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# *The* FISCAL REPORT 32 informational update

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## **Department of Finance Report Shows March Revenues Down**

According to the Department of Finance's (DOF) *Finance Bulletin* for March 2019, revenues were \$89 million lower than what was projected in Governor Gavin Newsom's January State Budget proposal, with year-to-date revenues for fiscal year 2018-19 also lower than projections by \$2.2 million, or about 2.4 %.

The *Finance Bulletin* notes that two of the "big three" taxes came in higher than the forecast with sales and corporation taxes outperforming estimates by \$68 million and \$497 million, respectively. In contrast, March saw personal income taxes coming in lower than the forecast by \$2.9 billion as a result of withholding receipts being \$171 million lower than projected and an unexpected \$60 million in refunds issued.

The DOF highlights that California's unemployment rate remained steady at 4.2% in February. Nationally, the unemployment rate dropped 0.2% to 3.8% for February and remained at that rate for March.

Meanwhile, residential housing activity increased 2.4% with 127,000 permits issued in the first two months of 2019. Sales of existing, single-family homes in February totaled 399,080 units, up 11.3% from January. Finally, the median home price in February was up 2.2% to \$534,140 compared to one year ago.

We will monitor state revenue performance as we move closer to May when Governor Newsom will issue his revised 2019-20 State Budget.

—*Jamie Metcalf*

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