



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 September 2025 (FY 2026)**

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

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues totaled \$1,762.4 million, \$27.1 million or 1.6 percent higher than year ago levels. After three months into the fiscal year, net available revenue is above forecast by \$73.9 million or 4.4 percent.

Gross General Revenues totaled \$2,016.6 million, representing an increase of \$13.0 million or 0.6 percent more than last year. Gross general revenues are above forecast by \$79.8 million or 4.1 percent.

Individual Income Tax collections totaled \$854.6 million, \$3.3 million or 0.4 percent greater than FY 2025 collections and \$67.5 million or 8.6 percent above forecast.

Individual Income Tax Refunds totaled \$47.8 million, down \$10.4 million or 17.8 percent compared to last year and \$0.3 million or 0.7 percent greater than forecast.

Sales and Use Tax collections totaled \$908.9 million, an increase of \$32.5 million or 3.7 percent above FY 2025 and \$23.5 million or 2.7 percent above forecast.

Corporate Income Tax collections totaled \$106.2 million, a decrease of \$23.1 million from year-to-date FY 2025. Corporate income is less than forecast by \$12.0 million or 10.2 percent.

Corporate Income Tax Refunds totaled \$7.2 million, a decrease of \$4.3 million compared to the same year-to-date period last year.

SEPTEMBER REVENUE SUMMARY

Net Available General Revenues totaled \$636.3 million, \$55.3 million or 8.0 percent lower than last year and \$1.8 million or 0.3 percent below forecast.

Net Available revenue results were close to forecast as gains against forecast in Individual Income Tax and Sales & Use Tax offset lower Corporate Income Tax collections. Most smaller revenue sources were at or above forecast.

Gross General Revenues totaled \$726.6 million, \$56.6 million or 7.2 percent less than last year and \$0.6 million or 0.1 percent above forecast. Gross revenue from collections was above year ago primarily due to higher Individual Income Tax and Sales Tax collections.

Individual Income Tax collections totaled \$331.7 million. Collections decreased by \$34.3 million, or 9.4 percent compared to last year. Compared to the forecast, collections were \$16.1 million, or 5.1 percent higher, primarily due to better-than-expected withholding.

Individual Income Tax Refunds totaled \$20.7 million, \$0.7 million more than last year and \$2.8 million over forecast.

Sales and Use Tax collections totaled \$286.7 million, \$7.3 million, or 2.6 percent greater than last year. Collections were above monthly forecast levels by \$6.7 million or 2.4 percent. September 2024 and September 2025 collections were impacted by large economic development investment incentive refunds for purchases made in prior years. Without the refunds, sales and use tax collections grew 4.6 percent over last year.

Corporate Income Tax collections totaled \$76.4 million, a decrease of \$25.9 million from year ago, and \$20.0 million below forecast.

Corporate Income Tax Refunds totaled \$2.6 million, an amount that is \$0.1 million lower than year ago levels. Refunds were \$1.1 million above forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$15.1 million. Collections decreased by \$0.1 million from year earlier levels and were more than forecast by \$0.8 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 September 2025, \$63.7 million was collected and deposited to the fund. After deductions, the net amount is \$61.9 million. The monthly collection is equivalent to a 4.6 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2026/03 September
Attachment (2)

September 2025 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual Sept FY25	Forecast Sept FY26	Actual Sept FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	851.4	787.1	854.6	67.5	8.6	3.3	0.4
Corporate Income	129.3	118.2	106.2	-12.0	-10.2	-23.1	-17.9
Sales & Use	876.4	885.4	908.9	23.5	2.7	32.5	3.7
Alcohol	19.8	20.0	19.6	-0.4	-1.9	-0.2	-0.9
Tobacco	47.8	45.0	45.7	0.7	1.5	-2.1	-4.5
Insurance	28.9	31.9	31.3	-0.6	-2.0	2.4	8.3
Racing	0.2	0.3	0.2	-0.1	-25.4	0.1	36.6
Gaming	14.7	15.1	15.5	0.4	2.4	0.8	5.2
Severance	3.4	2.9	2.7	-0.2	-5.9	-0.6	-18.8
Franchise	2.6	2.7	2.9	0.2	6.5	0.3	10.8
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	26.7	25.6	26.5	0.9	3.4	-0.2	-0.8
Total Gross	2,003.6	1,936.8	2,016.6	79.8	4.1	13.0	0.6
LESS: (SCSF/COF) ¹	59.8	58.1	60.5	2.4	4.1	0.7	1.2
Individual Income Refunds	58.2	47.5	47.8	0.3	0.7	-10.4	-17.8
Corporate Income Refunds	11.5	2.4	7.2	4.8	200.8	-4.3	-37.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	4.8	5.1	2.8	-2.3	-44.4	-1.9	-40.5
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	3.9	3.9	3.9	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	119.3	120.5	121.0	0.5	0.4	1.6	1.4
Educational Adequacy	10.5	10.6	10.7	0.1	0.9	0.1	1.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Available	1,735.3	1,688.5	1,762.4	73.9	4.4	27.1	1.6

Revenue Forecast Summary for the Month

September Year-to-Date Gross: \$ 79.8 Million OR 4.1% Above Forecast

September Year-to-Date Net Available: \$ 73.9 Million OR 4.4% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

September 2025 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual Sept FY25	Forecast Sept FY26	Actual Sept FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	366.0	315.6	331.7	16.1	5.1	-34.3	-9.4
Corporate Income	102.3	96.4	76.4	-20.0	-20.8	-25.9	-25.3
Sales & Use	279.3	280.0	286.7	6.7	2.4	7.3	2.6
Alcohol	6.1	6.1	6.1	0.0	-0.8	0.0	-0.4
Tobacco	15.2	14.3	15.1	0.8	5.7	-0.1	-0.7
Insurance	4.1	4.1	0.8	-3.3	-79.6	-3.3	-79.7
Racing	0.0	0.1	0.1	0.0	-8.8	0.1	134.0
Gaming	4.2	4.4	4.5	0.1	2.3	0.3	6.0
Severance	0.8	0.7	0.7	0.0	-1.3	-0.2	-18.6
Franchise	1.3	1.1	1.3	0.2	18.9	0.0	-2.6
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	3.7	3.2	3.3	0.1	3.2	-0.4	-10.3
Total Gross	783.2	726.0	726.6	0.6	0.1	-56.6	-7.2
LESS: (SCSF/COF) ¹	23.5	21.8	21.8	0.0	0.0	-1.7	-7.2
Individual Income Refunds	20.1	17.9	20.7	2.8	15.9	0.7	3.4
Corporate Income Refunds	2.7	1.5	2.6	1.1	76.3	-0.1	-3.2
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.8	1.7	0.0	-1.7	-100.0	-0.8	-100.0
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	691.6	638.1	636.3	-1.8	-0.3	-55.3	-8.0

Revenue Forecast Summary for the Month

September Gross:	\$ 0.6 Million OR 0.1% Above Forecast
September Net Available:	\$ 1.8 Million OR 0.3% Below Forecast

¹ State Central Services Fund and Constitutional Officers Fund.