



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 May (FY 2024)**

DATE: June 4, 2024 Copy: Governor's Office

The Official General Revenue Forecast was revised on May 15, 2024. The revised forecast projects a year-end surplus of \$708.1 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 \$6,149.5 million, \$265.9 million or 4.1 percent below year ago levels. After eleven months into the fiscal year, net available revenue is above forecast by \$4.1 million or 0.1 percent.

Gross General Revenues totaled \$7,810.5 million, representing a decrease of \$88.3 million or 1.1 percent below last year. Gross general revenues are above forecast by \$8.0 million or 0.1 percent.

Individual Income Tax collections totaled \$3,513.4 million, \$89.1 million or 2.5 percent below FY 2023 collections and \$5.8 million or 0.2 percent above forecast.

Individual Income Tax Refunds totaled \$748.3 million, up \$60.1 million or 8.7 percent compared to last year and \$0.9 million or 0.1 percent above forecast.

Sales and Use Tax collections totaled \$3,185.3 million, an increase of \$79.5 million or 2.6 percent above FY 2023 and \$8.8 million or 0.3 percent below forecast.

Corporate Income Tax collections totaled \$642.2 million, a decrease of \$78.0 million from year-to-date FY 2023. Corporate income is above forecast by \$8.0 million or 1.3 percent.

Corporate Income Tax Refunds totaled \$133.1 million, an increase of \$75.9 million compared to the same year-to-date period last year.

MAY REVENUE SUMMARY

Net Available General Revenues totaled \$459.4 million, \$66.4 million or 16.9 percent greater than last year and \$4.1 million or 0.9 percent above forecast.

Net Available revenue results were above forecast in Individual Income Tax and Corporate Income Tax for the month. Individual Income Tax was above forecast primarily in withholding. Sales Tax collections were below forecast and year ago levels. Income Tax refund claims were above forecast in Individual and Corporate.

Among smaller revenue sources, Tobacco was above forecast by \$0.4 million and below year ago collections.

Gross General Revenues totaled \$596.5 million, an increase of \$10.7 million or 1.8 percent above last year and \$8.0 million or 1.4 percent above forecast. Gross revenues were above year ago primarily due to Corporate Income Tax collections.

Individual Income Tax collections totaled \$247.9 million. Collections decreased by \$2.5 million, or 1.0 percent compared to last year. Compared to the forecast, collections were \$5.8 million, or 2.4 percent above forecast. Individual Withholding Tax revenue decreased by \$1.4 million while the remainder of Income Tax collections decreased by \$1.1 million over last year.

Individual Income Tax Refunds totaled \$41.5 million, \$69.6 million below last year and \$0.9 million higher than forecast.

Sales and Use Tax collections totaled \$285.7 million, \$6.0 million, or 2.1 percent less than last year. Collections were lower than monthly forecast levels by \$8.8 million or 3.0 percent. Major reporting sectors of Sales Tax displayed mixed results over last year.

Corporate Income Tax collections totaled \$25.9 million, an increase of \$17.8 million from year ago, and \$8.0 million above forecast.

Corporate Income Tax Refunds totaled \$3.9 million, an amount that is \$2.1 million above year ago levels and \$1.3 million above forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$16.6 million. Collections decreased by \$1.3 million from year earlier levels and were above forecast by \$0.4 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 May 2024, \$75.7 million was collected and deposited to the fund. After deductions, the net amount is \$73.5 million. The monthly collection is equivalent to a 7.2 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2024/11 May
Attachment (2)

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

Forecast Date: 05/15/24

Millions of \$

	Actual May FY23	Forecast May FY24	Actual May FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar	Percent	Dollar	Percent
				Difference	Difference	Difference	Difference
Individual Income	3,602.5	3,507.6	3,513.4	5.8	0.2	-89.1	-2.5
Corporate Income	720.2	634.2	642.2	8.0	1.3	-78.0	-10.8
Sales & Use	3,105.8	3,194.1	3,185.3	-8.8	-0.3	79.5	2.6
Alcohol	67.6	68.8	69.4	0.6	0.9	1.8	2.7
Tobacco	187.9	177.0	177.4	0.4	0.2	-10.5	-5.6
Insurance	83.0	87.6	90.1	2.5	2.9	7.1	8.5
Racing	1.5	1.4	1.3	-0.1	-3.9	-0.1	-8.4
Gaming	48.8	52.7	52.4	-0.3	-0.6	3.6	7.4
Severance	12.0	11.0	10.9	-0.1	-0.9	-1.1	-9.5
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	58.9	57.5	57.5	0.0	0.0	-1.4	-2.4
Total Gross	7,898.9	7,802.5	7,810.5	8.0	0.1	-88.3	-1.1
LESS: (SCSF/COF) ¹	244.7	241.8	242.1	0.3	0.1	-2.6	-1.1
Individual Income Refunds	688.2	747.4	748.3	0.9	0.1	60.1	8.7
Corporate Income Refunds	57.2	131.8	133.1	1.3	1.0	75.9	132.8
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	12.4	10.5	12.0	1.5	14.2	-0.4	-3.2
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	13.6	13.6	13.6	0.0	0.0	0.0	0.0
College Savings Bonds	18.3	23.3	23.3	0.0	0.0	5.0	27.5
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	396.2	429.3	429.3	0.0	0.0	33.1	8.4
Educational Adequacy	35.0	37.9	38.0	0.1	0.1	2.9	8.4
Highway Casino Transfer	16.0	19.7	19.5	-0.2	-1.1	3.5	21.9
Total Deductions	1,483.4	1,657.1	1,661.0	3.9	0.2	177.6	12.0
Net Available	6,415.5	6,145.4	6,149.5	4.1	0.1	-265.9	-4.1

Revenue Forecast Summary for the Month

May Year-to-Date Gross: \$ 8.0 Million OR 0.1% Above Forecast
 May Year-to-Date Net Available: \$ 4.1 Million OR 0.1% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

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

Forecast Date: 05/15/24

Millions of \$

	Actual May FY23	Forecast May FY24	Actual May FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	250.4	242.1	247.9	5.8	2.4	-2.5	-1.0
Corporate Income	8.1	18.0	25.9	8.0	44.3	17.8	218.3
Sales & Use	291.7	294.5	285.7	-8.8	-3.0	-6.0	-2.1
Alcohol	7.1	7.2	7.9	0.6	8.9	0.8	11.0
Tobacco	17.8	16.1	16.6	0.4	2.7	-1.3	-7.2
Insurance	0.9	1.0	3.5	2.5	263.7	2.5	272.7
Racing	0.2	0.2	0.1	-0.1	-29.1	0.0	-13.6
Gaming	5.4	5.8	5.5	-0.3	-5.5	0.1	2.0
Severance	0.6	0.7	0.6	-0.1	-13.0	0.0	3.0
Franchise	0.0	0.0	0.0	0.0	0.0	0.0	-100.0
Real Estate Transfer	0.0	0.0	0.0	0.0	-100.0	0.0	0.0
Miscellaneous	3.5	2.9	2.9	0.0	-0.7	-0.6	-17.1
Total Gross	585.8	588.5	596.5	8.0	1.4	10.7	1.8
LESS: (SCSF/COF) ¹	18.2	18.2	18.5	0.3	1.8	0.3	1.8
Individual Income Refunds	111.1	40.6	41.5	0.9	2.3	-69.6	-62.6
Corporate Income Refunds	1.8	2.5	3.9	1.3	51.8	2.1	119.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.4	1.7	3.2	1.5	87.8	2.8	669.2
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	15.7	21.0	21.1	0.0	0.0	5.3	33.8
City & County Tourist	0.0	0.0	0.0	0.0	-100.0	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	1.6	0.3	8.4
Highway Casino Transfer	5.2	5.6	5.3	-0.2	-3.9	0.1	2.0
Total Deductions	192.9	133.3	137.2	3.9	2.9	-55.7	-28.9
Net Available	392.9	455.2	459.4	4.1	0.9	66.4	16.9

Revenue Forecast Summary for the Month

May Gross: \$ 8.0 Million OR 1.4% Above Forecast
May Net Available: \$ 4.1 Million OR 0.9% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.