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and Administration**

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**M E M O R A N D U M**

TO: Richard Weiss, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for October (FY 2012)**

DATE: November 2, 2011

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$1,578.1 million, \$42.0 million or 2.7 percent above year ago levels. After four months into the fiscal year, net available revenue is above forecast by \$9.9 million or 0.6 percent.

Among major revenue categories, both individual and corporate income taxes are above forecast and sales tax collections (gross receipts) are down relative to forecast. The key components of individual income tax are now ahead of forecast for the year, including withholding tax and estimated payments. The sales tax results reflect a combination of generally weak retail sales across the year-to-date period and adverse one-time comparisons in business transactions in the first two months of the fiscal year. Low individual income tax refunds also contributed positively to the net revenue results. Offsetting some of the positive factors is a large increase in corporate refunds.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$1,842.2 million, representing an increase of \$58.6 million or 3.3 percent above last year. Gross general revenues are above forecast by \$19.8 million or 1.1 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections

total \$853.1 million, \$52.9 million or 6.6 percent above FY 2011 collections and \$31.0 million or 3.8 percent above forecast. Collections growth for individual withholding is up 6.0 percent over year ago levels.

**Year-to-date individual income tax refunds** total \$35.1 million, down \$6.6 million or -15.8 percent compared to last year and \$7.8 million or -18.2 percent below forecast. Amounts below forecast in refund categories contributed to higher net available revenue.

**Year-to-date Gross Receipts Collections:** Gross receipts consist primarily of sales and use taxes. On a year-to-date basis, gross receipts total \$719.8 million, a decrease of \$3.4 million or -0.5 percent from FY 2011 and \$25.1 million or -3.4 percent below forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$127.0 million, an increase of \$6.8 million or 5.7 percent from year-to-date FY 2011. Corporate income is above forecast by \$6.7 million or 5.6 percent.

**Year-to-date corporate income tax refunds** total \$26.7 million, up \$19.7 million compared to the comparable year-to-date period last year. This amount includes large refunds in October.

## **OCTOBER REVENUE SUMMARY**

**October Net Available General Revenues** total \$364.6 million, \$10.1 million or 2.9 percent above last year and \$5.9 million or -1.6 percent below forecast.

Although total gross collections exceeded forecast this month, a large increase in corporate income tax refunds accounted for the fall below forecast in net available revenue.

Results were positive in individual and corporate income tax but weak in sales tax (gross receipts). Individual income exceeded forecast and year ago collections with contributions to growth from better than expected payroll withholding tax. Sales tax collections fell below forecast and year ago results, unadjusted for tax changes.

**October Gross General Revenues:** October collections total \$457.5 million, an increase of \$23.4 million or 5.4 percent above last year and \$8.2 million or 1.8 percent above forecast.

**October Individual Income Tax** collections total \$228.8 million. Collections increased by \$22.5 million, or 10.9 percent, compared to last year. With respect to the forecast, collections are \$12.3 million or 5.7 percent above forecast. Individual withholding expanded 11.9 percent compared to last year, largely driving the results for overall income tax collections.

**October Individual Income Tax Refunds** total \$14.0 million, \$5.2 million or -27.0 percent below last year and 29.0 percent below forecast.

**October Gross Receipts Collections:** October collections total \$174.5 million, a decrease of \$0.8 million or -0.4 percent from last year. Collections were below monthly forecast levels by \$6.5 million or -3.6 percent.

**October Corporate Income Tax** collections total \$24.8 million, an increase of \$1.7 million or 7.2 percent above year earlier levels, and \$1.7 million or 7.5 percent above forecast.

**October Corporate Income Tax Refunds** total \$20.8 million. This amount is \$19.0 million above year ago levels. A combination of large refunds from losses carried forward from prior periods and overestimated payments accounted for the increase.

**October Tobacco Tax** collections, a small component of general revenue, total \$20.0 million or -3.1 percent below year earlier levels, and \$0.9 million or 4.5 percent above forecast. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

## **SPECIAL REVENUES OF NOTE**

**Year-to-date Medicaid Program Trust Fund:** Year-to-date collections of the dedicated soft drink tax total \$16.7 million, an increase of 0.7 percent from last year.

**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 October 2011, \$35.8 million was collected and deposited to the fund. After deductions, the net amount is \$34.7 million. The monthly collection is equivalent to a 0.9 percent decrease from prior year collections.

YEAR TO DATE REPORT, OCTOBER 2011  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH OCTOBER 2011  
4 Months YTD  
Forecast Date: 04/21/2011

MILLIONS OF DOLLARS

	CURRENT YEAR				CURRENT YEAR TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2011	FORECAST FY 2012	INCREASE AMOUNT    PERCENT		ACTUAL FY 2011	ACTUAL FY 2012	INCREASE AMOUNT    PERCENT		
INDIVIDUAL INCOME	800.2	822.1	21.9	2.7	800.2	853.1	52.9	6.6	103.8
CORPORATE INCOME	120.2	120.3	0.1	0.1	120.2	127.0	6.8	5.7	105.6
GROSS RECEIPTS <sup>1</sup>	723.2	744.9	21.7	3.0	723.2	719.8	-3.4	-0.5	96.6
ALCOHOLIC BEVERAGE <sup>2</sup>	11.3	11.2	-0.1	-0.6	11.3	10.9	-0.3	-3.0	97.6
TOBACCO	83.0	76.4	-6.6	-8.0	83.0	83.2	0.2	0.2	108.9
INSURANCE	23.6	23.2	-0.4	-1.8	23.6	21.8	-1.9	-7.9	93.8
RACING	1.1	1.1	0.0	-2.7	1.1	1.1	0.0	-0.9	101.8
GAMES OF SKILL	3.6	4.4	0.8	21.9	3.6	7.7	4.1	114.0	175.6
MISCELLANEOUS <sup>3</sup>	17.3	18.8	1.5	8.6	17.3	17.5	0.2	1.0	93.0
TOTAL GROSS	1,783.6	1,822.4	38.8	2.2	1,783.6	1,842.2	58.6	3.3	101.1
LESS: SCSF/COF <sup>4</sup>	53.5	60.1	6.6	12.3	53.5	60.8	7.3	13.6	101.1
IND INCOME TAX REFUNDS	41.7	42.9	1.2	3.0	41.7	35.1	-6.6	-15.8	81.8
CORP INCOME TAX REFUNDS	7.0	7.4	0.4	5.2	7.0	26.7	19.7	279.8	361.1
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	8.7	8.0	-0.7	-7.6	8.7	6.8	-1.8	-21.0	85.6
WATER/SEWER BONDS	5.2	5.2	0.0	0.0	5.2	5.2	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	-100.0	0.0	0.0	0.0	-36.1	0.0
CITY/CO. TOURIST	2.6	2.6	0.0	-1.4	2.6	2.6	0.0	-0.1	101.4
SCHOOL DESEGREGATION	30.7	25.0	-5.7	-18.6	30.7	25.0	-5.7	-18.6	100.0
EDUCATIONAL EXCELLENCE	89.5	94.0	4.5	5.0	89.5	93.3	3.8	4.2	99.3
EDUCATIONAL ADEQUACY	7.9	8.2	0.3	3.6	7.9	8.3	0.3	4.2	100.6
ELDERLY TRANSPORTATION	0.6	0.8	0.2	34.7	0.6	0.2	-0.4	-73.0	20.0
NET AVAILABLE	1,536.1	1,568.2	32.1	2.1	1,536.1	1,578.1	42.0	2.7	100.6

REVENUE FORECAST SUMMARY FOR OCTOBER

YEAR-TO-DATE GROSS	\$ 19.8 MILLION OR 1.1% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 11.5 MILLION OR 22.8% ABOVE FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 9.9 MILLION OR 0.6% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 11</u> 16.6	<u>YTD FY 12</u> 16.7	<u>% CHANGE</u> 0.7
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY 11</u> 144.2	<u>YTD FY 12</u> 143.1	<u>% CHANGE</u> -0.8

- 1) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 2) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 3) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 4) State Central Services Fund and Constitutional Officers Fund.

OCTOBER GENERAL REVENUE REPORT  
(ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)  
(682-1688 for further information)

October 31, 2011  
Days Remaining: 0  
Forecast date: 04/21/2011

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2011	FORECAST FY 2012	CHANGE AMOUNT	PERCENT	ACTUAL FY 2011	ACTUAL FY 2012	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	206.3	216.5	10.2	5.0	206.3	228.8	22.5	10.9	105.7
CORPORATE INCOME	23.2	23.1	-0.1	-0.3	23.2	24.8	1.7	7.2	107.5
GROSS RECEIPTS <sup>1</sup>	175.2	181.0	5.8	3.3	175.2	174.5	-0.8	-0.4	96.4
ALCOHOLIC BEVERAGE <sup>2</sup>	2.7	2.6	-0.1	-3.0	2.7	2.5	-0.1	-5.6	97.4
TOBACCO	20.6	19.1	-1.5	-7.2	20.6	20.0	-0.6	-3.1	104.5
INSURANCE	0.8	1.0	0.2	33.3	0.8	0.9	0.1	17.0	87.8
RACING	0.3	0.3	0.0	2.4	0.3	0.3	0.0	16.6	113.9
GAMES OF SKILL	0.9	1.1	0.2	19.9	0.9	2.0	1.1	115.0	179.3
MISCELLANEOUS <sup>3</sup>	4.2	4.6	0.4	10.5	4.2	3.8	-0.4	-9.7	81.7
<b>TOTAL GROSS</b>	<b>434.1</b>	<b>449.3</b>	<b>15.2</b>	<b>3.5</b>	<b>434.1</b>	<b>457.5</b>	<b>23.4</b>	<b>5.4</b>	<b>101.8</b>
<b>LESS: (SCSF/COF) <sup>4</sup></b>	<b>13.0</b>	<b>14.8</b>	<b>1.8</b>	<b>13.7</b>	<b>13.0</b>	<b>15.1</b>	<b>2.1</b>	<b>15.9</b>	<b>102.0</b>
IND INC TAX REFUNDS	19.2	19.7	0.5	2.9	19.2	14.0	-5.2	-27.0	71.0
CORP INC TAX REFUNDS	1.8	1.9	0.1	6.7	1.8	20.8	19.0	1065.5	1092.2
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	7.0	2.0	-5.0	-71.3	7.0	3.0	-3.9	-56.5	151.6
WATER/SEWER BONDS	1.3	1.3	0.0	0.0	1.3	1.3	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	-100.0	0.0	0.0	0.0	-36.1	0.0
CITY & COUNTY TOURIST	1.3	1.3	0.0	-1.4	1.3	1.3	0.0	-0.1	101.4
SCHOOL DESEGREGATION	11.5	12.0	0.5	4.3	11.5	12.0	0.5	4.3	100.0
EDUCATIONAL EXCELLENCE	22.4	23.5	1.1	5.0	22.4	23.3	1.0	4.2	99.3
EDUCATIONAL ADEQUACY	2.0	2.1	0.1	6.1	2.0	2.1	0.1	4.2	98.2
ELDERLY TRANSPORTATION	0.1	0.2	0.1	35.2	0.1	0.0	-0.1	-100.0	0.0
<b>NET AVAILABLE</b>	<b>354.5</b>	<b>370.5</b>	<b>16.0</b>	<b>4.5</b>	<b>354.5</b>	<b>364.6</b>	<b>10.1</b>	<b>2.9</b>	<b>98.4</b>

REVENUE FORECAST SUMMARY FOR OCTOBER

OCTOBER GROSS                      \$ 8.2 MILLION OR 1.8% ABOVE FORECAST.  
OCTOBER NET AVAILABLE            \$ 5.9 MILLION OR 1.6% BELOW FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Oct 10</u> 35.0	<u>Oct 11</u> 34.7	<u>% CH</u> -0.9
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- 1) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 2) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 3) Miscellaneous includes estate tax, severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 4) State Central Services Fund and Constitutional Officers Fund.