



STATE OF ARKANSAS
**Department of Finance
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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 July (FY 2012)**

DATE: August 2, 2011

Copy: Governor's Office
Management Services

JULY REVENUE SUMMARY

July Net Available General Revenues total \$377.0 million, \$6.4 million or 1.7 percent above last year and \$2.4 million or -0.6 percent below forecast.

Results within major revenue lines were mixed as both individual and corporate income exceeded forecast and year ago collections. Decline in sales tax (gross receipts) relative to year ago and forecast accounts for the small percentage forecast shortfall this month.

July Gross General Revenues: July collections total \$434.8 million, an increase of \$9.0 million or 2.1 percent above last year and \$3.7 million or -0.8 percent below forecast.

July Individual Income Tax collections total \$193.6 million. Collections increased by \$12.4 million, or 6.8 percent, compared to last year. With respect to the forecast, collections are \$2.7 million or 1.4 percent above forecast. Individual withholding expanded 7.7 percent compared to last year.

July Individual Income Tax Refunds total \$7.3 million, \$2.3 million or -24.4 percent below last year and \$2.6 million or -26.6 percent below forecast.

July Gross Receipts Collections: July collections total \$181.2 million, a decrease of \$7.0 million or -3.7 percent from last year. Collections were below monthly forecast levels by \$13.1 million or -6.7 percent.

July Corporate Income Tax collections total \$25.2 million, an increase of \$2.2 million or 9.4 percent above year earlier levels, and \$2.1 million or 9.0 percent above forecast.

July Corporate Income Tax Refunds total \$2.0 million. This amount is \$0.7 million or 53.1 percent above year ago levels.

July Tobacco Tax collections, a small component of general revenue, total \$23.4 million or 15.1 percent above year earlier levels, and \$4.3 million or 22.7 percent above forecast. Monthly changes in tobacco tax collections can also be attributed to uneven patterns of stamp sales to wholesale purchasers.

SPECIAL REVENUES OF NOTE

Year-to-date Medicaid Program Trust Fund: Year-to-date collections of the dedicated soft drink tax total \$4.6 million, a decrease of \$0.1 million or -2.0 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 July 2011, \$37.3 million was collected and deposited to the fund. After deductions, the net amount is \$36.1 million. The monthly collection is equivalent to a -3.8 percent decrease from prior year collections.

July 29, 2011
Days Remaining: 0
Forecast date: 04/21/2011

CURRENT MONTH

	ACTUAL FY 2011	FORECAST FY 2012	CHANGE		ACTUAL FY 2011	ACTUAL FY 2012	CHANGE		ACTUAL AS % OF FORECAST
			AMOUNT	PERCENT			AMOUNT	PERCENT	
INDIVIDUAL INCOME	181.2	190.9	9.7	5.3	181.2	193.6	12.4	6.8	101.4
CORPORATE INCOME	23.0	23.1	0.1	0.4	23.0	25.2	2.2	9.4	109.0
GROSS RECEIPTS ¹	188.3	194.3	6.0	3.2	188.3	181.2	-7.0	-3.7	93.3
ALCOHOLIC BEVERAGE ²	3.9	3.4	-0.5	-11.9	3.9	3.7	-0.1	-3.2	109.9
TOBACCO	20.4	19.1	-1.3	-6.2	20.4	23.4	3.1	15.1	122.7
INSURANCE	3.0	1.5	-1.5	-50.8	3.0	0.7	-2.3	-76.1	48.5
RACING	0.2	0.2	0.0	4.4	0.2	0.3	0.1	42.8	136.7
GAMES OF SKILL	0.8	1.1	0.3	33.3	0.8	1.9	1.0	124.2	168.2
MISCELLANEOUS ³	5.0	4.9	-0.1	-3.0	5.0	4.8	-0.3	-5.0	97.9
TOTAL GROSS	425.8	438.5	12.7	3.0	425.8	434.8	9.0	2.1	99.2
LESS: (SCSF/COF) ⁴	12.8	14.5	1.7	13.5	12.8	14.3	1.6	12.3	99.0
IND INC TAX REFUNDS	9.6	9.9	0.3	3.1	9.6	7.3	-2.3	-24.4	73.4
CORP INC TAX REFUNDS	1.3	1.4	0.1	5.9	1.3	2.0	0.7	53.1	144.5
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.2	2.0	1.8	710.5	0.2	3.0	2.8	1124.4	151.1
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	0.0	0.0	0.0	0.0	0.0	0.0
CITY & COUNTY TOURIST	1.3	1.3	0.0	-1.4	1.3	1.3	0.0	-0.1	101.4
SCHOOL DESEGREGATION	4.2	3.0	-1.2	-28.6	4.2	3.0	-1.2	-28.6	100.0
EDUCATIONAL EXCELLENCE	22.4	23.5	1.1	5.0	22.4	23.3	1.0	4.2	99.3
EDUCATIONAL ADEQUACY	2.0	2.0	0.0	1.1	2.0	2.1	0.1	4.2	103.1
ELDERLY TRANSPORTATION	0.1	0.2	0.1	43.5	0.1	0.2	0.0	14.9	80.1
NET AVAILABLE	370.6	379.4	8.8	2.4	370.6	377.0	6.4	1.7	99.4

JULY GROSS	\$ 3.7 MILLION OR 0.8% BELOW FORECAST.
JULY NET AVAILABLE	\$ 2.4 MILLION OR 0.6% BELOW FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>July 10</u> 37.5	<u>July 11</u> 36.1	<u>% CH</u> -3.8
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- 1) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 2) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 3) Miscellaneous includes estate tax, severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 4) State Central Services Fund and Constitutional Officers Fund.