



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

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MEMORANDUM

TO: Jim Hudson, Secretary
Robert Brech, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research JS

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

DATE: December 4, 2023 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues: Year-to-date net available general revenues total \$2,762.5 million, \$164.6 million or -5.6 percent below year ago levels. After five months into the fiscal year, net available revenue is above forecast by \$144.1 million or 5.5 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$3,324.4 million, representing a decrease of \$47.7 million or -1.4 percent below last year. Gross general revenues are above forecast by \$176.8 million or 5.6 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$1,436.5 million, \$43.1 million or -2.9 percent below FY 2023 collections and \$86.6 million or 6.4 percent above forecast.

Year-to-date individual income tax refunds total \$205.8 million, up \$99.9 million or 94.3 percent compared to last year and \$34.5 million or 20.1 percent above forecast.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$1,444.9 million, an increase of \$43.7 million or 3.1 percent above FY 2023 and \$40.6 million or 2.9 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$207.2 million, a decrease of \$48.2 million from year-to-date FY 2023. Corporate income is above forecast by \$51.1 million or 32.8 percent.

Year-to-date corporate income tax refunds total \$25.2 million, an increase of \$3.6 million compared to the same year-to-date period last year.

NOVEMBER REVENUE SUMMARY

November Net Available General Revenues total \$473.4 million, \$1.3 million or 0.3 percent above last year and \$28.3 million or 6.4 percent above forecast.

Net Available revenue results were above forecast in all major collection categories. Individual Income Tax gains were driven largely by non-Withholding Tax categories. Corporate Income Tax collections were above forecast with higher Estimated Payments. Sales Tax collections were above forecast and year ago levels with broad-based gains. Income Tax refund claims were above forecast in Individual claims and below forecast in Corporate claims.

Among smaller revenue sources, Tobacco was above forecast by \$1.3 million and above year ago collections. Results in Gaming revenues matched forecast at \$3.9 million.

November Gross General Revenues: November collections total \$606.6 million, an increase of \$25.5 million or 4.4 percent above last year and \$28.1 million or 4.9 percent above forecast. Gross revenue from collections was above year ago in part from higher Sales Tax collections and better than expected Corporate Income Tax collections. Individual Income Tax rate reductions limited gains in that category.

November Individual Income Tax collections total \$247.6 million. Collections increased by \$2.0 million, or 0.8 percent compared to last year. With respect to the forecast, collections were \$6.5 million or 2.7 percent above forecast. Individual Withholding Tax revenue increased 1.7 percent compared to last year, lowered in part from Withholding Tax rate reductions.

November Individual Income Tax Refunds total \$62.9 million, \$32.5 million above last year and \$13.8 million above forecast. Refund claims above forecast subtract from net revenue results.

November Sales and Use Tax Collections: November collections total \$287.2 million, an increase of \$18.3 million or 6.8 percent above last year. Collections were above monthly forecast levels by \$17.0 million or 6.3 percent. Major reporting sectors of Sales Tax displayed mostly higher growth over the prior year, reflecting continuing economic expansion in many sectors. Motor vehicle sales tax collections were up 14.6 percent from year ago November.

November Corporate Income Tax collections total \$12.2 million, an increase of \$2.2 million from year ago, and \$3.4 million above forecast.

November Corporate Income Tax Refunds total \$5.6 million. This amount is \$12.1 million below year ago levels. Refunds were also \$13.3 million below forecast.

November Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$16.9 million. Collections increased by \$0.7 million from year earlier levels and were above forecast by \$1.3 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 November 2023, \$59.9 million was collected and deposited to the fund. After deductions, the net amount is \$58.1 million. The monthly collection is equivalent to a 7.3 percent increase from prior year collections.

C: /FISCNOT/November FY 2024
Attachment (2)

November 2023 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/17/23

Millions of \$

				<u>Change from Forecast</u>		<u>Change from Last Year</u>	
	Actual	Forecast	Actual	Dollar	Percent	Dollar	Percent
	Nov FY23	Nov FY24	Nov FY24	Difference	Difference	Difference	Difference
Individual Income	1,479.5	1,349.9	1,436.5	86.6	6.4	-43.1	-2.9
Corporate Income	255.4	156.1	207.2	51.1	32.8	-48.2	-18.9
Sales & Use	1,401.2	1,404.3	1,444.9	40.6	2.9	43.7	3.1
Alcohol	31.1	32.8	32.0	-0.8	-2.5	0.8	2.7
Tobacco	87.7	84.5	82.9	-1.6	-1.9	-4.8	-5.5
Insurance	48.9	52.5	52.2	-0.3	-0.5	3.4	6.9
Racing	0.4	0.5	0.3	-0.2	-31.8	-0.1	-22.1
Gaming	19.7	21.0	22.0	1.0	4.9	2.3	11.8
Severance	6.8	5.6	5.7	0.1	1.3	-1.1	-16.3
Franchise	5.1	5.0	5.0	0.0	-0.1	-0.1	-1.6
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	33.5	32.8	33.0	0.2	0.5	-0.6	-1.7
Total Gross	3,372.0	3,147.6	3,324.4	176.8	5.6	-47.7	-1.4
LESS: (SCSF/COF) ¹	104.5	97.7	103.1	5.4	5.5	-1.5	-1.4
Individual Income Refunds	105.9	171.3	205.8	34.5	20.1	99.9	94.3
Corporate Income Refunds	21.6	31.1	25.2	-5.9	-18.9	3.6	16.8
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	7.5	9.8	6.3	-3.5	-35.9	-1.2	-15.9
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	6.4	6.4	6.4	0.0	0.0	0.0	0.0
College Savings Bonds	2.5	2.2	2.3	0.1	2.4	-0.3	-11.1
City & County Tourist	0.4	0.4	0.4	0.0	11.0	0.0	0.0
Educational Excellence	180.1	193.3	195.2	1.9	1.0	15.1	8.4
Educational Adequacy	15.9	17.0	17.3	0.3	1.5	1.3	8.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	444.9	529.2	561.9	32.7	6.2	117.0	26.3
Net Available	2,927.1	2,618.4	2,762.5	144.1	5.5	-164.6	-5.6

Revenue Forecast Summary for the Month

November Year-to-Date Gross:	\$ 176.8 Million OR 5.6% Above Forecast
November Year-to-Date Net Available:	\$ 144.1 Million OR 5.5% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

November 2023 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 05/17/23

Millions of \$

	Actual Nov FY23	Forecast Nov FY24	Actual Nov FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar	Percent	Dollar	Percent
				Difference	Difference	Difference	Difference
Individual Income	245.5	241.1	247.6	6.5	2.7	2.0	0.8
Corporate Income	10.0	8.8	12.2	3.4	38.4	2.2	22.3
Sales & Use	268.9	270.2	287.2	17.0	6.3	18.3	6.8
Alcohol	5.9	6.2	6.0	-0.2	-3.8	0.1	1.0
Tobacco	16.2	15.6	16.9	1.3	8.2	0.7	4.1
Insurance	24.2	26.0	26.5	0.5	1.8	2.2	9.1
Racing	0.1	0.1	0.1	0.0	-48.0	0.0	-19.0
Gaming	3.7	3.9	3.9	0.0	0.9	0.2	5.8
Severance	0.9	0.9	1.1	0.2	24.9	0.2	28.2
Franchise	1.4	1.4	0.6	-0.8	-59.4	-0.8	-59.8
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	4.3	4.3	4.7	0.4	9.9	0.4	9.5
Total Gross	581.2	578.5	606.6	28.1	4.9	25.5	4.4
LESS: (SCSF/COF) ¹	18.0	17.9	18.8	0.9	5.1	0.8	4.4
Individual Income Refunds	30.4	49.1	62.9	13.8	28.1	32.5	106.8
Corporate Income Refunds	17.7	18.9	5.6	-13.3	-70.6	-12.1	-68.5
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.0	2.0	0.0	-2.0	-100.0	0.0	0.0
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	1.2	1.2	1.2	0.0	0.0	0.0	0.0
College Savings Bonds	2.5	2.2	2.3	0.1	2.4	-0.3	-11.1
City & County Tourist	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Educational Excellence	36.0	38.7	39.0	0.3	0.9	3.0	8.4
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
Total Deductions	109.0	133.4	133.2	-0.2	-0.1	24.2	22.2
Net Available	472.1	445.1	473.4	28.3	6.4	1.3	0.3

Revenue Forecast Summary for the Month

November Gross: \$ 28.1 Million OR 4.9% Above Forecast
November Net Available: \$ 28.3 Million OR 6.4% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.