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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 January (FY 2020)**

DATE: February 4, 2020 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 \$3,560.8 million, \$149.7 million or 4.4 percent above year ago levels. After seven months into the fiscal year, net available revenue is above forecast by \$94.2 million or 2.7 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$4,030.4 million, representing an increase of \$143.0 million or 3.7 percent above last year. Gross general revenues are above forecast by \$80.6 million or 2.0 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,953.4 million, \$98.1 million or 5.3 percent above FY 2019 collections and \$4.3 million or 0.2 percent above forecast.

**Year-to-date individual income tax refunds** total \$79.1 million, lower by \$1.3 million or -1.6 percent compared to last year and \$1.9 million or -2.3 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 \$1,515.0 million, an increase of \$57.9 million or 4.0 percent from FY 2019 and \$14.4 million or 1.0 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$270.7 million, an increase of \$2.5 million from year-to-date FY 2019. Corporate income is above forecast by \$47.9 million or 21.5 percent.

**Year-to-date corporate income tax refunds** total \$29.5 million, a decrease of \$14.7 million compared to the same year-to-date period last year.

## JANUARY REVENUE SUMMARY

**January Net Available General Revenues** total \$594.6 million, \$40.6 million or 7.3 percent above last year and \$1.1 million or 0.2 percent above forecast.

Corporate Income Tax and Sales Tax were above forecast in January. Corporate Income Tax collections benefited from gains in estimated payments compared to expectations. Sales tax collections were 8.0 percent above last year with gains in both consumer-related categories and business-related categories. Holiday shopping activity benefited collections in January. The motor vehicle portion of Sales Tax had moderate growth. Individual Income Tax collections were below forecast from lower than expected quarterly Estimated Payments. Payroll Withholding Tax collections were less than expected for the month.

Among smaller revenue sources, Tobacco was above forecast by \$1.7 million and above year ago collections. Results in Gaming revenue exceeded forecast by \$0.5 million.

**January Gross General Revenues:** January collections total \$653.7 million, an increase of \$31.1 million or 5.0 percent above last year and \$1.5 million or -0.2 percent below forecast.

**January Individual Income Tax** collections total \$359.0 million. Collections increased by \$16.8 million or 4.9 percent compared to last year. With respect to the forecast, collections were \$15.4 million or -4.1 percent below forecast. Individual withholding increased 2.8 percent compared to last year.

**January Individual Income Tax Refunds** total \$1.9 million, \$0.9 million above last year and \$0.7 million above forecast.

**January Sales and Use Tax Collections:** January collections total \$224.4 million, an increase of \$16.6 million or 8.0 percent above last year. Collections were also above monthly forecast levels by \$5.8 million or 2.6 percent.

**January Corporate Income Tax** collections total \$38.6 million, an increase of \$6.5 million from year ago, and \$11.3 million above forecast. Gains in quarterly Estimated Payments accounted for most of the gain.

**January Corporate Income Tax Refunds** total \$4.3 million. This amount is \$12.5 million below year ago levels. Refunds were also \$1.6 million below forecast.

**January Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$17.5 million. Collections increased by \$1.2 million from year earlier levels and were above forecast by \$1.7 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 January 2020, \$46.4 million was collected and deposited to the fund. After deductions, the net amount is \$45.0 million. The monthly collection is equivalent to a 7.6 percent increase from prior year collections.

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



**January 2020 Year-to-Date General Revenue Report**  
**Economic Analysis and Tax Research, DFA**

Forecast Date: 05/15/2019

Millions of \$

	Actual Jan FY19	Forecast Jan FY20	Actual Jan FY20	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	1,855.3	1,949.1	1,953.4	4.3	0.2	98.1	5.3
Corporate Income	268.2	222.8	270.7	47.9	21.5	2.5	0.9
Sales & Use	1,457.2	1,500.6	1,515.0	14.4	1.0	57.9	4.0
Alcohol	33.6	33.7	35.9	2.2	6.5	2.3	6.9
Tobacco	128.1	121.2	127.9	6.7	5.6	-0.2	-0.1
Insurance	45.2	43.8	46.5	2.7	6.3	1.3	2.9
Racing	0.9	0.9	0.9	0.0	2.9	0.0	2.1
Gaming	38.4	19.3	22.0	2.7	13.8	-16.4	-42.8
Miscellaneous <sup>1</sup>	60.5	58.4	58.0	-0.4	-0.8	-2.6	-4.3
<b>Total Gross</b>	<b>3,887.4</b>	<b>3,949.8</b>	<b>4,030.4</b>	<b>80.6</b>	<b>2.0</b>	<b>143.0</b>	<b>3.7</b>
LESS: (SCSF/COF) <sup>2</sup>	120.5	122.4	124.9	2.5	2.1	4.4	3.7
Individual Income Tax Refunds	80.5	81.0	79.1	-1.9	-2.3	-1.3	-1.6
Corporate Income Tax Refunds	44.3	35.3	29.5	-5.8	-16.3	-14.7	-33.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	6.8	13.6	7.8	-5.8	-42.9	0.9	13.5
Amendment 82 Bonds	1.1	1.1	1.1	0.0	-4.5	0.0	-2.9
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	8.8	8.8	8.8	0.0	0.0	0.0	0.0
College Savings Bonds	3.4	3.3	3.2	-0.1	-1.5	-0.2	-4.7
City & County Tourist	0.7	0.6	0.7	0.1	11.0	0.0	0.0
Educational Excellence	193.2	199.5	197.0	-2.5	-1.2	3.8	2.0
Educational Adequacy	17.1	17.6	17.4	-0.2	-1.0	0.3	2.0
<b>Total Deductions</b>	<b>476.3</b>	<b>483.2</b>	<b>469.6</b>	<b>-13.6</b>	<b>-2.8</b>	<b>-6.8</b>	<b>-1.4</b>
<b>Net Available</b>	<b>3,411.1</b>	<b>3,466.6</b>	<b>3,560.8</b>	<b>94.2</b>	<b>2.7</b>	<b>149.7</b>	<b>4.4</b>

Revenue Forecast Summary for January

Year-to-Date Gross:                   \$ 80.6 Million OR 2.0% Above Forecast  
Year-to-Date Net Available:           \$ 94.2 Million OR 2.7% 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.

**January 2020 General Revenue Report**  
**Economic Analysis and Tax Research, DFA**

Forecast Date: 05/15/2019

Millions of \$

	Actual Jan FY19	Forecast Jan FY20	Actual Jan FY20	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	342.2	374.4	359.0	-15.4	-4.1	16.8	4.9
Corporate Income	32.1	27.3	38.6	11.3	41.4	6.5	20.4
Sales & Use	207.8	218.6	224.4	5.8	2.6	16.6	8.0
Alcohol	4.9	4.9	5.3	0.4	7.6	0.3	6.9
Tobacco	16.3	15.8	17.5	1.7	10.8	1.2	7.2
Insurance	0.8	0.9	0.9	0.0	1.4	0.1	9.0
Racing	0.1	0.1	0.3	0.2	210.4	0.2	131.6
Gaming	5.8	2.4	2.9	0.5	20.1	-2.9	-50.4
Miscellaneous <sup>1</sup>	12.5	10.8	4.8	-6.0	-55.3	-7.6	-61.3
<b>Total Gross</b>	<b>622.6</b>	<b>655.2</b>	<b>653.7</b>	<b>-1.5</b>	<b>-0.2</b>	<b>31.1</b>	<b>5.0</b>
LESS: (SCSF/COF) <sup>2</sup>	19.3	20.3	20.3	0.0	-0.2	1.0	5.0
Individual Income Tax Refunds	1.0	1.2	1.9	0.7	58.2	0.9	90.2
Corporate Income Tax Refunds	16.7	5.9	4.3	-1.6	-27.5	-12.5	-74.5
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	0.0	1.9	0.5	-1.4	-71.2	0.5	0.0
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	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	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
<b>Total Deductions</b>	<b>68.5</b>	<b>61.7</b>	<b>59.0</b>	<b>-2.7</b>	<b>-4.3</b>	<b>-9.5</b>	<b>-13.8</b>
<b>Net Available</b>	<b>554.1</b>	<b>593.5</b>	<b>594.6</b>	<b>1.1</b>	<b>0.2</b>	<b>40.6</b>	<b>7.3</b>

Revenue Forecast Summary for January

January Gross: \$ 1.5 Million OR 0.2% Below Forecast  
January Net Available: \$ 1.1 Million OR 0.2% 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.