

MINUTES OF THE MEETING

FINANCE ADVISORY COMMITTEE

January 24, 2019

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

Members Present:

Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting (OSPB)
George Hammond, Director, Economic and Business Research Center, University of Arizona
Elliott Pollack, President, Elliott D. Pollack and Company
Elaine Smith, Senior Economist, Arizona Department of Revenue
Mark Swenson, State Treasurer's Office
Steve Taddie, Managing Partner, Stellar Capital Management

The Finance Advisory Committee (FAC) met on January 24, 2019 to update its 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 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 2019 – FY 2022](#) Baseline revenue estimates along with projected ending balance estimates. The JLBC Staff presentation also included a comparison to the Executive revenue forecast. Both the JLBC Baseline and Executive revenue forecast exclude the impact of federal tax conformity.

The January 4-sector forecasted net revenue growth of 7.0% in FY 2019, 3.9% in FY 2020, 3.4% in FY 2021, and 3.8% in FY 2022. (Net revenue includes the impact of previously enacted tax law changes but excludes balance forward, budgeted fund transfers, and urban revenue sharing.) Under the January updated revenue and spending projections, the FY 2020 Baseline has a projected ending balance of \$945 million in FY 2019 and \$1.3 billion in FY 2020. Of this amount, an estimated \$200+ million is expected to be monies (structural balance) available for ongoing initiatives.

In addition to the JLBC Staff presentation, panel members heard formal presentations from economist Elliott Pollack of Elliott D. Pollack and Company and Deputy Treasurer Mark Swenson. The general assessment by presenters and FAC panel members is that the state is likely to experience strong growth in FY 2019, followed by more moderate growth rates through FY 2022. Additional information is available on our website at [January FAC Meeting](#).

The meeting adjourned at 1:05 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.