

NC tax revenue down by nearly \$313 million

BY BENJAMIN BROWN

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RALEIGH — North Carolina in September – three months into the new fiscal year – saw tax revenue down by nearly \$313 million in comparison with the first three months of fiscal 2013-14, according to the latest monthly review by the Office of the State Controller.

That 6.5 percent difference in receipts is in addition to nontax revenue falling \$8.7 million, or 3.4 percent, compared with the first three months of fiscal 2014.

But State Budget Director Lee Roberts is keeping with the perspective he gave last month – that it's too early to sound alarms. Roberts reassurance then came after an August report that showed state revenue down more than \$200 million for the first two months of the fiscal year when compared with the same period in last year.

“The revenues were always going to be significantly different than last year given the comprehensive tax reform, both at the federal level and the state level, that's been put in place,” said Roberts, who entered his role in September. “What matters from a balanced budget point of view is, ‘Are they different from what we thought they would be?’ ”

From that angle, three months into the year, the state is at 98 percent of budget – about \$61 million behind, out of \$21 billion programmed.

“It's like being 10 minutes into a basketball game and being down by a point,” Roberts said, adding he's constantly monitoring numbers. He cautioned not to confuse his words as saying North Carolina is in the clear, but that data aren't voluminous enough to say confidently either way.

The same day the controller's report came out, Forbes published a piece by a Cato Institute budget analyst saying North Carolina received the nation's highest grade on the group's latest “fiscal report card.”

The Cato report points to the tax law changes Roberts noted. The General Assembly passed and Gov. Pat McCrory signed in 2013 the starting point in a scaledown of personal and corporate income taxes, and a broadening of the sales tax base to accommodate.

“To complement the tax reforms, the state has also controlled spending growth,” wrote the analyst, Nicole Kaeding. “Actual general fund spending increased at half the national average in 2014.”

