



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 November (FY 2017)**

DATE: December 2, 2016

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 \$2,152.0 million, \$35.0 million or 1.7 percent above year ago levels. After five months into the fiscal year, net available revenue is below forecast by \$10.6 million or -0.5 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$2,498.6 million, representing an increase of \$23.4 million or 0.9 percent above last year. Gross general revenues are below forecast by \$21.1 million or -0.8 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$1,158.8 million, \$30.2 million or 2.7 percent above FY 2016 collections and \$5.9 million or 0.5 percent above forecast.

Year-to-date individual income tax refunds total \$42.2 million, down \$5.4 million or -11.3 percent compared to last year and \$2.8 million or -6.2 percent below forecast. Amounts below forecast in refund categories add to net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$972.7 million, a decrease of \$1.9 million or -0.2 percent from FY 2016 and \$40.3 million or -4.0 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$136.5 million, a decrease of \$8.1 million or -5.6 percent from year-to-date FY 2016. Corporate income is below forecast by \$4.5 million or -3.2 percent.

Year-to-date corporate income tax refunds total \$31.7 million, a decrease of \$12.7 million compared to the same year-to-date period last year.

NOVEMBER REVENUE SUMMARY

November Net Available General Revenues total \$380.7 million, \$6.1 million or 1.6 percent above last year and \$12.6 million or 3.4 percent above forecast.

November results were above forecast in two major categories of collections, Individual and Corporate Income Tax.

Among the major categories, Corporate Income tax collections were \$2.7 million above forecast. Individual Income tax collections were \$1.6 million over forecast. Sales tax collections were \$8.7 million below forecast for the month.

Among smaller revenue sources, Tobacco was above forecast and year ago collections. Results in Gaming revenue also exceeded forecast.

November Gross General Revenues: November collections total \$448.5 million, a decrease of \$14.5 million or -3.1 percent below last year and \$4.3 million or -1.0 percent below forecast.

November Individual Income Tax collections total \$202.2 million. Collections decreased by \$11.2 million, or -5.3 percent from last year. With respect to the forecast, collections were \$1.6 million or 0.8 percent above forecast. Individual withholding decreased -5.8 percent compared to last year, due to monthly payday timing (calendar) effects in the year ago comparison.

November Individual Income Tax Refunds total \$9.5 million, \$4.5 million or -32.1 percent below last year and \$4.5 million or -32.0 percent below forecast. Refund amounts below forecast add to net available fund results.

November Sales and Use Tax Collections: November collections total \$184.5 million, a decrease of \$0.4 million or -0.2 percent from last year. Collections were below monthly forecast levels by \$8.7 million or -4.5 percent.

November Corporate Income Tax collections total \$10.4 million, an increase of \$2.8 million from year ago, and \$2.7 million above forecast.

November Corporate Income Tax Refunds total \$4.3 million. This amount is \$16.1 million below year ago levels. Refunds were also \$9.7 million below forecast.

November Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$18.4 million. Collections increased by \$0.4 million or 2.3 percent from year earlier levels and were above forecast by \$1.7 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 \$20.4 million, an increase of 7.3 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 November 2016, \$38.8 million was collected and deposited to the fund. After deductions, the net amount is \$37.6 million. The monthly collection is equivalent to a 0.4 percent decrease from prior year collections.

NOVEMBER 2016 YEAR-TO-DATE GENERAL REVENUE REPORT
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 2/1/2016

MILLIONS OF \$

	ACTUAL FY16	FORECAST FY17	ACTUAL FY17	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	1,128.6	1,152.9	1,158.8	5.9	0.5	30.2	2.7
CORPORATE INCOME	144.7	141.0	136.5	-4.5	-3.2	-8.1	-5.6
SALES AND USE	974.6	1,013.0	972.7	-40.3	-4.0	-1.9	-0.2
ALCOHOLIC BEVERAGE	22.3	22.4	22.9	0.5	2.2	0.6	2.5
TOBACCO	94.4	87.8	92.6	4.8	5.5	-1.8	-1.9
INSURANCE	43.6	43.6	42.6	-1.0	-2.4	-1.0	-2.3
RACING	0.9	0.8	0.8	0.0	0.3	-0.1	-9.1
GAMES OF SKILL	21.8	21.6	23.4	1.8	8.5	1.6	7.4
MISCELLANEOUS ¹	44.3	36.6	48.2	11.6	31.7	4.0	8.9
TOTAL GROSS	2,475.2	2,519.7	2,498.6	-21.1	-0.8	23.4	0.9
LESS: SCSF/COF ²	79.2	80.7	80.0	-0.7	-0.9	0.7	0.9
INDIV INCOME TAX REFUNDS	47.6	45.0	42.2	-2.8	-6.2	-5.4	-11.3
CORP INCOME TAX REFUNDS	44.3	31.5	31.7	0.2	0.6	-12.7	-28.5
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	3.2	9.5	4.5	-5.0	-52.6	1.3	41.8
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	4.7	4.5	3.4	-1.1	-25.5	-1.3	-28.0
CITY & COUNTY TOURIST	0.5	0.4	0.4	0.0	11.0	-0.1	-15.2
SCHOOL DESEGREGATION	35.9	36.0	35.9	-0.1	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	125.3	131.5	130.6	-0.9	-0.7	5.3	4.2
EDUCATIONAL ADEQUACY	11.1	11.6	11.5	-0.1	-0.5	0.5	4.2
TOTAL DEDUCTIONS	358.2	357.1	346.6	-10.5	-3.0	-11.6	-3.2
NET AVAILABLE	2,117.0	2,162.6	2,152.0	-10.6	-0.5	35.0	1.7

REVENUE FORECAST SUMMARY FOR NOVEMBER

YEAR-TO-DATE GROSS	\$ 21.1 MILLION OR 0.8% BELOW FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 10.6 MILLION OR 0.5% BELOW 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 2016 GENERAL REVENUE REPORT
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 2/1/2016

MILLIONS OF \$

			CHANGE FROM FORECAST		CHANGE FROM LAST YEAR		
	ACTUAL NOV FY16	FORECAST NOV FY17	ACTUAL NOV FY17	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	213.4	200.6	202.2	1.6	0.8	-11.2	-5.3
CORPORATE INCOME	7.6	7.7	10.4	2.7	34.6	2.8	36.7
SALES AND USE	184.9	193.2	184.5	-8.7	-4.5	-0.4	-0.2
ALCOHOLIC BEVERAGE	4.8	4.8	4.4	-0.4	-7.8	-0.4	-7.8
TOBACCO	18.0	16.7	18.4	1.7	10.2	0.4	2.3
INSURANCE	20.9	20.9	19.8	-1.1	-5.3	-1.1	-5.3
RACING	0.3	0.2	0.2	0.0	16.3	0.0	-16.5
GAMES OF SKILL	4.6	4.5	4.6	0.1	1.7	0.0	0.5
MISCELLANEOUS ¹	8.5	4.2	3.9	-0.3	-6.1	-4.5	-53.5
TOTAL GROSS	462.9	452.8	448.5	-4.3	-1.0	-14.5	-3.1
LESS: SCSF/COF ²	14.8	14.5	14.4	-0.1	-1.0	-0.5	-3.1
INDIV INCOME TAX REFUNDS	14.0	14.0	9.5	-4.5	-32.0	-4.5	-32.1
CORP INCOME TAX REFUNDS	20.5	14.0	4.3	-9.7	-69.1	-16.1	-78.9
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.0	1.9	0.7	-1.2	-65.7	0.7	0.0
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	4.6	4.5	3.4	-1.1	-25.5	-1.3	-27.8
CITY & COUNTY TOURIST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHOOL DESEGREGATION	6.0	6.0	6.0	0.0	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	25.1	26.3	26.1	-0.2	-0.7	1.1	4.2
EDUCATIONAL ADEQUACY	2.2	2.3	2.3	0.0	0.4	0.1	4.2
TOTAL DEDUCTIONS	88.4	84.7	67.8	-16.9	-19.9	-20.6	-23.3
NET AVAILABLE	374.6	368.1	380.7	12.6	3.4	6.1	1.6

REVENUE FORECAST SUMMARY FOR NOVEMBER

NOVEMBER GROSS	\$ 4.3 MILLION OR 1.0% BELOW FORECAST
NOVEMBER NET AVAILABLE	\$ 12.6 MILLION OR 3.4% 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.