



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 April 2025 (FY 2025)**

DATE: May 2, 2025 Copy: Governor's Office

On April 12 and April 14, Governor Sanders issued Executive Orders 25-08 and 25-09 providing relief to Arkansans affected by recent severe weather which extends until July 31, 2025, the deadlines for corporate and individual taxpayers to file income tax returns and pay estimated income taxes. The extended deadlines will likely shift some income tax revenue from Q4 FY 2025 into Q1 FY 2026.

Additionally, analysis of year-to-date tax payments received indicates that some receipts projected for April were likely received earlier in the fiscal year in the form of higher estimated payments and lower refunds.

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues total \$5,465.5 million, \$224.7 million or 3.9 percent below year ago levels. After ten months into the fiscal year, net available revenue is above forecast by \$52.2 million or 1.0 percent.

Gross General Revenues total \$6,852.5 million, representing a decrease of \$361.5 million or 5.0 percent below last year. Gross general revenues are slightly less than forecast by \$48.0 million or 0.7 percent.

The decrease in year-to-date revenues compared to FY 2024 is impacted by the tax rate reductions for individual and corporate income passed in the First and Second Extraordinary Sessions of the 94th General Assembly.

Individual Income Tax collections total \$3,063.7 million, \$201.8 million or 6.2 percent below FY 2024 collections and \$7.2 million or 0.2 percent above forecast.

Individual Income Tax Refunds total \$591.0 million, down \$115.8 million or 16.4 percent compared to last year and \$111.3 million or 15.9 percent below forecast.

Sales and Use Tax collections total \$2,919.5 million, an increase of \$19.9 million or 0.7 percent above FY 2024 and \$6.5 million or 0.2 percent less than forecast.

Corporate Income Tax collections total \$433.3 million, a decrease of \$183.0 million from year-to-date FY 2024. Corporate income tax is below forecast by \$49.5 million or 10.3 percent.

Corporate Income Tax Refunds total \$109.6 million, a decrease of \$19.6 million compared to the same year-to-date period last year.

APRIL REVENUE SUMMARY

Net Available General Revenues total \$647.9 million, \$170.9 million or 20.9 percent lower than last year and \$79.5 million or 10.9 percent below forecast. Net Available revenue results are less than forecast primarily due to individual and corporate income tax collections.

Gross General Revenues total \$940.6 million, \$172.8 million or 15.5 percent lower than last year and \$94.8 million or 9.2 percent below forecast.

Individual Income Tax collections total \$494.2 million. Collections decreased by \$112.5 million, or 18.5 percent compared to last year, reflecting a rate reduction in withholding and the impact of one less payday on withholding collections. Additionally, the extension of the income tax due date and earlier collections, as noted in the beginning of the report, likely contributed. Compared to the forecast, collections are \$57.4 million, or 10.4 percent, below forecast.

Individual Income Tax Refunds total \$195.9 million, \$7.3 million higher than last year and \$14.2 million under forecast.

Sales and Use Tax collections total \$302.9 million, \$2.3 million, or 0.7 percent, higher than last year and \$4.5 million, or 1.5 percent, under forecast. Results were mixed in the major categories.

Corporate Income Tax collections total \$111.7 million, a decrease of \$61.7 million from year ago, and \$32.8 million lower than forecast. Most of the shortfall to forecast occurred in extension payments.

Corporate Income Tax Refunds total \$17.4 million, an amount that is \$4.0 million lower than year ago levels. Refunds are \$3.0 million more than forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$13.8 million. Collections decreased by \$1.5 million from year earlier levels and are less 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 April 2025, \$70.0 million is collected and deposited to the fund. After deductions, the net amount is \$68.0 million. The monthly collection is equivalent to a 1.6 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2025/10 April
Attachment (2)

April 2025 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 11/14/24

Millions of \$

	Actual Apr FY24	Forecast Apr FY25	Actual Apr FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	3,265.5	3,056.5	3,063.7	7.2	0.2	-201.8	-6.2
Corporate Income	616.2	482.8	433.3	-49.5	-10.3	-183.0	-29.7
Sales & Use	2,899.6	2,926.0	2,919.5	-6.5	-0.2	19.9	0.7
Alcohol	61.6	62.5	61.6	-0.9	-1.5	0.0	0.0
Tobacco	160.9	153.9	150.8	-3.1	-2.0	-10.1	-6.3
Insurance	86.6	93.1	94.3	1.2	1.2	7.6	8.8
Racing	1.2	1.2	1.1	-0.1	-11.2	-0.1	-12.2
Gaming	46.9	48.3	48.8	0.5	1.1	2.0	4.2
Severance	10.3	9.3	9.3	0.0	-0.1	-1.0	-9.7
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	54.6	56.3	59.7	3.4	6.0	5.1	9.3
Total Gross	7,214.0	6,900.5	6,852.5	-48.0	-0.7	-361.5	-5.0
LESS: (SCSF/COF) ¹	223.6	207.0	205.3	-1.7	-0.8	-18.4	-8.2
Individual Income Refunds	706.8	702.3	591.0	-111.3	-15.9	-115.8	-16.4
Corporate Income Refunds	129.3	98.3	109.6	11.3	11.5	-19.6	-15.2
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	8.8	15.0	16.2	1.2	7.7	7.4	83.6
Amendment 82 Bonds	0.9	0.8	0.8	0.0	1.8	0.0	-5.6
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	12.4	12.4	12.4	0.0	0.0	0.0	0.0
College Savings Bonds	2.3	1.9	1.9	0.0	-1.9	-0.4	-17.3
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	390.3	397.9	397.8	-0.1	0.0	7.5	1.9
Educational Adequacy	34.5	35.1	35.2	0.1	0.2	0.7	1.9
Highway Casino Transfer	14.1	15.6	16.1	0.5	3.3	2.0	14.0
Total Deductions	1,523.8	1,487.2	1,387.0	-100.2	-6.7	-136.8	-9.0
Net Available	5,690.2	5,413.3	5,465.5	52.2	1.0	-224.7	-3.9

Revenue Forecast Summary for the Month

April Year-to-Date Gross: \$ 48.0 Million OR 0.7% Below Forecast
 April Year-to-Date Net Available: \$ 52.2 Million OR 1.0% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

April 2025 General Revenue Report **Economic Analysis and Tax Research, DFA**

Forecast Date: 11/14/24

Millions of \$

	Actual Apr FY24	Forecast Apr FY25	Actual Apr FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	606.7	551.6	494.2	-57.4	-10.4	-112.5	-18.5
Corporate Income	173.4	144.5	111.7	-32.8	-22.7	-61.7	-35.6
Sales & Use	300.7	307.4	302.9	-4.5	-1.5	2.3	0.7
Alcohol	6.4	6.6	6.3	-0.3	-4.2	-0.1	-1.1
Tobacco	15.3	14.4	13.8	-0.6	-4.2	-1.5	-9.8
Insurance	0.4	0.4	0.6	0.2	39.8	0.2	57.0
Racing	0.2	0.2	0.1	-0.1	-49.4	-0.1	-33.9
Gaming	6.2	6.3	6.0	-0.3	-5.2	-0.2	-3.5
Severance	1.0	0.9	1.2	0.3	35.8	0.3	27.9
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	0.0	0.0	0.0
Miscellaneous	3.3	3.1	3.8	0.7	21.6	0.4	12.8
Total Gross	1,113.5	1,035.4	940.6	-94.8	-9.2	-172.8	-15.5
LESS: (SCSF/COF) ¹	34.7	31.2	28.2	-3.0	-9.6	-6.5	-18.6
Individual Income Refunds	188.6	210.1	195.9	-14.2	-6.7	7.3	3.9
Corporate Income Refunds	21.4	14.4	17.4	3.0	20.8	-4.0	-18.6
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.1	1.5	0.7	-0.8	-50.6	0.6	400.9
Amendment 82 Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	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	0.0	0.0	0.0
City & County Tourist	0.2	0.2	0.2	0.0	11.0	0.0	0.0
Educational Excellence	39.0	39.8	39.8	0.0	-0.1	0.7	1.9
Educational Adequacy	3.5	3.5	3.5	0.0	0.5	0.1	1.9
Highway Casino Transfer	6.0	6.1	5.8	-0.3	-5.4	-0.2	-3.6
Total Deductions	294.7	308.0	292.8	-15.2	-4.9	-1.9	-0.6
Net Available	818.8	727.4	647.9	-79.5	-10.9	-170.9	-20.9

Revenue Forecast Summary for the Month

April Gross: \$ 94.8 Million OR 9.2% Below Forecast
April Net Available: \$ 79.5 Million OR 10.9% Below Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

From: [Steve Wilkins](#)
To: [<REDACTED>](#)

Subject: April 2025 General Revenue Report

Date: Friday, May 2, 2025 9:17:25 AM

Attachments: [April 2025 General Revenue Report.pdf](#)

DFA Secretary Jim Hudson's Statement on April Revenue Report

As indicated in today's revenue report, April gross and net revenues were below forecast primarily due to an extension of income tax filing and payment deadlines pursuant to executive orders following severe storms, and an acceleration of payments from April into earlier months of the tax filing season. We also saw a rebounding in sales tax collections for April so that our year-to-date performance for sales tax is now mostly in line with our forecast.

Looking at the overall results year to date, the State of Arkansas is still \$52 million ahead of forecast (on top of the projected surplus of \$279 million). We believe our year-to-date results provide ample margin to mitigate any revenue that may be shifted from the last two months of FY 2025 into FY 2026 due to the extensions.



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