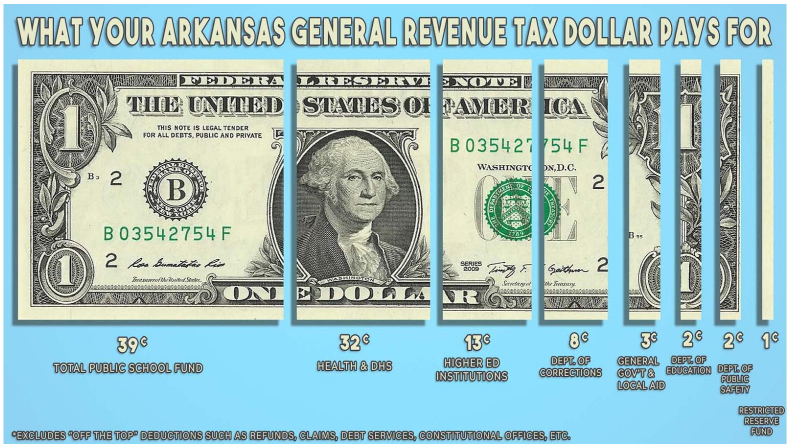
STATE OF ARKANSAS
House of Representatives

Arkansas House Newsletter

July 2, 2020

Arkansas Begins a New Business Year



As the state began a new fiscal year this week, we received optimistic news about the state budget.

The fiscal year for the state budget always ends on June 30 and begins on July 1.

While general revenue for Fiscal Year 2020 was $168 million less than the year before, it was $369 million above what economic forecasters predicted in the wake of the health emergency.

This means the budget outlined in the Revenue Stabilization Act for the previous year ended fully funded with $3.2 million in excess.

The Department of Finance and Administration says the fiscal year ended above forecast as a result of the following:

1) Better than expected sales tax collections from retail activity and vehicle sales.

2) Individual income tax payments from filings ahead of the shifted July 15th due date

3) Reduced individual refund claims related to the shifted tax filing date

4) Continued gains in corporate income tax

However, the negative financial impact of COVID-19 was still evident in low annual growth from sales tax and payroll withholding tax.

State budgets are directly linked to how well the economy is performing. The recent revenue reports show while our economy is certainly not where it was a year ago, it is performing better than expected.

The latest unemployment numbers show our state unemployment rate is 9.5%. The national unemployment rate is 13.3%.

As more Arkansans are going back to work, it is imperative that we all continue to do our part to slow the spread of COVID-19. Please continue to practice social distancing and wear a mask in public.