



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

OFFICE OF THE SECRETARY

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October 19, 2021

The Honorable Terry Rice, Co-Chair
The Honorable Jeff Wardlaw, Co-Chair
Arkansas Legislative Council
State Capitol
Little Rock, Arkansas 72201

Dear Senator Rice and Representative Wardlaw:

In accordance with the provisions of Ark. Code, §10-3-1404, I am notifying you of a revision to the Official Revenue Forecast for FY 2022 effective on October 19, 2021.

The forecast revision reflects \$6,112.4 million in Net Available revenue for FY 2022. This indicates a forecast increase of \$246.2 million from the prior release on May 19, 2021. A year end surplus of \$263.2 million is now projected above the fully funded Revenue Stabilization Act.

The forecast revision for FY 2023 was also increased to \$6,454.8 million, an increase of \$298.5 million over the prior release.

Sincerely,

A handwritten signature in cursive script that reads "Larry W. Walther".

Larry W. Walther
Secretary

LWW/jps
Attachments (2)

**Official General Revenue Forecast
FY 2022 - 2023**

Millions of Dollars	FY 21			FY 22			FY 23		
	Actual	Increase	Yr/Yr % CH	10/19/21 Estimate	Increase	Yr/Yr % CH	10/19/21 Estimate	Increase	Yr/Yr % CH
Individual Income	3,969.2	550.6	16.1	3,364.0	-605.2	-15.2	3,706.8	342.8	10.2
Corporate Income	651.9	169.8	35.2	489.9	-162.0	-24.9	488.3	-1.6	-0.3
Sales and Use Tax	2,883.8	340.1	13.4	2,931.0	47.2	1.6	2,923.0	-8.0	-0.3
Alcohol	68.8	8.0	13.1	70.7	1.9	2.7	73.5	2.8	4.0
Tobacco	224.5	4.2	1.9	206.4	-18.1	-8.1	196.8	-9.6	-4.7
Insurance	191.8	66.8	53.4	148.8	-43.0	-22.4	183.0	34.2	23.0
Racing	1.6	0.0	-2.0	1.5	-0.1	-8.0	1.3	-0.2	-13.3
Gaming	38.8	6.4	19.8	49.8	11.0	28.3	56.7	6.9	13.9
Severance	7.2	-0.2	-3.2	7.5	0.3	3.8	7.1	-0.4	-5.3
Franchise	8.0	0.0	0.0	8.0	0.0	0.0	8.0	0.0	0.0
Real Estate Transfer	2.6	0.0	0.0	2.6	0.0	-0.3	2.6	0.0	0.0
Miscellaneous	72.7	7.7	11.8	64.6	-8.1	-11.1	65.4	0.8	1.2
Total Gross	8,121.0	1,153.3	16.6	7,344.8	-776.2	-9.6	7,712.5	367.7	5.0
LESS: SCS / COF	250.1	34.4	16.0	227.7	-22.4	-9.0	239.1	11.4	5.0
Individual Refunds	502.1	-1.6	-0.3	381.5	-120.6	-24.0	377.2	-4.3	-1.1
Corporate Refunds	65.3	16.0	32.4	85.8	20.5	31.5	92.1	6.3	7.3
Claims Reserve	0.0	0.0	0.0	10.0	10.0	0.0	10.0	0.0	0.0
Econ Develop Incentive	13.2	-4.7	-26.4	23.4	10.2	77.4	23.4	0.0	0.0
Recycling Tax Credit	16.0	0.0	0.0	16.0	0.0	0.0	16.0	0.0	0.0
Amendment 82 Bonds	5.3	0.0	-0.1	5.3	0.0	0.2	5.3	0.0	0.0
Water / Sewer Bonds	14.8	0.0	0.0	14.8	0.0	0.0	14.8	0.0	0.0
College Savings Bonds	23.2	0.0	0.0	20.4	-2.8	-12.1	18.3	-2.1	-10.3
City / County Tourist	0.9	0.0	0.0	0.9	0.0	1.4	0.9	0.0	0.0
Educational Excellence	348.5	10.8	3.2	395.1	46.6	13.4	401.6	6.5	1.6
Educational Adequacy	30.8	1.0	3.2	34.9	4.1	13.3	35.5	0.6	1.7
Highway Casino Transfer	5.6	5.6	0.0	16.6	11.0	196.5	23.5	6.9	41.6
Net Available	6,845.3	1,091.9	19.0	6,112.4	-732.9	-10.7	6,454.8	342.4	5.6
LESS: Surplus	945.7	942.6		263.2	-682.5				
Net Available Distribution	5,899.6	149.4	2.6	5,849.2	-50.4	-0.9	6,454.8	605.6	10.4

**Economic Assumptions and the
Official General Revenue Forecast
FY 2022 - 2023**

Millions of Dollars	FY21			FY22			FY23		
	Actual	Increase	Yr/Yr % CH	10/19/21 Estimate	Increase	Yr/Yr % CH	10/19/21 Estimate	Increase	Yr/Yr % CH
Individual Income Tax	3,969.2	550.6	16.1	3,364.0	-605.2	-15.2	3,706.8	342.8	10.2
<u>Individual Refunds</u>	<u>502.1</u>	<u>-1.6</u>	<u>-0.3</u>	<u>381.5</u>	<u>-120.6</u>	<u>-24.0</u>	<u>377.2</u>	<u>-4.3</u>	<u>-1.1</u>
Net Individual Income	3,467.1	552.2	18.9	2,982.5	-484.6	-14.0	3,329.6	347.1	11.6
Corporate Income Tax	651.9	169.8	35.2	489.9	-162.0	-24.9	488.3	-1.6	-0.3
<u>Corporate Refunds</u>	<u>65.3</u>	<u>16.0</u>	<u>32.4</u>	<u>85.8</u>	<u>20.5</u>	<u>31.5</u>	<u>92.1</u>	<u>6.3</u>	<u>7.3</u>
Net Corporate Income	586.7	153.8	35.5	404.1	-182.6	-31.1	396.2	-7.9	-2.0
Sales and Use Tax	2,883.8	340.1	13.4	2,931.0	47.2	1.6	2,923.0	-8.0	-0.3
Net Economic Tax Revenue	6,937.6	1,046.2	17.8	6,317.6	-620.0	-8.9	6,648.8	331.2	5.2
Other Tax Revenue	616.1	92.8	17.7	559.9	-56.2	-9.1	594.4	34.5	6.2
Gross General Revenues	8,121.0	1,153.3	16.6	7,344.8	-776.2	-9.6	7,712.5	367.7	5.0
LESS: SCS / COF	250.1	34.4	16.0	227.7	-22.4	-9.0	239.1	11.4	5.0
Individual Refunds	502.1	-1.6	-0.3	381.5	-120.6	-24.0	377.2	-4.3	-1.1
Corporate Refunds	65.3	16.0	32.4	85.8	20.5	31.5	92.1	6.3	7.3
Claims Reserve	0.0	0.0	0.0	10.0	10.0	0.0	10.0	0.0	0.0
Econ Develop Incentive	13.2	-4.7	-26.4	23.4	10.2	77.4	23.4	0.0	0.0
Recycling Tax Credit	16.0	0.0	0.0	16.0	0.0	0.0	16.0	0.0	0.0
Amendment 82 Bonds	5.3	0.0	-0.1	5.3	0.0	0.2	5.3	0.0	0.0
Water / Sewer Bonds	14.8	0.0	0.0	14.8	0.0	0.0	14.8	0.0	0.0
College Savings Bonds	23.2	0.0	0.0	20.4	-2.8	-12.1	18.3	-2.1	-10.3
City / County Tourist	0.9	0.0	0.0	0.9	0.0	1.4	0.9	0.0	0.0
Educational Excellence	348.5	10.8	3.2	395.1	46.6	13.4	401.6	6.5	1.6
Educational Adequacy	30.8	1.0	3.2	34.9	4.1	13.3	35.5	0.6	1.7
Highway Casino Transfer	5.6	5.6	0.0	16.6	11.0	196.5	23.5	6.9	41.6
Net Available	6,845.3	1,091.9	19.0	6,112.4	-732.9	-10.7	6,454.8	342.4	5.6
LESS: Surplus	945.7	942.5		263.2	-682.5				
Net Available Distribution	5,899.6	149.4	2.6	5,849.2	-50.4	-0.9	6,454.8	605.6	10.4
ECONOMIC ASSUMPTIONS	FY2021			FY2022			FY2023		
U.S. GDP Nominal (Billion \$)	21,846.4	806.8	3.8%	23,904.5	2,058.1	9.4%	25,185.6	1,281.1	5.4%
U.S. GDP Real (Billions 2012\$ Chain-Weight)	18,935.6	304.3	1.6%	19,910.8	975.2	5.2%	20,590.8	680.0	3.4%
U.S. GDP Deflator (Chain-Wt, 2012=100)	115.5	2.5	2.2%	120.0	4.5	3.9%	122.3	2.3	1.9%
U.S. CPI Price Index (1982-84=100)	263.1	5.8	2.3%	274.2	11.1	4.2%	278.5	4.3	1.6%
OIL - Avg. Dom. Crude to Refinery (\$ per barrel)	52.4	3.3	6.8%	66.1	13.7	26.1%	63.1	-3.0	-4.6%
AR. Net General Revenue (Million \$)	7,553.7	1,138.9	17.8%	6,877.5	-676.2	-9.0%	7,243.2	365.7	5.3%
AR. Net GR % of Total Personal Income	5.1%	0.5%	10.4%	4.5%	-0.5%	-10.7%	4.6%	0.1%	1.3%
AR. Total Personal Income (Million \$)	149,357.3	9,338.4	6.7%	152,208.4	2,851.1	1.9%	158,250.5	6,042.1	4.0%
AR. Wage & Salary Disbursements (Million \$)	63,743.7	3,292.1	5.4%	68,589.4	4,845.7	7.6%	72,432.8	3,843.4	5.6%
AR. Personal Transfer Payments (Million \$)	42,570.8	5,866.8	16.0%	38,428.1	-4,142.7	-9.7%	38,927.6	499.5	1.3%
AR. Per Capita Income (\$)	49,583.0	3,066.0	6.6%	50,466.0	883.0	1.8%	52,332.0	1,866.0	3.7%
AR. GDP Nominal (Million \$)	135,638.9	6,443.1	5.0%	148,816.5	13,177.6	9.7%	155,218.3	6,401.8	4.3%
AR. Employment Total Payroll (Thousands)	1,252.7	-9.8	-0.8%	1,281.2	28.5	2.3%	1,298.9	17.7	1.4%
AR. Employment Private Sector (Thousands)	1,046.8	-5.1	-0.5%	1,073.9	27.1	2.6%	1,088.5	14.6	1.4%
AR. Employment Manufacturing (Thousands)	157.2	-1.7	-1.1%	161.8	4.6	2.9%	161.6	-0.2	-0.1%
AR. New Car/Light Truck registrations (Thous.)	135.6	16.4	13.8%	127.5	-8.1	-6.0%	129.6	2.1	1.6%
AR. Retail Sales (Million \$)	48,091.8	6,037.6	14.4%	50,040.6	1,948.8	4.1%	49,291.4	-749.2	-1.5%

U.S. Summary: IHS Markit, September 2021 baseline
Arkansas Summary: IHS Markit, September 2021 baseline