

**Executive Appropriations
April 23, 2002
Revenue Summary
Office of the Legislative Fiscal Analyst**

Summary of FY 2002 Revenues to Date

The latest TC-23 from the Tax Commission shows a projected FY 2002 shortfall of approximately \$30 million. However, this does not include final income tax payments due in April.

General Fund

1. Sales tax is on track with FY 2002 projections and should come in at forecast levels.
2. Insurance taxes seem to be bouncing back.

Uniform School Fund

1. Withholding has slowed to a growth rate of 2.4 percent
2. Final Payments are beginning to come in, but we will have a better idea of year-end levels in June.
3. Corporate profits are down less than originally forecast

Issues

Negatives

- Employment growth continues to be a drag on revenues.
- Severance taxes will continue to be affected by the fluctuating oil prices. Volatility in the Middle East will affect prices.
- The new 30% Depreciation Allowance is expected to have an affect on Uniform School Fund Revenues. Estimated impact on the state is approximately \$18 million in FY 2002 \$22 million in FY 2003 and \$20 million in FY 2004. However, in the long run these losses should be mitigated.

Positives

- Inflation remains low which should help the economy.
- Consumer spending seems to be bouncing back.
- On the national scene, manufacturing is improving, inventories are being replaced, and Intel and Microsoft are doing better. All of these factors should help Utah. However, any visible recovery is not expected until the 3rd or 4th quarters of 2002.