



STATE OF ARKANSAS  
**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 November (FY 2021)**

DATE: December 2, 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 \$2,693.4 million, \$274.8 million or 11.4 percent above year ago levels. After five months into the fiscal year, net available revenue is above forecast by \$283.3 million or 11.8 percent. The results include net collection increases tied to the income tax due date shift to July from April in the prior fiscal year.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$3,092.2 million, representing an increase of \$329.0 million or 11.9 percent above last year. Gross general revenues are above forecast by \$305.9 million or 11.0 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,521.9 million, \$204.4 million or 15.5 percent above FY 2020 collections and \$145.3 million or 10.6 percent above forecast.

**Year-to-date individual income tax refunds** total \$109.1 million, up \$37.4 million or 52.1 percent compared to last year and \$18.1 million or 19.9 percent above forecast. Amounts above forecast in refund categories reduce net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,162.7 million, an increase of \$97.0 million or 9.1 percent from FY 2020 and \$103.6 million or 9.8 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$173.2 million, an increase of \$15.1 million from year-to-date FY 2020. Corporate income is above forecast by \$29.0 million or 20.1 percent.

**Year-to-date corporate income tax refunds** total \$22.2 million, an increase of \$4.0 million compared to the same year-to-date period last year.

## **NOVEMBER REVENUE SUMMARY**

**November Net Available General Revenues** total \$464.0 million, \$32.2 million or 7.5 percent above last year and \$51.5 million or 12.5 percent above forecast.

The major collection categories of Individual Income Tax and Sales Tax were above forecast in November. Individual Income Tax was above forecast by \$22.8 million, with both Payroll Withholding Tax and Return Payments running ahead of projections. Sales Tax collections were above forecast by \$6.4 million, with continued gains in retail and vehicle sales. Corporate Income tax collections were \$1.8 million below forecast in a traditionally low collection month. Income Tax Refunds were less than expected, adding to net revenue results.

Among smaller revenue sources, Tobacco was above forecast by \$4.1 million and above year ago collections. Results in Gaming revenue exceeded forecast by \$0.4 million.

**November Gross General Revenues:** November collections total \$533.5 million, an increase of \$18.3 million or 3.6 percent above last year and \$31.5 million or 6.3 percent above forecast.

**November Individual Income Tax** collections total \$252.5 million. Collections increased by \$8.2 million or 3.3 percent compared to last year. With respect to the forecast, collections were \$22.8 million or 9.9 percent above forecast. Individual withholding increased 8.6 percent compared to last year, reflecting payday timing differences in year ago comparisons.

**November Individual Income Tax Refunds** total \$7.8 million, \$10.4 million or 57.1 percent below last year and \$13.7 million below forecast. Refund amounts below forecast add to net available fund results.

**November Sales and Use Tax Collections:** November collections total \$219.6 million, an increase of \$5.6 million or 2.6 percent above last year. Collections were above monthly forecast levels by \$6.4 million or 3.0 percent.

**November Corporate Income Tax** collections total \$8.4 million, an increase of \$3.6 million from year ago, and \$1.8 million or -17.3 percent below forecast in an otherwise minor collection month.

**November Corporate Income Tax Refunds** total \$9.0 million. This amount is \$3.0 million below year ago levels. Refunds were also \$6.0 million below forecast.

**November Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$20.0 million. Collections increased by \$2.9 million from year earlier levels and were above forecast by \$4.1 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 November 2020, \$45.4 million was collected and deposited to the fund. After deductions, the net amount is \$44.0 million. The monthly collection is equivalent to a 3.0 percent increase from prior year collections.

C: /FISCNOT/November FY 2021  
Attachment (2)



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

Forecast Date: 04/02/20

Millions of \$

	Actual Nov FY20	Forecast Nov FY21	Actual Nov FY21	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	1,317.5	1,376.6	1,521.9	145.3	10.6	204.4	15.5
Corporate Income	158.0	144.2	173.2	29.0	20.1	15.1	9.6
Sales & Use	1,065.7	1,059.1	1,162.7	103.6	9.8	97.0	9.1
Alcohol	25.7	26.7	28.5	1.8	6.6	2.8	10.7
Tobacco	91.8	83.9	96.5	12.6	15.0	4.6	5.0
Insurance	44.9	44.8	43.6	-1.2	-2.6	-1.2	-2.8
Racing	0.5	0.6	0.3	-0.3	-42.6	-0.2	-37.3
Gaming	16.3	11.9	12.8	0.9	7.5	-3.5	-21.5
Severance	4.2	3.0	3.1	0.1	3.7	-1.1	-25.9
Franchise	3.3	3.2	7.5	4.3	134.7	4.3	130.7
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	32.6	29.7	39.5	9.8	32.9	6.9	21.2
<b>Total Gross</b>	<b>2,763.1</b>	<b>2,786.3</b>	<b>3,092.2</b>	<b>305.9</b>	<b>11.0</b>	<b>329.0</b>	<b>11.9</b>
LESS: (SCSF/COF) <sup>1</sup>	85.7	86.4	95.9	9.5	10.9	10.2	11.9
Individual Income Refunds	71.7	91.0	109.1	18.1	19.9	37.4	52.1
Corporate Income Refunds	18.2	22.8	22.2	-0.6	-2.6	4.0	21.7
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	5.7	9.8	3.7	-6.1	-62.0	-2.0	-34.5
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	3.2	3.0	3.0	0.0	-0.1	-0.3	-7.7
City & County Tourist	0.4	0.5	0.4	-0.1	-11.2	0.0	0.0
Educational Excellence	140.7	143.6	145.2	1.6	1.1	4.5	3.2
Educational Adequacy	12.4	12.7	12.8	0.1	1.1	0.4	3.2
<b>Total Deductions</b>	<b>344.5</b>	<b>376.2</b>	<b>398.7</b>	<b>22.5</b>	<b>6.0</b>	<b>54.2</b>	<b>15.7</b>
<b>Net Available</b>	<b>2,418.6</b>	<b>2,410.1</b>	<b>2,693.4</b>	<b>283.3</b>	<b>11.8</b>	<b>274.8</b>	<b>11.4</b>

## Revenue Forecast Summary for the Month

November Year-to-Date Gross:	\$ 305.9 Million OR 11.0% Above Forecast
November Year-to-Date Net Available:	\$ 283.3 Million OR 11.8% Above Forecast

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

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

Forecast Date: 04/02/20

Millions of \$

	Actual Nov FY20	Forecast Nov FY21	Actual Nov FY21	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	244.4	229.7	252.5	22.8	9.9	8.2	3.3
Corporate Income	4.9	10.2	8.4	-1.8	-17.3	3.6	72.9
Sales & Use	214.0	213.2	219.6	6.4	3.0	5.6	2.6
Alcohol	5.1	5.3	5.7	0.4	7.8	0.6	12.8
Tobacco	17.1	15.9	20.0	4.1	25.5	2.9	16.9
Insurance	21.5	21.5	21.4	-0.1	-0.3	-0.1	-0.5
Racing	0.1	0.2	0.1	-0.1	-58.3	0.0	-21.2
Gaming	2.8	2.3	2.7	0.4	16.1	-0.1	-2.9
Severance	0.7	0.5	0.3	-0.2	-35.1	-0.4	-55.6
Franchise	1.4	0.3	0.4	0.1	47.9	-0.9	-67.2
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	3.3	2.9	2.3	-0.6	-19.3	-1.0	-30.0
<b>Total Gross</b>	<b>515.2</b>	<b>502.0</b>	<b>533.5</b>	<b>31.5</b>	<b>6.3</b>	<b>18.3</b>	<b>3.6</b>
LESS: (SCSF/COF) <sup>1</sup>	16.0	15.6	16.5	0.9	6.0	0.6	3.6
Individual Income Refunds	18.2	21.5	7.8	-13.7	-63.7	-10.4	-57.1
Corporate Income Refunds	12.0	15.0	9.0	-6.0	-40.0	-3.0	-24.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	2.2	2.0	0.4	-1.6	-81.7	-1.8	-83.2
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	3.2	3.0	3.0	0.0	-0.1	-0.3	-7.7
City & County Tourist	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Educational Excellence	28.1	28.7	29.0	0.3	1.2	0.9	3.2
Educational Adequacy	2.5	2.5	2.6	0.1	2.7	0.1	3.2
<b>Total Deductions</b>	<b>83.4</b>	<b>89.5</b>	<b>69.5</b>	<b>-20.0</b>	<b>-22.3</b>	<b>-13.9</b>	<b>-16.7</b>
<b>Net Available</b>	<b>431.8</b>	<b>412.5</b>	<b>464.0</b>	<b>51.5</b>	<b>12.5</b>	<b>32.2</b>	<b>7.5</b>

Revenue Forecast Summary for the Month

November Gross: \$ 31.5 Million OR 6.3% Above Forecast  
November Net Available: \$ 51.5 Million OR 12.5% Above Forecast

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