



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 September (FY 2013)**

DATE: October 2, 2012

Copy: Governor's Office
Management Services

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues: Year-to-date net available general revenues total \$1,267.6 million, \$54.1 million or 4.5 percent above year ago levels. After one quarter into the fiscal year, net available revenue is above forecast by \$42.1 million or 3.4 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$1,438.8 million, representing an increase of \$54.2 million or 3.9 percent above last year. Gross general revenues are above forecast by \$37.7 million or 2.7 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$677.4 million, \$53.0 million or 8.5 percent above FY 2012 collections and \$43.4 million or 6.8 percent above forecast. Collections growth for individual withholding is up 7.6 percent over year ago levels.

Year-to-date individual income tax refunds total \$18.7 million, down \$2.4 million or -11.5 percent compared to last year and \$3.0 million or -14.0 percent below forecast. Amounts below forecast in refund categories contributed to higher net available revenue.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$533.7 million, a decrease of \$5.0 million or -0.9 percent from FY 2012 and \$24.0 million or -4.3 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$95.7 million, a decrease of \$6.5 million or -6.3 percent from year-to-date FY 2012. Corporate income tax is above forecast by \$0.6 million or 0.6 percent.

Year-to-date corporate income tax refunds total \$6.1 million, an increase of \$0.2 million compared to the comparable year-to-date period last year.

SEPTEMBER REVENUE SUMMARY

September Net Available General Revenues total \$494.7 million, \$31.9 million or 6.9 percent above last year and \$29.9 million or 6.4 percent above forecast.

Results were mainly driven by gains in Individual Income tax from both withholding and estimated payments. Sales and Use taxes were down in both business and consumer-related categories, including automobile sales.

Corporate income tax was also below forecast but by a small amount.

September Gross General Revenues: September collections total \$553.9 million, an increase of \$31.7 million or 6.1 percent above last year and \$27.4 million or 5.2 percent above forecast.

September Individual Income Tax collections total \$275.5 million. Collections increased by \$36.7 million, or 15.4 percent compared to last year, largely as a result of calendar effects from payroll timing. With respect to the forecast, collections are \$29.8 million or 12.1 percent above forecast. Individual withholding increased 18.1 percent compared to last year as a result of the payroll timing effect. Both withholding and estimated payments contributed to gains during the month.

September Individual Income Tax Refunds total \$4.7 million, \$2.5 million or -34.8 percent below last year and \$2.7 million or -36.3 percent below forecast.

September Sales and Use Tax Collections: September collections total \$177.8 million, a decrease of \$1.2 million or -0.7 percent from last year. Collections were below monthly forecast levels by \$7.2 million or -3.9 percent.

September Corporate Income Tax collections total \$66.1 million, a decrease of \$5.5 million or -7.8 percent below year earlier levels, and \$1.0 million or -1.6 percent below forecast.

September Corporate Income Tax Refunds total \$3.6 million. This amount is \$0.5 million or 17.6 percent above year ago levels.

September Tobacco Tax collections, a small component of general revenue in annual terms, total \$19.6 million or 6.7 percent below year earlier levels, and 6.9 percent above forecast. 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 Soft Drink Tax (for Medicaid Program Trust Fund): Year-to-date collections of the dedicated soft drink tax total \$12.0 million, a decrease of \$0.5 million or -4.0 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 September 2012, \$36.9 million was collected and deposited to the fund. After deductions, the net amount is \$35.8 million. The monthly collection is equivalent to a -0.7 percent decrease from prior year collections.

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

THROUGH SEPTEMBER 2012
3 Months YTD
Forecast Date: 12/01/2011

MILLIONS OF DOLLARS

	<u>CURRENT YEAR</u>				<u>CURRENT YEAR TO DATE</u>				ACTUAL AS % OF FORECAST
	ACTUAL FY 2012	FORECAST FY 2013	INCREASE AMOUNT	INCREASE PERCENT	ACTUAL FY 2012	ACTUAL FY 2013	INCREASE AMOUNT	INCREASE PERCENT	
INDIVIDUAL INCOME	624.3	634.0	9.7	1.6	624.3	677.4	53.0	8.5	106.8
CORPORATE INCOME	102.2	95.1	-7.1	-6.9	102.2	95.7	-6.5	-6.3	100.6
SALES AND USE	538.8	557.7	18.9	3.5	538.8	533.7	-5.0	-0.9	95.7
ALCOHOLIC BEVERAGE	12.4	12.3	-0.1	-0.7	12.4	12.8	0.4	3.3	104.1
TOBACCO	63.3	54.9	-8.4	-13.2	63.3	59.1	-4.1	-6.5	107.7
INSURANCE	20.9	20.9	0.0	0.1	20.9	20.3	-0.6	-2.7	97.3
RACING	0.8	0.7	-0.1	-10.1	0.8	0.7	-0.1	-16.4	92.9
GAMES OF SKILL	5.8	3.9	-1.9	-32.2	5.8	8.2	2.4	42.1	209.6
MISCELLANEOUS ¹	16.3	21.6	5.3	32.6	16.3	31.0	14.7	90.0	143.3
TOTAL GROSS	1,384.6	1,401.1	16.5	1.2	1,384.6	1,438.8	54.2	3.9	102.7
LESS: SCSF/COF ²	45.7	46.3	0.6	1.3	45.7	47.5	1.8	3.9	102.6
IND INCOME TAX REFUNDS	21.1	21.7	0.6	2.9	21.1	18.7	-2.4	-11.5	86.0
CORP INCOME TAX REFUNDS	6.0	6.3	0.3	5.6	6.0	6.1	0.2	2.8	97.4
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	3.8	6.0	2.2	57.4	3.8	3.1	-0.7	-18.5	51.8
WATER/SEWER BONDS	3.9	3.9	0.0	0.0	3.9	3.9	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/CO. TOURIST	1.3	0.7	-0.6	-46.9	1.3	0.7	-0.6	-46.7	100.3
SCHOOL DESEGREGATION	13.0	13.0	0.0	0.0	13.0	13.0	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	70.0	71.4	1.4	2.0	70.0	71.9	1.9	2.6	100.6
EDUCATIONAL ADEQUACY	6.2	6.3	0.1	1.8	6.2	6.4	0.2	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	1,213.5	1,225.5	12.0	1.0	1,213.5	1,267.6	54.1	4.5	103.4

REVENUE FORECAST SUMMARY FOR SEPTEMBER

YEAR-TO-DATE GROSS	\$ 37.7 MILLION OR 2.7% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 3.2 MILLION OR 11.4% BELOW FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 42.1 MILLION OR 3.4% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 12</u> 12.5	<u>YTD FY 13</u> 12.0	<u>% CHANGE</u> -4.0
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY 12</u> 108.4	<u>YTD FY 13</u> 108.3	<u>% CHANGE</u> 0.0

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

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

September 28, 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	238.8	245.7	6.9	2.9	238.8	275.5	36.7	15.4	112.1
CORPORATE INCOME	71.6	67.1	-4.5	-6.3	71.6	66.1	-5.5	-7.8	98.4
SALES AND USE	179.1	185.0	5.9	3.3	179.1	177.8	-1.2	-0.7	96.1
ALCOHOLIC BEVERAGE	3.8	3.7	-0.1	-1.6	3.8	4.0	0.2	5.9	107.6
TOBACCO	21.0	18.3	-2.7	-12.7	21.0	19.6	-1.4	-6.7	106.9
INSURANCE	0.7	0.7	0.0	-5.4	0.7	0.8	0.0	4.6	110.6
RACING	0.2	0.2	0.0	1.8	0.2	0.2	0.0	-15.2	83.3
GAMES OF SKILL	1.9	1.3	-0.6	-30.6	1.9	4.5	2.6	141.1	347.2
MISCELLANEOUS ¹	5.2	4.5	-0.7	-13.5	5.2	5.5	0.3	6.3	123.0
TOTAL GROSS	522.2	526.5	4.3	0.8	522.2	553.9	31.7	6.1	105.2
LESS: (SCSF/COF) ²	17.2	17.4	0.2	1.0	17.2	18.3	1.0	6.1	105.1
IND INC TAX REFUNDS	7.2	7.4	0.2	2.3	7.2	4.7	-2.5	-34.8	63.7
CORP INC TAX REFUNDS	3.0	2.7	-0.3	-11.3	3.0	3.6	0.5	17.6	132.5
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.2	2.0	1.8	860.5	0.2	0.3	0.1	58.2	16.5
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHOOL DESEGREGATION	5.0	5.0	0.0	0.0	5.0	5.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET AVAILABLE	462.8	464.8	2.0	0.4	462.8	494.7	31.9	6.9	106.4

REVENUE FORECAST SUMMARY FOR SEPTEMBER

SEPTEMBER GROSS \$ 27.4 MILLION OR 5.2% ABOVE FORECAST.
SEPTEMBER NET AVAILABLE \$ 29.9 MILLION OR 6.4% ABOVE FORECAST

	<u>Sept 11</u>	<u>Sept 12</u>	<u>% CH</u>
EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	36.0	35.8	-0.7

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