

MONTHLY STATE REVENUE SNAPSHOT OCT 2022

based on the Utah State Tax Commission Monthly Revenue Summary (Report TC-23)

General Fund	Projected Growth Rate - February Estimates (Annual)	YoY Growth Rate	Projected Range in Collections Through 3 Months	Actual Collections	Year-End Forecast	22-Apr	22-May	22-Jun	22-Oct
Sales & Use Tax	-5.0%	13.5%	\$662,000,000 - \$810,000,000	\$881,285,799	\$2,832,961,188	19.1%	18.8%	18.0%	13.5%
All Other Sources	4.8%	33.5%	\$165,000,000 - \$201,000,000	\$176,487,128	\$570,220,105	17.8%	27.1%	27.7%	33.5%
Subtotal General Fund	-4.7%	16.4%		\$1,057,772,927	\$3,403,181,694	18.9%	20.1%	19.7%	16.4%
Sales & Use Tax Set-Asides	-0.9%	10.3%	\$243,000,000 - \$297,000,000	\$268,621,476	\$1,044,943,971	19.8%	18.7%	17.1%	10.3%
Income Tax Fund/Uniform School Fund									
Individual Income Tax	-1.0%	11.1%	\$1,509,000,000 - \$1,844,000,000	\$1,314,000,509	\$5,730,920,399	28.7%	12.8%	10.8%	11.1%
Corporate Tax	-26.4%	-2.6%	\$155,000,000 - \$190,000,000	\$181,894,296	\$529,066,843	28.6%	28.7%	26.2%	-2.6%
All Other Sources	5.1%	107.4%	\$23,000,000 - \$28,000,000	\$15,733,503	\$61,827,082	73.1%	136.0%	192.5%	107.4%
Subtotal Income Tax Fund	-3.7%	9.8%		\$1,511,628,308	\$6,321,814,325	28.8%	14.8%	13.3%	9.8%
Subtotal GF/ITF/USF	-4.1%	11.1%		\$2,569,401,234	\$9,724,996,019	25.7%	16.0%	11.3%	11.1%
Transportation Fund									
Motor Fuel Tax	4.9%	-6.6%	\$94,000,000 - \$115,000,000	\$96,961,521	\$422,319,147	5.4%	5.9%	5.2%	-6.6%
Special Fuel Tax	5.9%	14.0%	\$41,000,000 - \$51,000,000	\$41,635,673	\$177,970,688	-2.5%	3.0%	1.1%	14.0%
Other	5.4%	8.0%	\$29,000,000 - \$35,000,000	\$28,596,423	\$126,874,667	7.2%	6.1%	6.0%	8.0%
Subtotal Transportation Fund	5.2%	0.2%		\$167,193,617	\$727,164,502	3.7%	5.2%	4.3%	0.2%
Total, GF/ITF/USF/TF	-3.5%	10.4%		\$2,736,594,852	\$10,452,160,521	24.3%	15.3%	10.9%	10.4%

SUMMARY

In the first three months of FY 2023, revenue to the General and Income Tax Funds was over \$2.5 billion, which represents a year-over-year (YoY) increase of 11.1%, compared to a target rate of -4.1%. State economists are preparing to re-estimate revenue for FY 2023 and FY 2024; upcoming snapshots will reflect the new targets.

While economists have expressed concern over the last several months about an economic downturn, those concerns are not yet materializing in state revenue. Collections from most sources remain strong. Notable exceptions include corporate income tax and motor fuel tax, both of which are experiencing negative growth. While other revenue streams remain robust, year-to-date rates of growth have been softening over the last several months in major sources such as sales tax and individual income tax.

GENERAL FUND

General Fund collections totaled over \$1.0 billion in the first three months of FY 2023, growing 16.4% YoY, compared to the targeted growth rate of -4.7%. Sales tax collections continue their stalwart march, although the 13.5% YoY growth rate is lower than FY 2022's year-end growth of 18.0%. Consumer sentiment in Utah has been declining since April, but many households have used excess savings to soften the strain of inflation and smooth their spending. Additionally, high inflation bolsters sales tax collections due to higher prices; the General Fund is also benefiting from 149% year-over growth in oil and gas severance tax.

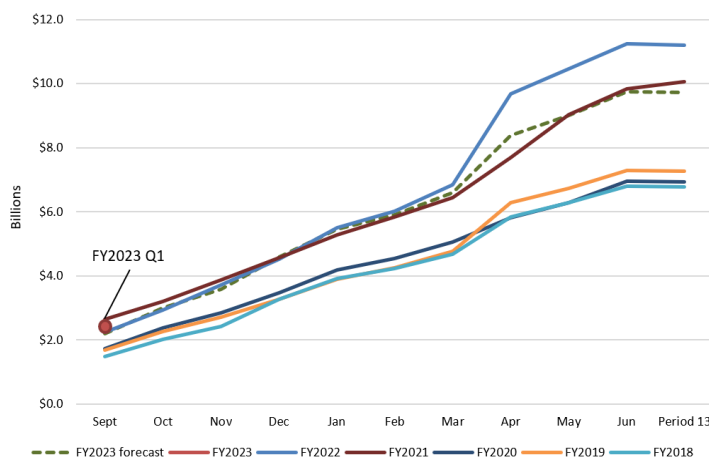
INCOME TAX FUND

Income Tax Fund collections reached over \$1.5 billion in the first three months of FY 2023, representing a YoY increase of 9.8%, compared to the target rate of -3.7%. While individual income tax collections are increasing YoY above the predicted rate, bolstered by wage growth and low unemployment, corporate income tax is declining at a rate of -2.6% YoY. While this is well above predictions, stock market shocks and increasing interest rates are weighing on growth, as well as the strength of the dollar compared to foreign currencies and economic crises abroad, which have the dual effect of decreasing consumer demand for American products abroad and reducing corporate profits, which could affect corporate collections in the months to come.

TRANSPORTATION FUND

Transportation Fund collections totaled over \$167 million in the first three months of FY 2023, representing a YoY growth rate of 0.2%, compared to the target rate of 5.2%. The main driver of this growth was special fuel tax, which came in at 14.0% YoY, compared to a target rate of 5.9%. However, high gas prices may have resulted in demand destruction over the last few months, as motor fuel tax declined by -6.6%, compared to a target of 4.9%. As motor fuel revenue has proven elastic and uncertainty remains around the Russia/Ukraine conflict, which has been a driver of high oil prices this year, the trajectory of Transportation Fund revenues this fiscal year is unclear.

GF/ITF Collections



A Joint Publication of:

Office of the
Legislative Fiscal Analyst



GOVERNOR'S OFFICE OF
Planning & Budget

October 19, 2022