

MINUTES OF THE MEETING

FINANCE ADVISORY COMMITTEE

January 20, 2022

Online Meeting, 12:00 p.m.

Members Present:

George Hammond, Director, Economic and Business Research Center, University of Arizona

Alan E. Maguire, President, The Maguire Company

Lorenzo Martinez, Vice President of Finance and Administration, Arizona Board of Regents

Richard C. Merritt, President, Elliott D. Pollack and Company

Elaine Smith, Assistant Deputy Director, Office of Economic Research and Analysis, Arizona Department of Revenue

Mark Swenson, State Treasurer's Office

Doug Walls, Labor Market Information Director, Arizona Office of Economic Opportunity

The Finance Advisory Committee (FAC) met on January 20, 2022 to update the 4-sector revenue forecast. The FAC is a 12-member panel of private and public sector economists, and their views serve as one of the 4 equal inputs into JLBC's 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 and spending, the U.S. and Arizona economy, and state cash flows. The JLBC Staff provided members with the FY 2022 – FY 2025 Baseline revenue estimates along with projected ending balance estimates. The JLBC Staff presentation also included a comparison to the Executive revenue forecast.

Excluding the impact of previously enacted tax reductions and the deferral of the income tax filing due date in 2020, which artificially raised FY 2021 revenues, ongoing base General Fund revenue under the January Baseline is projected to grow by 12.6% in FY 2022, 3.1% in FY 2023, 4.6% in FY 2024, and 4.7% in FY 2025.

Under the January updated revenue and spending estimates, the FY 2023 ending balance is projected to be \$3.1 billion, of which \$1.0 billion will be available for ongoing initiative in FY 2023 and \$2.1 billion for one-time purposes. These estimates are based on the Baseline "Maximum Commitment" scenario, which is premised on the outcomes of certain events (referendum, litigation, and federal policy decisions) that would use up the most resources, so as to not overstate available funds in FY 2023.

In addition to the JLBC Staff presentation, panel members heard formal presentations from Richard Merritt, President of Elliott D. Pollack and Company as well as Deputy Treasurer Mark Swenson. Additional information, including copies of the presentations provided by the JLBC Staff, Mr. Merritt, and Mr. Swenson, can be found on our website. The [meeting book](#) and a [full video recording](#) of the meeting is also available at the JLBC website.

The meeting adjourned at 1:23 p.m.