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and Administration**

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**MEMORANDUM**

TO: Larry Walther, Director  
Paul Louthian, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research JS

SUBJECT: **General Revenue Report for March (FY 2019)**

DATE: April 2, 2019

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$4,139.7 million, \$207.1 million or 5.3 percent above year ago levels. After nine months into the fiscal year, net available revenue is above forecast by \$46.8 million or 1.1 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$4,945.9 million, representing an increase of \$194.2 million or 4.1 percent above last year. Gross general revenues are above forecast by \$58.8 million or 1.2 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$2,357.8 million, \$35.7 million or 1.5 percent above FY 2018 collections and \$26.9 million or -1.1 percent below forecast.

**Year-to-date individual income tax refunds** total \$305.6 million, an increase of \$16.2 million or 5.6 percent compared to last year and \$7.7 million or 2.6 percent above forecast. Amounts above forecast in refund categories detract from net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,844.3 million, an increase of \$47.5 million or 2.6 percent from FY 2018

and \$21.0 million or -1.1 percent below forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$358.0 million, an increase of \$110.8 million from year-to-date FY 2018. Corporate income is above forecast by \$105.5 million or 41.8 percent.

**Year-to-date corporate income tax refunds** total \$51.4 million, an increase of \$16.2 million compared to the same year-to-date period last year. Corporate Refunds were \$9.7 million above forecast over the period.

### **MARCH REVENUE SUMMARY**

**March Net Available General Revenues and Summary Results:** Net Available general revenues total \$407.1 million, \$65.0 million or 19.0 percent above last year and \$51.9 million or 14.6 percent above the forecast.

Among the major categories, Corporate Income tax collections and Individual Income exceeded forecast and year ago collections. Corporate Income is a volatile revenue source with elevated payments often followed by large refund claims. Individual Income Tax collections reflect gains in payments with Tax Returns and continued good growth in Payroll Withholding. Sales Tax collections were below forecast due to lower collections in non-Retail categories and lower collections from Motor Vehicle Sales Tax. Corporate and Individual Income Tax Refunds were above forecast for the month, detracting from net revenue results.

Among smaller revenue sources, Tobacco was below forecast by \$2.1 million and below year ago collections. Results in Gaming revenue exceeded forecast by \$0.2 million.

**March Gross General Revenues:** March collections total \$599.3 million, an increase of \$80.8 million or 15.6 percent above last year and \$67.0 million or 12.6 percent above forecast.

**March Individual Income Tax** collections total \$265.9 million. Collections increased by \$15.7 million or 6.3 percent compared to last year. With respect to the forecast, collections were \$6.7 million or 2.6 percent above forecast. Individual withholding increased 4.4 percent compared to last year with no payday timing differences compared to year ago results.

**March Individual Income Tax Refunds** total \$136.5 million, \$16.3 million or 13.6 percent above last year and \$12.4 million or 10.0 percent above forecast. Refund amounts above forecast detract from net available fund results.

**March Sales and Use Tax Collections:** March collections total \$201.6 million, an increase of \$1.7 million or 0.8 percent from last year. Collections were below monthly

forecast levels by \$4.8 million or -2.3 percent. The Sales Tax tax reduction on food for home consumption was reflected in results in March following the statutory rate reduction on January 1, 2019.

**March Corporate Income Tax** collections total \$82.1 million, an increase of \$64.7 million from year ago, and \$66.0 million above forecast. Higher Estimated Payments accounted for the gain in this volatile category.

**March Corporate Income Tax Refunds** total \$4.3 million. This amount is \$2.8 million above year ago levels. Refunds were also \$1.4 million above forecast.

**March Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$15.8 million. Collections decreased by \$3.4 million or -17.7 percent from year earlier levels and were below forecast by -\$2.1 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 March 2019, \$42.8 million was collected and deposited to the fund. After deductions, the net amount is \$41.6 million. The monthly collection is equivalent to a 1.8 percent decrease from prior year collections.

Q:\Monthly Reports\FY 2019\March FY 2019  
Attachment (2)

MARCH 2019 YEAR-TO-DATE GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 11/14/2018

MILLIONS OF \$

	ACTUAL FY18	FORECAST FY19	ACTUAL FY19	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	2,322.2	2,384.7	2,357.8	-26.9	-1.1	35.7	1.5
CORPORATE INCOME	247.2	252.5	358.0	105.5	41.8	110.8	44.8
SALES AND USE	1,796.9	1,865.3	1,844.3	-21.0	-1.1	47.5	2.6
ALCOHOLIC BEVERAGE	41.1	41.6	42.1	0.5	1.2	1.0	2.4
TOBACCO	164.7	159.1	158.9	-0.2	-0.1	-5.8	-3.5
INSURANCE	61.5	64.3	63.2	-1.1	-1.7	1.7	2.8
RACING	1.6	1.6	1.4	-0.2	-10.6	-0.2	-10.5
GAMES OF SKILL	46.4	48.3	49.8	1.5	3.2	3.4	7.4
MISCELLANEOUS <sup>1</sup>	70.2	69.7	70.3	0.6	0.8	0.1	0.1
<b>TOTAL GROSS</b>	<b>4,751.7</b>	<b>4,887.1</b>	<b>4,945.9</b>	<b>58.8</b>	<b>1.2</b>	<b>194.2</b>	<b>4.1</b>
LESS: SCSF/COF <sup>2</sup>	147.3	151.5	153.3	1.8	1.2	6.0	4.1
INDIV INCOME TAX REFUNDS	289.4	297.9	305.6	7.7	2.6	16.2	5.6
CORP INCOME TAX REFUNDS	35.2	41.7	51.4	9.7	23.2	16.2	46.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	9.4	16.4	9.2	-7.2	-44.1	-0.2	-2.3
AMENDMENT 82 BONDS	1.1	1.1	1.1	0.0	-1.6	0.0	-2.3
RECYCLING EQUIP CREDIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WATER/SEWER BONDS	11.2	11.2	11.2	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	3.6	3.4	3.4	0.0	0.3	-0.2	-5.3
CITY & COUNTY TOURIST	0.7	0.7	0.7	0.0	-4.9	0.0	0.0
SCHOOL DESEGREGATION	59.8	0.0	0.0	0.0	0.0	-59.8	-100.0
EDUCATIONAL EXCELLENCE	240.2	248.4	248.4	0.0	0.0	8.2	3.4
EDUCATIONAL ADEQUACY	21.2	21.9	22.0	0.1	0.3	0.7	3.4
<b>TOTAL DEDUCTIONS</b>	<b>819.2</b>	<b>794.2</b>	<b>806.2</b>	<b>12.0</b>	<b>1.5</b>	<b>-12.9</b>	<b>-1.6</b>
<b>NET AVAILABLE</b>	<b>3,932.6</b>	<b>4,092.9</b>	<b>4,139.7</b>	<b>46.8</b>	<b>1.1</b>	<b>207.1</b>	<b>5.3</b>

REVENUE FORECAST SUMMARY FOR MARCH

YEAR-TO-DATE GROSS	\$ 58.8 MILLION OR 1.2% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 46.8 MILLION OR 1.1% ABOVE FORECAST

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.

MARCH 2019 GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 11/14/2018

MILLIONS OF \$

				CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
	ACTUAL MAR FY18	FORECAST MAR FY19	ACTUAL MAR FY19	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	250.2	259.2	265.9	6.7	2.6	15.7	6.3
CORPORATE INCOME	17.4	16.1	82.1	66.0	410.0	64.7	370.8
SALES AND USE	200.0	206.4	201.6	-4.8	-2.3	1.7	0.8
ALCOHOLIC BEVERAGE	4.3	4.3	4.4	0.1	2.9	0.1	2.0
TOBACCO	19.2	17.9	15.8	-2.1	-11.6	-3.4	-17.7
INSURANCE	16.4	17.2	17.2	0.0	-0.1	0.8	5.0
RACING	0.3	0.3	0.3	0.0	0.5	0.0	-6.5
GAMES OF SKILL	5.6	5.8	6.0	0.2	3.2	0.4	6.7
MISCELLANEOUS <sup>1</sup>	5.1	5.1	6.0	0.9	17.8	1.0	18.8
<b>TOTAL GROSS</b>	<b>518.5</b>	<b>532.3</b>	<b>599.3</b>	<b>67.0</b>	<b>12.6</b>	<b>80.8</b>	<b>15.6</b>
LESS: SCSF/COF <sup>2</sup>	16.1	16.5	18.6	2.1	12.6	2.5	15.6
INDIV INCOME TAX REFUNDS	120.2	124.1	136.5	12.4	10.0	16.3	13.6
CORP INCOME TAX REFUNDS	1.5	2.9	4.3	1.4	47.9	2.8	191.2
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	2.5	2.4	1.6	-0.8	-33.4	-0.9	-34.9
AMENDMENT 82 BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RECYCLING EQUIP 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	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
SCHOOL DESEGREGATION	6.0	0.0	0.0	0.0	0.0	-6.0	-100.0
EDUCATIONAL EXCELLENCE	26.7	27.6	27.6	0.0	0.0	0.9	3.4
EDUCATIONAL ADEQUACY	2.4	2.4	2.4	0.0	1.7	0.1	3.4
<b>TOTAL DEDUCTIONS</b>	<b>176.4</b>	<b>177.1</b>	<b>192.2</b>	<b>15.1</b>	<b>8.5</b>	<b>15.8</b>	<b>9.0</b>
<b>NET AVAILABLE</b>	<b>342.1</b>	<b>355.2</b>	<b>407.1</b>	<b>51.9</b>	<b>14.6</b>	<b>65.0</b>	<b>19.0</b>

REVENUE FORECAST SUMMARY FOR MARCH

MARCH GROSS	\$ 67.0 MILLION OR 12.6% ABOVE FORECAST
MARCH NET AVAILABLE	\$ 51.9 MILLION OR 14.6% ABOVE FORECAST

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.