



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 August 2025 (FY 2026)**

DATE: September 3, 2025 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues totaled \$1,126.1 million, \$82.4 million or 7.9 percent higher than year ago levels. After two months into the fiscal year, net available revenue is above forecast by \$75.7 million or 7.2 percent.

Gross General Revenues totaled \$1,289.9 million, representing an increase of \$69.5 million or 5.7 percent more than last year. Gross general revenues are above forecast by \$79.1 million or 6.5 percent.

Individual Income Tax collections totaled \$522.9 million, \$37.6 million or 7.7 percent greater than FY 2025 collections and \$51.4 million or 10.9 percent above forecast.

Individual Income Tax Refunds totaled \$27.1 million, down \$11.1 million or 29.0 percent compared to last year and \$2.5 million or 8.5 percent less than forecast.

Sales and Use Tax collections totaled \$622.2 million, an increase of \$25.1 million or 4.2 percent above FY 2025 and \$16.8 million or 2.8 percent above forecast.

Corporate Income Tax collections totaled \$29.8 million, an increase of \$2.8 million from year-to-date FY 2025. Corporate income is more than forecast by \$8.0 million or 36.6 percent.

Corporate Income Tax Refunds totaled \$4.6 million, a decrease of \$4.2 million compared to the same year-to-date period last year.

AUGUST REVENUE SUMMARY

Net Available General Revenues totaled \$568.7 million, \$52.6 million or 10.2 percent higher than last year and \$46.6 million or 8.9 percent above forecast.

Net Available revenue results were above forecast in Individual and Corporate Income Tax, a relatively low collection month for these categories. August collections include some shifting of quarterly estimated and extension tax payments from April and June because of the executive orders issued by Governor Sanders to provide relief to Arkansans affected by recent severe weather. Sales Tax collections were above forecast and year ago levels. Income Tax refund claims were above forecast in Corporate and less than forecast in Individual.

Among smaller revenue sources, Tobacco was above forecast by \$1.0 million and higher than year ago collections. Insurance revenues were above forecast by \$2.8 million.

Gross General Revenues totaled \$653.1 million, \$48.5 million or 8.0 percent greater than last year and \$49.0 million or 8.1 percent above forecast. Gross revenue from collections was above year ago primarily due to higher Individual and Corporate Income Tax and Sales Tax collections.

Individual Income Tax collections totaled \$263.1 million. Collections increased by \$25.2 million, or 10.6 percent compared to last year. Compared to the forecast, collections were \$28.7 million, or 12.2 percent higher. Individual Withholding Tax revenue increased by \$6.6 million, or 3.1 percent compared to last year.

Individual Income Tax Refunds totaled \$13.8 million, \$4.9 million below last year and \$2.9 million less than forecast.

Sales and Use Tax collections totaled \$322.9 million, \$16.0 million, or 5.2 percent greater than last year. Collections were above monthly forecast levels by \$14.8 million or 4.8 percent. Collections were up in almost all major reporting sectors.

Corporate Income Tax collections totaled \$5.5 million, an increase of \$1.5 million from year ago, and \$2.1 million over forecast.

Corporate Income Tax Refunds totaled \$4.3 million, an amount that is \$0.8 million lower than year ago levels. Refunds were \$3.8 million above forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$15.6 million. Collections increased by \$0.2 million from year earlier levels and were more than forecast by \$1.0 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 August 2025, \$66.3 million was collected and deposited to the fund. After deductions, the net amount is \$64.4 million. The monthly collection is equivalent to a 5.7 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2026/02 August
Attachment (2)

August 2025 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual Aug FY25	Forecast Aug FY26	Actual Aug FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	485.3	471.5	522.9	51.4	10.9	37.6	7.7
Corporate Income	27.0	21.8	29.8	8.0	36.6	2.8	10.4
Sales & Use	597.1	605.4	622.2	16.8	2.8	25.1	4.2
Alcohol	13.7	13.9	13.6	-0.3	-2.4	-0.2	-1.1
Tobacco	32.6	30.7	30.5	-0.2	-0.5	-2.0	-6.2
Insurance	24.8	27.8	30.4	2.6	9.5	5.7	22.8
Racing	0.1	0.2	0.1	-0.1	-33.7	0.0	6.2
Gaming	10.5	10.7	11.0	0.3	2.4	0.5	4.8
Severance	2.5	2.2	2.0	-0.2	-7.3	-0.5	-18.8
Franchise	1.3	1.6	1.6	0.0	-2.1	0.3	25.3
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	23.0	22.4	23.2	0.8	3.5	0.2	0.7
Total Gross	1,220.4	1,210.8	1,289.9	79.1	6.5	69.5	5.7
LESS: (SCSF/COF) ¹	36.3	36.3	38.7	2.4	6.6	2.4	6.6
Individual Income Refunds	38.2	29.6	27.1	-2.5	-8.5	-11.1	-29.0
Corporate Income Refunds	8.8	0.9	4.6	3.7	408.4	-4.2	-47.9
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	4.0	3.4	2.8	-0.6	-16.6	-1.2	-29.3
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	2.6	2.6	2.6	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	79.6	80.3	80.6	0.3	0.4	1.1	1.4
Educational Adequacy	7.0	7.1	7.1	0.0	0.4	0.1	1.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Available	1,043.7	1,050.4	1,126.1	75.7	7.2	82.4	7.9

Revenue Forecast Summary for the Month

August Year-to-Date Gross: \$ 79.1 Million OR 6.5% Above Forecast

August Year-to-Date Net Available: \$ 75.7 Million OR 7.2% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

August 2025 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual Aug FY25	Forecast Aug FY26	Actual Aug FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	237.9	234.4	263.1	28.7	12.2	25.2	10.6
Corporate Income	4.0	3.4	5.5	2.1	63.1	1.5	37.9
Sales & Use	307.0	308.1	322.9	14.8	4.8	16.0	5.2
Alcohol	6.2	6.3	6.2	-0.1	-1.7	0.0	-0.5
Tobacco	15.5	14.6	15.6	1.0	7.0	0.2	1.1
Insurance	24.4	27.4	30.2	2.8	10.3	5.8	23.9
Racing	0.1	0.1	0.1	0.0	-40.9	0.0	12.7
Gaming	4.1	4.2	4.5	0.3	6.5	0.4	8.9
Severance	1.3	0.8	0.5	-0.3	-41.3	-0.8	-63.1
Franchise	0.6	0.9	0.7	-0.2	-22.7	0.1	24.2
Real Estate Transfer	0.6	0.7	0.3	-0.4	-50.2	-0.2	-39.2
Miscellaneous	3.1	3.2	3.5	0.3	9.5	0.4	11.7
Total Gross	604.6	604.1	653.1	49.0	8.1	48.5	8.0
LESS: (SCSF/COF) ¹	18.1	18.1	19.6	1.5	8.3	1.5	8.0
Individual Income Refunds	18.7	16.7	13.8	-2.9	-17.1	-4.9	-26.1
Corporate Income Refunds	5.1	0.5	4.3	3.8	757.7	-0.8	-16.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	2.0	1.7	1.6	-0.1	-8.7	-0.4	-22.3
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 Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water / Sewer Bonds	1.3	1.3	1.3	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Educational Excellence	39.8	40.1	40.3	0.2	0.6	0.5	1.4
Educational Adequacy	3.5	3.6	3.6	0.0	-1.0	0.0	1.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Available	516.0	522.1	568.7	46.6	8.9	52.6	10.2

Revenue Forecast Summary for the Month

August Gross:	\$ 49.0 Million OR 8.1% Above Forecast
August Net Available:	\$ 46.6 Million OR 8.9% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.