



ECONOMIC UPDATES

Economics Team
Office of the Legislative Fiscal Analyst



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REVENUE ESTIMATES



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REVENUE ESTIMATES

	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
	FY 2021	FY 2022			FY 2023	
	Surplus	Revised	Revised	Difference	FY 2023	Difference
	Dec. '21	May '21	Dec. '21	May - Dec.	Dec. '21	May - Dec.
¹ General Fund	109,772	3,097,829	3,426,522	328,693	3,342,976	245,147
² Education Fund*	504,720	5,601,595	6,273,377	671,782	6,286,873	685,278
³ Subtotal, GF/EF	614,492	8,699,424	9,699,899	1,000,475	9,629,849	930,425
⁴ Percent incr/(decr)				11.5%		10.7%
⁵ Transportation Fund		674,807	687,233	12,426	726,476	51,669
⁶ Percent incr/(decr)				1.8%		7.7%
⁷ Mineral Lease		54,710	67,541	12,831	71,855	17,145
⁸ Percent incr/(decr)				23.5%		31.3%
⁹ Federal Funds		5,148,000	9,120,740	3,972,740	6,577,557	1,429,557
¹⁰ Percent incr/(decr)				77.2%		27.8%

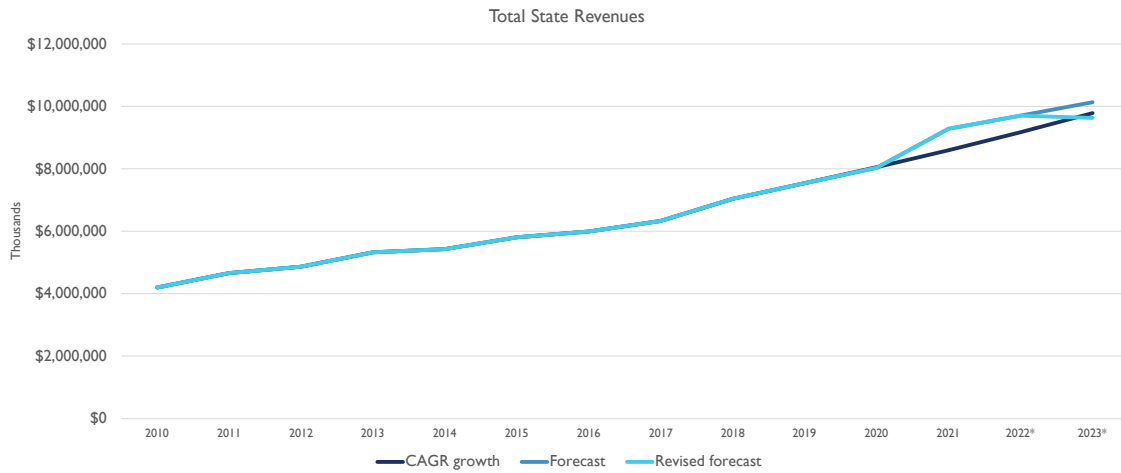
*Not adjusted for Economic Development Tax Increment Financing (EDTIF) set-asides.

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REVENUE TREND REPORT

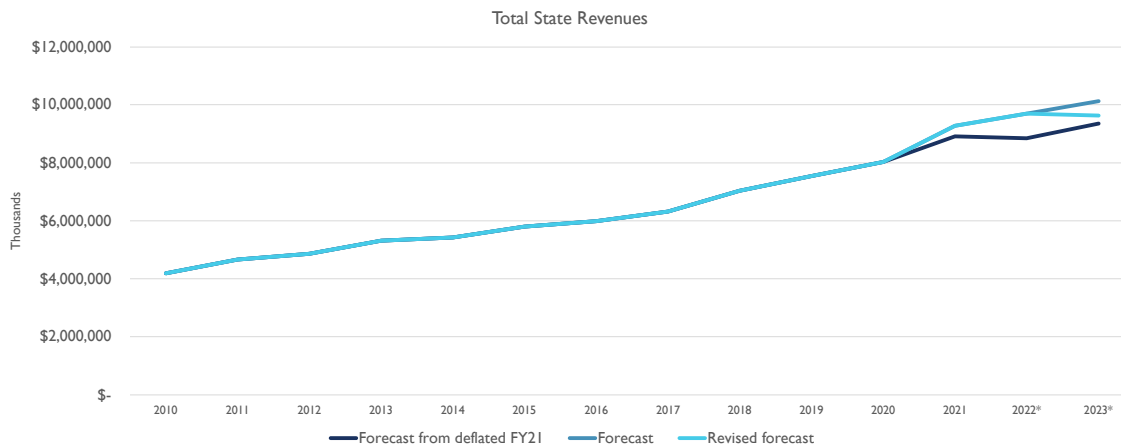
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COMPOUND ANNUAL GROWTH



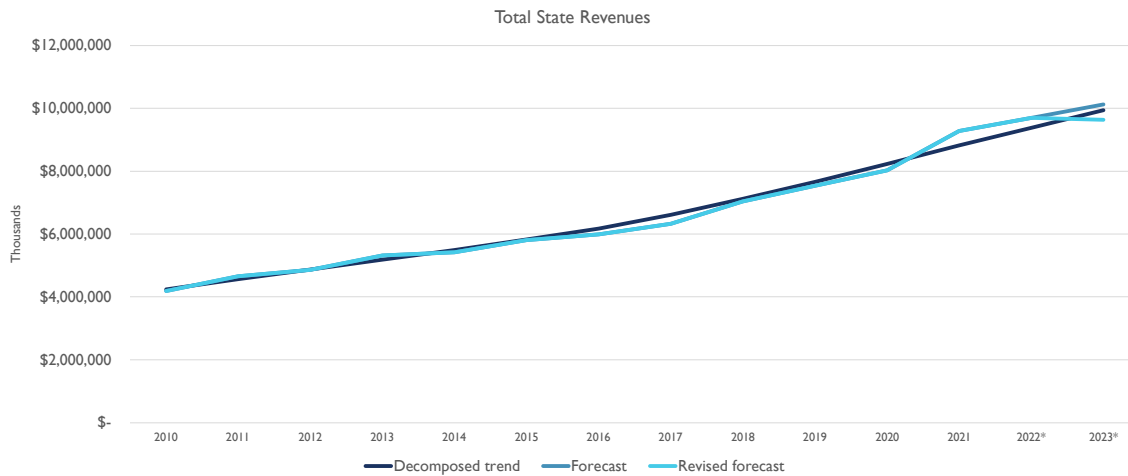
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FORECAST FROM DEFLATED FY21



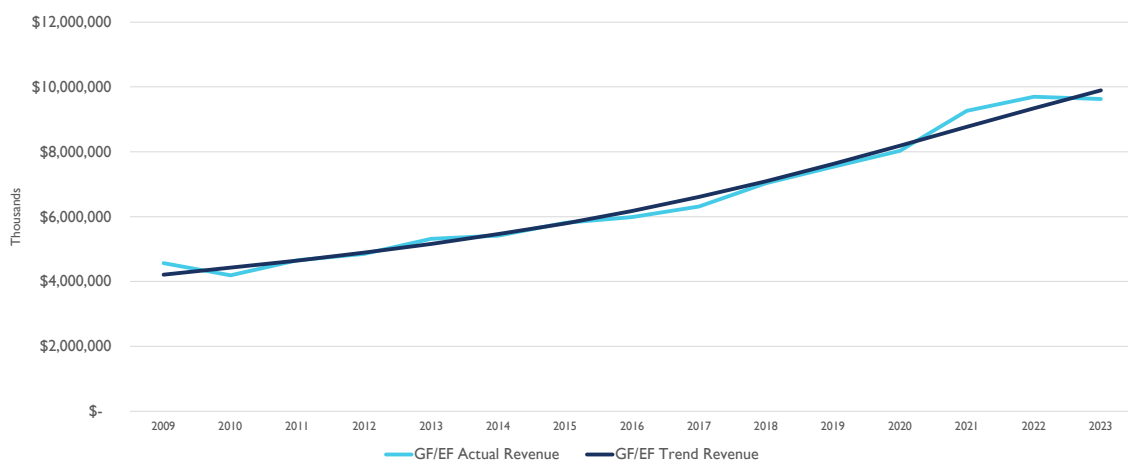
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TIME SERIES DECOMPOSITION



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HODRICK-PRESCOTT FILTER



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ABOVE/BELOW TREND REVENUE (\$M)

General Fund	FY 2022 Trend	FY 2022 Cycle	FY 2023 Trend	FY 2023 Cycle
Sales tax (GF only)	\$2,680	\$185	\$2,846	(\$79)
Cable tax	\$27	(\$1)	\$26	(\$0)
Liquor profits	\$129	(\$1)	\$133	(\$1)
Insurance premiums	\$161	(\$1)	\$169	(\$2)
Beer, cigarette, and tobacco	\$103	(\$0)	\$100	\$1
Oil and gas severance	\$15	\$6	\$15	\$7
Metal severance	\$12	\$1	\$13	\$3
Investment income	\$18	(\$6)	\$16	(\$2)
Other	\$104	(\$1)	\$107	(\$4)
Property/energy credit	(\$6)	(\$0)	(\$6)	(\$0)
<i>Subtotal</i>	<i>\$3,243</i>	<i>\$183</i>	<i>\$3,420</i>	<i>(\$77)</i>
Education Fund				
Individual income tax	\$5,463	\$113	\$5,816	(\$116)
Corporate tax	\$586	\$60	\$617	(\$84)
Mineral production withholding	\$23	\$0	\$24	\$2
Escheats & other	\$27	(\$1)	\$27	\$0
<i>Subtotal</i>	<i>\$6,100</i>	<i>\$173</i>	<i>\$6,484</i>	<i>(\$197)</i>
Total, GF + EF	\$9,344	\$356	\$9,905	(\$275)

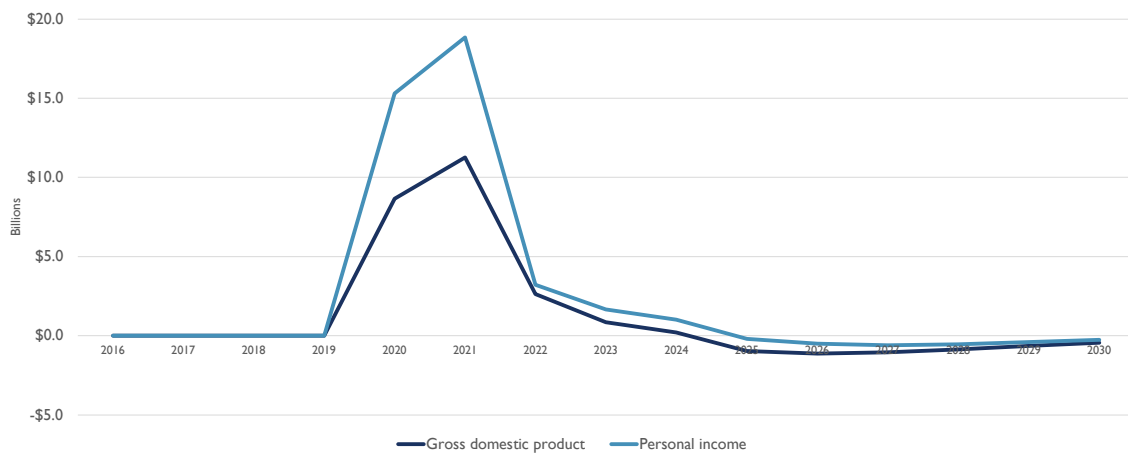
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ABOVE/BELOW TREND COMPARISON

	FY2022	FY2023
CAGR	\$532,821,000	(\$154,575,000)
Forecast from deflated FY21	\$856,945,000	\$276,143,000
Time series decomposition	\$319,981,000	(\$313,605,000)
Hodrick-Prescott filter	\$356,373,000	(\$274,671,000)

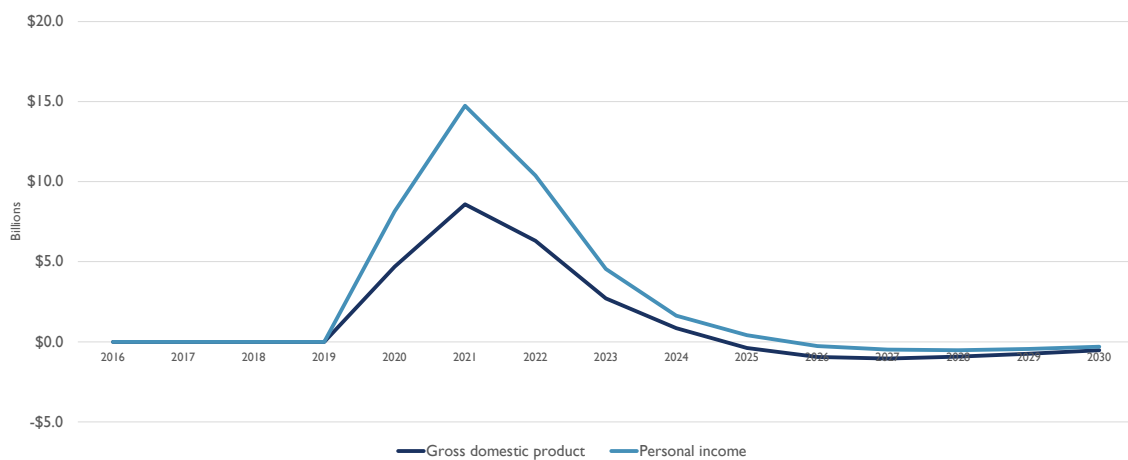
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REMI RESULTS – AS APPROPRIATED



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REMI RESULTS – LONGER SPENDDOWN



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REMI ESTIMATES OF EXCESS REVENUE

	Year 1	Year 2	Year 3	Year 4
As appropriated	\$964,528,000	\$1,187,462,000	\$202,397,000	\$103,953,000
Assumed longer spend-down	\$513,546,000	\$928,884,000	\$654,555,000	\$286,935,000

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FORECAST RISK

Fund	One-time	Ongoing
General Fund	\$50 million	(\$50) million
Education Fund	\$200 million	(\$200) million
Total	\$250 million	(\$250) million

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LONG-TERM BUDGET

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STATUTORY REQUIREMENT

UCA 36-12-13(2)(e)

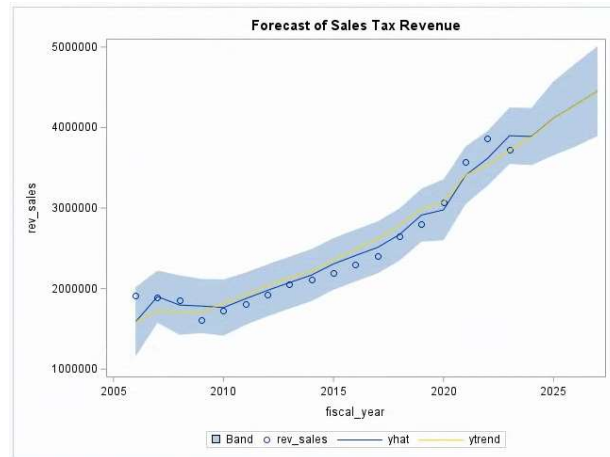
“...beginning in 2017 and repeating every three years after 2017, to prepare the following cycle of analyses of long-term fiscal sustainability:

- (i) in year one, the joint revenue volatility report required under Section 63J-1-205;
- (ii) ***in year two, a long-term budget for programs appropriated from major funds and tax types; and***
- (iii) in year three, a budget stress test comparing estimated future revenue to and expenditure from major funds and tax types under various potential economic conditions;”

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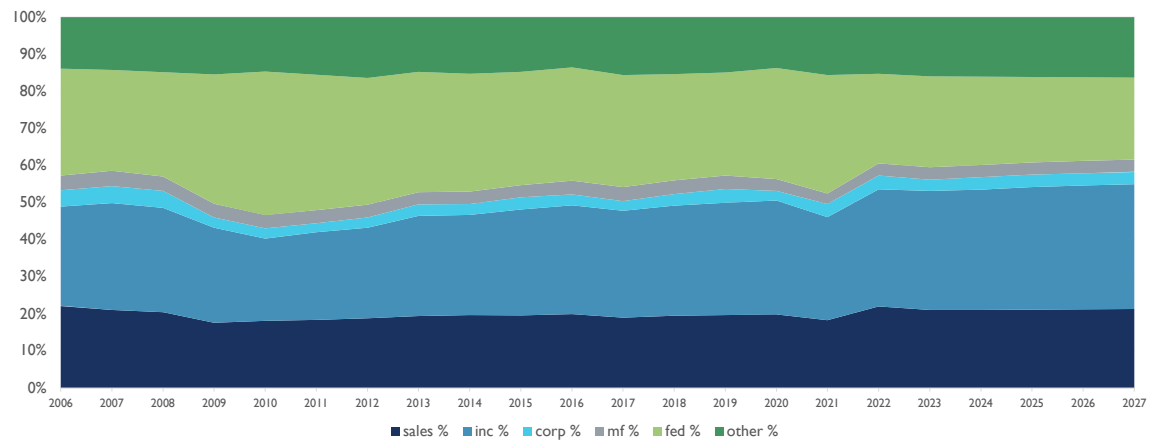
METHODOLOGY

- ARIMA forecast model
- Independent variables
 - Population
 - Recession
 - Strength of economy
 - Payroll
 - Employment
 - Personal income
- Post hoc inflation adjustment
- Time series decomposition smoothing



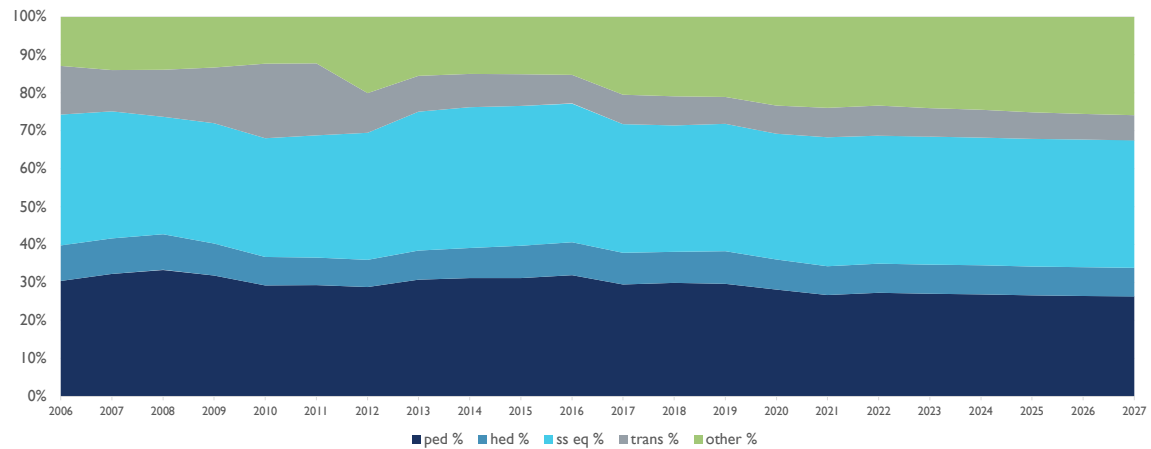
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REVENUES AS % OF TOTAL



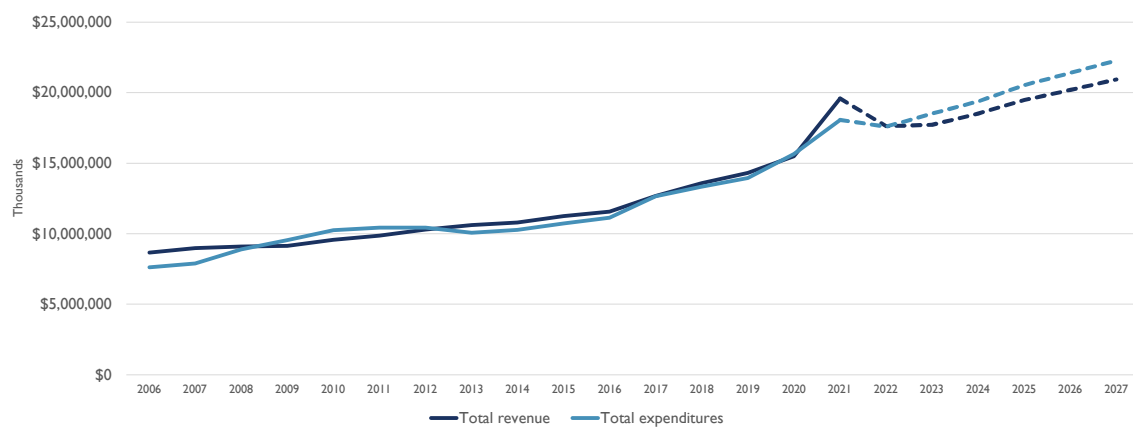
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EXPENDITURES AS % OF TOTAL

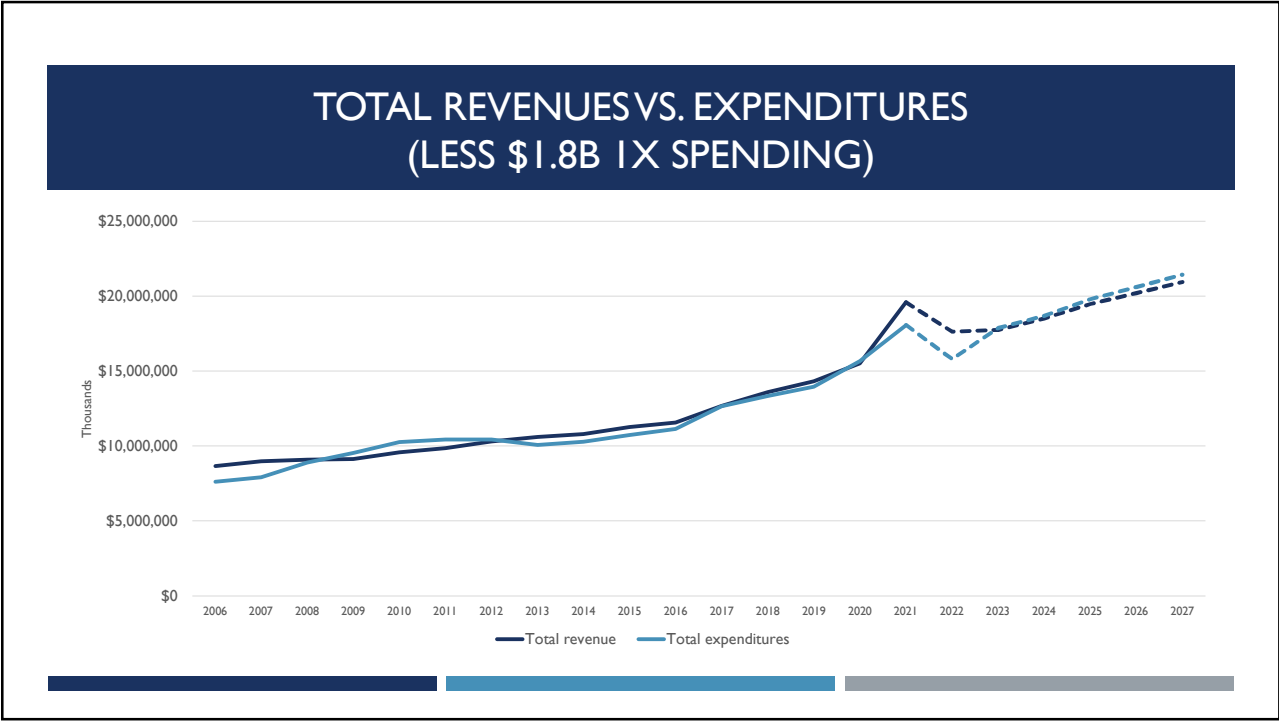


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TOTAL REVENUES VS. EXPENDITURES



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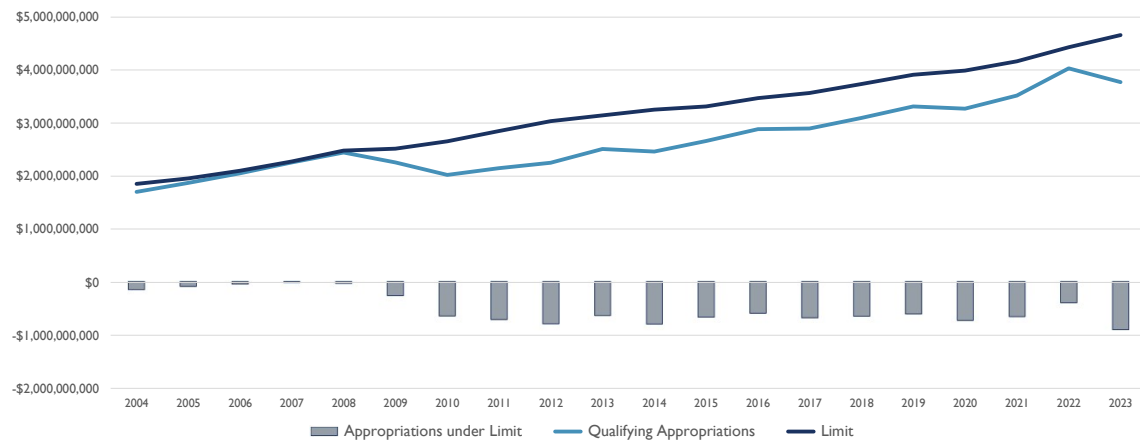


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OTHER CONSTRAINTS

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APPROPRIATIONS LIMIT



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APPROPRIATIONS LIMIT

	FY 2022	FY 2023
Appropriations limit	\$4,42,710,000	\$4,658,330,000
Qualifying appropriations	\$4,032,307,000	\$3,773,802,000
Amount below/(above) limit	\$394,403,000	\$884,528,000

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AVAILABLE GENERAL FUND

	FY 2022	FY 2023
Higher Education	\$32 m	\$405 m
Children and Disabled	\$0	\$320 m
Total	\$32 m	\$725 m

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EDUCATION STABILIZATION OFFSET

53F-9-204. Public Education Economic Stabilization Restricted Account

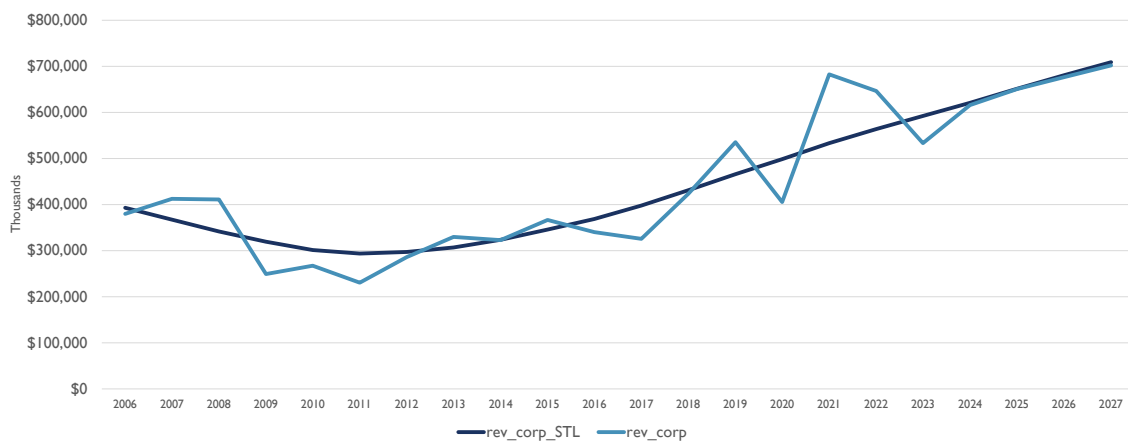
- “the ongoing appropriation to the account shall be used to fund...one-time appropriations to the public education system”

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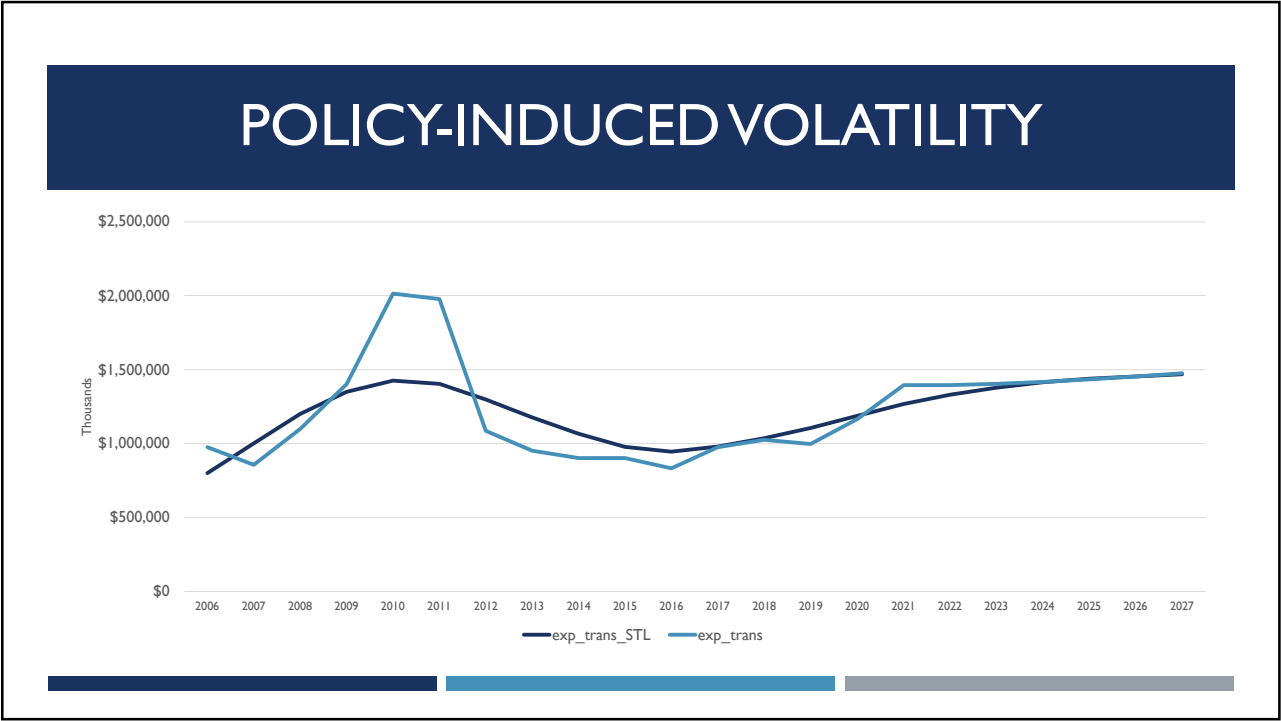
QUESTIONS?

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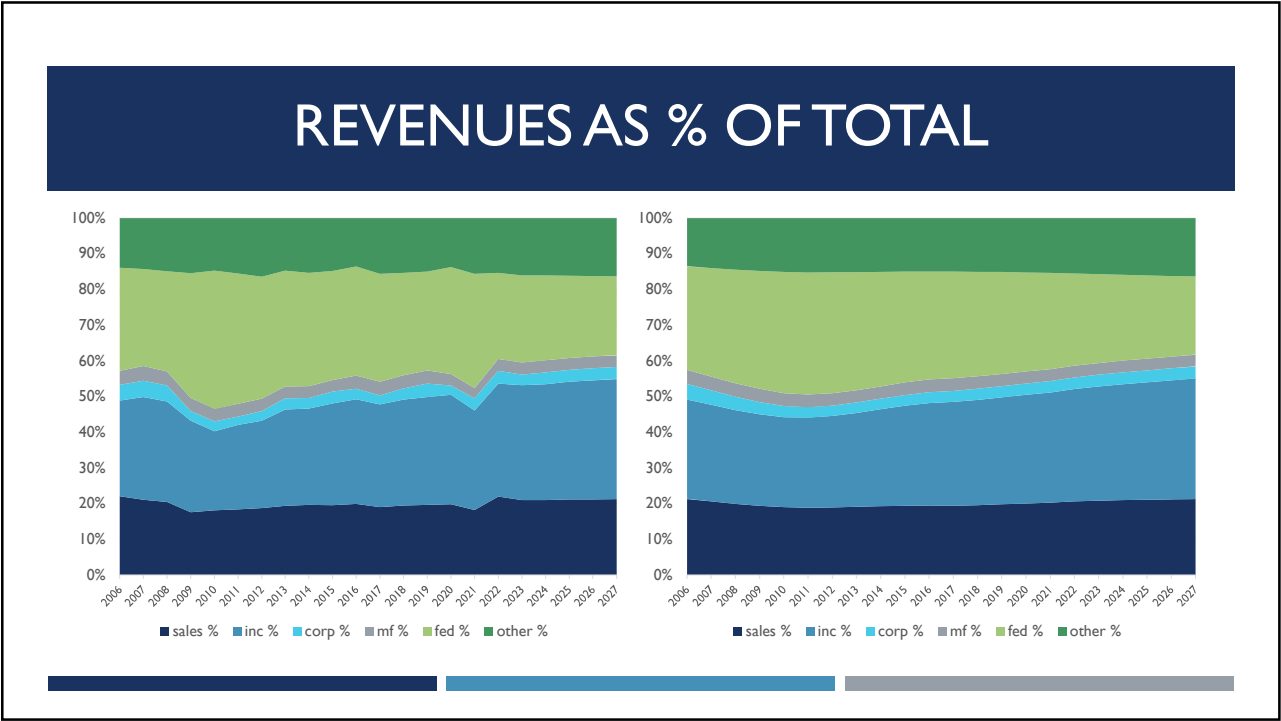
INHERENT SERIES VOLATILITY



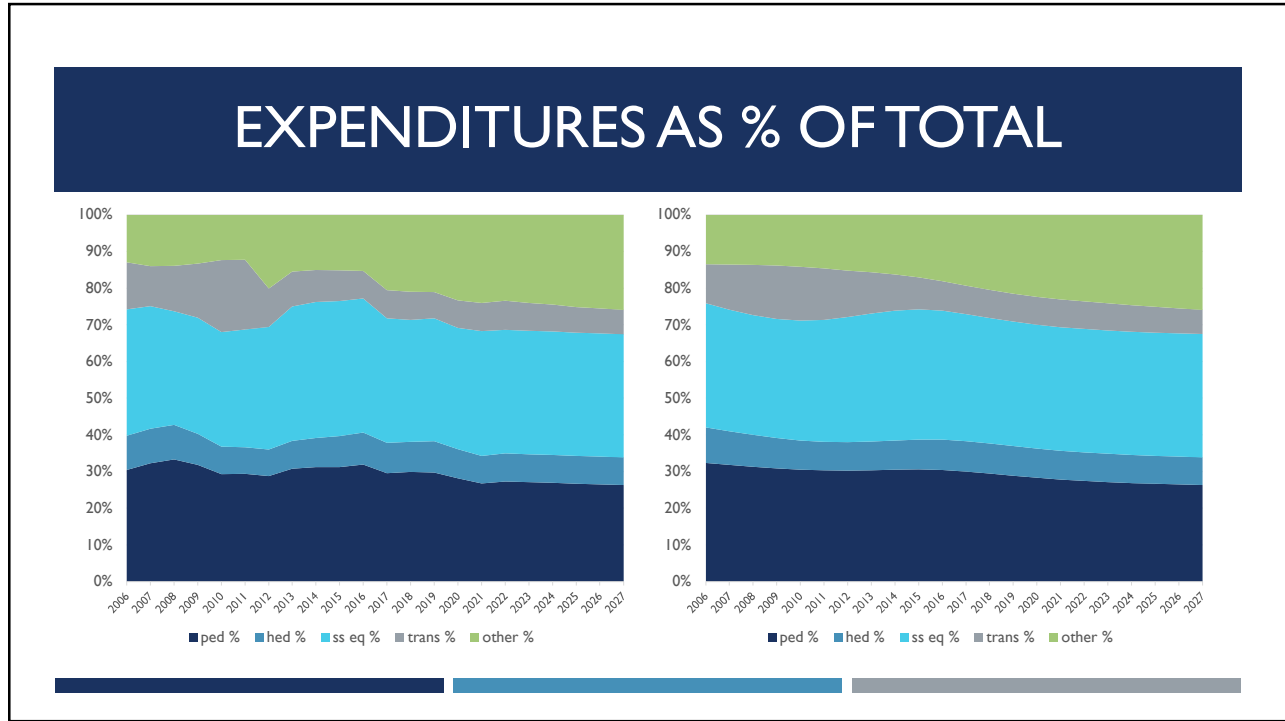
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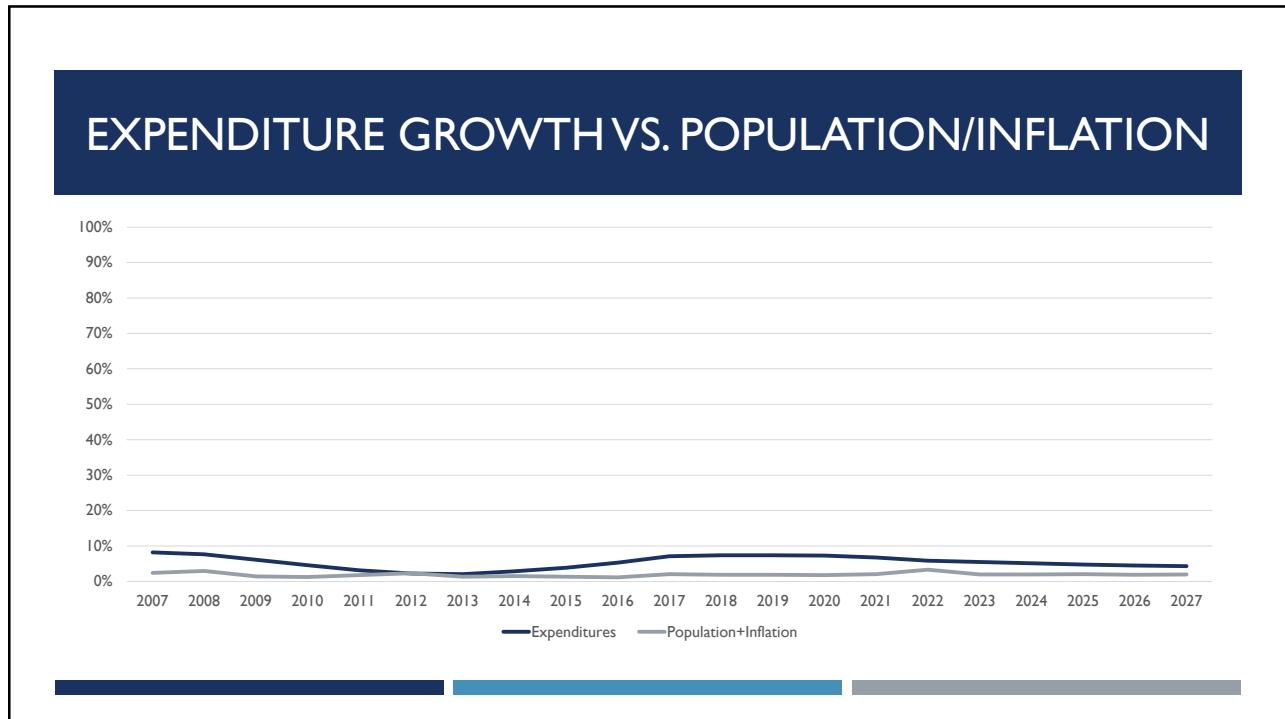
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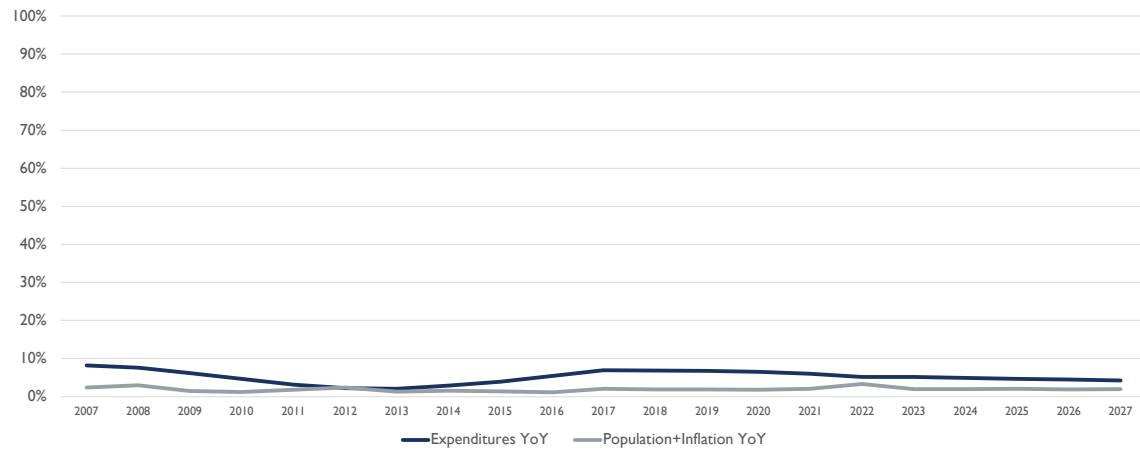


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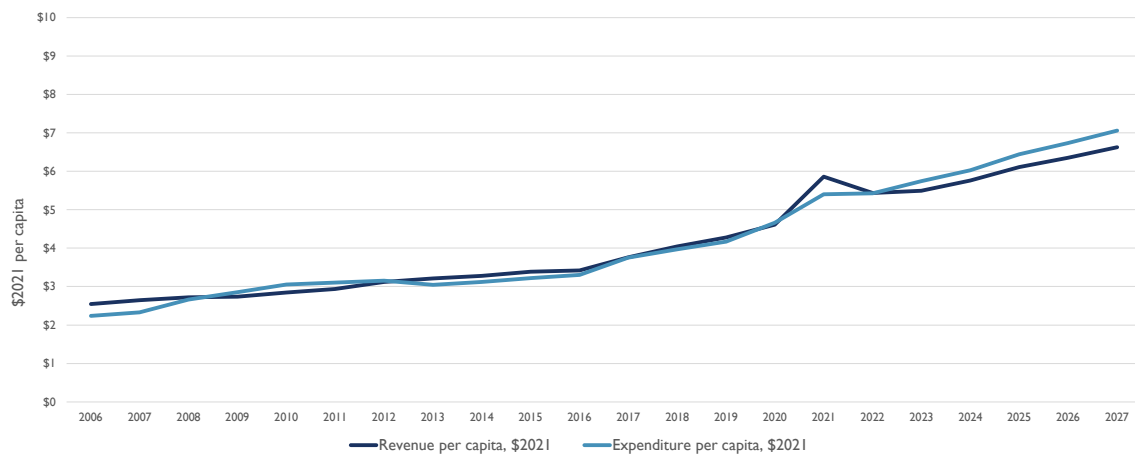
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EXPENDITURE GROWTH VS. POPULATION/INFLATION (ALT)



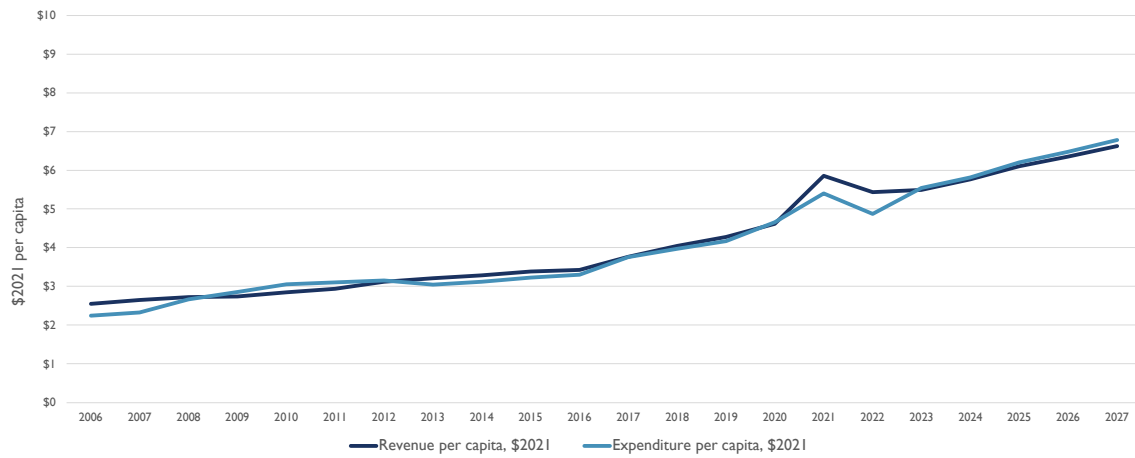
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ACTUAL REVENUES AND EXPENDITURES, INFLATION-ADJUSTED PER CAPITA



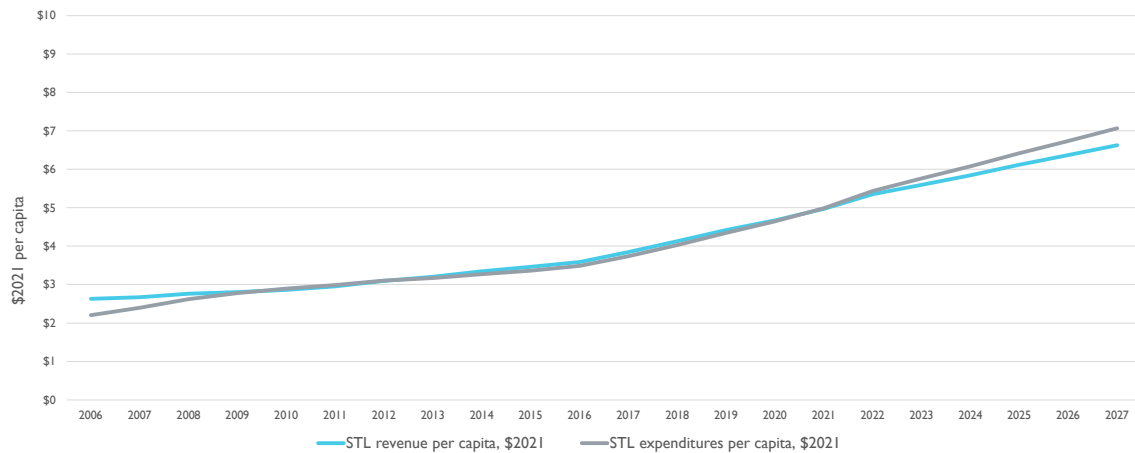
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ACTUAL REVENUES AND EXPENDITURES, INFLATION-ADJUSTED PER CAPITA (ALT)



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SMOOTHED REVENUES AND EXPENDITURES, INFLATION-ADJUSTED PER CAPITA



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