

MINUTES OF THE MEETING

FINANCE ADVISORY COMMITTEE

October 9, 2025

Senate Hearing Room 109, 10:30 a.m.

Members Present:

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, Senior Director of Health Sciences, Arizona Board of Regents

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 October 9, 2025 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 Consensus 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 updated October 4-sector FY 2026 - FY 2029 revenue estimates along with projected ending cash balance estimates. Under the updated forecast, General Fund revenue is projected to increase by 2.0% in FY 2026, followed by a gradual improvement of 3.6% in FY 2027, 4.5% in FY 2028, and 4.8% in FY 2029.

Compared to the enacted budget, the October 4-sector forecast increases FY 2026 ongoing General Fund revenue by \$206 million. The upward forecast revision is primarily attributable to the individual income tax, which is projected to generate an additional \$208 million in FY 2026, relative to the enacted budget forecast.

The October forecast update includes revised General Fund revenue and expenditure projections through FY 2029. The 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 \$67 million. Under the 3-year budget projection, the lowest ending balance effectively determines the amount that is available for discretionary purposes. The \$67 million balance is not enough to finance the continuation of one-time projects included in the FY 2026 budget or the cost of conforming state income tax to the federal tax provisions in H.R. 1. The \$67 million balance is also insufficient to address higher administrative costs incurred by certain state agencies to implement new requirements under H.R. 1.

For more information, please see the JLBC Staff Budget Update slideshow and narrative along with other materials in the [October FAC meeting book](#). A [full video recording](#) of the meeting is also available at the JLBC website.

The meeting adjourned at 11:55 a.m.