



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>

**MEMORANDUM**

TO: Larry Walther, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

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

DATE: June 2, 2015

Copy: Governor's Office  
Management Services

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The following forecast comparisons are based on the monthly forecast patterns associated with the Official Forecast revised on May 6, 2015.

**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$4,663.6 million, \$180.2 million or 4.0 percent above year ago levels. After eleven months into the fiscal year, net available revenue is above the revised forecast by \$40.3 million or 0.9 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$5,800.4 million, representing an increase of \$174.2 million or 3.1 percent above last year. Gross general revenues are above forecast by \$14.8 million or 0.3 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$2,909.0 million, \$84.6 million or 3.0 percent above last year's collections and \$25.2 million or 0.9 percent above forecast.

**Year-to-date individual income tax refunds** total \$492.1 million, down \$2.0 million or -0.4 percent compared to last year and \$15.6 million or -3.1 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 \$2,038.4 million, an increase of \$45.4 million or 2.3 percent from last year and \$6.9 million or 0.3 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$412.8 million, an increase of \$38.6 million or 10.3 percent from the comparable period in the prior year. Corporate income is above forecast by \$2.0 million or 0.5 percent.

**Year-to-date corporate income tax refunds** total \$41.7 million, a decrease of \$16.4 million compared to the same year-to-date period last year.

## **MAY REVENUE SUMMARY**

**May Net Available General Revenues** total \$335.9 million, \$20.5 million or 6.5 percent above last year and \$40.3 million or 13.6 percent above forecast.

Results in May were above forecast in all major categories of gross collections. In addition, refunds in both Individual and Corporate Income tax were less than expected.

Individual Income tax collections contributed \$25.2 million above forecast in May and lower than expected Individual Income Tax refunds contributed another \$15.6 million to Net Available income results.

Sales and Use tax revenue rose 4.4 percent compared to year ago and 3.8 percent above forecast, marking the second consecutive monthly gain of 4.0 percent or better growth.

Corporate Income tax receipts were better than expected in May, contributing \$2.0 million above forecast.

Among smaller revenue sources, tobacco tax collections were below forecast and year ago levels. Gaming results were 28.7 percent above year ago collections and 19.3 percent above forecast.

**May Gross General Revenues:** May collections total \$427.5 million, an increase of \$2.2 million or 0.5 percent above last year and \$14.8 million or 3.6 percent above forecast.

**May Individual Income Tax** collections total \$198.9 million. Collections decreased by \$4.7 million, or -2.3 percent compared to last year. With respect to the forecast, collections were \$25.2 million or 14.5 percent above forecast.

**May Individual Income Tax Refunds** total \$31.2 million, \$11.1 million or -26.2 percent below last year and \$15.6 million below forecast.

**May Sales and Use Tax Collections:** May collections total \$188.6 million, an increase of \$7.9 million or 4.4 percent above last year. Collections were above monthly forecast levels by \$6.9 million or 3.8 percent.

**May Corporate Income Tax** collections total \$8.7 million, an increase of \$1.5 million from year ago, and \$2.0 million or 29.5 percent above forecast.

**May Corporate Income Tax Refunds** total \$1.6 million. This amount is \$1.2 million below year ago levels.

**May Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$17.6 million. Collections decreased by \$1.9 million or -9.6 percent from year ago levels and were below forecast by \$0.4 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 \$38.2 million, a decrease of -4.5 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 May 2015, \$51.3 million was collected and deposited to the fund. After deductions, the net amount is \$49.8 million. The monthly collection is equivalent to a 2.9 percent increase from prior year collections.

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

FORECAST DATE: 5/6/2015

MILLIONS OF \$

	ACTUAL FY14	FORECAST FY15	ACTUAL FY15	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	2,824.4	2,883.8	2,909.0	25.2	0.9	84.6	3.0
CORPORATE INCOME	374.2	410.8	412.8	2.0	0.5	38.6	10.3
SALES AND USE	1,993.0	2,031.5	2,038.4	6.9	0.3	45.4	2.3
ALCOHOLIC BEVERAGE	47.1	48.7	47.9	-0.8	-1.6	0.8	1.8
TOBACCO	201.2	200.0	199.6	-0.4	-0.2	-1.6	-0.8
INSURANCE	68.6	68.4	69.0	0.6	0.8	0.4	0.6
RACING	2.7	2.5	2.5	0.0	-0.7	-0.3	-9.4
GAMES OF SKILL	35.9	41.9	42.6	0.7	1.7	6.7	18.8
MISCELLANEOUS <sup>1</sup>	79.3	98.0	78.6	-19.4	-19.8	-0.7	-0.8
<b>TOTAL GROSS</b>	<b>5,626.3</b>	<b>5,785.6</b>	<b>5,800.4</b>	<b>14.8</b>	<b>0.3</b>	<b>174.2</b>	<b>3.1</b>
LESS: SCSF/COF <sup>2</sup>	185.7	185.1	185.6	0.5	0.3	-0.1	0.0
INDIV INCOME TAX REFUNDS	494.1	507.7	492.1	-15.6	-3.1	-2.0	-0.4
CORP INCOME TAX REFUNDS	58.1	43.4	41.7	-1.7	-4.0	-16.4	-28.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	10.1	16.8	10.1	-6.7	-39.8	0.0	0.4
WATER/SEWER BONDS	13.6	13.6	13.6	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	23.9	24.0	22.1	-1.9	-7.7	-1.8	-7.5
CITY & COUNTY TOURIST	2.8	2.8	2.8	0.0	0.0	0.0	-0.2
SCHOOL DESEGREGATION	64.8	72.1	72.1	0.0	0.0	7.3	11.3
EDUCATIONAL EXCELLENCE	266.3	272.7	272.7	0.0	0.0	6.4	2.4
EDUCATIONAL ADEQUACY	23.5	24.1	24.1	0.0	0.0	0.6	2.4
<b>NET AVAILABLE</b>	<b>4,483.4</b>	<b>4,623.3</b>	<b>4,663.6</b>	<b>40.3</b>	<b>0.9</b>	<b>180.2</b>	<b>4.0</b>

REVENUE FORECAST SUMMARY FOR MAY

YEAR-TO-DATE GROSS	\$ 14.8 MILLION OR 0.3% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 40.3 MILLION OR 0.9% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY14</u> 40.0	<u>YTD FY15</u> 38.2	<u>% CH</u> -4.5
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY14</u> 418.0	<u>YTD FY15</u> 426.3	<u>% CH</u> 2.0

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.

MAY GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 5/6/2015

MILLIONS OF \$

				CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
	ACTUAL MAY FY14	FORECAST MAY FY15	ACTUAL MAY FY15	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	203.6	173.7	198.9	25.2	14.5	-4.7	-2.3
CORPORATE INCOME	7.2	6.7	8.7	2.0	29.5	1.5	20.8
SALES AND USE	180.7	181.7	188.6	6.9	3.8	7.9	4.4
ALCOHOLIC BEVERAGE	5.2	5.6	4.8	-0.8	-13.9	-0.5	-8.7
TOBACCO	19.5	18.0	17.6	-0.4	-2.0	-1.9	-9.6
INSURANCE	1.3	1.0	1.6	0.6	53.7	0.3	23.4
RACING	0.2	0.2	0.2	0.0	-10.3	0.0	-10.1
GAMES OF SKILL	3.4	3.7	4.4	0.7	19.3	1.0	28.7
MISCELLANEOUS <sup>1</sup>	4.3	22.2	2.9	-19.4	-87.1	-1.4	-33.4
<b>TOTAL GROSS</b>	<b>425.3</b>	<b>412.7</b>	<b>427.5</b>	<b>14.8</b>	<b>3.6</b>	<b>2.2</b>	<b>0.5</b>
LESS: SCSF/COF <sup>2</sup>	14.0	13.2	13.7	0.5	3.6	-0.4	-2.5
INDIV INCOME TAX REFUNDS	42.3	46.9	31.2	-15.6	-33.3	-11.1	-26.2
CORP INCOME TAX REFUNDS	2.9	3.4	1.6	-1.7	-51.5	-1.2	-43.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.5	6.7	0.0	-6.7	-100.0	-0.5	-100.0
WATER/SEWER BONDS	1.2	1.2	1.2	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	18.6	18.8	16.9	-1.9	-9.9	-1.7	-8.9
CITY & COUNTY TOURIST	0.0	0.0	0.0	0.0	-100.0	0.0	0.0
SCHOOL DESEGREGATION	4.0	0.0	0.0	0.0	-100.0	-4.0	-100.0
EDUCATIONAL EXCELLENCE	24.2	24.8	24.8	0.0	-0.2	0.6	2.4
EDUCATIONAL ADEQUACY	2.1	2.2	2.2	0.0	0.2	0.1	2.4
<b>NET AVAILABLE</b>	<b>315.4</b>	<b>295.6</b>	<b>335.9</b>	<b>40.3</b>	<b>13.6</b>	<b>20.5</b>	<b>6.5</b>

REVENUE FORECAST SUMMARY FOR MAY

MAY GROSS	\$ 14.8 MILLION OR 3.6% ABOVE FORECAST
MAY NET AVAILABLE	\$ 40.3 MILLION OR 13.6% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>May FY14</u> 48.4	<u>May FY15</u> 49.8	<u>% CH</u> 2.9
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1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.