

Arkansas Agriculture Supplies 14 Percent Of State Tax Collections

KEISER, ARK.

A thriving agricultural sector, which generated \$1.1 billion in 2009 state tax revenue, is a key reason Arkansas' economy has remained stable compared with the rest of the U.S., according to a report from the University of Arkansas Division of Agriculture.

The publication "Structure of the Arkansas Economy and 2009 State Tax Revenue Collections due to Food and Fiber Production Industries," is available online at http://www.uaex.edu/depts/ag_economics/farm_management.htm.

The report is meant to compare the structure of Arkansas' economy to the U.S. economy and to examine implications for economic growth, employment and tax revenue collections, said author Archie Flanders, assistant professor of agricultural economics for the University of Arkansas Division of Agriculture.

Flanders found that the Arkansas economy generally keeps pace with the national economy in good economic times and has performed better than the U.S. economy during the recent downturn.

Not surprisingly, the report showed that the Arkansas economy specializes in food and fiber production industries, including agricultural production and manufacturing into products for consumer use – to the state's advantage.

"Our state Arkansas economy is not specialized in financial and real estate services, or other services that were impacted by the recent national recession," he said.

In the report, Flanders looked at employment, gross domestic product and tax collections as indicators of Arkansas' relative economic health. He found that:

- In 2010, Arkansas' unemployment rate was 7.9 percent, compared to the U.S. unemployment rate of 9.6 percent.

- In 2009, Arkansas' state tax collections decreased by less than 1 percent – 0.8 percent – while U.S. average state tax collections declined by 8.5 percent.

- When looking at gross domestic product, the U.S. economy between 2008-09, contracted by 1.7 percent. Meanwhile, Arkansas' grew by 0.5 percent.

With federal taxes and budget cutting ranking high in the public's mind as April 15 looms, "sustainable economic growth led by food and fiber production industries maintains revenue collections by state government without increasing rates on Arkansas taxpayers," Flanders said. "Impacts of food and fiber production industries generated \$1.1 billion in 2009 state tax revenue. This was 14.2 percent of all state taxes collected." △



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