

MONTHLY STATE REVENUE SNAPSHOT Nov 2023

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

General Fund	Projected Growth Rate - February Estimates (Annual)	YoY Growth Rate	Projected Range in Collections Through 4 Months	FY 2024 Actual Collections	FY 2024 Year-End Forecast	FY 2023			
						Jun-23	Final	Sep-23	Oct-23
Sales & Use Tax	4.3%	0.1%	\$1,021,000,000 - \$1,248,000,000	\$1,189,434,312	\$3,402,945,000	5.8%	5.3%	-0.6%	0.1%
All Other Sources	-7.9%	17.4%	\$237,000,000 - \$290,000,000	\$293,843,233	\$789,742,838	36.9%	38.0%	14.6%	17.4%
Subtotal General Fund	1.8%	3.1%		\$1,483,277,545	\$4,192,687,838	10.9%	10.8%	1.8%	3.1%
Sales & Use Tax Set-Asides	4.1%	2.4%	\$373,000,000 - \$456,000,000	\$381,853,234	\$1,244,183,717	7.9%	9.8%	4.7%	2.4%
Income Tax Fund/Uniform School Fund									
Individual Income Tax	-2.4%	-2.5%	\$1,882,000,000 - \$2,301,000,000	\$1,799,507,374	\$6,274,613,000	-5.3%	-5.0%	-1.2%	-2.5%
Withholding		2.5%		\$1,698,714,295		4.9%	5.0%	3.1%	2.5%
Final Payments (plus SALT Passthrough)		-46.5%		\$100,793,079		-28.9%	-28.6%	-35.8%	-46.5%
Corporate Tax	-19.7%	29.8%	\$210,000,000 - \$256,000,000	\$198,955,174	\$698,570,667	-7.0%	-7.2%	-2.8%	29.8%
All Other Sources	-20.6%	32.0%	\$31,000,000 - \$38,000,000	\$29,800,182	\$104,343,333	82.6%	36.8%	21.2%	32.0%
Subtotal Income Tax Fund	-4.8%	0.3%		\$2,028,262,730	\$7,077,527,000	-4.8%	-4.8%	-1.2%	0.3%
Subtotal GF/ITF/USF	-2.5%	1.5%		\$3,511,540,276	\$11,270,214,838	0.2%	0.3%	0.1%	1.5%
Transportation Fund									
Motor Fuel Tax	-1.6%	13.5%	\$125,000,000 - \$152,000,000	\$148,402,168	\$415,868,295	5.8%	5.9%	14.6%	13.5%
Special Fuel Tax	6.3%	15.0%	\$58,000,000 - \$71,000,000	\$65,212,765	\$193,505,221	7.0%	4.7%	15.2%	15.0%
Other	4.2%	17.2%	\$46,000,000 - \$57,000,000	\$44,391,180	\$154,739,333	11.9%	22.3%	16.6%	17.2%
Subtotal Transportation Fund	1.4%	14.5%		\$258,006,113	\$764,112,849	7.2%	8.5%	15.1%	14.5%
Total, GF/ITF/USF/TF	-2.2%	2.3%		\$3,769,546,388	\$12,034,327,687	0.6%	0.7%	1.0%	2.3%

SUMMARY

In the first four months of FY 2024, revenue to the General and Income Tax Funds was over \$3.5 billion. This represents a year-over-year (YoY) change of 1.5%. This is ahead of the current target growth rate of -2.5% for full-year FY 2024 based on forecasts made in February. However, collections do not yet reflect final payments. February's estimates anticipate a significant final payments decline in December and April.

While collections data this early in the fiscal year are often subject to high variability, the current trends suggest state revenue collections remain on track with revenue targets at this time. However, potential headwinds may erode this over the coming months. For example, uncertainty around net final payments leaves open the possibility that the Income Tax Fund overall may slow its growth despite overperforming corporate tax. Further, sales tax may continue to underperform in the coming months, while agencies spend down fund balances, eating into the General Fund's gains from investment income.

At this point in the annual budget cycle, state economists are producing updated revenue estimates for the current and upcoming fiscal years (FY24 and FY25). The Snapshot next month will incorporate these new estimates potentially narrowing the current gap between actual and expected YoY growth rates.

GENERAL FUND

General Fund collections totaled just below \$1.5 billion in the first four months of FY 2024, growing 3.1% YoY, ahead of the 1.8% target. Sales and use tax collections grew at 0.1% YoY, well short of the 4.3% target. This is largely due to shifting consumer preferences towards the consumption of services and away from goods, with the latter being generally taxable and the former being largely exempt from sales tax. Despite anemic sales tax collections, the General Fund overall is exceeding revenue projections largely due to growth in investment income (+184.5% YoY), which is benefitting from high interest rates. Whether this dynamic persists in coming months will depend primarily on both the volume and the sectors of consumer spending.

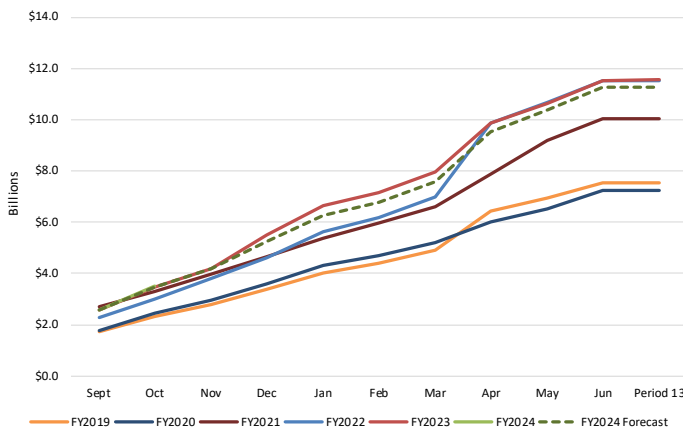
INCOME TAX FUND

Income Tax Fund collections were just over \$2 billion in the first four months of FY 2024, a YoY change of 0.3%, above the target rate of -4.8%. Individual income tax, which makes up the large majority of this fund, is in line with current expectations with a YoY change of -2.5% compared with a projected rate of -2.4%. The negative rate comes from a combination of lower capital gains, moderating wage growth, and income tax cuts instituted in the 2023 general session (H.B. 54, 2023 General Session). The fund overall is outperforming projections due to stronger than expected collections in the famously volatile corporate franchise tax. That revenue stream grew 29.8% YoY, significantly higher than the expected decline of -19.7%. The minor taxes contributing to this fund are also overperforming relative to targets.

TRANSPORTATION FUND

Transportation Fund collections amounted to just under \$260 million in the first four months of FY 2024, for a YoY growth rate of 14.5%, comparing favorably to the consensus target of 1.4%. The fuel taxes continue their strong showing from last month as they grow at rates exceeding 10%. In particular, the motor fuel tax has grown at a rate 15.1 percentage points higher than expected. Several factors may weaken this growth over the coming months however, including a reduced tax rate effective for the remainder of this calendar year (H.B. 301, 2023 General Session) and changes in the underlying revenue expectations that come with updated forecasts.

GF/ITF Collections



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