MONTHLY STATE REVENUE SNAPSHOT 6 | 2021

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

SUMMARY

FY 2021 revenue to the General and Education Funds totaled over $9.2 billion through the first 11 months, a year-over-year (YoY) increase of 41.1%. This represents a sharp increase from the previous months’ growth rates between 24.8% and 30.5%. The consensus target for the whole fiscal year is 27.9%. As only one month remains in the fiscal year, current GF/EF revenue collections appear above target range, at least partially buoyed by the significant influx in federal stimulus dollars that aided in both sales tax and income tax collections, but may also contribute to inflationary pressure, posing implications for real vs. nominal revenue growth.

GENERAL FUND

General Fund collections totaled nearly $3.0 billion through the first 11 months of FY 2021, representing a YoY growth rate of 11.7%. The current consensus growth rate is 6.5%. Sales tax is largely behind the General Fund performance, up 16.5% compared to the anticipated growth rate of 9.6%. As it has all year, the sales tax growth rate continues to outperform expectations. This is likely due to a combination of federal stimulus dollars, greater consumer confidence and engagement in the economy.

EDUCATION FUND

Education Fund collections reached $6.3 billion through the first 11 months of FY 2021, representing a YoY increase of 60.6%. Growth rates for the past few months were significantly below this month’s rate; the sharp increase is due to the income tax filing deadline in mid-May and the accompanying surge in collections, as well as the well-above-target growth in corporate tax collections, at 94.4%. The 60.6% growth rate also appears high, considering the 2020 tax filing deadline was delayed to July, so the base for the YoY comparison is lower than normal.

TRANSPORTATION FUND

Transportation Fund collections reached $583 million through the first 11 months of FY 2021, a rate of 6.3% over the prior year. This is above the consensus target of 5.3%. Similar to the Education Fund, there is a base effect at play in the Transportation Fund, as the YoY comparison is based on April 2020 consumer behavior, during which gasoline consumption, and thus fuel tax collections, plummeted as a result of the pandemic.