



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

**OFFICE OF THE DIRECTOR
Economic Analysis & Tax Research**
1509 West Seventh Street, Room 404
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-1688
Fax: (501) 682-1086
<http://www.dfa.arkansas.gov>

MEMORANDUM

TO: Richard Weiss, Director
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for July (FY 2015)**

DATE: August 4, 2014

Copy: Governor's Office
Management Services

JULY REVENUE SUMMARY

July Net Available General Revenues total \$403.1 million, \$7.1 million or -1.7 percent below last year and \$9.8 million or -2.4 percent below forecast.

Results in July were negative overall due to decline in estimated payments in Corporate Income tax and a decline in Sales and Use tax collections.

Individual Income tax collections were on forecast and displayed good growth in the economic-related payroll withholding tax. Smaller revenue sources were mostly above forecast and year ago collections for the month.

Income tax refunds were elevated during July in both Individual and Corporate refunds. This accounted for part of the negative year ago comparison in Net Available funds versus a small gain in gross general revenue.

July Gross General Revenues: July collections total \$470.8 million, an increase of \$3.1 million or 0.7 percent above last year and \$9.3 million or -1.9 percent below forecast.

July Individual Income Tax collections total \$213.2 million. Collections increased by \$7.3 million, or 3.5 percent compared to last year. With respect to the forecast, collections were \$0.2 million or 0.1 percent above forecast. Individual withholding increased 4.0 percent compared to last year, with no monthly payday timing differences.

July Individual Income Tax Refunds total \$10.4 million, \$2.7 million or 35.2 percent above last year and \$2.5 million or 31.3 percent above forecast. Refund amounts above forecast detract from net available fund results.

July Sales and Use Tax Collections: July collections total \$185.5 million, a decrease of \$0.5 million or -0.3 percent from last year. Collections were below monthly forecast levels by \$7.6 million or -3.9 percent.

July Corporate Income Tax collections total \$18.4 million, a decrease of \$8.5 million from year ago, and \$9.7 million or -34.6 percent below forecast.

July Corporate Income Tax Refunds total \$1.3 million. This amount is \$0.5 million above year ago levels. Refunds were 41.4 percent above forecast.

July Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$21.0 million. Collections increased by \$1.8 million or 9.5 percent from year earlier levels and were above forecast by \$2.8 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

SPECIAL REVENUES OF NOTE

July Soft Drink Tax (for Medicaid Program Trust Fund): July collections of the dedicated soft drink tax total \$3.8 million, a decrease of \$0.5 million 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 July 2014, \$39.1 million was collected and deposited to the fund. After deductions, the net amount is \$37.9 million. The monthly collection represents no change from prior year collections.

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

July 31, 2014
Days Remaining: 0
Forecast date: 07/15/2014

MILLIONS OF \$

	<u>CURRENT MONTH</u>				<u>CURRENT MONTH TO DATE</u>				ACTUAL AS % OF FORECAST
	ACTUAL FY 2014	FORECAST FY 2015	CHANGE AMOUNT	PERCENT	ACTUAL FY 2014	ACTUAL FY 2015	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	206.0	213.0	7.0	3.4	206.0	213.2	7.3	3.5	100.1
CORPORATE INCOME	26.9	28.1	1.2	4.5	26.9	18.4	-8.5	-31.7	65.4
SALES AND USE	186.0	193.1	7.1	3.8	186.0	185.5	-0.5	-0.3	96.1
ALCOHOLIC BEVERAGE	5.3	5.2	-0.1	-1.2	5.3	5.7	0.5	8.7	110.1
TOBACCO	19.2	18.2	-1.0	-5.1	19.2	21.0	1.8	9.5	115.4
INSURANCE	1.1	1.0	-0.1	-5.8	1.1	1.0	-0.1	-5.8	100.1
RACING	0.2	0.2	0.0	-16.8	0.2	0.2	-0.1	-24.3	91.0
GAMES OF SKILL	3.2	3.2	0.0	1.4	3.2	3.3	0.1	4.5	103.1
MISCELLANEOUS ¹	19.9	18.1	-1.8	-9.1	19.9	22.5	2.6	13.0	124.2
TOTAL GROSS	467.7	480.1	12.4	2.7	467.7	470.8	3.1	0.7	98.1
LESS: (SCSF/COF) ²	15.4	15.4	0.0	-0.2	15.4	15.1	-0.4	-2.4	97.8
IND INC TAX REFUNDS	7.7	7.9	0.2	3.0	7.7	10.4	2.7	35.2	131.3
CORP INC TAX REFUNDS	0.8	0.9	0.1	10.8	0.8	1.3	0.5	56.7	141.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	2.2	1.9	-0.3	-11.7	2.2	0.0	-2.2	-100.0	0.0
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	-45.8	0.0
CITY & COUNTY TOURIST	0.7	0.7	0.0	-0.2	0.7	0.7	0.0	-0.2	100.0
SCHOOL DESEGREGATION	3.0	12.0	9.0	300.0	3.0	12.0	9.0	298.8	99.7
EDUCATIONAL EXCELLENCE	24.2	24.9	0.7	2.9	24.2	24.8	0.6	2.4	99.5
EDUCATIONAL ADEQUACY	2.1	2.2	0.1	2.8	2.1	2.2	0.1	2.4	99.6
NET AVAILABLE	410.2	412.9	2.7	0.7	410.2	403.1	-7.1	-1.7	97.6

REVENUE FORECAST SUMMARY FOR JULY

JULY GROSS	\$ 9.3 MILLION OR 1.9% BELOW FORECAST
JULY NET AVAILABLE	\$ 9.8 MILLION OR 2.4% BELOW FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>July FY14</u> 37.9	<u>July FY15</u> 37.9	<u>% CH</u> 0.0
---	--------------------------	--------------------------	--------------------

- 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.