STATE OF ARKANSAS
Department of Finance and Administration

Economic Analysis and Tax Research
1509 West Seventh Street, Suite 404
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-5495
Fax: (501) 682-1086
www.arkansas.gov/dfa

MEMORANDUM

TO: Larry Walther, Secretary
Paul Louthian, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research JS

SUBJECT: **General Revenue Report for January (FY 2021)**

DATE: February 2, 2021 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues: Year-to-date net available general revenues total $3,859.5 million, $298.7 million or 8.4 percent above year ago levels. After seven months into the fiscal year, net available revenue is above forecast by $421.8 million or 12.3 percent. The results include net collection increases tied to the income tax due date shift to July from April in the prior fiscal year.

Year-to-date Gross General Revenues: Year-to-date gross collections total $4,419.4 million, representing an increase of $389.0 million or 9.7 percent above last year. Gross general revenues are above forecast by $477.5 million or 12.1 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total $2,173.0 million, $219.5 million or 11.2 percent above FY 2020 collections and $252.1 million or 13.1 percent above forecast.

Year-to-date individual income tax refunds total $134.7 million, up $55.6 million or 70.2 percent compared to last year and $35.6 million or 35.9 percent above forecast. Amounts above forecast in refund categories reduce net available revenue results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total $1,629.4 million, an increase of $114.3 million or 7.5 percent from FY 2020 and $125.4 million or 8.3 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total $314.7 million, an increase of $44.0 million from year-to-date FY 2020. Corporate income is above forecast by $70.3 million or 28.8 percent.

Year-to-date corporate income tax refunds total $48.1 million, an increase of $18.6 million compared to the same year-to-date period last year.

JANUARY REVENUE SUMMARY

January Net Available General Revenues total $635.8 million, $41.2 million or 6.9 percent above last year and $102.5 million or 19.2 percent above forecast.

All major collection categories were above forecast in January. Individual Income Tax was above forecast by $86.8 million, with Estimated Payments and Payroll Withholding Tax running notably ahead of projections. Sales Tax collections were above forecast by $16.5 million, in a broad-based gain with continued growth in retail and vehicle sales. Corporate Income tax collections were $23.0 million above forecast led by estimated payments. Individual and Corporate Refunds were higher than forecast, lowering net revenue results.

Among smaller revenue sources, Tobacco was below forecast by $1.4 million and below year ago collections. Results in Gaming revenue were also below forecast by $0.2 million.

January Gross General Revenues: January collections total $722.0 million, an increase of $68.3 million or 10.4 percent above last year and $128.8 million or 21.7 percent above forecast.

January Individual Income Tax collections total $401.3 million. Collections increased by $42.3 million or 11.8 percent compared to last year. With respect to the forecast, collections were $86.8 million or 27.6 percent above forecast. Individual withholding revenue increased 6.9 percent compared to last year, reflecting minor payday timing gains in year ago comparisons.

January Individual Income Tax Refunds total $7.2 million, $5.3 million above last year and $5.6 million above forecast. Refund amounts above forecast lower net available fund results.

January Sales and Use Tax Collections: January collections total $236.9 million, an increase of $12.6 million or 5.6 percent above last year. Collections were above monthly forecast levels by $16.5 million or 7.5 percent.

January Corporate Income Tax collections total $51.0 million, an increase of $12.4 million from year ago, and $23.0 million above forecast in a collection month notable for estimated payments.

January Corporate Income Tax Refunds total $23.5 million. This amount is $19.3 million above year ago levels. Refunds were also $18.2 million above forecast.

January Tobacco Tax collections, a smaller component of general revenue in annual terms, total $14.9 million. Collections decreased by $2.6 million from year earlier levels and were below forecast by $1.4 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 January 2021, $50.9 million was collected and deposited to the fund. After deductions, the net amount is $49.4 million. The monthly collection is equivalent to a 9.8 percent increase from prior year collections.

C: /FISCNOT/January FY 2021
Attachment (2)

January 2021 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 04/02/20

Millions of $

	Actual Jan FY20	Forecast Jan FY21	Actual Jan FY21	Change from Forecast: Dollar Difference	Change from Forecast: Percent Difference	Change from Last Year: Dollar Difference	Change from Last Year: Percent Difference
Individual Income	1,953.4	1,920.9	2,173.0	252.1	13.1	219.5	11.2
Corporate Income	270.7	244.4	314.7	70.3	28.8	44.0	16.3
Sales & Use	1,515.0	1,504.0	1,629.4	125.4	8.3	114.3	7.5
Alcohol	35.9	37.3	39.4	2.1	5.6	3.5	9.7
Tobacco	127.9	117.5	131.2	13.7	11.7	3.3	2.6
Insurance	46.5	46.5	46.4	-0.1	-0.3	-0.2	-0.4
Racing	0.9	0.9	0.6	-0.3	-38.8	-0.4	-40.5
Gaming	22.0	17.6	18.0	0.4	2.0	-4.0	-18.3
Severance	5.8	4.0	4.2	0.2	5.6	-1.5	-26.6
Franchise	5.3	5.3	8.0	2.7	50.9	2.7	50.5
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	44.3	40.9	52.0	11.1	27.2	7.7	17.5
Total Gross	**4,030.4**	**3,941.9**	**4,419.4**	**477.5**	**12.1**	**389.0**	**9.7**
LESS: (SCSF/COF) [1]	124.9	122.2	137.0	14.8	12.1	12.1	9.7
Individual Income Refunds	79.1	99.1	134.7	35.6	35.9	55.6	70.2
Corporate Income Refunds	29.5	36.9	48.1	11.2	30.4	18.6	62.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	7.8	13.7	5.3	-8.4	-61.6	-2.5	-32.2
Amendment 82 Bonds	1.1	1.0	1.0	0.0	1.5	0.0	-3.5
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	8.8	8.8	8.8	0.0	0.0	0.0	0.0
College Savings Bonds	3.2	3.0	3.0	0.0	-0.1	-0.3	-7.8
City & County Tourist	0.7	0.7	0.7	0.0	-4.9	0.0	0.0
Educational Excellence	197.0	201.0	203.3	2.3	1.1	6.3	3.2
Educational Adequacy	17.4	17.8	18.0	0.2	1.0	0.6	3.2
Total Deductions	469.6	504.2	559.8	55.6	11.0	90.3	19.2
Net Available	**3,560.8**	**3,437.7**	**3,859.5**	**421.8**	**12.3**	**298.7**	**8.4**

Revenue Forecast Summary for the Month

January Year-to-Date Gross: $ 477.5 Million OR 12.1% Above Forecast

January Year-to-Date Net Available: $ 421.8 Million OR 12.3% Above Forecast

[1] State Central Services Fund and Constitutional Officers Fund.

January 2021 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 04/02/20

Millions of $

	Actual Jan FY20	Forecast Jan FY21	Actual Jan FY21	Change from Forecast: Dollar Difference	Change from Forecast: Percent Difference	Change from Last Year: Dollar Difference	Change from Last Year: Percent Difference
Individual Income	359.0	314.5	401.3	86.8	27.6	42.3	11.8
Corporate Income	38.6	28.0	51.0	23.0	82.3	12.4	32.3
Sales & Use	224.4	220.4	236.9	16.5	7.5	12.6	5.6
Alcohol	5.3	5.5	5.6	0.1	1.1	0.3	5.5
Tobacco	17.5	16.3	14.9	-1.4	-8.6	-2.6	-14.9
Insurance	0.9	0.9	0.1	-0.8	-85.6	-0.8	-85.8
Racing	0.3	0.2	0.1	-0.1	-34.6	-0.2	-57.8
Gaming	2.9	2.9	2.7	-0.2	-6.7	-0.2	-6.1
Severance	0.8	0.5	0.6	0.1	21.0	-0.2	-21.4
Franchise	1.6	1.6	-1.0	-2.6	-159.9	-2.5	-161.4
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	2.5	2.4	9.6	7.2	299.3	7.1	284.5
Total Gross	**653.7**	**593.2**	**722.0**	**128.8**	**21.7**	**68.3**	**10.4**
LESS: (SCSF/COF)[1]	20.3	18.4	22.4	4.0	21.6	2.1	10.4
Individual Income Refunds	1.9	1.6	7.2	5.6	350.8	5.3	280.0
Corporate Income Refunds	4.3	5.3	23.5	18.2	344.2	19.3	450.7
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.5	2.0	0.0	-2.0	-100.0	-0.5	-100.0
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	0.0	0.0	0.0	0.0	0.0	0.0	-100.0
City & County Tourist	0.2	0.2	0.2	0.0	11.0	0.0	0.0
Educational Excellence	28.1	28.7	29.0	0.3	1.2	0.9	3.2
Educational Adequacy	2.5	2.5	2.6	0.1	2.7	0.1	3.2
Total Deductions	59.0	59.9	86.2	26.3	43.9	27.1	45.9
Net Available	**594.6**	**533.3**	**635.8**	**102.5**	**19.2**	**41.2**	**6.9**

Revenue Forecast Summary for the Month

January Gross: $ 128.8 Million OR 21.7% Above Forecast

January Net Available: $ 102.5 Million OR 19.2% Above Forecast

[1] State Central Services Fund and Constitutional Officers Fund.