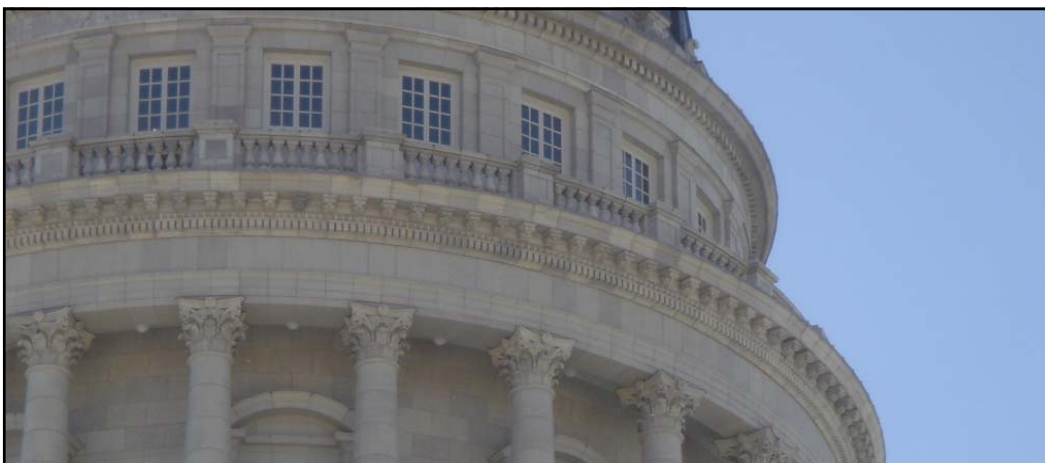




Utah Economic Update

Presentation to the Northern Utah Chapter of the Association of Government Accountants

David Stringfellow	Matthew Lund
Chief Economist	Senior Economist
The Office of the Utah State Auditor	The Governor's Office of Management and Budget

November 12, 2015

Order of the Presentation



David Stringfellow

- World Economy
- United States Economy



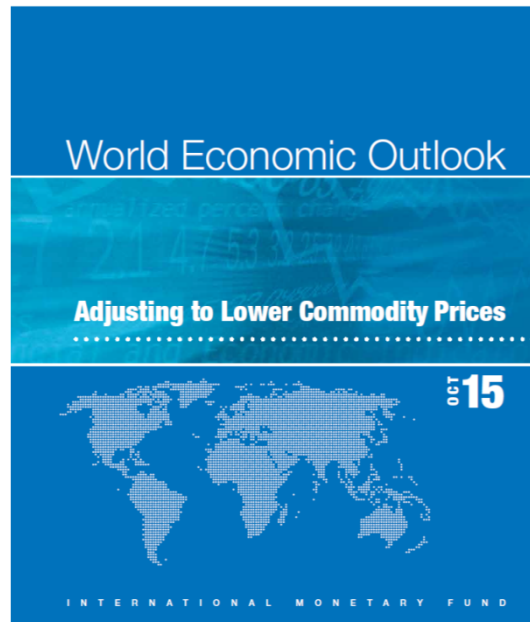
Matthew Lund

- Utah Economy
- Utah Budget

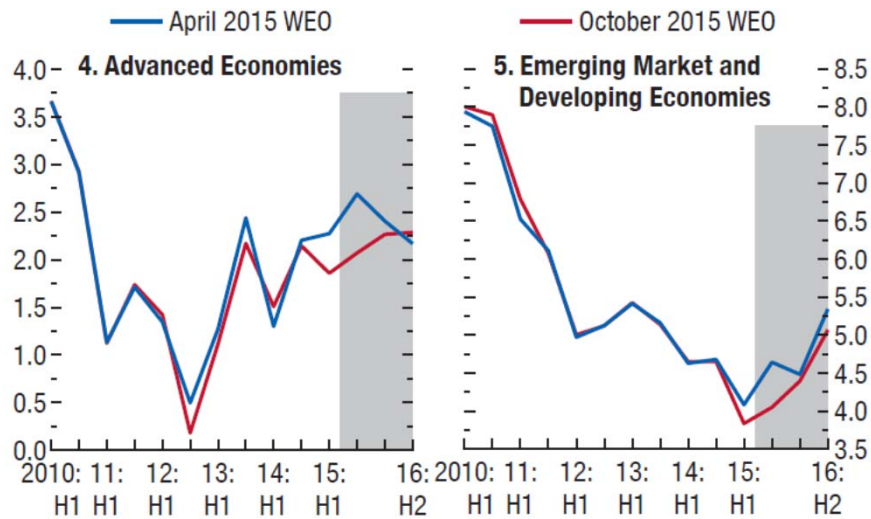


World Economy – Global Growth Slow, Inflation Tame

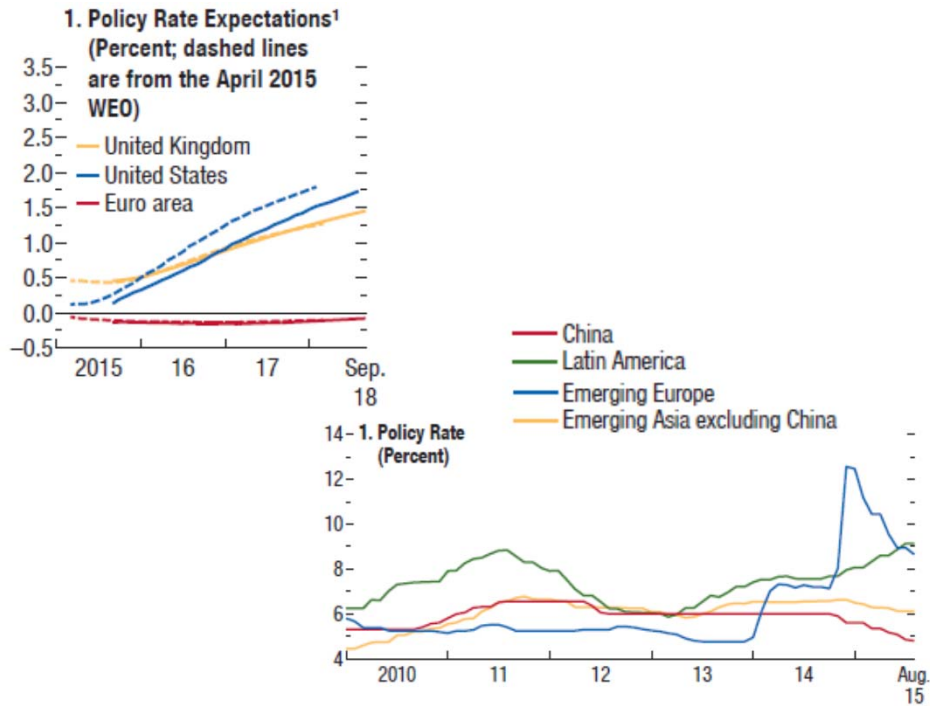
Six years after the world economy emerged from its broadest and deepest postwar recession, a return to robust and synchronized *global expansion remains elusive*.



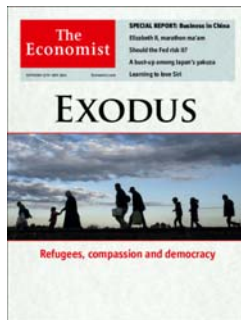
World Economy – GDP growth slowing



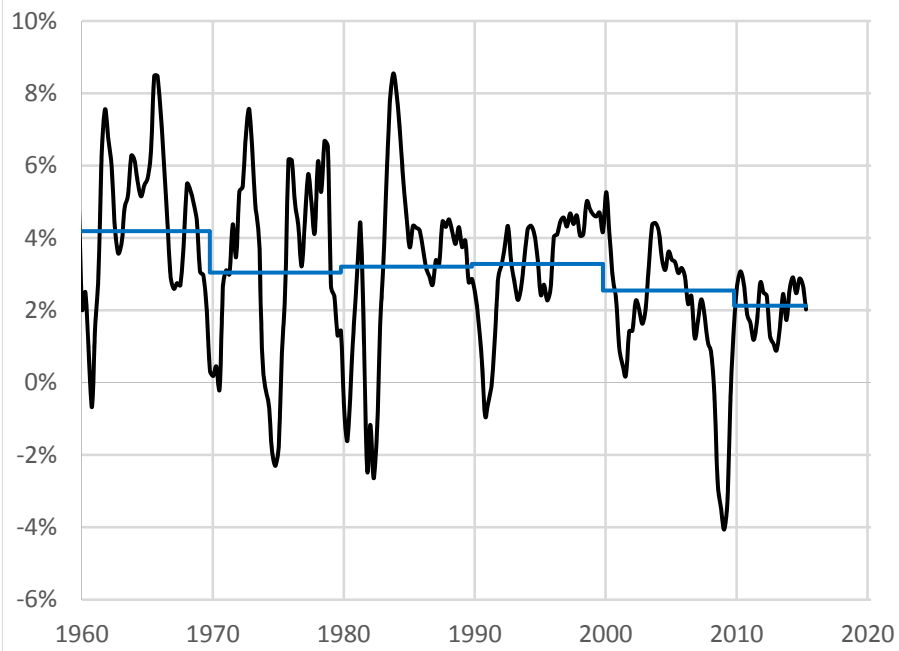
World Economy – Interest Rate Questions



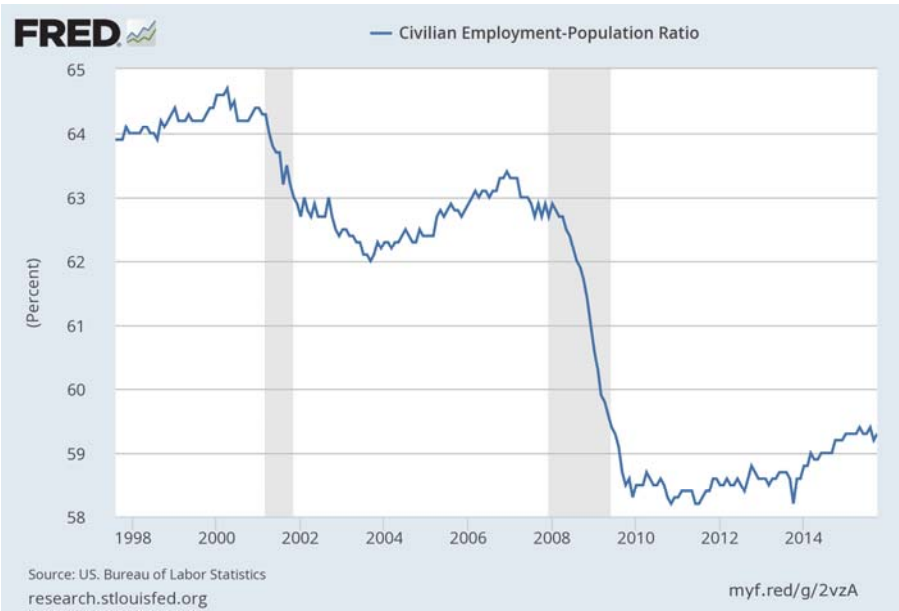
World Economy – Risks



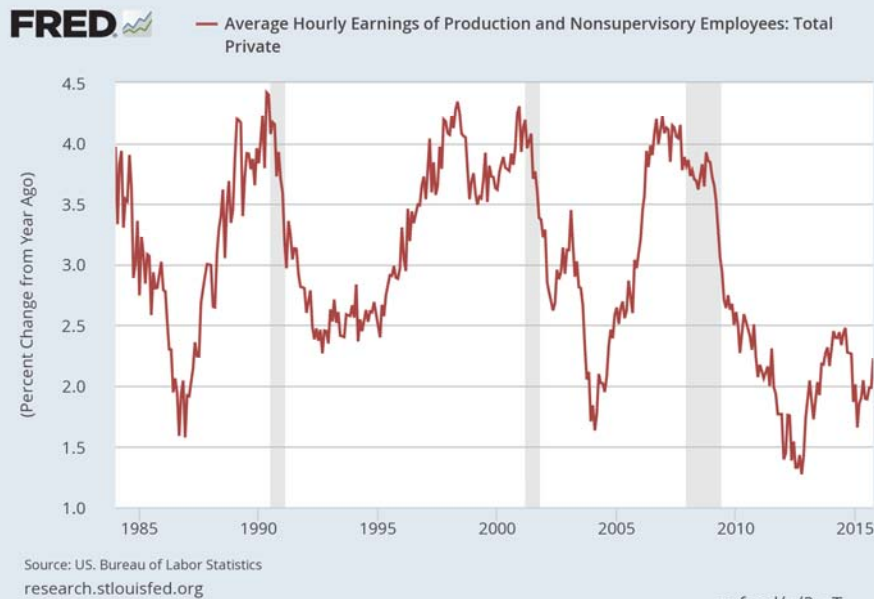
United States Economy – Expansions Measured by GDP



United States Economy – Labor Force Participation

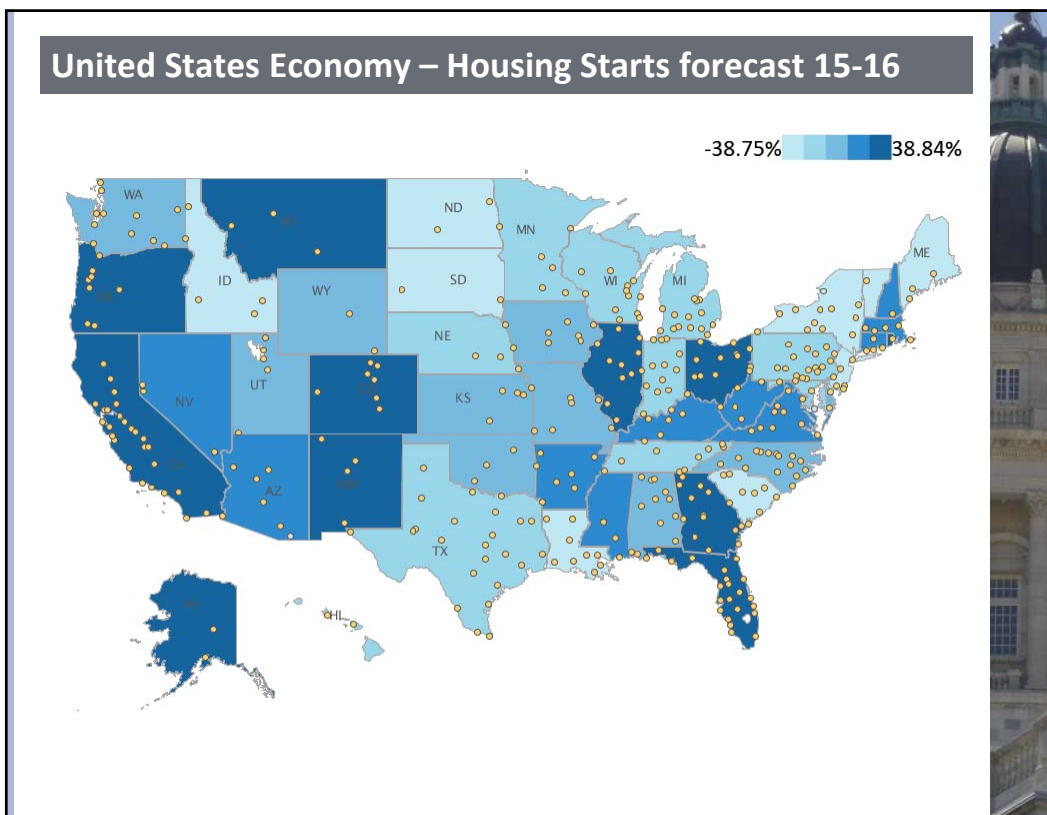
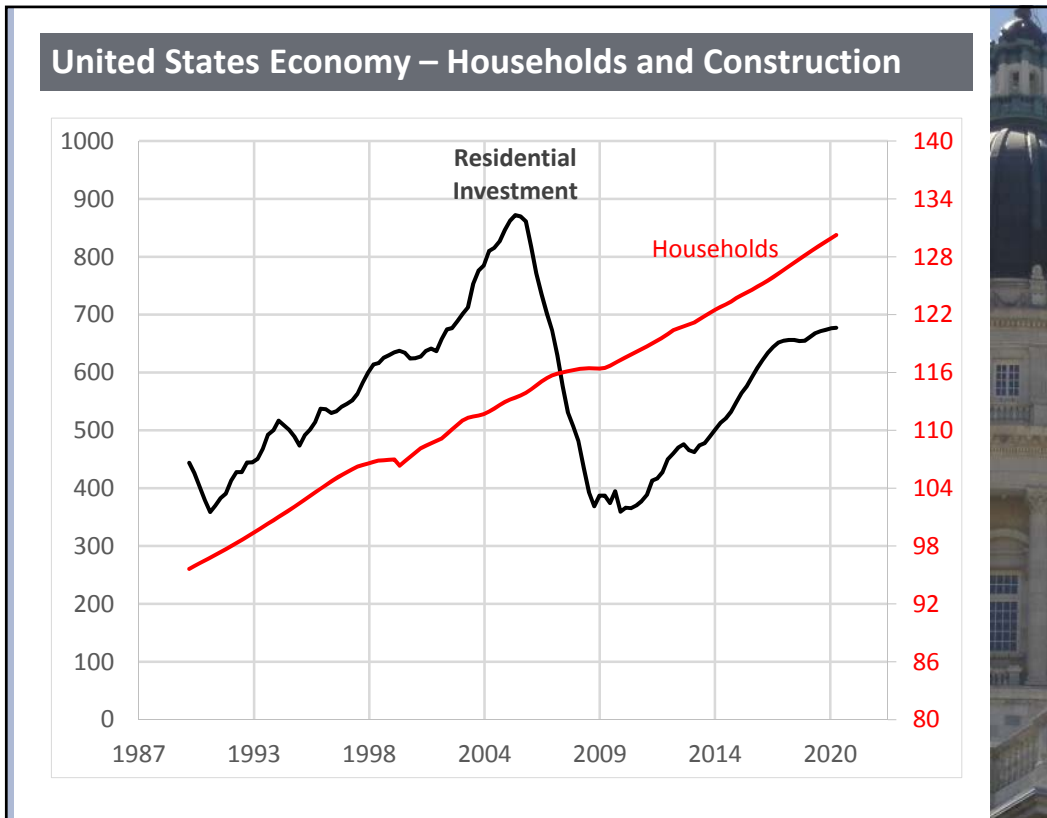


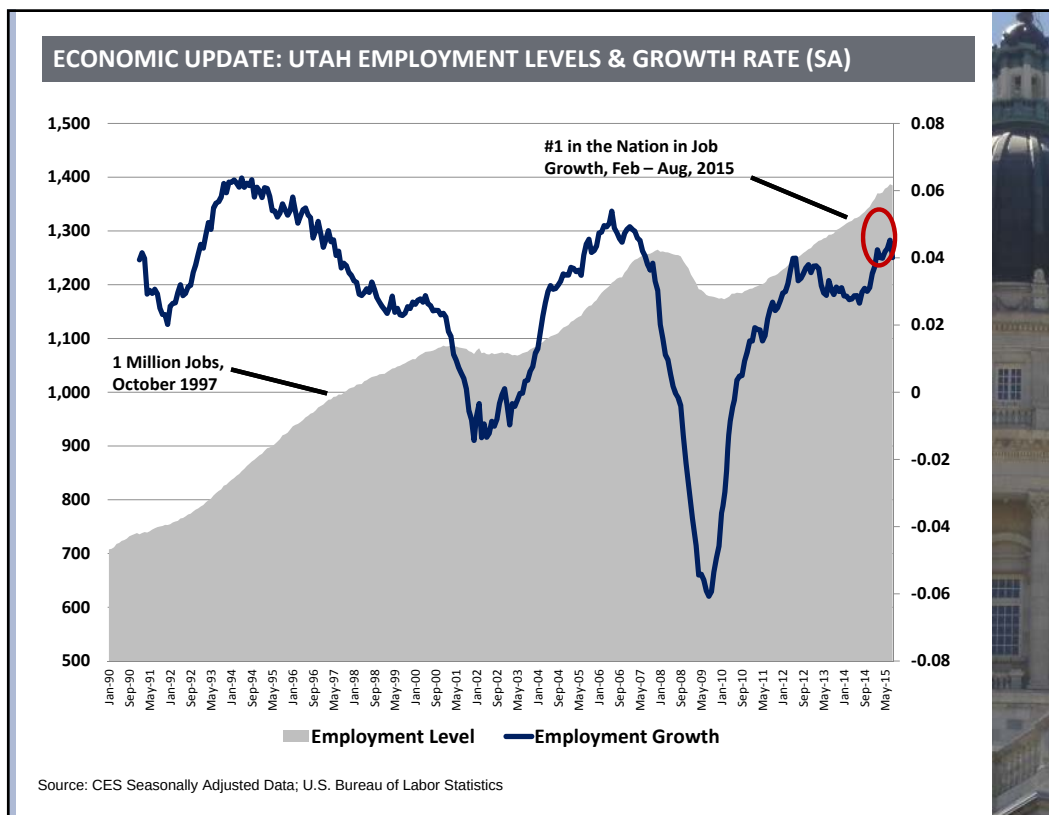
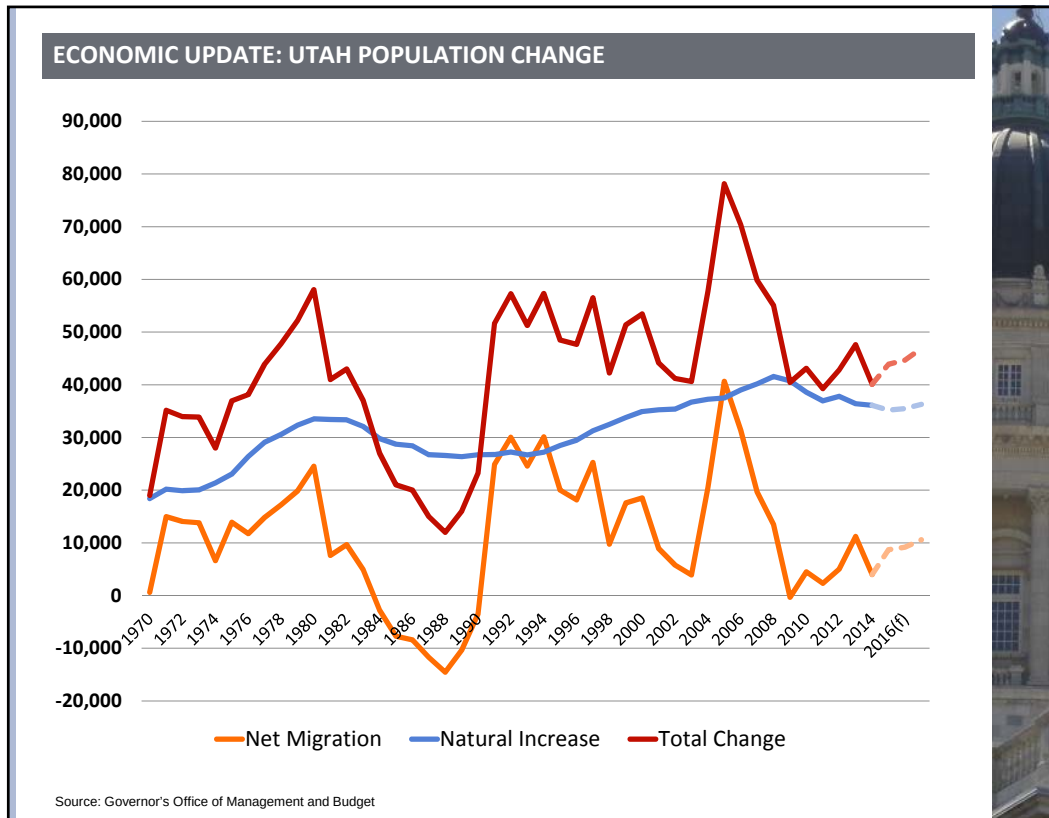
United States Economy – Average Hourly Earnings

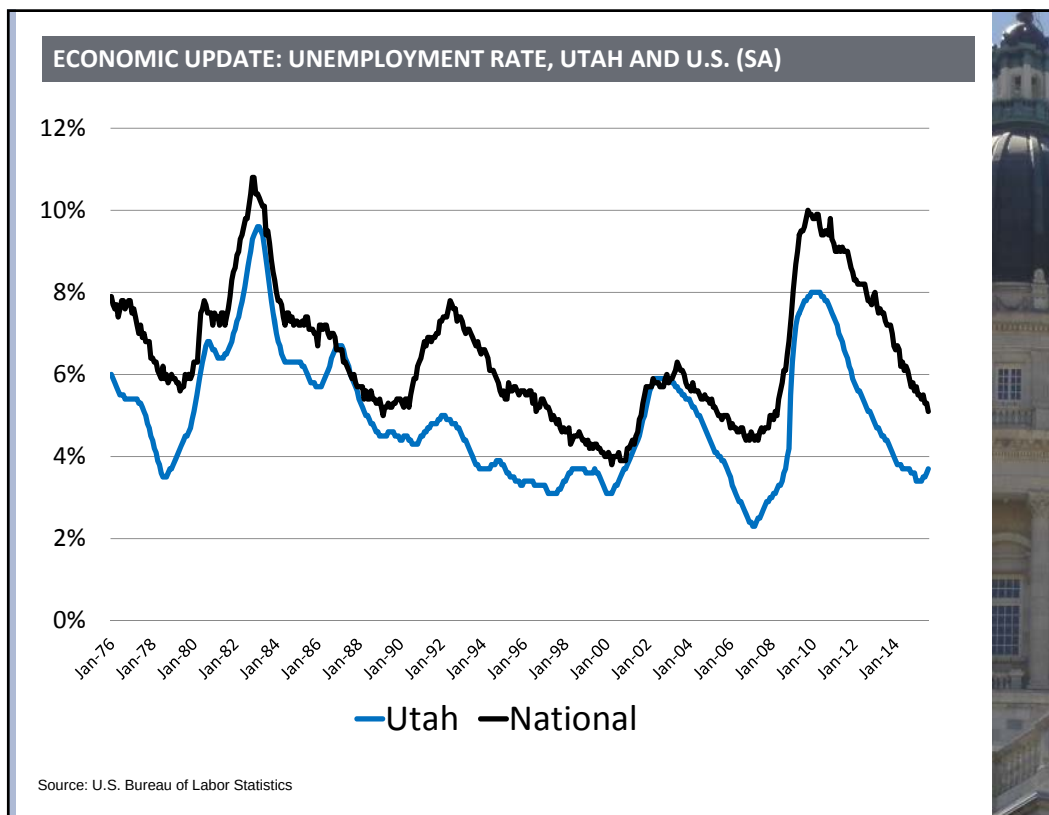
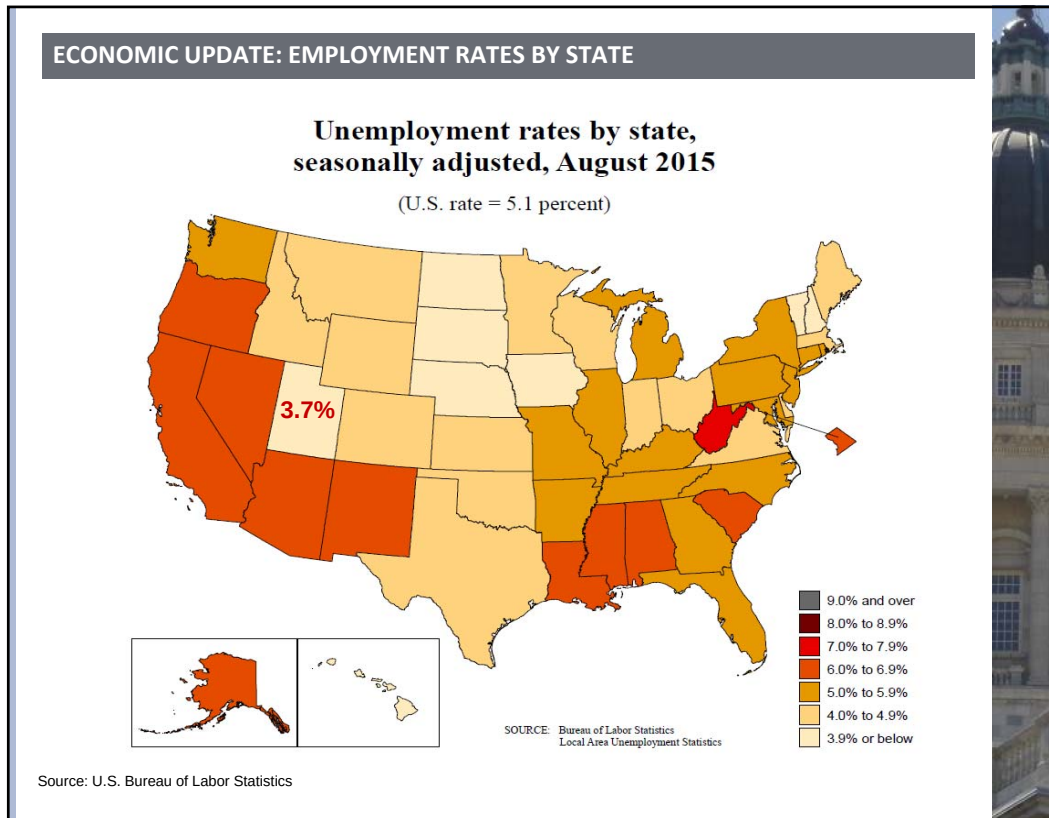


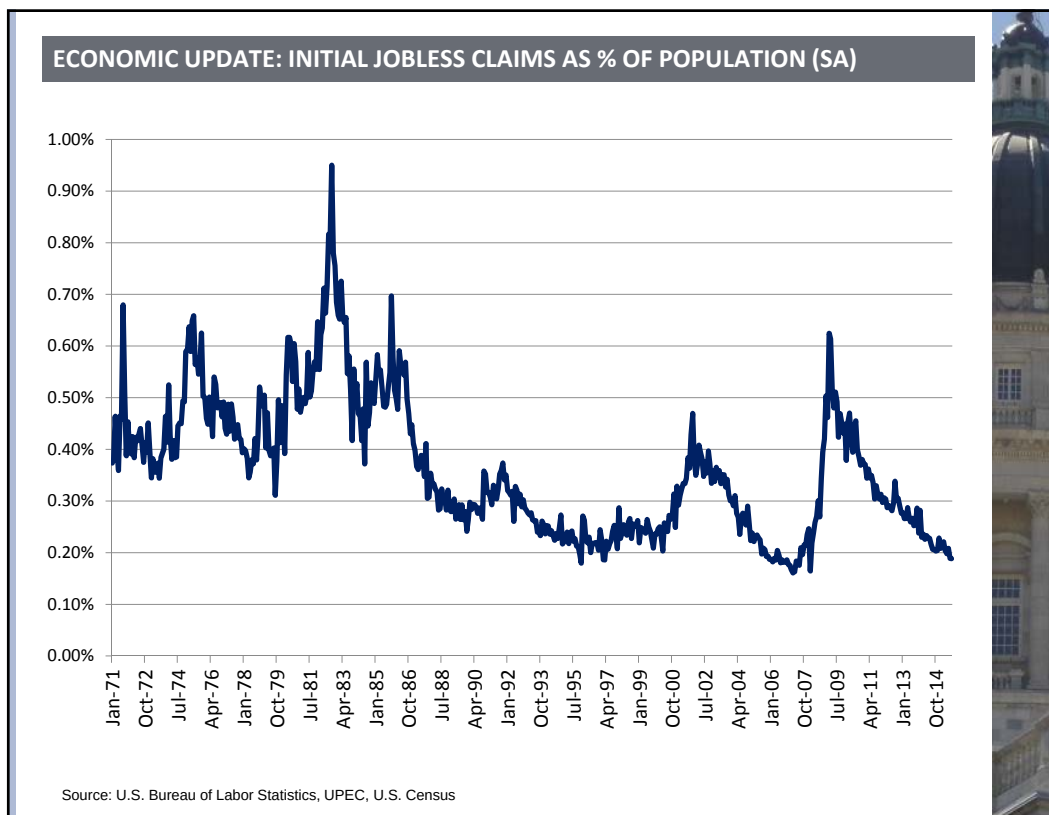
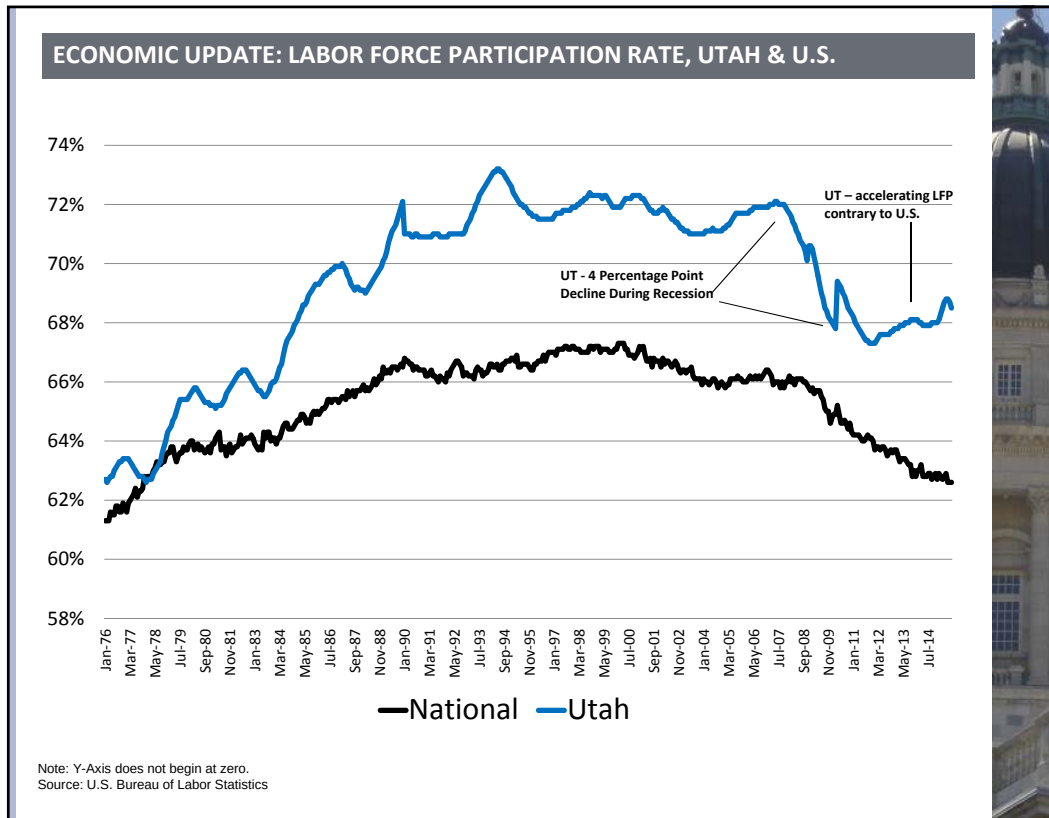
United States Economy – Employment

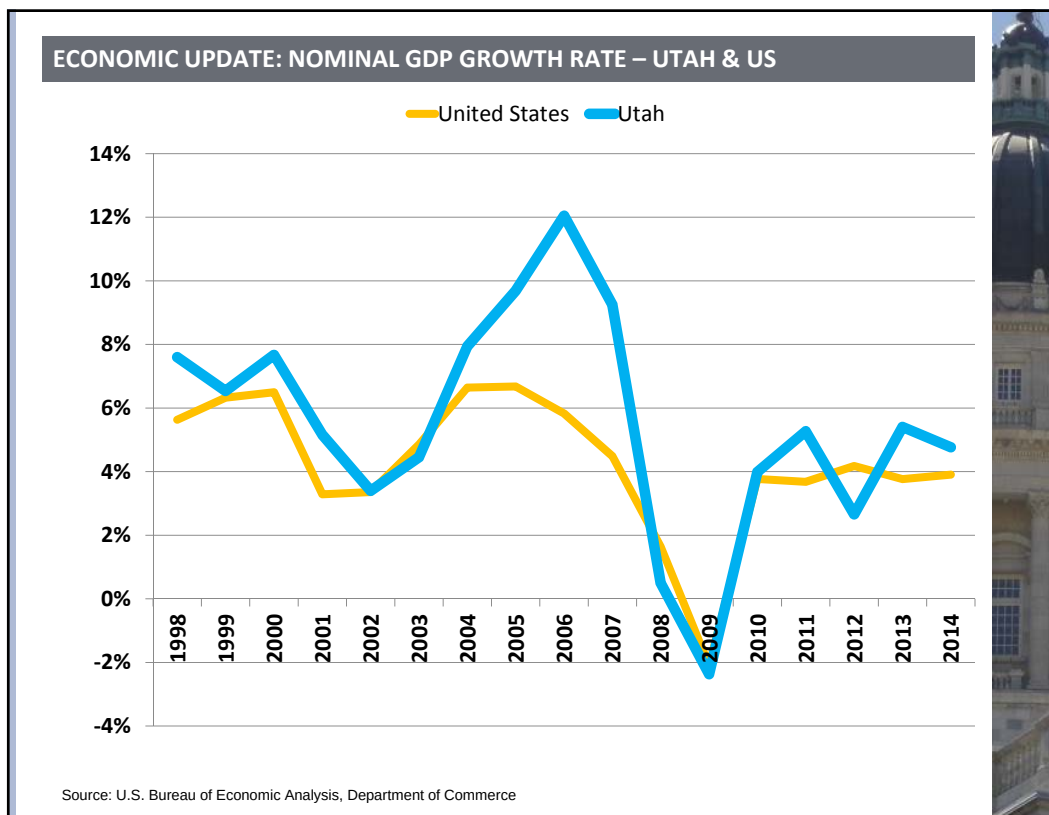
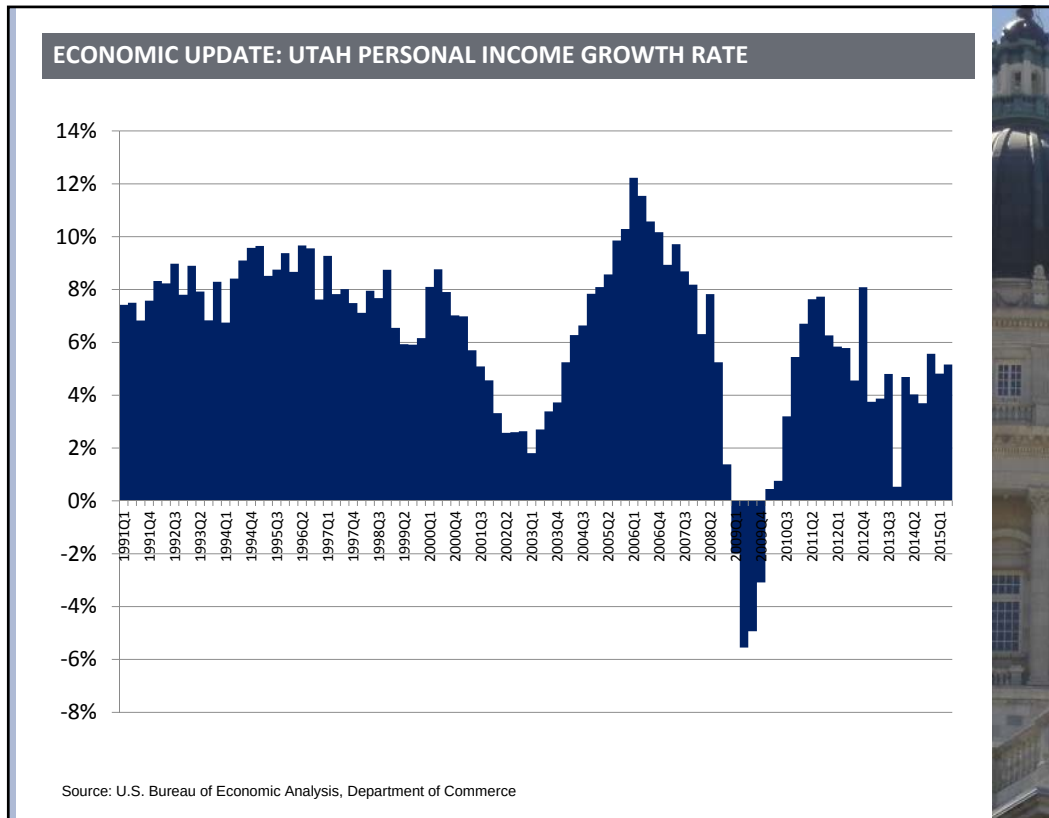




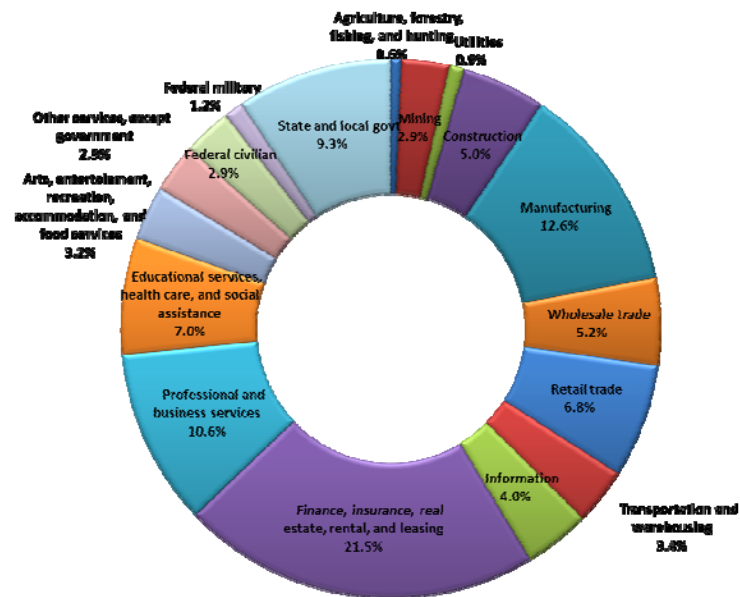








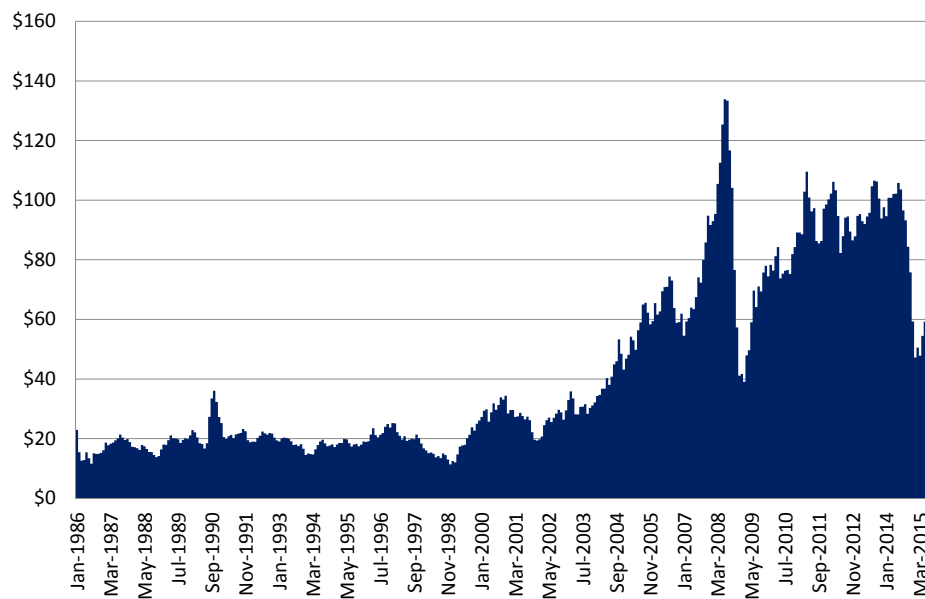
ECONOMIC UPDATE: COMPONENTS OF UTAH GDP



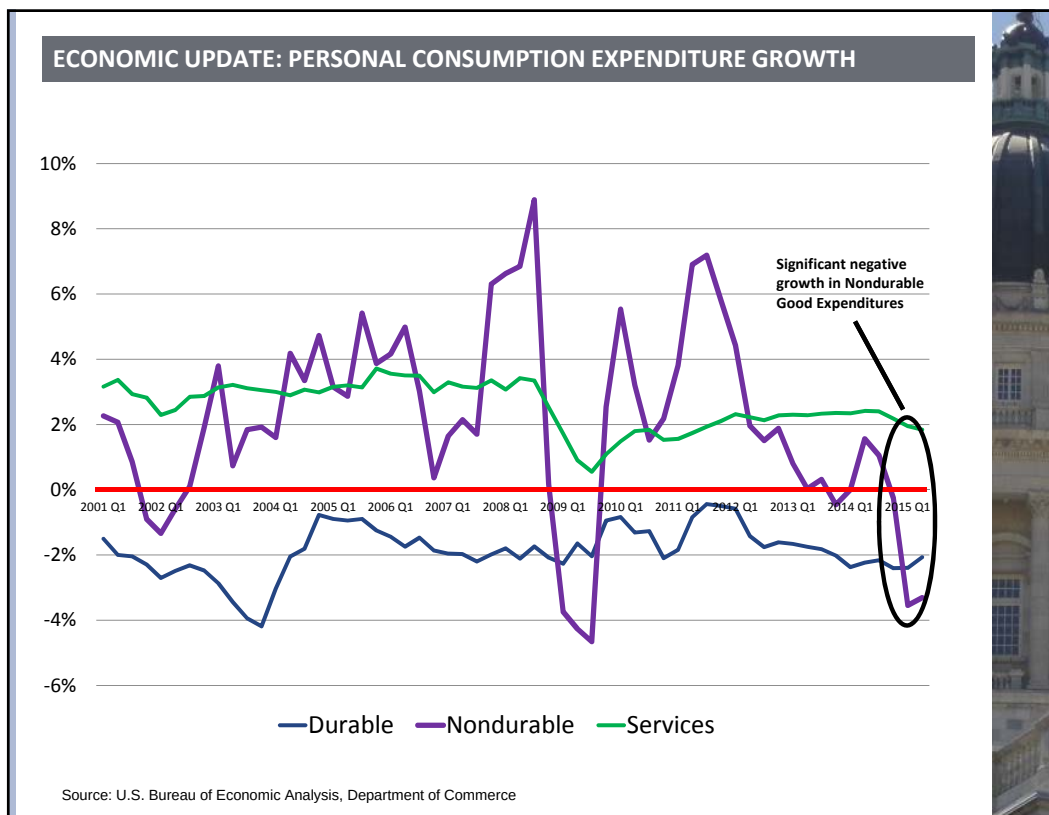
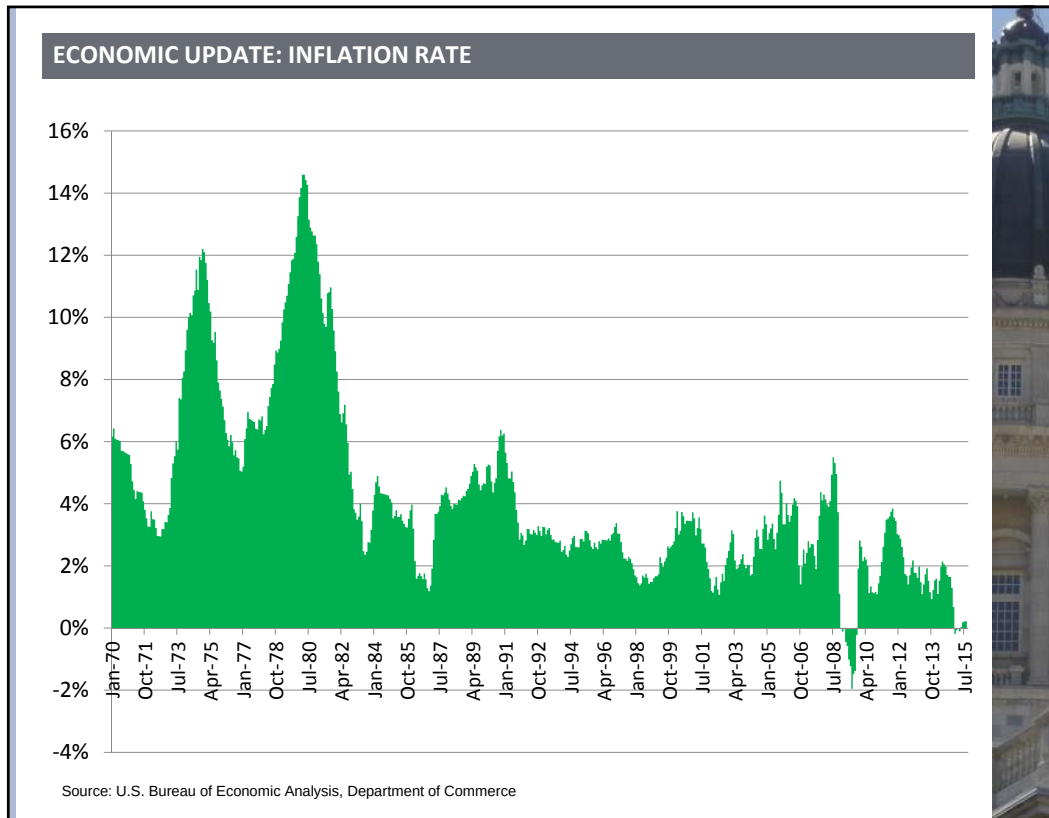
Source: U.S. Bureau of Economic Analysis, Department of Commerce

ECONOMIC UPDATE: US OIL PRICES

Cushing, OK WTI Spot Price FOB (Dollars per Barrel)



Source: U.S. DEPARTMENT OF ENERGY



BUDGET UPDATE: TAX REVENUE COLLECTIONS

Utah State Tax Commission
REVENUE SUMMARY
 Three Months FY 2015-16

DRAFT 1

MAJOR REVENUE SOURCES ¹ (in millions)	ANNUAL			YTD		
	FY 2015	FY 2016	FY 2015	FY 2015	FY 2016	FY 2016
	FINAL	FORECAST ² 2/18/2015	GROWTH (Projected) Col. 2 / Col. 1	ACTUAL 10/7/2014	ACTUAL 10/7/2015	GROWTH (Actual) Col. 5 / Col. 4
GENERAL & EDUCATION						
SALES AND USE TAXES	\$1,714.95	\$1,800.21	5.0%	\$452.06	\$469.11	3.8%
INDIVIDUAL INCOME TAX	\$3,157.67	\$3,162.69	0.2%	640.85	700.23	9.3%
CORPORATE TAX ³	\$373.94	\$381.33	2.0%	91.83	96.77	5.4%
BEER, CIGARETTE & TOBACCO TAXES	\$115.92	\$112.33	-3.1%	32.48	35.49	9.3%
INSURANCE PREMIUM TAXES	\$92.39	\$96.47	4.4%	25.21	25.84	2.5%
SEVERANCE TAXES	<u>\$86.03</u>	<u>\$79.94</u>	<u>-7.1%</u>	<u>31.52</u>	<u>8.19</u>	<u>-74.0%</u>
TOTAL	\$5,540.89	\$5,632.98	1.7%	\$1,273.95	\$1,335.62	4.8%
TRANSPORTATION						
MOTOR FUEL TAX ⁴	\$261.74	\$283.74	8.4%	\$64.59	\$72.11	11.6%
SPECIAL FUEL TAXES ⁴	\$100.07	\$115.05	15.0%	22.89	26.64	16.4%
MOTOR VEHICLE REGISTRATION FEES ⁵	<u>\$41.09</u>	<u>\$42.25</u>	<u>2.8%</u>	<u>11.65</u>	<u>12.19</u>	<u>4.7%</u>
TOTAL	\$402.91	\$441.04	9.5%	\$99.13	\$110.94	11.9%

NOTES:

¹ Top 12 revenue sources for the non-restricted General, Education, and Transportation Funds. This report provides a revenue outlook for the fiscal year, and is not an exhaustive review of state finances. **These sources constitute at least 95 percent of non-restricted revenue (excluding federal funds), and do not include special earmarked funds.**

² The revenue forecast is developed through consensus by economists from the Office of the Legislative Fiscal Analyst, the Tax Commission, and the Governor's Office. The target revenues (column 2) are based on the February 18, 2015 Consensus Revenue Forecast adjusted for legislative changes.

³ Includes corporate franchise and income taxes, radioactive waste, and gross receipts taxes.

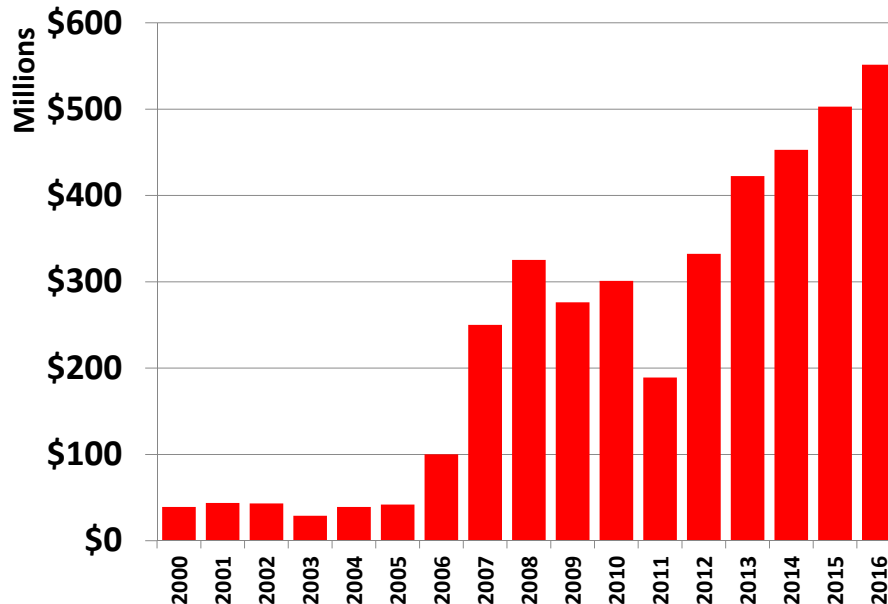
⁴ Includes the impact of HB 362 which increased taxes on motor fuel and special fuel (effective January 1, 2016) and the tax on CNG and LNG (effective July 1, 2015).

⁵ Motor vehicle registration fees estimated by the Economic & Statistical Unit are not part of the Consensus Revenue Forecast.

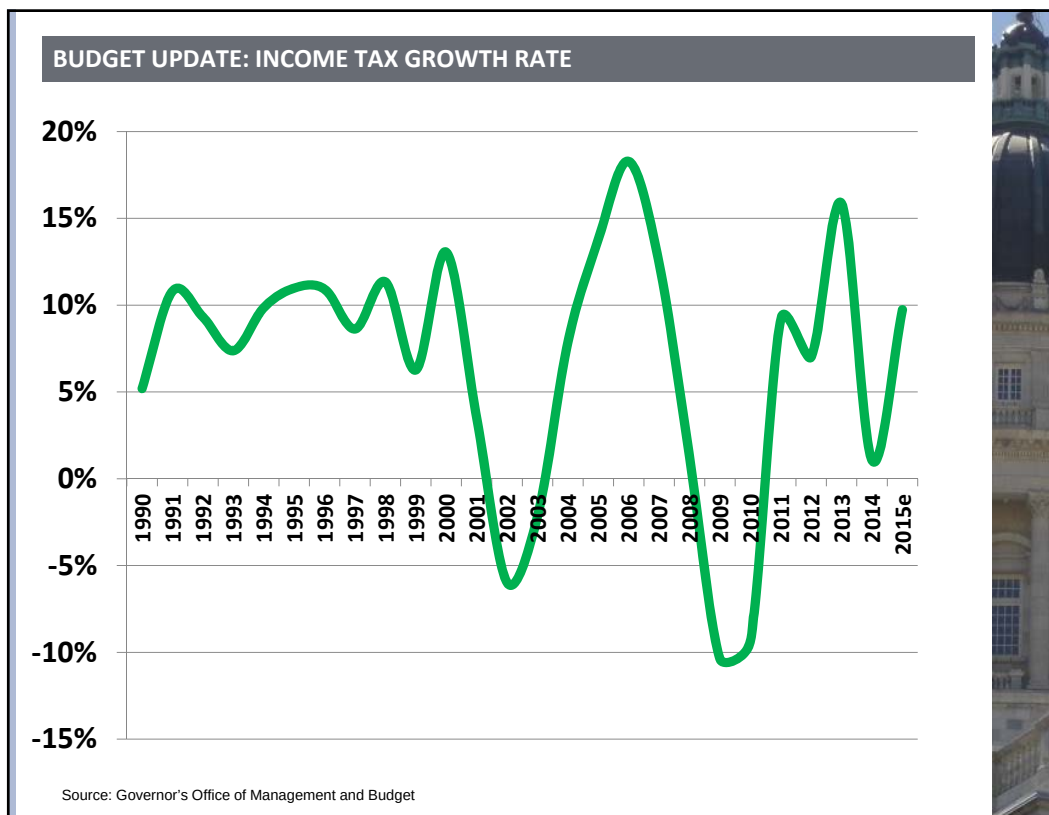
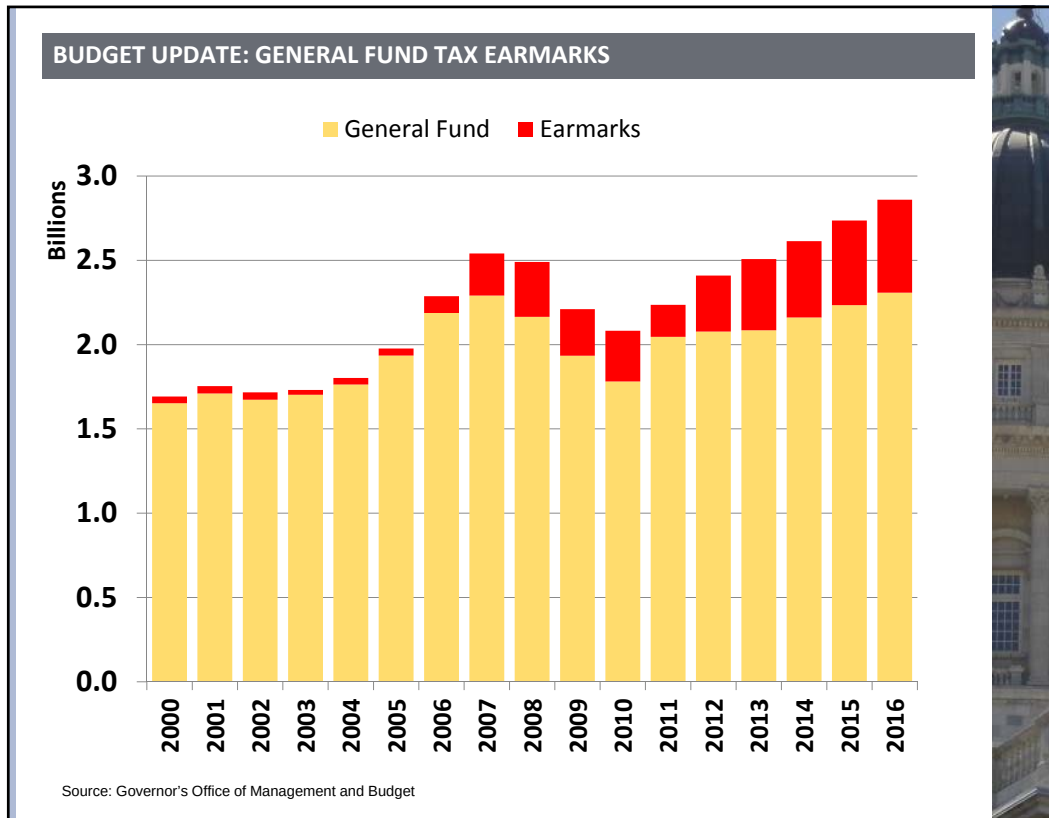
Source: Utah State Tax Commission

BUDGET UPDATE: TAX EARMARKS

Earmarks



Source: Governor's Office of Management and Budget



BUDGET UPDATE: MAJOR EXPENDITURE ISSUES

- Public Education
- Higher Education
- Medicaid
- Justice Reinvestment Act & prison relocation
- Infrastructure – Transportation, Buildings, Water
- Compensation
- Rainy day funds and other reserves
- Debt levels

Source: Governor's Office of Management and Budget

FINANCIAL MANAGEMENT & BUDGET OVERVIEW: MANAGEMENT***25% Operational Efficiency Improvement***