



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 August (FY 2019)**

DATE: September 5, 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 \$903.4 million, \$43.0 million or 5.0 percent above year ago levels. After two months into the fiscal year, net available revenue is above forecast by \$18.0 million or 2.0 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$1,022.1 million, representing an increase of \$29.8 million or 3.0 percent above last year. Gross general revenues are above forecast by \$15.7 million or 1.6 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$452.9 million, \$7.4 million or 1.7 percent above FY 2018 collections and \$5.6 million or 1.3 percent above forecast.

Year-to-date individual income tax refunds total \$19.2 million, up \$1.5 million or 8.7 percent compared to last year and \$0.4 million or -1.9 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 \$420.7 million, an increase of \$20.7 million or 5.2 percent from FY 2018 and \$2.2 million or 0.5 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$37.4 million, an increase of \$1.9 million from year-to-date FY 2018. Corporate income is above forecast by \$4.0 million or 11.9 percent.

Year-to-date corporate income tax refunds total \$3.3 million, an increase of \$0.5 million compared to the same year-to-date period last year.

AUGUST REVENUE SUMMARY

August Net Available General Revenues total \$434.1 million, \$28.1 million or 6.9 percent above last year and \$9.0 million or 2.1 percent above forecast.

All major revenue collection categories were above forecast. Individual Income Tax revenue was up 5.6 percent compared to prior year and \$4.7 million above forecast. Sales tax collections were 5.4 percent above last year and \$0.2 million above forecast for the month. Corporate Income tax collections were above year ago and above forecast for the month. Income Tax Refunds were marginally above forecast in August.

Among smaller revenue sources, Tobacco was above forecast by \$0.9 million and below year ago collections. Results in Gaming revenue exceeded forecast by \$0.2 million.

August Gross General Revenues: August collections total \$490.3 million, an increase of \$22.1 million or 4.7 percent above last year and \$8.5 million or 1.8 percent above forecast.

August Individual Income Tax collections total \$216.9 million. Collections increased by \$11.5 million or 5.6 percent compared to last year. With respect to the forecast, collections were \$4.7 million or 2.2 percent above forecast. Individual withholding increased 5.8 percent compared to last year.

August Individual Income Tax Refunds total \$6.8 million, \$0.7 million or -8.9 percent below last year and \$0.2 million or 2.6 percent above forecast. Refund amounts above forecast reduce net available fund results.

August Sales and Use Tax Collections: August collections total \$211.2 million, an increase of \$10.8 million or 5.4 percent above last year. Collections were above monthly forecast levels by \$0.2 million or 0.1 percent.

August Corporate Income Tax collections total \$6.6 million, an increase of \$1.5 million from year ago, and \$1.9 million or 41.5 percent above forecast in an otherwise minor collection month for this category.

August Corporate Income Tax Refunds total \$2.6 million. This amount is \$0.4 million above year ago levels. Refunds were also \$0.6 million above forecast.

August Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$19.7 million. Collections decreased by \$2.1 million or -9.8 percent from year earlier levels and were above forecast by \$0.9 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 August 2018, \$43.9 million was collected and deposited to the fund. After deductions, the net amount is \$42.6 million. The monthly collection is equivalent to a 5.6 percent increase from prior year collections.

C: /FISCNOT/August FY 2019
Attachment (2)

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

FORECAST DATE: 05/16/2018

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	445.5	447.3	452.9	5.6	1.3	7.4	1.7
CORPORATE INCOME	35.5	33.4	37.4	4.0	11.9	1.9	5.4
SALES AND USE	400.0	418.5	420.7	2.2	0.5	20.7	5.2
ALCOHOLIC BEVERAGE	10.0	9.9	10.2	0.3	3.3	0.3	2.6
TOBACCO	38.9	35.8	38.0	2.2	6.2	-0.9	-2.2
INSURANCE	20.1	21.1	20.7	-0.4	-1.7	0.6	3.2
RACING	0.3	0.3	0.3	0.0	-1.5	0.0	-3.8
GAMES OF SKILL	10.4	10.6	11.2	0.6	5.3	0.7	7.1
MISCELLANEOUS ¹	31.7	29.5	30.7	1.2	4.0	-1.0	-3.2
TOTAL GROSS	992.3	1,006.4	1,022.1	15.7	1.6	29.8	3.0
LESS: SCSF/COF ²	30.8	31.2	31.7	0.5	1.6	0.9	3.0
INDIV INCOME TAX REFUNDS	17.7	19.6	19.2	-0.4	-1.9	1.5	8.7
CORP INCOME TAX REFUNDS	2.8	3.4	3.3	-0.1	-2.1	0.5	19.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	1.8	3.9	1.5	-2.4	-61.4	-0.3	-15.0
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	2.6	2.6	2.6	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	17.9	0.0	0.0	0.0	0.0	-17.9	-100.0
EDUCATIONAL EXCELLENCE	53.4	55.2	55.2	0.0	0.0	1.8	3.4
EDUCATIONAL ADEQUACY	4.7	4.8	4.9	0.1	1.7	0.2	3.4
TOTAL DEDUCTIONS	131.9	121.0	118.7	-2.3	-1.9	-13.2	-10.0
NET AVAILABLE	860.4	885.4	903.4	18.0	2.0	43.0	5.0

REVENUE FORECAST SUMMARY FOR AUGUST

YEAR-TO-DATE GROSS	\$ 15.7 MILLION OR 1.6% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 18.0 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.

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

FORECAST DATE: 05/16/2018

MILLIONS OF \$

	ACTUAL AUG FY18	FORECAST AUG FY19	ACTUAL AUG FY19	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	205.4	212.2	216.9	4.7	2.2	11.5	5.6
CORPORATE INCOME	5.2	4.7	6.6	1.9	41.5	1.5	28.7
SALES AND USE	200.4	211.0	211.2	0.2	0.1	10.8	5.4
ALCOHOLIC BEVERAGE	4.5	4.5	4.6	0.1	3.2	0.1	3.2
TOBACCO	21.8	18.8	19.7	0.9	4.8	-2.1	-9.8
INSURANCE	19.3	20.2	20.2	0.0	0.0	0.9	4.8
RACING	0.1	0.1	0.1	0.0	24.3	0.0	6.4
GAMES OF SKILL	5.3	5.4	5.6	0.2	3.9	0.3	6.1
MISCELLANEOUS ¹	6.2	4.9	5.2	0.3	5.7	-1.0	-16.5
TOTAL GROSS	468.2	481.8	490.3	8.5	1.8	22.1	4.7
LESS: SCSF/COF ²	14.5	14.9	15.2	0.3	2.0	0.7	4.7
INDIV INCOME TAX REFUNDS	7.4	6.6	6.8	0.2	2.6	-0.7	-8.9
CORP INCOME TAX REFUNDS	2.2	2.0	2.6	0.6	31.5	0.4	20.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	1.8	1.9	0.3	-1.6	-86.3	-1.5	-85.3
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	0.0	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	2.4	2.4	0.0	1.7	0.1	3.4
TOTAL DEDUCTIONS	62.2	56.7	56.2	-0.5	-0.9	-6.0	-9.7
NET AVAILABLE	405.9	425.1	434.1	9.0	2.1	28.1	6.9

REVENUE FORECAST SUMMARY FOR AUGUST

AUGUST GROSS	\$ 8.5 MILLION OR 1.8% ABOVE FORECAST
AUGUST NET AVAILABLE	\$ 9.0 MILLION OR 2.1% 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.