



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

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MEMORANDUM

TO: Richard Weiss, Director
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

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

DATE: November 4, 2014

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 \$1,725.0 million, \$31.3 million or 1.9 percent above year ago levels. After four months into the fiscal year, net available revenue is above forecast by \$11.1 million or 0.6 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$1,991.7 million, representing an increase of \$32.9 million or 1.7 percent above last year. Gross general revenues are above forecast by \$2.2 million or 0.1 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$943.8 million, \$26.0 million or 2.8 percent above last year's collections and \$1.7 million or 0.2 percent above forecast. Collections for individual withholding are up 4.0 percent from year ago levels.

Year-to-date individual income tax refunds total \$36.9 million, down \$1.1 million or -2.9 percent compared to last year and \$2.2 million or -5.5 percent below forecast. Amounts below forecast in refund categories increase net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$741.3 million, an increase of \$2.2 million or 0.3 percent from last year and \$5.7 million or -0.8 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$132.7 million, a decrease of \$1.0 million or -0.7 percent from year-to-date in the prior year. Corporate income is below forecast by \$7.1 million or -5.1 percent.

Year-to-date corporate income tax refunds total \$10.7 million, a decrease of \$7.5 million compared to the same year-to-date period last year.

OCTOBER REVENUE SUMMARY

October Net Available General Revenues total \$402.8 million, \$30.0 million or 8.1 percent above last year and \$18.2 million or 4.7 percent above forecast.

October results were above forecast in the two main categories that have been below forecast year to date. Sales tax collections accounted for \$7.7 million of the gain for the month against forecast. Corporate Income tax collections were \$2.3 million above forecast. Individual Income tax collections were up 1.7 percent from year ago results and below forecast by 1.3 percent.

Among smaller revenue sources, tobacco was above year ago levels and above forecast. Gaming results were slightly above forecast and moderately ahead of year ago revenue.

October Gross General Revenues: October collections total \$478.6 million, an increase of \$20.5 million or 4.5 percent from last year and \$10.4 million or 2.2 percent above forecast.

October Individual Income Tax collections total \$230.2 million. Collections increased by \$3.8 million, or 1.7 percent compared to last year. With respect to the forecast, collections were \$3.1 million or -1.3 percent below forecast. Individual withholding increased 3.1 percent compared to last year.

October Individual Income Tax Refunds total \$12.5 million, \$4.0 million or -24.1 percent below last year and \$4.5 million or -26.3 percent below forecast. Refund amounts below forecast contribute to bottom line, net available fund results.

October Sales and Use Tax Collections: October collections total \$184.0 million, an increase of \$12.2 million or 7.1 percent from last year. Collections were also above monthly forecast levels by \$7.7 million or 4.4 percent.

October Corporate Income Tax collections total \$29.5 million, an increase of \$3.9 million from year ago, and \$2.3 million or 8.4 percent above forecast.

October Corporate Income Tax Refunds total \$5.9 million. This amount is \$7.2 million below year ago levels.

October Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$20.9 million. Collections increased by \$0.7 million or 3.6 percent from year earlier levels and were also above forecast by \$2.7 million. 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 (for Medicaid Program Trust Fund): Year-to-date collections of the dedicated soft drink tax total \$15.0 million, a decrease of -3.6 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 October 2014, \$38.3 million was collected and deposited to the fund. After deductions, the net amount is \$37.2 million. The monthly collection is equivalent to a 5.3 percent increase from prior year collections.

C: /FISCNOT/October FY 2015
Attachment (2)

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

October 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	CHANGE PERCENT	ACTUAL FY 2014	ACTUAL FY 2015	CHANGE AMOUNT	CHANGE PERCENT	
INDIVIDUAL INCOME	226.4	233.3	6.9	3.1	226.4	230.2	3.8	1.7	98.7
CORPORATE INCOME	25.6	27.2	1.6	6.2	25.6	29.5	3.9	15.2	108.4
SALES AND USE	171.8	176.3	4.5	2.6	171.8	184.0	12.2	7.1	104.4
ALCOHOLIC BEVERAGE	4.2	4.2	0.0	-0.3	4.2	4.1	-0.1	-2.4	97.8
TOBACCO	20.1	18.2	-1.9	-9.6	20.1	20.9	0.7	3.6	114.6
INSURANCE	1.6	1.0	-0.6	-36.2	1.6	1.6	0.0	0.0	160.9
RACING	0.1	0.1	0.0	-30.6	0.1	0.1	0.0	-0.2	143.9
GAMES OF SKILL	3.1	3.2	0.1	3.7	3.1	3.2	0.1	4.8	101.1
MISCELLANEOUS ¹	5.1	4.7	-0.4	-8.1	5.1	5.0	-0.1	-2.4	106.2
TOTAL GROSS	458.1	468.2	10.1	2.2	458.1	478.6	20.5	4.5	102.2
LESS: (SCSF/COF) ²	15.1	15.0	-0.1	-0.8	15.1	15.3	0.2	1.3	102.1
IND INC TAX REFUNDS	16.5	17.0	0.5	2.9	16.5	12.5	-4.0	-24.1	73.7
CORP INC TAX REFUNDS	13.2	14.6	1.4	10.8	13.2	5.9	-7.2	-54.9	40.7
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.1	1.9	1.8	1676.6	0.1	0.7	0.6	554.2	36.8
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	0.7	0.7	0.0	-0.2	0.7	0.7	0.0	-0.2	100.0
SCHOOL DESEGREGATION	12.0	6.0	-6.0	-50.0	12.0	12.3	0.3	2.3	204.7
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	372.8	384.6	11.8	3.2	372.8	402.8	30.0	8.1	104.7

REVENUE FORECAST SUMMARY FOR OCTOBER

OCTOBER GROSS \$ 10.4 MILLION OR 2.2% ABOVE FORECAST
OCTOBER NET AVAILABLE \$ 18.2 MILLION OR 4.7% ABOVE FORECAST

	<u>Oct FY14</u>	<u>Oct FY15</u>	<u>% CH</u>
EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	35.3	37.2	5.3

- 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.