



STATE OF ARKANSAS
**Department of Finance
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 July (FY 2013)**

DATE: August 2, 2012

Copy: Governor's Office
Management Services

JULY REVENUE SUMMARY

July Net Available General Revenues total \$403.9 million, \$26.9 million or 7.1 percent above last year and \$15.3 million or 3.9 percent above forecast.

Results within major revenue lines were mixed as both individual and corporate income exceeded forecast and year ago collections. A decline in sales tax relative to year ago and forecast offset part of the gains this month.

July Gross General Revenues: July collections total \$461.2 million, an increase of \$26.4 million or 6.1 percent above last year and \$15.7 million or 3.5 percent above forecast.

July Individual Income Tax collections total \$212.1 million. Collections increased by \$18.5 million, or 9.6 percent, compared to last year. With respect to the forecast, collections are \$12.8 million or 6.4 percent above forecast. Individual withholding expanded 8.2 percent compared to last year.

July Individual Income Tax Refunds total \$8.4 million, \$1.1 million or 15.0 percent above last year and \$0.9 million or 11.4 percent above forecast.

July Sales and Use Tax Collections: July collections total \$177.9 million, a decrease of \$1.0 million or -0.6 percent from last year. Collections were below monthly forecast levels by \$7.5 million or -4.0 percent.

July Corporate Income Tax collections total \$25.9 million, an increase of \$0.7 million or 3.0 percent above year earlier levels, and \$3.3 million or 14.7 percent above forecast.

July Corporate Income Tax Refunds total \$1.2 million. This amount is \$0.8 million or 38.6 percent below year ago levels.

July Tobacco Tax collections, a small component of general revenue, total \$18.3 million or 21.9 percent below year earlier levels, and matched forecast. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

SPECIAL REVENUES OF NOTE

July Soft Drink Tax (for Medicaid Program Trust Fund): July collections of the dedicated soft drink tax total \$4.3 million, a decrease of \$0.3 million or -6.4 percent from 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 July 2012, \$37.6 million was collected and deposited to the fund. After deductions, the net amount is \$36.4 million. The monthly collection is equivalent to a 0.8 percent increase from prior year collections.

JULY GENERAL REVENUE REPORT
(ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)
(682-1688 for further information)

July 31, 2012
Days Remaining: 0
Forecast date: 12/01/11

MILLIONS OF \$

	<u>CURRENT MONTH</u>				<u>CURRENT MONTH TO DATE</u>				ACTUAL AS % OF FORECAST
	ACTUAL FY 2012	FORECAST FY 2013	CHANGE AMOUNT	CHANGE PERCENT	ACTUAL FY 2012	ACTUAL FY 2013	CHANGE AMOUNT	CHANGE PERCENT	
INDIVIDUAL INCOME	193.6	199.3	5.7	3.0	193.6	212.1	18.5	9.6	106.4
CORPORATE INCOME	25.2	22.6	-2.6	-10.2	25.2	25.9	0.7	3.0	114.7
SALES AND USE	178.9	185.4	6.5	3.6	178.9	177.9	-1.0	-0.6	96.0
ALCOHOLIC BEVERAGE	5.1	5.1	0.0	-0.1	5.1	4.7	-0.4	-7.5	92.6
TOBACCO	23.4	18.3	-5.1	-21.9	23.4	18.3	-5.1	-21.9	100.0
INSURANCE	0.7	0.7	0.0	-3.7	0.7	0.6	-0.1	-20.3	82.8
RACING	0.3	0.2	-0.1	-26.9	0.3	0.3	0.0	5.0	143.6
GAMES OF SKILL	1.9	1.3	-0.6	-29.7	1.9	2.7	0.8	43.5	204.3
MISCELLANEOUS ¹	5.7	12.6	6.9	119.8	5.7	18.7	13.0	226.8	148.7
TOTAL GROSS	434.8	445.5	10.7	2.5	434.8	461.2	26.4	6.1	103.5
LESS: (SCSF/COF) ²	14.3	14.7	0.4	2.4	14.3	15.2	0.9	6.1	103.5
IND INC TAX REFUNDS	7.3	7.5	0.2	3.3	7.3	8.4	1.1	15.0	111.4
CORP INC TAX REFUNDS	2.0	1.8	-0.2	-11.0	2.0	1.2	-0.8	-38.6	69.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	3.0	2.0	-1.0	-33.8	3.0	1.5	-1.5	-50.9	74.2
WATER/SEWER BONDS	1.3	1.3	0.0	0.0	1.3	1.3	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CITY & COUNTY TOURIST	1.3	0.7	-0.6	-46.9	1.3	0.7	-0.6	-46.7	100.3
SCHOOL DESEGREGATION	3.0	3.0	0.0	0.0	3.0	3.0	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	23.3	23.8	0.5	2.0	23.3	24.0	0.6	2.6	100.6
EDUCATIONAL ADEQUACY	2.1	2.1	0.0	1.8	2.1	2.1	0.1	2.6	100.8
ELDERLY TRANSPORTATION	0.2	0.0	-0.2	-100.0	0.2	0.0	-0.2	-100.0	0.0
NET AVAILABLE	377.0	388.6	11.6	3.1	377.0	403.9	26.9	7.1	103.9

REVENUE FORECAST SUMMARY FOR JULY

JULY GROSS \$ 15.7 MILLION OR 3.5% ABOVE FORECAST.
JULY NET AVAILABLE \$ 15.3 MILLION OR 3.9% ABOVE FORECAST

	<u>July 11</u>	<u>July 12</u>	<u>% CH</u>
EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	36.1	36.4	0.8

- 1) Miscellaneous includes estate tax, severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
- 2) State Central Services Fund and Constitutional Officers Fund.