Revenue & Economic Update
October 2014
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Report Structure

- Overview/FY 2014 Year End/FY 2015 Range
- Tax Collections:
  - General Fund
  - Transportation Fund
  - Education Fund
  - Federal Funds
- Economic Indicators
- Interstate Tax Changes
- Wealth of the Recovery
- Changing Demographics of Expected Income
- Risks to Forecast
Revenue Range FY 2015

General Fund
General Fund

Severance Taxes

Transportation Fund

Marginal Effect of Oil Price on Motor Fuel Tax Revenue

The downward pressure of oil prices on motor fuel tax revenue reached a peak minimum in 2019, since then the effect has marginally strengthened.
Education Fund
Federal Funds

Federal Revenue Forecast Accuracy

FY 2014 estimate: $1.77
FY 2014 revised final: $4.00

Economic Indicators

Utah Economic Indicators

- Home Prices (FHFA): -2.9% 7.9%
- Average Wages: -1.0% 7.5%
- Nonresidential Permit Value: -0.2% 1.9%
- Residential Permit Value: -0.5% 11.5%
- Dwellings Unit Permits: 0.0% 10.0%
- Total Sales: -2.1% 7.9%
- Retail Sales: 0.1% 13.9%
- Motor Vehicles: 4.1% 11.3%
- Employment: -0.3% 6.6%

Interstate Tax Changes

- State Enacted or Recommended Tax Changes (billions)
- Utah Enacted Tax Changes (static) (billions)

Wealth of the Recovery

- Percentage of Total Income by Top 10% of Earners
- Selling before federal tax increase in 2013
Changes in Lifetime Income

![Graph showing changes in lifetime income by age of household for NASDAQ and Housing busts.]

Global Risks

![Revenue Risk Matrix diagram showing various risks with corresponding probabilities and impacts.]

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# Collections to Date

<table>
<thead>
<tr>
<th>Tax Revenue (In Millions of Dollars)</th>
<th>FY 2014 Final</th>
<th>FY 2015 Consensus</th>
<th>FY 2014 Year-to-Date (10/5/2013)</th>
<th>FY 2015 Year-to-Date (10/5/2014)</th>
<th>FY 2015 Year-to-Date Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales &amp; Use Taxes</td>
<td>$1,656.81</td>
<td>$1,708.61</td>
<td>$433.13</td>
<td>$450.26</td>
<td>4.0%</td>
</tr>
<tr>
<td>Individual Income Tax</td>
<td>2,089.79</td>
<td>2,913.05</td>
<td>606.31</td>
<td>571.24</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Corporate Franchise Tax</td>
<td>313.54</td>
<td>319.46</td>
<td>58.96</td>
<td>91.63</td>
<td>55.4%</td>
</tr>
<tr>
<td>Beer, Cigarette &amp; Tobacco</td>
<td>113.13</td>
<td>114.86</td>
<td>24.02</td>
<td>31.11</td>
<td>29.5%</td>
</tr>
<tr>
<td>Insurance Premium Taxes</td>
<td>91.21</td>
<td>98.73</td>
<td>25.03</td>
<td>24.94</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Sevance Taxes</td>
<td>105.05</td>
<td>92.35</td>
<td>22.01</td>
<td>31.52</td>
<td>43.2%</td>
</tr>
<tr>
<td>Other Sources</td>
<td>249.80</td>
<td>242.37</td>
<td>21.76</td>
<td>26.70</td>
<td>22.7%</td>
</tr>
<tr>
<td><strong>Total - General &amp; Education Funds</strong></td>
<td><strong>$5,419.28</strong></td>
<td><strong>$5,409.42</strong></td>
<td><strong>$1,191.23</strong></td>
<td><strong>$1,227.81</strong></td>
<td><strong>3.0%</strong></td>
</tr>
<tr>
<td>Motor Fuel Tax</td>
<td>$256.76</td>
<td>$255.73</td>
<td>54.08</td>
<td>48.69</td>
<td>-11.3%</td>
</tr>
<tr>
<td>Special Fuel Taxes</td>
<td>101.71</td>
<td>100.14</td>
<td>18.01</td>
<td>15.72</td>
<td>-12.8%</td>
</tr>
<tr>
<td>Other Transportation Fund</td>
<td>82.05</td>
<td>85.47</td>
<td>18.97</td>
<td>18.96</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Total - Transportation Fund</strong></td>
<td><strong>$440.51</strong></td>
<td><strong>$441.24</strong></td>
<td><strong>$91.69</strong></td>
<td><strong>$83.39</strong></td>
<td><strong>-9.0%</strong></td>
</tr>
</tbody>
</table>

Source: LFA, USTC, DOF