



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

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**MEMORANDUM**

TO: Larry Walther, Secretary  
 Robert Brech, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research JS

SUBJECT: **General Revenue Report for July (FY 2024)**

DATE: August 2, 2023 Copy: Governor's Office

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**JULY REVENUE SUMMARY**

**July Net Available General Revenues** total \$553.3 million, \$11.3 million or 2.1 percent above last year. After one month into FY 2024, Net Available Revenue is \$15.9 million above the monthly forecast.

All major collection categories were above forecast in July, led by Individual Income Tax at \$13.0 million above forecast. Sales Tax collection growth was broad-based but notably above year ago in Retail Trade, Motor Vehicles, and Restaurant sales. Corporate Income collections were above forecast across all subcategories of filings. Income Tax Refunds were above forecast and accounted for the main difference in performance between Gross Revenue and Net Revenue results.

**July Gross General Revenues:** July collections total \$643.3 million, an increase of \$27.4 million or 4.5 percent above last year and \$21.9 million or 3.5 percent above forecast.

**July Individual Income Tax** collections total \$276.2 million. Collections increased by \$23.1 million, or 9.1 percent compared to last year. With respect to the forecast, collections were \$13.0 million or 4.9 percent above forecast. Payroll Withholding Tax increased by 7.9 percent from last year, in part from positive payday timing differences with the prior year.

**July Individual Income Tax Refunds** total \$23.0 million, \$12.0 million above last year and \$4.9 million or 27.0 percent above forecast. Refund amounts above forecast subtract from net available fund results.

**July Sales and Use Tax Collections:** July collections total \$282.3 million, an increase of \$9.9 million or 3.6 percent above last year. Collections were also above monthly forecast levels by \$1.8 million or 0.6 percent. Collections from motor vehicle sales tax were up 5.6 percent in July from year ago levels. Collections from Accommodation and Food Services (restaurants) were up 10.7 percent from last year.

**July Corporate Income Tax** collections total \$31.2 million, a decrease of \$3.9 million from year ago, and \$9.0 million above forecast.

**July Corporate Income Tax Refunds** total \$2.8 million. This amount is \$1.8 million above year ago levels and \$1.8 million above forecast.

**July Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$16.9 million. Collections decreased by \$1.7 million or -9.0 percent from year earlier levels and were below forecast by \$1.0 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

## **SPECIAL REVENUES OF NOTE**

**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, \$58.8 million was collected and deposited to the fund. After deductions, the net amount is \$57.0 million. The monthly collection represents a 3.1 percent increase from prior year collections.

C: /FISCNOT/July FY 2024  
Attachment (1)

**July 2023 General Revenue Report**  
**Economic Analysis and Tax Research, DFA**

Forecast Date: 05/17/23

Millions of \$

	Actual July FY23	Forecast July FY24	Actual July FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	253.1	263.2	276.2	13.0	4.9	23.1	9.1
Corporate Income	35.1	22.2	31.2	9.0	40.7	-3.9	-11.1
Sales & Use	272.4	280.5	282.3	1.8	0.6	9.9	3.6
Alcohol	7.0	7.4	7.5	0.1	1.0	0.5	6.6
Tobacco	18.5	17.9	16.9	-1.0	-5.8	-1.7	-9.0
Insurance	1.0	1.1	0.2	-0.9	-78.0	-0.8	-75.6
Racing	0.1	0.1	0.1	0.0	-19.7	0.0	35.6
Gaming	4.8	5.4	5.9	0.5	9.7	1.1	23.3
Severance	2.1	1.7	1.6	-0.1	-7.2	-0.5	-24.5
Franchise	0.0	0.8	0.6	-0.2	-22.8	0.6	0.0
Real Estate Transfer	2.3	1.8	1.8	0.0	0.2	-0.5	-21.0
Miscellaneous	19.5	19.3	19.0	-0.3	-1.3	-0.4	-2.1
<b>Total Gross</b>	<b>615.9</b>	<b>621.4</b>	<b>643.3</b>	<b>21.9</b>	<b>3.5</b>	<b>27.4</b>	<b>4.5</b>
LESS: (SCSF/COF) <sup>1</sup>	19.1	19.3	19.9	0.6	3.3	0.8	4.5
Individual Income Refunds	11.0	18.1	23.0	4.9	27.0	12.0	109.9
Corporate Income Refunds	1.0	1.0	2.8	1.8	179.6	1.8	193.7
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	2.2	2.0	0.0	-2.0	-100.0	-2.2	-100.0
Amendment 82 Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wood Energy Products Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	1.3	1.3	1.3	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	0.2	0.2	0.2	0.0	11.0	0.0	0.0
Educational Excellence	36.0	38.7	39.3	0.6	1.6	3.3	9.1
Educational Adequacy	3.2	3.4	3.5	0.1	1.5	0.3	8.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Deductions</b>	<b>73.9</b>	<b>84.0</b>	<b>90.0</b>	<b>6.0</b>	<b>7.2</b>	<b>16.1</b>	<b>21.8</b>
<b>Net Available</b>	<b>542.0</b>	<b>537.4</b>	<b>553.3</b>	<b>15.9</b>	<b>3.0</b>	<b>11.3</b>	<b>2.1</b>

Revenue Forecast Summary for the Month

July Gross: \$ 21.9 Million OR 3.5% Above Forecast  
July Net Available: \$ 15.9 Million OR 3.0% Above Forecast

<sup>1</sup> State Central Services Fund and Constitutional Officers Fund.