

MINUTES OF THE MEETING

FINANCE ADVISORY COMMITTEE

January 18, 2018

Senate Hearing Room 1, 12:00 p.m.

Members Present:

Dan Anderson, Assistant Executive Director, Institutional Analysis, Arizona Board of Regents
Brian Cary, Manager, Salt River Project
Jim Rounds, President, Rounds Consulting Group
Mark Swenson, State Treasurer's Office
George Hammond, Director, Economic and Business Research Center, University of Arizona
Georganna Meyer, Senior Economist, The Maguire Company
Elaine Smith, Senior Economist, Arizona Department of Revenue
Steve Taddie, Managing Partner, Stellar Capital Management
Doug Walls, Research Administrator, Arizona Office of Economic Opportunity

The Finance Advisory Committee (FAC) met on January 18, 2018 to update its 4-sector revenue forecast. The FAC is a 13-member panel of private and public sector economists and their views serve as one of the 4 equal inputs into JLBC's Consensus Baseline revenue forecast. The remaining 3 inputs are the JLBC Staff forecast and 2 University of Arizona (UA) models.

The FAC heard presentations on General Fund Revenue collections, the U.S. economy, and state cash flows. The JLBC Staff provided members with the FY 2018 – FY 2021 Baseline revenue estimates along with projected ending balance estimates. The JLBC Staff presentation included a comparison to the Executive revenue forecast as well as a discussion on tax conformity issues related to recent federal tax legislation.

The January 4-sector forecasted base revenue growth of 4.3% in FY 2018, 3.6% in FY 2019, 4.3% in FY 2020, and 4.5% in FY 2021. While the projected growth rates for FY 2018 and FY 2020 are comparable to those included in the enacted budget, the FY 2019 base revenue growth rate is (0.5)% lower. Under the January updated revenue and spending projections, the FY 2019 Baseline has a projected budget shortfall of \$(20) million in FY 2018 and \$(108) million in FY 2019.

In addition to the JLBC Staff presentation, panel members heard formal presentations from economist Jim Rounds of Rounds Consulting Group and Deputy Treasurer Mark Swenson. The general assessment by presenters and FAC panel members is that the state is likely to continue to grow at a moderate rate in the near term. Additional information is available on our website at [January FAC Meeting](#).

The meeting adjourned at 1:23 p.m.

Kristy Paddack, Secretary

Hans Olofsson, Chief Economist

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A [full video recording](#) of this meeting is available at the JLBC website.