



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 December 2024 (FY 2025)**

DATE: January 3, 2025 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues total \$3,363.6 million, \$65.7 million or 1.9 percent below year ago levels. After six months into the fiscal year, net available revenue is above forecast by \$28.7 million or 0.9 percent.

Gross General Revenues total \$3,973.5 million, representing a decrease of \$119.5 million or 2.9 percent below last year. Gross general revenues are above forecast by \$29.4 million or 0.7 percent.

The decrease in year-to-date revenues compared to FY 2024 is largely due to the impact of individual and corporate income tax rate reductions passed in the First and Second Extraordinary Sessions of the 94th General Assembly.

Individual Income Tax collections total \$1,667.3 million, \$63.2 million or 3.7 percent below FY 2024 collections and \$38.6 million or 2.4 percent above forecast.

Individual Income Tax Refunds total \$161.1 million, down \$64.3 million or 28.5 percent compared to last year and \$7.9 million or 4.7 percent below forecast.

Sales and Use Tax collections total \$1,769.2 million, an increase of \$25.9 million or 1.5 percent above FY 2024 and \$7.9 million or 0.4 percent over forecast.

Corporate Income Tax collections total \$250.6 million, a decrease of \$87.4 million from year-to-date FY 2024. Corporate income tax is below forecast by \$18.8 million or 7.0 percent.

Corporate Income Tax Refunds total \$50.1 million, an increase of \$11.1 million compared to the same year-to-date period last year.

DECEMBER REVENUE SUMMARY

Net Available General Revenues total \$626.4 million, \$40.4 million or 6.1 percent lower than last year and \$17.8 million or 2.9 percent above forecast. Net Available revenue results are above forecast primarily due to Individual Income Tax Collections.

Among smaller revenue sources, Gaming is higher than forecast by \$0.7 million and \$0.8 million over last year while Insurance is above forecast by \$0.9 million and greater than year ago collections.

Gross General Revenues total \$723.6 million, \$45.0 million or 5.9 percent lower than last year and \$18.0 million or 2.5 percent above forecast. Gross revenue collections are lower than a year ago due as small gains in Individual Income and Sales Tax collections are offset by a decline in Corporate Income Tax collections.

Individual Income Tax collections total \$295.7 million. Collections increased by \$1.7 million, or 0.6 percent compared to last year. Compared to the forecast, collections are \$35.2 million, or 13.5 percent, above forecast.

Individual Income Tax Refunds total \$7.1 million, \$12.6 million below last year and \$6.9 million under forecast.

Sales and Use Tax collections total \$299.7 million, \$1.3 million higher than last year and \$2.5 million, or 0.8 percent, more than forecast.

Corporate Income Tax collections total \$81.5 million, a decrease of \$49.2 million from year ago, and \$22.0 million less than forecast.

Corporate Income Tax Refunds total \$23.0 million, an amount that is \$9.2 million higher than year ago levels. Refunds are \$8.0 million over forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$15.1 million. Collections decreased by \$3.0 million from year earlier levels and are lower than forecast by \$1.9 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 December 2024, \$61.4 million is collected and deposited to the fund. After deductions, the net amount is \$59.6 million. The monthly collection is equivalent to a 0.7 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2025/06 December
Attachment (2)

December 2024 Year-to-Date General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 11/14/24

Millions of \$

	Actual Dec FY24	Forecast Dec FY25	Actual Dec FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	1,730.5	1,628.7	1,667.3	38.6	2.4	-63.2	-3.7
Corporate Income	337.9	269.4	250.6	-18.8	-7.0	-87.4	-25.9
Sales & Use	1,743.3	1,761.3	1,769.2	7.9	0.4	25.9	1.5
Alcohol	37.7	37.8	38.1	0.3	0.8	0.4	1.1
Tobacco	101.0	97.5	95.2	-2.3	-2.4	-5.8	-5.8
Insurance	56.3	60.9	62.6	1.7	2.7	6.3	11.2
Racing	0.5	0.5	0.4	-0.1	-19.2	-0.1	-25.8
Gaming	25.8	26.7	27.5	0.8	2.8	1.6	6.3
Severance	6.5	5.9	6.0	0.1	1.8	-0.5	-7.6
Franchise	6.5	7.2	7.6	0.4	5.3	1.1	17.0
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	44.4	45.6	46.5	0.9	2.1	2.1	4.8
Total Gross	4,093.0	3,944.1	3,973.5	29.4	0.7	-119.5	-2.9
LESS: (SCSF/COF) ¹	126.9	118.1	118.9	0.8	0.7	-8.0	-6.3
Individual Income Refunds	225.4	169.0	161.1	-7.9	-4.7	-64.3	-28.5
Corporate Income Refunds	39.1	42.5	50.1	7.6	18.0	11.1	28.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	6.3	9.0	9.2	0.2	2.7	3.0	47.2
Amendment 82 Bonds	0.9	0.8	0.8	0.0	1.8	0.0	-5.6
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	7.6	7.6	7.6	0.0	0.0	0.0	0.0
College Savings Bonds	2.3	1.9	1.9	0.0	-1.9	-0.4	-17.3
City & County Tourist	0.4	0.5	0.4	-0.1	-11.2	0.0	0.0
Educational Excellence	234.2	238.7	238.7	0.0	0.0	4.5	1.9
Educational Adequacy	20.7	21.1	21.1	0.0	0.0	0.4	1.9
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	663.7	609.2	609.9	0.7	0.1	-53.8	-8.1
Net Available	3,429.3	3,334.9	3,363.6	28.7	0.9	-65.7	-1.9

Revenue Forecast Summary for the Month

December Year-to-Date Gross: \$ 29.4 Million OR 0.7% Above Forecast
December Year-to-Date Net Available: \$ 28.7 Million OR 0.9% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

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

Forecast Date: 11/14/24

Millions of \$

	Actual Dec FY24	Forecast Dec FY25	Actual Dec FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	294.0	260.5	295.7	35.2	13.5	1.7	0.6
Corporate Income	130.7	103.5	81.5	-22.0	-21.3	-49.2	-37.6
Sales & Use	298.4	297.2	299.7	2.5	0.8	1.3	0.4
Alcohol	5.7	5.9	6.3	0.4	7.2	0.6	10.8
Tobacco	18.1	17.0	15.1	-1.9	-11.4	-3.0	-16.8
Insurance	4.0	4.1	5.0	0.9	23.0	1.0	25.2
Racing	0.2	0.2	0.1	-0.1	-67.2	-0.1	-67.7
Gaming	3.8	3.9	4.6	0.7	18.5	0.8	22.1
Severance	0.8	0.7	0.9	0.2	32.7	0.1	13.1
Franchise	1.5	1.2	1.6	0.4	31.8	0.1	6.2
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	11.4	11.4	13.1	1.7	15.0	1.7	14.6
Total Gross	768.6	705.6	723.6	18.0	2.5	-45.0	-5.9
LESS: (SCSF/COF) ¹	23.8	21.2	21.7	0.5	2.4	-2.1	-8.9
Individual Income Refunds	19.6	14.0	7.1	-6.9	-49.5	-12.6	-64.0
Corporate Income Refunds	13.8	15.0	23.0	8.0	53.6	9.2	66.4
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.0	1.5	0.1	-1.4	-94.4	0.1	0.0
Amendment 82 Bonds	0.9	0.8	0.8	0.0	1.8	0.0	-5.6
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	39.0	39.8	39.8	0.0	-0.1	0.7	1.9
Educational Adequacy	3.5	3.5	3.5	0.0	0.5	0.1	1.9
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	101.9	97.0	97.2	0.2	0.2	-4.6	-4.6
Net Available	666.8	608.6	626.4	17.8	2.9	-40.4	-6.1

Revenue Forecast Summary for the Month

December Gross: \$ 18.0 Million OR 2.5% Above Forecast
December Net Available: \$ 17.8 Million OR 2.9% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.