



STATE OF ARKANSAS
**Department of Finance
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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 July (FY 2010)**

DATE: August 4, 2009

Copy: Governor's Office
Management Services

JULY REVENUE SUMMARY

July Net Available General Revenues total \$412.0 million, \$40.7 million or 11.0 percent above last year and \$13.7 million or 3.2 percent below forecast. Included in the collections is a deposit to general revenue of \$10.0 million in unclaimed property proceeds recorded in the report as miscellaneous collections. Also, a transfer to general revenue of \$61.0 million from Revenue Allotment Reserve as mandated in Act 1441 of 2009 took place in July.

July Gross General Revenues: July collections total \$406.3 million, a decrease of \$16.4 million or -3.9 percent below last year and \$5.8 million or -1.4 percent below forecast. The comparison includes \$3.7 million less in deposits to general revenue from unclaimed property proceeds compared to July of last year. The deposit of unclaimed property proceeds was \$10.0 million this month.

July Individual Income Tax collections total \$173.8 million. Collections decreased by \$5.4 million, or -3.0 percent, compared to last year. With respect to the forecast, collections are \$5.5 million or -3.1 percent below forecast. Individual withholding declined 2.6 percent compared to last year.

July Individual Income Tax Refunds total \$8.1 million. Refunds were flat compared to July 2008. This amount is \$0.6 million or 6.6 percent below forecast for the month.

July Gross Receipts Collections: July collections total \$172.8 million, a decrease of \$15.9 million or -8.4 percent below last year. Collections were also below monthly forecast levels by \$18.0 million or -9.4 percent.

July Corporate Income Tax collections total \$18.7 million, an increase of \$3.3 million or 21.5 percent above year earlier levels, and \$3.4 million or 22.0 percent above forecast.

July Corporate Income Tax Refunds total \$1.4 million. This amount is \$0.5 million or 52.1 percent above year ago levels.

July Tobacco Tax collections, a small component of general revenue, total \$21.6 million or 62.9 percent above year earlier levels. Year ago growth comparisons are impacted by tax rate changes that became effective on March 1. 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 \$4.8 million, a decrease of \$0.6 million or 11.0 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 2009, \$35.9 million was collected and deposited to the fund. After deductions, the net amount is \$34.9 million. The monthly collection is equivalent to a -6.7 percent decrease from prior year collections.

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

July 31, 2009
Days Remaining: 0
Forecast date: 04/27/2009

MILLIONS OF \$

| | <u>CURRENT MONTH</u> | | | | <u>CURRENT MONTH TO DATE</u> | | | | ACTUAL AS % OF FORECAST |
|-----------------------------------|----------------------|---------------------|------------------|-------------------|------------------------------|-------------------|------------------|-------------------|-------------------------------|
| | ACTUAL FY 2009 | FORECAST FY 2010 | CHANGE AMOUNT | CHANGE PERCENT | ACTUAL FY 2009 | ACTUAL FY 2010 | CHANGE AMOUNT | CHANGE PERCENT | |
| INDIVIDUAL INCOME | 179.2 | 179.3 | 0.1 | 0.0 | 179.2 | 173.8 | -5.4 | -3.0 | 96.9 |
| ESTATE ¹ | -0.1 | 0.0 | 0.1 | 0.0 | -0.1 | 0.0 | 0.1 | 0.0 | 0.0 |
| CORPORATE INCOME | 15.4 | 15.3 | -0.1 | -0.4 | 15.4 | 18.7 | 3.3 | 21.5 | 122.0 |
| GROSS RECEIPTS ² | 188.7 | 190.8 | 2.1 | 1.1 | 188.7 | 172.8 | -15.9 | -8.4 | 90.6 |
| ALCOHOLIC BEVERAGE ³ | 3.2 | 2.6 | -0.6 | -19.8 | 3.2 | 3.2 | -0.1 | -2.5 | 121.6 |
| TOBACCO | 13.3 | 17.7 | 4.4 | 33.5 | 13.3 | 21.6 | 8.3 | 62.9 | 122.0 |
| INSURANCE | 1.4 | 1.0 | -0.4 | -26.8 | 1.4 | 0.7 | -0.7 | -48.1 | 70.9 |
| RACING | 0.2 | 0.3 | 0.1 | 21.0 | 0.2 | 0.2 | 0.0 | -3.4 | 79.8 |
| GAMES OF SKILL | 0.5 | 0.6 | 0.1 | 25.5 | 0.5 | 0.6 | 0.1 | 19.0 | 94.8 |
| MISCELLANEOUS ⁴ | 20.8 | 4.5 | -16.3 | -78.4 | 20.8 | 14.7 | -6.2 | -29.5 | 326.0 |
| TOTAL GROSS | 422.6 | 412.1 | -10.5 | -2.5 | 422.6 | 406.3 | -16.4 | -3.9 | 98.6 |
| PLUS: | | | | | | | | | |
| UNCLAIMED PROP. FUND ⁵ | 0.0 | 10.0 | 10.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| REV. ALLOTMENT RESERVE | 3.4 | 61.0 | 57.6 | 1704.7 | 3.4 | 61.0 | 57.7 | 1706.2 | 100.1 |
| LESS: 3% (SCSF/COF) ⁶ | 12.7 | 12.4 | -0.3 | -2.2 | 12.7 | 12.2 | -0.5 | -3.9 | 98.3 |
| IND INC TAX REFUNDS | 8.1 | 8.7 | 0.6 | 7.6 | 8.1 | 8.1 | 0.0 | 0.5 | 93.4 |
| CORP INC TAX REFUNDS | 0.9 | 1.0 | 0.1 | 7.5 | 0.9 | 1.4 | 0.5 | 52.1 | 141.5 |
| 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 | 1.9 | 1.7 | 721.5 | 0.2 | 0.5 | 0.3 | 133.8 | 28.5 |
| WATER/SEWER BONDS | 0.5 | 1.1 | 0.6 | 120.0 | 0.5 | 1.1 | 0.6 | 120.0 | 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 | 1.7 | -0.1 | -4.7 | 1.8 | 1.8 | 0.0 | 1.9 | 106.9 |
| SCHOOL DESEGREGATION | 4.2 | 4.2 | 0.0 | 0.0 | 4.2 | 4.2 | 0.0 | 0.0 | 100.0 |
| EDUCATIONAL EXCELLENCE | 24.0 | 24.1 | 0.1 | 0.3 | 24.0 | 23.7 | -0.3 | -1.4 | 98.2 |
| EDUCATIONAL ADEQUACY | 2.1 | 2.1 | 0.0 | -1.1 | 2.1 | 2.1 | 0.0 | -1.4 | 99.7 |
| ELDERLY TRANSPORTATION | 0.2 | 0.2 | 0.0 | 0.8 | 0.2 | 0.2 | 0.0 | -21.3 | 78.1 |
| NET AVAILABLE | 371.2 | 425.7 | 54.5 | 14.7 | 371.2 | 412.0 | 40.7 | 11.0 | 96.8 |

| | | | |
|---|----------------|----------------|-------------|
| EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE) | <u>July 08</u> | <u>July 09</u> | <u>% CH</u> |
| | 37.4 | 34.9 | -6.7 |

- 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) The \$10.0 million forecasted for Unclaimed Property is reflected in the Miscellaneous line item.
- 6) State Central Services Fund and Constitutional Officers Fund.