



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

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MEMORANDUM

TO: Jim Hudson, Secretary
Robert Brech, Deputy Director

FROM: Economic Analysis & Tax Research

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

DATE: January 3, 2024 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues totaled \$3,429.3 million, \$182.1 million or 5.0 percent below year ago levels. After six months into the fiscal year, net available revenue is above forecast by \$216.4 million or 6.7 percent.

Gross General Revenues totaled \$4,093.0 million, representing a decrease of \$52.3 million or 1.3 percent below last year. Gross general revenues are above forecast by \$250.7 million or 6.5 percent.

Individual Income Tax collections totaled \$1,730.5 million, \$38.0 million or 2.1 percent below FY 2023 collections and \$115.6 million or 7.2 percent above forecast.

Individual Income Tax Refunds totaled \$225.4 million, up \$105.8 million or 88.5 percent compared to last year and \$32.0 million or 16.6 percent above forecast.

Sales and Use Tax collections totaled \$1,743.3 million, an increase of \$52.5 million or 3.1 percent above FY 2023 and \$45.7 million or 2.7 percent above forecast.

Corporate Income Tax collections totaled \$337.9 million, a decrease of \$69.0 million from year-to-date FY 2023. Corporate income is above forecast by \$89.0 million or 35.8 percent.

Corporate Income Tax Refunds totaled \$39.1 million, an increase of \$7.5 million compared to the same year-to-date period last year.

DECEMBER REVENUE SUMMARY

Net Available General Revenues totaled \$666.8 million, \$17.5 million or 2.6 percent below last year and \$72.3 million or 12.2 percent above forecast.

Net Available revenue results were above forecast in all major collection categories. Individual Income Tax gains against forecast were driven 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 below forecast in Individual claims and above forecast in Corporate claims.

Among smaller revenue sources, Tobacco was above forecast by \$2.1 million and above year ago collections. Results in Gaming revenues were slightly above forecast at \$3.8 million.

Gross General Revenues totaled \$768.6 million, a decrease of \$4.6 million or 0.6 percent below last year but \$73.9 million or 10.6 percent above forecast. Gross revenue from collections was below year ago primarily due to lower Corporate Income Tax collections. Individual Income Tax rate reductions limited gains in that category.

Individual Income Tax collections totaled \$294.0 million. Collections increased by \$5.1 million, or 1.8 percent compared to last year. With respect to the forecast, collections were \$29.0 million or 10.9 percent above forecast. Individual Withholding Tax revenue increased 3.6 percent compared to last year, lowered in part from Withholding Tax rate reductions.

Individual Income Tax Refunds totaled \$19.6 million, \$5.9 million above last year and \$2.5 million below forecast. Refund claims below forecast has a positive effect on net revenue results.

Sales and Use Tax collections totaled \$298.4 million, an increase of \$8.8 million or 3.0 percent above last year. Collections were above monthly forecast levels by \$5.1 million or 1.7 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 down 12.6 percent from year ago.

Corporate Income Tax collections totaled \$130.7 million, a decrease of \$20.8 million from year ago, and \$37.9 million above forecast.

Corporate Income Tax Refunds totaled \$13.8 million. This amount is \$3.9 million above year ago levels. Refunds were also \$3.2 million above forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$18.1 million. Collections increased by \$1.5 million from year earlier levels and were above forecast by \$2.1 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 December 2023, \$61.0 million was collected and deposited to the fund. After deductions, the net amount is \$59.2 million. The monthly collection is equivalent to a 1.6 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2024/06 December
Attachment (2)

December 2023 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/17/23

Millions of \$

	Actual Dec FY23	Forecast Dec FY24	Actual Dec FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	1,768.5	1,614.9	1,730.5	115.6	7.2	-38.0	-2.1
Corporate Income	406.9	248.9	337.9	89.0	35.8	-69.0	-17.0
Sales & Use	1,690.8	1,697.6	1,743.3	45.7	2.7	52.5	3.1
Alcohol	37.1	39.1	37.7	-1.4	-3.6	0.6	1.7
Tobacco	104.3	100.5	101.0	0.5	0.5	-3.3	-3.2
Insurance	53.0	56.9	56.3	-0.6	-1.1	3.3	6.2
Racing	0.6	0.7	0.5	-0.2	-22.2	-0.1	-10.6
Gaming	23.2	24.7	25.8	1.1	4.5	2.6	11.2
Severance	7.7	6.6	6.5	-0.1	-1.6	-1.2	-15.1
Franchise	6.0	5.9	6.5	0.6	9.9	0.5	8.4
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	44.6	43.9	44.4	0.5	1.1	-0.2	-0.4
Total Gross	4,145.2	3,842.3	4,093.0	250.7	6.5	-52.3	-1.3
LESS: (SCSF/COF) ¹	128.5	119.2	126.9	7.7	6.4	-1.6	-1.3
Individual Income Refunds	119.6	193.4	225.4	32.0	16.6	105.8	88.5
Corporate Income Refunds	31.5	41.7	39.1	-2.6	-6.3	7.5	23.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	7.5	11.7	6.3	-5.4	-46.3	-1.2	-15.9
Amendment 82 Bonds	0.9	0.9	0.9	0.0	-4.2	-0.1	-6.7
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	7.6	7.6	7.6	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	216.1	231.9	234.2	2.3	1.0	18.1	8.4
Educational Adequacy	19.1	20.4	20.7	0.3	1.5	1.6	8.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	533.8	629.4	663.7	34.3	5.5	129.9	24.3
Net Available	3,611.4	3,212.9	3,429.3	216.4	6.7	-182.1	-5.0

Revenue Forecast Summary for the Month

December Year-to-Date Gross:	\$ 250.7 Million OR 6.5% Above Forecast
December Year-to-Date Net Available:	\$ 216.4 Million OR 6.7% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

December 2023 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/17/23

Millions of \$

	Actual Dec FY23	Forecast Dec FY24	Actual Dec FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	288.9	265.0	294.0	29.0	10.9	5.1	1.8
Corporate Income	151.5	92.8	130.7	37.9	40.8	-20.8	-13.8
Sales & Use	289.6	293.3	298.4	5.1	1.7	8.8	3.0
Alcohol	5.9	6.3	5.7	-0.6	-9.4	-0.2	-3.8
Tobacco	16.6	16.0	18.1	2.1	13.2	1.5	9.2
Insurance	4.1	4.4	4.0	-0.4	-8.5	-0.1	-2.3
Racing	0.2	0.2	0.2	0.0	1.5	0.0	18.7
Gaming	3.5	3.7	3.8	0.1	2.3	0.3	7.5
Severance	0.9	1.0	0.8	-0.2	-17.9	-0.1	-6.0
Franchise	0.9	0.9	1.5	0.6	65.5	0.6	65.2
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	11.1	11.1	11.4	0.3	3.1	0.4	3.4
Total Gross	773.2	694.7	768.6	73.9	10.6	-4.6	-0.6
LESS: (SCSF/COF) ¹	24.0	21.5	23.8	2.3	10.8	-0.1	-0.6
Individual Income Refunds	13.7	22.1	19.6	-2.5	-11.2	5.9	43.4
Corporate Income Refunds	9.9	10.6	13.8	3.2	30.6	3.9	39.4
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.0	1.9	0.0	-1.9	-100.0	0.0	0.0
Amendment 82 Bonds	0.9	0.9	0.9	0.0	-4.2	-0.1	-6.7
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City & County Tourist	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Educational Excellence	36.0	38.6	39.0	0.4	1.1	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	88.9	100.2	101.9	1.7	1.7	12.9	14.5
Net Available	684.3	594.5	666.8	72.3	12.2	-17.5	-2.6

Revenue Forecast Summary for the Month

December Gross: \$ 73.9 Million OR 10.6% Above Forecast
December Net Available: \$ 72.3 Million OR 12.2% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.