



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.state.ar.us/dfa>

M E M O R A N D U M

TO: Richard Weiss, Director
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for April (FY 2010)**

DATE: May 4, 2010 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 \$3,593.4 million. This amount is \$113.3 million or -3.1 percent below last year and \$15.8 million or 0.4 percent below the general revenue forecast that was released on January 11, 2010.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$4,523.5 million, representing a decrease of \$155.3 million or -3.3 percent below last year. Gross general revenues are \$38.8 million or -0.9 percent below the general revenue forecast. Among the major revenue categories, Gross Receipts (Sales & Use Tax) is fractionally above forecast. Individual Income Tax is now below forecast year-to-date after the results of April payments with returns and estimate payments.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$2,158.2 million, \$142.3 million or -6.2 percent below FY 2009 collections and \$36.8 million or 1.7 percent below forecast. Collections growth for individual monthly withholding is down -2.1 percent from year ago levels.

Year-to-date individual income tax refunds total \$446.0 million, up \$22.2 million or 5.2 percent compared to last year and \$8.5 million or 1.9 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 \$1,652.6 million, a decrease of \$122.9 million or -6.9 percent below FY 2009 and \$3.3 million or 0.2 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$353.5 million, an increase of \$38.3 million or 12.2 percent from year-to-date FY 2009. Collections are \$0.3 million or 0.1 percent above forecast. Several large, non-recurring payments in Corporate Income Tax were anticipated in the forecast and subsequently collected.

Year-to-date corporate income tax refunds total \$53.9 million, down \$0.5 million or -0.9 percent from the comparable year-to-date period last year and \$3.2 million or -5.7 percent below forecast.

APRIL REVENUE SUMMARY

April Net Available General Revenues total \$441.7 million, \$50.2 million or -10.2 percent below last year and \$32.0 million or -6.8 below forecast. April Individual Income and Estimate Tax filing accounted for the decline. This reflects income from tax year 2009 from year end returns and for tax year 2010 through estimated tax payments. However, Income Tax Withholding was up over last year by 2.6 percent and above forecast by 3.9 percent. This indicates that Withholding from employment may be stabilizing.

April Gross General Revenues: April collections total \$601.2 million, a decrease of \$49.0 million or -7.5 percent from last year and \$41.2 million or -6.4 percent below forecast.

April Individual Income Tax collections total \$364.8 million. Collections decreased by \$50.0 million, or -12.1 percent compared to last year. With respect to the forecast, collections are \$39.4 million or 9.8 percent below forecast. Individual withholding increased 2.6 percent compared to last year.

April Individual Income Tax Refunds total \$103.2 million. Refunds are up \$3.6 million or 3.6 percent from April 2009. This amount is \$2.2 million or -2.1 percent below forecast for the month.

April Gross Receipts Collections: April collections total \$166.9 million, representing an increase of \$0.7 million or 0.4 percent from last year. Collections were above monthly forecast levels by \$1.1 million or 0.7 percent.

April Corporate Income Tax collections total \$37.7 million, a decrease of \$7.9 million or -17.4 percent from year earlier levels. Collections were below forecast by \$4.9 million or 11.6 percent.

April Corporate Income Tax Refunds total \$2.8 million. This amount is \$2.1 million or -42.7 percent below year ago refunds.

April Tobacco Tax collections, a smaller component of general revenue, total \$22.6 million or 54.7 percent above year earlier levels. Collections were 15.5 percent above forecast for the month. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers. Year ago growth comparisons are impacted by tax rate changes that became effective on March 1.

SPECIAL REVENUES OF NOTE

Year-to-date Medicaid Program Trust Fund: Year-to-date collections of the dedicated soft drink tax total \$37.2 million, a decrease of \$2.3 million or -5.8 percent below 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 April 2010, \$38.5 million was collected and deposited to the fund. After deductions, the net amount is \$37.4 million. The monthly collection is equivalent to a 5.7 percent increase from prior year collections.

YEAR TO DATE REPORT, APRIL 2010
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH APRIL 2010
10 Months YTD
Forecast Date: 01/11/2010

MILLIONS OF DOLLARS

	ACTUAL FY 2009	FORECAST FY 2010	INCREASE		ACTUAL FY 2009	ACTUAL FY 2010	INCREASE		ACTUAL AS % OF FORECAST
			AMOUNT	PERCENT			AMOUNT	PERCENT	
INDIVIDUAL INCOME	2,300.5	2,195.0	-105.5	-4.6	2,300.5	2,158.2	-142.3	-6.2	98.3
ESTATE ¹	-1.2	0.0	1.2	0.0	-1.2	0.1	1.3	0.0	0.0
CORPORATE INCOME	315.1	353.2	38.1	12.1	315.1	353.5	38.3	12.2	100.1
GROSS RECEIPTS ²	1,775.4	1,649.3	-126.1	-7.1	1,775.4	1,652.6	-122.9	-6.9	100.2
ALCOHOLIC BEVERAGE ³	24.6	25.3	0.7	2.8	24.6	23.9	-0.7	-3.0	94.3
TOBACCO	124.0	205.2	81.2	65.4	124.0	204.3	80.3	64.7	99.6
INSURANCE	64.1	68.0	3.9	6.0	64.1	65.4	1.2	1.9	96.1
RACING	4.3	3.8	-0.5	-12.4	4.3	3.7	-0.7	-15.7	96.3
GAMES OF SKILL	5.1	6.0	0.9	18.2	5.1	6.8	1.8	34.8	114.1
MISCELLANEOUS ⁴	66.8	56.5	-10.3	-15.4	66.8	55.1	-11.6	-17.4	97.6
TOTAL GROSS	4,678.8	4,562.3	-116.5	-2.5	4,678.8	4,523.5	-155.3	-3.3	99.1
PLUS:									
REVENUE ALLOTMENT RESERVE	3.4	61.0	57.6	1,704.7	3.4	61.0	57.7	1,706.2	100.1
LESS: SCSF/COF ⁵	140.4	136.9	-3.5	-2.5	140.4	135.9	-4.6	-3.2	99.2
IND INCOME TAX REFUNDS	423.9	454.5	30.6	7.2	423.9	446.0	22.2	5.2	98.1
CORP INCOME TAX REFUNDS	54.3	57.1	2.8	5.1	54.3	53.9	-0.5	-0.9	94.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	11.7	17.4	5.7	49.2	11.7	7.4	-4.3	-36.7	42.4
WATER/SEWER BONDS	5.0	10.9	5.9	118.0	5.0	10.9	5.9	118.0	100.0
COLLEGE SAVINGS BONDS	6.1	5.7	-0.4	-6.2	6.1	5.6	-0.4	-7.2	98.9
CITY/CO. TOURIST	7.1	7.3	0.2	2.3	7.1	7.3	0.1	1.9	99.5
SCHOOL DESEGREGATION	63.9	65.1	1.2	1.9	63.9	65.1	1.2	1.9	100.0
EDUCATIONAL EXCELLENCE	240.2	236.7	-3.5	-1.5	240.2	236.7	-3.5	-1.4	100.0
EDUCATIONAL ADEQUACY	21.2	20.9	-0.3	-1.6	21.2	20.9	-0.3	-1.4	100.1
ELDERLY TRANSPORTATION	1.7	1.6	-0.1	-6.2	1.7	1.5	-0.2	-13.7	92.0
NET AVAILABLE	3,706.7	3,609.2	-97.5	-2.6	3,706.7	3,593.4	-113.3	-3.1	99.6

REVENUE FORECAST SUMMARY FOR APRIL

YEAR-TO-DATE GROSS	\$ 38.8 MILLION OR 0.9% BELOW FORECAST.
YEAR-TO-DATE REFUNDS	\$ 11.7 MILLION OR 2.3% BELOW FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 15.8 MILLION OR 0.4% BELOW FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 09</u> 39.5	<u>YTD FY 10</u> 37.2	<u>% CHANGE</u> -5.8
EDUCATIONAL ADEQUACY FUND (NET DEPOSIT)	<u>YTD FY 09</u> 355.6	<u>YTD FY 10</u> 333.9	<u>% CHANGE</u> -6.1

- 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.

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

April 30, 2010
Days Remaining: 0
Forecast date: 01/11/2010

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2009	FORECAST FY 2010	CHANGE AMOUNT	PERCENT	ACTUAL FY 2009	ACTUAL FY 2010	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	414.8	404.2	-10.6	-2.5	414.8	364.8	-50.0	-12.1	90.2
ESTATE ¹	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CORPORATE INCOME	45.6	42.6	-3.0	-6.6	45.6	37.7	-7.9	-17.4	88.4
GROSS RECEIPTS ²	166.2	165.8	-0.4	-0.2	166.2	166.9	0.7	0.4	100.7
ALCOHOLIC BEVERAGE ³	2.5	2.6	0.1	2.9	2.5	2.5	-0.1	-2.4	94.8
TOBACCO	14.6	19.6	5.0	33.9	14.6	22.6	8.0	54.7	115.5
INSURANCE	0.6	0.8	0.2	30.7	0.6	0.5	-0.1	-21.7	59.9
RACING	0.6	0.5	-0.1	-16.3	0.6	0.2	-0.4	-65.8	40.9
GAMES OF SKILL	0.6	0.6	0.0	2.5	0.6	1.0	0.4	69.1	165.0
MISCELLANEOUS ⁴	4.7	5.7	1.0	22.5	4.7	5.0	0.4	8.4	88.5
TOTAL GROSS	650.1	642.4	-7.7	-1.2	650.1	601.2	-49.0	-7.5	93.6
PLUS:									
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) ⁵	19.5	19.3	-0.2	-1.0	19.5	18.2	-1.4	-6.9	94.1
IND INC TAX REFUNDS	99.7	105.4	5.7	5.7	99.7	103.2	3.6	3.6	97.9
CORP INC TAX REFUNDS	4.9	5.7	0.8	16.0	4.9	2.8	-2.1	-42.7	49.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.5	3.0	2.5	523.2	0.5	0.0	-0.5	-100.0	0.0
WATER/SEWER BONDS	0.5	1.0	0.5	100.0	0.5	1.0	0.5	100.0	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	1.8	1.8	0.0	0.9	1.8	1.8	0.0	1.9	100.9
SCHOOL DESEGREGATION	5.1	6.5	1.4	27.5	5.1	6.5	1.4	27.5	100.0
EDUCATIONAL EXCELLENCE	24.0	23.7	-0.3	-1.3	24.0	23.7	-0.3	-1.4	99.9
EDUCATIONAL ADEQUACY	2.1	2.1	0.0	-1.1	2.1	2.1	0.0	-1.4	99.7
ELDERLY TRANSPORTATION	0.1	0.2	0.1	89.1	0.1	0.2	0.1	49.2	78.9
NET AVAILABLE	491.9	473.7	-18.2	-3.7	491.9	441.7	-50.2	-10.2	93.2

REVENUE FORECAST SUMMARY FOR APRIL

APRIL GROSS	\$ 41.2 MILLION OR 6.4% BELOW FORECAST.
APRIL NET AVAILABLE	\$ 32.0 MILLION OR 6.8% BELOW FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Apr 09</u> 35.4	<u>Apr 10</u> 37.4	<u>% CH</u> 5.7
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