



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

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MEMORANDUM

TO: Jim Hudson, Secretary
Robert Brech, Deputy Director

FROM: Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for March (FY 2024)**

DATE: April 2, 2024 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues totaled \$4,871.4 million, \$288.7 million or 5.6 percent below year ago levels. After nine months into the fiscal year, net available revenue is above forecast by \$77.8 million or 1.6 percent.

Gross General Revenues totaled \$6,100.5 million, representing a decrease of \$91.7 million or 1.5 percent below last year. Gross general revenues are above forecast by \$85.4 million or 1.4 percent.

Individual Income Tax collections totaled \$2,658.8 million, \$90.0 million or 3.3 percent below FY 2023 collections and \$48.0 million or 1.8 percent above forecast.

Individual Income Tax Refunds totaled \$518.2 million, up \$113.7 million or 28.1 percent compared to last year and \$12.3 million or 2.4 percent above forecast.

Sales and Use Tax collections totaled \$2,598.9 million, an increase of \$72.6 million or 2.9 percent above FY 2023 and \$26.6 million or 1.0 percent above forecast.

Corporate Income Tax collections totaled \$442.9 million, a decrease of \$71.0 million from year-to-date FY 2023. Corporate income is above forecast by \$11.6 million or 2.7 percent.

Corporate Income Tax Refunds totaled \$107.9 million, an increase of \$56.9 million compared to the same year-to-date period last year.

MARCH REVENUE SUMMARY

Net Available General Revenues totaled \$452.0 million, \$34.4 million or 8.2 percent greater than last year and \$67.2 million or 17.5 percent above forecast.

Net Available revenue results were above forecast in Individual Income Tax, Corporate Income Tax and Sales Tax in March. Individual Income Tax was above forecast across all types of payments. Sales Tax collections were above forecast and year ago levels. Income Tax refund claims were below forecast in Individual and Corporate.

Among smaller revenue sources, Tobacco was below forecast by \$2.4 million and below year ago collections.

Gross General Revenues totaled \$688.8 million, an increase of \$21.3 million or 3.2 percent over last year and \$60.1 million or 9.6 percent above forecast. Gross revenues were above year ago primarily due to higher Sales Tax and Individual Income Tax collections.

Individual Income Tax collections totaled \$302.7 million. Collections increased by \$26.8 million, or 9.7 percent compared to last year. Compared to the forecast, collections were \$37.8 million, or 14.3 percent, above forecast. Individual Withholding Tax revenue increased by \$23.3 million, or 10.4 percent compared to last year.

Individual Income Tax Refunds totaled \$156.5 million, \$19.8 million below last year and \$1.6 million lower than forecast.

Sales and Use Tax collections totaled \$295.3 million, \$11.9 million above last year. Collections were above monthly forecast levels by \$19.9 million or 7.2 percent. Most major reporting sectors of Sales Tax displayed growth over the prior year. Motor vehicle sales tax collections were down 19.2 percent from year ago.

Corporate Income Tax collections totaled \$36.0 million, a decrease of \$13.0 million from year ago, and \$5.4 million above forecast.

Corporate Income Tax Refunds totaled \$9.8 million, an amount that is \$2.3 million above year ago levels and \$4.4 million below forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$15.5 million. Collections decreased by \$2.8 million from year earlier levels and were below forecast by \$2.4 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 March 2024, \$62.5 million was collected and deposited to the fund. After deductions, the net amount is \$60.6 million. The monthly collection is equivalent to a 1.8 percent decrease from prior year collections.

Q: /Daily Report PDF Files/FY2024/09 March
Attachment (2)

March 2024 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 02/01/2024

Millions of \$

				<u>Change from Forecast</u>		<u>Change from Last Year</u>	
	Actual	Forecast	Actual	Dollar	Percent	Dollar	Percent
	Mar FY23	Mar FY24	Mar FY24	Difference	Difference	Difference	Difference
Individual Income	2,748.8	2,610.8	2,658.8	48.0	1.8	-90.0	-3.3
Corporate Income	513.8	431.3	442.9	11.6	2.7	-71.0	-13.8
Sales & Use	2,526.3	2,572.3	2,598.9	26.6	1.0	72.6	2.9
Alcohol	54.5	56.1	55.2	-0.9	-1.7	0.7	1.2
Tobacco	153.3	147.1	145.6	-1.5	-1.0	-7.7	-5.0
Insurance	81.4	84.4	86.3	1.9	2.2	4.9	6.0
Racing	1.2	1.0	1.1	0.1	6.0	-0.1	-11.3
Gaming	37.5	41.3	40.7	-0.6	-1.5	3.2	8.6
Severance	10.5	9.4	9.3	-0.1	-0.8	-1.1	-10.8
Franchise	8.0	8.0	8.0	0.0	0.0	0.0	0.0
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	54.4	50.8	51.2	0.4	0.8	-3.2	-5.8
Total Gross	6,192.2	6,015.1	6,100.5	85.4	1.4	-91.7	-1.5
LESS: (SCSF/COF) ¹	191.8	186.5	189.0	2.5	1.3	-2.8	-1.5
Individual Income Refunds	404.5	505.9	518.2	12.3	2.4	113.7	28.1
Corporate Income Refunds	51.0	109.7	107.9	-1.8	-1.6	56.9	111.4
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	11.6	13.2	8.7	-4.5	-34.5	-3.0	-25.5
Amendment 82 Bonds	0.9	0.9	0.9	0.0	-4.2	-0.1	-6.7
Recycling Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wood Energy Products Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	11.2	11.2	11.2	0.0	0.0	0.0	0.0
College Savings Bonds	2.5	2.3	2.3	0.0	-2.0	-0.3	-11.1
City & County Tourist	0.7	0.7	0.7	0.0	-4.9	0.0	0.0
Educational Excellence	324.2	351.2	351.3	0.1	0.0	27.1	8.4
Educational Adequacy	28.7	31.0	31.1	0.1	0.2	2.4	8.4
Highway Casino Transfer	5.0	8.9	8.2	-0.7	-8.4	3.1	62.7
Total Deductions	1,032.1	1,221.5	1,229.1	7.6	0.6	197.0	19.1
Net Available	5,160.1	4,793.6	4,871.4	77.8	1.6	-288.7	-5.6

Revenue Forecast Summary for the Month

March Year-to-Date Gross: \$ 85.4 Million OR 1.4% Above Forecast
 March Year-to-Date Net Available: \$ 77.8 Million OR 1.6% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

March 2024 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 02/01/2024

Millions of \$

	Actual Mar FY23	Forecast Mar FY24	Actual Mar FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar	Percent	Dollar	Percent
				Difference	Difference	Difference	Difference
Individual Income	275.9	264.9	302.7	37.8	14.3	26.8	9.7
Corporate Income	49.0	30.6	36.0	5.4	17.7	-13.0	-26.5
Sales & Use	283.3	275.4	295.3	19.9	7.2	11.9	4.2
Alcohol	5.8	6.1	5.8	-0.3	-4.4	0.0	0.7
Tobacco	18.4	17.9	15.5	-2.4	-13.3	-2.8	-15.5
Insurance	25.5	25.3	24.7	-0.6	-2.3	-0.8	-3.2
Racing	0.2	0.2	0.2	0.0	2.6	0.0	-16.3
Gaming	5.1	5.3	5.2	-0.1	-1.1	0.2	3.0
Severance	0.8	0.9	0.9	0.0	4.1	0.2	21.1
Franchise	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	3.5	2.1	2.3	0.2	10.9	-1.2	-33.1
Total Gross	667.5	628.7	688.8	60.1	9.6	21.3	3.2
LESS: (SCSF/COF) ¹	20.5	19.5	21.2	1.7	8.7	0.7	3.2
Individual Income Refunds	176.3	158.1	156.5	-1.6	-1.0	-19.8	-11.2
Corporate Income Refunds	7.6	14.2	9.8	-4.4	-30.7	2.3	30.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.3	3.4	0.6	-2.8	-83.4	0.3	108.2
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
Wood Energy Products 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	0.0
City & County Tourist	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Educational Excellence	36.0	39.0	39.0	0.0	0.1	3.0	8.4
Educational Adequacy	3.2	3.4	3.5	0.1	1.5	0.3	8.4
Highway Casino Transfer	4.9	5.1	5.1	0.0	-0.4	0.1	3.0
Total Deductions	250.0	243.9	236.9	-7.0	-2.9	-13.1	-5.3
Net Available	417.6	384.8	452.0	67.2	17.5	34.4	8.2

Revenue Forecast Summary for the Month

March Gross: \$ 60.1 Million OR 9.6% Above Forecast
 March Net Available: \$ 67.2 Million OR 17.5% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.