



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) 682-1688  
Fax: (501) 682-1086  
<http://www.dfa.arkansas.gov>

**M E M O R A N D U M**

TO: Larry Walther, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for March (FY 2015)**

DATE: April 2, 2015

Copy: Governor's Office  
Management Services

---

**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$3,703.7 million, \$105.9 million or 2.9 percent above year ago levels. After nine months into the fiscal year, net available revenue is above forecast by \$81.4 million or 2.2 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$4,571.7 million, representing an increase of \$115.4 million or 2.6 percent above last year. Gross general revenues are above forecast by \$56.8 million or 1.3 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$2,200.0 million, \$45.8 million or 2.1 percent above last year's collections and \$4.9 million or 0.2 percent above forecast. Collections for individual withholding are up 2.5 percent from year ago levels.

**Year-to-date individual income tax refunds** total \$350.1 million, up \$9.2 million or 2.7 percent compared to last year and \$7.8 million or -2.2 percent below forecast. Refund amounts below forecast contribute to the bottom line, net available fund results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,659.8 million, an increase of \$30.3 million or 1.9 percent from last year

and \$13.0 million or 0.8 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$337.6 million, an increase of \$31.8 million or 10.4 percent from year-to-date in the prior year. Corporate income is above forecast by \$35.0 million or 11.6 percent.

**Year-to-date corporate income tax refunds** total \$35.4 million, a decrease of \$14.0 million compared to the same year-to-date period last year.

## **MARCH REVENUE SUMMARY**

**March Net Available General Revenues** total \$365.2 million, \$21.3 million or -5.5 percent below last year and \$13.2 million or -3.5 percent below forecast.

Results in March were below forecast as a result of declines in Sales Tax and Individual Income. Corporate Income tax was 13.9 percent above forecast.

Sales and Use tax revenue declined -1.8 percent compared to year ago and -2.7 percent below forecast. Weather-related effects were notable in lagged collections from retail activity in February.

The decline in Individual Income tax revenue against forecast and year ago levels was caused by greater than expected shift in the payroll withholding rate from updates to the state withholding tax tables and the first income tax rate change in decades. The shift in withholding rates was greater than the change enacted in the tax rates starting January 1, 2015.

Among smaller revenue sources, tobacco was above forecast and year ago levels. Gaming results were 26.4 percent above year ago collections and 19.8 percent above forecast.

**March Gross General Revenues:** March collections total \$536.7 million, a decrease of \$9.7 million or -1.8 percent below last year and \$12.5 million or -2.3 percent below forecast.

**March Individual Income Tax** collections total \$229.4 million. Collections decreased by \$17.2 million, or -7.0 percent compared to last year. With respect to the forecast, collections were \$17.7 million or -7.2 percent below forecast. Individual withholding decreased -5.0 percent compared to last year, reflecting shifts in payroll withholding rates.

**March Individual Income Tax Refunds** total \$115.5 million, \$8.6 million or 8.0 percent above last year and \$2.2 million above forecast.

**March Sales and Use Tax Collections:** March collections total \$179.8 million, a decrease of \$3.3 million or -1.8 percent from last year. Collections were below monthly forecast levels by \$5.0 million or -2.7 percent.

**March Corporate Income Tax** collections total \$75.4 million, an increase of \$9.6 million from year ago, and \$9.2 million or 13.9 percent above forecast.

**March Corporate Income Tax Refunds** total \$3.0 million. This amount is \$1.6 million above year ago levels.

**March Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$17.0 million. Collections increased by \$1.3 million or 8.1 percent from year ago levels and were above forecast by \$1.0 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

### **SPECIAL REVENUES OF NOTE**

**Year-to-date Soft Drink Tax (for Medicaid Program Trust Fund):** Year-to-date collections of the dedicated soft drink tax total \$31.5 million, a decrease of -4.2 percent from last year.

**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 March 2015, \$37.8 million was collected and deposited to the fund. After deductions, the net amount is \$36.6 million. The monthly collection is equivalent to a -1.8 percent decrease from prior year collections.

YEAR TO DATE REPORT, MARCH 2015  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH MARCH 2015  
9 Months YTD  
Forecast Date: 11/13/2014

MILLIONS OF DOLLARS

	CURRENT YEAR				CURRENT YEAR TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2014	FORECAST FY 2015	INCREASE		ACTUAL FY 2014	ACTUAL FY 2015	INCREASE		
			AMOUNT	PERCENT			AMOUNT	PERCENT	
INDIVIDUAL INCOME	2,154.2	2,195.1	40.9	1.9	2,154.2	2,200.0	45.8	2.1	100.2
CORPORATE INCOME	305.8	302.6	-3.2	-1.1	305.8	337.6	31.8	10.4	111.6
SALES AND USE	1,629.5	1,646.8	17.3	1.1	1,629.5	1,659.8	30.3	1.9	100.8
ALCOHOLIC BEVERAGE	37.6	38.2	0.6	1.7	37.6	38.9	1.4	3.6	101.9
TOBACCO	162.5	159.7	-2.8	-1.7	162.5	162.4	-0.1	0.0	101.7
INSURANCE	66.3	66.8	0.5	0.7	66.3	66.9	0.6	0.9	100.2
RACING	2.2	2.1	-0.1	-2.5	2.2	1.9	-0.2	-10.6	91.7
GAMES OF SKILL	28.6	31.3	2.7	9.4	28.6	33.4	4.8	16.7	106.8
MISCELLANEOUS <sup>1</sup>	69.6	72.3	2.7	3.9	69.6	70.7	1.1	1.6	97.7
TOTAL GROSS	4,456.3	4,514.9	58.6	1.3	4,456.3	4,571.7	115.4	2.6	101.3
LESS: SCSF/COF <sup>2</sup>	147.1	144.6	-2.5	-1.7	147.1	146.3	-0.8	-0.5	101.2
IND INCOME TAX REFUNDS	341.0	357.9	16.9	5.0	341.0	350.1	9.2	2.7	97.8
CORP INCOME TAX REFUNDS	49.4	46.5	-2.9	-5.8	49.4	35.4	-14.0	-28.4	76.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	9.5	16.2	6.7	70.0	9.5	8.8	-0.7	-7.5	54.4
WATER/SEWER BONDS	11.2	11.2	0.0	0.0	11.2	11.2	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	5.3	5.2	-0.1	-2.6	5.3	5.2	-0.1	-2.4	100.2
CITY/CO. TOURIST	2.1	2.1	0.0	-0.2	2.1	2.1	0.0	-0.2	100.0
SCHOOL DESEGREGATION	55.8	66.1	10.3	18.5	55.8	66.1	10.3	18.5	100.0
EDUCATIONAL EXCELLENCE	217.9	223.1	5.2	2.4	217.9	223.1	5.2	2.4	100.0
EDUCATIONAL ADEQUACY	19.3	19.7	0.4	2.3	19.3	19.7	0.5	2.4	100.1
NET AVAILABLE	3,597.8	3,622.3	24.5	0.7	3,597.8	3,703.7	105.9	2.9	102.2

REVENUE FORECAST SUMMARY FOR MARCH

YEAR-TO-DATE GROSS	\$ 56.8 MILLION OR 1.3% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 81.4 MILLION OR 2.2% ABOVE FORECAST

SOFT DRINK EXCISE TAX	<u>YTD FY 14</u>	<u>YTD FY 15</u>	<u>% CHANGE</u>
(MEDICAID PROGRAM TRUST FUND)	32.9	31.5	-4.2
EDUCATIONAL ADEQUACY FUND	<u>YTD FY 14</u>	<u>YTD FY 15</u>	<u>% CHANGE</u>
(NET COLLECTIONS)	329.6	335.3	1.7

- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.  
2) State Central Services Fund and Constitutional Officers Fund.

MARCH GENERAL REVENUE REPORT  
(ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)  
(682-1688 for further information)

March 31, 2015  
Days Remaining: 0  
Forecast date: 11/13/2014

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2014	FORECAST FY 2015	CHANGE AMOUNT	PERCENT	ACTUAL FY 2014	ACTUAL FY 2015	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	246.6	247.1	0.5	0.2	246.6	229.4	-17.2	-7.0	92.8
CORPORATE INCOME	65.8	66.2	0.4	0.6	65.8	75.4	9.6	14.6	113.9
SALES AND USE	183.1	184.8	1.7	0.9	183.1	179.8	-3.3	-1.8	97.3
ALCOHOLIC BEVERAGE	3.8	3.8	0.0	-0.2	3.8	4.1	0.3	8.0	108.1
TOBACCO	15.7	16.0	0.3	1.9	15.7	17.0	1.3	8.1	106.1
INSURANCE	20.5	20.5	0.0	-0.2	20.5	20.6	0.1	0.3	100.5
RACING	0.3	0.3	0.0	-2.8	0.3	0.3	0.0	-7.2	95.5
GAMES OF SKILL	3.8	4.0	0.2	5.5	3.8	4.8	1.0	26.4	119.8
MISCELLANEOUS <sup>1</sup>	6.8	6.5	-0.3	-4.1	6.8	5.3	-1.4	-21.2	82.2
<b>TOTAL GROSS</b>	<b>546.4</b>	<b>549.2</b>	<b>2.8</b>	<b>0.5</b>	<b>546.4</b>	<b>536.7</b>	<b>-9.7</b>	<b>-1.8</b>	<b>97.7</b>
LESS: (SCSF/COF) <sup>2</sup>	18.0	17.6	-0.4	-2.4	18.0	17.2	-0.9	-4.8	97.6
IND INC TAX REFUNDS	107.0	113.3	6.3	5.9	107.0	115.5	8.6	8.0	101.9
CORP INC TAX REFUNDS	1.4	3.4	2.0	135.0	1.4	3.0	1.6	110.5	89.6
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.4	2.3	1.9	487.9	0.4	1.7	1.3	329.9	73.1
WATER/SEWER BONDS	1.2	1.2	0.0	0.0	1.2	1.2	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	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	0.0	0.0
SCHOOL DESEGREGATION	5.6	6.0	0.4	7.1	5.6	6.0	0.4	6.8	99.7
EDUCATIONAL EXCELLENCE	24.2	24.8	0.6	2.4	24.2	24.8	0.6	2.4	99.9
EDUCATIONAL ADEQUACY	2.1	2.2	0.1	2.8	2.1	2.2	0.1	2.4	99.6
<b>NET AVAILABLE</b>	<b>386.5</b>	<b>378.4</b>	<b>-8.1</b>	<b>-2.1</b>	<b>386.5</b>	<b>365.2</b>	<b>-21.3</b>	<b>-5.5</b>	<b>96.5</b>

REVENUE FORECAST SUMMARY FOR MARCH

MARCH GROSS	\$ 12.5 MILLION OR 2.3% BELOW FORECAST
MARCH NET AVAILABLE	\$ 13.2 MILLION OR 3.5% BELOW FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>March FY14</u> 37.3	<u>March FY15</u> 36.6	<u>% CH</u> -1.8
---	---------------------------	---------------------------	---------------------

- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.  
2) State Central Services Fund and Constitutional Officers Fund.