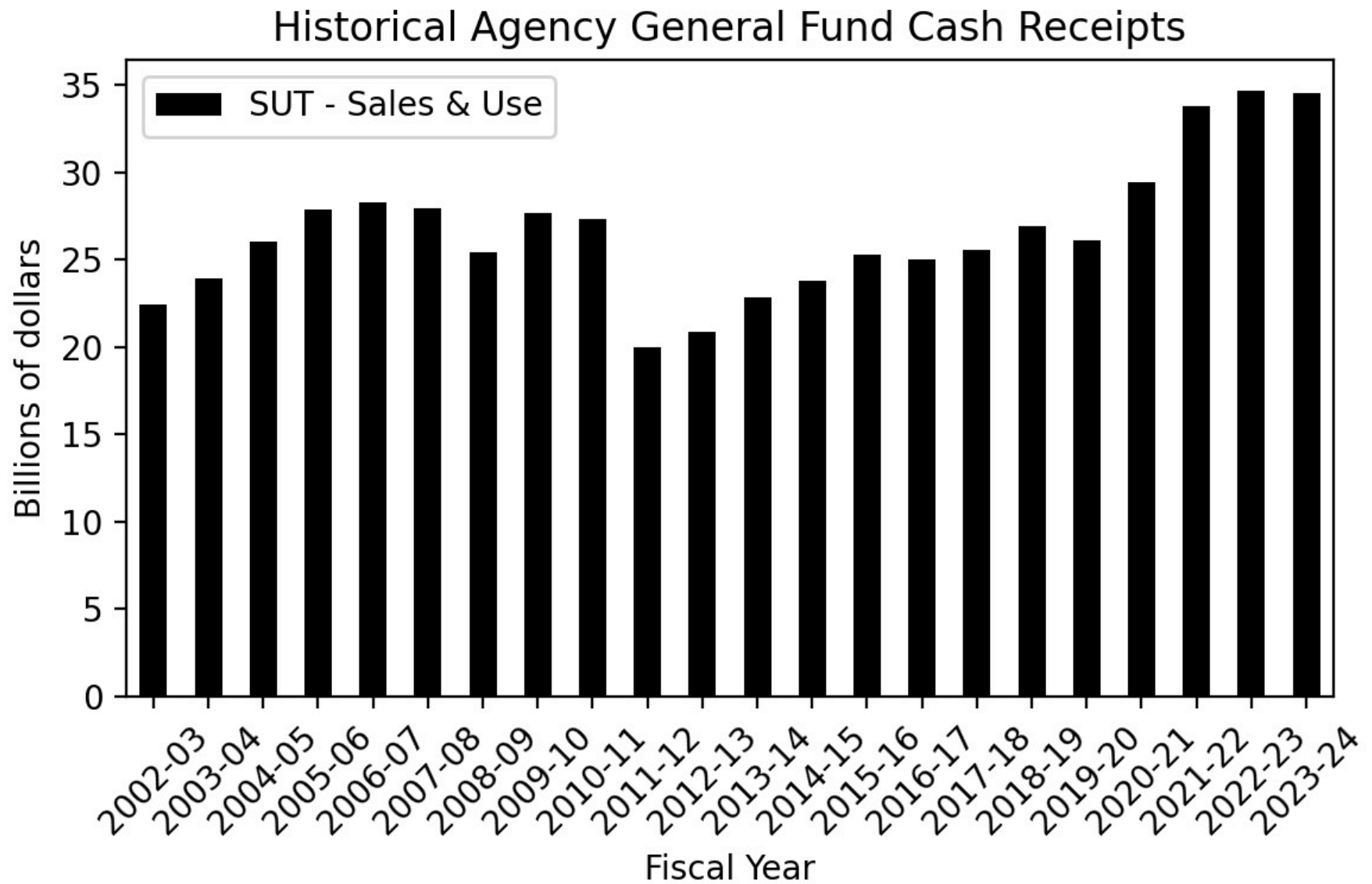


Figure 179

Other Tax - Historical Agency General Fund Revenues by Sub-Category (Calendar Year)

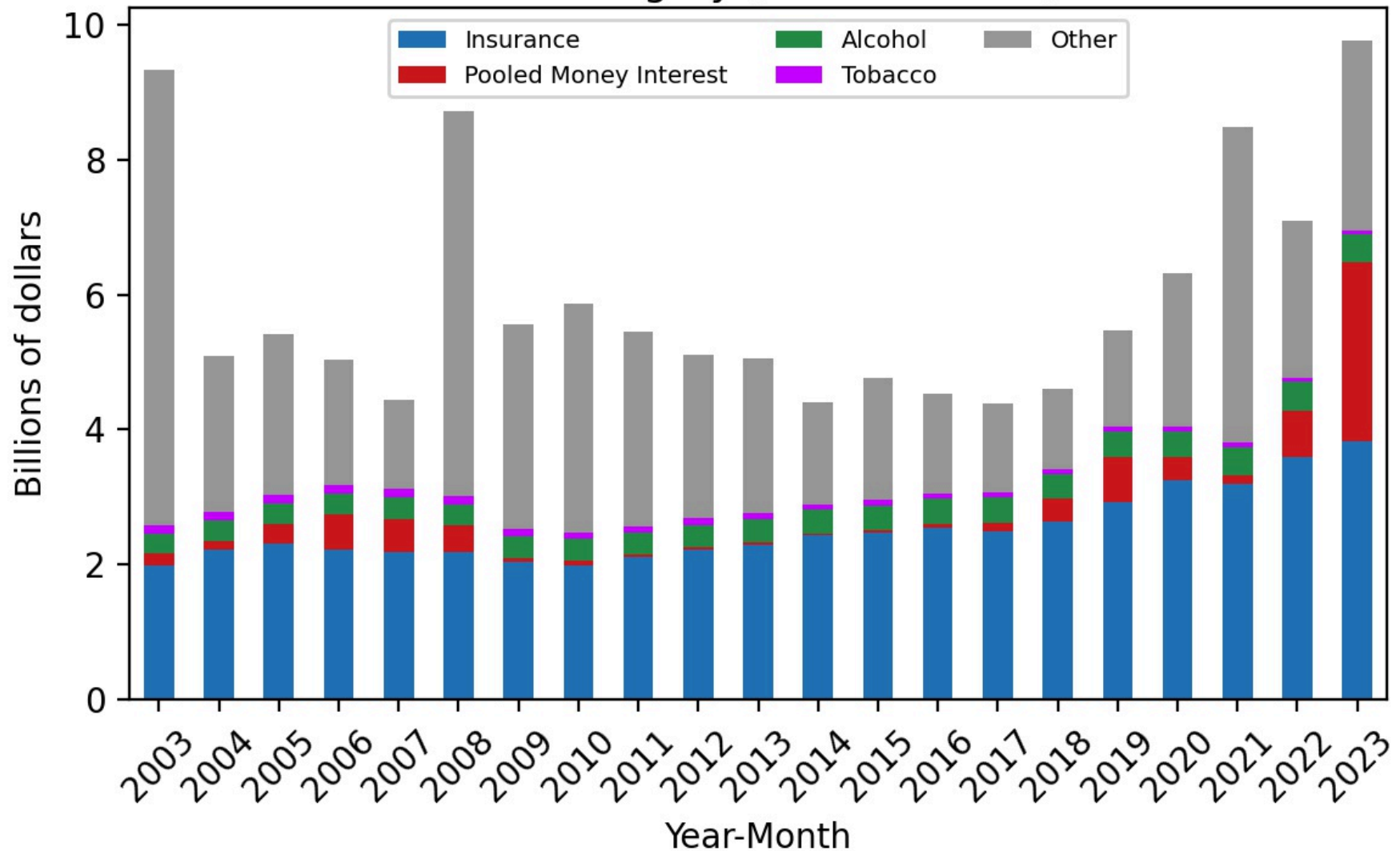


Figure 180

Other Tax - Historical Agency General Fund Revenues by Sub-Category (Fiscal Year)

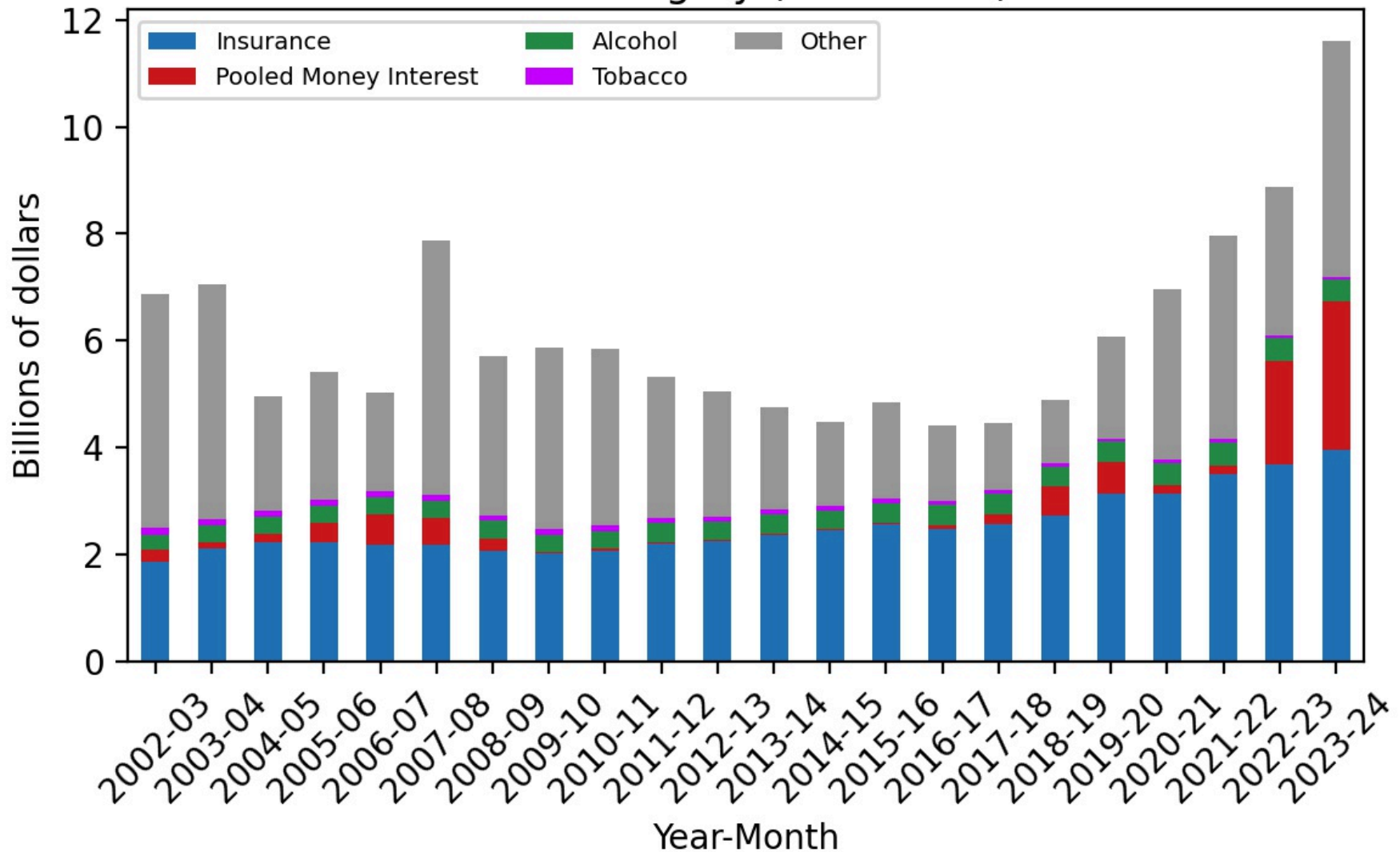


Figure 181

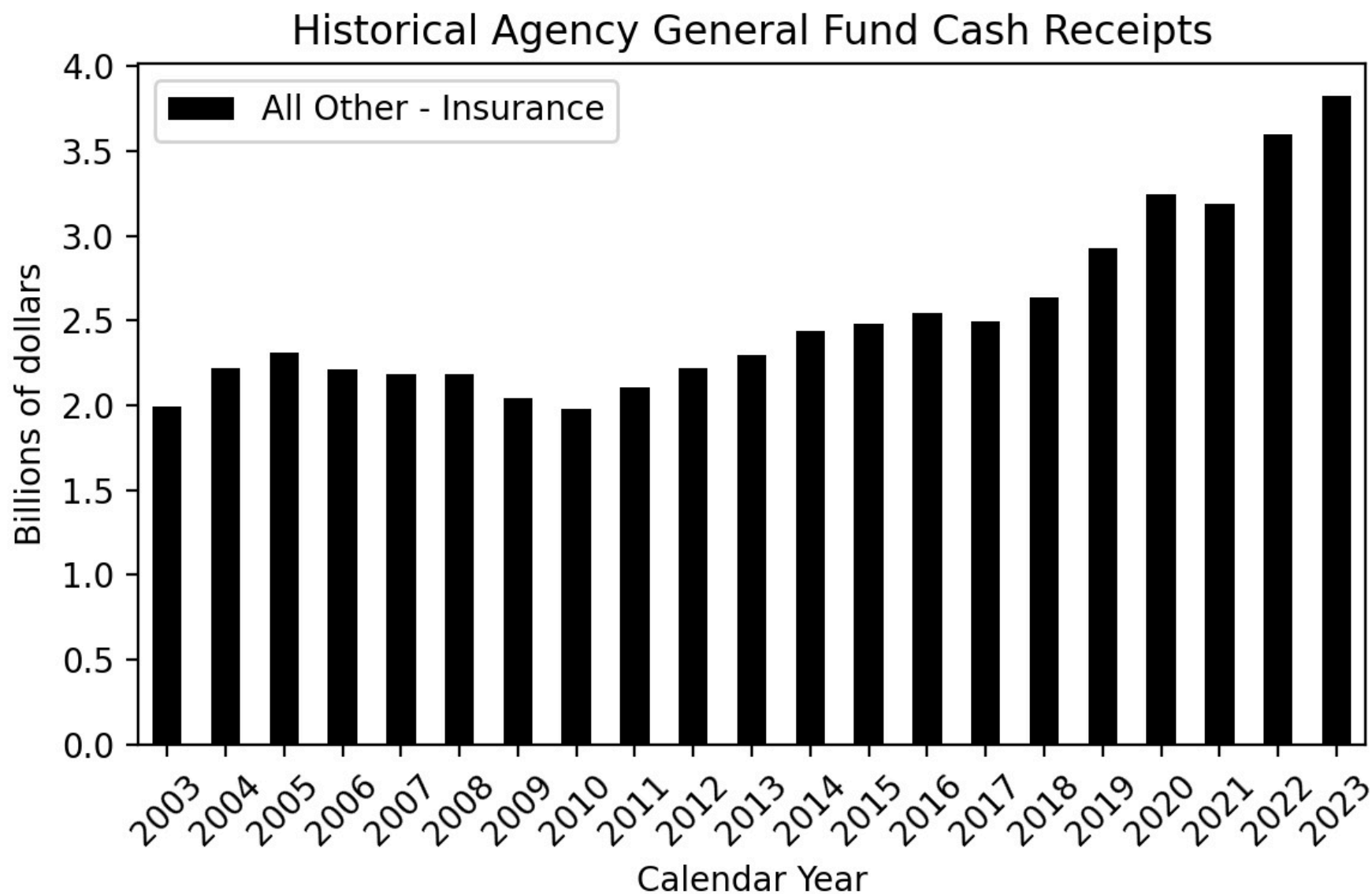


Figure 182

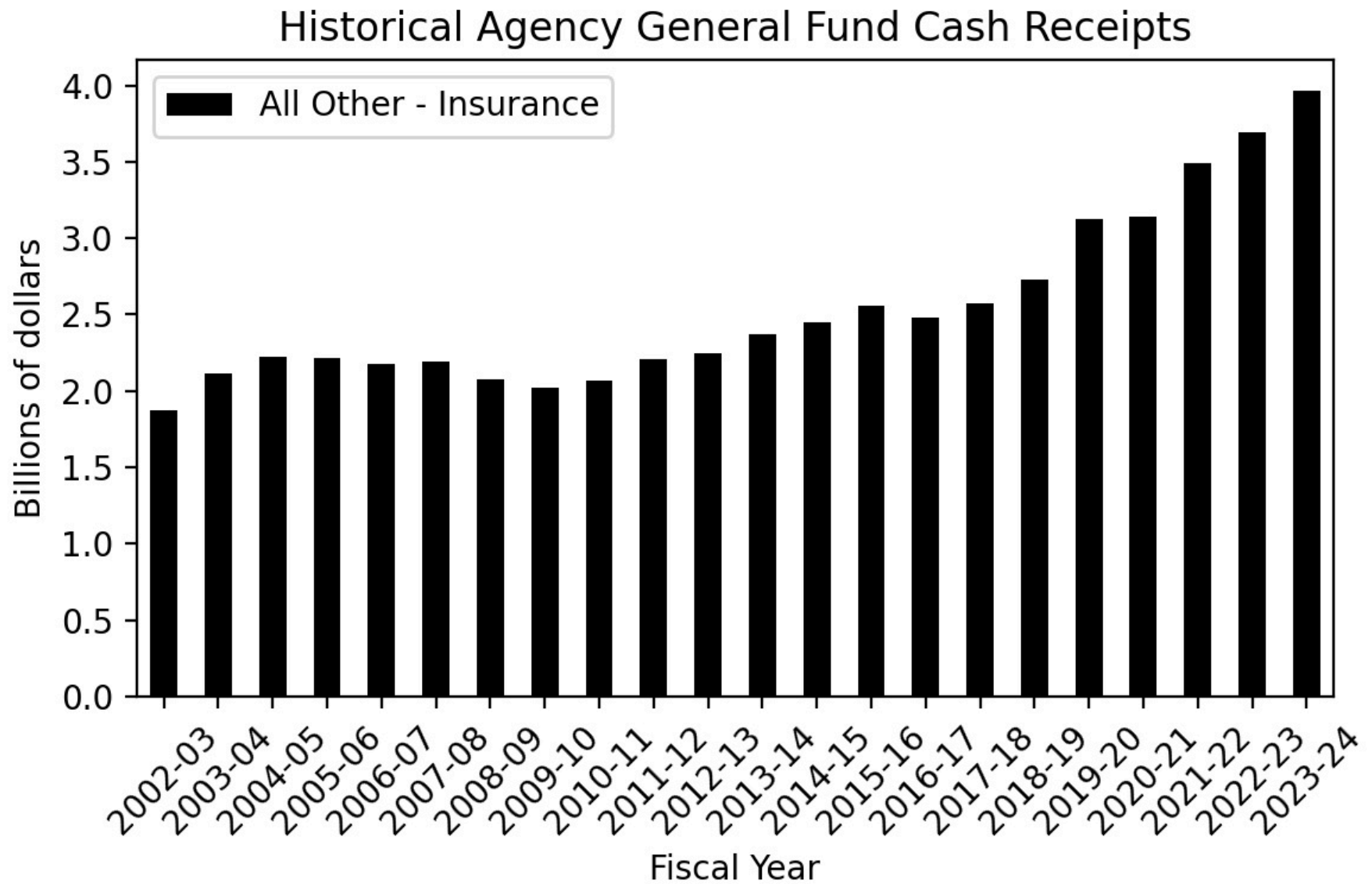


Figure 183

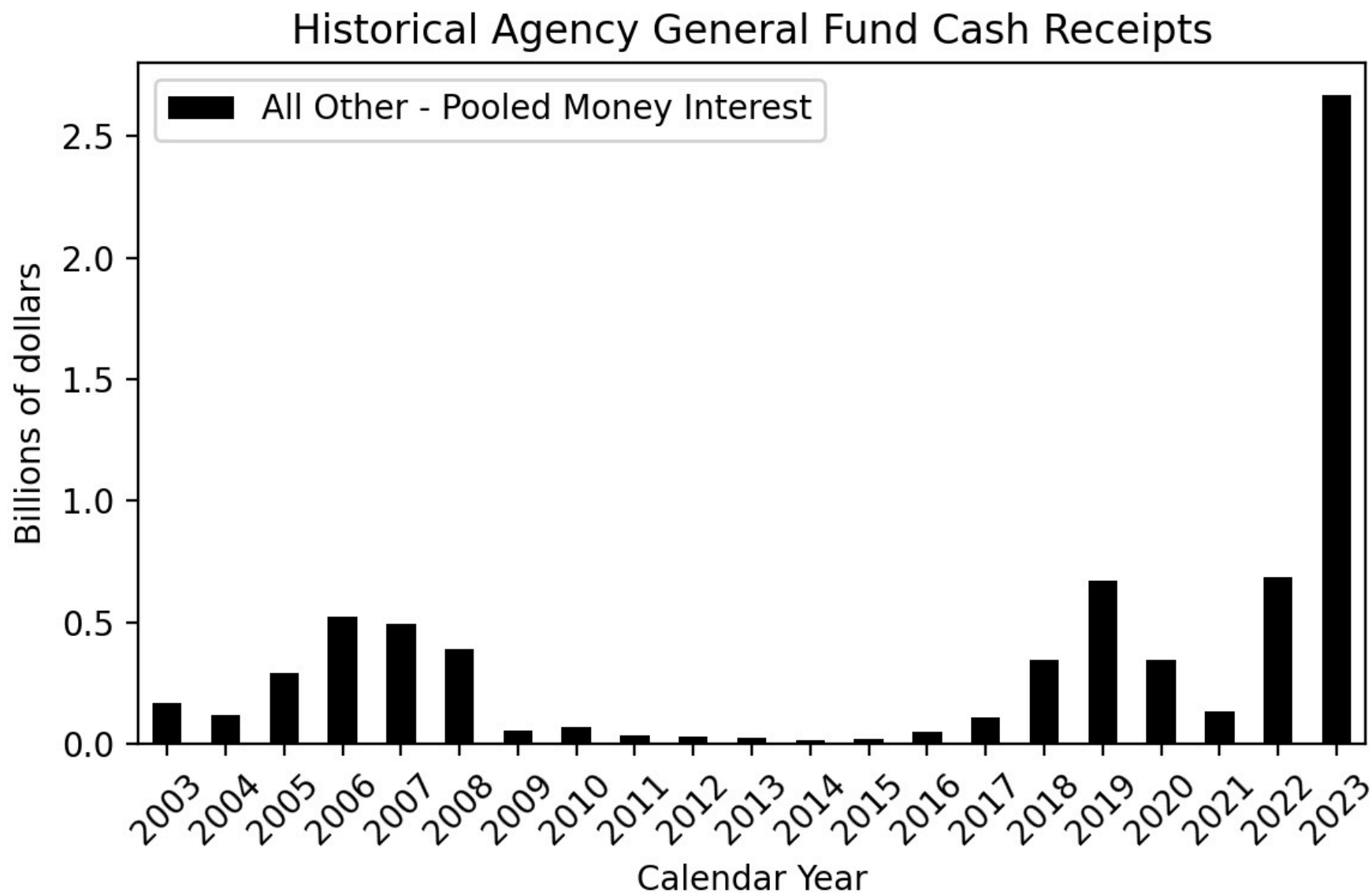


Figure 184

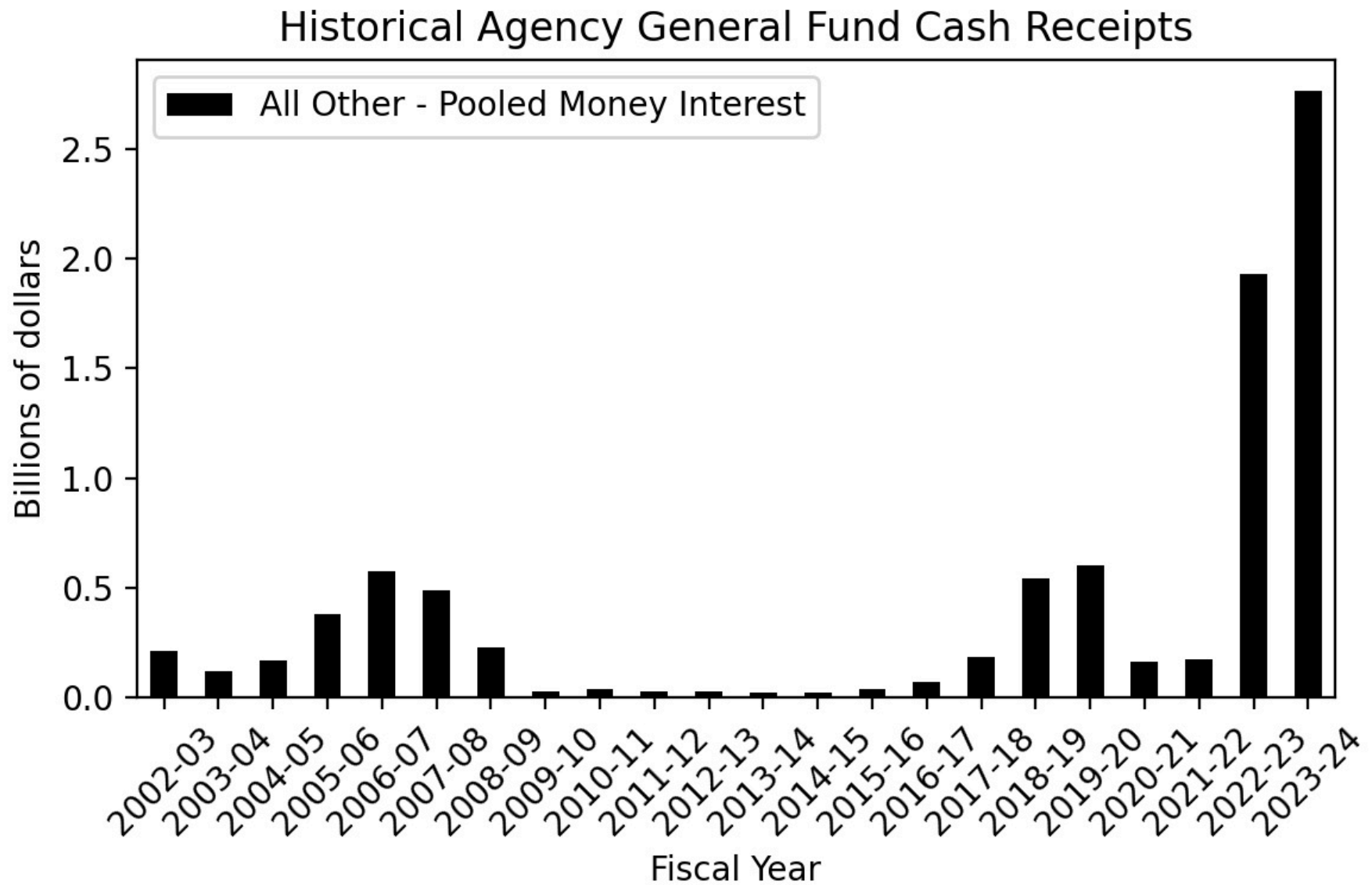


Figure 185

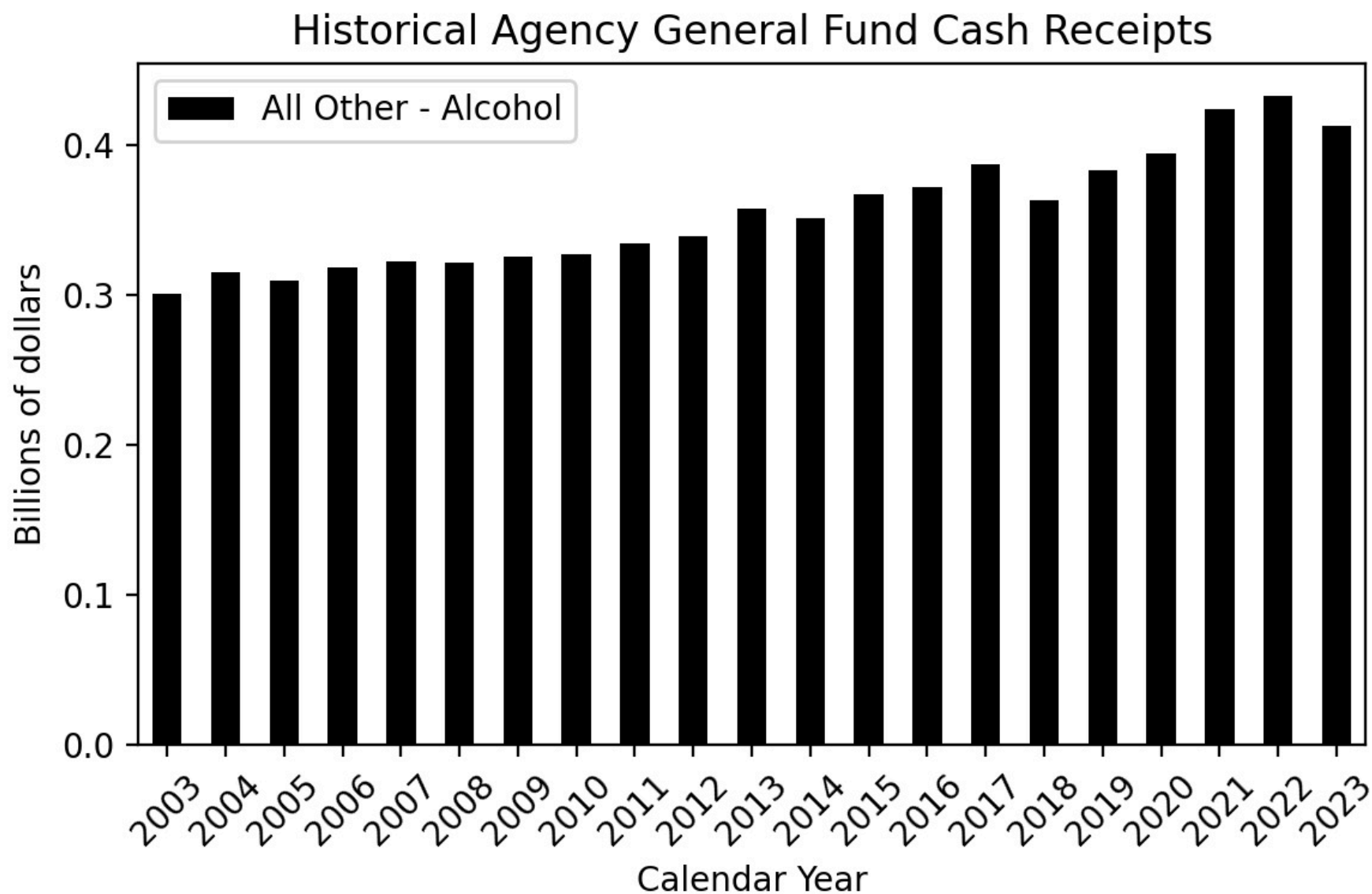


Figure 186

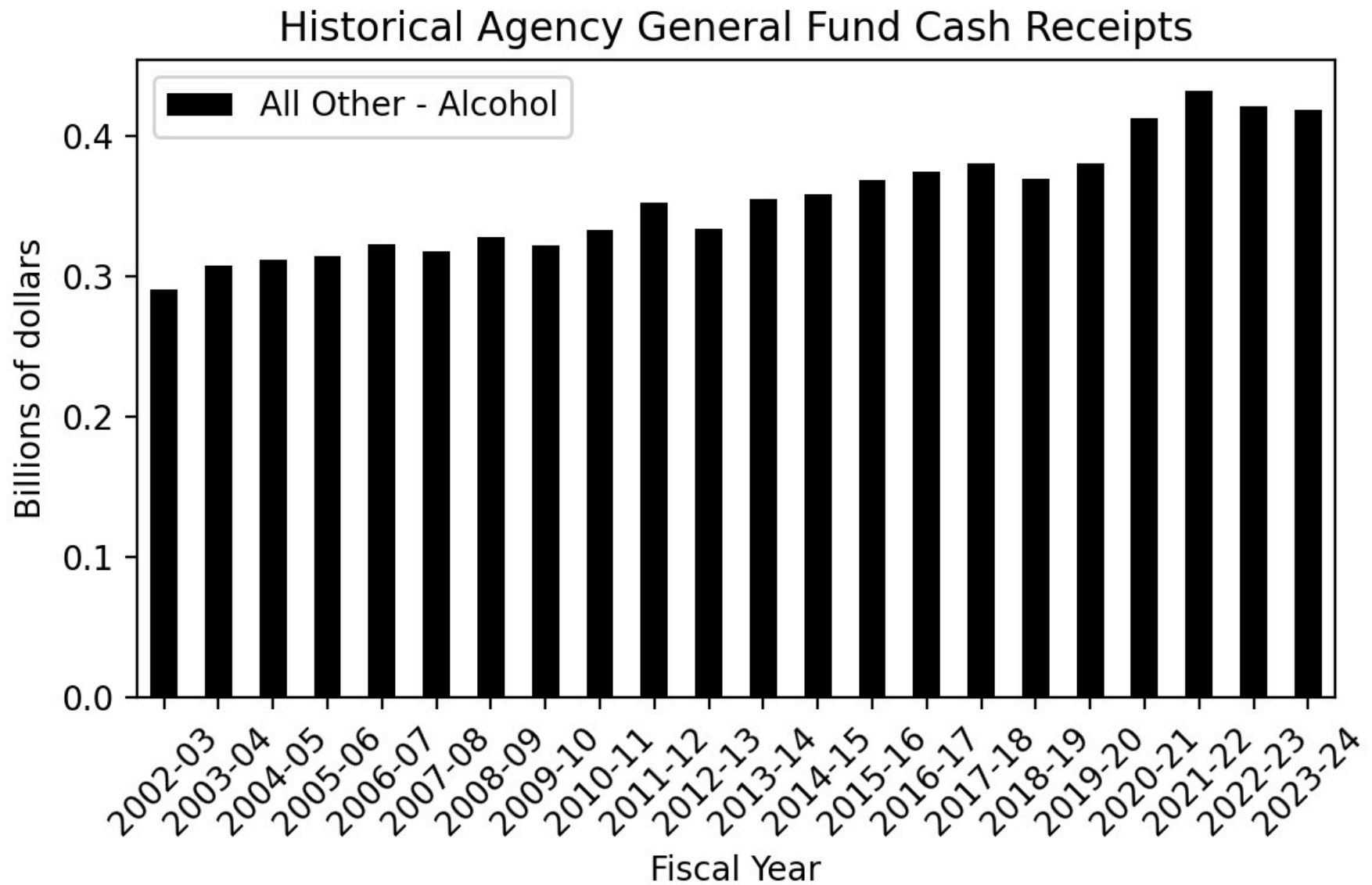


Figure 187

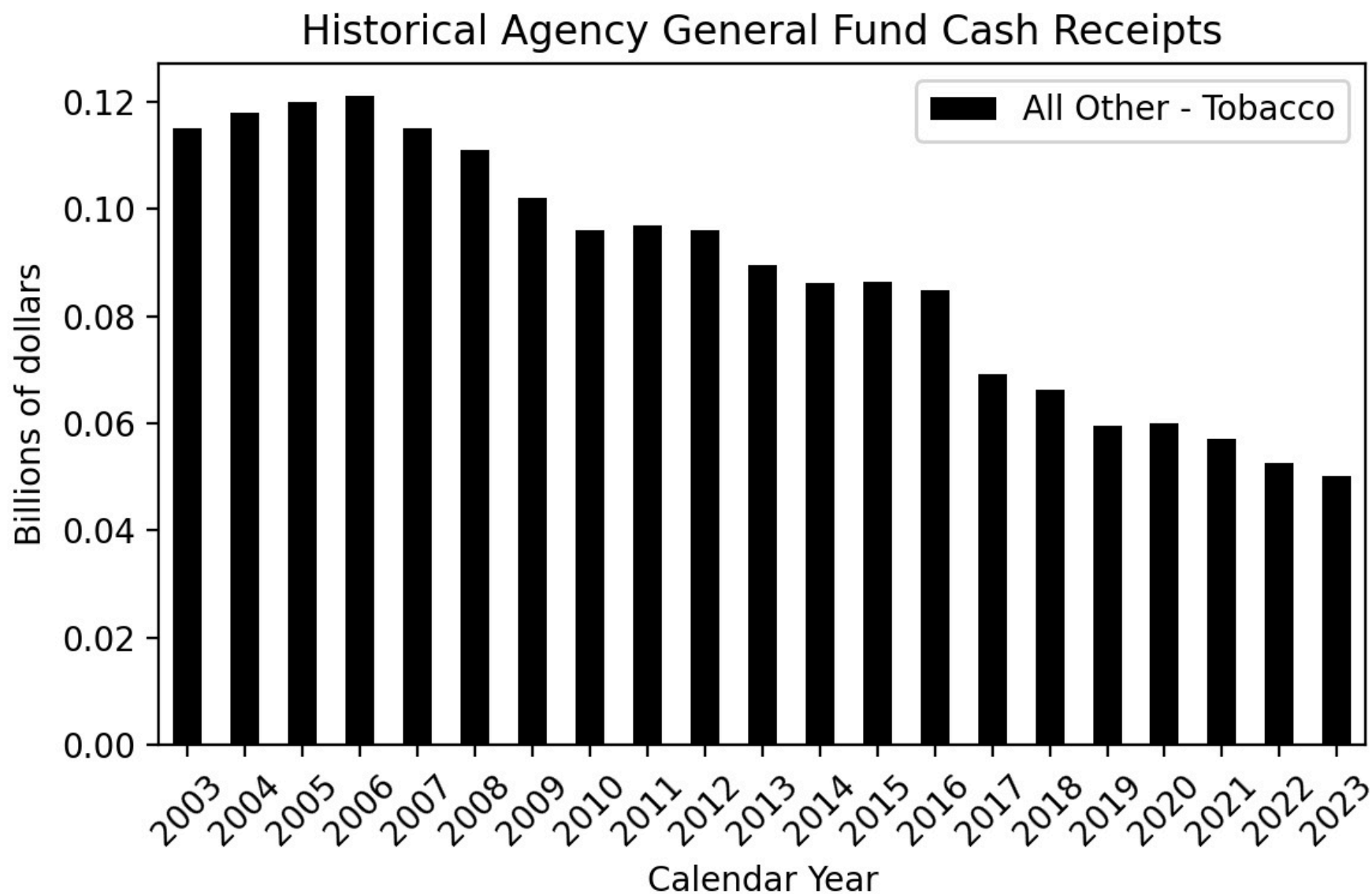


Figure 188

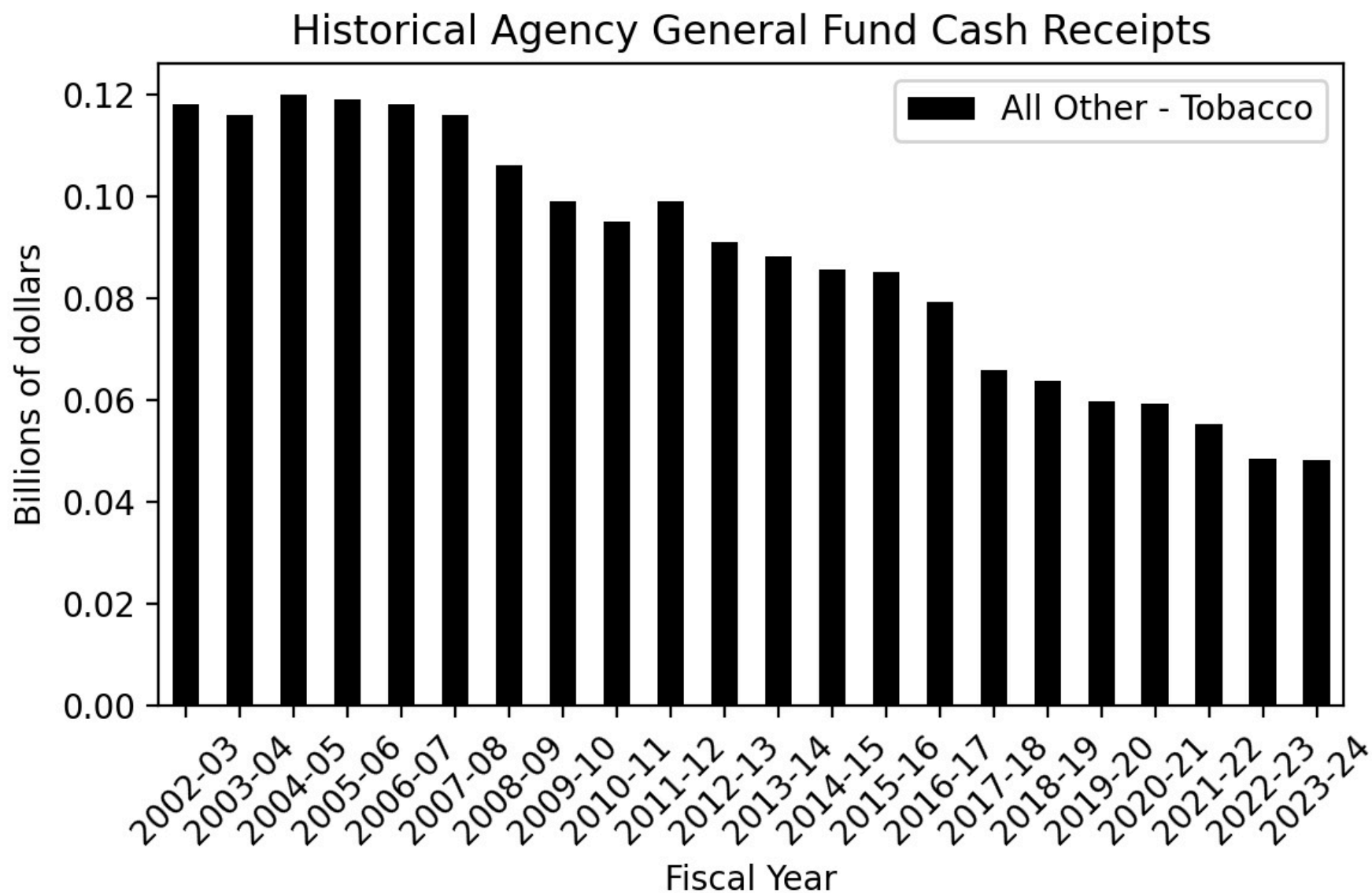


Figure 189

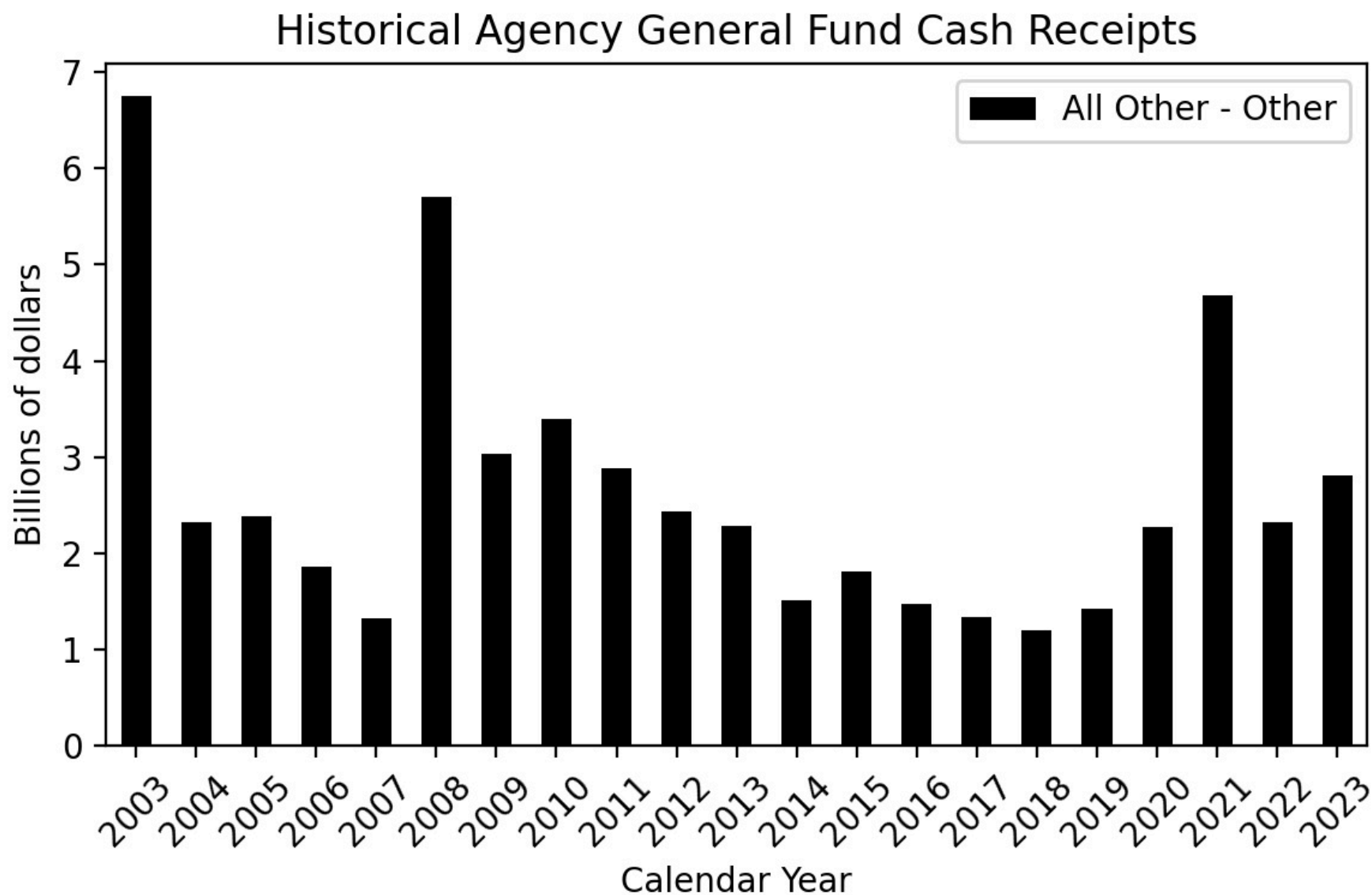


Figure 190

