



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

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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 February (FY 2019)**

DATE: March 4, 2019

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$3,732.6 million, \$142.1 million or 4.0 percent above year ago levels. After eight months into the fiscal year, net available revenue is below forecast by \$5.1 million or -0.1 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$4,346.6 million, representing an increase of \$113.4 million or 2.7 percent above last year. Gross general revenues are below forecast by \$8.2 million or -0.2 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$2,092 million, \$20.0 million or 1.0 percent above FY 2018 collections and \$33.5 million or -1.6 percent below forecast.

**Year-to-date individual income tax refunds** total \$169.1 million, a decrease of \$0.1 million or -0.1 percent compared to last year and \$4.7 million or -2.7 percent below forecast. Amounts below forecast in refund categories add to net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,642.7 million, an increase of \$45.8 million or 2.9 percent from FY 2018

and \$16.2 million or -1.0 percent below forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$275.9 million, an increase of \$46.2 million from year-to-date FY 2018. Corporate income is above forecast by \$39.5 million or 16.7 percent.

**Year-to-date corporate income tax refunds** total \$47.1 million, an increase of \$13.4 million compared to the same year-to-date period last year. Corporate Refunds were \$8.3 million above forecast over the period.

## **FEBRUARY REVENUE SUMMARY**

**February Net Available General Revenues and Summary Results:** Net Available general revenues total \$321.5 million, \$8.1 million or 2.6 percent above last year and \$9.0 million or -2.7 percent below the forecast.

Among the major categories, Individual Income Tax collections reflect reduced Payroll Withholding receipts partly attributable to Federal government shutdown. Sales Tax collections were below forecast due to lower collections in both business and consumer categories. Corporate Income Tax collections were above forecast by \$2.4 million and above year ago collections. Corporate and Individual Income Tax Refunds were below forecast for the month, contributing to net revenue results.

Among smaller revenue sources, Tobacco was below forecast by \$0.7 million and below year ago collections. Results in Gaming revenue exceeded forecast by \$0.5 million.

**February Gross General Revenues:** February collections total \$459.1 million, an increase of \$1.2 million or 0.3 percent above last year and \$16.2 million or -3.4 percent below forecast.

**February Individual Income Tax** collections total \$236.6 million. Collections increased by \$4.8 million or 2.1 percent compared to last year. With respect to the forecast, collections were \$11.1 million or -4.5 percent below forecast. Individual withholding increased 3.0 percent compared to last year with payday timing differences contributing to the increase compared to year ago results.

**February Individual Income Tax Refunds** total \$88.6 million, \$1.5 million or -1.7 percent below last year and \$4.4 million or -4.7 percent below forecast. Refund amounts below forecast add to net available fund results.

**February Sales and Use Tax Collections:** February collections total \$185.5 million, a decrease of \$4.8 million or -2.5 percent from last year. Collections were below monthly forecast levels by \$6.6 million or -3.4 percent. The Sales Tax tax reduction on food for

home consumption was reflected in results in February following the statutory rate reduction on January 1, 2019.

**February Corporate Income Tax** collections total \$7.7 million, an increase of \$2.5 million from year ago, and \$2.4 million or 45.0 percent above forecast. Higher Estimated Payments accounted for most of the gain.

**February Corporate Income Tax Refunds** total \$2.8 million. This amount is \$1.0 million below year ago levels. Refunds were also \$0.8 million below forecast.

**February Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$15.0 million. Collections decreased by \$1.8 million or -10.6 percent from year earlier levels and were below forecast by -\$0.7 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 February 2019, \$38.7 million was collected and deposited to the fund. After deductions, the net amount is \$37.5 million. The monthly collection is equivalent to a 1.5 percent decrease from prior year collections.

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



FEBRUARY 2019 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	2,072.0	2,125.5	2,092.0	-33.5	-1.6	20.0	1.0
CORPORATE INCOME	229.7	236.4	275.9	39.5	16.7	46.2	20.1
SALES AND USE	1,596.9	1,658.9	1,642.7	-16.2	-1.0	45.8	2.9
ALCOHOLIC BEVERAGE	36.8	37.3	37.7	0.4	1.0	0.9	2.4
TOBACCO	145.5	141.2	143.1	1.9	1.3	-2.4	-1.7
INSURANCE	45.2	47.1	46.0	-1.1	-2.3	0.9	2.0
RACING	1.3	1.3	1.1	-0.2	-13.2	-0.1	-11.5
GAMES OF SKILL	40.8	42.5	43.9	1.4	3.2	3.1	7.5
MISCELLANEOUS <sup>1</sup>	65.1	64.6	64.3	-0.3	-0.5	-0.9	-1.3
<b>TOTAL GROSS</b>	<b>4,233.2</b>	<b>4,354.8</b>	<b>4,346.6</b>	<b>-8.2</b>	<b>-0.2</b>	<b>113.4</b>	<b>2.7</b>
LESS: SCSF/COF <sup>2</sup>	131.2	135.0	134.7	-0.3	-0.2	3.5	2.7
INDIV INCOME TAX REFUNDS	169.2	173.8	169.1	-4.7	-2.7	-0.1	-0.1
CORP INCOME TAX REFUNDS	33.7	38.8	47.1	8.3	21.3	13.4	39.7
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	6.9	14.0	7.6	-6.4	-45.9	0.6	9.3
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	10.0	10.0	10.0	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	0.7	0.7	0.7	0.0	-4.9	0.0	0.0
SCHOOL DESEGREGATION	53.8	0.0	0.0	0.0	0.0	-53.8	-100.0
EDUCATIONAL EXCELLENCE	213.6	220.8	220.8	0.0	0.0	7.3	3.4
EDUCATIONAL ADEQUACY	18.9	19.5	19.5	0.0	0.1	0.6	3.4
<b>TOTAL DEDUCTIONS</b>	<b>642.7</b>	<b>617.1</b>	<b>614.0</b>	<b>-3.1</b>	<b>-0.5</b>	<b>-28.7</b>	<b>-4.5</b>
<b>NET AVAILABLE</b>	<b>3,590.5</b>	<b>3,737.7</b>	<b>3,732.6</b>	<b>-5.1</b>	<b>-0.1</b>	<b>142.1</b>	<b>4.0</b>

REVENUE FORECAST SUMMARY FOR FEBRUARY

YEAR-TO-DATE GROSS	\$ 8.2 MILLION OR 0.2% BELOW FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 5.1 MILLION OR 0.1% 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.

FEBRUARY 2019 GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 11/14/2018

MILLIONS OF \$

	ACTUAL FEB FY18	FORECAST FEB FY19	ACTUAL FEB FY19	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	231.9	247.7	236.6	-11.1	-4.5	4.8	2.1
CORPORATE INCOME	5.1	5.3	7.7	2.4	45.0	2.5	49.6
SALES AND USE	190.3	192.1	185.5	-6.6	-3.4	-4.8	-2.5
ALCOHOLIC BEVERAGE	3.8	3.9	4.1	0.2	5.9	0.3	7.7
TOBACCO	16.7	15.7	15.0	-0.7	-4.8	-1.8	-10.6
INSURANCE	0.8	0.8	0.8	0.0	1.8	0.0	4.2
RACING	0.4	0.4	0.2	-0.2	-44.7	-0.1	-38.5
GAMES OF SKILL	4.8	4.9	5.4	0.5	11.0	0.6	13.0
MISCELLANEOUS <sup>1</sup>	4.2	4.5	3.7	-0.8	-16.9	-0.5	-10.8
<b>TOTAL GROSS</b>	<b>457.9</b>	<b>475.3</b>	<b>459.1</b>	<b>-16.2</b>	<b>-3.4</b>	<b>1.2</b>	<b>0.3</b>
LESS: SCSF/COF <sup>2</sup>	14.2	14.7	14.2	-0.5	-3.2	0.0	0.3
INDIV INCOME TAX REFUNDS	90.2	93.0	88.6	-4.4	-4.7	-1.5	-1.7
CORP INCOME TAX REFUNDS	3.8	3.6	2.8	-0.8	-21.8	-1.0	-26.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.2	2.2	0.7	-1.5	-66.7	0.6	302.2
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	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	2.5	2.4	-0.1	-2.4	0.1	3.4
<b>TOTAL DEDUCTIONS</b>	<b>144.6</b>	<b>144.8</b>	<b>137.7</b>	<b>-7.1</b>	<b>-4.9</b>	<b>-6.9</b>	<b>-4.8</b>
<b>NET AVAILABLE</b>	<b>313.4</b>	<b>330.5</b>	<b>321.5</b>	<b>-9.0</b>	<b>-2.7</b>	<b>8.1</b>	<b>2.6</b>

REVENUE FORECAST SUMMARY FOR FEBRUARY

FEBRUARY GROSS	\$ 16.2 MILLION OR 3.4% BELOW FORECAST
FEBRUARY NET AVAILABLE	\$ 9.0 MILLION OR 2.7% 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.