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and Administration**

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**MEMORANDUM**

TO: Richard Weiss, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for May (FY 2012)**

DATE: June 4, 2012

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$4,241.9 million. This amount is \$142.9 million or 3.5 percent above last year and \$13.3 million or 0.3 percent above the revised general revenue forecast that was released on May 9, 2012. All forecast comparisons have been adjusted to the new official forecast values.

Under the previous forecast, net available general revenues were \$93.6 million above projections through the end of April. On May 9, \$39.4 million flowed into the Rainy Day Fund and Revenue Stabilization Category B. The remaining \$54.2 million in excess collections under the old forecast will be calculated into June revenues and factored into any year-end surplus announced after June 30.

The major revenue categories of individual and corporate income tax and gross receipts are up relative to year ago levels. The amount above forecast is primarily accounted for by lower than projected income tax refunds and stronger than expected collections of corporate income, tobacco, and gross receipts taxes.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$5,342.7 million, reflecting an increase of \$220.9 million or 4.3 percent above last year. Gross

general revenues are \$7.6 million above the revised general revenue forecast.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$2,641.4 million, \$137.7 million or 5.5 percent above FY 2011 collections and \$1.9 million or 0.1 percent below forecast. Individual withholding collections are up 4.0 percent from year ago levels.

**Year-to-date Individual Income Tax Refunds** total \$472.8 million, up \$29.0 million or 6.5 percent compared to last year and \$4.1 million or 0.9 percent below forecast.

**Year-to-date Gross Receipts Collections:** Gross receipts consist primarily of sales and use taxes. On a year-to-date basis, gross receipts total \$1,947.7 million, an increase of \$41.7 million or 2.2 percent above FY 2011 and \$2.3 million or 0.1 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$353.5 million, an increase of \$34.8 million or 10.9 percent compared to last year. Collections are also up \$3.1 million or 0.9 percent compared to forecast.

**Year-to-date Corporate Income Tax Refunds** total \$55.2 million, up \$19.9 million from the comparable year-to-date period last year. Refunds are down \$0.8 million or 1.4 percent compared to forecast.

## MAY REVENUE SUMMARY

**May Net Available General Revenues** total \$336.3 million, \$20.9 million or 6.6 percent above last year and \$13.3 million or 4.1 percent above the revised forecast.

Gross receipts rose 4.7 percent above year ago levels and 1.4 percent above forecast. May marks the sixth consecutive month that gross receipts collections came in above forecast and year ago levels. Individual income tax refunds also contributed to the amount above forecast as payouts fell below forecast. Individual and corporate income tax collections are up relative to year ago levels.

**May Gross General Revenues:** May collections total \$433.9 million, an increase of \$19.7 million or 4.8 percent above last year and \$7.6 million or 1.8 percent above forecast.

**May Individual Income Tax** collections total \$205.8 million. Collections increased by \$8.4 million or 4.3 percent compared to last year. With respect to the forecast, collections are \$2.0 million or 0.9 percent below forecast. Individual withholding decreased 4.0 percent compared to last year, reflecting a payroll timing shift. Such shifts are better understood when averaged over several months. Growth in withholding averaged over the volatile two-month period of April (up) and May (down) equaled 4.2 percent.

**May Individual Income Tax Refunds** total \$32.9 million. Refunds are down \$5.2 million or 13.7 percent below May 2011. This amount is \$4.1 million below forecast for the month.

**May Gross Receipts Collections:** May collections total \$174.2 million, an increase of \$7.8 million or 4.7 percent from last year. Collections were above monthly forecast levels by \$2.4 million or 1.4 percent.

**May Corporate Income Tax** collections total \$21.0 million, an increase of \$0.8 million or 3.9 percent from year earlier levels, and \$3.1 million or 17.4 percent above forecast.

**May Corporate Income Tax Refunds** total \$2.2 million. This amount is \$0.4 million or 16.1 percent below year ago refunds.

**May Tobacco Tax** collections, a small component of general revenue, total \$21.9 million. This is an increase of 6.9 percent compared to last year and above forecast by \$2.9 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

## **SPECIAL REVENUES OF NOTE**

**Year-to-date Medicaid Program Trust Fund:** Year-to-date collections of the dedicated soft drink tax total \$42.8 million, an increase of \$0.2 million or 0.5 percent above last year.

**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 May 2012, \$45.6 million was collected and deposited to the fund. After deductions, the net amount is \$44.1 million. The monthly collection is equivalent to a 1.3 percent decrease from prior year collections.

YEAR TO DATE REPORT, MAY 2012  
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH MAY 2012  
11 Months YTD  
Forecast Date: 05/09/2012

MILLIONS OF DOLLARS

|                                 | CURRENT YEAR      |                     |                    |                     | CURRENT YEAR TO DATE |                   |                    |                     | ACTUAL<br>AS % OF<br>FORECAST |
|---------------------------------|-------------------|---------------------|--------------------|---------------------|----------------------|-------------------|--------------------|---------------------|-------------------------------|
|                                 | ACTUAL<br>FY 2011 | FORECAST<br>FY 2012 | INCREASE<br>AMOUNT | INCREASE<br>PERCENT | ACTUAL<br>FY 2011    | ACTUAL<br>FY 2012 | INCREASE<br>AMOUNT | INCREASE<br>PERCENT |                               |
| INDIVIDUAL INCOME               | 2,503.7           | 2,643.3             | 139.6              | 5.6                 | 2,503.7              | 2,641.4           | 137.7              | 5.5                 | 99.9                          |
| CORPORATE INCOME                | 318.7             | 350.4               | 31.7               | 10.0                | 318.7                | 353.5             | 34.8               | 10.9                | 100.9                         |
| GROSS RECEIPTS <sup>1</sup>     | 1,906.0           | 1,945.4             | 39.4               | 2.1                 | 1,906.0              | 1,947.7           | 41.7               | 2.2                 | 100.1                         |
| ALCOHOLIC BEVERAGE <sup>2</sup> | 29.0              | 29.4                | 0.4                | 1.4                 | 29.0                 | 29.4              | 0.4                | 1.4                 | 100.0                         |
| TOBACCO                         | 220.1             | 217.4               | -2.7               | -1.2                | 220.1                | 220.3             | 0.2                | 0.1                 | 101.3                         |
| INSURANCE                       | 67.7              | 66.1                | -1.6               | -2.4                | 67.7                 | 65.8              | -1.9               | -2.8                | 99.6                          |
| RACING                          | 3.7               | 3.4                 | -0.3               | -8.0                | 3.7                  | 3.2               | -0.5               | -14.1               | 93.4                          |
| GAMES OF SKILL                  | 12.6              | 23.7                | 11.1               | 88.5                | 12.6                 | 24.8              | 12.2               | 97.0                | 104.5                         |
| MISCELLANEOUS <sup>3</sup>      | 60.3              | 56.0                | -4.3               | -7.2                | 60.3                 | 56.6              | -3.8               | -6.2                | 101.0                         |
| <b>TOTAL GROSS</b>              | <b>5,121.8</b>    | <b>5,335.1</b>      | <b>213.3</b>       | <b>4.2</b>          | <b>5,121.8</b>       | <b>5,342.7</b>    | <b>220.9</b>       | <b>4.3</b>          | <b>100.1</b>                  |
| LESS: SCSF/COF <sup>4</sup>     | 153.7             | 176.1               | 22.4               | 14.6                | 153.7                | 176.3             | 22.7               | 14.7                | 100.1                         |
| IND INCOME TAX REFUNDS          | 443.8             | 476.9               | 33.1               | 7.5                 | 443.8                | 472.8             | 29.0               | 6.5                 | 99.1                          |
| CORP INCOME TAX REFUNDS         | 35.4              | 56.0                | 20.6               | 58.4                | 35.4                 | 55.2              | 19.9               | 56.2                | 98.6                          |
| CLAIMS                          | 0.0               | 0.0                 | 0.0                | 0.0                 | 0.0                  | 0.0               | 0.0                | 0.0                 | 0.0                           |
| ECON DEVEL INCENTIVE FUND       | 12.5              | 15.4                | 2.9                | 23.7                | 12.5                 | 14.3              | 1.9                | 15.2                | 93.1                          |
| WATER/SEWER BONDS               | 13.7              | 13.7                | 0.0                | 0.0                 | 13.7                 | 13.7              | 0.0                | 0.0                 | 100.0                         |
| COLLEGE SAVINGS BONDS           | 23.9              | 17.7                | -6.2               | -26.1               | 23.9                 | 17.7              | -6.2               | -25.9               | 100.2                         |
| CITY/CO. TOURIST                | 5.3               | 5.3                 | 0.0                | 0.5                 | 5.3                  | 5.3               | 0.0                | -0.1                | 99.4                          |
| SCHOOL DESEGREGATION            | 65.1              | 65.8                | 0.7                | 1.1                 | 65.1                 | 65.8              | 0.7                | 1.1                 | 100.0                         |
| EDUCATIONAL EXCELLENCE          | 246.2             | 256.7               | 10.5               | 4.3                 | 246.2                | 256.7             | 10.5               | 4.2                 | 100.0                         |
| EDUCATIONAL ADEQUACY            | 21.8              | 22.7                | 0.9                | 4.3                 | 21.8                 | 22.7              | 0.9                | 4.2                 | 100.0                         |
| ELDERLY TRANSPORTATION          | 1.6               | 0.2                 | -1.4               | -87.2               | 1.6                  | 0.2               | -1.4               | -89.8               | 80.1                          |
| <b>NET AVAILABLE</b>            | <b>4,099.0</b>    | <b>4,228.6</b>      | <b>129.6</b>       | <b>3.2</b>          | <b>4,099.0</b>       | <b>4,241.9</b>    | <b>142.9</b>       | <b>3.5</b>          | <b>100.3</b>                  |

REVENUE FORECAST SUMMARY FOR MAY

|                            |  |
|----------------------------|--|
| YEAR-TO-DATE GROSS         | \$ 7.6 MILLION OR 0.1% ABOVE FORECAST. |
| YEAR-TO-DATE REFUNDS       | \$ 4.8 MILLION OR 0.9% BELOW FORECAST. |
| YEAR-TO-DATE NET AVAILABLE | \$ 13.3 MILLION OR 0.3% ABOVE FORECAST |

|  |                           |                           |                        |
|--|---------------------------|---------------------------|------------------------|
| SOFT DRINK EXCISE TAX<br>(MEDICAID PROGRAM TRUST FUND) | <u>YTD FY 11</u><br>42.6  | <u>YTD FY 12</u><br>42.8  | <u>% CHANGE</u><br>0.5 |
| EDUCATIONAL ADEQUACY FUND<br>(NET COLLECTIONS)         | <u>YTD FY 11</u><br>393.5 | <u>YTD FY 12</u><br>398.9 | <u>% CHANGE</u><br>1.4 |

- 1) Gross Receipts includes the sales, use, 10% mixed drink, 3% beverage excise, vehicle rental, short-term rental, residential moving, and wholesale vending taxes.
- 2) Alcoholic Beverage does not include 10% Mixed Drink and 3% Beverage Excise.
- 3) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 4) State Central Services Fund and Constitutional Officers Fund.

