



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

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MEMORANDUM

TO: Larry Walther, Secretary
 Paul Louthian, Deputy Director

FROM: John Shelnutt, Economic Analysis & Tax Research *JS*

SUBJECT: **General Revenue Report for April (FY 2020)**

DATE: May 4, 2020

Copy: Governor's Office
 Management Services

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues: After ten months into the fiscal year, year-to-date net available general revenues total \$4,797.8 million, \$206.9 million or 4.5 percent above the revised forecast and \$92.9 million or -1.9 percent below year ago levels.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$5,789.9 million, \$130.2 million or 2.3 percent above the revised forecast and \$114.8 million or -1.9 percent below comparable year ago levels.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$2,880.9 million, \$94.6 million or 3.4 percent above forecast and \$78.5 million or -2.7 percent below comparable year ago levels.

Year-to-date individual income tax refunds: Year-to-date refunds total \$427.5 million, \$15.6 million or -3.5 percent below last year and \$80.3 million or -15.8 percent below forecast. Amounts below forecast in refund categories add to net available revenue results.

Year-to-date Sales and Use Tax Collections: Year-to-date Sales and Use tax collections total \$2,110.6 million, an increase of \$66.3 million or 3.2 percent above prior year and \$10.6 million or -0.5 percent below forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$403.7 million, \$37.2 million or 10.2 percent above forecast and \$76.2 million or -15.9 percent below year ago levels.

Year-to-date corporate income tax refunds: Year-to-date corporate refunds total \$47.1 million, a decrease of \$12.1 million compared to the same year-to-date period last year.

APRIL REVENUE SUMMARY

April Net Available General Revenues total \$537.3 million, \$177.7 million or 49.4 percent above forecast and \$213.8 million or -28.5 percent below last year.

All major categories of revenue collections were down significantly compared to year ago levels as a result of COVID-19 impact on consumption, jobs, and business activity rates. Income tax collections and refunds were down compared to year ago as a result of changes in tax filing patterns related to the due date shift to July 15th from April 15th. Revenue collection results compared to forecast were favorable in Income Tax categories as declines were less than forecast during the period and Individual refunds were also less than expected. Sales and Use Tax collections were below forecast and year ago with restaurants and car sales leading the decline. The retail sector of sales tax collections benefited from the “stocking up” effect by consumers while offsetting losses in other categories.

Among smaller revenue sources, Tobacco revenue was above forecast by \$3.6 million and below year ago collections. Results in Gaming revenue exceeded forecast by \$0.2 million.

April Gross General Revenues: April collections total \$687.8 million, \$103.8 million or 17.8 percent above forecast and \$270.9 million or -28.3 percent below last year.

April Individual Income Tax collections total \$366.4 million. Collections decreased by \$235.2 million or -39.1 percent compared to last year. With respect to the forecast, collections were \$80.4 million or 28.1 percent above forecast. Individual withholding decreased 10.8 percent compared to last year.

April Individual Income Tax Refunds total \$86.6 million, \$51.0 million below last year and \$75.7 million below forecast. Amounts below forecast in refunds add to net available results.

April Sales and Use Tax Collections: April collections total \$194.5 million, a decrease of \$5.5 million or -2.8 percent below last year. Collections were below monthly forecast levels by \$3.6 million or -1.8 percent.

April Corporate Income Tax collections total \$98.6 million, a decrease of \$23.2 million from year ago, and \$23.9 million above forecast.

April Corporate Income Tax Refunds total \$7.5 million. This amount was \$0.3 million below year ago levels. Refunds were \$0.2 million below forecast.

April Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$17.8 million. Collections decreased by \$0.4 million from year earlier levels and were above forecast by \$3.6 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 2020, \$45.4 million was collected and deposited to the fund. After deductions, the net amount is \$44.0 million. The monthly collection is equivalent to a -7.6 percent decrease from prior year collections.

C: /FISCNOT/April FY 2020
Attachment (2)

April 2020 Year-to-Date General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 03/23/20

Millions of \$

	Actual Apr FY19	Forecast Apr FY20	Actual Apr FY20	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	2,959.5	2,786.3	2,880.9	94.6	3.4	-78.5	-2.7
Corporate Income	479.9	366.5	403.7	37.2	10.2	-76.2	-15.9
Sales & Use	2,044.3	2,121.2	2,110.6	-10.6	-0.5	66.3	3.2
Alcohol	47.2	49.6	49.3	-0.3	-0.7	2.1	4.5
Tobacco	177.1	174.4	182.8	8.4	4.8	5.6	3.2
Insurance	64.3	60.1	60.9	0.8	1.3	-3.4	-5.3
Racing	1.8	1.8	1.5	-0.3	-15.1	-0.2	-13.9
Gaming	57.3	30.9	31.2	0.3	0.8	-26.1	-45.6
Miscellaneous ¹	73.4	68.9	69.0	0.1	0.2	-4.3	-5.9
Total Gross	5,904.7	5,659.7	5,789.9	130.2	2.3	-114.8	-1.9
LESS: (SCSF/COF) ²	183.0	175.5	179.5	4.0	2.3	-3.6	-1.9
Individual Income Tax Refunds	443.2	507.8	427.5	-80.3	-15.8	-15.6	-3.5
Corporate Income Tax Refunds	59.1	46.3	47.1	0.8	1.6	-12.1	-20.4
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	10.4	15.1	14.1	-1.0	-6.9	3.6	35.0
Amendment 82 Bonds	1.1	1.1	1.1	0.0	-4.5	0.0	-2.9
Recycling Tax 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	3.4	3.3	3.2	-0.1	-1.5	-0.2	-4.7
City & County Tourist	0.9	0.9	0.9	0.0	-1.3	0.0	0.0
Educational Excellence	276.0	281.5	281.5	0.0	0.0	5.4	2.0
Educational Adequacy	24.4	24.9	24.9	0.0	-0.1	0.5	2.0
Total Deductions	1,014.0	1,068.8	992.1	-76.7	-7.2	-21.9	-2.2
Net Available	4,890.7	4,590.9	4,797.8	206.9	4.5	-92.9	-1.9

Revenue Forecast Summary for April

Year-to-Date Gross: \$ 130.2 Million OR 2.3% Above Forecast

Year-to-Date Net Available: \$ 206.9 Million OR 4.5% Above Forecast

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.

April 2020 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 03/23/20

Millions of \$

	Actual Apr FY19	Forecast Apr FY20	Actual Apr FY20	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	601.6	286.0	366.4	80.4	28.1	-235.2	-39.1
Corporate Income	121.9	74.7	98.6	23.9	32.0	-23.2	-19.1
Sales & Use	200.0	198.1	194.5	-3.6	-1.8	-5.5	-2.8
Alcohol	5.1	5.1	4.8	-0.3	-5.0	-0.2	-4.3
Tobacco	18.2	14.2	17.8	3.6	25.5	-0.4	-2.2
Insurance	1.1	0.8	0.4	-0.4	-45.8	-0.6	-59.4
Racing	0.3	0.4	0.1	-0.3	-66.4	-0.2	-61.0
Gaming	7.4	2.1	2.3	0.2	7.2	-5.2	-69.6
Miscellaneous ¹	3.1	2.6	2.8	0.2	8.7	-0.3	-9.0
Total Gross	958.8	584.0	687.8	103.8	17.8	-270.9	-28.3
LESS: (SCSF/COF) ²	29.7	18.1	21.3	3.2	17.8	-8.4	-28.3
Individual Income Tax Refunds	137.5	162.3	86.6	-75.7	-46.7	-51.0	-37.1
Corporate Income Tax Refunds	7.8	7.7	7.5	-0.2	-2.9	-0.3	-3.5
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development Incentive	1.2	4.1	3.1	-1.0	-23.3	1.9	153.4
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
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	0.3	0.2	-0.1	-26.0	0.0	0.0
Educational Excellence	27.6	28.2	28.1	-0.1	-0.2	0.5	2.0
Educational Adequacy	2.4	2.5	2.5	0.0	-0.5	0.0	2.0
Total Deductions	207.7	224.4	150.6	-73.8	-32.9	-57.1	-27.5
Net Available	751.1	359.6	537.3	177.7	49.4	-213.8	-28.5

Revenue Forecast Summary for April

April Gross: \$ 103.8 Million OR 17.8% Above Forecast
April Net Available: \$ 177.7 Million OR 49.4% Above Forecast

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.