Summary

General and Education Fund revenue collections totaled $4.7 billion through the first eight months of FY 2020, representing a year-over-year (YoY) growth rate of 6.7%. The 6.7% growth rate is above the February consensus revenue target of 5.7%. The month saw a decline in growth from 7.6% to 6.7% in February, largely the result of a decline in the income tax growth rate from 10.5% to 8.9%. All of major revenue source categories held generally stable. Of note, early impacts to revenue from the coronavirus would likely begin to show up in late April/early May revenue collections. Prior to filings due at that time, economy-watchers may want to follow the near real-time unemployment insurance claims for any evidence of the national or Utah economy slowing (or accelerating).

General Fund

Through the first eight months of FY 2020 revenue to the General Fund reached $1.9 billion—a growth rate of 7.0%. That exceeds the consensus target of 6.2%. Sales tax revenue is growing at a 7.0%, unchanged from last month’s figure and above February’s target of 6.6%. Part of the strong sales tax performance may stem from increased collection of sales tax on online transactions, but another part is the up-to-now healthy economy. That health may weaken due to coronavirus concerns. Any effects from coronavirus contagion on sales tax revenue may begin to show up late next month.

Education Fund

Education Fund collections through the first eight months of FY 2020 reached $2.8 billion, representing a YoY increase of 6.5%. The 6.5% growth rate was largely the result of individual income tax growth of 8.9% and being offset by weak, but on-target, corporate tax payments. As with sales tax, any effects from the coronavirus will begin to show up in late April/early May.

Transportation Fund

Transportation Fund collections reached $411 million through the first eight months of FY 2020, up 3.8% over the prior year. This is lower than the 4.9% annual target. Should the coronavirus lead to less travel, the effects will show up in April/May.