



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

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**MEMORANDUM**

TO: Larry Walther, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for July (FY 2017)**

DATE: August 2, 2016

Copy: Governor's Office  
Management Services

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**JULY REVENUE SUMMARY**

**July Net Available General Revenues** total \$400.6 million, \$1.4 million or 0.4 percent above last year and \$7.0 million or 1.7 percent below forecast.

**Notable Activity:**

Results in July for major categories consisted of Sales and Use tax and Corporate Income tax coming in below forecast, and Individual Income tax above forecast.

An annual deposit to general revenue from the Arkansas State Auditor's Office added \$20.6 million in July compared to \$13.0 million last July and \$10.0 million in the forecast.

**July Gross General Revenues:** July collections total \$467.8 million, an increase of \$0.9 million or 0.2 percent from last year and \$8.2 million or -1.7 percent below forecast.

**July Individual Income Tax** collections total \$210.6 million. Collections increased by \$9.8 million, or 4.9 percent compared to last year, boosted by growth in payroll withholding tax. With respect to the forecast, collections were \$5.8 million or 2.8 percent above forecast.

**July Individual Income Tax Refunds** total \$5.9 million, \$3.7 million below last year and \$2.1 million or -26.6 percent below forecast. Refund amounts below forecast add to net available fund results.

**July Sales and Use Tax Collections:** July collections total \$193.1 million, or flat compared to last year. Collections were below monthly forecast levels by \$8.9 million or -4.4 percent. July 2016 was a shorter collection month compared to year ago July. Collections from motor vehicle sales tax were down in July.

**July Corporate Income Tax** collections total \$6.9 million, a decrease of \$13.5 million from year ago, and \$14.4 million below forecast. Decline in Corporate Estimated Payments accounted for most of the drop.

**July Corporate Income Tax Refunds** total \$2.8 million. This amount is \$1.5 million above year ago levels. Refunds were \$1.6 million above forecast.

**July Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$17.1 million. Collections decreased by \$3.8 million or -18.2 percent from year earlier levels and were below forecast by -\$2.4 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 \$4.9 million, an increase of \$0.8 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 2016, \$40.7 million was collected and deposited to the fund. After deductions, the net amount is \$39.4 million. The monthly collection represents a -0.5 percent decrease from prior year collections.

JULY 2016 GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 2/1/2016

MILLIONS OF \$

	CHANGE FROM FORECAST				CHANGE FROM LAST YEAR		
	ACTUAL JULY FY16	FORECAST JULY FY17	ACTUAL JULY FY17	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	200.9	204.8	210.6	5.8	2.8	9.8	4.9
CORPORATE INCOME	20.4	21.3	6.9	-14.4	-67.7	-13.5	-66.2
SALES AND USE	193.1	202.0	193.1	-8.9	-4.4	0.0	0.0
ALCOHOLIC BEVERAGE	5.4	5.4	5.6	0.2	4.3	0.3	5.0
TOBACCO	20.9	19.5	17.1	-2.4	-12.1	-3.8	-18.2
INSURANCE	0.7	0.7	1.1	0.4	57.4	0.4	57.2
RACING	0.2	0.2	0.2	0.0	0.2	0.0	13.2
GAMES OF SKILL	4.1	4.1	4.6	0.5	12.0	0.5	12.3
MISCELLANEOUS <sup>1</sup>	21.2	18.0	28.5	10.5	58.5	7.3	34.7
TOTAL GROSS	466.8	476.0	467.8	-8.2	-1.7	0.9	0.2
LESS: SCSF/COF <sup>2</sup>	14.9	15.2	15.0	-0.2	-1.5	0.0	0.2
INDIV INCOME TAX REFUNDS	9.6	8.0	5.9	-2.1	-26.6	-3.7	-38.9
CORP INCOME TAX REFUNDS	1.3	1.2	2.8	1.6	135.8	1.5	118.7
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.9	1.9	1.5	-0.4	-19.6	0.6	62.1
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	-100.0
CITY & COUNTY TOURIST	0.3	0.2	0.2	0.0	11.0	0.0	-15.2
SCHOOL DESEGREGATION	12.0	12.0	12.0	0.0	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	25.1	26.3	26.1	-0.2	-0.7	1.1	4.2
EDUCATIONAL ADEQUACY	2.2	2.3	2.3	0.0	0.4	0.1	4.2
TOTAL DEDUCTIONS	67.6	68.4	67.1	-1.3	-1.9	-0.5	-0.7
NET AVAILABLE	399.2	407.6	400.6	-7.0	-1.7	1.4	0.4

REVENUE FORECAST SUMMARY FOR JULY

JULY GROSS	\$ 8.2 MILLION OR 1.7% BELOW FORECAST
JULY NET AVAILABLE	\$ 7.0 MILLION OR 1.7% BELOW 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.