



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 September 2024 (FY 2025)**

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

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues total \$1,735.3 million, \$41.6 million or 2.3 percent below year ago levels. After three months into the fiscal year, net available revenue is above forecast by \$17.7 million or 1.0 percent.

Gross General Revenues total \$2,003.6 million, representing a decrease of \$54.2 million or 2.6 percent below last year. Gross general revenues are above forecast by \$19.3 million or 1.0 percent.

Individual Income Tax collections total \$851.4 million, \$31.3 million or 3.5 percent below FY 2024 collections and \$31.9 million or 3.9 percent above forecast.

Individual Income Tax Refunds total \$58.2 million, down \$7.1 million or 10.8 percent compared to last year and \$0.9 million or 1.6 percent above forecast.

Sales and Use Tax collections total \$876.4 million, an increase of \$5.1 million or 0.6 percent above FY 2024 and \$5.4 million or 0.6 percent below forecast.

Corporate Income Tax collections total \$129.3 million, a decrease of \$31.3 million from year-to-date FY 2024. Corporate income is lower than forecast by \$8.3 million or 6.0 percent.

Corporate Income Tax Refunds total \$11.5 million, a decrease of \$4.3 million compared to the same year-to-date period last year.

SEPTEMBER REVENUE SUMMARY

Net Available General Revenues total \$691.6 million, \$14.4 million or 2.0 percent below last year and \$7.8 million or 1.1 percent above forecast.

Net Available revenue results are above forecast in Individual Income Tax due to estimated tax and withholding payments. Income Tax refund claims are below forecast in Corporate and more than forecast in Individual.

Among smaller revenue sources, Insurance is above forecast by \$0.9 million and greater than year ago collections.

Gross General Revenues total \$783.2 million, \$18.1 million or 2.3 percent below last year but \$7.5 million or 1.0 percent above forecast. Gross revenue collections are below year ago primarily due to Corporate Income Tax and Sales Tax collections.

Individual Income Tax collections total \$366.0 million. Collections increased by \$16.1 million, or 4.6 percent compared to last year. Compared to the forecast, collections are \$27.4 million, or 8.1 percent, above forecast. Individual Withholding Tax revenue increased by \$13.8 million, or 6.1 percent compared to last year.

Individual Income Tax Refunds total \$20.1 million, \$0.7 million below last year and \$1.5 million higher than forecast.

Sales and Use Tax collections total \$279.3 million, \$17.6 million lower than last year and \$17.5 million, or 5.9 percent, below forecast. September collections are impacted by a large economic development investment incentive refund for purchases from a prior year. Without the refund, sales and use tax collections would have been \$6.2 million below forecast.

Corporate Income Tax collections total \$102.3 million, a decrease of \$17.7 million from year ago, and \$3.7 million below forecast.

Corporate Income Tax Refunds total \$2.7 million, an amount that is \$0.7 million higher than year ago levels. Refunds are \$0.8 million below forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$15.2 million. Collections decreased by \$0.6 million from year earlier levels and are above forecast by \$0.1 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 September 2024, \$60.9 million is collected and deposited to the fund. After deductions, the net amount is \$59.2 million. The monthly collection is equivalent to a 0.1 percent decrease from prior year collections.

Q: /Daily Report PDF Files/FY2025/03 September
Attachment (2)

September 2024 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 08/22/24

Millions of \$

				<u>Change from Forecast</u>		<u>Change from Last Year</u>	
	Actual	Forecast	Actual	Dollar	Percent	Dollar	Percent
	Sept FY24	Sept FY25	Sept FY25	Difference	Difference	Difference	Difference
Individual Income	882.7	819.5	851.4	31.9	3.9	-31.3	-3.5
Corporate Income	160.6	137.6	129.3	-8.3	-6.0	-31.3	-19.5
Sales & Use	871.3	881.8	876.4	-5.4	-0.6	5.1	0.6
Alcohol	19.9	20.2	19.8	-0.4	-2.0	-0.1	-0.6
Tobacco	49.7	48.6	47.8	-0.8	-1.7	-1.9	-3.8
Insurance	25.2	26.7	28.9	2.2	8.2	3.6	14.4
Racing	0.2	0.3	0.2	-0.1	-45.4	-0.1	-30.3
Gaming	14.1	14.5	14.7	0.2	1.4	0.6	4.2
Severance	3.5	3.7	3.4	-0.3	-9.2	-0.1	-2.8
Franchise	2.6	2.7	2.6	-0.1	-3.9	0.0	-1.8
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	25.3	26.1	26.7	0.6	2.3	1.4	5.5
Total Gross	2,057.8	1,984.3	2,003.6	19.3	1.0	-54.2	-2.6
LESS: (SCSF/COF) ¹	63.8	59.3	59.8	0.5	0.8	-4.0	-6.3
Individual Income Refunds	65.3	57.3	58.2	0.9	1.6	-7.1	-10.8
Corporate Income Refunds	15.8	10.1	11.5	1.4	14.0	-4.3	-27.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	4.5	5.0	4.8	-0.2	-4.7	0.3	5.7
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	3.9	3.9	3.9	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	0.2	0.3	0.2	-0.1	-26.0	0.0	0.0
Educational Excellence	117.1	120.1	119.3	-0.8	-0.6	2.2	1.9
Educational Adequacy	10.4	10.7	10.5	-0.2	-1.4	0.2	1.9
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	281.0	266.7	268.3	1.6	0.6	-12.6	-4.5
Net Available	1,776.9	1,717.6	1,735.3	17.7	1.0	-41.6	-2.3

Revenue Forecast Summary for the Month

September Year-to-Date Gross:	\$ 19.3 Million OR 1.0% Above Forecast
September Year-to-Date Net Available:	\$ 17.7 Million OR 1.0% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

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

Forecast Date: 08/22/24

Millions of \$

	Actual Sept FY24	Forecast Sept FY25	Actual Sept FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	349.9	338.6	366.0	27.4	8.1	16.1	4.6
Corporate Income	120.0	106.0	102.3	-3.7	-3.5	-17.7	-14.8
Sales & Use	296.9	296.8	279.3	-17.5	-5.9	-17.6	-5.9
Alcohol	6.3	6.5	6.1	-0.4	-6.5	-0.3	-4.3
Tobacco	15.8	15.1	15.2	0.1	0.8	-0.6	-3.6
Insurance	3.2	3.2	4.1	0.9	28.3	0.9	27.0
Racing	0.1	0.1	0.0	-0.1	-61.0	0.0	-52.6
Gaming	4.0	4.1	4.2	0.1	3.5	0.3	7.3
Severance	1.0	1.1	0.8	-0.3	-22.8	-0.2	-16.7
Franchise	0.9	1.0	1.3	0.3	34.3	0.5	54.0
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	3.2	3.2	3.7	0.5	15.0	0.5	16.5
Total Gross	801.3	775.7	783.2	7.5	1.0	-18.1	-2.3
LESS: (SCSF/COF) ¹	24.8	23.3	23.5	0.2	0.8	-1.3	-5.4
Individual Income Refunds	20.8	18.6	20.1	1.5	7.9	-0.7	-3.3
Corporate Income Refunds	2.1	3.5	2.7	-0.8	-22.0	0.7	32.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	3.9	1.5	0.8	-0.7	-49.9	-3.2	-80.8
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	1.3	1.3	1.3	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	40.1	39.8	-0.3	-0.8	0.7	1.9
Educational Adequacy	3.5	3.6	3.5	-0.1	-2.3	0.1	1.9
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	95.3	91.9	91.6	-0.3	-0.3	-3.7	-3.9
Net Available	705.9	683.8	691.6	7.8	1.1	-14.4	-2.0

Revenue Forecast Summary for the Month

September Gross: \$ 7.5 Million OR 1.0% Above Forecast
September Net Available: \$ 7.8 Million OR 1.1% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.