



STATE OF ARKANSAS
**Department of Finance
and Administration**

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MEMORANDUM

TO: Jim Hudson, Secretary
Alan McVey, Deputy Director

FROM: Economic Analysis & Tax Research

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

DATE: February 3, 2026 Copy: Governor's Office

The following comparisons to forecast of monthly and year-to-date results reflect the Official General Revenue Forecast of May 21, 2025. The Official General Revenue Forecast was revised on January 30, 2026 and will be used for comparisons against revenue results beginning with the February report.

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues totaled \$4,109.4 million, \$111.8 million or 2.8 percent higher than year ago levels. After seven months into the fiscal year, net available revenue is above forecast by \$160.3 million or 4.1 percent. A notable amount of FY 2026 revenue is due to one-time factors. An estimated \$41 million was shifted from FY 2025 into FY 2026 due to the extension of the filing deadline for individual and corporate income tax payments to provide relief to Arkansans affected by severe weather. Additionally, income tax withheld from the December 2025 Powerball jackpot winnings contributed another \$32 million.

Gross General Revenues totaled \$4,777.0 million, representing an increase of \$80.8 million or 1.7 percent higher than last year. Gross general revenues are above forecast by \$167.7 million or 3.6 percent.

Individual Income Tax collections totaled \$2,075.8 million, \$58.7 million or 2.9 percent greater than FY 2025 collections and \$142.1 million or 7.3 percent above forecast.

Individual Income Tax Refunds totaled \$148.7 million, down \$16.0 million or 9.7 percent compared to last year and \$2.3 million or 1.6 percent over forecast.

Sales and Use Tax collections totaled \$2,142.3 million, an increase of \$74.8 million or 3.6 percent above FY 2025 and \$44.4 million or 2.1 percent above forecast.

Corporate Income Tax collections totaled \$241.9 million, a decrease of \$50.6 million from year-to-date FY 2025. Corporate income is less than forecast by \$18.4 million or 7.1 percent.

Corporate Income Tax Refunds totaled \$47.6 million, a decrease of \$21.0 million compared to the same year-to-date period last year.

JANUARY REVENUE SUMMARY

Net Available General Revenues totaled \$672.4 million, \$38.4 million or 6.1 percent greater than last year and \$57.4 million or 9.3 percent over forecast.

Net Available revenues were over forecast in sales tax, net individual, and net corporate income tax collections (gross revenues less refunds).

Gross General Revenues totaled \$754.0 million, \$31.3 million or 4.3 percent higher than last year and \$51.5 million or 7.3 percent above forecast. Gross revenue collections were greater than year ago primarily due to income tax withholding which included the \$32 million from the Powerball jackpot winnings.

Individual Income Tax collections totaled \$384.3 million. Collections increased by \$34.5 million, or 9.8 percent compared to last year. Individual income tax collections were \$51.5 million, or 15.5 percent higher than forecast.

Individual Income Tax Refunds totaled \$4.9 million, \$1.3 million more than last year and \$1.7 million above forecast.

Sales and Use Tax collections totaled \$317.1 million, \$18.7 million, or 6.3 percent greater than last year, and above monthly forecast levels by \$9.8 million or 3.2 percent.

Corporate Income Tax collections totaled \$22.3 million, a decrease of \$19.6 million from year ago, and \$7.6 million under forecast.

Corporate Income Tax Refunds totaled \$6.7 million, an amount that is \$11.8 million less than year ago levels. Refunds were \$8.6 million less than forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$13.8 million. Collections decreased by \$0.5 million from year earlier levels and were more than 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 January 2026, \$67.1 million was collected and deposited to the fund. After deductions, the net amount is \$65.2 million. The monthly collection is equivalent to a 5.9 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2026/07 January
Attachment (2)

January 2026 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual Jan FY25	Forecast Jan FY26	Actual Jan FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar	Percent	Dollar	Percent
				Difference	Difference	Difference	Difference
Individual Income	2,017.1	1,933.7	2,075.8	142.1	7.3	58.7	2.9
Corporate Income	292.5	260.3	241.9	-18.4	-7.1	-50.6	-17.3
Sales & Use	2,067.5	2,097.9	2,142.3	44.4	2.1	74.8	3.6
Alcohol	44.4	44.9	43.4	-1.5	-3.4	-1.1	-2.4
Tobacco	109.4	103.0	103.9	0.9	0.9	-5.5	-5.0
Insurance	62.9	68.9	69.2	0.3	0.5	6.3	10.0
Racing	0.6	0.7	0.6	-0.1	-7.8	0.1	13.6
Gaming	32.4	33.3	34.3	1.0	3.1	1.9	6.0
Severance	6.8	6.0	5.4	-0.6	-9.7	-1.4	-20.7
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	51.8	50.0	49.4	-0.6	-1.1	-2.4	-4.6
Total Gross	4,696.2	4,609.3	4,777.0	167.7	3.6	80.8	1.7
LESS: (SCSF/COF) ¹	140.6	138.3	143.3	5.0	3.6	2.7	1.9
Individual Income Refunds	164.7	146.4	148.7	2.3	1.6	-16.0	-9.7
Corporate Income Refunds	68.6	44.8	47.6	2.8	6.3	-21.0	-30.6
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	9.2	11.9	7.0	-4.9	-41.4	-2.3	-24.5
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	8.8	8.8	8.8	0.0	0.0	0.0	0.0
College Savings Bonds	1.9	1.5	1.5	0.0	-2.5	-0.4	-21.5
City & County Tourist	0.7	0.7	0.7	0.0	-4.9	0.0	0.0
Educational Excellence	278.5	281.1	282.3	1.2	0.4	3.8	1.4
Educational Adequacy	24.6	24.8	25.0	0.2	0.6	0.3	1.4
Highway Casino Transfer	0.2	1.1	2.0	0.9	84.4	1.9	1,092.3
Net Available	3,997.6	3,949.1	4,109.4	160.3	4.1	111.8	2.8

Revenue Forecast Summary for the Month

January Year-to-Date Gross: \$ 167.7 Million OR 3.6% Above Forecast

January Year-to-Date Net Available: \$ 160.3 Million OR 4.1% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

January 2026 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual Jan FY25	Forecast Jan FY26	Actual Jan FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar	Percent	Dollar	Percent
				Difference	Difference	Difference	Difference
Individual Income	349.9	332.8	384.3	51.5	15.5	34.5	9.8
Corporate Income	41.9	29.9	22.3	-7.6	-25.4	-19.6	-46.8
Sales & Use	298.3	307.3	317.1	9.8	3.2	18.7	6.3
Alcohol	6.3	6.4	5.9	-0.5	-7.2	-0.4	-6.2
Tobacco	14.3	13.4	13.8	0.4	2.8	-0.5	-3.4
Insurance	0.4	0.4	0.6	0.2	55.3	0.2	61.8
Racing	0.2	0.1	0.2	0.1	51.6	0.0	-7.5
Gaming	4.9	5.2	5.8	0.6	11.1	0.9	17.3
Severance	0.8	0.7	0.7	0.0	-5.8	-0.2	-20.4
Franchise	0.4	1.0	0.6	-0.4	-36.7	0.2	51.7
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	5.3	5.3	2.7	-2.6	-48.8	-2.6	-48.7
Total Gross	722.7	702.5	754.0	51.5	7.3	31.3	4.3
LESS: (SCSF/COF) ¹	21.7	21.1	22.6	1.5	7.2	0.9	4.3
Individual Income Refunds	3.6	3.2	4.9	1.7	53.0	1.3	35.5
Corporate Income Refunds	18.4	15.3	6.7	-8.6	-56.4	-11.8	-63.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.0	1.7	0.0	-1.7	-100.0	0.0	0.0
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 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	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	39.8	40.2	40.3	0.1	0.3	0.5	1.4
Educational Adequacy	3.5	3.5	3.6	0.1	1.8	0.0	1.4
Highway Casino Transfer	0.2	1.1	2.0	0.9	84.4	1.9	1,092.3
Net Available	634.1	615.0	672.4	57.4	9.3	38.4	6.1

Revenue Forecast Summary for the Month

January Gross: \$ 51.5 Million OR 7.3% Above Forecast
January Net Available: \$ 57.4 Million OR 9.3% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.