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**“Bottom-line  
FY 2020  
General Fund  
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(2.3)% below  
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yearly decline  
was the first  
since FY 2010”**

## Summary

The state’s Fiscal Year 2020 ended on June 30th. Based on preliminary revenue data, state General Fund revenues declined by (2.3)% compared to FY 2019. The overall decline in revenues is the result of 2 significantly different revenue trends during the year – strong revenue growth during first 8 months of the year, followed by significant declines in the last 4 months of the year due to the COVID-19 pandemic.

Overall FY 2020 General Fund revenue collections totaled \$10.97 billion. The July *Monthly Fiscal Highlights* publication would typically compare this total revenue amount to a total spending amount to provide an estimated fiscal year-end balance. However, at this time, a preliminary estimate of the state’s FY 2020 spending is not yet available. The state’s book closing process is still continuing and is expected to contain significant spending adjustments, including General Fund savings related to the use of federal funds to supplant state spending on COVID-related expenses.

In mid-June, we [projected](#) the state would have a \$(190) million FY 2020 shortfall. On July 8<sup>th</sup>, we subsequently [reported](#) that preliminary June actual revenues for the largest revenue sources appeared sufficiently high to eliminate the shortfall. Since that time, the additional data on all revenue categories still supports that we will end FY 2020 with a positive balance. Given the ongoing book closing process, however, we are not currently able to estimate the magnitude of the balance.

Our initial findings for revenue collections in June and all of FY 2020 are as follows:

### June 2020:

- Overall, June 2020 revenues were 11.0% above June 2019 and were \$249 million above the June Update forecast.
- The final June revenue results for the large categories – Sales Tax, Individual Income Tax, Corporate Income Tax, and Insurance Premium Tax – generated a forecast gain of \$230.2 million.
- Smaller revenue categories and non-tax collections generated a net forecast gain of \$18.7 million based on the following:
  - Interest income, helped by the state's larger operating balance this year, was \$8.7 million above forecast
  - "Other Miscellaneous" revenue, driven by the state's unclaimed property revenue, was \$5.9 million above forecast
  - "Transfers and Reimbursements" revenue was \$20.3 million above forecast due to mandated excess profit payments by AHCCCS health plans
  - Various license, fee and other revenues were \$3.1 million above forecast
  - In contrast, Disproportionate Share hospital payments were \$(19.3) million below forecast.

### All of FY 2020:

Excluding fund transfers and Urban Revenue Sharing, total FY 2020 General Fund revenues were (1.2)% below the prior year. After factoring in these adjustments, bottom-line FY 2020 General Fund revenues were (2.3)% below FY 2019. The yearly decline was the first since FY 2010.

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## Summary (Continued)

Total FY 2020 General Fund resources were \$11.93 billion. This amount consists of \$10.97 billion from current FY 2020 revenue collections combined with a \$957 million beginning balance that was carried forward from FY 2019.

Prior to the outbreak of the coronavirus pandemic, General Fund revenue growth was strong. As of February, General Fund revenues were 9.6% above the prior year. During the remainder of the fiscal year (from March through June), revenues decreased by (17.5)% compared to the same 4 months in FY 2019.

Table 1 displays the annual performance of the state's major revenue categories as compared to the forecast under the June Budget Update. As shown below, 3 of the state's 4 core revenue categories – Sales Tax, Individual Income Tax, and Corporate Income Tax – exceeded the June forecast.

**Table 1**  
Annual FY 2020 Performance By Revenue Category  
Growth Rates and Collections Compared to  
Updated June Forecast

	<u>June</u> <u>Forecast</u>	<u>Prelim.</u> <u>Actual</u>	\$ in M +/- <u>Forecast</u>
Sales	3.6%	5.8%	\$112 M
Individual Income	(11.8)%	(9.6)%	\$111 M
Corporate Income	(2.0)%	(0.5)%	\$ 8 M
Insurance Premium	(2.4)%	(2.7)%	\$ (1) M

### Sales Tax

Despite the pandemic, annual FY 2020 Sales and Use Tax revenues grew by 5.8%. Through February, however, Sales and Use Tax revenues were 8.3% above the prior year. Tax collections by category for all of FY 2020 are shown in Table 2. The 7 categories of the state's Sales Tax in the table account for approximately 94% of total collections.

The impact of the pandemic varied considerably among the categories. Prime contracting, which reflects construction activity in the state, continued to grow at double-digit rates during the last quarter of FY 2020. Contracting grew 16.2% for all of FY 2020, which is that category's highest growth rate since FY 2006.

Use tax and utilities were largely unaffected by the pandemic as their year-end growth rates were similar to their pre-COVID levels. While retail sales performed better than projected with a year-end growth of 4.3%, the level of sales declined by (3.3)% during the last 3 months of the fiscal year.

**Table 2**  
FY 2020 Sales Tax Growth Rates  
Compared to Prior Year

<u>Main FY 2020 Sales Tax</u> <u>Categories</u>	<u>Annual</u> <u>Growth Rate</u>
Retail	4.3%
Contracting	16.2%
Use	6.1%
Restaurant & Bar	(5.0)%
Utilities	(4.8)%
Lodging	(23.1)%
Amusements	(12.1)%

Not surprisingly, the restaurant and bar classification was adversely affected by the pandemic. That category declined by (32.3)% in the last quarter of FY 2020 and by (5.0)% for all of FY 2020.

The leisure and hospitality industry was especially hard hit by the pandemic as evidenced a sharp decline in sales taxes collections in the amusement and lodging classifications of (66.7)% and (62.9)%, respectively, during the last quarter of FY 2020. For all of FY 2020, amusement tax collections declined by (12.1)% and lodging fell by (23.1)%. Combined, these 2 sales tax classifications make up approximately 4% of total statewide sales and use tax collections.

### Individual Income Tax

Annual Individual Income Tax collections declined by (9.6)% during FY 2020. The fall off was primarily a function of the drop in tax payments. Estimated and final payments declined by (37.7)% in FY 2020. A significant portion of this forecast overage is likely related to the deferral of the income tax filing due date from April 15 to July 15.

The level of refunds in FY 2020 totaled \$1.47 billion, which is the largest amount ever issued by the state. In comparison, the state issued \$1.34 billion in refunds in FY 2019.

The decrease in payments and increase in refunds masked the strong withholding gain of 7.2% for all of FY 2020. Through February, withholding had grown 8.6%. While the pandemic slowed the growth rate, the negative impact was much less than expected.

### Corporate Income Tax

Corporate Income Tax collections declined by (0.5)% in FY 2020. This revenue category experienced a decline of almost (50)% in the last quarter of FY 2020, which was the second largest decline among the "Big-4" during this period (individual income tax declined by (65)%).

## Summary (Continued)

Although the income tax filing deferral also applied to corporations, the impact on revenues (in terms of shifting collections from FY 2020 to FY 2021) is believed to be considerably smaller than for individual filers. Historically, final payments by corporations represent about 10% of their total tax payments in a fiscal year. Instead, most of their tax payments occur through 4 quarterly payments throughout the year and the filing deferral did not apply to such payments.

### Insurance Premium Tax

Insurance Premium Tax revenues decreased by (2.7)% in FY 2020, the first decline for the category since FY 2013.

Detailed data on FY 2020 collections by insurance line will not be available until September 2020, including collections related to the state's Medicaid program under the Arizona Healthcare Cost Containment System (AHCCCS).

For this reason, we are not able to ascertain how the various insurance lines were affected by the pandemic until detailed data is provided by the Department of Insurance later this year.

## June Revenues

	General Fund Revenues (\$ in Millions)		
	<u>FY 2020 Collections</u>	<u>Difference From Updated June Forecast</u>	<u>Difference From FY 2019</u>
June	\$ 1,478.8	\$ 249.0	\$ 146.0
Year-to-Date	\$ 10,973.3	\$ 249.0	\$ (258.4)

**Sales Tax** collections of \$484.0 million were 10.1% above June of last year and \$112.4 million above the updated June forecast. Total FY 2020 Sales Tax revenue of \$5.39 billion was 5.8% above the amount collected in FY 2019.

June collections reflect sales that occurred in May. The first executive order to protect against COVID-19 was issued on March 19. This was followed by several additional executive orders, including an order to allow businesses to resume their operations in compliance with federal guidelines, beginning on May 16. This means that the data reported this month reflects sales activity both before and after business restrictions were lifted in mid-May.

While the resumption of business operations in mid-May helps to explain the higher-than-expected increase in June sales tax collections, there were also technical reasons for this increase. Each year, large businesses are required to make an advance payment in June, which is credited against their sales tax liability in July. The statewide aggregate amount of the "June estimated payment" can vary significantly from one year to the next.

Due to an increase of the payment threshold in FY 2020 (the amount of a business' sales tax liability that triggers the June estimated payment requirement), as

well as the expected negative impact of the pandemic on sales, we projected that the June estimated payment would result in a net revenue loss in FY 2020. Instead of a loss, the June estimated payment generated additional sales tax revenues of \$26 million in FY 2020. Absent the June estimated payment, Sales Tax revenue for the month increased by 4.2%, year over year.

**Individual Income Tax** net revenues of \$492.4 million in June were \$27.8 million above the amount assumed under the June Budget Update. Total FY 2020 Individual Income Tax revenues were \$4.53 billion.

As indicated in *Table 4*, July withholding revenues of \$400.0 million were 15.1% above last year and \$61.3 million above the forecast. We attribute the very strong June withholding growth to 2 factors: 1) During June, an Arizona resident won a \$410 million Mega Millions lottery jackpot, which by law was subject to automatic withholding; and 2) June 2020 had 2 additional processing days compared to June 2019, with one of those extra days occurring on a Monday (which is typically a significant day for withholding tax collection).

June Individual Income Tax refunds totaled \$(70.9) million, which compares to \$(36.9) million from last year. With a forecasted refund level of \$(50.7) million, the higher level of actual refunds produced a forecast loss of \$(20.2) million.

## June Revenues (Continued)

**Table 4**  
**Individual Income Tax Growth Rates**  
**Compared to Prior Year**

	<u>June</u>	<u>FY 20</u>
Withholding	15.1%	7.2%
Estimated/Final Payments	6.1%	(37.7)%
Refunds	92.2%	9.7%

**Corporate Income Tax** net revenue was \$59.2 million in June, which was (42.5)% below the June 2019 level and \$8.0 million above the updated June forecast. Total FY 2020 net revenue of \$511.9 million was (0.5)% below the amount collected in FY 2019.

**Insurance Premium Tax** revenue was \$86.8 million in June, which was (14.3)% lower than last year and \$(12.0) million below the updated June forecast. For all of FY 2020, collections declined by (4.6)%.

Due to a delay in receiving June **tobacco** and **liquor** tax revenue data, June collections are reported at forecast.

The **Lottery Commission** reports that June ticket sales were \$120.6 million, which is \$38.9 million, or 47.6% above sales in June 2019. Year to date, ticket sales are \$1.1 billion, which is 2.0% above sales in the prior year.

**Highway User Revenue Fund (HURF)** collections of \$116.5 million in June were (14.2)% below the amount collected in June 2019 and were \$(21.7) million below forecast. For all of FY 2020, collections declined by (2.6)% and were \$(39.4) million below forecast.

Table 5

## General Fund Revenue: Change from Previous Year and June Updated Forecast June 2020

	Current Month					FY 2020 YTD (Twelve Months)				
	Actual June 2020	Change From June 2019		June Updated Forecast		Actual June 2020	Change from June 2019		June Updated Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b>Taxes</b>										
Sales and Use	\$484,016,245	\$44,427,175	10.1 %	\$112,417,679	30.3 %	\$5,392,289,279	\$295,409,420	5.8 %	\$112,417,679	2.1 %
Income - Individual	492,436,579	27,831,606	6.0	111,088,866	29.1	4,529,861,195	(479,159,425)	(9.6)	111,088,865	2.5
- Corporate	59,229,535	(43,771,739)	(42.5)	8,015,525	15.7	511,881,751	(2,382,338)	(0.5)	8,015,524	1.6
Property	(522,634)	(3,752,095)	--	(712,161)	--	24,142,944	(5,540,362)	(18.7)	(712,161)	(2.9)
Luxury - Tobacco	1,921,728	381,229	24.7	0	--	21,764,030	723,250	3.4	0	0.0
- Liquor	2,413,406	(695,162)	(22.4)	0	--	36,909,352	(350,016)	(0.9)	1	0.0
Insurance Premium	97,478,600	(3,740,266)	(3.7)	(1,290,264)	(1.3)	535,163,356	(14,597,211)	(2.7)	(1,290,265)	(0.2)
Other Taxes	1,426,571	770,897	117.6	839,881	143.2	14,408,075	868,676	6.4	839,881	6.2
<b>Sub-Total Taxes</b>	<b>\$1,138,400,029</b>	<b>\$21,451,645</b>	<b>1.9 %</b>	<b>\$230,359,525</b>	<b>25.4 %</b>	<b>\$11,066,419,981</b>	<b>(\$205,028,006)</b>	<b>(1.8) %</b>	<b>\$230,359,524</b>	<b>2.1 %</b>
<b>Other Revenue</b>										
Lottery	3,965,505	3,965,505	--	19	0.0	103,594,738	20,708,661	25.0	19	0.0
License, Fees and Permits	5,202,517	1,972,827	61.1	2,592,554	99.3	34,781,455	2,761,923	8.6	2,592,554	8.1
Interest	41,953,344	(8,282,741)	(16.5)	8,739,657	26.3	41,830,126	(11,276,585)	(21.2)	8,739,657	26.4
Sales and Services	2,822,528	401,431	16.6	398,473	16.4	22,417,820	(1,636,141)	(6.8)	398,473	1.8
Other Miscellaneous	100,486,645	6,619,559	7.1	5,891,397	6.2	126,164,201	14,850,426	13.3	5,891,396	4.9
Disproportionate Share	84,949,082	(10,603,468)	(11.1)	(19,304,718)	(18.5)	84,949,082	(10,603,468)	(11.1)	(19,304,718)	(18.5)
Transfers and Reimbursements	70,330,460	47,451,984	207.4	20,308,048	40.6	116,512,330	53,147,099	83.9	20,308,048	21.1
<b>Sub-Total Other Revenue</b>	<b>\$309,710,081</b>	<b>\$41,525,097</b>	<b>15.5 %</b>	<b>\$18,625,430</b>	<b>6.4 %</b>	<b>\$530,249,753</b>	<b>\$67,951,916</b>	<b>14.7 %</b>	<b>\$18,625,430</b>	<b>3.6 %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$1,448,110,110</b>	<b>\$62,976,742</b>	<b>4.5 %</b>	<b>\$248,984,955</b>	<b>20.8 %</b>	<b>\$11,596,669,734</b>	<b>(\$137,076,090)</b>	<b>(1.2) %</b>	<b>\$248,984,954</b>	<b>2.2 %</b>
<b>Other Adjustments</b>										
Urban Revenue Sharing	(61,463,432)	(5,229,729)	9.3	(0)	0.0	(737,561,182)	(62,756,745)	9.3	(0)	0.0
One-Time Transfers	89,993,900	89,982,900	--	0	0.0	90,840,700	(9,585,156)	(9.5)	0	0.0
Public Safety Transfers	2,122,109	(1,729,209)	(44.9)	(0)	(0.0)	23,343,200	(49,021,298)	(67.7)	(0)	(0.0)
<b>Sub-Total Other Adjustments</b>	<b>30,652,577</b>	<b>83,023,962</b>	<b>(158.5) %</b>	<b>(0)</b>	<b>(0.0) %</b>	<b>(623,377,282)</b>	<b>(121,363,199)</b>	<b>24.2 %</b>	<b>(0)</b>	<b>0.0 %</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$1,478,762,687</b>	<b>\$146,000,705</b>	<b>11.0 %</b>	<b>\$248,984,955</b>	<b>20.2 %</b>	<b>\$10,973,292,452</b>	<b>(\$258,439,290)</b>	<b>(2.3) %</b>	<b>\$248,984,954</b>	<b>2.3 %</b>
<b>Non-General Funds</b>										
Highway User Revenue Fund	116,535,850	(19,355,305)	(14.2) %	(21,690,400)	(15.7) %	1,480,836,411	(39,384,703)	(2.6) %	(88,563,589)	(5.6) %

## Monthly Indicators

### NATIONAL

The Conference Board's **U.S. Consumer Confidence Index**, which is based on consumers' perceptions of current conditions, as well as their expectations 6 months into the future, increased by 14.2%, or 12.2 points, from May's revised 85.9 to 98.1 in June

According to the U.S. Department of Commerce Bureau of Economic Analysis, inflation remained very low. The **U.S. Personal Consumption Expenditure (PCE) Price Index** increased by 0.1% in May. Compared to May 2019, the overall price index is up by 0.5%. The "core" PCE price index excludes food and energy prices and is the Federal Reserve's (Fed) preferred inflation measure. In May the core index increased by 0.1%, month over month, and by 1.0%, year over year.

Consumer prices, which are measured by the U.S. Bureau of Labor Statistics **Consumer Price Index (CPI)**, increased 0.6% in June. This reflects a 0.7% increase above June 2019 prices after seasonal adjustment. The energy index rose by 5.1%, which includes an increase of 12.3% in the gasoline index. There was also a 0.6% increase in the food index. Core inflation (all items less food and energy) rose by 0.2% for the month, its first monthly increase since February 2020. Compared to June 2019, the core CPI is up by 1.2%.

The Conference Board's **U.S. Leading Economic Index** increased from 97.1 in April to 99.8 in May. Compared to May 2019, the index was down by (10.7)%. This month's partial recovery was mostly caused by improvements in unemployment insurance claims, labor markets, housing permits, and stock prices. However, due to the severity of the index's decline in the past few months, the economy will likely remain in recession in the near term.

### ARIZONA

#### Housing

Single-family housing construction is slowing. In May, Arizona's 12-month total of **single-family building permits** was 34,116. This is down (1.2)% from last month, but is still 7.6% above May 2019. The comparable single-family growth rate for the entire U.S. was an increase of 3.2%.

The 12-month total of **multi-family building permits** is up from 2019. In May, Arizona's total of 14,314 multi-family building permits was 38.8% more than in 2019. Nationwide multifamily permits were 6.3% more than in 2019.

#### Tourism

Several tourism indicators fell as expected. For example, **Revenue per available room** was \$30.05 in May, (63.5)% below the same month in the prior year.

In addition, **Phoenix Sky Harbor Airport Ridership** during May was (85.2)% below the prior year.

On the other hand, visits to state parks increased. **State park visitation** was 300,374 in May, 10.7% above the same month in the prior year.

#### Employment

According to the Office of Economic Opportunity (OEO), the state gained 19,700 **nonfarm jobs** in June compared to the prior month. The private sector gained 66,900 jobs. Leisure & Hospitality saw the largest gain in employment at 34,000 jobs. Construction and Government were the only two sectors that recorded job losses for the month of June.

Compared to the same month in the prior year, the state lost (94,700) jobs, a decrease of (3.3)%. All the major sectors of the economy except for Trade, Transportation & Utilities, Other Services, Financial Activities and Education & Health Services, had a year-over-year job loss in June.

The state's seasonally adjusted **unemployment rate** increased from 9.0% in May to 10.0% in June. The U.S. seasonally adjusted unemployment rate decreased from 13.3% in May to 11.1% in June.

Unemployment insurance claims remained high in late June and early July. OEO reported that a total of 25,774 **initial claims for unemployment insurance** were filed in Arizona in the week ending on July 4. (This figure excludes the claims under the Pandemic Unemployment Assistance (PUA) program, which is discussed below.) For the same week in the prior year, 4,412 initial claims were filed.

According to OEO, for the week ending on June 27, there were a total of 216,603 **continued claims for unemployment insurance** in Arizona. A year ago this time, the continued claims were 26,689.

The federal Coronavirus, Aid, Relief and Economic Security (CARES) Act enacted in March provides unemployment insurance compensation to individuals who are not otherwise eligible for regular unemployment insurance benefits, such as self-employed individuals and independent contractors. The unemployment insurance benefits under this federal program, referred to as **Pandemic Unemployment Assistance (PUA)**, are available from February 2 through December 26. The PUA program provides an additional \$600 in weekly federal

## Monthly Indicators (Continued)

unemployment compensation benefits between March 29 and July 25. After this time, the weekly benefit ranges from \$117 to \$240 until the PUA program ends on December 26.

For the week ending on July 4, the federal Department of Labor (DOL) reported that a total of 184,098 initial PUA claims were filed in Arizona. For the week ending on June 27, DOL reported that 2,270,171 continued PUA claims were filed in the state.

As noted in June's *Monthly Fiscal Highlights*, the continued PUA claim figure represents a duplicated count. Individuals may have applied more than once. In addition, individuals may be receiving multiple weeks of benefits at one time, potentially resulting in a duplicated count. In terms of an unduplicated count, DES has reported the cumulative number of PUA claims (from May 16 – July 11) to be 627,306 claims.

### Average Hourly Earnings

The **Average Hourly Earnings** received by private sector workers in June was \$27.22 which is (1.3)% lower than the in the prior month. Compared to the same month in the prior year, hourly earnings were up by 3.7%

### State Personal Income

In June, the federal Bureau of Economic Analysis (BEA) released **state personal income** estimates for the 1<sup>st</sup> quarter of 2020. According to the BEA, Arizona's personal income grew by 3.3%, a full percentage point higher than the national average. Arizona's total personal income, which is the income received by all persons in the state from all sources except capital gains, was an estimated \$346.0 billion in the 1<sup>st</sup> quarter of 2020.

### State Agency Data

At the beginning of July 2020, the total **AHCCCS caseload** was 1.96 million members. Total monthly enrollment increased 1.2% for July over June and increased 7.5% compared to a year ago. Parent and child enrollment in the Traditional population increased by 0.9% for July and was 6.2% higher than a year ago.

Enrollment in KidsCare is 41,053 for July, an increase of 2.1% over June and 18.6% above last year.

For July 2020, the childless adult population increased 0.9% compared to last month. At 363,240, this population is 12.5% higher than a year ago.

In the adult Medicaid expansion program up to 133% of the Federal Poverty Level, enrollment increased 8.9% for July and totals 97,837 individuals. Enrollment is 27.4% higher than a year ago.

Based on information the Department of Child Safety provided for May 2020, **reports of child maltreatment** totaled 44,259 over the last 12 months, a decrease of (4.5)% over the prior year. The closure of schools in May probably accounts for some of the decrease.

There were 14,160 **children in out-of-home care** as of April 2020, or 0.1% more than in April 2019. Compared to the prior month, the number of out-of-home children decreased by 0.3%.

There were 17,748 **TANF Cash Assistance recipients** in the state in May, representing a 12.9% monthly caseload increase from April. The year-over-year number of TANF Cash Assistance recipients has increased by 34.3%. The monthly and yearly increases are likely a consequence of the pandemic economic downturn. This data does not include Tribal recipient exclusions.

### The **Supplemental Nutrition Assistance Program (SNAP)**

, formerly known as Food Stamps, provides assistance to low-income households to purchase food. SNAP is another program affected by the pandemic. In May, 915,468 people received food stamp assistance in the state, representing a 5.6% increase above April caseloads. Compared to May 2019, the level of food stamp participation has increased by 14.5%.

According to the most recent information from the Administrative Office of the Courts, the Maricopa County **probation weighted caseload** was 28,224 as of April 2020. This was a decrease of (159) below the prior month, and a decrease of (52) since last April. In addition, the state's non-Maricopa County probation weighted caseload was 19,661. This was a decrease of (343) below the prior month, and an increase of 425 since last April.

These figures represent standard and intensive probation weighted caseloads, including both adult and juvenile probation. Weighted caseloads do not represent probation headcounts. AOC counts certain probationers as more than 1 case. For example, adult probationers charged with crimes against children are counted as 3 cases.

The Arizona Department of Correction's **inmate population** was 40,151 as of June 30, 2020. This was a decrease of (2.1)% since May 31, 2020 and a (5.1)% decrease since June 2019.

Table 6

<b>MONTHLY INDICATORS</b>				
<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
<b>Arizona</b>				
<u>Employment</u>				
- Regular Unemployment Rate	June	10.0%	(1.0)%	5.2%
- Total Unemployment Rate (discouraged/underemployed)	1st Q 2020	9.2%	(0.1)%	0.2%
- Initial Unemployment Insurance Claims	Week Ending July 4	25,774	(2.1)%	484.2%
- Continued Unemployment Insurance Claims	Week Ending June 27	216,603	(0.4)%	711.6%
- Non-Farm Employment - Total	June	2,828,500	2.6%	(3.3)%
Manufacturing	June	171,200	2.8%	(3.4)%
Construction	June	168,400	1.6%	(1.4)%
- Average Hourly Earnings, Private Sector	June	\$27.22	(1.3)%	3.7%
<u>Building</u>				
- Residential Building Permits (12-month avg) Single-family	May	34,116	(1.2)%	7.6%
Multi-family	May	14,314	(4.8)%	38.8%
- Maricopa County/Other, Home Sales (ARMLS) Single-Family (Pending Sales)	May	6,193	12.9%	(9.2)%
- Maricopa County/Other, Median Home Price (ARMLS) Single-Family (Pending Sales)	May	\$315,000	1.7%	6.8%
- Phoenix S&P/C Home Price Index (2000 = 100)	April	206	1.4%	8.8%
- Maricopa Pending Foreclosures	May	1,736	(13.3)%	(28.7)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	May	16,870	(6.1)%	(21.1)%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	May	584,283	107.0%	(85.2)%
- State Park Visitors	May	300,374	45.8%	10.7%
- Revenue Per Available Hotel Room	May	\$30.05	71.0%	(63.5)%
<u>General Measures</u>				
- Arizona Personal Income, SAAR	1 <sup>st</sup> Q 2020	\$346.0 billion	3.3%	7.0%
- Arizona Population	July 2019	7,278,717	N/A	1.7%
- State Debt Rating				
Standards & Poor's/Moody's Rating	May 2015/Nov 2019	AA / Aa1	N/A	N/A
Standards & Poor's/Moody's Outlook	May 2015/Nov 2019	Negative/Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	July 1st	1,961,842	1.2%	7.5%
Acute Care Traditional		1,089,127	0.9%	6.2%
Prop 204 Childless Adults		363,240	0.9%	12.5%
Other Prop 204		189,044	0.7%	1.3%
Adult Expansion		97,837	8.9%	27.4%
KidsCare		41,053	2.1%	18.6%
Long-Term Care – Elderly & DD		66,613	(0.4)%	1.8%
Emergency Services		114,928	1.0%	2.1%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	May	44,259	(1.9)%	(4.5)%
DCS Out-of-Home Children	April	14,160	(0.3)%	0.1%
Filled Caseworkers (1406 Budgeted)	May	1,366	37	95
- ADC Inmate Growth	June	40,151	(2.1)%	(5.1)%
- Department of Economic Security				
- TANF Cash Assistance Recipients	May	17,748	12.9%	34.3%
- SNAP (Food Stamps) Recipients	May	866,704	5.6%	14.5%
- Judiciary Probation Caseload				
Non-Maricopa	April	19,661	(343)	425
Maricopa County	April	28,224	(159)	(52)
<b>United States</b>				
- Gross Domestic Product (Chained 2012 dollars, SAAR)	1st Q, 2020 (3rd Estimate)	\$19.0 trillion	(5.0)%	0.3%
- Consumer Confidence Index (1985 = 100)	June	98.1	14.2%	(21.1)%
- Leading Economic Index (2016 = 100)	May	99.8	2.8%	(10.7)%
- Consumer Price Index, SA (1982-84 = 100)	June	257.2	0.6%	0.7%
- Personal Consumption Expenditure Price Index (2012 = 100)	May	110.1	0.1%	0.5%

## JLBC Summary

At its June 2020 meeting, the Joint Legislative Budget Committee considered the following issues:

### Executive Session

**Arizona Department of Administration – Risk Management Services - Consideration of Proposed Settlements** – The Committee approved several settlements under Rule 14, which requires Committee approval of Risk Management settlements above \$250,000 pursuant to A.R.S. § 41-621(N).

### Consent Agenda

**Arizona Department of Administration/Automation Projects Fund – Review of CHILDS (Department of Child Safety Subaccount)** – A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Arizona Department of Administration's (ADOA) Automation Projects Fund (APF) for the Children's Information Library and Data Source (CHILDS) replacement project. The Committee gave a favorable review of the expenditure of \$1,600,000 in FY 2020 funds and \$4,992,800 in FY 2021 funds for this project.

**Arizona Department of Administration/Automation Projects Fund – Review of myDEQ Project Scope Change (Department of Environmental Quality Subaccount)** – A.R.S. § 41-714 and a December 2018 Joint Legislative Budget Committee meeting provision require Committee review of changes in expenditure plans exceeding 10%. The Committee gave a favorable review to the change in scope for the development of the Arizona Department of Environmental Quality (ADEQ)'s myDEQ project.

**Attorney General – Review of Report on Murdered and Missing Indigenous Women and Girls Study Committee Expenditure Plan** – At its April 2020 meeting, the Committee favorably reviewed the report on the expenditure of monies from the Consumer Remediation Subaccount to support expenses of the Missing and Murdered Indigenous Women and Girls (MMIWG) Study Committee and required that the Attorney General provide an updated report to the Joint Legislative Budget Committee. The Committee favorably reviewed the AG's latest expenditure report. The favorable review included a reporting provision.

**Attorney General – Review of Uncollectable Debt** – A.R.S. § 35-150 (E) requires that the Attorney General's annual report on uncollectible debts owed to the state be reviewed by the Committee before the debt can be removed from the state accounting system. The Committee gave a favorable review of the Attorney General's FY 2020 list of \$34,186,515 in uncollectible debt.

**Arizona Criminal Justice Commission – Review of Edward Byrne Memorial Justice Assistance Grant Federal Application** – A.R.S. § 41-2403 requires the Arizona Criminal Justice Commission (ACJC) to submit its federal application for the Edward Byrne Memorial Justice Assistance Grant to the Committee for review 30 days prior to submission to the federal government. The Committee gave a favorable review of the ACJC PROPOSAL with a provision that ACJC submit a preliminary proposal to the Committee by May 15, 2021 if the federal guidelines have not yet been received for 2021.

**Department of Economic Security – Review of Developmental Disabilities Line Item Transfers** – A FY 2019 General Appropriation Act footnote requires DES to submit a report for review by the Committee before transferring any funds into or out of certain Division of Developmental Disabilities (DDD) line items. The Committee gave a favorable review of an FY 2019 General Fund transfer of \$718,800 from the Case Management - State Only line item into the State-Funded Long Term Care Services line item.

**Department of Education – Review of Career Technical Education District Annual Report** – A.R.S. § 15-393.01 requires the Arizona Department of Education (ADE) to provide to the Committee for review its annual report on Career Technical Education Districts (CTEDS). The Committee gave a favorable review to ADE's annual CTED report for FY 2019.

**Secretary of State – Review of Expenditure Plans for Help America Vote Act (HAVA) Projects (March 2018 and December 2019 Allocations)** – An FY 2019 General Appropriation Act footnote requires the Secretary of State (SOS) to submit an expenditure plan for March 2018 HAVA funds prior to spending those monies.

In addition, an FY 2021 General Appropriation Act footnote requires SOS to submit an expenditure plan for the \$1,338,100 in December 2019 HAVA grant funds prior to spending those monies

The Committee gave a favorable review of the SOS March 2018 HAVA expenditure plan. The Committee also gave a favorable review of the SOS December 2019 expenditure plan with the provision that all monies for a public information campaign be distributed to the counties for their use.

## JLBC Summary (Continued)

**Department of Public Safety – Review of Expenditure Plan for the Gang and Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount** – A.R.S. § 41-1724 (G) and A.R.S. § 41-1724 (H) require the Department of Public Safety to submit to the Committee for review the entire FY 2021 expenditure plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Border Security and Law Enforcement Subaccount prior to expenditure.

The Committee gave a favorable review for the expenditure plan of \$1,346,100 of the \$2,396,100 FY 2021 appropriation to fund 3 existing programs: Detention Liaison Officer Program (\$456,800), Border County Officers (\$539,300), and Border Crimes Unit (\$350,000). The favorable review included a reporting provision.

## JCCR Summary

At its June 2020 meeting, the Joint Committee on Capital Review considered the following issues

### Consent Agenda

**Arizona Exposition and State Fair Board – Review of Coliseum Building Roof Repair Project** – The Committee gave a favorable review of \$1.0 million from the Arizona Exposition and State Fair (AESF) Fund for roof repairs to the Arizona Veterans' Memorial Coliseum building on the State Fairgrounds. The favorable review included provisions with reporting requirements.

**Arizona Game and Fish Department – Review of FY 2021 Building Renewal Allocation Plan** – The Committee gave a favorable review of \$1.0 million for 11 items in the department's FY 2021 building renewal allocation plan. The favorable review included provisions with reporting requirements and a provision restating a statutory requirement for spending from the Headquarters Major Maintenance Fund.

**Arizona Department of Corrections – Review of FY 2021 Building Renewal Allocation Plan and Revised FY 2020 Building Renewal Allocation Plan** – The Committee gave a favorable review of ADC's \$5.5 million FY 2021 plan for 16 building renewal projects at 8 state prison facilities and a \$1.2 million reallocation of FY 2020 building renewal funding for one additional project and \$781,100 for contingencies. ADC building renewal monies were appropriated from the Department of Corrections Building Renewal Fund. The favorable review included provisions with reporting requirements.

**Arizona Department of Administration – Consider Recommending Secretary of State FY 2021 Rent Exemption** – The Committee recommended a full FY 2021 rent exemption of \$407,200 for the Secretary of State Records Management Center. The Committee

also added a provision that the exemption would remain in place until the rent for the records management center was funded in a future budget.

## Summary of Recent Agency Reports

**AHCCCS – Report on Graduate Medical Education Residency Positions** – Pursuant to A.R.S. § 36-2903.01, the Arizona Health Care Cost Containment System (AHCCCS) submitted its annual report on the number of residency positions funded by local, county, or tribal governments. The agency reported that FY 2019 contributions provided \$335.7 million for partial funding of 1,779 residency positions at 19 hospitals. The largest recipients included Banner University Medical Center - Tucson (\$70.6 million), Valleywise Health Medical Center (\$55.3 million), St. Joseph's Hospital - Phoenix (\$48.6 million), Banner University Medical Center - Phoenix (\$48.4 million), and Phoenix Children's Hospital (\$43.4 million).

The \$335.7 million in Total Funds included local contributions of \$101.3 million and a federal match of \$234.4 million. Local government contributors included the University of Arizona (\$53.4 million), Arizona State University (\$22.0 million), Maricopa Integrated Health System (\$21.9 million), the City of Tucson (\$2.9 million) and Mohave County (\$1.1 million). (Maggie Rocker)

**Arizona Health Care Cost Containment System – Report on Arnold v. Sarn** – Pursuant to an FY 2020 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) reported on its implementation of the *Arnold v. Sarn* joint agreement. The state has been a longstanding defendant in the *Arnold v. Sarn* litigation concerning the level of services provided to the Seriously Mentally Ill (SMI) population in Maricopa County. In January 2014, a joint agreement was filed with the court to terminate the lawsuit, and in February 2014, the agreement received court approval.

The agreement requires availability of certain behavioral health services for individuals with a serious mental illness in Maricopa County ("class members"). These services include assertive community treatment teams (ACT), peer support services, supported employment, supportive housing, and crisis services. AHCCCS continues to comply with these service capacity requirements. AHCCCS estimates that the annual cost of providing *Arnold v. Sarn* services is \$57.9 million, including \$21.0 million from the General Fund. The General Fund amounts consists of:

- \$5.8 million for Assertive Community Treatment teams.
- \$583,700 for Peer Support Services.
- \$470,100 for Supported Employment.
- \$14.1 million for Supported Housing, which consists of \$11.1 million for rental subsidies and \$3.0 million for support services.

As of April 2020, these funds have provided supportive housing services for 5,316 members, peer support for 2,177 members, and supportive employment services for 1,089 members. Funds additionally support 9 ACT teams. (Maggie Rocker)

**AHCCCS/Department of Health Services – Report on Reconciliation Payments** – Pursuant to an FY 2020 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Health Services (DHS) submitted their reports on Medicaid reconciliation payments and penalties received and deposited during FY 2020. AHCCCS reports that during that 12-month period they received \$156.8 million from reconciliation payments and penalties/sanctions, depositing \$16.2 million into the General Fund and \$12.0 million into the Hospital Assessment Fund, and using the remaining \$128.6 million to offset Federal Medicaid Authority expenditures. DHS reports that its IGA/ISA Fund did not receive any reconciliation payments or penalties/sanctions in FY 2020.

The state limits financial risks and profits for health plans and RBHAs for most Medicaid populations (the maximum percentage of loss and profit varies by Medicaid population). Reconciliation payments are made by health plans/RBHAs to the state if profits exceed the set level. A penalty, or sanction, may be assessed against health plans/RBHAs for the failure to demonstrate compliance with their contractual responsibilities. Reconciliation payments received by AHCCCS in FY 2020 totaled \$155.3 million while penalties and sanctions totaled \$1.5 million. Virtually all reconciliation payments were associated with the contract year that ended in 2017. (Maggie Rocker)

**Attorney General – Quarterly Report on Internet Crimes Against Children Enforcement Fund Expenditures** – Pursuant to A.R.S. § 41-199, the Attorney General (AG) submitted its quarterly report on expenditures from the Internet Crimes Against Children (ICAC) Enforcement Fund and progress made towards ICAC goals. The ICAC Enforcement Fund receives an annual deposit of \$900,000 in revenues from lottery games that are sold from a vending machine in age restricted areas. Monies in the fund are utilized to support the ICAC Task Force, which is housed within the Phoenix Police Department and works with federal, state, and local law enforcement to investigate technology-facilitated sexual exploitation of children.

Through the fourth quarter of FY 2020, the AG received \$900,000 in revenues for deposit into the ICAC Enforcement Fund. A total of \$304,300 was expended from the fund balance in the fourth quarter of FY 2020 to

## Summary of Recent Agency Reports (Continued)

help pay for the operating costs of the ICAC Task Force. As of June 30, 2020, the ICAC Enforcement Fund had a fund balance of \$2.4 million, plus \$155,800 in outstanding encumbrances, leaving an unencumbered fund balance of \$2.2 million. (Ryan Fleischman)

**Attorney General – Quarterly Report on Child and Family Advocacy Center Fund Expenditures** – Pursuant to A.R.S. § 41-191.11, the Attorney General (AG) submitted its quarterly report on expenditures from the Child and Family Advocacy Center Fund (CFAF), which funds nonprofit and government entities that serve victims of child abuse or investigate and prosecute their abusers.

Through the fourth quarter of FY 2020, the AG has not expended its \$500,000 FY 2020 appropriation from the Consumer Protection - Consumer Fraud Revolving Fund. In addition to the FY 2020 appropriation, the fund has an unobligated balance of \$100,000, for a total fund balance of \$600,000. (Ryan Fleischman)

**Attorney General – Quarterly Reports on Legal Settlements** – The Attorney General (AG) submitted its statutorily-required quarterly reports on the receipts to and disbursements from the Consumer Protection - Consumer Fraud (CPCF) Revolving Fund, the Antitrust Enforcement Revolving Fund, and the Consumer Restitution and Remediation Revolving Fund (including its 2 subaccounts), as well as deposits made to the General Fund.

In the fourth quarter of FY 2020, the AG deposited a total of \$7.6 million into various consumer accounts. Of that amount, \$7.1 million was deposited into the CPCF Revolving Fund, \$123,500 was deposited into the Antitrust Enforcement Revolving Fund, \$296,400 was deposited into the Consumer Restitution Subaccount, and \$84,100 was deposited into the Consumer Remediation Subaccount. The AG made no deposits to the General Fund from settlements.

**Deposits to the CPCF Revolving Fund**  
The AG deposited \$7.1 million to the appropriated CPCF Revolving Fund, which may be used for consumer fraud education and investigation, costs associated with the Tobacco Master Settlement Agreement, or any other purpose permitted by statute. This amount resulted from a \$7.0 million settlement with CenturyLink and small legal settlements. The AG secured a consent judgment with CenturyLink to resolve allegations that the company engaged in deceptive and unfair advertising and billing practices. Of the \$7.0 million deposited into the fund, \$250,000 is to be used for consumer fraud education

and increasing public awareness of consumer fraud issues.

**Deposits to Antitrust Enforcement Revolving Fund**  
The AG deposited \$123,500 into the appropriated Antitrust Enforcement Revolving Fund, which may be used for antitrust enforcement expenses, excluding attorney compensation. This amount resulted from small legal settlements.

**Deposits to the Consumer Restitution Subaccount**  
The AG deposited \$296,400 into the non-appropriated Consumer Restitution Subaccount to compensate specific entities for economic loss resulting from consumer fraud. This amount resulted from small legal settlements as well as \$30,800 from interest income.

**Deposits to the Consumer Remediation Subaccount**  
The AG received \$84,100 in interest income in the partially-appropriated Consumer Remediation Subaccount, which is used to rectify violations of consumer protection laws. The AG did not receive any new settlement monies in this account.

**Deposits to the General Fund**  
The AG made no deposits into the General Fund from settlements. (Ryan Fleischman)

**Department of Corrections – Report on Health Care Credits Taken Against Payments to Health Care Vendor** – The state can seek Medicaid reimbursement for the costs of outside medical care for eligible inmates. To receive reimbursement, the care is paid by the Arizona Health Care Cost Containment System (AHCCCS). The Department of Corrections (ADC) pays the state match portion, and AHCCCS covers the federal portion. Since ADC already pays for all health care of inmates in state facilities in the inmate health care services contract, the total dollar amount of Medicaid expenditures is offset on subsequent invoices by the vendor. The savings to the department is the federal portion.

A.R.S. § 35-142.01 allows the department in the current fiscal year to take credit against payments for the total expenditures paid for hospitalization and outside medical care from the current fiscal year or previous years. Pursuant to statute, ADC submitted its report on the credits taken for the previous fiscal year.

For FY 2020, the department took \$14.2 million in credits. The department paid \$2.0 million for the state match, and received \$12.2 million in net savings. Of the net savings, \$3,700 was for services rendered in FY 2017, \$500 was for services rendered in FY 2018, \$3.1 million was for services rendered in FY 2019, and \$9.1 million was for services rendered in FY 2020. The net savings received in FY 2020 was \$3.5 million higher than in FY 2019, a 40.4%

## Summary of Recent Agency Reports (Continued)

increase. The higher net savings are due at least in part to higher federal match rates in the second half of FY 2020 resulting from the federal Families First Coronavirus Response Act. ADC utilizes the net savings to augment funding for the inmate health care contracted services. (Geoffrey Paulsen)

**Arizona State Schools for the Deaf and the Blind – Report on Increases to the School for Deaf and the Blind Fund Appropriation** – Pursuant to a General Appropriation Act Footnote, Arizona State Schools for the Deaf and the Blind (ASDB) reported an increase to the Schools for Deaf and the Blind Fund appropriation for FY 2020 of \$500,000. The \$500,000 increase brings the total Schools for Deaf and the Blind Fund appropriation to \$13.4 million for FY 2020. ASDB reports that \$300,000 would be used for the PSPD Campus and \$200,000 would be used for Preschool Outreach Programs. The agency reported that the increase is expected to be one-time. (Molly Murphy)

**Department of Economic Security - Notification of Use of Budget Stabilization Fund for Reimbursement Grants** - Pursuant to an FY 2020 General Appropriation Act provision, the Department of Economic Security (DES) notified the Committee of its intent to use \$25.0 million from the Budget Stabilization Fund for reimbursement grants. DES plans to use \$22 million to address cashflow issues resulting from its grant cost allocation process and \$3 million to address cashflow issues associated with front-funding issues that will eventually be reimbursed by the Department of Child Safety and the Arizona Health Care Cost Containment System. These monies may not be used for additional programmatic expenditures.

The \$25 million will be reimbursed to the fund in full on or before September 1, 2020 as part of the closing process for FY 2020.

**JLBC Staff – Public Programs Eligibility Report** – As enacted in the 2006 election, Proposition 300 limits participation in certain state programs to citizens, legal residents, or other persons lawfully present in the United States, and requires semi-annual reports to the Joint Legislative Budget Committee. Below is a summary of the reports:

**Universities** – Across the 3 public universities, 187,208 students registered for spring 2020. The universities were able to verify legal citizenship or immigration status of 168,611 students who required verification under Proposition 300. In addition, 18,597 students did not require verification because they did not request in-state tuition or receive state-supported financial aid. The universities reported no students who were unable to provide required verification of their lawful immigration status/lawful presence in the United States.

**Department of Economic Security** – Between December 1, 2019 and May 30, 2020, the department reported 7,669 applications for child care assistance. Of those, no applications were denied because applicants failed to provide the necessary documentation to meet the criteria for citizenship or legal residency.

**Community Colleges**– In the spring 2020 semester, 178,280 students were entitled to be classified as in-state by Arizona community colleges. The community colleges reported 188 students were not entitled to classification as an in-state student due to lack of citizenship or lawful presence in the United States. The community colleges received 11,236 individual applications for financial aid funded by state monies. Of those applications, 6 were not entitled to financial aid with state monies because the student was not a citizen or legal resident of the United States or was not lawfully present in the United States.

**Department of Education** – Between January 2020 and June 2020, the department reported that 5,321 individuals applied for instruction in Arizona Adult Education. Of these applicants, 159 individuals were denied instruction because of failure to provide acceptable evidence of citizenship or legal residence in the United States. All students must provide documentation of legal residency at the time of enrollment. The Arizona Adult Education program is funded with a combination of state and Federal Funds. (Alexis Pagel)

**County Treasurers' Report – Report on the Government Property Lease Excise Tax** – Laws 2015, Chapter 10, Section 8 requires each county treasurer to report to the Joint Legislative Budget Committee (JLBC) by February 15 of each year the amount of Government Property Lease Excise Tax (GPLET) collected in the preceding calendar year.

GPLET was enacted in 1996 (Laws 1996, Chapter 349) to allow cities, towns, counties and county stadium districts ("government lessors") to lease property that they own to private parties ("prime lessees") for commercial, residential rental, or industrial purposes for at least 30 days.

Because the Arizona Constitution exempts federal, state, county, and municipal property from taxation, government lessors do not have to pay any property taxes. Instead, the prime lessees are required to pay a GPLET on the building ("government property improvement") that they lease from the government lessor. Unlike the property tax, GPLET is based on factors other than a property's assessed value, such as a building's square footage and usage.

## Summary of Recent Agency Reports (Continued)

Table 7 below shows the reported GPLET collections by county in Calendar Year (CY) 2019.

<b>County</b>	<b>Total GPLET Collections</b>
Apache	\$0
Cochise	0
Coconino	883,185
Gila	0
Graham	0
Greenlee	0
La Paz	0
Maricopa	12,867,699
Mohave	138,681
Navajo	2,274
Pima	206,692
Pinal	28,741
Santa Cruz	0
Yavapai	2,377
Yuma	100,037
<b>Statewide Total</b>	<b>\$14,229,685</b>

As shown in the table, statewide GPLET collections totaled \$14.2 million in CY 2019, which represent an increase of 3.7%, or \$511,166 over the total amount collected in CY 2018. Ninety percent of statewide GPLET revenue was collected in Maricopa County. Several counties, including Apache, Cochise, Gila, Graham, Greenlee, La Paz, and Santa Cruz, reported that no GPLET revenue was collected in CY 2019. (Hans Olofsson)

**Department of Revenue – Report on Capital Gains Tax Paid by Nonresidents on Real Estate Transactions** – Pursuant to A.R.S. § 43-312B, the Department of Revenue (DOR) is required to report to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB), by June 30, 2020, the amount of capital gains tax paid by nonresidents of this state on real estate transactions in Arizona for Tax Year (TY) 2018. DOR estimates that \$11.2 million was paid by nonresidents in capital gains tax on real estate transactions in Arizona for TY 2018. (Ben Newcomb)

**School Facilities Board – Quarterly Report on Credit Enhancement Program** – Pursuant to A.R.S. § 15-2158, the School Facilities Board (SFB) is required to submit quarterly reports on the Public School Credit Enhancement Program. The program is operated by the Governor's Office of Education. Since the last quarterly report in April 2020, no new schools have qualified for funding. As of June 30, 2020, 12 schools have been approved financing through the program – Academy of Math and Science (2 projects), Arizona Agribusiness and Equine Center, BASIS Schools (2 projects), Candeo Schools, Great Hearts Academies (2 projects), Highland Prep, Legacy Traditional Schools, Paradise Schools, and Vista College Preparatory. The total outstanding principal amount is \$233.6 million. To date, there are no guaranteed financings for which the program has been required to disperse funds. The Credit Enhancement Fund balance is \$107.4 million and has a leverage ratio of 2.18 (based only on the outstanding principal of issued financing). The statutory limit for the program's leverage ratio is 3.5. (Rebecca Perrera)

## June Spending

As noted above, at this time, a preliminary estimate of the state's FY 2020 spending is not yet available. The state's book closing process is still continuing and is expected to contain significant spending adjustments, including General Fund savings related to the use of federal funds to supplant state spending on COVID-related expenses.

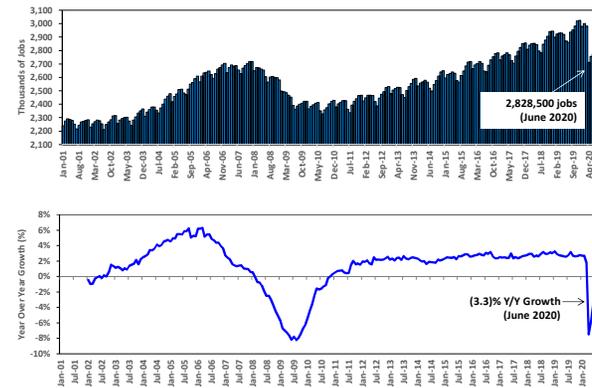
## Arizona Economic Trends

July 2020  
Appendix A

Page:

- 2.....Total Non-Farm Employment
- 3.....Average Hourly Earnings – Private Sector
- 4.....State Sales Tax Collections – Retail Category
- 5.....State Sales Tax Collections – Contracting Category
- 6.....Residential Building Permits

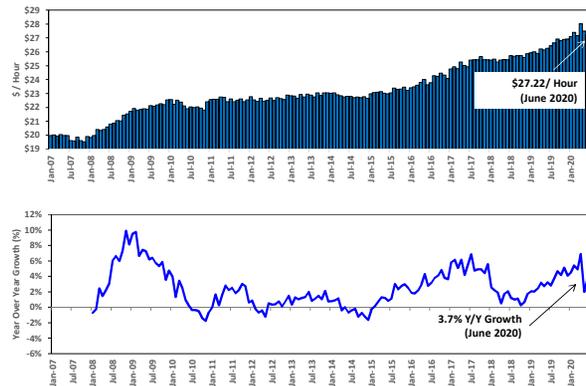
## Total Non-Farm Employment



JLBC

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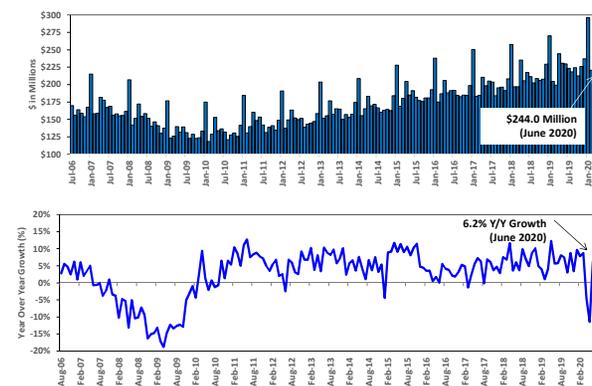
## Average Hourly Earnings – Private Sector



JLBC

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## State Sales Tax Collections – Retail Category



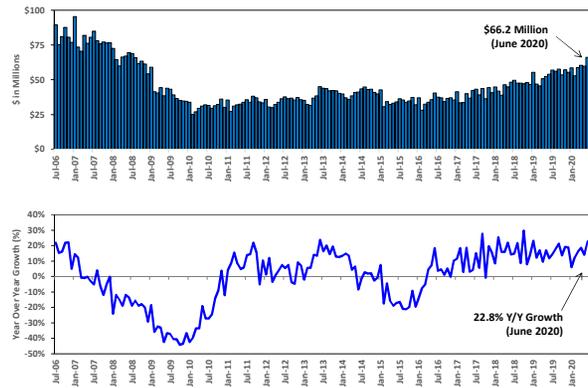
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Excludes temporary 1-cent sales tax

\*January 2014 estimate adjusted downward by \$30 million to reflect one-time category shift

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## State Sales Tax Collections – Contracting Category

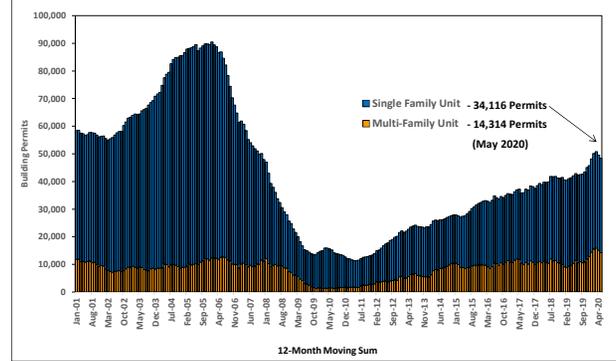


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Excludes temporary 1-cent sales tax

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## Residential Building Permits



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