



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

**OFFICE OF THE DIRECTOR  
Economic Analysis & Tax Research**  
1509 West Seventh Street, Room 404  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-5495  
Fax: (501) 682-1086  
<http://www.dfa.arkansas.gov>

**MEMORANDUM**

TO: Larry Walther, Director  
Paul Louthian, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research JS

SUBJECT: **General Revenue Report for November (FY 2019)**

DATE: December 4, 2018

Copy: Governor's Office  
Management Services

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The Official General Revenue Forecast was revised on November 14, 2018, resulting in no change for Net Available revenue at \$5,690.2 million but includes adjustments to selected categories of gross revenues and deduction amounts for Income Tax Refunds, Recycling Tax Credits, and deductions in the law for Educational Excellence and Educational Adequacy that are based on final FY 2018 Sales Tax collections. The monthly forecast for November now reflects this revision in the categories and accounts for actual collections in the July through October period.

**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$2,315.5 million, \$142.7 million or 6.6 percent above year ago levels. After one month from the revised annual forecast and five months into the fiscal year, net available revenue is above forecast by \$11.5 million or 0.5 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$2,659.0 million, representing an increase of \$121.3 million or 4.8 percent above last year. Gross general revenues are above the revised forecast by \$14.8 million or 0.6 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections

total \$1,244.5 million, \$50.3 million or 4.2 percent above FY 2018 collections and \$7.1 million or 0.6 percent above the revised forecast.

**Year-to-date individual income tax refunds** total \$74.2 million, an increase of \$2.0 million or 2.8 percent compared to last year and \$1.1 million or 1.5 percent above forecast. Amounts above forecast in refund categories subtract from net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,033.8 million, an increase of \$53.8 million or 5.5 percent from FY 2018 and \$6.0 million or 0.6 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$148.6 million, an increase of \$16.2 million from year-to-date FY 2018. Corporate income is above forecast by \$1.2 million or 0.8 percent.

**Year-to-date corporate income tax refunds** total \$21.4 million, an increase of \$2.2 million compared to the same year-to-date period last year. Corporate Refunds were \$4.0 million above forecast over the period.

## NOVEMBER REVENUE SUMMARY

**November Net Available General Revenues and Summary Results:** Net Available general revenues total \$407.1 million, \$28.1 million or 7.4 percent above last year and \$11.5 million or 2.9 percent above the revised forecast.

Among the major categories, Individual Income Tax, the largest single category of gross collections exceeded forecast by \$7.1 million, largely due to higher Withholding Tax. Sales tax collection results were above year ago and above forecast by \$6.0 million. Sales Tax collections were higher in both consumer- and business-oriented sectors, but flat in Motor Vehicles Sales Tax compared to last year. Corporate Income Tax collections were above forecast by \$1.2 million and above year ago collections. Corporate Refunds were above forecast, lowering Net Available revenues by \$4.0 million.

Among smaller revenue sources, Tobacco was below forecast by \$0.1 million and below year ago collections. Results in Gaming revenue exceeded forecast by \$0.2 million.

**November Gross General Revenues:** November collections total \$492.2 million, an increase of \$34.4 million or 7.5 percent above last year and \$14.8 million or 3.1 percent above the revised forecast.

**November Individual Income Tax** collections total \$225.2 million. Collections increased by \$14.7 million or 7.0 percent compared to last year. With respect to the

forecast, collections were \$7.1 million or 3.2 percent above forecast. Individual withholding increased 6.7 percent compared to last year with no payday timing differences compared to year ago collections.

**November Individual Income Tax Refunds** total \$21.5 million, \$5.2 million or 31.6 percent above last year and \$1.1 million or 5.2 percent above forecast. Refund amounts above forecast reduce net available fund results.

**November Sales and Use Tax Collections:** November collections total \$204.9 million, an increase of \$15.2 million or 8.0 percent above last year. Collections were above monthly forecast levels by \$6.0 million or 3.0 percent.

**November Corporate Income Tax** collections total \$9.4 million, an increase of \$5.0 million from year ago, and \$1.2 million or 14.1 percent above forecast in a low collection month for this revenue category.

**November Corporate Income Tax Refunds** total \$13.5 million. This amount is \$5.3 million above year ago levels. Refunds were also \$4.0 million above forecast.

**November Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$17.6 million. Collections decreased by \$2.2 million or -11.0 percent from year earlier levels and were below forecast by \$0.1 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 2018, \$42.4 million was collected and deposited to the fund. After deductions, the net amount is \$41.2 million. The monthly collection is equivalent to an 8.6 percent increase from prior year collections.



NOVEMBER 2018 YEAR-TO-DATE GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 11/14/2018

MILLIONS OF \$

	ACTUAL FY18	FORECAST FY19	ACTUAL FY19	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	1,194.2	1,237.4	1,244.5	7.1	0.6	50.3	4.2
CORPORATE INCOME	132.3	147.4	148.6	1.2	0.8	16.2	12.3
SALES AND USE	979.9	1,027.8	1,033.8	6.0	0.6	53.8	5.5
ALCOHOLIC BEVERAGE	23.6	24.0	24.0	0.0	0.0	0.4	1.7
TOBACCO	94.3	92.2	92.1	-0.1	-0.1	-2.2	-2.3
INSURANCE	42.1	43.9	44.0	0.1	0.2	1.9	4.4
RACING	0.7	0.7	0.7	0.0	1.1	0.0	-3.8
GAMES OF SKILL	25.7	27.1	27.3	0.2	0.7	1.6	6.3
MISCELLANEOUS <sup>1</sup>	44.7	43.7	44.0	0.3	0.8	-0.6	-1.4
<b>TOTAL GROSS</b>	<b>2,537.6</b>	<b>2,644.2</b>	<b>2,659.0</b>	<b>14.8</b>	<b>0.6</b>	<b>121.3</b>	<b>4.8</b>
LESS: SCSF/COF <sup>2</sup>	78.7	82.0	82.4	0.4	0.5	3.8	4.8
INDIV INCOME TAX REFUNDS	72.1	73.1	74.2	1.1	1.5	2.0	2.8
CORP INCOME TAX REFUNDS	19.2	17.4	21.4	4.0	23.2	2.2	11.7
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	3.3	7.2	5.0	-2.2	-30.7	1.7	52.9
AMENDMENT 82 BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RECYCLING EQUIP 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	3.6	3.4	3.4	0.0	0.3	-0.2	-5.3
CITY & COUNTY TOURIST	0.4	0.5	0.4	-0.1	-11.2	0.0	0.0
SCHOOL DESEGREGATION	35.9	0.0	0.0	0.0	0.0	-35.9	-100.0
EDUCATIONAL EXCELLENCE	133.5	138.0	138.0	0.0	0.0	4.5	3.4
EDUCATIONAL ADEQUACY	11.8	12.2	12.2	0.0	0.0	0.4	3.4
<b>TOTAL DEDUCTIONS</b>	<b>364.9</b>	<b>340.2</b>	<b>343.5</b>	<b>3.3</b>	<b>1.0</b>	<b>-21.4</b>	<b>-5.9</b>
<b>NET AVAILABLE</b>	<b>2,172.8</b>	<b>2,304.0</b>	<b>2,315.5</b>	<b>11.5</b>	<b>0.5</b>	<b>142.7</b>	<b>6.6</b>

REVENUE FORECAST SUMMARY FOR NOVEMBER

YEAR-TO-DATE GROSS	\$ 14.8 MILLION OR 0.6% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 11.5 MILLION OR 0.5% 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.

NOVEMBER 2018 GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 11/14/2018

MILLIONS OF \$

	ACTUAL NOV FY18	FORECAST NOV FY19	ACTUAL NOV FY19	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	210.4	218.1	225.2	7.1	3.2	14.7	7.0
CORPORATE INCOME	4.4	8.2	9.4	1.2	14.1	5.0	114.3
SALES AND USE	189.6	198.9	204.9	6.0	3.0	15.2	8.0
ALCOHOLIC BEVERAGE	4.6	4.6	4.6	0.0	-0.1	0.0	-0.2
TOBACCO	19.8	17.7	17.6	-0.1	-0.5	-2.2	-11.0
INSURANCE	19.9	20.8	20.8	0.1	0.4	1.0	5.0
RACING	0.2	0.2	0.2	0.0	4.1	0.0	0.2
GAMES OF SKILL	5.0	5.0	5.2	0.2	4.0	0.2	4.2
MISCELLANEOUS <sup>1</sup>	4.0	4.0	4.4	0.3	8.5	0.3	8.6
<b>TOTAL GROSS</b>	<b>457.8</b>	<b>477.4</b>	<b>492.2</b>	<b>14.8</b>	<b>3.1</b>	<b>34.4</b>	<b>7.5</b>
LESS: SCSF/COF <sup>2</sup>	14.2	14.8	15.3	0.4	2.9	1.1	7.5
INDIV INCOME TAX REFUNDS	16.3	20.4	21.5	1.1	5.2	5.2	31.6
CORP INCOME TAX REFUNDS	8.3	9.5	13.5	4.0	42.6	5.3	63.5
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.2	2.4	0.2	-2.2	-92.7	0.0	-18.1
AMENDMENT 82 BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RECYCLING EQUIP 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	3.6	3.4	3.4	0.0	0.3	-0.2	-5.0
CITY & COUNTY TOURIST	0.0	0.1	0.0	-0.1	-100.0	0.0	0.0
SCHOOL DESEGREGATION	6.0	0.0	0.0	0.0	0.0	-6.0	-100.0
EDUCATIONAL EXCELLENCE	26.7	27.6	27.6	0.0	0.0	0.9	3.4
EDUCATIONAL ADEQUACY	2.4	2.4	2.4	0.0	0.0	0.1	3.4
<b>TOTAL DEDUCTIONS</b>	<b>78.8</b>	<b>81.8</b>	<b>85.1</b>	<b>3.3</b>	<b>4.0</b>	<b>6.3</b>	<b>8.0</b>
<b>NET AVAILABLE</b>	<b>379.0</b>	<b>395.6</b>	<b>407.1</b>	<b>11.5</b>	<b>2.9</b>	<b>28.1</b>	<b>7.4</b>

REVENUE FORECAST SUMMARY FOR NOVEMBER

NOVEMBER GROSS	\$ 14.8 MILLION OR 3.1% ABOVE FORECAST
NOVEMBER NET AVAILABLE	\$ 11.5 MILLION OR 2.9% 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.