

## MINUTES OF THE MEETING

### FINANCE ADVISORY COMMITTEE

October 9, 2024

Online Meeting, 10:30 a.m.

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#### Members Present:

Sarah Brown, Director, Governor's Office of Strategic Planning and Budgeting (OSPB)  
George Hammond, Director, Economic and Business Research Center, University of Arizona  
Alan E. Maguire, President, The Maguire Company  
Jim Rounds, President, Rounds Consulting Group  
Lorenzo Martinez, Senior Director of Health Sciences, Arizona Board of Regents  
Doug Walls, Labor Market Information Director, Arizona Office of Economic Opportunity

The Finance Advisory Committee (FAC) met on October 9, 2024 to update its 4-sector revenue forecast. The FAC is a 11-member panel of private and public sector economists and their views serve as one of the 4 equal inputs into JLBC's Consensus revenue forecast. The remaining 3 inputs are the JLBC Staff forecast and 2 University of Arizona (UA) models.

The FAC heard presentations on General Fund Revenue collections, the U.S. and Arizona economy. The JLBC Staff provided members with the updated October 4-sector FY 2025 - FY 2028 revenue estimates along with projected ending cash balance estimates. Under the updated forecast, General Fund revenue is projected to increase by 1.8% in FY 2025, followed by a gradual improvement of 3.3% in FY 2026, 4.4% in FY 2027, and 4.6% in FY 2028.

Compared to the enacted budget, the October 4-sector forecast increases FY 2025 General Fund revenue by \$229 million. The upward forecast revision is primarily attributable to the individual and corporate income tax, as well as the insurance premium tax, which are now projected to generate (relative to the enacted budget forecast) and additional \$78 million, \$64 million, and \$56 million, respectively, in FY 2025.

Based on the updated revenue and spending estimates, the General Fund is currently projected to have an ending cash balance of \$469 million in FY 2025 and \$367 million in FY 2026. If the cash balance continues to be carried forward in subsequent years, the projected ending balance would become smaller in FY 2028 at \$159 million. Under the 3-year budget projection, the lowest ending balance effectively determines the amount that is available for discretionary purposes. Therefore, under the updated October forecast the state can choose to allocate up to \$159 million between ongoing and one-time initiatives without causing a shortfall.

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

The meeting adjourned at 11:34 a.m.