
Finance Advisory Committee

April 16, 2026



Key Points

- Under the April 4-sector forecast, General Fund revenue projections are lower compared to the January Baseline.
- The greater economic uncertainty from the Iran conflict is reflected in the more cautious April 4-sector forecast.
- The January Baseline estimated \$577 M of available resources. With the revised April forecast, the level of resources would be \$378 M.
- Under either revenue forecast, there would be challenges in addressing major budget issues such as tax conformity and “ongoing one-time” spending.

Forecast Considerations

- The probability of meeting either the January forecast or the April forecast depends in part on the duration of the Iran conflict.
- If the current conflict is resolved, the likelihood of the January forecast may increase with a reset in consumer and market expectations. Conditions will likely not return to normal for awhile.
- In contrast, a continuation of the Iran conflict would suggest a more pessimistic revenue forecast. There would be longer-term disruptions to oil markets and significant changes in consumer behavior.

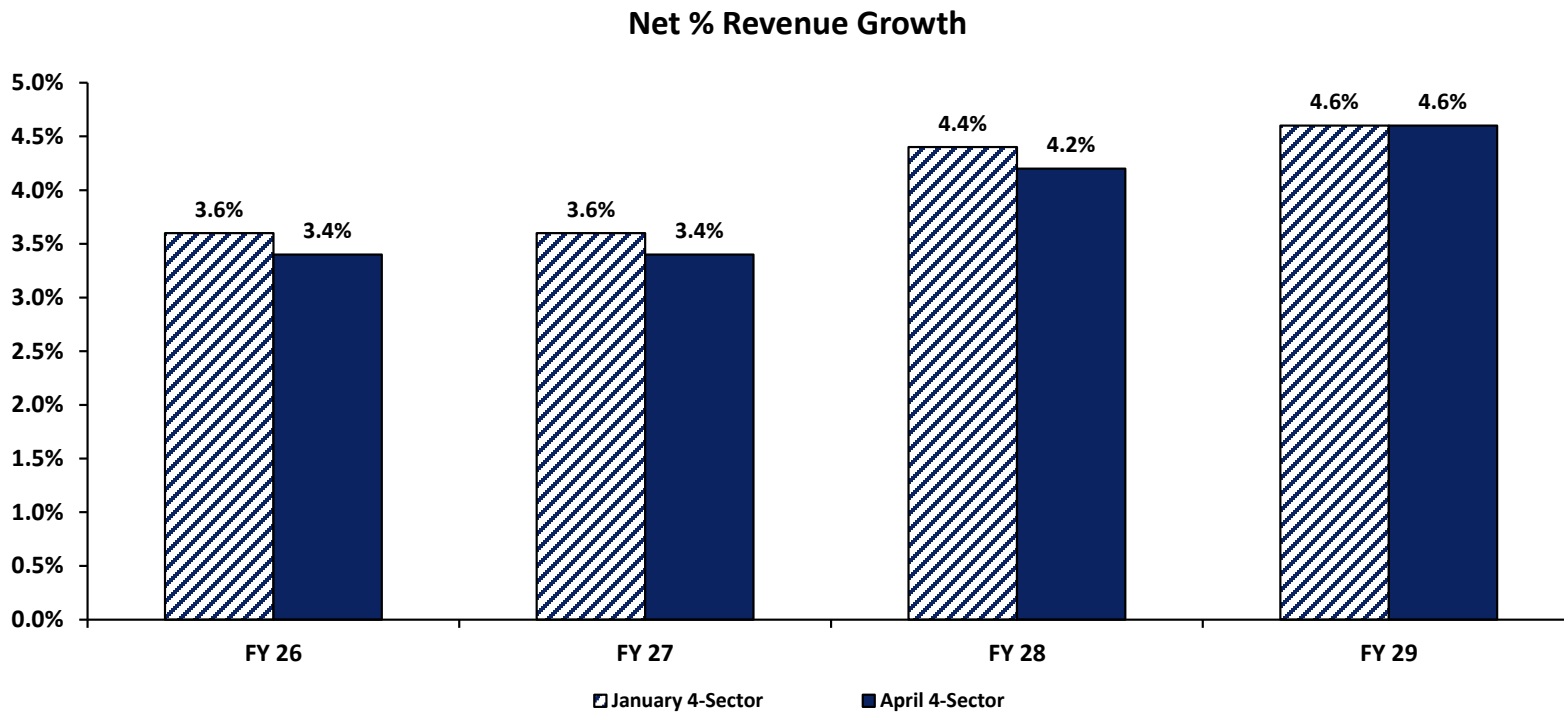
Current State of the Economy

- US economy resilient but growth is expected to moderate
- Inflation down from mid-2022 peak, but still above Fed's 2% target, with rising energy prices now triggering "stagflation" scenario
- Job market stable but appears stuck in a "low-hire, low-fire" environment
- Consumer sentiment remains low, concerned about rising energy and food costs, adversely affecting household spending
- Business investment heavily driven by AI-related infrastructure, increasing risk of "boom and bust" cycle

State Revenue Forecast

April 4-Sector Growth Rates Are More Cautious

- Compared to January 4-Sector



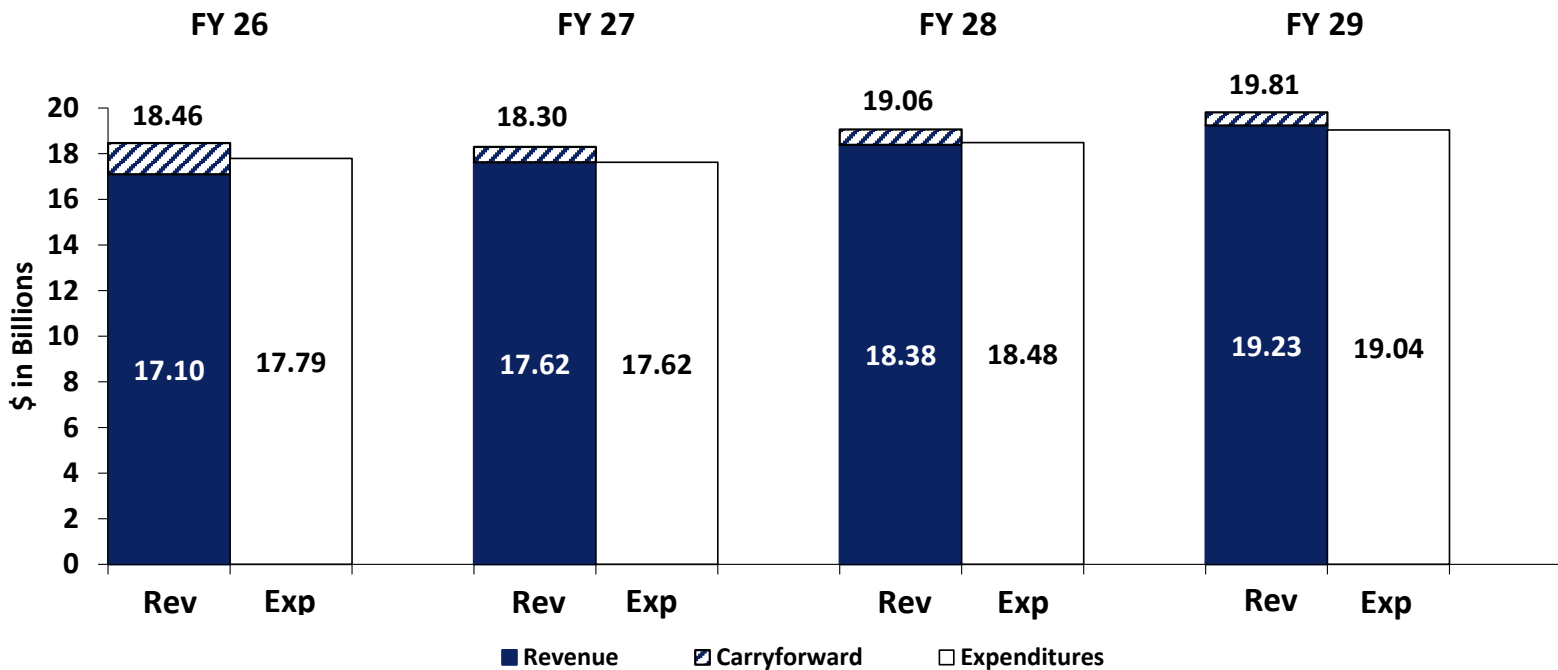
Excludes balance forward, fund transfers and urban revenue sharing (See Appendix A, B)

Projected Ending Balances

Excludes \$1.7 B in Budget Stabilization Fund

More Information in Appendix C

January 4-Sector Available Resources were \$577 M



Cash Balance

\$673 M

\$675 M

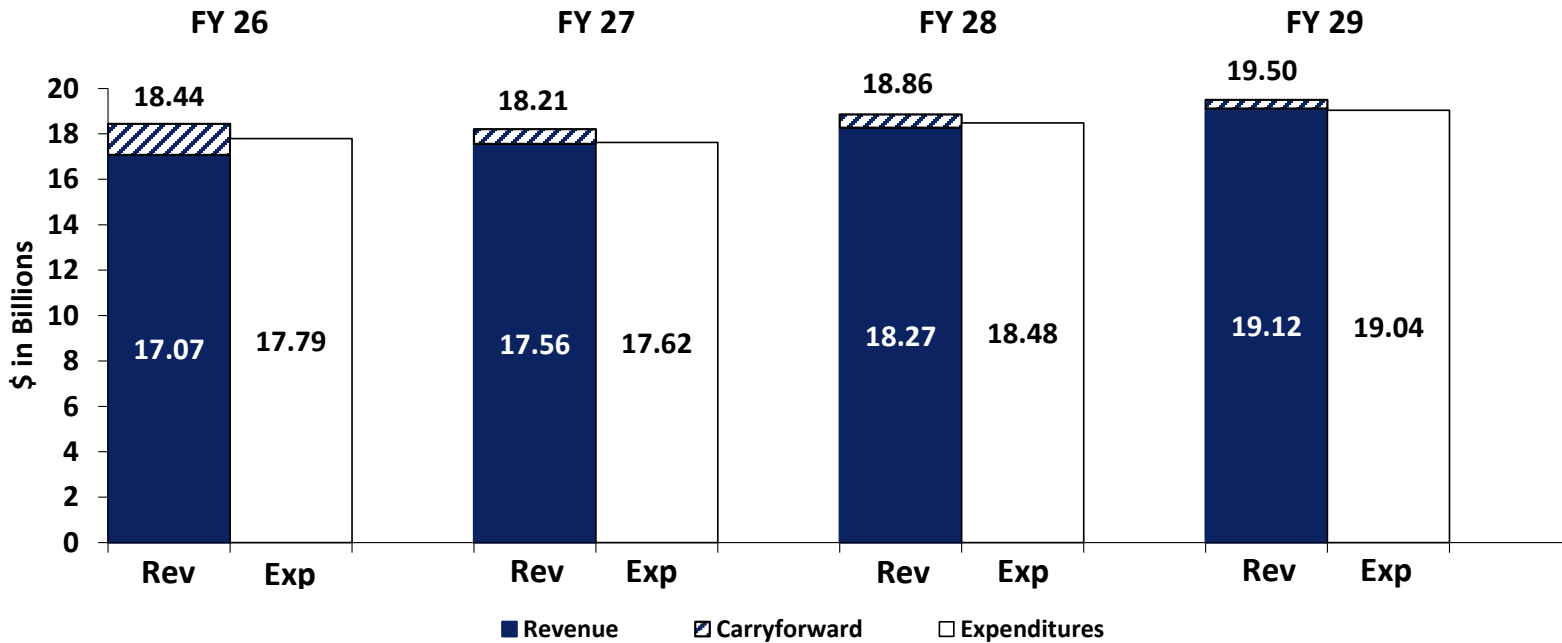
\$577 M

\$770 M

* The low point of the ending balances determines the level of available resources



April 4-Sector Available Resources are \$378 M



Cash Balance

\$651 M

\$587 M

\$378 M

\$459 M

* The low point of the ending balances determines the level of available resources



STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE

Director.....	Richard Stavneak
Deputy Directors.....	Jack Brown
.....	Patrick Moran
Chief Economist.....	Hans Olofsson
Assistant Directors.....	Micaela Larkin Andrews
.....	Geoffrey Paulsen
Principal Fiscal Analysts.....	Jordan Johnston
.....	Maggie Rocker
Senior Fiscal Analysts.....	Nate Belcher
.....	Chandler Coiner
.....	Gordon Robertson
Senior Economist.....	Ben Newcomb
Fiscal Analysts.....	Brian Belakovsky
.....	Trevor Malzewski
.....	Jacob Cross Mayhew
.....	Destin Moss
.....	Ethan Scheider
.....	Grace Timpany
Senior Administrative Assistant / JLBC Clerk.....	Kristy Paddack
Administrative Assistant / JCCR Clerk.....	Jennifer Burns

Appendix A: April 4-Sector Revenue Forecasts

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Sales Tax				
JLBC Forecast	3.1%	3.8%	4.0%	4.2%
UA – Low	2.4%	2.0%	3.9%	4.0%
UA – Base	3.0%	3.5%	4.4%	4.3%
FAC	2.9%	3.0%	3.7%	4.4%
Average:	2.8%	3.1%	4.0%	4.2%
Individual Income Tax				
JLBC Forecast	6.3%	5.5%	5.3%	5.0%
UA – Low	5.3%	4.4%	5.5%	5.7%
UA – Base	6.2%	5.9%	6.0%	6.0%
FAC	6.1%	4.7%	5.3%	6.4%
Average:	6.0%	5.1%	5.5%	5.8%
Corporate Income Tax				
JLBC Forecast	5.0%	3.6%	4.2%	4.4%
UA – Low	0.9%	1.2%	2.7%	3.4%
UA – Base	1.9%	3.2%	3.0%	3.6%
FAC	4.1%	3.7%	5.9%	7.4%
Average:	3.0%	2.9%	4.0%	4.7%

JLBC Weighted Average	4.5%	4.4%	4.5%	4.5%
UA Low Weighted Average	3.3%	2.8%	4.4%	4.6%
UA Base Weighted Average	4.0%	4.3%	4.8%	4.9%
FAC Consensus Weighted Average	4.1%	3.7%	4.5%	5.5%
“Big-3” Weighted Average: 4-Sector	4.0%	3.8%	4.6%	4.9%
Consensus Weighted Average: 4-Sector*	3.4%	3.4%	4.2%	4.6%
* Represents ongoing revenue adjusted for small revenue categories.				

Appendix B: April 4-Sector Forecast FY 25 - FY 27

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2025	% CHANGE PRIOR YR	FORECAST FY 2026	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2027	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	8,151,850.1	2.7%	8,383,199.6	2.8%	231,349.5	8,641,978.1	3.1%	258,778.4
Income - Individual	5,482,950.4	13.1%	5,810,118.0	6.0%	327,167.6	6,107,909.1	5.1%	297,791.1
Income - Corporate	1,750,547.2	0.3%	1,802,512.2	3.0%	51,965.0	1,855,353.6	2.9%	52,841.4
Property	35,136.7	35.2%	36,571.4	4.1%	1,434.8	37,229.7	1.8%	658.3
Luxury - Tobacco	16,233.8	-16.9%	16,436.2	1.2%	202.3	16,419.7	-0.1%	(16.4)
Luxury - Liquor	48,610.0	8.2%	48,079.3	-1.1%	(530.6)	50,194.8	4.4%	2,115.5
Insurance Premium	923,760.0	12.6%	1,030,916.1	11.6%	107,156.2	1,068,029.1	3.6%	37,113.0
Other Taxes	19,006.4	10.5%	22,152.5	16.6%	3,146.0	23,348.7	5.4%	1,196.2
Subtotal - Taxes	16,428,094.6	6.3%	17,149,985.4	4.4%	721,890.8	17,800,462.9	3.8%	650,477.5
Other Non-Tax Revenues:								
Lottery	217,294.1	-2.2%	171,343.3	-21.1%	(45,950.8)	190,834.5	11.4%	19,491.3
Gaming Revenue	39,734.4	8.9%	52,574.8	32.3%	12,840.3	71,238.9	35.5%	18,664.1
Licenses, Fees and Permits	55,470.5	5.3%	54,123.2	-2.4%	(1,347.3)	56,558.7	4.5%	2,435.5
Interest	286,881.2	-22.7%	228,000.0	-20.5%	(58,881.2)	175,000.0	-23.2%	(53,000.0)
Sales and Services	28,469.5	-7.4%	28,655.3	0.7%	185.8	29,944.8	4.5%	1,289.5
Other Miscellaneous	363,676.6	60.2%	363,676.6	0.0%	0.0	381,860.4	5.0%	18,183.8
Transfers and Reimbursements	111,219.3	-66.1%	88,846.2	-20.1%	(22,373.1)	49,212.0	-44.6%	(39,634.2)
Medicaid Hospital Revenue	93,477.4	3.7%	93,320.8	-0.2%	(156.6)	93,169.8	-0.2%	(151.0)
Subtotal - Other Non-Tax	1,196,222.9	-11.9%	1,080,540.1	-9.7%	(115,682.8)	1,047,819.1	-3.0%	(32,721.0)
Net Ongoing Revenue	17,624,317.5	4.8%	18,230,525.5	3.4%	606,208.0	18,848,282.0	3.4%	617,756.5
Urban Revenue Sharing (URS)	(1,268,257.8)	N/A	(1,186,305.8)	N/A	81,952.0	(1,302,029.6)	N/A	(115,723.8)
Net Ongoing Revenue w/ URS	16,356,059.7	7.3%	17,044,219.7	4.2%	688,160.0	17,546,252.4	2.9%	502,032.7
One-Time Financing Sources:								
Fund Transfers	30,491.8	-96.4%	15,500.0	-49.2%	(14,991.8)	9,700.0	-37.4%	(5,800.0)
One-Time Income Tax Rebate	(16.1)	-100.0%	0.0	N/A	16.1	0.0	N/A	0.0
One-Time Revenue Forecast Adjustment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Enhanced FMAP One-Time Rev. Adjustment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Other One-Time Revenue Adjustments	71,249.0	N/A	14,574.4	-79.5%	(56,674.6)	0.0	-100.0%	(14,574.4)
Subtotal - One-Time Financing Sources	101,724.7	-82.1%	30,074.4	-70.4%	(71,650.3)	9,700.0	-67.7%	(20,374.4)
Subtotal - Revenues	16,457,784.4	4.1%	17,074,294.1	3.7%	616,509.7	17,555,952.4	2.8%	481,658.3
Balance Forward	962,823.0	-61.9%	1,367,290.0	42.0%	404,467.0	651,270.6	-52.4%	(716,019.4)
Total - Resources	17,420,607.4	-5.0%	18,441,584.1	5.9%	1,020,976.7	18,207,223.0	-1.3%	(234,361.1)

Appendix B: April 4-Sector Forecast FY 28 - FY29

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2028	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2029	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	8,987,116.8	4.0%	345,138.7	9,367,366.4	4.2%	380,249.6
Income - Individual	6,444,940.7	5.5%	337,031.5	6,816,324.4	5.8%	371,383.8
- Corporate	1,928,985.9	4.0%	73,632.2	2,020,539.8	4.7%	91,553.9
Property	37,676.5	1.2%	446.8	38,053.2	1.0%	376.8
Luxury - Tobacco	16,255.5	-1.0%	(164.2)	16,174.3	-0.5%	(81.3)
Insurance Premium	52,353.2	4.3%	2,158.4	54,499.7	4.1%	2,146.5
Other Taxes	1,108,614.2	3.8%	40,585.1	1,147,415.7	3.5%	38,801.5
Subtotal - Taxes	24,632.9	5.5%	1,284.2	25,889.2	5.1%	1,256.3
Subtotal - Taxes	18,600,575.6	4.5%	800,112.7	19,486,262.6	4.8%	885,687.1
Other Non-Tax Revenues:						
Lottery	197,563.0	3.5%	6,728.4	206,405.8	4.5%	8,842.9
Gaming Revenue	91,969.4	29.1%	20,730.5	96,567.8	5.0%	4,598.5
Licenses, Fees and Permits	58,821.0	4.0%	2,262.3	61,762.1	5.0%	2,941.1
Interest	120,000.0	-31.4%	(55,000.0)	112,000.0	-6.7%	(8,000.0)
Sales and Services	31,142.6	4.0%	1,197.8	32,388.3	4.0%	1,245.7
Other Miscellaneous	397,134.8	4.0%	15,274.4	413,020.2	4.0%	15,885.4
Transfers and Reimbursements	49,761.4	1.1%	549.5	50,330.4	1.1%	568.9
Medicaid Hospital Revenue	93,169.8	0.0%	0.0	93,169.8	0.0%	0.0
Subtotal - Other Non-Tax	1,039,562.1	-0.8%	(8,257.1)	1,065,644.5	2.5%	26,082.4
Net Ongoing Revenue	19,640,137.7	4.2%	791,855.7	20,551,907.1	4.6%	911,769.4
Urban Revenue Sharing (URS)	(1,370,273.4)	N/A	(68,243.9)	(1,433,387.3)	N/A	(63,113.9)
Net Ongoing Revenue w/ URS	18,269,864.3	4.1%	723,611.8	19,118,519.8	4.6%	848,655.5
One-Time Financing Sources:						
Fund Transfers	600.0	-93.8%	(9,100.0)	0.0	-100.0%	(600.0)
One-Time Income Tax Rebate	0.0	N/A	0.0	0.0	N/A	0.0
One-Time Revenue Forecast Adjustment	0.0	N/A	0.0	0.0	N/A	0.0
Enhanced FMAP One-Time Rev. Adjustment	0.0	N/A	0.0	0.0	N/A	0.0
Other One-Time Revenue Adjustments	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	600.0	-93.8%	(9,100.0)	0.0	-100.0%	(600.0)
Subtotal - Revenues	18,270,464.3	4.1%	714,511.8	19,118,519.8	4.6%	848,055.5
Balance Forward	587,259.5	-9.8%	(64,011.1)	378,299.5	-35.6%	(208,960.0)
Total - Resources	18,857,723.8	3.6%	650,500.7	19,496,819.3	3.4%	639,095.5

Appendix C: April 4-Sector General Fund Balance Sheet

STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES WITH ONE-TIME FINANCING SOURCES

	FY 2026 April FAC	FY 2027 April FAC	FY 2028 April FAC	FY 2029 April FAC
REVENUES				
Ongoing Revenues	\$18,230,525,500	\$18,848,282,000	\$19,640,137,700	\$20,551,907,100
Urban Revenue Sharing	(1,186,305,800)	(1,302,029,600)	(1,370,273,400)	(1,433,387,300)
Net Ongoing Revenues	\$17,044,219,700	\$17,546,252,400	\$18,269,864,300	\$19,118,519,800
One-Time Revenues				
Balance Forward	1,367,290,000	651,270,600	587,259,500	378,299,500
Marana Prison Sale Revenue	14,574,400			
Fund Transfers	15,500,000	9,700,000	600,000	
Subtotal One-Time Revenues	\$1,397,364,400	\$660,970,600	\$587,859,500	\$378,299,500
Total Revenues	\$18,441,584,100	\$18,207,223,000	\$18,857,723,800	\$19,496,819,300
EXPENDITURES				
Ongoing Operating Appropriations	\$16,614,985,900	\$17,456,094,300	\$18,240,435,400	\$18,915,330,300
Administrative Adjustments	135,000,000	145,000,000	145,000,000	145,000,000
Revertments	(206,500,000)	(200,000,000)	(200,000,000)	(200,000,000)
Subtotal Ongoing Expenditures	\$16,543,485,900	\$17,401,094,300	\$18,185,435,400	\$18,860,330,300
One-Time Expenditures				
Capital Outlay	\$26,227,100		\$25,000,000	
Transportation Funding	109,989,000	30,000,000	125,000,000	
FY 26 One-Time Supplementals	208,577,900			
Operating One-Time Spending	1,002,033,600	188,869,200	143,988,900	177,275,800
Hospital Assessment Savings	(100,000,000)			
Subtotal One-Time Expenditures	\$1,246,827,600	\$218,869,200	\$293,988,900	\$177,275,800
Total Expenditures	\$17,790,313,500	\$17,619,963,500	\$18,479,424,300	\$19,037,606,100
Ending Balance	\$651,270,600	\$587,259,500	\$378,299,500	\$459,213,200