

Finance Advisory Committee

Briefing Materials

October 28, 2021

1:30 p.m.

JLBC

Finance Advisory Committee

Briefing Materials

October 28, 2021

Table of Contents

JLBC Staff Presentation and October 2021 Revenue and Budget Update	Tab A
George Hammond Presentation	Tab B
Treasurer Presentation	Tab C
Background Information	Tab D
Sales Tax	
Historical Data Table – Total Collections	2
Historical Data Tables – Major Categories	
Retail	3
Contracting.....	4
Utilities.....	5
Restaurants and Bars	6
Use Tax.....	7
Individual Income Tax	
Historical Data Table by Component	9
Historical Data Table – Payment Breakdown	10
Corporate Income Tax	
Historical Data Table by Component	12
Insurance Premium Tax	
Description of the Insurance Premium Tax	14
Historical Data Table – Collections by Insurance Line	17
Historical Data Table – Total Collections	18
Finance Advisory Committee Member List (with biographies)	Tab E

JLBC

Finance Advisory Committee

Revenue and Budget Update

October 28, 2021

JLBC

Key Points

- ❑ General Fund revenues are growing rapidly
- ❑ The outcome of referenda, litigation and federal policy decisions will affect available resources
- ❑ Numerous scenarios possible, but we project an available ongoing balance of \$700 M and one-time balance of \$1.7 B in '23

October FAC: “Maximum Commitment” Scenario

- Not a Prediction of Litigation/Referenda Results

- ☐ Proposition 208 is upheld in litigation
- ☐ Set aside \$918 M of General Fund income tax revenues to transfer to the Prop 208 fund or for taxpayer refunds
- ☐ The enacted income tax reductions, including the triggers, go into effect
- ☐ The federal government does not extend the enhanced Medicaid match rate past March 2022

Forecasting State Revenues

4-Sector Forecast: Modest Growth after '22

4-Sector Components

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

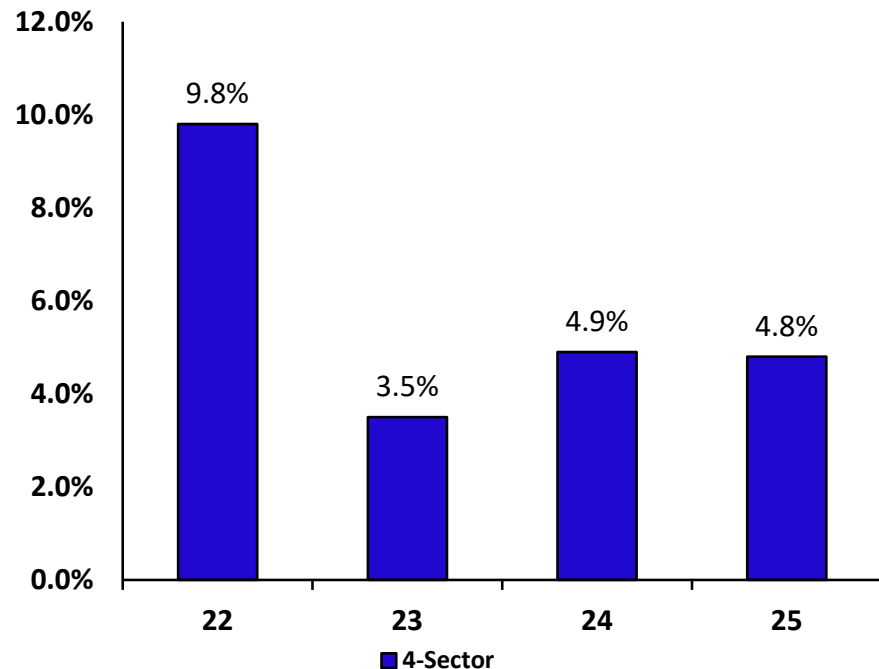
Represents Base Growth

- ❑ Prior to Enacted Tax Reductions

Income Tax Deferral

- ❑ '22% adjusted to remove 7/20 income tax deferral

Net % Revenue Growth



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

See Appendix A

Summary of Forecasted Growth Rates

- Follows 18% Deferral-Adjusted Growth in '21

	<u>'22 YTD</u>	<u>'22 full year</u>	<u>'23</u>
TPT	15.6%	9.1%	3.5%
IIT w/out Deferral	18.1	9.6	4.9
CIT	23.5	8.8	3.5
IPT	29.7	6.5	2.6
Other	<u>104.3</u>	<u>21.2</u>	<u>(7.4)</u>
Total	19.3%	9.8%	3.5%

❑ YTD Revenues are \$639 M above enacted forecast

Why Are Revenues Growing by 18% to 19%?

- ❑ AZ Personal Income grew by 8%+ in the last year
- ❑ Pandemic-accumulated savings are being spent over time
- ❑ Corporate profitability has been very strong
- ❑ % growth being measured from a “low” pandemic base

Major TPT Categories Exceed Pre-Pandemic Level

Sales Tax (TPT) % Change FY 22 Q1 over FY 20 Q1

Retail/Remote Sales	38%
Contracting	15
Restaurant/Bar	19
Lodging	11
Amusements	7

Individual Income Tax Rate Changes

- Current 4 Brackets Range from 2.59% to 4.5%

- ❑ Chapter 412 reduced 4 brackets to 2

	Percent Income Tax Rates	
	<\$27k/\$55k	>\$27k/\$55k
TY 22/FY 23	2.55	2.98
TY 23/FY 24	2.53	2.75
TY 24/FY 25	2.50	

- ❑ TY 23 & TY 24 contingent upon exceeding enacted budget trigger levels
- ❑ October revenue forecast exceeds trigger levels, but formal determination made in September '22 and '23

Other Individual Income Tax Changes

- ❑ 4.5% maximum income tax rate, starting in TY '21
 - Otherwise would be 8.0%, including Prop 208
 - Prop 208 receives 3.5%, General Fund 1%
- ❑ Alternative tax rate for certain income
 - Dividend/Interest/Business Income
 - Starts at 3.5% in TY '21 and declines to 2.5% in TY '25
 - Not subject to Prop 208

October FAC Projected Tax Reductions

- Base Growth Increases Level of Tax Reduction

	(\$ in M)			
	'22	'23	'24	'25
Income Tax Reduction Rate				
- Reduce to 2.55%/2.98% rate		(1,183)	(1,246)	(1,309)
- Reduce to 2.53%/2.75% rate			(282)	(297)
- Reduce to single 2.5% rate				(365)
Total Rate Reduction		(1,183)	(1,528)	(1,971)
4.5% Maximum IIT Rate	(918)	(545)	(507)	(457)
Alternative Tax Rate (SB 1783)	229	192	182	191
Other Enacted Reductions	(48)	(38)	(41)	(44)
Total Reductions	(737)	(1,574)	(1,894)	(2,281)

IIT Referenda and Litigation Status

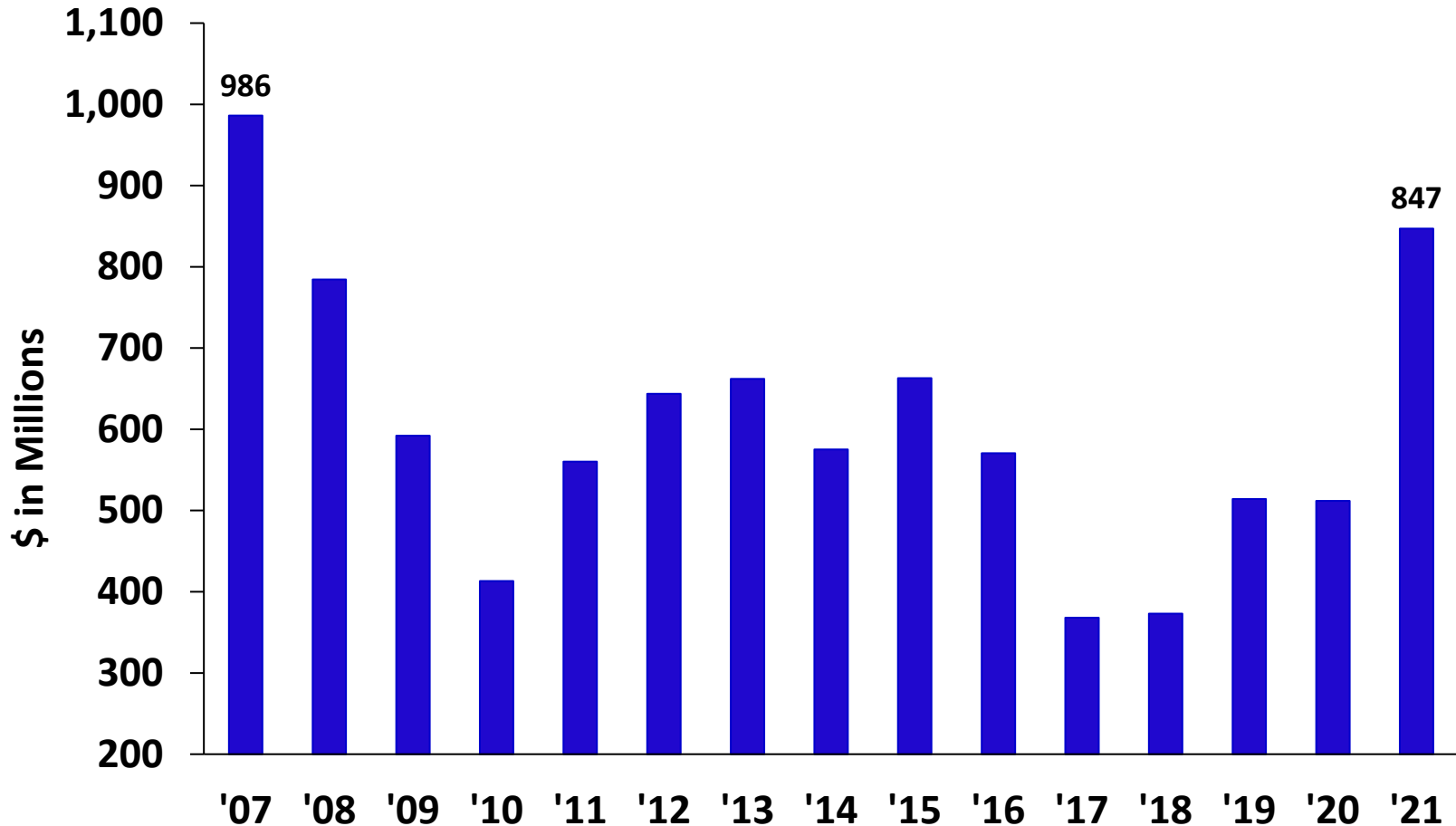
- ❑ Ballot props would refer rate reductions to voters – signatures currently being checked
 - Results in up to \$2 B in tax cuts being on hold pending November '22 election results
- ❑ AZ Supreme Court ruled that Prop 208 surcharge invalid if K-12 Aggregate Expenditure Limit exceeded
 - Trial court to make determination
 - If declared invalid, General Fund no longer pays cost to hold taxpayers to 4.5% maximum rate
 - Saves \$700 M in '22, declining to \$275 M by '25

Prop 208 Proceeds Currently in the General Fund

- ❑ 3.5% surcharge was effective as of January 2021
- ❑ If individuals increased their withholding/payments, those dollars are in the General Fund balance
- ❑ We do not think that Prop 208 share can be identified until taxpayers file returns in spring 2022
 - If 208 valid, \$ would move to Prop 208 fund
 - If 208 invalid, \$ would be refunded
- ❑ We suggest setting aside \$918 M of General Fund balance for either purpose.

Corporate Income Tax – Up 65% in '21

- Reflects Substantial increase in Profitability



JLBC's Updated Gaming Revenue Forecast

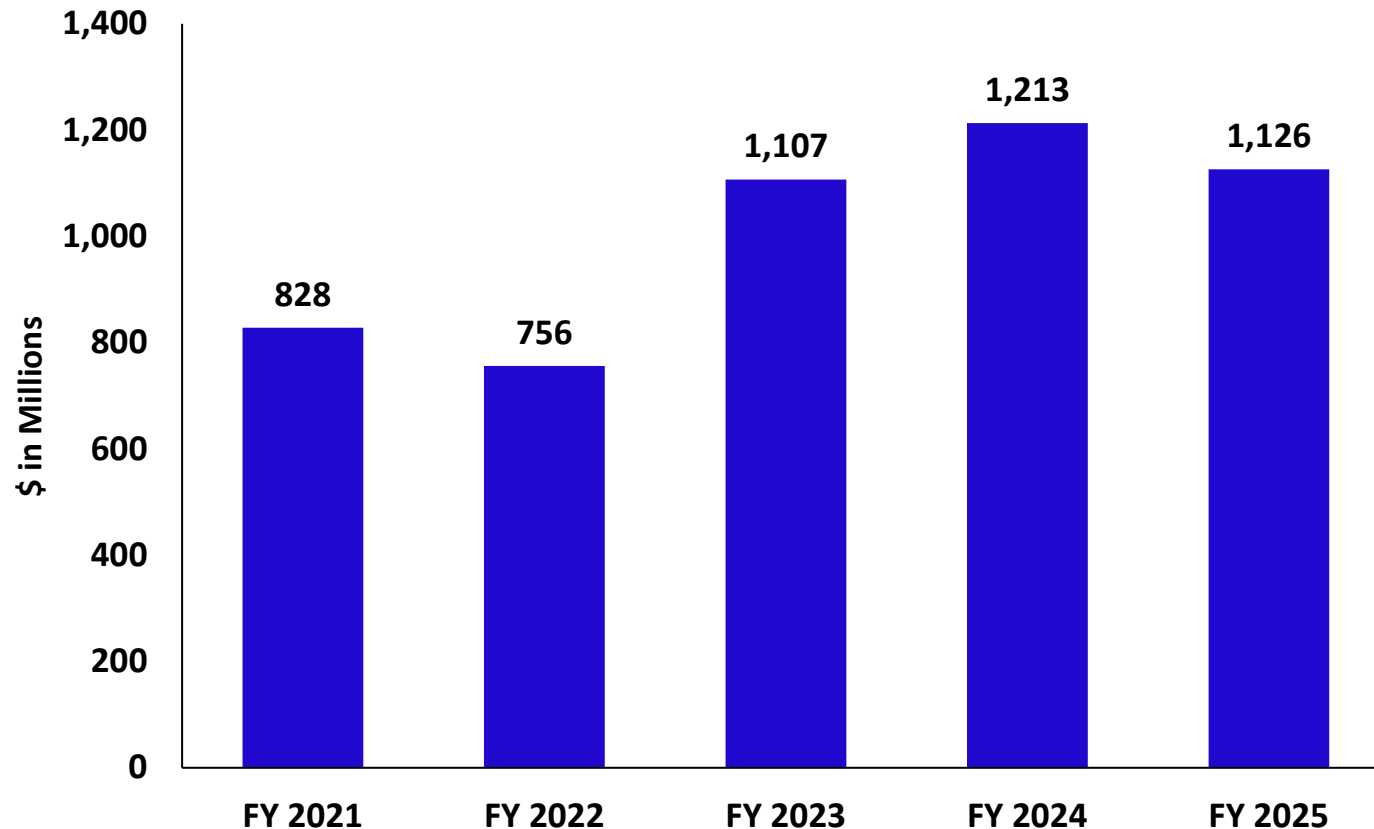
- February Fiscal Note estimated GF collections of \$34 M by '24

	\$ in M		
	<u>'22</u>	<u>'23</u>	<u>'24</u>
Lottery Keno/Mobile Draw	0	17	18
Event Wagering	25	18	19
Fantasy Sports Betting	<u>1</u>	<u>1</u>	<u>1</u>
Total	26	36	38

- ❑ Higher '22 event wagering revenue due to licensing fees
- ❑ Enacted budget assumed \$200 M in '23 and \$300 M in '24

Urban Revenue Sharing Distribution Increases

- Based on 15% of Income Taxes 2 Year Prior; Goes to 18% in '24



Spending Adjustments

Baseline Spending Projections

- ❑ Baseline reflects changes to active statutory/other funding formulas - no discretionary additions
- ❑ Assumes \$865 M in K-12 “rollover” at end of '23
- ❑ Assumes spending classified as one-time in '22 budget does not continue
 - Approximately \$180 M appears ongoing in nature

Baseline Spending Projected To Increase by \$277 M

'23 Ongoing Spending Changes

\$ in M

Medicaid Formula	129
ADE – K-12 Formula	317
Pension Contribution Savings	(110)
Fire Mitigation Initiatives	35
Other	<u>35</u>
Total	406

'23 One-Time Spending Additions/Deletions

\$ in M

Loss of Medicaid Match Savings	400
Universities	(46)
Community Colleges	(30)
SFB – Building Renewal Grants	(91)
SFB – Fewer New Buildings	(80)
Other Agency Spending	(190)
Capital Projects	<u>(92)</u>
Total	(129)

Total Spending Changes	\$277 M
Total Spending	\$12,821 M
% Change	2.2%

Federal Medicaid Match Generates State Savings

- Been in Place Since January 2020

- ❑ Feds have increased their share of costs while federal health emergency is in place
- ❑ Enacted budget assumed higher match would end in 12/21; feds have just extended to 3/22
- ❑ FAC forecast includes this new \$133 M of savings
- ❑ Feds may extend again past 3/22 – generates \$133 M of savings every quarter

Projected Ending Balances

Excludes \$970 M in Budget Stabilization Fund

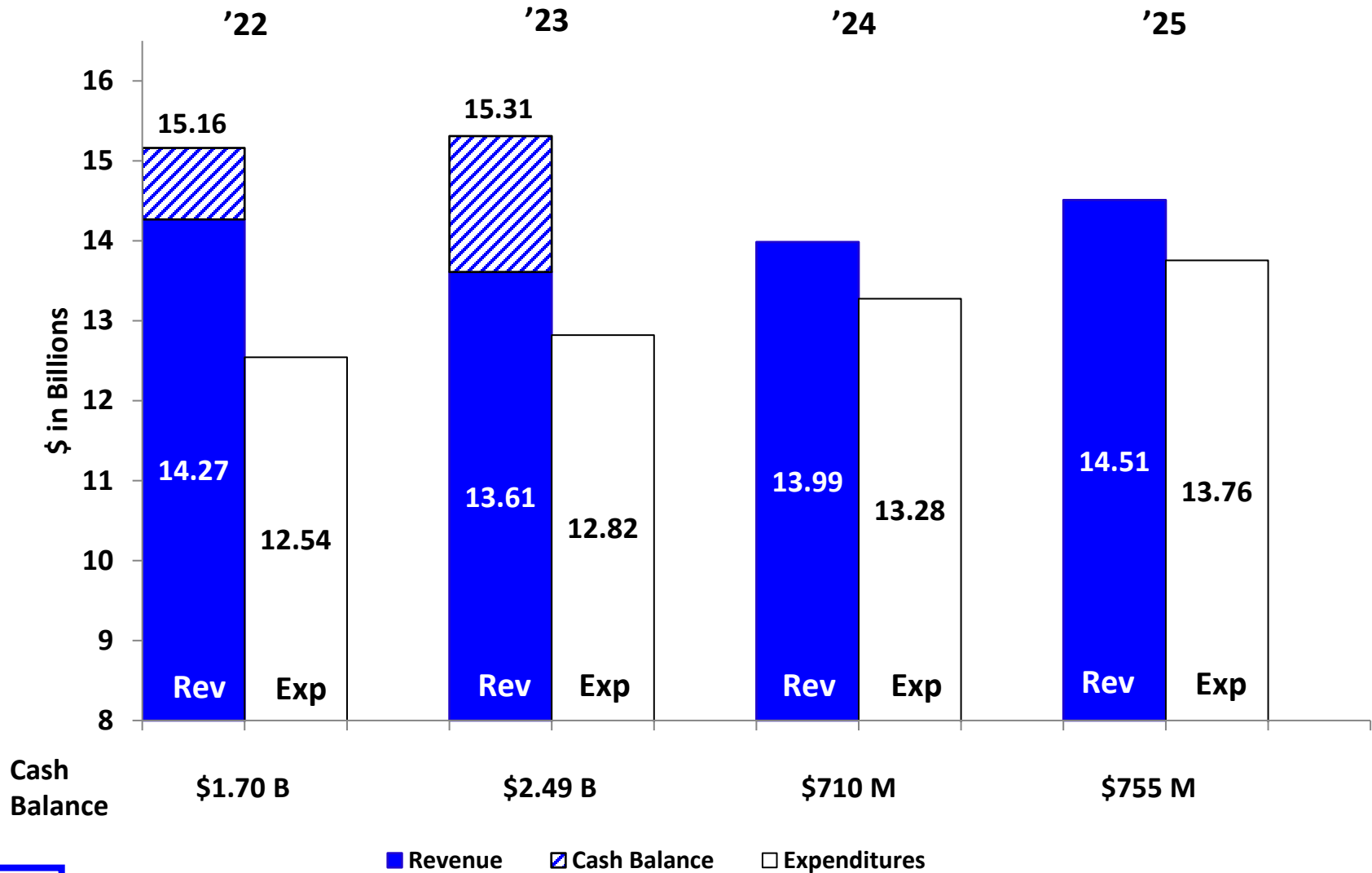
More Information in Appendix C

'21 Ending Balance Higher Than Projected

- ❑ The enacted budget projected a '21 ending balance of \$442 M
- ❑ The preliminary actual estimate is \$894 M due to unexpected 18% '21 revenue growth
- ❑ The preliminary results are \$452 M above the enacted forecast
- ❑ These additional revenues roll into '22

FAC Balances: \$700 M Ongoing & \$1.7 B One-Time

- \$1.7 B '22 Balance After \$918 M Set Aside for Prop 208 Reserve



STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE

Director.....	Richard Stavneak
Office Manager.....	Linda Monsanto
Deputy Directors.....	Stefan Shepherd
.....	Jack Brown
Chief Economist.....	Hans Olofsson
Assistant Directors.....	Micaela Larkin
.....	Patrick Moran
.....	Rebecca Perrera
Principal Fiscal Analysts.....	Morgan Dorcheus
.....	Geoffrey Paulsen
Senior Fiscal Analysts.....	Steve Grunig
.....	Jordan Johnston
Economists.....	David Hoffer
.....	Molly Murphy
.....	Ben Newcomb
Fiscal Analysts.....	Nate Belcher
.....	Lydia Chew
.....	Ryan Fleischman
.....	Nicole Lovato
.....	Alexis Pagel
.....	Maggie Rocker
Senior Administrative Assistant / JLBC & JCCR Clerk.....	Kristy Paddack

Appendix A: Revenue Forecasts with Deferral

	<u>2022 *</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Sales Tax				
JLBC Forecast	10.8%	3.5%	4.0%	4.0%
UA – Low	7.4%	1.2%	4.4%	4.8%
UA – Base	9.7%	3.0%	5.4%	5.1%
FAC	8.5%	6.1%	5.8%	5.3%
Average:	9.1%	3.5%	4.9%	4.8%
Individual Income Tax with Deferral				
JLBC Forecast	2.1%	3.6%	4.2%	4.3%
UA – Low	-1.2%	4.7%	5.0%	4.9%
UA – Base	0.1%	5.3%	5.4%	5.2%
FAC	0.4%	6.0%	6.6%	5.8%
Average:	0.4%	4.9%	5.3%	5.1%
Corporate Income Tax				
JLBC Forecast	10.0%	2.5%	4.0%	4.4%
UA – Low	10.0%	3.3%	4.2%	5.1%
UA – Base	11.4%	4.6%	5.1%	6.4%
FAC	3.9%	3.5%	5.1%	5.1%
Average:	8.8%	3.5%	4.6%	5.3%
Insurance Premium Tax				
JLBC Forecast	7.0%	1.5%	3.3%	3.4%
UA – Low	6.3%	1.6%	0.9%	3.2%
UA – Base	7.1%	3.0%	1.4%	3.4%
FAC	5.6%	4.5%	3.5%	3.8%
Average:	6.5%	2.6%	2.3%	3.5%

JLBC Weighted Average	6.6%	3.4%	4.1%	4.1%
UA Low Weighted Average	3.6%	2.9%	4.5%	4.8%
UA Base Weighted Average	5.3%	4.1%	5.2%	5.2%
FAC Consensus Weighted Average	4.4%	5.8%	6.0%	5.4%
“Big-4” Weighted Average	5.0%	4.1%	4.9%	4.9%
Consensus Weighted Average*	5.7%	3.5%	4.9%	4.8%

* Represents ongoing revenue adjusted for small revenue categories.

Appendix B: Revenue '21 - '23 with Deferral

FORECAST REVENUE GROWTH

(\$ in Thousands)

	PreL. ACTUAL FY 2021	% CHANGE PRIOR YR	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	6,243,648.6	15.8%	6,811,703.5	9.1%	568,054.9	7,047,609.4	3.5%	235,905.9
Income - Individual	6,532,753.2	44.2%	6,507,862.3	-0.4%	(24,891.0)	5,655,722.5	-13.1%	(852,139.8)
- Corporate	847,020.8	65.5%	921,625.2	8.8%	74,604.4	953,679.0	3.5%	32,053.8
Property	22,380.0	-7.3%	21,500.0	-3.9%	(880.0)	20,581.8	-4.3%	(918.2)
Luxury - Tobacco	21,687.1	3.9%	21,412.0	-1.3%	(275.1)	21,191.5	-1.0%	(220.5)
- Liquor	43,150.6	19.0%	43,443.4	0.7%	292.8	44,217.3	1.8%	773.9
Insurance Premium	616,251.4	15.2%	656,282.1	6.5%	40,030.7	673,608.5	2.6%	17,326.4
Other Taxes	15,290.3	6.1%	15,519.7	1.5%	229.4	15,985.3	3.0%	465.6
Subtotal - Taxes	14,342,182.1	29.6%	14,999,348.1	4.6%	657,166.0	14,432,595.2	-3.8%	(566,752.9)
Other Non-Tax Revenues:								
Lottery	104,740.4	1.1%	232,701.3	122.2%	127,960.9	208,509.5	-10.4%	(24,191.8)
Gaming Revenue	0.0	N/A	26,101.3	N/A	26,101.3	18,467.0	-29.2%	(7,634.3)
Licenses, Fees and Permits	38,901.1	11.8%	40,680.4	4.6%	1,779.3	41,778.8	2.7%	1,098.4
Interest	(58.1)	N/A	39,414.5	N/A	39,472.6	25,000.0	-36.6%	(14,414.5)
Sales and Services	26,049.0	16.2%	27,038.9	3.8%	989.9	27,985.3	3.5%	946.4
Other Miscellaneous	147,887.4	17.4%	153,063.5	3.5%	5,176.1	156,185.9	2.0%	3,122.4
Transfers and Reimbursements	129,876.4	11.5%	94,320.6	-27.4%	(35,555.8)	63,805.3	-32.4%	(30,515.3)
Public Safety Transfers	23,357.7	0.1%	0.0	-100.0%	(23,357.7)	0.0	N/A	0.0
Disproportionate Share Revenue	84,858.6	-0.1%	82,729.0	-2.5%	(2,129.6)	95,417.3	15.3%	12,688.3
Subtotal - Other Non-Tax	555,612.6	0.8%	696,049.5	25.3%	140,436.9	637,149	-8.5%	(58,900.4)
Net Ongoing Revenue	14,897,794.7	28.2%	15,695,397.5	5.4%	797,602.9	15,069,744.2	-4.0%	(625,653.4)
Urban Revenue Sharing (URS)	(828,492.9)	N/A	(756,388.3)	N/A	72,104.6	(1,106,966.1)	N/A	(350,577.8)
Net Ongoing Revenue w/ URS	14,069,301.8	29.3%	14,939,009.2	6.2%	869,707.5	13,962,778.1	-6.5%	(976,231.2)
One-Time Financing Sources:								
Prescription Drug Rebate Fund Transfer	16,700.0	-75.8%	0.0	-100.0%	(16,700.0)	0.0	N/A	0.0
DPS Highway Patrol Fund Transfer	24,205.7	N/A	0.0	-100.0%	(24,205.7)	0.0	N/A	0.0
Water Infrastructure Repayment	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
4.5% Maximum Tax Rate	0.0	N/A	(917,862.7)	N/A	(917,862.7)	(544,607.4)	N/A	373,255.4
SB 1783 Impact	0.0	N/A	228,810.1	N/A	228,810.1	191,987.8	-16.1%	(36,822.2)
Subtotal - One-Time Financing Sources	40,905.7	-55.0%	(669,052.7)	N/A	(709,958.4)	(352,619.5)	N/A	316,433.1
Subtotal - Revenues	14,110,207.5	28.6%	14,269,956.5	1.1%	159,749.1	13,610,158.6	-4.6%	(659,798.1)
Balance Forward	372,457.0	-61.1%	893,700.0	139.9%	521,243.0	1,702,060.2	90.5%	808,360.2
Total - Resources	14,482,664.5	21.4%	15,163,656.6	4.7%	680,992.1	15,312,218.8	1.0%	148,562.1

Appendix B: Revenue '24 - '25

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,392,786.0	4.9%	345,176.6	7,747,445.1	4.8%	354,659.1
Income - Individual	5,672,996.4	0.3%	17,273.9	5,328,770.5	-6.1%	(344,225.9)
- Corporate	997,476.5	4.6%	43,797.5	1,049,974.0	5.3%	52,497.5
Property	20,250.0	-1.6%	(331.8)	20,000.0	-1.2%	(250.0)
Luxury - Tobacco	21,203.8	0.1%	12.4	21,492.1	1.4%	288.3
- Liquor	45,280.9	2.4%	1,063.6	46,551.7	2.8%	1,270.8
Insurance Premium	688,912.8	2.3%	15,304.4	712,775.2	3.5%	23,862.3
Other Taxes	16,528.8	3.4%	543.5	17,107.3	3.5%	578.5
Subtotal - Taxes	14,855,435.2	2.9%	422,840.1	14,944,115.8	0.6%	88,680.5
Other Non-Tax Revenues:						
Lottery	228,286.5	9.5%	19,777.0	240,334.9	5.3%	12,048.4
Gaming Revenue	20,110.2	8.9%	1,643.2	21,421.2	6.5%	1,311.0
Licenses, Fees and Permits	43,324.6	3.7%	1,545.8	44,970.9	3.8%	1,646.3
Interest	27,500.0	10.0%	2,500.0	30,000.0	9.1%	2,500.0
Sales and Services	28,964.7	3.5%	979.5	29,978.5	3.5%	1,013.8
Other Miscellaneous	160,678.3	2.9%	4,492.4	165,334.7	2.9%	4,656.4
Transfers and Reimbursements	64,536.1	1.1%	730.8	64,591.1	0.1%	55.0
Public Safety Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Disproportionate Share Revenue	95,474.3	0.1%	57.0	95,644.9	0.2%	170.6
Subtotal - Other Non-Tax	668,874.8	5.0%	31,725.7	692,276.2	3.5%	23,401.5
Net Ongoing Revenue	15,524,310.0	3.0%	454,565.8	15,636,392.0	0.7%	112,082.0
Urban Revenue Sharing (URS)	(1,213,278.3)	N/A	(106,312.2)	(1,126,220.7)	N/A	87,057.5
Net Ongoing Revenue w/ URS	14,311,031.7	2.5%	348,253.6	14,510,171.3	1.4%	199,139.5
One-Time Financing Sources:						
Prescription Drug Rebate Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
DPS Highway Patrol Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	0.0	N/A	0.0	0.0	N/A	0.0
4.5% Maximum Tax Rate	(506,927.4)	N/A	37,679.9	0.0	N/A	506,927.4
SB 1783 Impact	181,972.5	-5.2%	(10,015.4)	0.0	-100.0%	(181,972.5)
Subtotal - One-Time Financing Sources	(324,955.0)	N/A	27,664.5	0.0	N/A	324,955.0
Subtotal - Revenues	13,986,076.8	2.8%	375,918.1	14,510,171.3	3.7%	524,094.5
Balance Forward	-	-100.0%	(1,702,060.2)	-	N/A	0.0
Total - Resources	13,986,076.8	-8.7%	(1,326,142.1)	14,510,171.3	3.7%	524,094.5

Appendix C: General Fund Balance Sheet

	FY 2022 October FAC	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC
REVENUES				
Ongoing Revenues	\$15,743,697,500	\$16,290,377,400	\$17,093,134,100	\$17,915,973,600
Enacted Rate Reduction (2.55%/2.98%)		(1,182,733,200)	(1,245,593,100)	(1,308,636,600)
Tier 1 Trigger Rate Reduction (2.53%/2.75%)			(282,431,000)	(296,725,700)
Tier 2 Trigger Rate Reduction (2.5% Flat Rate)				(365,200,900)
4.5% Maximum Tax Rate				(456,501,100)
SB 1783 Impact				191,182,700
Other Enacted Tax Reductions	(48,300,000)	(37,900,000)	(40,800,000)	(43,700,000)
Urban Revenue Sharing	(756,388,300)	(1,106,966,100)	(1,213,278,300)	(1,126,220,700)
Net Ongoing Revenues	\$14,939,009,200	\$13,962,778,100	\$14,311,031,700	\$14,510,171,300
One-time Financing Sources				
Balance Forward	\$893,700,000	\$1,702,060,200		
4.5% Maximum Tax Rate (Ongoing in FY 25)	(917,862,700)	(544,607,400)	(506,927,400)	
SB 1783 Impact (Ongoing in FY 25)	228,810,100	191,987,900	181,972,500	
Water Infrastructure Repayment	20,000,000			
Subtotal One-time Revenues	\$224,647,400	\$1,349,440,700	(\$324,954,900)	\$0
Total Revenues	\$15,163,656,600	\$15,312,218,800	\$13,986,076,800	\$14,510,171,300
EXPENDITURES				
Ongoing Operating Appropriations	\$12,321,812,800	\$12,700,916,300	\$13,251,748,500	\$13,731,644,100
Administrative Adjustments	120,000,000	158,000,000	158,000,000	158,000,000
Reversions	(192,000,000)	(203,000,000)	(203,000,000)	(203,000,000)
Subtotal Ongoing Expenditures	\$12,249,812,800	\$12,655,916,300	\$13,206,748,500	\$13,686,644,100
One-time Expenditures				
Capital Outlay	\$92,632,900			
Reduce K-12 Rollover (Enacted)	65,000,000			
Operating One-Time Spending	666,235,900	165,243,100	69,117,200	68,596,500
New Medicaid Federal Match Reversion <u>1/</u>	(400,000,000)			
New ADE Formula Funding Reversion <u>1/</u>	(150,000,000)			
27th Pay Period (Enacted)	20,052,100			
Subtotal One-time Expenditures	\$293,920,900	\$165,243,100	\$69,117,200	\$68,596,500
Total Expenditures	\$12,543,733,700	\$12,821,159,400	\$13,275,865,700	\$13,755,240,600
Proposition 208 Reserve <u>2/</u>	\$917,862,700			
Ending Balance <u>3/</u>	\$1,702,060,200	\$2,491,059,400 <u>4/</u>	\$710,211,100	\$754,930,700

1/ Reflects reversion of savings for a higher federal Medicaid match rate and lower K12 formula costs.

2/ Reflects Proposition 208 uncertainty. If surcharge upheld, revenue would be transferred to Proposition 208 fund. If surcharge not upheld, state would refund revenue.

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

4/ The FY 2023 cash balance is presumed to be allocated as part of the FY 2023 budget process.

JLBC Staff – October Budget Update

Summary of the General Fund Budget Outlook

- General Fund revenues are currently growing rapidly – up 19.3% for the first quarter of FY 2021.
- The outcome of pending referenda, litigation and federal policy decisions will affect the level of available resources.
- As a result, numerous scenarios are possible for the level of available resources. For planning purposes, we project an available ongoing balance of \$700 million and a one-time balance of \$1.7 billion under a "maximum commitment" scenario.

Caveats to the October FAC \$700 Million/\$1.7 Billion Scenario

This "maximum commitment" scenario is based on outcomes that use up the most resources – so that we do not overstate how much will be available next session. This scenario is a means of budgeting prudently, not a prediction of the results of the referenda or the litigation. The October FAC scenario assumes:

- Proposition 208 is upheld in litigation.
- We put \$918 million in reserve pending the outcome of the Proposition 208 litigation. The General Fund could be currently holding \$918 million of General Fund income tax collections that belong to Proposition 208. If the proposition is upheld, these monies will be transferred to the Proposition 208 fund. If the proposition is not upheld, the state will issue refunds.
- The enacted income tax reductions, including the triggers, go into effect.
- The federal government does not extend the enhanced Medicaid match rate past March 2022. The federal government just extended the higher rate from December 2021 to March 2022.

Reporting Requirements

The FY 2022 General Appropriation Act requires the JLBC Staff to report by October 15, 2021 as to whether FY 2022's General Fund revenues and ending balance are projected to change by more than \$50 million from the budgeted levels. We currently forecast exceeding both metrics by significantly more than \$50 million. For example, the FY 2022 projected ending balance is now \$2.62 billion, or \$2.42 billion higher than the \$202 million level in the enacted budget.

In addition, A.R.S. § 35-125 requires the Legislature to provide 3-year estimates in each year's budget bill. In fulfilling these requirements, the JLBC Staff has reviewed the preliminary FY 2021 ending balance estimates and updated its 4-sector revenue projections in conjunction with the October 28th Finance Advisory Committee (FAC) meeting. In addition, the JLBC Staff

has revised its spending projections through FY 2025 based on current statutory funding formulas.

FY 2021 Actuals

The enacted budget projected the FY 2021 ending balance to be \$442 million. The Executive's preliminary FY 2021 ending balance projection is \$894 million, or a net increase of \$452 million above the enacted budget. This increase is mostly the result of \$430 million in higher-than-anticipated revenues (*see discussion below*). In addition, state spending was \$(22) million lower-than-budgeted. The Arizona Department of Administration is required by law to publish the final FY 2021 ending balance by December 1, 2021.

Higher-than-Expected Revenues – Excluding Urban Revenue Sharing, the beginning balance and one-time transfers, General Fund revenue grew 28.3% in FY 2021, the largest such increase in more than 40 years. Without the deferral of Individual Income Tax collections from April 2020 to July 2020, the increase would have been 17.9%.

Individual Income Tax accounted for \$241 million of the total FY 2021 net revenue gain of \$430 million. Sales Tax and Corporate Income Tax accounted for \$97 million and \$95 million, respectively, of the forecast overage.

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

Table 1			
FY 2021 Revenue Growth Rates by Category			
	Enacted Budget	Prelim Actual	Above/(Below) Forecast (\$ in Millions)
Sales and Use	14.0%	15.8%	\$97
Individual Income	38.9%	44.2%	241
Corporate Income	47.2%	65.5%	95
Insurance Premium	12.3%	15.2%	15
Other	<u>4.4%</u>	<u>1.8%</u>	<u>(18)</u>
Total	24.5%	28.3%	\$430

The state's extraordinary growth in FY 2021 was likely attributable to several factors, including:

- \$51 billion in federal pandemic aid led to an 8% increase in Arizona personal income during FY 2021. A portion of this aid ultimately resulted in higher Sales Tax and Income Tax collections.
- A shift in consumer spending from services (mostly nontaxable) to taxable durable goods, boosting Sales Tax collections.

- A 16% gain in the stock market and 20% gain in home prices likely boosted capital gains that are subject to Income Tax.
- A low FY 2020 "base" due to the economic shutdown in the spring of 2020.

Updated October Revenue Forecast

Excluding Urban Revenue Sharing, one-time transfers and new tax reductions, the enacted budget forecast assumed total General Fund revenue of \$14.16 billion in FY 2022. After adjusting for the income tax deferral, the enacted budget was based on a General Fund revenue decline of (1.3)%.

General Fund revenue was up by 19.3% in the first quarter of FY 2022, after adjusting for the deferral. This large overage has led to a FY 2022 year-to-date forecast gain of \$639 million above the enacted budget forecast.

Based on the first quarter experience, the 4-sector forecast updates our revenue projections through FY 2025. This forecast is based on equal input from the following: the FAC panelists, the University of Arizona's "base" and "more cautious" econometric revenue models, and JLBC Staff.

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

The updated October 4-sector forecast was prepared prior to tax law reductions, changes in Urban Revenue Sharing and one-time financing sources (such as fund transfers and the beginning balance).

Under the October 4-sector forecast, net General Fund revenue is projected to grow by 9.8% in FY 2022 without the deferral. Given the 19.3% first quarter growth, General Fund revenues would have to grow 7.0% over the remaining 9 months of FY 2022. This projection appears cautious given the growth in the last year.

In FY 2023 through FY 2025, the projected 4-sector revenue growth rates are 3.5%, 4.9% and 4.8%, respectively. Details of the October 2021 4-sector forecast are summarized in *Table 2 and Attachments A and B*.

Excluding the cash balance, Urban Revenue Sharing, fund transfers and tax law changes, total base General Fund revenue is expected to increase from \$15.74 billion in FY 2022 to \$16.29 billion in FY 2023. The projected FY 2024 and FY 2025 base revenue estimates are \$17.09 billion and \$17.92 billion, respectively.

Following *Table 2* is a discussion of the main trends in the 3 largest revenue categories.

Table 2

October FAC Forecast
Base Revenue Growth Rates Without Impact of Deferral
Excludes Fund Transfers/URS

	FY 2022	FY 2022	FY 2023
	<u>YTD % Change</u>	<u>% Change</u>	<u>% Change</u>
Sales Tax	15.6%	9.1%	3.5%
Individual Income	18.1%	9.6%	4.9%
Corporate Income	23.5%	8.8%	3.5%
Insurance Premium	29.7%	6.5%	2.6%
Other Revenues	<u>104.3%</u>	<u>21.2%</u>	<u>(7.4)%</u>
Total	19.3%	9.8%	3.5%

Sales Tax – Year over year, Sales Tax revenue increased by 15.6% in the first quarter of FY 2022. This increase comes on top of the 11.0% growth rate recorded in the first quarter of FY 2021. The surge in sales tax collections has been fueled by various federal pandemic-related assistance programs.

Another contributing factor was a sizeable shift of consumer spending from services to goods during the pandemic. Based on national personal consumption expenditure data, consumer spending on durable goods increased by 25.4% in the 4 most recent quarters compared to a slight increase of 0.7% for spending on services. This helped the state since sales tax is imposed on goods but not services.

The strong recovery in leisure and hospitality industry that began in April of this year has also contributed to the strong sales tax growth and is expected to continue through the rest of the year. Sales tax collections from restaurants and bars are up by 35.2%, year to date. Comparable growth rates for the amusements and lodging classifications are 256.3% and 68.8%, respectively.

Under the 4-sector forecast, sales tax is expected to grow 9.1% for all of FY 2022. Given the first quarter growth of 15.6%, the remaining 9 months would have to increase by 7.1%.

Sales tax gains are expected to be moderate in FY 2023 through FY 2025 in the range of 3.5% to 4.9%.

Income Tax – After adjusting for the impact of the deferral, the first quarter Individual Income Tax (IIT) growth is an estimated 18.1%, as shown in *Table 2* above.

IIT withholding grew by 11.9% in the first quarter of FY 2022, which is likely due to a combination of substantial job gains and strong wage growth. Arizona employers added 161,400 net new jobs in the first 3 months of FY 2022 over the same period in the prior year.

This corresponds to nonfarm employment growth of 5.8%. Average hourly earnings of Arizona private sector employees increased by 2.8% in the first quarter of FY 2022.

After adjusting for the deferral, estimated and final payments are up by 50.3% through the first 3 months of FY 2022. The large growth in payments may be in part due to strong stock market performance and real estate capital gains.

Compared to IIT's overall 18.1% first quarter growth, the 4-sector forecast envisions a year-end gain of 9.6%. In the remaining 9 months, IIT would need to increase 7.1% to achieve the forecast.

In FY 2023 through FY 2025, the 4-sector foresees base IIT growth of between 4.9% and 5.3%. These estimates are prior to the tax law changes approved during the 2021 Regular Session. The tax reductions are discussed in more detail below.

Corporate Income Tax – Through September, Corporate Income Tax (CIT) collections are up by 23.5%. This follows a 65.5% increase in FY 2021. The surge in Corporate Income Tax collections is likely due to strong corporate profitability. According to the Bureau of Economic Analysis (BEA), before-tax profits were up by 45% in the second calendar quarter compared to 2020. S&P 500 operating earnings, another measure of corporate profitability, are estimated to have also grown by 45% in the second calendar quarter.

The 4-sector forecast projects a year-end FY 2022 gain of 8.8% in corporate collections. With the 23.5% first quarter growth, CIT would have to increase by 4.0% to match the forecast.

As in the other tax categories, the 4-sector has lower CIT growth rates after FY 2022. The percent gains would range between 3.5% and 5.3% in FY 2023 through FY 2025.

Revenue/Tax Policy Implementation

Beyond updating the base revenue forecast, the JLBC Staff has also updated its FY 2022 – FY 2025 estimates of revenue and tax policy changes enacted as part of the FY 2022 budget.

Enacted Tax Reductions

The Legislature enacted numerous tax reductions in the 2021 session. We have updated our estimates of these reductions in line with the October forecast. *See Table 3.*

Tax Rate Reductions – Laws 2021, Chapter 412, the Tax Omnibus bill, reduced the current 4 Individual Income Tax brackets to 2 starting in Tax Year (TY) 2022/FY 2023. The rates will be 2.55% for taxable income up to \$27,272 in a single household and \$54,544 in a married filing jointly household. The rate will become 2.98% above those thresholds. We estimate that this tax reduction will cost \$1.18 billion in FY 2023.

Further rate reductions are contingent upon FY 2022 and FY 2023 General Fund revenues exceeding the enacted budget forecast and reaching certain "trigger" levels. The TY 2023 rates will be determined in September 2022 and the TY 2024 rates in September 2023. Excluding the beginning balance, the "trigger" target is set at \$12.78 billion in FY 2022 and \$12.98 billion in FY 2023 and each year thereafter. Based on the October forecast, we currently project that the state will exceed both trigger targets and we have incorporated the additional rate cuts into our estimates. The FY 2022 October forecast is \$14.27 billion compared to the \$12.78 billion trigger. The FY 2023 forecast is \$13.61 billion compared to the \$12.98 billion trigger.

Under the triggers, the rates will be reduced to 2.53%/2.75% starting in TY 2023/FY 2024 and a single rate of 2.5% in TY 2024/FY 2025. The FY 2024 reductions will cost an additional \$(282) million and the FY 2025 reductions will result in a further additional cost of \$(365) million in FY 2025.

Compared to our base revenue forecast, the total revenue rate reduction will be \$(1.18) billion in FY 2023, \$(1.53) billion in FY 2024 and \$(1.97) billion in FY 2025.

A voter referendum has been submitted to the Secretary of State for signature validation which would put these rate reductions on the November 2022 general election ballot for approval. If sufficient signatures are verified, we will need to reserve the dollar value of the tax reductions on the balance sheet pending the election. There is also litigation challenging the legal validity of the referendum effort.

4.5% Maximum Income Tax Rate - Pursuant to Laws 2021, Chapter 411 (Revenue Budget Reconciliation Bill) beginning in TY 2021, the total individual income tax rate for taxable income above \$250,000/\$500,000, including the Proposition 208 surcharge, cannot exceed 4.5%. The combined regular/Proposition 208 rate for these households would otherwise be 8.0% in TY 2021.

Proposition 208 will receive the proceeds from the 3.5% surcharge. The remaining 1% will be deposited in the General Fund. Based on the October forecast, this provision is estimated to reduce General Fund revenues by \$(918) million in FY 2022. The revenue impact is less in future years and reaches \$(457) million by FY 2025. The cost declines as the top combined regular/Proposition 208 rate falls from 8.0% in FY 2022 to 6.0% in FY 2025.

There is pending Proposition 208 litigation that would affect the Maximum Income Tax rate. In *Fann v. Arizona*, the Arizona Supreme Court has ruled that the surcharge is unconstitutional if it causes the K-12 Aggregate Expenditure Limit to be exceeded. A trial court has yet to make that determination.

If Proposition 208 is ultimately ruled invalid, then the General Fund would not incur the cost of the 4.5% maximum tax rate as outlined above.

Table 3				
October FAC Forecast Tax Reductions				
	\$ in millions			
	FY '22	FY '23	FY '24	FY '25
Income Tax Rate Reduction				
- Reduce to 2.55%/2.98% rate		(1,183)	(1,246)	(1,309)
- Reduce to 2.53%/2.75% rate			(282)	(297)
- Reduce to single 2.5% rate				(365)
- Total Rate Reduction		(1,183)	(1,528)	(1,971)
4.5% Maximum IIT Rate	(918)	(545)	(507)	(457)
Alternative Tax Rate (SB 1783)	229	192	182	191
Other Enacted Reductions	(48)	(38)	(41)	(44)
Total Reductions	(737)	(1,574)	(1,894)	(2,281)

Alternative Income Tax Rate (SB 1783) - Laws 2021, Chapter 436 (SB 1783) provides an option for individuals with certain types of income, such as interest and dividends, business profits, and capital gains from the sale of certain capital assets, to be taxed under either the regular individual income tax or an alternative income tax established by SB 1783. An individual who elects to be taxed under SB 1783's alternative income tax is not subject to the 3.5% Proposition surcharge. Instead, SB 1783 alternative income tax collections will be deposited into the General Fund.

The SB 1783 alternative tax rate is 3.5% in TY 2021 and 3.0% in TY 2022. The rate will be further reduced to 2.8% in TY 2023 and TY 2024 and 2.5% in TY 2025.

The shift of taxable income from the regular income tax to the alternative income tax results in a General Fund savings relative to the 4.5% maximum tax rate. SB 1783 reduces the cost of the 4.5% maximum regular rate as income is diverted to the alternative rate. This savings is estimated to be \$229 million in TY 2021/FY 2022 and subsequently declines to \$191 million by TY 2024/FY 2025.

The SB 1783 fiscal impact will also depend on the outcome of referenda and litigation. As with the rate reductions, a voter referendum has been submitted to the Secretary of State for signature validation which would put the SB 1783 alternative rate structure on the November 2022 general election ballot for approval. In addition, the Proposition 208 litigation would also affect the ultimate dollar impact of this policy.

Other Tax Impacts – In the 2021 session, the Legislature approved several smaller tax provisions, which are estimated to reduce revenue by \$(48) million in FY 2022 to \$(44) million in FY 2025. The main reduction is exempting all veterans' pension payments from state Individual Income Tax.

Summary – Table 3 displays the estimated total impact of these tax provisions between FY 2022 and FY 2025. The net revenue impact is \$(737) million in FY 2022, \$(1.57) billion in FY 2023, \$(1.89) billion in FY 2024 and \$(2.28) billion in FY 2025.

Urban Revenue Sharing – Urban Revenue Sharing (URS) involves annual distributions to all cities in the state. The amount is a percentage of the combined total of Individual and Corporate Income Tax collections from 2 years prior. Due to the deferral of Income Tax collections from FY 2020 to FY 2021, URS will be lower than normal in FY 2022 and higher than normal in FY 2023. The Individual Income Tax reductions described above will begin to affect URS distributions in FY 2024.

In addition, Laws 2021, Chapter 412 (Tax Omnibus) increases the URS distribution from 15% to 18% starting in FY 2024.

URS was \$828 million in FY 2021 and will drop to \$756 million in FY 2022 before rising to \$1.11 billion in FY 2023. All 3 numbers are final since they are based on actual collections from 2 years prior.

In FY 2024, URS is projected to grow to \$1.21 billion, followed by an FY 2025 URS allocation of \$1.13 billion.

Gaming Revenue – Laws 2021, Chapter 234 authorized various gaming expansions in the state, including: event wagering (sports betting), fantasy sports contests and several new Lottery games (keno and a mobile draw game). The General Fund receives license fees as well as a percentage of the "net win" of gaming operators.

The JLBC Staff's original fiscal note assumed that the gaming expansion would generate \$34 million for the General Fund in third year of operation as the market matured. The enacted budget instead assumed Chapter 234 would generate \$200 million of General Fund revenue in FY 2023 and \$300 million in FY 2024.

We have reassessed our fiscal note estimates as part of the October forecast update. For example, we now know the level of license fees and the number of licensed operators. In addition, the prior estimate assumed that the Arizona Department of Gaming (ADG) would establish a fee/tax rate of 8% - our analysis now uses the actual rates for event wagering (8% retail/10% mobile) and fantasy sports (5%). We also have information on the level of transactions for event wagering. Due to timing issues, however, we effectively do not yet have information on the state's proceeds from a percentage of net win.

As part of our reassessment, we adjusted our license fee collections upward in line with the actual fees and number of operators. Based on comparison states, we extrapolated the transaction data to estimate the total volume of the Arizona event wagering market. Wagering volume is assumed to grow 15% in FY 2023 with lower growth rates in future years (10% in FY 2024 and 7% in FY 2025) as the gaming market reaches a mature size.

The state has not yet implemented the new Lottery keno and mobile draw games.

We now project that the gaming expansion will generate \$26 million in FY 2022. By FY 2025, General Fund proceeds are expected to reach \$40 million as the market expands over time. Of that FY 2025 amount, \$20 million would be from event wagering, \$1 million from fantasy sports and \$18 million from Lottery keno and mobile draw.

Spending Projections

As part of the October FAC process, we have updated our FY 2022 - FY 2025 projection of Baseline spending. (*See Attachment C and D.*) These amounts reflect spending changes associated with statutory and other active funding formulas. In addition, it reflects changes that were assumed in the FY 2022 enacted budget's 3-year spending plan. For example, our estimates delete spending labeled as one-time in that budget.

Overall state spending is projected to increase by \$277 million in FY 2023, which represents an increase of 2.2% from the prior year. Total FY 2023 General Fund spending would be \$12.82 billion.

The increase in FY 2023 Baseline spending is due to ongoing spending requirements increasing by \$406 million (*see Table 5*), with that partially offset by the elimination of \$(129) million of one-time spending (*see Table 6*).

Under the Baseline projections, spending is projected to grow by \$455 million in FY 2024 (3.5% growth) and \$479 million in FY 2025 (3.6% growth). (*See Table 4.*)

Table 4		
Total General Funding Spending		
	<u>\$ in B</u>	<u>% Growth</u>
FY 2022	12.54	(7.7)
FY 2023	12.82	2.2
FY 2024	13.28	3.5
FY 2025	13.76	3.6

We have adjusted the FY 2022 spending estimate to reflect a change in assumptions for savings from the increased federal match rate through the end of the federal public health emergency. Previously, the enacted budget had assumed the enhanced match rate would be in effect through December 31, 2021. The federal emergency has now been extended, which results in the enhanced federal match rate currently being in effect through March 31, 2022. This extension will generate an additional \$(133) million of FY 2022 savings compared to the enacted budget.

The FY 2022 estimates have also been revised to include a projected surplus of \$(150) million in the Department of Education's Basic State Aid formula due to reductions in district transportation route miles (\$130 million) and student counts (\$20 million) during the 2020-2021 school year. Under the K-12 formula, Transportation Support Level (TSL) funding and District Additional Assistance (DAA) funding for the current year are based on prior-year route miles and student counts. The enacted budget did not include savings from pandemic-related enrollment declines in FY 2022. We think that FY 2022 current year enrollment data is still too speculative to make more adjustments at this time.

Ongoing FY 2023 Statutory Formula Spending

During FY 2023, statutory formula/ongoing spending (excluding one-time spending) is projected to change as follows:

Table 5	
'23 Ongoing Spending Changes	
	<u>\$ in M</u>
AHCCCS - Medicaid Formula	90
ADE - K-12 Formula	283
ADE - Property Tax Changes	34
DES - Medicaid Formula	39
DFFM - Fire Mitigation Changes	35
ADC/DPS - Pension Payoff Savings	(110)
Technical Adj. (Revertments)	27
Other	<u>8</u>
Total	406

Table 6	
'23 One-Time Spending Additions/Deletions	
	<u>\$ in M</u>
Remove Medicaid Match Savings	400
Remove One-Time K-12 Savings	150
Move K-12 DAA/CAA to Ongoing	(68)
Remove K-12 Rollover Payoff	(65)
Other K-12 Funding	(16)
ADC Funding	(41)
Commerce Authority Funding	(55)
Community College Funding	(30)
SFB Building Renewal Grants	(91)
SFB - Fewer New Buildings	(80)
University Funding	(46)
University 27 th Payroll	(20)
Other Agency Spending Changes	(75)
Capital Projects	<u>(92)</u>
Total	(129)

- Arizona Department of Education (ADE) ongoing formula spending is projected to increase by \$283 million in FY 2023. This estimate includes the following changes:
 - \$122 million for 0.6% student enrollment growth.
 - \$142 million for 2.0% inflation. This is based on estimated calendar year 2021 inflation of 3.68%. A.R.S. § 15-901.01 stipulates that the minimum inflation adjustment is the actual inflation rate or 2.0%, whichever is less.
 - \$19 million for all other ongoing formula adjustments.
- ADE ongoing spending is estimated to increase by an additional \$34 million in FY 2023 for an increase in the Homeowner's Rebate percentage from 47.19% to 50.0% of the Qualifying Tax Rate (QTR) and for the first year of a 4-year phased-in reduction in the commercial property assessment ratio from 18.0% to 16.0%. These changes were previously enacted by the FY 2022 Tax Omnibus (Laws 2021, Chapter 412).

- ADE ongoing spending is estimated to increase by \$230 million in FY 2024 and \$241 million in FY 2025.
- AHCCCS ongoing FY 2023 funding is projected to increase by \$90 million in FY 2023 above the enacted FY 2022 budget. This increase is based on 3.1% capitation growth offset by a downward enrollment adjustment. While the federal health emergency is in effect, AHCCCS cannot disenroll individuals due to income changes. The October estimate assumes that AHCCCS will begin to disenroll some of these individuals over a 9-month period starting at the end of the health emergency in March 2022 (unless it is extended again).
- AHCCCS spending is estimated to increase by \$209 million in FY 2024 and \$163 million in FY 2025.
- Department of Economic Security (DES) Medicaid spending for the Developmental Disabilities (DD) program is projected to increase by \$39 million in FY 2023 above the enacted FY 2022 budget. This increase is based on 5.0% enrollment growth and 3.0% capitation growth. DES spending is expected to increase by \$104 million in FY 2024 and \$72 million in FY 2025.
- Department of Forestry and Fire Management (DFFM) spending increases by \$35 million as part of the annualization of FY 2022 firefighting initiatives as detailed in the enacted budget's 3-year spending plan.
- The annual Department of Corrections and Department of Public Safety employer retirement costs will decline by \$(110) million in FY 2023 based on the assumptions included in the enacted budget. The FY 2022 budget included a total of \$1 billion to reduce the unfunded actuarial liabilities of the ADC Correctional Officers Retirement Plan and the DPS Public Safety Personnel Retirement System. The effect on the employer contribution rate will first occur in FY 2023. This savings estimate will be updated when the retirement system actuarial valuations are released in December.

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

In addition, the projections assume \$865 million in K-12 spending will be "rolled over" to the following fiscal year; this amount is a decrease of \$(65) million from prior years due to legislation to reduce the rollover.

One-Time Spending

As part of the FY 2022 budget 3-year spending plan, the Legislature designated certain spending items as one-time in each of FY 2022, FY 2023, and FY 2024. Under the enacted budget 3-year spending plan, FY 2023 one-time spending is \$165 million, which is a decline of \$(129) million from FY 2022. (*See Attachment E.*)

Various items labeled as one-time spending for FY 2022 support operating expenditures or addressing reoccurring issues. While these items have been removed in our FY 2023 spending projections, the continuation of these funding allocations may be considered in the upcoming budget process. The total dollar value of these items is approximately \$180 million.

Ending Balance Projections

Given the revenue and spending forecasts, we currently project a FY 2022 General Fund ending balance of \$1.70 billion at the end of FY 2022 after \$918 million has been set aside for Proposition 208 purposes.

Proposition 208 Reserve – Proposition 208 adds a 3.5% income tax surcharge for single households with more than \$250,000 in income and married households with more than \$500,000 starting in TY 2021. While the status of the surcharge is being litigated, these taxpayers may have decided to pay the higher surcharge in case the legal challenges are not successful.

Taxpayers may have either increased their withholding or their estimated payments. Until taxpayers file their returns in April 2022, however, we are unaware of a mechanism to determine the level of these payments. As a result, Proposition 208-related withholding or payments are part of the General Fund balance.

If the surcharge is upheld in court, any Proposition 208 revenue would be transferred to the Proposition 208 fund in the summer of 2022. If the surcharge is not upheld, the state would refund any of these advance payments.

We suggest setting aside \$918 million of the General Fund balance until this issue is resolved next summer. This dollar amount represents our updated estimate of Proposition 208 collections. This projection is higher than the 2021 Regular Session \$836 million estimate due to growth in Individual Income Tax liability over the last year.

FY 2023 – FY 2025 Ending Balances – Ongoing versus One-Time Availability – The projected FY 2023 ending cash balance is \$2.49 billion. Assuming this amount is allocated during the 2022 Regular Session, the projected FY 2024 and FY 2025 ending balances are \$710 million and \$755 million, respectively. (See Table 7).

The future year ending cash balances effectively limit how much of the \$2.49 billion FY 2023 balance can be spent for ongoing initiatives. Any ongoing initiatives above \$700 million will create a cash shortfall in future years.

Ongoing initiatives of \$700 million would reduce the \$2.49 billion FY 2023 balance by that amount. In addition, we suggest a final FY 2023 cash balance of no less than \$100 million. After deducting both the \$700 million and \$100 million from the FY 2023 balance, \$1.69 billion would be available for one-time initiatives as part of the FY 2023 budget.

All the cash balance projections exclude the Budget Stabilization Fund (BSF). That account has a current balance of approximately \$970 million.

Table 7**October Ending Balance Projections**

	Fiscal Year			
	<u>FY '22</u>	<u>FY '23</u>	<u>FY '24</u>	<u>FY '25</u>
Balance Forward/Other	\$ 0.89 B	\$ 1.70 B	\$ 0.00 B	\$ 0.00 B
Projected Revenues	14.27 B	13.61 B	13.99 B	14.51 B
Less:				
Ongoing Baseline Spending	12.25 B	12.65 B	13.21 B	13.69 B
One-Time Spending	0.29 B	0.17 B	0.07 B	0.07 B
Proposition 208 Reserve	<u>0.92 B</u>	<u>0.00 B</u>	<u>0.00 B</u>	<u>0.00 B</u>
Cash Balance	\$1.70 B	\$2.49 B*	\$710 M	\$755 M

* The projected FY 2023 cash balance is presumed to be allocated as part of the FY 2023 budget process.

October 28, 2021 FAC 4-Sector Forecast

	FY 2022	FY 2023	FY 2024	FY 2025
<u>Sales Tax</u>				
JLBC Staff	10.8%	3.5%	4.0%	4.0%
UA - Low	7.4%	1.2%	4.4%	4.8%
UA - Base	9.7%	3.0%	5.4%	5.1%
FAC	8.5%	6.1%	5.8%	5.3%
Average:	9.1%	3.5%	4.9%	4.8%
<u>Individual Income Tax</u>				
JLBC Staff	2.1%	3.6%	4.2%	4.3%
UA - Low	-1.2%	4.7%	5.0%	4.9%
UA - Base	0.1%	5.3%	5.4%	5.2%
FAC	0.4%	6.0%	6.6%	5.8%
Average:	0.4%	4.9%	5.3%	5.1%
<u>Corporate Income Tax</u>				
JLBC Staff	10.0%	2.5%	4.0%	4.4%
UA - Low	10.0%	3.3%	4.2%	5.1%
UA - Base	11.4%	4.6%	5.1%	6.4%
FAC	3.9%	3.5%	5.1%	5.1%
Average:	8.8%	3.5%	4.6%	5.3%
<u>Insurance Premium Tax</u>				
JLBC Staff	7.0%	1.5%	3.3%	3.4%
UA - Low	6.3%	1.6%	0.9%	3.2%
UA - Base	7.1%	3.0%	1.4%	3.4%
FAC	5.6%	4.5%	3.5%	3.8%
Average:	6.5%	2.6%	2.3%	3.5%
JLBC Weighted Average:	6.6%	3.4%	4.1%	4.1%
UA Low Weighted Average:	3.6%	2.9%	4.5%	4.8%
UA Base Weighted Average:	5.3%	4.1%	5.2%	5.2%
FAC Consensus Weighted Average:	4.4%	5.8%	6.0%	5.4%
"Big-4" Weighted Average:	5.0%	4.1%	4.9%	4.9%
Consensus Weighted Average: *	5.7%	3.5%	4.9%	4.8%

* Represents ongoing revenue adjusted for small revenue categories

October 2021 4-Sector Forecast

Attachment B

GENERAL FUND REVENUE - FY 2021 - FY 2023

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	Prel. ACTUAL FY 2021	% CHANGE PRIOR YR	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	6,243,648.6	15.8%	6,811,703.5	9.1%	568,054.9	7,047,609.4	3.5%	235,905.9
Income - Individual	6,532,753.2	44.2%	6,507,862.3	-0.4%	(24,891.0)	5,655,722.5	-13.1%	(852,139.8)
- Corporate	847,020.8	65.5%	921,625.2	8.8%	74,604.4	953,679.0	3.5%	32,053.8
Property	22,380.0	-7.3%	21,500.0	-3.9%	(880.0)	20,581.8	-4.3%	(918.2)
Luxury - Tobacco	21,687.1	3.9%	21,412.0	-1.3%	(275.1)	21,191.5	-1.0%	(220.5)
- Liquor	43,150.6	19.0%	43,443.4	0.7%	292.8	44,217.3	1.8%	773.9
Insurance Premium	616,251.4	15.2%	656,282.1	6.5%	40,030.7	673,608.5	2.6%	17,326.4
Other Taxes	15,290.3	6.1%	15,519.7	1.5%	229.4	15,985.3	3.0%	465.6
Subtotal - Taxes	14,342,182.1	29.6%	14,999,348.1	4.6%	657,166.0	14,432,595.2	-3.8%	(566,752.9)
Other Non-Tax Revenues:								
Lottery	104,740.4	1.1%	232,701.3	122.2%	127,960.9	208,509.5	-10.4%	(24,191.8)
Gaming Revenue	0.0	N/A	26,101.3	N/A	26,101.3	18,467.0	-29.2%	(7,634.3)
Licenses, Fees and Permits	38,901.1	11.8%	40,680.4	4.6%	1,779.3	41,778.8	2.7%	1,098.4
Interest	(58.1)	N/A	39,414.5	N/A	39,472.6	25,000.0	-36.6%	(14,414.5)
Sales and Services	26,049.0	16.2%	27,038.9	3.8%	989.9	27,985.3	3.5%	946.4
Other Miscellaneous	147,887.4	17.4%	153,063.5	3.5%	5,176.1	156,185.9	2.0%	3,122.4
Transfers and Reimbursements	129,876.4	11.5%	94,320.6	-27.4%	(35,555.8)	63,805.3	-32.4%	(30,515.3)
Public Safety Transfers	23,357.7	0.1%	0.0	-100.0%	(23,357.7)	0.0	N/A	0.0
Disproportionate Share Revenue	84,858.6	-0.1%	82,729.0	-2.5%	(2,129.6)	95,417.3	15.3%	12,688.3
Subtotal - Other Non-Tax	555,612.6	0.8%	696,049.5	25.3%	140,436.9	637,149	-8.5%	(58,900.4)
Net Ongoing Revenue	14,897,794.7	28.2%	15,695,397.5	5.4%	797,602.9	15,069,744.2	-4.0%	(625,653.4)
Urban Revenue Sharing (URS)	(828,492.9)	N/A	(756,388.3)	N/A	72,104.6	(1,106,966.1)	N/A	(350,577.8)
Net Ongoing Revenue w/ URS	14,069,301.8	29.3%	14,939,009.2	6.2%	869,707.5	13,962,778.1	-6.5%	(976,231.2)
One-Time Financing Sources:								
Prescription Drug Rebate Fund Transfer	16,700.0	-75.8%	0.0	-100.0%	(16,700.0)	0.0	N/A	0.0
DPS Highway Patrol Fund Transfer	24,205.7	N/A	0.0	-100.0%	(24,205.7)	0.0	N/A	0.0
Water Infrastructure Repayment	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
4.5% Maximum Tax Rate	0.0	N/A	(917,862.7)	N/A	(917,862.7)	(544,607.4)	N/A	373,255.4
SB 1783 Impact	0.0	N/A	228,810.1	N/A	228,810.1	191,987.8	-16.1%	(36,822.2)
Subtotal - One-Time Financing Sources	40,905.7	-55.0%	(669,052.7)	N/A	(709,958.4)	(352,619.5)	N/A	316,433.1
Subtotal - Revenues	14,110,207.5	28.6%	14,269,956.5	1.1%	159,749.1	13,610,158.6	-4.6%	(659,798.1)
Balance Forward	372,457.0	-61.1%	893,700.0	139.9%	521,243.0	1,702,060.2	90.5%	808,360.2
Total - Resources	14,482,664.5	21.4%	15,163,656.6	4.7%	680,992.1	15,312,218.8	1.0%	148,562.1

October 2021 4-Sector Forecast

Attachment B

GENERAL FUND REVENUE - FY 2024 - FY 2025

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,392,786.0	4.9%	345,176.6	7,747,445.1	4.8%	354,659.1
Income - Individual	5,672,996.4	0.3%	17,273.9	5,328,770.5	-6.1%	(344,225.9)
- Corporate	997,476.5	4.6%	43,797.5	1,049,974.0	5.3%	52,497.5
Property	20,250.0	-1.6%	(331.8)	20,000.0	-1.2%	(250.0)
Luxury - Tobacco	21,203.8	0.1%	12.4	21,492.1	1.4%	288.3
- Liquor	45,280.9	2.4%	1,063.6	46,551.7	2.8%	1,270.8
Insurance Premium	688,912.8	2.3%	15,304.4	712,775.2	3.5%	23,862.3
Other Taxes	16,528.8	3.4%	543.5	17,107.3	3.5%	578.5
Subtotal - Taxes	14,855,435.2	2.9%	422,840.1	14,944,115.8	0.6%	88,680.5
Other Non-Tax Revenues:						
Lottery	228,286.5	9.5%	19,777.0	240,334.9	5.3%	12,048.4
Gaming Revenue	20,110.2	8.9%	1,643.2	21,421.2	6.5%	1,311.0
Licenses, Fees and Permits	43,324.6	3.7%	1,545.8	44,970.9	3.8%	1,646.3
Interest	27,500.0	10.0%	2,500.0	30,000.0	9.1%	2,500.0
Sales and Services	28,964.7	3.5%	979.5	29,978.5	3.5%	1,013.8
Other Miscellaneous	160,678.3	2.9%	4,492.4	165,334.7	2.9%	4,656.4
Transfers and Reimbursements	64,536.1	1.1%	730.8	64,591.1	0.1%	55.0
Public Safety Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Disproportionate Share Revenue	95,474.3	0.1%	57.0	95,644.9	0.2%	170.6
Subtotal - Other Non-Tax	668,874.8	5.0%	31,725.7	692,276.2	3.5%	23,401.5
Net Ongoing Revenue	15,524,310.0	3.0%	454,565.8	15,636,392.0	0.7%	112,082.0
Urban Revenue Sharing (URS)	(1,213,278.3)	N/A	(106,312.2)	(1,126,220.7)	N/A	87,057.5
Net Ongoing Revenue w/ URS	14,311,031.7	2.5%	348,253.6	14,510,171.3	1.4%	199,139.5
One-Time Financing Sources:						
Prescription Drug Rebate Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
DPS Highway Patrol Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	0.0	N/A	0.0	0.0	N/A	0.0
4.5% Maximum Tax Rate	(506,927.4)	N/A	37,679.9	0.0	N/A	506,927.4
SB 1783 Impact	181,972.5	-5.2%	(10,015.4)	0.0	-100.0%	(181,972.5)
Subtotal - One-Time Financing Sources	(324,955.0)	N/A	27,664.5	0.0	N/A	324,955.0
Subtotal - Revenues	13,986,076.8	2.8%	375,918.1	14,510,171.3	3.7%	524,094.5
Balance Forward	-	-100.0%	(1,702,060.2)	-	N/A	0.0
Total - Resources	13,986,076.8	-8.7%	(1,326,142.1)	14,510,171.3	3.7%	524,094.5

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

Attachment C

	FY 2022 October FAC	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC
REVENUES				
Ongoing Revenues	\$15,743,697,500	\$16,290,377,400	\$17,093,134,100	\$17,915,973,600
Enacted Rate Reduction (2.55%/2.98%)		(1,182,733,200)	(1,245,593,100)	(1,308,636,600)
Tier 1 Trigger Rate Reduction (2.53%/2.75%)			(282,431,000)	(296,725,700)
Tier 2 Trigger Rate Reduction (2.5% Flat Rate)				(365,200,900)
4.5% Maximum Tax Rate				(456,501,100)
SB 1783 Impact				191,182,700
Other Enacted Tax Reductions	(48,300,000)	(37,900,000)	(40,800,000)	(43,700,000)
Urban Revenue Sharing	(756,388,300)	(1,106,966,100)	(1,213,278,300)	(1,126,220,700)
Net Ongoing Revenues	\$14,939,009,200	\$13,962,778,100	\$14,311,031,700	\$14,510,171,300
One-time Financing Sources				
Balance Forward	\$893,700,000	\$1,702,060,200		
4.5% Maximum Tax Rate (Ongoing in FY 25)	(917,862,700)	(544,607,400)	(506,927,400)	
SB 1783 Impact (Ongoing in FY 25)	228,810,100	191,987,900	181,972,500	
Water Infrastructure Repayment	20,000,000			
Subtotal One-time Revenues	\$224,647,400	\$1,349,440,700	(\$324,954,900)	\$0
Total Revenues	\$15,163,656,600	\$15,312,218,800	\$13,986,076,800	\$14,510,171,300
EXPENDITURES				
Ongoing Operating Appropriations	\$12,321,812,800	\$12,700,916,300	\$13,251,748,500	\$13,731,644,100
Administrative Adjustments	120,000,000	158,000,000	158,000,000	158,000,000
Revertments	(192,000,000)	(203,000,000)	(203,000,000)	(203,000,000)
Subtotal Ongoing Expenditures	\$12,249,812,800	\$12,655,916,300	\$13,206,748,500	\$13,686,644,100
One-time Expenditures				
Capital Outlay	\$92,632,900			
Reduce K-12 Rollover	65,000,000			
Operating One-Time Spending	666,235,900	165,243,100	69,117,200	68,596,500
New Medicaid Federal Match Reversion <u>1/</u>	(400,000,000)			
New ADE Formula Funding Reversion <u>1/</u>	(150,000,000)			
University 27th Pay Period	20,052,100			
Subtotal One-time Expenditures	\$293,920,900	\$165,243,100	\$69,117,200	\$68,596,500
Total Expenditures	\$12,543,733,700	\$12,821,159,400	\$13,275,865,700	\$13,755,240,600
Proposition 208 Reserve <u>2/</u>	\$917,862,700			
Ending Balance <u>3/</u>	\$1,702,060,200	\$2,491,059,400 <u>4/</u>	\$710,211,100	\$754,930,700

1/ Reflects revertments of savings for a higher federal Medicaid match rate and lower K12 formula costs.

2/ Reflects Proposition 208 uncertainty. If surcharge upheld, revenue would be transferred to Proposition 208 fund. If surcharge not upheld, state would refund revenue.

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

4/ The FY 2023 cash balance is presumed to be allocated as part of the FY 2023 budget process.

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

	FY 2022 October FAC	FY 2023 \$ Above FY 2022	FY 2023 October FAC	FY 2024 \$ Above FY 2023	FY 2024 October FAC	FY 2025 \$ Above FY 2024	FY 2025 October FAC
EXPENDITURES							
Operating Budget							
-- Department of Administration	\$8,155,000		\$8,155,000		\$8,155,000		\$8,155,000
-- Office of Administrative Hearings	891,800		891,800		891,800		891,800
-- African-American Affairs Commission	128,800		128,800		128,800		128,800
-- Arizona Department of Agriculture	12,415,700		12,415,700		12,415,700		12,415,700
-- AHCCCS	2,095,630,200	89,956,000	2,185,586,200	208,833,800	2,394,420,000	163,260,100	2,557,680,100
-- Attorney General	25,239,800		25,239,800		25,239,800		25,239,800
-- State Board for Charter Schools	2,103,000		2,103,000		2,103,000		2,103,000
-- Department of Child Safety	390,590,600		390,590,600		390,590,600		390,590,600
-- Commerce Authority	16,175,000		16,175,000		16,175,000		16,175,000
-- Community Colleges	79,404,700	(452,700)	78,952,000	2,579,200	81,531,200	2,740,400	84,271,600
-- Corporation Commission	623,100		623,100		623,100		623,100
-- Department of Corrections	1,243,120,300	1,794,700	1,244,915,000	7,226,800	1,252,141,800		1,252,141,800
-- County Funding	10,650,700		10,650,700		10,650,700		10,650,700
-- Schools for the Deaf and the Blind	23,255,700		23,255,700		23,255,700		23,255,700
-- Office of Economic Opportunity	470,300		470,300		470,300		470,300
-- Department of Economic Security	917,578,500	39,057,700	956,636,200	103,918,500	1,060,554,700	72,381,200	1,132,935,900
-- State Board of Education	2,340,000		2,340,000		2,340,000		2,340,000
-- Department of Education	5,761,522,700	317,391,700	6,078,914,400	230,107,000	6,309,021,400	240,857,700	6,549,879,100
-- Dept. of Emergency & Military Affairs	12,846,600		12,846,600		12,846,600		12,846,600
-- Department of Environmental Quality	15,000,000		15,000,000		15,000,000		15,000,000
-- State Board of Equalization	663,900		663,900		663,900		663,900
-- Board of Executive Clemency	1,153,300		1,153,300		1,153,300		1,153,300
-- Dept. of Forestry and Fire Management	14,227,600	35,021,200	49,248,800	(2,991,400)	46,257,400		46,257,400
-- Department of Gaming	13,029,500	1,000,000	14,029,500		14,029,500		14,029,500
-- Office of the Governor	8,807,100		8,807,100		8,807,100		8,807,100
-- Gov's Ofc of Strategic Planning and Budgeting	2,695,200		2,695,200		2,695,200		2,695,200
-- Department of Health Services	98,259,200		98,259,200		98,259,200		98,259,200
-- Arizona Historical Society	2,906,000		2,906,000		2,906,000		2,906,000
-- Prescott Historical Society	900,600		900,600		900,600		900,600
-- Industrial Commission	95,000	(15,000)	80,000		80,000		80,000
-- Dept. of Insurance and Financial Institutions	7,663,400		7,663,400		7,663,400		7,663,400
-- Judiciary	145,093,000	59,100	145,152,100		145,152,100		145,152,100
-- Department of Juvenile Corrections	30,696,600		30,696,600		30,696,600		30,696,600
-- State Land Department	11,815,100		11,815,100		11,815,100		11,815,100
-- Legislature							
Auditor General	20,808,500		20,808,500		20,808,500		20,808,500
House of Representatives	16,429,300		16,429,300		16,429,300		16,429,300
Joint Legislative Budget Committee	2,841,900		2,841,900		2,841,900		2,841,900
Legislative Council	9,090,400		9,090,400		9,090,400		9,090,400
Senate	12,969,100		12,969,100		12,969,100		12,969,100
SUBTOTAL - Legislature	\$62,139,200	\$0	\$62,139,200	\$0	\$62,139,200	\$0	\$62,139,200
-- State Mine Inspector	1,558,200		1,558,200		1,558,200		1,558,200
-- Navigable Stream Adjudication Commission	129,300		129,300		129,300		129,300
-- Commission for Postsecondary Education 2/	1,680,900		1,680,900		1,680,900		1,680,900
-- Department of Public Safety	287,300,400		287,300,400		287,300,400		287,300,400

GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING

	FY 2022	FY 2023	FY 2023	FY 2024	FY 2024	FY 2025	FY 2025
	October FAC	\$ Above FY 2022	October FAC	\$ Above FY 2023	October FAC	\$ Above FY 2024	October FAC
-- Public Safety Personnel Retirement System	6,000,000		6,000,000		6,000,000		6,000,000
-- State Real Estate Department	2,922,100		2,922,100		2,922,100		2,922,100
-- Department of Revenue	53,076,100		53,076,100		53,076,100		53,076,100
-- School Facilities Board <u>2/</u>	28,323,400		28,323,400		28,323,400		28,323,400
-- Secretary of State	12,907,700	4,000,000	16,907,700	70,000	16,977,700		16,977,700
-- Tax Appeals, State Board of	283,300		283,300		283,300		283,300
-- Office of Tourism	8,231,500		8,231,500		8,231,500		8,231,500
-- State Treasurer	3,010,200		3,010,200		3,010,200		3,010,200
-- Governor's Office on Tribal Relations	63,500		63,500		63,500		63,500
-- Universities	831,829,500	843,000	832,672,500	589,100	833,261,600	156,100	833,417,700
-- Department of Veterans' Services	8,625,500	(42,000)	8,583,500		8,583,500		8,583,500
-- Department of Water Resources	17,074,400		17,074,400		17,074,400		17,074,400
-- Phoenix Convention Center Payment	24,498,500	500,900	24,999,400	499,200	25,498,600	500,100	25,998,700
-- Rio Nuevo District	16,000,000		16,000,000		16,000,000		16,000,000
-- Pension Payoff Savings (Payoff Funded in FY 21)		(110,000,000)	(110,000,000)		(110,000,000)		(110,000,000)
-- Unallocated Risk Management Adjustments	6,400	(6,400)					
-- Unallocated AFIS Transaction Fee Adjustments	4,700	(4,700)					
Total - Operating Budget	\$12,321,812,800	\$379,103,500	\$12,700,916,300	\$550,832,200	\$13,251,748,500	\$479,895,600	\$13,731,644,100
-- New Medicaid Federal Match Reversion	(400,000,000)	400,000,000					
-- New ADE Formula Funding Reversion	(150,000,000)	150,000,000					
-- Capital Outlay	92,632,900	(92,632,900)					
-- Reduce K-12 Rollover	65,000,000	(65,000,000)					
-- Operating One-Time Spending	666,235,900	(500,992,800)	165,243,100	(96,125,900)	69,117,200	(520,700)	68,596,500
-- Additional (27th) University Pay Period	20,052,100	(20,052,100)					
-- Administrative Adjustments	120,000,000	38,000,000	158,000,000		158,000,000		158,000,000
-- Revertments	(192,000,000)	(11,000,000)	(203,000,000)		(203,000,000)		(203,000,000)
Total Spending	\$12,543,733,700	\$277,425,700	\$12,821,159,400	\$454,706,300	\$13,275,865,700	\$479,374,900	\$13,755,240,600

1/ Individual agency spending amounts listed above exclude "Operating One-Time Spending" amounts. These amounts are accounted for in the "Operating One-Time Spending" line and are summarized on the "Summary Of One-Time General Fund Adjustments" table (see page 20).

2/ Under the FY 2022 enacted budget, the Commission for Postsecondary Education's responsibilities will be transferred to the Arizona Board of Regents, and the School Facilities Board will become the School Facilities Divisions within the Arizona Department of Administration. These agency funding shifts will be displayed in the FY 2023 Baseline.

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2022 October FAC	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC
Operating				
ADOA - Permitting Dashboard	\$ 100,000			
ADOA - Accounting System Upgrade		\$ 490,000	\$ 560,000	
ADOA - K-12 Transportation Grants	10,000,000	20,000,000		
ADOA/Automation Projects Fund - K-12 Financial Transparency	614,100			
ADOA/Automation Projects Fund - Charter Board Upgrade	3,000,000	1,500,000	1,500,000	
Agriculture - Cloud Migration	2,000,000			
Agriculture - State Agriculture Lab Equipment	2,500,000			
DCS - Higher Congregate Care Provider Rates	19,238,200	19,238,200		
DCS - Backfill Potential Loss of Federal Funds	5,900,000	5,900,000		
Commerce - Blockchain/Wearables (\$2.5 M Each)	5,000,000			
Commerce - Major Events Fund Deposit (4-Year Pilot)	7,500,000	7,500,000	7,500,000	\$ 7,500,000
Commerce - Competes Fund Deposit	50,000,000			
Commerce - Frankfurt Germany Trade Office	250,000			
Community Colleges - Rural Funding	14,000,000			
Community Colleges - Maricopa/Pima Funding	13,000,000			
Community Colleges - Maricopa/Pima STEM Funding	2,000,000			
Community Colleges - Out-of-County Reimbursement Aid	500,000			
Corrections - Radio Replacement	17,329,500			
Corrections - Ballistic and Stab Vest Replacement	3,851,900			
Corrections - Substance Abuse Treatment Expansion	5,000,600			
Corrections - Medical Staff Augmentation Funding	15,000,000			
Counties/ADOA - Re-Entry Planning Services	10,000,000	7,000,000	7,000,000	
ACJC - Re-Entry Planning Services	1,000,000			
DES - Return to Work Grants	7,500,000			
DES - Adult and Aging Services Funding	1,474,000			
DES - After School/Summer Youth Program	500,000			
ADE - High Quality Teacher Scholarships	400,000			
ADE - CTED Incentive Program	5,000,000			
ADE - Fully Restore Additional Assistance Funding	67,774,600			
ADE - Extraordinary Special Needs Fund Deposit	5,000,000			
ADE - Statewide Assessment Funding	5,000,000			
ADE - Procure Statewide Gifted Assessment	850,000			
DEMA - Aircraft Communication Equipment	220,500			
DEMA - National Guard Cyber Response Funding	300,000			
Forestry - Rural Fire District Reimbursement	2,500,000			
Forestry - One-Time Vehicle Purchases		3,190,000		
Gaming - County Fair Promotion	730,000			
Gaming - County Fair Racing Promotion	2,000,000			
Governor - Arizona Civics Corp	1,000,000			
DHS - Rural Hospital Prenatal Equipment	500,000			

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2022 October FAC	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC
DHS - Board of Medical Student Loans	2,000,000			
DHS - Cognitive Decline/Caregiver Modules	160,000			
DHS - Adoption/Birth Certificate Records Release	1,000,000			
DHS - Family Health Pilot Program	1,500,000	1,500,000		
IRC - Commission Funding	7,900,000			
Judiciary - Supreme Court - Digital Evidence Storage	400,000	490,000		
Judiciary - Supreme Court - Records Sealing		500,000		
Judiciary - Superior Court - One-Time Vehicle Purchase	187,500			
Land - Appraisal Development	1,500,000	1,500,000		
Legislature - Auditor General - K-12 Federal Funds Oversight	250,000	200,000		
Legislature - Auditor General - Audit Non Gov't Election Funding	165,000			
Legislature - Legislative Council - IT Improvements	1,000,000			
Legislature - House of Representatives	5,000,000			
Legislature - Senate	5,000,000			
Parks - Heritage Fund Deposit	5,000,000			
Parks - State Lake Improvement Fund Deposit	4,000,000	4,000,000		
DPS - Training of K-9 Dogs	250,000			
DPS - Civil Asset Forfeiture Offset	3,500,000			
DPS - Rapid DNA Testing Equipment	600,000			
DOR - Pass Through Business Tax Change IT Upgrade	466,300			
SFB - Building Renewal Grants	90,832,100			
SFB - New School Construction (FY 21 Authorization)	11,730,900			
SFB - New School Construction (FY 22 Authorization)	76,881,700	47,950,000		
SFB - New School Construction (FY 22 Budget - Retroactive Increase)	63,526,200			
SFB - New School Construction (FY 22 Budget - Yuma HS Project)	16,515,200	16,515,200		
SFB - New School Construction (FY 22 Budget - Kirkland Elementary)	3,000,000			
SFB - New School Construction (FY 23 Authorization)		27,269,700	15,269,700	
SFB - New School Construction (FY 24 Authorization)			37,287,500	34,787,500
SFB - New School Construction (FY 25 Authorization)				26,309,000
Tourism - Southern Arizona Study Committee	250,000			
Transportation - Rental Vehicle Surcharge/VLT Hold Harmless	3,300,000			
Treasurer - Election Integrity Fund Deposit	12,000,000			
Universities - ASU - Operating/Capital Funding	18,831,300			
Universities - NAU - Operating/Capital Funding	9,006,300			
Universities - UA - Operating/Capital Funding	9,600,000			
Universities - ASU - Eastern Europe Cultural Collaborative	250,000			
Universities - ASU - School of Civic and Economic Thought and Leadership	2,750,000			
Universities - ASU - Political History and Leadership School	250,000			
Universities - NAU - Economic Policy Institute	250,000			
Universities - UA - Center for the Philosophy of Freedom	1,250,000			
Universities - UA - Wind Tunnel	3,500,000			

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2022 October FAC	FY 2023 October FAC	FY 2024 October FAC	FY 2025 October FAC
Universities - UA - Agriculture Workforce Program	500,000	500,000		
Universities - UA - Kazakhstan Exchange Program	250,000			
DWR - Water Protection Fund Deposit	1,000,000			
DWR - Agua Fria Insurance Study	350,000			
WIFA - Water Supply Development Revolving Fund Deposit	6,000,000			
WIFA - Water Project Assistance Grants	5,000,000			
WIFA - Small Water Systems Fund Deposit	1,000,000			
Subtotal - Operating Funding	\$ 666,235,900	\$ 165,243,100	\$ 69,117,200	\$ 68,596,500
University 27th Pay Period	\$ 20,052,100			
New Medicaid Federal Match Reversion	\$ (400,000,000)			
New ADE Formula Funding Reversion	\$ (150,000,000)			
Reduce K-12 Rollover	\$ 65,000,000			
Capital Outlay				
Capital - ADOA - ADC Building Demolition	2,800,000			
Capital - ADOA - Air Handler Replacement - Phase 2	3,500,000			
Capital - ADOA - Building Renewal Funding	6,200,000			
Capital - ADOA - Taylor Rodeo Arena	1,000,000			
Capital - ADOA - Fountain Hills Discovery Center/Observatory	2,500,000			
Capital - ADC - Eyman Fire/Life Safety Projects (Plus \$15.6 M OF)	10,000,000			
Capital - ADC - Building Renewal Funding	22,205,800			
Capital - DEMA - Fire Suppression System Upgrades	927,100			
Capital - State Fair - Building Renewal	1,000,000			
Capital - State Fair - Coliseum Fire Alarm Replacement	1,000,000			
Capital - Leg Council - Historic State Capitol Renovation	11,500,000			
Capital - Veterans - Northwest Veterans Home	25,000,000			
Capital - Yuma Fairgrounds Relocation	5,000,000			
Subtotal - Capital Outlay	\$ 92,632,900	\$ -	\$ -	\$ -
Total - One-time Spending	\$ 293,920,900	\$ 165,243,100	\$ 69,117,200	\$ 68,596,500

1/ The displayed amounts reflect one-time General Fund adjustments included in the FY 2022 enacted budget's multi-year spending plan. The Legislature makes the one-time classification as part of its 3-year spending plan. These items are not included in the ongoing agency spending amounts listed on pages 18 and 19.



Arizona Economic Update

George Hammond

Director
Economic and Business Research Center
Eller College of Management
The University of Arizona
ghammond@arizona.edu

JLBC Finance Advisory Committee Meeting

October 28, 2021



Eller College
of Management



Key Topics

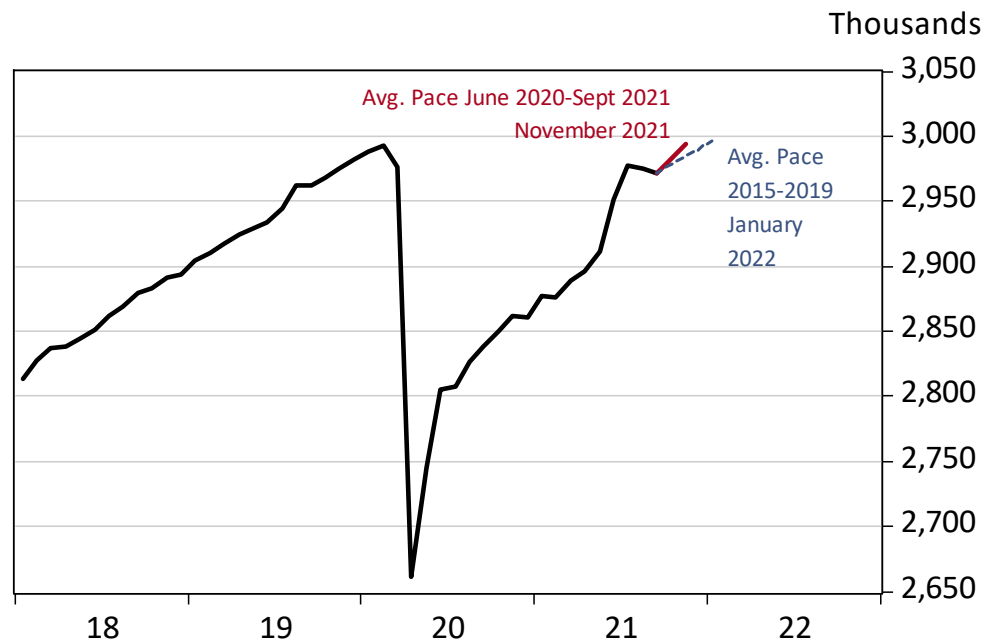
- ▶ **Arizona's jobs are close to pre-pandemic peak**
 - ▶ But we still have 21,000 jobs to go
- ▶ **Travel and tourism sectors are recovering**
 - ▶ But are still not back to pre-pandemic levels (by many measures)
- ▶ **Population growth was rapid, but slower than past decades**
 - ▶ Net migration remained strong, but natural increase faltered
- ▶ **Cost of living is competitive**
 - ▶ Particularly compared to high-cost western metros



Arizona Nonfarm Payroll Jobs

Seasonally Adjusted, Through September 2021

Arizona has replaced
93.7% of jobs lost from
February to April.
US has replaced 77.8%.



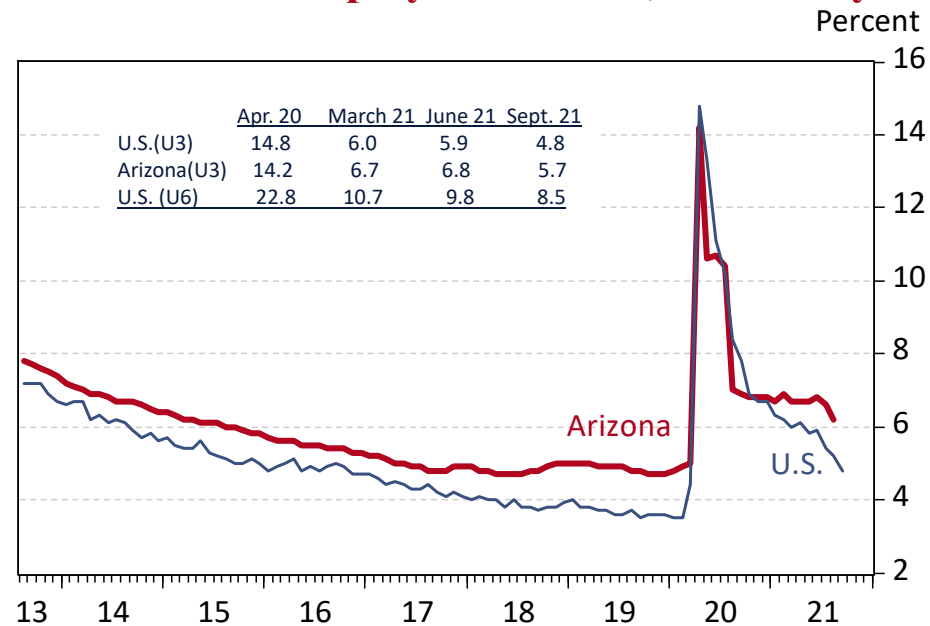
azeconomy.org



Eller College
of Management

Arizona's Unemployment Rate Gap

Arizona and U.S. Unemployment Rates, Seasonally Adjusted



azmex.eller.arizona.edu



Eller College
of Management

Arizona Jobs Recovery by Metro Area

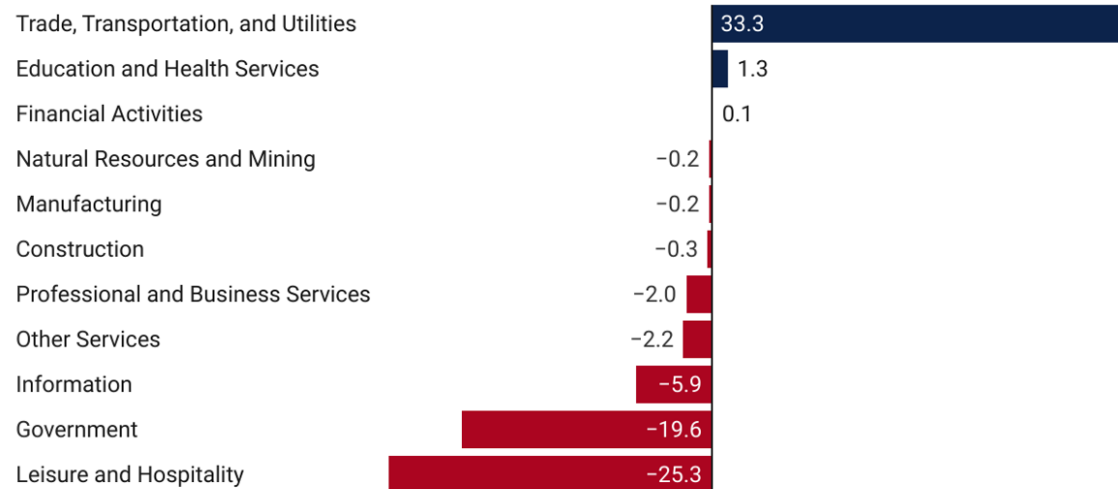
Thousands, Seasonally Adjusted

	Jobs Lost (000s) February-April 2020	Jobs Gained (000s) April 2020-Sept. 2021	Replacement Rate (%) September 2021
Flagstaff	-12.6	9.0	71.4
Lake Havasu City-Kingman	-6.1	6.8	111.5
Phoenix	-244.3	249.7	102.2
Prescott	-9.1	10.1	111.0
Sierra Vista-Douglas	-2.3	3.0	130.4
Tucson	-44.0	33.1	75.2
Yuma	-5.7	5.7	100.0
Arizona	-331.5	310.5	93.7
U.S.	-22,362.0	17,392.0	77.8



Arizona Jobs by Industry

Change from February 2020 to September 2021
Thousands, Seasonally Adjusted



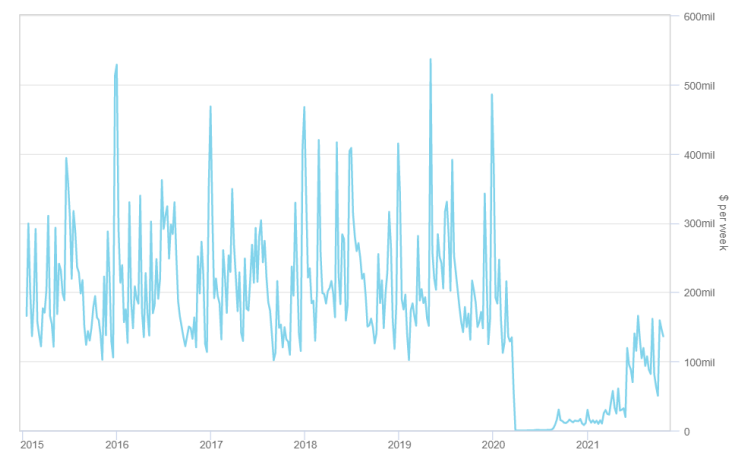
Travel and Tourism Indicators

Weekly High-Frequency Indicators

U.S. Hotel Occupancy Rate



U.S. Movie Ticket Sales, \$



azeconomy.org



Eller College
of Management

Travel and Tourism Indicators

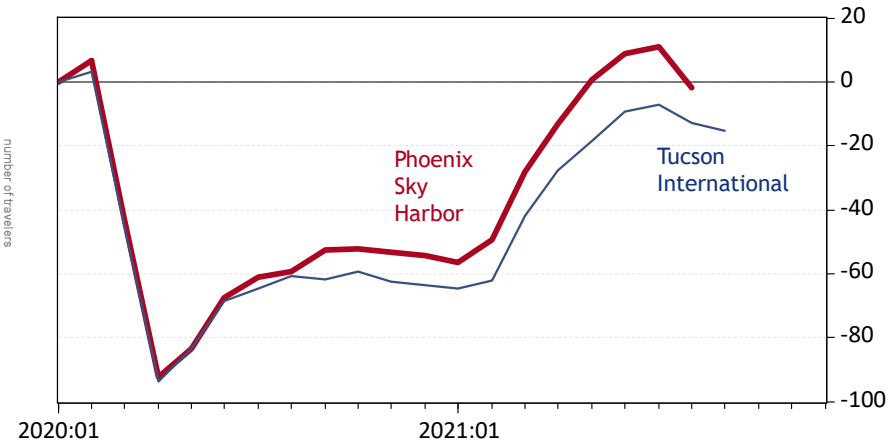
Weekly High-Frequency Indicators

TSA U.S. Weekly Traveler Throughput



Total Passengers: Percent Change from January 2020

Seasonally Adjusted



azeconomy.org

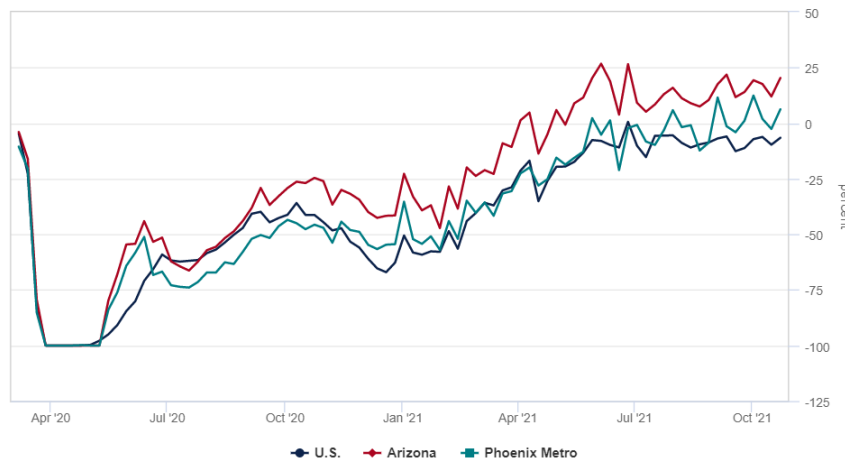


Eller College
of Management

Travel and Tourism Indicators

Weekly High-Frequency Indicators

Seated Diners - Percent Change from Same Week in 2019



Google Mobility Index
Percent Change from January 2020
To Workplaces



azeconomy.org

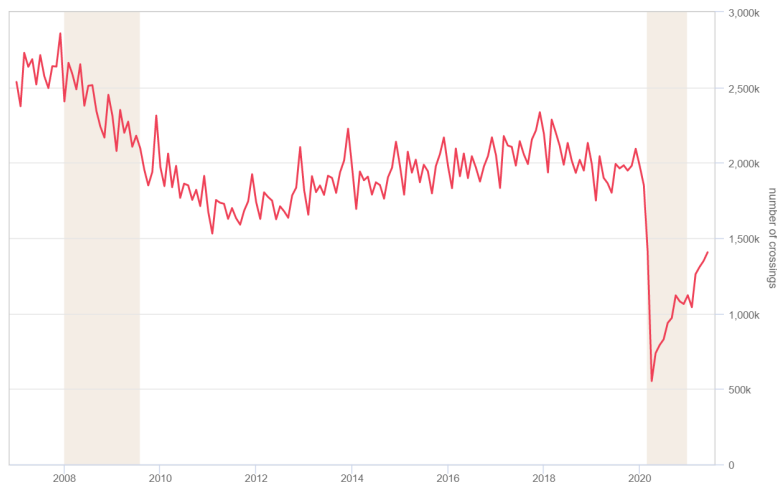


Eller College
of Management

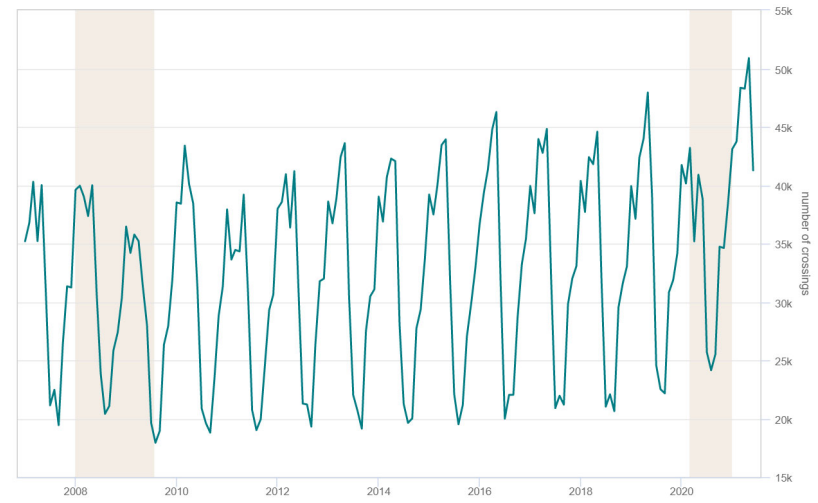
Travel and Tourism Indicators

Northbound Border Crossings

Pedestrians and Personal Vehicle Passengers



Trucks



azmex.eller.arizona.edu

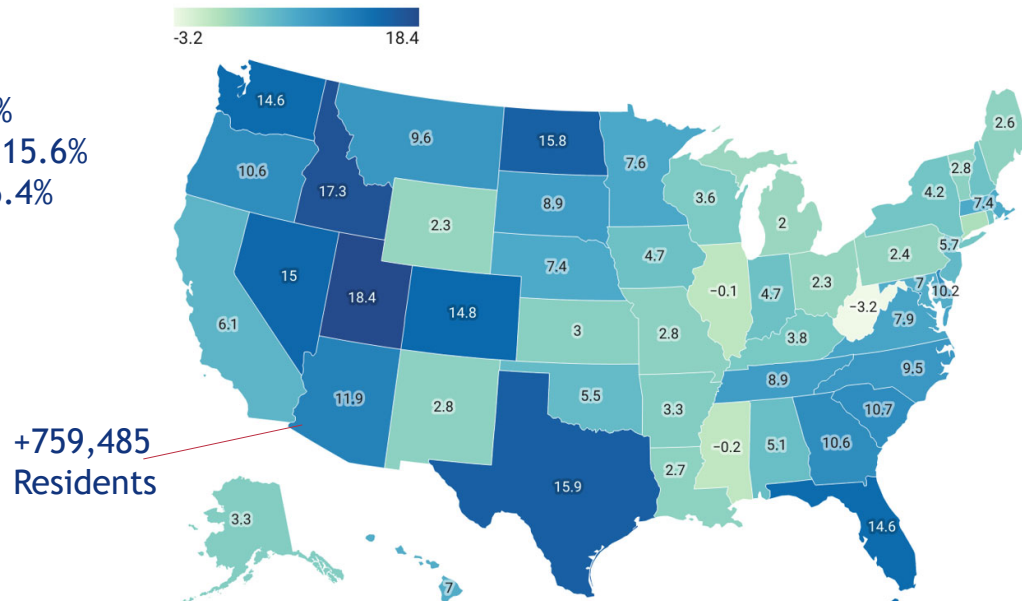


Eller College
of Management

U.S. State Population Growth

Resident Population, Decennial Census, 2010-2020 in Percent

U.S.: 7.4%
 Arizona: 11.9%
 Phoenix MSA: 15.6%
 Tucson MSA: 6.4%



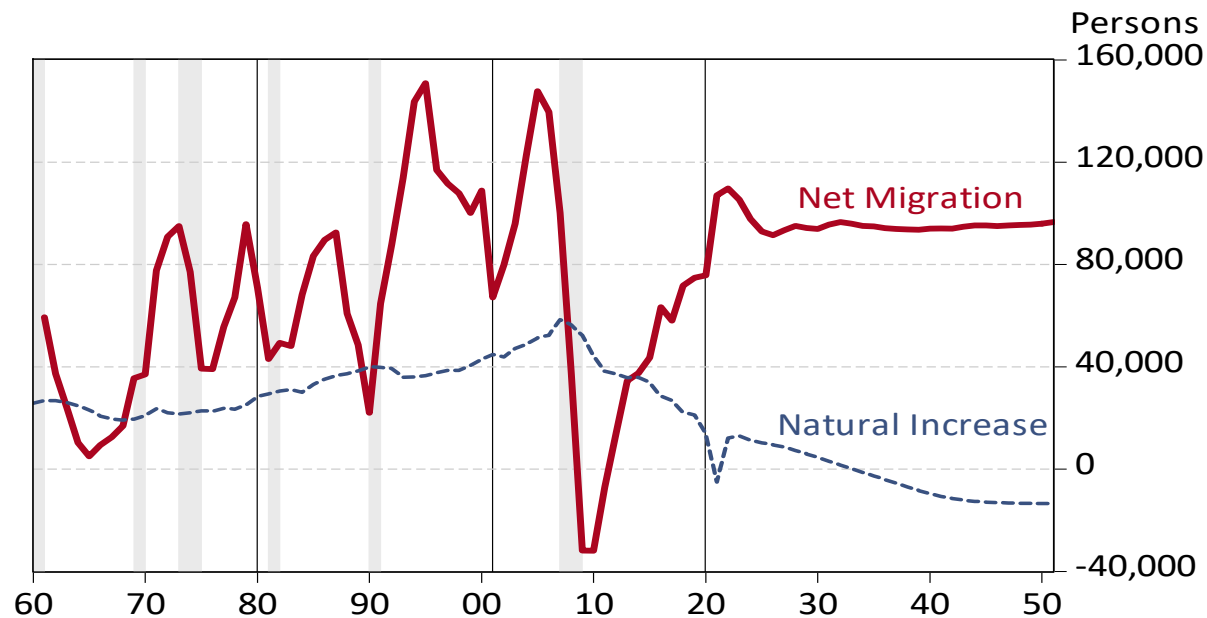
azeconomy.org



Eller College
of Management

Components of Population Change

Arizona Net Migration and Natural Increase



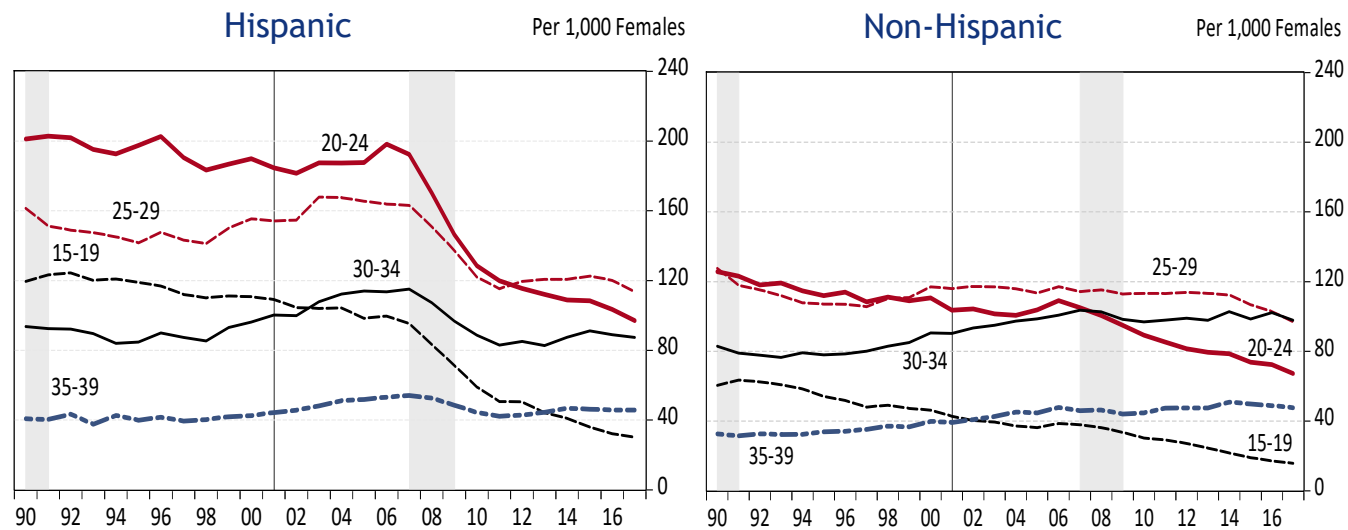
forecast.eller.arizona.edu



Eller College
of Management

Arizona Birth Rates Converged

Hispanic and Non-Hispanic



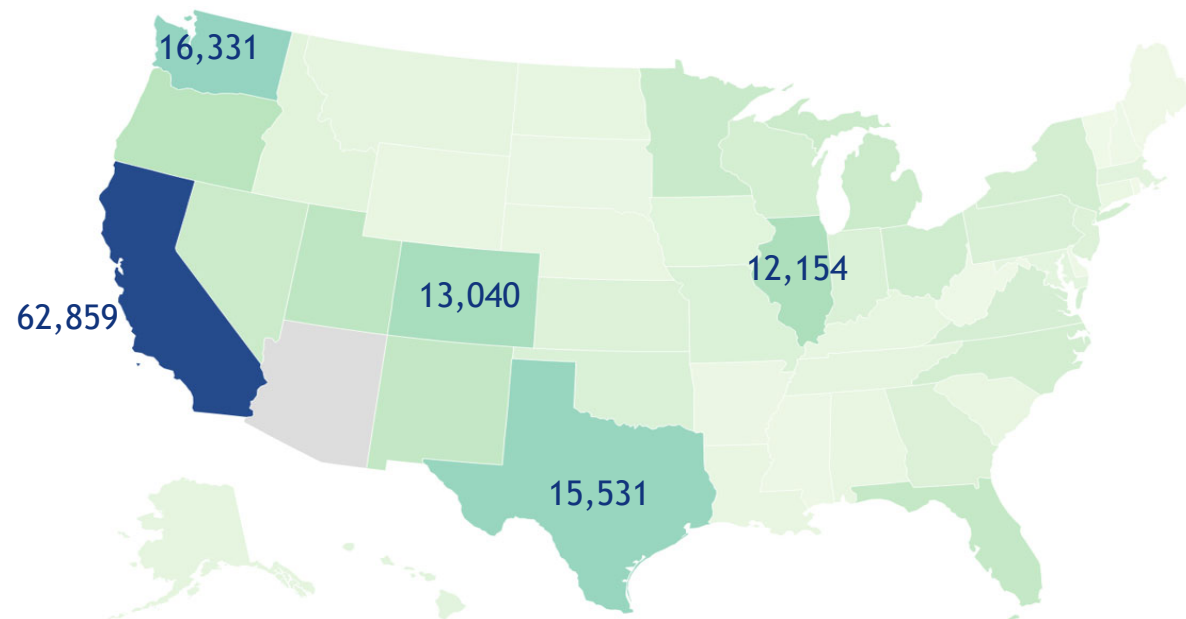
azeconomy.org



Eller College
of Management

Gross Migration to Arizona

By State, ACS, 2015-2019



azeconomy.org

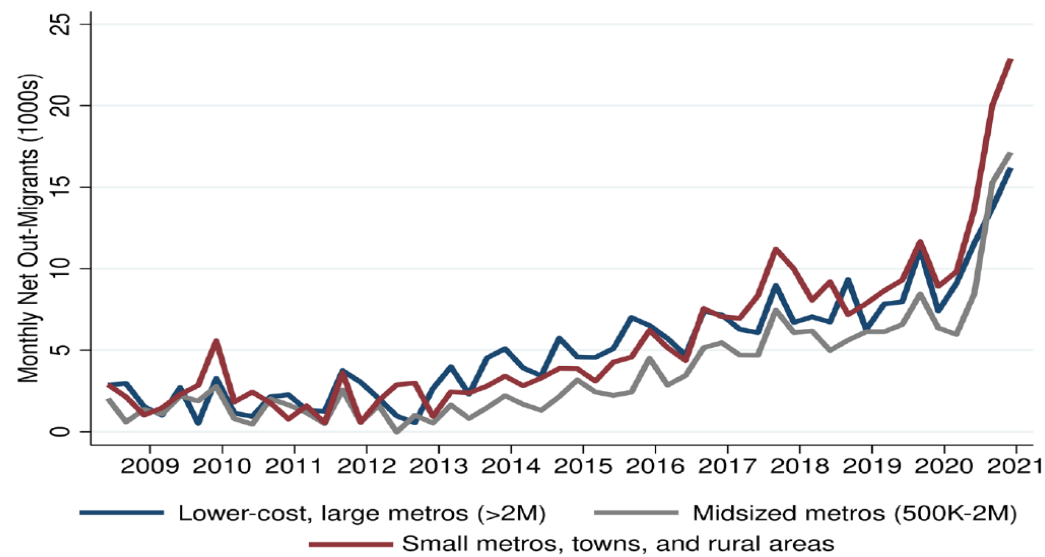


Eller College
of Management

14

Net Out-Migration: High-Cost Metros

Federal Reserve Bank of Cleveland
Data from NY Fed and Equifax Consumer Credit Panel



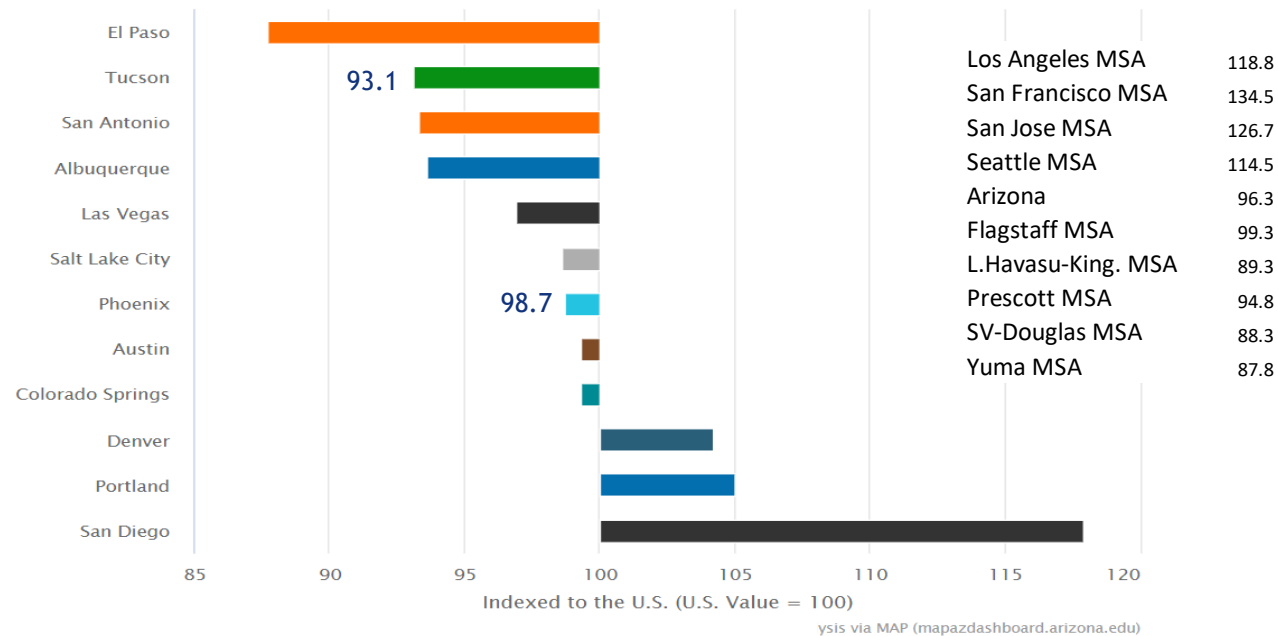
azeconomy.org



Eller College
of Management

Cost of Living

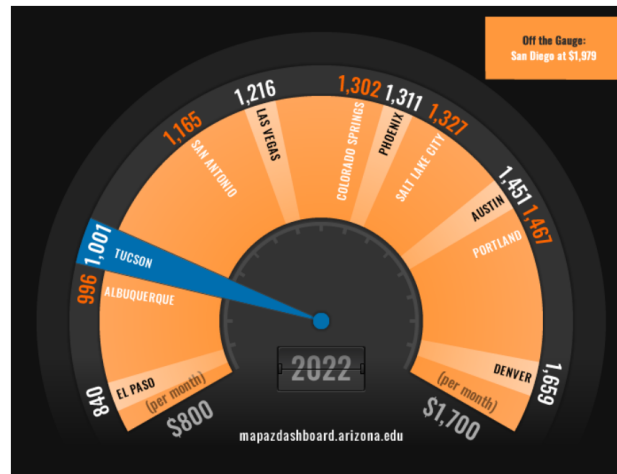
U.S. Bureau of Economic Analysis, 2019



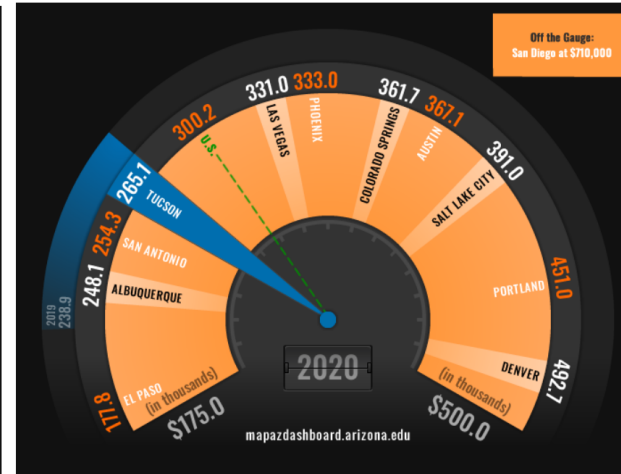
Eller College
of Management

Cost of Shelter

HUD Fair Market Rent

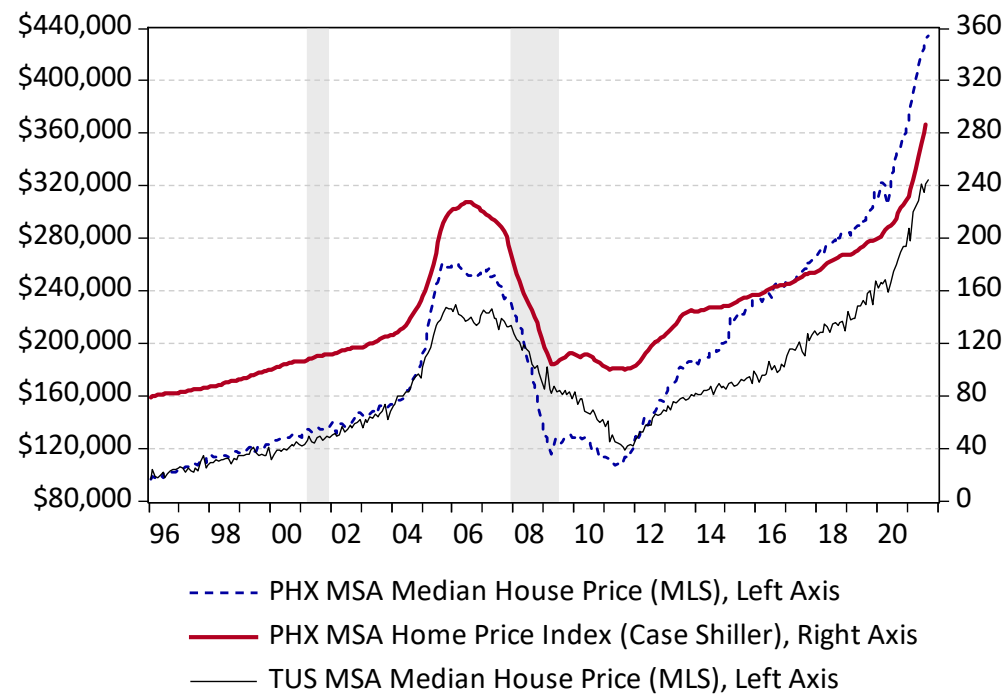


Median Home Price



Eller College
of Management

House Prices Have Risen Rapidly



Eller College
of Management



Key Takeaways

- ▶ **Arizona's labor market is recovering**
 - ▶ But remains in turmoil
- ▶ **Travel and tourism still making progress**
 - ▶ But jobs have a long way to go
- ▶ **Net migration will drive population growth**
 - ▶ Highlighting cost-of-living differences
- ▶ **Housing affordability will be increasingly important**
 - ▶ And has declined significantly recently



FINANCE ADVISORY COMMITTEE CASH FLOW UPDATE

October 28, 2021

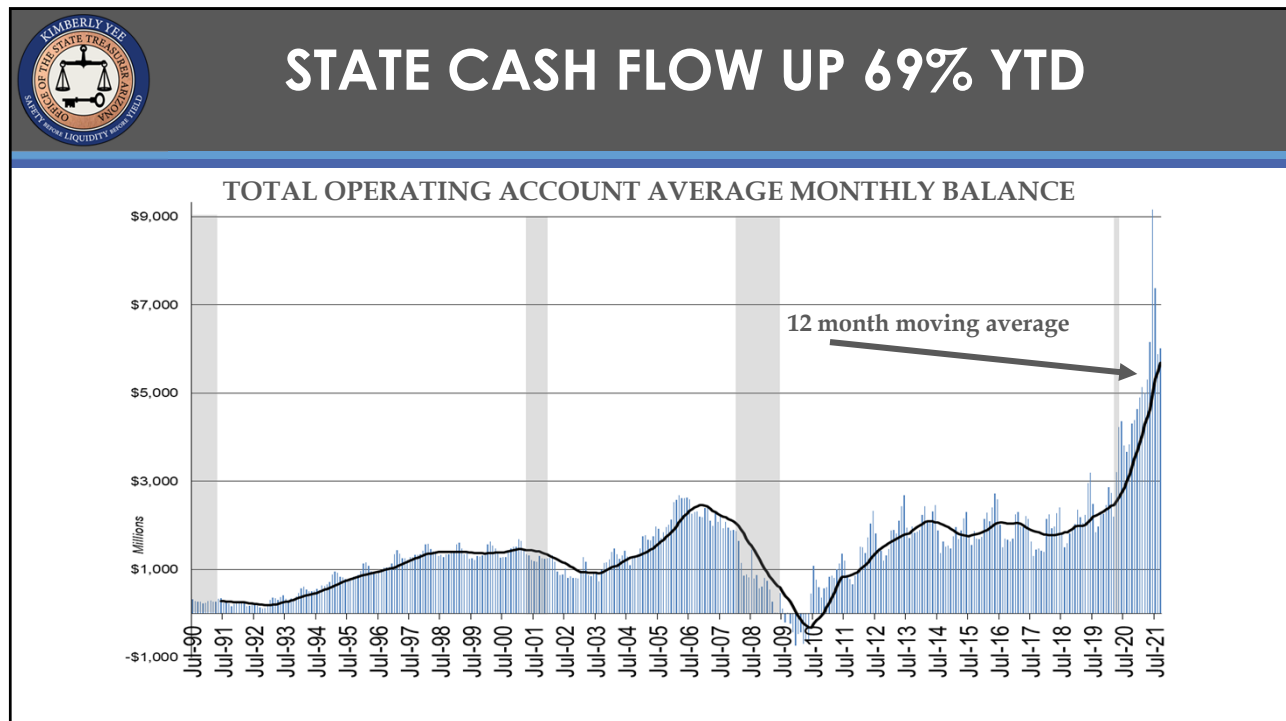
The Honorable Kimberly Yee

Treasurer

State of Arizona



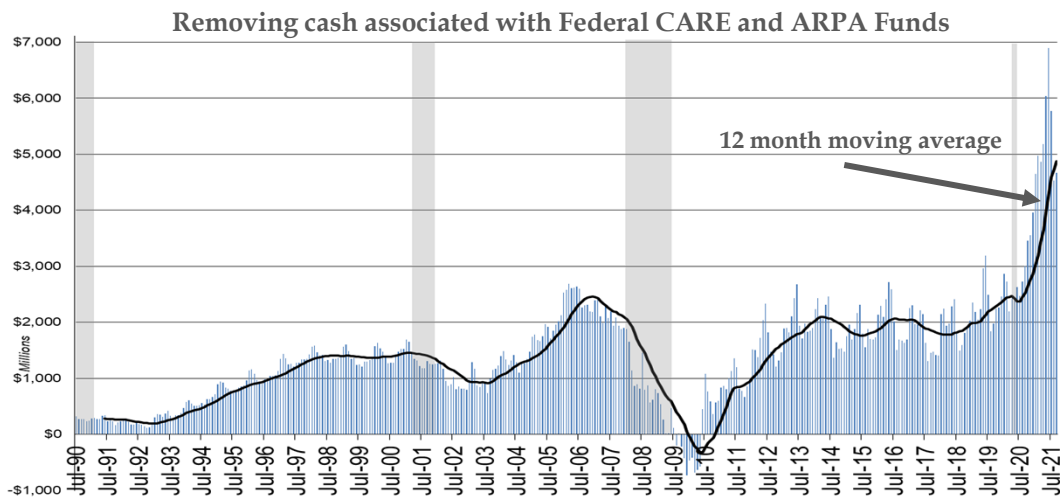
1



2



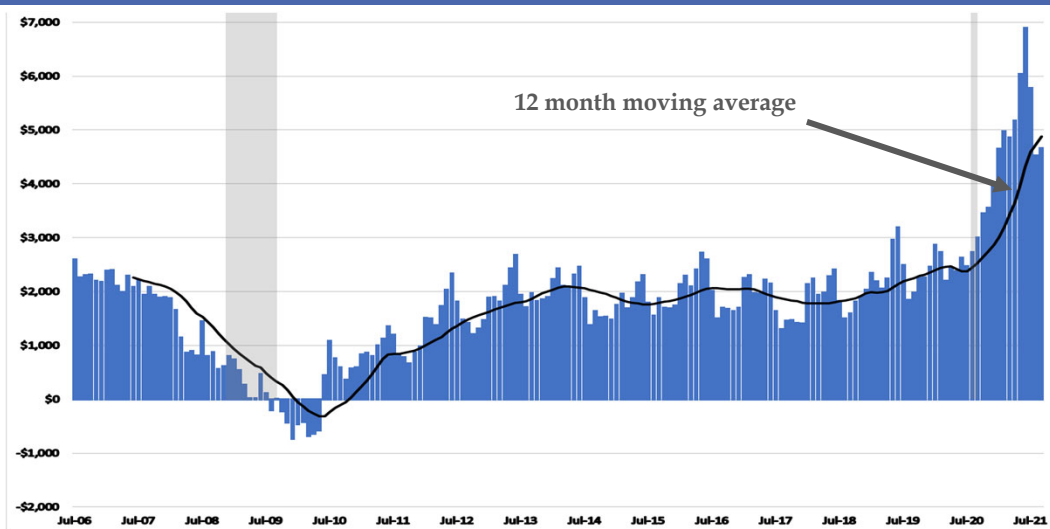
STATE CASH FLOW ADJUSTED UP 83% YTD



3



STATE CASH FLOW ADJUSTED UP 83% YTD



4

Sales Tax

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

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2018	July 2017	391,718,305	6.8%	391,718,305	6.8%
	Aug 2017	373,970,308	3.0%	765,688,613	4.9%
	Sep 2017	385,518,602	6.9%	1,151,207,216	5.6%
	Oct 2017	386,557,546	4.9%	1,537,764,762	5.4%
	Nov 2017	382,361,517	6.8%	1,920,126,279	5.7%
	Dec 2017	388,576,767	7.6%	2,308,703,046	6.0%
	Jan 2018	449,027,011	4.8%	2,757,730,057	5.8%
	Feb 2018	382,719,831	9.0%	3,140,449,887	6.2%
	Mar 2018	381,015,049	7.9%	3,521,464,936	6.4%
	Apr 2018	443,360,935	10.8%	3,964,825,872	6.8%
	May 2018	396,298,741	5.4%	4,361,124,613	6.7%
	June 2018	426,337,892	1.6%	4,787,462,504	6.2%
FY 2019	July 2018	410,810,104	4.9%	410,810,104	4.9%
	Aug 2018	406,008,572	8.6%	816,818,676	6.7%
	Sep 2018	416,392,278	8.0%	1,233,210,954	7.1%
	Oct 2018	408,148,956	5.6%	1,641,359,910	6.7%
	Nov 2018	413,010,729	8.0%	2,054,370,639	7.0%
	Dec 2018	418,682,790	7.7%	2,473,053,429	7.1%
	Jan 2019	477,534,483	6.3%	2,950,587,912	7.0%
	Feb 2019	407,044,303	6.4%	3,357,632,215	6.9%
	Mar 2019	394,874,553	3.6%	3,752,506,767	6.6%
	Apr 2019	471,874,786	6.4%	4,224,381,553	6.5%
	May 2019	432,794,335	9.2%	4,657,175,888	6.8%
	June 2019	439,575,368	3.1%	5,096,751,256	6.5%
FY 2020	July 2019	436,069,274	6.1%	436,069,274	6.1%
	Aug 2019	436,717,097	7.6%	872,786,371	6.9%
	Sep 2019	445,187,625	6.9%	1,317,973,997	6.9%
	Oct 2019	433,756,765	6.3%	1,751,730,761	6.7%
	Nov 2019	452,255,877	9.5%	2,203,986,638	7.3%
	Dec 2019	445,648,888	6.4%	2,649,635,526	7.1%
	Jan 2020	538,906,598	12.9%	3,188,542,124	8.1%
	Feb 2020	448,284,583	10.1%	3,636,826,707	8.3%
	Mar 2020	429,902,939	8.9%	4,066,729,646	8.4%
	Apr 2020	447,915,621	-5.1%	4,514,645,267	6.9%
	May 2020	393,262,758	-9.1%	4,907,908,024	5.4%
	June 2020	484,004,897	10.1%	5,391,912,921	5.8%
FY 2021	July 2020	492,729,052	13.0%	492,729,052	13.0%
	Aug 2020	479,794,971	9.9%	972,524,023	11.4%
	Sep 2020	491,053,111	10.3%	1,463,577,134	11.0%
	Oct 2020	503,156,817	16.0%	1,966,733,951	12.3%
	Nov 2020	493,399,028	9.1%	2,460,132,979	11.6%
	Dec 2020	495,240,238	11.1%	2,955,373,218	11.5%
	Jan 2021	588,513,600	9.2%	3,543,886,818	11.1%
	Feb 2021	477,617,209	6.5%	4,021,504,027	10.6%
	Mar 2021	477,928,300	11.2%	4,499,432,327	10.6%
	Apr 2021	596,100,248	33.1%	5,095,532,575	12.9%
	May 2021	551,912,319	40.3%	5,647,444,895	15.1%
	June 2021	596,061,211	23.2%	6,243,506,106	15.8%
FY 2022	July 2021	580,889,609	17.9%	580,889,609	17.9%
	Aug 2021	554,472,436	15.6%	1,135,362,045	16.7%
	Sep 2021	556,907,962	13.4%	1,692,270,007	15.6%
	Oct 2021				
	Nov 2021				
	Dec 2021				
	Jan 2022				
	Feb 2022				
	Mar 2022				
	Apr 2022				
	May 2022				
	June 2022				

Arizona Sales Tax - Retail (excludes Remote Sellers)

General Fund Collections

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

Arizona Sales Tax - Prime Contracting

General Fund Collections

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

Arizona Sales Tax - Utilities

General Fund Collections

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

Arizona Sales Tax - Restaurants and Bars

General Fund Collections

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

Arizona Use Tax

General Fund Collections

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

Individual Income Tax

General Fund Collections

		Year-to-Date				Year-to-Date				Year-to-Date				Year-to-Date			
		Total	Y/Y Chg.	Total	YTD Chg.	Withholding	Y/Y Chg.	Withholding	YTD Chg.	Payments	Y/Y Chg.	Payments	YTD Chg.	Refunds	Y/Y Chg.	Refunds	YTD Chg.
FY 2018	Jul-17	367,404,256	19.1%	367,404,256	19.1%	360,508,823	18.1%	360,508,823	18.1%	22,390,542	8.1%	22,390,542	8.1%	(15,495,109)	-11.6%	(15,495,109)	-11.6%
	Aug	334,741,567	-5.7%	702,145,823	5.8%	330,301,901	-5.7%	690,810,724	5.4%	21,181,908	-8.5%	43,572,450	-0.6%	(16,742,243)	-9.8%	(32,237,352)	-10.7%
	Sep	428,215,100	4.7%	1,130,360,923	5.4%	313,046,438	5.2%	1,003,857,162	5.3%	132,809,433	6.2%	176,381,883	4.4%	(17,640,771)	30.9%	(49,878,122)	0.6%
	Oct	367,613,957	0.9%	1,497,974,880	4.3%	372,489,974	8.4%	1,376,347,136	6.1%	76,057,356	28.1%	252,439,239	10.6%	(80,933,372)	108.7%	(130,811,495)	48.1%
	Nov	315,576,388	0.0%	1,813,551,268	3.5%	331,096,487	3.6%	1,707,443,624	5.6%	20,437,018	-49.4%	272,876,257	1.6%	(35,957,118)	-19.4%	(166,768,613)	25.4%
	Dec	574,038,633	39.4%	2,387,589,901	10.3%	359,585,688	4.6%	2,067,029,312	5.4%	217,652,109	116.5%	490,528,366	32.8%	(3,199,164)	-90.2%	(169,967,776)	2.7%
	Jan-18	632,238,007	14.3%	3,019,827,909	11.1%	426,870,373	10.1%	2,493,899,685	6.2%	215,884,116	22.5%	706,412,482	29.5%	(10,516,482)	-1.9%	(180,484,259)	2.4%
	Feb	48,027,987	-27.7%	3,067,855,895	10.2%	353,296,738	9.5%	2,847,196,423	6.6%	25,047,178	18.1%	731,459,659	29.1%	(330,315,929)	19.1%	(510,800,188)	12.6%
	Mar	123,022,855	16.3%	3,190,878,750	10.4%	388,247,240	2.5%	3,235,443,664	6.1%	77,088,493	11.8%	808,548,153	27.2%	(342,312,878)	0.1%	(853,113,066)	7.2%
	Apr	583,253,716	7.2%	3,774,132,466	9.9%	386,705,825	21.0%	3,622,149,488	7.5%	583,884,240	-1.6%	1,392,432,393	13.3%	(387,336,349)	4.9%	(1,240,449,415)	6.5%
FY 2019	May	349,412,717	18.5%	4,123,545,183	10.6%	345,431,058	-4.9%	3,967,580,546	6.3%	84,927,394	120.0%	1,477,359,787	16.5%	(80,945,735)	-24.3%	(1,321,395,150)	3.9%
	Jun	420,453,224	4.5%	4,543,998,407	10.0%	321,901,673	-0.1%	4,289,482,219	5.8%	136,910,988	12.3%	1,614,270,775	16.2%	(38,359,437)	-8.6%	(1,359,754,587)	3.5%
	Jul-18	396,059,814	7.8%	396,059,814	7.8%	388,592,967	7.8%	388,592,967	7.8%	26,981,619	20.5%	26,981,619	20.5%	(19,514,772)	25.9%	(19,514,772)	25.9%
	Aug	366,290,813	9.4%	762,350,627	8.6%	358,560,458	8.6%	747,153,426	8.2%	24,480,021	15.6%	51,461,639	18.1%	(16,749,666)	0.0%	(36,264,438)	12.5%
	Sep	478,168,599	11.7%	1,240,519,226	9.7%	345,394,066	10.3%	1,092,547,491	8.8%	151,832,056	14.3%	203,293,696	15.3%	(19,057,523)	8.0%	(55,321,961)	10.9%
	Oct	383,971,237	4.4%	1,624,490,463	8.4%	385,257,672	3.4%	1,477,805,163	7.4%	92,048,841	21.0%	295,342,537	17.0%	(93,335,276)	15.3%	(148,657,237)	13.6%
	Nov	334,411,214	6.0%	1,958,901,677	8.0%	343,815,944	3.8%	1,821,621,107	6.7%	22,097,652	8.1%	317,440,189	16.3%	(31,502,382)	-12.4%	(180,159,619)	8.0%
	Dec	441,919,417	-23.0%	2,400,821,095	0.6%	401,803,216	11.7%	2,223,424,323	7.6%	50,914,905	-76.6%	368,355,095	-24.9%	(10,798,704)	237.5%	(190,958,323)	12.3%
	Jan-19	581,716,207	-8.0%	2,982,537,301	-1.2%	427,230,591	0.1%	2,650,654,914	6.3%	162,226,235	-24.9%	530,581,330	-24.9%	(7,740,619)	-26.4%	(198,698,942)	10.1%
	Feb	48,732,731	1.5%	3,031,270,032	-1.2%	359,299,689	1.7%	3,009,954,603	5.7%	37,039,460	47.9%	567,620,789	-22.4%	(347,606,418)	5.2%	(546,305,360)	7.0%
FY 2020	Mar	170,920,532	38.9%	3,202,190,564	0.4%	405,858,513	4.5%	3,415,813,116	5.6%	82,740,855	7.3%	650,361,644	-19.6%	(317,678,836)	-7.2%	(863,984,196)	1.3%
	Apr	658,217,806	12.9%	3,860,408,370	2.3%	424,054,003	9.7%	3,839,867,119	6.0%	603,007,793	3.3%	1,253,369,437	-10.0%	(368,843,990)	-4.8%	(1,232,828,186)	-0.6%
	May	684,007,277	95.8%	4,544,415,647	10.2%	369,595,968	7.0%	4,209,463,087	6.1%	386,614,492	355.2%	1,639,983,929	11.0%	(72,203,183)	-10.8%	(1,305,031,369)	-1.2%
	Jun	464,605,987	10.5%	5,009,021,634	10.2%	347,559,585	8.0%	4,557,022,672	6.2%	153,939,074	12.4%	1,793,923,003	11.1%	(36,892,672)	-3.8%	(1,341,924,041)	-1.3%
	Jul-19	446,177,592	12.7%	446,177,592	12.7%	430,918,613	10.9%	430,918,613	10.9%	34,741,911	28.8%	34,741,911	28.8%	(19,482,932)	-0.2%	(19,482,932)	-0.2%
	Aug	388,988,906	6.2%	835,166,498	9.6%	373,461,889	4.2%	804,380,502	7.7%	32,807,792	34.0%	67,549,702	31.3%	(17,280,775)	3.2%	(36,763,707)	1.4%
	Sep	525,626,609	9.9%	1,360,793,107	9.7%	365,578,566	5.8%	1,169,959,069	7.1%	179,468,334	18.2%	247,018,036	21.5%	(19,420,291)	1.9%	(56,183,998)	1.6%
	Oct	442,761,464	15.3%	1,803,554,570	11.0%	423,030,231	9.8%	1,592,989,299	7.8%	114,011,838	23.9%	361,029,874	22.2%	(94,280,605)	1.0%	(150,464,603)	1.2%
	Nov	380,667,306	13.8%	2,184,221,877	11.5%	379,267,511	10.3%	1,972,256,810	8.3%	31,148,534	41.0%	392,178,408	23.5%	(29,748,738)	-5.6%	(180,213,341)	0.0%
	Dec	465,944,068	5.4%	2,650,165,944	10.4%	427,207,203	6.3%	2,399,464,012	7.9%	52,205,465	2.5%	444,383,873	20.6%	(13,468,600)	24.7%	(193,681,941)	1.4%
FY 2021	Jan-20	651,356,601	12.0%	3,301,522,545	10.7%	480,456,016	12.5%	2,879,920,028	8.6%	175,969,105	8.5%	620,352,977	16.9%	(5,068,519)	-34.5%	(198,750,460)	0.0%
	Feb	(16,502,123)	N/A	3,285,020,422	8.4%	388,030,922	8.0%	3,267,950,950	8.6%	29,471,121	-20.4%	649,824,098	14.5%	(434,004,166)	24.9%	(632,754,626)	15.8%
	Mar	106,576,741	-37.6%	3,391,597,163	5.9%	448,341,903	10.5%	3,716,292,853	8.8%	71,345,057	-13.8%	721,169,155	10.9%	(413,110,219)	30.0%	(1,045,864,845)	21.1%
	Apr	333,923,441	-49.3%	3,725,520,605	-3.5%	411,042,743	-3.1%	4,127,335,596	7.5%	180,832,397	-70.0%	902,001,553	-28.0%	(257,951,699)	-30.1%	(1,303,816,544)	5.8%
	May	312,455,235	-54.3%	4,037,975,840	-11.1%	356,648,940	-3.5%	4,483,984,536	6.5%	52,177,864	-86.5%	954,179,417	-41.8%	(96,371,569)	33.5%	(1,400,188,113)	7.3%
	Jun	492,434,368	6.0%	4,530,410,208	-9.6%	400,025,682	15.1%	4,884,010,218	7.2%	163,301,165	6.1%	1,117,480,582	-37.7%	(70,892,479)	92.2%	(1,471,080,592)	9.6%
	Jul-20	1,006,099,122	125.5%	1,006,099,122	125.5%	437,561,106	1.5%	437,561,106	1.5%	729,202,947	1998.9%	729,202,947	1998.9%	(160,664,931)	724.6%	(160,664,931)	724.6%
	Aug	393,647,609	1.2%	1,399,746,731	67.6%	388,221,708	4.0%	825,782,815	2.7%	42,993,691	31.0%	772,196,638	1043.2%	(37,567,790)	117.4%	(198,232,721)	439.2%
	Sep	526,805,326	0.2%	1,926,552,057	41.6%	373,511,493	2.2%	1,199,294,307	2.5%	173,028,298	-3.6%	945,224,936	282.7%	(19,734,465)	1.6%	(217,967,187)	288.0%
	Oct	436,598,293	-1.4%	2,363,150,350	31.0%	402,587,396	-4.8%	1,601,881,704	0.6%	119,988,347	5.2%	1,065,213,283	195.0%	(85,977,450)	-8.8%	(303,944,636)	102.0%
Nov	467,871,483	22.9%	2,831,021,833	29.6%	456,569,075	20.4%	2,058,450,778	4.4%	34,813,471	11.8%	1,100,026,754	180.5%	(23,511,062)	-21.0%	(327,455,699)	81.7%	
FY 2022	Dec	527,323,634	13.2%	3,358,345,468	26.7%	475,274,347	11.3%	2,533,725,125	5.6%	59,844,230	14.6%	1,159,870,983	161.0%	(7,794,942)	-42.1%	(335,250,641)	73.1%
	Jan-21	680,994,298	4.6%	4,039,339,766	22.3%	442,013,801	-8.0%	2,975,738,926	3.3%	240,523,484	36.7%	1,400,394,468	125.7%	(1,542,987)	-69.6%	(336,793,628)	69.5%
	Feb	361,961,015	N/A	4,401,300,781	34.0%	456,060,535	17.5%	3,431,799,461	5.0%	46,639,376	58.3%	1,447,033,844	122.7%	(140,738,896)	-67.6%	(477,532,524)	-24.5%
	Mar	23,920,430	-77.6%	4,425,221,211	30.5%	517,507,305	15.4%	3,949,306,766	6.3%	76,719,239	7.5%	1,523,753,083	111.3%	(570,306,114)	38.1%	(1,047,838,638)	0.2%
	Apr	545,265,305	63.3%	4,970,486,516	33.4%	472,467,178	14.9%	4,421,773,944	7.1%	385,639,582	113.3%	1,909,392,665	111.7%	(312,841,455)	21.3%	(1,360,680,093)	4.4%
	May	812,692,108	160.1%	5,783,178,624	43.2%	393,000,021	10.2%	4,814,773,965	7.4%	719,317,439	1278.6%	2,628,710,104	175.5%	(299,625,352)	210.9%	(1,660,305,445)	18.6%
	Jun	749,574,607	52.2%	6,532,753,230	44.2%	460,711,394	15.2%	5,275,485,359	8.0%	361,236,695	121.2%	2,989,946,798	167.6%	(72,373,482)	2.1%	(1,732,678,927)	17.8%
	Jul-21	508,847,614	-49.4%	508,847,614	-49.4%	429,720,832	-1.8%	429,720,832	-1.8%	119,543,821	-83.6%	119,543,821	-83.6%	(40,417,038)	-74.8%	(40,417,038)	-74.8%
	Aug	477,471,284	21.3%	986,318,898	-29.5%	474,588,062	22.2%	904,308,894	9.5%	34,322,622	-20.2%	153,866,443	-80.1%	(31,439,401)	-16.3%	(71,856,439)	-63.8%
	Sep	636,170,040	20.8%	1,622,488,938	-15.8%	437,561,532	17.1%	1,341,870,426	11.9%	223,100,534	28.9%	376,966,977	-60.1%	(24,492,027)	24.1%	(96,348,465)	-55.8%
Oct																	
Nov																	
Dec																	
Jan-22																	
Feb																	
Mar																	
Apr																	
May																	
Jun																	

Arizona Individual Income Tax - Estimated and Final Payments

		Year-to-Date Total				Year-to-Date							
		Total Payments	Y/Y Chg.	Payments	YTD Chg.	Estimated	Y/Y Chg.	Estimated	YTD Chg.	Final	Y/Y Chg.	Year-to-Date Final	YTD Chg.
FY 2018	Jul-17	22,390,542	8.1%	22,390,542	8.1%	7,098,992	12.4%	7,098,992	12.4%	15,291,550	6.2%	15,291,550	6.2%
	Aug	21,181,908	-8.5%	43,572,450	-0.6%	8,068,854	0.3%	15,167,846	5.6%	13,113,055	-13.1%	28,404,605	-3.7%
	Sep	132,809,433	6.2%	176,381,883	4.4%	117,062,473	4.8%	132,230,319	4.9%	15,746,960	17.6%	44,151,564	3.0%
	Oct	76,057,356	28.1%	252,439,239	10.6%	10,816,836	23.9%	143,047,155	6.1%	65,240,519	28.8%	109,392,084	17.0%
	Nov	20,437,018	-49.4%	272,876,257	1.6%	6,061,645	-31.1%	149,108,800	3.9%	14,375,373	-54.5%	123,767,457	-1.1%
	Dec	217,652,109	116.5%	490,528,366	32.8%	208,538,039	131.4%	357,646,839	53.0%	9,114,070	-12.5%	132,881,527	-2.0%
	Jan-18	215,884,116	22.5%	706,412,482	29.5%	205,661,662	24.9%	563,308,501	41.4%	10,222,454	-11.8%	143,103,981	-2.7%
	Feb	25,047,178	18.1%	731,459,659	29.1%	4,038,758	16.7%	567,347,259	41.2%	21,008,420	18.3%	164,112,401	-0.5%
	Mar	77,088,493	11.8%	808,548,153	27.2%	8,053,151	42.0%	575,400,410	41.2%	69,035,342	9.1%	233,147,743	2.2%
	Apr	583,884,240	-1.6%	1,392,432,393	13.3%	78,243,878	8.4%	653,644,288	36.3%	505,640,363	-3.0%	738,788,106	-1.4%
FY 2019	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%
	Jul-18	26,981,619	20.5%	26,981,619	20.5%	8,070,766	13.7%	8,070,766	13.7%	18,910,852	23.7%	18,910,852	23.7%
	Aug	24,480,021	15.6%	51,461,639	18.1%	10,939,626	35.6%	19,010,393	25.3%	13,540,395	3.3%	32,451,247	14.2%
	Sep	151,832,056	14.3%	203,293,696	15.3%	134,536,304	14.9%	153,546,696	16.1%	17,295,753	9.8%	49,747,000	12.7%
	Oct	92,048,841	21.0%	295,342,537	17.0%	12,838,925	18.7%	166,385,621	16.3%	79,209,916	21.4%	128,956,916	17.9%
	Nov	22,097,652	8.1%	317,440,189	16.3%	6,281,356	3.6%	172,666,977	15.8%	15,816,296	10.0%	144,773,212	17.0%
	Dec	50,914,905	-76.6%	368,355,095	-24.9%	32,493,528	-84.4%	205,160,505	-42.6%	18,421,377	102.1%	163,194,590	22.8%
	Jan-19	162,226,235	-24.9%	530,581,330	-24.9%	140,278,776	-31.8%	345,439,281	-38.7%	21,947,459	114.7%	185,142,049	29.4%
	Feb	37,039,460	47.9%	567,620,789	-22.4%	5,424,368	34.3%	350,863,649	-38.2%	31,615,092	50.5%	216,757,141	32.1%
FY 2020	Mar	82,740,855	7.3%	650,361,644	-19.6%	7,488,543	-7.0%	358,352,192	-37.7%	75,252,312	9.0%	292,009,453	25.2%
	Apr	603,007,793	3.3%	1,253,369,437	-10.0%	58,562,550	-25.2%	416,914,742	-36.2%	544,445,243	7.7%	836,454,695	13.2%
	May	386,614,492	355.2%	1,639,983,929	11.0%	36,498,359	232.8%	453,413,101	-31.8%	350,116,132	373.4%	1,186,570,828	46.0%
	Jun	153,939,074	13.1%	1,793,923,003	11.2%	131,576,538	13.3%	584,989,639	-25.1%	22,362,536	11.9%	1,208,933,363	45.2%
	Jul-19	34,741,911	28.8%	34,741,911	28.8%	10,388,748	28.7%	10,388,748	28.7%	24,353,162	28.8%	24,353,162	28.8%
	Aug	32,807,792	34.0%	67,549,702	31.3%	11,816,737	8.0%	22,205,485	16.8%	20,991,055	55.0%	45,344,217	39.7%
	Sep	179,468,334	18.2%	247,018,036	21.5%	152,388,114	13.3%	174,593,599	13.7%	27,080,220	56.6%	72,424,437	45.6%
	Oct	114,011,838	23.9%	361,029,874	22.2%	16,986,917	32.3%	191,580,516	15.1%	97,024,921	22.5%	169,449,358	31.4%
	Nov	31,148,534	41.0%	392,178,408	23.5%	9,577,941	52.5%	201,158,456	16.5%	21,570,593	36.4%	191,019,951	31.9%
	Dec	52,205,465	2.5%	444,383,873	20.6%	35,091,541	8.0%	236,249,997	15.2%	17,113,924	-7.1%	208,133,875	27.5%
FY 2021	Jan-20	175,969,105	8.5%	620,352,977	16.9%	163,782,549	16.8%	400,032,546	15.8%	12,186,556	-44.5%	220,320,431	19.0%
	Feb	29,471,121	-20.4%	649,824,098	14.5%	5,613,870	3.5%	405,646,416	15.6%	23,857,251	-24.5%	244,177,682	12.7%
	Mar	71,345,057	-13.8%	721,169,155	10.9%	8,224,242	9.8%	413,870,658	15.5%	63,120,815	-16.1%	307,298,497	5.2%
	Apr	180,832,397	-70.0%	902,001,553	-28.0%	68,165,869	16.4%	482,036,527	15.6%	112,666,529	-79.3%	419,965,026	-49.8%
	May	52,177,864	-86.5%	954,179,417	-41.8%	12,150,302	-66.7%	494,186,829	9.0%	40,027,563	-88.6%	459,992,589	-61.2%
	Jun	163,301,165	6.1%	1,117,480,582	-37.7%	91,413,281	-30.5%	585,600,109	0.1%	71,887,884	221.5%	531,880,473	-56.0%
	Jul-20	729,202,947	1998.9%	729,202,947	1998.9%	72,570,967	598.6%	72,570,967	598.6%	656,631,980	2596.3%	656,631,980	2596.3%
	Aug	42,993,691	31.0%	772,196,638	1043.2%	15,384,654	30.2%	87,955,621	296.1%	27,609,037	31.5%	684,241,017	1409.0%
	Sep	173,028,298	-3.6%	945,224,936	282.7%	152,899,093	0.3%	240,854,714	38.0%	20,129,205	-25.7%	704,370,222	872.6%
	Oct	119,988,347	5.2%	1,065,213,283	195.0%	17,727,245	4.4%	258,581,959	35.0%	102,261,102	5.4%	806,631,324	376.0%
FY 2022	Nov	34,813,471	11.8%	1,100,026,754	180.5%	11,086,743	15.8%	269,668,702	34.1%	23,726,727	10.0%	830,358,051	334.7%
	Dec	59,844,230	14.6%	1,159,870,983	161.0%	40,131,622	14.4%	309,800,324	31.1%	19,712,608	15.2%	850,070,659	308.4%
	Jan-21	240,523,484	36.7%	1,400,394,468	125.7%	224,767,132	37.2%	534,567,456	33.6%	15,756,352	29.3%	865,827,012	293.0%
	Feb	46,639,376	58.3%	1,447,033,844	122.7%	16,402,252	192.2%	550,969,708	35.8%	30,237,125	26.7%	896,064,136	267.0%
	Mar	76,719,239	7.5%	1,523,753,083	111.3%	10,984,896	33.6%	561,954,604	35.8%	65,734,343	4.1%	961,798,479	213.0%
	Apr	385,639,582	113.3%	1,909,392,665	111.7%	115,244,344	69.1%	677,198,948	40.5%	270,395,238	140.0%	1,232,193,717	193.4%
	May	719,317,439	1278.6%	2,628,710,104	175.5%	56,466,308	364.7%	733,665,256	48.5%	662,851,130	1556.0%	1,895,044,847	312.0%
	Jun	361,236,695	121.2%	2,989,946,798	167.6%	132,839,227	45.3%	866,504,484	48.0%	228,397,467	217.7%	2,123,442,315	299.2%
	Jul-21	119,543,821	-83.6%	119,543,821	-83.6%	70,163,547	-3.3%	70,163,547	-3.3%	49,380,274	-92.5%	49,380,274	-92.5%
	Aug	34,322,622	-20.2%	153,866,443	-80.1%	16,700,964	8.6%	86,864,511	-1.2%	17,621,658	-36.2%	67,001,933	-90.2%
	Sep	223,100,534	28.9%	376,966,977	-60.1%	186,462,673	22.0%	273,327,183	13.5%	36,637,861	82.0%	103,639,794	-85.3%
FY 2022	Oct												
	Nov												
	Dec												
	Jan-22												
	Feb												
	Mar												
	Apr												
	May												
	Jun												

Corporate Income Tax

Arizona Corporate Income Tax General Fund Collections

		Year-to-Date Gross				Year-to-Date				Year-to-Date Net			
		Gross Revenue	Y/Y Chg.	Revenue	YTD Chg.	Refunds	Y/Y Chg.	Refunds	YTD Chg.	Net Revenue	Y/Y Chg.	Revenue	YTD Chg.
FY 2018	July 2017	26,266,058	19.3%	26,266,058	19.3%	(2,427,219)	-87.7%	(2,427,219)	-87.7%	23,838,839	941.5%	23,838,839	941.5%
	Aug 2017	10,906,029	-29.8%	37,172,087	-1.1%	(18,031,119)	67.8%	(20,458,338)	-32.9%	(7,125,090)	N/A	16,713,749	135.8%
	Sep 2017	79,619,983	-10.9%	116,792,070	-8.0%	(15,042,747)	39.4%	(35,501,085)	-14.0%	64,577,236	-17.8%	81,290,985	-5.1%
	Oct 2017	20,755,460	-32.7%	137,547,530	-12.8%	(4,323,369)	2772.7%	(39,824,454)	-3.9%	16,432,091	-46.4%	97,723,076	-16.0%
	Nov 2017	13,403,599	-25.9%	150,951,129	-14.2%	(1,759,367)	-53.3%	(41,583,821)	-8.0%	11,644,232	-18.7%	109,367,308	-16.3%
	Dec 2017	67,957,843	-22.9%	218,908,972	-17.1%	(30,913,538)	31.3%	(72,497,359)	5.5%	37,044,305	-42.6%	146,411,613	-25.0%
	Jan 2018	28,967,432	8.9%	247,876,404	-14.7%	(20,832,624)	-54.0%	(93,329,983)	-18.2%	8,134,808	N/A	154,546,421	-12.4%
	Feb 2018	20,754,947	94.2%	268,631,351	-10.8%	(14,472,357)	11.0%	(107,802,340)	-15.2%	6,282,590	N/A	160,829,011	-7.7%
	Mar 2018	23,322,836	-34.4%	291,954,187	-13.3%	(1,301,978)	-91.8%	(109,104,318)	-23.7%	22,020,858	11.6%	182,849,869	-5.7%
	Apr 2018	79,202,648	-4.4%	371,156,835	-11.6%	(2,369,601)	-70.8%	(111,473,919)	-26.2%	76,833,047	2.8%	259,682,916	-3.3%
	May 2018	32,033,888	1.0%	403,190,723	-10.7%	(2,176,517)	-41.8%	(113,650,436)	-26.6%	29,857,371	6.7%	289,540,287	-2.4%
	June 2018	89,768,840	22.1%	492,959,563	-6.1%	(6,237,021)	205.4%	(119,887,457)	-23.5%	83,531,819	16.8%	373,072,106	1.3%
FY 2019	July 2018	34,230,356	30.3%	34,230,356	30.3%	(5,488,876)	126.1%	(5,488,876)	126.1%	28,741,480	20.6%	28,741,480	20.6%
	Aug 2018	20,224,018	85.4%	54,454,375	46.5%	(6,088,433)	-66.2%	(11,577,310)	-43.4%	14,135,585	N/A	42,877,065	156.5%
	Sep 2018	112,656,032	41.5%	167,110,407	43.1%	(7,885,794)	-47.6%	(19,463,104)	-45.2%	104,770,238	62.2%	147,647,303	81.6%
	Oct 2018	34,384,339	65.7%	201,494,745	46.5%	(6,038,347)	39.7%	(25,501,450)	-36.0%	28,345,992	72.5%	175,993,295	80.1%
	Nov 2018	16,689,469	24.5%	218,184,214	44.5%	(11,051,634)	528.2%	(36,553,084)	-12.1%	5,637,834	-51.6%	181,631,129	66.1%
	Dec 2018	95,961,365	41.2%	314,145,579	43.5%	(5,737,744)	-81.4%	(42,290,828)	-41.7%	90,223,622	143.6%	271,854,751	85.7%
	Jan 2019	34,831,424	20.2%	348,977,003	40.8%	(56,601,100)	171.7%	(98,891,928)	6.0%	(21,769,676)	N/A	250,085,075	61.8%
	Feb 2019	11,876,507	-42.8%	360,853,510	34.3%	(18,575,077)	28.3%	(117,467,005)	9.0%	(6,698,570)	N/A	243,386,505	51.3%
	Mar 2019	37,278,994	59.8%	398,132,504	36.4%	(9,031,966)	593.7%	(126,498,971)	15.9%	28,247,028	28.3%	271,633,533	48.6%
	Apr 2019	101,927,588	28.7%	500,060,092	34.7%	(4,058,919)	71.3%	(130,557,890)	17.1%	97,868,668	27.4%	369,502,201	42.3%
	May 2019	45,394,845	41.7%	545,454,936	35.3%	(3,634,231)	67.0%	(134,192,121)	18.1%	41,760,614	39.9%	411,262,815	42.0%
	June 2019	104,392,743	16.3%	649,847,679	31.8%	(1,391,469)	-77.7%	(135,583,590)	13.1%	103,001,274	23.3%	514,264,089	37.8%
FY 2020	July 2019	44,321,954	29.5%	44,321,954	29.5%	(9,031,871)	64.5%	(9,031,871)	64.5%	35,290,082	22.8%	35,290,082	22.8%
	Aug 2019	15,239,150	-24.6%	59,561,104	9.4%	(10,191,927)	67.4%	(19,223,798)	66.0%	5,047,223	-64.3%	40,337,305	-5.9%
	Sep 2019	124,589,643	10.6%	184,150,747	10.2%	(3,228,845)	-59.1%	(22,452,644)	15.4%	121,360,798	15.8%	161,698,104	9.5%
	Oct 2019	61,227,032	78.1%	245,377,779	21.8%	(1,140,517)	-81.1%	(23,593,160)	-7.5%	60,086,515	112.0%	221,784,619	26.0%
	Nov 2019	6,416,697	-61.6%	251,794,476	15.4%	(12,416,816)	12.4%	(36,009,976)	-1.5%	(6,000,118)	N/A	215,784,500	18.8%
	Dec 2019	131,259,034	36.8%	383,053,510	21.9%	(14,281,489)	148.9%	(50,291,465)	18.9%	116,977,545	29.7%	332,762,045	22.4%
	Jan 2020	35,190,552	1.0%	418,244,062	19.8%	(17,414,883)	-69.2%	(67,706,348)	-31.5%	17,775,669	N/A	350,537,714	40.2%
	Feb 2020	12,768,293	7.5%	431,012,355	19.4%	(4,706,698)	-74.7%	(72,413,046)	-38.4%	8,061,595	N/A	358,599,309	47.3%
	Mar 2020	42,700,126	14.5%	473,712,481	19.0%	(15,636,027)	73.1%	(88,049,073)	-30.4%	27,064,099	-4.2%	385,663,408	42.0%
	Apr 2020	53,375,165	-47.6%	527,087,646	5.4%	(2,934,394)	-27.7%	(90,983,467)	-30.3%	50,440,771	-48.5%	436,104,179	18.0%
	May 2020	19,026,724	-58.1%	546,114,370	0.1%	(2,478,686)	-31.8%	(93,462,153)	-30.4%	16,548,038	-60.4%	452,652,216	10.1%
	June 2020	64,996,624	-37.7%	611,110,993	-6.0%	(5,766,989)	314.5%	(99,229,142)	-26.8%	59,229,635	-42.5%	511,881,851	-0.5%
FY 2021	July 2020	86,598,947	95.4%	86,598,947	95.4%	(5,978,250)	-33.8%	(5,978,250)	-33.8%	80,620,697	128.5%	80,620,697	128.5%
	Aug 2020	25,417,321	66.8%	112,016,268	88.1%	(2,526,272)	-75.2%	(8,504,522)	-55.8%	22,891,049	353.5%	103,511,746	156.6%
	Sep 2020	114,587,653	-8.0%	226,603,921	23.1%	(8,330,173)	158.0%	(16,834,696)	-25.0%	106,257,480	-12.4%	209,769,225	29.7%
	Oct 2020	45,303,629	-26.0%	271,907,550	10.8%	(11,515,597)	909.7%	(28,350,292)	20.2%	33,788,032	-43.8%	243,557,257	9.8%
	Nov 2020	23,750,826	270.1%	295,658,376	17.4%	(16,693,676)	34.4%	(45,043,968)	25.1%	7,057,150	N/A	250,614,408	16.1%
	Dec 2020	132,017,702	0.6%	427,676,078	11.6%	(30,722,519)	115.1%	(75,766,487)	50.7%	101,295,183	-13.4%	351,909,591	5.8%
	Jan 2021	44,790,938	27.3%	472,467,016	13.0%	(772,813)	-95.6%	(76,539,300)	13.0%	44,018,126	147.6%	395,927,716	12.9%
	Feb 2021	18,803,417	47.3%	491,270,433	14.0%	(1,491,030)	-68.3%	(78,030,330)	7.8%	17,312,387	114.8%	413,240,104	15.2%
	Mar 2021	48,743,590	14.2%	540,014,023	14.0%	(5,486,977)	-64.9%	(83,517,306)	-5.1%	43,256,613	59.8%	456,496,717	18.4%
	Apr 2021	187,350,805	251.0%	727,364,828	38.0%	(8,245,481)	181.0%	(91,762,787)	0.9%	179,105,324	255.1%	635,602,041	45.7%
	May 2021	59,010,101	210.1%	786,374,929	44.0%	(3,464,767)	39.8%	(95,227,554)	1.9%	55,545,334	235.7%	691,147,375	52.7%
	June 2021	158,051,228	143.2%	944,426,157	54.5%	(2,177,807)	-62.2%	(97,405,361)	-1.8%	155,873,421	163.2%	847,020,795	65.5%
FY 2022	July 2021	60,468,954	-30.2%	60,468,954	-30.2%	(2,976,917)	-50.2%	(2,976,917)	-50.2%	57,492,037	-28.7%	57,492,037	-28.7%
	Aug 2021	24,050,544	-5.4%	84,519,498	-24.5%	(6,107,792)	141.8%	(9,084,709)	6.8%	17,942,752	-21.6%	75,434,789	-27.1%
	Sep 2021	202,184,906	76.4%	286,704,404	26.5%	(18,526,269)	122.4%	(27,610,978)	64.0%	183,658,637	72.8%	259,093,426	23.5%
	Oct 2021												
	Nov 2021												
	Dec 2021												
	Jan 2022												
	Feb 2022												
	Mar 2022												
	Apr 2022												
	May 2022												
	June 2022												

Insurance Premium Tax

INSURANCE PREMIUM TAX

WHO PAYS

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

DISTRIBUTION

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

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

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

REVENUE BASE

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

TAX RATE

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

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

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

PAYMENT SCHEDULE

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

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

TAXABLE LINES OF INSURANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

Insurance Premium Tax Revenue by Insurance Line ^{1/}
General Fund Collections

(\$ in Millions)

<u>Insurance Line</u>	<u>FY 2015</u>		<u>FY 2016</u>		<u>FY 2017</u>		<u>FY 2018</u>		<u>FY 2019</u>		<u>FY 2020</u>		<u>FY 2021</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	178.1	23.7%	208.6	17.2%	211.1	1.2%	212.9	2.1%	225.5	5.9%	221.3	-1.9%	294.6	33.1%
Accident and Health	87.6	6.4%	103.7	18.4%	102.8	-0.9%	102.9	-0.8%	108.5	5.4%	110.7	2.0%	120.7	9.0%
Vehicle ^{2/}	84.3	6.2%	89.5	6.2%	95.0	6.1%	102.5	14.5%	109.5	6.8%	113.7	3.8%	110.3	-3.0%
Other Property and Casualty	60.8	8.6%	60.2	-0.9%	60.6	0.7%	61.7	2.5%	62.5	1.3%	62.1	-0.6%	66.5	7.1%
Life	39.7	1.3%	43.7	10.2%	42.9	-1.8%	43.2	-1.1%	43.6	0.9%	43.6	0.0%	45.2	3.7%
Surplus	12.3	10.2%	11.6	-5.3%	15.5	33.6%	16.3	40.5%	18.5	13.5%	20.0	8.1%	23.8	19.0%
Fire ^{3/}	2.1	-1.4%	2.6	21.7%	1.3	-50.2%	0.9	-65.5%	0.7	-22.2%	0.8	14.3%	3.2	300.0%
Retaliatory Payments	10.7	19.7%	6.9	-35.2%	9.2	33.3%	8.4	21.7%	10.3	22.6%	11.8	14.6%	12.3	4.2%
Tax Credits	(27.8)	49.5%	(33.5)	20.5%	(36.9)	10.1%	(42.1)	25.7%	(40.9)	-2.9%	(49.0)	19.8%	(69.2)	41.2%
Cash Flow Adjustments ^{4/}	3.2	--	0.8	--	4.5	--	2.6	--	11.4	--	0.1	--	12.3	--
Total Fiscal Year Revenues ^{5/}	\$ 450.7	9.5%	\$ 494.1	9.6%	\$ 506.0	2.4%	\$ 509.3	0.7%	\$ 549.6	7.9%	\$ 535.1	-2.6%	\$ 619.7	15.8%

Notes

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

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

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

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

^{5/} JLBC reports General Fund revenues were \$449.5 M in FY 2015, \$490.6 M in FY 2016, \$504.3 M in FY 2017, \$509.3 M in FY 2018, 549.8 M in FY 2019, \$535.2 M in FY 2020, and \$616.3 M in FY 2021.

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

Source: Department of Insurance and Financial Institutions

Arizona Insurance Premium Tax General Fund Collections

		Insurance Premium		Year-to-Date	
	Month	Tax	Y/Y Chg.	Total	YTD Chg.
FY 2018	July 2017	42,553,870	72.9%	42,553,870	72.9%
	Aug 2017	50,562,505	-31.6%	93,116,375	-5.5%
	Sep 2017	61,720,349	23.2%	154,836,724	4.2%
	Oct 2017	1,545,913	-62.1%	156,382,637	2.4%
	Nov 2017	67,537	-59.8%	156,450,174	2.4%
	Dec 2017	52,176,521	5.2%	208,626,695	3.1%
	Jan 2018	(596,330)	-109.4%	208,030,365	-0.3%
	Feb 2018	5,002,323	-49.8%	213,032,689	-2.6%
	Mar 2018	44,243,335	-62.7%	257,276,024	-23.7%
	Apr 2018	126,587,683	318.5%	383,863,707	4.4%
	May 2018	32,983,037	-20.4%	416,846,744	1.9%
	June 2018	92,429,259	-3.1%	509,276,003	1.0%
FY 2019	July 2018	41,973,653	-1.4%	41,973,653	-1.4%
	Aug 2018	44,496,524	-12.0%	86,470,176	-7.1%
	Sep 2018	61,455,389	-0.4%	147,925,565	-4.5%
	Oct 2018	4,592,134	197.0%	152,517,700	-2.5%
	Nov 2018	5,560,854	8133.8%	158,078,553	1.0%
	Dec 2018	56,036,734	7.4%	214,115,288	2.6%
	Jan 2019	(14,705)	-97.5%	214,100,583	2.9%
	Feb 2019	5,108,941	2.1%	219,209,524	2.9%
	Mar 2019	144,923,664	227.6%	364,133,188	41.5%
	Apr 2019	38,271,679	-69.8%	402,404,867	4.8%
	May 2019	46,136,835	39.9%	448,541,702	7.6%
	June 2019	101,218,865	9.5%	549,760,567	7.9%
FY 2020	July 2019	38,936,808	-7.2%	38,936,808	-7.2%
	Aug 2019	7,137,164	-84.0%	46,073,971	-46.7%
	Sep 2019	110,404,809	79.7%	156,478,781	5.8%
	Oct 2019	1,011,969	-78.0%	157,490,750	3.3%
	Nov 2019	6,754,620	21.5%	164,245,370	3.9%
	Dec 2019	59,572,232	6.3%	223,817,602	4.5%
	Jan 2020	438,771	-3083.8%	224,256,373	4.7%
	Feb 2020	3,894,281	-23.8%	228,150,654	4.1%
	Mar 2020	141,980,034	-2.0%	370,130,688	1.6%
	Apr 2020	26,984,271	-29.5%	397,114,958	-1.3%
	May 2020	40,569,798	-12.1%	437,684,756	-2.4%
	June 2020	97,478,600	-3.7%	535,163,356	-2.7%
FY 2021	July 2020	265,700	-99.3%	265,700	-99.3%
	Aug 2020	46,734,325	554.8%	47,000,024	2.0%
	Sep 2020	95,706,083	-13.3%	142,706,107	-8.8%
	Oct 2020	24,306,380	2301.9%	167,012,488	6.0%
	Nov 2020	2,128,401	-68.5%	169,140,889	3.0%
	Dec 2020	77,146,423	29.5%	246,287,311	10.0%
	Jan 2021	245,753	-44.0%	246,533,064	9.9%
	Feb 2021	5,650,804	45.1%	252,183,869	10.5%
	Mar 2021	143,591,466	1.1%	395,775,334	6.9%
	Apr 2021	57,234,418	112.1%	453,009,752	14.1%
	May 2021	49,228,308	21.3%	502,238,060	14.7%
	June 2021	114,013,386	17.0%	616,251,446	15.2%
FY 2022	July 2021	47,442,766	17755.8%	47,442,766	17755.8%
	Aug 2021	55,907,936	19.6%	103,350,701	119.9%
	Sep 2021	81,736,467	-14.6%	185,087,168	29.7%
	Oct 2021				
	Nov 2021				
	Dec 2021				
	Jan 2022				
	Feb 2022				
	Mar 2022				
	Apr 2022				
	May 2022				
	June 2022				

JLBC FINANCE ADVISORY COMMITTEE (FAC) MEMBERS

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

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

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

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

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

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

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

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

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

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

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

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