



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

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MEMORANDUM

TO: Larry Walther, Director
Paul Louthian, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research *JS*

SUBJECT: **General Revenue Report for April (FY 2019)**

DATE: May 2, 2019

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 \$4,890.7 million, \$301.1 million or 6.6 percent above year ago levels. After ten months into the fiscal year, net available revenue is above forecast by \$148.9 million or 3.1 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$5,904.7 million, representing an increase of \$310.2 million or 5.5 percent above last year. Gross general revenues are above forecast by \$183.9 million or 3.2 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$2,959.5 million, \$114.7 million or 4.0 percent above year-to-date FY 2018 collections and \$60.6 million or 2.1 percent above forecast.

Year-to-date individual income tax refunds total \$443.2 million, an increase of \$34.7 million or 8.5 percent compared to last year and \$21.8 million or 5.2 percent above forecast. Amounts above forecast in refund categories detract from net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$2,044.3 million, an increase of \$39.3 million or 2.0 percent from year-to-date

FY 2018 and \$31.5 million or -1.5 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$479.9 million, an increase of \$153.9 million from year-to-date FY 2018. Corporate income is above forecast by \$152.0 million or 46.4 percent.

Year-to-date corporate income tax refunds total \$59.1 million, an increase of \$22.0 million compared to the same year-to-date period last year. Corporate Refunds were \$15.8 million above forecast over the period.

APRIL REVENUE SUMMARY

April Net Available General Revenues and Summary Results: Net Available general revenues total \$751.1 million, \$94.0 million or 14.3 percent above last year and \$102.2 million or 15.7 percent above the forecast.

Among the major categories, Individual Income tax collections and Corporate Income exceeded forecast and year ago collections. Individual Income Tax collections reflect gains in payments with tax returns and high growth in Payroll Withholding. Corporate Income benefited from gains in Estimated Payments and Extensions. Sales Tax collections were below forecast due to lower collections in a variety of categories but gains in Motor Vehicle Sales Tax and restaurant sales. Corporate and Individual Income Tax Refunds were above forecast for the month, detracting from net revenue results.

Among smaller revenue sources, Tobacco was above forecast by \$1.3 million and above year ago collections. Results in Gaming revenue exceeded forecast by \$0.3 million.

April Gross General Revenues: April collections total \$958.8 million, an increase of \$116.0 million or 13.8 percent above last year and \$125.1 million or 15.0 percent above forecast.

April Individual Income Tax collections total \$601.6 million. Collections increased by \$79.1 million or 15.1 percent compared to last year. With respect to the forecast, collections were \$87.4 million or 17.0 percent above forecast. Individual withholding increased 6.8 percent compared to last year.

April Individual Income Tax Refunds total \$137.5 million, \$18.5 million or 15.5 percent above last year and \$14.0 million or 11.4 percent above forecast. Refund amounts above forecast detract from net available fund results.

April Sales and Use Tax Collections: April collections total \$200.0 million, a decrease of \$8.2 million or -3.9 percent from last year. Collections were below monthly forecast levels by \$10.5 million or -5.0 percent. The Sales Tax tax reduction on food for home

consumption was reflected in results in April following the statutory rate reduction on January 1, 2019.

April Corporate Income Tax collections total \$121.9 million, an increase of \$43.0 million from year ago, and \$46.5 million above forecast. Higher Estimated Payments and Extension Payments accounted for the gain in this volatile category.

April Corporate Income Tax Refunds total \$7.8 million. This amount is \$5.8 million above year ago levels. Refunds were also \$6.2 million above forecast.

April Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$18.2 million. Collections increased by \$1.7 million or 10.6 percent from year earlier levels and were above forecast by \$1.3 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

SPECIAL REVENUES OF NOTE

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 April 2019, \$49.1 million was collected and deposited to the fund. After deductions, the net amount is \$47.7 million. The monthly collection is equivalent to a 2.4 percent decrease from prior year collections.

Q:\Monthly Reports\FY 2019\April FY 2019
Attachment (2)

April 2019 Year-to-Date General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 11/14/2018

Millions of \$

	Actual Apr FY18	Forecast Apr FY19	Actual Apr FY19	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	2,844.7	2,898.9	2,959.5	60.6	2.1	114.7	4.0
Corporate Income	326.0	327.9	479.9	152.0	46.4	153.9	47.2
Sales & Use	2,005.0	2,075.8	2,044.3	-31.5	-1.5	39.3	2.0
Alcohol	45.9	46.3	47.2	0.9	1.9	1.2	2.7
Tobacco	181.2	176.0	177.1	1.1	0.6	-4.1	-2.2
Insurance	62.2	65.0	64.3	-0.7	-1.1	2.1	3.3
Racing	1.9	1.9	1.8	-0.1	-6.6	-0.1	-5.8
Gaming	53.3	55.4	57.3	1.9	3.3	3.9	7.3
Miscellaneous ¹	74.2	73.6	73.4	-0.2	-0.3	-0.8	-1.0
Total Gross	5,594.5	5,720.8	5,904.7	183.9	3.2	310.2	5.5
LESS: (SCSF/COF) ²	173.4	177.4	183.0	5.6	3.2	9.6	5.5
Individual Income Tax Refunds	408.5	421.4	443.2	21.8	5.2	34.7	8.5
Corporate Income Tax Refunds	37.2	43.3	59.1	15.8	36.5	22.0	59.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	11.4	18.7	10.4	-8.3	-44.3	-1.0	-8.9
Amendment 82 Bonds	1.1	1.1	1.1	0.0	-1.6	0.0	-2.3
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	12.4	12.4	12.4	0.0	0.0	0.0	0.0
College Savings Bonds	3.6	3.4	3.4	0.0	0.3	-0.2	-5.3
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
School Desegregation	65.8	0.0	0.0	0.0	0.0	-65.8	-100.0
Educational Excellence	266.9	276.0	276.0	0.0	0.0	9.1	3.4
Educational Adequacy	23.6	24.4	24.4	0.0	0.0	0.8	3.4
Total Deductions	1,004.9	979.0	1,014.0	35.0	3.6	9.1	0.9
Net Available	4,589.6	4,741.8	4,890.7	148.9	3.1	301.1	6.6

Revenue Forecast Summary for April

Year-to-Date Gross: \$ 183.9 Million OR 3.2% Above Forecast
Year-to-Date Net Available: \$ 148.9 Million OR 3.1% Above 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.

April 2019 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 11/14/2018

Millions of \$

	Actual Apr FY18	Forecast Apr FY19	Actual Apr FY19	Change from Forecast		Change from Last Year	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	522.6	514.2	601.6	87.4	17.0	79.1	15.1
Corporate Income	78.8	75.4	121.9	46.5	61.6	43.0	54.6
Sales & Use	208.2	210.5	200.0	-10.5	-5.0	-8.2	-3.9
Alcohol	4.8	4.7	5.1	0.4	7.7	0.3	5.8
Tobacco	16.5	16.9	18.2	1.3	7.9	1.7	10.6
Insurance	0.7	0.7	1.1	0.4	52.8	0.4	53.6
Racing	0.3	0.3	0.3	0.0	14.9	0.1	20.4
Gaming	6.9	7.1	7.4	0.3	4.4	0.5	6.7
Miscellaneous ¹	4.0	3.9	3.1	-0.8	-20.4	-0.9	-21.9
Total Gross	842.8	833.7	958.8	125.1	15.0	116.0	13.8
LESS: (SCSF/COF) ²	26.1	25.9	29.7	3.8	14.7	3.6	13.7
Individual Income Tax Refunds	119.1	123.5	137.5	14.0	11.4	18.5	15.5
Corporate Income Tax Refunds	2.0	1.6	7.8	6.2	384.5	5.8	292.6
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	2.0	2.3	1.2	-1.1	-46.1	-0.8	-39.4
Amendment 82 Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	1.2	1.2	1.2	0.0	0.0	0.0	0.0
College Savings Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City & County Tourist	0.2	0.2	0.2	0.0	11.0	0.0	0.0
School Desegregation	6.0	0.0	0.0	0.0	0.0	-6.0	-100.0
Educational Excellence	26.7	27.6	27.6	0.0	0.0	0.9	3.4
Educational Adequacy	2.4	2.5	2.4	-0.1	-2.4	0.1	3.4
Total Deductions	185.7	184.8	207.7	22.9	12.4	22.0	11.9
Net Available	657.1	648.9	751.1	102.2	15.7	94.0	14.3

Revenue Forecast Summary for April

April Gross: \$ 125.1 Million OR 15.0% Above Forecast
April Net Available: \$ 102.2 Million OR 15.7% Above 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.