



STATE OF ARKANSAS
**Department of Finance
and Administration**

Economic Analysis and Tax Research
1509 West Seventh Street, Suite 404
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-5495
Fax: (501) 682-1086
www.arkansas.gov/dfa

MEMORANDUM

TO: Jim Hudson, Secretary
Alan McVey, Deputy Director

FROM: Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for December 2025 (FY 2026)**

DATE: January 5, 2026 Copy: Governor's Office

YEAR-TO-DATE REVENUE SUMMARY

Net Available General Revenues totaled \$3,437.0 million, \$73.4 million or 2.2 percent higher than year ago levels. After six months into the fiscal year, net available revenue is above forecast by \$102.9 million or 3.1 percent.

Gross General Revenues totaled \$4,023.0 million, representing an increase of \$49.5 million or 1.2 percent higher than last year. Gross general revenues are above forecast by \$116.2 million or 3.0 percent.

Individual Income Tax collections totaled \$1,691.5 million, \$24.2 million or 1.5 percent greater than FY 2025 collections and \$90.6 million or 5.7 percent above forecast.

Individual Income Tax Refunds totaled \$143.8 million, down \$17.3 million or 10.8 percent compared to last year and \$0.6 million or 0.4 percent over forecast.

Sales and Use Tax collections totaled \$1,825.2 million, an increase of \$56.0 million or 3.2 percent above FY 2025 and \$34.6 million or 1.9 percent above forecast.

Corporate Income Tax collections totaled \$219.6 million, a decrease of \$31.0 million from year-to-date FY 2025. Corporate income is less than forecast by \$10.8 million or 4.7 percent.

Corporate Income Tax Refunds totaled \$40.9 million, a decrease of \$9.2 million compared to the same year-to-date period last year.

DECEMBER REVENUE SUMMARY

Net Available General Revenues totaled \$618.6 million, \$7.8 million or 1.2 percent less than last year and \$5.8 million or 0.9 percent below forecast.

Net Available revenue results were below forecast as gains against forecast in sales tax and net individual income tax were offset by lower net corporate income tax collections (gross revenues less refunds).

Gross General Revenues totaled \$714.2 million, \$9.4 million or 1.3 percent lower than last year and \$3.6 million or 0.5 percent above forecast. Gross revenue from collections was below year ago primarily due to withholding which included one less payday period compared to last year.

Individual Income Tax collections totaled \$285.0 million. Collections decreased by \$10.7 million, or 3.6 percent compared to last year. Lower estimated payments were offset by increased return payments resulting from the extension of the due date to December 3, 2025. Lower withholding was impacted by one less payday. Although lower than last year, individual income tax collections were \$5.4 million, or 1.9 percent higher than forecast.

Individual Income Tax Refunds totaled \$10.4 million, \$3.3 million more than last year and \$4.1 million above forecast.

Sales and Use Tax collections totaled \$308.7 million, \$8.9 million, or 3.0 percent greater than last year, and above monthly forecast levels by \$6.4 million or 2.1 percent.

Corporate Income Tax collections totaled \$78.1 million, a decrease of \$3.4 million from year ago, and \$5.5 million under forecast.

Corporate Income Tax Refunds totaled \$16.0 million, an amount that is \$7.1 million less than year ago levels. Refunds were \$4.8 million higher than forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$14.4 million. Collections decreased by \$0.7 million from year earlier levels and were more than forecast by \$0.2 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 December 2025, \$63.5 million was collected and deposited to the fund. After deductions, the net amount is \$61.7 million. The monthly collection is equivalent to a 3.5 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2026/06 December
Attachment (2)

December 2025 Year-to-Date General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual Dec FY25	Forecast Dec FY26	Actual Dec FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	1,667.3	1,600.9	1,691.5	90.6	5.7	24.2	1.5
Corporate Income	250.6	230.4	219.6	-10.8	-4.7	-31.0	-12.4
Sales & Use	1,769.2	1,790.6	1,825.2	34.6	1.9	56.0	3.2
Alcohol	38.1	38.5	37.4	-1.1	-2.7	-0.7	-1.8
Tobacco	95.2	89.6	90.2	0.6	0.6	-5.0	-5.2
Insurance	62.6	68.5	68.6	0.1	0.2	6.1	9.7
Racing	0.4	0.6	0.5	-0.1	-17.7	0.1	22.2
Gaming	27.5	28.1	28.5	0.4	1.6	1.1	3.9
Severance	6.0	5.3	4.8	-0.5	-10.2	-1.2	-20.7
Franchise	7.6	7.0	7.4	0.4	5.2	-0.2	-2.8
Real Estate Transfer	2.6	2.6	2.6	0.0	0.3	0.0	0.0
Miscellaneous	46.5	44.7	46.7	2.0	4.5	0.2	0.4
Total Gross	3,973.5	3,906.8	4,023.0	116.2	3.0	49.5	1.2
LESS: (SCSF/COF) ¹	118.9	117.2	120.7	3.5	3.0	1.8	1.5
Individual Income Refunds	161.1	143.2	143.8	0.6	0.4	-17.3	-10.8
Corporate Income Refunds	50.1	29.5	40.9	11.4	38.8	-9.2	-18.3
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	9.2	10.2	7.0	-3.2	-31.6	-2.3	-24.5
Amendment 82 Bonds	0.8	0.8	0.8	0.0	-6.1	-0.1	-7.7
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	7.6	7.6	7.6	0.0	0.0	0.0	0.0
College Savings Bonds	1.9	1.5	1.5	0.0	-2.5	-0.4	-21.5
City & County Tourist	0.4	0.5	0.4	-0.1	-11.2	0.0	0.0
Educational Excellence	238.7	240.9	241.9	1.0	0.4	3.3	1.4
Educational Adequacy	21.1	21.3	21.4	0.1	0.4	0.3	1.4
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Available	3,363.6	3,334.1	3,437.0	102.9	3.1	73.4	2.2

Revenue Forecast Summary for the Month

December Year-to-Date Gross: \$ 116.2 Million OR 3.0% Above Forecast

December Year-to-Date Net Available: \$ 102.9 Million OR 3.1% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.

December 2025 General Revenue Report

Economic Analysis and Tax Research, DFA

Forecast Date: 05/21/25

Millions of \$

	Actual Dec FY25	Forecast Dec FY26	Actual Dec FY26	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	295.7	279.6	285.0	5.4	1.9	-10.7	-3.6
Corporate Income	81.5	83.6	78.1	-5.5	-6.6	-3.4	-4.2
Sales & Use	299.7	302.3	308.7	6.4	2.1	8.9	3.0
Alcohol	6.3	6.4	5.9	-0.5	-8.1	-0.4	-7.0
Tobacco	15.1	14.2	14.4	0.2	1.1	-0.7	-4.7
Insurance	5.0	5.0	3.3	-1.7	-33.7	-1.7	-34.3
Racing	0.1	0.1	0.2	0.1	87.3	0.1	185.8
Gaming	4.6	4.7	4.4	-0.3	-6.5	-0.2	-4.9
Severance	0.9	0.8	0.6	-0.2	-18.9	-0.3	-30.2
Franchise	1.6	1.5	0.9	-0.6	-39.6	-0.7	-42.7
Real Estate Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	13.1	12.4	12.8	0.4	2.9	-0.4	-2.7
Total Gross	723.6	710.6	714.2	3.6	0.5	-9.4	-1.3
LESS: (SCSF/COF) ¹	21.7	21.3	21.4	0.1	0.6	-0.3	-1.3
Individual Income Refunds	7.1	6.3	10.4	4.1	64.9	3.3	46.9
Corporate Income Refunds	23.0	11.2	16.0	4.8	42.4	-7.1	-30.7
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.1	1.7	2.0	0.3	16.4	1.9	2,237.9
Amendment 82 Bonds	0.8	0.8	0.8	0.0	-6.1	-0.1	-7.7
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	1.2	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	0.0	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	626.4	624.4	618.6	-5.8	-0.9	-7.8	-1.2

Revenue Forecast Summary for the Month

December Gross:	\$ 3.6 Million OR 0.5% Above Forecast
December Net Available:	\$ 5.8 Million OR 0.9% Below Forecast

¹ State Central Services Fund and Constitutional Officers Fund.