



# Finance Bulletin

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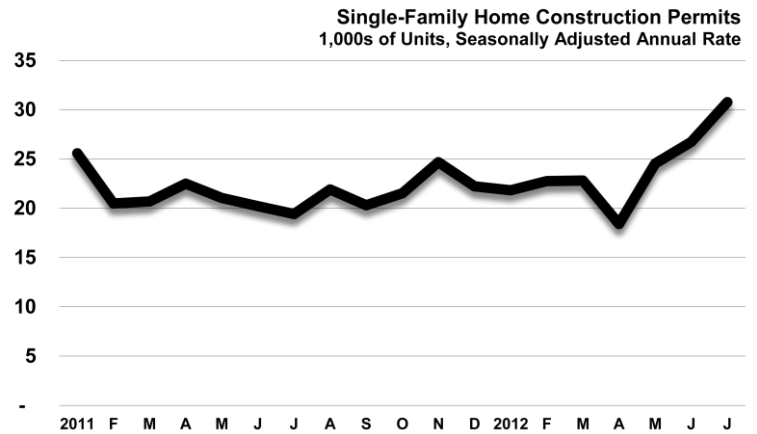
## Economic Update

Home building gradually improved during the first half of 2012. Rising demand for homes, coupled with limited inventories of homes for sale, have driven existing home prices up in recent months.

### CONSTRUCTION

- In July, residential permits were issued at a seasonally adjusted annual rate of 60,533 units—an increase of nearly 83 percent from a year earlier. With a seasonally adjusted annual pace of 30,800 units, single-family permits were up 59 percent. In the more volatile multi-family sector, permitting slowed from June to a pace of 29,800 units, but was up over 117 percent from July 2011.
- New home permitting during the first seven months of 2012 was up over 16 percent from the same months of 2011, led by multi-family permitting. The pace of total new residential permitting during the three months ending with July increased over 31 percent from the same months of 2011.
- After posting strong gains early in the year, the pace of nonresidential construction slowed significantly starting in April. The pace of nonresidential permitting during the three months ending with July slowed nearly 24 percent from the same months of 2011. In July, the pace was down over 34 percent from a year earlier.

### Single-Family Home Building Expands in 2012



Source: California Homebuilding Foundation

### REAL ESTATE

- Existing single-family home prices rose strongly in recent months, driven in part by a limited supply of homes for sale resulting in a restrained pace of sales.
- The median price of existing, single-family homes sold in September was \$345,000, nearly a 20-percent increase from a year earlier. The median price of homes sold in the third quarter of 2012 rose 16 percent over the year.
- Sales of existing, single-family detached homes totaled 484,240 units at a seasonally adjusted annualized rate in September, essentially the same pace posted a year earlier. The pace of sales during the first nine months of 2012 increased only 5.6 percent from the same months a year earlier.
- Existing home inventories have fallen substantially. The California Association of Realtors' unsold inventory index stood at 3.7 months in September, which was a 30-percent drop from the 5.3 months reached in September 2011.
- Similarly, the median number of days needed to sell a home dropped to 39.3 days, down almost 15 days from September 2011.

## MONTHLY CASH REPORT

Preliminary General Fund agency cash for October was \$208 million above the 2012-13 Budget Act forecast of \$5.860 billion. Year-to-date revenues are \$176 million below the forecast of \$24.234 billion.

- Personal income tax revenues to the General Fund were \$314 million above the month's forecast of \$3.597 billion. Withholding receipts were \$410 million above the estimate of \$3.477 billion due to revenues from the vesting of Facebook restricted stock units occurring one month earlier than expected. Other receipts were \$48 million lower than the projected level of \$899 million. Refunds issued in October were \$35 million above the anticipated \$721 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 October was \$13 million above the estimate of \$58 million. Year-to-date General Fund income tax revenues are \$422 million above estimate.
- Sales and use tax receipts were \$123 million above the month's forecast of \$1.738 billion. October receipts represent the final payment for third-quarter taxable sales. The gain for the month of October offsets shortages reported for the two prior months. Year-to-date, the sales tax cash is \$5 million below forecast.
- Corporation tax revenues were \$149 million below the month's estimate of \$279 million. Prepayments were \$53 million below the forecast of \$198 million and other payments were \$33 million lower than the \$184 million that was anticipated. The month's refunds were \$62 million over the projected level of \$104 million. Year-to-date revenues are \$277 million below estimate.
- Insurance tax revenues were \$6 million above the month's estimate of \$13 million. Year-to-date revenues are \$21 million below forecast. Revenues from the estate, alcoholic beverage, tobacco taxes, the vehicle license fee, and pooled money interest were \$7 million below the month's forecast of \$39 million. "Other" revenues were \$79 million below the month's estimate of \$194 million.

### 2012-13 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	OCTOBER 2012				2012-13 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$3,597	\$3,911	\$314	8.7%	\$14,709	\$15,131	\$422	2.9%
Sales & Use	1,738	1,861	123	7.1%	6,501	6,496	-5	-0.1%
Corporation	279	130	-149	-53.4%	1,479	1,202	-277	-18.7%
Insurance	13	19	6	46.2%	565	544	-21	-3.7%
Estate	-1	0	1	-100.0%	0	1	1	n/a
Pooled Money Interest	3	2	-1	-33.3%	9	9	0	0.0%
Alcoholic Beverages	29	21	-8	-27.6%	118	105	-13	-11.0%
Tobacco	8	8	0	0.0%	32	31	-1	-3.1%
Vehicle License Fees	0	1	1	n/a	3	4	1	33.3%
Other	194	115	-79	-40.7%	818	535	-283	-34.6%
<b>Total</b>	<b>\$5,860</b>	<b>\$6,068</b>	<b>\$208</b>	<b>3.5%</b>	<b>\$24,234</b>	<b>\$24,058</b>	<b>-\$176</b>	<b>-0.7%</b>

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 2012 May Revision updated for the 2012 Budget Act.