



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 February 2026 (FY 2026)**

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

The Official General Revenue Forecast was revised on January 30, 2026. The revised forecast projects a year-end surplus of \$334.4 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 \$4,550.0 million, \$163.7 million or 3.7 percent higher than year ago levels. After eight months into the fiscal year, net available revenue is above forecast by \$7.4 million or 0.2 percent.

Gross General Revenues totaled \$5,362.7 million, representing an increase of \$89.0 million or 1.7 percent higher than last year. Gross general revenues are above forecast by \$1.9 million.

Individual Income Tax collections totaled \$2,353.3 million, \$65.8 million or 2.9 percent greater than FY 2025 collections and \$2.9 million or 0.1 percent above forecast.

Individual Income Tax Refunds totaled \$220.0 million, down \$42.6 million or 16.2 percent compared to last year and \$2.7 million or 1.2 percent less than forecast.

Sales and Use Tax collections totaled \$2,406.1 million, an increase of \$65.0 million or 2.8 percent above FY 2025 and \$5.8 million or 0.2 percent below forecast.

Corporate Income Tax collections totaled \$252.0 million, a decrease of \$42.6 million from year-to-date FY 2025. Corporate income is higher than forecast by \$1.7 million or 0.7 percent.

Corporate Income Tax Refunds totaled \$52.3 million, a decrease of \$36.7 million compared to the same year-to-date period last year.

FEBRUARY REVENUE SUMMARY

Net Available General Revenues totaled \$440.5 million, \$51.9 million or 13.4 percent greater than last year and \$7.4 million or 1.7 percent over forecast.

Gross General Revenues totaled \$585.7 million, \$8.2 million or 1.4 percent higher than last year and \$1.9 million or 0.3 percent above forecast.

Individual Income Tax collections totaled \$277.5 million. Collections increased by \$7.1 million, or 2.6 percent compared to last year. Income tax withholding increased by 3.0 percent compared to the prior year. Individual income tax collections were \$2.9 million or 1.0 percent higher than forecast.

Individual Income Tax Refunds totaled \$71.3 million, \$26.5 million less than last year and \$2.7 million below forecast. A total of 209,808 refunds were issued with an average amount of \$327.00.

Sales and Use Tax collections totaled \$263.9 million, \$9.7 million, or 3.5 percent lower than last year, and less than monthly forecast levels by \$5.8 million or 2.1 percent. This month's collections were impacted \$10.6 million by an economic development incentive refund for purchases made in prior years. The January winter storm likely disrupted sales in the last week of that month which could have impacted the sales taxes due in the month of February.

Corporate Income Tax collections totaled \$10.2 million, an increase of \$8.0 million from year ago, and \$1.7 million above forecast.

Corporate Income Tax Refunds totaled \$4.7 million, an amount that is \$15.8 million less than year ago levels. Refunds were \$1.5 million below forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$13.9 million. Collections were the same as year earlier levels and were more than forecast by \$0.6 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 February 2026, \$57.5 million was collected and deposited to the fund. After deductions, the net amount is \$55.9 million. The monthly collection is equivalent to a 1.6 percent decrease from prior year collections.

Q: /Daily Report PDF Files/FY2026/08 February
Attachment (2)

February 2026 Year-to-Date General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 01/30/26

Millions of \$

	Actual Feb FY25	Forecast Feb FY26	Actual Feb FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	2,287.5	2,350.4	2,353.3	2.9	0.1	65.8	2.9
Corporate Income	294.6	250.3	252.0	1.7	0.7	-42.6	-14.5
Sales & Use	2,341.1	2,411.9	2,406.1	-5.8	-0.2	65.0	2.8
Alcohol	49.5	48.4	47.9	-0.5	-1.0	-1.6	-3.2
Tobacco	123.3	117.3	117.9	0.6	0.5	-5.5	-4.4
Insurance	67.4	73.7	76.4	2.7	3.7	9.0	13.4
Racing	0.7	0.7	0.7	0.0	-0.1	0.0	2.4
Gaming	37.6	39.6	39.6	0.0	-0.1	1.9	5.2
Severance	7.7	6.1	5.9	-0.2	-2.9	-1.8	-22.9
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	53.5	51.8	52.2	0.4	0.8	-1.3	-2.5
Total Gross	5,273.6	5,360.8	5,362.7	1.9	0.0	89.0	1.7
LESS: (SCSF/COF) ¹	157.9	160.8	160.9	0.1	0.0	3.0	1.9
Individual Income Refunds	262.6	222.7	220.0	-2.7	-1.2	-42.6	-16.2
Corporate Income Refunds	89.1	53.8	52.3	-1.5	-2.8	-36.7	-41.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	12.8	9.6	8.4	-1.2	-12.9	-4.5	-34.9
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	10.0	10.0	10.0	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	318.2	322.6	322.6	0.0	0.0	4.4	1.4
Educational Adequacy	28.1	28.5	28.5	0.0	0.1	0.4	1.4
Highway Casino Transfer	5.2	7.2	7.1	-0.1	-1.1	1.9	35.7
Net Available	4,386.3	4,542.6	4,550.0	7.4	0.2	163.7	3.7

Revenue Forecast Summary for the Month

February Year-to-Date Gross: \$ 1.9 Million OR 0.0% Above Forecast
February Year-to-Date Net Available: \$ 7.4 Million OR 0.2% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

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

Forecast Date: 01/30/26

Millions of \$

	Actual Feb FY25	Forecast Feb FY26	Actual Feb FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar	Percent	Dollar	Percent
				Difference	Difference	Difference	Difference
Individual Income	270.4	274.6	277.5	2.9	1.0	7.1	2.6
Corporate Income	2.1	8.4	10.2	1.7	20.7	8.0	374.7
Sales & Use	273.6	269.6	263.9	-5.8	-2.1	-9.7	-3.5
Alcohol	5.1	5.0	4.5	-0.5	-10.0	-0.5	-10.6
Tobacco	13.9	13.4	13.9	0.6	4.1	0.0	0.0
Insurance	4.5	4.5	7.2	2.7	61.6	2.7	60.6
Racing	0.1	0.1	0.1	0.0	-1.6	-0.1	-53.2
Gaming	5.2	5.3	5.2	0.0	-0.7	0.0	0.3
Severance	0.9	0.7	0.5	-0.2	-25.7	-0.3	-40.6
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	-100.0	0.0	0.0
Miscellaneous	1.7	2.4	2.8	0.4	16.6	1.0	60.9
Total Gross	577.5	583.8	585.7	1.9	0.3	8.2	1.4
LESS: (SCSF/COF) ¹	17.3	17.5	17.6	0.1	0.5	0.2	1.4
Individual Income Refunds	97.9	74.0	71.3	-2.7	-3.6	-26.5	-27.1
Corporate Income Refunds	20.5	6.2	4.7	-1.5	-24.1	-15.8	-77.1
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	3.6	2.6	1.4	-1.2	-47.2	-2.2	-61.6
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 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	-100.0	0.0	0.0
City & County Tourist	0.0	0.0	0.0	0.0	-100.0	0.0	0.0
Educational Excellence	39.8	40.3	40.3	0.0	0.0	0.5	1.4
Educational Adequacy	3.5	3.5	3.6	0.0	0.5	0.0	1.4
Highway Casino Transfer	5.1	5.2	5.1	-0.1	-1.5	0.0	0.3
Net Available	388.6	433.2	440.5	7.4	1.7	51.9	13.4

Revenue Forecast Summary for the Month

February Gross: \$ 1.9 Million OR 0.3% Above Forecast
February Net Available: \$ 7.4 Million OR 1.7% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.