



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

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MEMORANDUM

TO: Larry Walther, Director
Paul Louthian, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research *JS*

SUBJECT: **General Revenue Report for December (FY 2019)**

DATE: January 3, 2019

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 \$2,857.0 million, \$163.2 million or 6.1 percent above year ago levels. After six months into the fiscal year, net available revenue is above forecast by \$17.0 million or 0.6 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$3,264.9 million, representing an increase of \$137.8 million or 4.4 percent above last year. Gross general revenues are above forecast by \$23.5 million or 0.7 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$1,513.1 million, \$56.2 million or 3.9 percent above FY 2018 collections and \$0.5 million or a fractional percent below forecast.

Year-to-date individual income tax refunds total \$79.5 million, an increase of \$4.0 million or 5.3 percent compared to last year and \$2.9 million or 3.7 percent above forecast. Amounts above forecast in refund categories subtract from net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$1,249.4 million, an increase of \$49.4 million or 4.1 percent from FY 2018

and \$1.0 million or 0.1 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$236.2 million, an increase of \$37.0 million from year-to-date FY 2018. Corporate income is above forecast by \$27.7 million or 13.3 percent.

Year-to-date corporate income tax refunds total \$27.5 million, an increase of \$2.1 million compared to the same year-to-date period last year. Corporate Refunds were \$5.4 million above forecast over the period.

DECEMBER REVENUE SUMMARY

December Net Available General Revenues and Summary Results: Net Available general revenues total \$541.6 million, \$20.5 million or 3.9 percent above last year and \$5.6 million or 1.0 percent above the forecast.

Among the major categories, Corporate Income Tax exceeded forecast by \$26.5 million, largely due to a surge in Corporate Estimated Payments from year ago levels. Sales Tax collections were below year ago levels due to large business payments in the prior year and also below forecast in business-related sectors in the current month. Individual Income Tax collections were below forecast by \$7.6 million and above year ago collections. Individual Estimated Payments were below year ago levels by -55.8 percent. Individual Withholding Tax collections were above forecast and year ago levels.

Among smaller revenue sources, Tobacco was above forecast by \$2.6 million and above year ago collections. Results in Gaming revenue exceeded forecast by \$0.2 million.

December Gross General Revenues: December collections total \$605.9 million, an increase of \$16.5 million or 2.8 percent above last year and \$8.7 million or 1.5 percent above forecast.

December Individual Income Tax collections total \$268.6 million. Collections increased by \$5.9 million or 2.3 percent compared to last year. With respect to the forecast, collections were \$7.6 million or -2.8 percent below forecast. Individual withholding increased 11.9 percent compared to last year with payday timing differences increasing collections compared to year ago results.

December Individual Income Tax Refunds total \$5.3 million, \$1.9 million or 57.9 percent above last year and \$1.8 million or 51.7 percent above forecast. Refund amounts above forecast reduce net available fund results.

December Sales and Use Tax Collections: December collections total \$215.6 million, a decrease of \$4.5 million or -2.0 percent below last year. Collections were below monthly forecast levels by \$5.0 million or -2.3 percent.

December Corporate Income Tax collections total \$87.6 million, an increase of \$20.8 million from year ago, and \$26.5 million or 43.4 percent above forecast. Higher Estimated Payments accounted for most of the gain.

December Corporate Income Tax Refunds total \$6.1 million. This amount is \$0.1 million below year ago levels. Refunds were also \$1.4 million above forecast.

December Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$19.7 million. Collections increased by \$1.7 million or 9.3 percent from year earlier levels and were 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

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 2018, \$44.6 million was collected and deposited to the fund. After deductions, the net amount is \$43.3 million. The monthly collection is equivalent to a -1.5 percent decrease from prior year collections.

Q:\Monthly Reports\FY 2019\December FY 2019
Attachment (2)

DECEMBER 2018 YEAR-TO-DATE GENERAL REVENUE REPORT
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 11/14/2018

MILLIONS OF \$

	ACTUAL FY18	FORECAST FY19	ACTUAL FY19	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	1,456.9	1,513.6	1,513.1	-0.5	0.0	56.2	3.9
CORPORATE INCOME	199.2	208.5	236.2	27.7	13.3	37.0	18.6
SALES AND USE	1,200.0	1,248.4	1,249.4	1.0	0.1	49.4	4.1
ALCOHOLIC BEVERAGE	27.9	28.4	28.6	0.2	0.8	0.7	2.4
TOBACCO	112.3	109.3	111.8	2.5	2.3	-0.5	-0.5
INSURANCE	42.7	44.5	44.4	-0.1	-0.3	1.7	4.0
RACING	0.8	0.8	0.8	0.0	-3.3	0.0	-0.1
GAMES OF SKILL	30.7	32.2	32.6	0.4	1.2	1.9	6.3
MISCELLANEOUS ¹	56.6	55.7	48.1	-7.6	-13.7	-8.5	-15.0
TOTAL GROSS	3,127.1	3,241.4	3,264.9	23.5	0.7	137.8	4.4
LESS: SCSF/COF ²	96.9	100.5	101.2	0.7	0.7	4.3	4.4
INDIV INCOME TAX REFUNDS	75.5	76.6	79.5	2.9	3.7	4.0	5.3
CORP INCOME TAX REFUNDS	25.4	22.1	27.5	5.4	24.5	2.1	8.5
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	6.5	9.4	6.8	-2.6	-27.3	0.4	5.8
AMENDMENT 82 BONDS	1.1	1.1	1.1	0.0	-1.6	0.0	-2.3
RECYCLING EQUIP 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	3.6	3.4	3.4	0.0	0.3	-0.2	-5.3
CITY & COUNTY TOURIST	0.4	0.5	0.4	-0.1	-11.2	0.0	0.0
SCHOOL DESEGREGATION	41.9	0.0	0.0	0.0	0.0	-41.9	-100.0
EDUCATIONAL EXCELLENCE	160.2	165.6	165.6	0.0	0.0	5.4	3.4
EDUCATIONAL ADEQUACY	14.2	14.6	14.6	0.0	0.3	0.5	3.4
TOTAL DEDUCTIONS	433.2	401.4	407.8	6.4	1.6	-25.4	-5.9
NET AVAILABLE	2,693.8	2,840.0	2,857.0	17.0	0.6	163.2	6.1

REVENUE FORECAST SUMMARY FOR DECEMBER

YEAR-TO-DATE GROSS	\$ 23.5 MILLION OR 0.7% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 17.0 MILLION OR 0.6% 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.

DECEMBER 2018 GENERAL REVENUE REPORT
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 11/14/2018

MILLIONS OF \$

	ACTUAL DEC FY18	FORECAST DEC FY19	ACTUAL DEC FY19	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	262.7	276.2	268.6	-7.6	-2.8	5.9	2.3
CORPORATE INCOME	66.8	61.1	87.6	26.5	43.4	20.8	31.1
SALES AND USE	220.1	220.6	215.6	-5.0	-2.3	-4.5	-2.0
ALCOHOLIC BEVERAGE	4.3	4.4	4.6	0.2	5.1	0.3	6.3
TOBACCO	18.0	17.1	19.7	2.6	15.1	1.7	9.3
INSURANCE	0.6	0.6	0.4	-0.2	-33.3	-0.2	-29.2
RACING	0.0	0.1	0.1	0.0	-34.5	0.0	69.1
GAMES OF SKILL	5.0	5.1	5.3	0.2	3.9	0.3	6.2
MISCELLANEOUS ¹	11.9	12.0	4.0	-8.0	-66.5	-7.9	-66.2
TOTAL GROSS	589.4	597.2	605.9	8.7	1.5	16.5	2.8
LESS: SCSF/COF ²	18.3	18.5	18.8	0.3	1.5	0.5	2.8
INDIV INCOME TAX REFUNDS	3.4	3.5	5.3	1.8	51.7	1.9	57.9
CORP INCOME TAX REFUNDS	6.2	4.7	6.1	1.4	29.5	-0.1	-1.6
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	3.2	2.2	1.9	-0.3	-15.9	-1.3	-42.2
AMENDMENT 82 BONDS	1.1	1.1	1.1	0.0	-1.6	0.0	-2.3
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	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
SCHOOL DESEGREGATION	6.0	0.0	0.0	0.0	0.0	-6.0	-100.0
EDUCATIONAL EXCELLENCE	26.7	27.6	27.6	0.0	0.0	0.9	3.4
EDUCATIONAL ADEQUACY	2.4	2.4	2.4	0.0	1.7	0.1	3.4
TOTAL DEDUCTIONS	68.4	61.2	64.4	3.2	5.2	-4.0	-5.9
NET AVAILABLE	521.1	536.0	541.6	5.6	1.0	20.5	3.9

REVENUE FORECAST SUMMARY FOR DECEMBER

DECEMBER GROSS	\$ 8.7 MILLION OR 1.5% ABOVE FORECAST
DECEMBER NET AVAILABLE	\$ 5.6 MILLION OR 1.0% 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.