

Joint Legislative Budget Committee

Monthly Fiscal Highlights

July 2022

Summary

The state's Fiscal Year 2022 ended on June 30th. Based on preliminary revenue data, FY 2022 General Fund revenue posted extremely strong growth during the year, increasing by 17.0% above the prior year.

The total level of FY 2022 General Fund revenues ended up at \$16.68 billion, an amount that is \$257 million above the recently enacted budget forecast. This *Monthly Fiscal Highlights* benchmarks the FY 2022 revenue data against the enacted budget's revenue forecast.

Preliminary data on the state's level of FY 2022 spending has just been released. Our review of this data suggests that the state experienced a loss of \$108 million from higher-than-expected spending during FY 2022.

The enacted budget assumed an FY 2022 ending balance of \$4.51 billion. Based on the \$257 million of revenue collection gains and the \$108 million of spending loss, the FY 2022 balance is now projected to be \$4.66 billion. This FY 2022 ending balance estimate will likely change as we receive additional spending information and revenue adjustments during the state's book closing process.

The preliminary ending balance of \$4.66 billion far exceeds the state's previous record cash balance, which was \$957 million at the end of FY 2019.

Based on the latest revenue data, we can report the following information for June and all of FY 2022:

June 2022:

- In total, June 2022 revenues were 11.4% above June 2021.
- The state's largest revenue categories – Sales Tax, Individual Income Tax, Corporate Income Tax, and Insurance Premium Tax – all generated significant forecast gains. (*See the June Revenue section below for more details*).
- In terms of other revenue categories, the state experienced a combined loss of \$(22) million across smaller categories, primarily due to timing issues as certain year-end transfers have not been fully reported.

All of FY 2022:

Excluding one-time transfers and Urban Revenue Sharing, total FY 2022 General Fund revenues were 17.0% above the prior year. Each of the state's major revenue categories saw significant increases, with a variety of economic conditions causing this widespread growth:

- Spending down of accumulated pandemic savings boosted consumer activity, directly impacting Sales Tax collections and also helping to boost corporate profitability and associated Corporate Income Tax collections.
- General inflationary pressure impacted retail goods pricing (increasing Sales Tax) and also caused higher wages (increasing Individual Income Tax).
- Significant gains in asset prices during calendar year 2021 drove increases in Individual Income Tax payments and also likely helped Sales Tax collections through the "wealth effect" for consumers.

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Table 1 displays the FY 2022 performance of the state's major revenue categories, along with how their collections compared to the forecast under the enacted budget.

Table 1 FY 2022 Performance By Revenue Category Growth Rates and Collections Compared to Enacted Budget Forecast		
	<u>Prelim.</u>	\$ in M +/-
	<u>Actual</u>	<u>Forecast</u>
Sales Tax	15.4%	\$69
Individual Income Tax	15.3%	\$129
Corporate Income Tax	37.4%	\$52
Insurance Premium Tax	14.8%	\$30

Sales Tax

During FY 2022, Sales and Use Tax grew by 15.4%, which followed last year's increase of 15.8%. As shown in Table 2 below, apart from the Utilities classification (electricity, natural gas, and wastewater), all the major sales tax categories performed well in FY 2022, with growth rates in excess of 10%. The smaller tax categories – Amusement and Lodging – increased by 108.5% and 69.1%, respectively, and have significantly surpassed their pre-pandemic level of sales tax collections.

Table 2 FY 2022 Sales Tax Growth Rates Compared to Prior Year	
<u>Tax Category</u>	<u>Annual</u> <u>Growth Rate</u>
Retail/Remote Seller	13.1%
Contracting	10.5%
Use Tax	11.8%
Restaurant & Bar	28.1%
Utilities	1.9%
Amusement	108.5%
Hotel/Motel Lodging	69.1%

There were several factors behind the surge in sales tax collections during FY 2022, including the following:

- Strong growth of wages and salaries (increased by 12.2% in Arizona during the first 3 quarters of the fiscal year), which boosted consumer spending and hence sales tax collections.
- Easing of restrictions related to the pandemic resulted in a release of pent-up demand among consumers with increased spending on recreational activities, such as traveling, lodging, going to concerts, movies and sporting events, as well as dining out.
- Sharp price increase of consumer goods with the highest rate of inflation nationally in more than 40 years. This suggests that a significant portion of the surge in sales tax collections could be more related to an increase in price than volume.
- Households are believed to be drawing down a significant portion of the savings accumulated during the pandemic and using these funds on discretionary spending, including consumer goods. The national savings rate of 5.4% in May (latest figure available) was more than 2% below the savings rate recorded before the start of the pandemic in March 2020. To provide some perspective, in April 2020, the savings rate was close to 34%.

Individual Income Tax

For the entire year, FY 2022 Individual Income Tax (IIT) collections totaled \$7.53 billion. This is \$1.0 billion, or 15.3%, greater than the FY 2021 total. This strong growth is due to several factors, including high withholding and payment collections relative to FY 2021 and reduced refunds. Accounting for the 2020 tax filing deadline deferral from April 15 to July 15, total IIT in FY 2022 increased by 25.9% relative to FY 2021.

Withholding

Withholding tax collections were 12.5% higher in FY 2022 than FY 2021. This is the first time since FY 2006 with double digit year-over-year withholding growth. This historically high increase is likely related to strong growth in wage and salary disbursements throughout 2021 and the first half of 2022.

According to the federal Bureau of Economic Analysis (BEA), Arizona wage and salary disbursements grew by 15.2% in the first half of FY 2022 and 9.5% in the 3rd quarter of FY 2022. Arizona wage data for the 4th quarter of 2022 is not yet available, but national wage data suggests that this growth will slow down but remain strong in the final quarter of FY 2022.



Payments

IIT Payments increased by \$302.1 million, or 10.1% over FY 2021. This growth is surprising because FY 2021 effectively had two tax filing periods due to the 2020 tax filing deadline deferral. Adjusting for the deferral, FY 2022 payments grew by 43.4% over the prior year.

Many of the same factors that contributed to the strong FY 2021 growth in payments also contributed in FY 2022, particularly the growth in asset prices. Higher asset prices in CY 2021 result in more capital gains being paid in the spring 2022 filing period.

The S&P 500 stock index, the most widely used gauge of asset prices, increased 32.8% in 2021 while the NASDAQ, another popular stock exchange more focused on the technology sector, increased by 40.9%. In the real estate sector, the average home price in the Phoenix Metropolitan area increased by 27.4% in 2021.

Refunds

In FY 2022, the state issued \$1.69 billion in IIT refunds, (2.2)% below FY 2021. Due to the 2020 tax filing deferral from April 15 to July 15, FY 2021 refunds were artificially high; accounting for the deferral, the total refunds in FY 2022 were 6.5% higher than in FY 2021.

Corporate Income Tax

Total FY 2022 Corporate Income Tax (CIT) net revenues were \$1.16 billion, 37.4% higher than the FY 2021 total. This is the highest amount of CIT ever collected in a single fiscal year, surpassing the prior year high in FY 2007.

While there are over 45,000 corporate filers in Arizona, the largest 200 companies operating in the state pay about two-thirds of the total CIT. While corporate tax filing data is not available to us, Bureau of Economic Analysis (BEA) data suggests that corporate pre-tax profits continued their strong performance through CY 2021. According to the BEA, U.S. corporate profits before tax increased by 37.4% in CY 2021, which suggests that the primary reason FY 2022 net CIT collections were so high is increased corporate profitability.

Insurance Premium Tax

For all of FY 2022, Insurance Premium Tax (IPT) collections were \$707.7 million, an increase of 14.8% over the prior fiscal year. FY 2022 marked the first time IPT collections exceeded \$700 million in a single fiscal year. The reason for the large increase in IPT collections will not be known until detailed data on FY 2022 collections by insurance line is made available later this year. As noted in previous months, however, we believe that a significant portion of the increase in IPT collections in FY 2022 is related to premium taxes levied on the state's Medicaid program. During CY 2021, the state's total AHCCCS enrollment increased by 8.3%.



June Revenues

Table 3			
General Fund Revenues (\$ in Millions)			
	FY 2022 Collections	Difference From Enacted Forecast	Difference From FY 2021
June	\$ 2,053.9	\$ 257.0	\$ 180.0
Year-to-Date	\$ 16,676.3	\$ 257.0	\$ 2,559.6

Sales Tax collections of \$648.1 million in June were 8.5% above the same month in the prior year and \$69.0 million above the June enacted budget forecast. As noted previously, for all of FY 2022, sales tax revenue grew by 15.4%, the third highest growth rate during the last 35 years.

June marked the first time since February 2021 that sales tax revenue grew by less than 10%, year over year. However, the slowdown in sales tax growth was primarily attributable to a processing issue, which was discussed in June's *Monthly Fiscal Highlights*. Due to the duplicate processing of some payments, May's sales tax revenue was overstated by \$12 million. To correct for this error, the Department of Revenue reduced June's sales tax revenue by the same amount, or \$(12) million. Thus, absent this adjustment, sales tax growth in June would have been 10.5%.

Table 4 shows the June growth rate for the 5 major sales tax categories as well as for the smaller Amusement and Lodging categories. Combined, these 7 categories represent 94% of total sales tax collections.

Table 4	
June Sales Tax Growth Rates Compared to Prior Year	
	<u>June</u>
Retail/Remote Seller	3.2%
Contracting	26.3%
Use Tax	25.0%
Restaurant & Bar	11.3%
Utilities	16.0%
Amusement	56.6%
Hotel/Motel Lodging	31.9%

All categories listed in *Table 4* posted double-digit growth rates in June except for the Retail/Remote Seller category.

Retail sales, excluding remote sellers, increased by only 2.0% in June, or 5.4% after adjusting for the processing issue discussed earlier, which is the lowest growth rate since May 2020.

Individual Income Tax (IIT) total net collections in June were \$756.4 million, an increase of 0.9% over the previous June and \$129.4 million greater than the enacted budget forecast.

June withholding revenue grew by 1.1% over June 2021. At \$465.9 million, withholding was \$(7.9) million below the enacted budget forecast. There was one fewer processing day and the same number of Mondays compared to June 2021 (Monday is typically a significant day for withholding collections).

Payments in June were \$346.0 million, (4.2)% below last June but \$114.4 million above the enacted budget forecast. Of the \$346.0 million in payments, \$162.3 million were estimated payments and \$183.7 million were final payments. Total estimated payments for FY 2022 were \$985.9 million, the highest amount collected in a single fiscal year and 11.2% more than the previous high in FY 2021.

Refunds in June were \$55.4 million, (23.5)% under the total from June 2021 and \$(23.0) million below the enacted budget forecast, representing a forecast gain of \$23.0 million.

Table 5		
Individual Income Tax Growth Rates Compared to Prior Year		
	<u>June</u>	<u>FY 22</u>
Withholding	1.1%	12.5%
Estimated/Final Payments	(4.2)%	10.1%
Refunds	(23.5)%	(2.2)%



Corporate Income Tax (CIT) net collections in June were \$196.1 million, 25.8% higher than June 2021 and \$51.8 million above the enacted budget forecast. June often has elevated CIT collections because it contains one of the four annual corporate estimated payment deadlines, but the \$196.1 million collected is more than any prior June.

Insurance Premium Tax (IPT) revenue was \$151.4 million in June, the largest amount ever collected in a single month, and an increase of 32.8% over the same month in the prior year. IPT revenue in June was \$29.8 million above the enacted budget forecast. As noted previously, for all of FY 2022, IPT grew by 14.8%

The amount of **Tobacco Tax** deposited into the General Fund in June was \$1.9 million, which is (25.5)% below June 2021 and \$(1.3) million below the enacted budget forecast. For all of FY 2022, General Fund tobacco tax revenues totaled \$21.0 million, (6.8)% below the amount collected in FY 2021.

Liquor Tax revenue deposited into the General Fund in June was \$3.9 million. This is (28.4)% below the amount deposited in the same month in the prior year and \$(1.3) below the enacted budget forecast. The total amount of liquor taxes deposited into the General Fund in FY 2022 was \$43.9 million, which is (2.3)% below the level in FY 2021.

In terms of the state's **Other Revenue** categories, the state experienced a combined loss of \$(22) million across these categories, which was generally related to the following 2 issues: 1) A forecast gain of \$58 million in the **Transfers and Reimbursements** category, mostly due to the "equity transfer" from excess funding in the DES developmentally disabled program; and 2) Forecast losses in the **Lottery, Gaming, and Interest** categories, due to timing issues with certain year-end transfers.

Highway User Revenue Fund (HURF) collections of \$169.1 million in June were 15.0% above the amount collected in June 2021 and \$15.6 million above forecast. For all of FY 2022, HURF collections reached \$1.73 billion, an increase of 6.3% over the prior year and \$40.9 million higher than forecast.

The enacted budget assumed a **One-Time Transfer** of \$635 million from American Rescue Plan Act (ARPA) funds to the General Fund during FY 2022. This transfer is based on provisions of ARPA allowing funds to be used to offset costs associated with the state conforming to federal tax law changes. Due to federal requirements, the Executive has decided to achieve a comparable level of General Fund savings through spending offsets in certain agencies.

For the purposes of reporting the preliminary FY 2022 revenue results, the \$635 million transfer has been removed from the revenue forecast gain calculation in *Table 7* below. Instead, the \$635 million item is now incorporated into the FY 2022 spending analysis.

The state collected \$12.4 million in dedicated **Marijuana Excise Taxes** in June and \$132.8 million for all of FY 2022. June saw the third highest level of state revenue collected from the marijuana excise tax so far.

The total combined amount of **Medical and Recreational state Transaction Privilege Tax (TPT)** was \$5.6 million in June and \$73.5 million for all of FY 2022. Of this amount, the General Fund received \$4.2 million in June. In FY 2022, the General Fund received a total of \$54.2 million in state TPT from medical and recreational marijuana retail sales.

Table 6
Marijuana State Tax Collections and Distributions
(\$ in Millions)

	June	FY 2022
Marijuana Excise Tax	\$12.4	\$132.8
Medical Marijuana TPT*	\$2.2	\$36.2
<u>Distribution:</u>		
General Fund	\$1.6	\$26.7
Counties	\$0.4	\$5.9
Cities	\$0.2	\$3.6
Recreational Marijuana TPT*	\$3.5	\$37.4
<u>Distribution:</u>		
General Fund	\$2.6	\$27.6
Counties	\$0.6	\$6.1
Cities	\$0.3	\$3.7
Total State Marijuana Tax Collections	\$18.1	\$206.4

* Amounts may not add to total due to rounding



Table 7

General Fund Revenue: Change from Previous Year and Enacted Forecast June 2022

	Current Month					FY 2022 YTD (Twelve Months)				
	Actual June 2022	Change From				Actual June 2022	Change from			
		June 2021		Enacted Forecast			June 2021		Enacted Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<u>Taxes</u>										
Sales and Use	\$648,075,548	\$50,904,755	8.5 %	\$68,973,409	11.9 %	\$7,208,861,753	\$964,135,767	15.4 %	\$68,973,409	1.0 %
Income - Individual	756,416,595	6,892,294	0.9	129,374,555	20.6	7,530,010,735	997,307,809	15.3	129,374,555	1.7
- Corporate	196,132,578	40,259,158	25.8	51,832,328	35.9	1,163,468,873	316,448,077	37.4	51,832,329	4.7
Property	(2,760,112)	793,871	--	1,139,596	--	26,787,448	4,407,401	19.7	1,139,596	4.4
Luxury - Tobacco	1,890,053	(647,528)	(25.5)	(1,265,195)	(40.1)	21,040,797	(1,540,327)	(6.8)	(1,265,195)	(5.7)
- Liquor	3,881,271	(1,536,186)	(28.4)	(1,311,376)	(25.3)	43,919,974	(1,018,560)	(2.3)	(1,311,376)	(2.9)
Insurance Premium	151,382,980	37,369,595	32.8	29,777,414	24.5	707,654,005	91,402,560	14.8	29,777,414	4.4
Other Taxes	748,897	(183,138)	(19.6)	766,938	--	16,301,364	996,511	6.5	766,938	4.9
Sub-Total Taxes	\$1,755,767,811	\$133,852,819	8.3 %	\$279,287,671	18.9 %	\$16,718,044,949	\$2,372,139,239	16.5 %	\$279,287,670	1.7 %
<u>Other Revenue</u>										
Lottery	0	0	--	(38,729,966)	(100.0)	183,680,234	78,939,785	75.4	(38,729,966)	(17.4)
Gaming	3,024,387	3,024,387	--	(15,664,338)	(83.8)	10,436,962	10,436,962	--	(15,664,338)	(60.0)
License, Fees and Permits	4,234,044	(742,806)	(14.9)	2,077,563	96.3	41,088,016	1,676,936	4.3	2,077,563	5.3
Interest	(9,015)	(976,088)	--	(22,478,367)	--	16,936,140	16,047,279	--	(22,478,367)	(57.0)
Sales and Services	3,960,420	1,234,898	45.3	3,312,627	511.4	30,351,518	4,302,491	16.5	3,312,627	12.3
Other Miscellaneous	132,424,510	9,899,014	8.1	1,913,957	1.5	154,468,757	6,566,349	4.4	1,913,957	1.3
Disproportionate Share	87,833,499	2,974,899	3.5	(10,681,301)	(10.8)	87,833,499	2,974,899	3.5	(10,681,301)	(10.8)
Transfers and Reimbursements	129,687,393	67,742,204	109.4	58,006,305	80.9	169,833,781	38,686,925	29.5	58,006,305	51.9
Sub-Total Other Revenue	\$361,155,237	\$83,156,510	29.9 %	(\$22,243,520)	(5.8) %	\$694,628,909	\$159,631,625	29.8 %	(\$22,243,520)	(3.1) %
TOTAL BASE REVENUE	\$2,116,923,048	\$217,009,329	11.4 %	\$257,044,150	13.8 %	\$17,412,673,858	\$2,531,770,865	17.0 %	\$257,044,150	1.5 %
<u>Other Adjustments</u>										
Urban Revenue Sharing	(63,032,358)	6,008,714	(8.7)	(0)	0.0	(756,388,291)	72,104,568	(8.7)	(0)	0.0
One-Time Transfers	0	(40,905,700)	--	0	--	20,000,000	(20,905,700)	(51.1)	0	0.0
Public Safety Transfers	0	(2,122,109)	--	0	--	0	(23,343,200)	--	0	--
Sub-Total Other Adjustments	(63,032,358)	(37,019,095)	142.3 %	(0)	0.0 %	(736,388,291)	27,855,668	(3.6) %	(0)	0.0 %
TOTAL GENERAL FUND REVENUE	\$2,053,890,691	\$179,990,234	9.6 %	\$257,044,150	14.3 %	\$16,676,285,567	\$2,559,626,533	18.1 %	\$257,044,150	1.6 %
<u>Non-General Funds</u>										
Highway User Revenue Fund	169,089,428	21,997,044	15.0 %	15,643,288	10.2 %	1,729,137,733	101,967,881	6.3 %	40,863,213	2.4 %

Monthly Indicators

NATIONAL

The third and final estimate of the 1st quarter **U.S. Real Gross Domestic Product (GDP)** is a decrease of (1.6)% over the prior quarter, according to the U.S. Bureau of Economic Analysis (BEA) and the first such decline since the early phase of the pandemic in the second quarter of 2020.

The Conference Board's **Consumer Confidence Index** dropped to 98.7 points in June, a reduction of (4.5)% from May's revised total. This was a (23.4)% decline from the previous June and the lowest level recorded for the index since February 2021. Confidence in the present situation as well as future expectations fell in June.

The **U.S. Leading Economic Index (LEI)**, published by the Conference Board declined by (0.4)% in May. The economic factors contributing to this decrease include stock market declines, lower consumer confidence, and reduced housing construction, per the Conference Board's press release. In the six-month period ending in May 2022, the LEI has fallen by (0.4)%, but is still 3.4% higher than May 2021.

The U.S. Bureau of Labor Statistics **Consumer Price Index (CPI)** rose by 1.3% in June over the prior month. Before seasonal adjustment, prices were 9.1% higher than in June 2021, the largest 12-month increase since November 1981. The year-over-year increase affected all major components. Prices rose by 10.4% for food, 41.6% for energy (including 59.9% for gasoline and 98.5% for oil), and 5.6% for shelter. Excluding food and energy, the CPI increased, year over year, by 5.9% in June.

ARIZONA

Housing

In May, Arizona's 12-month total of **single-family building permits** was 46,357. This was 4 permits more than April's figure and (3.3)% below May 2021's 12-month total.

In May, Arizona's 12-month total of 20,083 **multi-family building permits** was 25.6% above the level for the comparable period ending in May 2021.

The **median home price** in Maricopa County decreased to \$481,290 in June 2022, representing a (2.8)% decrease below the prior month and a 17.4% increase over June 2021.

Tourism and Restaurants

In May, **revenue per available room** was \$102.31, representing a (21.4)% decrease below April's figure and a 25.8% increase over the amount reported for May 2021.

Hotel occupancy was 68.3% in May, which is (8.1)% below last month's occupancy rate and 4.4% higher than that of May 2021.

State park visitation fell to 283,710 visitors in May, a (15.3)% decrease from April and (14.9)% below the number of visitors in May 2021.

Phoenix Sky Harbor Airport Ridership was 3.8 million in May, representing a (2.2)% decrease from April's ridership and a (3.0)% decrease from May 2019's figure.

According to data reported by OpenTable, on July 9, **daily restaurant reservations** were 28.2% above 2019 reservations on the comparable date.

Employment

The Office of Economic Opportunity (OEO) reported that a total of 5,017 **initial claims for unemployment insurance** were filed in Arizona in the week ending on July 9th. For the same week in the prior year, 3,829 initial claims were filed.

According to OEO, for the week ending on July 2nd, there were a total of 21,245 **continued claims for unemployment insurance** in Arizona. At this time one year ago, the number of continued claims was 42,426.

State Personal Income

The U.S. Bureau of Economic Analysis (BEA) released its personal income estimates for the 1st quarter of calendar year 2022, estimating that personal income in Arizona increased at a seasonally adjusted annual rate of 2.4%. Government transfer payments fell while net earnings, dividends, interest, and rental income rose. The BEA estimates the total level of personal income in the state was \$399.8 billion in the 1st quarter.



State Agency Data

As of July 1, 2022, the total **AHCCCS caseload** was 2.36 million members. Total monthly enrollment increased 0.4% in July over June, and increased 7.7% compared to a year ago. Parent and child enrollment in the Traditional population increased by 0.4% in July and was 7.1% higher than a year ago.

Other Acute Care enrollment, including Prop 204 Childless Adults, Other Prop 204, Adult Expansion, and KidsCare, was 1,052,234 in July – an increase of 0.5% over June and 8.7% above last year. For July 2022, Elderly, Physically Disabled and Developmental Disabilities Long-Term Care enrollment increased by 0.3%. At 66,377, this population is 2.0% higher than a year ago.

There were 11,161 **TANF** Cash Assistances cases in June 2022, representing a (11.8)% decrease from May. The year-over year number of cash benefit recipients has decreased by (23.3)%.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In June 2022, 860,491 people received food stamp assistance. This was a (0.3)% decrease from May and a (7.4)% decrease since June 2021.

Based on information the Department of Child Safety provided for May 2022, **reports of child maltreatment** totaled 46,447 over the last 12 months, an increase of 8.1% over the prior year. There were 12,670 **children in out-of-home care** as of May 2022, or (14.5)% less than in May 2021. Compared to the prior month, the number of out-of-home children decreased by (2.9)%.

The Arizona Department of Correction's **inmate population** was 33,412 as of June 30, 2022. This was a decrease of (0.6)% since May 31, 2022 and a (7.2)% decrease since June 2021.



Table 8

MONTHLY INDICATORS				
Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
Arizona				
<u>Employment</u>				
- Seasonally Adjusted Unemployment Rate	May	3.2%	0.0%	(2.2)%
- Total Unemployment Rate (discouraged/underemployed)	1 st Q 2022	8.1%	(0.9)%	(5.4)%
- Initial Unemployment Insurance Claims	Week Ending July 9	5,017	95.2%	31.0%
- Continued Unemployment Insurance Claims	Week Ending July 2	21,245	0.7%	(49.9)%
- Non-Farm Employment - Total	May	3,038,900	(0.2)%	3.5%
Manufacturing	May	188,500	0.2%	5.4%
Construction	May	180,500	0.1%	2.2%
- Average Hourly Earnings, Private Sector	May	\$29.84	5.3%	(0.6)%
<u>Building</u>				
- Building Permits (12 month rolling sum)				
Single-family	May	46,357	0.0%	(3.3)%
Multi-family	May	20,083	(0.4)%	25.6%
- Maricopa County/Other, Single-Family Home Sales (ARMLS)	June	5,039	(17.9)%	(23.7)%
- Maricopa County/Other, Single-Family Median Home Price (ARMLS)	June	\$481,290	(2.8)%	17.4%
- Maricopa Pending Foreclosures	May	1,044	(4.0)%	14.9%
<u>Tourism and Restaurants</u>				
- Phoenix Sky Harbor Air Passengers	May	3,833,518	(2.2)%	8.1%
- State Park Visitors	May	283,710	(15.3)%	(14.9)%
- Revenue Per Available Hotel Room	April	\$102.31	(21.4)%	25.8%
- Arizona Hotel Occupancy Rate	May	68.3%	(8.1)%	4.4%
- Az OpenTable Reservations – % Change from 2019	July 9	N/A	N/A	28.2%
<u>General Measures</u>				
- Arizona Personal Income, SAAR	1 st Q 2022	\$399.8 billion	2.4%	(3.0)%
- Arizona Population	July 2021	7,276,316	N/A	1.4%
- State Debt Rating				
Standards & Poor's/Moody's Rating	May 2015/Nov 2019	AA / Aa1	N/A	N/A
Standards & Poor's/Moody's Outlook	May 2015/Nov 2019	Stable/Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	July 1st	2,362,200	0.4%	7.7%
Traditional Acute Care		1,243,500	0.4%	7.1%
Other Acute Care		1,052,200	0.5%	8.7%
Long-Term Care – Elderly & DD		66,400	0.3%	2.0%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	May	46,447	(0.9)%	8.1%
DCS Out-of-Home Children	May	12,670	(2.9)%	(14.5)%
Filled Caseworkers (1406 Budgeted)	May	1,135	22	(52)
- ADC Inmate Growth	June	33,412	(0.6)%	(7.2)%
- Department of Economic Security				
- TANF Cash Assistance Recipients	June	11,161	(11.8)%	(23.3)%
- SNAP (Food Stamps) Recipients	June	860,491	(0.3)%	(7.4)%
United States				
- Gross Domestic Product (Chained 2012 dollars, SAAR)	1 st Q, 2022 (3 rd Estimate)	\$19.7 trillion	(1.6)%	3.5%
- Consumer Confidence Index (1985 = 100)	June	98.7	(4.4)%	(23.4)%
- Leading Economic Index (2016 = 100)	May	118.3	(0.4)%	3.4%
- Consumer Price Index, SA (1982-84 = 100)	June	295.3	1.3%	9.0%

JLBC Meeting Summary

At its July 2022 meeting, the Joint Legislative Budget Committee considered the following issues:

Executive Session

Arizona Department of Administration – Review for Committee the Planned Contribution Strategy for State Employee and Retiree Medical and Dental Plans – A.R.S. § 38-658A requires the director of the Arizona Department of Administration (ADOA) to meet with and review for the Joint Legislative Budget Committee, in Executive Session, the planned contribution strategy for medical and dental insurance coverage at least 10 days before ADOA enters into, or renews, contracts for each health plan. The Committee gave a favorable review of the medical coverage plan for Plan Year 2023.

Regular Agenda

Arizona Department of Corrections – Review of Request for Proposals to Operate Florence West Prison – Pursuant to A.R.S. § 41-1609.01, the Arizona Department of Corrections (ADC) requested review of the published Request for Proposals (RFP) for the management and operation of the Florence West prison. The Committee gave a favorable review of the request, with the provision that once ADC selects a vendor, the department shall report to the JLBC on the per diem rate and annual value of a contract for operating the prison. The Committee also added a provision that the department work with the legislature in the next session to address the impact of reduced property tax revenue resulting from the change in ownership.

Consent Agenda

Arizona Department of Administration/Automation Projects Fund – Review of Human Resources Information System – A.R.S. § 41-714 requires Committee review prior to any monies being expended from ADOA's Automation Projects Fund (APF). The Committee gave a favorable review of \$22,397,800 for ADOA's Human Resources Information System, contingent on approval from the Information Technology Authorization Committee. The Committee also included a provision that within 10 days of awarding the contract for the project, ADOA shall report to the JLBC Staff on the selected vendor, total cost of the project, and estimated timeline.

Arizona Department of Administration/Automation Projects Fund – Review of ADE School Finance Replacement Project – A.R.S. § 41-714 requires Committee review prior to any monies being expended from ADOA's Automation Projects Fund. The Committee gave a favorable review of \$3,600,000 from the department's FY 2022 appropriation for the Arizona Department of Education School Finance System Replacement in FY 2023.

Arizona Department of Administration/Automation Projects Fund – Review of ADWR Application Modernization Project – A.R.S. § 41-714 requires Committee review prior to any monies being expended from ADOA's Automation Projects Fund. The Committee gave a favorable review of \$1,700,000 for ADWR's Application Modernization project in FY 2023, contingent on approval from the Information Technology Authorization Committee. The Committee included a provision that within 10 days of awarding the contract for the project, ADOA shall report to the JLBC Staff on the selected vendor, total cost of the project, and estimated timeline. The Committee also included a provision that a favorable review by the Committee does not commit the Legislature to any ongoing funding above the FY 2023 appropriation.

Attorney General – Review of Uncollectible Debts – Pursuant to A.R.S. § 35-150E, the Attorney General requested review of its listing of uncollectible debts to be removed from the state's accounting system. The Committee gave a favorable review of \$16,370,754 for debts listed as uncollectible in FY 2022 and in prior years.

Arizona Criminal Justice Commission – Review of Edward Byrne Memorial Justice Assistance Grant Federal Application – Pursuant to A.R.S. § 41-2403, the Arizona Criminal Justice Commission (ACJC) requested Committee review of the federal application for FFY 2022 for the Edward Byrne Memorial Justice Assistance Grant (JAG) that is administered by the United States Department of Justice, Bureau of Justice Assistance. The Committee gave a favorable review of the request with the provision that ACJC shall submit a preliminary proposal by May 15, 2023 if the federal guidelines have not yet been received for 2023.

Administrative Office of the Courts/Department of Water Resources – Review of General Adjudication Personnel and Support Fund FY 2023 Expenditure Plan – Pursuant to A.R.S. § 12-117.01, the Administrative Office of the Courts



(AOC) and the Arizona Department of Water Resources (DWR) submitted an expenditure plan for Committee review prior to spending monies from the General Adjudication Personnel and Support Fund in FY 2022 and FY 2023. The Committee gave a favorable review of their FY 2023 plan to spend \$1,936,200.

Department of Public Safety – Review of the Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount – Pursuant to A.R.S. § 41-1724G and A.R.S. § 41-1724H, the Arizona Department of Public Safety (DPS) submitted for Committee review the FY 2023 expenditure plan for the GIITEM Border Security and Law Enforcement Subaccount prior to expending any monies. The Committee gave a favorable review of DPS's proposal to distribute \$1,346,400 of the \$2,396,400 FY 2023 appropriation from the Subaccount to continue to fund 3 existing programs: Detention Liaison Officers Program (\$458,300), Border County Officers Program (\$538,100),

and Pima County Border Crimes Unit (\$350,000). DPS plans to submit to the Committee an allocation plan for the Border Security and Law Enforcement Grants (\$1,050,000) for review later this year. The favorable review included a provision that DPS shall report to the Committee prior to implementing any changes to the proposed FY 2023 allocation of the grants.

Department of Child Safety – Review of Line Item Transfers – Pursuant to an FY 2022 General Appropriation Act footnote, the Committee gave a favorable review of DCS's request to transfer \$10,105,000 of Federal Expenditure Authority from the operating budget to the following 4 line items: Adoption Services (\$7,400,000), Foster Home Placement (\$620,000), Congregate Group Care (\$1,950,000), and Extended Foster Care (\$135,000).

Arizona Board of Regents – Review of FY 2023 Tuition Revenues – This item was held until the next Committee meeting.

JCCR Meeting Summary

At its July 2022 meeting, the Joint Committee on Capital Review considered the following issues:

Regular Agenda

Arizona Department of Corrections – Review of FY 2023 Capital Projects – A.R.S. § 41-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal and capital projects with an estimated cost of more than \$250,000. ADC requested review of \$104.4 million in FY 2023 expenditures, including \$36.4 million for building renewal, \$47.6 million to replace all evaporative cooling systems with air conditioning, and \$20.4 million for door, lock and fire system upgrades. The Committee gave a favorable review of \$36.4 million for the department's FY 2023 building renewal allocation plan and required the department to return to the Committee for review at the next JCCR meeting with more information on the HVAC project and the door, lock and fire system upgrades.

Arizona Department of Transportation – Review of ADOT Facilities – A.R.S. § 41-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal and capital projects with an estimated

cost of more than \$250,000. The Committee gave a favorable review of \$30.9 million for 7 capital projects related to ADOT facilities.

Consent Agenda

Arizona Department of Administration – Review of FY 2023 Building Renewal Allocation Plan – A.R.S. § 41-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal and capital projects with an estimated cost of more than \$250,000. The Committee gave a favorable review of the department's \$53.6 million building renewal appropriation in FY 2023. The favorable review included a provision requiring the department to report any use of the emergency contingency allocation prior to expending it.

Arizona Department of Administration – Consider Recommending FY 2022 Rent Exemption – A.R.S. § 41-792.01D authorizes the ADOA director, on recommendation from the Committee, to grant a full or partial exemption from the payment of rental fees on state-owned property. The Committee recommended a full FY 2022 rent exemption for the State Board of Equalization totaling \$12,200.



Arizona Department of Administration/AHCCCS – Review of Behavioral Health Transitional Shelter – A.R.S. § 41-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal and capital projects with an estimated cost of more than \$250,000. The Committee gave a favorable review of the \$5.3 million project to construct a Behavioral Health Transitional Shelter on behalf of AHCCCS. The Committee included a provision that favorable review does not constitute endorsement of General Fund appropriations to pay ongoing operations and maintenance costs for the Behavioral Health Transitional Shelter.

Arizona Game and Fish Department – Review of FY 2023 Building Renewal, Property Maintenance, and Dam Maintenance Allocations and Other Capital Projects – A.R.S. § 41-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal and capital projects with an estimated cost of

more than \$250,000. The Committee gave a favorable review of \$3.8 million for 25 projects.

Arizona State Parks Board – Review of Capital Projects – A.R.S. § 41-1252 requires the Committee to review expenditure plans for monies appropriated for building renewal and capital projects with an estimated cost of more than \$250,000. The Committee gave a favorable review of \$23.3 million for 11 capital projects and building renewal in FY 2023, \$19.1 million for 7 capital projects in FY 2024, and \$19.1 million for 6 capital projects in FY 2025. The Committee included provisions that the Board may not shift more than 10% of monies from one project to another within the same section of Laws 2022, Chapter 309, Sections 6, 19 and 20 without Committee review and may not spend monies from one project on a project not listed in the same section without the Legislature amending that section.

JLBC/JCCR Meeting Follow Up

Department of Administration – Report on Risk Management Administrative Expenses – Pursuant to a provision from the April 2022 meeting of the Joint Legislative Budget Committee, the Arizona Department of Administration (ADOA) submitted a report on the monthly expenditures for contracted Risk Management legal expenses. ADOA reported expenditures of \$1.0 million from the line item in June 2022 (through June 28) with year-to-date expenditures at \$9.7 million. To-date, ADOA has utilized \$362,400 of the \$3.0 million transferred to the line item in April 2022. (Rebecca Perrera)

Department of Corrections – Contracted Per Diem Rate for Phoenix West Prison – Pursuant to a provision from the April 2022 meeting of the Joint Legislative Budget Committee, the Arizona Department of Corrections (ADC) provided the per diem rate and the annual value of the contract awarded for the management and operations of the Phoenix West prison. ADC reports that only 1 vendor responded to the solicitation. The contracted per diem rate is \$89.95 for 400 inmate beds, a maximum annual contract value of \$13.1 million. (Geoffrey Paulsen)

Arizona Exposition and State Fair Board – Report on the Status of Capital Improvement Projects – Pursuant to a provision from the July 2021 JCCR meeting, the Arizona Exposition and State Fair Board (AESF) reported on the status of all capital improvement projects and capital improvement expenditures. (See Table 9 below)

Out of the 10 projects approved, AESF has completed 4, including the Agricultural Center fire system, asphalt repair, backflow preventer installation, and the fire sprinkler water riser repair. Of the remaining projects, 3 projects are on hold due to supply chain issues (the LED Lights for the north parking lot, the mechanic shop roll-up door replacement, and sewer line installation). The final 3 projects—Coliseum fire suppression system, Administrative office HVAC repairs, and power pedestal replacement—are all projected to be completed by July 31, 2022, with the exception of the hood system installation portion of the Coliseum fire suppression system. AESF has spent \$1.3 million of its \$1.7 million FY 2022 appropriation. (Nate Belcher)

Table 9

AESF Status of FY 2022 Capital Projects

<u>Project Title</u>	<u>Amount Reviewed</u>	<u>Expenditures as of May '22</u>	<u>Remaining Balance</u>
Admin Office HVAC Repairs	300,000	90,564	209,436
Ag Center Fire System*	75,000	67,377	7,623
Asphalt Repair*	150,000	149,828	172
Backflow Preventer*	60,000	46,140	13,860
Coliseum Fire System	810,000	810,000	0
Fire Sprinkler Water Riser Repair*	35,000	35,000	0
LED Lights in North Lot	120,000	0	120,000
Mechanic Shop Door Replacement	15,000	0	15,000
Power Pedestal Replacement	15,000	15,732	(732)
Sewer Line Installation	<u>140,000</u>	<u>118,541</u>	<u>21,459</u>
Total	\$1,720,000	\$1,333,182	\$386,818

* Denotes completed project

Summary of Recent Agency Reports

Arizona Health Care Cost Containment System – Report on the American Rescue Plan Act Spending Plan – Pursuant to Laws 2022, Chapter 2, the Arizona Health Care Cost Containment System (AHCCCS) is required to report quarterly on any changes to the agency's Home and Community-Based Services (HCBS) spending plan for the implementation of the American Rescue Plan Act (ARPA) of 2021.

As of April 18, 2022, AHCCCS projects its ARPA HCBS spending plan will total \$1.62 billion, or \$120.4 million above its original spending plan. Major changes include the following:

- \$174.6 million in additional funding for directed payments to HCBS providers. This funding is primarily the result of a shift in funds from other initiatives, as well as the creation of a new qualifying code that allows AHCCCS to draw down additional federal monies.
- \$(137.6) million in reduced funding for career/training/education initiatives to reflect removal of programs, partially offset by a \$75 million increase for tuition reimbursement grants for students working as direct care workers.
- \$83.4 million in additional funding for other initiatives, due to plan revisions and removal of select programs.

ARPA provided states a temporary 10% federal match increase for HCBS expenditures for the period beginning April 1, 2021 and ending March 31, 2022. States have until March 31, 2025, to fully expend funds. (Maggie Rocker)

AHCCCS/Department of Health Services – Report on Reconciliation Payments – Pursuant to an FY 2022 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) submitted its report on Medicaid reconciliation payments and penalties received and deposited during FY 2022. AHCCCS reports that during that 12-month period it received a net \$2.7 million from reconciliation payments and penalties/sanctions. This includes a \$(3.9) million loss to the General Fund, a \$1.6 million deposit into the Hospital Assessment Fund, and the use of \$5.1 million to offset Federal Medicaid Authority expenditures.

The state limits financial risks and profits for health plans and RBHAs for most Medicaid populations (the maximum percentage of loss and profit varies by Medicaid population). Reconciliation payments are made by health plans/RBHAs to the state if profits exceed the set level. A penalty, or sanction, may be assessed against health plans/RBHAs for the failure to demonstrate compliance with their contractual responsibilities. Reconciliation payments received by AHCCCS in FY 2022 totaled \$2.7 million while penalties and sanctions totaled \$38,351. The payments covered contract years 2019 and 2021 along with FY 2020 and FY 2021. (Benjamin Newcomb)



Arizona Health Care Cost Containment System – Report on *Arnold v. Sarn* – Pursuant to an FY 2022 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) reported on its implementation of the *Arnold v. Sarn* joint agreement. The state has been a longstanding defendant in the *Arnold v. Sarn* litigation concerning the level of services provided to the Seriously Mentally Ill (SMI) population in Maricopa County. In January 2014, a joint agreement was filed with the court to terminate the lawsuit, and in February 2014, the agreement received court approval.

The agreement requires availability of certain behavioral health services for individuals with an SMI designation in Maricopa County ("class members"). These services include assertive community treatment teams (ACT), peer support services, supported employment, supportive housing, and crisis services. AHCCCS continues to comply with these service capacity requirements. AHCCCS estimates that the annual cost of providing *Arnold v. Sarn* services is \$38.6 million, including \$19.6 million from the General Fund. The General Fund amounts consists of:

- \$4.9 million for Assertive Community Treatment teams.
- \$362,900 for Peer Support Services.
- \$358,800 for Supported Employment.
- \$13.9 million for Supported Housing, which consists of \$12 million for rental subsidies and \$1.9 million for support services.

As of April 2022, these funds have provided supportive housing services for 4,543 members, peer support for 1,667 members, and supportive employment services for 1,107 members. These are in excess of the agreement criteria by 3,343, 167, and 357 members, respectively. Funds additionally support 9 ACT teams. This is in excess of the agreement criteria by 1 team. (Chandler Coiner)

AHCCCS – Report on Graduate Medical Education Residency Positions – Pursuant to A.R.S. § 36-2903.01, the Arizona Health Care Cost Containment System (AHCCCS) submitted its annual report on the number of residency positions funded by local, county, or tribal governments. The agency reported that FY 2021 contributions provided \$373.0 million for partial funding of 2,049 residency positions at 22 hospitals. The largest recipients included Banner University Medical Center - Tucson (\$72.6 million), Valleywise Health Medical Center (\$68.1 million), Banner University Medical Center - Phoenix (\$51.1 million), St. Joseph's Hospital - Phoenix (\$46.8 million), and Phoenix Children's Hospital (\$43.4 million).

The \$373.0 million in Total Funds included local contributions of \$88.7 million and a federal match of \$284.3 million. Local government contributors included University of Arizona (\$46.1 million), Maricopa Integrated Health System (\$20.9 million), Arizona State University (\$18.4 million), the City of Tucson (\$2.5 million) and Mohave County (\$0.8 million). (Maggie Rocker)

Department of Corrections – Report on Building Renewal Expenditures – Pursuant to an FY 2022 Capital Outlay Bill footnote, the Arizona Department of Corrections (ADC) reported the status of all current capital projects, building renewal projects and building renewal expenditures. As of May 31, 2022, ADC has spent or encumbered \$17.8 million of its \$28.1 million FY 2022 building renewal appropriation, or 63.5%. ADC also reports it has spent or encumbered 94.1% of its \$5.5 million FY 2021 building renewal appropriation and 94.0% of its \$6.9 million FY 2020 building renewal appropriation. ADC reports that all pre-FY 2021 building renewal projects are complete.

While not required by the footnote, ADC also reported on the status of the Eyman Fire and Life Safety projects also funded in the FY 2022 Capital Outlay Bill. ADC reports that these projects are either in the construction or design phase, and that they remain on track and scheduled for completion by the end of FY 2023. ADC reports current expenditures of \$1.4 million of the \$25.6 million appropriation. (Geoffrey Paulsen)

Department of Corrections – Report on Correctional Officer Staffing – Pursuant to an FY 2022 General Appropriation Act footnote, the Arizona Department of Corrections (ADC) submitted its semi-annual report on correctional officer (CO) staffing. As of May 27, 2022, ADC reported that of the 6,419 total CO positions, 4,444.75 were filled and 1,973.25 were vacant, a vacancy rate of 30.7%. This was an increase since June 2021 when the vacancy rate was 20.9%. This change consists of 665.5 new hires, 304.5 COs promoted to a new position, and 1,181 COs leaving ADC, a net change of (820) COs. ADC utilizes overtime to maintain inmate supervision levels despite CO vacancies. Through May 27, 2022 ADC reported a total of 1,090,636 overtime hours worked. ADC reports the average CO has earned about \$8,220 in overtime wages on an annualized basis in FY 2022. (Geoffrey Paulsen)

Department of Corrections – Report on Medical Staffing Augmentation Expenditures – Pursuant to an FY 2022 General Appropriation Act footnote, the Arizona Department of Corrections (ADC) submitted its semi-annual report on expenditures from the Medical Staffing



Augmentation Special Line Item. The FY 2022 budget included \$15 million for Medical Staffing Augmentation and made this funding non-lapsing. ADC is required to report the actual expenditures made and the expenditure plan for all remaining monies. ADC and the current inmate health care vendor agreed to use the funding to provide structured bonuses to recruit staff and retain current staff, for additional bonuses to incentivize better compliance with the *Parsons v. Shinn* stipulation agreement, and to add 2 new FTE Positions to the contract to address inmate questions about coronavirus and to implement the bonuses. Through March 2022, ADC reports expenditures of \$3.8 million for these initiatives, and anticipates the total for FY 2022 will be at least \$6.8 million.

In May 2022, ADC signed a contract with a new health care vendor to begin in October 2022. ADC and the new vendor have agreed to utilize the remaining funding (about \$8.2 million) for the following:

- **Signing Bonus:** This program will offer a bonus to new staff that are hard to recruit. Eligible positions include registered nurses, licensed practical nurses, and psychiatrists. The amount of the bonus is the same as under the current vendor.
- **Commitment Bonus:** This program would offer a 20% wage stipend for existing employees to maintain current staffing levels. This is also identical to the current bonus.
- **Holiday Appreciation Bonus:** This program will offer a \$2,000 bonus to full-time staff that join the new health care vendor between October 2022 and the end of the calendar year. The bonus would be paid out in late December.
- **Conversion Bonus:** This program will offer a \$2,000 bonus to all per diem staff who convert to full-time employees with the new vendor in November 2022. This bonus will be paid out in 2 installments, one in November 2022 and a second installment in February 2023. The bonus will be offered again later in the first year of the contract to encourage additional staff to convert to full-time employment.
- **Baylor Program:** ADC and the new health care vendor will offer 40 Baylor positions (4 at each of the 10 state-operated prison facilities). A "Baylor shift" allows nursing staff to work for 24 hours over the weekend (for example, in two 12-hour shifts), but get paid for 36 hours of work and receive full benefits. (Geoffrey Paulsen)

Department of Economic Security – Report on Federal Pandemic Emergency Assistance Monies – Pursuant to an FY 2022 General Appropriation Act footnote, the Department of Economic Security (DES) reported on the status of expenditures and expenditure plan for Federal Pandemic Emergency Assistance monies provided by the American Rescue Plan Act of 2021. The footnote also requires that DES report on the number of individuals served by the monies.

As of June 30, 2022 DES reports total expenditures of \$14.5 million in the following categories:

- \$10.3 million for children in unlicensed foster care. These payments are issued directly by the Department of Child Safety.
- \$3.7 million in direct payments to children in a cash assistance case.
- \$468,900 in direct payments to children in a grant diversion case.
- \$11,800 for administrative costs.

DES reports that as of June 30, 2022 these expenditures have served a total of 20,882 individuals. The department has spent all but \$500 of the funds, which will be used for other operating costs. (Chandler Coiner)

Department of Revenue – Report on Capital Gains Tax Paid by Nonresidents on Real Estate Transactions - Pursuant to A.R.S. § 43-312B, the Department of Revenue (DOR) is required to report to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB), by June 30, 2022, the amount of capital gains tax paid by nonresidents of this state on real estate transactions in Arizona. Based on the most recent data available, DOR estimates that \$3.3 million was paid by nonresidents in capital gains tax on real estate transactions in Arizona in Tax Year (TY) 2020. (Benjamin Newcomb)

Arizona Department of Transportation – Report on Non-Highway Capital Projects and Expenditures – Pursuant to a footnote in the FY 2022 Capital Outlay Bill, the Arizona Department of Transportation (ADOT) submitted a report on the status of all non-highway construction capital projects and expenditures. From FY 2020 to FY 2022, ADOT has expended or encumbered \$3.2 million of their \$13.8 million budgeted expenditures on non-highway construction capital projects. (The FY 2021 budget did not include any non-highway construction capital projects.) From FY 2021 to FY 2022, ADOT expended and encumbered \$22.5 million (\$22.2 million from the State Highway Fund and \$357,300 from the State Aviation Fund) of their \$29.0 million (\$28.4 million from the State Highway Fund and \$592,100 from the State Aviation Fund) combined budgeted expenditures from both FY 2021 and FY 2022 on building renewal. (Jordan Johnston)



Arizona Economic Trends

July 2022

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State Sales Tax Collections – Contracting Category

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Total Non-Farm Employment

4..... Total Non-Farm vs Total Private Employment

Arizona Employment by Category

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Rolling 4-Week Withholding Total

5..... Initial Unemployment Insurance Weekly Claims

Continued Unemployment Insurance Weekly Claims

Unduplicated Unemployment Insurance Claimants

AHCCCS Recipients

6..... SNAP Recipients

HURF Revenue

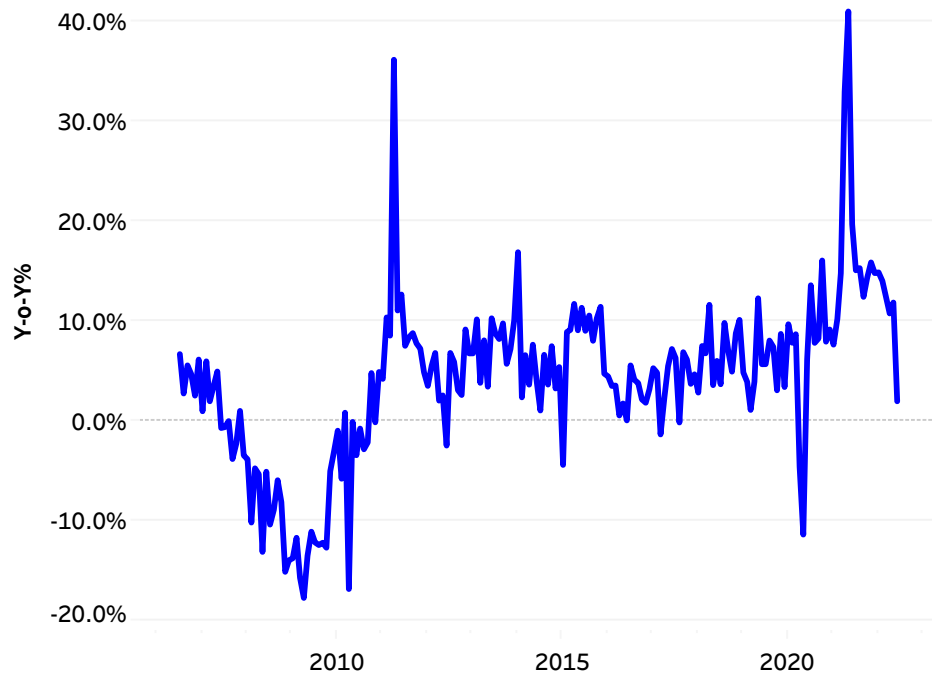
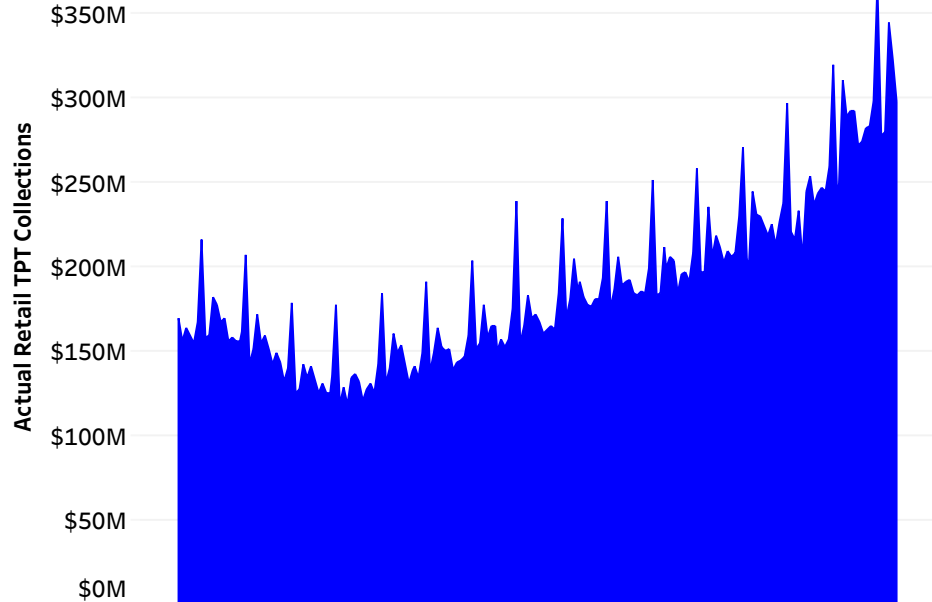
Sky Harbor Total Passengers

Arizona Hotel Occupancy

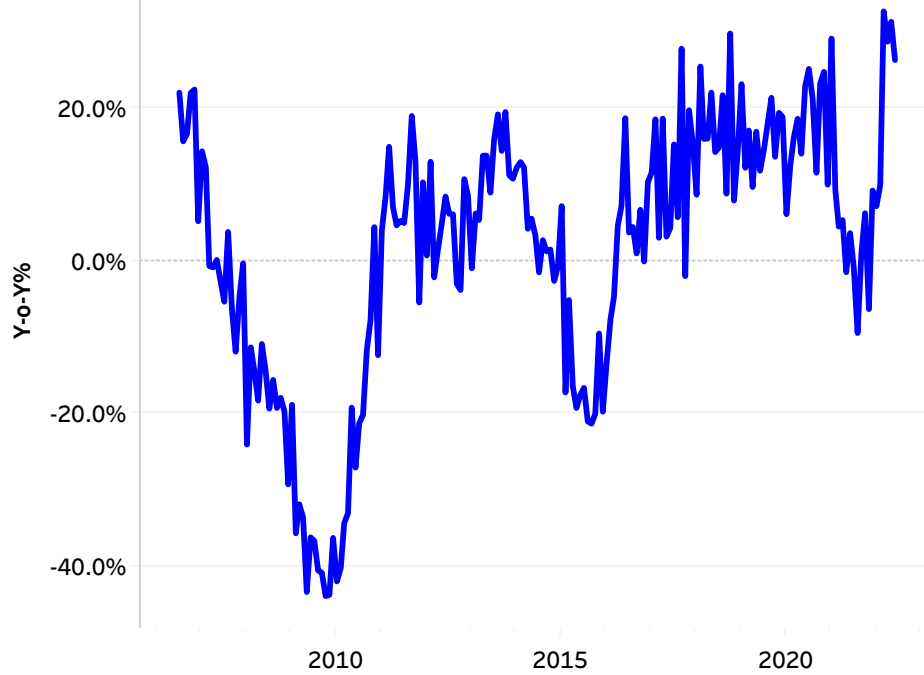
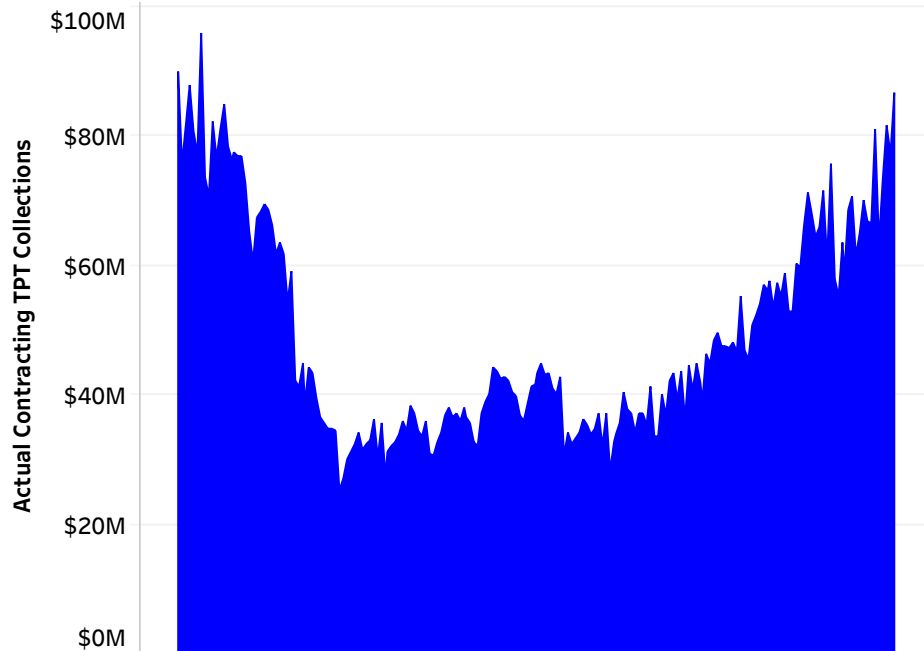
7..... Arizona OpenTable Daily Reservations

[Link to Most Recent Arizona Economic Trends Tableau Dashboard](#)

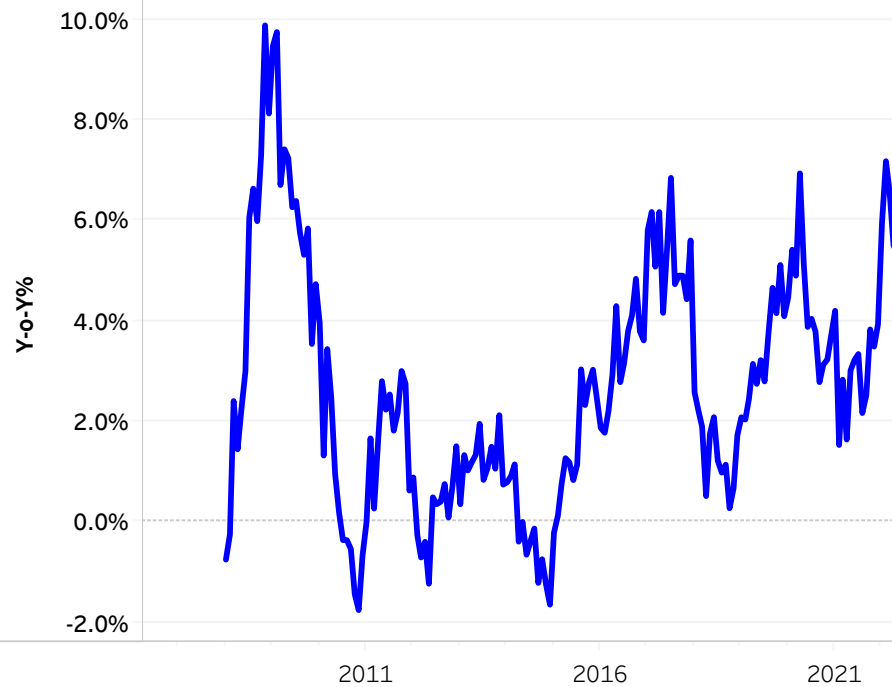
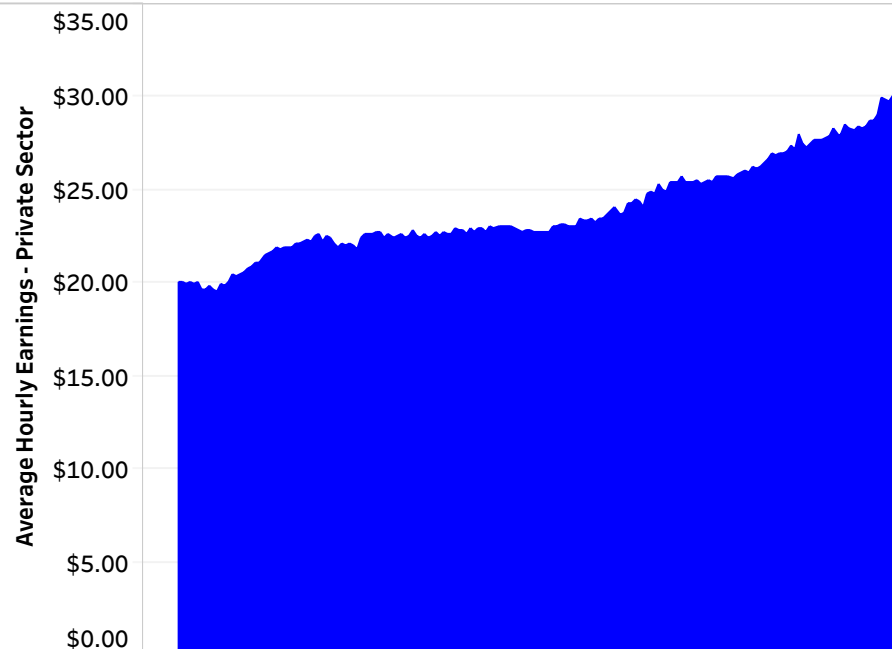
State Sales Tax Collections - Retail Category



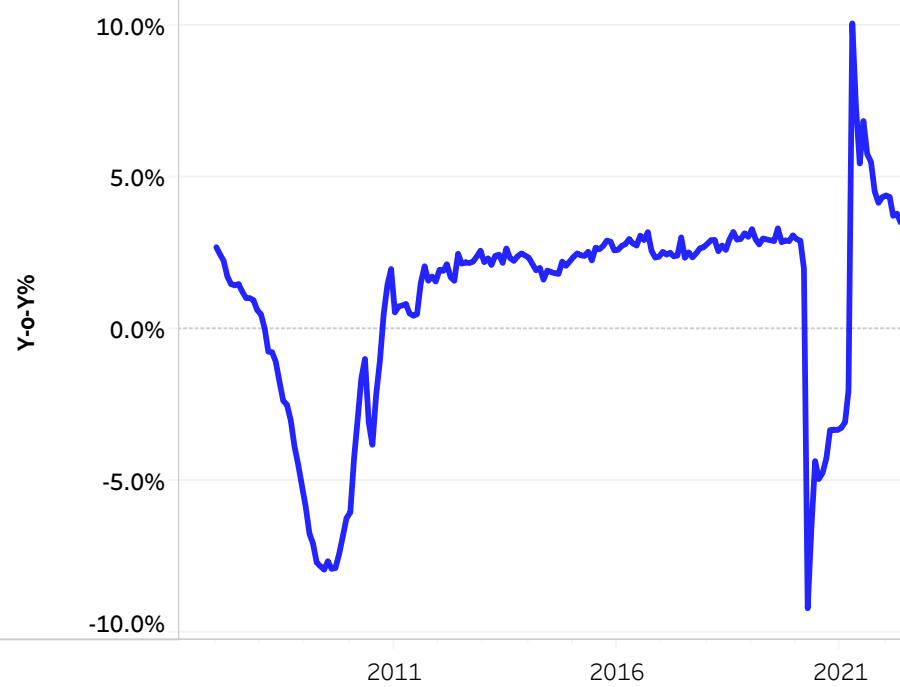
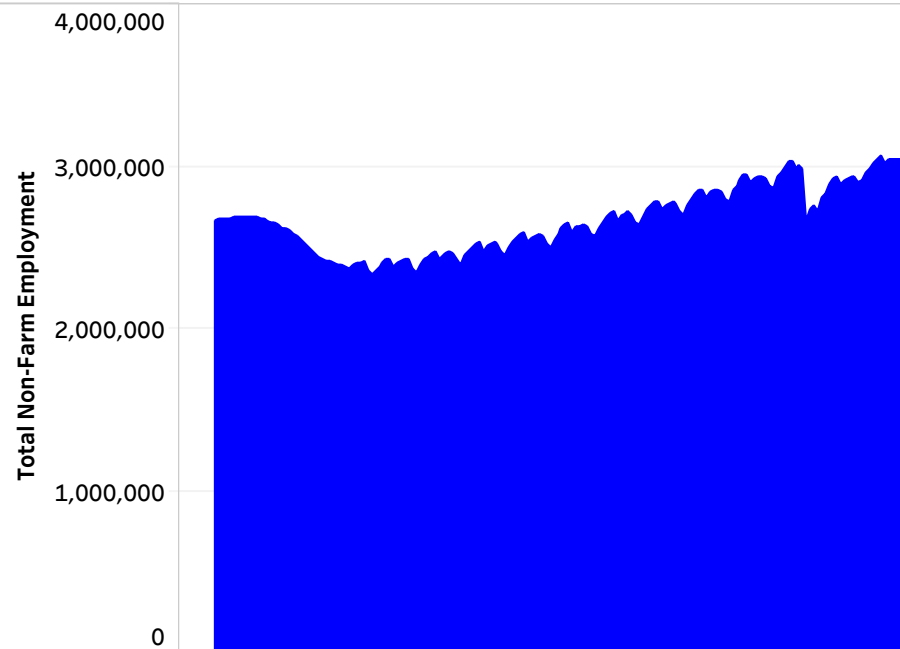
State Sales Tax Collections - Contracting Category



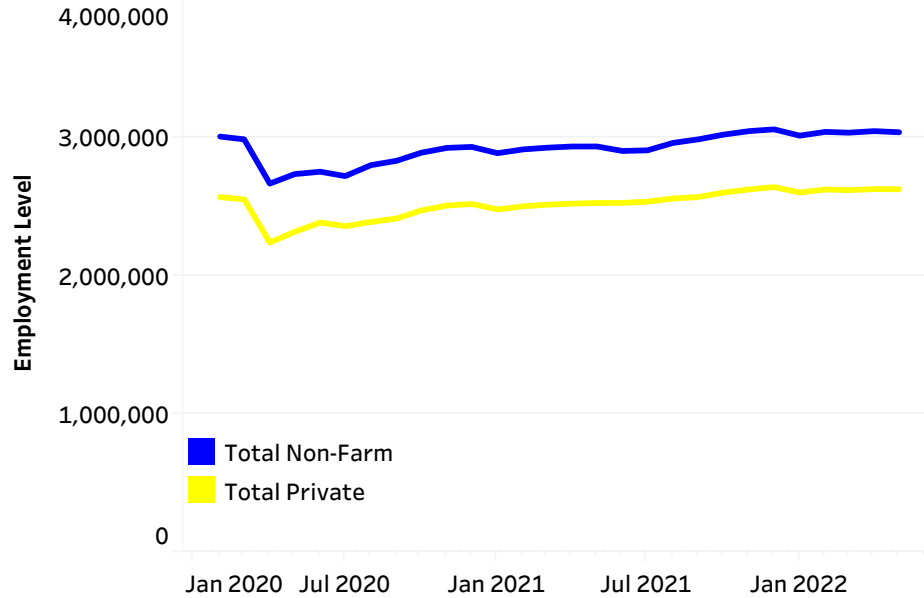
Average Hourly Earnings - Private Sector



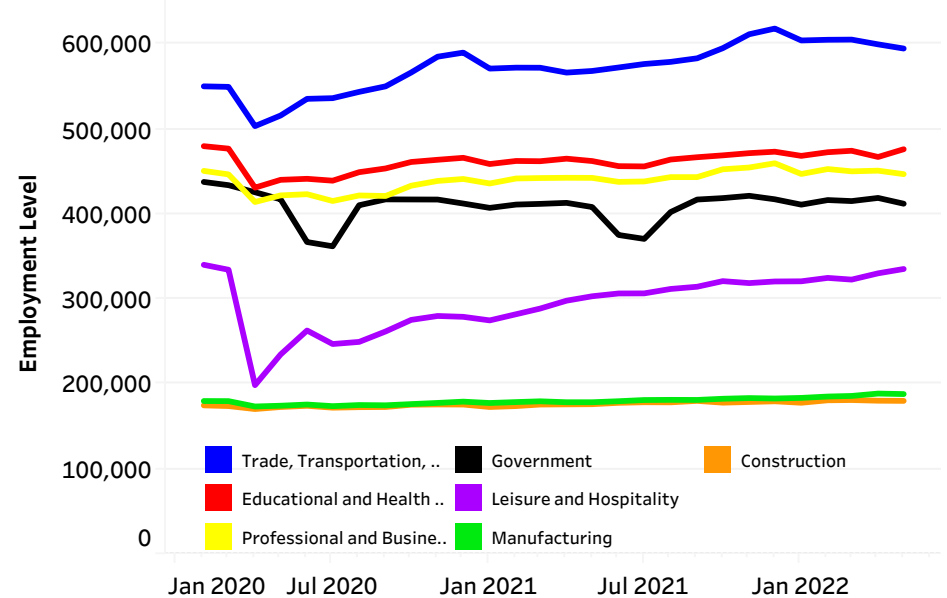
Total Non-Farm Employment



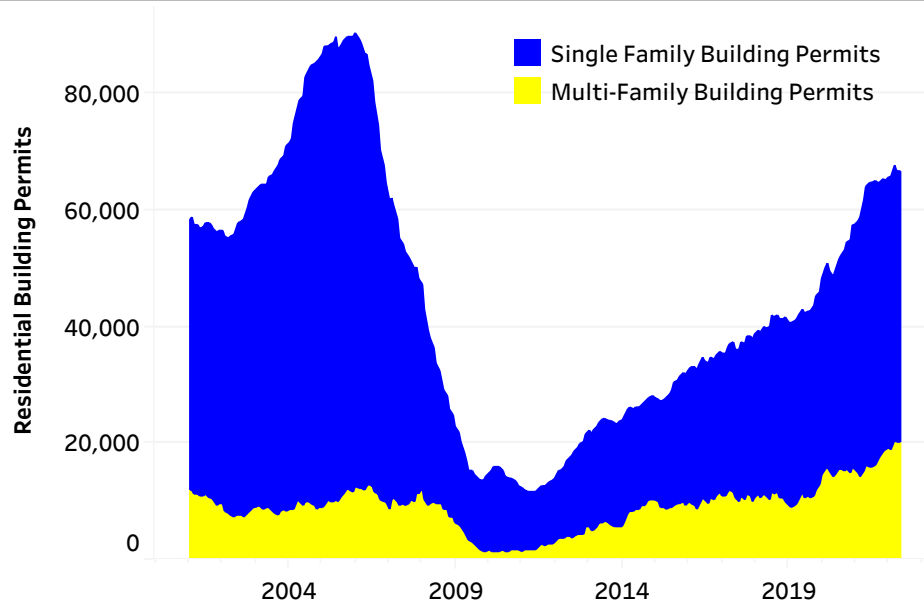
Arizona Total Non-Farm vs Total Private Employment



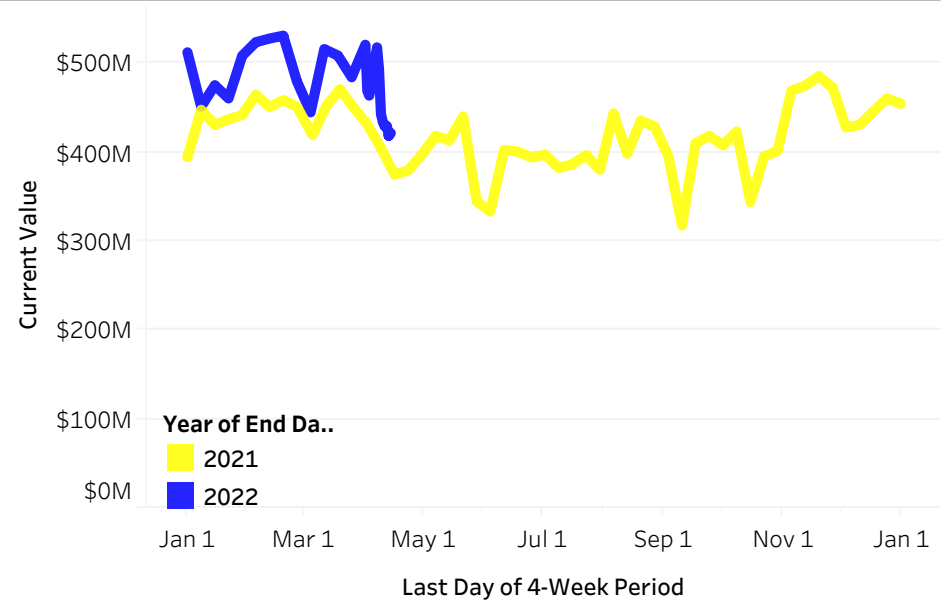
Arizona Employment by Category



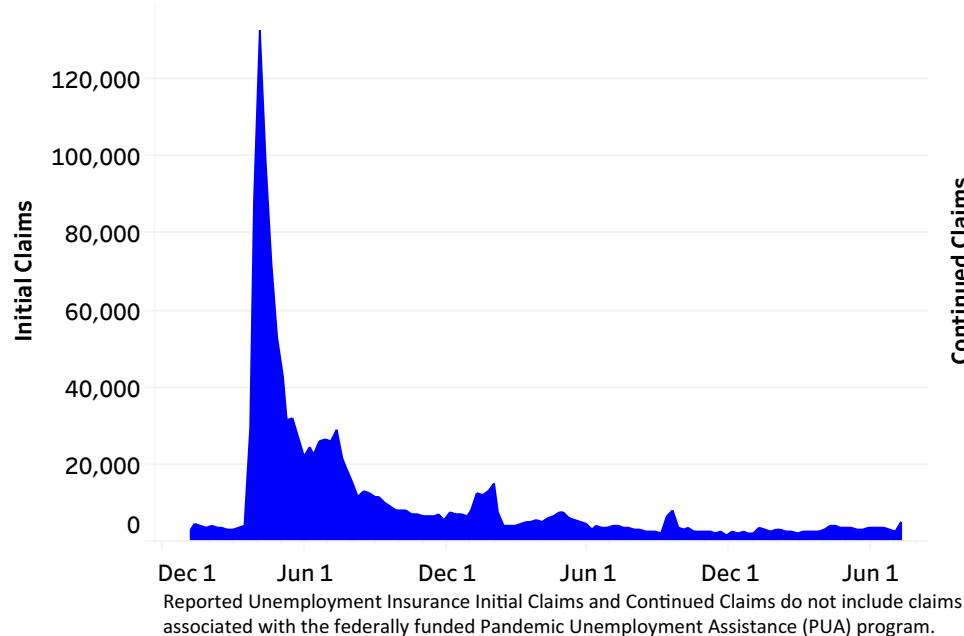
Residential Building Permits



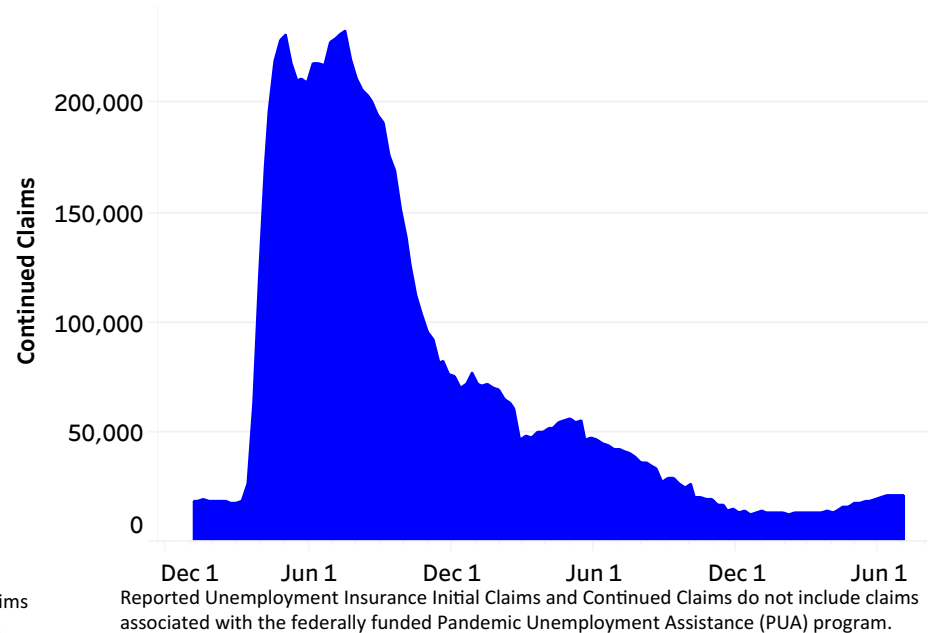
Rolling 4-Week Withholding Total



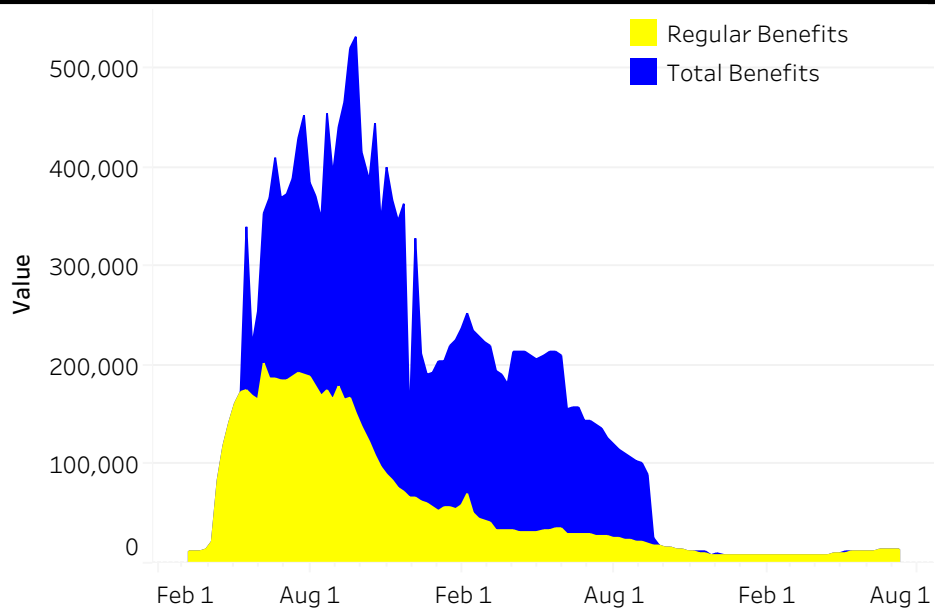
Initial Unemployment Insurance Weekly Claims



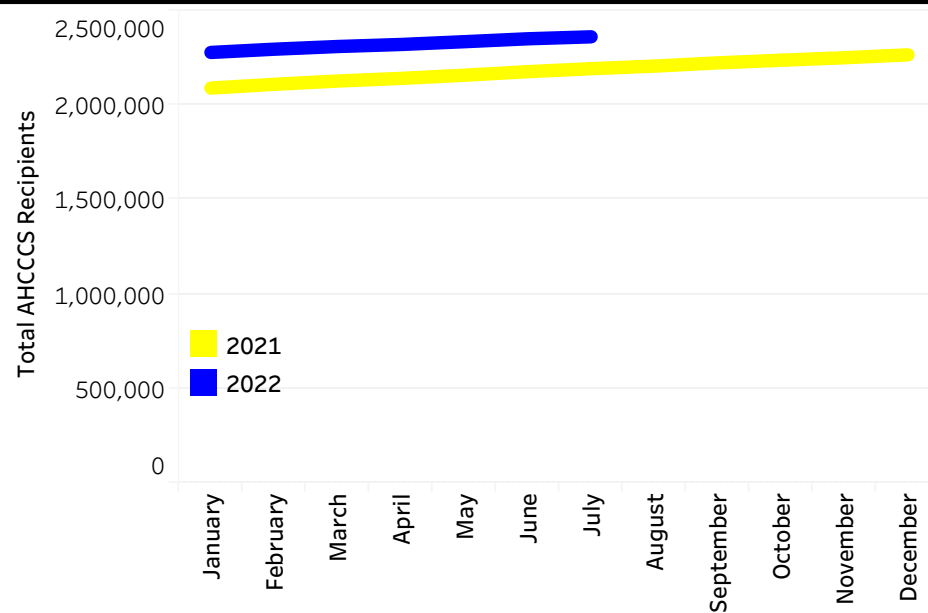
Continued Unemployment Insurance Weekly Claims

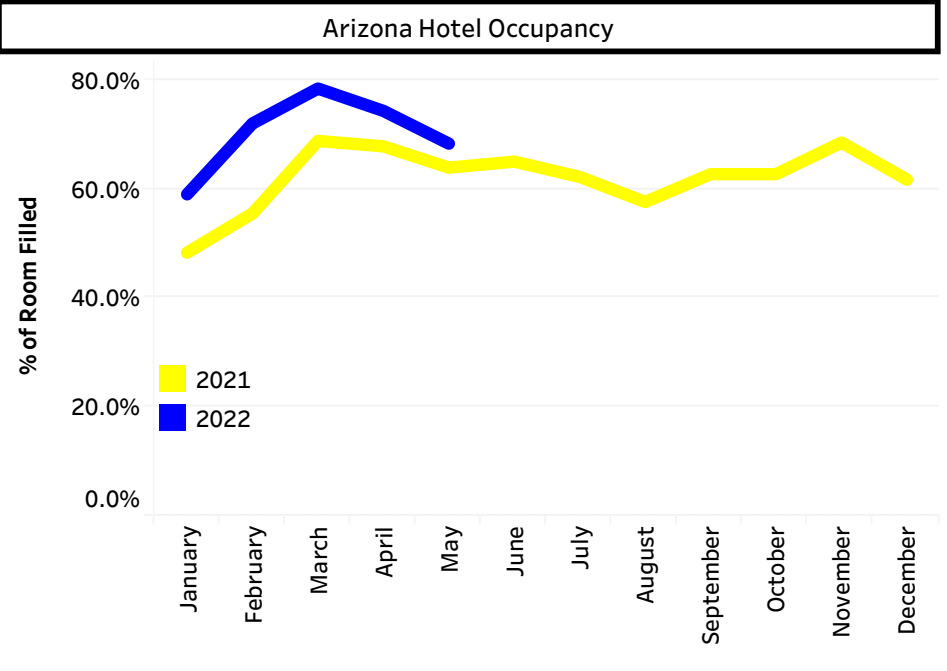
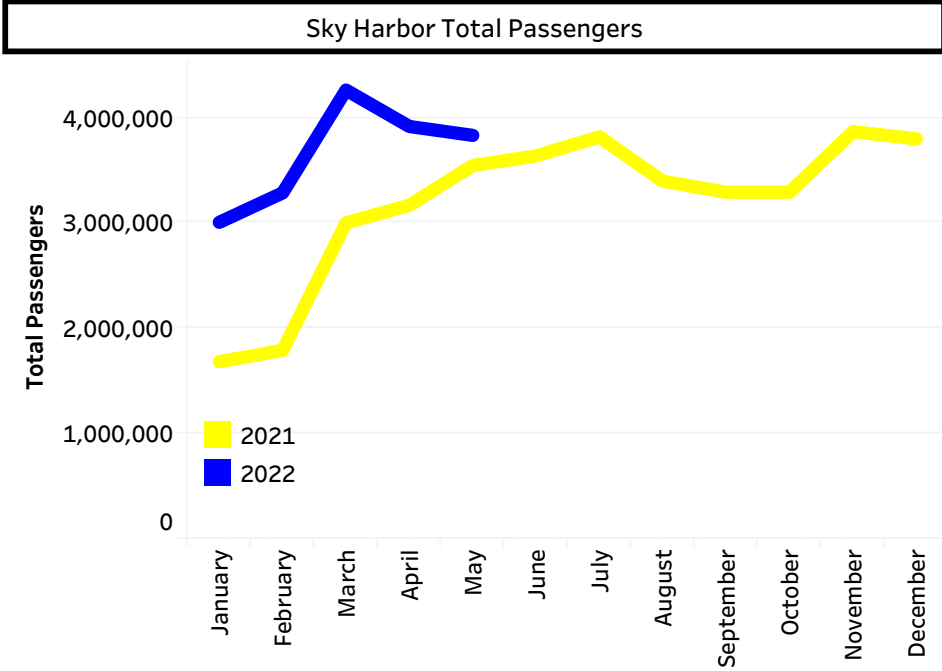
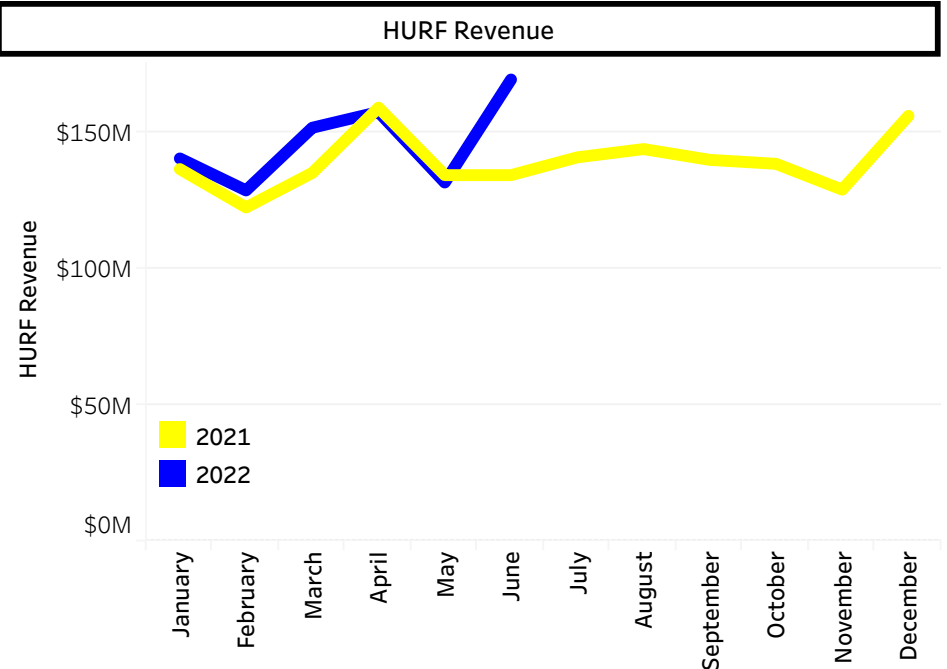
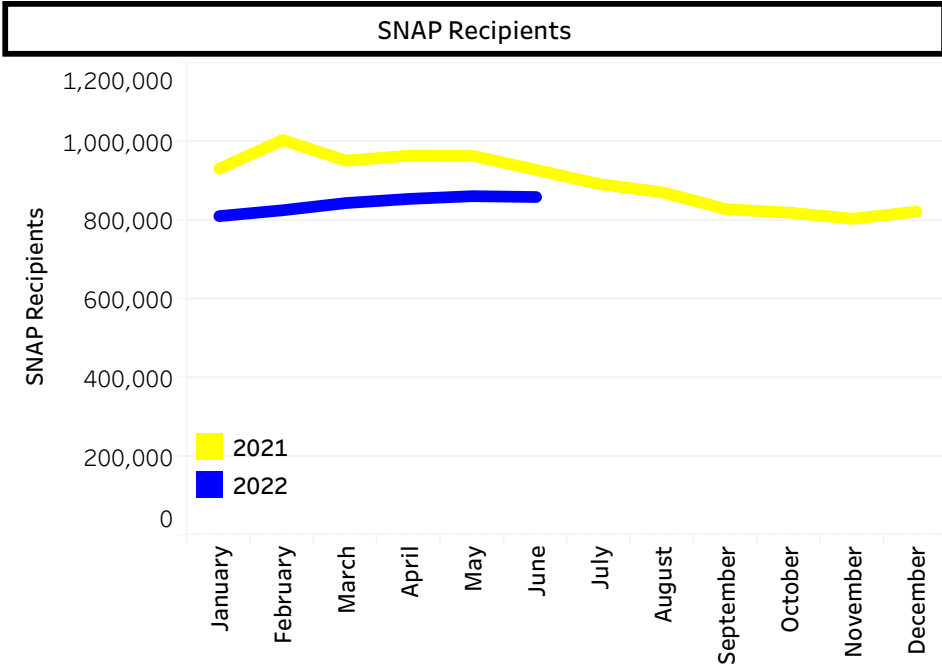


Unduplicated Unemployment Insurance Claimants

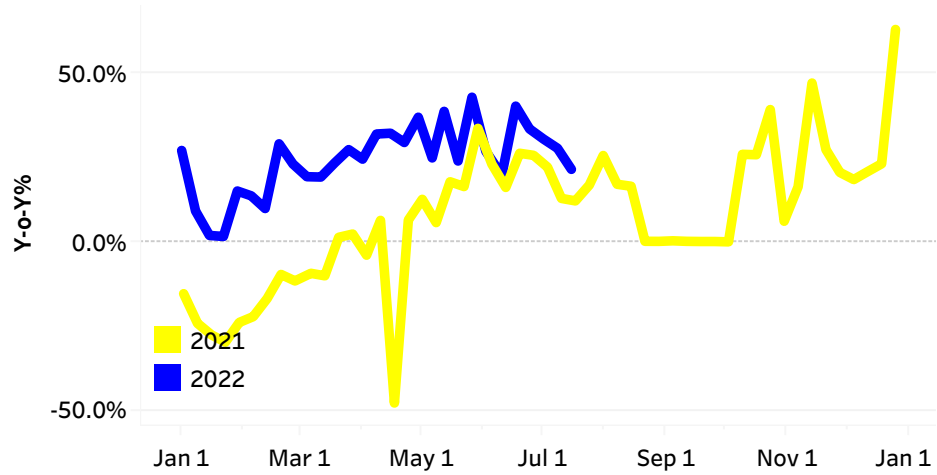


AHCCCS Recipients





Arizona OpenTable Saturday Reservations



The 2021 and 2022 OpenTable data displays the change in seated diners from 2019, rather than the year-over-year change from 2020.