



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

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August 22, 2024

The Honorable Terry Rice, Co-Chair
The Honorable Jeff Wardlaw, Co-Chair
Arkansas Legislative Council
State Capitol
Little Rock, Arkansas 72201

Dear Senator Rice and Representative Wardlaw:

In accordance with Arkansas Code Annotated §10-3-1404(b), I am notifying you of a revision to the Official General Revenue Forecast for FY 2025, effective August 22, 2024.

This forecast revises the May 15, 2024, forecast only to adjust for the cut to personal and corporate income taxes passed during the Second Extraordinary Session of the 94th General Assembly in June 2024. The tax cuts are estimated to have a FY 2025 general revenue impact of -\$483.5 million and a FY 2026 general revenue impact of -\$322.3 million. This forecast indicates net available revenue collections of \$6,591.7 million which would fully fund the general revenue budget with a surplus of \$280.2 million.

The attached table also includes the final calculations for FY 2024 since the year is now closed.

All economic assumptions set forth in the May 15, 2024, forecast remain unchanged. An official forecast with economic and technical updates will be provided no later than 60 days before the start of the 2025 regular session in accordance with Arkansas Code Annotated §19-4-304(b)(3).

Sincerely,

James L. Hudson
Cabinet Secretary

JLH/wlm
Attachments (1)

Official General Revenue Forecast
FY 2024 - 2025

Millions of Dollars	FY 23		FY 24	Yr/Yr	08/22/24	FY 25	Yr/Yr
	Actual	Actual	Increase	% CH	Estimate	Increase	% CH
Individual Income	3,915.9	3,849.6	-66.3	-1.7	3,560.4	-289.2	-7.5
Corporate Income	842.5	744.8	-97.6	-11.6	636.4	-108.4	-14.6
Sales and Use Tax	3,418.4	3,480.4	62.0	1.8	3,547.9	67.5	1.9
Alcohol	76.6	78.0	1.5	1.9	79.4	1.4	1.7
Tobacco	205.8	193.3	-12.5	-6.1	185.7	-7.6	-3.9
Insurance	238.5	208.4	-30.0	-12.6	257.7	49.3	23.6
Racing	1.6	1.4	-0.1	-8.9	1.5	0.1	5.3
Gaming	54.3	59.1	4.8	8.9	61.1	2.0	3.4
Severance	13.1	11.8	-1.2	-9.3	12.2	0.4	3.0
Franchise	8.0	8.0	0.0	0.0	8.0	0.0	0.0
Real Estate Transfer	2.6	2.6	0.0	0.0	2.6	0.0	-0.3
Miscellaneous	73.0	71.2	-1.8	-2.4	71.2	0.0	0.0
Total Gross	8,850.0	8,708.7	-141.3	-1.6	8,424.1	-284.6	-3.3
LESS: SCS / COF	272.3	270.0	-2.3	-0.9	252.7	-17.3	-6.4
Individual Refunds	768.1	782.9	14.8	1.9	826.0	43.1	5.5
Corporate Refunds	60.4	136.1	75.7	125.4	97.0	-39.1	-28.7
Claims Reserve	0.0	0.0	0.0	0.0	10.0	10.0	0.0
Econ Develop Incentive	12.8	12.8	0.0	-0.1	18.0	5.2	40.4
Recycling Tax Credit	16.0	24.8	8.8	55.0	33.6	8.8	35.5
Wood Energy Products Credit	4.0	1.6	-2.4	-61.2	0.0	-1.6	-100.0
Amendment 82 Bonds	5.3	5.3	0.0	-0.2	5.3	0.0	0.4
Water / Sewer Bonds	14.8	14.8	0.0	0.0	14.8	0.0	0.0
College Savings Bonds	18.3	23.3	5.0	27.5	23.3	0.0	0.0
City / County Tourist	0.9	0.9	0.0	0.0	0.9	0.0	1.4
Educational Excellence	432.3	468.4	36.1	8.4	480.4	12.0	2.6
Educational Adequacy	38.2	41.4	3.2	8.4	42.5	1.1	2.6
Highway Casino Transfer	21.3	26.0	4.7	22.0	27.9	1.9	7.4
Total Deductions	1,664.6	1,808.2	143.6	8.6	1,832.4	24.2	1.3
Net Available	7,185.4	6,900.5	-284.9	-4.0	6,591.7	-308.8	-4.5
LESS: Surplus	1,161.1	698.4			280.2		
Net Available Distribution	6,024.3	6,202.1	177.8	3.0	6,311.5	109.4	1.8