



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

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MEMORANDUM

TO: Jim Hudson, Secretary
Alan McVey, Deputy Director

FROM: Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for May 2025 (FY 2025)**

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

The Official General Revenue Forecast was revised on May 21, 2025. It includes an expectation that a significant level of individual and corporate income tax payments normally made in May and June are delayed until July 31 because of the extension of filing and payment deadlines following severe storms. The revised forecast projects a year-end surplus of \$214.8 million. The following comparisons to forecast of monthly and year-to-date results reflect the latest forecast revision.

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues total \$5,904.9 million, \$244.6 million or 4.0 percent below year ago levels. After eleven months into the fiscal year, net available revenue is above forecast by \$17.1 million or 0.3 percent.

Gross General Revenues total \$7,437.8 million, representing a decrease of \$372.7 million or 4.8 percent below last year. Gross general revenues are higher than forecast by \$25.1 million or 0.3 percent.

The decrease in year-to-date revenues compared to FY 2024 is largely due to a combination of two factors.

- The impact of individual and corporate income tax rate reductions passed in the First and Second Extraordinary sessions of the 94th General Assembly.
- The extension of the deadline for corporate and individual income tax payments to July 31 resulting from executive orders issued by Governor Sanders to provide relief to Arkansans affected by recent severe weather. The extended deadlines will likely shift some income tax revenue from FY 2025 into FY 2026.

Individual Income Tax collections total \$3,295.6 million, \$217.8 million or 6.2 percent below FY 2024 collections and \$10.7 million or 0.3 percent above forecast.

Individual Income Tax Refunds total \$634.5 million, down \$113.8 million or 15.2 percent compared to last year and \$6.2 million or 1.0 percent greater than forecast.

Sales and Use Tax collections total \$3,221.0 million, an increase of \$35.7 million or 1.1 percent above FY 2024 and \$6.6 million or 0.2 percent higher than forecast.

Corporate Income Tax collections total \$447.2 million, a decrease of \$194.9 million from year-to-date FY 2024. Corporate income tax is above forecast by \$5.1 million or 1.2 percent.

Corporate Income Tax Refunds total \$121.7 million, a decrease of \$11.5 million compared to the same year-to-date period last year.

MAY REVENUE SUMMARY

Net Available General Revenues total \$439.4 million, \$20.0 million or 4.3 percent lower than last year and \$17.1 million or 4.1 percent above forecast. Net Available revenue results are greater than forecast due to sales and Use Tax along with Individual and Corporate income tax collections.

Gross General Revenues total \$585.3 million, \$11.2 million or 1.9 percent lower than last year and \$25.1 million or 4.5 percent above forecast.

Individual Income Tax collections total \$231.9 million. Collections decreased by \$16.0 million, or 6.4 percent compared to last year, reflecting a rate reduction in withholding collections. Additionally, the extension of the income tax due date, as noted earlier in the report, likely contributed. Compared to the forecast, collections are \$10.7 million, or 4.8 percent higher.

Individual Income Tax Refunds total \$43.5 million, \$2.0 million higher than last year and \$6.2 million over forecast.

Sales and Use Tax collections total \$301.5 million, \$15.8 million, or 5.5 percent, higher than last year and \$6.6 million, or 2.2 percent, above forecast. Gains in Retail Trade, Utilities, Manufacturing, and Motor Vehicles more than offset smaller losses in other categories.

Corporate Income Tax collections total \$14.0 million, a decrease of \$11.9 million from year ago, and \$5.1 million greater than forecast.

Corporate Income Tax Refunds total \$12.0 million, an amount that is \$8.2 million higher than year ago levels. Refunds are \$1.7 million more than forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$16.4 million. Collections decreased by \$0.2 million from year earlier levels and are over forecast by \$0.7 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 2025, \$77.3 million is collected and deposited to the fund. After deductions, the net amount is \$75.1 million. The monthly collection is equivalent to a 2.2 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2025/11 May
Attachment (2)

May 2025 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual May FY24	Forecast May FY25	Actual May FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	3,513.4	3,284.9	3,295.6	10.7	0.3	-217.8	-6.2
Corporate Income	642.2	442.1	447.2	5.1	1.2	-194.9	-30.4
Sales & Use	3,185.3	3,214.4	3,221.0	6.6	0.2	35.7	1.1
Alcohol	69.4	69.5	69.4	-0.1	-0.1	0.0	0.0
Tobacco	177.4	166.4	167.1	0.7	0.4	-10.3	-5.8
Insurance	90.1	96.6	97.9	1.3	1.4	7.8	8.7
Racing	1.3	1.2	1.3	0.1	8.5	0.0	-3.3
Gaming	52.4	54.7	54.7	0.0	0.1	2.4	4.5
Severance	10.9	9.8	9.7	-0.1	-0.6	-1.2	-10.7
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	57.5	62.5	63.2	0.7	1.1	5.7	9.9
Total Gross	7,810.5	7,412.7	7,437.8	25.1	0.3	-372.7	-4.8
LESS: (SCSF/COF) ¹	242.1	222.1	222.8	0.7	0.3	-19.3	-8.0
Individual Income Refunds	748.3	628.3	634.5	6.2	1.0	-113.8	-15.2
Corporate Income Refunds	133.1	120.0	121.7	1.7	1.4	-11.5	-8.6
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	12.0	17.8	17.3	-0.5	-3.0	5.3	43.9
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	13.6	13.6	13.6	0.0	0.0	0.0	0.0
College Savings Bonds	23.3	23.3	23.3	0.0	0.0	0.0	-0.1
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	429.3	437.6	437.6	0.0	0.0	8.2	1.9
Educational Adequacy	38.0	38.7	38.7	0.0	0.0	0.7	1.9
Highway Casino Transfer	19.5	21.8	21.8	0.0	0.1	2.3	12.1
Total Deductions	1,661.0	1,524.9	1,532.9	8.0	0.5	-128.1	-7.7
Net Available	6,149.5	5,887.8	5,904.9	17.1	0.3	-244.6	-4.0

Revenue Forecast Summary for the Month

May Year-to-Date Gross:	\$ 25.1 Million OR 0.3% Above Forecast
May Year-to-Date Net Available:	\$ 17.1 Million OR 0.3% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

May 2025 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual May FY24	Forecast May FY25	Actual May FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	247.9	221.2	231.9	10.7	4.8	-16.0	-6.4
Corporate Income	25.9	8.8	14.0	5.1	58.1	-11.9	-46.1
Sales & Use	285.7	294.9	301.5	6.6	2.2	15.8	5.5
Alcohol	7.9	7.9	7.8	-0.1	-1.1	0.0	-0.3
Tobacco	16.6	15.6	16.4	0.7	4.6	-0.2	-1.3
Insurance	3.5	2.3	3.7	1.3	56.5	0.2	5.8
Racing	0.1	0.1	0.2	0.1	75.4	0.1	78.5
Gaming	5.5	5.9	5.9	0.0	0.8	0.4	6.9
Severance	0.6	0.5	0.5	-0.1	-12.0	-0.2	-28.0
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	-100.0	0.0	0.0
Miscellaneous	2.9	2.8	3.5	0.7	23.3	0.6	20.1
Total Gross	596.5	560.2	585.3	25.1	4.5	-11.2	-1.9
LESS: (SCSF/COF) ¹	18.5	16.8	17.6	0.7	4.3	-0.9	-5.0
Individual Income Refunds	41.5	37.3	43.5	6.2	16.6	2.0	4.8
Corporate Income Refunds	3.9	10.4	12.0	1.7	15.9	8.2	211.7
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	3.2	1.6	1.1	-0.5	-32.7	-2.1	-65.3
Amendment 82 Bonds	0.0	0.0	0.0	0.0	-100.0	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	21.1	21.4	21.4	0.0	0.0	0.4	1.8
City & County Tourist	0.0	0.0	0.0	0.0	-100.0	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	5.3	5.7	5.7	0.0	0.5	0.4	6.9
Total Deductions	137.2	137.9	145.9	8.0	5.8	8.7	6.4
Net Available	459.4	422.3	439.4	17.1	4.1	-20.0	-4.3

Revenue Forecast Summary for the Month

May Gross: \$ 25.1 Million OR 4.5% Above Forecast

May Net Available: \$ 17.1 Million OR 4.1% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.