



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 June (FY 2024)**

DATE: July 2, 2024 Copy: Governor's Office

FISCAL YEAR 2024 REVENUE SUMMARY

Net available general revenues in Fiscal Year 2024 reached \$6.90 billion, fully funding allocations A and B of the Revenue Stabilization Act. Revenues in excess of the fully-funded general revenue budget provided a surplus of \$698.4 million.

Net Available General Revenues totaled \$6,900.5 million, \$284.9 million or 4.0 percent below year ago levels. For the fiscal year, net available revenues were slightly below the May 2024 forecast by \$9.7 million or 0.1 percent.

Gross General Revenues totaled \$8,708.7 million, a decrease of \$141.3 million or 1.6 percent below last year. Gross general revenues were below forecast by \$14.8 million or 0.2 percent.

The year-over-year decline in net available and gross general revenues is primarily attributed to the expected effects of income tax cuts passed in 2023.

Individual Income Tax collections totaled \$3,849.6 million, \$66.3 million or 1.7 percent below FY 2023 collections and \$18.7 million or 0.5 percent above forecast.

Individual Income Tax Refunds totaled \$782.9 million, up \$14.8 million or 1.9 percent compared to last year and \$2.5 million or 0.3 percent above forecast.

Sales and Use Tax collections totaled \$3,480.4 million, an increase of \$62.0 million or 1.8 percent above FY 2023 and \$25.7 million or 0.7 percent below forecast.

Corporate Income Tax collections totaled \$744.8 million, a decrease of \$97.6 million from FY 2023. Corporate income came in below forecast by \$13.0 million or 1.7 percent.

Corporate Income Tax Refunds totaled \$136.1 million, an increase of \$75.7 million compared to the previous year.

Insurance Revenues, composed primarily of premium tax collections, totaled \$208.4 million, an amount \$30.0 million or 12.6 percent below last year. The year-over-year decline is attributed to the biennial transfer of Insurance Department revenues of \$52.3 million to general revenue in FY 2023. FY 2024 collections were \$4.7 million or 2.3 percent above forecast.

JUNE REVENUE SUMMARY

Net Available General Revenues totaled \$751.0 million, \$18.9 million or 2.5 percent below last year and \$13.8 million or 1.8 percent below forecast.

Net Available revenue results were above forecast in Individual Income Tax and below forecast in 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 and Alcohol were below forecast by \$0.3 million and \$0.5 million, respectively. Insurance and Gaming were above forecast by \$2.2 million and \$0.5 million, respectively.

Gross General Revenues totaled \$898.2 million, a decrease of \$53.0 million or 5.6 percent below last year and \$22.8 million or 2.5 percent below forecast.

Individual Income Tax collections totaled \$336.2 million. Collections increased by \$22.8 million, or 7.3 percent compared to last year. Compared to the forecast, collections were \$12.9 million, or 4.0 percent above forecast. Individual Withholding Tax revenue increased by \$22.6 million, reflecting the positive effects of a payday timing factor.

Individual Income Tax Refunds totaled \$34.6 million, \$45.3 million below last year and \$1.6 million higher than forecast.

Sales and Use Tax collections totaled \$295.1 million, \$17.5 million or 5.6 percent less than last year. Collections were lower than monthly forecast levels by \$16.9 million or 5.4 percent. Major reporting sectors of Sales Tax displayed mixed results over last year.

Corporate Income Tax collections, which typically include some degree of variability, totaled \$102.7 million, a decrease of \$19.6 million from year ago and \$20.9 million below forecast.

Corporate Income Tax Refunds totaled \$2.9 million, an amount that is \$0.2 million below year ago levels and \$0.4 million above forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$15.8 million. Collections decreased by \$2.0 million from 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.

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 June 2024, \$63.8 million was collected and deposited to the fund. After deductions, the net amount totaled \$61.9 million. The monthly collection is equivalent to a 3.1 percent decrease from prior year collections. Fiscal Year 2024 net collections totaled \$729.0 million, compared to \$713.3 million last year. This represents a 2.2 percent increase from Fiscal Year 2023.

Q: /Daily Report PDF Files/FY2024/12 June
Attachment (2)

June 2024 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/15/24

Millions of \$

	Actual June FY23	Forecast June FY24	Actual June FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	3,915.9	3,830.9	3,849.6	18.7	0.5	-66.3	-1.7
Corporate Income	842.5	757.8	744.8	-13.0	-1.7	-97.6	-11.6
Sales & Use	3,418.4	3,506.1	3,480.4	-25.7	-0.7	62.0	1.8
Alcohol	76.6	77.9	78.0	0.1	0.2	1.5	1.9
Tobacco	205.8	193.1	193.3	0.2	0.1	-12.5	-6.1
Insurance	238.5	203.7	208.4	4.7	2.3	-30.0	-12.6
Racing	1.6	1.5	1.4	-0.1	-5.0	-0.1	-8.9
Gaming	54.3	58.9	59.1	0.2	0.3	4.8	8.9
Severance	13.1	12.1	11.8	-0.3	-2.1	-1.2	-9.3
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	73.0	70.9	71.2	0.3	0.4	-1.8	-2.4
Total Gross	8,850.0	8,723.5	8,708.7	-14.8	-0.2	-141.3	-1.6
LESS: (SCSF/COF) ¹	272.3	270.4	270.0	-0.4	-0.2	-2.3	-0.9
Individual Income Refunds	768.1	780.4	782.9	2.5	0.3	14.8	1.9
Corporate Income Refunds	60.4	134.3	136.1	1.8	1.3	75.7	125.4
Claims	0.0	10.0	0.0	-10.0	-100.0	0.0	0.0
Econ Development Incentive	12.8	12.0	12.8	0.8	6.8	0.0	-0.1
Amendment 82 Bonds	5.3	5.3	5.3	0.0	-0.4	0.0	-0.2
Recycling Tax Credit	16.0	24.8	24.8	0.0	0.0	8.8	55.0
Wood Energy Products Credit	4.0	1.6	1.6	0.0	-3.0	-2.4	-61.2
Water / Sewer Bonds	14.8	14.8	14.8	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	432.3	468.4	468.4	0.0	0.0	36.1	8.4
Educational Adequacy	38.2	41.4	41.4	0.0	0.0	3.2	8.4
Highway Casino Transfer	21.3	25.7	26.0	0.3	1.1	4.7	22.0
Total Deductions	1,664.6	1,813.3	1,808.2	-5.1	-0.3	143.6	8.6
Net Available	7,185.4	6,910.2	6,900.5	-9.7	-0.1	-284.9	-4.0
LESS: Surplus	1,161.1	708.1	698.4				
Net AVAILABLE Distribution	6,024.3	6,202.1	6,202.1	0.0	0.0	177.8	3.0

Revenue Forecast Summary for the Month

June Year-to-Date Gross:	\$ 14.8 Million OR 0.2% Below Forecast
June Year-to-Date Net Available:	\$ 9.7 Million OR 0.1% Below Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

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

Forecast Date: 05/15/24

Millions of \$

	Actual June FY23	Forecast June FY24	Actual June FY24	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	313.4	323.3	336.2	12.9	4.0	22.8	7.3
Corporate Income	122.3	123.6	102.7	-20.9	-16.9	-19.6	-16.0
Sales & Use	312.6	312.0	295.1	-16.9	-5.4	-17.5	-5.6
Alcohol	9.0	9.1	8.6	-0.5	-5.4	-0.4	-3.9
Tobacco	17.9	16.1	15.8	-0.3	-1.6	-2.0	-11.3
Insurance	155.4	116.1	118.3	2.2	1.9	-37.1	-23.9
Racing	0.1	0.1	0.1	0.0	-21.0	0.0	-16.1
Gaming	5.5	6.2	6.7	0.5	8.0	1.2	22.3
Severance	1.0	1.1	0.9	-0.2	-15.0	-0.1	-7.4
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	0.0	0.0	0.0
Miscellaneous	14.1	13.4	13.7	0.3	2.3	-0.3	-2.5
Total Gross	951.2	921.0	898.2	-22.8	-2.5	-53.0	-5.6
LESS: (SCSF/COF) ¹	27.6	28.6	27.8	-0.8	-2.6	0.3	1.0
Individual Income Refunds	80.0	33.0	34.6	1.6	4.9	-45.3	-56.7
Corporate Income Refunds	3.2	2.5	2.9	0.4	17.3	-0.2	-7.4
Claims	0.0	10.0	0.0	-10.0	-100.0	0.0	0.0
Econ Development Incentive	0.4	1.5	0.8	-0.7	-45.0	0.4	88.4
Amendment 82 Bonds	4.4	4.4	4.4	0.0	0.4	0.1	1.2
Recycling Tax Credit	16.0	24.8	24.8	0.0	0.0	8.8	55.0
Wood Energy Products Credit	4.0	1.6	1.6	0.0	-3.0	-2.4	-61.2
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	36.0	39.1	39.0	-0.1	-0.2	3.0	8.4
Educational Adequacy	3.2	3.5	3.5	0.0	-1.4	0.3	8.4
Highway Casino Transfer	5.3	6.0	6.5	0.5	8.2	1.2	22.3
Total Deductions	181.2	156.2	147.2	-9.0	-5.8	-34.0	-18.8
Net Available	769.9	764.8	751.0	-13.8	-1.8	-18.9	-2.5

Revenue Forecast Summary for the Month

June Gross: \$ 22.8 Million OR 2.5% Below Forecast
June Net Available: \$ 13.8 Million OR 1.8% Below Forecast

¹ State Central Services Fund and Constitutional Officers Fund.