

MONTHLY STATE REVENUE SNAPSHOT

MAY 2022

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

General Fund	Projected Growth Rate - February Estimates (Annual)	Actual Growth Rate	Projected Range in Collections Through 10 Months	Actual Collections	Condition	Forecast	Dec-21	Jan-22	22-Feb	22-Mar	22-Apr
Sales & Use Tax	13.6%	19.1%	\$2,258,000,000 - \$2,759,000,000	\$2,631,260,789	On target	\$2,981,794,549	20.8%	20.4%	20.0%	20.3%	19.1%
All Other Sources	4.8%	20.8%	\$402,000,000 - \$492,000,000	\$515,154,348	Above target range	\$572,519,299	14.6%	12.8%	16.6%	17.8%	20.8%
Subtotal General Fund	12.1%	19.4%		\$3,146,415,137			19.7%	19.3%	19.4%	19.8%	19.4%
Sales & Use Tax Set-Asides	12.4%	19.8%	\$732,000,000 - \$895,000,000	\$867,091,992	On target	\$1,044,943,971	18.9%	18.7%	19.4%	19.3%	19.8%
Education Fund/Uniform School Fund											
Individual Income Tax	-5.1%	28.7%	\$3,936,000,000 - \$4,811,000,000	\$5,928,622,417	Above target range	\$5,796,826,286	-15.0%	-6.4%	-8.9%	-5.1%	28.7%
Corporate Tax	-2.8%	28.6%	\$522,000,000 - \$638,000,000	\$767,635,593	Above target range	\$721,973,829	27.0%	27.7%	30.1%	34.0%	28.6%
All Other Sources	3.8%	73.1%	\$21,000,000 - \$25,000,000	\$38,353,883	Above target range	\$58,827,111	232.0%	167.1%	174.6%	186.0%	73.1%
Subtotal Education Fund	-4.6%	28.8%		\$6,734,611,893			-10.8%	-3.0%	-5.2%	-1.1%	28.8%
Subtotal GF/EF	0.6%	25.7%		\$9,881,027,030			-1.2%	4.4%	3.0%	6.0%	25.7%
Transportation Fund											
Motor Fuel Tax	6.0%	5.4%	\$291,000,000 - \$355,000,000	\$320,891,632	On target	\$402,439,824	4.8%	7.9%	5.7%	6.5%	5.4%
Special Fuel Tax	-2.2%	-2.5%	\$120,000,000 - \$147,000,000	\$132,930,410	On target	\$168,105,276	-3.6%	-1.9%	0.0%	1.1%	-2.5%
Other	5.1%	7.2%	\$85,000,000 - \$104,000,000	\$95,988,962	On target	\$120,374,120	7.3%	5.5%	6.4%	4.9%	7.2%
Subtotal Transportation Fund	3.7%	3.7%		\$549,811,004			3.0%	5.0%	4.4%	4.9%	3.7%
Total, GF/EF/USF/TF	0.8%	24.3%		\$10,430,838,034			-0.9%	4.4%	3.1%	5.9%	24.3%

SUMMARY

In the first ten months of FY 2022, revenue to the General and Education Funds totaled nearly \$10.0 billion, which represents a year-over-year (YoY) increase of 25.7%, compared to a target rate of 0.6% and last month's 6.0% growth. When adjusting for the 2020 filing shift, the target GF/EF growth rate is 9.3%, compared to a shift-adjusted actual growth rate of 40.2%. The drastic uptick in growth is deceptive and is discussed in the Education Fund box.

Our cautionary interpretation of these numbers continues. While Utah's collections remain robust beyond expectations, economic headwinds keep building. High inflation continues to plague consumers and businesses, stock market volatility has increased, and the Federal Reserve is heeding calls to be more aggressive in its rate hikes. While Utah is well-positioned to weather an economic downturn, a slowing in collections in the coming months seems likely.

GENERAL FUND

General Fund collections totaled over \$3.1 billion in the first ten months of FY 2022, growing 19.4% YoY, representing a moderation of over one percentage point from last month's rate. This is likely due to sustained high inflation, depressed consumer confidence, and continuing supply chain issues. Additionally, current collections are now compared to spring 2021, when economic reopening and ARPA stimulus checks boosted consumption and taxable sales; this base effect will likely lead to further moderation of the growth rate.

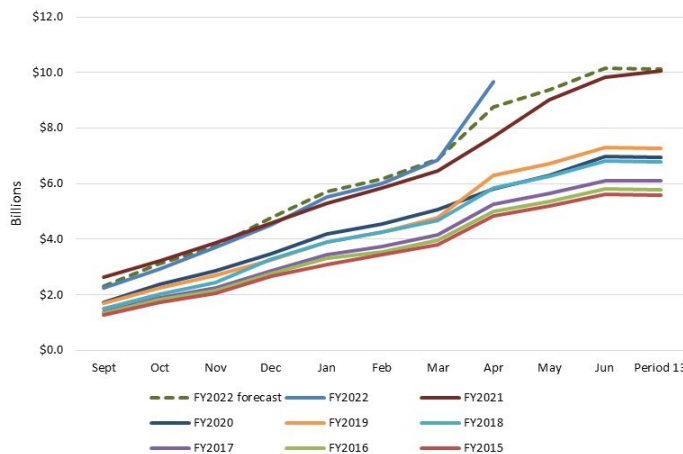
EDUCATION FUND

Education Fund collections reached over \$6.7 billion in the first ten months of FY 2022, representing a YoY increase of 28.8%, compared to the target rate of -4.6%. When adjusting for the 2020 filing delay, the growth rate is 51.9%, compared to an adjusted target of 7.8% and last month's adjusted rate of 21.2%. This significant jump is largely deceptive; last year, the income tax filing deadline was moved to May 15 instead of the normal April 15. Thus, the current growth rate compares this year's normal collections timeline to last year's delayed collections, indicating a falsely high growth rate. Next month's snapshot is likely to show significant moderation in this growth rate, as total on-time collections in each fiscal year can be compared.

TRANSPORTATION FUND

Transportation Fund collections totaled nearly \$550 million in the first ten months of FY 2022, representing an on-target YoY growth rate of 3.7%. Although the price of oil had declined since its late-March high, its price has been more volatile since mid-April, and was back above \$100 per barrel at time of writing. Consumers may be reacting to these high prices at the pump, as motor fuel tax growth slowed in the past month and special fuel tax growth went negative during the same time period. Sustained higher prices could lead to further demand destruction, even as consumers head into the summer travel season.

GF/EF Collections



A Joint Publication of:

Office of the Legislative Fiscal Analyst



GOVERNOR'S OFFICE OF Planning & Budget

May 16, 2022