



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

OFFICE OF THE SECRETARY
 1509 West Seventh Street, Suite 401
 Post Office Box 3278
 Little Rock, Arkansas 72203-3278
 Phone: (501) 682-2242
 Fax: (501) 682-1029
www.arkansas.gov/dfa

MEMORANDUM

TO: Larry Walther, Secretary
 Paul Louthian, Deputy Director

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

SUBJECT: **General Revenue Report for September (FY 2020)**

DATE: October 2, 2019

Copy: Governor's Office
 Management Services

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues: Year-to-date net available general revenues total \$1,515.9 million, \$42.9 million or 2.9 percent above year ago levels. After three months into the fiscal year, net available revenue is above forecast by \$38.9 million or 2.6 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$1,693.5 million, representing an increase of \$36.8 million or 2.2 percent above last year. Gross general revenues are above forecast by \$32.4 million or 1.9 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$799.1 million, \$32.1 million or 4.2 percent above FY 2019 collections and \$15.7 million or 2.0 percent above forecast.

Year-to-date individual income tax refunds total \$24.6 million, down \$5.3 million or -17.7 percent compared to last year and \$0.3 million or -1.0 percent below forecast. Amounts below forecast in refund categories add to net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$638.0 million, an increase of \$8.9 million or 1.4 percent from FY 2019 and \$4.6 million or -0.7 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$117.3 million, a decrease of \$0.5 million from year-to-date FY 2019. Corporate income is above forecast by \$15.9 million or 15.7 percent.

Year-to-date corporate income tax refunds total \$2.9 million, a decrease of \$1.4 million compared to the same year-to-date period last year.

SEPTEMBER REVENUE SUMMARY

September Net Available General Revenues total \$604.1 million, \$34.5 million or 6.1 percent above last year and \$31.4 million or 5.5 percent above forecast.

Individual and Corporate Income Tax collections were above forecast in gross collections and refunds were less than expected during the month. Sales tax collections were 0.5 percent above last year and \$4.1 million below forecast for the month.

Among smaller revenue sources, Tobacco was higher than forecast by \$0.5 million and below year ago collections. Results in Gaming revenue exceeded forecast by \$0.3 million.

September Gross General Revenues: September collections total \$664.5 million, an increase of \$29.9 million or 4.7 percent above last year and \$25.6 million or 4.0 percent above forecast.

September Individual Income Tax collections total \$337.7 million. Collections increased by \$23.7 million or 7.5 percent compared to last year. With respect to the forecast, collections were \$11.0 million or 3.4 percent above forecast. Individual withholding increased 4.8 percent compared to last year.

September Individual Income Tax Refunds total \$5.6 million, \$5.1 million or 47.9 percent below last year and \$5.4 million below forecast. Refund amounts below forecast add to net available fund results.

September Sales and Use Tax Collections: September collections total \$209.5 million, an increase of \$1.0 million or 0.5 percent above last year. Collections were below monthly forecast levels by \$4.1 million or -1.9 percent.

September Corporate Income Tax collections total \$88.1 million, an increase of \$7.7 million from year ago, and \$17.5 million or 24.8 percent above forecast.

September Corporate Income Tax Refunds total \$1.4 million. This amount is \$0.4 million above year ago levels. Refunds were also \$0.3 million above forecast.

September Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$16.6 million. Collections decreased by -2.2 percent from year

earlier levels and were above 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 September 2019, \$43.8 million was collected and deposited to the fund. After deductions, the net amount is \$42.5 million. The monthly collection is equivalent to a 1.2 percent increase from prior year collections.

C: /FISCNOT/September FY 2020
Attachment (2)

September 2019 Year-to-Date General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 05/15/2019

Millions of \$

	Actual Sep FY19	Forecast Sep FY20	Actual Sep FY20	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	767.0	783.4	799.1	15.7	2.0	32.1	4.2
Corporate Income	117.8	101.4	117.3	15.9	15.7	-0.5	-0.4
Sales & Use	629.1	642.6	638.0	-4.6	-0.7	8.9	1.4
Alcohol	15.0	15.1	15.7	0.6	4.1	0.8	5.0
Tobacco	54.9	52.8	56.5	3.7	7.1	1.6	2.9
Insurance	21.5	21.2	21.5	0.3	1.2	-0.1	-0.4
Racing	0.4	0.4	0.4	0.0	-11.9	0.0	-8.6
Gaming	16.7	10.4	11.0	0.6	5.8	-5.7	-34.2
Miscellaneous ¹	34.3	33.8	34.0	0.2	0.5	-0.3	-1.0
Total Gross	1,656.7	1,661.1	1,693.5	32.4	1.9	36.8	2.2
LESS: (SCSF/COF) ²	51.4	51.5	52.5	1.0	1.9	1.1	2.2
Individual Income Tax Refunds	29.9	24.9	24.6	-0.3	-1.0	-5.3	-17.7
Corporate Income Tax Refunds	4.3	4.7	2.9	-1.8	-38.8	-1.4	-33.2
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	3.9	5.9	1.5	-4.4	-73.9	-2.4	-60.6
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	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	82.8	85.5	84.4	-1.1	-1.2	1.6	2.0
Educational Adequacy	7.3	7.5	7.5	0.0	-0.5	0.1	2.0
Total Deductions	183.8	184.1	177.6	-6.5	-3.5	-6.2	-3.4
Net Available	1,473.0	1,477.0	1,515.9	38.9	2.6	42.9	2.9

Revenue Forecast Summary for September

Year-to-Date Gross: \$ 32.4 Million OR 1.9% Above Forecast
Year-to-Date Net Available: \$ 38.9 Million OR 2.6% 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.

September 2019 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 05/15/2019

Millions of \$

	Actual Sep FY19	Forecast Sep FY20	Actual Sep FY20	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	314.1	326.7	337.7	11.0	3.4	23.7	7.5
Corporate Income	80.4	70.6	88.1	17.5	24.8	7.7	9.5
Sales & Use	208.5	213.6	209.5	-4.1	-1.9	1.0	0.5
Alcohol	4.7	4.8	5.0	0.2	4.9	0.3	6.4
Tobacco	16.9	16.1	16.6	0.5	2.8	-0.4	-2.2
Insurance	0.8	0.8	1.1	0.3	38.2	0.3	38.2
Racing	0.1	0.1	0.1	0.0	27.6	0.0	41.3
Gaming	5.5	2.3	2.6	0.3	12.3	-3.0	-53.4
Miscellaneous ¹	3.6	3.9	3.8	-0.1	-1.6	0.2	6.0
Total Gross	634.7	638.9	664.5	25.6	4.0	29.9	4.7
LESS: (SCSF/COF) ²	19.7	19.8	20.6	0.8	4.0	0.9	4.7
Individual Income Tax Refunds	10.7	11.0	5.6	-5.4	-49.3	-5.1	-47.9
Corporate Income Tax Refunds	1.0	1.1	1.4	0.3	22.8	0.4	38.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	2.4	2.0	1.0	-1.0	-50.6	-1.4	-58.7
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	27.6	28.5	28.1	-0.4	-1.2	0.5	2.0
Educational Adequacy	2.4	2.5	2.5	0.0	-0.5	0.0	2.0
Total Deductions	65.1	66.2	60.5	-5.7	-8.7	-4.7	-7.1
Net Available	569.6	572.7	604.1	31.4	5.5	34.5	6.1

Revenue Forecast Summary for September

September Gross: \$ 25.6 Million OR 4.0% Above Forecast
September Net Available: \$ 31.4 Million OR 5.5% 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.