



Economic Sustainability

Executive Appropriations Committee

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1

Headwinds and Tailwinds

Headwinds

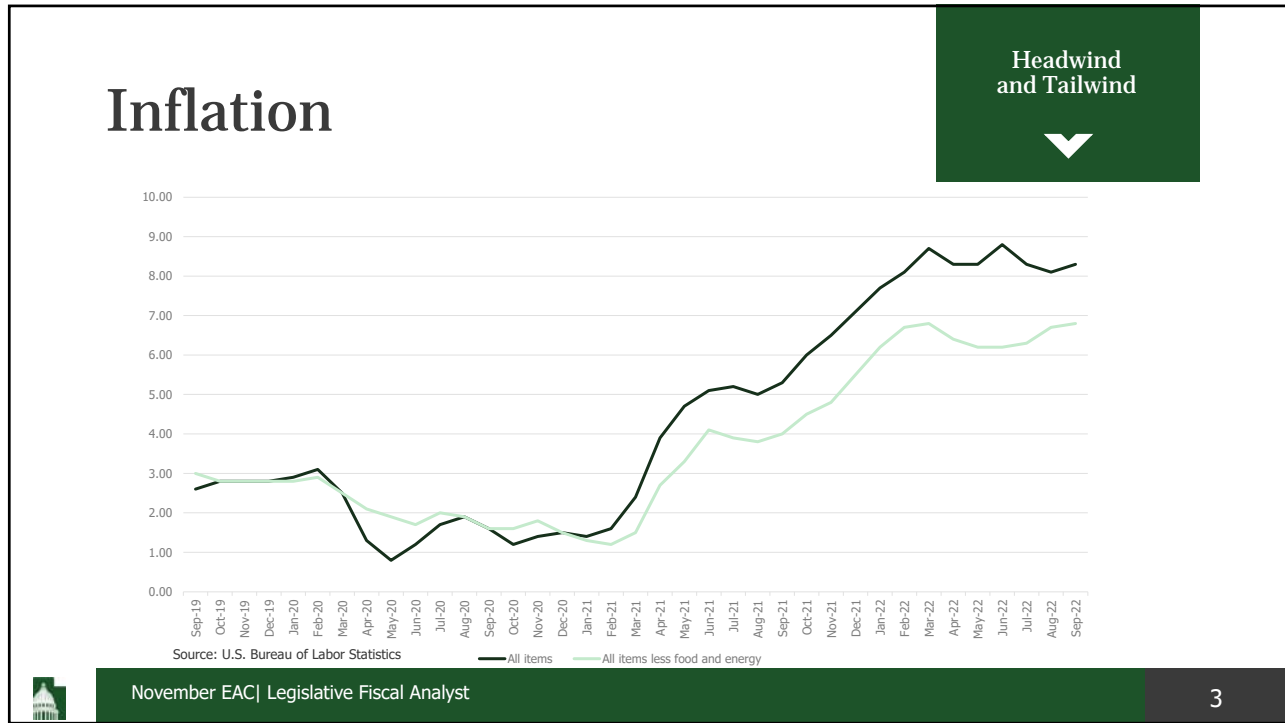
- Inflation
- Consumer confidence
- Residential housing investment and mortgage rates
- Supply chain problems

Tailwinds

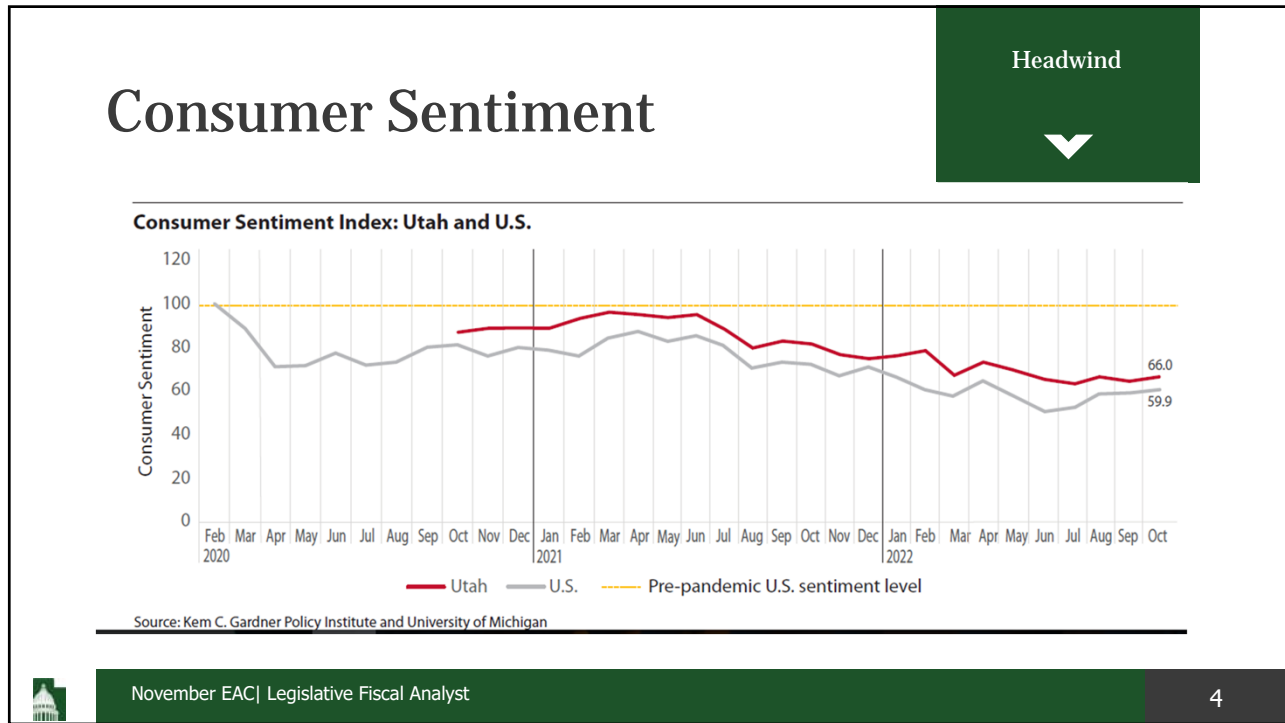
- Labor
- Low unemployment
- Taxable sales



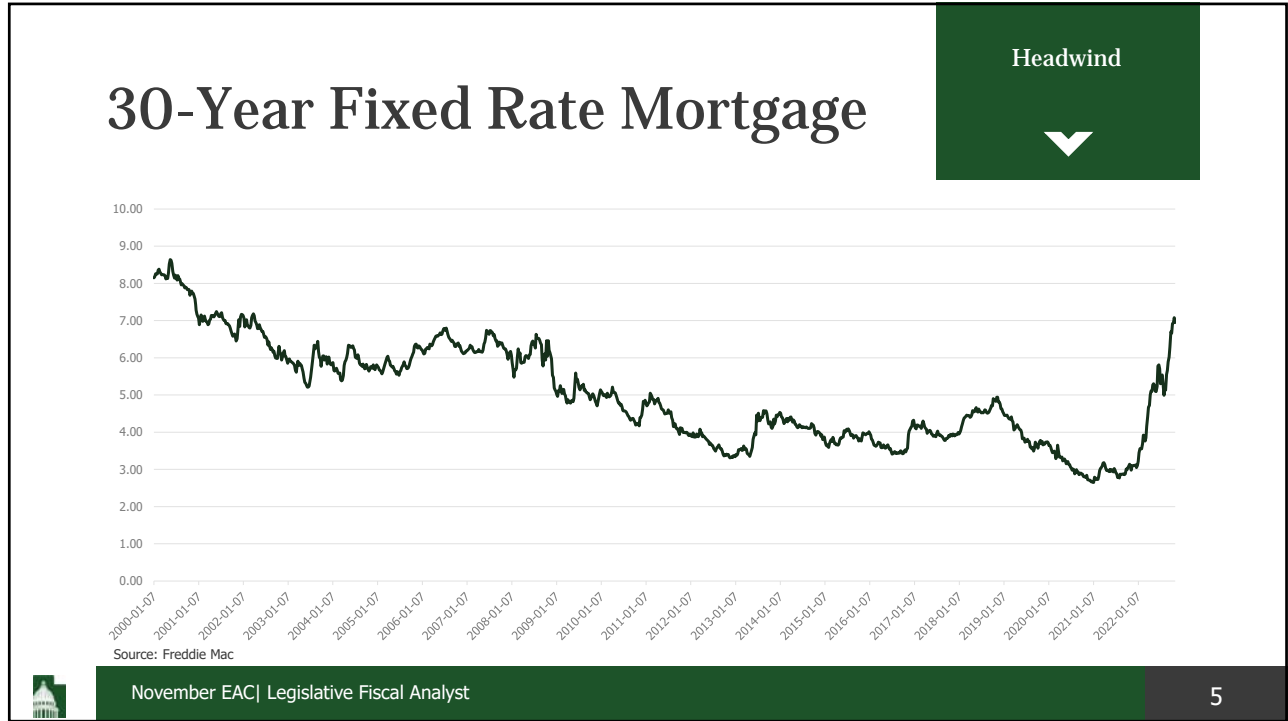
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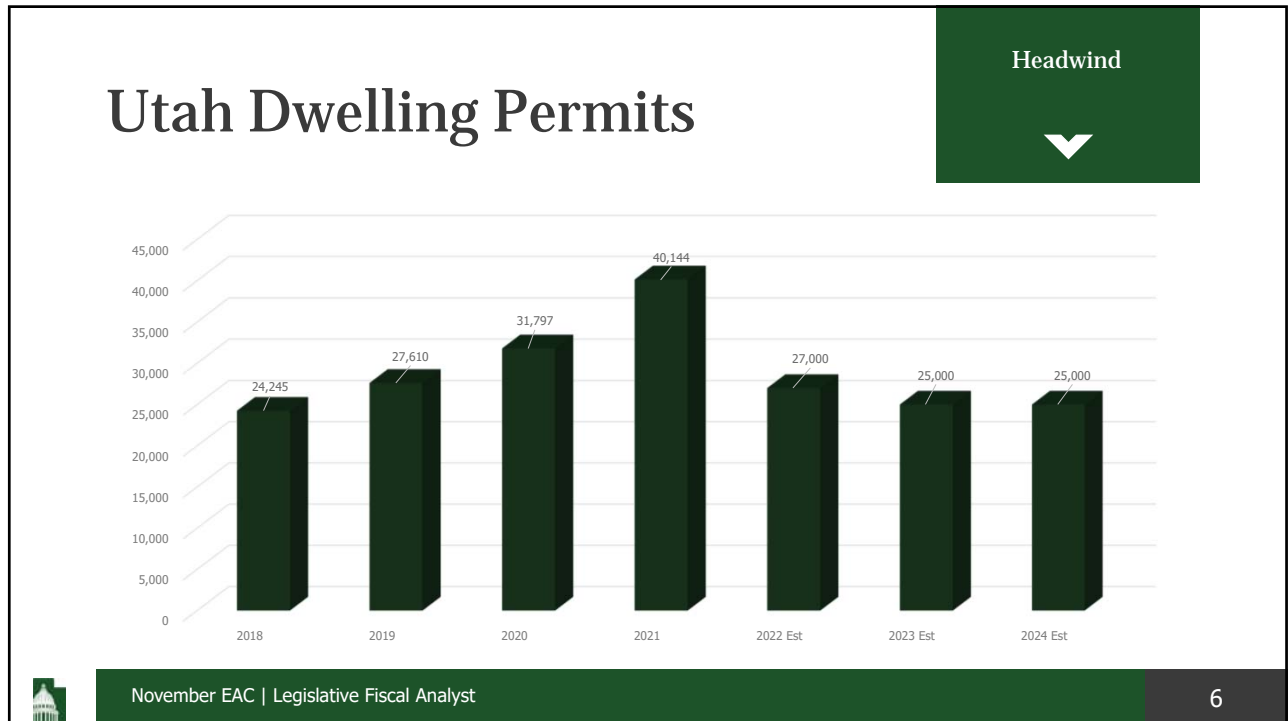
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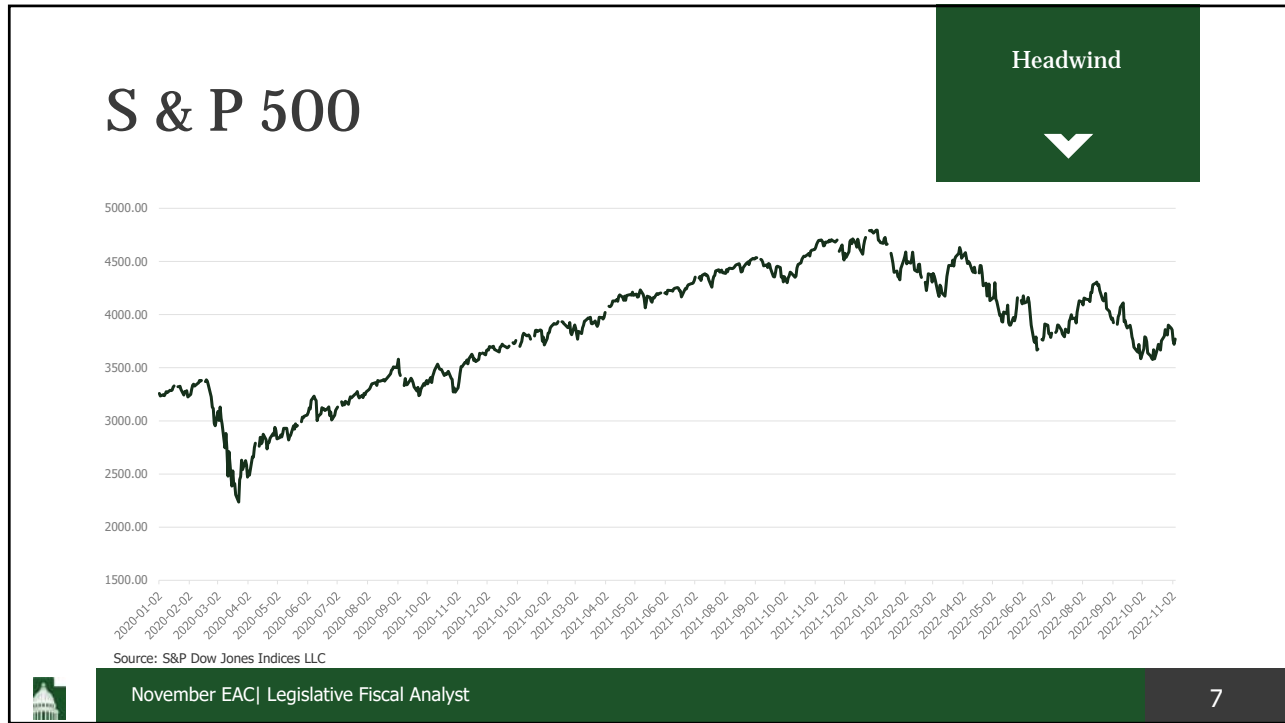
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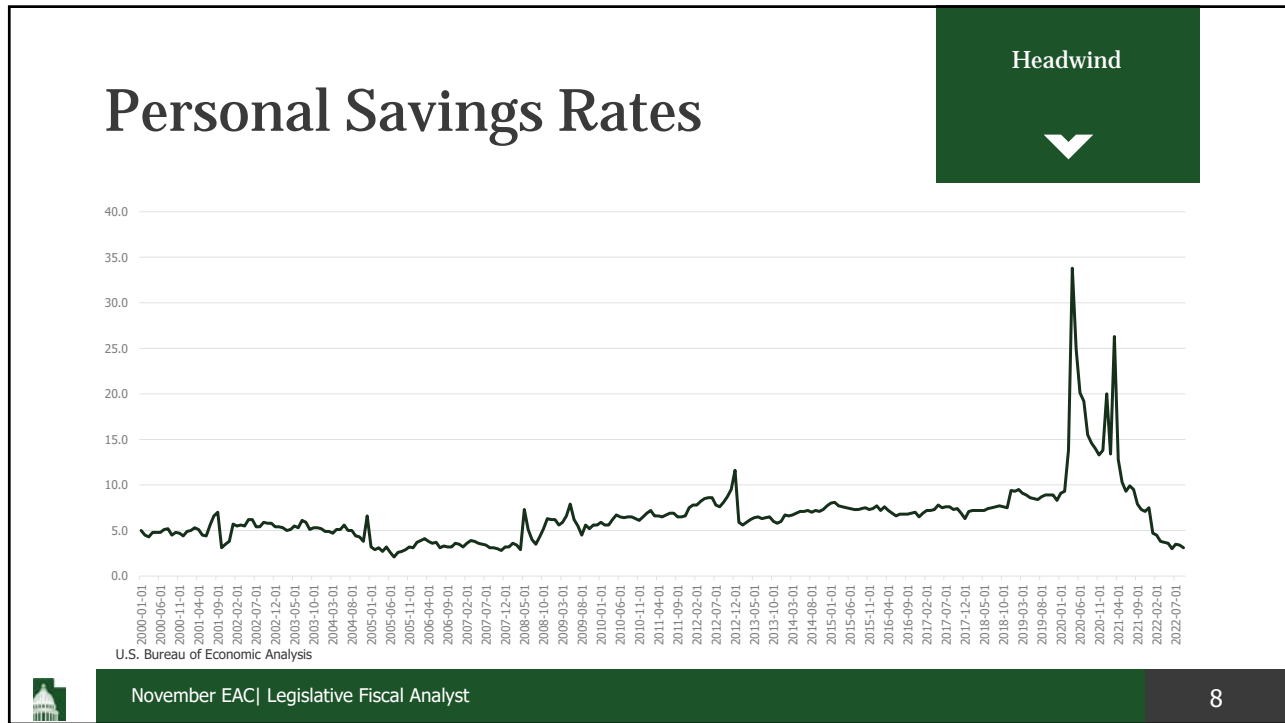
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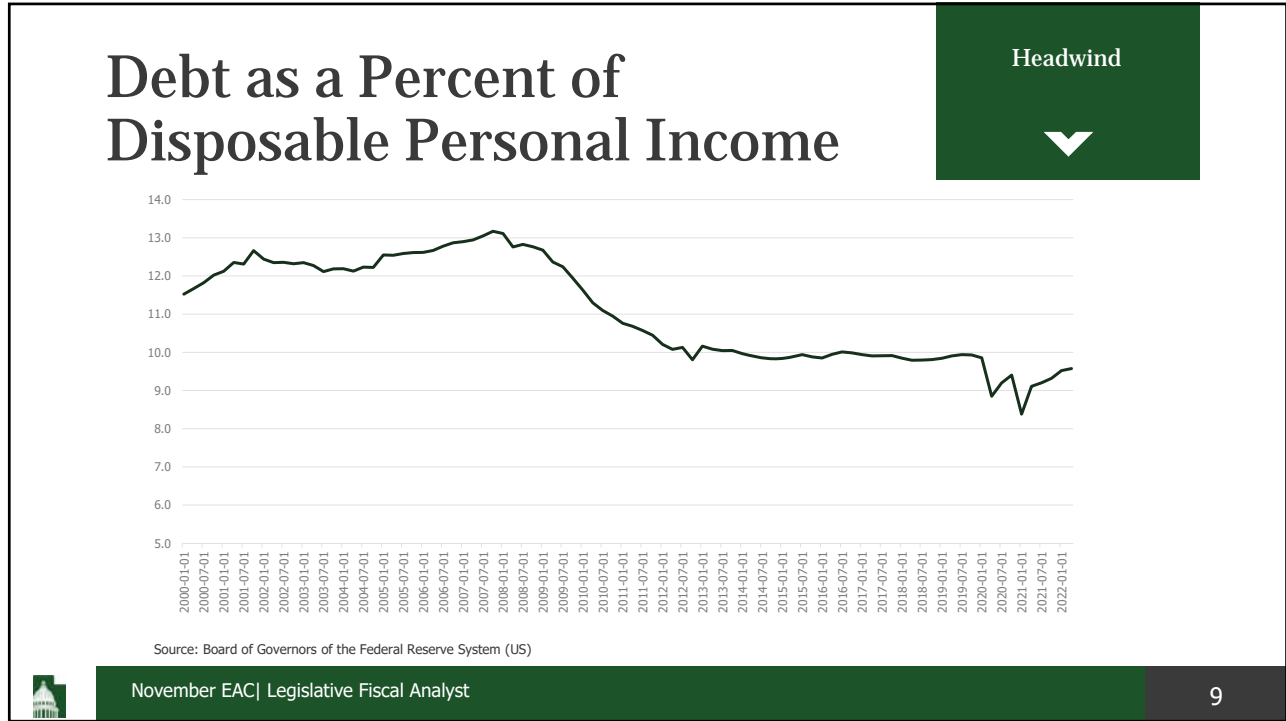
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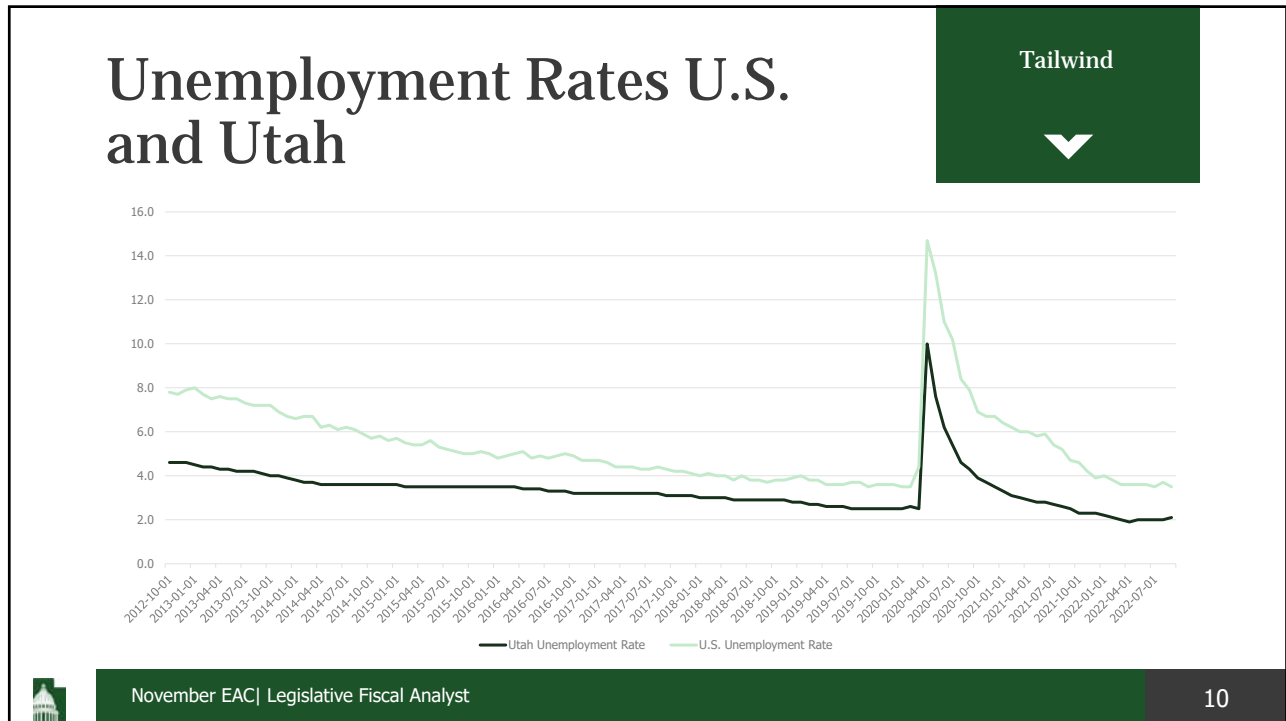
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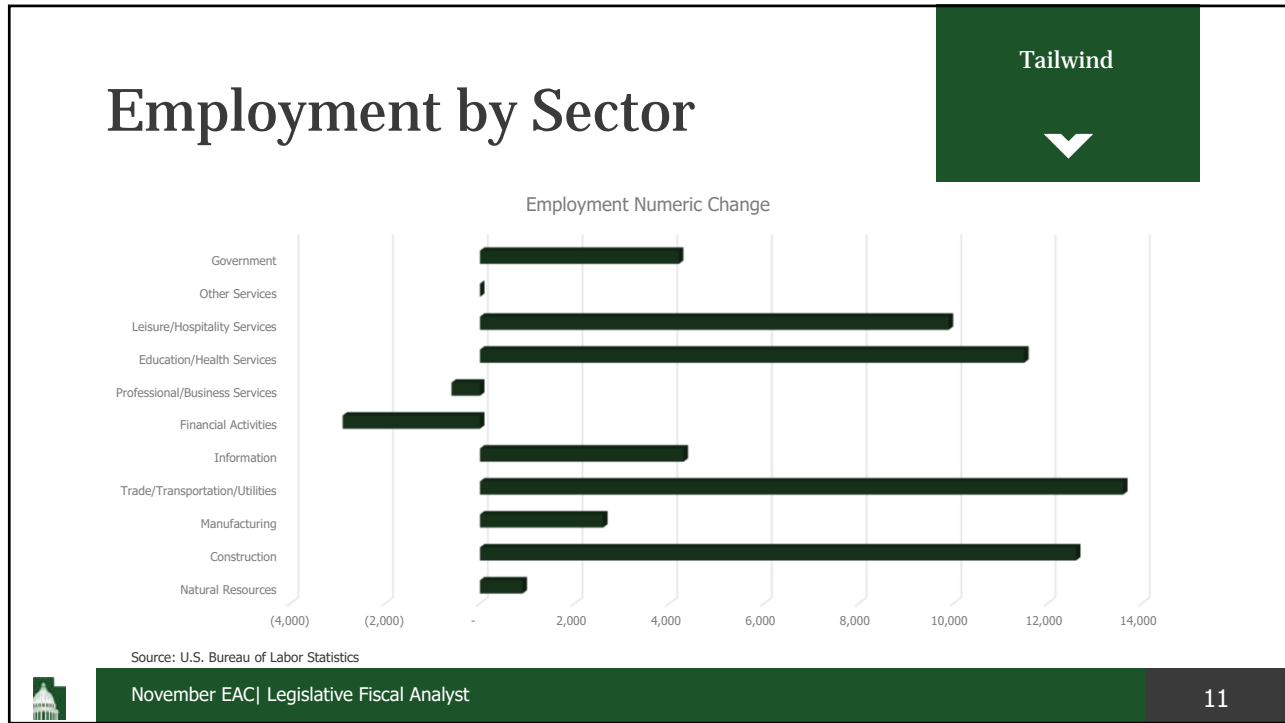
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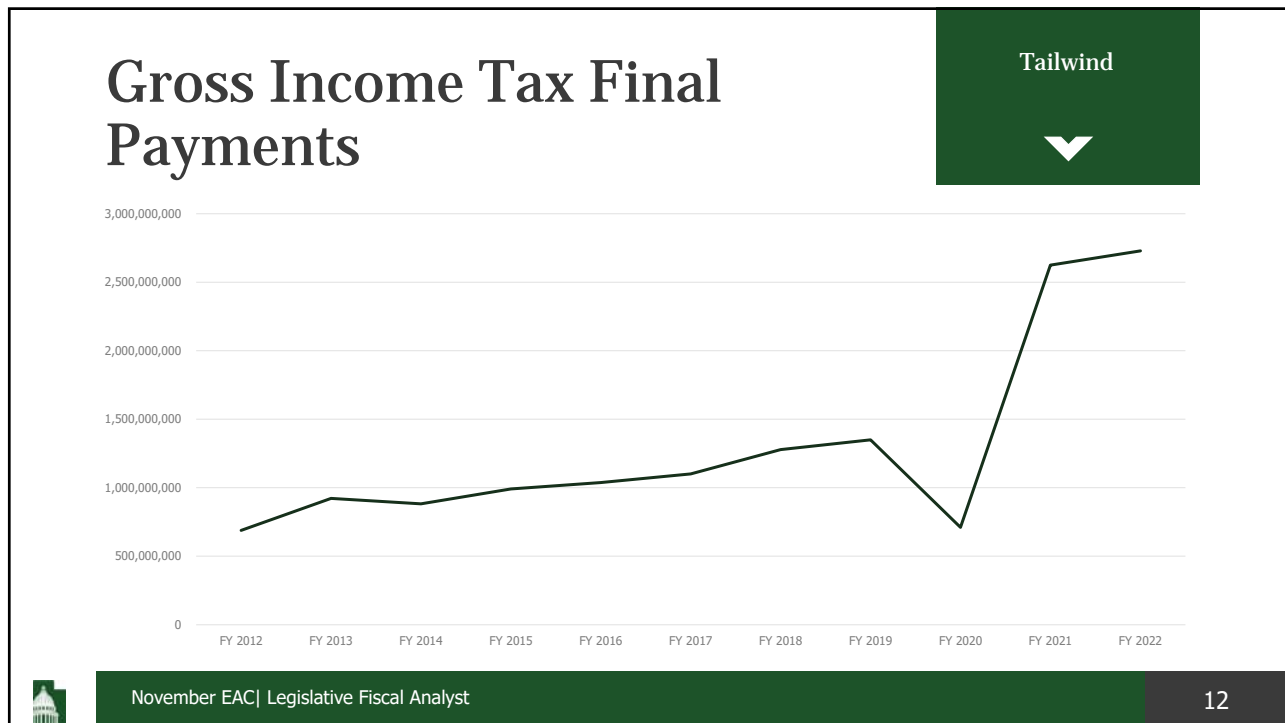
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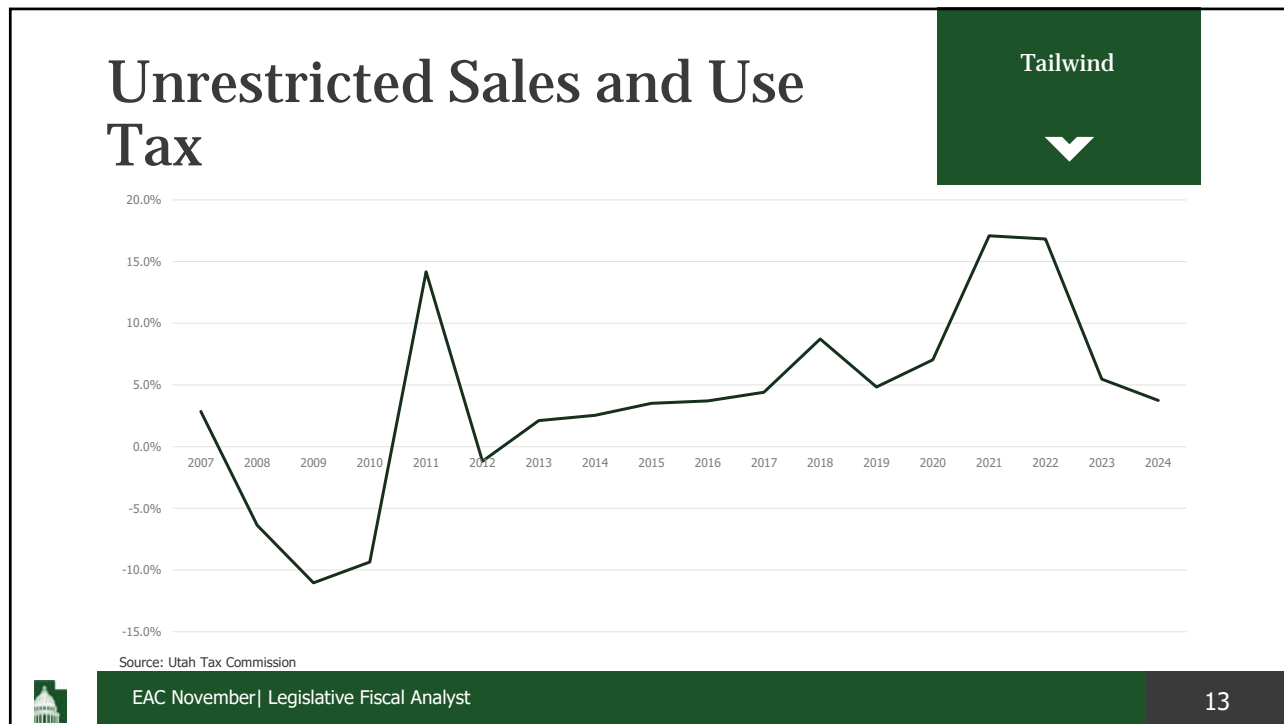
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11



12



13

How to Prepare for a Recession or Slowdown

- Contingency Planning
- Putting financial house in order
- Focus on debt repayment
- Bolster emergency funds ahead of time
- Take stock of financial priorities
- Maintain structural balance and build in a structural surplus
- Treat above trend revenue as one-time
- Minimize new ongoing commitments and future liabilities

November EAC | Legislative Fiscal Analyst

14

14

Risk Mitigation Strategies

By December, EAC shall: (JR3-2-402)

- consider treating above-trend revenue growth as one-time revenue for major tax types
- hear a report on the historical, current, and anticipated status of the following:
 - debt;
 - long term liabilities;
 - contingent liabilities;
 - General Fund borrowing;
 - cash funded infrastructure investment;
- decide whether to set aside special allocations for the end of the session, including allocations of one-time revenue to pay down debt and other liabilities;
- decide whether to set aside special allocations for legislation that will reduce taxes



15

Next Steps

- Incorporate feedback
- December EAC
 - Present consensus revenue figures
 - Consider various stress test options
 - Differentiate "Signal" from "Noise"
 - Decide set-asides for risk, spending, and tax cuts



16



Questions?

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