



Finance Bulletin

Joe Stephenshaw, Director

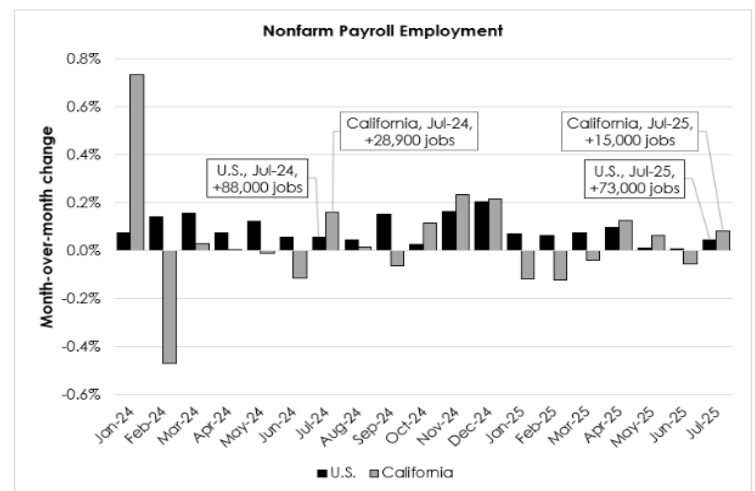
Economic Update

In the advance estimate for the second quarter of 2025, U.S. real GDP grew at a 3-percent seasonally adjusted annualized rate (SAAR), up from a contraction of 0.5 percent in the first quarter. Net exports added 5 percentage points to second quarter GDP growth which more than offset a drag of 3.2 percentage points from inventory accumulation as businesses did not stockpile as many goods as in the first quarter when net exports subtracted 4.6 percentage points from GDP growth and inventory accumulation added 2.6 percentage points.

U.S. headline inflation was 2.7 percent year-over-year in July 2025, unchanged from June but 0.2 percentage point below July 2024. Year-over-year core inflation—which excludes food and energy—accelerated from 2.9 percent in June to 3.1 percent in July, its highest level since February 2025, but still 0.1 percentage point below July 2024. Shelter inflation declined for the third consecutive month from 3.8 percent in June to 3.7 percent in July, and food declined from 3 percent in June to 2.9 percent in July. Inflation accelerated in other sectors including new vehicles, medical care and recreation in July.

LABOR MARKET CONDITIONS

■ In July 2025, the U.S. unemployment rate ticked up to 4.2 percent from 4.1 percent in June, as civilian unemployment increased by 221,000 persons due mainly to a 260,000-person decline in household employment while the nation's labor force declined slightly by 38,000 persons. The U.S. added 73,000 nonfarm payroll jobs in July and payroll employment in May and June was significantly revised down by a combined 258,000 jobs from the previous estimate. July's U.S. nonfarm payroll jobs growth was driven by private educational and health services which added 79,000 jobs, followed by financial activities (+15,000 jobs) and trade, transportation and utilities (+11,000 jobs). Five of the nation's eleven major industry sectors lost jobs in July, led by professional and business services (-14,000 jobs), manufacturing (-11,000 jobs), and government (-10,000 jobs).



■ California's unemployment rate increased from 5.4 percent in June to 5.5 percent in July 2025 as the number of unemployed persons increased by 18,200 persons (1.7 percent) and the number of employed Californians decreased by 7,600 persons (0.04 percent). California's labor force grew by 10,600 persons (0.1 percent). The state added 15,000 nonfarm payroll jobs in July, and June's job gain was revised from a loss of 6,100 jobs to a loss of 9,500 jobs. Six sectors added jobs in July: private education and health services (+23,100 jobs), government (+7,200 jobs), financial activities (+1,300 jobs), trade, transportation and utilities (+1,300 jobs), manufacturing (+300 jobs) and mining and logging (+100 jobs). Five sectors lost jobs: professional and business services (-7,100 jobs), leisure and hospitality (-4,500 jobs), construction (-3,300 jobs), other services (-2,400 jobs), and information (-1,000 jobs).

BUILDING ACTIVITY

■ Year-to-date through June, California permitted 98,600 housing units (SAAR), down 0.8 percent from May 2025 and down 5.6 percent from a year ago in June 2024. June year-to-date total units permitted consisted of 58,500 single-family units (down 4.9 percent from May and down 4.2 percent year-over-year), and 40,100 multi-family units (up 5.8 percent from May, but down 7.6 percent year-over-year).

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts were \$60 million, or 0.5 percent, above the Budget Act forecast for July. The July overage was largely the result of higher receipts from personal income tax (up \$290 million), other revenues (up \$120 million), and pooled money investment account interest (up \$109 million) that were partially offset by lower-than-expected receipts from the corporation tax (down \$428 million). July is not a particularly important month for personal and corporate income taxes as there are no major payment due dates within the month. Preliminary General Fund agency cash receipts were \$2.7 billion above the Budget Act forecast in the 2024-25 fiscal year.

- Personal income tax cash receipts were \$290 million, or 3.5 percent, above forecast in July and were \$1.2 billion above forecast cumulatively since April. The July overage was driven in large part by withholding receipts which were \$402 million, or 5.2 percent, above forecast for the month, and were \$841 million above forecast cumulatively since April. Year-over-year withholding growth in July was 14.4 percent, compared to the forecast of 8.8-percent growth. Higher withholding in July was partially offset by other payments, which were \$119 million below forecast, and by refunds, which were \$102 million higher than projected.
- Corporation tax cash receipts were \$428 million, or 32.1 percent, below forecast in July and were \$8 million above forecast cumulatively since April. The July shortfall was due primarily to higher refunds, which exceeded forecast by \$242 million for the month, offsetting lower refunds of \$216 million in fiscal year 2024-25. Additionally, estimated payments in July were \$212 million below forecast. Despite the July shortfall of \$212 million, estimated payments remained \$411 million above forecast cumulatively since April.
- Preliminary sales and use tax receipts were \$50 million, or 3.5 percent, below forecast in July, bringing the cumulative shortfall since April, including minor revisions to prior months, to \$142 million. July cash receipts included the final payment for second quarter taxable sales.
- Other revenues were \$120 million, or 125.4 percent, above forecast in July due to higher unclaimed property revenues. Cumulatively since April, other revenues were \$1.5 billion above forecast, primarily because of higher federal cost recovery collections related to disasters in prior years.

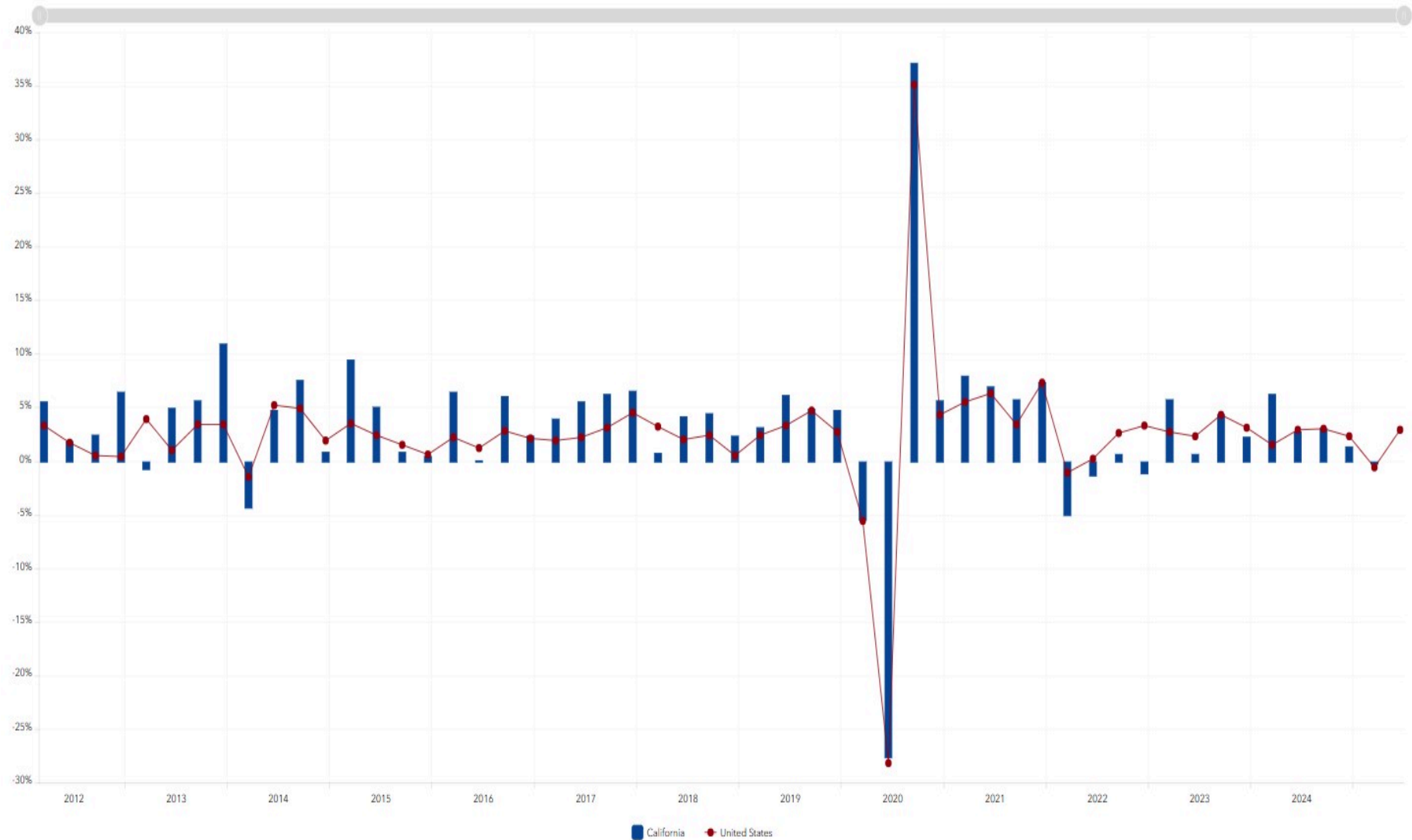
2025-26 Comparison of Actual and Forecast Agency General Fund Revenues (Dollars in Millions)

Revenue Source	JULY 2025				2025-26 YEAR-TO-DATE			
	Forecast	Actual	Difference	Percent Difference	Forecast	Actual	Difference	Percent Difference
Personal Income	\$8,207	\$8,497	\$290	3.5%	\$8,207	\$8,497	\$290	3.5%
Withholding	7,771	8,173	402	5.2%	7,771	8,173	402	5.2%
Estimated Payments	324	403	79	24.5%	324	403	79	24.5%
Final Payments	268	300	32	11.9%	268	300	32	11.9%
Other Payments	584	465	-119	-20.4%	584	465	-119	-20.4%
Refunds	-573	-675	-102	17.8%	-573	-675	-102	17.8%
MHSF Transfer	-147	-152	-5	3.5%	-147	-152	-5	3.5%
Corporation	\$1,333	\$906	-\$428	-32.1%	\$1,333	\$906	-\$428	-32.1%
Estimated Payments	1,076	864	-212	-19.7%	1,076	864	-212	-19.7%
PTET Payments	116	131	15	13.1%	116	131	15	13.1%
Other Payments	331	343	11	3.4%	331	343	11	3.4%
Refunds	-190	-432	-242	127.0%	-190	-432	-242	127.0%
Sales & Use	\$1,437	\$1,387	-\$50	-3.5%	\$1,437	\$1,387	-\$50	-3.5%
Insurance	\$66	\$80	\$14	20.7%	\$66	\$80	\$14	20.7%
Pooled Money Interest	\$201	\$309	\$109	54.1%	\$201	\$309	\$109	54.1%
Alcohol	\$44	\$49	\$5	12.0%	\$44	\$49	\$5	12.0%
Tobacco	\$3	\$3	\$0	-9.0%	\$3	\$3	\$0	-9.0%
Other	\$96	\$216	\$120	125.4%	\$96	\$216	\$120	125.4%
Total	\$11,388	\$11,448	\$60	0.5%	\$11,388	\$11,448	\$60	0.5%

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 2025-26 Budget Act.

Figure 1

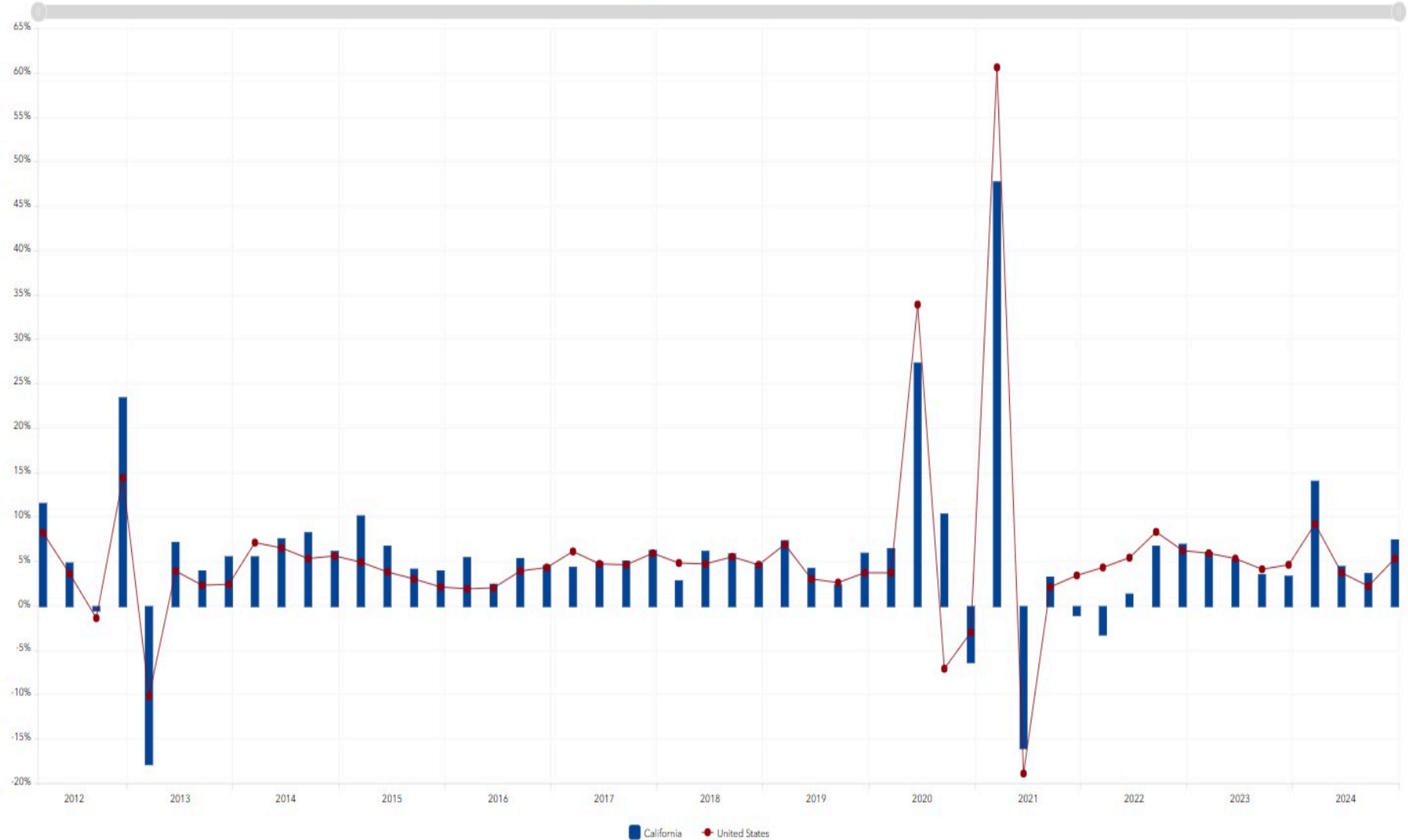
Quarterly GDP Growth
Seasonally Adjusted Annualized Rate (%)



Source: Bureau of Economic Analysis (BEA)

Figure 2

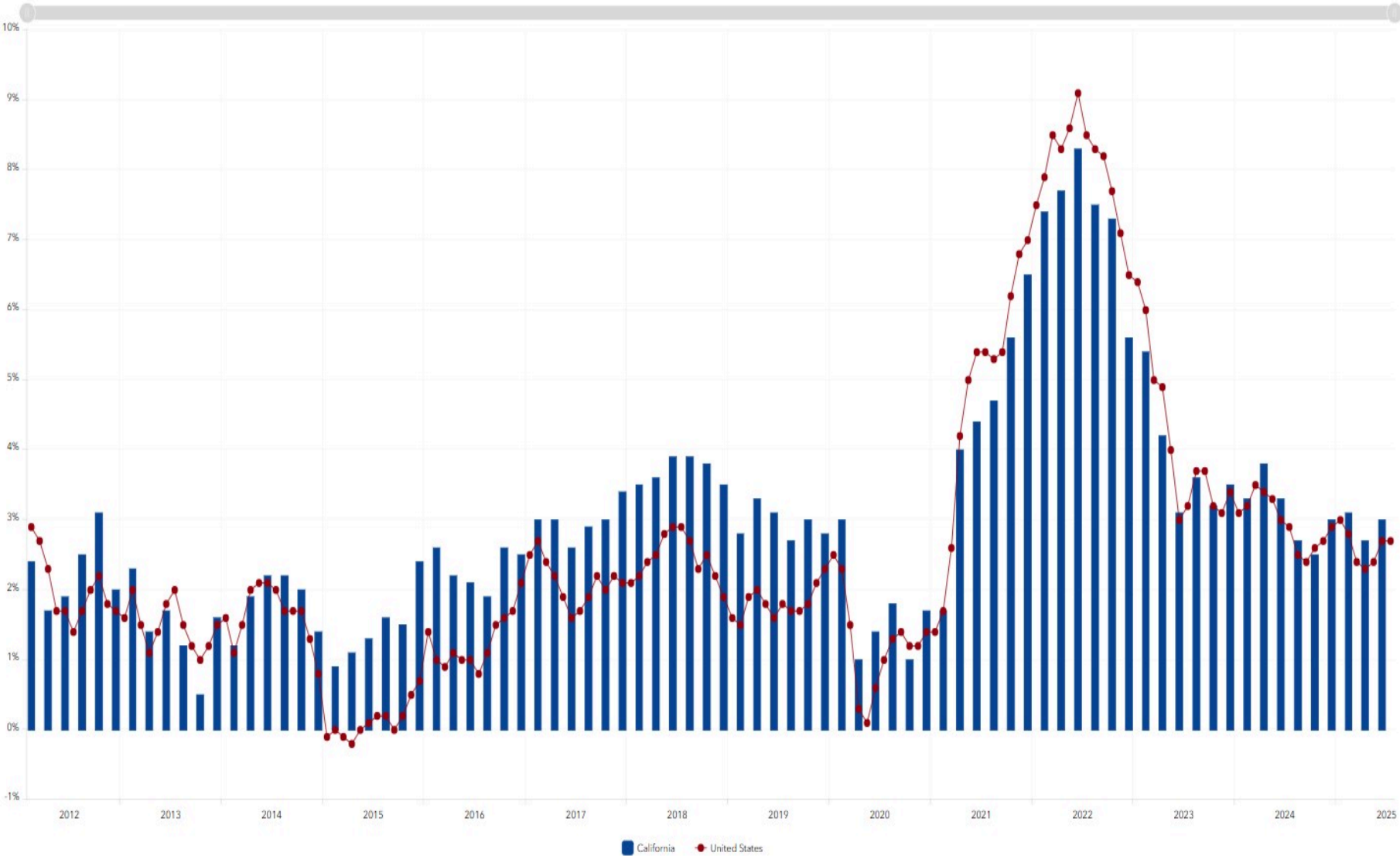
Personal Income Growth Rates
Seasonally Adjusted Annualized Rate (SAAR)



Source: Bureau of Economic Analysis (BEA)

Figure 3

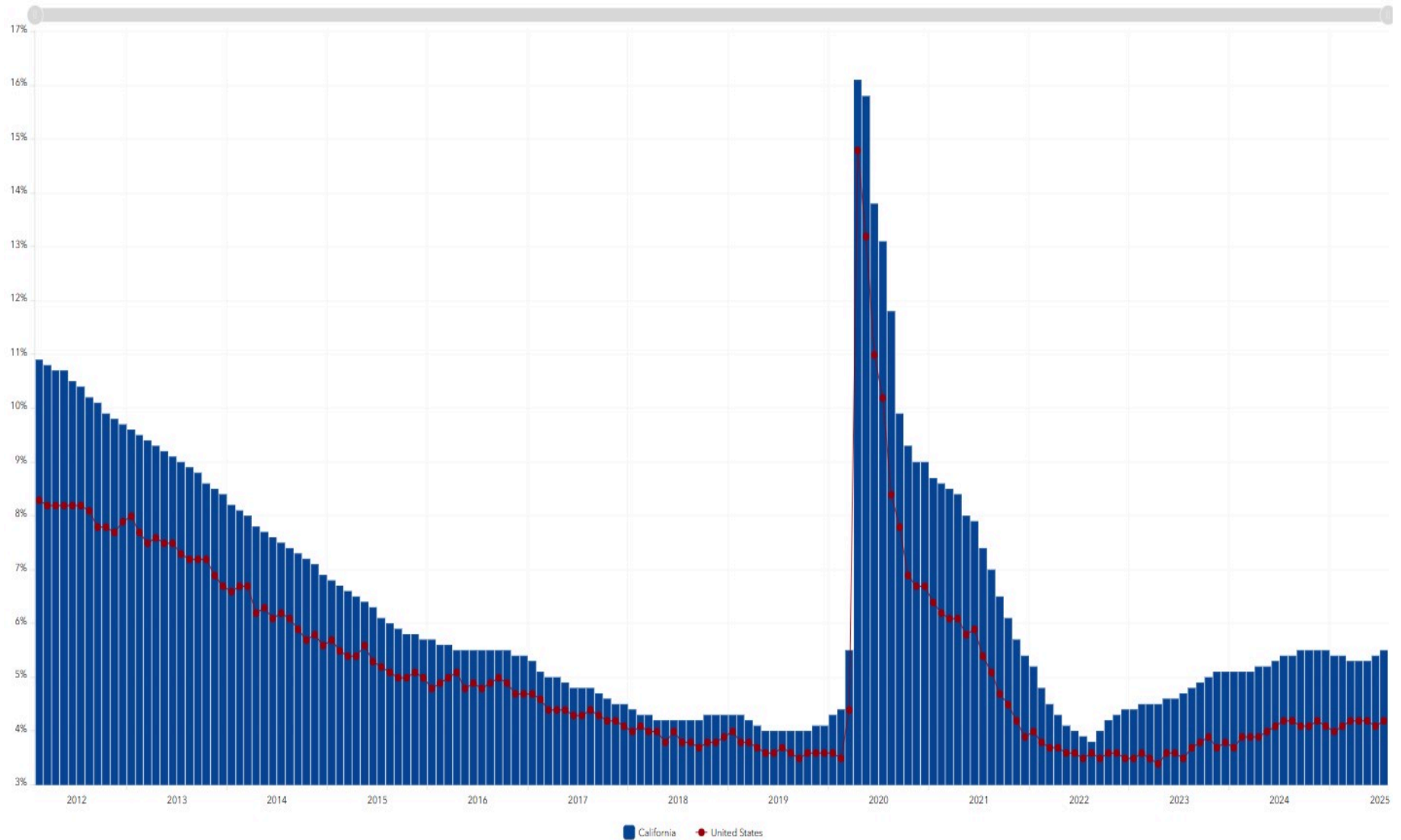
U.S. and California Consumer Price Index (CPI) Rates



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

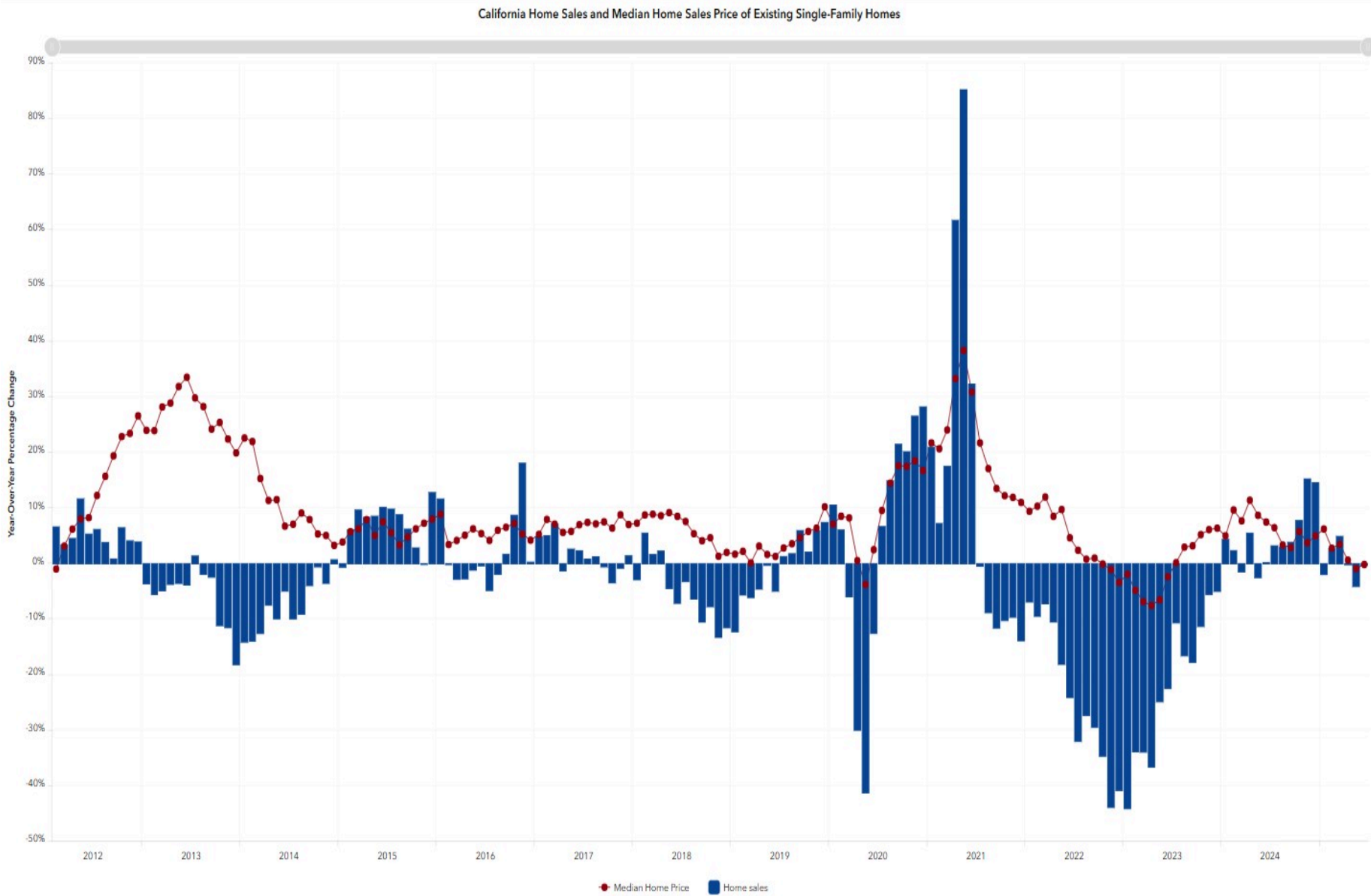


Figure 6

Comparison of Actual and 2025-26 Budget Act Forecast: Agency General Fund Cash Receipts

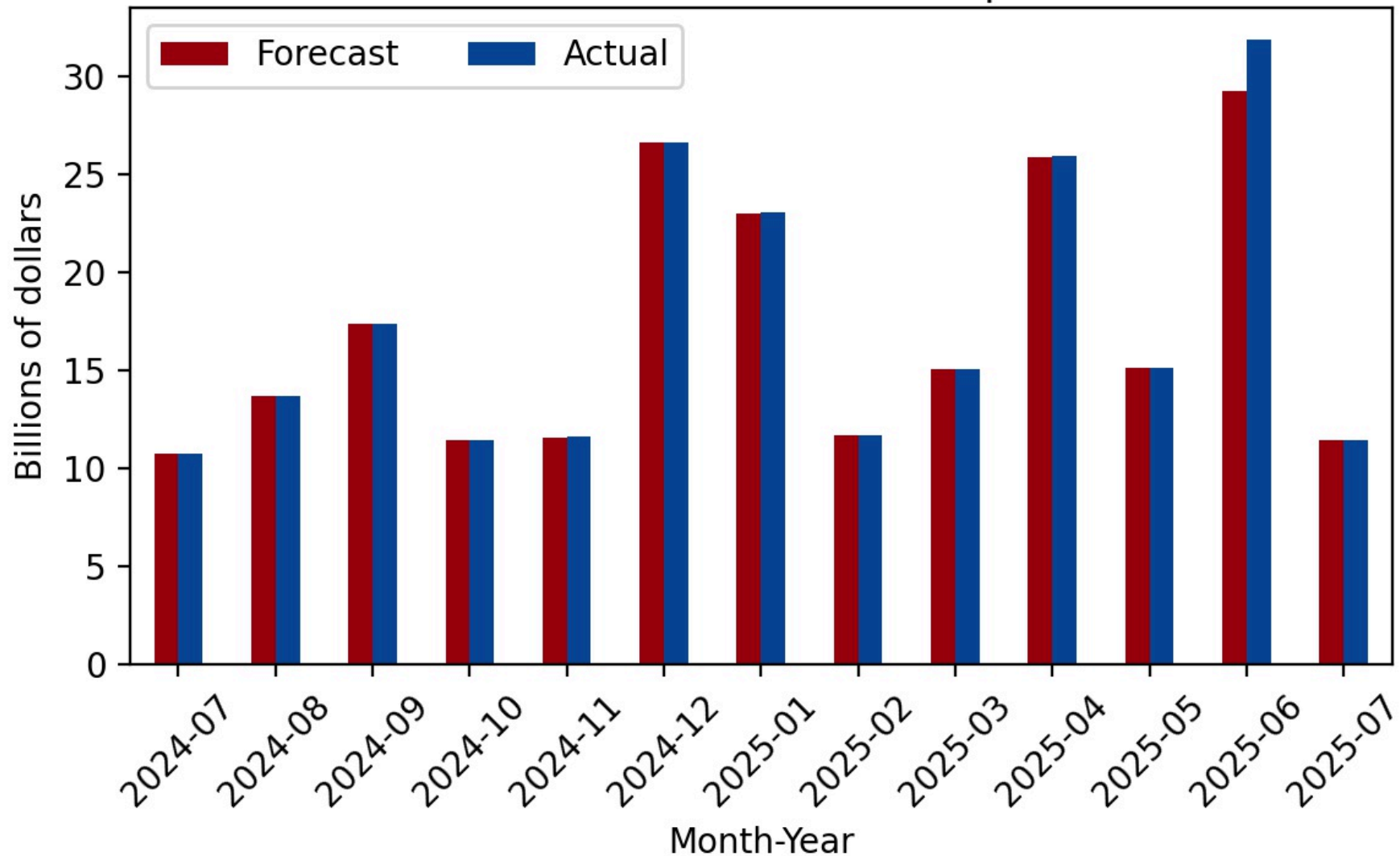


Figure 7

Comparison of Actual and 2025-26 Budget Act Forecast: Personal Income Tax

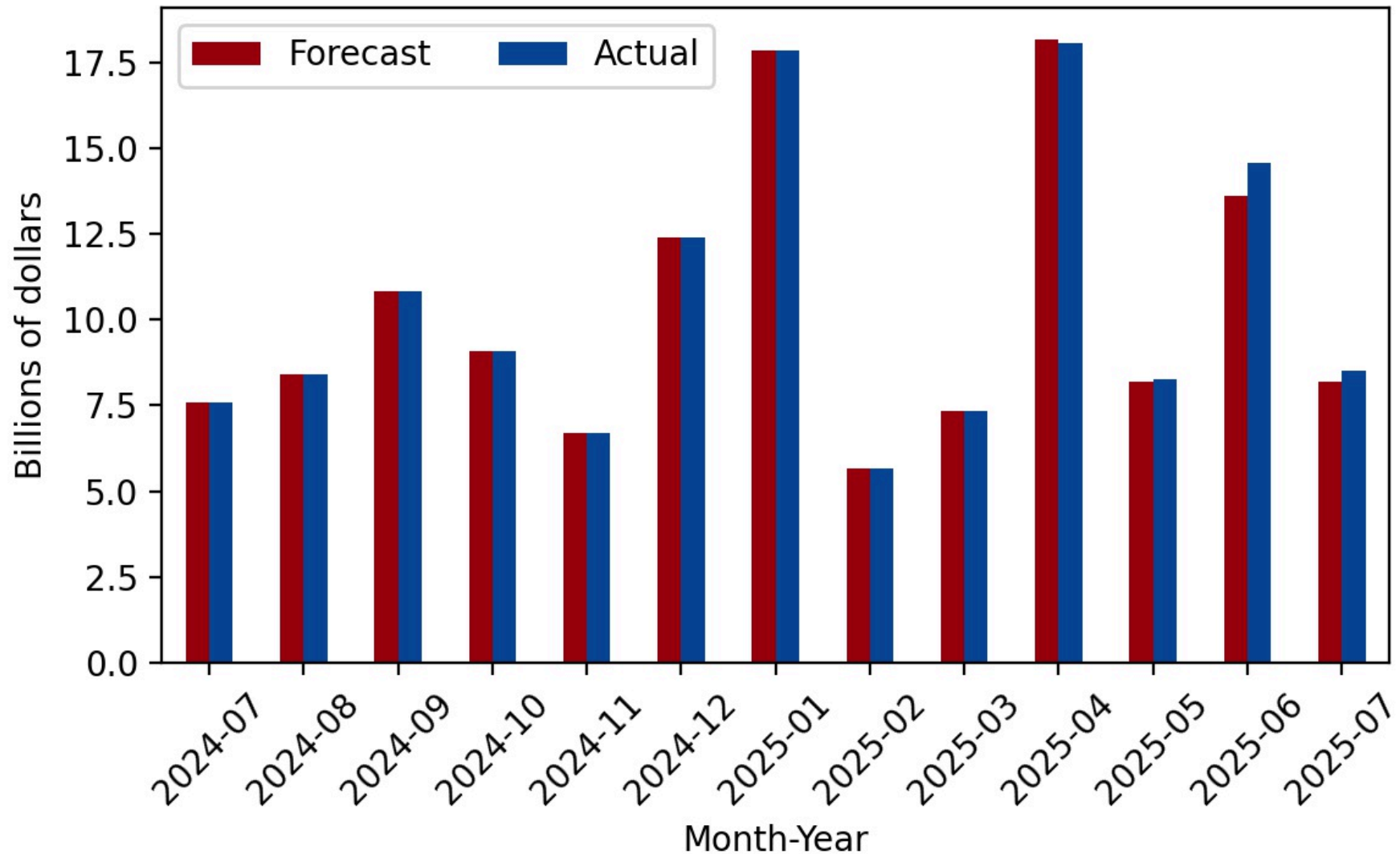


Figure 8

Comparison of Actual and 2025-26 Budget Act Forecast:
Corporation Tax

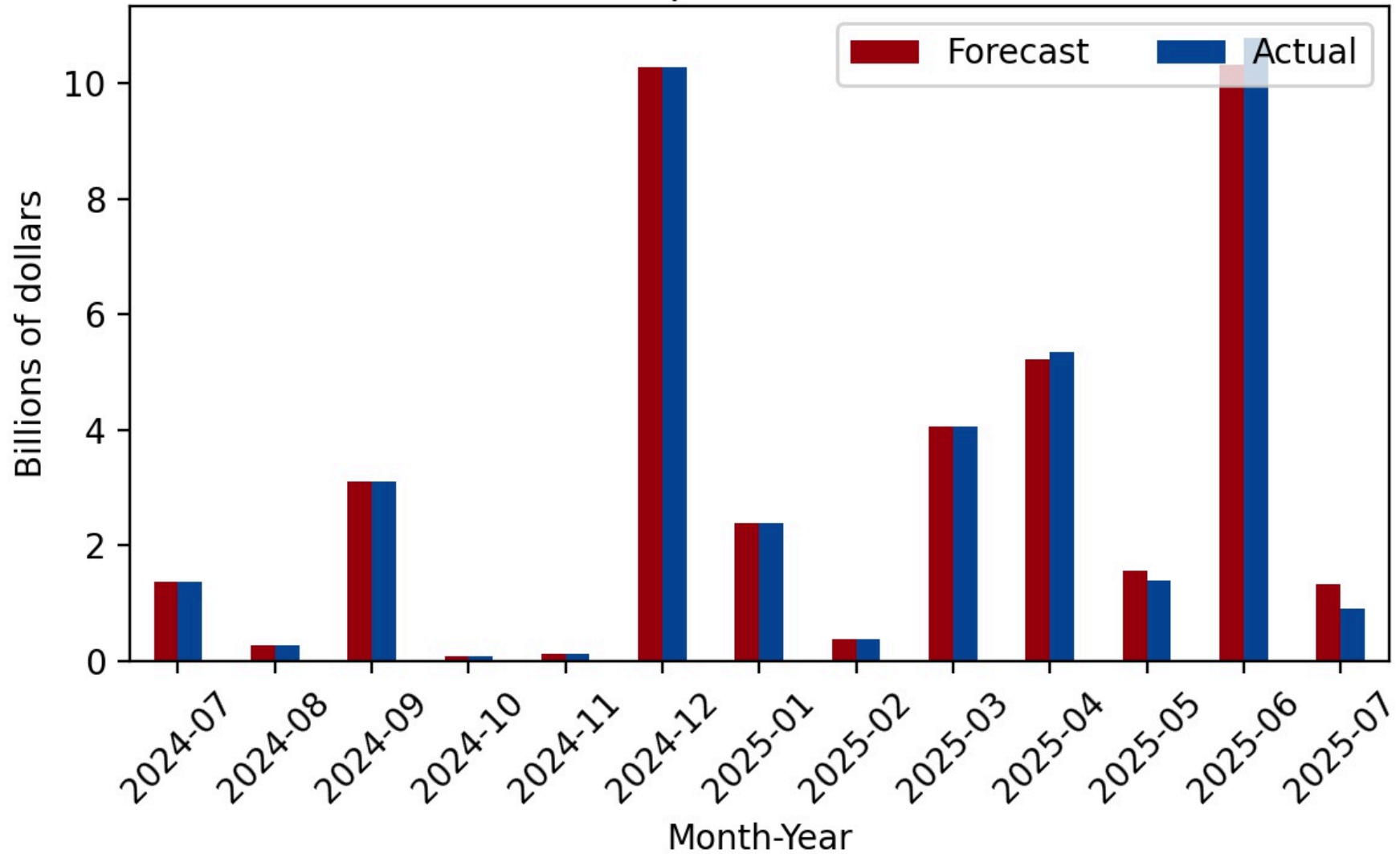


Figure 9

Comparison of Actual and 2025-26 Budget Act Forecast: Sales & Use Tax

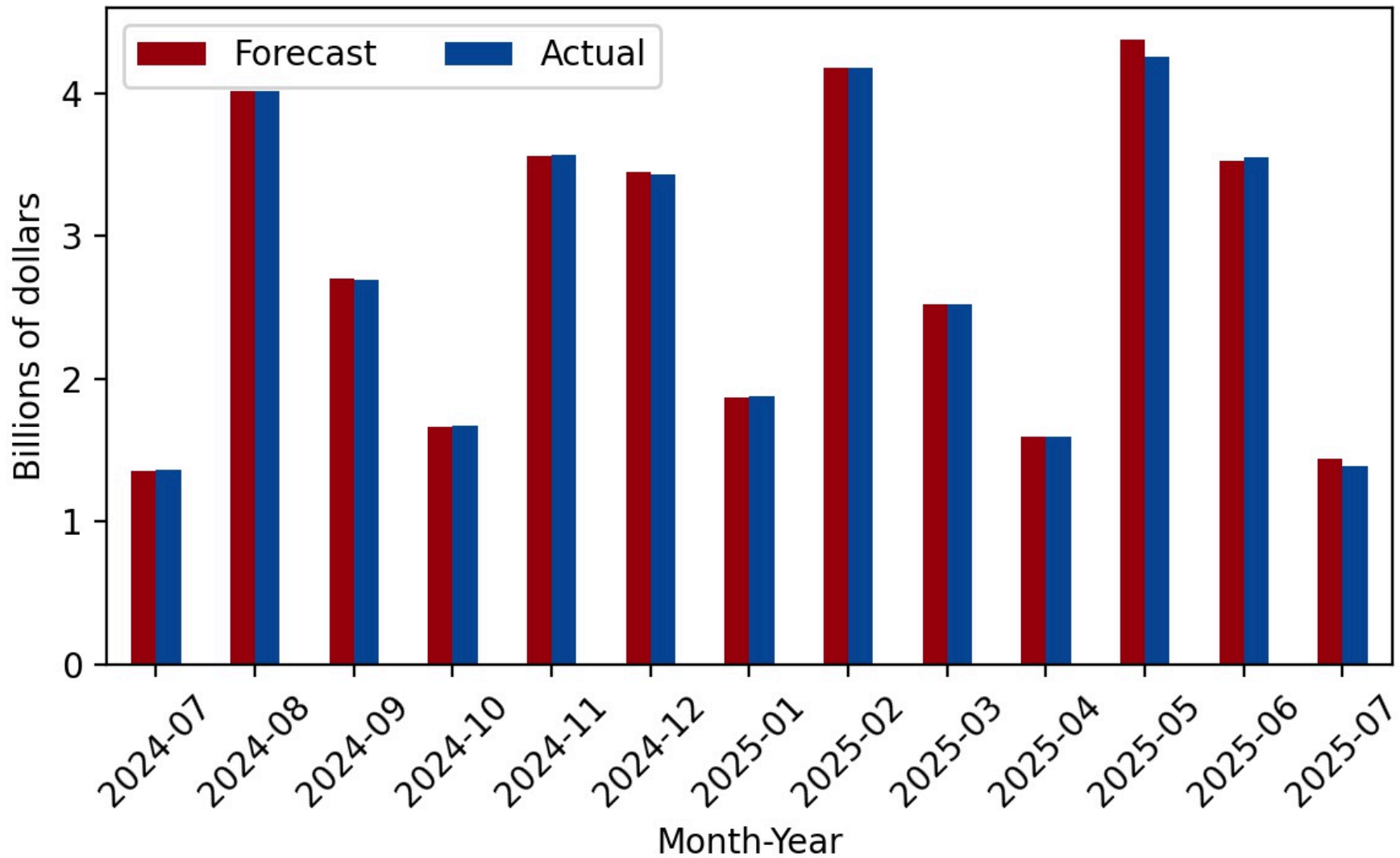


Figure 10

Comparison of Actual and 2025-26 Budget Act Forecast: All Other Taxes

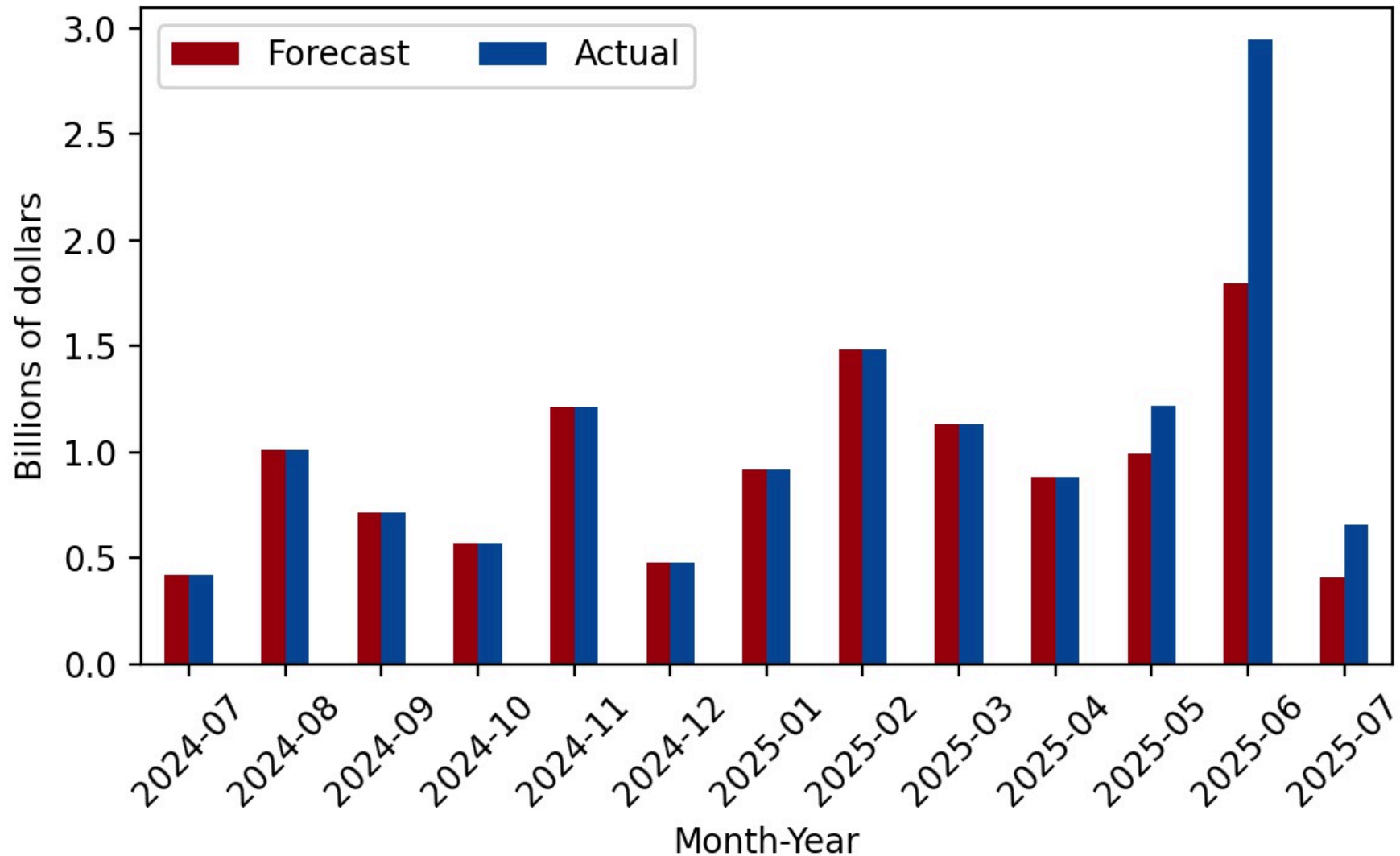


Figure 11

Difference between Actual and 2025-26 Budget Act Forecast:
Agency General Fund Cash Receipts

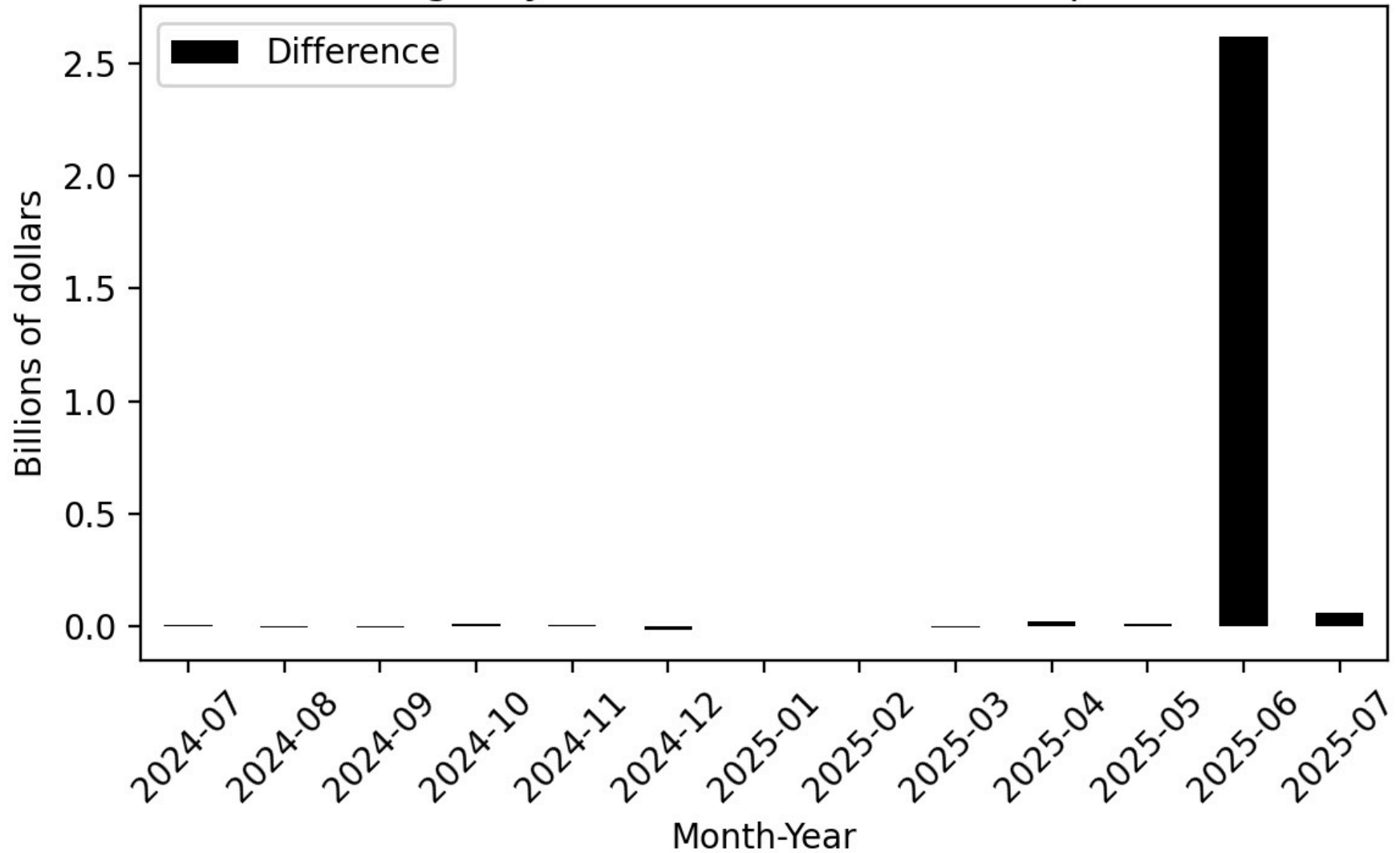


Figure 12

Difference between Actual and 2025-26 Budget Act Forecast:
Personal Income Tax

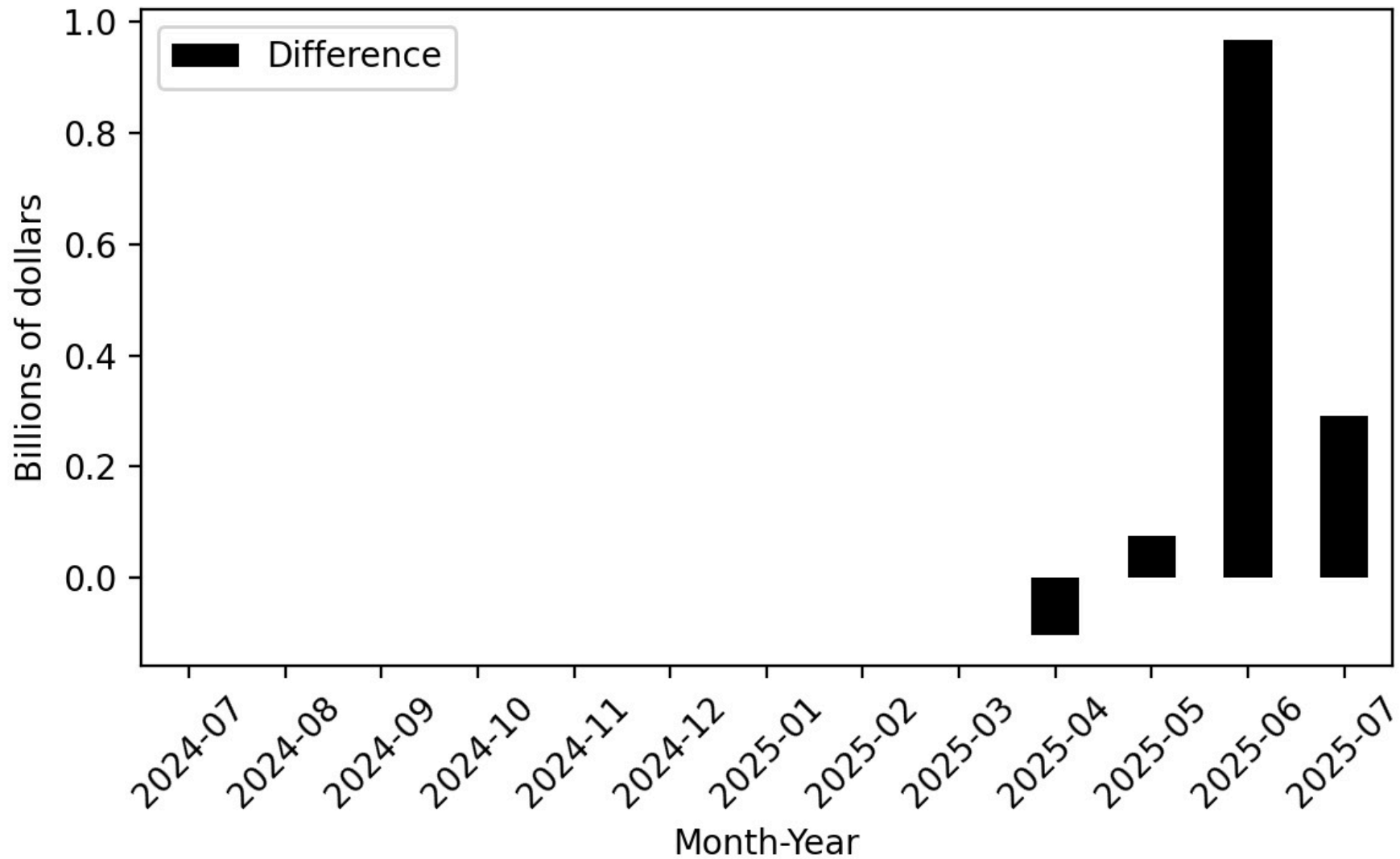


Figure 13

Difference between Actual and 2025-26 Budget Act Forecast:
Corporation Tax

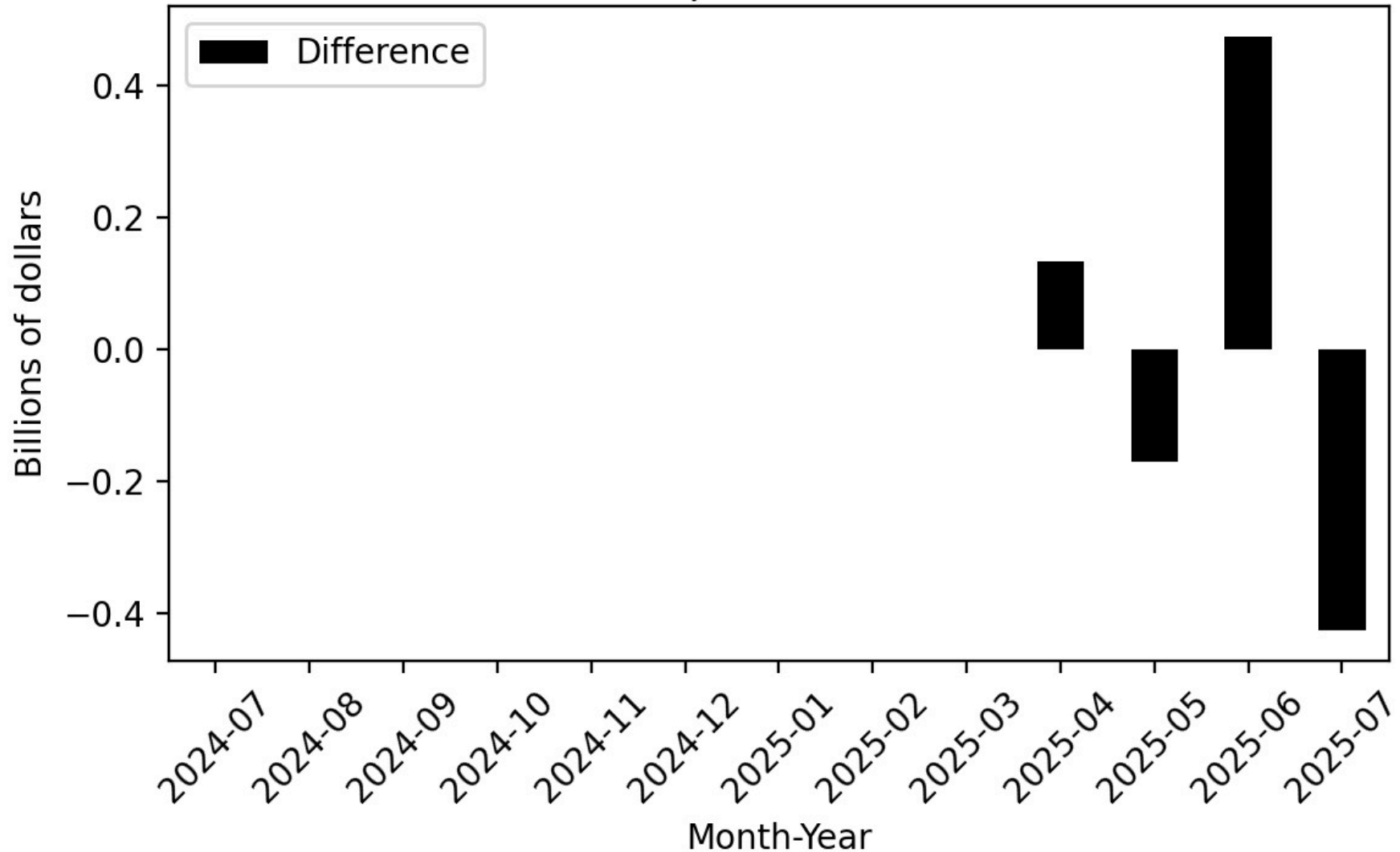


Figure 14

Difference between Actual and 2025-26 Budget Act Forecast:
Sales & Use Tax

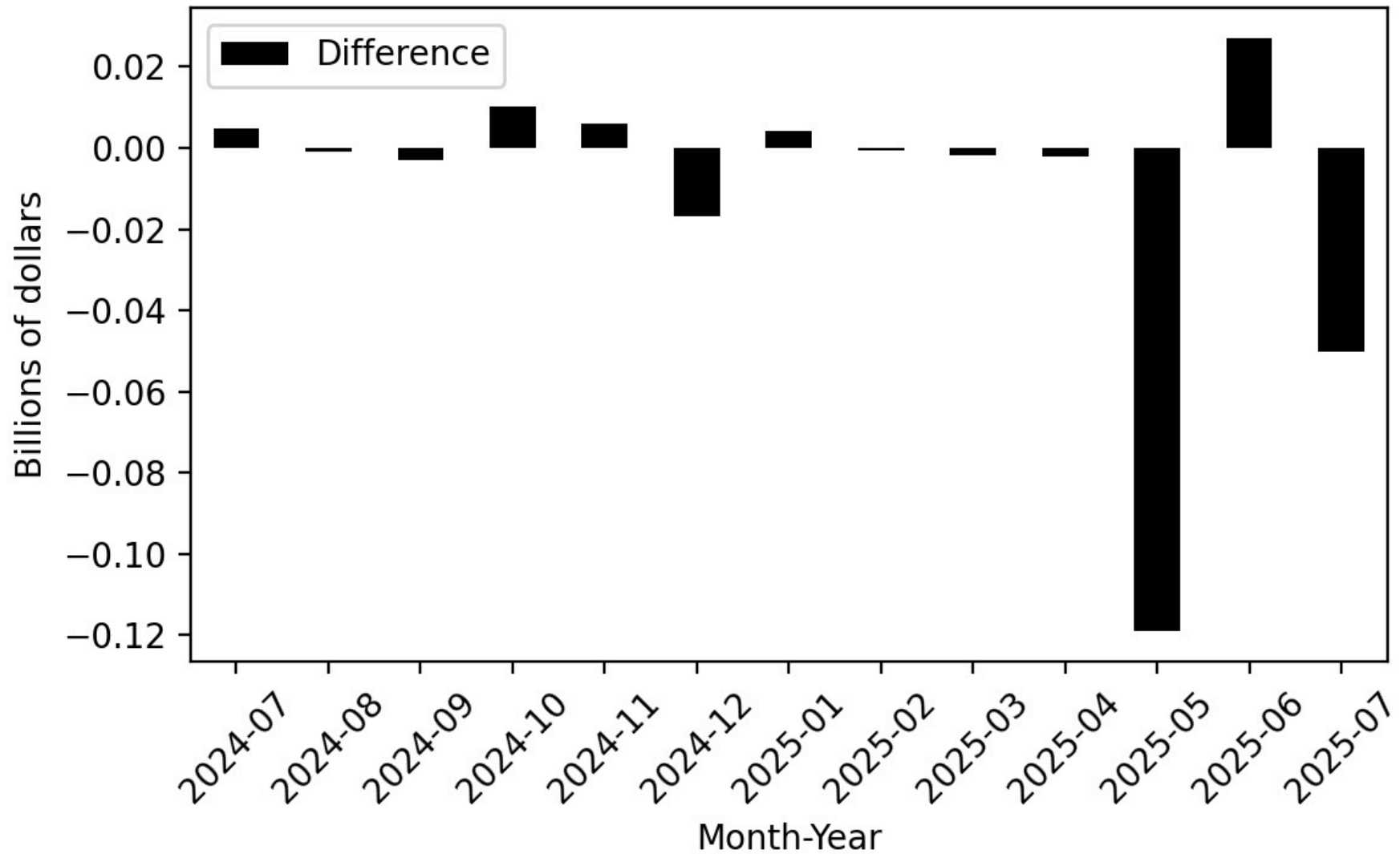


Figure 15

Difference between Actual and 2025-26 Budget Act Forecast: All Other Taxes

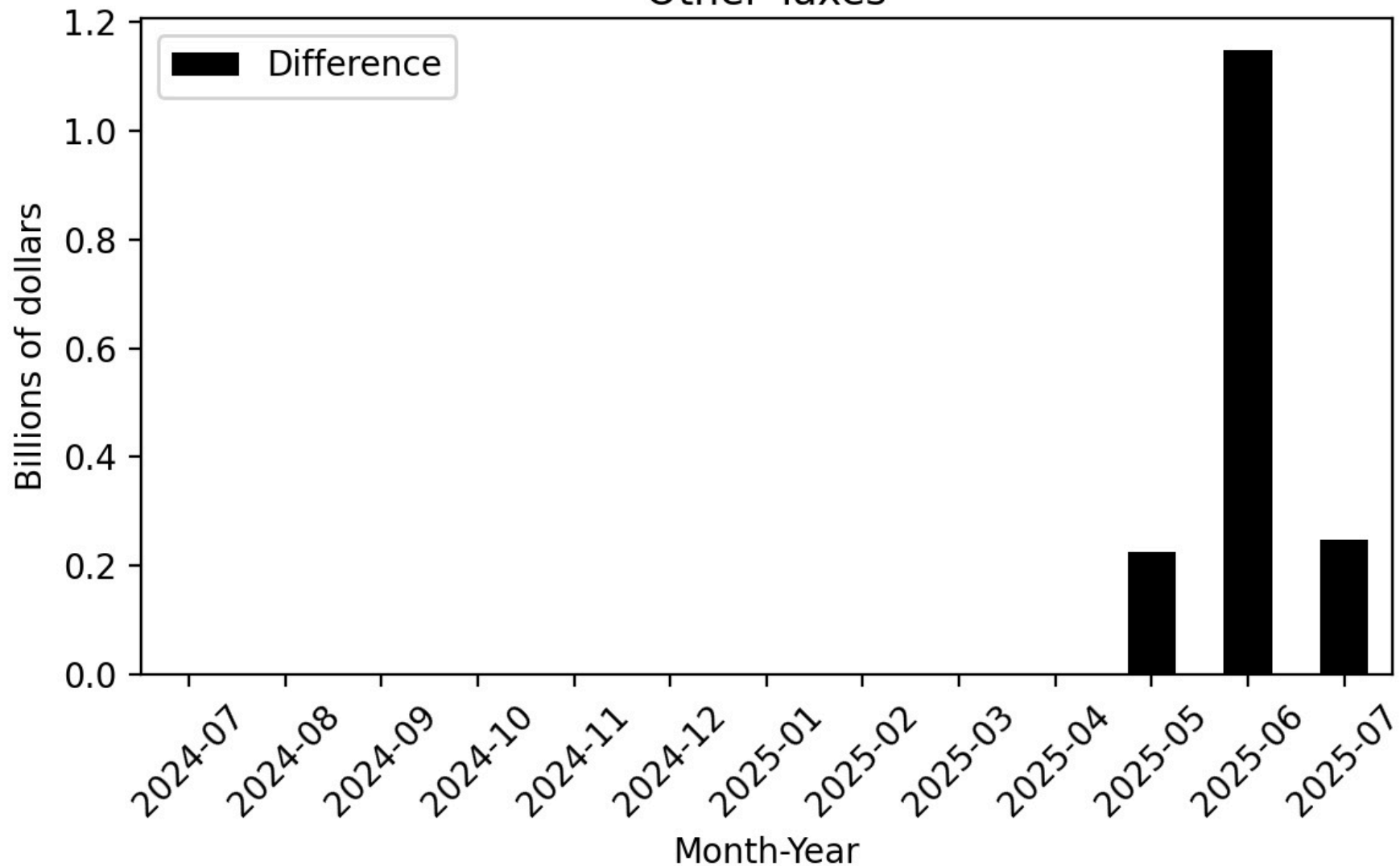


Figure 16

Cumulative Difference between Actual and 2025-26 Budget Act
Forecast: Agency General Fund Cash Receipts

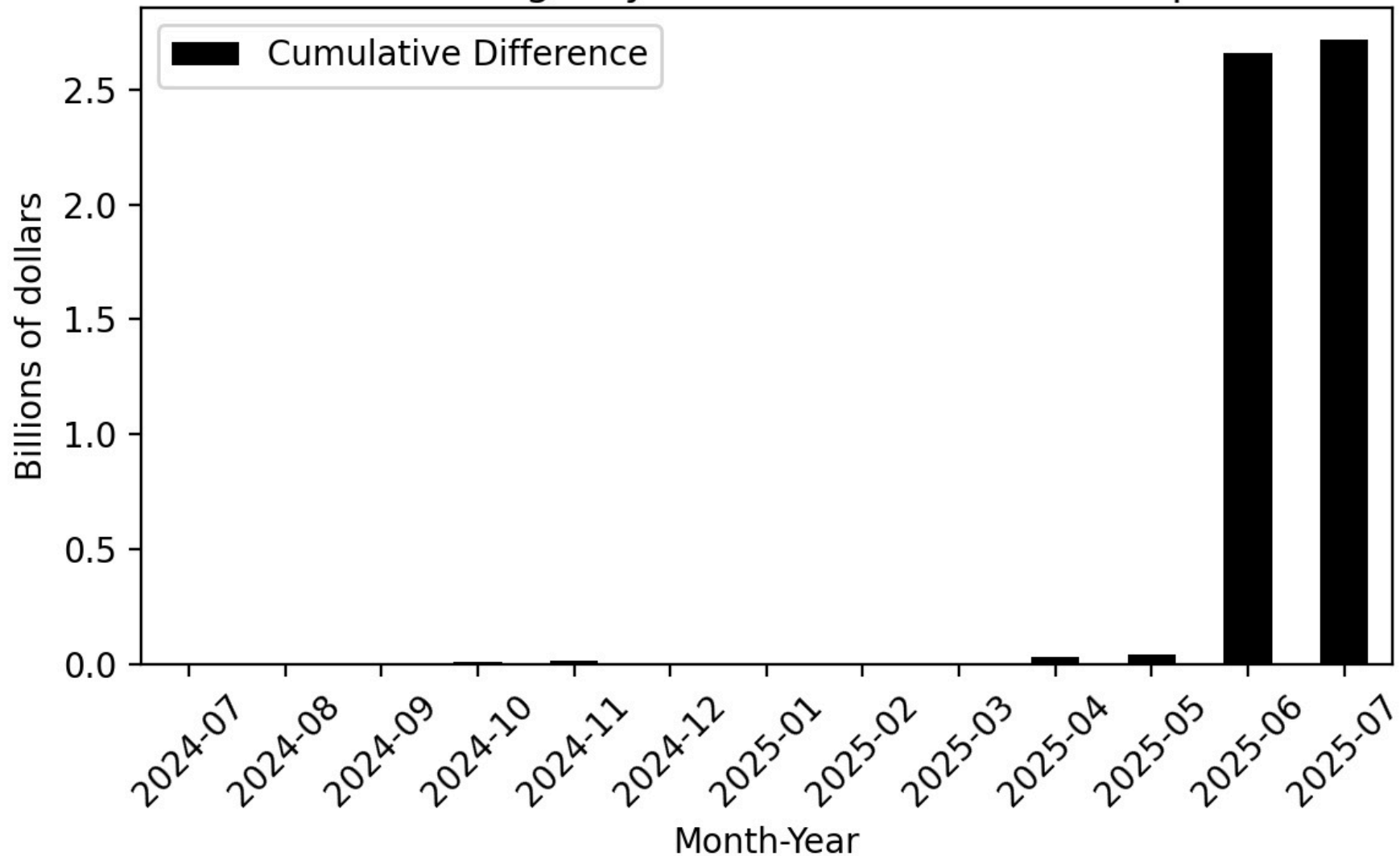


Figure 17

Cumulative Difference between Actual and 2025-26 Budget Act
Forecast: Personal Income Tax

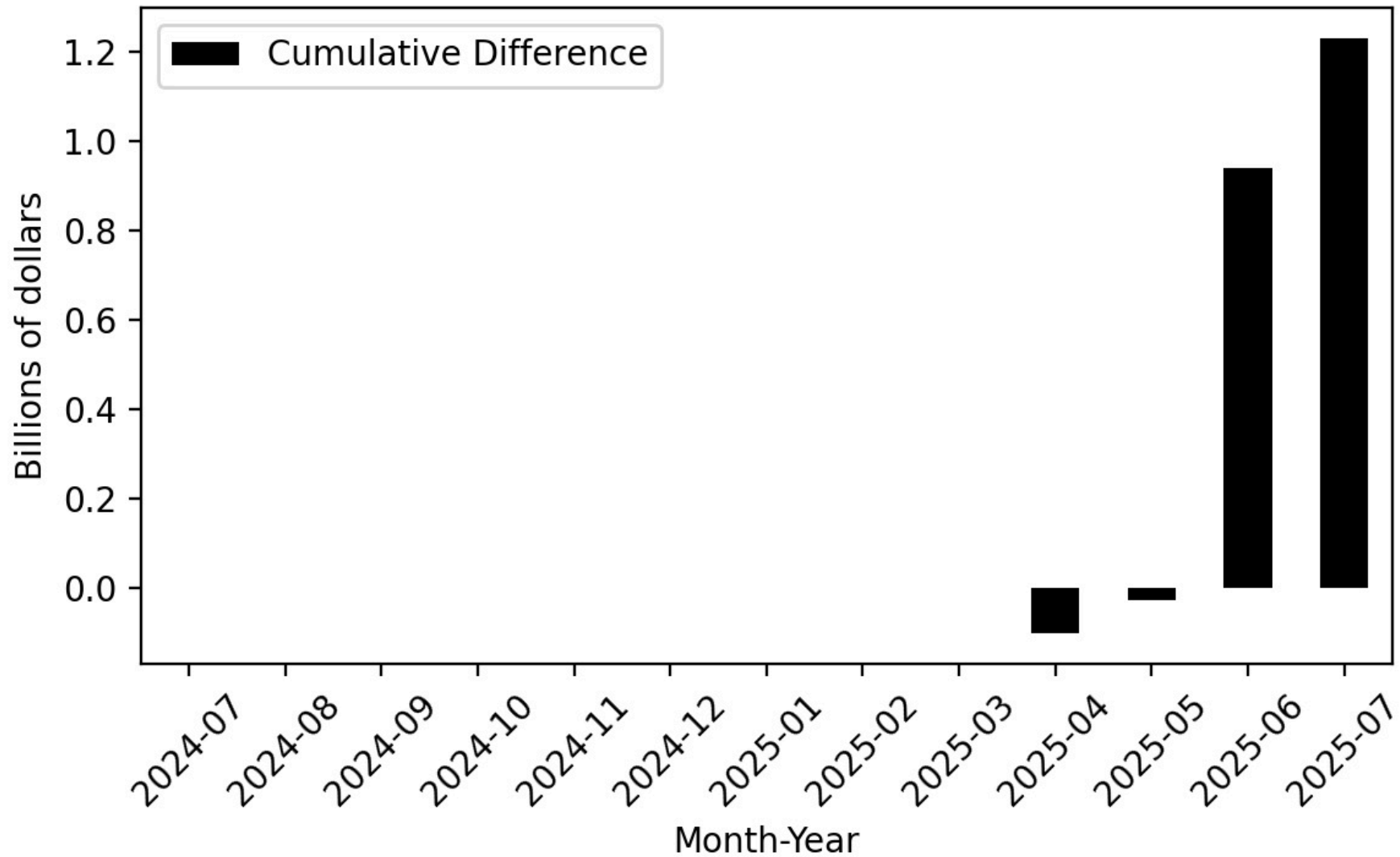


Figure 18

Cumulative Difference between Actual and 2025-26 Budget Act
Forecast: Corporation Tax

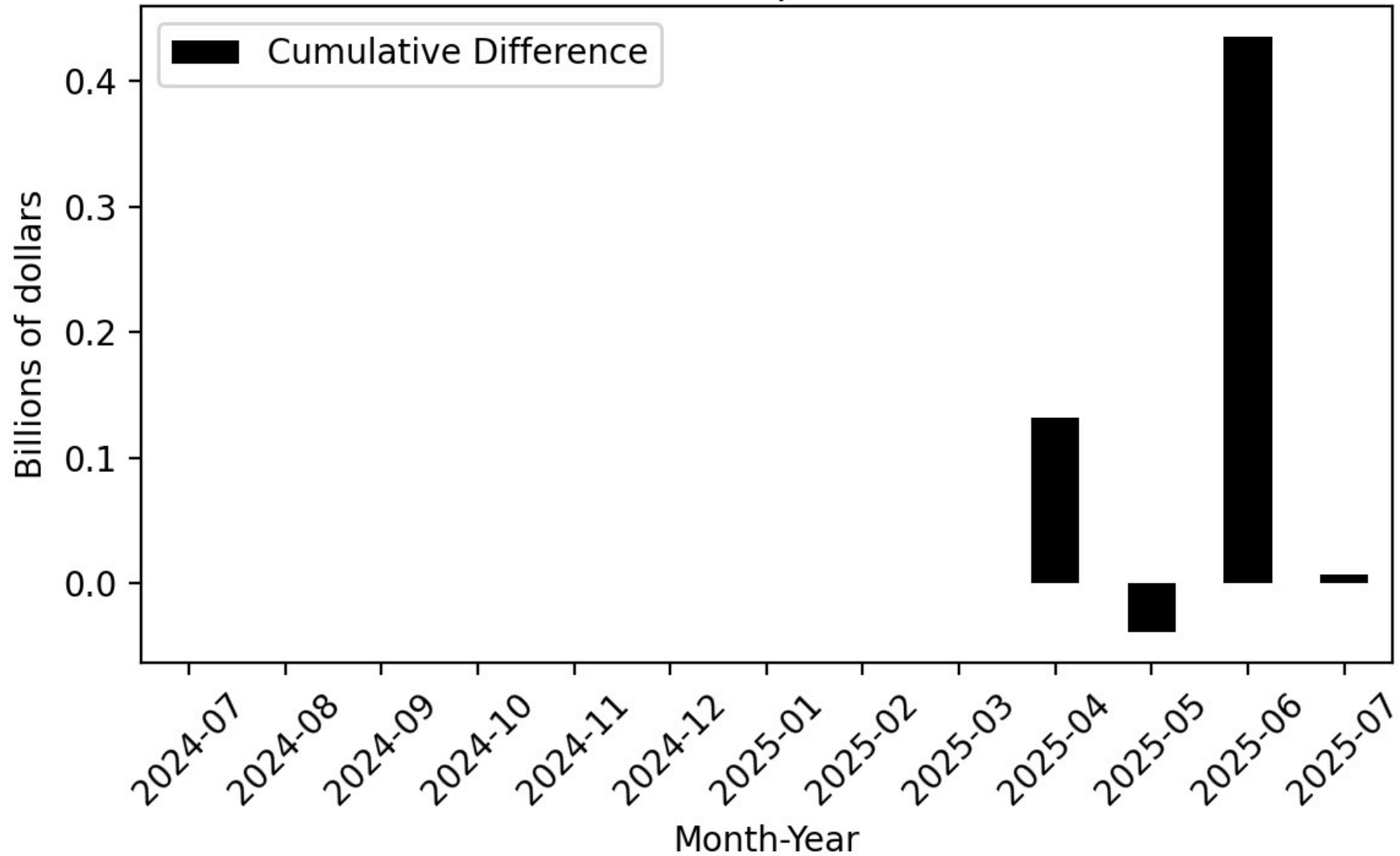


Figure 19

Cumulative Difference between Actual and 2025-26 Budget Act
Forecast: Sales & Use Tax

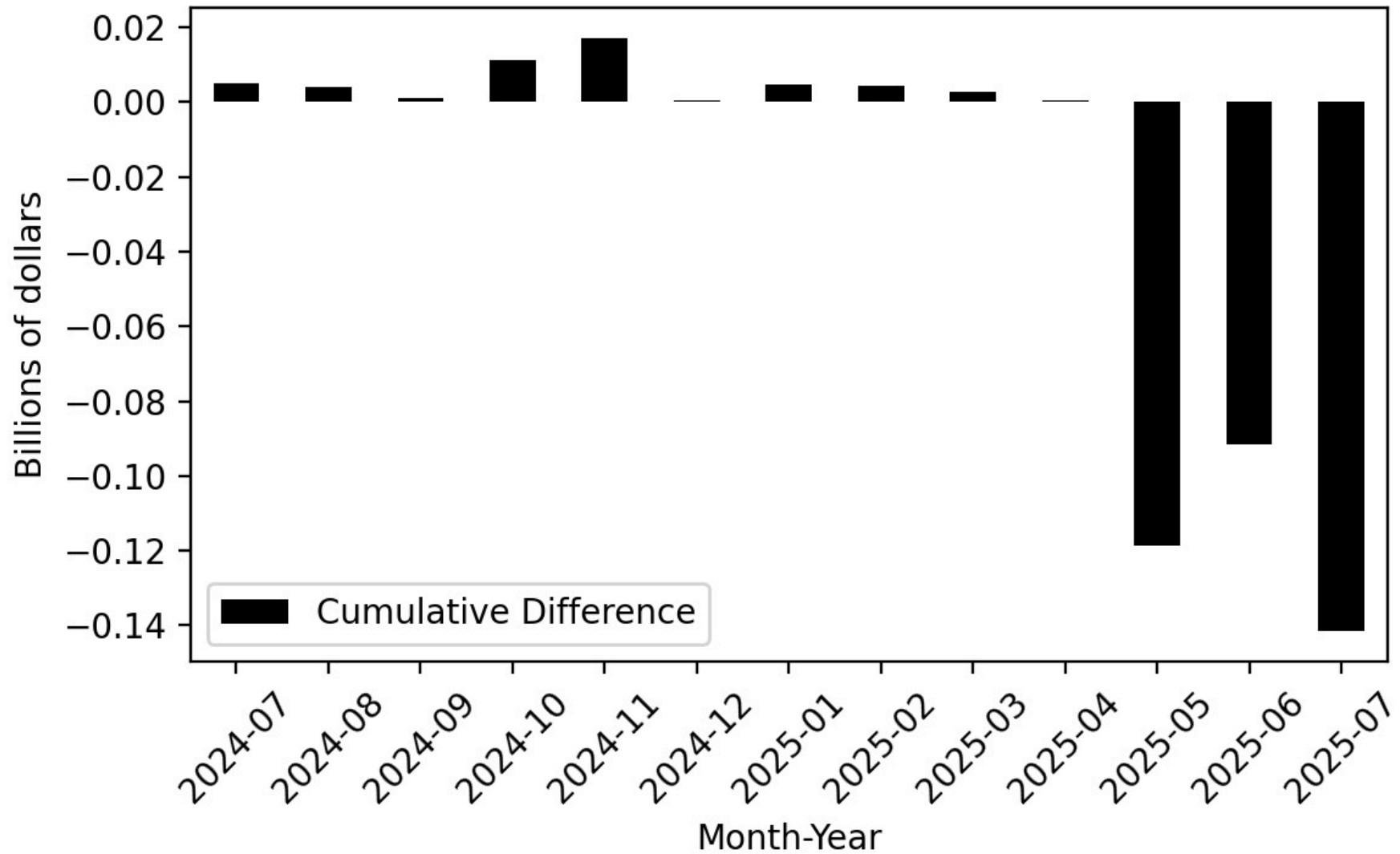


Figure 20

Cumulative Difference between Actual and 2025-26 Budget Act
Forecast: All Other Taxes

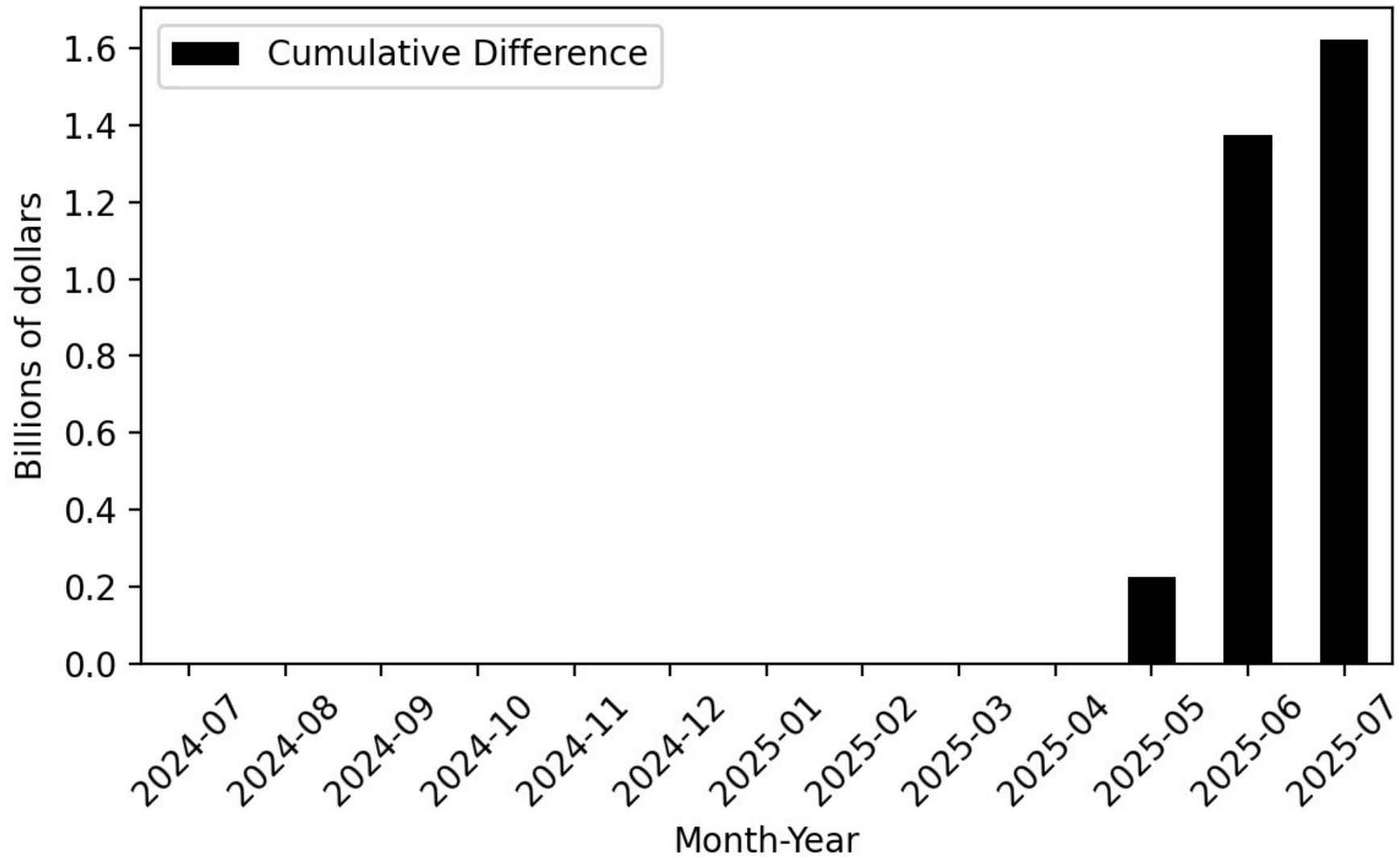


Figure 21

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
- Agency General Fund Cash Receipts

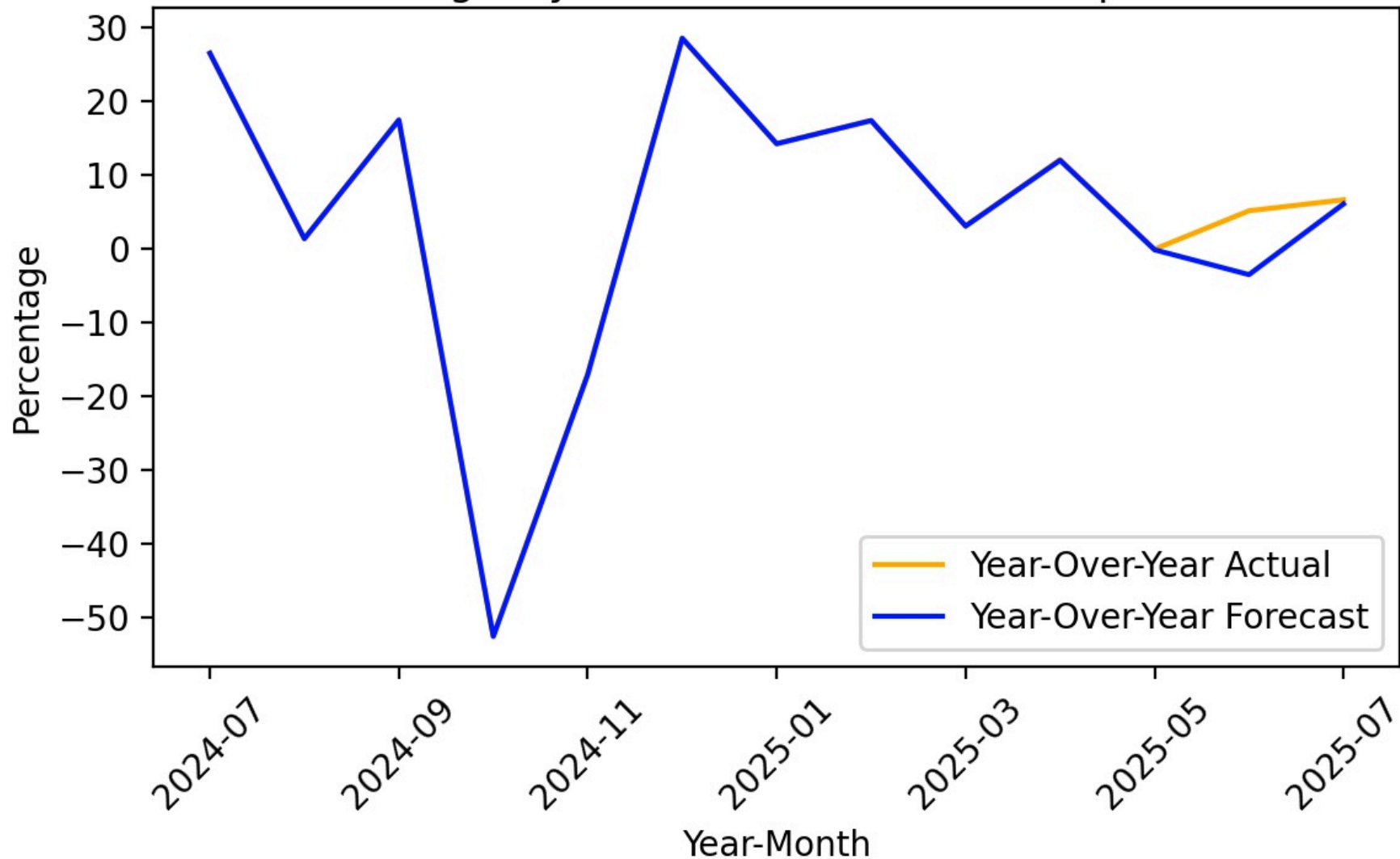


Figure 22

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
PIT-Personal Income

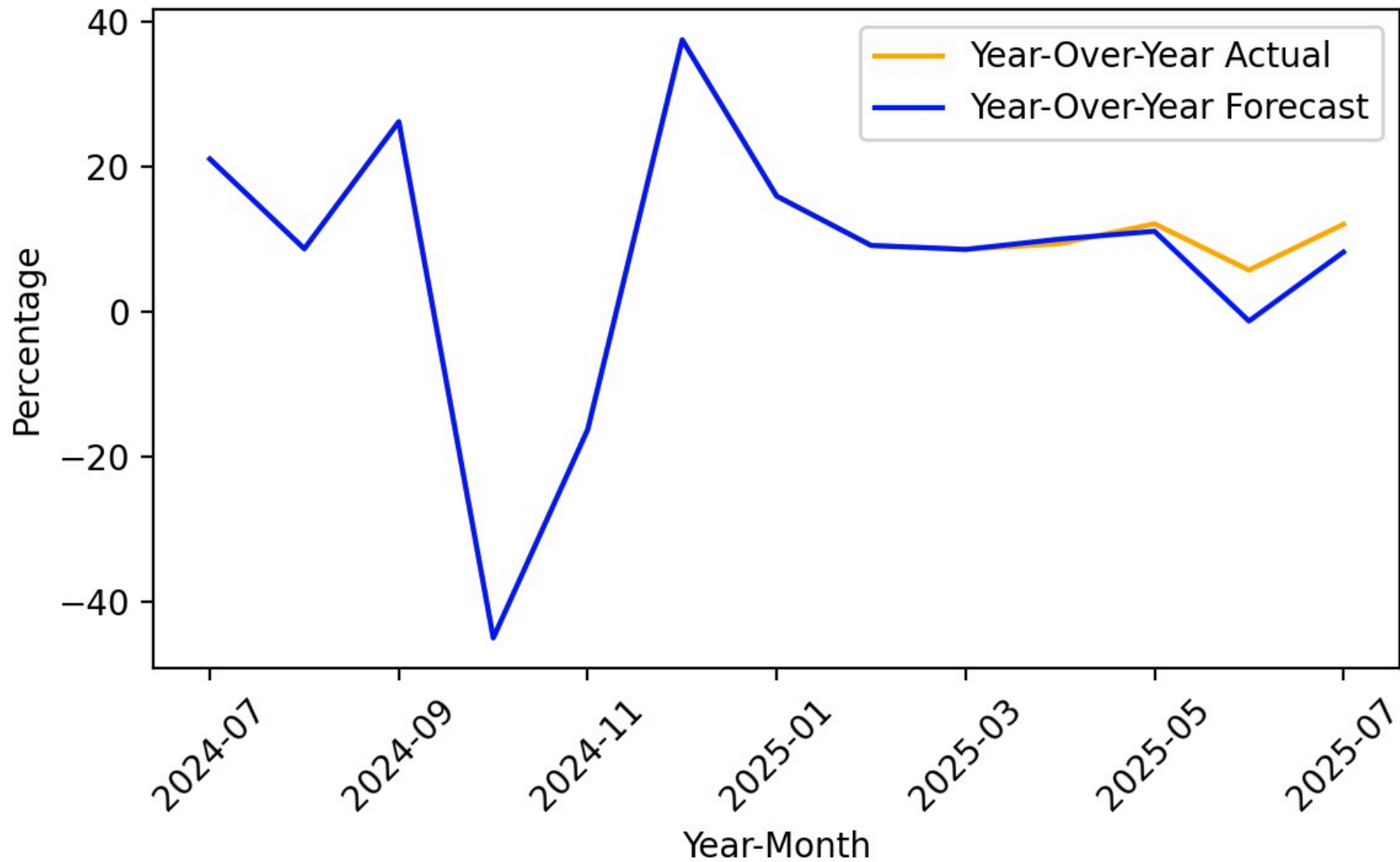


Figure 23

Year-Over-Year Change - Actual and 2025-26 Budget Act
Forecast Corp-Corporation

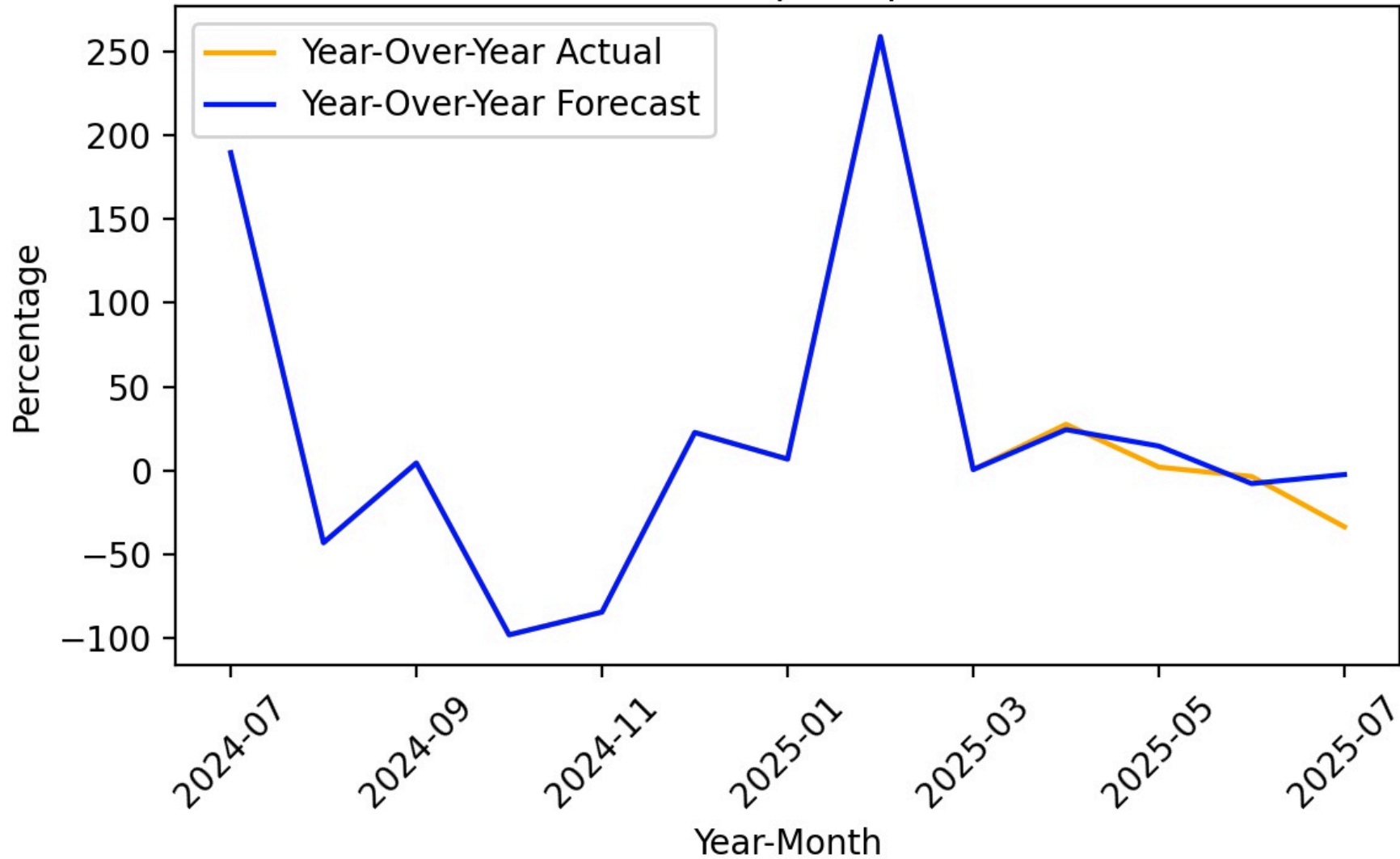


Figure 24

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
SUT-Sales & Use

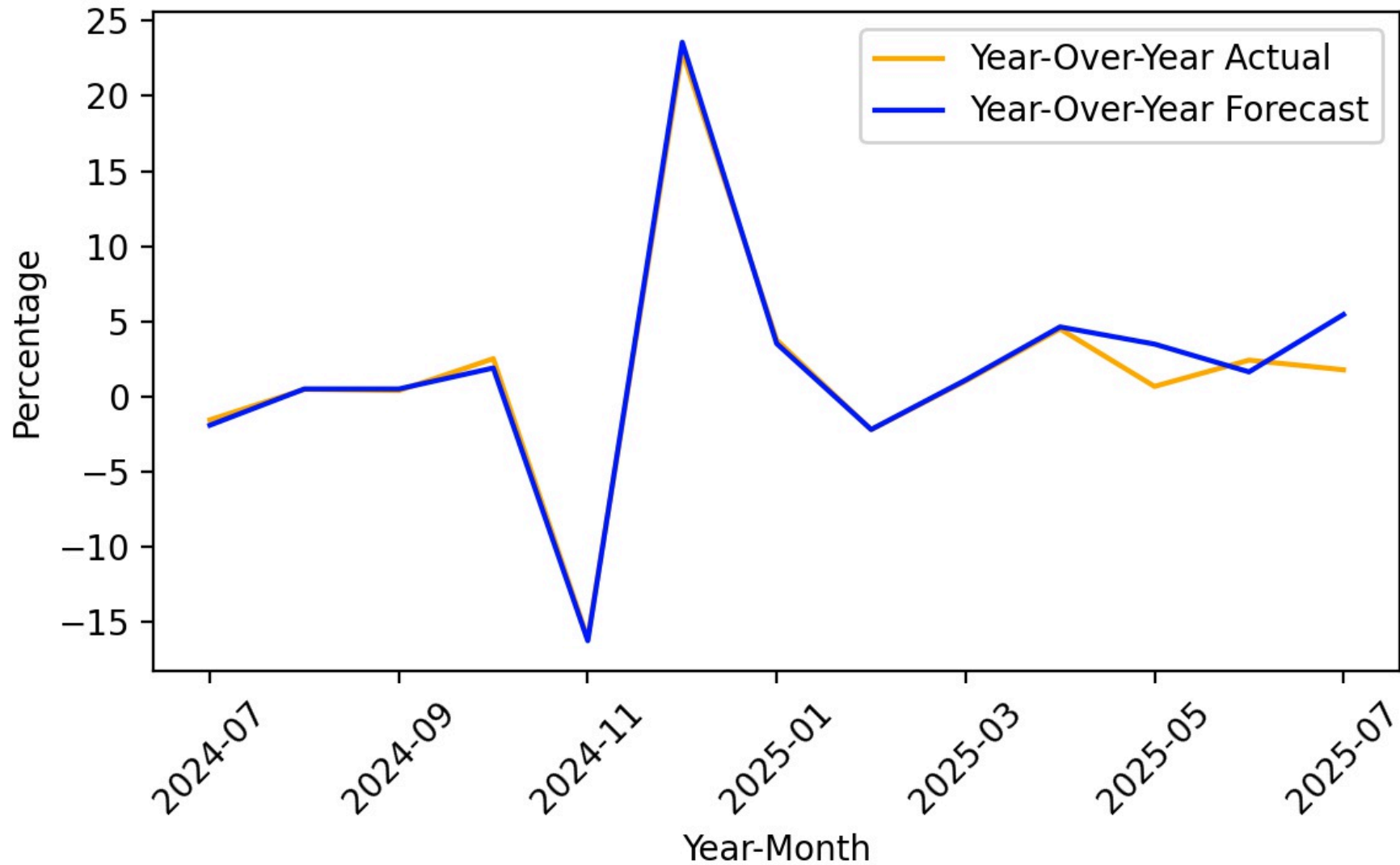


Figure 25

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
All Other-All Other Revenue

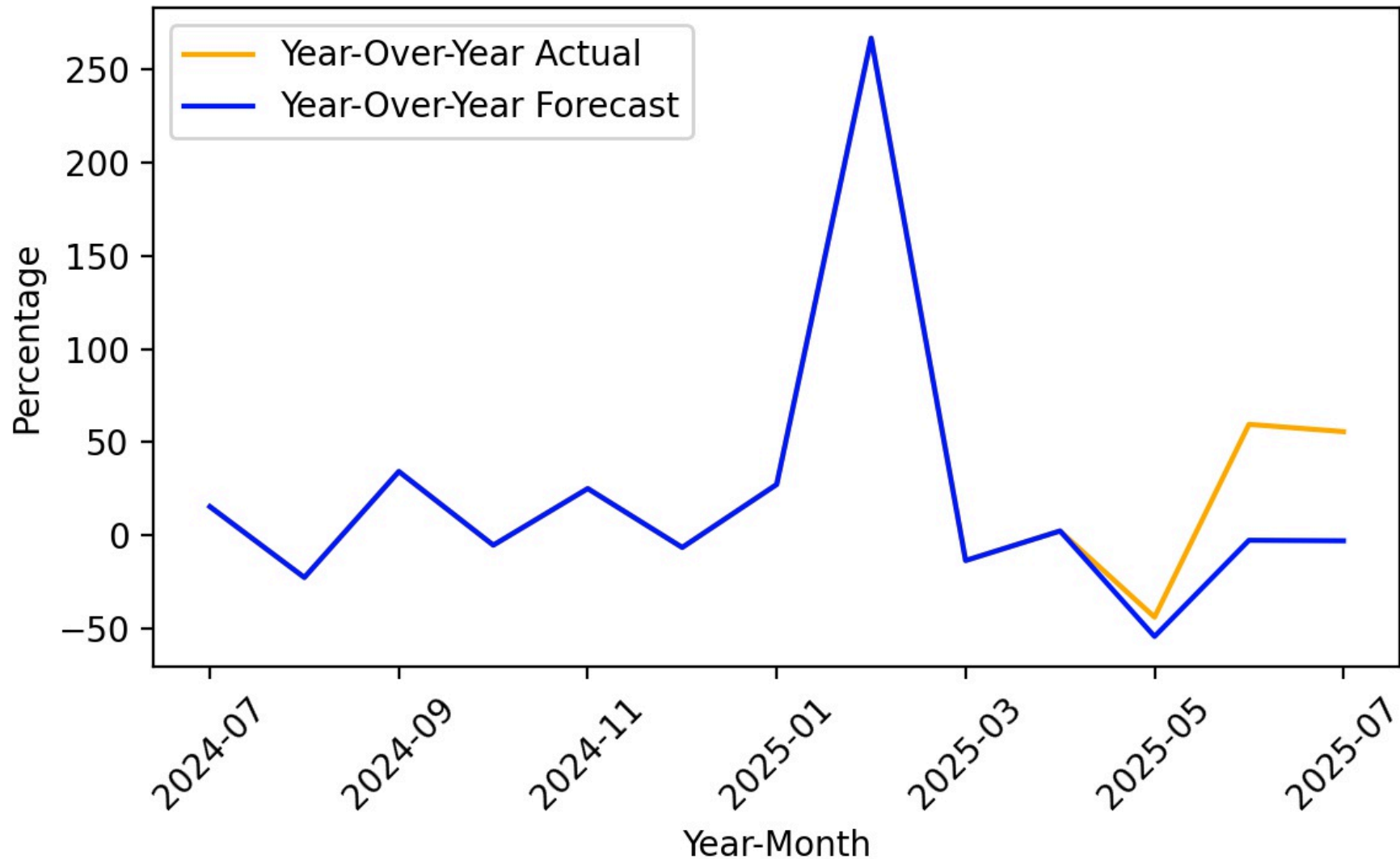


Figure 26

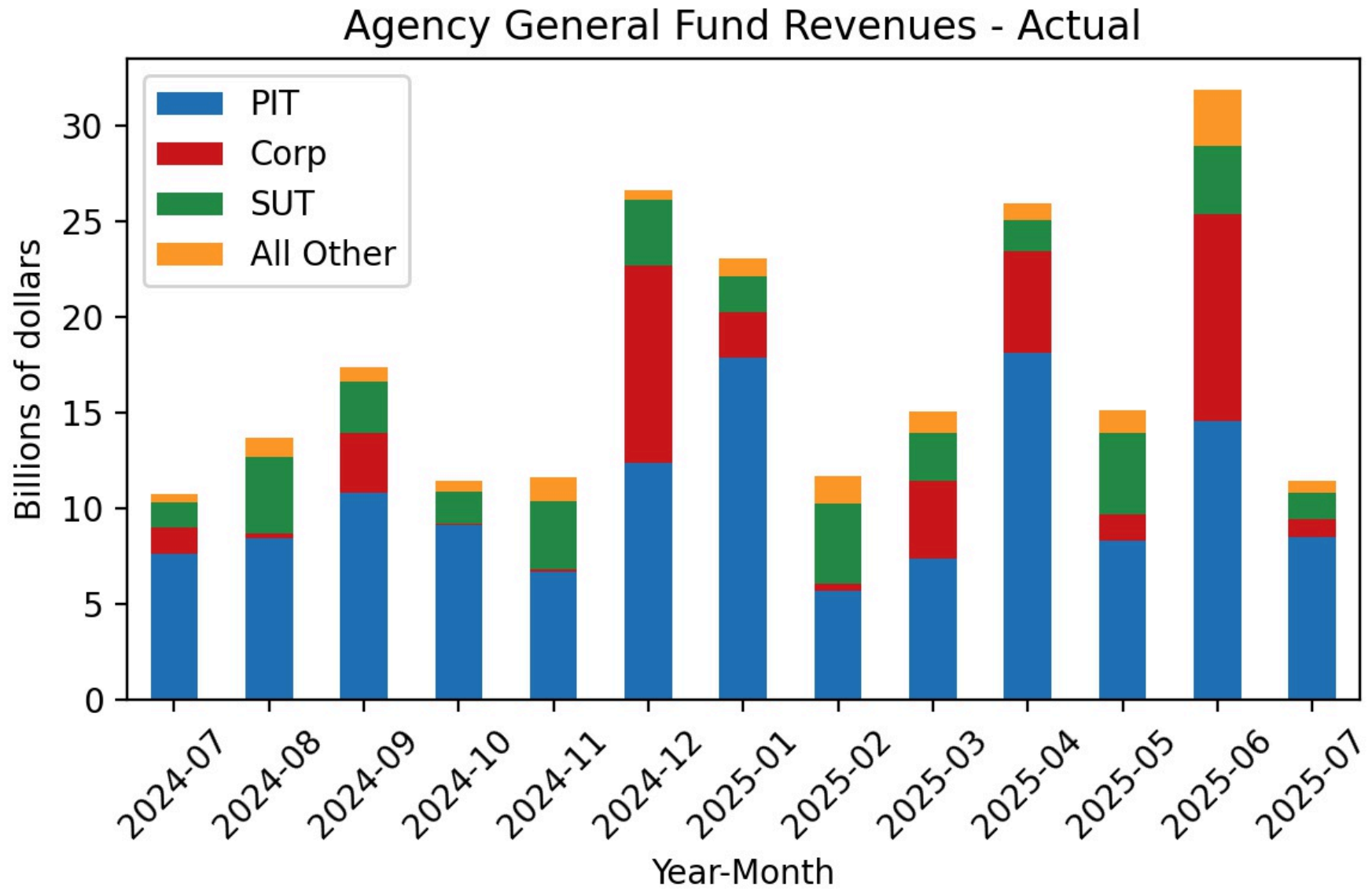


Figure 27

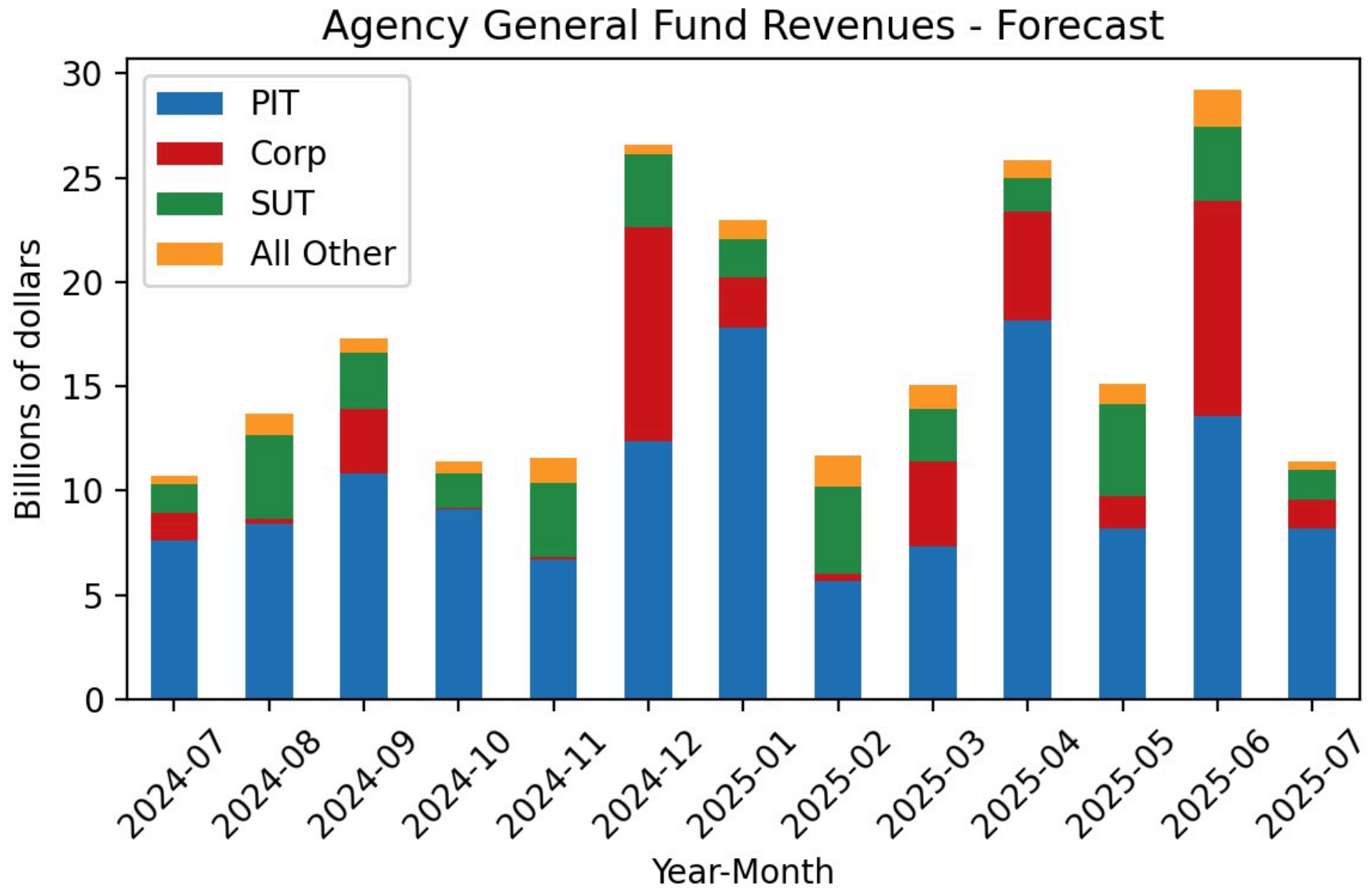


Figure 28

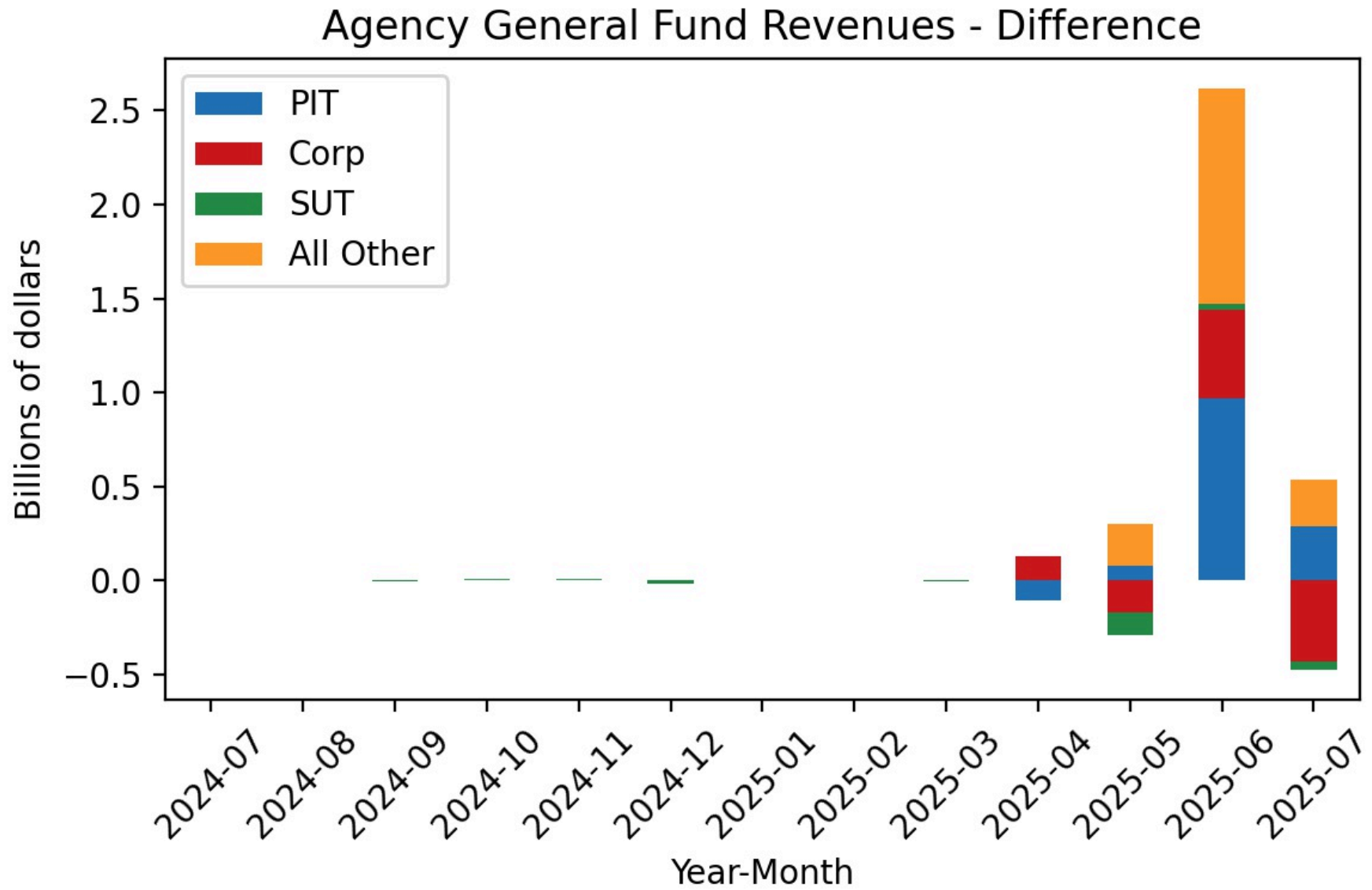


Figure 29

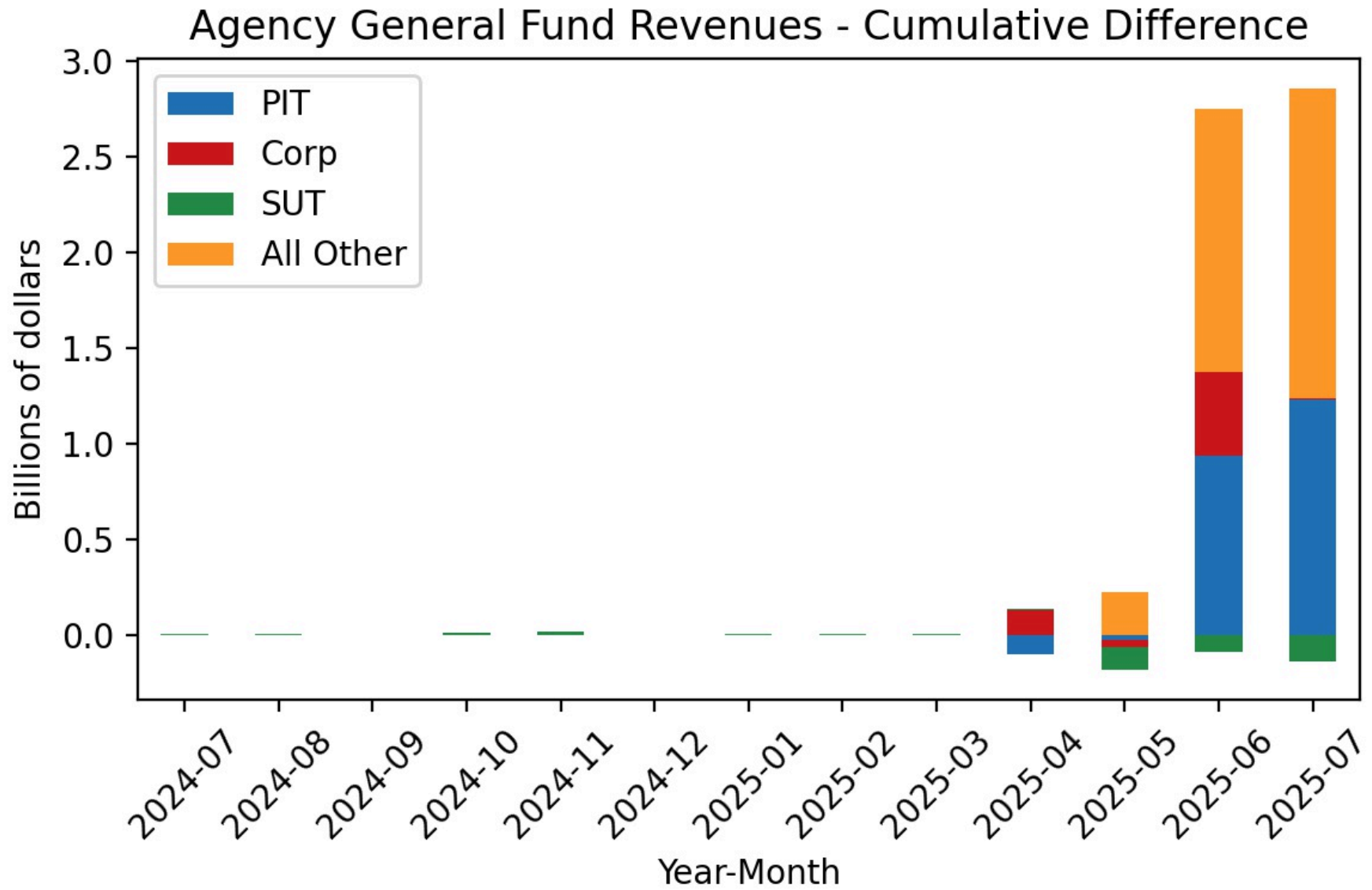


Figure 30

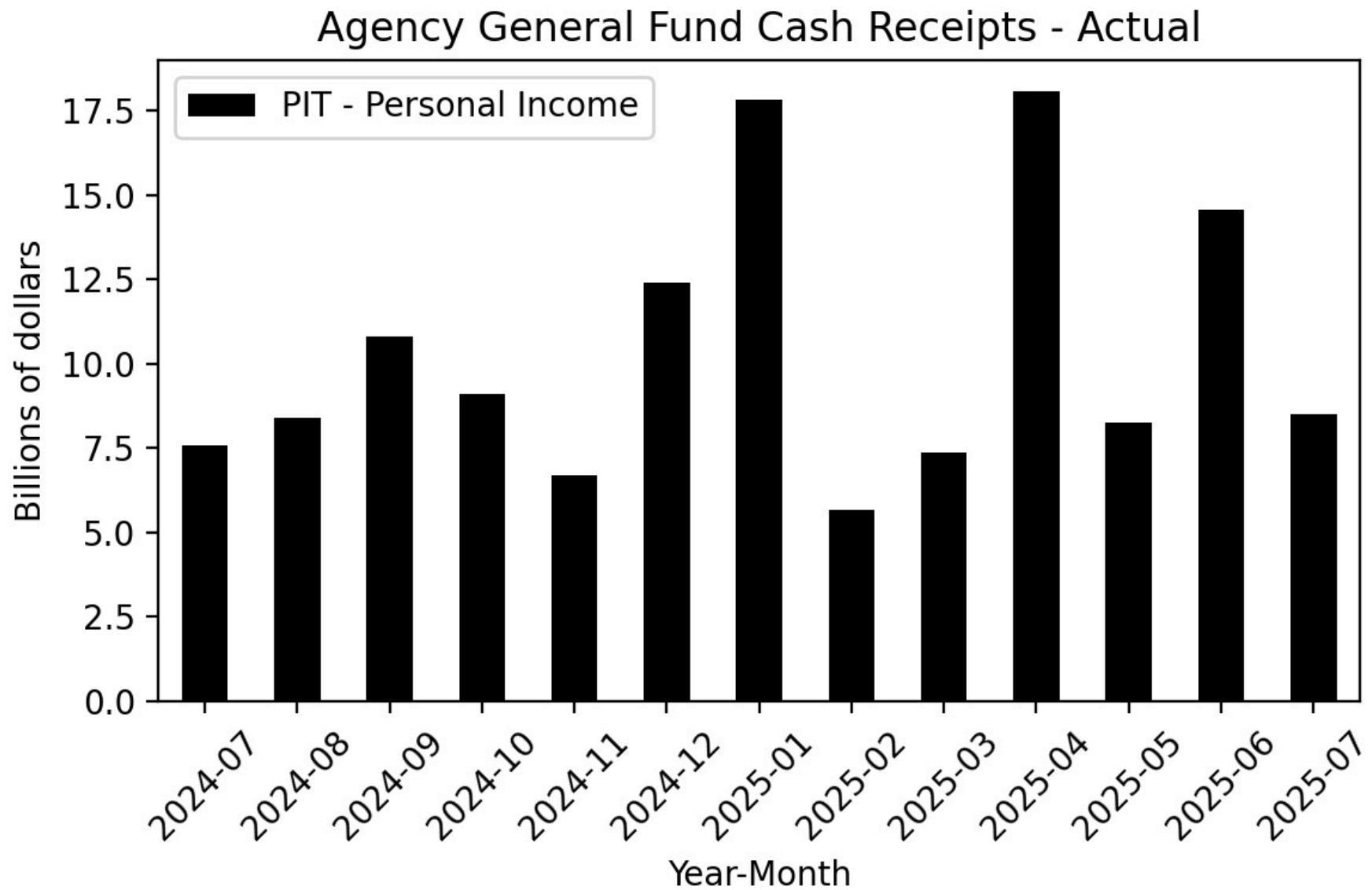


Figure 31

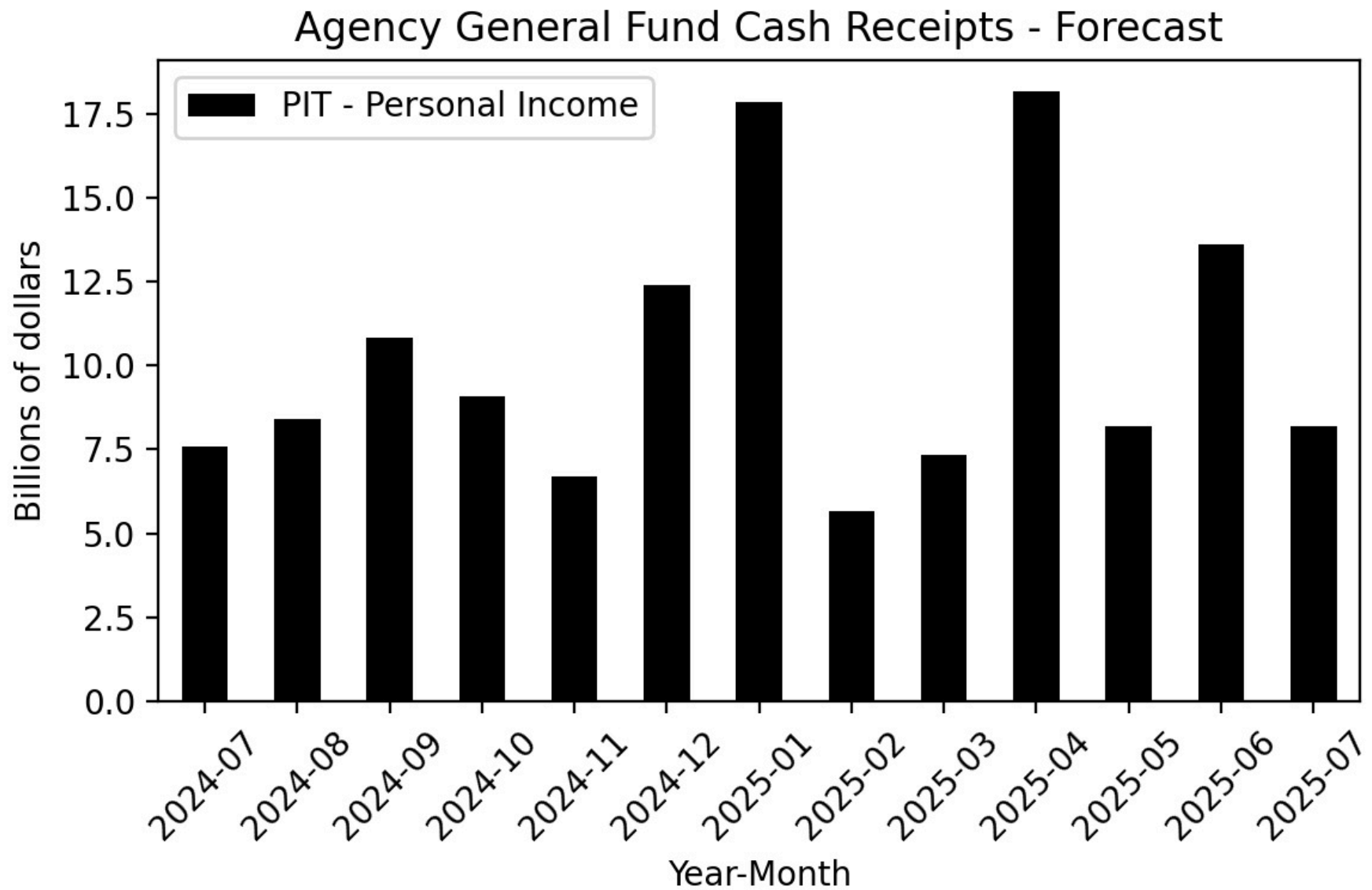


Figure 32

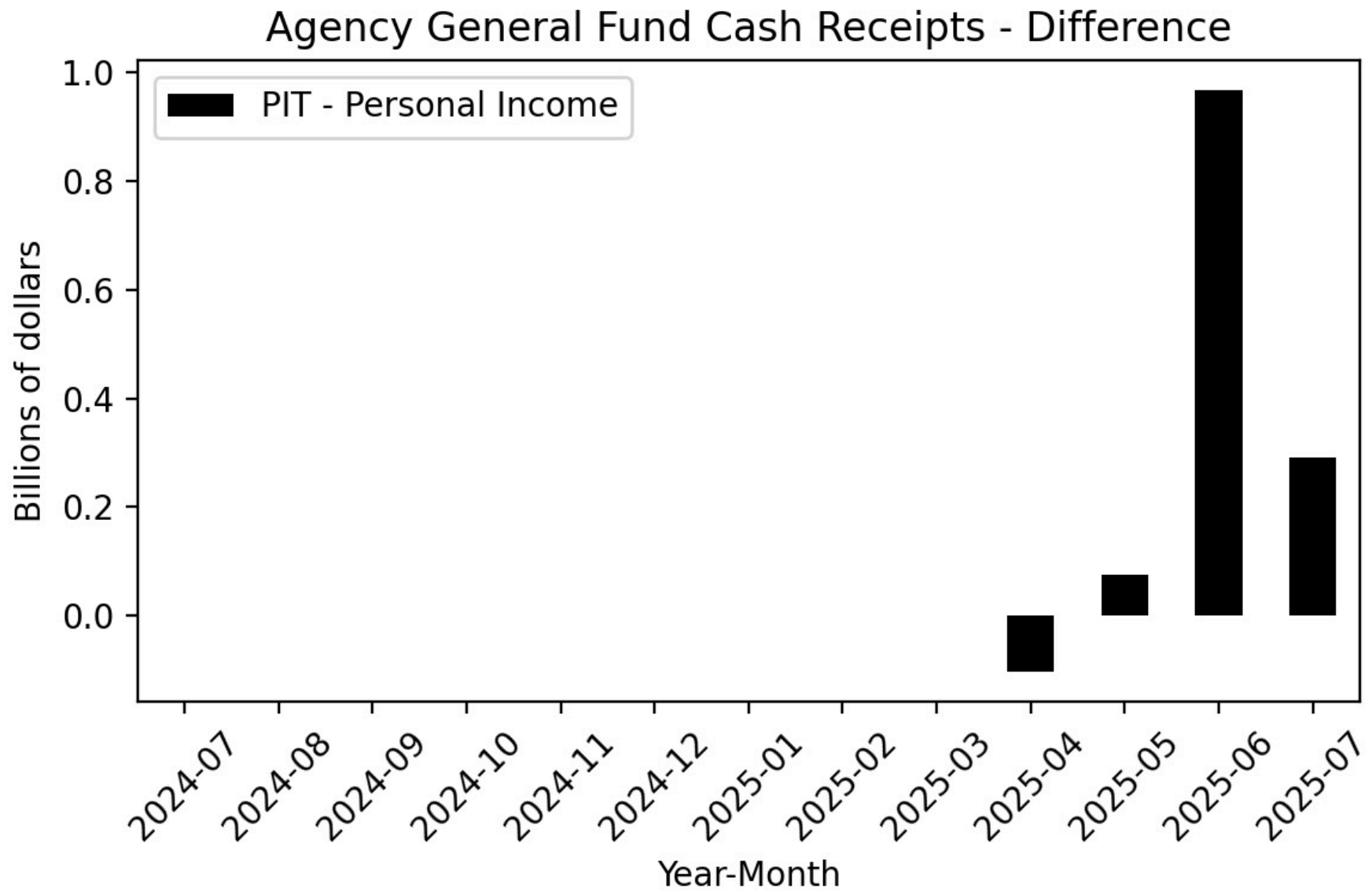


Figure 33

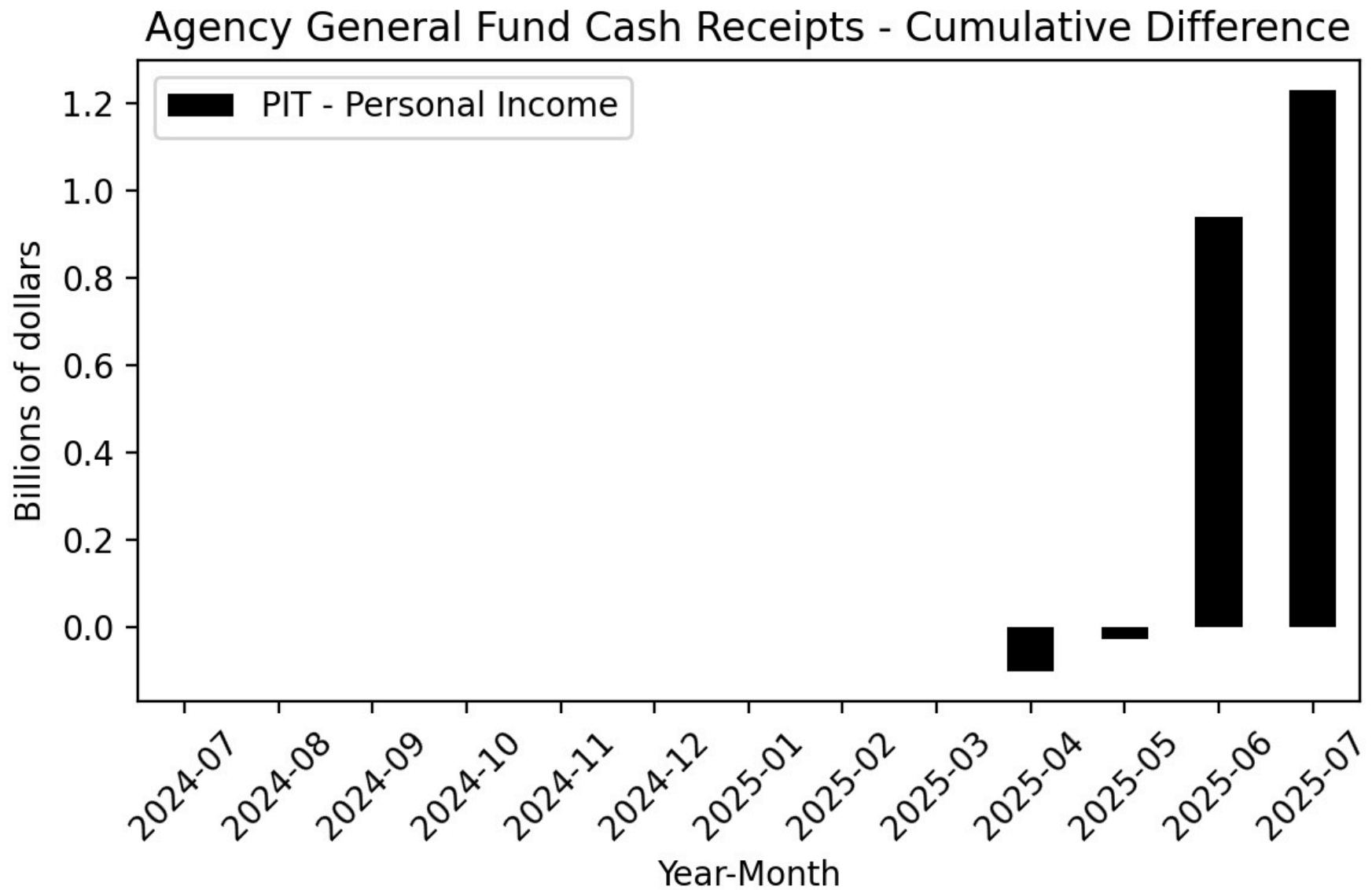


Figure 34

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
PIT-Personal Income

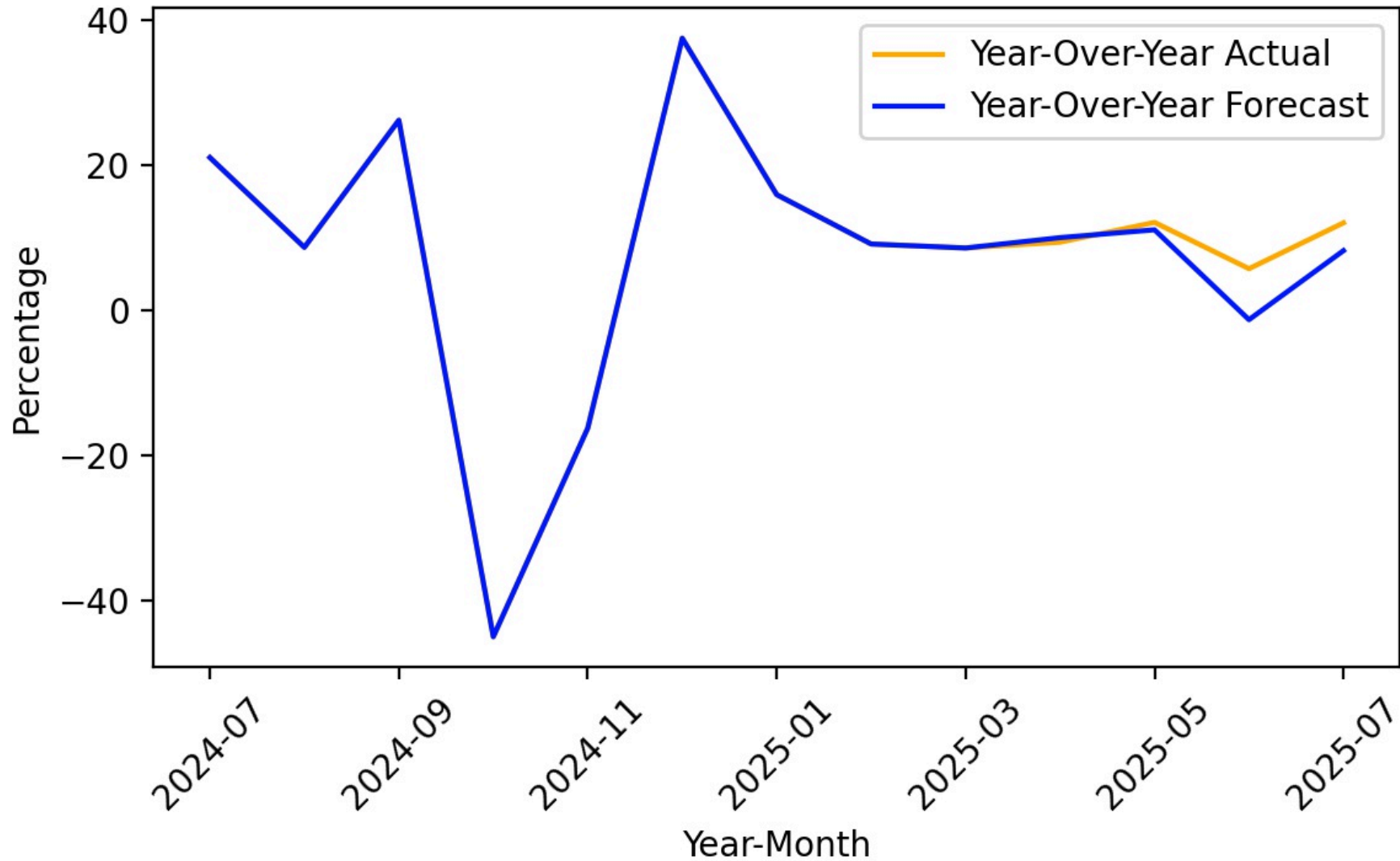


Figure 35

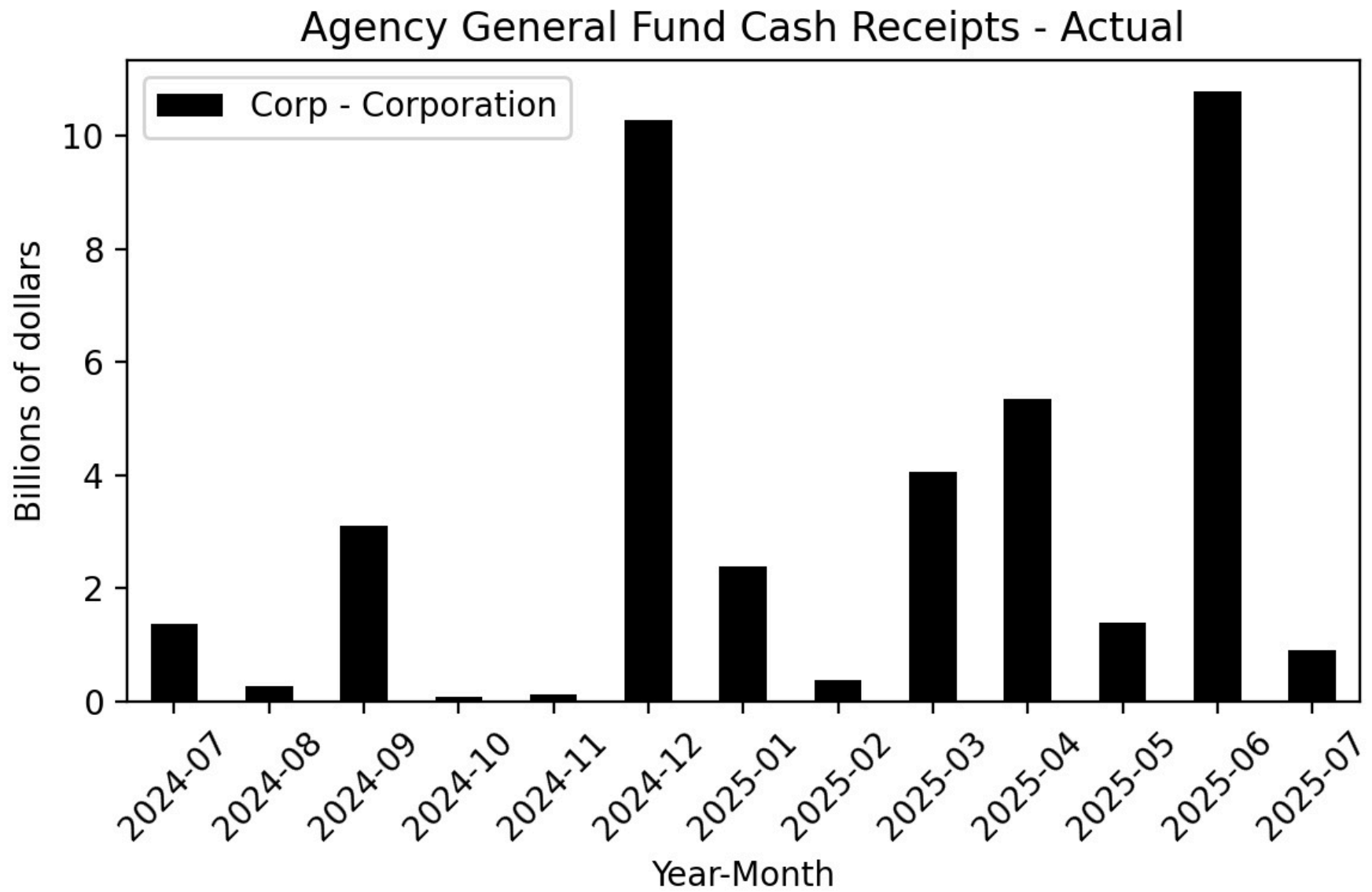


Figure 36

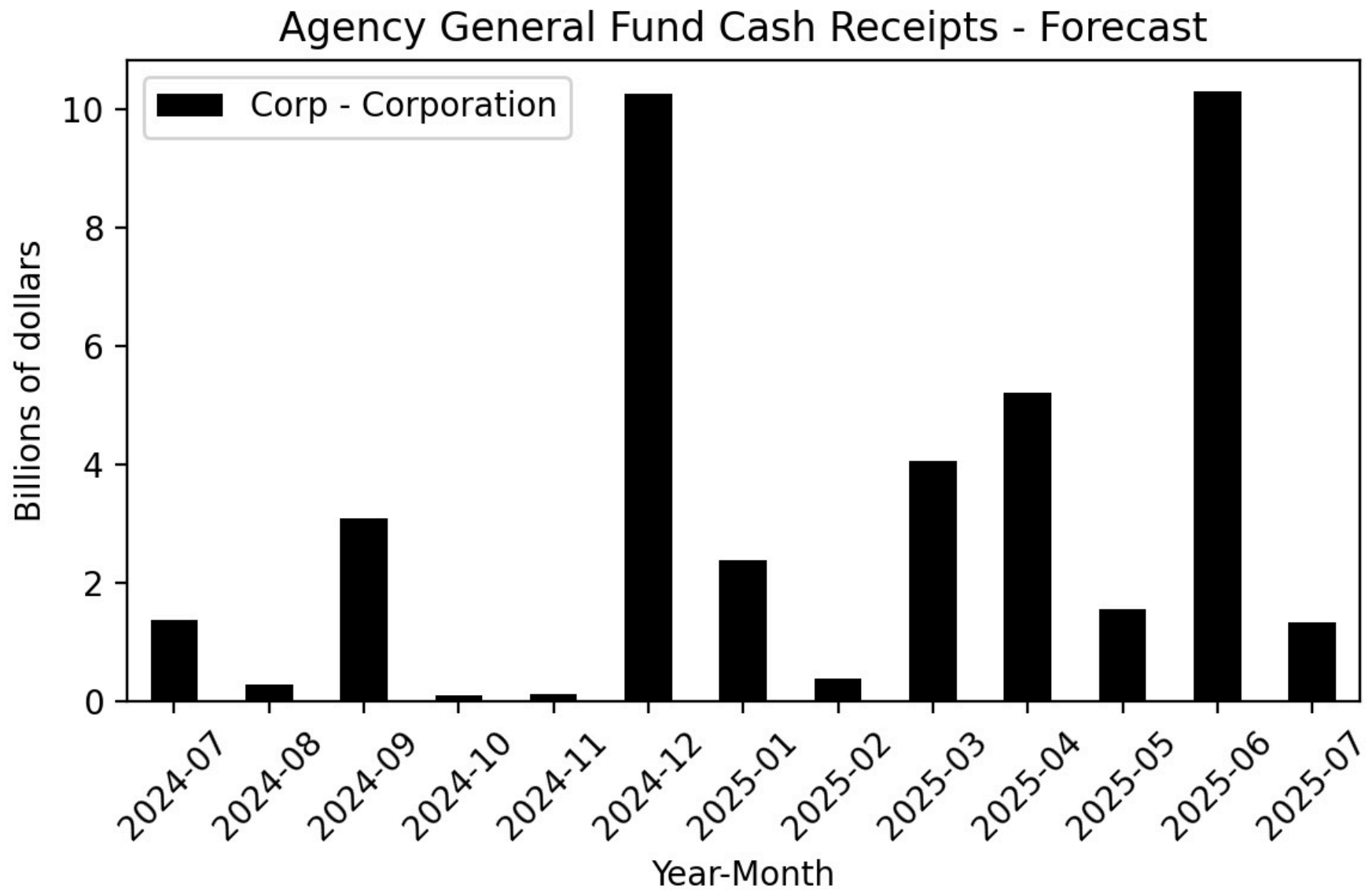


Figure 37

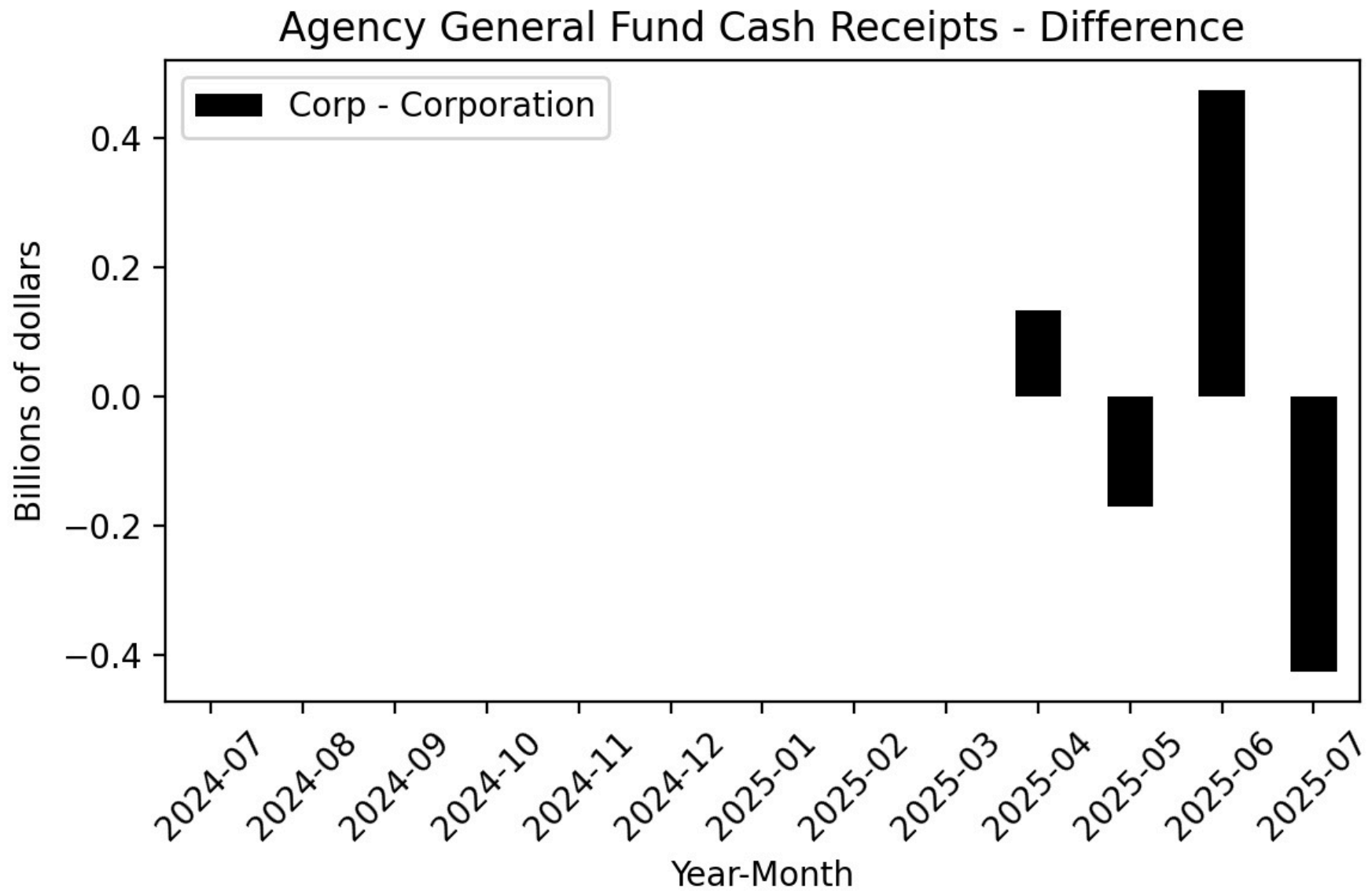


Figure 38

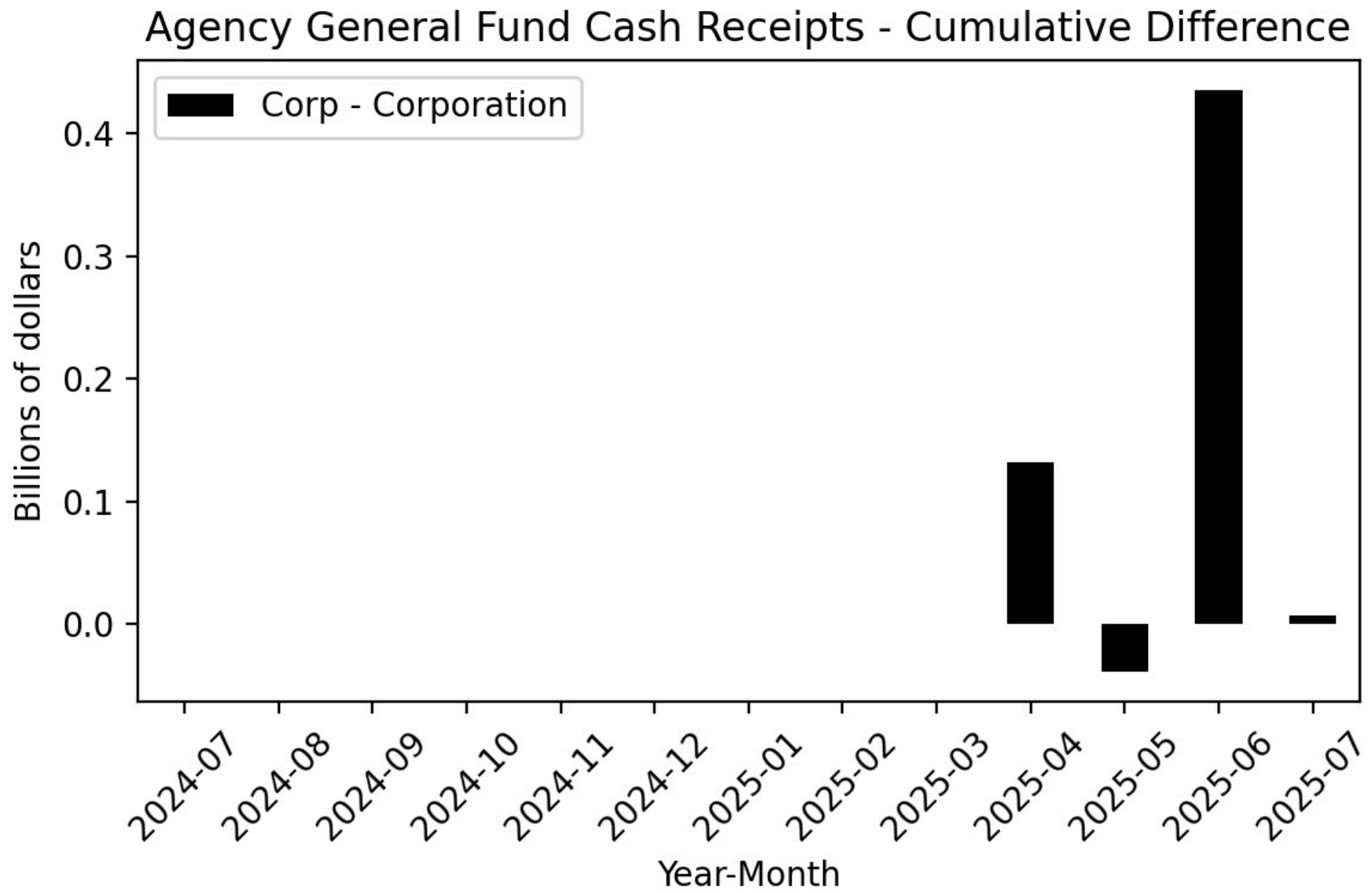


Figure 39

Year-Over-Year Change - Actual and 2025-26 Budget Act
Forecast Corp-Corporation

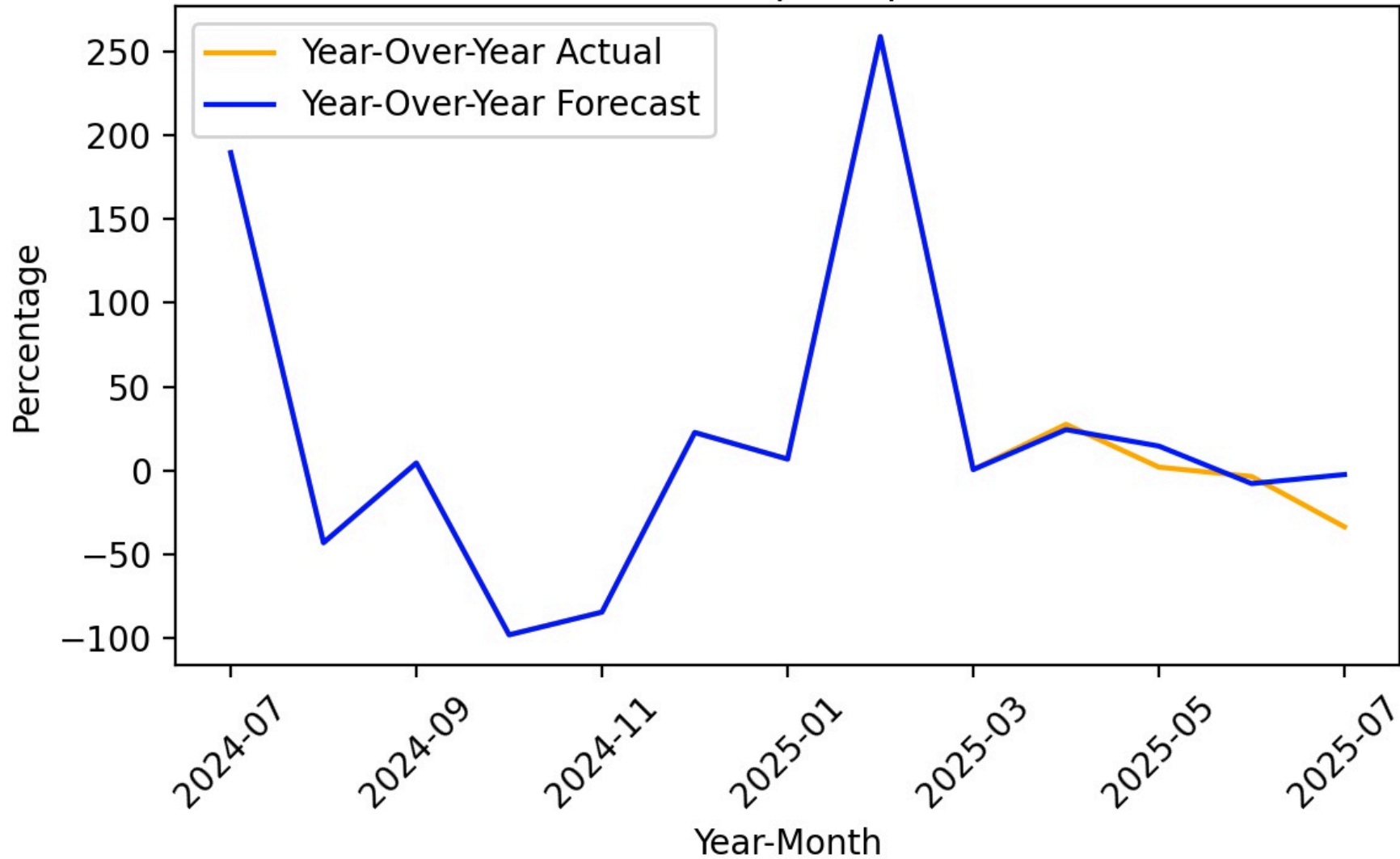


Figure 40

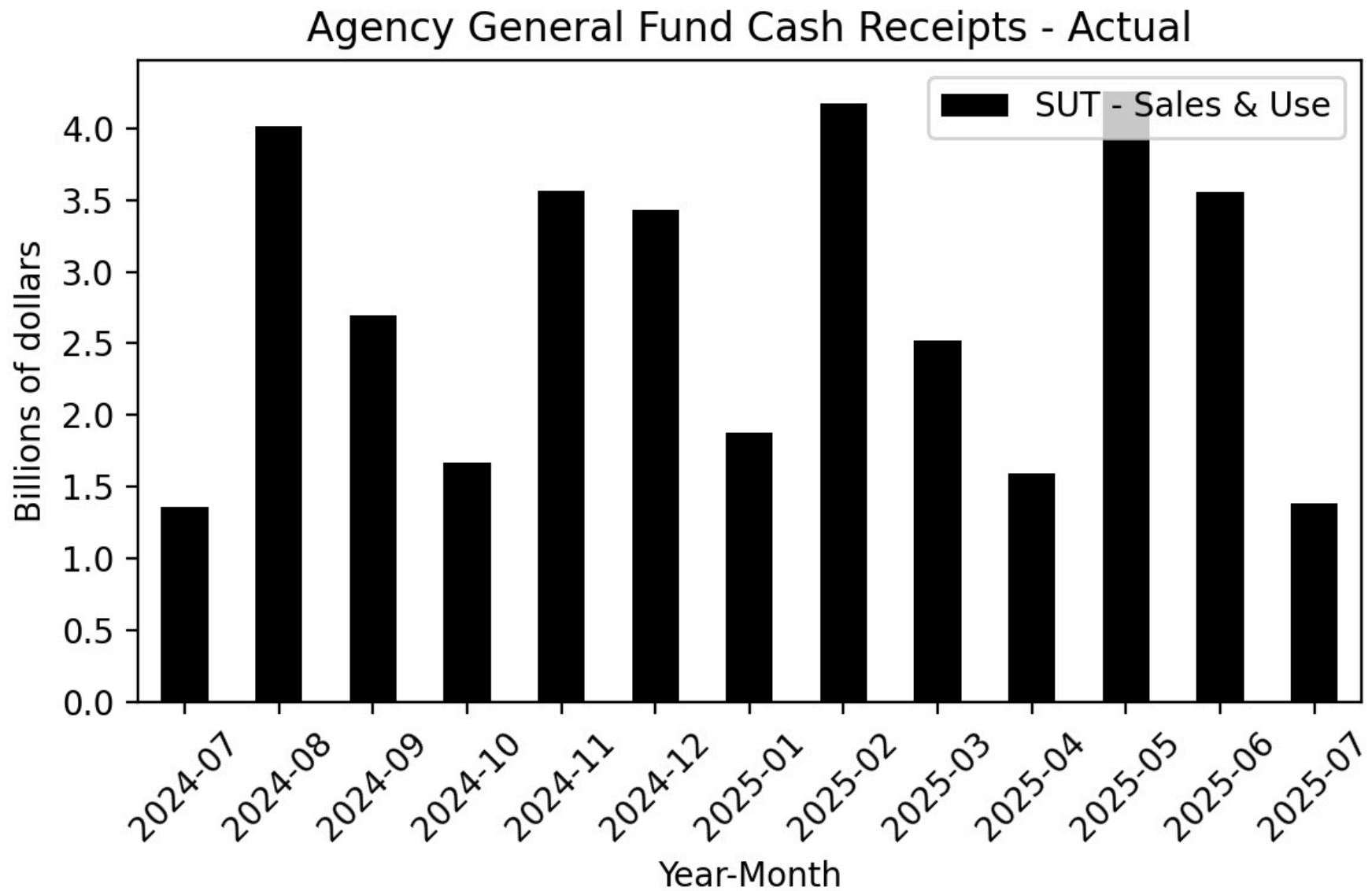


Figure 41

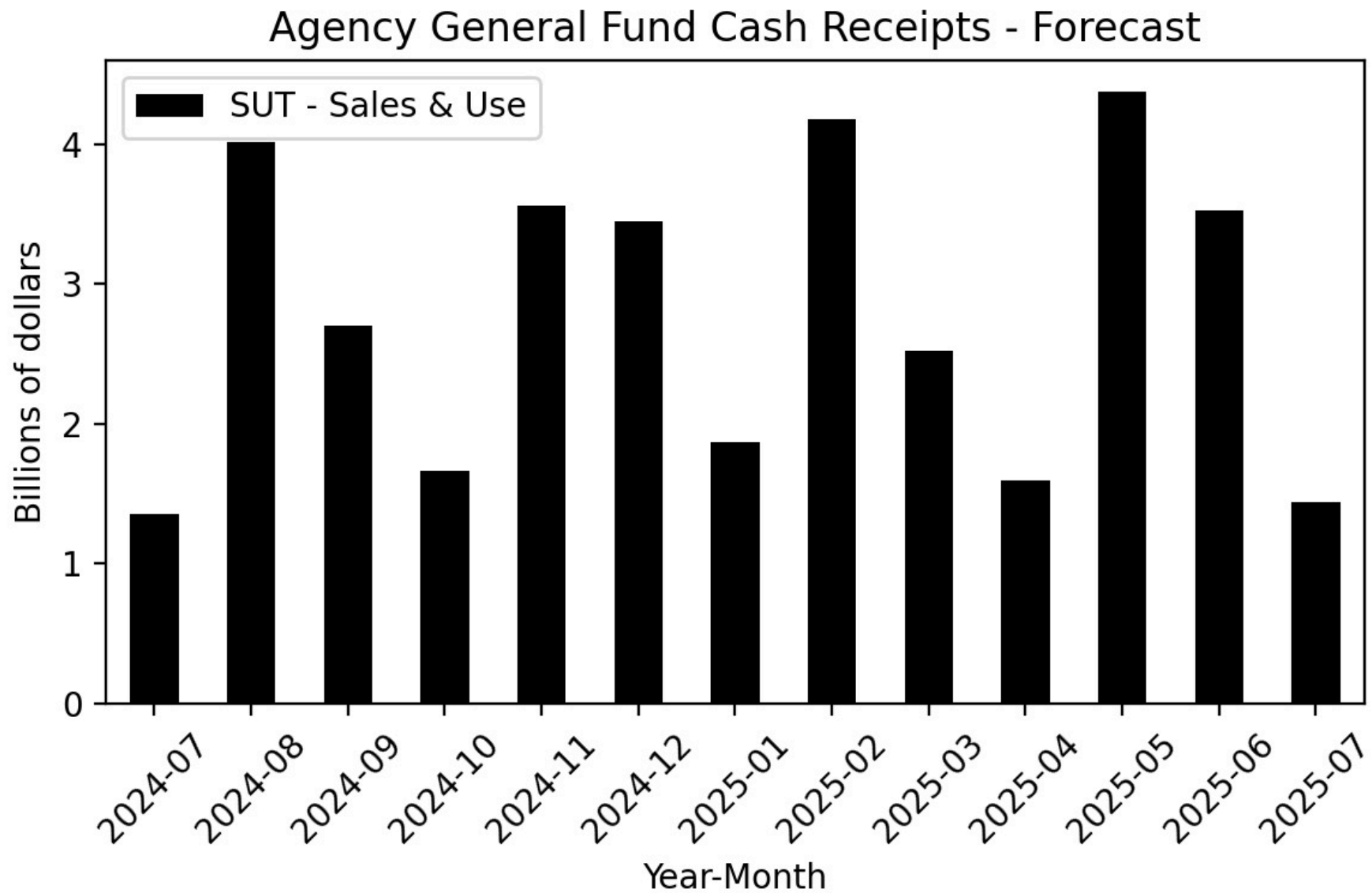


Figure 42

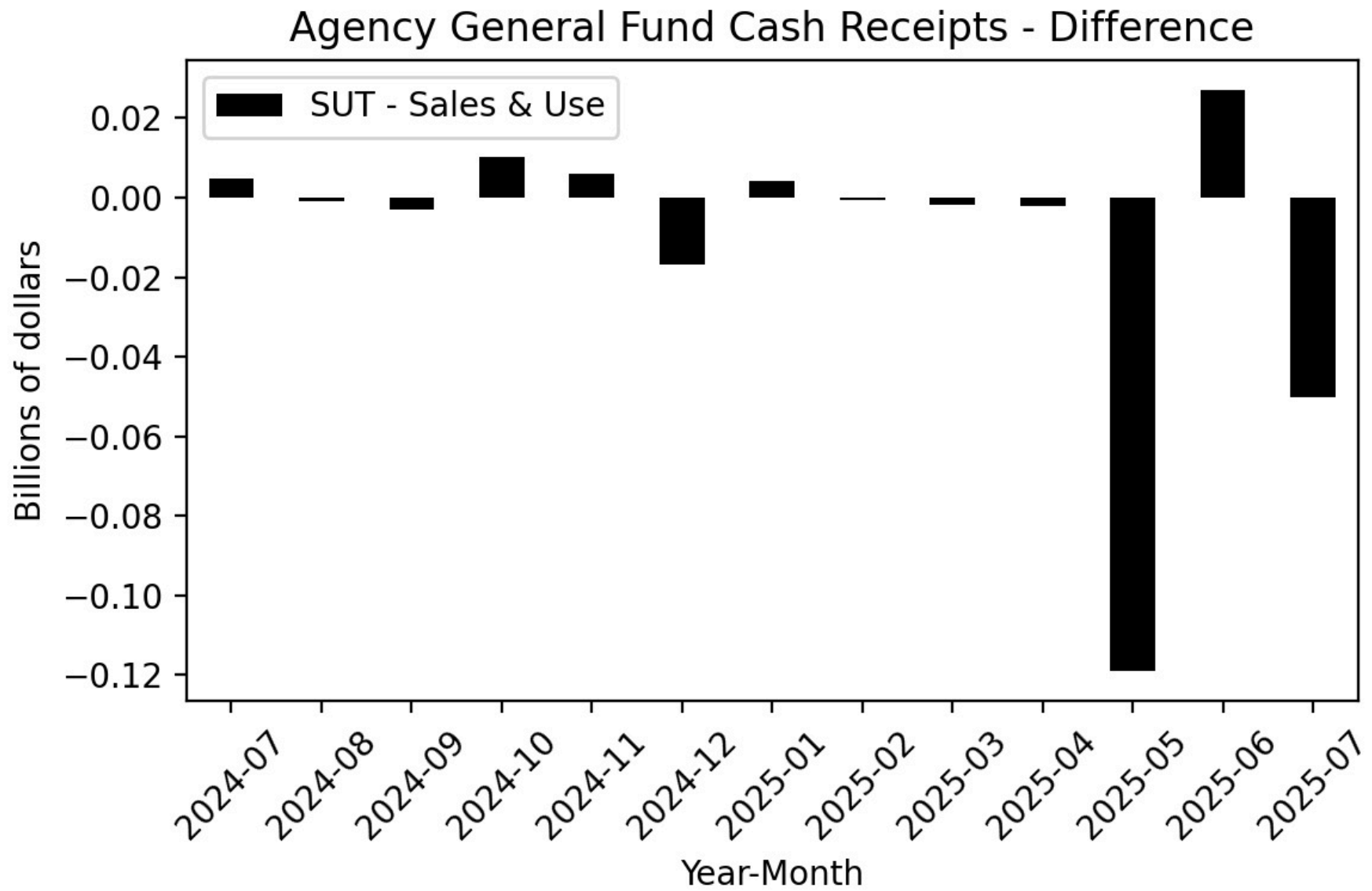


Figure 43

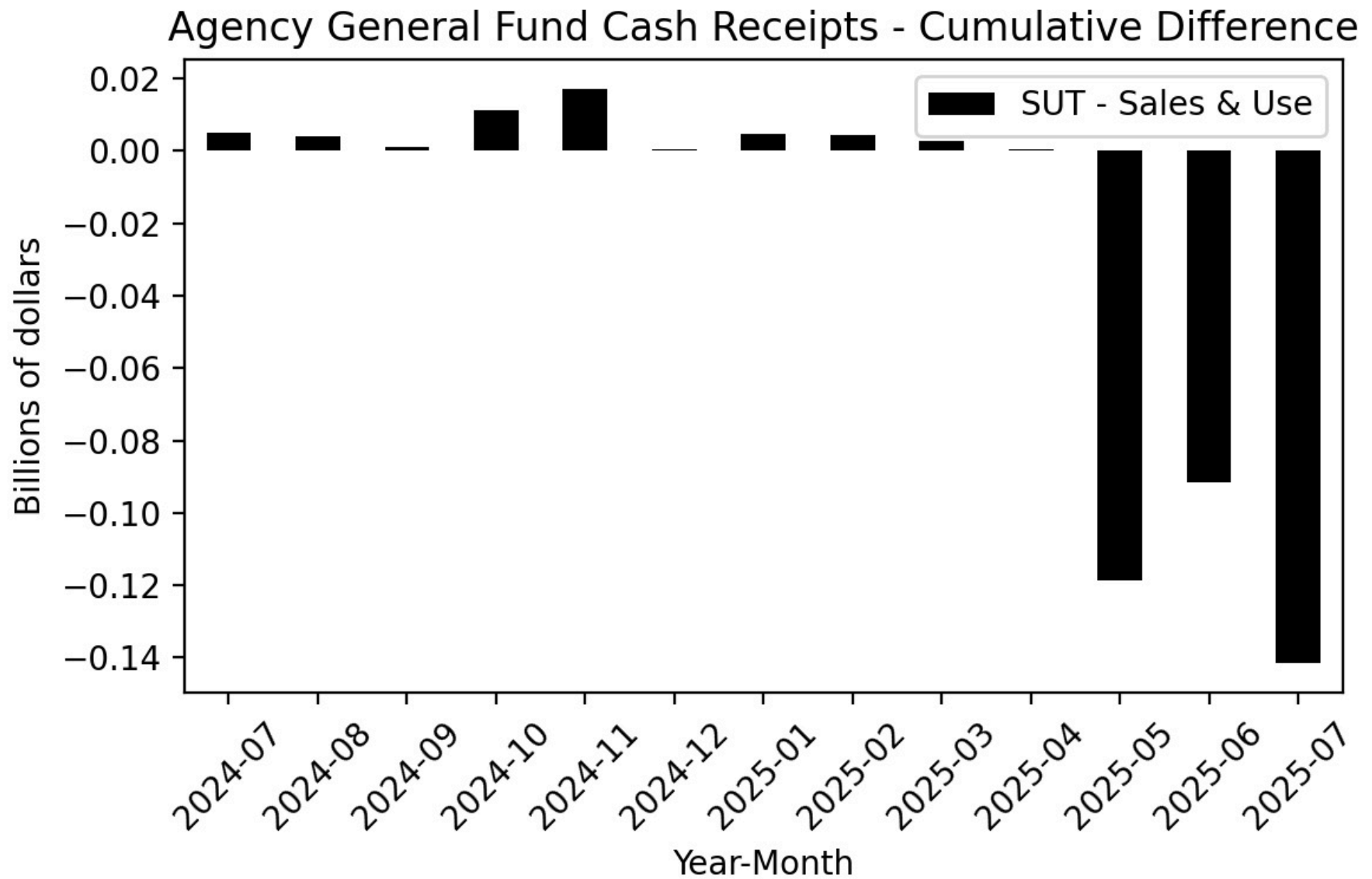


Figure 44

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
SUT-Sales & Use

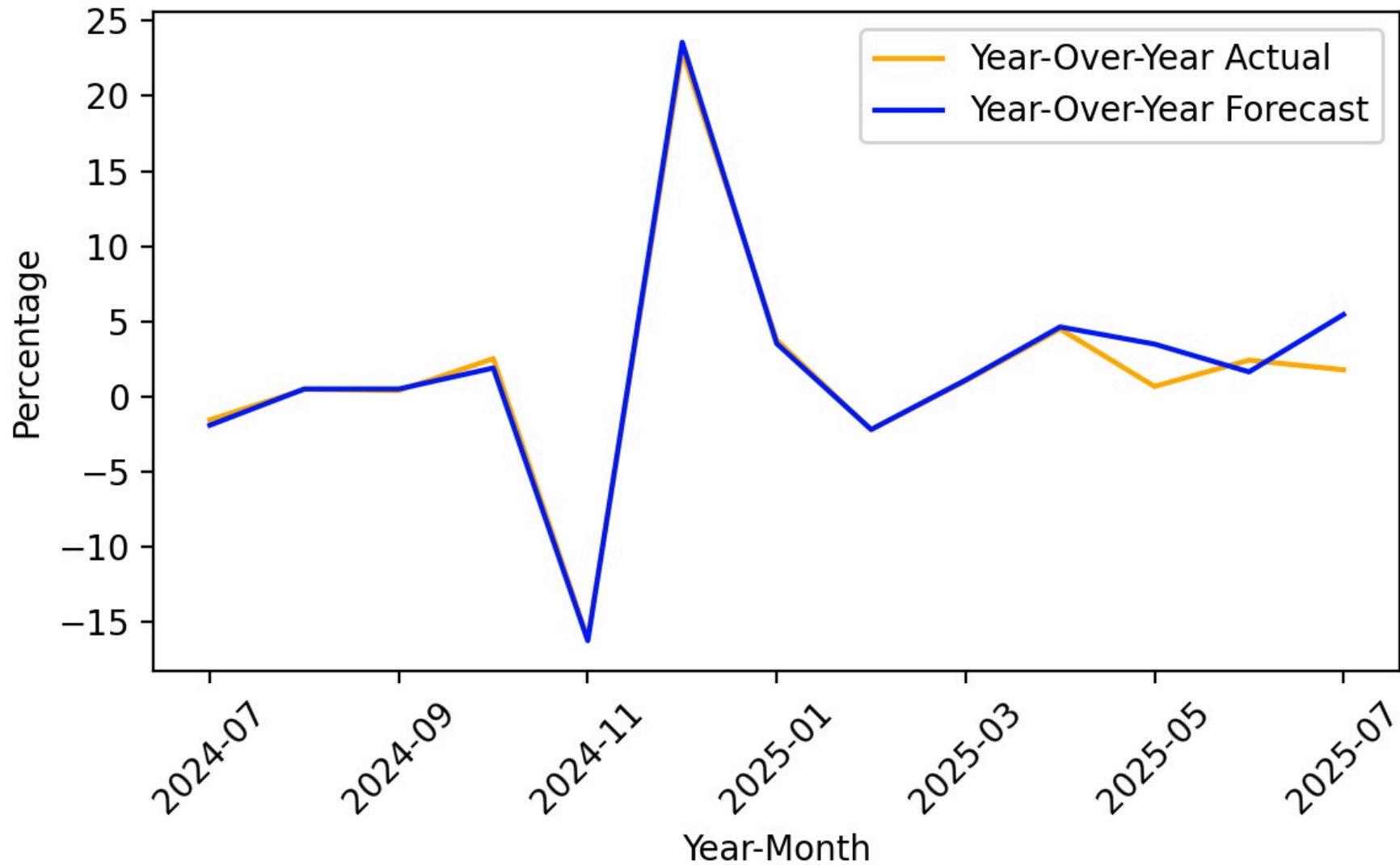


Figure 45

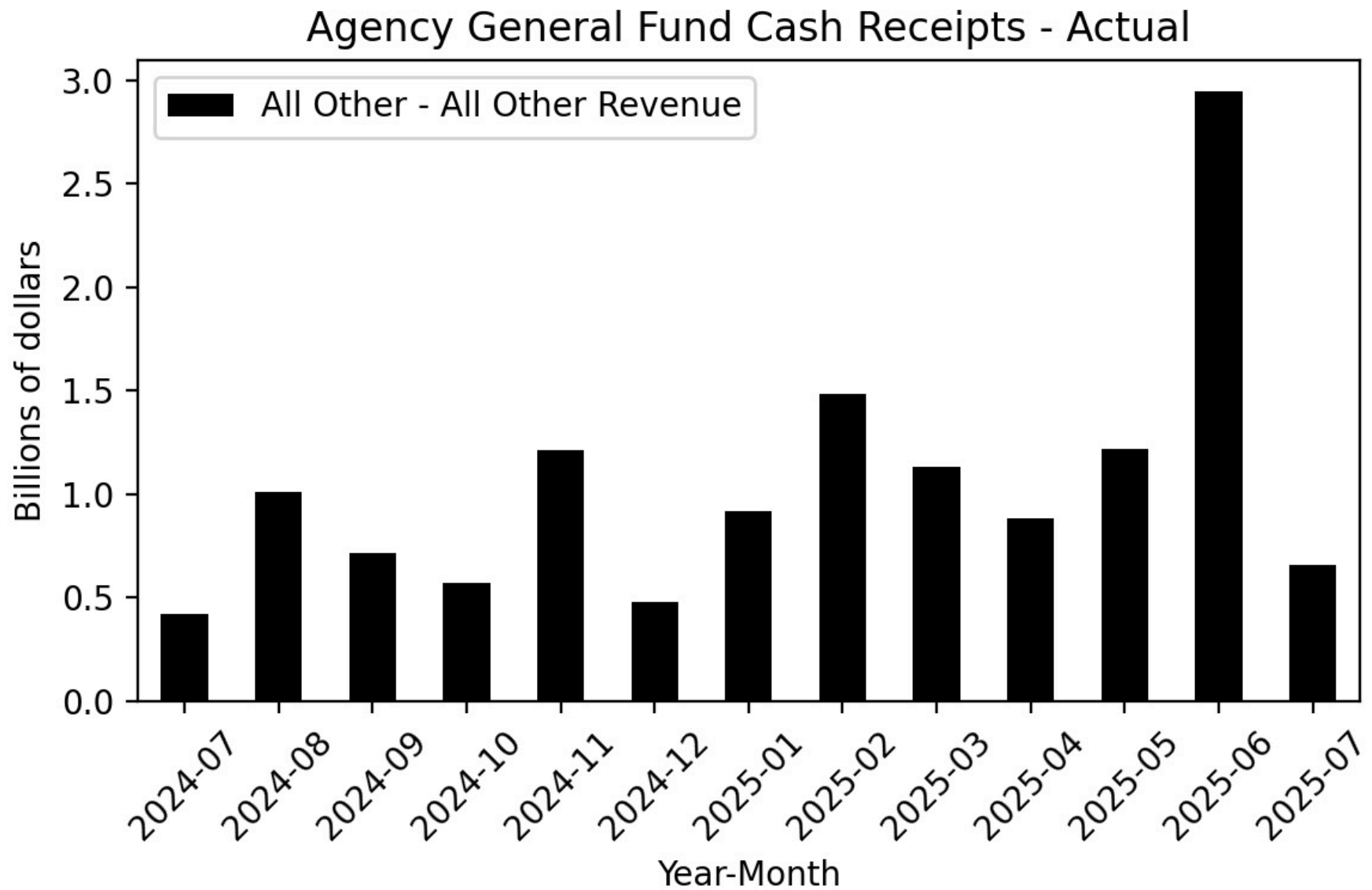


Figure 46

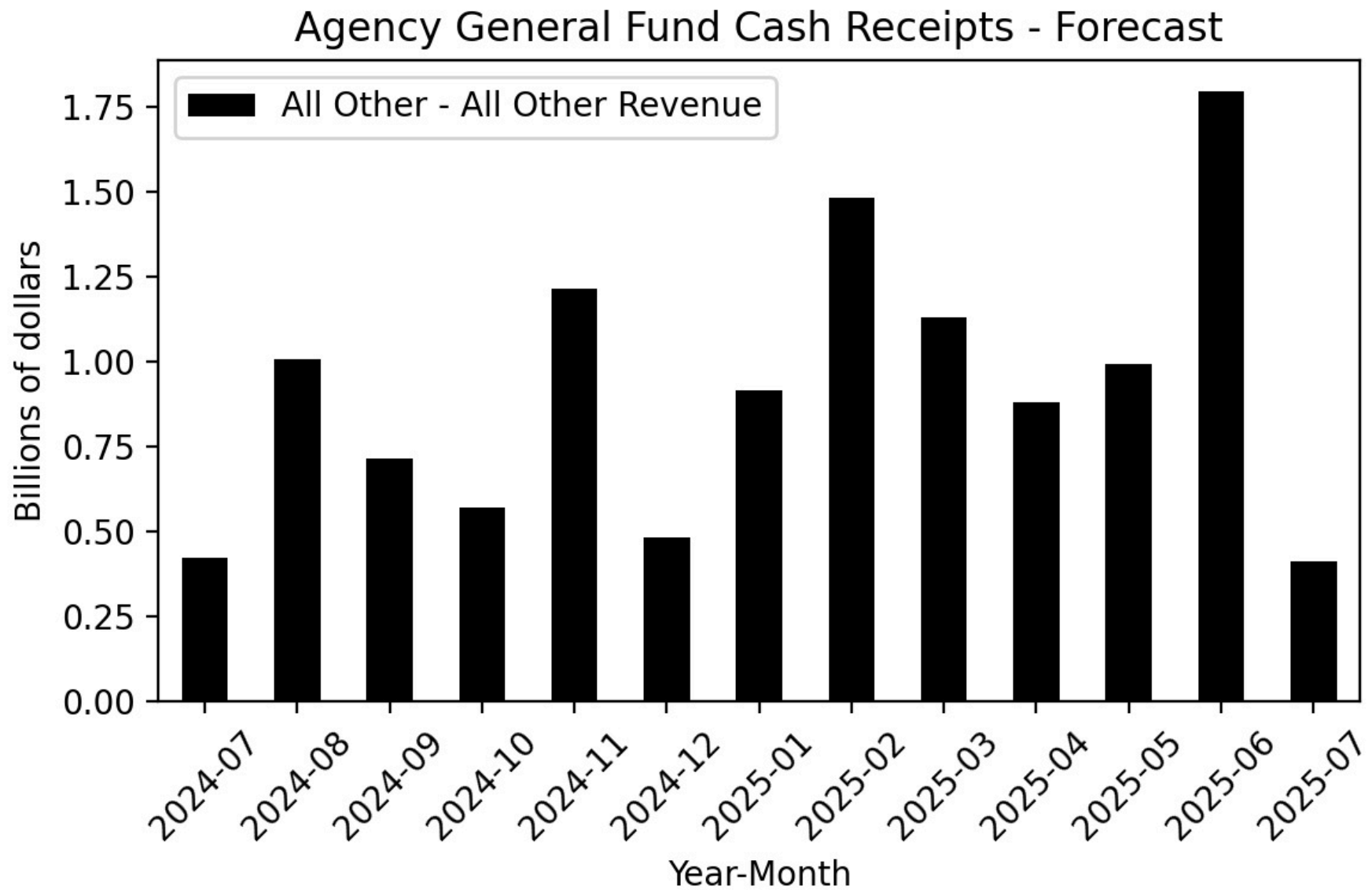


Figure 47

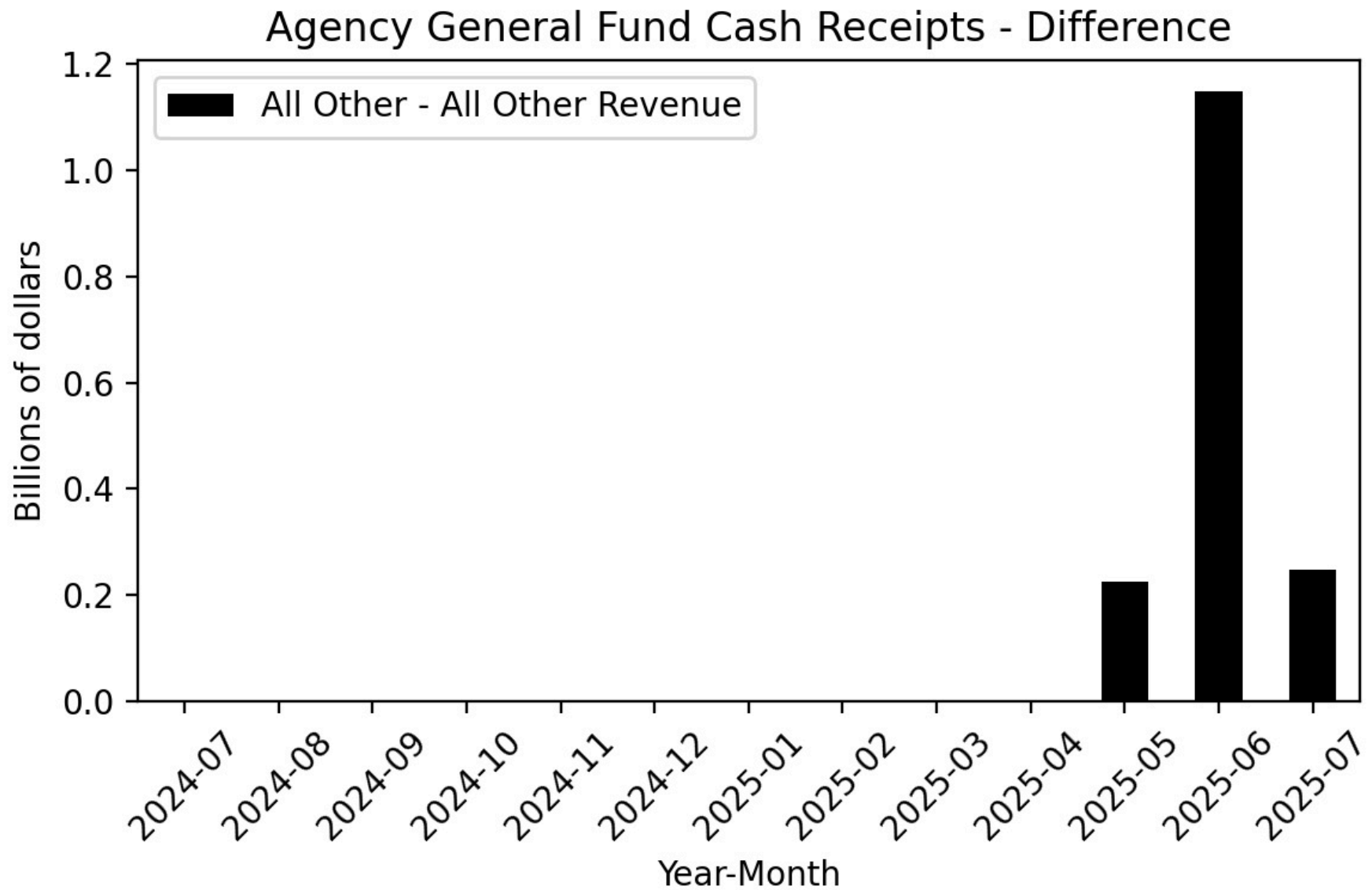


Figure 48

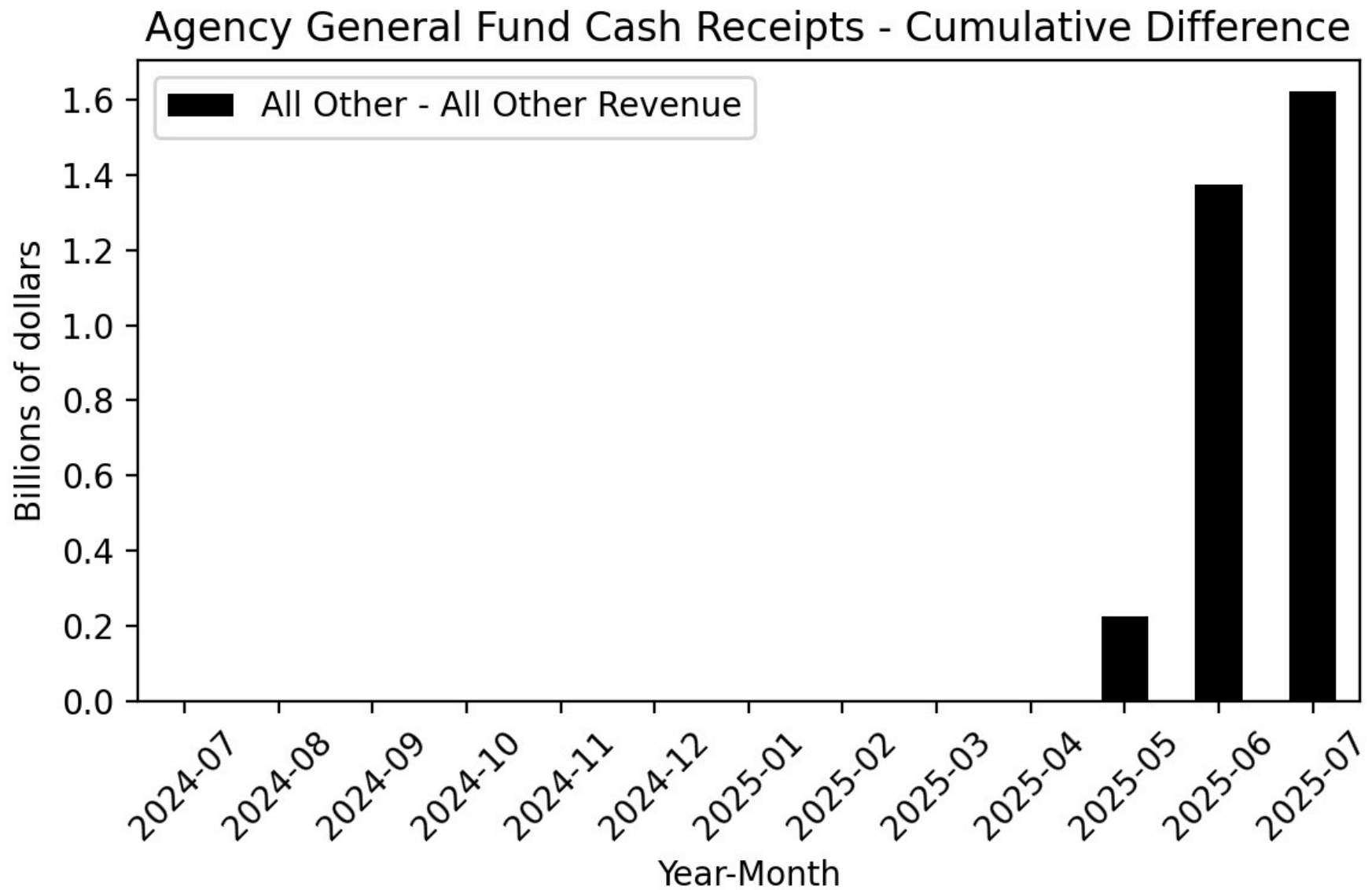


Figure 49

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
All Other-All Other Revenue

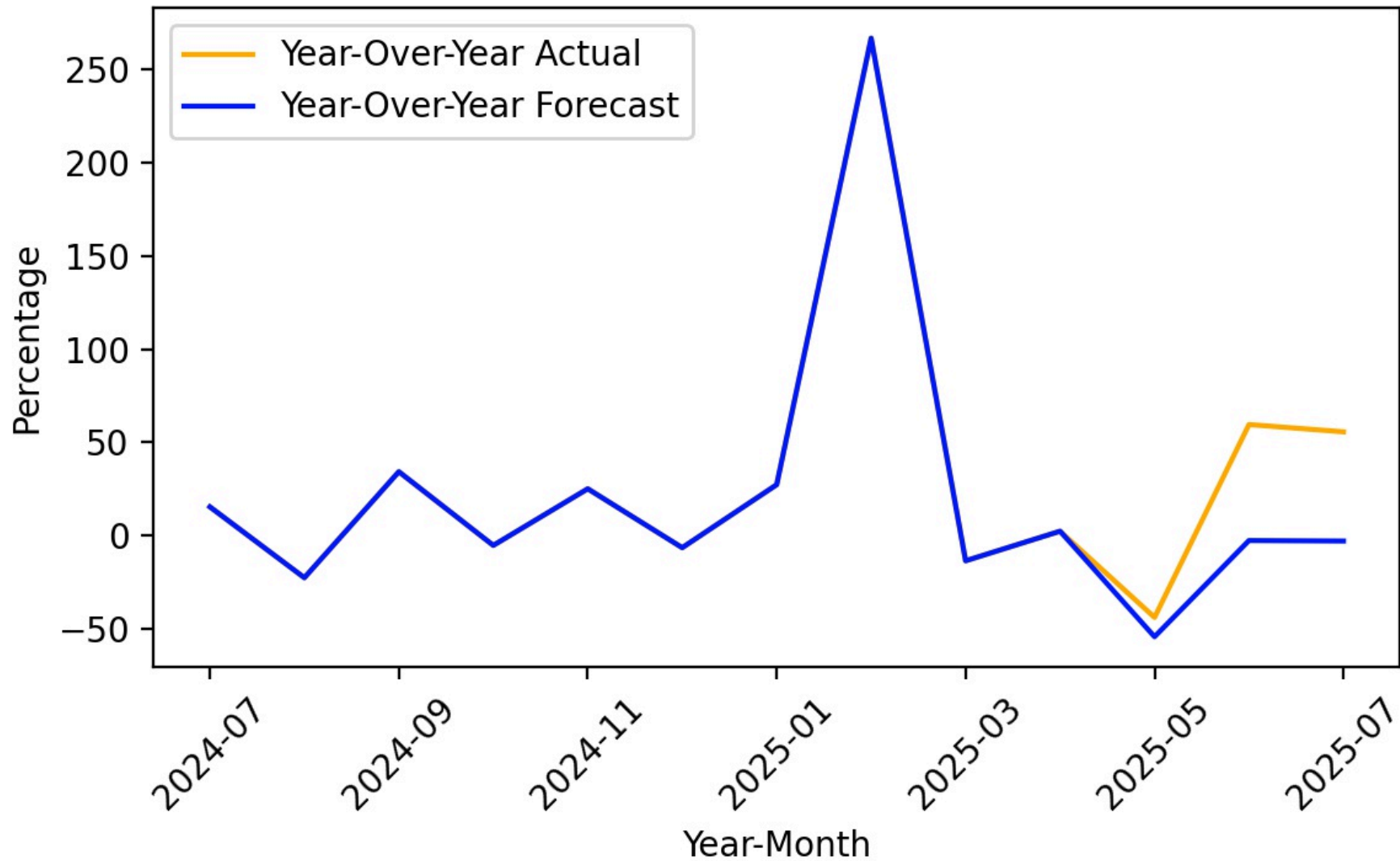


Figure 50

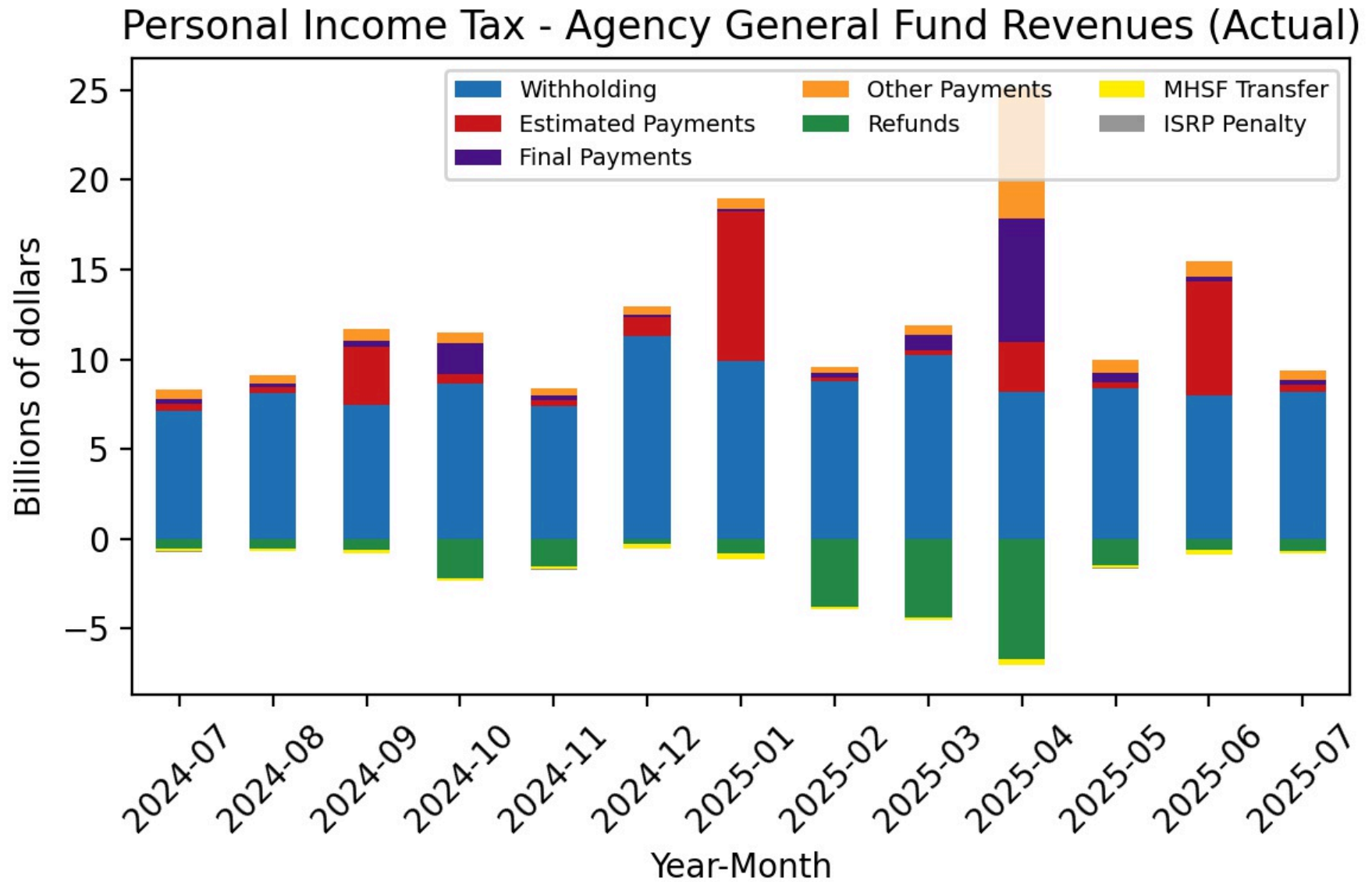


Figure 51

Personal Income Tax - Agency General Fund Revenues (Forecast)

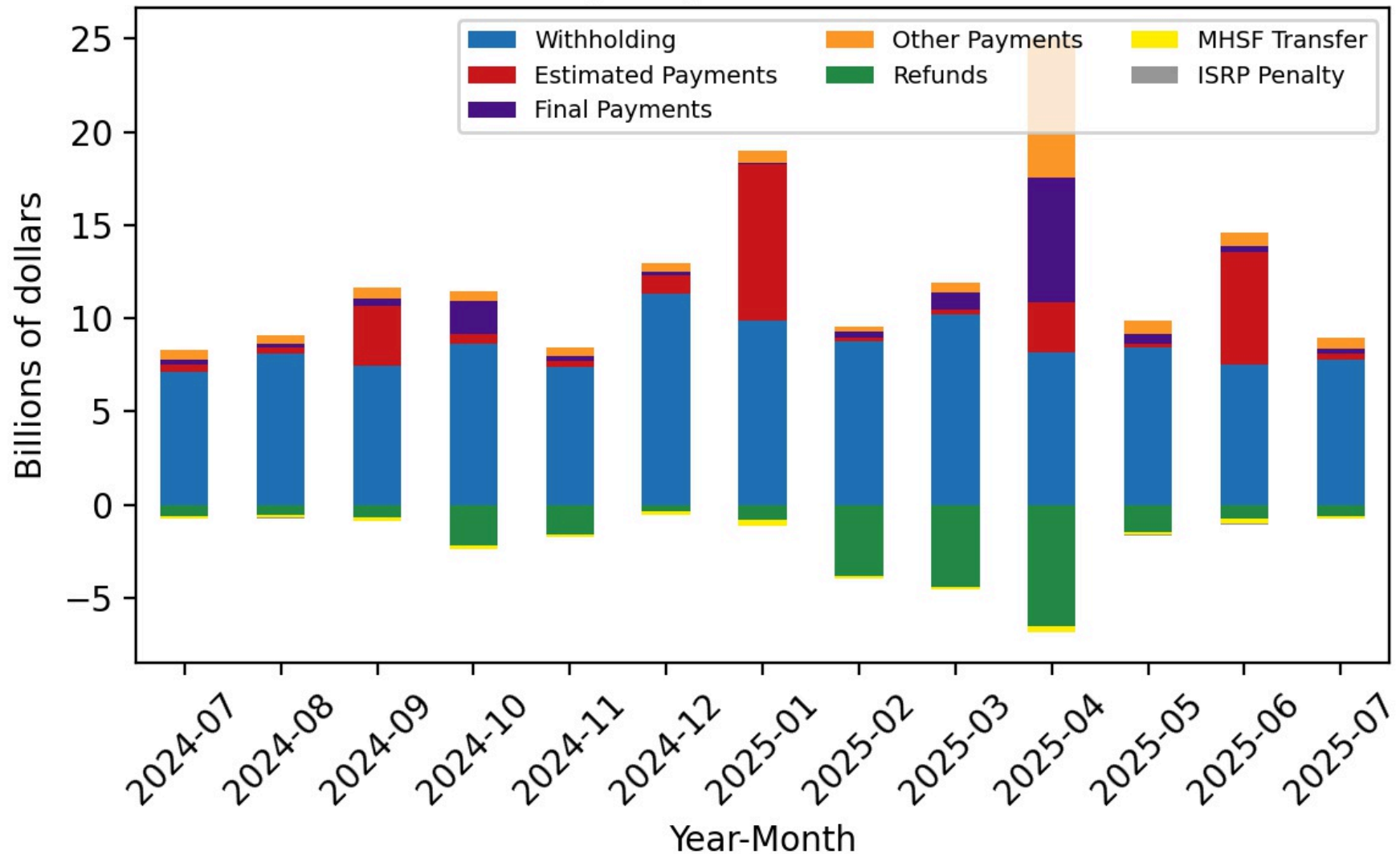


Figure 52

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

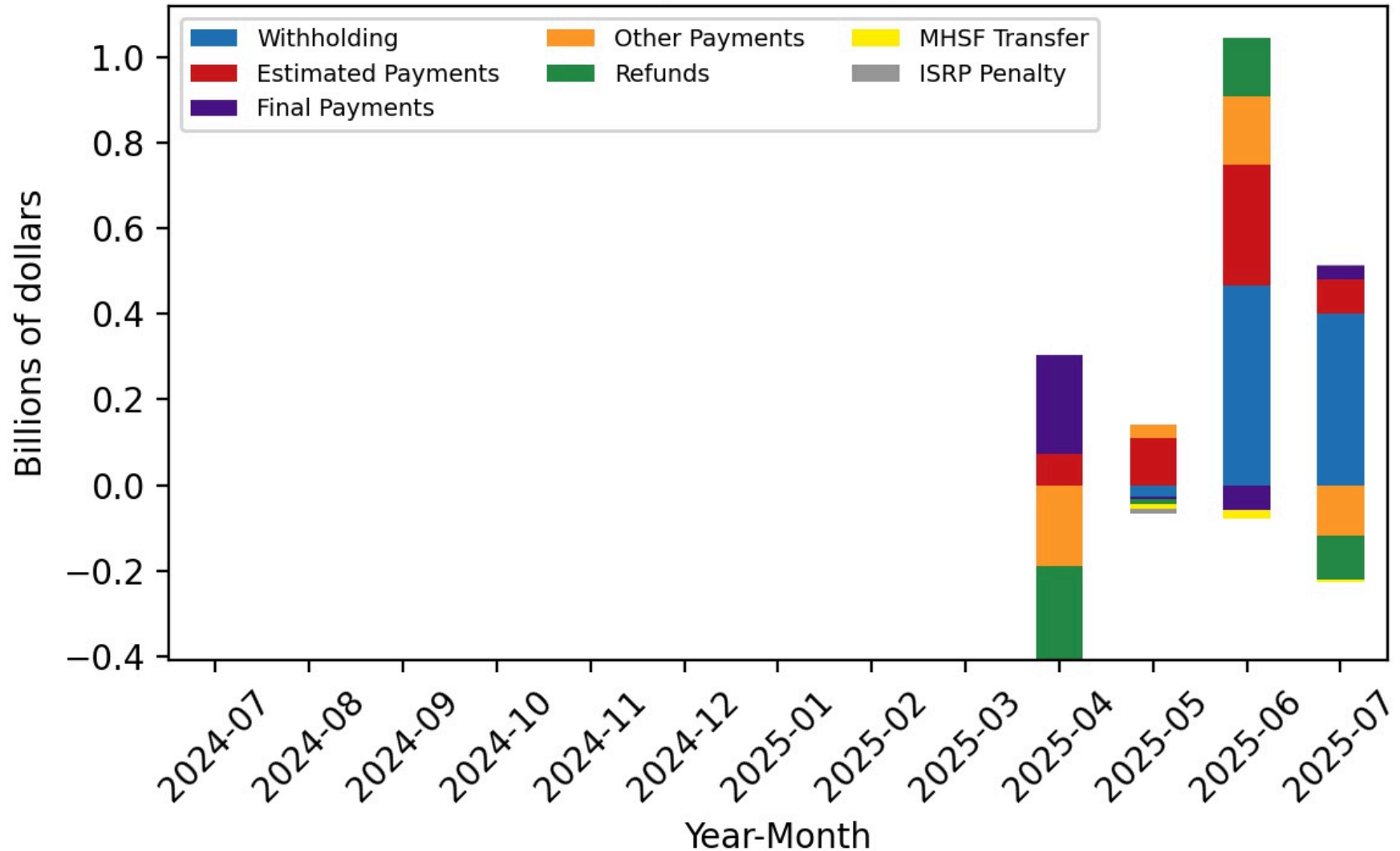


Figure 53

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

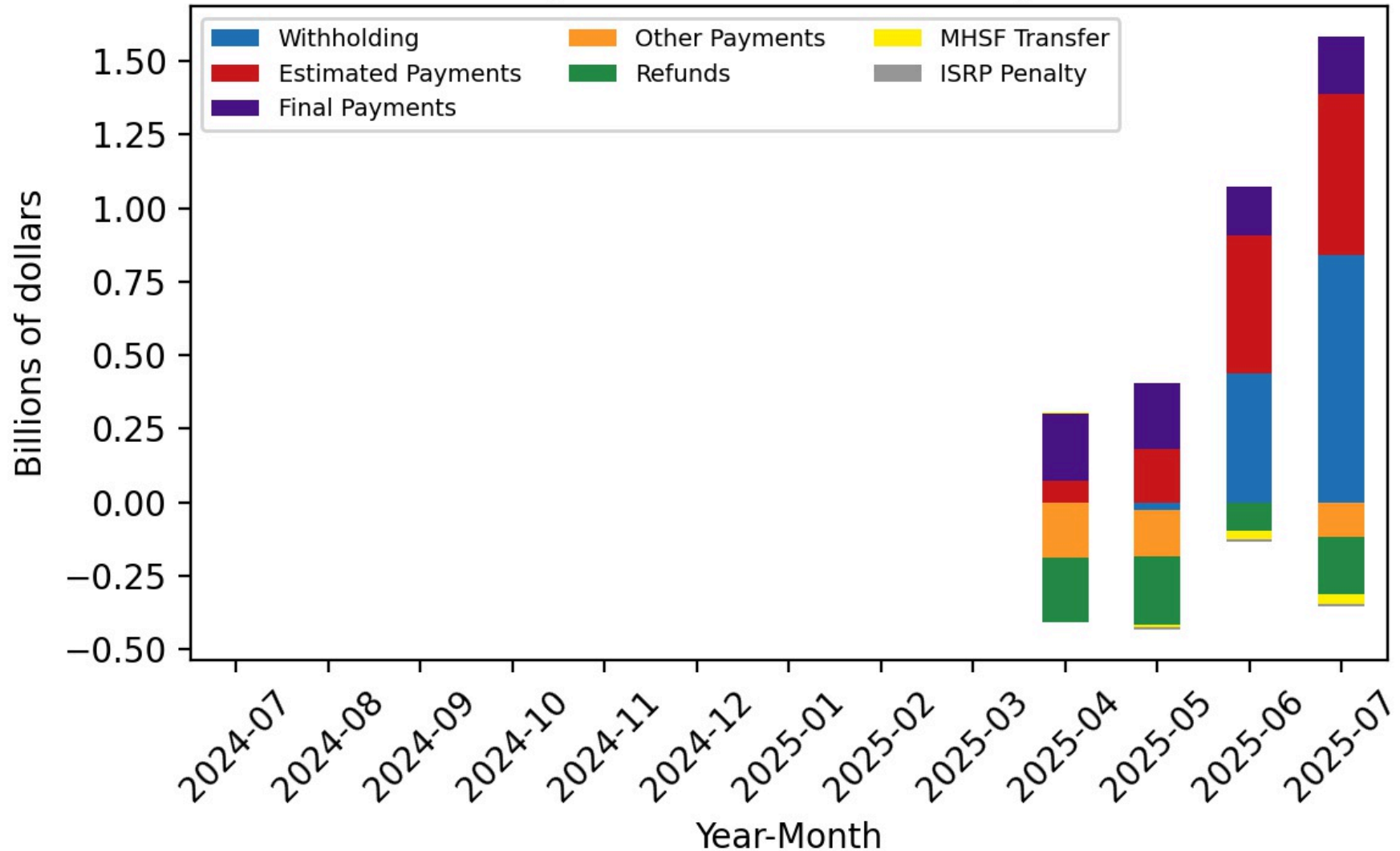


Figure 54

Agency General Fund Cash Receipts - Actual

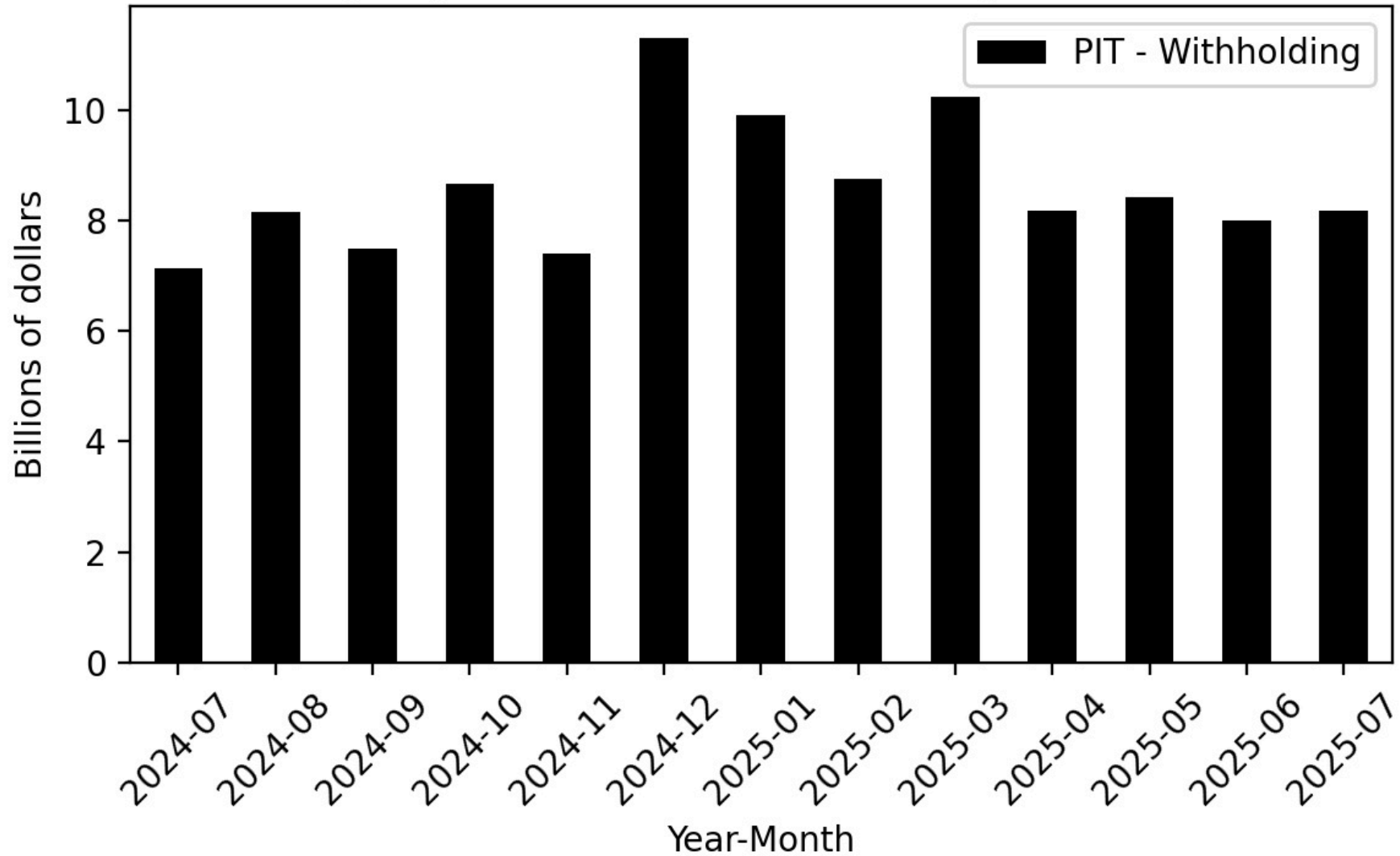


Figure 55

Agency General Fund Cash Receipts - Forecast

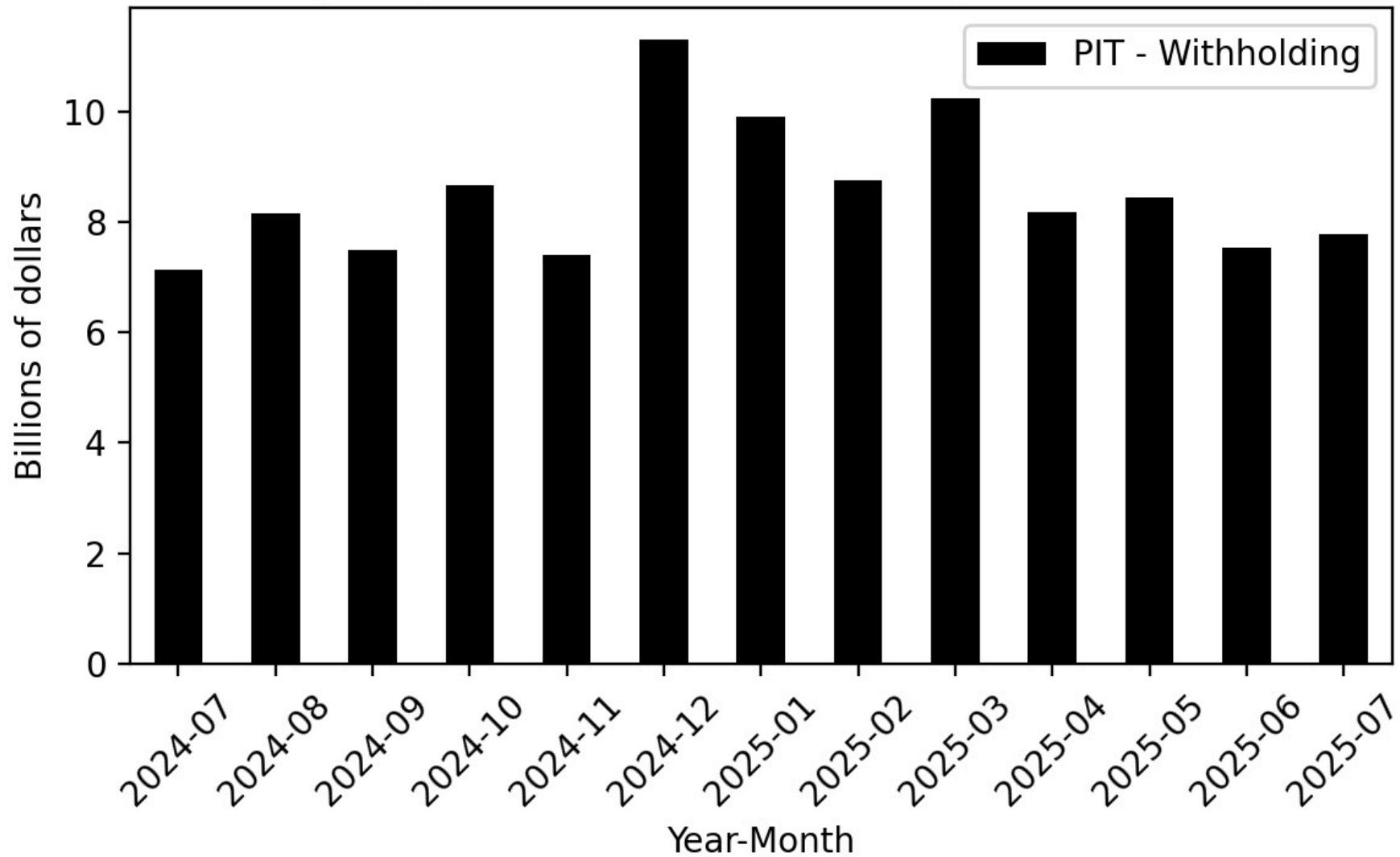


Figure 56

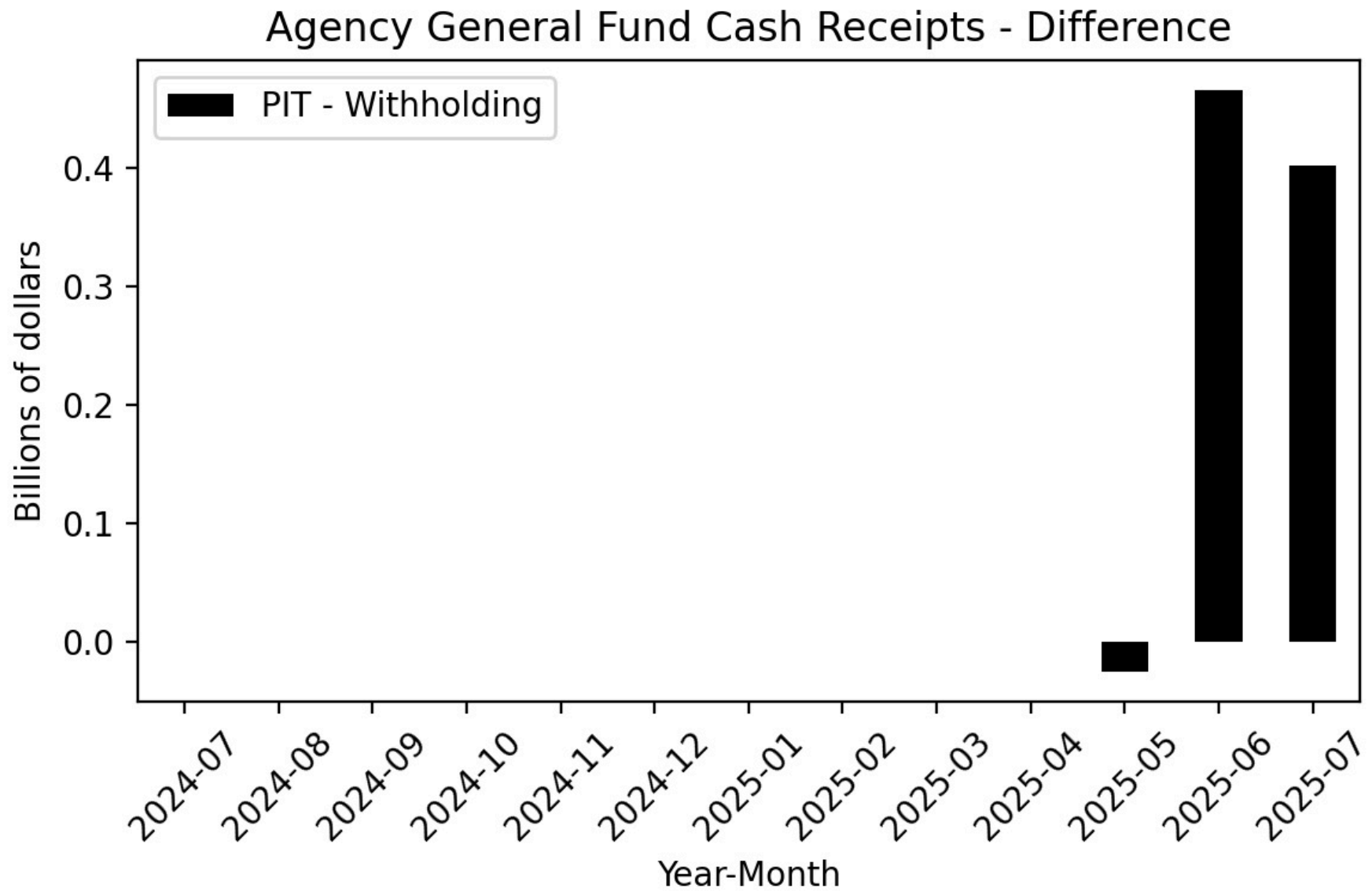


Figure 57

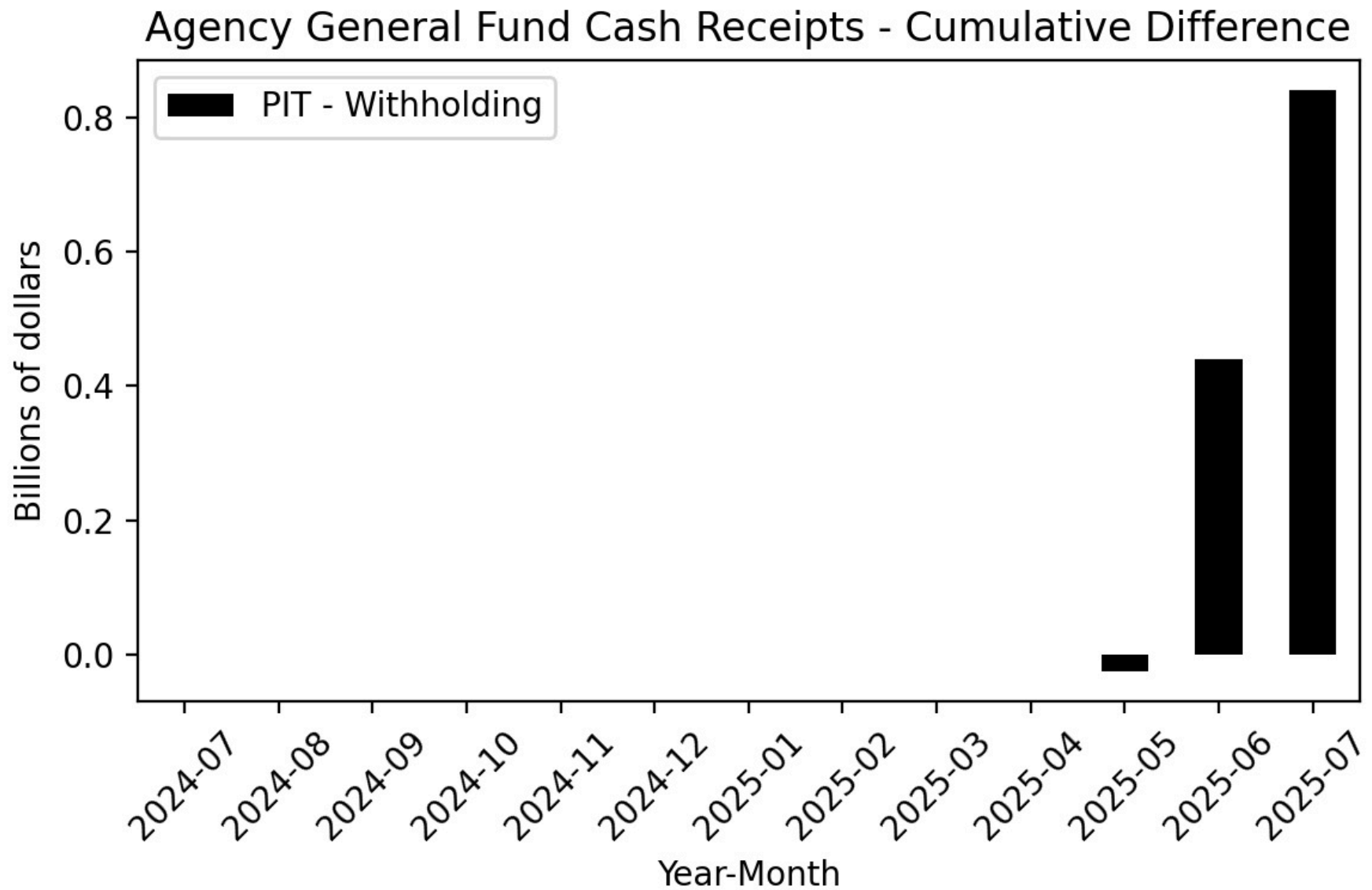


Figure 58

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
PIT-Withholding

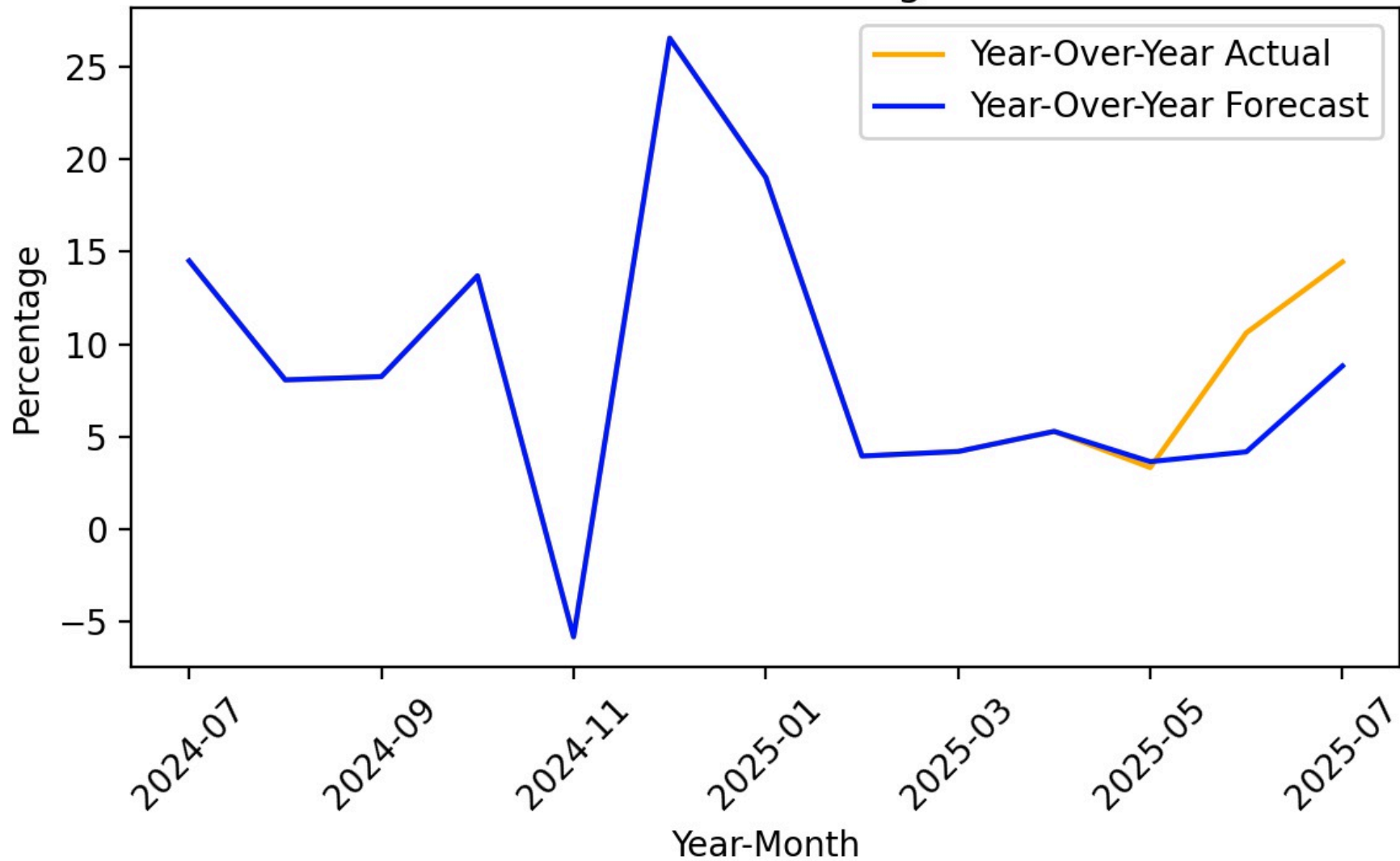


Figure 59

Agency General Fund Cash Receipts - Actual

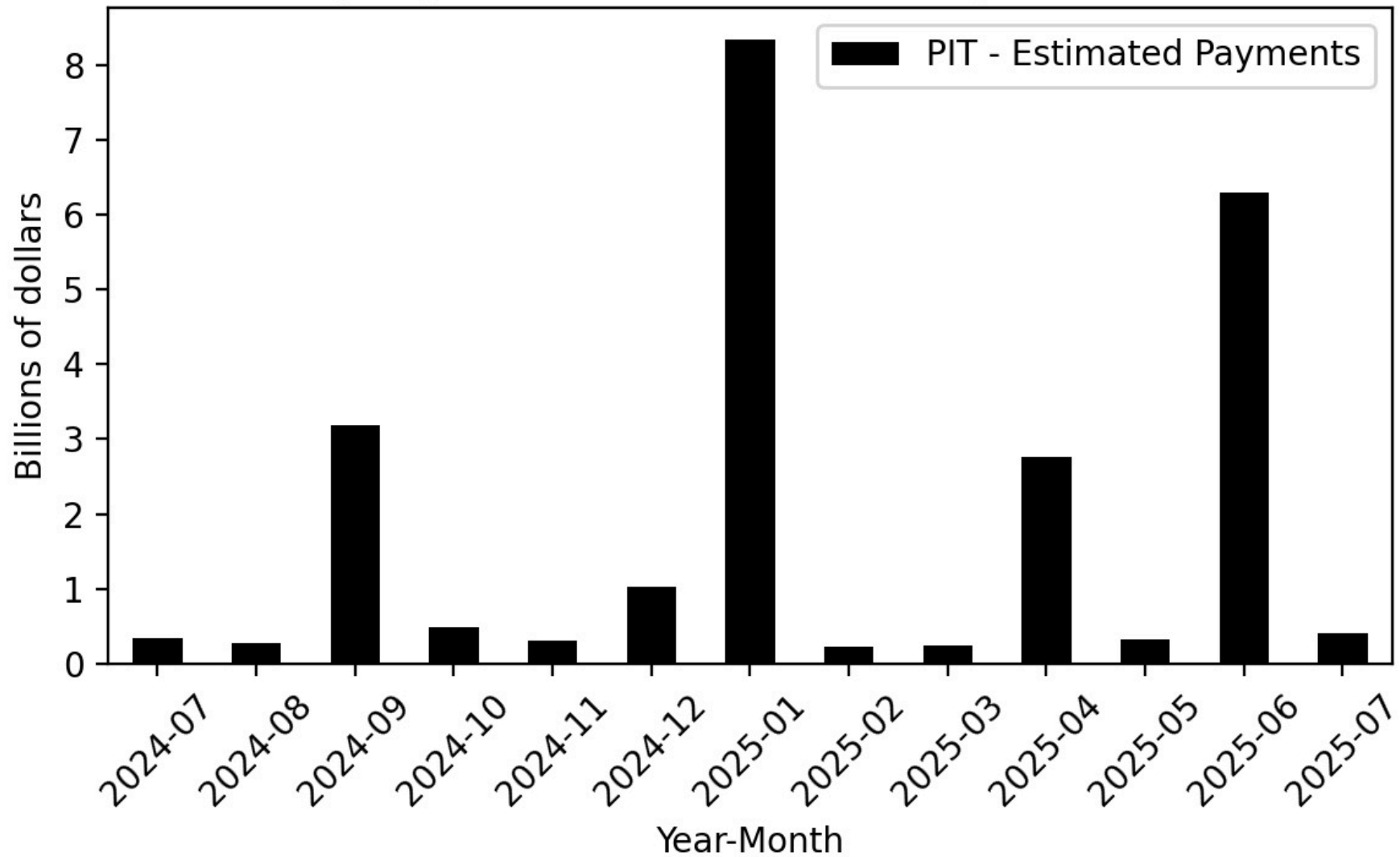


Figure 60

Agency General Fund Cash Receipts - Forecast

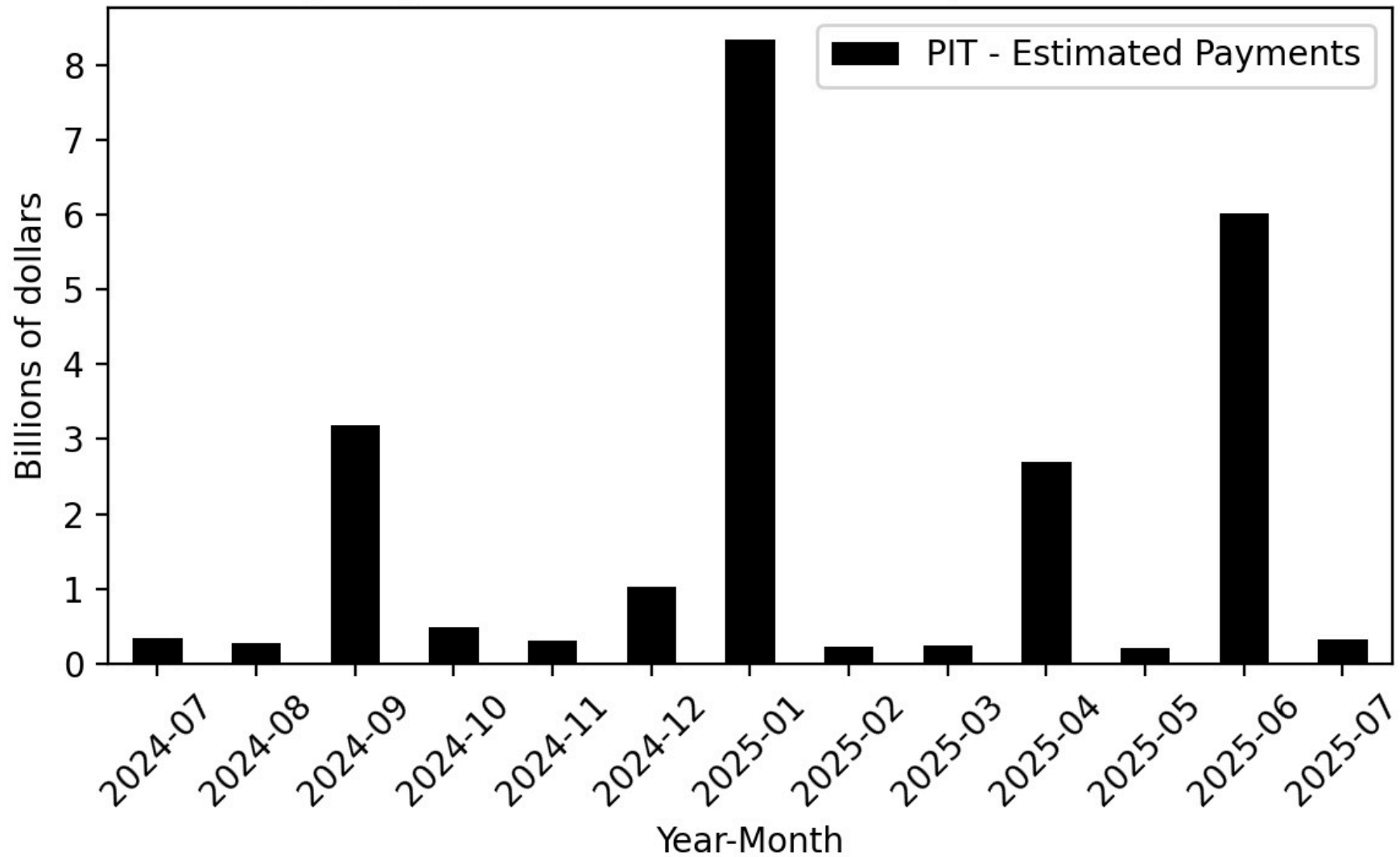


Figure 61

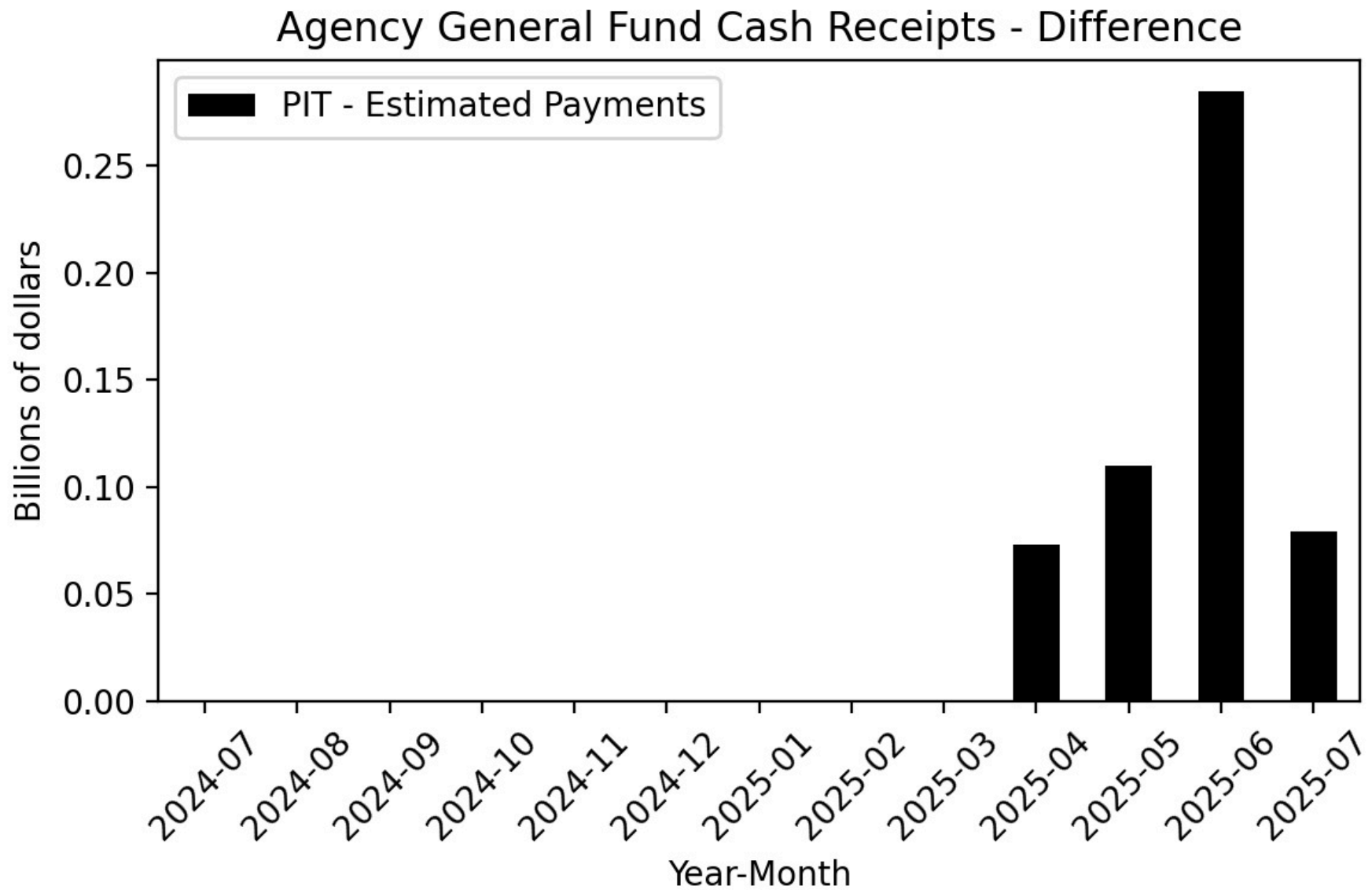


Figure 62

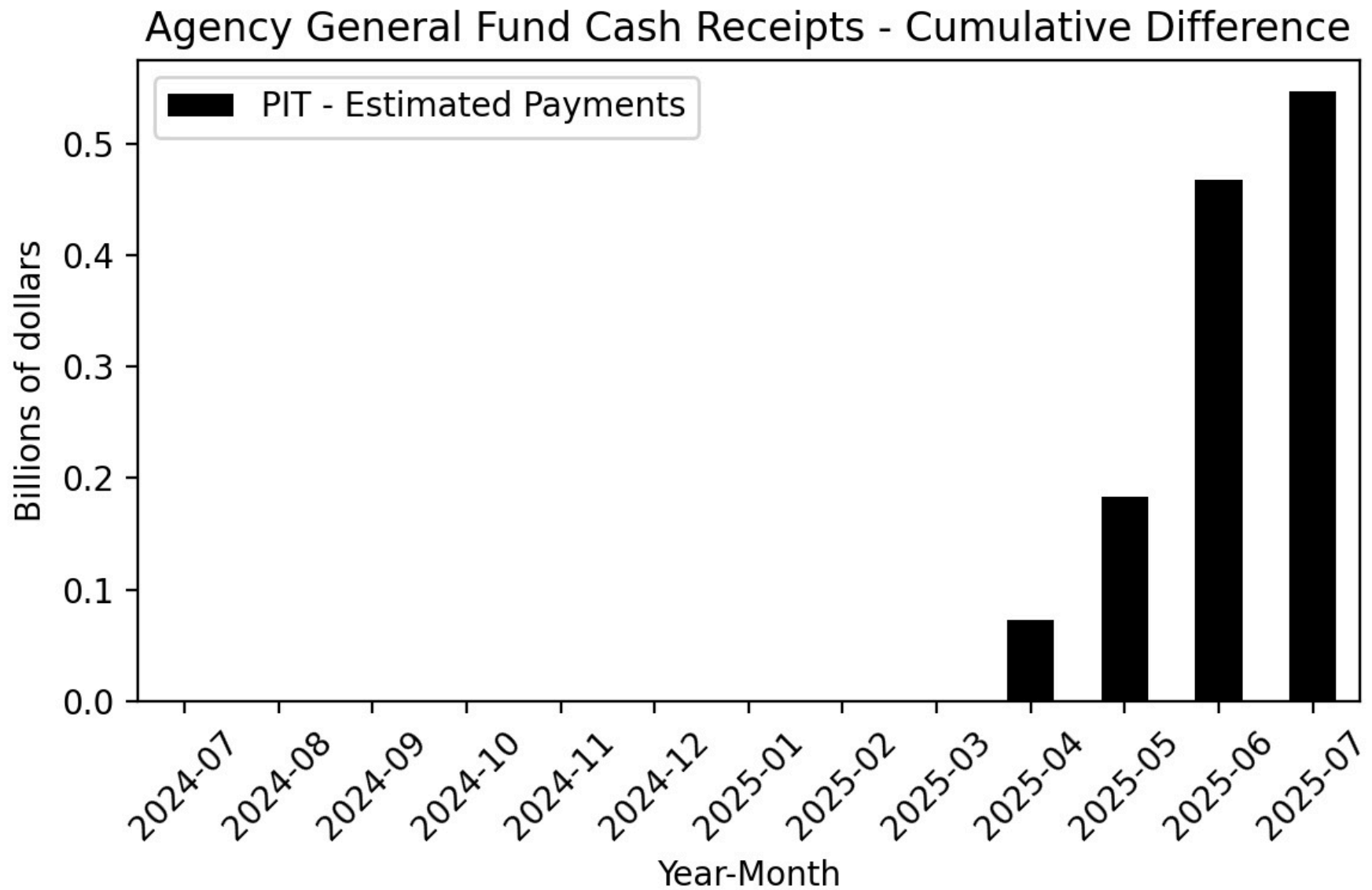


Figure 63

Year-Over-Year Change - Actual and 2025-26 Budget Act
Forecast PIT-Estimated Payments

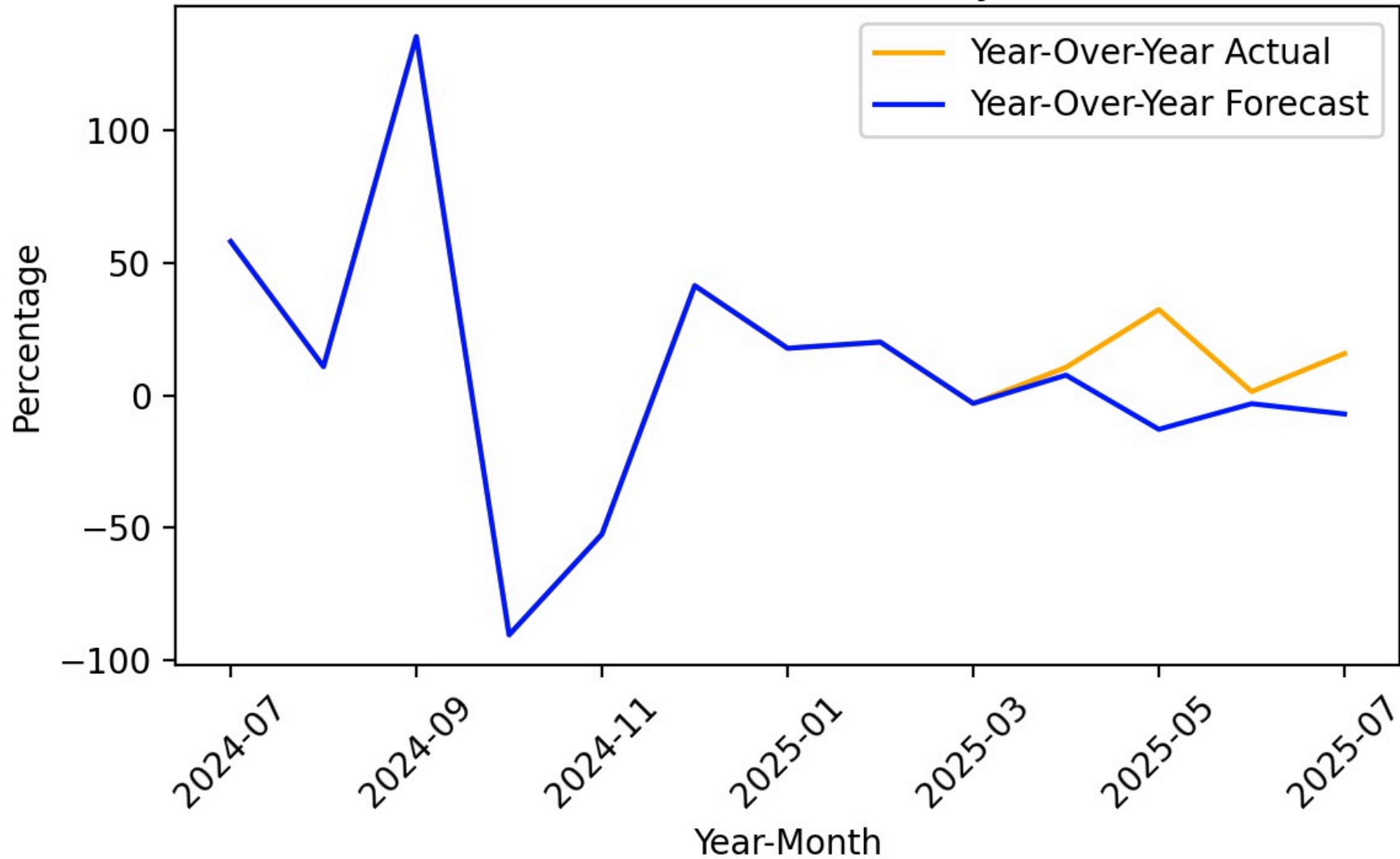


Figure 64

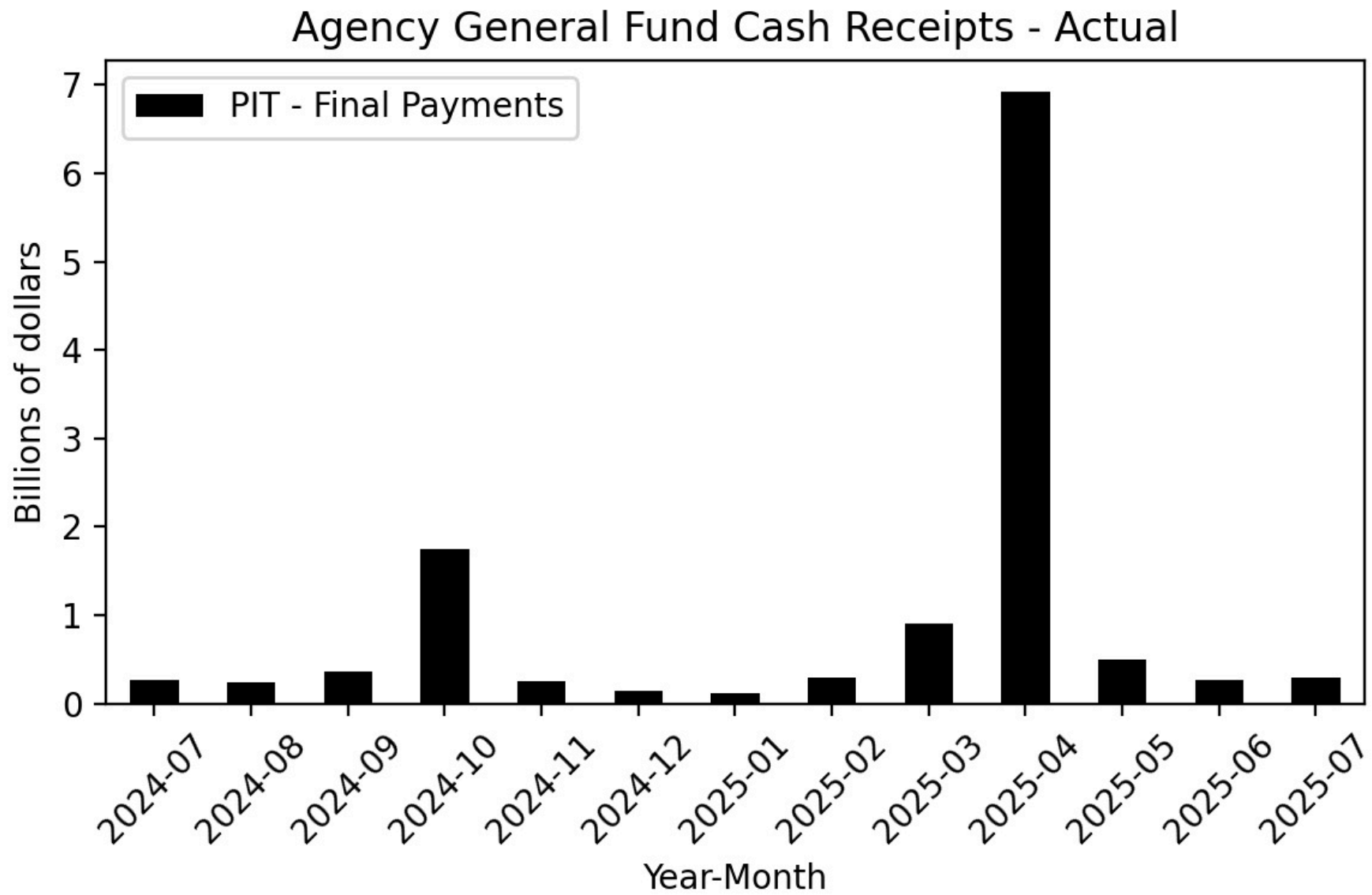


Figure 65

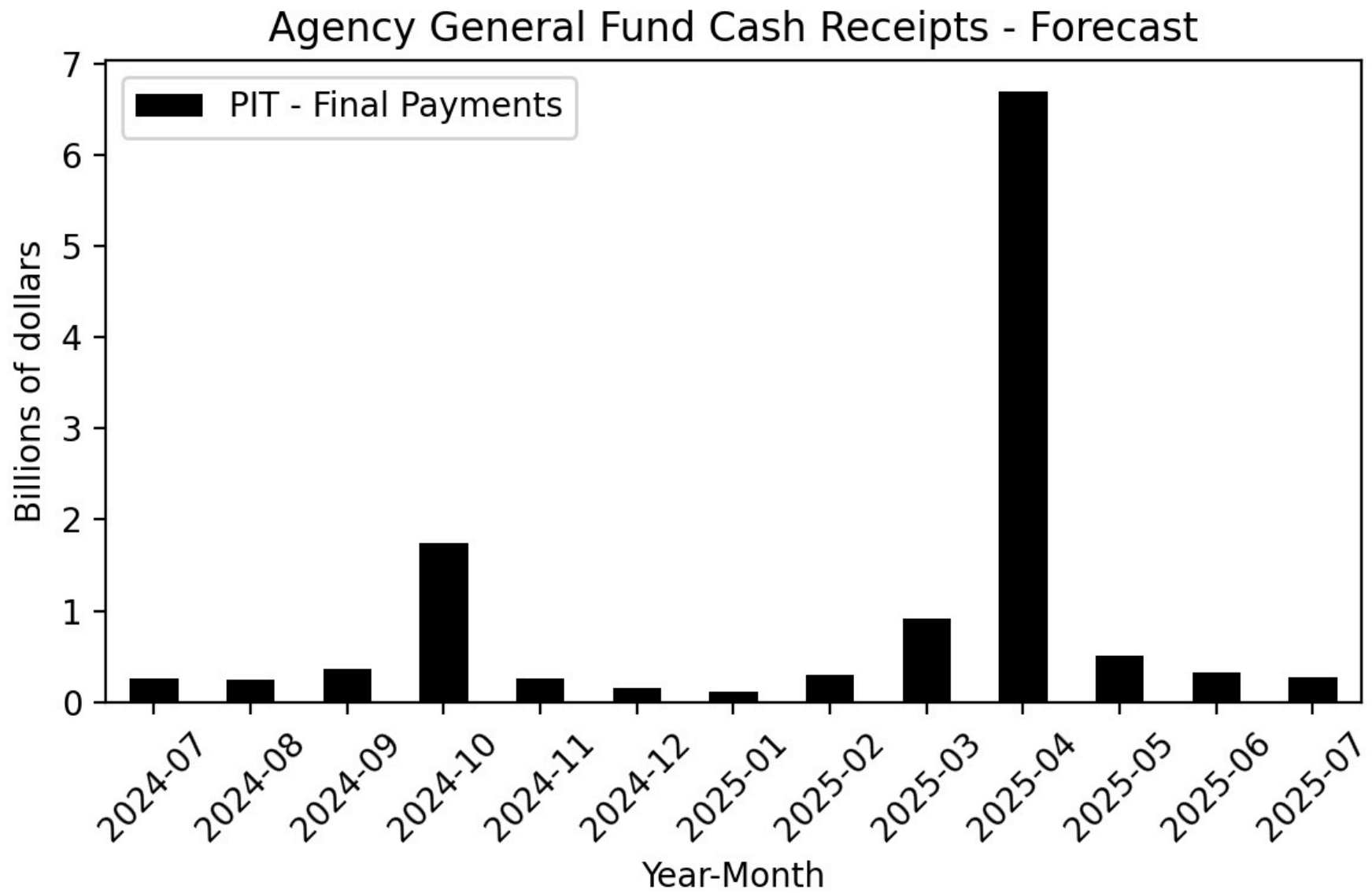


Figure 66

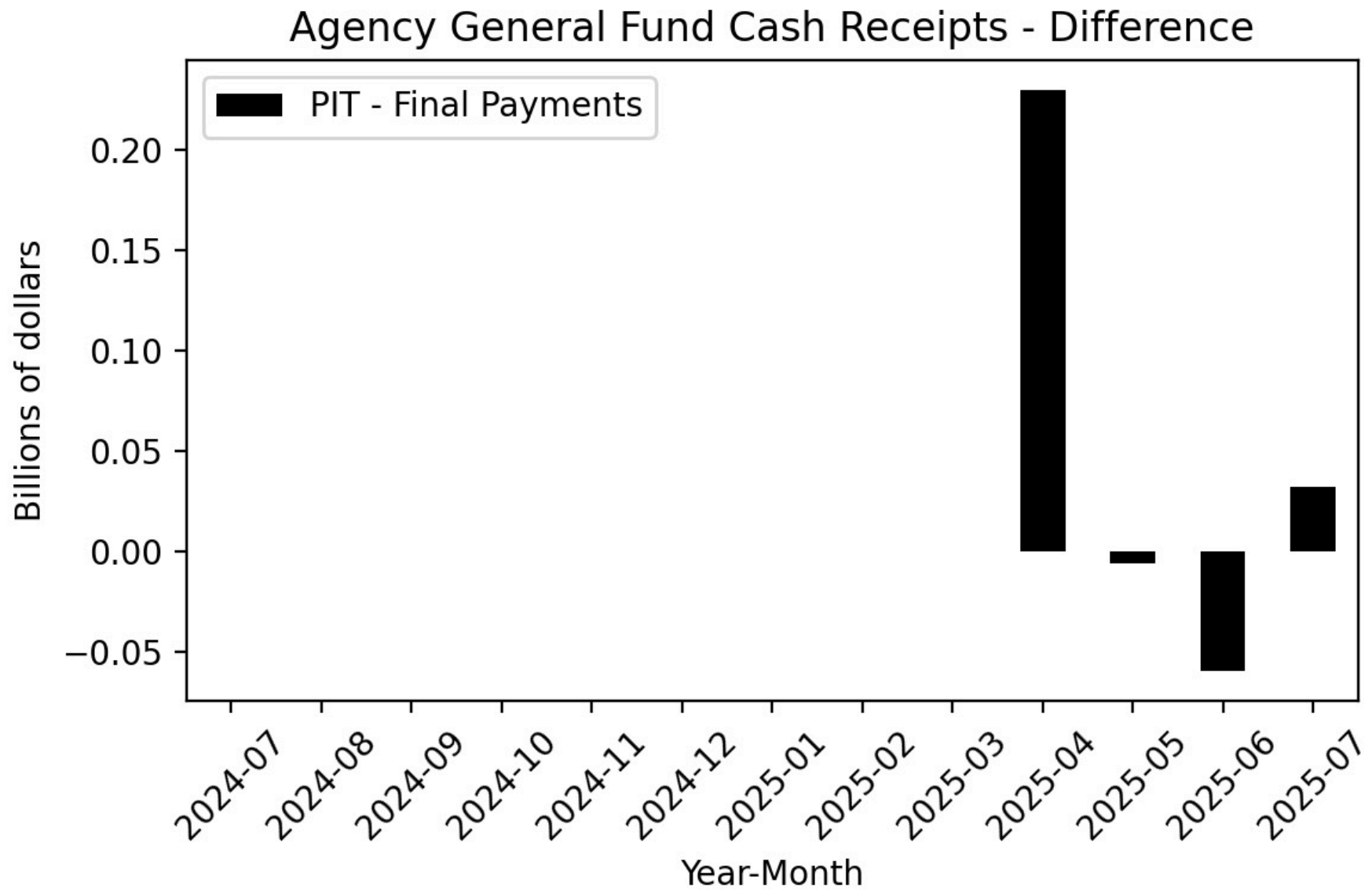


Figure 67

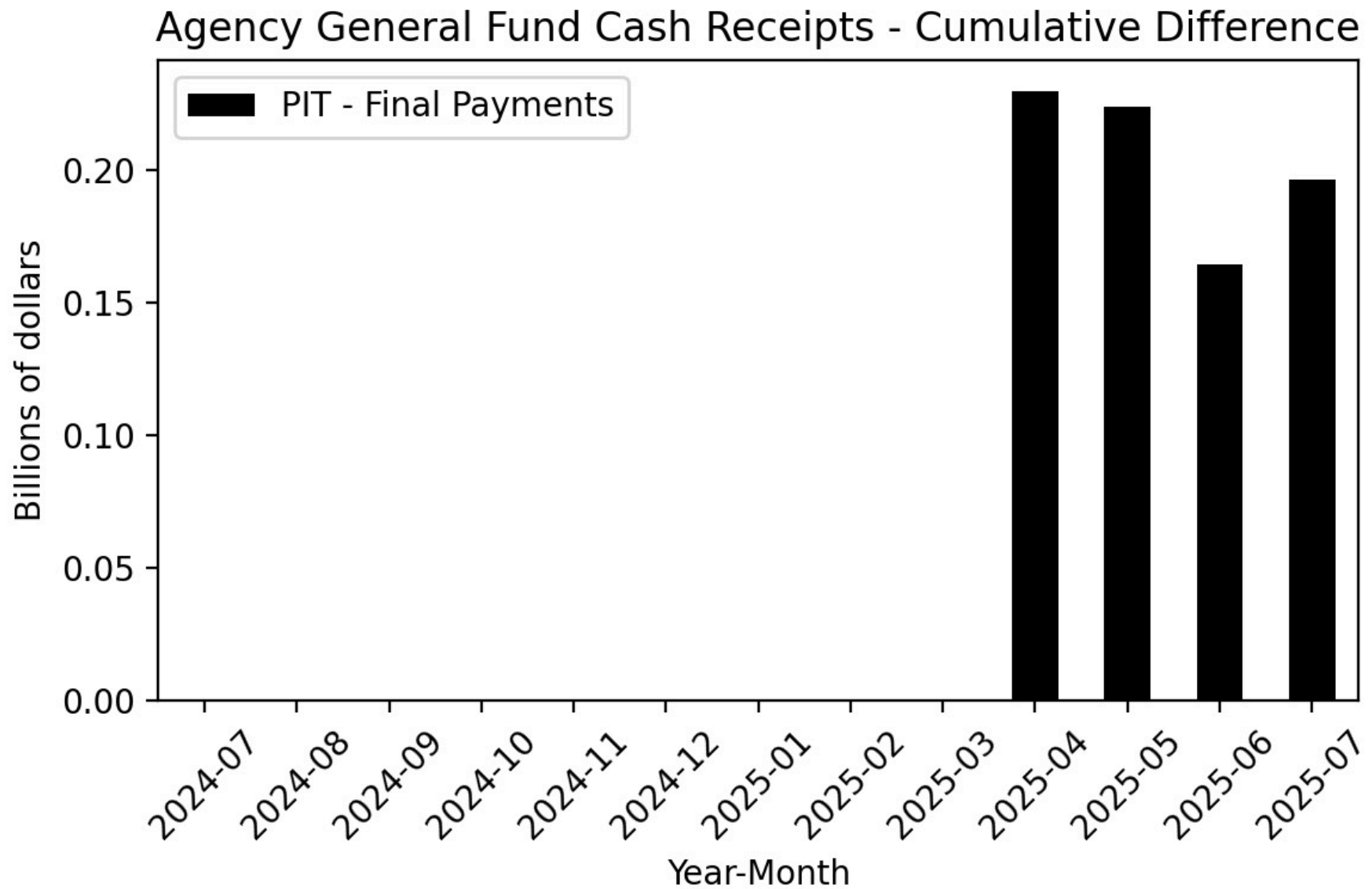


Figure 68

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
PIT-Final Payments

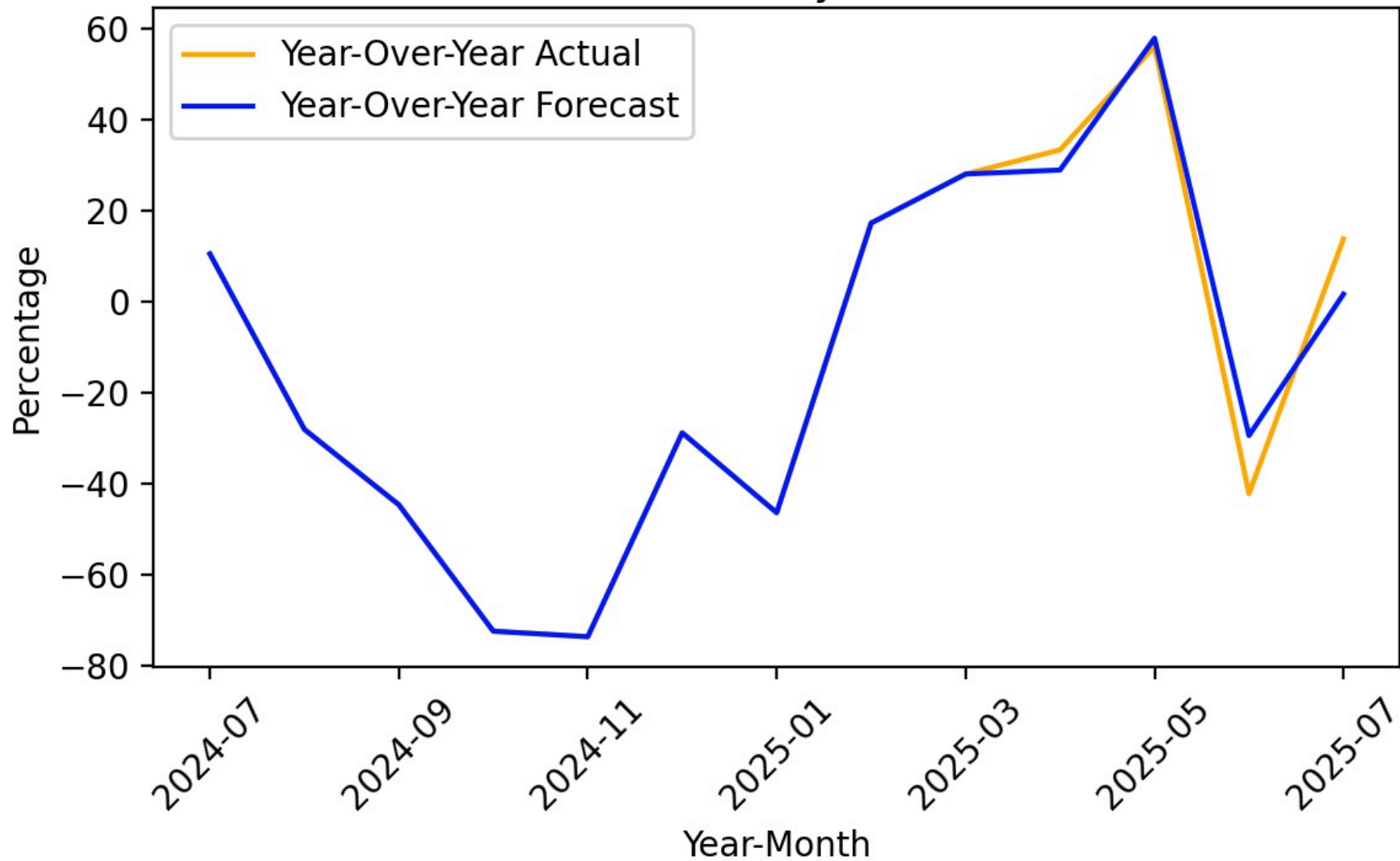


Figure 69

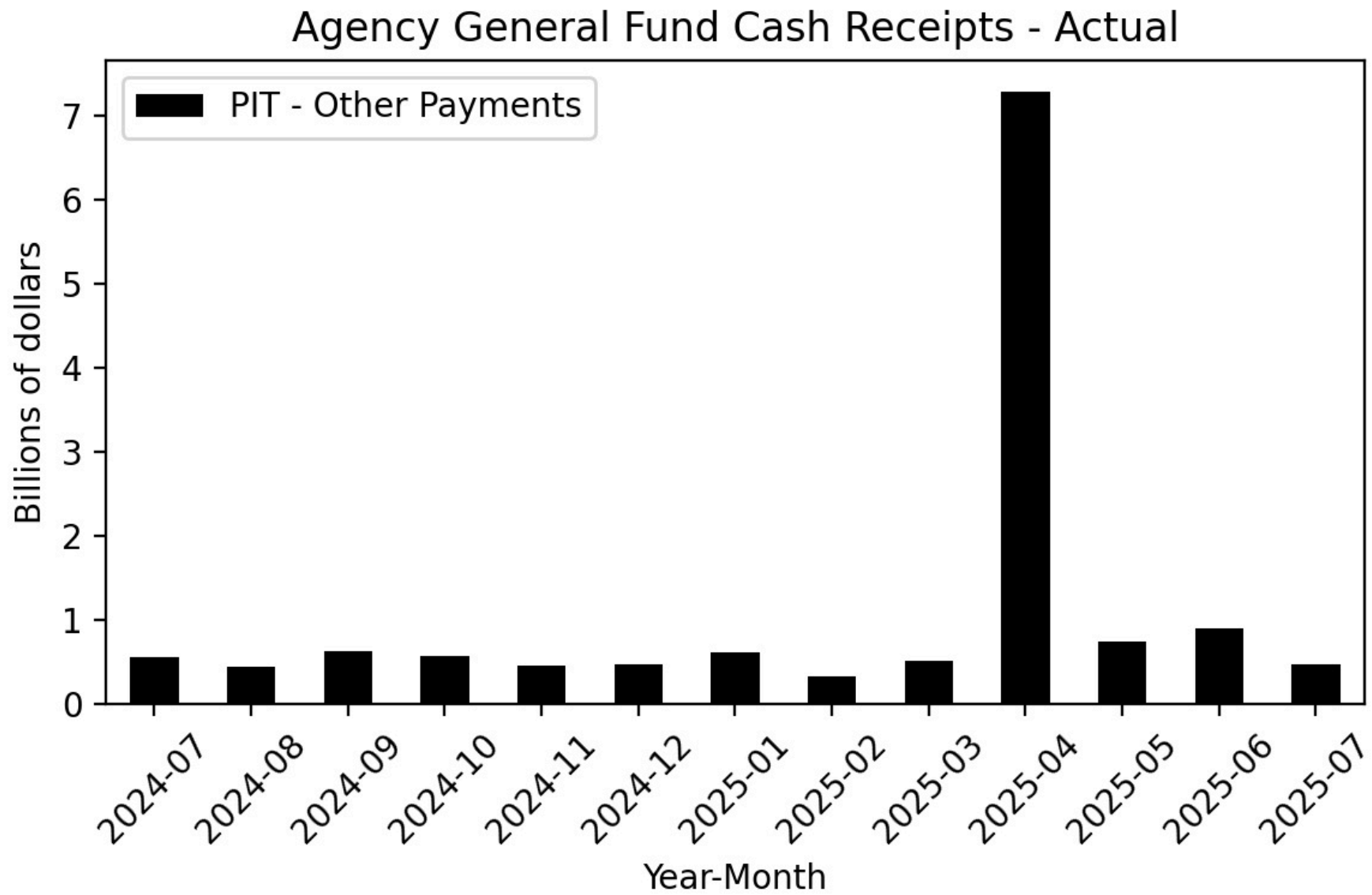


Figure 70

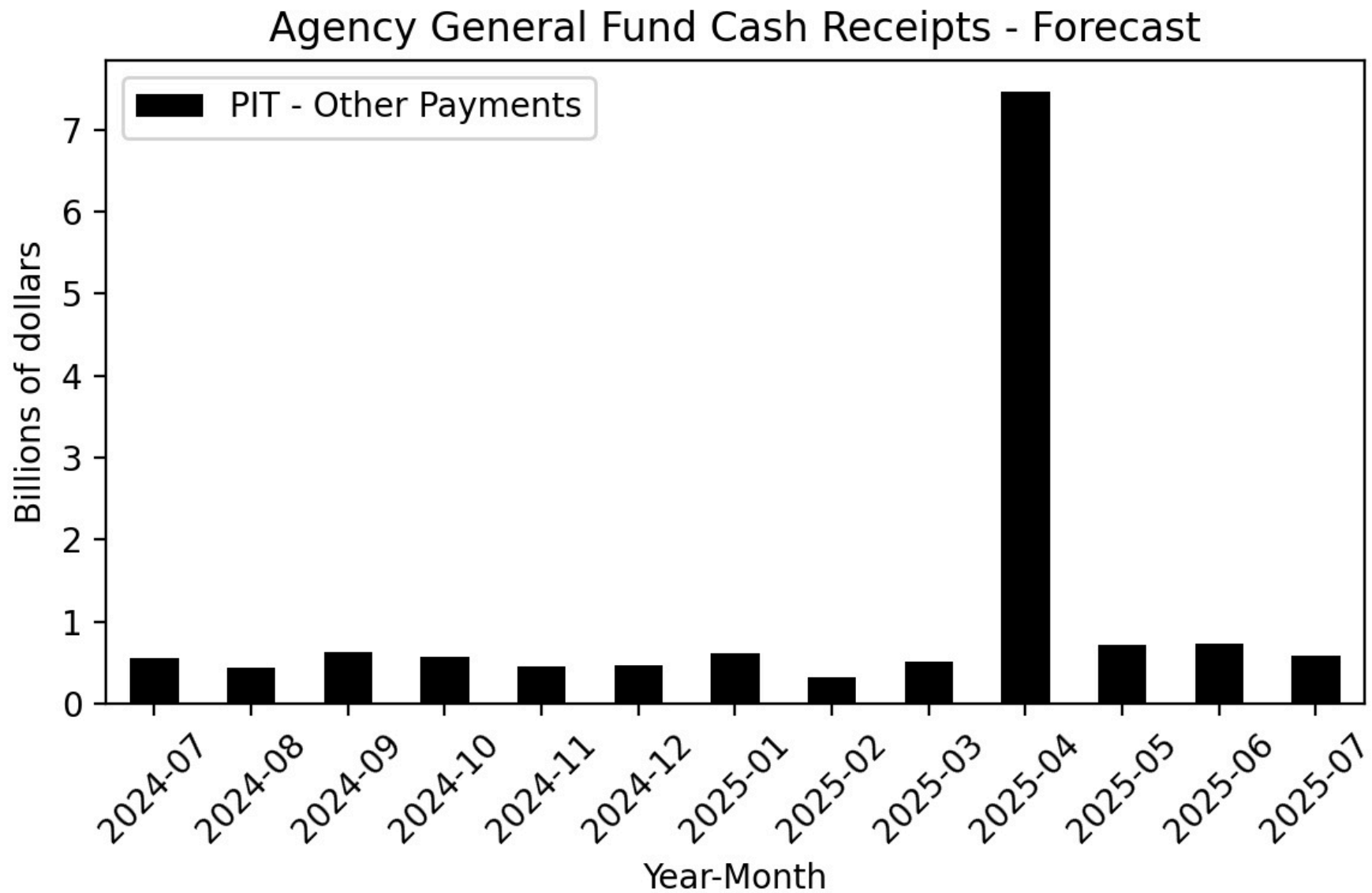


Figure 71

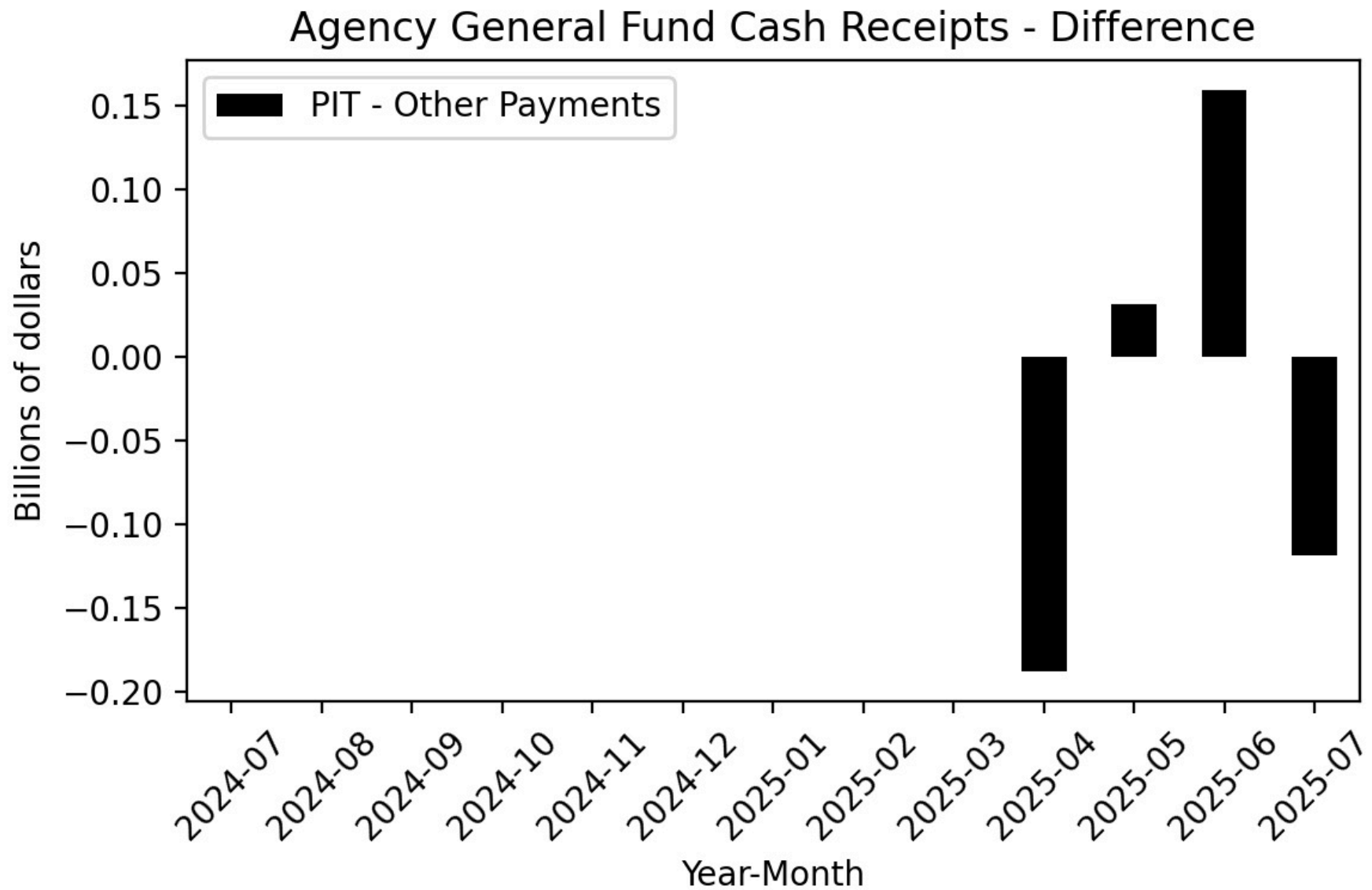


Figure 72

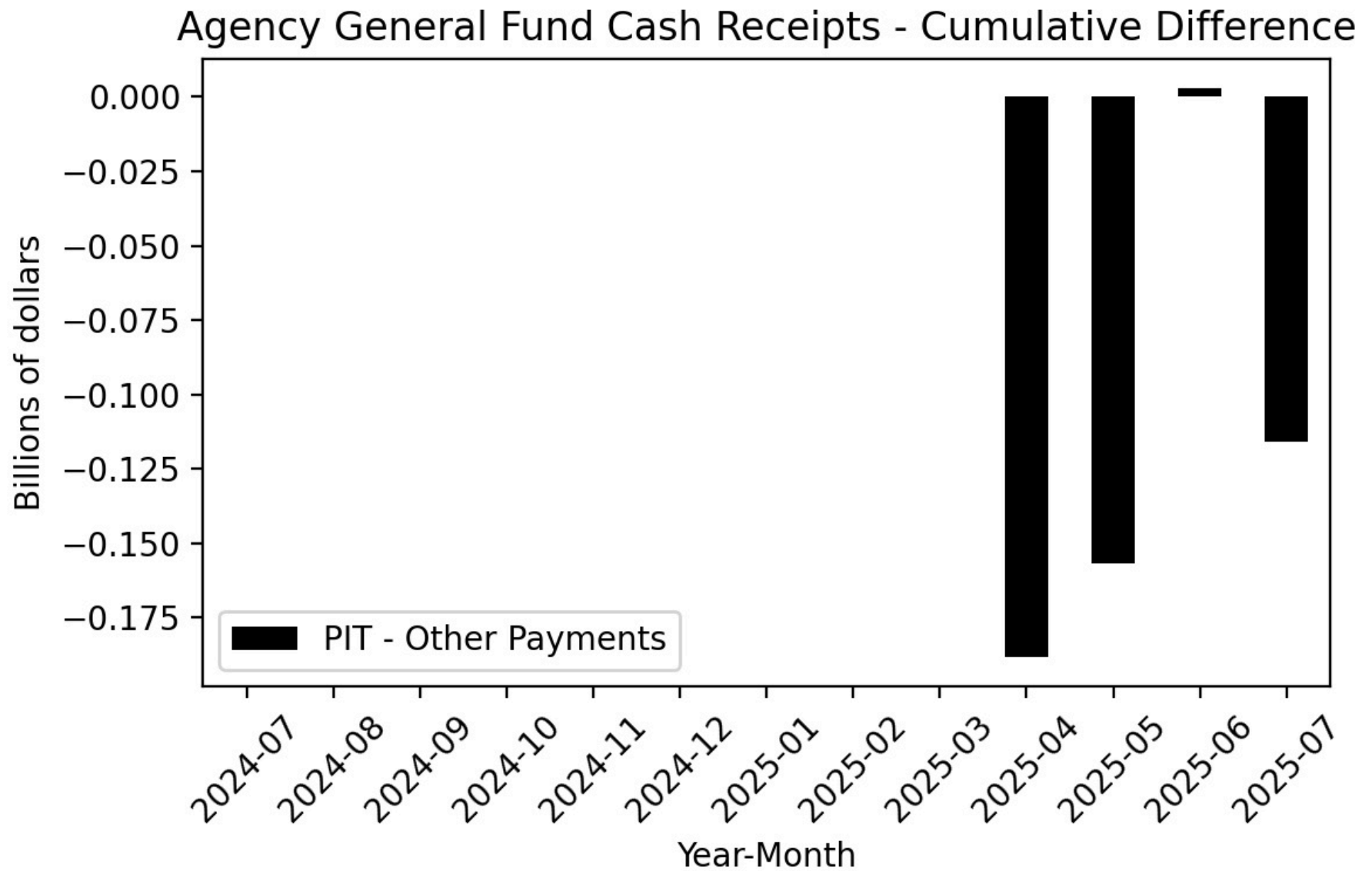


Figure 73

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
PIT-Other Payments

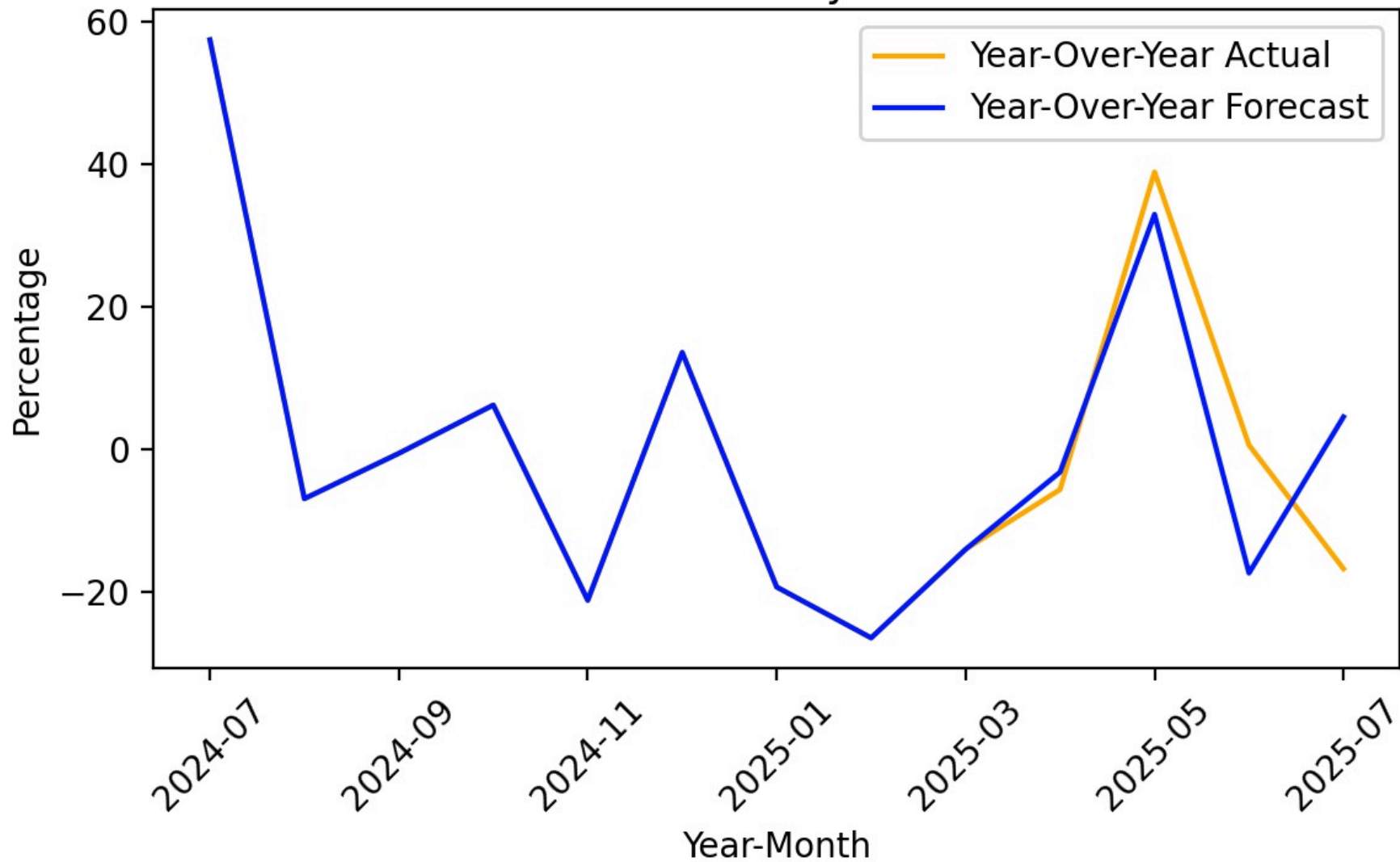


Figure 74

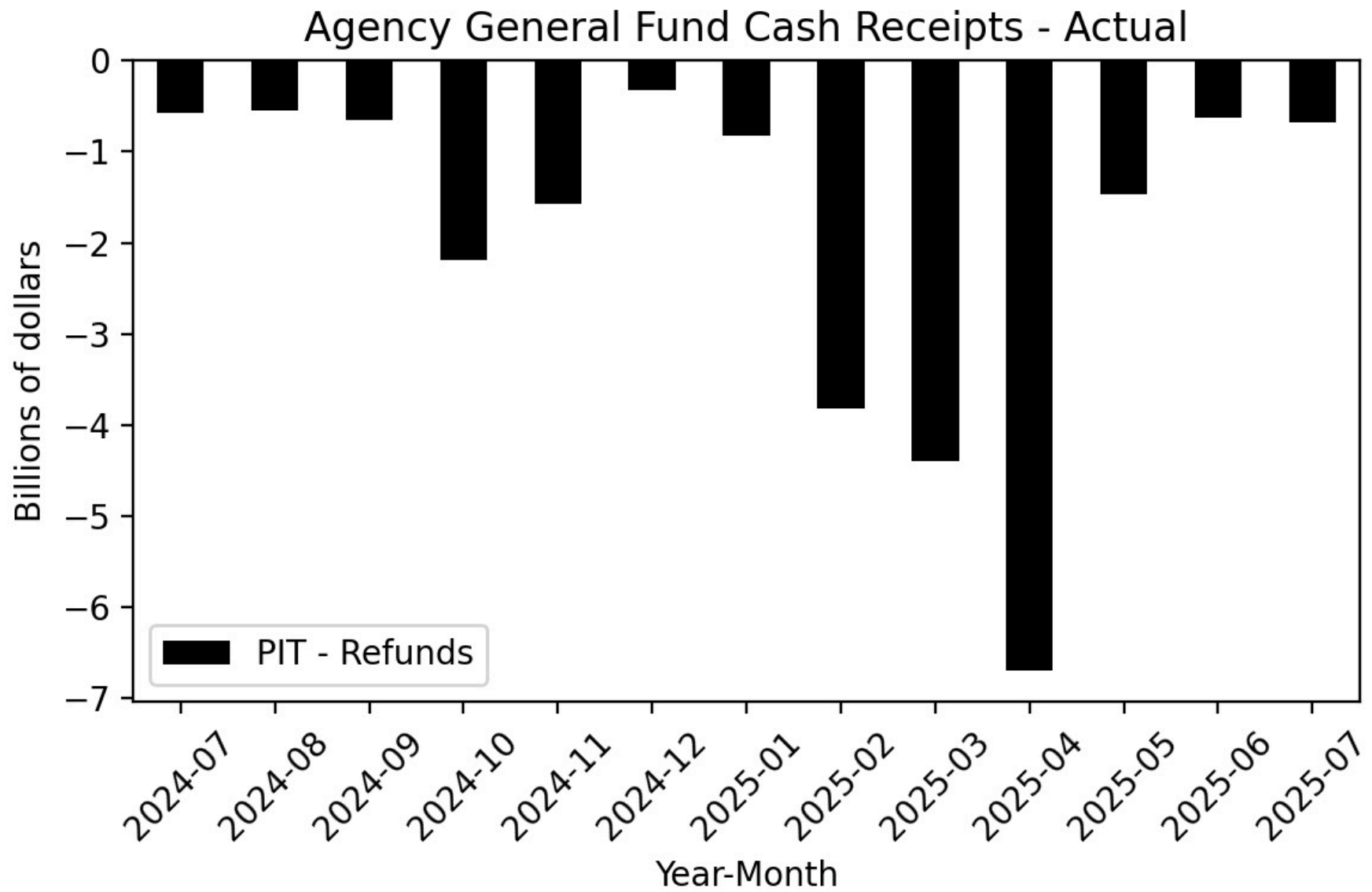


Figure 75

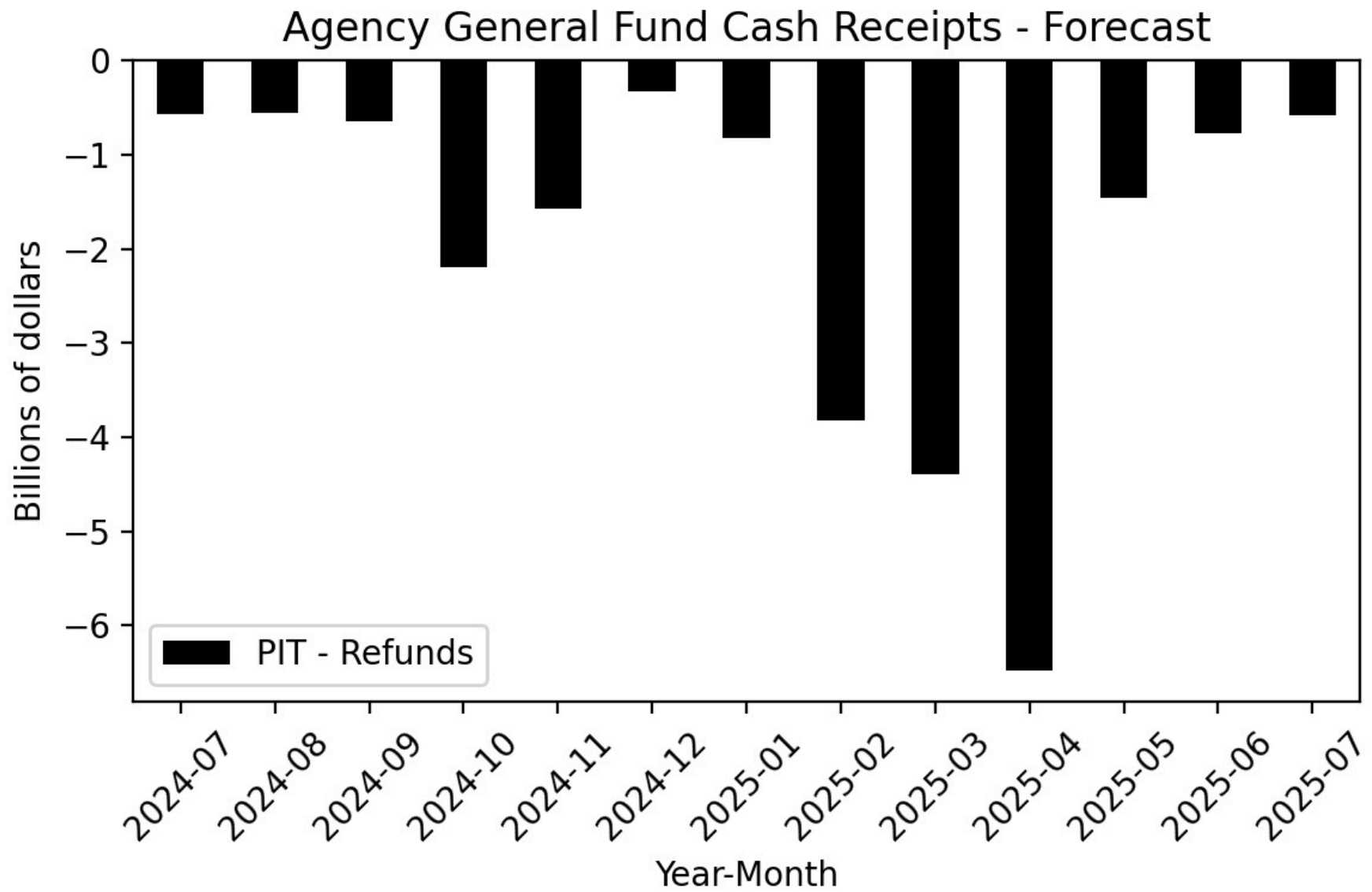


Figure 76

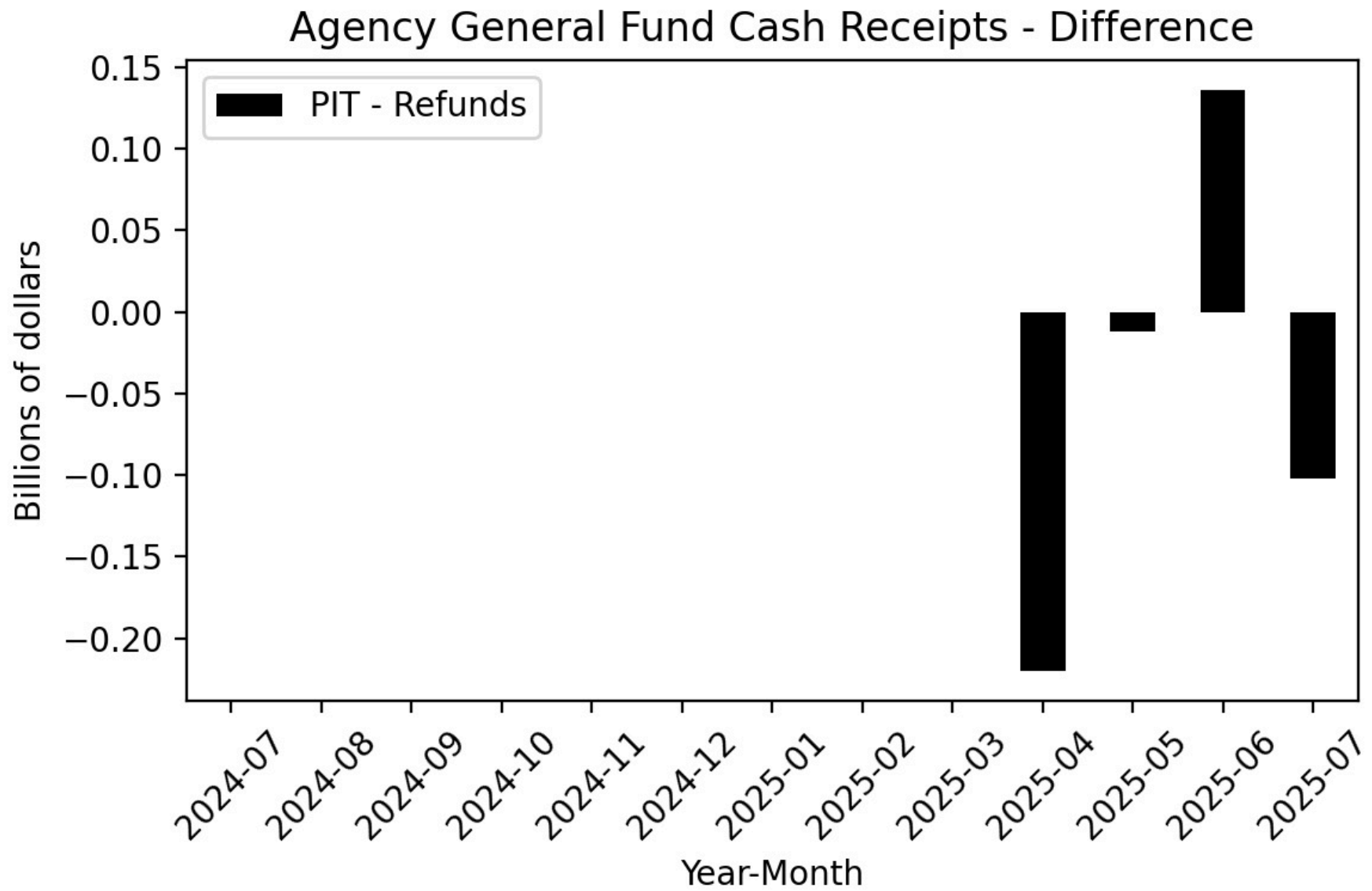


Figure 77

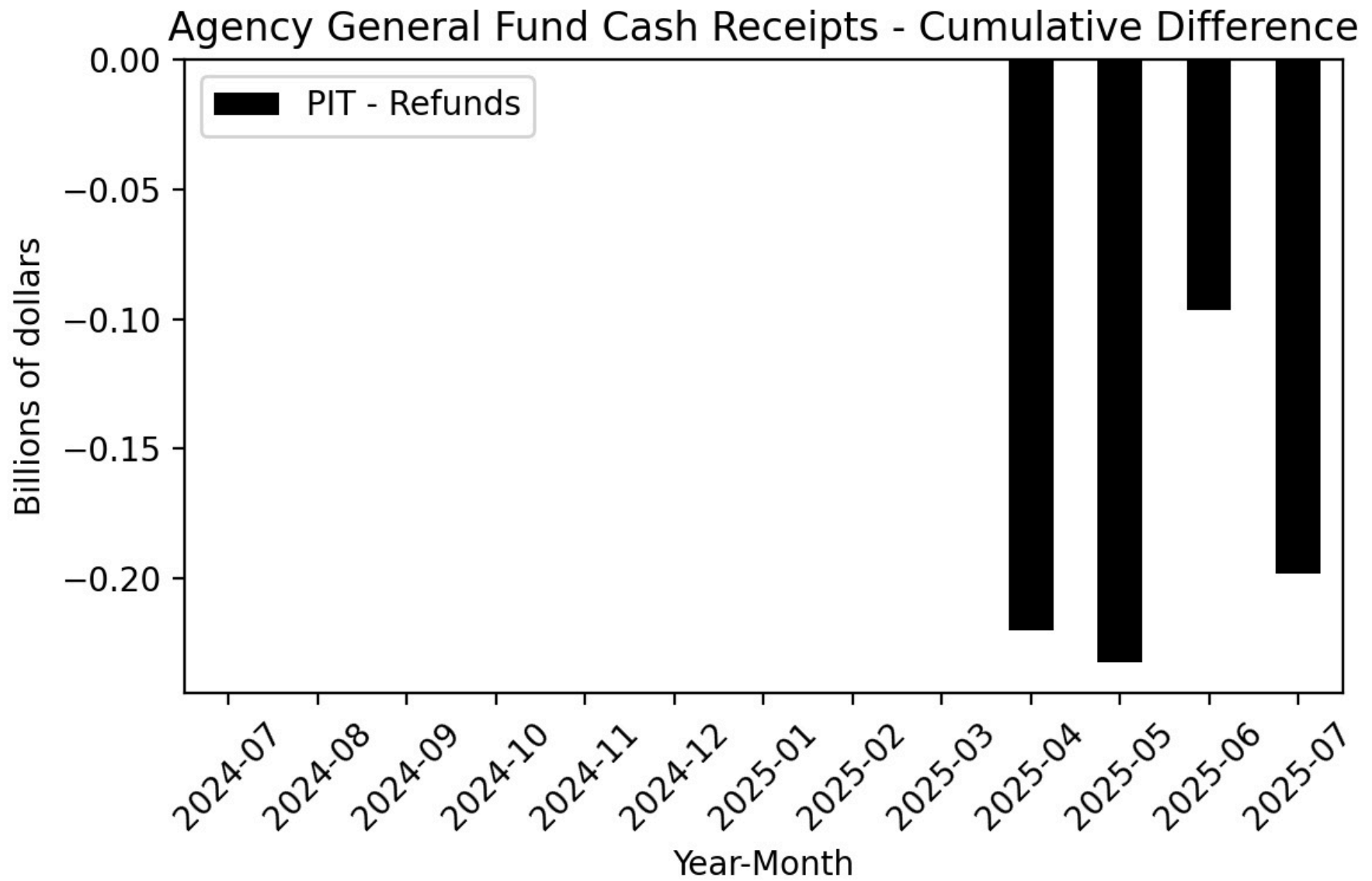


Figure 78

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
PIT-Refunds

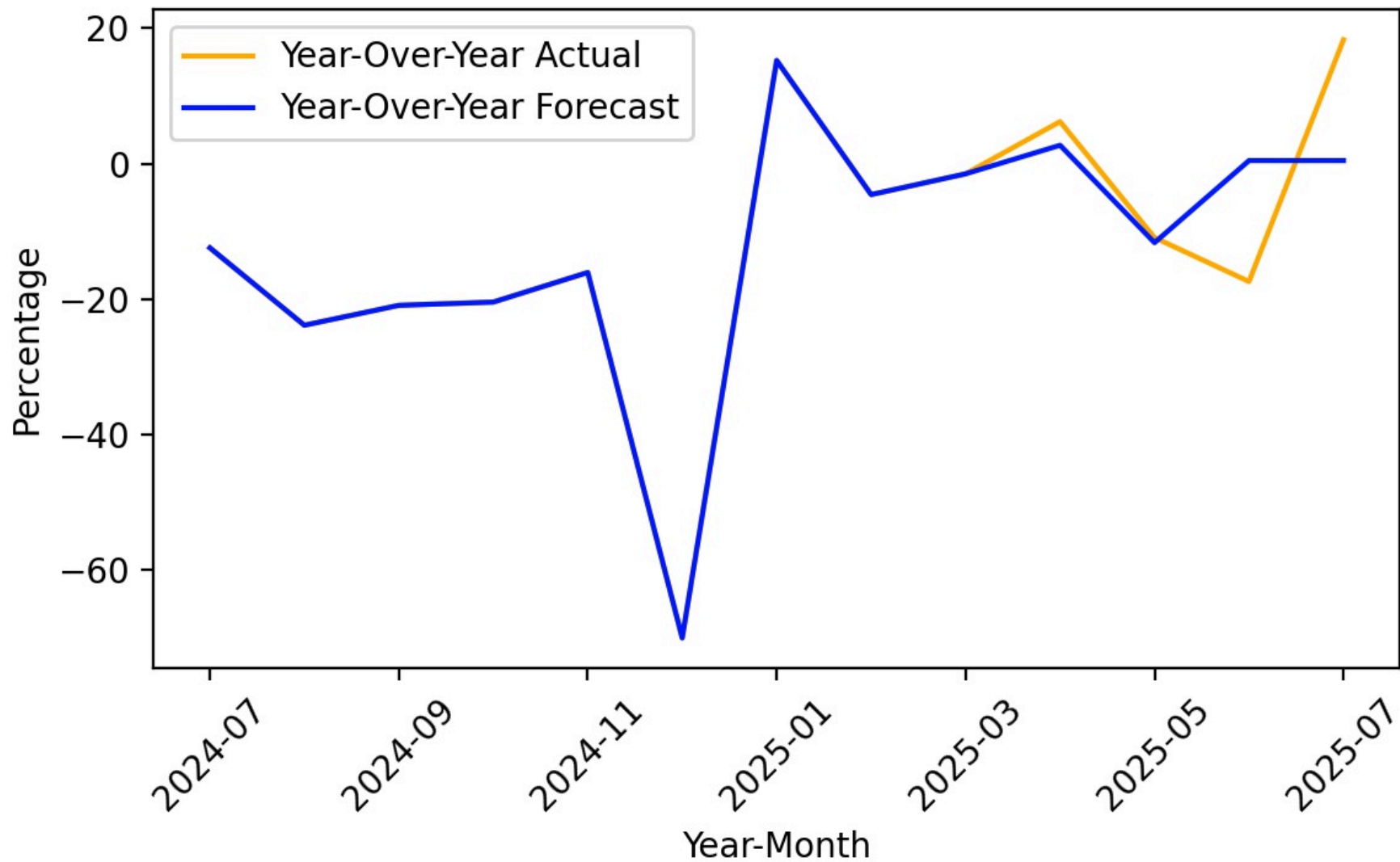


Figure 79

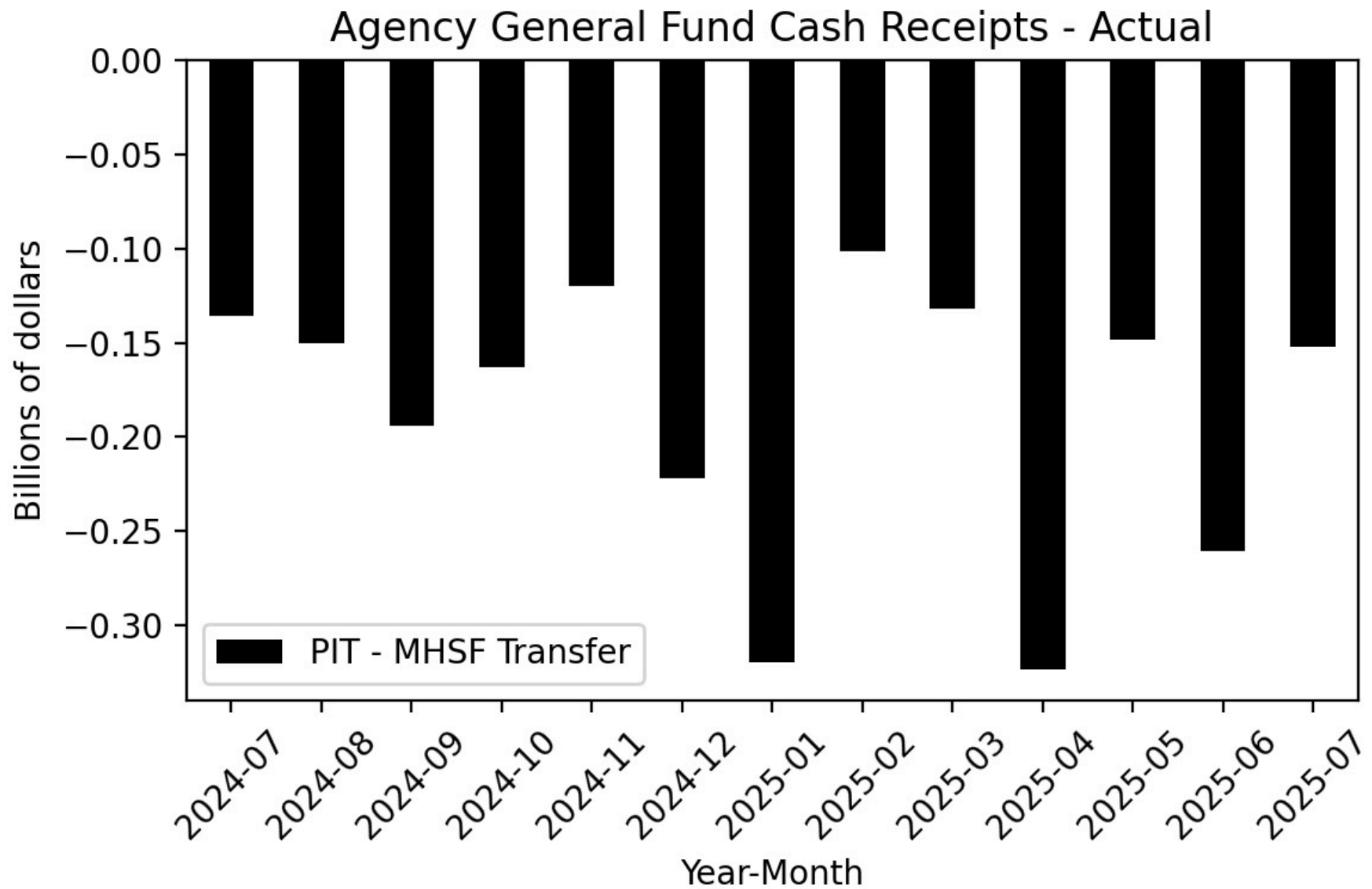


Figure 80

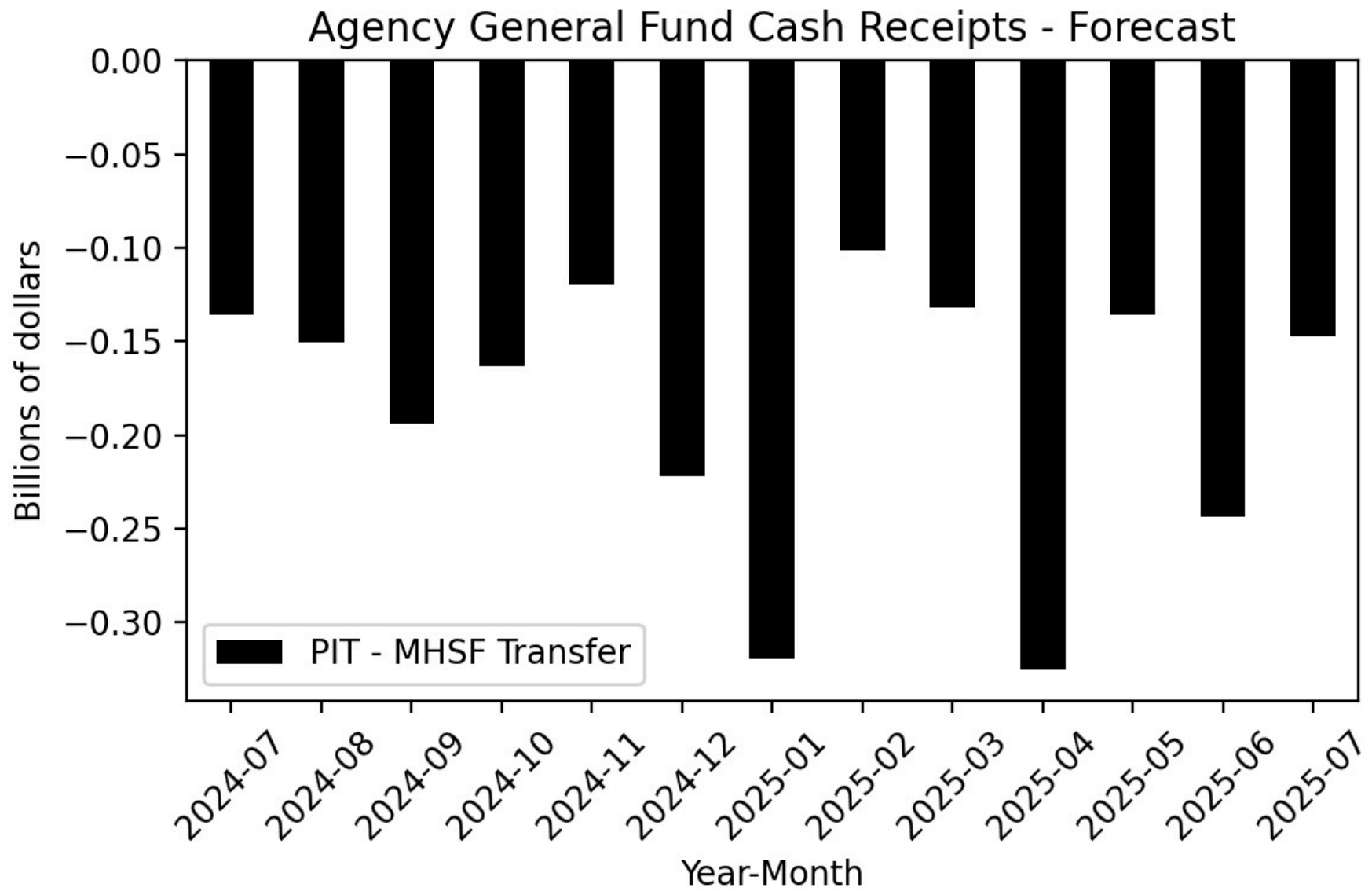


Figure 81

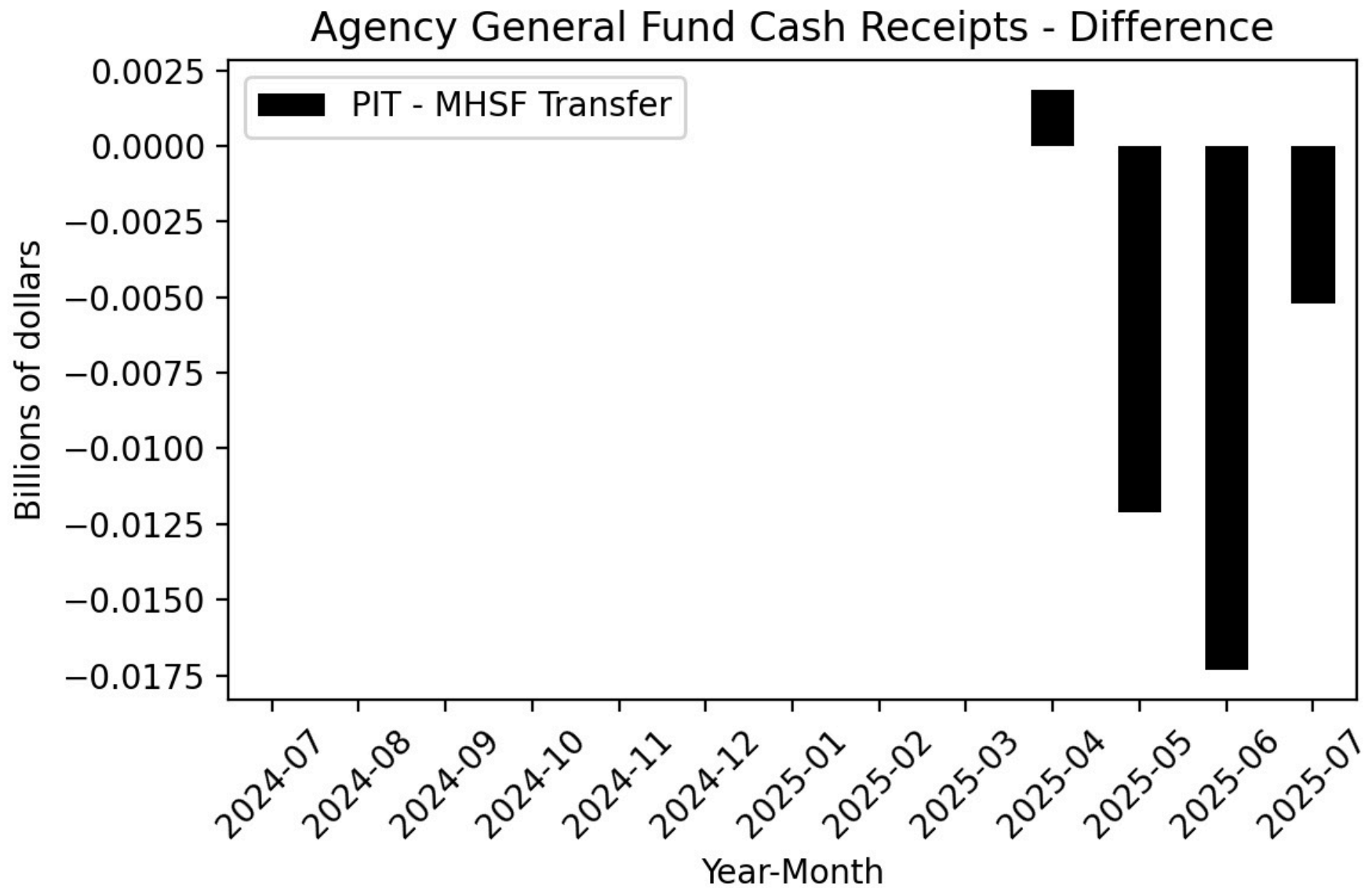


Figure 82

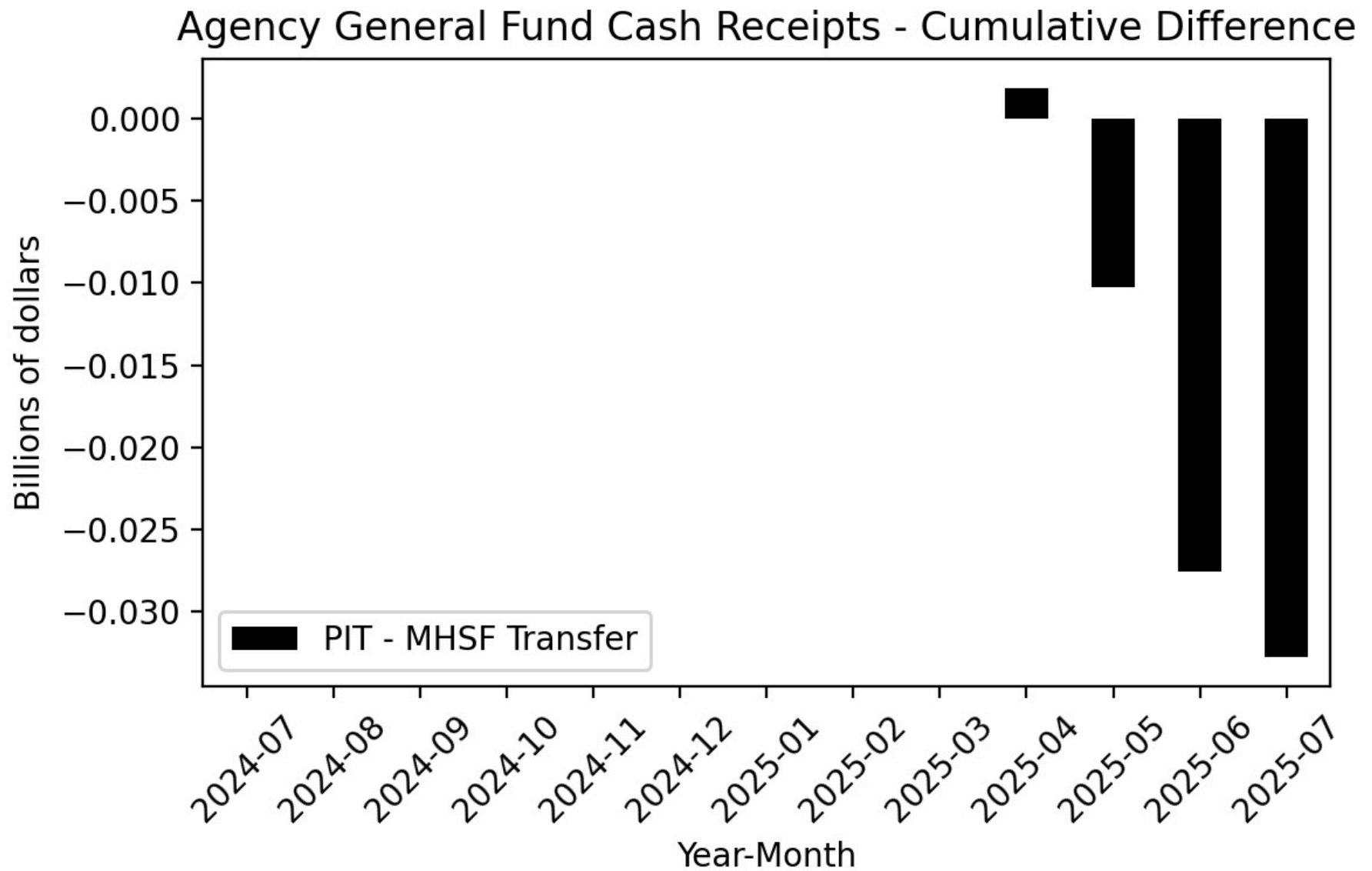


Figure 83

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
PIT-MHSF Transfer

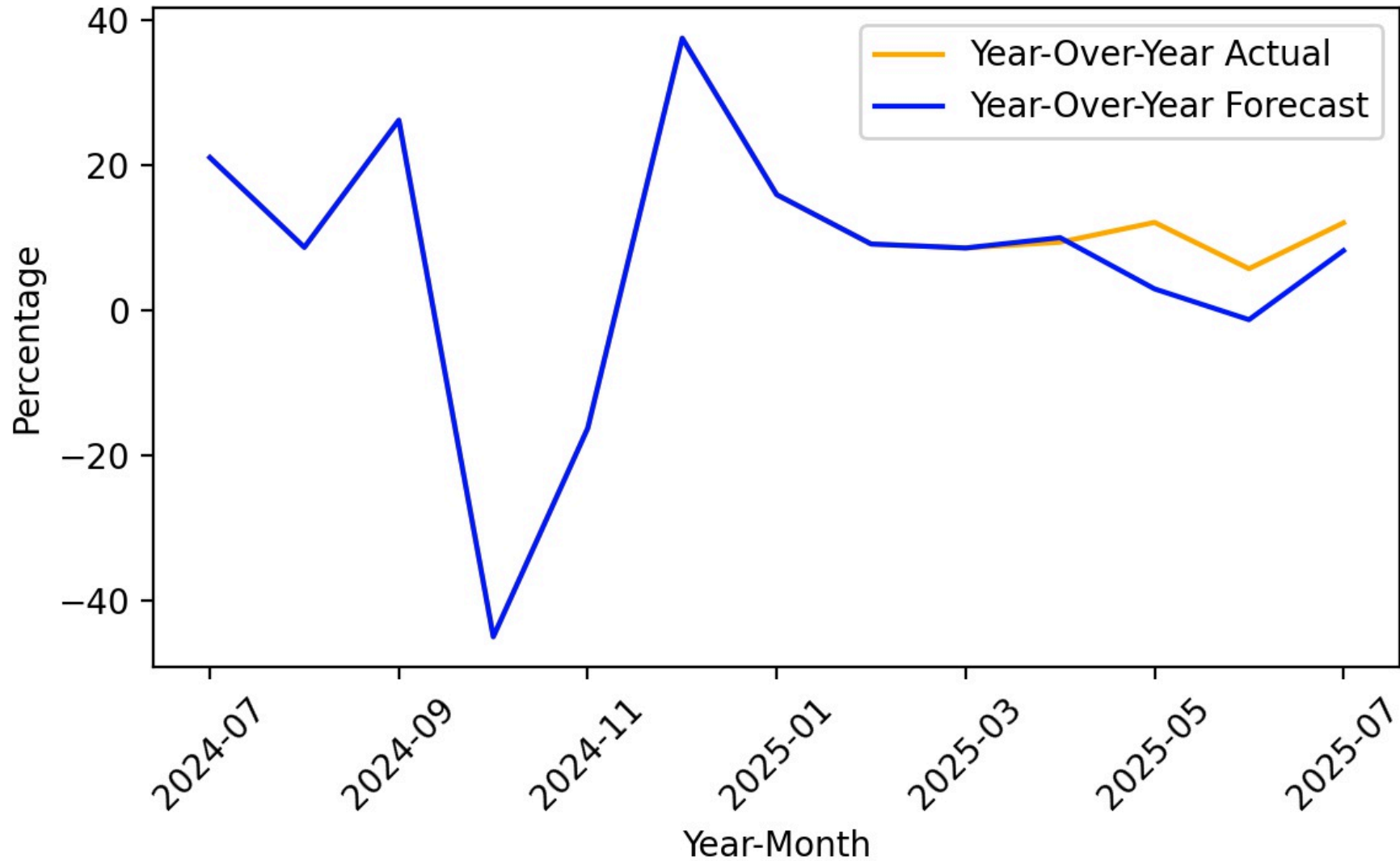


Figure 84

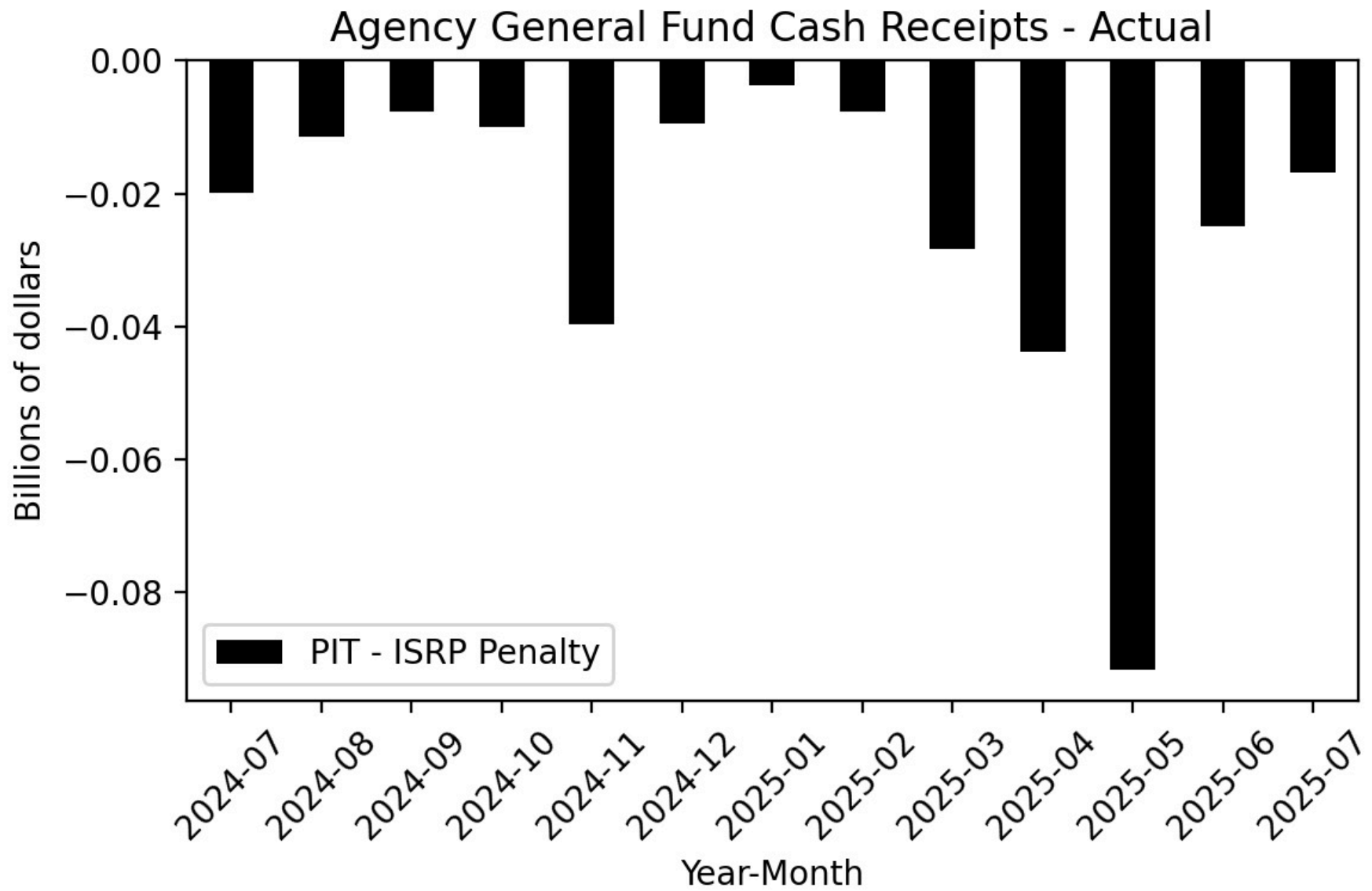


Figure 85

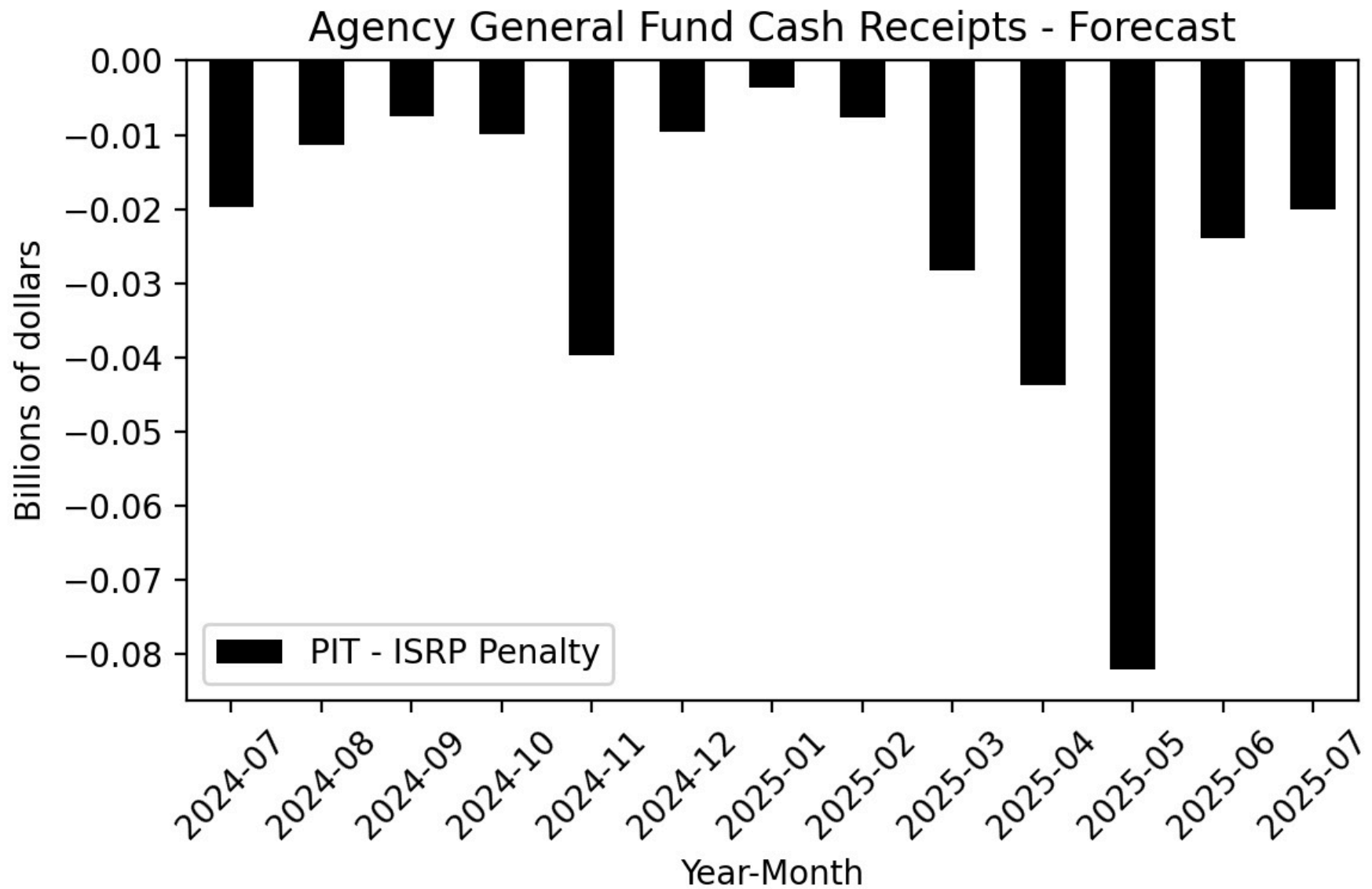


Figure 86

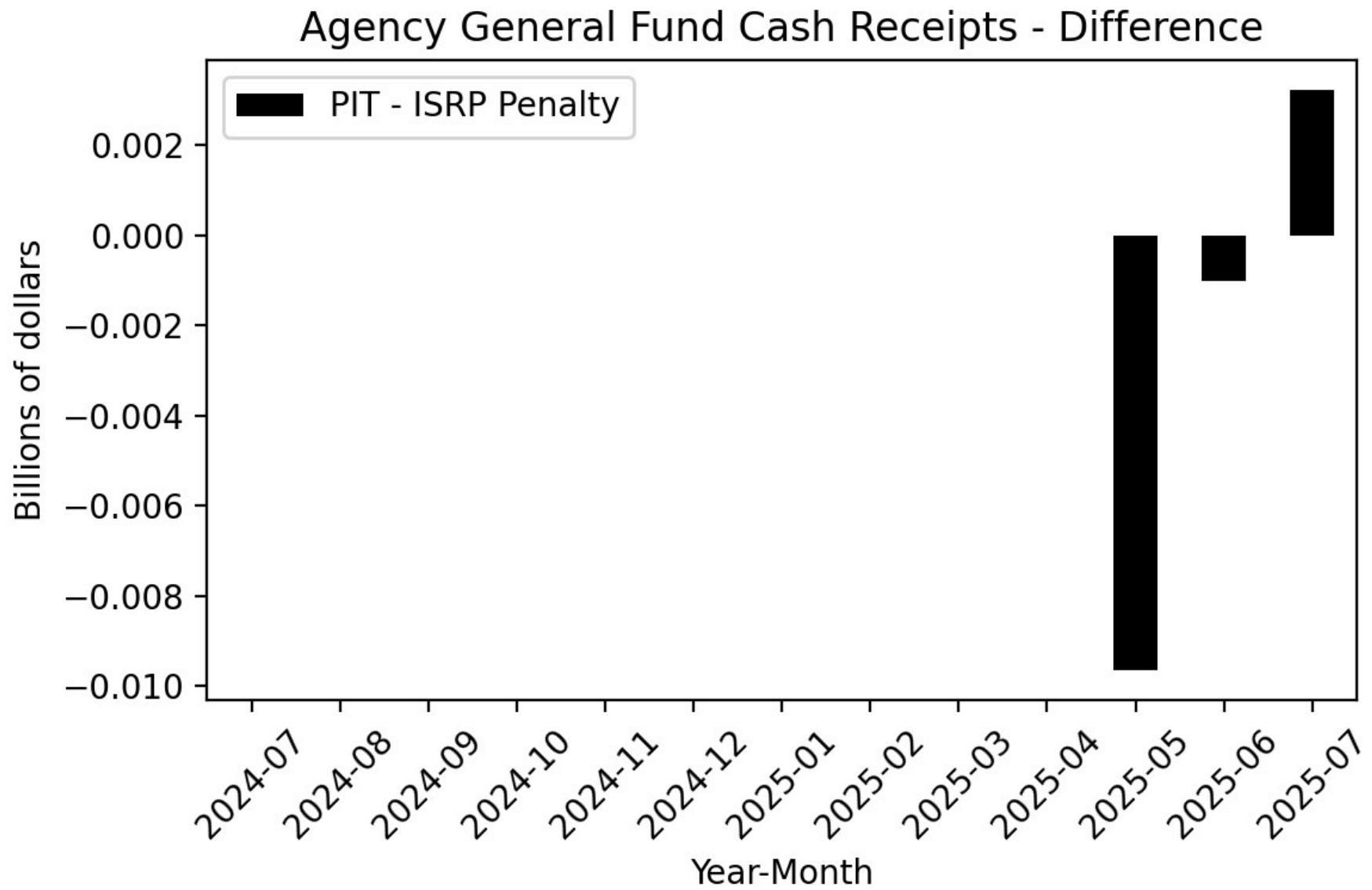


Figure 87

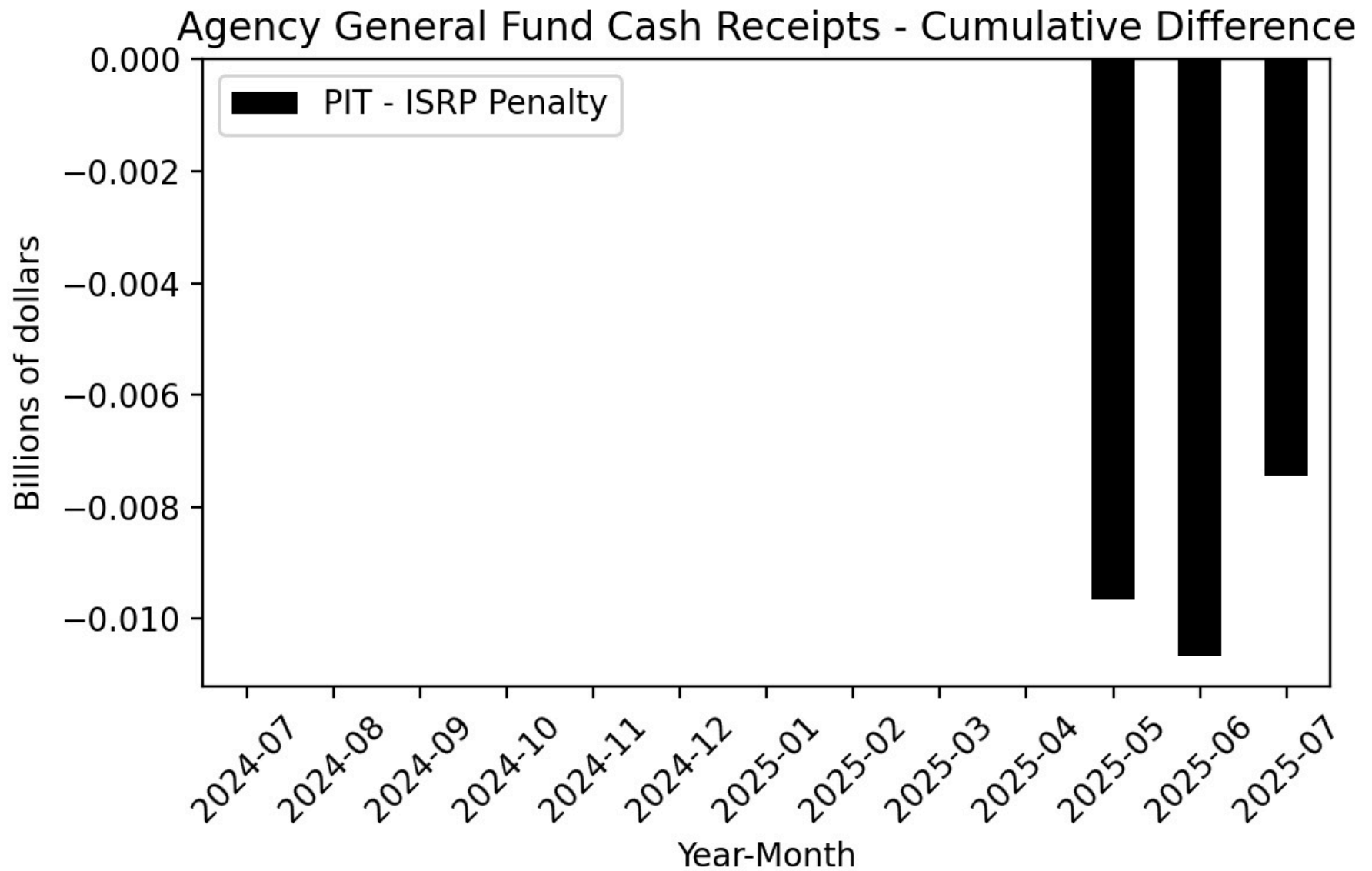


Figure 88

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
PIT-ISRPP Penalty

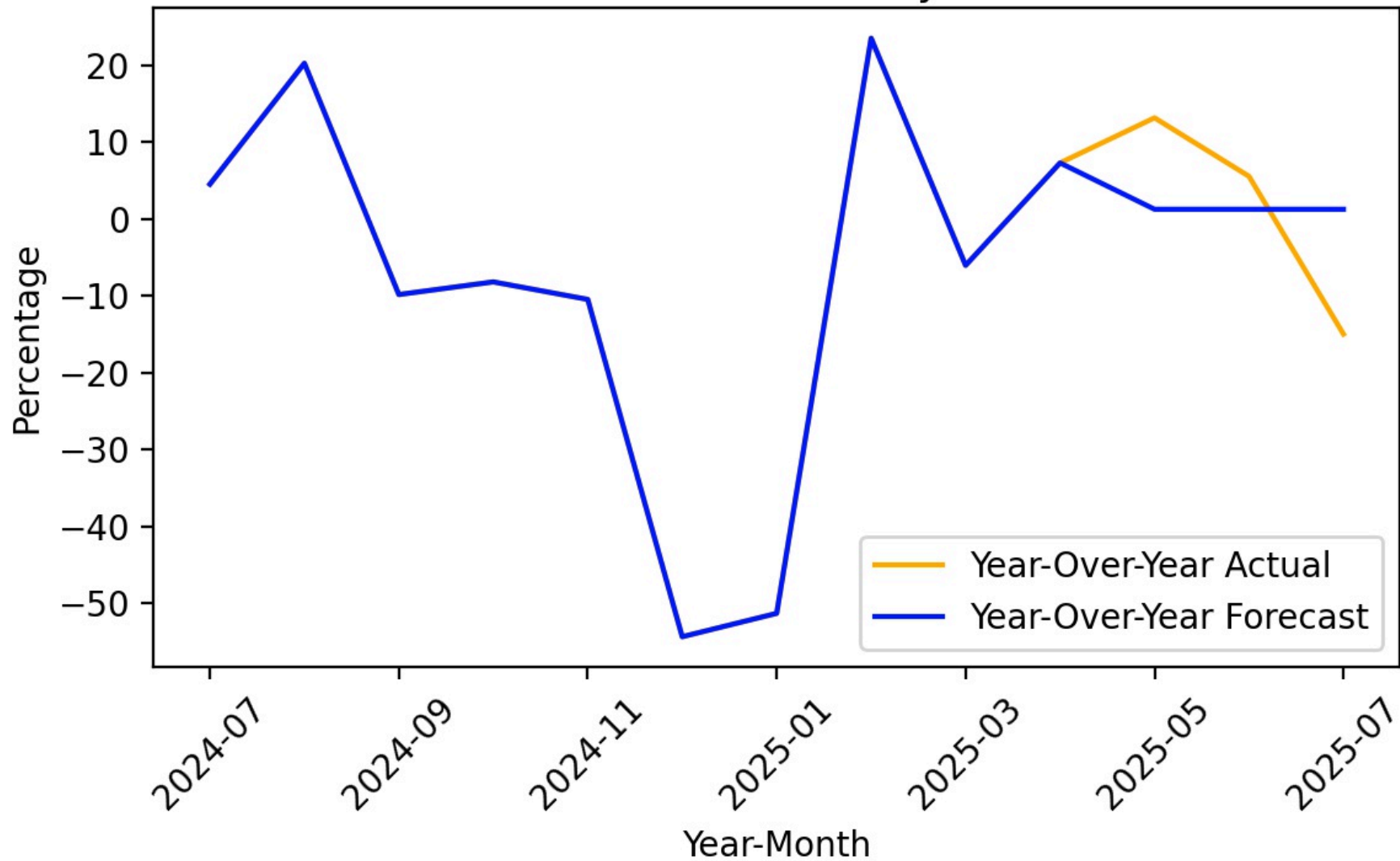


Figure 89

Corporation Tax - Agency General Fund Revenues (Actual)

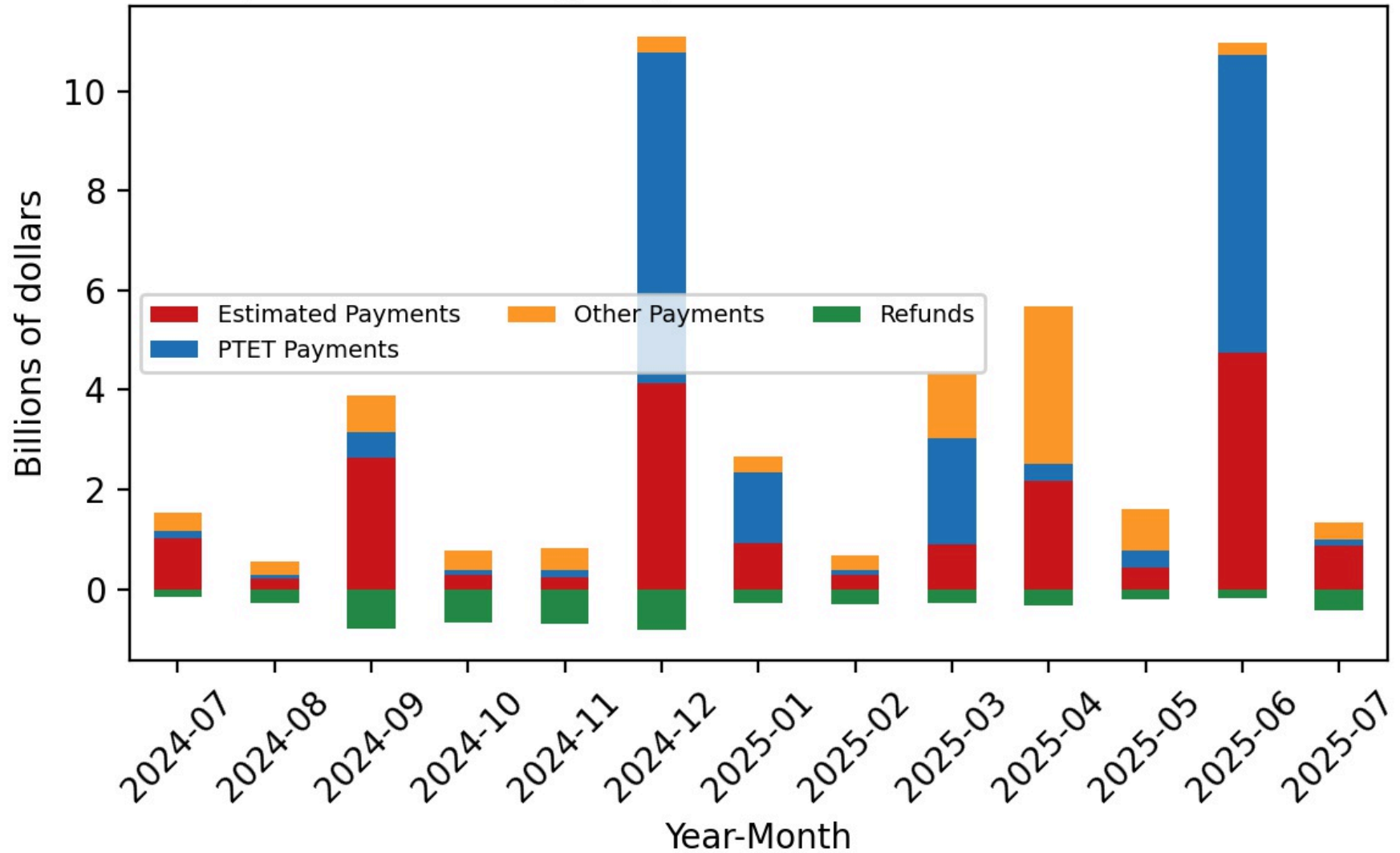


Figure 90

Corporation Tax - Agency General Fund Revenues (Forecast)

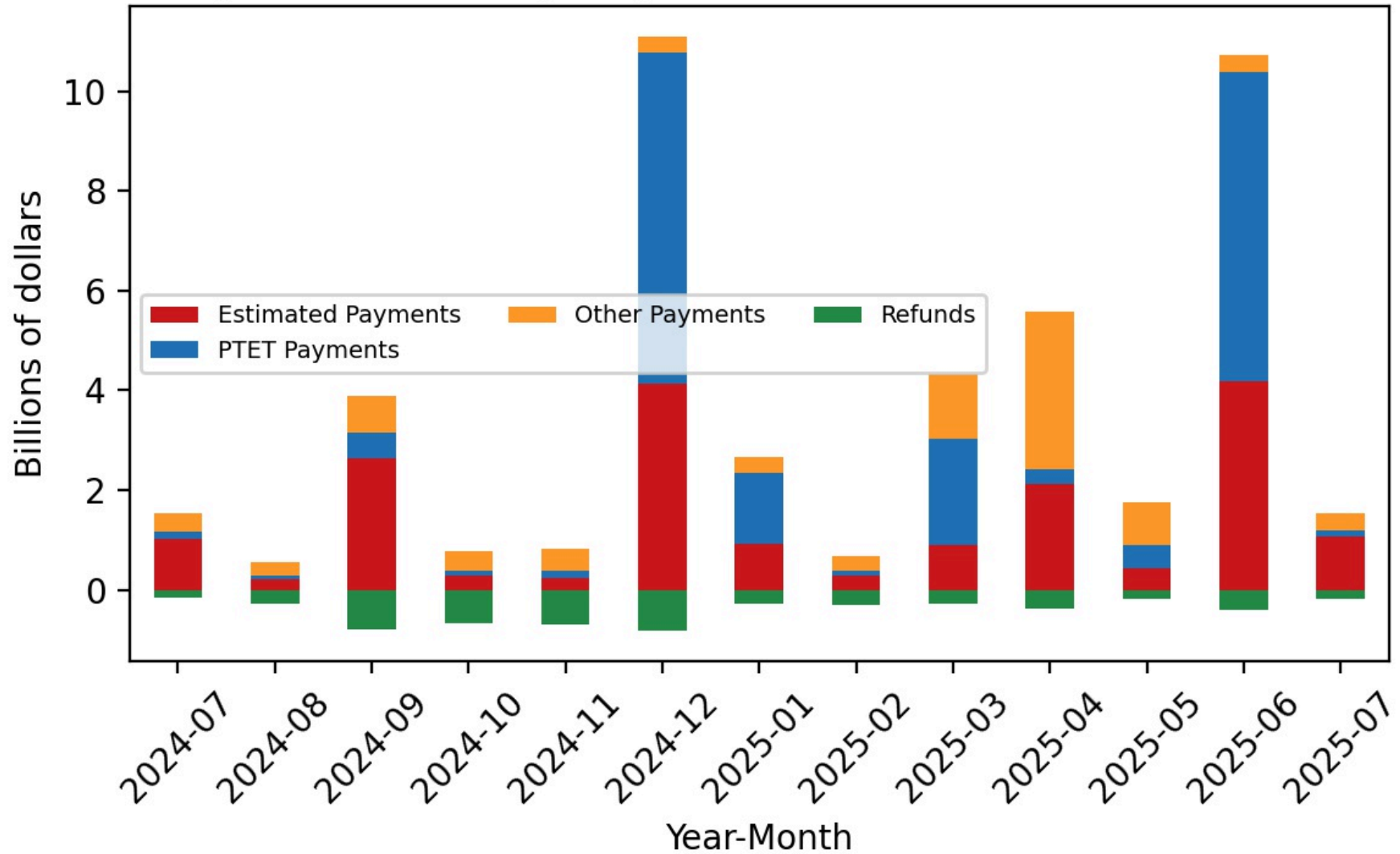


Figure 91

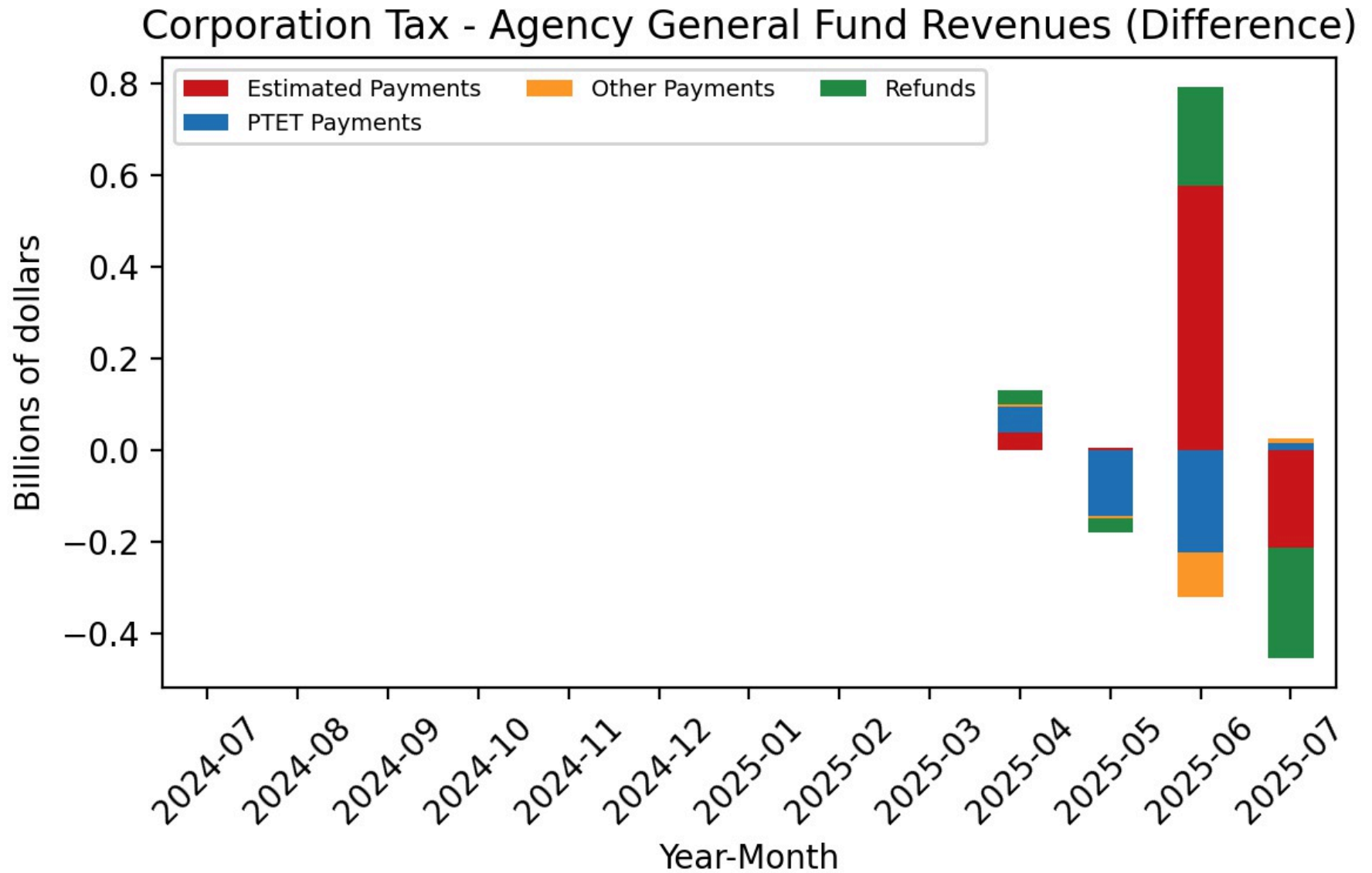


Figure 92

Corporation Tax - Agency General Fund Revenues (Cumulative Difference)

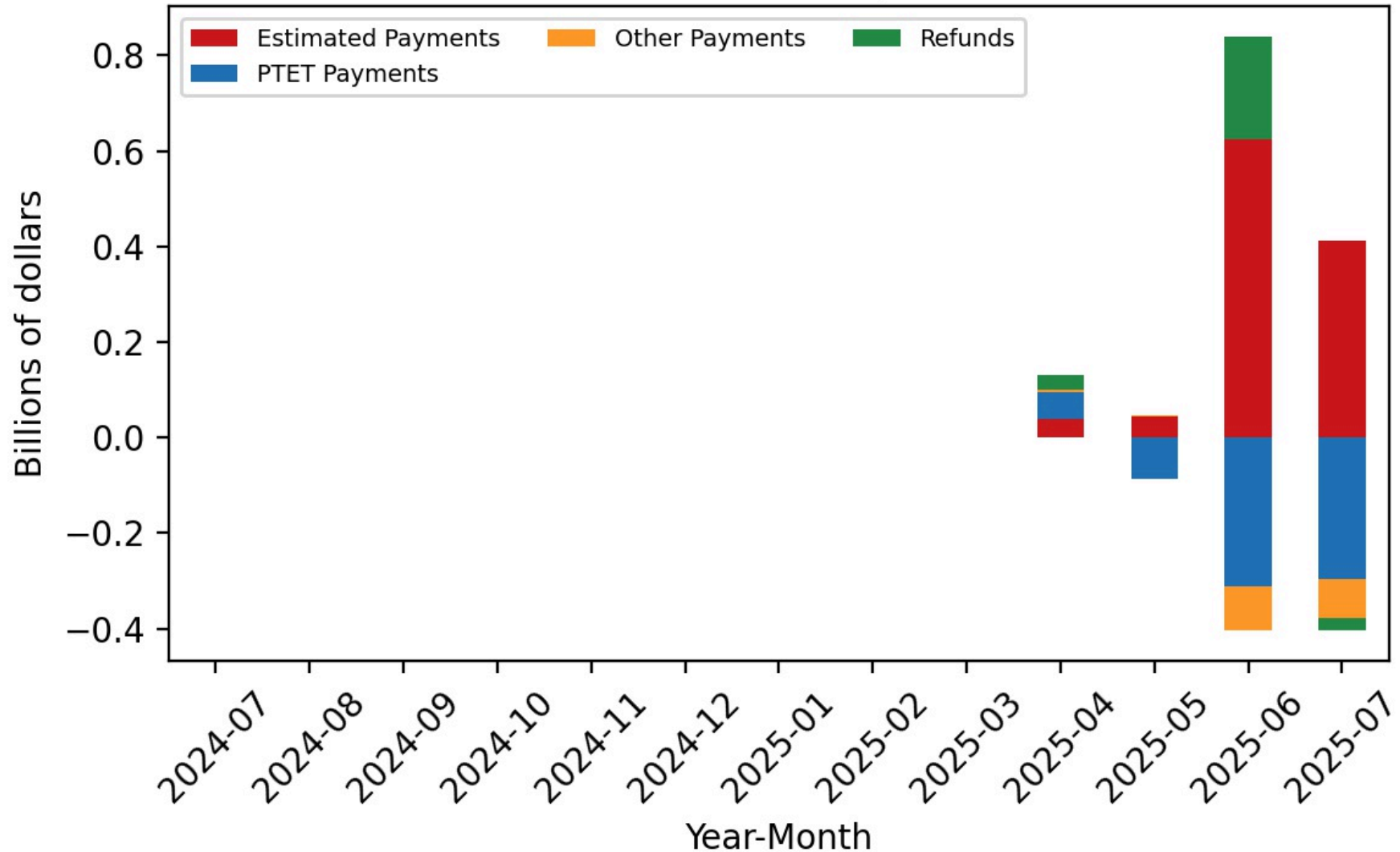


Figure 93

Agency General Fund Cash Receipts - Actual

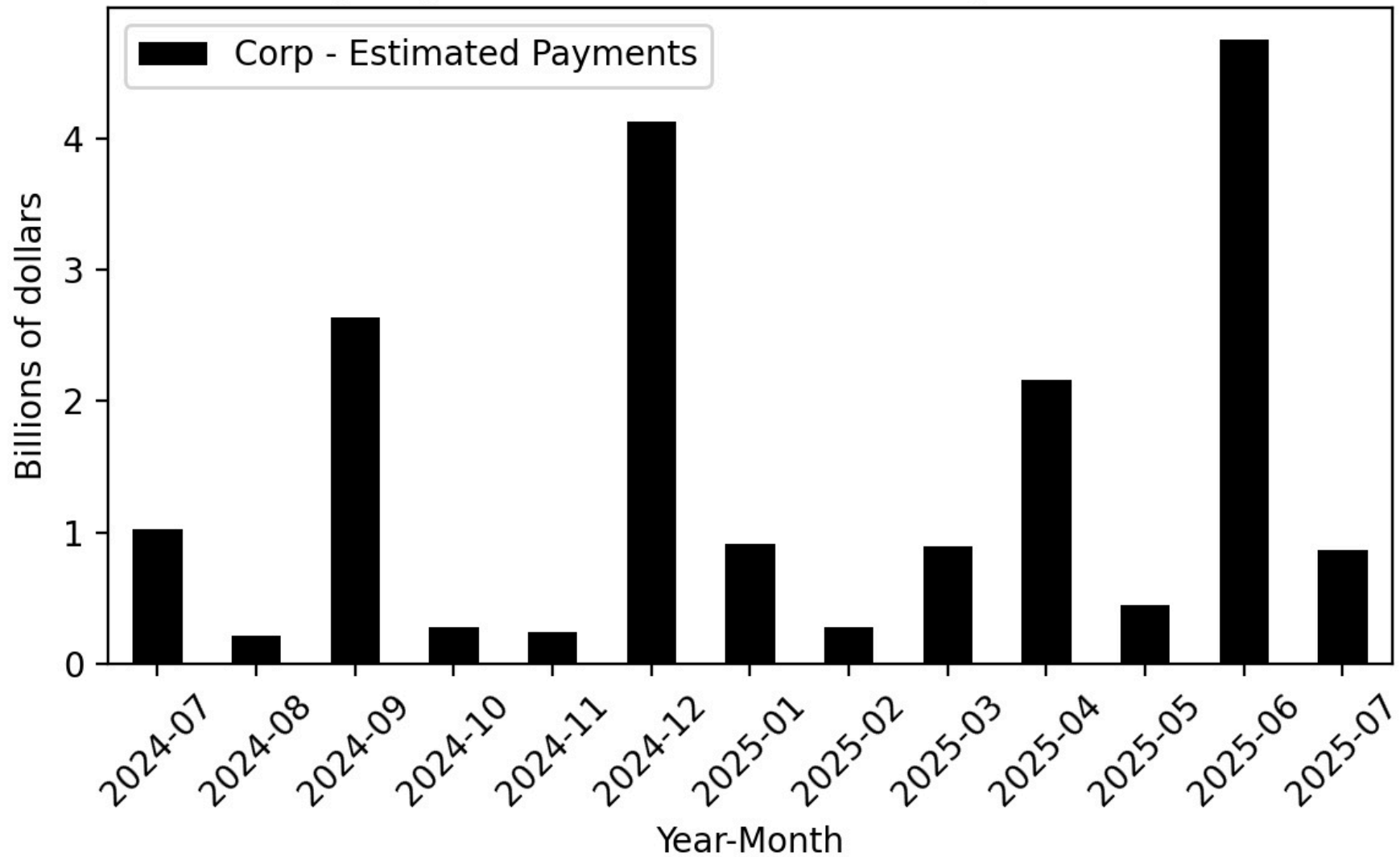


Figure 94

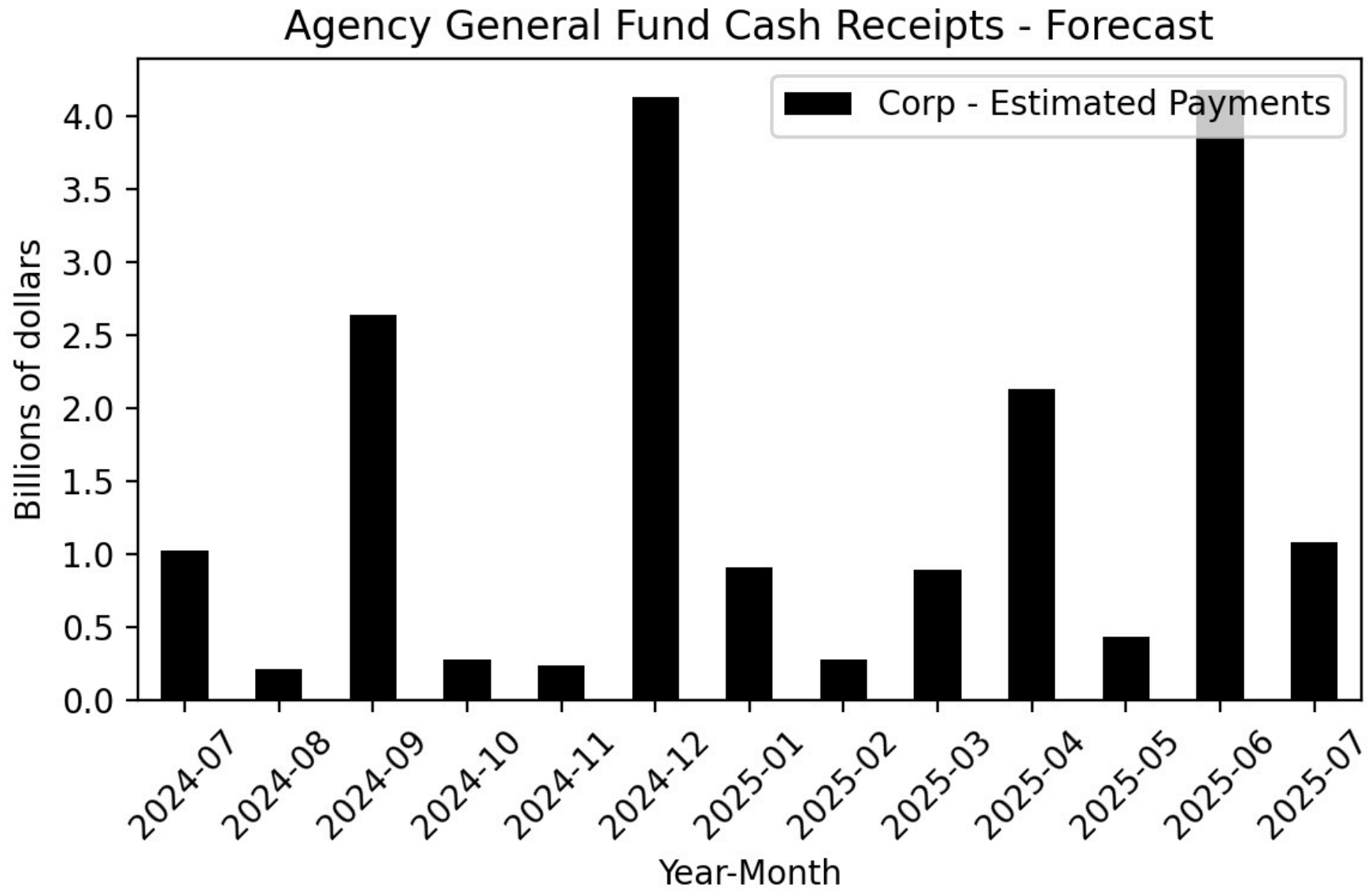


Figure 95

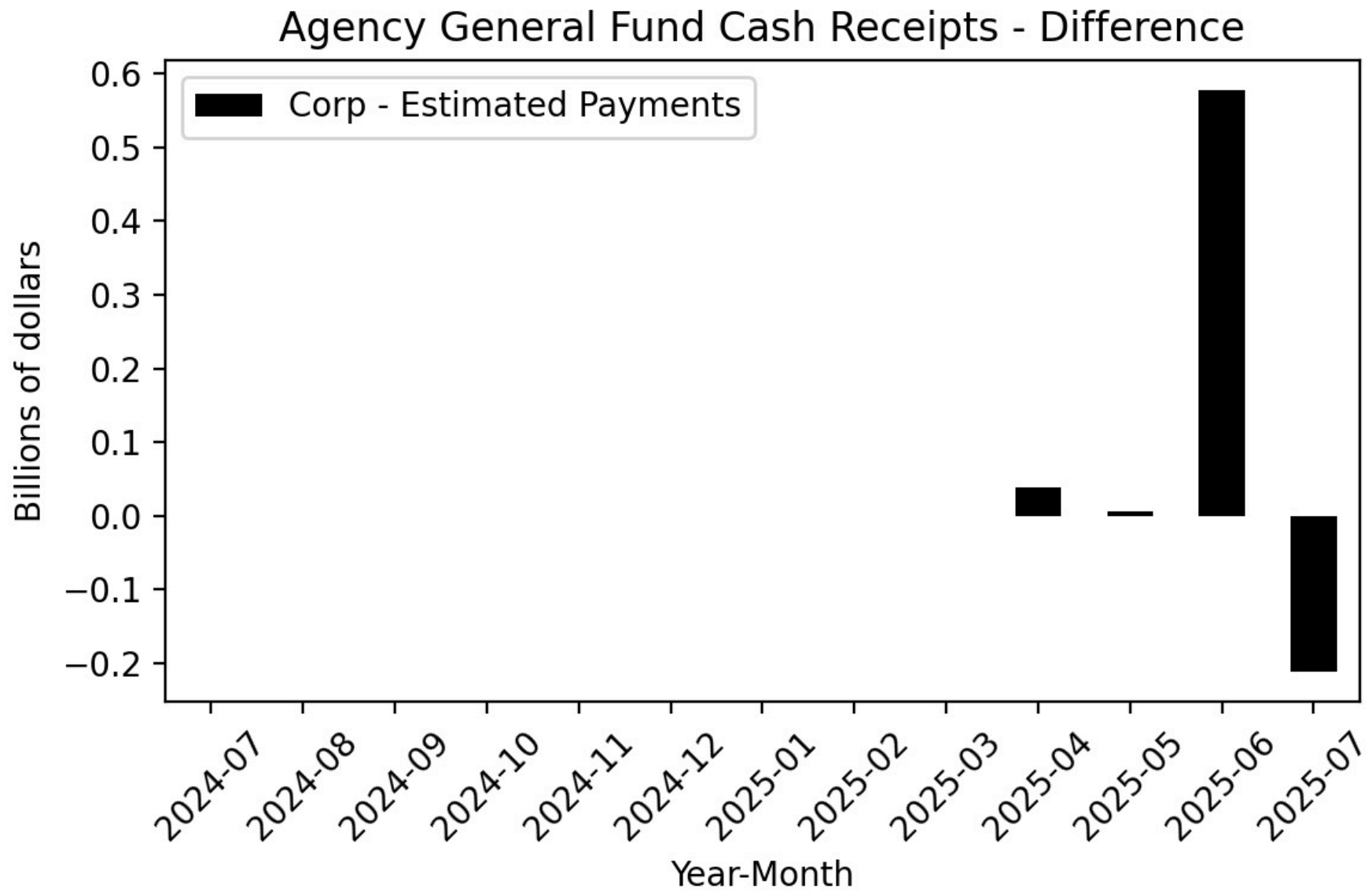


Figure 96

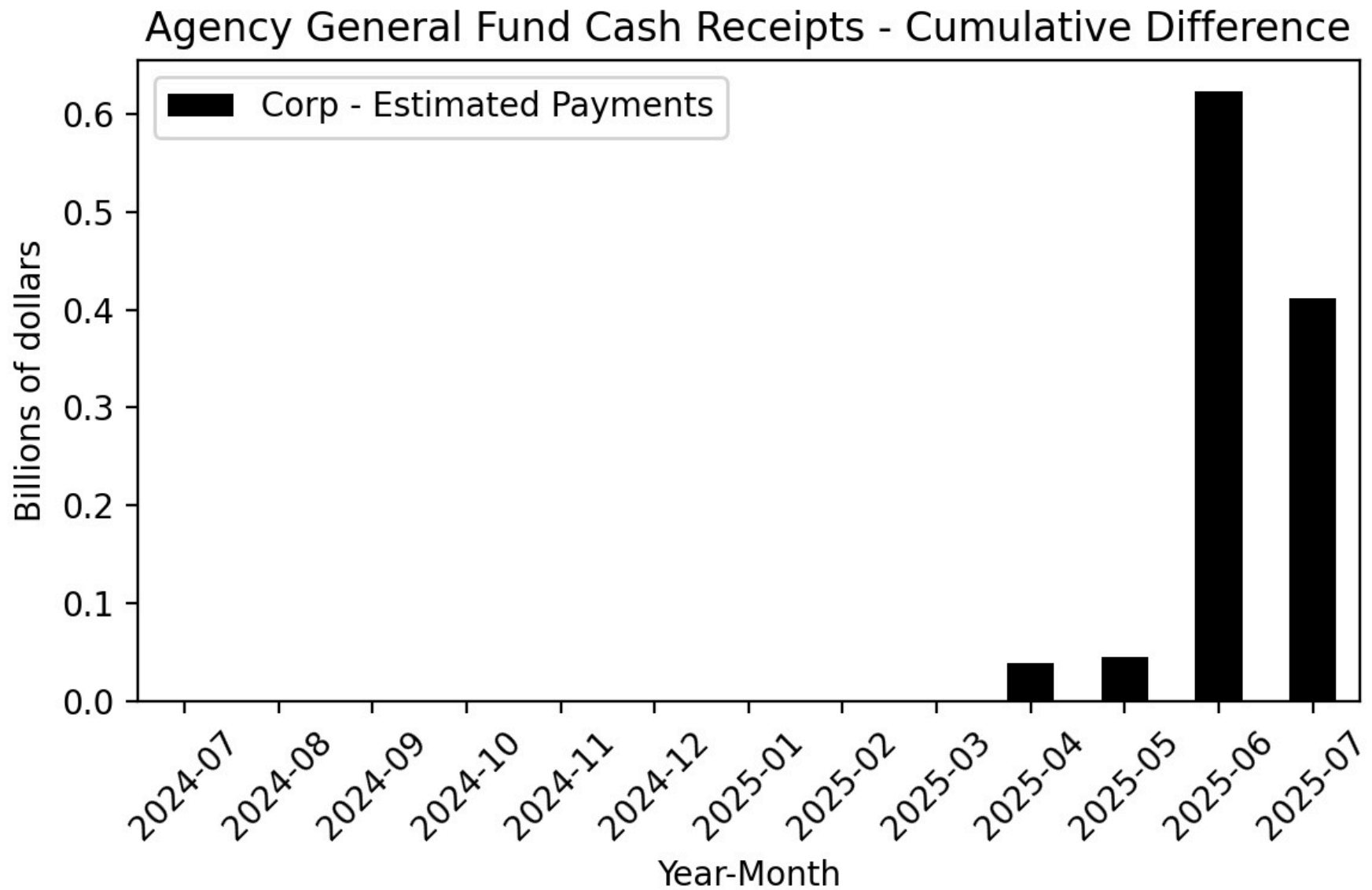


Figure 97

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
Corp-Estimated Payments

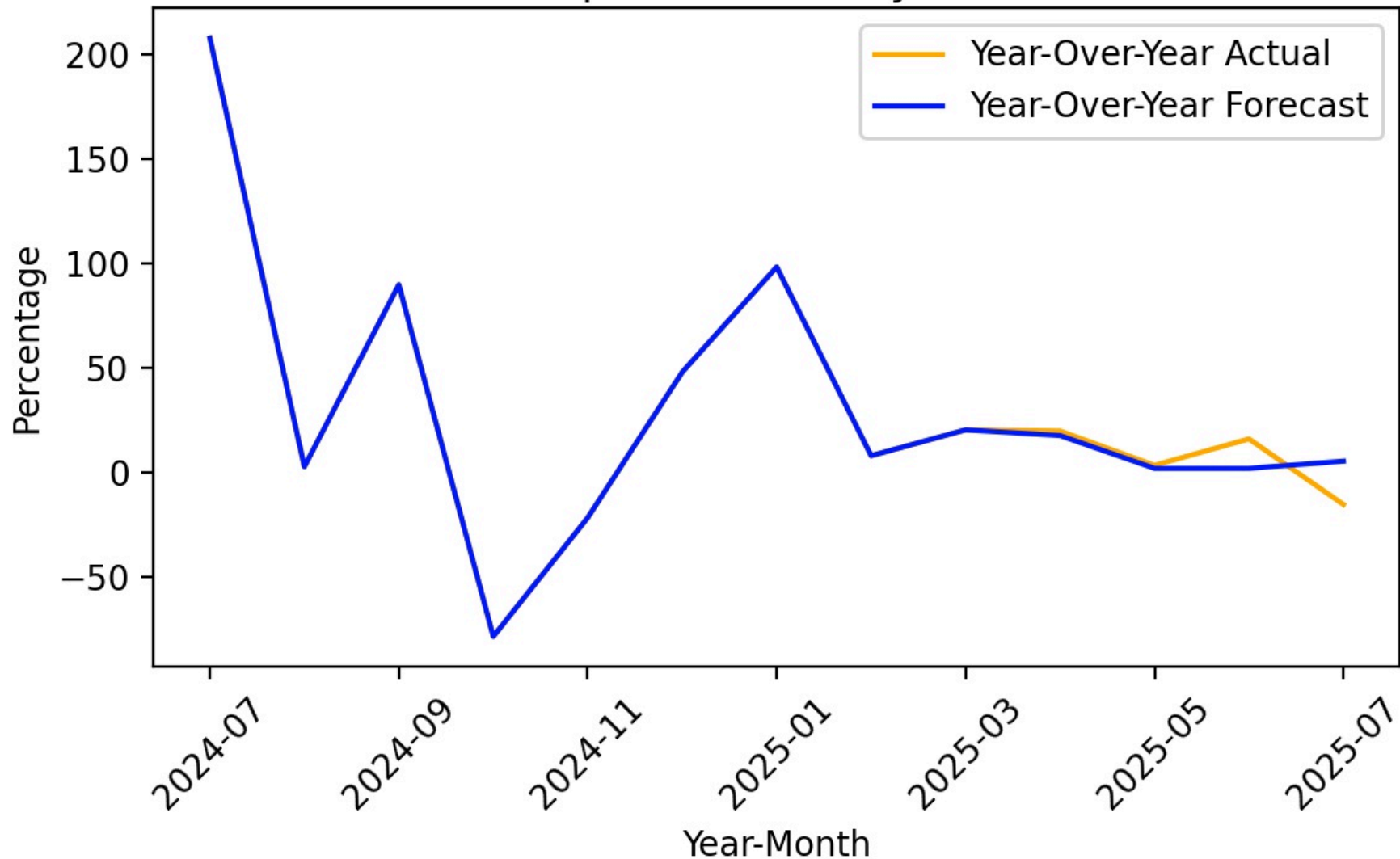


Figure 98

Agency General Fund Cash Receipts - Actual

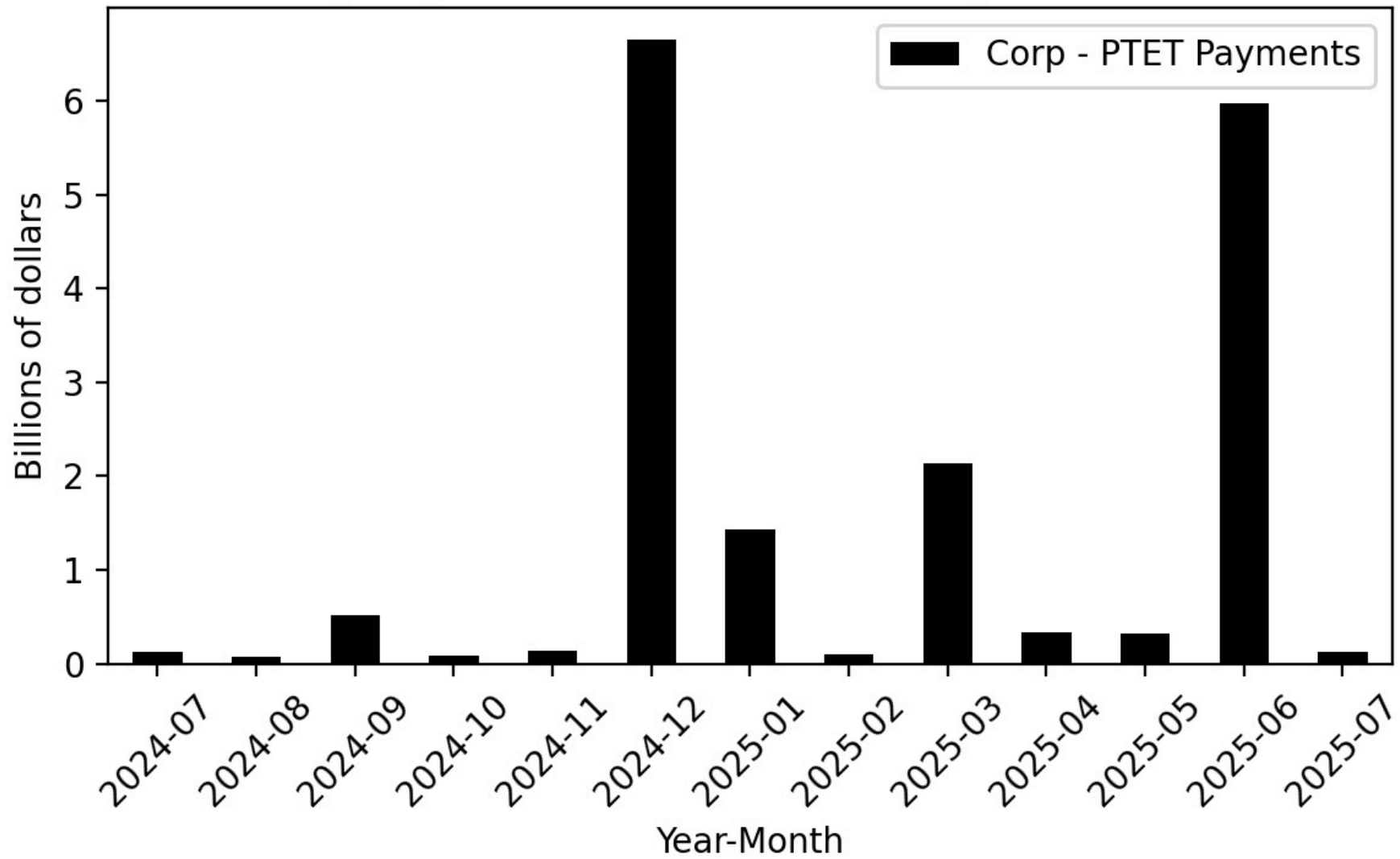


Figure 99

Agency General Fund Cash Receipts - Forecast

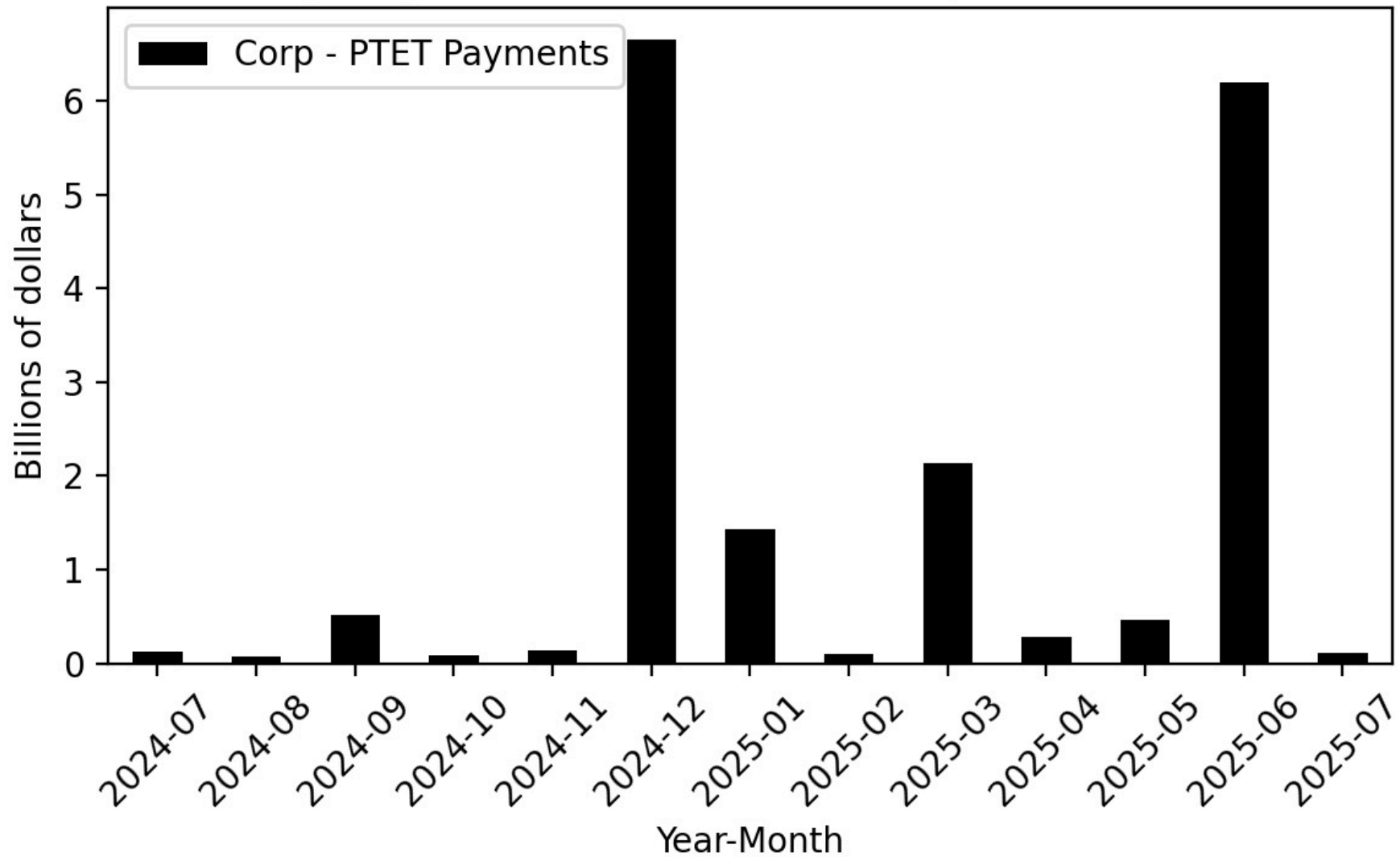


Figure 100

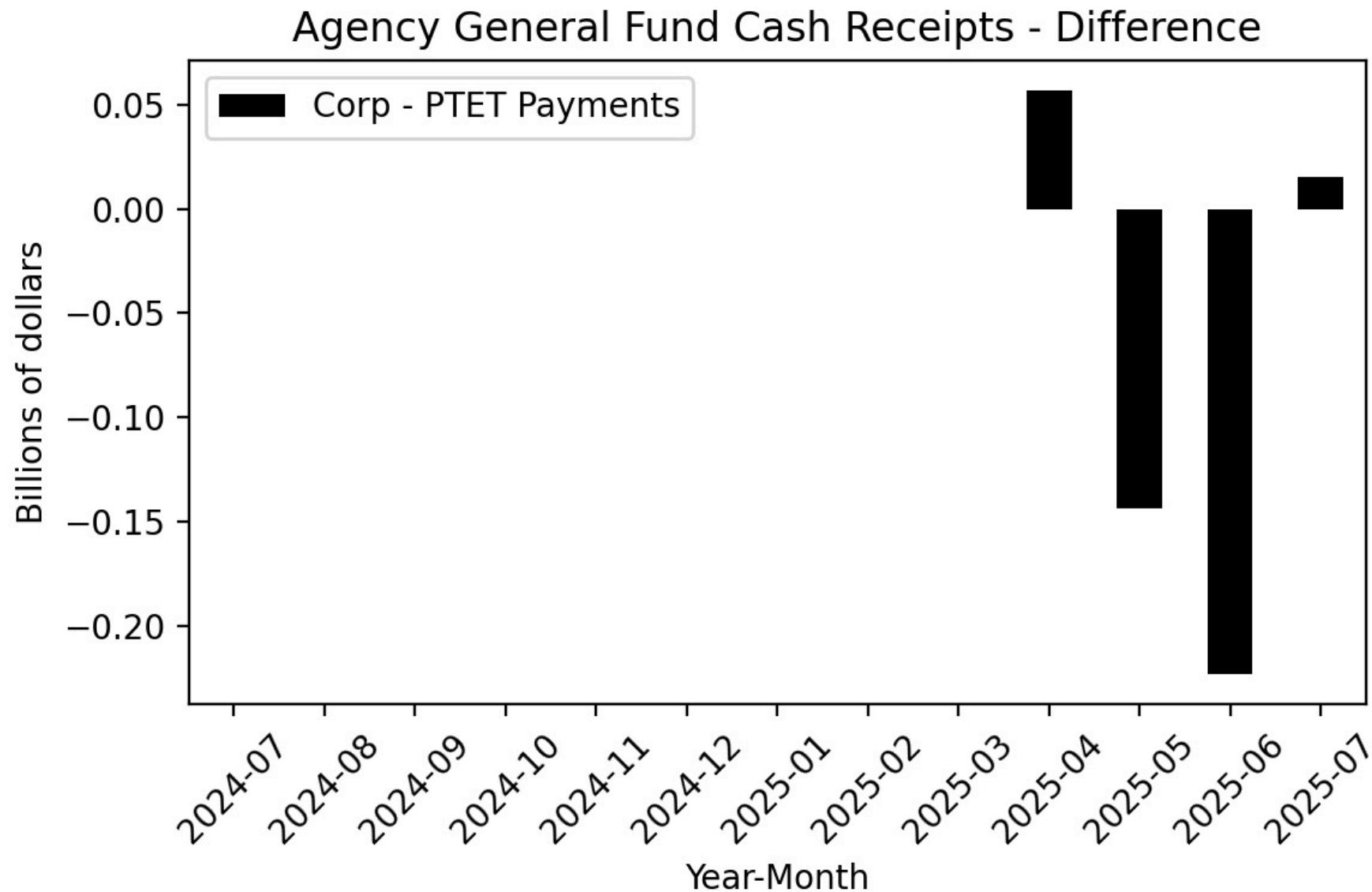


Figure 101

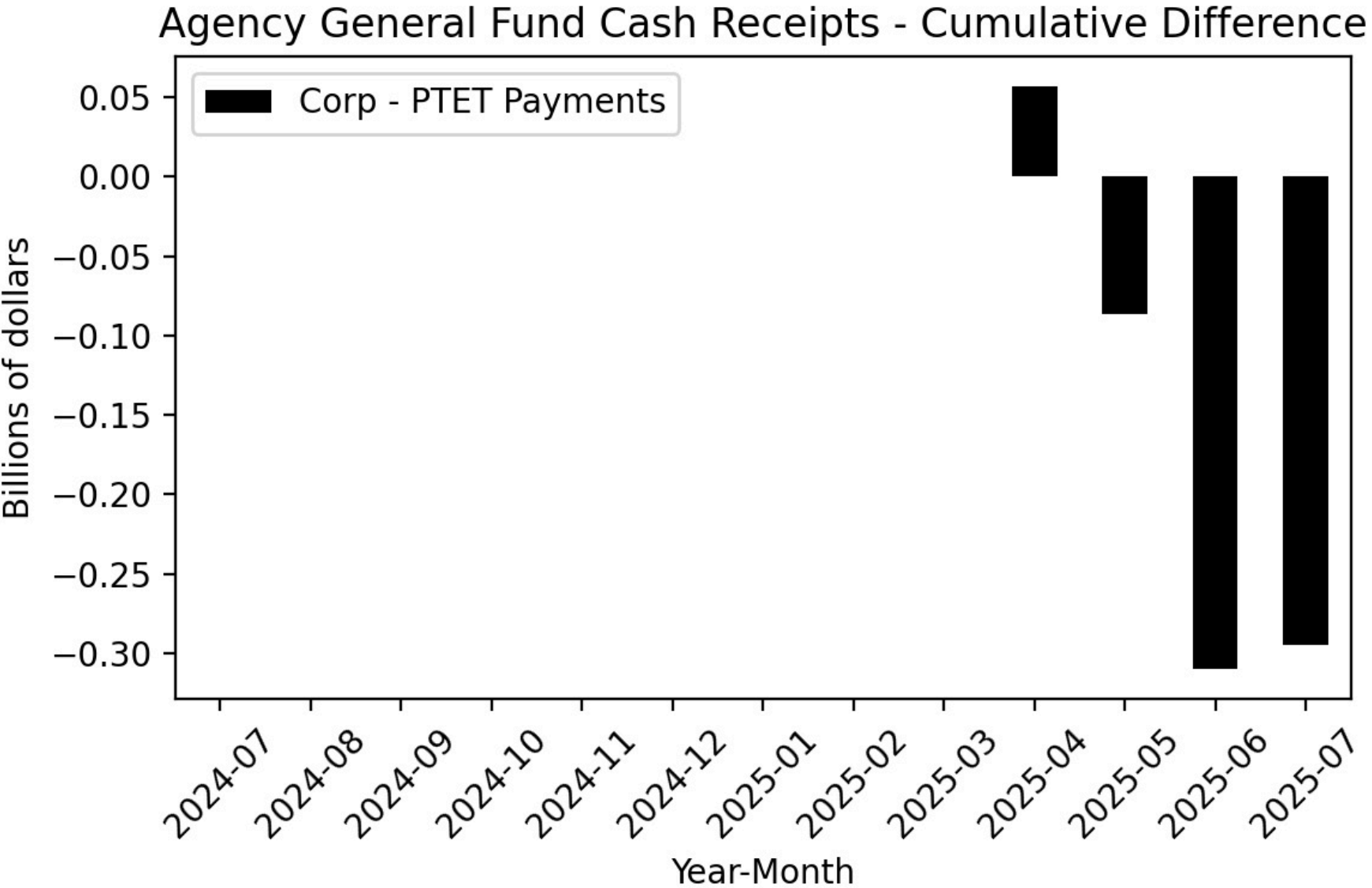


Figure 102

Year-Over-Year Change - Actual and 2025-26 Budget Act
Forecast Corp-PTET Payments

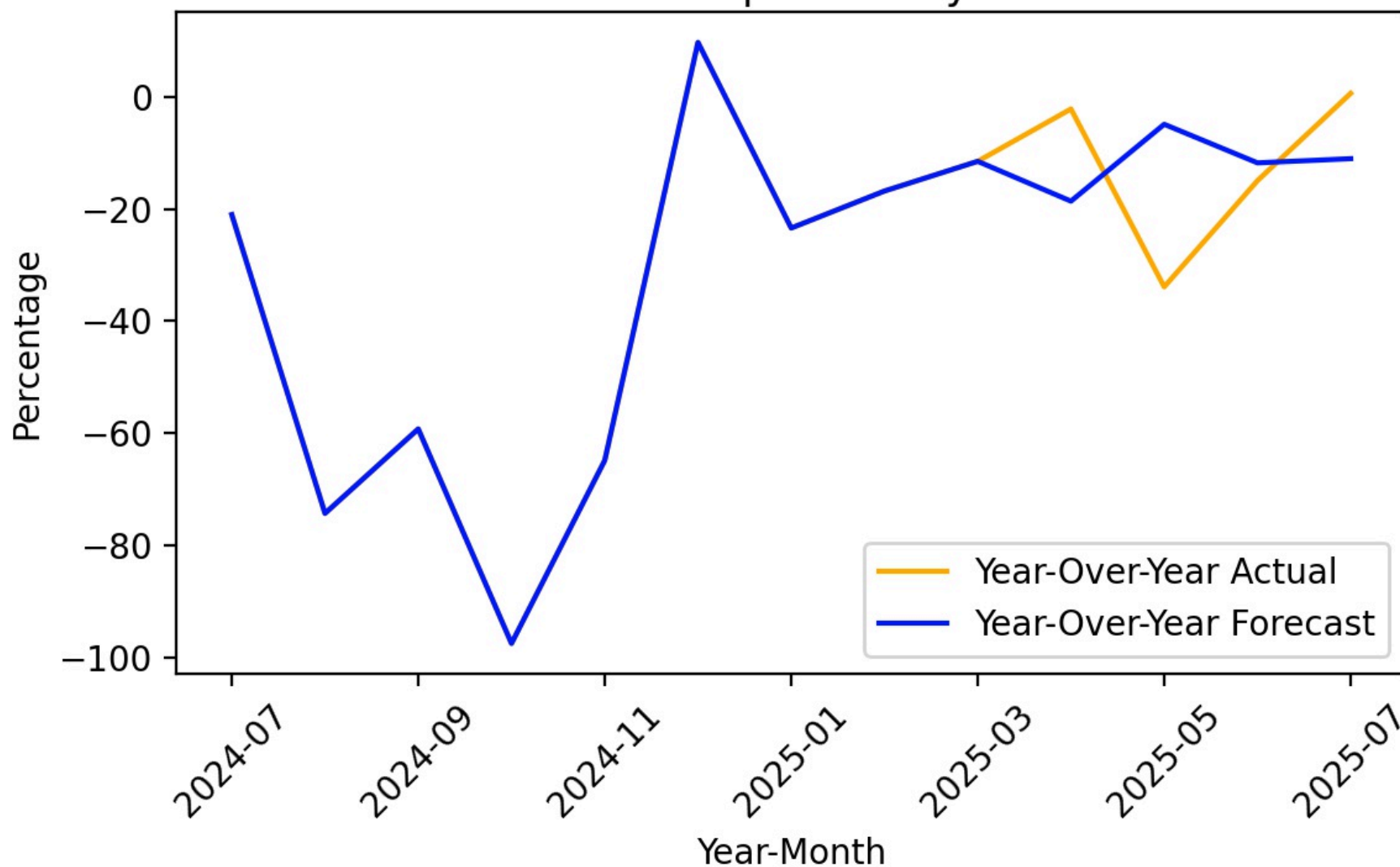


Figure 103

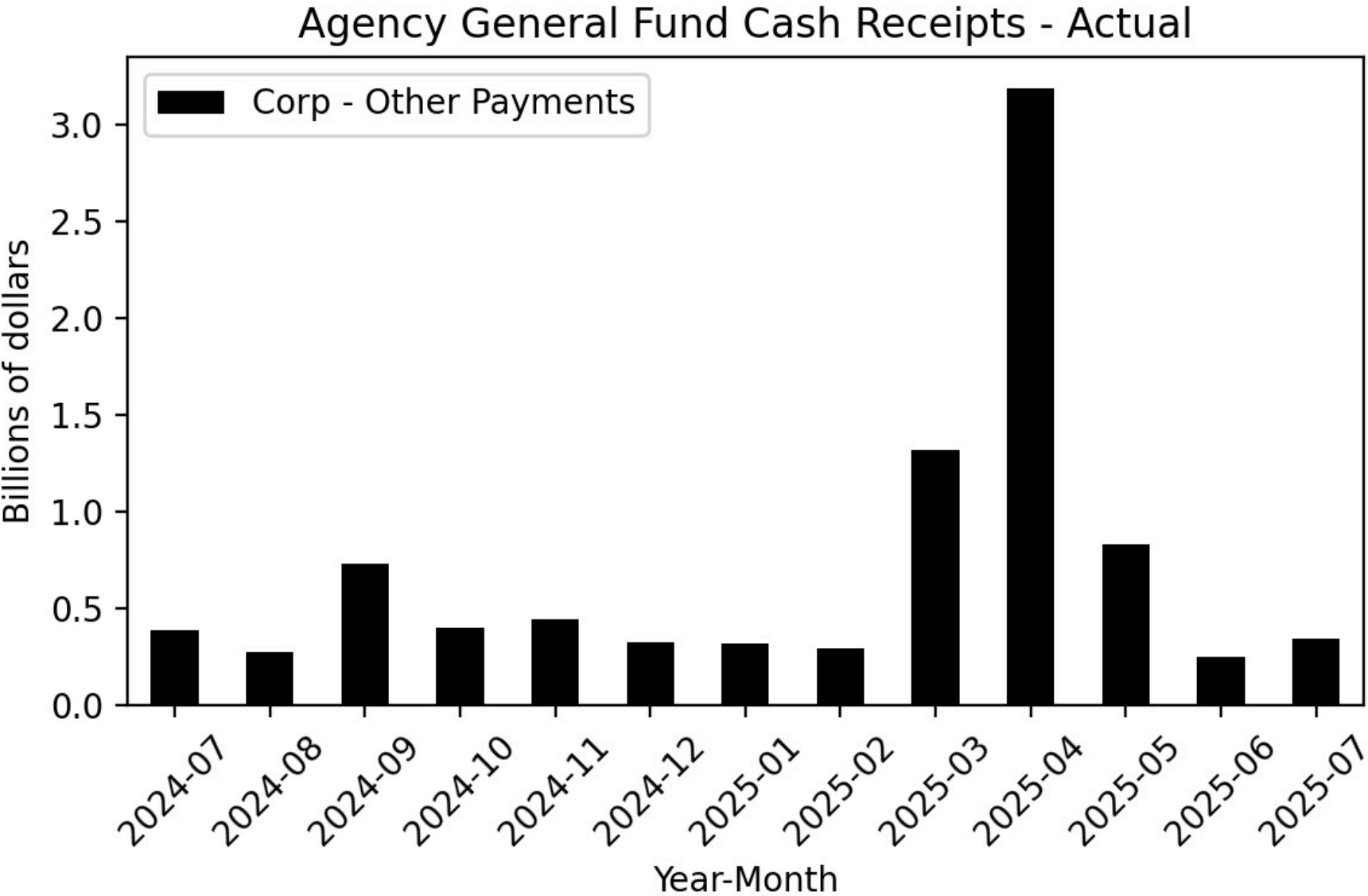


Figure 104

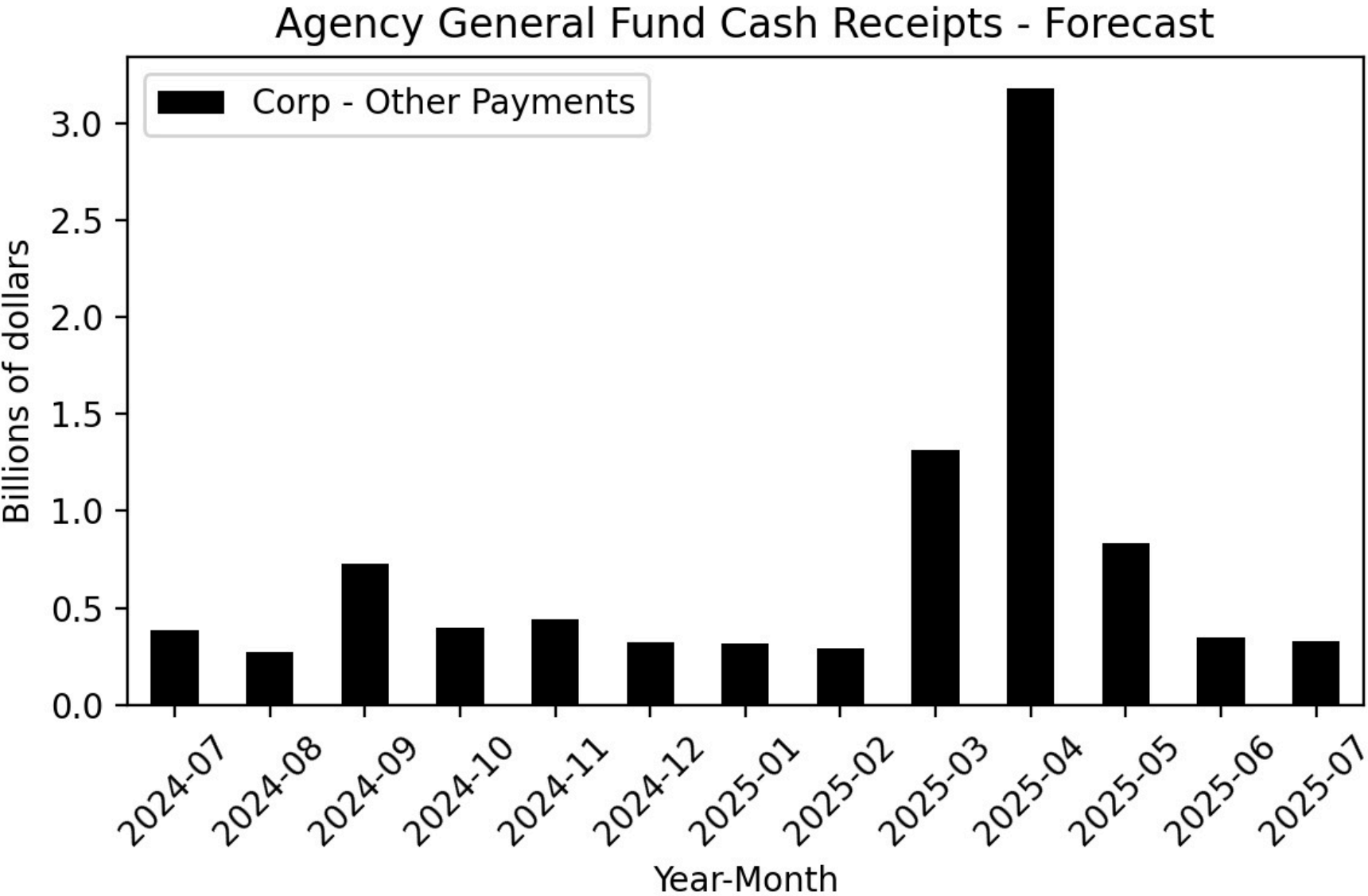


Figure 105

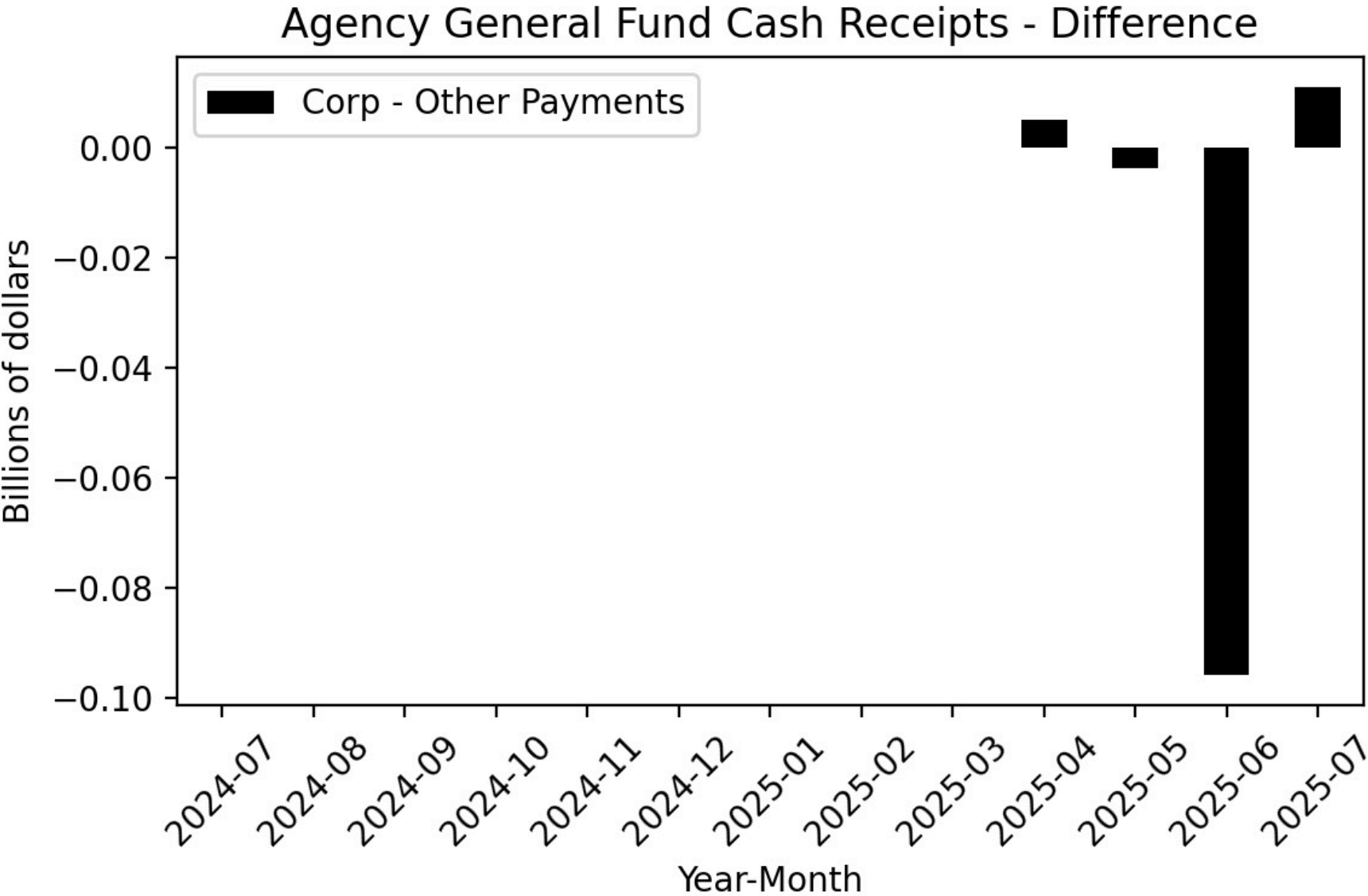


Figure 106

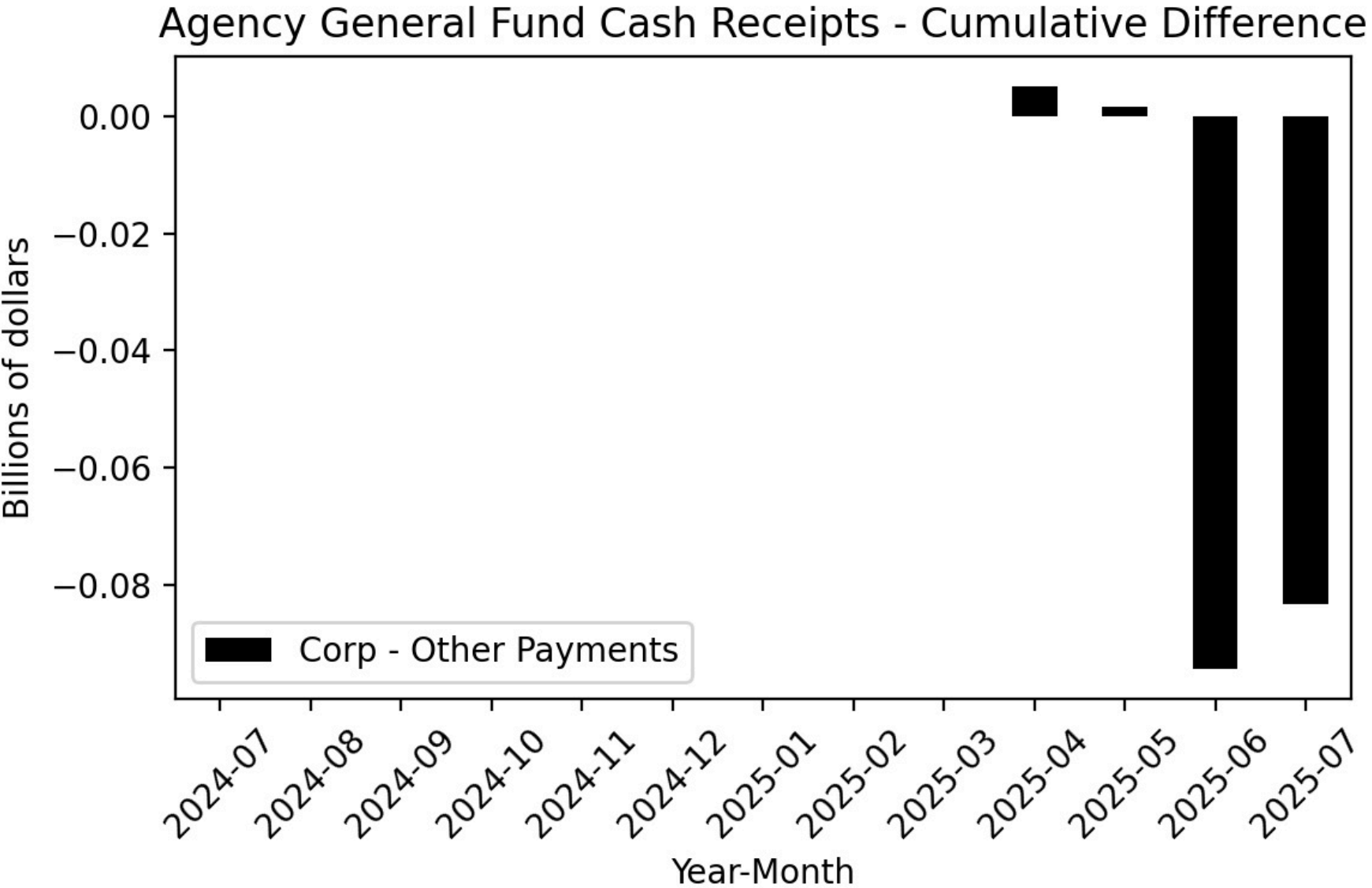


Figure 107

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
Corp-Other Payments

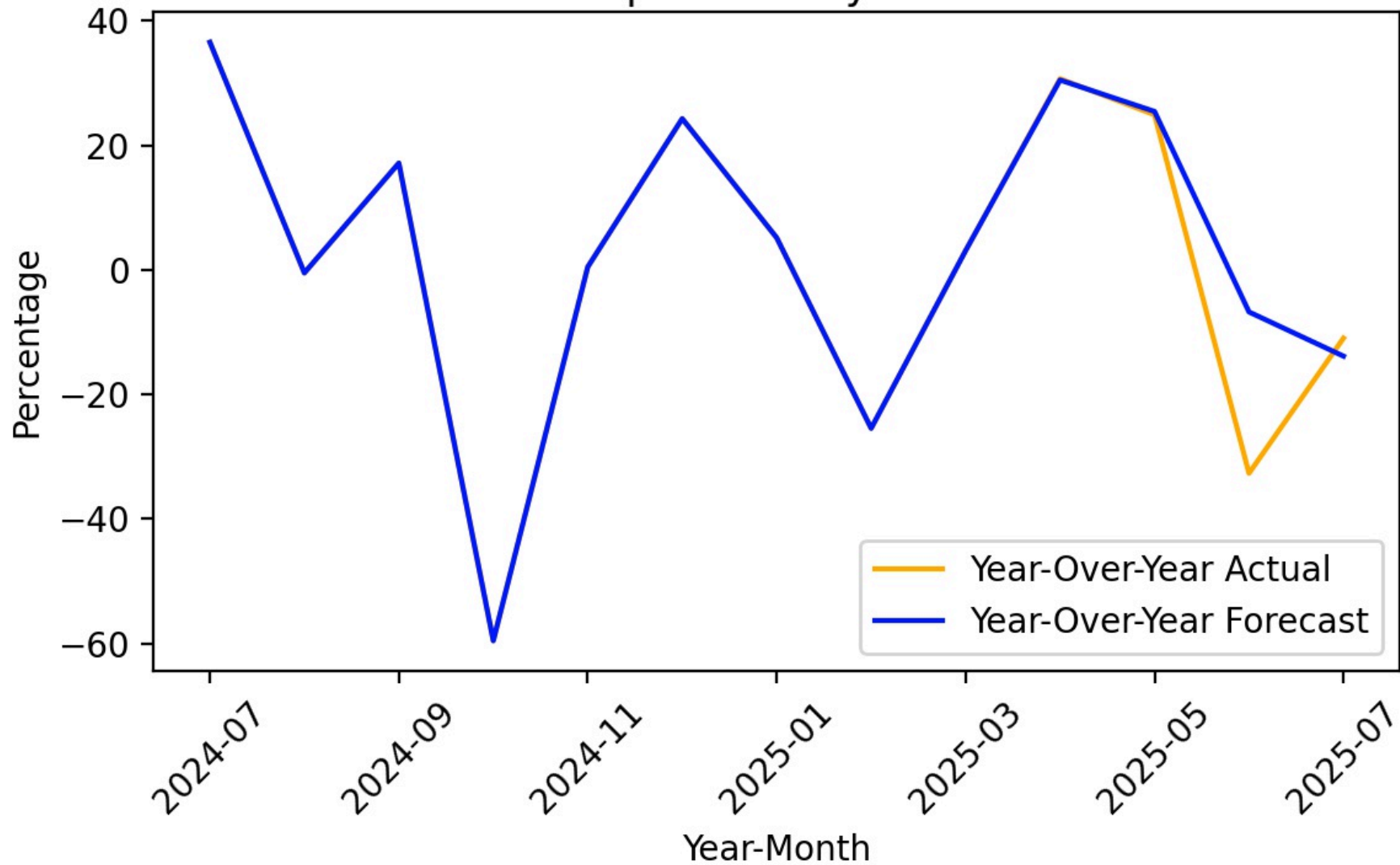


Figure 108

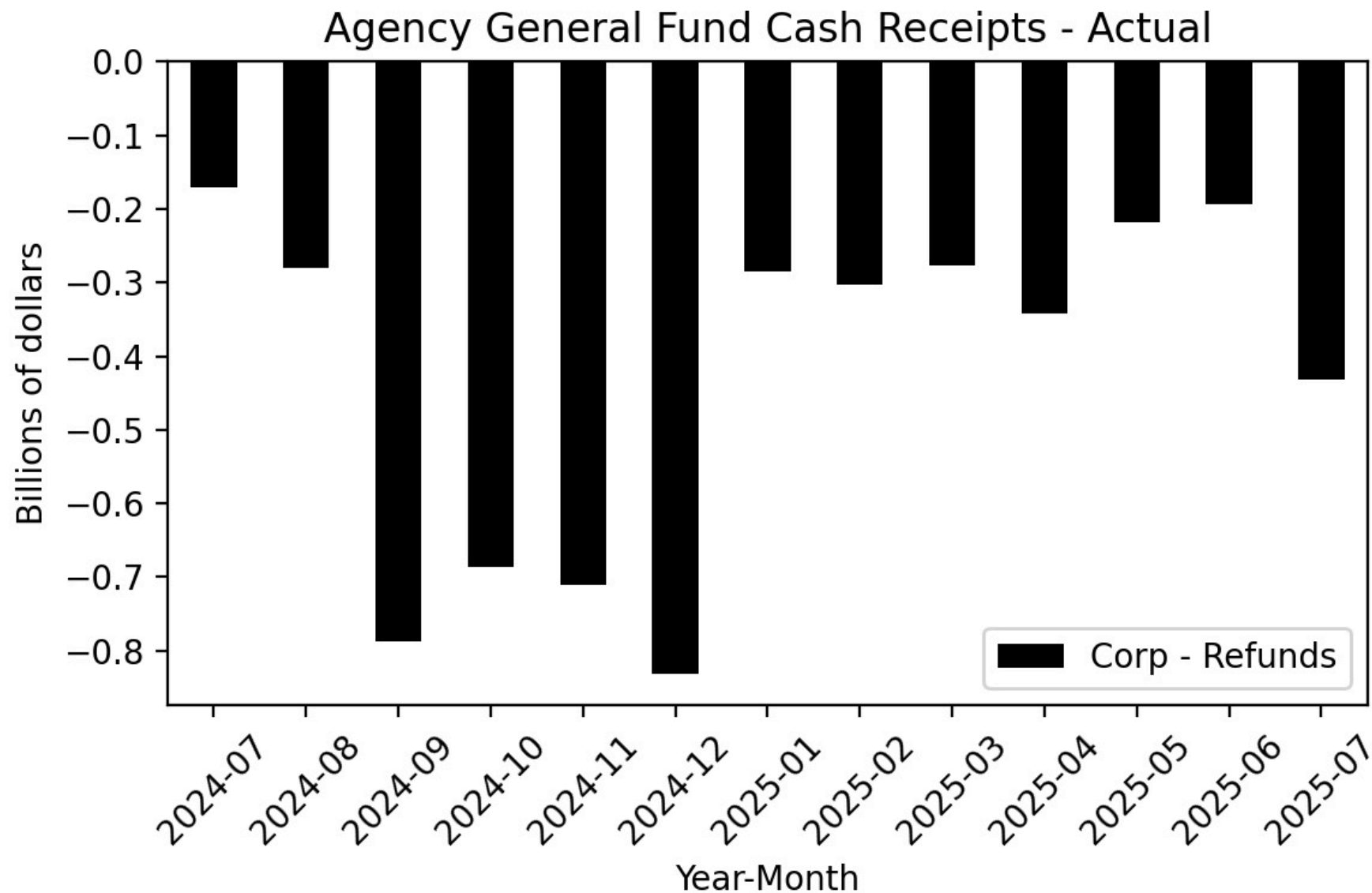


Figure 109

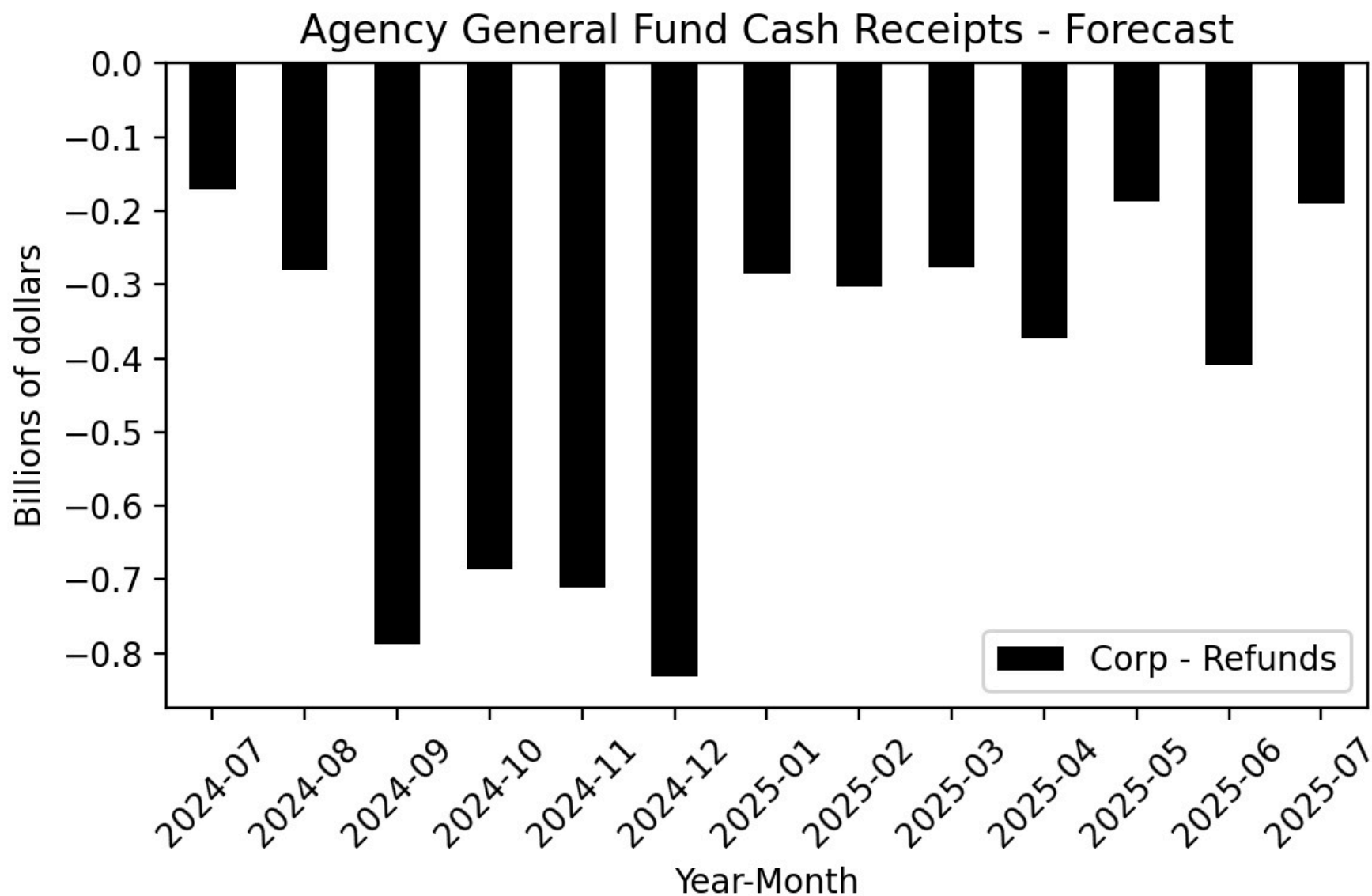


Figure 110

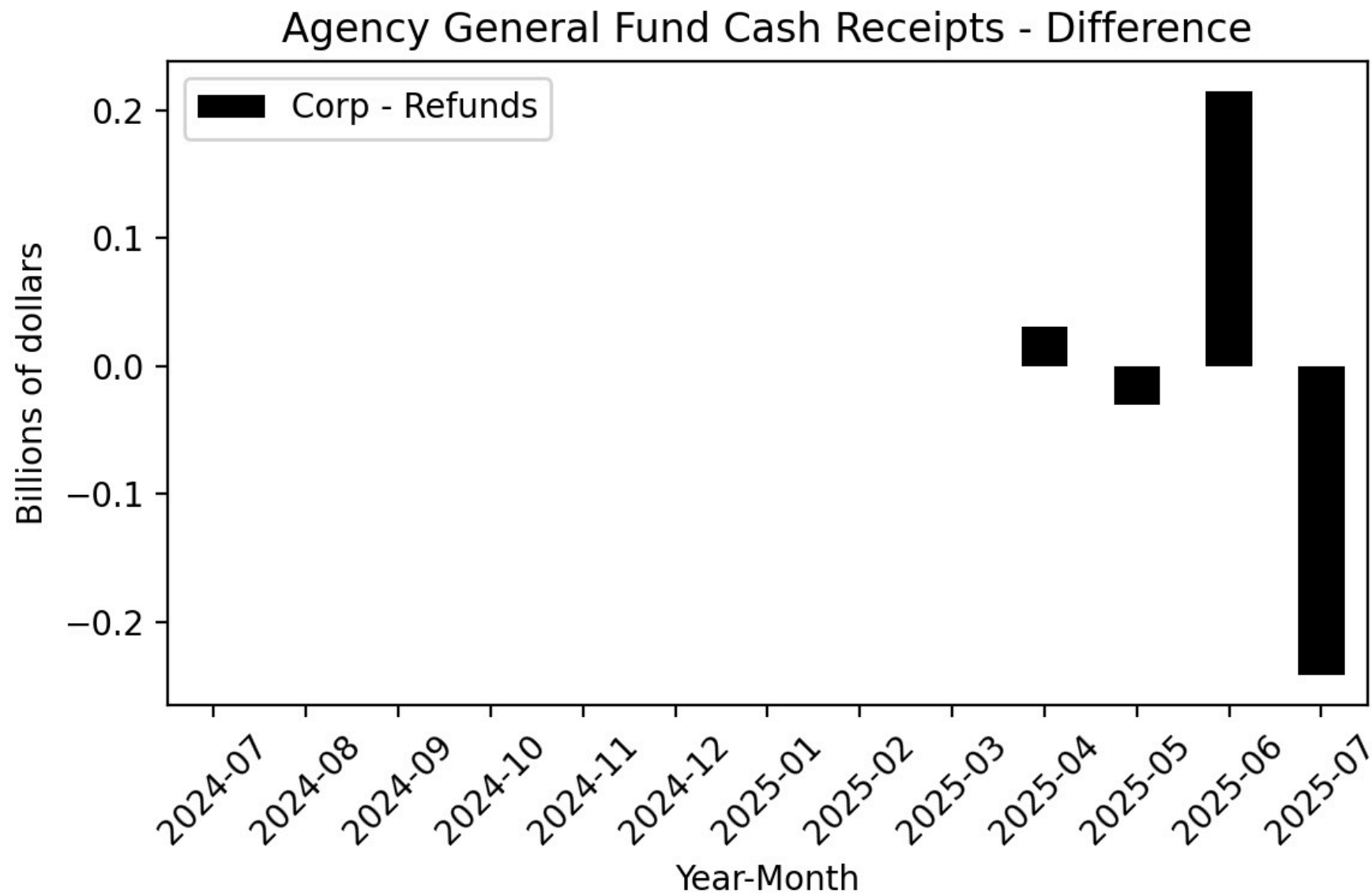


Figure 111

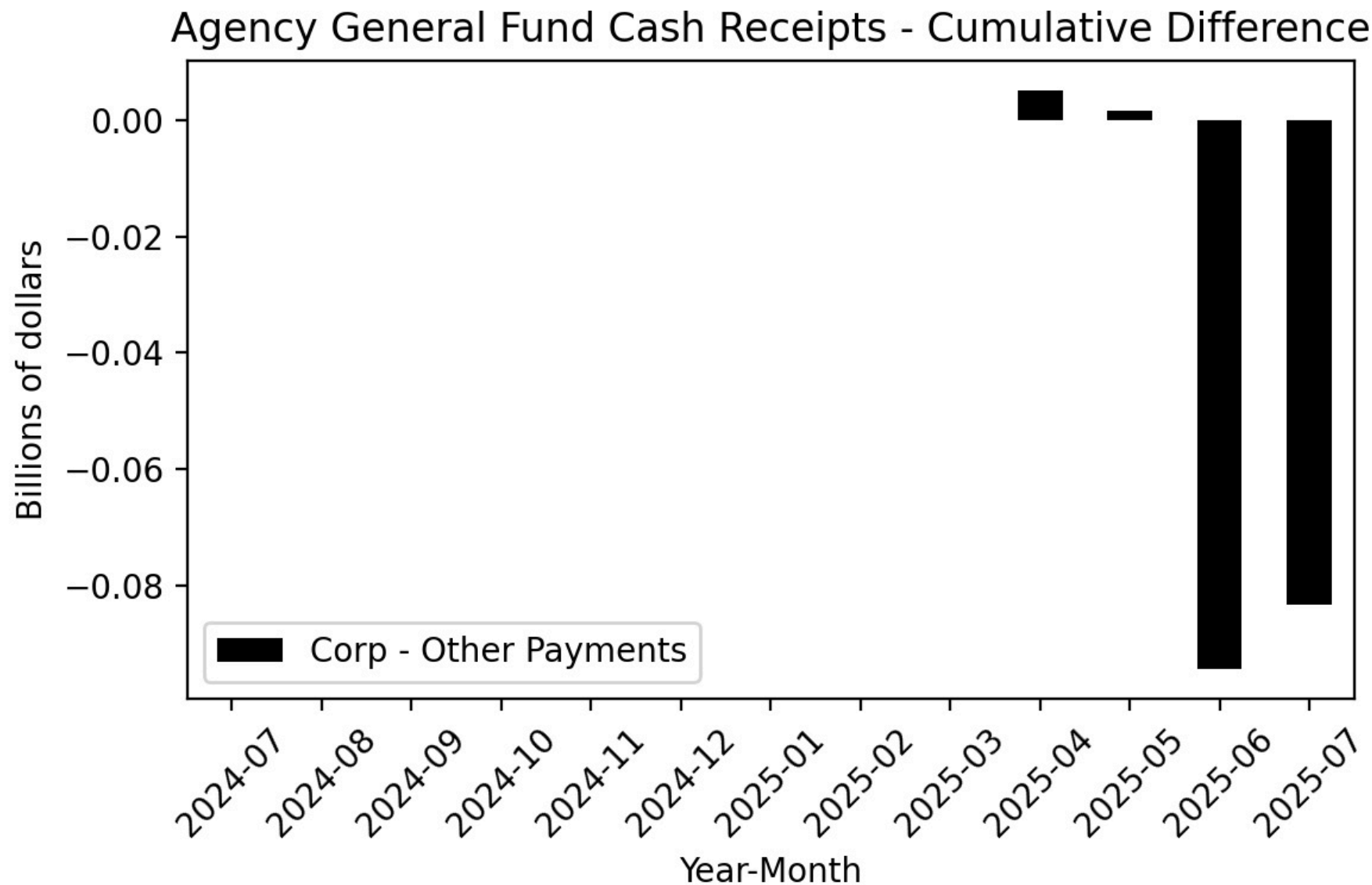


Figure 112

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
Corp-Refunds

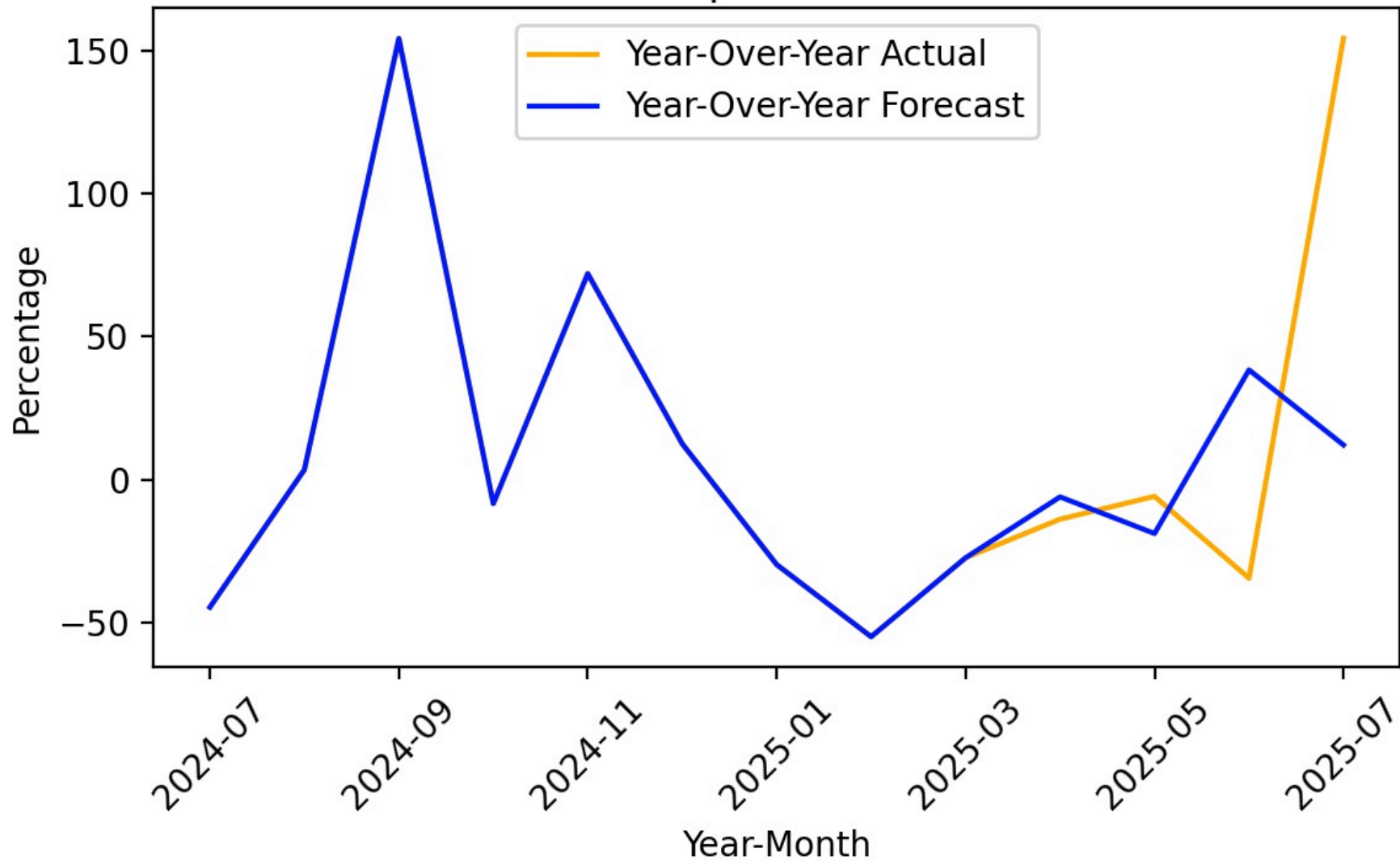


Figure 113

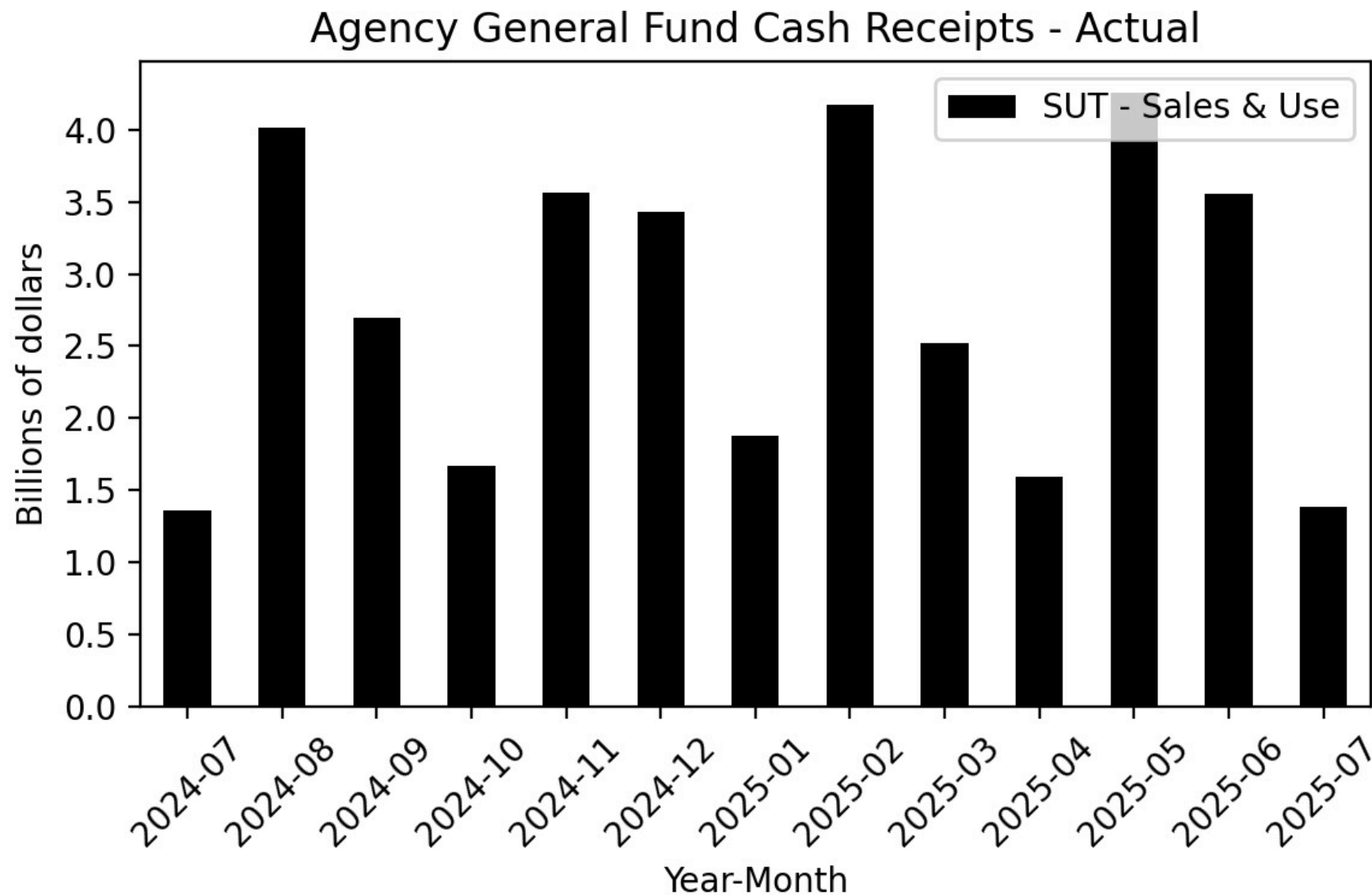


Figure 114

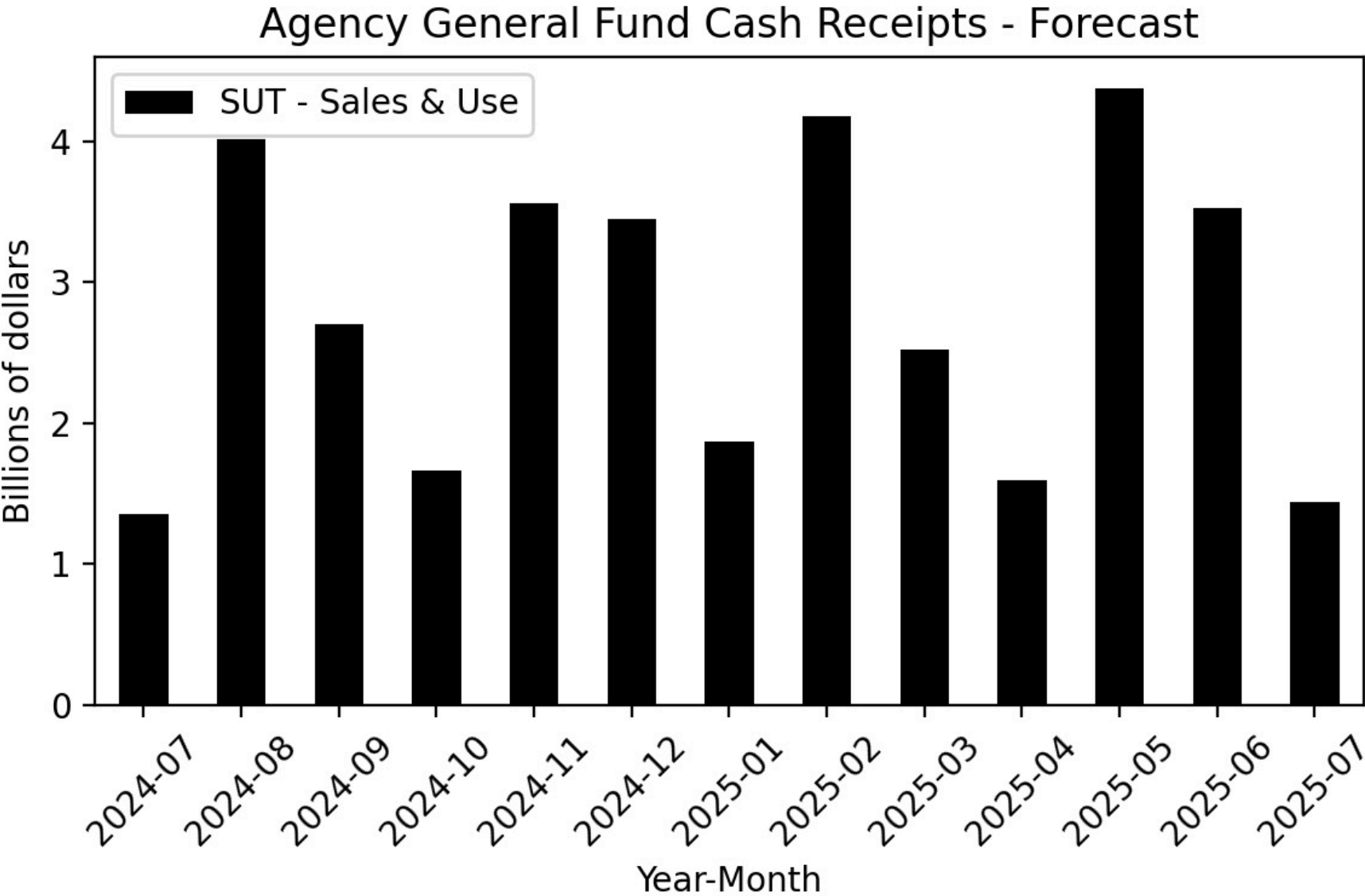


Figure 115

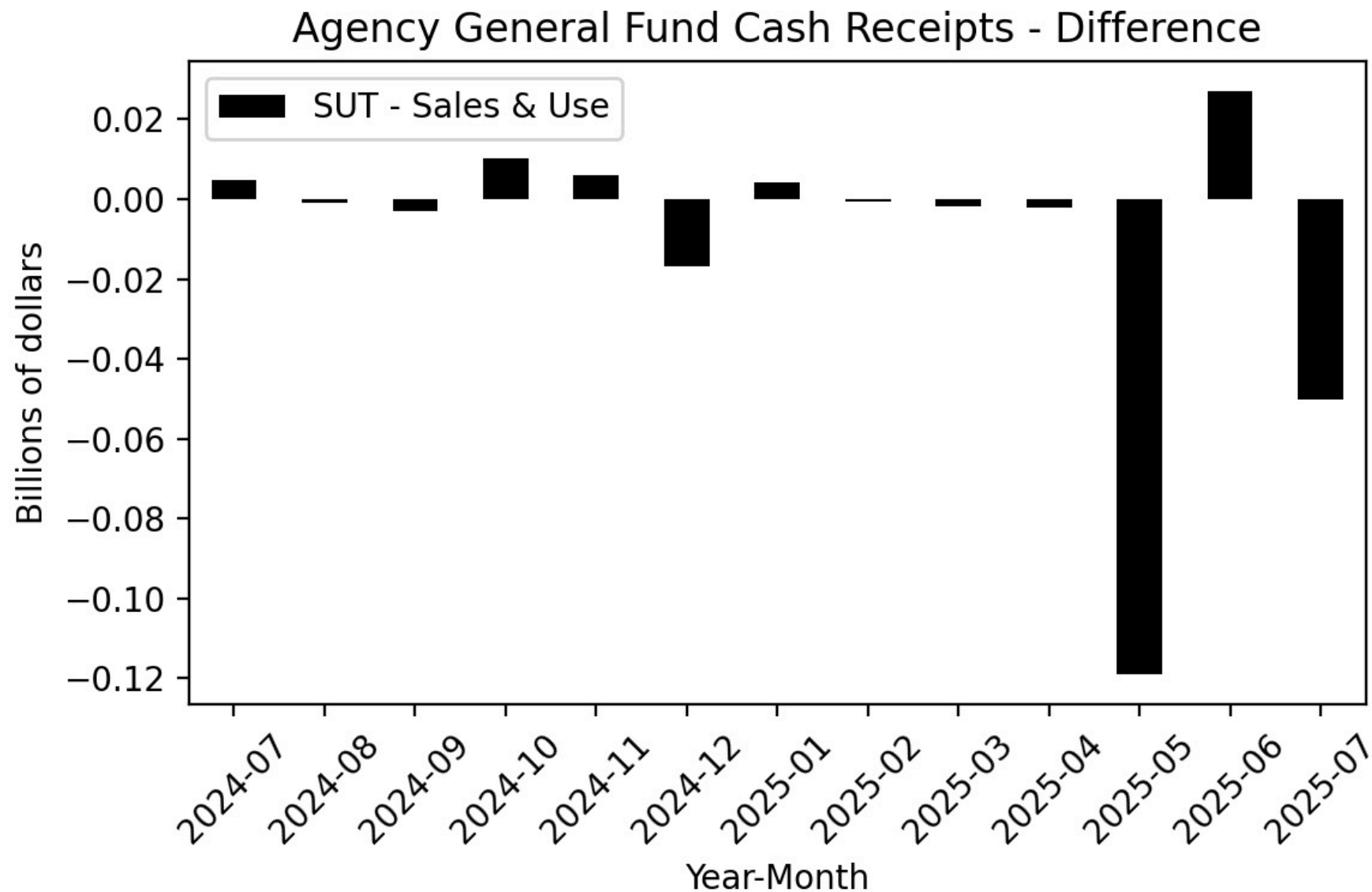


Figure 116

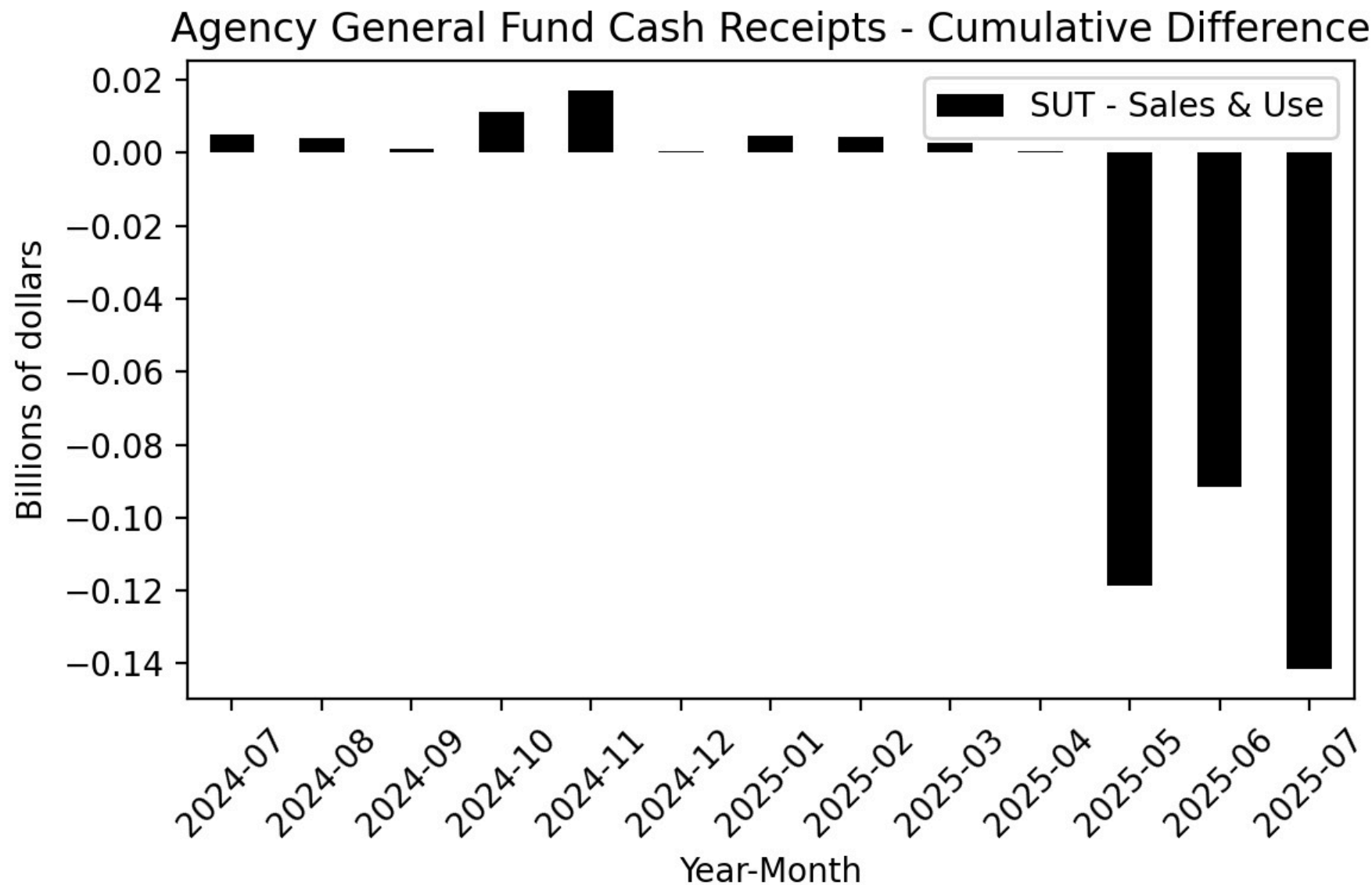


Figure 117

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
SUT-Sales & Use

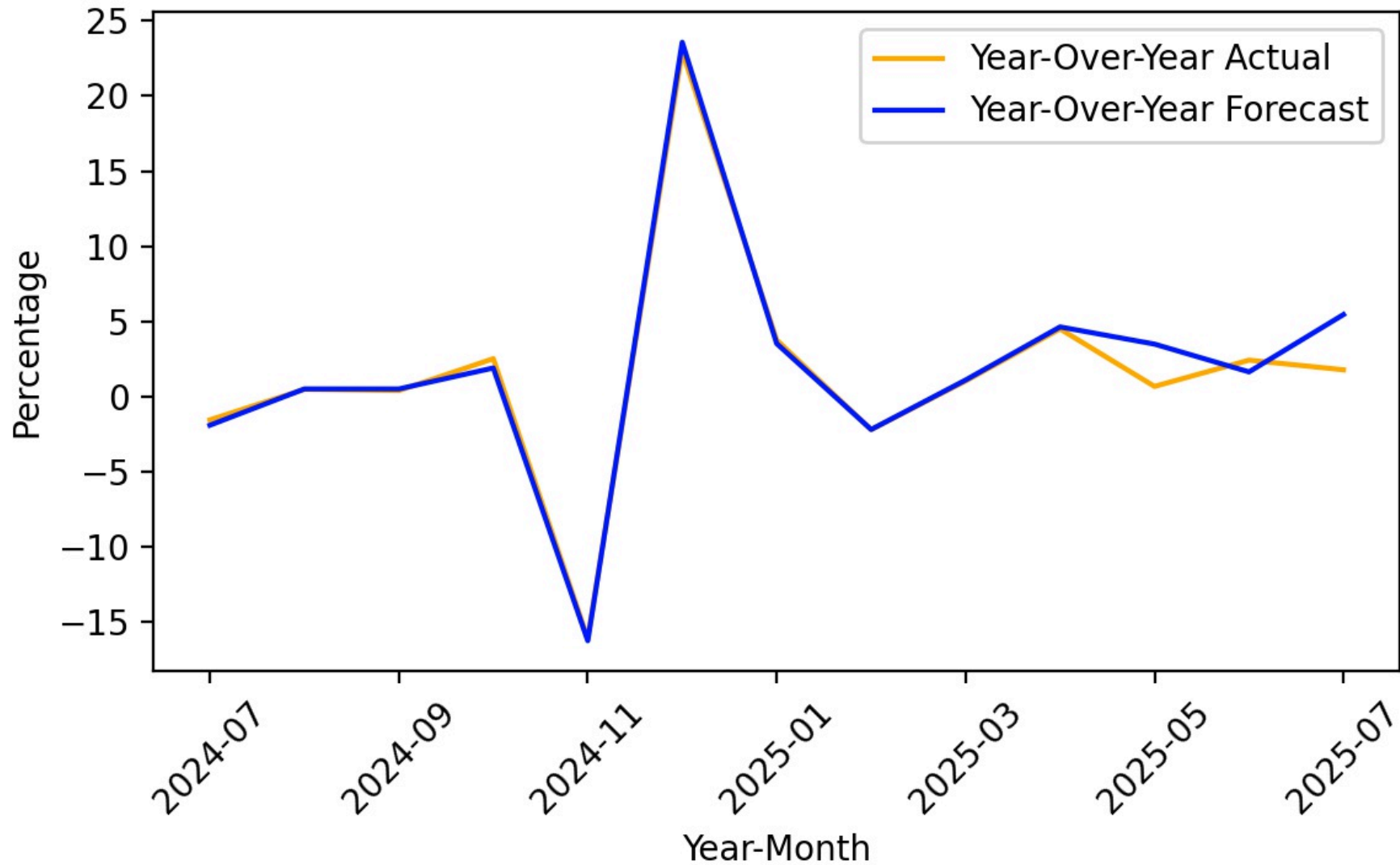


Figure 118

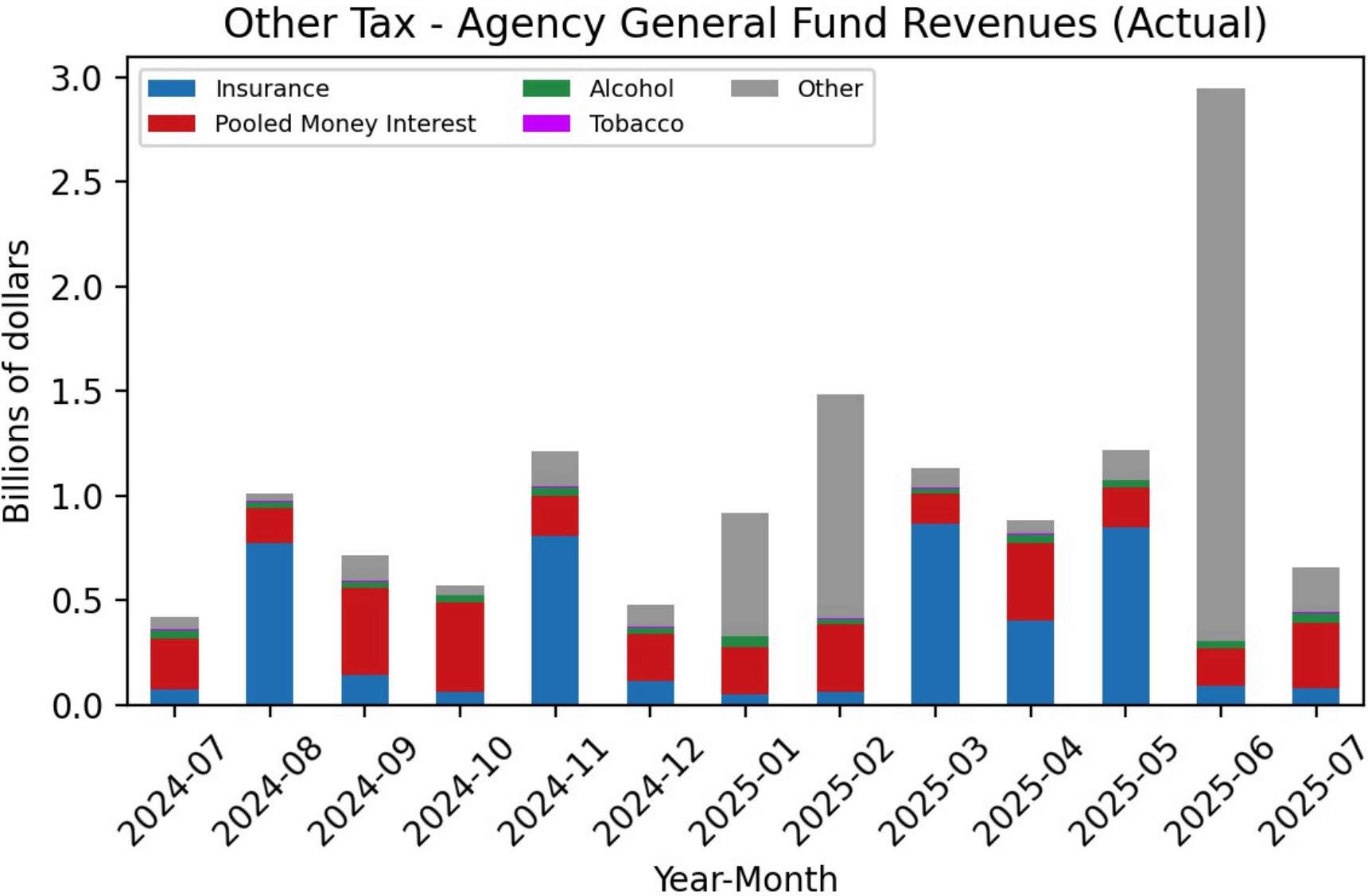


Figure 119

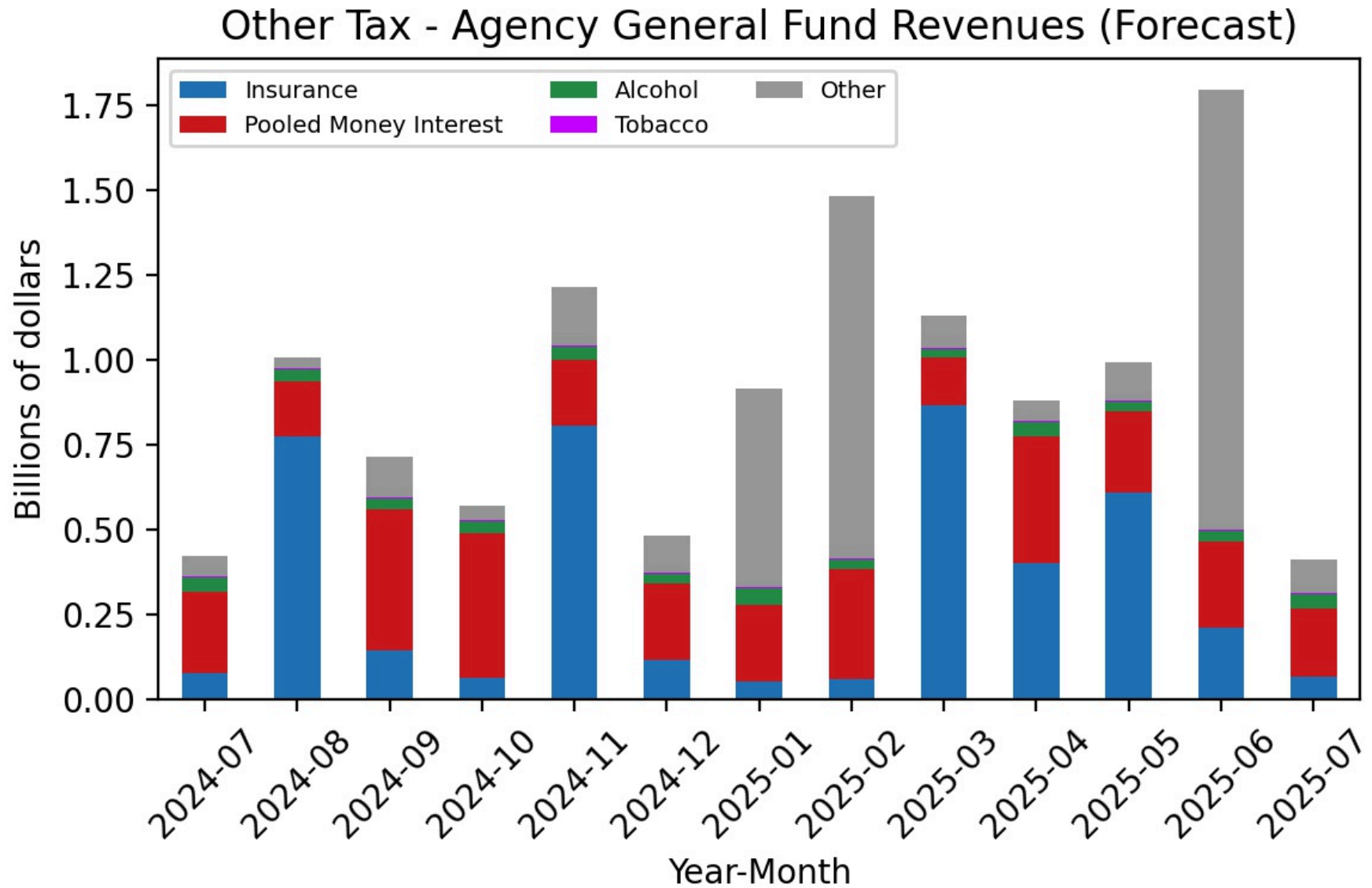


Figure 120

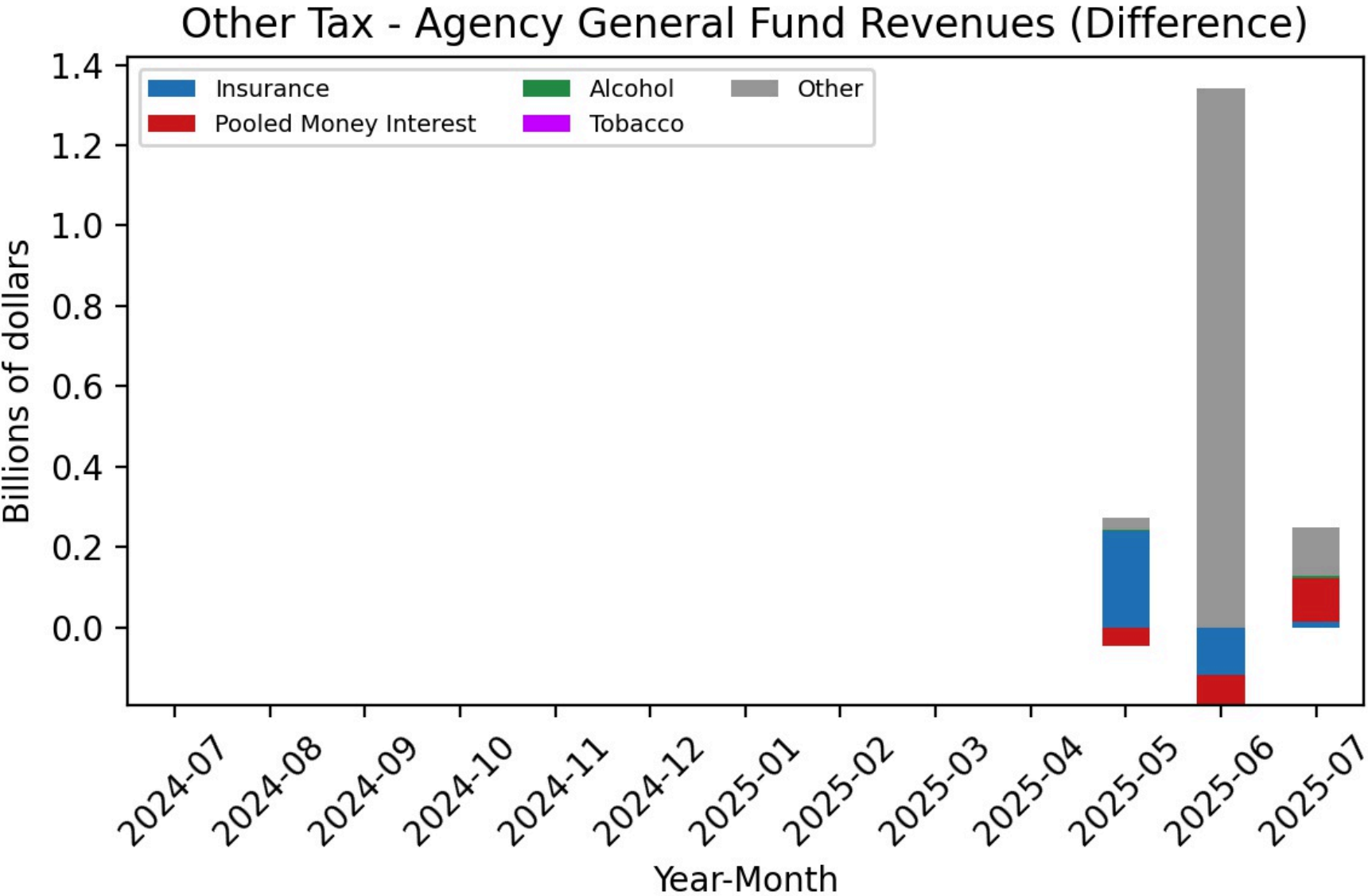


Figure 121

Other Tax - Agency General Fund Revenues (Cumulative Difference)

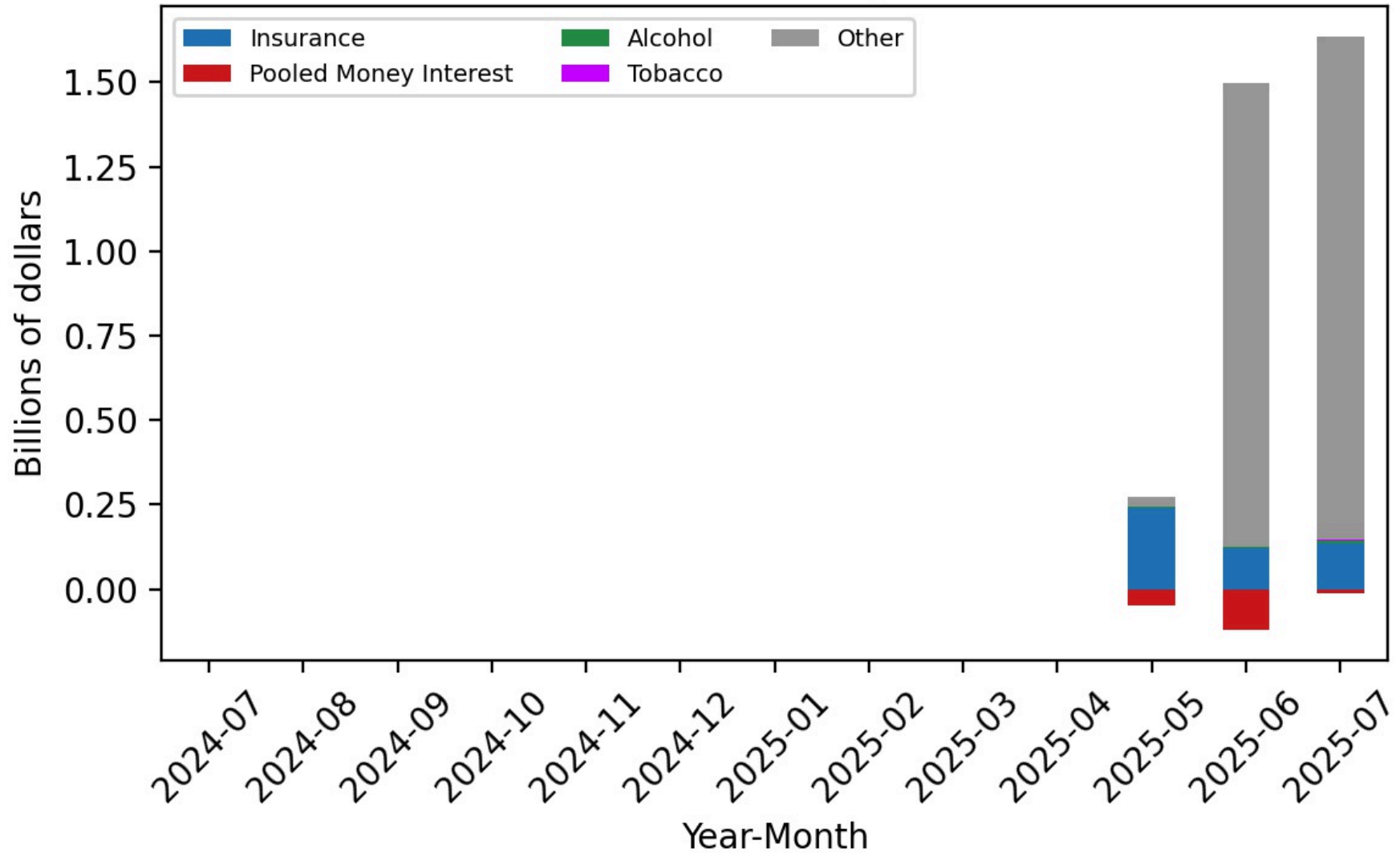


Figure 122

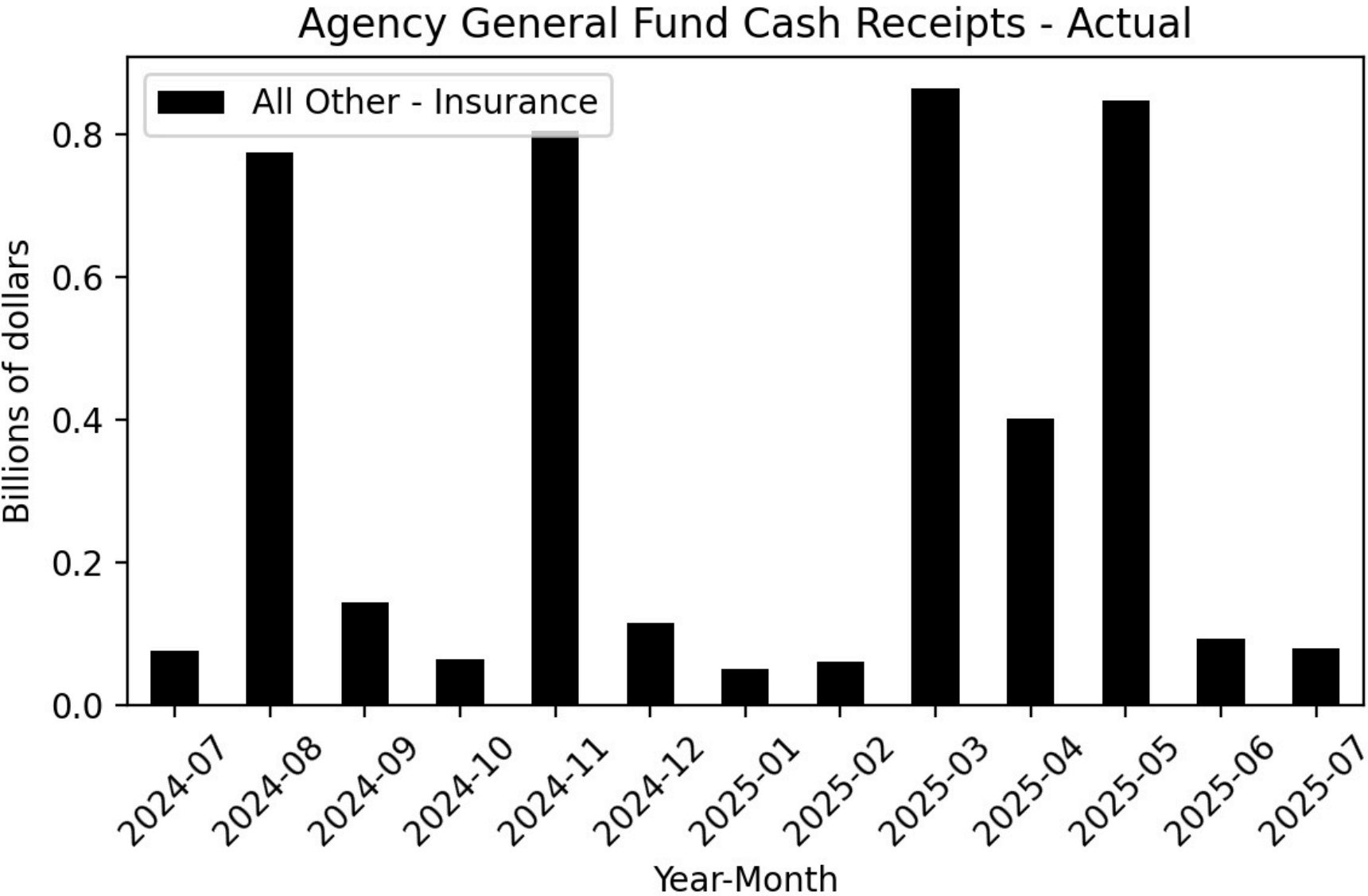


Figure 123

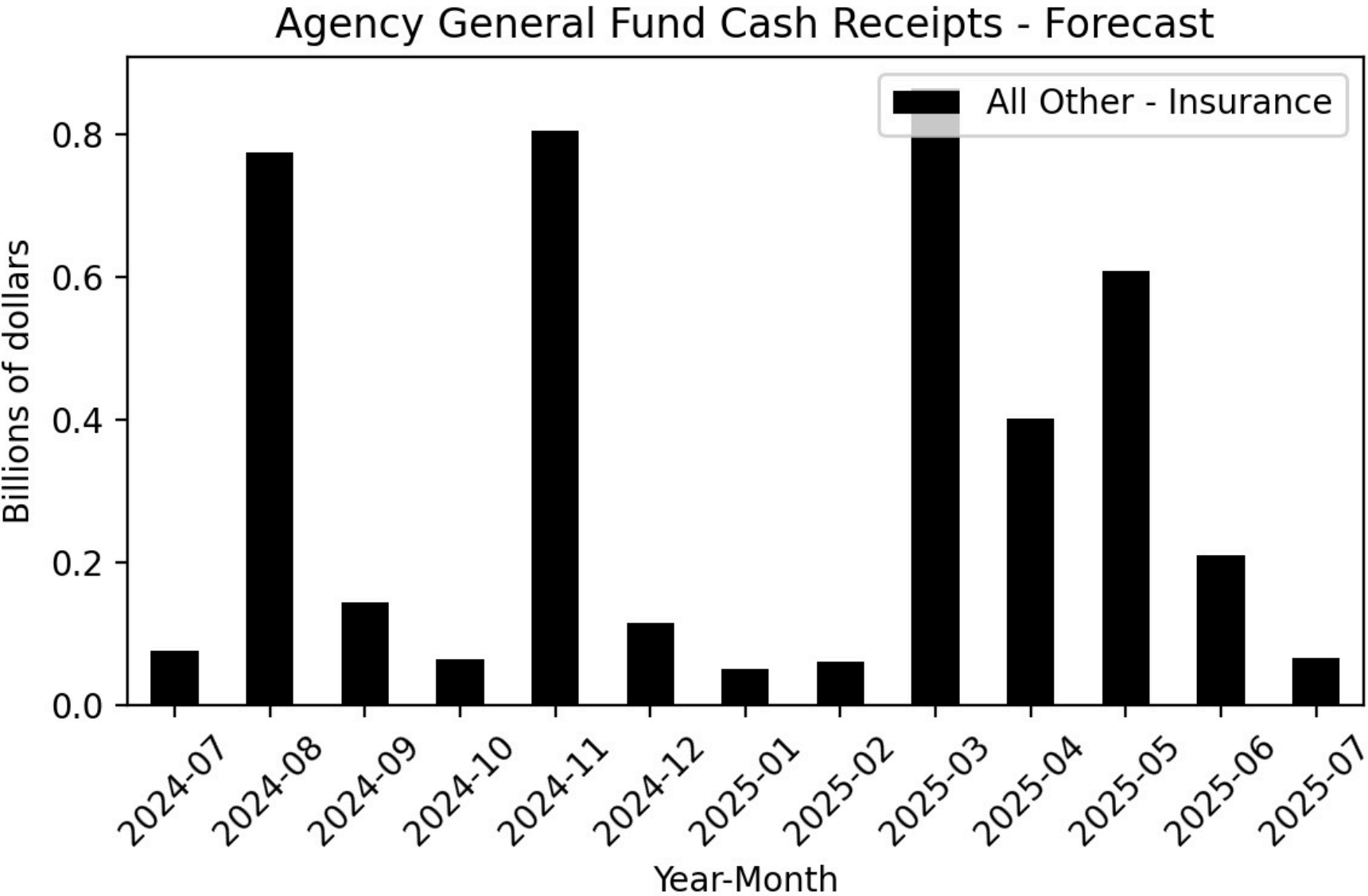


Figure 124

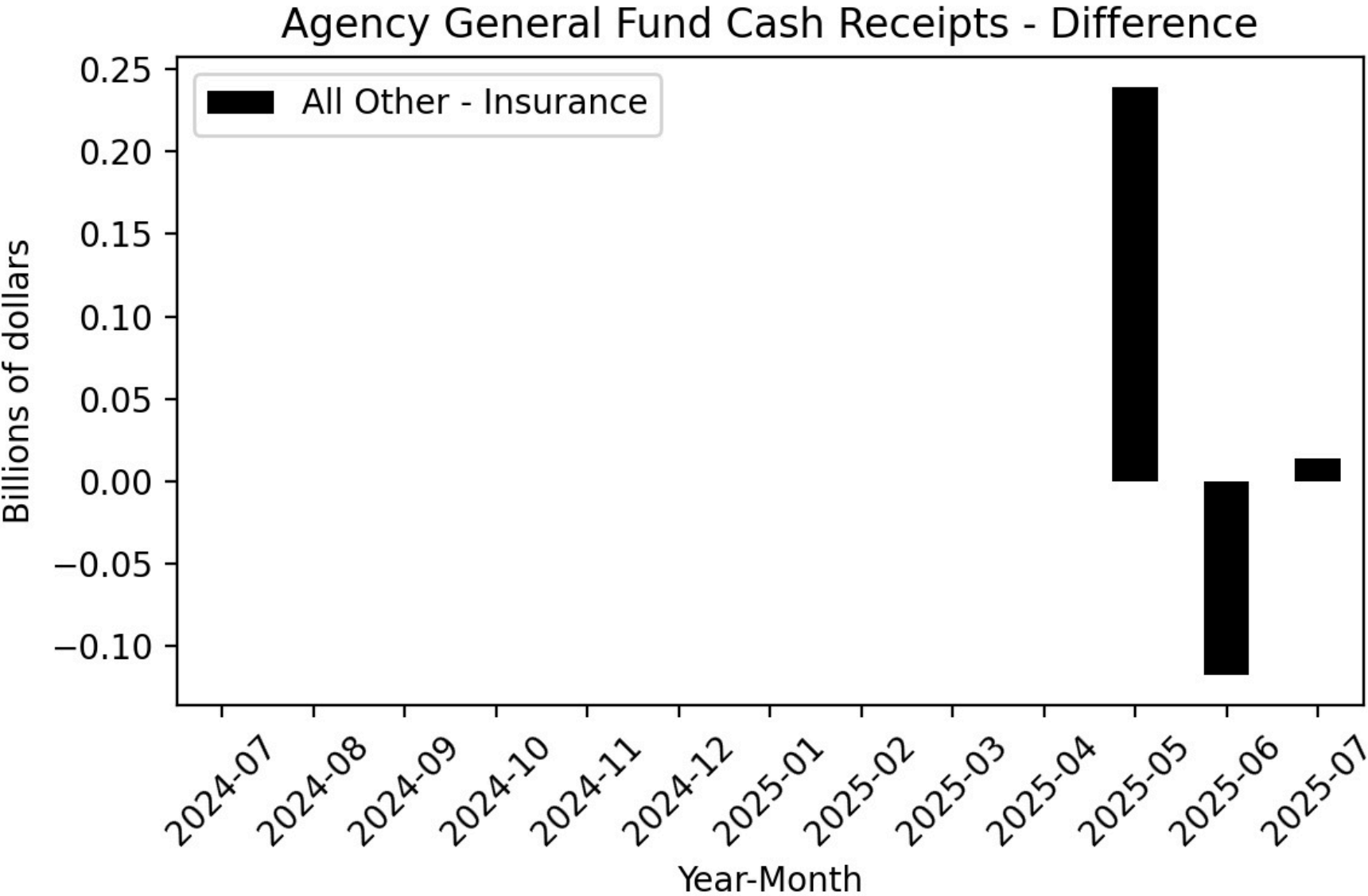


Figure 125

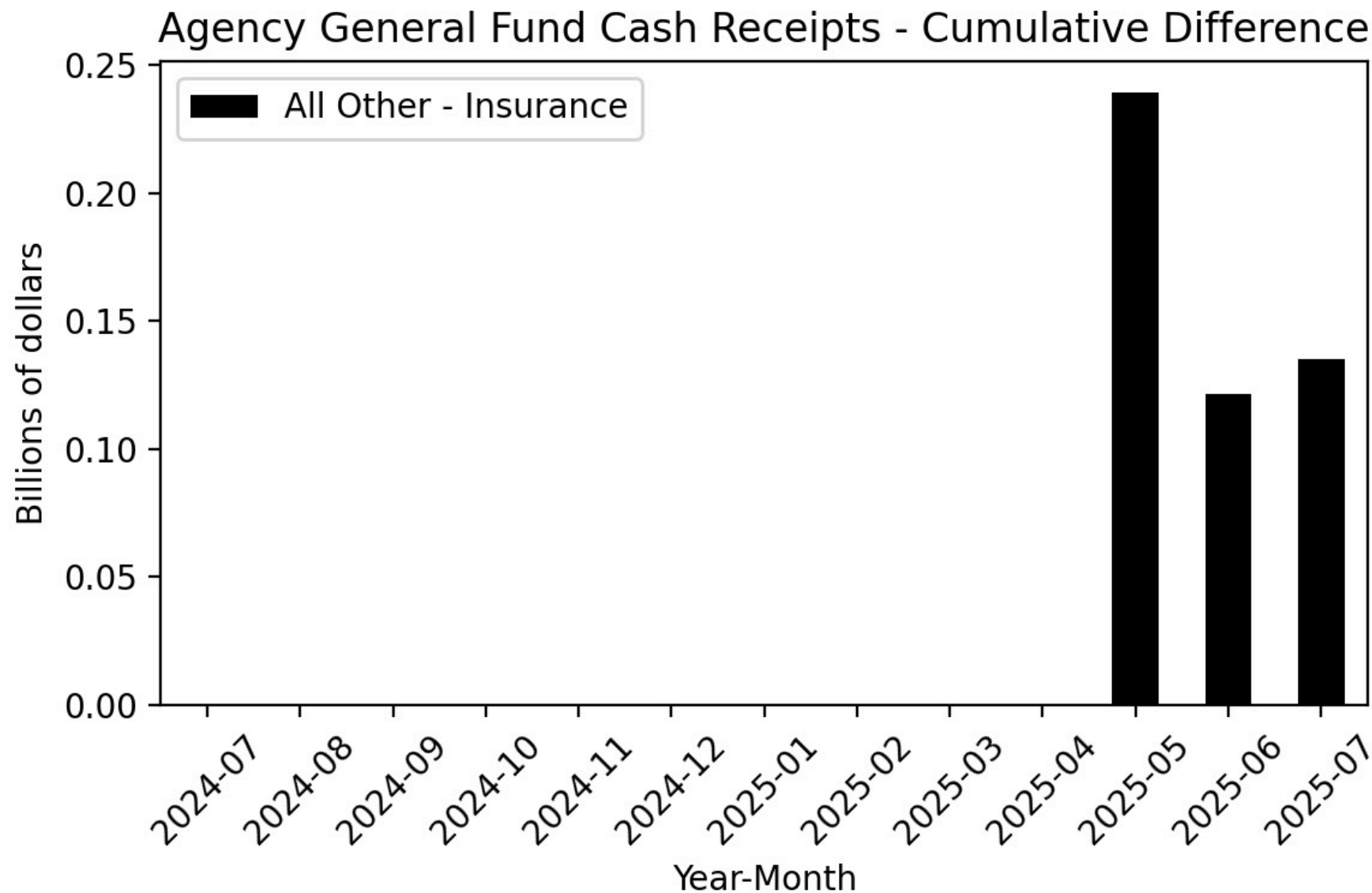


Figure 126

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
All Other-Insurance

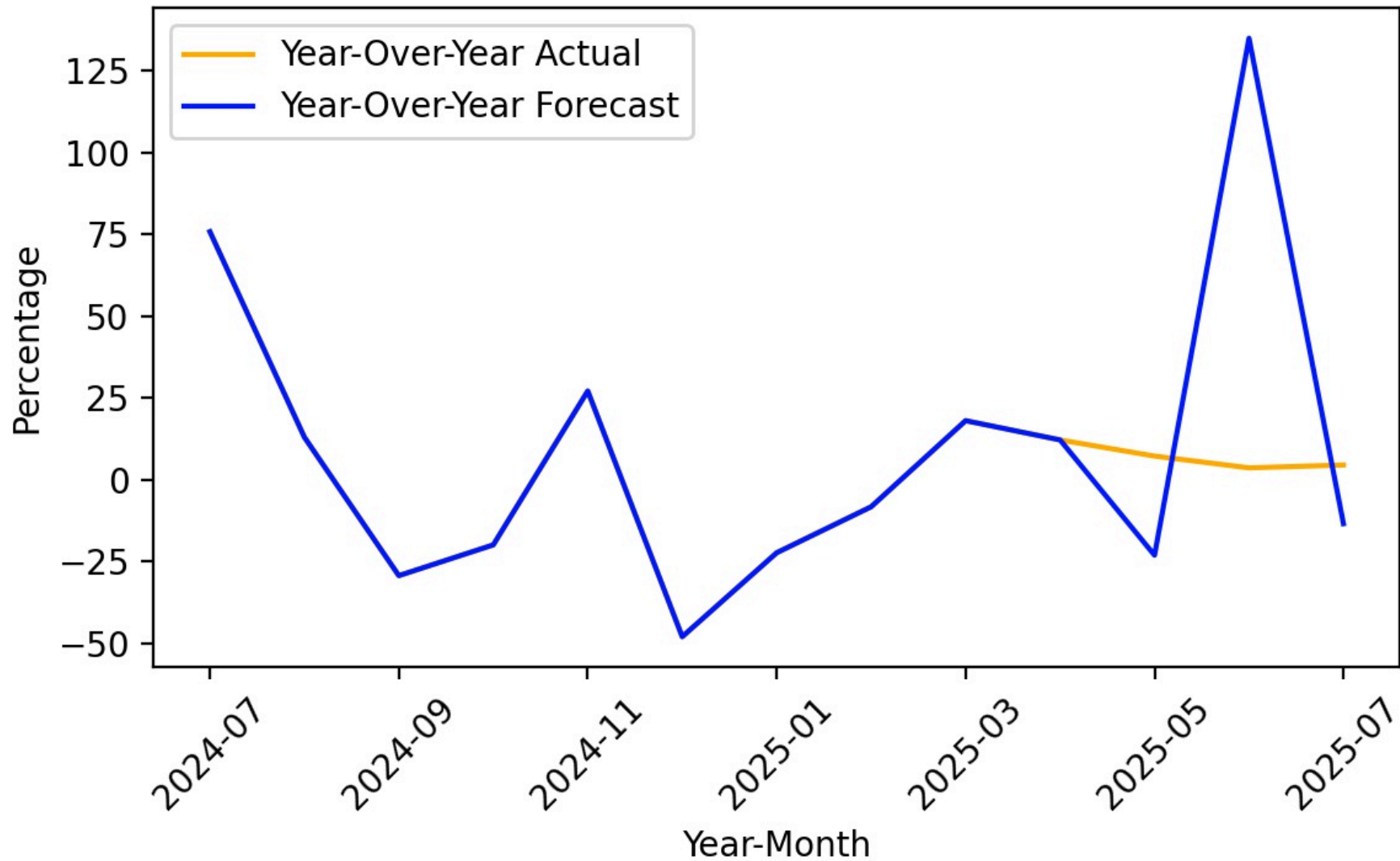


Figure 127

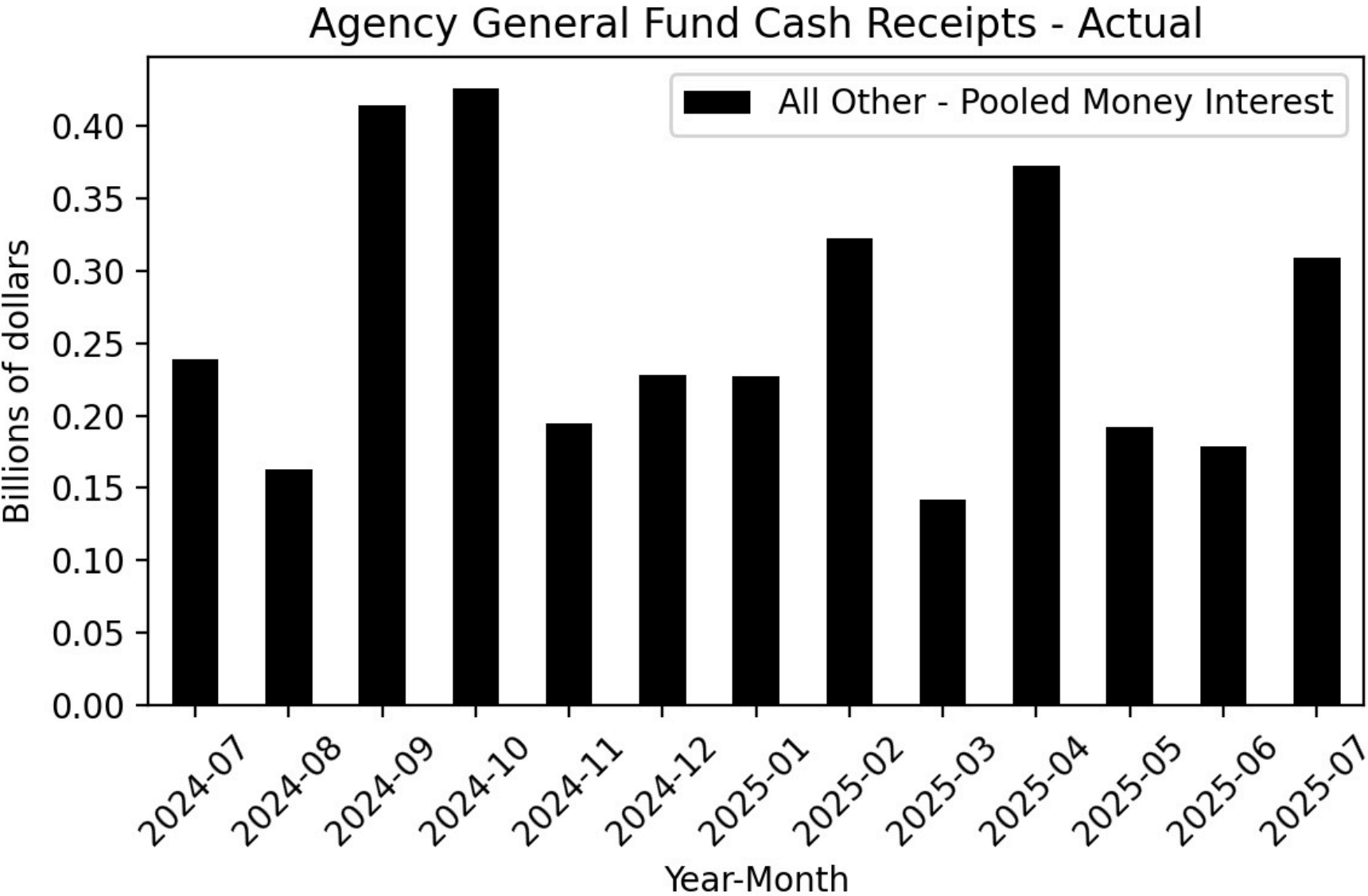


Figure 128

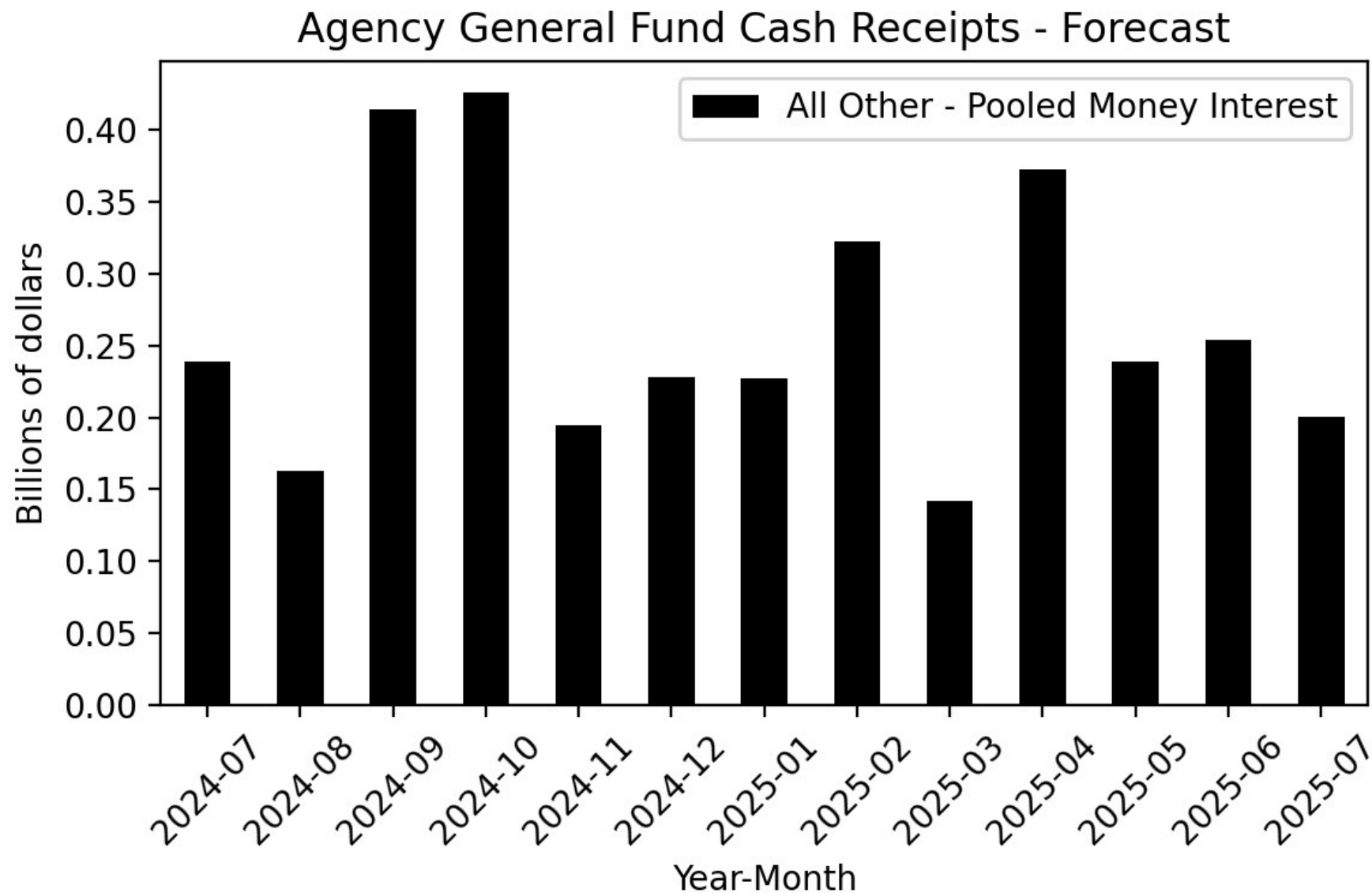


Figure 129

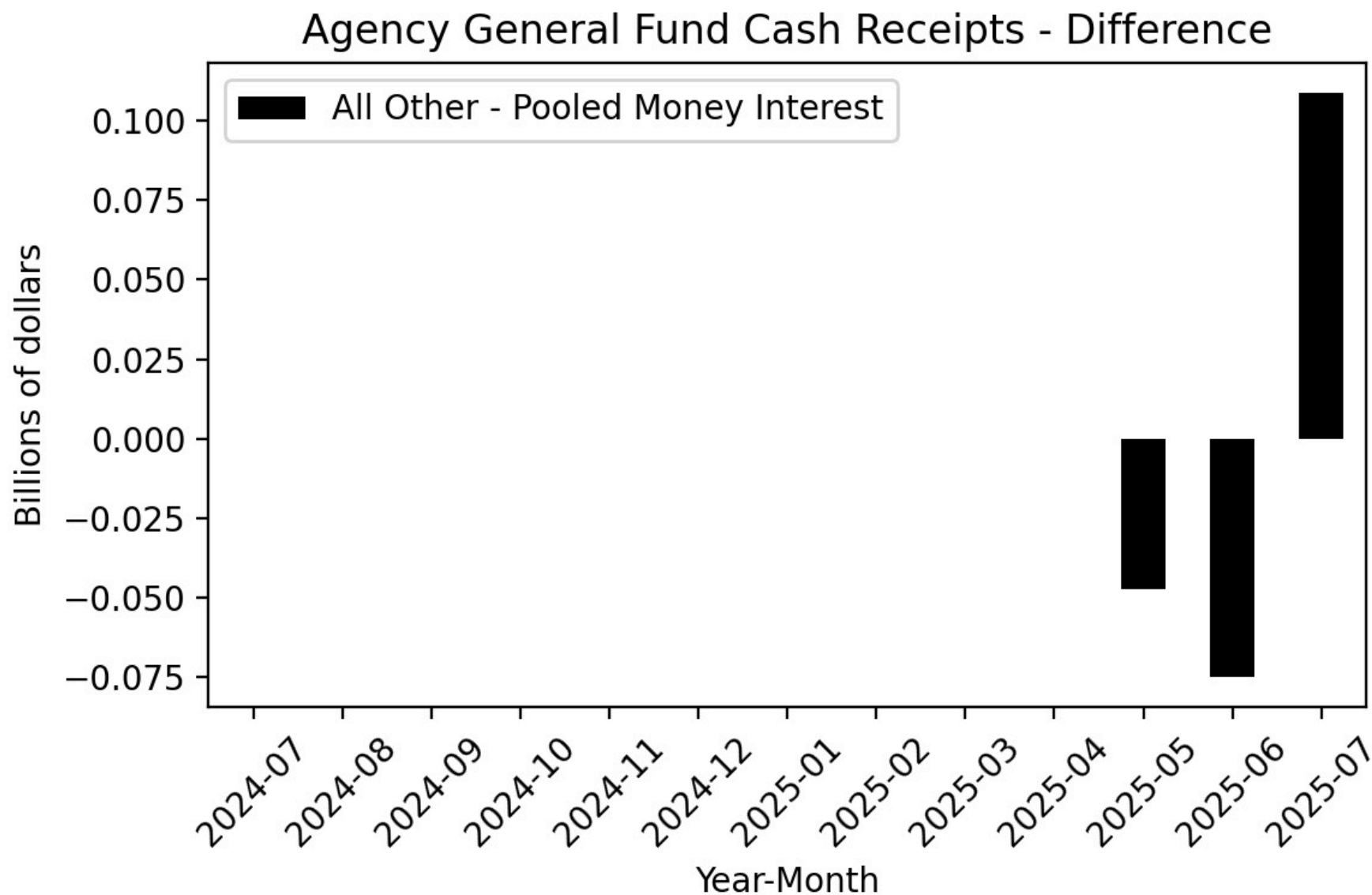


Figure 130

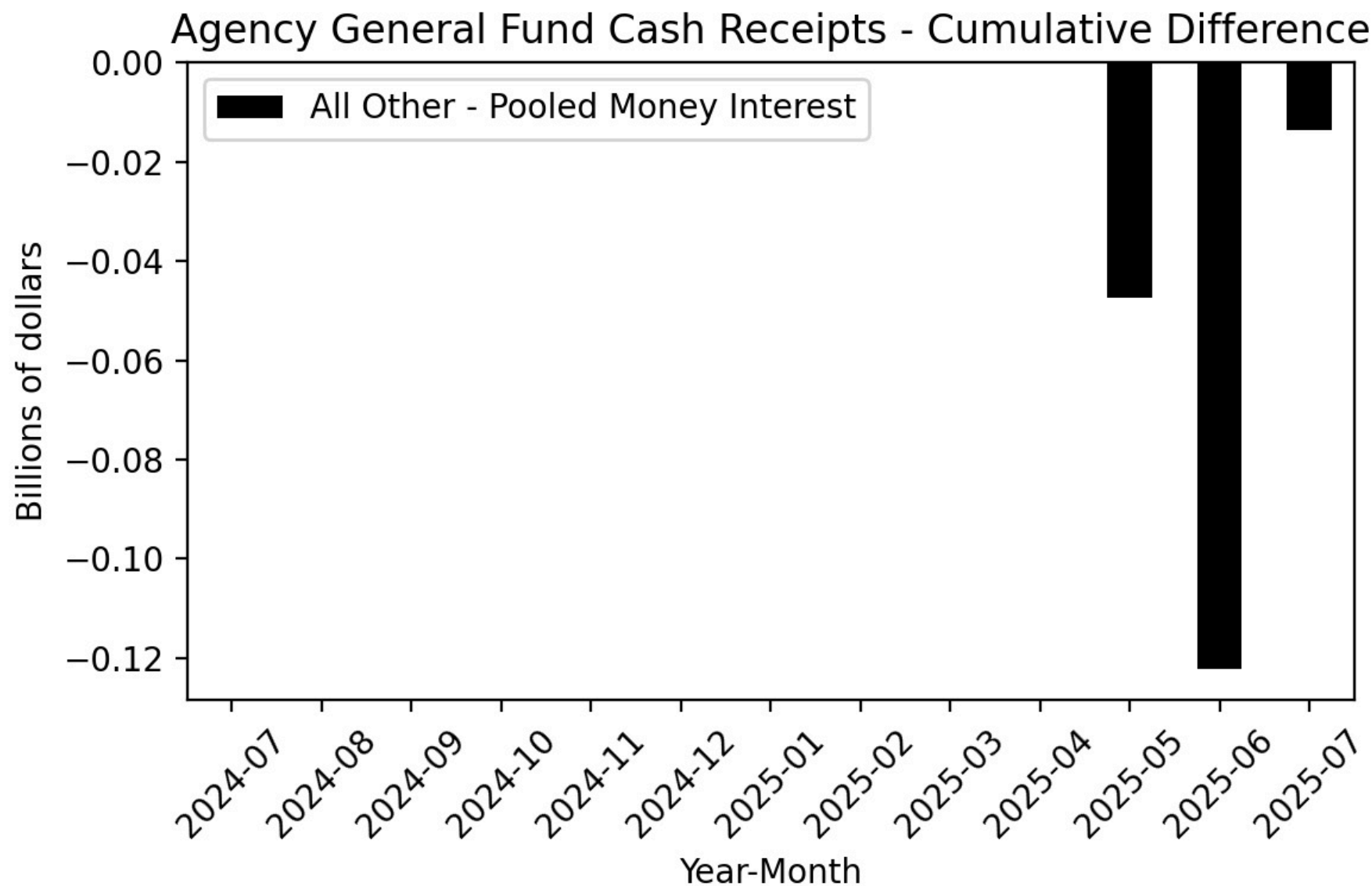


Figure 131

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
All Other-Pooled Money Interest

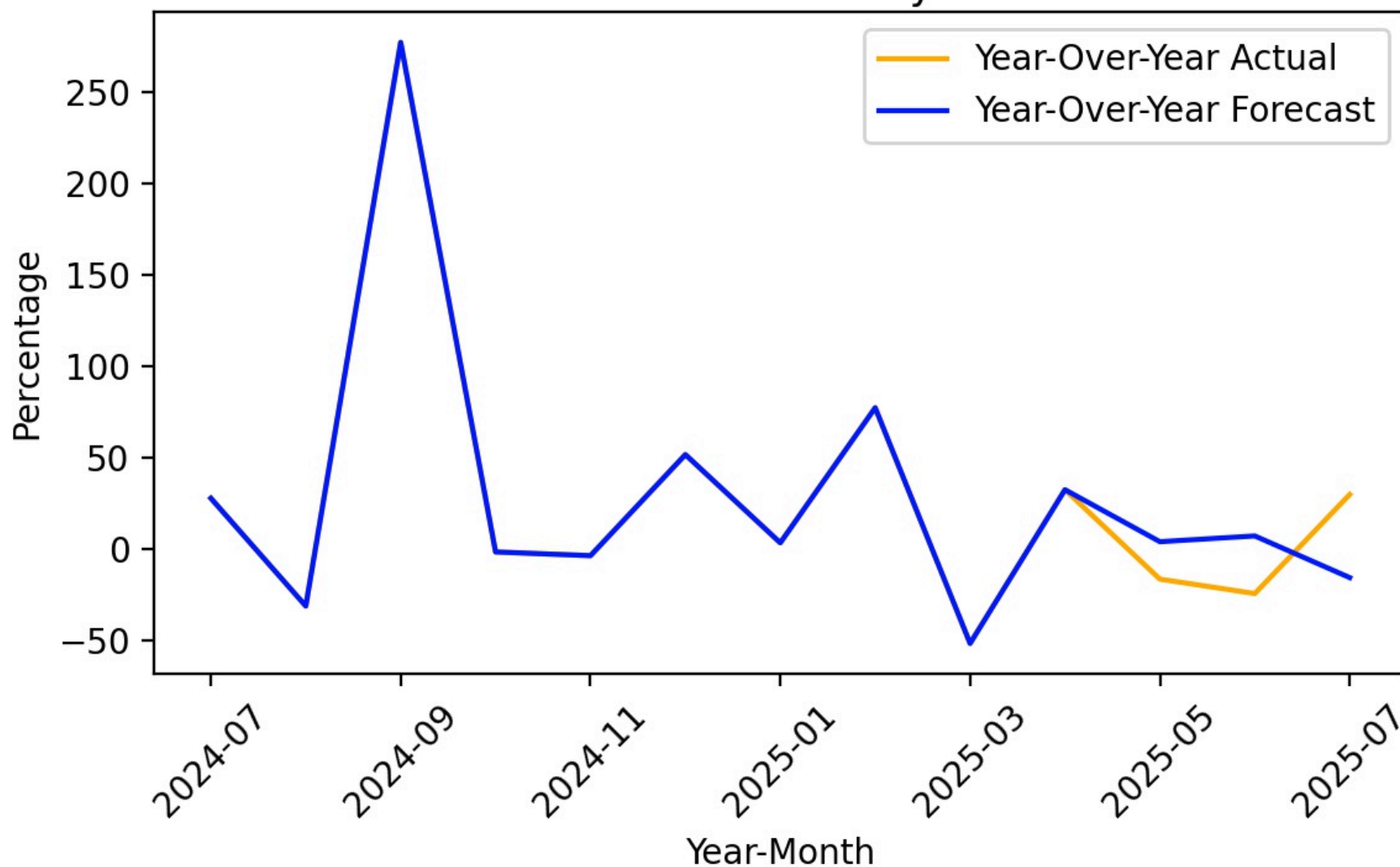


Figure 132

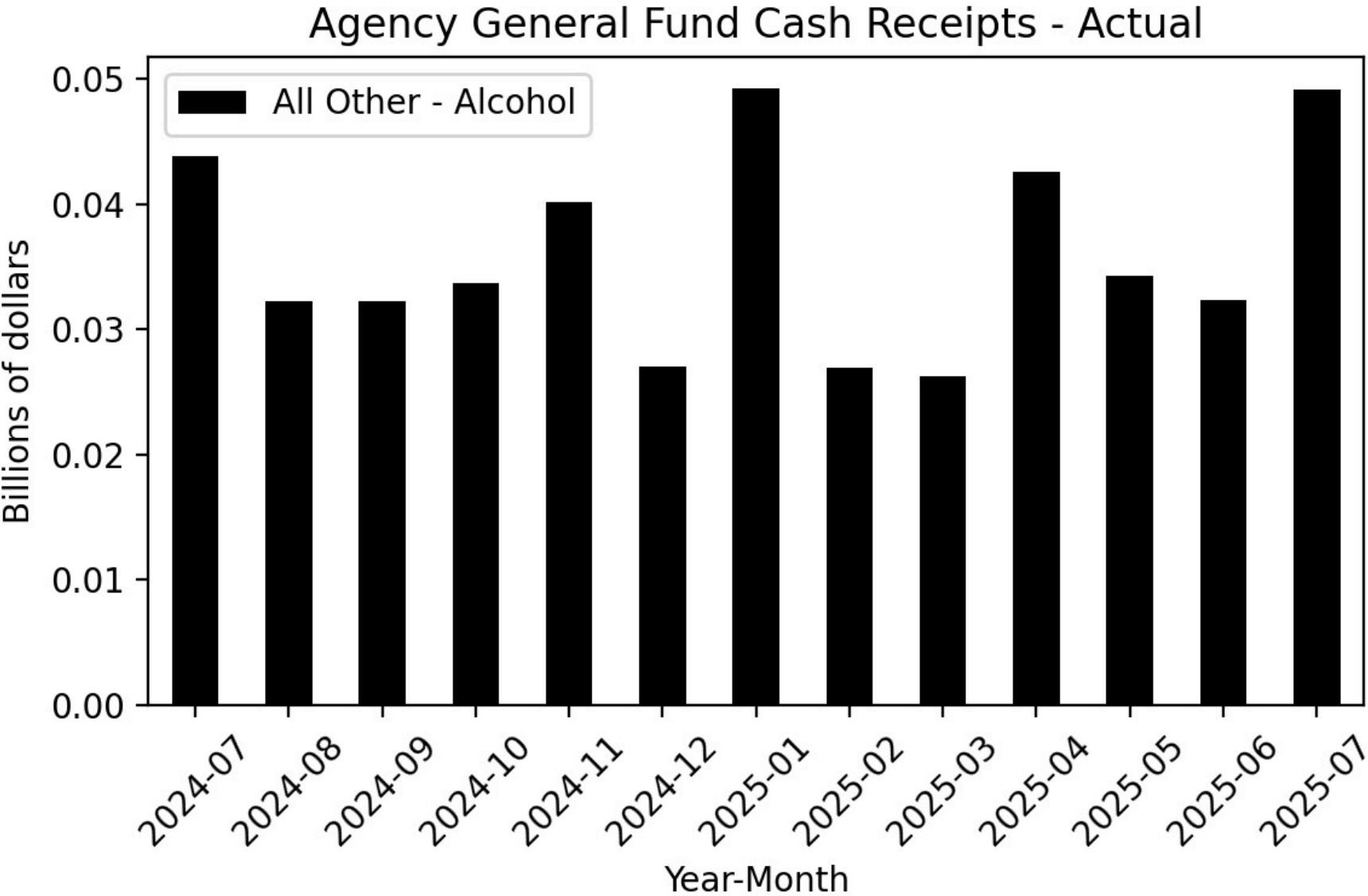


Figure 133

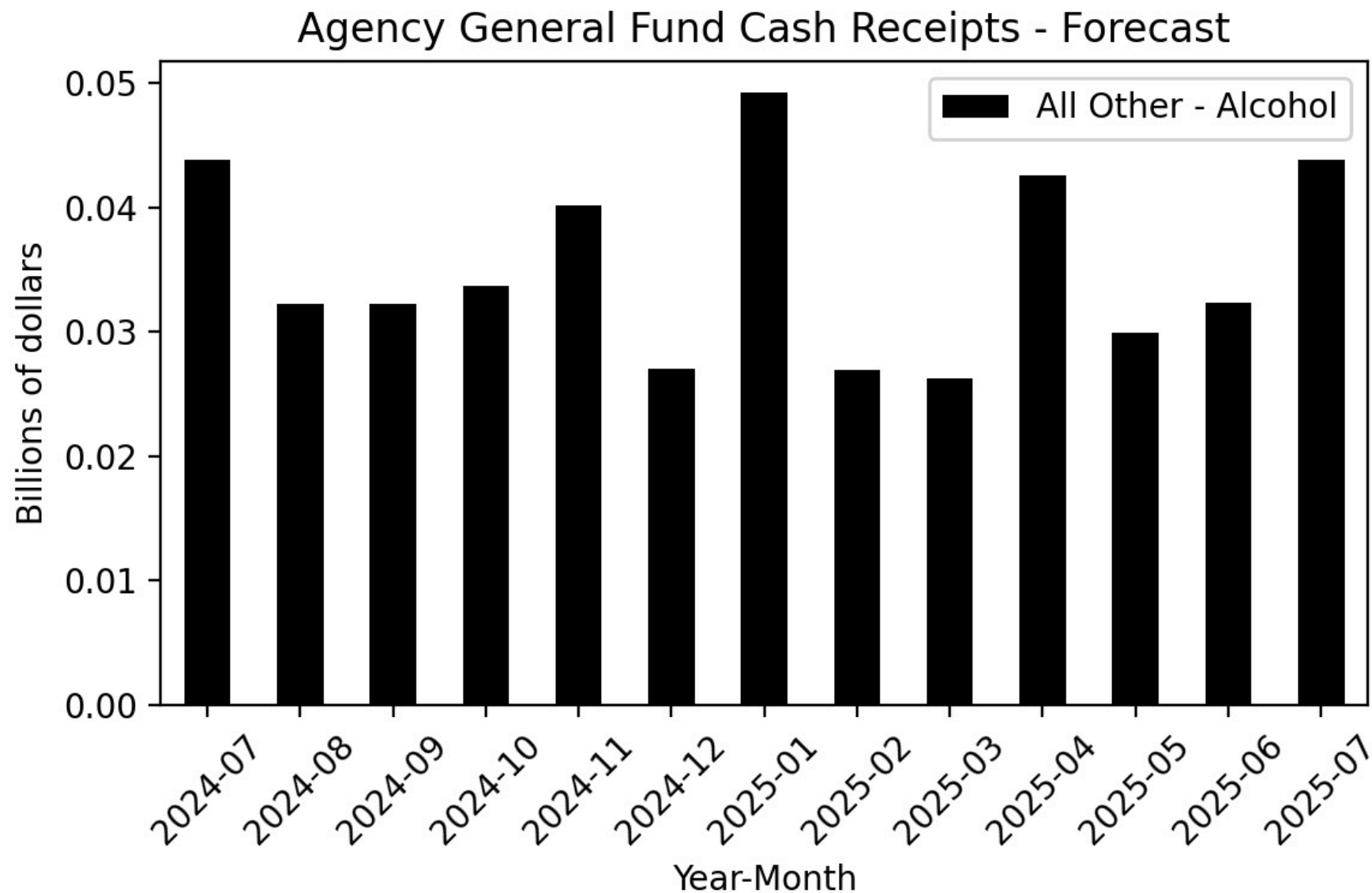


Figure 134

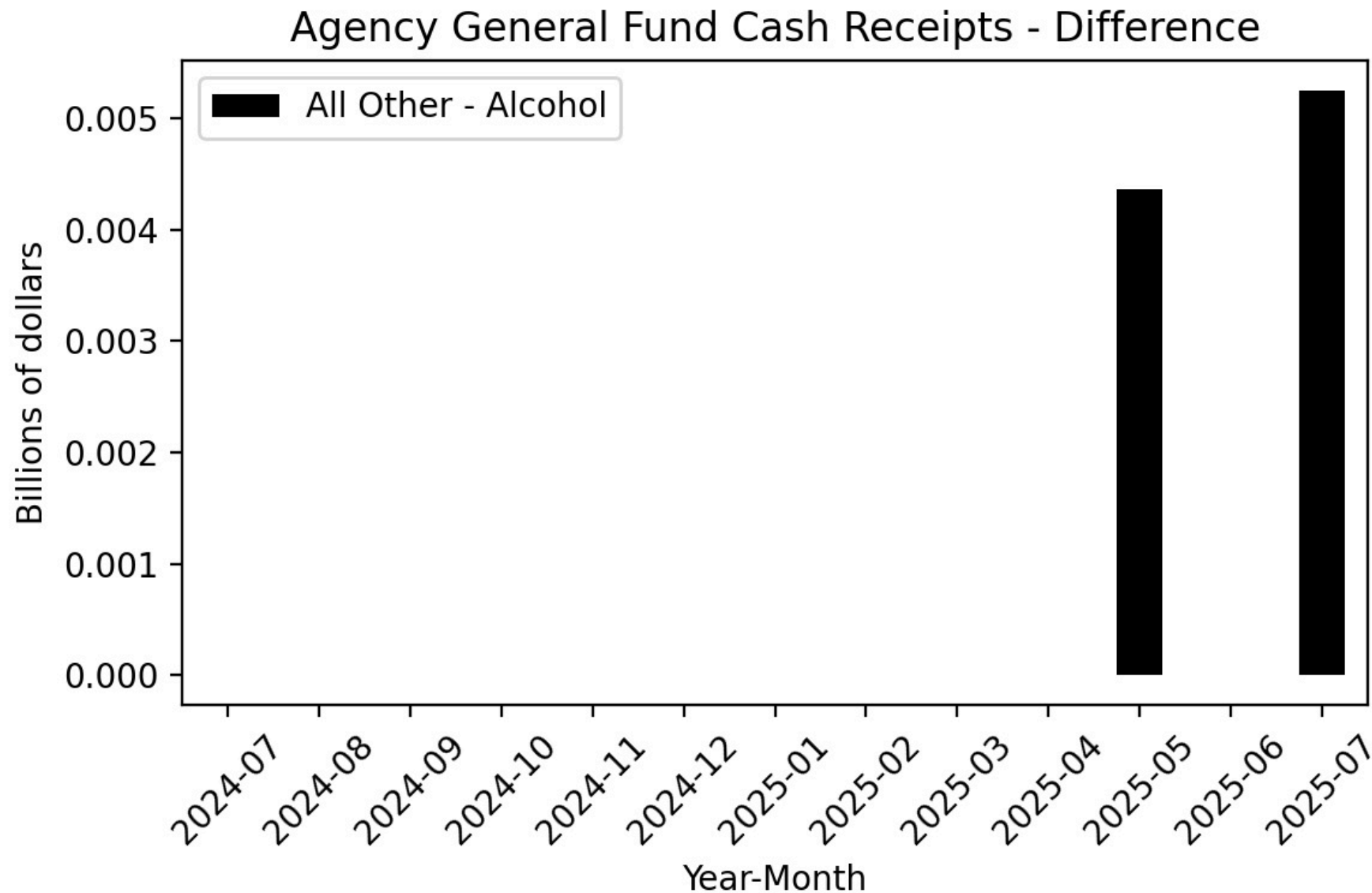


Figure 135

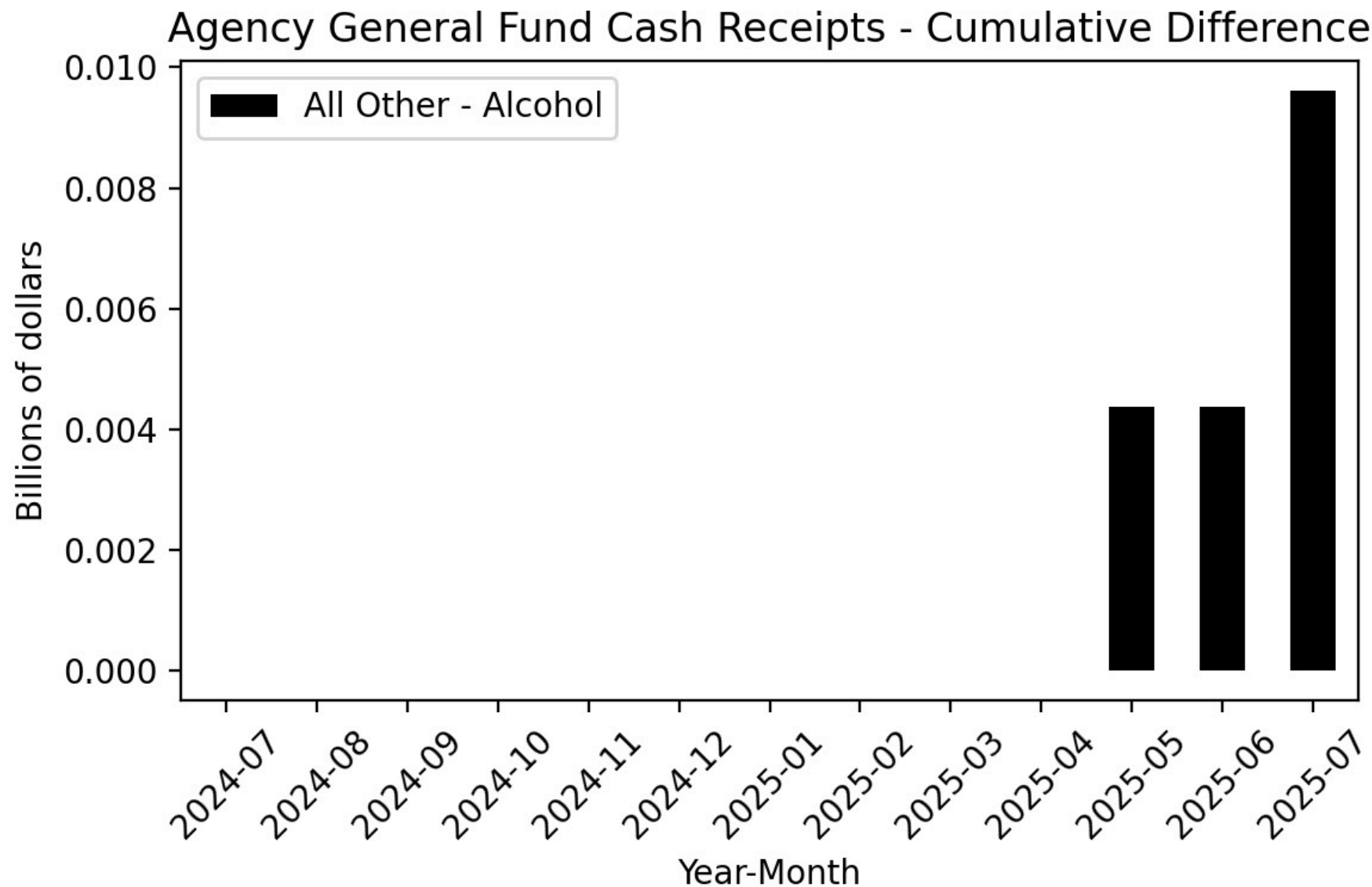


Figure 136

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
All Other-Alcohol

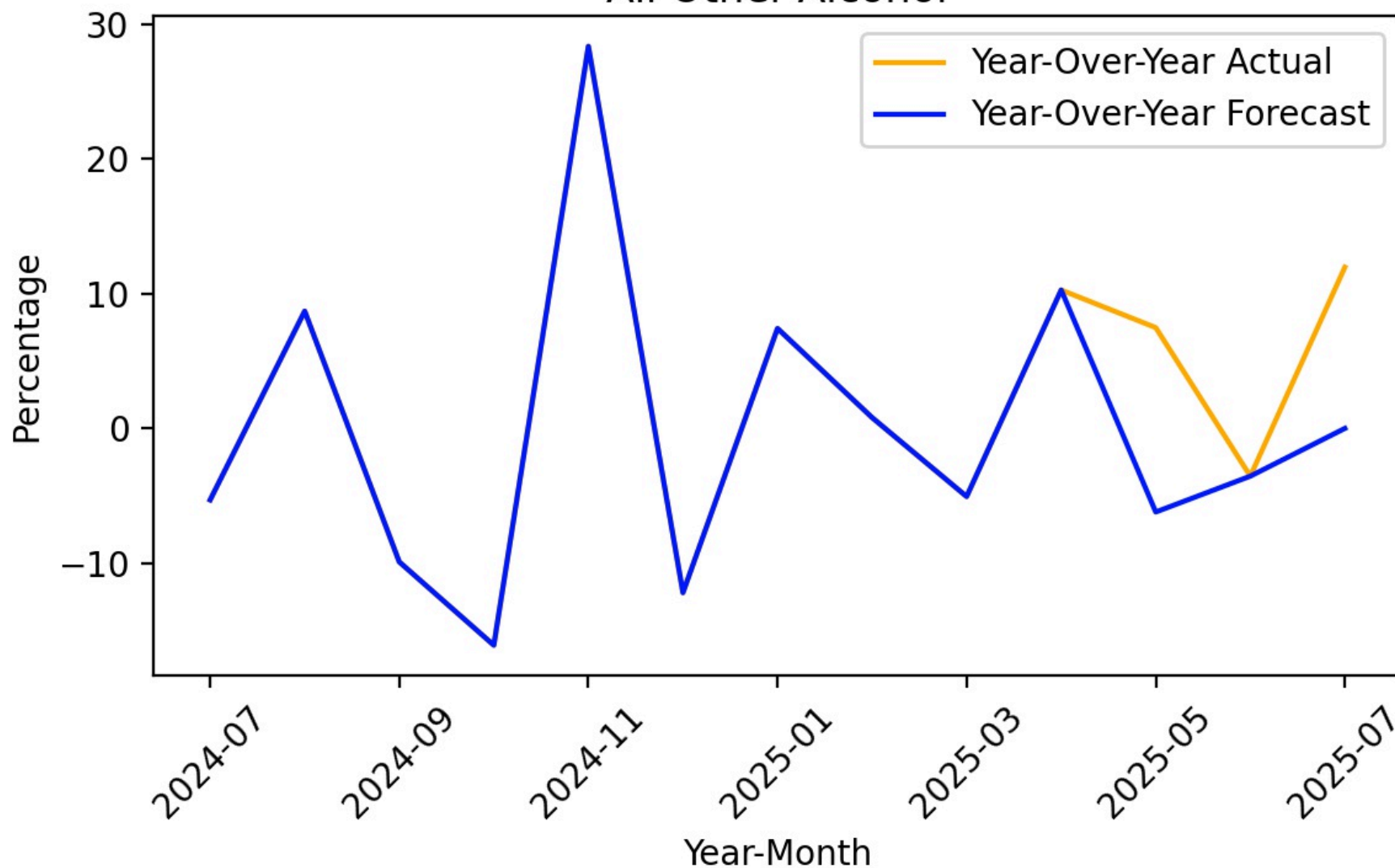


Figure 137

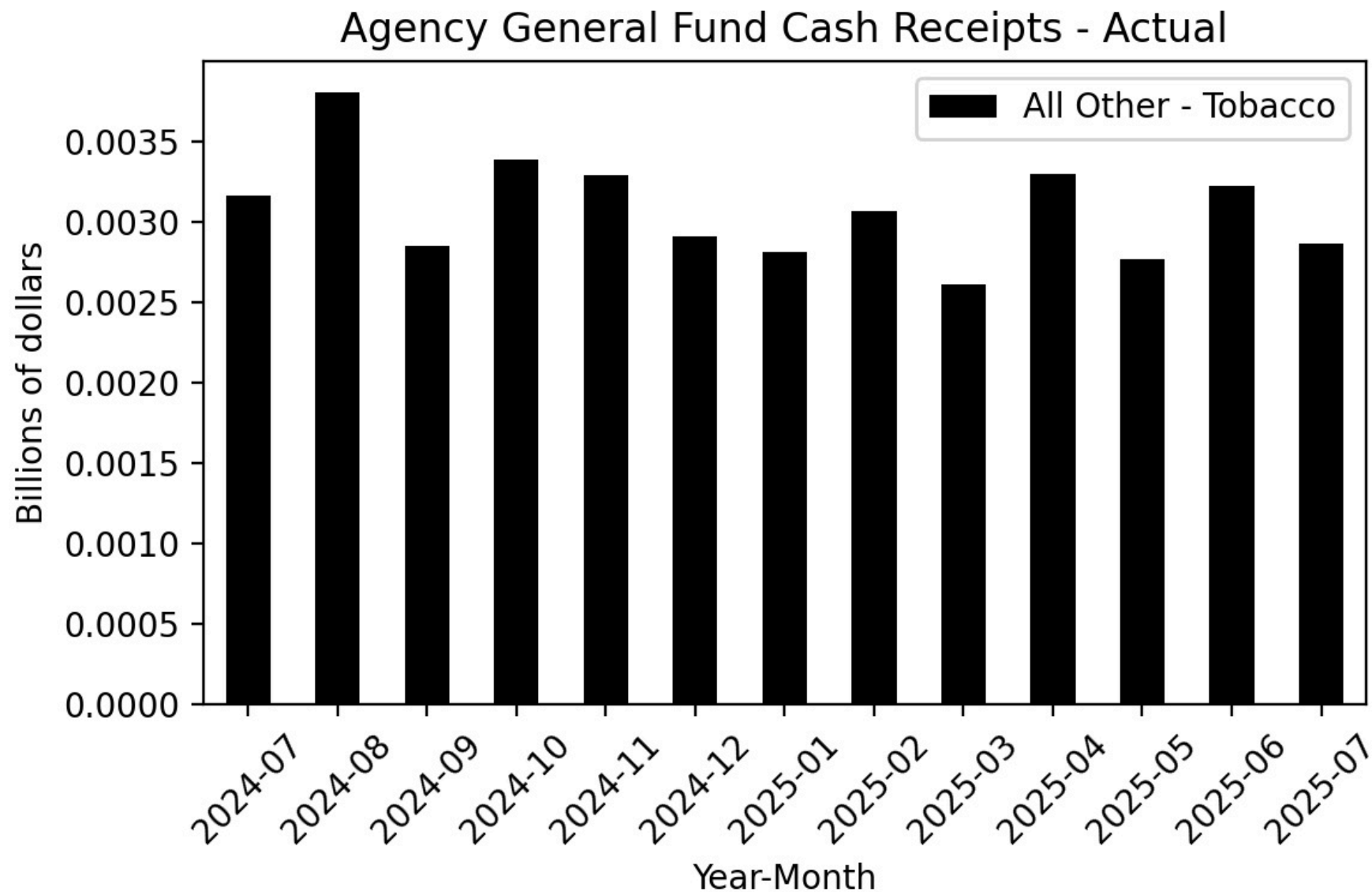


Figure 138

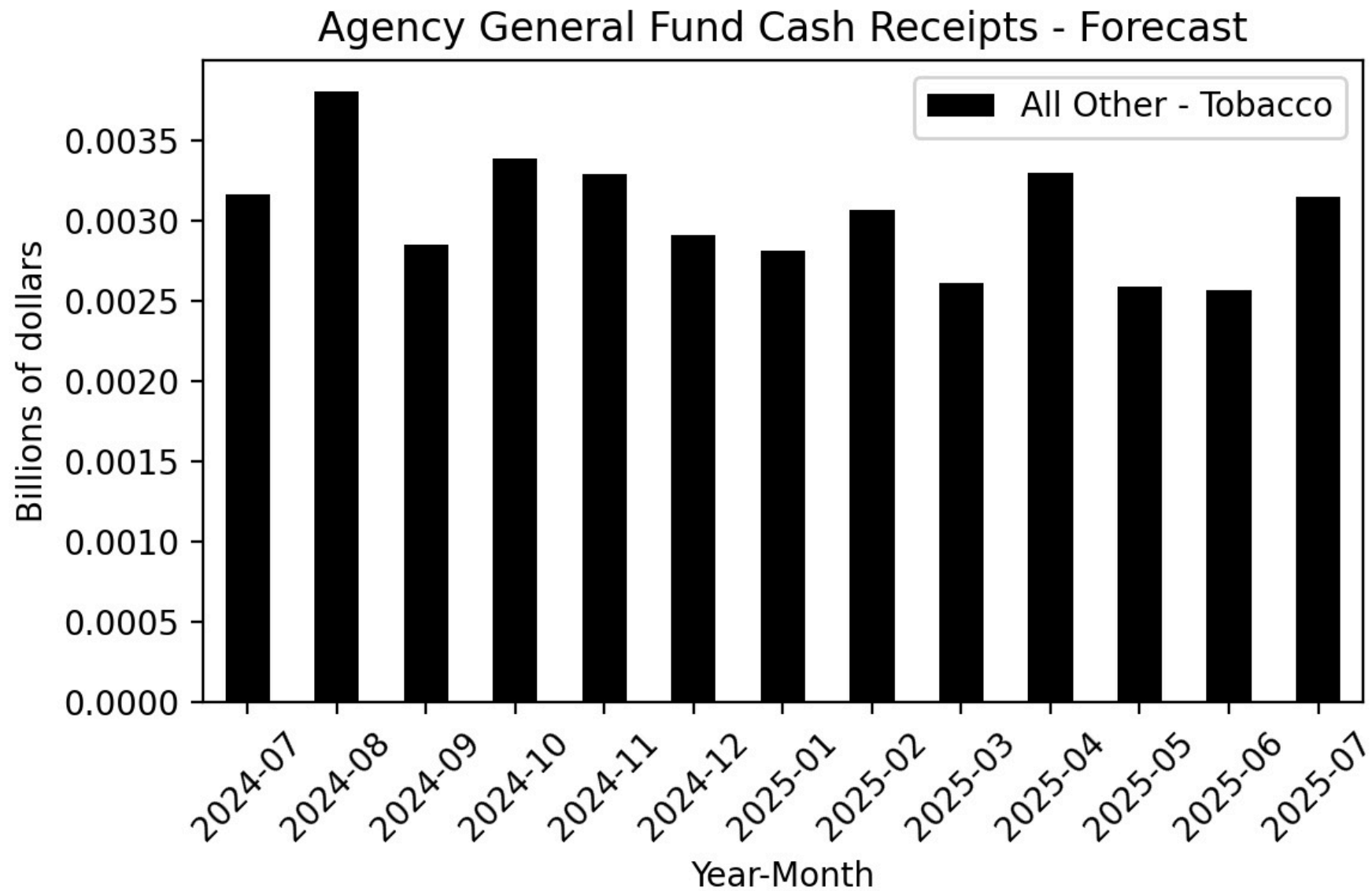


Figure 139

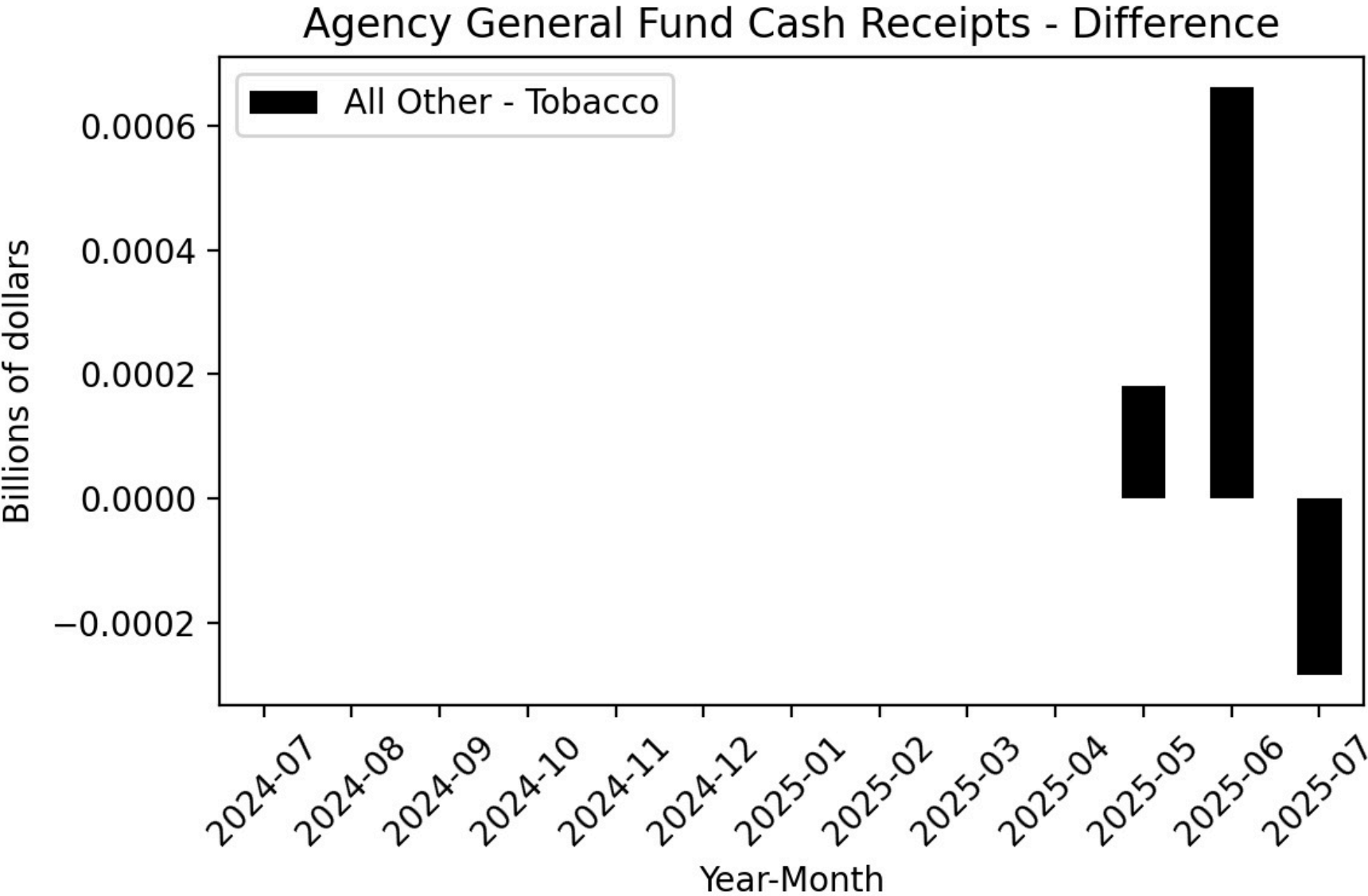


Figure 140

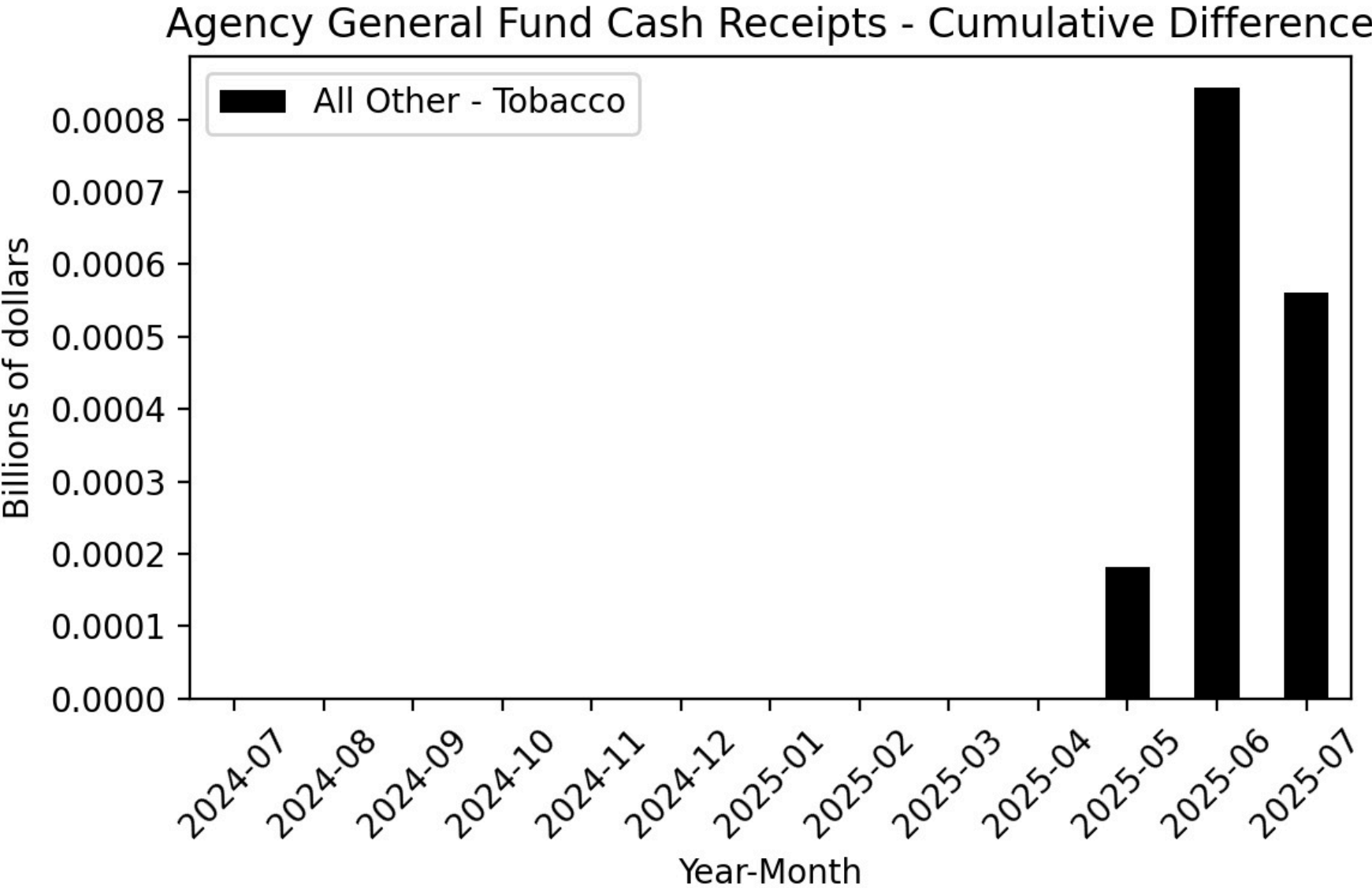


Figure 141

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
All Other-Tobacco

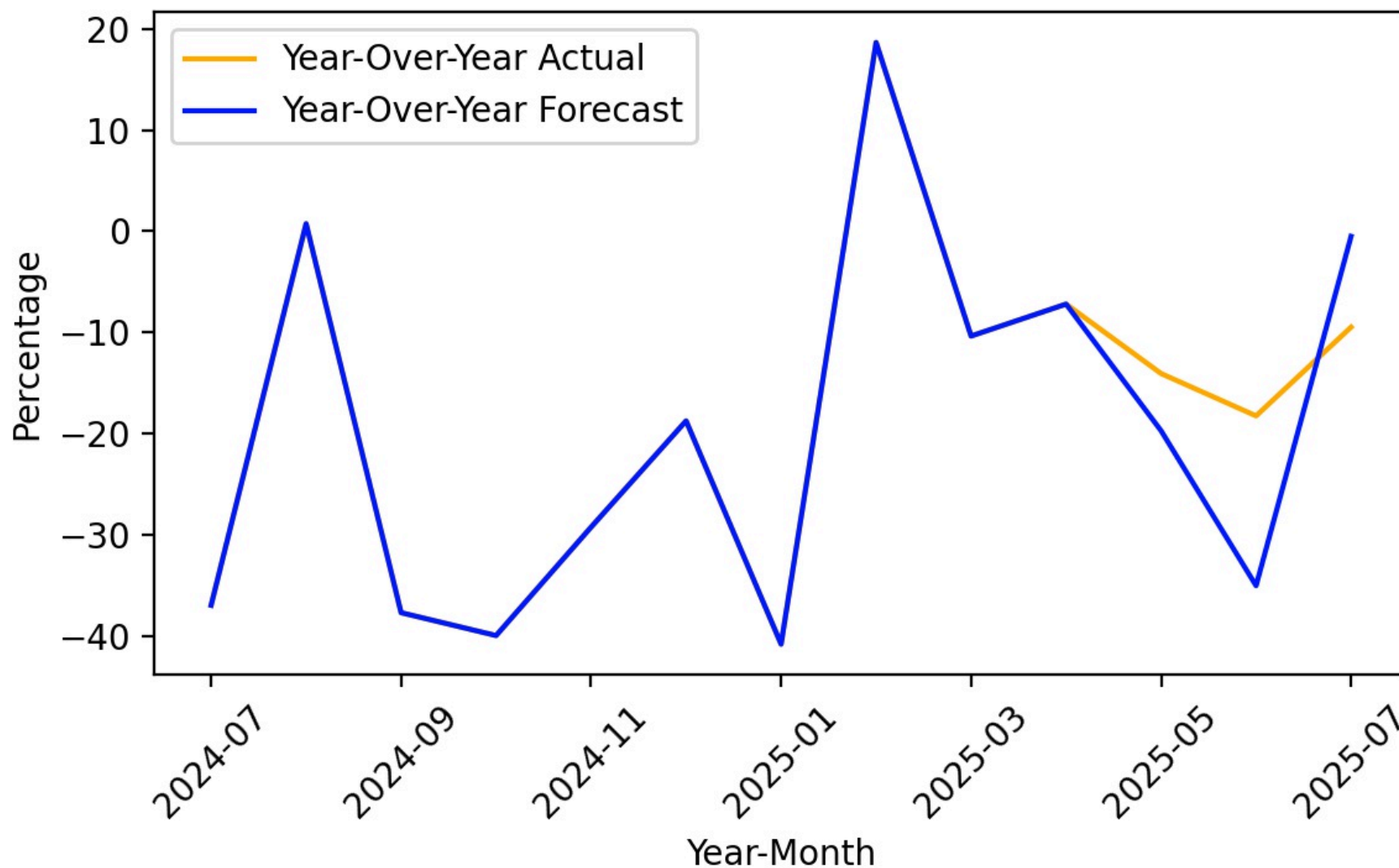


Figure 142

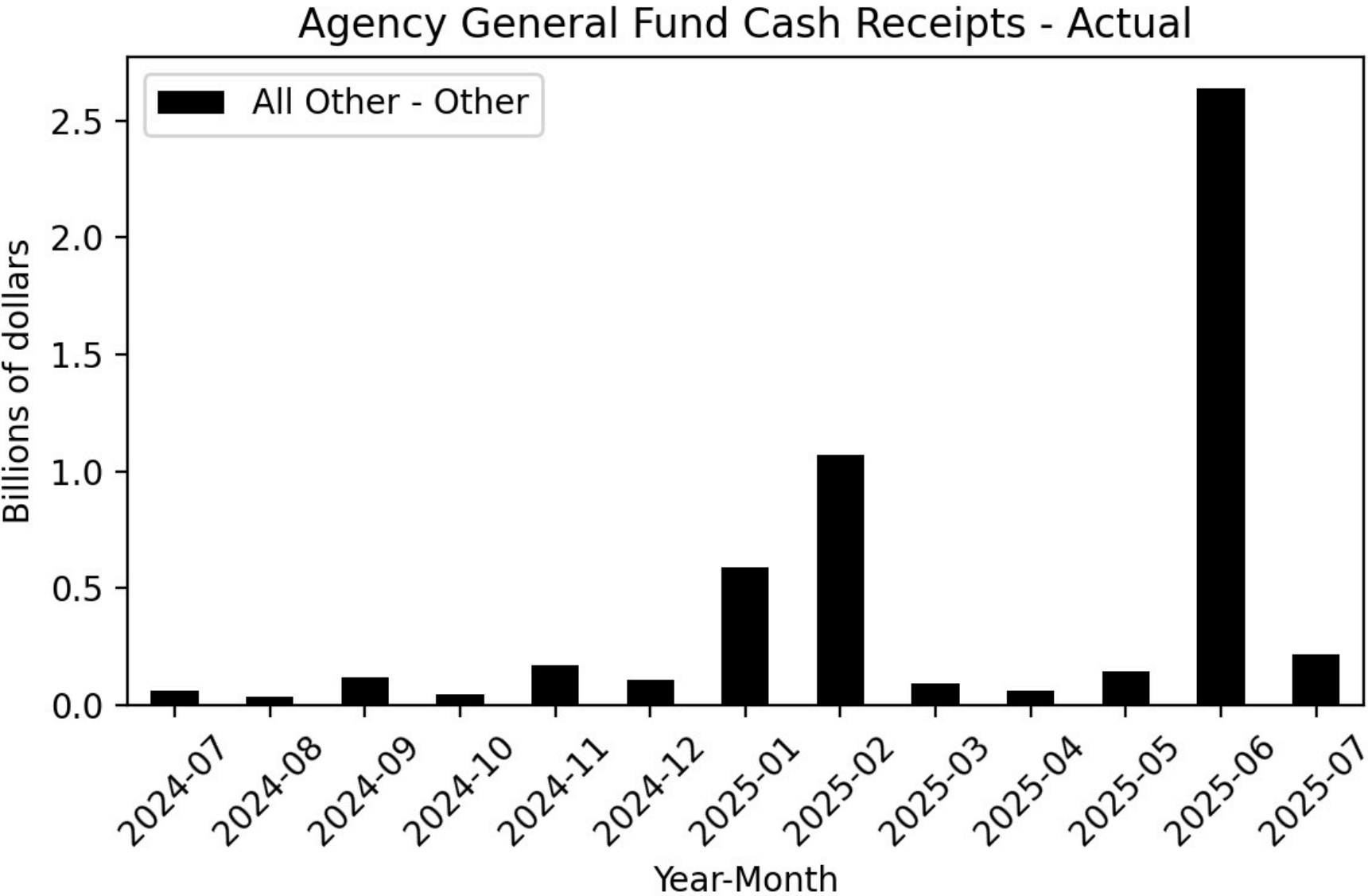


Figure 143

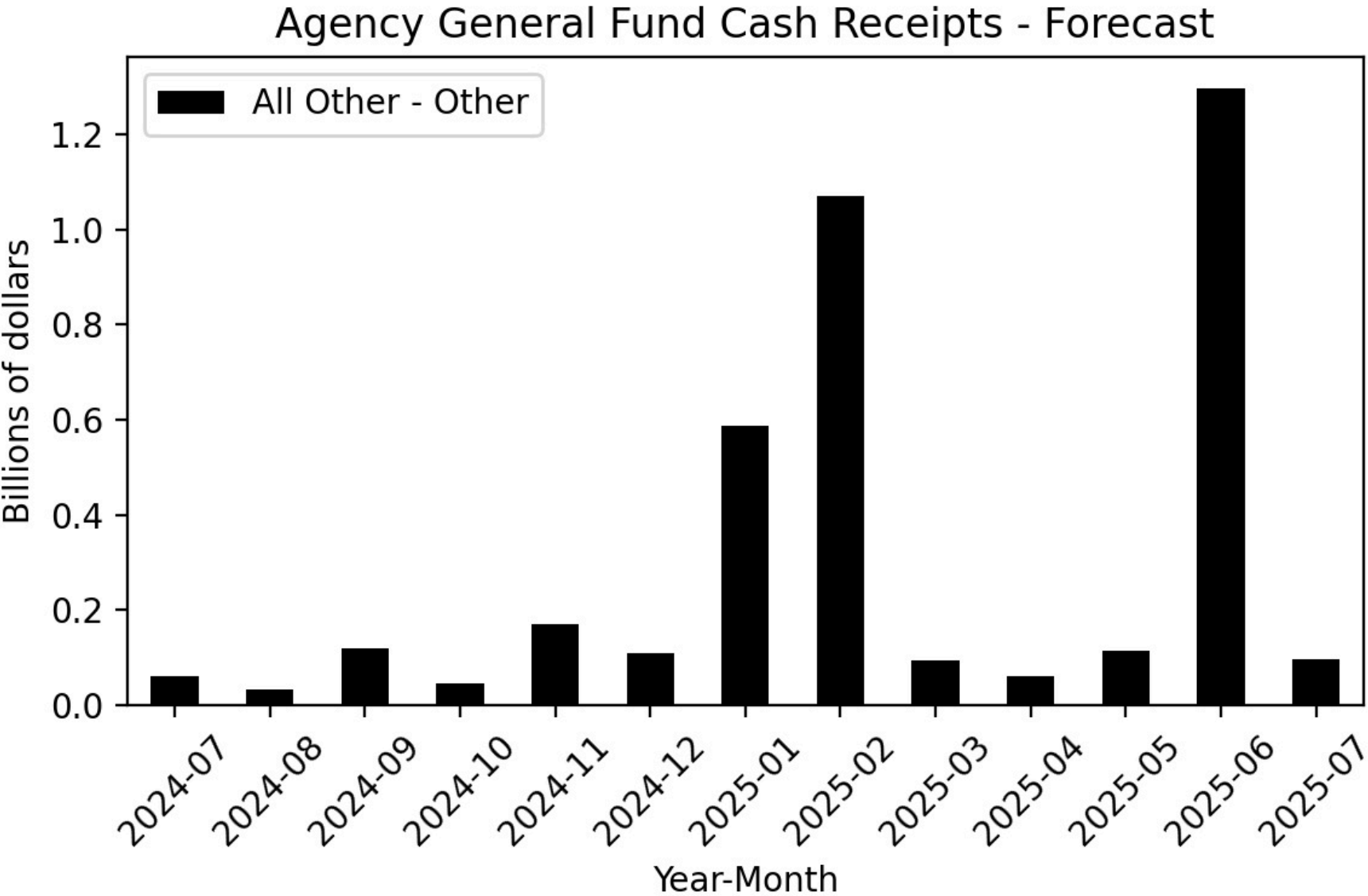


Figure 144

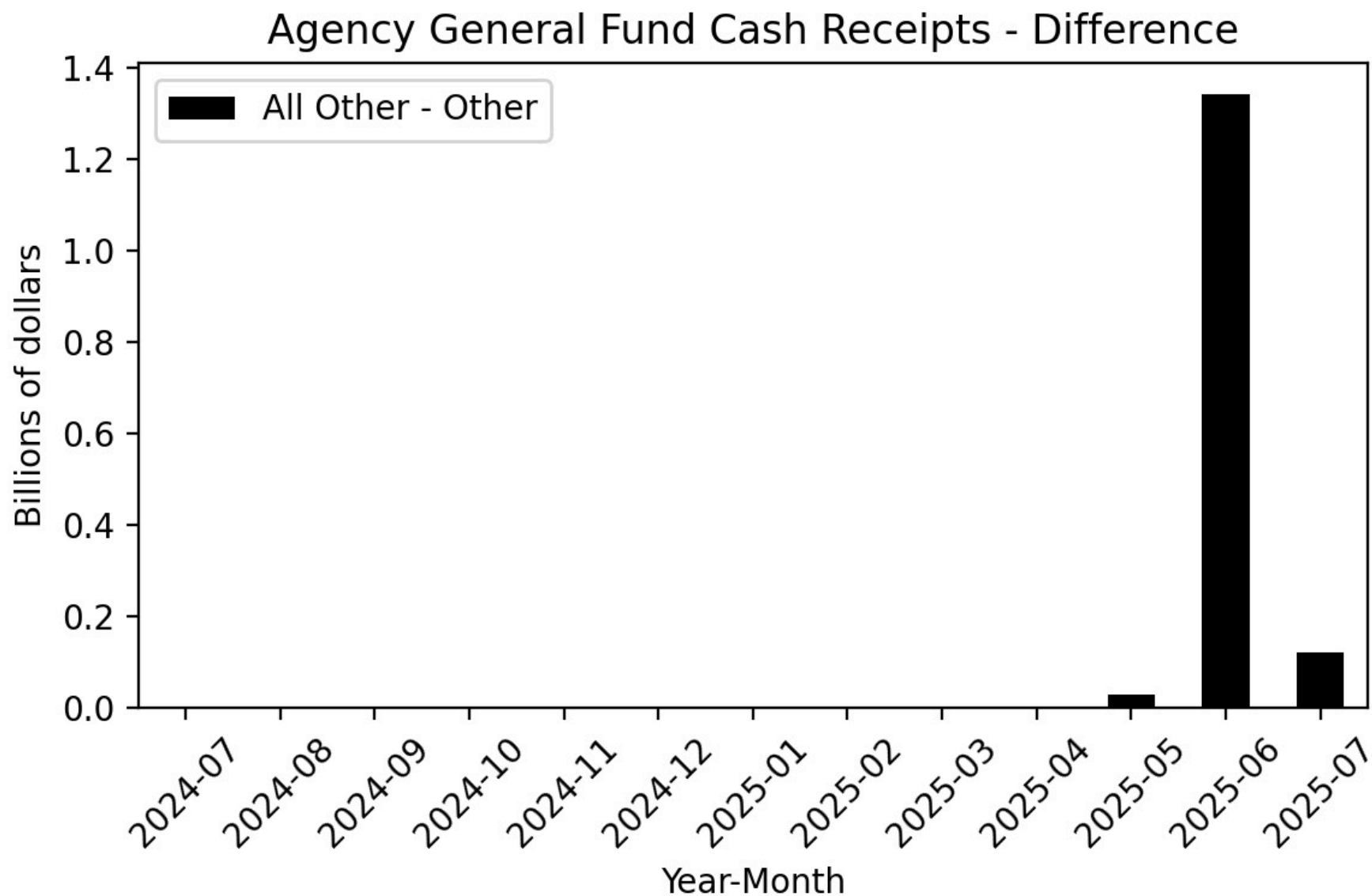


Figure 145

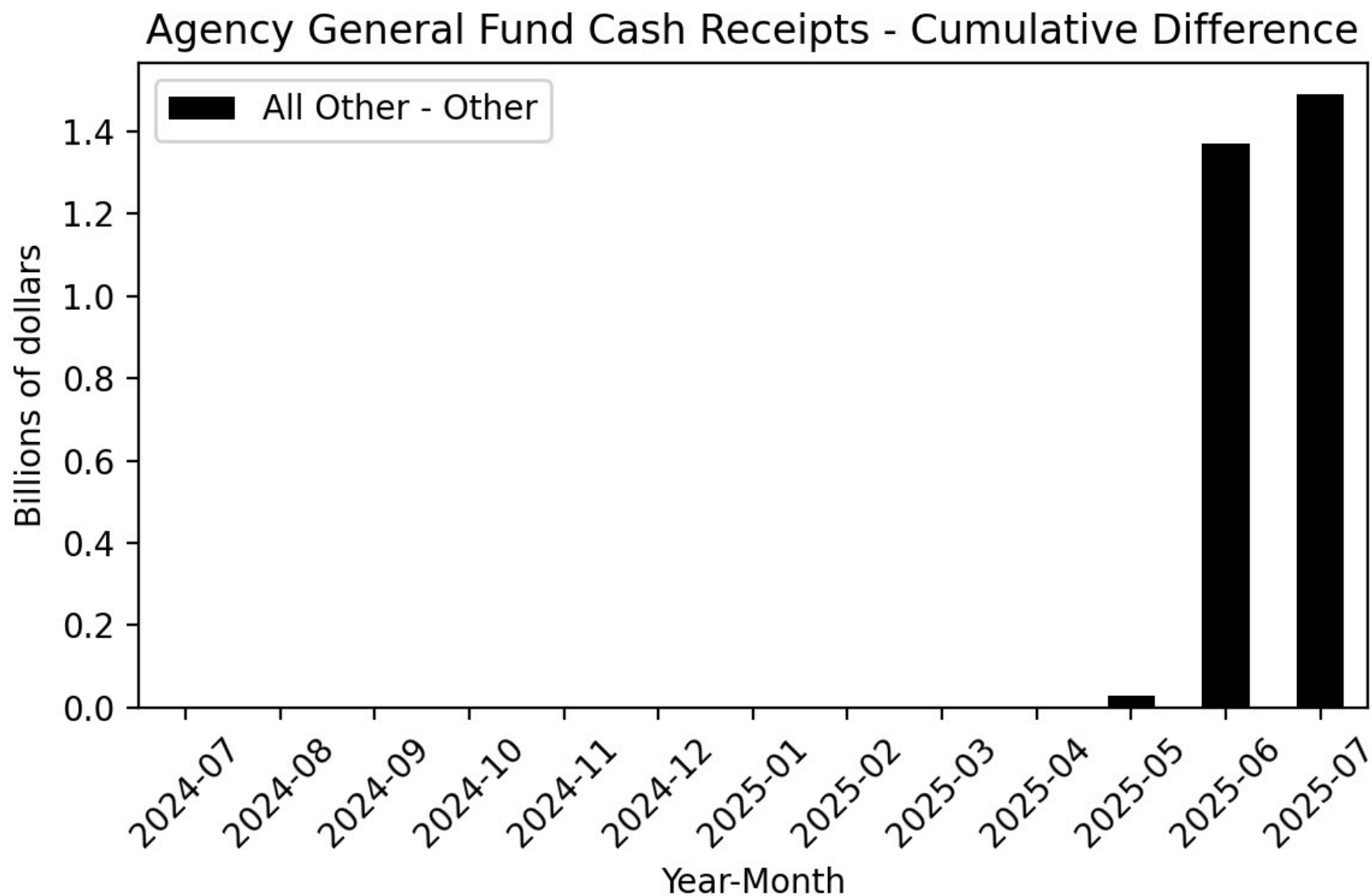


Figure 146

Year-Over-Year Change - Actual and 2025-26 Budget Act Forecast
All Other-Other

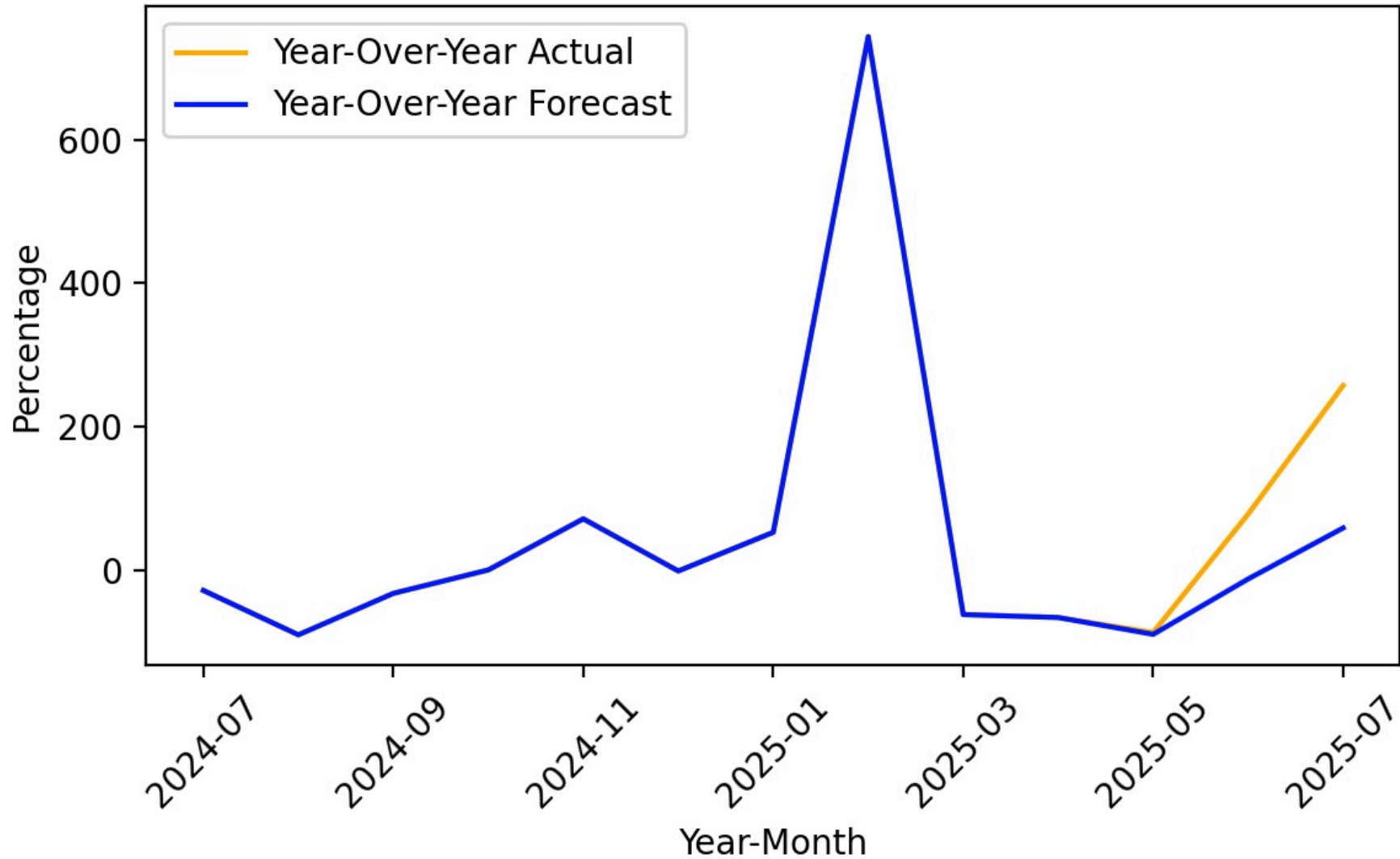


Figure 147

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

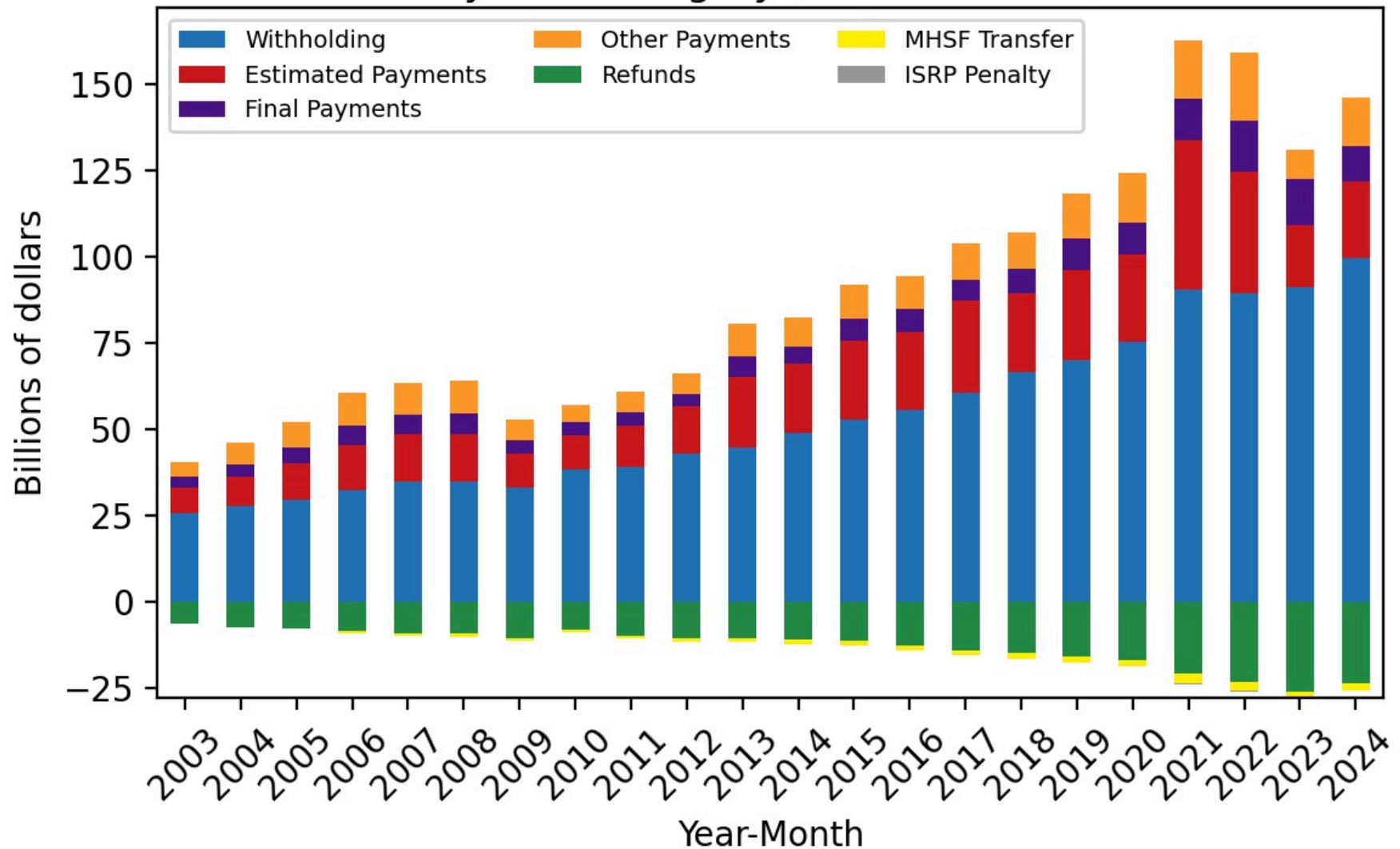


Figure 148

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

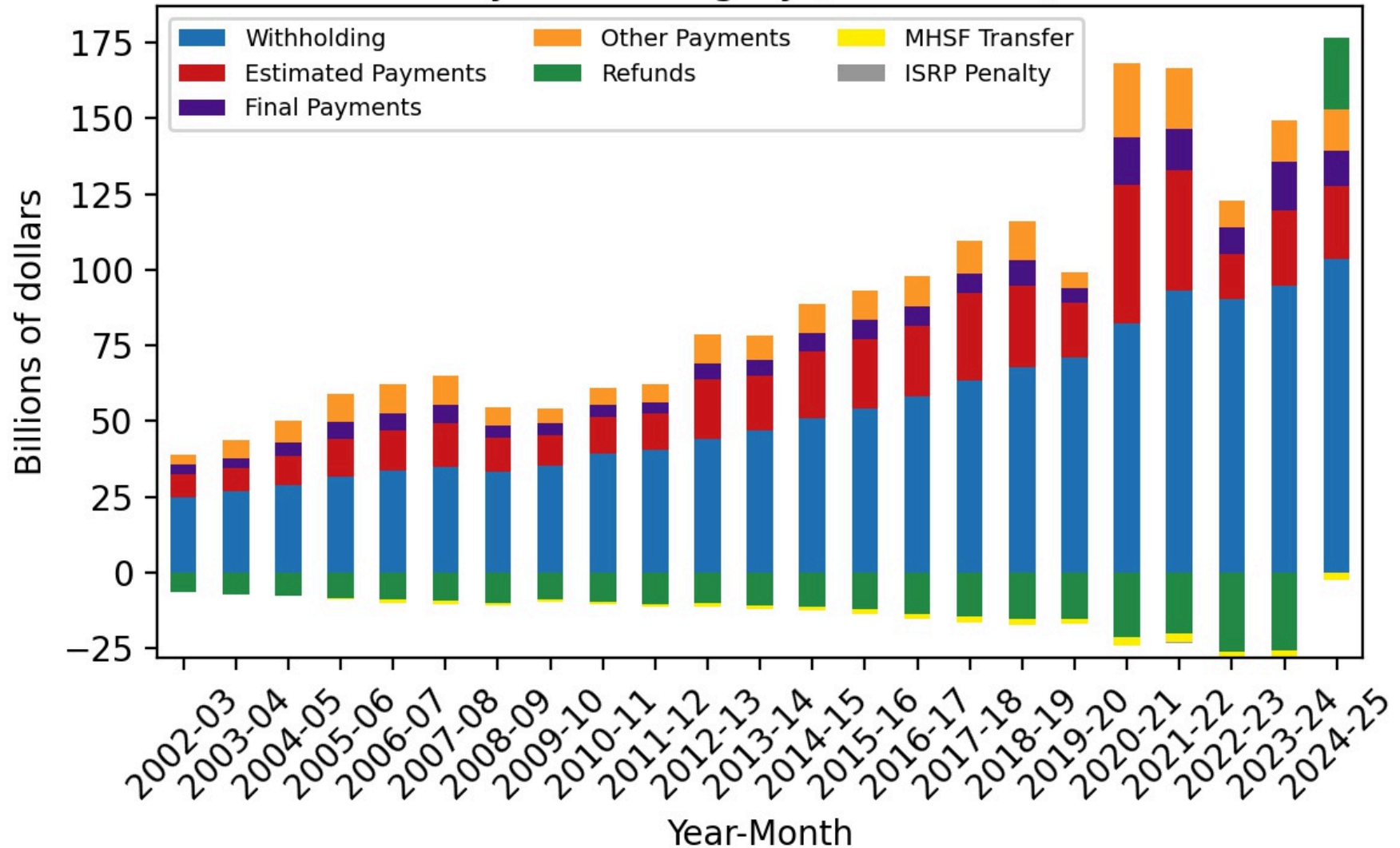


Figure 149

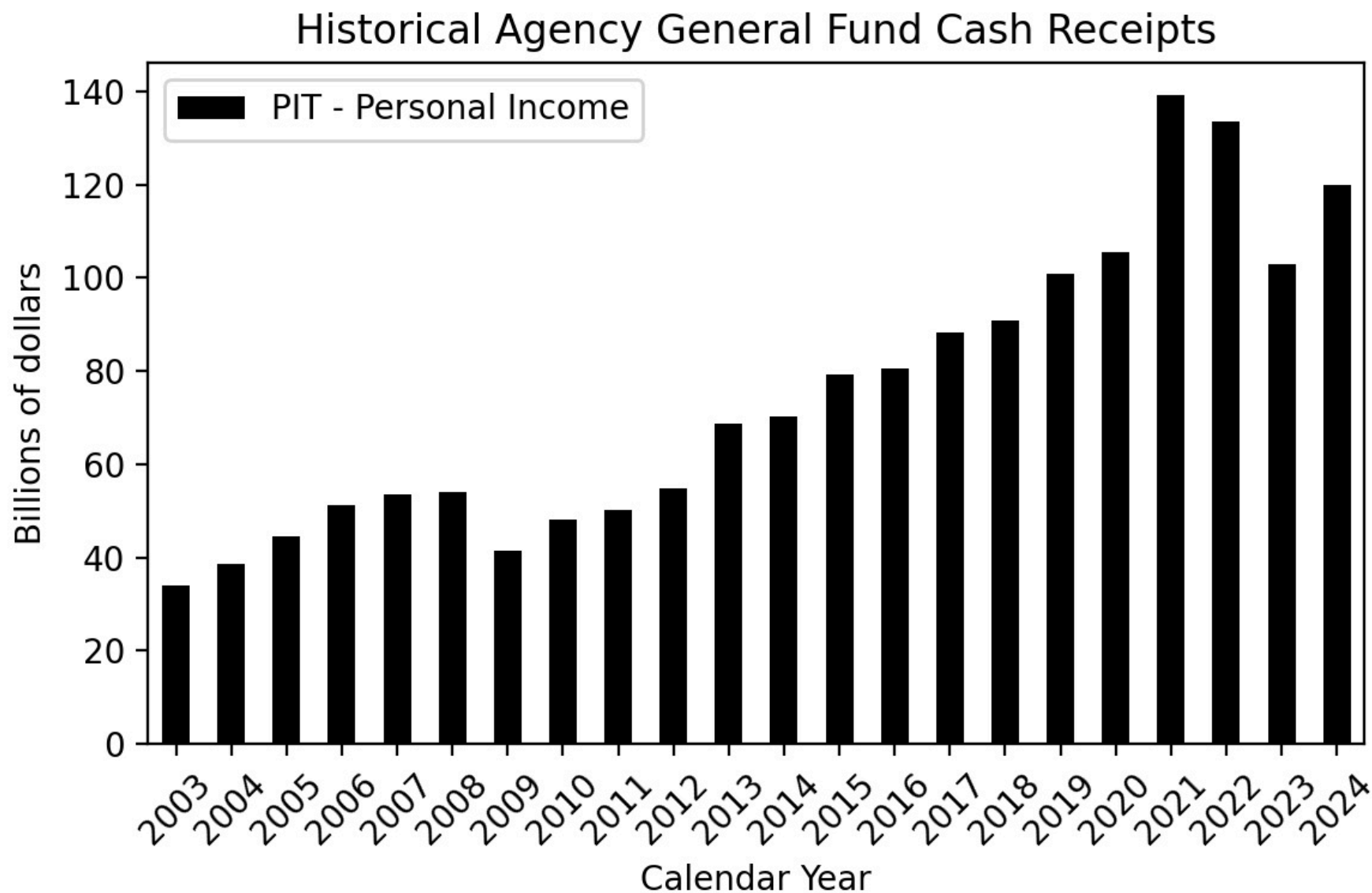


Figure 150

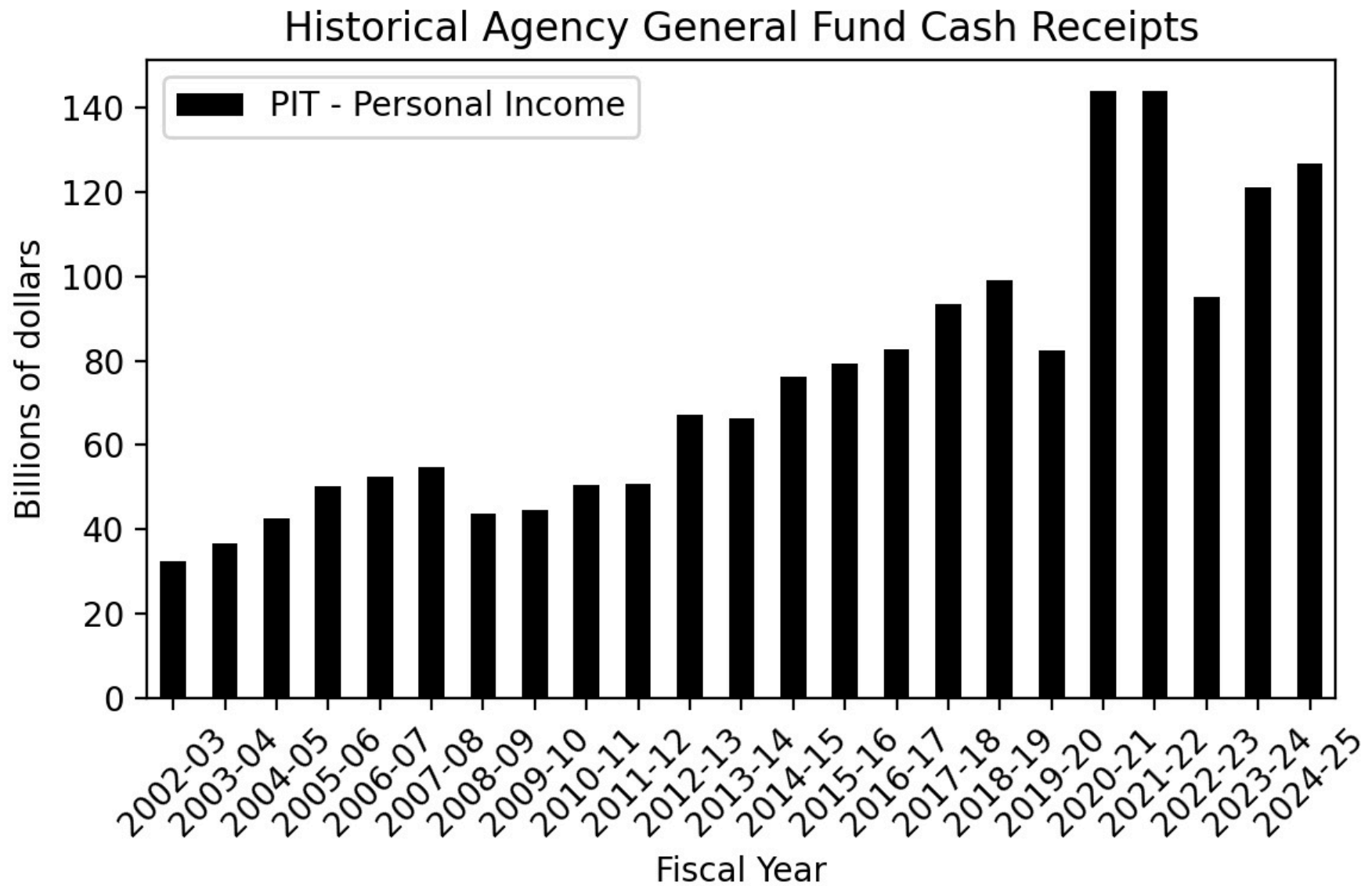


Figure 151

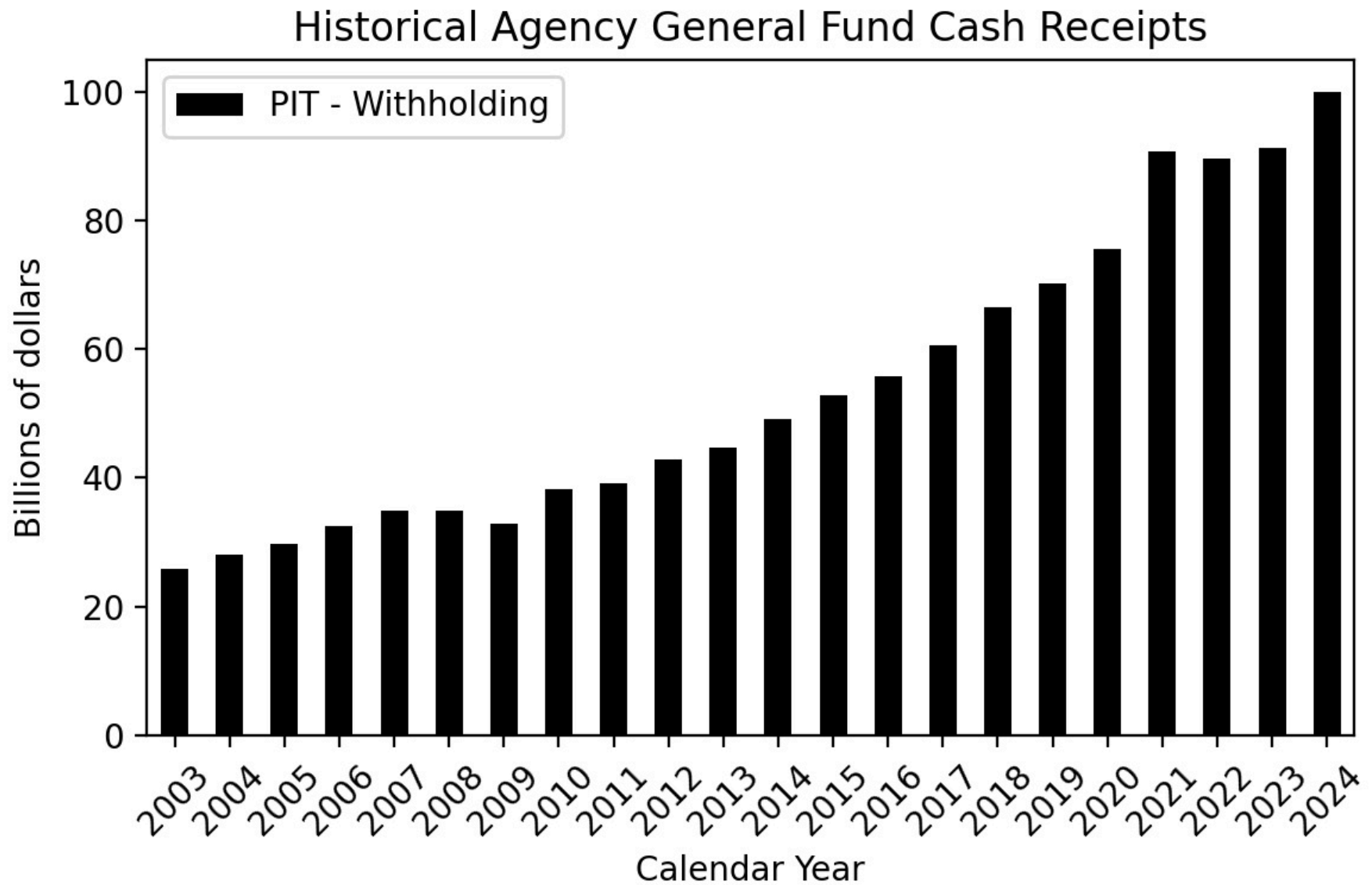


Figure 152

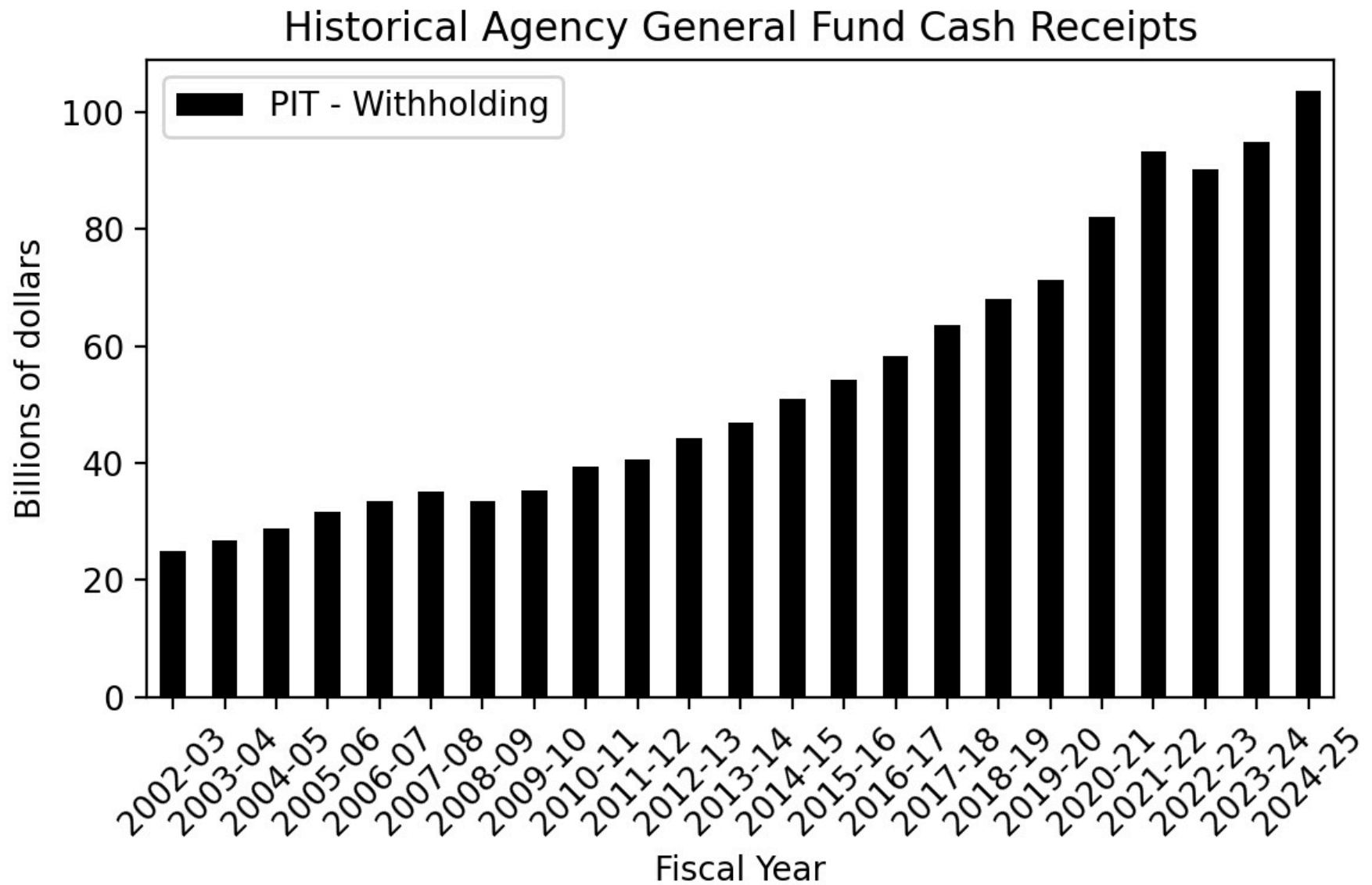


Figure 153

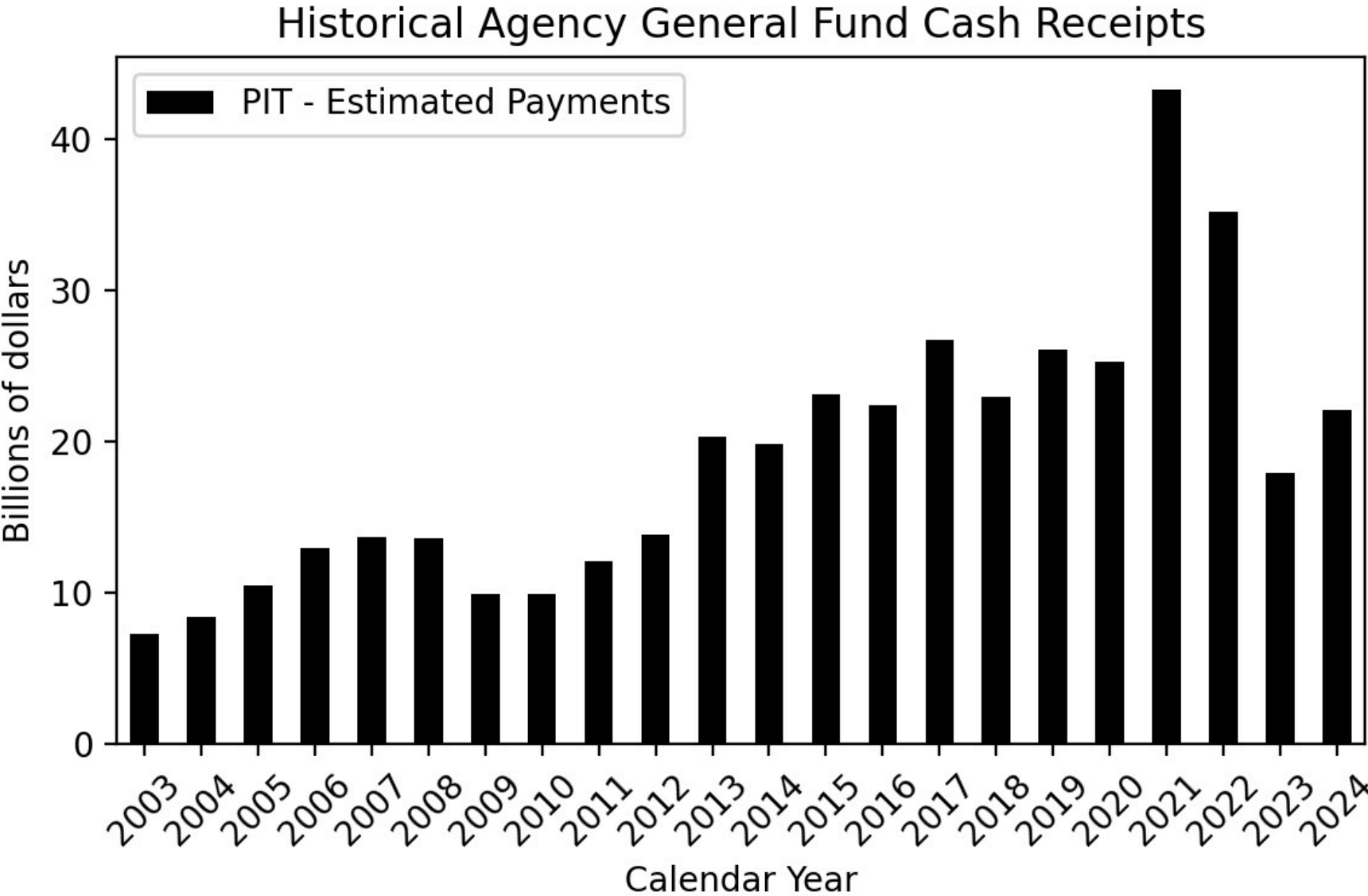


Figure 154

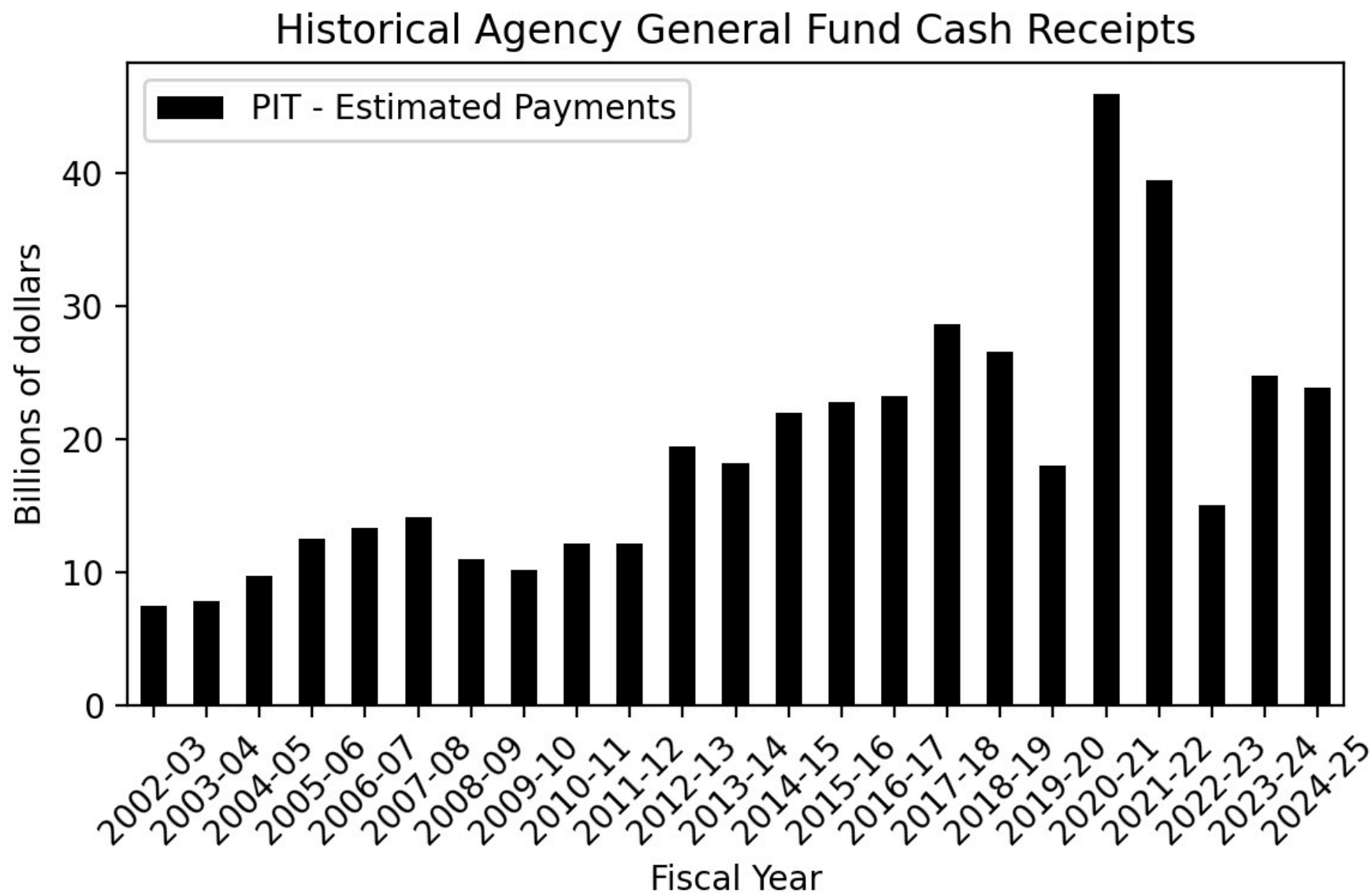


Figure 155

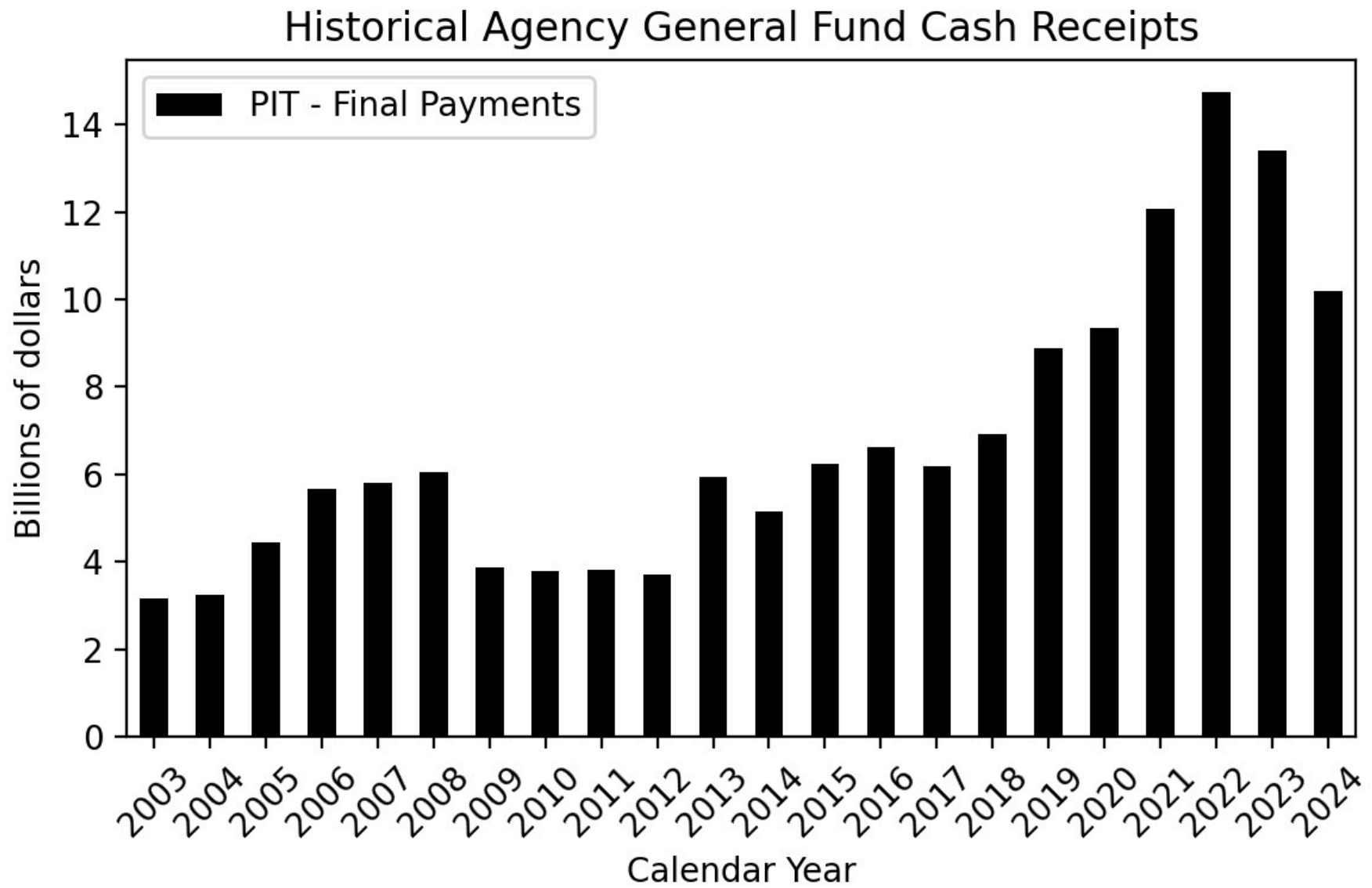


Figure 156

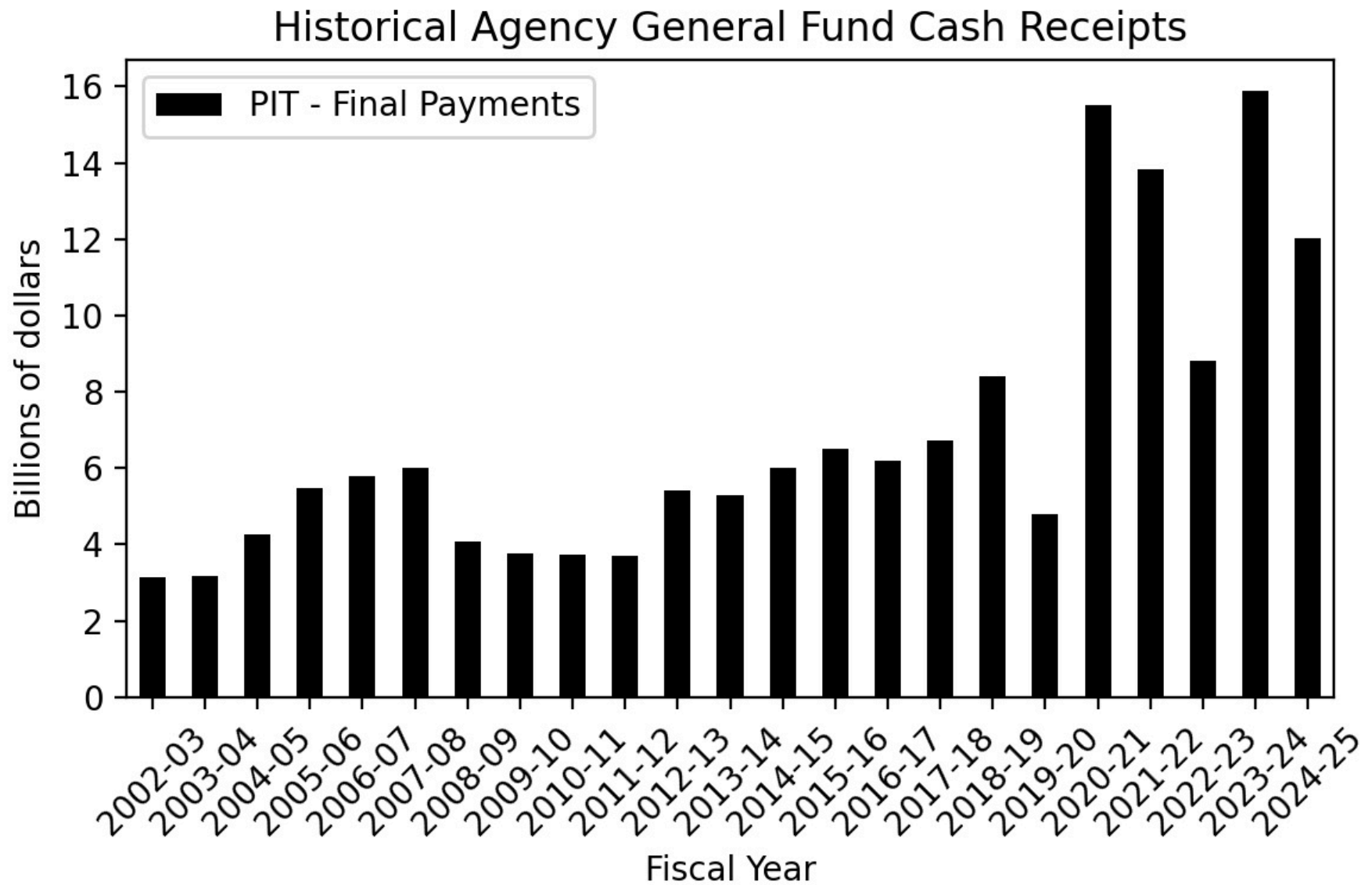


Figure 157

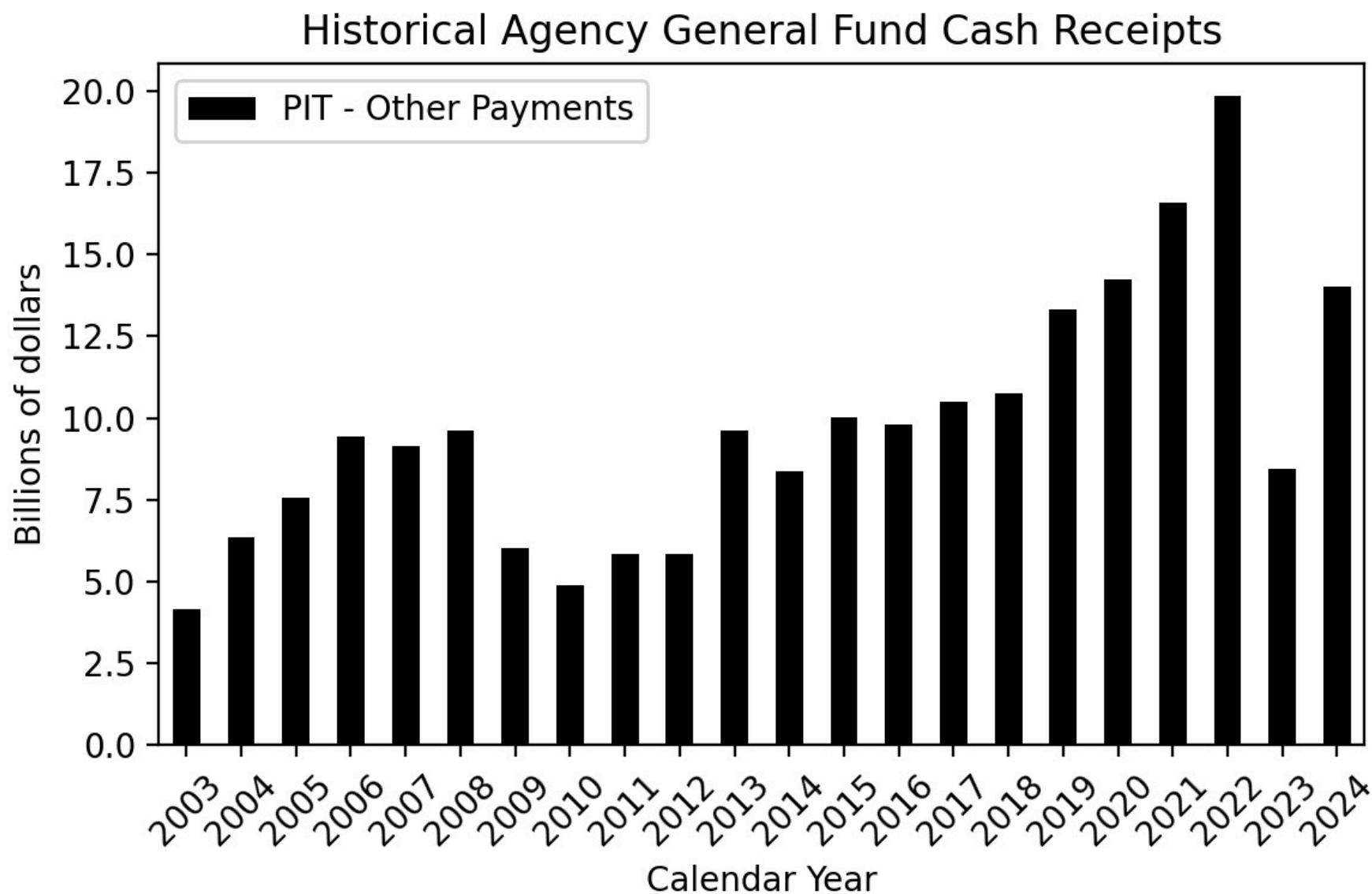


Figure 158

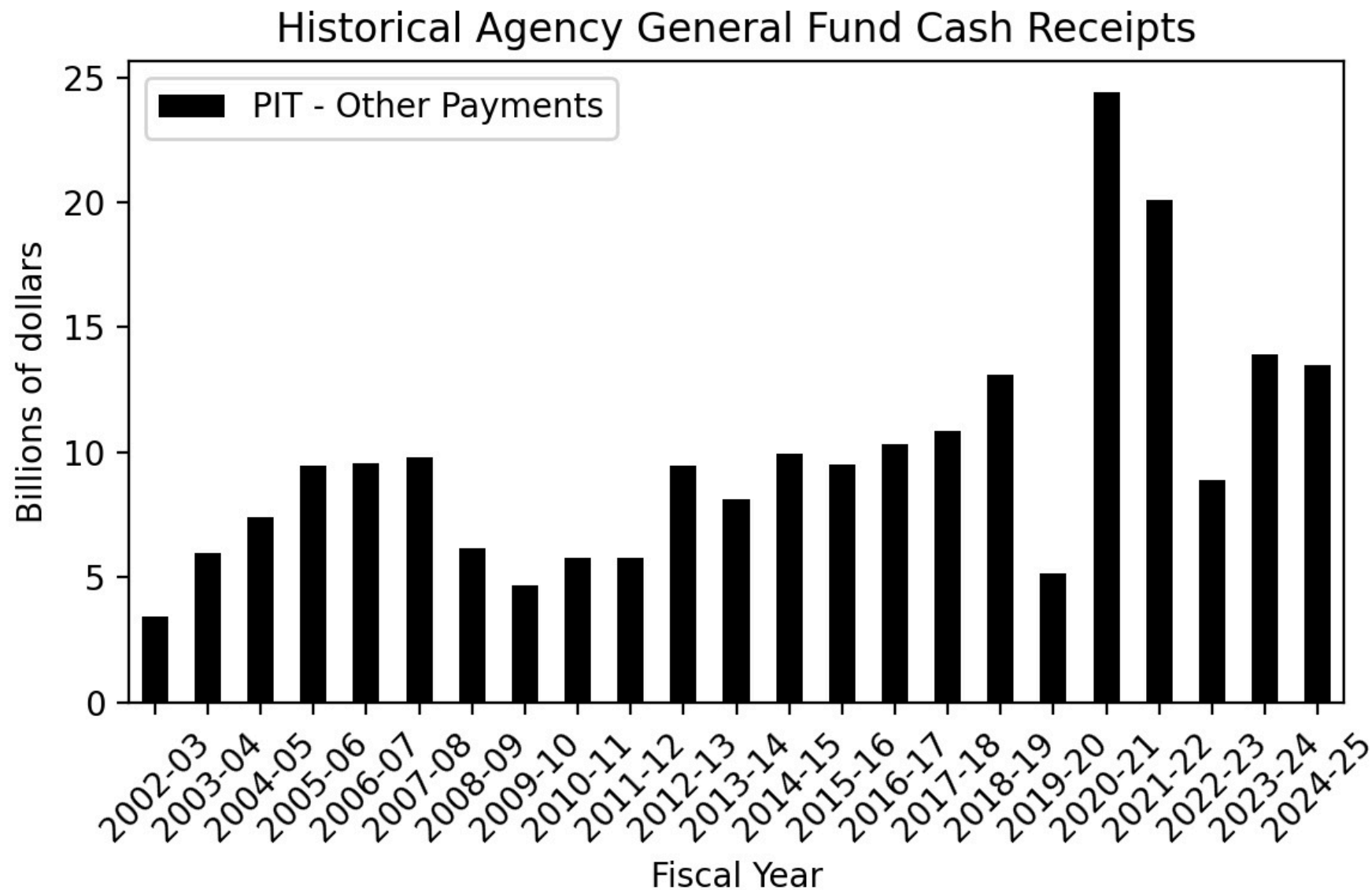


Figure 159

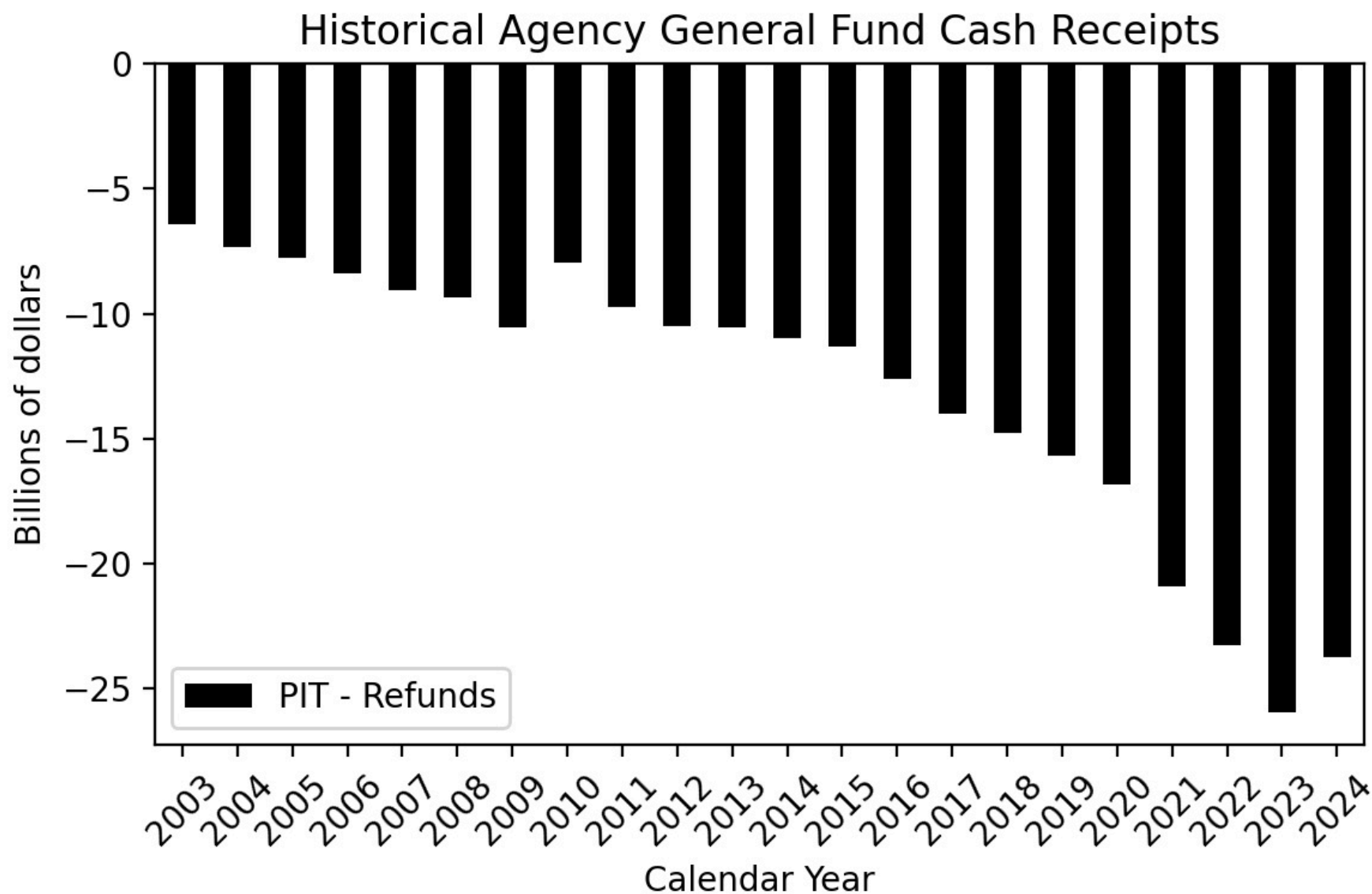


Figure 160

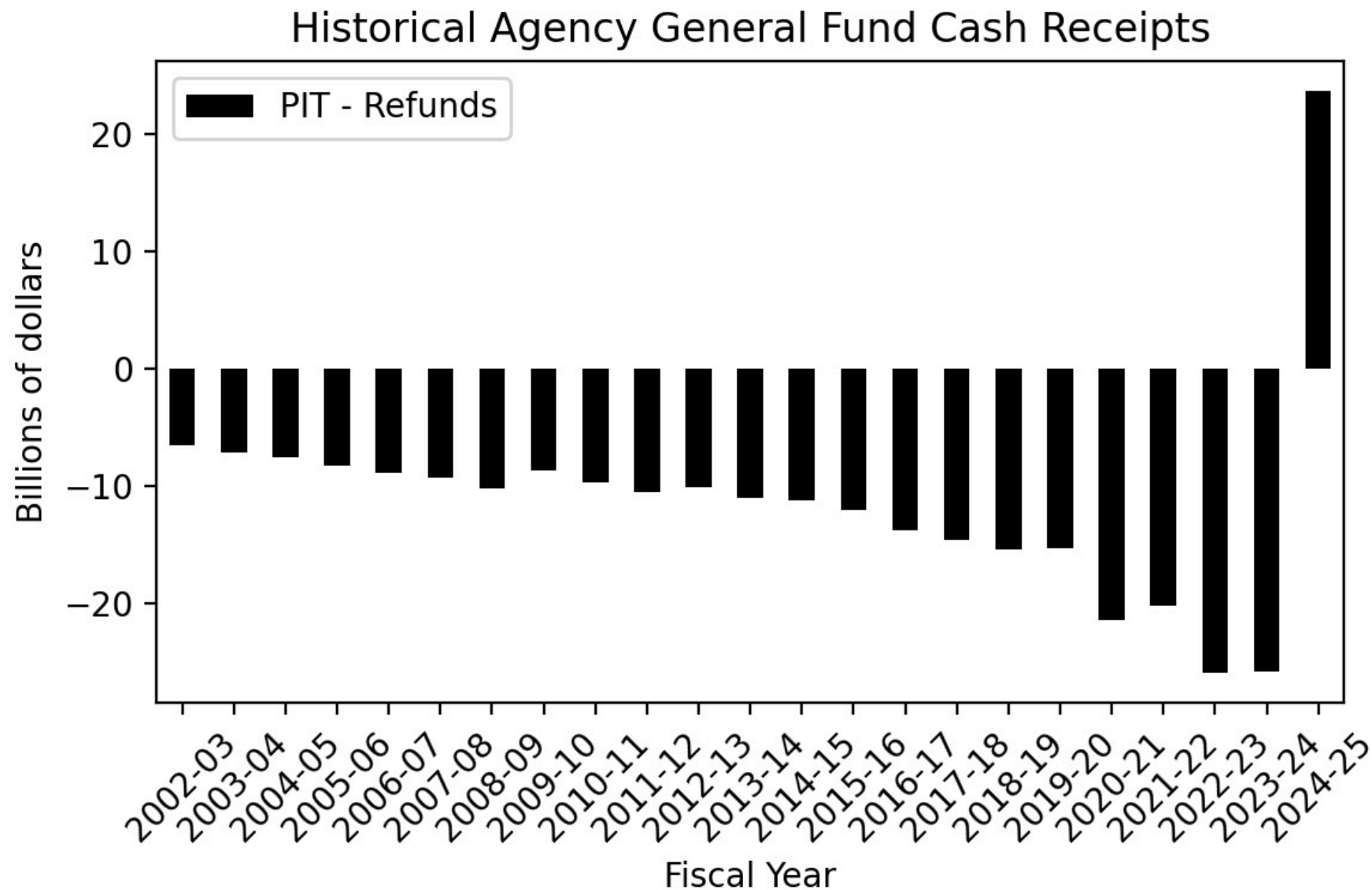


Figure 161

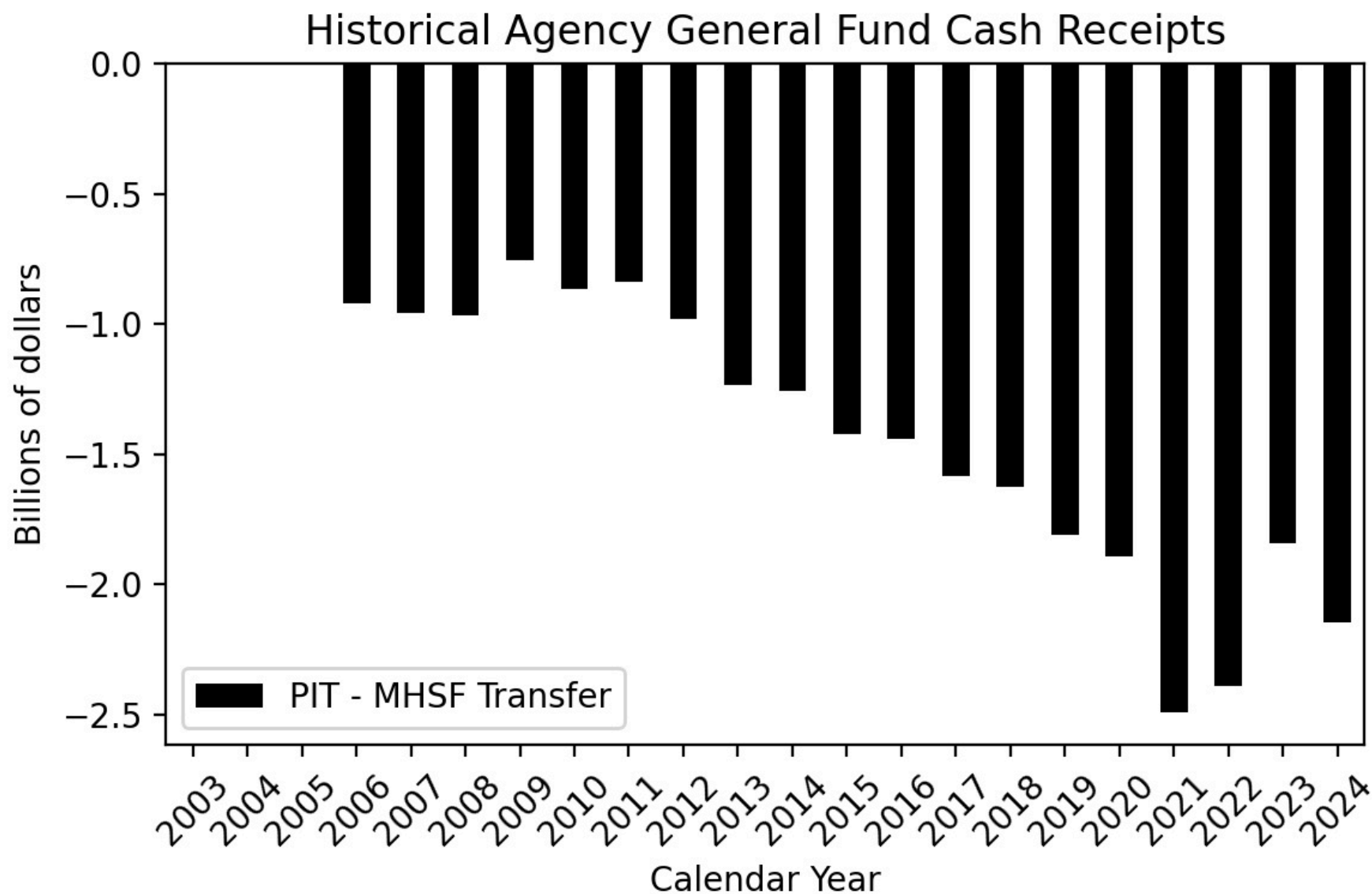


Figure 162

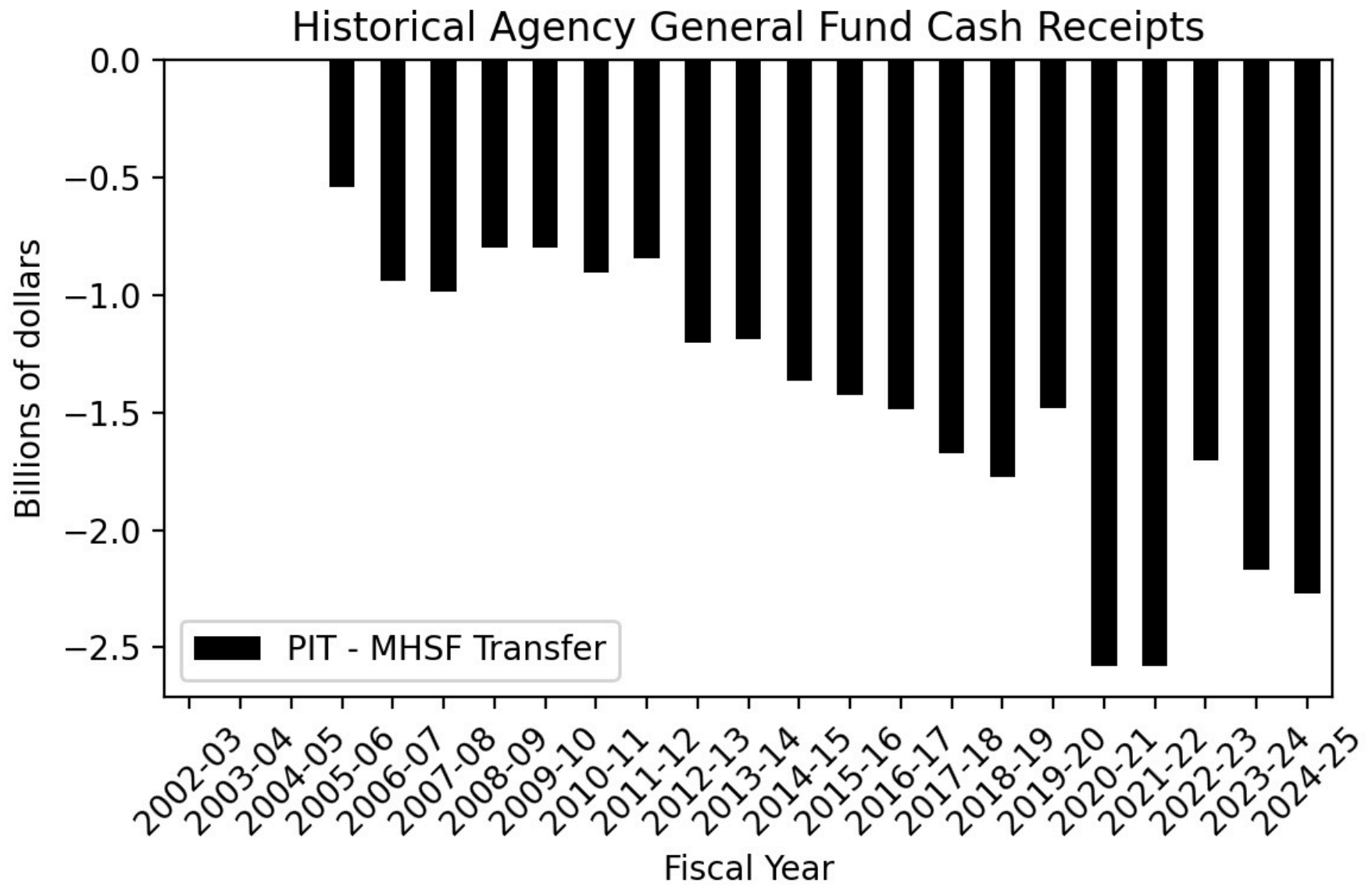


Figure 163

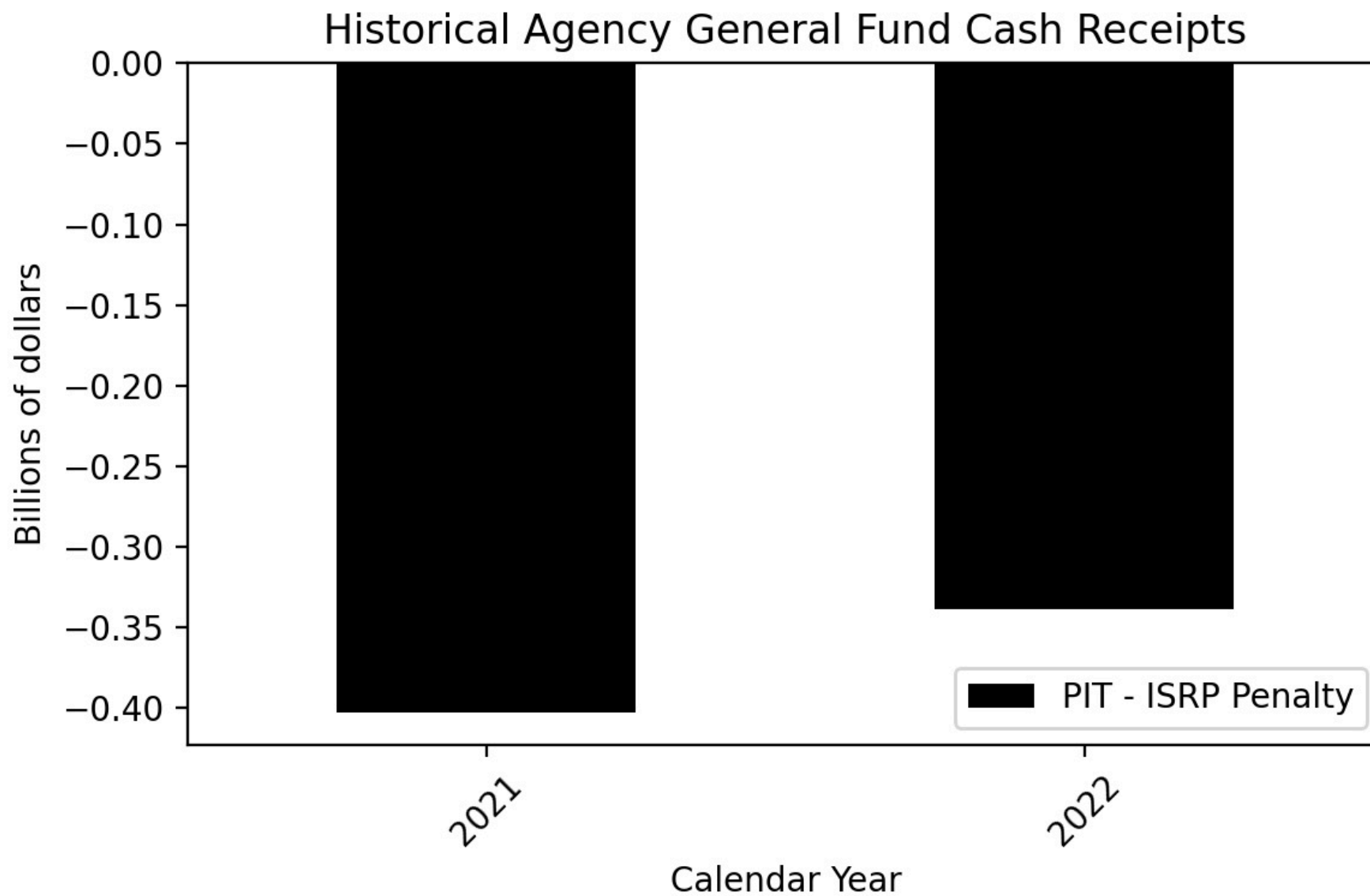


Figure 164

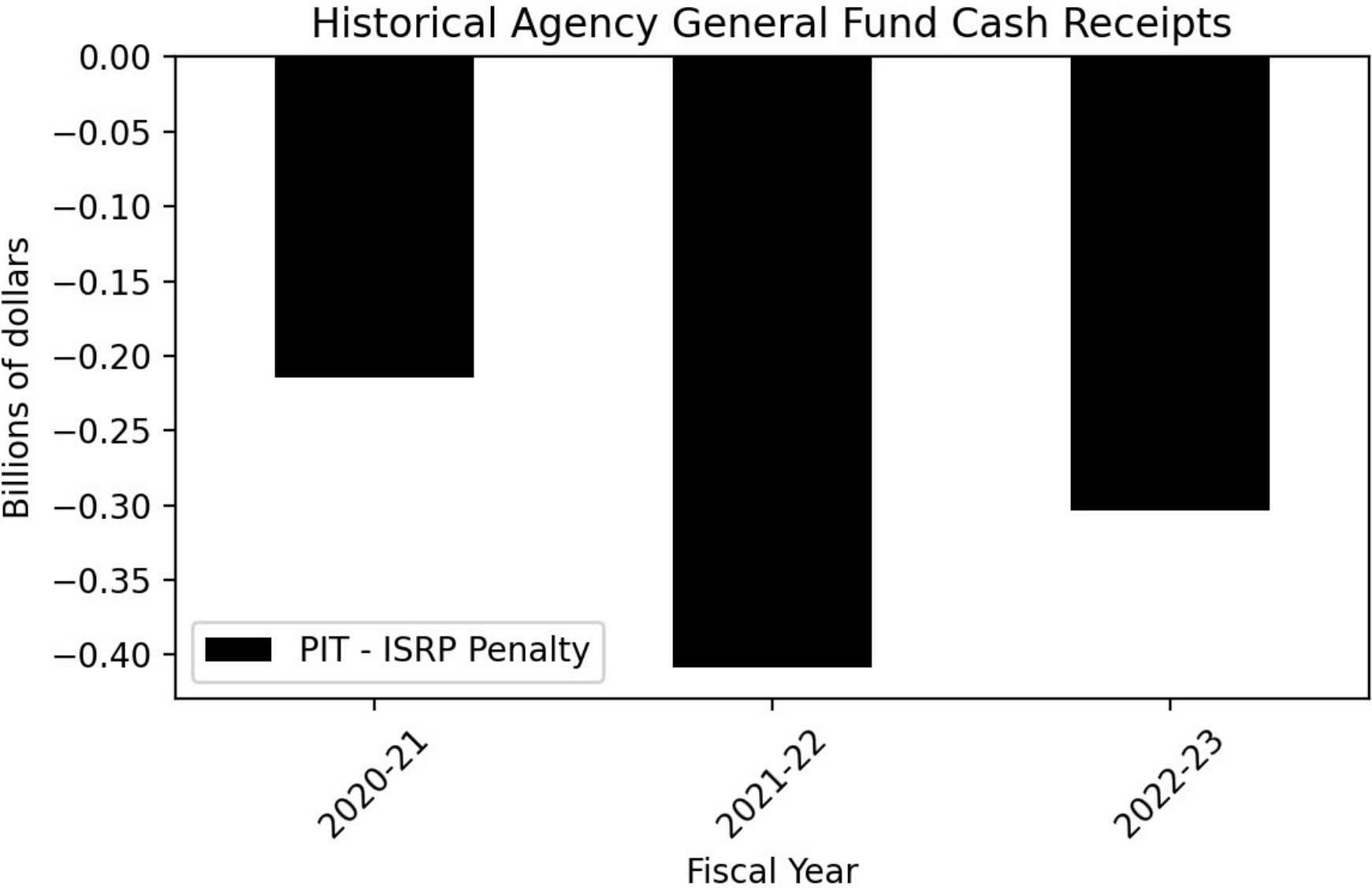


Figure 165

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

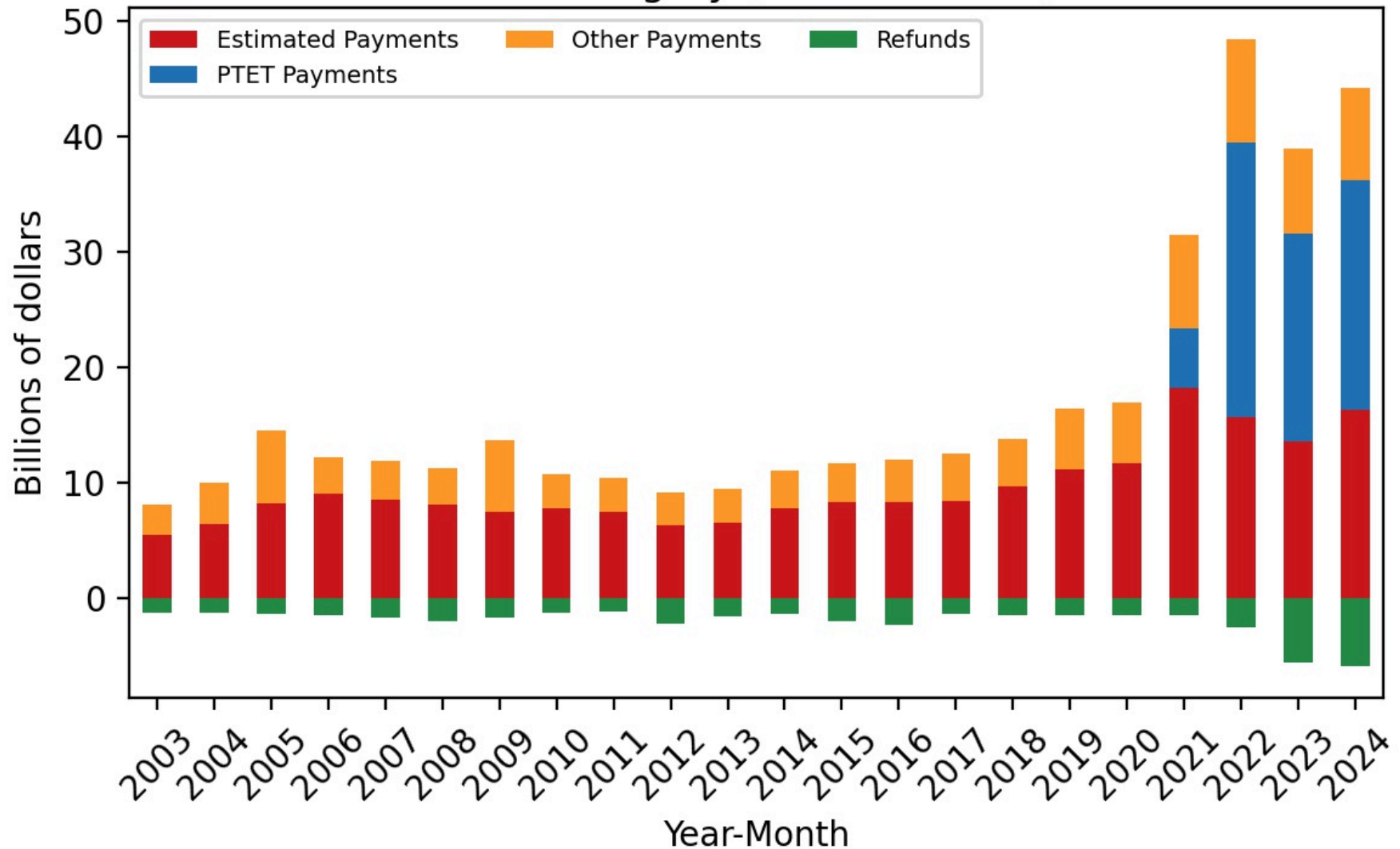


Figure 166

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

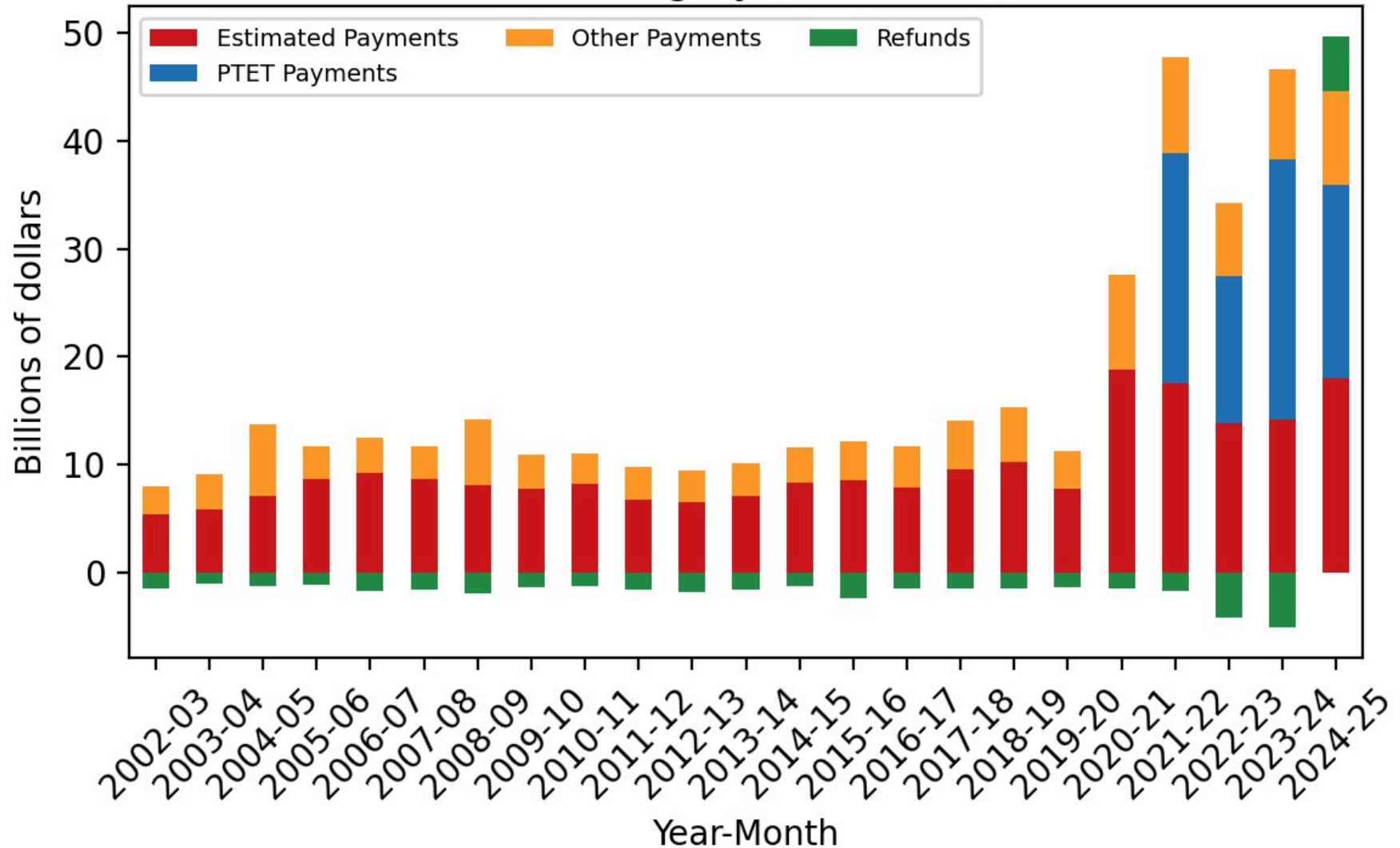


Figure 167

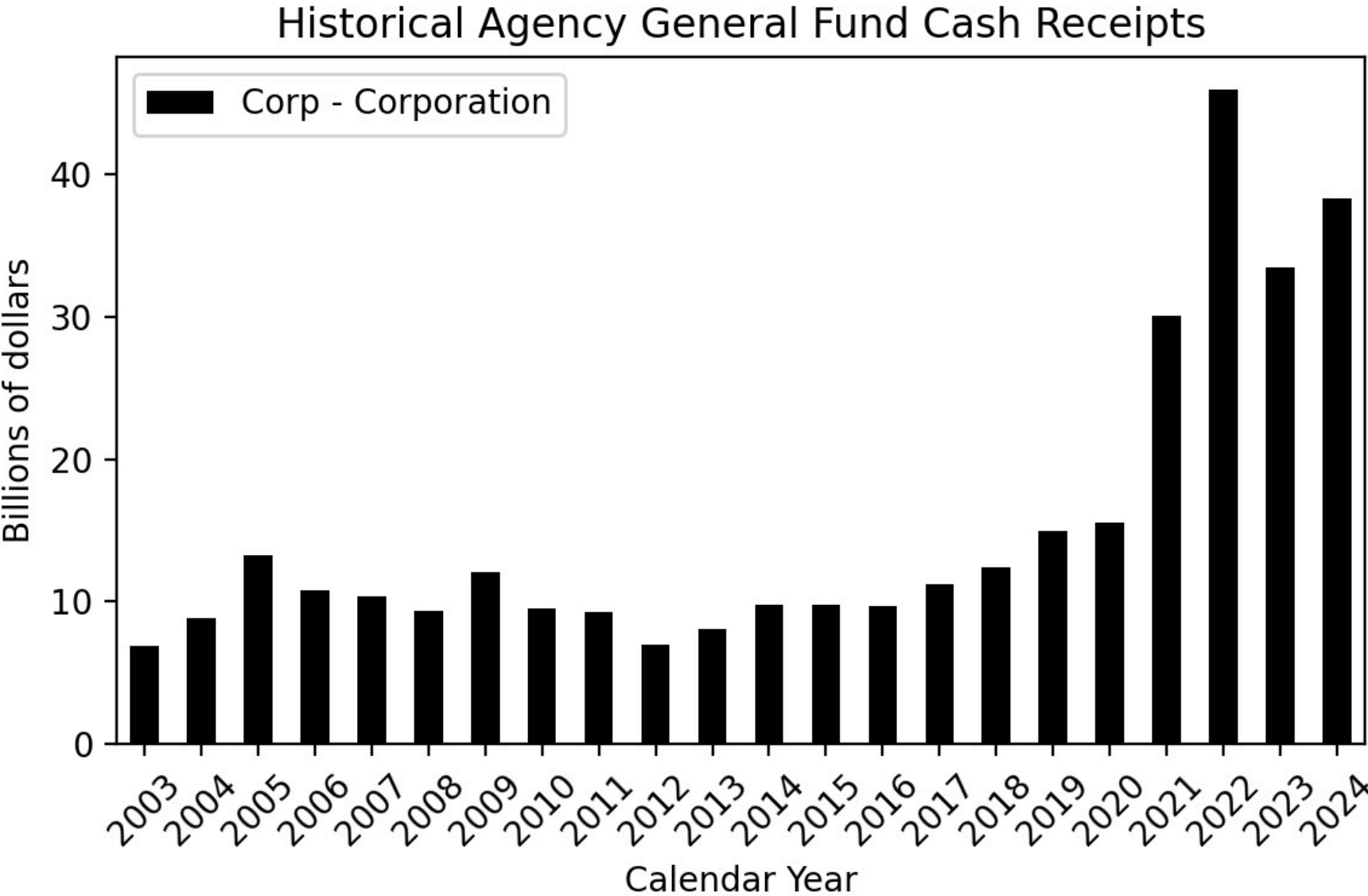


Figure 168

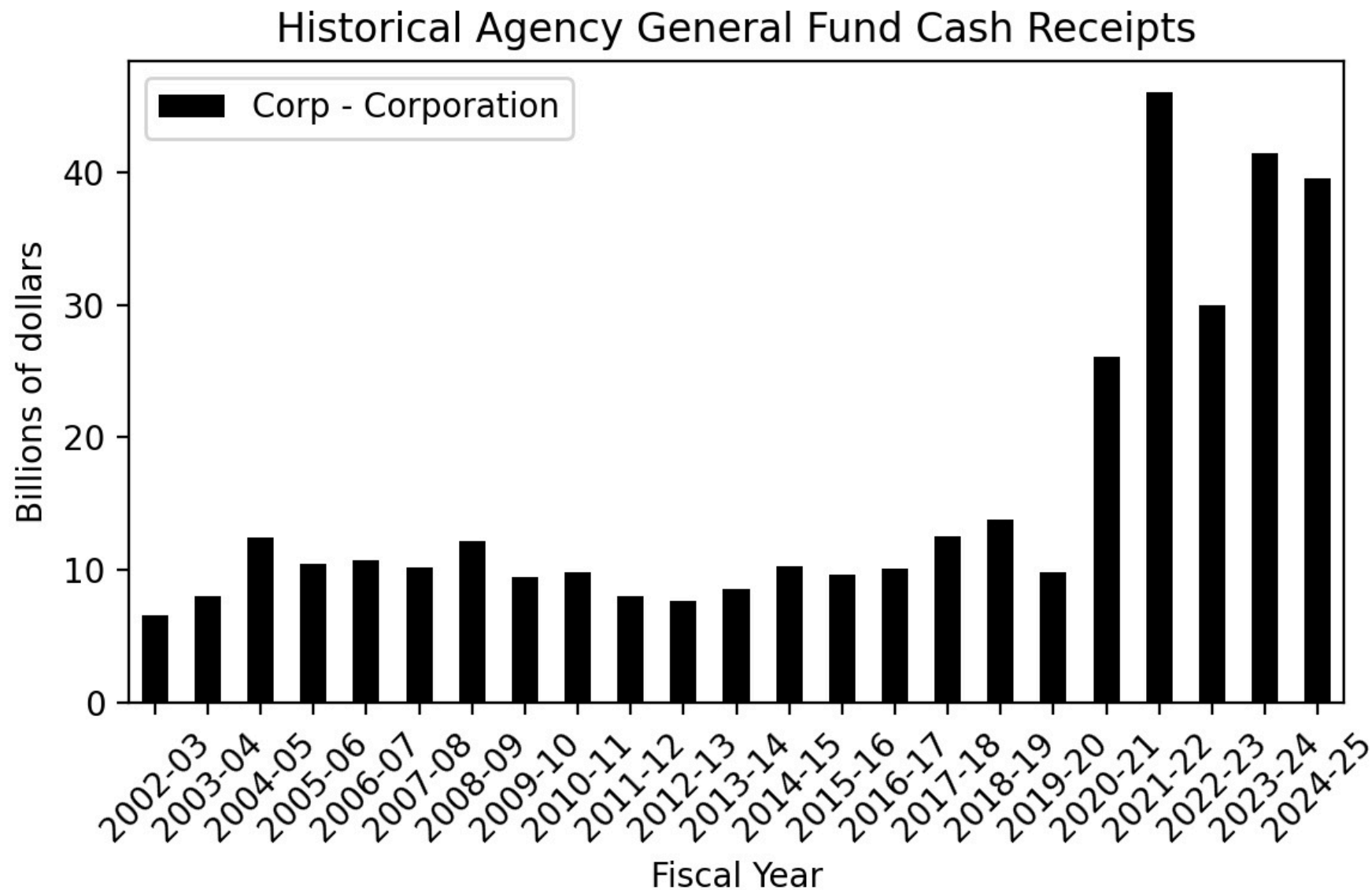


Figure 169

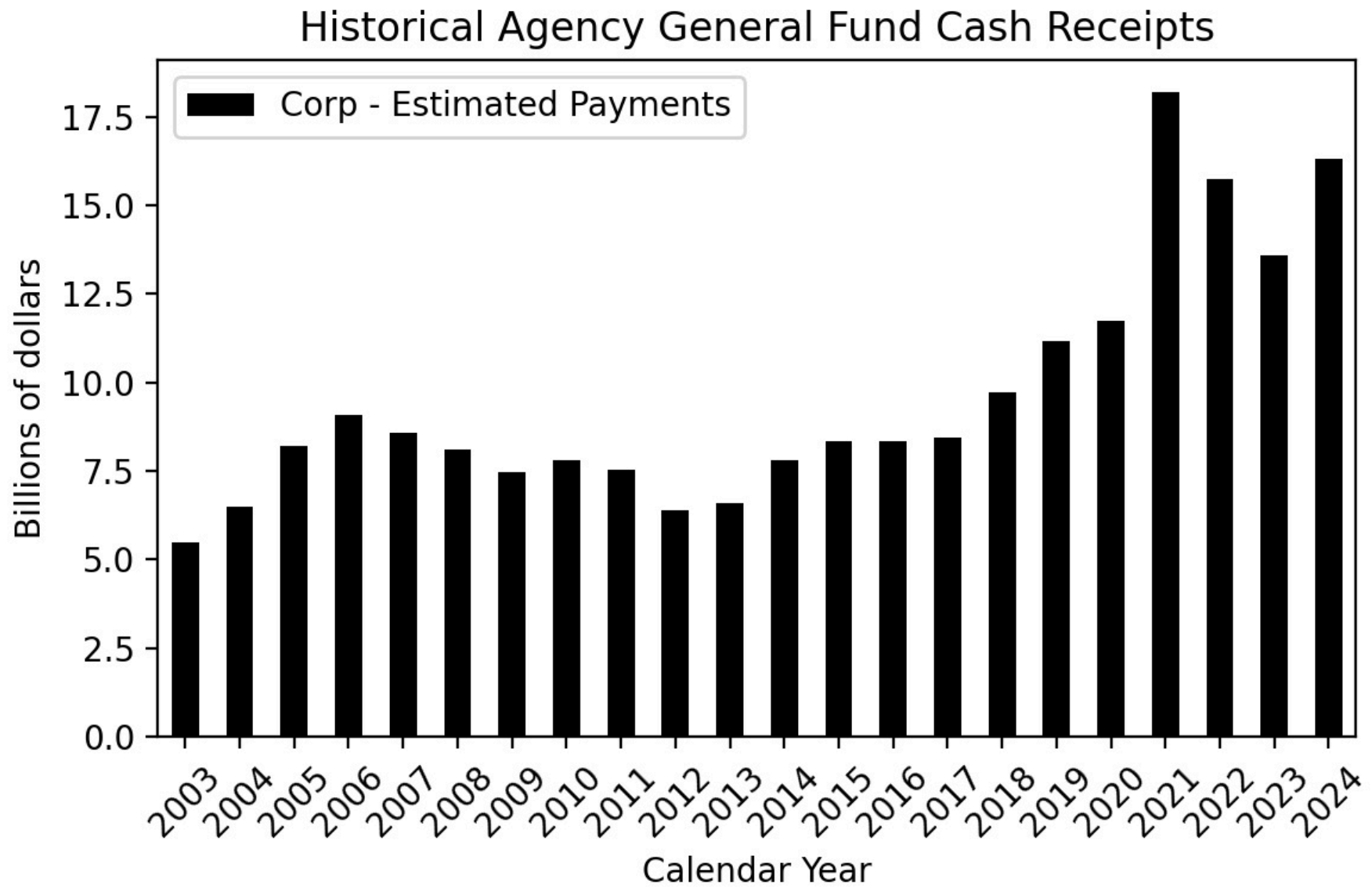


Figure 170

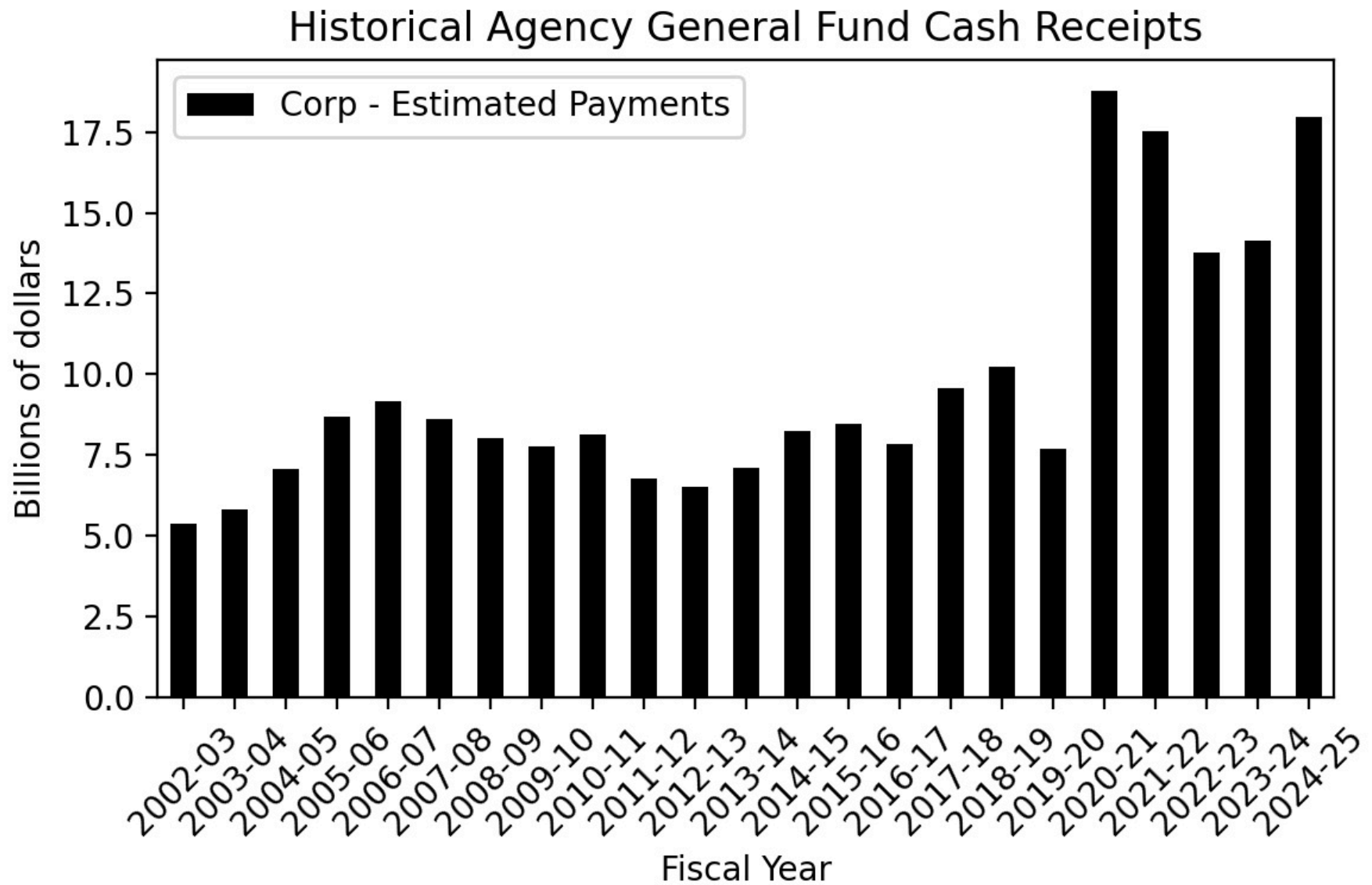


Figure 171

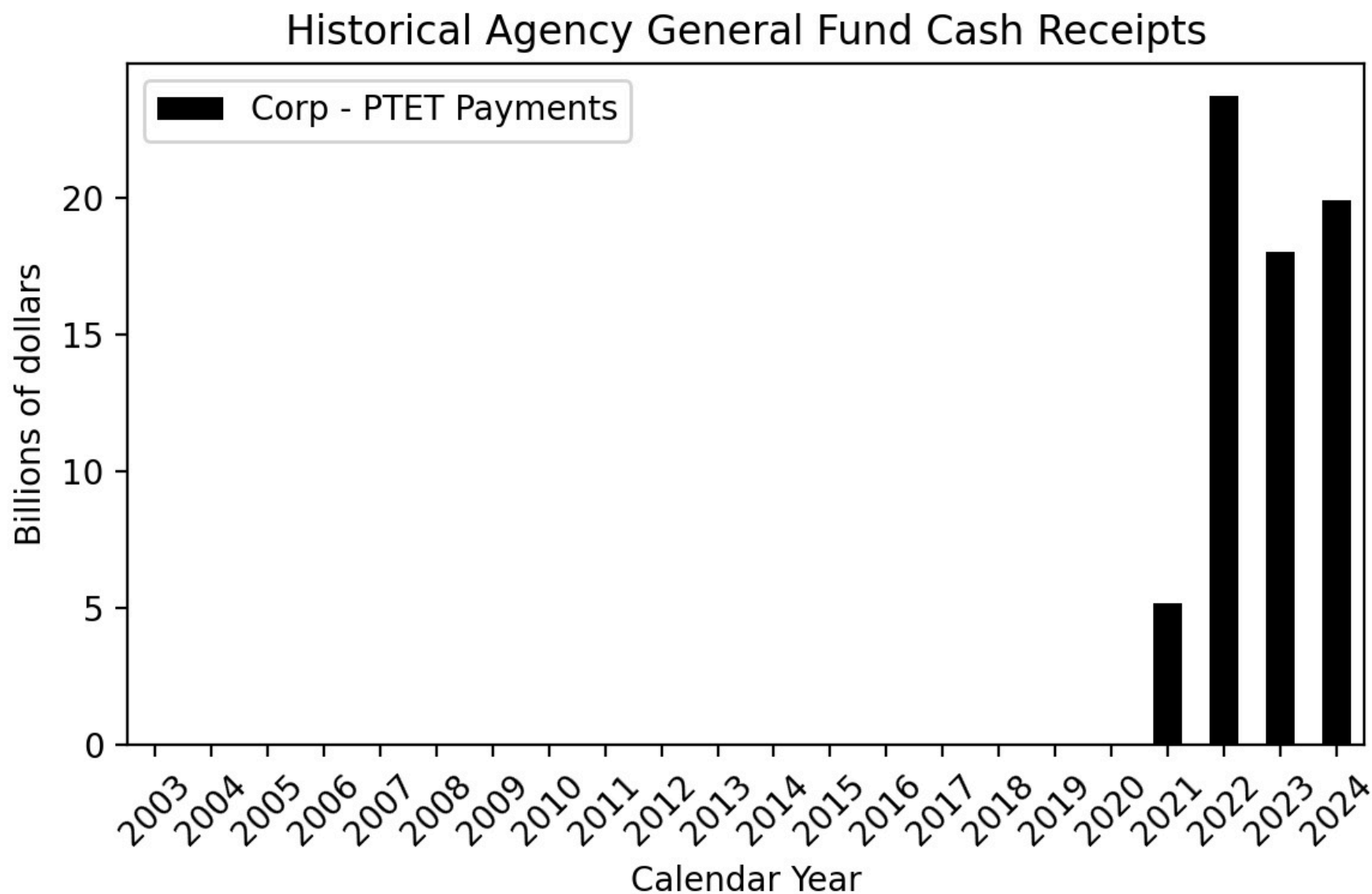


Figure 172

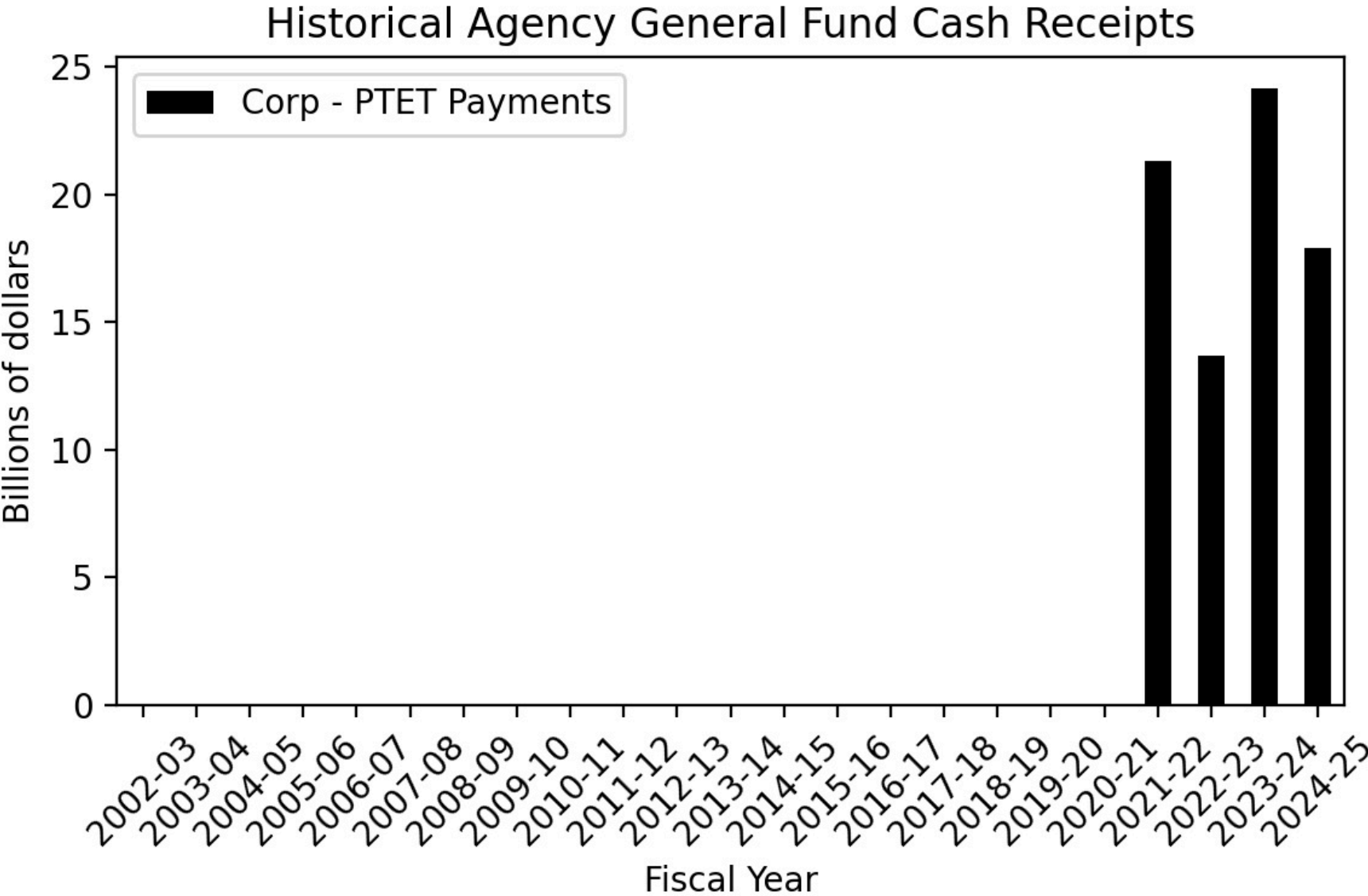


Figure 173

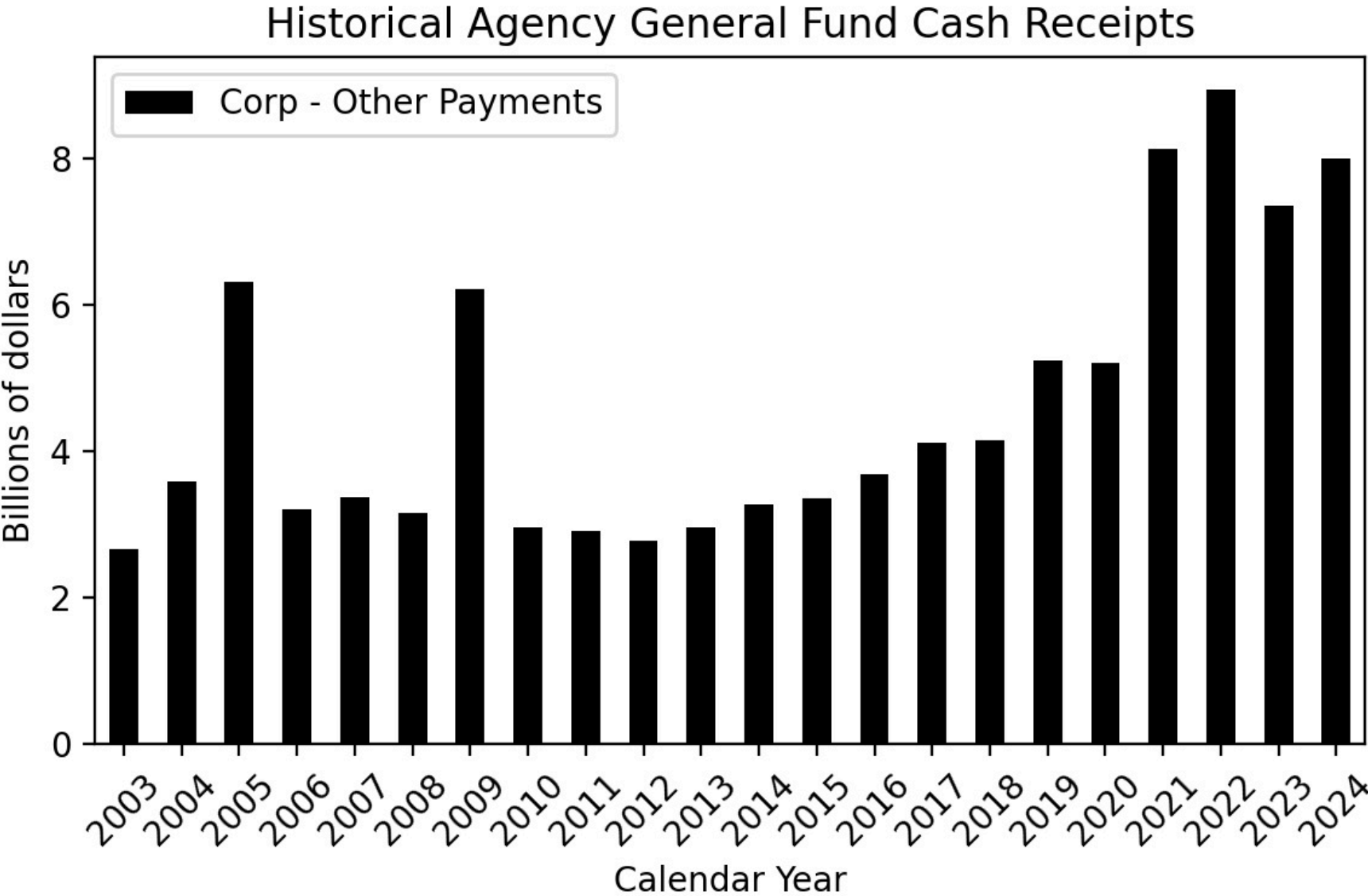


Figure 174

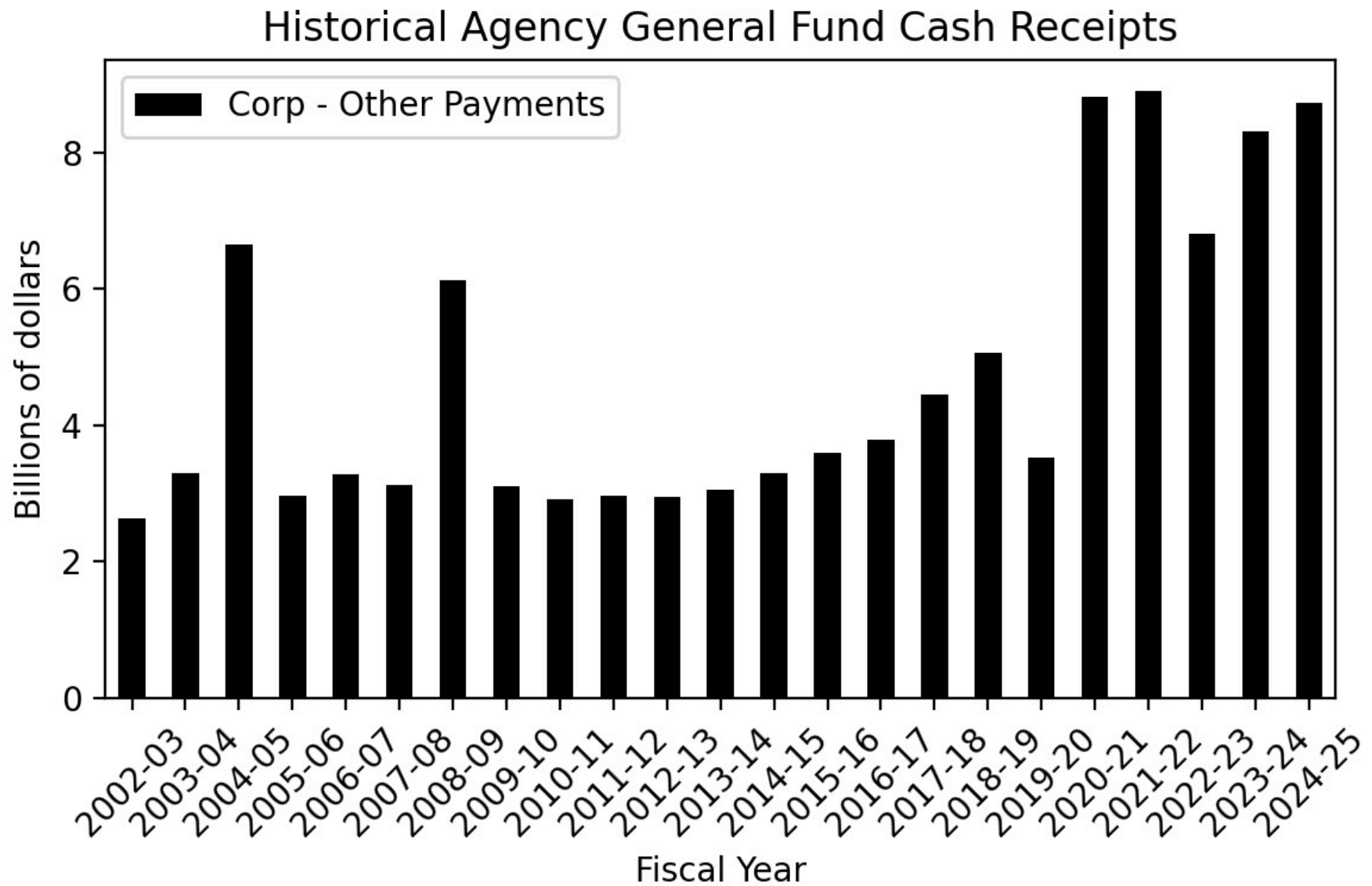


Figure 175

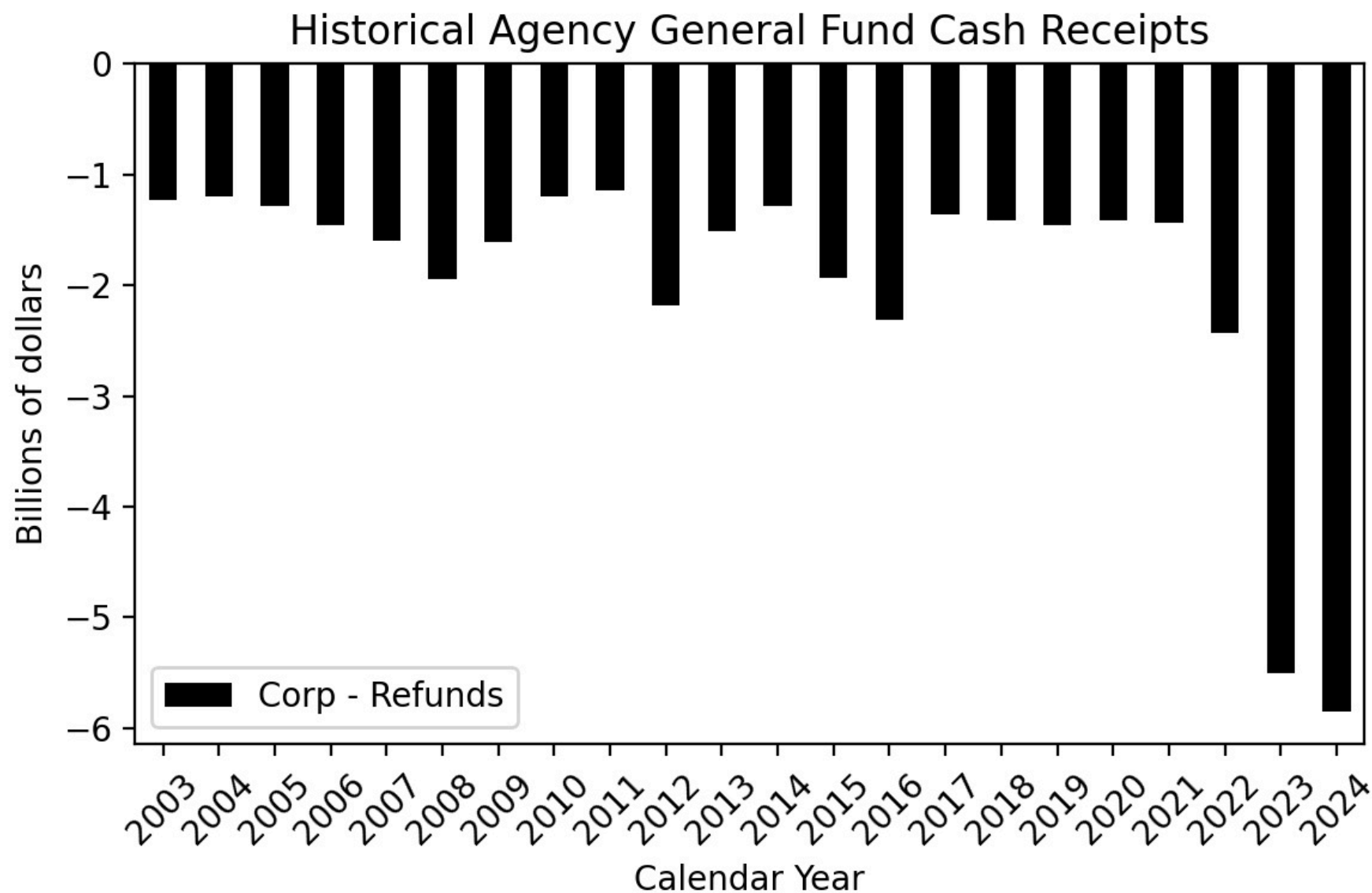


Figure 176

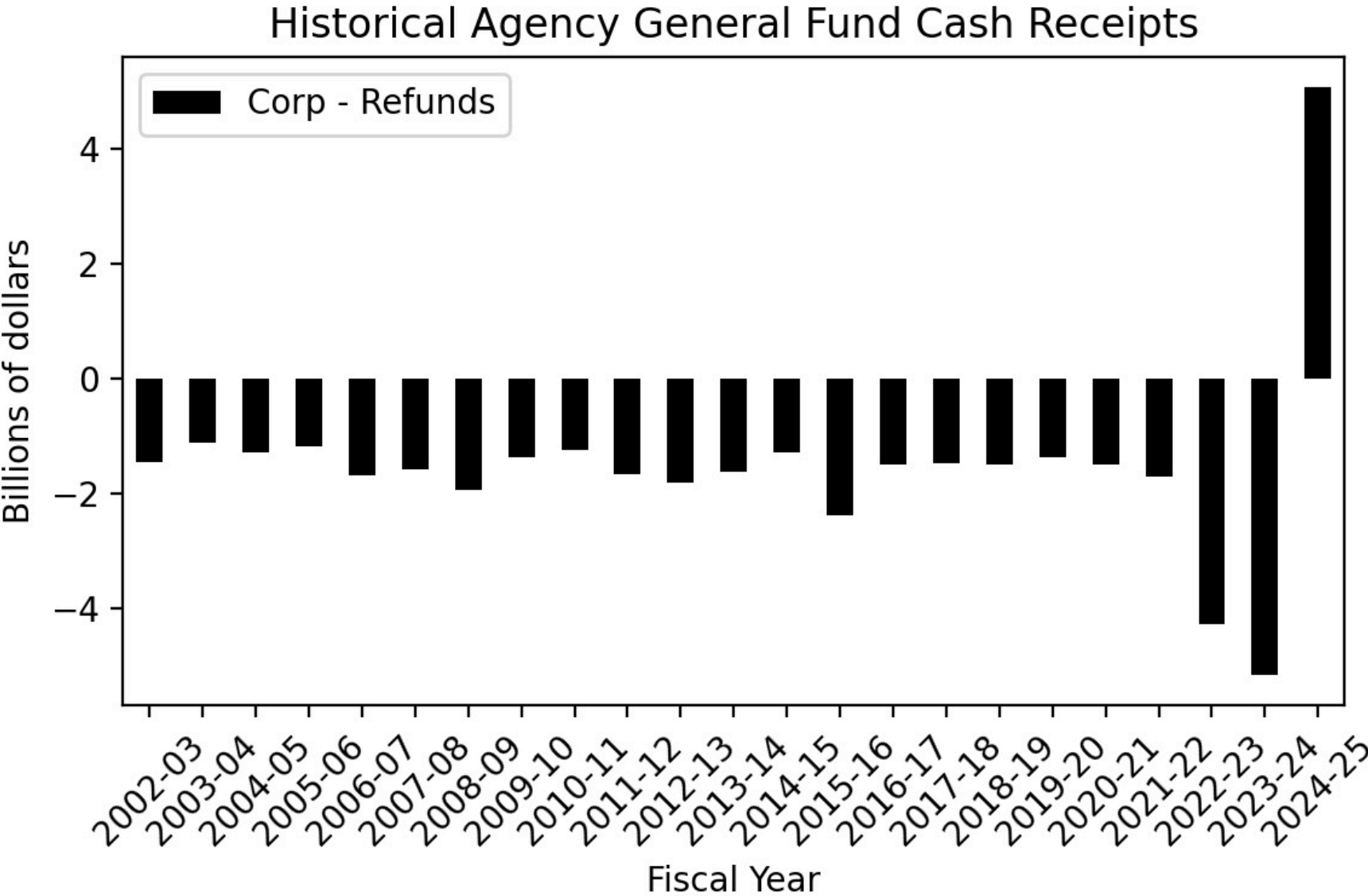


Figure 177

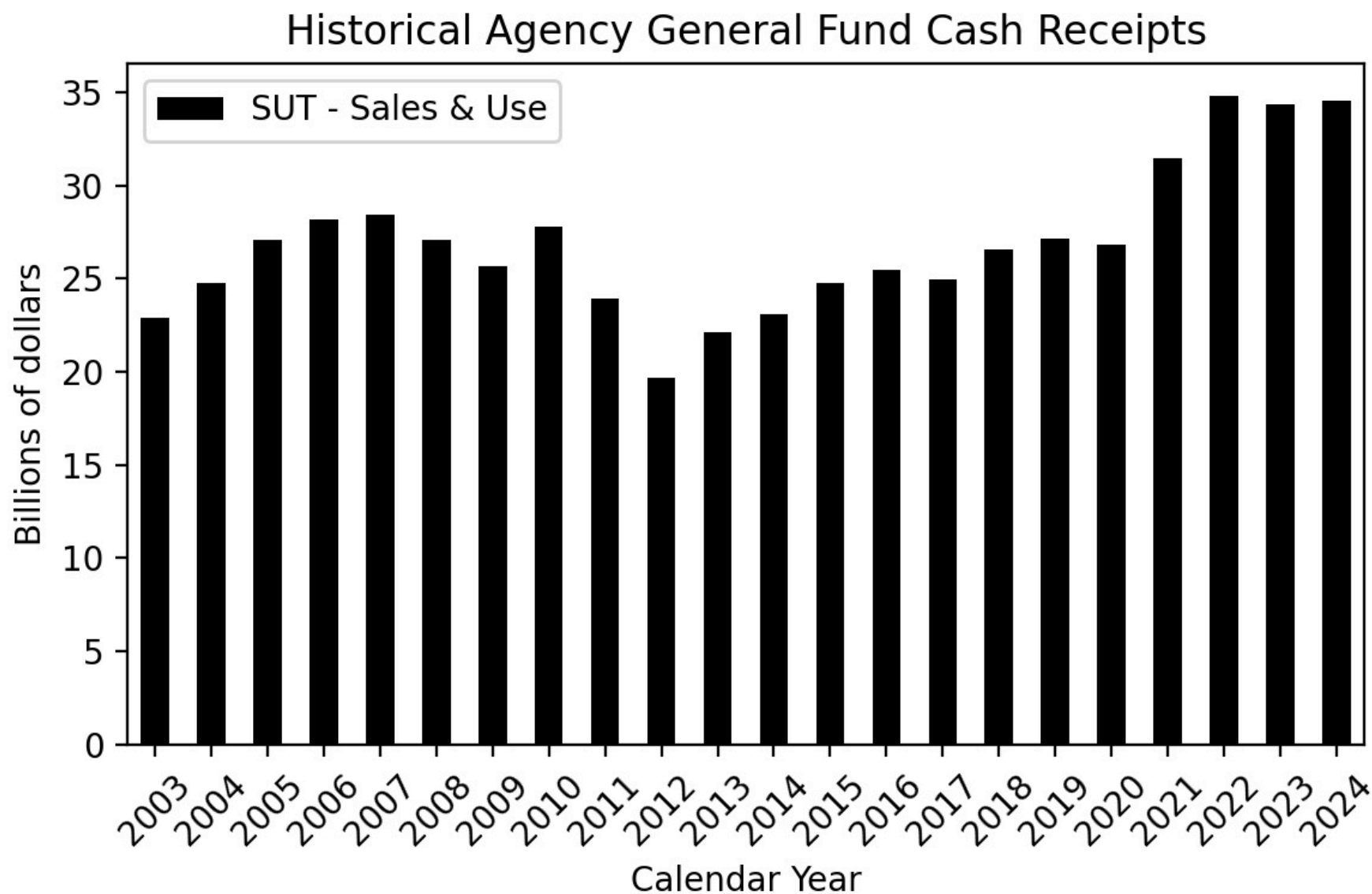


Figure 178

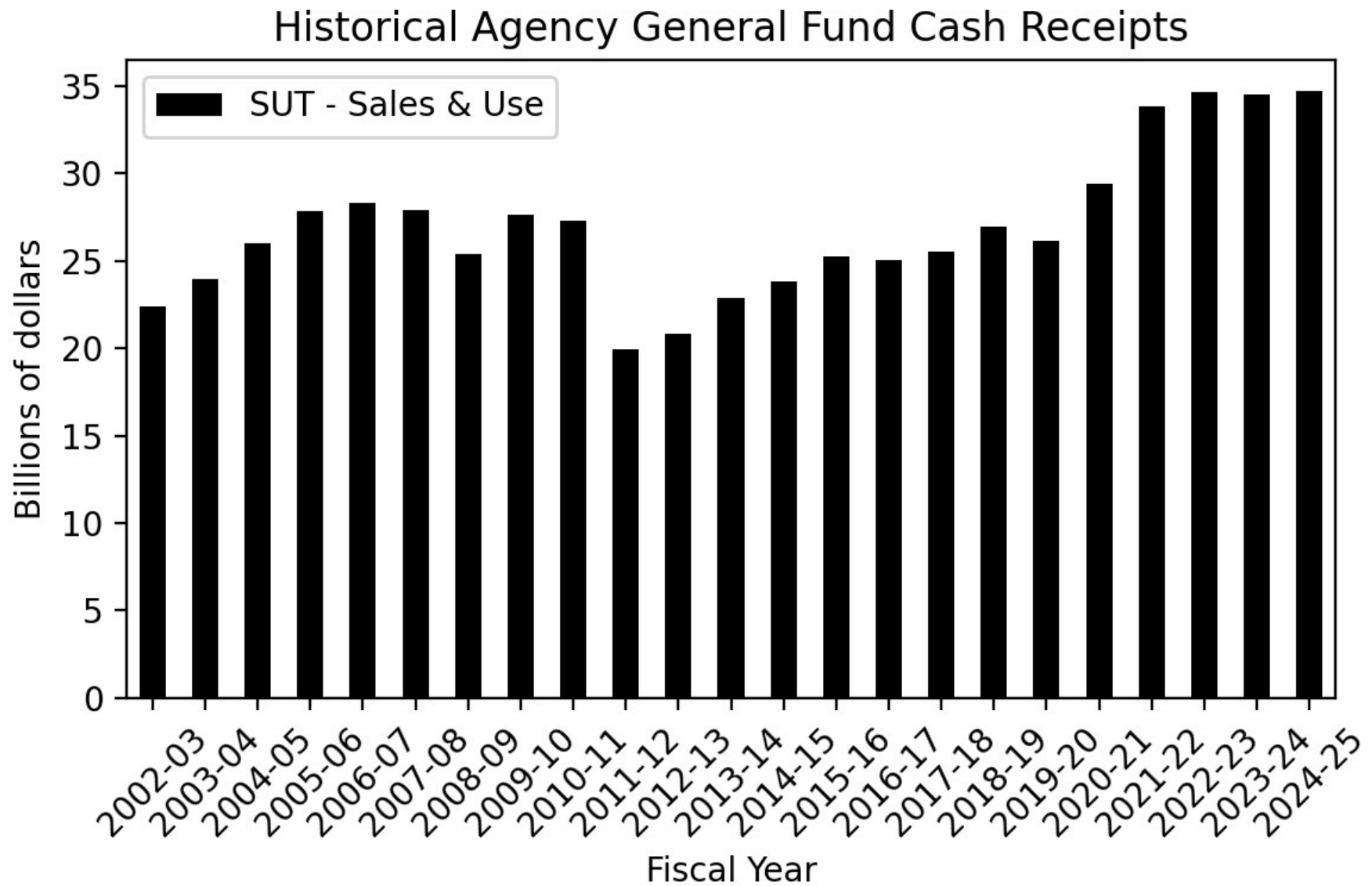


Figure 179

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

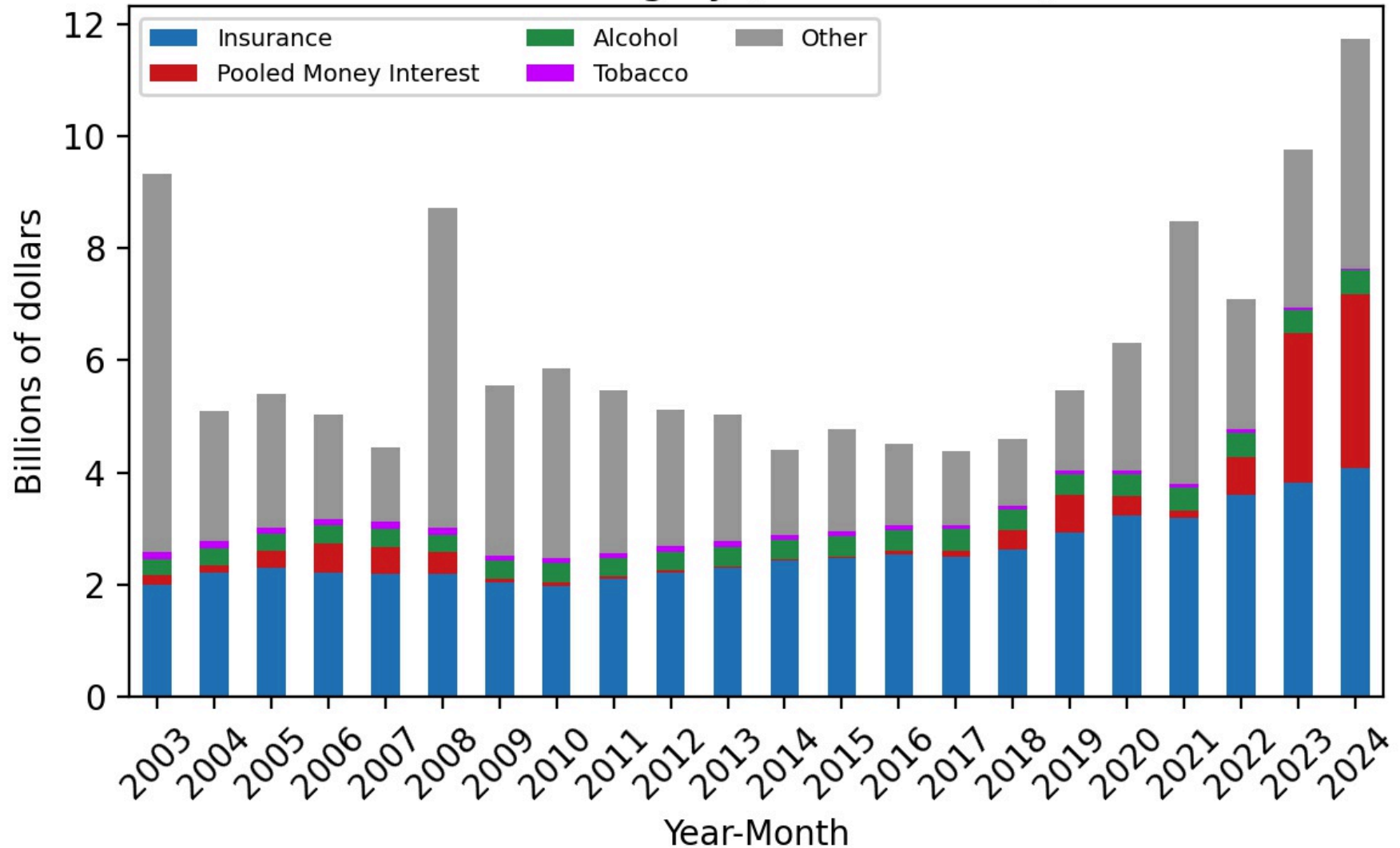


Figure 180

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

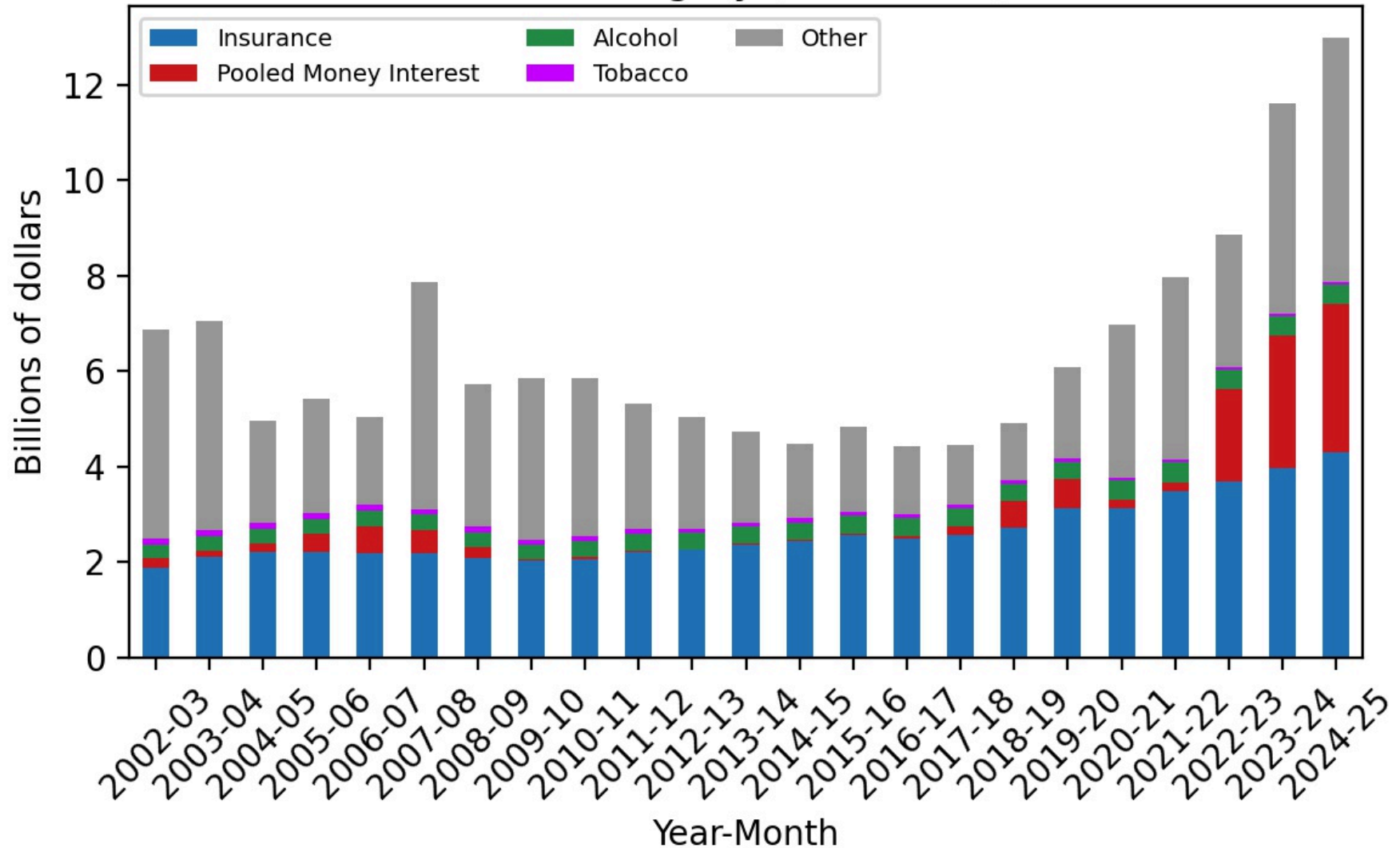


Figure 181

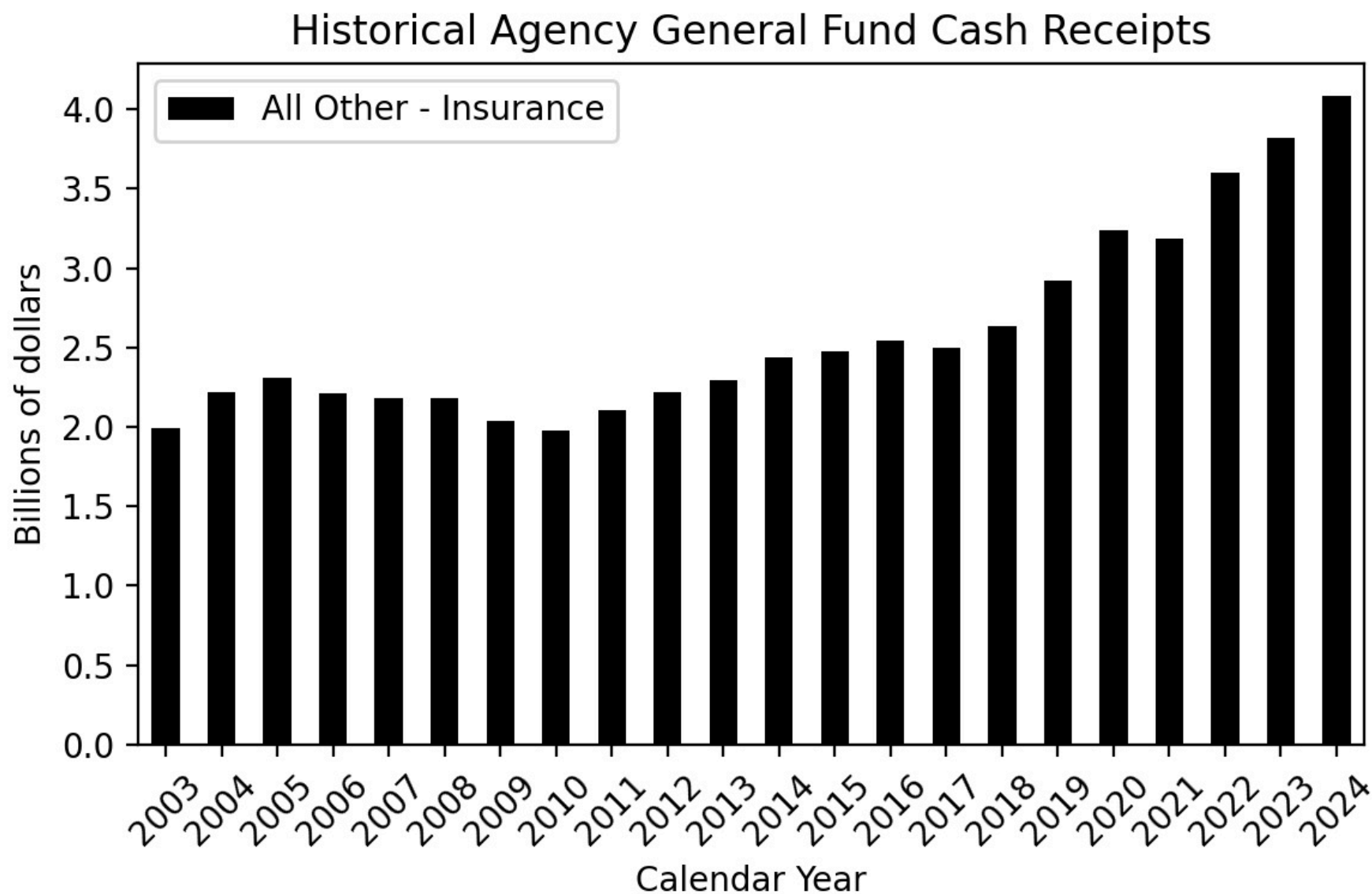


Figure 182

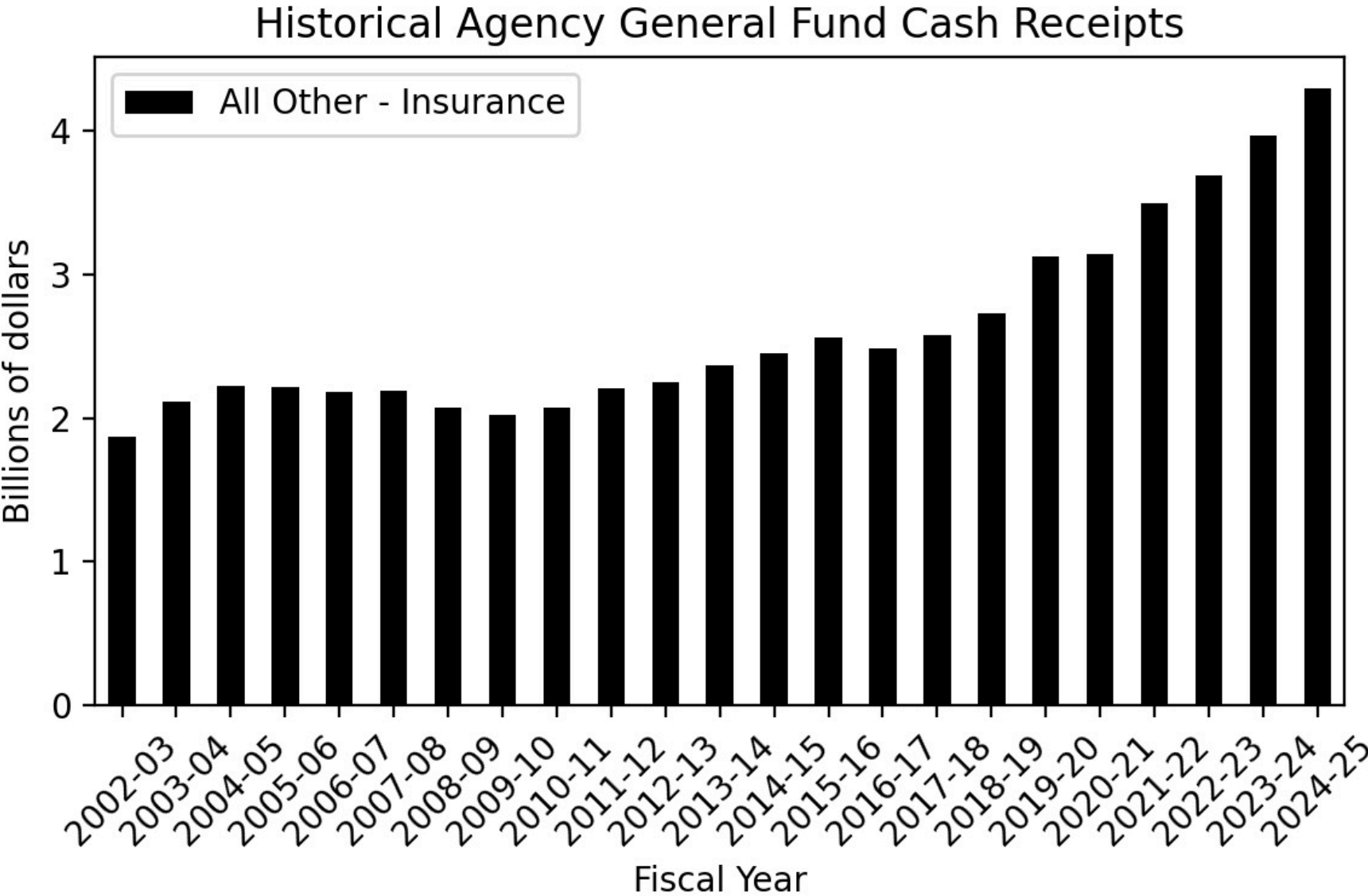


Figure 183

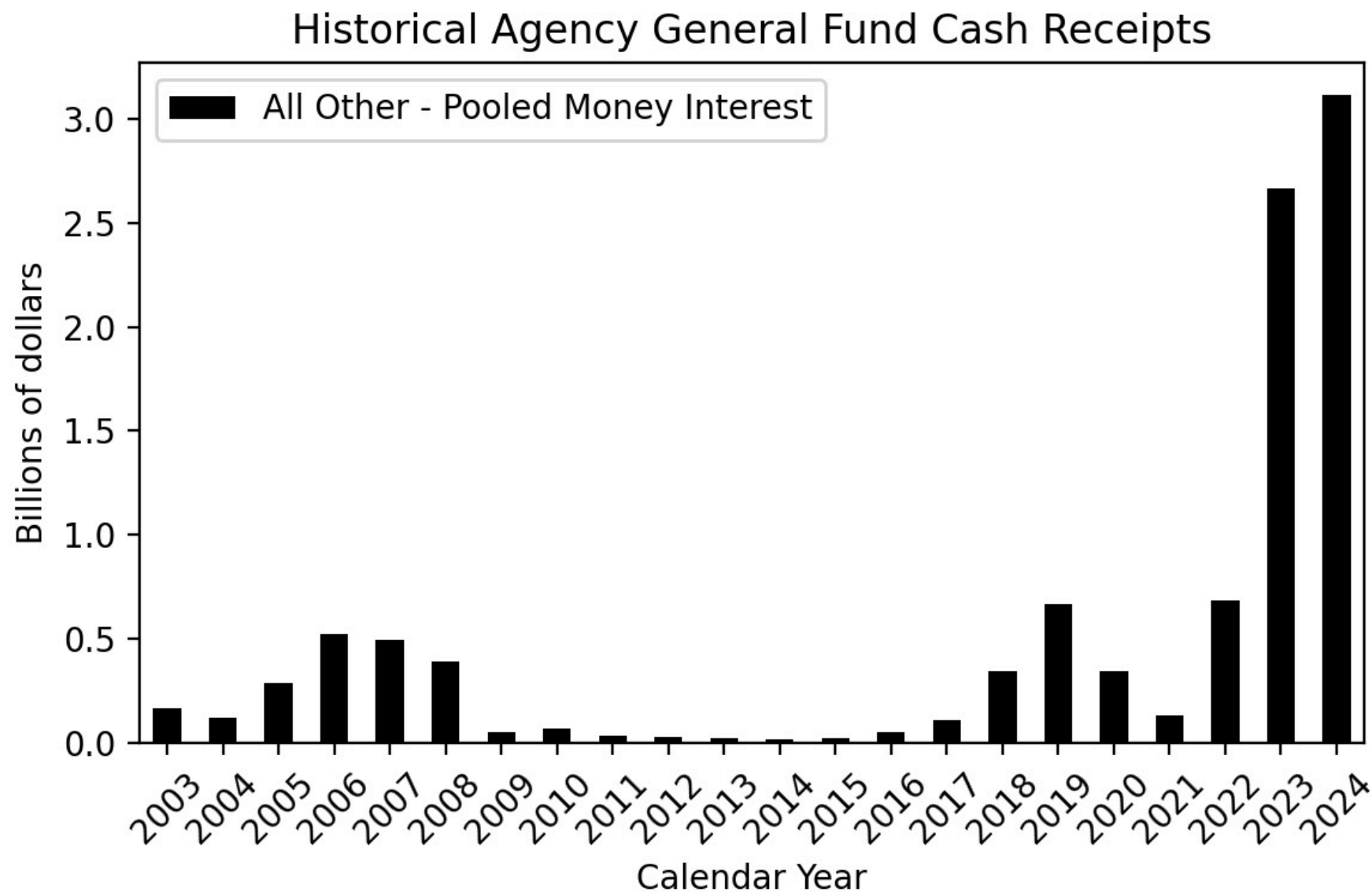


Figure 184

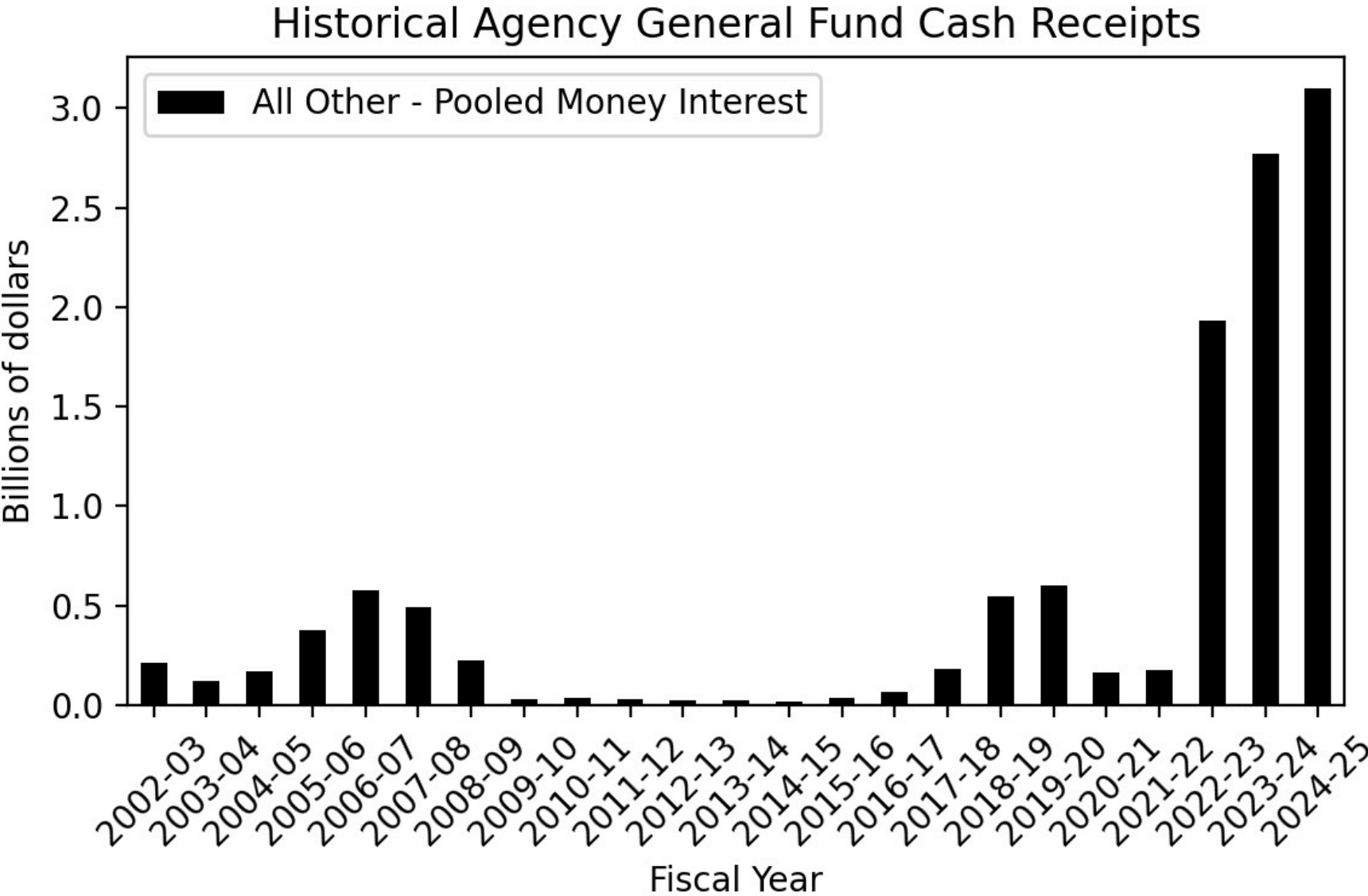


Figure 185

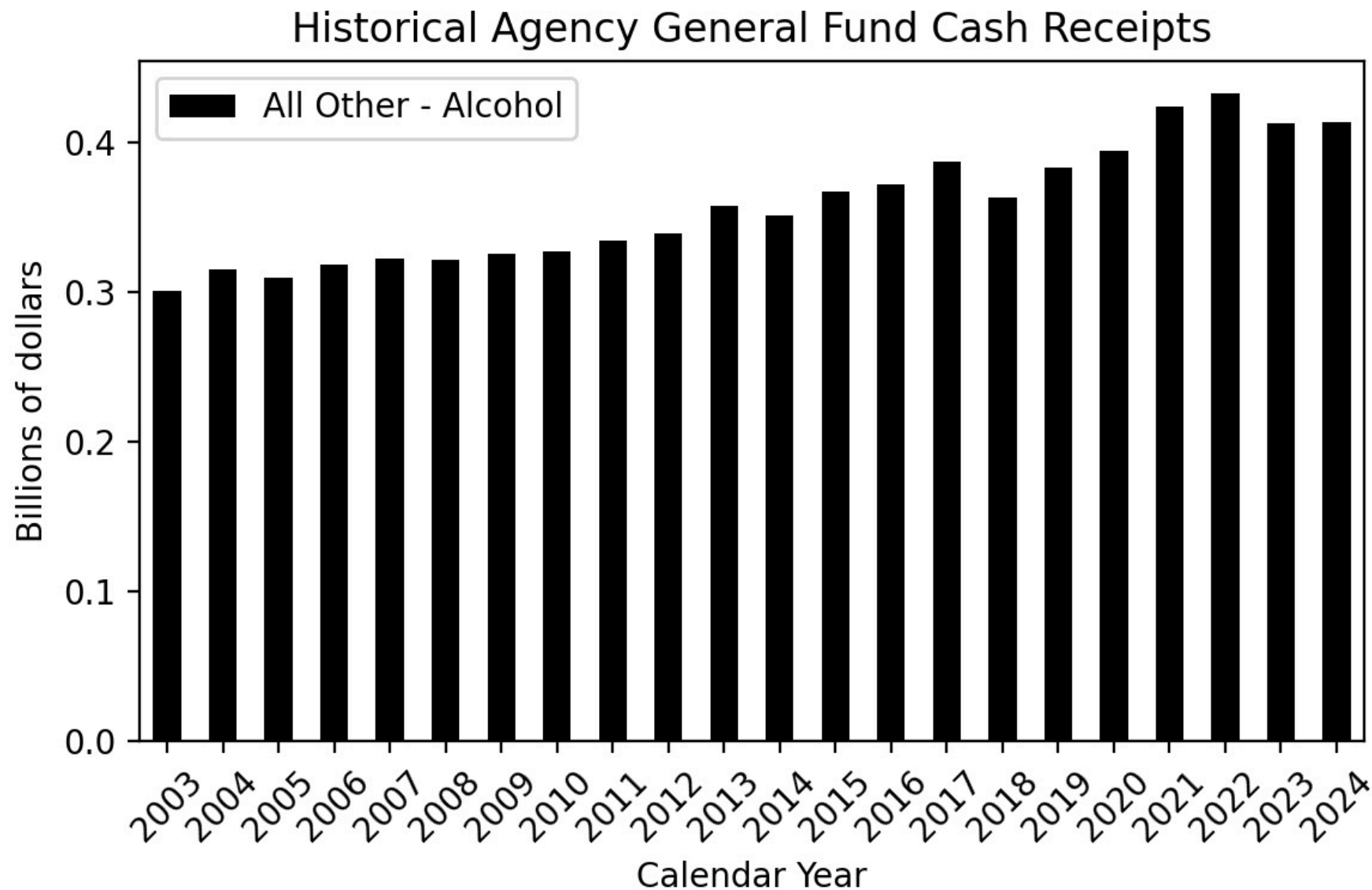


Figure 186

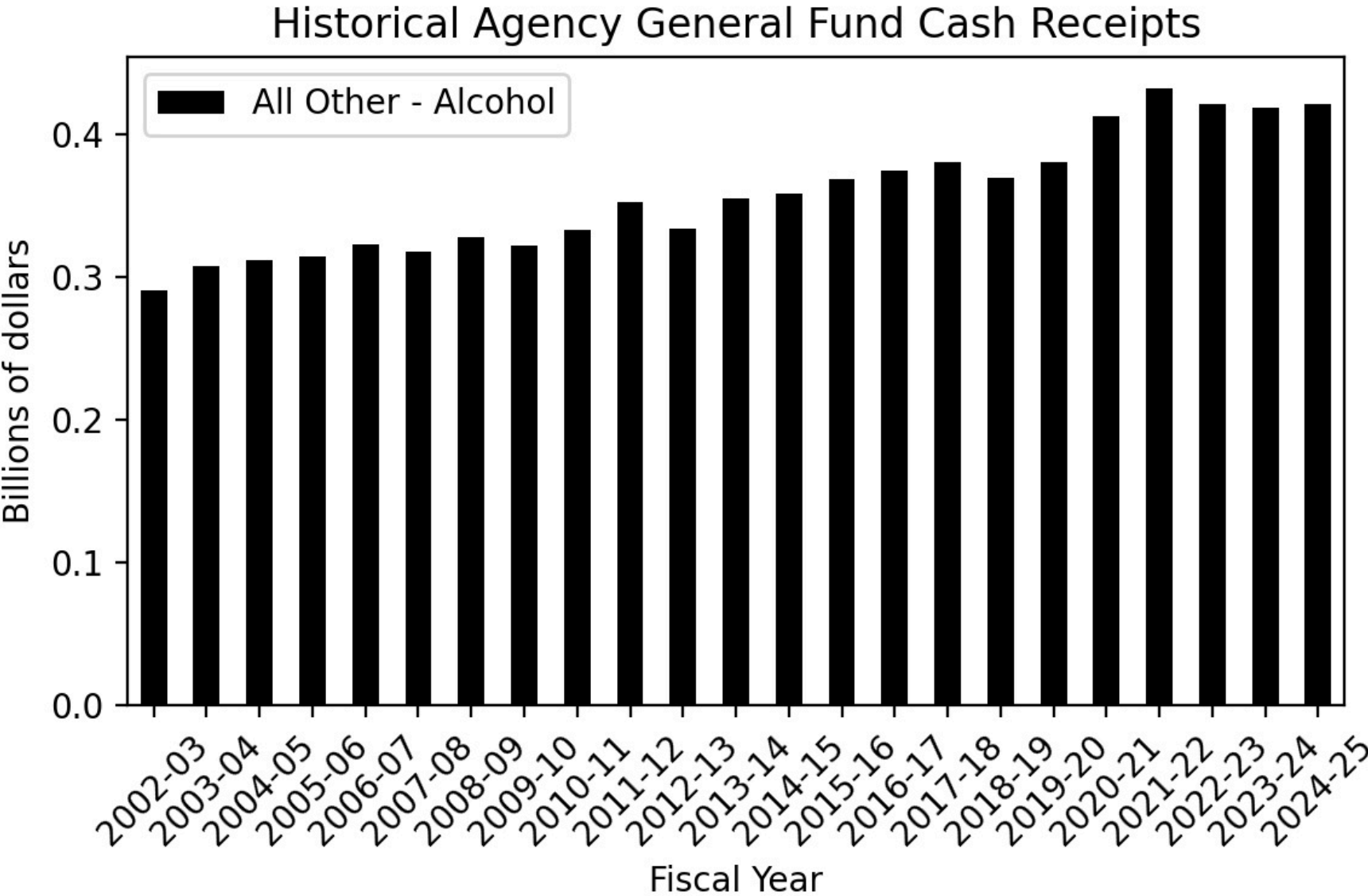


Figure 187

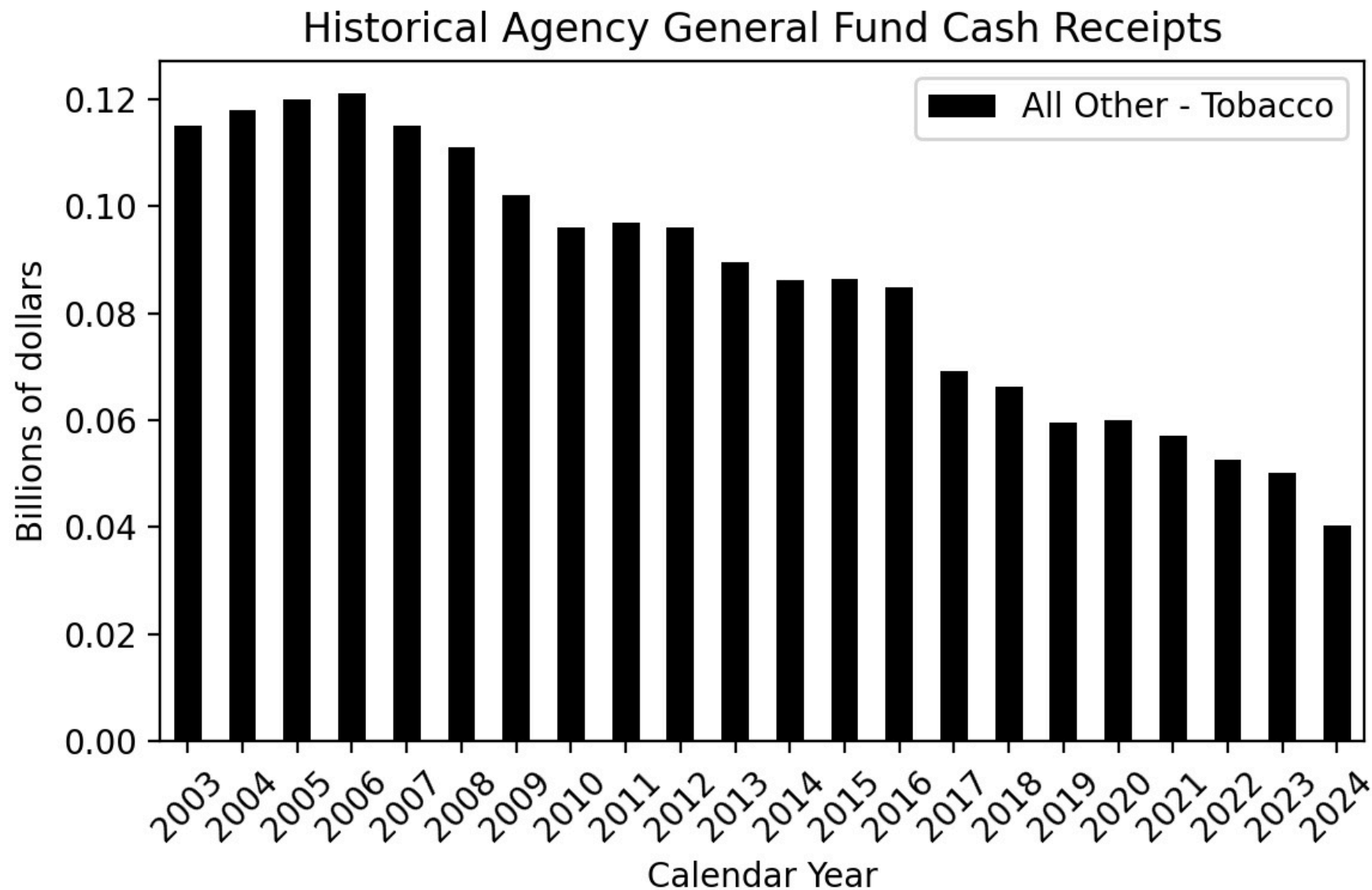


Figure 188

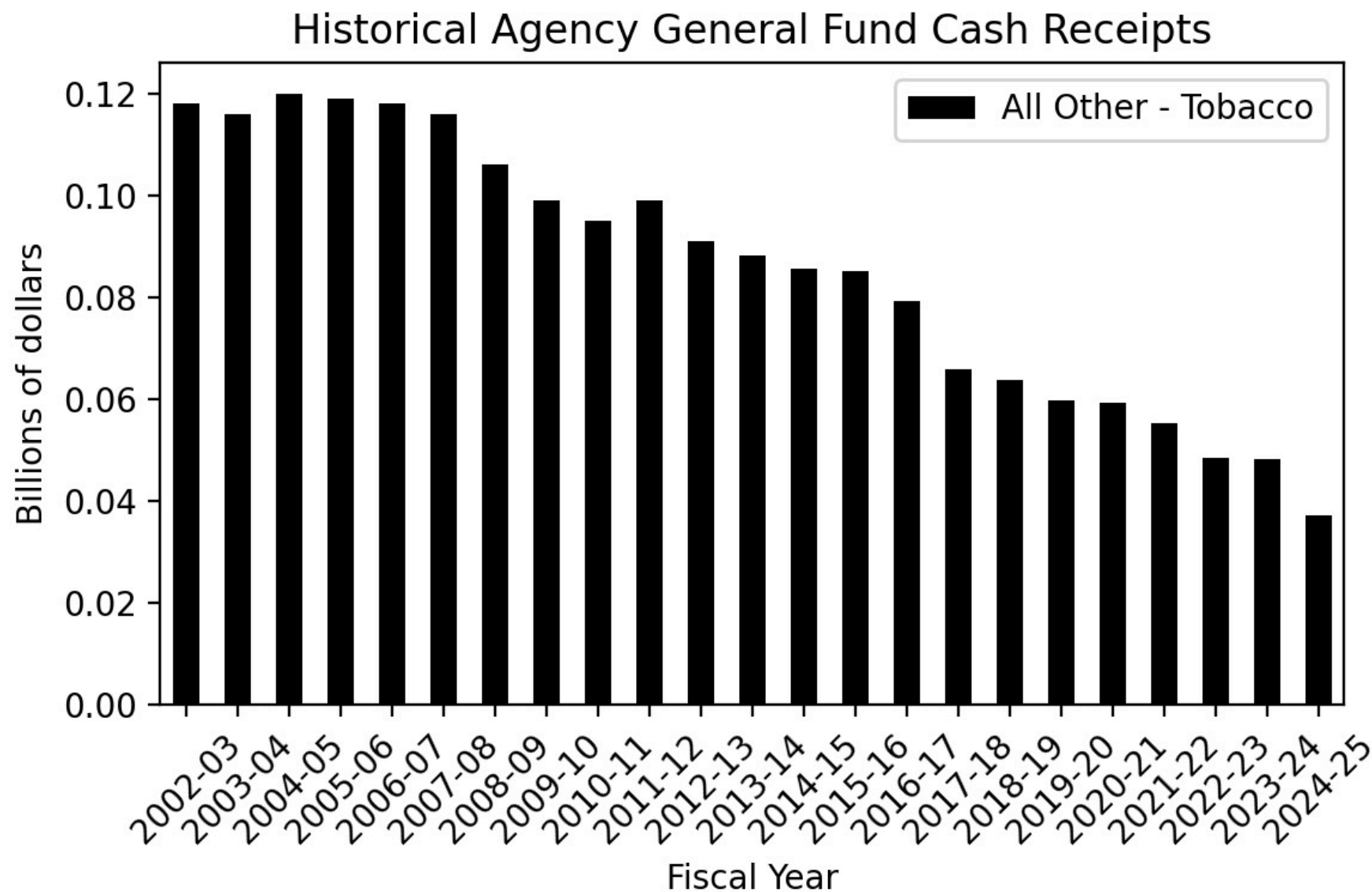


Figure 189

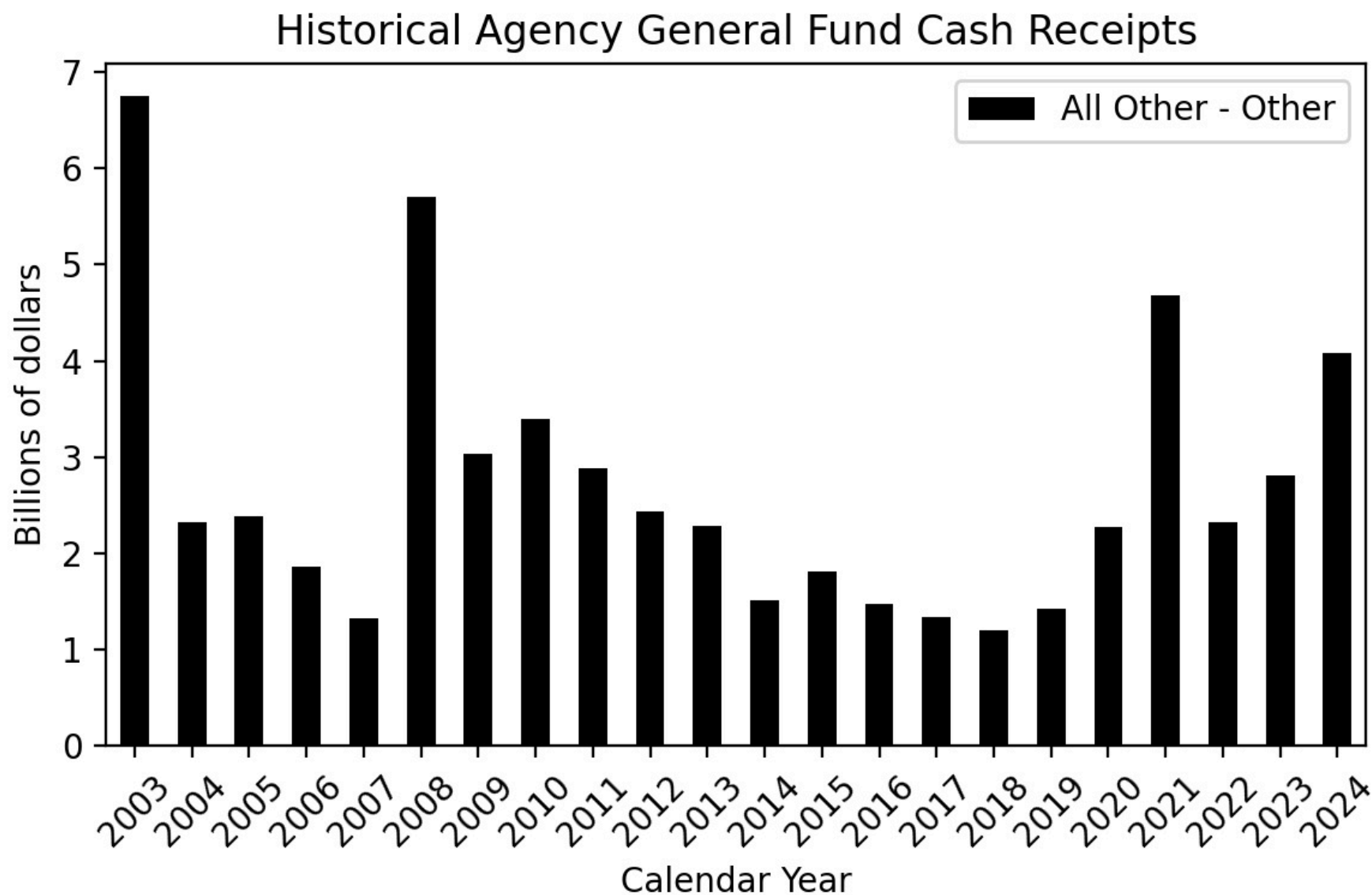


Figure 190

