State revenues lag due to sales tax decrease

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Idaho revenues, are below predictions for the first nine months of the state's fiscal year, mostly because of a sharp drop in the sales tax, it was shown in the monthly report from the Division of Financial Management.

The amount accrued by April 1 totals $285.2 million, compared with $289.4 million anticipated to date. This is based on $426.2 million expected for the state's 1982 fiscal year ending June 30.

The sales tax was below expectation at $75.1 million, compared with the $80.5 million predicted.

This was offset by miscellaneous revenue which totaled $31.5 million, above the $26.5 million predicted to date.

Personal income tax also sagged, reaching $152.5 million, compared with $155.3 million anticipated, but it was listed within expectations.

The other categories were within expectations. Corporate income tax totaled $16.2 million, compared with $17.5 million predicted; and product taxes reached $9.8 million, compared with $9.6 million predicted.

Lawrence C.Seale, division administrator, said the figures are based on the revenues of $228.1 million for personal income tax, $42.9 million for corporate income tax, $106.5 million for sales tax, $12.8 million for product taxes and $35.9 million for miscellaneous, such as various fees and licenses — or $426.2 million total.

Seale said "the individual income tax receipts dropped below the estimate in March due to a dramatic increase in the size of the average refund. Since the withholding tables presume constant wages over the year, anyone who was laid off at some time during the year would have had earnings overwithheld."

Seale said a reliable estimate on this source will have to await receipts durng April, as will estimates on the corporate income tax.

"The bright spots are the miscellaneous receipts which continue to grow in excess of predictions, and the sales tax, which has reversed its decline," he said. "Almost one third of the fiscal 1982 increase in sales tax collections over fiscal year 1981 occurred in March."

Searle said Idaho is also likely to turn around in the third quarter of this year, led primarily by the response of the manufacturing sector to stronger national demand.

"However," he said, "the growth beginning at that time should be quite slow, as total non-agricultural employment is expected to grow to approximately 339,000 employees by the end of 1984, still below the 1979 levels.

He said national housing starts are projected to average 1.25 million for the second half of 1982, 1.5 million in 1983 and 1.5 million in 1984.

"That improvement, if it is not choked off, will pull many of Idaho's industries along in its wake," he said.

He said "the bright side to the outlook is the remarkable reduction in the inflation rate over the last few months. This has been largely experienced in those sectors which have contributed most to the inflation for several years — housing and energy. In addition, the recession has caused the outlook for labor costs to decline to the six percent range from the nine percent recently experienced.

He said that nationally preliminary estimates of the real Gross Natonal Product for the first quarter of 1982 show a 4.5 percent annual rate of decline. March's national unenployment rate of 9 percent reached the peak of the severe 1974-75 recession. Estimates indicate that industrial production dropped by 13 percent in the first quarter of 1982, following the 15.5 percent decline of the previous quarter.

He said a moderate upturn in economic activity this summer remains the most likely prospects.