



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 February 2025 (FY 2025)**

DATE: March 4, 2025 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues total \$4,386.3 million, \$33.1 million or 0.7 percent below year ago levels. After eight months into the fiscal year, net available revenue is above forecast by \$105.1 million or 2.5 percent.

Gross General Revenues total \$5,273.6 million, representing a decrease of \$138.1 million or 2.6 percent below last year. Gross general revenues are above forecast by \$74.2 million or 1.4 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 \$2,287.5 million, \$68.5 million or 2.9 percent below FY 2024 collections and \$61.9 million or 2.8 percent above forecast.

Individual Income Tax Refunds total \$262.6 million, down \$99.1 million or 27.4 percent compared to last year and \$55.3 million or 17.4 percent below forecast.

Sales and Use Tax collections total \$2,341.1 million, an increase of \$37.5 million or 1.6 percent above FY 2024 and \$24.6 million or 1.1 percent over forecast.

Corporate Income Tax collections total \$294.6 million, a decrease of \$112.2 million from year-to-date FY 2024. Corporate income tax is below forecast by \$15.1 million or 4.9 percent.

Corporate Income Tax Refunds total \$89.1 million, a decrease of \$9.0 million compared to the same year-to-date period last year.

FEBRUARY REVENUE SUMMARY

Net Available General Revenues total \$388.6 million, \$61.2 million or 18.7 percent greater than last year and \$65.8 million or 20.4 percent above forecast. Net Available revenue results are above forecast primarily due to Individual Income Tax and Sales and Use Tax Collections.

Among smaller revenue sources, Tobacco is above forecast by \$0.3 million but lower than year ago collections.

Gross General Revenues total \$577.5 million, \$26.5 million or 4.8 percent more than last year and \$27.4 million or 5.0 percent above forecast.

Individual Income Tax collections total \$270.4 million. Collections increased by \$24.6 million, or 10.0 percent compared to last year reflecting the upward impact of additional paydays on withholding collections. Compared to the forecast, collections are \$9.7 million, or 3.7 percent, above forecast.

Individual Income Tax Refunds total \$97.9 million, \$31.3 million below last year and \$46.0 million under forecast.

Sales and Use Tax collections total \$273.6 million, \$15.5 million, or 6.0 percent, higher than last year and \$26.1 million, or 10.5 percent, over forecast.

Corporate Income Tax collections total \$2.1 million, a decrease of \$12.5 million from year ago, and \$8.0 million lower than forecast.

Corporate Income Tax Refunds total \$20.5 million, an amount that is \$12.9 million lower than year ago levels. Refunds are \$8.5 million over forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$13.9 million. Collections decreased by \$0.5 million from year earlier levels and are above forecast by \$0.3 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 February 2025, \$58.4 million is collected and deposited to the fund. After deductions, the net amount is \$56.8 million. The monthly collection is equivalent to a 5.8 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2025/08 February
Attachment (2)

February 2025 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 11/14/24

Millions of \$

				<u>Change from Forecast</u>		<u>Change from Last Year</u>	
	Actual	Forecast	Actual	Dollar	Percent	Dollar	Percent
	Feb FY24	Feb FY25	Feb FY25	Difference	Difference	Difference	Difference
Individual Income	2,356.1	2,225.6	2,287.5	61.9	2.8	-68.5	-2.9
Corporate Income	406.8	309.7	294.6	-15.1	-4.9	-112.2	-27.6
Sales & Use	2,303.6	2,316.5	2,341.1	24.6	1.1	37.5	1.6
Alcohol	49.3	49.9	49.5	-0.4	-0.8	0.2	0.3
Tobacco	130.1	124.9	123.3	-1.6	-1.3	-6.7	-5.2
Insurance	61.6	66.3	67.4	1.1	1.7	5.8	9.5
Racing	0.9	0.8	0.7	-0.1	-14.6	-0.2	-20.1
Gaming	35.4	36.6	37.6	1.0	2.8	2.2	6.2
Severance	8.4	7.6	7.7	0.1	1.1	-0.7	-8.4
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	48.9	50.9	53.5	2.6	5.2	4.6	9.5
Total Gross	5,411.7	5,199.4	5,273.6	74.2	1.4	-138.1	-2.6
LESS: (SCSF/COF) ¹	167.8	155.8	157.9	2.1	1.3	-9.9	-5.9
Individual Income Refunds	361.7	317.9	262.6	-55.3	-17.4	-99.1	-27.4
Corporate Income Refunds	98.0	68.4	89.1	20.7	30.2	-9.0	-9.2
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	8.1	12.0	12.8	0.8	7.0	4.8	58.8
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	10.0	10.0	10.0	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	0.7	0.7	0.7	0.0	-4.9	0.0	0.0
Educational Excellence	312.2	318.3	318.2	-0.1	0.0	6.0	1.9
Educational Adequacy	27.6	28.1	28.1	0.0	0.1	0.5	1.9
Highway Casino Transfer	3.1	4.3	5.2	0.9	22.0	2.2	70.7
Total Deductions	992.3	918.2	887.3	-30.9	-3.4	-104.9	-10.6
Net Available	4,419.4	4,281.2	4,386.3	105.1	2.5	-33.1	-0.7

Revenue Forecast Summary for the Month

February Year-to-Date Gross:	\$ 74.2 Million OR 1.4% Above Forecast
February Year-to-Date Net Available:	\$ 105.1 Million OR 2.5% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

February 2025 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 11/14/24

Millions of \$

	Actual Feb FY24	Forecast Feb FY25	Actual Feb FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	245.8	260.7	270.4	9.7	3.7	24.6	10.0
Corporate Income	14.6	10.1	2.1	-8.0	-78.8	-12.5	-85.3
Sales & Use	258.1	247.5	273.6	26.1	10.5	15.5	6.0
Alcohol	5.2	5.4	5.1	-0.3	-6.4	-0.2	-3.2
Tobacco	14.4	13.6	13.9	0.3	2.3	-0.5	-3.7
Insurance	4.7	4.8	4.5	-0.3	-6.5	-0.2	-4.2
Racing	0.2	0.2	0.1	-0.1	-42.6	-0.1	-39.8
Gaming	4.6	4.7	5.2	0.5	11.3	0.6	13.0
Severance	0.8	0.7	0.9	0.2	21.5	0.0	3.6
Franchise	0.3	0.0	0.0	0.0	0.0	-0.3	-100.0
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	2.3	2.4	1.7	-0.7	-28.6	-0.5	-23.9
Total Gross	551.0	550.1	577.5	27.4	5.0	26.5	4.8
LESS: (SCSF/COF) ¹	17.1	16.5	17.3	0.8	5.0	0.2	1.4
Individual Income Refunds	129.2	143.9	97.9	-46.0	-32.0	-31.3	-24.2
Corporate Income Refunds	33.4	12.0	20.5	8.5	70.6	-12.9	-38.6
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	1.8	1.5	3.6	2.1	140.2	1.8	99.4
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	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	3.1	4.3	5.1	0.8	18.0	2.0	65.1
Total Deductions	228.2	222.7	188.8	-33.9	-15.2	-39.3	-17.2
Net Available	322.8	327.4	388.6	61.2	18.7	65.8	20.4

Revenue Forecast Summary for the Month

February Gross: \$ 27.4 Million OR 5.0% Above Forecast
February Net Available: \$ 61.2 Million OR 18.7% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.