**Summary**

In the first eight months of FY 2022, revenue to the General and Education Funds totaled over $6.1 billion, which represents a year-over-year (YoY) increase of 3.0%, compared to a target rate of 0.6%. When adjusting for the filing shift, the target GF/EF growth rate is 9.3%, compared to a shift-adjusted actual growth rate of 19.2%.

Last month, the Legislature adopted updated revenue estimates from the Office of the Legislative Fiscal Analyst, the Governor’s Office of Planning and Budget, and the Utah State Tax Commission. The new forecast upwardly revised major collections targets; the General Fund target increased by $127.8 million, the Education Fund target increased by $304.3 million, and the Transportation Fund target increased by $127.8 million, for a total upward revision of $435.7 million.

The recent onset of the Ukraine/Russia conflict could have an effect on collections in the months to come. So far, it has resulted in market volatility, increased fuel prices, and consumer wariness. The current sanctions on Russia could affect U.S. corporate profits, slow GDP growth, and heighten inflation; additionally, the threat of retaliatory sanctions or other action from the Russian government has the potential to affect the U.S. economy.

**Education Fund**

Education Fund collections reached over $3.7 billion in the first eight months of FY 2022, representing a YoY decrease of ~5.2%, compared to the target rate of ~4.6%. However, when adjusting for the filing delay, the growth rate is 18.7%, compared to an adjusted target of 7.8%. This high rate of growth may be resulting from the tight labor market, job growth, and wage inflation. Corporate tax collections have accelerated in the last two months, even as the effects of federal stimulus and strategic timing of payments are likely wearing off; this month’s actual growth increased to 30.1% YoY, or 59.6% for the shift-adjusted rate.

**Transportation Fund**

Transportation Fund collections totaled nearly $440 million in the first eight months of FY 2022, representing a YoY growth rate of 4.4%. The softening growth rate is likely due in part to rapidly escalating gas prices. The Ukraine/Russia conflict is driving already-high prices even higher, the effects of which may appear in the data in coming months.

**General Fund**

General Fund collections totaled over $2.4 billion in the first eight months of FY 2022, representing a YoY growth rate of 19.6%, compared to the target growth rate of 12.1%. Although sales tax collections have moderated slightly over the past few months, other sources of General Fund revenue, including oil and gas severance tax, investment income, and fee and fine revenue, have accelerated. It appears that the Omicron variant had little effect on General Fund collections. However, inflation continues to climb, which has the contradictory effects of both boosting sales tax collections and dampening consumer sentiment. Further, greater reliance on domestic fuel due to the Ukraine/Russia conflict could result in increased severance taxes in the coming months.

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**Monthly State Revenue Snapshot**

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

**March 2022**

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