



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

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MEMORANDUM

TO: Jim Hudson, Secretary
Robert Brech, Deputy Director

FROM: Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for July (FY 2025)**

DATE: August 2, 2024 Copy: Governor's Office

JULY REVENUE SUMMARY

Net Available General Revenues totaled \$527.7 million, \$25.6 million or 4.6 percent below last year and \$2.8 million or 0.5 percent above forecast.

Net Available revenue results were above forecast in Individual Income Tax and below forecast in Corporate Income Tax for the month. Individual Income Tax was above forecast primarily in withholding. Sales Tax collections were above forecast and year ago levels. Income Tax refund claims were below forecast in Individual and above forecast in Corporate.

Among smaller revenue sources, Tobacco was above forecast by \$0.9 million. Insurance and Gaming were above forecast by \$0.2 million each.

Gross General Revenues totaled \$614.0 million, a decrease of \$27.5 million or 4.3 percent below last year and \$1.8 million or 0.3 percent above forecast.

Individual Income Tax collections totaled \$247.4 million. Collections decreased by \$28.7 million, or 10.4 percent compared to last year. Compared to the forecast, collections were \$0.1 million, or 0.1 percent above forecast. Individual Withholding Tax revenue decreased by \$23.6 million, reflecting the negative effects of a payday timing factors and anticipated effects of the recent tax cuts.

Individual Income Tax Refunds totaled \$19.4 million, \$3.6 million below last year and \$1.6 million lower than forecast.

Sales and Use Tax collections totaled \$290.1 million, \$7.8 million or 2.8 percent higher than last year. Collections were above monthly forecast levels by \$2.9 million or 1.0 percent.

Corporate Income Tax collections, which typically include some degree of variability, totaled \$23.0 million, a decrease of \$8.3 million from year ago and \$3.3 million below forecast.

Corporate Income Tax Refunds totaled \$3.7 million, an amount that is \$0.9 million higher than year ago levels and \$0.8 million above forecast.

Tobacco Tax collections, a smaller component of general revenue in annual terms, totaled \$17.1 million. Collections increased by \$0.3 million from year earlier levels and were higher than forecast by \$0.9 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 July 2024, \$60.1 million was collected and deposited to the fund. After deductions, the net amount totaled \$58.4 million. The monthly collection is equivalent to a 2.4 percent increase from prior year collections.

Q: /Daily Report PDF Files/FY2025/01 July
Attachment (1)

July 2024 General Revenue Report
Economic Analysis and Tax Research, DFA

Forecast Date: 05/15/24

Millions of \$

	Actual July FY24	Forecast July FY25	Actual July FY25	<u>Change from Forecast</u>		<u>Change from Last Year</u>	
				Dollar Difference	Percent Difference	Dollar Difference	Percent Difference
Individual Income	276.2	247.3	247.4	0.1	0.1	-28.7	-10.4
Corporate Income	31.2	26.3	23.0	-3.3	-12.7	-8.3	-26.5
Sales & Use	282.3	287.2	290.1	2.9	1.0	7.8	2.8
Alcohol	7.5	7.6	7.5	-0.1	-1.3	0.0	0.4
Tobacco	16.9	16.2	17.1	0.9	5.7	0.3	1.5
Insurance	0.2	0.2	0.4	0.2	92.5	0.1	58.7
Racing	0.1	0.1	0.1	0.0	-27.6	0.0	-9.8
Gaming	5.9	6.1	6.3	0.2	4.0	0.4	7.1
Severance	1.6	1.7	1.2	-0.5	-27.1	-0.3	-21.4
Franchise	0.6	0.8	0.7	-0.1	-13.7	0.1	11.8
Real Estate Transfer	1.8	1.8	2.0	0.2	13.1	0.2	12.8
Miscellaneous	19.0	18.7	19.9	1.2	6.3	0.8	4.4
Total Gross	643.3	614.0	615.8	1.8	0.3	-27.5	-4.3
LESS: (SCSF/COF) ¹	19.9	18.5	18.2	-0.3	-1.8	-1.8	-8.9
Individual Income Refunds	23.0	21.0	19.4	-1.6	-7.5	-3.6	-15.5
Corporate Income Refunds	2.8	2.9	3.7	0.8	26.3	0.9	31.0
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Econ Development Incentive	0.0	1.5	2.0	0.5	34.2	2.0	0.0
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 Products 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	0.2	0.3	0.2	-0.1	-26.0	0.0	0.0
Educational Excellence	39.3	40.0	39.8	-0.2	-0.6	0.5	1.2
Educational Adequacy	3.5	3.6	3.5	-0.1	-2.3	0.1	1.9
Highway Casino Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Deductions	90.0	89.1	88.1	-1.0	-1.1	-1.9	-2.1
Net Available	553.3	524.9	527.7	2.8	0.5	-25.6	-4.6

Revenue Forecast Summary for the Month

July Gross: \$ 1.8 Million OR 0.3% Above Forecast
July Net Available: \$ 2.8 Million OR 0.5% Above Forecast

¹ State Central Services Fund and Constitutional Officers Fund.