



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

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**MEMORANDUM**

TO: Richard Weiss, Director  
Tim Leathers, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research

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

DATE: December 4, 2012

Copy: Governor's Office  
Management Services

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The Fiscal Year 2013 general revenue forecast was revised higher by \$99.5 million on November 15, 2012. All forecast comparisons have been adjusted to the new official forecast values.

**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$1,973.8 million, \$53.0 million or 2.8 percent above year ago levels. Net available revenue is above the revised forecast by \$4.6 million or 0.2 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$2,308.9 million, representing an increase of \$54.0 million or 2.4 percent above last year. Gross general revenues are above the revised forecast by \$4.0 million or 0.2 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,087.9 million, \$51.1 million or 4.9 percent above FY 2012 collections and \$4.9 million or 0.5 percent above forecast. Collections growth for individual withholding is up 3.6 percent over year ago levels.

**Year-to-date individual income tax refunds** total \$49.9 million, up \$4.8 million or 10.7 percent compared to last year and \$3.0 million or 6.4 percent above forecast.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$878.2 million, an increase of \$0.2 million from FY 2012 and \$0.6 million or -0.1 percent below forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$128.7 million, a decrease of \$8.5 million or -6.2 percent from year-to-date FY 2012. Corporate income tax is below forecast by \$0.8 million or -0.7 percent.

**Year-to-date corporate income tax refunds** total \$30.4 million, a decrease of \$7.9 million compared to the same year-to-date period last year.

## **NOVEMBER REVENUE SUMMARY**

**November Net Available General Revenues** total \$350.6 million, \$7.9 million or 2.3 percent above last year and \$4.6 million or 1.3 percent above forecast.

Results were mainly driven by Individual Income tax collections which grew 4.8 percent compared to last year. Sales and Use taxes, including automobile sales tax, were up compared to last year but slightly below forecast.

**November Gross General Revenues:** November collections total \$427.6 million, an increase of \$14.9 million or 3.6 percent above last year and \$4.0 million or 0.9 percent above forecast.

**November Individual Income Tax** collections total \$192.5 million. Collections increased by \$8.8 million, or 4.8 percent compared to last year. With respect to the forecast, collections are \$4.9 million or 2.6 percent above forecast. Individual withholding increased 4.8 percent compared to last year.

**November Individual Income Tax Refunds** total \$13.5 million, \$3.4 million or 34.4 percent above last year and \$3.1 million or 28.8 percent above forecast.

**November Sales and Use Tax Collections:** November collections total \$173.2 million, an increase of \$6.3 million or 3.8 percent from last year. Collections were below monthly forecast levels by \$0.6 million or -0.4 percent.

**November Corporate Income Tax** collections total \$10.6 million, an increase of \$0.5 million or 4.7 percent above year earlier levels, but \$0.9 million or -7.4 percent below forecast.

**November Corporate Income Tax Refunds** total \$10.3 million. This amount is \$1.2 million or -10.8 percent below year ago levels. Refunds were below forecast by \$2.3 million.

**November Tobacco Tax** collections, a small component of general revenue in annual terms, total \$19.5 million. Collections decreased by \$1.4 million or -6.8 percent below year earlier levels, but were 0.7 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 \$19.5 million, a decrease of \$0.8 million or -4.0 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 November 2012, \$36.1 million was collected and deposited to the fund. After deductions, the net amount is \$34.9 million. The monthly collection is equivalent to a 3.6 percent increase from prior year collections.

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

THROUGH NOVEMBER 2012  
5 Months YTD  
Forecast Date: 11/15/2012

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	1,036.8	1,083.0	46.2	4.5	1,036.8	1,087.9	51.1	4.9	100.5
CORPORATE INCOME	137.2	129.5	-7.7	-5.6	137.2	128.7	-8.5	-6.2	99.3
SALES AND USE	878.0	878.8	0.8	0.1	878.0	878.2	0.2	0.0	99.9
ALCOHOLIC BEVERAGE	20.0	20.5	0.5	2.5	20.0	20.7	0.7	3.7	101.1
TOBACCO	104.2	97.1	-7.1	-6.8	104.2	97.2	-6.9	-6.6	100.1
INSURANCE	42.5	42.0	-0.5	-1.1	42.5	41.6	-0.9	-2.1	98.9
RACING	1.3	1.0	-0.3	-24.3	1.3	1.1	-0.2	-16.6	110.2
GAMES OF SKILL	9.7	13.1	3.4	34.9	9.7	13.5	3.8	39.4	103.3
MISCELLANEOUS <sup>1</sup>	25.4	39.9	14.5	57.3	25.4	40.0	14.6	57.6	100.2
TOTAL GROSS	2,254.9	2,304.9	50.0	2.2	2,254.9	2,308.9	54.0	2.4	100.2
LESS: SCSF/COF <sup>2</sup>	74.4	76.1	1.7	2.3	74.4	76.2	1.8	2.4	100.1
IND INCOME TAX REFUNDS	45.1	46.9	1.8	4.0	45.1	49.9	4.8	10.7	106.4
CORP INCOME TAX REFUNDS	38.3	32.7	-5.6	-14.6	38.3	30.4	-7.9	-20.6	93.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	7.3	5.9	-1.4	-19.3	7.3	4.4	-3.0	-40.5	73.8
WATER/SEWER BONDS	6.5	6.4	-0.1	-1.5	6.5	6.4	-0.1	-1.5	100.0
COLLEGE SAVINGS BONDS	2.1	5.4	3.3	159.8	2.1	5.5	3.4	162.2	100.9
CITY/CO. TOURIST	2.6	1.4	-1.2	-46.9	2.6	1.4	-1.2	-46.7	100.3
SCHOOL DESEGREGATION	30.6	30.6	0.0	0.0	30.6	30.6	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	116.7	119.7	3.0	2.6	116.7	119.8	3.1	2.6	100.0
EDUCATIONAL ADEQUACY	10.3	10.6	0.3	2.8	10.3	10.6	0.3	2.6	99.9
ELDERLY TRANSPORTATION	0.2	0.0	-0.2	-100.0	0.2	0.0	-0.2	-100.0	0.0
NET AVAILABLE	1,920.9	1,969.2	48.3	2.5	1,920.9	1,973.8	53.0	2.8	100.2

REVENUE FORECAST SUMMARY FOR NOVEMBER

YEAR-TO-DATE GROSS	\$ 4.0 MILLION OR 0.2% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 0.7 MILLION OR 0.9% ABOVE FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 4.6 MILLION OR 0.2% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 12</u> 20.3	<u>YTD FY 13</u> 19.5	<u>% CHANGE</u> -4.0
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY 12</u> 176.8	<u>YTD FY 13</u> 177.7	<u>% CHANGE</u> 0.5

- 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.

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

November 30, 2012  
Days Remaining: 0  
Forecast date: 11/15/2012

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	183.7	187.6	3.9	2.1	183.7	192.5	8.8	4.8	102.6
CORPORATE INCOME	10.2	11.5	1.3	13.0	10.2	10.6	0.5	4.7	92.6
SALES AND USE	166.8	173.8	7.0	4.2	166.8	173.2	6.3	3.8	99.6
ALCOHOLIC BEVERAGE	3.8	3.9	0.1	4.0	3.8	4.1	0.4	10.2	105.9
TOBACCO	20.9	19.4	-1.6	-7.5	20.9	19.5	-1.4	-6.8	100.7
INSURANCE	20.7	20.7	0.0	0.2	20.7	20.3	-0.4	-1.9	97.9
RACING	0.2	0.2	0.0	-6.6	0.2	0.3	0.1	44.2	154.4
GAMES OF SKILL	2.0	2.2	0.2	11.6	2.0	2.7	0.7	33.5	119.6
MISCELLANEOUS <sup>1</sup>	4.5	4.4	-0.2	-3.5	4.5	4.4	-0.1	-1.8	101.8
<b>TOTAL GROSS</b>	<b>412.7</b>	<b>423.6</b>	<b>10.9</b>	<b>2.6</b>	<b>412.7</b>	<b>427.6</b>	<b>14.9</b>	<b>3.6</b>	<b>100.9</b>
LESS: (SCSF/COF) <sup>2</sup>	13.6	14.0	0.4	2.9	13.6	14.1	0.5	3.6	100.7
IND INC TAX REFUNDS	10.0	10.4	0.4	4.3	10.0	13.5	3.4	34.4	128.8
CORP INC TAX REFUNDS	11.6	12.6	1.1	9.2	11.6	10.3	-1.2	-10.8	81.7
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.5	2.4	1.9	409.1	0.5	0.8	0.4	76.8	34.7
WATER/SEWER BONDS	1.3	1.2	-0.1	-7.7	1.3	1.2	-0.1	-7.7	100.0
COLLEGE SAVINGS BONDS	2.1	5.4	3.3	161.0	2.1	5.4	3.4	163.5	100.9
CITY & COUNTY TOURIST	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHOOL DESEGREGATION	5.6	5.6	0.0	0.0	5.6	5.6	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	23.3	23.9	0.6	2.4	23.3	24.0	0.6	2.6	100.2
EDUCATIONAL ADEQUACY	2.1	2.1	0.1	3.3	2.1	2.1	0.1	2.6	99.4
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>342.7</b>	<b>346.0</b>	<b>3.2</b>	<b>0.9</b>	<b>342.7</b>	<b>350.6</b>	<b>7.9</b>	<b>2.3</b>	<b>101.3</b>

REVENUE FORECAST SUMMARY FOR NOVEMBER

NOVEMBER GROSS                      \$ 4.0 MILLION OR 0.9% ABOVE FORECAST.  
NOVEMBER NET AVAILABLE            \$ 4.6 MILLION OR 1.3% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	Nov 11 33.7	Nov 12 34.9	% CH 3.6
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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.