

Minnesota's Revenue Collections are Up

Posted by [Thomas J. Hanson](#) on February 11, 2011

In my [blog post for last week](#), I asked readers to watch for the Minnesota Management and Budget (MMB) Department February 10 report on revenue collections because it could be used to predict the direction of the February Forecast. This report outlines January revenue collections and compares these collections to the estimates made in the November 2010 Forecast.

The good news trend from the January Economic Update has definitely continued. In the month of January, collections increased \$137.4 million which represents a 9.3 percent increase in revenue. Fiscal year to date revenues now exceed the forecast by \$165.5 million.

The MMB report, however, included the typical cautionary language guarding against too much optimism.

Monthly revenue variances should always be interpreted with great caution. For example, if taxpayers have chosen to remit larger fourth quarter payments in order to minimize the amount due when they file their return on April 15, much of the current positive variance may simply reflect a difference in the timing of state receipts and not a change in actual income tax liability.

While MMB is always cautious, the upward trend in revenue collections over the last few months is hard to ignore. Absent an unexpected increase in expenditures, I still believe the February Forecast will reduce the deficit.