



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.state.ar.us/dfa>

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

TO: Richard Weiss, Director  
 Tim Leathers, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for October (FY 2009)**

DATE: November 4, 2008

Copy: Governor's Office  
 Management Services

---

### **YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$1,555.7 million. This amount is \$72.3 million or 4.9 percent above last year and \$71.1 million or 4.8 percent above the general revenue forecast. The amount above forecast is due primarily to gains in Individual Income Tax and the \$13.7 million transfer from Unclaimed Property proceeds recorded in Miscellaneous Tax.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$1,798.2 million, representing an increase of \$75.9 million or 4.4 percent above last year. Gross general revenues are \$72.3 million or 4.2 percent above the general revenue forecast.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$812.5 million, \$41.1 million or 5.3 percent above FY 2008 collections and \$35.0 million or 4.5 percent above forecast. Collections growth for individual monthly withholding is up 3.5 percent over year ago levels.

**Year-to-date individual income tax refunds** total \$38.6 million, up \$3.1 million or 8.8 percent compared to last year and \$1.4 million or 3.7 percent above forecast.

**Year-to-date Gross Receipts Collections:** Gross receipts consist primarily of sales and use taxes. On a year-to-date basis, gross receipts total \$741.2 million, an increase

of \$21.1 million or 2.9 percent above FY 2008 and \$11.0 million or 1.5 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate income tax revenues total \$119.6 million, a decrease of \$7.1 million or 5.6 percent from year-to-date FY 2008.

**Year-to-date corporate income tax refunds** total \$9.3 million, up \$2.3 million or 33.5 percent from the comparable year-to-date period last year and \$0.4 million or 4.0 percent above forecast.

## **OCTOBER REVENUE SUMMARY**

**October Net Available General Revenues** total \$352.4 million, \$8.1 million or 2.4 percent above last year and \$7.9 million or 2.3 percent above forecast.

**October Gross General Revenues:** October collections total \$423.8 million, an increase of \$13.1 million or 3.2 percent above last year and \$11.6 million or 2.8 percent above forecast.

**October Individual Income Tax** collections total \$196.2 million. Collections increased by \$7.8 million, or 4.2 percent, compared to last year. With respect to the forecast, collections are \$4.2 million or 2.2 percent above forecast. Individual withholding increased 4.7 percent compared to last year.

**October Individual Income Tax Refunds** total \$17.4 million. Refunds are up \$4.5 million or 34.6 percent above October 2007. This amount is 27.8 percent above forecast for the month.

**October Gross Receipts Collections:** October collections total \$178.1 million, an increase of \$1.1 million or 0.6 percent above last year. Collections were above monthly forecast levels by \$0.2 million or 0.1 percent.

**October Corporate Income Tax** collections total \$28.8 million, an increase of \$4.0 million or 16.2 percent above year earlier levels, and \$5.5 million or 23.5 percent above forecast.

**October Corporate Income Tax Refunds** total \$2.9 million. This amount is \$1.0 million or 50.2 percent above year ago refunds.

**October Tobacco Tax** collections, a small component of general revenue, total \$12.9 million or 4.4 percent above year earlier levels. 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 (Medicaid Program Trust Fund):** Year-to-date collections of the dedicated soft drink tax total \$17.8 million, an increase of \$0.6 million or 3.7 percent above 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 2008, \$37.3 million was collected and deposited to the fund. After deductions, the net amount is \$36.2 million. The monthly collection is equivalent to a 2.7 percent increase from prior year collections.

YEAR TO DATE REPORT, OCTOBER 2008  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DF&A)

THROUGH OCTOBER 2008  
4 Months YTD  
Forecast Date: 5/07/08

MILLIONS OF DOLLARS

|                                 | ACTUAL<br>FY 2008 | FORECAST<br>FY 2009 | INCREASE |         | ACTUAL<br>FY 2008 | ACTUAL<br>FY 2009 | INCREASE |         | ACTUAL<br>AS % OF<br>FORECAST |
|---------------------------------|-------------------|---------------------|----------|---------|-------------------|-------------------|----------|---------|-------------------------------|
|                                 |                   |                     | AMOUNT   | PERCENT |                   |                   | AMOUNT   | PERCENT |                               |
| INDIVIDUAL INCOME               | 771.4             | 777.5               | 6.1      | 0.8     | 771.4             | 812.5             | 41.1     | 5.3     | 104.5                         |
| ESTATE <sup>1</sup>             | -0.1              | 0.0                 | 0.1      | -100.0  | -0.1              | -0.5              | -0.4     | 467.0   | 0.0                           |
| CORPORATE INCOME                | 126.7             | 113.2               | -13.5    | -10.6   | 126.7             | 119.6             | -7.1     | -5.6    | 105.7                         |
| GROSS RECEIPTS <sup>2</sup>     | 720.2             | 730.2               | 10.0     | 1.4     | 720.2             | 741.2             | 21.1     | 2.9     | 101.5                         |
| ALCOHOLIC BEVERAGE <sup>3</sup> | 8.8               | 9.5                 | 0.7      | 7.5     | 8.8               | 10.0              | 1.1      | 12.8    | 104.9                         |
| TOBACCO                         | 48.1              | 48.0                | -0.1     | -0.2    | 48.1              | 50.2              | 2.1      | 4.3     | 104.5                         |
| INSURANCE                       | 23.1              | 23.7                | 0.6      | 2.8     | 23.1              | 23.0              | -0.1     | -0.4    | 96.9                          |
| RACING                          | 1.5               | 1.4                 | -0.1     | -7.5    | 1.5               | 1.4               | -0.1     | -6.2    | 101.5                         |
| GAMES OF SKILL                  | 1.7               | 2.0                 | 0.3      | 18.0    | 1.7               | 2.0               | 0.3      | 16.8    | 99.0                          |
| MISCELLANEOUS <sup>4</sup>      | 20.9              | 20.4                | -0.5     | -2.5    | 20.9              | 38.8              | 17.9     | 85.6    | 190.3                         |
| TOTAL GROSS                     | 1,722.3           | 1,725.9             | 3.6      | 0.2     | 1,722.3           | 1,798.2           | 75.9     | 4.4     | 104.2                         |
| PLUS:                           |                   |                     |          |         |                   |                   |          |         |                               |
| PROP. TAX RELIEF TR. FUND       | 0.0               | 0.0                 | 0.0      | 0.0     | 0.0               | 0.0               | 0.0      | 0.0     | 0.0                           |
| REVENUE ALLOTMENT RESERVE       | 4.7               | 3.4                 | -1.3     | -28.3   | 4.7               | 3.4               | -1.4     | -28.7   | 99.4                          |
| LESS: SCSF/COF <sup>5</sup>     | 51.7              | 51.8                | 0.1      | 0.2     | 51.7              | 54.0              | 2.3      | 4.4     | 104.2                         |
| IND INCOME TAX REFUNDS          | 35.4              | 37.2                | 1.8      | 4.9     | 35.4              | 38.6              | 3.1      | 8.8     | 103.7                         |
| CORP INCOME TAX REFUNDS         | 6.9               | 8.9                 | 2.0      | 28.3    | 6.9               | 9.3               | 2.3      | 33.5    | 104.0                         |
| CLAIMS                          | 0.0               | 0.0                 | 0.0      | 0.0     | 0.0               | 0.0               | 0.0      | 0.0     | 0.0                           |
| ECON DEVEL INCENTIVE FUND       | 4.1               | 7.6                 | 3.5      | 85.1    | 4.1               | 3.9               | -0.2     | -4.0    | 51.9                          |
| WATER/SEWER BONDS               | 0.8               | 2.0                 | 1.2      | 150.0   | 0.8               | 2.0               | 1.2      | 150.0   | 100.0                         |
| COLLEGE SAVINGS BONDS           | 0.0               | 0.0                 | 0.0      | 0.0     | 0.0               | 0.0               | 0.0      | 0.0     | 0.0                           |
| CITY/CO. TOURIST                | 3.6               | 3.5                 | -0.1     | -3.4    | 3.6               | 3.6               | -0.1     | -1.5    | 101.9                         |
| SCHOOL DESEGREGATION            | 32.0              | 29.2                | -2.8     | -8.8    | 32.0              | 29.2              | -2.8     | -8.8    | 100.0                         |
| EDUCATIONAL EXCELLENCE          | 99.5              | 95.2                | -4.3     | -4.3    | 99.5              | 96.1              | -3.4     | -3.4    | 100.9                         |
| EDUCATIONAL ADEQUACY            | 8.8               | 8.5                 | -0.3     | -3.3    | 8.8               | 8.5               | -0.3     | -3.4    | 99.9                          |
| ELDERLY TRANSPORTATION          | 0.7               | 0.8                 | 0.1      | 8.7     | 0.7               | 0.8               | 0.0      | 2.4     | 94.2                          |
| NET AVAILABLE                   | 1,483.4           | 1,484.6             | 1.2      | 0.1     | 1,483.4           | 1,555.7           | 72.3     | 4.9     | 104.8                         |

REVENUE FORECAST SUMMARY FOR OCTOBER

|                            |   |
|----------------------------|---|
| YEAR-TO-DATE GROSS         | \$ 72.3 MILLION OR 4.2% ABOVE FORECAST. |
| YEAR-TO-DATE REFUNDS       | \$ 1.7 MILLION OR 3.7% ABOVE FORECAST.  |
| YEAR-TO-DATE NET AVAILABLE | \$ 71.1 MILLION OR 4.8% ABOVE FORECAST  |

|  |                           |                           |                        |
|--|---------------------------|---------------------------|------------------------|
| SOFT DRINK EXCISE TAX<br>(MEDICAID PROGRAM TRUST FUND) | <u>YTD FY 08</u><br>17.2  | <u>YTD FY 09</u><br>17.8  | <u>% CHANGE</u><br>3.7 |
| EDUCATIONAL ADEQUACY FUND<br>(NET DEPOSIT)             | <u>YTD FY 08</u><br>143.3 | <u>YTD FY 09</u><br>148.3 | <u>% CHANGE</u><br>3.5 |

- 1) Effective January 1, 2005, the federal estate tax credit was abolished, effectively ending state tax collections in FY06.
- 2) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 3) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 4) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 5) 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, 2008  
Days Remaining: 0  
Forecast date: 5/07/08

MILLIONS OF \$

CURRENT MONTH TO DATE

|                                  | ACTUAL<br>FY 2008 | FORECAST<br>FY 2009 | CHANGE     |            | ACTUAL<br>FY 2008 | ACTUAL<br>FY 2009 | CHANGE      |            | ACTUAL AS<br>% OF<br>FORECAST |
|----------------------------------|-------------------|---------------------|------------|------------|-------------------|-------------------|-------------|------------|-------------------------------|
|                                  |                   |                     | AMOUNT     | PERCENT    |                   |                   | AMOUNT      | PERCENT    |                               |
| INDIVIDUAL INCOME                | 188.4             | 192.0               | 3.6        | 1.9        | 188.4             | 196.2             | 7.8         | 4.2        | 102.2                         |
| ESTATE <sup>1</sup>              | 0.0               | 0.0                 | 0.0        | 0.0        | 0.0               | 0.0               | 0.0         | 0.0        | 0.0                           |
| CORPORATE INCOME                 | 24.8              | 23.3                | -1.5       | -5.9       | 24.8              | 28.8              | 4.0         | 16.2       | 123.5                         |
| GROSS RECEIPTS <sup>2</sup>      | 177.0             | 177.9               | 0.9        | 0.5        | 177.0             | 178.1             | 1.1         | 0.6        | 100.1                         |
| ALCOHOLIC BEVERAGE <sup>3</sup>  | 2.2               | 2.2                 | 0.0        | -1.1       | 2.2               | 2.1               | -0.2        | -7.2       | 93.9                          |
| TOBACCO                          | 12.4              | 12.3                | -0.1       | -0.6       | 12.4              | 12.9              | 0.5         | 4.4        | 104.9                         |
| INSURANCE                        | 0.7               | 0.9                 | 0.2        | 31.7       | 0.7               | 0.8               | 0.1         | 21.8       | 92.4                          |
| RACING                           | 0.3               | 0.3                 | 0.0        | -4.6       | 0.3               | 0.3               | 0.0         | 7.5        | 112.7                         |
| GAMES OF SKILL                   | 0.4               | 0.5                 | 0.1        | 12.0       | 0.4               | 0.5               | 0.0         | 9.9        | 98.1                          |
| MISCELLANEOUS <sup>4</sup>       | 4.5               | 2.8                 | -1.7       | -37.5      | 4.5               | 4.1               | -0.4        | -8.8       | 146.0                         |
| <b>TOTAL GROSS</b>               | <b>410.7</b>      | <b>412.2</b>        | <b>1.5</b> | <b>0.4</b> | <b>410.7</b>      | <b>423.8</b>      | <b>13.1</b> | <b>3.2</b> | <b>102.8</b>                  |
| PLUS:                            |                   |                     |            |            |                   |                   |             |            |                               |
| PROP. TAX RELIEF TR. FUND        | 0.0               | 0.0                 | 0.0        | 0.0        | 0.0               | 0.0               | 0.0         | 0.0        | 0.0                           |
| REV. ALLOTMENT RESERVE           | 0.0               | 0.0                 | 0.0        | 0.0        | 0.0               | 0.0               | 0.0         | 0.0        | 0.0                           |
| LESS: 3% (SCSF/COF) <sup>5</sup> | 12.3              | 12.4                | 0.1        | 0.6        | 12.3              | 12.7              | 0.4         | 3.2        | 102.5                         |
| IND INC TAX REFUNDS              | 12.9              | 13.6                | 0.7        | 5.4        | 12.9              | 17.4              | 4.5         | 34.6       | 127.8                         |
| CORP INC TAX REFUNDS             | 1.9               | 2.8                 | 0.9        | 47.4       | 1.9               | 2.9               | 1.0         | 50.2       | 101.8                         |
| CLAIMS                           | 0.0               | 0.0                 | 0.0        | 0.0        | 0.0               | 0.0               | 0.0         | 0.0        | 0.0                           |
| ECON DEVEL INCENTIVE FUND        | 0.0               | 1.9                 | 1.9        | 0.0        | 0.0               | 1.2               | 1.2         | 0.0        | 65.4                          |
| WATER/SEWER BONDS                | 0.2               | 0.5                 | 0.3        | 150.0      | 0.2               | 0.5               | 0.3         | 150.0      | 100.0                         |
| COLLEGE SAVINGS BONDS            | 0.0               | 0.0                 | 0.0        | 0.0        | 0.0               | 0.0               | 0.0         | 0.0        | 0.0                           |
| CITY & COUNTY TOURIST            | 1.8               | 1.8                 | 0.0        | -0.6       | 1.8               | 1.8               | 0.0         | -1.5       | 99.1                          |
| SCHOOL DESEGREGATION             | 10.0              | 8.6                 | -1.4       | -14.0      | 10.0              | 8.6               | -1.4        | -14.0      | 100.0                         |
| EDUCATIONAL EXCELLENCE           | 24.9              | 23.8                | -1.1       | -4.3       | 24.9              | 24.0              | -0.8        | -3.4       | 100.9                         |
| EDUCATIONAL ADEQUACY             | 2.2               | 2.1                 | -0.1       | -4.5       | 2.2               | 2.1               | -0.1        | -3.4       | 101.1                         |
| ELDERLY TRANSPORTATION           | 0.2               | 0.2                 | 0.0        | 2.1        | 0.2               | 0.2               | 0.0         | -4.2       | 93.8                          |
| <b>NET AVAILABLE</b>             | <b>344.3</b>      | <b>344.5</b>        | <b>0.2</b> | <b>0.1</b> | <b>344.3</b>      | <b>352.4</b>      | <b>8.1</b>  | <b>2.4</b> | <b>102.3</b>                  |

|   |                       |                       |                    |
|---|-----------------------|-----------------------|--------------------|
| EDUCATIONAL ADEQUACY FUND<br>(NET DEPOSIT, MONTH-TO-DATE) | <u>Oct 07</u><br>35.3 | <u>Oct 08</u><br>36.2 | <u>% CH</u><br>2.7 |
|---|-----------------------|-----------------------|--------------------|

- 1) Effective January 1, 2005, the federal estate tax credit is abolished, effectively ending state tax collections in FY06.
- 2) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 3) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 4) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 5) State Central Services Fund and Constitutional Officers Fund.