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

M E M O R A N D U M

TO: Jim Hudson, Secretary
Alan McVey, Deputy Director

FROM: Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for May 2026 (FY 2026)**

DATE: June 2, 2026 Copy: Governor's Office

The Official General Revenue Forecast was revised on May 20, 2026. The revised forecast projects a year-end surplus of $585.8 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 totaled $6,361.7 million, $456.8 million or 7.7 percent higher than year ago levels. After eleven months into the fiscal year, net available revenues are above forecast by $10.1 million or 0.2 percent.

Gross General Revenues totaled $7,761.4 million, representing an increase of $323.6 million or 4.4 percent higher than last year. Gross general revenues are above forecast by $9.7 million.

Individual Income Tax collections totaled $3,520.1 million, $224.5 million or 6.8 percent greater than FY 2025 collections and $3.0 million or 0.1 percent above forecast.

Individual Income Tax Refunds totaled $537.4 million, down $97.1 million or 15.3 percent compared to last year and $1.1 million or 0.2 percent more than forecast.

Sales and Use Tax collections totaled $3,346.2 million, an increase of $125.2 million or 3.9 percent above FY 2025 and $6.6 million or 0.2 percent over forecast.

Corporate Income Tax collections totaled $424.4 million, a decrease of $22.9 million from year-to-date FY 2025. Collections were higher than forecast by $0.9 million or 0.2 percent.

Corporate Income Tax Refunds totaled $67.0 million, a decrease of $54.6 million compared to the same year-to-date period last year.

MAY REVENUE SUMMARY

Net Available General Revenues totaled $491.5 million, $52.1 million or 11.9 percent greater than last year as collections grew and income tax refunds decreased. Net available revenues were $10.1 million or 2.1 percent over forecast.

Gross General Revenues totaled $624.6 million, $39.3 million or 6.7 percent higher than last year and $9.7 million or 1.6 percent above forecast.

Individual Income Tax collections totaled $254.1 million. Collections increased by $22.2 million, or 9.6 percent compared to last year. Withholding collections increased $16.4 million, or 7.8 percent, in an extra Thursday payday month. Payments with returns and extensions rose $4.4 million. Total individual income tax collections were $3.0 million or 1.2 percent higher than forecast.

Individual Income Tax Refunds totaled $36.4 million, $7.1 million less than last year and $1.1 million above forecast. A total of 48,512 refunds were issued in May with an average refund of $720.13.

For calendar year 2026 through May, 829,293 refunds were issued with an average refund of $464.47. This compares to 872,326 refunds and an average of $530.53 for last year. Fewer and smaller refund requests resulted in $77.6 million less in refunds being issued than in the same period last year.

Sales and Use Tax collections totaled $315.0 million, $13.5 million, or 4.5 percent higher than last year, and above monthly forecast level by $6.6 million or 2.1 percent. Most major reporting sectors indicated growth over last year. Notable exceptions were Information (-10.5%) and Motor Vehicles (-3.0%). The Retail Trade and Accommodation/Food Services sectors grew $2.0 million and $1.8 million, respectively.

Corporate Income Tax collections totaled $19.9 million, an increase of $5.9 million from year ago, and $0.9 million over forecast.

Corporate Income Tax Refunds totaled $3.2 million, an amount that is $8.8 million less than year ago levels. Refunds were $0.9 million below forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled $15.2 million. Collections were $1.1 million less than year earlier levels and were below 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. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

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 2026, $81.5 million was collected and deposited into the fund. After deductions, the net amount is $79.1 million. The monthly collection is equivalent to a 5.3 percent increase from prior year's collections.

Q: /Daily Report PDF Files/FY2026/11 May
Attachment (2)

May 2026 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/20/26

Millions of $

	Actual May FY25	Forecast May FY26	Actual May FY26	Change from Forecast: Dollar Difference	Change from Forecast: Percent Difference	Change from Last Year: Dollar Difference	Change from Last Year: Percent Difference
Individual Income	3,295.6	3,517.1	3,520.1	3.0	0.1	224.5	6.8
Corporate Income	447.2	423.5	424.4	0.9	0.2	-22.9	-5.1
Sales & Use	3,221.0	3,339.6	3,346.2	6.6	0.2	125.2	3.9
Alcohol	69.4	68.1	67.9	-0.2	-0.3	-1.5	-2.2
Tobacco	167.1	163.7	163.4	-0.3	-0.2	-3.7	-2.2
Insurance	97.9	98.5	98.3	-0.2	-0.2	0.3	0.4
Racing	1.3	1.2	1.3	0.1	4.9	0.0	-3.3
Gaming	54.7	57.3	57.4	0.1	0.2	2.7	4.9
Severance	9.7	8.4	8.3	-0.1	-0.7	-1.4	-14.3
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	63.2	63.7	63.6	-0.1	-0.2	0.4	0.7
Total Gross	7,437.8	7,751.7	7,761.4	9.7	0.1	323.6	4.4
LESS: (SCSF/COF) [1]	222.8	232.5	232.8	0.3	0.1	10.0	4.5
Individual Income Refunds	634.5	536.3	537.4	1.1	0.2	-97.1	-15.3
Corporate Income Refunds	121.7	67.9	67.0	-0.9	-1.3	-54.6	-44.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	17.3	17.7	16.7	-1.0	-5.7	-0.6	-3.2
Amendment 82 Bonds	0.8	0.8	0.8	0.0	-6.1	-0.1	-7.7
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	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	-0.1	0.0	0.0
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	437.6	443.6	443.6	0.0	0.0	6.0	1.4
Educational Adequacy	38.7	39.2	39.2	0.0	0.0	0.5	1.4
Highway Casino Transfer	21.8	24.3	24.4	0.1	0.6	2.6	12.0
Net Available	5,904.9	6,351.6	6,361.7	10.1	0.2	456.8	7.7

Revenue Forecast Summary for the Month

May Year-to-Date Gross: $ 9.7 Million OR 0.1% Above Forecast

May Year-to-Date Net Available: $ 10.1 Million OR 0.2% Above Forecast

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

May 2026 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/20/26

Millions of $

	Actual May FY25	Forecast May FY26	Actual May FY26	Change from Forecast: Dollar Difference	Change from Forecast: Percent Difference	Change from Last Year: Dollar Difference	Change from Last Year: Percent Difference
Individual Income	231.9	251.1	254.1	3.0	1.2	22.2	9.6
Corporate Income	14.0	19.0	19.9	0.9	4.7	5.9	42.1
Sales & Use	301.5	308.4	315.0	6.6	2.1	13.5	4.5
Alcohol	7.8	7.7	7.5	-0.2	-2.7	-0.4	-4.6
Tobacco	16.4	15.5	15.2	-0.3	-1.9	-1.1	-6.9
Insurance	3.7	3.4	3.2	-0.2	-6.9	-0.5	-13.9
Racing	0.2	0.1	0.2	0.1	51.6	-0.1	-26.9
Gaming	5.9	6.1	6.2	0.1	2.1	0.3	5.5
Severance	0.5	0.7	0.7	-0.1	-7.5	0.2	52.3
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	3.5	2.8	2.7	-0.1	-4.4	-0.8	-22.2
Total Gross	585.3	614.9	624.6	9.7	1.6	39.3	6.7
LESS: (SCSF/COF) [1]	17.6	18.4	18.7	0.3	1.9	1.2	6.7
Individual Income Refunds	43.5	35.3	36.4	1.1	3.1	-7.1	-16.3
Corporate Income Refunds	12.0	4.1	3.2	-0.9	-20.9	-8.8	-73.2
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	1.1	2.8	1.8	-1.0	-36.2	0.7	58.9
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 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	21.4	21.8	21.8	0.0	-0.1	0.4	1.8
City & County Tourist	0.0	0.0	0.0	0.0	-100.0	0.0	0.0
Educational Excellence	39.8	40.4	40.3	0.0	-0.1	0.5	1.4
Educational Adequacy	3.5	3.6	3.6	0.0	0.3	0.0	1.4
Highway Casino Transfer	5.7	5.9	6.0	0.1	2.5	0.3	5.6
Net Available	439.4	481.4	491.5	10.1	2.1	52.1	11.9

Revenue Forecast Summary for the Month

May Gross: $ 9.7 Million OR 1.6% Above Forecast

May Net Available: $ 10.1 Million OR 2.1% Above Forecast

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