



STATE OF ARKANSAS
**Department of Finance
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MEMORANDUM

TO: Larry Walther, Director
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for January (FY 2016)**

DATE: February 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 \$3,133.0 million, which is \$12.9 million or 0.4 percent above year ago levels. After seven months into the fiscal year, net available revenue is above forecast by \$97.8 million or 3.2 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$3,632.5 million, representing an increase of \$18.3 million or 0.5 percent above last year. Gross general revenues are above forecast by \$103.6 million or 2.9 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$1,713.5 million, \$46.6 million or -2.7 percent below FY 2015 collections and \$41.9 million or 2.5 percent above forecast.

Year-to-date individual income tax refunds total \$71.9 million, down \$14.3 million or -16.6 percent compared to last year and \$10.1 million or -12.3 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 \$1,358.6 million, an increase of \$55.2 million or 4.2 percent from FY 2015 and \$29.4 million or 2.2 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$265.0 million, an increase of \$7.1 million or 2.7 percent above year-to-date FY 2015. Corporate income is above forecast by \$18.2 million or 7.4 percent.

Year-to-date corporate income tax refunds total \$53.9 million, an increase of \$26.8 million compared to the same year-to-date period last year.

JANUARY REVENUE SUMMARY

January Net Available General Revenues total \$551.9 million, \$30.6 million or 5.9 percent above last year and \$31.0 million or 5.9 percent above forecast.

January results were above forecast in both Gross Revenue and Net Available revenue. The results exceeded forecast in all major categories, and were further boosted by income tax refunds coming in below expected levels.

A \$6.4 million deposit to General Revenue occurred in January that had been expected in the prior month.

Among smaller revenue sources, Tobacco was above forecast by 3.9 percent (+\$0.6 million) and Games of Skill was above forecast by 23.5 percent (+\$0.8 million).

January Gross General Revenues: January collections total \$628.0 million, an increase of \$12.2 million or 2.0 percent above last year and \$18.3 million or 3.0 percent above forecast.

January Individual Income Tax collections total \$354.2 million. Collections decreased by \$2.0 million, or -0.6 percent compared to last year. With respect to the forecast, collections were \$4.9 million or 1.4 percent above forecast. Reduced collections from Withholding tax and Estimated Payments accounted for the decline from year ago levels.

January Individual Income Tax Refunds total \$17.3 million, \$17.6 million below last year and \$10.7 million below forecast. Refund amounts below forecast add to net available fund results.

January Sales and Use Tax Collections: January collections total \$197.6 million, an increase of \$4.4 million or 2.3 percent above last year. Collections were above monthly forecast levels by \$0.6 million or 0.3 percent. The results largely reflect taxable sales activity in December.

January Corporate Income Tax collections total \$39.8 million, an increase of \$6.3 million from year ago, and \$7.3 million or 22.4 percent above forecast. The gain occurred mainly in estimated payments.

January Corporate Income Tax Refunds total \$3.8 million. This amount is \$0.6 million below year ago levels. Refunds were \$0.7 million below forecast.

January Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$17.1 million. Collections increased by \$0.6 million or 3.9 percent from year earlier levels and were above forecast by \$0.6 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 \$26.7 million, an increase of 4.9 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 January 2016, \$40.8 million was collected and deposited to the fund. After deductions, the net amount is \$39.6 million. The monthly collection is equivalent to a gain of 0.6 percent from prior year collections.

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

FORECAST DATE: 5/6/2015

MILLIONS OF \$

	ACTUAL FY15	FORECAST FY16	ACTUAL FY16	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	1,760.1	1,671.6	1,713.5	41.9	2.5	-46.6	-2.7
CORPORATE INCOME	257.9	246.8	265.0	18.2	7.4	7.1	2.7
SALES AND USE	1,303.4	1,329.2	1,358.6	29.4	2.2	55.2	4.2
ALCOHOLIC BEVERAGE	30.9	31.5	31.2	-0.3	-0.8	0.3	1.0
TOBACCO	129.9	124.6	130.2	5.6	4.5	0.3	0.2
INSURANCE	45.6	45.6	44.8	-0.8	-1.7	-0.8	-1.7
RACING	1.4	1.2	1.3	0.1	7.8	-0.1	-4.3
GAMES OF SKILL	24.4	24.9	30.4	5.5	22.3	6.0	24.5
MISCELLANEOUS ¹	60.6	53.5	57.4	3.9	7.3	-3.2	-5.2
TOTAL GROSS	3,614.3	3,528.9	3,632.5	103.6	2.9	18.3	0.5
LESS: SCSF/COF ²	115.7	113.0	116.2	3.2	2.9	0.6	0.5
INDIV INCOME TAX REFUNDS	86.2	82.0	71.9	-10.1	-12.3	-14.3	-16.6
CORP INCOME TAX REFUNDS	27.0	31.2	53.9	22.7	72.7	26.8	99.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	6.1	13.4	4.4	-9.0	-67.1	-1.7	-27.7
WATER/SEWER BONDS	8.8	8.8	8.8	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	5.2	4.7	4.7	0.0	-0.9	-0.6	-10.6
CITY & COUNTY TOURIST	2.1	0.8	0.8	0.0	-1.8	-1.3	-62.6
SCHOOL DESEGREGATION	54.2	48.0	47.9	-0.1	-0.3	-6.3	-11.6
EDUCATIONAL EXCELLENCE	173.5	176.4	175.5	-0.9	-0.5	2.0	1.1
EDUCATIONAL ADEQUACY	15.3	15.4	15.5	0.1	0.7	0.2	1.1
TOTAL DEDUCTIONS	494.1	493.7	499.5	5.8	1.2	5.4	1.1
NET AVAILABLE	3,120.2	3,035.2	3,133.0	97.8	3.2	12.9	0.4

REVENUE FORECAST SUMMARY FOR JANUARY

YEAR-TO-DATE GROSS	\$ 103.6 MILLION OR 2.9% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 97.8 MILLION OR 3.2% 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.

JANUARY 2016 GENERAL REVENUE REPORT
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 5/6/2015

MILLIONS OF \$

	CHANGE FROM FORECAST				CHANGE FROM LAST YEAR		
	ACTUAL JAN FY15	FORECAST JAN FY16	ACTUAL JAN FY16	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	356.2	349.3	354.2	4.9	1.4	-2.0	-0.6
CORPORATE INCOME	33.5	32.5	39.8	7.3	22.4	6.3	18.8
SALES AND USE	193.2	197.0	197.6	0.6	0.3	4.4	2.3
ALCOHOLIC BEVERAGE	4.7	4.7	4.3	-0.4	-9.0	-0.4	-8.4
TOBACCO	16.5	16.5	17.1	0.6	3.9	0.6	3.9
INSURANCE	0.8	0.8	0.6	-0.2	-24.9	-0.2	-21.8
RACING	0.3	0.3	0.3	0.0	-4.1	0.0	0.5
GAMES OF SKILL	6.0	3.6	4.4	0.8	23.5	-1.6	-26.4
MISCELLANEOUS ¹	4.6	5.0	9.6	4.6	92.8	5.1	110.0
TOTAL GROSS	615.8	609.7	628.0	18.3	3.0	12.2	2.0
LESS: SCSF/COF ²	19.7	19.5	20.1	0.6	3.1	0.4	2.0
INDIV INCOME TAX REFUNDS	34.9	28.0	17.3	-10.7	-38.1	-17.6	-50.4
CORP INCOME TAX REFUNDS	4.4	4.5	3.8	-0.7	-16.1	-0.6	-14.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.6	2.0	0.2	-1.8	-91.2	-0.4	-71.2
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	0.7	0.2	0.3	0.1	30.9	-0.4	-62.6
SCHOOL DESEGREGATION	6.0	6.0	6.0	0.0	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	24.8	25.2	25.1	-0.1	-0.5	0.3	1.1
EDUCATIONAL ADEQUACY	2.2	2.2	2.2	0.0	0.7	0.0	1.1
TOTAL DEDUCTIONS	94.5	88.8	76.1	-12.7	-14.3	-18.4	-19.5
NET AVAILABLE	521.3	520.9	551.9	31.0	5.9	30.6	5.9

REVENUE FORECAST SUMMARY FOR JANUARY

JANUARY GROSS	\$ 18.3 MILLION OR 3.0% ABOVE FORECAST
JANUARY NET AVAILABLE	\$ 31.0 MILLION OR 5.9% 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.