



Finance Bulletin

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Economic Update

California's real GDP rose by 2.8 percent in 2014, faster than the overall U.S. rate of 2.4 percent. Although the U.S. GDP contracted by 0.7 percent in the first quarter of 2015, California's labor and housing markets continue to improve.

LABOR MARKET CONDITIONS

- California's unemployment rate dropped by 0.2 percentage point to 6.3 percent in April, while the U.S. unemployment rate dropped by 0.1 percentage point to 5.4 percent. This was the first time the difference between California and the U.S. dropped below 1 percent since September 2007. The national unemployment rate rose to 5.5 percent in May.
- California added 29,500 nonfarm jobs in April, following a 40,500-job gain in March. The sector with the largest job gain was professional and business services (14,500), followed by government (11,300), information (6,400), manufacturing (2,100), educational and health services (800), trade, transportation, and utilities (600), construction (100), and mining and logging (100). The three sectors that lost jobs were financial activities (2,800), leisure and hospitality (2,000), and other services (1,600). From January to April, farm employment was down about 2 percent compared with the same period a year ago.

BUILDING ACTIVITY

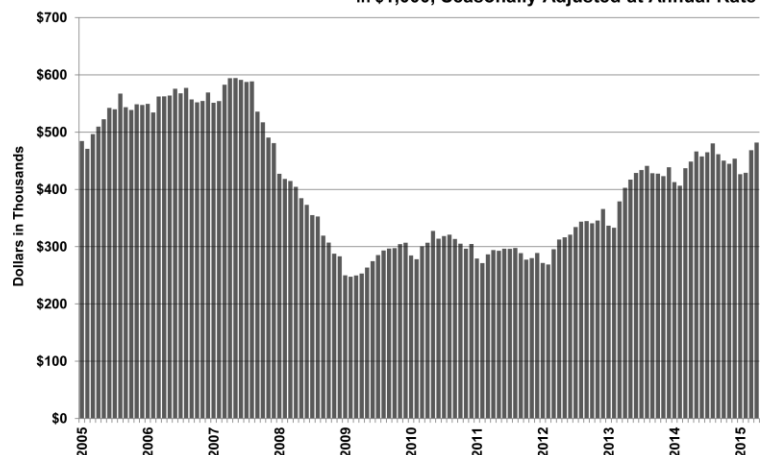
- In April, 100,000 annualized residential permits were issued in California. The year-to-date average of the total permits was 105,000, up 20.7 percent from the same period in 2014. April marked the third month in 2015 where the total number of permits exceeded 100,000, indicating solid growth in 2015 after annual permits were below 90,000 in both 2013 and 2014.
- California's single-family permits were up by 3.8 percent from March to 48,000. Multi-family permits were down by 9.6 percent to 52,000. The total value of residential permits was down by 9.9 percent on a month-over-month basis, while total nonresidential valuation was up by 16.8 percent.

REAL ESTATE

- The housing market continued to improve in April. Home sales totaled 427,620 units at a seasonally adjusted annualized rate in April—up 9.2 percent from March and 9.3 percent from April 2014. The statewide median home price in April was \$481,760—up 2.8 percent from March and 7.4 percent from April 2014.
- The median home price has been improving over the past three years. In April, the median price was about 95 percent higher than at the trough of the recession in 2009, but still well below the 2007 peak.

California Median Home Sales Price

in \$1,000, Seasonally Adjusted at Annual Rate



Source: California Association of Realtors

MONTHLY CASH REPORT

Preliminary General Fund agency cash for May was \$84 million below the 2015-16 May Revision forecast of \$6.379 billion. Year-to-date revenues, which include revisions to prior months, are \$110 million below the forecast of \$98.031 billion. Although May is slightly below forecast, June is a more significant revenue month because the second estimated payment of 40 percent of liability is due in mid-June for personal income tax filers and calendar-year corporations. Receipts of \$16.039 billion are forecast for June.

- Personal income tax revenues to the General Fund were \$92 million below the month's forecast of \$3.653 billion. Withholding receipts were \$15 million above the forecast of \$3.789 billion. Other receipts were \$90 million lower than the forecast of \$705 million. Refunds issued in May were \$19 million above the forecast of \$776 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 May was \$2 million lower than the forecast of \$65 million. Year-to-date General Fund income tax revenues are \$139 million below forecast.
- Sales and use tax receipts were \$15 million below the month's forecast of \$1.957 billion. May cash includes the remaining portion of the final payment for first quarter taxable sales, which was due April 30, as well as the first prepayment for second quarter sales and use tax liabilities. Year-to-date, sales tax revenues are \$5 million above forecast.
- Corporation tax revenues were \$11 million below the month's forecast of \$246 million. Prepayments were \$17 million above the forecast of \$202 million and other payments were \$24 million lower than the \$128 million forecast. Total refunds for the month were \$4 million higher than the forecast of \$84 million.
- Insurance tax revenues were \$6 million above the \$425 million forecasted for May. Revenues from the estate, alcoholic beverage, tobacco taxes, pooled money interest, and vehicle license fee were \$1 million above the \$39 million forecast. "Other" revenues were \$27 million above the month's forecast of \$60 million.

2014-15 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	MAY 2015				2014-15 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$3,653	\$3,560	-\$92	-2.5%	\$65,408	\$65,269	-\$139	-0.2%
Sales & Use	1,957	\$1,941	-15	-0.8%	21,372	21,377	5	0.0%
Corporation	246	235	-11	-4.4%	7,604	7,593	-11	-0.1%
Insurance	425	432	6	1.5%	2,310	2,316	6	0.3%
Estate	0	0	0	n/a	3	3	0	17.5%
Pooled Money Interest	2	1	-2	-71.0%	15	14	-2	-10.1%
Alcoholic Beverages	30	31	2	5.3%	324	325	2	0.5%
Tobacco	7	7	1	12.1%	79	79	1	1.0%
Vehicle License Fees	0	0	0	0.0%	0	0	0	0.0%
Other	60	88	27	45.0%	917	944	27	3.0%
Total	\$6,379	\$6,296	-\$84	-1.3%	\$98,031	\$97,921	-\$110	-0.1%

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 2015-16 May Revision.