

# CONTROLLER JOHN CHIANG

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## Chiang Releases Year-End Cash-Flow Figures

*General Fund Revenues Grew 2.5% over 2005-06*

**SACRAMENTO** – State Controller John Chiang today released his monthly report detailing California’s cash balance, receipts and disbursements for Fiscal Year 2006-07. The *Statement of General Fund Cash Receipts and Disbursements* showed the year-end General Fund revenue of \$95.6 billion exceeded the previous year’s total by 2.5 percent. Over the past 10 years, the year-over-year increase has been 7.7 percent.

“While state revenues increased slightly over the prior fiscal year, we are continuing to see a slowing trend in revenue growth,” Chiang said. “The amount of taxes withheld by employers and estimated taxes paid by individuals signal that personal income tax revenues are picking up slightly, but those gains may be offset by corporate and retail tax revenues, which continue to lag.”

In June, estimated tax payments made by individuals based on what they expect to earn during the tax year were 11 percent higher than in June of 2006. That was a significant improvement from April, when the first installment of estimated taxes came in only 5.4 percent higher than April 2006. The increase indicates that high-income taxpayers are seeing an improvement in their income outlook and may signal a solid growth in income tax revenues in the months ahead.

Growth for withholding taxes, or the taxes employers deduct from employees’ salaries, is slower than estimated tax payments. In June, withholding tax revenue was up 4.3 percent compared to June 2006, and up 3 percent in April, compared to the previous April. Collectively, estimated taxes and withholding taxes in June increased 7.7 percent from June 2006.

However, corporate estimated taxes were almost 2 percent lower in June than they were in June 2006, and revenues from retail sales taxes were 6.1 percent less.

Personal income, corporate and sales taxes made up 94.8% of the General Fund revenues. Of those, personal income taxes make up the largest amount, contributing 54.7 percent. Sales taxes made up 28.8 percent and corporate taxes provided 11.3 percent. For the fiscal year ending June 30, 2007, personal income taxes grew by 4.8%, corporate taxes were 3.2% higher and sales taxes declined by 0.1% over the prior fiscal year.

In 2006-07, the State spent \$6.8 billion more than it received in revenues. Expenditures totaled \$104 billion, while receipts totaled \$97.4 billion. The state ended the fiscal year with \$2.5 billion. However, approximately \$1 billion budgeted in the 2006-07 fiscal year will be paid in the 2007-08 fiscal year, effectively leaving \$1.5 billion in cash-on-hand at the start of the new fiscal year.

As California's Chief Fiscal Officer, the State Controller is required to issue monthly financial statements on the state's cash flow. Controller Chiang also offers a Summary Analysis to provide context to the raw numbers.

The [financial statement](#) and the [summary analysis](#) including guest articles on California's revenue growth compared to other states, and on the state's employment growth can be found on the Controller's Web site at [www.sco.ca.gov](http://www.sco.ca.gov).

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