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**Department of Finance  
and Administration**

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**MEMORANDUM**

TO: Richard Weiss, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for October (FY 2013)**

DATE: November 2, 2012

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 \$1,623.2 million, \$45.1 million or 2.9 percent above year ago levels. After four months into the fiscal year, net available revenue is above forecast by \$20.5 million or 1.3 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$1,881.3 million, representing an increase of \$39.1 million or 2.1 percent above last year. Gross general revenues are above forecast by \$28.8 million or 1.6 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$895.4 million, \$42.3 million or 5.0 percent above FY 2012 collections and \$41.0 million or 4.8 percent above forecast. Collections growth for individual withholding is up 3.3 percent over year ago levels.

**Year-to-date individual income tax refunds** total \$36.5 million, up \$1.4 million or 3.9 percent compared to last year and \$0.4 million or 1.0 percent above forecast.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$705.0 million, a decrease of \$6.1 million or -0.9 percent from FY 2012 and \$32.3 million or -4.4 percent below forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$118.0 million, a decrease of \$9.0 million or -7.1 percent from year-to-date FY 2012. Corporate income tax is below forecast by \$0.1 million or -0.1 percent.

**Year-to-date corporate income tax refunds** total \$20.1 million, a decrease of \$6.6 million compared to the comparable year-to-date period last year.

## **OCTOBER REVENUE SUMMARY**

**October Net Available General Revenues** total \$355.6 million, \$9.0 million or -2.5 percent below last year and \$21.6 million or -5.7 percent below forecast.

Results were mainly driven by a temporary downswing in Individual Income tax from payroll timing in withholding tax. Sales and Use taxes were down in both business and consumer-related categories, but automobile sales tax rebounded. A significant upswing in corporate income tax refunds also detracted from net revenue during the month.

**October Gross General Revenues:** October collections total \$442.5 million, a decrease of \$15.1 million or -3.3 percent below last year and \$8.9 million or -2.0 percent below forecast.

**October Individual Income Tax** collections total \$218.1 million. Collections decreased by \$10.7 million, or -4.7 percent compared to last year, largely as a result of calendar effects from payroll timing. With respect to the forecast, collections are \$2.3 million or -1.1 percent below forecast. Individual withholding decreased 8.3 percent compared to last year as a result of the payroll timing effect.

**October Individual Income Tax Refunds** total \$17.8 million, \$3.8 million or 27.2 percent above last year and \$3.4 million or 23.6 percent above forecast.

**October Sales and Use Tax Collections:** October collections total \$171.3 million, a decrease of \$1.1 million or -0.6 percent from last year. Collections were below monthly forecast levels by \$8.3 million or -4.6 percent.

**October Corporate Income Tax** collections total \$22.3 million, a decrease of \$2.5 million or -10.1 percent below year earlier levels, and \$0.7 million or -3.0 percent below forecast.

**October Corporate Income Tax Refunds** total \$13.9 million. This amount is \$6.8 million or -32.8 percent below year ago levels. The results are however \$10.9 million above forecast and a significant subtraction from net available revenue. Corporate Income tax and corporate refunds are volatile components of the forecast.

**October Tobacco Tax** collections, a small component of general revenue in annual terms, total \$18.6 million or -6.8 percent below year earlier levels, and 1.6 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 Soft Drink Tax (for Medicaid Program Trust Fund):** Year-to-date collections of the dedicated soft drink tax total \$16.0 million, a decrease of \$0.7 million or -4.3 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 2012, \$35.5 million was collected and deposited to the fund. After deductions, the net amount is \$34.4 million. The monthly collection is equivalent to a -0.7 percent decrease from prior year collections.

YEAR TO DATE REPORT, OCTOBER 2012  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH OCTOBER 2012  
4 Months YTD  
Forecast Date: 12/01/2011

MILLIONS OF DOLLARS

	CURRENT YEAR				CURRENT YEAR TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2012	FORECAST FY 2013	INCREASE AMOUNT PERCENT		ACTUAL FY 2012	ACTUAL FY 2013	INCREASE AMOUNT PERCENT		
INDIVIDUAL INCOME	853.1	854.4	1.3	0.2	853.1	895.4	42.3	5.0	104.8
CORPORATE INCOME	127.0	118.1	-8.9	-7.0	127.0	118.0	-9.0	-7.1	99.9
SALES AND USE	711.1	737.3	26.2	3.7	711.1	705.0	-6.1	-0.9	95.6
ALCOHOLIC BEVERAGE	16.3	16.1	-0.2	-0.9	16.3	16.6	0.3	2.1	103.1
TOBACCO	83.2	73.2	-10.0	-12.0	83.2	77.7	-5.5	-6.6	106.2
INSURANCE	21.8	21.7	-0.1	-0.3	21.8	21.3	-0.5	-2.3	98.0
RACING	1.1	1.0	-0.1	-10.7	1.1	0.8	-0.3	-27.4	81.3
GAMES OF SKILL	7.7	5.2	-2.5	-32.7	7.7	10.9	3.2	40.9	209.3
MISCELLANEOUS <sup>1</sup>	20.8	25.5	4.7	22.4	20.8	35.5	14.7	70.6	139.3
TOTAL GROSS	1,842.2	1,852.5	10.3	0.6	1,842.2	1,881.3	39.1	2.1	101.6
LESS: SCSF/COF <sup>2</sup>	60.8	61.2	0.4	0.7	60.8	62.1	1.3	2.1	101.4
IND INCOME TAX REFUNDS	35.1	36.1	1.0	2.9	35.1	36.5	1.4	3.9	101.0
CORP INCOME TAX REFUNDS	26.7	9.3	-17.4	-65.2	26.7	20.1	-6.6	-24.9	215.9
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	6.8	8.0	1.2	16.9	6.8	3.5	-3.3	-48.4	44.1
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	-46.8	0.0
CITY/CO. TOURIST	2.6	1.4	-1.2	-46.9	2.6	1.4	-1.2	-46.7	100.3
SCHOOL DESEGREGATION	25.0	25.0	0.0	0.0	25.0	25.0	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	93.3	95.2	1.9	2.0	93.3	95.8	2.5	2.6	100.6
EDUCATIONAL ADEQUACY	8.3	8.4	0.1	1.8	8.3	8.5	0.2	2.6	100.8
ELDERLY TRANSPORTATION	0.2	0.0	-0.2	-100.0	0.2	0.0	-0.2	-100.0	0.0
NET AVAILABLE	1,578.1	1,602.7	24.6	1.6	1,578.1	1,623.2	45.1	2.9	101.3

REVENUE FORECAST SUMMARY FOR OCTOBER

YEAR-TO-DATE GROSS	\$ 28.8 MILLION OR 1.6% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 11.1 MILLION OR 24.5% ABOVE FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 20.5 MILLION OR 1.3% ABOVE FORECAST

SOFT DRINK EXCISE TAX	<u>YTD FY 12</u>	<u>YTD FY 13</u>	<u>% CHANGE</u>
(MEDICAID PROGRAM TRUST FUND)	16.7	16.0	-4.3
EDUCATIONAL ADEQUACY FUND	<u>YTD FY 12</u>	<u>YTD FY 13</u>	<u>% CHANGE</u>
(NET COLLECTIONS)	143.1	142.8	-0.2

- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.  
2) 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, 2012  
Days Remaining: 0  
Forecast date: 12/01/11

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2012	FORECAST FY 2013	CHANGE AMOUNT	PERCENT	ACTUAL FY 2012	ACTUAL FY 2013	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	228.8	220.4	-8.4	-3.7	228.8	218.1	-10.7	-4.7	98.9
CORPORATE INCOME	24.8	23.0	-1.8	-7.4	24.8	22.3	-2.5	-10.1	97.0
SALES AND USE	172.4	179.6	7.2	4.2	172.4	171.3	-1.1	-0.6	95.4
ALCOHOLIC BEVERAGE	3.9	3.8	-0.1	-1.5	3.9	3.8	-0.1	-1.5	100.0
TOBACCO	20.0	18.3	-1.7	-8.3	20.0	18.6	-1.4	-6.8	101.6
INSURANCE	0.9	0.8	-0.1	-8.8	0.9	0.9	0.1	6.5	116.8
RACING	0.3	0.3	0.0	-12.2	0.3	0.2	-0.2	-52.5	54.1
GAMES OF SKILL	2.0	1.3	-0.7	-34.1	2.0	2.7	0.7	37.4	208.5
MISCELLANEOUS <sup>1</sup>	4.5	3.9	-0.6	-14.1	4.5	4.6	0.0	0.9	117.3
<b>TOTAL GROSS</b>	<b>457.5</b>	<b>451.4</b>	<b>-6.1</b>	<b>-1.3</b>	<b>457.5</b>	<b>442.5</b>	<b>-15.1</b>	<b>-3.3</b>	<b>98.0</b>
LESS: (SCSF/COF) <sup>2</sup>	15.1	14.9	-0.2	-1.3	15.1	14.6	-0.5	-3.3	98.0
IND INC TAX REFUNDS	14.0	14.4	0.4	3.0	14.0	17.8	3.8	27.2	123.6
CORP INC TAX REFUNDS	20.8	3.0	-17.8	-85.5	20.8	13.9	-6.8	-32.8	464.8
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	3.0	2.0	-1.0	-34.0	3.0	0.4	-2.6	-86.0	21.2
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	-100.0	0.0
CITY & COUNTY TOURIST	1.3	0.7	-0.6	-46.9	1.3	0.7	-0.6	-46.7	100.3
SCHOOL DESEGREGATION	12.0	12.0	0.0	0.0	12.0	12.0	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	23.3	23.8	0.5	2.0	23.3	24.0	0.6	2.6	100.6
EDUCATIONAL ADEQUACY	2.1	2.1	0.0	1.8	2.1	2.1	0.1	2.6	100.8
ELDERLY TRANSPORTATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET AVAILABLE</b>	<b>364.6</b>	<b>377.2</b>	<b>12.6</b>	<b>3.5</b>	<b>364.6</b>	<b>355.6</b>	<b>-9.0</b>	<b>-2.5</b>	<b>94.3</b>

REVENUE FORECAST SUMMARY FOR OCTOBER

OCTOBER GROSS                      \$ 8.9 MILLION OR 2.0% BELOW FORECAST.  
OCTOBER NET AVAILABLE            \$ 21.6 MILLION OR 5.7% BELOW FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Oct 11</u> 34.7	<u>Oct 12</u> 34.4	<u>% CH</u> -0.7
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- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.  
2) State Central Services Fund and Constitutional Officers Fund.