



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 October 2024 (FY 2025)**

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

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues total \$2,224.6 million, \$64.5 million or 2.8 percent below year ago levels. After four months into the fiscal year, net available revenue is above forecast by \$23.1 million or 1.0 percent.

Gross General Revenues total \$2,631.9 million, representing a decrease of \$85.8 million or 3.2 percent below last year. Gross general revenues are above forecast by \$28.5 million or 1.1 percent.

The decrease in year-to-date and monthly revenues compared to FY 2024 is largely due to the impact of individual and corporate income tax rate reductions passed in the First and Second Extraordinary Sessions of the 94th General Assembly.

Individual Income Tax collections total \$1,126.5 million, \$62.4 million or 5.2 percent below FY 2024 collections and \$43.0 million or 4.0 percent above forecast.

Individual Income Tax Refunds total \$127.2 million, down \$15.6 million or 10.9 percent compared to last year and \$3.6 million or 2.9 percent above forecast.

Sales and Use Tax collections total \$1,174.5 million, an increase of \$16.8 million or 1.5 percent above FY 2024 and \$2.9 million or 0.3 percent over forecast.

Corporate Income Tax collections total \$151.8 million, a decrease of \$43.3 million from year-to-date FY 2024. Corporate income is lower than forecast by \$18.7 million or 11.0 percent.

Corporate Income Tax Refunds total \$16.6 million, a decrease of \$3.1 million compared to the same year-to-date period last year.

OCTOBER REVENUE SUMMARY

Net Available General Revenues total \$489.3 million, \$22.9 million or 4.5 percent below last year and \$5.4 million or 1.1 percent above forecast.

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

Among smaller revenue sources, Tobacco is above forecast by \$1.4 million and greater than year ago collections. Gaming is on forecast and slightly above last October.

Gross General Revenues total \$628.3 million, \$31.6 million or 4.8 percent below last year but \$9.2 million or 1.5 percent above forecast. Gross revenue collections are below year ago primarily due to Corporate and Individual Income Tax collections.

Individual Income Tax collections total \$275.2 million. Collections decreased by \$31.0 million, or 10.1 percent compared to last year. Compared to the forecast, collections are \$11.2 million, or 4.2 percent, above forecast. Individual Withholding Tax revenue decreased by \$27.5 million, reflecting the downward effects of a payday timing shift and recent tax cuts.

Individual Income Tax Refunds total \$69.0 million, \$8.6 million below last year and \$2.7 million higher than forecast.

Sales and Use Tax collections total \$298.1 million, \$11.7 million higher than last year and \$8.3 million, or 2.9 percent, more than forecast.

Corporate Income Tax collections total \$22.5 million, a decrease of \$11.9 million from year ago, and \$10.4 million below forecast.

Corporate Income Tax Refunds total \$5.1 million, an amount that is \$1.2 million higher than year ago levels. Refunds are \$1.2 million above forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$17.0 million. Collections increased by \$0.7 million from year earlier levels and are above forecast by \$1.4 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 October 2024, \$60.4 million is collected and deposited to the fund. After deductions, the net amount is \$58.7 million. The monthly collection is equivalent to a 1.3 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2025/04 October
Attachment (2)

October 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
	Oct FY24	Oct FY25	Oct FY25	Difference	Difference	Difference	Difference
Individual Income	1,188.9	1,083.5	1,126.5	43.0	4.0	-62.4	-5.2
Corporate Income	195.1	170.5	151.8	-18.7	-11.0	-43.3	-22.2
Sales & Use	1,157.7	1,171.6	1,174.5	2.9	0.3	16.8	1.5
Alcohol	26.0	26.4	25.7	-0.7	-2.6	-0.3	-1.1
Tobacco	66.0	64.2	64.8	0.6	0.9	-1.2	-1.8
Insurance	25.8	27.3	29.1	1.8	6.5	3.3	12.8
Racing	0.3	0.4	0.2	-0.2	-43.3	-0.1	-21.6
Gaming	18.1	18.6	18.8	0.2	1.3	0.7	4.1
Severance	4.6	4.9	4.1	-0.8	-15.7	-0.4	-9.3
Franchise	4.4	4.0	3.7	-0.3	-7.5	-0.7	-16.4
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	28.2	29.4	29.9	0.5	1.8	1.7	6.1
Total Gross	2,717.7	2,603.4	2,631.9	28.5	1.1	-85.8	-3.2
LESS: (SCSF/COF) ¹	84.2	77.9	78.7	0.8	1.0	-5.6	-6.6
Individual Income Refunds	142.9	123.6	127.2	3.6	2.9	-15.6	-10.9
Corporate Income Refunds	19.7	14.0	16.6	2.6	18.6	-3.1	-15.6
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	6.3	6.4	6.0	-0.4	-5.9	-0.3	-4.1
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	5.2	5.2	5.2	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	0.4	0.5	0.4	-0.1	-11.2	0.0	0.0
Educational Excellence	156.1	160.1	159.1	-1.0	-0.6	3.0	1.9
Educational Adequacy	13.8	14.2	14.1	-0.1	-0.9	0.3	1.9
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	428.6	401.9	407.3	5.4	1.4	-21.3	-5.0
Net Available	2,289.1	2,201.5	2,224.6	23.1	1.0	-64.5	-2.8

Revenue Forecast Summary for the Month

October Year-to-Date Gross:	\$ 28.5 Million OR 1.1% Above Forecast
October Year-to-Date Net Available:	\$ 23.1 Million OR 1.0% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

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

Forecast Date: 08/22/24

Millions of \$

	Actual Oct FY24	Forecast Oct FY25	Actual Oct FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar	Percent	Dollar	Percent
				Difference	Difference	Difference	Difference
Individual Income	306.2	264.0	275.2	11.2	4.2	-31.0	-10.1
Corporate Income	34.4	32.9	22.5	-10.4	-31.5	-11.9	-34.6
Sales & Use	286.4	289.8	298.1	8.3	2.9	11.7	4.1
Alcohol	6.1	6.2	5.9	-0.3	-4.4	-0.2	-2.8
Tobacco	16.3	15.6	17.0	1.4	9.0	0.7	4.2
Insurance	0.6	0.6	0.2	-0.4	-65.8	-0.4	-63.2
Racing	0.1	0.1	0.1	0.0	-37.1	0.0	16.0
Gaming	4.0	4.1	4.1	0.0	1.0	0.1	3.5
Severance	1.1	1.2	0.8	-0.4	-36.0	-0.3	-29.7
Franchise	1.8	1.3	1.1	-0.2	-14.8	-0.7	-37.9
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	2.9	3.3	3.2	-0.1	-1.5	0.3	11.4
Total Gross	659.9	619.1	628.3	9.2	1.5	-31.6	-4.8
LESS: (SCSF/COF) ¹	20.5	18.6	18.8	0.2	1.3	-1.6	-7.9
Individual Income Refunds	77.6	66.3	69.0	2.7	4.1	-8.6	-11.1
Corporate Income Refunds	3.9	3.9	5.1	1.2	30.4	1.2	31.5
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	1.8	1.4	1.3	-0.1	-10.1	-0.5	-29.0
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	0.2	0.2	0.2	0.0	11.0	0.0	0.0
Educational Excellence	39.0	40.0	39.8	-0.2	-0.6	0.7	1.9
Educational Adequacy	3.5	3.5	3.5	0.0	0.5	0.1	1.9
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	147.7	135.2	139.0	3.8	2.8	-8.7	-5.9
Net Available	512.2	483.9	489.3	5.4	1.1	-22.9	-4.5

Revenue Forecast Summary for the Month

October Gross: \$ 9.2 Million OR 1.5% Above Forecast
October Net Available: \$ 5.4 Million OR 1.1% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.