



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 March (FY 2018)**

DATE: April 3, 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 \$3,932.6 million, \$155.6 million or 4.1 percent above year ago levels. After nine months into the fiscal year, net available revenue is above forecast by \$69.6 million.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$4,751.7 million, representing an increase of \$159.2 million or 3.5 percent above last year. Gross general revenues are above forecast by \$32.4 million or 0.7 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$2,322.2 million, \$115.7 million or 5.2 percent above FY 2017 collections and \$42.9 million or 1.9 percent above forecast.

Year-to-date individual income tax refunds total \$289.4 million, up \$26.5 million or 10.1 percent compared to last year and \$8.3 million or -2.8 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 \$1,796.9 million, an increase of \$44.3 million or 2.5 percent from FY 2017 and \$7.1 million or -0.4 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$247.2 million, a decrease of \$6.5 million from year-to-date FY 2017. Corporate income is below forecast by \$13.3 million or -5.1 percent.

Year-to-date corporate income tax refunds total \$35.2 million, a decrease of \$28.9 million compared to the same year-to-date period last year.

MARCH REVENUE SUMMARY

March Net Available General Revenues total \$342.1 million, \$2.9 million or -0.8 percent below last year and \$10.0 million or -2.8 percent below forecast.

Among the major categories, Individual Income Tax refunds accounted for most of the shortfall as refunds issued in March exceeded forecast \$14.7 million. Among major categories of gross collections, Sales taxes were above year ago levels but below forecast by \$4.1 million. Motor vehicle sales tax was down 6.0 percent.

Among smaller revenue sources, Tobacco was above forecast by \$2.7 million. Results in Gaming revenue matched forecast.

March Gross General Revenues: March collections total \$518.5 million, an increase of \$8.2 million or 1.6 percent from last year and \$2.4 million or -0.5 percent below forecast.

March Individual Income Tax collections total \$250.2 million. Collections increased by \$10.0 million, or 4.2 percent compared to last year. With respect to the forecast, collections were \$1.0 million or -0.4 percent below forecast. Individual Withholding Tax was up 3.2 percent compared to last year.

March Individual Income Tax Refunds total \$120.2 million, \$16.7 million above last year and \$14.7 million above forecast. Refund amounts above forecast reduce Net Available revenue results.

March Sales and Use Tax Collections: March collections total \$200.0 million, an increase of \$6.3 million or 3.3 percent above last year. Collections were below monthly forecast levels by \$4.1 million or -2.0 percent.

March Corporate Income Tax collections total \$17.4 million, a decrease of \$10.2 million or -36.8 percent from year ago, and \$0.5 million or -2.6 percent below forecast.

March Corporate Income Tax Refunds total \$1.5 million. This amount is -\$6.3 million below year ago levels. Refunds were also \$6.5 million below forecast.

March Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$19.2 million. Collections increased by \$1.8 million or 10.1 percent from

year earlier levels and were above forecast by \$2.7 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 March 2018, \$43.6 million was collected and deposited to the fund. After deductions, the net amount is \$42.3 million. The monthly collection is equivalent to a 7.0 percent increase from prior year collections.

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

MARCH 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	2,206.5	2,279.3	2,322.2	42.9	1.9	115.7	5.2
CORPORATE INCOME	253.7	260.5	247.2	-13.3	-5.1	-6.5	-2.6
SALES AND USE	1,752.5	1,804.0	1,796.9	-7.1	-0.4	44.3	2.5
ALCOHOLIC BEVERAGE	40.2	40.8	41.1	0.3	0.8	0.9	2.3
TOBACCO	162.3	159.0	164.7	5.7	3.6	2.5	1.5
INSURANCE	61.3	60.8	61.5	0.7	1.2	0.2	0.3
RACING	1.9	1.8	1.6	-0.2	-11.2	-0.3	-14.4
GAMES OF SKILL	43.1	45.4	46.4	1.0	2.2	3.3	7.7
MISCELLANEOUS ¹	71.2	67.7	70.2	2.5	3.7	-1.0	-1.4
TOTAL GROSS	4,592.6	4,719.3	4,751.7	32.4	0.7	159.2	3.5
LESS: SCSF/COF ²	147.0	146.3	147.3	1.0	0.7	0.3	0.2
INDIV INCOME TAX REFUNDS	263.0	297.7	289.4	-8.3	-2.8	26.5	10.1
CORP INCOME TAX REFUNDS	64.1	59.7	35.2	-24.5	-41.1	-28.9	-45.1
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	9.6	14.7	9.4	-5.3	-36.2	-0.2	-2.2
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	11.2	11.2	11.2	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	59.8	59.9	59.8	-0.1	-0.1	0.0	0.0
EDUCATIONAL EXCELLENCE	235.1	240.3	240.2	-0.1	0.0	5.2	2.2
EDUCATIONAL ADEQUACY	20.8	21.2	21.2	0.0	0.2	0.5	2.2
TOTAL DEDUCTIONS	815.6	856.3	819.2	-37.1	-4.3	3.6	0.4
NET AVAILABLE	3,777.0	3,863.0	3,932.6	69.6	1.8	155.6	4.1

REVENUE FORECAST SUMMARY FOR MARCH

YEAR-TO-DATE GROSS	\$ 32.4 MILLION OR 0.7% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 69.6 MILLION OR 1.8% 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.

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

FORECAST DATE: 12/1/2017

MILLIONS OF \$

	ACTUAL MAR FY17	FORECAST MAR FY18	ACTUAL MAR FY18	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	240.2	251.2	250.2	-1.0	-0.4	10.0	4.2
CORPORATE INCOME	27.6	17.9	17.4	-0.5	-2.6	-10.2	-36.8
SALES AND USE	193.7	204.1	200.0	-4.1	-2.0	6.3	3.3
ALCOHOLIC BEVERAGE	4.4	4.3	4.3	0.0	0.8	0.0	-0.5
TOBACCO	17.5	16.5	19.2	2.7	16.5	1.8	10.1
INSURANCE	16.2	16.2	16.4	0.2	1.0	0.1	0.7
RACING	0.3	0.3	0.3	0.0	7.5	0.0	8.0
GAMES OF SKILL	5.6	5.6	5.6	0.0	0.2	0.0	0.3
MISCELLANEOUS ¹	5.0	4.8	5.1	0.3	5.4	0.1	1.7
TOTAL GROSS	510.3	520.9	518.5	-2.4	-0.5	8.2	1.6
LESS: SCSF/COF ²	16.3	16.2	16.1	-0.1	-0.8	-0.3	-1.6
INDIV INCOME TAX REFUNDS	103.5	105.5	120.2	14.7	13.9	16.7	16.1
CORP INCOME TAX REFUNDS	7.8	8.0	1.5	-6.5	-81.6	-6.3	-81.1
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	2.1	2.9	2.5	-0.4	-15.3	0.4	17.8
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	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	165.3	168.8	176.4	7.6	4.5	11.1	6.7
NET AVAILABLE	345.0	352.1	342.1	-10.0	-2.8	-2.9	-0.8

REVENUE FORECAST SUMMARY FOR MARCH

MARCH GROSS	\$ 2.4 MILLION OR 0.5% BELOW FORECAST
MARCH NET AVAILABLE	\$ 10.0 MILLION OR 2.8% 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.