



STATE OF ARKANSAS
**Department of Finance
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MEMORANDUM

TO: Richard Weiss, Director
Tim Leathers, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for July (FY 2011)**

DATE: August 3, 2010

Copy: Governor's Office
Management Services

JULY REVENUE SUMMARY

July Net Available General Revenues total \$370.6 million, \$14.8 million or 4.1 percent above forecast. Actual growth is 7.5 percent in gross collections and 8.7 percent in net available revenue. The general revenue total is \$41.4 million or -10.1 percent below last year, due to one-time transfers of funds to general revenue in July FY 2010.

All major revenue lines exceeded the forecast for the month. The main contributors to growth by revenue line in dollar terms consisted of gross receipts (+\$4.9 million) and individual income (+\$3.4 million). In percentage terms the largest contributor was from Corporate Income collections (+7.5 percent), a more volatile source subject to corporate tax filing strategies. Other smaller revenue lines were also well above forecast for the month.

Last July, two transfers were made to general revenue pursuant to Act 1441 of 2009. A \$10 million transfer was made from unclaimed property proceeds and reported as miscellaneous collections as part of gross revenue and \$61 million was transferred from Revenue Allotment Reserve. There were no one-time transfers this fiscal year. This caused the schedules to reflect revenue which is lower than actual growth.

July Gross General Revenues: July collections total \$425.8 million, an increase of \$19.6 million or 4.8 percent above last year and \$13.7 million or 3.3 percent above forecast. The comparison includes \$10.0 million less in deposits to general revenue from unclaimed property proceeds compared to July of last year. The deposit of unclaimed property proceeds in the prior year was recorded in miscellaneous revenue.

July Individual Income Tax collections total \$181.2 million. Collections increased by \$7.4 million, or 4.3 percent, compared to last year. With respect to the forecast, collections are \$3.4 million or 1.9 percent above forecast. Individual withholding accelerated 4.6 percent compared to last year.

July Individual Income Tax Refunds total \$9.6 million, \$1.5 million or 18.2 percent above last year and \$0.9 million or 10.4 percent above forecast.

July Gross Receipts Collections: July collections total \$188.3 million, an increase of \$15.4 million or 8.9 percent above last year. Collections were also above monthly forecast levels by \$4.9 million or 2.7 percent.

July Corporate Income Tax collections total \$23.0 million, an increase of \$4.3 million or 23.2 percent above year earlier levels, and \$1.6 million or 7.5 percent above forecast.

July Corporate Income Tax Refunds total \$1.3 million. This amount is \$0.1 million or -6.6 percent below year ago levels.

July Tobacco Tax collections, a small component of general revenue, total \$20.4 million or 5.7 percent below year earlier levels, and \$0.9 million or 4.4 percent above forecast. Monthly changes in tobacco tax collections can also 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 \$4.7 million, a decrease of \$0.2 million or -3.3 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 July 2010, \$38.6 million was collected and deposited to the fund. After deductions, the net amount is \$37.5 million. The monthly collection is equivalent to a 7.6 percent increase from prior year collections.

C: /FISCNOT/July FY 2011
Attachment (1)

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

July 30, 2010
Days Remaining: 0
Forecast date: 05/04/2010

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2010	FORECAST FY 2011	CHANGE AMOUNT	PERCENT	ACTUAL FY 2010	ACTUAL FY 2011	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	173.8	177.8	4.0	2.3	173.8	181.2	7.4	4.3	101.9
CORPORATE INCOME	18.7	21.4	2.7	14.6	18.7	23.0	4.3	23.2	107.5
GROSS RECEIPTS ¹	172.8	183.4	10.6	6.1	172.8	188.3	15.4	8.9	102.7
ALCOHOLIC BEVERAGE ²	3.2	3.5	0.3	10.7	3.2	3.9	0.7	22.1	110.3
TOBACCO	21.6	19.5	-2.1	-9.7	21.6	20.4	-1.2	-5.7	104.4
INSURANCE	0.7	0.7	0.0	-1.2	0.7	3.0	2.3	330.2	435.4
RACING	0.2	0.2	0.0	-16.5	0.2	0.2	0.0	-20.0	95.8
GAMES OF SKILL	0.6	0.5	-0.1	-12.1	0.6	0.8	0.3	45.1	165.0
MISCELLANEOUS ³	14.7	5.1	-9.6	-65.3	14.7	5.0	-9.6	-65.6	99.0
TOTAL GROSS	406.3	412.1	5.8	1.4	406.3	425.8	19.6	4.8	103.3
PLUS:									
REV. ALLOTMENT RESERVE *	61.0	0.0	-61.0	-100.0	61.0	0.0	-61.0	-100.0	0.0
LESS: 3% (SCSF/COF) ⁴	12.2	12.4	0.2	1.7	12.2	12.8	0.6	4.8	103.0
IND INC TAX REFUNDS	8.1	8.7	0.6	7.0	8.1	9.6	1.5	18.2	110.4
CORP INC TAX REFUNDS	1.4	1.8	0.4	27.2	1.4	1.3	-0.1	-6.6	73.4
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	2.0	1.5	269.9	0.5	0.2	-0.3	-54.4	12.3
WATER/SEWER BONDS	1.1	1.3	0.2	18.2	1.1	1.3	0.2	18.2	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	1.4	-0.4	-22.9	1.8	1.3	-0.5	-27.4	94.2
SCHOOL DESEGREGATION	4.2	4.2	0.0	0.0	4.2	4.2	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	23.7	22.3	-1.4	-5.8	23.7	22.4	-1.3	-5.5	100.4
EDUCATIONAL ADEQUACY	2.1	2.0	-0.1	-4.4	2.1	2.0	-0.1	-5.5	98.9
ELDERLY TRANSPORTATION	0.2	0.2	0.0	28.1	0.2	0.1	0.0	-10.7	69.7
NET AVAILABLE	412.0	355.8	-56.2 *	-13.6	412.0	370.6	-41.4 *	-10.1	104.1

REVENUE FORECAST SUMMARY FOR JULY

JULY GROSS	\$ 13.7 MILLION OR 3.3% ABOVE FORECAST
JULY NET AVAILABLE	\$ 14.8 MILLION OR 4.1% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	July 09 34.9	July 10 37.5	% CH 7.6
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- 1) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
 - 2) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
 - 3) Miscellaneous includes estate tax, severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
 - 4) State Central Services Fund and Constitutional Officers Fund.
- * One-time transfer from Revenue Allotment Reserve