

STATE OF ARIZONA

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### FINANCE ADVISORY COMMITTEE

January 20, 2011

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

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#### Members Present:

Dan Anderson, Assistant Executive Director,  
Institutional Analysis, Arizona Board of Regents  
John Arnold, Director, Governor's Office of Strategic Planning and Budgeting  
Brian Cary, Corporate Economist, Salt River Project  
Tracy Clark, Data Integrity Manager, Arizona Department of Transportation  
Doug Ducey, State Treasurer  
Georganna Meyer, Chief Economist, Department of Revenue  
Aruna Murthy, Director of Economic Analysis, Department of Commerce  
Elliott Pollack, President, Elliott D. Pollack & Co.  
Debra Roubik, Chief Economist and Founder, VisionEcon  
Martin Shultz, Senior Policy Director, Brownstein Hyatt Farber Schreck

At its January 20, 2011 meeting, the Finance Advisory Committee (FAC) heard presentations on General Fund Revenue collections, the U.S. economy, and state cash flows.

JLBC Staff provided members with the latest 4-sector consensus estimates for the "Big 3" revenue collections. The 4-sector consensus estimate is a composite of equally weighted estimates from:

- The University of Arizona Economic and Business Research (EBR) General Fund baseline model;
- The EBR conservative forecast model;
- The FAC panel; and
- JLBC Staff.

For FY 2011, base revenue collections are expected to grow 5.2%.

(Continued)

The 4-sector consensus forecast projects base revenue growth of 5.4% in FY 2012. Each component of the 4-sector consensus showed improvement from FY 2011, with the most significant positive growth in the Corporate Income Tax category.

Given the 4-sector consensus forecast, JLBC Staff outlined the latest budget shortfall estimates for FY 2011 and FY 2012.

In addition to the JLBC Staff presentation, panel members heard formal presentations from economist Elliott Pollack and the State Treasurer, Doug Ducey.

The presenters and FAC panelists generally believed that the recession has ended in Arizona, but there were still concerns about how the recovery could be a gradual process and less robust than in prior years.

The meeting adjourned at 1:00 p.m.

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Sandy Schumacher, Secretary

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Hans Olofsson, Chief Economist