

Finance Advisory Committee

Briefing Materials

October 10, 2019

JLBC

Finance Advisory Committee

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Finance Advisory Committee

Revenue and Budget Update

October 10, 2019

JLBC

Key Points

- ❑ Compared to a budgeted 7.8% growth rate, General Fund revenues grew by 10.2% in '19
- ❑ The unexpected '19 gains will result in newly available funding in the '21 budget process
- ❑ Revenue growth is projected to moderate substantially between '20 and '23

Available Funding

- ❑ After formula spending, we expect \$170 M in available ongoing monies in '21
- ❑ The level of available one-time funds is \$475 M
- ❑ The Baseline backs out over \$100 M in “recurring” one-time '20 spending

Caveats

- ❑ Arizona economy still performing well
 - '20 revenue growth may be understated
- ❑ We are in the midst of implementing income tax conformity and “Wayfair” sales tax changes
 - These type of major revisions add uncertainty to the forecast
- ❑ The revenue estimates assume no recession through '23
 - While national forecasters are more pessimistic, recession timing is difficult to predict.

Arizona Ranks 4th in Economic Momentum

- Recession Concern Remains at National Level

	<u>AZ Rate</u>	<u>AZ Rank</u>
Personal Income	6.3%	3
Population	1.7%	4
Employment	2.5%	5
Momentum calculations via State Policy Reports – Joint NGA/NCSL Project		

<u>Wall Street Journal Survey of Economists</u>	
% Predicting Recession By End of CY 2021	77%

'20 YTD: 8.6% Growth/\$174 M Above Forecast

- '19 Was \$248 M Above Budget

	<u>% Growth Above Prior Year</u>		<u>'20 +/- Forecast (\$ M)</u>
	<u>'19 Actual</u>	<u>'20 YTD</u>	
Sales	6.5%	6.9%	\$ 34
Individual Income	10.2	9.4	76
Corporate Income	37.9	10.6	45
Insurance Premium	7.9	5.8	6
Other	<u>26.4</u>	<u>32.4</u>	<u>13</u>
Overall *	10.2%	8.6%	\$ 174

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

Revenue Forecast

October 4-Sector Forecast

April Consensus Forecast

- ☐ FAC
- ☐ UA model – base
- ☐ UA model – low
- ☐ JLBC Staff

Represents Net Growth

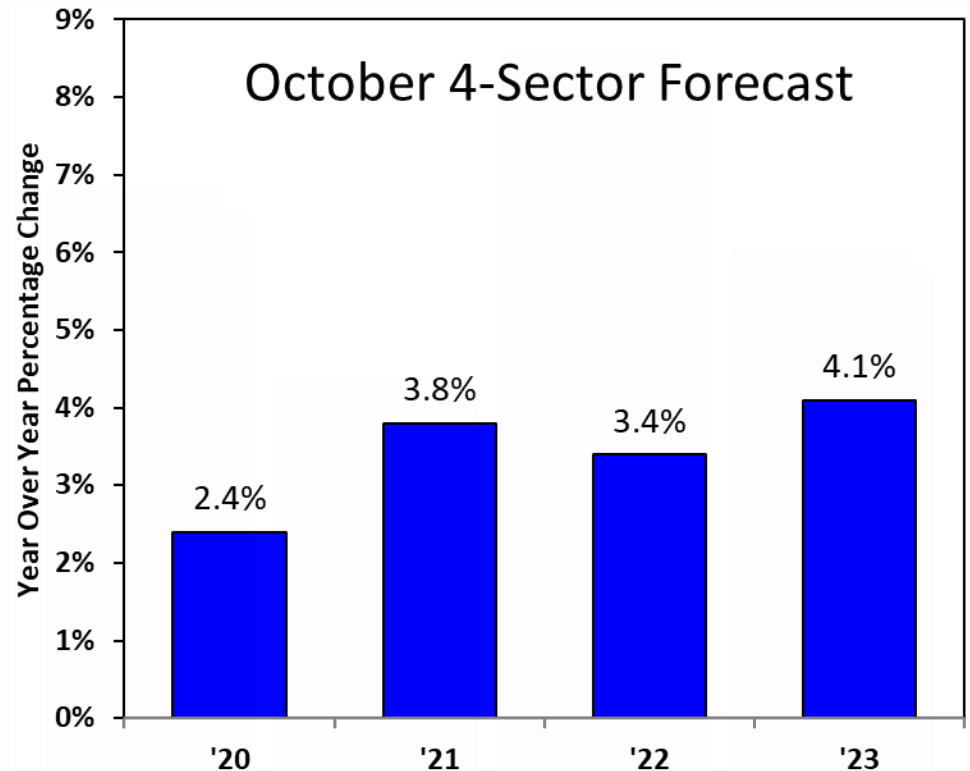
- ☐ After tax law changes

Chance of Exceeding Forecast

- ☐ 60%

Long Run Average Growth

- ☐ 4.0%

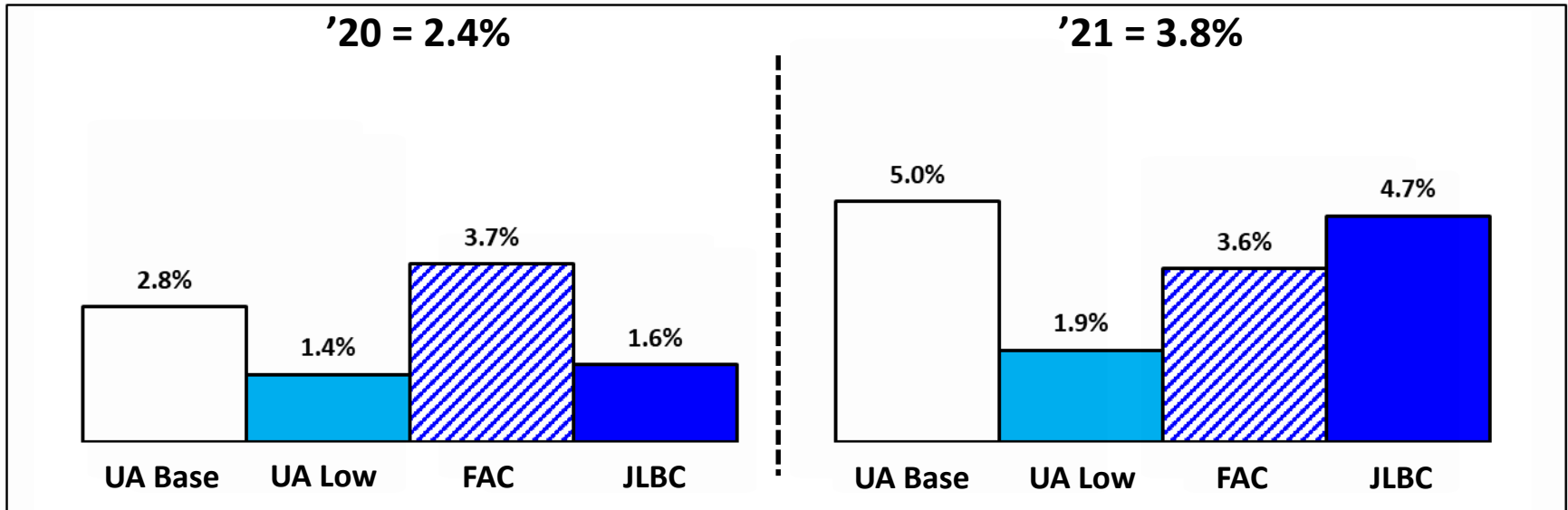


Percent change in net revenues excluding balance forward, one-time transfers and urban revenue sharing

See Appendix A, B, C

Individual 4-Sector Forecasts

- “UA Low” Adds More Caution to Forecast

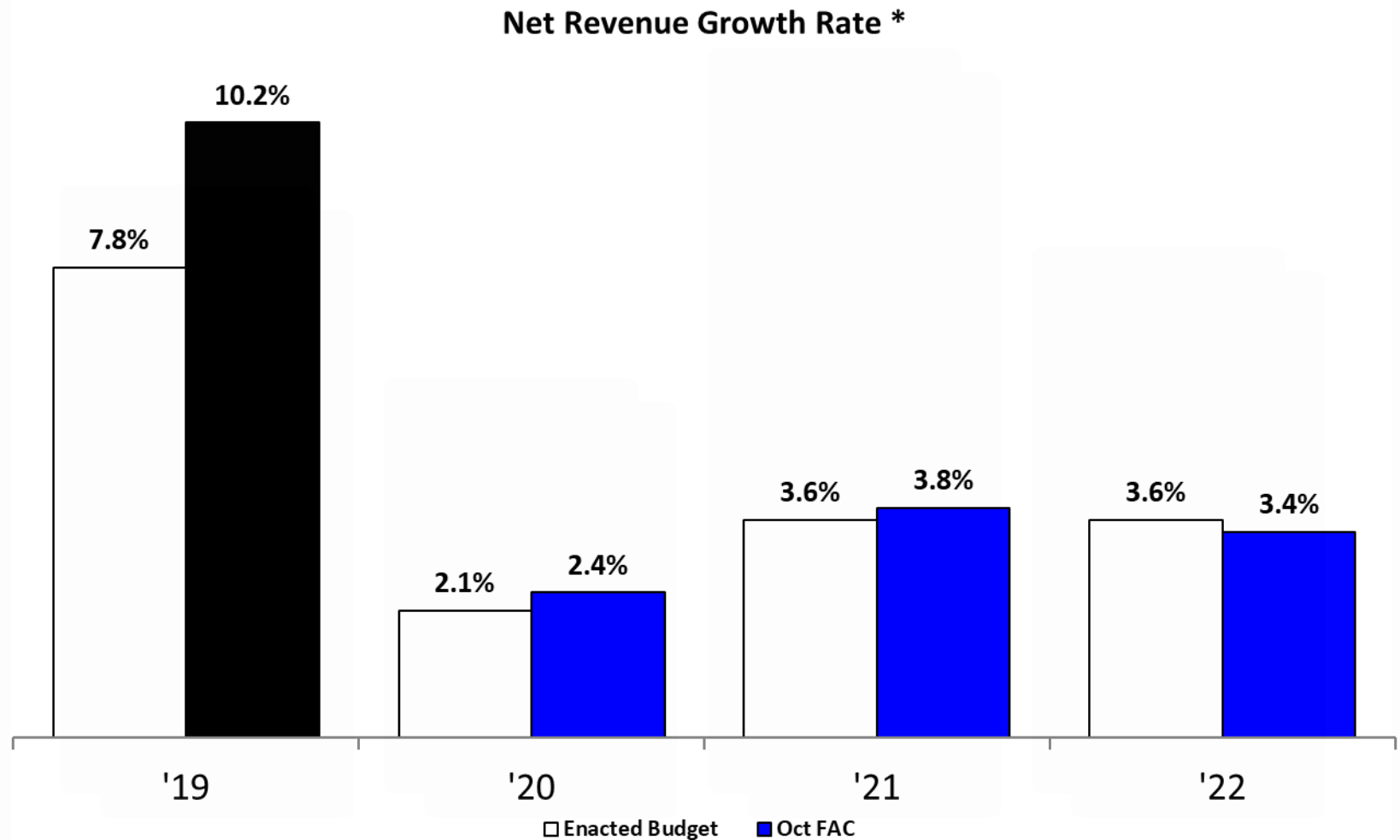


- ❑ Prior to tax law changes '20 growth rate is 4.9%
- ❑ YTD '20 growth is 8.6%. While tax reductions will reduce growth rate after January, 2.4% forecast may be low

Details in Appendix A
Revenue growth adjusted for small categories

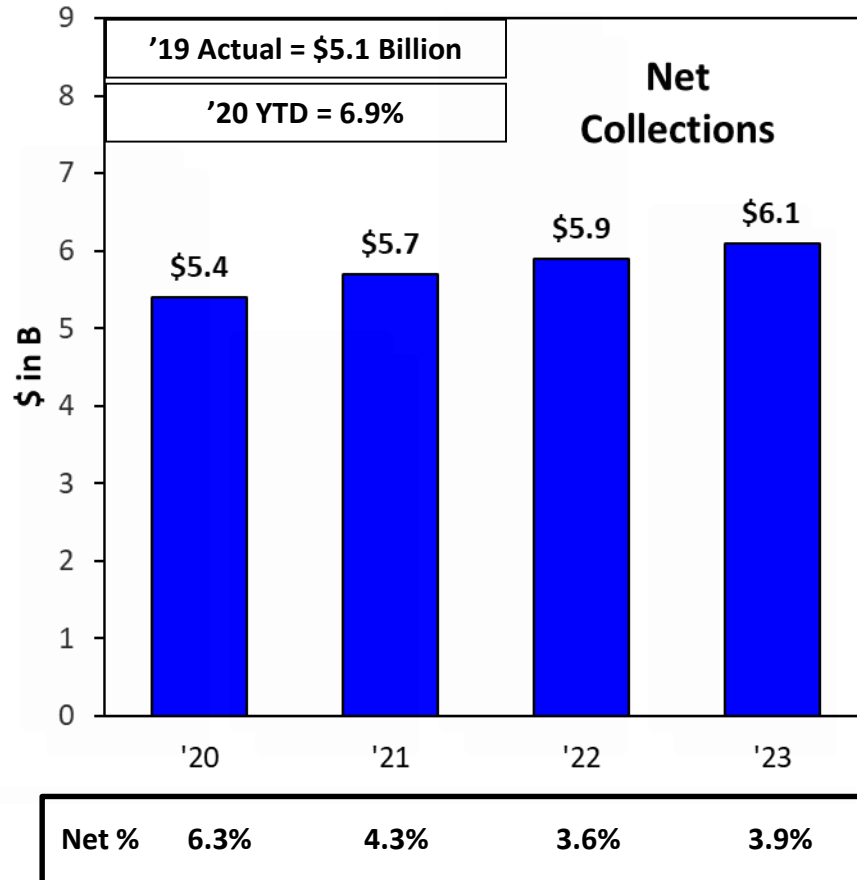
'19 Actuals Above Enacted Budget

- Primary Reason for Projected Surplus



*Excludes Balance Forward, Budgeted Fund Transfers and URS

Sales Tax

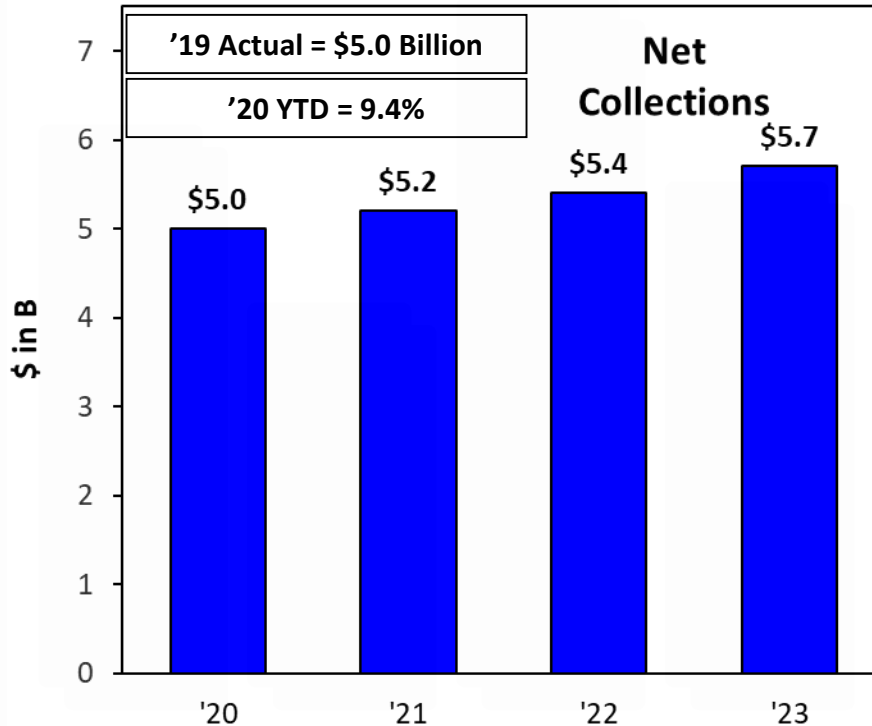


- Out-of-state internet collections started October 1
- Projected at \$57 M in '20 and \$85 M in '21

'19 Growth by Category

Retail	6.3%
Contracting	15.3%
Use	10.6%
Restaurant/Bar	6.2%
Utilities	<u>(0.2)%</u>
Total	6.5%

Individual Income Tax



Net %	'20	'21	'22	'23
	0.0%	4.2%	4.2%	4.7%

Percent Gain Above Prior Year

	'19
Withholding	6.2%
Payments	11.0%
Refunds	(1.3)%
Total	10.2%

- ☐ YTD growth is expected to decline in 2nd half of '20
- ☐ Upon passage of IIT changes, withholding rates not revised
- ☐ Smaller payments/higher refunds expected in April

Fed Tax Law Changes Complicated Forecasting

- Tax Cut and Jobs Act (TCJA) Enacted in 12/17

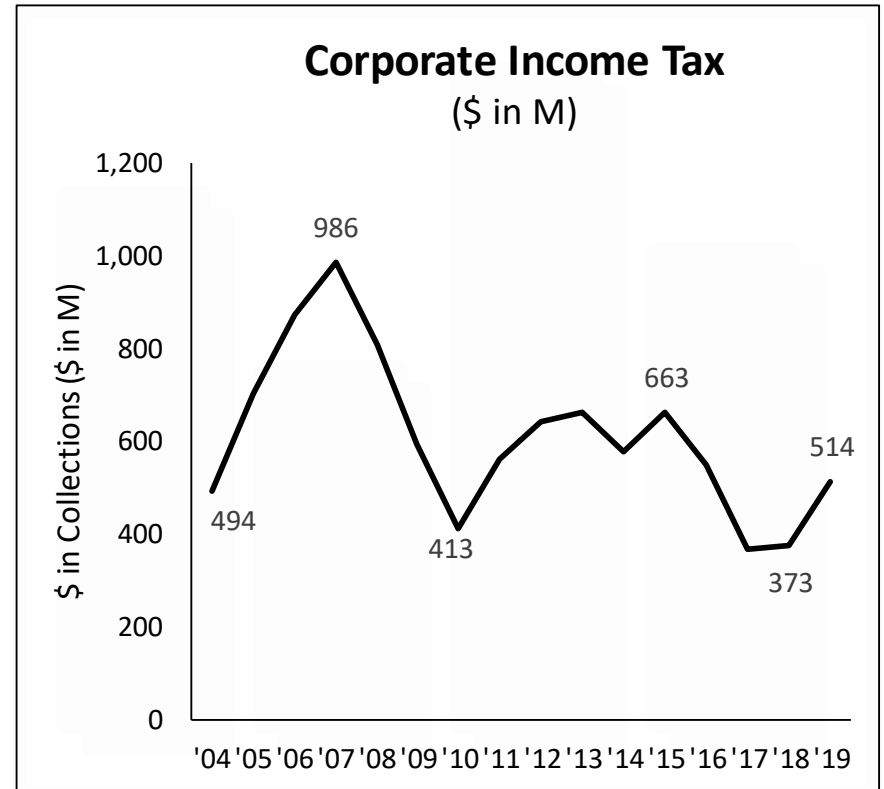
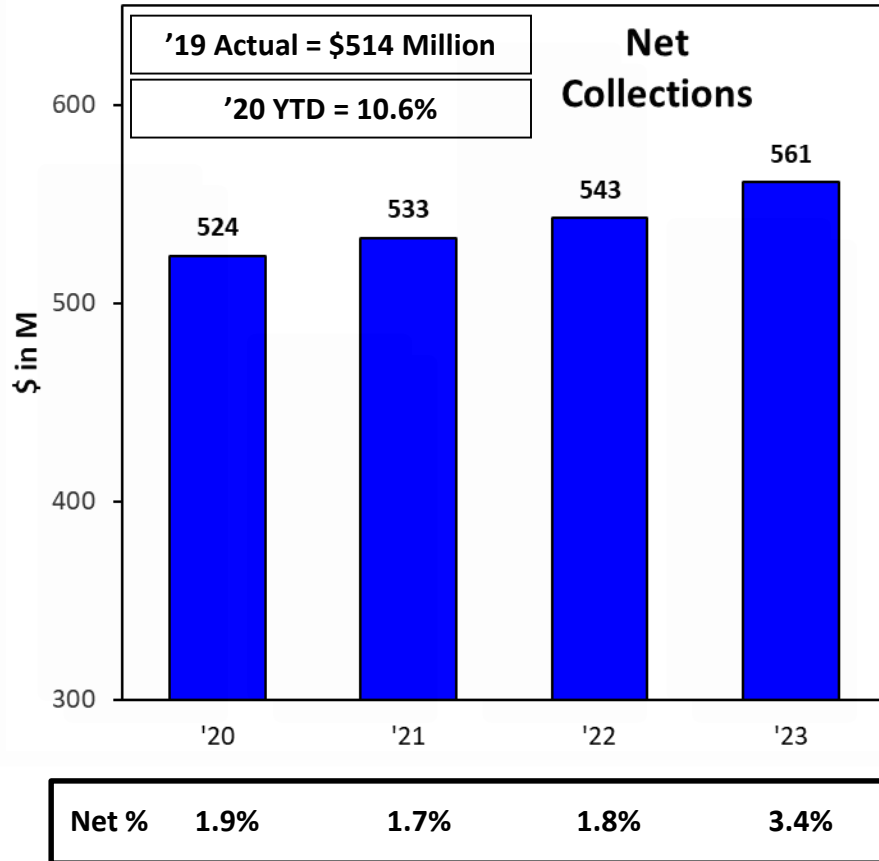
Individual Income Tax

- ❑ Incentivized making income tax payment in CY '17 to avoid loss of state/local tax deduction
- ❑ In the long run, are payments being moved from December to April (or October)?
 - Winter payments fell by (50.8)% last year, increased by 48.0% in the spring

Corporate Income Tax

- ❑ TCJA incentivized corporations to shift income from TY '17 to TY '18 due to lower rates
 - Due to different filing periods, TY '18 income tax returns will be filed into CY '20

Corporate Income Tax



Spending Forecast

'21 – '23 Baseline Spending Projections

- ❑ Baseline reflects changes to active statutory and other funding formulas - no discretionary additions
- ❑ Continues annual suspension of \$188 M of inactive statutory formulas
 - Of the \$188 M, \$135 M restored by '23
- ❑ Continues \$930 M in K-12 “rollover” payments
 - Drops to \$900 M in FY 22
- ❑ Assumes spending classified as one-time in '20 budget does not continue

Baseline Spending Projected To Decrease by \$(286) M

'21 Ongoing Spending Changes

\$ in M

ADE – K12 Formula	453
AHCCCS – Medicaid Formula	169
DES – Medicaid Formula	61
SFB – Debt Service Savings	(65)
2010B Payoff – Debt Service Savings	<u>(24)</u>
Total	594

Total Spending Changes	\$(286) M
Total Spending	\$11,570 M
% Change	(2.4)%

'21 One-Time Spending Additions/Deletions

\$ in M

Fund 27th Pay Period In FY 21	80
FY 20 BSF Deposit	(271)
2010B Sale/Leaseback Payoff	(190)
Transportation Funding	(77)
ADE – Shift DAA/CAA to Ongoing	(68)
ADE – Prop 301 Bridge Savings	(50)
DWR – DCP Funding/Other	(53)
SFB – Fewer New Buildings	(33)
Recurring One-Time Spending	(172)
Other Agency Spending	(41)
Capital Projects	<u>(5)</u>
Total	(880)

Ending Balance Forecast

Available Ongoing and One-Time Balances

- Excludes \$1 B Rainy Day Fund

(\$ in M)

October
Baseline

Ongoing Balance	170
One-Time Balance	475

- ☐ Prior to planning targets, projected '21 ending balance is \$694 M.
Of that amount:
- ☐ Up to \$170 M is available for ongoing objectives
 - Higher \$ level would create '22 shortfall
- ☐ \$475 M is available for one time purposes
- ☐ \$50 M is set aside as an uncommitted cash balance

Options for One-Time Spending

- Retaining “Recurring” One-Time Initiatives

<u>Multi-Year One-Times</u>	<u>(\$ in M)</u>
☐ SFB Building Repair Grants	63
☐ University Spending	35
☐ DJC/Maricopa & Pima Contributions	8
☐ State Employee Health Insurance	11
Total	117
 <u>New One-Times in '20</u>	
☐ Community College Rural Funding	14
☐ Housing Trust Fund Deposit	15
☐ Local Transportation Funding	18
☐ Other	8
Total	55

ADC Capital Funding

FY 2021 ADC Capital Request by Project Type (\$ in M)

	<u>Amount</u>
Lewis and Yuma Locks/Fire/HVAC ^{1/}	\$ 31.7
Fire Safety Projects at 10 Prisons and COTA	97.1
Evaporative Cooling Upgrades at 9 Prisons	115.6
Locking Projects	35.2
Roofing Replacement/Repair	10.1
Plumbing Projects	22.5
Road and Parking Projects	12.4
Modular Building Replacement at Douglas	18.4
Perimeter Fence/Alarm Projects	14.2
Other Projects	<u>22.7</u>
Total	\$385.5

^{1/} Since submitting their CIP, ADOA/ADC have updated the total cost of the project by \$5.5 million to \$51.4 million. Of that amount, ADC has identified \$19.7 million in funding, leaving \$31.7 million unfunded.

ADC Lock Requests

ADC Locking System Requests and Final Appropriation

(\$ in M)

<u>Fiscal Year</u>	<u>ADC Request</u>	<u>ADOA Oct Request</u>	<u>Governor January Rec</u>	<u>Final Approp</u>
2011	35.7	7.0	-	-
2012	37.5	7.0	-	-
2013	37.5	7.0	-	-
2014	33.1	7.0	-	-
2015	32.0	7.0	3.5	<u>1/</u>
2016	28.8	7.0	-	-
2017	28.8	7.0	-	-
2018	28.8	7.0	1.1	1.5
2019	36.3	7.0	-	-
2020	36.3	7.0	<u>2/</u>	<u>2/</u>
2021	69.0	<u>3/</u>	<u>3/</u>	<u>3/</u>

1/ The FY 2015 budget funded the Executive's January recommendation through an increase of \$3.5 million in ADC's building renewal appropriation.

2/ While there was no specific Executive recommendation or appropriation for locks in FY 2020, ADC is reallocating \$19.7 million of non-appropriated funds to address the Lewis lock issue.

3/ To be determined.

Appendices

Appendix A: October 2019 4-Sector Forecast

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Sales Tax				
JLBC Forecast	5.7%	4.8%	4.2%	3.9%
UA – Low	6.3%	2.3%	1.5%	3.6%
UA – Base	7.4%	6.0%	4.7%	4.2%
FAC	5.7%	4.2%	4.0%	3.8%
Average:	6.3%	4.3%	3.6%	3.9%
Individual Income Tax				
JLBC Forecast	-1.5%	5.6%	5.4%	4.8%
UA – Low	-1.9%	2.1%	2.1%	4.9%
UA – Base	0.2%	5.1%	5.1%	5.0%
FAC	3.1%	3.8%	4.1%	4.1%
Average:	0.0%	4.2%	4.2%	4.7%
Corporate Income Tax				
JLBC Forecast	4.6%	4.2%	3.1%	4.1%
UA – Low	-3.0%	-2.5%	-2.7%	3.3%
UA – Base	-2.6%	2.4%	3.2%	3.7%
FAC	8.6%	2.5%	3.1%	2.6%
Average:	1.9%	1.7%	1.8%	3.4%
Insurance Premium Tax				
JLBC Forecast	-0.1%	0.5%	0.6%	1.4%
UA – Low	0.4%	0.3%	-0.7%	0.1%
UA – Base	0.6%	0.7%	-0.5%	1.1%
FAC	-1.3%	0.5%	1.5%	2.0%
Average:	-0.1%	0.5%	0.2%	1.1%

JLBC Weighted Average	2.1%	4.9%	4.5%	4.2%
UA Low Weighted Average	1.9%	1.9%	1.5%	4.0%
UA Base Weighted Average	3.4%	5.2%	4.6%	4.4%
FAC Consensus Weighted Average	4.3%	3.8%	3.9%	3.8%
“Big-4” Weighted Average	2.9%	3.9%	3.6%	4.1%
Consensus Weighted Average*	2.4%	3.8%	3.4%	4.1%

* Represents ongoing revenue adjusted for small revenue categories.

Appendix B: General Fund Revenue FY '19 - FY '21

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	5,416,921.4	6.3%	320,041.6	5,651,005.4	4.3%	234,084.0
Income - Individual	5,009,021.6	10.2%	5,007,978.1	0.0%	(1,043.5)	5,215,956.8	4.2%	207,978.8
- Corporate	514,264.1	37.8%	523,970.8	1.9%	9,706.7	533,045.6	1.7%	9,074.8
Property	29,683.3	-23.3%	30,384.0	2.4%	700.7	31,279.3	2.9%	895.3
Luxury - Tobacco	21,045.8	-4.2%	20,580.4	-2.2%	(465.4)	20,114.6	-2.3%	(465.8)
- Liquor	37,268.3	3.5%	38,618.1	3.6%	1,349.8	39,635.8	2.6%	1,017.7
Insurance Premium	549,760.6	7.9%	549,210.8	-0.1%	(549.8)	551,991.6	0.5%	2,780.8
Other Taxes	13,539.4	77.0%	11,849.1	-12.5%	(1,690.3)	13,268.4	12.0%	1,419.3
Subtotal - Taxes	11,271,462.9	9.2%	11,599,512.7	2.9%	328,049.7	12,056,297.6	3.9%	456,784.9
Other Non-Tax Revenues:								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	99,678.6	-3.8%	(3,916.1)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,025.8	140.9%	35,563.2	-32.9%	(17,462.5)	35,817.9	0.7%	254.7
Sales and Services	24,054.0	-29.5%	24,596.8	2.3%	542.8	23,868.5	-3.0%	(728.3)
Other Miscellaneous	111,394.7	2.8%	101,864.2	-8.6%	(9,530.6)	105,734.2	3.8%	3,870.0
Transfers and Reimbursements	58,724.9	44.6%	64,418.2	9.7%	5,693.3	67,336.9	4.5%	2,918.7
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	95,431.5	-0.1%	(121.1)	95,417.3	0.0%	(14.2)
Subtotal - Other Non-Tax	530,022.0	34.1%	481,474.4	-9.2%	(48,547.6)	484,540	0.6%	3,065.5
Net Ongoing Revenue	11,801,484.9	10.2%	12,080,987.0	2.4%	279,502.1	12,540,837.4	3.8%	459,850.4
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.9)	N/A	(90,919.2)
Net Ongoing Revenue w/ URS	11,126,680.5	10.9%	11,343,413.4	1.9%	216,732.9	11,712,344.5	3.3%	368,931.2
One-Time Financing Sources:								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
Subtotal - Revenues	11,227,106.3	11.1%	11,434,254.1	1.8%	207,147.8	11,729,044.5	2.6%	294,790.5
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	535,348.9	-44.1%	(421,892.1)
Total - Resources	11,676,738.3	13.8%	12,391,495.1	6.1%	714,756.8	12,264,393.4	-1.0%	(127,101.6)

Appendix B: General Fund Revenue FY '22 - FY '23

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,854,694.3	3.6%	203,688.9	6,081,881.2	3.9%	227,186.9
Income - Individual	5,434,858.4	4.2%	218,901.6	5,690,238.1	4.7%	255,379.7
- Corporate	542,588.3	1.8%	9,542.6	561,112.6	3.4%	18,524.3
Property	32,204.4	3.0%	925.2	33,160.5	3.0%	956.1
Luxury - Tobacco	19,671.4	-2.2%	(443.3)	19,237.1	-2.2%	(434.2)
- Liquor	40,715.9	2.7%	1,080.1	41,830.8	2.7%	1,114.9
Insurance Premium	553,187.2	0.2%	1,195.6	559,511.8	1.1%	6,324.6
Other Taxes	14,860.7	12.0%	1,592.3	16,647.2	12.0%	1,786.5
Subtotal - Taxes	12,492,780.6	3.6%	436,483.0	13,003,619.3	4.1%	510,838.7
Other Non-Tax Revenues:						
Lottery	107,993.5	8.3%	8,314.9	119,551.5	10.7%	11,557.9
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	38,077.2	6.3%	2,259.2	40,312.3	5.9%	2,235.1
Sales and Services	23,273.7	-2.5%	(594.8)	22,803.1	-2.0%	(470.6)
Other Miscellaneous	109,632.8	3.7%	3,898.6	113,558.7	3.6%	3,925.9
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	478,431.2	-1.3%	(6,108.7)	499,078.7	4.3%	20,647.4
Net Ongoing Revenue	12,971,211.8	3.4%	430,374.4	13,502,698.0	4.1%	531,486.2
Urban Revenue Sharing (URS)	(829,792.3)	N/A	(1,299.5)	(862,350.4)	N/A	(32,558.0)
Net Ongoing Revenue w/ URS	12,141,419.5	3.7%	429,074.9	12,640,347.6	4.1%	498,928.2
One-Time Financing Sources:						
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
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	36,700.0	119.8%	20,000.0	16,700.0	-54.5%	(20,000.0)
Subtotal - Revenues	12,178,119.5	3.8%	449,074.9	12,657,047.6	3.9%	478,928.2
Balance Forward	-	-100.0%	(535,348.9)	-	N/A	0.0
Total - Resources	12,178,119.5	-0.7%	(86,274.0)	12,657,047.6	3.9%	478,928.2

Phase-In of \$48 M of Enacted Tax Reductions

	(\$ in M)		
	'21	'22	'23
Public Safety Transfers	0	(23)	0
Annualize Out-of-State Internet Sales (Wayfair)	28	0	0
Corporate STO with Caps	(16)	(12)	(7)
All Other	(13)	(5)	1
Total	(1)	(40)	(6)

- ❑ By '23, revenue base is \$(48) M lower than in '20
- ❑ Numbers are incorporated in Net Revenues estimates each year

JLBC Staff - October 2019 Revenue and Budget Update

Summary of the General Fund Budget Outlook

- State General Fund revenue growth remained strong in FY 2019. Compared to a budgeted 7.8% growth rate, FY 2019 General Fund revenues grew by 10.2% in FY 2018.
- These unexpected FY 2019 gains will result in newly available funding in the FY 2021 budget process.
- Under the revised forecast, revenue growth is projected to moderate substantially between FY 2020 and FY 2023. At least in FY 2020, the Arizona economy is still performing well and the projected growth may be understated.
- On the other hand, revenue growth estimates do not envision a recession in the 3-year planning period. The majority of national level economists, however, are currently forecasting a recession to occur during this time.
- Due to the elimination of \$(880) million in one-time FY 2020 spending and new funding formula costs of \$594 million, net FY 2021 spending is expected to fall by \$(286) million.
- After accounting for the revenue forecast and formula spending, we expect the General Fund to have up to \$170 million in ongoing monies available in FY 2021.
- In addition, the level of anticipated available one-time FY 2021 funding is \$475 million.
- During the next regular session, the Legislature will need to decide whether to retain over \$100 million in one-time FY 2020 initiatives that appear ongoing in nature. Having been labeled as one-time in the FY 2020 3-year budget plan, these initiatives are backed out of the FY 2021 October Baseline estimates.

Reporting Requirements

The FY 2020 General Appropriation Act requires JLBC Staff to report by October 15, 2019 as to whether FY 2020's General Fund revenues and ending balance are projected to change by more than \$50 million from the budgeted levels. The FY 2020 projected ending balance is now \$535 million, or \$470 million higher than the budgeted \$65 million level.

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 2019 ending balance estimates and updated its 4-sector revenue projections in conjunction with the October 10th FAC meeting. In addition, the JLBC Staff has revised its spending projections through FY 2023 based on current statutory funding formulas.

Updated FY 2019 Estimates

The enacted budget projected the FY 2019 ending balance to be \$764 million. Instead, the FY 2019 ending balance is projected to be significantly greater at \$957 million. This \$193 million net increase in the state's ending balance estimate was due to \$248 million of higher than projected revenues. These increased revenues were offset, however, by \$55 million in higher-

than-budgeted spending. The Arizona Department of Administration is required by law to publish a final FY 2019 ending balance figure by December 1.

In terms of the state's \$248 million FY 2019 revenue gain, net General Fund revenues grew by 10.2% rather than the budgeted forecast of 7.8%, which resulted in an ongoing revenue gain of \$248 million.

The FY 2019 revenue gains were spread across the state's larger revenue categories of Sales Tax, Individual Income and Corporate Income Tax. Corporate Income Tax posted the largest gain in both percentage terms and dollars above the forecast, at 37.8% and \$90 million above forecast during the year. Individual Income Tax collections were up 10.2%, partially a result of "conformity" revenues, but still came in at \$63 million above forecast. The Sales Tax category had another year of healthy growth and was \$17 million above forecast; Insurance Premium Tax also performed strongly and was \$39 million above forecast. *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 2019 Monthly Fiscal Highlights](#).

Table 1			
FY 2019 Revenue Growth Rates by Category			
	<u>Budgeted</u>	<u>Actual</u>	<u>Above Forecast</u>
Sales/TPT	6.1%	6.5%	\$17 M
Individual Income	8.9%	10.2%	\$63 M
Corporate Income	13.8%	37.8%	\$90 M
Insurance Premium	0.2%	7.9%	\$39 M
Other	18.6%	26.4%	\$39 M
Total	7.8%	10.2%	\$248 M

FY 2020 - 1st Quarter

The enacted FY 2020 budget assumed revenue growth of 2.1% prior to one-time fund transfers and urban revenue sharing. Based on preliminary September projections, the comparable first quarter FY 2020 growth rate is 8.6% over last year. Collections through September are \$174 million above the enacted FY 2020 budget forecast. As displayed in *Table 2*, preliminary collections are as follows:

FY 2020 – FY 2023 Revenue Projections

The FY 2020 – FY 2023 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.

Table 2**FY 2020 1st Quarter Revenue Growth Rates**
Excludes Fund Transfers/URS

	<u>% Change</u>
Sales Tax	6.9%
Individual Income	9.4%
Corporate Income	10.6%
Insurance Premium	5.8%
Other Revenues	<u>32.4%</u>
Total	8.6%

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 2.4% in FY 2020. This rate is close to the 2.1% net revenue growth rate assumed in the FY 2020 budget.

While the 8.6% YTD growth rate is significantly above the updated FY 2020 October consensus forecast of 2.4%, these 2 percentages are not directly comparable due to individual income tax reductions enacted in 2019, which are expected to primarily affect collections in the second half of FY 2020. In addition, the taxation of out-of-state internet sales (otherwise known as "Wayfair") did not become effective until October 1. Absent these tax law changes, the projected "base" General Fund revenue growth is 4.9%. The precise impact of these major tax law changes is difficult to forecast in advance, but the Legislature used conservative estimates in scoring both initiatives.

Even after adjusting for tax law changes, the YTD growth remains substantially above the October forecast. As a result, there is upside potential in our FY 2020 revenue projections. We will need to continue to monitor actual collections through our January and April revenue updates to determine whether further forecast revisions are warranted.

The FY 2020 revenue forecast under the October 4-sector update is \$280 million above the enacted budget. YTD through September, the forecast gain is \$174 million.

In FY 2021, the projected 4-sector net revenue growth rate is 3.8%. The growth rate is forecast to be 3.4% in FY 2022 and 4.1% in FY 2023. At these moderate rates of growth, the forecast

assumes no recession through FY 2023. Details of the October 2019 4-sector forecast are summarized in *Attachments A and B*.

The October consensus revenue forecast includes the impact of previously enacted tax legislation, which is estimated to result in revenue reductions of \$(1.2) million in FY 2021, followed by additional reductions of \$(40.2) million in FY 2022, and \$(6.0) million in FY 2023. Of the \$(40.2) million in total reductions in FY 2022, \$(23.3) million is attributable to the elimination of the highway safety fee going into effect on July 1, 2021. (*See Attachment C.*)

Excluding the state's beginning cash balance, total net General Fund revenue is expected to increase from \$11.43 billion in FY 2020 to \$11.73 billion in FY 2021. The projected FY 2022 and FY 2023 net revenue estimates are \$12.18 billion and \$12.66 billion, respectively.

The Forecast Risks of a Recession

While the October forecast does not anticipate a recession, current economic thought is divided on the subject.

In July, the U.S. economy set a new record for the longest period of economic expansion. As of October, the U.S. is in its 124th month of uninterrupted economic growth. Expansions do not, however, usually die of "old age." They are typically the product of "shocks" to the economy that cannot be easily absorbed. A number of factors could tip the economy into a recession, such as an escalation of international trade tensions, slower global growth, along with various geopolitical risks, including an unresolved Brexit, or war in the Middle East or elsewhere.

In July, the Federal Reserve (Fed) lowered its interest rate for the first time since the Great Recession. This was followed by an additional rate reduction in September. In its statement, the Fed noted that its change in monetary policy was "in light of the implications of global developments" and "muted inflation pressures." Some analysts have described the Fed's recent rate cuts as "taking out insurance against uncertainty."

Under the Fed's most recent projections released in September, the U.S. economy is forecast to grow at a gradually slower rate from 2020 through 2022. However, relative to its June forecast, the Fed's revisions to Gross Domestic Product (GDP) growth, the unemployment rate and inflation were small. This suggests that while the Fed's recent policy change can be viewed as an acknowledgement that the U.S. economy is facing greater risks, the central bank does not forecast an outright recession. In September, Fed Chairman Powell said: "we're not forecasting or expecting a recession" and further noted that "the most likely outlook is still moderate growth, a strong labor market and inflation continuing to move back up."

In a recent survey by the Wall Street Journal (WSJ), a panel of economists were asked when they expect the next recession to start. According to the WSJ, 42.5% of the survey respondents believe that the next recession will start in 2020, 35.0% in 2021, and the remaining 22.5% sometime between 2022 and 2027. As an alternative to surveys, there are also "recession probability models," which are designed to mathematically estimate the likelihood of the onset

of a recession within the next 12 months. One such model is the New York Federal Reserve's Probability Model, which predicts a 37.9% probability of a recession starting within the next 12 months.

Regardless of whether recession predictions are based on expert opinions or quantitative models, the exact timing of when such an event occurs cannot be determined with any degree of certainty. The lack of consensus in the economic forecasting community further demonstrates that point.

Future Year Spending Estimates

As part of the October FAC process, JLBC Staff has updated its FY 2020 – FY 2023 projection of Baseline spending. (See *Attachment F.*) The Baseline reflects the projected spending changes associated with statutory and other active funding formulas. In addition, it reflects changes that were assumed in the FY 2020 enacted budget's 3-year spending plan.

Overall state spending is projected to decrease by \$(286) million in FY 2021, or an decrease of (2.4)% from the prior year. Total FY 2021 General Fund spending would be \$11.57 billion.

The decline in FY 2021 Baseline spending is due to the elimination of \$(880) million of one-time spending. (See *Table 5.*) Regular formula growth is projected to cost \$594 million, which results in the net decline of \$(286) million. (See *Table 4.*)

Under the Baseline projections, spending is projected to grow by \$435 million in FY 2022 (3.8% growth) and \$333 million in FY 2023 (2.8% growth). (See *Table 3.*)

Table 3		
Total General Fund Spending		
	<u>\$ in B</u>	<u>% Growth</u>
FY 2020	11.86	10.6%
FY 2021	11.57	(2.4)%
FY 2022	12.01	3.8%
FY 2023	12.34	2.8%

The current year (FY 2020) spending estimate has remained relatively unchanged and is now projected to be \$2 million above the level of the enacted budget.

FY 2021 Statutory Formula Spending

During FY 2021, statutory formula/ongoing spending (excluding one-time spending) is projected to change as follows:

Table 4**'21 Ongoing Spending Changes**

	<u>\$ in M</u>
ADE – K12 Formula	453
AHCCCS – Medicaid Formula	169
DES – Medicaid Formula	61
SFB – Debt Service Savings	(65)
2010B Payoff – Debt Svc Savings	<u>(24)</u>
Total	594

Total Spending Changes	\$(286) M
Total Spending	\$11,570 M
% Change	(2.4)%

Table 5**'21 One-Time Spending Additions/Deletions**

	<u>\$ in M</u>
Fund 27th Pay Period In FY 21	80
FY 20 BSF Deposit	(271)
2010B Sale/Leaseback Payoff	(190)
Transportation Funding	(77)
ADE – Shift DAA/CAA To Ongoing	(68)
ADE – Prop 301 Bridge Savings	(50)
DWR – DCP Funding/Other	(53)
SFB – Fewer New Buildings	(33)
Potential Recurring Spending	(172)
Other One-Time Agency Spending	(41)
Capital Projects	<u>(5)</u>
Total	(880)

- Arizona Department of Education (ADE) ongoing spending is projected to increase by \$453 million in FY 2021. This estimate includes the following changes:
 - 1) 0.6% student enrollment growth and 1.89% inflation;
 - 2) Additional property taxes from new construction;
 - 3) \$175 million for the final 5% teacher salary adjustment as part of the 3-year 20% plan;
 - 4) \$68 million to make a one-time early additional assistance payment permanent; and
 - 5) \$25 million for an increase in the State Aid Supplement required by the 2015 Special Session.
- The ongoing ADE spending increase is revised to a net growth of \$338 million after 2 primary adjustments:
 - 1) Shifting \$50 million of teacher pay adjustments to the Classroom Site Fund (CSF) as required by the 20 x 2020 financing proposal and
 - 2) Shifting the one-time \$68 million advance payment on additional assistance to a permanent change.
- AHCCCS FY 2021 funding is projected to increase by \$169 million over FY 2020. This adjustment is based on flat enrollment growth across most populations, expected inflation increases, and a \$23 million increase associated with renewal of the federal health insurer fee. AHCCCS out-year spending is estimated to increase by \$69 million in FY 2022 and \$55 million in FY 2023.
- Department of Economic Security (DES) Medicaid spending for the Developmental Disabilities (DD) program is projected to increase by \$61 million in FY 2021. This increase is based on 4.7% enrollment growth and capitation growth. DES spending is expected to increase by \$49 million in FY 2022 and \$50 million in FY 2023.
- The School Facilities Board's (SFB) ongoing spending is declining by \$(65) million to reflect the payoff of debt service associated with a mid-2000's issuance for the construction of new school buildings. SFB's new school construction costs are part of one-time spending.

- The Arizona Department of Administration's debt service payments are declining by \$(24) million with the FY 2020 \$190 million payoff of the 2010B issuance. With the payoff, the state will no longer make debt service payments. The issuance was part of the state's effort to generate cash during the Great Recession by the sale and lease-back of state office buildings.

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 \$188 million. K-12 accounts for \$135 million of that amount in the form of suspended Additional Assistance. The Legislature has already enacted legislation to phase out the Additional Assistance suspension by FY 2023.

One-Time Spending/Expiring Statutory Provisions

As part of the FY 2020 budget 3-year spending plan, the Legislature designated certain spending items as one-time. This one-time spending totaled \$1.06 billion in FY 2020. Of this amount, \$880 million was specified as not continuing into future budget years, leaving \$182 million in the FY 2021 spending plan, consistent with the enacted budget long-term projections. This one-time FY 2021 spending is mostly related to SFB new school construction costs and an extra state payroll due to calendar timing. *(See Attachment G.)*

The \$(880) million of FY 2020 one-time spending that has been removed from the FY 2021 spending amounts includes:

- 1) \$(271) million that was deposited into the BSF in FY 2020;
- 2) \$(190) million of funding to payoff the 2010B Sale/Leaseback debt; and
- 3) \$(77) million of funding for various transportation projects.

The removal of the \$(880) million also includes \$(172) million of spending that appears ongoing in nature. Of these "ongoing one-time" spending items, several have been funded continuously over the last several budget cycles, while others were newly enacted in the FY 2020.

Funded For Several Years

- \$63 million of SFB Building Renewal Grant funding. The sum of \$17 million remains in the Baseline.
- \$35 million of University funding for general operating or capital expenses.
- \$8 million of funding to offset Maricopa and Pima County contributions to the Department of Juvenile Corrections.
- \$11 million for employer contributions to the State Employee Health Insurance Trust Fund (HITF), which has declining reserves.

New in the FY 2020 Budget

- \$14 million for rural Community College funding.
- \$15 million for Housing project funding.

- \$18 million of local transportation funding
- \$8 million for smaller funding amounts.

Potential Litigation Expenses

Pending litigation may result in significant impacts to future spending estimates. The current spending projections do not adjust for the following current litigation:

- ADC has been involved in multi-year litigation on the appropriate level of its health care spending.
- The state is currently being sued in federal court over inadequate services to foster care children.
- School districts have sued the state to increase its level of K-12 capital funding. This lawsuit was filed in May 2017.

Future Year Balance Projections

As reported by the Department of Administration, the state ended FY 2019 with a \$957 million cash balance. Combining this \$957 million reserve, \$91 million of one-time fund transfers and projected FY 2020 ongoing revenues of \$11.34 billion results in total available resources of \$12.39 billion for FY 2020. Compared to the FY 2020 estimated spending level of \$11.86 billion, the projected FY 2020 cash balance is \$535 million.

For FY 2021, the \$535 million estimated beginning balance, \$17 million of fund transfers and \$11.71 billion of ongoing revenue results in total resources of \$12.26 billion. Given the estimated FY 2021 spending level of \$11.57 billion, the FY 2021 cash balance is estimated to be \$694 million. This balance is assumed to be allocated as part of the FY 2021 budget process. *(See Attachment D.)*

Of the \$694 million, we recommend that at least \$50 million be retained as part of the cash balance. As described below, the state could allocate up to \$170 million of the \$694 million on ongoing initiatives without creating a cash problem in future years. If \$50 million remains in the cash balance and \$170 million is used for ongoing initiatives, the sum of \$475 million would be available for one-time projects. *(See Attachment E.)*

While the state has a \$324 million ongoing balance projected for FY 2021, that does not represent the amount available for ongoing initiatives (such as tax reductions or spending increases). Given the significant amount of spending policy changes being phased in over the next several years, the state's cash balance is projected to be only \$173 million in FY 2022, assuming no monies are carried forward from FY 2021. Only that amount (approximately \$170 million) could be allocated for ongoing initiatives in the upcoming budget based on the current estimates.

Options for Allocating One-Time Monies

The \$475 million in one-time monies can be used for a number of purposes, including:

- Continuing some share of the \$172 million in "ongoing one-time" appropriations from the FY 2020 budget as delineated above.
- Repairs to Department of Corrections prison buildings. ADC estimates its capital repair needs at over \$380 million.

In addition, one-time monies could be used for "standard" options such as paying off debt/rollover obligations or depositing additional funds in the state's Budget Stabilization Fund.

The State's Level of Reserves

Excluding the cash balance, the state's official reserve is the Budget Stabilization Fund (BSF). That account approximately has \$1 billion, which is equivalent to 8.9% 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%.

October 10, 2019 FAC 4-Sector Consensus

	FY 2020	FY 2021	FY 2022	FY 2023
<u>Sales Tax</u>				
JLBC	5.7%	4.8%	4.2%	3.9%
UA - Low	6.3%	2.3%	1.5%	3.6%
UA - Base	7.4%	6.0%	4.7%	4.2%
FAC	5.7%	4.2%	4.0%	3.8%
Average:	6.3%	4.3%	3.6%	3.9%
<u>Individual Income Tax</u>				
JLBC	-1.5%	5.6%	5.4%	4.8%
UA - Low	-1.9%	2.1%	2.1%	4.9%
UA - Base	0.2%	5.1%	5.1%	5.0%
FAC	3.1%	3.8%	4.1%	4.1%
Average:	0.0%	4.2%	4.2%	4.7%
<u>Corporate Income Tax</u>				
JLBC	4.6%	4.2%	3.1%	4.1%
UA - Low	-3.0%	-2.5%	-2.7%	3.3%
UA - Base	-2.6%	2.4%	3.2%	3.7%
FAC	8.6%	2.5%	3.1%	2.6%
Average:	1.9%	1.7%	1.8%	3.4%
<u>Insurance Premium Tax</u>				
JLBC	-0.1%	0.5%	0.6%	1.4%
UA - Low	0.4%	0.3%	-0.7%	0.1%
UA - Base	0.6%	0.7%	-0.5%	1.1%
FAC	-1.3%	0.5%	1.5%	2.0%
Average:	-0.1%	0.5%	0.2%	1.1%
JLBC Weighted Average:				
	2.1%	4.9%	4.5%	4.2%
UA Low Weighted Average:				
	1.9%	1.9%	1.5%	4.0%
UA Base Weighted Average:				
	3.4%	5.2%	4.6%	4.4%
FAC Consensus Weighted Average:				
	4.3%	3.8%	3.9%	3.8%
"Big-4" Weighted Average:				
	2.9%	3.9%	3.6%	4.1%
Consensus Weighted Average: *				
	2.4%	3.8%	3.4%	4.1%

* Represents ongoing revenue adjusted for small revenue categories

Revenue and Budget Update

4-Sector Consensus Forecast

GENERAL FUND REVENUE - FY 2019 - FY 2021

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	5,416,921.4	6.3%	320,041.6	5,651,005.4	4.3%	234,084.0
Income - Individual	5,009,021.6	10.2%	5,007,978.1	0.0%	(1,043.5)	5,215,956.8	4.2%	207,978.8
- Corporate	514,264.1	37.8%	523,970.8	1.9%	9,706.7	533,045.6	1.7%	9,074.8
Property	29,683.3	-23.3%	30,384.0	2.4%	700.7	31,279.3	2.9%	895.3
Luxury - Tobacco	21,045.8	-4.2%	20,580.4	-2.2%	(465.4)	20,114.6	-2.3%	(465.8)
- Liquor	37,268.3	3.5%	38,618.1	3.6%	1,349.8	39,635.8	2.6%	1,017.7
Insurance Premium	549,760.6	7.9%	549,210.8	-0.1%	(549.8)	551,991.6	0.5%	2,780.8
Other Taxes	13,539.4	77.0%	11,849.1	-12.5%	(1,690.3)	13,268.4	12.0%	1,419.3
Subtotal - Taxes	11,271,462.9	9.2%	11,599,512.7	2.9%	328,049.7	12,056,297.6	3.9%	456,784.9
Other Non-Tax Revenues:								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	99,678.6	-3.8%	(3,916.1)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,025.8	140.9%	35,563.2	-32.9%	(17,462.5)	35,817.9	0.7%	254.7
Sales and Services	24,054.0	-29.5%	24,596.8	2.3%	542.8	23,868.5	-3.0%	(728.3)
Other Miscellaneous	111,394.7	2.8%	101,864.2	-8.6%	(9,530.6)	105,734.2	3.8%	3,870.0
Transfers and Reimbursements	58,724.9	44.6%	64,418.2	9.7%	5,693.3	67,336.9	4.5%	2,918.7
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	95,431.5	-0.1%	(121.1)	95,417.3	0.0%	(14.2)
Subtotal - Other Non-Tax	530,022.0	34.1%	481,474.4	-9.2%	(48,547.6)	484,540	0.6%	3,065.5
Net Ongoing Revenue	11,801,484.9	10.2%	12,080,987.0	2.4%	279,502.1	12,540,837.4	3.8%	459,850.4
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.9)	N/A	(90,919.2)
Net Ongoing Revenue w/ URS	11,126,680.5	10.9%	11,343,413.4	1.9%	216,732.9	11,712,344.5	3.3%	368,931.2
One-Time Financing Sources:								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
Subtotal - Revenues	11,227,106.3	11.1%	11,434,254.1	1.8%	207,147.8	11,729,044.5	2.6%	294,790.5
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	535,348.9	-44.1%	(421,892.1)
Total - Resources	11,676,738.3	13.8%	12,391,495.1	6.1%	714,756.8	12,264,393.4	-1.0%	(127,101.6)

October 2019

Revenue and Budget Update

4-Sector Consensus Forecast

Attachment B

GENERAL FUND REVENUE - FY 2022 - FY 2023

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,854,694.3	3.6%	203,688.9	6,081,881.2	3.9%	227,186.9
Income - Individual	5,434,858.4	4.2%	218,901.6	5,690,238.1	4.7%	255,379.7
- Corporate	542,588.3	1.8%	9,542.6	561,112.6	3.4%	18,524.3
Property	32,204.4	3.0%	925.2	33,160.5	3.0%	956.1
Luxury - Tobacco	19,671.4	-2.2%	(443.3)	19,237.1	-2.2%	(434.2)
- Liquor	40,715.9	2.7%	1,080.1	41,830.8	2.7%	1,114.9
Insurance Premium	553,187.2	0.2%	1,195.6	559,511.8	1.1%	6,324.6
Other Taxes	14,860.7	12.0%	1,592.3	16,647.2	12.0%	1,786.5
Subtotal - Taxes	12,492,780.6	3.6%	436,483.0	13,003,619.3	4.1%	510,838.7
Other Non-Tax Revenues:						
Lottery	107,993.5	8.3%	8,314.9	119,551.5	10.7%	11,557.9
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	38,077.2	6.3%	2,259.2	40,312.3	5.9%	2,235.1
Sales and Services	23,273.7	-2.5%	(594.8)	22,803.1	-2.0%	(470.6)
Other Miscellaneous	109,632.8	3.7%	3,898.6	113,558.7	3.6%	3,925.9
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	478,431.2	-1.3%	(6,108.7)	499,078.7	4.3%	20,647.4
Net Ongoing Revenue	12,971,211.8	3.4%	430,374.4	13,502,698.0	4.1%	531,486.2
Urban Revenue Sharing (URS)	(829,792.3)	N/A	(1,299.5)	(862,350.4)	N/A	(32,558.0)
Net Ongoing Revenue w/ URS	12,141,419.5	3.7%	429,074.9	12,640,347.6	4.1%	498,928.2
One-Time Financing Sources:						
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
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	36,700.0	119.8%	20,000.0	16,700.0	-54.5%	(20,000.0)
Subtotal - Revenues	12,178,119.5	3.8%	449,074.9	12,657,047.6	3.9%	478,928.2
Balance Forward	-	-100.0%	(535,348.9)	-	N/A	0.0
Total - Resources	12,178,119.5	-0.7%	(86,274.0)	12,657,047.6	3.9%	478,928.2

October 2019 Revenue and Budget Update
Marginal Dollar Impact of Enacted Tax Law Changes ^{1/}
(\$ in millions)

Legislation	FY2020	FY2021	FY2022	FY2023
<u>Laws 2006, Chapters 14 & 325</u>				
Increases STO credit cap for low-income students by 20% per year, beginning in FY 2008	(17.8)	(21.4)	(25.7)	(30.8)
<u>Laws 2019, Chapters 281</u>				
Phases down annual increase of STO credit cap from 20% to 5% over 3 years, beginning in FY 2021	<u>0.0</u>	<u>5.4</u>	<u>13.3</u>	<u>24.0</u>
Net Impact of Laws 2006 Chapter 14 & 235 and Laws 2019, Chapter 281	(17.8)	(16.0)	(12.4)	(6.8)
<u>Laws 2015, Chapter 220 & Laws 2016, Chapter 358</u>				
Phases Down Insurance Premium Tax Rate from 2.0% to 1.7% over 6 Years, beginning in FY 2017	(4.7)	(5.0)	(5.4)	0.0
<u>Laws 2017, Chapter 319</u>				
Authorizes an additional \$10 million in angel investment credits from FY 2018 to FY 2021	(0.8)	0.0	0.8	0.8
<u>Laws 2017, Chapter 340</u>				
Modifies eligibility requirements for the new jobs tax credit and extends credit through FY 2025	(0.9)	(0.8)	0.0	0.0
<u>Laws 2018, Chapter 283</u>				
Increases military pension exemption from \$2,500 to \$3,500, beginning in TY 2019	(2.0)	0.0	0.0	0.0
<u>Laws 2019, Chapter 263</u>				
Reduces Liquor Licenses Fund transfers to General Fund	(0.2)	0.0	0.0	0.0
<u>Laws 2019, Chapter 263</u>				
Reduces State Treasurer transfer to General Fund	(0.4)	0.0	0.0	0.0
<u>Laws 2019, Chapter 268</u>				
Reduces Public Safety transfers to General Fund	(49.0)	0.0	(23.3)	0.0
<u>Laws 2019, Chapter 273</u>				
Conforms state statutes to the TY 2018 and TY 2019 Internal Revenue Code	62.0	0.0	0.0	0.0
<u>Conformity Offsets:</u>				
Eliminates personal and dependent exemptions	353.9	0.0	0.0	0.0

Legislation	FY2020	FY2021	FY2022	FY2023
Eliminates lottery winning subtraction	0.1	0.0	0.0	0.0
Increases standard deduction	(404.0)	0.0	0.0	0.0
Creates a new dependent tax credit	(144.0)	0.0	0.0	0.0
Reduces the number of income tax brackets and decreases marginal tax rates	(108.0)	0.0	0.0	0.0
<u>Allows additional standard deduction on 25% of charitable contributions</u>	<u>(24.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Sub-Total Conformity Offsets	(326.0)	0.0	0.0	0.0
Enacts "Wayfair" legislation for remote sales	<u>57.0</u>	<u>28.0</u>	<u>0.0</u>	<u>0.0</u>
Sub-Total - Chapter 273	(207.0)	28.0	0.0	0.0
<u>Laws 2019, Chapter 288</u>				
Expands TPT exemption on propagative materials to include fertilizers	(7.4)	(7.4)	0.0	0.0
<u>Laws 2019, Chapter 290</u>				
Increases the TPT estimated payment threshold from \$1 M to \$4.1 M over 4 years, beginning in FY 2020	(10.0)	0.0	0.0	0.0
<u>Laws 2019, Chapter 297</u>				
Expands charitable tax credit to include adults with chronic illness	(1.2)	0.0	0.0	0.0
Total General Fund Revenue Impact over Prior Year	<u>(301.4)</u>	<u>(1.2)</u>	<u>(40.3)</u>	<u>(6.0)</u>

1/ Each year represents the dollar value of the provision compared to the prior year.

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES 1/
WITH ONE-TIME FINANCING SOURCES**

Attachment D

	FY 2020 October FAC	FY 2021 October FAC	FY 2022 October FAC	FY 2023 October FAC
REVENUES				
Ongoing Revenues	\$12,080,987,000	\$12,540,837,400	\$12,971,211,800	\$13,502,698,000
Urban Revenue Sharing	(737,573,600)	(828,492,900)	(829,792,300)	(862,350,400)
Net Ongoing Revenues	\$11,343,413,400	\$11,712,344,500	\$12,141,419,500	\$12,640,347,600
One-time Financing Sources				
Balance Forward	\$957,241,000	\$535,348,900		
Wells Fargo Settlement	20,000,000			
Water Infrastructure Repayment			20,000,000	
Fund Transfers	70,840,700	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	\$1,048,081,700	\$552,048,900	\$36,700,000	\$16,700,000
Total Revenues	\$12,391,495,100	\$12,264,393,400	\$12,178,119,500	\$12,657,047,600
EXPENDITURES				
Operating Budget Appropriations	\$10,838,398,100	\$11,432,870,400	\$11,971,140,500	\$12,347,121,600
FY 2020 Supplementals/Ex-Approp.	481,100			
Administrative Adjustments	128,000,000	138,000,000	143,000,000	143,000,000
Revertments	(173,000,000)	(183,000,000)	(188,000,000)	(188,000,000)
Subtotal Ongoing Expenditures	\$10,793,879,200	\$11,387,870,400	\$11,926,140,500	\$12,302,121,600
One-time Expenditures				
Capital Outlay	\$4,575,000			
Transportation Funding	95,310,000			
Reduce K-12 Rollover			30,000,000	
Budget Stabilization Fund Deposit	271,107,000			
2010B Debt Payoff	190,000,000			
Operating One-Time Spending	501,275,000	102,237,300	49,344,900	36,079,800
Additional (27th) Pay Period		80,000,000		
Subtotal One-time Expenditures	\$1,062,267,000	\$182,237,300	\$79,344,900	\$36,079,800
Total Expenditures	\$11,856,146,200	\$11,570,107,700	\$12,005,485,400	\$12,338,201,400
Ending Balance <u>2/</u>	<u>\$535,348,900</u>	<u>\$694,285,700 <u>4/</u></u>	<u>\$172,634,100</u>	<u>\$318,846,200</u>
Ongoing Balance <u>3/</u>	<u>\$549,534,200</u>	<u>\$324,474,100</u>	<u>\$215,279,000</u>	<u>\$338,226,000</u>

1/ Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.

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 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 2021 cash balance is presumed to be allocated as part of the FY 2021 budget process.

STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES 1/
WITH ONE-TIME FINANCING SOURCES
OCTOBER FAC PLANNING TARGETS - SAMPLE SCENARIO

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
REVENUES				
Ongoing Revenues	\$12,080,987,000	\$12,540,837,400	\$12,971,211,800	\$13,502,698,000
Urban Revenue Sharing	(737,573,600)	(828,492,900)	(829,792,300)	(862,350,400)
Net Ongoing Revenues	\$11,343,413,400	\$11,712,344,500	\$12,141,419,500	\$12,640,347,600
One-time Financing Sources				
Balance Forward	\$957,241,000	\$535,348,900	\$49,285,700	\$51,919,800
Wells Fargo Settlement	20,000,000			
Water Infrastructure Repayment			20,000,000	
Fund Transfers	70,840,700	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	\$1,048,081,700	\$552,048,900	\$85,985,700	\$68,619,800
Total Revenues	\$12,391,495,100	\$12,264,393,400	\$12,227,405,200	\$12,708,967,400
EXPENDITURES				
Operating Budget Appropriations	\$10,838,398,100	\$11,432,870,400	\$11,971,140,500	\$12,347,121,600
FY 2020 Supplementals/Ex-Approp.	481,100			
Administrative Adjustments	128,000,000	138,000,000	143,000,000	143,000,000
Revertments	(173,000,000)	(183,000,000)	(188,000,000)	(188,000,000)
Subtotal Ongoing Expenditures	\$10,793,879,200	\$11,387,870,400	\$11,926,140,500	\$12,302,121,600
One-time Expenditures				
Capital Outlay	\$4,575,000			
Transportation Funding	95,310,000			
Reduce K-12 Rollover			30,000,000	
Budget Stabilization Fund Deposit	271,107,000			
2010B Debt Payoff	190,000,000			
Operating One-Time Spending	501,275,000	102,237,300	49,344,900	36,079,800
Additional (27th) Pay Period		80,000,000		
Subtotal One-time Expenditures	\$1,062,267,000	\$182,237,300	\$79,344,900	\$36,079,800
Total Expenditures	\$11,856,146,200	\$11,570,107,700	\$12,005,485,400	\$12,338,201,400
Ongoing Planning Target		\$170,000,000	\$170,000,000	\$170,000,000
One-Time Planning Target		\$475,000,000		
Adjusted Ending Balance	<u>\$535,348,900</u>	<u>\$49,285,700</u>	<u>\$51,919,800</u>	<u>\$200,766,000</u>
Adjusted Ongoing Balance	<u>\$549,534,200</u>	<u>\$154,474,100</u>	<u>\$45,279,000</u>	<u>\$168,226,000</u>

1/ The figures displayed above reflect the October FAC estimates adjusted for hypothetical planning targets to display the amount of ongoing and one-time resources estimated to be available during the FY 2021 budget process.

GENERAL FUND SPENDING BY BUDGET UNITS 1/

ONGOING FUNDING

	FY 2020 October FAC	FY 2021 \$ Above FY 2020	FY 2021 October FAC	FY 2022 \$ Above FY 2021	FY 2022 October FAC	FY 2023 \$ Above FY 2022	FY 2023 October FAC
EXPENDITURES							
Operating Budget							
-- Department of Administration	\$7,822,400		\$7,822,400		\$7,822,400		\$7,822,400
-- ADOA - Automation Projects Fund	5,000,000	(5,000,000)					
-- Office of Administrative Hearings	884,400		884,400		884,400		884,400
-- African-American Affairs Commission	127,600		127,600		127,600		127,600
-- Arizona Department of Agriculture	10,049,500	69,600	10,119,100		10,119,100		10,119,100
-- AHCCCS	1,759,784,600	168,886,900	1,928,671,500	68,563,700	1,997,235,200	54,771,200	2,052,006,400
-- Attorney General	24,472,200		24,472,200		24,472,200		24,472,200
-- State Board for Charter Schools	1,708,300	392,800	2,101,100		2,101,100		2,101,100
-- Department of Child Safety	384,522,200		384,522,200		384,522,200		384,522,200
-- Commerce Authority	16,275,000	(100,000)	16,175,000		16,175,000		16,175,000
-- Community Colleges	60,400,700	1,945,400	62,346,100	2,564,300	64,910,400	2,679,800	67,590,200
-- Corporation Commission	615,000		615,000		615,000		615,000
-- Department of Corrections	1,161,991,400		1,161,991,400		1,161,991,400		1,161,991,400
-- County Funding	10,650,700		10,650,700		10,650,700		10,650,700
-- Schools for the Deaf and the Blind	23,057,300		23,057,300		23,057,300		23,057,300
-- Office of Economic Opportunity	466,400		466,400		466,400		466,400
-- Department of Economic Security	748,153,200	60,530,900	808,684,100	48,970,900	857,655,000	50,461,500	908,116,500
-- State Board of Education	1,157,100		1,157,100		1,157,100		1,157,100
-- Department of Education	5,065,507,400	453,011,000	5,518,518,400	258,748,100	5,777,266,500	262,724,800	6,039,991,300
-- Dept. of Emergency & Military Affairs	12,179,300		12,179,300		12,179,300		12,179,300
-- State Board of Equalization	657,100		657,100		657,100		657,100
-- Board of Executive Clemency	1,146,600		1,146,600		1,146,600		1,146,600
-- Department of Financial Institutions 2/	1,969,200		1,969,200		1,969,200		1,969,200
-- Dept. of Forestry and Fire Management	13,138,900		13,138,900		13,138,900		13,138,900
-- Department of Gaming	1,779,500		1,779,500		1,779,500		1,779,500
-- Office of the Governor	8,663,900		8,663,900		8,663,900		8,663,900
-- Gov's Ofc of Strategic Planning and Budgeting	2,684,100		2,684,100		2,684,100		2,684,100
-- Department of Health Services	92,454,300		92,454,300		92,454,300		92,454,300
-- Arizona Historical Society	3,090,000		3,090,000		3,090,000		3,090,000
-- Prescott Historical Society	830,100		830,100		830,100		830,100
-- Department of Insurance 2/	5,631,400		5,631,400		5,631,400		5,631,400
-- Judiciary	127,408,700	6,019,400	133,428,100		133,428,100		133,428,100
-- Department of Juvenile Corrections	28,243,900		28,243,900		28,243,900		28,243,900
-- State Land Department	11,594,700	481,100	12,075,800		12,075,800		12,075,800
-- Legislature							
Auditor General	20,129,300		20,129,300		20,129,300		20,129,300
House of Representatives	16,312,100		16,312,100		16,312,100		16,312,100
Joint Legislative Budget Committee	2,823,500		2,823,500		2,823,500		2,823,500
Legislative Council	8,787,800		8,787,800		8,787,800		8,787,800
Senate	12,884,300		12,884,300		12,884,300		12,884,300
SUBTOTAL - Legislature	\$60,937,000	\$0	\$60,937,000	\$0	\$60,937,000	\$0	\$60,937,000
-- State Mine Inspector	1,262,900		1,262,900		1,262,900		1,262,900
-- Navigable Stream Adjudication Commission	128,100		128,100		128,100		128,100
-- Commission for Postsecondary Education	1,680,900		1,680,900		1,680,900		1,680,900
-- Department of Public Safety	86,641,300	(2,658,600)	83,982,700	160,709,300	244,692,000		244,692,000

GENERAL FUND SPENDING BY BUDGET UNITS 1/ ONGOING FUNDING

	FY 2020 October FAC	FY 2021 \$ Above FY 2020	FY 2021 October FAC	FY 2022 \$ Above FY 2021	FY 2022 October FAC	FY 2023 \$ Above FY 2022	FY 2023 October FAC
-- Public Safety Personnel Retirement System	6,000,000		6,000,000		6,000,000		6,000,000
-- State Real Estate Department	2,895,700		2,895,700		2,895,700		2,895,700
-- Department of Revenue	31,106,800		31,106,800		31,106,800		31,106,800
-- School Facilities Board	150,251,000	(64,692,700)	85,558,300	(1,000)	85,557,300	(4,400)	85,552,900
-- Secretary of State	17,311,400	(408,100)	16,903,300	(4,000,000)	12,903,300	4,000,000	16,903,300
-- Tax Appeals, State Board of	280,600		280,600		280,600		280,600
-- Office of Tourism	8,214,000		8,214,000	1,500,000	9,714,000		9,714,000
-- State Treasurer	1,205,100		1,205,100		1,205,100		1,205,100
-- Governor's Office on Tribal Relations	62,600		62,600		62,600		62,600
-- Universities	737,159,200	(495,800)	736,663,400	712,100	737,375,500	848,000	738,223,500
-- Department of Veterans' Services	7,766,200		7,766,200		7,766,200		7,766,200
-- Department of Water Resources	14,168,900		14,168,900		14,168,900		14,168,900
-- Phoenix Convention Center Payment	23,500,000	497,900	23,997,900	500,600	24,498,500	500,900	24,999,400
-- Rio Nuevo District	16,000,000		16,000,000		16,000,000		16,000,000
-- Asset Sale/Lease-Back Debt Service	77,709,300	(24,007,500)	53,701,800	2,100	53,703,900	(700)	53,703,200
Total - Operating Budget	\$10,838,398,100	\$594,472,300	\$11,432,870,400	\$538,270,100	\$11,971,140,500	\$375,981,100	\$12,347,121,600
-- Capital Outlay	4,575,000	(4,575,000)					
-- Reduce K-12 Rollover				30,000,000	30,000,000	(30,000,000)	
-- Budget Stabilization Fund Deposit	271,107,000	(271,107,000)					
-- 2010 B Debt Payoff	190,000,000	(190,000,000)					
-- Transportation Funding	95,310,000	(95,310,000)					
-- Operating One-Time Spending	501,275,000	(399,037,700)	102,237,300	(52,892,400)	49,344,900	(13,265,100)	36,079,800
-- Additional (27th) Pay Period		80,000,000	80,000,000	(80,000,000)			
-- FY 2020 Supplementals/Ex-Appropriation	481,100	(481,100)					
-- Administrative Adjustments	128,000,000	10,000,000	138,000,000	5,000,000	143,000,000		143,000,000
-- Revertments	(173,000,000)	(10,000,000)	(183,000,000)	(5,000,000)	(188,000,000)		(188,000,000)
Total Spending	\$11,856,146,200	(\$286,038,500)	\$11,570,107,700	\$435,377,700	\$12,005,485,400	\$332,716,000	\$12,338,201,400

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 Adjustments" table.

2/ Beginning in FY 2021, the Department of Financial Institutions and Department of Insurance will be combined into one budget unit (along with the Automobile Theft Authority). Laws 2019, Chapter 252 merged these 3 agencies into the newly created Department of Insurance and Financial Institutions (DIFI), effective after June 30, 2020.

SUMMARY OF ONE-TIME ADJUSTMENTS

	FY 2020 October FAC	FY 2021 October FAC	FY 2022 October FAC	FY 2023 October FAC
Operating				
ADOA - Sierra Vista Public Safety Communications	\$ 271,000	\$ -	\$ -	\$ -
ADOA/Automation Projects Fund - CHILDS	5,100,000			
ADOA/Automation Projects Fund - Business OneStop	1,000,000			
Agriculture - Industrial Hemp	750,000			
AHCCCS - North Country Graduate Medical Education	750,000			
Arts - One-Time Funding	2,000,000			
Arts - Nonprofit Theater Capital Support	200,000			
Attorney General - Criminal Division	1,500,000			
Commerce Authority - Rural Broadband Grants	3,000,000			
Community Colleges - Maricopa Healthcare Expansion	5,800,000			
Community Colleges - Pima Aviation Center	15,000,000			
Community Colleges - Rural Funding	14,200,000			
Community Colleges - Maricopa/Pima STEM Funding	2,000,000	2,000,000	2,000,000	
Economic Opportunity - Small Water Systems Fund Deposit	500,000			
DES - Caregiver Grants	1,000,000			
ADE - Gifted Education	1,000,000			
ADE - Prop 301 Bridge	64,100,000	14,100,000		
ADE - Civics Pilot Program	500,000			
ADE - High Quality Teacher Scholarships	400,000	400,000	400,000	
ADE - Mingus Unified Consolidation Costs	50,000			
ADE - Yuma Elementary School Construction	800,000			
ADE - CTED Incentive Program		5,000,000	5,000,000	
ADE - One-Time DAA/CAA Funding	67,774,700			
DEQ - Maricopa County Dust Supression Pilot Program	200,000			
Forestry - Fire Training Center	1,000,000			
Forestry - Non-Native Vegetation Eradication	1,000,000			
Forestry - Mount Lemmon Water Line	750,000			
Gaming - County Fair Promotion	730,000	730,000	730,000	
DHS - Rural Hospital Prenatal Equipment	1,000,000	500,000	500,000	
DHS - Restore Emergency Fund To \$500k	106,600			
DHS - Primary Care Clinic - Colorado City	700,000			
DHS - Benson and Northern Cochise Hospitals	1,500,000			
DHS - Loan Repayment Program	750,000			
DHS - Vulnerable Caregiver Workshops	250,000			
Housing - Housing Trust Fund Deposit	15,000,000			
Judiciary - Digitization/Case Management System	250,000			
Judiciary - Superior Court - CORP Increase	2,354,000			
Juvenile Corrections - Maricopa/Pima Cost Sharing Offset	8,450,900			
Legislature - Auditor General - CTED Study	400,000			
DPS - Vehicle Replacement	4,000,000			

SUMMARY OF ONE-TIME ADJUSTMENTS

	FY 2020 October FAC	FY 2021 October FAC	FY 2022 October FAC	FY 2023 October FAC
DPS - Interoperability Project	1,500,000			
SFB - Building Renewal Grants	62,790,900			
SFB - New School Construction (FY 19 Authorization)	36,726,700			
SFB - New School Construction (FY 20 Authorization)	75,875,800	45,805,900		
SFB - New School Construction (FY 21 Authorization)		33,701,400	21,466,200	
SFB - New School Construction (FY 22 Authorization)			19,248,700	14,248,700
SFB - New School Construction (FY 23 Authorization)				21,831,100
Universities - ASU	18,900,000			
Universities - NAU	6,650,000			
Universities - UA	9,450,000			
DWR - Water Protection Fund Deposit	500,000			
DWR - Augmentation And Conservation Assistance	2,000,000			
DWR - Water System Conservation Funding	30,000,000			
DWR - Additional Infrastructure Projects	20,000,000			
DWR - Digitization	200,000			
Other - HITF Deposit	10,544,400			
Subtotal - Operating Funding	\$ 501,275,000	\$ 102,237,300	\$ 49,344,900	\$ 36,079,800
Additional (27th) Pay Period - FY 2021		\$ 80,000,000		
Budget Stabilization Fund Deposit	\$ 271,107,000			
2010B Debt Payoff	\$ 190,000,000			
Reduce K-12 Rollover			\$ 30,000,000	
Capital Outlay				
Capital - Agriculture - Mariposa Cold Inspection Facility	700,000			
Capital - DEMA - West Valley Readiness Center	3,875,000			
Subtotal - Capital Outlay	\$ 4,575,000	\$ -	\$ -	\$ -
Transportation Funding				
Additional Projects	77,310,000			
Local Transportation Distribution	18,000,000			
Subtotal - Transportation Funding	\$ 95,310,000	\$ -	\$ -	\$ -
Total - One-time Spending	\$ 1,062,267,000	\$ 182,237,300	\$ 79,344,900	\$ 36,079,800



Nothing Lasts Forever.....

FAC

October 10, 2019

Presented By:
Elliott D. Pollack
CEO, Elliott D. Pollack & Company



Elliott D. Pollack & Company



Questions and Answers



Elliott D. Pollack & Company

**If late last year was the 7th
inning,
where are we now?**



11	12	13	14	15	16	17	18	19	20	R	H	E
0	0	0	0	0	0	0	0	1	1	2	9	2
0	0	0	0	0	0	0	0	1	0	1	15	0



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3

Are we near the abyss?



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4

Is it time to panic?



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5

The answer is.....



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6

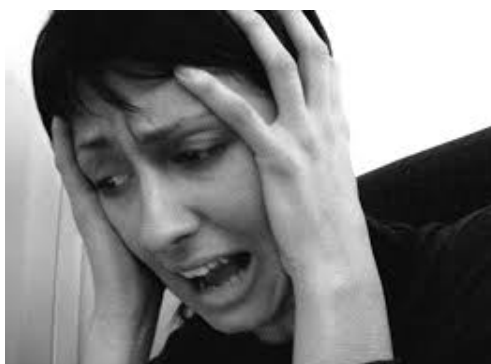
**Extra innings.
No, more of a mild dip.
No.**



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7

**Could there be a
recession?**



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8

Very Possibly



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9

Will it look like 2007?



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10

Not Likely!



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11

The economy is inherently cyclical

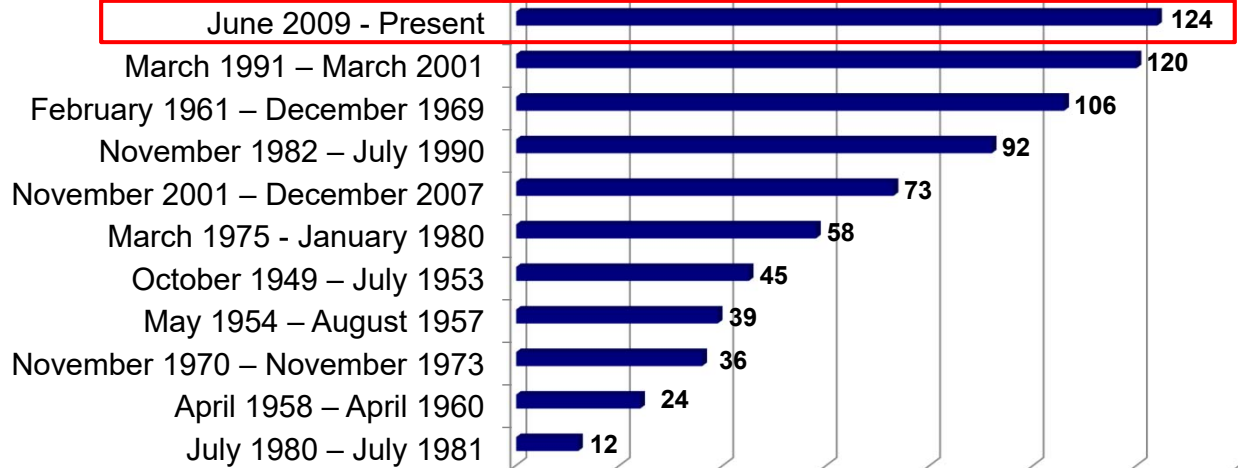


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U.S. BUSINESS CYCLE EXPANSIONS

Source: National Bureau of Economic Research



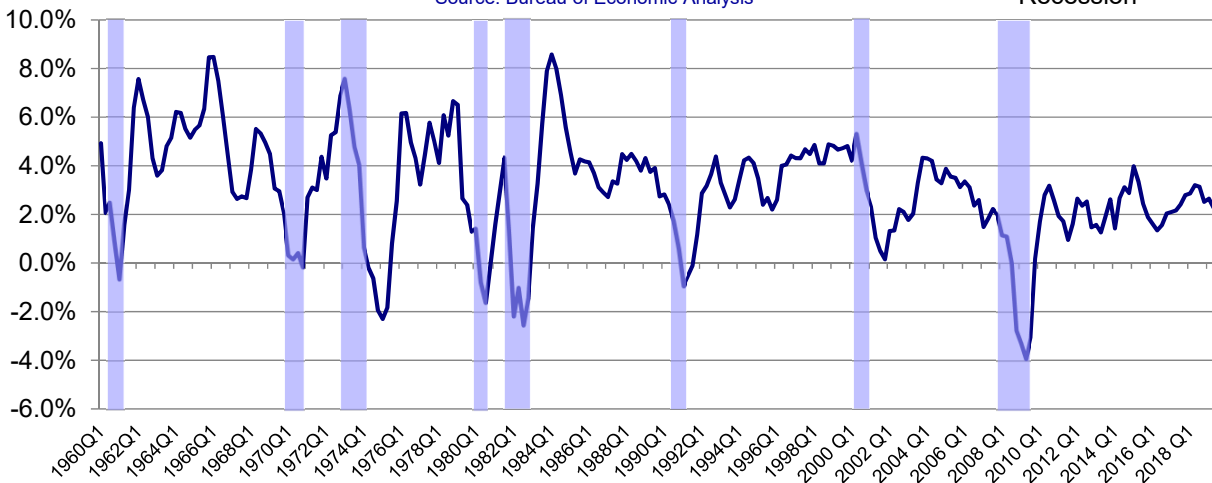
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Real GDP

% Change a Year Ago
1960-2019*

Source: Bureau of Economic Analysis



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*Data through the second quarter 2019

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But not all slowdowns are the same



Current Dynamics

- Slowdown in the Long Term Trend
- We have caught up to potential GDP.
- Late in Cycle

Long Term Potential

- Going forward, factors that determine long term growth will be growing at rates that are slower than the historic norm.



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Growth in Potential GDP

Average Annual Growth Rate

Source: Congressional Budget Office

Period	Potential Labor Force	Real Potential GDP
1950-1973	1.6%	4.0%
1974-1981	2.5%	3.2%
1982-1990	1.6%	3.4%
1991-2001	1.2%	3.2%
2002-2007	1.0%	2.5%
2008-2014	0.6%	1.5%
2015-2018	0.5%	1.8%
2019-2023	0.5%	2.1%
2024-2029	0.4%	1.8%



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Population 5-Year Annual Growth Rates

Source: U.S. Census Bureau

Year Ending	Native Population		Foreign-Born		Total	
	Total	18 to 64	Total	18 to 64	Total	18 to 64
2000	0.8%	0.9%	4.2%	4.7%	1.2%	1.4%
2005	0.7%	0.8%	3.2%	3.3%	0.9%	1.2%
2010	0.8%	0.8%	1.3%	1.4%	0.9%	1.0%
2015	0.5%	0.2%	2.3%	2.3%	0.7%	0.5%
2020	0.6%	0.2%	1.8%	1.0%	0.7%	0.3%
2025	0.6%	0.0%	1.5%	0.9%	0.7%	0.2%

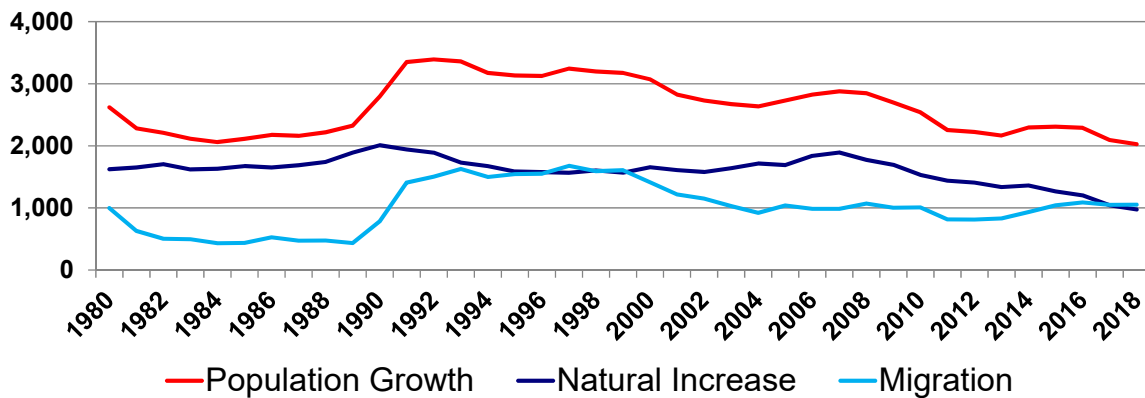


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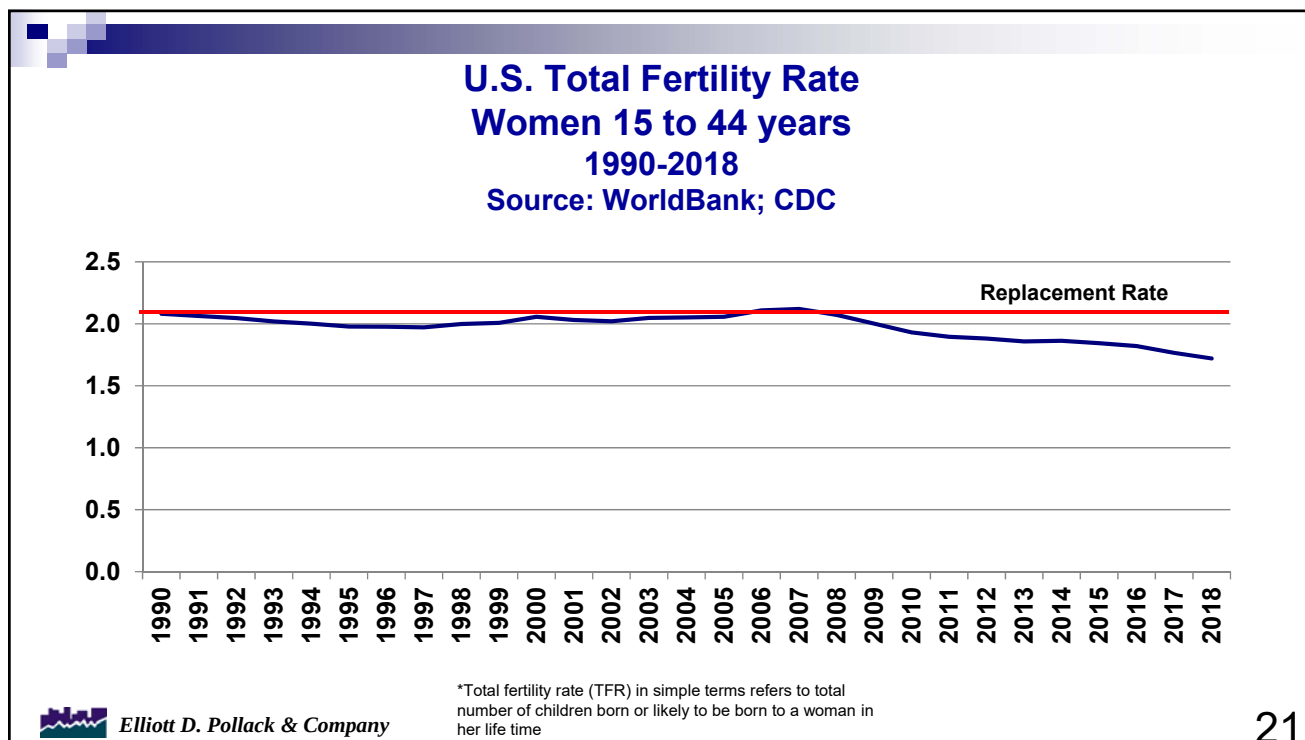
U.S. Population Growth (Thousands) 1980-2018

Source: U.S. Census Bureau



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Trend

Less population growth means less demand for housing and other goods and services.

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Cycle

Where do we stand in the Cycle?

- We are very late in the game
- Synchronized global slowdown, especially in manufacturing
 - Chinese economy growing at the slowest rate in 28 years
- Slowdown in velocity of money
 - Fed is not getting much bang for the buck
- Uncertainty over trade policies
- Tax cuts have worked their way through the system
- Too much government debt
 - When we will pay the piper is unknown. Maybe 2 years. Maybe 20 years.
- Election year could get Crazy



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Cycle

- The closer the U.S. Economy gets to full-employment, the less employment growth you can expect.
- So employment growth will slow over the next year



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Real GDP Growth Forecast

Source: Blue Chip Economic Indicators

	2018	2019f	2020f
United States	2.9	2.3	1.8
Euro Area	1.9	1.2	1.2
United Kingdom	1.4	1.2	1.0
Germany	1.5	0.7	1.0
France	1.7	1.3	1.3
China	6.6	6.2	5.9
Japan	0.8	0.9	0.4
South Korea	2.7	1.9	2.2



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Negative Interest Rates

Source: Bloomberg

Country	10-Year Bond Yield
Switzerland	-0.82%
Germany	-0.59%
Netherlands	-0.45%
France	-0.29%
Japan	-0.20%
United Kingdom	0.47%
Canada	1.24%
United States	1.53%



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Implications of Negative Interest Rates

- Very low inflation or deflation
- Slow Growth
- With positive interest rates in the U.S., the dollar becomes stronger and U.S. exports become less competitive.
- Pushes investors to riskier assets in the hope of getting a better return.
- Savers are penalized.
- Creates perverse incentives.
- If rates go low enough, someone pays you to borrow for a car or a house.
- An admission that central banks are running out of bullets.



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Monetary Policy

- The Fed does not want a recession.
- Worldwide monetary policy is expansive.
- The Fed is entering a period of slower growth with few bullets in its gun.
- Interest rates are already low and going lower.
- They will have to resort to quantitative easing.
- But with interest rates so low and huge government debt levels, it will be less effective.
- Central Banks are worried about disinflation and deflation.



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The fed is not getting the bang for the buck in money supply growth



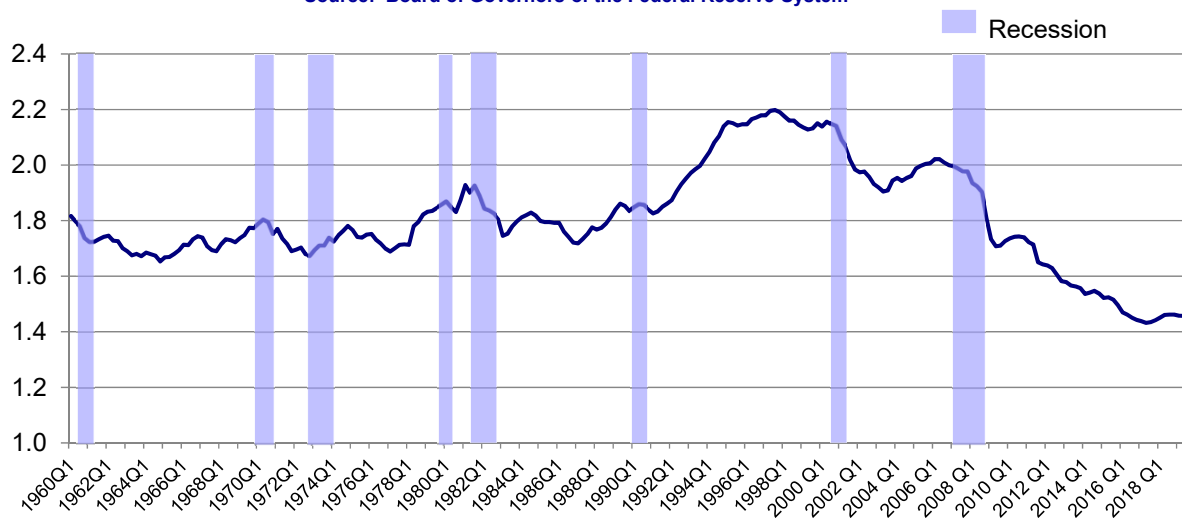
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Velocity of M2 Money Stock

1960–2019*

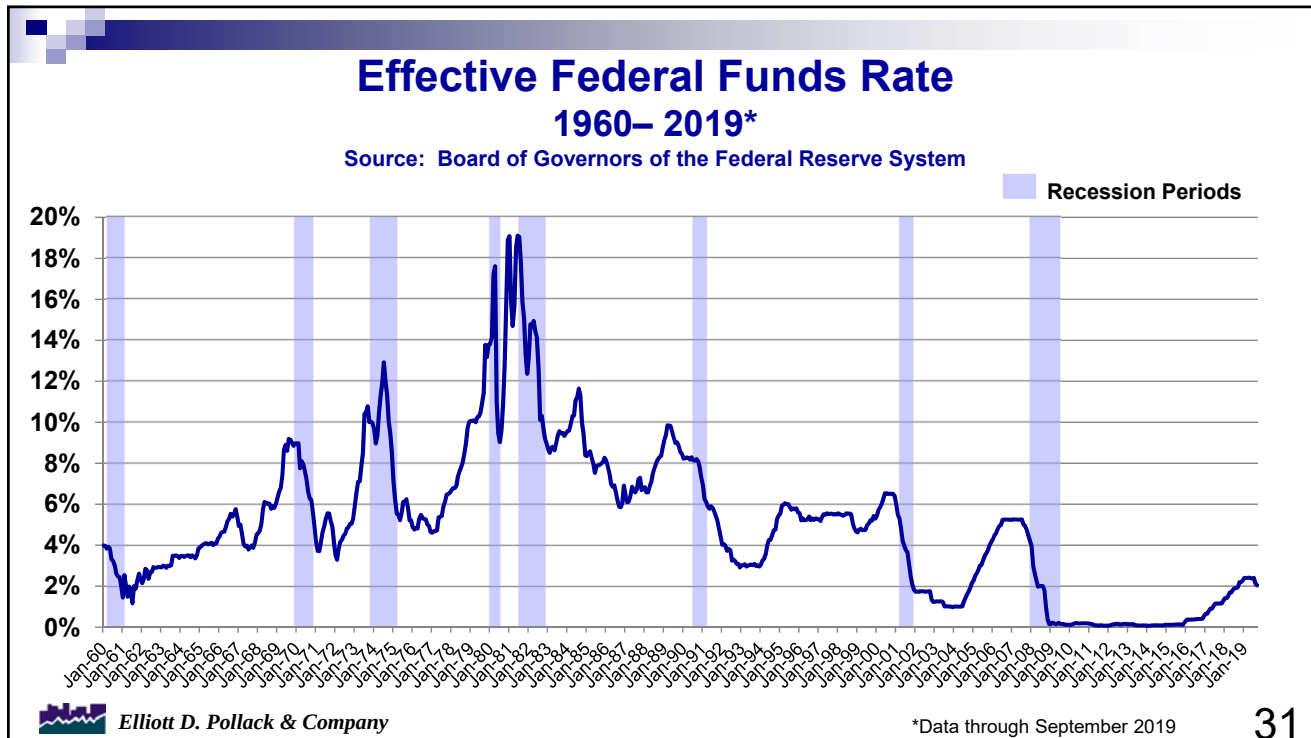
Source: Board of Governors of the Federal Reserve System



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*Data through the second quarter 2019

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What can kick us into a Recession?



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What can kick us into a Recession?

- Deteriorating global growth
- Trade War
- Slowdown in spending by consumer
- Externalities that affect consumer confidence
 - Oil Price Shock
 - War
 - Unknown Unknowns



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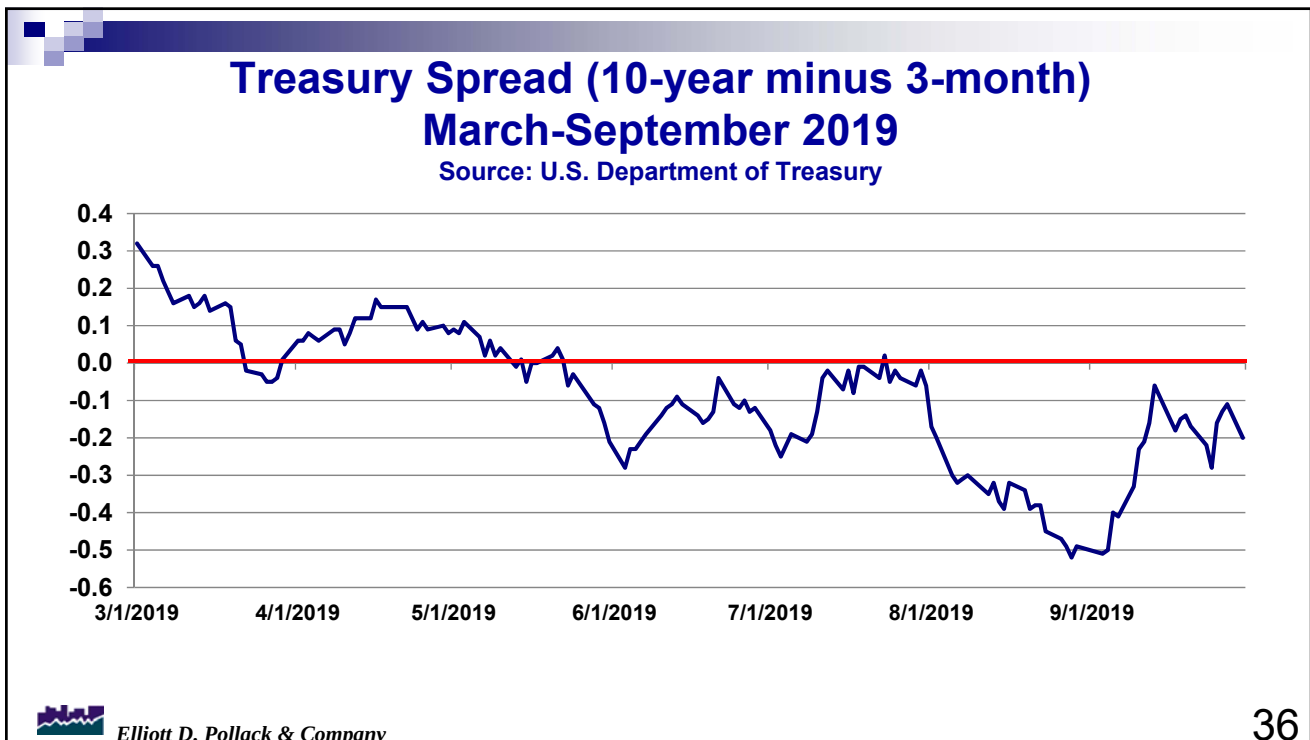
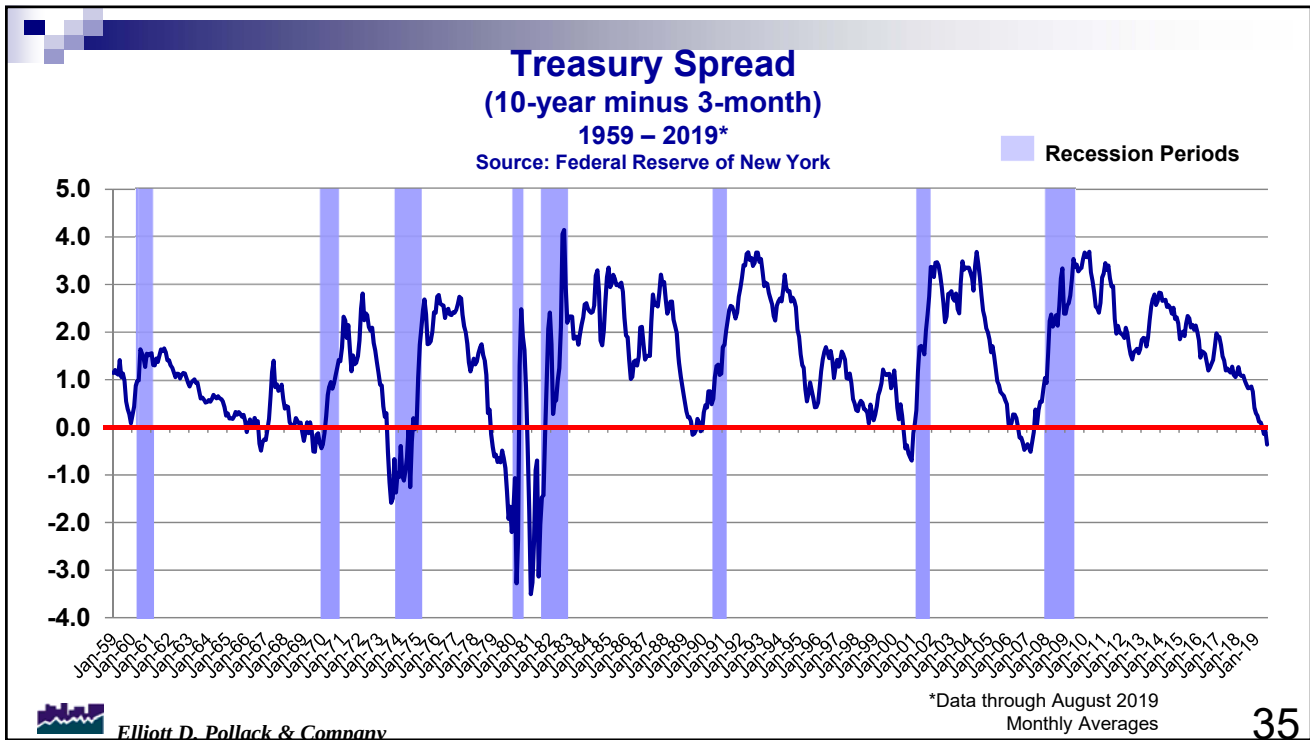
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Recession indicators



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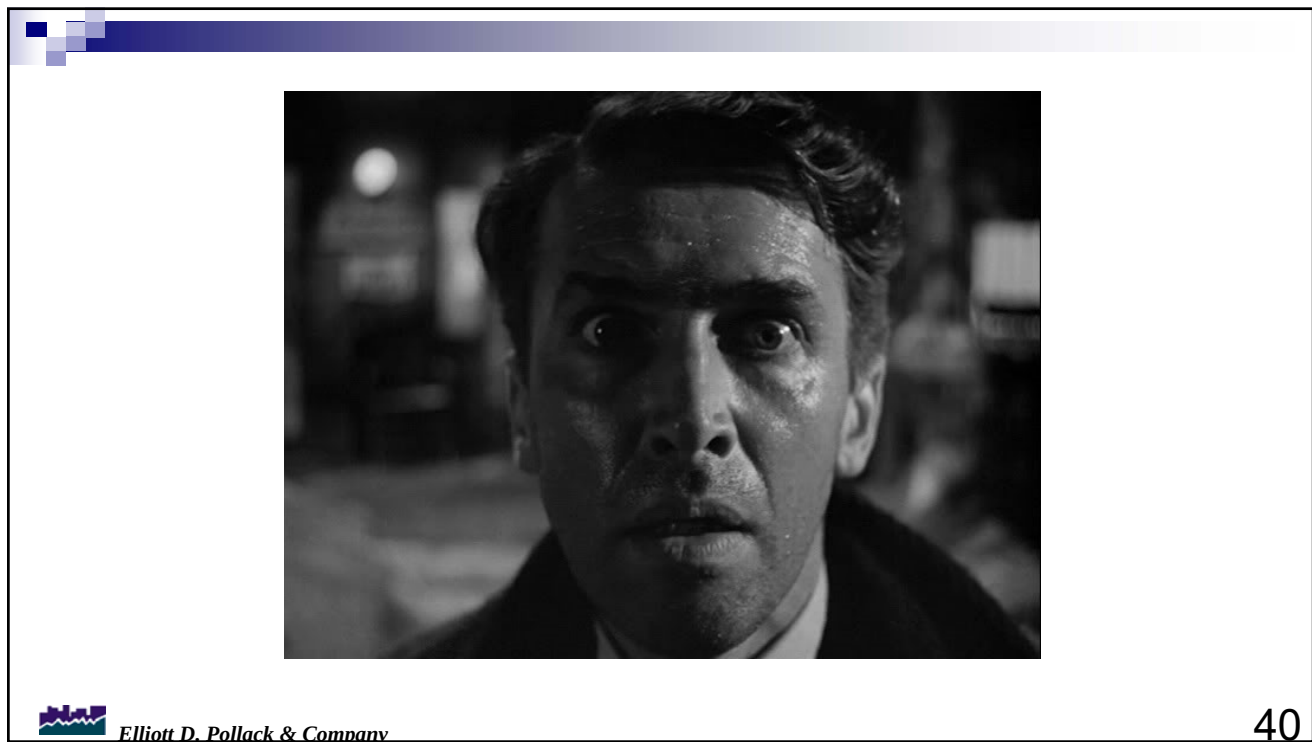
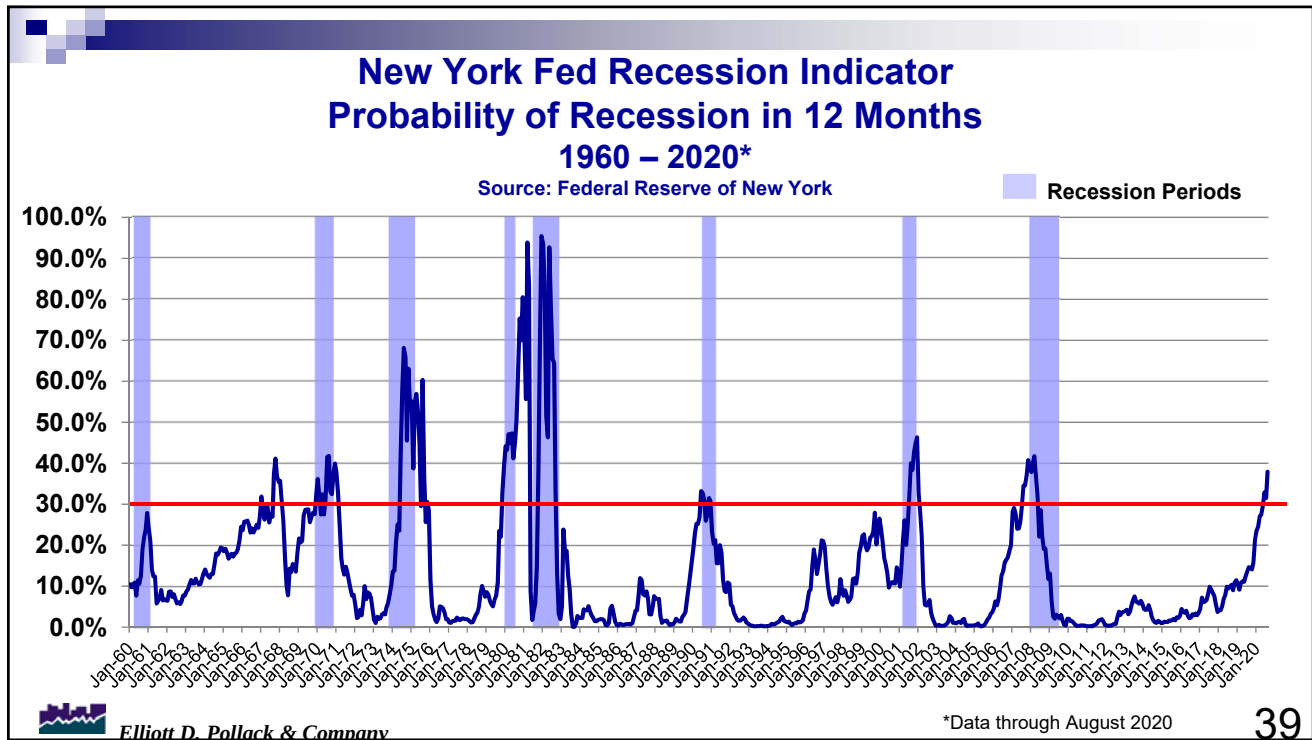
Recession Warning

	Yield Curve (10yr-3 month)
Warning	Inversion
Max Length	17
Min Length	6
Average Length	12



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Recession Warning

	Recession Probability
Warning	30%
Max Length	5
Min Length	0
Average Length	1.6

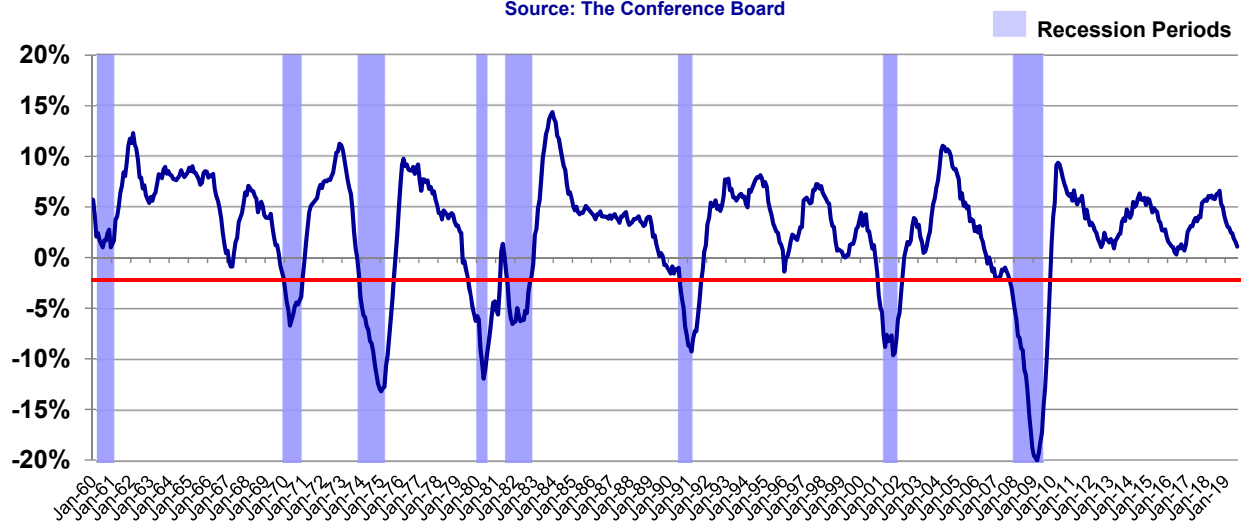


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Leading Economic Index (Year-over-Year % Change) 1960 – 2019*

Source: The Conference Board



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*Data through August 2019

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Recession Warning

	Leading Economic Index
Warning	1% decline YOY
Max Length	11
Min Length	0
Average Length	4.1

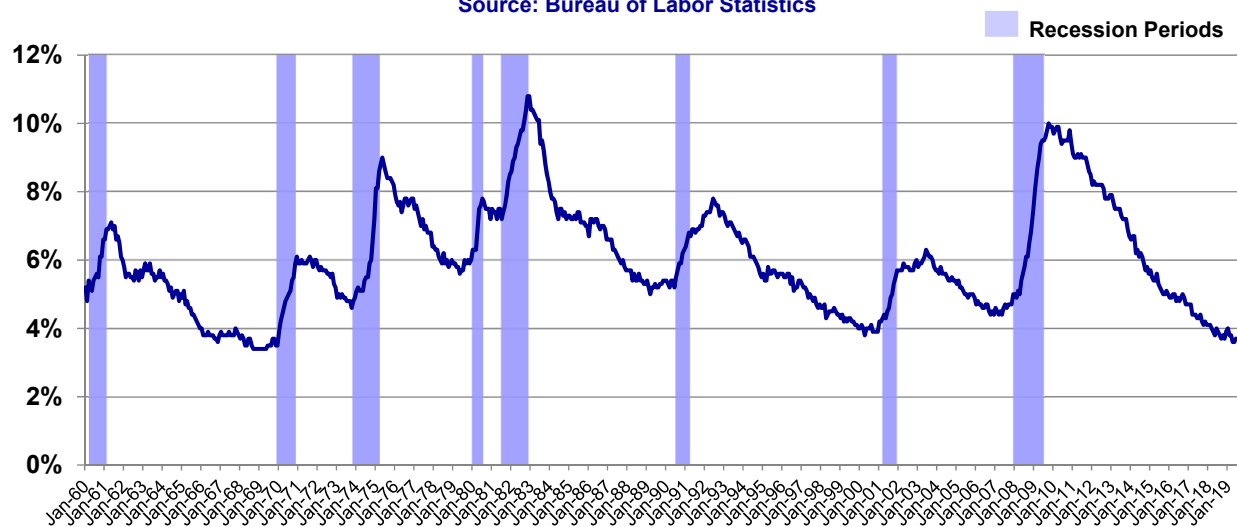


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U.S. Unemployment Rate 1960–2019*

Source: Bureau of Labor Statistics



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*Data through August 2019

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Recession Warning

	Unemployment
Warning	Rising from Cycle trough
Max Length	16
Min Length	1
Average Length	6.1

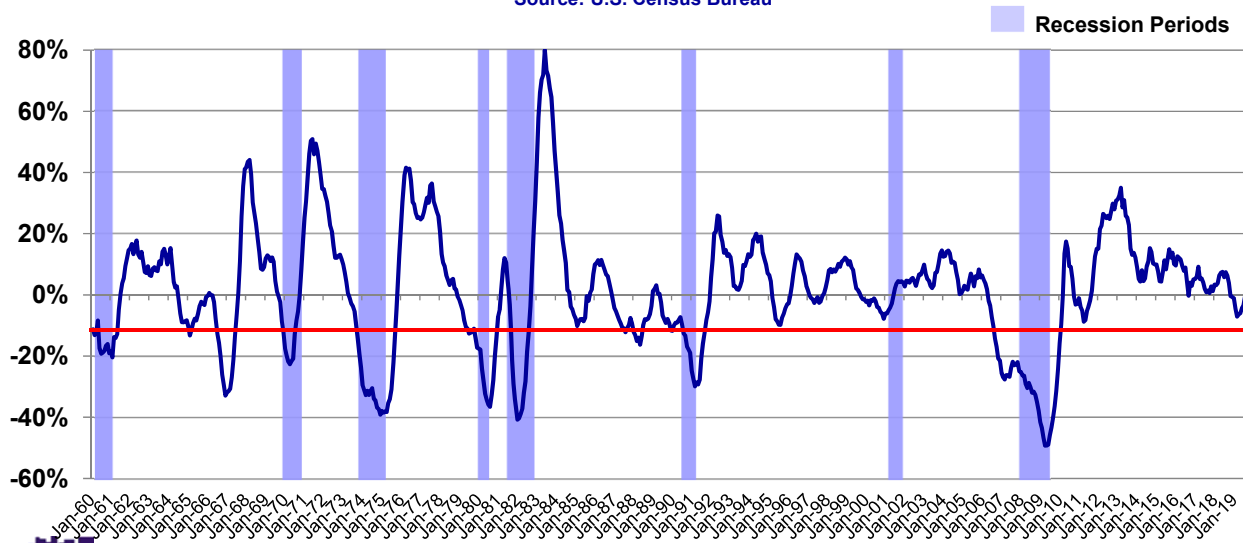


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Housing Starts (Year-over-year % Growth, 6-month Average) 1960 – 2019*

Source: U.S. Census Bureau



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*Data through August 2019

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Recession Warning

	Housing Starts
Warning	10% decline YOY
Max Length	16
Min Length	0
Average Length	5.3



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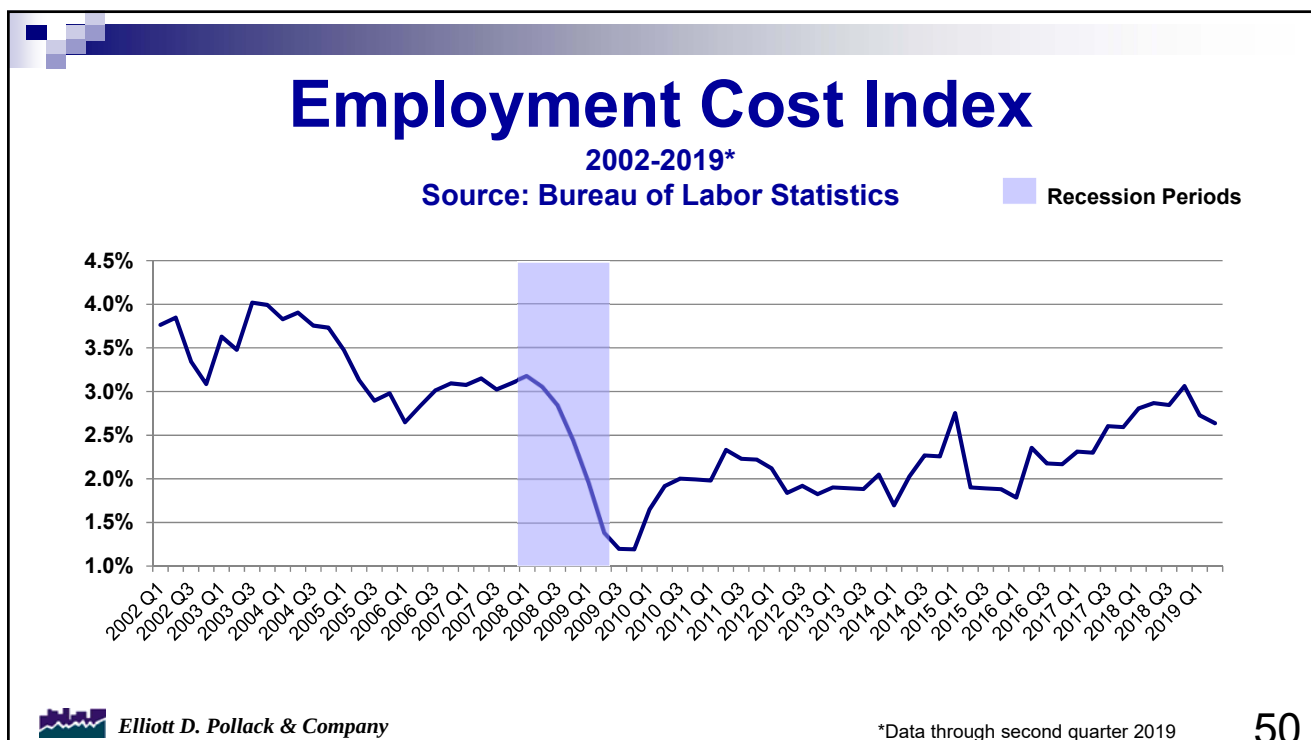
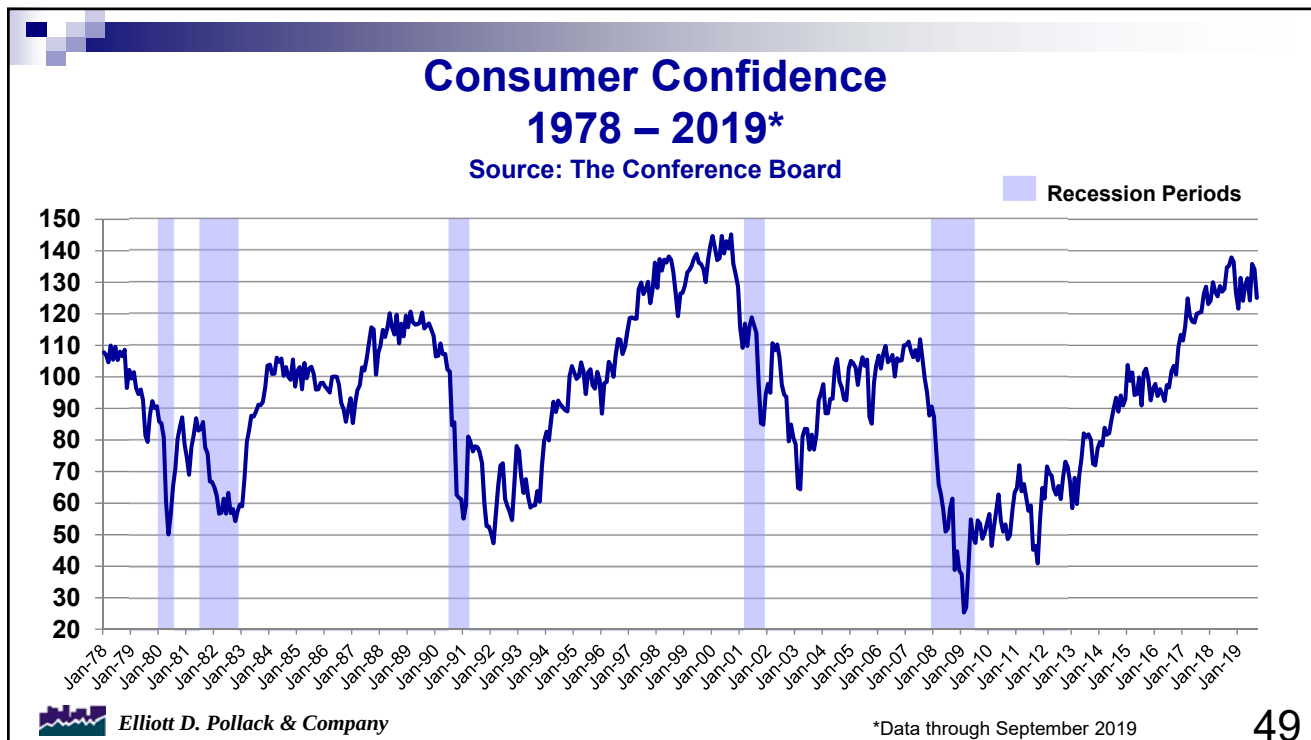
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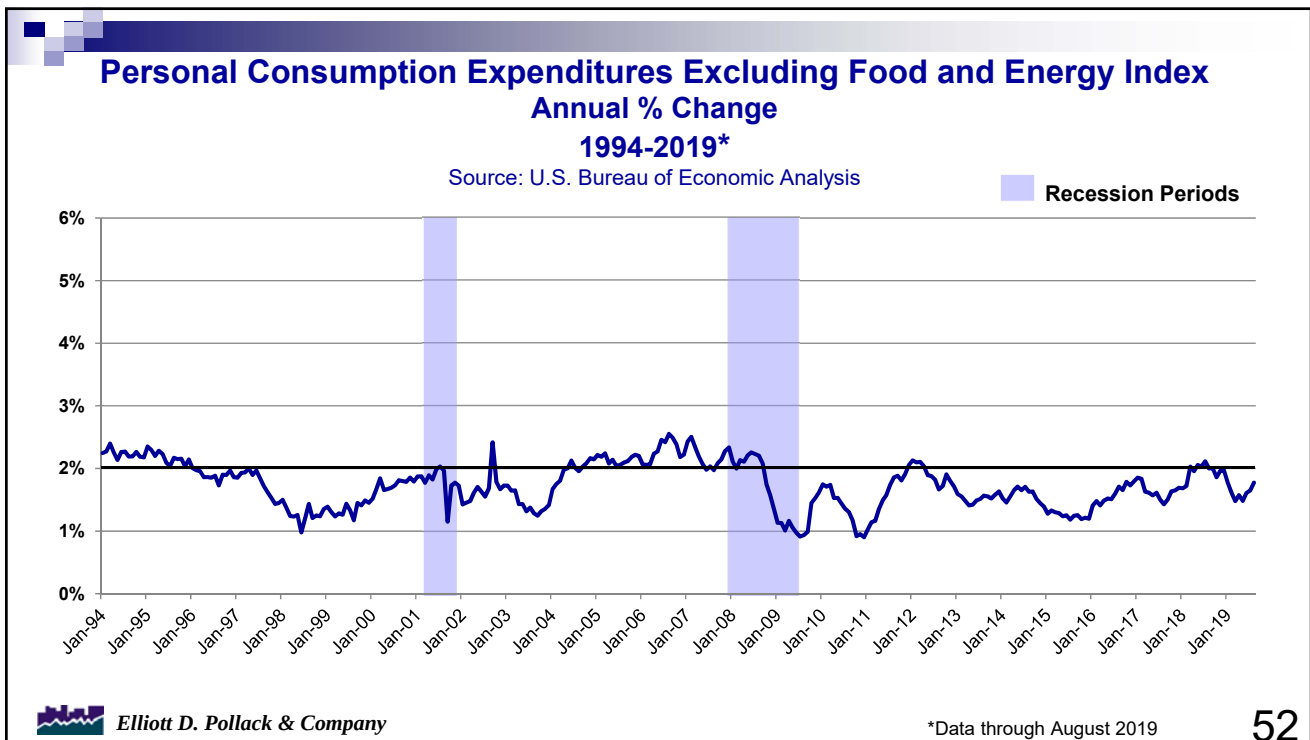
Other Indicators

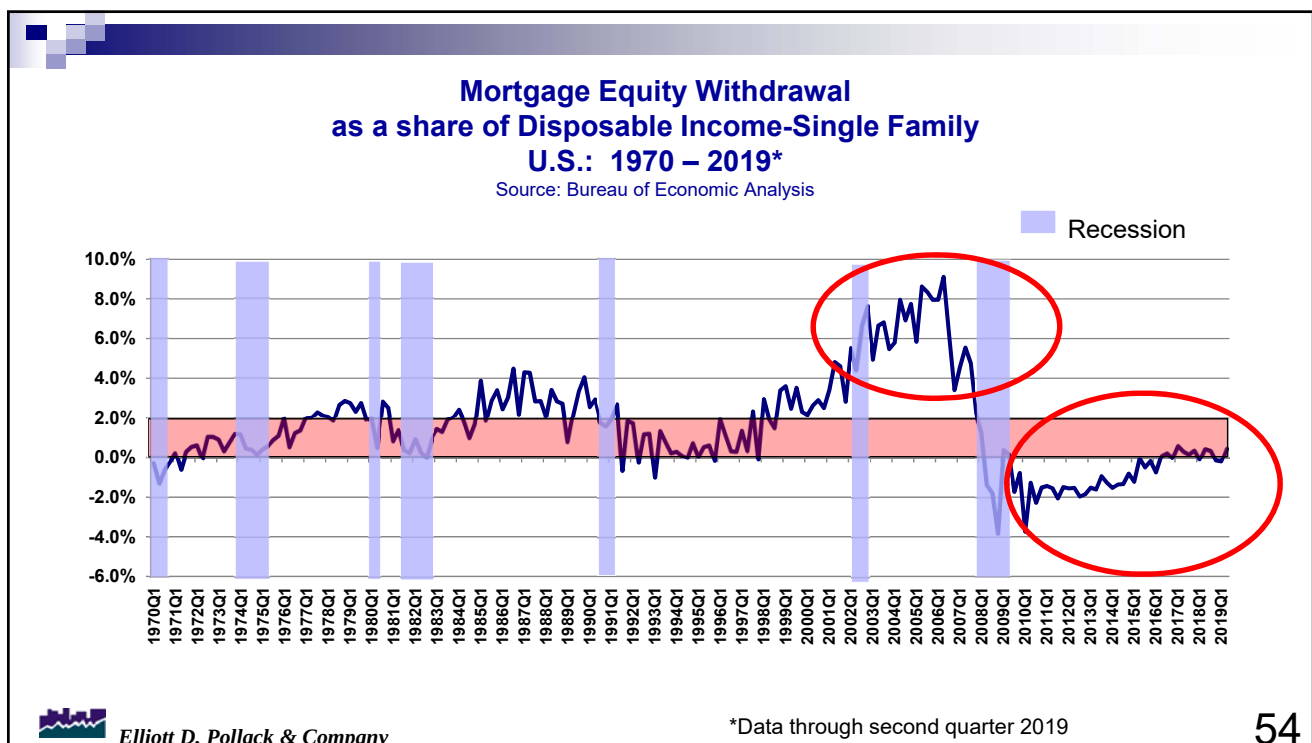
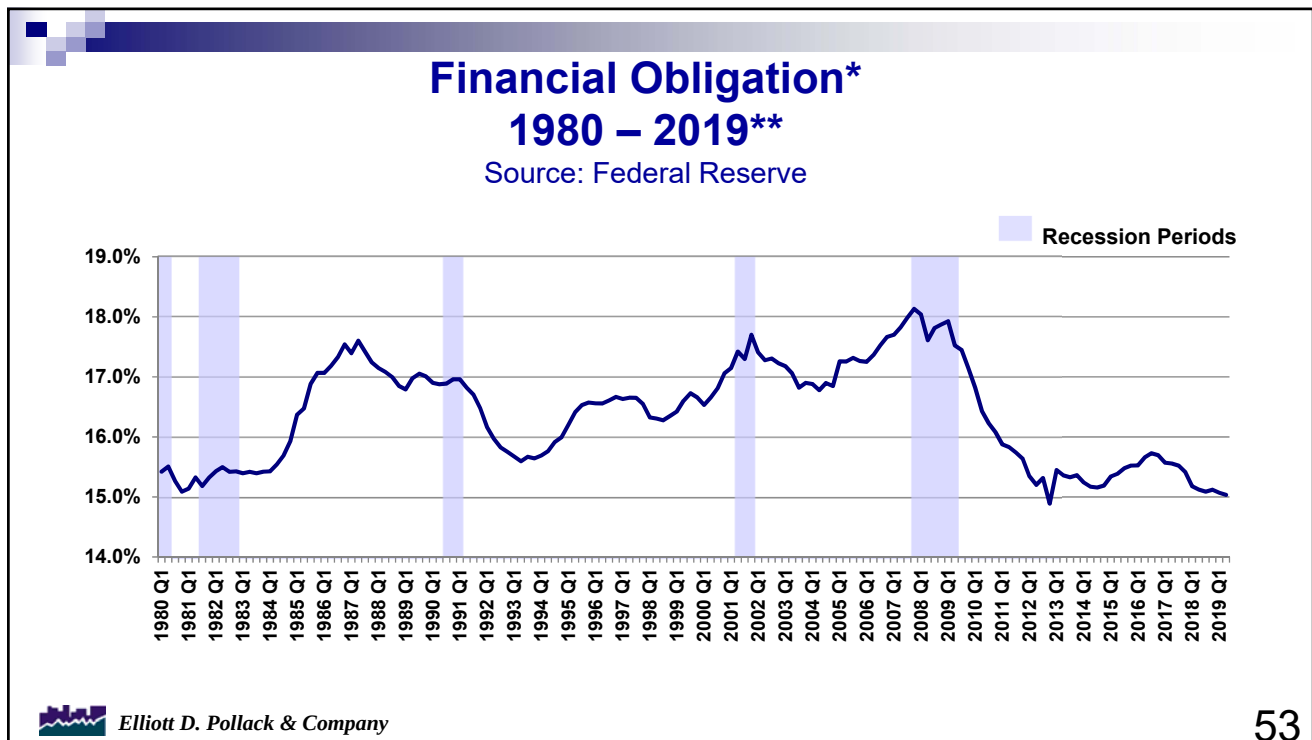


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Student Loans



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Student Loans

- Many young people have been lured into large amounts of student loan debt that their qualifications do not equip them to repay. In other words, they didn't receive the commensurate increase in skills to justify the debt.
- Spending that would have occurred is not occurring because student loans are eating up that cash flow.
- A huge transfer of spending from housing, durables, and optional non-durables to universities.



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Political

- Two major political parties
- Have completely different views of the world
- 2020 is an election year. It could get crazy

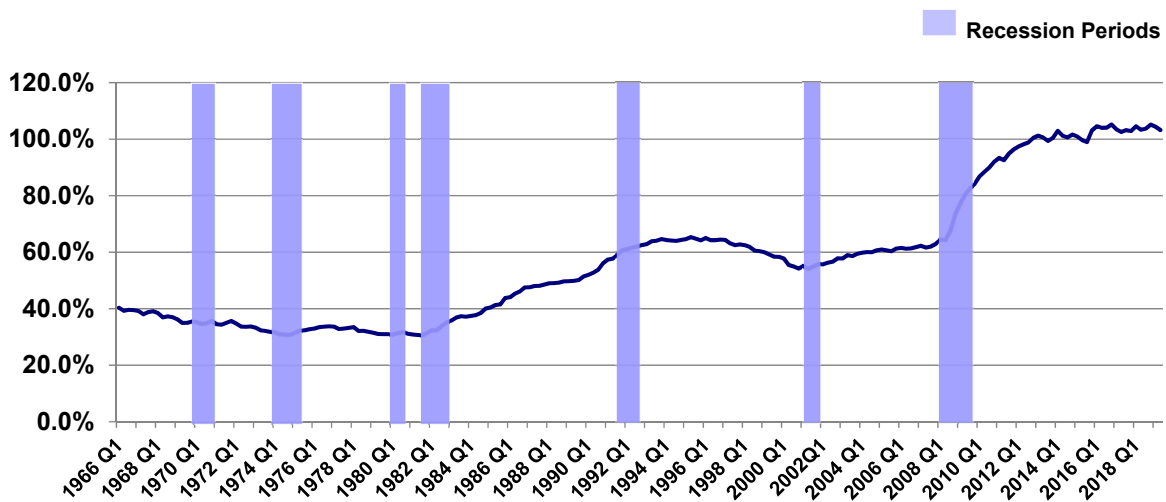


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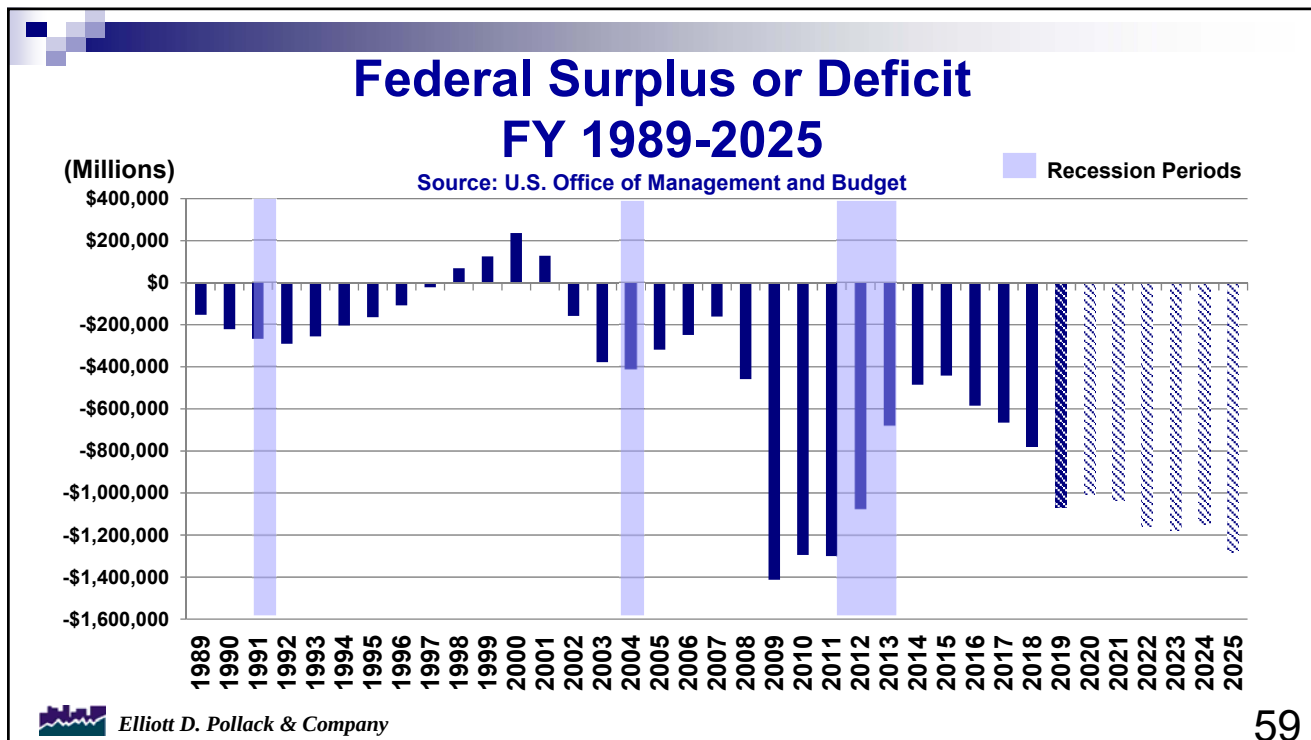
U.S. Debt to GDP Ratio

Source: Federal Reserve Bank of St. Louis



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Not all Recessions are the same



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Not all recessions are the Same

- People don't have long economic memories
- 2007-2009 was an aberration, not the norm.
- Most recessions are short and shallow
- At this point, any recession is likely to be mild
- Government?



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Real GDP Billions of Chained 2012 Dollars 1960– 2019

Source: Bureau of Economic Analysis

	% Change	Quarters to Reach Previous Peak
1960Q1 - 1960Q4	-1.3%	4
1970Q3 - 1970Q4	-1.1%	1
1973Q4 - 1975Q1	-3.1%	7
1980Q1 - 1980Q3	-2.2%	3
1981Q3 - 1982Q1	-2.6%	6
1990Q3 - 1991Q1	-1.4%	4
2001Q2 - 2001Q3	-0.4%	2
2007Q4 - 2009Q2	-4.0%	13



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U.S. Nonfarm Employment (Thousands)

Source: U.S. Bureau of Labor Statistics

Time Period	% Change	Months to Reach Previous Peak
Apr-60 -- Feb-61	-2.3%	19
Mar-70 -- Nov-70	-1.5%	17
Jul-74 -- Apr-75	-2.8%	18
Mar-80 -- Jul-80	-1.3%	9
Jul-81 -- Dec-82	-3.1%	27
Jun-90 -- May-91	-1.4%	30
Feb-01 -- Aug-03	-2.0%	47
Jan-08 -- Feb-10	-6.3%	75



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Overall

- Probably a slowdown but.....
- Odds of recession over next year are growing
- Slower Economic Growth
- Slower Employment Growth
- Slower Consumer Spending
- Stronger Dollar Possible
- Downward Pressure on Exports



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Risks are on the downside



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Conclusion: Recession Possible but this is no 2007



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**At best, economic growth
is going to slow next year**



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**At worst, we will have a
recession**

Probability?



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50/50



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Too close to call



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Depends on a shock or a trade war



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It is not 2007

- No Housing Bubble
- No consumer debt bubble
- Total unfilled jobs
- Fed and other central banks are trying to prevent a recession and low inflation



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Don't panic!!!!



(at least not yet)



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Arizona

Northeast
Blizzard



Arizona
Blizzard



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Arizona: Phoenix and the rest of the State

Area	% Change	% of Arizona Growth	2018 Annual Wages
United States	16.9%		\$57,198
Arizona	24.0%	100.0%	\$51,477
Greater Phoenix	29.5%	87.2%	\$53,760
Greater Tucson	11.5%	7.1%	\$45,352
Balance of State	9.6%	5.7%	\$38,911



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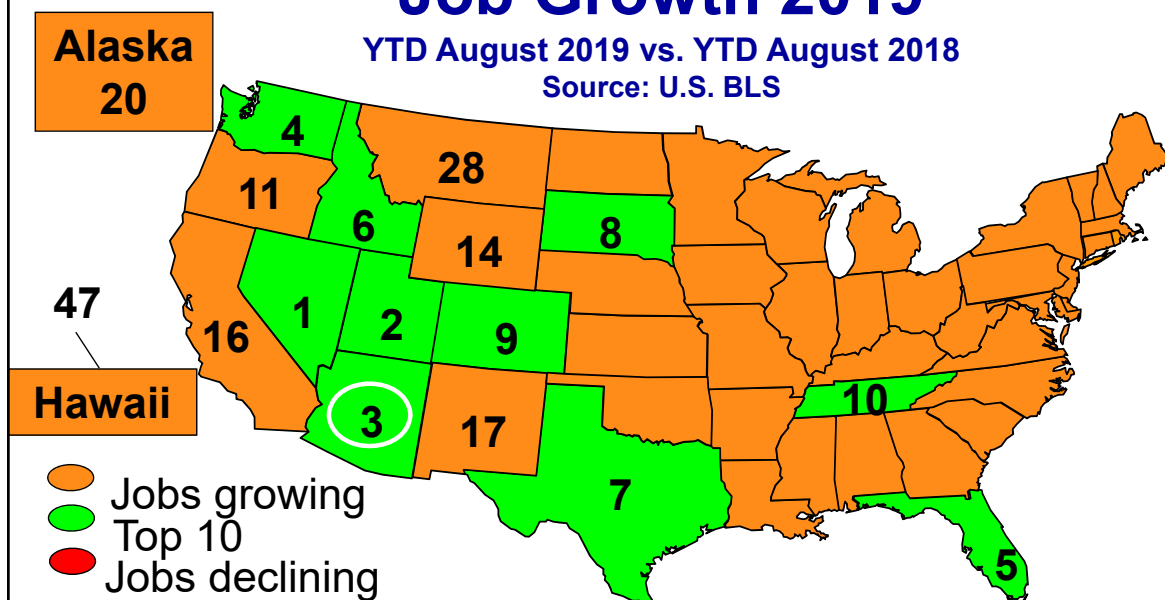
Note: Wages for Private industries
Bottom of Recession Sept. 2010 to August 2019

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Job Growth 2019

YTD August 2019 vs. YTD August 2018

Source: U.S. BLS



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Arizona Employment Growth Arizona's Rank Out of 50 States

Source: Arizona State University, U.S. Bureau of Labor Statistics

Year	Rank	Year	Rank
1998	1	2009	49
1999	2	2010	49
2000	5	2011	28
2001	9	2012	8
2002	9	2013	9
2003	4	2014	16
2004	2	2015	11
2005	2	2016	7
2006	2	2017	4
2007	17	2018	4
2008	46	2019*	③



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*YTD August 2019 vs YTD August 2018

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Phoenix-Mesa-Scottsdale Employment Growth

(Ranking among all metro areas greater than 1,000,000)

Source: Arizona State University, U.S. Bureau of Labor Statistics

Year	Rank	# MSA's	Year	Rank	# MSA's
1998	1	22	2009	22	23
1999	2	23	2010	22	22
2000	6	24	2011	13	24
2001	6	25	2012	10	27
2002	5	24	2013	7	28
2003	3	24	2014	15	30
2004	2	24	2015	11	31
2005	1	25	2016	7	33
2006	1	26	2017	4	33
2007	10	28	2018	3	35
2008	24	28	2019*	③	36



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*YTD August 2019 vs YTD August 2018

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Arizona Population

Source: U.S. Bureau of Census; Office of Economic Opportunity; UofA Forecasting Project

Period Ending	Population	Change	APR
1970	1,794,912	473,912	3.1%
1980	2,737,774	942,862	4.3%
1990	3,684,097	946,323	3.0%
2000	5,175,581	1,491,484	3.5%
2010	6,401,569	1,225,988	2.1%
2015	6,758,251	356,682	1.1%
2020*	7,291,744	533,493	1.5%
2025*	7,805,327	513,583	1.4%



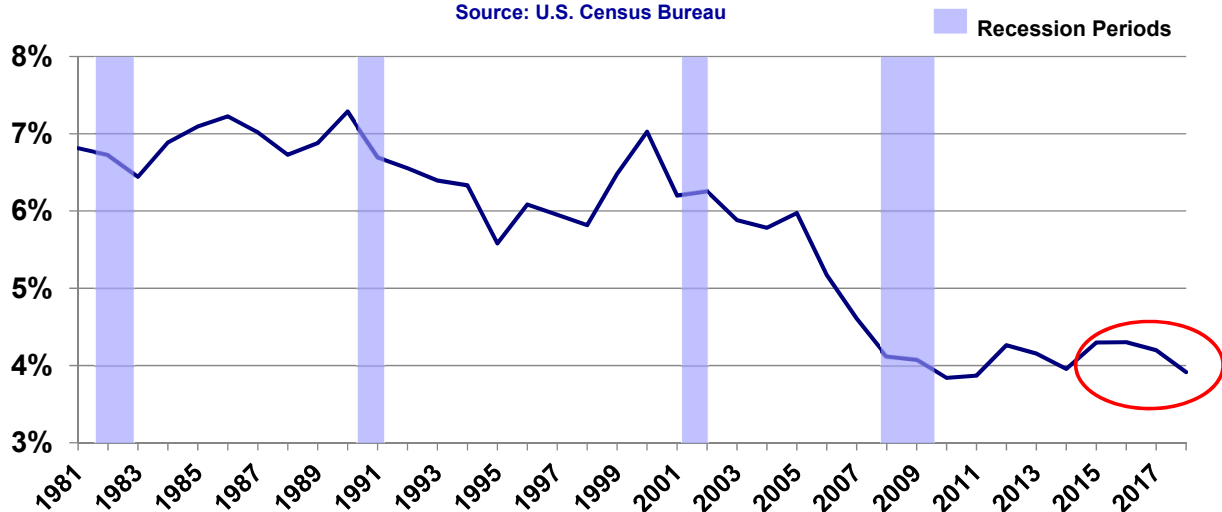
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*Forecasts from UofA
1970-2010 10 year period
2010-2025 5 year period

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Total Movers as a % of Total U.S. Population

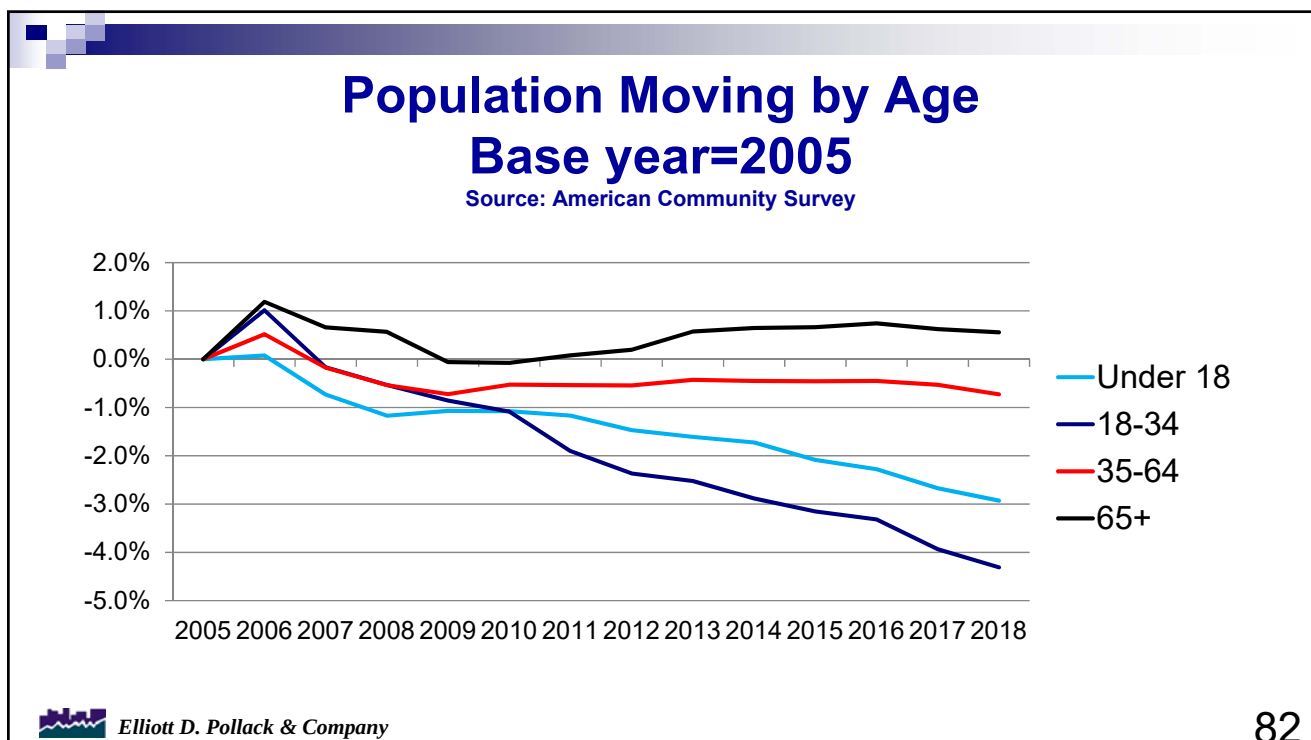
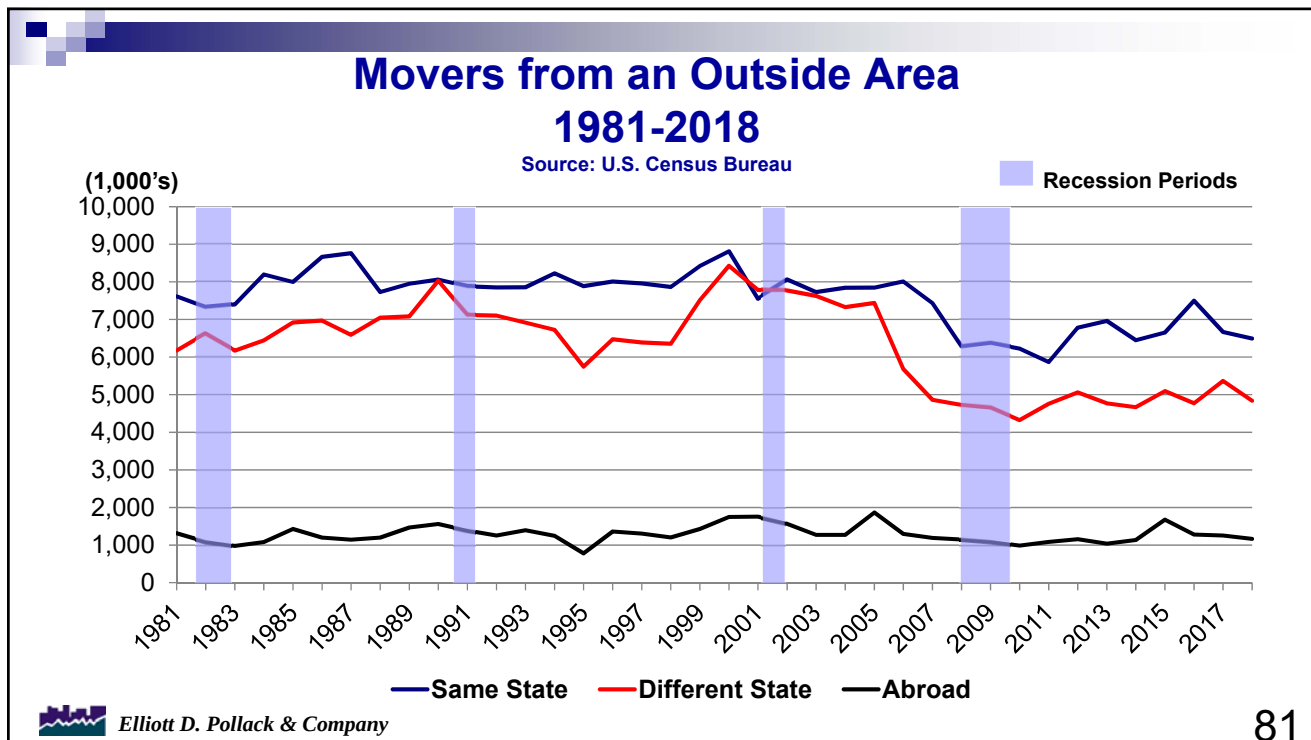
Source: U.S. Census Bureau

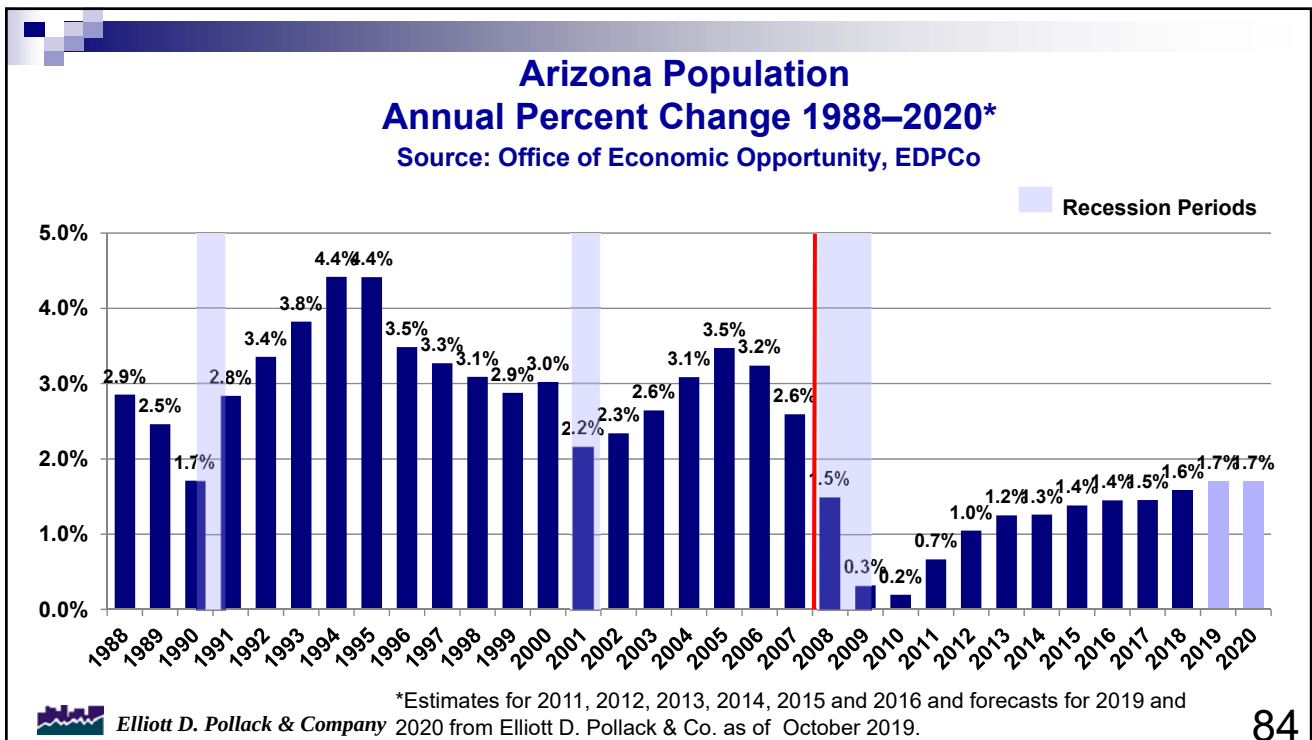
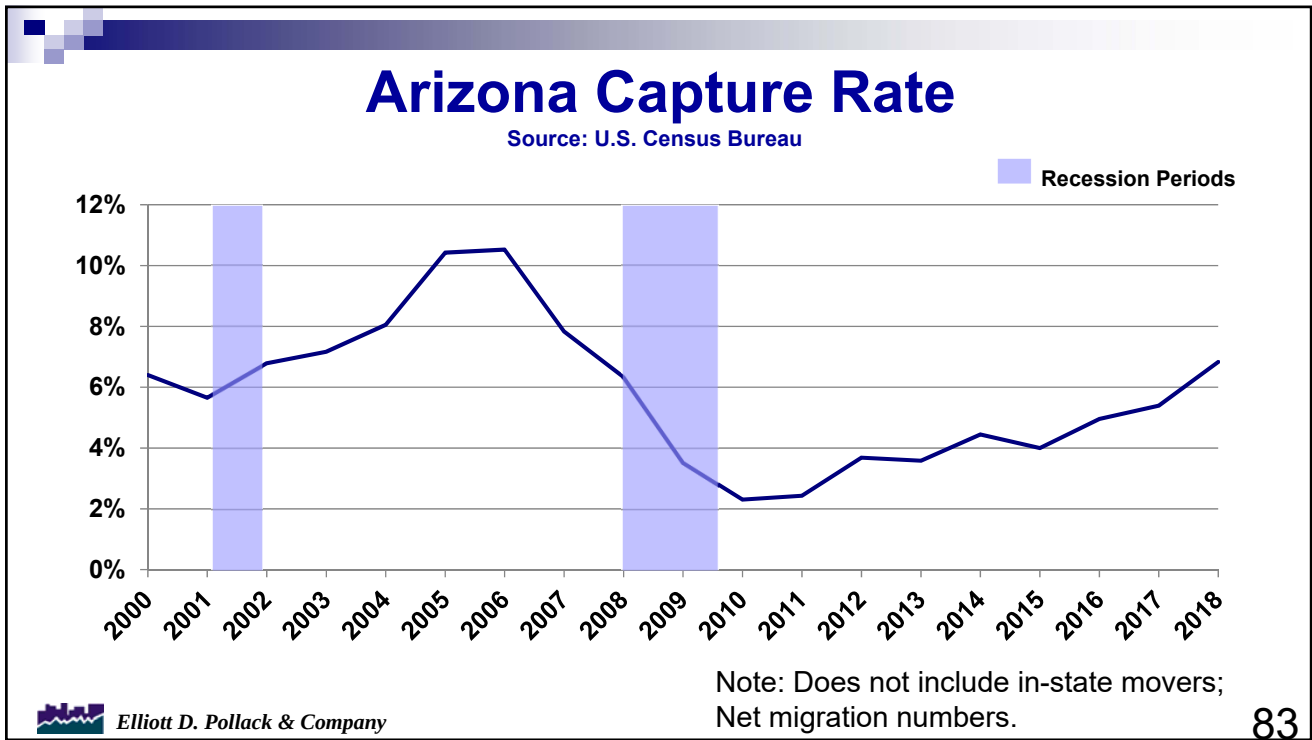


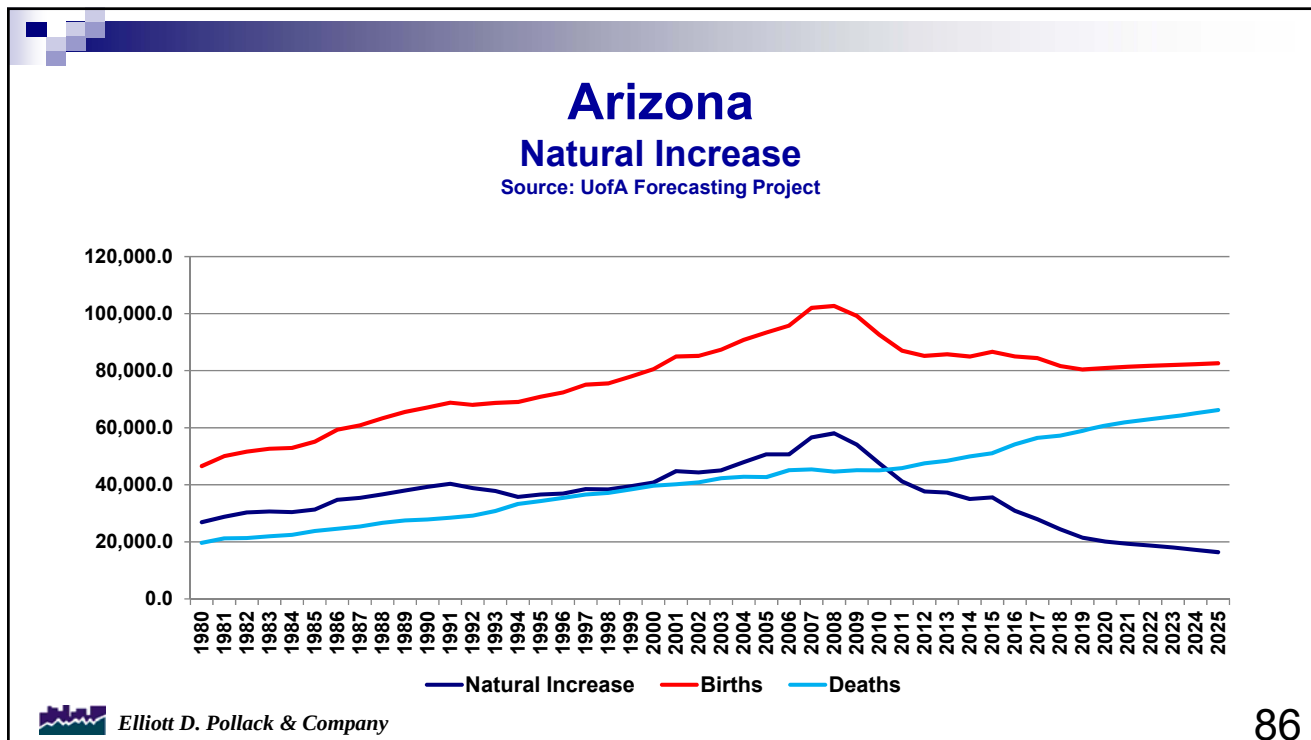
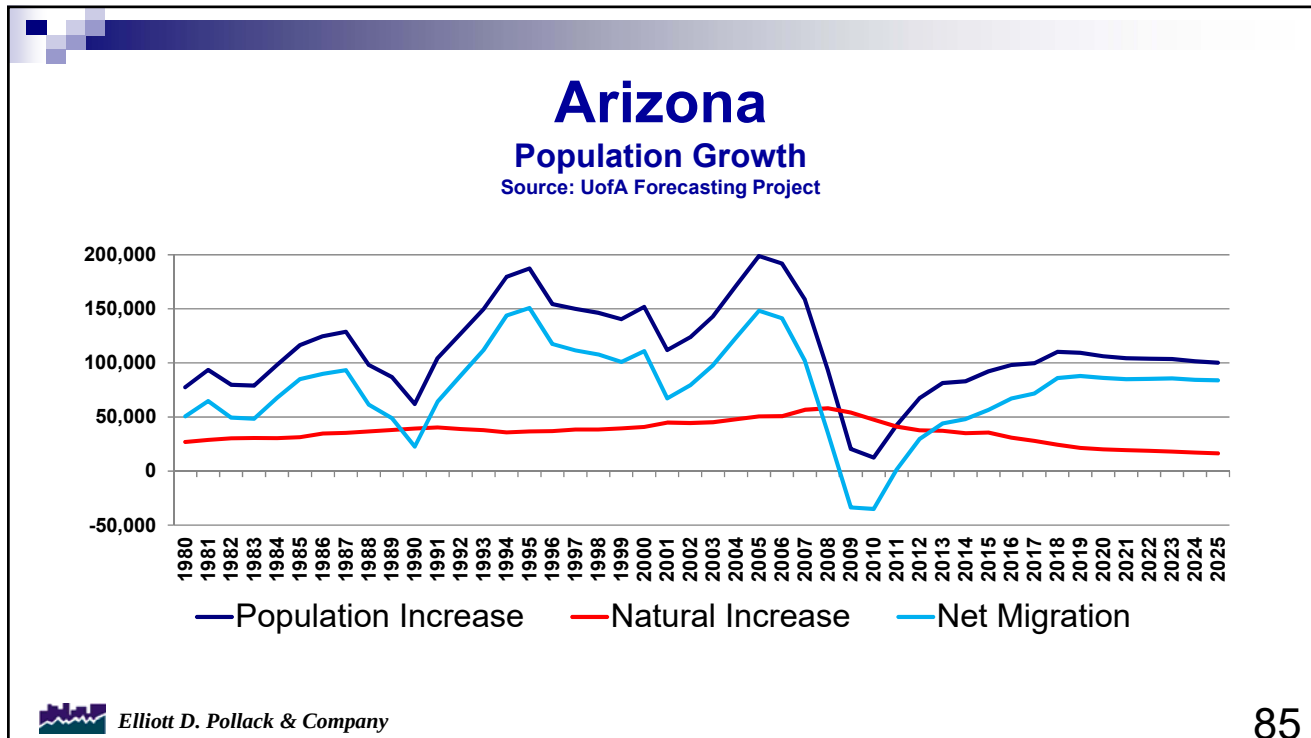
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Note: Includes all movers except movers within same county

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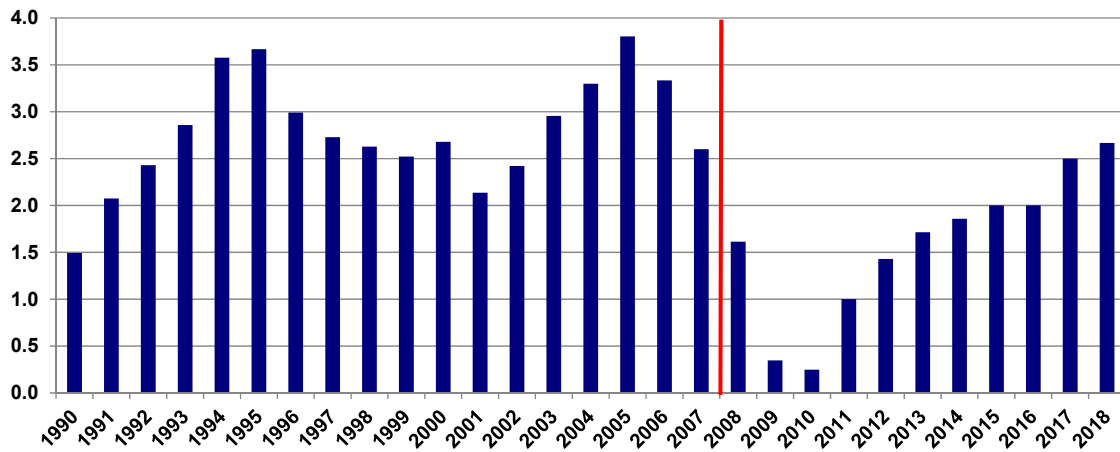






Population: Arizona to U.S. Outgrowing the U.S. 1990-2018

Source: U.S. Census Bureau; Office of Economic Opportunity; EDPCo



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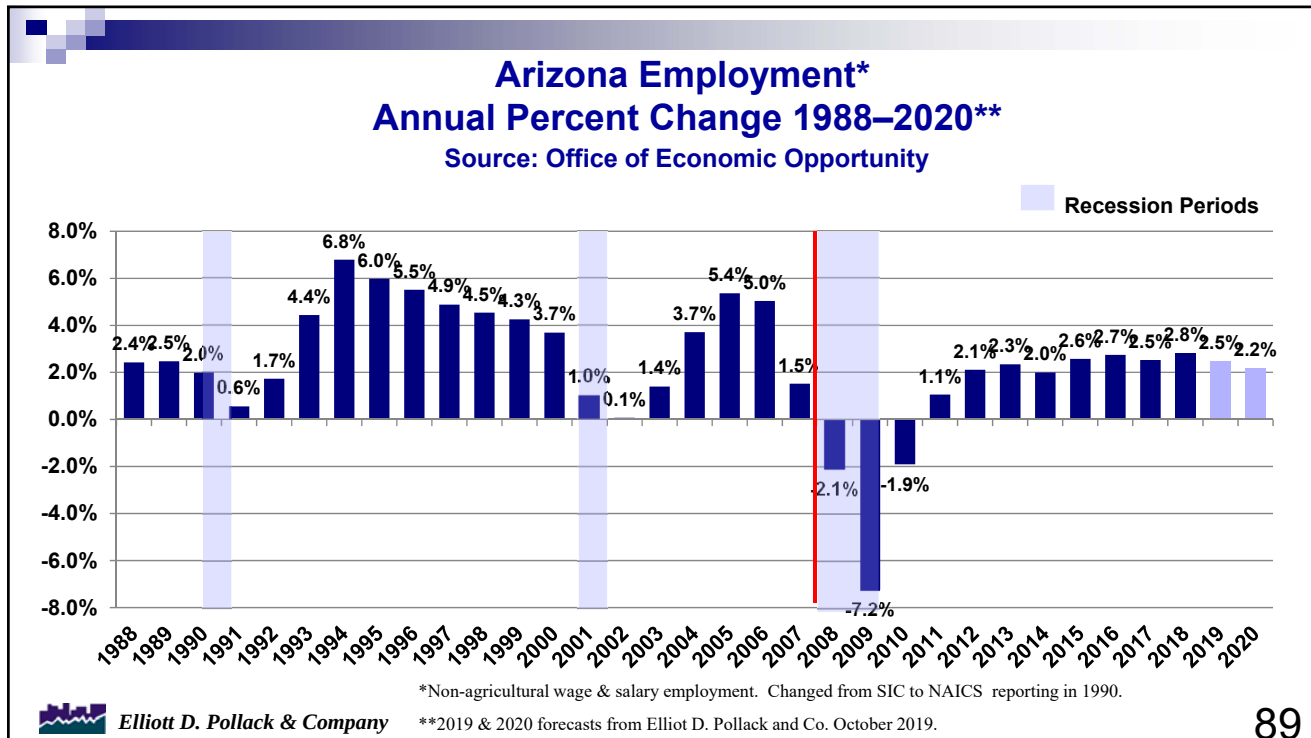
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Slower population growth leads to slower employment growth

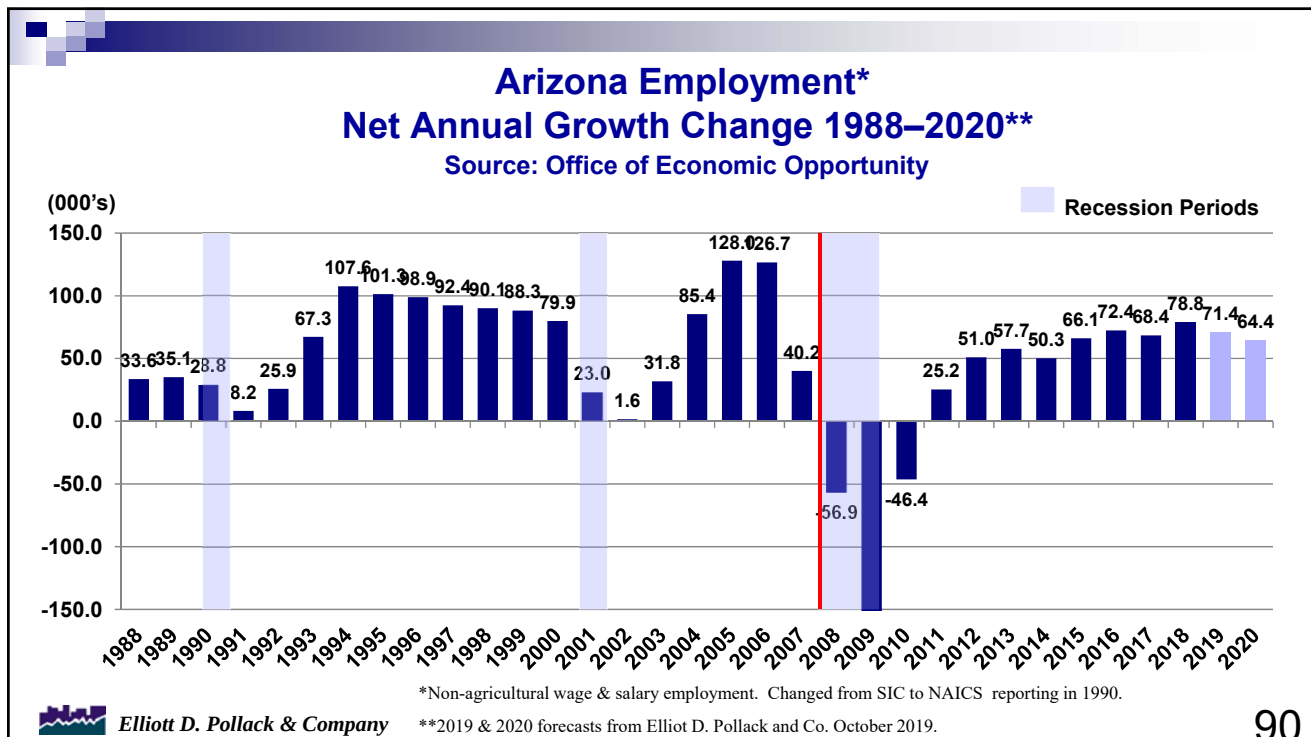


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Growth in Jobs 2010-2019

Source: Bureau of Labor Statistics; Arizona Office of Economic Opportunity

	U.S.	Arizona
Total Nonfarm	15.5%	21.6%
Mining, Logging, and Construction	31.5%	52.6%
Manufacturing	11.3%	18.9%
Trade, Transportation, and Utilities	12.5%	15.5%
Information	4.0%	25.9%
Financial Activities	12.4%	32.0%
Professional and Business Services	27.0%	29.1%
Education and Health Services	20.6%	32.8%
Leisure and Hospitality	28.3%	30.0%
Other Services	11.2%	6.6%
Government	-0.4%	-1.5%

YTD Data through August 2019



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Arizona 2019

Source: Arizona Office of Economic Opportunity

	Net Change (1,000's)	Percent Change
Total Nonfarm	74.6	2.6%
Natural Resources and Mining	0.7	5.4%
Construction	17.3	11.1%
Manufacturing	7.4	4.4%
Trade, Transportation, and Utilities	9.5	1.8%
Information	0.1	0.2%
Financial Activities	1.1	0.5%
Professional and Business Services	11.3	2.6%
Education and Health Services	19.6	4.5%
Leisure and Hospitality	4.1	1.2%
Other Services	1.9	2.1%
Government	1.7	0.4%

YTD Data through August 2019



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Single Family Housing

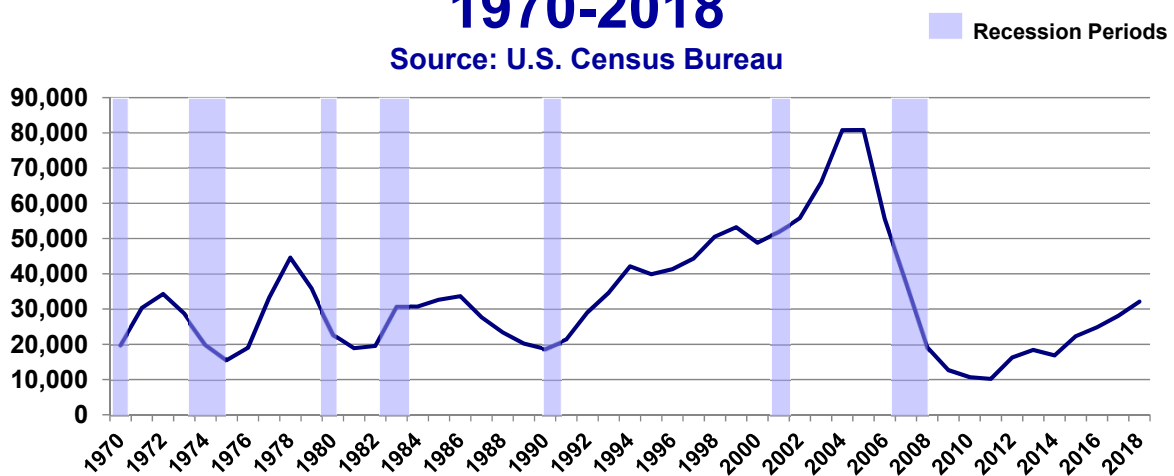


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Arizona SF Permits 1970-2018

Source: U.S. Census Bureau



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Arizona SF Permits

Source: U.S. Census Bureau

	Peak	Trough	Net Change	% Change
1972 – 1975	34,281	15,502	-18,779	-54.8%
1978 – 1981	44,608	18,908	-25,700	-57.6%
1983 – 1984	30,807	30,685	-122	-0.4%
1986 – 1990	33,642	18,723	-14,919	-44.3%
1999 – 2000	53,240	48,844	-4,396	-8.3%
2005 – 2011	80,804	10,176	-70,628	-87.4%



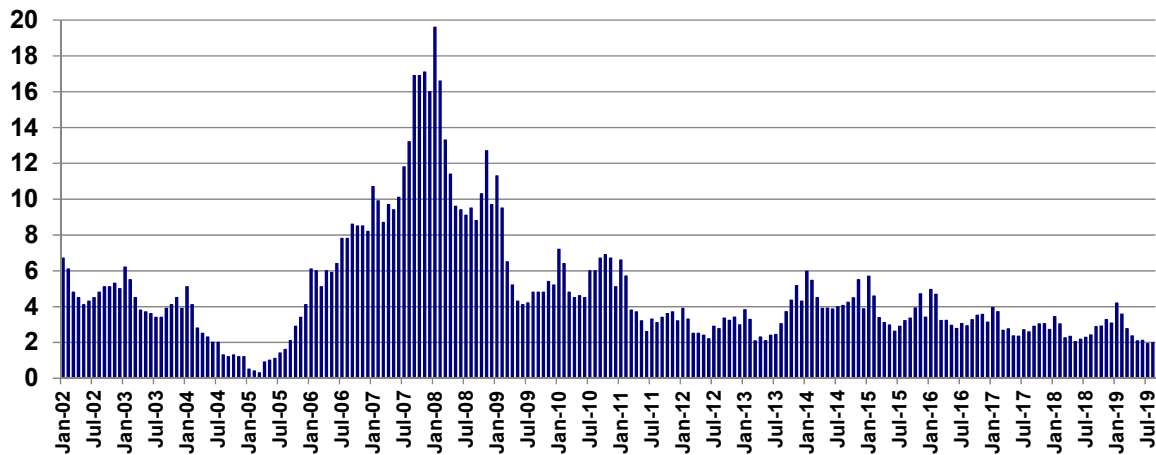
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Greater Phoenix Month's Supply

2002-2019

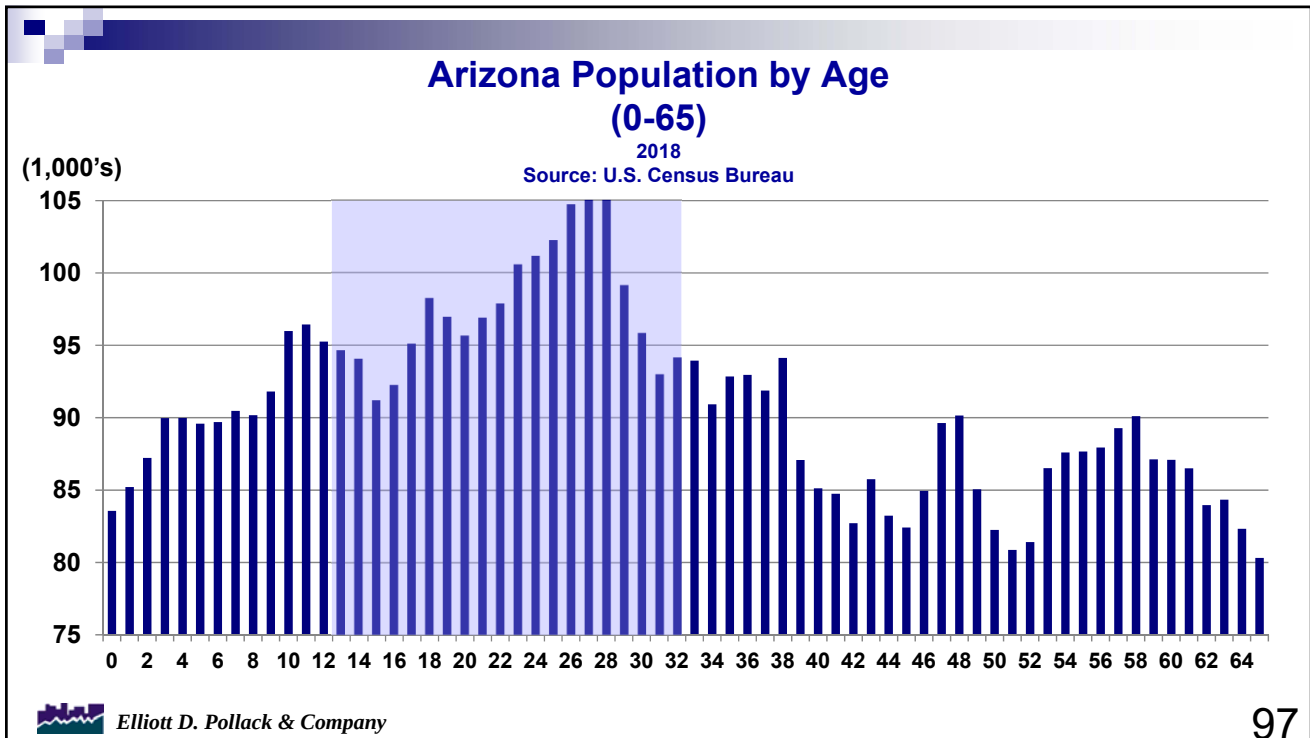
Source: ARMLS



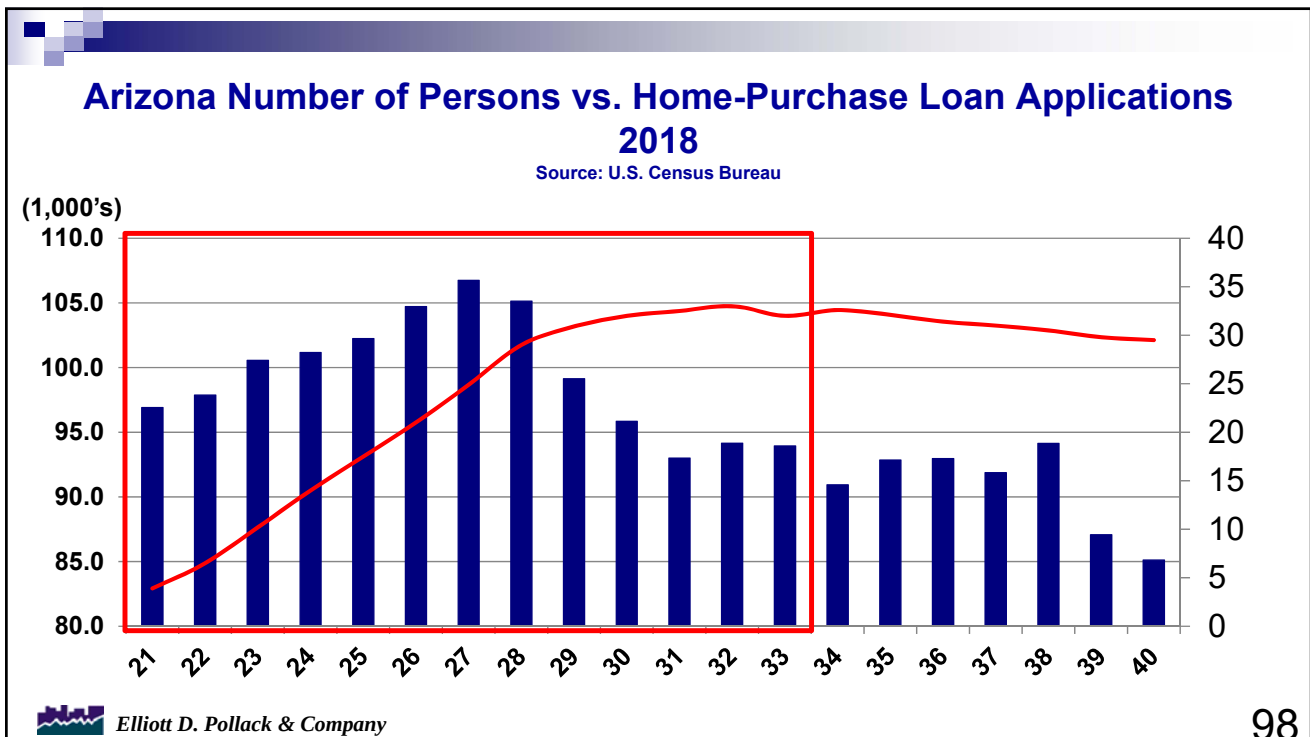
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*Data through August 2018

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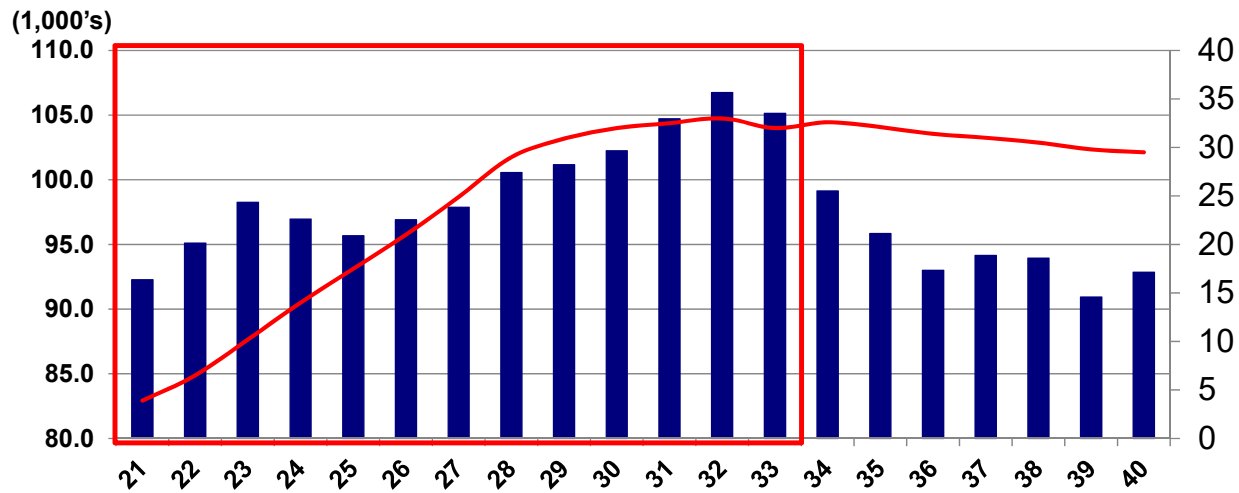
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Arizona Number of Persons vs. Home-Purchase Loan Applications 2023

Source: U.S. Census Bureau



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Arizona Homeownership Rates by Age Group

Source: 2018 American Community Survey 1-Year Estimates; OEO

Householder Age	% of Total Occupied	2018	2028
15 to 24 years	14.2%	1,029,011	1,134,451
25 to 34 years	<u>38.2%</u>	<u>920,370</u>	<u>1,103,960</u>
35 to 44 years	<u>56.9%</u>	<u>880,390</u>	<u>986,346</u>
45 to 54 years	67.7%	854,810	938,508
55 to 64 years	76.1%	855,554	918,804
65 to 74 years	81.4%	685,011	894,654
75 to 84 years	84.8%	356,550	544,589
85 years and over	72.0%	129,707	183,490
Total	64.8%	7,076,199	8,087,387

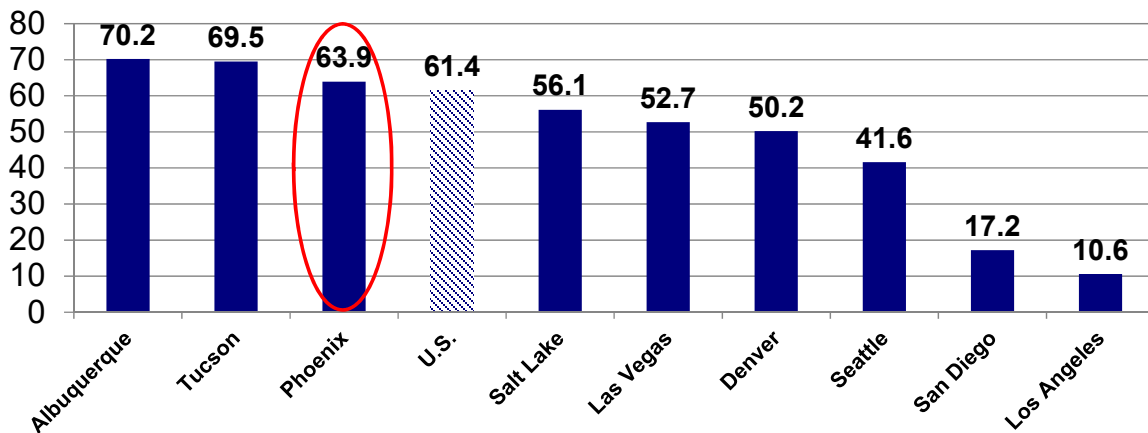


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100

Housing Opportunity Index 2019 Q1

Source: NAHB/Wells Fargo

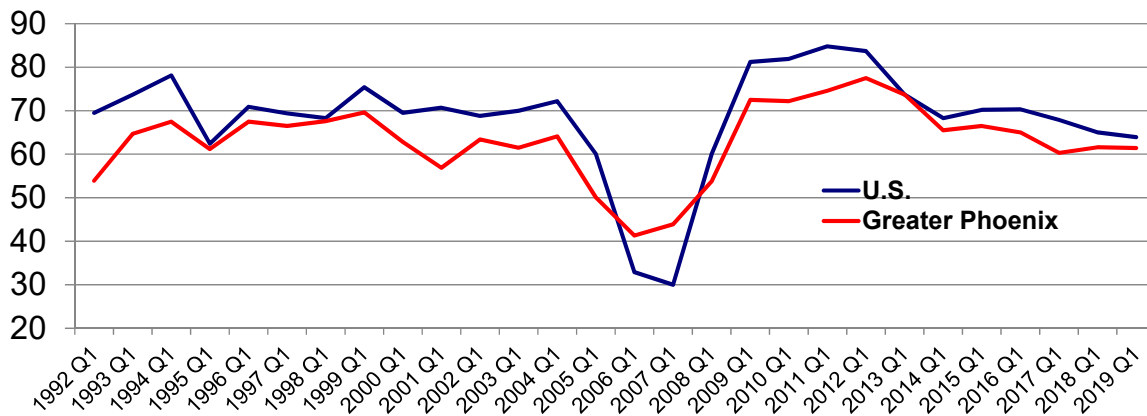


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101

Housing Opportunity Index 1992-2019

Source: NAHB/Wells Fargo



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102

Pricing of Top 10 Builders in Greater Phoenix

Source: Belfiore

Subdivision Name	Builder Name	Net Pricing Range
Express at Tartesso	D. R. Horton	\$195,490 - \$270,490
Magma Ranch Unit 8	D. R. Horton	\$176,626 - \$225,626
Compass at Recker Pointe	Shea Homes	\$307,940 - \$311,940
Tartesso 63/70	D. R. Horton	\$222,720 - \$263,720
Retreats at Haven	Mattamy Homes	\$357,990 - \$378,478
Lakeview Trails at Morrison Ranch	Fulton Homes	\$378,900 - \$465,900
Discovery at the Parks	Lennar	\$233,347 - \$300,347
Cactus at Festival Foothills	Pulte Homes	\$207,942 - \$229,942
The Meadows Parcels 3/4	Meritage Homes	\$220,523 - \$304,523
Encantada Estates	KB Home	\$196,990 - \$141,990



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Source: Belfiore, September 2019

103

Top-seller are mostly smaller-lot, lower-priced new home communities—communities target entry-level and value-oriented buyers.



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Source: Belfiore, KnowledgeBase Current and Future Market Insights

104

Student Debt Distribution

Source: Federal Reserve Bank of New York Consumer Credit Panel / Equifax

Balance	Number of Borrowers 2017 Q1	2017 Borrower
\$1 and \$5,000	8,547,500	28,250,100
\$5,000 and \$10,000	7,425,400	
\$10,000 and \$25,000	12,277,200	
\$25,000 and \$50,000	8,609,700	8,609,700
\$50,000 and \$75,000	3,681,000	7,855,700
\$75,000 and \$100,000	1,612,600	
\$100,000 and \$150,000	1,347,400	
\$150,000 and \$200,000	604,900	
\$200,000+	609,800	



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Outlook for Housing

- Demographic demand remains strong
- No oversupply going into this cycle
- Based on demographics homeownership rates should continue to rise
- New Single family for rent product gives millennials and baby boomers more choices
- Single family communities can be counted as apartments
- We need more worker housing
- Slower total job growth means slower total income growth
- Slower total income growth could slow population growth
- Slower population could mean less demand for housing

By historic standards this should be a mild cycle.

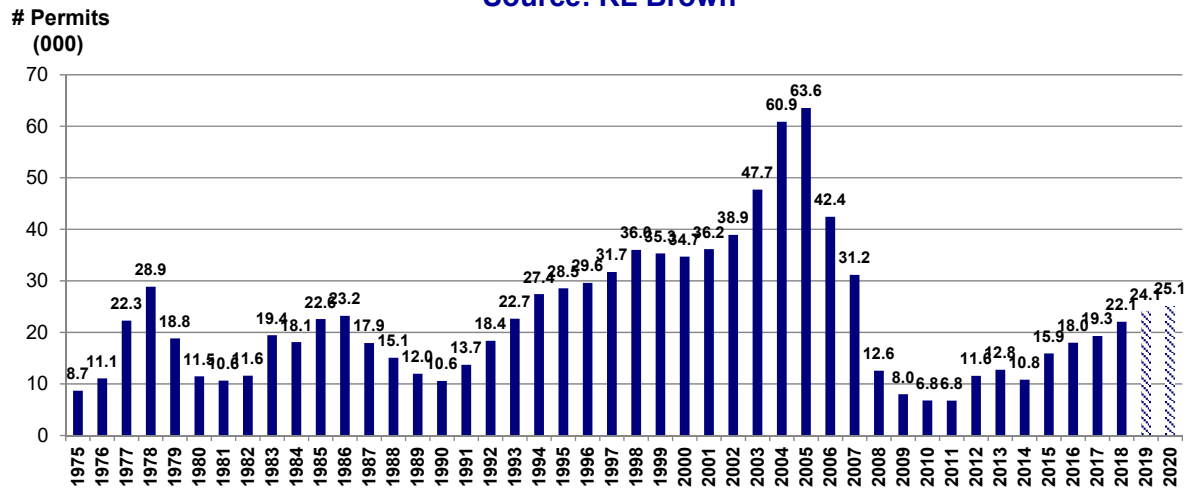


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Single Family Permits Greater Phoenix 1975–2020*

Source: RL Brown



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*2019 and 2020 forecast is from Greater Phoenix Blue Chip

107

Apartments



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Multi-Family Housing Market

Source: PMHS; RealData

Year	Absorption (sf)	Chg in Inventory (sf)
2004	4,348	3,612
2005	(275)	(4,181)
2006	(6,431)	(3,798)
2007	(3,058)	1,797
2008	960	8,484
2009	5,151	8,443
2010	10,021	1,441
2011	3,326	1,224
2012	2,756	1,573
2013	4,584	3,830
2014	5,823	6,351
2015	6,140	6,804
2016	5,731	8,018
2017	6,179	10,033
2018	8,905	8,462

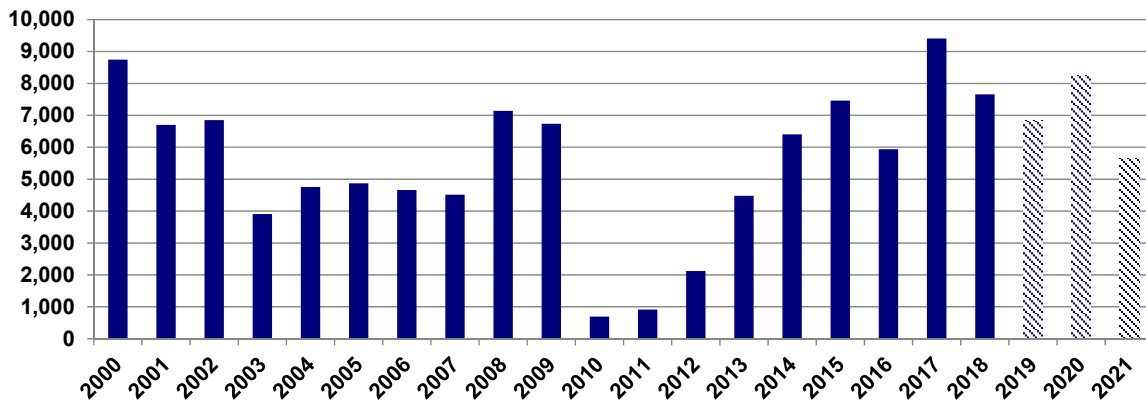


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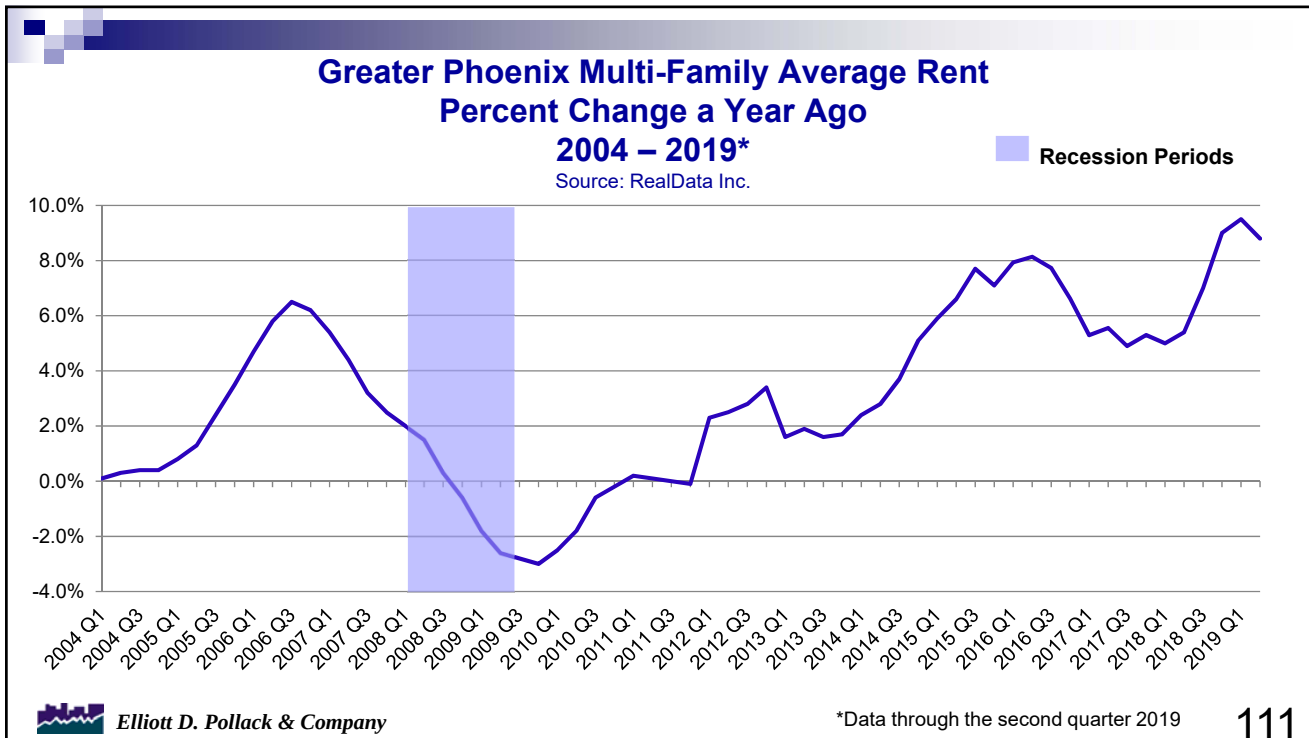
Apartment Units Delivered 2000-2021

Source: RealData; Various Sources

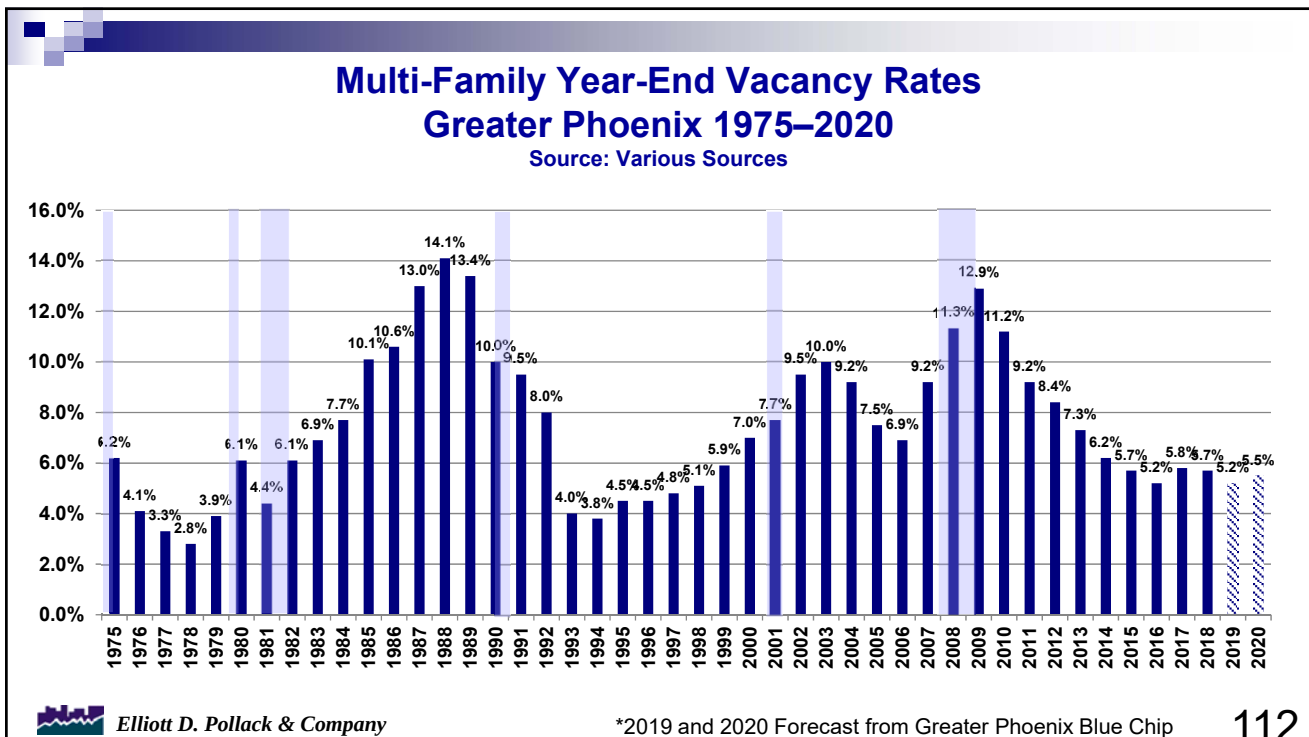


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OFFICE



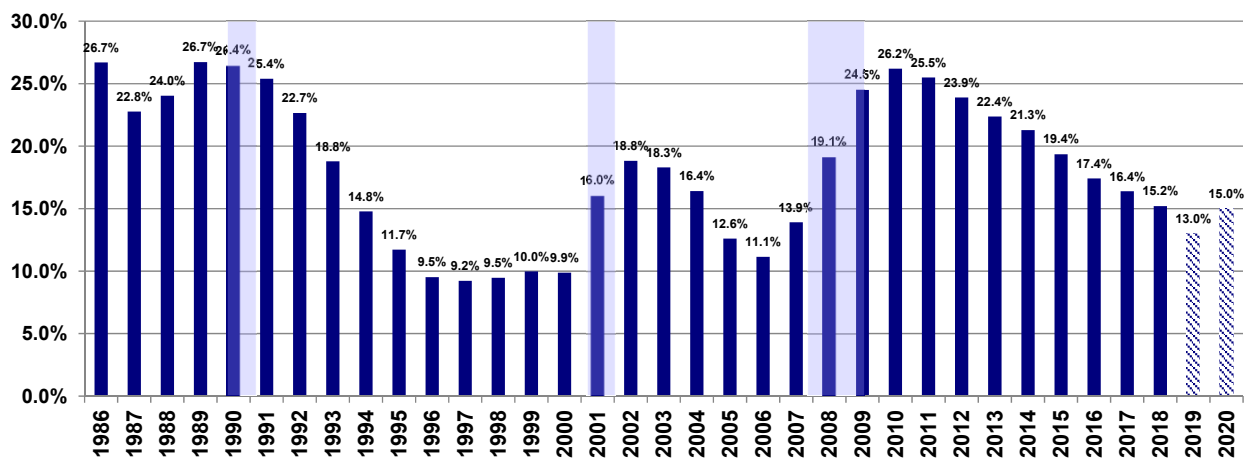
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113

Office Space Year-End Vacancy Rates Greater Phoenix 1986–2020*

Source: CBRE

Recession Periods



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*2019 & 2020 are forecasts from CBRE.

114

Greater Phoenix Office Market

Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
2005	3,119,293	7,987
2006	3,245,888	2,320,302
2007	1,500,704	4,905,374
2008	(603,112)	3,402,646
2009	(667,329)	1,798,415
2010	233,670	1,785,620
2011	1,857,433	3,370,694
2012	2,020,529	973,282
2013	1,721,366	(35,566)
2014	1,816,411	1,107,906
2015	3,704,039	3,763,828
2016	3,219,853	1,045,155
2017	2,839,559	1,912,217
2018	2,473,034	803,403
2019*	953,813	1,091,176



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Currently Under Construction
2.5 Million Sq. Ft.

*All Leased multi-tenant space greater than 10,000 SF.
**Data through second quarter 2019

115

INDUSTRIAL

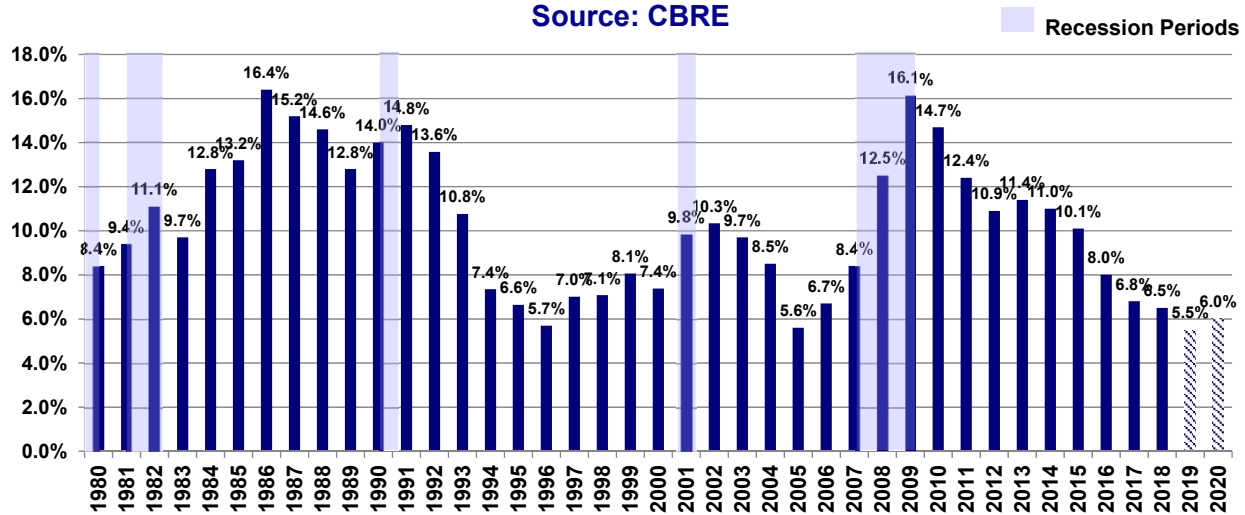


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Industrial Space Vacancy Rates Greater Phoenix 1980 – 2020*

Source: CBRE



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*2019 & 2020 are forecasts from CBRE

117

Greater Phoenix Industrial Market

Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
2005	12,361,368	7,072,477
2006	6,179,533	7,829,959
2007	8,359,835	13,914,181
2008	629,838	13,467,215
2009	(4,649,352)	4,753,218
2010	4,455,097	2,451,202
2011	7,745,111	1,954,037
2012	7,405,168	3,358,724
2013	8,783,982	8,902,571
2014	6,214,680	6,791,313
2015	7,046,663	3,966,434
2016	9,497,677	5,136,644
2017	9,898,883	6,988,240
2018	9,781,257	8,966,852
2019*	4,149,852	3,106,141



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Currently Under Construction
9.0 Million Sq. Ft.

*Data through second quarter 2019

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RETAIL

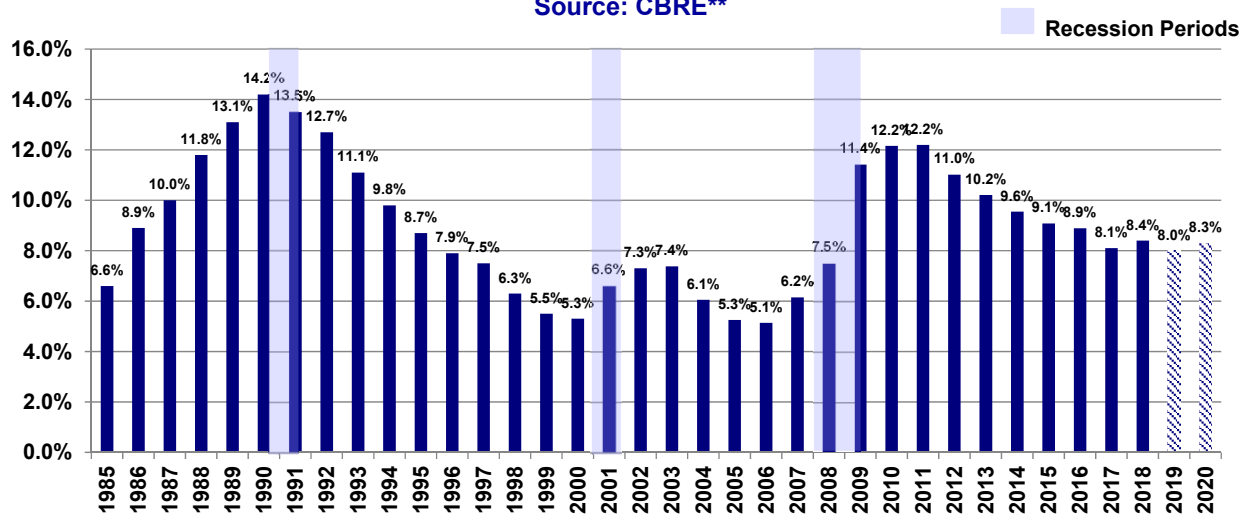


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119

Retail Space Vacancy Rates Greater Phoenix 1985–2020*

Source: CBRE**



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*2018 & 2019 are forecasts from CBRE

** Data prior to 1992 is from Grubb & Ellis

120

Greater Phoenix Retail Market

Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
2005	6,708,155	6,248,789
2006	5,244,597	4,582,618
2007	9,409,985	11,104,865
2008	3,395,986	6,229,205
2009	(1,117,100)	4,405,985
2010	(75,352)	902,380
2011	(152,647)	24,543
2012	1,879,005	184,932
2013	1,579,202	(325,959)
2014	1,487,313	(49,225)
2015	1,150,192	164,859
2016	1,321,833	1,204,766
2017	1,601,498	580,776
2018	147,471	997,933
2019*	564,799	(106,113)

Currently Under Construction
0.7 Million Sq. Ft.

*Data through second quarter 2019



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**Arizona is doing well
compared to virtually
everyone else**



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122

**Arizona will be affected by
the business cycle**



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123

**If growth just slows,
Arizona is likely remain in the
top 10 States**



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124

**The impact of a recession this
time around is likely to be
milder in Arizona than in most
States**



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**Slowdown or Recession
This is the place you want to
be.**



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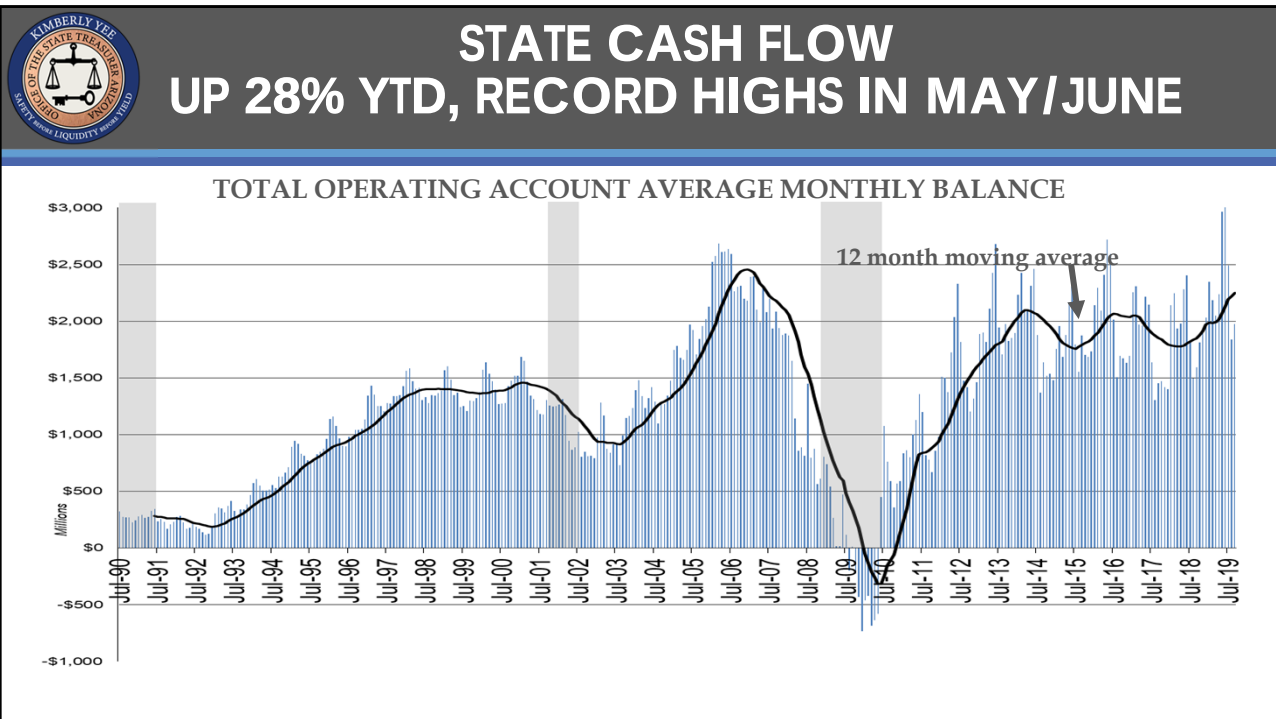
FINANCE ADVISORY COMMITTEE CASH FLOW UPDATE

Oct. 10, 2019

The Honorable Kimberly Yee

Treasurer

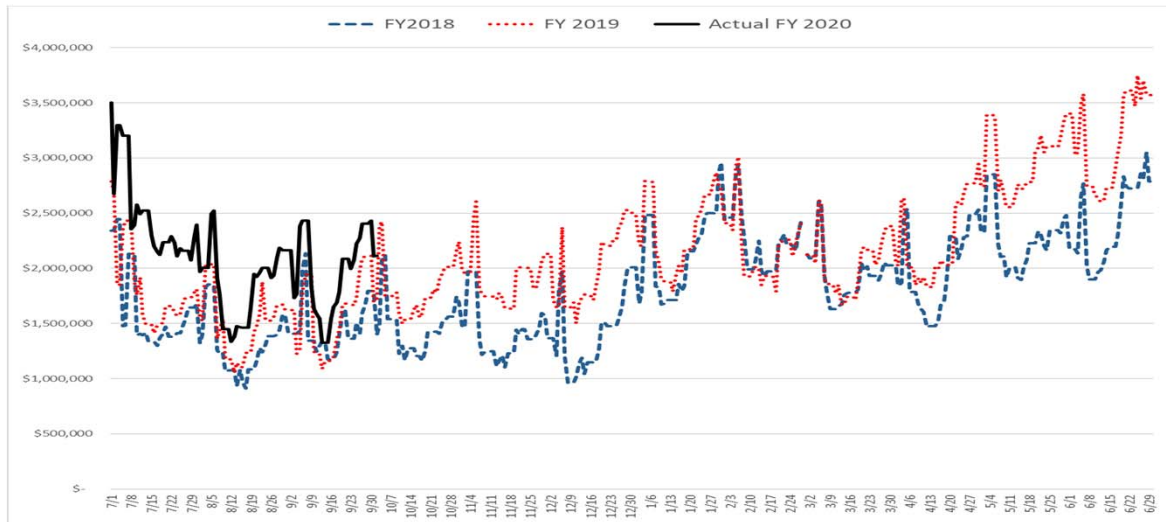
State of Arizona



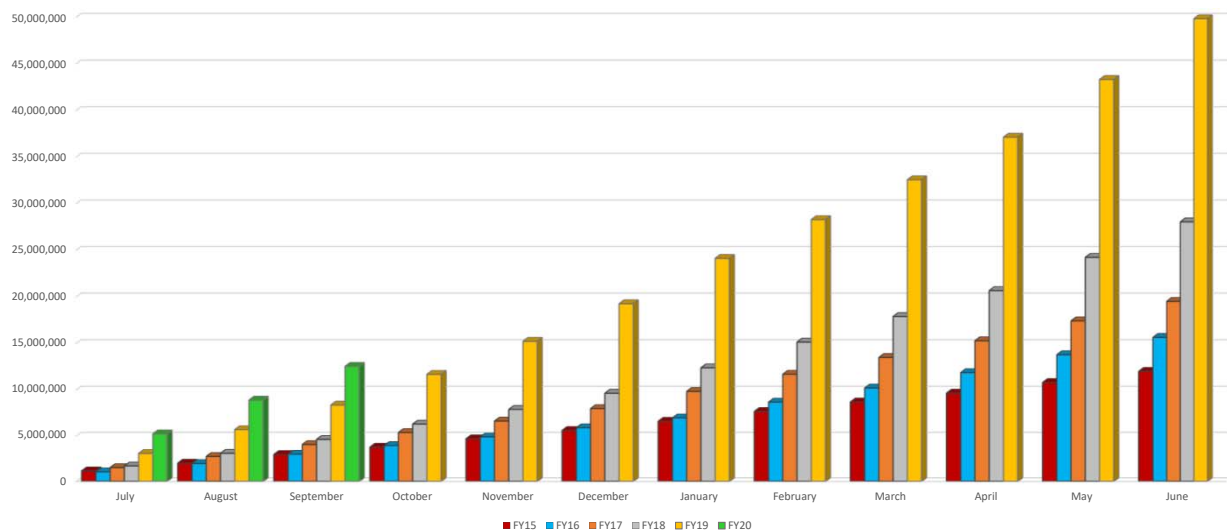


STATE CASH FLOW

YTD FY 2020 Cash Flow vs. Last Two Fiscal Years



GF Earnings FYTD: +49.5% YoY



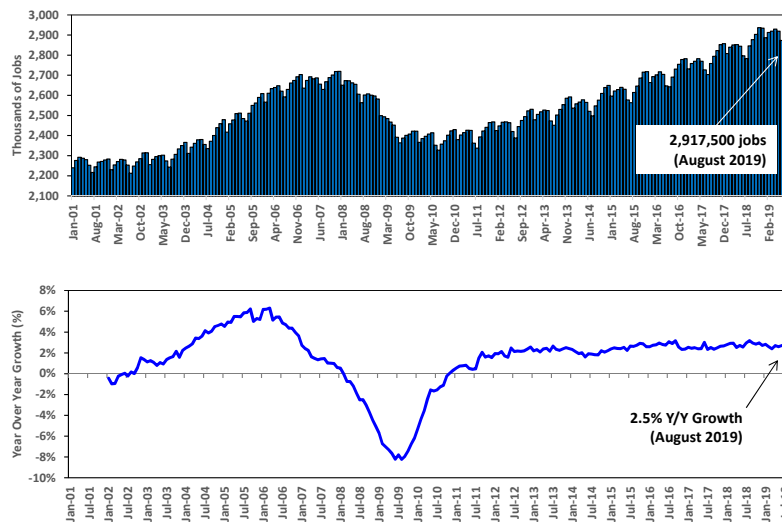
Arizona Economic Trends

September 2019

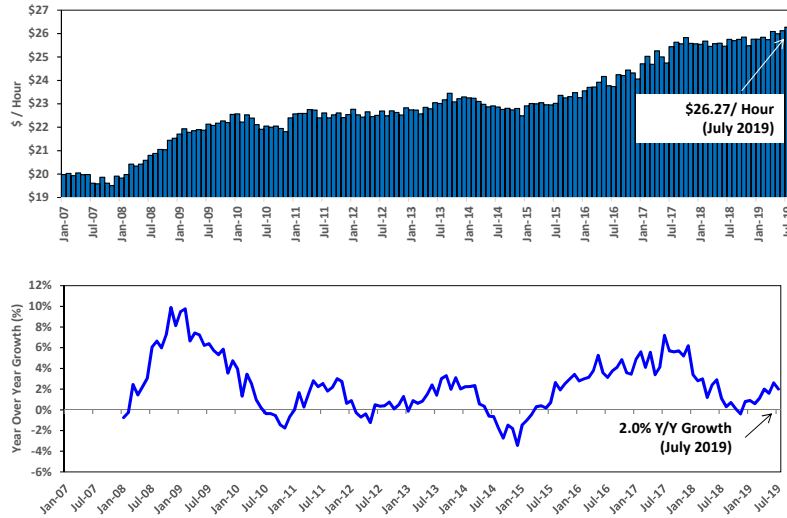
Page:

- 2.....Total Non-Farm Employment
- 3.....Average Hourly Earnings – Private Sector
- 4.....Initial Claims for Unemployment Insurance
- 5.....State Sales Tax Collections – Retail Category
- 6.....State Sales Tax Collections – Contracting Category
- 7.....Residential Building Permits

Total Non-Farm Employment



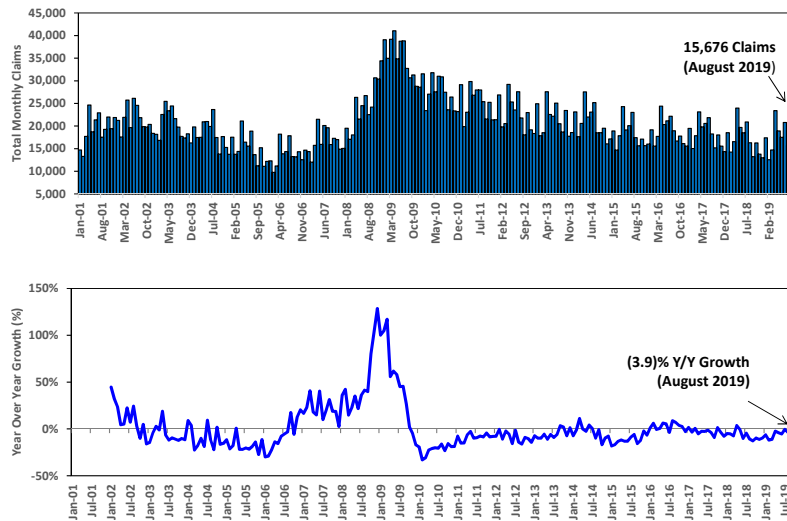
Average Hourly Earnings – Private Sector



JLBC

3

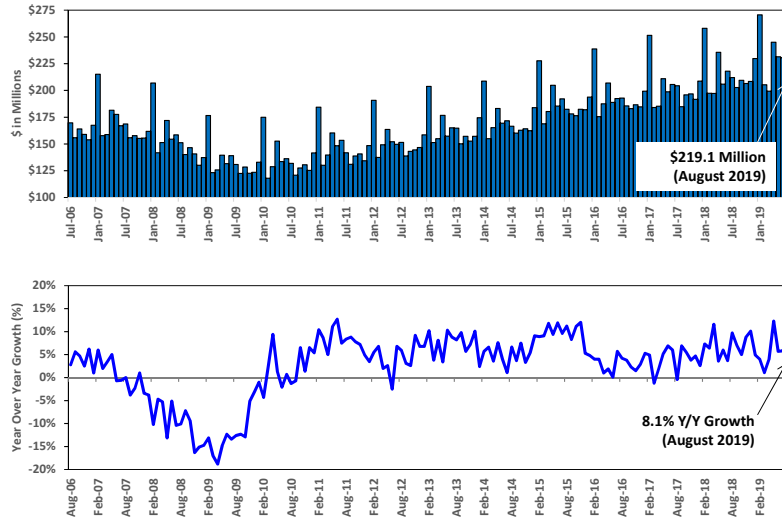
Initial Claims for Unemployment Insurance



JLBC

4

State Sales Tax Collections – Retail Category



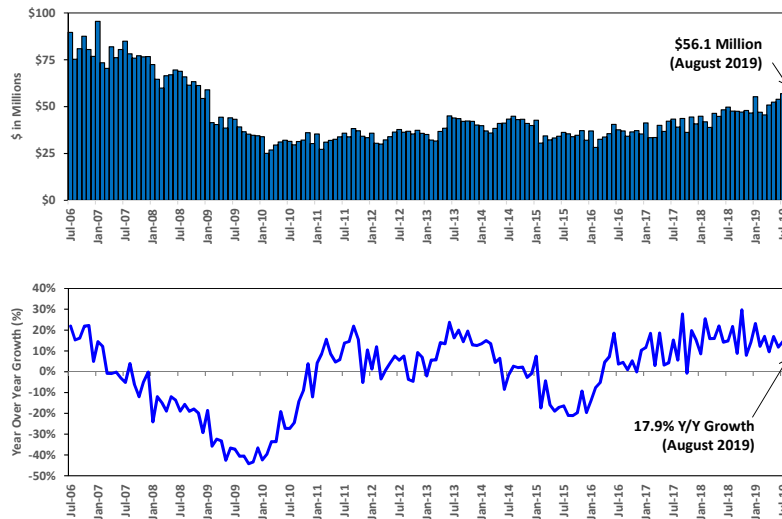
JLBC

Excludes temporary 1-cent sales tax

*January 2014 estimate adjusted downward by \$30 million to reflect one-time category shift

5

State Sales Tax Collections – Contracting Category

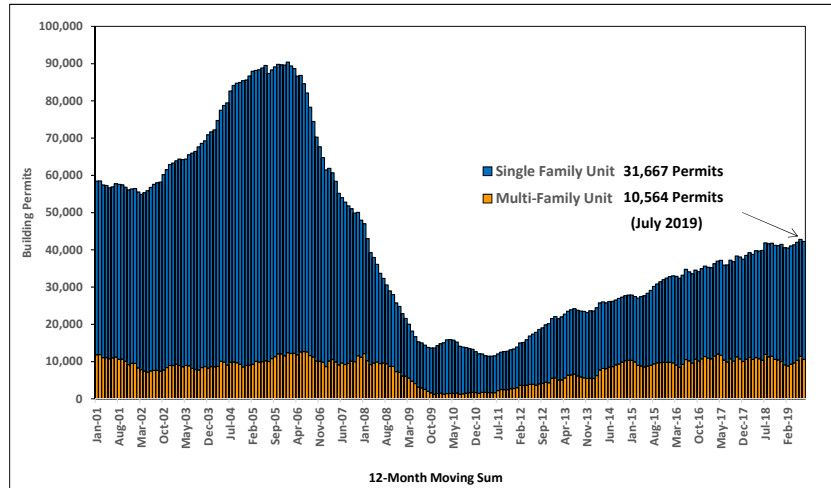


JLBC

Excludes temporary 1-cent sales tax

6

Residential Building Permits



Sales Tax

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

General Fund Collections

		Year-to-Year %		Year-to-Date	
		Collections (\$)	Change	Collections (\$)	Change
FY 2015	July 2014	338,895,000	-0.1%	338,895,000	-0.1%
	Aug 2014	345,173,344	4.5%	684,068,344	2.1%
	Sep 2014	344,660,464	2.6%	1,028,728,808	2.3%
	Oct 2014	346,093,136	5.2%	1,374,821,944	3.0%
	Nov 2014	334,326,797	3.2%	1,709,148,741	3.1%
	Dec 2014	344,265,049	5.2%	2,053,413,790	3.4%
	Jan 2015	399,861,665	8.8%	2,453,275,455	4.3%
	Feb 2015	325,308,761	3.5%	2,778,584,216	4.2%
	Mar 2015	347,376,257	6.6%	3,125,960,473	4.4%
	Apr 2015	373,027,607	4.1%	3,498,988,080	4.4%
	May 2015	345,591,019	2.7%	3,844,579,099	4.2%
	June 2015	344,684,398	15.9%	4,189,263,497	5.1%
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%	1,317,973,996	6.9%
	Oct 2019				
	Nov 2019				
	Dec 2019				
	Jan 2020				
	Feb 2020				
	Mar 2020				
	Apr 2020				
	May 2020				
	June 2020				

Arizona Sales Tax - Retail

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2015	July 2014	166,500,721	1.1%	166,500,721	1.1%
	Aug 2014	160,123,060	6.6%	326,623,781	3.7%
	Sep 2014	162,832,950	3.7%	489,456,731	3.7%
	Oct 2014	164,102,161	7.5%	653,558,892	4.6%
	Nov 2014	162,348,834	3.3%	815,907,726	4.4%
	Dec 2014	183,953,206	5.4%	999,860,932	4.5%
	Jan 2015	227,712,434	-4.4%	1,227,573,366	2.8%
	Feb 2015	168,761,459	8.9%	1,396,334,825	3.5%
	Mar 2015	180,268,868	9.1%	1,576,603,693	4.1%
	Apr 2015	204,887,908	11.8%	1,781,491,601	4.9%
	May 2015	185,048,795	9.3%	1,966,540,396	5.3%
	June 2015	191,636,921	11.6%	2,158,177,317	5.9%
FY 2016	July 2015	181,983,659	9.3%	181,983,659	9.3%
	Aug 2015	177,572,945	10.9%	359,556,604	10.1%
	Sep 2015	176,407,614	8.3%	535,964,218	9.5%
	Oct 2015	181,672,247	10.7%	717,636,465	9.8%
	Nov 2015	181,414,557	11.7%	899,051,022	10.2%
	Dec 2015	193,199,628	5.0%	1,092,250,650	9.2%
	Jan 2016	238,324,426	4.7%	1,330,575,076	8.4%
	Feb 2016	175,073,310	3.7%	1,505,648,386	7.8%
	Mar 2016	187,103,137	3.8%	1,692,751,523	7.4%
	Apr 2016	206,371,088	0.7%	1,899,122,611	6.6%
	May 2016	188,457,429	1.8%	2,087,580,040	6.2%
	June 2016	191,829,949	0.1%	2,279,409,989	5.6%
FY 2017	July 2016	192,271,338	5.7%	192,271,338	5.7%
	Aug 2016	184,969,877	4.2%	377,241,216	4.9%
	Sep 2016	183,071,966	3.8%	560,313,182	4.5%
	Oct 2016	185,380,550	2.0%	745,693,731	3.9%
	Nov 2016	184,673,309	1.8%	930,367,040	3.5%
	Dec 2016	199,296,939	3.2%	1,129,663,978	3.4%
	Jan 2017	250,969,574	5.3%	1,380,633,552	3.8%
	Feb 2017	183,569,201	4.9%	1,564,202,754	3.9%
	Mar 2017	184,709,030	-1.3%	1,748,911,783	3.3%
	Apr 2017	211,026,155	2.3%	1,959,937,939	3.2%
	May 2017	198,742,336	5.5%	2,158,680,274	3.4%
	June 2017	205,613,933	7.2%	2,364,294,207	3.7%
FY 2018	July 2017	204,434,615	6.3%	204,434,615	6.3%
	Aug 2017	184,786,404	-0.1%	389,221,019	3.2%
	Sep 2017	195,781,370	6.9%	585,002,389	4.4%
	Oct 2017	196,730,580	6.1%	781,732,969	4.8%
	Nov 2017	191,637,264	3.8%	973,370,232	4.6%
	Dec 2017	208,665,175	4.7%	1,182,035,408	4.6%
	Jan 2018	258,083,523	2.8%	1,440,118,931	4.3%
	Feb 2018	197,395,530	7.5%	1,637,514,460	4.7%
	Mar 2018	197,173,296	6.7%	1,834,687,756	4.9%
	Apr 2018	235,575,787	11.6%	2,070,263,543	5.6%
	May 2018	205,942,036	3.6%	2,276,205,579	5.4%
	June 2018	217,969,427	6.0%	2,494,175,006	5.5%
FY 2019	July 2018	211,933,851	3.7%	211,933,851	3.7%
	Aug 2018	202,684,143	9.7%	414,617,994	6.5%
	Sep 2018	209,469,300	7.0%	624,087,294	6.7%
	Oct 2018	206,485,270	5.0%	830,572,564	6.2%
	Nov 2018	208,449,641	8.8%	1,039,022,205	6.7%
	Dec 2018	229,776,545	10.1%	1,268,798,750	7.3%
	Jan 2019	270,623,614	4.9%	1,539,422,364	6.9%
	Feb 2019	205,231,043	4.0%	1,744,653,407	6.5%
	Mar 2019	199,281,924	1.1%	1,943,935,331	6.0%
	Apr 2019	245,051,682	4.0%	2,188,987,013	5.7%
	May 2019	231,357,818	12.3%	2,420,344,831	6.3%
	June 2019	230,479,672	5.7%	2,650,824,503	6.3%
FY 2020	July 2019	224,197,341	5.8%	224,197,341	5.8%
	Aug 2019	219,123,899	8.1%	443,321,240	6.9%
	Sep 2019	224,972,647	7.4%	668,293,886	7.1%
	Oct 2019				
	Nov 2019				
	Dec 2019				
	Jan 2020				
	Feb 2020				
	Mar 2020				
	Apr 2020				
	May 2020				
	June 2020				

Arizona Sales Tax - Contracting

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2015	July 2014	43,352,211	-1.3%	43,352,211	-1.3%
	Aug 2014	44,742,964	2.6%	88,095,175	0.7%
	Sep 2014	42,952,525	1.3%	131,047,700	0.9%
	Oct 2014	43,244,905	2.2%	174,292,605	1.2%
	Nov 2014	40,986,820	-2.7%	215,279,425	0.4%
	Dec 2014	39,871,833	-0.8%	255,151,258	0.2%
	Jan 2015	42,972,458	7.9%	298,123,716	1.3%
	Feb 2015	30,554,137	-17.4%	328,677,853	-0.8%
	Mar 2015	34,360,251	-4.4%	363,038,104	-1.2%
	Apr 2015	32,942,126	-14.1%	395,980,230	-2.4%
	May 2015	33,214,280	-18.9%	429,194,510	-3.9%
	June 2015	34,170,202	-17.1%	463,364,712	-5.0%
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	57,687,886	21.3%	170,642,993	17.8%
	Oct 2019				
	Nov 2019				
	Dec 2019				
	Jan 2020				
	Feb 2020				
	Mar 2020				
	Apr 2020				
	May 2020				
	June 2020				

Arizona Sales Tax - Utilities

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2015	July 2014	41,601,907	0.8%	41,601,907	0.8%
	Aug 2014	49,989,617	-2.2%	91,591,524	-0.8%
	Sep 2014	48,229,626	-0.2%	139,821,150	-0.6%
	Oct 2014	44,471,489	-2.1%	184,292,639	-1.0%
	Nov 2014	37,725,941	4.5%	222,018,580	-0.1%
	Dec 2014	28,145,342	1.2%	250,163,922	0.1%
	Jan 2015	30,408,913	-2.8%	280,572,835	-0.2%
	Feb 2015	32,737,055	0.6%	313,309,890	-0.2%
	Mar 2015	28,943,534	-1.4%	342,253,424	-0.3%
	Apr 2015	27,649,839	-1.1%	369,903,263	-0.3%
	May 2015	28,456,871	1.2%	398,360,134	-0.2%
	June 2015	31,971,972	-7.6%	430,332,106	-0.8%
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	51,709,246	-0.8%	137,406,772	-5.2%
	Oct 2019				
	Nov 2019				
	Dec 2019				
	Jan 2020				
	Feb 2020				
	Mar 2020				
	Apr 2020				
	May 2020				
	June 2020				

Arizona Sales Tax - Restaurants and Bars

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2015	July 2014	33,177,148	5.3%	33,177,148	5.3%
	Aug 2014	30,626,101	5.0%	63,803,249	5.1%
	Sep 2014	35,433,944	14.8%	99,237,193	8.4%
	Oct 2014	34,065,936	9.4%	133,303,129	8.7%
	Nov 2014	34,295,091	5.0%	167,598,220	7.9%
	Dec 2014	37,300,003	13.4%	204,898,223	8.9%
	Jan 2015	40,253,761	17.3%	245,151,984	10.1%
	Feb 2015	34,897,943	2.3%	280,049,927	9.1%
	Mar 2015	40,367,437	9.8%	320,417,364	9.2%
	Apr 2015	42,793,319	3.2%	363,210,683	8.5%
	May 2015	40,616,830	10.5%	403,827,513	8.7%
	June 2015	40,921,999	9.4%	444,749,512	8.7%
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				
	Nov 2019				
	Dec 2019				
	Jan 2020				
	Feb 2020				
	Mar 2020				
	Apr 2020				
	May 2020				
	June 2020				

Arizona Use Tax

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2015	July 2014	23,695,049	-10.2%	23,695,049	-10.2%
	Aug 2014	26,617,042	10.0%	50,312,091	-0.6%
	Sep 2014	24,458,282	-7.0%	74,770,373	-2.8%
	Oct 2014	28,121,689	13.3%	102,892,062	1.2%
	Nov 2014	23,980,614	9.3%	126,872,676	2.6%
	Dec 2014	22,181,223	18.5%	149,053,899	4.7%
	Jan 2015	25,217,821	N/A	174,271,720	31.2%
	Feb 2015	21,325,444	8.0%	195,597,164	28.2%
	Mar 2015	21,142,410	19.1%	216,739,574	27.3%
	Apr 2015	21,079,611	-11.6%	237,819,185	22.5%
	May 2015	22,368,346	-2.4%	260,187,531	19.9%
	June 2015	20,956,202	10.9%	281,143,733	19.1%
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	32,247,365	14.9%	64,494,730	22.6%
	Sep 2019	30,812,578	-3.8%	95,307,308	12.6%
	Oct 2019				
	Nov 2019				
	Dec 2019				
	Jan 2020				
	Feb 2020				
	Mar 2020				
	Apr 2020				
	May 2020				
	June 2020				

Individual Income Tax

Arizona Individual Income Tax
General Fund Collections

		Year-to-Total				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 2015	Jul-14	307,979,480	0.5%	307,979,480	0.5%	303,667,985	-1.0%	303,667,985	-1.0%	21,354,109	12.2%	21,354,109	12.2%	(17,042,614)	-10.7%	(17,042,614)	-10.7%
	Aug	277,051,357	0.9%	585,030,837	0.7%	269,976,357	0.8%	573,644,342	-0.2%	18,694,259	-2.9%	40,048,368	4.6%	(11,619,259)	-7.6%	(28,661,873)	-9.5%
	Sep	391,176,578	5.2%	976,207,415	2.4%	288,262,398	4.5%	861,906,740	1.4%	117,688,025	5.7%	157,736,393	5.4%	(14,773,845)	-3.6%	(43,435,718)	-7.6%
	Oct	299,910,716	-0.2%	1,276,118,131	1.8%	320,304,415	5.9%	1,182,211,155	2.6%	60,134,205	-9.6%	217,870,598	0.8%	(80,527,904)	18.0%	(123,963,622)	7.6%
	Nov	283,967,357	0.8%	1,560,085,488	1.6%	280,397,837	0.0%	1,462,608,992	2.1%	17,555,850	4.9%	235,426,448	1.1%	(13,986,330)	-8.5%	(137,949,952)	5.7%
	Dec	421,259,858	9.6%	1,981,345,346	3.2%	337,372,433	6.3%	1,799,981,425	2.8%	83,167,608	19.1%	318,594,056	5.2%	719,817	N/A	(137,230,135)	2.8%
	Jan-15	433,302,725	-0.2%	2,414,648,071	2.6%	313,745,758	-3.3%	2,113,727,183	1.9%	120,273,142	6.8%	438,867,198	5.7%	(716,174)	-72.4%	(137,946,309)	1.4%
	Feb	36,808,028	N/A	2,451,456,099	5.6%	309,285,533	5.2%	2,423,012,716	2.3%	20,393,366	-0.5%	459,260,564	5.4%	(292,870,871)	-15.5%	(430,817,180)	-10.7%
	Mar	135,296,012	14.3%	2,586,752,111	6.0%	350,211,775	8.4%	2,773,224,491	3.0%	66,961,424	17.4%	526,221,987	6.8%	(281,877,186)	7.7%	(712,694,367)	-4.2%
	Apr	543,319,360	37.7%	3,130,071,471	10.4%	319,280,583	5.7%	3,092,505,074	3.3%	606,080,226	21.1%	1,132,302,213	14.0%	(382,041,449)	-6.4%	(1,094,735,816)	-5.0%
	May	237,238,950	-11.2%	3,367,310,420	8.5%	293,092,224	-0.3%	3,385,597,298	3.0%	21,718,764	4.1%	1,154,020,977	13.8%	(77,572,039)	63.4%	(1,172,307,855)	-2.3%
	Jun	393,567,675	9.3%	3,760,878,095	8.6%	305,671,016	8.9%	3,691,268,314	3.4%	129,816,206	24.5%	1,283,837,183	14.8%	(41,919,548)	68.8%	(1,214,227,402)	-0.8%
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%	(19,985,376)	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%	545,437,326	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,											

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 2015	Jul-14	21,354,109	12.2%	21,354,109	12.2%	6,285,380	23.7%	6,285,380	23.7%	15,068,729	8.0%	15,068,729	8.0%
	Aug	18,694,259	-2.9%	40,048,368	4.6%	6,941,033	4.5%	13,226,413	12.8%	11,753,226	-6.7%	26,821,955	1.0%
	Sep	117,688,025	5.7%	157,736,393	5.4%	100,467,659	7.1%	113,694,072	7.7%	17,220,366	-1.7%	44,042,321	0.0%
	Oct	60,134,205	-9.6%	217,870,598	0.8%	7,948,849	-1.0%	121,642,921	7.1%	52,185,356	-10.8%	96,227,677	-6.2%
	Nov	17,555,850	4.9%	235,426,448	1.1%	5,361,587	44.8%	127,004,508	8.3%	12,194,264	-6.4%	108,421,941	-6.2%
	Dec	83,167,608	19.1%	318,594,056	5.2%	73,371,410	19.3%	200,375,917	12.1%	9,796,198	17.5%	118,218,139	-4.6%
	Jan-15	120,273,142	6.8%	438,867,198	5.7%	115,372,044	10.7%	315,747,961	11.6%	4,901,098	-41.4%	123,119,237	-6.9%
	Feb	20,393,366	-0.5%	459,260,564	5.4%	2,907,743	21.0%	318,655,703	11.7%	17,485,623	-3.4%	140,604,861	-6.5%
	Mar	66,961,424	17.4%	526,221,988	6.8%	5,780,718	19.1%	324,436,422	11.8%	61,180,705	17.2%	201,785,566	-0.4%
	Apr	606,080,226	21.1%	1,132,302,213	14.0%	69,730,470	22.2%	394,166,892	13.5%	536,349,755	21.0%	738,135,322	14.3%
	May	21,718,764	4.1%	1,154,020,977	13.8%	5,983,980	7.8%	400,150,872	13.4%	15,734,784	2.8%	753,870,106	14.0%
	Jun	130,282,104	25.0%	1,284,303,081	14.8%	110,381,320	27.7%	510,532,192	16.2%	19,900,784	11.8%	773,770,890	14.0%
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%	203,293,696	15.3%	134,536,304	14.9%	153,546,696	16.1%	17,295,753	9.8%	49,747,000	12.7%
	Oct	92,048,841	21.0%	295,342,537	17.0%	12,838,925	18.7%	166,385,621	16.3%	79,209,916	21.4%	128,956,916	17.9%
	Nov	22,097,652	8.1%	317,440,189	16.3%	6,281,356	3.6%	172,666,977	15.8%	15,816,296	10.0%	144,773,212	17.0%
	Dec	50,914,905	-76.6%	368,355,095	-24.9%	32,493,528	-84.4%	205,160,505	-42.6%	18,421,377	102.1%	163,194,590	22.8%
	Jan-19	162,226,235	-24.9%	530,581,330	-24.9%	140,278,776	-31.8%	345,439,281	-38.7%	21,947,459	114.7%	185,142,049	29.4%
	Feb	37,039,460	47.9%	567,620,789	-22.4%	5,424,368	34.3%	350,863,649	-38.2%	31,615,092	50.5%	216,757,141	32.1%
	Mar	82,740,855	7.3%	650,361,644	-19.6%	7,488,543	-7.0%	358,352,192	-37.7%	75,252,312	9.0%	292,009,453	25.2%
	Apr	603,007,793	3.3%	1,253,369,437	-10.0%	58,562,550	-25.2%	416,914,742	-36.2%	544,445,243	7.7%	836,454,695	13.2%
	May	386,614,492	355.2%	1,639,983,929	11.0%	36,498,359	232.8%	453,413,101	-31.8%	350,116,132	373.4%	1,186,570,828	46.0%
	Jun	153,939,074	13.1%	1,793,923,003	11.2%	131,576,538	13.3%	584,989,639	-25.1%	22,362,536	11.9%	1,208,933,363	45.2%
FY 2020	Jul-19	34,741,911	28.8%	34,741,911	28.8%	10,388,748	28.7%	10,388,748	28.7%	24,353,162	28.8%	24,353,162	28.8%
	Aug	32,808,312	34.0%	67,550,222	31.3%	11,816,737	8.0%	22,205,485	16.8%	20,991,575	55.0%	45,344,737	39.7%
	Sep	175,394,519	15.5%	242,944,741	19.5%	151,597,622	12.7%	173,803,107	13.2%	23,796,897	37.6%	69,141,634	39.0%
	Oct	*** September amounts are preliminary estimates ***											
	Nov												
	Dec												
	Jan-20												
	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 2015	July 2014	27,059,686	-20.6%	27,059,686	-20.6%	(14,531,193)	61.7%	(14,531,193)	61.7%	12,528,493	-50.0%	12,528,493	-50.0%
	Aug 2014	13,991,819	-2.9%	41,051,505	-15.3%	7,539	N/A	(14,523,654)	13.0%	13,999,358	32.8%	26,527,851	-25.5%
	Sep 2014	122,198,547	-1.3%	163,250,052	-5.2%	(4,549,542)	-82.4%	(19,073,196)	-50.7%	117,649,005	20.2%	144,176,856	8.0%
	Oct 2014	42,258,664	-1.0%	205,508,716	-4.4%	(9,398,996)	-9.9%	(28,472,192)	-42.1%	32,859,668	1.8%	177,036,524	6.8%
	Nov 2014	16,078,683	-34.6%	221,587,399	-7.5%	(12,628,427)	-46.2%	(41,100,619)	-43.4%	3,450,256	214.0%	180,486,780	8.1%
	Dec 2014	144,358,002	15.1%	365,945,401	0.3%	(19,357,458)	-52.5%	(60,458,077)	-46.7%	125,000,544	47.5%	305,487,324	21.4%
	Jan 2015	42,546,144	96.1%	408,491,545	5.6%	(22,346,703)	312.8%	(82,804,780)	-30.3%	20,199,441	24.1%	325,686,765	21.6%
	Feb 2015	14,229,988	-14.0%	422,721,533	4.8%	(13,093,773)	828.6%	(95,898,554)	-20.2%	1,136,215	-92.5%	326,822,979	15.5%
	Mar 2015	77,157,885	-4.6%	499,879,418	3.3%	(1,869,651)	-23.3%	(97,768,205)	-20.3%	75,288,234	-4.0%	402,111,213	11.2%
	Apr 2015	113,103,110	26.3%	612,982,528	6.9%	(25,939,111)	1691.3%	(123,707,315)	-0.3%	87,163,999	-1.1%	489,275,212	8.8%
	May 2015	64,443,207	103.5%	777,425,735	11.9%	(719,860)	-76.5%	(124,427,176)	-2.1%	63,723,347	122.8%	552,998,559	15.6%
	June 2015	111,302,316	11.5%	888,728,051	11.8%	(1,297,856)	-54.4%	(125,725,031)	-3.3%	110,004,461	13.4%	663,003,020	15.3%
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%
	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%
FY 2017	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%
	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%
FY 2018	July 2017	26,266,058	19.3%	26,266,058	19.3%	(2,427,219)	-87.7%	(2,427,219)	-87.7%	23,838,839	941.5%	23,838,839	941.5%
	Aug 2017	10,906,029	-29.8%	37,172,087	-1.1%	(18,031,119)	67.8%	(20,458,338)	-32.9%	(7,125,090)	N/A	16,713,749	135.8%
	Sep 2017	79,619,983	-10.9%	116,792,070	-8.0%	(15,042,747)	39.4%	(35,501,085)	-14.0%	64,577,236	-17.8%	81,290,985	-5.1%
	Oct 2017	20,755,460	-32.7%	137,547,530	-12.8%	(4,323,369)	2772.7%	(39,824,454)	-3.9%	16,432,091	-46.4%	97,723,076	-16.0%
	Nov 2017	13,403,599	-25.9%	150,951,129	-14.2%	(1,759,367)	-53.3%	(41,583,821)	-8.0%	11,644,232	-18.7%	109,367,308	-16.3%
	Dec 2017	67,957,843	-22.9%	218,908,972	-17.1%	(30,913,538)	31.3%	(72,497,359)	5.5%	37,044,305	-42.6%	146,411,613	-25.0%
	Jan 2018	28,967,432	8.9%	247,876,404	-14.7%	(20,832,624)	-54.0%	(93,329,983)	-18.2%	8,134,808	N/A	154,546,421	-12.4%
	Feb 2018	20,754,947	94.2%	268,631,351	-10.8%	(14,472,357)	11.0%	(107,802,340)	-15.2%	6,282,590	N/A	160,829,011	-7.7%
	Mar 2018	23,322,836	-34.4%	291,954,187	-13.3%	(1,301,978)	-91.8%	(109,104,318)	-23.7%	22,020,858	11.6%	182,849,869	-5.7%
	Apr 2018	79,202,648	-4.4%	371,156,835	-11.6%	(2,369,601)	-70.8%	(111,473,919)	-26.2%	76,833,047	2.8%	259,682,916	-3.3%
	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%
FY 2019	July 2018	34,230,356	30.3%	34,230,356	30.3%	(5,488,876)	126.1%	(5,488,876)	126.1%	28,741,480	20.6%	28,741,480	20.6%
	Aug 2018	20,224,018	85.4%	54,454,375	46.5%	(6,088,433)	-66.2%	(11,577,310)	-43.4%	14,135,585	N/A	42,877,065	156.5%
	Sep 2018	112,656,032	41.5%	167,110,407	43.1%	(7,885,794)	-47.6%	(19,463,104)	-45.2%	104,770,238	62.2%	147,647,303	81.6%
	Oct 2018	34,384,339	65.7%	201,494,745	46.5%	(6,038,347)	39.7%	(25,501,450)	-36.0%	28,345,992	72.5%	175,993,295	80.1%
	Nov 2018	16,689,469	24.5%	218,184,214	44.5%	(11,051,634)	528.2%	(36,553,084)	-12.1%	5,637,834	-51.6%	181,631,129	66.1%
	Dec 2018	95,961,365	41.2%	314,145,579	43.5%	(5,737,744)	-81.4%	(42,290,828)	-41.7%	90,223,622	143.6%	271,854,751	85.7%
	Jan 2019	34,831,424	20.2%	348,977,003	40.8%	(56,601,100)	171.7%	(98,891,928)	6.0%	(21,769,676)	N/A	250,085,075	61.8%
	Feb 2019	11,876,507	-42.8%	360,853,510	34.3%	(18,575,077)	28.3%	(117,467,005)	9.0%	(6,698,570)	N/A	243,386,505	51.3%
	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%
FY 2020	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	15,239,270	-24.6%	59,561,224	9.4%	(10,191,927)	67.4%	(19,223,798)	66.0%	5,047,343	-64.3%	40,337,425	-5.9%
	Sep 2019	124,469,999	10.5%	184,031,223	10.1%	(1,442,642)	-81.7%	(20,666,440)	6.2%	123,027,357	17.4%	163,364,782	10.6%
	Oct 2019	*** September amounts are preliminary estimates ***											
	Nov 2019												
	Dec 2019												
	Jan 2020												
	Feb 2020												
	Mar 2020												
	Apr 2020												
	May 2020												
	June 2020												

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 15th 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 2013 to FY 2019, 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 growth increased to 5.9% in FY 2019.

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 2019. 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, and 6.8% in FY 2019. Collections from this line were 20% of Insurance Premium Tax General Fund revenues in FY 2019.

Other Property and Casualty: Consists of numerous types of property and casualty insurance that together were 11% of Insurance Premium Tax General Fund revenue in FY 2019. 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 2019.

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 3% of Insurance Premium Tax General Fund revenues in FY 2019.

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 2019.

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 2019.

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

	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
<u>Insurance Line</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>	<u>Revenue</u>	<u>Y/Y Chg.</u>
AHCCCS Contractors	130.0	-8.1%	144.0	10.7%	178.1	23.7%	208.6	17.2%	211.1	1.2%	212.9	2.1%	225.5	5.9%
Accident and Health	79.8	2.0%	82.3	3.1%	87.6	6.4%	103.7	18.4%	102.8	-0.9%	102.9	-0.8%	108.5	5.4%
Vehicle <u>2/</u>	75.0	3.0%	79.4	5.9%	84.3	6.2%	89.5	6.2%	95.0	6.1%	102.5	14.5%	109.5	6.8%
Other Property and Casualty	52.8	4.3%	56.0	6.0%	60.8	8.6%	60.2	-0.9%	60.6	0.7%	61.7	2.5%	62.5	1.3%
Life	38.7	0.8%	39.2	1.2%	39.7	1.3%	43.7	10.2%	42.9	-1.8%	43.2	-1.1%	43.6	0.9%
Surplus	9.8	11.5%	11.1	13.6%	12.3	10.2%	11.6	-5.3%	15.5	33.6%	16.3	40.5%	18.5	13.5%
Fire <u>3/</u>	2.0	4.7%	2.2	8.2%	2.1	-1.4%	2.6	21.7%	1.3	-50.2%	0.9	-65.5%	0.7	-22.2%
Retaliatory Payments	10.6	51.4%	8.9	-16.0%	10.7	19.7%	6.9	-35.2%	9.2	33.3%	8.4	21.7%	10.3	22.6%
Tax Credits	(11.3)	79.4%	(18.6)	64.6%	(27.8)	49.5%	(33.5)	20.5%	(36.9)	10.1%	(42.1)	25.7%	(40.9)	-2.9%
Cash Flow Adjustments <u>4/</u>	(0.6)	--	7.3	--	3.2	--	0.8	--	4.5	--	2.6	--	11.4	--
Total Fiscal Year Revenues <u>4/</u>	\$ 386.8	-1.8%	\$ 411.6	6.4%	\$ 450.7	9.5%	\$ 494.1	9.6%	\$ 506.0	2.4%	\$ 509.3	0.7%	\$ 549.6	7.9%

Notes

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

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, and 549.8 M in FY 2019. Amounts in this table reflect estimates by the Department of In

Source: Department of Insurance

Arizona Insurance Premium Tax General Fund Collections

		Insurance Premium Tax	Y/Y Chg.	Year-to-Date Revenue	YTD Chg.
FY 2015	July 2014	41,695,140	13.9%	41,695,140	13.9%
	Aug 2014	43,349,179	-6.4%	85,044,319	2.6%
	Sep 2014	44,017,841	51.6%	129,062,160	15.3%
	Oct 2014	1,058,877	-3.2%	130,121,037	15.1%
	Nov 2014	316,650	-94.8%	130,437,687	9.5%
	Dec 2014	11,650,040	-4.4%	142,087,727	8.2%
	Jan 2015	33,853,685	53.1%	175,941,412	14.7%
	Feb 2015	5,144,681	1.9%	181,086,093	14.3%
	Mar 2015	66,254,010	-26.6%	247,340,103	-0.5%
	Apr 2015	69,510,687	71.9%	316,850,791	9.6%
	May 2015	48,248,184	14.2%	365,098,975	10.2%
	June 2015	84,447,779	5.1%	449,546,754	9.2%
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%	46,073,972	-46.7%
	Sep 2019	110,404,809	79.7%	156,478,781	5.8%
	Oct 2019				
	Nov 2019				
	Dec 2019				
	Jan 2020				
	Feb 2020				
	Mar 2020				
	Apr 2020				
	May 2020				
	June 2020				

Economic Indicators

NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis' second or "preliminary" estimate, the **U.S. Real Gross Domestic Product (GDP)** increased at a seasonally adjusted annual rate of 2.0% in the second quarter of 2019 compared to 3.1% in the prior quarter. This revised second quarter estimate was (0.1)% below the preceding advance estimate due to decreases in residential investment, inventory investment, and net exports.

The Conference Board's **U.S. Consumer Confidence Index** is based on consumers' perceptions of current conditions, as well as their expectations 6 months into the future. The index decreased slightly by (0.5)%, or (0.7) points, from July's revised 135.8 to 135.1 in August. The index was helped by consumers continuing to have a positive view of current economic conditions. However, the data did show consumer's expectations about the economy in the future may be getting more pessimistic. The job market was the main reason for the index's continued strong performance in August. The labor index, which is calculated as the percentage of respondents who think that jobs are plentiful minus the percentage who think that jobs are difficult to find, increased by 6.3 points, or 19.0%, in August to a net value of 39.4, the highest value since early 2001.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure (PCE) Price Index** increased by 0.2% from June to July. Compared to July 2018, the overall price index is up by 1.4%. The "core" PCE price index excludes food and energy prices and is the Federal Reserve's (Fed) preferred inflation measure. This core index increased year over year by 1.6% in July, which continues to fall below the Fed's inflation target of 2.0%.

Consumer prices are also measured by the U.S. Bureau of Labor Statistics **Consumer Price Index (CPI)**. The index increased 0.1% in August and increased 1.8% above August 2018. The food index did not change for the month. The energy index decreased (1.9)% for the month, primarily due to a (3.5)% decrease in the index for gasoline. The index for medical services, the largest contributor to the August CPI change, increased by 0.7%. Core inflation (all items less food and energy) increased 0.3% for the month. Compared to August 2018, the core CPI is up by 2.4%, the highest percentage increase in over a decade.

The Conference Board's **U.S. Leading Economic Index** rose in July to 112.2 and is 1.4% above its July 2018 reading. The increase was a result of stronger numbers from housing permits, stock prices, and unemployment

insurance claims. Weakness in the manufacturing sector and the yield spread made negative contributions.

ARIZONA

Single-family housing construction is increasing. In July, Arizona's 12-month total of **single-family building permits** was 31,667, or 5.8% more than a year ago. The comparable single-family permit growth rate for the entire U.S. was a decrease of (3.4)%.

The 12-month total of multi-family building permits has been up and down. In July, Arizona's total of 10,564 **multi-family building permits** was (11.5)% less than in 2018. Nationwide multi-family permits were only 1.4% more than in 2018.

Tourism

Revenue per available room was \$63.57 in July, 4.7% above the same month in the prior year.

State park visitation was 312,634 in June, 12.3% above the same month in the prior year.

Ridership through Phoenix Sky Harbor Airport during the month increased 0.5% above July 2018.

Employment

According to the latest employment report released by the Office of Economic Opportunity (OEO), the state added 57,000 **nonfarm jobs** in August compared to the prior month. This was more than the 10-year average job gain of 48,600 for the month of August. A little less than 84% of August's monthly job gain was related to state and local government education employment. Job gains typically occur in August when schools return from summer recess.

Compared to the same month in the prior year, Arizona added 71,600 net new jobs in August, which is a year-over-year increase of 2.5%. The largest year-over-year job gains in August came from the following industries: Education and Health Services (+18,200), Construction (+15,200), and Manufacturing (+9,200). The only industry that experienced a loss of jobs in August compared to August 2018 was the Information sector, which shed (200) jobs. Year-over-year, employment growth in this industry is down by (0.4)%.

In August, the state's regular **unemployment rate** increased from 4.9% to 5.0%. In August 2018, the jobless rate was 4.8%. Arizona's unemployment rate has only remained below 5% for a total of 24 months since the last economic expansion began in June 2009. According to some economists, one reason that

Monthly Indicators (Continued)

Arizona's unemployment rate has remained stubbornly high when compared to most other states is that Arizona has experienced more in-migration, which tends to result in more "frictional unemployment." This typically occurs in a healthy economy when people are more optimistic about finding a new job or rejoining the labor force. The U.S. unemployment rate remained unchanged at 3.7% for the third consecutive month in August.

According to OEO, the state had a total of 25,568 **claimants receiving unemployment insurance benefits** in August, a decrease of (3.1)% from July. This figure is (7.1)% below the August 2018 level.

OEO reported that 15,676 **initial claims for unemployment insurance** were filed in August, a decrease of (3.9)% compared to the same month last year.

Average Hourly Earnings

The **Average Hourly Earnings** received by private sector workers in July was \$26.27, which was 0.6% above the average in the prior month. Year-over-year growth in earnings decreased from 2.6% in June to 2.0% in July.

State Agency Data

At the beginning of September 2019, the total **AHCCCS caseload** was 1.84 million members. Total monthly enrollment increased by 0.4% for September and was 1.7% higher than a year ago. Parent and child enrollment in the Traditional population increased by 0.3% for September and was (0.2)% lower than a year ago.

Enrollment in KidsCare is 35,431 for September, which represents 1.3% growth compared to August and is 15.9% above last year.

For September 2019, growth in the childless adult population was 0.7%. At 328,987, this population is 6.4% higher than a year ago.

In the adult Medicaid expansion program up to 133% of the Federal Poverty Level, enrollment decreased (1.0)% for September and totals 77,503 individuals. Enrollment is 0.9% higher than a year ago.

Based on information the Department of Child Safety provided for July 2019, **reports of child maltreatment** totaled 46,180 over the last 12 months, a decrease of (2.4)% over the prior year. There were 14,226 **children in out-of-home care** as of June 2019, or (1.7)% less than in June 2018. Compared to the prior month, the number of out-of-home children increased by 0.1%

The Arizona Department of Correction's **inmate population** was 42,456 as of August 31, 2019. This was an increase of 0.3% since July 31, 2019 and a 0.6% increase since August 2018.

There were 13,049 **TANF Cash Assistance recipients** in the state in July, representing a (5.4)% monthly caseload decrease from June. The year-over-year number of TANF Cash Assistance recipients has declined by (7.5)%. 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, 819,225 people received food stamp assistance in the state, representing a 1.1% increase above June caseloads. Compared to July 2018, the level of food stamp participation has declined by (3.1)%.

Table 5

MONTHLY INDICATORS

<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
Arizona				
<u>Employment</u>				
- Regular Unemployment Rate	August	5.0%	0.1%	0.2%
- Total Unemployment Rate (discouraged/underemployed)	2nd Q 2019	9.2%	0.2)%	0.1%
- Initial Unemployment Insurance Claims	August	15,676	(24.6)%	(3.9)%
- Unemployment Insurance Recipients	August	25,586	(3.1)%	(7.1)%
- Non-Farm Employment - Total	August	2,917,500	2.0%	2.5%
Manufacturing	August	180,200	0.2%	5.4%
Construction	August	175,700	(0.7)%	9.5%
- Average Hourly Earnings, Private Sector	July	\$26.27	0.6%	2.0%
<u>Building</u>				
- Residential Building Permits (12-month avg) Single-family	July	31,667	0.8%	5.8%
Multi-family	July	10,564	(7.3)%	(11.5)%
- Maricopa County/Other, Home Sales (ARMLS) Single-Family (Pending Sales)	July	6,370	9.2%	17.8%
- Maricopa County/Other, Median Home Price (ARMLS) Single-Family (Pending Sales)	July	\$290,000	(1.7)%	2.1%
- Phoenix S&P/C Home Price Index (2000 = 100)	June	192.75	0.9%	5.8%
- Maricopa Pending Foreclosures	July	2,345	(0.4)%	(10.2)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	July	18,007	(9.0)%	(8.8)%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	July	3,832,564	0.1%	0.5%
- State Park Visitors	June	312,634	9.2%	12.3%
- Revenue Per Available Hotel Room	July	\$63.57	(8.4)%	4.7%
<u>General Measures</u>				
- Arizona Leading Index – 6-month projected growth	July	2.8%	0.8%	(0.7)%
- Arizona Personal Income	1st Q 2019	\$323.5 billion	1.4%	5.2%
- Arizona Population	July 2018	7,171,646	N/A	1.7%
- State Debt Rating				
Standards & Poor's/Moody's	May	AA / Aa2	N/A	N/A
Outlook	May	Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	September 1st	1,841,696	0.4%	1.7%
Acute Care Traditional		1,033,224	0.3%	(0.2)%
Prop 204 Childless Adults		328,987	0.7%	6.4%
Other Prop 204		187,576	0.3%	1.9%
Adult Expansion		77,503	(0.1)%	0.9%
KidsCare		35,431	1.3%	15.9%
Long-Term Care – Elderly & DD		66,000	0.5%	5.1%
Emergency Services		112,975	(0.1)%	0.2%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	July	46,180	0.0%	(2.4)%
DCS Out-of-Home Children	June	14,226	0.1%	(1.7)%
Filled Caseworkers (1406 Budgeted)	July	1,293	21	(47)
- ADC Inmate Growth	August	42,456	0.3%	0.6%
- Department of Economic Security				
- TANF Cash Assistance Recipients	July	13,049	(5.4)%	(7.5)%
- SNAP (Food Stamps) Recipients	July	819,225	1.1%	(3.1)%
- Judiciary Probation Caseload				
Non-Maricopa	May	19,272	36	23
Maricopa County	May	28,121	(155)	(296)
United States				
- Gross Domestic Product (Chained 2012 dollars, SAAR)	2nd Q, 2019 (2nd Estimate)	\$19.0 trillion	2.0%	2.3%
- Consumer Confidence Index (1985 = 100)	August	135.1	(0.5)%	1.3%
- Leading Indicators Index (2016 = 100)	July	112.2	0.6%	1.4%
- Consumer Price Index, SA (1982-84 = 100)	August	256.3	0.1%	1.8%
- Personal Consumption Expenditure Price Index (2012 = 100)	July	109.8	0.2%	1.4%

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.

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 a Senior Economist in 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.