

# **Finance Advisory Committee**

## **Briefing Materials**

**October 6, 2022**

**10:30 a.m.**



# Finance Advisory Committee

## Briefing Materials

October 6, 2022

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# **Finance Advisory Committee**

## **Revenue and Budget Update**

**October 6, 2022**



# Key Points

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- After a 17% increase in '22, General Fund revenue growth is expected to moderate to 6% in '23 and 2% in '24.
- The declining growth rate is related to recession concerns as the Fed raises interest rates in an attempt to lower inflation.
- This growth path plus prior legislative commitments results in an available ongoing balance of \$140 M and a one-time balance of \$2.5 B
- Given the economic uncertainty, our estimate of available resources could change considerably as we go through the '24 budget process.

# October Estimates Are Based on a “Maximum Commitment” Scenario

## -Not a Prediction of Results

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- The federal government does not extend the enhanced Medicaid match rate past December 2022
- Prop 123 is not renewed – which would reduce the level of K-12 land trust distributions starting in 7/25 (FY 26)
- Absent any other statutory change, the General Fund would backfill the Prop 123 loss at a cost of \$300 M in '26

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# Forecasting State Revenues

# 4-Sector: Much Slower Growth in '24

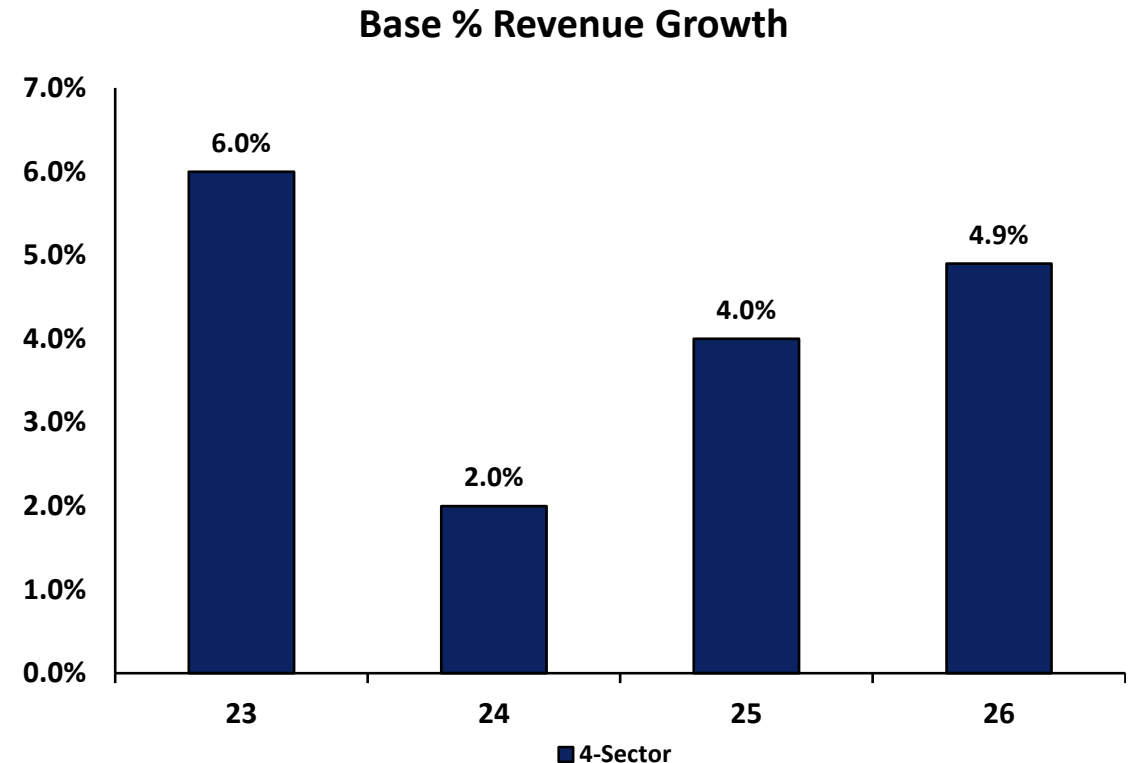
## - With Moderate Recovery in '25 and '26

### 4-Sector Components

- Finance Advisory Committee
- UA model – base forecast
- UA model – more cautious
- JLBC Staff

### Represents Base Growth

- Prior to Enacted Tax Reductions



Excludes balance forward, one-time transfers, tax law changes and urban revenue sharing

See Appendix A and B

# '23 Revenue Growth is Slowing Compared to '22

## - But Will Generate Gains Relative to the Enacted Budget

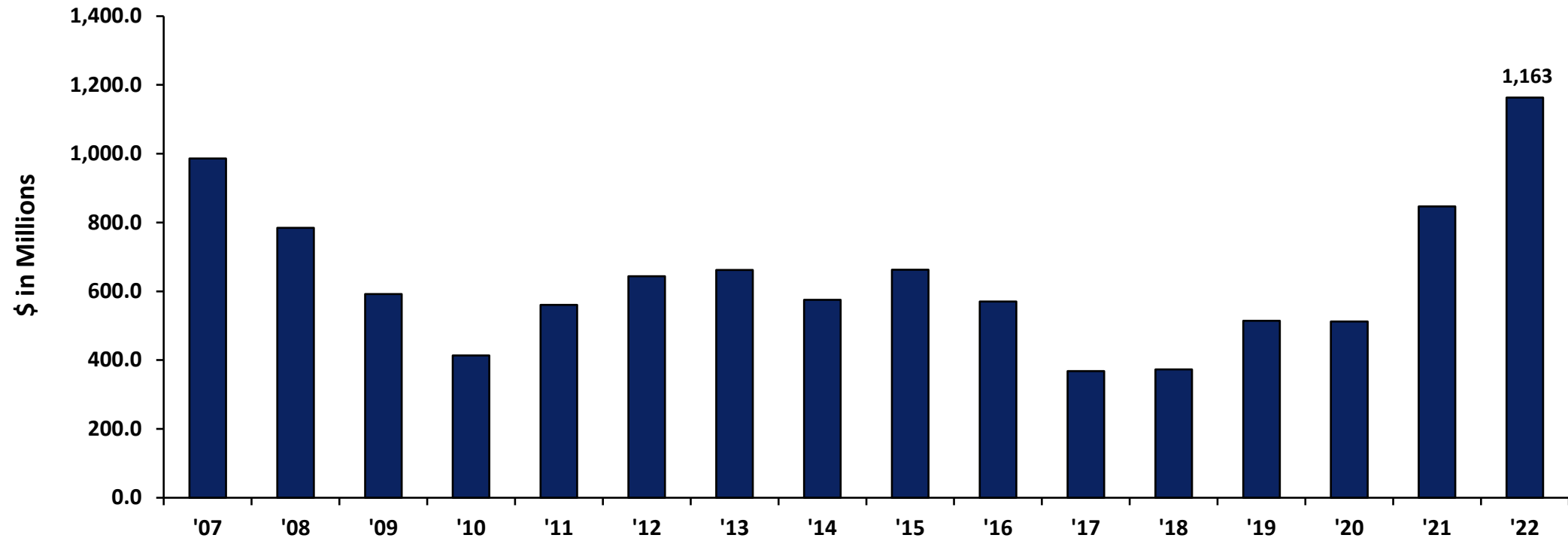
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- Due to recession concerns this past spring, the enacted budget assumed that base revenue growth would decline by (2.0)% in '23
- Through 3 months, however, revenue growth has been 10.4%
- While the recession risk remains, the economy's current momentum will likely keep revenue growth positive in '23 at 6.0%
- The increase in the growth rate above the enacted budget will generate over \$1.0 B in unanticipated revenue in '23, thereby helping to increase the available one-time balance



# Corporate Income Tax - Up 125% in 2 Years

- Given the Cyclic Nature of CIT, this Rapid Growth Poses Significant Downside Risk



# Individual Income Tax Rate Changes

- '22 Budget Reduced Rates in TY '22/FY '23 with 2 Triggers in the Future

	Percent Income Tax Rates Household Income	
	<\$27k/\$55k	>\$27k/\$55k
Current	2.55	2.98
Trigger 1	2.53	2.75
Trigger 2	2.50	

- Triggers depended upon exceeding certain revenue levels – which has occurred
- The enacted '23 budget assumed that the triggers would occur in '24 and '25
- Based on the recent report of '22 actual revenues, DOR will be implementing the 2.5% single rate this January for TY 23/FY 24
- Since the enacted budget had already assumed 2.5% would be implemented in '25, this acceleration will have a one-time cost of \$378 M in '24

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# Spending Adjustments

# Baseline Spending Projections

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- Baseline reflects changes to active statutory/other funding formulas - no discretionary additions
- Assumes continuation of \$800 M K-12 “rollover”
- Assumes spending classified as one-time in '23 budget does not continue
  - Continuing the “ongoing 1-times” of school building repair and state health insurance would cost \$287 M

# Baseline Spending Projected To Decrease By \$(383) M

'24 Ongoing Spending Changes	
	<u>\$ in M</u>
Medicaid Formula	245
ADE – K-12 Formula	220
Pension Payoff Savings	(100)
Other	<u>30</u>
<b>Total</b>	<b>395</b>
<b>Total Spending Changes</b>	<b>\$(383) M</b>
<b>Total Spending</b>	<b>\$15,066 M</b>
<b>% Change</b>	<b>(2.5)%</b>

'24 One-Time Spending Additions/Deletions	
	<u>\$ in M</u>
Loss of Medicaid Match Savings	307
Water Supply Funding	333
Remove K-12 Rollover Payoff	(65)
Wildfire Expenses	(65)
State Employee Health Insurance	(103)
SFD – Building Renewal Grants	(183)
SFD – Fewer New Schools	(81)
University Funding	(123)
Other Agency Spending	(506)
Transportation Projects	(73)
Capital Projects	<u>(219)</u>
<b>Total</b>	<b>(778)</b>

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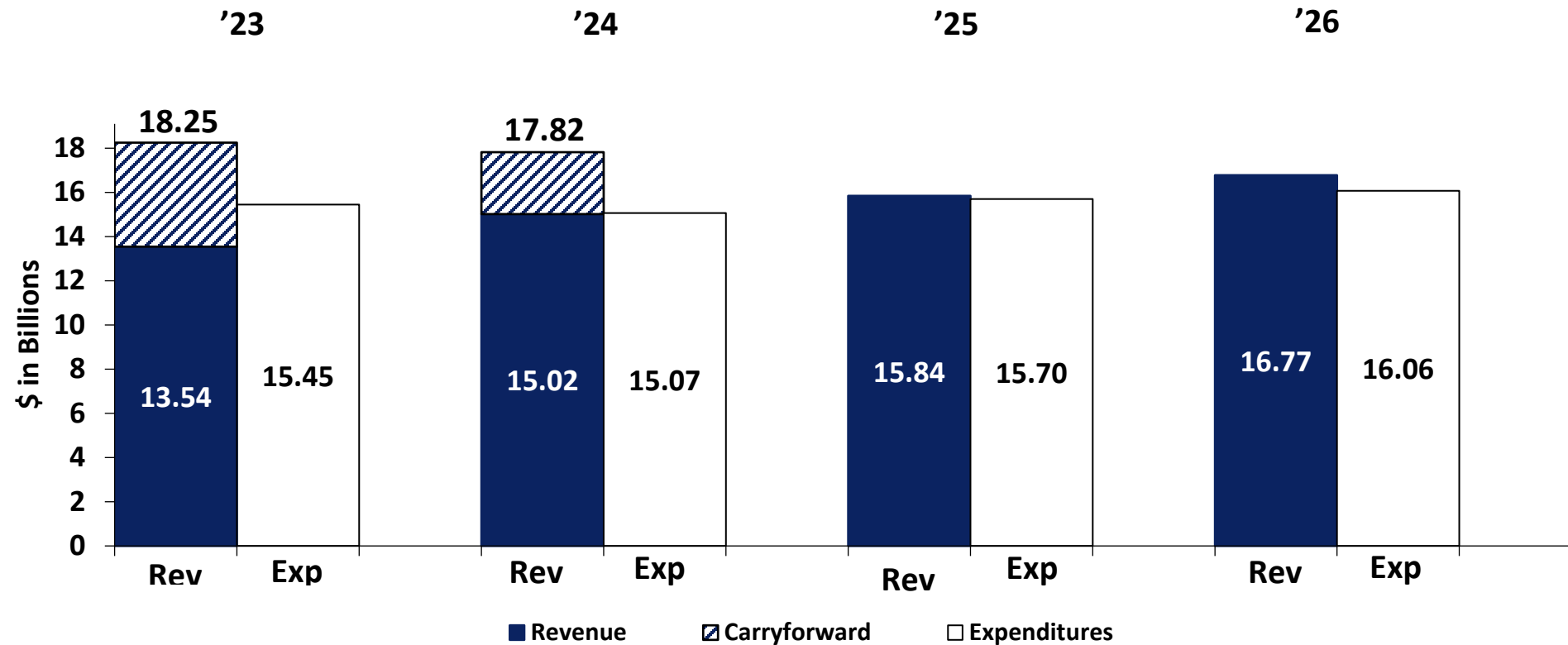
# **Projected Ending Balances**

**Excludes \$1.4 B in Budget Stabilization Fund**

**More Information in Appendix C**

# Available Balances: \$140 M Ongoing & \$2.5 B One-Time

- Assumes Available Balance is Fully Used at the End of '24



Cash Balance

\$2.80 B

\$2.75 B

\$142 M

\$705 M

## STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE

Director.....	Richard Stavneak
Office Manager.....	Linda Monsanto
Deputy Directors.....	Stefan Shepherd
.....	Jack Brown
Chief Economist.....	Hans Olofsson
Assistant Directors.....	Micaela Larkin
.....	Patrick Moran
.....	Rebecca Perrera
Principal Fiscal Analysts.....	Morgan Dorcheus
.....	Geoffrey Paulsen
Senior Fiscal Analysts.....	Ryan Fleischman
.....	Jordan Johnston
.....	Maggie Rucker
Economists.....	Molly Murphy
.....	Ben Newcomb
Fiscal Analysts.....	Nate Belcher
.....	Chandler Coiner
.....	Cameron Mortensen
Senior Administrative Assistant / JLBC & JCCR Clerk.....	Kristy Paddock



# Appendix A: 4-Sector Forecast

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<b>Sales Tax</b>				
JLBC Forecast	6.0%	2.0%	4.0%	4.5%
UA – Low	4.3%	1.5%	3.1%	3.9%
UA – Base	6.5%	3.5%	4.2%	4.5%
FAC	6.7%	2.9%	5.3%	5.7%
Average:	<b>5.9%</b>	<b>2.5%</b>	<b>4.2%</b>	<b>4.7%</b>
<b>Individual Income Tax with Deferral</b>				
JLBC Forecast	5.3%	2.0%	4.6%	4.9%
UA – Low	5.9%	2.8%	4.3%	4.7%
UA – Base	6.3%	4.8%	5.1%	5.1%
FAC	4.6%	1.9%	6.6%	6.3%
Average:	<b>5.5%</b>	<b>2.9%</b>	<b>5.1%</b>	<b>5.2%</b>
<b>Corporate Income Tax</b>				
JLBC Forecast	5.3%	-1.6%	3.8%	4.0%
UA – Low	4.3%	-2.3%	3.7%	4.9%
UA – Base	6.0%	0.3%	4.2%	5.1%
FAC	8.3%	-1.8%	9.4%	7.7%
Average:	<b>6.0%</b>	<b>-1.4%</b>	<b>5.3%</b>	<b>5.5%</b>
<b>Insurance Premium Tax</b>				
JLBC Forecast	4.6%	-2.4%	4.0%	3.7%
UA – Low	6.6%	5.0%	4.5%	4.7%
UA – Base	7.0%	5.6%	5.1%	5.0%
FAC	6.0%	3.9%	5.2%	5.5%
Average:	<b>6.1%</b>	<b>3.1%</b>	<b>4.7%</b>	<b>4.8%</b>

JLBC Weighted Average	<b>5.6%</b>	<b>1.6%</b>	<b>4.3%</b>	<b>4.6%</b>
UA Low Weighted Average	<b>5.1%</b>	<b>2.0%</b>	<b>3.8%</b>	<b>4.4%</b>
UA Base Weighted Average	<b>6.4%</b>	<b>4.0%</b>	<b>4.7%</b>	<b>4.8%</b>
FAC Consensus Weighted Average	<b>5.9%</b>	<b>2.2%</b>	<b>6.2%</b>	<b>6.1%</b>
“Big-4” Weighted Average	<b>5.7%</b>	<b>2.4%</b>	<b>4.7%</b>	<b>5.0%</b>
Consensus Weighted Average	<b>6.0%</b>	<b>2.0%</b>	<b>4.0%</b>	<b>4.9%</b>

\* Represents ongoing revenue adjusted for small revenue categories.

# Appendix B: October FAC Forecast '22 – '24

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	PREL. 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	7,208,861.8	15.4%	7,632,628.4	5.9%	423,766.6	7,821,669.1	2.5%	189,040.7
Income - Individual	7,530,010.7	15.3%	6,450,015.1	-14.3%	(1,079,995.6)	5,913,170.6	-8.3%	(536,844.5)
- Corporate	1,163,468.9	37.4%	1,232,928.0	6.0%	69,459.1	1,216,223.2	-1.4%	(16,704.8)
Property	26,787.4	19.7%	26,198.1	-2.2%	(589.3)	25,674.2	-2.0%	(524.0)
Luxury - Tobacco	21,040.8	-6.8%	20,514.8	-2.5%	(526.0)	20,309.6	-1.0%	(205.1)
- Liquor	43,920.0	-2.3%	45,369.3	3.3%	1,449.4	46,730.4	3.0%	1,361.1
Insurance Premium	707,654.0	14.8%	750,537.8	6.1%	42,883.8	773,535.0	3.1%	22,997.1
Other Taxes	16,301.4	6.5%	17,002.3	4.3%	701.0	17,546.4	3.2%	544.1
Subtotal - Taxes	16,718,044.9	16.5%	16,175,193.9	-3.2%	(542,851.1)	15,834,858.4	-2.1%	(340,335.5)
<b>Other Non-Tax Revenues:</b>								
Lottery	183,680.2	75.4%	180,694.9	-1.6%	(2,985.4)	192,604.1	6.6%	11,909.2
Gaming Revenue	10,437.0	N/A	37,227.1	256.7%	26,790.1	20,348.6	-45.3%	(16,878.4)
Licenses, Fees and Permits	41,088.0	4.3%	42,772.6	4.1%	1,684.6	43,841.9	2.5%	1,069.3
Interest	46,383.0	5118.2%	180,000.0	288.1%	133,617.0	100,000.0	-44.4%	(80,000.0)
Sales and Services	30,351.5	16.5%	31,565.6	4.0%	1,214.1	32,417.8	2.7%	852.3
Other Miscellaneous	154,467.6	4.4%	150,563.6	-2.5%	(3,904.0)	153,250.1	1.8%	2,686.5
Transfers and Reimbursements	169,833.8	29.5%	110,487.6	-34.9%	(59,346.2)	129,775.9	17.5%	19,288.3
Disproportionate Share Revenue	87,833.5	3.5%	79,802.6	-9.1%	(8,030.9)	76,614.4	-4.0%	(3,188.2)
Subtotal - Other Non-Tax	724,074.6	29.7%	813,113.9	12.3%	89,039.3	748,852.9	-7.9%	(64,261.0)
<b>Net Ongoing Revenue</b>	<b>17,442,119.5</b>	<b>17.0%</b>	<b>16,988,307.7</b>	<b>-2.6%</b>	<b>(453,811.8)</b>	<b>16,583,711.3</b>	<b>-2.4%</b>	<b>(404,596.5)</b>
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)
<b>Net Ongoing Revenue w/ URS</b>	<b>16,685,731.2</b>	<b>18.5%</b>	<b>15,881,349.0</b>	<b>-4.8%</b>	<b>(804,382.2)</b>	<b>15,018,885.0</b>	<b>-5.4%</b>	<b>(862,464.2)</b>
<b>One-Time Financing Sources:</b>								
Water Infrastructure Repayment	20,000.0	N/A	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
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	(2,340,989.6)	N/A	(2,360,989.6)	0.0	N/A	2,340,989.6
<b>Subtotal - Revenues</b>	<b>16,705,731.2</b>	<b>18.3%</b>	<b>13,540,359.4</b>	<b>-18.9%</b>	<b>(3,165,371.8)</b>	<b>15,018,885.0</b>	<b>10.9%</b>	<b>1,478,525.4</b>
Balance Forward	894,636.0	140.2%	4,710,000.0	426.5%	3,815,364.0	2,801,273.9	-40.5%	(1,908,726.1)
<b>Total - Resources</b>	<b>17,600,367.2</b>	<b>21.5%</b>	<b>18,250,359.4</b>	<b>3.7%</b>	<b>649,992.2</b>	<b>17,820,158.9</b>	<b>-2.4%</b>	<b>(430,200.7)</b>

# Appendix B: October FAC Forecast '25 – '26

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	8,147,511.1	4.2%	325,842.0	8,527,582.5	4.7%	380,071.4
Income - Individual	6,209,537.4	5.0%	296,366.9	6,528,036.8	5.1%	318,499.4
- Corporate	1,280,806.8	5.3%	64,583.6	1,350,796.5	5.5%	69,989.7
Property	25,212.0	-1.8%	(462.1)	24,833.8	-1.5%	(378.2)
Luxury - Tobacco	20,208.1	-0.5%	(101.5)	20,167.7	-0.2%	(40.4)
- Liquor	48,225.8	3.2%	1,495.4	49,865.5	3.4%	1,639.7
Insurance Premium	810,060.5	4.7%	36,525.6	848,604.8	4.8%	38,544.2
Other Taxes	18,406.2	4.9%	859.8	19,344.9	5.1%	938.7
Subtotal - Taxes	16,559,967.9	4.6%	725,109.5	17,369,232.3	4.9%	809,264.5
<b>Other Non-Tax Revenues:</b>						
Lottery	203,478.2	5.6%	10,874.1	214,753.0	5.5%	11,274.8
Gaming Revenue	22,280.6	9.5%	1,932.0	23,954.2	7.5%	1,673.5
Licenses, Fees and Permits	45,683.3	4.2%	1,841.4	47,647.7	4.3%	1,964.4
Interest	50,000.0	-50.0%	(50,000.0)	50,000.0	0.0%	0.0
Sales and Services	33,747.0	4.1%	1,329.1	35,198.1	4.3%	1,451.1
Other Miscellaneous	157,240.1	2.6%	3,990.1	161,493.5	2.7%	4,253.4
Transfers and Reimbursements	72,111.8	-44.4%	(57,664.1)	73,540.4	2.0%	1,428.6
Disproportionate Share Revenue	76,397.0	-0.3%	(217.4)	76,459.3	0.1%	62.3
Subtotal - Other Non-Tax	660,938.1	-11.7%	(87,914.8)	683,046.2	3.3%	22,108.1
<b>Net Ongoing Revenue</b>	<b>17,220,905.9</b>	<b>3.8%</b>	<b>637,194.7</b>	<b>18,052,278.6</b>	<b>4.8%</b>	<b>831,372.6</b>
Urban Revenue Sharing (URS)	(1,382,929.8)	N/A	181,896.6	(1,283,290.9)	N/A	99,638.9
<b>Net Ongoing Revenue w/ URS</b>	<b>15,837,976.1</b>	<b>5.5%</b>	<b>819,091.3</b>	<b>16,768,987.7</b>	<b>5.9%</b>	<b>931,011.5</b>
<b>One-Time Financing Sources:</b>						
Water Infrastructure Repayment	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
<b>Subtotal - Revenues</b>	<b>15,837,976.1</b>	<b>5.5%</b>	<b>819,091.3</b>	<b>16,768,987.7</b>	<b>5.9%</b>	<b>931,011.5</b>
Balance Forward	0.0	-100.0%	(2,801,273.9)	0.0	N/A	0.0
<b>Total - Resources</b>	<b>15,837,976.1</b>	<b>-11.1%</b>	<b>(1,982,182.6)</b>	<b>16,768,987.7</b>	<b>5.9%</b>	<b>931,011.5</b>

# Appendix C: Statement of General Fund Revenues and Expenditures

	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC	FY 2026 October FAC
<b>REVENUES</b>				
Ongoing Revenues	\$18,492,824,100	\$18,853,726,600	\$19,614,566,600	\$20,578,004,000
Previously Enacted Tax Reductions	(1,504,516,400)	(2,270,015,300)	(2,393,660,700)	(2,525,725,400)
Urban Revenue Sharing	(1,106,958,700)	(1,564,826,300)	(1,382,929,800)	(1,283,290,900)
Net Ongoing Revenues	\$15,881,349,000	\$15,018,885,000	\$15,837,976,100	\$16,768,987,700
One-Time Revenues				
Balance Forward	\$4,710,000,000	\$2,801,273,900		
TPT Diversions	(2,287,489,600)			
Previously Enacted Tax Reductions	(50,000,000)			
Other One-Time Revenue Changes	(3,500,000)			
Subtotal One-Time Revenues	\$2,369,010,400	\$2,801,273,900	\$0	\$0
<b>Total Revenues</b>	\$18,250,359,400	\$17,820,158,900	\$15,837,976,100	\$16,768,987,700
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$14,204,683,200	\$14,599,442,100	\$15,221,078,600	\$15,977,411,000
Administrative Adjustments	170,000,000	170,000,000	170,000,000	170,000,000
Revertments	(215,000,000)	(215,000,000)	(215,000,000)	(215,000,000)
Subtotal Ongoing Expenditures	\$14,159,683,200	\$14,554,442,100	\$15,176,078,600	\$15,932,411,000
One-Time Expenditures				
Capital Outlay	\$250,257,400	\$31,422,000	\$29,832,100	\$23,700,000
Transportation Funding	83,000,000	10,000,000		
Reduce K-12 Rollover	65,000,000			
Pension Payoff (EORP Deposit)	60,000,000			
Operating One-Time Spending	1,138,340,500	137,311,200	157,274,200	108,018,600
Water Supply Funding (TPT Diversion in FY 23)		333,000,000	333,000,000	
New Medicaid Federal Match Reversion <u>1/</u>	(307,195,600)			
Subtotal One-Time Expenditures	\$1,289,402,300	\$511,733,200	\$520,106,300	\$131,718,600
<b>Total Expenditures</b>	\$15,449,085,500	\$15,066,175,300	\$15,696,184,900	\$16,064,129,600
<b>Ending Balance <u>2/3/</u></b>	\$2,801,273,900	\$2,753,983,600	\$141,791,200	\$704,858,100

1/ Reflects revertments of savings for a higher federal Medicaid match rate.

2/ Reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.

3/ The projected cash balance amounts would result in \$140 million of ongoing resources and \$2.5 billion of one-time resources being available during the FY 2024 budget process. These estimates of available resources would maintain \$100 million in the FY 2024 ending balance.

## **JLBC Staff – October Budget Update**

### **Summary of the General Fund Budget Outlook**

- After a 17% increase in FY 2022, base General Fund revenue growth is expected to moderate to 6% in FY 2023 and 2% in FY 2024.
- The declining growth rate is related to recession concerns as the Federal Reserve Board attempts to reduce inflation by raising interest rates.
- This projected growth path plus prior legislative commitments results in an available ongoing balance of \$140 million and a one-time balance of \$2.5 billion for new initiatives.
- Given the economic uncertainty, our estimate of available resources could change considerably as we go through the FY 2024 budget process.

### **Caveats to the Forecast**

This forecast is based on outcomes that use up the most resources – so that we do not overstate how much will be available next session. This scenario is a means of budgeting prudently, not a prediction of the results of federal policy decisions or future ballot propositions. This October "maximum commitment" scenario assumes:

- The federal government does not extend the enhanced Medicaid match rate past December 2022.
- Proposition 123 is not renewed – which would reduce the land trust distributions for K-12 starting in FY 2026.
- Absent any other statutory change, the General Fund would backfill the Proposition 123 loss at a cost of \$300 million in FY 2026.

### **Reporting Requirements**

The FY 2023 General Appropriation Act requires the JLBC Staff to report by October 15, 2022 as to whether FY 2023's General Fund revenues and ending balance are projected to change by more than \$50 million from the budgeted levels. We currently forecast exceeding both metrics by significantly more than \$50 million. For example, the FY 2023 projected ending balance is now \$2.80 billion, or \$1.72 billion higher than the \$1.08 billion level in the enacted budget.

In addition, A.R.S. § 35-125 requires the Legislature to provide 3-year estimates in each year's budget bill. In fulfilling these requirements, the JLBC Staff has reviewed the preliminary FY 2022 ending balance estimates and updated its 4-sector revenue projections in conjunction with the October 6<sup>th</sup> Finance Advisory Committee (FAC) meeting. In addition, the JLBC Staff has revised its spending projections through FY 2026 based on current statutory funding formulas.

## FY 2022 Actuals

The enacted budget projected the FY 2022 ending balance to be \$4.51 billion. The Executive's preliminary FY 2022 ending balance projection is \$4.71 billion, or a net increase of \$201 million above the enacted budget. This increase is primarily the result of \$286 million in higher-than-anticipated revenues (*see discussion below*). In addition, state spending was \$85 million higher-than-budgeted. The Arizona Department of Administration is required by law to publish the final FY 2022 ending balance by December 1, 2022.

*Higher-than-Expected Revenues* – Excluding Urban Revenue Sharing, the beginning balance and one-time transfers, General Fund revenue grew by 17.0% in FY 2022.

Individual Income Tax accounted for \$129 million of the total FY 2022 net revenue gain of \$286 million. Sales Tax and Corporate Income Tax accounted for \$69 million and \$52 million, respectively, of the forecast overage.

*Table 1* displays the performance of the state's largest revenue categories as compared to the enacted budget forecast.

<b>Table 1</b>			
<b>FY 2022 Revenue Growth Rates by Category</b>			
	<b>Enacted Budget</b>	<b>Prelim Actual</b>	<b>Above/(Below) Forecast (\$ in Millions)</b>
Sales and Use	14.3%	15.4%	\$69
Individual Income	13.3%	15.3%	129
Corporate Income	31.2%	37.4%	52
Insurance Premium	10.0%	14.8%	30
Other	<u>24.4%</u>	<u>30.0%</u>	<u>6</u>
<b>Total</b>	<b>15.1%</b>	<b>17.0%</b>	<b>\$286</b>

Each of the state's major revenue categories saw significant increases, with a variety of economic conditions causing this widespread growth:

- Spending down of accumulated pandemic savings boosted consumer activity, directly affecting Sales Tax collections and also helping to boost corporate profitability and associated Corporate Income Tax collections.
- General inflationary pressure impacted retail goods pricing (increasing Sales Tax) and also caused higher wages (increasing Individual Income Tax).
- Significant gains in asset prices during calendar year 2021 drove increases in Individual Income Tax payments and likely helped Sales Tax collections through the "wealth effect" for consumers.

## Updated October Revenue Forecast

Due to recession concerns, the enacted FY 2023 budget forecast assumed that General Fund "base" revenue would decline by (2.0)% in FY 2023 compared to FY 2022. This base revenue calculation represents the underlying growth in the economy by excluding the phase in of previously enacted tax reductions, Urban Revenue Sharing, the beginning balance, and one-time revenue adjustments.

The FAC forecast update is typically based on the average revenue forecast from each of the following "4 sectors": the FAC panelists, the JLBC Staff and two different forecasts from the University of Arizona's econometric revenue model. The 4-sector forecast includes the 4 largest General Fund revenue categories: Sales Tax, Individual and Corporate Income Tax, and Insurance Premium Tax. The JLBC Staff forecasts the remaining small revenue categories, which make up 5% of General Fund revenue.

At present time, there are several downside risks to the U.S. and Arizona economy, which make the current revenue outlook especially uncertain. First, the Federal Reserve Board's (the Fed) ongoing effort to combat inflation by aggressively raising interest rates and reducing the size of their balance sheet ("quantitative tightening") has significantly increased the risk of tipping the the U.S. economy into a recession. Second, there is also a risk that the Russia-Ukraine conflict intensifies and drags on longer, leading to higher prices for energy, industrial commodities, and grains, which would cause a further slowdown of global economic growth. Third, if the correction of supply-chain issues takes longer than anticipated, it would likely dampen economic activity and make the Fed's inflation-fighting task more difficult.

Under the October 4-sector forecast, General Fund base revenue is projected to grow by 6.0% in FY 2023. In FY 2024 through FY 2026, the projected base revenue growth rates are 2.0%, 4.0% and 4.9%, respectively. Details of the updated October 2022 forecast are summarized in *Attachments A and B*.

Through the first 3 months of FY 2023, revenue growth has been 10.4%. Although the threat of recession exists, the economy's current momentum makes the 6.0% growth for all of FY 2023 reasonable. Since the enacted budget assumed a (2.0)% FY 2023 decline, a 6.0% growth rate is projected to generate over \$1 billion in additional revenue above the enacted budget estimates.

Based on the current forecast, however, these added FY 2023 revenues are mostly one-time in nature. By the time FY 2024 begins in July, the 4-sector envisions that the Fed's interest rate hikes will slow economic momentum and result in 2.0% FY 2024 growth. Under the 4-sector projections, the slowdown would be relatively short as the growth rate rebounds to 4.0% in FY 2025 and 4.9% in FY 2026.

## **Tax Reductions**

*Tax Year 2022/FY 2023 Tax Changes* - Laws 2021, Chapter 412, the Tax Omnibus bill, reduced 4 Individual Income Tax brackets to 2 starting in Tax Year (TY) 2022/FY 2023. The rate is 2.55% for taxable income up to \$27,272 in a single household and \$54,544 in a married filing jointly household. The rate is 2.98% above those thresholds. Based on the updated October FAC forecast, we estimate that this tax reduction will cost \$1.5 billion in FY 2023. After including this tax law change, the 6.0% base revenue growth would decline to a revenue growth rate of (2.6)%.

*Future Tax Changes* - The 2021 tax legislation made 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 30<sup>th</sup> of each year until the required revenue levels are achieved. JLBC Staff and OSPB jointly reported to ADOR on September 29<sup>th</sup> that the FY 2022 revenue level was \$16.7 billion.

Upon receiving a JLBC/OSPB report that General Fund revenue exceeds \$12,782,800,000, 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 \$12,976,300,000, ADOR is to set the income tax rate at a single 2.5% rate in the following Tax Year.

The enacted FY 2023 budget assumed the 2.53%/2.75% tax rates would be implemented in TY 2023 and the single 2.5% tax rate would be implemented in TY 2024.

Based on the September 29<sup>th</sup> revenue report, ADOR will implement the 2.5% single tax rate in TY 2023 starting this January.

As described above, the enacted budget assumed the TY 2023 tax rates would be 2.53%/2.75%. That tax reduction will reduce revenues by \$(338) million in FY 2024. Implementing the 2.5% single tax rate in TY 2023 is projected to reduce state revenues on a one-time basis by an additional \$(378) million during FY 2024 compared to the enacted budget. The reduction from the 2.55%/2.98% tax rates to the 2.5% single tax rate will reduce revenues by a total of \$(716) million in FY 2024.

## **Total Revenues**

In FY 2024, total General Fund revenues are projected to be \$17.8 billion, including a carryforward balance of \$2.8 billion from FY 2023.



## Spending Projections

As part of the October FAC process, we have updated our FY 2023 - FY 2026 projection of Baseline spending. (*See Attachments C and D.*) These amounts reflect spending changes associated with statutory and other active funding formulas. In addition, the amounts reflect changes that were assumed in the FY 2023 enacted budget's 3-year spending plan. These changes included any planned future year spending increases and deleted spending labeled as one-time in that budget.

Overall state spending is projected to decrease by \$(383) million in FY 2024, which represents a decrease of (2.5)% from the prior year. Total FY 2024 General Fund spending is projected to be \$15.1 billion.

The decrease in FY 2024 Baseline spending is due to offsetting issues: ongoing spending requirements increasing by \$395 million (*see Table 3*), with that offset by the level of one-time spending declining by \$(778) million (*see Table 4*).

Under the Baseline projections, spending is projected to increase by \$630 million in FY 2025 and increase by \$368 million in FY 2026. (*See Table 2.*)

<b>Table 2</b>		
<b>Total General Funding Spending</b>		
	<u><b>\$ in B</b></u>	<u><b>% Growth</b></u>
FY 2023	15.45	19.8
FY 2024	15.07	(2.5)
FY 2025	15.70	4.2
FY 2026	16.06	2.3

The current year FY 2023 spending estimate has been adjusted to reflect additional savings from the increased federal Medicaid match rate, which results from the federal public health emergency. The enacted budget did not include any savings for this policy in FY 2023, as the budget assumed the enhanced match rate would be in effect through June 30, 2022. The federal emergency has now been extended, which results in the enhanced federal match rate currently being in effect through December 31, 2022. This extension will generate an additional \$(307) million of savings during FY 2023. If the enhanced match rate is extended for at least one more quarter, there would be additional FY 2023 savings of approximately \$(154) million not incorporated into our October estimates.

### Ongoing FY 2024 Statutory Formula Spending

During FY 2024, statutory formula/ongoing spending (excluding one-time spending) is projected to change as follows:

<b>Table 3</b> <b>'24 Ongoing Spending Changes</b>	
	<b><u>\$ in M</u></b>
Medicaid Formula	245
ADE - K-12 Formula	220
Pension Payoff Savings	(100)
Other	<u>30</u>
<b>Total</b>	<b>395</b>

<b>Table 4</b> <b>'24 One-Time Spending Additions/Deletions</b>	
	<b><u>\$ in M</u></b>
Remove Medicaid Match Savings	307
Water Supply Funding	333
Remove K-12 Rollover Payoff	(65)
Wildfire Expenses	(65)
State Employee Health Insurance	(103)
SFD Building Renewal Grants	(183)
SFD Fewer New Schools	(81)
University Funding	(123)
Other Agency Spending	(506)
Transportation Projects	(73)
Capital Projects	<u>(219)</u>
<b>Total</b>	<b>(778)</b>

- Arizona Department of Education (ADE) ongoing formula spending is projected to increase by \$220 million in FY 2024. This estimate includes the following changes:
  - \$58 million for 0.6% student enrollment growth.
  - \$155 million for 2.0% inflation. The estimated calendar year 2022 inflation rate is 7.25%. A.R.S. § 15-901.01 stipulates that the minimum inflation adjustment is the actual inflation rate or 2.0%, whichever is less.
  - \$42 million for formula funding increases required by Sections 127 and 128 of the FY 2023 General Appropriation Act, including \$29 million for Additional Assistance and \$13 million for the Group B weight for FRPL-eligible students.
  - \$(35) million for all other ongoing formula adjustments.
- In FY 2026, ADE spending will be affected by the expiration of Proposition 123. The temporary increase in the land trust distribution from 2.5% to 6.9% required by Proposition 123 will expire in that year in the absence of a voter-approved constitutional extension. As part of our "maximum commitment" scenario, the October estimates assume that Proposition 123 is not replaced. The expiration has the following impacts on our numbers:
  - The amount of land trust distribution available to cover the cost of the K-12 Basic State Aid formula would decrease by an estimated \$(300) million in FY 2026 compared with FY 2025. Our estimates assume there would be a corresponding \$300 million General Fund spending increase in FY 2026 above FY 2025 to backfill the reduced land trust distribution. The backfill would occur unless there were further statutory changes.
  - Beginning in FY 2026, Proposition 123 provides legislative flexibility regarding otherwise voter-protected K-12 inflation adjustments in certain circumstances. If the K-12 share of state General Fund spending is greater than 49.0%, the Legislature may forego the annual inflation adjustment or reduce K-12 spending equal to the level of inflation. If K-12 spending exceeds 50.0%, the Legislature may forego the annual inflation adjustment or reduce K-12 funding by twice the level of inflation. Since this language was part of the original ballot proposition, it would remain in

- effect even if the Proposition 123 land trust distribution is not extended. Under our forecast, ADE appropriations would represent 46.9% of General Fund appropriations in FY 2025 and there would be no legislative flexibility on FY 2026 inflation adjustments.
- In FY 2026, ADE General Fund appropriations are projected to represent 49.4% of estimated General Fund appropriations for that year. The 49.4% would affect the Proposition 123 trigger in determining FY 2027 ADE funding. In that scenario, the Legislature would have to decide whether to apply the regular inflation adjustment as part of the FY 2027 budget process or reduce K-12 spending by up to the level of inflation.
  - Medicaid funding in AHCCCS and the Department of Economic Security (DES) is projected to increase by \$245 million in FY 2024. This estimate is based on the following changes:
    - A decrease in the regular federal match rate from 69.56% currently to 66.92% effective October 1, 2023. This decline is associated with the state's increase in its per capita personal income relative to other states and is not related to the enhanced federal match during the pandemic.
    - A 3.1% capitation rate increase.
    - Projected AHCCCS enrollment declines resulting from the end of the federally-declared public health emergency while enrollment in DES' Developmental Disabilities program is expected to increase by 4.5%.
  - Annual employer retirement costs will decline by \$(100) million in FY 2024 based on the assumptions included in the enacted budget. The FY 2023 budget included a total of \$1.14 billion to eliminate the unfunded actuarial liabilities across various Public Safety Personnel Retirement System (PSPRS) and Correctional Officers Retirement Plan (CORP) state employer groups. The effect on the employer contribution rate will first occur in FY 2024. This savings estimate will be updated when the retirement system actuarial valuations are released in December.

For a complete list of ongoing spending changes, please see *Attachment D*.

### One-Time Spending

As part of the FY 2023 budget 3-year spending plan, the Legislature designated certain spending items as one-time in each of FY 2023, FY 2024, and FY 2025. The enacted budget 3-year spending plan would result in FY 2024 one-time spending of \$512 million, which is a decline of \$(778) million from FY 2023. (See *Table 4 and Attachment E*.)

### **Ending Balance Projections**

Given the revenue and spending forecasts, we currently project an FY 2023 General Fund ending cash balance of \$2.80 billion. The projected FY 2024 ending cash balance is \$2.75 billion. Assuming this amount is allocated during the 2023 Regular Session, the projected FY 2025 and FY 2026 ending balances are \$142 million and \$705 million, respectively. (See *Attachment C*)

The future year ending cash balances effectively limit how much of the \$2.75 billion FY 2024 balance can be spent for ongoing initiatives. Any ongoing initiatives above \$140 million will create a cash shortfall in future years.

Ongoing initiatives of \$140 million would reduce the \$2.75 billion FY 2024 balance by that amount. In addition, we suggest a final FY 2024 cash balance of no less than \$100 million. After deducting both the \$140 million and \$100 million from the FY 2024 balance, \$2.5 billion would be available for one-time initiatives as part of the FY 2024 budget.

All the cash balance projections exclude the Budget Stabilization Fund (BSF). That account is projected to have a balance of approximately \$1.4 billion at the end of FY 2023.

## October 6, 2022 FAC 4-Sector Forecast

	FY 2023	FY 2024	FY 2025	FY 2026
<b><u>Sales Tax</u></b>				
JLBC Staff	6.0%	2.0%	4.0%	4.5%
UA - Low	4.3%	1.5%	3.1%	3.9%
UA - Base	6.5%	3.5%	4.2%	4.5%
FAC	6.7%	2.9%	5.3%	5.7%
<b>Average:</b>	<b>5.9%</b>	<b>2.5%</b>	<b>4.2%</b>	<b>4.7%</b>
<b><u>Individual Income Tax</u></b>				
JLBC Staff	5.3%	2.0%	4.6%	4.9%
UA - Low	5.9%	2.8%	4.3%	4.7%
UA - Base	6.3%	4.8%	5.1%	5.1%
FAC	4.6%	1.9%	6.6%	6.3%
<b>Average:</b>	<b>5.5%</b>	<b>2.9%</b>	<b>5.1%</b>	<b>5.2%</b>
<b><u>Corporate Income Tax</u></b>				
JLBC Staff	5.3%	-1.6%	3.8%	4.0%
UA - Low	4.3%	-2.3%	3.7%	4.9%
UA - Base	6.0%	0.3%	4.2%	5.1%
FAC	8.3%	-1.8%	9.4%	7.7%
<b>Average:</b>	<b>6.0%</b>	<b>-1.4%</b>	<b>5.3%</b>	<b>5.5%</b>
<b><u>Insurance Premium Tax</u></b>				
JLBC Staff	4.6%	-2.4%	4.0%	3.7%
UA - Low	6.6%	5.0%	4.5%	4.7%
UA - Base	7.0%	5.6%	5.1%	5.0%
FAC	6.0%	3.9%	5.2%	5.5%
<b>Average:</b>	<b>6.1%</b>	<b>3.1%</b>	<b>4.7%</b>	<b>4.8%</b>
<b>JLBC Weighted Average:</b>	<b>5.6%</b>	<b>1.6%</b>	<b>4.3%</b>	<b>4.6%</b>
<b>UA Low Weighted Average:</b>	<b>5.1%</b>	<b>2.0%</b>	<b>3.8%</b>	<b>4.4%</b>
<b>UA Base Weighted Average:</b>	<b>6.4%</b>	<b>4.0%</b>	<b>4.7%</b>	<b>4.8%</b>
<b>FAC Consensus Weighted Average:</b>	<b>5.9%</b>	<b>2.2%</b>	<b>6.2%</b>	<b>6.1%</b>
<b>"Big-4" Weighted Average:</b>	<b>5.7%</b>	<b>2.4%</b>	<b>4.7%</b>	<b>5.0%</b>
<b>Consensus Weighted Average: *</b>	<b>6.0%</b>	<b>2.0%</b>	<b>4.0%</b>	<b>4.9%</b>

\* Represents ongoing revenue adjusted for small revenue categories

# October 2022 4-Sector Forecast

## Attachment B

### GENERAL FUND REVENUE - FY 2022 - FY 2024

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	PREL. 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	7,208,861.8	15.4%	7,632,628.4	5.9%	423,766.6	7,821,669.1	2.5%	189,040.7
Income - Individual	7,530,010.7	15.3%	6,450,015.1	-14.3%	(1,079,995.6)	5,913,170.6	-8.3%	(536,844.5)
- Corporate	1,163,468.9	37.4%	1,232,928.0	6.0%	69,459.1	1,216,223.2	-1.4%	(16,704.8)
Property	26,787.4	19.7%	26,198.1	-2.2%	(589.3)	25,674.2	-2.0%	(524.0)
Luxury - Tobacco	21,040.8	-6.8%	20,514.8	-2.5%	(526.0)	20,309.6	-1.0%	(205.1)
- Liquor	43,920.0	-2.3%	45,369.3	3.3%	1,449.4	46,730.4	3.0%	1,361.1
Insurance Premium	707,654.0	14.8%	750,537.8	6.1%	42,883.8	773,535.0	3.1%	22,997.1
Other Taxes	16,301.4	6.5%	17,002.3	4.3%	701.0	17,546.4	3.2%	544.1
Subtotal - Taxes	16,718,044.9	16.5%	16,175,193.9	-3.2%	(542,851.1)	15,834,858.4	-2.1%	(340,335.5)
<b>Other Non-Tax Revenues:</b>								
Lottery	183,680.2	75.4%	180,694.9	-1.6%	(2,985.4)	192,604.1	6.6%	11,909.2
Gaming Revenue	10,437.0	N/A	37,227.1	256.7%	26,790.1	20,348.6	-45.3%	(16,878.4)
Licenses, Fees and Permits	41,088.0	4.3%	42,772.6	4.1%	1,684.6	43,841.9	2.5%	1,069.3
Interest	46,383.0	5118.2%	180,000.0	288.1%	133,617.0	100,000.0	-44.4%	(80,000.0)
Sales and Services	30,351.5	16.5%	31,565.6	4.0%	1,214.1	32,417.8	2.7%	852.3
Other Miscellaneous	154,467.6	4.4%	150,563.6	-2.5%	(3,904.0)	153,250.1	1.8%	2,686.5
Transfers and Reimbursements	169,833.8	29.5%	110,487.6	-34.9%	(59,346.2)	129,775.9	17.5%	19,288.3
Disproportionate Share Revenue	87,833.5	3.5%	79,802.6	-9.1%	(8,030.9)	76,614.4	-4.0%	(3,188.2)
Subtotal - Other Non-Tax	724,074.6	29.7%	813,113.9	12.3%	89,039.3	748,852.9	-7.9%	(64,261.0)
<b>Net Ongoing Revenue</b>	<b>17,442,119.5</b>	<b>17.0%</b>	<b>16,988,307.7</b>	<b>-2.6%</b>	<b>(453,811.8)</b>	<b>16,583,711.3</b>	<b>-2.4%</b>	<b>(404,596.5)</b>
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)
<b>Net Ongoing Revenue w/ URS</b>	<b>16,685,731.2</b>	<b>18.5%</b>	<b>15,881,349.0</b>	<b>-4.8%</b>	<b>(804,382.2)</b>	<b>15,018,885.0</b>	<b>-5.4%</b>	<b>(862,464.2)</b>
<b>One-Time Financing Sources:</b>								
Water Infrastructure Repayment	20,000.0	N/A	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
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	(2,340,989.6)	N/A	(2,360,989.6)	0.0	N/A	2,340,989.6
<b>Subtotal - Revenues</b>	<b>16,705,731.2</b>	<b>18.3%</b>	<b>13,540,359.4</b>	<b>-18.9%</b>	<b>(3,165,371.8)</b>	<b>15,018,885.0</b>	<b>10.9%</b>	<b>1,478,525.4</b>
Balance Forward	894,636.0	140.2%	4,710,000.0	426.5%	3,815,364.0	2,801,273.9	-40.5%	(1,908,726.1)
<b>Total - Resources</b>	<b>17,600,367.2</b>	<b>21.5%</b>	<b>18,250,359.4</b>	<b>3.7%</b>	<b>649,992.2</b>	<b>17,820,158.9</b>	<b>-2.4%</b>	<b>(430,200.7)</b>

# October 2022 4-Sector Forecast

## Attachment B

### 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	8,147,511.1	4.2%	325,842.0	8,527,582.5	4.7%	380,071.4
Income - Individual	6,209,537.4	5.0%	296,366.9	6,528,036.8	5.1%	318,499.4
- Corporate	1,280,806.8	5.3%	64,583.6	1,350,796.5	5.5%	69,989.7
Property	25,212.0	-1.8%	(462.1)	24,833.8	-1.5%	(378.2)
Luxury - Tobacco	20,208.1	-0.5%	(101.5)	20,167.7	-0.2%	(40.4)
- Liquor	48,225.8	3.2%	1,495.4	49,865.5	3.4%	1,639.7
Insurance Premium	810,060.5	4.7%	36,525.6	848,604.8	4.8%	38,544.2
Other Taxes	18,406.2	4.9%	859.8	19,344.9	5.1%	938.7
Subtotal - Taxes	16,559,967.9	4.6%	725,109.5	17,369,232.3	4.9%	809,264.5
<b>Other Non-Tax Revenues:</b>						
Lottery	203,478.2	5.6%	10,874.1	214,753.0	5.5%	11,274.8
Gaming Revenue	22,280.6	9.5%	1,932.0	23,954.2	7.5%	1,673.5
Licenses, Fees and Permits	45,683.3	4.2%	1,841.4	47,647.7	4.3%	1,964.4
Interest	50,000.0	-50.0%	(50,000.0)	50,000.0	0.0%	0.0
Sales and Services	33,747.0	4.1%	1,329.1	35,198.1	4.3%	1,451.1
Other Miscellaneous	157,240.1	2.6%	3,990.1	161,493.5	2.7%	4,253.4
Transfers and Reimbursements	72,111.8	-44.4%	(57,664.1)	73,540.4	2.0%	1,428.6
Disproportionate Share Revenue	76,397.0	-0.3%	(217.4)	76,459.3	0.1%	62.3
Subtotal - Other Non-Tax	660,938.1	-11.7%	(87,914.8)	683,046.2	3.3%	22,108.1
<b>Net Ongoing Revenue</b>	<b>17,220,905.9</b>	<b>3.8%</b>	<b>637,194.7</b>	<b>18,052,278.6</b>	<b>4.8%</b>	<b>831,372.6</b>
Urban Revenue Sharing (URS)	(1,382,929.8)	N/A	181,896.6	(1,283,290.9)	N/A	99,638.9
<b>Net Ongoing Revenue w/ URS</b>	<b>15,837,976.1</b>	<b>5.5%</b>	<b>819,091.3</b>	<b>16,768,987.7</b>	<b>5.9%</b>	<b>931,011.5</b>
<b>One-Time Financing Sources:</b>						
Water Infrastructure Repayment	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
<b>Subtotal - Revenues</b>	<b>15,837,976.1</b>	<b>5.5%</b>	<b>819,091.3</b>	<b>16,768,987.7</b>	<b>5.9%</b>	<b>931,011.5</b>
Balance Forward	0.0	-100.0%	(2,801,273.9)	0.0	N/A	0.0
<b>Total - Resources</b>	<b>15,837,976.1</b>	<b>-11.1%</b>	<b>(1,982,182.6)</b>	<b>16,768,987.7</b>	<b>5.9%</b>	<b>931,011.5</b>

# STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES WITH ONE-TIME FINANCING SOURCES

## Attachment C

	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC	FY 2026 October FAC
<b>REVENUES</b>				
Ongoing Revenues	\$18,492,824,100	\$18,853,726,600	\$19,614,566,600	\$20,578,004,000
Previously Enacted Tax Reductions	(1,504,516,400)	(2,270,015,300)	(2,393,660,700)	(2,525,725,400)
Urban Revenue Sharing	(1,106,958,700)	(1,564,826,300)	(1,382,929,800)	(1,283,290,900)
Net Ongoing Revenues	\$15,881,349,000	\$15,018,885,000	\$15,837,976,100	\$16,768,987,700
One-Time Revenues				
Balance Forward	\$4,710,000,000	\$2,801,273,900		
TPT Diversions	(2,287,489,600)			
Previously Enacted Tax Reductions	(50,000,000)			
Other One-Time Revenue Changes	(3,500,000)			
Subtotal One-Time Revenues	\$2,369,010,400	\$2,801,273,900	\$0	\$0
<b>Total Revenues</b>	\$18,250,359,400	\$17,820,158,900	\$15,837,976,100	\$16,768,987,700
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$14,204,683,200	\$14,599,442,100	\$15,221,078,600	\$15,977,411,000
Administrative Adjustments	170,000,000	170,000,000	170,000,000	170,000,000
Revertments	(215,000,000)	(215,000,000)	(215,000,000)	(215,000,000)
Subtotal Ongoing Expenditures	\$14,159,683,200	\$14,554,442,100	\$15,176,078,600	\$15,932,411,000
One-Time Expenditures				
Capital Outlay	\$250,257,400	\$31,422,000	\$29,832,100	\$23,700,000
Transportation Funding	83,000,000	10,000,000		
Reduce K-12 Rollover	65,000,000			
Pension Payoff (EORP Deposit)	60,000,000			
Operating One-Time Spending	1,138,340,500	137,311,200	157,274,200	108,018,600
Water Supply Funding (TPT Diversion in FY 23)		333,000,000	333,000,000	
New Medicaid Federal Match Reversion <u>1/</u>	(307,195,600)			
Subtotal One-Time Expenditures	\$1,289,402,300	\$511,733,200	\$520,106,300	\$131,718,600
<b>Total Expenditures</b>	\$15,449,085,500	\$15,066,175,300	\$15,696,184,900	\$16,064,129,600
<b>Ending Balance <u>2/3/</u></b>	\$2,801,273,900	\$2,753,983,600	\$141,791,200	\$704,858,100

1/ Reflects revertments of savings for a higher federal Medicaid match rate.

2/ Reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.

3/ The projected cash balance amounts would result in \$140 million of ongoing resources and \$2.5 billion of one-time resources being available during the FY 2024 budget process. These estimates of available resources would maintain \$100 million in the FY 2024 ending balance.



# GENERAL FUND SPENDING BY BUDGET UNITS 1/ ONGOING FUNDING

	FY 2023 October FAC	FY 2024 \$ Above FY 2023	FY 2024 October FAC	FY 2025 \$ Above FY 2024	FY 2025 October FAC	FY 2026 \$ Above FY 2025	FY 2026 October FAC
<b>EXPENDITURES</b>							
Operating Budget							
-- Department of Administration	\$9,022,800		\$9,022,800		\$9,022,800		\$9,022,800
-- ADOA - School Facilities Division	28,211,600		28,211,600		28,211,600		28,211,600
-- Office of Administrative Hearings	966,800		966,800		966,800		966,800
-- African-American Affairs Commission	141,500		141,500		141,500		141,500
-- Arizona Department of Agriculture	14,577,700		14,577,700		14,577,700		14,577,700
-- AHCCCS	2,294,168,500	129,850,900	2,424,019,400	174,756,600	2,598,776,000	101,806,500	2,700,582,500
-- Attorney General	26,816,300		26,816,300		26,816,300		26,816,300
-- State Board for Charter Schools	3,292,600	(394,900)	2,897,700		2,897,700		2,897,700
-- Department of Child Safety	447,055,700	10,000,000	457,055,700	5,000,000	462,055,700		462,055,700
-- Commerce Authority	18,550,000		18,550,000		18,550,000		18,550,000
-- Community Colleges	89,531,400	4,271,300	93,802,700	3,209,000	97,011,700	3,409,500	100,421,200
-- Corporation Commission	771,600		771,600		771,600		771,600
-- Department of Corrections	1,398,205,100	7,226,800	1,405,431,900		1,405,431,900		1,405,431,900
-- County Funding	10,650,700		10,650,700		10,650,700		10,650,700
-- Arizona Criminal Justice Commission	4,600,000		4,600,000		4,600,000		4,600,000
-- Schools for the Deaf and the Blind	24,678,400		24,678,400		24,678,400		24,678,400
-- Office of Economic Opportunity	512,800		512,800		512,800		512,800
-- Department of Economic Security	1,071,653,800	115,282,700	1,186,936,500	109,690,900	1,296,627,400	80,463,300	1,377,090,700
-- State Board of Education	3,392,800	(30,900)	3,361,900		3,361,900		3,361,900
-- Department of Education	6,837,309,700	219,674,500	7,056,984,200	320,187,800	7,377,172,000	573,557,600	7,950,729,600
-- Dept. of Emergency & Military Affairs	16,181,400		16,181,400		16,181,400		16,181,400
-- Department of Environmental Quality	15,000,000		15,000,000		15,000,000		15,000,000
-- State Board of Equalization	778,300	(50,000)	728,300		728,300		728,300
-- Board of Executive Clemency	1,314,800		1,314,800		1,314,800		1,314,800
-- Dept. of Forestry and Fire Management	53,068,000	(2,991,400)	50,076,600		50,076,600		50,076,600
-- Department of Gaming	16,956,500		16,956,500		16,956,500		16,956,500
-- Office of the Governor	9,160,300		9,160,300		9,160,300		9,160,300
-- Gov's Ofc of Strategic Planning and Budgeting	2,900,100		2,900,100		2,900,100		2,900,100
-- Department of Health Services	116,429,700	(1,000,000)	115,429,700		115,429,700		115,429,700
-- Arizona Historical Society	3,123,200		3,123,200		3,123,200		3,123,200
-- Prescott Historical Society	978,900		978,900		978,900		978,900
-- Arizona Dept. of Homeland Security	10,000,000		10,000,000		10,000,000		10,000,000
-- Industrial Commission	84,600		84,600		84,600		84,600
-- Dept. of Insurance and Financial Institutions	8,024,500		8,024,500		8,024,500		8,024,500
-- Judiciary	157,683,100	5,410,800	163,093,900	1,136,000	164,229,900		164,229,900
-- Department of Juvenile Corrections	37,437,300		37,437,300		37,437,300		37,437,300
-- State Land Department	12,799,700		12,799,700		12,799,700		12,799,700
-- Legislature							
Auditor General	25,854,500		25,854,500		25,854,500		25,854,500
House of Representatives	21,448,600		21,448,600		21,448,600		21,448,600
Joint Legislative Budget Committee	3,079,600		3,079,600		3,079,600		3,079,600
Legislative Council	9,395,800		9,395,800		9,395,800		9,395,800
Ombudsman	1,489,800		1,489,800		1,489,800		1,489,800
Senate	17,983,000		17,983,000		17,983,000		17,983,000
SUBTOTAL - Legislature	\$79,251,300	\$0	\$79,251,300	\$0	\$79,251,300	\$0	\$79,251,300
-- State Mine Inspector	2,261,400		2,261,400		2,261,400		2,261,400
-- Navigable Stream Adjudication Commission	139,100		139,100		139,100		139,100
-- Department of Public Safety	325,854,600	6,345,400	332,200,000	7,000,000	339,200,000		339,200,000

# GENERAL FUND SPENDING BY BUDGET UNITS 1/ ONGOING FUNDING

	FY 2023 October FAC	FY 2024 \$ Above FY 2023	FY 2024 October FAC	FY 2025 \$ Above FY 2024	FY 2025 October FAC	FY 2026 \$ Above FY 2025	FY 2026 October FAC
-- Public Safety Personnel Retirement System	6,000,000		6,000,000		6,000,000		6,000,000
-- State Real Estate Department	3,142,500		3,142,500		3,142,500		3,142,500
-- Department of Revenue	59,293,900		59,293,900		59,293,900		59,293,900
-- Secretary of State	17,665,900	70,000	17,735,900		17,735,900	(4,000,000)	13,735,900
-- Tax Appeals, State Board of	308,100		308,100		308,100		308,100
-- Office of Tourism	8,465,600		8,465,600		8,465,600		8,465,600
-- State Treasurer	4,660,800		4,660,800		4,660,800		4,660,800
-- Governor's Office on Tribal Relations	68,100		68,100		68,100		68,100
-- Universities	873,522,900	589,100	874,112,000	156,100	874,268,100	596,800	874,864,900
-- Department of Veterans' Services	11,295,700		11,295,700		11,295,700		11,295,700
-- Department of Water Resources	24,569,300		24,569,300		24,569,300		24,569,300
-- Phoenix Convention Center Payment	24,999,400	499,200	25,498,600	500,100	25,998,700	498,700	26,497,400
-- Rio Nuevo District	17,000,000		17,000,000		17,000,000		17,000,000
-- New Pension Payoff FY 24 Savings		(99,840,200)	(99,840,200)		(99,840,200)		(99,840,200)
-- Unallocated FY 23 Rent Adjustments	(1,200)	1,200					
-- Unallocated FY 23 HRIS Fee Adjustments	2,100	(2,100)					
-- Unallocated FY 23 Salary Adjustments	153,500	(153,500)					
Total - Operating Budget	\$14,204,683,200	\$394,758,900	\$14,599,442,100	\$621,636,500	\$15,221,078,600	\$756,332,400	\$15,977,411,000
-- Water Supply Funding		333,000,000	333,000,000		333,000,000	(333,000,000)	
-- New Medicaid Federal Match Reversion	(307,195,600)	307,195,600					
-- Capital Outlay	250,257,400	(218,835,400)	31,422,000	(1,589,900)	29,832,100	(6,132,100)	23,700,000
-- Reduce K-12 Rollover	65,000,000	(65,000,000)					
-- Pension Payoff (EORP Deposit)	60,000,000	(60,000,000)					
-- Transportation Funding	83,000,000	(73,000,000)	10,000,000	(10,000,000)			
-- Operating One-Time Spending	1,138,340,500	(1,001,029,300)	137,311,200	19,963,000	157,274,200	(49,255,600)	108,018,600
-- Administrative Adjustments	170,000,000		170,000,000		170,000,000		170,000,000
-- Revertments	(215,000,000)		(215,000,000)		(215,000,000)		(215,000,000)
Total Spending	\$15,449,085,500	(\$382,910,200)	\$15,066,175,300	\$630,009,600	\$15,696,184,900	\$367,944,700	\$16,064,129,600

1/ Individual agency spending amounts listed above exclude "Operating One-Time Spending" amounts. These amounts are accounted for in the "Operating One-Time Spending" line and are summarized on the "Summary of One-Time General Fund Adjustments" table (see page 15).

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC	FY 2026 October FAC
<b>Operating</b>				
ADOA - K-12 Transportation Grants	20,000,000			
ADOA - Healthcare Interoperability Grants	12,000,000			
ADOA - Ballot Paper Testing	1,000,000			
ADOA - Secure Ballot Boxes	500,000			
ADOA - Fire Incident Management System Grants	6,100,000			
ADOA - County Sheriff Interoperability	20,000,000			
ADOA/Automation Projects Fund - Charter Board Upgrade	1,500,000	1,500,000		
ADOA/Automation Projects Fund - Business One-Stop Phase 2	15,614,300			
ADOA/Automation Projects Fund - Agriculture IT Projects/Cloud Migration	2,000,000			
ADOA/Automation Projects Fund - DOR Tax System	9,632,700	11,794,100	11,847,300	11,725,500
ADOA/SFD - Building Renewal Grants	183,300,000			
ADOA/SFD - New School Construction (FY 22 Authorization)	47,950,000			
ADOA/SFD - New School Construction (FY 22 Budget - Yuma HS Project)	16,515,200			
ADOA/SFD - New School Construction (FY 23 Budget - Kirkland Site Conditions)	400,000			
ADOA/SFD - New School Construction (FY 23 Authorization)	48,253,900	31,753,900		
ADOA/SFD - New School Construction (FY 24 Authorization)		363,200		
ADOA/SFD - New School Construction (FY 25 Authorization)			69,226,900	69,226,900
ADOA/SFD - New School Construction (FY 26 Authorization)				27,066,200
Agriculture - Livestock Operator Grants	10,000,000			
AHCCCS - Management Information System Replacement	500,000	700,000		
AHCCCS - Secure Behavioral Health Residential Facilities	25,000,000			
Arts Commission - Arts Trust Fund Deposit	5,000,000			
Attorney General - Missing and Murdered Indigenous Persons Investigations	2,000,000			
DCS - Higher Congregate Care Provider Rates	19,238,200			
DCS - Backfill Potential Loss of Federal Funds	5,900,000			
Commerce - Major Events Fund Deposit (4-Year Pilot Thru FY 25)	7,500,000	7,500,000	7,500,000	
Commerce - Business Water Infrastructure	15,000,000			
Community Colleges - Rural Funding	7,000,000			
Community Colleges - Southern Arizona First Responder Academy	6,250,000			
Corrections - Vehicle Purchases	7,488,400			
Corrections - Community Treatment For Imprisoned Women And Their Children	2,000,000			
Counties/ADOA - Re-Entry Planning Services	7,000,000	7,000,000		
ACJC - Rural County Attorney Diversion Program Grants	10,000,000			
ASDB - Increase Bus Transportation Capacity	1,106,200			
DES - IT Infrastructure/Security - Development Costs	1,400,500			
DES - DD Group Home Monitoring Pilot	1,200,000	1,200,000	1,200,000	
DES - Area Agencies on Aging Provider Rate Increases	2,000,000			
ADE - Childhood Trauma Awareness/Prevention Grants	100,000			
ADE - Office of Indian Education	5,000,000			
ADE - Code Writers Initiative Program	1,000,000			
ADE - Foster Youth Transitional Housing	10,000,000			
ADE - Electronic Incident Prevention Program	150,000			

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC	FY 2026 October FAC
ADE - Postsecondary Success Program	1,000,000			
ADE - Assessment Funding	4,000,000			
DEMA - Readiness Center Maintenance Backlog	13,300,000			
DEQ - Water Quality Fee Fund Deposit	6,400,000			
DEQ - Direct Potable Reuse of Treated Wastewater	1,500,000	1,500,000		
Forestry - One-Time Vehicle Purchases	3,190,000			
Forestry - Wildfire Expenses	65,000,000			
Forestry - Mount Lemmon Fire District Renovations	2,230,900			
Forestry - Gila River Nonnative Species Eradication	5,000,000			
Forestry - Good Neighbor/Fire Marshal Vehicle Purchases	730,000			
DHS - Family Health Pilot Program	3,000,000			
DHS - Accelerated Nursing	50,000,000			
DHS - ASH Surveillance System Upgrade	7,100,000			
DHS - Homeless Pregnant Women Services	300,000			
DHS - Arizona Nurse Education Investment Pilot Program	15,000,000	15,000,000	15,000,000	
DHS - Preceptor Grant Program for Graduate Students	500,000	500,000	500,000	
AZ Dept. of Homeland Security - State Cybersecurity Controls	2,000,000			
Housing - Housing Trust Fund Deposit	60,000,000			
Housing - Homeless Services Grant Pilot	10,000,000			
IRC - Commission Funding		1,500,000		
Judiciary - Supreme Court - Digital Evidence Storage	490,000			
Judiciary - Supreme Court - Automation Revenue Shortfall	1,000,000			
Judiciary - Supreme Court - Records Sealing	500,000			
Judiciary - Court of Appeals - Additional 6 Judges - Capital Costs	900,000			
Land - Appraisal Development	1,500,000			
Legislature - Auditor General - K-12 Federal Funds Oversight	200,000			
Legislature - Auditor General - Adult Protective Services Audit	300,000			
Legislature - House of Representatives	5,000,000			
Legislature - Senate	5,000,000			
Mine Inspector - Abandoned Mines Program Equipment/Vehicle Costs	522,000			
Parks - Heritage Fund Deposit	2,500,000			
Parks - State Lake Improvement Fund Deposit	4,000,000			
DPS - 400 Patrol Vehicle Bumper Tethers	1,800,000			
DPS - Expand Public Services Portal	2,631,500			
DPS - Upgrade Recently Purchase Helicopter	2,559,600			
DPS - Purchase 1 Helicopter	10,900,000			
DPS - Replace 276 Vehicles	11,709,300			
DPS - Civil Air Patrol	5,000,000			
DPS - K-9 Facility Improvements and Vehicles	1,900,000			
SOS - Early Ballot Tracking System	250,000			
SOS - Election Funding	4,000,000			
Tourism - Southern Arizona Sports, Tourism and Film Authority	750,000			
Tourism - Wine Promotion	1,000,000			

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC	FY 2026 October FAC
Treasurer - Crime Victim Public Safety Notifications	3,800,000			
Treasurer - Arizona Health Innovation Trust Fund Deposit	100,000			
Treasurer - Election Security Funding		5,000,000	6,000,000	
Treasurer - County Election Funding		6,000,000		
Universities - ABOR - Arizona Veterinary Loan Assistance Program	6,000,000			
Universities - ABOR - Food Product and Safety Lab	10,900,000			
Universities - ABOR - Enclosed Feeding Facility	9,500,000			
Universities - ABOR - Camp Verde Meat Processing Facility	9,700,000			
Universities - ASU - Operating Funding	21,200,000	21,200,000	21,200,000	
Universities - ASU - Operating/Capital Funding	54,000,000			
Universities - NAU - Operating Funding	10,100,000	10,100,000	10,100,000	
Universities - NAU - Operating/Capital Funding	26,000,000			
Universities - UA - Operating Funding	14,700,000	14,700,000	14,700,000	
Universities - UA - Wind Tunnel Upgrades	3,000,000			
Universities - UA - Agriculture Workforce Program	500,000			
Universities - UA - Veterinary Diagnostic Lab	2,500,000			
Universities - UA - Natural Resource Policy Center Endangered Species Study	450,000			
Veterans' Services - Tribal Ceremonies for Members Discharged From Military	1,000,000			
DWR - New River Flood Insurance Study	350,000			
WIFA - Water Project Assistance Grants	10,000,000			
Other - HITF Employer Premium Increase	103,277,800			
<b>Subtotal - Operating Funding</b>	<b>\$ 1,138,340,500</b>	<b>\$ 137,311,200</b>	<b>\$ 157,274,200</b>	<b>\$ 108,018,600</b>
<b>Pension Payoff (EORP Deposit)</b>	<b>\$ 60,000,000</b>			
<b>New Medicaid Federal Match Reversion</b>	<b>\$ (307,195,600)</b>			
<b>Reduce K-12 Rollover</b>	<b>\$ 65,000,000</b>			
<b>Water Supply Funding</b>		<b>\$ 333,000,000</b>	<b>\$ 333,000,000</b>	
<b>Capital Outlay</b>				
Capital - ADOA - Building Renewal Funding	37,594,200			
Capital - ADOA - 1616 and 1688 W. Adams Renovation (Demolish 1624 W. Adams)	47,274,000			
Capital - ADOA - Demolition (1818 W. Adams/1850 W. Jackson/1720 W. Madison)	1,568,000			
Capital - ADOA - Homeless Veterans Housing (Fort Whipple)	2,386,600			
Capital - ADOA - Astronomy Centers	7,500,000			
Capital - ADOA - Navajo Nation Lukachukai Veterans Multipurpose Complex	500,000			
Capital - ADOA - Kayenta Judicial Complex	2,000,000			
Capital - ADOA - Little Colorado River Visitor Center (Navajo County)	1,000,000			
Capital - ADOA - Navajo Technical University Environmental Testing Lab	4,000,000			
Capital - ADOA - Dine College Student Center Construction	8,000,000			
Capital - ADOA - Navajo Nation Teesto Multipurpose Community Center Site	1,000,000			

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC	FY 2026 October FAC
Capital - ADOA - Navajo Nation Dilkon Center Improvements	3,000,000			
Capital - ADC - Building Renewal Funding	30,551,100			
Capital - ADC - Replace Evaporative Cooling with AC Systemwide	47,600,000	31,422,000	29,832,100	23,700,000
Capital - ADC - Doors/Locks/Fire Systems	20,400,000			
Capital - ASDB - Food Service Equipment	350,000			
Capital - ASDB - Security Upgrades (Electronic Locks)	420,000			
Capital - ASDB - Classroom Notification Replacement	96,000			
Capital - DEMA - Fire Suppression	1,151,100			
Capital - DEMA - Tucson Readiness Center Construction Cost Increase	1,800,000			
Capital - Judiciary - Air Handler and Sewer Replacement	3,200,000			
Capital - DJC - Replumbing	400,000			
Capital - Leg Council - Capitol Renovations	5,700,000			
Capital - DPS - Purchase Building and Property and Evidence Vehicle Storage	1,016,400			
Capital - DPS - Replace 25 Remote Officer Housing Units and Adds 5 Units	9,750,000			
Capital - ABOR - Mining, Mineral and Natural Resources Museum	12,000,000			
<b>Subtotal - Capital Outlay</b>	<b>\$ 250,257,400</b>	<b>\$ 31,422,000</b>	<b>\$ 29,832,100</b>	<b>\$ 23,700,000</b>
<b>Transportation Funding</b>				
Loop 101 Slip Ramp	25,000,000			
Ruby Road Bridge Improvements	3,000,000			
Cesar Chavez Blvd Widening/Improvements	33,000,000			
US-89 & N. Lake Powell Blvd Traffic Circle/Control Device	5,000,000			
Ganado School Loop Road (County Road 420)	1,000,000			
N-9402 Improvements	10,000,000			
N-35 Improvements	6,000,000			
SR 97 Improvements		10,000,000		
<b>Subtotal - Transportation Funding</b>	<b>\$ 83,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total - One-Time Spending</b>	<b>\$ 1,289,402,300</b>	<b>\$ 511,733,200</b>	<b>\$ 520,106,300</b>	<b>\$ 131,718,600</b>

1/ The displayed amounts reflect one-time General Fund adjustments included in the FY 2023 enacted budget's multi-year spending plan. The Legislature makes the one-time classification as part of its 3-year spending plan. These items are not included in the ongoing agency spending amounts listed on pages 13 and 14.

# Arizona Economic Update

## George Hammond

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JLBC Finance Advisory Committee Meeting

October 6, 2022



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## Key Topics

- ▶ **Did the U.S. economy fall into recession in early 2022?**
  - ▶ Characteristics of recessions
- ▶ **Phoenix inflation is far outpacing the U.S.**
  - ▶ Because house prices have skyrocketed
- ▶ **Arizona housing affordability plunged last quarter**
  - ▶ As past house price increases combined with rising interest rates
- ▶ **Arizona's labor market remains very tight**
  - ▶ With low unemployment, rapidly rising wages, and a mountain of open jobs
- ▶ **The odds of a national downturn are elevated**



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## Are We in a Recession?

- ▶ **As defined by NBER (NBER.org)**
  - ▶ A recession is a substantial decline in the level of economic activity
  - ▶ Depth, diffusion, duration
  - ▶ No fixed rules
- ▶ **Backward-looking classification**
- ▶ **Six key monthly series, but many others are evaluated as well, including real GDP**
- ▶ **Average length of U.S. post-WWII recessions/expansions**
  - ▶ Recession average: 10 months
  - ▶ Expansion average: 64 months



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## U.S. Nonfarm Payroll Jobs

Seasonally Adjusted, Through August 2022



azeconomy.org



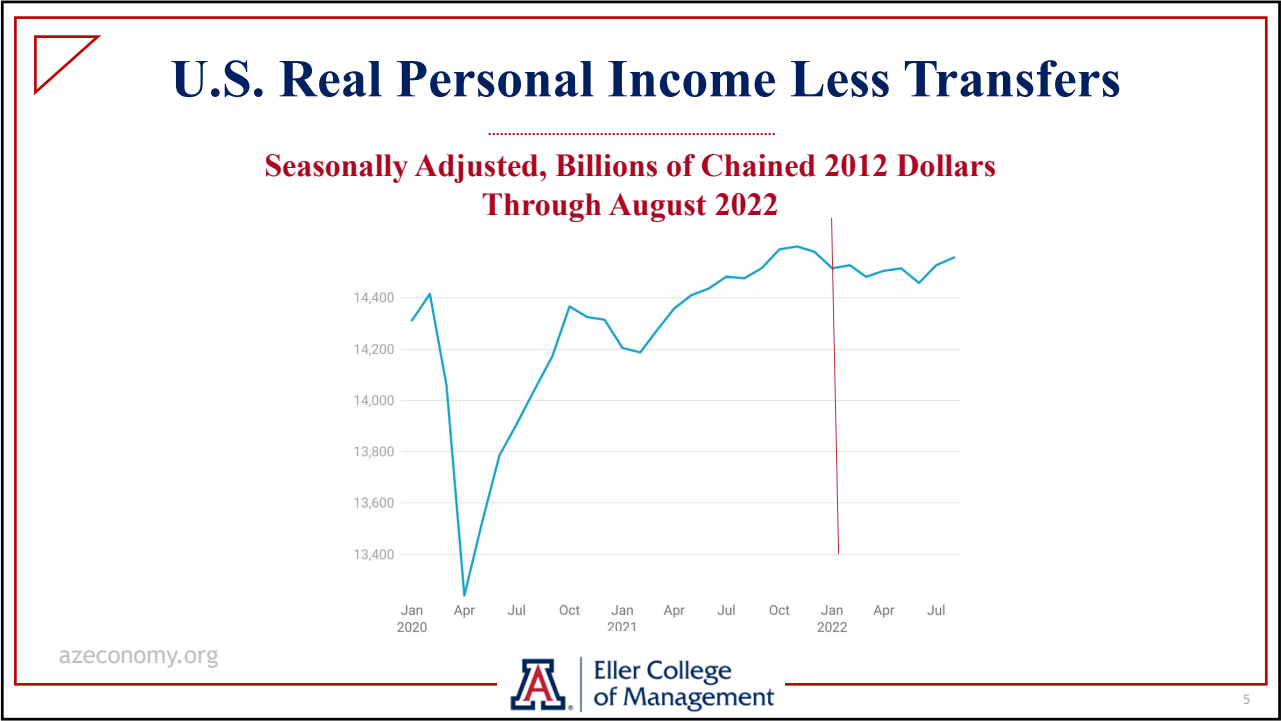
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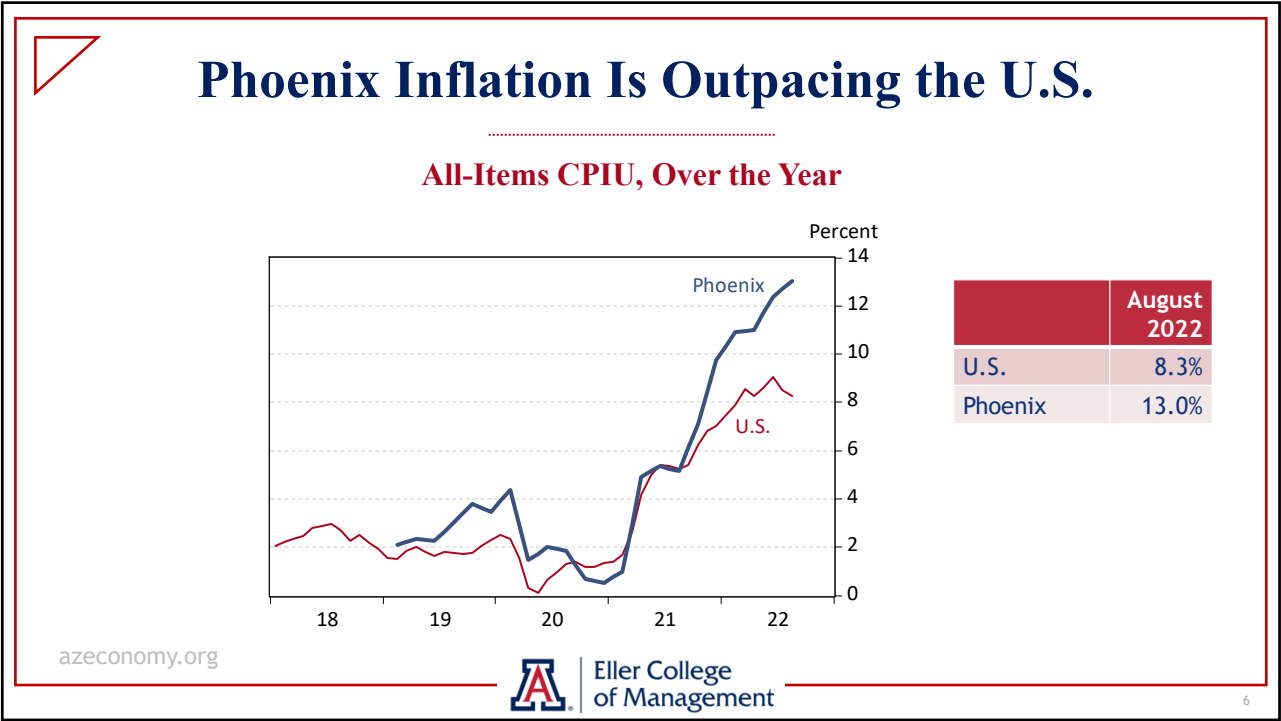
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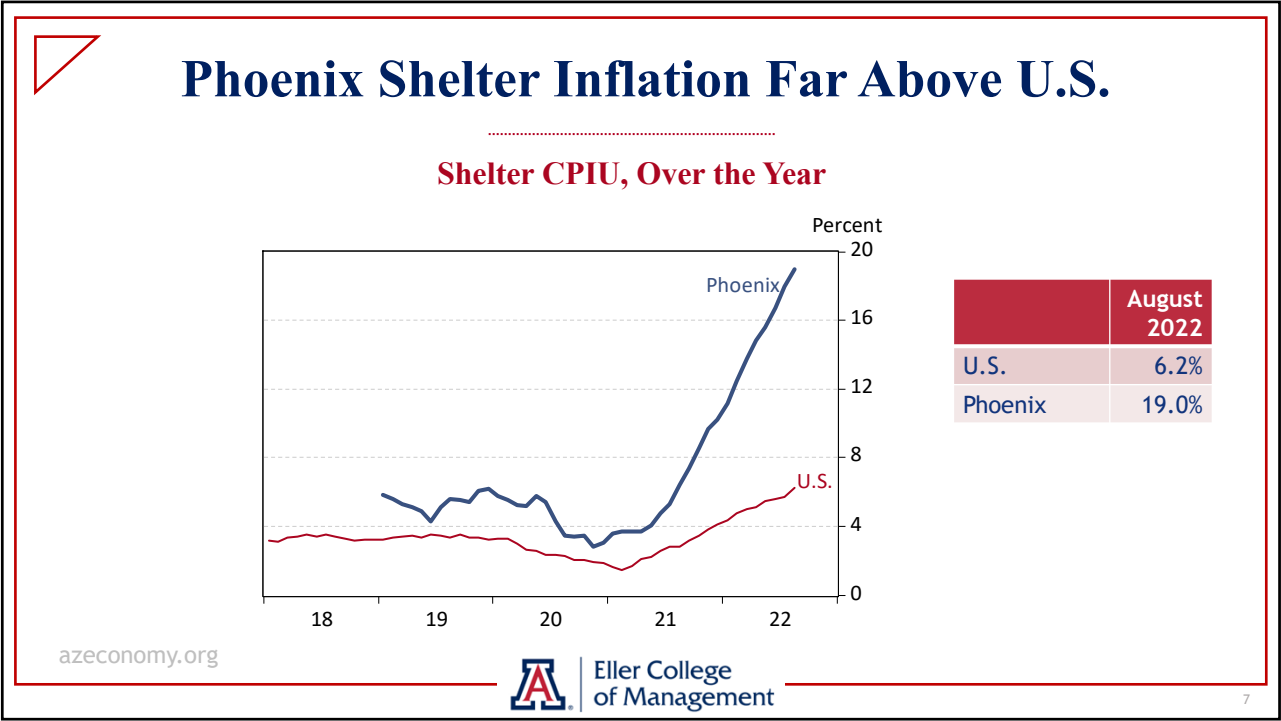


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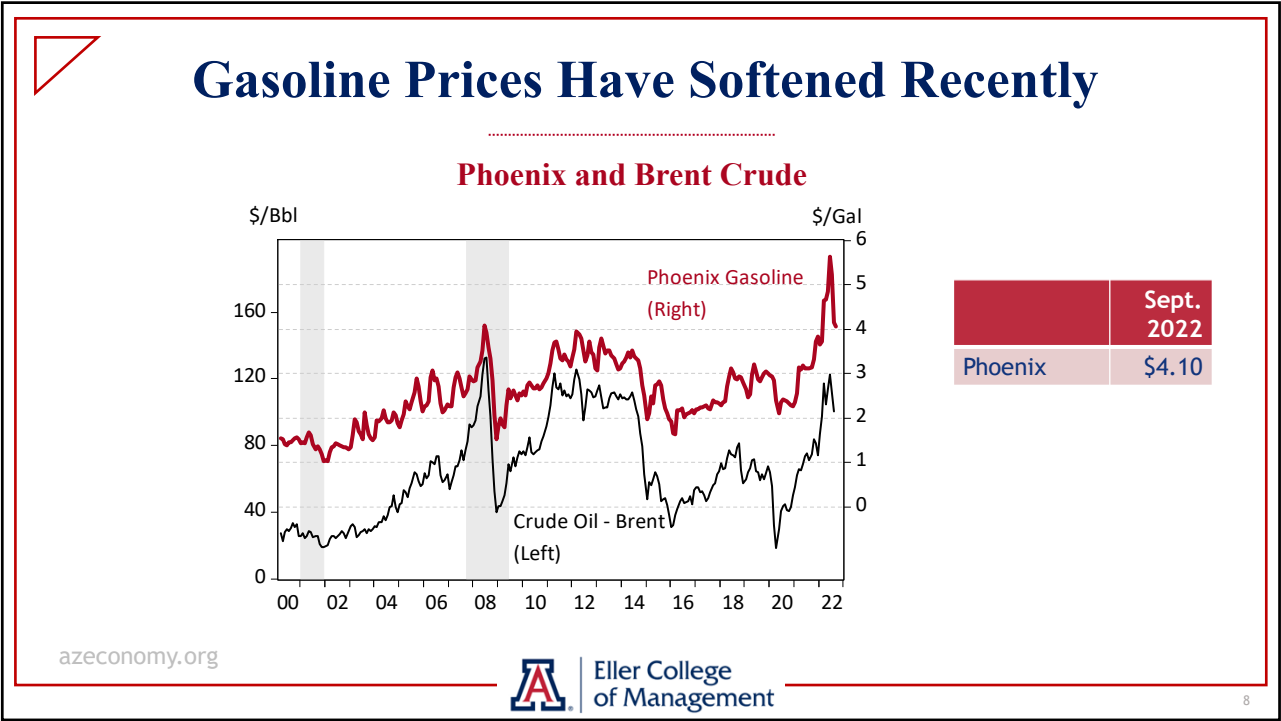


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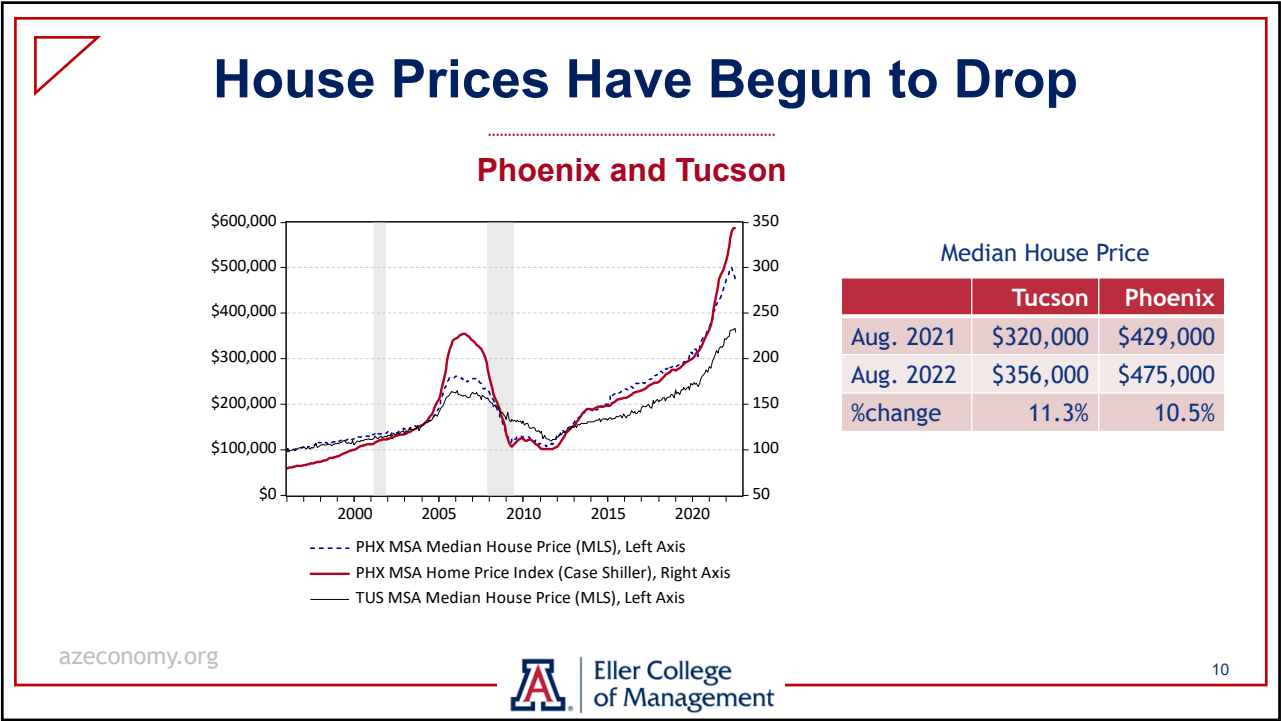


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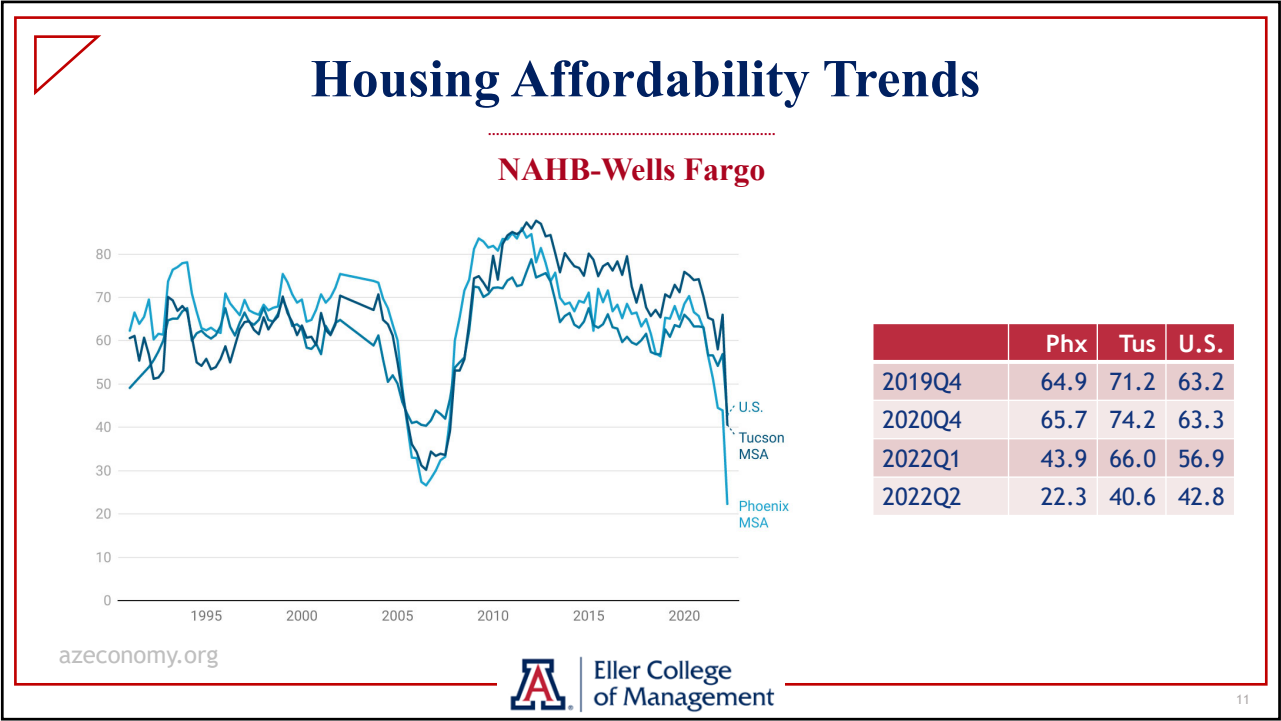
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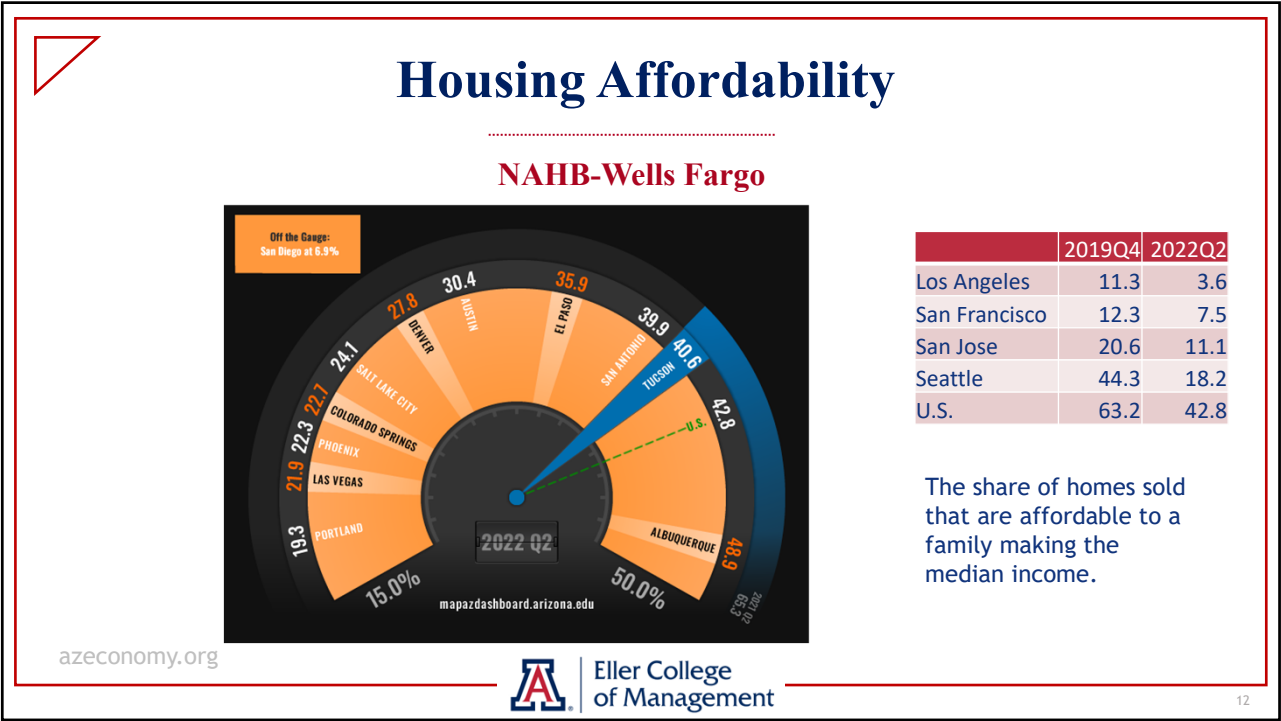
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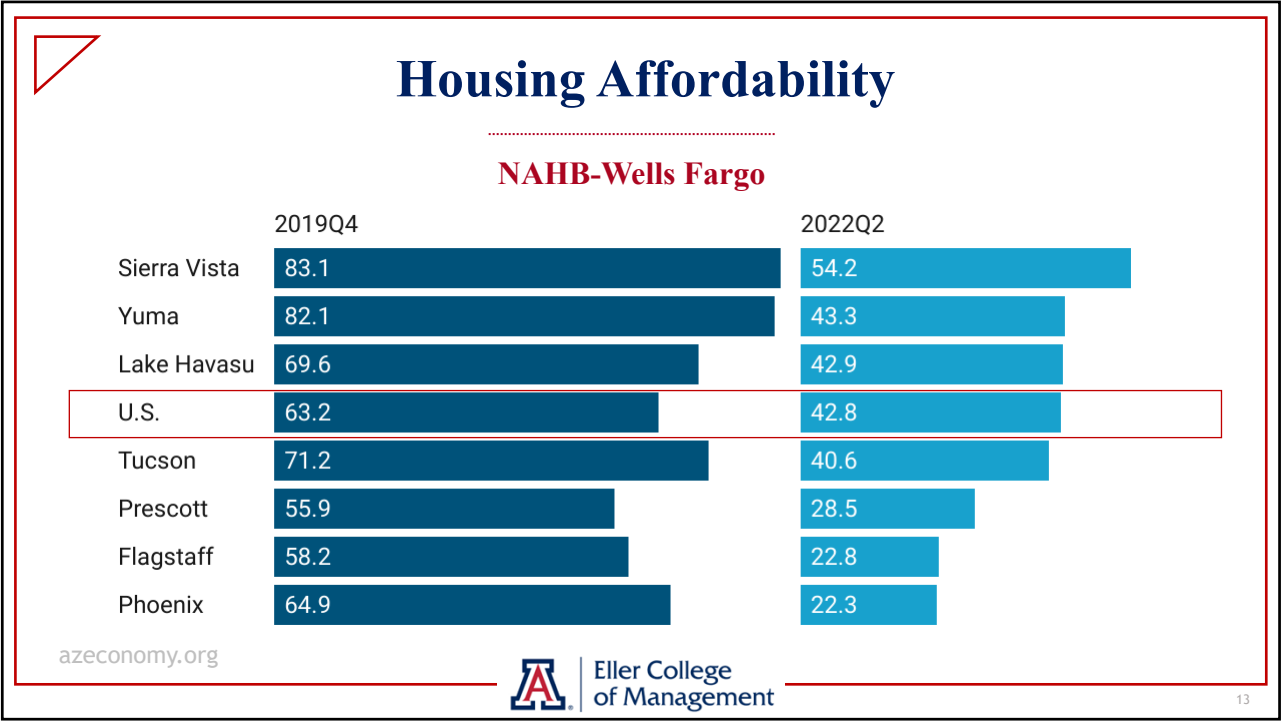


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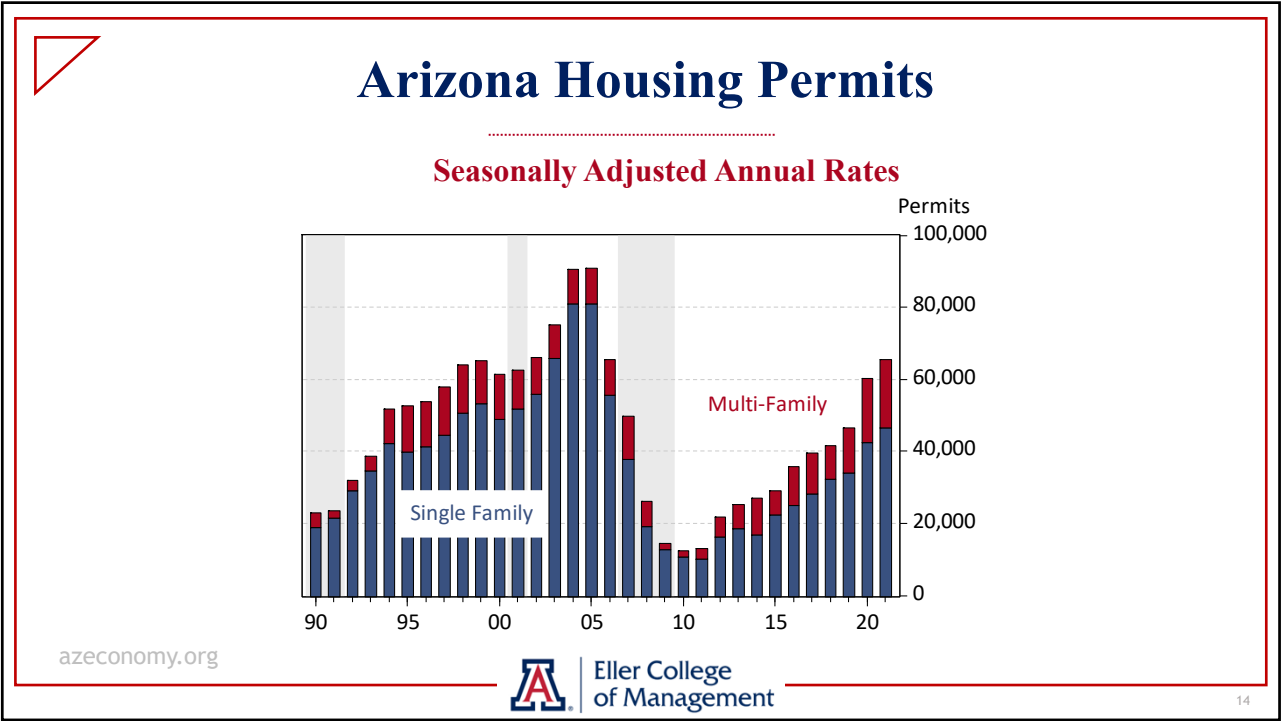


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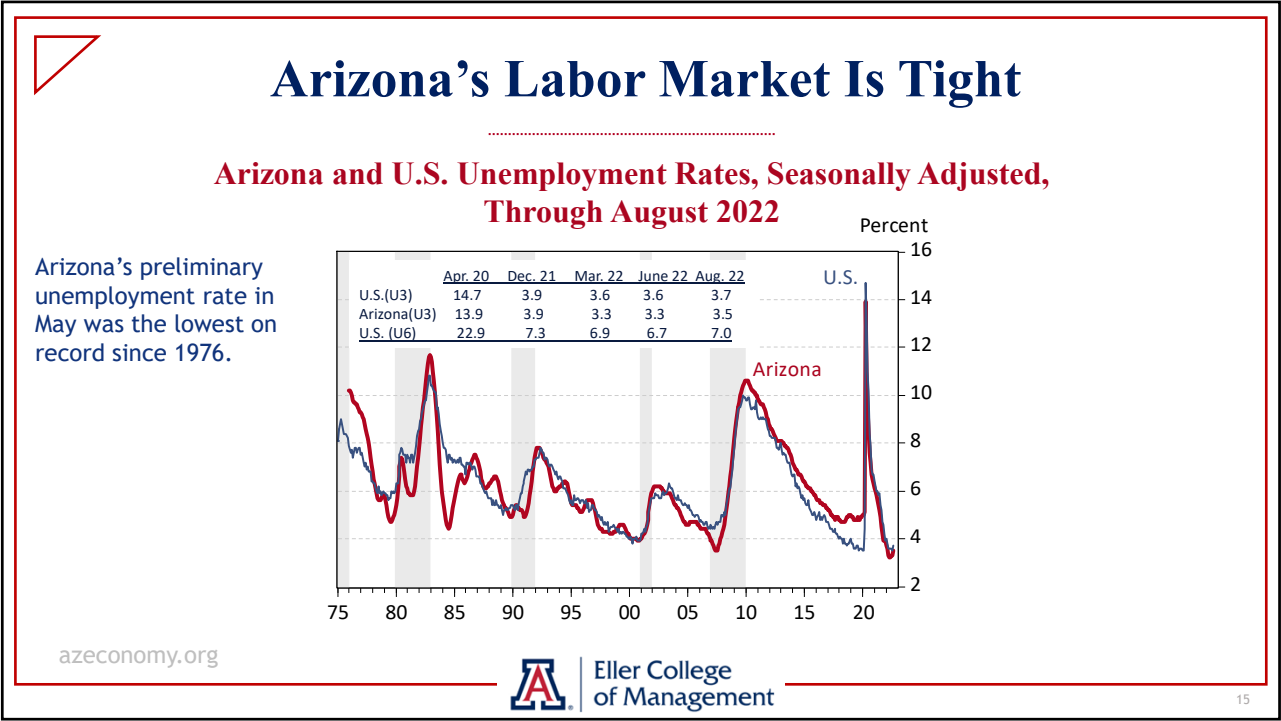


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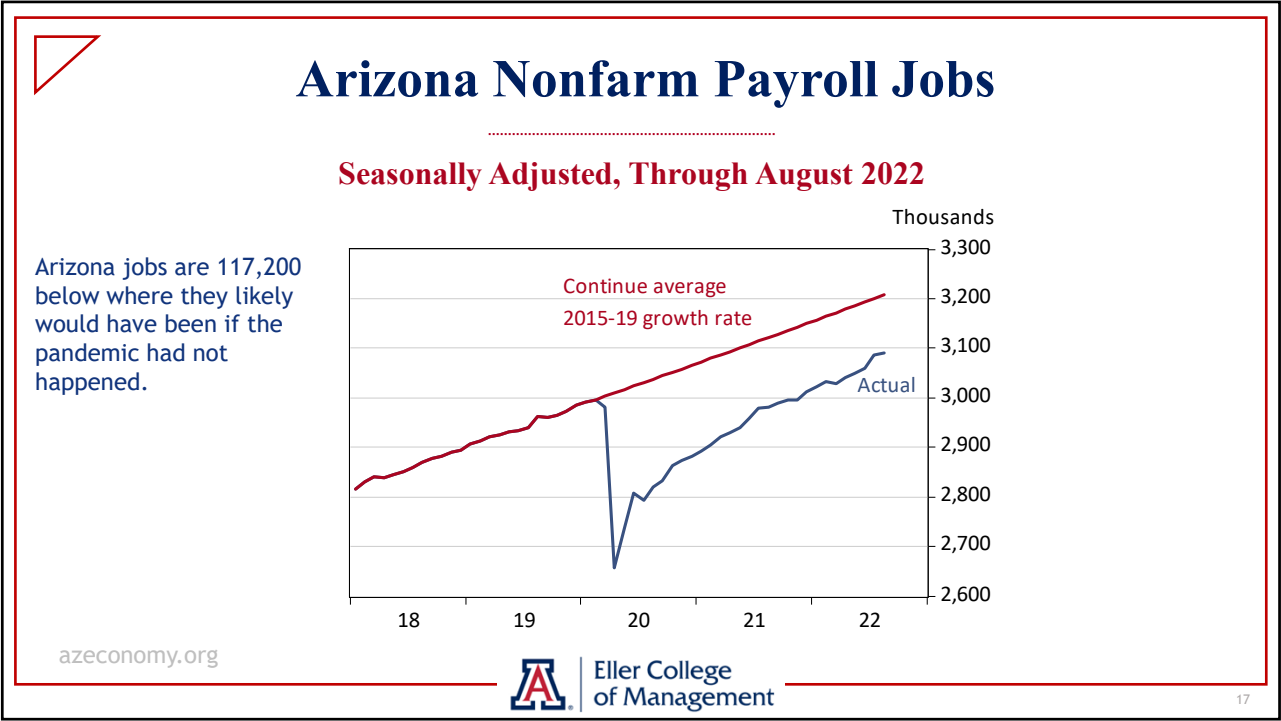
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## Arizona Jobs Recovery by Metro Area

Thousands, Seasonally Adjusted

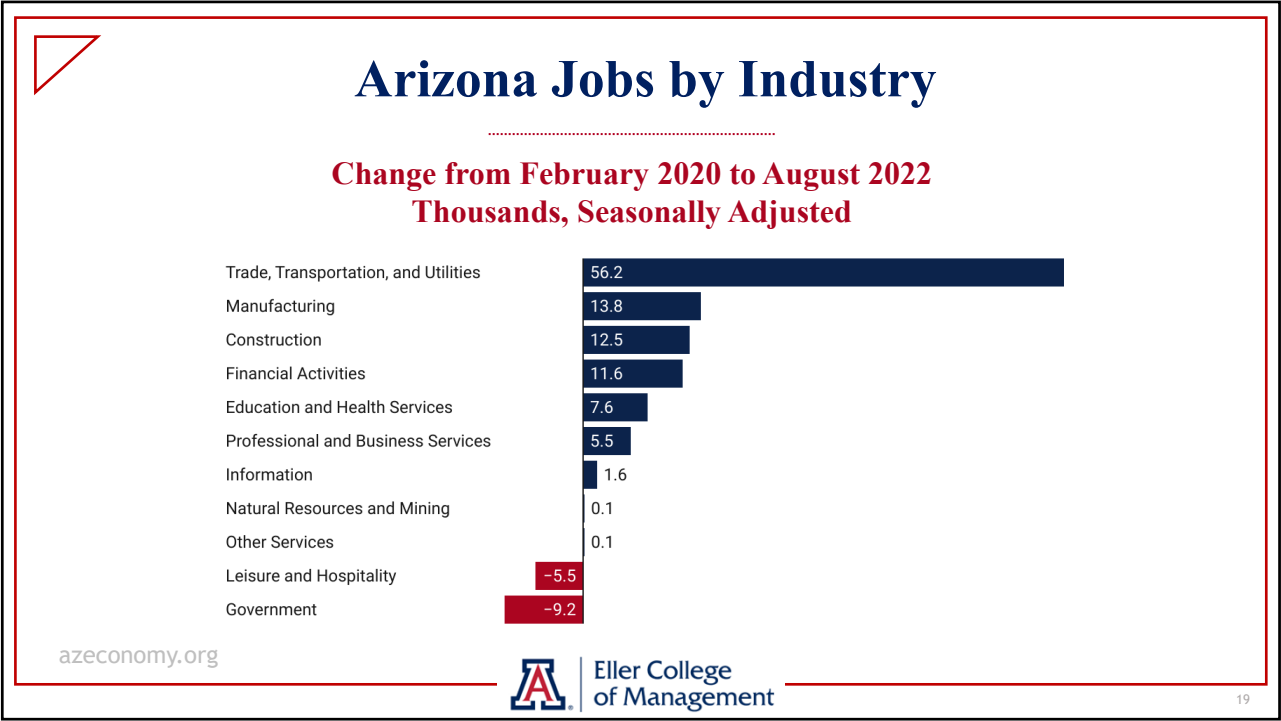
	Jobs Lost (000s) Feb.-April 2020	Jobs Gained (000s) April 2020-Aug. 2022	Replacement Rate (%) Aug. 2022
Flagstaff	-12.8	12.4	96.9
Lake Havasu City-Kingman	-6.1	8.7	142.6
Phoenix	-249.7	342.0	137.0
Prescott	-8.9	11.2	125.8
Sierra Vista-Douglas	-2.2	1.6	72.7
Tucson	-45.5	45.2	99.3
Yuma	-5.9	7.1	120.3
Arizona	-338.7	433.0	127.8
U.S.	-21,991.0	22,231.0	101.1

azeconomy.org

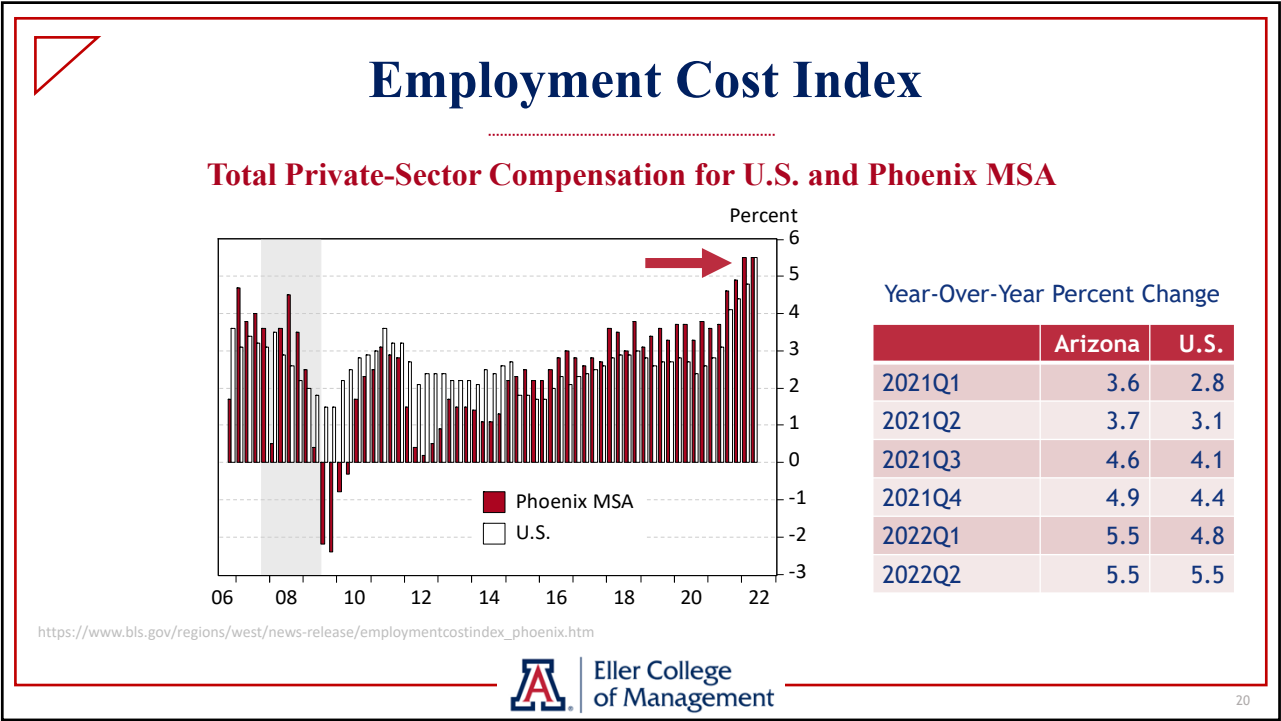
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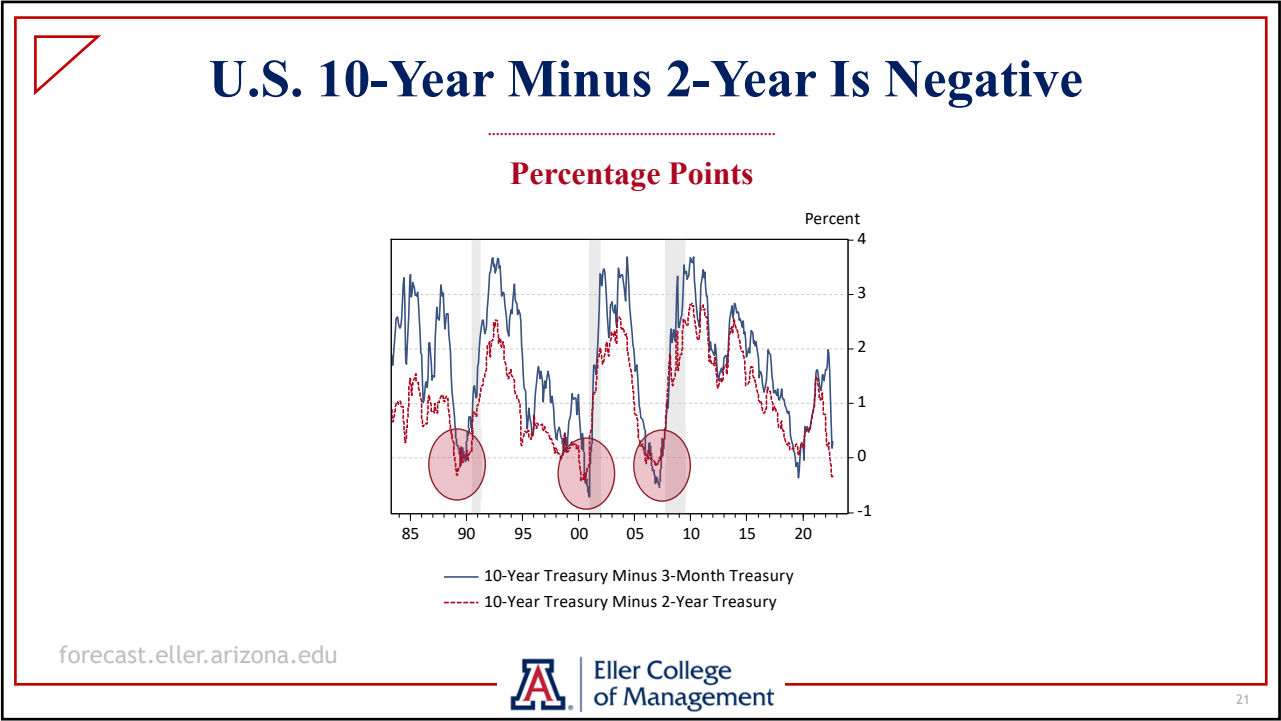


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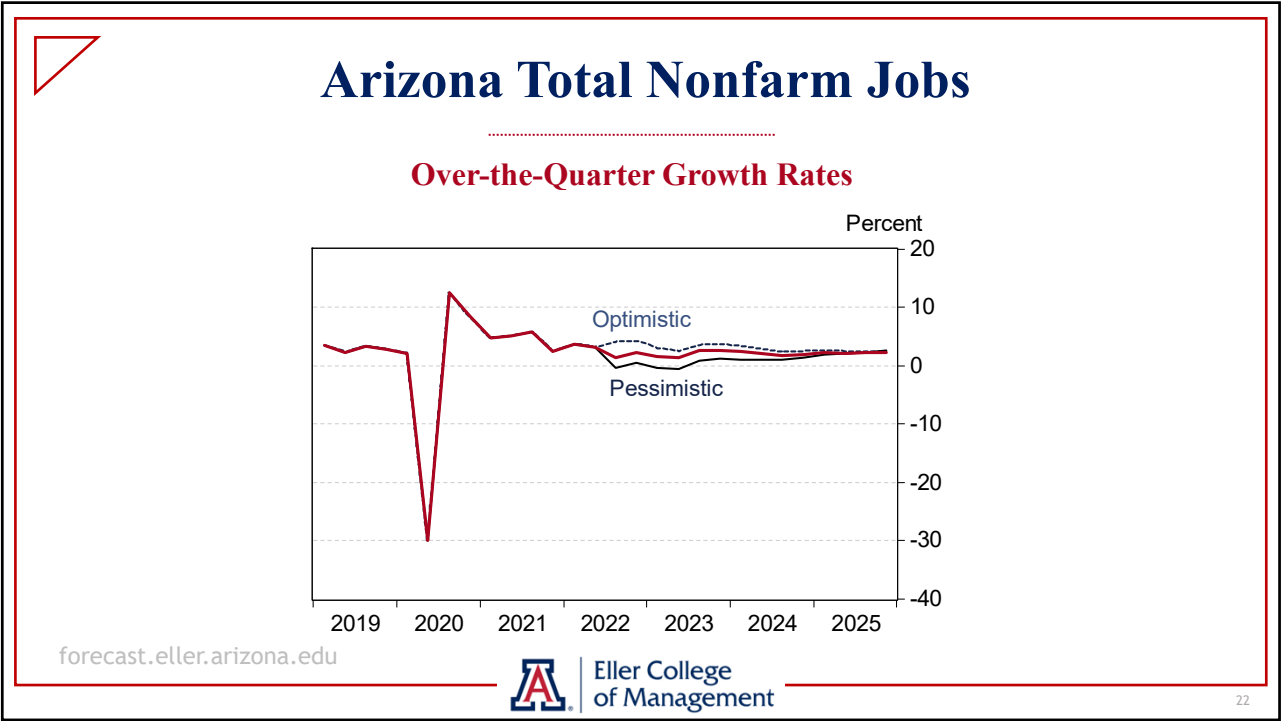


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## Key Takeaways

- ▶ **Did the U.S. economy fall into recession in early 2022?**
  - ▶ Probably not, but it is a closer call than economists thought last month
- ▶ **Inflation is still rapid**
  - ▶ And it may be slow to decelerate
- ▶ **Housing affordability plunged in the second quarter**
  - ▶ Which has put downward pressure on sales and prices
- ▶ **Arizona's labor market remains tight**
  - ▶ As the economy slows, the labor market will loosen and wage gains will moderate
- ▶ **A national downturn would mean much slower growth in Arizona**



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# FINANCE ADVISORY COMMITTEE CASH FLOW UPDATE

October 6, 2022

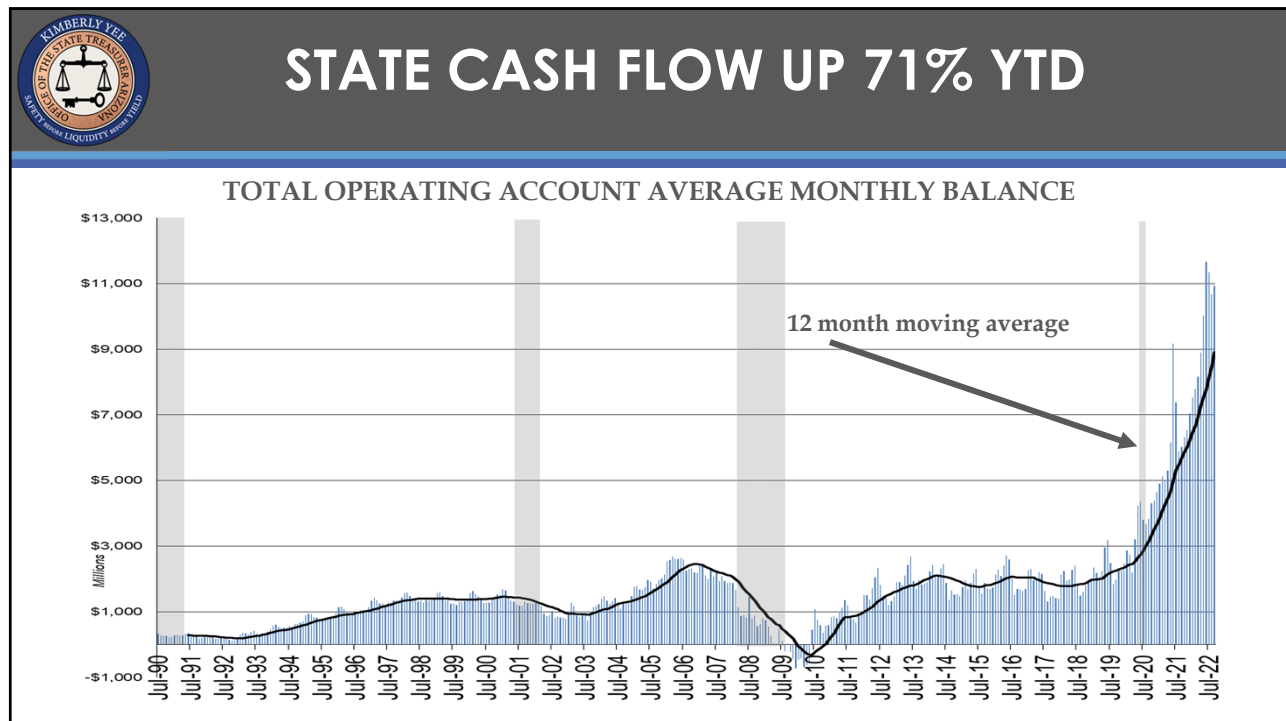
The Honorable Kimberly Yee

Treasurer

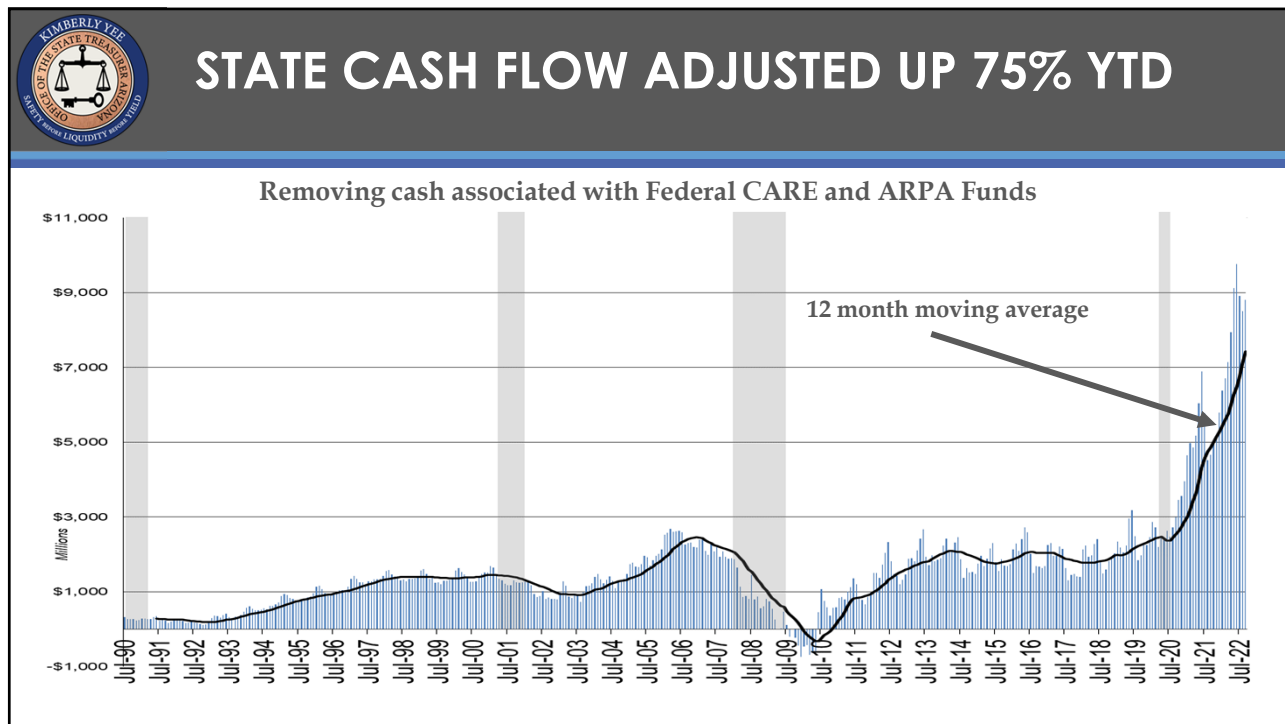
State of Arizona



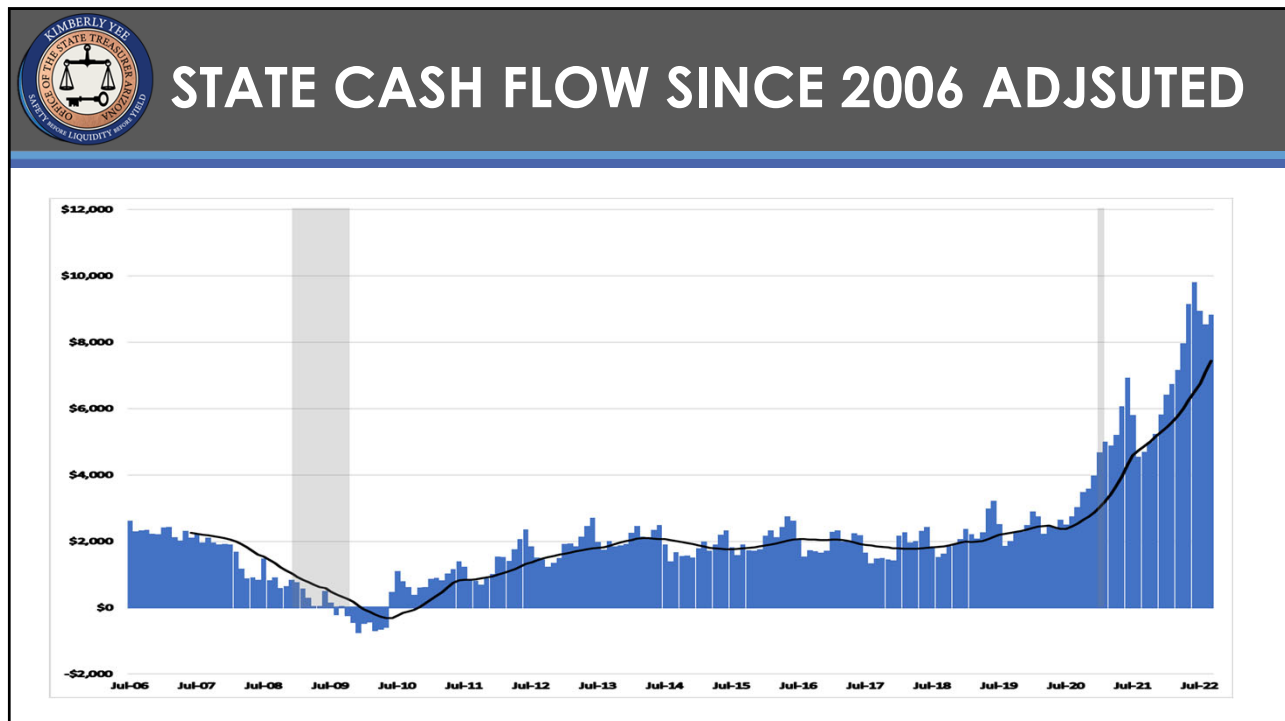
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# **Sales Tax**

# Arizona Sales Tax - Total (excl. 1% Tax)

## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2018	July 2017	391,718,305	6.8%	391,718,305	6.8%
	Aug 2017	373,970,308	3.0%	765,688,613	4.9%
	Sep 2017	385,518,602	6.9%	1,151,207,216	5.6%
	Oct 2017	386,557,546	4.9%	1,537,764,762	5.4%
	Nov 2017	382,361,517	6.8%	1,920,126,279	5.7%
	Dec 2017	388,576,767	7.6%	2,308,703,046	6.0%
	Jan 2018	449,027,011	4.8%	2,757,730,057	5.8%
	Feb 2018	382,719,831	9.0%	3,140,449,887	6.2%
	Mar 2018	381,015,049	7.9%	3,521,464,936	6.4%
	Apr 2018	443,360,935	10.8%	3,964,825,872	6.8%
	May 2018	396,298,741	5.4%	4,361,124,613	6.7%
	June 2018	426,337,892	1.6%	4,787,462,504	6.2%
FY 2019	July 2018	410,810,104	4.9%	410,810,104	4.9%
	Aug 2018	406,008,572	8.6%	816,818,676	6.7%
	Sep 2018	416,392,278	8.0%	1,233,210,954	7.1%
	Oct 2018	408,148,956	5.6%	1,641,359,910	6.7%
	Nov 2018	413,010,729	8.0%	2,054,370,639	7.0%
	Dec 2018	418,682,790	7.7%	2,473,053,429	7.1%
	Jan 2019	477,534,483	6.3%	2,950,587,912	7.0%
	Feb 2019	407,044,303	6.4%	3,357,632,215	6.9%
	Mar 2019	394,874,553	3.6%	3,752,506,767	6.6%
	Apr 2019	471,874,786	6.4%	4,224,381,553	6.5%
	May 2019	432,794,335	9.2%	4,657,175,888	6.8%
	June 2019	439,575,368	3.1%	5,096,751,256	6.5%
FY 2020	July 2019	436,069,274	6.1%	436,069,274	6.1%
	Aug 2019	436,717,097	7.6%	872,786,371	6.9%
	Sep 2019	445,187,625	6.9%	1,317,973,997	6.9%
	Oct 2019	433,756,765	6.3%	1,751,730,761	6.7%
	Nov 2019	452,255,877	9.5%	2,203,986,638	7.3%
	Dec 2019	445,648,888	6.4%	2,649,635,526	7.1%
	Jan 2020	538,906,598	12.9%	3,188,542,124	8.1%
	Feb 2020	448,284,583	10.1%	3,636,826,707	8.3%
	Mar 2020	429,902,939	8.9%	4,066,729,646	8.4%
	Apr 2020	447,915,621	-5.1%	4,514,645,267	6.9%
	May 2020	393,262,758	-9.1%	4,907,908,024	5.4%
	June 2020	484,004,897	10.1%	5,391,912,921	5.8%
FY 2021	July 2020	492,729,052	13.0%	492,729,052	13.0%
	Aug 2020	479,794,971	9.9%	972,524,023	11.4%
	Sep 2020	491,053,111	10.3%	1,463,577,134	11.0%
	Oct 2020	503,156,817	16.0%	1,966,733,951	12.3%
	Nov 2020	493,399,028	9.1%	2,460,132,979	11.6%
	Dec 2020	495,240,238	11.1%	2,955,373,218	11.5%
	Jan 2021	588,513,600	9.2%	3,543,886,818	11.1%
	Feb 2021	477,617,209	6.5%	4,021,504,027	10.6%
	Mar 2021	477,928,300	11.2%	4,499,432,327	10.6%
	Apr 2021	596,100,248	33.1%	5,095,532,575	12.9%
	May 2021	551,912,319	40.3%	5,647,444,895	15.1%
	June 2021	596,061,211	23.2%	6,243,506,106	15.8%
FY 2022	July 2021	580,889,609	17.9%	580,889,609	17.9%
	Aug 2021	554,472,436	15.6%	1,135,362,045	16.7%
	Sep 2021	556,907,948	13.4%	1,692,269,993	15.6%
	Oct 2021	577,638,316	14.8%	2,269,908,309	15.4%
	Nov 2021	568,682,990	15.3%	2,838,591,299	15.4%
	Dec 2021	589,027,512	18.9%	3,427,618,811	16.0%
	Jan 2022	682,332,435	15.9%	4,109,951,246	16.0%
	Feb 2022	562,110,851	17.7%	4,672,062,097	16.2%
	Mar 2022	569,277,905	19.1%	5,241,340,002	16.5%
	Apr 2022	681,308,275	14.3%	5,922,648,277	16.2%
	May 2022	638,095,809	15.6%	6,560,744,087	16.2%
	June 2022	648,065,328	8.7%	7,208,809,415	15.5%
FY 2023	July 2022	649,002,026	11.7%	649,002,026	11.7%
	Aug 2022	601,002,512	8.4%	1,250,004,538	10.1%
	Sep 2022	620,070,994	11.3%	1,870,075,532	10.5%
	Oct 2022	*** September figures are preliminary ***			
	Nov 2022				
	Dec 2022				
	Jan 2023				
	Feb 2023				
	Mar 2023				
	Apr 2023				
	May 2023				
	June 2023				

# Arizona Sales Tax - Retail (excludes Remote Sellers)

## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2018	July 2017	203,771,087	6.3%	203,771,087	6.3%
	Aug 2017	184,109,690	-0.1%	387,880,778	3.1%
	Sep 2017	195,211,511	6.9%	583,092,289	4.4%
	Oct 2017	196,271,210	6.2%	779,363,499	4.8%
	Nov 2017	191,119,858	3.7%	970,483,357	4.6%
	Dec 2017	208,137,166	4.7%	1,178,620,523	4.6%
	Jan 2018	257,650,339	2.9%	1,436,270,862	4.3%
	Feb 2018	196,922,230	7.5%	1,633,193,092	4.7%
	Mar 2018	196,685,380	6.8%	1,829,878,473	4.9%
	Apr 2018	235,179,996	11.6%	2,065,058,469	5.6%
	May 2018	205,506,503	3.6%	2,270,564,972	5.4%
	June 2018	217,432,053	6.0%	2,487,997,025	5.5%
FY 2019	July 2018	211,283,576	3.7%	211,283,576	3.7%
	Aug 2018	202,208,161	9.8%	413,491,737	6.6%
	Sep 2018	208,891,354	7.0%	622,383,092	6.7%
	Oct 2018	205,985,537	4.9%	828,368,629	6.3%
	Nov 2018	207,912,123	8.8%	1,036,280,752	6.8%
	Dec 2018	229,232,904	10.1%	1,265,513,656	7.4%
	Jan 2019	270,182,375	4.9%	1,535,696,031	6.9%
	Feb 2019	204,651,086	3.9%	1,740,347,117	6.6%
	Mar 2019	198,881,113	1.1%	1,939,228,230	6.0%
	Apr 2019	244,467,741	3.9%	2,183,695,971	5.7%
	May 2019	230,772,633	12.3%	2,414,468,604	6.3%
	June 2019	229,811,618	5.7%	2,644,280,223	6.3%
FY 2020	July 2019	223,326,583	5.7%	223,326,583	5.7%
	Aug 2019	218,515,683	8.1%	441,842,266	6.9%
	Sep 2019	224,398,981	7.4%	666,241,248	7.0%
	Oct 2019	212,334,348	3.1%	878,575,595	6.1%
	Nov 2019	226,058,857	8.7%	1,104,634,453	6.6%
	Dec 2019	237,043,713	3.4%	1,341,678,166	6.0%
	Jan 2020	296,380,643	9.7%	1,638,058,809	6.7%
	Feb 2020	220,701,710	7.8%	1,858,760,519	6.8%
	Mar 2020	216,178,903	8.7%	2,074,939,422	7.0%
	Apr 2020	233,261,439	-4.6%	2,308,200,861	5.7%
	May 2020	204,551,623	-11.4%	2,512,752,484	4.1%
	June 2020	243,986,550	6.2%	2,756,739,034	4.3%
FY 2021	July 2020	253,301,757	13.4%	253,301,757	13.4%
	Aug 2020	235,625,289	7.8%	488,927,046	10.7%
	Sep 2020	242,957,835	8.3%	731,884,881	9.9%
	Oct 2020	246,478,822	16.1%	978,363,702	11.4%
	Nov 2020	244,030,042	7.9%	1,222,393,745	10.7%
	Dec 2020	258,783,153	9.2%	1,481,176,898	10.4%
	Jan 2021	319,065,356	7.7%	1,800,242,254	9.9%
	Feb 2021	243,282,812	10.2%	2,043,525,066	9.9%
	Mar 2021	248,164,810	14.8%	2,291,689,876	10.4%
	Apr 2021	310,197,144	33.0%	2,601,887,020	12.7%
	May 2021	288,439,997	41.0%	2,890,327,018	15.0%
	June 2021	292,066,115	19.7%	3,182,393,133	15.4%
FY 2022	July 2021	292,003,595	15.3%	292,003,595	15.3%
	Aug 2021	271,711,674	15.3%	563,715,269	15.3%
	Sep 2021	273,171,861	12.4%	836,887,131	14.3%
	Oct 2021	281,877,424	14.4%	1,118,764,554	14.4%
	Nov 2021	282,795,895	15.9%	1,401,560,449	14.7%
	Dec 2021	297,115,843	14.8%	1,698,676,292	14.7%
	Jan 2022	366,573,529	14.9%	2,065,249,821	14.7%
	Feb 2022	277,408,356	14.0%	2,342,658,177	14.6%
	Mar 2022	279,164,220	12.5%	2,621,822,397	14.4%
	Apr 2022	343,629,816	10.8%	2,965,452,213	14.0%
	May 2022	322,682,915	11.9%	3,288,135,127	13.8%
	June 2022	297,858,598	2.0%	3,585,993,725	12.7%
FY 2023	July 2022	309,278,205	5.9%	309,278,205	5.9%
	Aug 2022	284,909,650	4.9%	594,187,854	5.4%
	Sep 2022	293,809,784	7.6%	887,997,638	6.1%
	Oct 2022	*** September figures are preliminary ***			
	Nov 2022				
	Dec 2022				
	Jan 2023				
	Feb 2023				
	Mar 2023				
	Apr 2023				
	May 2023				
	June 2023				

# Arizona Sales Tax - Prime Contracting

## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2018	July 2017	43,303,966	15.2%	43,303,966	15.2%
	Aug 2017	39,095,558	5.7%	82,399,524	10.5%
	Sep 2017	43,713,382	27.7%	126,112,906	15.9%
	Oct 2017	36,271,765	-2.0%	162,384,671	11.4%
	Nov 2017	44,463,014	19.7%	206,847,686	13.1%
	Dec 2017	40,779,424	15.3%	247,627,110	13.4%
	Jan 2018	44,888,908	8.6%	292,516,018	12.7%
	Feb 2018	41,908,543	25.4%	334,424,561	14.1%
	Mar 2018	38,888,366	15.9%	373,312,927	14.3%
	Apr 2018	46,395,449	16.0%	419,708,375	14.5%
	May 2018	44,795,395	22.0%	464,503,770	15.2%
	June 2018	48,249,076	14.2%	512,752,846	15.1%
FY 2019	July 2018	49,711,167	14.8%	49,711,167	14.8%
	Aug 2018	47,561,917	21.7%	97,273,084	18.1%
	Sep 2018	47,553,309	8.8%	144,826,394	14.8%
	Oct 2018	47,053,948	29.7%	191,880,341	18.2%
	Nov 2018	47,964,825	7.9%	239,845,167	16.0%
	Dec 2018	46,582,055	14.2%	286,427,222	15.7%
	Jan 2019	55,259,125	23.1%	341,686,347	16.8%
	Feb 2019	47,005,862	12.2%	388,692,209	16.2%
	Mar 2019	45,513,581	17.0%	434,205,790	16.3%
	Apr 2019	50,869,242	9.6%	485,075,033	15.6%
	May 2019	52,356,829	16.9%	537,431,861	15.7%
	June 2019	53,931,765	11.8%	591,363,626	15.3%
FY 2020	July 2019	56,888,601	14.4%	56,888,601	14.4%
	Aug 2019	56,066,506	17.9%	112,955,107	16.1%
	Sep 2019	57,687,928	21.3%	170,643,034	17.8%
	Oct 2019	53,454,327	13.6%	224,097,362	16.8%
	Nov 2019	57,244,999	19.3%	281,342,361	17.3%
	Dec 2019	55,338,552	18.8%	336,680,912	17.5%
	Jan 2020	58,626,740	6.1%	395,307,652	15.7%
	Feb 2020	52,838,714	12.4%	448,146,366	15.3%
	Mar 2020	52,860,592	16.1%	501,006,958	15.4%
	Apr 2020	60,314,033	18.6%	561,320,991	15.7%
	May 2020	59,691,556	14.0%	621,012,547	15.6%
	June 2020	66,229,337	22.8%	687,241,884	16.2%
FY 2021	July 2020	71,164,940	25.1%	71,164,940	25.1%
	Aug 2020	67,947,682	21.2%	139,112,622	23.2%
	Sep 2020	64,339,039	11.5%	203,451,661	19.2%
	Oct 2020	65,835,028	23.2%	269,286,689	20.2%
	Nov 2020	71,392,726	24.7%	340,679,415	21.1%
	Dec 2020	60,850,051	10.0%	401,529,466	19.3%
	Jan 2021	75,668,105	29.1%	477,197,571	20.7%
	Feb 2021	57,746,737	9.3%	534,944,308	19.4%
	Mar 2021	55,224,670	4.5%	590,168,978	17.8%
	Apr 2021	63,523,092	5.3%	653,692,070	16.5%
	May 2021	58,798,985	-1.5%	712,491,055	14.7%
	June 2021	68,626,727	3.6%	781,117,782	13.7%
FY 2022	July 2021	70,554,984	-0.9%	70,554,984	-0.9%
	Aug 2021	61,523,296	-9.5%	132,078,280	-5.1%
	Sep 2021	64,422,550	0.1%	196,500,829	-3.4%
	Oct 2021	69,929,932	6.2%	266,430,761	-1.1%
	Nov 2021	66,876,078	-6.3%	333,306,839	-2.2%
	Dec 2021	66,443,067	9.2%	399,749,907	-0.4%
	Jan 2022	81,066,849	7.1%	480,816,756	0.8%
	Feb 2022	63,459,736	9.9%	544,276,492	1.7%
	Mar 2022	73,239,002	32.6%	617,515,494	4.6%
	Apr 2022	81,727,555	28.7%	699,243,050	7.0%
	May 2022	77,176,972	31.3%	776,420,022	9.0%
	June 2022	86,650,119	26.3%	863,070,141	10.5%
FY 2023	July 2022	88,081,405	24.8%	88,081,405	24.8%
	Aug 2022	79,575,710	29.3%	167,657,115	26.9%
	Sep 2022	87,315,076	35.5%	254,972,191	29.8%
	Oct 2022	*** September figures are preliminary ***			
	Nov 2022				
	Dec 2022				
	Jan 2023				
	Feb 2023				
	Mar 2023				
	Apr 2023				
	May 2023				
	June 2023				



## Arizona Sales Tax - Utilities

### General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2018	July 2017	40,220,498	-0.9%	40,220,498	-0.9%
	Aug 2017	54,019,726	7.0%	94,240,225	3.5%
	Sep 2017	48,951,872	-4.5%	143,192,097	0.6%
	Oct 2017	47,131,080	4.4%	190,323,176	1.5%
	Nov 2017	39,890,984	8.0%	230,214,161	2.6%
	Dec 2017	30,634,937	-1.0%	260,849,097	2.2%
	Jan 2018	29,341,010	1.1%	290,190,107	2.1%
	Feb 2018	33,438,080	6.4%	323,628,187	2.5%
	Mar 2018	29,918,394	5.1%	353,546,581	2.7%
	Apr 2018	30,126,222	7.9%	383,672,804	3.1%
	May 2018	29,777,970	6.0%	413,450,774	3.3%
	June 2018	35,825,053	11.0%	449,275,827	3.9%
FY 2019	July 2018	41,078,965	2.1%	41,078,965	2.1%
	Aug 2018	51,785,222	-4.1%	92,864,186	-1.5%
	Sep 2018	52,130,044	6.5%	144,994,230	1.3%
	Oct 2018	45,397,828	-3.7%	190,392,059	0.0%
	Nov 2018	39,423,823	-1.2%	229,815,882	-0.2%
	Dec 2018	29,793,218	-2.7%	259,609,099	-0.5%
	Jan 2019	30,654,435	4.5%	290,263,535	0.0%
	Feb 2019	34,918,864	4.4%	325,182,398	0.5%
	Mar 2019	31,586,609	5.6%	356,769,007	0.9%
	Apr 2019	29,724,183	-1.3%	386,493,190	0.7%
	May 2019	28,897,465	-3.0%	415,390,655	0.5%
	June 2019	32,846,398	-8.3%	448,237,053	-0.2%
FY 2020	July 2019	36,659,315	-10.8%	36,659,315	-10.8%
	Aug 2019	49,038,211	-5.3%	85,697,526	-7.7%
	Sep 2019	51,711,308	-0.8%	137,408,835	-5.2%
	Oct 2019	48,413,036	6.6%	185,821,870	-2.4%
	Nov 2019	37,486,359	-4.9%	223,308,229	-2.8%
	Dec 2019	23,301,623	-21.8%	246,609,852	-5.0%
	Jan 2020	26,842,938	-12.4%	273,452,790	-5.8%
	Feb 2020	34,230,436	-2.0%	307,683,226	-5.4%
	Mar 2020	29,030,736	-8.1%	336,713,962	-5.6%
	Apr 2020	28,471,573	-4.2%	365,185,535	-5.5%
	May 2020	26,497,521	-8.3%	391,683,056	-5.7%
	June 2020	34,838,601	6.1%	426,521,657	-4.8%
FY 2021	July 2020	39,448,529	7.6%	39,448,529	7.6%
	Aug 2020	51,924,110	5.9%	91,372,638	6.6%
	Sep 2020	55,164,846	6.7%	146,537,484	6.6%
	Oct 2020	51,322,090	6.0%	197,859,574	6.5%
	Nov 2020	42,457,722	13.3%	240,317,296	7.6%
	Dec 2020	32,213,195	38.2%	272,530,491	10.5%
	Jan 2021	31,597,819	17.7%	304,128,310	11.2%
	Feb 2021	34,478,804	0.7%	338,607,113	10.1%
	Mar 2021	32,133,928	10.7%	370,741,042	10.1%
	Apr 2021	30,945,050	8.7%	401,686,091	10.0%
	May 2021	32,220,326	21.6%	433,906,417	10.8%
	June 2021	33,975,275	-2.5%	467,881,692	9.7%
FY 2022	July 2021	47,974,619	21.6%	47,974,619	21.6%
	Aug 2021	54,290,364	4.6%	102,264,982	11.9%
	Sep 2021	51,953,431	-5.8%	154,218,413	5.2%
	Oct 2021	48,053,673	-6.4%	202,272,086	2.2%
	Nov 2021	37,785,102	-11.0%	240,057,188	-0.1%
	Dec 2021	35,418,309	9.9%	275,475,497	1.1%
	Jan 2022	24,452,105	-22.6%	299,927,603	-1.4%
	Feb 2022	40,053,874	16.2%	339,981,477	0.4%
	Mar 2022	30,073,191	-6.4%	370,054,668	-0.2%
	Apr 2022	34,097,444	10.2%	404,152,112	0.6%
	May 2022	33,441,255	3.8%	437,593,366	0.8%
	June 2022	39,402,234	16.0%	476,995,601	1.9%
FY 2023	July 2022	47,461,438	-1.1%	47,461,438	-1.1%
	Aug 2022	52,009,554	-4.2%	99,470,992	-2.7%
	Sep 2022	56,950,378	9.6%	156,421,370	1.4%
	Oct 2022	*** September figures are preliminary ***			
	Nov 2022				
	Dec 2022				
	Jan 2023				
	Feb 2023				
	Mar 2023				
	Apr 2023				
	May 2023				
	June 2023				

# Arizona Sales Tax - Restaurants and Bars

## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2018	July 2017	39,947,222	5.6%	39,947,222	5.6%
	Aug 2017	37,853,693	-0.4%	77,800,915	2.6%
	Sep 2017	38,447,779	4.3%	116,248,693	3.2%
	Oct 2017	42,177,309	10.9%	158,426,003	5.1%
	Nov 2017	43,402,376	6.2%	201,828,379	5.3%
	Dec 2017	41,369,720	6.1%	243,198,099	5.5%
	Jan 2018	47,551,887	10.6%	290,749,986	6.3%
	Feb 2018	43,656,971	4.3%	334,406,957	6.0%
	Mar 2018	47,034,314	7.6%	381,441,271	6.2%
	Apr 2018	53,014,702	7.2%	434,455,972	6.3%
	May 2018	48,989,618	3.3%	483,445,590	6.0%
	June 2018	45,950,547	2.7%	529,396,137	5.7%
FY 2019	July 2018	43,200,005	8.1%	43,200,005	8.1%
	Aug 2018	41,011,071	8.3%	84,211,076	8.2%
	Sep 2018	40,747,922	6.0%	124,958,998	7.5%
	Oct 2018	44,016,961	4.4%	168,975,959	6.7%
	Nov 2018	45,529,388	4.9%	214,505,346	6.3%
	Dec 2018	45,197,278	9.3%	259,702,624	6.8%
	Jan 2019	47,547,380	0.0%	307,250,003	5.7%
	Feb 2019	47,954,092	9.8%	355,204,096	6.2%
	Mar 2019	47,955,894	2.0%	403,159,990	5.7%
	Apr 2019	57,883,518	9.2%	461,043,507	6.1%
	May 2019	50,901,617	3.9%	511,945,125	5.9%
	June 2019	50,117,983	9.1%	562,063,107	6.2%
FY 2020	July 2019	46,012,175	6.5%	46,012,175	6.5%
	Aug 2019	43,710,684	6.6%	89,722,859	6.5%
	Sep 2019	45,009,825	10.5%	134,732,684	7.8%
	Oct 2019	46,200,843	5.0%	180,933,527	7.1%
	Nov 2019	48,456,937	6.4%	229,390,465	6.9%
	Dec 2019	50,004,874	10.6%	279,395,339	7.6%
	Jan 2020	51,824,094	9.0%	331,219,433	7.8%
	Feb 2020	50,023,328	4.3%	381,242,761	7.3%
	Mar 2020	45,155,773	-5.8%	426,398,534	5.8%
	Apr 2020	38,366,785	-33.7%	464,765,318	0.8%
	May 2020	29,828,564	-41.4%	494,593,882	-3.4%
	June 2020	39,382,889	-21.4%	533,976,771	-5.0%
FY 2021	July 2020	40,907,119	-11.1%	40,907,119	-11.1%
	Aug 2020	37,442,715	-14.3%	78,349,834	-12.7%
	Sep 2020	39,944,179	-11.3%	118,294,013	-12.2%
	Oct 2020	42,270,457	-8.5%	160,564,470	-11.3%
	Nov 2020	44,147,506	-8.9%	204,711,976	-10.8%
	Dec 2020	43,880,675	-12.2%	248,592,651	-11.0%
	Jan 2021	44,683,249	-13.8%	293,275,900	-11.5%
	Feb 2021	44,540,805	-11.0%	337,816,705	-11.4%
	Mar 2021	48,688,030	7.8%	386,504,735	-9.4%
	Apr 2021	59,496,182	55.1%	446,000,916	-4.0%
	May 2021	56,725,663	90.2%	502,726,579	1.6%
	June 2021	59,924,589	52.2%	562,651,168	5.4%
FY 2022	July 2021	53,943,601	31.9%	53,943,601	31.9%
	Aug 2021	53,915,215	44.0%	107,858,817	37.7%
	Sep 2021	52,010,680	30.2%	159,869,497	35.1%
	Oct 2021	54,903,661	29.9%	214,773,158	33.8%
	Nov 2021	60,795,598	37.7%	275,568,756	34.6%
	Dec 2021	57,213,946	30.4%	332,782,702	33.9%
	Jan 2022	62,926,346	40.8%	395,709,048	34.9%
	Feb 2022	56,398,625	26.6%	452,107,673	33.8%
	Mar 2022	62,536,745	28.4%	514,644,417	33.2%
	Apr 2022	72,652,036	22.1%	587,296,453	31.7%
	May 2022	66,694,941	17.6%	653,991,394	30.1%
	June 2022	66,713,832	11.3%	720,705,227	28.1%
FY 2023	July 2022	66,756,339	23.8%	66,756,339	23.8%
	Aug 2022	58,463,109	8.4%	125,219,449	16.1%
	Sep 2022	57,587,877	10.7%	182,807,326	14.3%
	Oct 2022	*** September figures are preliminary ***			
	Nov 2022				
	Dec 2022				
	Jan 2023				
	Feb 2023				
	Mar 2023				
	Apr 2023				
	May 2023				
	June 2023				

## Arizona Use Tax

### General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2018	July 2017	27,670,923	6.8%	27,670,923	6.8%
	Aug 2017	24,308,694	18.0%	51,979,618	11.8%
	Sep 2017	27,797,629	22.2%	79,777,247	15.2%
	Oct 2017	28,006,834	-5.7%	107,784,080	9.0%
	Nov 2017	25,261,576	0.5%	133,045,656	7.2%
	Dec 2017	29,261,181	24.5%	162,306,836	10.0%
	Jan 2018	32,387,233	6.5%	194,694,069	9.4%
	Feb 2018	26,378,049	6.2%	221,072,118	9.0%
	Mar 2018	26,448,279	9.7%	247,520,397	9.1%
	Apr 2018	28,930,734	13.2%	276,451,131	9.5%
	May 2018	25,879,813	6.8%	302,330,944	9.3%
	June 2018	24,870,027	2.7%	327,200,971	8.7%
FY 2019	July 2018	24,548,308	-11.3%	24,548,308	-11.3%
	Aug 2018	28,065,802	15.5%	52,614,110	1.2%
	Sep 2018	32,039,914	15.3%	84,654,024	6.1%
	Oct 2018	29,372,401	4.9%	114,026,425	5.8%
	Nov 2018	31,698,330	25.5%	145,724,754	9.5%
	Dec 2018	29,443,336	0.6%	175,168,090	7.9%
	Jan 2019	36,533,737	12.8%	211,701,827	8.7%
	Feb 2019	30,532,593	15.8%	242,234,420	9.6%
	Mar 2019	27,391,890	3.6%	269,626,310	8.9%
	Apr 2019	36,181,633	25.1%	305,807,944	10.6%
	May 2019	26,091,598	0.8%	331,899,542	9.8%
	June 2019	30,127,203	21.1%	362,026,745	10.6%
FY 2020	July 2019	32,247,364	31.4%	32,247,364	31.4%
	Aug 2019	31,666,706	12.8%	63,914,070	21.5%
	Sep 2019	30,812,578	-3.8%	94,726,649	11.9%
	Oct 2019	35,078,969	19.4%	129,805,618	13.8%
	Nov 2019	30,788,839	-2.9%	160,594,457	10.2%
	Dec 2019	23,638,081	-19.7%	184,232,538	5.2%
	Jan 2020	40,950,483	12.1%	225,183,021	6.4%
	Feb 2020	32,987,125	8.0%	258,170,146	6.6%
	Mar 2020	29,721,256	8.5%	287,891,402	6.8%
	Apr 2020	35,658,140	-1.4%	323,549,542	5.8%
	May 2020	28,299,778	8.5%	351,849,320	6.0%
	June 2020	32,414,184	7.6%	384,263,505	6.1%
FY 2021	July 2020	35,409,973	9.8%	35,409,973	9.8%
	Aug 2020	33,435,909	5.6%	68,845,882	7.7%
	Sep 2020	35,448,520	15.0%	104,294,402	10.1%
	Oct 2020	40,023,909	14.1%	144,318,311	11.2%
	Nov 2020	35,797,331	16.3%	180,115,642	12.2%
	Dec 2020	38,800,162	64.1%	218,915,803	18.8%
	Jan 2021	49,405,507	20.6%	268,321,311	19.2%
	Feb 2021	38,613,306	17.1%	306,934,617	18.9%
	Mar 2021	29,825,679	0.4%	336,760,295	17.0%
	Apr 2021	44,034,605	23.5%	380,794,900	17.7%
	May 2021	37,687,218	33.2%	418,482,118	18.9%
	June 2021	31,283,425	-3.5%	449,765,543	17.0%
FY 2022	July 2021	38,544,284	8.9%	38,544,284	8.9%
	Aug 2021	38,550,390	15.3%	77,094,674	12.0%
	Sep 2021	42,273,217	19.3%	119,367,892	14.5%
	Oct 2021	45,567,346	13.9%	164,935,237	14.3%
	Nov 2021	37,887,460	5.8%	202,822,697	12.6%
	Dec 2021	42,607,622	9.8%	245,430,319	12.1%
	Jan 2022	50,922,803	3.1%	296,353,122	10.4%
	Feb 2022	43,158,381	11.8%	339,511,503	10.6%
	Mar 2022	36,465,930	22.3%	375,977,433	11.6%
	Apr 2022	43,739,945	-0.7%	419,717,378	10.2%
	May 2022	44,056,872	16.9%	463,774,250	10.8%
	June 2022	39,105,929	25.0%	502,880,178	11.8%
FY 2023	July 2022	49,014,542	27.2%	49,014,542	27.2%
	Aug 2022	44,381,003	15.1%	93,395,545	21.1%
	Sep 2022	47,489,601	12.3%	140,885,146	18.0%
	Oct 2022	*** September figures are preliminary ***			
	Nov 2022				
	Dec 2022				
	Jan 2023				
	Feb 2023				
	Mar 2023				
	Apr 2023				
	May 2023				
	June 2023				

# **Individual Income Tax**

# Arizona Individual Income Tax General Fund Collections

		Year-to-Date				Year-to-Date				Year-to-Date				Year-to-Date			
		Total	Y/Y Chg.	Total	YTD Chg.	Withholding	Y/Y Chg.	Withholding	YTD Chg.	Payments	Y/Y Chg.	Payments	YTD Chg.	Refunds	Y/Y Chg.	Refunds	YTD Chg.
FY 2018	Jul-17	367,404,256	19.1%	367,404,256	19.1%	360,508,823	18.1%	360,508,823	18.1%	22,390,542	8.1%	22,390,542	8.1%	(15,495,109)	-11.6%	(15,495,109)	-11.6%
	Aug	334,741,567	-5.7%	702,145,823	5.8%	330,301,901	-5.7%	690,810,724	5.4%	21,181,908	-8.5%	43,572,450	-0.6%	(16,742,243)	-9.8%	(32,237,352)	-10.7%
	Sep	428,215,100	4.7%	1,130,360,923	5.4%	313,046,438	5.2%	1,003,857,162	5.3%	132,809,433	6.2%	176,381,883	4.4%	(17,640,771)	30.9%	(49,878,122)	0.6%
	Oct	367,613,957	0.9%	1,497,974,880	4.3%	372,489,974	8.4%	1,376,347,136	6.1%	76,057,356	28.1%	252,439,239	10.6%	(80,933,372)	108.7%	(130,811,495)	48.1%
	Nov	315,576,388	0.0%	1,813,551,268	3.5%	331,096,487	3.6%	1,707,443,624	5.6%	20,437,018	-49.4%	272,876,257	1.6%	(35,957,118)	-19.4%	(166,768,613)	25.4%
	Dec	574,038,633	39.4%	2,387,589,901	10.3%	359,585,688	4.6%	2,067,029,312	5.4%	217,652,109	116.5%	490,528,366	32.8%	(3,199,164)	-90.2%	(169,967,776)	2.7%
	Jan-18	632,238,007	14.3%	3,019,827,909	11.1%	426,870,373	10.1%	2,493,899,685	6.2%	215,884,116	22.5%	706,412,482	29.5%	(10,516,482)	-1.9%	(180,484,259)	2.4%
	Feb	48,027,987	-27.7%	3,067,855,895	10.2%	353,296,738	9.5%	2,847,196,423	6.6%	25,047,178	18.1%	731,459,659	29.1%	(330,315,929)	19.1%	(510,800,188)	12.6%
	Mar	123,022,855	16.3%	3,190,878,750	10.4%	388,247,240	2.5%	3,235,443,664	6.1%	77,088,493	11.8%	808,548,153	27.2%	(342,312,878)	0.1%	(853,113,066)	7.2%
	Apr	583,253,716	7.2%	3,774,132,466	9.9%	386,705,825	21.0%	3,622,149,488	7.5%	583,884,240	-1.6%	1,392,432,393	13.3%	(387,336,349)	4.9%	(1,240,449,415)	6.5%
	May	349,412,717	18.5%	4,123,545,183	10.6%	345,431,058	-4.9%	3,967,580,546	6.3%	84,927,394	120.0%	1,477,359,787	16.5%	(80,945,735)	-24.3%	(1,321,395,150)	3.9%
	Jun	420,453,224	4.5%	4,543,998,407	10.0%	321,901,673	-0.1%	4,289,482,219	5.8%	136,910,988	12.3%	1,614,270,775	16.2%	(38,359,437)	-8.6%	(1,359,754,587)	3.5%
FY 2019	Jul-18	396,059,814	7.8%	396,059,814	7.8%	388,592,967	7.8%	388,592,967	7.8%	26,981,619	20.5%	26,981,619	20.5%	(19,514,772)	25.9%	(19,514,772)	25.9%
	Aug	366,290,813	9.4%	762,350,627	8.6%	358,560,458	8.6%	747,153,426	8.2%	24,480,021	15.6%	51,461,639	18.1%	(16,749,666)	0.0%	(36,264,438)	12.5%
	Sep	478,168,599	11.7%	1,240,519,226	9.7%	345,394,066	10.3%	1,092,547,491	8.8%	151,832,056	14.3%	203,293,696	15.3%	(19,057,523)	8.0%	(55,321,961)	10.9%
	Oct	383,971,237	4.4%	1,624,490,463	8.4%	385,257,672	3.4%	1,477,805,163	7.4%	92,048,841	21.0%	295,342,537	17.0%	(93,335,276)	15.3%	(148,657,237)	13.6%
	Nov	334,411,214	6.0%	1,958,901,677	8.0%	343,815,944	3.8%	1,821,621,107	6.7%	22,097,652	8.1%	317,440,189	16.3%	(31,502,382)	-12.4%	(180,159,619)	8.0%
	Dec	441,919,417	-23.0%	2,400,821,095	0.6%	401,803,216	11.7%	2,223,424,323	7.6%	50,914,905	-76.6%	368,355,095	-24.9%	(10,798,704)	237.5%	(190,958,323)	12.3%
	Jan-19	581,716,207	-8.0%	2,982,537,301	-1.2%	427,230,591	0.1%	2,650,654,914	6.3%	162,226,235	-24.9%	530,581,330	-24.9%	(7,740,619)	-26.4%	(198,698,942)	10.1%
	Feb	48,732,731	1.5%	3,031,270,032	-1.2%	359,299,689	1.7%	3,009,954,603	5.7%	37,039,460	47.9%	567,620,789	-22.4%	(347,606,418)	5.2%	(546,305,360)	7.0%
	Mar	170,920,532	38.9%	3,202,190,564	0.4%	405,858,513	4.5%	3,415,813,116	5.6%	82,740,855	7.3%	650,361,644	-19.6%	(317,678,836)	-7.2%	(863,984,196)	1.3%
	Apr	658,217,806	12.9%	3,860,408,370	2.3%	424,054,003	9.7%	3,839,867,119	6.0%	603,007,793	3.3%	1,253,369,437	-10.0%	(368,843,990)	-4.8%	(1,232,828,186)	-0.6%
	May	684,007,277	95.8%	4,544,415,647	10.2%	369,595,968	7.0%	4,209,463,087	6.1%	386,614,492	355.2%	1,639,983,929	11.0%	(72,203,183)	-10.8%	(1,305,031,369)	-1.2%
	Jun	464,605,987	10.5%	5,009,021,634	10.2%	347,559,585	8.0%	4,557,022,672	6.2%	153,939,074	12.4%	1,793,923,003	11.1%	(36,892,672)	-3.8%	(1,341,924,041)	-1.3%
FY 2020	Jul-19	446,177,592	12.7%	446,177,592	12.7%	430,918,613	10.9%	430,918,613	10.9%	34,741,911	28.8%	34,741,911	28.8%	(19,482,932)	-0.2%	(19,482,932)	-0.2%
	Aug	388,988,906	6.2%	835,166,498	9.6%	373,461,889	4.2%	804,380,502	7.7%	32,807,792	34.0%	67,549,702	31.3%	(17,280,775)	3.2%	(36,763,707)	1.4%
	Sep	525,626,609	9.9%	1,360,793,107	9.7%	365,578,566	5.8%	1,169,959,069	7.1%	179,468,334	18.2%	247,018,036	21.5%	(19,420,291)	1.9%	(56,183,998)	1.6%
	Oct	442,761,464	15.3%	1,803,554,570	11.0%	423,030,231	9.8%	1,592,989,299	7.8%	114,011,838	23.9%	361,029,874	22.2%	(94,280,605)	1.0%	(150,464,603)	1.2%
	Nov	380,667,306	13.8%	2,184,221,877	11.5%	379,267,511	10.3%	1,972,256,810	8.3%	31,148,534	41.0%	392,178,408	23.5%	(29,748,738)	-5.6%	(180,213,341)	0.0%
	Dec	465,944,068	5.4%	2,650,165,944	10.4%	427,207,203	6.3%	2,399,464,012	7.9%	52,205,465	2.5%	444,383,873	20.6%	(13,468,600)	24.7%	(193,681,941)	1.4%
	Jan-20	651,356,601	12.0%	3,301,522,545	10.7%	480,456,016	12.5%	2,879,920,028	8.6%	175,969,105	8.5%	620,352,977	16.9%	(5,068,519)	-34.5%	(198,750,460)	0.0%
	Feb	(16,502,123)	N/A	3,285,020,422	8.4%	388,030,922	8.0%	2,972,950,950	8.6%	29,471,121	-20.4%	649,824,098	14.5%	(434,004,166)	24.9%	(632,754,626)	15.8%
	Mar	106,576,741	-37.6%	3,391,597,163	5.9%	448,341,903	10.5%	3,716,292,853	8.8%	71,345,057	-13.8%	721,169,155	10.9%	(413,110,219)	30.0%	(1,045,864,845)	21.1%
	Apr	333,923,441	-49.3%	3,725,520,605	-3.5%	411,042,743	-3.1%	4,127,335,596	7.5%	180,832,397	-70.0%	902,001,553	-28.0%	(257,951,699)	-30.1%	(1,303,816,544)	5.8%
	May	312,455,235	-54.3%	4,037,975,840	-11.1%	356,648,940	-3.5%	4,483,984,536	6.5%	52,177,864	-86.5%	954,179,417	-41.8%	(96,371,569)	33.5%	(1,400,188,113)	7.3%
	Jun	492,434,368	6.0%	4,530,410,208	-9.6%	400,025,682	15.1%	4,884,010,218	7.2%	163,301,165	6.1%	1,117,480,582	-37.7%	(70,892,479)	92.2%	(1,471,080,592)	9.6%
FY 2021	Jul-20	1,006,099,122	125.5%	1,006,099,122	125.5%	437,561,106	1.5%	437,561,106	1.5%	729,202,947	1998.9%	729,202,947	1998.9%	(160,664,931)	724.6%	(160,664,931)	724.6%
	Aug	393,647,609	1.2%	1,399,746,731	67.6%	388,221,708	4.0%	825,782,815	2.7%	42,993,691	31.0%	772,196,638	1043.2%	(37,567,790)	117.4%	(198,232,721)	439.2%
	Sep	526,805,326	0.2%	1,926,552,057	41.6%	373,511,493	2.2%	1,199,294,307	2.5%	173,028,298	-3.6%	945,224,936	282.7%	(19,734,465)	1.6%	(217,967,187)	288.0%
	Oct	436,598,293	-1.4%	2,363,150,350	31.0%	402,587,396	-4.8%	1,601,881,704	0.6%	119,988,347	5.2%	1,065,213,283	195.0%	(85,977,450)	-8.8%	(303,944,636)	102.0%
	Nov	467,871,483	22.9%	2,831,021,833	29.6%	456,569,075	20.4%	2,058,450,778	4.4%	34,813,471	11.8%	1,100,026,754	180.5%	(23,511,062)	-21.0%	(327,455,699)	81.7%
	Dec	527,323,634	13.2%	3,358,345,468	26.7%	475,274,347	11.3%	2,533,725,125	5.6%	59,844,230	14.6%	1,159,870,983	161.0%	(7,794,942)	-42.1%	(335,250,641)	73.1%
	Jan-21	680,994,298	4.6%	4,039,339,766	22.3%	442,013,801	-8.0%	2,975,738,926	3.3%	240,523,484	36.7%	1,400,394,468	125.7%	(1,542,987)	-69.6%	(336,793,628)	69.5%
	Feb	361,961,015	N/A	4,401,300,781	34.0%	456,060,535	17.5%	3,431,799,461	5.0%	46,639,376	58.3%	1,447,033,844	122.7%	(140,738,896)	-67.6%	(477,532,524)	-24.5%
	Mar	23,920,430	-77.6%	4,425,221,211	30.5%	517,507,305	15.4%	3,949,306,766	6.3%	76,719,239	7.5%	1,523,753,083	111.3%	(570,306,114)	38.1%	(1,047,838,638)	0.2%
	Apr	545,265,305	63.3%	4,970,486,516	33.4%	472,467,178	14.9%	4,421,773,944	7.1%	385,639,582	113.3%	1,909,392,665	111.7%	(312,841,455)	21.3%	(1,360,680,093)	4.4%
	May	812,692,108	160.1%	5,783,178,624	43.2%	393,000,021	10.2%	4,814,773,965	7.4%	719,317,439	1278.6%	2,628,710,104	175.5%	(299,625,352)	210.9%	(1,660,305,445)	18.6%
	Jun	749,574,607	52.2%	6,532,753,230	44.2%	460,711,394	15.2%	5,275,485,359	8.0%	361,236,695	121.2%	2,989,946,798	167.6%	(72,373,482)	2.1%	(1,732,678,927)	17.8%</

# Arizona Individual Income Tax - Estimated and Final Payments

		Year-to-Date Total				Year-to-Date				Year-to-Date			
		Total Payments	Y/Y Chg.	Payments	YTD Chg.	Estimated	Y/Y Chg.	Estimated	YTD Chg.	Final	Y/Y Chg.	Final	YTD Chg.
FY 2018	Jul-17	22,390,542	8.1%	22,390,542	8.1%	7,098,992	12.4%	7,098,992	12.4%	15,291,550	6.2%	15,291,550	6.2%
	Aug	21,181,908	-8.5%	43,572,450	-0.6%	8,068,854	0.3%	15,167,846	5.6%	13,113,055	-13.1%	28,404,605	-3.7%
	Sep	132,809,433	6.2%	176,381,883	4.4%	117,062,473	4.8%	132,230,319	4.9%	15,746,960	17.6%	44,151,564	3.0%
	Oct	76,057,356	28.1%	252,439,239	10.6%	10,816,836	23.9%	143,047,155	6.1%	65,240,519	28.8%	109,392,084	17.0%
	Nov	20,437,018	-49.4%	272,876,257	1.6%	6,061,645	-31.1%	149,108,800	3.9%	14,375,373	-54.5%	123,767,457	-1.1%
	Dec	217,652,109	116.5%	490,528,366	32.8%	208,538,039	131.4%	357,646,839	53.0%	9,114,070	-12.5%	132,881,527	-2.0%
	Jan-18	215,884,116	22.5%	706,412,482	29.5%	205,661,662	24.9%	563,308,501	41.4%	10,222,454	-11.8%	143,103,981	-2.7%
	Feb	25,047,178	18.1%	731,459,659	29.1%	4,038,758	16.7%	567,347,259	41.2%	21,008,420	18.3%	164,112,401	-0.5%
	Mar	77,088,493	11.8%	808,548,153	27.2%	8,053,151	42.0%	575,400,410	41.2%	69,035,342	9.1%	233,147,743	2.2%
	Apr	583,884,240	-1.6%	1,392,432,393	13.3%	78,243,878	8.4%	653,644,288	36.3%	505,640,363	-3.0%	738,788,106	-1.4%
	May	84,927,394	120.0%	1,477,359,787	16.5%	10,967,702	64.1%	664,611,989	36.7%	73,959,692	131.6%	812,747,798	4.0%
	Jun	136,091,641	11.6%	1,613,451,428	16.1%	116,101,968	11.9%	780,713,958	32.3%	19,989,673	10.0%	832,737,471	4.1%
FY 2019	Jul-18	26,981,619	20.5%	26,981,619	20.5%	8,070,766	13.7%	8,070,766	13.7%	18,910,852	23.7%	18,910,852	23.7%
	Aug	24,480,021	15.6%	51,461,639	18.1%	10,939,626	35.6%	19,010,393	25.3%	13,540,395	3.3%	32,451,247	14.2%
	Sep	151,832,056	14.3%	203,293,696	15.3%	134,536,304	14.9%	153,546,696	16.1%	17,295,753	9.8%	49,747,000	12.7%
	Oct	92,048,841	21.0%	295,342,537	17.0%	12,838,925	18.7%	166,385,621	16.3%	79,209,916	21.4%	128,956,916	17.9%
	Nov	22,097,652	8.1%	317,440,189	16.3%	6,281,356	3.6%	172,666,977	15.8%	15,816,296	10.0%	144,773,212	17.0%
	Dec	50,914,905	-76.6%	368,355,095	-24.9%	32,493,528	-84.4%	205,160,505	-42.6%	18,421,377	102.1%	163,194,590	22.8%
	Jan-19	162,226,235	-24.9%	530,581,330	-24.9%	140,278,776	-31.8%	345,439,281	-38.7%	21,947,459	114.7%	185,142,049	29.4%
	Feb	37,039,460	47.9%	567,620,789	-22.4%	5,424,368	34.3%	350,863,649	-38.2%	31,615,092	50.5%	216,757,141	32.1%
	Mar	82,740,855	7.3%	650,361,644	-19.6%	7,488,543	-7.0%	358,352,192	-37.7%	75,252,312	9.0%	292,009,453	25.2%
	Apr	603,007,793	3.3%	1,253,369,437	-10.0%	58,562,550	-25.2%	416,914,742	-36.2%	544,445,243	7.7%	836,454,695	13.2%
	May	386,614,492	355.2%	1,639,983,929	11.0%	36,498,359	232.8%	453,413,101	-31.8%	350,116,132	373.4%	1,186,570,828	46.0%
	Jun	153,939,074	13.1%	1,793,923,003	11.2%	131,576,538	13.3%	584,989,639	-25.1%	22,362,536	11.9%	1,208,933,363	45.2%
FY 2020	Jul-19	34,741,911	28.8%	34,741,911	28.8%	10,388,748	28.7%	10,388,748	28.7%	24,353,162	28.8%	24,353,162	28.8%
	Aug	32,807,792	34.0%	67,549,702	31.3%	11,816,737	8.0%	22,205,485	16.8%	20,991,055	55.0%	45,344,217	39.7%
	Sep	179,468,334	18.2%	247,018,036	21.5%	152,388,114	13.3%	174,593,599	13.7%	27,080,220	56.6%	72,424,437	45.6%
	Oct	114,011,838	23.9%	361,029,874	22.2%	16,986,917	32.3%	191,580,516	15.1%	97,024,921	22.5%	169,449,358	31.4%
	Nov	31,148,534	41.0%	392,178,408	23.5%	9,577,941	52.5%	201,158,456	16.5%	21,570,593	36.4%	191,019,951	31.9%
	Dec	52,205,465	2.5%	444,383,873	20.6%	35,091,541	8.0%	236,249,997	15.2%	17,113,924	-7.1%	208,133,875	27.5%
	Jan-20	175,969,105	8.5%	620,352,977	16.9%	163,782,549	16.8%	400,032,546	15.8%	12,186,556	-44.5%	220,320,431	19.0%
	Feb	29,471,121	-20.4%	649,824,098	14.5%	5,613,870	3.5%	405,646,416	15.6%	23,857,251	-24.5%	244,177,682	12.7%
	Mar	71,345,057	-13.8%	721,169,155	10.9%	8,224,242	9.8%	413,870,658	15.5%	63,120,815	-16.1%	307,298,497	5.2%
	Apr	180,832,397	-70.0%	902,001,553	-28.0%	68,165,869	16.4%	482,036,527	15.6%	112,666,529	-79.3%	419,965,026	-49.8%
	May	52,177,864	-86.5%	954,179,417	-41.8%	12,150,302	-66.7%	494,186,829	9.0%	40,027,563	-88.6%	459,992,589	-61.2%
	Jun	163,301,165	6.1%	1,117,480,582	-37.7%	91,413,281	-30.5%	585,600,109	0.1%	71,887,884	221.5%	531,880,473	-56.0%
FY 2021	Jul-20	729,202,947	1998.9%	729,202,947	1998.9%	72,570,967	598.6%	72,570,967	598.6%	656,631,980	2596.3%	656,631,980	2596.3%
	Aug	42,993,691	31.0%	772,196,638	1043.2%	15,384,654	30.2%	87,955,621	296.1%	27,609,037	31.5%	684,241,017	1409.0%
	Sep	173,028,298	-3.6%	945,224,936	282.7%	152,899,093	0.3%	240,854,714	38.0%	20,129,205	-25.7%	704,370,222	872.6%
	Oct	119,988,347	5.2%	1,065,213,283	195.0%	17,727,245	4.4%	258,581,959	35.0%	102,261,102	5.4%	806,631,324	376.0%
	Nov	34,813,471	11.8%	1,100,026,754	180.5%	11,086,743	15.8%	269,668,702	34.1%	23,726,727	10.0%	830,358,051	334.7%
	Dec	59,844,230	14.6%	1,159,870,983	161.0%	40,131,622	14.4%	309,800,324	31.1%	19,712,608	15.2%	850,070,659	308.4%
	Jan-21	240,523,484	36.7%	1,400,394,468	125.7%	224,767,132	37.2%	534,567,456	33.6%	15,756,352	29.3%	865,827,012	293.0%
	Feb	46,639,376	58.3%	1,447,033,844	122.7%	16,402,252	192.2%	550,969,708	35.8%	30,237,125	26.7%	896,064,136	267.0%
	Mar	76,719,239	7.5%	1,523,753,083	111.3%	10,984,896	33.6%	561,954,604	35.8%	65,734,343	4.1%	961,798,479	213.0%
	Apr	385,639,582	113.3%	1,909,392,665	111.7%	115,244,344	69.1%	677,198,948	40.5%	270,395,238	140.0%	1,232,193,717	193.4%
	May	719,317,439	1278.6%	2,628,710,104	175.5%	56,466,308	364.7%	733,665,256	48.5%	662,851,130	1556.0%	1,895,044,847	312.0%
	Jun	361,236,695	121.2%	2,989,946,798	167.6%	132,839,227	45.3%	866,504,484	48.0%	228,397,467	217.7%	2,123,442,315	299.2%
FY 2022	Jul-21	119,543,821	-83.6%	119,543,821	-83.6%	70,163,547	-3.3%	70,163,547	-3.3%	49,380,274	-92.5%	49,380,274	-92.5%
	Aug	34,454,272	-19.9%	153,998,093	-80.1%	16,700,964	8.6%	86,864,511	-1.2%	17,753,308	-35.7%	67,133,583	-90.2%
	Sep	223,100,534	28.9%	377,098,627	-60.1%	186,462,673	22.0%	273,327,183	13.5%	36,637,861	82.0%	103,771,444	-85.3%
	Oct	169,068,037	40.9%	546,166,664	-48.7%	49,422,026	178.8%	322,749,209	24.8%	119,646,011	17.0%	223,417,455	-72.3%
	Nov	47,922,881	37.7%	594,089,545	-46.0%	15,634,106	41.0%	338,383,315	25.5%	32,288,774	36.1%	255,706,229	-69.2%
	Dec	64,427,982	7.7%	658,517,527	-43.2%	44,269,908	10.3%	382,653,224	23.5%	20,158,074	2.3%	275,864,303	-67.5%
	Jan-22	278,902,183	16.0%	937,419,710	-33.1%	260,836,920	16.0%	643,490,144	20.4%	18,065,262	14.7%	293,929,565	-66.1%
	Feb	74,417,087	59.6%	1,011,836,797	-30.1%	38,318,338	133.6%	681,808,482	23.7%	36,098,749	19.4%	330,028,315	-63.2%
	Mar	130,085,664	69.6%	1,141,922,461	-25.1%	14,740,104	34.2%	696,548,586	24.0%	115,345,560	75.5%	445,373,875	-53.7%
	Apr	1,066,390,604	176.5%	2,208,313,065	15.7%	77,445,300	-32.8%	773,993,886	14.3%	988,945,303	265.7%	1,434,319,178	16.4%
	May	737,748,839	2.6%	2,946,061,903	12.1%	49,542,285	-12.3%	823,536,172	12.2%	688,206,553	3.8%	2,122,525,731	12.0%
	Jun	345,973,358	-4.2%	3,292,035,261	10.1%	162,326,142	22.2%	985,862,313	13.8%	183,647,216	-19.6%	2,306,172,948	8.6%
FY 2023	Jul-22	104,977,749	-12.2%	104,977,749	-12.2%	61,876,410	-11.8%	61,876,410	-11.8%	43,101,339	-12.7%	43,101,339	-12.7%
	Aug	62,005,474	80.0%	166,983,224	8.4%	19,751,607	18.3%	81,628,017	-6.0%	42,253,867	138.0%	85,355,207	27.1%
	Sep	221,842,356	-0.6%	388,825,579	3.1%	166,985,353	-10.4%	248,613,370	-9.0%	54,857,003	49.7%	140,212,209	35.1%
	Oct	*** September figures are preliminary ***											
	Nov												
	Dec												
	Jan-23												
	Feb												
	Mar												
	Apr												
	May												
	Jun												

# **Corporate Income Tax**

# Arizona Corporate Income Tax General Fund Collections

		Year-to-Date Gross				Year-to-Date				Year-to-Date Net			
		Gross Revenue	Y/Y Chg.	Revenue	YTD Chg.	Refunds	Y/Y Chg.	Refunds	YTD Chg.	Net Revenue	Y/Y Chg.	Revenue	YTD Chg.
FY 2018	July 2017	26,266,058	19.3%	26,266,058	19.3%	(2,427,219)	-87.7%	(2,427,219)	-87.7%	23,838,839	941.5%	23,838,839	941.5%
	Aug 2017	10,906,029	-29.8%	37,172,087	-1.1%	(18,031,119)	67.8%	(20,458,338)	-32.9%	(7,125,090)	N/A	16,713,749	135.8%
	Sep 2017	79,619,983	-10.9%	116,792,070	-8.0%	(15,042,747)	39.4%	(35,501,085)	-14.0%	64,577,236	-17.8%	81,290,985	-5.1%
	Oct 2017	20,755,460	-32.7%	137,547,530	-12.8%	(4,323,369)	2772.7%	(39,824,454)	-3.9%	16,432,091	-46.4%	97,723,076	-16.0%
	Nov 2017	13,403,599	-25.9%	150,951,129	-14.2%	(1,759,367)	-53.3%	(41,583,821)	-8.0%	11,644,232	-18.7%	109,367,308	-16.3%
	Dec 2017	67,957,843	-22.9%	218,908,972	-17.1%	(30,913,538)	31.3%	(72,497,359)	5.5%	37,044,305	-42.6%	146,411,613	-25.0%
	Jan 2018	28,967,432	8.9%	247,876,404	-14.7%	(20,832,624)	-54.0%	(93,329,983)	-18.2%	8,134,808	N/A	154,546,421	-12.4%
	Feb 2018	20,754,947	94.2%	268,631,351	-10.8%	(14,472,357)	11.0%	(107,802,340)	-15.2%	6,282,590	N/A	160,829,011	-7.7%
	Mar 2018	23,322,836	-34.4%	291,954,187	-13.3%	(1,301,978)	-91.8%	(109,104,318)	-23.7%	22,020,858	11.6%	182,849,869	-5.7%
	Apr 2018	79,202,648	-4.4%	371,156,835	-11.6%	(2,369,601)	-70.8%	(111,473,919)	-26.2%	76,833,047	2.8%	259,682,916	-3.3%
FY 2019	May 2018	32,033,888	1.0%	403,190,723	-10.7%	(2,176,517)	-41.8%	(113,650,436)	-26.6%	29,857,371	6.7%	289,540,287	-2.4%
	June 2018	89,768,840	22.1%	492,959,563	-6.1%	(6,237,021)	205.4%	(119,887,457)	-23.5%	83,531,819	16.8%	373,072,106	1.3%
	July 2018	34,230,356	30.3%	34,230,356	30.3%	(5,488,876)	126.1%	(5,488,876)	126.1%	28,741,480	20.6%	28,741,480	20.6%
	Aug 2018	20,224,018	85.4%	54,454,375	46.5%	(6,088,433)	-66.2%	(11,577,310)	-43.4%	14,135,585	N/A	42,877,065	156.5%
	Sep 2018	112,656,032	41.5%	167,110,407	43.1%	(7,885,794)	-47.6%	(19,463,104)	-45.2%	104,770,238	62.2%	147,647,303	81.6%
	Oct 2018	34,384,339	65.7%	201,494,745	46.5%	(6,038,347)	39.7%	(25,501,450)	-36.0%	28,345,992	72.5%	175,993,295	80.1%
	Nov 2018	16,689,469	24.5%	218,184,214	44.5%	(11,051,634)	528.2%	(36,553,084)	-12.1%	5,637,834	-51.6%	181,631,129	66.1%
	Dec 2018	95,961,365	41.2%	314,145,579	43.5%	(5,737,744)	-81.4%	(42,290,828)	-41.7%	90,223,622	143.6%	271,854,751	85.7%
	Jan 2019	34,831,424	20.2%	348,977,003	40.8%	(56,601,100)	171.7%	(98,891,928)	6.0%	(21,769,676)	N/A	250,085,075	61.8%
	Feb 2019	11,876,507	-42.8%	360,853,510	34.3%	(18,575,077)	28.3%	(117,467,005)	9.0%	(6,698,570)	N/A	243,386,505	51.3%
FY 2020	Mar 2019	37,278,994	59.8%	398,132,504	36.4%	(9,031,966)	593.7%	(126,498,971)	15.9%	28,247,028	28.3%	271,633,533	48.6%
	Apr 2019	101,927,588	28.7%	500,060,092	34.7%	(4,058,919)	71.3%	(130,557,890)	17.1%	97,868,668	27.4%	369,502,201	42.3%
	May 2019	45,394,845	41.7%	545,454,936	35.3%	(3,634,231)	67.0%	(134,192,121)	18.1%	41,760,614	39.9%	411,262,815	42.0%
	June 2019	104,392,743	16.3%	649,847,679	31.8%	(1,391,469)	-77.7%	(135,583,590)	13.1%	103,001,274	23.3%	514,264,089	37.8%
	July 2019	44,321,954	29.5%	44,321,954	29.5%	(9,031,871)	64.5%	(9,031,871)	64.5%	35,290,082	22.8%	35,290,082	22.8%
	Aug 2019	15,239,150	-24.6%	59,561,104	9.4%	(10,191,927)	67.4%	(19,223,798)	66.0%	5,047,223	-64.3%	40,337,305	-5.9%
	Sep 2019	124,589,643	10.6%	184,150,747	10.2%	(3,228,845)	-59.1%	(22,452,644)	15.4%	121,360,798	15.8%	161,698,104	9.5%
	Oct 2019	61,227,032	78.1%	245,377,779	21.8%	(1,140,517)	-81.1%	(23,593,160)	-7.5%	60,086,515	112.0%	221,784,619	26.0%
	Nov 2019	6,416,697	-61.6%	251,794,476	15.4%	(12,416,816)	12.4%	(36,009,976)	-1.5%	(6,000,118)	N/A	215,784,500	18.8%
	Dec 2019	131,259,034	36.8%	383,053,510	21.9%	(14,281,489)	148.9%	(50,291,465)	18.9%	116,977,545	29.7%	332,762,045	22.4%
FY 2021	Jan 2020	35,190,552	1.0%	418,244,062	19.8%	(17,414,883)	-69.2%	(67,706,348)	-31.5%	17,775,669	N/A	350,537,714	40.2%
	Feb 2020	12,768,293	7.5%	431,012,355	19.4%	(4,706,698)	-74.7%	(72,413,046)	-38.4%	8,061,595	N/A	358,599,309	47.3%
	Mar 2020	42,700,126	14.5%	473,712,481	19.0%	(15,636,027)	73.1%	(88,049,073)	-30.4%	27,064,099	-4.2%	385,663,408	42.0%
	Apr 2020	53,375,165	-47.6%	527,087,646	5.4%	(2,934,394)	-27.7%	(90,983,467)	-30.3%	50,440,771	-48.5%	436,104,179	18.0%
	May 2020	19,026,724	-58.1%	546,114,370	0.1%	(2,478,686)	-31.8%	(93,462,153)	-30.4%	16,548,038	-60.4%	452,652,216	10.1%
	June 2020	64,996,642	-37.7%	611,110,993	-6.0%	(5,766,989)	314.5%	(99,229,142)	-26.8%	59,229,635	-42.5%	511,881,851	-0.5%
	July 2020	86,598,947	95.4%	86,598,947	95.4%	(5,978,250)	-33.8%	(5,978,250)	-33.8%	80,620,697	128.5%	80,620,697	128.5%
	Aug 2020	25,417,321	66.8%	112,016,268	88.1%	(2,526,272)	-75.2%	(8,504,522)	-55.8%	22,891,049	353.5%	103,511,746	156.6%
	Sep 2020	114,587,651	-8.0%	226,603,921	23.1%	(8,330,173)	158.0%	(16,834,696)	-25.0%	106,257,480	-12.4%	209,769,225	29.7%
	Oct 2020	45,303,629	-26.0%	271,907,550	10.8%	(11,515,597)	909.7%	(28,350,292)	20.2%	33,788,032	-43.8%	243,557,257	9.8%
FY 2022	Nov 2020	23,750,826	270.1%	295,658,376	17.4%	(16,693,676)	34.4%	(45,043,968)	25.1%	7,057,150	N/A	250,614,408	16.1%
	Dec 2020	132,017,702	0.6%	427,676,078	11.6%	(30,722,519)	115.1%	(75,766,487)	50.7%	101,295,183	-13.4%	351,909,591	5.8%
	Jan 2021	44,790,938	27.3%	472,467,016	13.0%	(772,813)	-95.6%	(76,539,300)	13.0%	44,018,126	147.6%	395,927,716	12.9%
	Feb 2021	18,803,417	47.3%	491,270,433	14.0%	(1,491,030)	-68.3%	(78,030,330)	7.8%	17,312,387	114.8%	413,240,104	15.2%
	Mar 2021	48,743,590	14.2%	540,014,023	14.0%	(5,486,977)	-64.9%	(83,517,306)	-5.1%	43,256,613	59.8%	456,496,717	18.4%
	Apr 2021	187,350,805	251.0%	727,364,828	38.0%	(8,245,481)	181.0%	(91,762,787)	0.9%	179,105,324	255.1%	635,602,041	45.7%
	May 2021	59,010,101	210.1%	786,374,929	44.0%	(3,464,767)	39.8%	(95,227,554)	1.9%	55,545,334	235.7%	691,147,375	52.7%
	June 2021	158,051,228	143.2%	944,426,157	54.5%	(2,177,807)	-62.2%	(97,405,361)	-1.8%	155,873,421	163.2%	847,020,795	65.5%
	July 2021	60,468,954	-30.2%	60,468,954	-30.2%	(2,976,917)	-50.2%	(2,976,917)	-50.2%	57,492,037	-28.7%	57,492,037	-28.7%
	Aug 2021	24,050,544	-5.4%	84,519,498	-24.5%	(6,107,792)	141.8%	(9,084,709)	6.8%	17,942,752	-21.6%	75,434,789	-27.1%
FY 2023	Sep 2021	202,184,906	76.4%	286,704,404	26.5%	(18,526,269)	122.4%	(27,610,978)	64.0%	183,658,637	72.8%	259,093,426	23.5%
	Oct 2021	71,806,568	58.5%	358,510,971	31.9%	(2,772,892)	-75.9%	(30,383,870)	7.2%	69,033,676	104.3%	328,127,102	34.7%
	Nov 2021	26,268,880	10.6%	384,779,852	30.1%	(7,085,484)	-57.6%	(37,469,353)	-16.8%	19,183,396	171.8%	347,310,498	38.6%
	Dec 2021	214,967,398	62.8%	599,747,249	40.2%	(1,119,073)	-96.4%	(38,588,426)	-49.1%	213,848,325	111.1%	561,158,823	59.5%
	Jan 2022	51,749,856	15.5%	651,497,106	37.9%	(8,683,766)	1023.7%	(47,272,191)	-38.2%	43,066,091	-2.2%	604,224,914	52.6%
	Feb 2022	39,972,261	112.6%	691,469,367	40.8%	(15,013,839)	906.9%	(62,286,030)	-20.2%	24,958,422	44.2%	629,183,337	52.3%
	Mar 2022	77,817,042	59.6%	769,286,408	42.5%	(6,139,100)	11.9%	(68,425,130)	-18.1%	71,677,942	65.7%	700,861,279	53.5%
	Apr 2022	247,718,592	32.2%	1,017,005,000	39.8%	(20,895,829)	153.4%	(89,320,958)	-2.7%	226,822,763	26.6%	927,684,042	46.0%
	May 2022	56,573,742	-4.1%	1,073,578,742	36.5%	(16,921,489)	388.4%	(106,242,447)	11.6%	39,652,253	-28.6%	967,336,295	40.0%
	June 2022	212,530,964	34.5%	1,286,109,706	36.2%	(16,398,386)	653.0%	(122,640,833)	25.9%	196,132,578	25.8%	1,163,468,873	37.4%
FY 2023	July 2022	63,026,210	4.2%	63,026,210	4.2%	(6,637,546)	123.0%	(6,637,546)	123.0%	56,388,664	-1.9%	56,388,664	-1.9%
	Aug 2022	45,974,170	91.2%	109,000,380	29.0%	(6,728,540)	10.2%	(13,366,086)	47.1%	39,245,630	118.7%	95,634,293	26.8%
	Sep 2022	298,608,922	47.7%	407,609,302	42.2%	(7,365,860)	-60.2%	(20,731,946)	-24.9%	291,243,063	58.6%	386,877,356	49.3%
	Oct 2022	*** September figures are preliminary ***											
	Nov 2022												
	Dec 2022												
	Jan 2023												
	Feb 2023												
	Mar 2023												
	Apr 2023												
	May 2023												
	June 2023												



# **Insurance Premium Tax**

# INSURANCE PREMIUM TAX

## WHO PAYS

All authorized insurers are subject to the insurance premium tax. Additionally, the tax applies to health care service organizations, prepaid dental plan organizations, and prepaid legal insurance corporations. [A.R.S. § 20-206, A.R.S. § 20-224, A.R.S. § 20-401.05, A.R.S. § 20-416, A.R.S. § 20-837, A.R.S. § 20-1010, A.R.S. § 20-1060, A.R.S. § 20-1097.07].

## DISTRIBUTION

Except for a portion of the tax on fire insurance premiums and an additional tax paid on vehicle insurance premiums, these tax revenues are deposited in the state's General Fund [A.R.S. § 20-227].

Eighty-five percent of the fire insurance premium tax is transferred to cities and towns and legally organized fire districts which procure the services of private fire companies and to cities and towns which have their own fire department or legally organized fire district. The proceeds are to be used to assist in funding pension plans for fire-fighting personnel. The other 15% is deposited into the state's General Fund [A.R.S. § 20-224, A.R.S. § 9-951, and A.R.S. § 9-952].

An additional tax of 0.4312% paid on insurance carried on vehicles is separately accounted for and transferred to the Public Safety Personnel Retirement System for deposit in the Highway Patrol Account to assist in funding the pension plan for highway patrol personnel [A.R.S. § 20-224.01].

## REVENUE BASE

The tax applies to premiums paid for insurance covering liabilities that exist within the state. The tax is levied on the net premium income, which is defined as the total amount received from premiums after deducting cancellations, returned premiums, policy dividends, and refund reductions. The specific types of insurance that are taxed are described in the *Taxable Lines of Insurance* section.

## TAX RATE

Pursuant to Laws 2016, Chapter 358, the insurance premium tax rate on life, vehicle, and other property and casualty lines of insurance is gradually reduced from 2.0% in calendar year (CY) 2015 to 1.7% in CY 2021. Under Chapter 358, the rate is 1.80% in CY 2019, 1.75% in CY 2020, and 1.70% in CY 2021 and each sequent year. Except for fire insurance and surplus line insurance, the tax rate for most other types of insurance is 2.0% of net premium income [A.R.S. § 20-224].

The tax rate for fire insurance is 0.66% for insurance on properties located in an incorporated city or town which procures the services of a private fire company. The rate on all other fire insurance is 2.2% [A.R.S. § 20-224].

The tax rate on premiums paid to brokers selling surplus line insurance and industrial insurance contracts procured from unauthorized insurers is 3% of the net premium income [A.R.S. § 20-401.07 and A.R.S. § 20-416].

## **PAYMENT SCHEDULE**

Payment of the preceding calendar year's insurance premium tax liability is due on or before March 1 of each year. [A.R.S. § 20-224].

Any insurer that paid or is required to pay a tax of \$50,000 or more for the preceding calendar year is required to pay an "installment" payment of 15% of that amount on or before the 15<sup>th</sup> day of each month from March through August. Laws 2017, Chapter 153 increased the threshold of tax liability above which an insurer is required to make installment payments, from \$2,000 to \$50,000 in the preceding calendar year, beginning in calendar year 2018. Installment payments are credited against the insurance premium tax due on March 1 of the following year [A.R.S. § 20-224].

## **TAXABLE LINES OF INSURANCE**

The table at the end of this section lists the Insurance Premium Tax revenue collections to the General Fund from FY 2015 to FY 2021, by line item. Each of the insurance lines in the table is described below.

**AHCCCS Contractors:** The Arizona Health Care Cost Containment System (AHCCCS) makes predetermined monthly capitation payments to managed care organizations that provide Medicaid health insurance to qualifying low-income individuals. The state and federal government share in the costs of the program. With some exceptions, the state's Medicaid program covers individuals with family incomes up to 133% of the federal poverty level.

Since FY 2004, capitation payments to AHCCCS contractors have been subject to Insurance Premium Tax. Both the state and federal portions of capitation payments are subject to the tax. Tax collections from this line were about 48% of Insurance Premium Tax General Fund revenues in FY 2021. The revenue growth of 23.7% in FY 2015 and 17.2% in FY 2016 in this line was largely driven by the expansion of eligible income levels for the program on January 1, 2014. Growth slowed in the period from FY 2017 through FY 2019 as Medicaid enrollment slowed. Revenue increased by 33.1% in FY 2021. This surge in collections was due to the large AHCCCS enrollment during calendar year 2020.

**Accident and Health:** Includes insurance policies for medical risks and accidental injury or death. Much of this line consists of personal and employer-sponsored health insurance plans. Federal law, though, exempts employer self-insured plans from state insurance premium tax. Collections from the line made up about 20% of Insurance Premium Tax General Fund revenues in FY 2021. Revenue growth in this line was 9.0% in FY 2021.

**Vehicle:** This line consists of insurance against damage to vehicles and accidental injury or death or damage to non-vehicle property caused while using a vehicle. According to the Department of Insurance and Financial Institutions, private passenger automobile insurance accounts for 90% of this line's premiums while insurance for commercial risks account for the remaining 10% of premiums. Revenue from this line of insurance declined by (3.0)% in FY 2021. Collections from this line made up 18% of Insurance Premium Tax General Fund revenues in FY 2021.

**Other Property and Casualty:** Consists of numerous types of property and casualty insurance that together were 11% of Insurance Premium Tax General Fund revenue in FY 2021. The largest sub-category of insurance in this line is homeowners' insurance, which makes up about one-third of the

line's taxable premiums. Some other major sub-categories of this line include property in transit, commercial multi-peril, and medical professional liability.

**Life:** Includes temporary or permanent policies that insure human life. Collections from this line made up about 7% of Insurance Premium Tax General Fund revenues in FY 2021.

**Surplus Lines:** Includes types of insurance that are not sufficiently offered by authorized insurers and therefore may be procured from an unauthorized out-of-state insurer. Collections from this line were 4% of Insurance Premium Tax General Fund revenues in FY 2021.

**Fire:** Includes insurance against damage or loss from fire, beyond the level of coverage from other forms of property insurance. Collections from this line were less than 1% of Insurance Premium Tax General Fund revenues in FY 2021.

**Retaliatory Payments:** Out-of-state insurers pay the greater of the Arizona insurance premium tax or the tax imposed by their home state on Arizona insurers. Retaliation applies to taxes, fees, assessments, or other charges levied in the insurance company's home state. Collections from this line were 2% of Insurance Premium Tax General Fund revenues in FY 2021.

**Tax Credits:** Tax revenues from the insurance lines above are reduced by Insurance Premium Tax credits. Growth of tax credit use in recent years has largely been driven by the 20% annual increases in the cap on Private School Tuition Organization - Low Income Students credits. Laws 2019, Chapter 281 limits the annual increase of the credit cap to 15% in FY 2021, 10% in FY 2022, and 5% in FY 2023. Beginning in FY 2024, the increase of the credit cap is limited to the greater of 2% or the annual change of the Metropolitan Phoenix consumer price index. Dollar impacts of the specific Insurance Premium Tax credits in FY 2021 are listed in the table below.

FY 2021 Insurance Premium Tax Credits (\$ in millions)	
<u>Credits:</u>	<u>Annual Cost</u>
Private School Tuition Organization - Low Income Students <sup>1/</sup>	\$46.6
New Employment	7.0
Health Insurance Premium <sup>2/</sup>	4.2
Private School Tuition Organization - Disabled/Displaced Students <sup>3/</sup>	4.3
Insurance Guaranty Fund Assessment	<u>7.1</u>
<b>Total Value of Credits</b>	<b>\$69.2</b>
 <sup>1/</sup> Credit was capped at \$123.1 million in FY 2021 between corporate and insurance premium taxpayers.	
<sup>2/</sup> Credit is capped at \$5.0 million annually.	
<sup>3/</sup> Through FY 2021, credit is capped at \$5.0 million annually between corporate income and insurance premium taxpayers.	

**Insurance Premium Tax Revenue by Insurance Line <sup>1/</sup>  
General Fund Collections**

(\$ in Millions)

	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
<u>Insurance Line</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>
AHCCCS Contractors	208.6	17.2%	211.1	1.2%	212.9	2.1%	225.5	5.9%	221.3	-1.9%	294.6	33.1%	355.3	20.6%
Accident and Health	103.7	18.4%	102.8	-0.9%	102.9	-0.8%	108.5	5.4%	110.7	2.0%	120.7	9.0%	124.6	3.2%
Vehicle <sup>2/</sup>	89.5	6.2%	95.0	6.1%	102.5	14.5%	109.5	6.8%	113.7	3.8%	110.3	-3.0%	122.4	11.0%
Other Property and Casualty	60.2	-0.9%	60.6	0.7%	61.7	2.5%	62.5	1.3%	62.1	-0.6%	66.5	7.1%	77.2	16.1%
Life	43.7	10.2%	42.9	-1.8%	43.2	-1.1%	43.6	0.9%	43.6	0.0%	45.2	3.7%	48.0	6.2%
Surplus	11.6	-5.3%	15.5	33.6%	16.3	40.5%	18.5	13.5%	20.0	8.1%	23.8	19.0%	33.6	41.2%
Fire <sup>3/</sup>	2.6	21.7%	1.3	-50.2%	0.9	-65.5%	0.7	-22.2%	0.8	14.3%	3.2	300.0%	0.9	-71.9%
Retaliatory Payments	6.9	-35.2%	9.2	33.3%	8.4	21.7%	10.3	22.6%	11.8	14.6%	12.3	4.2%	15.3	24.4%
Tax Credits	(33.5)	20.5%	(36.9)	10.1%	(42.1)	25.7%	(40.9)	-2.9%	(49.0)	19.8%	(69.2)	41.2%	(67.7)	-2.2%
Cash Flow Adjustments <sup>4/</sup>	0.8	--	4.5	--	2.6	--	11.4	--	0.1	--	12.3	--	(0.5)	--
<b>Total Fiscal Year Revenues <sup>5/</sup></b>	<b>\$ 494.1</b>	<b>9.6%</b>	<b>\$ 506.0</b>	<b>2.4%</b>	<b>\$ 509.3</b>	<b>0.7%</b>	<b>\$ 549.6</b>	<b>7.9%</b>	<b>\$ 535.1</b>	<b>-2.6%</b>	<b>\$ 619.7</b>	<b>15.8%</b>	<b>\$ 709.1</b>	<b>14.4%</b>

Notes

<sup>1/</sup> Revenue amounts reflect line item estimates by the Department of Insurance and Financial Institutions.

<sup>2/</sup> Amounts exclude revenue from an additional 0.4312% tax on vehicle line premiums that is dedicated for funding the Public Safety Retirement System.

<sup>3/</sup> Amounts exclude the 85% of fire line collections that are transferred to cities, towns and fire districts to assist in funding pension plans of fire fighting personnel.

<sup>4/</sup> Amounts reflect differences between tax liability and tax payments within the year.

<sup>5/</sup> JLBC reports General Fund revenues were \$490.6 M in FY 2016, \$504.3 M in FY 2017, \$509.3 M in FY 2018, 549.8 M in FY 2019, \$535.2 M in FY 2020, \$616.3 M in FY 2021, and \$707.7 million in FY 2022.

Amounts in this table reflect estimates by the Department of Insurance and Financial Institutions.

Source: Department of Insurance and Financial Institutions

## Arizona Insurance Premium Tax General Fund Collections

		Insurance Premium		Year-to-Date	
	Month	Tax	Y/Y Chg.	Total	YTD Chg.
FY 2018	July 2017	42,553,870	72.9%	42,553,870	72.9%
	Aug 2017	50,562,505	-31.6%	93,116,375	-5.5%
	Sep 2017	61,720,349	23.2%	154,836,724	4.2%
	Oct 2017	1,545,913	-62.1%	156,382,637	2.4%
	Nov 2017	67,537	-59.8%	156,450,174	2.4%
	Dec 2017	52,176,521	5.2%	208,626,695	3.1%
	Jan 2018	(596,330)	-109.4%	208,030,365	-0.3%
	Feb 2018	5,002,323	-49.8%	213,032,689	-2.6%
	Mar 2018	44,243,335	-62.7%	257,276,024	-23.7%
	Apr 2018	126,587,683	318.5%	383,863,707	4.4%
	May 2018	32,983,037	-20.4%	416,846,744	1.9%
	June 2018	92,429,259	-3.1%	509,276,003	1.0%
FY 2019	July 2018	41,973,653	-1.4%	41,973,653	-1.4%
	Aug 2018	44,496,524	-12.0%	86,470,176	-7.1%
	Sep 2018	61,455,389	-0.4%	147,925,565	-4.5%
	Oct 2018	4,592,134	197.0%	152,517,700	-2.5%
	Nov 2018	5,560,854	8133.8%	158,078,553	1.0%
	Dec 2018	56,036,734	7.4%	214,115,288	2.6%
	Jan 2019	(14,705)	-97.5%	214,100,583	2.9%
	Feb 2019	5,108,941	2.1%	219,209,524	2.9%
	Mar 2019	144,923,664	227.6%	364,133,188	41.5%
	Apr 2019	38,271,679	-69.8%	402,404,867	4.8%
	May 2019	46,136,835	39.9%	448,541,702	7.6%
	June 2019	101,218,865	9.5%	549,760,567	7.9%
FY 2020	July 2019	38,936,808	-7.2%	38,936,808	-7.2%
	Aug 2019	7,137,164	-84.0%	46,073,971	-46.7%
	Sep 2019	110,404,809	79.7%	156,478,781	5.8%
	Oct 2019	1,011,969	-78.0%	157,490,750	3.3%
	Nov 2019	6,754,620	21.5%	164,245,370	3.9%
	Dec 2019	59,572,232	6.3%	223,817,602	4.5%
	Jan 2020	438,771	-3083.8%	224,256,373	4.7%
	Feb 2020	3,894,281	-23.8%	228,150,654	4.1%
	Mar 2020	141,980,034	-2.0%	370,130,688	1.6%
	Apr 2020	26,984,271	-29.5%	397,114,958	-1.3%
	May 2020	40,569,798	-12.1%	437,684,756	-2.4%
	June 2020	97,478,600	-3.7%	535,163,356	-2.7%
FY 2021	July 2020	265,700	-99.3%	265,700	-99.3%
	Aug 2020	46,734,325	554.8%	47,000,024	2.0%
	Sep 2020	95,706,083	-13.3%	142,706,107	-8.8%
	Oct 2020	24,306,380	2301.9%	167,012,488	6.0%
	Nov 2020	2,128,401	-68.5%	169,140,889	3.0%
	Dec 2020	77,146,423	29.5%	246,287,311	10.0%
	Jan 2021	245,753	-44.0%	246,533,064	9.9%
	Feb 2021	5,650,804	45.1%	252,183,869	10.5%
	Mar 2021	143,591,466	1.1%	395,775,334	6.9%
	Apr 2021	57,234,418	112.1%	453,009,752	14.1%
	May 2021	49,228,308	21.3%	502,238,060	14.7%
	June 2021	114,013,386	17.0%	616,251,446	15.2%
FY 2022	July 2021	47,442,766	17755.8%	47,442,766	17755.8%
	Aug 2021	55,907,936	19.6%	103,350,701	119.9%
	Sep 2021	81,736,467	-14.6%	185,087,169	29.7%
	Oct 2021	9,486,660	-61.0%	194,573,828	16.5%
	Nov 2021	217,202	-89.8%	194,791,030	15.2%
	Dec 2021	77,946,451	1.0%	272,737,482	10.7%
	Jan 2022	7,115,757	2795.5%	279,853,238	13.5%
	Feb 2022	10,497,267	85.8%	290,350,505	15.1%
	Mar 2022	106,647,656	-25.7%	396,998,161	0.3%
	Apr 2022	112,682,026	96.9%	509,680,187	12.5%
	May 2022	46,590,838	-5.4%	556,271,025	10.8%
	June 2022	151,382,980	32.8%	707,654,005	14.8%
FY 2023	July 2022	45,779,859	-3.5%	45,779,859	-3.5%
	Aug 2022	67,843,681	21.3%	113,623,540	9.9%
	Sep 2022	36,535,717	-55.3%	150,159,257	-18.9%
	Oct 2022	*** September figures are preliminary ***			
	Nov 2022				
	Dec 2022				
	Jan 2023				
	Feb 2023				
	Mar 2023				
	Apr 2023				
	May 2023				
	June 2023				

## **JLBC FINANCE ADVISORY COMMITTEE (FAC) MEMBERS**

**State Treasurer** Kimberly Yee serves as the state's Chief Banker and Investment Officer, overseeing approximately \$15 billion in state assets. The Treasurer also serves as the Chair of Arizona's State Board of Investment and State Loan Commission and is a member of the State Land Selection Board. Since the FAC's inception, the sitting State Treasurer has been a panelist.

**Matthew Gress** is the Director of the Governor's Office of Strategic Planning and Budgeting (OSPB). The sitting OSPB Director is always a FAC panelist.

**George W. Hammond** is Director and Research Professor of the Economic and Business Research Center in the Eller College of Management at the University of Arizona. Dr. Hammond brings 17 years of experience in state and local econometric forecasting and regional economic analysis to the Center. He has completed over 50 regional economic studies on topics that include economic and workforce development, energy forecasting, and the impact of higher education on human capital accumulation.

**John C. Lucking** is President of ECON-LINC, an economic consulting firm. Dr. Lucking also serves as a director for Sanu Resources Ltd., an international mineral exploration company, and as a trustee for several municipal bond mutual funds. Previously, he served as Chief Economist for Bank One Arizona and as the Executive Director of the Governor's Partnership for Economic Development (GSPED). Dr. Lucking has been a member of the FAC since 1987.

**Alan E. Maguire** is the President of The Maguire Company, an economic and public policy consulting firm. Previously he was a senior municipal investment banker, the Chief Deputy Treasurer of Arizona, and the Economic Advisor to the Arizona State Senate. He is member of the Arizona Economic Estimates Commission and a founding member of the Arizona Blue Chip Economic Forecast panel.

**Lorenzo Martinez** is Vice President, Finance and Administration for the Arizona Board of Regents (ABOR) and has been with ABOR for 11 years. Prior to joining ABOR, he served as Assistant Director with the Arizona Joint Legislative Budget Committee.

**Elliott D. Pollack** is President of Elliott D. Pollack and Company in Scottsdale, Arizona, an economic and real estate consulting firm established in 1987. Mr. Pollack served as Chief Economist of Valley National Bank in Arizona for 14 years prior to establishing his consulting firm and is currently a member of the Economic Estimates Commission. He has been a member of the FAC since its inception.

**Jim Rounds** is President of Rounds Consulting Group. The firm specializes in economic development and tax policy research. Previously, Mr. Rounds served as a Senior Economist and Senior Budget Analyst with the Arizona Joint Legislative Budget Committee, and as Senior Vice President at Elliott D. Pollack & Company.

**Elaine Smith** joined the Finance Advisory Committee in 2014. Elaine is the Deputy Assistant Director of the Office of Economic Research and Analysis at the Arizona Department of Revenue. She has been with the department for over 25 years.

**Randie Stein** is a Director in the Public Finance Department of the Investment Banking Firm Stifel, Nicolaus & Company, Incorporated. She has been with Stifel since 2004. Ms. Stein has 10 years of experience as a fiscal advisor and Finance Committee analyst in the Arizona State Senate and as an economist/budget analyst with the Joint Legislative Budget Committee and is a former staff director of the School Facilities Board. She has been a member of the FAC since 2005.

**Doug Walls** is the Labor Market Information Director for the Arizona Office of Economic Opportunity, which generates and manages labor market information for the state. In this role, Mr. Walls provides support for long-term workforce development initiatives around the state. Mr. Walls is also responsible for producing and communicating state employment reports including employment projections, unemployment estimates, median-family income estimates and occupational profiles.