



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 <sup>JS</sup>

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

DATE: August 2, 2018

Copy: Governor's Office  
Management Services

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**JULY REVENUE SUMMARY**

**July Net Available General Revenues** total \$469.3 million, \$14.9 million or 3.3 percent above last year and \$9.0 million or 2.0 percent above forecast.

All major categories of collection were above forecast. Individual and Corporate Income tax were above forecast in gross collections and refunds were less than expected, providing gains to forecast in both aspects. Sales and Use tax collections were above forecast and year ago with contributions to growth mainly from consumer sectors and motor vehicle sales.

An annual deposit to general revenue from the Arkansas State Auditor's Office added \$19.4 million in July compared to \$21.4 million in the prior year.

**July Gross General Revenues:** July collections total \$531.8 million, an increase of \$7.7 million or 1.5 percent from last year and \$7.2 million or 1.4 percent above forecast.

**July Individual Income Tax** collections total \$236.0 million. Collections decreased by \$4.1 million, or -1.7 percent compared to last year. Payroll Withholding tax declined by -2.1 percent from last year due to payday timing differences. With respect to the forecast, collections were \$0.9 million or 0.4 percent above forecast.

**July Individual Income Tax Refunds** total \$12.5 million, \$2.2 million above last year and \$0.5 million or -4.1 percent below forecast. Refund amounts below forecast add to net available fund results.

**July Sales and Use Tax Collections:** July collections total \$209.4 million, an increase of \$9.8 million or 4.9 percent compared to last year. Collections were above monthly forecast levels by \$1.9 million or 0.9 percent. Collections from motor vehicle sales tax were up 8.9 percent in July from year ago levels.

**July Corporate Income Tax** collections total \$30.7 million, an increase of \$0.4 million from year ago, and \$2.0 million above forecast. Corporate Estimated Payments accounted for a significant part of the increase in the current reporting month.

**July Corporate Income Tax Refunds** total \$0.7 million. This amount is \$0.1 million above year ago levels and -\$0.7 million below forecast.

**July Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$18.3 million. Collections increased by \$1.3 million or 7.5 percent from year earlier levels and were above forecast by \$1.3 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 July 2018, \$43.6 million was collected and deposited to the fund. After deductions, the net amount is \$42.3 million. The monthly collection represents a 5.1 percent increase from prior year collections.

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

FORECAST DATE: 05/16/2018

MILLIONS OF \$

	CHANGE FROM FORECAST				CHANGE FROM LAST YEAR		
	ACTUAL JULY FY18	FORECAST JULY FY19	ACTUAL JULY FY19	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	240.1	235.1	236.0	0.9	0.4	-4.1	-1.7
CORPORATE INCOME	30.3	28.7	30.7	2.0	7.0	0.4	1.4
SALES AND USE	199.6	207.5	209.4	1.9	0.9	9.8	4.9
ALCOHOLIC BEVERAGE	5.5	5.4	5.6	0.2	3.3	0.1	2.0
TOBACCO	17.0	17.0	18.3	1.3	7.6	1.3	7.5
INSURANCE	0.8	0.9	0.6	-0.3	-38.8	-0.3	-33.5
RACING	0.2	0.2	0.2	0.0	-14.4	0.0	-10.0
GAMES OF SKILL	5.1	5.2	5.6	0.4	6.8	0.4	8.1
MISCELLANEOUS <sup>1</sup>	25.5	24.6	25.5	0.9	3.7	0.0	0.1
TOTAL GROSS	524.1	524.6	531.8	7.2	1.4	7.7	1.5
LESS: SCSF/COF <sup>2</sup>	16.2	16.3	16.5	0.2	1.1	0.2	1.5
INDIV INCOME TAX REFUNDS	10.3	13.0	12.5	-0.5	-4.1	2.2	21.4
CORP INCOME TAX REFUNDS	0.6	1.4	0.7	-0.7	-50.0	0.1	15.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.0	2.0	1.2	-0.8	-37.7	1.2	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	1.3	1.3	1.3	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	12.0	0.0	0.0	0.0	0.0	-12.0	-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	69.7	64.3	62.5	-1.8	-2.9	-7.2	-10.3
NET AVAILABLE	454.5	460.3	469.3	9.0	2.0	14.9	3.3

REVENUE FORECAST SUMMARY FOR JULY

JULY GROSS	\$ 7.2 MILLION OR 1.4% ABOVE FORECAST
JULY NET AVAILABLE	\$ 9.0 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.