GENERAL FUND REVENUE

Summary of General Fund Forecast

The enacted April 2014 budget for FY 2015 assumes total net General Fund revenues of $9.40 billion. This amount is a decrease of (0.6)% compared to enacted FY 2014 General Fund revenues.

Base revenues represent ongoing General Fund revenues, exclusive of tax law and revenue changes, one-time revenue adjustments, and any balance forward from the previous fiscal year. For FY 2015, base revenues are projected to increase 5.3% when compared to forecasted FY 2014 revenues. The detailed enacted budget revenue forecasts appear at the end of this section. *Table 10* compares the enacted FY 2015 forecast to the enacted FY 2014 forecast.

General Fund Base Revenue Forecast

FY 2014

The original FY 2014 budget was based on total net revenues of $9.05 billion. This amount was (3.4)% below FY 2013, primarily due to the expiration of the 3-year 1¢ sales tax in FY 2013.

In the original FY 2014 budget, base revenues were projected to be $8.92 billion in FY 2014, or 4.9% above the prior fiscal year. In January 2014, the JLBC Baseline reduced the FY 2014 base revenue forecast downward to 4.3%. Despite the lower percentage increase, the ongoing base revenue in the January Baseline was $107 million higher than in the June 2013 enacted budget. The reason for this is that the actual FY 2013 base revenue was higher than the estimate used in the June 2013 enacted budget.

In its April 2014 revisions to the FY 2014 budget, the Legislature adopted the January 2014 JLBC Baseline base revenue forecast of 4.3% growth. In terms of total revenue, the revised FY 2014 budgeted amount was $9.46 billion, or (1.1)% below FY 2013.

The April "four-sector" consensus forecast base revenue growth of 3.8% for FY 2014 *(see FY 2015 section for more information on the 4-sector consensus process).* However, based on year-to-date revenue growth through March of 4.3%, the April 2014 enacted budget assumed the January consensus growth rate of 4.3% for FY 2014. *Table 1* includes consensus estimates from January 2014 and updated estimates from April 2014.

Table 1

4-Sector Estimates
FY 2014 Forecast Percentages
Base Revenue [1/]

	FAC	UA Low	UA Base	JLBC	Avg
Sales Tax					
January	6.2%	4.4%	6.2%	6.5%	5.8%
April	5.5%	5.1%	5.8%	5.9%	5.6%
Individual Income Tax					
January	6.3%	3.0%	4.7%	4.5%	4.6%
April	4.7%	3.2%	3.8%	4.7%	4.1%
Corporate Income Tax					
January	(9.7)%	0.9%	1.9%	(7.0)%	(3.5)%
April	(7.8)%	(4.1)%	(4.1)%	(7.0)%	(5.8)%
Overall [2/]					
January	4.9%	3.5%	5.2%	4.5%	4.3%
April	4.0%	3.5%	4.1%	4.3%	3.8%

1/ Prior to any tax law or other revenue changes.
2/ Includes JLBC Staff estimates for other revenue categories. The enacted April 2014 budget revisions for FY 2014 utilized the January 4-Sector estimates.

FY 2015

The January FY 2015 JLBC Baseline forecasted total net revenues of $9.36 billion for FY 2015. Excluding one-time revenues, Urban Revenue Sharing and statutory changes, the ongoing base revenues were projected at $9.45 billion. This amount reflected a base revenue increase of 5.3% compared to FY 2014. The JLBC's FY 2015 estimated growth rates for the "Big 3" revenue categories (sales tax, individual income tax, and corporate income tax) were initially developed and revised using a 4-sector consensus process. This process is based on averaging the results of the following 4 forecasts:

- The Finance Advisory Committee (FAC) panel forecast. This independent panel consists of 14 public and private sector economists that meet 3 times a year to provide the Legislature with guidance on the status of the Arizona economy.
- The University of Arizona Economic and Business Research (EBR) General Fund base model. The model is a simultaneous-equation model consisting of over 100 equations that are updated on an ongoing basis to accommodate changes in the economy. The model uses over 200 variables related to Arizona's economy and is updated quarterly.
- EBR's conservative forecast model, and
- JLBC Staff projections.

The growth rates for the Big 3 categories used in the development of the JLBC revenue estimates from each sector of the forecast are detailed in *Table 2* below. As with the FY 2014 table in the prior section, *Table 2* includes consensus estimates from January 2014 and updated estimates from April 2014.

Table 2

4-Sector Estimates
FY 2015 Forecast Percentages
Base Revenue 1/

	FAC	UA Low	UA Base	JLBC	Avg
Sales Tax					
January	6.1%	2.7%	6.6%	6.0%	5.4%
April	5.8%	2.2%	6.2%	5.7%	5.0%
Individual Income Tax					
January	6.0%	2.3%	5.3%	6.3%	5.0%
April	5.9%	1.6%	4.8%	6.1%	4.6%
Corporate Income Tax					
January	(0.4)%	0.2%	8.4%	11.9%	5.0%
April	(1.1)%	4.1	7.9%	6.0%	4.3%
Overall 2/					
January	5.6%	2.3%	6.2%	6.6%	5.3%
April	6.3%	2.1%	5.7%	5.9%	5.0%

1/ Prior to any tax law or other revenue changes.
2/ Includes JLBC Staff estimates for other revenue categories. The enacted April 2014 budget for FY 2015 utilized the January 4-Sector estimates.

The FY 2015 estimate for the remaining revenue categories, which constitute about 8% of the total, was based on JLBC Staff estimates.

The enacted FY 2015 budget adopted the January 2014 JLBC Baseline revenue forecast of 5.3% compared to FY 2014, as shown in *Table 2*. Total FY 2015 revenues are projected to be $9.40 billion, or (0.6)% below FY 2014.

Table 3 below summarizes the changing revenue picture for FY 2014 and FY 2015 through the phases of budget development. The growth rates in the table reflect ongoing base revenues.

Table 3

Base Revenue Change Assumptions

	% Change
FY 2014	
Adopted FY 2014 Budget (June 2013) *(compared to forecasted FY 13 revenues)*	4.9%
JLBC Baseline (January 2014)	4.3%
4-Sector Consensus (April 2014)	3.8%
Enacted FY 2015 Budget (April 2014)	4.3%
FY 2015	
4-Sector Consensus (January 2014)	5.3%
4-Sector Consensus (April 2014)	5.0%
Enacted FY 2015 Budget (April 2014)	5.3%

Revenue Adjustments

Table 4 below provides an overview of base revenue growth rates for FY 2014 and FY 2015 with budget legislation changes (which include a number of tax law changes and revenue adjustments described in more detail in *Table 5 through Table 7*) and one-time financing sources. The table shows the base and adjusted revenue growth rates based on the enacted FY 2015 budget.

Table 4

General Fund Revenue Growth Rates
Based on Enacted FY 2014 and FY 2015 Budget
($ in Millions)

	FY 2014	%	FY 2015	%
Base Revenue	$8,993.8 1/	4.3%	$9,471.0	5.3%
Previously Enacted Changes	N/A		(127.3)	
Newly Enacted Tax Law Changes	N/A		18.6	
Urban Revenue Sharing	(561.0)		(608.9)	
One-Time Financing Sources:				
Balance Forward	895.5		595.5	
Previously Enacted Changes	(24.8)		(1.8)	
Newly Enacted Tax Law Changes	0.0		0.0	
Fund Transfers	153.6		53.9	
Subtotal	1,024.3		647.6	
Adjusted Revenue	**$9,457.1**	**(1.1)%**	**$9,401.0**	**(0.6)%**

1/ $(37.0) million in tax law and revenue changes are included in the FY 2014 base. The FY 2014 increase of 4.3% shown above excludes these changes.

Ongoing Budget Legislation

Each year there are statutory tax law and other revenue changes that impact the state's revenue collection base. These may include tax rate or tax exemption changes, conformity to federal tax law changes, or the implementation of programs that affect revenue collections.

FY 2014

For FY 2014, ongoing budget legislation is expected to reduce General Fund revenues by $(37.0) million. *Table 5* provides a summary of previously enacted budget legislation changes with ongoing revenue impacts in FY 2014. As noted above, the FY 2014 base revenue growth of 4.3% excludes these changes. Previously enacted legislation with a one-time revenue impact in FY 2014 is shown in *Table 8* at the end of this section.

Pre-2013 Tax Law Changes

A number of tax law changes enacted in 2011 and 2012 will have an impact on FY 2014 revenue collections, as described below.

1) Job Tax Credit – Laws 2011, 2nd Special Session, Chapter 1 provides a $3,000 annual individual and corporate income tax credit for each net new qualifying job added by an employer in the state. To qualify for the 3-year credit, the new employment position must: (1) be full-time, (2) pay at least the county median wage, and (3) include health insurance paid by the employer. In addition, a business cannot claim the credit unless it meets certain minimum job creation and capital investment requirements. Laws 2012, Chapter 343 removed the 400 maximum job tax credit claims per employer established by Chapter 1. The job tax credit is estimated to reduce revenues by $(4.0) million in FY 2014. *(For the revenue impact after FY 2014, see page 351.)*

2) Reduction of Long Term Capital Gains – Laws 2012, Chapter 343 reduces the individual income taxation of long term capital gains on assets acquired after TY 2011 by 25% over 3 years, beginning in TY 2013. This provision is estimated to reduce individual income tax collections by $(10.2) million in FY 2014. *(For the revenue impact after FY 2014, see page 351.)*

3) Qualified Facility Tax Credit – Laws 2012, Chapter 343 created a new individual and corporate income tax credit for businesses that expand or locate qualified facilities in the state, beginning in TY 2013. The credit is 10% of the lesser of (1) the capital investment in the facility or (2) $200,000 for each net new employee hired at the facility. To qualify for the credit, a company is required to devote at least 80% of its property and payroll at the facility to manufacturing, research, or a national or regional headquarter. There are also certain minimum requirements with respect to wage and health insurance coverage for new employees at the facility. The credit is refundable but no single taxpayer can claim more than $30 million per calendar year. The credit must be taken in equal installments over 5 years. The qualified facility credit is subject to an annual aggregate cap of $70 million, which it shares with the renewable energy credit enacted in 2009. This provision is estimated to reduce revenues by $(4.0) million in FY 2014. *(For the revenue impact after FY 2014, see page 351.)*

2013 Tax Law Changes

In the 2013 Legislative Session, the Legislature enacted the following ongoing tax law and revenue changes.

4) Prior FBLS Fee Increase – A.R.S. § 41-2144 and § 41-2146 authorized the Department of Fire, Building, and Life Safety (FBLS) to establish fees to support the State Fire Marshal and manufactured housing programs. A 2011 Auditor General performance audit found that the non-appropriated Mobile Home Relocation Fund was being charged more than its proportionate share to support the agency's operating budget. To reduce the Relocation Fund's share of administrative costs, the State Fire Marshal and manufactured housing programs raised fees in FY 2013. The Board of Manufactured Housing increased fees effective July 2012, and the State Fire Safety Committee increased fees effective September 2012. In total, ongoing revenue gain in FY 2014, the first full year that the fees are in effect, is estimated to be $270,000. These fees, however, are deposited into the General Fund. The department's budget includes an increase of $270,000 from the General Fund in FY 2014 for operation of the State Fire Marshal and manufactured housing programs. The increased appropriation is equivalent to the level of increased fees.

Table 5

Budget Legislation Changes with Ongoing Revenue Impact in FY 2014 ($ in Millions)

Pre-2013 Tax Law Changes (Year Enacted)	
1) Job Tax Credit (2011)	$ (4.0)
2) Reduction of Long-Term Capital Gains (2012)	(10.2)
3) Qualified Facility Credit (2012)	(4.0)
Subtotal	$ (18.2)
2013 Tax Law and Revenue Changes	
4) Prior FBLS Fee Increase	$ 0.3
5) IRC Conformity	9.1
6) Data Center TPT Exemption	(4.2)
7) Foster Care Credit	(0.9)
8) Interlock Device TPT Exemption	(0.6)
9) Increased 529 College Savings Plan Deductions	(4.0)
10) Expanded Working Poor Credit	(18.0)
11) EZ Credit Certification Exemption	(0.5)
Subtotal	$ (18.8)
Total – FY 2014 Revenue Impact	**$ (37.0)**

5) Internal Revenue Code Conformity – Laws 2013, Chapter 65 conformed Arizona tax statutes to the Internal Revenue Code (IRC) as of January 3, 2013 and established a tax credit for TY 2013 in lieu of conforming to the retroactive provision of the Federal Aviation Administration (FAA) Modernization and Reform Act relating to rollover of amounts received in airline carrier bankruptcy. Chapter 65 is estimated to increase General Fund revenue by $9.1 million in FY 2014.

6) Data Center TPT Exemption – Laws 2013, 1st Special Session, Chapter 9 provides, effective September 1, 2013, Transaction Privilege Tax (TPT) and Use Tax exemptions, for equipment purchased by owners, operators, or co-location tenants of computer data centers certified by the Arizona Commerce Authority (ACA). To qualify for the exemption, newly constructed data centers located in Maricopa and Pima Counties must make a minimum investment of $50 million over 5 years. The corresponding minimum requirement in other counties is $25 million.

Existing data centers, which made an investment of at least $250 million during the 6 years immediately preceding the act's effective date, are eligible for the same exemption with respect to future equipment purchases. The exemptions are expected to reduce General Fund revenues by $(4.2) million in FY 2014. *(For the revenue impact after FY 2014, see page 351.)*

7) Foster Care Tax Credit – Laws 2013, 1st Special Session, Chapter 9 expanded (retroactive to January 1, 2013) the existing working poor credit to include qualifying foster care charitable organizations. The maximum credit for cash contributions to qualifying foster care organizations is $400 for individuals filing as single or head of household and $800 for married couples filing joint returns. The foster care credit is estimated to result in an annual individual income tax reduction of $(850,000), beginning in FY 2014.

8) Interlock Device TPT Exemption – Laws 2013, Chapter 236 exempts the leasing or renting of certified interlock devices from state and municipal TPT, retroactive to September 1, 2004. This provision is estimated to result in an annual General Fund revenue reduction of $(600,000), beginning in FY 2014.

9) Increased 529 College Savings Plan Deductions – Laws 2013, Chapter 236 increases the 529 college savings plan contributions that are deductible from state income tax from $1,500 to $4,000 for married couples filing joint returns and from $750 to $2,000 for all other filers. This provision, which is retroactive to January 1, 2013, is estimated to reduce individual income tax collections by $(4.0) million, beginning in FY 2014.

10) Expanded Working Poor Credit – Laws 2013, Chapter 236 removed the requirement that an individual income tax filer itemizes deductions in order to claim the working poor tax credit. This provision is estimated to reduce individual income tax collections by $(18.0) million annually, beginning in FY 2014.

11) Enterprise Zone Credit Certification Exemption – Laws 2013, Chapter 236 provides that businesses, which were certified by ACA and then claimed first year credits under the now repealed Enterprise Zone (EZ) credit program, be exempt from the requirement to file for certification in order to claim second or third year credits. This provision, which is retroactive to July 1, 2011, is estimated to reduce General Fund revenues by $(500,000) in FY 2014. *(For the revenue impact after FY 2014, see page 351.)*

FY 2015 – FY 2017

As shown in *Table 6* on *page 351*, ongoing budget legislation enacted prior to the 2014 regular session is estimated to reduce General Fund revenues by $(127.3) million in FY 2015, followed by an additional reduction of $(115.6) million in FY 2016, and $(108.7) million in FY 2017. Thus, relative to FY 2014, previously enacted tax law changes will reduce FY 2015 - FY 2017 baseline revenue by a total of $(351.6) million. Below is a description of each of the previously enacted provisions included in *Table 6*. The table lists both original and revised (or current) revenue estimates. (For more background on the revision of estimates, see page 429 of the *FY 2015 Baseline Book*.)

Table 7 lists budget legislation enacted during the 2014 regular session with ongoing revenue impact in FY 2015 through FY 2017. As shown in *Table 7*, ongoing legislation enacted in 2014 is estimated to add $18.6 million to General Fund revenues in FY 2015 (relative to FY 2014), followed by a reduction of $(12.7) million in FY 2016, and an additional reduction of $(0.5) million in FY 2017. Each of the current year tax law changes is described in more detail below. (Current year legislation with a one-time impact is shown in *Table 8*.)

Pre-2014 Statutory Changes

12) Elimination of Small Business Capital Gains – Laws 2011, 2nd Special Session, Chapter 1 eliminates capital gains on income derived from small businesses certified by ACA to receive credit-eligible angel investments, beginning in TY 2014. This provision was originally estimated to reduce individual income tax collections by $(11.6) million in FY 2015. However, as a result of updated capital gains data, the estimated revenue reduction in FY 2015 has since been revised to $(8.6) million. Under the current estimate, the provision is estimated to reduce revenue by an additional $(0.4) million in FY 2016 and $(0.8) million in FY 2017.

13) Phase-Down of Corporate Income Tax Rate – Laws 2011, 2nd Special Session, Chapter 1 reduces the corporate income tax rate from 6.968% to 4.9% over 4 years, beginning in TY 2014. This rate reduction was originally estimated to reduce corporate income tax collections by $(53.8) million in FY 2015. However, based on an updated forecast for corporate income tax, this estimate has since been revised to $(50.4) million. Under the current estimate, the phase-down of the corporate tax rate is estimated to result in an additional revenue loss of $(60.7) million in FY 2016 and $(61.7) million in FY 2017.

14) Phase-In of Single Corporate Sales Factor – Laws 2011, 2nd Special Session, Chapter 1 increases the optional sales factor, which is used to calculate the apportionment of taxable income for multi-state corporations, from 80% to 100% over 4 years, beginning in TY 2014. This provision was originally estimated to reduce corporate income tax collections by $(24.6) million in FY 2015. However, based on newer information provided by the Department of Revenue, this estimate has since been revised to $(39.3) million. Under the current estimate, the phase-in of a single sales factor is estimated to reduce

corporate income tax collections by an additional $(37.9) million in FY 2016 and $(31.7) million in FY 2017.

15) Job Tax Credit – Laws 2011, 2nd Special Session, Chapter 1. *(For a detailed description of this provision, see 1) on page 348.)* The job tax credit was originally estimated to reduce corporate and individual income tax collections by $(19.7) million in FY 2015 relative to FY 2014. However, based on actual credit usage to date, the FY 2015 estimate has been revised to $(4.2) million. Under the current estimate, the job tax credit is expected to reduce revenue by an additional $(4.2) million in FY 2016 and $(3.1) million in FY 2017.

16) Expansion of Angel Investment Credit – Laws 2011, 2nd Special Session, Chapter 1 provided certain changes to the State's Angel Investment Tax Credit program, beginning in FY 2012. Under this program, qualified "angel" investors are eligible to receive up to a 35% credit over 3 years on investments in small businesses certified by ACA. The credit program is capped at $20 million. Chapter 1 extended the credit authorization by 4 years, through the end of FY 2016. Additionally, Chapter 1 also increased the asset cap of small businesses qualified to receive credit-eligible angel investments from $2 million to $10 million, beginning in FY 2012. This provision is estimated to reduce individual income tax revenue by $(0.5) million in FY 2015, after which time the $20 million in allowable credit authorization is assumed to be exhausted. The original estimate of this provision has not been revised.

17) Corporate Sales Factor for Service Providers – Laws 2012, Chapter 2 allows multi-state service-providing companies to reduce their Arizona corporate income tax liability through a change in the calculation of the sales factor. To be eligible for the change, a company is required to derive at least 85% of its sales of services from out-of-state customers. The change in the calculation of the sales factor is phased in over 4 years, beginning in TY 2014. This provision was originally estimated to reduce corporate income tax collections by $(3.0) million in FY 2014. As a result of further review of the legislation, however, it has been determined that the first-year impact of $(3.0) million will not occur until FY 2015. Under the revised estimate, the provision is expected to reduce revenue by an additional $(0.5) million in FY 2016 and $(0.4) million in FY 2017.

18) Reduction of Long Term Capital Gains – Laws 2012, Chapter 343. *(For a detailed description of this provision, see 2) on page 348.)* The reduction of long term capital gains subject to individual income taxes was originally estimated to reduce tax revenues by $(23.0) million in FY 2015 relative to FY 2014. As a result of updated capital gains data, however, the FY 2015 estimate has been revised to $(15.7) million. Under the current estimate, individual income tax collections are estimated to decline by an additional $(12.1) million in FY 2016 and $(7.0) million in FY 2017.

19) Qualified Facility Credit – Laws 2012, Chapter 343. *(For a detailed description of this provision, see 3) on page 348.)* This credit is estimated to reduce individual and corporate income tax collections by $(4.0) million over and above the reduction in the prior year in each year from FY 2015 through FY 2017. The original estimate of this provision has not been revised.

20) Enterprise Zone Credit Certification Exemption – Laws 2013, Chapter 236. *(For a detailed description of this provision, see 11) on page 349.)* This provision was originally estimated to reduce corporate income tax collections by $(500,000) in FY 2014 and $(300,000) in FY 2015. Thus, relative to the FY 2014 base, this provision results in a savings of $200,000 in FY 2015. The FY 2016 savings relative to the FY 2015 base is $300,000. The original estimate of this provision has not been revised.

21) TPT Simplification – Laws 2013, Chapter 255 makes numerous changes to the state and municipal TPT with respect to administration, collections, and auditing. In addition, effective from January 1, 2015, Chapter 255 exempts service and trade contractors from state and municipal contracting tax whenever they work directly for the property owners and such work is limited to maintenance, repair, or replacement of existing property. Instead, the materials purchased by such contractors will be subject to retail TPT. The changes under Chapter 255 are estimated to result in a General Fund revenue increase of $1.3 million, beginning in FY 2016. The original estimate of this provision has not been revised.

22) Data Center TPT Exemption – Laws 2013, 1st Special Session, Chapter 9. *(For a detailed description of this provision, see 6) on page 348.)* This exemption is estimated to reduce General Fund revenue by $(1.8) million in FY 2015 and an additional $(1.9) million in FY 2016. The original estimate of this provision has not been revised.

2014 Statutory Changes

23) Electricity and Natural Gas TPT Exemption – Laws 2014, Chapter 7 exempts the gross proceeds from sales of electricity and natural gas to businesses that are principally engaged in manufacturing or smelting operations from the state TPT and use tax. The exemption is estimated to reduce General Fund revenue collections by $(14.6) million in FY 2015 and an additional $(3.6) million in FY 2016.

24) Renewable Energy Facility Credit – Laws 2014, Chapter 8 creates a new individual and corporate income tax credit for any company that makes an investment of at least $300 million in a new renewable energy facility that produces energy that is primarily used in the company's own manufacturing processes. The credit has an aggregate

Table 6

Prior Year Budget Legislation with Ongoing Revenue Impact in FY 2015 through FY 2017
($ Millions) 1/

	Prior Estimates			Current Estimates		
Bill/Description of Provision	**FY 15**	**FY 16**	**FY 17**	**FY 15**	**FY 16**	**FY 17**
Laws 2011, 2nd SS, Ch. 1						
12) Eliminates capital gains on income derived from small businesses.	$(11.6)	$(0.7)	$(0.6)	$(8.6)	$(0.4)	$(0.8)
13) Phases down corporate tax rate from 6.968% to 4.9% over 4 years, beginning in FY 2015.	(53.8)	(62.2)	(67.5)	(50.4)	(60.7)	(61.7)
14) Phases in corporate sales factor from 80% to 100% over 4 years, beginning in FY 2015.	(24.6)	(22.7)	(20.5)	(39.3)	(37.9)	(31.7)
15) Creates a $3,000 new job tax credit claimed annually for 3 years. 2/	(19.7)	(6.8)	(1.0)	(4.2)	(4.2)	(3.1)
16) Increases small business eligibility for 30% "angel" investment tax credit from $2 million to $10 million in assets through FY 2016.	(0.5)	4.5	0.0	(0.5)	4.5	0.0
Laws 2012, Ch. 2						
17) Provides a change in the calculation of the corporate sales factor for service companies. 3/	(0.5)	(0.4)	(0.5)	(3.0)	(0.5)	(0.4)
Laws 2012, Ch. 343						
18) Phases in (over 3 years) a 25% reduction of long term capital gains on assets purchased after 2011. 4/	(23.0)	(16.0)	(4.9)	(15.7)	(12.1)	(7.0)
19) Creates an income tax credit for capital investments in new/expanded manufacturing/ research facilities and commercial headquarters. 4/	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
Laws 2013, Ch. 236						
20) Exempts certain Enterprise Zone income tax credit certification requirements. 4/	0.2	0.3	0.0	0.2	0.3	0.0
Laws 2013, Ch. 255						
21) Exempts trade/service contractors from prime contracting tax. Instead, materials taxed as retail.	0.0	1.3	0.0	0.0	1.3	0.0
Laws 2013, 1st SS, Ch. 9						
22) Exempts data center equipment from TPT. 4/	(1.8)	(1.9)	0.0	(1.8)	(1.9)	0.0
Revenue Impact Over Prior Year	**$(139.3)**	**$(108.6)**	**$(99.0)**	**$(127.3)**	**$(115.6)**	**$(108.7)**

1/ Represents marginal pricing: All impacts are stated relative to the prior year. *See Table 5 for first FY 2014 tax law changes.* Impact excludes property tax changes, which affect Department of Education spending rather than General Fund revenues.

2/ Includes impact of Laws 2012, Chapter 343 provision, which eliminated individual company cap of 400 eligible employees. Impact of Chapter 343 began in FY 2014.

3/ Original estimate assumed that the first-year impact would occur in FY 2014. Based on subsequent examination of the provision, however, it has been determined that the first-year impact will not occur until FY 2015.

4/ Impact began in FY 2014.

individual income and corporate income tax cap of $10 million a year. The credit is estimated to reduce General Fund revenues by $(10) million, beginning in FY 2016. (Although the credit can be taken in FY 2015, the initial impact is not assumed to occur until FY 2016.)

25) Long-Term Care System Fund – Laws 2014, Chapter 11 (Health and Welfare Budget Reconciliation Bill) requires all monies in the Long-Term Care System Fund accrued from capitation payments for developmental disability services that are unexpended and unencumbered at the end of the fiscal year to revert to the General Fund. The transfer amount may be adjusted for reported but unpaid claims as well as estimated incurred but unreported claims, subject to approval by the Arizona Health Care Cost Containment System (AHCCCS). Chapter 11 is expected to increase General Fund revenues by $35 million annually, beginning in FY 2015.

26) Social Security Number (SSN) Requirement – Laws 2014, Chapter 68 requires individual taxpayers to provide the Department of Revenue a valid SSN to claim the Proposition 301 Sales Tax Credit, otherwise known as the Increased Excise Taxes Paid Credit (IETC). An individual income tax filer can claim a $25 credit to offset the 0.6% sales tax increase resulting from Proposition 301 passed in November 2000. For taxpayers filing as single or as married person filing separately, the income requirement for claiming the credit is $12,500 or less. Individual taxpayers had previously been able to also claim this credit using a federally-issued individual taxpayer identification number. The SSN requirement is effective January 1, 2015 and is projected to reduce the use of the credit, thereby increasing income tax collections by $1.5 million annually, beginning in FY 2016.

27) Watercraft Fine Revenue Shift – Laws 2014, Chapter 127 redirects certain fines for operating a watercraft while under the influence from the Public Safety Equipment Fund (PSEF) to the Law Enforcement and Boating Safety Fund (LEBSF). PSEF retains the first $1,200,000 of certain DUI fee revenues and the remainder is deposited into the General Fund. Prior to Chapter 127, PSEF received $1,200,000 and the General Fund received $9,179,400 in FY 2013. After shifting the $500,000 of under the influence fees to LEBSF, PSEF is projected to still receive $1,200,000. The General Fund deposit, however, will decline by $(500,000) beginning in FY 2015.

28) Job Tax Credit – Laws 2014, Chapter 168 changes the requirement for the new Job Tax Credit program by providing that second and third year credits can be claimed irrespective of whether the same employee remains employed as long as the employer replaces the vacant position with another qualified employee within 90 days. The provision, which is effective retroactively from January 1, 2014, is estimated to reduce income tax collections by $(882,000) in FY 2015, followed by an additional $(405,000) in FY 2016, and $(381,000) in FY 2017.

29) Mixed Waste Processing Facility TPT Exemption – Laws 2014, Chapter 228 exempts the gross proceeds from building a mixed waste processing facility from the prime contracting tax. To qualify for the TPT exemption, the facility must be located on a municipal landfill and constructed for the purpose of recycling solid waste or producing renewable energy from landfill waste. Chapter 228 is estimated to decrease General Fund revenue by $(183,600) in FY 2015. Relative to FY 2015, Chapter 228 is estimated to add $127,100 to General Fund revenue in FY 2016, followed by an offsetting reduction of $(127,100) in FY 2017.

30) TPT Exemption for Meals Sold to SNAP Recipients – Laws 2014, Chapter 263 exempts the sales of food and drinks to the elderly, disabled, or homeless by restaurants that contract with the Department of Economic Security (DES) and are approved under the federal Supplemental Nutrition Assistance Program (SNAP). Without this exemption, restaurants would be required to impose the sales tax on such meals. To qualify for the exemption, the meals must be paid with the benefits issued to SNAP recipients. The fiscal impact of this provision cannot be determined.

31) Valuation of Renewable Energy Equipment – Laws 2014, Chapter 264 modifies the calculation of depreciated cost for the purpose of determining the value of renewable energy equipment. Additionally, Chapter 264 also limits the assessed value of land with abandoned renewable energy equipment. Since the state does not levy a property tax, Chapter 264 will have no impact on General Fund revenues. Instead, the reduction in property values resulting from the legislation will increase General Fund expenditures for the Arizona Department of Education (ADE) by an estimated $300,000, beginning in FY 2016.

32) Health Sciences Institution TPT Exemption – Laws 2014, Chapter 276 exempts personal property that is sold to a qualified health sciences educational institution from state and municipal retail, publication, and job printing TPT and use tax. Chapter 276 is estimated to reduce General Fund revenue by $(196,400) in FY 2015, and an additional $(275,000) in FY 2016.

Temporary 1-Cent TPT Increase

At the May 2010 Special Election, voters approved a 1-cent increase of the TPT (more commonly referred to as sales tax) for 3 years, effective from June 1, 2010 through May 31, 2013. The 1-cent sales tax generated additional General Fund revenues of $962.2 million in FY 2013, the third and final year of the temporary tax. The May 31, 2013 expiration of the 1-cent sales tax had the effect of reducing FY 2014 General Fund revenues by $(962.2) million relative to FY 2013.

Table 7

Current Year Budget Legislation with Ongoing Revenue Impact in FY 2015 through FY 2017
($ Millions) 1/

Bill/Description of Provision	FY 15	FY 16	FY 17
Laws 2014, Ch. 7 23) Exempts electricity and natural gas purchased by manufacturing and smelting facilities from TPT.	$(14.6)	$(3.6)	$0.0
Laws 2014, Ch. 8 24) Creates a tax credit for investment in new facilities that produce energy for self-consumption using renewable energy sources if the power is used primarily in manufacturing.	0.0	(10.0)	0.0
Laws 2014, Ch. 11 25) Requires all monies in the Long-Term Care System Fund accrued from capitation payments for developmental disability that are unexpended to be reverted to the General Fund.	35.0	0.0	0.0
Laws 2014, Ch. 68 26) Requires individual taxpayers claiming an amount for the Proposition 301 $25 Tax Credit to provide a valid social security number.	0.0	1.5	0.0
Laws 2014, Ch. 127 27) Shifts fine revenues for operating watercraft while intoxicated from the General Fund to the Law Enforcement and Boating Safety Fund.	(0.5)	0.0	0.0
Laws 2014, Ch. 168 28) Provides that if an employee in a newly created job leaves his position, the employer can still claim the new job tax credit as long as the vacant position is filled within 90 days.	(0.9)	(0.4)	(0.4)
Laws 2014, Ch. 228 29) Exempts the construction of mixed waste processing facilities located on a municipal landfill and built for the purpose of recycling waste or producing renewable energy from TPT.	(0.2)	0.1	(0.1)
Laws 2014, Ch. 263 30) Exempts restaurants that contract with the Department of Economic Security and are approved under the federal Supplemental Nutrition Assistance Program (SNAP) from TPT for the sale of food and drinks to elderly, disabled, or homeless persons.	Unknown	Unknown	Unknown
Laws 2014, Ch. 264 31) Modifies the calculation of depreciated cost for renewable energy equipment as well as limits the assessed value of land with abandoned renewable energy equipment. 2/	0.0	2/	2/
Laws 2014, Ch. 276 32) Exempts personal property sold to a qualified health sciences educational institution under the retail, publication, and job printing classifications from TPT.	(0.2)	(0.3)	0.0
Total	**$18.6**	**$(12.7)**	**$(0.5)**

1/ Represents marginal pricing: All impacts are stated relative to the prior year.

2/ Since the state does not levy a property tax, this provision has no revenue impact. Instead, the provision increases the General Fund cost for the K-12 school funding formula by $300,000, beginning in FY 2016.

Urban Revenue Sharing

The Urban Revenue Sharing (URS) program provides that a percentage of state income tax revenues (including both individual and corporate income tax) be shared with incorporated cities and town within the state. The amount that is currently distributed to cities and towns is 15% of net income tax collections from 2 years prior. As indicated in *Table 10*, total URS distributions will increase from $561.0 million in FY 2014 to $608.9 million in FY 2015, $620.5 million in FY 2016, and $651.4 million in FY 2017. The URS increase will result in a General Fund revenue loss of $(47.9) million in FY 2015 relative to FY 2014. The corresponding General Fund revenue loss in FY 2016 (relative to FY 2015) and FY 2017 (relative to FY 2016) is an estimated $(11.5) million and $(31.0) million, respectively.

One-Time Financing

As shown in *Table 8*, one-time financing sources are available in FY 2014, FY 2015, and FY 2016. In FY 2017, however, one-time revenue will no longer be available to support spending. Instead, FY 2017 is projected to begin with a negative General Fund balance (deficit). The following is a discussion of the one-time financing sources. *Table 8* provides the one-time detail.

FY 2014

The $1,024.3 million in one-time financing sources for FY 2014 includes:

Budget Legislation – Laws 2013, Chapter 256 removed the $25,000 cap on deductions from state income tax for qualified business equipment purchases under Section 179 of the Internal Revenue Code (IRC). Section 179 allows individual and corporate taxpayers to deduct 100% of their qualified equipment purchases up to a stipulated amount in the year that the equipment was purchased rather than in smaller installments over several years based on a federal depreciation schedule. The $25,000 deduction cap was instituted in 2004 as a result of the Legislature's decision (Laws 2004, Chapter 196) at that time not to conform to the higher Section 179 deduction allowances provided under the federal Jobs and Growth Tax Relief Reconciliation Act of 2003.

Chapter 256 effectively conforms state tax statutes to Section 179 of IRC for qualified equipment acquired in TY 2013. Under the American Taxpayer Relief Act of 2012, a business was allowed to fully deduct up to $500,000 in qualified equipment purchases made in TY 2013. Laws 2014, Chapter 223 ("conformity bill"), which was signed into law on April 24, 2014, requires that the starting point for computing Arizona income taxes in TY 2014 be the federal tax code (IRC) as of January 1, 2014. Since no "tax extender" bill had been enacted by the U.S. Congress as of April 24, 2014, Chapter 223 effectively reset the business expensing allowance from $500,000 to $25,000 in TY 2014. As a result of the TY 2013 federal business expensing allowance of $500,000 not being extended into TY 2014, Chapter 256 resulted in a one-time individual and corporate income tax loss of $(24.8) million in FY 2014.

Fund Transfers – The FY 2014 budget includes a total of $153.6 million in fund transfers. This amount includes:

- $6.0 million of the second year of Judiciary transfers.
- $68.0 million from the State Employee Health Insurance Trust Fund.
- $10.0 million from the Department of Education's Structured English Immersion Fund.
- $(7.1) million of General Fund monies transferred to the Automation Projects Fund.
- Proceeds of $50.0 million from the National Mortgage Settlement. The FY 2013 General Appropriation Act required the Attorney General to distribute $50.0 million from the National Mortgage Settlement proceeds to the General Fund. These monies were placed on hold in FY 2013, however, due to ongoing litigation. The court case, which was finally resolved in September 2013, resulted in the transfer of $50.0 million from the Attorney General to the General Fund in October 2013.
- "Reconciliation payments" of $19.2 million from AHCCCS health care plans, which occur when the plans' profits exceed the statutory limit of 3%.
- Unbudgeted savings of $7.5 million related to unexpended proceeds of several state building lease-purchase agreements.

Balance Forward – The FY 2013 General Fund ending balance carried forward into FY 2014 was $895.5 million.

FY 2015

The $647.6 million in one-time financing sources for FY 2015 includes:

Budget Legislation – Laws 2012, Chapter 343 allows an Arizona individual income tax deduction equal to 10% of the bonus depreciation claimed on federal tax returns for assets placed in service after December 31, 2012. The 10% deduction can first be claimed on state tax returns for TY 2014. Under the American Taxpayer Relief Act of 2012, businesses were provided an additional first-year 50% depreciation allowance ("bonus depreciation") for qualified property acquired in TY 2013. For the same reason as outlined above, since no "tax extender" bill had been enacted at the federal level as of April 24, 2014, this year's "conformity bill" (Laws 2014, Chapter 223) effectively removed the 50% bonus depreciation allowance in TY 2014.

As a result of the TY 2013 50% federal bonus depreciation allowance not being extended into TY 2014, Chapter 343 resulted in a one-time individual income tax loss of $(1.8) million in FY 2015. This provision was originally

Table 8

FY 2014 through FY 2017 One-Time Financing Sources
($ in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward	$ 895.5	$595.5	$129.5	$(236.8)
Budget Legislation				
Business Expensing	(24.8)	0.0	0.0	0.0
Bonus Depreciation	0.0	(1.8)	0.0	0.0
Tax Bracket Adjustment	0.0	0.0	(6.1)	0.0
Subtotal	(24.8)	(1.8)	(6.1)	0.0
Fund Transfers	153.6	53.9	0.0	0.0
Total One-Time Financing	**$1,024.3**	**$647.6**	**$123.4**	**$(236.8)**

estimated to result in a one-time revenue reduction of $(4.2) million in FY 2014. A later review of the original legislation indicated that the initial revenue impact would not occur until FY 2015. Additionally, as a result of updated estimates by the federal Joint Committee on Taxation, the revenue impact was revised from $(4.2) million to $(1.8) million.

Fund Transfers – The FY 2015 General Appropriation Act (Laws 2014, Chapter 18) transfers $53.9 million from the Special Employee Health Insurance Trust Fund (HITF) to the General Fund for the purpose of providing adequate support and maintenance for state agencies.

Balance Forward – The budgeted FY 2014 General Fund ending balance carried forward into FY 2015 is estimated to be $595.5 million. Compared to the $895.5 million FY 2014 beginning balance, the projected FY 2015 beginning balance reflects a loss of $(300.0) million.

FY 2016

The $123.4 million in one-time financing sources for FY 2016 includes:

Budget Legislation – Laws 2014, Chapter 10 provides a one-time increase (in the form of an inflation adjustment) of the individual income tax rate brackets in TY 2015. This rate bracket adjustment results in an estimated one-time revenue loss of $(6.1) million in FY 2016.

Balance Forward – The FY 2015 General Fund ending balance carried forward into FY 2016 is estimated to be $129.5 million.

FY 2017

FY 2016 is currently projected to end with a negative General Fund balance (deficit) of $(236.8) million. Thus, unless the FY 2016 deficit is resolved, FY 2017 will have a negative beginning balance of $(236.8) million.

Long-Term Projections

The FY 2015 budget also incorporated revenue planning estimates for FY 2016 and FY 2017. The January 2014 and April 2014 4-sector consensus estimates are shown in *Table 9*.

The January 4-sector forecast was the basis for the JLBC Baseline. Under the January 4-sector consensus estimate, base revenue would increase by 5.2% in FY 2016 and 5.6% in FY 2017.

Table 9

4-Sector Estimates
Forecast Percentages
Base Revenue [1/]

	FY 2016					FY 2017				
	FAC	UA Low	UA Base	JLBC	Avg	FAC	UA Low	UA Base	JLBC	Avg
Sales Tax										
January	5.8%	4.7%	7.2%	6.1%	6.0%	5.5%	5.6%	7.1%	6.2%	6.1%
April	5.5%	5.0%	7.4%	5.9%	6.0%	5.7%	5.6%	7.3%	5.8%	6.1%
Individual Income Tax	5.5%	3.0%	5.4%	5.9%	5.0%	5.4%	5.2%	5.9%	6.2%	5.7%
January	5.2%	3.5%	5.8%	6.2%	5.2%	5.3%	5.0%	5.9%	6.1%	5.6%
Corporate Income Tax	5.6%	1.9%	8.1%	4..1%	5.0%	5.8%	2.4%	4.7%	5.5%	4.6%
January	1.8%	4.7%	9.9%	4.1%	5.3%	4.5%	0.3%	7.2%	5.5%	4.4%
Overall [2/]										
January	5.6%	3.8%	6.5%	5.9%	5.2%	5.5%	5.3%	6.4%	6.2%	5.6%
April	5.2%	4.3%	6.9%	5.9%	5.3%	5.5%	5.0%	6.7%	5.9%	5.6%

1/ Prior to any tax law or other revenue changes.
2/ Includes JLBC Staff estimates for other revenue categories.

Table 10

GENERAL FUND REVENUE - FY 2013-FY 2015

FORECAST REVENUE GROWTH

($ in Thousands)

	ACTUAL FY 2013	% CHANGE PRIOR YR	FORECAST FY 2014	% CHANGE PRIOR YR	$ CHANGE PRIOR YR	FORECAST FY 2015	% CHANGE PRIOR YR	$ CHANGE PRIOR YR
Sales and Use	3,778,863.7	3.5%	3,993,710.2	5.7%	214,846.5	4,207,622.7	5.4%	213,912.5
Income - Individual	3,397,545.1	10.1%	3,522,281.6	3.7%	124,736.5	3,696,671.0	5.0%	174,389.4
- Corporate	662,026.4	2.8%	638,879.6	-3.5%	(23,146.8)	670,846.1	5.0%	31,966.5
Property	13,202.5	-16.9%	16,000.0	21.2%	2,797.5	16,000.0	0.0%	0.0
Luxury - Tobacco	24,530.4	-1.6%	24,765.2	1.0%	234.8	24,300.2	-1.9%	(465.0)
- Liquor	31,654.2	0.7%	32,434.7	2.5%	780.5	33,234.4	2.5%	799.7
Insurance Premium	386,776.1	-1.8%	400,000.0	3.4%	13,223.9	438,681.0	9.7%	38,681.0
Other Taxes	1,567.3	-12.1%	1,600.0	2.1%	32.7	1,625.0	1.6%	25.0
Sub-Total - Taxes	8,296,165.8	5.7%	8,629,671.3	4.0%	333,505.5	9,088,980.3	5.3%	459,309.0
Other Non-Tax Revenues:								
Lottery	79,260.8	-3.3%	77,548.0	-2.2%	(1,712.8)	87,577.4	12.9%	10,029.4
Licenses, Fees and Permits	29,421.2	5.5%	30,599.9	4.0%	1,178.7	31,437.9	2.7%	838.0
Interest	12,019.0	18.1%	10,000.0	-16.8%	(2,019.0)	10,000.0	0.0%	0.0
Sales and Services	36,894.3	3.3%	38,000.0	3.0%	1,105.7	39,140.0	3.0%	1,140.0
Other Miscellaneous	94,387.8	7.3%	100,000.0	5.9%	5,612.2	104,000.0	4.0%	4,000.0
Transfers and Reimbursements	31,079.2	32.4%	31,970.0	2.9%	890.8	33,009.2	3.3%	1,039.2
Disproportionate Share Revenue	78,204.6	-18.3%	76,020.7	-2.8%	(2,183.9)	76,821.9	1.1%	801.2
Sub-Total - Other Non-Tax	361,266.9	-0.4%	364,138.6	0.8%	2,871.7	381,986.4	4.9%	17,847.8
Subtotal On-Going Revenue	**8,657,432.7**	**5.4%** [1/]	**8,993,809.8**	**3.9%** [2/]	**336,377.2**	**9,470,966.7**	**5.3%**	**477,156.9**
Previously Enacted Tax Law Changes	0.0	N/A	0.0	N/A	0.0	(127,300.0)	N/A	(127,300.0)
Newly Enacted Changes	0.0	N/A	0.0	N/A	0.0	18,638.0	N/A	18,638.0
3-Year 1¢ TPT Increase	962,172.0	5.1%	0.0	-100.0%	(962,172.0)	0.0	N/A	0.0
Subtotal w/Tax Law Changes	**9,619,604.7**	**5.4%**	**8,993,809.8**	**-6.5%**	**(625,794.8)**	**9,362,304.7**	**4.1%**	**368,494.9**
Urban Revenue Sharing (URS)	(513,584.0)	21.0%	(561,001.2)	9.2%	(47,417.1)	(608,935.7)	8.5%	(47,934.5)
Subtotal w/Tax Law Changes/URS	**9,106,020.6**	**4.6%**	**8,432,808.7**	**-7.4%**	**(673,212.0)**	**8,753,369.0**	**3.8%**	**320,560.3**
One-Time Financing Sources:								
Fund Transfers	46,000.0	-85.0%	153,591.6	233.9%	107,591.6	53,900.0	-64.9%	(99,691.6)
Previously Enacted Changes	0.0	N/A	(24,800.0)	N/A	(24,800.0)	(1,800.0)	-92.7%	23,000.0
Newly Enacted Changes	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
DEQ Settlement	10,500.0	N/A	0.0	-100.0%	(10,500.0)	0.0	N/A	0.0
Sub-Total - One-Time Financing Sources	56,500.0	-84.3%	128,791.6	127.9%	72,291.6	52,100.0	-59.5%	(76,691.6)
Subtotal - Revenues	**9,162,520.6**	**1.1%**	**8,561,600.3**	**-6.6%**	**(600,920.4)**	**8,805,469.0**	**2.8%**	**243,868.7**
Balance Forward	396,960.0	12140.5%	895,475.0	N/A	498,515.0	595,520.6	-33.5%	(299,954.4)
Total - Resources	**9,559,480.6**	**5.4%**	**9,457,075.3**	**-1.1%**	**(102,405.4)**	**9,400,989.6**	**-0.6%**	**(56,085.7)**

1/ The 5.4% FY 2013 increase includes $(85.3) million in tax law and other revenue changes. Adjusting for these changes, the base FY 2013 increase was 6.4%.

2/ The 3.9% FY 2014 increase includes $(37.0) million in tax law and other revenue changes. Adjusting for these changes, the base FY 2014 increase is 4.3%.

Table 10

GENERAL FUND REVENUE - FY 2016-FY 2017

FORECAST REVENUE GROWTH

($ in Thousands)

	FORECAST FY 2016	% CHANGE PRIOR YR	$ CHANGE PRIOR YR	FORECAST FY 2017	% CHANGE PRIOR YR	$ CHANGE PRIOR YR
Sales and Use	4,441,416.2	5.6%	233,793.5	4,710,094.8	6.0%	268,678.6
Income - Individual	3,849,201.5	4.1%	152,530.6	4,055,320.2	5.4%	206,118.7
- Corporate	601,830.4	-10.3%	(69,015.7)	511,321.5	-15.0%	(90,508.9)
Property	16,320.0	2.0%	320.0	16,646.4	2.0%	326.4
Luxury - Tobacco	23,935.7	-1.5%	(364.5)	23,576.7	-1.5%	(359.0)
- Liquor	34,231.4	3.0%	997.1	35,258.4	3.0%	1,026.9
Insurance Premium	453,015.4	3.3%	14,334.4	465,513.9	2.8%	12,498.5
Other Taxes	1,673.8	3.0%	48.8	1,724.0	3.0%	50.2
Sub-Total - Taxes	9,421,624.4	3.7%	332,644.1	9,819,455.9	4.2%	397,831.4
Other Non-Tax Revenues:						
Lottery	84,275.0	-3.8%	(3,302.4)	93,989.5	11.5%	9,714.5
Licenses, Fees and Permits	31,931.7	1.6%	493.8	32,904.7	3.0%	973.0
Interest	10,300.0	3.0%	300.0	10,609.0	3.0%	309.0
Sales and Services	40,314.2	3.0%	1,174.2	41,523.6	3.0%	1,209.4
Other Miscellaneous	108,160.0	4.0%	4,160.0	112,486.4	4.0%	4,326.4
Transfers and Reimbursements	68,948.7	108.9%	35,939.5	69,966.9	1.5%	1,018.2
Disproportionate Share Revenue	76,821.9	0.0%	0.0	76,821.9	0.0%	0.0
Sub-Total - Other Non-Tax	420,751.5	10.1%	38,765.1	438,302.0	4.2%	17,550.4
Subtotal On-Going Revenue	**9,842,375.9**	**3.9%** 3/	**371,409.2**	**10,257,757.8**	**4.2%** 4/	**415,381.9**
Previously Enacted Tax Law Changes	(115,600.0)	-9.2%	11,700.0	(108,700.0)	-6.0%	6,900.0
Newly Enacted Changes	(12,652.9)	-167.9%	(31,290.9)	(508.1)	-96.0%	12,144.8
3-Year 1¢ TPT Increase	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal w/Tax Law Changes	**9,714,123.0**	**3.8%**	**351,818.3**	**10,148,549.7**	**4.5%**	**434,426.7**
Urban Revenue Sharing (URS)	(620,454.2)	1.9%	(11,518.5)	(651,407.6)	5.0%	(30,953.4)
Subtotal w/Tax Law Changes/URS	**9,093,668.8**	**3.9%**	**340,299.8**	**9,497,142.1**	**4.4%**	**403,473.3**
One-Time Financing Sources:						
Fund Transfers	0.0	-100.0%	(53,900.0)	0.0	N/A	0.0
Previously Enacted Changes	0.0	-100.0%	1,800.0	0.0	N/A	0.0
Newly Enacted Changes	(6,100.0)	N/A	(6,100.0)	0.0	-100.0%	6,100.0
DEQ Settlement	0.0	N/A	0.0	0.0	N/A	0.0
Sub-Total - One-Time Financing Sources	(6,100.0)	-111.7%	(58,200.0)	0.0	-100.0%	6,100.0
Subtotal - Revenues	**9,087,568.8**	**3.2%**	**282,099.8**	**9,497,142.1**	**4.5%**	**409,573.3**
Balance Forward	129,528.4	-78.2%	(465,992.2)	(236,754.9)	-282.8%	(366,283.3)
Total - Resources	**9,217,097.2**	**-2.0%**	**(183,892.4)**	**9,260,387.2**	**0.5%**	**43,290.0**

3/ The 3.9% FY 2016 increase includes $(127.3) million in previously enacted tax law and other revenue changes, $18.6 million in newly enacted changes, and other adjustments. Adjusting for these changes, the base FY 2016 increase is 5.2%.

4/ The 4.2% FY 2017 increase includes $(115.6) million in previously enacted tax law and other revenue changes, and $(12.7) million in newly enacted changes. Adjusting for these changes, the base FY 2017 increase is 5.6%.