UTAH STATE LEGISLATURE
LEGISLATIVE
FISCAL ANALYST

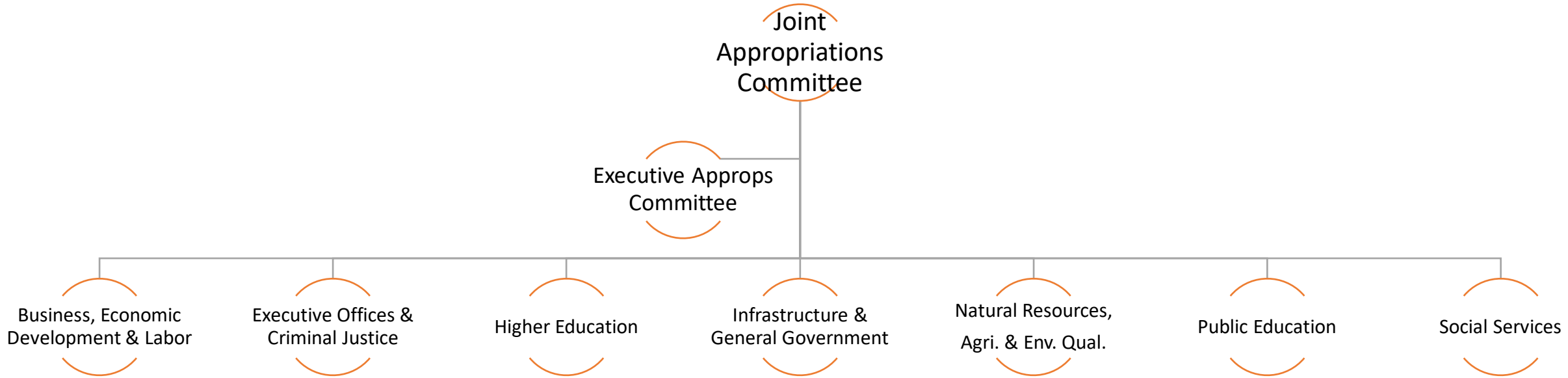
BUDGET 101: JUST THE BASICS

UTAH TAXPAYERS LEGISLATIVE OUTLOOK, 1/12/22

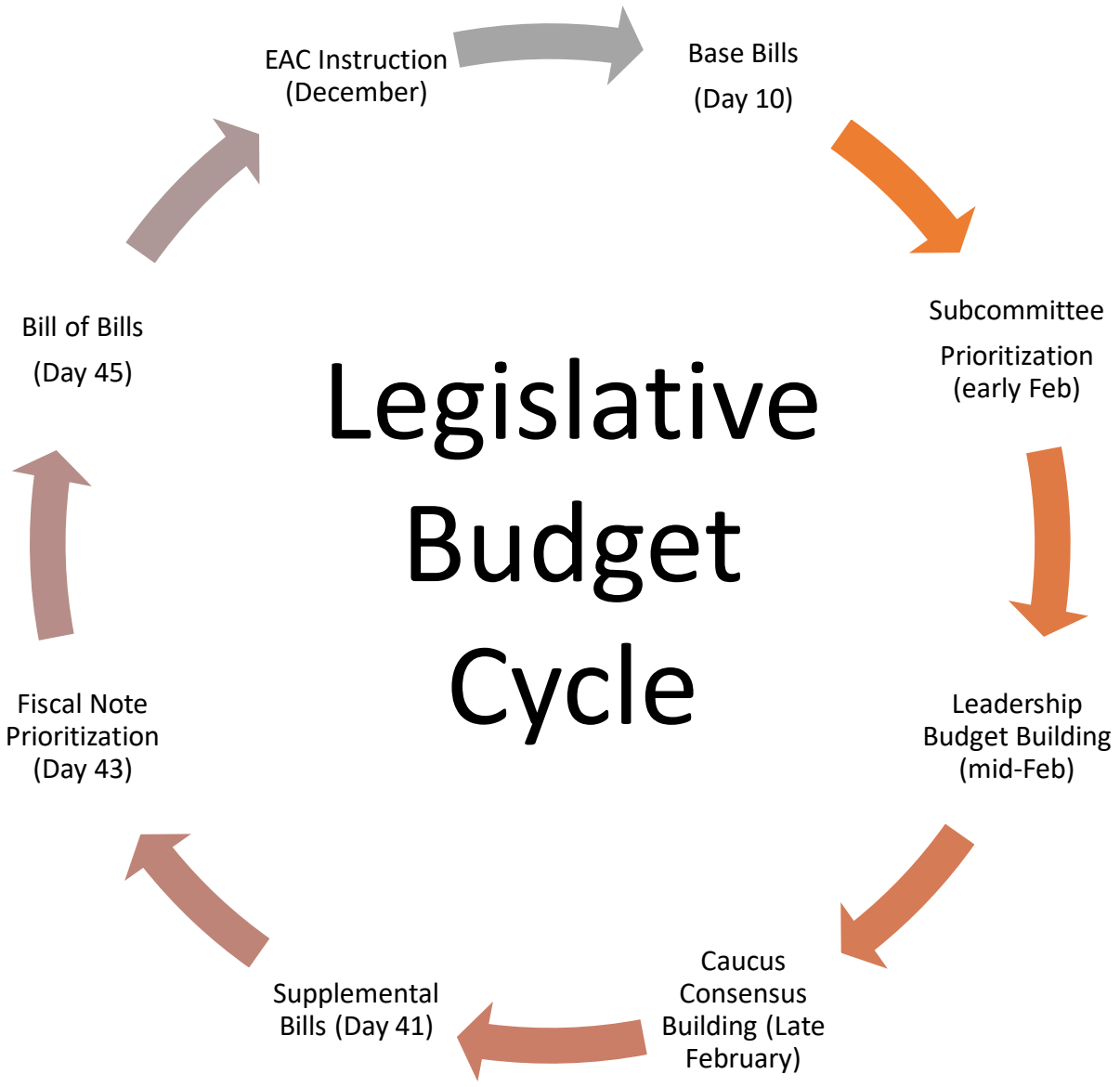
Jonathan Ball, Legislative Fiscal Analyst

Overview

- Structure
- Process
- Definitions
- Resources
- Conclusions


Joint Appropriations Committee
Executive Approps Committee
Business, Economic Development & Labor
Executive Offices & Criminal Justice
Higher Education
Infrastructure & General Government
Natural Resources, Agri. & Env. Qual.
Public Education
Social Services

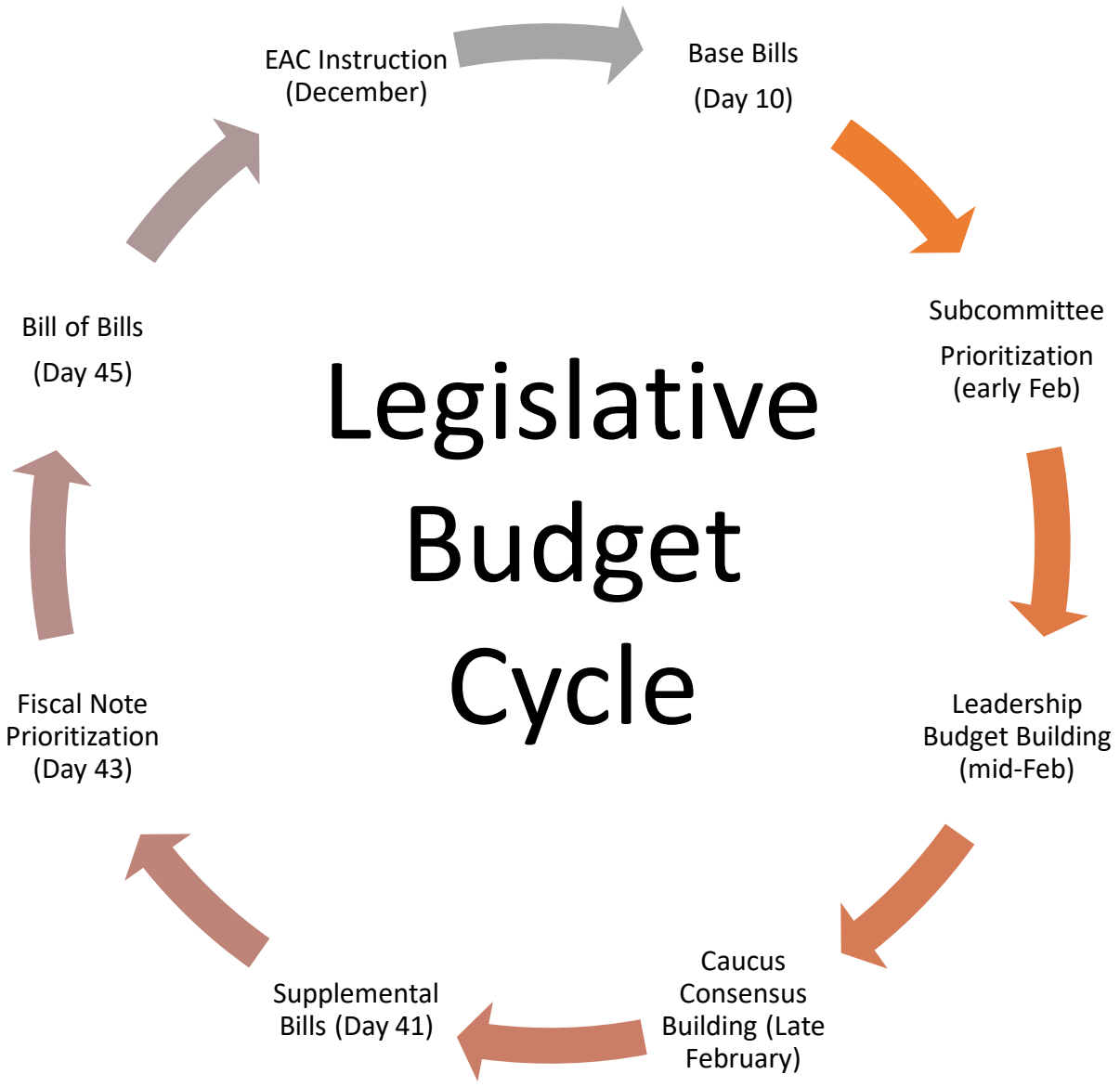
Legislative Budget Cycle



HJR11 (JR3-2-402)

"The Executive Appropriations Committee shall meet no later than the third Wednesday in December to…decide whether to set aside special allocations for legislation that will reduce taxes, including legislation that will reduce one or more tax rates"

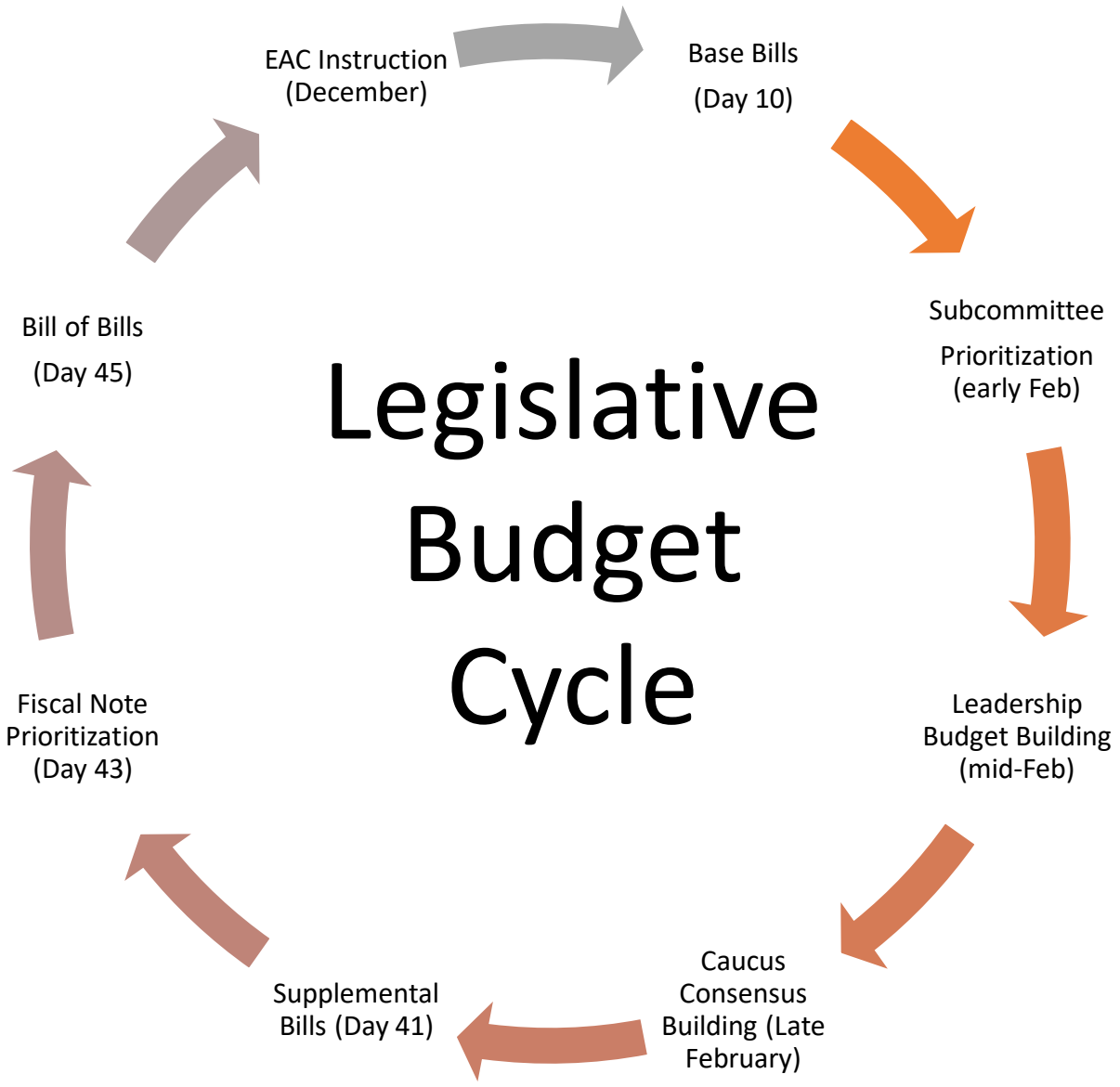
Legislative Budget Cycle



JR4-4-101

"Before adjourning on the 43rd day of the annual general session, each legislator shall prioritize fiscal note bills and identify other projects or programs for new or one-time funding according to the process established by leadership."

Legislative Budget Cycle



One-time Sources

- **Nonlapsing Balance**: Un-used spending authority retained by a government program and carried-over from one fiscal year to another.
- **Lapsing Balance**: Unused spending authority that expires at fiscal year-end.
- **Revenue Surplus**: Sales, income, or other general taxes collected in excess of latest revenue estimates.
- **Budget Surplus**: Revenue surplus plus lapsing balances.
- **Current-year Re-estimates:** Mid-year increase or decrease in prior revenue estimates for a given fiscal year.

Ongoing Sources

- **New-year Revenue Estimates:** Total anticipated sales, income, and other general tax revenue projected for collection in a future year.
- **Base Budgets:** Prior budget year appropriations NOT designated as one-time in an appropriations bill.
- **Available Ongoing Revenue**: New-year revenue estimates minus base budgets for a future fiscal year.
- **Above-trend Revenue:** Available ongoing revenue that policymakers may spend as if it were one-time because it exceeds historical patterns.

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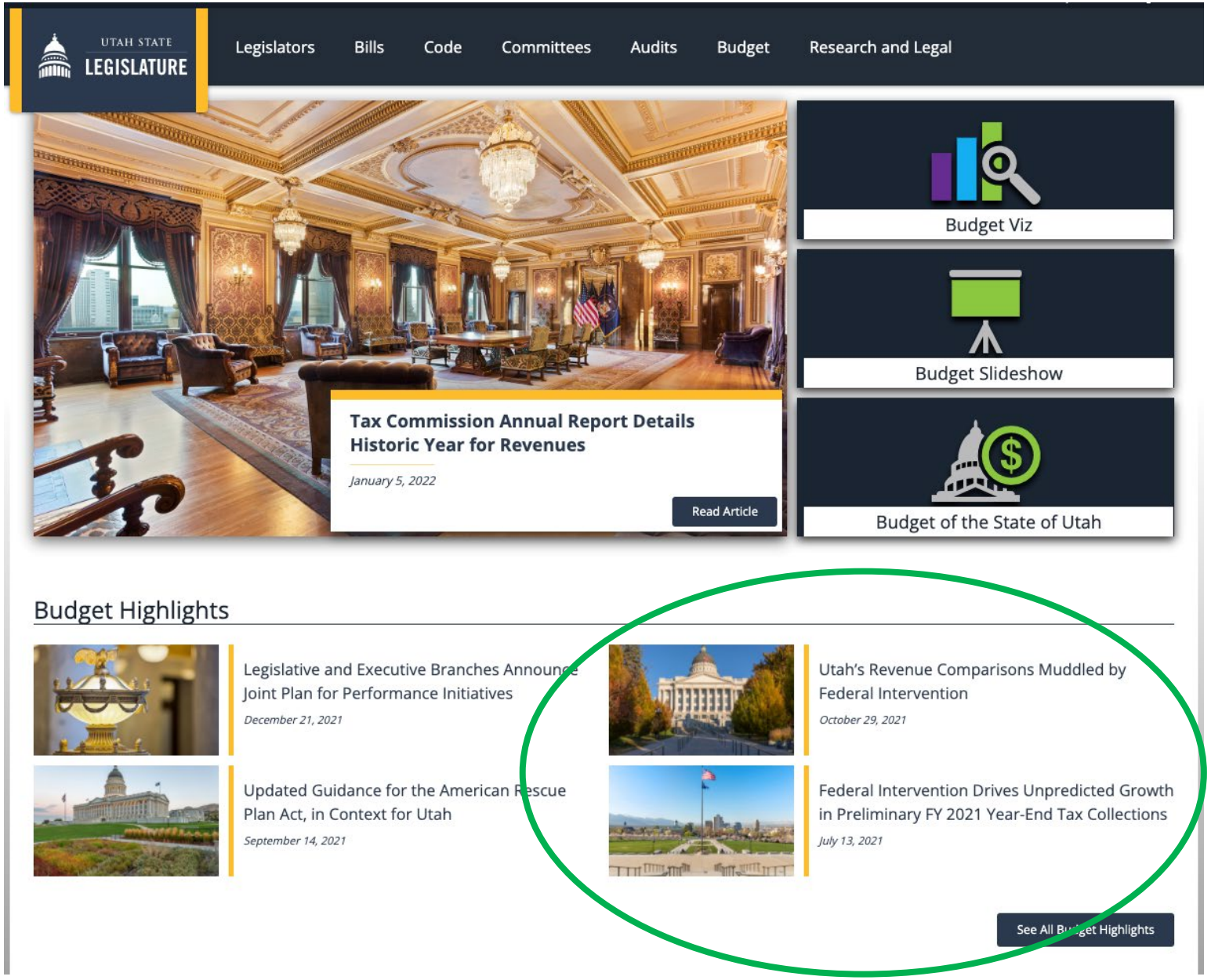

MONTHLY STATE REVENUE SNAPSHOT 2021

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

General Fund	Projected Growth Rate - May Estimates (Annual) (see Note 1)	Actual Growth Rate	Projected Range in Collections Through 12 Months	Actual Collections	Condition	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Sales & Use Tax	9.6%	16.5%	$2,381,000,000 - $2,506,000,000	$2,653,424,839	Above target range	10.3%	11.7%	14.4%	16.5%	16.5%
All Other Sources	-5.7%	-7.1%	$405,000,000 - $659,000,000	$507,260,010	On target	-8.6%	-4.6%	-10.7%	-7.4%	-7.1%
Subtotal General Fund	6.5%	11.9%		$3,160,684,849		7.1%	8.7%	9.5%	11.7%	11.9%
Sales & Use Tax Set-Asides	6.5%	12.5%	$825,000,000 - $849,000,000	$898,936,622	Above target range	7.4%	6.6%	8.7%	10.5%	12.5%
Education Fund/Uniform School Fund										
Individual Income Tax	44.3%	53.3%	$4,992,000,000 - $5,991,000,000	$6,122,845,381	Above target range	41.5%	38.9%	41.1%	58.7%	53.3%
Corporate Tax	26.0%	108.1%	$404,000,000 - $589,000,000	$744,139,115	Above target range	52.1%	45.3%	89.5%	94.4%	108.1%
All Other Sources	-23.5%	-37.1%	$5,000,000 - $54,000,000	$28,397,059	On target	-60.1%	-55.2%	-36.6%	-51.2%	-37.1%
Subtotal Education Fund	41.6%	56.8%		$6,895,381,555		41.4%	38.6%	44.6%	60.6%	56.8%
Subtotal GF/EF	27.9%	41.3%		$10,056,066,404		28.8%	27.8%	32.4%	43.4%	41.3%
Transportation Fund										
Motor Fuel Tax	4.6%	7.2%	$347,000,000 - $375,000,000	$373,873,010	On target	1.0%	0.1%	1.5%	5.0%	7.2%
Special Fuel Tax	6.7%	8.9%	$136,000,000 - $159,000,000	$163,550,139	Above target range	7.0%	6.4%	6.5%	7.3%	8.9%
Other	5.8%	10.0%	$98,000,000 - $109,000,000	$110,611,387	Above target range	6.8%	8.9%	8.2%	9.4%	10.0%
Subtotal Transportation Fund	5.3%	8.1%		$648,034,536		3.4%	3.0%	3.8%	6.3%	8.1%
Total, GF/EF/USF/TF	26.1%	38.7%		$10,704,100,940		26.7%	25.7%	30.1%	40.4%	38.7%

Note 1: This column is the May 2021 consensus, which assumes a $770 million shift in income tax payments from FY 2020 to FY 2021.

SUMMARY

Preliminary total FY 2021 revenue to the General and Education Funds totaled over $10.0 billion, above the target of $9.3 billion. This represents a year-over-year (YoY) increase of 41.3%.

GENERAL FUND

General Fund collections totaled over $3.1 billion in FY 2021, representing a YoY growth rate of 11.9%. This nearly doubles the target growth rate of 6.5%. Sales tax is largely behind the General Fund per-

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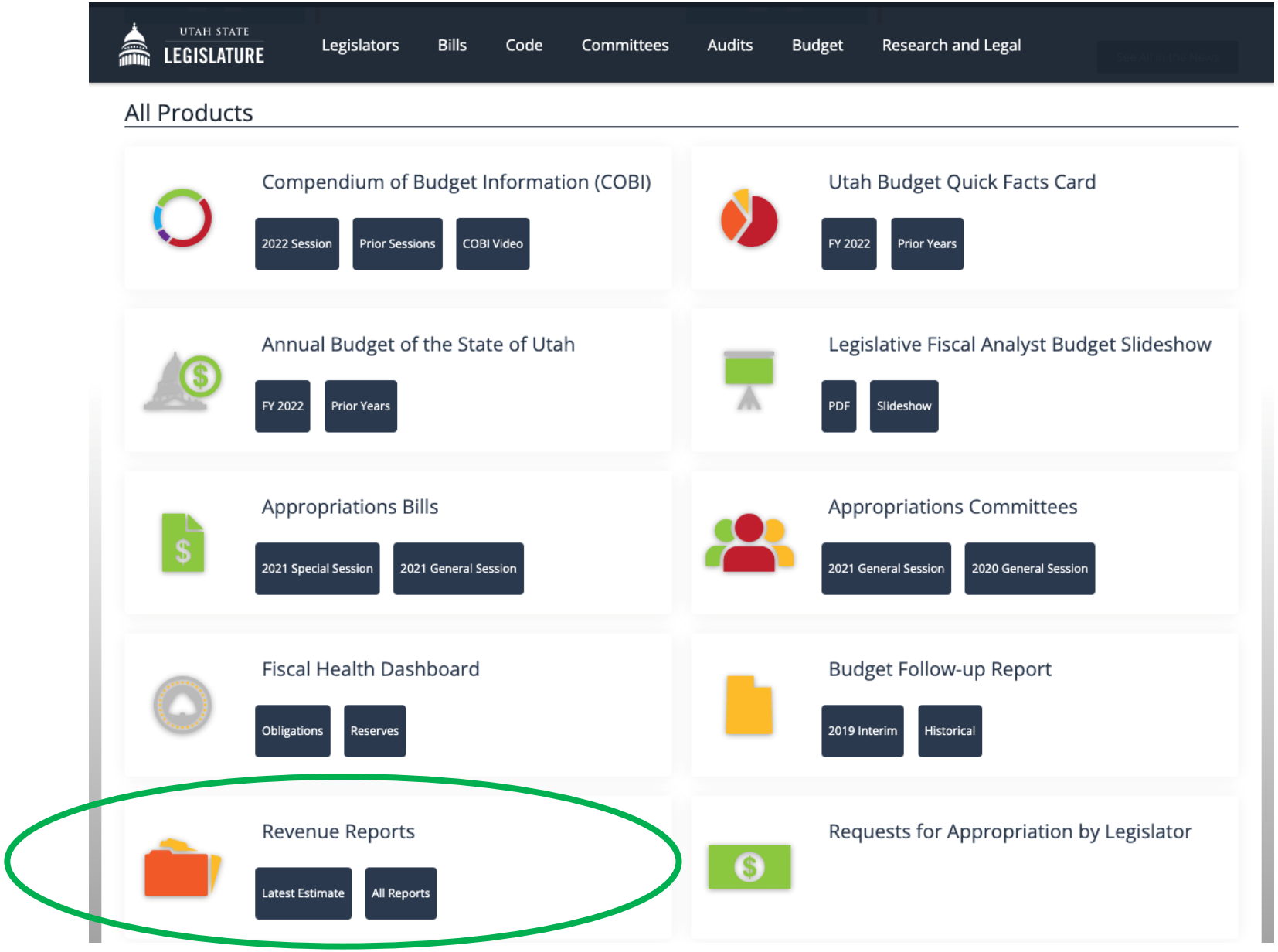

Budget Related Reports, Surveys, and Interim Studies

The Legislature's Office of the Legislative Fiscal Analyst prepares annual appropriations summaries as well as regular reports on fiscal and programmatic issues. Those reports that are available on-line are listed below. Please do not hesitate to contact us for hard-copies or for reports not listed here.

Narrow Results by Document Type:	Narrow Results by Committee/Subcommittee:
Revenue Reports	All Committees/Subcommittees

Sort Results by: Release Date | Description | Historical Reports (Dec. 2002 and prior)

Document Description	Release Date
TC-23 Revenue Summary (Period 5, FY 2022)	12/15/2021
Revenue Snapshot - December 2021 (FY22)	12/14/2021
Economic Update - December 2021	12/7/2021
Revenue Business Cycle Report	12/7/2021
Available Revenue, 2022 General Session	12/7/2021
Revenue Estimates - December 2021	12/7/2021
Revenue Sustainability Estimation	11/16/2021
Revenue Snapshot - November 2021 (FY22)	11/16/2021
TC-23 Revenue Summary (Period 04, FY 2022)	11/16/2021
Revenue Snapshot - Final Yearend FY 2021	10/29/2021
Revenue Snapshot - Q1 FY 2022	10/29/2021
TC-23 Revenue Summary (Q1, FY 2022)	10/29/2021
Revenue Snapshot - Year End FY 2021	7/13/2021

Conclusions

1. Engage in the process early (before December).
2. Don’t neglect leadership and caucus deliberations.
3. Focus on ongoing available revenue.
4. Monitor revenue updates to facilitate #1 above.

THANKS.

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