



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 April (FY 2018)**

DATE: May 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 \$4,589.6 million, \$151.8 million or 3.4 percent above year ago levels. After 10 months into the fiscal year, net available revenue is above forecast by \$53.8 million.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$5,594.5 million, representing an increase of \$177.7 million or 3.3 percent above last year. Gross general revenues are above forecast by \$29.0 million or 0.5 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$2,844.7 million, \$116.2 million or 4.3 percent above FY 2017 collections and \$41.0 million or 1.5 percent above forecast.

Year-to-date individual income tax refunds total \$408.5 million, up \$47.4 million or 13.1 percent compared to last year and \$10.8 million or 2.7 percent above forecast. Amounts above forecast in refund categories lower net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$2,005.0 million, an increase of \$62.3 million or 3.2 percent from FY 2017 and \$1.1 million or 0.1 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$326.0 million, a decrease of \$5.7 million from year-to-date FY 2017. Corporate income is below forecast by \$24.2 million or -6.9 percent.

Year-to-date corporate income tax refunds total \$37.2 million, a decrease of \$28.1 million compared to the same year-to-date period last year.

APRIL REVENUE SUMMARY

April Net Available General Revenues total \$657.1 million, \$3.8 million or -0.6 percent below last year and \$15.7 million or -2.3 percent below forecast.

Among the major categories, Individual Income Tax refunds accounted for most of the shortfall as refunds issued in April exceeded forecast by \$19.1 million. Among major categories of gross collections, Sales taxes were above forecast and year ago levels. Individual Income Tax collections were slightly below forecast. Corporate Income Tax collections were also below forecast but partly offset by lower than expected Corporate Refunds.

Among smaller revenue sources, Tobacco was below forecast by -\$1.2 million. Results in Gaming revenue were above forecast by \$0.7 million.

April Gross General Revenues: April collections total \$842.8 million, an increase of \$18.5 million or 2.2 percent from last year and \$3.4 million or -0.4 percent below forecast.

April Individual Income Tax collections total \$522.6 million. Collections increased by \$0.6 million, or 0.1 percent compared to last year. With respect to the forecast, collections were \$1.8 million or -0.4 percent below forecast. Individual Withholding Tax was up 1.1 percent compared to last year, unadjusted for one-time effects last year.

April Individual Income Tax Refunds total \$119.1 million, \$20.9 million above last year and \$19.1 million above forecast. Refund amounts above forecast reduce Net Available revenue results.

April Sales and Use Tax Collections: April collections total \$208.2 million, an increase of \$18.0 million or 9.5 percent above last year. Collections were also above monthly forecast levels by \$8.3 million or 4.1 percent.

April Corporate Income Tax collections total \$78.8 million, an increase of \$0.8 million or 1.0 percent from year ago, and \$10.9 million or -12.1 percent below forecast.

April Corporate Income Tax Refunds total \$2.0 million. This amount is \$0.8 million above year ago levels. Refunds were also \$5.8 million below forecast.

April Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$16.5 million. Collections decreased by \$2.5 million or 13.0 percent from year earlier levels and were below forecast by \$1.2 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 April 2018, \$50.4 million was collected and deposited to the fund. After deductions, the net amount is \$48.9 million. The monthly collection is equivalent to a 5.9 percent increase from prior year collections.

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

APRIL 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	2,728.5	2,803.7	2,844.7	41.0	1.5	116.2	4.3
CORPORATE INCOME	331.7	350.2	326.0	-24.2	-6.9	-5.7	-1.7
SALES AND USE	1,942.7	2,003.9	2,005.0	1.1	0.1	62.3	3.2
ALCOHOLIC BEVERAGE	44.5	45.1	45.9	0.8	1.8	1.4	3.2
TOBACCO	181.2	176.7	181.2	4.5	2.5	0.0	0.0
INSURANCE	62.1	61.6	62.2	0.6	1.0	0.1	0.2
RACING	2.1	2.1	1.9	-0.2	-10.3	-0.3	-11.9
GAMES OF SKILL	49.5	51.6	53.3	1.7	3.4	3.9	7.8
MISCELLANEOUS ¹	74.5	70.6	74.2	3.6	5.0	-0.4	-0.5
TOTAL GROSS	5,416.8	5,565.5	5,594.5	29.0	0.5	177.7	3.3
LESS: SCSF/COF ²	173.3	172.5	173.4	0.9	0.5	0.1	0.1
INDIV INCOME TAX REFUNDS	361.1	397.7	408.5	10.8	2.7	47.4	13.1
CORP INCOME TAX REFUNDS	65.2	67.5	37.2	-30.3	-45.0	-28.1	-43.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	11.5	17.6	11.4	-6.2	-35.0	-0.1	-0.6
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	12.4	12.4	12.4	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	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
SCHOOL DESEGREGATION	65.8	65.8	65.8	0.0	0.0	0.0	0.0
EDUCATIONAL EXCELLENCE	261.2	267.0	266.9	-0.1	0.0	5.7	2.2
EDUCATIONAL ADEQUACY	23.1	23.6	23.6	0.0	0.0	0.5	2.2
TOTAL DEDUCTIONS	979.0	1,029.7	1,004.9	-24.8	-2.4	25.8	2.6
NET AVAILABLE	4,437.8	4,535.8	4,589.6	53.8	1.2	151.8	3.4

REVENUE FORECAST SUMMARY FOR APRIL

YEAR-TO-DATE GROSS	\$ 29.0 MILLION OR 0.5% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 53.8 MILLION OR 1.2% 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.

APRIL 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 APR FY17	FORECAST APR FY18	ACTUAL APR FY18	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	522.0	524.4	522.6	-1.8	-0.4	0.6	0.1
CORPORATE INCOME	78.0	89.7	78.8	-10.9	-12.1	0.8	1.0
SALES AND USE	190.2	199.9	208.2	8.3	4.1	18.0	9.5
ALCOHOLIC BEVERAGE	4.3	4.3	4.8	0.5	11.3	0.5	11.4
TOBACCO	19.0	17.7	16.5	-1.2	-6.9	-2.5	-13.0
INSURANCE	0.8	0.8	0.7	-0.1	-12.9	-0.1	-8.1
RACING	0.3	0.3	0.3	0.0	-4.6	0.0	4.9
GAMES OF SKILL	6.4	6.2	6.9	0.7	12.1	0.5	8.3
MISCELLANEOUS ¹	3.3	2.9	4.0	1.1	37.1	0.6	19.1
TOTAL GROSS	824.3	846.2	842.8	-3.4	-0.4	18.5	2.2
LESS: SCSF/COF ²	26.4	26.2	26.1	-0.1	-0.3	-0.3	-0.9
INDIV INCOME TAX REFUNDS	98.2	100.0	119.1	19.1	19.1	20.9	21.3
CORP INCOME TAX REFUNDS	1.1	7.8	2.0	-5.8	-74.7	0.8	73.6
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	1.9	2.9	2.0	-0.9	-29.4	0.1	7.8
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	0.2	0.3	0.2	-0.1	-26.0	0.0	0.0
SCHOOL DESEGREGATION	6.0	5.9	6.0	0.1	1.4	0.0	0.0
EDUCATIONAL EXCELLENCE	26.1	26.7	26.7	0.0	0.0	0.6	2.2
EDUCATIONAL ADEQUACY	2.3	2.4	2.4	0.0	-1.7	0.1	2.2
TOTAL DEDUCTIONS	163.4	173.4	185.7	12.3	7.1	22.3	13.6
NET AVAILABLE	660.9	672.8	657.1	-15.7	-2.3	-3.8	-0.6

REVENUE FORECAST SUMMARY FOR APRIL

APRIL GROSS	\$ 3.4 MILLION OR 0.4% BELOW FORECAST
APRIL NET AVAILABLE	\$ 15.7 MILLION OR 2.3% 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.