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**Department of Finance  
and Administration**

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**MEMORANDUM**

TO: Larry Walther, Secretary  
Paul Louthian, Deputy Director

FROM: John Shelnut, Economic Analysis & Tax Research <sup>JS</sup>

SUBJECT: **General Revenue Report for May (FY 2020)**

DATE: June 2, 2020 Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** After eleven months into the fiscal year, year-to-date net available general revenues total \$5,163.7 million, \$287.6 million or 5.9 percent above forecast and \$105.7 million or -2.0 percent below year ago levels.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$6,271.7 million, \$195.2 million or 3.2 percent above the revised forecast and \$129.1 million or -2.0 percent below comparable year ago levels.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$3,116.3 million, \$143.0 million or 4.8 percent above forecast and \$75.5 million or -2.4 percent below comparable year ago levels.

**Year-to-date individual income tax refunds:** Year-to-date refunds total \$474.0 million, \$18.0 million or -3.7 percent below last year and \$91.3 million or -16.2 percent below forecast. Amounts below forecast in refund categories add to net available revenue results.

**Year-to-date Sales and Use Tax Collections:** Year-to-date Sales and Use tax collections total \$2,316.3 million, an increase of \$60.3 million or 2.7 percent above prior year and \$5.6 million or 0.2 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$418.8 million, \$38.7 million or 10.2 percent above forecast and \$78.2 million or -15.7 percent below year ago levels.

**Year-to-date corporate income tax refunds:** Year-to-date corporate refunds total \$48.3 million, a decrease of \$12.8 million compared to the same year-to-date period last year.

## MAY REVENUE SUMMARY

**May Net Available General Revenues** total \$365.8 million, \$80.6 million or 28.3 percent above forecast and \$12.8 million or -3.4 percent below last year.

All major categories of revenue collections were above forecast, and most were below year ago levels in response to COVID-19 closure effects in April. Individual Income tax collections were above year ago and forecast as tax payments with returns came in better than expected considering the due date shift to July. Individual Refunds were less than expected in May with further influence from the filing date shift. Sales and Use Tax collections were above forecast with better than expected gains in retail and motor vehicle sales categories. Corporate Income Tax was above forecast in a comparatively low collection month for that category.

Among smaller revenue sources, Tobacco revenue was above forecast by \$3.8 million and below year ago collections. Results in Gaming revenue were below forecast by \$2.9 million in May from closure of gaming facilities in April.

**May Gross General Revenues:** May collections total \$481.9 million, \$65.1 million or 15.6 percent above forecast and \$14.3 million or -2.9 percent below last year.

**May Individual Income Tax** collections total \$235.4 million. Collections increased by \$3.0 million or 1.3 percent compared to last year. With respect to the forecast, collections were \$48.4 million or 25.9 percent above forecast. Individual withholding decreased 3.4 percent compared to last year.

**May Individual Income Tax Refunds** total \$46.4 million, \$2.3 million below last year and \$11.1 million below forecast. Amounts below forecast in refunds add to net available results.

**May Sales and Use Tax Collections:** May collections total \$205.7 million, a decrease of \$5.9 million or -2.8 percent below last year. Collections were above monthly forecast levels by \$16.2 million or 8.5 percent.

**May Corporate Income Tax** collections total \$15.1 million, a decrease of \$2.0 million from year ago, and \$1.5 million above forecast.

**May Corporate Income Tax Refunds** total \$1.2 million. This amount was \$0.7 million below year ago levels. Refunds were \$3.3 million below forecast.

**May Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$17.9 million. Collections decreased by \$0.2 million from year earlier levels and were above forecast by \$3.8 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 May 2020, \$50.7 million was collected and deposited to the fund. After deductions, the net amount is \$49.2 million. The monthly collection is equivalent to a -7.0 percent decrease from prior year collections.

C: /FISCNOT/May FY 2020  
Attachment (2)

May 2020 Year-to-Date General Revenue Report  
Economic Analysis and Tax Research, DFA

Forecast Date: 03/23/20

Millions of \$

	Actual May FY19	Forecast May FY20	Actual May FY20	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	3,191.8	2,973.3	3,116.3	143.0	4.8	-75.5	-2.4
Corporate Income	497.0	380.1	418.8	38.7	10.2	-78.2	-15.7
Sales & Use	2,255.9	2,310.7	2,316.3	5.6	0.2	60.3	2.7
Alcohol	53.5	55.5	54.7	-0.8	-1.4	1.2	2.2
Tobacco	195.2	188.5	200.6	12.1	6.4	5.4	2.8
Insurance	65.4	61.0	61.5	0.5	0.8	-3.9	-5.9
Racing	1.9	2.0	1.6	-0.4	-19.9	-0.3	-16.3
Gaming	63.5	33.8	31.2	-2.6	-7.8	-32.3	-50.9
Miscellaneous <sup>1</sup>	76.7	71.6	70.7	-0.9	-1.3	-6.0	-7.8
<b>Total Gross</b>	<b>6,400.9</b>	<b>6,076.5</b>	<b>6,271.7</b>	<b>195.2</b>	<b>3.2</b>	<b>-129.1</b>	<b>-2.0</b>
LESS: (SCSF/COF) <sup>2</sup>	198.4	188.4	194.4	6.0	3.2	-4.0	-2.0
Individual Income Tax Refunds	491.9	565.3	474.0	-91.3	-16.2	-18.0	-3.7
Corporate Income Tax Refunds	61.1	50.8	48.3	-2.5	-4.9	-12.8	-20.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	10.9	19.3	15.7	-3.6	-18.8	4.8	44.1
Amendment 82 Bonds	1.1	1.1	1.1	0.0	-4.5	0.0	-2.9
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	13.6	13.6	13.6	0.0	0.0	0.0	0.0
College Savings Bonds	23.2	24.0	23.2	-0.8	-3.3	0.0	0.2
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	303.6	309.6	309.6	0.0	0.0	6.0	2.0
Educational Adequacy	26.8	27.4	27.4	0.0	-0.1	0.5	2.0
<b>Total Deductions</b>	<b>1,131.5</b>	<b>1,200.4</b>	<b>1,108.1</b>	<b>-92.3</b>	<b>-7.7</b>	<b>-23.4</b>	<b>-2.1</b>
<b>Net Available</b>	<b>5,269.3</b>	<b>4,876.1</b>	<b>5,163.7</b>	<b>287.6</b>	<b>5.9</b>	<b>-105.7</b>	<b>-2.0</b>

Revenue Forecast Summary for May

Year-to-Date Gross: \$ 195.2 Million OR 3.2% Above Forecast  
Year-to-Date Net Available: \$ 287.6 Million OR 5.9% 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.

May 2020 General Revenue Report  
Economic Analysis and Tax Research, DFA

Forecast Date: 03/23/20

Millions of \$

	Actual May FY19	Forecast May FY20	Actual May FY20	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	232.4	187.0	235.4	48.4	25.9	3.0	1.3
Corporate Income	17.1	13.6	15.1	1.5	11.0	-2.0	-11.5
Sales & Use	211.6	189.5	205.7	16.2	8.5	-5.9	-2.8
Alcohol	6.4	5.9	5.4	-0.5	-7.9	-0.9	-14.6
Tobacco	18.1	14.1	17.9	3.8	26.9	-0.2	-1.1
Insurance	1.1	0.9	0.6	-0.3	-28.5	-0.5	-41.4
Racing	0.1	0.2	0.1	-0.1	-62.8	-0.1	-46.8
Gaming	6.2	2.9	0.0	-2.9	-99.8	-6.2	-99.9
Miscellaneous <sup>1</sup>	3.3	2.7	1.6	-1.1	-38.9	-1.6	-49.7
<b>Total Gross</b>	<b>496.2</b>	<b>416.8</b>	<b>481.9</b>	<b>65.1</b>	<b>15.6</b>	<b>-14.3</b>	<b>-2.9</b>
LESS: (SCSF/COF) <sup>2</sup>	15.4	12.9	14.9	2.0	15.8	-0.4	-2.9
Individual Income Tax Refunds	48.8	57.5	46.4	-11.1	-19.2	-2.3	-4.8
Corporate Income Tax Refunds	2.0	4.5	1.2	-3.3	-72.6	-0.7	-36.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	0.5	4.2	1.6	-2.6	-61.4	1.2	246.6
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	19.8	20.7	20.0	-0.7	-3.6	0.2	1.0
City & County Tourist	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Educational Excellence	27.6	28.1	28.1	0.0	0.2	0.5	2.0
Educational Adequacy	2.4	2.5	2.5	0.0	-0.5	0.0	2.0
<b>Total Deductions</b>	<b>117.6</b>	<b>131.6</b>	<b>116.0</b>	<b>-15.6</b>	<b>-11.8</b>	<b>-1.6</b>	<b>-1.3</b>
<b>Net Available</b>	<b>378.6</b>	<b>285.2</b>	<b>365.8</b>	<b>80.6</b>	<b>28.3</b>	<b>-12.8</b>	<b>-3.4</b>

Revenue Forecast Summary for May

May Gross: \$ 65.1 Million OR 15.6% Above Forecast  
May Net Available: \$ 80.6 Million OR 28.3% 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.