



A Trendy Presentation: Revenue Trend Analysis

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Executive Summary

- UCA 36-12-13 and 63J-1-201 require an annual review of the 15-yr trends associated with major tax types and federal funds
- Our analysis uses both the Hodrick-Prescott (HP) filter and a linear trend
- Using the HP filter:
 - FY26: GF + ITF is below trend by \$602 million, FF is below trend by \$492 million
 - FY27: GF + ITF is below trend by \$475.1 million, FF is below trend by \$515.4 million
- Using the linear trend:
 - FY26: GF + ITF is below trend by \$814.3 million, FF is below trend by \$322.6 million
 - FY27: GF + ITF is below trend by \$908.3 million, FF is below trend by \$440.4 million



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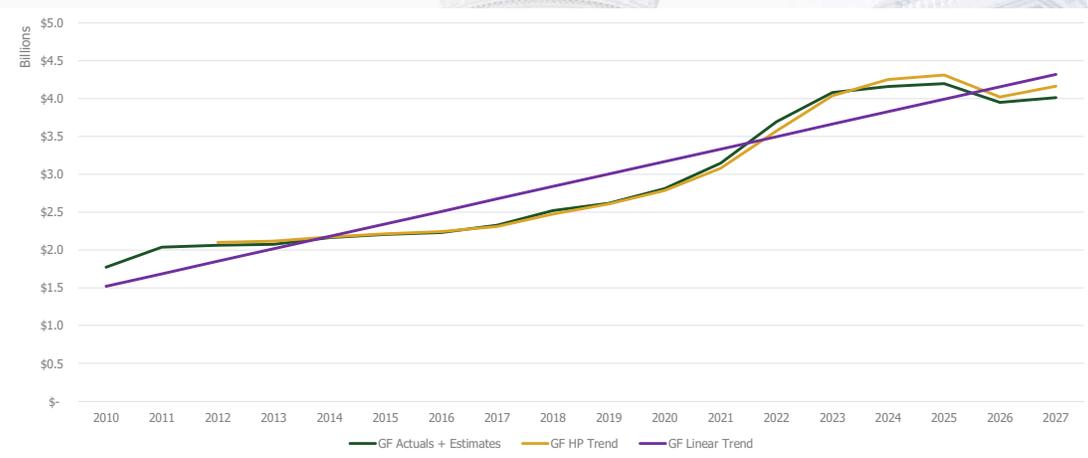
Background and Caveats

- HP filter is sensitive to short-term fluctuations (like record-breaking revenue collections)
- Linear trends are less sensitive to short-term fluctuations, but may fail to capture level shifts in the economy
- Both are just equations and don't account for structural changes well (like income tax cuts)
- Both are derived from historical data, and are not adjusted for structural changes (like federal income tax changes)

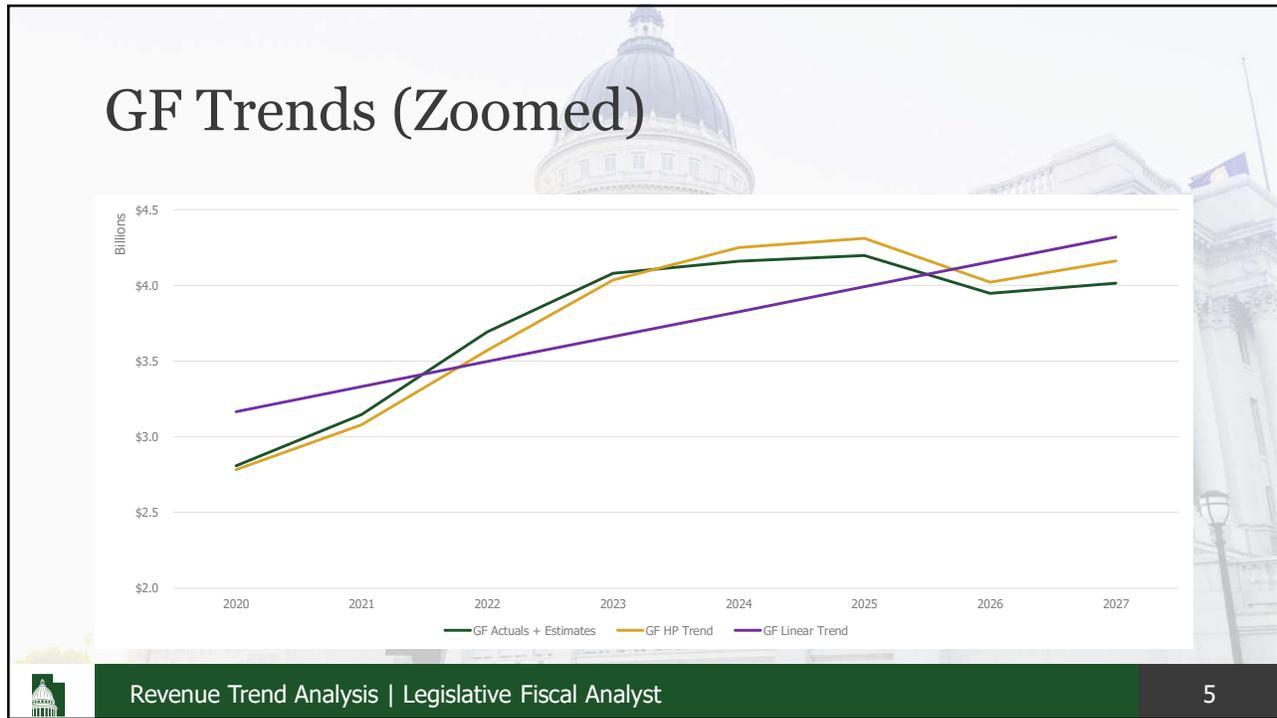


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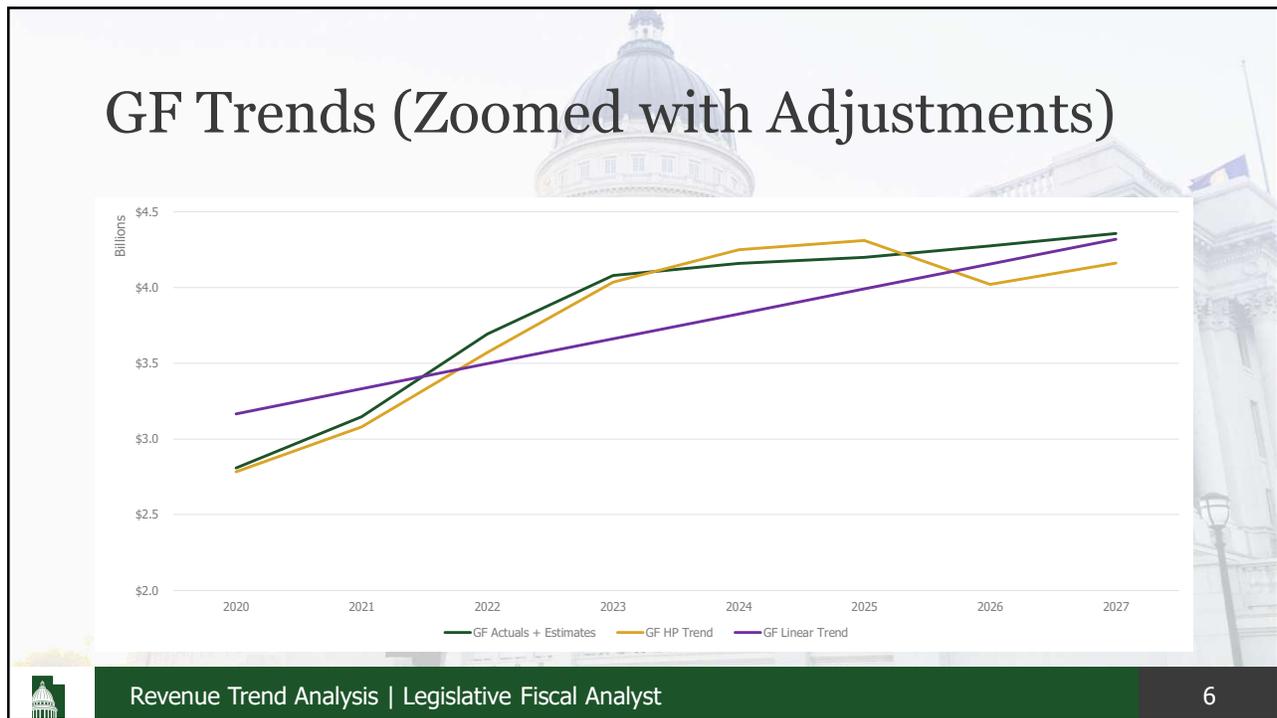
GF Trends



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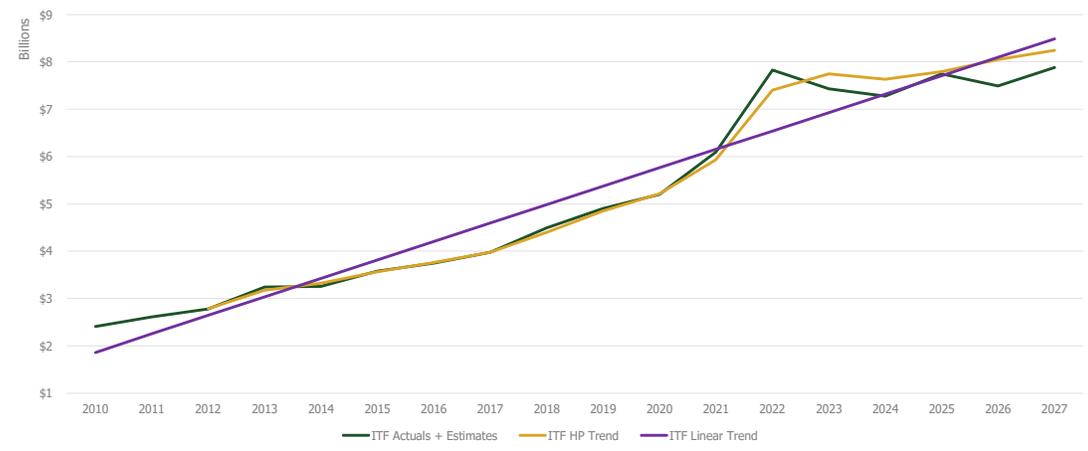


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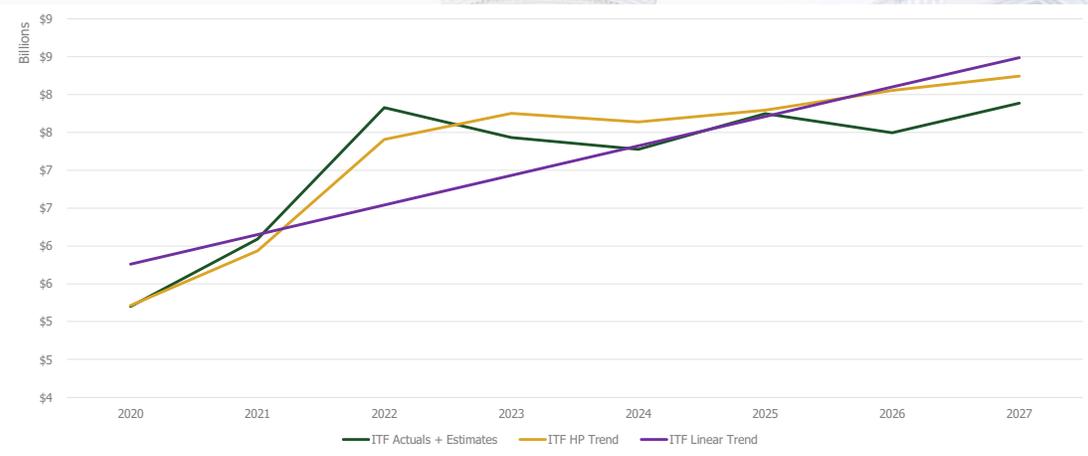
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ITF Trends



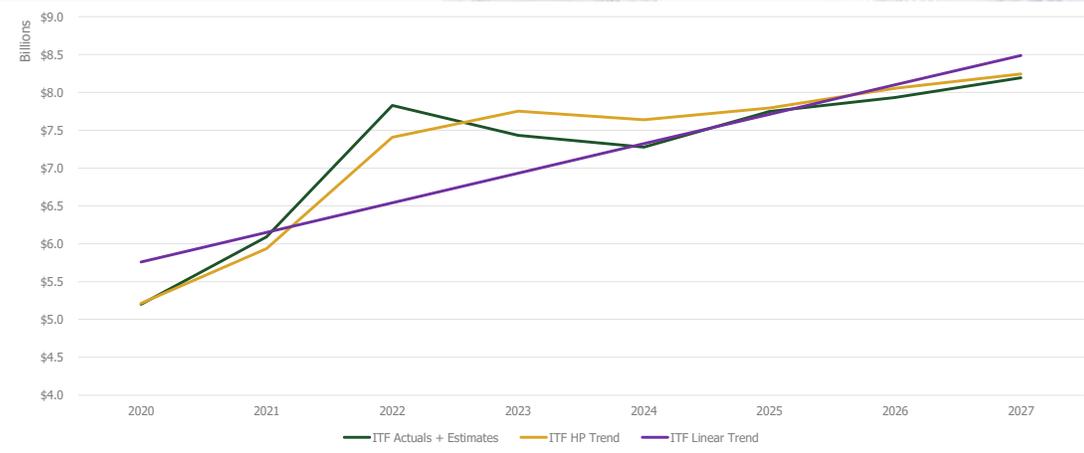
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ITF Trends (Zoomed)



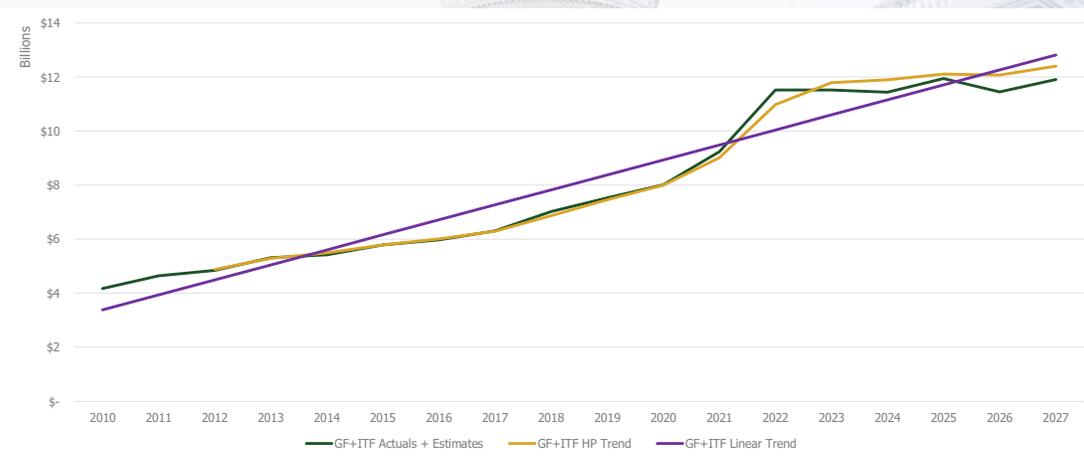
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ITF Trends (Zoomed with Adjustments)



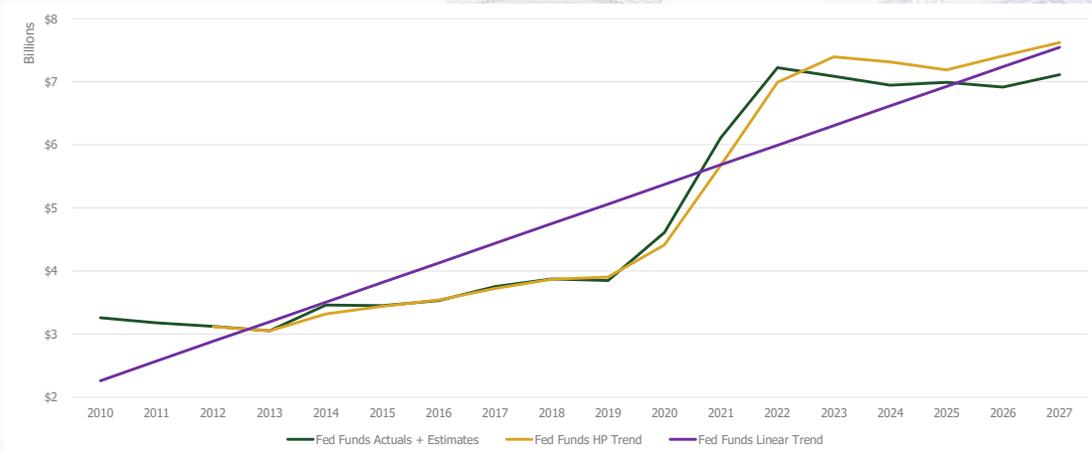
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GF + ITF Trends



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Federal Funds



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Conclusion

- Without the policy adjustments, our revenue estimates are below trend.
- With the policy adjustments, our revenue estimates are above trend.
- Because of this, it would be beneficial to set aside some revenue to replenish the depleted, easy-to-access reserves



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Thank you!

- Questions?



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