



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

Economic Analysis and Tax Research
 1509 West Seventh Street, Suite 404
 Post Office Box 3278
 Little Rock, Arkansas 72203-3278
 Phone: (501) 682-5495
 Fax: (501) 682-1086
www.arkansas.gov/dfa

MEMORANDUM

TO: Larry Walther, Secretary
 Paul Louthian, Deputy Director

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

SUBJECT: **General Revenue Report for April (FY 2022)**

DATE: May 3, 2022 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues total \$6,185.6 million, \$736.1 million or 13.5 percent above year ago levels. After ten months into the fiscal year, Net Available revenue is above forecast by \$987.9 million or 19.0 percent.

Year-to-date Gross General Revenues total \$7,224.5 million, representing an increase of \$794.0 million or 12.3 percent above last year. Gross general revenues are above forecast by \$1,032.1 million or 16.7 percent.

Year-to-date Individual Income Tax collections total \$3,529.1 million, \$360.4 million or 11.4 percent above FY 2021 collections and \$681.9 million or 24.0 percent above forecast.

Year-to-date Individual Income Tax Refunds total \$374.5 million, down \$3.5 million or -0.9 percent compared to the same period last year and \$45.3 million or 13.8 percent above forecast.

Year-to-date Sales and Use Tax collections total \$2,607.0 million, an increase of \$254.2 million or 10.8 percent from FY 2021 and \$136.0 million or 5.5 percent above forecast.

Year-to-date Corporate Income Taxes total \$658.7 million, an increase of \$162.4 million from year-to-date FY 2021. Corporate income is above forecast by \$198.4 million or 43.1 percent. Corporate Extension Payments exceeded year ago and forecast levels.

Year-to-date Corporate Income Tax Refunds total \$48.0 million, a decrease of \$13.6 million compared to the same year-to-date period last year.

APRIL REVENUE SUMMARY

April Net Available General Revenues total \$1,125.3 million, \$345.7 million or 44.3 percent above last year and \$531.9 million or 89.6 percent above forecast.

Net Available revenue results were above forecast in all major categories. Individual Income Tax collections benefited from high growth in payments from final returns and extensions. Estimated Payments representing the first payment on Tax Year 2022 liabilities also exceeded forecast. Continued growth in Payroll Withholding Tax contributed to gains above forecast. Individual Refunds exceeded year ago and forecast but not by enough to offset the large gain in gross collections. Sales Tax collections were below year ago and above forecast, reflecting adverse comparison with the surge in consumption last year but better than expected compared to forecast because of current economic conditions. Corporate Income Tax collections were above forecast, largely from Extension Payments for prior tax year liability and Estimated Payments for the new tax year.

Among smaller revenue sources, Tobacco was above forecast by \$1.4 million and below year ago collections. Results in Gaming revenue were above forecast for the month by \$0.8 million.

April Gross General Revenues total \$1,326.6 million, an increase of \$378.7 million or 40.0 percent above last year and \$576.0 million or 76.7 percent above forecast. Gains in Gross revenue from collections were broad-based in April setting new records.

April Individual Income Tax collections total \$810.8 million. Collections increased by \$339.8 million or 72.2 percent compared to last year. With respect to the forecast, collections were \$404.6 million or 99.6 percent above forecast. Individual Withholding Tax revenue increased 5.2 percent compared to last year.

April Individual Income Tax Refunds total \$114.3 million, \$14.3 million above last year and \$38.9 million above forecast. Refund claims above forecast subtract from net revenue results.

April Sales and Use Tax collections total \$271.5 million, a decrease of \$17.3 million or -6.0 percent below last year. Collections were above monthly forecast levels by \$29.7 million or 12.3 percent. Major reporting sectors of Sales Tax displayed mixed results compared to year ago in part from comparison with the surge in stimulus-fueled retail spending last year and continuing rebound in selected sectors this year. Motor Vehicles Sales Tax was down -24.1 percent from last year, largely because of the spike in vehicle sales and collections last April.

April Corporate Income Tax collections total \$210.0 million, an increase of \$58.2 million from year ago, and \$136.8 million above forecast.

April Corporate Income Tax Refunds total \$2.7 million. This amount is \$0.1 million above year ago levels. Refunds were \$11.3 million below forecast.

April Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$17.7 million. Collections decreased by \$3.2 million from year earlier levels and were above forecast by \$1.4 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 April 2022, \$66.7 million was collected and deposited to the fund. After deductions, the net amount is \$64.7 million. The monthly collection is equivalent to a 0.7 percent decrease from prior year collections.

C: /FISCNOT/April FY 2022
Attachment (2)

April 2022 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 12/16/21

Millions of \$

	Actual Apr FY21	Forecast Apr FY22	Actual Apr FY22	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	3,168.7	2,847.2	3,529.1	681.9	24.0	360.4	11.4
Corporate Income	496.3	460.3	658.7	198.4	43.1	162.4	32.7
Sales & Use	2,352.8	2,471.0	2,607.0	136.0	5.5	254.2	10.8
Alcohol	54.4	56.3	59.4	3.1	5.6	5.1	9.3
Tobacco	187.0	173.3	178.9	5.6	3.2	-8.1	-4.3
Insurance	65.7	76.6	76.9	0.3	0.4	11.2	17.1
Racing	1.2	1.2	1.3	0.1	10.4	0.1	9.9
Gaming	29.0	36.5	36.4	-0.1	-0.2	7.4	25.6
Severance	6.1	8.1	11.2	3.1	38.7	5.1	83.6
Franchise	8.0	8.0	8.0	0.0	0.0	0.0	0.0
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	58.8	51.3	54.9	3.6	7.0	-3.9	-6.7
Total Gross	6,430.6	6,192.4	7,224.5	1,032.1	16.7	794.0	12.3
LESS: (SCSF/COF) ¹	199.3	191.0	224.0	33.0	17.3	24.6	12.3
Individual Income Refunds	378.0	329.2	374.5	45.3	13.8	-3.5	-0.9
Corporate Income Refunds	61.7	77.7	48.0	-29.7	-38.2	-13.6	-22.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	8.6	17.8	13.1	-4.7	-26.1	4.5	52.1
Amendment 82 Bonds	1.0	1.0	1.0	0.0	-2.8	0.0	-4.2
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	12.4	12.4	12.4	0.0	0.0	0.0	0.0
College Savings Bonds	3.0	2.7	2.7	0.0	1.8	-0.2	-8.3
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	290.4	329.1	329.3	0.2	0.1	38.8	13.4
Educational Adequacy	25.7	29.0	29.1	0.1	0.4	3.4	13.4
Highway Casino Transfer	0.0	3.9	3.9	0.0	-0.4	3.9	0.0
Total Deductions	981.1	994.7	1,038.9	44.2	4.4	57.8	5.9
Net Available	5,449.5	5,197.7	6,185.6	987.9	19.0	736.1	13.5

Revenue Forecast Summary for the Month

April Year-to-Date Gross:	\$ 1032.1 Million OR 16.7% Above Forecast
April Year-to-Date Net Available:	\$ 987.9 Million OR 19.0% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

April 2022 General Revenue Report **Economic Analysis and Tax Research, DFA**

Forecast Date: 12/16/21

Millions of \$

	Actual Apr FY21	Forecast Apr FY22	Actual Apr FY22	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	470.9	406.2	810.8	404.6	99.6	339.8	72.2
Corporate Income	151.8	73.2	210.0	136.8	186.9	58.2	38.3
Sales & Use	288.8	241.8	271.5	29.7	12.3	-17.3	-6.0
Alcohol	6.0	5.5	6.4	0.9	16.2	0.4	6.2
Tobacco	20.9	16.3	17.7	1.4	8.7	-3.2	-15.2
Insurance	0.2	0.2	0.3	0.1	55.9	0.1	65.1
Racing	0.2	0.2	0.2	0.0	19.5	0.0	26.4
Gaming	5.6	4.3	5.1	0.8	18.1	-0.5	-9.3
Severance	0.8	0.5	1.4	0.9	180.0	0.6	80.4
Franchise	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	2.6	2.4	3.2	0.8	32.0	0.6	23.0
Total Gross	947.8	750.6	1,326.6	576.0	76.7	378.7	40.0
LESS: (SCSF/COF) ¹	29.4	23.9	41.1	17.2	72.1	11.7	40.0
Individual Income Refunds	99.9	75.4	114.3	38.9	51.5	14.3	14.3
Corporate Income Refunds	2.6	14.0	2.7	-11.3	-80.8	0.1	2.6
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	3.2	2.8	2.1	-0.7	-26.7	-1.2	-36.3
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	1.2	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	29.0	32.9	32.9	0.0	0.1	3.9	13.4
Educational Adequacy	2.6	2.9	2.9	0.0	0.4	0.3	13.4
Highway Casino Transfer	0.0	3.9	3.9	0.0	-0.4	3.9	0.0
Total Deductions	168.2	157.2	201.3	44.1	28.0	33.1	19.7
Net Available	779.6	593.4	1,125.3	531.9	89.6	345.7	44.3

Revenue Forecast Summary for the Month

April Gross:	\$ 576.0 Million OR 76.7% Above Forecast
April Net Available:	\$ 531.9 Million OR 89.6% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.