

GENERAL FUND REVENUE

FY 2023

FY 2023 Baseline General Fund revenues are projected to be \$17.89 billion. This is an increase of \$1.06 billion over the original revenue estimate included in the FY 2023 budget enacted in June 2022.

The higher revenue is the result of:

- An increase of \$1.48 billion in net revenues due to significantly stronger revenue growth than originally projected.
- A one-time revenue gain of \$77.3 million in FY 2023 due to a recent Attorney General settlement with Google.
- A one-time withholding revenue loss of \$(700.0) million in FY 2023 resulting from a recent change to the state's withholding rates beginning in Calendar Year 2023.
- A \$200 million increase in the balance forward from FY 2022. The original budget assumed an ending balance of \$4.51 billion for FY 2022 while the actual balance carried forward was \$4.71 billion.

Current year ongoing revenue estimates are based on the consensus forecasting process (see *FY 2024 and Beyond* section below). "Base Revenues" reflect the underlying growth in the economy and do not include one-time adjustments, Urban Revenue Sharing, or new tax law changes. *Table 1* shows the base revenue growth rates in FY 2023 through FY 2026 for the "Big 4" General Fund revenue sources (sales, individual income, corporate income, and insurance premium tax) provided by each of the components comprising the 4-sector consensus forecast.

Based on the January 4-sector forecast, General Fund base revenue is projected to grow by 7.5% in FY 2023. After including Urban Revenue Sharing, tax law changes, one-time revenue adjustments, and the carry-forward balance, overall revenues are projected to increase by 1.7% in FY 2023, to a total of \$17.89 billion.

Beyond updating the base revenue forecast for the January Baseline, the JLBC Staff has also updated its FY 2023 – FY 2026 estimates of revenue and tax policy changes enacted as part of the FY 2023 budget. The impact of the enacted tax legislation on General Fund revenue collections in FY 2023 through FY 2026 is discussed in the *Revenue Adjustments* section. The individual revenue detail for FY 2023 under the January

Baseline forecast is displayed in *Table 4* at the end of this section.

FY 2024 and Beyond

The FY 2024 Baseline projects total net revenue of \$17.60 billion, which is (1.6)% or \$(289.9) million, below the amount in FY 2023. Base revenue, which as noted above excludes Urban Revenue Sharing, tax law changes, one-time revenue adjustments, and the beginning balance, is projected to grow by 2.0% under the January Baseline forecast.

The FY 2024 Baseline also incorporates revenue planning estimates for FY 2025 and FY 2026, which are shown in *Table 5*. Under the January Baseline, base revenue would increase by 3.0% in FY 2025 and 4.4% in FY 2026.

The Baseline estimated growth rates for the "Big 4" revenue categories of sales, individual income, corporate income, and insurance premium taxes are initially developed and revised using a 4-sector averaging process. This process is based on averaging the results of the following 4 forecasts:

- Finance Advisory Committee panel forecast of January 2023. Consisting of 11 public and private sector economists, this independent panel usually meets 3 times a year to provide the Legislature with guidance on the status of the Arizona economy.
- The University of Arizona Economic and Business Research (EBR) General Fund Baseline model. The model is a simultaneous-equation model consisting of more than 100 equations that are updated on a regular basis to reflect changes in the economy. The model uses more than 200 variables related to Arizona's economy and is updated quarterly.
- EBR's more cautious forecast model, and
- JLBC Staff projections.

The growth rates from each sector of the forecast for FY 2023 through FY 2026 are displayed in *Table 1*.

Table 1

**4-Sector Estimates
Forecast Percentages (FY 2023 - FY 2026)
Base Revenue ^{1/}**

	FY 2023					FY 2024				
	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg</u>	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg</u>
Sales Tax	7.6%	6.4%	7.2%	6.7%	7.0%	5.0%	0.7%	2.9%	2.5%	2.8%
Individual Income Tax	5.0%	5.7%	6.1%	5.5%	5.6%	3.3%	2.5%	4.3%	1.0%	2.8%
Corporate Income Tax	15.5%	12.0%	13.9%	6.8%	12.0%	3.9%	(2.7)%	0.5%	(3.2)%	(0.3)%
Insurance Premium Tax	5.9%	4.5%	5.3%	3.3%	4.7%	4.4%	(0.5)%	1.1%	(0.7)%	1.1%
Overall ^{2/}	7.8%	7.3%	8.0%	7.0%	7.5%	3.6%	0.8%	2.8%	0.9%	2.0%
	FY 2025					FY 2026				
	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg</u>	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg</u>
Sales Tax	4.6%	2.9%	4.3%	4.2%	4.0%	6.3%	4.4%	4.8%	4.7%	5.1%
Individual Income Tax	4.3%	4.7%	5.5%	(0.4)%	3.6%	4.5%	5.2%	5.6%	2.1%	4.4%
Corporate Income Tax	4.5%	3.3%	4.0%	1.4%	3.4%	7.1%	5.1%	5.4%	2.6%	5.2%
Insurance Premium Tax	4.5%	2.9%	4.3%	(0.6)%	2.8%	3.9%	3.1%	4.1%	2.8%	3.5%
Overall ^{2/}	3.8%	3.1%	4.1%	1.2%	3.0%	5.1%	4.4%	4.8%	3.0%	4.4%

^{1/} Prior to any tax law or other revenue changes.

^{2/} The growth rates for each sector represent the weighted average of Big-4 revenue estimates plus JLBC Staff estimates of other revenue categories.

Risks to the Revenue Forecast

There are several factors that pose risks to the forecast, including whether the Federal Reserve ("Fed") will be able to slow economic growth without triggering a recession (a so-called "soft landing"). To combat inflation, the Fed raised the target for its policy rate – the federal funds rate – 7 times in 2022, from 0.25% in March to 4.5% in December. Further rate increases are expected in 2023 based on the Fed's latest projection released in December, which suggests a range of between 5.1% and 5.4% in 2023. Under such an aggressive and persistent monetary tightening, there is an increased risk that the economy would not only fall into a recession but that the economic downturn could be longer and more severe.

Other risks to the forecast include the ongoing Russia-Ukraine conflict, which if it intensifies and becomes long-lasting could lead to higher prices on energy and food that in turn could result in a more pronounced slowdown of global economic growth. In addition, a slower correction of supply-chain issues than currently anticipated would

keep prices higher for a longer period, which could have a dampening effect on consumer demand and business investments.

Revenue Adjustments

Table 2 provides an overview of ongoing base revenue and total revenue growth for FY 2023 and FY 2024. Ongoing base revenue represents General Fund revenue excluding the impact of tax legislation enacted as part of the FY 2023 budget, Urban Revenue Sharing, and one-time financing sources. As shown in Table 2, under the January Baseline, ongoing base revenue is projected to grow by 7.5% in FY 2023 and 2.0% in FY 2024. Total revenue, which represents all General Fund revenue sources net of tax reductions, including the beginning balance, is estimated to increase by 1.7% in FY 2023, followed by a decline of (1.6)% in FY 2024.

Table 2

**General Fund Revenue Baseline
For FY 2023 and FY 2024 Budget
(\$ in Millions)**

	<u>FY 2023</u>	<u>%</u>	<u>FY 2024</u>	<u>%</u>
Base Revenue ^{1/}	\$18,757.5	7.5%	\$19,137.9	2.0%
Income Tax Rate Reduction	(1,494.3)		(2,251.9)	
Other Enacted Reductions	<u>(10.9)</u>		<u>(16.8)</u>	
Net Revenue	17,252.3	(1.1)%	16,869.2	(2.2)%
Urban Revenue Sharing	(1,107.0)		(1,564.8)	
One-Time Financing Sources:				
Balance Forward	4,709.5		2,296.8	
Attorney General Settlement	77.3		0.0	
Withholding Revenue Loss	(700.0)		0.0	
TPT Diversions	(2,287.5)		0.0	
Newly Enacted Tax Reductions	(50.0)		0.0	
Other One-Time Revenue Changes	<u>(3.5)</u>		<u>0.0</u>	
Subtotal	1,745.8		2,296.8	
Total Revenue	<u>\$17,891.1</u>	1.7%	<u>\$17,601.2</u>	(1.6)%

^{1/} Base revenue represents ongoing General Fund revenue prior to tax law changes.

Budget Legislation

Each year there are statutory tax law and other revenue changes that affect the state's net revenue collections. These may include tax rate or tax exemption changes, state conformity to federal tax law changes, or the implementation of programs that affect revenue collections.

The following section provides a detailed description of prior year budget legislation included in ongoing revenue collections in FY 2023 through FY 2026 (see *Table 3* for a complete list of each of the tax law and revenue changes included in ongoing revenue collections in FY 2023 through FY 2024). As shown in *Table 3*, ongoing budget legislation enacted prior to the 2023 Regular Session is estimated to reduce General Fund revenue by \$(1.51) billion in FY 2023, \$(2.27) billion in FY 2024, \$(2.36) billion in FY 2025, and \$(2.47) billion in FY 2026. All revenue impacts in *Table 3* are stated relative to the ongoing General Fund revenue level prior to tax law changes.

Each of the previously enacted tax law and revenue changes is described in more detail below.

1) Individual Income Tax Rate Reduction – Laws 2021, Chapter 412 (Tax Omnibus) reduced the number of individual income tax brackets from 4 in TY 2021 to 2 brackets in TY 2022. The TY 2022 rate is 2.55% for taxable

income up to \$28,653 in a single household and \$57,305 in a married filing jointly household. The tax rate is 2.98% above those thresholds. Based on the January Baseline forecast, the JLBC Staff estimates that this tax rate reduction will reduce General Fund revenue by \$(1.49) billion in FY 2023.

Laws 2021, Chapter 412 included additional reductions to the 2.55%/2.98% individual income tax rates contingent upon reaching certain General Fund revenue levels. Pursuant to A.R.S. § 43-243 and A.R.S. § 43-244, the Directors of the Joint Legislative Budget Committee (JLBC) Staff and the Governor's Office of Strategic Planning and Budgeting (OSPB) are required to report jointly to the Arizona Department of Revenue (ADOR) on the level of prior year state General Fund revenue, excluding the beginning balance. This notification is to be made annually on or before September 30th of each year until the required revenue levels are achieved. The JLBC Staff and OSPB reported jointly to ADOR on September 29, 2022 that the FY 2022 revenue level was \$16.7 billion.

Upon receiving a JLBC/OSPB report that General Fund revenue exceeds \$12.8 billion, statute requires ADOR to reduce the income tax rates to 2.53% and 2.75% in the following tax year. After receiving a report that General Fund revenue exceeds \$13.0 billion, ADOR is to set the

income tax rate at a single rate of 2.5% in the following tax year.

Based on the joint JLBC/OSPB report issued on September 29, 2022, ADOR will implement the 2.5% single tax rate, beginning in TY 2023/FY 2024. As shown in *Table 3*, reducing the individual income tax rate from 2.55%/2.98% in TY 2022 to 2.5% in TY 2023 is estimated to result in an additional revenue loss of \$(716.0) million in FY 2024 over and above the \$(1.54) billion revenue loss attributable to the 2.55%/2.98% rates.

2) Increase of Standard Deduction for Charitable Contributions – Besides the rate reduction described under *item 1*, Laws 2021, Chapter 412 annually adjusts for inflation the percentage of charitable contributions that standard deduction filers can claim over and above the regular standard deduction, beginning in TY 2022. This provision is estimated to reduce General Fund revenues by \$(2.0) million in FY 2023, \$(3.9) million in FY 2024, \$(5.8) million in FY 2025, and \$(7.7) million in FY 2026.

3) Affordable Housing Tax Credit – Laws 2021, Chapter 430 created a new nonrefundable affordable housing tax credit that is equal to at least 50% of the amount of the federal low-income housing credit for qualified projects placed in service after June 30, 2022. The Arizona Department of Housing is authorized to allocate a total of \$4 million in tax credits per year from TY 2022 to TY 2025. Each of these 4 award cycles is available for 10 years. The credit is estimated to have a revenue impact of \$(4.0) million in FY 2024, \$(8.0) million in FY 2025, and \$(12.0) million in FY 2026.

4) Reduction of Department of Real Estate Transfer – Laws 2022, Chapter 298 eliminates the statutory minimum fees for real estate licenses. The elimination of the minimum fees under Chapter 298 is expected to reduce the transfer of excess revenue to the General Fund by \$(708,000) annually, beginning in FY 2023.

5) Reduction of Liquor Licenses Fund Transfer – Pursuant to A.R.S. § 4-120, any monies remaining in the Liquor Licenses Fund in excess of \$700,000 at the end of each fiscal year must be deposited in the General Fund. The FY 2023 General Appropriation Act (Laws 2022, Chapter 313) provides changes to the Department of Liquor Licenses and Control's operating budget, which resulted in the appropriation from the Liquor Licenses Fund to the department being increased by \$2.4 million in FY 2023. Since these changes reduce the excess fund balance by the same amount, General Fund revenue is reduced by \$(2.4) million annually, beginning in FY 2023.

6) Change of Reimbursements from Apache/Greenlee – Laws 2022, Chapter 315 (Higher Education Budget Reconciliation Bill) reduces the out-of-county reimbursement amounts due from Apache and Greenlee counties to the community college districts and requires the difference to be paid by the General Fund. This change has the effect of reducing General Fund revenue by \$(2,293,500) annually, beginning in FY 2023.

7) TPT Exemption for Used Agricultural Machinery – Laws 2022, Chapter 321 (Tax Omnibus) expands an existing Transaction Privilege tax (TPT) and Use Tax exemption to include the purchase of used (as opposed to only new) agricultural machinery and equipment and short-term rentals of agricultural machinery and equipment (leases for less than 2 years). This provision is estimated to reduce General Fund revenue by \$(583,000) annually, beginning in FY 2023.

8) Change to Aircraft License Tax – Laws 2022, Chapter 321 (Tax Omnibus) limits the annual increase of the average fair market value of aircraft for the purpose of assessing the aircraft license tax to the annual change of the U.S. Consumer Price Index. In addition, Chapter 321 benchmarked the FY 2022 value of aircraft to the 2019 average fair market value. These changes to the aircraft license tax are estimated to reduce General Fund revenue by \$(1.9) million in FY 2023, and \$(950,000) annually, beginning in FY 2024.

9) Adjusting QCO/QFCO Credit Caps for Inflation – Laws 2022, Chapter 385 annually adjusts for inflation the income tax credit limit for donations to Qualifying Charitable Organizations (QCO) and Qualifying Foster Care Charitable Organizations (QFCO). Prior to Chapter 385, the cap for the QCO credit was \$400 for single filers and \$800 for married filers whereas the cap for the QFCO credit was \$500 for single filers and \$1,000 for married filers. The change to the QCO and QFCO credit caps is estimated to reduce General Fund revenue by \$(1.0) million in FY 2023, \$(2.0) million in FY 2024, \$(4.0) million in FY 2025, and \$(6.0) million in FY 2026.

Urban Revenue Sharing

The Urban Revenue Sharing (URS) program provides that a percentage of state income tax revenues (including both individual and corporate income tax) be shared with incorporated cities and towns within the state. The amount that is currently distributed to cities and towns is 15% of net individual and corporate income tax collections from 2 years prior. Laws 2021, Chapter 412 increases the URS distribution from 15% to 18%, beginning in FY 2024.

Table 3

Prior Year Budget Legislation with Ongoing Revenue Impact in FY 2023 through FY 2026
(\$ in Millions)

2021 Legislation / Description of Provision	FY 2023	FY 2024	FY 2025	FY 2026
<u>(1) Laws 2021, Ch. 412 – Income Tax Rate Reduction</u> Reduces rates to 2.55%/2.98%	\$ (1,494.3)	\$ (1,535.9)	\$ (1,590.6)	\$ (1,660.6)
Reduces to single rate of 2.50%		(716.0)	(741.5)	(774.1)
Total Rate Reduction	(1,494.3)	(2,251.9)	(2,332.1)	(2,434.7)
<u>(2) Laws 2021, Ch. 412 – Other Tax Omnibus Provisions</u> Increases std. deduction for charitable contributions	(2.0)	(3.9)	(5.8)	(7.7)
<u>(3) Laws 2021, Ch. 430</u> Creates a new affordable housing tax credit		(4.0)	(8.0)	(12.0)
<u>(4) Laws 2022, Ch. 298</u> Reduces Department of Real Estate transfer to General Fund	(0.7)	(0.7)	(0.7)	(0.7)
<u>(5) Laws 2022, Ch. 313</u> Reduces Liquor Licenses Fund transfer to General Fund	(2.4)	(2.4)	(2.4)	(2.4)
<u>(6) Laws 2022, Ch. 315</u> Changes to reimbursements for Apache and Greenlee Counties	(2.3)	(2.3)	(2.3)	(2.3)
<u>(7) Laws 2022, Ch. 321</u> Expands TPT exemption for used agricultural machinery	(0.6)	(0.6)	(0.6)	(0.6)
<u>(8) Laws 2022, Ch. 321</u> Makes changes to Aircraft License Tax	(1.9)	(0.9)	(0.9)	(0.9)
<u>(9) Laws 2022, Ch. 385</u> Adjusts QCO/QFCO credit caps annually for inflation	(1.0)	(2.0)	(4.0)	(6.0)
Total Enacted Reductions	\$ (1,505.2)	\$ (2,268.7)	\$ (2,356.8)	\$ (2,467.4)

As indicated in *Table 4*, total URS distributions will increase from \$1.11 billion in FY 2023 to \$1.56 billion in FY 2024.

One-Time Financing

As shown in *Table 4*, the FY 2023 budget adopted in June 2022 includes the following one-time financing sources:

FY 2023

Attorney General Settlement

In October, the Arizona Attorney General's Office entered an \$85 million settlement with Google LLC for allegedly tracking users' location with "deceptive and unfair" practices to sell advertisements. According to the settlement agreement, \$77,250,000 will be distributed to the General Fund while the remaining \$7,750,000 will go to attorney fees.

Withholding Revenue Loss

Due to the individual income tax rate reductions provided by Laws 2021, Chapter 412, the Department of Revenue recently decided to adopt new, lower withholding rates that are going into effect at the start of Calendar Year

2023. While a reduction of the state's withholding rates does not affect an individual's tax liability, it has an impact on the state's cash flow since the state's fiscal year is different from individual filers' tax year. Therefore, as a result of the withholding rate reductions, the state is estimated to incur a one-time General Fund revenue loss of \$(700) million in FY 2023 that will not be recovered in FY 2024.

Transaction Privilege Tax (TPT) Diversion

The enacted FY 2023 budget diverts a total of \$2.29 billion of General Fund TPT revenues to various non-General Fund agency funds in FY 2023. The diverted amount will be allocated as follows:

- ADOT State Highway Fund: \$925.4 million
- ADOT State Aviation Fund: \$20.6 million
- DEMA Border Security Fund: \$209.2 million
- Park Board State Parks Revenue Fund: \$38.2 million
- Budget Stabilization Fund: \$425.0 million
- DEMA Border Security Fund: \$335.0 million
- DWR Long-Term Water Augmentation Fund: \$334.0 million

TPT Distribution for Public Infrastructure

Under current law, the State Treasurer is authorized to distribute prime contracting TPT revenue generated from qualifying projects to a municipality or county to fund up to 80% of the costs of public infrastructure improvements (such as roads, water, and wastewater facilities) needed to support the activities of a qualifying manufacturing facility located in that municipality or county. The amount of state tax dollars paid to cities and counties statewide is currently capped at \$50 million through September 30, 2033. Laws 2022, Chapter 321 increases the cap from \$50 million to \$100 million, which is expected to result in a one-time revenue reduction of \$(50) million in FY 2023.

Liquor Licenses Fund Transfer Reduction

Laws 2022, Chapter 309 (Capital Outlay) appropriates \$3.5 million one-time from the Liquor Licenses Fund in FY 2023 to the Department of Liquor Licenses and Control for the cost of remodeling and expanding their existing office space. As explained under *Item 5* in the *Budget Legislation* section, this has the effect of reducing the transfer of excess revenue from the Liquor Licenses Fund to the General Fund by \$(3.5) million in FY 2023.

Balance Forward

The FY 2022 General Fund ending balance carried into FY 2023 was \$4.71 billion.

FY 2024

Balance Forward

The FY 2023 General Fund ending balance carried into FY 2024 is projected to be \$2.30 billion.

FY 2025

Balance Forward

The FY 2024 General Fund ending balance carried into FY 2025 is projected to be \$259.4 million.

FY 2026

The Baseline assumes no one-time revenue sources in FY 2026.

Table 4

GENERAL FUND REVENUE - FY 2022 - FY 2024

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2022	% CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,208,853.5	15.4%	7,710,847.8	7.0%	501,994.2	7,925,320.8	2.8%	214,473.0
Income - Individual	7,530,010.7	15.3%	6,452,914.5	-14.3%	(1,077,096.2)	5,909,733.4	-8.4%	(543,181.1)
- Corporate	1,163,468.9	37.4%	1,303,569.9	12.0%	140,101.0	1,299,718.8	-0.3%	(3,851.1)
Property	26,787.4	19.7%	24,805.2	-7.4%	(1,982.3)	24,259.5	-2.2%	(545.7)
Luxury - Tobacco	20,941.2	-6.8%	20,731.7	-1.0%	(209.4)	20,524.4	-1.0%	(207.3)
- Liquor	43,720.7	-2.3%	45,163.5	3.3%	1,442.8	44,034.4	-2.5%	(1,129.1)
Insurance Premium	707,654.0	14.8%	741,267.6	4.7%	33,613.6	749,340.8	1.1%	8,073.3
Other Taxes	16,301.4	6.5%	17,344.7	6.4%	1,043.3	18,420.0	6.2%	1,075.4
Subtotal - Taxes	16,717,737.8	16.5%	16,316,644.8	-2.4%	(401,093.0)	15,991,352.1	-2.0%	(325,292.7)
Other Non-Tax Revenues:								
Lottery	183,680.2	75.4%	175,812.1	-4.3%	(7,868.1)	188,150.7	7.0%	12,338.6
Gaming Revenue	10,437.0	N/A	33,586.0	221.8%	23,149.0	22,938.6	-31.7%	(10,647.4)
Licenses, Fees and Permits	40,600.8	4.3%	43,970.7	8.3%	3,369.9	46,940.5	6.8%	2,969.8
Interest	46,383.0	5118.2%	300,000.0	546.8%	253,617.0	270,000.0	-10.0%	(30,000.0)
Sales and Services	30,351.5	16.5%	33,234.9	9.5%	2,883.4	36,093.1	8.6%	2,858.2
Other Miscellaneous	155,770.7	4.4%	163,578.1	5.0%	7,807.5	177,344.2	8.4%	13,766.0
Transfers and Reimbursements	168,356.1	29.5%	101,039.8	-40.0%	(67,316.3)	60,568.5	-40.1%	(40,471.3)
Disproportionate Share Revenue	87,833.5	3.5%	84,478.0	-3.8%	(3,355.5)	75,853.5	-10.2%	(8,624.5)
Subtotal - Other Non-Tax	723,412.8	29.7%	935,699.7	29.3%	212,286.9	877,889.0	-6.2%	(57,810.6)
Net Ongoing Revenue	17,441,150.6	17.0%	17,252,344.4	-1.1%	(188,806.2)	16,869,241.1	-2.2%	(383,103.3)
Urban Revenue Sharing (URS)	(756,388.3)	N/A	(1,106,958.7)	N/A	(350,570.4)	(1,564,826.3)	N/A	(457,867.7)
Net Ongoing Revenue w/ URS	16,684,762.3	18.5%	16,145,385.8	-3.2%	(539,376.6)	15,304,414.8	-5.2%	(840,971.0)
One-Time Financing Sources:								
Water Infrastructure Repayment	20,000.0	N/A	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
Attorney General Settlement	0.0	N/A	77,250.0	N/A	77,250.0	0.0	-100.0%	(77,250.0)
Withholding Revenue Loss	0.0	N/A	(700,000.0)	N/A	(700,000.0)	0.0	N/A	700,000.0
TPT Diversions	0.0	N/A	(2,287,489.6)	N/A	(2,287,489.6)	0.0	N/A	2,287,489.6
Newly Enacted Tax Reductions	0.0	N/A	(50,000.0)	N/A	(50,000.0)	0.0	N/A	50,000.0
Other One-Time Revenue Changes	0.0	N/A	(3,500.0)	N/A	(3,500.0)	0.0	N/A	3,500.0
Subtotal - One-Time Financing Sources	20,000.0	N/A	(2,963,739.6)	N/A	(2,983,739.6)	0.0	N/A	2,963,739.6
Subtotal - Revenues	16,704,762.3	18.3%	13,181,646.2	-21.1%	(3,523,116.2)	15,304,414.8	16.1%	2,122,768.6
Balance Forward	894,636.0	140.2%	4,709,446.0	426.4%	3,814,810.0	2,296,811.1	-51.2%	(2,412,634.9)
Total - Resources	17,599,398.3	21.5%	17,891,092.2	1.7%	291,693.8	17,601,225.9	-1.6%	(289,866.3)

Table 5

GENERAL FUND REVENUE - FY 2025 - FY 2026

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2026	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	8,243,189.7	4.0%	317,868.9	8,660,647.3	5.1%	417,457.6
Income - Individual	6,112,745.3	3.4%	203,011.9	6,374,711.9	4.3%	261,966.6
- Corporate	1,343,290.9	3.4%	43,572.1	1,412,597.1	5.2%	69,306.3
Property	23,725.8	-2.2%	(533.7)	23,203.8	-2.2%	(522.0)
Luxury - Tobacco	20,319.2	-1.0%	(205.2)	20,116.0	-1.0%	(203.2)
- Liquor	46,500.3	5.6%	2,465.9	49,104.3	5.6%	2,604.0
Insurance Premium	770,498.5	2.8%	21,157.7	797,514.1	3.5%	27,015.6
Other Taxes	19,543.6	6.1%	1,123.6	20,716.3	6.0%	1,172.6
Subtotal - Taxes	16,579,813.2	3.7%	588,461.2	17,358,610.7	4.7%	778,797.5
Other Non-Tax Revenues:						
Lottery	198,622.1	5.6%	10,471.4	209,961.7	5.7%	11,339.6
Gaming Revenue	23,952.7	4.4%	1,014.1	25,017.6	4.4%	1,064.9
Licenses, Fees and Permits	48,912.0	4.2%	1,971.5	50,966.3	4.2%	2,054.3
Interest	146,000.0	-45.9%	(124,000.0)	87,000.0	-40.4%	(59,000.0)
Sales and Services	38,944.5	7.9%	2,851.4	41,670.6	7.0%	2,726.1
Other Miscellaneous	189,651.8	6.9%	12,307.7	199,452.0	5.2%	9,800.2
Transfers and Reimbursements	61,127.0	0.9%	558.5	61,705.1	0.9%	578.1
Disproportionate Share Revenue	75,583.9	-0.4%	(269.6)	75,901.9	0.4%	318.0
Subtotal - Other Non-Tax	782,793.9	-10.8%	(95,095.1)	751,675.1	-4.0%	(31,118.8)
Net Ongoing Revenue	17,362,607.2	2.9%	493,366.1	18,110,285.8	4.3%	747,678.6
Urban Revenue Sharing (URS)	(1,396,167.2)	N/A	168,659.1	(1,297,701.4)	N/A	98,465.8
Net Ongoing Revenue w/ URS	15,966,440.0	4.3%	662,025.2	16,812,584.4	5.3%	846,144.4
One-Time Financing Sources:						
Water Infrastructure Repayment	0.0	N/A	0.0	0.0	N/A	0.0
Attorney General Settlement	0.0	N/A	0.0	0.0	N/A	0.0
Withholding Revenue Loss	0.0	N/A	0.0	0.0	N/A	0.0
TPT Diversions	0.0	N/A	0.0	0.0	N/A	0.0
Newly Enacted Tax Reductions	0.0	N/A	0.0	0.0	N/A	0.0
Other One-Time Revenue Changes	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - Revenues	15,966,440.0	4.3%	662,025.2	16,812,584.4	5.3%	846,144.4
Balance Forward	259,350.5	-88.7%	(2,037,460.6)	0.0	-100.0%	(259,350.5)
Total - Resources	16,225,790.5	-7.8%	(1,375,435.4)	16,812,584.4	3.6%	586,793.9