



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**H.5(a)**  
**Economic Analysis and Tax Research**  
1509 West Seventh Street, Suite 404  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-5495  
Fax: (501) 682-1086  
www.arkansas.gov/dfa

**MEMORANDUM**

TO: Larry Walther, Secretary  
Paul Louthian, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research *JS*

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

DATE: December 2, 2022 Copy: Governor's Office

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues** totaled \$2,927.1 million, \$154.2 million or 5.6 percent above year ago levels. After five months into the fiscal year, net available revenue is above the revised forecast by \$12.3 million or 0.4 percent.

**Year-to-date Gross General Revenues** totaled \$3,372.0 million, representing an increase of \$195.6 million or 6.2 percent above last year. Gross general revenues are above forecast by \$16.5 million or 0.5 percent.

**Year-to-date Individual Income Taxes** totaled \$1,479.5 million, \$58.3 million or 4.1 percent above FY 2022 collections and \$1.1 million or 0.1 percent above forecast.

**Year-to-date individual income tax refunds** totaled \$105.9 million, up \$14.2 million or 15.4 percent compared to last year and \$2.0 million or 1.9 percent above forecast.

**Year-to-date Sales and Use Tax** totaled \$1,401.2 million, an increase of \$120.6 million or 9.4 percent from FY2022 and \$11.6 million or 0.8 percent above forecast.

**Year-to-date Corporate Income Taxes** totaled \$255.4 million, an increase of \$20.3 million from year-to-date FY2022 which is above forecast by \$3.2 million or 1.3 percent.

**Year-to-date corporate income tax refunds** totaled \$21.6 million, an increase of \$3.7 million compared to the same year-to-date period last year.

## NOVEMBER REVENUE SUMMARY

**November Net Available General Revenues** totaled \$472.1 million, \$27.8 million or -5.6 percent below last year and \$12.3 million or 2.7 percent above forecast.

The Official (Annual) General Revenue Forecast was revised on November 10<sup>th</sup> to reflect tax cuts from the special session of 2022 and updated economic assumptions. Monthly forecast values for all revenue categories were reset in the second half of the month to reflect expected change in monthly collection patterns in reaching the expected annual endpoint for collections on June 30<sup>th</sup> and the indicated surplus of \$598.1 million.

Monthly revenue results were above forecast in all major collection categories. Sales Tax collection growth was broad based across reporting sectors. Individual Income Tax collections were slightly above forecast at the effective onset of tax cuts. Net revenue results were lowered by Income Tax Refunds running \$5.5 million over forecast.

Among smaller revenue sources, Tobacco was below forecast by \$0.5 million and below year ago collections. Results in Gaming revenue matched forecast at \$3.7 million.

**November Gross General Revenues** totaled \$581.2 million, a decrease of \$6.1 million or -1.0 percent below last year and \$16.5 million or 2.9 percent above forecast. Gross revenue from collections was broad based with gains in Income Tax filings and Sales Tax collections.

**November Individual Income Tax** totaled \$245.5 million. Collections decreased by \$25.3 million, or -9.4 percent compared to last year. With respect to the forecast, collections were \$1.1 million or 0.5 percent above forecast. Individual Withholding Tax revenue decreased -13.4 percent compared to last year with a negative payday calendar timing effect providing temporary losses and effective start of income tax cuts providing a new trend pattern via withholding rate changes.

**November Individual Income Tax Refunds** totaled \$30.4 million, \$8.4 million above last year and \$2.0 million above forecast. Refund claims above forecast subtract from net revenue results.

**November Sales and Use Tax** totaled \$268.9 million, an increase of \$17.5 million or 7.0 percent above last year. Collections were above monthly forecast levels by \$11.6 million or 4.5 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 down -2.6 percent from year ago November.

**November Corporate Income Tax** totaled \$10.0 million, an increase of \$2.0 million from year ago, and \$3.2 million above forecast.

**November Corporate Income Tax Refunds** totaled \$17.7 million. This amount is \$12.5 million above year ago levels. Refunds were also \$3.5 million above forecast.

**November Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$16.2 million. Collections were below year earlier levels and were below forecast by \$0.5 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 November 2022, \$55.8 million was collected and deposited to the fund. After deductions, the net amount is \$54.1 million. The monthly collection is equivalent to a 4.7 percent increase from prior year collections.

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

## November 2022 Year-to-Date General Revenue Report

### Economic Analysis and Tax Research, DFA

Forecast Date: 11/10/22

Millions of \$

	Actual Nov FY22	Forecast Nov FY23	Actual Nov FY23	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	1,421.2	1,478.4	1,479.5	1.1	0.1	58.3	4.1
Corporate Income	235.1	252.2	255.4	3.2	1.3	20.3	8.6
Sales & Use	1,280.6	1,389.6	1,401.2	11.6	0.8	120.6	9.4
Alcohol	30.8	30.6	31.1	0.5	1.7	0.3	1.0
Tobacco	94.2	88.2	87.7	-0.5	-0.5	-6.5	-6.9
Insurance	47.5	49.9	48.9	-1.0	-2.1	1.4	2.9
Racing	0.4	0.5	0.4	-0.1	-12.4	0.0	1.1
Gaming	17.5	19.7	19.7	0.0	0.0	2.2	12.9
Severance	5.8	6.9	6.8	-0.1	-1.7	1.0	16.7
Franchise	8.0	4.4	5.1	0.7	15.4	-2.9	-36.5
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	32.6	32.5	33.5	1.0	3.1	0.9	2.9
<b>Total Gross</b>	<b>3,176.4</b>	<b>3,355.5</b>	<b>3,372.0</b>	<b>16.5</b>	<b>0.5</b>	<b>195.6</b>	<b>6.2</b>
LESS: (SCSF/COF) <sup>1</sup>	98.5	104.0	104.5	0.5	0.5	6.1	6.2
Individual Income Refunds	91.7	103.9	105.9	2.0	1.9	14.2	15.4
Corporate Income Refunds	17.9	18.1	21.6	3.5	19.3	3.7	20.4
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	6.5	9.4	7.5	-1.9	-20.5	1.0	15.1
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	6.4	6.4	6.4	0.0	0.0	0.0	0.0
College Savings Bonds	2.7	2.5	2.5	0.0	1.4	-0.2	-7.8
City & County Tourist	0.4	0.4	0.4	0.0	11.0	0.0	0.0
Educational Excellence	164.6	180.1	180.1	0.0	0.0	15.5	9.4
Educational Adequacy	14.6	15.9	15.9	0.0	0.1	1.4	9.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Deductions</b>	<b>403.4</b>	<b>440.7</b>	<b>444.9</b>	<b>4.2</b>	<b>1.0</b>	<b>41.5</b>	<b>10.3</b>
<b>Net Available</b>	<b>2,773.0</b>	<b>2,914.8</b>	<b>2,927.1</b>	<b>12.3</b>	<b>0.4</b>	<b>154.2</b>	<b>5.6</b>

#### Revenue Forecast Summary for the Month

November Year-to-Date Gross:                   \$ 16.5 Million OR 0.5% Above Forecast  
November Year-to-Date Net Available:           \$ 12.3 Million OR 0.4% Above Forecast

<sup>1</sup> State Central Services Fund and Constitutional Officers Fund.

**November 2022 General Revenue Report**  
**Economic Analysis and Tax Research, DFA**

Forecast Date: 11/10/22

Millions of \$

	Actual Nov FY22	Forecast Nov FY23	Actual Nov FY23	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	270.9	244.4	245.5	1.1	0.5	-25.3	-9.4
Corporate Income	8.0	6.7	10.0	3.2	48.2	2.0	25.0
Sales & Use	251.4	257.3	268.9	11.6	4.5	17.5	7.0
Alcohol	5.5	5.4	5.9	0.5	9.9	0.4	7.8
Tobacco	18.6	16.7	16.2	-0.5	-2.9	-2.4	-12.8
Insurance	24.4	25.3	24.2	-1.0	-4.1	-0.2	-0.7
Racing	0.1	0.1	0.1	-0.1	-49.2	0.0	-20.0
Gaming	3.6	3.7	3.7	0.0	0.2	0.1	2.5
Severance	1.0	1.0	0.9	-0.1	-12.1	-0.1	-11.0
Franchise	0.3	0.7	1.4	0.7	91.7	1.1	406.5
Real Estate Transfer	0.0	0.0	0.0	0.0	-100.0	0.0	0.0
Miscellaneous	3.6	3.3	4.3	1.0	30.7	0.8	21.5
<b>Total Gross</b>	<b>587.2</b>	<b>564.7</b>	<b>581.2</b>	<b>16.5</b>	<b>2.9</b>	<b>-6.1</b>	<b>-1.0</b>
LESS: (SCSF/COF) <sup>1</sup>	18.2	17.5	18.0	0.5	3.0	-0.2	-1.0
Individual Income Refunds	22.0	28.4	30.4	2.0	7.0	8.4	38.2
Corporate Income Refunds	5.1	14.2	17.7	3.5	24.7	12.5	244.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	2.1	1.9	0.0	-1.9	-100.0	-2.1	-100.0
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	1.2	1.2	1.2	0.0	0.0	0.0	0.0
College Savings Bonds	2.7	2.5	2.5	0.0	1.4	-0.2	-7.8
City & County Tourist	0.0	0.0	0.0	0.0	-100.0	0.0	0.0
Educational Excellence	32.9	36.0	36.0	0.0	0.0	3.1	9.4
Educational Adequacy	2.9	3.2	3.2	0.0	0.7	0.3	9.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Deductions</b>	<b>87.3</b>	<b>104.8</b>	<b>109.0</b>	<b>4.2</b>	<b>4.0</b>	<b>21.8</b>	<b>25.0</b>
<b>Net Available</b>	<b>500.0</b>	<b>459.8</b>	<b>472.1</b>	<b>12.3</b>	<b>2.7</b>	<b>-27.8</b>	<b>-5.6</b>

Revenue Forecast Summary for the Month

November Gross: \$ 16.5 Million OR 2.9% Above Forecast  
November Net Available: \$ 12.3 Million OR 2.7% Above Forecast

<sup>1</sup> State Central Services Fund and Constitutional Officers Fund.