



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 May (FY 2013)**

DATE: June 4, 2013 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 \$4,480.1 million, \$238.1 million or 5.6 percent above year ago levels. Net available revenue is above forecast by \$172.4 million or 4.0 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$5,592.8 million, representing an increase of \$250.1 million or 4.7 percent above last year. Gross general revenues are above forecast by \$141.3 million or 2.6 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$2,859.0 million, \$217.6 million or 8.2 percent above FY 2012 collections and \$167.1 million or 6.2 percent above forecast. Collections growth for individual withholding is up 3.9 percent over year ago levels.

Year-to-date individual income tax refunds total \$471.9 million, down \$0.9 million or -0.2 percent compared to last year and \$22.6 million or -4.6 percent below forecast. Amounts below forecast contribute to gains in net available funds.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$1,940.6 million, an increase of \$16.9 million or 0.9% from FY 2012 and \$27.8 million or -1.4 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$359.5 million, an increase of \$6.0 million or 1.7 percent above year-to-date FY 2012. Corporate income tax is below forecast by \$0.7 million.

Year-to-date corporate income tax refunds total \$53.1 million, a decrease of \$2.1 million compared to the same year-to-date period last year. The amount is \$2.6 million or -4.7 percent below forecast.

MAY REVENUE SUMMARY

May Net Available General Revenues total \$334.2 million, \$2.0 million or -0.6 percent below last year and \$8.4 million or 2.6 percent above forecast.

Results for gross revenue were mainly driven by rebound in sales tax collections, which surged 7.0 percent compared to year ago May levels. This compares to only 0.9 percent in the year-to-date 11-month period of FY 2013 and a 2.5 percent decline recorded in April collections.

Individual Income tax collections also contributed to collection gains in May as withholding collections continued to perform well at 4.7 percent growth and overall results exceeded forecast by \$3.8 million or 1.9 percent.

Income tax refunds for both individual and corporate categories were above forecast in May. Individual refunds continued to catch up to expected levels for the year after delays in IRS processing early in the filing season. Year-to-date refund payments have almost matched prior year levels at this point but remain below forecast for the year.

May Gross General Revenues: May collections total \$443.2 million, an increase of \$9.3 million or 2.1 percent above last year and \$12.5 million or 2.9 percent above forecast.

May Individual Income Tax collections total \$201.1 million. Collections decreased by \$4.8 million, or -2.3 percent compared to last year. With respect to the forecast, collections were \$3.8 million or 1.9 percent above forecast. Individual withholding rose 4.7 percent compared to last year.

May Individual Income Tax Refunds total \$39.9 million, \$7.0 million or 21.2 percent above last year and \$5.5 million or 16.0 percent above forecast. The gains follow filing delays at the IRS and among states early in the tax filing season.

May Sales and Use Tax Collections: May collections total \$183.9 million, an increase of \$12.0 million or 7.0 percent from last year. Collections were also above monthly forecast levels by \$4.7 million or 2.6 percent.

May Corporate Income Tax collections total \$22.8 million, an increase of \$1.8 million from year ago, and \$0.7 million or 3.0 percent above forecast.

May Corporate Income Tax Refunds total \$3.0 million. This amount is \$0.7 million above year ago levels. Refunds were 2.3 percent above forecast.

May Tobacco Tax collections, a small component of general revenue in annual terms, total \$21.3 million. Collections decreased by \$0.6 million or -2.8 percent from year earlier levels and were above forecast by \$2.0 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 Soft Drink Tax (for Medicaid Program Trust Fund): Year-to-date collections of the dedicated soft drink tax total \$40.9 million, a decrease of \$1.9 million or -4.4 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 May 2013, \$49.1 million was collected and deposited to the fund. After deductions, the net amount is \$47.6 million. The monthly collection is equivalent to a 7.8 percent increase from prior year collections.

C: /FISCNOT/May FY 2013
Attachment (2)

YEAR TO DATE REPORT, MAY 2013
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH MAY 2013
11 Months YTD

MILLIONS OF DOLLARS

Forecast Date: 11/15/2012

	<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	2,641.4	2,691.9	50.5	1.9	2,641.4	2,859.0	217.6	8.2	106.2
CORPORATE INCOME	353.5	360.2	6.7	1.9	353.5	359.5	6.0	1.7	99.8
SALES AND USE	1,923.7	1,968.4	44.7	2.3	1,923.7	1,940.6	16.9	0.9	98.6
ALCOHOLIC BEVERAGE	45.1	46.4	1.3	2.8	45.1	46.6	1.5	3.3	100.5
TOBACCO	220.3	213.4	-6.9	-3.1	220.3	209.5	-10.9	-4.9	98.1
INSURANCE	65.8	65.6	-0.2	-0.3	65.8	65.1	-0.7	-1.1	99.2
RACING	3.2	2.9	-0.3	-8.6	3.2	2.8	-0.4	-11.3	97.1
GAMES OF SKILL	24.8	27.1	2.3	9.4	24.8	32.6	7.9	31.8	120.4
MISCELLANEOUS ¹	64.9	75.6	10.7	16.5	64.9	77.1	12.2	18.8	102.0
TOTAL GROSS	5,342.7	5,451.5	108.8	2.0	5,342.7	5,592.8	250.1	4.7	102.6
LESS: SCSF/COF ²	176.3	179.9	3.6	2.0	176.3	184.6	8.3	4.7	102.6
IND INCOME TAX REFUNDS	472.8	494.5	21.7	4.6	472.8	471.9	-0.9	-0.2	95.4
CORP INCOME TAX REFUNDS	55.2	55.7	0.5	0.9	55.2	53.1	-2.1	-3.9	95.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	14.3	20.9	6.6	45.7	14.3	10.3	-4.1	-28.4	49.1
WATER/SEWER BONDS	13.7	13.6	-0.1	-0.7	13.7	13.6	-0.1	-0.7	100.0
COLLEGE SAVINGS BONDS	17.7	24.0	6.3	35.3	17.7	23.9	6.2	34.9	99.7
CITY/CO. TOURIST	5.3	2.8	-2.5	-46.9	5.3	2.8	-2.5	-46.7	100.3
SCHOOL DESEGREGATION	65.8	65.8	0.0	0.0	65.8	65.8	0.0	0.0	100.0
EDUCATIONAL EXCELLENCE	256.7	263.4	6.7	2.6	256.7	263.5	6.8	2.6	100.0
EDUCATIONAL ADEQUACY	22.7	23.2	0.5	2.2	22.7	23.3	0.6	2.6	100.4
ELDERLY TRANSPORTATION	0.2	0.0	-0.2	-100.0	0.2	0.0	-0.2	-100.0	0.0
NET AVAILABLE	4,241.9	4,307.7	65.8	1.6	4,241.9	4,480.1	238.1	5.6	104.0

REVENUE FORECAST SUMMARY FOR MAY

YEAR-TO-DATE GROSS	\$ 141.3 MILLION OR 2.6% ABOVE FORECAST.
YEAR-TO-DATE REFUNDS	\$ 25.2 MILLION OR 4.6% BELOW FORECAST.
YEAR-TO-DATE NET AVAILABLE	\$ 172.4 MILLION OR 4.0% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY 12</u> 42.8	<u>YTD FY 13</u> 40.9	<u>% CHANGE</u> -4.4
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY 12</u> 398.9	<u>YTD FY 13</u> 404.3	<u>% CHANGE</u> 1.4

- 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.

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

May 31, 2013
Days Remaining: 0
Forecast date: 11/15/2012

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	205.8	197.3	-8.5	-4.2	205.8	201.1	-4.8	-2.3	101.9
CORPORATE INCOME	21.0	22.1	1.1	5.4	21.0	22.8	1.8	8.6	103.0
SALES AND USE	171.9	179.2	7.3	4.2	171.9	183.9	12.0	7.0	102.6
ALCOHOLIC BEVERAGE	5.4	5.6	0.2	3.7	5.4	5.7	0.3	5.4	101.7
TOBACCO	21.9	19.3	-2.6	-11.8	21.9	21.3	-0.6	-2.8	110.2
INSURANCE	0.9	0.9	0.0	-4.0	0.9	1.1	0.2	17.5	122.3
RACING	0.2	0.2	0.0	-6.0	0.2	0.2	0.0	1.4	107.9
GAMES OF SKILL	2.5	2.3	-0.2	-6.9	2.5	3.3	0.9	35.1	145.2
MISCELLANEOUS ¹	4.3	3.8	-0.5	-11.3	4.3	3.8	-0.5	-11.6	99.7
TOTAL GROSS	433.9	430.7	-3.2	-0.7	433.9	443.2	9.3	2.1	102.9
LESS: (SCSF/COF) ²	14.3	14.2	-0.1	-0.8	14.3	14.6	0.3	2.1	103.0
IND INC TAX REFUNDS	32.9	34.4	1.5	4.5	32.9	39.9	7.0	21.2	116.0
CORP INC TAX REFUNDS	2.2	2.9	0.7	30.2	2.2	3.0	0.7	33.2	102.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.9	2.5	1.6	163.4	0.9	0.7	-0.2	-26.3	28.0
WATER/SEWER BONDS	1.2	1.2	0.0	0.0	1.2	1.2	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	15.7	18.6	2.9	18.8	15.7	18.5	2.8	18.0	99.3
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	24.0	0.7	2.9	23.3	24.0	0.6	2.6	99.8
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	336.3	325.8	-10.5	-3.1	336.3	334.2	-2.0	-0.6	102.6

REVENUE FORECAST SUMMARY FOR MAY

MAY GROSS \$ 12.5 MILLION OR 2.9% ABOVE FORECAST.
MAY NET AVAILABLE \$ 8.4 MILLION OR 2.6% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>May 12</u>	<u>May 13</u>	<u>% CH</u>
	44.1	47.6	7.8

- 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.