



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 January (FY 2018)**

DATE: February 2, 2018

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 \$3,277.1 million, \$121.8 million or 3.9 percent above year ago levels. After two months from the revised annual forecast and seven months into the fiscal year, net available revenue is above forecast by \$65.4 million.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$3,775.3 million, representing an increase of \$125.5 million or 3.4 percent above last year. Gross general revenues are above the revised forecast by \$35.6 million or 1.0 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$1,840.1 million, \$88.7 million or 5.1 percent above FY 2017 collections and \$37.0 million or 2.1 percent above forecast.

Year-to-date individual income tax refunds total \$79.1 million, up \$16.2 million or 25.8 percent compared to last year and \$14.7 million or -15.7 percent below forecast. Amounts below forecast in refund categories raise net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$1,406.6 million, an increase of \$30.5 million or 2.2 percent from FY 2017 and \$4.8 million or 0.3 percent above the revised forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$224.6 million, an increase of \$2.9 million from year-to-date FY 2017. Corporate income is below the revised forecast by \$10.9 million or -4.6 percent.

Year-to-date corporate income tax refunds total \$29.9 million, a decrease of \$18.0 million compared to the same year-to-date period last year.

JANUARY REVENUE SUMMARY

January Net Available General Revenues total \$583.3 million, \$47.3 million or 8.8 percent above last year and \$41.7 million or 7.7 percent above the revised forecast.

Among the major categories, Individual Income Tax, the largest single category of gross collections exceeded forecast by \$25.5 million, largely due to higher Estimated Payments. Sales tax collection results were above year ago levels by \$6.1 million or 3.1 percent. Motor Vehicle Sales Tax collections rebounded in January from the prior month. Corporate Income Tax collections were below forecast by \$9.0 million but were more than offset by lower Corporate Tax Refunds. Individual Refunds were also below forecast, benefiting Net Available revenues by \$15.2 million.

Among smaller revenue sources, Tobacco was above forecast by \$0.3 million. Results in Gaming revenue exceeded forecast by \$0.5 million.

January Gross General Revenues: January collections total \$648.2 million, an increase of \$33.8 million or 5.5 percent from last year and \$14.2 million or 2.2 percent above the revised forecast.

January Individual Income Tax collections total \$383.2 million. Collections increased by \$24.5 million, or 6.8 percent compared to last year. With respect to the forecast, collections were \$25.5 million or 7.1 percent above forecast. Individual Withholding Tax was up 1.7 percent compared to last year, reflecting payday timing effects anticipated for the month.

January Individual Income Tax Refunds total \$3.6 million, \$14.9 million below last year and \$15.2 million below forecast. Refund amounts below forecast raise net available revenue results.

January Sales and Use Tax Collections: January collections total \$206.6 million, an increase of \$6.1 million or 3.1 percent above last year. Collections were below monthly forecast levels by \$5.4 million or -2.5 percent.

January Corporate Income Tax collections total \$25.4 million, an increase of \$2.8 million or 12.6 percent from year ago, and \$9.0 million or -26.0 percent below forecast.

January Corporate Income Tax Refunds total \$4.5 million. This amount is equal to year ago levels. Refunds were also \$10.2 million below forecast.

January Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$16.4 million. Collections decreased by \$1.5 million or -8.4 percent from year earlier levels and were above forecast by \$0.3 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

SPECIAL REVENUES OF NOTE

Year-to-date Soft Drink Tax (for Medicaid Program Trust Fund): Year-to-date collections of the dedicated soft drink tax total \$28.4 million, a decrease of -1.0 percent.

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 January 2017, \$42.8 million was collected and deposited to the fund. After deductions, the net amount is \$41.6 million. The monthly collection is equivalent to a 3.3 percent increase from prior year collections.

C: /FISCNOT/January FY 2018
Attachment (2)

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

FORECAST DATE: 12/1/2017

MILLIONS OF \$

	ACTUAL FY17	FORECAST FY18	ACTUAL FY18	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	1,751.4	1,803.1	1,840.1	37.0	2.1	88.7	5.1
CORPORATE INCOME	221.7	235.5	224.6	-10.9	-4.6	2.9	1.3
SALES AND USE	1,376.1	1,401.8	1,406.6	4.8	0.3	30.5	2.2
ALCOHOLIC BEVERAGE	31.9	32.6	33.0	0.4	1.1	1.0	3.2
TOBACCO	128.2	127.3	128.8	1.5	1.1	0.6	0.4
INSURANCE	44.5	44.0	44.4	0.4	0.8	-0.1	-0.3
RACING	1.1	1.2	0.9	-0.3	-23.8	-0.2	-20.2
GAMES OF SKILL	32.8	35.1	36.0	0.9	2.5	3.2	9.7
MISCELLANEOUS ¹	62.0	59.1	60.9	1.8	3.1	-1.0	-1.7
TOTAL GROSS	3,649.8	3,739.7	3,775.3	35.6	1.0	125.5	3.4
LESS: SCSF/COF ²	116.8	115.9	117.0	1.1	1.0	0.2	0.2
INDIV INCOME TAX REFUNDS	62.8	93.8	79.1	-14.7	-15.7	16.2	25.8
CORP INCOME TAX REFUNDS	47.9	44.0	29.9	-14.1	-32.1	-18.0	-37.6
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	6.2	8.9	6.7	-2.2	-24.2	0.6	9.1
AMENDMENT 82 BONDS	1.1	1.1	1.1	0.0	0.7	0.0	-1.6
RECYCLING EQUIP CREDIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WATER/SEWER BONDS	8.8	8.8	8.8	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	3.4	3.6	3.6	0.0	0.1	0.2	7.4
CITY & COUNTY TOURIST	0.7	0.6	0.7	0.1	11.0	0.0	0.0
SCHOOL DESEGREGATION	47.9	47.9	47.9	0.0	-0.1	0.0	0.0
EDUCATIONAL EXCELLENCE	182.8	186.9	186.9	0.0	0.0	4.0	2.2
EDUCATIONAL ADEQUACY	16.2	16.5	16.5	0.0	0.1	0.4	2.2
TOTAL DEDUCTIONS	494.5	528.0	498.1	-29.9	-5.7	3.6	0.7
NET AVAILABLE	3,155.3	3,211.7	3,277.1	65.4	2.0	121.8	3.9

REVENUE FORECAST SUMMARY FOR JANUARY

YEAR-TO-DATE GROSS	\$ 35.6 MILLION OR 1.0% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 65.4 MILLION OR 2.0% 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.

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

FORECAST DATE: 12/1/2017

MILLIONS OF \$

	CHANGE FROM FORECAST				CHANGE FROM LAST YEAR		
	ACTUAL JAN FY17	FORECAST JAN FY18	ACTUAL JAN FY18	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	358.7	357.7	383.2	25.5	7.1	24.5	6.8
CORPORATE INCOME	22.6	34.4	25.4	-9.0	-26.0	2.8	12.6
SALES AND USE	200.5	212.0	206.6	-5.4	-2.5	6.1	3.1
ALCOHOLIC BEVERAGE	4.5	4.5	5.0	0.5	11.5	0.5	10.7
TOBACCO	18.0	16.1	16.4	0.3	2.1	-1.5	-8.4
INSURANCE	0.9	0.9	1.7	0.8	85.7	0.8	83.9
RACING	0.3	0.3	0.1	-0.2	-53.1	-0.1	-47.3
GAMES OF SKILL	4.8	4.8	5.3	0.5	10.3	0.4	9.2
MISCELLANEOUS ¹	4.0	3.3	4.4	1.1	32.1	0.3	7.8
TOTAL GROSS	614.4	634.0	648.2	14.2	2.2	33.8	5.5
LESS: SCSF/COF ²	19.7	19.7	20.1	0.4	2.0	0.4	2.2
INDIV INCOME TAX REFUNDS	18.4	18.8	3.6	-15.2	-81.0	-14.9	-80.6
CORP INCOME TAX REFUNDS	4.5	14.7	4.5	-10.2	-69.3	0.0	0.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.0	2.8	0.3	-2.5	-89.8	0.3	0.0
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	0.2	0.2	0.2	0.0	11.0	0.0	0.0
SCHOOL DESEGREGATION	6.0	6.0	6.0	0.0	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	26.1	26.7	26.7	0.0	0.0	0.6	2.2
EDUCATIONAL ADEQUACY	2.3	2.3	2.4	0.1	2.6	0.1	2.2
TOTAL DEDUCTIONS	78.4	92.4	64.9	-27.5	-29.7	-13.5	-17.2
NET AVAILABLE	535.9	541.6	583.3	41.7	7.7	47.3	8.8

REVENUE FORECAST SUMMARY FOR JANUARY

JANUARY GROSS	\$ 14.2 MILLION OR 2.2% ABOVE FORECAST
JANUARY NET AVAILABLE	\$ 41.7 MILLION OR 7.7% 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.