



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

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**MEMORANDUM**

TO: Richard Weiss, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for September (FY 2009)**

DATE: October 2, 2008

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$1,203.3 million. This amount is \$64.2 million or 5.6 percent above last year and \$63.2 million or 5.5 percent above the general revenue forecast. The amount above forecast is due primarily to gains in Individual Income Tax, Gross Receipts (Sales and Use Tax), and the \$13.7 million transfer from Unclaimed Property proceeds recorded in Miscellaneous Tax.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$1,374.3 million, representing an increase of \$62.8 million or 4.8 percent above last year. Gross general revenues are \$60.6 million or 4.6 percent above the general revenue forecast.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$616.3 million, \$33.3 million or 5.7 percent above FY 2008 collections and \$30.8 million or 5.3 percent above forecast. Collections growth for individual monthly withholding is up 3.1 percent over year ago levels.

**Year-to-date individual income tax refunds** total \$21.2 million, down \$1.3 million or 6.0 percent compared to last year and \$2.4 million or 10.2 percent below forecast.

**Year-to-date Gross Receipts Collections:** Gross receipts consist primarily of sales and use taxes. On a year-to-date basis, gross receipts total \$563.1 million, an increase of \$20.0 million or 3.7 percent above FY 2008 and \$10.8 million or 2.0 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate income tax revenues total \$90.8 million, a decrease of \$11.1 million or 10.9 percent from year-to-date FY 2008.

**Year-to-date corporate income tax refunds** total \$6.4 million, up \$1.4 million or 27.2 percent from the comparable year-to-date period last year and \$0.3 million or 5.0 percent above forecast.

## SEPTEMBER REVENUE SUMMARY

**September Net Available General Revenues** total \$481.4 million, \$28.4 million or 6.3 percent above last year and \$24.4 million or 5.3 percent above forecast.

**September Gross General Revenues:** September collections total \$540.7 million, an increase of \$26.7 million or 5.2 percent above last year and \$29.0 million or 5.7 percent above forecast.

**September Individual Income Tax** collections total \$266.2 million. Collections increased by \$21.0 million, or 8.6 percent, compared to last year. With respect to the forecast, collections are \$24.0 million or 9.9 percent above forecast. Individual withholding increased 3.0 percent compared to last year.

**September Individual Income Tax Refunds** total \$7.4 million. Refunds are up \$2.1 million or 40.5 percent above September 2007. This amount is 34.1 percent above forecast for the month.

**September Gross Receipts Collections:** September collections total \$183.4 million, a decrease of \$1.3 million or 0.7 percent below last year. Collections were also below monthly forecast levels by \$4.1 million or 2.2 percent.

**September Corporate Income Tax** collections total \$64.0 million, a decrease of \$1.4 million or 2.2 percent from year earlier levels, and \$2.1 million or 3.4 percent above forecast.

**September Corporate Income Tax Refunds** total \$3.9 million. This amount is \$2.9 million or 284.1 percent above year ago refunds.

**September Tobacco Tax** collections, a small component of general revenue, total \$11.7 million or 12.1 percent above year earlier levels. 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 Medicaid Program Trust Fund:** Year-to-date collections of the dedicated soft drink tax total \$13.6 million, an increase of \$0.5 million or 4.3 percent above 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 September 2008, \$37.4 million was collected and deposited to the fund. After deductions, the net amount is \$36.4 million. The monthly collection is equivalent to a 0.1 percent decrease from prior year collections.

YEAR TO DATE REPORT, SEPTEMBER 2008  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DF&A)

THROUGH SEPTEMBER 2008  
3 Months YTD  
Forecast Date: 5/07/08

MILLIONS OF DOLLARS

	ACTUAL FY 2008	FORECAST FY 2009	INCREASE		ACTUAL FY 2008	ACTUAL FY 2009	INCREASE		ACTUAL AS % OF FORECAST
			AMOUNT	PERCENT			AMOUNT	PERCENT	
INDIVIDUAL INCOME	583.0	585.5	2.5	0.4	583.0	616.3	33.3	5.7	105.3
ESTATE <sup>1</sup>	-0.1	0.0	0.1	-100.0	-0.1	-0.5	-0.4	463.5	0.0
CORPORATE INCOME	101.9	89.9	-12.0	-11.8	101.9	90.8	-11.1	-10.9	101.0
GROSS RECEIPTS <sup>2</sup>	543.2	552.3	9.1	1.7	543.2	563.1	20.0	3.7	102.0
ALCOHOLIC BEVERAGE <sup>3</sup>	6.6	7.3	0.7	10.4	6.6	7.9	1.3	19.5	108.3
TOBACCO	35.7	35.7	0.0	-0.1	35.7	37.3	1.5	4.3	104.4
INSURANCE	22.4	22.8	0.4	1.9	22.4	22.1	-0.2	-1.1	97.0
RACING	1.2	1.1	-0.1	-8.3	1.2	1.1	-0.1	-9.8	98.4
GAMES OF SKILL	1.2	1.5	0.3	20.1	1.2	1.5	0.2	19.2	99.2
MISCELLANEOUS <sup>4</sup>	16.4	17.6	1.2	7.1	16.4	34.7	18.3	111.3	197.4
TOTAL GROSS	1,311.6	1,313.7	2.1	0.2	1,311.6	1,374.3	62.8	4.8	104.6
PLUS:									
PROP. TAX RELIEF TR. FUND	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE ALLOTMENT RESERVE	4.7	3.4	-1.3	-28.3	4.7	3.4	-1.4	-28.7	99.4
LESS: SCSF/COF <sup>5</sup>	39.3	39.4	0.1	0.1	39.3	41.2	1.9	4.8	104.7
IND INCOME TAX REFUNDS	22.5	23.6	1.1	4.7	22.5	21.2	-1.3	-6.0	89.8
CORP INCOME TAX REFUNDS	5.0	6.1	1.1	21.1	5.0	6.4	1.4	27.2	105.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	4.1	5.7	1.6	38.8	4.1	2.7	-1.4	-34.2	47.4
WATER/SEWER BONDS	0.6	1.5	0.9	150.0	0.6	1.5	0.9	150.0	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CITY/CO. TOURIST	1.8	1.7	-0.1	-6.2	1.8	1.8	0.0	-1.5	104.9
SCHOOL DESEGREGATION	22.0	20.6	-1.4	-6.4	22.0	20.6	-1.4	-6.4	100.0
EDUCATIONAL EXCELLENCE	74.6	71.4	-3.2	-4.3	74.6	72.1	-2.5	-3.4	100.9
EDUCATIONAL ADEQUACY	6.6	6.4	-0.2	-3.0	6.6	6.4	-0.2	-3.4	99.5
ELDERLY TRANSPORTATION	0.5	0.6	0.1	11.1	0.5	0.6	0.0	4.8	94.3
NET AVAILABLE	1,139.1	1,140.1	1.0	0.1	1,139.1	1,203.3	64.2	5.6	105.5

REVENUE FORECAST SUMMARY FOR SEPTEMBER

YEAR-TO-DATE GROSS	\$ 60.6 MILLION OR 4.6% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 2.1 MILLION OR 7.1% BELOW FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 63.2 MILLION OR 5.5% ABOVE FORECAST

MEDICAID PROGRAM TRUST FUND (SOFT DRINK EXCISE TAX)	<u>YTD FY 08</u> 13.1	<u>YTD FY 09</u> 13.6	<u>% CHANGE</u> 4.3
EDUCATIONAL ADEQUACY FUND (NET DEPOSIT)	<u>YTD FY 08</u> 108.0	<u>YTD FY 09</u> 112.1	<u>% CHANGE</u> 3.8

- 1) Effective January 1, 2005, the federal estate tax credit was abolished, effectively ending state tax collections in FY06.
- 2) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 3) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 4) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 5) State Central Services Fund and Constitutional Officers Fund.

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

September 30, 2008  
Days Remaining: 0  
Forecast date: 5/07/08

MILLIONS OF \$

CURRENT MONTH TO DATE

	ACTUAL FY 2008	FORECAST FY 2009	CHANGE		ACTUAL FY 2008	ACTUAL FY 2009	CHANGE		ACTUAL AS % OF FORECAST
			AMOUNT	PERCENT			AMOUNT	PERCENT	
INDIVIDUAL INCOME	245.2	242.2	-3.0	-1.2	245.2	266.2	21.0	8.6	109.9
ESTATE <sup>1</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1154.2	0.0
CORPORATE INCOME	65.4	61.9	-3.5	-5.4	65.4	64.0	-1.4	-2.2	103.4
GROSS RECEIPTS <sup>2</sup>	184.7	187.5	2.8	1.5	184.7	183.4	-1.3	-0.7	97.8
ALCOHOLIC BEVERAGE <sup>3</sup>	2.1	2.2	0.1	5.2	2.1	2.3	0.2	10.3	104.8
TOBACCO	10.4	10.5	0.1	0.5	10.4	11.7	1.3	12.1	111.5
INSURANCE	1.2	1.0	-0.2	-17.3	1.2	5.0	3.8	313.3	499.7
RACING	0.5	0.4	-0.1	-13.8	0.5	0.3	-0.1	-31.1	80.0
GAMES OF SKILL	0.4	0.5	0.1	11.5	0.4	0.5	0.1	15.1	103.3
MISCELLANEOUS <sup>4</sup>	4.0	5.5	1.5	36.0	4.0	7.3	3.2	79.3	131.9
<b>TOTAL GROSS</b>	<b>514.0</b>	<b>511.7</b>	<b>-2.3</b>	<b>-0.5</b>	<b>514.0</b>	<b>540.7</b>	<b>26.7</b>	<b>5.2</b>	<b>105.7</b>
PLUS:									
PROP. TAX RELIEF TR. FUND	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
REV. ALLOTMENT RESERVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LESS: 3% (SCSF/COF) <sup>5</sup>	15.4	15.3	-0.1	-0.8	15.4	16.2	0.8	5.2	106.0
IND INC TAX REFUNDS	5.2	5.5	0.3	4.8	5.2	7.4	2.1	40.5	134.1
CORP INC TAX REFUNDS	1.0	1.4	0.4	38.6	1.0	3.9	2.9	284.1	277.1
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	1.9	1.9	0.0	-1.7	1.9	1.0	-0.9	-47.7	53.2
WATER/SEWER BONDS	0.2	0.5	0.3	150.0	0.2	0.5	0.3	150.0	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	10.0	4.0	-6.0	-60.0	10.0	4.0	-6.0	-60.0	100.0
EDUCATIONAL EXCELLENCE	24.9	23.8	-1.1	-4.3	24.9	24.0	-0.8	-3.4	100.9
EDUCATIONAL ADEQUACY	2.2	2.1	-0.1	-4.5	2.2	2.1	-0.1	-3.4	101.1
ELDERLY TRANSPORTATION	0.2	0.2	0.0	26.2	0.2	0.2	0.0	15.6	91.7
<b>NET AVAILABLE</b>	<b>453.0</b>	<b>457.0</b>	<b>4.0</b>	<b>0.9</b>	<b>453.0</b>	<b>481.4</b>	<b>28.4</b>	<b>6.3</b>	<b>105.3</b>

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Sept 07</u> 36.4	<u>Sept 08</u> 36.4	<u>% CH</u> -0.1
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