



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 July (FY 2022)**

DATE: August 3, 2021 Copy: Governor's Office

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**JULY REVENUE SUMMARY**

**July Net Available General Revenues** total \$514.9 million, \$151.1 million or -22.7 percent below last year. After one month into FY 2022, Net Available Revenue is \$39.2 million above the monthly forecast. Comparisons with prior year are distorted by the Income Tax due date shift to July of last year as a one-time change for pandemic relief efforts.

All major collection categories were above forecast in July, led by Individual Income Tax at \$27.9 million above, Sales Tax at \$17.4 million above, and Corporate Income at \$1.9 million above. Individual Income Tax benefited from collections in Payroll Withholding tax and Tax Return Payments. Growth also remained high in a broad range of Sales Tax reporting sectors.

**July Gross General Revenues:** July collections total \$600.3 million, a decrease of \$166.5 million or -21.7 percent from last year and \$51.6 million or 9.4 percent above forecast.

**July Individual Income Tax** collections total \$241.7 million. Collections decreased by \$198.1 million or -45.0 percent compared to last year as a result of the tax filing date shift from April to July 2020. With respect to the forecast, collections were \$27.9 million or 13.1 percent above forecast. Payroll Withholding Tax increased by 6.5 percent from last year.

**July Individual Income Tax Refunds** total \$20.8 million, \$20.8 million below last year and \$4.9 million or 31.1 percent above forecast as a result of tax filing due date differences compared to last year. Refund amounts above forecast subtract from net available fund results.

**July Sales and Use Tax Collections:** July collections total \$260.1 million, an increase of \$23.6 million or 10.0 percent above last year. Collections were also above monthly forecast levels by \$17.4 million or 7.2 percent. Collections from motor vehicle sales tax were up 4.7 percent in July from year ago levels. Collections from Accommodation and Food Services (restaurants) were up 30.1 percent from last year as recently recovered sectors outpace earlier recoveries in other sectors.

**July Corporate Income Tax** collections total \$39.9 million, a decrease of \$12.9 million from year ago, and \$1.9 million above forecast.

**July Corporate Income Tax Refunds** total \$5.7 million. This amount is \$3.3 million above year ago levels and \$1.1 million above forecast.

**July Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$18.9 million. Collections decreased by \$1.3 million or -6.3 percent from year earlier levels and were above forecast by \$0.9 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 July, \$53.5 million was collected and deposited to the fund. After deductions, the net amount is \$51.9 million. The monthly collection represents a 9.2 percent increase from prior year collections.

## July 2021 Year-to-Date General Revenue Report

### Economic Analysis and Tax Research, DFA

Forecast Date: 05/19/21

Millions of \$

	Actual July FY21	Forecast July FY22	Actual July FY22	Change from Forecast		Change from Last Year	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	439.9	213.8	241.7	27.9	13.1	-198.1	-45.0
Corporate Income	52.8	38.0	39.9	1.9	5.0	-12.9	-24.4
Sales & Use	236.4	242.7	260.1	17.4	7.2	23.6	10.0
Alcohol	6.5	6.0	7.1	1.1	19.0	0.7	10.1
Tobacco	20.2	18.0	18.9	0.9	5.0	-1.3	-6.3
Insurance	0.6	0.6	0.4	-0.2	-28.5	-0.1	-23.0
Racing	0.1	0.1	0.1	0.0	-35.7	0.0	-9.8
Gaming	2.6	3.7	3.7	0.0	0.7	1.1	42.9
Severance	1.1	1.1	1.6	0.5	47.1	0.5	47.8
Franchise	2.9	2.6	5.2	2.6	98.5	2.3	77.3
Real Estate Transfer	1.7	1.9	2.1	0.2	10.1	0.4	26.6
Miscellaneous	2.1	20.2	19.5	-0.7	-3.5	17.4	814.9
<b>Total Gross</b>	<b>766.8</b>	<b>548.7</b>	<b>600.3</b>	<b>51.6</b>	<b>9.4</b>	<b>-166.5</b>	<b>-21.7</b>
LESS: (SCSF/COF) <sup>1</sup>	23.8	17.0	18.6	1.6	9.5	-5.2	-21.7
Individual Income Refunds	41.6	15.9	20.8	4.9	31.1	-20.8	-49.9
Corporate Income Refunds	2.3	4.6	5.7	1.1	22.9	3.3	144.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.0	2.0	3.0	1.0	49.3	3.0	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	1.3	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	0.2	0.3	0.2	-0.1	-26.0	0.0	0.0
Educational Excellence	29.0	29.3	32.9	3.6	12.4	3.9	13.4
Educational Adequacy	2.6	2.6	2.9	0.3	12.0	0.3	13.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Deductions</b>	<b>100.8</b>	<b>73.0</b>	<b>85.5</b>	<b>12.5</b>	<b>17.1</b>	<b>-15.4</b>	<b>-15.3</b>
<b>Net Available</b>	<b>665.9</b>	<b>475.7</b>	<b>514.9</b>	<b>39.2</b>	<b>8.2</b>	<b>-151.1</b>	<b>-22.7</b>
LESS: Surplus	0.0	0.0	0.0				
<b>Net AVAILABLE Distribution</b>	<b>665.9</b>	<b>475.7</b>	<b>514.9</b>	<b>39.2</b>	<b>8.2</b>	<b>-151.1</b>	<b>-22.7</b>

#### Revenue Forecast Summary for the Month

July Year-to-Date Gross:	\$ 51.6 Million OR 9.4% Above Forecast
July Year-to-Date Net Available:	\$ 39.2 Million OR 8.2% Above Forecast

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



**July 2021 General Revenue Report**  
**Economic Analysis and Tax Research, DFA**

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