



Finance Bulletin

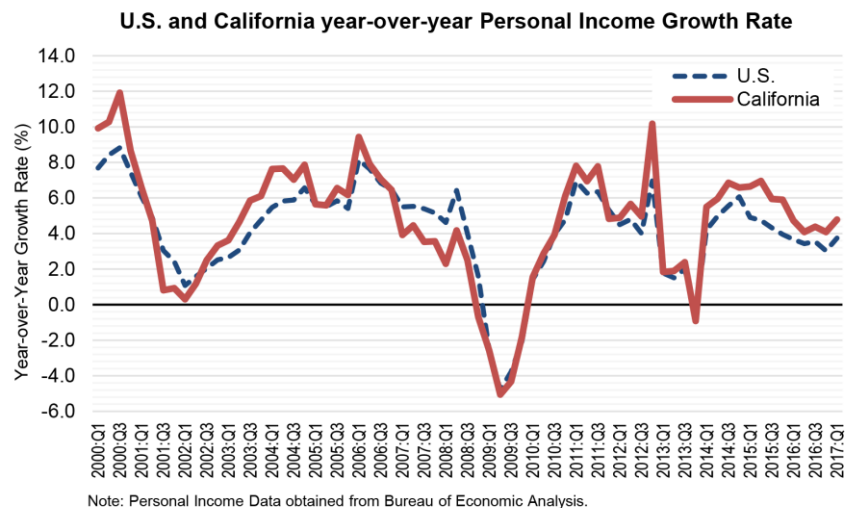
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Economic Update

The growth rate of U.S. real GDP for the first quarter of 2017 was revised upwards from 1.2 percent to 1.4 percent, close to the 2016 annual real GDP growth of 1.6 percent. The U.S. unemployment rate rose to 4.4 percent in June. California's consumer price index fell by 0.1 percent in June compared to May, bringing the year-over-year rate of inflation down to 2.6 percent.

PERSONAL INCOME

- California's personal income grew 4.8 percent in the first quarter of 2017 while U.S. personal income increased 3.7 percent. Revised personal income growth for 2016 was 4.3 percent for California and 3.4 percent for the nation. Since 2010, California personal income has grown on average by 5 percent a year, while U.S. personal income has grown on average 4.1 percent a year.
- In California, wages and salaries comprised 51 percent of the total personal income of \$2.25 trillion in the first quarter of 2017. Wages and salaries increased 4.9 percent while supplements to wages and salaries increased 4.5 percent. The other major components of personal income also grew: proprietor's income increased 5.0 percent; dividends, interest, and rent increased 4.5 percent; and transfer receipts increased 5.3 percent.



BUILDING ACTIVITY

- Residential building permits issued in May totaled 109,000 units (52,000 single-family, 57,000 multifamily), on a seasonally adjusted annual rate basis, following a 10-year high of 133,000 units in April (53,300 single-family, 79,300 multifamily).
- Within the first five months of 2017, the average number of authorized residential building permits was 102,000 units. This is 1,000 units higher than the 2016 total of 101,000, but less than half the 210,000 permits issued in 2005.
- Nonresidential valuation fell 35.7 percent to \$23.4 billion in May from \$36.5 billion in April (a three-year high), bringing the 2017 year-to-date average to \$27.9 billion. This is 6.2 percent lower than the average valuation of the first five months of 2016.

REAL ESTATE

- California statewide median existing single-family home sales price increased by 2.3 percent to \$550,200 in May compared with April. This was \$44,330 lower than the pre-recession peak of \$594,530 in May 2007.
- For the first five months of 2017, the year-over-year median home price growth was 6.1 percent, which follows 5.6 percent year-over-year growth for all of 2016.
- In May, the number of existing single-family homes sold in California was 430,060, 5.4 percent higher than April, and 2.6 percent higher than May of 2016.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for June was \$275 million below the 2017-18 Budget Act forecast of \$16.873 billion. Preliminary agency cash for fiscal year 2016-17 was \$65 million below the forecast of \$122.593 billion. June cash receipts represent the second estimated payment of 40 percent of liability due mid-month for personal income tax filers and calendar-year corporations.

- Personal income tax cash receipts to the General Fund were \$89 million below the month's forecast of \$11.123 billion. Withholding receipts were \$237 million above the forecast of \$4.359 billion. Other receipts were \$357 million lower than the forecast of \$7.427 billion. Refunds issued in June were \$30 million below the forecasted \$463 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 June was \$2 million lower than the forecast of \$199 million. Fiscal year 2016-17 General Fund personal income tax cash receipts were \$102 million below forecast.
- Sales and use tax receipts were \$60 million above the month's forecast of \$2.336 billion. June cash includes the second prepayment for second quarter taxable sales, which was due June 24, and covers taxable sales activity from May 1 to June 15. Fiscal year 2016-17 sales tax cash receipts were \$193 million above forecast.
- Corporation tax cash receipts were \$331 million below the month's forecast of \$2.735 billion. Prepayments were \$367 million below the forecast of \$2.632 billion and other payments were \$39 million higher than the \$189 million forecast. Total refunds for the month were \$3 million above the forecast of \$85 million. Fiscal year 2016-17 corporate income tax cash receipts were \$274 million below forecast.
- Insurance tax cash receipts were \$17 million below the \$109 million estimated for June and were \$54 million below forecast for fiscal year 2016-17. Cash receipts from the estate, alcoholic beverage, tobacco taxes, pooled money interest, and vehicle license fee came in \$7 million below the month's forecast of \$48 million and were down \$4 million for fiscal year 2016-17. "Other" cash receipts were \$109 million above the month's estimate of \$523 million and were up \$176 million for fiscal year 2016-17.

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

(Dollars in Millions)

Revenue Source	JUNE 2017					2016-17 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$11,123	11,034	-\$89	-0.8%		\$82,915	\$82,813	-\$102	-0.1%
Sales & Use	2,336	2,395	60	2.6%		25,035	25,228	193	0.8%
Corporation	2,735	2,404	-331	-12.1%		10,396	10,121	-274	-2.6%
Insurance	109	92	-17	-15.5%		2,483	2,429	-54	-2.2%
Estate	0	0	0	n/a		1	1	0	26.3%
Pooled Money Interest	12	11	-1	-10.5%		67	69	2	2.4%
Alcoholic Beverages	31	27	-5	-14.6%		375	368	-6	-1.7%
Tobacco	5	4	-1	-16.8%		79	80	1	1.4%
Other	523	632	109	20.9%		1,241	1,418	176	14.2%
Total	\$16,873	\$16,598	-\$275	-1.6%		\$122,593	\$122,528	-\$65	-0.1%

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.

Totals may not add due to rounding. The forecast is from the 2017-18 Budget Act.