MINUTES OF THE MEETING
FINANCE ADVISORY COMMITTEE

January 29, 2026
Senate Hearing Room 109, 12:00 p.m.

Members Present:
Danny Court, Principal and Senior Economist, Elliott D. Pollack and Company
George Hammond, Director, Economic and Business Research Center, University of Arizona (UA)
Ben Henderson, Director of the Governor's Office of Strategic Planning and Budgeting (OSPB)
Alan E. Maguire, President of the Maguire Company
Lorenzo Martinez, Economic Consultant
Jim Rounds, President, Rounds Consulting Group
Randie Stein, Director, Stifel, Nicolaus & Company, Inc.
Doug Walls, Labor Market Information Director, Arizona Office of Economic Opportunity

The Finance Advisory Committee (FAC) met on January 29, 2026 to update its 4-sector revenue forecast. The FAC is a 11-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, the U.S. and Arizona economy. The JLBC Staff provided members with the result of the updated January 4-sector FY 2026 - FY 2029 revenue estimates along with projected ending cash balance estimates. The JLBC Staff also included a comparison to the Executive revenue forecast.

Under the January Baseline forecast, net General Fund revenue is projected to increase by 3.6% in both FY 2026 and FY 2027, followed by a gradual improvement of 4.4% in FY 2028 and 4.6% in FY 2029. Net revenue includes the impact of previously enacted tax reductions, but excludes Urban Revenue Sharing, the beginning balance, and one-time revenue adjustments.

Under the January updated revenue and spending estimates, the state budget is projected to have a positive cash balance in each year (from FY 2026 through FY 2029) after accounting for statutory funding formula growth. The lowest ending balance is forecast to occur in FY 2028 when it is estimated to be $577 million. Under the 3-year budget projection, the lowest ending balance effectively determines the amount that is available for discretionary purposes.

There are several major issues that are not funded in the Baseline, including: (1) the cost of conforming state income tax laws to the 2025 federal tax law changes, (2) the continuation of traditional "ongoing one-time" spending items for FY 2027, such as state employee health insurance subsidy and school facility building repairs, and (3) funding the administrative costs of implementing the new federal Medicaid and SNAP work requirements and more frequent eligibility checks mandated by H.R. 1.

Danny Court made a presentation on the national and state economy. Other panelists also shared their informal perspectives on current economic trends.

For more information, please see the JLBC Staff Budget Update and Danny Court slideshows along with other materials in the January FAC meeting book. A full video recording of the meeting is also available at the JLBC website.

The meeting adjourned at 1:14 p.m.