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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 September (FY 2022)**

DATE: October 4, 2021 Copy: Governor's Office

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$1,724.2 million, \$19.1 million or -1.1 percent below year ago levels. After three months into the fiscal year, net available revenue is above forecast by \$249.1 million or 16.9 percent. 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.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$1,954.2 million, representing a decrease of \$39.0 million or -2.0 percent below last year. Gross general revenues are above forecast by \$282.8 million or 16.9 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$839.7 million, \$165.7 million or -16.5 percent below FY 2021 collections and \$136.4 million or 19.4 percent above forecast. Tax due date shift accounts for the disparity against year ago levels while Individual Return payments, Estimated Payments, and Payroll Withholding collections account for the gains above forecast.

**Year-to-date individual income tax refunds** total \$43.6 million, down \$38.1 million or -46.6 percent compared to last year and \$13.7 million or 45.9 percent above forecast. Tax due date shifts accounted for differences in refund levels in the year ago comparison.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$775.5 million, an increase of \$71.6 million or 10.2 percent from FY 2021 and \$54.9 million or 7.6 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$191.1 million, an increase of \$56.9 million from year-to-date FY 2021. Corporate income is above forecast by \$77.5 million or 68.2 percent. Corporate Estimated Payments in September quarterly payments greatly exceeded year ago and forecast levels.

**Year-to-date corporate income tax refunds** total \$10.0 million, an increase of \$4.1 million compared to the same year-to-date period last year.

## SEPTEMBER REVENUE SUMMARY

**September Net Available General Revenues** total \$690.3 million, \$98.5 million or 16.6 percent above last year and \$162.7 million or 30.8 percent above forecast.

Net Available revenue results were above forecast in all major categories in September. Quarterly Estimated Income Tax payments in September accounted for much of the gain above forecast and year ago. Corporate Estimated Payments exceeded year ago levels by 82.5 percent and contributed \$68.1 million above forecast. Individual Income Tax benefited from Payroll Withholding collections and less decline than expected in quarterly Estimated Payments. Sales Tax collection growth was broad based with a mix of rebounding sectors hit harder during Covid19 and sustained growth in early-gaining sectors.

Among smaller revenue sources, Tobacco was above forecast by \$1.8 million and below year ago collections. Results in Gaming revenue were above forecast by \$0.1 million.

**September Gross General Revenues:** September collections total \$765.3 million, an increase of \$103.9 million or 15.7 percent above last year and \$179.2 million or 30.6 percent above forecast. Gross revenue from collections was broad-based in September.

**September Individual Income Tax** collections total \$332.8 million. Collections increased by \$12.9 million or 4.0 percent compared to last year. With respect to the forecast, collections were \$80.0 million or 31.7 percent above forecast. Individual Withholding Tax revenue increased 7.9 percent compared to last year.

**September Individual Income Tax Refunds** total \$12.6 million, \$1.1 million below last year and \$9.7 million above forecast. Refund claims above forecast reduce net revenue results.

**September Sales and Use Tax Collections:** September collections total \$259.0 million, an increase of \$27.8 million or 12.0 percent above last year. Collections were above monthly forecast levels by \$23.3 million or 9.9 percent. Most major reporting sectors of Sales Tax displayed high growth over the prior year, reflecting continuing economic expansion in many sectors and rebound from later recovery in service sectors and restaurants. Motor vehicle sales tax collections were up 4.9 percent from year ago September.

**September Corporate Income Tax** collections total \$140.0 million, an increase of \$62.4 million from year ago, and \$72.4 million above forecast. Most of the gain was concentrated in quarterly Corporate Estimated Payments.

**September Corporate Income Tax Refunds** total \$1.3 million. This amount is \$0.9 million below year ago levels. Refunds were \$0.9 million below forecast.

**September Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$18.1 million. Collections decreased by \$0.7 million from year earlier levels and were above forecast by \$1.8 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 2021, \$52.3 million was collected and deposited to the fund. After deductions, the net amount is \$50.8 million. The monthly collection is equivalent to a 9.4 percent increase from prior year collections.

**September 2021 Year-to-Date General Revenue Report**  
**Economic Analysis and Tax Research, DFA**

Forecast Date: 05/19/21

Millions of \$

	Actual Sept FY21	Forecast Sept FY22	Actual Sept FY22	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	1,005.4	703.3	839.7	136.4	19.4	-165.7	-16.5
Corporate Income	134.1	113.6	191.1	77.5	68.2	56.9	42.4
Sales & Use	703.9	720.6	775.5	54.9	7.6	71.6	10.2
Alcohol	17.4	16.2	19.5	3.3	20.3	2.0	11.7
Tobacco	58.4	51.2	56.8	5.6	10.8	-1.7	-2.8
Insurance	21.8	22.9	22.8	-0.1	-0.6	1.0	4.5
Racing	0.2	0.3	0.3	0.0	-8.6	0.1	32.8
Gaming	7.6	9.8	10.4	0.6	5.8	2.8	36.1
Severance	2.2	2.4	3.9	1.5	61.8	1.7	76.3
Franchise	4.7	3.4	6.8	3.4	99.6	2.1	45.6
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	34.8	25.1	25.0	-0.1	-0.5	-9.8	-28.2
<b>Total Gross</b>	<b>1,993.2</b>	<b>1,671.4</b>	<b>1,954.2</b>	<b>282.8</b>	<b>16.9</b>	<b>-39.0</b>	<b>-2.0</b>
LESS: (SCSF/COF) <sup>1</sup>	61.8	51.8	60.6	8.8	17.0	-1.2	-2.0
Individual Income Refunds	81.7	29.9	43.6	13.7	45.9	-38.1	-46.6
Corporate Income Refunds	5.8	8.8	10.0	1.2	13.4	4.1	71.2
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	1.7	5.9	4.2	-1.7	-28.2	2.6	156.7
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	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	0.3	0.2	-0.1	-26.0	0.0	0.0
Educational Excellence	87.1	87.9	98.8	10.9	12.4	11.7	13.4
Educational Adequacy	7.7	7.8	8.7	0.9	12.0	1.0	13.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Deductions</b>	<b>249.9</b>	<b>196.3</b>	<b>230.1</b>	<b>33.8</b>	<b>17.2</b>	<b>-19.8</b>	<b>-7.9</b>
<b>Net Available</b>	<b>1,743.3</b>	<b>1,475.1</b>	<b>1,724.2</b>	<b>249.1</b>	<b>16.9</b>	<b>-19.1</b>	<b>-1.1</b>
LESS: Surplus	0.0	0.0	0.0				
<b>Net AVAILABLE Distribution</b>	<b>1,743.3</b>	<b>1,475.1</b>	<b>1,724.2</b>	<b>249.1</b>	<b>16.9</b>	<b>-19.1</b>	<b>-1.1</b>

Revenue Forecast Summary for the Month

September Year-to-Date Gross: \$ 282.8 Million OR 16.9% Above Forecast  
September Year-to-Date Net Available: \$ 249.1 Million OR 16.9% Above Forecast

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

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

Forecast Date: 05/19/21

Millions of \$

	Actual Sept FY21	Forecast Sept FY22	Actual Sept FY22	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	320.0	252.8	332.8	80.0	31.7	12.9	4.0
Corporate Income	77.6	67.6	140.0	72.4	107.1	62.4	80.4
Sales & Use	231.2	235.7	259.0	23.3	9.9	27.8	12.0
Alcohol	5.6	5.2	5.8	0.6	11.9	0.2	4.2
Tobacco	18.8	16.3	18.1	1.8	10.9	-0.7	-3.7
Insurance	1.8	1.8	1.8	0.0	1.5	0.0	2.7
Racing	0.1	0.1	0.2	0.1	51.2	0.1	104.0
Gaming	2.5	3.1	3.2	0.1	4.5	0.7	29.4
Severance	0.5	0.6	0.8	0.2	37.3	0.3	58.1
Franchise	0.9	0.5	1.0	0.5	99.4	0.1	5.7
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	2.5	2.4	2.6	0.2	6.6	0.1	4.2
<b>Total Gross</b>	<b>661.5</b>	<b>586.1</b>	<b>765.3</b>	<b>179.2</b>	<b>30.6</b>	<b>103.9</b>	<b>15.7</b>
LESS: (SCSF/COF) <sup>1</sup>	20.5	18.2	23.7	5.5	30.4	3.2	15.7
Individual Income Refunds	13.6	2.9	12.6	9.7	334.2	-1.1	-7.7
Corporate Income Refunds	2.2	2.2	1.3	-0.9	-39.5	-0.9	-40.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.3	2.0	0.2	-1.8	-89.8	-0.1	-35.3
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	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>69.6</b>	<b>58.5</b>	<b>75.0</b>	<b>16.5</b>	<b>28.2</b>	<b>5.4</b>	<b>7.7</b>
<b>Net Available</b>	<b>591.9</b>	<b>527.6</b>	<b>690.3</b>	<b>162.7</b>	<b>30.8</b>	<b>98.5</b>	<b>16.6</b>

Revenue Forecast Summary for the Month

September Gross: \$ 179.2 Million OR 30.6% Above Forecast  
September Net Available: \$ 162.7 Million OR 30.8% Above Forecast

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