

# **Finance Advisory Committee**

## **Briefing Materials**

**October 8, 2020**

**Senate Hearing Room 1**

**1:30 p.m.**

**JLBC**

# Finance Advisory Committee

## Briefing Materials

October 8, 2020

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**JLBC**

# **JLBC Staff Presentation**

## **Tab A**

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# **Finance Advisory Committee**

## **Revenue and Budget Update**

**October 8, 2020**

**JLBC**

# Key Points

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- ❑ Since our June update, revenue collections have been higher than anticipated
- ❑ The preliminary '20 ending balance is \$372 M
- ❑ We anticipate ending '21 with a \$400+ M balance and ending '22 near \$100 M
- ❑ The course of the pandemic as well as federal policy responses could have a significant impact

# Caveats

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- ❑ The October estimates assume no long-term spike in COVID and no wide-scale business shutdowns
- ❑ While federal COVID aid has propped up our economy, that assistance is quickly being depleted
- ❑ A new federal aid package could significantly change the October projections
- ❑ For example, extending the current enhanced Federal Medicaid match could save \$500 M in '22

# When Will GDP Return to Pre-COVID Level?

- Opinion Varies Widely

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	<u>% of Panel</u> *
End of FY 21	7
1 <sup>st</sup> Half of FY 22	23
2 <sup>nd</sup> Half of FY 22 or later	62

\*Survey of 235 members of the National Association for Business Economics (NABE)

# Arizona Ranks 3rd in Economic Momentum

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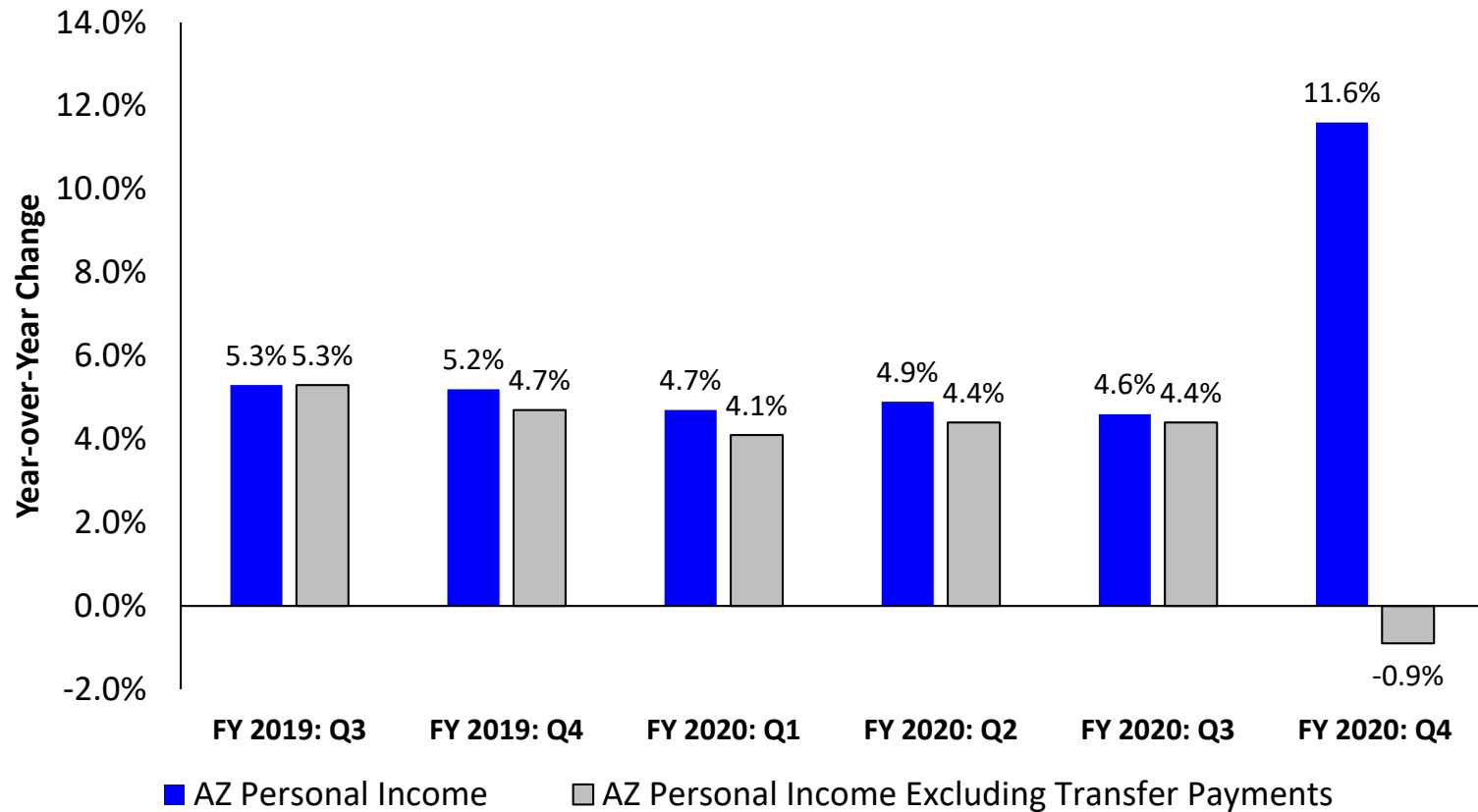
	<u>AZ Rate</u>	<u>AZ Rank</u>
Personal Income	11.6%	21
Population	1.7%	3
Employment	(3.4)%	4

Momentum calculations via State Policy Reports – Joint  
NGA/NCSL Project

# Personal Income Grew 11.6% in 4<sup>th</sup> Quarter

## - Due to \$30 B in CARES Act Federal Assistance to Arizona

### Arizona Personal Income



# '21 YTD: 24% Gain Aided by Deferred Tax Filing

## - \$405 M Above June Forecast

	<u>% Growth Above Prior Year</u>		<u>'21 +/- Forecast (\$ M)</u>
	<u>'20 Actual</u>	<u>'21 YTD</u>	
Sales	5.8%	11.0%	\$ 174
Individual Income	(9.6)	39.8	148
Corporate Income	(0.5)	29.4	77
Insurance Premium	(2.7)	(8.8)	(8)
Other	<u>2.1</u>	<u>(4.4)</u>	<u>14</u>
Overall *	(1.6)	23.6	\$ 405

\* Revenues exclude beginning balance, fund transfers and Urban Revenue Sharing  
YTD = Year to Date through September.

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# **Forecasting State Revenues**

# October 4-Sector Forecast

## - '21 High Due to July '20 Tax Filing Date

### June Consensus Forecast

- ❑ Finance Advisory Committee
- ❑ UA model – base
- ❑ UA model – low
- ❑ JLBC Staff

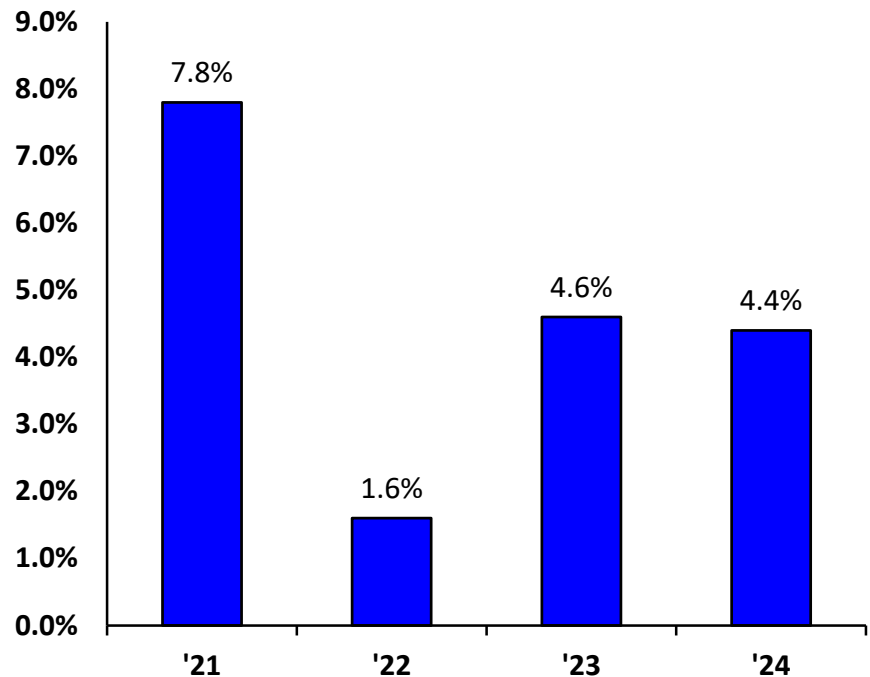
### Represents Net Growth

- ❑ Includes enacted law changes

### Long Run Average Growth

- ❑ 4.2%

Net % Revenue Growth  
October 4-Sector Forecast



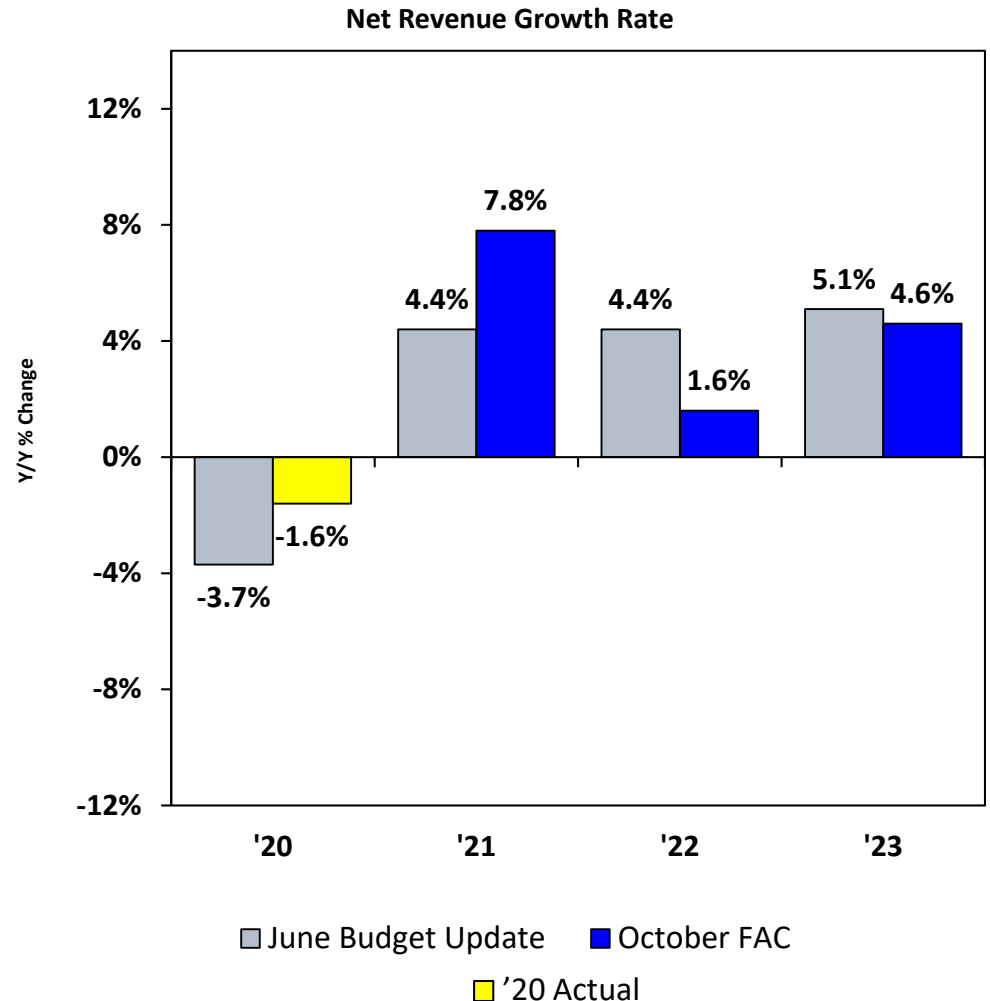
Excludes balance forward, one-time transfers and  
urban revenue sharing

See Appendix A and B

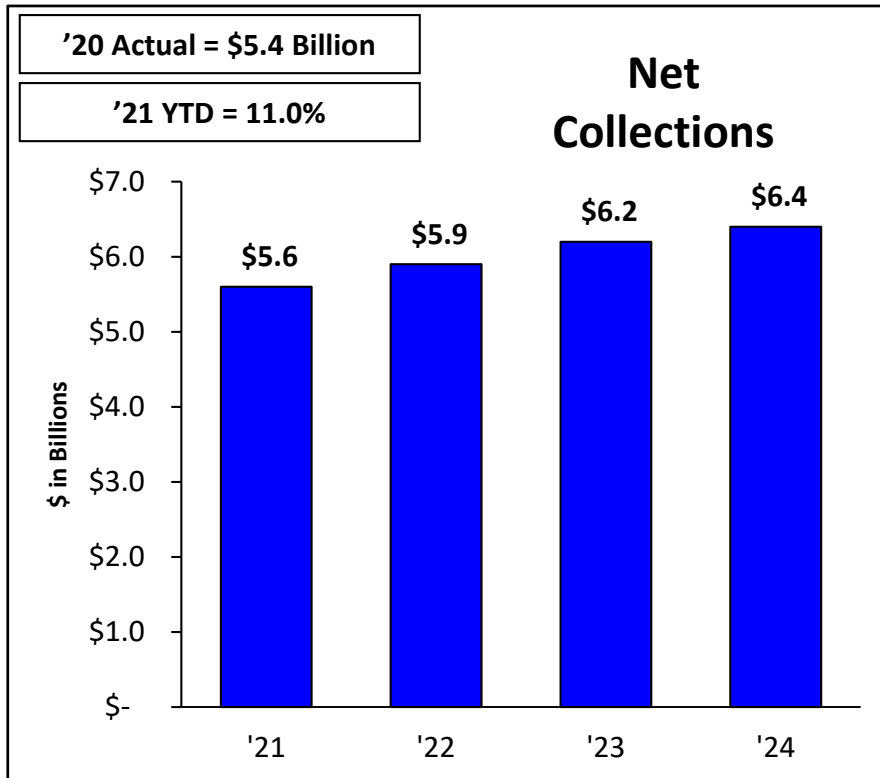
# October Forecast Versus June Forecast

## - 7.8% '21 Growth Cautious in Light of 1<sup>st</sup> Quarter Results

- Forecast met if 2% Growth 10/20 to 6/21
- More IIT payments shifted to July '20 than expected
- High '21 depresses '22 growth
- Return to normal long-run growth by '23



# Sales Tax 4-Sector Forecast

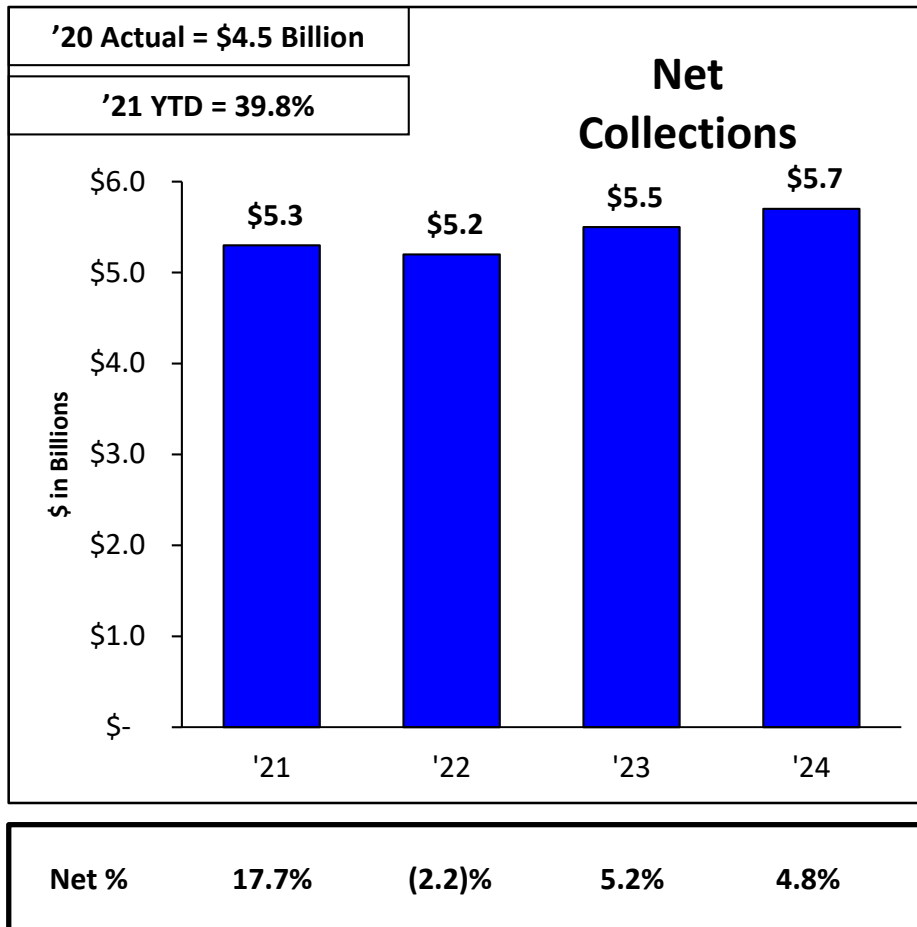


Net %	3.5%	5.6%	4.8%	4.4%
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	% Change over Prior Year	
	4 <sup>th</sup> Qtr FY 20	1 <sup>st</sup> Qtr FY 21
Retail/Remote Sales	5%	19%
Contracting	18	19
Restaurant/Bar	(32)	(12)
Lodging	(67)	(34)

- ☐ Strong retail growth - aided by Wayfair collections
- ☐ Dining/lodging still weak
- ☐ What happens as fed stimulus declines?

# Individual Income Tax 4-Sector Forecast

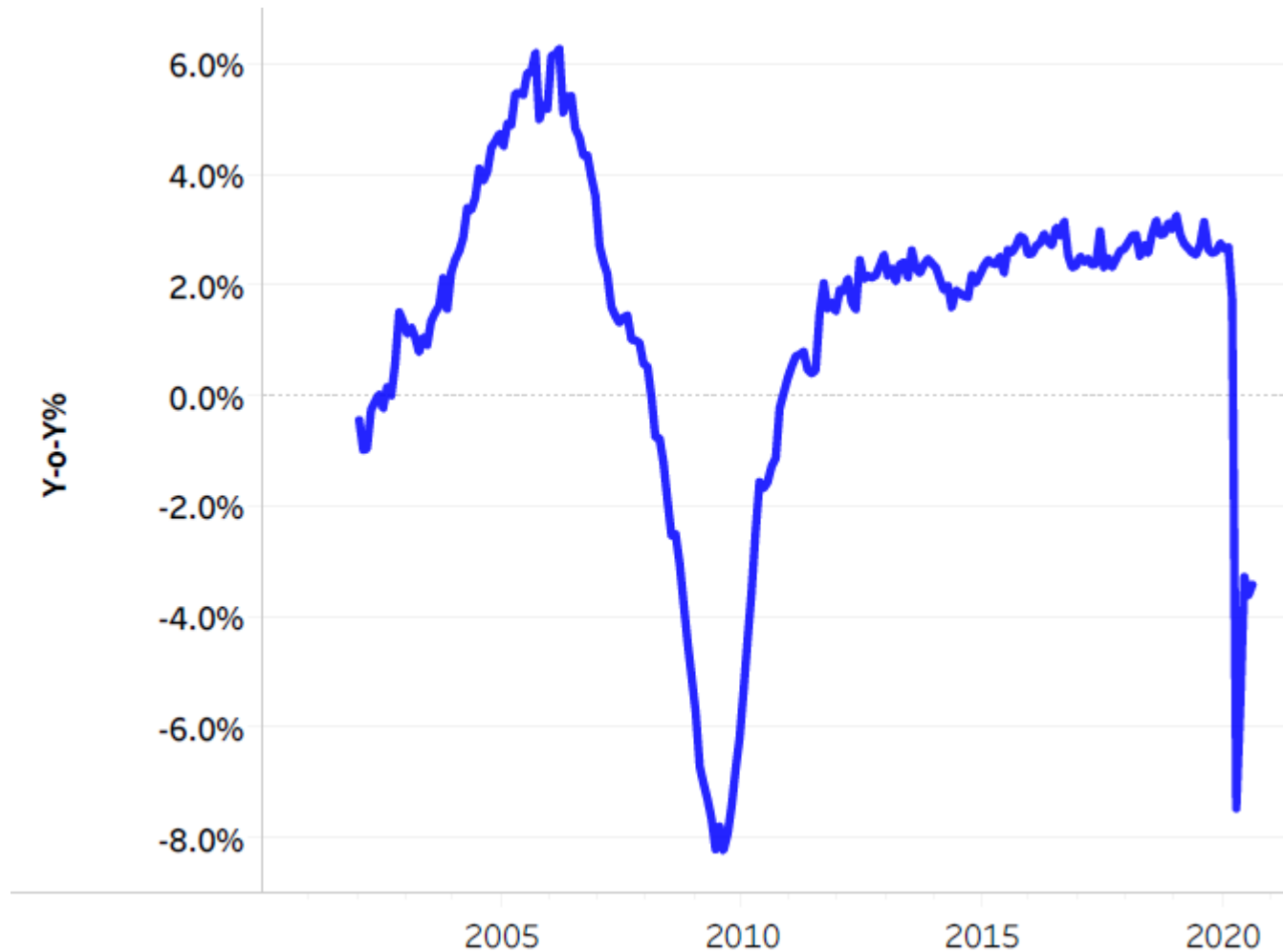


- July filing date has inflated '21 growth rate
- July “payments less refunds” \$550 M above last year
- Despite job losses, withholding up 1.0% in 1<sup>st</sup> Qtr
- Job losses concentrated in lower wage sectors

# AZ Employment (3.4)% Less than a Year Ago

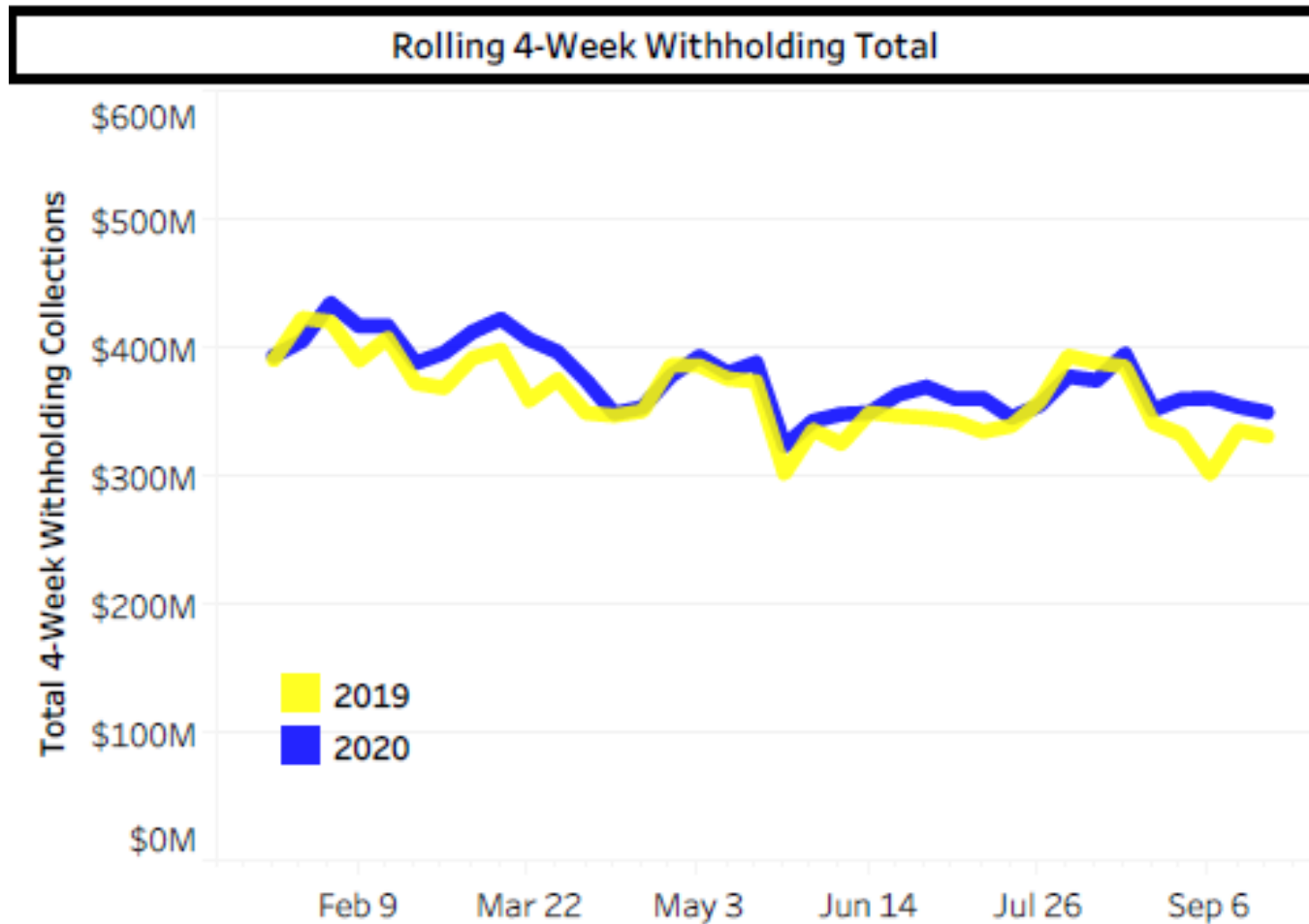
## - 100,200 Fewer Arizonans Employed

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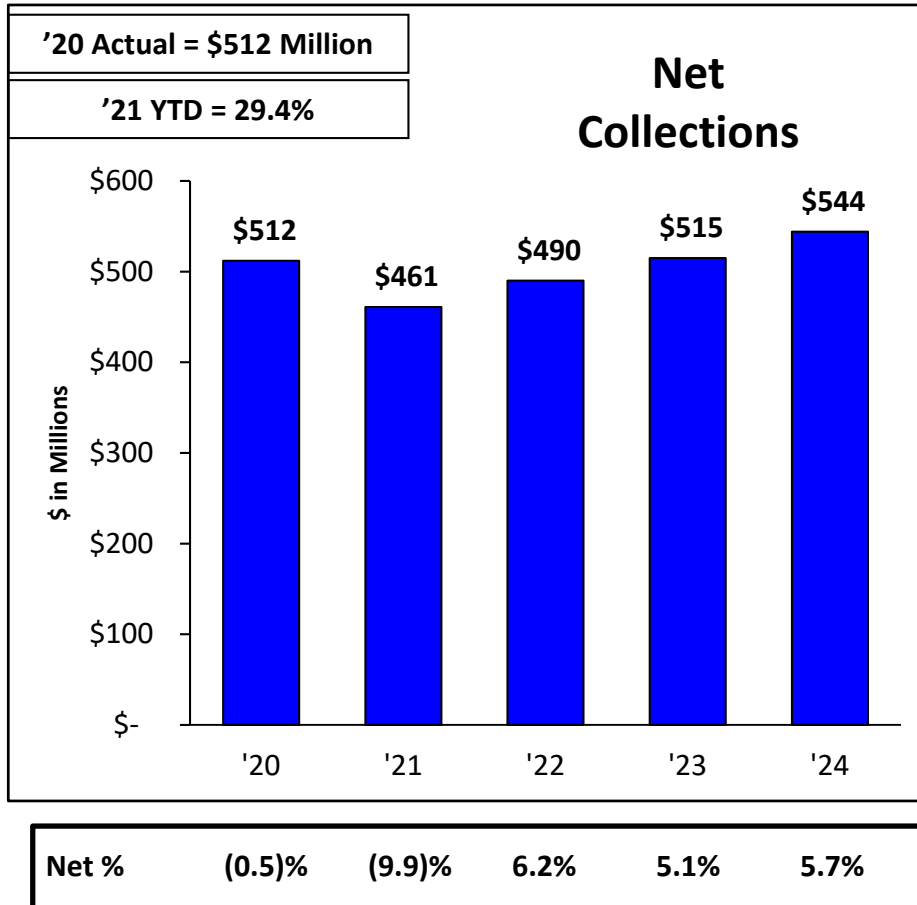


# Withholding Has Not Experienced a Similar Drop

## - Job Loss Centered on Lower Paying Jobs



# Corporate Income Tax 4-Sector Forecast



- ❑ CIT especially sensitive to economy
- ❑ Lost 58% of its value in Great Recession
- ❑ But the 4-Sector may be too cautious
- ❑ Forecast requires 28% drop in final 9 months

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# **Spending Adjustments**

# Baseline Spending Projections

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- ❑ Baseline reflects changes to active statutory and other funding formulas - no discretionary additions
- ❑ Continues annual suspension of \$49 M of inactive statutory formulas in '22
  - K-12 Additional Assistance fully restored in '22
- ❑ Assumes \$900 M in K-12 “rollover” at end of '22
  - Rollover declines by \$30 M due to prior legislation
- ❑ Assumes spending classified as one-time in '21 budget does not continue

# Baseline Spending Projected To Increase by \$564 M

## '22 Ongoing Spending Changes

\$ in M

AHCCCS – Medicaid Formula	305
ADE – K-12 Formula	203
DPS – Highway Safety Fee Backfill	161
DES – Medicaid Formula	54
Other	<u>4</u>
<b>Total</b>	<b>727</b>

<b>Total Spending Changes</b>	<b>\$564 M</b>
<b>Total Spending</b>	<b>\$12,326 M</b>
<b>% Change</b>	<b>4.8%</b>

## '22 One-Time Spending Additions/Deletions

\$ in M

Reduce K-12 Rollover (Enacted)	30
University 27 <sup>th</sup> Payroll (Enacted)	20
FY 21 State Agency 27th Payroll	(43)
SFB – Building Renewal Grants	(91)
SFB – Fewer New Buildings	(18)
State Employee Health Insurance	(22)
Other Agency Spending	(28)
ADC Capital Projects	<u>(11)</u>
<b>Total</b>	<b>(163)</b>

# Uncertain Federal Medicaid Match Savings

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- ❑ Feds have temporarily increased their share of Medicaid costs by 6.2%
- ❑ June update assumed \$(189) M in match savings
- ❑ But AHCCCS/DES will likely adjust provider rates above budget, thereby reducing savings
- ❑ As a result, October update removes match rate savings
  - Plan to restore in January Baseline with better estimate of savings

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# **Projected Ending Balances**

**Excludes \$970 M in Budget Stabilization Fund**

**More Information in Appendix C**

# FY 20 Ending Balance Higher Than Projected

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	<u>\$ in M</u>
March Enacted Budget	\$657
April Forecast	(638)
June Forecast	(190)
Preliminary Actual	372

- ❑ '20 Ending Balance improved by \$562 M between June and now
- ❑ Of that amount, \$248 M is due to higher-than-expected revenue and \$314 M is due to lower-than-expected spending
- ❑ The lower spending is the result of substituting federal Coronavirus Relief Fund monies for General Fund expenditures

# The State Received \$1.86 B in CRF Monies

## - \$1.4 B Allocated To-Date

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	<u>\$ in M</u>	
Local Funding (Non-Big 5)	\$441	<input type="checkbox"/> In our unofficial accounting, \$425 M not yet allocated
Agency Spending Offsets	396	
K12 Enrollment Stability	370	<input type="checkbox"/> \$300 M of agency offsets occurred in FY 20
FEMA Bridge Loan	150	
FEMA 25% Match	50	<input type="checkbox"/> Another \$90 M offsets Non-GF spending and will be transferred to the GF in '21
DHS PPE	14	
SOS Elections	9	
Stay Connected Tech	2	<input type="checkbox"/> \$150 M FEMA Bridge Loan is to be repaid to the CRF
<b>Total</b>	<b>\$1,432</b>	

# Implications for FY 21 Ending Balance

	<u>\$ in M</u>
<b>June Forecast</b>	<b>(518)</b>
Higher '21 Beginning Balance	372
Non GF Offset Transfers	90
Higher '21 Oct FAC revenues	656
Remove Medicaid Match Savings	<u>(189)</u>
<b>October Forecast</b>	<b><u>\$411</u></b>

- ❑ Unless there is an economic downturn, we expect the ending balance estimate will increase in the January Baseline
- ❑ We anticipate greater clarity on the Medicaid match savings after AHCCCS announces its rate increases
- ❑ State may also generate K-12 savings due greater use of online programs and lower enrollment; estimate not yet available

# Projected '22 Balance of \$93 M

## - What Could Increase or Decrease the Balance?

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### Factors Increasing the Balance

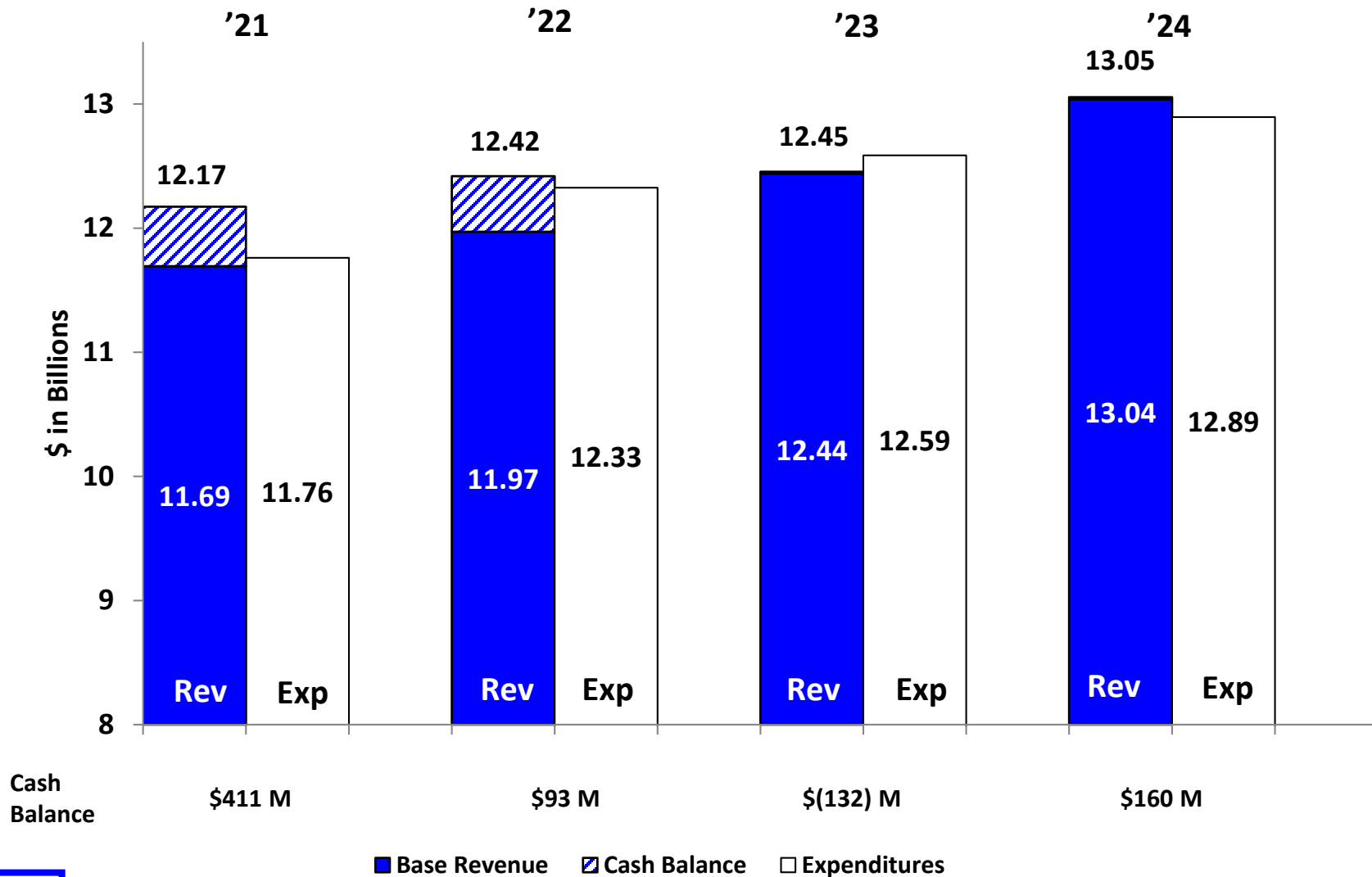
- ☐ Grow more quickly than 2% between now & June
- ☐ '20 and '21 Medicaid match savings
- ☐ More federal stimulus – both direct and indirect

### Factors Decreasing the Balance

- ☐ Extended COVID spike and business shutdown
- ☐ Continuing 1-time '21 initiatives in '22
- ☐ Pending K12/DCS/Prison health care litigation

# Mixed Signals: '23 \$(132) M Shortfall/'24 \$160 M Balance

## - Assumes No Discretionary Changes



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# Appendices

# Appendix A: October 4-Sector Forecast

	<u>2020 *</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Sales Tax</b>				
JLBC Forecast	4.9%	5.3%	5.3%	3.9%
UA – Low	2.0%	5.2%	4.3%	4.1%
UA – Base	5.6%	6.4%	4.7%	4.6%
FAC	1.6%	5.4%	4.8%	5.1%
Average:	<b>3.5%</b>	<b>5.6%</b>	<b>4.8%</b>	<b>4.4%</b>
<b>Individual Income Tax with Deferral</b>				
JLBC Forecast	19.9%	-5.4%	5.1%	4.8%
UA – Low	15.3%	-3.1%	4.2%	3.4%
UA – Base	21.4%	-1.3%	5.3%	4.7%
FAC	14.2%	0.9%	6.0%	6.1%
Average:	<b>17.7%</b>	<b>-2.2%</b>	<b>5.2%</b>	<b>4.8%</b>
<b>Corporate Income Tax</b>				
JLBC Forecast	-4.7%	5.9%	4.7%	4.2%
UA – Low	-24.6%	6.0%	4.4%	6.4%
UA – Base	-15.8%	13.8%	6.4%	7.4%
FAC	5.5%	0.5%	4.9%	4.9%
Average:	<b>-9.9%</b>	<b>6.2%</b>	<b>5.1%</b>	<b>5.7%</b>
<b>Insurance Premium Tax</b>				
JLBC Forecast	1.3%	1.2%	0.7%	0.6%
UA – Low	-2.8%	4.1%	2.3%	0.7%
UA – Base	-2.6%	4.4%	4.5%	2.4%
FAC	-0.5%	2.0%	2.3%	2.0%
Average:	<b>-1.2%</b>	<b>2.9%</b>	<b>2.4%</b>	<b>1.4%</b>

JLBC Weighted Average	<b>10.5%</b>	<b>0.3%</b>	<b>5.0%</b>	<b>4.2%</b>
UA Low Weighted Average	<b>6.0%</b>	<b>1.4%</b>	<b>4.2%</b>	<b>3.7%</b>
UA Base Weighted Average	<b>10.7%</b>	<b>3.1%</b>	<b>5.0%</b>	<b>4.7%</b>
FAC Consensus Weighted Average	<b>6.9%</b>	<b>3.0%</b>	<b>5.2%</b>	<b>5.4%</b>
“Big-4” Weighted Average	<b>8.5%</b>	<b>2.0%</b>	<b>4.8%</b>	<b>4.5%</b>
Consensus Weighted Average*	<b>7.8%</b>	<b>1.6%</b>	<b>4.6%</b>	<b>4.4%</b>

\* Represents ongoing revenue adjusted for small revenue categories.

# Appendix B: Revenue '20 - '22

## FORECAST REVENUE GROWTH

(\$ in Thousands)

	ACTUAL FY 2020	% CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,392,289.3	5.8%	5,582,691.0	3.5%	190,401.7	5,893,791.9	5.6%	311,100.9
Income - Individual	4,529,859.0	-9.6%	5,331,644.0	17.7%	801,785.0	5,212,038.1	-2.2%	(119,605.9)
- Corporate	511,881.9	-0.5%	461,205.5	-9.9%	(50,676.3)	489,790.1	6.2%	28,584.5
Property	24,142.9	-18.7%	22,474.0	-6.9%	(1,669.0)	22,505.1	0.1%	31.2
Luxury - Tobacco	22,074.8	4.9%	22,024.5	-0.2%	(50.3)	21,766.3	-1.2%	(258.2)
- Liquor	38,068.5	2.2%	38,581.8	1.3%	513.3	39,595.1	2.6%	1,013.3
Insurance Premium	535,163.4	-2.7%	529,009.0	-1.2%	(6,154.4)	544,358.0	2.9%	15,349.0
Other Taxes	14,408.1	6.4%	16,093.1	11.7%	1,685.0	18,027.1	12.0%	1,934.0
Subtotal - Taxes	11,067,887.7	-1.8%	12,003,722.9	8.5%	935,835.2	12,241,871.6	2.0%	238,148.8
<b>Other Non-Tax Revenues:</b>								
Lottery	103,594.7	25.0%	105,444.5	1.8%	1,849.8	111,412.0	5.7%	5,967.4
Licenses, Fees and Permits	34,787.2	8.6%	35,514.9	2.1%	727.7	36,268.0	2.1%	753.1
Interest	39,394.6	-25.8%	26,250.0	-33.4%	(13,144.6)	22,500.0	-14.3%	(3,750.0)
Sales and Services	22,425.1	-6.8%	23,623.0	5.3%	1,197.9	23,179.0	-1.9%	(444.0)
Other Miscellaneous	126,013.8	13.2%	134,299.8	6.6%	8,286.0	142,587.0	6.2%	8,287.2
Transfers and Reimbursements	116,512.3	83.9%	65,338.9	-43.9%	(51,173.4)	53,720.6	-17.8%	(11,618.3)
Public Safety Transfers	23,343.2	-67.7%	23,343.2	0.0%	0.0	0.0	-100.0%	(23,343.2)
Disproportionate Share Revenue	84,949.1	-11.1%	104,253.8	22.7%	19,304.7	95,417.3	-8.5%	(8,836.5)
Subtotal - Other Non-Tax	551,020.0	3.1%	518,068.1	-6.0%	(32,951.9)	485,084	-6.4%	(32,984.4)
<b>Net Ongoing Revenue</b>	<b>11,618,907.8</b>	<b>-1.6%</b>	<b>12,521,791.1</b>	<b>7.8%</b>	<b>902,883.3</b>	<b>12,726,955.4</b>	<b>1.6%</b>	<b>205,164.4</b>
Urban Revenue Sharing (URS)	(737,561.2)	N/A	(828,492.9)	N/A	(90,931.7)	(756,261.1)	N/A	72,231.7
<b>Net Ongoing Revenue w/ URS</b>	<b>10,881,346.6</b>	<b>-2.2%</b>	<b>11,693,298.2</b>	<b>7.5%</b>	<b>811,951.6</b>	<b>11,970,694.3</b>	<b>2.4%</b>	<b>277,396.1</b>
<b>One-Time Financing Sources:</b>								
Pre-2019 Enacted Fund Transfers	1,840.7	-98.2%	0.0	-100.0%	(1,840.7)	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	69,000.0	N/A	16,700.0	-75.8%	(52,300.0)	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	20,000.0	N/A	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
CRF Offset Fund Transfer	0.0		90,000.0	N/A	90,000.0	0.0	-100.0%	(90,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	20,000.0	N/A	20,000.0
Subtotal - One-Time Financing Sources	90,840.7	-9.5%	106,700.0	17.5%	15,859.3	36,700.0	-65.6%	(70,000.0)
<b>Subtotal - Revenues</b>	<b>10,972,187.3</b>	<b>-2.3%</b>	<b>11,799,998.2</b>	<b>7.5%</b>	<b>827,810.9</b>	<b>12,007,394.3</b>	<b>1.8%</b>	<b>207,396.1</b>
Balance Forward	957,241.0	112.9%	372,457.0	-61.1%	(584,784.0)	411,247.1	10.4%	38,790.1
<b>Total - Resources</b>	<b>11,929,428.3</b>	<b>2.1%</b>	<b>12,172,455.2</b>	<b>2.0%</b>	<b>243,026.9</b>	<b>12,418,641.4</b>	<b>2.0%</b>	<b>246,186.2</b>

# Appendix B: Revenue '23 - '24

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	6,175,108.0	4.8%	281,316.1	6,448,819.5	4.4%	273,711.5
Income - Individual	5,480,569.6	5.2%	268,531.5	5,741,899.2	4.8%	261,329.6
- Corporate	514,894.5	5.1%	25,104.4	544,028.4	5.7%	29,133.9
Property	22,536.4	0.1%	31.3	22,567.8	0.1%	31.4
Luxury - Tobacco	21,564.3	-0.9%	(202.0)	21,369.4	-0.9%	(194.9)
- Liquor	40,639.0	2.6%	1,043.9	41,714.5	2.6%	1,075.5
Insurance Premium	557,670.6	2.4%	13,312.6	565,711.7	1.4%	8,041.2
Other Taxes	20,211.0	12.1%	2,184.0	22,677.6	12.2%	2,466.6
Subtotal - Taxes	12,833,193.3	4.8%	591,321.7	13,408,788.1	4.5%	575,594.8
<b>Other Non-Tax Revenues:</b>						
Lottery	101,034.0	-9.3%	(10,378.0)	111,735.1	10.6%	10,701.2
Licenses, Fees and Permits	37,047.5	2.1%	779.6	37,854.7	2.2%	807.2
Interest	20,425.4	-9.2%	(2,074.6)	20,058.8	-1.8%	(366.6)
Sales and Services	22,760.9	-1.8%	(418.1)	22,367.9	-1.7%	(393.0)
Other Miscellaneous	142,505.9	-0.1%	(81.1)	142,425.9	-0.1%	(80.0)
Transfers and Reimbursements	54,043.6	0.6%	323.0	54,381.9	0.6%	338.3
Public Safety Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Disproportionate Share Revenue	95,474.3	0.1%	57.0	95,644.9	0.2%	170.6
Subtotal - Other Non-Tax	473,291.6	-2.4%	(11,792.2)	484,469.3	2.4%	11,177.6
<b>Net Ongoing Revenue</b>	<b>13,306,484.9</b>	<b>4.6%</b>	<b>579,529.5</b>	<b>13,893,257.3</b>	<b>4.4%</b>	<b>586,772.4</b>
Urban Revenue Sharing (URS)	(868,927.4)	N/A	(112,666.3)	(855,274.2)	N/A	13,653.2
<b>Net Ongoing Revenue w/ URS</b>	<b>12,437,557.5</b>	<b>3.9%</b>	<b>466,863.2</b>	<b>13,037,983.1</b>	<b>4.8%</b>	<b>600,425.6</b>
<b>One-Time Financing Sources:</b>						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
CRF Offset Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	16,700.0	-54.5%	(20,000.0)	16,700.0	0.0%	0.0
<b>Subtotal - Revenues</b>	<b>12,454,257.5</b>	<b>3.7%</b>	<b>446,863.2</b>	<b>13,054,683.1</b>	<b>4.8%</b>	<b>600,425.6</b>
Balance Forward	-	-100.0%	(411,247.1)	-	N/A	0.0
<b>Total - Resources</b>	<b>12,454,257.5</b>	<b>0.3%</b>	<b>35,616.1</b>	<b>13,054,683.1</b>	<b>4.8%</b>	<b>600,425.6</b>

# Appendix C: General Fund Balance Sheet

	FY 2021 October FAC	FY 2022 October FAC	FY 2023 October FAC	FY 2024 October FAC
<b>REVENUES</b>				
Ongoing Revenues	\$12,521,791,100	\$12,726,955,400	\$13,306,484,900	\$13,893,257,300
Urban Revenue Sharing	(828,492,900)	(756,261,100)	(868,927,400)	(855,274,200)
Net Ongoing Revenues	\$11,693,298,200	\$11,970,694,300	\$12,437,557,500	\$13,037,983,100
One-time Financing Sources				
Balance Forward	\$372,457,000	\$411,247,100		
Water Infrastructure Repayment		20,000,000		
CRF Offset Fund Transfers	90,000,000			
Other Fund Transfers	16,700,000	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	\$479,157,000	\$447,947,100	\$16,700,000	\$16,700,000
<b>Total Revenues</b>	\$12,172,455,200	\$12,418,641,400	\$12,454,257,500	\$13,054,683,100
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$11,469,755,900	\$12,195,664,300	\$12,550,761,300	\$12,884,699,400
Enhanced FMAP Savings <sup>1/</sup>				
Administrative Adjustments	146,000,000	155,000,000	162,000,000	162,000,000
Revertments	(184,000,000)	(192,000,000)	(198,000,000)	(198,000,000)
Subtotal Ongoing Expenditures	\$11,431,755,900	\$12,158,664,300	\$12,514,761,300	\$12,848,699,400
One-time Expenditures				
Capital Outlay	\$11,000,000			
Reduce K-12 Rollover (Enacted)		30,000,000		
Operating One-Time Spending	275,373,600	116,877,600	71,482,600	45,937,500
27th Pay Period (Enacted)	43,078,600	20,052,100		
Subtotal One-time Expenditures	\$329,452,200	\$166,929,700	\$71,482,600	\$45,937,500
<b>Total Expenditures</b>	\$11,761,208,100	\$12,325,594,000	\$12,586,243,900	\$12,894,636,900
<b>Ending Balance <sup>2/</sup></b>	<b>\$411,247,100</b>	<b>\$93,047,400 <sup>4/</sup></b>	<b>(\$131,986,400)</b>	<b>\$160,046,200</b>
<b>Ongoing Balance <sup>3/</sup></b>	<b>\$261,542,300</b>	<b>(\$187,970,000)</b>	<b>(\$77,203,800)</b>	<b>\$189,283,700</b>

<sup>1/</sup> The increased federal Medicaid match rate lasts through the end of the declared federal health emergency. No net savings are displayed in FY 2021 as higher-than-budgeted Medicaid capitation rate increases may reduce the match rate savings.

<sup>2/</sup> This calculation reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.

<sup>3/</sup> This calculation reflects the difference between ongoing revenues and ongoing expenditures and excludes one-time adjustments. The Legislature makes the ongoing and one-time classifications as part of its 3-year spending plan. Excludes any Budget Stabilization Fund balance.

<sup>4/</sup> The FY 2022 cash balance is presumed to be allocated as part of the FY 2022 budget process.

# **JLBC Staff October 2020 Revenue and Budget Update**

## **Tab B**

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

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

- Since our June Budget Update, General Fund revenues have been higher than anticipated.
- In June, we projected that the COVID-19 recession would result in a \$(190) million FY 2020 shortfall. In contrast, the preliminary FY 2020 ending balance is \$372 million.
- The higher FY 2020 balance is a function of both revenue growth and the Executive using federal Coronavirus Relief Fund monies to supplant General Fund spending.
- The new October forecast estimates a FY 2021 ending balance of \$411 million and a FY 2022 ending balance of \$93 million.
- The revenue and spending projections will be affected by the length of the pandemic. The federal policy response could also impact state finances.

### **Caveats**

- We continue to lack useful precedents to model the economic impacts of a once-in-a-century pandemic.
- The October estimates assume no future wide-scale business shutdowns.
- Federal COVID aid has propped up Arizona's economy in the last 6 months, but that assistance is quickly being depleted.
- A new federal aid package could significantly change our October projections. For example, extending the current enhanced Federal Medicaid match could save \$500 million in FY 2022.
- After considering all factors, there is more likelihood that the ending balance projections grow rather than decline by the time of the January Baseline.

### **Reporting Requirements**

The FY 2021 General Appropriation Act requires JLBC Staff to report by October 15, 2020 as to whether FY 2021's General Fund revenues and ending balance are projected to change by more than \$50 million from the budgeted levels. The FY 2021 projected ending balance is now \$411 million, or \$(151) million lower than the originally-budgeted \$562 million level as projected when the budget was passed in March 2020.

Given the rapidly changing economic environment in the wake of the COVID-19 pandemic, the JLBC Staff provided the Legislature with updated budget forecasts in both [April](#) and [June 2020](#). While below the enacted March budget, these October estimates forecast positive balances in FY 2021 and FY 2020 rather than the shortfalls envisioned in the April and June updates.

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 2020 ending balance estimates and updated its 4-sector revenue projections in conjunction with the October 8<sup>th</sup> FAC meeting. In addition, the JLBC Staff has revised its spending projections through FY 2024 based on current statutory funding formulas.

### Updated FY 2020 Estimates

In the June Budget Update, the estimated FY 2020 shortfall was \$(190) million. The Executive's preliminary FY 2020 ending balance projection is \$372 million, or a net increase of \$562 million above the June update. This increase is a result of both \$248 million in higher-than-anticipated revenues as well as \$314 million in lower-than-budgeted spending, primarily as a result of substituting federal Coronavirus Relief Fund monies for General Fund expenditures. The Arizona Department of Administration is required by law to publish a final FY 2020 ending balance figure by December 1.

*Higher-than-Expected Revenues* - In terms of the state's \$248 million FY 2020 revenue gain compared to June, net General Fund revenues declined by (1.6)% rather than the June Budget Update forecast of (3.7)%, which resulted in an ongoing revenue gain of \$248 million. Of the \$248 million, Sales Tax and Individual Income Tax each accounted for \$112 million of the increase. Both categories did surprisingly well in June itself. Sales Tax grew by 10% and Individual Income Tax was 6% above June 2019.

Table 1 displays the performance of the state's largest revenue categories as compared to the enacted forecast; for further details, please see the [July 2020 Monthly Fiscal Highlights](#).

<b>Table 1</b>			
<b>FY 2020 Revenue Growth Rates by Category</b>			
	<b>June Update</b>	<b>Prelim Actual</b>	<b>Above/(Below) Forecast (\$ in Millions)</b>
Sales and Use	3.6%	5.8%	\$112
Individual Income	(11.8)%	(9.6)%	112
Corporate Income	(2.0)%	(0.5)%	8
Insurance Premium	(2.4)%	(2.7)%	(1)
Other	(0.6)%	11.1%	17
<b>Total</b>	<b>(3.7)%</b>	<b>(1.6)%</b>	<b>\$248</b>

The FY 2020 results demonstrate the challenge of forecasting revenues in a pandemic. We had very few precedents to follow in estimating the magnitude of the revenue decline associated with the shutdown of many businesses. While certain sectors continue to struggle, the Arizona economy proved more resilient than expected. As discussed in further detail below, we believe that the magnitude of the federal COVID relief package helped limit the revenue losses.

*Lower-than-Expected Spending* - In addition to the higher-than-expected revenues, total spending for FY 2020 was \$(314) million below the anticipated level. The decline was almost entirely attributable to the substitution of \$300 million of federal Coronavirus Relief Fund (CRF) monies for General Fund expenditures in several agencies. The CRF was authorized by the federal Coronavirus Aid Relief and Economic Security (CARES) Act in March. CRF monies are to be expended on COVID-related activities. The federal government has provided guidance that any public health or public safety costs can be presumed to be COVID-related.

In Arizona, the Executive has the sole authority to allocate the state's CRF allocation of \$1.86 billion. *(See Attachment F for the allocation to date.)* Most of the \$300 million state agency spending allocation was in the Department of Corrections (\$266 million); other agencies with significant shifts included the Department of Health Services (\$15 million), the Department of Juvenile Corrections (\$10 million), and the Department of Public Safety (\$8 million). In addition to these shifts, approximately \$90 million of spending from non-General Fund sources were offset by the federal CRF. These freed-up monies are presumed in this update to be transferred to the General Fund in FY 2021.

The state has not yet allocated all of its \$1.86 billion in federal Coronavirus Relief Fund monies. Based on press releases from the Executive Branch, the JLBC Staff estimates that approximately \$425 million of these monies are unallocated. The state has until December 30, 2020 to spend these monies.

Aside from shifts associated with the Coronavirus Relief Fund, we anticipated in April that the state would generate savings from an enhanced Federal Medicaid match rate during the pandemic. Due to bookkeeping reasons, not all these savings were recorded as part of the FY 2020 ending balance of \$372 million. We think that potentially \$70 million of the FY 2020 Medicaid match savings may be recorded in FY 2021. Given the uncertainty, however, we have not incorporated this potential gain in our October estimates.

The federal Families First Coronavirus Relief Act, passed in March 2020, provided states with an additional 6.2% Medicaid match rate, effective retroactively to January 1, 2020 and available through the entire quarter in which the federal emergency declaration ends. Last week, the federal government has extended the emergency declaration through at least January 2021. As a result, the state will receive the enhanced match rate through at least March 31, 2021.

## Interpreting FY 2021 First Quarter Results

The June forecast assumed FY 2021 revenue growth of 4.4% prior to one-time fund transfers and urban revenue sharing. Based on preliminary September projections, the comparable first quarter FY 2021 growth rate is 23.6% over last year. Collections through September are \$405 million above the updated June FY 2021 budget forecast. As displayed in *Table 2*, preliminary collections are as follows:

<b>Table 2</b>	
<b>FY 2021 First Quarter Revenue Growth Rates Excludes Fund Transfers/URS</b>	
	<b><u>% Change</u></b>
Sales Tax	10.6%
Individual Income	40.6%
Corporate Income	29.4%
Insurance Premium	(8.8)%
Other Revenues	<u>4.6%</u>
<b>Total</b>	<b>23.7%</b>

**Income Tax** - The large 23.7% first quarter increase is artificially boosted by the impact of the 2020 tax-filing deferral. In late March, the Governor signed an Executive Order that moved the filing due for state Individual and Corporate Income Tax returns from April 15 to July 15. In July, the state received approximately \$550 million more in net Individual Income Tax payments (estimated and final payments less refunds) than the year before.

Beyond IIT payments, IIT withholding is also up 1.0% fiscal year-to-date despite 100,000 fewer Arizonans being employed compared to a year ago. A significant portion of this (3.4)% job decline has been in the leisure and hospitality industry, which pays one of the lower average wages among all sectors in the economy.

**Sales Tax** - While the Income Tax deferral has boosted year-to-date collections, Sales Tax collections has fueled the growth as well. As more evidence of our inability to gauge the impact of the pandemic, Sales Tax grew by a surprising 10.6% in the first quarter. The pandemic has clearly not slowed down the construction industry as prime contracting's share of Sales Tax is up by 18.8%. General retail is also strong with 9.6% first quarter growth. The state started to collect Sales Tax on all interstate online purchases last October. As more businesses and consumers have shifted to online purchasing in the pandemic, the state may be seeing the benefit in its retail collections.

Sales Tax collections also provide evidence in terms of the economic sectors that continue to struggle. In the first quarter, restaurants and bars (-12.3%), lodging (-34.2%), and amusement

(-67.3%) Sales Tax collections all remain substantially below their FY 2019 first quarter performance.

*The Role of Federal COVID Aid* - The federal COVID relief aid has likely been a key component of our better-than-expected economic performance since March. At the national level, various programs, such as increased unemployment benefits, stimulus checks to individuals and the payroll protection program for businesses, have injected close to \$3 trillion into the U.S. economy. The JLBC Staff estimates that the amount of direct aid to individuals and businesses from federal COVID relief is at least \$30 billion in Arizona alone.

To provide some perspective, Arizona personal income increased, year over year, by 11.6% in the second quarter of calendar 2020 compared to 2019. This is more than twice the pre-pandemic personal income growth rate of slightly less than 5%. However, once adjusted for the federal assistance, Arizona personal income decreased by (0.9)% in the second quarter of 2020, the first such decline since the Great Recession.

We believe that the federal stimulus has propped up Sales Tax and Withholding collections. Arizonans' purchasing power appears to have grown considerably which lead to the Sales Tax increases.

In addition, unemployment insurance payments are subject to Individual Income Tax withholding. With the \$600 boost federal unemployment payments, some individuals may have had a higher income than their prior job. Independent contractors normally make estimated payments to fulfill their Individual Income Tax requirements, but now would have a portion of their unemployment check withheld for income tax purposes.

### **FY 2021 – FY 2024 Revenue Projections**

The FY 2021 – FY 2024 forecast is based on input from the following 4 sectors (each equally weighted): members of the Finance Advisory Committee (FAC) panel, University of Arizona's "base" and "low" econometric revenue models, and JLBC Staff.

The 4-sector forecast includes the 4 largest General Fund revenue categories, which are 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.

The updated October 4-sector forecast was prepared on a net basis, which means that projected General Fund revenue includes the impact of previously enacted tax law changes. The net revenue estimates exclude urban revenue sharing and one-time financing sources (such as fund transfers and the beginning balance).

Under the October 4-sector forecast, net General Fund revenue is projected to grow by 7.8% in FY 2021. By way of comparison, the forecast under the June Budget Update assumed a net revenue growth rate of 4.4% in FY 2021.

As noted above, based on preliminary September revenue reports, the actual year-to-date growth rate is 23.6%. To drop to a projected growth rate of 7.8% under the updated October 4-Sector forecast, General Fund revenues would have to grow by no more than 2.1% over the remaining 9 months of FY 2021. This projection appears cautious. The upside potential and downside risks to the forecasts are discussed in the *Potential Gains and Losses to the Forecast* section on page 10.

In FY 2022, the projected 4-sector net revenue growth rate is 1.6%. The growth rate is forecast to be 4.6% in FY 2023 and 4.4% in FY 2024. FY 2022 appears low due to the higher FY 2021 base including a tax filing season in both July 2020 and April 2021. Without the impact of the Income Tax deferral, the FY 2022 growth rate would be 5.5%. Details of the October 2020 4-sector forecast are summarized in *Attachments A and B*.

Excluding the state's beginning cash balance, total net General Fund revenue is expected to increase from \$11.80 billion in FY 2021 to \$12.01 billion in FY 2022. The projected FY 2023 and FY 2024 net revenue estimates are \$12.45 billion and \$13.05 billion, respectively.

### Spending Projections

As part of the October FAC process, the JLBC Staff has updated its FY 2021 - FY 2024 projection of Baseline spending. (See *Attachment C*.) These amounts reflect spending changes associated with statutory and other active funding formulas. In addition, it reflects changes that were assumed in the FY 2021 enacted budget's 3-year spending plan.

Overall state spending is projected to increase by \$564 million in FY 2022, which represents an increase of 4.8% from the prior year. Total FY 2022 General Fund spending would be \$12.33 billion.

The increase in FY 2022 Baseline spending is due to regular formula growth and ongoing spending requirements increasing by \$727 million (see *Table 4*), with that partially offset by the elimination of \$(163) million of one-time spending (see *Table 5*.) This results in the projected net increase of \$564 million.

Under the Baseline projections, spending is projected to grow by \$261 million in FY 2023 (2.1% growth) and \$308 million in FY 2024 (2.5% growth). (See *Table 3*.)

<b>Table 3</b>		
<b>Total General Funding Spending</b>		
	<u><b>\$ in B</b></u>	<u><b>% Growth</b></u>
FY 2021	11.76	1.8
FY 2022	12.33	4.8
FY 2023	12.59	2.1
FY 2024	12.89	2.5

The current year (FY 2021) spending estimate has been adjusted to reflect a change in assumptions for savings from the increased federal match rate through the end of the federal health emergency. (See discussion in *Updated FY 2020 Estimates* section). Previously, the June Budget Update had assumed the state would realize \$(189) million of net savings for the enhanced match rate in FY 2021. These net savings incorporate both savings from the higher federal Medicaid match as well as a partial offset to reflect higher-than-budgeted enrollment during a recession.

The October projections remove these net savings due to the possibility that higher-than-expected Medicaid capitation rate increases will significantly diminish any match rate savings. These capitation adjustments are scheduled to be presented to the Joint Legislative Budget Committee for review at its December 2020 meeting. With this new information, we will plan to update the net FY 2021 Medicaid match savings in our January Baseline.

The FY 2021 estimates exclude an adjustment for a potential savings in the Department of Education's Basic State Aid formula due to higher online enrollment or lower school attendance. Under the formula, online students are funded at 95% of the cost of an in-person student. Given the pandemic, we will likely see higher use of online learning. We do not yet have any estimates of the magnitude of online learning in this fall semester. We are uncertain whether reliable estimates will be available by the January Baseline.

While the structure of the K-12 formula may result in General Fund savings, these losses will be offset by federal CRF dollars. The Executive has created an Enrollment Stability Grant program which fills in the funding gap created by online learning or lower overall attendance. Districts and charters will receive a bonus equivalent to 5% of their student count with a minimum guarantee to fund 98% of their FY 2020 enrollment. If a district/charter's enrollment is the same or greater than their FY 2020 enrollment, they will still receive the 5% funding bonus.

#### Ongoing FY 2022 Statutory Formula Spending

During FY 2022, statutory formula/ongoing spending (excluding one-time spending) is projected to change as follows:

<b>Table 4</b>	
<b>'22 Ongoing Spending Changes</b>	
	<b><u>\$ in M</u></b>
AHCCCS - Medicaid Formula	305
ADE - K-12 Formula	203
DPS - Highway Safety Fee Backfill	161
DES - Medicaid Formula	54
Other	4
<b>Total</b>	<b>727</b>

<b>Table 5</b>	
<b>'22 One-Time Spending Additions/Deletions</b>	
	<b><u>\$ in M</u></b>
Reduce K-12 Rollover (Enacted)	30
University 27 <sup>th</sup> Payroll (Enacted)	20
FY 21 State Agency 27 <sup>th</sup> Payroll	(43)
SFB Building Renewal Grants	(91)
SFB - Fewer New Buildings	(18)
State Employee Health Insurance	(22)
Other Agency Spending	(28)
ADC Capital Projects	(11)
<b>Total</b>	<b>(163)</b>

- Arizona Department of Education (ADE) ongoing spending is projected to increase by \$203 million in FY 2022. This estimate includes the following changes:
  - \$162 million for 0.6% student enrollment growth and 1.04% inflation;
  - \$(54) million in savings from additional property taxes from new construction;
  - \$68 million for the last installment of the multi-year plan to restore full funding of additional assistance;
  - \$24 million for an increase in Empowerment Scholarship Account usage.
 ADE ongoing spending is estimated to increase by \$246 million in FY 2023 and \$211 million in FY 2024.
- AHCCCS FY 2022 funding is projected to increase by \$305 million over FY 2021. Of this amount, \$43 million is for new FY 2022 capitation adjustments and \$259 million would continue a FY 2021 base adjustment for higher-than-projected enrollment. In FY 2021, we anticipate that enrollment will increase by 12%, generating annualized enrollment costs of \$281 million. As the economy begins to improve, we foresee enrollment declining from this higher base by (2)%, reducing enrollment costs by \$(22) million in FY 2022. FY 2022 enrollment, however, is still projected to remain substantially above the enacted FY 2021 budget level, thereby resulting in the ongoing \$259 million enrollment adjustment. AHCCCS spending is estimated to increase by just \$46 million in FY 2023 and \$55 million in FY 2024 as the population continues to decline gradually from pandemic-related levels.
- Department of Economic Security (DES) Medicaid spending for the Developmental Disabilities (DD) program is projected to increase by \$54 million in FY 2022 above the originally-enacted FY 2021 budget. This increase is based on 5.0% enrollment growth and 3.0% capitation growth. DES spending is expected to increase by \$59 million in FY 2023 and \$64 million in FY 2024.
- The Department of Public Safety's General Fund budget is forecast to increase by \$161 million associated with the elimination of the Highway Safety Fee in FY 2022 as authorized in the FY 2020 budget.

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

The October spending projections assume the continued annual suspension of any inactive formulas. Each year, the Legislature enacts certain provisions that only suspend, not repeal, certain statutory formulas. If those inactive formulas were counted, spending would increase by approximately \$49 million. The primary component of this suspension is \$33 million for the Arizona Financial Aid Trust in the Universities. In addition, the projections assume \$900 million in K-12 spending will be "rolled over" to the following fiscal year; this amount is a decrease of \$(30) million from prior years as a result of prior legislation to reduce the rollover.

### One-Time Spending

As part of the FY 2021 budget 3-year spending plan, the Legislature designated certain spending items as one-time in each of FY 2021, FY 2022, and FY 2023. This one-time spending totals \$167 million in FY 2022. (*See Attachment E.*)

The \$(159) million of FY 2021 one-time spending that has been removed from the FY 2022 spending amounts includes:

- 1) \$(91) million for School Facilities Board (SFB) building renewal.
- 2) \$(20) million for a net reduction in the number of new K-12 schools scheduled to begin construction in FY 2022.
- 3) \$(43) million for the extra 27<sup>th</sup> payroll for non-University state employees in FY 2021. Due to the timing of the calendar, the state incurs an extra 2-week payroll once every decade. The Universities will have their 27<sup>th</sup> payroll in FY 2022 at a cost of \$20 million. As a result, the net FY 2022 savings statewide will only be \$(23) million.
- 4) \$(22) million for a subsidy of state employee health insurance costs.

SFB building renewal and the state employee health insurance subsidy items have been funded as one-time in the budget for multiple years. Their restoration again in FY 2022 would add over \$100 million to our cost projections.

### **Ending Balance Projections**

As reported by the Department of Administration, the state ended FY 2020 with a \$372 million cash balance. Combining this \$372 million reserve, \$90 million of Coronavirus Relief Fund offset fund transfers pertaining to FY 2020 spending, \$17 million of other one-time fund transfers, and projected FY 2021 ongoing revenues of \$11.69 billion results in total available resources of \$12.17 billion for FY 2021. Compared to the FY 2021 estimated spending level of \$11.76 billion, the projected FY 2021 cash balance is \$411 million.

For FY 2022, the \$411 million estimated beginning balance, \$20 million of a reimbursement for water infrastructure appropriations made in the FY 2020 budget, \$17 million of fund transfers and \$11.97 billion of ongoing revenue results in total resources of \$12.42 billion. Given the estimated FY 2022 spending level of \$12.33 billion, the FY 2022 cash balance is estimated to be \$93 million. This balance is assumed to be allocated as part of the FY 2022 budget process. *(See Attachment C.)*

For FY 2023, the October Baseline anticipates \$12.45 billion in total resources. Compared to an estimated FY 2023 spending level of \$12.59 billion, the FY 2023 budget is currently estimated to have a \$(132) million shortfall. As noted above, this shortfall does not take into account an estimated FY 2022 cash balance of \$93 million.

For FY 2024, the October Baseline anticipates \$13.05 billion in total resources. These figures presume that the projected FY 2023 shortfall is resolved, leaving no carry-forward shortfall into FY 2024. Compared to an estimated FY 2024 spending level of \$12.89 billion, the FY 2024 budget is currently estimated to have a \$160 million ending cash balance.

As demonstrated by the change in the projected ending balance in the last 4 months, the budget estimates remain volatile. The revenue forecast will continue to be linked to the length

of the pandemic. Small percent changes in growth assumptions can have a substantial revenue impact -- over 3 years, a 1% change in revenue growth could change available revenues by more than \$750 million through FY 2024.

Federal action could also significantly affect our projections. For example, the extension of the enhanced Medicaid match into FY 2022 could generate \$130 million in General Fund savings per quarter. In addition, Congress continues to discuss whether to include unrestricted federal aid in new legislation.

All the cash balance projections exclude the Budget Stabilization Fund (BSF). That account has approximately \$970 million, which is equivalent to 8.4% of state revenues. Financial analysts suggest that these reserves be at least 5% and potentially higher than 10%. Standard and Poor's (S&P) threshold is 8% while Moody's recommended level is 10%.

### **Possible Gains and Losses to the Forecast**

As we have outlined throughout this document, the October revenue and spending projections are built on numerous speculative estimates. After weighing both possible gains and losses, we think that the ending balance projections in our January estimates will likely be higher than these October figures.

In summary, the following factors present the most uncertainty:

Revenue - In terms of our General Fund revenue estimates, the forecast initially appears cautious in terms of 2.1% growth for the remainder of FY 2021 after a very strong first quarter. At the national level, however, economists do not envision a quick turnaround in the economy. The National Association for Business Economics (NABE), a professional organization of business economists, conducted a survey in August asking its members to predict when GDP will return to its pre-COVID level. Of the 235 survey respondents 7% expected the recovery to occur by the second quarter of 2021 (end of FY 2021); 23% in the third or fourth quarter of 2021 (first half of FY 2022); and 62% in the first or second quarter of 2022 or later (second half of FY 2022 or later).

As previously discussed, the record-large federal fiscal stimulus has benefitted our revenue collections since March. Several components of the federal aid package have ended or will shortly expire such as enhanced unemployment payments, the \$1,200 stimulus checks and the paycheck protection program. A slow growth revenue forecast may be appropriate until we have greater clarity on future federal policy decisions to extend these programs.

The effects of waning support from the federal government can already be gleaned from national data. As an example, U.S. disposable personal income (personal income net of taxes paid) declined by more than 3% from August to September, which coincided with a more than 50% decrease in unemployment insurance compensation over the same time. Lack of future federal stimulus could stall economic recovery, or worse, result in a "double-dip recession" if

consumers cut back on their spending and businesses stop hiring and investing, all of which would have a negative impact on economic output

The greatest uncertainty associated with the current October projections is the future rate of COVID infections and deaths along with the availability of a vaccine. As an example, a "second wave" of COVID infections could prevent many consumers from resuming previous spending habits and businesses from fully operating.

Due to the considerable number of unknowns associated with the current economic environment, we will need to continue to monitor actual collections through our January and April 2021 revenue updates to determine whether further forecast revisions are warranted.

Spending - Relative to the October projections, the state could generate more savings from:

- FY 2020 Federal Medicaid match rate savings of \$(70) million that may be credited to the General Fund in FY 2021.
- FY 2021 Federal Medicaid match rate savings. While we projected this savings to be \$(189) million in June, this estimate is likely to be reduced by above-budget capitation rate increases. In addition, these savings could be reduced with higher-than-projected caseloads.
- FY 2022 Federal Medicaid match rate savings. If the current level of the enhanced match is extended into FY 2022, the state would save approximately \$(130) million per quarter.
- FY 2021 K-12 Basic State Aid savings through either online enrollment or a reduction in the number of overall students attending districts or charters. The JLBC Staff does not currently have data to project savings from these potential impacts.

In the opposite direction, the projected spending levels may be too low if the state continues funding certain "ongoing one-time" FY 2021 initiatives such as SFB building renewal and state employee health insurance.

The state also faces potential future costs from current litigation, including:

- School districts have sued the state to increase its level of K-12 capital funding. This lawsuit was filed in May 2017.
- The state is currently being sued in federal court over inadequate services to foster care children. A settlement agreement requiring ongoing monitoring is pending.
- The Arizona Department of Corrections (ADC) has been involved in multi-year litigation on the appropriate level of its health care spending.

In addition to the litigation listed above, ADC continues to report a high level of capital needs for its facilities. Its Capital Improvement Plan request to the Arizona Department of Administration included a total request of \$529 million, including \$496 million for building renewal.

## October 8, 2020 FAC 4-Sector Forecast

	FY 2021	FY 2022	FY 2023	FY 2024
<b><u>Sales Tax</u></b>				
JLBC Forecast	4.9%	5.3%	5.3%	3.9%
UA - Low	2.0%	5.2%	4.3%	4.1%
UA - Base	5.6%	6.4%	4.7%	4.6%
FAC	1.6%	5.4%	4.8%	5.1%
<b>Average:</b>	<b>3.5%</b>	<b>5.6%</b>	<b>4.8%</b>	<b>4.4%</b>
<b><u>Individual Income Tax</u></b>				
JLBC Forecast	19.9%	-5.4%	5.1%	4.8%
UA - Low	15.3%	-3.1%	4.2%	3.4%
UA - Base	21.4%	-1.3%	5.3%	4.7%
FAC	14.2%	0.9%	6.0%	6.1%
<b>Average:</b>	<b>17.7%</b>	<b>-2.2%</b>	<b>5.2%</b>	<b>4.8%</b>
<b><u>Corporate Income Tax</u></b>				
JLBC Forecast	-4.7%	5.9%	4.7%	4.2%
UA - Low	-24.6%	6.0%	4.4%	6.4%
UA - Base	-15.8%	13.8%	6.4%	7.4%
FAC	5.5%	0.5%	4.9%	4.9%
<b>Average:</b>	<b>-9.9%</b>	<b>6.2%</b>	<b>5.1%</b>	<b>5.7%</b>
<b><u>Insurance Premium Tax</u></b>				
JLBC Forecast	1.3%	1.2%	0.7%	0.6%
UA - Low	-2.8%	4.1%	2.3%	0.7%
UA - Base	-2.6%	4.4%	4.5%	2.4%
FAC	-0.5%	2.0%	2.3%	2.0%
<b>Average:</b>	<b>-1.2%</b>	<b>2.9%</b>	<b>2.4%</b>	<b>1.4%</b>
<b>JLBC Weighted Average:</b>	<b>10.5%</b>	<b>0.3%</b>	<b>5.0%</b>	<b>4.2%</b>
<b>UA Low Weighted Average:</b>	<b>6.0%</b>	<b>1.4%</b>	<b>4.2%</b>	<b>3.7%</b>
<b>UA Base Weighted Average:</b>	<b>10.7%</b>	<b>3.1%</b>	<b>5.0%</b>	<b>4.7%</b>
<b>FAC Consensus Weighted Average:</b>	<b>6.9%</b>	<b>3.0%</b>	<b>5.2%</b>	<b>5.4%</b>
<b>"Big-4" Weighted Average:</b>	<b>8.5%</b>	<b>2.0%</b>	<b>4.8%</b>	<b>4.5%</b>
<b>Consensus Weighted Average: *</b>	<b>7.8%</b>	<b>1.6%</b>	<b>4.6%</b>	<b>4.4%</b>

\* Represents ongoing revenue adjusted for small revenue categories

# October 2020 4-Sector Forecast

Attachment B

## GENERAL FUND REVENUE - FY 2020 - FY 2022

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2020	% CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,392,289.3	5.8%	5,582,691.0	3.5%	190,401.7	5,893,791.9	5.6%	311,100.9
Income - Individual	4,529,859.0	-9.6%	5,331,644.0	17.7%	801,785.0	5,212,038.1	-2.2%	(119,605.9)
- Corporate	511,881.9	-0.5%	461,205.5	-9.9%	(50,676.3)	489,790.1	6.2%	28,584.5
Property	24,142.9	-18.7%	22,474.0	-6.9%	(1,669.0)	22,505.1	0.1%	31.2
Luxury - Tobacco	22,074.8	4.9%	22,024.5	-0.2%	(50.3)	21,766.3	-1.2%	(258.2)
- Liquor	38,068.5	2.2%	38,581.8	1.3%	513.3	39,595.1	2.6%	1,013.3
Insurance Premium	535,163.4	-2.7%	529,009.0	-1.2%	(6,154.4)	544,358.0	2.9%	15,349.0
Other Taxes	14,408.1	6.4%	16,093.1	11.7%	1,685.0	18,027.1	12.0%	1,934.0
Subtotal - Taxes	11,067,887.7	-1.8%	12,003,722.9	8.5%	935,835.2	12,241,871.6	2.0%	238,148.8
<b>Other Non-Tax Revenues:</b>								
Lottery	103,594.7	25.0%	105,444.5	1.8%	1,849.8	111,412.0	5.7%	5,967.4
Licenses, Fees and Permits	34,787.2	8.6%	35,514.9	2.1%	727.7	36,268.0	2.1%	753.1
Interest	39,394.6	-25.8%	26,250.0	-33.4%	(13,144.6)	22,500.0	-14.3%	(3,750.0)
Sales and Services	22,425.1	-6.8%	23,623.0	5.3%	1,197.9	23,179.0	-1.9%	(444.0)
Other Miscellaneous	126,013.8	13.2%	134,299.8	6.6%	8,286.0	142,587.0	6.2%	8,287.2
Transfers and Reimbursements	116,512.3	83.9%	65,338.9	-43.9%	(51,173.4)	53,720.6	-17.8%	(11,618.3)
Public Safety Transfers	23,343.2	-67.7%	23,343.2	0.0%	0.0	0.0	-100.0%	(23,343.2)
Disproportionate Share Revenue	84,949.1	-11.1%	104,253.8	22.7%	19,304.7	95,417.3	-8.5%	(8,836.5)
Subtotal - Other Non-Tax	551,020.0	3.1%	518,068.1	-6.0%	(32,951.9)	485,084	-6.4%	(32,984.4)
<b>Net Ongoing Revenue</b>	<b>11,618,907.8</b>	<b>-1.6%</b>	<b>12,521,791.1</b>	<b>7.8%</b>	<b>902,883.3</b>	<b>12,726,955.4</b>	<b>1.6%</b>	<b>205,164.4</b>
Urban Revenue Sharing (URS)	(737,561.2)	N/A	(828,492.9)	N/A	(90,931.7)	(756,261.1)	N/A	72,231.7
<b>Net Ongoing Revenue w/ URS</b>	<b>10,881,346.6</b>	<b>-2.2%</b>	<b>11,693,298.2</b>	<b>7.5%</b>	<b>811,951.6</b>	<b>11,970,694.3</b>	<b>2.4%</b>	<b>277,396.1</b>
<b>One-Time Financing Sources:</b>								
Pre-2019 Enacted Fund Transfers	1,840.7	-98.2%	0.0	-100.0%	(1,840.7)	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	69,000.0	N/A	16,700.0	-75.8%	(52,300.0)	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	20,000.0	N/A	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
CRF Offset Fund Transfer	0.0		90,000.0	N/A	90,000.0	0.0	-100.0%	(90,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	20,000.0	N/A	20,000.0
Subtotal - One-Time Financing Sources	90,840.7	-9.5%	106,700.0	17.5%	15,859.3	36,700.0	-65.6%	(70,000.0)
<b>Subtotal - Revenues</b>	<b>10,972,187.3</b>	<b>-2.3%</b>	<b>11,799,998.2</b>	<b>7.5%</b>	<b>827,810.9</b>	<b>12,007,394.3</b>	<b>1.8%</b>	<b>207,396.1</b>
Balance Forward	957,241.0	112.9%	372,457.0	-61.1%	(584,784.0)	411,247.1	10.4%	38,790.1
<b>Total - Resources</b>	<b>11,929,428.3</b>	<b>2.1%</b>	<b>12,172,455.2</b>	<b>2.0%</b>	<b>243,026.9</b>	<b>12,418,641.4</b>	<b>2.0%</b>	<b>246,186.2</b>

# October 2020 4-Sector Forecast

Attachment B

## GENERAL FUND REVENUE - FY 2023 - FY 2024

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	6,175,108.0	4.8%	281,316.1	6,448,819.5	4.4%	273,711.5
Income - Individual	5,480,569.6	5.2%	268,531.5	5,741,899.2	4.8%	261,329.6
- Corporate	514,894.5	5.1%	25,104.4	544,028.4	5.7%	29,133.9
Property	22,536.4	0.1%	31.3	22,567.8	0.1%	31.4
Luxury - Tobacco	21,564.3	-0.9%	(202.0)	21,369.4	-0.9%	(194.9)
- Liquor	40,639.0	2.6%	1,043.9	41,714.5	2.6%	1,075.5
Insurance Premium	557,670.6	2.4%	13,312.6	565,711.7	1.4%	8,041.2
Other Taxes	20,211.0	12.1%	2,184.0	22,677.6	12.2%	2,466.6
Subtotal - Taxes	12,833,193.3	4.8%	591,321.7	13,408,788.1	4.5%	575,594.8
<b>Other Non-Tax Revenues:</b>						
Lottery	101,034.0	-9.3%	(10,378.0)	111,735.1	10.6%	10,701.2
Licenses, Fees and Permits	37,047.5	2.1%	779.6	37,854.7	2.2%	807.2
Interest	20,425.4	-9.2%	(2,074.6)	20,058.8	-1.8%	(366.6)
Sales and Services	22,760.9	-1.8%	(418.1)	22,367.9	-1.7%	(393.0)
Other Miscellaneous	142,505.9	-0.1%	(81.1)	142,425.9	-0.1%	(80.0)
Transfers and Reimbursements	54,043.6	0.6%	323.0	54,381.9	0.6%	338.3
Public Safety Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Disproportionate Share Revenue	95,474.3	0.1%	57.0	95,644.9	0.2%	170.6
Subtotal - Other Non-Tax	473,291.6	-2.4%	(11,792.2)	484,469.3	2.4%	11,177.6
<b>Net Ongoing Revenue</b>	<b>13,306,484.9</b>	<b>4.6%</b>	<b>579,529.5</b>	<b>13,893,257.3</b>	<b>4.4%</b>	<b>586,772.4</b>
Urban Revenue Sharing (URS)	(868,927.4)	N/A	(112,666.3)	(855,274.2)	N/A	13,653.2
<b>Net Ongoing Revenue w/ URS</b>	<b>12,437,557.5</b>	<b>3.9%</b>	<b>466,863.2</b>	<b>13,037,983.1</b>	<b>4.8%</b>	<b>600,425.6</b>
<b>One-Time Financing Sources:</b>						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
CRF Offset Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	16,700.0	-54.5%	(20,000.0)	16,700.0	0.0%	0.0
<b>Subtotal - Revenues</b>	<b>12,454,257.5</b>	<b>3.7%</b>	<b>446,863.2</b>	<b>13,054,683.1</b>	<b>4.8%</b>	<b>600,425.6</b>
Balance Forward	-	-100.0%	(411,247.1)	-	N/A	0.0
<b>Total - Resources</b>	<b>12,454,257.5</b>	<b>0.3%</b>	<b>35,616.1</b>	<b>13,054,683.1</b>	<b>4.8%</b>	<b>600,425.6</b>

# October FAC - Statement of General Fund Revenues and Expenditures With One-Time Financing Sources

Attachment C

	FY 2021 October FAC	FY 2022 October FAC	FY 2023 October FAC	FY 2024 October FAC
<b>REVENUES</b>				
Ongoing Revenues	\$12,521,791,100	\$12,726,955,400	\$13,306,484,900	\$13,893,257,300
Urban Revenue Sharing	(828,492,900)	(756,261,100)	(868,927,400)	(855,274,200)
Net Ongoing Revenues	\$11,693,298,200	\$11,970,694,300	\$12,437,557,500	\$13,037,983,100
One-time Financing Sources				
Balance Forward	\$372,457,000	\$411,247,100		
Water Infrastructure Repayment		20,000,000		
CRF Offset Fund Transfers	90,000,000			
Other Fund Transfers	16,700,000	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	\$479,157,000	\$447,947,100	\$16,700,000	\$16,700,000
<b>Total Revenues</b>	\$12,172,455,200	\$12,418,641,400	\$12,454,257,500	\$13,054,683,100
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$11,469,755,900	\$12,195,664,300	\$12,550,761,300	\$12,884,699,400
Enhanced FMAP Savings <u>1/</u>				
Administrative Adjustments	146,000,000	155,000,000	162,000,000	162,000,000
Revertments	(184,000,000)	(192,000,000)	(198,000,000)	(198,000,000)
Subtotal Ongoing Expenditures	\$11,431,755,900	\$12,158,664,300	\$12,514,761,300	\$12,848,699,400
One-time Expenditures				
Capital Outlay	\$11,000,000			
Reduce K-12 Rollover (Enacted)		30,000,000		
Operating One-Time Spending	275,373,600	116,877,600	71,482,600	45,937,500
27th Pay Period (Enacted)	43,078,600	20,052,100		
Subtotal One-time Expenditures	\$329,452,200	\$166,929,700	\$71,482,600	\$45,937,500
<b>Total Expenditures</b>	\$11,761,208,100	\$12,325,594,000	\$12,586,243,900	\$12,894,636,900
<b>Ending Balance <u>2/</u></b>	<u>\$411,247,100</u>	<u>\$93,047,400 <u>4/</u></u>	<u>(\$131,986,400)</u>	<u>\$160,046,200</u>
<b>Ongoing Balance <u>3/</u></b>	<u>\$261,542,300</u>	<u>(\$187,970,000)</u>	<u>(\$77,203,800)</u>	<u>\$189,283,700</u>

1/ The increased federal Medicaid match rate lasts through the end of the declared federal health emergency. No net savings are displayed in FY 2021 as higher-than-budgeted Medicaid capitation rate increases may reduce the match rate savings.

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

3/ This calculation reflects the difference between ongoing revenues and ongoing expenditures and excludes one-time adjustments. The Legislature makes the ongoing and one-time classifications as part of its 3-year spending plan. Excludes any Budget Stabilization Fund balance.

4/ The FY 2022 cash balance is presumed to be allocated as part of the FY 2022 budget process.

**GENERAL FUND SPENDING BY BUDGET UNITS 1/  
ONGOING FUNDING**

	<b>FY 2021 October FAC</b>	<b>FY 2022 \$ Above FY 2021</b>	<b>FY 2022 October FAC</b>	<b>FY 2023 \$ Above FY 2022</b>	<b>FY 2023 October FAC</b>	<b>FY 2024 \$ Above FY 2023</b>	<b>FY 2024 October FAC</b>
<b>EXPENDITURES</b>							
Operating Budget							
-- Department of Administration	\$7,828,900		\$7,828,900		\$7,828,900		\$7,828,900
-- Office of Administrative Hearings	885,000		885,000		885,000		885,000
-- African-American Affairs Commission	127,700		127,700		127,700		127,700
-- Arizona Department of Agriculture	10,124,500		10,124,500		10,124,500		10,124,500
-- AHCCCS	1,942,797,800	304,924,300	2,247,722,100	45,705,800	2,293,427,900	55,182,000	2,348,609,900
-- Attorney General	24,472,000		24,472,000		24,472,000		24,472,000
-- State Board for Charter Schools	2,102,000		2,102,000		2,102,000		2,102,000
-- Department of Child Safety	384,596,300		384,596,300		384,596,300		384,596,300
-- Commerce Authority	16,175,000		16,175,000		16,175,000		16,175,000
-- Community Colleges	62,895,400	2,076,300	64,971,700	2,816,000	67,787,700	3,036,900	70,824,600
-- Corporation Commission	615,500		615,500		615,500		615,500
-- Department of Corrections	1,173,247,600		1,173,247,600		1,173,247,600		1,173,247,600
-- County Funding	10,650,700		10,650,700		10,650,700		10,650,700
-- Schools for the Deaf and the Blind	23,069,700		23,069,700		23,069,700		23,069,700
-- Office of Economic Opportunity	466,700		466,700		466,700		466,700
-- Department of Economic Security	807,967,500	53,840,800	861,808,300	58,903,700	920,712,000	63,513,200	984,225,200
-- State Board of Education	1,307,600		1,307,600		1,307,600		1,307,600
-- Department of Education	5,511,824,600	203,413,700	5,715,238,300	245,509,500	5,960,747,800	211,222,200	6,171,970,000
-- Dept. of Emergency & Military Affairs	12,182,800		12,182,800		12,182,800		12,182,800
-- Department of Environmental Quality	10,000,000		10,000,000		10,000,000		10,000,000
-- State Board of Equalization	657,300		657,300		657,300		657,300
-- Board of Executive Clemency	1,147,300		1,147,300		1,147,300		1,147,300
-- Dept. of Forestry and Fire Management	13,143,000		13,143,000		13,143,000		13,143,000
-- Department of Gaming	1,779,500		1,779,500		1,779,500		1,779,500
-- Office of the Governor	8,667,600		8,667,600		8,667,600		8,667,600
-- Gov's Ofc of Strategic Planning and Budgeting	2,684,900		2,684,900		2,684,900		2,684,900
-- Department of Health Services	92,503,800		92,503,800		92,503,800		92,503,800
-- Arizona Historical Society	3,091,500		3,091,500		3,091,500		3,091,500
-- Prescott Historical Society	830,700		830,700		830,700		830,700
-- Independent Redistricting Commission	500,000	2,500,000	3,000,000	(3,000,000)			
-- Dept. of Insurance and Financial Institutions	7,604,700		7,604,700		7,604,700		7,604,700
-- Judiciary	135,371,200		135,371,200		135,371,200		135,371,200
-- Department of Juvenile Corrections	28,996,500		28,996,500		28,996,500		28,996,500
-- State Land Department	12,084,400		12,084,400		12,084,400		12,084,400
-- Legislature							
Auditor General	20,144,500		20,144,500		20,144,500		20,144,500
House of Representatives	16,319,600		16,319,600		16,319,600		16,319,600
Joint Legislative Budget Committee	2,825,400		2,825,400		2,825,400		2,825,400
Legislative Council	8,791,600		8,791,600		8,791,600		8,791,600
Senate	12,889,900		12,889,900		12,889,900		12,889,900
SUBTOTAL - Legislature	\$60,971,000	\$0	\$60,971,000	\$0	\$60,971,000	\$0	\$60,971,000
-- State Mine Inspector	1,263,500		1,263,500		1,263,500		1,263,500
-- Navigable Stream Adjudication Commission	128,200		128,200		128,200		128,200
-- Commission for Postsecondary Education	1,680,900		1,680,900		1,680,900		1,680,900
-- Department of Public Safety	88,304,700	160,709,300	249,014,000		249,014,000		249,014,000
-- Public Safety Personnel Retirement System	6,000,000		6,000,000		6,000,000		6,000,000
-- State Real Estate Department	2,897,500		2,897,500		2,897,500		2,897,500
-- Department of Revenue	31,118,400		31,118,400		31,118,400		31,118,400
-- School Facilities Board	85,559,600	(1,000)	85,558,600	(4,400)	85,554,200	1,700	85,555,900
-- Secretary of State	16,909,200	(4,000,000)	12,909,200	4,000,000	16,909,200		16,909,200

**GENERAL FUND SPENDING BY BUDGET UNITS 1/**  
**ONGOING FUNDING**

	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2024</b>
	<b>October FAC</b>	<b>\$ Above FY 2021</b>	<b>October FAC</b>	<b>\$ Above FY 2022</b>	<b>October FAC</b>	<b>\$ Above FY 2023</b>	<b>October FAC</b>
-- Tax Appeals, State Board of	280,800		280,800		280,800		280,800
-- Office of Tourism	8,216,100		8,216,100		8,216,100		8,216,100
-- State Treasurer	1,509,500	1,500,000	3,009,500		3,009,500		3,009,500
-- Governor's Office on Tribal Relations	62,600		62,600		62,600		62,600
-- Universities	736,805,700	442,400	737,248,100	666,200	737,914,300	481,100	738,395,400
-- Department of Veterans' Services	7,770,100		7,770,100		7,770,100		7,770,100
-- Department of Water Resources	14,178,600		14,178,600		14,178,600		14,178,600
-- Phoenix Convention Center Payment	23,997,900	500,600	24,498,500	500,900	24,999,400	499,200	25,498,600
-- Rio Nuevo District	16,000,000		16,000,000		16,000,000		16,000,000
-- Asset Sale/Lease-Back Debt Service	53,701,800	2,100	53,703,900	(700)	53,703,200	1,800	53,705,000
-- Unallocated Retirement Adjustments	100	(100)					
Total - Operating Budget	<u>\$11,469,755,900</u>	<u>\$725,908,400</u>	<u>\$12,195,664,300</u>	<u>\$355,097,000</u>	<u>\$12,550,761,300</u>	<u>\$333,938,100</u>	<u>\$12,884,699,400</u>
-- FY 2020 One-Time Supplementals							
-- Capital Outlay	11,000,000	(11,000,000)					
-- Reduce K-12 Rollover		30,000,000	30,000,000	(30,000,000)			
-- Operating One-Time Spending	275,373,600	(158,496,000)	116,877,600	(45,395,000)	71,482,600	(25,545,100)	45,937,500
-- Additional (27th) Pay Period	43,078,600	(23,026,500)	20,052,100	(20,052,100)			
-- Enhanced FMAP Savings <u>2/</u>							
-- Administrative Adjustments	146,000,000	9,000,000	155,000,000	7,000,000	162,000,000		162,000,000
-- Revertments	<u>(184,000,000)</u>	<u>(8,000,000)</u>	<u>(192,000,000)</u>	<u>(6,000,000)</u>	<u>(198,000,000)</u>		<u>(198,000,000)</u>
Total Spending	<u>\$11,761,208,100</u>	<u>\$564,385,900</u>	<u>\$12,325,594,000</u>	<u>\$260,649,900</u>	<u>\$12,586,243,900</u>	<u>\$308,393,000</u>	<u>\$12,894,636,900</u>

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 Spending" table (see page 18).

2/ The increased federal Medicaid match rate lasts through the end of the declared federal health emergency. No net savings are displayed in FY 2021 as higher-than-budgeted Medicaid capitation rate increases may reduce the match rate savings.

SUMMARY OF ONE-TIME GENERAL FUND SPENDING 1/

	FY 2021 October FAC	FY 2022 October FAC	FY 2023 October FAC	FY 2024 October FAC
<b>Operating</b>				
AHCCCS - Children's Behavioral Health Services Fund Deposit	\$ 8,000,000	\$ -	\$ -	\$ -
Community Colleges - Maricopa/Pima STEM Funding	2,000,000	2,000,000		
ADE - Proposition 301 Bridge	14,100,000			
ADE - High Quality Teacher Scholarships	400,000	400,000		
ADE - CTED Incentive Program	5,000,000	5,000,000		
ADE - Fully Restore Additional Assistance Funding	67,774,700	67,774,600		
DEQ - WQARF Funding	5,000,000			
Gaming - County Fair Promotion	730,000	730,000		
DHS - Rural Hospital Prenatal Equipment	500,000	500,000		
DIFI - Mental Health Parity Implementation Costs	250,000			
SFB - Building Renewal Grants	90,832,100			
SFB - New School Construction (FY 20 Authorization)	45,805,900			
SFB - New School Construction (FY 21 Authorization)	12,980,900	11,730,900		
SFB - New School Construction (FY 22 Authorization)		28,742,100	21,555,200	
SFB - New School Construction (FY 23 Authorization)			49,927,400	42,572,400
SFB - New School Construction (FY 24 Authorization)				3,365,100
Other - HITF Deposit	22,000,000			
<b>Subtotal - Operating Funding</b>	<b>\$ 275,373,600</b>	<b>\$ 116,877,600</b>	<b>\$ 71,482,600</b>	<b>\$ 45,937,500</b>
<b>27th Pay Period (Enacted)</b>	<b>\$ 43,078,600</b>	<b>\$ 20,052,100</b>		
<b>Reduce K-12 Rollover (Enacted)</b>		<b>\$ 30,000,000</b>		
<b>Capital Outlay</b>				
Capital - ADC - Lewis/Yuma Locks, Fire, HVAC	11,000,000			
<b>Subtotal - Capital Outlay</b>	<b>\$ 11,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total - One-time Spending</b>	<b>\$ 329,452,200</b>	<b>\$ 166,929,700</b>	<b>\$ 71,482,600</b>	<b>\$ 45,937,500</b>

1/ The displayed amounts reflect one-time General Funding spending items included in the FY 2021 enacted budget's multi-year budget projections. 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 16 and 17.

### Allocation of State's Federal Coronavirus Relief Fund Monies

The table below displays the allocation of the state's allocation of \$1.86 billion of federal Coronavirus Relief Fund monies as reported in press releases by the Executive Branch. These allocations exclude the \$965 million of CRF monies received directly by local governments with populations over 500,000 (Maricopa and Pima Counties along with the cities of Phoenix, Tucson, and Mesa).

<b><u>Recipient</u></b>	<b><u>\$ in Millions</u></b>
Local Funding (Non-"Big 5" jurisdictions)	\$ 441
Agency Spending Offsets	396
K-12 Enrollment Stability	370
FEMA Bridge Loan	150
FEMA 25% Match	50
DHS Personal Protective Equipment	14
Secretary of State Elections Costs	9
Stay Connected Technology Grant	<u>2</u>
<b>Total</b>	<b>\$1,432</b>

# **Jim Rounds Presentation**

## **Tab C**

# Economic Conditions and the COVID-19 Impact

October 2020

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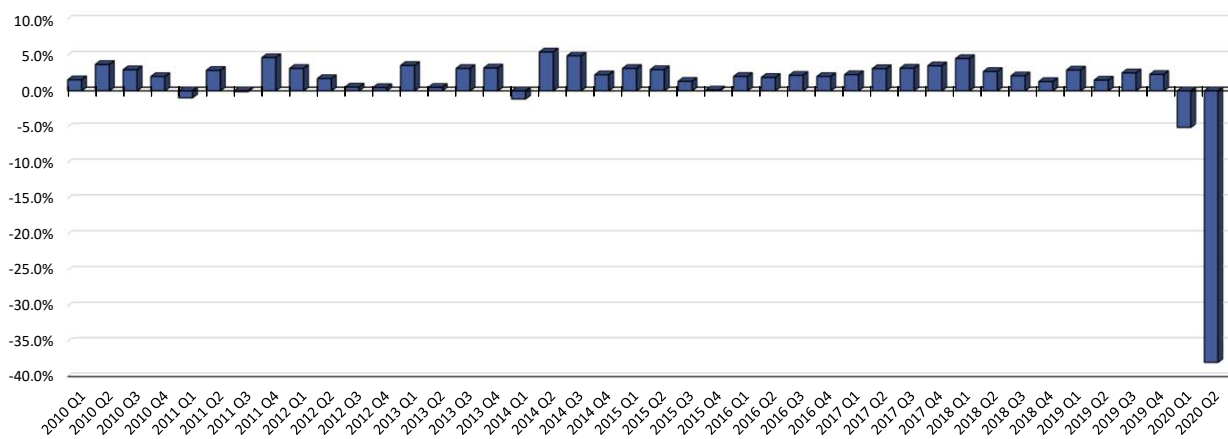
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## U.S. Real GDP

Annualized Percent Change; Quarterly, 2010 - 2020\*

Source: U.S. Bureau of Economic Analysis



\*Data through Q2 2020

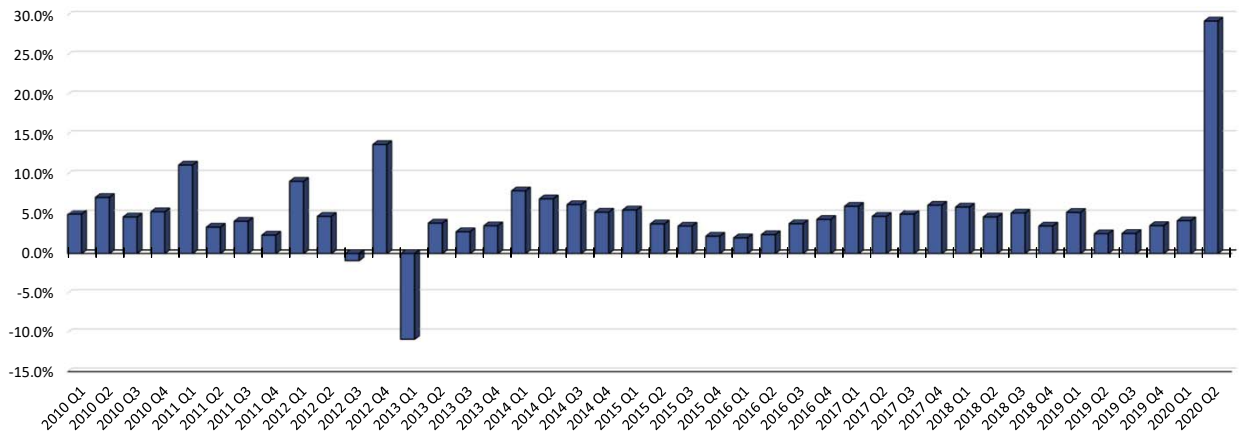
ROUNDS CONSULTING GROUP

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## U.S. Personal Income

Annualized Percent Change; Quarterly, 2010 - 2020\*

Source: U.S. Bureau of Economic Analysis



\*Data through Q2 2020

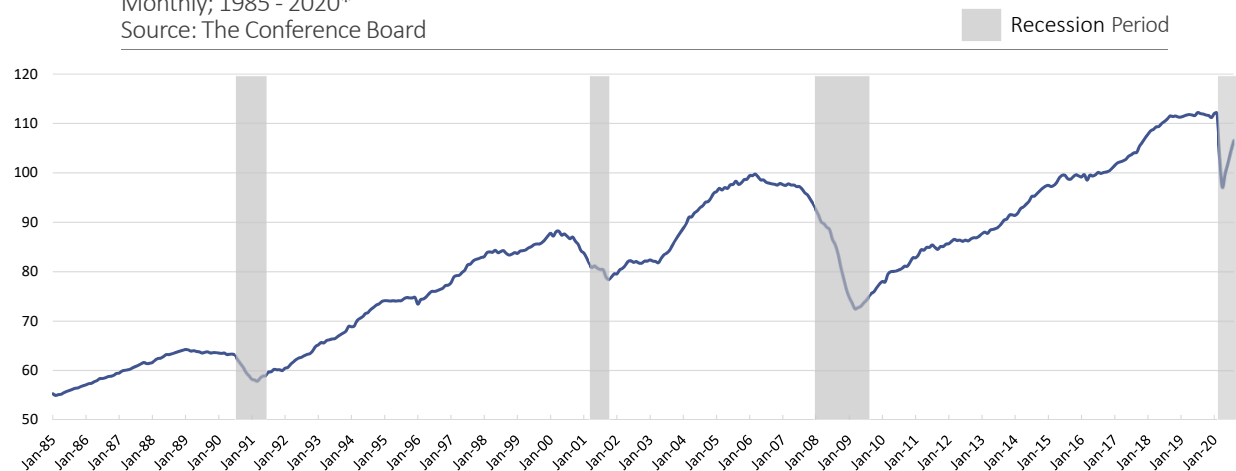
ROUNDS CONSULTING GROUP

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## U.S. Leading Indicators

Monthly; 1985 - 2020\*

Source: The Conference Board



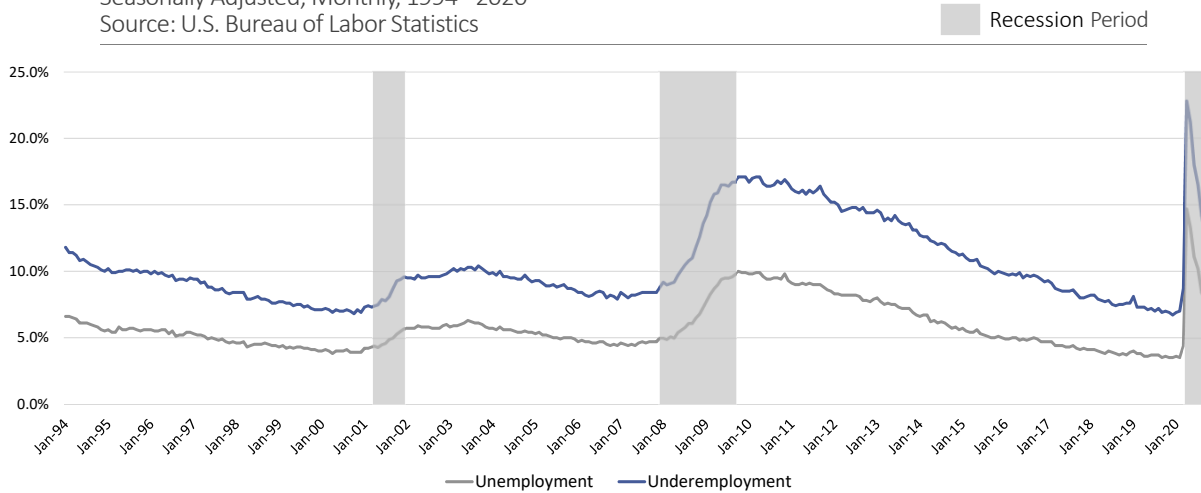
\*Through August 2020

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## U.S. Unemployment and Underemployment Rate

Seasonally Adjusted; Monthly, 1994 - 2020\*

Source: U.S. Bureau of Labor Statistics



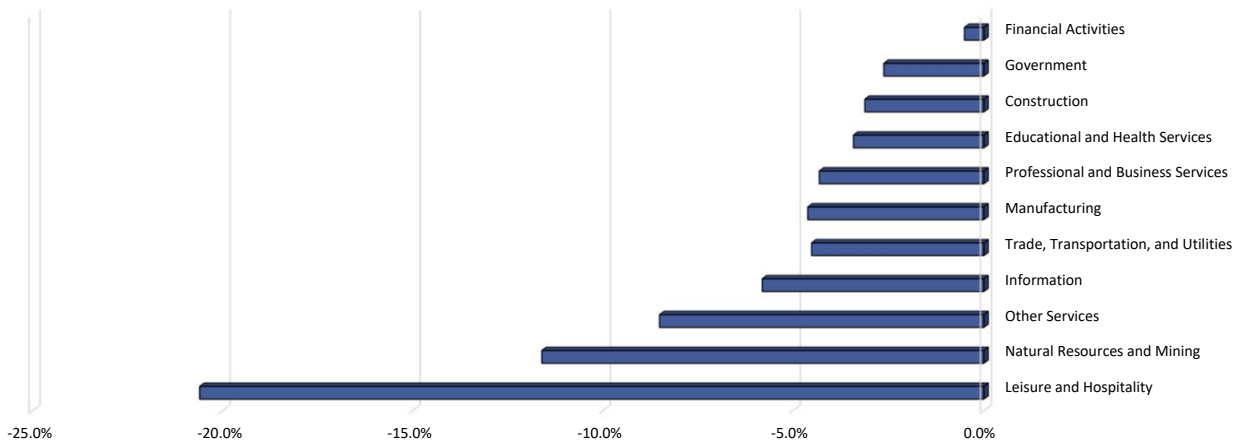
\*Through September 2020

ROUNDS CONSULTING GROUP

## U.S. Job Losses by Sector

Seasonally Adjusted; Percent Change

Source: U.S. Bureau of Labor Statistics



\*YTD through September 2020

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## Shape of the Recession?

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## Shape of the Recession? Best Guess...

---



A.K.A...

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## “The Barkley-Hitch Recession”



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## Arizona...



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## Fall Far, Grow Big



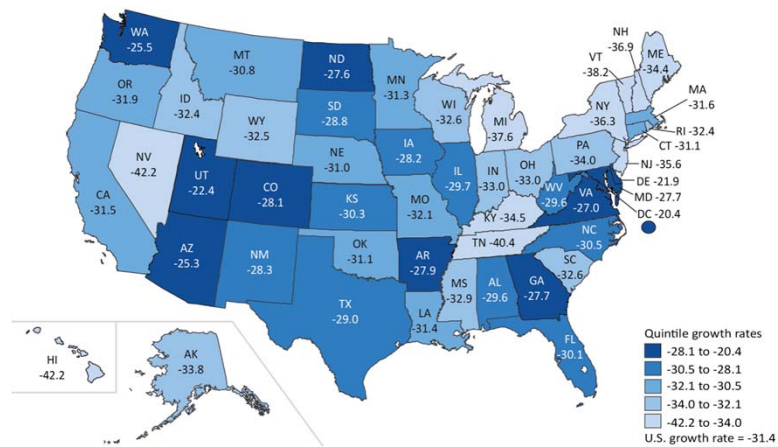
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## Arizona GDP vs. U.S. GDP

Annual Percent Growth Q2 2020

Source: U.S. Bureau of Economic Analysis



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## U.S. Job Growth YTD June 2020\*

State Ranking

Source: U.S. Bureau of Labor Statistics

Rank	%	State	Rank	%	State
1	-1.21%	Utah	11	-3.46%	South Carolina
2	-1.65%	Arizona	12	-3.48%	Alabama
3	-1.87%	Idaho	13	-3.52%	Colorado
4	-2.44%	Texas	14	-3.53%	North Dakota
5	-2.97%	Nebraska	15	-3.53%	Arkansas
6	-3.04%	Tennessee	16	-3.55%	Georgia
7	-3.17%	Montana	17	-3.71%	Florida
8	-3.31%	Oklahoma	18	-3.77%	New Mexico
9	-3.39%	Virginia	19	-4.14%	Mississippi
10	-3.44%	Kansas	20	-4.41%	North Carolina

\*YTD through June 2020

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## U.S. Job Growth YTD July 2020\*

State Ranking

Source: U.S. Bureau of Labor Statistics

Rank	%	State	Rank	%	State
1	-1.26%	Utah	11	-3.66%	Montana
2	-1.76%	Idaho	12	-3.67%	Arkansas
3	-1.92%	Arizona	13	-3.70%	Alabama
4	-2.93%	Texas	14	-3.86%	South Carolina
5	-2.97%	Nebraska	15	-3.91%	Oklahoma
6	-3.36%	South Dakota	16	-3.96%	Colorado
7	-3.62%	Mississippi	17	-3.99%	Florida
8	-3.63%	Kansas	18	-4.22%	Virginia
9	-3.63%	Georgia	19	-4.56%	New Mexico
10	-3.64%	Tennessee	20	-4.72%	Missouri

\*YTD Through July 2020

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## U.S. Job Growth YTD August 2020\*

State Ranking

Source: U.S. Bureau of Labor Statistics

Rank	%	State	Rank	%	State
1	-1.30%	Utah	11	-3.73%	Alabama
2	-1.63%	Idaho	12	-3.75%	Tennessee
3	-2.08%	Arizona	13	-3.83%	Montana
4	-3.04%	Nebraska	14	-3.96%	South Carolina
5	-3.17%	Texas	15	-4.02%	Oklahoma
6	-3.46%	Mississippi	16	-4.09%	Colorado
7	-3.55%	South Dakota	17	-4.12%	Florida
8	-3.66%	Arkansas	18	-4.32%	Virginia
9	-3.70%	Kansas	19	-4.73%	Missouri
10	-3.71%	Georgia	20	-4.89%	Indiana

\*YTD Through August 2020

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## Arizona Job Losses

Seasonally Adjusted; **Peak to Trough**

Source: U.S. Bureau of Labor Statistics

- **1990-1991 Recession**
  - Lost Jobs: 12,400
  - % of Jobs: 0.8%
  - Job Recovery: 10 Months
- **2001 Recession**
  - Lost Jobs: 30,600
  - % of Jobs: 1.3%
  - Job Recovery: 20 Months

**Note: 170,000 of 300,000 lost jobs have been recovered.**

- **Great Recession (2008)**
  - Lost Jobs: 314,500
  - % of Jobs: 11.7%
  - Job Recovery: 101 Months
- **COVID Recession (2020)**
  - **Lost Jobs: 294,600**
  - **% of Jobs: 9.9%**
  - **Job Recovery: 16-24 Months?**

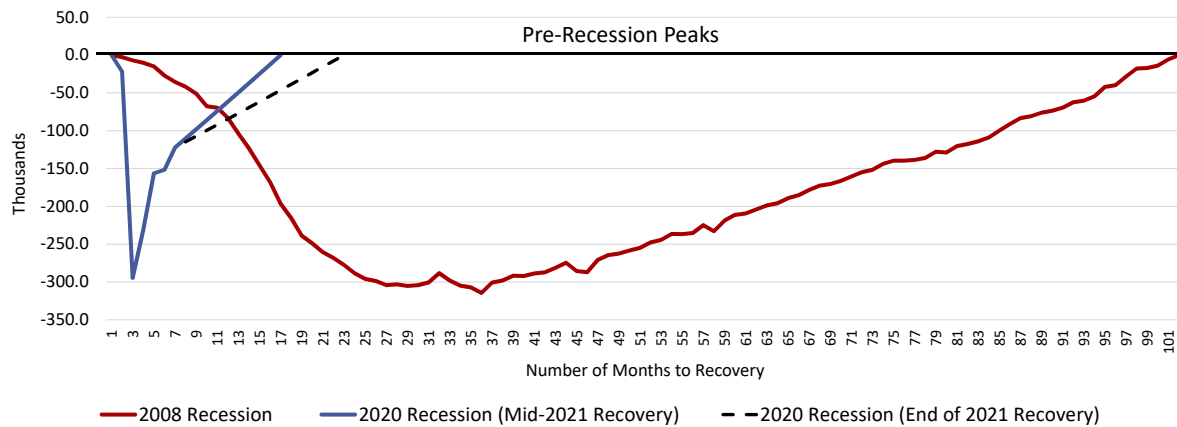


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## Job Losses & Recovery

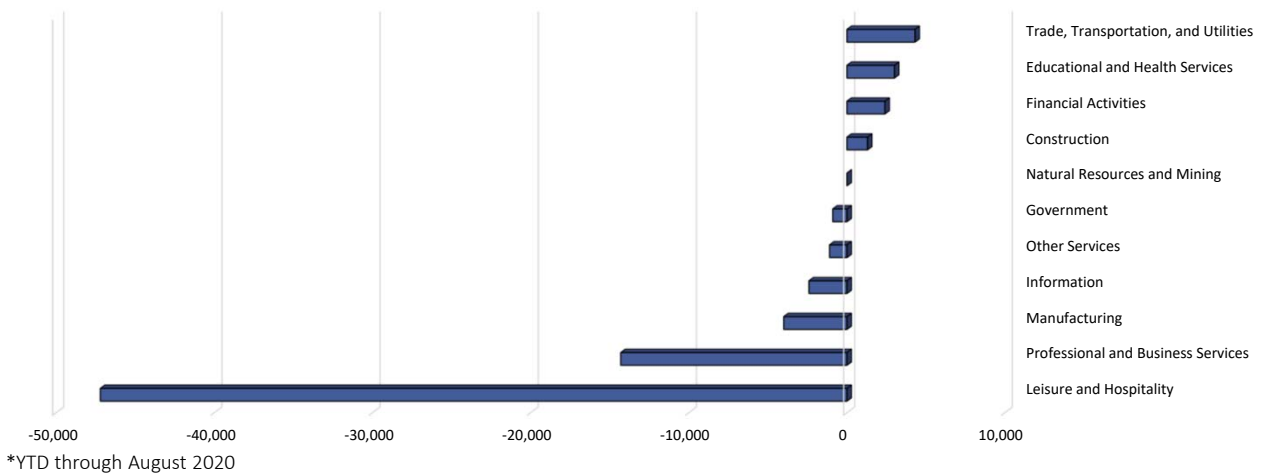
2008 Recession vs. 2020 Recession  
Source: U.S. Bureau of Labor Statistics



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## Arizona Job Losses by Sector

Non-Seasonally Adjusted; Net Change  
Source: Arizona Office of Economic Opportunity



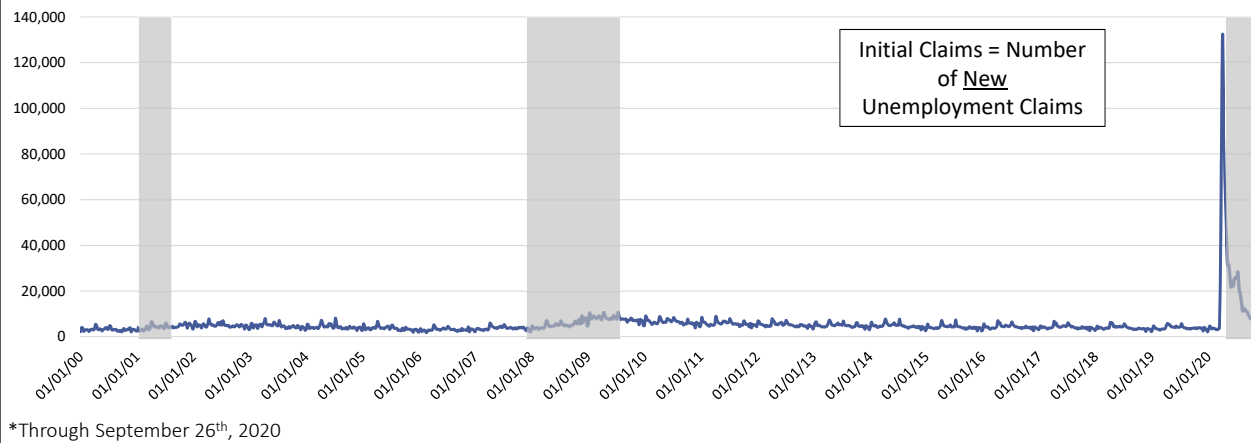
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## Arizona Unemployment Insurance Initial Claims

Weekly; 2000 – 2020\*

Source: Arizona Office of Economic Opportunity

Recession Period



## Greater Phoenix



## Greater Phoenix Job Losses

Seasonally Adjusted; **Peak to Trough**  
Source: U.S. Bureau of Labor Statistics

Note: 118,000 of 218,000 lost jobs  
have been recovered

- **1990-1991 Recession**
  - Lost Jobs: 14,900
  - % of Jobs: 1.5%
  - Job Recovery: 16 Months
- **2001 Recession**
  - Lost Jobs: 29,100
  - % of Jobs: 1.8%
  - Job Recovery: 23 Months
- **Great Recession (2008)**
  - Lost Jobs: 240,700
  - % of Jobs: 12.5%
  - Job Recovery: 97 Months
- **COVID Recession (2020)**
  - **Lost Jobs: 218,000**
  - **% of Jobs: 9.8%**
  - **Job Recovery: 16-22 Months?**

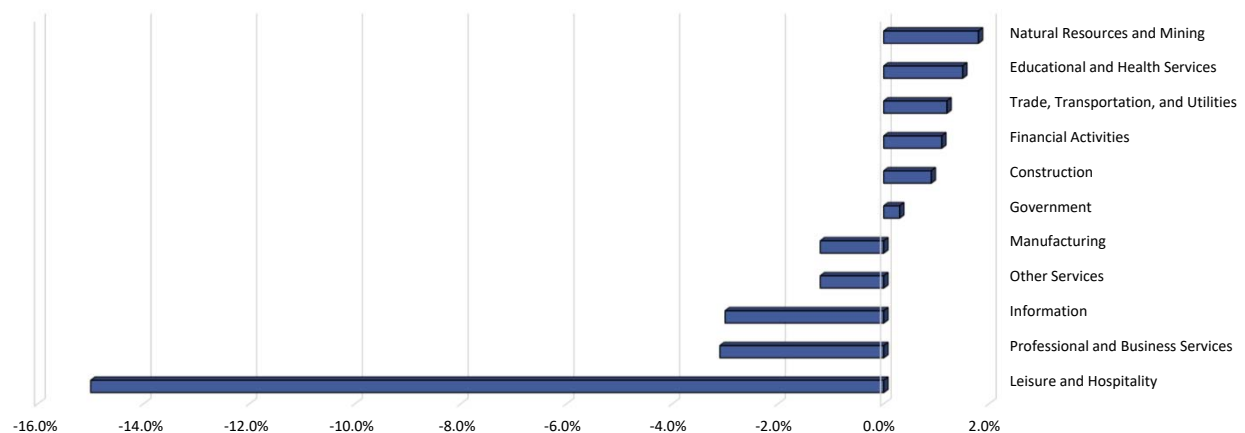


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## Greater Phoenix Job Losses by Sector

Non-Seasonally Adjusted, Percent Change  
Source: Arizona Office of Economic Opportunity



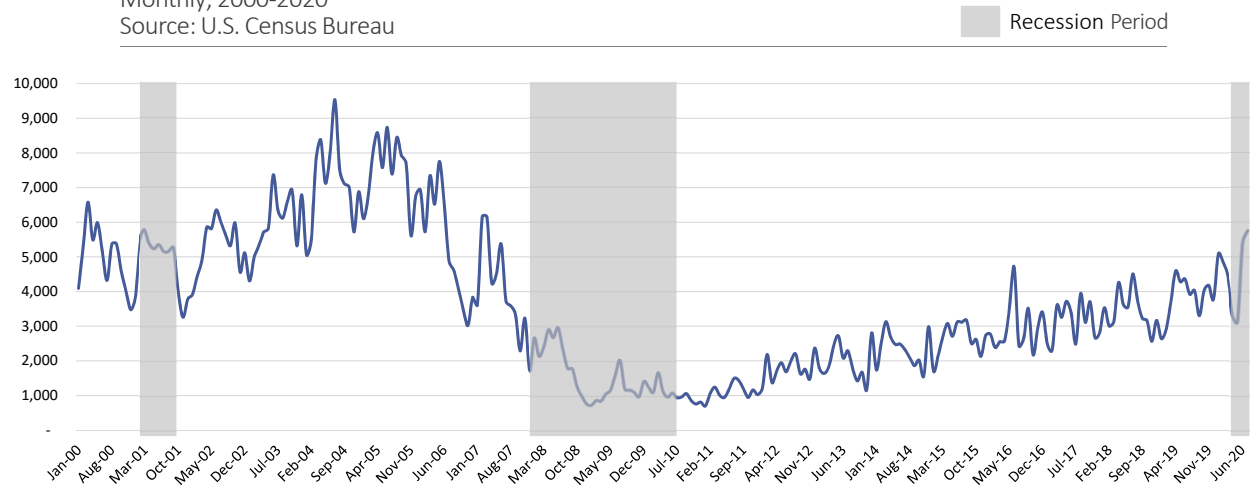
\*YTD through August 2020

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## Arizona Housing Permits

Monthly; 2000-2020\*

Source: U.S. Census Bureau



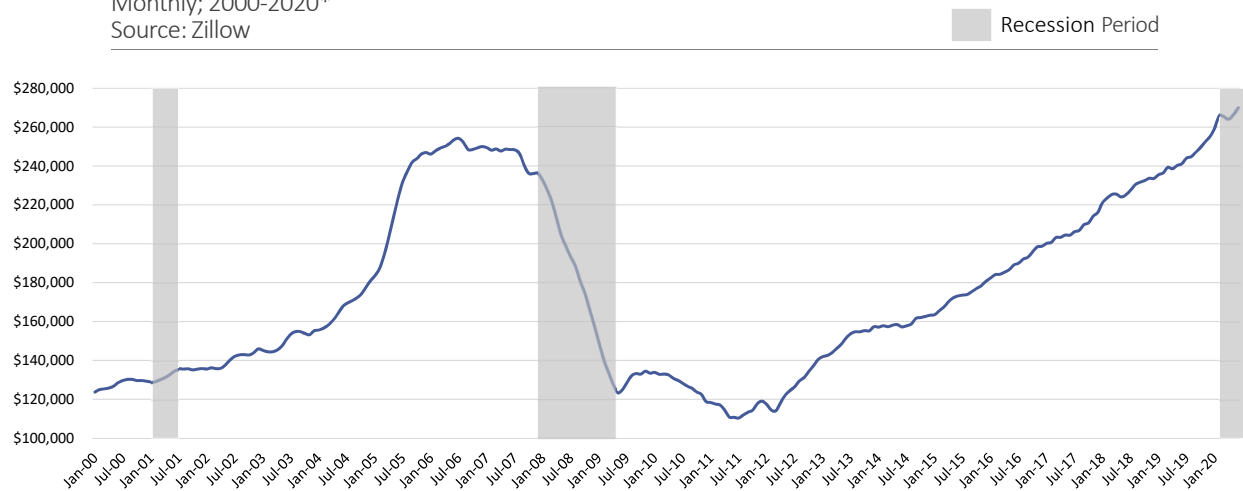
\*Through July 2020

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## Arizona Home Median Sales Prices

Monthly; 2000-2020\*

Source: Zillow



\*Through June 2020

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## Greater Tucson

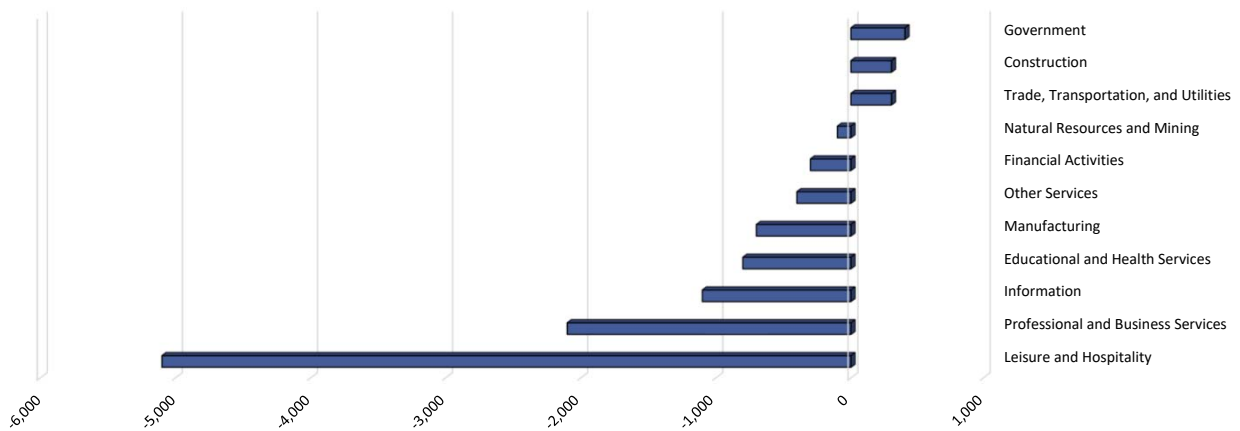


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### Greater Tucson Job Losses by Sector

Non-Seasonally Adjusted, Net Change  
Source: Arizona Office of Economic Opportunity



\*YTD through August 2020

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## Balance of State

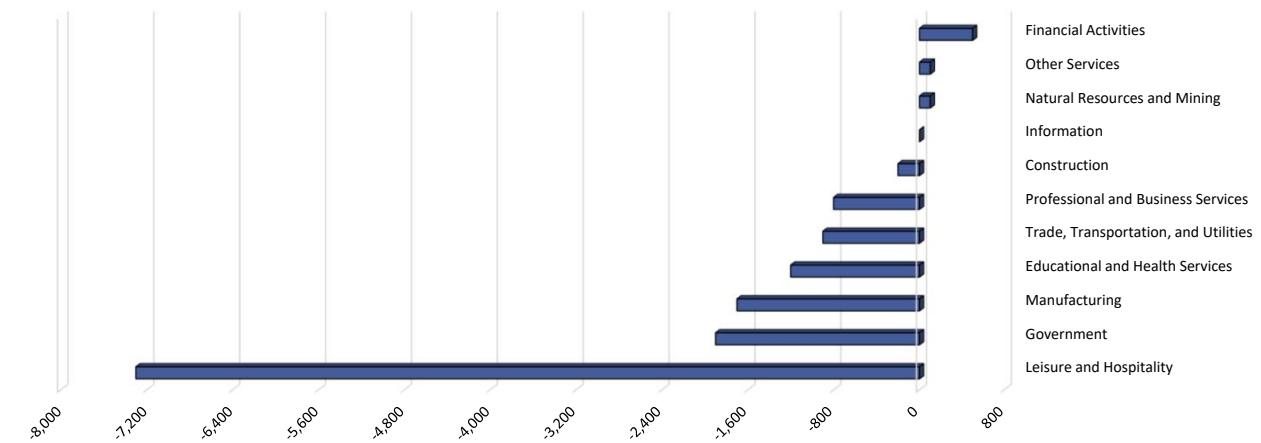


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## Balance of State Job Losses by Sector

Non-Seasonally Adjusted; YTD 2020\*  
Source: U.S. Bureau of Labor Statistics



\*YTD through August 2020

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## AZ Employment by County

Non-Seasonally Adjusted; Year-Over-Year, 2020\*

Source: Arizona Office of Economic Opportunity

Rank	County	% Change	Net Change
1	Cochise	4.2%	1,400
2	Yavapai	-0.8%	-500
3	La Paz	-0.9%	-50
4	Greenlee	-1.0%	-50
5	Graham	-2.2%	-200
6	Yuma	-2.3%	-1,300
7	Pima	-3.4%	-13,000
8	Maricopa	-3.5%	-74,100
9	Santa Cruz	-4.2%	-500
10	Mohave	-4.4%	-2,300
11	Navajo	-4.9%	-1,350
12	Gila	-5.6%	-850
13	Apache	-6.0%	-1,100
14	Pinal	-9.1%	-5,600
15	Coconino	-15.5%	-10,600

\*Aug. 2020 over Aug. 2019

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## AZ Employment by County – Leisure & Hospitality Industry

Non-Seasonally Adjusted; Year-Over-year, 2020\*

Source: Arizona Office of Economic Opportunity

Rank	County	% Change	Net Change
1	Cochise	-5.6%	-200
2	Yavapai	-5.7%	-600
3	Pima	-12.0%	-5,200
4	Navajo	-13.0%	-500
5	Yuma	-13.3%	-800
6	Maricopa	-20.8%	-46,400
7	Pinal	-31.3%	-1,800
8	Mohave	-36.4%	-2,800
9	Coconino	-50.9%	-8,400

\*August 2020 over August 2019

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## Overall?

---

AZ is still a solid bet, national top 5,  
Public policy matters (how do we respond?),  
Rural AZ will have some difficulty (support of tourism?),  
Expect this calendar year and part of next to be problematic.  
Recovery likely by? (end of next year is our best guess for earliest)  
**We need a legit "Recovery" package.**

## Connect with us:

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# **Treasurer Presentation**

## **Tab D**

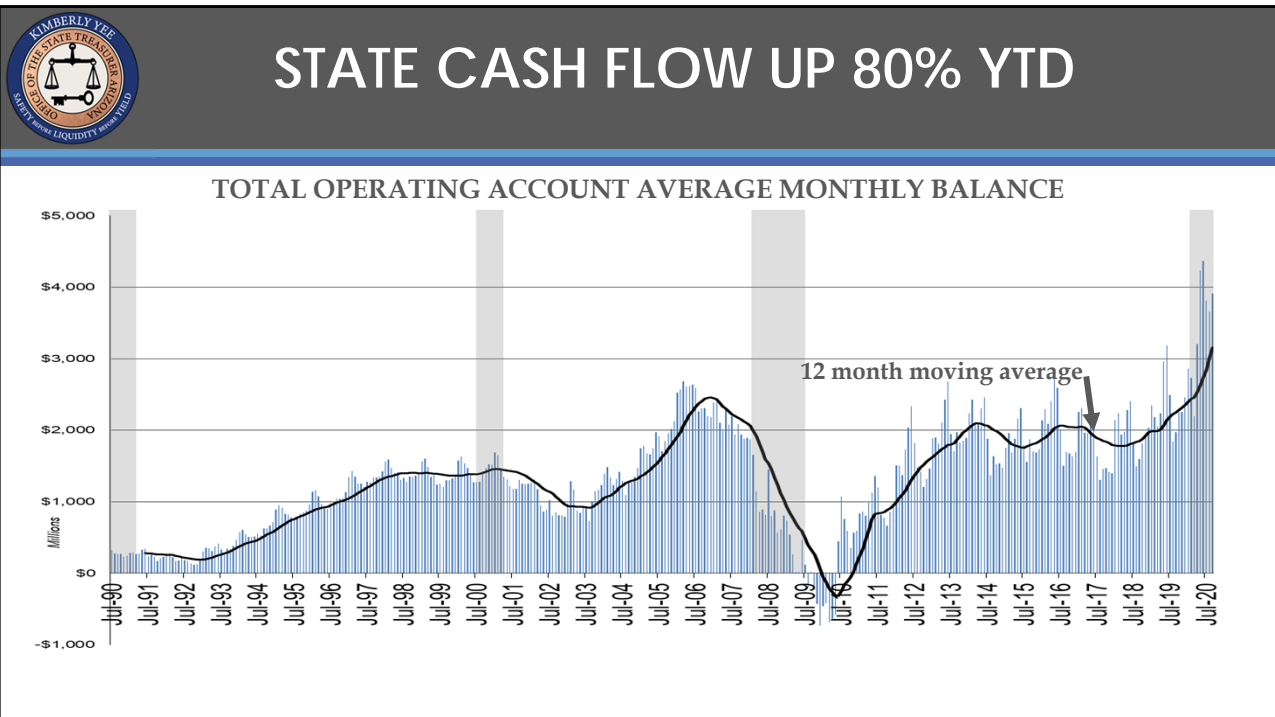
# FINANCE ADVISORY COMMITTEE CASH FLOW UPDATE

October 8, 2020

The Honorable Kimberly Yee

Treasurer

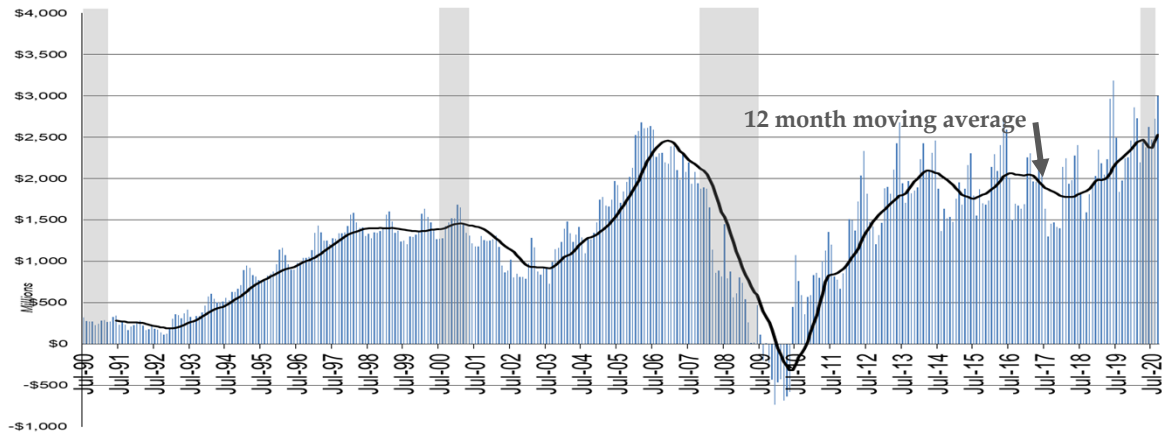
State of Arizona



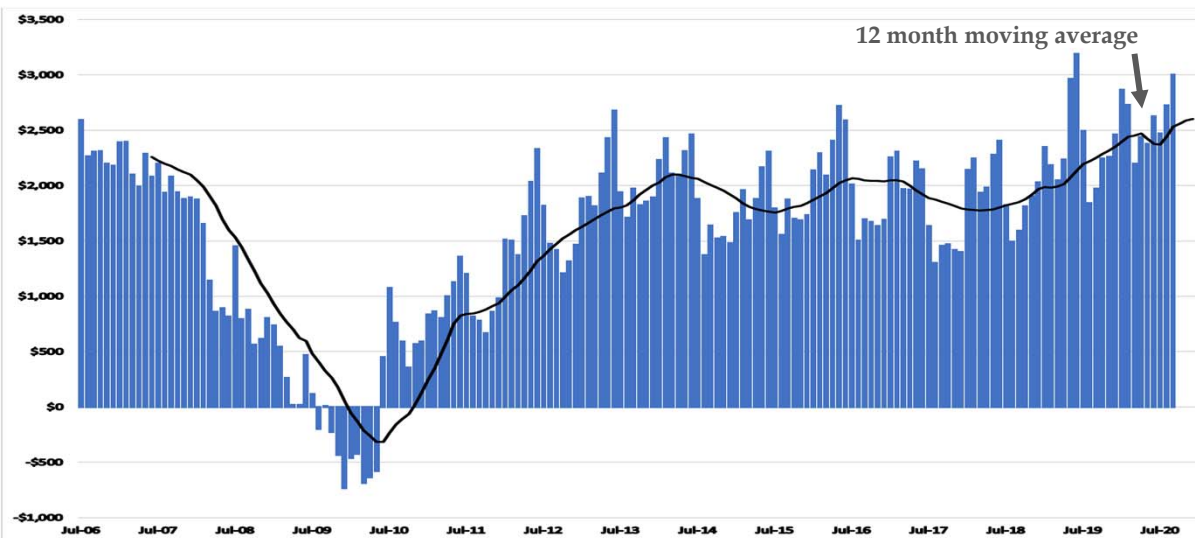


## STATE CASH FLOW ADJUSTED UP 30% YTD

TOTAL OPERATING ACCOUNT AVERAGE MONTHLY BALANCE



## STATE CASH FLOW ADJUSTED



# **Arizona Economic Trends**

## **Tab E**

# Arizona Economic Trends

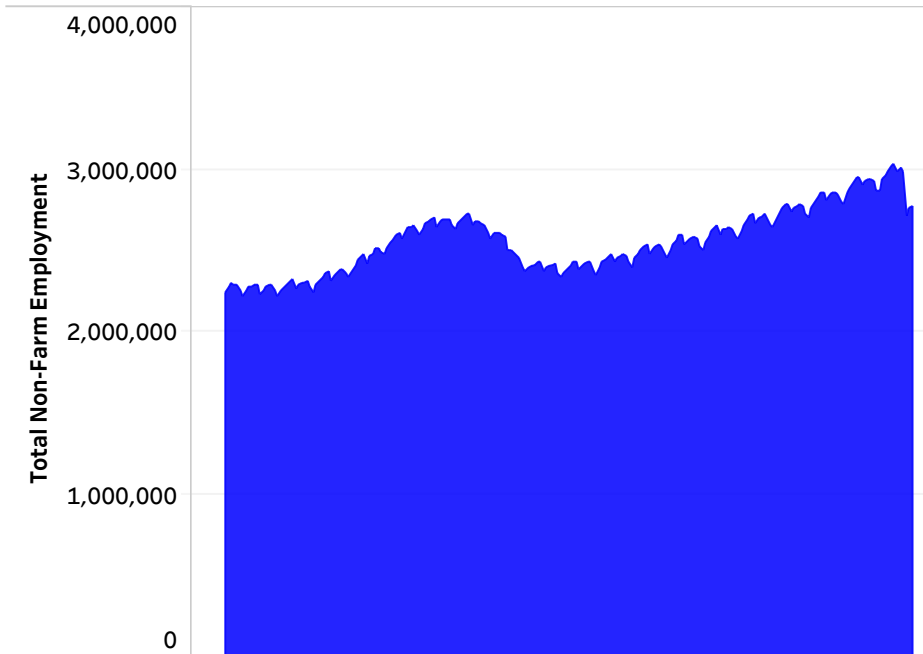
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**August 2020**

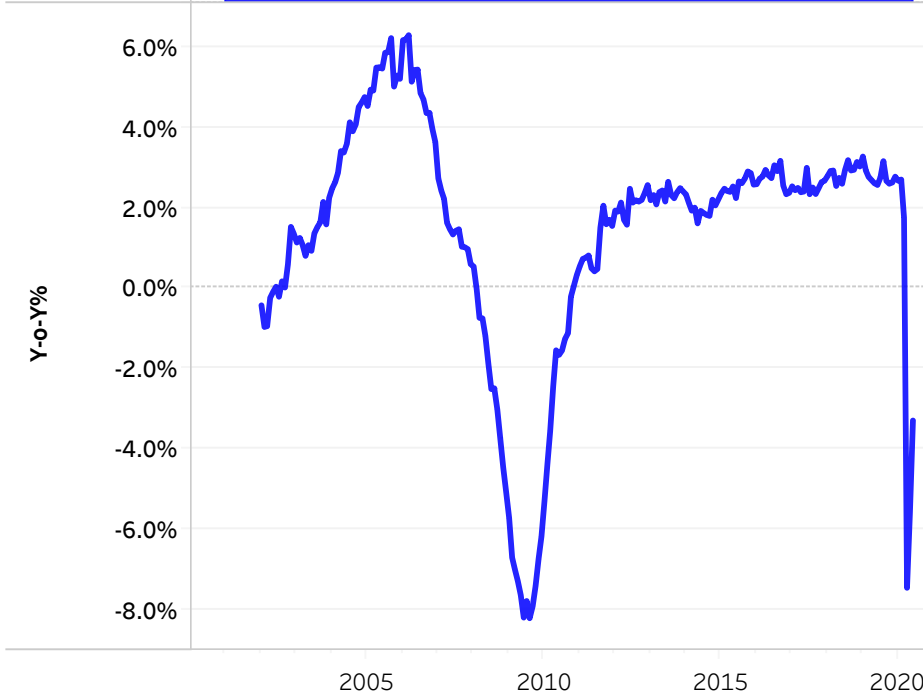
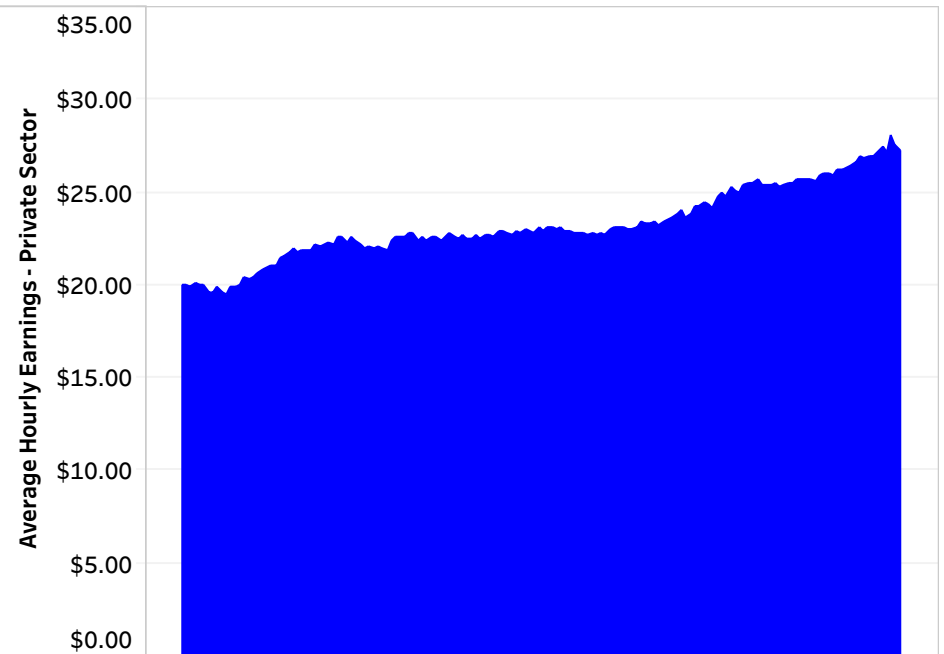
**Page:**

- 2.....Total Non-Farm Employment**
  - Average Hourly Earnings – Private Sector**
- 3.....State Sales Tax Collections – Retail Category**
  - State Sales Tax Collections – Contracting Category**
- 4.....Residential Building Permits**
  - Rolling 4-Week Withholding Total**
  - Initial Unemployment Insurance Weekly Claims**
  - Unemployment Insurance Weekly Claims**
- 5.....SNAP Recipients**
  - AHCCCS Recipients**
  - HURF Revenue**
  - Sky Harbor Total Passengers**
- 6.....Arizona Hotel Occupancy**
  - Arizona OpenTable Daily Reservations**

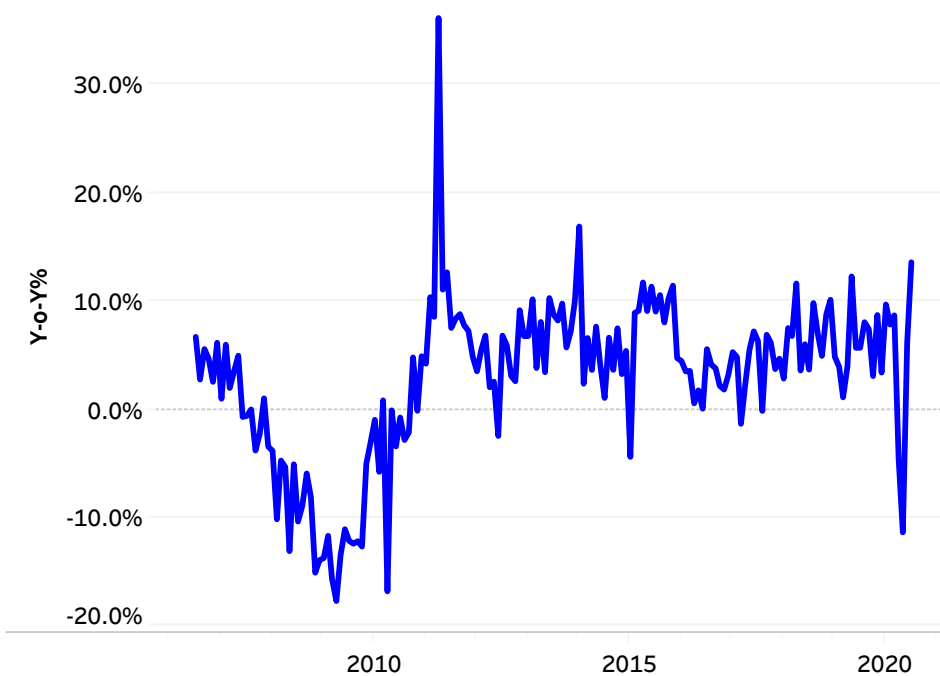
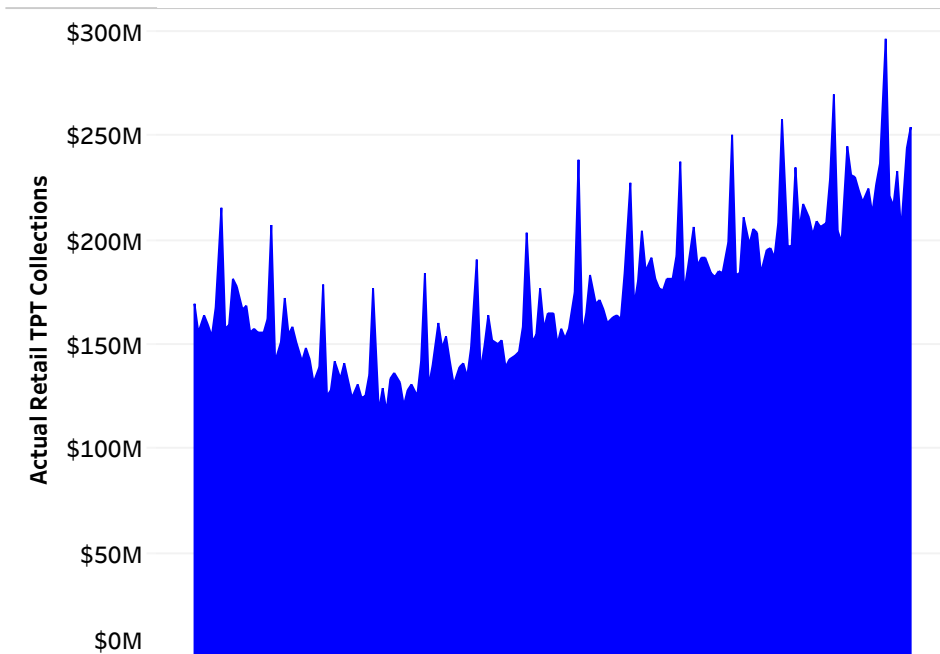
Total Non-Farm Employment



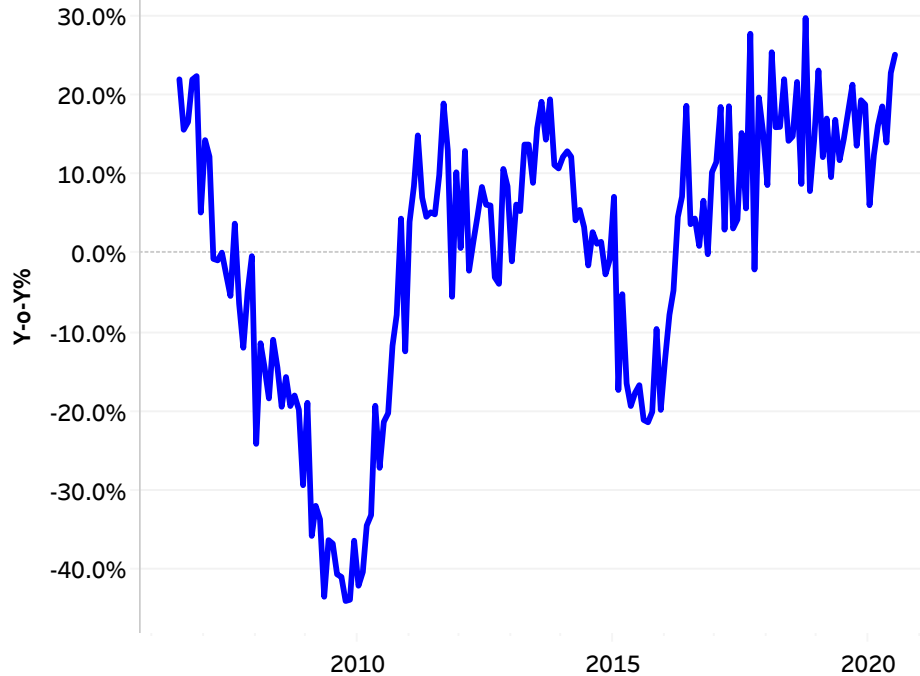
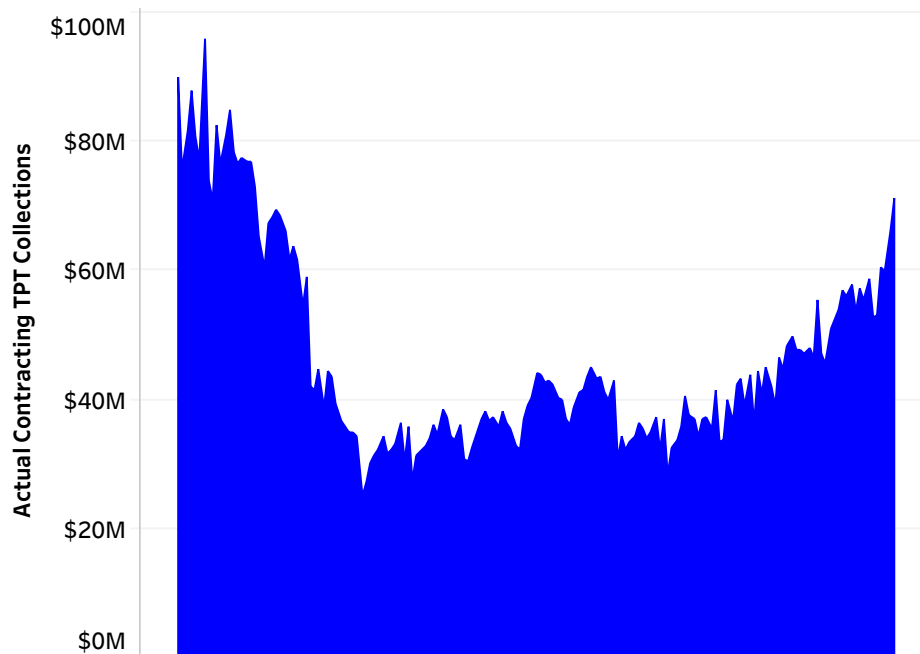
Average Hourly Earnings - Private Sector



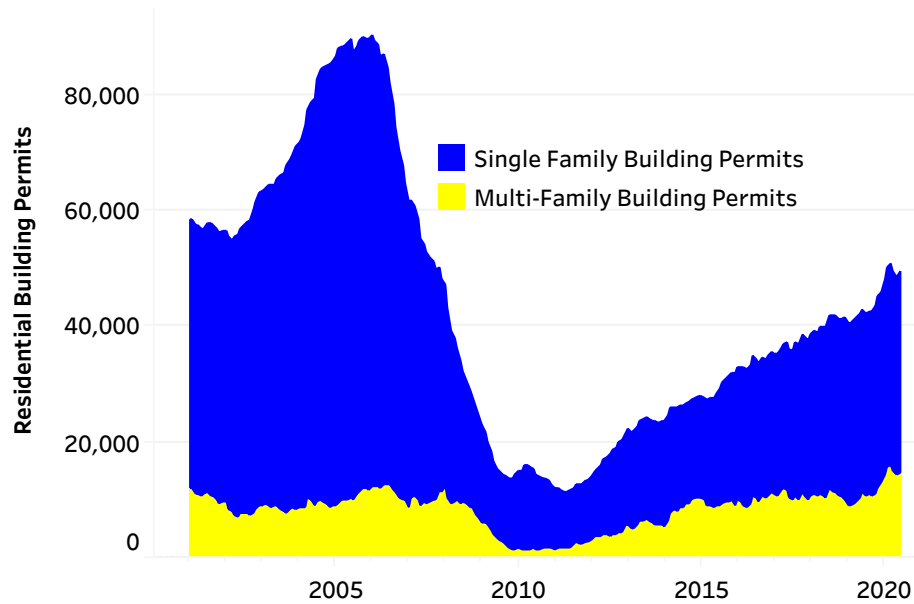
State Sales Tax Collections - Retail Category



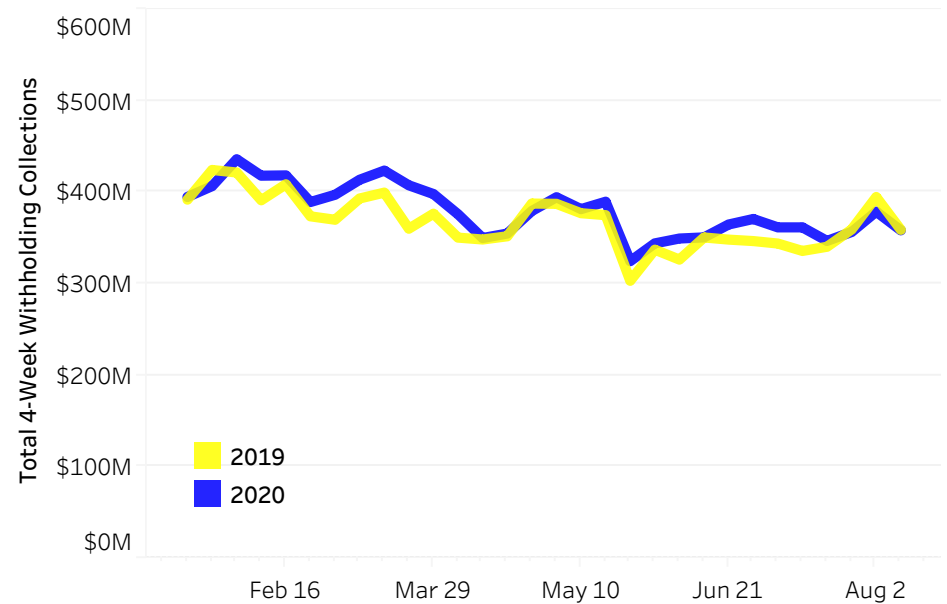
State Sales Tax Collections - Contracting Category



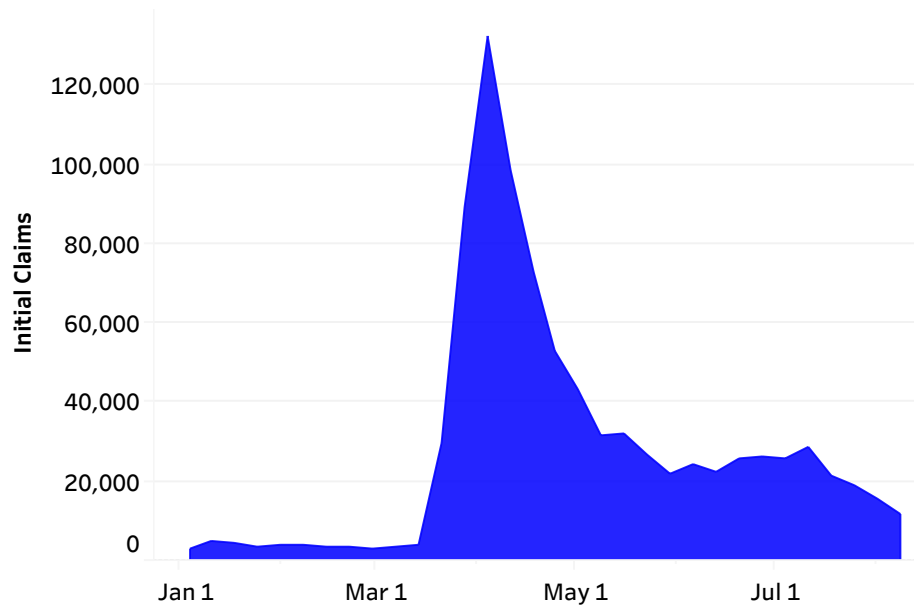
### Residential Building Permits



### Rolling 4-Week Withholding Total

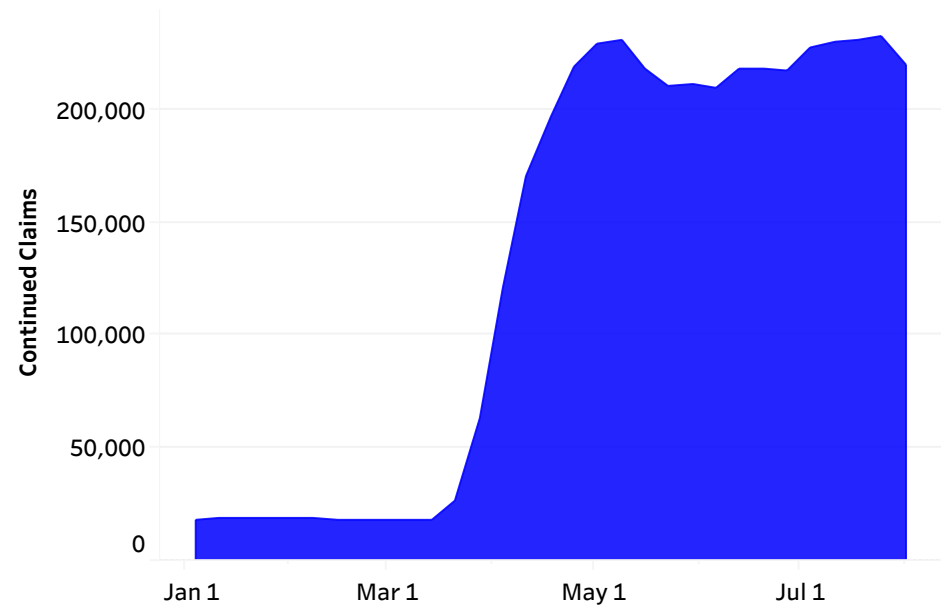


### Initial Unemployment Insurance Weekly Claims



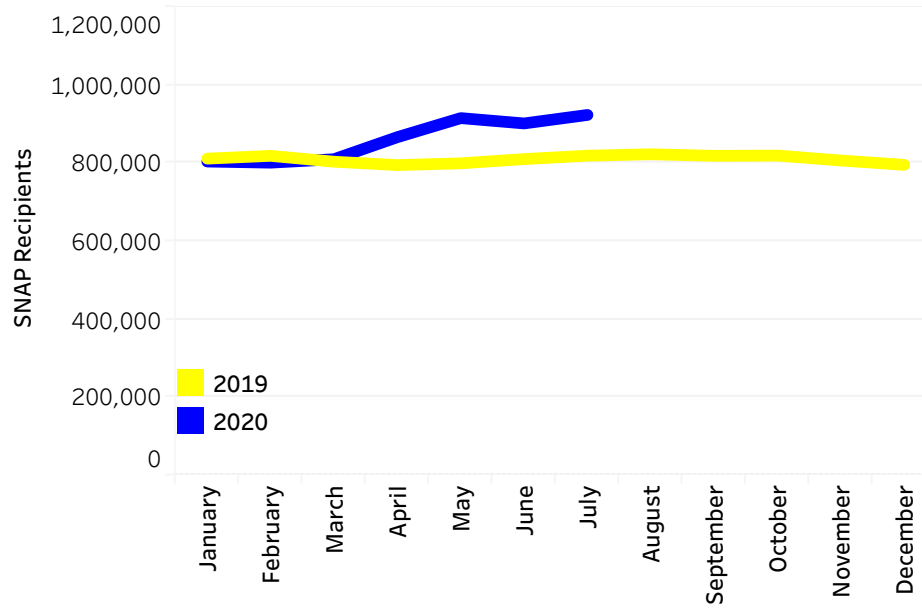
Reported Unemployment Insurance Initial Claims and Continued Claims do not include claims associated with the federally funded Pandemic Unemployment Assistance (PUA) program.

### Continued Unemployment Insurance Weekly Claims

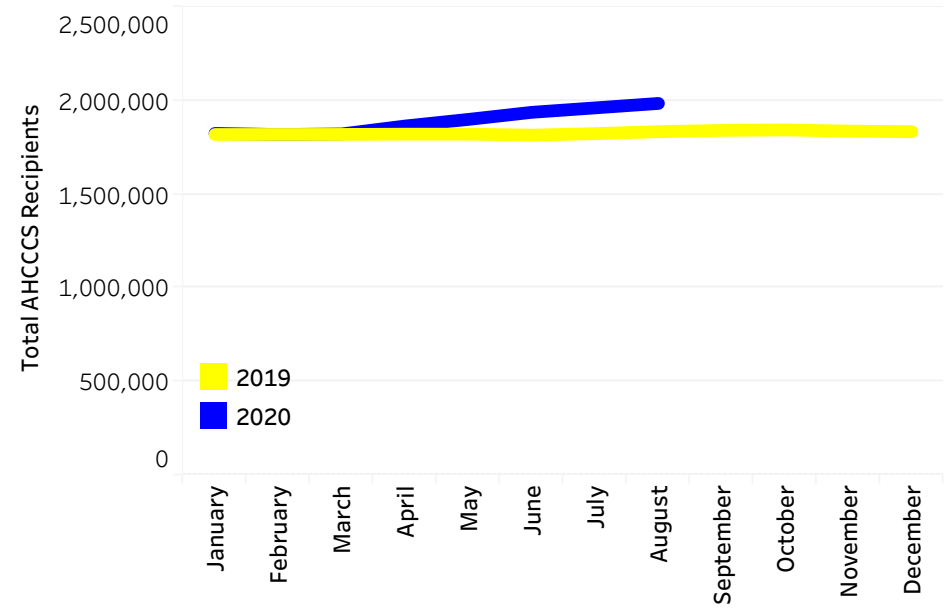


Reported Unemployment Insurance Initial Claims and Continued Claims do not include claims associated with the federally funded Pandemic Unemployment Assistance (PUA) program.

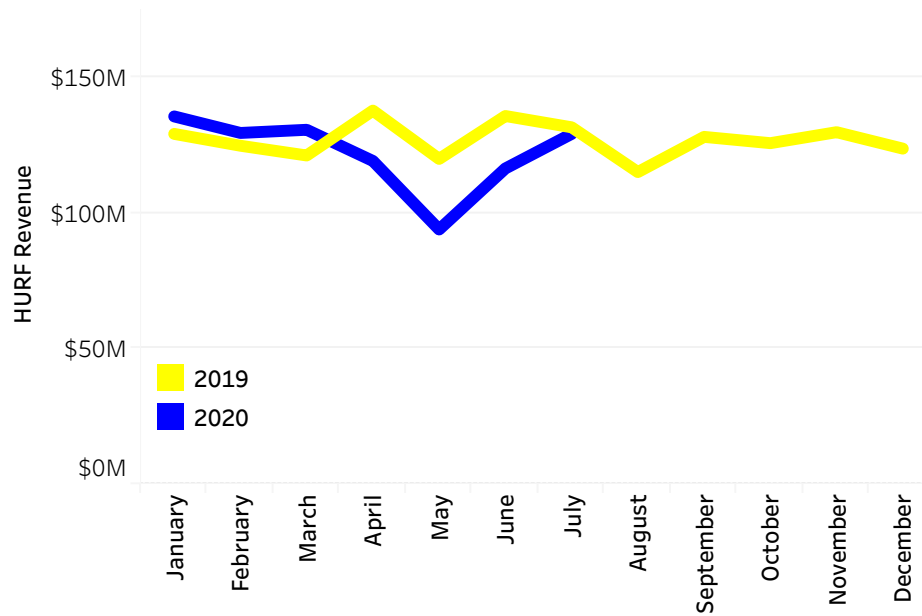
### SNAP Recipients



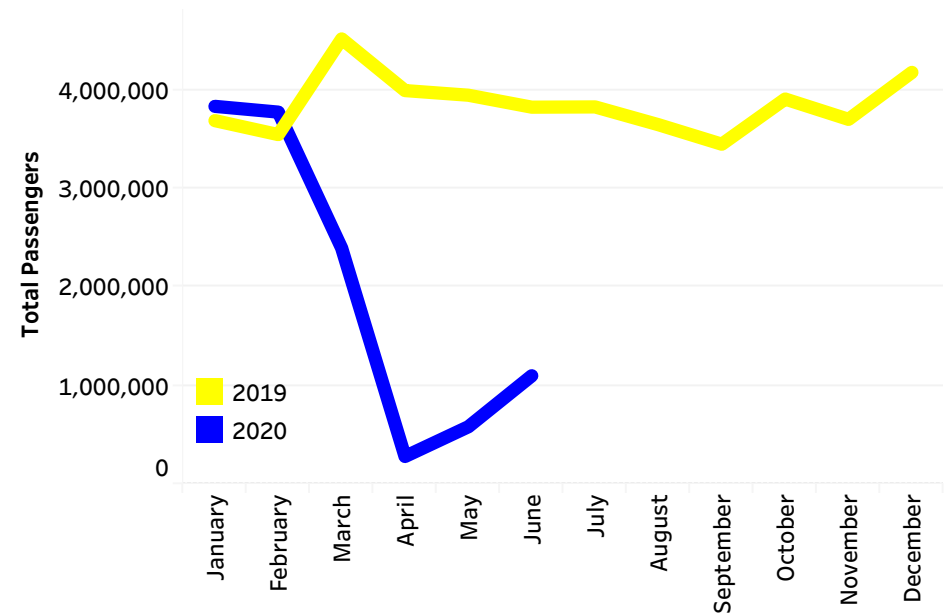
### AHCCCS Recipients

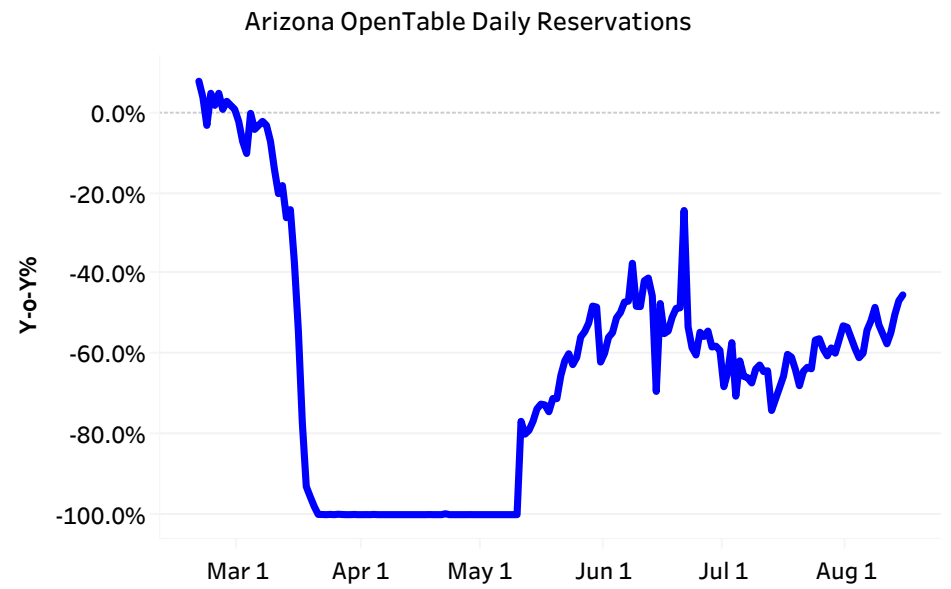
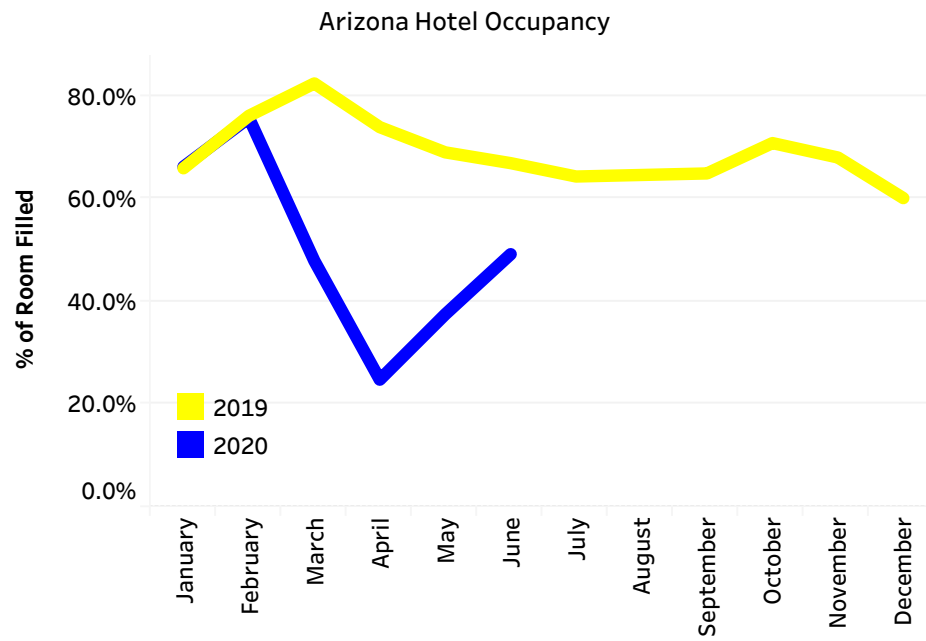


### HURF Revenue



### Sky Harbor Total Passengers





## **Background Information**

### **Tab F**

# **Sales Tax**

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

## General Fund Collections

		Year-to-Year %		Year-to-Date	
		Collections (\$)	Change	Collections (\$)	Change
FY 2016	July 2015	348,679,583	2.9%	348,679,583	2.9%
	Aug 2015	353,211,446	2.3%	701,891,029	2.6%
	Sep 2015	354,610,905	2.9%	1,056,501,934	2.7%
	Oct 2015	353,108,793	2.0%	1,409,610,727	2.5%
	Nov 2015	358,253,367	7.2%	1,767,864,094	3.4%
	Dec 2015	348,345,894	1.2%	2,116,209,988	3.1%
	Jan 2016	402,238,930	0.6%	2,518,448,918	2.7%
	Feb 2016	337,829,144	3.8%	2,856,278,062	2.8%
	Mar 2016	353,054,649	1.6%	3,209,332,711	2.7%
	Apr 2016	379,860,032	1.8%	3,589,192,743	2.6%
	May 2016	357,578,877	3.5%	3,946,771,620	2.7%
	June 2016	367,170,974	6.5%	4,313,942,594	3.0%
FY 2017	July 2016	366,675,509	5.2%	366,675,509	5.2%
	Aug 2016	363,146,878	2.8%	729,822,387	4.0%
	Sep 2016	360,723,516	1.7%	1,090,545,904	3.2%
	Oct 2016	368,502,768	4.4%	1,459,048,672	3.5%
	Nov 2016	357,852,204	-0.1%	1,816,900,876	2.8%
	Dec 2016	360,968,976	3.6%	2,177,869,852	2.9%
	Jan 2017	428,398,354	6.5%	2,606,268,206	3.5%
	Feb 2017	351,241,547	4.0%	2,957,509,752	3.5%
	Mar 2017	353,154,234	0.0%	3,310,663,986	3.2%
	Apr 2017	400,318,128	5.4%	3,710,982,114	3.4%
	May 2017	375,941,460	5.1%	4,086,923,573	3.6%
	June 2017	419,483,784	14.2%	4,506,407,358	4.5%
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%	5,391,912,922	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	491,053,294	10.3%	1,463,577,317	11.0%
	Oct 2020				
	Nov 2020				
	Dec 2020				
	Jan 2021				
	Feb 2021				
	Mar 2021				
	Apr 2021				
	May 2021				
	June 2021				

## Arizona Sales Tax - Retail

### General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2016	July 2015	181,548,265	9.0%	181,548,265	9.0%
	Aug 2015	177,046,393	10.6%	358,594,658	9.8%
	Sep 2015	175,922,929	8.0%	534,517,587	9.2%
	Oct 2015	180,960,482	10.3%	715,478,069	9.5%
	Nov 2015	180,927,010	11.4%	896,405,078	9.9%
	Dec 2015	192,683,860	4.7%	1,089,088,938	8.9%
	Jan 2016	237,905,057	4.5%	1,326,993,995	8.1%
	Feb 2016	174,692,994	3.5%	1,501,686,990	7.5%
	Mar 2016	186,681,082	3.6%	1,688,368,072	7.1%
	Apr 2016	205,855,090	0.6%	1,894,223,162	6.3%
	May 2016	188,010,481	1.8%	2,082,233,643	5.9%
	June 2016	191,268,057	0.1%	2,273,501,700	5.4%
FY 2017	July 2016	191,669,876	5.6%	191,669,876	5.6%
	Aug 2016	184,367,350	4.1%	376,037,226	4.9%
	Sep 2016	182,613,940	3.8%	558,651,166	4.5%
	Oct 2016	184,889,016	2.2%	743,540,182	3.9%
	Nov 2016	184,250,154	1.8%	927,790,336	3.5%
	Dec 2016	198,825,115	3.2%	1,126,615,450	3.4%
	Jan 2017	250,503,160	5.3%	1,377,118,610	3.8%
	Feb 2017	183,152,188	4.8%	1,560,270,798	3.9%
	Mar 2017	184,189,325	-1.3%	1,744,460,123	3.3%
	Apr 2017	210,654,435	2.3%	1,955,114,557	3.2%
	May 2017	198,365,208	5.5%	2,153,479,766	3.4%
	June 2017	205,072,228	7.2%	2,358,551,993	3.7%
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	241,472,903	7.6%	730,399,949	9.6%
	Oct 2020				
	Nov 2020				
	Dec 2020				
	Jan 2021				
	Feb 2021				
	Mar 2021				
	Apr 2021				
	May 2021				
	June 2021				

# Arizona Sales Tax - Contracting

## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2016	July 2015	36,244,878	-16.4%	36,244,878	-16.4%
	Aug 2015	35,425,169	-20.8%	71,670,047	-18.6%
	Sep 2015	33,896,253	-21.1%	105,566,300	-19.4%
	Oct 2015	34,716,856	-19.7%	140,283,156	-19.5%
	Nov 2015	37,175,735	-9.3%	177,458,891	-17.6%
	Dec 2015	32,070,329	-19.6%	209,529,220	-17.9%
	Jan 2016	37,035,354	-13.8%	246,564,574	-17.3%
	Feb 2016	28,219,746	-7.6%	274,784,320	-16.4%
	Mar 2016	32,563,862	-5.2%	307,348,182	-15.3%
	Apr 2016	33,730,627	2.4%	341,078,808	-13.9%
	May 2016	35,593,205	7.2%	376,672,014	-12.2%
	June 2016	40,503,059	18.5%	417,175,073	-10.0%
FY 2017	July 2016	37,587,296	3.7%	37,587,296	3.7%
	Aug 2016	36,989,247	4.4%	74,576,543	4.1%
	Sep 2016	34,220,384	1.0%	108,796,927	3.1%
	Oct 2016	37,018,388	6.6%	145,815,315	3.9%
	Nov 2016	37,153,467	-0.1%	182,968,781	3.1%
	Dec 2016	35,360,992	10.3%	218,329,773	4.2%
	Jan 2017	41,320,676	11.6%	259,650,449	5.3%
	Feb 2017	33,417,768	18.4%	293,068,217	6.7%
	Mar 2017	33,542,622	3.0%	326,610,839	6.3%
	Apr 2017	40,000,539	18.6%	366,611,379	7.5%
	May 2017	36,718,067	3.2%	403,329,445	7.1%
	June 2017	42,242,772	4.3%	445,572,218	6.8%
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	63,620,252	10.3%	202,732,874	18.8%
	Oct 2020				
	Nov 2020				
	Dec 2020				
	Jan 2021				
	Feb 2021				
	Mar 2021				
	Apr 2021				
	May 2021				
	June 2021				

# Arizona Sales Tax - Utilities

## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2016	July 2015	39,027,451	-6.2%	39,027,451	-6.2%
	Aug 2015	50,033,607	0.1%	89,061,058	-2.8%
	Sep 2015	50,425,149	4.6%	139,486,207	-0.2%
	Oct 2015	46,253,806	4.0%	185,740,013	0.8%
	Nov 2015	39,930,072	5.8%	225,670,085	1.6%
	Dec 2015	29,220,557	3.8%	254,890,642	1.9%
	Jan 2016	31,225,862	2.7%	286,116,504	2.0%
	Feb 2016	33,549,225	2.5%	319,665,729	2.0%
	Mar 2016	30,311,776	4.7%	349,977,505	2.3%
	Apr 2016	27,673,120	0.1%	377,650,625	2.1%
	May 2016	27,958,125	-1.8%	405,608,750	1.8%
	June 2016	31,963,250	0.0%	437,572,001	1.7%
FY 2017	July 2016	40,572,348	4.0%	40,572,348	4.0%
	Aug 2016	50,470,385	0.9%	91,042,733	2.2%
	Sep 2016	51,249,249	1.6%	142,291,982	2.0%
	Oct 2016	45,149,089	-2.4%	187,441,071	0.9%
	Nov 2016	36,948,354	-7.5%	224,389,425	-0.6%
	Dec 2016	30,947,802	5.9%	255,337,227	0.2%
	Jan 2017	29,014,541	-7.1%	284,351,768	-0.6%
	Feb 2017	31,432,074	-6.3%	315,783,842	-1.2%
	Mar 2017	28,470,454	-6.1%	344,254,296	-1.6%
	Apr 2017	27,916,909	0.9%	372,171,205	-1.5%
	May 2017	28,083,167	0.4%	400,254,373	-1.3%
	June 2017	32,282,606	1.0%	432,536,979	-1.2%
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	55,156,197	6.7%	146,528,835	6.6%
	Oct 2020				
	Nov 2020				
	Dec 2020				
	Jan 2021				
	Feb 2021				
	Mar 2021				
	Apr 2021				
	May 2021				
	June 2021				

# Arizona Sales Tax - Restaurants and Bars

## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2016	July 2015	34,696,347	4.6%	34,696,347	4.6%
	Aug 2015	34,101,403	11.3%	68,797,750	7.8%
	Sep 2015	34,560,586	-2.5%	103,358,336	4.2%
	Oct 2015	34,887,605	2.4%	138,245,941	3.7%
	Nov 2015	38,478,451	12.2%	176,724,392	5.4%
	Dec 2015	38,160,598	2.3%	214,884,990	4.9%
	Jan 2016	39,570,273	-1.7%	254,455,263	3.8%
	Feb 2016	40,972,671	17.4%	295,427,934	5.5%
	Mar 2016	42,914,197	6.3%	338,342,131	5.6%
	Apr 2016	45,975,299	7.4%	384,317,430	5.8%
	May 2016	43,247,827	6.5%	427,565,257	5.9%
	June 2016	41,602,194	1.7%	469,167,451	5.5%
FY 2017	July 2016	37,820,186	9.0%	37,820,186	9.0%
	Aug 2016	38,024,269	11.5%	75,844,454	10.2%
	Sep 2016	36,851,641	6.6%	112,696,096	9.0%
	Oct 2016	38,037,733	9.0%	150,733,828	9.0%
	Nov 2016	40,873,010	6.2%	191,606,838	8.4%
	Dec 2016	39,001,074	2.2%	230,607,912	7.3%
	Jan 2017	42,981,910	8.6%	273,589,822	7.5%
	Feb 2017	41,848,150	2.1%	315,437,972	6.8%
	Mar 2017	43,726,596	1.9%	359,164,568	6.2%
	Apr 2017	49,438,005	7.5%	408,602,572	6.3%
	May 2017	47,408,741	9.6%	456,011,314	6.7%
	June 2017	44,752,375	7.6%	500,763,688	6.7%
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	39,744,633	-11.7%	118,094,467	-12.3%
	Oct 2020				
	Nov 2020				
	Dec 2020				
	Jan 2021				
	Feb 2021				
	Mar 2021				
	Apr 2021				
	May 2021				
	June 2021				

# Arizona Use Tax

## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2016	July 2015	24,622,847	3.9%	24,622,847	3.9%
	Aug 2015	22,022,588	-17.3%	46,645,435	-7.3%
	Sep 2015	28,693,187	17.3%	75,338,622	0.8%
	Oct 2015	23,728,706	-15.6%	99,067,328	-3.7%
	Nov 2015	26,167,390	9.1%	125,234,718	-1.3%
	Dec 2015	22,114,197	-0.3%	147,348,915	-1.1%
	Jan 2016	24,173,367	-4.1%	171,522,282	-1.6%
	Feb 2016	22,047,800	3.4%	193,570,082	-1.0%
	Mar 2016	22,534,763	6.6%	216,104,845	-0.3%
	Apr 2016	21,261,858	0.9%	237,366,703	-0.2%
	May 2016	24,657,632	10.2%	262,024,335	0.7%
	June 2016	21,327,736	1.8%	283,352,071	0.8%
FY 2017	July 2016	25,897,373	5.2%	25,897,373	5.2%
	Aug 2016	20,601,846	-6.5%	46,499,220	-0.3%
	Sep 2016	22,740,511	-20.7%	69,239,731	-8.1%
	Oct 2016	29,687,843	25.1%	98,927,574	-0.1%
	Nov 2016	25,134,229	-3.9%	124,061,803	-0.9%
	Dec 2016	23,498,581	6.3%	147,560,384	0.1%
	Jan 2017	30,398,627	25.8%	177,959,011	3.8%
	Feb 2017	24,828,129	12.6%	202,787,140	4.8%
	Mar 2017	24,100,359	6.9%	226,887,499	5.0%
	Apr 2017	25,560,798	20.2%	252,448,296	6.4%
	May 2017	24,222,309	-1.8%	276,670,606	5.6%
	June 2017	24,204,848	13.5%	300,875,454	6.2%
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	32,160,717	4.4%	101,006,599	6.6%
	Oct 2020				
	Nov 2020				
	Dec 2020				
	Jan 2021				
	Feb 2021				
	Mar 2021				
	Apr 2021				
	May 2021				
	June 2021				

# **Individual Income Tax**

Arizona Individual Income Tax  
General Fund Collections

		Year-to-Date		Year-to-Date		Year-to-Date		Year-to-Date		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 2016	Jul-15	314,515,790	2.1%	314,515,790	2.1%	314,430,681	3.5%	314,430,681	3.5%	19,164,953	-10.3%	19,164,953	-10.3%	(19,079,844)	12.0%	(19,079,844)	12.0%
	Aug	317,132,476	14.5%	631,648,266	8.0%	305,157,231	13.0%	619,587,912	8.0%	23,246,287	24.3%	42,411,240	5.9%	(11,271,042)	-3.0%	(30,350,886)	5.9%
	Sep	393,705,665	0.6%	1,025,353,931	5.0%	273,973,325	-5.0%	893,561,237	3.7%	132,426,221	12.5%	174,837,461	10.8%	(12,693,881)	-14.1%	(43,044,766)	-0.9%
	Oct	319,034,350	6.4%	1,344,388,281	5.3%	302,810,632	-5.5%	1,196,371,869	1.2%	76,738,000	27.6%	251,575,461	15.5%	(60,514,282)	-24.9%	(103,559,049)	-16.5%
	Nov	323,541,738	13.9%	1,667,930,018	6.9%	320,077,580	14.2%	1,516,449,449	3.7%	22,178,860	26.3%	273,754,321	16.3%	(18,714,702)	33.8%	(122,273,751)	-11.4%
	Dec	420,765,658	-0.1%	2,088,695,676	5.4%	333,681,665	-1.1%	1,850,131,114	2.8%	117,234,036	41.0%	390,988,357	22.7%	(30,150,043)	N/A	(152,423,795)	11.1%
	Jan-16	446,394,828	3.0%	2,535,090,505	5.0%	320,631,058	2.2%	2,170,762,172	2.7%	153,325,352	27.5%	544,313,709	24.0%	(27,561,582)	3748.4%	(179,985,376)	30.5%
	Feb	77,521,976	110.6%	2,612,612,480	6.6%	336,465,101	8.8%	2,507,227,273	3.5%	25,421,939	24.7%	569,735,648	24.1%	(284,365,064)	-2.9%	(464,350,441)	7.8%
	Mar	66,604,789	-50.8%	2,679,217,269	3.6%	340,854,324	-2.7%	2,848,081,597	2.7%	67,616,711	1.0%	637,352,359	21.1%	(341,866,246)	21.3%	(806,216,687)	13.1%
	Apr	629,738,416	15.9%	3,308,955,685	5.7%	317,931,628	-0.4%	3,166,013,224	2.4%	618,921,131	2.1%	1,256,273,490	10.9%	(307,114,342)	-19.6%	(1,113,331,029)	1.7%
	May	283,745,886	19.6%	3,592,701,571	6.7%	377,198,112	28.7%	3,543,211,336	4.7%	23,463,871	8.0%	1,279,737,361	10.9%	(116,916,096)	50.7%	(1,230,247,125)	4.9%
	Jun	375,217,930	-4.7%	3,967,919,501	5.5%	296,489,808	-3.0%	3,839,701,144	4.0%	119,063,331	-8.3%	1,398,800,691	9.0%	(40,335,209)	-3.8%	(1,270,582,334)	4.6%
FY 2017	Jul-16	308,548,458	-1.9%	308,548,458	-1.9%	305,368,169	-2.9%	305,368,169	-2.9%	20,712,921	8.1%	20,712,921	8.1%	(17,532,632)	-8.1%	(17,532,632)	-8.1%
	Aug	354,939,880	11.9%	663,488,338	5.0%	350,346,360	14.8%	655,714,529	5.8%	23,144,581	-0.4%	43,857,503	3.4%	(18,551,062)	64.6%	(36,083,694)	18.9%
	Sep	409,053,512	3.9%	1,072,541,850	4.6%	297,467,188	8.6%	953,181,717	6.7%	125,063,020	-5.6%	168,920,523	-3.4%	(13,476,695)	6.2%	(49,560,389)	15.1%
	Oct	364,287,339	14.2%	1,436,829,190	6.9%	343,699,273	13.5%	1,296,880,990	8.4%	59,370,843	-22.6%	228,291,366	-9.3%	(38,782,777)	-35.9%	(88,343,166)	-14.7%
	Nov	315,542,122	-2.5%	1,752,371,312	5.1%	319,738,667	-0.1%	1,616,619,657	6.6%	40,402,393	82.2%	268,693,759	-1.8%	(44,598,938)	138.3%	(132,942,104)	8.7%
	Dec	411,697,127	-2.2%	2,164,068,439	3.6%	343,735,527	3.0%	1,960,355,184	6.0%	100,547,049	-14.2%	369,240,808	-5.6%	(32,585,449)	8.1%	(165,527,553)	8.6%
	Jan-17	553,183,185	23.9%	2,717,251,624	7.2%	387,707,054	20.9%	2,348,062,238	8.2%	176,196,518	14.9%	549,437,326	0.2%	(10,720,387)	-61.1%	(176,247,940)	-2.1%
	Feb	66,442,676	-14.3%	2,783,694,299	6.5%	322,560,140	-4.1%	2,670,622,378	6.5%	21,215,983	-16.5%	566,653,309	-0.5%	(277,333,447)	-2.5%	(453,581,387)	-2.3%
	Mar	105,813,915	58.9%	2,889,508,214	7.8%	378,775,026	11.1%	3,049,397,404	7.1%	68,927,837	1.9%	635,581,146	-0.3%	(341,888,948)	0.0%	(795,470,335)	-1.3%
	Apr	543,980,973	-13.6%	3,433,489,188	3.8%	319,579,167	0.5%	3,368,976,571	6.4%	593,660,943	-4.1%	1,229,242,088	-2.2%	(369,259,136)	20.2%	(1,164,729,471)	4.6%
	May	294,799,744	3.9%	3,728,288,931	3.8%	363,050,999	-3.8%	3,732,027,570	5.3%	38,609,464	64.5%	1,267,851,552	-0.9%	(106,860,720)	-8.6%	(1,271,590,191)	3.4%
	Jun	402,270,876	7.2%	4,130,559,807	4.1%	322,315,755	8.7%	4,054,343,325	5.6%	121,937,870	2.4%	1,389,789,423	-0.6%	(41,982,750)	4.1%	(1,313,572,941)	3.4%
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						

## 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 2016	Jul-15	19,164,953	-10.3%	19,164,953	-10.3%	5,850,579	-6.9%	5,850,579	-6.9%	13,314,373	-11.6%	13,314,373	-11.6%
	Aug	23,246,287	24.3%	42,411,240	5.9%	8,211,917	18.3%	14,062,496	6.3%	15,034,370	27.9%	28,348,744	5.7%
	Sep	132,426,221	12.5%	174,837,461	10.8%	114,161,632	13.6%	128,224,128	12.8%	18,264,589	6.1%	46,613,333	5.8%
	Oct	76,738,000	27.6%	251,575,461	15.5%	8,458,806	6.4%	136,682,934	12.4%	68,279,194	30.8%	114,892,527	19.4%
	Nov	22,178,860	26.3%	273,754,321	16.3%	6,067,038	13.2%	142,749,972	12.4%	16,111,822	32.1%	131,004,349	20.8%
	Dec	117,234,036	41.0%	390,988,357	22.7%	105,670,933	44.0%	248,420,905	24.0%	11,563,103	18.0%	142,567,452	20.6%
	Jan-16	153,325,352	27.5%	544,313,709	24.0%	144,202,609	25.0%	392,623,514	24.3%	9,122,743	86.1%	151,690,195	23.2%
	Feb	25,421,939	24.7%	569,735,648	24.1%	4,051,196	39.3%	396,674,710	24.5%	21,370,743	22.2%	173,060,938	23.1%
	Mar	67,616,711	1.0%	637,352,359	21.1%	6,823,890	18.0%	403,498,600	24.4%	60,792,822	-0.6%	233,853,760	15.9%
	Apr	618,921,131	2.1%	1,256,273,490	10.9%	64,994,378	-6.8%	468,492,977	18.9%	553,926,753	3.3%	787,780,513	6.7%
	May	23,463,871	8.0%	1,279,737,361	10.9%	6,620,379	10.6%	475,113,356	18.7%	16,843,492	7.0%	804,624,005	6.7%
	Jun	119,063,331	-8.6%	1,398,800,691	8.9%	99,589,263	-9.8%	574,702,619	12.6%	19,474,068	-2.1%	824,098,072	6.5%
FY 2017	Jul-16	20,712,921	8.1%	20,712,921	8.1%	6,317,109	8.0%	6,317,109	8.0%	14,395,813	8.1%	14,395,813	8.1%
	Aug	23,144,581	-0.4%	43,857,503	3.4%	8,046,994	-2.0%	14,364,103	2.1%	15,097,587	0.4%	29,493,400	4.0%
	Sep	125,063,020	-5.6%	168,920,523	-3.4%	111,671,071	-2.2%	126,035,173	-1.7%	13,391,949	-26.7%	42,885,349	-8.0%
	Oct	59,370,843	-22.6%	228,291,366	-9.3%	8,730,877	3.2%	134,766,050	-1.4%	50,639,966	-25.8%	93,525,315	-18.6%
	Nov	40,402,393	82.2%	268,693,759	-1.8%	8,800,125	45.0%	143,566,175	0.6%	31,602,268	96.1%	125,127,583	-4.5%
	Dec	100,547,049	-14.2%	369,240,808	-5.6%	90,136,492	-14.7%	233,702,667	-5.9%	10,410,557	-10.0%	135,538,140	-4.9%
	Jan-17	176,196,518	14.9%	545,437,326	0.2%	164,611,622	14.2%	398,314,289	1.4%	11,584,896	27.0%	147,123,036	-3.0%
	Feb	21,215,983	-16.5%	566,653,309	-0.5%	3,461,703	-14.6%	401,775,992	1.3%	17,754,280	-16.9%	164,877,316	-4.7%
	Mar	68,927,837	1.9%	635,581,146	-0.3%	5,669,975	-16.9%	407,445,967	1.0%	63,257,862	4.1%	228,135,178	-2.4%
	Apr	593,660,943	-4.1%	1,229,242,088	-2.2%	72,213,427	11.1%	479,659,394	2.4%	521,447,515	-5.9%	749,582,694	-4.8%
	May	38,609,464	64.5%	1,267,851,552	-0.9%	6,681,551	0.9%	486,340,946	2.4%	31,927,913	89.6%	781,510,607	-2.9%
	Jun	121,937,870	2.4%	1,389,789,423	-0.6%	103,768,177	4.2%	590,109,123	2.7%	18,169,693	-6.7%	799,680,300	-3.0%
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%	203,639,696	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%	7,488,583	-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	166,956,848	-7.0%	939,153,486	280.2%	152,109,722	-0.2%	240,065,343	37.5%	14,847,126	-45.2%	699,088,143	865.3%
	Oct												
	Nov												
	Dec												
	Jan-21												
	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 2016	↑	July 2015	36,768,159	35.9%	36,768,159	35.9%	(4,486,848)	-69.1%	(4,486,848)	-69.1%	32,281,311	157.7%	32,281,311	157.7%
		Aug 2015	10,884,908	-22.2%	47,653,067	16.1%	(8,555,055)	N/A	(13,041,903)	-10.2%	2,329,853	-83.4%	34,611,164	30.5%
		Sep 2015	116,193,641	-4.9%	163,846,708	0.4%	(27,437,463)	503.1%	(40,479,366)	112.2%	88,756,178	-24.6%	123,367,342	-14.4%
		Oct 2015	49,688,646	17.6%	213,535,354	3.9%	(4,305,671)	-54.2%	(44,785,037)	57.3%	45,382,975	38.1%	168,750,317	-4.7%
		Nov 2015	35,877,298	123.1%	249,412,652	12.6%	(15,278,756)	21.0%	(60,063,793)	46.1%	20,598,542	497.0%	189,348,859	4.9%
		Dec 2015	117,761,370	-18.4%	367,174,022	0.3%	(49,974,903)	158.2%	(110,038,696)	82.0%	67,786,467	-45.8%	257,135,326	-15.8%
		Jan 2016	32,103,120	-24.5%	399,277,142	-2.3%	(10,759,412)	-51.9%	(120,798,108)	45.9%	21,343,708	5.7%	278,479,034	-14.5%
		Feb 2016	12,843,136	-9.7%	412,120,278	-2.5%	(582,733)	-95.5%	(121,380,841)	26.6%	12,260,403	979.1%	290,739,437	-11.0%
		Mar 2016	70,548,584	-8.6%	482,668,862	-3.4%	1,363,587	N/A	(120,017,254)	22.8%	71,912,171	-4.5%	362,651,608	-9.8%
		Apr 2016	75,033,925	-33.7%	557,702,787	-9.0%	(655,651)	-97.5%	(120,672,905)	-2.5%	74,378,274	-14.7%	437,029,882	-10.7%
FY 2017	↓	May 2016	43,168,045	-33.0%	600,870,832	-11.3%	(4,696,930)	552.5%	(125,369,835)	0.8%	38,471,115	-39.6%	475,500,997	-14.0%
		June 2016	98,166,763	-11.8%	699,037,595	-11.4%	(3,120,064)	140.4%	(128,489,899)	2.2%	95,046,699	-13.6%	570,547,696	-13.9%
	↑	July 2016	22,024,760	-40.1%	22,024,760	-40.1%	(19,735,807)	339.9%	(19,735,807)	339.9%	2,288,953	-92.9%	2,288,953	-92.9%
		Aug 2016	15,544,054	42.8%	37,568,814	-21.2%	(10,745,312)	25.6%	(30,481,119)	133.7%	4,798,742	106.0%	7,087,695	-79.5%
		Sep 2016	89,348,852	-23.1%	126,917,666	-22.5%	(10,788,021)	-60.7%	(41,269,140)	2.0%	78,560,831	-11.5%	85,648,526	-30.6%
		Oct 2016	30,829,175	-38.0%	157,746,841	-26.1%	(150,501)	-96.5%	(41,419,641)	-7.5%	30,678,674	-32.4%	116,327,200	-31.1%
		Nov 2016	18,086,371	-49.6%	175,833,212	-29.5%	(3,770,141)	-75.3%	(45,189,782)	-24.8%	14,316,230	-30.5%	130,643,430	-31.0%
		Dec 2016	88,112,848	-25.2%	263,946,060	-28.1%	(23,544,086)	-52.9%	(68,733,868)	-37.5%	64,568,762	-4.7%	195,212,192	-24.1%
		Jan 2017	26,607,980	-17.1%	290,554,040	-27.2%	(45,309,503)	321.1%	(114,043,371)	-5.6%	(18,701,523)	N/A	176,510,669	-36.6%
		Feb 2017	10,689,553	-16.8%	301,243,593	-26.9%	(13,039,244)	2137.6%	(127,082,615)	4.7%	(2,349,691)	N/A	174,160,978	-40.1%
FY 2018	↓	Mar 2017	35,546,429	-49.6%	336,790,022	-30.2%	(15,821,919)	N/A	(142,904,534)	19.1%	19,724,510	-72.6%	193,885,488	-46.5%
		Apr 2017	82,864,066	10.4%	419,654,088	-24.8%	(8,108,715)	1136.7%	(151,013,249)	25.1%	74,755,351	0.5%	268,640,839	-38.5%
		May 2017	31,729,262	-26.5%	451,383,350	-24.9%	(3,739,014)	-20.4%	(154,752,263)	23.4%	27,990,248	-27.2%	296,631,087	-37.6%
		June 2017	73,547,833	-25.1%	524,931,183	-24.9%	(2,042,474)	-34.5%	(156,794,737)	22.0%	71,505,359	-24.8%	368,136,446	-35.5%
	↑	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%
FY 2019	↓	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%
		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%
FY 2020	↓	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%
		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%
FY 2021	↓	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%
		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	64,996,624	-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%
FY 2022	↑	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	114,061,258	-8.5%	226,077,526	22.8%	(8,330,173)	158.0%	(16,834,696)	-25.0%	105,731,085	-12.9%	209,242,831	29.4%
		Oct 2020												
		Nov 2020												
		Dec 2020												
		Jan 2021												
		Feb 2021												
		Mar 2021												
		Apr 2021												
	May 2021													
	June 2021													

# **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 2014 to FY 2020, 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 (about \$34,200 for a family of 4).

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 41% of Insurance Premium Tax General Fund revenues in FY 2019. The revenue growth of 10.7% in FY 2014, 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 to 1.2% in FY 2017 and 0.9% in FY 2018 as Medicaid enrollment slowed. Revenue declined by (1.9)% in FY 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 2020. Revenue growth of this line in FY 2014 through FY 2016 was bolstered by increased health plan enrollment following the January 1, 2014 implementation of federal health exchanges and an individual mandate to have health insurance.

**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 DOI, private passenger automobile insurance accounts for 90% of this line's premiums while insurance for commercial risks account for the remaining 10% of premiums. Strong growth in vehicle registrations in recent years has contributed to increased demand for vehicle insurance in the state, resulting in General Fund revenue growth in this line of 6.2% in FY 2016, 6.1% in FY 2017, 14.5% in FY 2018. Revenue growth slowed to 6.8% in FY 2019 and 3.8% in FY 2020. Collections from this line were 21% of Insurance Premium Tax General Fund revenues in FY 2020.

**Other Property and Casualty:** Consists of numerous types of property and casualty insurance that together were 12% of Insurance Premium Tax General Fund revenue in FY 2020. 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 8% of Insurance Premium Tax General Fund revenues in FY 2020.

**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 2020.

**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 2020.

**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 slightly less than 2% of Insurance Premium Tax General Fund revenues in FY 2020.

**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 2019 are listed in the table below.

FY 2019 Insurance Premium Tax Credits (\$ in millions)	
<u>Credits:</u>	<u>Annual Cost</u>
Private School Tuition Organization	\$26.9
- Low Income Students <sup>1/</sup>	
New Employment	4.8
Health Insurance Premium <sup>2/</sup>	3.8
Private School Tuition Organization	3.4
- Disabled/Displaced Students <sup>3/</sup>	
Insurance Guaranty Fund Assessment	<u>1.9</u>
<b>Total Value of Credits</b>	<b>\$40.9</b>
 <sup>1/</sup> Credit was capped at \$89.2 million in FY 2019 between corporate and insurance premium taxpayers.	
<sup>2/</sup> Credit is capped at \$5.0 million annually.	
<sup>3/</sup> Credits is capped at \$5.0 million annually between corporate income and insurance premium taxpayers.	

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

(\$ in Millions)

	<b>FY 2014</b>		<b>FY 2015</b>		<b>FY 2016</b>		<b>FY 2017</b>		<b>FY 2018</b>		<b>FY 2019</b>		<b>FY 2020</b>	
<b><u>Insurance Line</u></b>	<b><u>Revenue</u></b>	<b><u>Y/Y Chg.</u></b>	<b><u>Revenue</u></b>	<b><u>Y/Y Chg.</u></b>	<b><u>Revenue</u></b>	<b><u>Y/Y Chg.</u></b>	<b><u>Revenue</u></b>	<b><u>Y/Y Chg.</u></b>	<b><u>Revenue</u></b>	<b><u>Y/Y Chg.</u></b>	<b><u>Revenue</u></b>	<b><u>Y/Y Chg.</u></b>	<b><u>Revenue</u></b>	<b><u>Y/Y Chg.</u></b>
AHCCCS Contractors	144.0	10.7%	178.1	23.7%	208.6	17.2%	211.1	1.2%	212.9	2.1%	225.5	5.9%	221.3	-1.9%
Accident and Health	82.3	3.1%	87.6	6.4%	103.7	18.4%	102.8	-0.9%	102.9	-0.8%	108.5	5.4%	110.7	2.0%
Vehicle <u>2/</u>	79.4	5.9%	84.3	6.2%	89.5	6.2%	95.0	6.1%	102.5	14.5%	109.5	6.8%	113.7	3.8%
Other Property and Casualty	56.0	6.0%	60.8	8.6%	60.2	-0.9%	60.6	0.7%	61.7	2.5%	62.5	1.3%	62.1	-0.6%
Life	39.2	1.2%	39.7	1.3%	43.7	10.2%	42.9	-1.8%	43.2	-1.1%	43.6	0.9%	43.6	0.0%
Surplus	11.1	13.6%	12.3	10.2%	11.6	-5.3%	15.5	33.6%	16.3	40.5%	18.5	13.5%	20.0	8.1%
Fire <u>3/</u>	2.2	8.2%	2.1	-1.4%	2.6	21.7%	1.3	-50.2%	0.9	-65.5%	0.7	-22.2%	0.8	14.3%
Retaliatory Payments	8.9	-16.0%	10.7	19.7%	6.9	-35.2%	9.2	33.3%	8.4	21.7%	10.3	22.6%	11.8	14.6%
Tax Credits	(18.6)	64.6%	(27.8)	49.5%	(33.5)	20.5%	(36.9)	10.1%	(42.1)	25.7%	(40.9)	-2.9%	(49.0)	19.8%
Cash Flow Adjustments <u>4/</u>	7.3	--	3.2	--	0.8	--	4.5	--	2.6	--	11.4	--	0.1	--
<b>Total Fiscal Year Revenues <u>4/</u></b>	<b>\$ 411.6</b>	<b>6.4%</b>	<b>\$ 450.7</b>	<b>9.5%</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>

**Notes**

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

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

3/ 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.

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

5/ JLBC reports General Fund revenues were \$411.8 M in FY 2014, \$449.5 M in FY 2015, \$490.6 M in FY 2016, \$504.3 M in FY 2017, \$509.3 M in FY 2018, 549.8 M in FY 2019, and \$535.2 M in FY 2020.

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

Source: Department of Insurance and Financial Institutions

## Arizona Insurance Premium Tax General Fund Collections

		Insurance Premium Tax	Y/Y Chg.	Year-to-Date Revenue	YTD Chg.
FY 2016	July 2015	43,026,885	3.2%	43,026,885	3.2%
	Aug 2015	42,246,989	-2.5%	85,273,874	0.3%
	Sep 2015	43,520,598	-1.1%	128,794,471	-0.2%
	Oct 2015	9,936,474	838.4%	138,730,946	6.6%
	Nov 2015	48,839	-84.6%	138,779,785	6.4%
	Dec 2015	19,119,526	64.1%	157,899,311	11.1%
	Jan 2016	33,120,213	-2.2%	191,019,524	8.6%
	Feb 2016	2,067,262	-59.8%	193,086,786	6.6%
	Mar 2016	126,501,590	90.9%	319,588,376	29.2%
	Apr 2016	42,865,335	-38.3%	362,453,711	14.4%
	May 2016	40,845,608	-15.3%	403,299,319	10.5%
	June 2016	87,276,962	3.4%	490,576,281	9.1%
FY 2017	July 2016	24,616,949	-42.8%	24,616,949	-42.8%
	Aug 2016	73,883,134	74.9%	98,500,083	15.5%
	Sep 2016	50,081,084	15.1%	148,581,167	15.4%
	Oct 2016	4,077,218	-59.0%	152,658,385	10.0%
	Nov 2016	167,822	243.6%	152,826,207	10.1%
	Dec 2016	49,584,849	159.3%	202,411,056	28.2%
	Jan 2017	6,317,744	-80.9%	208,728,800	9.3%
	Feb 2017	9,962,221	381.9%	218,691,021	13.3%
	Mar 2017	118,587,704	-6.3%	337,278,726	5.5%
	Apr 2017	30,249,609	-29.4%	367,528,334	1.4%
	May 2017	41,421,304	1.4%	408,949,638	1.4%
	June 2017	95,389,654	9.3%	504,339,292	2.8%
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%	47,000,025	2.0%
	Sep 2020	95,706,083	-13.3%	142,706,108	-8.8%
	Oct 2020				
	Nov 2020				
	Dec 2020				
	Jan 2021				
	Feb 2021				
	Mar 2021				
	Apr 2021				
	May 2021				
	June 2021				

# **Economic Indicators**

## NATIONAL

The U.S. Bureau of Economic Analysis' second estimate of the second quarter **U.S. Real Gross Domestic Product (GDP)** revises the number up to (31.7)% from (32.9)%. This is still the sharpest percent decrease in real GDP in U.S. history. Much of the record-large decline was due to the COVID-19 pandemic and attendant lockdowns. Private inventory investment, consumer spending, exports, and nonresidential fixed investment all saw upward revisions. New data from the Census Bureau revealed that more was spent on healthcare services than originally recorded (not surprising during a pandemic). Given the current work situation of many Americans, another interesting point of revision is higher spending on computers and similar equipment.

The Conference Board's **U.S. Consumer Confidence Index** is based on consumers' perceptions of current economic conditions as well as their expectations 6 months into the future. The index fell to 84.8 in August. This is the lowest that the index has been since 2014. Even though many businesses are opening up their operations again, consumers are less optimistic about the economic recovery.

The Conference Board's **U.S. Leading Economic Index (LEI)** increased from 102.0 in June to 104.4 in July. This is the third consecutive month of positive growth in the LEI. The first half of 2020 saw a (6.8)% drop in the LEI. Manufacturing work hours and building permits grew while unemployment insurance claims decreased, all of which contributed to the LEI increase.

Consumer prices, which are measured by the U.S. Bureau of Labor Statistics **Consumer Price Index (CPI)**, increased 0.4% in August. This reflects a 1.3% increase above August 2019 prices after seasonal adjustment. The largest factor in the increase was the used cars and trucks index, which rose by 5.4%. The energy index also increased by 0.9%, and the food index rose 0.1% in August after declining in July. Core inflation (all items less food and energy) rose by 0.4% for the month. Compared to August 2019, the core CPI is up by 1.7%.

## ARIZONA

Single-family housing permitting activity is continuing to grow. In July, Arizona's 12-month total of **single-family building permits** was 35,747. This is up 2.7% from the prior month, and is 12.9% above July 2019. This was the largest year-over-year increase since November 2018. In July, Arizona's 12-month total of 15,558 **multi-family building permits** was 47.3% more than for the same 12-month period in 2019. July marked the 9<sup>th</sup> consecutive month with a double-digit year-over-year growth rate in multi-family permitting activity.

## Tourism and Restaurants

As expected, several tourism indicators are still below levels from the prior year. For example, **Revenue per available room** was \$41.02 in July, a (6.3)% decrease from the prior month and (35.5)% below July 2019. **Hotel occupancy** was 46.5% in July, compared to 73.9% in July 2019.

In addition, **Phoenix Sky Harbor Airport Ridership** during July was 22.7% above the prior month, but (64.7)% below the same month in the prior year.

Similarly, visits to state parks have decreased. **State park visitation** was 264,432 in June, (11.9)% below the prior month and (10.7)% below the same month in the prior year.

According to Open Table data, **daily restaurant reservations** were (27.6)% below the prior year level on September 12, according to OpenTable data. While daily restaurant reservations remain significantly below the level reported for the same day in the prior year, the long-term trend continues to show more diners returning to restaurants.

## Employment

According to the latest employment report released by the Office of Economic Opportunity (OEO), the state gained 79,200 **nonfarm jobs** in August compared to the prior month. The private sector recorded a gain of 30,400 jobs over the month and all 11 major sectors reported job gains.

Compared to the same month in the prior year, the state lost (100,200) jobs, a decrease of (3.4)%. Only two of the major 11 job sectors had a year-over-year job gain in August. The gains were recorded in the Trade, Transportation & Utilities sector, which added 11,600 jobs as well as Other Services, which gained 2,300 jobs. The Leisure and Hospitality sector recorded the largest losses, with (63,500) jobs lost compared to the same month in the prior year.

The state's seasonally adjusted **unemployment rate** decreased from 10.7% in July to 5.9% in August. The U.S. seasonally adjusted unemployment rate decreased from 10.2% in July to 8.4% in August. The month-over-month reduction of the Arizona unemployment rate of (4.8)% was the largest in recorded history (data going back to January 1976). This reduction, however, was almost exclusively attributable to a record-large reduction of the labor force. In August, 145,673 persons left the civilian labor force. By way of comparison, the largest month-over-month decrease prior to the pandemic occurred during the Great Recession when 7,789 left the labor force in July 2010.

The record-large decrease of the labor force in August was likely in large measures due to persons who were

## Monthly Indicators (Continued)

discouraged about their job prospects and therefore stopped actively looking for employment. The state's labor force participation rate (ratio of civilian labor force to civilian noninstitutional population) in August was 58.5%, which is the lowest figure in recorded history. Prior to the onset of the pandemic, Arizona labor force participation rate was 62.4%.

The unemployment rate, and the associated data on employment and labor force participation are based on monthly surveys which sample a relatively small proportion of the population. Given the unique circumstances of the COVID-19 pandemic, this unemployment data may be subject to larger than normal statistical sampling issues and there future revisions.

OEO reported that a total of 11,343 **initial claims for unemployment insurance** were filed in Arizona in the week ending on September 5th (This figure excludes the claims under the Pandemic Unemployment Assistance (PUA) program, which is discussed below.) For the same week in the prior year, 3,336 initial claims were filed.

According to OEO, for the week ending on August 29th, there were a total of 200,185 **continued claims for unemployment insurance** in Arizona. A year ago this time, the continued claims were 25,986.

The federal Coronavirus, Aid, Relief and Economic Security (CARES) Act enacted in March provides unemployment insurance compensation to individuals who are not otherwise eligible for regular unemployment insurance benefits, such as self-employed individuals and independent contractors. The unemployment insurance benefits under this federal program, referred to as **Pandemic Unemployment Assistance (PUA)**, are available from February 2 through December 26. The PUA program provided an additional \$600 in weekly federal unemployment compensation benefits from March 29 through July 25. After this time, the weekly benefit ranges from \$117 to \$240 until the PUA program ends on December 26.

On August 14, the Executive announced the state would be applying to the federal government to provide \$300 in additional weekly unemployment benefits retroactive to August 1st pursuant to President Trump's recent executive order, called the "lost wages assistance" program. Arizona's application was approved, and the (non-retroactive) \$300 benefit payments began to be distributed the week ending on August 22<sup>nd</sup>. However, this extension expired the week ending September 12<sup>th</sup>.

For the week ending on September 12th, the federal Department of Labor (DOL) reported that a total of 165,612 initial PUA claims were filed in Arizona. For the week ending on August 29th, DOL reported that 329,175

continued PUA claims were filed in the state. Both of these figures are advance estimates subject to change.

As noted in August's *Monthly Fiscal Highlights*, the continued PUA claim figure represents a duplicated count. Individuals may have applied more than once. In addition, individuals may be receiving multiple weeks of benefits at one time, potentially resulting in a duplicated count.

### State Agency Data

At the beginning of September 2020, the total **AHCCCS caseload** was 2.01 million members. Total monthly enrollment increased 1.3% in September over August and increased 9.2% compared to a year ago. Parent and child enrollment in the Traditional population increased by 0.8% in September, or 7.2% higher than a year ago.

Enrollment in Other Acute Care populations, including Prop 204 Childless Adults, Other Prop 204, Adult Expansion, and KidsCare, was 838,324 in September – an increase of 2.1% over July and 12.9% above last year. For September 2020, the Long-Term Care EPD and DD populations decreased (0.5)% compared to last month. At 65,807, this population is (0.3)% lower than a year ago.

There were 18,360 **TANF Cash Assistance recipients** in the state in July, representing a 0.8% monthly caseload increase from June. The year-over-year number of TANF Cash Assistance recipients has increased by 34.9%. This data does not include Tribal recipient exclusions. The statutory lifetime limit on cash assistance is 24 months.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In July, 923,590 people received food stamp assistance in the state, representing a 2.4% increase above June caseloads. Compared to July 2019, the level of food stamp participation has increased by 12.7%.

The Arizona Department of Correction's **inmate population** was 39,153 as of August 31, 2020. This was a decrease of (0.5)% since July 31, 2020 and a (7.8)% decrease since August 2019.

Based on information the Department of Child Safety provided for July 2020, **reports of child maltreatment** totaled 47,724 over the last 12 months, an increase of 7.6% over the prior year. There were 14,165 **children in out-of-home care** as of June 2020, or 0.02% more than in June 2019. Compared to the prior month, the number of out-of-home children decreased by (0.1)%.

Table 7

MONTHLY INDICATORS				
Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
<b>Arizona</b>				
<u>Employment</u>				
- Regular Unemployment Rate	August	5.9%	(4.8)%	1.3%
- Total Unemployment Rate (discouraged/underemployed)	2nd Q 2020	11.3%	2.1%	2.1%
- Initial Unemployment Insurance Claims	Week Ending Sept 5	11,343	(3.1)%	240.0%
- Continued Unemployment Insurance Claims	Week Ending Aug 29	200,185	(1.2)%	670.4%
- Non-Farm Employment - Total	August	2,836,200	2.9%	(3.4)%
Manufacturing	August	171,600	0.3%	(4.1)%
Construction	August	169,300	0.8%	(2.2)%
- Average Hourly Earnings, Private Sector	August	\$27.69	0.7%	3.7%
<u>Building</u>				
- Single-Family Building Permits (12 months rolling sum)	July	35,747	2.7%	12.9%
Multi-family	July	15,558	6.1%	47.3%
- Maricopa County/Other, Single-Family Home Sales (ARMLS)	July	7,236	(9.0)%	13.6%
- Maricopa County/Other, Single-Family Median Home Price (ARMLS)	July	\$330,000	1.5%	13.8%
- Maricopa Pending Foreclosures	July	1,447	(6.8)%	(38.3)%
<u>Tourism and Restaurants</u>				
- Phoenix Sky Harbor Air Passengers	July	1,351,807	22.7%	(64.7)%
- State Park Visitors	June	264,432	(11.9)%	(10.7)%
- Revenue Per Available Hotel Room	July	\$41.02	(6.3)%	(35.5)%
- Arizona Hotel Occupancy Rate	July	46.5%	(5.5)%	(27.4)%
- Arizona OpenTable Reservations – Y/Y % Change	September 12	N/A	N/A	(27.6)%
<u>General Measures</u>				
- Arizona Personal Income, SAAR	1 <sup>st</sup> Q 2020	\$346.0 billion	3.3%	7.0%
- Arizona Population	July 2019	7,278,717	N/A	1.7%
- State Debt Rating				
Standards & Poor's/Moody's Rating	May 2015/Nov 2019	AA / Aa1	N/A	N/A
Standards & Poor's/Moody's Outlook	May 2015/Nov 2019	Negative/Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	September 1st	2,011,810	1.3%	9.2%
Traditional Acute Care		1,107,679	0.8%	7.2%
Other Acute Care		838,324	2.1%	12.9%
Long-Term Care – Elderly & DD		65,807	(0.5)%	(0.3)%
- Department of Child Safety (DCS) Annual Reports of Child Maltreatment (12-month total)	July	47,724	7.6%	3.3%
DCS Out-of-Home Children	June	14,165	(0.1)%	0.0%
- ADC Inmate Growth	August	39,153	(0.5)%	(7.8)%
- Department of Economic Security				
- TANF Cash Assistance Recipients	July	18,360	0.8%	34.9%
- SNAP (Food Stamps) Recipients	July	923,590	2.4%	12.7%
<b>United States</b>				
- Gross Domestic Product (Chained 2012 dollars, SAAR)	2nd Q, 2020 (2nd Estimate)	\$17.3 trillion	(31.7)%	(9.1)%
- Consumer Confidence Index (1985 = 100)	August	84.8	(8.4)%	(37.2)%
- Leading Economic Index (2016 = 100)	July	104.4	2.4%	(7.0)%
- Consumer Price Index, SA (1982-84 = 100)	August	259.7	0.4%	1.3%

## **Finance Advisory Committee Member List**

**Tab G**

## **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 Administrator 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.

**Steve Taddie** joined the Finance Advisory Committee in 2014. Steve was a co-founder of Stellar Capital Management, a Phoenix based investment management firm, and has been its Managing Partner since 2000. He has 30 years of investment experience, has focused on applied economics in the financial markets for the last 15 years, and is a panelist for the NABE Outlook and the Arizona Blue Chip Economic forecasts.

**Doug Walls** is the Research Administrator 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.