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Department of Finance
and Administration

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MEMORANDUM

TO: Larry Walther, Secretary
Paul Louthian, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research JS

SUBJECT: **General Revenue Report for September (FY 2023)**

DATE: October 4, 2022 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues totaled \$1,850.2 million, \$126.0 million or 7.3 percent above year ago levels. After three months into the fiscal year, net available revenue is above forecast by \$174.8 million or 10.4 percent.

Year-to-date Gross General Revenues totaled \$2,080.2 million, representing an increase of \$126.0 million or 6.4 percent above last year. Gross general revenues are above forecast by \$175.3 million or 9.2 percent.

Year-to-date Individual Income Taxes totaled \$879.9 million, \$40.2 million or 4.8 percent above FY 2022 collections and \$43.9 million or 5.3 percent above forecast.

Year-to-date individual income tax refunds totaled \$34.6 million, down \$9.0 million or -20.6 percent compared to last year and \$2.8 million or -7.4 percent below forecast.

Year-to-date Sales and Use Tax totaled \$849.2 million, an increase of \$73.7 million or 9.5 percent from FY2022 and \$66.1 million or 8.4 percent above forecast.

Year-to-date Corporate Income Taxes totaled \$206.9 million, an increase of \$15.8 million from year-to-date FY2022 which is above forecast by \$64.1 million or 44.9 percent.

Year-to-date corporate income tax refunds totaled \$2.1 million, a decrease of \$7.9 million compared to the same year-to-date period last year.

SEPTEMBER REVENUE SUMMARY

September Net Available General Revenues totaled \$766.1 million, \$75.8 million or 11.0 percent above last year and \$128.7 million or 20.2 percent above forecast.

Revenue results were above forecast in all major revenue categories in September. Individual and Corporate Income Tax collections accounted for \$103.1 million of the gain, largely in Estimated Tax Payments. Sales Tax collection growth was broad based across reporting sectors. Income Tax refund claims were close to forecast with partial offset between Individual and Corporate refund claims.

Among smaller revenue sources, Tobacco was above forecast by \$0.2 million and below year ago collections. Results in Gaming revenue were above forecast by \$0.3 million.

September Gross General Revenues totaled \$849.6 million, an increase of \$84.3 million or 11.0 percent above last year and \$135.9 million or 19.0 percent above forecast. Gross revenue from collections was broad based with gains in Estimated Income Tax filings and Sales Tax collections.

September Individual Income Tax totaled \$361.4 million. Collections increased by \$28.6 million, or 8.6 percent compared to last year. With respect to the forecast, collections were \$38.8 million or 12.0 percent above forecast. Individual Withholding Tax revenue increased 4.0 percent compared to last year amid tax rate reductions.

September Individual Income Tax Refunds totaled \$14.4 million, \$1.8 million above last year and \$4.3 million above forecast. Refund claims above forecast subtract from net revenue results.

September Sales and Use Tax totaled \$288.7 million, an increase of \$29.7 million or 11.5 percent above last year. Collections were above monthly forecast levels by \$29.8 million or 11.5 percent. Most major reporting sectors of Sales Tax displayed high growth over the prior year, reflecting continuing economic expansion in many sectors. Motor vehicle sales tax collections were up 2.0 percent from year ago September.

September Corporate Income Tax totaled \$164.8 million, an increase of \$24.8 million from year ago, and \$64.3 million above forecast.

September Corporate Income Tax Refunds totaled \$0 million. This amount is -\$1.3 million below year ago levels. Refunds were also -\$2.0 million below forecast.

September Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$16.7 million. Collections decreased by \$1.4 million from year earlier levels and were above forecast by \$0.2 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

SPECIAL REVENUES OF NOTE

Educational Adequacy Fund: Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004 a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. In September 2022, \$59.4 million was collected and deposited to the fund. After deductions, the net amount is \$57.7 million. The monthly collection is equivalent to a 13.5 percent increase from prior year collections.

C: /FISCNOT/September FY 2023
Attachment (2)

September 2022 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/18/22

Millions of \$

	Actual Sept FY22	Forecast Sept FY23	Actual Sept FY23	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	839.7	836.0	879.9	43.9	5.3	40.2	4.8
Corporate Income	191.1	142.8	206.9	64.1	44.9	15.8	8.3
Sales & Use	775.5	783.1	849.2	66.1	8.4	73.7	9.5
Alcohol	19.5	19.1	19.2	0.1	0.7	-0.3	-1.3
Tobacco	56.8	51.7	52.6	0.9	1.7	-4.2	-7.4
Insurance	22.8	27.2	23.9	-3.3	-12.1	1.1	5.0
Racing	0.3	0.3	0.3	0.0	-6.9	0.0	1.8
Gaming	10.4	11.6	12.2	0.6	5.4	1.9	18.0
Severance	3.9	4.5	4.7	0.2	3.6	0.8	20.1
Franchise	6.8	1.6	2.8	1.2	76.0	-4.0	-58.5
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	25.0	24.4	25.9	1.5	6.2	0.9	3.7
Total Gross	1,954.2	1,904.9	2,080.2	175.3	9.2	126.0	6.4
LESS: (SCSF/COF) ¹	60.6	59.1	64.5	5.4	9.1	3.9	6.4
Individual Income Refunds	43.6	37.4	34.6	-2.8	-7.4	-9.0	-20.6
Corporate Income Refunds	10.0	6.9	2.1	-4.8	-70.1	-7.9	-79.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	4.2	5.9	7.1	1.2	20.8	2.9	68.1
Amendment 82 Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	3.9	3.9	3.9	0.0	0.0	0.0	0.0
College Savings Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City & County Tourist	0.2	0.2	0.2	0.0	11.0	0.0	0.0
Educational Excellence	98.8	106.7	108.1	1.4	1.3	9.3	9.4
Educational Adequacy	8.7	9.4	9.6	0.2	1.6	0.8	9.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	230.1	229.5	230.0	0.5	0.2	0.0	0.0
Net Available	1,724.2	1,675.4	1,850.2	174.8	10.4	126.0	7.3

Revenue Forecast Summary for the Month

September Year-to-Date Gross:	\$ 175.3 Million OR 9.2% Above Forecast
September Year-to-Date Net Available:	\$ 174.8 Million OR 10.4% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

September 2022 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 05/18/22

Millions of \$

	Actual Sept FY22	Forecast Sept FY23	Actual Sept FY23	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	332.8	322.6	361.4	38.8	12.0	28.6	8.6
Corporate Income	140.0	100.5	164.8	64.3	64.0	24.8	17.7
Sales & Use	259.0	258.9	288.7	29.8	11.5	29.7	11.5
Alcohol	5.8	5.8	6.1	0.3	4.6	0.2	4.3
Tobacco	18.1	16.5	16.7	0.2	1.2	-1.4	-7.6
Insurance	1.8	1.8	2.7	0.9	52.2	0.9	50.0
Racing	0.2	0.1	0.1	0.0	-35.9	-0.1	-57.6
Gaming	3.2	3.3	3.6	0.3	8.0	0.3	10.1
Severance	0.8	1.0	1.4	0.4	35.8	0.5	64.8
Franchise	1.0	0.7	1.1	0.4	62.7	0.1	14.2
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	2.6	2.5	3.1	0.6	23.6	0.5	20.7
Total Gross	765.3	713.7	849.6	135.9	19.0	84.3	11.0
LESS: (SCSF/COF) ¹	23.7	22.1	26.3	4.2	19.2	2.6	11.0
Individual Income Refunds	12.6	10.1	14.4	4.3	42.2	1.8	14.1
Corporate Income Refunds	1.3	2.0	0.0	-2.0	-100.0	-1.3	-100.0
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.2	2.0	2.2	0.2	12.4	2.0	996.6
Amendment 82 Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	1.3	1.3	1.3	0.0	0.0	0.0	0.0
College Savings Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City & County Tourist	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Educational Excellence	32.9	35.6	36.0	0.4	1.2	3.1	9.4
Educational Adequacy	2.9	3.2	3.2	0.0	-0.5	0.3	9.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	75.0	76.3	83.5	7.2	9.4	8.5	11.3
Net Available	690.3	637.4	766.1	128.7	20.2	75.8	11.0

Revenue Forecast Summary for the Month

September Gross: \$ 135.9 Million OR 19.0% Above Forecast
September Net Available: \$ 128.7 Million OR 20.2% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.