



# Finance Bulletin

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## Economic Update

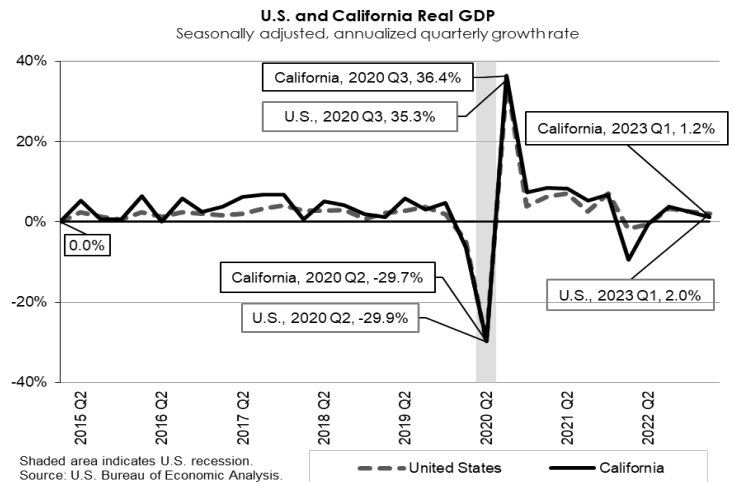
The U.S. unemployment rate fell 0.1 percentage point to 3.6 percent in June 2023 as civilian unemployment decreased by 140,000 and civilian employment increased by 273,000. The labor force increased by 133,000 participants and the labor force participation rate remained unchanged at 62.6 percent. The U.S. added 209,000 nonfarm jobs with eight out of the eleven major sectors gaining jobs driven by private education and health services (73,000) and government (60,000). Information added no new jobs while trade, transportation, and utilities and mining and logging shed 22,000 and 1,000 jobs, respectively.

California's unemployment rate rose to 4.6 percent in June 2023 as the labor force increased by 13,600 while civilian household employment rose by 7,900, and the number of unemployed workers increased by 5,700. California added 11,600 nonfarm payroll jobs in June 2023, driven by gains in private education and health services (7,000), leisure and hospitality (6,800) and construction (6,000). The largest job loss was in trade, transportation, and utilities (-7,600), followed by other services (-1,100), manufacturing (-600), and professional and business services (-100).

### INFLATION AND CALIFORNIA GDP AND PERSONAL INCOME

- U.S. year-over-year headline inflation slowed to 3 percent in June since peaking at 9.1 percent in June 2022. Core inflation, which excludes food and energy, slowed from 5.3 percent year-over-year to 4.8 percent. California headline inflation was 4.2 percent year-over-year as of April 2023, the latest month.

- California real GDP grew by 1.2 percent in the first quarter of 2023 on a seasonally adjusted annualized rate (SAAR) basis, following 2.4-percent growth in the fourth quarter of 2022 and annual growth of 0.4 percent in 2022. California's real GDP was 5.3 percent above its pre-pandemic (fourth quarter of 2019) as of the first quarter of 2023, compared to 5.6 percent for the U.S.



- California's personal income increased by 0.7 percent (SAAR) in the first quarter of 2023 and was 3.6 percent above the first quarter of 2022. Gains were driven by increases in wages and salaries and property income, offsetting declines in transfer payments. California's share of U.S. personal income was 13.6 percent, down from 13.8 percent both in the fourth quarter of 2022 and the 2019 average.

### BUILDING ACTIVITY & REAL

- Year-to-date, California permitted nearly 100,000 units on a seasonally adjusted basis in May, down 2.3 percent from April and down 18.8 percent from May 2022. May permits consisted of over 50,000 single-family units (up 7.1 percent from April, but down 30 percent year-over-year) and over 49,000 multi-family units (down 2.1 percent from April 2023 and also down 2.8 percent year-over-year).
- The statewide median sale price of existing single-family homes increased to \$838,260 in June 2023, up 0.3 percent from May 2023 but down 2.4 percent from June 2022. Sales of existing single-family homes in California totaled 277,490 units (SAAR) in June 2023, down 4.1 percent from May 2023, and down 19.7 percent from June 2022. Year-to-date through June 2023, sales volume averaged 273,568 units (SAAR), which was 32.9 percent lower than during the same period in 2022.

## MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the entire 2022-23 fiscal year were \$954 million above the 2023-24 Budget Act forecast of \$167.627 billion and were \$1.156 billion above forecast in June. The Budget Act monthly cashflow reflects the expected impact of delayed payment and filing deadlines for Californians in most counties to October 16. The overage was driven by Pass-Through Entity (PTE) Elective Tax payments, which exceeded the forecast by \$1.151 billion in June, as well as strength in other revenues and sales tax receipts that cumulatively offset shortfalls in the remaining revenue sources. Notably, excluding withholding, personal income tax receipts were \$1.332 billion below forecast in June. While June is historically an important month for personal income and corporation tax, cash results from these two revenue sources—with the exception of withholding—are not reliable due to this year's delayed tax deadlines. The extent of the variance relative to the forecast caused by taxpayers' behavior differing from assumptions is unknown. Personal income tax withholding, after subtracting \$173 million that shifted from May to June due to a processing delay, increased by 12.4 percent year-over-year in June, its highest growth since December 2021. Personal income tax withholding receipts were \$929 million above forecast for the fiscal year.

- Personal income tax cash receipts for the entire 2022-23 fiscal year were \$801 million below the forecast of \$95.828 billion and were \$430 million below forecast in June. June withholding was \$902 million above forecast and includes \$173 million in withholding revenue that was shifted from May to June due to a payment processing delay resulting from a bank merger. Refunds remained high in June and were \$384 million above the forecast. Estimated payments, final payments, and other payments were cumulatively down \$960 million relative to forecast for the month and down \$830 million for the fiscal year.
- Corporation tax cash receipts for the entire 2022-23 fiscal year were \$975 million above the forecast of \$29.019 billion and were \$1.128 billion above forecast in June due to PTE payments. June refunds were \$215 million higher than projected. Excluding PTE payments, net corporation tax revenues were cumulatively down \$276 million relative to forecast for the fiscal year.
- Sales and use tax cash receipts for the entire 2022-23 fiscal year were \$61 million above the forecast of \$34.688 billion and were \$122 million above forecast in June.

2022-23 Comparison of Actual and Forecast Agency General Fund Revenues  
(Dollars in Millions)

Revenue Source	JUNE 2023				2022-23 FISCAL YEAR			
	Forecast	Actual	Difference	Percent Difference	Forecast	Actual	Difference	Percent Difference
<b>Personal Income<sup>1</sup>/</b>	<b>\$10,205</b>	<b>\$9,775</b>	<b>-\$430</b>	<b>-4.2%</b>	<b>\$95,828</b>	<b>\$95,027</b>	<b>-\$801</b>	<b>-0.8%</b>
Withholding <sup>1</sup> /	7,135	8,037	902	12.6%	89,328	90,257	929	1.0%
Estimated Payments	3,054	1,894	-1,160	-38.0%	16,283	15,066	-1,217	-7.5%
Final Payments	325	332	7	2.3%	8,746	8,808	62	0.7%
Other Payments	559	751	192	34.4%	8,540	8,865	325	3.8%
Refunds	-656	-1,040	-384	58.6%	-25,008	-25,963	-956	3.8%
MHSF Transfer	-185	-175	10	-5.4%	-1,727	-1,702	24	-1.4%
<b>Corporation</b>	<b>\$5,350</b>	<b>\$6,478</b>	<b>\$1,128</b>	<b>21.1%</b>	<b>\$29,019</b>	<b>\$29,994</b>	<b>\$975</b>	<b>3.4%</b>
Estimated Payments	3,536	3,835	299	8.5%	13,405	13,775	370	2.8%
PTE Payments	1,463	2,614	1,151	78.6%	12,427	13,677	1,251	10.1%
Other Payments	401	294	-106	-26.6%	7,013	6,814	-199	-2.8%
Refunds	-50	-266	-215	427.2%	-3,826	-4,272	-446	11.7%
<b>Sales &amp; Use</b>	<b>\$3,310</b>	<b>\$3,432</b>	<b>\$122</b>	<b>3.7%</b>	<b>\$34,628</b>	<b>\$34,688</b>	<b>\$61</b>	<b>0.2%</b>
<b>Insurance</b>	<b>\$200</b>	<b>\$162</b>	<b>-\$37</b>	<b>-18.6%</b>	<b>\$3,673</b>	<b>\$3,690</b>	<b>\$18</b>	<b>0.5%</b>
<b>Pooled Money Interest</b>	<b>\$305</b>	<b>\$253</b>	<b>-\$52</b>	<b>-17.1%</b>	<b>\$1,856</b>	<b>\$1,929</b>	<b>\$73</b>	<b>3.9%</b>
<b>Alcohol</b>	<b>\$37</b>	<b>\$33</b>	<b>-\$4</b>	<b>-11.3%</b>	<b>\$433</b>	<b>\$422</b>	<b>-\$11</b>	<b>-2.6%</b>
<b>Tobacco</b>	<b>\$3</b>	<b>\$4</b>	<b>\$1</b>	<b>40.9%</b>	<b>\$48</b>	<b>\$49</b>	<b>\$1</b>	<b>1.6%</b>
<b>Other</b>	<b>\$722</b>	<b>\$1,149</b>	<b>\$427</b>	<b>59.2%</b>	<b>\$2,143</b>	<b>\$2,782</b>	<b>\$639</b>	<b>29.8%</b>
<b>Total</b>	<b>\$20,130</b>	<b>\$21,286</b>	<b>\$1,156</b>	<b>5.7%</b>	<b>\$167,627</b>	<b>\$168,582</b>	<b>\$954</b>	<b>0.6%</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. The personal income total includes Individual Shared Responsibility Penalty transfers. The forecast is from the 2023-24 Budget Act.  
<sup>1</sup>The personal income tax withholding figure includes \$173 million from May 31 that was reflected in June cash receipts due to a processing delay.