



STATE OF ARKANSAS
**Department of Finance
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MEMORANDUM

TO: Larry Walther, Director
Paul Louthian, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research ^{JS}

SUBJECT: **General Revenue Report for November (FY 2018)**

DATE: December 4, 2017

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 \$2,172.8 million, \$20.8 million or 1.0 percent above year ago levels. After five months into the fiscal year, net available revenue is below forecast by \$26.8 million or -1.2 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$2,537.6 million, representing an increase of \$39.1 million or 1.6 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 \$1,194.2 million, \$35.4 million or 3.1 percent above FY 2017 collections and \$10.6 million or 0.9 percent above forecast.

Year-to-date individual income tax refunds total \$72.1 million, up \$29.9 million or 70.9 percent compared to last year and \$17.7 million or 32.6 percent above forecast. Amounts above forecast in refund categories reduce net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$979.9 million, an increase of \$7.2 million or 0.7 percent from FY 2017 and \$30.1 million or -3.0 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$132.3 million, a decrease of \$4.2 million from year-to-date FY 2017. Corporate income is below forecast by \$11.0 million or -7.7 percent.

Year-to-date corporate income tax refunds total \$19.2 million, a decrease of \$12.5 million compared to the same year-to-date period last year.

NOVEMBER REVENUE SUMMARY

November Net Available General Revenues total \$379.0 million, \$1.7 million or -0.4 percent below last year and \$9.4 million or 2.5 percent above forecast.

Among the major categories, Individual Income Tax, the largest single category of gross collections exceeded forecast. Corporate Income Tax collections were below forecast in a normally minor month for this category. Sales tax collection results were above year ago but slightly below forecast. Sales growth by sector was mixed with Retail, Manufacturing, and Construction up moderately. The Motor Vehicle portion of Sales Tax also increased. Individual Income tax refunds exceeded forecast in November with higher claims from extension filings for tax year 2016. Corporate Refunds were significantly below forecast benefiting Net Available revenues.

Among smaller revenue sources, Tobacco was above forecast by \$2.6 million and above year ago collections. Results in Gaming revenue exceeded forecast by \$0.4 million.

November Gross General Revenues: November collections total \$457.8 million, an increase of \$9.4 million or 2.1 percent from last year and \$1.8 million or 0.4 percent above forecast.

November Individual Income Tax collections total \$210.4 million. Collections increased by \$8.2 million, or 4.1 percent compared to last year. With respect to the forecast, collections were \$2.3 million or 1.1 percent above forecast. Individual Withholding Tax was up 4.8 percent compared to last year.

November Individual Income Tax Refunds total \$16.3 million, \$6.8 million above last year and \$4.0 million above forecast. Refund amounts above forecast reduce net available fund results.

November Sales and Use Tax Collections: November collections total \$189.6 million, an increase of \$5.1 million or 2.8 percent above last year. Collections were below monthly forecast levels by \$2.7 million or -1.4 percent.

November Corporate Income Tax collections total \$4.4 million, a decrease of \$6.0 million or -57.7 percent from year ago, and \$1.1 million or -20.3 percent below forecast in a minor filing month for this category.

November Corporate Income Tax Refunds total \$8.3 million. This amount is \$3.9 million above year ago levels. Refunds were also \$10.6 million below forecast.

November Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$19.8 million. Collections increased by \$1.4 million or 7.6 percent from year earlier levels and were also above forecast by \$2.6 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 \$20.4 million, for no increase 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 2017, \$39.1 million was collected and deposited to the fund. After deductions, the net amount is \$37.9 million. The monthly collection is equivalent to a 0.8 percent increase from prior year collections.

NOVEMBER 2017 YEAR-TO-DATE GENERAL REVENUE REPORT
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 5/2/2017

MILLIONS OF \$

	ACTUAL FY17	FORECAST FY18	ACTUAL FY18	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	1,158.8	1,183.6	1,194.2	10.6	0.9	35.4	3.1
CORPORATE INCOME	136.5	143.3	132.3	-11.0	-7.7	-4.2	-3.1
SALES AND USE	972.7	1,010.0	979.9	-30.1	-3.0	7.2	0.7
ALCOHOLIC BEVERAGE	22.9	23.2	23.6	0.4	1.7	0.7	3.1
TOBACCO	92.6	89.0	94.3	5.3	6.0	1.7	1.9
INSURANCE	42.6	42.6	42.1	-0.5	-1.1	-0.4	-1.0
RACING	0.8	0.8	0.7	-0.1	-8.1	-0.1	-8.3
GAMES OF SKILL	23.4	23.5	25.7	2.2	9.3	2.3	9.6
MISCELLANEOUS ¹	48.2	42.7	44.7	2.0	4.6	-3.6	-7.4
TOTAL GROSS	2,498.6	2,558.7	2,537.6	-21.1	-0.8	39.1	1.6
LESS: SCSF/COF ²	80.0	79.3	78.7	-0.6	-0.8	-1.3	-1.6
INDIV INCOME TAX REFUNDS	42.2	54.4	72.1	17.7	32.6	29.9	70.9
CORP INCOME TAX REFUNDS	31.7	26.0	19.2	-6.8	-26.2	-12.5	-39.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	4.5	8.9	3.3	-5.6	-63.4	-1.2	-27.5
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	3.4	3.0	3.6	0.6	20.1	0.2	7.4
CITY & COUNTY TOURIST	0.4	0.4	0.4	0.0	11.0	0.0	0.0
SCHOOL DESEGREGATION	35.9	36.0	35.9	-0.1	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	130.6	133.0	133.5	0.5	0.4	2.9	2.2
EDUCATIONAL ADEQUACY	11.5	11.7	11.8	0.1	0.8	0.3	2.2
TOTAL DEDUCTIONS	346.6	359.1	364.9	5.8	1.6	18.3	5.3
NET AVAILABLE	2,152.0	2,199.6	2,172.8	-26.8	-1.2	20.8	1.0

REVENUE FORECAST SUMMARY FOR NOVEMBER

YEAR-TO-DATE GROSS	\$ 21.1 MILLION OR 0.8% BELOW FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 26.8 MILLION OR 1.2% 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 2017 GENERAL REVENUE REPORT
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 5/2/2017

MILLIONS OF \$

	CHANGE FROM FORECAST				CHANGE FROM LAST YEAR		
	ACTUAL NOV FY17	FORECAST NOV FY18	ACTUAL NOV FY18	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	202.2	208.1	210.4	2.3	1.1	8.2	4.1
CORPORATE INCOME	10.4	5.5	4.4	-1.1	-20.3	-6.0	-57.7
SALES AND USE	184.5	192.3	189.6	-2.7	-1.4	5.1	2.8
ALCOHOLIC BEVERAGE	4.4	4.5	4.6	0.1	2.0	0.2	3.7
TOBACCO	18.4	17.2	19.8	2.6	15.1	1.4	7.6
INSURANCE	19.8	19.8	19.9	0.1	0.3	0.1	0.4
RACING	0.2	0.2	0.2	0.0	-1.8	0.0	-15.6
GAMES OF SKILL	4.6	4.6	5.0	0.4	7.6	0.4	8.2
MISCELLANEOUS ¹	3.9	3.8	4.0	0.2	5.5	0.1	1.7
TOTAL GROSS	448.5	456.0	457.8	1.8	0.4	9.4	2.1
LESS: SCSF/COF ²	14.4	14.1	14.2	0.1	0.7	-0.2	-1.1
INDIV INCOME TAX REFUNDS	9.5	12.3	16.3	4.0	32.9	6.8	71.6
CORP INCOME TAX REFUNDS	4.3	18.9	8.3	-10.6	-56.2	3.9	91.2
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.7	2.0	0.2	-1.8	-89.4	-0.4	-67.4
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	3.4	3.0	3.6	0.6	19.7	0.2	7.1
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	26.1	26.6	26.7	0.1	0.4	0.6	2.2
EDUCATIONAL ADEQUACY	2.3	2.3	2.4	0.1	2.6	0.1	2.2
TOTAL DEDUCTIONS	67.8	86.4	78.8	-7.6	-8.7	11.0	16.3
NET AVAILABLE	380.7	369.6	379.0	9.4	2.5	-1.7	-0.4

REVENUE FORECAST SUMMARY FOR NOVEMBER

NOVEMBER GROSS	\$ 1.8 MILLION OR 0.4% ABOVE FORECAST
NOVEMBER NET AVAILABLE	\$ 9.4 MILLION OR 2.5% 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.