



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 January (FY 2009)**

DATE: February 3, 2009

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$2,707.9 million. This amount is \$51.7 million or 1.9 percent above last year and \$41.8 million or 1.6 percent above the revised general revenue forecast released on Nov. 13. The amount above forecast is due primarily to gains in Corporate Income Tax.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$3,178.0 million, representing an increase of \$74.7 million or 2.4 percent above last year. Gross general revenues are \$52.4 million or 1.7 percent above the revised general revenue forecast.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,486.8 million, \$25.4 million or 1.7 percent above FY 2008 collections and \$27.6 million or 1.9 percent above forecast. Collections growth for individual monthly withholding is up 1.9 percent over year ago levels.

**Year-to-date individual income tax refunds** total \$87.8 million, up \$12.9 million or 17.3 percent compared to last year and \$7.0 million or 8.6 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 \$1,266.9 million, an increase of \$14.9 million or 1.2 percent above FY 2008 and \$9.2 million or 0.7 percent below forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate income tax revenues total \$217.2 million, an increase of \$17.6 million or 8.8 percent above year-to-date FY 2008. Corporate Income Tax collections are 19.7 percent above forecast for the year-to-date period.

**Year-to-date corporate income tax refunds** total \$37.9 million, up \$14.2 million or 59.9 percent from the comparable year-to-date period last year and \$4.9 million or 14.8 percent above forecast.

## JANUARY REVENUE SUMMARY

**January Net Available General Revenues** total \$425.2 million, \$22.9 million or -5.1 percent below last year and \$7.0 million or 1.7 percent above forecast.

**January Gross General Revenues:** January collections total \$521.0 million, a decrease of \$5.4 million or -1.0 percent below last year and \$19.7 million or 3.9 percent above forecast.

**January Individual Income Tax** collections total \$291.4 million. Collections decreased by \$16.1 million, or -5.2 percent, compared to last year. With respect to the forecast, collections are \$7.8 million or 2.8 percent above forecast. Individual withholding increased 3.4 percent compared to last year. Also, estimated payments declined -21.8 percent compared to last year. The decline reflects \$20.0 million in nonrecurring income tax recorded in January 2008.

**January Individual Income Tax Refunds** total \$33.9 million. Refunds are up \$7.5 million or 28.4 percent above January 2008. This amount is 17.1 percent above forecast for the month.

**January Gross Receipts Collections:** January collections total \$179.4 million, a decrease of \$3.8 million or -2.1 percent below last year. Collections were below monthly forecast levels by \$4.5 million or -2.4 percent.

**January Corporate Income Tax** collections total \$22.3 million, an increase of \$13.0 million or 140.0 percent above year earlier levels, and \$13.9 million or 166.0 percent above forecast. Corporate tax collections represent a volatile component of general revenues.

**January Corporate Income Tax Refunds** total \$10.8 million. This amount is \$9.0 million or 481.8 percent above year ago refunds.

**January Tobacco Tax** collections, a small component of general revenue, total \$13.6 million or 15.9 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 \$29.2 million, an increase of \$0.7 million or 2.5 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 January 2009, \$36.9 million was collected and deposited to the fund. After deductions, the net amount is \$35.8 million. The monthly collection is equivalent to a -2.4 percent decrease from prior year collections.

YEAR TO DATE REPORT, JANUARY 2009  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DF&A)

THROUGH JANUARY 2009  
7 Months YTD  
Forecast Date: 11/13/2008

MILLIONS OF DOLLARS

	ACTUAL	FORECAST	INCREASE		ACTUAL	ACTUAL	INCREASE		ACTUAL
	FY 2008	FY 2009	AMOUNT	PERCENT	FY 2008	FY 2009	AMOUNT	PERCENT	AS % OF FORECAST
INDIVIDUAL INCOME	1,461.5	1,459.2	-2.3	-0.2	1,461.5	1,486.8	25.4	1.7	101.9
ESTATE <sup>1</sup>	-0.4	-0.5	-0.1	31.5	-0.4	-1.0	-0.6	158.3	196.4
CORPORATE INCOME	199.7	181.5	-18.2	-9.1	199.7	217.2	17.6	8.8	119.7
GROSS RECEIPTS <sup>2</sup>	1,252.0	1,276.1	24.1	1.9	1,252.0	1,266.9	14.9	1.2	99.3
ALCOHOLIC BEVERAGE <sup>3</sup>	15.9	16.5	0.6	3.7	15.9	17.6	1.7	11.0	107.1
TOBACCO	82.9	83.8	0.9	1.1	82.9	86.9	4.0	4.8	103.7
INSURANCE	47.9	48.3	0.4	0.8	47.9	42.8	-5.2	-10.8	88.6
RACING	2.7	2.7	0.0	1.6	2.7	2.7	0.1	3.3	101.7
GAMES OF SKILL	3.0	3.8	0.8	28.4	3.0	3.4	0.4	15.0	89.6
MISCELLANEOUS <sup>4</sup>	38.2	54.2	16.0	41.9	38.2	54.6	16.4	42.9	100.7
<b>TOTAL GROSS</b>	<b>3,103.3</b>	<b>3,125.6</b>	<b>22.3</b>	<b>0.7</b>	<b>3,103.3</b>	<b>3,178.0</b>	<b>74.7</b>	<b>2.4</b>	<b>101.7</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
REVENUE ALLOTMENT RESERVE	4.7	3.4	-1.4	-28.7	4.7	3.4	-1.4	-28.7	100.0
LESS: SCSF/COF <sup>5</sup>	93.1	93.7	0.6	0.6	93.1	95.4	2.3	2.4	101.8
IND INCOME TAX REFUNDS	74.8	80.8	6.0	8.0	74.8	87.8	12.9	17.3	108.6
CORP INCOME TAX REFUNDS	23.7	33.0	9.3	39.3	23.7	37.9	14.2	59.9	114.8
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	8.4	11.2	2.8	32.7	8.4	8.1	-0.3	-3.7	72.6
WATER/SEWER BONDS	1.4	3.5	2.1	150.0	1.4	3.5	2.1	150.0	100.0
COLLEGE SAVINGS BONDS	6.7	6.1	-0.6	-9.1	6.7	6.1	-0.6	-9.5	99.6
CITY/CO. TOURIST	5.4	5.3	-0.1	-2.5	5.4	5.4	-0.1	-1.5	101.0
SCHOOL DESEGREGATION	47.5	45.1	-2.4	-5.1	47.5	45.1	-2.4	-5.1	100.0
EDUCATIONAL EXCELLENCE	174.1	168.1	-6.0	-3.4	174.1	168.1	-5.9	-3.4	100.0
EDUCATIONAL ADEQUACY	15.4	14.8	-0.6	-3.8	15.4	14.9	-0.5	-3.4	100.4
ELDERLY TRANSPORTATION	1.3	1.3	0.0	3.2	1.3	1.3	0.0	3.9	100.6
<b>NET AVAILABLE</b>	<b>2,656.2</b>	<b>2,666.1</b>	<b>9.8</b>	<b>0.4</b>	<b>2,656.2</b>	<b>2,707.9</b>	<b>51.7</b>	<b>1.9</b>	<b>101.6</b>

REVENUE FORECAST SUMMARY FOR JANUARY

YEAR-TO-DATE GROSS	\$ 52.4 MILLION OR 1.7% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 11.8 MILLION OR 10.4% ABOVE FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 41.8 MILLION OR 1.6% ABOVE FORECAST

	<u>YTD FY 08</u>	<u>YTD FY 09</u>	<u>% CHANGE</u>
SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	28.5	29.2	2.5
EDUCATIONAL ADEQUACY FUND (NET DEPOSIT)	250.1	253.5	1.4

- 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.

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

January 30, 2009  
Days Remaining: 0  
Forecast date: 11/13/2008

MILLIONS OF \$

CURRENT MONTH TO DATE

	ACTUAL	FORECAST	CHANGE		ACTUAL	ACTUAL	CHANGE		ACTUAL AS
	FY 2008	FY 2009	AMOUNT	PERCENT	FY 2008	FY 2009	AMOUNT	PERCENT	% OF FORECAST
INDIVIDUAL INCOME	307.6	283.6	-24.0	-7.8	307.6	291.4	-16.1	-5.2	102.8
ESTATE <sup>1</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CORPORATE INCOME	9.3	8.4	-0.9	-9.8	9.3	22.3	13.0	140.0	266.0
GROSS RECEIPTS <sup>2</sup>	183.2	183.9	0.7	0.4	183.2	179.4	-3.8	-2.1	97.6
ALCOHOLIC BEVERAGE <sup>3</sup>	2.2	2.0	-0.2	-10.6	2.2	2.6	0.4	17.4	131.2
TOBACCO	11.8	11.4	-0.4	-3.1	11.8	13.6	1.9	15.9	119.6
INSURANCE	1.3	1.4	0.1	4.8	1.3	0.9	-0.5	-35.9	61.2
RACING	0.4	0.5	0.1	13.0	0.4	0.6	0.2	36.5	120.8
GAMES OF SKILL	0.4	0.6	0.2	45.9	0.4	0.5	0.0	11.2	76.2
MISCELLANEOUS <sup>4</sup>	10.2	9.5	-0.7	-7.1	10.2	9.7	-0.5	-5.3	101.9
<b>TOTAL GROSS</b>	<b>526.5</b>	<b>501.3</b>	<b>-25.2</b>	<b>-4.8</b>	<b>526.5</b>	<b>521.0</b>	<b>-5.4</b>	<b>-1.0</b>	<b>103.9</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>	15.8	15.1	-0.7	-4.4	15.8	15.6	-0.2	-1.0	103.5
IND INC TAX REFUNDS	26.4	28.9	2.5	9.6	26.4	33.9	7.5	28.4	117.1
CORP INC TAX REFUNDS	1.9	3.0	1.1	61.4	1.9	10.8	9.0	481.8	360.5
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.0	2.4	2.4	6521.3	0.0	1.8	1.7	4795.4	73.9
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	5.0	5.1	0.1	2.0	5.0	5.1	0.1	2.0	100.0
EDUCATIONAL EXCELLENCE	24.9	24.0	-0.9	-3.5	24.9	24.0	-0.8	-3.4	100.1
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	9.3	0.2	0.2	0.0	16.2	106.3
<b>NET AVAILABLE</b>	<b>448.2</b>	<b>418.2</b>	<b>-30.0</b>	<b>-6.7</b>	<b>448.2</b>	<b>425.2</b>	<b>-22.9</b>	<b>-5.1</b>	<b>101.7</b>

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Jan 08</u>	<u>Jan 09</u>	<u>% CH</u>
	36.7	35.8	-2.4

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- 3) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
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