



# Finance Bulletin

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## Economic Update

There is evidence of slowing economic conditions, although employment data were delayed by the federal government shutdown.

### LABOR MARKET CONDITIONS

The federal government shutdown has delayed the release of monthly labor force and industry employment data. The California data for September and October 2013 will be released on November 22, 2013 and will be featured in the December Finance Bulletin.

### BUILDING ACTIVITY

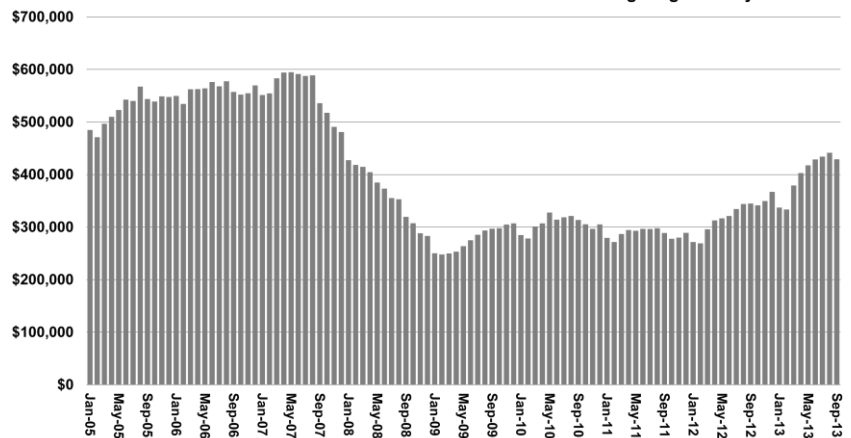
- Residential construction permits have had a see-saw pattern of alternating month-to-month gains and losses since February 2013. Total residential permits were issued at a seasonally adjusted annual rate of 56,928 units in September, down 30.1 percent from August and down 23 percent from a year ago, the first year-to-year drop since November 2012. Despite this slowdown in September, total residential permits were up almost 50 percent during the first nine months of 2013 compared to the same months of 2012. Multifamily permits continue to make up a significant proportion of the total, at 65 percent in September.
- Nonresidential construction continued to progress. While the September value was up only 0.8 percent from August, the value increased 92.3 percent from a year ago, led by healthy gains in parking structures, retail stores, and office construction.

### REAL ESTATE

- Home sales in California declined for the second straight month in September. Sales of existing single-family homes slowed to a seasonally adjusted annualized rate of 412,880 units, down 5.1 percent from August and down 2.6 percent from September 2012.
- The statewide median price of existing single-family homes declined in September for the first time since February, but was still higher on a year-over-year basis. The median price of \$428,810 was down 2.8 percent from August. On a year-over-year basis, the median price was up 24.4 percent – the 15th straight month of double-digit annual gains.
- Housing supply conditions have been steadily improving since May when the housing supply hit its recent bottom. In September, the unsold inventory index of existing homes – the number of months needed to sell the supply of homes on the market at the current rate of sales – rose to 3.6 months. This is well below the six-month supply considered normal.
- The median number of days it took to sell a single-family home rose in September to 29.6 days from 28.8 days in August, but was down from 39.2 days in September 2012.

Home Prices Reaching Levels Not Seen In More Than Five Years

California Statewide Median Sales Price of Existing Single-Family Homes



Source: California Association of Realtors

## MONTHLY CASH REPORT

Preliminary General Fund agency cash for October was \$317 million above the 2013-14 Budget Act forecast of \$6.146 billion. Year-to-date revenues are \$485 million above the expected \$26.115 billion.

- Personal income tax revenues to the General Fund were \$393 million above the month's forecast of \$3.763 billion. Withholding receipts were \$128 million above the estimate of \$3.549 billion. Other receipts were \$238 million higher than the projected level of \$1.091 billion. Refunds issued in October were \$35 million below the anticipated \$810 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 \$7 million above the estimate of \$67 million. Year-to-date General Fund income tax revenues are \$680 million above estimate.
- Sales and use tax receipts were \$68 million below the month's forecast of \$2.083 billion. October receipts represent the final payment for third-quarter taxable sales. Year-to-date, the sales tax cash is \$21 million below forecast.
- Corporation tax revenues were \$46 million below the month's estimate of \$180 million. Prepayments were \$1 million above the forecast of \$159 million and other payments were \$31 million lower than the \$200 million that was anticipated. Total refunds for the month were \$16 million higher than the estimate of \$179 million. Year-to-date revenues are \$128 million below estimate.
- Insurance tax revenues were \$3 million above the month's estimate of \$10 million. Year-to-date insurance tax revenues are \$10 million above the forecasted \$563 million. Revenues from the estate, alcoholic beverage, tobacco taxes, pooled money interest, and vehicle license fee came in \$3 million below the \$39 million that was expected. "Other" revenues were \$38 million above the month's estimate of \$71 million.

### 2013-14 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	OCTOBER 2013					2013-14 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$3,763	\$4,156	\$393	10.4%		\$16,147	\$16,827	\$680	4.2%
Sales & Use	2,083	2,015	-68	-3.3%		7,363	7,341	-21	-0.3%
Corporation	180	134	-46	-25.6%		1,319	1,191	-128	-9.7%
Insurance	10	13	3	30.0%		563	573	10	1.8%
Estate	0	0	0	0.0%		0	4	4	n/a
Pooled Money Interest	3	1	-2	-66.7%		11	7	-4	-36.4%
Alcoholic Beverages	29	28	-1	-3.4%		116	121	5	4.3%
Tobacco	7	7	0	0.0%		31	30	-1	-3.2%
Vehicle License Fees	0	0	0	0.0%		0	0	0	-100.0%
Other	71	109	38	53.5%		565	505	-60	-10.6%
<b>Total</b>	<b>\$6,146</b>	<b>\$6,463</b>	<b>\$317</b>	<b>5.2%</b>		<b>\$26,115</b>	<b>\$26,599</b>	<b>\$485</b>	<b>1.9%</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 2013 May Revision updated for the 2013 Budget Act.