

Finance Advisory Committee

Briefing Materials

October 9, 2024

10:30 a.m.



Finance Advisory Committee

Briefing Materials

October 9, 2024

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Finance Advisory Committee Revenue and Budget Update

October 9, 2024



Key Points

- The October Budget Update includes revised General Fund revenue and expenditure projections through FY 28.
- Unlike last year, the projected cash balance is positive in each year.
- The balances, however, decline over time to a low of \$159 M in FY 28.
- The lowest ending balance in the 3-year budget projection determines the dollars available for discretionary purposes.

Key Points

- This \$159 M could potentially be allocated between ongoing and one-time initiatives. But if we choose only one approach:
 - The \$159 M could all be used for one-time FY 26 initiatives.
 - \$53 M could be allocated to ongoing initiatives each year during FY 26 - FY 28.
- These projections exclude \$323 M in traditional "ongoing" one-time spending for K-12 building repairs & state employee health insurance.
- If these 2 items were funded again, the budget would experience a shortfall in FY 27 and FY 28.

Since Sine Die – FY 24 Revenues Were \$425 M Above Forecast

- FY 25 1st Quarter – 4.1% Growth and \$109 M Above Forecast

- Of the \$425 M FY 24 forecast gain, \$259 M (60%) was generated from non-tax revenues.
 - Primary contributor was a one-time \$145 M gain in Medicaid “reconciliation payments” for operating the program at levels below the capitation rates.
- Of the \$109 M 1st Quarter gain:
 - \$37 M due to 16% growth in Insurance Premium Taxes.
 - \$30 M from Individual Income Tax, primarily a 6.5% withholding increase.
 - \$26 M from 3.3% Corporate Income Tax growth.

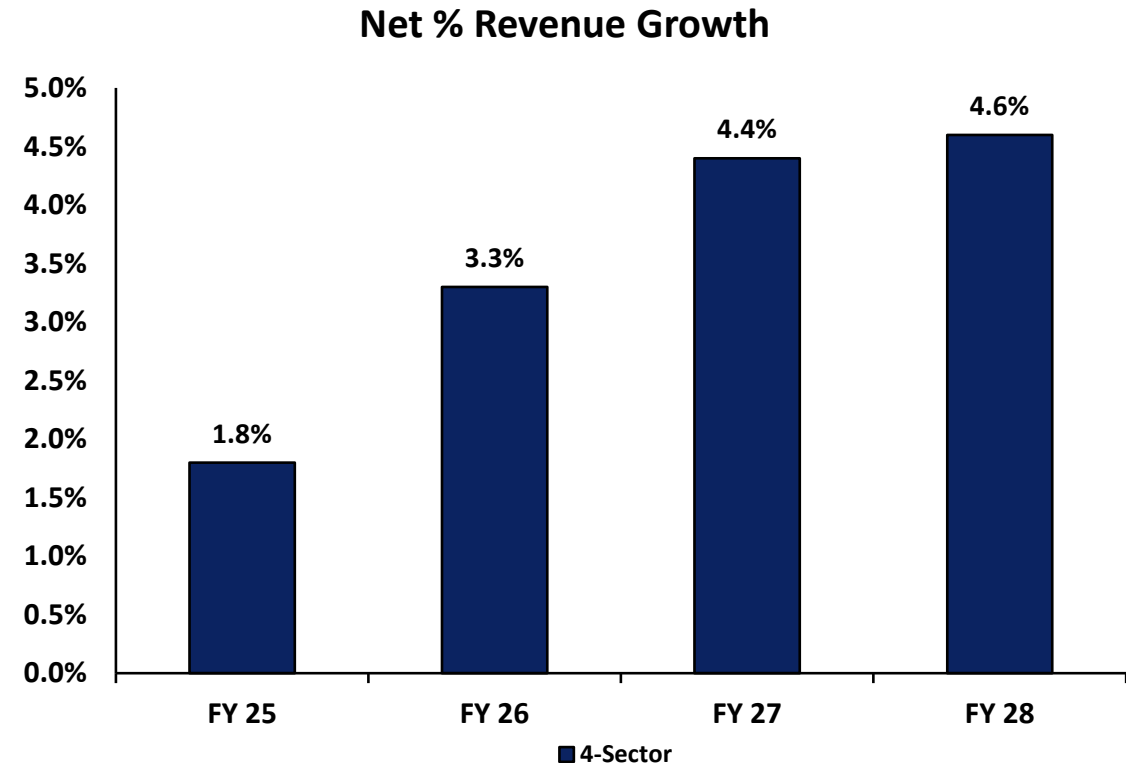
Forecasting State Revenues

4-Sector: Slow 1.8% Growth in FY 25

- With Gradual Improvement from FY 26 through FY 28

4-Sector Components

- Finance Advisory Committee
- UA model – base forecast
- UA model – more cautious
- JLBC Staff



Excludes balance forward, fund transfers and urban revenue sharing

See Appendix A and B

What Are the Factors Behind 1.8% Growth in FY 25?

- 4.2% Tax Growth Offset by (25.7)% Non-Tax Decline

- Major Tax Categories Would Experience Moderate Growth:
 - Sales Tax 3.1%
 - Individual Income Tax 5.7%
 - Corporate Income Tax 3.2%
 - Insurance Premium Tax 7.5%
- Non-Tax Revenue Drop Due to 2 Main Factors:
 - The highly volatile Medicaid Reconciliation Payments are forecasted to fall from \$174 M to \$32 M (82%).
 - Interest earnings are projected to decline from \$371 M to \$250 M (33%) as the Federal Reserve is expected to reduce its federal funds rate throughout the year.

Spending Adjustments

Baseline Spending Projections

- Baseline reflects changes to active statutory/other funding formulas.
 - ADE, Medicaid and the Community Colleges.
- Follows guidance of the enacted budget 3-year plan in terms of \$715 M in one-time FY 25 spending:
 - Of that amount \$503 M was deleted in the FY 26 estimates.
 - \$212 M was retained in FY 26, primarily for K-12 new school construction (\$148 M) and private prison rate increases (\$54 M).
- Some ongoing “one-times” such as school building repair and state health insurance were not continued in FY 26.

FY 26 Baseline Spending Projected To Increase By \$232 M

FY 26 Ongoing Spending Changes

	<u>\$ in M</u>
ADE – K-12 Formula	524
Medicaid Formula	408
Other	<u>(17)</u>
Total	915

FY 26 One-Time Spending Deletions

	<u>\$ in M</u>
K-12 Building Renewal Grants	(183)
State Employee Health Insurance	(140)
ADE/DES Formula Supplementals	(180)
Other Agency Spending	<u>(180)</u>
Total	(683)

Total Spending Changes	\$232 M
Total Spending	\$16,597 M
% Change	1.4%

Forecast Assumes \$180 M of FY 25 Supplemental Increases

- DES – Developmental Disabilities (\$76 M)
 - Primarily due to above-budget DD capitation adjustment (11% versus 4%).
 - Higher growth partially attributable to Parents as Paid Caregivers (PPCG) waiver.
 - Enacted budget did not adjust DD funding for PPCG due to uncertain cost.
- ADE – Basic State Aid (\$104 M)
 - \$61 M for the state share of prior year recalculations associated with *Qasimyar* property tax litigation.
 - \$43 M for revisions based on higher-than-anticipated FY 24 state aid costs.
 - Subject to change based on additional formula data.

What is Causing the \$524 M FY 26 K-12 Spending Increases?

	<u>\$ in M</u>
• Backfill Loss of Prop 123 Land Endowment distribution	286
- Based on FY 25 3-year spending plan assumptions	
• 2.0% Inflation Increase/Other Formula Costs	179
• (0.9)% District/Charter Enrollment Decline	(31)
- Includes 50% ESA switcher assumption	
• 8.8% ESA Student Enrollment Gain	90
- Highly speculative estimate. Bring totals to 90k students & \$912 M	_____
Total	524

Baseline Adds \$100 M in FY 27 and \$227 M in FY 28

- As Required by the FY 25 Budget's Long-Term Plan

FY 27

- \$100 M in hospital assessment savings ends after FY 26 thereby requiring an on-going General Fund backfill.

FY 28

- \$66 M for the ongoing cost of K-12 additional assistance and low-income weight funding that was suspended in FY 26 and FY 27.
- \$136 M for deferred transportation projects, primarily I-10 widening in the West Valley and the SR 347-Riggs Road Overpass.
- \$25 M for the deferred Northwest Arizona Veterans Home.

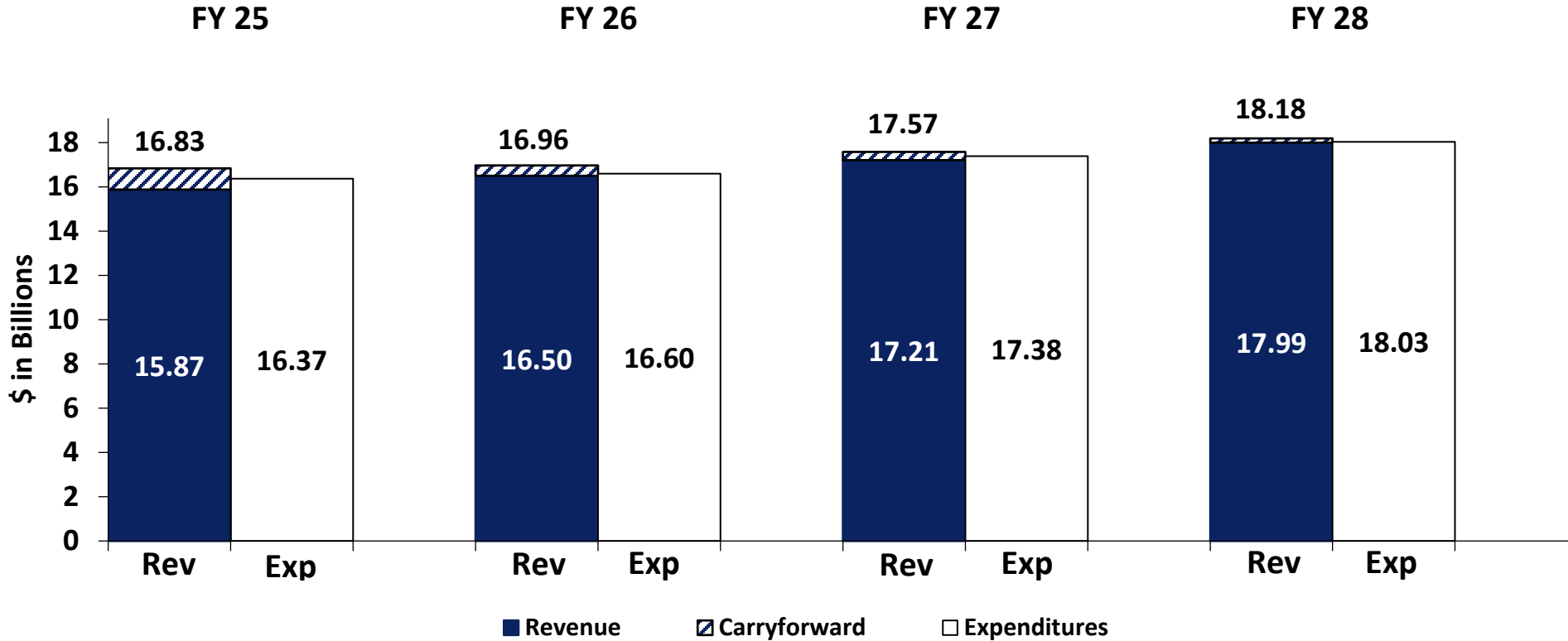
Projected Ending Balances

Excludes \$1.5 B in Budget Stabilization Fund

More Information in Appendix C

Projected Balance Falls to \$159 M by FY 28

- Each Year's Carryforward is Used to Balance the Following Year Budget



Cash Balance

\$469 M

\$367 M

\$194 M

\$159 M

STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE

Director.....	Richard Stavneak
Deputy Directors.....	Jack Brown
.....	Patrick Moran
Chief Economist.....	Hans Olofsson
Assistant Directors.....	Morgan Dorcheus
.....	Micaela Larkin Andrews
.....	Geoffrey Paulsen
Principal Fiscal Analyst.....	Jordan Johnston
Senior Fiscal Analysts.....	Nate Belcher
.....	Chandler Coiner
.....	Maggie Rocker
Senior Economist.....	Ben Newcomb
Fiscal Analysts.....	James Martinez-Burney
.....	Gordon Robertson
.....	Grace Timpany
Assistant Fiscal Analysts.....	Destin Moss
.....	Ethan Scheider
Senior Administrative Assistant / JLBC Clerk.....	Kristy Paddack
Administrative Assistant / JCCR Clerk.....	Jennifer Burns

Appendix A: October 4-Sector Revenue Forecast

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Sales Tax				
JLBC Forecast	3.7%	4.2%	4.3%	4.5%
UA – Low	2.0%	3.2%	4.2%	4.2%
UA – Base	3.6%	4.3%	4.4%	4.4%
FAC	3.3%	3.7%	4.3%	4.4%
Average:	3.1%	3.9%	4.3%	4.4%
Individual Income Tax				
JLBC Forecast	5.8%	4.7%	5.2%	5.0%
UA – Low	5.1%	5.5%	6.3%	6.2%
UA – Base	6.9%	6.4%	6.5%	6.5%
FAC	5.0%	4.1%	5.3%	4.9%
Average:	5.7%	5.2%	5.8%	5.7%
Corporate Income Tax				
JLBC Forecast	0.9%	3.5%	4.6%	3.5%
UA – Low	3.8%	3.0%	2.1%	1.9%
UA – Base	5.3%	3.9%	3.1%	2.8%
FAC	2.6%	4.0%	4.9%	4.5%
Average:	3.2%	3.6%	3.7%	3.2%

JLBC Weighted Average	4.1%	4.3%	4.6%	4.6%
UA Low Weighted Average	3.3%	4.0%	4.7%	4.6%
UA Base Weighted Average	4.9%	5.0%	5.0%	4.9%
FAC Consensus Weighted Average	3.8%	3.9%	4.7%	4.6%
“Big-4” Weighted Average	4.0%	4.3%	4.7%	4.7%
Consensus Weighted Average	1.8%	3.3%	4.4%	4.6%

* Represents ongoing revenue adjusted for small revenue categories.

Appendix B: 4-Sector Forecast FY 24 - FY 26

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	PREL. ACTUAL FY 2024	% CHANGE PRIOR YR	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2026	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,934,130.1	3.3%	8,183,261.8	3.1%	249,131.7	8,499,327.0	3.9%	316,065.2
Income - Individual	4,845,766.5	-7.5%	5,122,217.5	5.7%	276,451.0	5,387,325.8	5.2%	265,108.3
- Corporate	1,744,821.7	-3.4%	1,799,870.8	3.2%	55,049.1	1,864,566.7	3.6%	64,695.9
Property	25,995.0	17.1%	24,487.0	-5.8%	(1,508.0)	23,997.3	-2.0%	(489.7)
Luxury - Tobacco	19,160.1	2.5%	18,536.9	-3.3%	(623.2)	18,351.5	-1.0%	(185.4)
- Liquor	43,743.4	-3.6%	46,333.2	5.9%	2,589.8	48,974.2	5.7%	2,641.0
Insurance Premium	820,435.1	7.8%	881,967.7	7.5%	61,532.6	928,712.0	5.3%	46,744.3
Other Taxes	17,196.5	-6.3%	19,721.0	14.7%	2,524.5	20,746.5	5.2%	1,025.5
Subtotal - Taxes	15,451,248.3	-0.9%	16,096,395.9	4.2%	645,147.5	16,792,000.9	4.3%	695,605.0
Other Non-Tax Revenues:								
Lottery	222,285.2	26.4%	234,637.8	5.6%	12,352.6	199,170.9	-15.1%	(35,466.9)
Gaming Revenue	36,477.3	-26.1%	37,954.4	4.0%	1,477.0	39,472.5	4.0%	1,518.2
Licenses, Fees and Permits	52,664.5	24.9%	52,240.2	-0.8%	(424.3)	54,800.0	4.9%	2,559.8
Interest	371,165.8	1.2%	250,000.0	-32.6%	(121,165.8)	135,000.0	-46.0%	(115,000.0)
Sales and Services	30,757.0	-7.2%	30,864.1	0.3%	107.1	32,283.9	4.6%	1,419.7
Other Miscellaneous	226,979.6	27.1%	231,554.1	2.0%	4,574.4	239,890.0	3.6%	8,335.9
Transfers and Reimbursements	327,232.9	18.7%	81,754.7	-75.0%	(245,478.2)	82,294.5	0.7%	539.8
Medicaid Hospital Revenue	90,125.0	-8.2%	89,725.4	-0.4%	(399.6)	89,597.2	-0.1%	(128.2)
Subtotal - Other Non-Tax	1,357,687.3	11.3%	1,008,730.6	-25.7%	(348,956.7)	872,508.9	-13.5%	(136,221.7)
Net Ongoing Revenue	16,808,935.7	0.0%	17,105,126.5	1.8%	296,190.8	17,664,509.8	3.3%	559,383.3
Urban Revenue Sharing (URS)	(1,564,819.8)	N/A	(1,268,255.6)	N/A	296,564.2	(1,186,305.9)	N/A	81,949.7
Net Ongoing Revenue w/ URS	15,244,115.9	-2.9%	15,836,870.9	3.9%	592,755.0	16,478,203.9	4.0%	641,333.0
One-Time Financing Sources:								
Fund Transfers	841,526.2	N/A	33,991.8	-96.0%	(807,534.4)	17,000.0	-50.0%	(16,991.8)
One-Time Income Tax Rebate	(273,550.1)	N/A	0.0	N/A	273,550.1	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	567,976.1	N/A	33,991.8	-94.0%	(533,984.3)	17,000.0	-50.0%	(16,991.8)
Subtotal - Revenues	15,812,092.0	17.2%	15,870,862.7	0.4%	58,770.7	16,495,203.9	3.9%	624,341.2
Balance Forward	2,527,233.0	-46.3%	962,800.0	-61.9%	(1,564,433.0)	468,655.6	-51.3%	(494,144.4)
Total - Resources	18,339,325.0	0.8%	16,833,662.7	-8.2%	(1,505,662.3)	16,963,859.5	0.8%	130,196.8

Appendix B: 4-Sector Forecast FY 27 - FY28

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2027	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2028	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	8,864,194.7	4.3%	364,867.7	9,252,727.7	4.4%	388,533.0
Income - Individual	5,700,861.1	5.8%	313,535.3	6,023,201.3	5.7%	322,340.2
- Corporate	1,933,061.7	3.7%	68,495.0	1,994,669.0	3.2%	61,607.4
Property	23,589.3	-1.7%	(408.0)	23,188.3	-1.7%	(401.0)
Luxury - Tobacco	18,168.0	-1.0%	(183.5)	17,986.3	-1.0%	(181.7)
- Liquor	51,765.7	5.7%	2,791.5	54,354.0	5.0%	2,588.3
Insurance Premium	973,290.2	4.8%	44,578.2	1,020,981.4	4.9%	47,691.2
Other Taxes	21,866.8	5.4%	1,120.3	22,741.4	4.0%	874.7
Subtotal - Taxes	17,586,797.4	4.7%	794,796.5	18,409,849.4	4.7%	823,052.0
Other Non-Tax Revenues:						
Lottery	212,852.6	6.9%	13,681.7	229,295.2	7.7%	16,442.6
Gaming Revenue	41,051.4	4.0%	1,578.9	42,693.5	4.0%	1,642.1
Licenses, Fees and Permits	57,266.0	4.5%	2,466.0	59,556.6	4.0%	2,290.6
Interest	87,000.0	-35.6%	(48,000.0)	87,000.0	0.0%	0.0
Sales and Services	33,736.6	4.5%	1,452.8	35,086.1	4.0%	1,349.5
Other Miscellaneous	249,725.5	4.1%	9,835.5	259,714.5	4.0%	9,989.0
Transfers and Reimbursements	82,853.0	0.7%	558.5	83,431.1	0.7%	578.1
Medicaid Hospital Revenue	89,409.3	-0.2%	(187.9)	89,352.3	-0.1%	(57.0)
Subtotal - Other Non-Tax	853,894.4	-2.1%	(18,614.6)	886,129.3	3.8%	32,234.9
Net Ongoing Revenue	18,440,691.8	4.4%	776,182.0	19,295,978.7	4.6%	855,286.9
Urban Revenue Sharing (URS)	(1,245,975.9)	N/A	(59,670.0)	(1,305,340.6)	N/A	(59,364.7)
Net Ongoing Revenue w/ URS	17,194,715.9	4.3%	716,512.0	17,990,638.1	4.6%	795,922.2
One-Time Financing Sources:						
Fund Transfers	12,000.0	-29.4%	(5,000.0)	0.0	-100.0%	(12,000.0)
One-Time Income Tax Rebate	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	12,000.0	-29.4%	(5,000.0)	0.0	-100.0%	(12,000.0)
Subtotal - Revenues	17,206,715.9	4.3%	711,512.0	17,990,638.1	4.6%	783,922.2
Balance Forward	366,995.3	-21.7%	(101,660.3)	193,598.0	-47.2%	(173,397.3)
Total - Resources	17,573,711.2	3.6%	609,851.7	18,184,236.1	3.5%	610,524.9

Appendix C: General Fund Balance Sheet

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

	FY 2025 October FAC	FY 2026 October FAC	FY 2027 October FAC	FY 2028 October FAC
REVENUES				
Ongoing Revenues	\$17,105,126,500	\$17,664,509,800	\$18,440,691,800	\$19,295,978,700
Urban Revenue Sharing	(1,268,255,600)	(1,186,305,900)	(1,245,975,900)	(1,305,340,600)
Net Ongoing Revenues	<u>\$15,836,870,900</u>	<u>\$16,478,203,900</u>	<u>\$17,194,715,900</u>	<u>\$17,990,638,100</u>
One-Time Revenues				
Balance Forward	962,800,000	468,655,600	366,995,300	193,598,000
Fund Transfers	33,991,800	17,000,000	12,000,000	
Subtotal One-Time Revenues	<u>\$996,791,800</u>	<u>\$485,655,600</u>	<u>\$378,995,300</u>	<u>\$193,598,000</u>
Total Revenues	\$16,833,662,700	\$16,963,859,500	\$17,573,711,200	\$18,184,236,100
EXPENDITURES				
Ongoing Operating Appropriations	\$15,610,154,600	\$16,534,937,000	\$17,063,470,500	\$17,683,492,900
Administrative Adjustments	130,000,000	140,000,000	145,000,000	145,000,000
Revertments	(170,000,000)	(190,000,000)	(200,000,000)	(200,000,000)
Subtotal Ongoing Expenditures	<u>\$15,570,154,600</u>	<u>\$16,484,937,000</u>	<u>\$17,008,470,500</u>	<u>\$17,628,492,900</u>
One-Time Expenditures				
Capital Outlay				25,000,000
Transportation Funding			30,000,000	136,240,000
FY 25 One-Time Supplementals	179,550,500			
Operating One-Time Spending	715,302,000	211,927,200	341,642,700	235,616,000
Hospital Assessment Savings	(100,000,000)	(100,000,000)		
Subtotal One-Time Expenditures	<u>\$794,852,500</u>	<u>\$111,927,200</u>	<u>\$371,642,700</u>	<u>\$396,856,000</u>
Total Expenditures	\$16,365,007,100	\$16,596,864,200	\$17,380,113,200	\$18,025,348,900
Ending Balance	\$468,655,600	\$366,995,300	\$193,598,000	\$158,887,200

JLBC Staff – October Budget Update

Summary of the General Fund Budget Outlook

- The October Budget Update includes revised General Fund revenue and expenditure projections through FY 2028.
- Unlike last year, the projected cash balance is positive in each year.
- The balances, however, decline over time to a low of \$159 million in FY 2028.
- The low point of the ending balances over the 3-year planning horizon determines the level of resources available for discretionary initiatives.
- This \$159 million could potentially be allocated between ongoing and one-time initiatives. For example:
 - The \$159 million could be used for one-time FY 2026 initiatives.
 - \$53 million could be allocated to ongoing initiatives each year during FY 2026 - FY 2028.
- These projections exclude \$323 million in traditional "ongoing" one-time spending for K-12 building renewal grants and state employee health insurance.
- If these 2 items were funded again, the budget would experience a shortfall in FY 2027 and FY 2028.

Reporting Requirements

The FY 2025 General Appropriation Act requires the JLBC Staff to report by October 15, 2024 as to whether FY 2025's General Fund revenues and ending balance are projected to change by more than \$50 million from the budgeted levels. The enacted budget assumed an FY 2025 General Fund revenue level of \$16.3 billion and an ending balance of \$96 million. The current projections are for an FY 2025 General Fund revenue level of \$16.8 billion and a projected ending balance of \$469 million.

In addition, A.R.S. § 35-125 requires the Legislature to provide 3-year estimates in each year's budget bill. In fulfilling these requirements, the JLBC Staff has reviewed the preliminary FY 2024 ending balance estimates and updated its 4-sector revenue projections in conjunction with the October 9th Finance Advisory Committee (FAC) meeting.

FY 2024 Actuals

The enacted budget projected the FY 2024 ending balance to be \$639 million. The Executive's preliminary FY 2024 ending balance projection is \$963 million, or a net increase of \$324 million above the enacted budget.

General Fund revenues during FY 2024 were \$425 million higher-than-anticipated, which generated a gain for the state (*see discussion below*). In contrast, General Fund spending was \$101 million higher-than-budgeted, with those losses partially offsetting the state's revenue gain. The Arizona Department of Administration is required by law to publish the final FY 2024 ending balance by December 1, 2024.

Excluding Urban Revenue Sharing, the beginning balance, and one-time revenue adjustments (fund transfers and the FY 2024 one-time income tax rebate), the level of General Fund revenue remained essentially unchanged in FY 2024 compared to FY 2023, with a flat 0.0% growth rate.

Of the \$425 million in greater-than-expected revenue collections, more than 60% of this gain, or \$259 million, was attributable to non-tax categories, such as Medicaid "reconciliation payments" as well as interest earnings and revenue from unclaimed property.

All the major tax categories generated a revenue gain relative to the enacted budget forecast. The forecast gain varied from a low of \$26 million for the Insurance Premium Tax to a high of \$56 million for the Individual Income Tax. *Table 1* below provides more details on the performance of the state's largest revenue categories as compared to the enacted budget forecast.

	Enacted Budget	Prelim Actual	Above Forecast (\$ in Millions)
Sales and Use	2.9%	3.3%	\$34
Individual Income	(8.6)%	(7.5)%	56
Corporate Income	(6.3)%	(3.4)%	52
Insurance Premium	4.4%	7.8%	26
Other Miscellaneous*	0.9%	27.1%	47
Interest Earnings	(7.3)%	1.2%	31
Transfers & Reimbursements*	(39.4)%	18.7%	160
Other	<u>3.1%</u>	<u>7.0%</u>	<u>19</u>
Total	(2.5)%	0.0%	\$425

* In terms of the above forecast gain, Other Miscellaneous was primarily Unclaimed Property and Transfers & Reimbursements was primarily Medicaid Reconciliation Payments.

In FY 2024, Sales Tax revenue increased by 3.3%, which is the slowest growth rate for this revenue category since FY 2016. However, since the enacted budget forecast assumed an even lower growth rate of 2.9%, actual collections exceeded the projected level by \$34 million. The slower growth in FY 2024, especially as it relates to retail sales, was likely due to a combination of factors, including a continued shift in consumer spending from taxable goods to non-taxable services, slower wage growth, depleted excess savings built up during the pandemic, rising credit card debts, and higher interest rates to finance big-ticket items, such as motor vehicles and major household appliances.

TY 2023/FY 2024 marked the final phase-in of the Individual Income Tax (IIT) rate reductions first enacted in 2021. Under the enacted budget forecast, the reduction of the top marginal rate from 2.98% to a single rate 2.5% in TY 2023 was projected to reduce IIT revenue by (8.6)% in FY 2024. However, primarily due to a lower-than-anticipated refunds issued in the spring of 2024, IIT revenue declined by (7.5)%. This resulted in a revenue gain of \$56 million relative to the enacted budget forecast.

After 11 consecutive quarters with double-digit growth, Corporate Income Tax (CIT) decreased by (24)% in the 2nd quarter of FY 2024. This also marked the start of a new trend of declining CIT collections that continued during the 3rd quarter and the start of the 4th quarter of FY 2024. Based on this trend, the enacted budget assumed that CIT would decrease by (6.3)% for all of FY 2024. However, higher-than-expected levels of collections in both May and June resulted in a smaller FY 2024 CIT reduction of (3.4)%. For this reason, CIT ended up with a revenue surplus of \$52 million in FY 2024.

The Insurance Premium Tax increased by 7.8% in FY 2024, which generated a forecast gain of \$26 million relative to the enacted budget forecast. The larger-than-projected level of collections was primarily attributable to insurance lines other than AHCCCS contractors, such as vehicle insurance, property and casualty insurance, and fire insurance, which all grew at double-digit rates in FY 2024.

In terms of non-tax revenue categories:

- FY 2024 Other Miscellaneous revenue, primarily unclaimed property, grew by 27.1% in FY 2024 for a forecast gain of \$47 million.
- The State's FY 2024 interest earnings on its operating balance grew by 1.2% for a forecast gain of \$31 million.
- The FY 2024 Transfers and Reimbursements category grew by 18.7% due primarily to higher-than-anticipated growth in federal Medicaid reconciliation payments from prior years. If Medicaid spending is less than projected under our capitated payment system, AHCCCS and DES transfer the General Fund share of the surpluses to the state a year or more after they occur. These higher payments were the main factor in a \$160 million gain to the forecast. This revenue category excludes any fund transfers associated with the FY 2024 "fund sweeps" used to balance the budget.

FY 2025 1st Quarter Results

Through the first 3 months of FY 2025, ongoing General Fund revenue is up by 4.1% compared to the same period in the prior year and is \$109 million above the enacted budget forecast. Overall, revenue growth was positive during the first quarter of FY 2025 across all the 4 major tax categories.

FY 2025 1st Quarter		
Revenue Growth Rates by Category		
	Prelim	Above/(Below)
	<u>Actual</u>	<u>Forecast</u>
		<u>(\$ in Millions)</u>
Sales and Use	3.7%	\$(2)
Individual Income	9.6%	30
Corporate Income	3.3%	26
Insurance Premium	16.0%	37
Other	<u>(39.4)%</u>	<u>18</u>
Total	4.1%	\$109

Updated October Revenue Forecast

The FAC forecast update is based on the average revenue forecast from each of the following "4 sectors": the FAC panelists, the JLBC Staff and two different forecasts from the University of Arizona's econometric revenue model (a "base" and "low" scenario). The 4-sector forecast includes the 3 largest General Fund revenue categories: Sales Tax, Individual Income Tax and Corporate Income Tax. The JLBC Staff forecasts the Insurance Premium Tax and the remaining small revenue categories, all of which make up slightly less than 12% of General Fund revenue.

FY 2025 Forecast

The enacted FY 2025 budget forecast assumes that General Fund net ongoing revenue would be \$16.88 billion, which is 0.4% above the amount collected in FY 2024. Net revenue excludes Urban Revenue Sharing, the beginning balance, and one-time revenue adjustments.

The updated October 4-sector forecast projects a 4.2% FY 2025 revenue increase in the tax categories, but a decline of (25.7)% in non-tax collections. When accounting for all revenues, the projected growth rate is 1.8%, which is \$229 million more than under the enacted budget.

Since General Fund revenue through the first quarter of the current fiscal year is up by 4.1%, this means that the updated October forecast assumes slower growth during the remainder of FY 2025. This deceleration is mostly related to non-tax categories – as noted above, the state experienced significant gains in these categories during FY 2024, and most of these revenues are received at the end of the state's fiscal year. Since the federal Medicaid reconciliation payments may be one-time in nature, the non-tax collections are projected to return to more normal levels in FY 2025. This mark-down has the effect of lowering the projected overall growth rate for the remainder of the fiscal year.

The FY 2025 forecast for the state's major revenue categories is as follows:

- Sales Tax is projected to increase by 3.1% in FY 2025 under the October forecast. This growth rate represents a loss of \$(30) million compared to the enacted budget.
- Individual Income Tax is projected to grow by 5.7% for all of FY 2025. This would result in a revenue gain of \$78 million above the enacted forecast.
- Corporate Income Tax is forecasted to grow by 3.2% in FY 2025, which results in a revenue gain of \$64 million relative to the enacted budget.
- Due to recent higher insurance premiums on various insurance types, the updated October forecast assumes that Insurance Premium Tax will grow by 7.5% in FY 2025 for a revenue gain of \$56 million.

The FY 2025 forecast for non-tax categories is as follows:

- The Other Miscellaneous estimates for the October forecast presume that we will be able to maintain FY 2024's higher level of unclaimed property collections in FY 2025. Under the October forecast, this category would grow by 2.0% or a \$43 million gain above the enacted budget.
- Due to the expected decline in the Federal Reserve's federal funds rate, the state's interest earnings on its operating balance are projected to decline (32.6)% in FY 2025. This decline had already been factored into the enacted budget and does not result in a forecast change.
- The federal Medicaid reconciliation payments are difficult to project in advance and the FY 2025 level will not be known until the spring 2025. Given this uncertainty, FY 2025 payments are projected to decline by (75.0)% and return to a more "normal" level of reimbursements. The enacted budget already assumed FY 2025 would have this lower standard amount of collections for reconciliation payments, resulting in no forecast change for this issue in the updated October projections.

FY 2026 – FY 2028 Revenue Forecast

For FY 2026, the updated 4-sector forecast projects an overall revenue growth of 3.3%. This consists of a 4.3% increase in state tax collections partially offset by a (13.5)% decline in non-tax collections. The main factor in the non-tax decline is a (46.0)% reduction in interest earnings as the Federal Reserve's federal funds rate is projected to continue falling through FY 2026.

In FY 2027 and FY 2028, the 4-sector revenue projections assume overall growth rates of 4.4% and 4.6%, respectively. Details of the updated October 2024 forecast are summarized in *Attachments A and B*.

Total Revenues

In FY 2025, total General Fund revenues are projected to be \$16.83 billion, including a carryforward balance of \$963 million from FY 2024. In FY 2026, total revenues are projected at \$16.96 billion, including a carryforward balance of \$469 million from FY 2025.

Updated October Spending Projections

As part of the October FAC process, we have updated our FY 2025 - FY 2028 projection of Baseline spending. (*See Attachments D and E.*) These amounts reflect spending changes associated with statutory and other active funding formulas.

In addition, the amounts reflect changes that were assumed in the FY 2025 enacted budget’s 3-year spending plan. These changes include any planned future year spending increases and deleting spending labeled as one-time in that budget.

FY 2025 Supplementals

The October FAC estimates include a total of \$180 million in FY 2025 supplementals for funding formula requirements in the Arizona Department of Education (ADE) Basic State Aid program and the Department of Economic Security (DES) Developmental Disabilities Medicaid program. These supplementals are discussed in more detail below.

FY 2026

Overall state spending is projected to increase by \$232 million in FY 2026, which represents an increase of 1.4% from the prior year. Total FY 2026 General Fund spending is projected to be \$16.60 billion.

The increase in FY 2026 Baseline spending is due to offsetting issues: ongoing spending requirements increasing by \$915 million (*see Table 3*), with that partially offset by the level of one-time spending declining by \$(683) million (*see Table 4*).

Table 3	
'26 Ongoing Spending Changes	
	<u>\$ in M</u>
ADE – K-12 Formula	524
Medicaid Formula	408
Other	<u>(17)</u>
Total	915

Table 4	
'26 One-Time Spending Deletions	
	<u>\$ in M</u>
K-12 Building Renewal Grants	(183)
State Employee Health Insurance	(140)
ADE/DES Formula Supplementals	(180)
Other Agency Spending	<u>(180)</u>
Total	(683)

Under the Baseline projections, spending is projected to increase by \$783 million in FY 2027 and increase by \$645 million in FY 2028. (*See Table 5 below.*)

	\$ in B	% Growth
FY 2025	16.37	(5.8)
FY 2026	16.60	1.4
FY 2027	17.38	4.7
FY 2028	18.03	3.7

Ongoing FY 2026 Statutory Formula Spending

During FY 2026, statutory formula/ongoing spending (excluding one-time spending) is projected to increase by \$915 million above FY 2025 as follows:

Arizona Department of Education

Arizona Department of Education (ADE) ongoing formula spending is projected to increase by \$524 million in FY 2026. This estimate includes the following changes:

- \$286 million to backfill reduced distributions of land trust endowment earnings for Basic State Aid. Under Proposition 123, the current 6.9% distribution rate reverts to the prior 2.5% rate beginning in FY 2026. We estimate that will reduce the land trust earnings for Basic State Aid from \$358 million in FY 2025 to \$72 million in FY 2026. Under the current Basic State Aid formula, the General Fund is required to backfill the reduced land trust earnings. The FY 2025 enacted budget's 3-year spending plan assumed this General fund backfill starting with FY 2026. This adjustment was designed to ensure that K-12 formula funding was fully funded and was not an assessment of the prospects of continuing Proposition 123 in some fashion.
- \$167 million for 2.0% inflation. The estimated calendar year 2024 inflation rate is 2.45%. A.R.S. § 15-901.01 stipulates that the minimum inflation adjustment is the actual inflation rate or 2.0%, whichever is less.
- \$(31) million for estimated public school enrollment declines of (0.9)% in FY 2026. This amount assumes a base enrollment decline of (0.6)% based on Arizona school-age population projections from the Office of Economic Opportunity plus an additional (0.3)% decline as a result of public school students switching to the Empowerment Scholarship Account (ESA) program. The latter figure assumes that approximately 50% of net new growth in the ESA program in FY 2026 will be from pupils who switch out of a public school. This "switcher" percentage is roughly equivalent to the FY 2024 experience.
- \$90 million for growth in ESA program enrollment to 89,697, or an increase of 7,245 above our FY 2025 estimate of 82,452. The 89,697 ESA enrollees would generate estimated ESA awards of \$912 million in FY 2026, or an increase of \$90 million above our FY 2025 estimate of \$822 million. There are several other key components of the October Baseline projections:
 - The enacted FY 2025 budget's 3-year plan assumed that ESA participation would grow by 7,245 students each year. The October Baseline retains that assumption and extends it to FY 2028.
 - In comparison to our estimates, as of October 1st, 2024, ESA enrollment is 81,821 and annual awards are \$815 million, or \$(7) million below the enacted budget assumption. All ESA projections remain very speculative given the uncertainty of when the program will reach a more "steady state" of enrollment.
- \$12 million for all other ongoing formula adjustments.

FY 2025 ADE Supplemental

The October FAC Baseline estimate incorporates a projected \$104 million FY 2025 ADE supplemental appropriation. The estimated supplemental is based on 2 factors:

- \$61 million for required Basic State Aid re-calculations as a result of tax judgments ordered in the *Qasimyar v. Maricopa* County litigation. Under A.R.S. § 15-915B, school districts may request that their state aid be re-calculated for prior years if a tax judgment modifies the assessed value that was used to determine the district share of formula costs. This case involved the courts invalidating Maricopa County's assessment methodology for properties that moved between a homeowner-occupied and rental classification. Based on preliminary data provided by ADE, we estimate the cost of the re-calculations associated with *Qasimyar* tax judgments will reach \$61 million in FY 2025. The enacted budget did not adjust ADE Basic State Aid funding to account for the recalculations.
- \$43 million for revised formula costs based on final FY 2024 Basic State Aid data. ADE costs were higher than expected in FY 2024, which was not factored into the FY 2025 enacted budget. This figure is subject to change as more data become available on current year enrollment.

FY 2028 ADE Adjustments

The FY 2028 October FAC Baseline estimates include an increase of \$66 million for ongoing formula funding increases prescribed by Section 4 of the FY 2025 General Appropriations Act, including \$29 million for Additional Assistance and \$37 million for the Group B weight for low-income (free and reduced price lunch eligible) students. These dollar amounts reflect the 3rd year of a 3-year phase-in approved with the FY 2023 budget. The \$66 million was included in the enacted FY 2025 budget but was not continued in FY 2026 or FY 2027. The FY 2025 General Appropriations Act, however, included a legislative intent statement that the 2 adjustments would be funded again in FY 2028 on an ongoing basis.

Medicaid Funding

Under the October FAC Baseline, Medicaid funding in AHCCCS and the Department of Economic Security (DES) is projected to increase by \$408 million in FY 2026. This amount includes \$157 million for AHCCCS and \$251 million for DES. These estimates are based on the following changes:

- A decrease in the regular federal match rate from 64.89% currently to 64.34% effective October 1, 2025.
- A 3.0% capitation rate increase effective October 1, 2025.
- AHCCCS enrollment growth of 1.2% and DES Developmental Disabilities (DD) growth of 5.0% in June 2026 above June 2025.

DES FY 2025 Supplemental

The October FAC Baseline estimates also incorporate a FY 2025 General Fund supplemental appropriation of \$76 million to DES for higher-than-budgeted Developmental Disabilities (DD) Medicaid formula costs. The primary reason for the supplemental is an 11.2% increase to DD capitation rates effective October 1, 2024, whereas the budget had only funded a 4.0% adjustment. The Executive has attributed the 11.2% increase to several factors but has not specifically delineated the dollars associated with any one issue.

This increase may be driven by increasing utilization of the Parents as Paid Caregivers program, a pandemic-era initiative to compensate parents of DD members who are age 17 or less for in-home services they provide to their own children. This federally funded program was designed to address the shortage of contracted providers during the pandemic.

The Executive applied for and received federal approval to make the program ongoing in February 2024. This initiative, however, requires a state match as part of the regular Medicaid program. The Executive's FY 2025 budget request in January 2024 proposed to spend \$4 million from the General Fund for the match. We subsequently learned that program participation was much higher than expected and could potentially cost over \$40 million. At that time, the Executive was not able to solidify a cost estimate for this program. As a result, the enacted FY 2025 budget did not address this issue.

The budget annually requires that Medicaid capitation adjustments be reviewed by the Joint Legislative Budget Committee. DES requested that the Committee review the 11.2% adjustment at its September 2024 meeting. The JLBC Chairman held the item for consideration to receive more information on the proposal. We understand that DES is proceeding to implement its proposal this month. Given that the Executive is proceeding, we have reflected their rate proposal in our cost estimates. This is not intended to represent an agreement with the proposed rates but sets aside funding for the adjustment should there be no eventual legislative action to the contrary.

AHCCCS FY 2025 Spending

The October FAC estimates do not include an AHCCCS FY 2025 supplemental. AHCCCS capitation rates increased by 3.6% on October 1, 2024. That level of rate increase will cost \$31.7 million above the enacted FY 2025 budget. We are monitoring AHCCCS enrollment trends to determine whether lower-than-expected enrollment may offset the capitation rate increase.

AHCCCS FY 2027 Adjustments

The AHCCCS estimates include an ongoing General Fund increase of \$100 million in FY 2027 to eliminate AHCCCS' authority to raise the Hospital Assessment to cover the behavioral health expenses of Medicaid expansion populations. Section 6 of the FY 2025 Health Budget Reconciliation Bill (BRB) allows AHCCCS to levy such charges in FY 2025 and FY 2026 only, which reduces AHCCCS General Fund formula expenses in those years by \$(100) million. The FY 2025 enacted budget's 3-year plan assumes that the policy would expire at the end of FY 2026 and be backfilled with a General Fund appropriation starting in FY 2027.

Other Budget Units

Aside from ADE and Medicaid spending changes, there is a \$(17) million FY 2026 decrease for ongoing expenditures across all other areas of state government, which includes specific agency changes and a technical adjustment related to unspent agency appropriations. For a complete list of ongoing spending changes, please see *Attachment D*.

One-Time Spending

As part of the FY 2025 budget 3-year spending plan, the Legislature designated certain spending items as one-time in each of FY 2025, FY 2026, and FY 2027. The enacted budget 3-year spending plan would result in FY 2026 one-time spending of \$112 million, which is a decline of \$(683) million from FY 2025. (See *Table 4 and Attachment E*.)

This level of one-time spending in FY 2026, however, does not include funding for certain one-time items that the Legislature traditionally adds back in each year's budget. Those "ongoing one-time" items were funded at a total of \$323 million in FY 2025 and consist of \$183 million for K-12 building renewal funding and \$140 million for state employee health insurance funding. (See *Table 4*.)

In addition to the FY 2025 budget's spending plan providing guidance for FY 2025 – FY 2027, the budget also made several one-time General Fund spending commitments for FY 2028 related to Capital and Transportation funding. These items totaled \$161 million and have been incorporated in the FY 2028 estimates. (See Table 6 below)

Table 6	
FY 2025 Budget – FY 2028 One-Time Spending Items	
	<u>\$ in M</u>
ADOT - Expand I-10 Between State Route 85/Citrus Road	78
ADOT - SR 347/Riggs Road Overpass Construction Costs	49
Dept. of Veterans' Services - Northwest AZ Veterans Home	25
ADOT - Pinal Parkway East-West Corridor Design	<u>9</u>
Total	161

Updated October Year-End Balance Projections

Given the revenue and spending forecasts, we currently project an FY 2025 General Fund ending cash balance of \$469 million. Assuming this FY 2025 ending balance is carried forward into FY 2026, the projected FY 2026 ending cash balance is \$367 million.

Assuming that the cash balance continues to be carried forward in subsequent years, the projected ending balance would become smaller in FY 2027 at \$194 million. The estimated levels of revenue and spending in FY 2028 would result in an ending cash balance of \$159 million. (See Attachment C)

The state could choose to allocate this \$159 million between ongoing and one-time initiatives. If the state decides against a combination of ongoing and one-time initiatives, the choices would be:

- \$159 million for one-time FY 2026 initiatives; or
- \$53 million for ongoing initiatives starting in FY 2026. Three years of \$53 million in ongoing spending would absorb \$159 million by the end of FY 2028.

From a different perspective, there would be essentially no funds left for discretionary FY 2026 changes if the state continues its series of one-time appropriations for K-12 building renewal grants and state employee health insurance in FY 2026. After accounting for the \$323 million total cost for these 2 issues, the FY 2026 ending cash balance would decline from \$367 million to \$44 million and there would be shortfalls in FY 2027 and FY 2028.

Any projected cash balances exclude monies in the Budget Stabilization Fund (BSF). That account has a current balance of approximately \$1.5 billion as of September 2024.

October 9, 2024 FAC 4-Sector Forecast

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
<u>Sales Tax</u>				
JLBC Staff	3.7%	4.2%	4.3%	4.5%
UA - Low	2.0%	3.2%	4.2%	4.2%
UA - Base	3.6%	4.3%	4.4%	4.4%
FAC	3.3%	3.7%	4.3%	4.4%
Average:	3.1%	3.9%	4.3%	4.4%
<u>Individual Income Tax</u>				
JLBC Staff	5.8%	4.7%	5.2%	5.0%
UA - Low	5.1%	5.5%	6.3%	6.2%
UA - Base	6.9%	6.4%	6.5%	6.5%
FAC	5.0%	4.1%	5.3%	4.9%
Average:	5.7%	5.2%	5.8%	5.7%
<u>Corporate Income Tax</u>				
JLBC Staff	0.9%	3.5%	4.6%	3.5%
UA - Low	3.8%	3.0%	2.1%	1.9%
UA - Base	5.3%	3.9%	3.1%	2.8%
FAC	2.6%	4.0%	4.9%	4.5%
Average:	3.2%	3.6%	3.7%	3.2%
JLBC Weighted Average:	4.1%	4.3%	4.6%	4.6%
UA Low Weighted Average:	3.3%	4.0%	4.7%	4.6%
UA Base Weighted Average:	4.9%	5.0%	5.0%	4.9%
FAC Consensus Weighted Average:	3.8%	3.9%	4.7%	4.6%
"Big-3" Weighted Average:	4.0%	4.3%	4.7%	4.7%
Consensus Weighted Average: *	1.8%	3.3%	4.4%	4.6%

* Represents ongoing revenue adjusted for small revenue categories

October 2024 4-Sector Forecast

GENERAL FUND REVENUE - FY 2024 - FY 2026

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	PREL. ACTUAL FY 2024	% CHANGE PRIOR YR	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2026	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,934,130.1	3.3%	8,183,261.8	3.1%	249,131.7	8,499,327.0	3.9%	316,065.2
Income - Individual	4,845,766.5	-7.5%	5,122,217.5	5.7%	276,451.0	5,387,325.8	5.2%	265,108.3
- Corporate	1,744,821.7	-3.4%	1,799,870.8	3.2%	55,049.1	1,864,566.7	3.6%	64,695.9
Property	25,995.0	17.1%	24,487.0	-5.8%	(1,508.0)	23,997.3	-2.0%	(489.7)
Luxury - Tobacco	19,160.1	2.5%	18,536.9	-3.3%	(623.2)	18,351.5	-1.0%	(185.4)
- Liquor	43,743.4	-3.6%	46,333.2	5.9%	2,589.8	48,974.2	5.7%	2,641.0
Insurance Premium	820,435.1	7.8%	881,967.7	7.5%	61,532.6	928,712.0	5.3%	46,744.3
Other Taxes	17,196.5	-6.3%	19,721.0	14.7%	2,524.5	20,746.5	5.2%	1,025.5
Subtotal - Taxes	15,451,248.3	-0.9%	16,096,395.9	4.2%	645,147.5	16,792,000.9	4.3%	695,605.0
Other Non-Tax Revenues:								
Lottery	222,285.2	26.4%	234,637.8	5.6%	12,352.6	199,170.9	-15.1%	(35,466.9)
Gaming Revenue	36,477.3	-26.1%	37,954.4	4.0%	1,477.0	39,472.5	4.0%	1,518.2
Licenses, Fees and Permits	52,664.5	24.9%	52,240.2	-0.8%	(424.3)	54,800.0	4.9%	2,559.8
Interest	371,165.8	1.2%	250,000.0	-32.6%	(121,165.8)	135,000.0	-46.0%	(115,000.0)
Sales and Services	30,757.0	-7.2%	30,864.1	0.3%	107.1	32,283.9	4.6%	1,419.7
Other Miscellaneous	226,979.6	27.1%	231,554.1	2.0%	4,574.4	239,890.0	3.6%	8,335.9
Transfers and Reimbursements	327,232.9	18.7%	81,754.7	-75.0%	(245,478.2)	82,294.5	0.7%	539.8
Medicaid Hospital Revenue	90,125.0	-8.2%	89,725.4	-0.4%	(399.6)	89,597.2	-0.1%	(128.2)
Subtotal - Other Non-Tax	1,357,687.3	11.3%	1,008,730.6	-25.7%	(348,956.7)	872,508.9	-13.5%	(136,221.7)
Net Ongoing Revenue	16,808,935.7	0.0%	17,105,126.5	1.8%	296,190.8	17,664,509.8	3.3%	559,383.3
Urban Revenue Sharing (URS)	(1,564,819.8)	N/A	(1,268,255.6)	N/A	296,564.2	(1,186,305.9)	N/A	81,949.7
Net Ongoing Revenue w/ URS	15,244,115.9	-2.9%	15,836,870.9	3.9%	592,755.0	16,478,203.9	4.0%	641,333.0
One-Time Financing Sources:								
Fund Transfers	841,526.2	N/A	33,991.8	-96.0%	(807,534.4)	17,000.0	-50.0%	(16,991.8)
One-Time Income Tax Rebate	(273,550.1)	N/A	0.0	N/A	273,550.1	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	567,976.1	N/A	33,991.8	-94.0%	(533,984.3)	17,000.0	-50.0%	(16,991.8)
Subtotal - Revenues	15,812,092.0	17.2%	15,870,862.7	0.4%	58,770.7	16,495,203.9	3.9%	624,341.2
Balance Forward	2,527,233.0	-46.3%	962,800.0	-61.9%	(1,564,433.0)	468,655.6	-51.3%	(494,144.4)
Total - Resources	18,339,325.0	0.8%	16,833,662.7	-8.2%	(1,505,662.3)	16,963,859.5	0.8%	130,196.8

October 2024 4-Sector Forecast

Attachment B

GENERAL FUND REVENUE - FY 2027 - FY 2028

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2027	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2028	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	8,864,194.7	4.3%	364,867.7	9,252,727.7	4.4%	388,533.0
Income - Individual	5,700,861.1	5.8%	313,535.3	6,023,201.3	5.7%	322,340.2
- Corporate	1,933,061.7	3.7%	68,495.0	1,994,669.0	3.2%	61,607.4
Property	23,589.3	-1.7%	(408.0)	23,188.3	-1.7%	(401.0)
Luxury - Tobacco	18,168.0	-1.0%	(183.5)	17,986.3	-1.0%	(181.7)
- Liquor	51,765.7	5.7%	2,791.5	54,354.0	5.0%	2,588.3
Insurance Premium	973,290.2	4.8%	44,578.2	1,020,981.4	4.9%	47,691.2
Other Taxes	21,866.8	5.4%	1,120.3	22,741.4	4.0%	874.7
Subtotal - Taxes	17,586,797.4	4.7%	794,796.5	18,409,849.4	4.7%	823,052.0
Other Non-Tax Revenues:						
Lottery	212,852.6	6.9%	13,681.7	229,295.2	7.7%	16,442.6
Gaming Revenue	41,051.4	4.0%	1,578.9	42,693.5	4.0%	1,642.1
Licenses, Fees and Permits	57,266.0	4.5%	2,466.0	59,556.6	4.0%	2,290.6
Interest	87,000.0	-35.6%	(48,000.0)	87,000.0	0.0%	0.0
Sales and Services	33,736.6	4.5%	1,452.8	35,086.1	4.0%	1,349.5
Other Miscellaneous	249,725.5	4.1%	9,835.5	259,714.5	4.0%	9,989.0
Transfers and Reimbursements	82,853.0	0.7%	558.5	83,431.1	0.7%	578.1
Medicaid Hospital Revenue	89,409.3	-0.2%	(187.9)	89,352.3	-0.1%	(57.0)
Subtotal - Other Non-Tax	853,894.4	-2.1%	(18,614.6)	886,129.3	3.8%	32,234.9
Net Ongoing Revenue	18,440,691.8	4.4%	776,182.0	19,295,978.7	4.6%	855,286.9
Urban Revenue Sharing (URS)	(1,245,975.9)	N/A	(59,670.0)	(1,305,340.6)	N/A	(59,364.7)
Net Ongoing Revenue w/ URS	17,194,715.9	4.3%	716,512.0	17,990,638.1	4.6%	795,922.2
One-Time Financing Sources:						
Fund Transfers	12,000.0	-29.4%	(5,000.0)	0.0	-100.0%	(12,000.0)
One-Time Income Tax Rebate	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	12,000.0	-29.4%	(5,000.0)	0.0	-100.0%	(12,000.0)
Subtotal - Revenues	17,206,715.9	4.3%	711,512.0	17,990,638.1	4.6%	783,922.2
Balance Forward	366,995.3	-21.7%	(101,660.3)	193,598.0	-47.2%	(173,397.3)
Total - Resources	17,573,711.2	3.6%	609,851.7	18,184,236.1	3.5%	610,524.9

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

	FY 2025 October FAC	FY 2026 October FAC	FY 2027 October FAC	FY 2028 October FAC
REVENUES				
Ongoing Revenues	\$17,105,126,500	\$17,664,509,800	\$18,440,691,800	\$19,295,978,700
Urban Revenue Sharing	(1,268,255,600)	(1,186,305,900)	(1,245,975,900)	(1,305,340,600)
Net Ongoing Revenues	\$15,836,870,900	\$16,478,203,900	\$17,194,715,900	\$17,990,638,100
One-Time Revenues				
Balance Forward	962,800,000	468,655,600	366,995,300	193,598,000
Fund Transfers	33,991,800	17,000,000	12,000,000	
Subtotal One-Time Revenues	\$996,791,800	\$485,655,600	\$378,995,300	\$193,598,000
Total Revenues	\$16,833,662,700	\$16,963,859,500	\$17,573,711,200	\$18,184,236,100
EXPENDITURES				
Ongoing Operating Appropriations	\$15,610,154,600	\$16,534,937,000	\$17,063,470,500	\$17,683,492,900
Administrative Adjustments	130,000,000	140,000,000	145,000,000	145,000,000
Revertments	(170,000,000)	(190,000,000)	(200,000,000)	(200,000,000)
Subtotal Ongoing Expenditures	\$15,570,154,600	\$16,484,937,000	\$17,008,470,500	\$17,628,492,900
One-Time Expenditures				
Capital Outlay				25,000,000
Transportation Funding			30,000,000	136,240,000
FY 25 One-Time Supplementals	179,550,500			
Operating One-Time Spending	715,302,000	211,927,200	341,642,700	235,616,000
Hospital Assessment Savings	(100,000,000)	(100,000,000)		
Subtotal One-Time Expenditures	\$794,852,500	\$111,927,200	\$371,642,700	\$396,856,000
Total Expenditures	\$16,365,007,100	\$16,596,864,200	\$17,380,113,200	\$18,025,348,900
Ending Balance	\$468,655,600	\$366,995,300	\$193,598,000	\$158,887,200

**GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING**

EXPENDITURES	FY 2025	FY 2026	FY 2026	FY 2027	FY 2027	FY 2028	FY 2028
	October FAC	\$ Above FY 2025	October FAC	\$ Above FY 2026	October FAC	\$ Above FY 2027	October FAC
Operating Budget							
-- Department of Administration	\$8,681,400	(2,500)	\$8,678,900		\$8,678,900		\$8,678,900
-- ADOA - School Facilities Division	28,170,500		28,170,500		28,170,500	(2,454,600)	25,715,900
-- Office of Administrative Hearings	926,900		926,900		926,900		926,900
-- Arizona Department of Agriculture	13,797,500		13,797,500		13,797,500		13,797,500
-- AHCCCS	2,762,740,500	157,037,200	2,919,777,700	193,757,900	3,113,535,600	178,499,900	3,292,035,500
-- Attorney General	26,007,800		26,007,800		26,007,800		26,007,800
-- State Board for Charter Schools	2,701,600		2,701,600		2,701,600		2,701,600
-- Department of Child Safety	439,187,400		439,187,400		439,187,400		439,187,400
-- Commerce Authority	13,050,000		13,050,000		13,050,000		13,050,000
-- Community Colleges	96,013,800	3,974,400	99,988,200	4,326,000	104,314,200	4,691,200	109,005,400
-- Corporation Commission	741,300		741,300		741,300		741,300
-- Department of Corrections	1,442,593,500	(9,488,900)	1,433,104,600		1,433,104,600		1,433,104,600
-- County Funding	10,650,700		10,650,700		10,650,700		10,650,700
-- Arizona Criminal Justice Commission	4,600,000		4,600,000		4,600,000		4,600,000
-- Schools for the Deaf and the Blind	23,801,400		23,801,400		23,801,400		23,801,400
-- Office of Economic Opportunity	489,600		489,600		489,600		489,600
-- Department of Economic Security	1,320,831,300	250,964,200	1,571,795,500	140,528,100	1,712,323,600	133,799,400	1,846,123,000
-- State Board of Education	3,322,600		3,322,600		3,322,600		3,322,600
-- Department of Education	7,577,275,400	523,776,500	8,101,051,900	184,674,000	8,285,725,900	304,363,400	8,590,089,300
-- Dept. of Emergency & Military Affairs	15,571,800		15,571,800		15,571,800		15,571,800
-- Department of Environmental Quality	15,000,000		15,000,000		15,000,000		15,000,000
-- State Board of Equalization	711,500		711,500		711,500		711,500
-- Board of Executive Clemency	1,348,200		1,348,200		1,348,200		1,348,200
-- Dept. of Forestry and Fire Management	43,865,400		43,865,400		43,865,400		43,865,400
-- Department of Gaming	6,204,500		6,204,500		6,204,500		6,204,500
-- Office of the Governor	8,834,800		8,834,800		8,834,800		8,834,800
-- Gov's Ofc of Strategic Planning and Budgeting	2,770,300		2,770,300		2,770,300		2,770,300
-- Department of Health Services	116,812,700	(900,000)	115,912,700		115,912,700		115,912,700
-- Arizona Historical Society	2,839,700		2,839,700		2,839,700		2,839,700
-- Prescott Historical Society	945,500		945,500		945,500		945,500
-- Arizona Dept. of Homeland Security	10,000,000		10,000,000		10,000,000		10,000,000
-- Industrial Commission	84,700		84,700		84,700		84,700
-- Dept. of Insurance and Financial Institutions	7,799,300		7,799,300		7,799,300		7,799,300
-- Judiciary	167,117,800	2,269,600	169,387,400	1,134,800	170,522,200		170,522,200
-- Department of Juvenile Corrections	29,149,000		29,149,000		29,149,000		29,149,000
-- State Land Department	11,929,500	56,400	11,985,900		11,985,900		11,985,900
-- Legislature							
Auditor General	25,869,000		25,869,000		25,869,000		25,869,000
House of Representatives	20,799,700		20,799,700		20,799,700		20,799,700
Joint Legislative Budget Committee	2,968,800		2,968,800		2,968,800		2,968,800
Legislative Council	9,073,900		9,073,900		9,073,900		9,073,900
Ombudsman	1,543,000		1,543,000		1,543,000		1,543,000
Senate	17,461,100		17,461,100		17,461,100		17,461,100
SUBTOTAL - Legislature	\$77,715,500	\$0	\$77,715,500	\$0	\$77,715,500	\$0	\$77,715,500
-- State Mine Inspector	2,232,300		2,232,300		2,232,300		2,232,300

GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING

	FY 2025	FY 2026	FY 2026	FY 2027	FY 2027	FY 2028	FY 2028
	October FAC	\$ Above FY 2025	October FAC	\$ Above FY 2026	October FAC	\$ Above FY 2027	October FAC
-- Navigable Stream Adjudication Commission	133,600		133,600		133,600		133,600
-- Department of Public Safety	285,516,600		285,516,600		285,516,600		285,516,600
-- Public Safety Personnel Retirement System	6,000,000		6,000,000	(1,000,000)	5,000,000		5,000,000
-- State Real Estate Department	3,011,700		3,011,700		3,011,700		3,011,700
-- Department of Revenue	57,266,100		57,266,100		57,266,100		57,266,100
-- Secretary of State	17,663,500	(4,000,000)	13,663,500	4,000,000	17,663,500		17,663,500
-- Tax Appeals, State Board of	305,700		305,700		305,700		305,700
-- Office of Tourism	8,208,400		8,208,400		8,208,400		8,208,400
-- State Treasurer	4,160,700		4,160,700		4,160,700		4,160,700
-- Governor's Office on Tribal Relations	64,600		64,600		64,600		64,600
-- Universities	851,075,700	596,800	851,672,500	613,000	852,285,500	625,100	852,910,600
-- Department of Veterans' Services	11,211,800		11,211,800		11,211,800		11,211,800
-- Department of Water Resources	24,021,800		24,021,800		24,021,800		24,021,800
-- Phoenix Convention Center Payment	25,998,700	498,700	26,497,400	499,700	26,997,100	498,000	27,495,100
-- Rio Nuevo District	19,000,000		19,000,000		19,000,000		19,000,000
Total - Operating Budget	<u>\$15,610,154,600</u>	<u>\$924,782,400</u>	<u>\$16,534,937,000</u>	<u>\$528,533,500</u>	<u>\$17,063,470,500</u>	<u>\$620,022,400</u>	<u>\$17,683,492,900</u>
-- Hospital Assessment Savings	(100,000,000)		(100,000,000)	100,000,000			
-- Capital Outlay						25,000,000	25,000,000
-- FY 25 One-Time Supplementals	179,550,500	(179,550,500)					
-- Transportation Funding				30,000,000	30,000,000	106,240,000	136,240,000
-- Operating One-Time Spending	715,302,000	(503,374,800)	211,927,200	129,715,500	341,642,700	(106,026,700)	235,616,000
-- Administrative Adjustments	130,000,000	10,000,000	140,000,000	5,000,000	145,000,000		145,000,000
-- Revertments	<u>(170,000,000)</u>	<u>(20,000,000)</u>	<u>(190,000,000)</u>	<u>(10,000,000)</u>	<u>(200,000,000)</u>		<u>(200,000,000)</u>
Total Spending	<u>\$16,365,007,100</u>	<u>\$231,857,100</u>	<u>\$16,596,864,200</u>	<u>\$783,249,000</u>	<u>\$17,380,113,200</u>	<u>\$645,235,700</u>	<u>\$18,025,348,900</u>

1/ Individual agency spending amounts listed above exclude "Operating One-Time Spending" amounts. These amounts are accounted for in the "Operating One-Time Spending" line and are summarized in the Summary of One-Time General Fund Adjustments chart.

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	FY 2025 <u>October FAC</u>	FY 2026 <u>October FAC</u>	FY 2027 <u>October FAC</u>	FY 2028 <u>October FAC</u>
Operating				
ADOA - Navajo Nation Household Electrical Connections	1,000,000			
ADOA/APF - DOR Integrated Tax System (Thru FY 28)	11,847,300	11,725,500	12,538,400	7,591,700
ADOA/APF - AHCCCS Mainframe Replacement Initiative	3,396,000			
ADOA/SFD - Building Renewal Grants	183,300,000			
ADOA/SFD - New Construction (FY 24 Authorization)	77,898,600			
ADOA/SFD - New Construction (FY 25 Authorization)	31,489,500	45,077,100		
ADOA/SFD - New Construction (FY 26 Authorization)		103,071,100	82,509,800	
ADOA/SFD - New Construction (FY 27 Authorization)			192,111,000	182,431,000
ADOA/SFD - New Construction (FY 28 Authorization)				45,393,300
AHCCCS - Critical Access Hospitals Supplemental Pool	4,200,000			
AHCCCS - Case Management Provider Wage Increases	1,000,000			
Arts Commission - Arts Trust Fund Deposit	2,000,000			
DCS - Children and Family Supports Contract	5,500,000			
DCS - Healthy Families	12,500,000			
Commerce - Small Business Center Grants	500,000			
ADC - Private Prison Rate Increase	54,283,500	54,283,500	54,283,500	
DES - Area Agency on Aging	2,000,000			
DES - Low-Income Food Services for Tribal Reservations	250,000			
DES - Navajo Nation Women's Shelter and Social Services	500,000			
DES - Navajo Nation Tribal Youth Programs	500,000			
DES - Nutrition, Housing and Rental Assistance Programs (Pinal County)	500,000			
DES - Pascua Yaqui Tribe Social Services Program	1,000,000			
DES - Food Distribution for Low-Income Individuals (Cochise County)	1,000,000			
DES - DD Job Training and Life Skills Services (Rural Counties)	1,000,000			
DES - DD Group Home Monitoring Pilot	1,200,000			
DES - Child Care Network Funding	12,000,000			
ADE - Live Remote Instruction (Within College Credit Program)	100,000			
ADE - Flagstaff Unified Robotics Program	20,000	20,000		
ADE - Center for High School Success	1,000,000			
ADE - Remove Co-Pays for School Meals	3,800,000			
ADE - Fund Continuing High School Workforce One-Time	4,000,000			
ADE - Fund Comm College Adult Education One-Time	4,000,000			
ADE - Fund Adult Workforce Diploma One-Time	4,000,000			
ADE - English Language Learner Achievement Testing Funding	5,000,000			
ADE - Arizona Holocaust Education Center	7,000,000			
ADE - 3rd Year of Incremental Low Income Weight	37,000,000			
ADE - 3rd Year of Incremental Additional Assistance	29,000,000			
ADE - K-12 Mental Health Telehealth Pilot	2,000,000			
ADE - Low Income After School Program Grants	2,000,000			
DEMA - STORM Act Federal Matching Funds (Thru FY 28)	200,000	200,000	200,000	200,000

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	<u>FY 2025</u> <u>October FAC</u>	<u>FY 2026</u> <u>October FAC</u>	<u>FY 2027</u> <u>October FAC</u>	<u>FY 2028</u> <u>October FAC</u>
DEMA - Hazard Mitigation Assistance	462,900			
DEQ - Zero Emissions Heavy-Duty 8-Ton Pilot Program	1,000,000			
Forestry - Fire Suppression	5,000,000			
Gaming - Racing Purse Enhancement	4,000,000			
Gaming - Racetrack Capital Projects and Maintenance/Operations	1,500,000			
DHS - Preceptor Grant Program for Graduate Students	500,000			
DHS - Licensing Compliance Funding	1,202,400			
DHS - Shift Biomedical Research to Health Research Fund	(2,000,000)	(2,000,000)		
DHS - Shift Alzheimer's Research to Tobacco Tax Fund	(1,000,000)			
DHS - Low Income/Underserved Women Preventative Health Services	500,000			
DHS - Counseling Services for Parents of Deceased Children	500,000			
DHS - Heat Mitigation in Southern Arizona	500,000			
DHS - Southern Arizona Counseling and Community Service Grants	1,000,000			
DHS - Senior Health Promotion and Coordination (Santa Cruz County)	1,000,000			
AZ Dept. of Homeland Security - Cybersecurity Programs	200,000			
Housing - Housing Trust Fund Deposit	15,000,000			
Judiciary - Supreme Court - Juvenile Monetary Sanctions Funding Backfill	250,000	250,000		
Judiciary - Supreme Court - Digital Evidence Software	280,000			
DJC - Operating Budget Shift to DJC Land Trust Fund	(800,000)	(800,000)		
DJC - Operating Budget Shift to CJEF	(100,000)	(100,000)		
Parks - Arizona Trail Fund Deposit	100,000			
DPS - State Crime Lab Funding	200,000	200,000		
DPS - Shift DEMA Emergency Operations Center Capital Funding	(27,677,200)			
DPS - Local Border Support	4,000,000			
SOS - One-Time Operating Funding	1,000,000			
SOS - Primary/General Election Funding	3,900,000			
Treasurer - Election Security Funding	6,000,000			
Universities - ABOR - Teachers Academy Funding	1,000,000			
Universities - ASU - Operating Funding	21,200,000			
Universities - NAU - Operating Funding	10,100,000			
Universities - UA - Operating Funding	14,700,000			
Veterans' Services - Veterans Center Funding	500,000			
Other - Statewide Fleet Adjustments	3,299,000			
Other - HITF Employer Premium Increase	140,000,000			
Subtotal - Operating Funding	\$ 715,302,000	\$ 211,927,200	\$ 341,642,700	\$ 235,616,000
Hospital Assessment Savings	\$ (100,000,000)	\$ (100,000,000)		
Capital Outlay				
Capital - Veterans' Services - Northwest AZ Veterans Home				25,000,000
Subtotal - Capital Outlay	\$ -	\$ -	\$ -	\$ 25,000,000

SUMMARY OF ONE-TIME GENERAL FUND ADJUSTMENTS 1/

	<u>FY 2025</u> <u>October FAC</u>	<u>FY 2026</u> <u>October FAC</u>	<u>FY 2027</u> <u>October FAC</u>	<u>FY 2028</u> <u>October FAC</u>
FY 2025 One-Time Supplementals				
DES - Developmental Disabilities Formula Supplemental	76,100,000			
ADE - K-12 Formula Supplemental	103,450,500			
Subtotal - FY 2025 One-Time Supplementals	\$ 179,550,500	\$ -	\$ -	\$ -
Transportation Funding				
Capital - ADOT - Pinal Parkway East-West Corridor Design				9,240,000
Capital - ADOT - SR 347/Riggs Road Overpass Construction Costs				49,000,000
Capital - ADOT - Expand I-10 Between SR 85/Citrus Road			30,000,000	78,000,000
Subtotal - Transportation Funding	\$ -	\$ -	\$ 30,000,000	\$ 136,240,000
Total - One-Time Spending	\$ 794,852,500	\$ 111,927,200	\$ 371,642,700	\$ 396,856,000

1/ The displayed amounts reflect one-time General Fund adjustments included in the FY 2025 enacted budget's multi-year spending plan. The Legislature makes the one-time classification as part of the 3-year spending plan. These items are not included in the individual agency amounts displayed in the General Fund Spending By Budget Units - Ongoing Funding chart.

Arizona's Economic Opportunities & Constraints in FY 2025 and FY 2026

Jim Rounds
Rounds Consulting Group



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1

Business and People Need "Stuff"

- Base Sector Industries
- Workforce (quality/avail/cost)
- Education Productivity
- Tax Rates
- Econ Development Programs
- Transportation Infrastructure
- Marketing
- Responsible Regulations
- **Balanced Budget**
- Reliable/Cost Effective Energy
- Water
- Housing Affordability
- Economic Diversity



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2

State Budget Situation:

Can we pay for the stuff?

Yes, if we stay in the black.

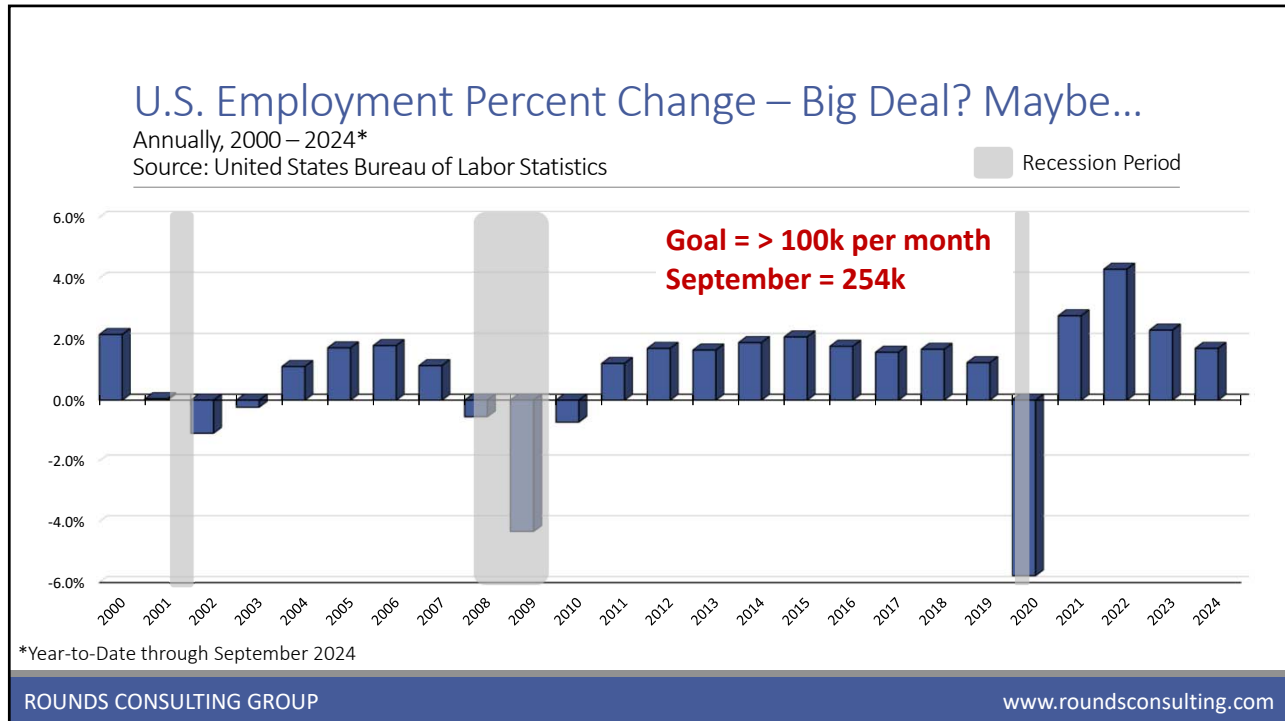
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But, will we have a recession?

Why have economists predicted **TEN** of the last
ZERO recessions?



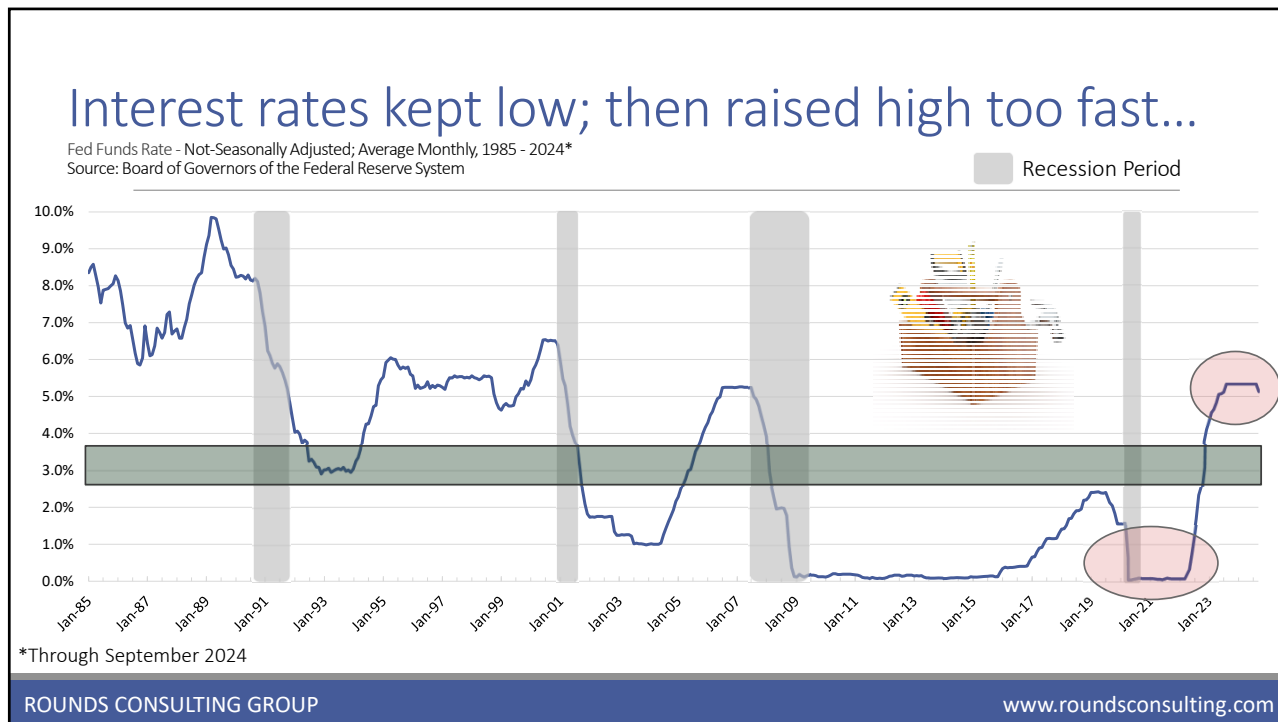
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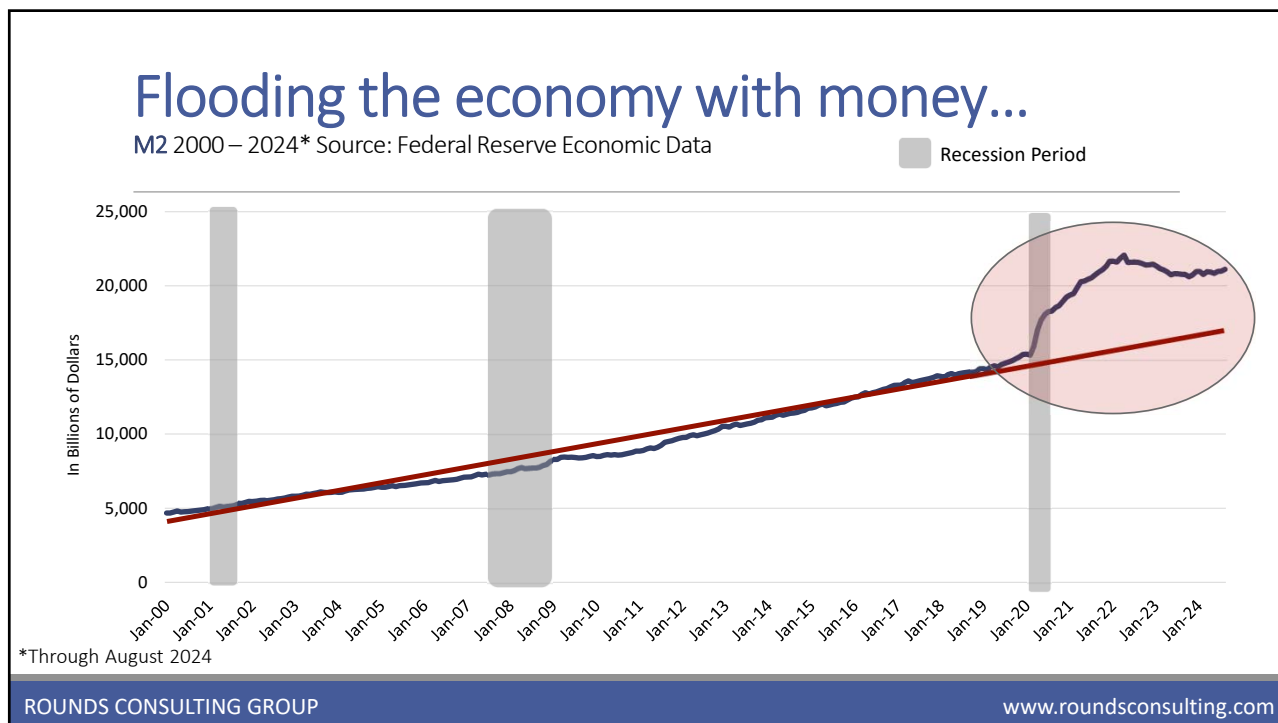
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8

National Debt: Borrowing from the future?



9

Consumer Price Index

All Items CPI, Non-Seasonally Adjusted; YoY Percent Growth, 2010 - 2024*
Source: U.S. Bureau of Labor Statistics



*Through August 2024

10

Why does all this matter?

- The government borrowed significantly from the future, so thank your kids (and later their kids) for paying off our debt.
- In the short term, we avoided (postponed) a recession.
- Soft landing?

Why does all this matter?

- There's been money in all revenue bases that was artificially propped up.
- High costs aren't going away.
- "Golden Handcuffs" on homes.



Golden Handcuffs Math

- \$500k home w/3% mortgage = \$2,100/mo.
- \$600k home w/6% mortgage = \$3,300/mo.
- Adding 20% to your desired home value now costs 50% more in terms of monthly payment.
- Why would anybody move? This is a PROBLEM!

Annual Household Expenditures

Arizona Average

Source: U.S. Bureau of Labor Statistics

Category	2005 % of Annual Expenditures	2010 % of Annual Expenditures	2022 % of Annual Expenditures
Housing	30.0%	33.6%	34.3%
Transportation	21.5%	16.3%	23.0%
Food	13.1%	13.4%	10.5%
Healthcare	5.9%	6.1%	7.7%
Entertainment	4.8%	6.3%	3.8%
Apparel	3.8%	4.9%	2.4%
Education	1.5%	0.6%	1.4%
Other	19.4%	18.8%	16.9%

Annual Household Expenditures

For Households Making Less Than \$50K

Source: U.S. Bureau of Labor Statistics

Category	2005 % of Annual Expenditures	2010 % of Annual Expenditures	2022 % of Annual Expenditures
Housing	41.4%	42.8%	44.3%
Transportation	20.6%	18.4%	18.7%
Food	15.7%	16.3%	16.3%
Healthcare	8.6%	9.0%	10.9%
Entertainment	5.4%	5.4%	4.5%
Apparel	4.6%	4.1%	2.2%
Education	1.7%	2.0%	1.4%
Other	2.0%	2.0%	1.7%

Getting through a recession?

- Severe Recession – Need about \$2.0 – 2.5B
- Mid Level Recession – Drops to \$1.5 - \$2.0B
- **Mild Recession – Requires about \$1.0B**

Getting through a recession?

More than \$400M was set aside for what is currently happening.

Soft Landing? Likely.



What to fund this coming session?

- Yes, money was set side for what is currently happening.
- No, we shouldn't spend it all.
- Yes, we can indeed spend a portion of the set-aside monies.
- **Spend on proven high ROI policy projects.**
- **Proof is in PCPI.**

Thank You!



Sales Tax

Arizona Sales Tax - Total (excl. 1% Tax)

General Fund Collections

		Year-to-Year %		Year-to-Date	Year-to-Date %
		Change		Change	
		Collections (\$)		Collections (\$)	Change
FY 2020	Jul-19	436,069,274	6.1%	436,069,274	6.1%
	Aug-19	436,717,097	7.6%	872,786,371	6.9%
	Sep-19	445,187,625	6.9%	1,317,973,997	6.9%
	Oct-19	433,756,765	6.3%	1,751,730,761	6.7%
	Nov-19	452,255,877	9.5%	2,203,986,638	7.3%
	Dec-19	445,648,888	6.4%	2,649,635,526	7.1%
	Jan-20	538,906,598	12.9%	3,188,542,124	8.1%
	Feb-20	448,284,583	10.1%	3,636,826,707	8.3%
	Mar-20	429,902,939	8.9%	4,066,729,646	8.4%
	Apr-20	447,915,621	-5.1%	4,514,645,267	6.9%
	May-20	393,262,758	-9.1%	4,907,908,024	5.4%
	Jun-20	484,004,897	10.1%	5,391,912,921	5.8%
FY 2021	Jul-20	492,729,052	13.0%	492,729,052	13.0%
	Aug-20	479,794,971	9.9%	972,524,023	11.4%
	Sep-20	491,053,111	10.3%	1,463,577,134	11.0%
	Oct-20	503,156,817	16.0%	1,966,733,951	12.3%
	Nov-20	493,399,028	9.1%	2,460,132,979	11.6%
	Dec-20	495,240,238	11.1%	2,955,373,218	11.5%
	Jan-21	588,513,600	9.2%	3,543,886,818	11.1%
	Feb-21	477,617,209	6.5%	4,021,504,027	10.6%
	Mar-21	477,928,300	11.2%	4,499,432,327	10.6%
	Apr-21	596,100,248	33.1%	5,095,532,575	12.9%
	May-21	551,912,319	40.3%	5,647,444,895	15.1%
	Jun-21	596,061,211	23.2%	6,243,506,106	15.8%
FY 2022	Jul-21	580,889,609	17.9%	580,889,609	17.9%
	Aug-21	554,472,436	15.6%	1,135,362,045	16.7%
	Sep-21	556,907,948	13.4%	1,692,269,993	15.6%
	Oct-21	577,638,316	14.8%	2,269,908,309	15.4%
	Nov-21	568,682,990	15.3%	2,838,591,299	15.4%
	Dec-21	589,027,512	18.9%	3,427,618,811	16.0%
	Jan-22	682,332,435	15.9%	4,109,951,246	16.0%
	Feb-22	562,110,851	17.7%	4,672,062,097	16.2%
	Mar-22	569,277,905	19.1%	5,241,340,002	16.5%
	Apr-22	681,308,275	14.3%	5,922,648,277	16.2%
	May-22	638,095,809	15.6%	6,560,744,087	16.2%
	Jun-22	648,065,328	8.7%	7,208,809,415	15.5%
FY 2023	Jul-22	649,002,026	11.7%	649,002,026	11.7%
	Aug-22	601,002,513	8.4%	1,250,004,539	10.1%
	Sep-22	635,296,332	14.1%	1,885,300,871	11.4%
	Oct-22	607,637,076	5.2%	2,492,937,947	9.8%
	Nov-22	627,591,891	10.4%	3,120,529,839	9.9%
	Dec-22	594,136,979	0.9%	3,714,666,817	8.4%
	Jan-23	742,896,503	8.9%	4,457,563,320	8.5%
	Feb-23	629,201,395	11.9%	5,086,764,715	8.9%
	Mar-23	615,851,007	8.2%	5,702,615,722	8.8%
	Apr-23	698,452,161	2.5%	6,401,067,883	8.1%
	May-23	640,244,274	0.3%	7,041,312,157	7.3%
	Jun-23	636,062,914	-1.9%	7,677,375,071	6.5%
FY 2024	Jul-23	651,655,285	0.4%	651,655,285	0.4%
	Aug-23	612,686,408	1.9%	1,264,341,693	1.1%
	Sep-23	652,137,091	2.7%	1,916,478,784	1.6%
	Oct-23	644,260,448	6.0%	2,560,739,232	2.7%
	Nov-23	650,875,046	3.7%	3,211,614,278	2.9%
	Dec-23	659,886,633	11.1%	3,871,500,912	4.2%
	Jan-24	761,377,618	2.5%	4,632,878,529	3.9%
	Feb-24	635,502,787	1.0%	5,268,381,316	3.6%
	Mar-24	629,002,028	2.1%	5,897,383,344	3.4%
	Apr-24	697,586,874	-0.1%	6,594,970,219	3.0%
	May-24	670,035,816	4.7%	7,265,006,035	3.2%
	Jun-24	669,924,092	5.3%	7,934,930,127	3.3%
FY 2025	Jul-24	668,292,436	2.6%	668,292,436	2.6%
	Aug-24	664,290,097	8.4%	1,332,582,533	5.4%
	Sep-24	655,083,085	0.5%	1,987,665,618	3.7%
	Oct-24				
	Nov-24				
	Dec-24				
	Jan-25				
	Feb-25				
	Mar-25				
	Apr-25				
May-25					
Jun-25					

Arizona Sales Tax - Retail (excludes Remote Sellers)

General Fund Collections

		Year-to-Year %	Year-to-Date	Year-to-Date %	
		Collections (\$)	Change	Collections (\$)	
				Change	
FY 2020	Jul-19	223,326,583	5.7%	223,326,583	5.7%
	Aug-19	218,515,683	8.1%	441,842,266	6.9%
	Sep-19	224,398,981	7.4%	666,241,248	7.0%
	Oct-19	212,334,348	3.1%	878,575,595	6.1%
	Nov-19	226,058,857	8.7%	1,104,634,453	6.6%
	Dec-19	237,043,713	3.4%	1,341,678,166	6.0%
	Jan-20	296,380,643	9.7%	1,638,058,809	6.7%
	Feb-20	220,701,710	7.8%	1,858,760,519	6.8%
	Mar-20	216,178,903	8.7%	2,074,939,422	7.0%
	Apr-20	233,261,439	-4.6%	2,308,200,861	5.7%
	May-20	204,551,623	-11.4%	2,512,752,484	4.1%
	Jun-20	243,986,550	6.2%	2,756,739,034	4.3%
FY 2021	Jul-20	253,301,757	13.4%	253,301,757	13.4%
	Aug-20	235,625,289	7.8%	488,927,046	10.7%
	Sep-20	242,957,835	8.3%	731,884,881	9.9%
	Oct-20	246,478,822	16.1%	978,363,702	11.4%
	Nov-20	244,030,042	7.9%	1,222,393,745	10.7%
	Dec-20	258,783,153	9.2%	1,481,176,898	10.4%
	Jan-21	319,065,356	7.7%	1,800,242,254	9.9%
	Feb-21	243,282,812	10.2%	2,043,525,066	9.9%
	Mar-21	248,164,810	14.8%	2,291,689,876	10.4%
	Apr-21	310,197,144	33.0%	2,601,887,020	12.7%
	May-21	288,439,997	41.0%	2,890,327,018	15.0%
	Jun-21	292,066,115	19.7%	3,182,393,133	15.4%
FY 2022	Jul-21	292,003,595	15.3%	292,003,595	15.3%
	Aug-21	271,711,674	15.3%	563,715,269	15.3%
	Sep-21	273,171,861	12.4%	836,887,131	14.3%
	Oct-21	281,877,424	14.4%	1,118,764,554	14.4%
	Nov-21	282,795,895	15.9%	1,401,560,449	14.7%
	Dec-21	297,115,843	14.8%	1,698,676,292	14.7%
	Jan-22	366,573,529	14.9%	2,065,249,821	14.7%
	Feb-22	277,408,356	14.0%	2,342,658,177	14.6%
	Mar-22	279,164,220	12.5%	2,621,822,397	14.4%
	Apr-22	343,629,816	10.8%	2,965,452,213	14.0%
	May-22	322,682,915	11.9%	3,288,135,127	13.8%
	Jun-22	297,858,598	2.0%	3,585,993,725	12.7%
FY 2023	Jul-22	309,278,205	5.9%	309,278,205	5.9%
	Aug-22	284,909,650	4.9%	594,187,854	5.4%
	Sep-22	298,716,640	9.4%	892,904,495	6.7%
	Oct-22	286,457,666	1.6%	1,179,362,161	5.4%
	Nov-22	297,441,463	5.2%	1,476,803,623	5.4%
	Dec-22	302,347,130	1.8%	1,779,150,754	4.7%
	Jan-23	380,389,355	3.8%	2,159,540,109	4.6%
	Feb-23	294,998,922	6.3%	2,454,539,030	4.8%
	Mar-23	284,318,589	1.8%	2,738,857,620	4.5%
	Apr-23	327,838,546	-4.6%	3,066,696,166	3.4%
	May-23	308,452,410	-4.4%	3,375,148,576	2.6%
	Jun-23	311,986,896	4.7%	3,687,135,472	2.8%
FY 2024	Jul-23	310,665,477	0.4%	310,665,477	0.4%
	Aug-23	322,160,677	13.1%	632,826,154	6.5%
	Sep-23	306,000,248	2.4%	938,826,402	5.1%
	Oct-23	316,567,685	10.5%	1,255,394,087	6.4%
	Nov-23	289,917,049	-2.5%	1,545,311,136	4.6%
	Dec-23	309,023,446	2.2%	1,854,334,582	4.2%
	Jan-24	381,662,976	0.3%	2,235,997,558	3.5%
	Feb-24	296,226,588	0.4%	2,532,224,146	3.2%
	Mar-24	287,697,514	1.2%	2,819,921,660	3.0%
	Apr-24	325,209,632	-0.8%	3,145,131,292	2.6%
	May-24	310,444,514	0.6%	3,455,575,806	2.4%
	Jun-24	311,743,414	-0.1%	3,767,319,220	2.2%
FY 2025	Jul-24	308,392,244	-0.7%	308,392,244	-0.7%
	Aug-24	299,292,747	-7.1%	607,684,991	-4.0%
	Sep-24	292,509,467	-4.4%	900,194,458	-4.1%
	Oct-24				
	Nov-24				
	Dec-24				
	Jan-25				
	Feb-25				
	Mar-25				
	Apr-25				
	May-25				
	Jun-25				

Arizona Sales Tax - Prime Contracting General Fund Collections

		Year-to-Year %		Year-to-Date	
		Collections (\$)	Change	Collections (\$)	Change
FY 2020	Jul-19	56,888,601	14.4%	56,888,601	14.4%
	Aug-19	56,066,506	17.9%	112,955,107	16.1%
	Sep-19	57,687,928	21.3%	170,643,034	17.8%
	Oct-19	53,454,327	13.6%	224,097,362	16.8%
	Nov-19	57,244,999	19.3%	281,342,361	17.3%
	Dec-19	55,338,552	18.8%	336,680,912	17.5%
	Jan-20	58,626,740	6.1%	395,307,652	15.7%
	Feb-20	52,838,714	12.4%	448,146,366	15.3%
	Mar-20	52,860,592	16.1%	501,006,958	15.4%
	Apr-20	60,314,033	18.6%	561,320,991	15.7%
	May-20	59,691,556	14.0%	621,012,547	15.6%
	Jun-20	66,229,337	22.8%	687,241,884	16.2%
FY 2021	Jul-20	71,164,940	25.1%	71,164,940	25.1%
	Aug-20	67,947,682	21.2%	139,112,622	23.2%
	Sep-20	64,339,039	11.5%	203,451,661	19.2%
	Oct-20	65,835,028	23.2%	269,286,689	20.2%
	Nov-20	71,392,726	24.7%	340,679,415	21.1%
	Dec-20	60,850,051	10.0%	401,529,466	19.3%
	Jan-21	75,668,105	29.1%	477,197,571	20.7%
	Feb-21	57,746,737	9.3%	534,944,308	19.4%
	Mar-21	55,224,670	4.5%	590,168,978	17.8%
	Apr-21	63,523,092	5.3%	653,692,070	16.5%
	May-21	58,798,985	-1.5%	712,491,055	14.7%
	Jun-21	68,626,727	3.6%	781,117,782	13.7%
FY 2022	Jul-21	70,554,984	-0.9%	70,554,984	-0.9%
	Aug-21	61,523,296	-9.5%	132,078,280	-5.1%
	Sep-21	64,422,550	0.1%	196,500,829	-3.4%
	Oct-21	69,929,932	6.2%	266,430,761	-1.1%
	Nov-21	66,876,078	-6.3%	333,306,839	-2.2%
	Dec-21	66,443,067	9.2%	399,749,907	-0.4%
	Jan-22	81,066,849	7.1%	480,816,756	0.8%
	Feb-22	63,459,736	9.9%	544,276,492	1.7%
	Mar-22	73,239,002	32.6%	617,515,494	4.6%
	Apr-22	81,727,555	28.7%	699,243,050	7.0%
	May-22	77,176,972	31.3%	776,420,022	9.0%
	Jun-22	86,650,119	26.3%	863,070,141	10.5%
FY 2023	Jul-22	88,081,405	24.8%	88,081,405	24.8%
	Aug-22	79,575,020	29.3%	167,656,425	26.9%
	Sep-22	88,873,472	38.0%	256,529,897	30.5%
	Oct-22	86,844,972	24.2%	343,374,869	28.9%
	Nov-22	85,698,258	28.1%	429,073,127	28.7%
	Dec-22	57,217,405	-13.9%	486,290,532	21.6%
	Jan-23	91,261,195	12.6%	577,551,727	20.1%
	Feb-23	81,452,179	28.4%	659,003,906	21.1%
	Mar-23	82,109,104	12.1%	741,113,009	20.0%
	Apr-23	89,433,173	9.4%	830,546,182	18.8%
	May-23	87,964,454	14.0%	918,510,636	18.3%
	Jun-23	98,345,855	13.5%	1,016,856,491	17.8%
FY 2024	Jul-23	99,759,597	13.3%	99,759,597	13.3%
	Aug-23	94,711,048	19.0%	194,470,645	16.0%
	Sep-23	94,234,470	6.0%	288,705,115	12.5%
	Oct-23	90,206,614	3.9%	378,911,729	10.3%
	Nov-23	98,176,859	14.6%	477,088,588	11.2%
	Dec-23	93,315,309	63.1%	570,403,897	17.3%
	Jan-24	103,965,943	13.9%	674,369,839	16.8%
	Feb-24	88,328,932	8.4%	762,698,772	15.7%
	Mar-24	88,715,572	8.0%	851,414,344	14.9%
	Apr-24	94,129,633	5.3%	945,543,977	13.8%
	May-24	96,890,097	10.1%	1,042,434,074	13.5%
	Jun-24	98,133,981	-0.2%	1,140,568,055	12.2%
FY 2025	Jul-24	95,738,186	-4.0%	95,738,186	-4.0%
	Aug-24	98,651,037	4.2%	194,389,223	0.0%
	Sep-24	95,757,458	1.6%	290,146,681	0.5%
	Oct-24				
	Nov-24				
	Dec-24				
	Jan-25				
	Feb-25				
	Mar-25				
	Apr-25				
	May-25				
	Jun-25				

Arizona Sales Tax - Utilities General Fund Collections

		Year-to-Year % Collections (\$)	Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2020	Jul-19	36,659,315	-10.8%	36,659,315	-10.8%
	Aug-19	49,038,211	-5.3%	85,697,526	-7.7%
	Sep-19	51,711,308	-0.8%	137,408,835	-5.2%
	Oct-19	48,413,036	6.6%	185,821,870	-2.4%
	Nov-19	37,486,359	-4.9%	223,308,229	-2.8%
	Dec-19	23,301,623	-21.8%	246,609,852	-5.0%
	Jan-20	26,842,938	-12.4%	273,452,790	-5.8%
	Feb-20	34,230,436	-2.0%	307,683,226	-5.4%
	Mar-20	29,030,736	-8.1%	336,713,962	-5.6%
	Apr-20	28,471,573	-4.2%	365,185,535	-5.5%
	May-20	26,497,521	-8.3%	391,683,056	-5.7%
	Jun-20	34,838,601	6.1%	426,521,657	-4.8%
FY 2021	Jul-20	39,448,529	7.6%	39,448,529	7.6%
	Aug-20	51,924,110	5.9%	91,372,638	6.6%
	Sep-20	55,164,846	6.7%	146,537,484	6.6%
	Oct-20	51,322,090	6.0%	197,859,574	6.5%
	Nov-20	42,457,722	13.3%	240,317,296	7.6%
	Dec-20	32,213,195	38.2%	272,530,491	10.5%
	Jan-21	31,597,819	17.7%	304,128,310	11.2%
	Feb-21	34,478,804	0.7%	338,607,113	10.1%
	Mar-21	32,133,928	10.7%	370,741,042	10.1%
	Apr-21	30,945,050	8.7%	401,686,091	10.0%
	May-21	32,220,326	21.6%	433,906,417	10.8%
	Jun-21	33,975,275	-2.5%	467,881,692	9.7%
FY 2022	Jul-21	47,974,619	21.6%	47,974,619	21.6%
	Aug-21	54,290,364	4.6%	102,264,982	11.9%
	Sep-21	51,953,431	-5.8%	154,218,413	5.2%
	Oct-21	48,053,673	-6.4%	202,272,086	2.2%
	Nov-21	37,785,102	-11.0%	240,057,188	-0.1%
	Dec-21	35,418,309	9.9%	275,475,497	1.1%
	Jan-22	24,452,105	-22.6%	299,927,603	-1.4%
	Feb-22	40,053,874	16.2%	339,981,477	0.4%
	Mar-22	30,073,191	-6.4%	370,054,668	-0.2%
	Apr-22	34,097,444	10.2%	404,152,112	0.6%
	May-22	33,441,255	3.8%	437,593,366	0.8%
	Jun-22	39,402,234	16.0%	476,995,601	1.9%
FY 2023	Jul-22	47,461,438	-1.1%	47,461,438	-1.1%
	Aug-22	52,016,083	-4.2%	99,477,522	-2.7%
	Sep-22	58,972,741	13.5%	158,450,263	2.7%
	Oct-22	12,116,591	-74.8%	170,566,854	-15.7%
	Nov-22	42,608,630	12.8%	213,175,484	-11.2%
	Dec-22	22,382,455	-36.8%	235,557,939	-14.5%
	Jan-23	37,157,222	52.0%	272,715,162	-9.1%
	Feb-23	41,051,527	2.5%	313,766,689	-7.7%
	Mar-23	39,349,838	30.8%	353,116,527	-4.6%
	Apr-23	37,727,295	10.6%	390,843,823	-3.3%
	May-23	34,499,876	3.2%	425,343,699	-2.8%
	Jun-23	44,746,582	13.6%	470,090,281	-1.4%
FY 2024	Jul-23	48,927,909	3.1%	48,927,909	3.1%
	Aug-23	58,587,803	12.6%	107,515,712	8.1%
	Sep-23	64,998,943	10.2%	172,514,655	8.9%
	Oct-23	57,514,535	374.7%	230,029,189	34.9%
	Nov-23	49,747,624	16.8%	279,776,813	31.2%
	Dec-23	40,128,743	79.3%	319,905,556	35.8%
	Jan-24	38,229,047	2.9%	358,134,603	31.3%
	Feb-24	46,058,756	12.2%	404,193,359	28.8%
	Mar-24	41,562,816	5.6%	445,756,175	26.2%
	Apr-24	34,554,799	-8.4%	480,310,974	22.9%
	May-24	40,372,176	17.0%	520,683,150	22.4%
	Jun-24	43,575,914	-2.6%	564,259,064	20.0%
FY 2025	Jul-24	51,331,294	4.9%	51,331,294	4.9%
	Aug-24	70,026,430	19.5%	121,357,724	12.9%
	Sep-24	68,599,834	5.5%	189,957,558	10.1%
	Oct-24				
	Nov-24				
	Dec-24				
	Jan-25				
	Feb-25				
	Mar-25				
	Apr-25				
May-25					
Jun-25					

Arizona Sales Tax - Restaurants and Bars General Fund Collections

		Year-to-Year %		Year-to-Date	Year-to-Date %
		Change		Change	
		Collections (\$)		Collections (\$)	Change
FY 2020	Jul-19	46,012,175	6.5%	46,012,175	6.5%
	Aug-19	43,710,684	6.6%	89,722,859	6.5%
	Sep-19	45,009,825	10.5%	134,732,684	7.8%
	Oct-19	46,200,843	5.0%	180,933,527	7.1%
	Nov-19	48,456,937	6.4%	229,390,465	6.9%
	Dec-19	50,004,874	10.6%	279,395,339	7.6%
	Jan-20	51,824,094	9.0%	331,219,433	7.8%
	Feb-20	50,023,328	4.3%	381,242,761	7.3%
	Mar-20	45,155,773	-5.8%	426,398,534	5.8%
	Apr-20	38,366,785	-33.7%	464,765,318	0.8%
	May-20	29,828,564	-41.4%	494,593,882	-3.4%
	Jun-20	39,382,889	-21.4%	533,976,771	-5.0%
FY 2021	Jul-20	40,907,119	-11.1%	40,907,119	-11.1%
	Aug-20	37,442,715	-14.3%	78,349,834	-12.7%
	Sep-20	39,944,179	-11.3%	118,294,013	-12.2%
	Oct-20	42,270,457	-8.5%	160,564,470	-11.3%
	Nov-20	44,147,506	-8.9%	204,711,976	-10.8%
	Dec-20	43,880,675	-12.2%	248,592,651	-11.0%
	Jan-21	44,683,249	-13.8%	293,275,900	-11.5%
	Feb-21	44,540,805	-11.0%	337,816,705	-11.4%
	Mar-21	48,688,030	7.8%	386,504,735	-9.4%
	Apr-21	59,496,182	55.1%	446,000,916	-4.0%
	May-21	56,725,663	90.2%	502,726,579	1.6%
	Jun-21	59,924,589	52.2%	562,651,168	5.4%
FY 2022	Jul-21	53,943,601	31.9%	53,943,601	31.9%
	Aug-21	53,915,215	44.0%	107,858,817	37.7%
	Sep-21	52,010,680	30.2%	159,869,497	35.1%
	Oct-21	54,903,661	29.9%	214,773,158	33.8%
	Nov-21	60,795,598	37.7%	275,568,756	34.6%
	Dec-21	57,213,946	30.4%	332,782,702	33.9%
	Jan-22	62,926,346	40.8%	395,709,048	34.9%
	Feb-22	56,398,625	26.6%	452,107,673	33.8%
	Mar-22	62,536,745	28.4%	514,644,417	33.2%
	Apr-22	72,652,036	22.1%	587,296,453	31.7%
	May-22	66,694,941	17.6%	653,991,394	30.1%
	Jun-22	66,713,832	11.3%	720,705,227	28.1%
FY 2023	Jul-22	66,756,339	23.8%	66,756,339	23.8%
	Aug-22	58,463,109	8.4%	125,219,449	16.1%
	Sep-22	58,698,373	12.9%	183,917,822	15.0%
	Oct-22	62,023,880	13.0%	245,941,701	14.5%
	Nov-22	65,890,346	8.4%	311,832,047	13.2%
	Dec-22	63,387,489	10.8%	375,219,536	12.8%
	Jan-23	69,369,264	10.2%	444,588,800	12.4%
	Feb-23	65,721,487	16.5%	510,310,287	12.9%
	Mar-23	69,860,672	11.7%	580,170,959	12.7%
	Apr-23	77,788,829	7.1%	657,959,788	12.0%
	May-23	72,369,455	8.5%	730,329,243	11.7%
	Jun-23	69,359,071	4.0%	799,688,314	11.0%
FY 2024	Jul-23	64,413,637	-3.5%	64,413,637	-3.5%
	Aug-23	62,707,115	7.3%	127,120,752	1.5%
	Sep-23	59,907,586	2.1%	187,028,338	1.7%
	Oct-23	65,865,034	6.2%	252,893,371	2.8%
	Nov-23	67,942,243	3.1%	320,835,614	2.9%
	Dec-23	65,437,039	3.2%	386,272,653	2.9%
	Jan-24	72,555,424	4.6%	458,828,077	3.2%
	Feb-24	66,589,783	1.3%	525,417,859	3.0%
	Mar-24	70,881,636	1.5%	596,299,495	2.8%
	Apr-24	81,711,906	5.0%	678,011,401	3.0%
	May-24	74,782,826	3.3%	752,794,227	3.1%
	Jun-24	70,130,211	1.1%	822,924,438	2.9%
FY 2025	Jul-24	66,799,480	3.7%	66,799,480	3.7%
	Aug-24	60,252,619	-3.9%	127,052,100	-0.1%
	Sep-24	61,437,020	2.6%	188,489,120	0.8%
	Oct-24				
	Nov-24				
	Dec-24				
	Jan-25				
	Feb-25				
	Mar-25				
	Apr-25				
	May-25				
	Jun-25				

Arizona Use Tax General Fund Collections

		Year-to-Year %		Year-to-Year %	
	Collections (\$)	Change	Collections (\$)	Change	
FY 2020	Jul-19	32,247,364	31.4%	32,247,364	31.4%
	Aug-19	31,666,706	12.8%	63,914,070	21.5%
	Sep-19	30,812,578	-3.8%	94,726,649	11.9%
	Oct-19	35,078,969	19.4%	129,805,618	13.8%
	Nov-19	30,788,839	-2.9%	160,594,457	10.2%
	Dec-19	23,638,081	-19.7%	184,232,538	5.2%
	Jan-20	40,950,483	12.1%	225,183,021	6.4%
	Feb-20	32,987,125	8.0%	258,170,146	6.6%
	Mar-20	29,721,256	8.5%	287,891,402	6.8%
	Apr-20	35,658,140	-1.4%	323,549,542	5.8%
	May-20	28,299,778	8.5%	351,849,320	6.0%
	Jun-20	32,414,184	7.6%	384,263,505	6.1%
FY 2021	Jul-20	35,409,973	9.8%	35,409,973	9.8%
	Aug-20	33,435,909	5.6%	68,845,882	7.7%
	Sep-20	35,448,520	15.0%	104,294,402	10.1%
	Oct-20	40,023,909	14.1%	144,318,311	11.2%
	Nov-20	35,797,331	16.3%	180,115,642	12.2%
	Dec-20	38,800,162	64.1%	218,915,803	18.8%
	Jan-21	49,405,507	20.6%	268,321,311	19.2%
	Feb-21	38,613,306	17.1%	306,934,617	18.9%
	Mar-21	29,825,679	0.4%	336,760,295	17.0%
	Apr-21	44,034,605	23.5%	380,794,900	17.7%
	May-21	37,687,218	33.2%	418,482,118	18.9%
	Jun-21	31,283,425	-3.5%	449,765,543	17.0%
FY 2022	Jul-21	38,544,284	8.9%	38,544,284	8.9%
	Aug-21	38,550,390	15.3%	77,094,674	12.0%
	Sep-21	42,273,217	19.3%	119,367,892	14.5%
	Oct-21	45,567,346	13.9%	164,935,237	14.3%
	Nov-21	37,887,460	5.8%	202,822,697	12.6%
	Dec-21	42,607,622	9.8%	245,430,319	12.1%
	Jan-22	50,922,803	3.1%	296,353,122	10.4%
	Feb-22	43,158,381	11.8%	339,511,503	10.6%
	Mar-22	36,465,930	22.3%	375,977,433	11.6%
	Apr-22	43,739,945	-0.7%	419,717,378	10.2%
	May-22	44,056,872	16.9%	463,774,250	10.8%
	Jun-22	39,105,929	25.0%	502,880,178	11.8%
FY 2023	Jul-22	49,014,542	27.2%	49,014,542	27.2%
	Aug-22	44,381,003	15.1%	93,395,545	21.1%
	Sep-22	50,335,511	19.1%	143,731,056	20.4%
	Oct-22	51,850,061	13.8%	195,581,117	18.6%
	Nov-22	36,492,256	-3.7%	232,073,373	14.4%
	Dec-22	35,396,107	-16.9%	267,469,480	9.0%
	Jan-23	58,887,739	15.6%	326,357,219	10.1%
	Feb-23	51,635,659	19.6%	377,992,877	11.3%
	Mar-23	41,373,497	13.5%	419,366,374	11.5%
	Apr-23	42,402,162	-3.1%	461,768,536	10.0%
	May-23	35,582,198	-19.2%	497,350,734	7.2%
	Jun-23	35,984,320	-8.0%	533,335,054	6.1%
FY 2024	Jul-23	37,595,741	-23.3%	37,595,741	-23.3%
	Aug-23	(15,406,240)	N/A	22,189,501	-76.2%
	Sep-23	37,777,221	-24.9%	59,966,722	-58.3%
	Oct-23	17,824,165	-65.6%	77,790,886	-60.2%
	Nov-23	38,206,341	4.7%	115,997,228	-50.0%
	Dec-23	44,970,518	27.0%	160,967,746	-39.8%
	Jan-24	53,930,475	-8.4%	214,898,221	-34.2%
	Feb-24	37,056,966	-28.2%	251,955,187	-33.3%
	Mar-24	36,993,461	-10.6%	288,948,648	-31.1%
	Apr-24	40,903,665	-3.5%	329,852,313	-28.6%
	May-24	38,311,692	7.7%	368,164,005	-26.0%
	Jun-24	33,852,712	-5.9%	402,016,717	-24.6%
FY 2025	Jul-24	45,771,314	21.7%	45,771,314	21.7%
	Aug-24	39,185,065	N/A	84,956,379	282.9%
	Sep-24	38,835,680	2.8%	123,792,060	106.4%
	Oct-24				
	Nov-24				
	Dec-24				
	Jan-25				
	Feb-25				
	Mar-25				
	Apr-25				
	May-25				
	Jun-25				

Individual Income Tax

Corporate Income Tax

JLBC FINANCE ADVISORY COMMITTEE (FAC) MEMBERS

State Treasurer Kimberly Yee serves as the state's Chief Banker and Investment Officer, overseeing approximately \$15 billion in state assets. The Treasurer also serves as the Chair of Arizona's State Board of Investment and State Loan Commission and is a member of the State Land Selection Board. Since the FAC's inception, the sitting State Treasurer has been a panelist.

Sarah Brown is the Director of the Governor's Office of Strategic Planning and Budgeting (OSPB). The sitting OSPB Director is always a FAC panelist.

George W. Hammond is Director and Research Professor of the Economic and Business Research Center in the Eller College of Management at the University of Arizona. Dr. Hammond brings 17 years of experience in state and local econometric forecasting and regional economic analysis to the Center. He has completed over 50 regional economic studies on topics that include economic and workforce development, energy forecasting, and the impact of higher education on human capital accumulation.

Karen Jacobs is Acting Deputy Assistant Director in the Office of Economic Research and Analysis (OERA) at the Arizona Department of Revenue. She has been with OERA for over 30 years. Previously, she served as an Economist with the Office of Strategic Planning and Budgeting (OSPB).

John C. Lucking is President of ECON-LINC, an economic consulting firm. Dr. Lucking also serves as a director for Sanu Resources Ltd., an international mineral exploration company, and as a trustee for several municipal bond mutual funds. Previously, he served as Chief Economist for Bank One Arizona and as the Executive Director of the Governor's Partnership for Economic Development (GSPED). Dr. Lucking has been a member of the FAC since 1987.

Alan E. Maguire is the President of The Maguire Company, an economic and public policy consulting firm. Previously he was a senior municipal investment banker, the Chief Deputy Treasurer of Arizona, and the Economic Advisor to the Arizona State Senate. He is member of the Arizona Economic Estimates Commission and a founding member of the Arizona Blue Chip Economic Forecast panel.

Lorenzo Martinez is Senior Director of Health Sciences for the Arizona Board of Regents (ABOR). Mr. Martinez was previously Vice President of Finance and Administration at ABOR and has been with ABOR for a total of 15 years. His work at ABOR centers around working with the universities and industry leaders to align university programs with state workforce needs, with a particular focus on healthcare and health sciences. Prior to ABOR, he served as Assistant Director with the Arizona Joint Legislative Budget Committee.

Elliott D. Pollack is President of Elliott D. Pollack and Company in Scottsdale, Arizona, an economic and real estate consulting firm established in 1987. Mr. Pollack served as Chief Economist of Valley National Bank in Arizona for 14 years prior to establishing his consulting

firm and is currently a member of the Economic Estimates Commission. He has been a member of the FAC since its inception.

Jim Rounds is President of Rounds Consulting Group. The firm specializes in economic development and tax policy research. Previously, Mr. Rounds served as a Senior Economist and Senior Budget Analyst with the Arizona Joint Legislative Budget Committee, and as Senior Vice President at Elliott D. Pollack & Company.

Randie Stein is a Director in the Public Finance Department of the Investment Banking Firm Stifel, Nicolaus & Company, Incorporated. She has been with Stifel since 2004. Ms. Stein has 10 years of experience as a fiscal advisor and Finance Committee analyst in the Arizona State Senate and as an economist/budget analyst with the Joint Legislative Budget Committee and is a former staff director of the School Facilities Board. She has been a member of the FAC since 2005.

Doug Walls is the Labor Market Information Director for the Arizona Office of Economic Opportunity, which generates and manages labor market information for the state. In this role, Mr. Walls provides support for long-term workforce development initiatives around the state. Mr. Walls is also responsible for producing and communicating state employment reports including employment projections, unemployment estimates, median-family income estimates and occupational profiles.