

Revenue Source	Amount	Percent of Total	Increase (Decrease) Over 1985 Actual	
			Amount	Percent
Income taxes	\$2,140,594	31.7%	\$172,488	8.8%
Retail sales and use taxes	1,189,603	17.6	91,158	8.3
Motor vehicle taxes and fees	741,940	11.0	58,166	8.5
Other taxes	641,767	9.5	57,513	9.8
Other licenses and fees	91,104	1.4	13,607	17.6
Charges for services	238,862	3.5	(27,591)	(10.4)
Interest and other investment income	94,464	1.4	(9,798)	(9.4)
Other	173,133	2.6	38,835	28.9
Gain on defeasance of transportation bonds	53,337	.8	53,337	100.0
Federal revenue	1,383,208	20.5	133,403	10.7
Total	<u>\$6,748,012</u>	<u>100.0%</u>	<u>\$581,118</u>	<u>9.4%</u>

Of the total income tax revenue for fiscal year 1986, \$1,920,420,000 was produced by the individual income tax and \$220,174,000 by the corporate income tax, representing increases of \$166,181,000 and \$6,307,000, respectively, compared to the prior year. The increase in individual income tax revenues of 9.5 percent over the prior year is attributable to population growth and a higher personal income level for the State's taxpayers. The increase in the corporate income tax revenues of 2.9 percent from the prior year is attributable to the improvement in the national economy.

The retail sales and use taxes increased \$91,158,000 or 8.3 percent over the previous year which is also attributable to the improvement in the national economy.

Other licenses and fees increased \$13,607,000 or 17.6 percent over 1985. This increase was primarily attributable to increases in revenues earned by the courts.

Revenues from charges for services decreased \$27,591,000 or 10.4 percent from 1985. This decrease resulted from the classification in 1985 of certain Federal revenues for transportation programs as charges for services. Such revenues are classified as Federal revenue in 1986.

The Department of Transportation defeased the principal amount of \$354,865,000 of Consolidated Transportation Bonds in December of 1985. In connection with the defeasance, the Department recognized a gain of \$53,337,000.

Other revenues increased \$38,835,000 or 28.9 percent over 1985. This increase resulted primarily from revenues received from oil companies for the Energy Overcharge Restitution program.

Federal revenue increased \$133,403,000 or 10.7 percent over 1985. This increase resulted from additional federal revenues for transportation, health, human resources, and other federal programs.

Changes in levels of expenditures (amounts expressed in thousands) for major functions from the previous year (excluding capital projects) are shown in the following tabulation: