

MONTHLY STATE REVENUE SNAPSHOT OCT 2023

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

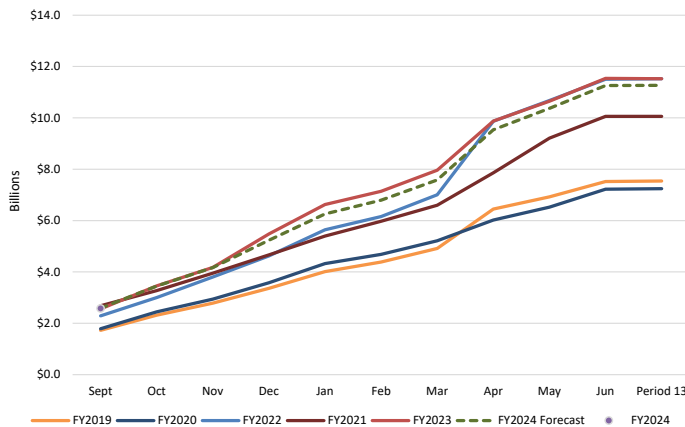
General Fund	Projected Growth Rate - February Estimates (Annual)	YoY Growth Rate	Projected Range in Collections Through 3 Months	FY 2024 Actual Collections	FY 2024 Year-End Forecast	Apr-23	May-23	Jun-23	Sep-23
Sales & Use Tax	4.3%	-0.6%	\$766,000,000 - \$936,000,000	\$875,953,575	\$3,402,945,000	6.4%	5.5%	5.8%	-0.6%
All Other Sources	-5.1%	22.1%	\$178,000,000 - \$217,000,000	\$206,939,407	\$789,742,838	31.9%	36.5%	36.9%	22.1%
Subtotal General Fund	2.4%	3.1%		\$1,082,892,982	\$4,192,687,838	10.5%	10.6%	10.9%	3.1%
Sales & Use Tax Set-Asides	4.1%	4.7%	\$280,000,000 - \$342,000,000	\$281,255,486	\$1,244,183,717	10.4%	10.0%	7.9%	4.7%
Income Tax Fund/Uniform School Fund									
Individual Income Tax	-2.4%	-1.2%	\$1,412,000,000 - \$1,726,000,000	\$1,298,026,158	\$6,274,613,000	-5.0%	-5.6%	-5.3%	-1.2%
Withholding		3.1%		\$1,205,413,971		6.0%	4.9%	4.9%	3.1%
Final Payments (plus SALT Passthrough)		-35.8%		\$92,612,187		-27.6%	-28.7%	-28.9%	-35.8%
Corporate Tax	-19.7%	-2.8%	\$157,000,000 - \$192,000,000	\$176,739,987	\$698,570,667	-8.3%	-8.2%	-7.0%	-2.8%
All Other Sources	-20.6%	21.2%	\$23,000,000 - \$29,000,000	\$19,072,326	\$104,343,333	96.1%	86.6%	82.6%	21.2%
Subtotal Income Tax Fund	-4.8%	-1.2%		\$1,493,838,471	\$7,077,527,000	-4.8%	-5.4%	-4.8%	-1.2%
Subtotal GF/ITF/USF	-2.2%	0.6%		\$2,576,731,453	\$11,270,214,838	0.1%	-0.3%	0.2%	0.6%
Transportation Fund									
Motor Fuel Tax	-1.6%	14.6%	\$94,000,000 - \$114,000,000	\$111,113,812	\$415,868,295	3.1%	4.1%	5.8%	14.6%
Special Fuel Tax	6.3%	15.2%	\$44,000,000 - \$53,000,000	\$47,952,334	\$193,505,221	8.8%	5.3%	7.0%	15.2%
Other	4.2%	16.6%	\$35,000,000 - \$43,000,000	\$33,330,390	\$154,739,333	9.7%	11.5%	11.9%	16.6%
Subtotal Transportation Fund	1.4%	15.1%		\$192,396,535	\$764,112,849	5.7%	5.7%	7.2%	15.1%
Total, GF/ITF/USF/TF	-2.0%	1.4%		\$2,769,127,988	\$12,034,327,687	0.4%	0.1%	0.6%	1.4%

SUMMARY

In the first three months of FY 2024, revenue to the General and Income Tax Funds was over \$2.5 billion. This represents a year-over-year (YoY) change of 0.6%. This is ahead of the current target growth rate of -2.2% for FY 2024, which is based on forecasts written down in February. Note that target rates for FY 2024 shown here are updated for FY 2023 final collections. However, state economists are in the process of preparing revised targets for FY 2024 and forecasts for FY 2025; upcoming snapshots will be updated to reflect these new consensus revenue estimates.

Revenue collections this early in the year are often quite variable and not a great indicator for the full year. However, what can be seen so far is largely a continuation of trends seen developing into the end of the last fiscal year: namely a slowing of sales and use tax collections amid the shift back toward services consumption and a slowing of withholding collections given the lower tax rate and as the labor market's rebalancing has reduced the pace of wage gains. It remains to be seen how the economy will fare under the ongoing burden of significantly higher interest rates, however recent economic data releases have continued to reflect a relative insensitivity to Fed rate policy.

GF/ITF Collections



GENERAL FUND

General Fund collections totaled just below \$1.1 billion in the first three months of FY 2024, growing 3.1% YoY, ahead of the 2.4% target. Sales and use tax collections were down -0.6% YoY though, well short of the 4.3% target. Taxable sales remain challenged YoY as the twin headwinds of proportionally less goods consumption amid a shift toward spending on (mostly untaxed) services and significantly lower goods inflation compared to the prior year take their toll. This dynamic may be exacerbated in the months ahead as increased borrowing costs and the resumption of student loan payments shift more disposable income away from goods. Among other sources of revenue to the General Fund, investment income remains the primary driver of growth, still running at a rate of over 200% YoY.

INCOME TAX FUND

Income Tax Fund collections were nearly \$1.5 billion in the first quarter of FY 2024, a YoY change of -1.2%, above the target rate of -4.8%. The final payments component of individual income tax came in much lower than collections seen at this point last year, but withholding remained a source of relative strength for collections overall, still up YoY at about 3.1% on a lower rate with modest wage gains and low unemployment. With most of the projected decline in income tax growth anticipated in final payments, it would be appropriate to expect positive growth in the months prior to April if the year-end target is to be reached. Corporate tax collections, down just -2.8% YoY, were tracking better than target. Note, however, that corporate collections are particularly volatile at this point in the year.

TRANSPORTATION FUND

Transportation Fund collections amounted to over \$190 million in the first three months of FY 2024, for a YoY growth rate of 15.1%, comparing favorably to the consensus target of 1.4%. All sources of revenue to the Fund showed double digit growth YoY, with both motor fuel tax and special fuel tax running at a rate of approximately 15%. However, collections at this point last year were relatively weaker as the invasion of Ukraine sent fuel prices strongly up, a headwind for fuel demand, and collections at this point this year are also boosted by the relatively higher tax rate in effect since the beginning of the current calendar year.

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