



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 September (FY 2019)**

DATE: October 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 \$1,473.0 million, \$93.7 million or 6.8 percent above year ago levels. After three months into the fiscal year, net available revenue is above forecast by \$33.4 million or 2.3 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$1,656.7 million, representing an increase of \$77.5 million or 4.9 percent above last year. Gross general revenues are above forecast by \$30.8 million or 1.9 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$767.0 million, \$37.6 million or 5.1 percent above FY 2018 collections and \$9.8 million or 1.3 percent above forecast.

Year-to-date individual income tax refunds total \$29.9 million, up \$0.8 million or 2.7 percent compared to last year and \$0.3 million or -0.8 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 \$629.1 million, an increase of \$29.8 million or 5.0 percent from FY 2018 and \$4.1 million or 0.7 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$117.8 million, an increase of \$11.1 million from year-to-date FY 2018. Corporate income is above forecast by \$13.2 million or 12.6 percent.

Year-to-date corporate income tax refunds total \$4.3 million, a decrease of -\$0.5 million compared to the same year-to-date period last year.

SEPTEMBER REVENUE SUMMARY

September Net Available General Revenues total \$569.6 million, \$50.7 million or 9.8 percent above last year and \$15.4 million or 2.8 percent above forecast.

All major revenue collection categories were above forecast. Individual Income Tax revenue was up 10.6 percent compared to prior year and \$4.2 million above forecast. The gain above year ago reflects payday timing differences compared to collections last September that are accounted for in the monthly tracking forecast. Sales tax collections were 4.6 percent above last year and \$2.0 million above forecast for the month. Corporate Income tax collections were above year ago and above forecast for the month. Income Tax Refunds were on forecast in September.

Among smaller revenue sources, Tobacco was above forecast by \$0.1 million and below year ago collections. Results in Gaming revenue exceeded forecast by \$0.4 million.

September Gross General Revenues: September collections total \$634.7 million, an increase of \$47.8 million or 8.1 percent above last year and \$15.2 million or 2.4 percent above forecast.

September Individual Income Tax collections total \$314.1 million. Collections increased by \$30.1 million or 10.6 percent compared to last year. With respect to the forecast, collections were \$4.2 million or 1.3 percent above forecast. Individual withholding increased 14.4 percent compared to last year due to payday timing differences from year ago collections.

September Individual Income Tax Refunds total \$10.7 million, \$0.7 million or -6.5 percent below last year and \$0.1 million or 1.1 percent above forecast. Refund amounts above forecast reduce net available fund results.

September Sales and Use Tax Collections: September collections total \$208.5 million, an increase of \$9.1 million or 4.6 percent above last year. Collections were above monthly forecast levels by \$2.0 million or 1.0 percent.

September Corporate Income Tax collections total \$80.4 million, an increase of \$9.2 million from year ago, and \$9.2 million or 12.9 percent above forecast.

September Corporate Income Tax Refunds total \$1.0 million. This amount is \$1.1 million below year ago levels. Refunds were also \$1.1 million below forecast.

September Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$16.9 million. Collections decreased by \$0.2 million or -1.4 percent from year earlier levels and were above forecast by \$0.1 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 September 2018, \$43.3 million was collected and deposited to the fund. After deductions, the net amount is \$42.0 million. The monthly collection is equivalent to a 5.5 percent increase from prior year collections.

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

SEPTEMBER 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	729.4	757.2	767.0	9.8	1.3	37.6	5.1
CORPORATE INCOME	106.7	104.6	117.8	13.2	12.6	11.1	10.4
SALES AND USE	599.3	625.0	629.1	4.1	0.7	29.8	5.0
ALCOHOLIC BEVERAGE	14.6	14.5	15.0	0.5	3.2	0.4	2.7
TOBACCO	56.0	52.6	54.9	2.3	4.4	-1.1	-2.0
INSURANCE	21.1	22.2	21.5	-0.7	-2.9	0.4	2.0
RACING	0.4	0.4	0.4	0.0	-3.6	-0.1	-13.9
GAMES OF SKILL	15.5	15.7	16.7	1.0	6.5	1.2	7.9
MISCELLANEOUS ¹	36.1	33.7	34.3	0.6	1.8	-1.8	-5.0
TOTAL GROSS	1,579.2	1,625.9	1,656.7	30.8	1.9	77.5	4.9
LESS: SCSF/COF ²	49.0	50.4	51.4	1.0	1.9	2.4	4.9
INDIV INCOME TAX REFUNDS	29.2	30.2	29.9	-0.3	-0.8	0.8	2.7
CORP INCOME TAX REFUNDS	4.8	5.5	4.3	-1.2	-21.7	-0.5	-10.9
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	1.8	5.9	3.9	-2.0	-33.9	2.1	115.9
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	3.9	3.9	3.9	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	23.9	0.0	0.0	0.0	0.0	-23.9	-100.0
EDUCATIONAL EXCELLENCE	80.1	82.8	82.8	0.0	0.0	2.7	3.4
EDUCATIONAL ADEQUACY	7.1	7.3	7.3	0.0	0.3	0.2	3.4
TOTAL DEDUCTIONS	200.0	186.3	183.8	-2.5	-1.4	-16.2	-8.1
NET AVAILABLE	1,379.2	1,439.6	1,473.0	33.4	2.3	93.7	6.8

REVENUE FORECAST SUMMARY FOR SEPTEMBER

YEAR-TO-DATE GROSS	\$ 30.8 MILLION OR 1.9% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 33.4 MILLION OR 2.3% 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.

SEPTEMBER 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 SEPT FY18	FORECAST SEPT FY19	ACTUAL SEPT FY19	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	283.9	309.9	314.1	4.2	1.3	30.1	10.6
CORPORATE INCOME	71.2	71.2	80.4	9.2	12.9	9.2	12.9
SALES AND USE	199.4	206.5	208.5	2.0	1.0	9.1	4.6
ALCOHOLIC BEVERAGE	4.6	4.6	4.7	0.1	2.9	0.1	2.9
TOBACCO	17.2	16.8	16.9	0.1	0.8	-0.2	-1.4
INSURANCE	1.0	1.1	0.8	-0.3	-27.3	-0.2	-21.6
RACING	0.1	0.1	0.1	0.0	-9.7	-0.1	-35.9
GAMES OF SKILL	5.1	5.1	5.5	0.4	8.8	0.5	9.4
MISCELLANEOUS ¹	4.4	4.2	3.6	-0.6	-13.8	-0.8	-17.9
TOTAL GROSS	586.9	619.5	634.7	15.2	2.4	47.8	8.1
LESS: SCSF/COF ²	18.2	19.2	19.7	0.5	2.5	1.5	8.1
INDIV INCOME TAX REFUNDS	11.5	10.6	10.7	0.1	1.1	-0.7	-6.5
CORP INCOME TAX REFUNDS	2.0	2.1	1.0	-1.1	-53.4	-1.1	-52.1
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.0	2.0	2.4	0.4	19.8	2.4	6,716.7
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	2.5	2.4	-0.1	-2.4	0.1	3.4
TOTAL DEDUCTIONS	68.1	65.3	65.1	-0.2	-0.3	-3.0	-4.4
NET AVAILABLE	518.8	554.2	569.6	15.4	2.8	50.7	9.8

REVENUE FORECAST SUMMARY FOR SEPTEMBER

SEPTEMBER GROSS	\$ 15.2 MILLION OR 2.4% ABOVE FORECAST
SEPTEMBER NET AVAILABLE	\$ 15.4 MILLION OR 2.8% 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.