

Finance Advisory Committee

Briefing Materials

October 11, 2018

JLBC

Finance Advisory Committee

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Finance Advisory Committee

Revenue and Budget Update

October 11, 2018

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Key Points

- ❑ Strong economic growth has substantially improved the state's fiscal condition
- ❑ The General Fund is forecast to have a structural balance of \$200 M +
- ❑ In addition, the state is expected to have a 1-time balance of \$900 M + in '20

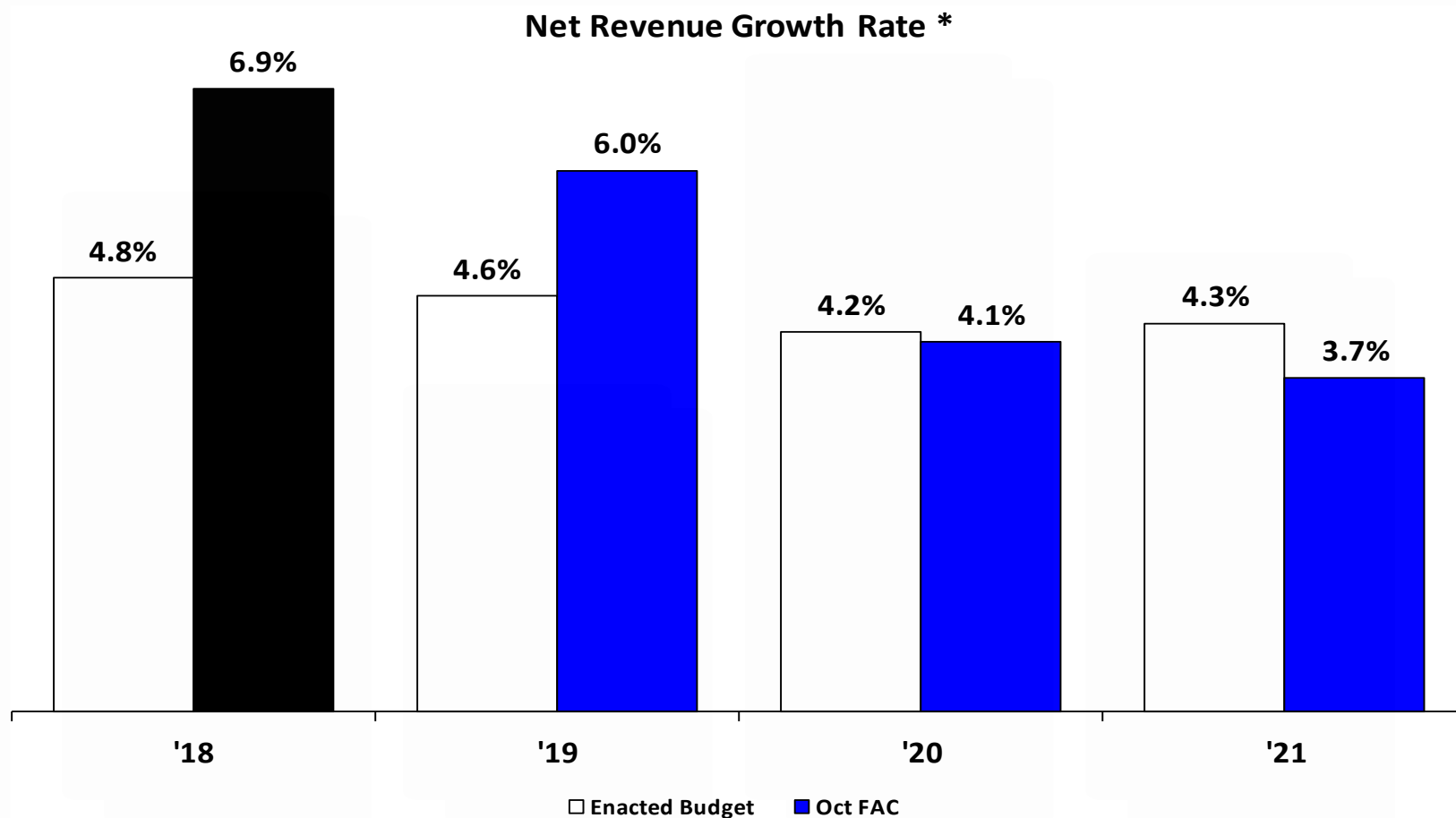
How Did We End Up with \$1 B Above Forecast

- ❑ Enacted budget assumed a \$188 M balance in '20
- ❑ '20 Balance is now forecast at \$1.1 B: \$200 M ongoing + \$900 M 1-time

	\$ in M			
<u>Changes to '19's 3-Year Plan</u>	<u>'18</u>	<u>'19</u>	<u>'20</u>	<u>Total</u>
Higher '18 Revenue Base	212	222	231	665
New '19/'20 Revenue Forecast	-	155	147	302
Revised Spending/URS	13	(13)	(5)	(5)
Total	<u>225</u>	<u>364</u>	<u>373</u>	<u>962</u>

'18 & '19 Forecast Above Enacted Budget

- Primary Reason for Projected Surplus



*Excludes Balance Forward, Budgeted Fund Transfers and URS

Forecast Assumption I

- ❑ Continued strong revenue growth of 6.0% in '19, moderating to near 4% in '20 and beyond
- ❑ At least in short-run, strong economy has slowed Medicaid growth
- ❑ No recession in the 3-year planning horizon through '22

Wide Divergence in National Forecasts

❑ Fed Chair:

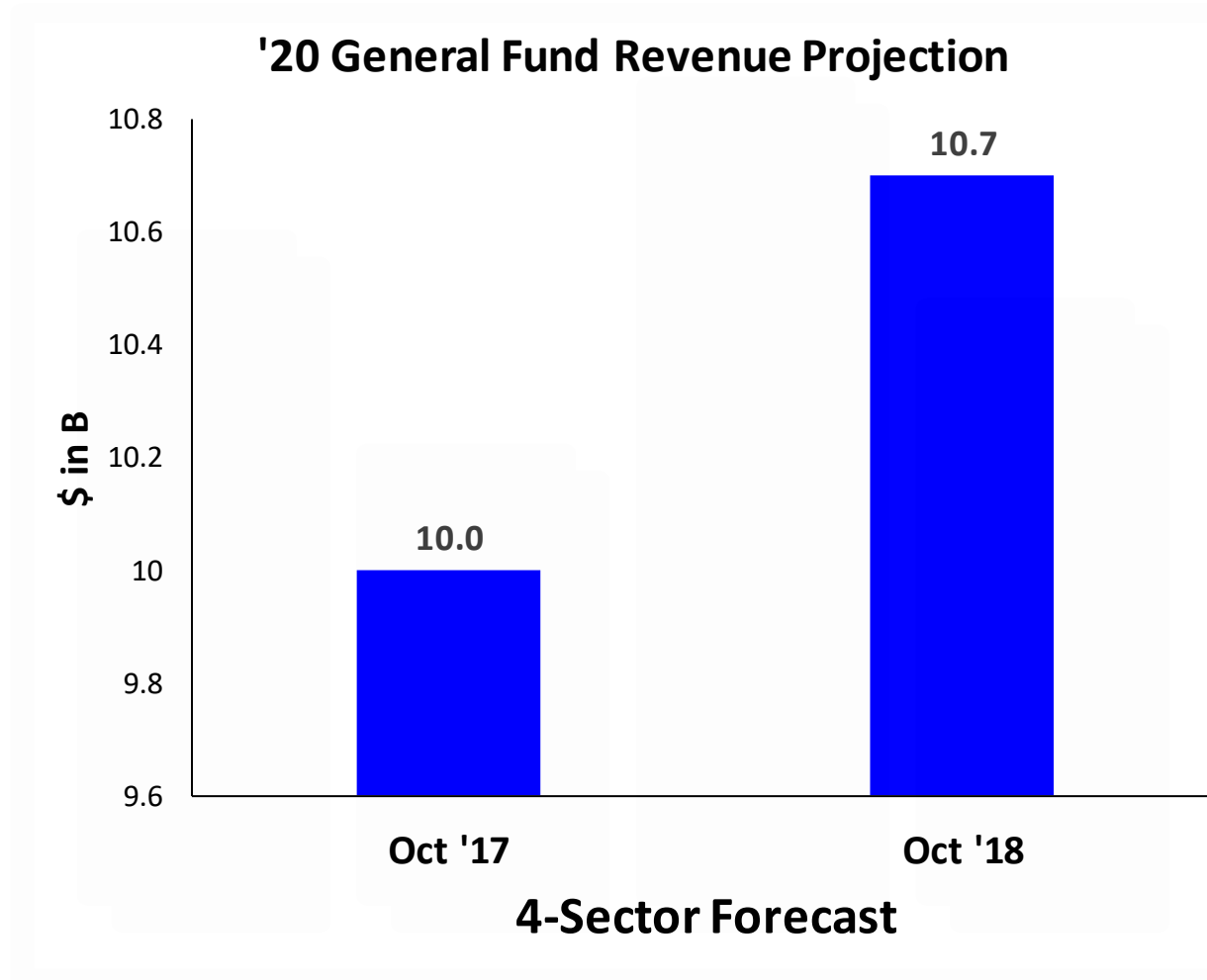
- “Remarkably positive” period that pairs “steady, low inflation and very low unemployment”

❑ Poll of 51 national economic forecasters:

- 66% predict a recession by end of CY '20

Forecast Has Changed by \$700 M in a Year

- Could Happen Again Up or Down by October 2019

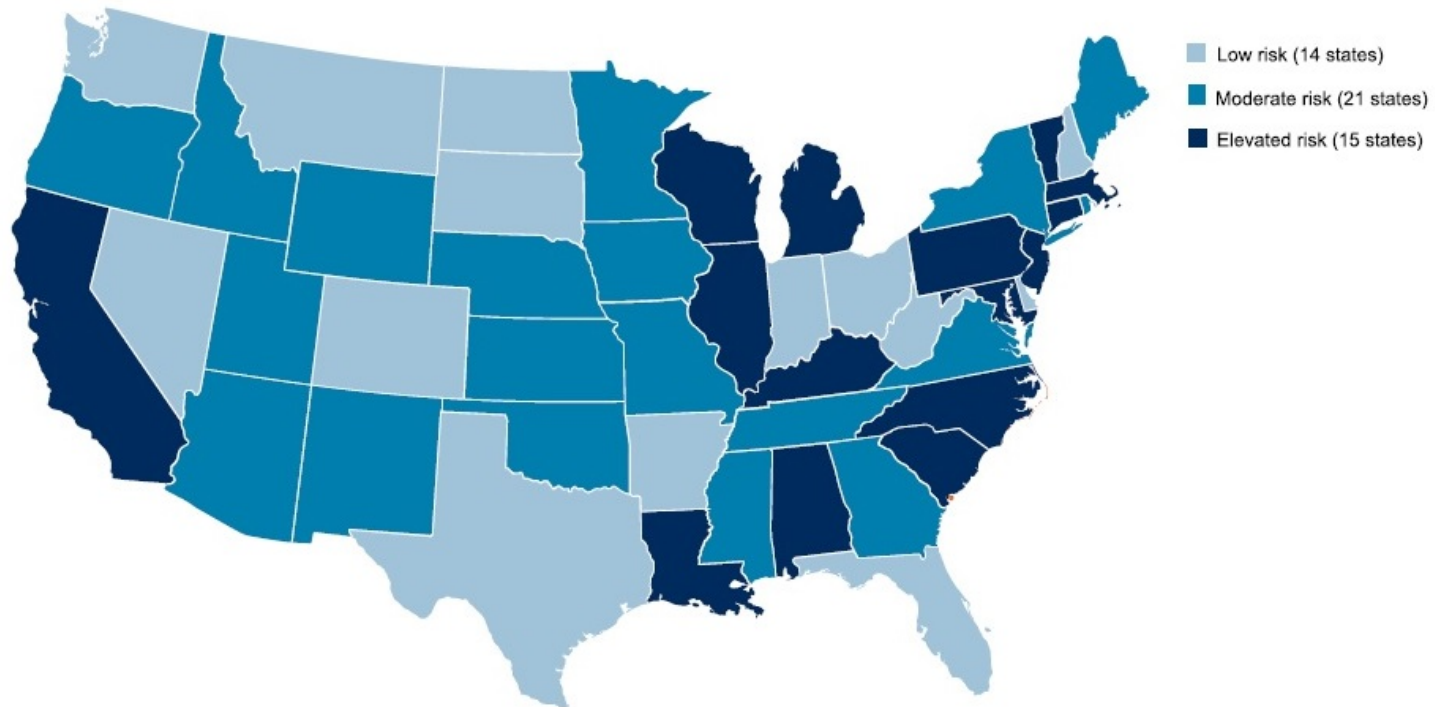


Forecast Assumption II

- ❑ The '20 budget will allocate the 1-time balance rather than roll those resources into '21
- ❑ Options for Allocating 1-Time Monies
 - Continue the \$80 M in reoccurring “1-time” ‘19 monies
 - Budget Stabilization Fund Deposit (aka Rainy Day Fund)
 - K-12 Building Repairs and Other Capital Projects
 - Debt Repayment
 - Buy down of \$930 M K-12 Rollover

Is AZ Prepared for a Recession?

- Standard and Poor's Report: No



Source: S&P Global Ratings.
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- ❑ S&P: Arizona is at moderate risk in a recession
- ❑ Reserves as a % of Fiscal Shock Impact: 35% - 43%

Forecast Assumption III

- ❑ Does not address Federal Tax Conformity
 - If take no action, revenues would not change
 - If conform, state could generate \$133 M to \$236 M
- ❑ Does not address US Supreme Court Wayfair ruling
 - Allows states to levy TPT on online out-of-state sellers
 - If enacted, may generate \$85 M ????
- ❑ Does not address US Supreme Court sports betting ruling
 - Allows states to authorize sports betting

Revenue Forecast

Arizona Ranks 6th in Economic Momentum

- 5th in April

	<u>AZ Rate</u>	<u>AZ Rank</u>
<input type="checkbox"/> Change in Personal Income (June)	5.6%	6
<input type="checkbox"/> Change in Population (July)	1.6%	6
<input type="checkbox"/> Change in Employment (August)	2.9%	6
<input type="checkbox"/> Unemployment Rate (August)	4.6%	44

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

‘19 YTD: 10.7% Growth/\$183 M Above Forecast

- ‘18 Was \$212 M Above Budget

	<u>% Growth Above Prior Year</u>		<u>‘19 +/- Forecast (\$ M)</u>
	<u>‘18 Actual</u>	<u>‘19 YTD</u>	
Sales	6.2%	7.1%	\$ 42
Individual Income	10.0	9.4	62
Corporate Income	1.3	79.6	64
Insurance Premium	1.0	(4.5)	2
Other	(2.3)	71.8	13
Overall *	<u>6.9%</u>	<u>10.7%</u>	<u>\$ 183</u>

* Revenues exclude fund transfers and Urban Revenue Sharing. Represents preliminary September data.

Strong '19 Growth, then Modest Gains

October Consensus Forecast

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

Represents Net Growth

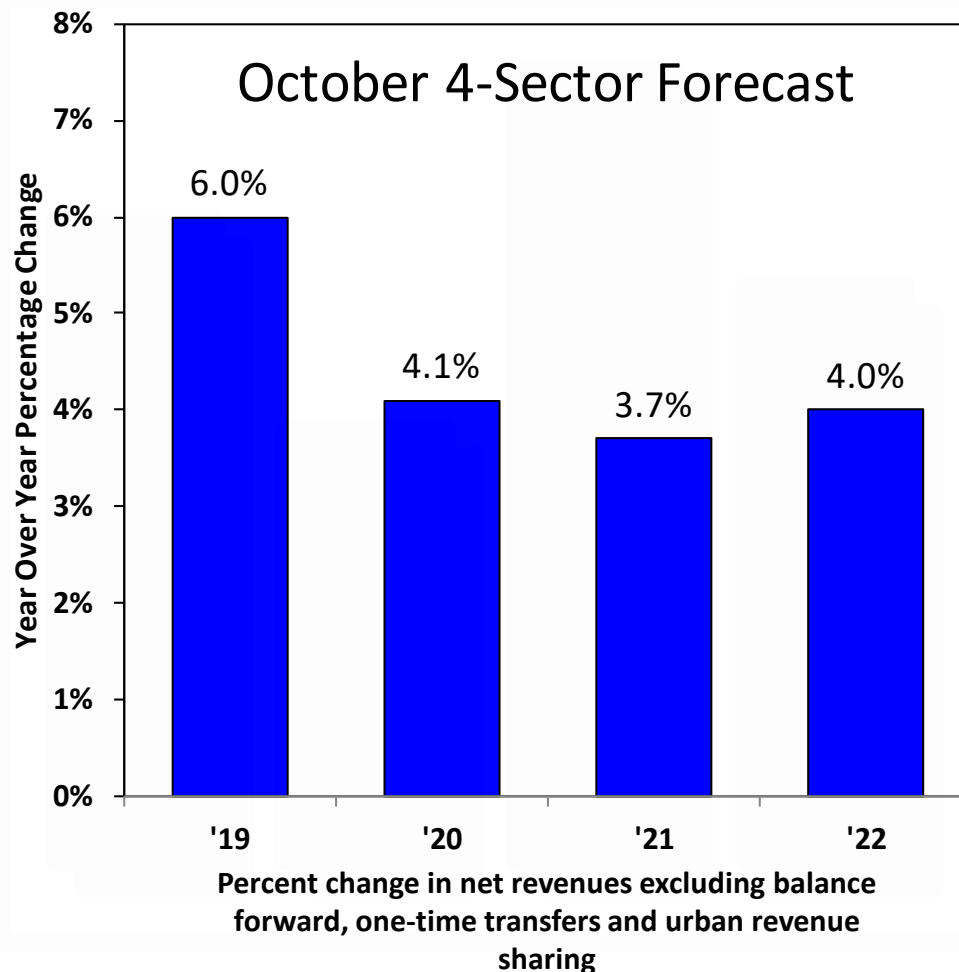
- ☐ Previously estimated gross

Chance of Exceeding Forecast

- ☐ 60%

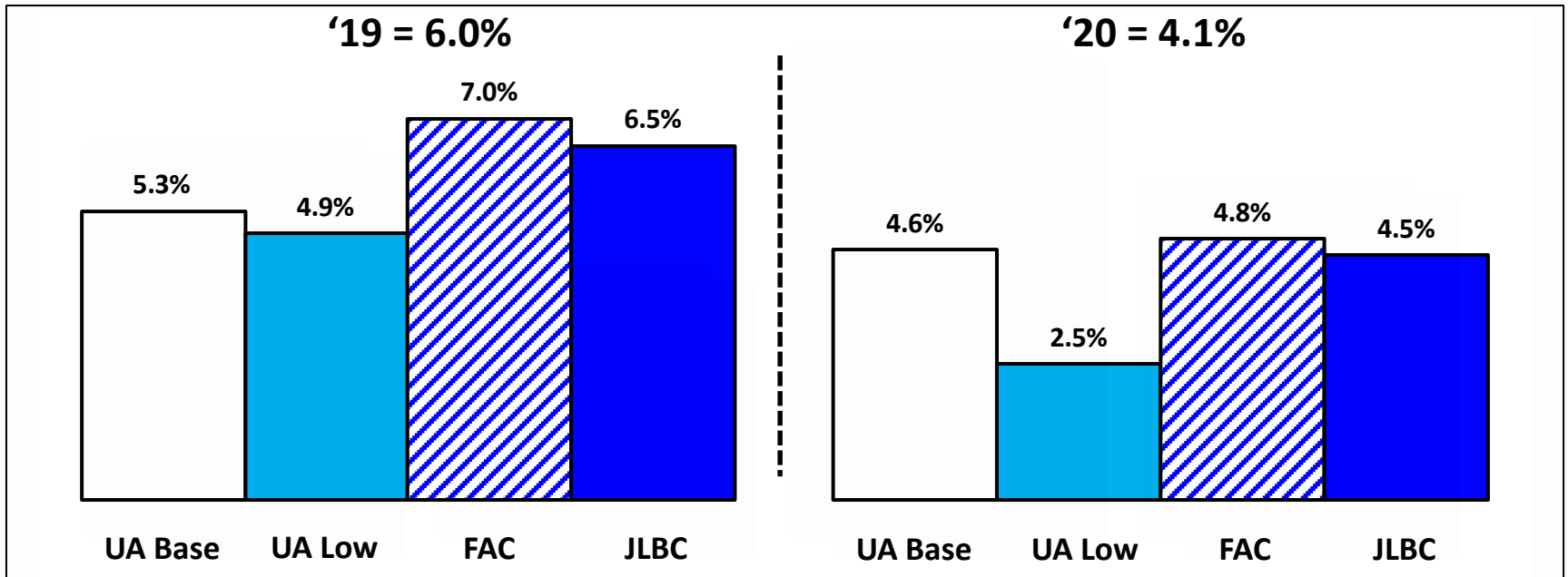
Long Run Average Growth

- ☐ 4.25%



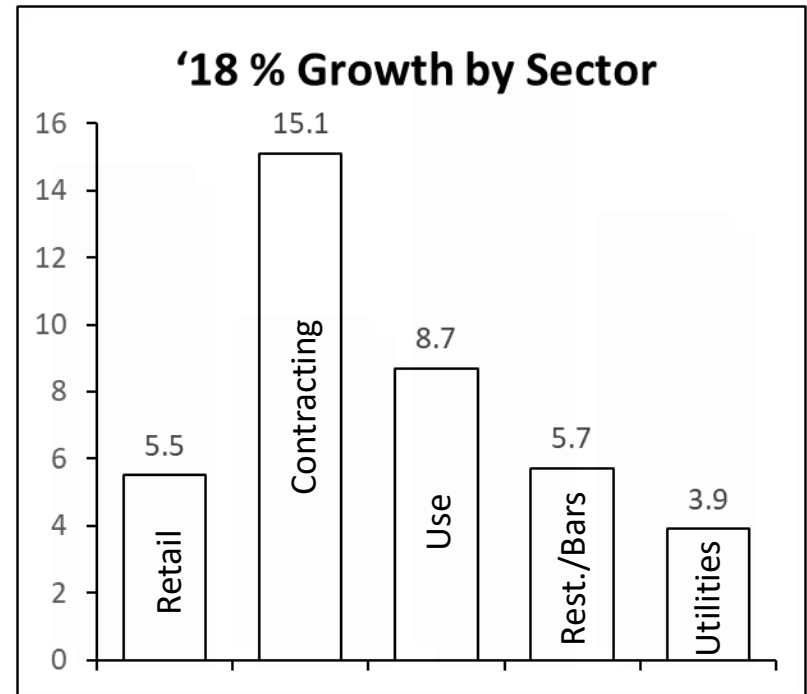
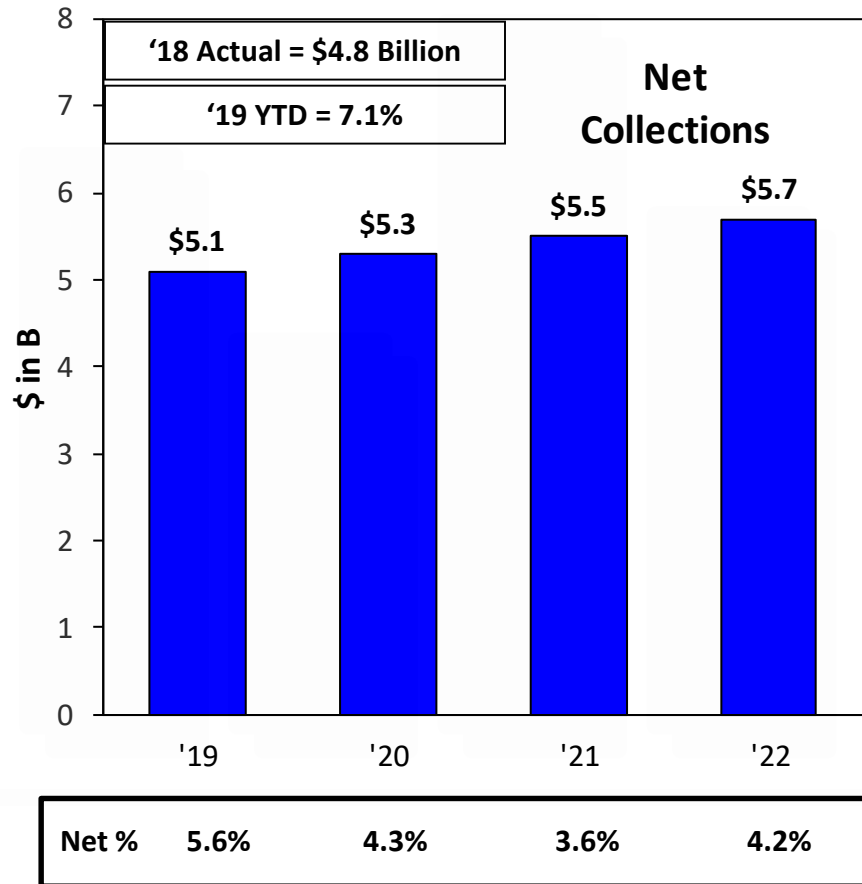
See Appendix A, B C, & D

“UA Low” Adds More Caution to Forecast



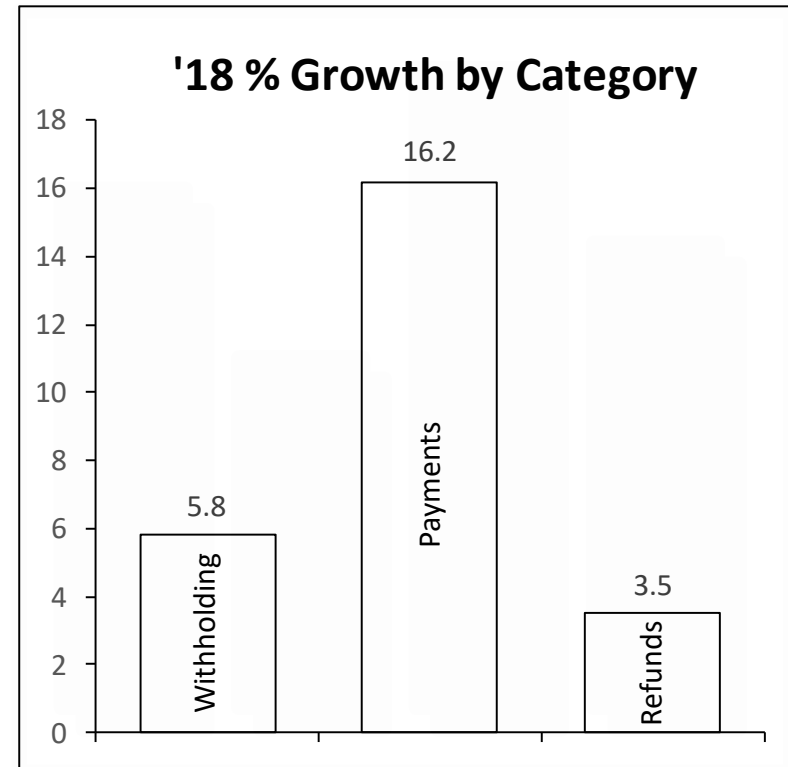
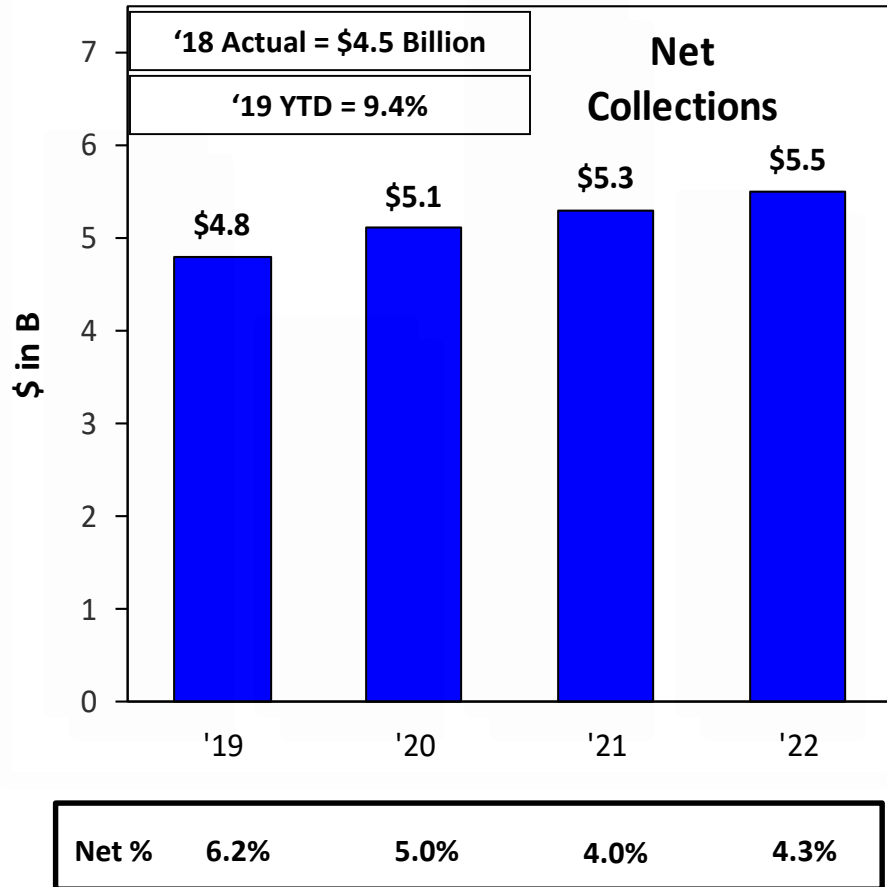
- ❑ “UA Low” is a slower growth scenario; not a recession
- ❑ ... but we are approaching historical length of expansion

Sales Tax



- Overall '18 growth of 6.2%
- Highest growth since '06

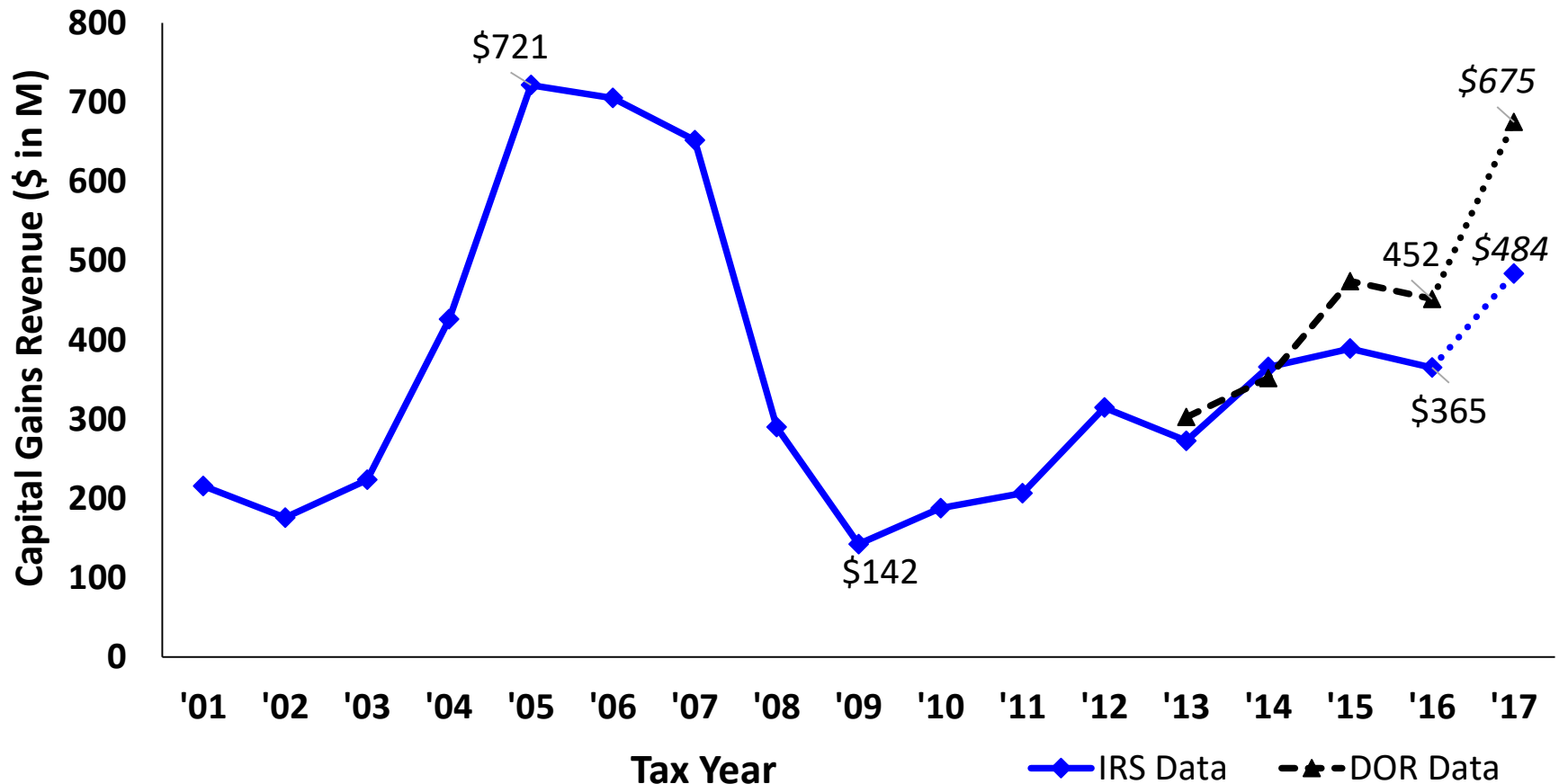
Individual Income Tax



- ☐ Overall '18 growth of 10.0%
- ☐ Capital Gains fueled payments growth

Volatility of Capital Gains Revenues

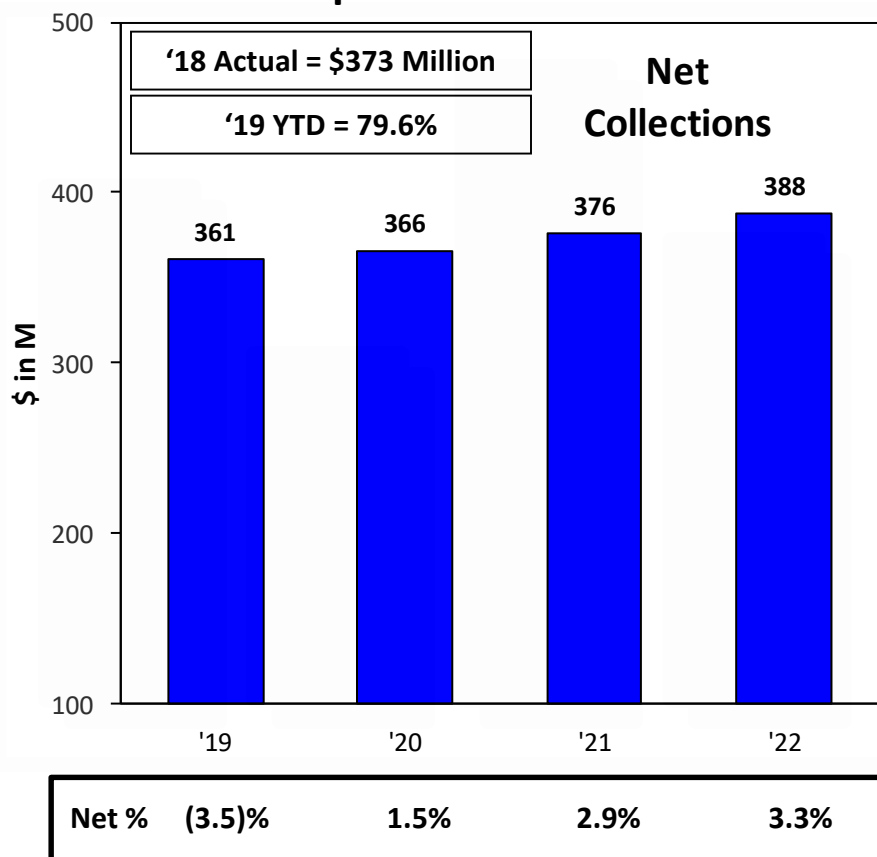
Spike in TY '17 Capital Gains Affects '18 IIT Payments



- To calculate capital gains revenue, JLBC Staff applied the average of the top 2 marginal IIT rates to the capital gains income reported by both DOR and the IRS.
- IRS data excludes non-resident filers.

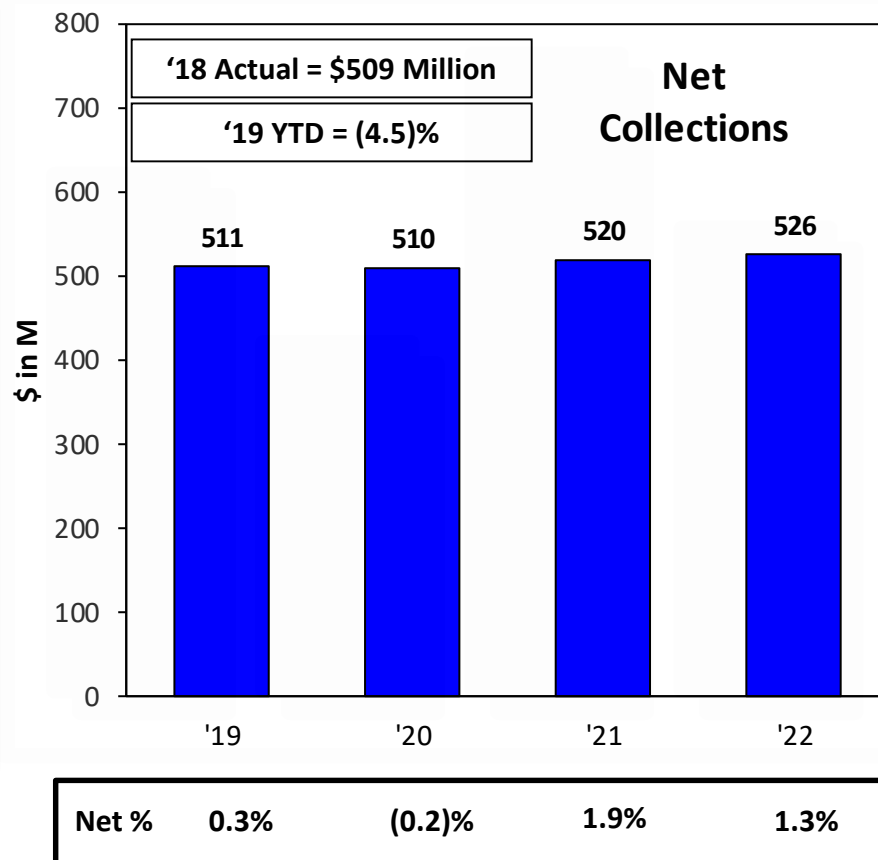
Corporate Income Tax and Insurance Premium Tax

Corporate Income Tax



- ☐ '19 Completes Tax Cut Phase-in
- ☐ Large YTD growth caused forecast to be revised up

Insurance Premium Tax



- ☐ Individual Mandate Repeal/Lower AHCCCS caseloads slowed growth

Spending Forecast

'20 – '22 Baseline Spending Projections

- ❑ Baseline reflects changes to active statutory and other funding formulas - no discretionary additions
- ❑ Continues annual suspension of \$456 M of inactive statutory formulas
- ❑ Continues \$930 M in K-12 “rollover” payments
- ❑ Assumes spending classified as one-time or expiring in '19 budget does not continue

Projected Baseline Spending Increases by \$352 M

'20 Ongoing Spending Changes

	<u>\$ in M</u>
ADE – K12 Formula	424
DES – Medicaid Formula	51
AHCCCS – Medicaid Formula	28
Judiciary – Maricopa Judges	7
Sec. of State – Presidential Primary	5
Commerce Authority	(6)
DPS – Highway Fee Shift	(22)
Other	<u>(6)</u>
Total	481

'20 One-Time Spending Deletions

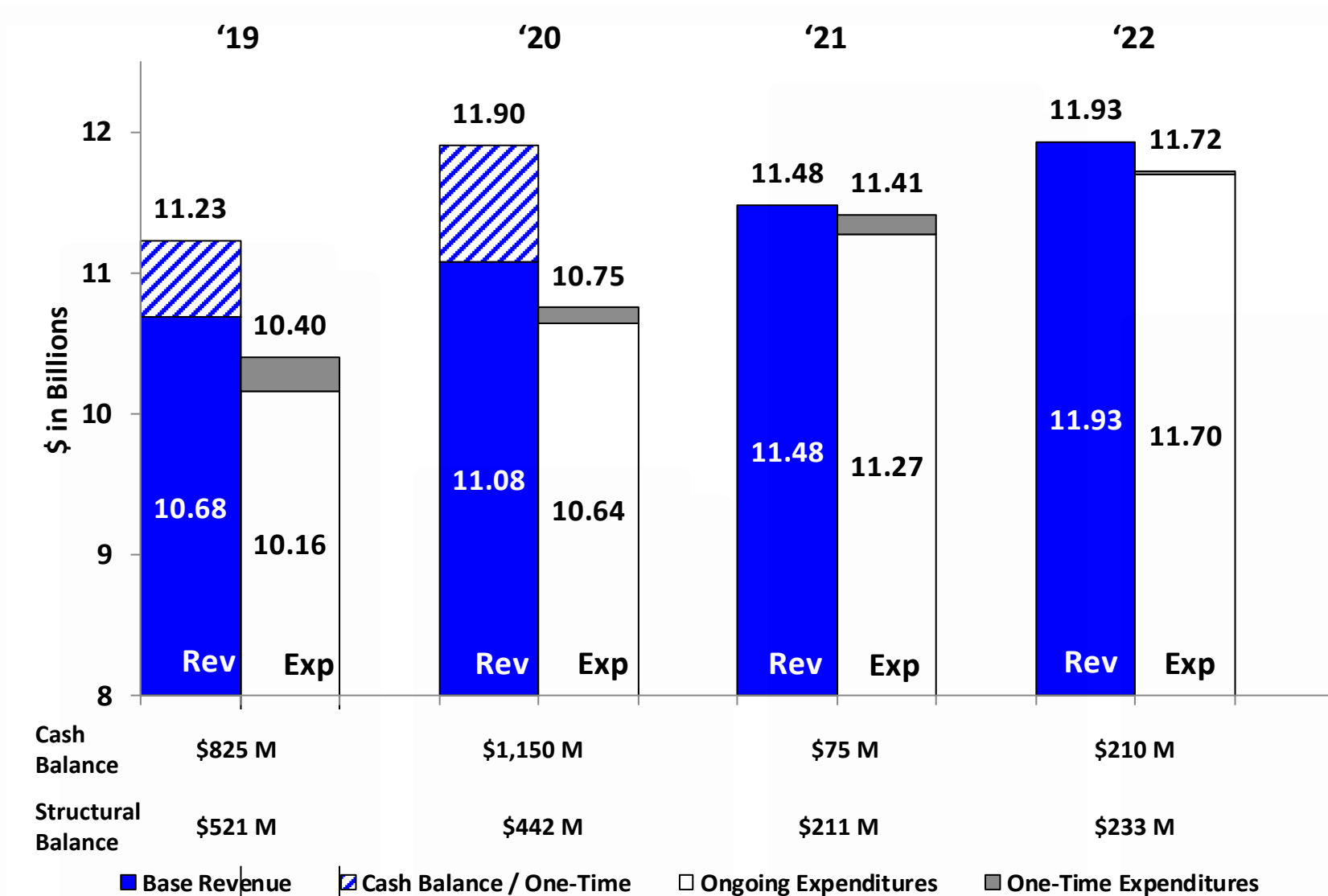
	<u>\$ in M</u>
SFB Fewer New Buildings	(38)
SFB Building Repairs	(34)
DES Prop 206 Costs	(13)
Counties	(13)
Universities	(11)
Employee Health	(10)
Capital Projects	(5)
Other	<u>(5)</u>
Total	(129)

Total Spending Changes	\$352 M
Total Spending	\$10,755
% Change	3.4%

Cash and Structural Balance Forecast

Long Run Budget Permits \$200 + M in Ongoing Initiatives

- Assumes No Discretionary Changes



Litigation Could Impact the Bottom Line

- ☐ Rental Car Surcharge
- ☐ DCS Foster Care
- ☐ K-12 Capital

Appendices

Appendix A: October 2018 4-Sector Forecast

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Sales Tax				
JLBC Forecast	5.5%	5.0%	4.5%	4.3%
UA – Low	5.2%	2.2%	1.6%	4.4%
UA – Base	5.7%	5.0%	4.6%	4.6%
FAC	6.0%	5.0%	3.7%	3.6%
Average:	5.6%	4.3%	3.6%	4.2%
Individual Income Tax				
JLBC Forecast	6.9%	4.9%	4.0%	3.3%
UA – Low	5.0%	3.8%	2.7%	4.4%
UA – Base	5.4%	5.5%	4.9%	5.0%
FAC	7.6%	5.8%	4.5%	4.3%
Average:	6.2%	5.0%	4.0%	4.3%
Corporate Income Tax				
JLBC Forecast	6.5%	3.6%	2.0%	3.0%
UA – Low	-14.1%	-1.8%	2.3%	4.2%
UA – Base	-12.7%	1.2%	4.6%	4.9%
FAC	6.4%	2.5%	2.8%	1.5%
Average:	-3.5%	1.5%	2.9%	3.3%
Insurance Premium Tax				
JLBC Forecast	0.0%	1.0%	2.0%	1.3%
UA – Low	0.3%	-2.0%	2.0%	0.7%
UA – Base	0.4%	-1.4%	1.9%	1.6%
FAC	0.5%	1.8%	1.8%	1.5%
Average:	0.3%	-0.2%	1.9%	1.3%

JLBC Weighted Average	5.9%	4.7%	4.1%	3.7%
UA Low Weighted Average	4.2%	2.6%	2.1%	4.2%
UA Base Weighted Average	4.6%	4.8%	4.6%	4.7%
FAC Consensus Weighted Average	6.4%	5.1%	4.0%	3.8%
“Big-4” Weighted Average	5.3%	4.3%	3.7%	4.1%
Consensus Weighted Average*	6.0%	4.1%	3.7%	4.0%

* Represents ongoing revenue adjusted for small revenue categories.

Appendix B: General Fund Revenue FY '18 - FY '20

FORECAST REVENUE GROWTH

(\$ in Thousands)

	ACTUAL FY 2018	% CHANGE PRIOR YR	FORECAST FY 2019	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	4,787,647.2	6.2%	5,055,242.5	5.6%	267,595.3	5,272,458.0	4.3%	217,215.6
Income - Individual	4,544,081.2	10.0%	4,826,463.4	6.2%	282,382.2	5,067,807.5	5.0%	241,344.1
- Corporate	373,076.4	1.3%	360,085.3	-3.5%	(12,991.1)	365,650.4	1.5%	5,565.0
Property	38,719.6	19.0%	36,598.5	-5.5%	(2,121.1)	36,094.5	-1.4%	(504.1)
Luxury - Tobacco	21,978.2	-4.2%	21,206.9	-3.5%	(771.3)	20,445.3	-3.6%	(761.5)
- Liquor	36,019.7	3.8%	36,976.3	2.7%	956.6	37,951.3	2.6%	975.0
Insurance Premium	509,276.0	1.0%	510,849.3	0.3%	1,573.3	510,025.5	-0.2%	(823.8)
Other Taxes	7,650.5	179.1%	12,781.9	67.1%	5,131.4	13,506.4	5.7%	724.4
Subtotal - Taxes	10,318,448.8	7.5%	10,860,204.1	5.3%	541,755.4	11,323,938.8	4.3%	463,734.7
Other Non-Tax Revenues:								
Lottery	68,425.4	-13.0%	84,506.5	23.5%	16,081.1	94,113.4	11.4%	9,606.9
Licenses, Fees and Permits	37,969.9	-1.2%	34,206.9	-9.9%	(3,763.0)	35,130.4	2.7%	923.5
Interest	22,013.1	29.5%	35,000.0	59.0%	12,986.9	42,378.6	21.1%	7,378.6
Sales and Services	34,120.9	-18.9%	44,326.2	29.9%	10,205.3	38,163.7	-13.9%	(6,162.5)
Other Miscellaneous	108,311.8	29.1%	84,997.6	-21.5%	(23,314.1)	87,488.5	2.9%	2,490.9
Transfers and Reimbursements	40,598.6	-36.7%	124,908.2	207.7%	84,309.6	111,244.7	-10.9%	(13,663.5)
Disproportionate Share Revenue	83,704.7	-11.3%	83,604.0	-0.1%	(100.7)	83,189.0	-0.5%	(415.0)
Subtotal - Other Non-Tax	395,144.3	-5.6%	491,549.5	24.4%	96,405.2	491,708	0.0%	158.9
Net On-Going Revenue	10,713,593.0	6.9%	11,351,753.6	6.0%	638,160.5	11,815,647.2	4.1%	463,893.6
Urban Revenue Sharing (URS)	(680,770.1)	N/A	(674,804.4)	N/A	5,965.6	(737,573.6)	N/A	(62,769.2)
Net Ongoing Revenue w/ URS	10,032,822.9	7.2%	10,676,949.2	6.4%	644,126.2	11,078,073.6	3.8%	401,124.5
One-Time Financing Sources:								
Fund Transfers	66,219.0	-54.4%	100,681.7	52.0%	34,462.7	1,840.7	-98.2%	(98,841.0)
Moody's Settlement Fund Transfer	8,172.7	N/A	0.0	-100.0%	(8,172.7)	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	74,391.7	-48.7%	100,681.7	35.3%	26,290.0	1,840.7	-98.2%	(98,841.0)
Subtotal - Revenues	10,107,214.6	6.4%	10,777,630.9	6.6%	670,416.2	11,079,914.3	2.8%	302,283.5
Balance Forward	150,871.0	-46.9%	449,632.0	198.0%	298,761.0	824,804.0	83.4%	375,172.0
Total - Resources	10,258,085.6	4.8%	11,227,262.9	9.4%	969,177.2	11,904,718.3	6.0%	677,455.5

Appendix B: General Fund Revenue FY '21 - FY '22

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,463,561.0	3.6%	191,102.9	5,694,341.3	4.2%	230,780.3
Income - Individual	5,272,682.3	4.0%	204,874.9	5,496,908.4	4.3%	224,226.0
- Corporate	376,152.3	2.9%	10,502.0	388,454.3	3.3%	12,302.0
Property	37,307.4	3.4%	1,212.9	36,845.6	-1.2%	(461.8)
Luxury - Tobacco	19,882.9	-2.8%	(562.5)	19,349.0	-2.7%	(533.8)
- Liquor	38,929.6	2.6%	978.3	39,937.8	2.6%	1,008.2
Insurance Premium	519,782.8	1.9%	9,757.3	526,476.2	1.3%	6,693.4
Other Taxes	14,272.1	5.7%	765.8	15,081.6	5.7%	809.5
Subtotal - Taxes	11,742,570.4	3.7%	418,631.6	12,217,394.1	4.0%	474,823.7
Other Non-Tax Revenues:						
Lottery	108,716.9	15.5%	14,603.5	115,999.3	6.7%	7,282.4
Licenses, Fees and Permits	36,095.0	2.7%	964.6	37,103.0	2.8%	1,008.0
Interest	47,118.5	11.2%	4,739.9	48,738.3	3.4%	1,619.9
Sales and Services	37,430.0	-1.9%	(733.7)	36,911.2	-1.4%	(518.8)
Other Miscellaneous	89,279.2	2.0%	1,790.7	91,892.3	2.9%	2,613.1
Transfers and Reimbursements	114,171.9	2.6%	2,927.2	117,002.9	2.5%	2,831.1
Disproportionate Share Revenue	83,012.9	-0.2%	(176.1)	82,937.4	-0.1%	(75.5)
Subtotal - Other Non-Tax	515,824.4	4.9%	24,116.0	530,584.5	2.9%	14,760.1
Net On-Going Revenue	12,258,394.7	3.7%	442,747.5	12,747,978.6	4.0%	489,583.9
Urban Revenue Sharing (URS)	(777,982.3)	N/A	(40,408.7)	(815,018.7)	N/A	(37,036.4)
Net Ongoing Revenue w/ URS	11,480,412.4	3.6%	402,338.9	11,932,959.9	3.9%	452,547.5
One-Time Financing Sources:						
Fund Transfers	0.0	-100.0%	(1,840.7)	0.0	N/A	0.0
Moody's Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	0.0	-100.0%	(1,840.7)	0.0	N/A	0.0
Subtotal - Revenues	11,480,412.4	3.6%	400,498.2	11,932,959.9	3.9%	452,547.5
Balance Forward		-100.0%	(824,804.0)		N/A	0.0
Total - Resources	11,480,412.4	-3.6%	(424,305.8)	11,932,959.9	3.9%	452,547.5

Forecasted “Bottom-Line” ‘20 Revenue Growth is 2.8% - Adjusts Consensus Forecast for Transfers & URS

	<u>‘19</u>	<u>‘20</u>	<u>‘21</u>	<u>‘22</u>
Net Revenue Growth (6.0%/4.1%/3.7%/4.0%)	638	464	442	490
1-Time Fund Transfers	26	(99)	(2)	0
Urban Revenue Sharing	6	(63)	(40)	(37)
Total	670	302	400	453
% Change	6.6%	2.8%	3.6%	3.9%

Excludes Change in Beginning Balance

Phase-In of \$83 M of Enacted Tax Reductions

	\$ in M*		
	<u>'20</u>	<u>'21</u>	<u>'22</u>
Corporate/IPT School Tuition Indexing	(18)	(21)	(26)
IPT Rate Reduction	(5)	(5)	(5)
Other	(3)	(1)	1
Total	26	(27)	(30)

- ☐ By '22, revenue base is \$(83) M lower than in '19
- ☐ Numbers are incorporated in Net Revenues estimates each year

Tax Conformity Issues

Federal Tax Law Conformity

- ❑ AZ taxable income largely conforms to federal definition, but no automatic link.
- ❑ State did not enact conformity to TY '18 changes during past legislative session.
- ❑ *If* state decides to conform for TY '18, JLBC speculatively projects a FY '19 gain of \$133 M.

How Will Federal Tax Law Changes Affect AZ?

- ☐ AZ uses income on the federal form as the starting point for our own individual and corporate income tax
- ☐ When feds change their income definition, AZ has to decide whether to conform in statute
- ☐ Conformity is not automatic – state needs to enact legislation

When Are AZ and Federal Taxes Linked?

Linked

No

☐ Tax Rates

- Feds lowered both individual and corporate rates, but no AZ impact

☐ Deductions

Yes/No

- We do not conform to feds' standard & medical deductions
- AZ currently conforms to most others
- Feds have now reduced deductions, which would generate more state revenue

Conformity Is Very Difficult to Estimate

- ❑ Federal legislation includes over 100 provisions, is very complex and is the largest revision in the tax code in 30 years
- ❑ Some provisions can be estimated using AZ-specific data
- ❑ Most provisions, however, require prorating national data
 - Some national estimates are highly speculative
 - AZ's percent share of national estimates further adds to the speculation
- ❑ JLBC Staff's conformity projection is a \$133 M net gain in '19

Main Conformity Provisions

- Assumes Current Delinking Continues

	<u>\$ in M</u>
<input type="checkbox"/> Conform Itemized Deductions	138
- Eliminate 2% Business/Employee Expenses	
- Cap State & Local Taxes at \$10 K	
<input type="checkbox"/> Limit Pass-Through Losses to \$250k/\$500k	32
<input type="checkbox"/> Higher Bonus Depreciation/Business Expensing	(47)
<input type="checkbox"/> Expand Simplified Cash Accounting	(24)
<input type="checkbox"/> Limit Interest Expense Deduction to 30% of Earnings	17
<input type="checkbox"/> Net of All Other	17
Total	<hr/> 133

Key Conformity Assumptions

☐ Continue any current “delinking”

- Medical expenses
- Limit bonus depreciation to individual filers. Expanding to corporate filers costs \$68 M
- No taxation of foreign profits

☐ Discount estimates for safety factor

- 25% on any prorated federal estimates
- 10% on DOR model runs (itemized deduction calculations)

South Dakota v. Wayfair Implications for AZ

- ❑ In recent *South Dakota v. Wayfair Inc.* ruling, Supreme Court overturned physical presence (nexus) requirement.
- ❑ *Wayfair* cleared the way for states to start collecting sales tax from out-of-state sellers.
- ❑ However, *Wayfair* ruling suggests that states set a minimum collection threshold and provide a uniform, simplified tax structure.
- ❑ Federal report suggests that GF could gain \$85 M.

JLBC Staff - October 2018 Revenue and Budget Update

Summary of the General Fund Budget Outlook

- Stronger-than-expected economic growth has substantially improved the state's fiscal condition.
- The General Fund is forecast to have a structural balance of \$200+ million. The Legislature could enact ongoing initiatives up to this level without creating a structural shortfall in the 3-year budget window.
- In addition, the state is expected to have a one-time balance of \$900+ million in FY 2020.
- Revenues grew by 6.9% in FY 2018. Based on the 4-sector consensus forecast, revenues are expected to grow 6.0% in FY 2019 before moderating to 4.0% in FY 2020 and beyond.
- The 4-sector forecast does not envision a recession through FY 2022. There is, however, a significant divergence of national opinion on whether the current expansion can continue that long.
- Since last October, the 4-sector FY 2020 forecast has increased by \$700 million. Due to the great uncertainty in the economy, the current forecast could end up being wrong by that same margin – up or down – by October 2019.
- The Legislature will have at least 2 significant revenue issues in the upcoming session: 1) whether to conform to the changes in the 2018 federal tax code and 2) whether to expand the transaction privilege tax to more out-of-state online transactions in light of the recent U.S. Supreme Court ruling. Neither issue has been priced into the October Baseline.

Reporting Requirements

The FY 2019 General Appropriation Act requires JLBC Staff to report by October 15, 2018 as to whether FY 2019's General Fund revenues and ending balance are projected to change by more than \$50 million from the budgeted levels. The FY 2019 projected ending balance is now \$825 million, or \$589 million higher than the budgeted \$236 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 2018 ending balance estimates and updated its 4-sector revenue projections in conjunction with the October 11th FAC meeting. (*See Attachment A.*) In addition, the JLBC Staff has revised its spending projections through FY 2022 based on current statutory funding formulas.

Updated FY 2018 Estimates

The enacted budget projected the FY 2018 ending balance to be \$205 million. Instead, the FY 2018 ending balance is projected to be significantly greater at \$450 million. This \$245 million net increase in the state's ending balance estimate was primarily due to \$232 million of higher

than projected revenues, along with a \$13 million gain from lower than expected spending. The Arizona Department of Administration is required by law to publish a final FY 2018 ending balance figure by December 1.

In terms of the state's \$232 million FY 2018 revenue gain, there are 2 components. During FY 2018, net General Fund revenues grew by 6.9% rather than the budgeted forecast of 4.8%, which resulted in an ongoing revenue gain of \$212 million. In addition, the state received a \$20 million transfer from the Attorney General Volkswagen Settlement in FY 2018 which was originally budgeted for FY 2019.

The FY 2018 revenue gains were spread across the state's larger revenue categories of Sales Tax, Individual Income and Corporate Income Tax. Individual Income Tax posted the largest forecast gain, coming in at \$118 million above forecast. Corporate Income Tax, while having a very modest growth rate of 1.3%, was \$55 million above forecast during the year. The Sales Tax category had another year of healthy growth and was \$36 million above forecast.

The state also saw minor gains in the Insurance Premium Tax category, which was \$4 million above the budget forecast. *Table 1* displays the performance of the state's largest revenue categories as compared to the enacted forecast.

Table 1			
FY 2018 Revenue Growth Rates by Category			
	<u>Budgeted</u>	<u>Actual</u>	<u>Above Forecast</u>
Sales/TPT	5.4%	6.2%	\$36 M
Individual Income	7.1%	10.0%	\$118 M
Corporate Income	(13.6)%	1.3%	\$55 M
Insurance Premium	0.1%	1.0%	\$4 M
Other	(2.1)%	(2.3)%	\$(1) M
Total	4.8%	6.9%	\$212 M

Sales Tax

The Sales Tax category increased by 6.2% in FY 2018 and ended up \$36 million above the enacted budget forecast. The last time sales tax collections increased by more than 6.2% was in FY 2006 when sales tax revenue grew by 16.7%. The state's sales tax includes 16 different transaction privilege tax classifications, mining severance tax, and use tax. Among the large categories, the strongest growth was reported for prime contracting (+15.1%) and use tax (+8.7%). Among the smaller categories, positive contributors to overall sales tax growth in FY 2018 came from businesses operating under the following classifications: hotels/motels (+10.4%), amusements (9.2%), and personal property rental (+8.3%). Sales taxes remitted by businesses in the retail sector, which made up 52% of overall sales tax collections in FY 2018, increased by 5.5%. This was slightly below the post-recession annual average growth rate of 5.9% for the retail category.

The FY 2018 state sales tax performance was likely fueled by strong growth in Arizona personal income, which increased by 5.6% during the same period. This was the second highest growth rate for Arizona personal income in the last 11 fiscal years.

Individual Income Tax

Individual Income Tax collections grew by 10.0% in FY 2018 and ended up \$118.0 million above the enacted budget forecast. A significant portion of this overage was caused by estimated and final individual income tax payments, which grew by 16.2% over the previous year.

Of the total growth in individual income tax payments, 52% occurred in December. Some amount of this overage is likely associated with the passage of the federal tax legislation, which, among many other provisions, capped the deductibility of state and local taxes (SALT) to \$10,000 beginning in Tax Year (TY) 2018. This would have led taxpayers to make advanced payments in December 2017 to avoid the SALT cap, and with no change in tax liability, would have resulted in an increase in these taxpayer's April refunds. However, April tax filing data suggests that the FY 2018 individual income tax growth was probably only partially related to the federal tax policy changes, and that the overall health of the economy is the primary driving factor.

A large portion of the increase in estimated and final payments may be associated with a surge in TY 2017 capital gains realizations. In its April 2018 forecast, the Congressional Budget Office estimated that national capital gains income grew by 30% in TY 2017, while preliminary data from the Department of Revenue indicates that Arizona growth may have been even higher. Some of the revenues generated from capital gains realizations may be one-time in nature; the CBO projects that capital gains income growth will slow to 10% in TY 2018 and will be below 5% in future years.

Growth was also strong in the withholding collections, which grew by 5.8% from the prior fiscal year, the category's strongest growth since FY 2011. The FY 2018 results were largely driven by increased aggregate wage growth during the fiscal year.

Additionally, under Proposition 206, Arizona's minimum wage increased to \$10 an hour on January 1, 2017 and further increased to \$10.50 on January 1, 2018. These wage hikes likely served to increase FY 2018 withholding collections. A portion of these increases, however, may have ultimately been refunded in FY 2018, to the extent that minimum wage workers reduced their tax liability with exemptions, deductions and credits.

Corporate Income Tax

The state collected \$373.1 million in corporate income tax revenues in FY 2018, an increase of 1.3% over the prior year and 17.3% above forecast. This modest growth occurred despite tax rate reductions and followed two years of double digit declines.

State corporate income tax collections depend on several different factors, including underlying profitability, strategic taxpayer behavior, and changes to federal and state tax policy. Without access to corporate tax return data, however, it is difficult to determine the exact reasons for revenue changes. Nevertheless, the pre-FY 2018 declines were likely in part due to enacted tax law changes that reduced the corporate income tax rate from 6.969% to 4.9% over 4 years beginning in TY 2014.

Because a large proportion of Arizona's corporate income tax revenue comes from a relatively small number of corporations, collections are often volatile, difficult to predict, and do not always closely follow national trends. For instance, in FY 2017 national corporate before tax profits grew 5.3%, but Arizona collections declined by more than 35%, all of which cannot easily be attributed to tax cuts.

Insurance Premium Tax

Insurance premium tax collections grew 1.0% to \$509.3 million in FY 2018, a continuation of slower growth rates that began last year. Revenues increased at an average of 8.3% from FY 2014 to FY 2016, largely the result of double-digit growth in payments from AHCCCS contractors as the Affordable Care Act Medicaid expansion took effect. However, when AHCCCS contractor payments, which historically account for approximately 40% of total collections, slowed in FY 2017, so did insurance premium tax collections.

The pattern continued in FY 2018 as AHCCCS caseload growth turned negative, further shrinking overall insurance premium tax revenue growth. A gradual decline in the tax rate from 2.0% in CY 2015 to 1.7% in CY 2021 on most non-health insurance premiums has added additional downward pressure in recent years. Taxes on vehicle insurance premiums, which typically account for about 25% of total collections, have grown more steadily during the recent economic expansion, accounting for a significant portion of revenue growth over this time.

FY 2019 - 1st Quarter

The enacted FY 2019 budget assumed revenue growth of 4.6% prior to one-time fund transfers and urban revenue sharing. Based on preliminary September projections, the comparable first quarter FY 2019 growth rate is 10.7% over last year. Collections through September are \$182.6 million above the enacted FY 2019 budget forecast. As displayed in *Table 2*, preliminary collections are as follows:

Table 2	
FY 2019 1st Quarter Revenue Growth Rates	
Excludes Fund Transfers/URS	
	<u>% Change</u>
Sales Tax	7.1%
Individual Income	9.4%
Corporate Income	79.6%
Insurance Premium	(4.5)%
Other Revenues	71.8%
Total	10.7%

Overall, total revenue growth was strong during the first quarter of FY 2019 across most major revenue categories.

Individual income taxes grew at 9.4%, continuing the high growth of 10.0% during FY 2018. Sales tax growth of 7.1% year to date (YTD) represents a slight acceleration from growth of 6.2% in FY 2018.

Corporate income tax collections increased by 79.6% YTD, which was largely fueled by high estimated payments in September. We lack insufficient information to explain the magnitude of this increase.

FY 2019 – FY 2022 Revenue Projections

The FY 2019 – FY 2022 forecast is based on input from the following 4 sectors (each equally weighted): members of the Finance Advisory Committee (FAC) panel, University of Arizona’s “base” and “low” econometric revenue models, and JLBC Staff.

The 4-sector forecast includes the 4 largest General Fund revenue categories, which are Sales Tax, Individual and Corporate Income Tax, and Insurance Premium Tax. The JLBC Staff forecasts the remaining small revenue categories, which make up 5% of General Fund revenue.

In preparing prior 4-sector consensus forecasts, the various inputs reflected base revenue growth, which excluded the impact of enacted tax legislation. This updated October 4-sector forecast, however, 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 still continue to exclude urban revenue sharing and one-time financing sources (such as fund transfers and the beginning balance). This change in methodology was implemented because the magnitude of tax reductions (difference between base and net revenues) are estimated to be significantly smaller during most of the forecast period than in prior years.

Under the October 4-sector forecast, net General Fund revenue is projected to grow by 6.0% in FY 2019. This rate is significantly higher than the 4.6% net revenue growth rate assumed in the FY 2019 budget.

The FY 2019 revenue forecast under the October 4-sector update is \$377 million above the enacted budget. Of the \$377 million forecast gain, \$222 million is attributable to the FY 2018 forecast overage (actual growth in FY 2018 was 6.9% compared to the budgeted growth rate of 4.8%) and the remaining \$155 million is attributable to the 1.4% higher projected growth under the October 4-sector forecast. (See *Table 3*.)

Table 3	
FY 2019 Revenue Gain Above Enacted Budget	
	<u>\$ in M</u>
Higher FY 2018 Base	222
Revised FY 2019 Forecast	<u>155</u>
Total	377

In FY 2020, the projected 4-sector net revenue growth rate is 4.1%. The growth rate is forecast to be 3.7% in FY 2021 and 4.0% in FY 2022. Details of the October 2018 4-sector forecast are summarized in *Attachment B* and *C*.

The October consensus revenue forecast includes the impact of previously enacted tax legislation. As shown in *Attachment D*, an estimated \$(26.2) million in tax reductions will occur in FY 2020, followed by additional reductions of \$(27.2) million in FY 2021, and \$(30.3) million in FY 2022. Most of these reductions will come from the continued growth in the use of the private school tax credit available to corporations and insurers.

Excluding the state's beginning cash balance, total net General Fund revenue is expected to increase from \$10.78 billion in FY 2019 to \$11.08 billion in FY 2020. The projected FY 2021 and FY 2022 net revenue estimates are \$11.48 billion and \$11.93 billion, respectively.

Apart from the revenue forecast risks described earlier, there are other at least 3 issues that could affect revenue collections.

First, the recent *Wayfair* ruling by the U.S. Supreme Court overturned the physical presence (nexus) requirement for online sales that had been in place since 1992. As a result of this ruling, states can potentially begin collecting sales tax from out-of-state vendors that previously were not required to do so due to the lack of nexus in the state. The JLBC Staff estimates that applying sales tax to online sales as authorized by the *Wayfair* ruling would increase annual General Fund revenues by \$85 million. (For more details, see *Attachment G*.)

The second issue is the state conformity to the federal Tax Cuts and Jobs Act (TCJA) enacted in December 2017. Currently, Arizona conforms to most federal definitions of taxable income for the purpose of computing state corporate and individual income tax liability. However, Arizona has yet to conform to the TCJA changes for tax year 2018. The JLBC Staff estimates that conforming to these changes would increase General Fund revenues by a net of \$133.5 million in FY 2019. (See *Attachment H* for more information.)

Third, earlier this year, the U.S. Supreme Court ruled that a previous federal law that prohibited states from authorizing sports betting was unconstitutional. As a result of this ruling, states are now allowed to regulate and tax sports betting. The potential state revenue gain from sports betting in Arizona is uncertain but could be in the tens of millions of dollars. The impact would depend on numerous factors, such as the tax rate applied to bets and how sports betting will affect the Indian gaming compact and associated state revenues.

Forecast Risks - Revenue

As with any revenue forecast, there are both upside and downside risks to the updated October consensus forecast, which could either increase or decrease the projected budget balances. Even small changes can have significant impacts on the budget as a 1% forecast error over 3 years would revise the ending balance by \$635 million.

The U.S. economy has been growing for 111 consecutive months, the second longest economic expansion since 1854. If the economy continues to grow uninterrupted, the current record of 120 months or 10 years, will be tied in June 2019.

Aided by fiscal stimulus, strong employment, income and consumer spending growth, along with rising consumer and business sentiments, the U.S. economy is currently on track to grow by its fastest rate since 2005. Given the length of the current business cycle and strength of the U.S. economy, analysts differ in their assessments of how long economic growth can be sustained.

One perspective recently offered by Federal Reserve Chair Jerome Powell is that the U.S. economy is currently in a "remarkably positive" period that pairs "steady, low inflation and very low unemployment." Under the Federal Reserve Board's most recent projections, the U.S. economy is forecast to grow by 3.1% in 2018 and then gradually decline to 1.8% annual growth in 2021. This suggests that the Fed does not consider a recession likely to occur through at least 2021.

Another perspective was provided in a recent survey of 51 professional forecasters published by the National Association for Business Economics (NABE). Two-thirds of the NABE panelists expect a recession to begin by 2020. The remaining one-third of business economists predict that the next recession will start in 2021 or later.

Given the length of the current economic expansion and that economists believe that the U.S. economy is already operating at or near full capacity utilization, there are likely more downside than upside risks over the entire 4-year forecast horizon. The potential gains and losses associated with different forecast risks are summarized below.

Potential Gains

- Economic growth accelerates as a result of increased growth in business fixed investments, which could generate additional productivity gains, higher incomes, and increased consumer spending.
- Stronger economic growth at the national level would also benefit the Arizona economy and revenue collections.

Potential Losses

- Higher wages due to a tightening labor market could ignite inflation. In response, the Federal Reserve could raise interest rates faster than expected, which could lead to slower economic growth.
- Further escalation of international trade tensions could result in supply chain disruptions, higher material costs, and loss of business confidence.

Future Year Spending Estimates

As part of the October FAC process, JLBC Staff has updated its FY 2019 – FY 2022 projection of Baseline spending. (*See Attachment E.*) 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 2019 enacted budget's 3-year spending plan.

Overall state spending is projected to increase by \$352 million in FY 2020, or an increase of 3.4% over the prior year. Total FY 2020 General Fund spending would be \$10.75 billion. Under the Baseline projections, spending is projected to grow by \$651 million in FY 2021 (6.1% growth) and \$318 million in FY 2022 (2.8% growth). (See *Table 4*.)

Table 4		
Total General Fund Spending		
	<u>\$ in B</u>	<u>% Growth</u>
FY 2019	10.40	6.1%
FY 2020	10.75	3.4%
FY 2021	11.41	6.1%
FY 2022	11.72	2.8%

The current year (FY 2019) spending estimate has remained relatively unchanged, and is now projected to be \$13 million above the level of the enacted budget.

The FY 2020 projected level of spending is \$(38) million below the enacted budget projections. For FY 2021, spending is estimated to be \$99 million above the level assumed in the budget, mostly due to the addition of one-time costs for the timing of an extra (27th) pay period for state employees.

FY 2020 Spending Changes

The FY 2020 increase of \$352 million include \$481 million of ongoing spending changes and \$(129) million of one-time spending deletions. (See *Table 5* and *Table 6*.)

Table 5	
'20 Ongoing Spending Changes	
	<u>\$ in M</u>
ADE – K12 Formula	424
DES – Medicaid Formula	51
AHCCCS – Medicaid Formula	28
Judiciary – Maricopa Judges	7
Sec. of State – Presidential Primary	5
Commerce Authority	(6)
DPS – Highway Fee Shift	(22)
Other	<u>(6)</u>
Total	481

Table 6	
'20 One-Time Spending Deletions	
	<u>\$ in M</u>
SFB Fewer New Buildings	(38)
SFB Building Repairs	(34)
DES Prop 206 Costs	(13)
Counties	(13)
Universities	(11)
Employee Health	(10)
Capital Projects	(5)
Other	<u>(5)</u>
Total	(129)

The spending estimates incorporate the following specific adjustments:

Statutory Formula Spending

During FY 2020, statutory formula/ongoing spending (**excluding one-time spending**) is projected to change as follows:

- Arizona Department of Education (ADE) spending is projected to increase by \$424 million in FY 2020, \$456 million in FY 2021 and \$262 million in FY 2022. The growth reflects the following components: 1) 1.3% annual student growth each year; 2) 2% annual inflation adjustment each year; 3) 5% increase in average statewide teacher salary per year for both FY 2020 and FY 2021, as required by Laws 2018, Chapter 276 (Sections 136 and 137); 4) \$68 million annual increase in all 3 years to restore Additional Assistance, as required by Laws 2018, Chapter 285 (Sections 27 and 28); 5) \$25 million increase for State Aid Supplement in FY 2021 under Proposition 123; 6) additional property taxes from new construction; and 7) additional land trust revenues from endowment earnings.
- AHCCCS FY 2019 funding requirements have declined by \$(28) million due to lower-than-expected enrollment associated with the improving economy. Relative to that lower base, AHCCCS funding is projected to increase by \$28 million in FY 2020. This adjustment is based on an increase of \$102 million for 1.7% base enrollment growth and 3.0% capitation growth offset by anticipated savings of \$(54) million from increased prescription drug rebate funding (both ongoing and one-time), and \$(21) million from a one-time suspension of a federal health insurer fee. AHCCCS spending is estimated to increase by \$198 million in FY 2021 and \$116 million in FY 2022.
- Ongoing University spending is projected to decline by \$(2.5) million in FY 2020. The Universities will receive \$540,000 due to an annual statutory inflation adjustment on the 25-year capital appropriation for University projects. This increase will be offset by the expiration of a \$3 million appropriation to Northern Arizona University for biomedical research, as this 5-year appropriation was enacted for FY 2015 - FY 2019.
- Department of Economic Security (DES) spending for the Developmental Disabilities (DD) program is projected to increase by \$51 million in FY 2020. This increase is based on formula costs of 4.7% enrollment growth, 3.0% capitation growth, and annualization of the DD Children's Rehabilitative Services transfer from AHCCCS to DES. DES spending is expected to increase by \$47 million in FY 2021 and \$50 million in FY 2022.
- Based on a contract extension the Department of Corrections signed with its inmate health care vendor in spring 2018, the Executive may request a \$15 million FY 2019 supplemental to cover these costs. Neither the FY 2019 supplemental nor its continuation in the FY 2020 budget are in the Baseline. In addition, the Executive may request additional monies beyond the \$15 million amount in FY 2020 depending on the results of its Request For Proposals for a new inmate health care contract.
- Judiciary spending would increase by \$6.7 million, primarily for Maricopa Superior Court judges. In the FY 2019 budget, the Legislature enacted a 2-year phase-in of 50% funding of Maricopa Superior Court judges salaries starting in FY 2020. The state currently supports 50% of funding of Superior Court judges salaries in all other counties.

- Secretary of State spending would grow by \$5.3 million to provide a total of \$9.3 million for the Presidential Preference Election in FY 2020 (including \$4.0 million in the base for general election costs).
- The Arizona Commerce Authority budget would decline by \$(6.0) million. As enacted in the FY 2019 budget, the ongoing General Fund support of the Arizona Competes Fund would fall from \$11.5 million to \$5.5 million starting in FY 2020.
- The Department of Public Safety (DPS) budget would fall by \$(21.7) million as part of a 2-year plan to shift Highway Patrol funding from the Highway User Revenue Fund and the General Fund to the new Highway Safety Fee.
- 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 \$456 million. K-12 accounts for \$203 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 2019 budget 3-year spending plan, certain spending items were designated as one-time and would not be funded in the FY 2020 Baseline. This one-time spending totaled \$247 million. Of this amount \$118 million remains in the FY 2020 spending plan, consistent with the enacted budget long-term projections. (*See Attachment F.*)

The \$118 million of FY 2020 one-time spending includes: 1) \$49 million for School Facilities Board (SFB) new construction, which pays for the remaining 50% of construction costs for FY 2019 project starts, along with funding for land costs and the first 50% of FY 2020 project starts; 2) \$64 million of the enacted teacher salary which is covered by the General Fund until the expiration of Proposition 301 bond debt service payments. Upon expiration of these bonds, those payment amounts will then be shifted to pay for a portion of the teacher salary increase.

In addition, the FY 2020 estimates include \$5 million for miscellaneous one-time spending items. Among these are 2 new items – \$500,000 for an ADE Civics Pilot Program and \$750,000 for the Department of Agriculture to regulate industrial hemp.

The FY 2020 Baseline eliminates \$129 million of the following one-time FY 2019 spending items:

- \$38 million of SFB new construction funding, mostly related to the completion of FY 2018 project starts. As noted above, \$49 million remains in the Baseline.
- \$34 million of SFB Building Renewal Grant funding. The sum of \$17 million remains in the Baseline.
- \$13 million of DES funding for the Developmentally Disabled program, most of which was used to offset the costs of Proposition 206.
- \$13 million distributed to the counties. Most of this funding was designated to fully offset county contributions to the Department of Juvenile Corrections, along with

funding allocated to smaller counties to partially offset increasing Elected Officials Retirement Plan costs.

- \$11 million to the Universities, which included funding for general operating or capital expenses, the "freedom schools" and Arizona/Mexico economic development.
- \$10 million for employer contributions to the State Employee Health Insurance Trust Fund (HITF), which has declining reserves.
- \$5 million for capital projects, including a new Department of Emergency and Military Affairs (DEMA) Readiness Center in Tucson and DPS Remote Officer Housing.
- \$5 million of miscellaneous items (Corporation Commission, DES, ADE, Governor's Office, Public Safety Personnel Retirement System, Arizona Department of Transportation, the Department of Veterans' Services, and the Department of Water Resources).

Some of the one-time spending items being removed for the FY 2020 estimates have been funded on a "one-time basis" over the last 2 or 3 fiscal years. This includes: County Funding; DES Additional DD Funding; Governor Youth Success Fund; SFB Building Renewal Grants; Universities Funding (Operating/Capital/Freedom Schools); and the State Employee Health Insurance Trust Fund Deposit. Based on past practice, these items may again be funded in the upcoming FY 2020 budget.

Potential Spending Risk – Litigation

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

- A Superior Court judge ruled that the Arizona Sports and Tourism Authority's car rental tax should have been limited to transportation uses rather than for stadium subsidies and other purposes. The Superior Court also ruled that the state is liable for the repayment. The ruling, if upheld, would cost about \$150 million in one-time monies. While the Arizona Court of Appeals overturned the Superior Court decision and ruled in favor of the state, the Arizona Supreme Court recently agreed to consider the case.
- The state is currently being sued in federal court over inadequate services to foster care children. No ruling has been issued, however, and it is too early to estimate a potential cost.
- School districts have sued the state to increase its level of K-12 capital funding. As this lawsuit was only filed in May 2017, it may take a considerable time to resolve.

Future Year Balance Projections

As reported by the Department of Administration, the state ended FY 2018 with a \$450 million cash balance. Combining this \$450 million reserve, \$101 million of one-time fund transfers and projected FY 2019 ongoing revenues of \$10.68 billion results in total available resources of \$11.23 billion for FY 2019. Compared to the FY 2019 estimated spending level of \$10.40 billion, the projected FY 2019 cash balance is \$825 million.

For FY 2020, starting with the estimated beginning balance of \$825 million, combined with \$2 million of fund transfers and the FY 2020 ongoing revenue projection of \$11.08 billion, results in total FY 2020 resources of \$11.90 billion. Given the estimated FY 2020 spending level of \$10.75 billion, the FY 2020 cash balance is estimated to be \$1.15 billion. This significant balance is assumed to be allocated as part of the FY 2020 budget process.

While the state has a \$442 million structural balance projected for FY 2020, that does not represent the amount available for ongoing initiatives (such as tax reductions or spending increases). Because the state's long-term structural balance through the FY 2022 forecast period is approximately \$200 million, only that amount (\$200 million) could be allocated for ongoing initiatives in the upcoming budget based on the current estimates.

In FY 2021, the state is projected to have a cash balance of \$75 million. This balance is then expected to increase to \$210 million in FY 2022. *(See Table 7 and Attachment A.)* These long-term estimates, however, represent an unlikely scenario due to the following issues: 1) Uncertainty over how the FY 2020 cash balance will be allocated in the budget process; 2) The inherent risk associated with a multi-year revenue forecast; and 3) It assumes no additional discretionary changes are made by the Legislature over the next 3 years (such as tax reductions or spending increases).

Table 7				
Baseline Ending Balance Projections				
	Fiscal Year			
	<u>FY '19</u>	<u>FY '20</u>	<u>FY '21</u>	<u>FY '22</u>
Balance Forward/Other	\$ 0.55 B	\$ 0.83 B	\$ 0.00 B	\$ 0.00 B
Ongoing Baseline Revenues	10.68 B	11.08 B	11.48 B	11.93 B
Less:				
Ongoing Baseline Spending	10.16 B	10.64 B	11.27 B	11.70 B
One-Time Spending	<u>0.25 B</u>	<u>0.12 B</u>	<u>0.14 B</u>	<u>0.02 B</u>
Cash Balance	\$825 M	\$1.15 B*	\$75 M	\$210 M
Structural Balance	\$521 M	\$442 M	\$211 M	\$233 M

* The projected FY 2020 cash balance is presumed to be allocated as part of the FY 2020 budget process.

With regard to this last issue, the statutory share of state spending has remained near 67% over the last decade. In other words, the state has historically spent one new discretionary dollar for every 2 new dollars of statutory growth. These projections also do not account for any new tax reductions beyond those already enacted.

In addition, the Baseline makes no assumption about higher spending connected with pending litigation. On page 11, we outlined at least 3 different lawsuits that could have a notable effect if the plaintiffs are successful.

Options for Allocating One-Time Monies

While the current forecast through FY 2022 suggests that the state can add no more than \$200 million in ongoing spending before the budget runs a structural shortfall, the large cash balance projected for FY 2020 could be used for other one-time purposes. Such purposes could include:

- Continuing for another year the \$80 million in reoccurring "one-time" appropriations from the FY 2019 budget (See *Attachment F*)
- Depositing monies into the state's Budget Stabilization Fund
- Adding funds for K-12 building repairs and other capital projects
- Paying off debt obligations early, or
- Buying down some or all of the current \$930 million K-12 rollover.

The State's Level of Reserves

Excluding the cash balance, the state's official reserve is the Budget Stabilization Fund (BSF). That account nominally has \$460 million, which is equivalent to 4.2% of state revenues. DES, DPS and the State Forester, however, can borrow against the BSF. The fund currently has an active balance of \$436 million.

Financial analysts typically recommend that these balances be at least 5% and potentially higher than 10%. In rating financial capacity, Standard and Poor's (S&P) recommends that states strive for an 8% reserve. Moody's believes that reserves of at least 10% are a characteristic of an Aaa-rated entity (although achieving that reserve level does not in and of itself guarantee an Aaa rating).

The level of reserves should also be viewed in the context of a state's particular level of risk. In Arizona, there are uncertainties surrounding both the economic forecast beyond FY 2019 as well as outstanding litigation.

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

	FY 2019 October FAC	FY 2020 October FAC	FY 2021 October FAC	FY 2022 October FAC
REVENUES				
Ongoing Revenues	\$11,351,753,600	\$11,815,647,200	\$12,258,394,700	\$12,747,978,600
Urban Revenue Sharing	(674,804,400)	(737,573,600)	(777,982,300)	(815,018,700)
Net Ongoing Revenues	\$10,676,949,200	\$11,078,073,600	\$11,480,412,400	\$11,932,959,900
One-time Financing Sources				
Balance Forward	\$449,632,000	\$824,804,000		
Fund Transfers	100,681,700	1,840,700		
Subtotal One-time Revenues	\$550,313,700	\$826,644,700	\$0	\$0
Total Revenues	\$11,227,262,900	\$11,904,718,300	\$11,480,412,400	\$11,932,959,900
EXPENDITURES				
Operating Budget Appropriations	\$10,200,028,900	\$10,653,343,100	\$11,286,317,200	\$11,717,129,600
FY 2019 Supplementals/Ex-Approp.	(27,735,900)			
Administrative Adjustments	141,507,600	141,507,600	141,507,600	141,507,600
Revertments	(158,297,200)	(158,297,200)	(158,297,200)	(158,297,200)
Subtotal Ongoing Expenditures	\$10,155,503,400	\$10,636,553,500	\$11,269,527,600	\$11,700,340,000
One-time Expenditures				
Capital Outlay	\$4,959,000			
Operating One-Time Spending	241,996,500	118,181,500	37,875,500	22,895,100
Additional (27th) Pay Period			98,000,000	
Subtotal One-time Expenditures	\$246,955,500	\$118,181,500	\$135,875,500	\$22,895,100
Total Expenditures	\$10,402,458,900	\$10,754,735,000	\$11,405,403,100	\$11,723,235,100
Ending Balance <u>2/</u>	<u>\$824,804,000</u>	<u>\$1,149,983,300 <u>4/</u></u>	<u>\$75,009,300</u>	<u>\$209,724,800</u>
Structural Balance <u>3/</u>	<u>\$521,445,800</u>	<u>\$441,520,100</u>	<u>\$210,884,800</u>	<u>\$232,619,900</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. Excludes any Budget Stabilization Fund balance.

4/ The projected FY 2020 cash balance is presumed to be allocated as part of the FY 2020 budget process.

October 11, 2018 FAC 4-Sector Consensus

	FY 2019	FY 2020	FY 2021	FY 2022
<u>Sales Tax</u>				
JLBC Forecast	5.5%	5.0%	4.5%	4.3%
UA - Low	5.2%	2.2%	1.6%	4.4%
UA - Base	5.7%	5.0%	4.6%	4.6%
FAC	6.0%	5.0%	3.7%	3.6%
Average:	5.6%	4.3%	3.6%	4.2%
<u>Individual Income Tax</u>				
JLBC Forecast	6.9%	4.9%	4.0%	3.3%
UA - Low	5.0%	3.8%	2.7%	4.4%
UA - Base	5.4%	5.5%	4.9%	5.0%
FAC	7.6%	5.8%	4.5%	4.3%
Average:	6.2%	5.0%	4.0%	4.3%
<u>Corporate Income Tax</u>				
JLBC Forecast	6.5%	3.6%	2.0%	3.0%
UA - Low	-14.1%	-1.8%	2.3%	4.2%
UA - Base	-12.7%	1.2%	4.6%	4.9%
FAC	6.4%	2.5%	2.8%	1.5%
Average:	-3.5%	1.5%	2.9%	3.3%
<u>Insurance Premium Tax</u>				
JLBC Forecast	0.0%	1.0%	2.0%	1.3%
UA - Low	0.3%	-2.0%	2.0%	0.7%
UA - Base	0.4%	-1.4%	1.9%	1.6%
FAC	0.5%	1.8%	1.8%	1.5%
Average:	0.3%	-0.2%	1.9%	1.3%
JLBC Weighted Average:	5.9%	4.7%	4.1%	3.7%
UA Low Weighted Average:	4.2%	2.6%	2.1%	4.2%
UA Base Weighted Average:	4.6%	4.8%	4.6%	4.7%
FAC Consensus Weighted Average:	6.4%	5.1%	4.0%	3.8%
"Big-4" Weighted Average:	5.3%	4.3%	3.7%	4.1%
Consensus Weighted Average: *	6.0%	4.1%	3.7%	4.0%

* Represents ongoing revenue adjusted for small revenue categories

October 2018 Revenue and Budget Update

4-Sector Consensus Forecast

Attachment C

GENERAL FUND REVENUE - FY 2018 - FY 2020

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2018	% CHANGE PRIOR YR	FORECAST FY 2019	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	4,787,647.2	6.2%	5,055,242.5	5.6%	267,595.3	5,272,458.0	4.3%	217,215.6
Income - Individual	4,544,081.2	10.0%	4,826,463.4	6.2%	282,382.2	5,067,807.5	5.0%	241,344.1
- Corporate	373,076.4	1.3%	360,085.3	-3.5%	(12,991.1)	365,650.4	1.5%	5,565.0
Property	38,719.6	19.0%	36,598.5	-5.5%	(2,121.1)	36,094.5	-1.4%	(504.1)
Luxury - Tobacco	21,978.2	-4.2%	21,206.9	-3.5%	(771.3)	20,445.3	-3.6%	(761.5)
- Liquor	36,019.7	3.8%	36,976.3	2.7%	956.6	37,951.3	2.6%	975.0
Insurance Premium	509,276.0	1.0%	510,849.3	0.3%	1,573.3	510,025.5	-0.2%	(823.8)
Other Taxes	7,650.5	179.1%	12,781.9	67.1%	5,131.4	13,506.4	5.7%	724.4
Subtotal - Taxes	10,318,448.8	7.5%	10,860,204.1	5.3%	541,755.4	11,323,938.8	4.3%	463,734.7
Other Non-Tax Revenues:								
Lottery	68,425.4	-13.0%	84,506.5	23.5%	16,081.1	94,113.4	11.4%	9,606.9
Licenses, Fees and Permits	37,969.9	-1.2%	34,206.9	-9.9%	(3,763.0)	35,130.4	2.7%	923.5
Interest	22,013.1	29.5%	35,000.0	59.0%	12,986.9	42,378.6	21.1%	7,378.6
Sales and Services	34,120.9	-18.9%	44,326.2	29.9%	10,205.3	38,163.7	-13.9%	(6,162.5)
Other Miscellaneous	108,311.8	29.1%	84,997.6	-21.5%	(23,314.1)	87,488.5	2.9%	2,490.9
Transfers and Reimbursements	40,598.6	-36.7%	124,908.2	207.7%	84,309.6	111,244.7	-10.9%	(13,663.5)
Disproportionate Share Revenue	83,704.7	-11.3%	83,604.0	-0.1%	(100.7)	83,189.0	-0.5%	(415.0)
Subtotal - Other Non-Tax	395,144.3	-5.6%	491,549.5	24.4%	96,405.2	491,708	0.0%	158.9
Net On-Going Revenue	10,713,593.0	6.9%	11,351,753.6	6.0%	638,160.5	11,815,647.2	4.1%	463,893.6
Urban Revenue Sharing (URS)	(680,770.1)	N/A	(674,804.4)	N/A	5,965.6	(737,573.6)	N/A	(62,769.2)
Net Ongoing Revenue w/ URS	10,032,822.9	7.2%	10,676,949.2	6.4%	644,126.2	11,078,073.6	3.8%	401,124.5
One-Time Financing Sources:								
Fund Transfers	66,219.0	-54.4%	100,681.7	52.0%	34,462.7	1,840.7	-98.2%	(98,841.0)
Moody's Settlement Fund Transfer	8,172.7	N/A	0.0	-100.0%	(8,172.7)	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	74,391.7	-48.7%	100,681.7	35.3%	26,290.0	1,840.7	-98.2%	(98,841.0)
Subtotal - Revenues	10,107,214.6	6.4%	10,777,630.9	6.6%	670,416.2	11,079,914.3	2.8%	302,283.5
Balance Forward	150,871.0	-46.9%	449,632.0	198.0%	298,761.0	824,804.0	83.4%	375,172.0
Total - Resources	10,258,085.6	4.8%	11,227,262.9	9.4%	969,177.2	11,904,718.3	6.0%	677,455.5

October 2018 Revenue and Budget Update

4-Sector Consensus Forecast

Attachment C

GENERAL FUND REVENUE - FY 2021 - FY 2022

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,463,561.0	3.6%	191,102.9	5,694,341.3	4.2%	230,780.3
Income - Individual	5,272,682.3	4.0%	204,874.9	5,496,908.4	4.3%	224,226.0
- Corporate	376,152.3	2.9%	10,502.0	388,454.3	3.3%	12,302.0
Property	37,307.4	3.4%	1,212.9	36,845.6	-1.2%	(461.8)
Luxury - Tobacco	19,882.9	-2.8%	(562.5)	19,349.0	-2.7%	(533.8)
- Liquor	38,929.6	2.6%	978.3	39,937.8	2.6%	1,008.2
Insurance Premium	519,782.8	1.9%	9,757.3	526,476.2	1.3%	6,693.4
Other Taxes	14,272.1	5.7%	765.8	15,081.6	5.7%	809.5
Subtotal - Taxes	11,742,570.4	3.7%	418,631.6	12,217,394.1	4.0%	474,823.7
Other Non-Tax Revenues:						
Lottery	108,716.9	15.5%	14,603.5	115,999.3	6.7%	7,282.4
Licenses, Fees and Permits	36,095.0	2.7%	964.6	37,103.0	2.8%	1,008.0
Interest	47,118.5	11.2%	4,739.9	48,738.3	3.4%	1,619.9
Sales and Services	37,430.0	-1.9%	(733.7)	36,911.2	-1.4%	(518.8)
Other Miscellaneous	89,279.2	2.0%	1,790.7	91,892.3	2.9%	2,613.1
Transfers and Reimbursements	114,171.9	2.6%	2,927.2	117,002.9	2.5%	2,831.1
Disproportionate Share Revenue	83,012.9	-0.2%	(176.1)	82,937.4	-0.1%	(75.5)
Subtotal - Other Non-Tax	515,824.4	4.9%	24,116.0	530,584.5	2.9%	14,760.1
Net On-Going Revenue	12,258,394.7	3.7%	442,747.5	12,747,978.6	4.0%	489,583.9
Urban Revenue Sharing (URS)	(777,982.3)	N/A	(40,408.7)	(815,018.7)	N/A	(37,036.4)
Net Ongoing Revenue w/ URS	11,480,412.4	3.6%	402,338.9	11,932,959.9	3.9%	452,547.5
One-Time Financing Sources:						
Fund Transfers	0.0	-100.0%	(1,840.7)	0.0	N/A	0.0
Moody's Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	0.0	-100.0%	(1,840.7)	0.0	N/A	0.0
Subtotal - Revenues	11,480,412.4	3.6%	400,498.2	11,932,959.9	3.9%	452,547.5
Balance Forward		-100.0%	(824,804.0)		N/A	0.0
Total - Resources	11,480,412.4	-3.6%	(424,305.8)	11,932,959.9	3.9%	452,547.5

October 2018 Revenue and Budget Update
Marginal Dollar Impact of Enacted Tax Law Changes ^{1/}
(\$ in millions)

Legislation	FY2019	FY2020	FY2021	FY2022
<u>Laws 2006, Chapters 14 & 325</u>				
STO Credit for Low-Income Students	(14.9)	(17.8)	(21.4)	(25.7)
<u>Laws 2011, 2nd Special Session, Chapter 1</u>				
Phases down corporate tax rate from 6.968% to 4.9% over 4 years, beginning in TY 2014	(32.1)	0.0	0.0	0.0
Phases in corporate sales factor from 80% to 100% over 4 years, beginning in TY 2014	(11.6)	0.0	0.0	0.0
Sub-Total	(43.7)	0.0	0.0	0.0
<u>Laws 2012, Chapter 343</u>				
Creates a new income tax credit for capital investments in new or expanded manufacturing facilities, commercial headquarters, or research facilities (TY 2013)	(2.8)	0.0	0.0	0.0
<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	(4.3)	(4.7)	(5.0)	(5.4)
<u>Laws 2017, Chapter 278</u>				
Provides income tax subtraction for ADA retrofits	(1.3)	0.0	0.0	0.0
<u>Laws 2017, Chapter 299</u>				
Increases personal exemption amount followed by inflation indexing	(6.7)	0.0	0.0	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)	(0.8)	0.0	0.8
<u>Laws 2017, Chapter 340</u>				
Modifies eligibility requirements for the new jobs tax credit and extends credit through FY 2025	(0.8)	(0.9)	(0.8)	0.0
<u>Laws 2018, Chapter 276</u>				
Eliminates ongoing Judiciary fund transfers to General Fund	(2.6)	0.0	0.0	0.0
<u>Laws 2018, Chapter 276</u>				
Reduces Liquor Licenses Fund transfer to General Fund	(0.1)	0.0	0.0	0.0
<u>Laws 2018, Chapter 283</u>				
Increases military pension exemption from \$2,500 to \$3,500, beginning in TY 2019	0.0	(2.0)	0.0	0.0
<u>Laws 2018, Chapter 283</u>				
Shifting boxing and mixed martial arts fees from General Fund to Racing Regulation Fund	(0.05)	0.0	0.0	0.0
<u>Laws 2018, Chapter 284</u>				
Caps radiation regulatory fees shift from General Fund	(0.8)	0.0	0.0	0.0
Total General Fund Revenue Impact over Prior Year	(78.8)	(26.2)	(27.2)	(30.3)

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

OCTOBER FAC - ONGOING GENERAL FUND SPENDING BY BUDGET UNITS 1/

	FY 2019 October FAC	FY 2020 \$ Above FY 2019	FY 2020 October FAC	FY 2021 \$ Above FY 2020	FY 2021 October FAC	FY 2022 \$ Above FY 2021	FY 2022 October FAC
EXPENDITURES							
Operating Budget							
-- Department of Administration	\$7,887,900		\$7,887,900		\$7,887,900		\$7,887,900
-- ADOA - Automation Projects Fund	5,000,000		5,000,000	(5,000,000)			
-- Office of Administrative Hearings	864,600		864,600		864,600		864,600
-- African-American Affairs Commission	126,700		126,700		126,700		126,700
-- Arizona Department of Agriculture	9,579,100		9,579,100		9,579,100		9,579,100
-- AHCCCS	1,776,890,400	(363,300)	1,776,527,100	197,990,900	1,974,518,000	116,436,300	2,090,954,300
-- Attorney General	24,327,500		24,327,500		24,327,500		24,327,500
-- State Board for Charter Schools	1,204,000		1,204,000		1,204,000		1,204,000
-- Department of Child Safety	375,763,700		375,763,700		375,763,700		375,763,700
-- Commerce Authority	21,800,000	(6,000,000)	15,800,000		15,800,000		15,800,000
-- Community Colleges	57,205,500	734,300	57,939,800		57,939,800		57,939,800
-- Corporation Commission	613,900		613,900		613,900		613,900
-- Department of Corrections	1,094,790,700	(3,072,900)	1,091,717,800		1,091,717,800		1,091,717,800
-- County Funding	7,650,700		7,650,700		7,650,700		7,650,700
-- Schools for the Deaf and the Blind	21,421,200	1,600,000	23,021,200		23,021,200		23,021,200
-- Office of Economic Opportunity	485,300		485,300		485,300		485,300
-- Department of Economic Security	636,289,200	50,962,300	687,251,500	46,933,000	734,184,500	50,006,300	784,190,800
-- State Board of Education	1,144,600		1,144,600		1,144,600		1,144,600
-- Department of Education	4,639,488,200	424,205,300	5,063,693,500	455,989,800	5,519,683,300	261,843,300	5,781,526,600
-- Dept. of Emergency & Military Affairs	11,079,100		11,079,100		11,079,100		11,079,100
-- State Board of Equalization	650,300		650,300		650,300		650,300
-- Board of Executive Clemency	1,133,700		1,133,700		1,133,700		1,133,700
-- Department of Financial Institutions	1,967,600		1,967,600		1,967,600		1,967,600
-- Dept. of Forestry and Fire Management	11,128,800		11,128,800		11,128,800		11,128,800
-- Department of Gaming	1,779,500		1,779,500		1,779,500		1,779,500
-- Office of the Governor	7,008,800		7,008,800		7,008,800		7,008,800
-- Gov's Ofc of Strategic Planning and Budgeting	2,013,900		2,013,900		2,013,900		2,013,900
-- Department of Health Services	89,540,400		89,540,400		89,540,400		89,540,400
-- Arizona Historical Society	3,179,200		3,179,200		3,179,200		3,179,200
-- Prescott Historical Society	826,100		826,100		826,100		826,100
-- Independent Redistricting Commission				500,000	500,000	3,200,000	3,700,000
-- Department of Insurance	5,599,600		5,599,600		5,599,600		5,599,600
-- Judiciary	116,367,400	6,678,000	123,045,400	6,540,600	129,586,000		129,586,000
-- Department of Juvenile Corrections	22,518,200		22,518,200		22,518,200		22,518,200
-- State Land Department	11,678,900		11,678,900		11,678,900		11,678,900
-- Legislature							
Auditor General	19,607,000	497,500	20,104,500		20,104,500		20,104,500
House of Representatives	13,746,600		13,746,600		13,746,600		13,746,600
Joint Legislative Budget Committee	2,494,900		2,494,900		2,494,900		2,494,900
Legislative Council	8,279,800		8,279,800		8,279,800		8,279,800
Senate	9,687,300		9,687,300		9,687,300		9,687,300
SUBTOTAL - Legislature	\$53,815,600	\$497,500	\$54,313,100	\$0	\$54,313,100	\$0	\$54,313,100
-- State Mine Inspector	1,249,900		1,249,900		1,249,900		1,249,900
-- Navigable Stream Adjudication Commission	126,600		126,600		126,600		126,600

OCTOBER FAC - ONGOING GENERAL FUND SPENDING BY BUDGET UNITS 1/

	FY 2019 October FAC	FY 2020 \$ Above FY 2019	FY 2020 October FAC	FY 2021 \$ Above FY 2020	FY 2021 October FAC	FY 2022 \$ Above FY 2021	FY 2022 October FAC
-- Commission for Postsecondary Education	1,646,800		1,646,800		1,646,800		1,646,800
-- Department of Public Safety	103,918,600	(21,700,000)	82,218,600		82,218,600		82,218,600
-- Public Safety Personnel Retirement System	6,000,000	(1,000,000)	5,000,000		5,000,000		5,000,000
-- State Real Estate Department	2,898,900		2,898,900		2,898,900		2,898,900
-- Department of Revenue	30,935,600		30,935,600		30,935,600		30,935,600
-- School Facilities Board	152,650,400	(2,416,800)	150,233,600	(64,692,700)	85,540,900	(1,000)	85,539,900
-- Secretary of State	15,517,100	5,320,500	20,837,600	(5,320,500)	15,517,100	(3,384,500)	12,132,600
-- Tax Appeals, State Board of	279,300		279,300		279,300		279,300
-- Office of Tourism	7,112,000		7,112,000		7,112,000	1,500,000	8,612,000
-- State Treasurer	1,205,100		1,205,100		1,205,100		1,205,100
-- Governor's Office on Tribal Relations	60,600		60,600		60,600		60,600
-- Universities	712,671,900	(2,479,900)	710,192,000	(465,500)	709,726,500	712,700	710,439,200
-- Department of Veterans' Services	6,067,200		6,067,200		6,067,200		6,067,200
-- Department of Water Resources	13,609,300		13,609,300		13,609,300		13,609,300
-- Phoenix Convention Center Payment	22,996,300	503,700	23,500,000	497,900	23,997,900	500,600	24,498,500
-- Rio Nuevo District	14,000,000		14,000,000		14,000,000		14,000,000
-- Asset Sale/Lease-Back Debt Service	84,112,000	(3,500)	84,108,500	600	84,109,100	(1,300)	84,107,800
-- Unallocated IT Pro-Rata Charge Increase	500	(500)					
-- Unallocated Retirement Rate Adjustment	150,500	(150,500)					
Total - Operating Budget	\$10,200,028,900	\$453,314,200	\$10,653,343,100	\$632,974,100	\$11,286,317,200	\$430,812,400	\$11,717,129,600
-- Capital Outlay	4,959,000	(4,959,000)					
-- Operating One-Time Spending	241,996,500	(123,815,000)	118,181,500	(80,306,000)	37,875,500	(14,980,400)	22,895,100
-- Additional (27th) Pay Period				98,000,000	98,000,000	(98,000,000)	
-- FY 2019 Supplementals/Ex-Appropriation	(27,735,900)	27,735,900					
-- Administrative Adjustments	141,507,600		141,507,600		141,507,600		141,507,600
-- Revertments	(158,297,200)		(158,297,200)		(158,297,200)		(158,297,200)
Total Spending	\$10,402,458,900	\$352,276,100	\$10,754,735,000	\$650,668,100	\$11,405,403,100	\$317,832,000	\$11,723,235,100

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 in Attachment F.

SUMMARY OF ONE-TIME SPENDING

	FY 2019 October FAC	FY 2020 October FAC	FY 2021 October FAC	FY 2022 October FAC
Operating				
Agriculture - Industrial Hemp	\$ -	\$ 750,000	\$ -	\$ -
Attorney General - Criminal Division	1,500,000	1,500,000		
Corporation Commission - Railway Safety Inspectors	196,600			
Counties - DJC Local Cost Sharing Offset	11,260,000 *			
Counties - Partial EORP Cost Offset	1,655,500			
DES - One-Time Prop 206 Funding	11,000,000 *			
DES - One-Time DD Room and Board	2,000,000 *			
DES - SNAP Benefit Match Program	400,000			
DES - Food Banks	1,000,000			
ADE - Gifted Pupils	1,000,000			
ADE - Prop 301 Bridge	64,100,000	64,100,000	14,100,000	
ADE - Civics Pilot Program		500,000		
Governor - Youth Success Fund Deposit	1,500,000 *			
PSPRS - Prescott Fire Deposit	1,000,000			
SFB - Building Renewal Grants	34,417,900 *			
SFB - New School Construction (FY 18 Authorization)	37,989,800			
SFB - New School Construction (FY 19 Authorization)	49,636,700	36,726,700		
SFB - New School Construction (FY 20 Authorization)		12,604,800	9,604,800	
SFB - New School Construction (FY 21 Authorization)			14,170,700	11,670,700
SFB - New School Construction (FY 22 Authorization)				11,224,400
Transportation - West Valley Project	65,000			
Universities - ASU	4,245,000 *			
Universities - NAU	1,590,200 *			
Universities - UA	2,164,800 *			
Universities - NAU Freedom School	500,000			
Universities - ASU/UA Freedom Schools	2,000,000 *			
Universities - Arizona/Mexico Economic Development	250,000			
Veterans' Services - Hyperbaric Oxygen Therapy	25,000			
DWR - Water Study	100,000			
DWR - Water Protection Fund Deposit	400,000			
DWR - Drought Contingency Plan	2,000,000	2,000,000		
Other - HITF Deposit	10,000,000 *			
Subtotal - Operating Funding	\$ 241,996,500	\$ 118,181,500	\$ 37,875,500	\$ 22,895,100
Additional (27th) Pay Period - FY 2021			\$ 98,000,000	
Capital Outlay				
Capital - DEMA - Tucson Readiness Center	3,759,000			
Capital - DPS - Modular Housing	1,200,000			
Subtotal - Capital Outlay	\$ 4,959,000	\$ -	\$ -	\$ -
Total - One-time Spending	\$ 246,955,500	\$ 118,181,500	\$ 135,875,500	\$ 22,895,100

* These items reflect reoccurring "one-time" appropriations, which have been funded over at least the last 2 fiscal years.
In FY 2019, funding for these items totaled \$80.2 million.

U.S. Supreme Court Wayfair Ruling

On June 21, 2018, the Supreme Court of the United States (SCOTUS) overruled in *South Dakota v. Wayfair Inc.* previous decisions made by the same court in 1967 (*National Bellas Hess, Inc. v. Illinois Department of Revenue*) and 1992 (*Quill Corp. v. North Dakota*), which both had held that only businesses with a physical presence inside a state can be required to collect that state's sales tax.

Under the *Wayfair* ruling, state sales tax can be collected from out-of-state ("remote") sellers so long as it does not discriminate against or place excessive burden on the parties engaging in interstate commerce.

In its June 21, 2018 *Wayfair* ruling, the Court specifically referred to South Dakota's tax system as having several features that "appear designed to prevent discrimination against or undue burden upon interstate commerce." (South Dakota's SB 106 enacted in 2016 expanded the state's sales tax nexus beyond the physical presence requirements set forth in *Quill* and it was the legal challenge of SB 106 that was brought before SCOTUS in *South Dakota v. Wayfair Inc.*) Under its ruling, the Court provided the following check list of factors that if present in a state would likely make it constitutional for that state to collect sales tax from remote sellers:

- Safe Harbor (requirement to collect sales tax from remote vendors would apply only if sales in the state exceed a certain threshold).
- No retroactive collection of sales tax.
- Single state-level administration of all sales taxes in the state.
- Uniform definitions of the tax base.
- Simplified tax rate structure.
- Access to sales tax administration software provided by the state.
- Immunity from audits in the sense that sellers that use the software are not liable for errors derived from relying on it.

The "*Wayfair* Checklist" is based on provisions included in South Dakota's SB 106 along with the state's adoption of the Streamlined Sales and Use Tax Agreement (SSUTA). Under SSUTA, states agree to a set of "ground rules" to standardize the imposition and administration of sales and use taxes, including a single, state-level administration of taxes, a simplified tax rate structure, and uniform definitions and rules.

There is currently no statutory language authorizing the Department of Revenue (DOR) to collect sales tax from remote sellers. While DOR has not attempted to start collecting sales tax from remote vendors, there are at least 3 policy decisions regarding such collections:

- (1) Would Arizona be required to enact the same or similar laws as under South Dakota's SB 106 to collect sales tax on Internet purchases?
- (2) Would Arizona be required to adopt more uniform, simplified tax laws as prescribed by SSUTA? (Arizona is not currently a SSUTA member state.)
- (3) What would be the minimum sales threshold to collect sales tax on online purchases?

In a recent report issued by the Tax Foundation ("Post-*Wayfair* Options for States"), there is a discussion of each state's preparedness to collect sales tax from remote sellers based on the *Wayfair* Checklist. In the report, the Tax Foundation identified Arizona as 1 of 20 states that should proceed to collect tax from remote sellers only after making legislative changes. (Tax Foundation believes that these states would be vulnerable to court challenges as they do not meet the constitutional factors outlined in the *Wayfair* Checklist.) Specifically, the Tax Foundation recommends that Arizona pursues "SSUTA membership and/or significant simplification of its local sales tax prior to pursuing enabling legislation similar to South Dakota's."

The potential revenue gain for the state from the *Wayfair* ruling is uncertain. The U.S. Government Accountability Office (GAO) estimated in November last year that if all remote sellers were required to collect and remit sales tax, state and local governments nationwide could gain an estimated \$8.5 billion to \$13.4 billion annually. GAO's Arizona-specific estimate suggests that the General Fund could gain an estimated \$85 million in sales tax revenue annually.


Internal Revenue Code Conformity

The federal Tax Cuts and Jobs Act enacted on December 22, 2017 includes over 100 provisions and represents the largest revision to the Internal Revenue Code (IRC) in more than 30 years. Many of these provisions expand the federal income tax base, by either eliminating or capping certain deductions. At the federal level, these "base-broadening" measures were offset by cuts to both individual and corporate income tax rates. Some provisions of the federal tax legislation become effective in tax year 2017, although most are not effective until tax year 2018.

For the purposes of calculating state individual and corporate income taxes, Arizona must annually decide whether to conform with any changes in the federal tax code during the prior year. With some exceptions, Arizona has typically conformed to changes to the federal tax code that impact the definition of federal taxable income. As such, Arizona tax statutes use IRC definitions of federal adjusted gross income and federal taxable income as the starting point for calculating individual and corporate income tax liability, respectively. Arizona does not, however, conform to changes to the federal income tax rates.

During the 2018 legislative session, the legislature enacted Laws 2018, Chapter 142, which conforms to some federal tax law changes for TY 2017, such as the allowance for individual income taxpayers to take 100% bonus depreciation on business investments from September 27 through December 31, 2017. Chapter 142, however, only made those changes effective for TY 2017, and did not conform to federal tax law changes effective in TY 2018. Unless legislation is enacted to conform to these changes, Chapter 142 will require the calculation of Arizona taxable income to be based on the federal tax code as of January 1, 2017. Provisions that Arizona has not previously conformed to, such as the federal medical expense deduction, would continue to be de-coupled.

Conforming to the recently expanded federal income tax base would increase the state's income tax base and therefore its revenues. The JLBC Staff estimates that conforming to the federal tax code in tax year 2018 would increase General Fund revenues by a net of \$133.5 million in FY 2019. The Department of Revenue estimates that the impact of conforming would be a General Fund revenue gain of \$236.2 million. The JLBC Staff estimate was based on estimates from the Department Revenue's income tax model, which were then discounted by 10% for caution, and prorated national estimates from the Joint Committee on Taxation, which were discounted by 25% for caution.




The 7th Inning Stretch


FAC

October 11, 2018

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



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Will the economy continue to grow?



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Yes!



At above 3%?

Probably not for very long.

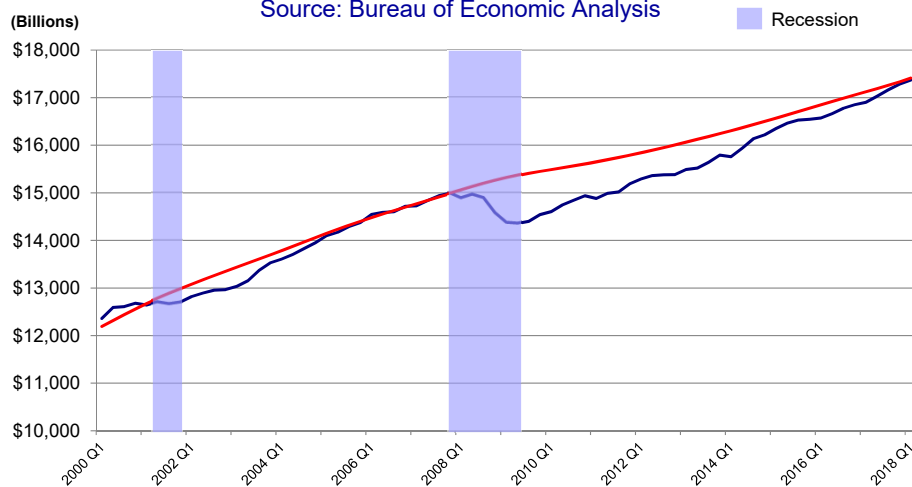



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Real Versus Potential GDP 1970-2018*

Source: Bureau of Economic Analysis



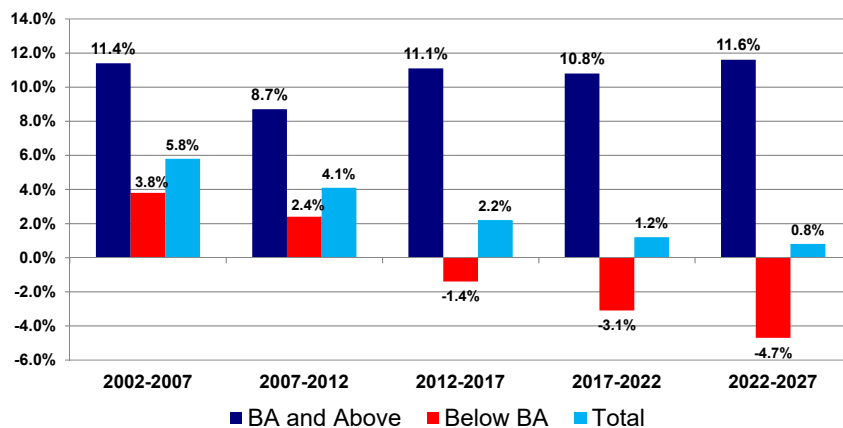
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*Data through the first quarter 2018

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Historical and Projected Working-age Population Growth by Educational Attainment

Source: U.S. Census; American Community Survey; The Conference Board




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Recovery is Old but Strong



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Strong Economy

- **Tax cuts helped a lot**
- **Continued fiscal stimulus**
- **Significant Trade war unlikely**
- **Strong plant and equipment spending**
- **Few obvious imbalances**

**Too early to tell how much
of a slowdown it will be.
It is likely to be mild.**

**A Recession will happen at
some point but not soon.**

**Right now imbalances
seem relatively mild.**

But things can change quickly!

Strong economy (strong consumer spending, business investment and exports) lead to:



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Strong Growth in Demand



Strong Labor Market



Lower Unemployment



Higher Wages



Higher Rates of Inflation



Fed Tightening



Slower Growth



Fewer Jobs



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Quantitative Easing  **Quantitative Tightening**



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Quantitative Easing Versus Quantitative Tightening

- Bad for asset prices
- Higher short term rates
- Higher long term rates
- Flattening of the Yield Curve
- Cap rates increase
- Companies may delay investment



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Where do we stand?

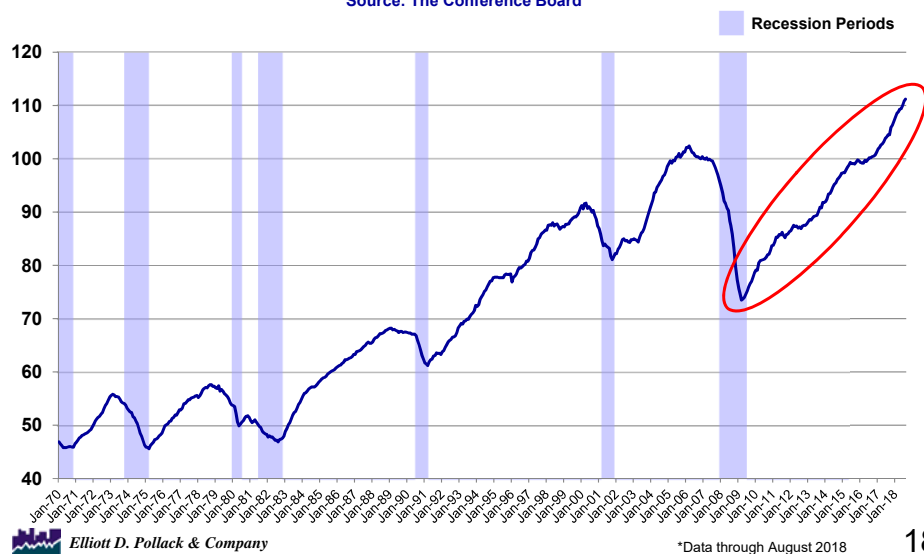


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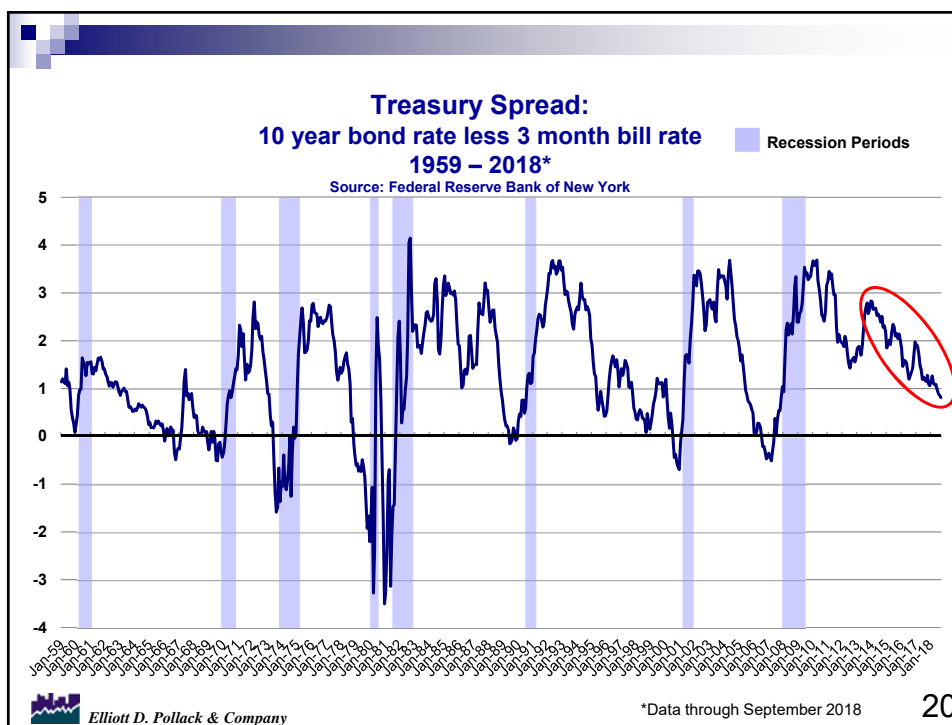
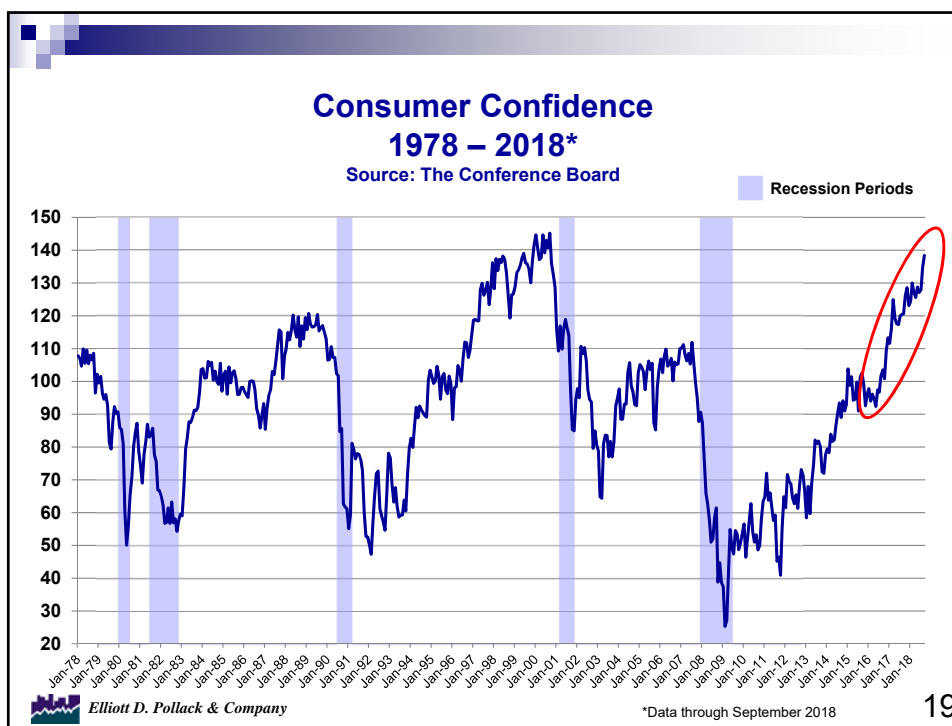
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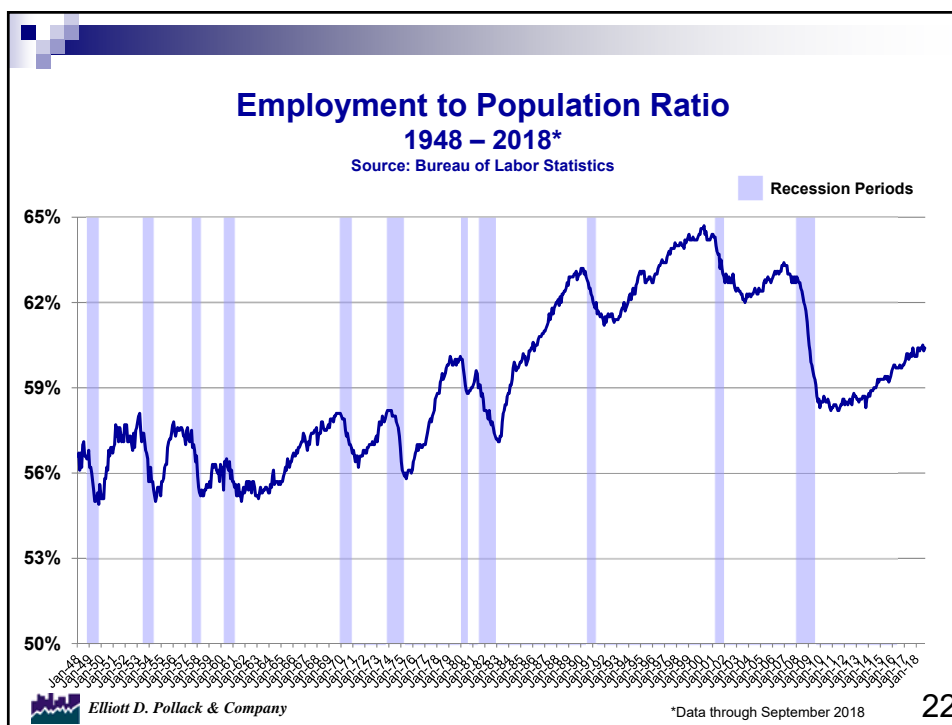
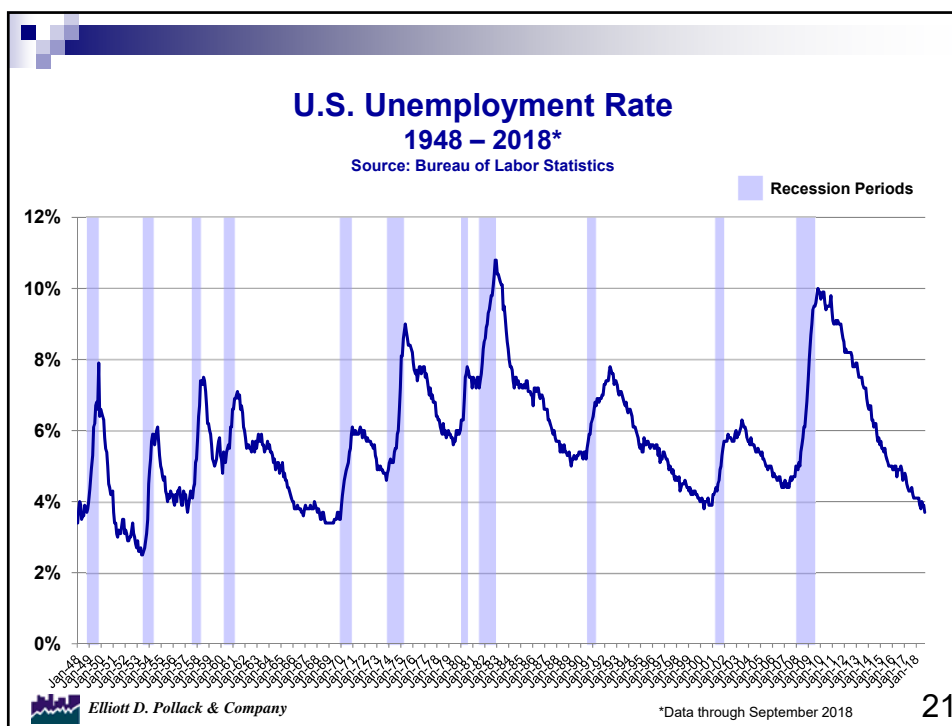
U.S. Leading Indicators 1970 – 2018*

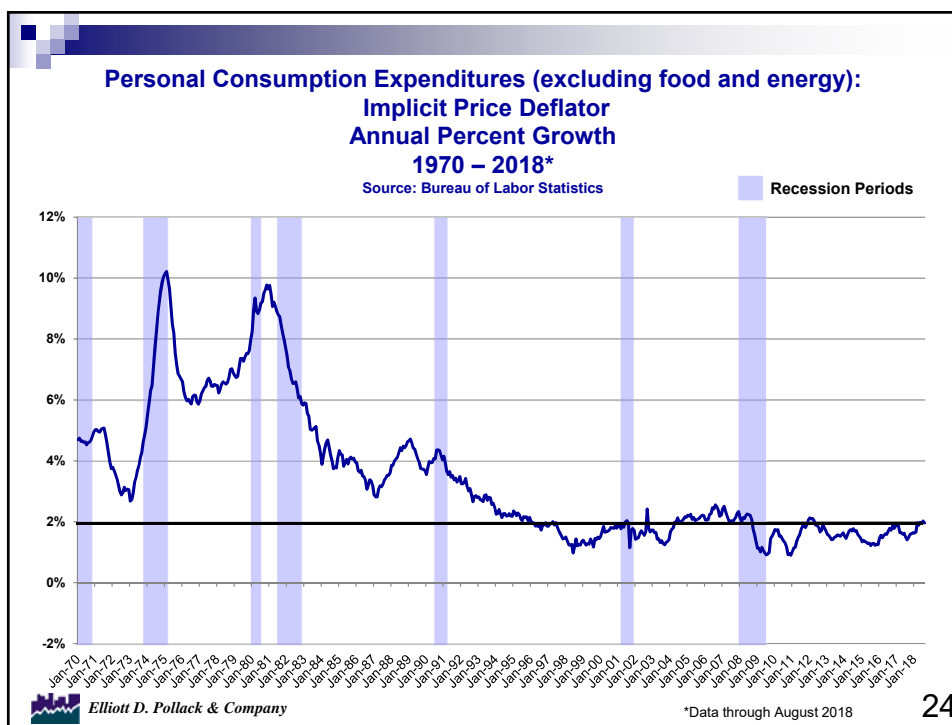
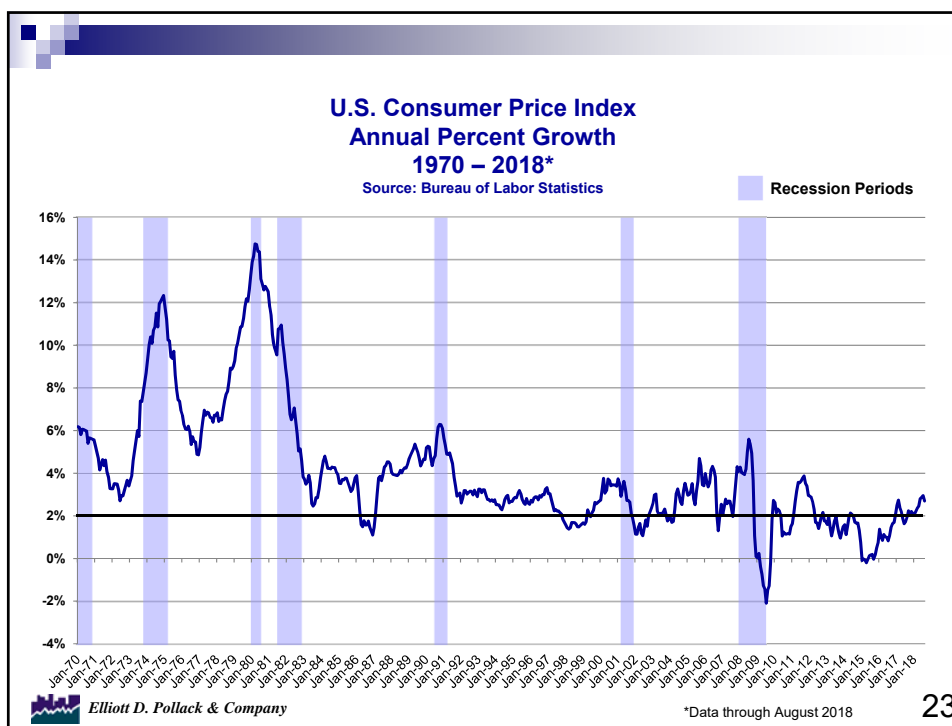
Source: The Conference Board

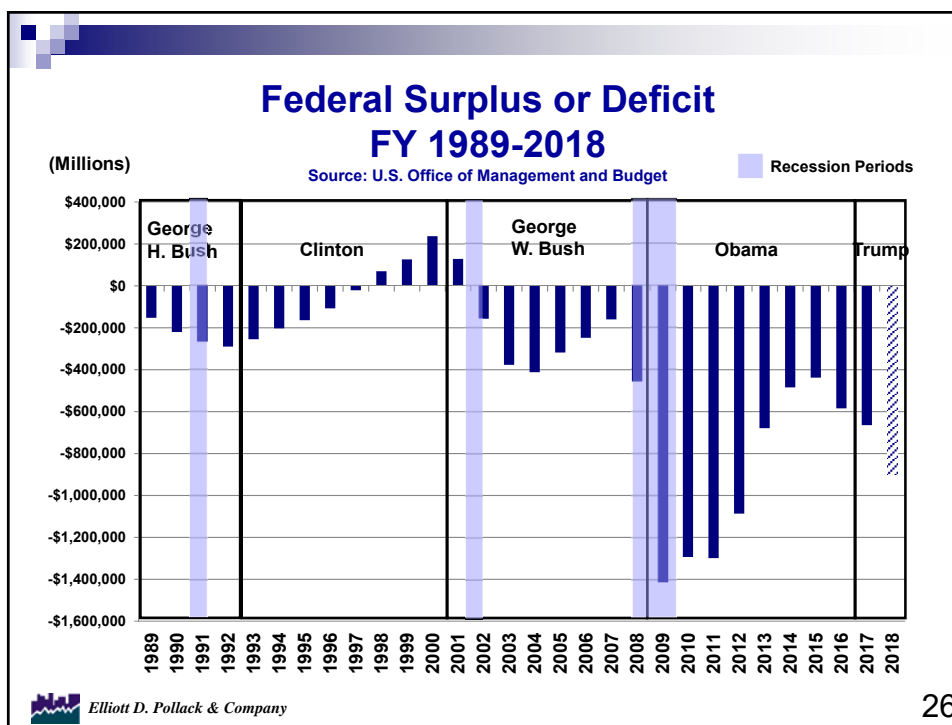
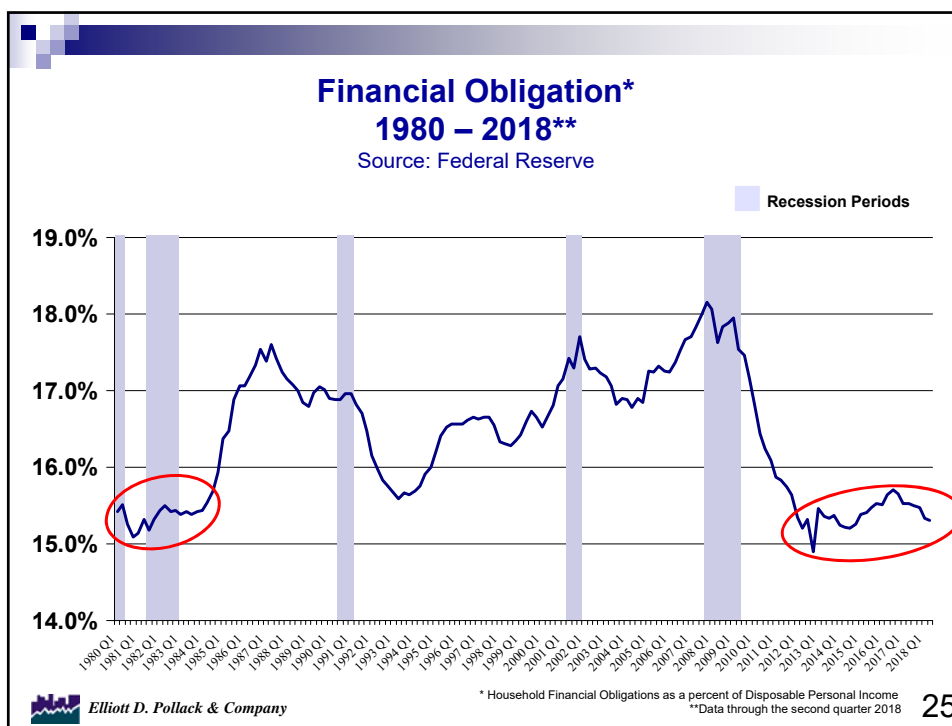


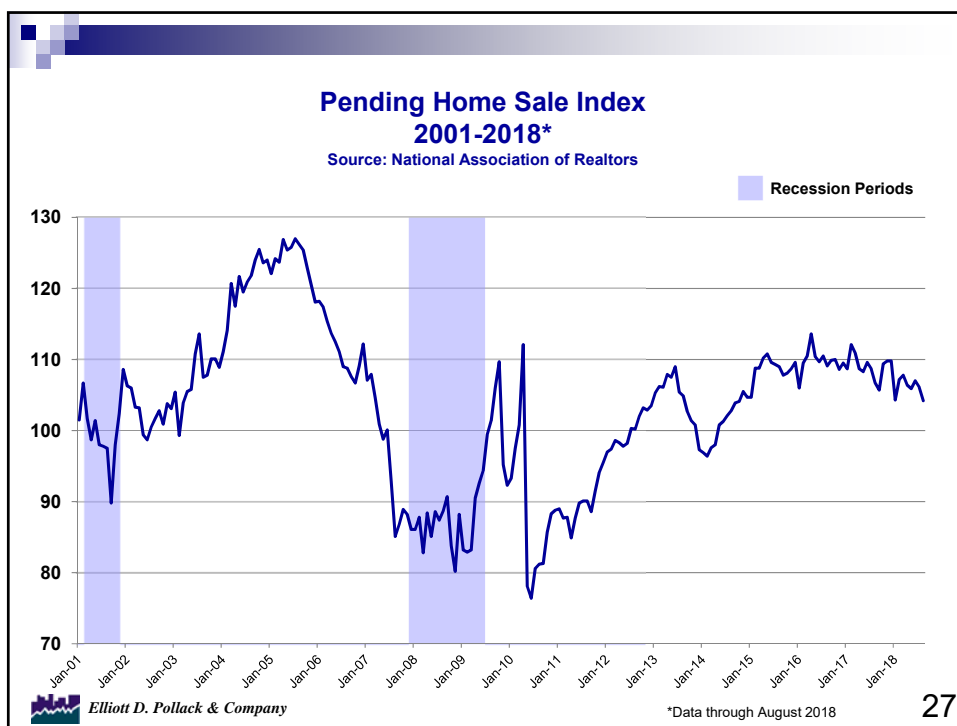
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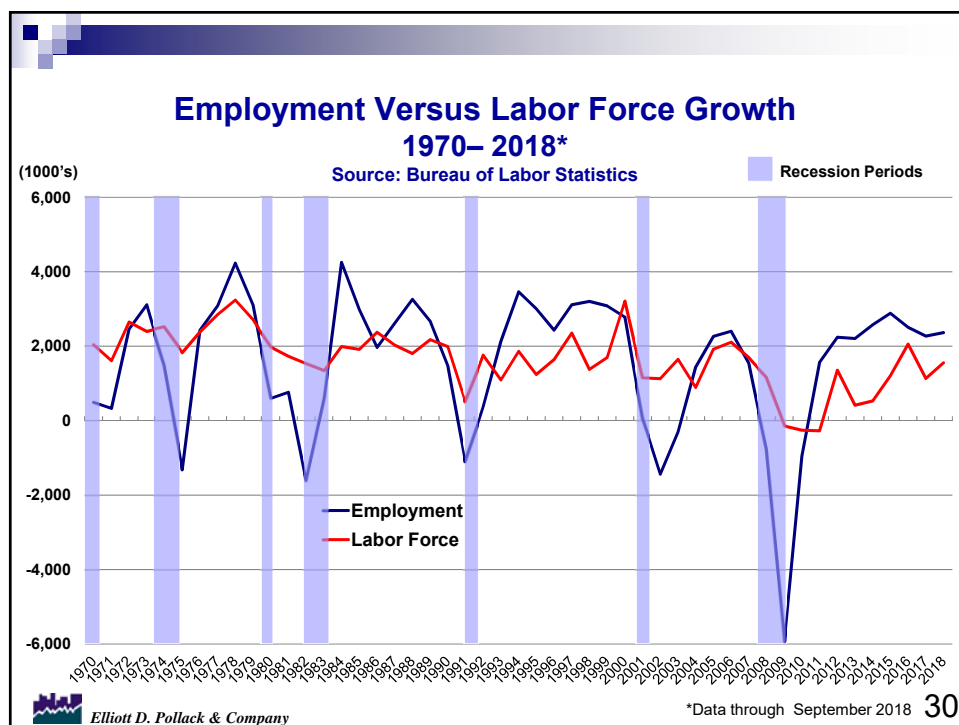
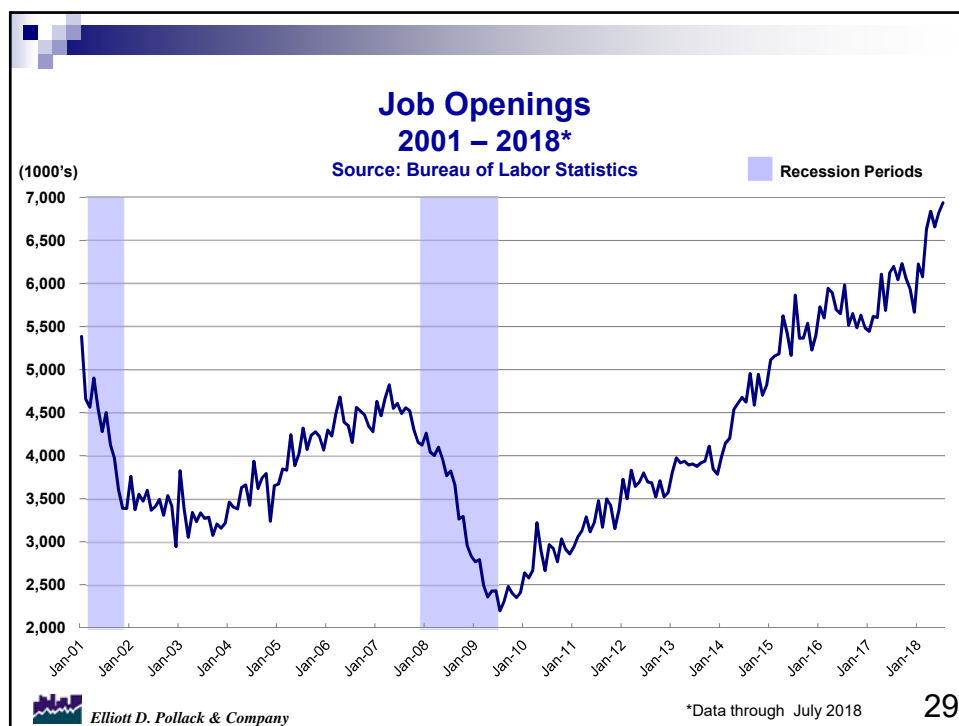








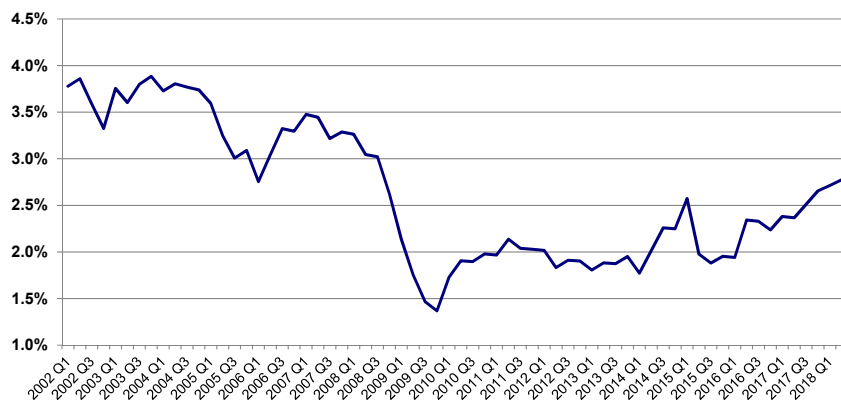




Employment Cost Index

2002-2018*

Source: Bureau of Labor Statistics



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*Data through second quarter 2018

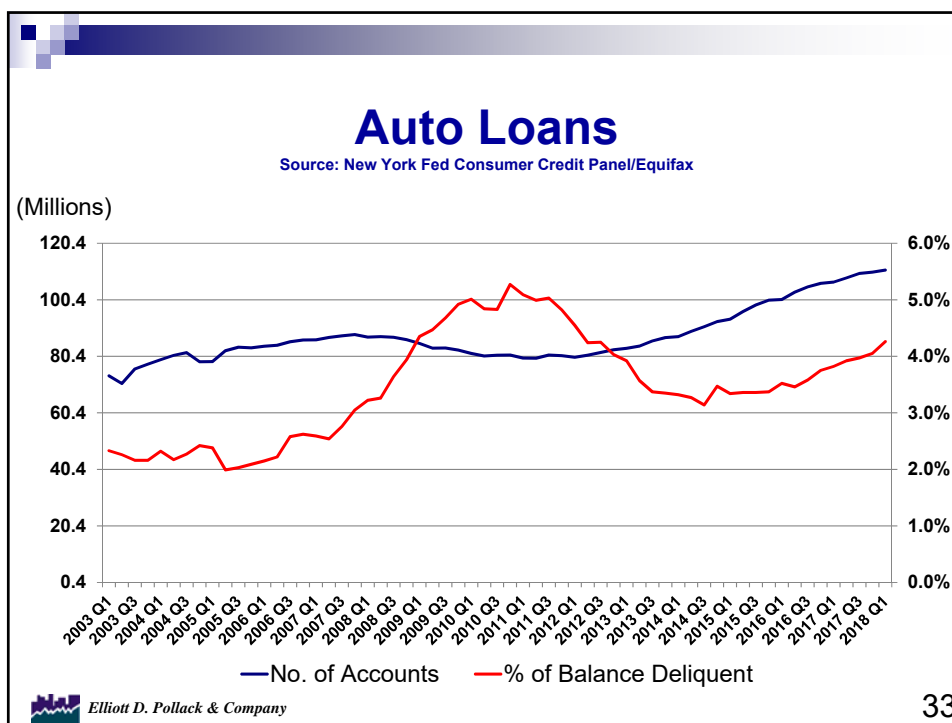
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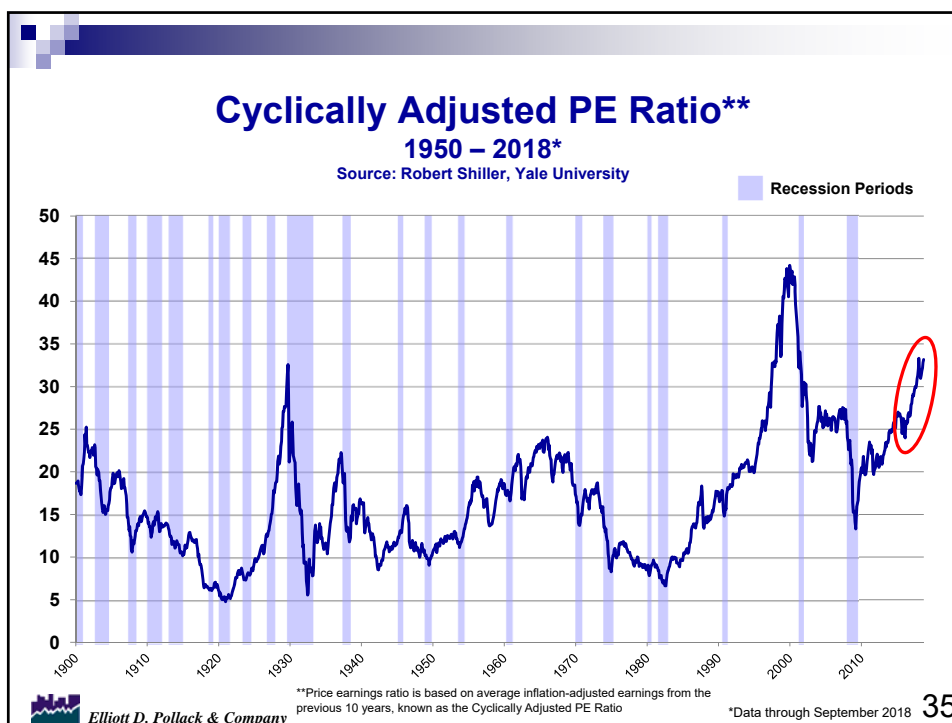
Auto Loans



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Effects of a Trade War

1. Higher prices on inputs
2. Jobs? Depends on structure. Probably a minor plus
3. Intellectual Property Rights

Will have a relatively minor effect on U.S. economy

Trade War or Negotiation?

- **23% of Chinese Exports end up in the U.S.**
- **8% of U.S. exports end up in China.**
- **20% of Chinese GDP is exports**
- **<10% of U.S. GDP is exports**

Trade War or Negotiation?

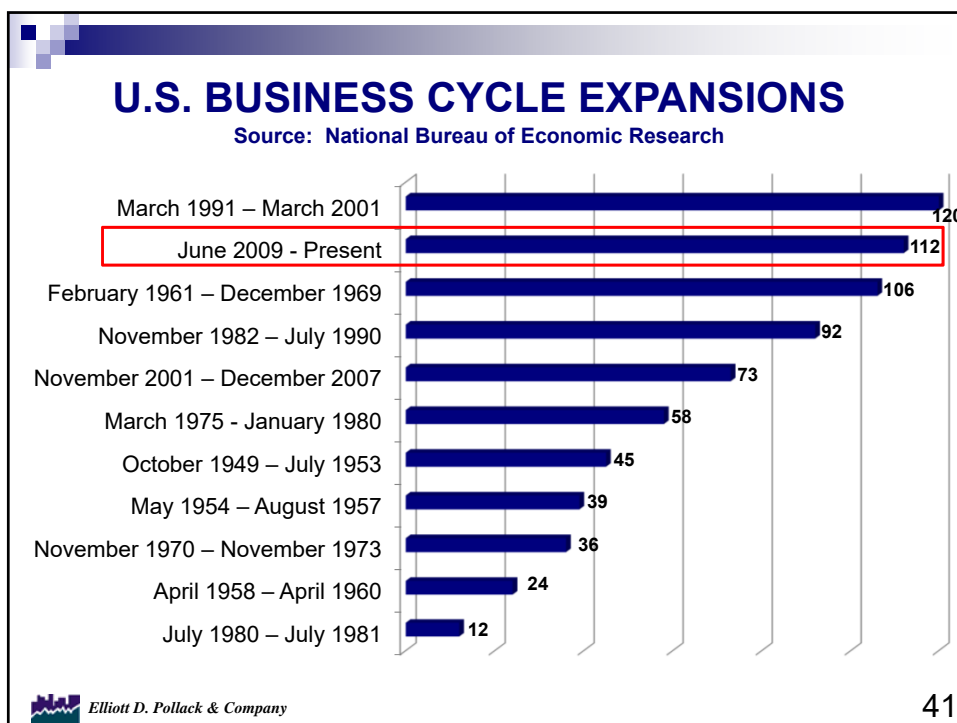
- **So, 4.6% of China's economy depends on exports to the U.S.**
- **0.7% of U.S. economy depends on exports to China.**
- **65% of the U.S. trade deficit is with China.**

Trade War or Negotiation?

- China needs exports to keep jobs.
- They probably don't want a U.S. recession.

This Cycle is No Spring Chicken





But, it is not over!

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**Expansions don't die
of old age.**



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**They die because an economy
becomes vulnerable to
exogenous shocks or asset
bubbles or a tightening in
the credit market.**



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**As recoveries get older, they
become more vulnerable to
shocks...**

**...Just as people get older they
become more vulnerable to
diseases.**

So, where does this leave us?



**2019 will probably still be a
good year.**



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**Tax cuts, deficit spending and plant
& equipment spending should keeps
things going nicely.**



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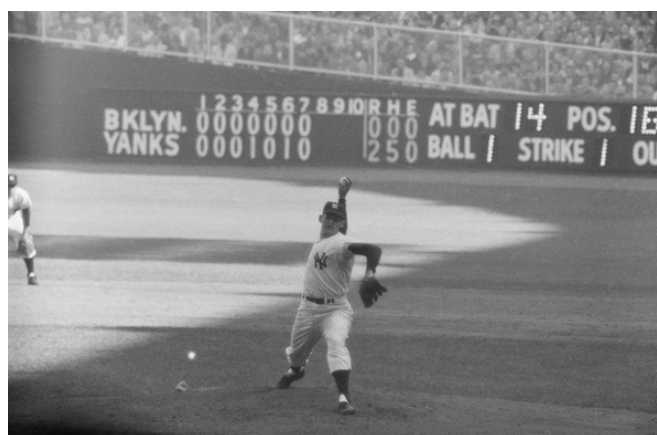
Probability of a recession still relatively low



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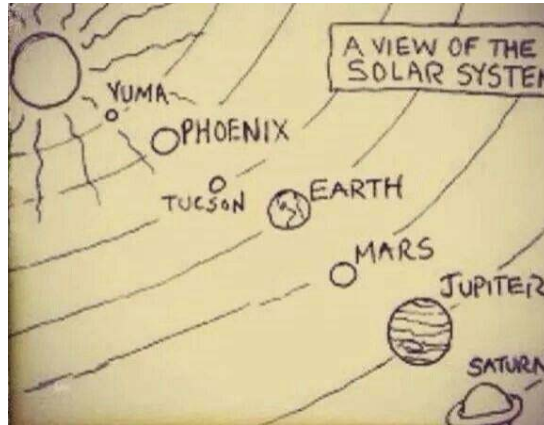
We're probably in the 8th inning




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Welcome to Arizona

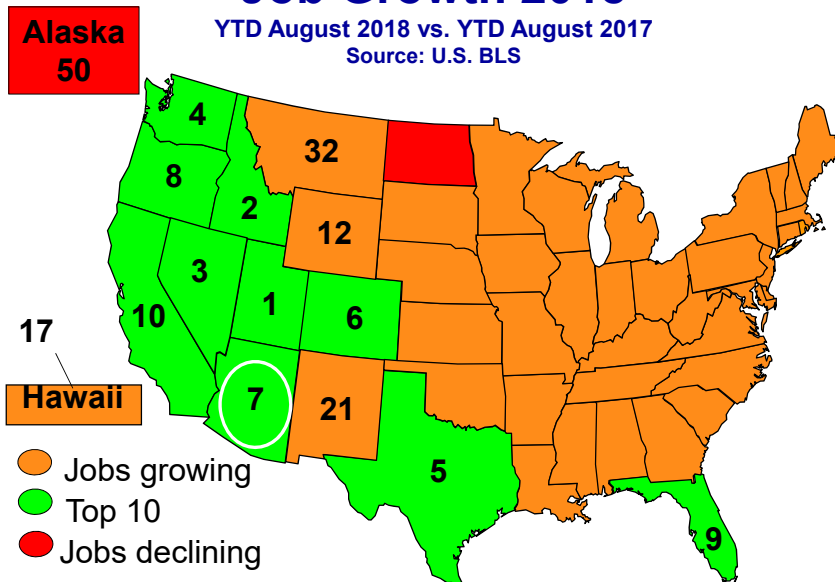



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Job Growth 2018

YTD August 2018 vs. YTD August 2017
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
1997	2	2008	46
1998	1	2009	49
1999	2	2010	49
2000	5	2011	27
2001	9	2012	9
2002	10	2013	9
2003	4	2014	18
2004	2	2015	11
2005	2	2016	7
2006	2	2017	5
2007	17	2018*	7



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*YTD August 2018 vs YTD August 2017

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Employment Growth From Bottom of Recession to Now Seasonally Adjusted Source: BLS

Area	% Change	% of Arizona Growth	2017 Annual Wages
United States	14.5%		\$55,331
Arizona	20.7%	100.0%	\$49,752
Greater Phoenix	25.8%	88.4%	\$52,043
Greater Tucson	9.7%	6.9%	\$43,584
Balance of State	6.8%	4.7%	\$37,579



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Note: Wages for Private industries
Bottom of Recession Sept. 2010 to 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
1997	2	22	2008	25	29
1998	1	23	2009	23	24
1999	3	24	2010	23	23
2000	7	25	2011	14	25
2001	7	26	2012	10	28
2002	5	25	2013	7	29
2003	3	25	2014	15	31
2004	3	25	2015	10	32
2005	1	26	2016	7	34
2006	1	27	2017	5	34
2007	10	29	2018*	7	34



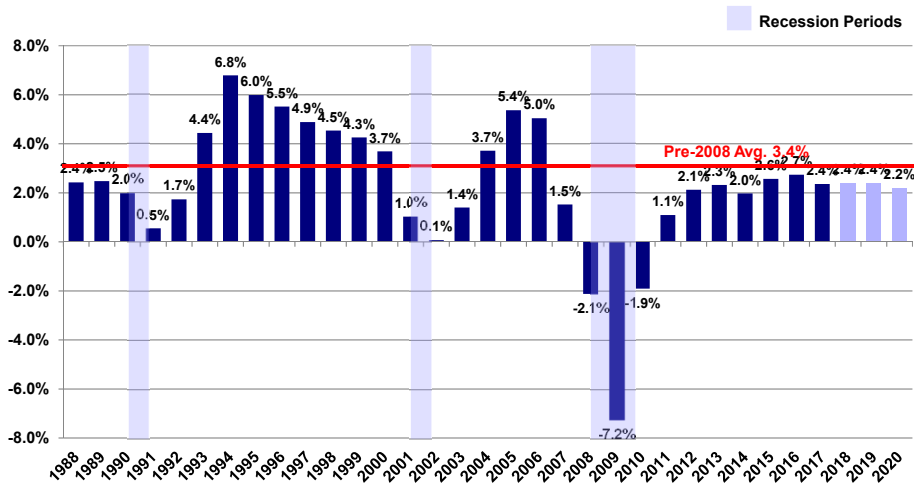
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*YTD August 2018 vs YTD August 2017

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Arizona Employment Annual Percent Change 1988–2019*

Source: Office of Economic Opportunity, EDPCo

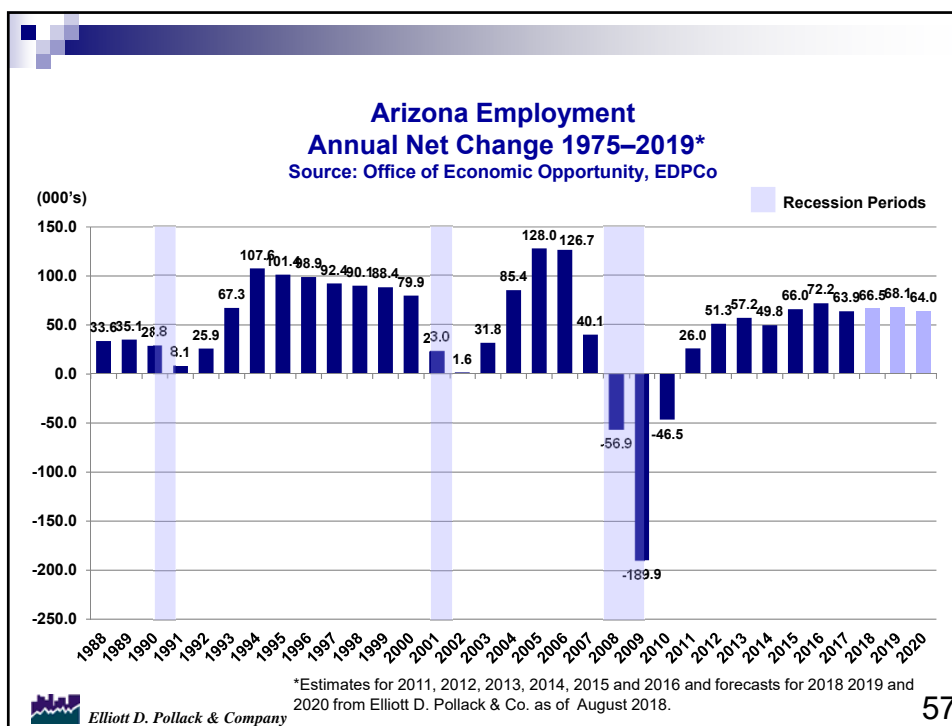


*Estimates for 2011, 2012, 2013, 2014, 2015 and 2016 and forecasts for 2018 2019 and 2020 from Elliott D. Pollack & Co. as of August 2018.

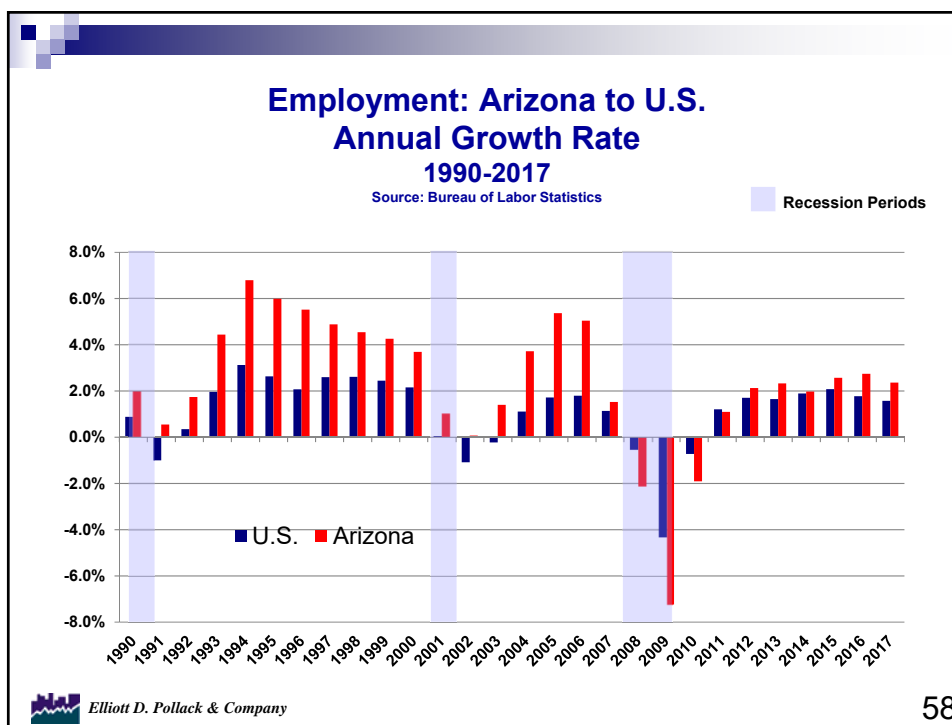


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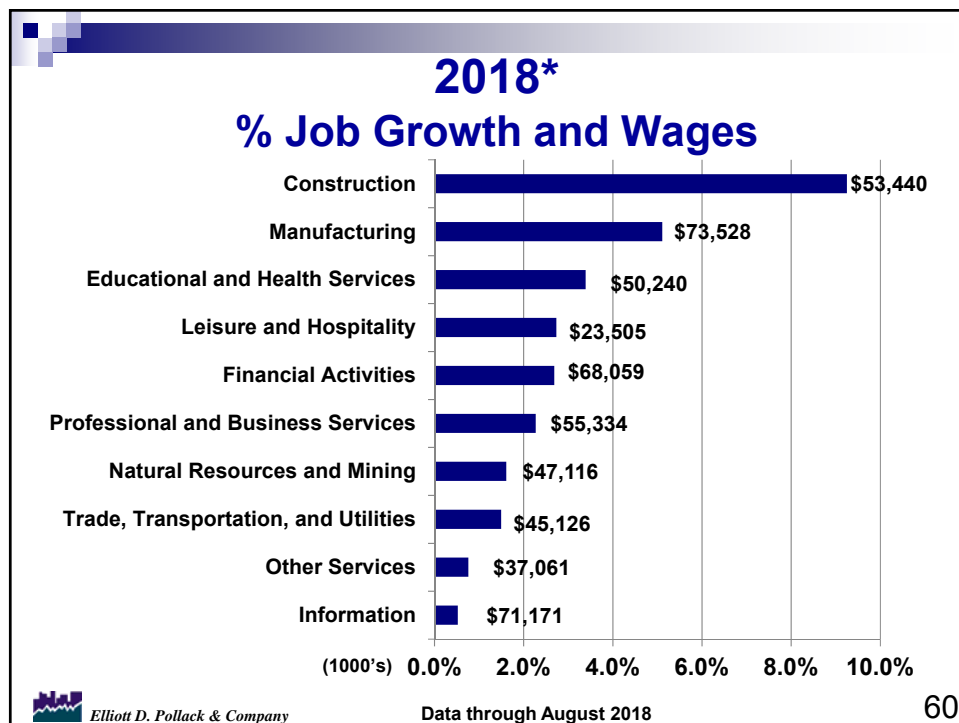
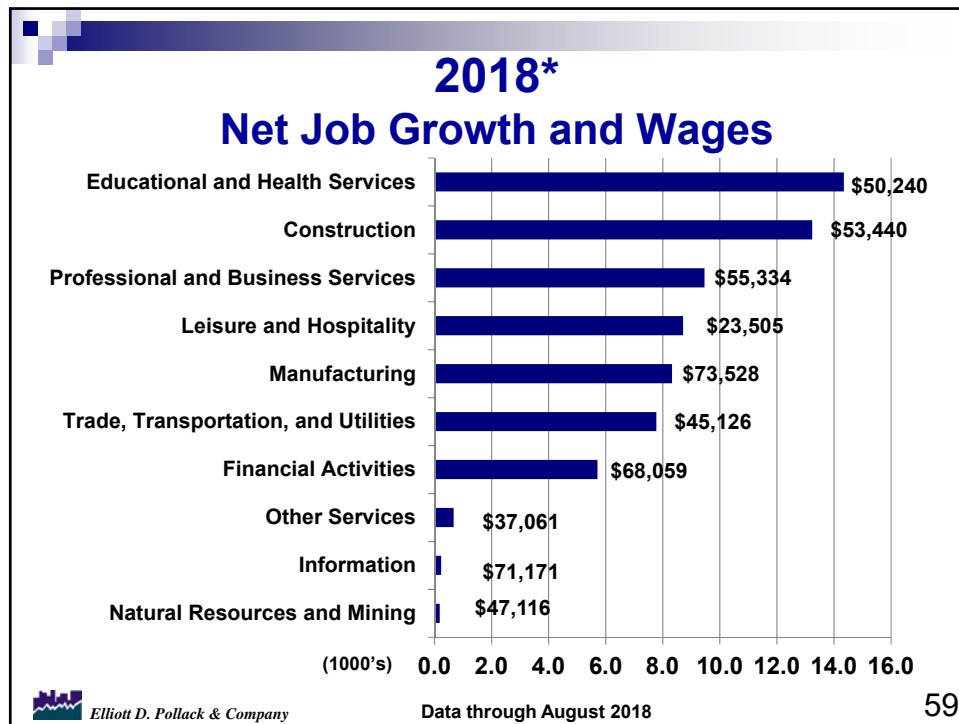
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Where are the Inflows of Population?



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Population Growth after Recessions

Arizona

Source: Office of Economic Opportunity

Years	% Growth	APR
1975-1980	18.8%	3.5%
1981-1990	31.1%	3.1%
1991-2001	39.6%	3.4%
2001-2007	18.7%	2.9%
2009-2017	9.0%	1.1%



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Growth itself is an economic driver in Arizona–

People moving to the State create demand for goods and services that create more jobs.

When you grow around 1.5% instead of 3.1%, the part of the economy that is based on servicing new population becomes much smaller.



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Arizona Population

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

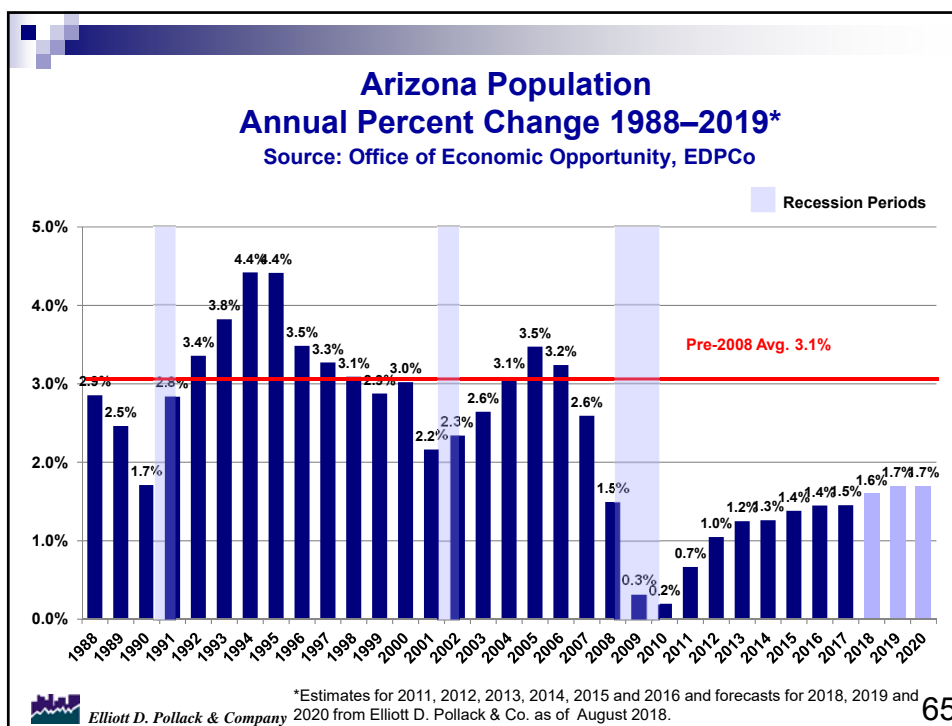
Period Ending	Population	Change	APR
1970	1,794,912	473,912	3.1%
1980	2,737,774	942,862	4.3%
1990	3,684,097	946,323	3.0%
2000	5,175,581	1,491,484	3.5%
2010	6,401,569	1,225,988	2.1%
2015	6,758,251	356,682	1.1%
2020*	7,301,968	543,717	1.6%
2025*	7,876,474	574,506	1.5%

*Forecasts from EDPCo
1970-2010 10 year period
2010-2020 5 year period

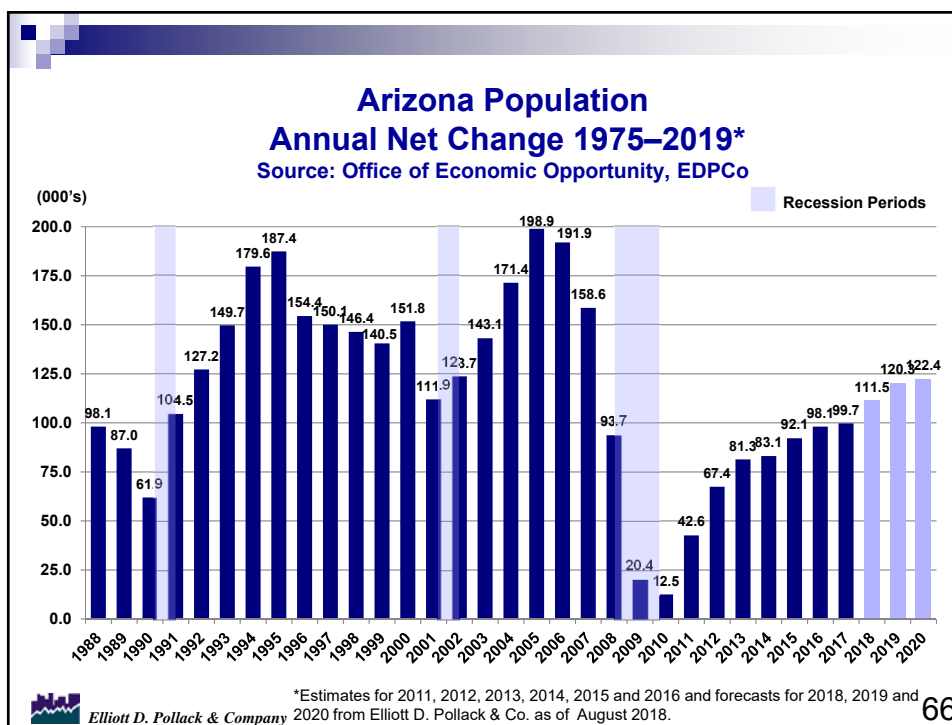


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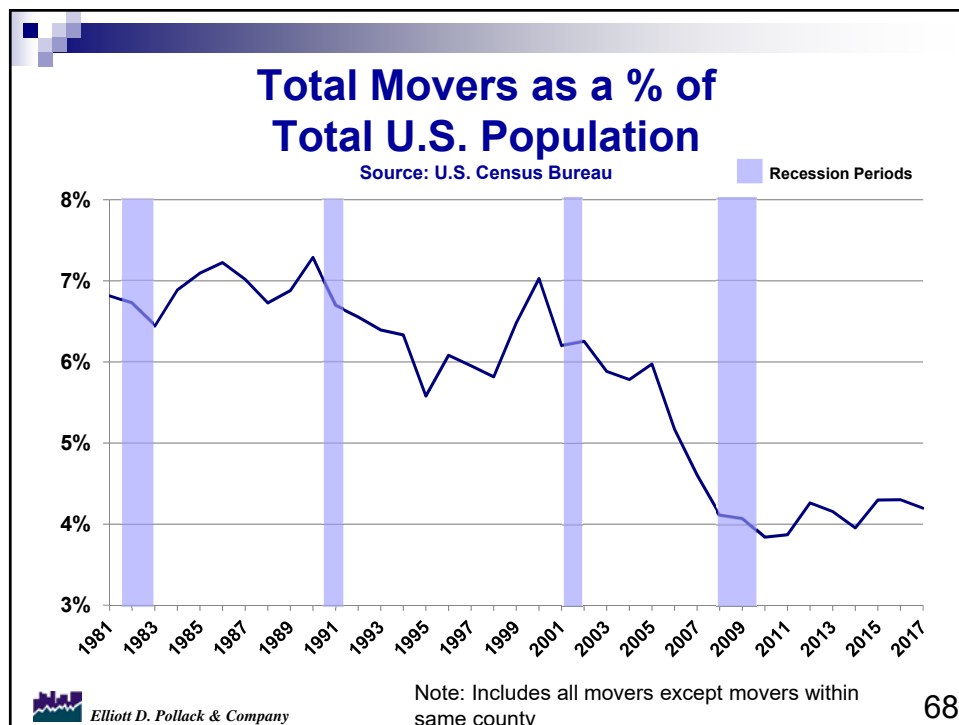
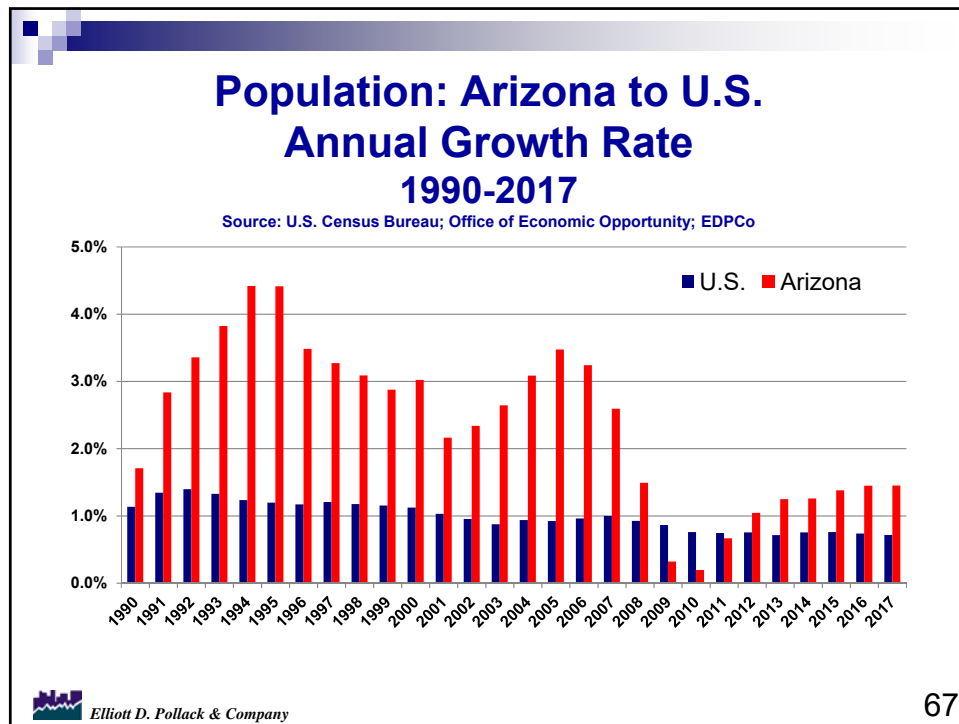
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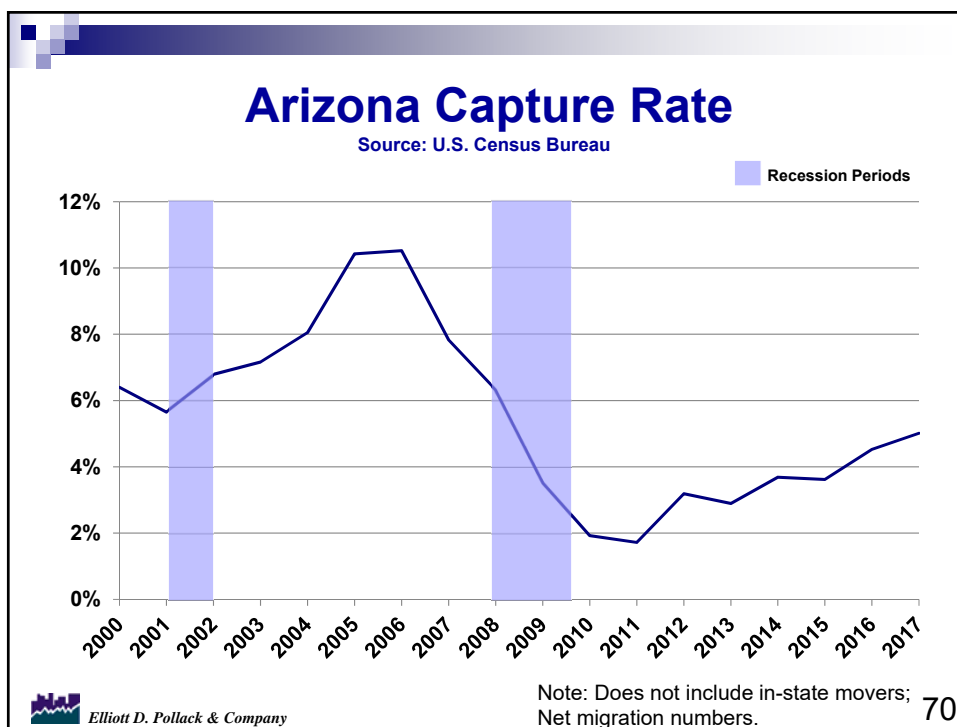
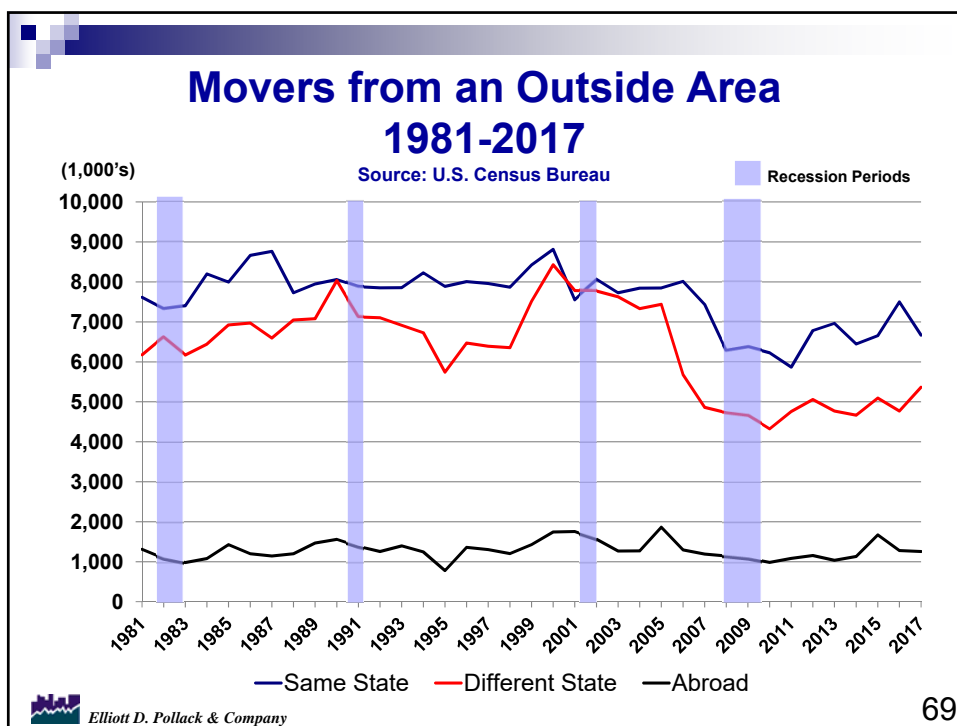


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2017 Population Growth Rank By County

Source: U.S. Census Bureau

Rank	County	Population	Net Chg.	Percent Chg.
1	Maricopa, AZ	4,307,033	73,650	1.7%
2	Clark, NV	2,204,079	47,355	2.2%
3	Riverside, CA	2,423,266	36,744	1.5%
4	Harris, TX	4,652,980	35,939	0.8%
5	Tarrant, TX	2,054,475	32,729	1.6%
6	King, WA	2,188,649	32,687	1.5%
7	Bexar, TX	1,958,578	30,831	1.6%
8	Dallas, TX	2,618,148	30,686	1.2%
9	Denton, TX	836,210	27,911	3.5%
10	Collin, TX	969,603	27,150	2.9%



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Housing Market Outlook



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Overview of Single Family Housing

- Current conditions in the single family market are the polar opposite of 2007-2011
- No signs of over supply
- Signs of strong pent-up demand



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Affordability is a key-concern, with millennials entering the marketplace and the retirement population growing.



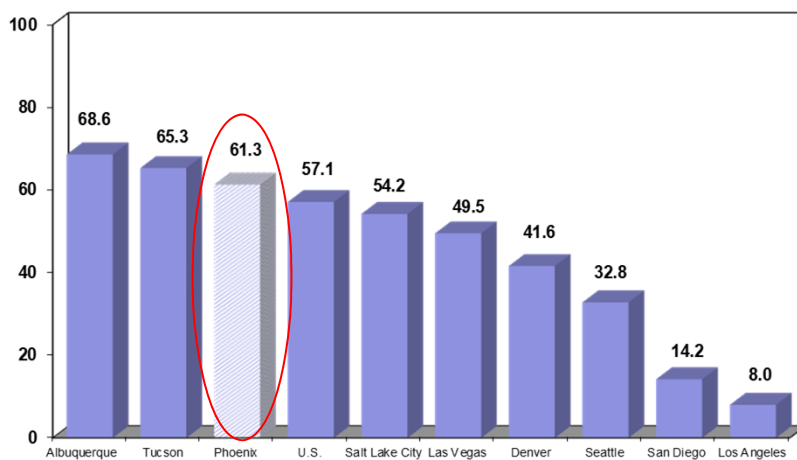
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Source: Belfiore, KnowledgeBase Current and Future Market Insights

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Housing Opportunity Index 2018 Q2

Source: NAHB/Wells Fargo

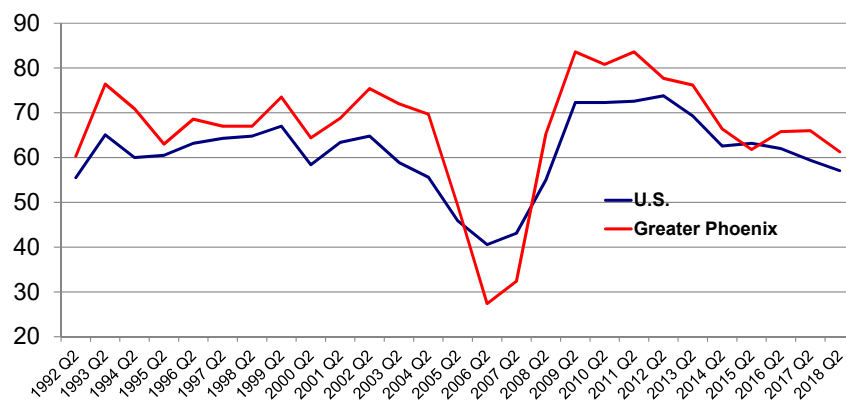


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Housing Opportunity Index 1992-2018

Source: NAHB/Wells Fargo



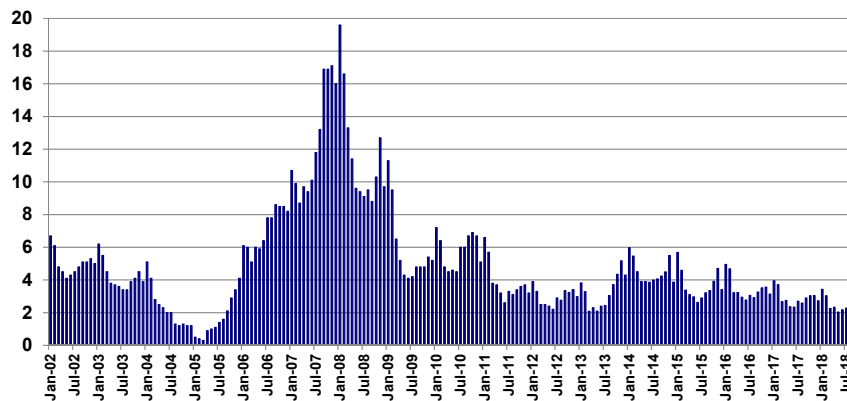
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Greater Phoenix Month's Supply

2002-2018*

Source: ARMLS



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*Data through August 2018

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Builders are facing supply side constraints:

- **Cost of buildable lots**
- **Increasing construction material costs**
- **Sufficient labor???**

And demand side constraints of rising mortgage interest rates

The result is upward pressure on housing prices and reduced affordability.



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Pricing by Builder in Greater Phoenix

Source: Belfiore

Subdivision Name	Builder Name	Net Pricing Range
The Palms	D. R. Horton	\$224,305 - \$258,305
Discovery & Encore at Adora Trails	Taylor Morrison	\$286,240 - \$341,240
Cantada Ranch	Garrett-Walker Homes	\$229,990 - \$282,990
Express at Tartesso	D. R. Horton	\$170,240 - \$229,240
Magma Ranch Unit 8	D. R. Horton	\$170,240 - \$206,240
Magma Ranch Unit 6	D. R. Horton	\$171,155 - \$199,155
Meadows at Homestead	D. R. Horton	\$185,532 - \$200,532
Express at Santa Rosa Springs (P1)	D. R. Horton	\$163,305 - \$233,305
Saguaro & Agave at Watson Estates	D. R. Horton	\$194,490 - \$239,990
Condos at Rhythm	Mattamy Homes	\$259,054 - \$293,554



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**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

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Millennials

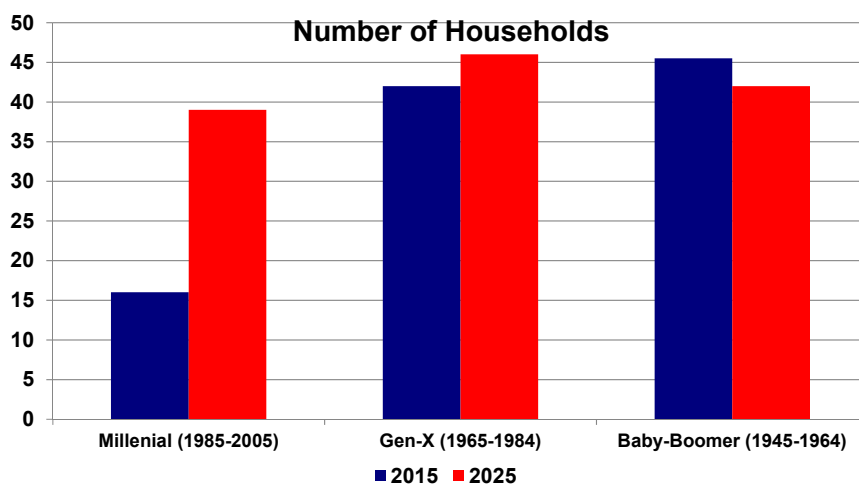


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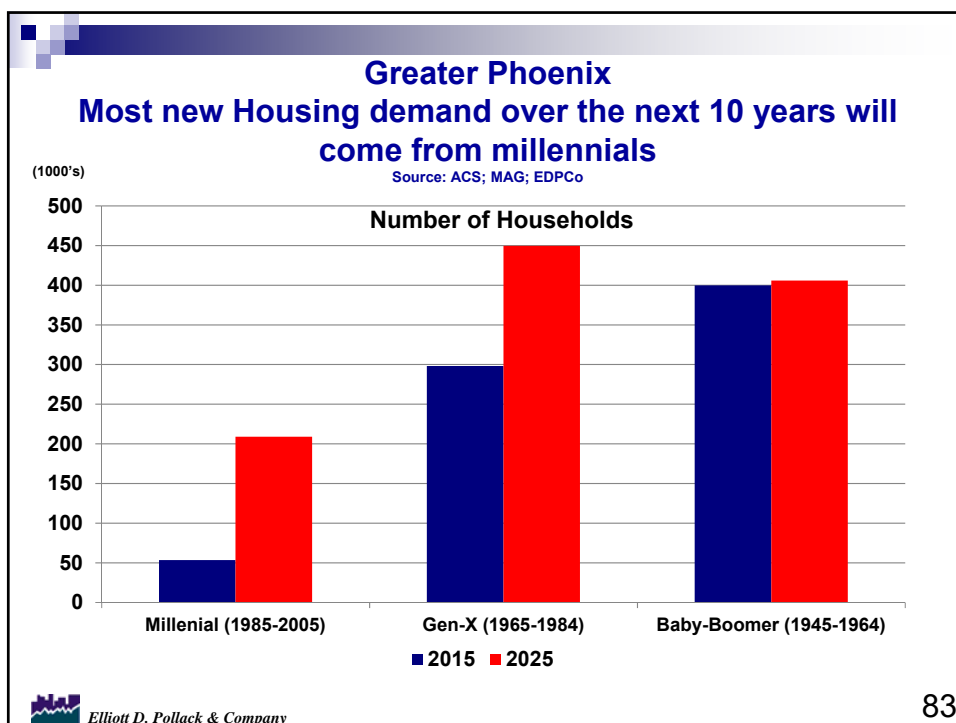
Most new Housing demand over the next 10 years will come from millennials

Source: JCHS tabulations of 2016 JCHS Household Projections, Harvard



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Baby Boomers Versus Millennials

Aged 25-34

Source: Bowling Green State University; 1980 Decennial Census; 2015 American Community Survey; CDC

	Baby Boomers (1980)	Millennials (2015)
Married	68%	40%
Never Married	20%	53%
Age first marriage Males	25	≈30
Age first marriage Females	22	≈28
Mean Age at First Child	23	≈27
Live in Independent Households	84%	59%
Lived with Parents/Grandparents	9%	22%

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Arizona Homeownership Rates by Age Group

Source: 2017 American Community Survey 1-Year Estimates

Householder Age	% of Total Occupied
15 to 24 years	14.5%
25 to 34 years	<u>39.3%</u>
35 to 44 years	<u>55.8%</u>
45 to 54 years	66.5%
55 to 64 years	76.1%
65 to 74 years	82.7%
75 to 84 years	83.7%
85 years and over	73.9%
Total	64.7%



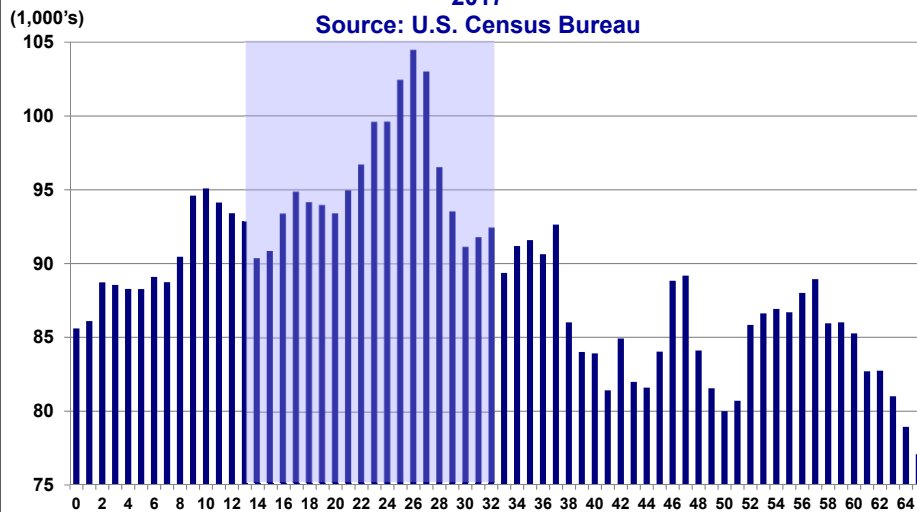
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Arizona Population by Age

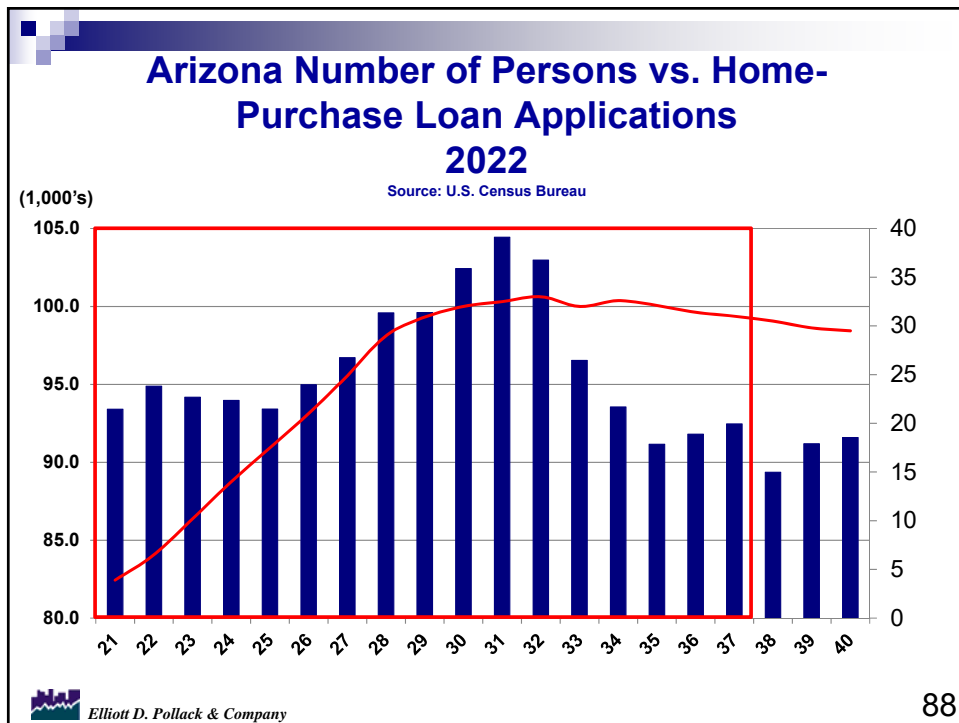
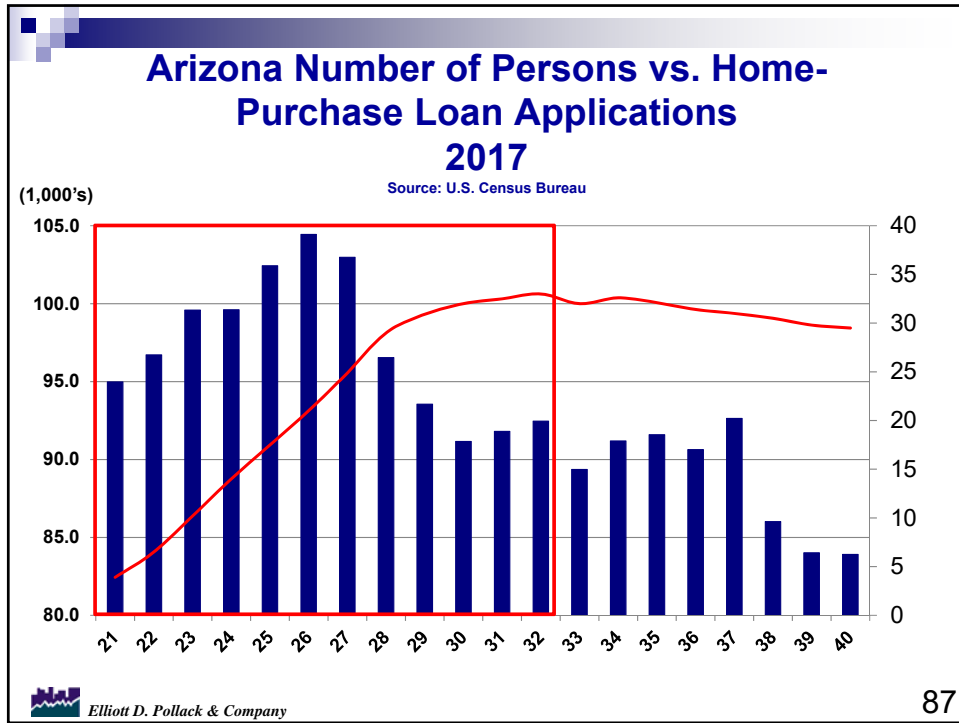
2017

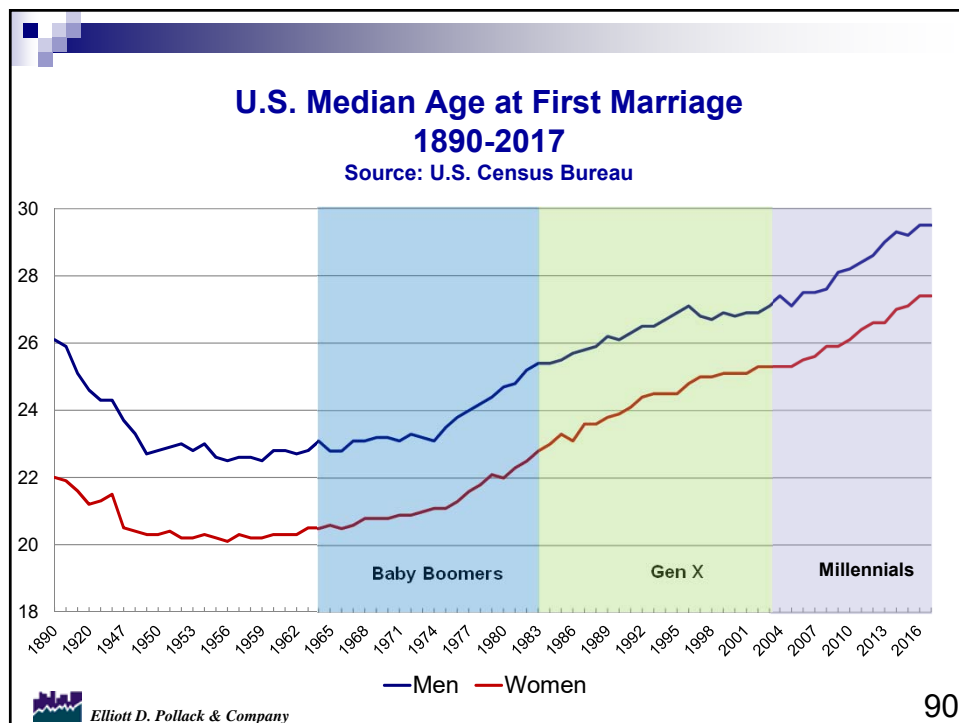
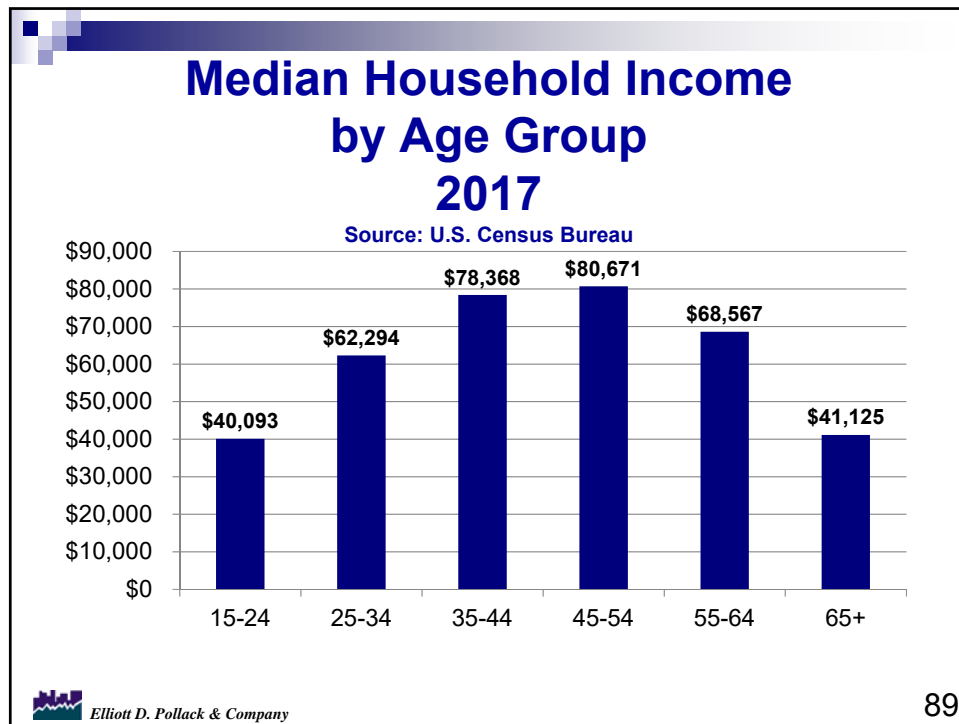
Source: U.S. Census Bureau

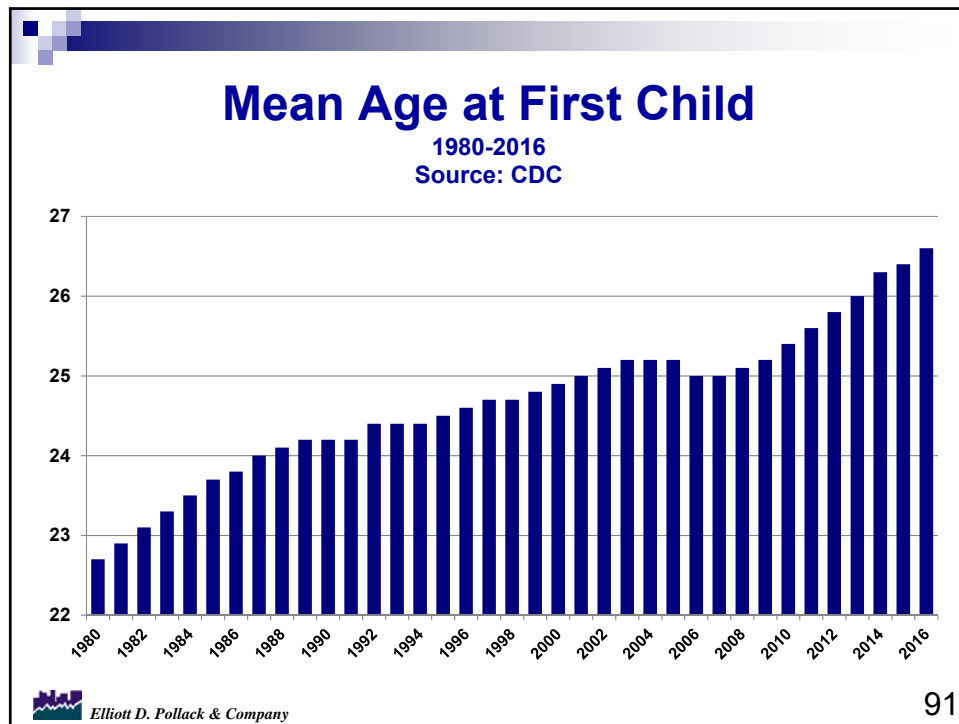


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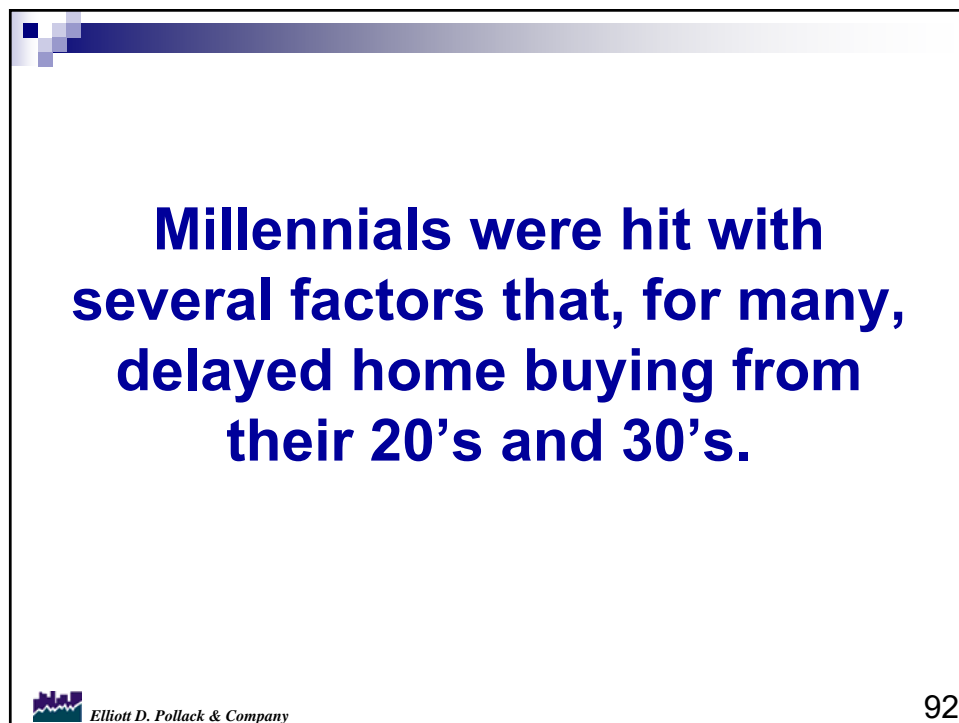
86







Millennials were hit with several factors that, for many, delayed home buying from their 20's and 30's.



These Factors Include:

- **The Great Recession and the lack of job opportunities**
- **Greater acceptance of larger amounts of student debt**
- **Social mores are changing and becoming acceptable:**
 - **Delay of Marriage**
 - **Living with Mommy and Daddy**
 - **Becoming less materialistic**



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Many of those changes are coming to an end as millennials start to:

- **Pay off student loan debt**
- **Benefit from a strong economy**
- **Realize they are subject to the laws of biology**



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Student Loans

- 70% of students leave college with debt
- Standard repayment plan is 10 years
- 60% of students are expected to pay off their loan in their 40's



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Student Debt Distribution

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

Balance	Number of Borrowers 2017 Q4	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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Student Loan or Mortgage Payment

Original Amount	Monthly Payment	Potential Mortgage
\$200,000	\$2,121	\$408,542
\$150,000	\$1,591	\$306,407
\$100,000	\$1,061	\$204,271
\$75,000	\$795	\$153,203
\$50,000	\$530	\$102,136
\$25,000	\$265	\$51,068
\$10,000	\$106	\$20,427

Assumptions:
 Monthly Payment
 10 years
 5% interest rate
 Potential Mortgage
 30-year mortgage
 4.71% interest rate



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Student Loan Debt Delaying Homeownership

Source: Bankrate Money Pulse Survey

30% of 18-40 years old with student loan debt have delayed buying a home.



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Millennials Rent for Life?

Source: Fannie Mae

According to Fannie Mae's Renters Survey:

- 37% are renting in order to get ready to buy a home
- 46% said their biggest obstacle to doing so is saving up for a down payment and closing costs
- 95% said they plan to own someday

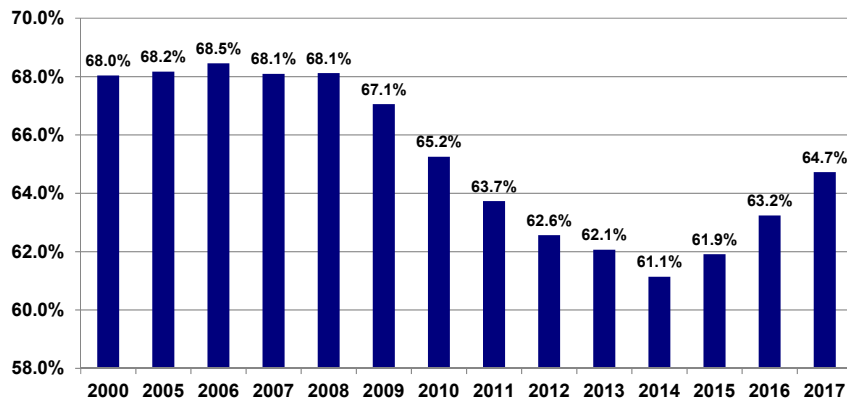


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Homeownership Percentage Arizona

Source: U.S. Census, American Community Survey



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Conclusion:

Significant of pent up demand.

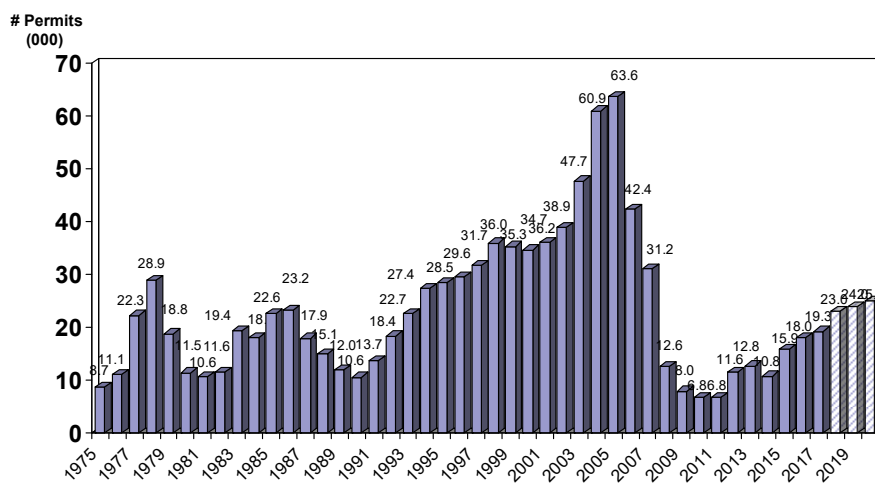
Outlook remains strong!



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**Single Family Permits
Greater Phoenix 1975–2020***
Source: RL Brown & Elliott D. Pollack & company



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*2018 and 2019 forecast is from Elliott D. Pollack & Company

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Apartments



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Multi-Family Housing Market

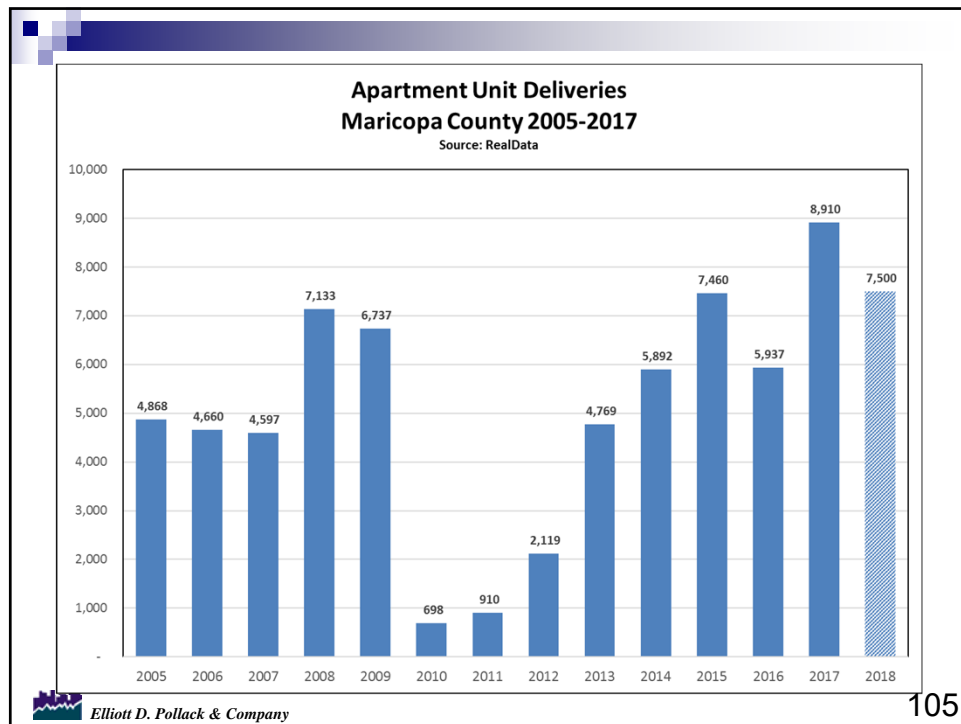
Source: PMHS; RealData

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



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**High end apartment demand
will continue to be strong.**

**But there is a lot of high
priced supply coming to
market.**

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Where is the supply/demand imbalance?



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Worker Housing

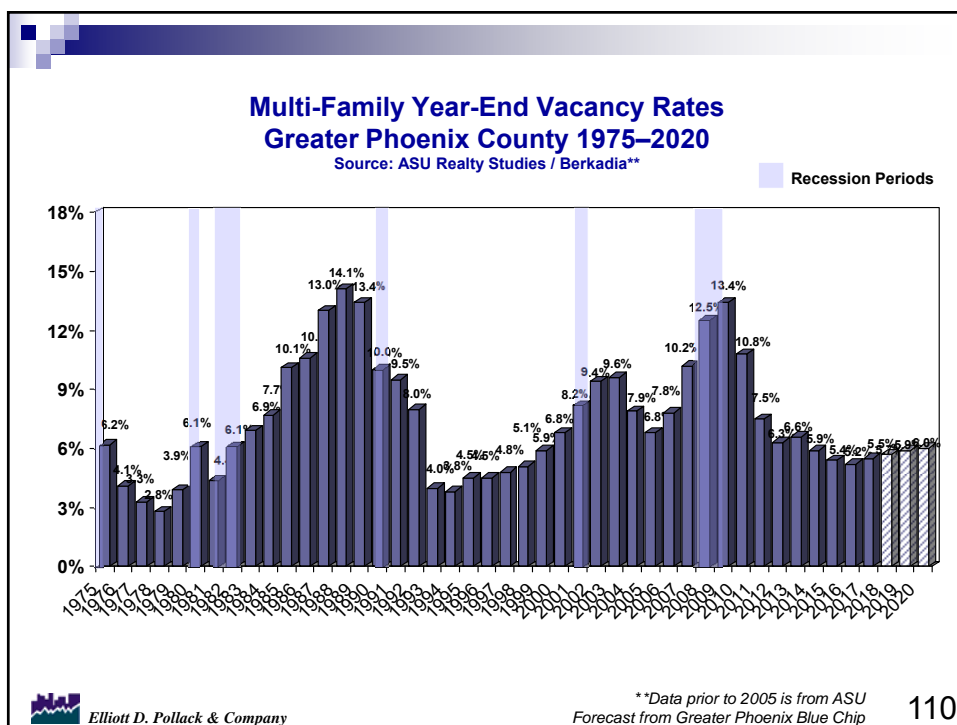
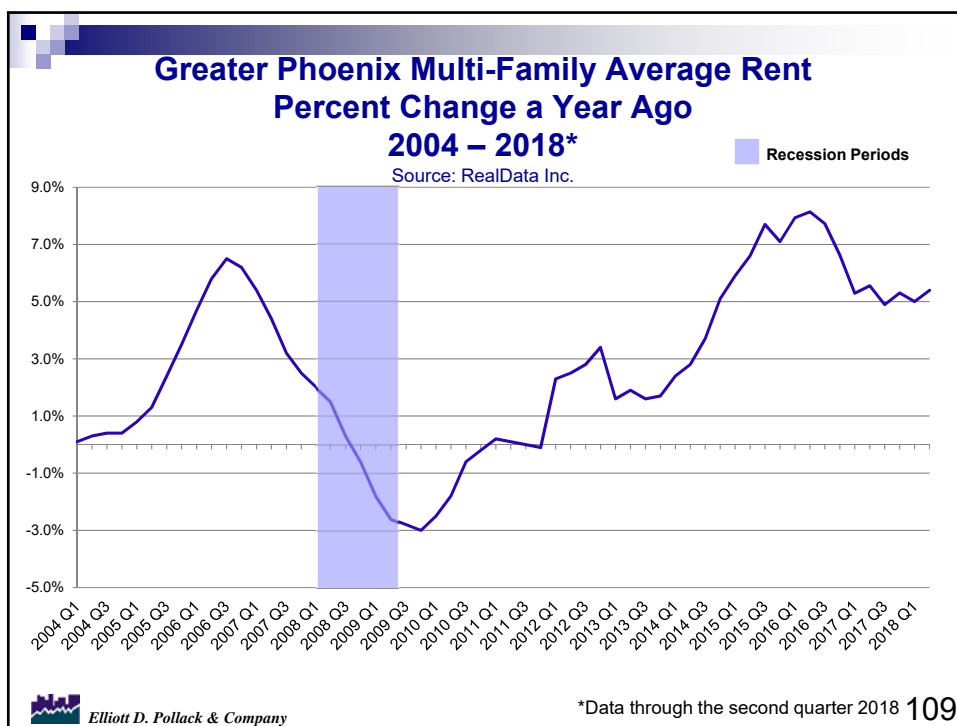
Source: Everest Holdings

- The strongest demand is in worker housing
- Households earning between 60% and 120% of median household income.
- This is not Subsidized housing
- Police officer, firefighters, teachers, retail workers, hospital workers, etc.
- Housing that is affordable (20 to 30 percent of Household income).
- Traditional Apartments, SF rentals and for-sale housing.
- Close to major employment centers and transportation routes.



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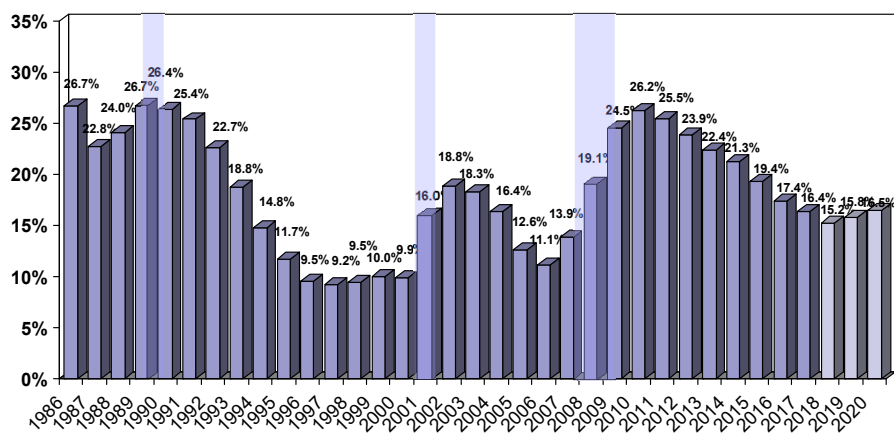
OFFICE



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

Source: CBRE

 Recession Periods



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	2,011,404
2011	1,857,433	3,144,910
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**	897,284	618,824



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*All Leased multi-tenant space greater than 10,000 SF.
**Data through the second quarter 2018

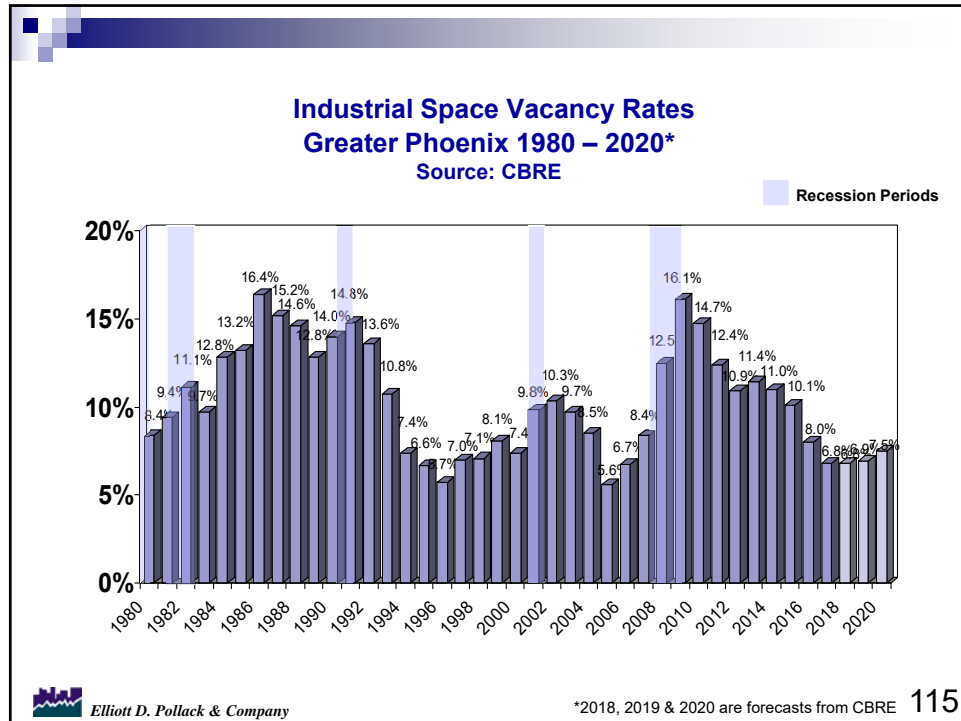
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INDUSTRIAL



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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	7,696,277	1,954,037
2012	6,093,132	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*	4,278,639	3,490,669

*Data through the second quarter 2018

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RETAIL

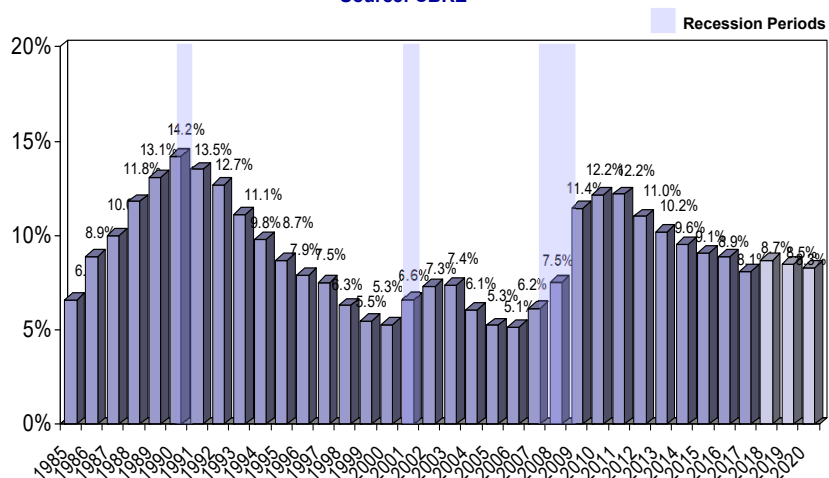


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Retail Space Vacancy Rates Greater Phoenix 1985–2019*

Source: CBRE**



*2018, 2019 & 2020 are forecasts from CBRE

** Data prior to 1992 is from Grubb & Ellis



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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	1,039,989	336,152
2018*	(112,444)	590,123



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*Data through the second quarter 2018

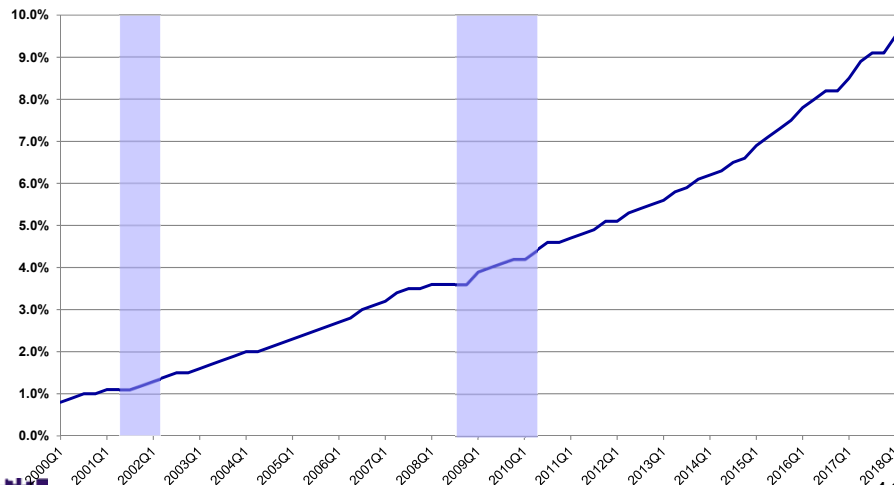
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E-Commerce Retail Sales as a Percent of Total Sales

2000 – 2018*

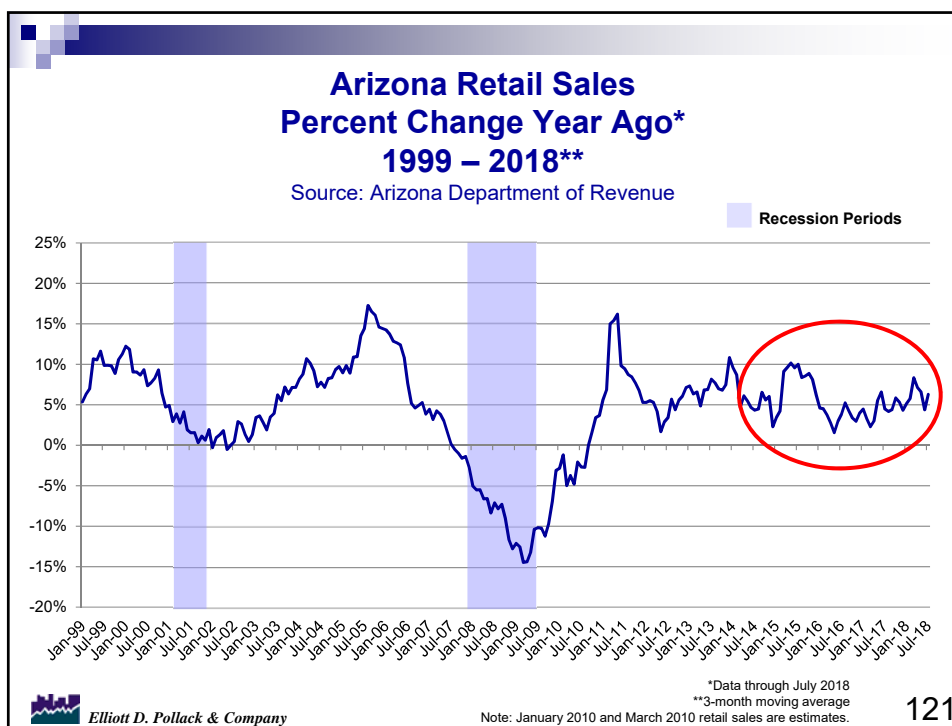
Source: U.S. Census Bureau

Recession Periods



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Overall Conclusions:

**Rate of growth likely to slow
somewhat in 2019.**

**But 2019 should still be a good
year.**

**Nothing indicates an
imminent recession.**

**We are in the bottom of the 7th or the
top of the 8th inning of what has
been a very long game.**

Could go to extra innings???

FINANCE ADVISORY COMMITTEE CASH FLOW UPDATE

October 2018

OFFICE OF THE STATE
TREASURER

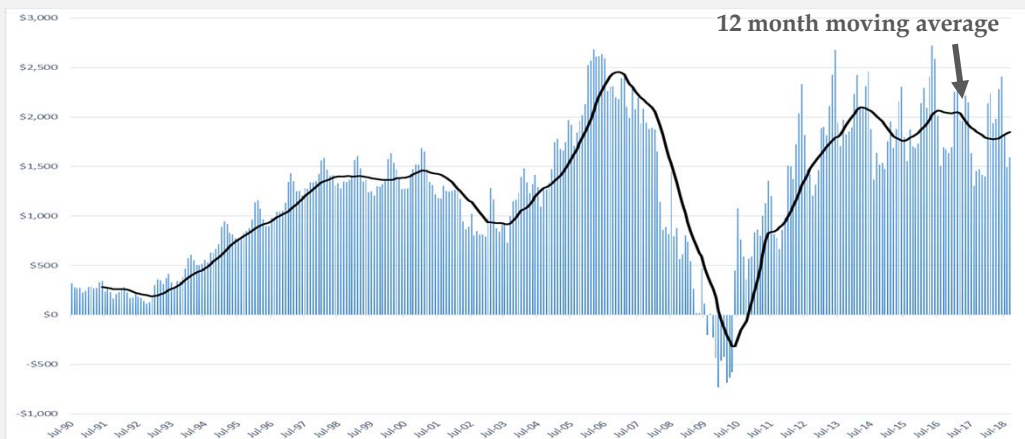
Hon. Eileen I. Klein
Treasurer



STATE CASH FLOW



TOTAL OPERATING ACCOUNT AVERAGE MONTHLY BALANCE
Up 11.8% in FY 2019 YTD

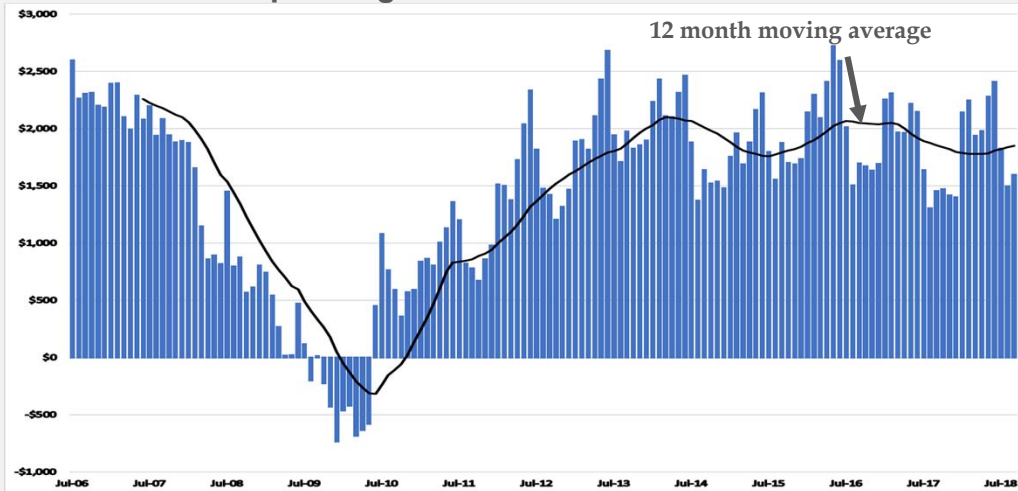




STATE CASH FLOW



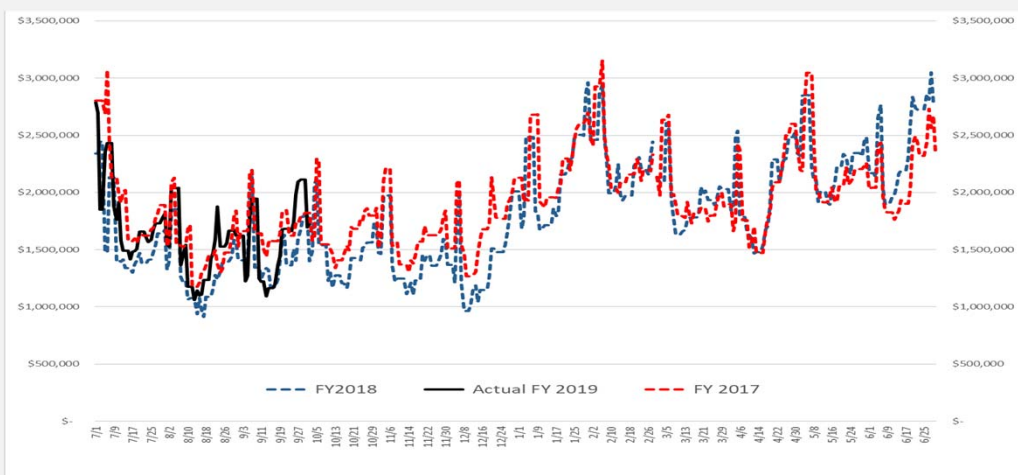
State Operating Balance FY 2007 - FY 2019 YTD



STATE CASH FLOW



YTD FY 2019 Cash Flow vs. Last Two Fiscal Years



Arizona Economic Trends

September 2018

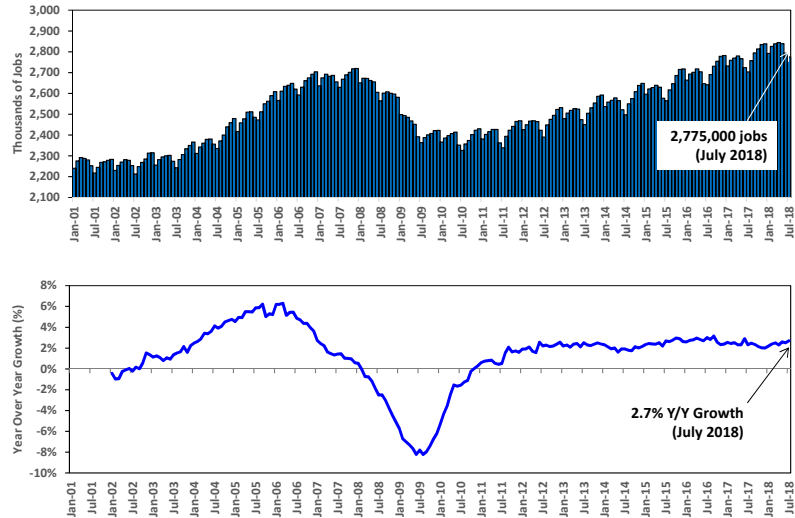
JLBC

Contents

Page:

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

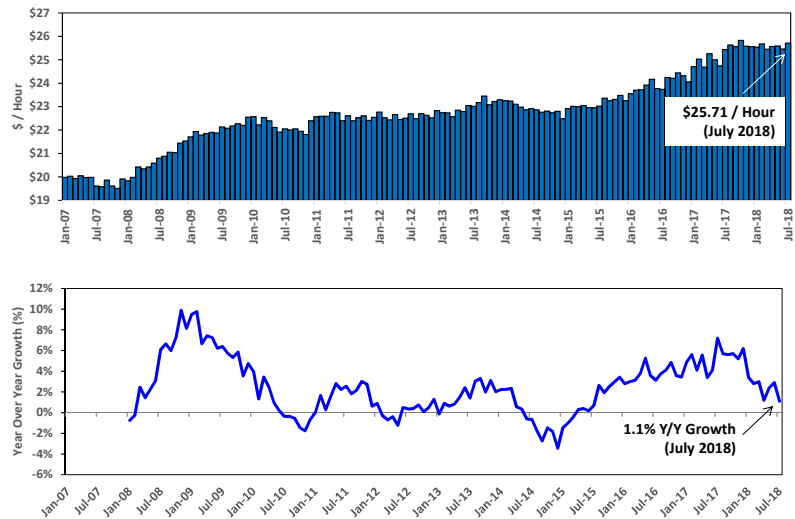
Total Non-Farm Employment



JLBC

3

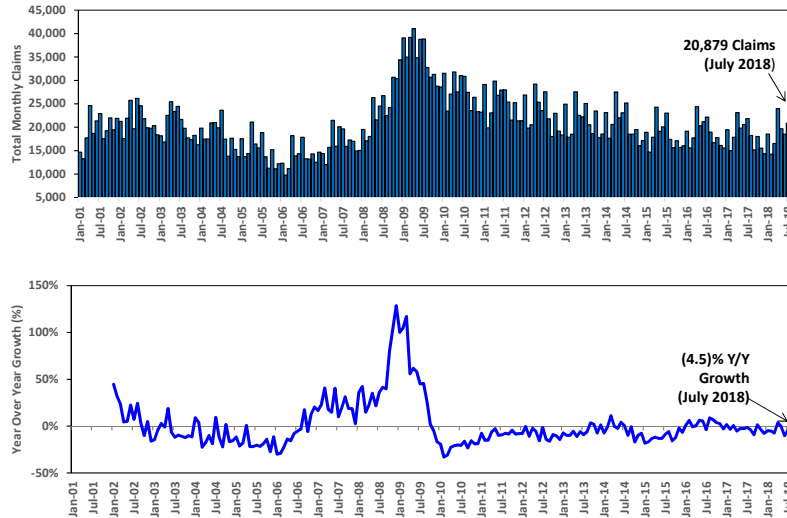
Average Hourly Earnings – Private Sector



JLBC

4

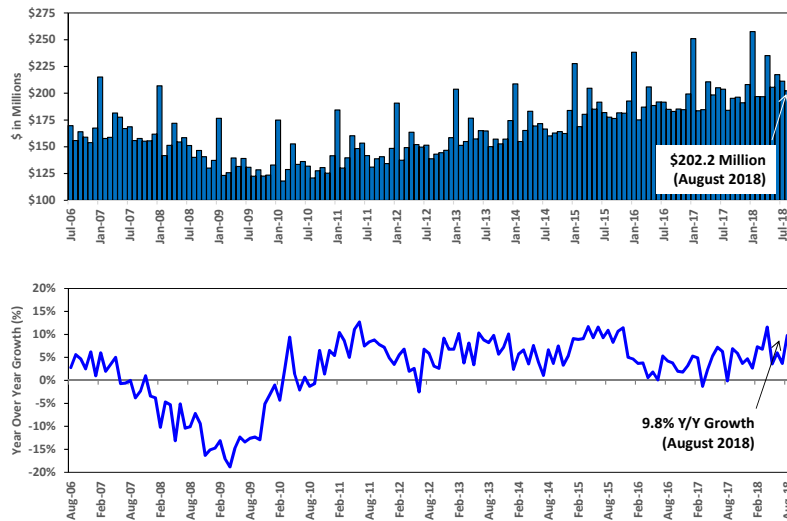
Initial Claims for Unemployment Insurance



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State Sales Tax Collections – Retail Category



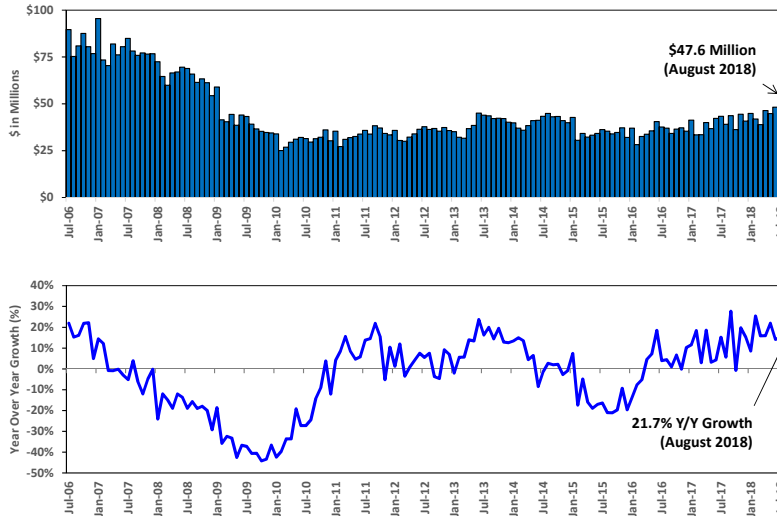
JLBC

Excludes temporary 1-cent sales tax

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

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State Sales Tax Collections – Contracting Category

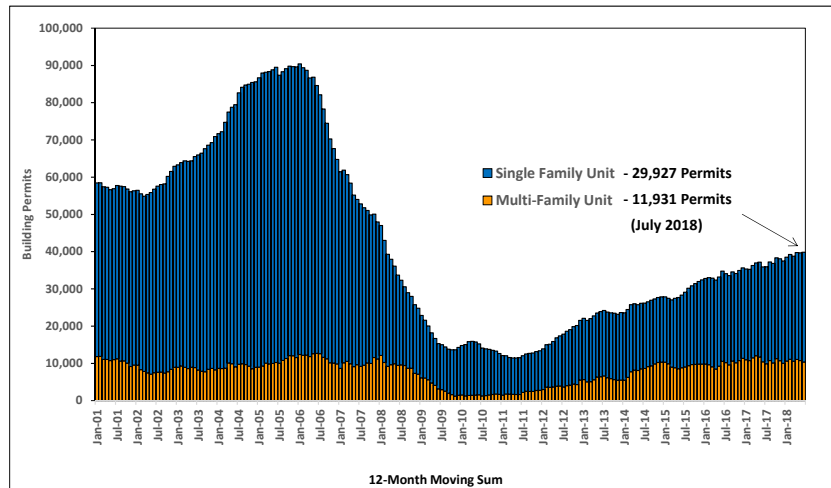


JLBC

Excludes temporary 1-cent sales tax

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Residential Building Permits



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Sales Tax

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

General Fund Collections

		Year-to-Year %		Year-to-Date	
		Collections (\$)	Change	Collections (\$)	Change
FY 2014	July 2013	339,218,789	5.4%	339,218,789	5.4%
	Aug 2013	330,453,883	9.2%	669,672,672	7.2%
	Sep 2013	335,831,770	6.7%	1,005,504,442	7.0%
	Oct 2013	328,875,700	8.0%	1,334,380,142	7.3%
	Nov 2013	323,933,003	4.9%	1,658,313,145	6.8%
	Dec 2013	327,109,813	6.0%	1,985,422,958	6.7%
	Jan 2014	367,609,390	2.7%	2,353,032,348	6.0%
	Feb 2014	314,441,338	1.9%	2,667,473,686	5.5%
	Mar 2014	325,993,542	9.3%	2,993,467,228	5.9%
	Apr 2014	358,451,112	4.9%	3,351,918,340	5.8%
	May 2014	336,552,864	4.2%	3,688,471,204	5.7%
	June 2014	297,410,376	3.1%	3,985,881,580	5.5%
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	416,500,000	8.0%	1,233,318,676	7.1%
	Oct 2018	***September 2018 amount is a preliminary estimate***			
	Nov 2018				
	Dec 2018				
	Jan 2019				
	Feb 2019				
	Mar 2019				
	Apr 2019				
	May 2019				
	June 2019				

Arizona Sales Tax - Retail

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2014	July 2013	164,753,436	8.8%	164,753,436	8.8%
	Aug 2013	150,159,878	8.2%	314,913,314	8.5%
	Sep 2013	157,089,858	9.8%	472,003,172	8.9%
	Oct 2013	152,652,197	5.7%	624,655,369	8.1%
	Nov 2013	157,213,539	7.2%	781,868,908	7.9%
	Dec 2013	174,512,641	10.1%	956,381,549	8.3%
	Jan 2014	238,163,840	16.9%	1,194,545,389	9.9%
	Feb 2014	154,943,150	2.4%	1,349,488,539	9.0%
	Mar 2014	165,184,759	6.6%	1,514,673,298	8.7%
	Apr 2014	183,203,353	3.6%	1,697,876,651	8.2%
	May 2014	169,355,304	7.6%	1,867,231,955	8.1%
	June 2014	171,659,444	4.0%	2,038,891,399	7.8%
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	202,684,144	9.7%	414,617,995	6.5%
	Sep 2018	*** Detailed data by category for September 2018 is not yet available***			
	Oct 2018				
	Nov 2018				
	Dec 2018				
	Jan 2019				
	Feb 2019				
	Mar 2019				
	Apr 2019				
	May 2019				
	June 2019				

Arizona Sales Tax - Contracting

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2014	July 2013	43,907,390	16.3%	43,907,390	16.3%
	Aug 2013	43,618,684	20.0%	87,526,074	18.1%
	Sep 2013	42,416,407	15.1%	129,942,481	17.1%
	Oct 2013	42,304,040	19.5%	172,246,521	17.7%
	Nov 2013	42,121,860	12.9%	214,368,381	16.7%
	Dec 2013	40,208,342	12.6%	254,576,723	16.1%
	Jan 2014	39,820,300	13.4%	294,397,023	15.7%
	Feb 2014	36,970,395	15.0%	331,367,418	15.6%
	Mar 2014	35,930,174	13.5%	367,297,592	15.4%
	Apr 2014	38,358,105	4.4%	405,655,697	14.3%
	May 2014	40,976,805	6.4%	446,632,502	13.5%
	June 2014	41,235,619	-8.5%	487,868,121	11.2%
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	47,561,918	21.7%	97,273,085	18.1%
	Sep 2018	*** Detailed data by category for September 2018 is not yet available***			
	Oct 2018				
	Nov 2018				
	Dec 2018				
	Jan 2019				
	Feb 2019				
	Mar 2019				
	Apr 2019				
	May 2019				
	June 2019				

Arizona Sales Tax - Utilities

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2014	July 2013	41,253,785	1.6%	41,253,785	1.6%
	Aug 2013	51,118,922	3.7%	92,372,707	2.7%
	Sep 2013	48,310,422	0.9%	140,683,129	2.1%
	Oct 2013	45,404,017	6.4%	186,087,146	3.1%
	Nov 2013	36,096,400	-2.2%	222,183,546	2.2%
	Dec 2013	27,804,876	-2.5%	249,988,422	1.7%
	Jan 2014	31,282,441	10.9%	281,270,863	2.6%
	Feb 2014	32,556,099	-0.7%	313,826,962	2.3%
	Mar 2014	29,363,515	10.5%	343,190,477	2.9%
	Apr 2014	27,967,873	-2.4%	371,158,350	2.5%
	May 2014	28,121,488	-15.8%	399,279,838	1.0%
	June 2014	34,601,911	-1.5%	433,881,749	0.8%
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%	92,864,187	-1.5%
	Sep 2018	*** Detailed data by category for September 2018 is not yet available***			
	Oct 2018				
	Nov 2018				
	Dec 2018				
	Jan 2019				
	Feb 2019				
	Mar 2019				
	Apr 2019				
	May 2019				
	June 2019				

Arizona Sales Tax - Restaurants and Bars

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2014	July 2013	31,505,076	1.7%	31,505,076	1.7%
	Aug 2013	29,178,727	3.0%	60,683,803	2.3%
	Sep 2013	30,873,488	0.7%	91,557,291	1.7%
	Oct 2013	31,126,606	4.0%	122,683,897	2.3%
	Nov 2013	32,648,090	5.0%	155,331,987	2.9%
	Dec 2013	32,901,765	9.1%	188,233,752	3.9%
	Jan 2014	34,330,457	0.3%	222,564,209	3.3%
	Feb 2014	34,099,887	5.0%	256,664,096	3.5%
	Mar 2014	36,748,460	9.3%	293,412,556	4.2%
	Apr 2014	41,454,544	6.8%	334,867,100	4.5%
	May 2014	36,761,375	5.6%	371,628,475	4.6%
	June 2014	37,409,895	10.2%	409,038,370	5.1%
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	*** Detailed data by category for September 2018 is not yet available***			
	Oct 2018				
	Nov 2018				
	Dec 2018				
	Jan 2019				
	Feb 2019				
	Mar 2019				
	Apr 2019				
	May 2019				
	June 2019				

Arizona Use Tax General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2014	July 2013	26,397,599	0.7%	26,397,599	0.7%
	Aug 2013	24,203,511	10.1%	50,601,110	5.0%
	Sep 2013	26,287,246	10.0%	76,888,356	6.6%
	Oct 2013	24,821,300	31.3%	101,709,656	11.8%
	Nov 2013	21,943,914	-3.5%	123,653,570	8.7%
	Dec 2013	18,718,007	-10.8%	142,371,577	5.7%
	Jan 2014	(9,552,488)	-143.2%	132,819,089	-15.3%
	Feb 2014	19,752,297	-13.2%	152,571,386	-15.0%
	Mar 2014	17,749,979	11.7%	170,321,365	-12.9%
	Apr 2014	23,853,143	19.9%	194,174,508	-9.8%
	May 2014	22,918,205	-0.5%	217,092,713	-8.9%
	June 2014	18,892,220	-3.0%	235,984,933	-8.5%
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	*** Detailed data by category for September 2018 is not yet available***			
	Oct 2018				
	Nov 2018				
	Dec 2018				
	Jan 2019				
	Feb 2019				
	Mar 2019				
	Apr 2019				
	May 2019				
	June 2019				

Individual Income Tax

**Arizona Individual Income Tax
General Fund Collections**

		Year-to-Date		Year-to-Date		Year-to-Date		Year-to-Date		Year-to-Date		Year-to-Date		Year-to-Date		Year-to-Date	
		Total	Y/Y Chg.	Total	YTD Chg.	Withholding	Y/Y Chg.	Withholding	YTD Chg.	Payments	Y/Y Chg.	Payments	YTD Chg.	Refunds	Y/Y Chg.	Refunds	YTD Chg.
FY 2014	Jul-13	306,584,861	6.5%	306,584,861	6.5%	306,632,890	7.8%	306,632,890	7.8%	19,029,100	27.1%	19,029,100	27.1%	(19,077,129)	64.7%	(19,077,129)	64.7%
	Aug	274,573,097	-0.1%	581,157,958	3.3%	267,905,132	-1.4%	574,538,022	3.3%	19,245,061	12.6%	38,274,161	19.3%	(12,577,096)	-9.2%	(31,654,225)	24.4%
	Sep	371,782,566	12.5%	952,940,524	6.7%	275,796,364	11.1%	850,334,386	5.7%	111,317,014	16.0%	149,591,175	16.8%	(15,330,812)	10.6%	(46,985,037)	19.5%
	Oct	300,662,202	9.0%	1,253,602,726	7.2%	302,374,318	-1.9%	1,152,708,704	3.6%	66,530,526	43.0%	216,121,701	23.8%	(68,242,642)	-13.5%	(115,227,679)	-2.5%
	Nov	281,831,479	1.4%	1,535,434,205	6.1%	280,378,107	4.7%	1,433,086,811	3.8%	16,737,041	12.7%	232,858,742	22.9%	(15,283,669)	218.5%	(130,511,348)	6.1%
	Dec	384,210,008	-6.3%	1,919,644,213	3.4%	317,295,026	-6.6%	1,750,381,837	1.7%	69,847,905	-3.8%	302,706,647	15.5%	(2,932,923)	31.3%	(133,444,271)	6.6%
	Jan-14	434,280,368	-1.7%	2,353,924,581	2.4%	324,311,016	4.3%	2,074,692,853	2.1%	112,567,170	-17.8%	415,273,817	4.1%	(2,597,818)	-58.7%	(136,042,089)	3.4%
	Feb	(31,870,667)	N/A	2,322,053,914	3.1%	294,065,551	6.9%	2,368,758,404	2.7%	20,498,934	20.8%	435,772,751	4.8%	(346,435,152)	2.3%	(482,477,241)	2.6%
	Mar	118,392,716	80.0%	2,440,446,630	5.3%	323,134,788	9.6%	2,691,893,192	3.5%	57,035,644	8.2%	492,808,395	5.2%	(261,777,716)	-7.0%	(744,254,957)	-1.0%
	Apr	394,440,392	-24.1%	2,834,887,022	-0.1%	302,096,159	0.2%	2,993,989,351	3.1%	500,356,470	-10.4%	993,164,865	-3.3%	(408,012,237)	19.9%	(1,152,267,194)	5.5%
	May	267,284,787	16.6%	3,102,171,809	1.1%	293,892,915	-0.8%	3,287,882,266	2.8%	20,860,216	-23.1%	1,014,025,081	-3.8%	(47,468,344)	-49.7%	(1,199,735,538)	1.1%
	Jun	360,210,187	9.0%	3,462,381,996	1.9%	280,788,999	11.6%	3,568,671,265	3.4%	104,259,821	0.6%	1,118,284,902	-3.4%	(24,838,633)	1.3%	(1,224,574,171)	1.1%
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%	(179,985,376)	30.5%
	Feb	77,521,976	110.6%	2,612,612,480	6.6%	336,465,101	8.8%	2,507,227,273	3.5%	25,421,939	24.7%	569,735,648	24.1%	(284,365,064)	-2.9%	(464,350,441)	7.8%
	Mar	66,604,789	-50.8%	2,679,217,269	3.6%	340,854,324	-2.7%	2,848,081,597	2.7%	67,616,711	1.0%	637,352,359	21.1%	(341,866,246)	21.3%	(806,216,687)	13.1%
	Apr	629,738,416	15.9%	3,308,955,685	5.7%	317,931,628	-0.4%	3,166,013,224	2.4%	618,921,131	2.1%	1,256,273,490	10.9%	(307,114,342)	-19.6%	(1,113,331,029)	1.7%
	May	283,745,886	19.6%	3,592,701,571	6.7%	377,198,112	28.7%	3,543,211,336	4.7%	23,463,871	8.0%	1,279,737,361	10.9%	(116,916,096)	50.7%	(1,230,247,125)	4.9%
	Jun	375,217,930	-4.7%	3,967,919,501	5.5%	296,489,808	-3.0%	3,839,701,144	4.0%	119,063,331	-8.3%	1,398,800,691	9.0%	(40,335,209)	-3.8%	(1,270,582,334)	4.6%
FY 2017	Jul-16	308,548,458	-1.9%	308,548,458	-1.9%	305,368,169	-2.9%	305,368,169	-2.9%	20,712,921	8.1%	20,712,921	8.1%	(17,532,632)	-8.1%	(17,532,632)	-8.1%
	Aug	354,939,880	11.9%	663,488,338	5.0%	350,346,360	14.8%	655,714,529	5.8%	23,144,581	-0.4%	43,857,503	3.4%	(18,551,062)	64.6%	(36,083,694)	18.9%
	Sep	409,053,512	3.9%	1,072,541,850	4.6%	297,467,188	8.6%	953,181,717	6.7%	125,063,020	-5.6%	168,920,523	-3.4%	(13,476,695)	6.2%	(49,560,389)	15.1%
	Oct	364,287,339	14.2%	1,436,829,190	6.9%	343,699,273	13.5%	1,296,880,990	8.4%	59,370,843	-22.6%	228,291,366	-9.3%	(38,782,777)	-35.9%	(88,343,166)	-14.7%
	Nov	315,542,122	-2.5%	1,752,371,312	5.1%	319,738,667	-0.1%	1,616,619,657	6.6%	40,402,393	82.2%	268,693,759	-1.8%	(44,598,938)	138.3%	(132,942,104)	8.7%
	Dec	411,697,127	-2.2%	2,164,068,439	3.6%	343,735,527	3.0%	1,960,355,184	6.0%	100,547,049	-14.2%	369,240,808	-5.6%	(32,585,449)	8.1%	(165,527,553)	8.6%
	Jan-17	553,183,185	23.9%	2,717,251,624	7.2%	387,707,054	20.9%	2,348,062,238	8.2%	176,196,518	14.9%	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%	43,572,540	-0.6%	(16,742,243)	-9.8%	(32,237,352)	-10.7%
	Sep																

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 2014	Jul-13	19,029,099	27.1%	19,029,099	27.1%	5,081,621	11.9%	5,081,621	11.9%	13,947,478	33.7%	13,947,478	33.7%
	Aug	19,245,061	12.6%	38,274,160	19.3%	6,644,285	13.3%	11,725,906	12.7%	12,600,776	12.2%	26,548,254	22.5%
	Sep	111,317,015	16.0%	149,591,175	16.8%	93,801,627	11.7%	105,527,533	11.8%	17,515,388	45.9%	44,063,642	30.9%
	Oct	66,530,527	43.0%	216,121,702	23.8%	8,031,168	10.5%	113,558,701	11.7%	58,499,359	49.0%	102,563,001	40.6%
	Nov	16,737,041	12.7%	232,858,743	22.9%	3,703,510	-16.0%	117,262,211	10.6%	13,033,531	24.9%	115,596,532	38.6%
	Dec	69,847,905	-3.8%	302,706,648	15.5%	61,510,330	-4.8%	178,772,541	4.7%	8,337,575	4.7%	123,934,107	35.7%
	Jan-14	112,567,170	-17.8%	415,273,818	4.1%	104,201,522	-19.0%	282,974,063	-5.5%	8,365,648	2.6%	132,299,755	33.0%
	Feb	20,498,935	20.8%	435,772,753	4.8%	2,403,212	10.4%	285,377,275	-5.4%	18,095,723	22.3%	150,395,478	31.6%
	Mar	57,035,644	8.2%	492,808,397	5.2%	4,852,137	25.7%	290,229,412	-5.0%	52,183,507	6.9%	202,578,985	24.2%
	Apr	500,356,470	-10.4%	993,164,867	-3.3%	57,048,776	8.1%	347,278,188	-3.0%	443,307,694	-12.4%	645,886,679	-3.5%
	May	20,860,216	-23.1%	1,014,025,083	-3.8%	5,553,012	6.7%	352,831,200	-2.9%	15,307,204	-30.2%	661,193,883	-4.3%
	Jun	104,259,820	0.6%	1,118,284,903	-3.4%	86,454,543	-0.8%	439,285,743	-2.5%	17,805,277	8.2%	678,999,160	-4.0%
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	148,765,467	12.0%	200,227,106	13.5%	134,536,304	14.9%	153,546,697	16.1%	14,229,163	-9.6%	46,680,410	5.7%
	Oct	***September 2018 amounts are preliminary estimates***											
	Nov												
	Dec												
	Jan-19												
	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 2014	July 2013	34,069,704	10.0%	34,069,704	10.0%	(8,988,196)	-11.8%	(8,988,196)	-11.8%	25,081,508	20.7%	25,081,508	20.7%
	Aug 2013	14,407,351	-45.5%	48,477,055	-15.6%	(3,863,822)	-4.4%	(12,852,018)	-9.7%	10,543,529	-52.9%	35,625,037	-17.5%
	Sept 2013	123,780,418	-8.8%	172,257,473	-10.8%	(25,870,935)	808.8%	(38,722,953)	126.7%	97,909,483	-26.3%	133,534,520	-24.2%
	Oct 2013	42,701,887	2.2%	214,959,360	-8.5%	(10,435,834)	-27.7%	(49,158,787)	56.0%	32,266,053	17.9%	165,800,573	-18.5%
	Nov 2013	24,590,006	31.8%	239,549,366	-5.6%	(23,491,341)	7.6%	(72,650,128)	36.2%	1,098,665	N/A	166,899,238	-16.7%
	Dec 2013	125,462,558	9.9%	365,011,924	-0.8%	(40,720,245)	112.8%	(113,370,373)	56.4%	84,742,313	-10.8%	251,641,551	-14.8%
	Jan 2014	21,695,410	-16.8%	386,707,334	-1.8%	(5,413,529)	3.2%	(118,783,902)	52.8%	16,281,881	-21.8%	267,923,432	-15.3%
	Feb 2014	16,552,646	10.2%	403,259,980	-1.4%	(1,410,014)	-32.4%	(120,193,916)	50.6%	15,142,632	17.0%	283,066,064	-14.0%
	Mar 2014	80,847,279	4.9%	484,107,259	-0.4%	(2,438,851)	43.2%	(122,632,767)	50.5%	78,408,428	4.0%	361,474,492	-10.6%
	Apr 2014	89,552,803	-13.9%	573,660,062	-2.8%	(1,448,077)	-21.6%	(124,080,844)	48.9%	88,104,726	-13.8%	449,579,218	-11.3%
FY 2015	May 2014	31,662,715	-4.9%	605,322,777	-2.9%	(3,061,280)	20.2%	(127,142,124)	48.0%	28,601,435	-6.9%	478,180,653	-11.0%
	June 2014	99,844,033	-24.0%	705,166,810	-6.6%	(2,844,465)	-57.7%	(129,986,589)	40.3%	96,999,568	-22.1%	575,180,221	-13.1%
	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%
FY 2016	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%	677,425,735	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%	788,728,051	11.8%	(1,297,856)	-54.4%	(125,725,031)	-3.3%	110,004,461	13.4%	663,003,020	15.3%
	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%
FY 2017	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%
	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%
FY 2018	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%
	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%
FY 2019	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	111,334,087	39.8%	165,788,462	42.0%	(8,251,944)	-45.1%	(19,829,254)	-44.1%	103,082,143	59.6%	145,959,208	79.6%
	Oct 2018	***September 2018 amounts are preliminary estimates***											
	Nov 2018												
	Dec 2018												
	Jan 2019												
	Feb 2019												
	Mar 2019												
	Apr 2019												
	May 2019												
	June 2019												

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

The insurance premium tax rate on life, vehicle, and other property and casualty lines of insurance is 1.85% in calendar year (CY) 2018 and 1.80% in CY 2019. Over the following 5 years, Laws 2016, Chapter 358 decreases the tax rate by (0.05)% annually until it is phased down to 1.7% in CY 2021 and later years. 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].

Prior to CY 2018, any insurer that paid or is required to pay a tax of \$2,000 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 increases 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 CY 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 2011 to FY 2018, 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 \$32,700 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 42% of Insurance Premium Tax General Fund revenues in FY 2018. 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.

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 2018. 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, and 7.9% in FY 2018. Collections from this line were 20% of Insurance Premium Tax General Fund revenues in FY 2018.

Other Property and Casualty: Consists of numerous types of property and casualty insurance that together were 12% of Insurance Premium Tax General Fund revenue in FY 2018. 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 2018.

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 2018.

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 2018.

Retaliatory Payments: Out-of-state insurers pay the greater of the Arizona insurance premium tax or the tax imposed by their home state on Arizona insurers. Retaliation applies to taxes, fees, assessments or other charges levied in the insurance company's home state. Collections from this line were 2% of Insurance Premium Tax General Fund revenues in FY 2018.

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. Dollar impacts of the specific Insurance Premium Tax credits in FY 2018 are listed in the table below.

FY 2018 Insurance Premium Tax Credits (\$ in millions)	
<u>Credits:</u>	<u>Annual Cost</u>
Private School Tuition Organization - Low Income Students ^{1/}	\$30.8
New Employment	3.9
Health Insurance Premium ^{2/}	3.7
Private School Tuition Organization - Disabled/Displaced Students ^{3/}	2.7
Insurance Guaranty Fund Assessment	0.9
Military Reuse Zone	<u>0.0</u>
Total Value of Credits	\$42.0
 ^{1/} Credit was capped at \$74.3 million in FY 2018 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 2011		FY 2012		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018	
<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>	<u>Revenue</u>	<u>Y/Y Chg.</u>
AHCCCS Contractors	164.3	4.4%	141.4	-13.9%	130.0	-8.1%	144.0	10.7%	178.1	23.7%	208.6	17.2%	211.1	1.2%	212.9	0.9%
Accident and Health	75.5	-5.7%	78.2	3.6%	79.8	2.0%	82.3	3.1%	87.6	6.4%	103.7	18.4%	102.8	-0.9%	102.9	0.1%
Vehicle <u>2/</u>	74.1	-4.3%	72.8	-1.8%	75.0	3.0%	79.4	5.9%	84.3	6.2%	89.5	6.2%	95.0	6.1%	102.5	7.9%
Other Property and Casualty	51.1	1.2%	50.6	-1.0%	52.8	4.3%	56.0	6.0%	60.8	8.6%	60.2	-0.9%	60.6	0.7%	61.7	1.8%
Life	37.1	4.2%	38.4	3.5%	38.7	0.8%	39.2	1.2%	39.7	1.3%	43.7	10.2%	42.9	-1.8%	43.2	0.7%
Surplus	8.9	-0.7%	8.8	-1.6%	9.8	11.5%	11.1	13.6%	12.3	10.2%	11.6	-5.3%	15.5	33.6%	16.3	5.2%
Fire <u>3/</u>	1.9	-6.7%	1.9	2.4%	2.0	4.7%	2.2	8.2%	2.1	-1.4%	2.6	21.7%	1.3	-50.2%	0.9	-30.8%
Retaliatory Payments	8.0	86.0%	7.0	-12.5%	10.6	51.4%	8.9	-16.0%	10.7	19.7%	6.9	-35.2%	9.2	33.3%	8.4	-8.7%
Tax Credits	(4.8)	-9.4%	(6.3)	31.3%	(11.3)	79.4%	(18.6)	64.6%	(27.8)	49.5%	(33.5)	20.5%	(36.9)	10.1%	(42.1)	14.1%
Cash Flow Adjustments <u>4/</u>	(2.3)	--	1.2	--	(0.6)	--	7.3	--	3.2	--	0.8	--	4.5	--	2.6	--
Total Fiscal Year Revenues <u>4/</u>	\$ 413.8	2.0%	\$ 394.0	-4.8%	\$ 386.8	-1.8%	\$ 411.6	6.4%	\$ 450.7	9.5%	\$ 494.1	9.6%	\$ 506.0	2.4%	\$ 509.3	0.7%

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 million in FY 2014, \$449.5 million in FY 2015, \$490.6 million in FY 2016, \$504.3 M in FY 2017, and \$509.3 M in FY 2018. Amounts in this table reflect estimates by the Department of Insurance.

Source: Department of Insurance

Arizona Insurance Premium Tax General Fund Collections

		Insurance Premium Tax	Y/Y Chg.	Year-to-Date Revenue	YTD Chg.
FY 2014	July 2013	36,604,607	-2.4%	36,604,607	-2.4%
	Aug 2013	46,319,857	10.8%	82,924,464	4.6%
	Sept 2013	29,042,831	-16.3%	111,967,295	-1.8%
	Oct 2013	1,093,890	-15.8%	113,061,185	-1.9%
	Nov 2013	6,037,600	2791.2%	119,098,785	3.1%
	Dec 2013	12,180,601	-23.8%	131,279,386	-0.2%
	Jan 2014	22,108,090	27.4%	153,387,476	3.1%
	Feb 2014	5,047,014	25.1%	158,434,490	3.6%
	Mar 2014	90,260,498	33.3%	248,694,988	12.7%
	Apr 2014	40,437,428	-26.0%	289,132,415	5.0%
	May 2014	42,265,579	3.3%	331,397,994	4.8%
	June 2014	80,362,690	13.8%	411,760,684	6.5%
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%	86,470,177	-7.1%
	Sep 2018	61,455,389	-0.4%	147,925,566	-4.5%
	Oct 2018				
	Nov 2018				
	Dec 2018				
	Jan 2019				
	Feb 2019				
	Mar 2019				
	Apr 2019				
	May 2019				
	June 2019				

Economic Indicators

NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), the **U.S. Real Gross Domestic Product (GDP)** increased at an annual rate of 4.2% in the second quarter of 2018. (This figure represents BEA's second estimate of real GDP, which is based on more complete source data than were available for the "advance" estimate issued last month.) The revisions to the prior month's advance real GDP growth rate of 4.1% were small. There was a downward revision to personal consumption expenditure growth and an upward revision to net exports, for a net revision of 0.1% relative to the "advance" estimate.

The Conference Board's **U.S. Consumer Confidence Index**, which is based on consumers' perceptions of current conditions, as well as their expectations 6 months into the future, increased by 4.3%, or 5.5 points, from 127.9 in July to 133.4 in August. This was the highest reading since October 2000. The increase in confidence was driven by both consumer views on the present situation, which gained 6.1 points to its highest mark since December 2000 and expectations, which gained 5.2 points. Americans' views on the strength of the current job market are increasingly optimistic, as evidenced by the labor index (calculated as the percentage of respondents who think that jobs are plentiful minus the percentage who think that jobs are difficult to find), which increased by 2.0 points in August to a net value of 30.0, the highest reading since March 2001.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure (PCE) Price Index** increased by 0.1% from June to July. Compared to July 2017, the price index is up by 2.3%. The "core" PCI price index, which excludes food and energy prices, is the Federal Reserve Bank's (Fed) preferred inflation measure and it increased (year over year) by 2.0% in July, which right in line with the Fed's inflation target of 2.0%.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, increased 0.2% in August and increased 2.7% above August 2017 prices. The main positive contributors for the month were a 1.9% increase in the energy index, headlined by a 3.0% increase in the gasoline index, and a 0.3% increase in the shelter index. Core inflation (all items less food and energy) increased 0.1% for the month, along with increases in the indexes for airline fares and used vehicles. The indexes for apparel, medical care and recreation saw decreases for the month.

The Conference Board's **U.S. Leading Economic Index** increased 0.6% in July to 110.7 and is 6.3% above its July 2017 reading. The average weekly initial claims index made its largest positive contribution of the year. Other main positive contributors include the indexes for credit conditions and interest-rate spread, followed by those for Institute for Supply Management (ISM) new orders, stock prices, and consumer expectations. Of the index's 10 components, 9 made positive contributions for the month. The average workweek of production workers index had a neutral effect on the index.

ARIZONA

Housing

Single-family housing construction is increasing. In July, Arizona's 12-month total of **single-family building permits** was 29,927, or 15.1% more than a year ago. The comparable single-family permit growth rate for the entire U.S. was 7.7%.

The 12-month total of multi-family building permits has been up and down. In July, Arizona's total of 11,931 **multi-family building permits** was 20.4% more than in 2017. Nationwide multi-family permits were 5.0% more than in 2017.

Tourism

Revenue per available room was \$60.92 in July, which was 3.9% above the amount in July 2017. **Ridership** through Phoenix Sky Harbor Airport in July increased by 1.2% over the prior month and was up by 2.3% compared to July 2017.

Employment

OEO reported that 20,879 **initial claims for unemployment insurance** were filed in July, a decrease of (4.5)% compared to the same month last year.

According to OEO, the state had a total of 29,661 **claimants receiving unemployment insurance benefits** in July, an increase of 15.2% from June. This figure is (7.4)% below the June 2017 level.

Average Weekly Hours

In July, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 35.6 hours. This was 1.7% above the level during the prior month, and 0.8% above the level in July 2017.

Average Hourly Earnings

The **Average Hourly Earnings** received by private sector workers in July was \$25.71, which was 1.0% above the average in the prior month. Year-over-year growth in earnings decreased from 2.9% in June to 1.1% in July.

Monthly Indicators (Continued)

State Agency Data

At the beginning of September 2018, the total **AHCCCS caseload** was 1.81 million members. Since the federal health care expansion in January 2014, the overall AHCCCS population has grown by 553,400 members.

Total monthly enrollment increased by 0.2% in September but was (3.2)% lower than a year ago. Parent and child enrollment in the Traditional population was up 0.1% in September but was (3.7)% lower than a year ago.

Through September 1, 2018, enrollment in the KidsCare program was 30,600, an increase of 1.2% from the month prior and 36.5% above last year.

In January 2014, the state started accepting new enrollment to the Proposition 204 childless adults program. In September 2018, the childless adult population increased by 900, or 0.3%. At 309,100, this population is (2.6)% lower than a year ago.

The state also opted to expand adult Medicaid coverage to 133% of FPL. Their enrollment decreased by (100), or (0.1)%, in September and totals 76,800 individuals. Enrollment is (6.5)% lower than a year ago. The federal share of this population's cost decreased from 95% to 94% in January 2018.

There were 15,042 **TANF recipients** in the state in August, representing a 2.5% monthly caseload increase from July. The year-over-year number of TANF recipients has declined by (16.5)%. 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 August, 851,482 people received food stamp assistance in the state, representing a 0.7% increase over July caseloads. Compared to August caseloads last year, the level of food stamp participation has declined by (7.2)%.

The **inmate population** was 42,209 as of August 31, 2018. This is essentially flat since June, and a (0.1)% decrease since last August.

Based on information the Department of Child Safety provided for July 2018, **reports of child maltreatment** totaled 47,317 over the last 12 months, an increase of 0.2% over the prior year. There were 14,501 **children in out-of-home care** as of June 2018, or (12.8)% less than in June 2017. Compared to the prior month, the number of out-of-home children decreased by (1.0)%.

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				
<i>Employment</i>				
- Regular Unemployment Rate	July	4.6%	(0.1)%	(0.1)%
- Total Unemployment Rate (discouraged/underemployed)	2 nd Q 2018	9.1%	(0.2)%	(1.4)%
- Initial Unemployment Insurance Claims	July	20,879	12.9%	(4.5)%
- Unemployment Insurance Recipients	July	29,661	15.2%	(7.4)%
- Non-Farm Employment - Total	July	2,775,000	(0.6)%	2.7%
Manufacturing	July	173,600	0.4%	5.1%
Construction	July	162,500	0.5%	10.0%
- Average Weekly Hours, Private Sector	July	35.6	1.7%	0.8%
- Average Hourly Earnings, Private Sector	July	\$25.71	1.0%	1.1%
<i>Building</i>				
- Residential Building Permits (12-month avg) Single-family	July	29,927	1.5%	15.1%
Multi-family	July	11,931	15.2%	20.4%
- Maricopa County/Other, Home Sales (ARMLS) Single-Family (Pending Sales)	July	5,409	(1.3)%	(2.8)%
- Maricopa County/Other, Median Home Price (ARMLS) Single-Family (Pending Sales)	July	\$284,000	0.7%	10.3%
- Phoenix S&P/C Home Price Index (2000 = 100)	June	182.14	0.7%	7.2%
- Maricopa Pending Foreclosures	July	2,611	(3.3)%	(6.2)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	July	19,755	(3.0)%	(8.3)%
<i>Tourism</i>				
- Phoenix Sky Harbor Air Passengers	July	3,770,453	1.2%	2.3%
- State Park Visitors	June	286,380	5.0%	13.9%
- Revenue Per Available Hotel Room	July	\$60.92	(6.7)%	3.9%
<i>General Measures</i>				
- Arizona Leading Index -- 6 month projected growth	July	3.4%	(1.3)%	(2.3)%
- Arizona Personal Income (SAAR)	1st Q 2018	\$300.2 billion	5.5%	4.3%
- Arizona Population	July 2017	7,016,270	N/A	1.6%
- State Debt Rating				
Standards & Poor's/Moody's	May	AA / Aa2	N/A	N/A
Outlook	May	Stable	N/A	N/A
<i>Agency Measures</i>				
- AHCCCS Recipients	September 1 st	1,811,583	0.2%	(3.2)%
Acute Care Traditional		1,035,537	0.1%	(3.7)%
Prop 204 Childless Adults		309,072	0.3%	(2.6)%
Other Prop 204		184,014	0.4%	(4.6)%
Adult Expansion		76,838	(0.1)%	(6.5)%
Kids Care I		30,569	1.2%	36.5%
Long-Term Care – Elderly & DD		62,821	0.6%	4.3%
Emergency Services		112,732	0.7%	(6.2)%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	July	47,317	0.2%	0.5%
DCS Out-of-Home Children	June	14,501	(1.0)%	(12.8)%
Filled Caseworkers (1406 Budgeted)	July	1,340	8	(17)
- ADC Inmate Growth	August	42,209	0.0%	(0.1)%
- Department of Economic Security				
- TANF Recipients	August	15,042	2.5%	(16.5)%
- SNAP (Food Stamps) Recipients	August	851,482	0.7%	(7.2)%
- Judiciary Probation Caseload				
Non-Maricopa	May	19,249	16	85
Maricopa County	May	28,417	(174)	(227)
United States				
- Gross Domestic Product (Chained 2012 dollars, SAAR)	2 nd Q, 2018 (2nd Estimate)	\$18.5 trillion	4.2%	2.9%
- Consumer Confidence Index (1985 = 100)	August	133.4	4.3%	10.8%
- Leading Indicators Index (2016 = 100)	July	110.7	0.6%	6.3%
- Consumer Price Index, SA (1982-84 = 100)	August	251.9	0.2%	2.7%
- Personal Consumption Expenditure Price Index (2012 = 100)	July	108.3	0.1%	2.3%

JLBC FINANCE ADVISORY COMMITTEE (FAC) MEMBERS

State Treasurer Eileen Klein serves as the Arizona's Chief Banker and Investment Officer overseeing more than \$9.7 billion in state assets. The Treasurer also serves as the Chairman of Arizona's State Board of Investment, and State Loan Commission. She also serves as the State's Surveyor General and is a member of the State Land Selection Board. Since the FAC's inception, the sitting State Treasurer has been a panelist.

Brian Cary is Manager of Forecasting, Research and Economic Development for Salt River Project (SRP). Prior to joining SRP in September 2007, he served as Principal Economist on the JLBC staff for 4 years. Mr. Cary has been producing forecasts and analysis for more than 25 years, mostly focused on the energy and financial sectors. He joined the FAC in 1989.

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.

Georganna Meyer retired as Chief Economist for the Arizona Department of Revenue in 2014. She then worked for The Maguire Company as an economist for nearly 4 years. Currently, she is employed at the Maricopa County Community College District as a Senior Research Analyst. She has been a member of the FAC since 1984.

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.