



# LGIP QUARTERLY MEETING & CONFERENCE CALL

Nov. 13, 2014

OFFICE OF THE ARIZONA STATE TREASURER



# AGENDA

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- **LGIP Performance**
- **Endowment Performance and Distributions**
- **Pooled Collateral Program**
- **State Cash Flow**
- **Guest Presentation:  
State Budget Outlook from JLBC**
- **Q & A**



# INVESTMENT PHILOSOPHY

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**SAFETY**

*before*

**LIQUIDITY**

*before*

**YIELD**



# EARNINGS FOR Q1 FY 2015

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**\$33,076,460**





# LGIP PERFORMANCE

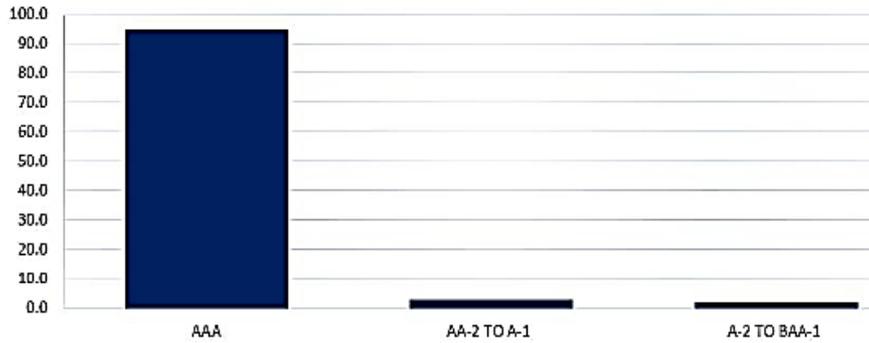
Q1 FY2015



# Pool 5 – LGIP

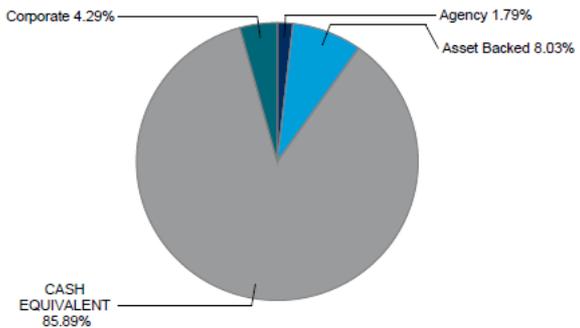
- Rated AA Af (Highest Rating Available)
- \$1.1 Billion in Assets as of 9/30/2014
- 100% Duration Inside 1 year
- Diversified Highly Rated Investments Including Repurchase Agreements, Commercial Paper, and Government Securities
- 85.9% of the Assets are Cash Equivalent Securities

## SAFETY: Distribution of Holdings (Moody's Ratings)

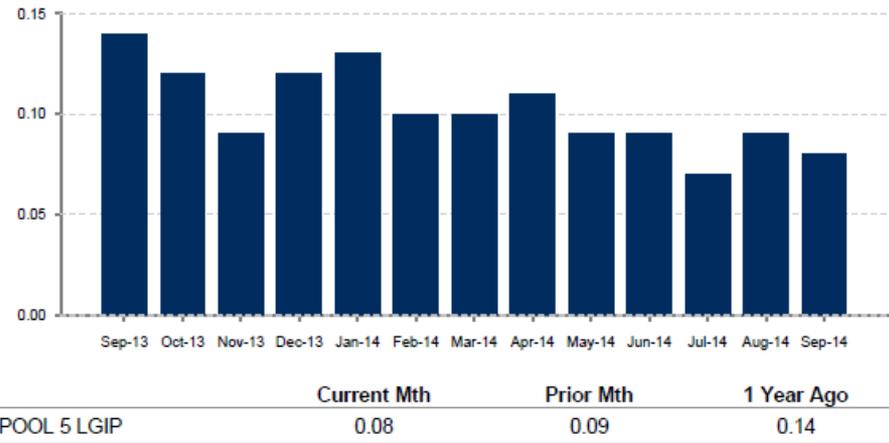


## LIQUIDITY: 85.9% of Assets Mature Within 90 Days

Portfolio Level Characteristics	POOL 5 LGIP
Weighted Average Life	0.11
Coupon	0.20
Effective Duration	0.10
Quality Rating (Moody's)	AAA



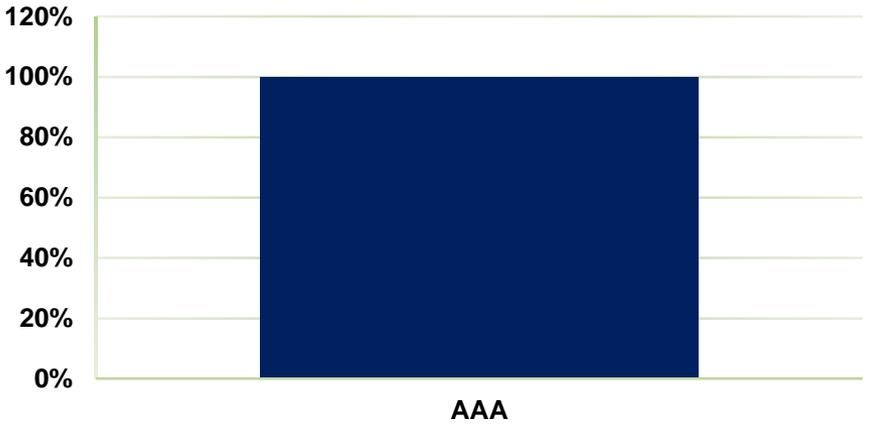
## YIELD: .08% (Sept. 2014)



# Pool 7 – Gov't LGIP

- \$852 Million in Assets as of 9/30/2014
- 100% Duration Inside 1 year
- 100% of the Assets are Guaranteed by the Full Faith and Credit of the United States of America
- 78% of the Assets are Cash Equivalent Securities

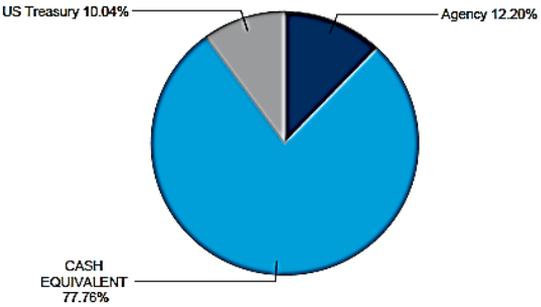
## SAFETY: Distribution of Holdings (Moody's Ratings)



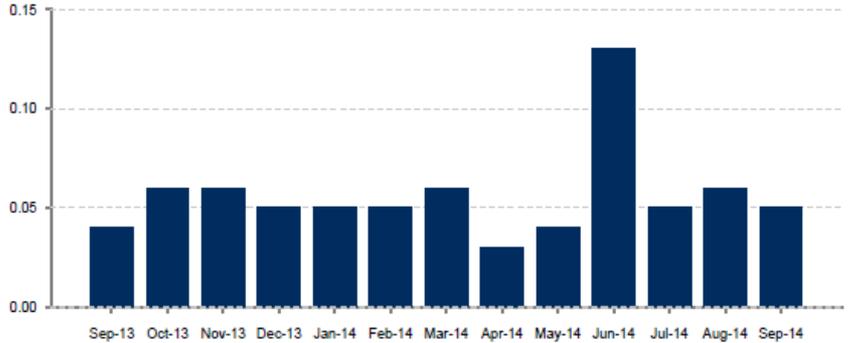
## LIQUIDITY: 78% of Assets Mature Within 90 Days

### Portfolio Level Characteristics

	POOL 7 LGIP FF&C
Weighted Average Life	0.12
Coupon	0.65
Effective Duration	0.09
Quality Rating (Moody's)	AAA



## YIELD: .05% (Sept. 2014)



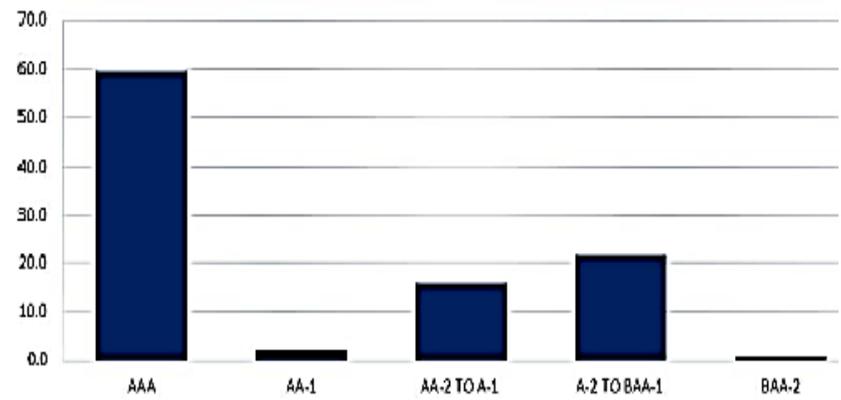
	Current Mth	Prior Mth	1 Year Ago
POOL 7 LGIP FF&C	0.05	0.06	0.04



# Pool 500 – Medium Term LGIP

- \$254 Million in Assets as of 9/30/2014
- Net Asset Value (share price) of \$1.0315 as of 9/30/2014
- 50% Duration Inside 1 year
- 100% of the Assets are Investment Grade or Better (60% are rated AAA)
- Well Diversified Portfolio of Assets With No More Than 2.5% Exposure to Any Single Corporate Asset

## SAFETY: Distribution of Holdings (Moody's Ratings)

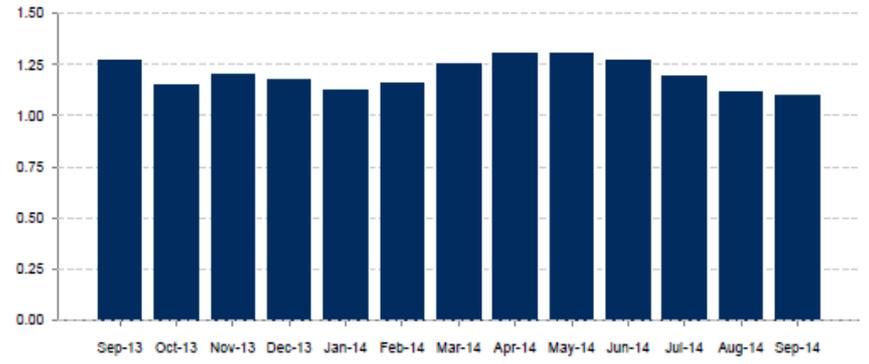
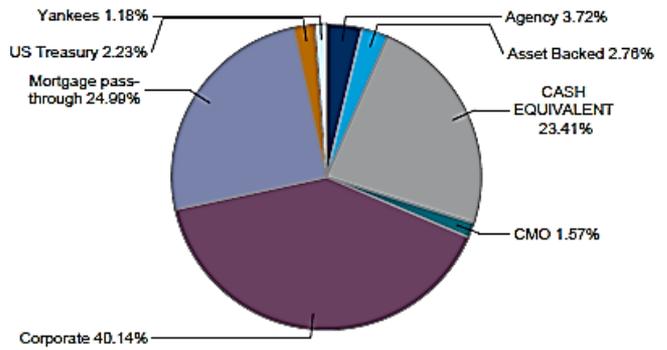


## LIQUIDITY: 23% of Assets Mature Within 90 Days

## YIELD: 1.10% (Sept. 2014)

### Portfolio Level Characteristics

	POOL 500 LGIP MED
Weighted Average Life	2.01
Coupon	1.99
Effective Duration	1.58
Quality Rating (Moody's)	AA-2



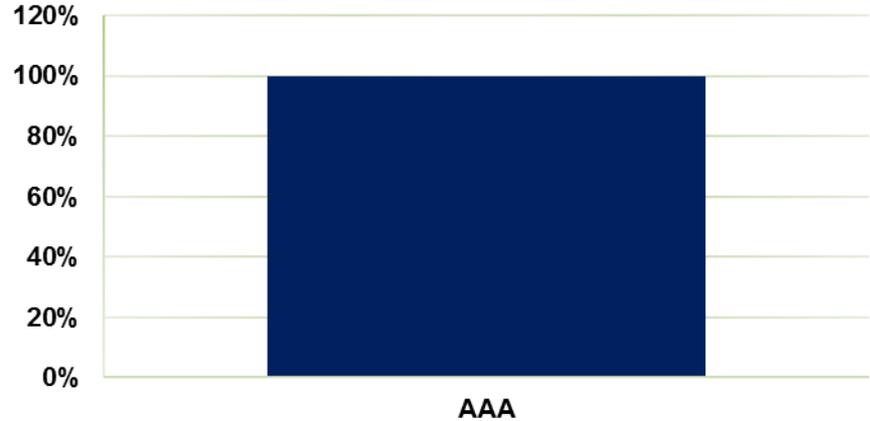
	Current Mth	Prior Mth	1 Year Ago
POOL 500 LGIP MED	1.10	1.11	1.27



# Pool 700 – Gov't Medium Term LGIP

- \$165 Million in Assets as of 9/30/2014
- Net Asset Value (Share Price) of \$1.0047 as of 9/30/2014
- 38% Duration Inside 1 year
- 100% of the Assets are Guaranteed by the Full Faith and Credit of the United State of America
- Well Diversified Portfolio of Assets Across All available U.S. Full Faith and Credit Securities

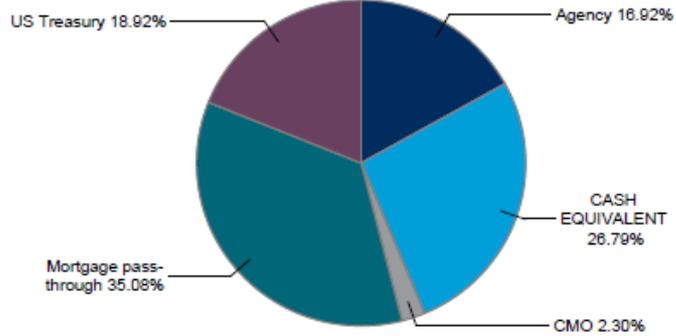
## SAFETY: Distribution of Holdings (Moody's Ratings)



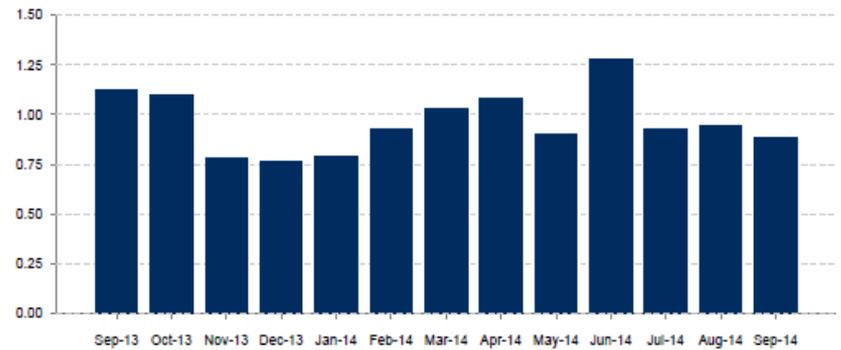
## LIQUIDITY: 27% of Assets Mature Within 90 Days

### Portfolio Level Characteristics

	POOL 700 LGIP MD FF&C
Weighted Average Life	2.50
Coupon	1.78
Effective Duration	2.06
Quality Rating (Moody's)	AAA



## YIELD: Sept: .88%



	Current Mth	Prior Mth	1 Year Ago
POOL 700 LGIP MD FF&C	0.88	0.94	1.12





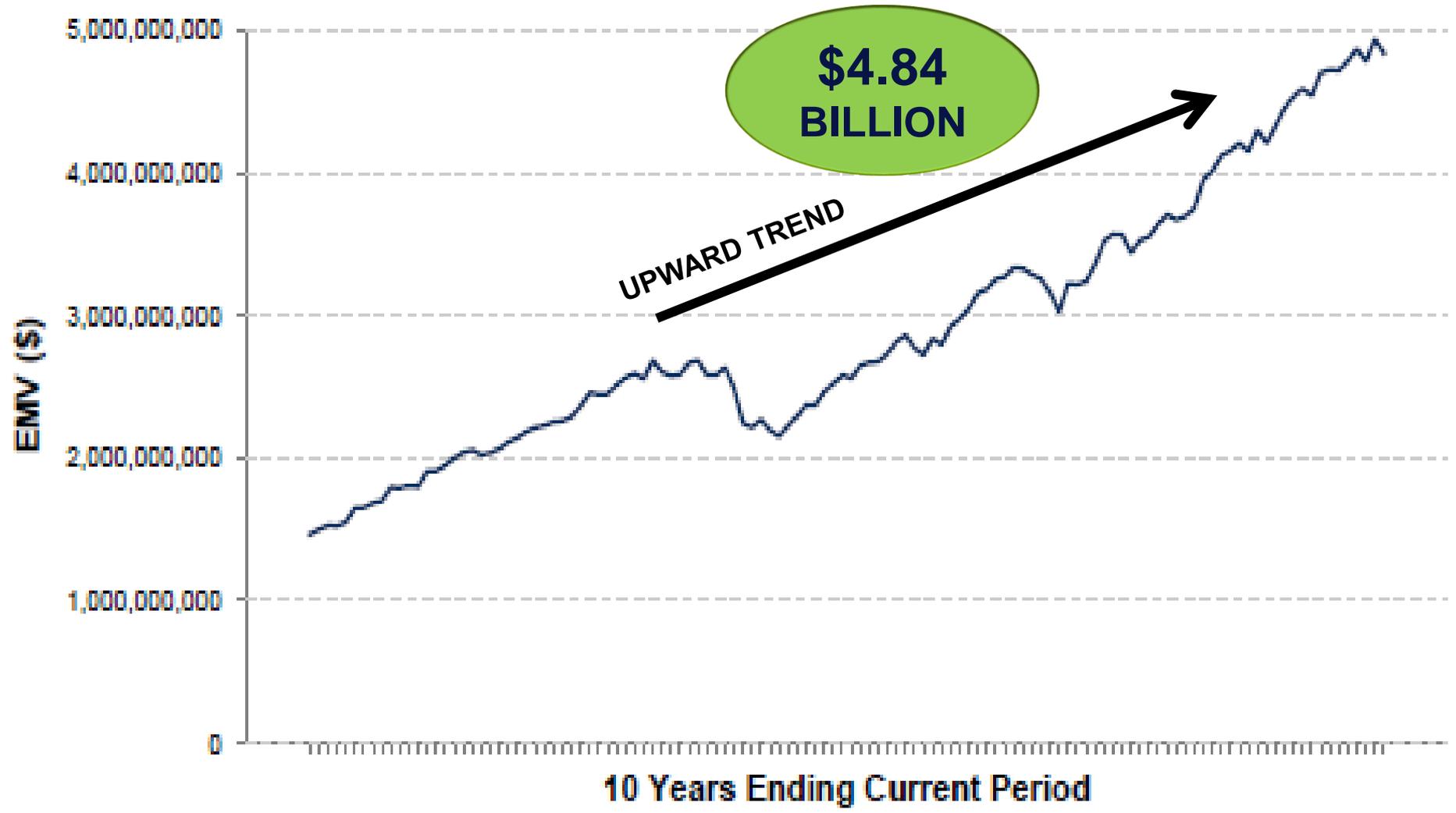
# ENDOWMENT PERFORMANCE

Q1 FY2015

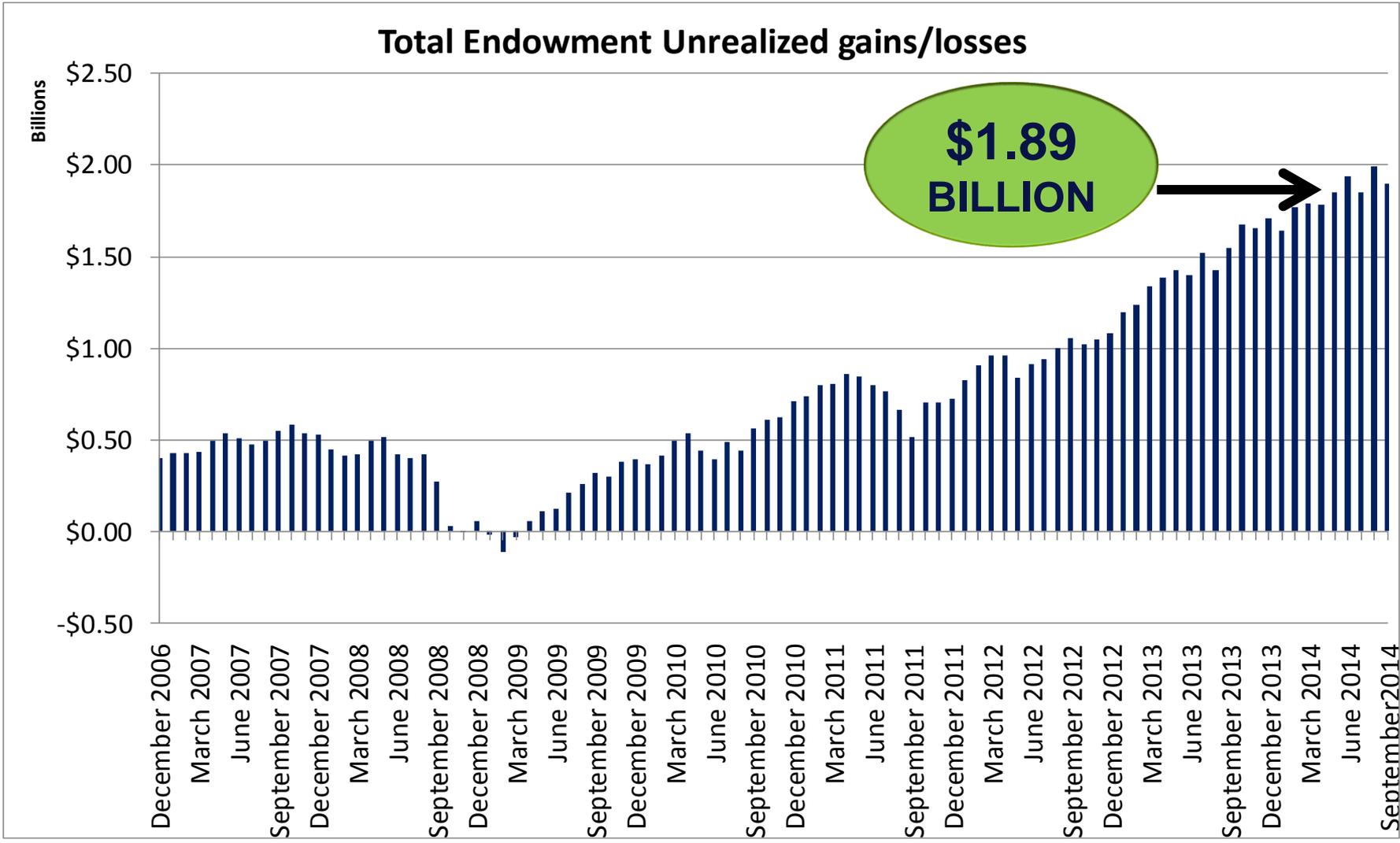
OFFICE OF THE ARIZONA STATE TREASURER



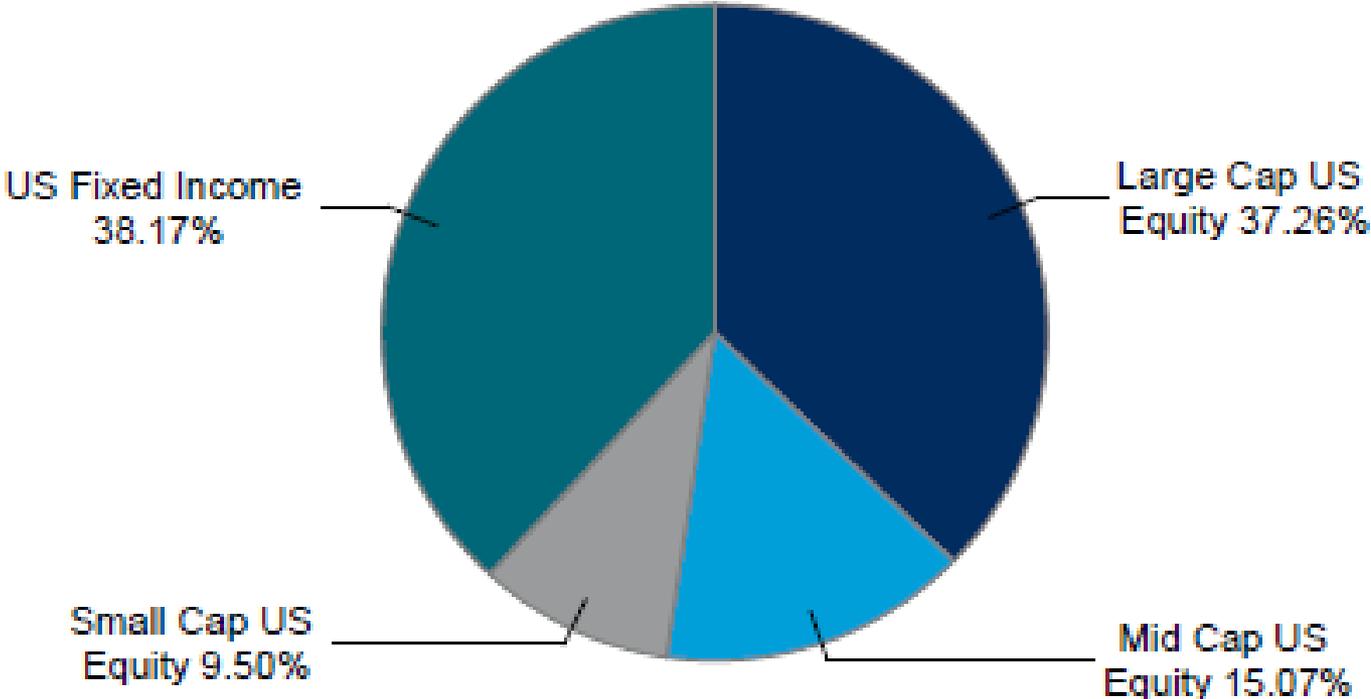
# ENDOWMENT MARKET VALUE



# ENDOWMENT UNREALIZED GAINS



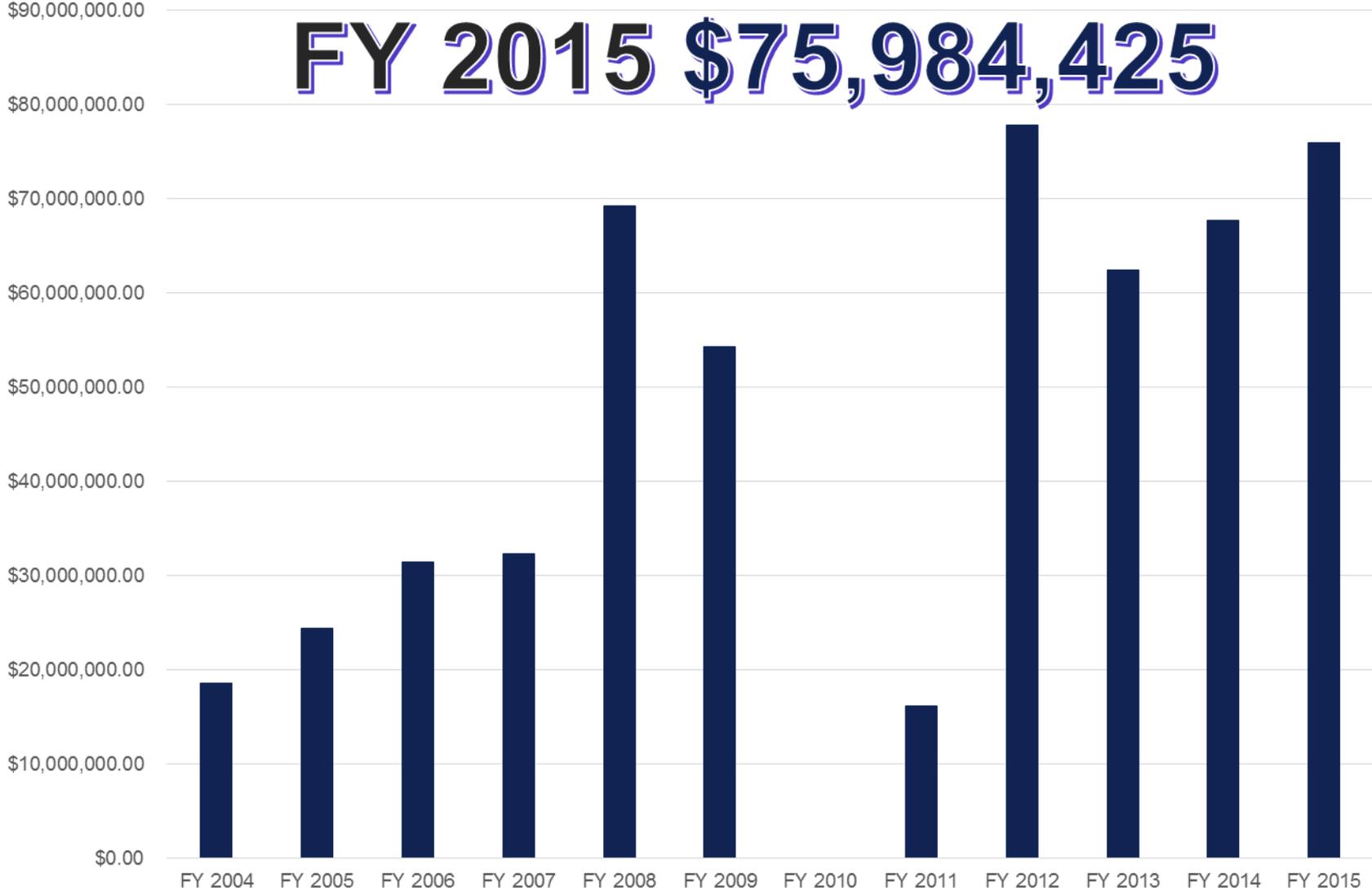
# ENDOWMENT ASSET ALLOCATION



Endowment Market Value  
**\$4,839,106,749**  
as of 9/30/2014



# K-12 DISTRIBUTIONS





# POOLED COLLATERAL PROGRAM

OFFICE OF THE ARIZONA STATE TREASURER



# POOLED COLLATERAL

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- In accordance with A.R.S. § 35-1202 the Treasurer's Office began monitoring and reporting collateral held for all Arizona public deposits on July 1, 2014
- Daily, Monthly Collateral Holdings, and Monthly Certification reports are available at: <http://www.aztreasury.gov/pooled-collateral-reports/>
- Monthly statements are now being sent within five business days of receiving the data from the banks.
- If there are any discrepancies between the statement from the Treasurer's Office and your bank statement reports, please contact us at [PooledCollateral@aztreasury.gov](mailto:PooledCollateral@aztreasury.gov)
- Public Hearing on proposed rules Nov. 18 at 1:30 p.m.



# DAILY REPORT

State of Arizona  
Office of the State Treasurer  
11/10/2014 04:35 PM

## Arizona Pooled Collateral Daily Depository Report For: Friday, November 7, 2014



Depository	Demand Deposit Ledger Balance	Interest Bearing Ledger Balance	FDIC/NCUA Coverage	Uninsured Balance	Required Collateral	Market Value of Collateral	Collateral Percentage
1st Bank Yuma	1,201,242.48	7,301,816.10	1,122,612.84	7,380,445.74	7,528,054.66	10,352,998.77	140.28
Arizona State Credit Uni	0.00	213,318.33	213,318.33	0.00	0.00	1,502,319.07	
Bank of America	257,685,780.27	6,972,686.04	8,590,837.78	256,067,628.53	261,188,981.10	345,938,351.80	135.10
Bank of the West	16,051,628.83	12,010,282.19	7,083,776.61	20,978,134.41	21,397,697.10	42,714,629.83	203.62
BBVA Compass	2,959,804.80	1,703,048.45	2,443,594.57	2,219,258.68	2,263,643.85	2,500,000.00	112.65
BMO Harris Bank	2,079,438.03	1,448,444.68	750,000.00	2,777,882.71	2,833,440.36	10,006,000.00	360.20
Desert Schools FCU	191,666.36	1,661,944.34	583,375.84	1,270,234.86	1,295,639.56	4,909,087.00	386.47
FirstBank	63,868.12	343,948.30	407,816.42	0.00	0.00	19,298,540.00	
Great Western Bank	57,024,644.11	7,181,603.02	5,460,226.24	58,746,020.89	59,920,941.31	76,881,726.94	130.87
JPMorgan Chase Bank	1,058,557,477.55	129,792,935.67	34,501,203.76	1,153,849,209.46	1,176,926,193.65	1,563,774,608.70	135.53
Meridian Bank	0.00	1,704,095.32	597,122.65	1,106,972.67	1,129,112.12	1,446,348.54	130.66
Mission Bank	124,706.79	1,010,972.94	374,706.79	760,972.94	776,192.40	1,559,427.98	204.93
Mohave State Bank	5,272,929.38	12,566,055.04	1,638,385.15	16,200,599.27	16,524,611.26	18,500,000.00	114.19
National Bank of Arizona	52,178,169.94	92,463,041.25	17,483,485.46	127,157,725.73	129,700,880.24	145,000,000.00	114.03
UMB Bank NA.	0.00	2,642,642.98	250,000.00	2,392,642.98	2,440,495.84	3,217,178.20	134.46
US Bank	2,609,779.28	43,206.73	328,251.18	2,324,734.83	2,371,229.53	28,000,000.00	1,204.44
Washington Federal	3,339,039.86	0.00	697,171.87	2,641,867.99	2,694,705.35	18,878,773.11	714.60
Wells Fargo Bank	633,103,554.32	994,215,054.80	69,143,212.58	1,558,175,396.54	1,589,338,904.47	1,758,108,176.54	112.83
West Valley National Ban	93,598.19	722,301.67	498,021.63	317,878.23	324,235.79	500,000.00	157.29
Western Alliance Bank	13,565,481.58	470,140,585.54	340,975,544.04	142,730,523.08	145,585,133.54	161,334,866.27	113.03
Western Bank	17,850.99	386,085.61	250,000.00	153,936.60	157,015.33	854,478.50	555.08
<b>Total:</b>	<b>2,106,120,660.88</b>	<b>1,744,524,069.00</b>	<b>493,392,663.74</b>	<b>3,357,252,066.14</b>	<b>3,424,397,107.46</b>	<b>4,215,277,511.25</b>	



# MONTHLY COLLATERAL REPORT

State of Arizona  
Office of the State Treasurer  
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**Arizona Pooled Collateral**  
**Monthly Collateral Report**  
For: October 2014



Depository	Cusip	Description	Par Value	Face Value	Market Value	Market Price	Coupon	Maturity Date
<b>1st Bank Yuma</b>								
Securities Held by: Wells Fargo Securities								
	3133XUMS9	FED HOME LN BK	1,000,000.00	1,000,000.00	1,125,459.98	112.55	4.5000	2019-09-13
	3133XOPP0	FED HOME LN BK	1,000,000.00	1,000,000.00	1,143,300.02	114.33	5.3750	2018-08-15
	313380PFB8	FED HOME LN BK	1,000,000.00	1,000,000.00	980,650.02	98.07	1.3750	2019-09-13
	313379E85	FED HOME LN BK	1,000,000.00	1,000,000.00	995,080.03	99.51	1.6250	2019-06-14
	3137EADG1	FED HOME LN MTG CORP	2,000,000.00	2,000,000.00	2,002,519.98	100.13	1.7500	2019-05-30
	3137EACAS	FED HOME LN MTG CORP	1,000,000.00	1,000,000.00	1,089,749.98	108.97	3.7500	2019-03-27
	3137EADM8	FED HOME LN MTG CORP	1,000,000.00	1,000,000.00	975,339.97	97.53	1.2500	2019-10-02
	38376WZC2	GNMA REMIC SER 15 VA	500,000.00	325,104.80	342,338.93	105.30	4.5000	2021-07-20
	38376TDT6	GNMA REMIC SER 2 PU	1,000,000.00	632,258.82	686,925.19	108.65	5.0000	2021-01-20
	912828RT9	US Treasury Note	1,000,000.00	1,000,000.00	999,450.00	99.94	1.3750	2018-11-30
<b>Total for 1st Bank Yuma:</b>			<b>10,500,000.00</b>	<b>9,957,363.62</b>	<b>10,340,814.10</b>			
<b>Arizona State Credit Uni</b>								
Securities Held by: The Federal Reserve Bank								
	3138X04X3	FNMA POOL #AU1737	1,677,973.00	1,515,427.49	1,502,319.07	99.14	2.0000	2028-08-01
<b>Total for Arizona State Credit Union:</b>			<b>1,677,973.00</b>	<b>1,515,427.49</b>	<b>1,502,319.07</b>			
<b>Bank of America</b>								
Securities Held by: PHLB of Atlanta								
	PHLBATL06	PHLB ATLANTA LOC	250,000,000.00	250,000,000.00	250,000,000.00	100.00	0.0000	2015-06-30
Securities Held by: The Federal Reserve Bank								
	3138LQZY3	FNCL POOL-AO0758	68,991,289.00	48,039,648.01	49,939,358.92	103.66	3.5000	2042-04-01
	36179MCE1	G2SF POOL-MA0088	1,971,000.00	1,439,537.67	1,512,727.11	104.79	3.5000	2042-05-20
	36179QL58	G2SF POOL-MA2148	186,913,156.00	186,021,352.21	195,392,242.32	104.75	3.5000	2044-08-20
<b>Total for Bank of America:</b>			<b>507,875,445.00</b>	<b>485,500,537.89</b>	<b>496,844,328.35</b>			
<b>Bank of the West</b>								
Securities Held by: Wells Fargo Securities								
	31300MHQ9	PHLMC SF ARM;VARIOUS	1,300,000.00	1,096,901.29	1,138,704.85	103.81	2.6370	2044-01-01
	31419KD69	FNMA CONV 30 YR SF	24,035,000.00	15,637,214.02	16,747,473.42	107.10	4.0000	2040-12-01
	3138MAKE6	FNMA CONV 30 YR SF	5,069,006.00	4,470,548.71	4,506,247.83	100.80	3.0000	2042-09-01
	3138M93R0	FNMA CONV 30 YR SF	22,900,000.00	19,706,924.99	19,863,886.71	100.80	3.0000	2042-09-01
	567134BV2	MARICOPA CNTY ARIZ E	100,000.00	100,000.00	103,080.00	103.08	5.0000	2015-07-01
	722054FP3	PINAL CNTY ARIZ UNI	110,000.00	110,000.00	116,734.20	106.12	4.0000	2018-07-01
	722054BE2	PINAL CNTY ARIZ UNI	225,000.00	225,000.00	231,941.25	103.09	4.1000	2020-07-01
	722054BD4	PINAL CNTY ARIZ UNI	276,000.00	276,000.00	285,279.12	103.36	4.0000	2019-07-01

Market Value of collateral is as provided by depository institutions and 3rd-party custodial banks and the data is unaudited  
Collateral posted is based on September 30, 2014 ending balance Page: 1



# MONTHLY CERTIFICATION REPORT

State of Arizona  
Office of the State Treasurer  
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## Arizona Pooled Collateral Monthly Certification Report For: October 2014



Bank	Collateralized	Reporting Days	Days Non-Compliant	Days Additional Collateral Needed	Date Needed	Amount	Original Percent	Final Percent
1st Bank Yuma	Yes	22	0	0				
Arizona State Credit Union	Yes	22	0	0				
Bank of America	Yes	22	0	0				
Bank of the West	Yes	22	0	0				
BBVA Compass	Yes	22	0	0				
BMO Harris Bank	Yes	22	0	0				
Desert Schools FCU	Yes	22	0	0				
FirstBank	Yes	22	0	0				
Great Western Bank	Yes	22	0	0				
JPMorgan Chase Bank	Yes	22	0	1	2014-10-30	54,567,003.07	97.43	136.48
Meridian Bank	Yes	22	0	0				
Mission Bank	Yes	22	0	0				
Mohave State Bank	Yes	22	0	0				
National Bank of Arizona	Yes	22	0	0				
UMB Bank NA.	Yes	22	0	0				
US Bank	Yes	22	0	1	2014-10-02	6,060,557.01	58.03	203.12
Washington Federal	Yes	22	0	0				
Wells Fargo Bank	Yes	22	0	0				
West Valley National Bank	Yes	22	0	0				
Western Alliance Bank	Yes	22	0	1	2014-10-01	11,554,532.36	94.67	114.78
Western Bank	Yes	22	0	0				





# STATE CASH FLOW

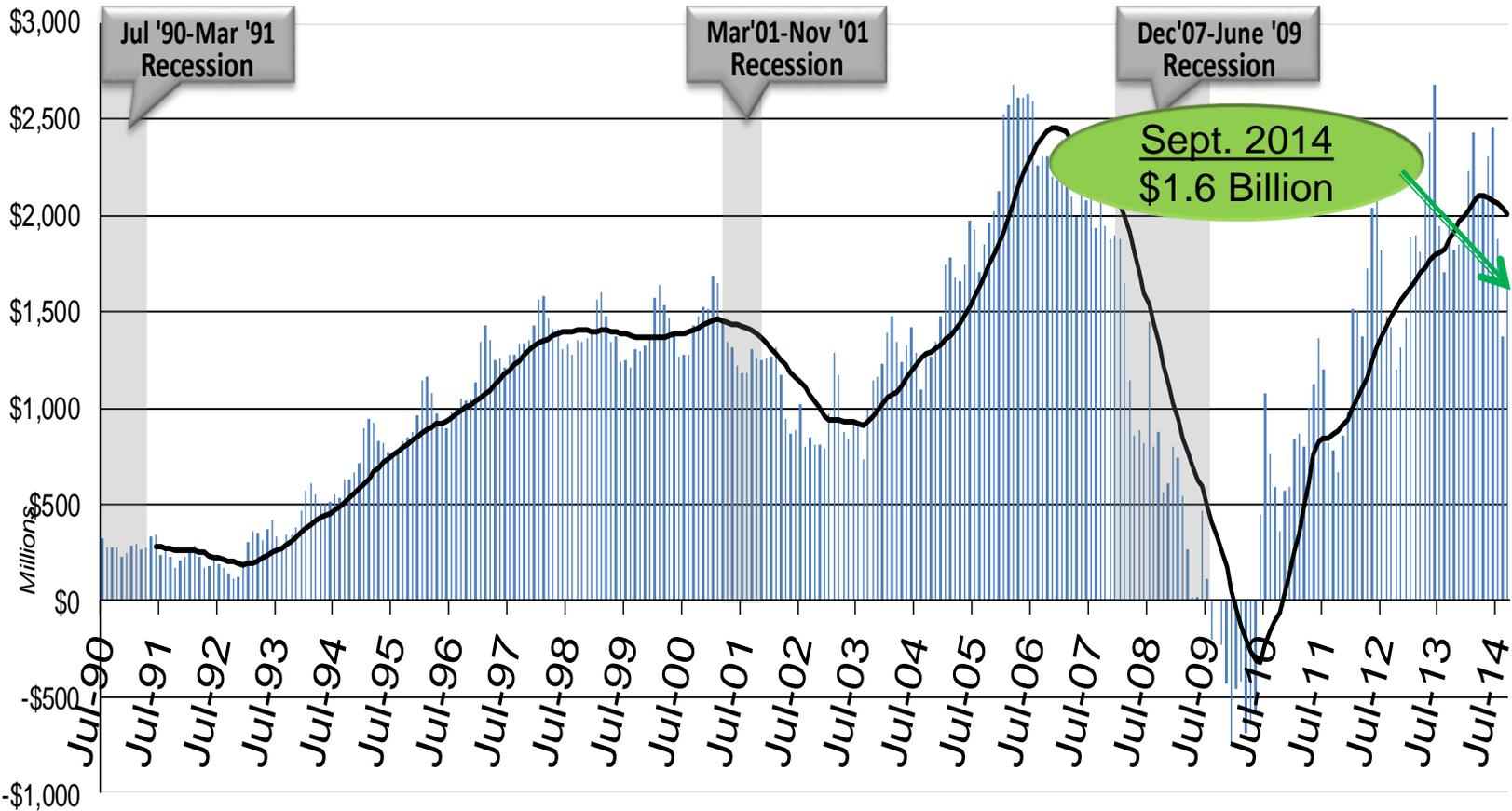
OFFICE OF THE ARIZONA STATE TREASURER



# STATE CASH FLOW

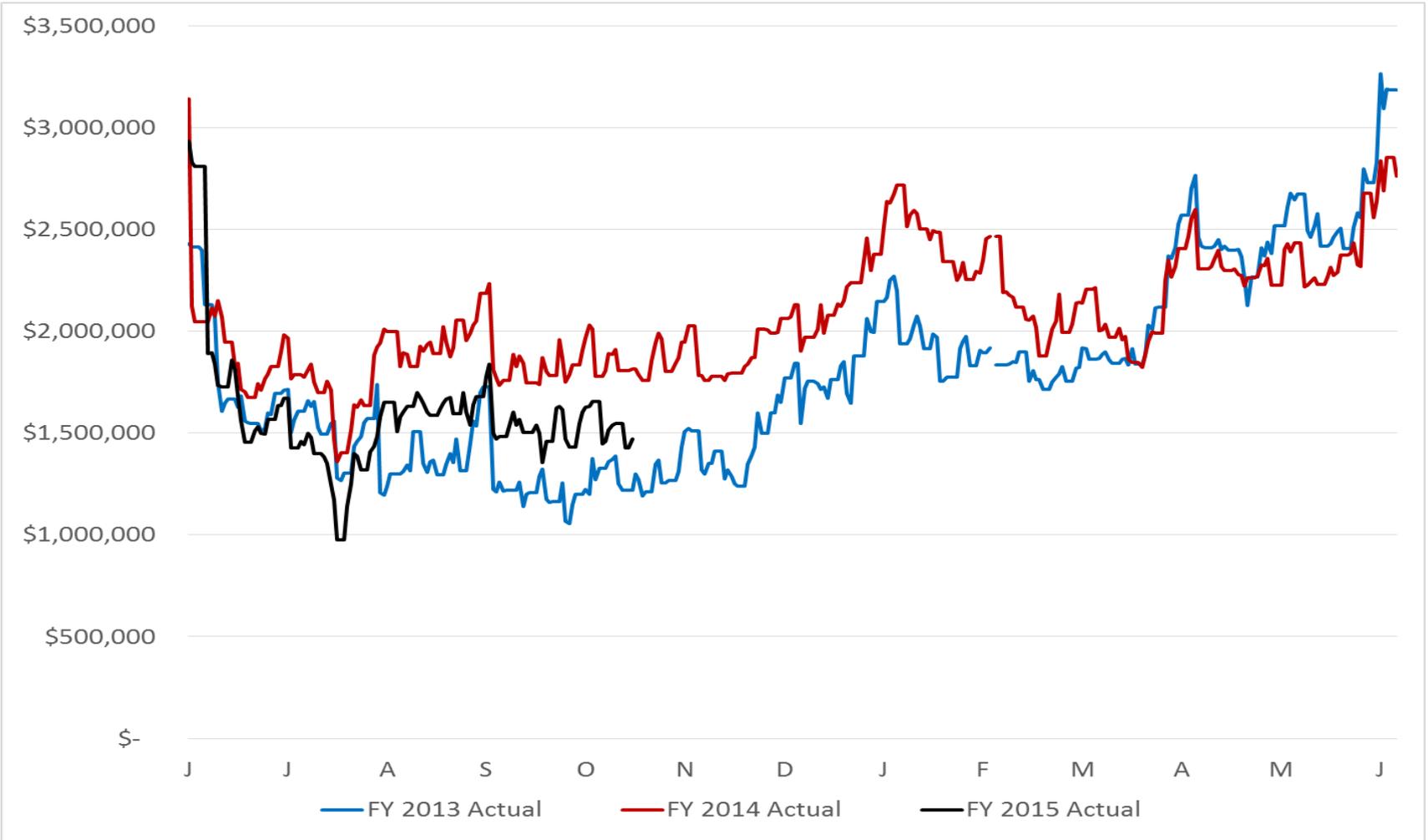
TOTAL OPERATING ACCOUNT AVERAGE MONTHLY BALANCE

## Down -13% in First 3 Months YOY



# STATE CASH FLOW

## YTD FY 2015 Cash Flow vs. Last Two Fiscal Years





Special Presentation

**Richard Stavneak**

Director  
Joint Legislative Budget Committee

OFFICE OF THE ARIZONA STATE TREASURER



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# **Revenue and Budget Update**

## **Quarterly Treasurer Meeting**

**November 13, 2014**

**JLBC**

# Summary of Current Budget Status

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- ❑ At the end of May, the projected current year ('15) ending balance was \$130 M – but '16 had a \$(237) M shortfall
- ❑ Revenue growth has slowed considerably in the interim, and the new forecast is more cautious
- ❑ As a result, shortfalls are now projected in both years:
  - \$(189) M in '15 and \$(667) M in '16
- ❑ The Superior Court K-12 inflation ruling would further increase the budget gap:
  - \$(520) M in '15 and \$(1.0) B in '16

# Implications of FAC Update and K-12 Litigation

- Does Not Reflect Impact if Litigation Back Payments Are Awarded

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## Potential Ending Balance Estimates \$ in M

<u>After:</u>	<u>'15</u>	<u>'16</u>
• May Special Session	\$130	\$(237)
• October FAC Update	(189)	(667)
• FAC Update + K-12 Reset	(520)	(1,002)

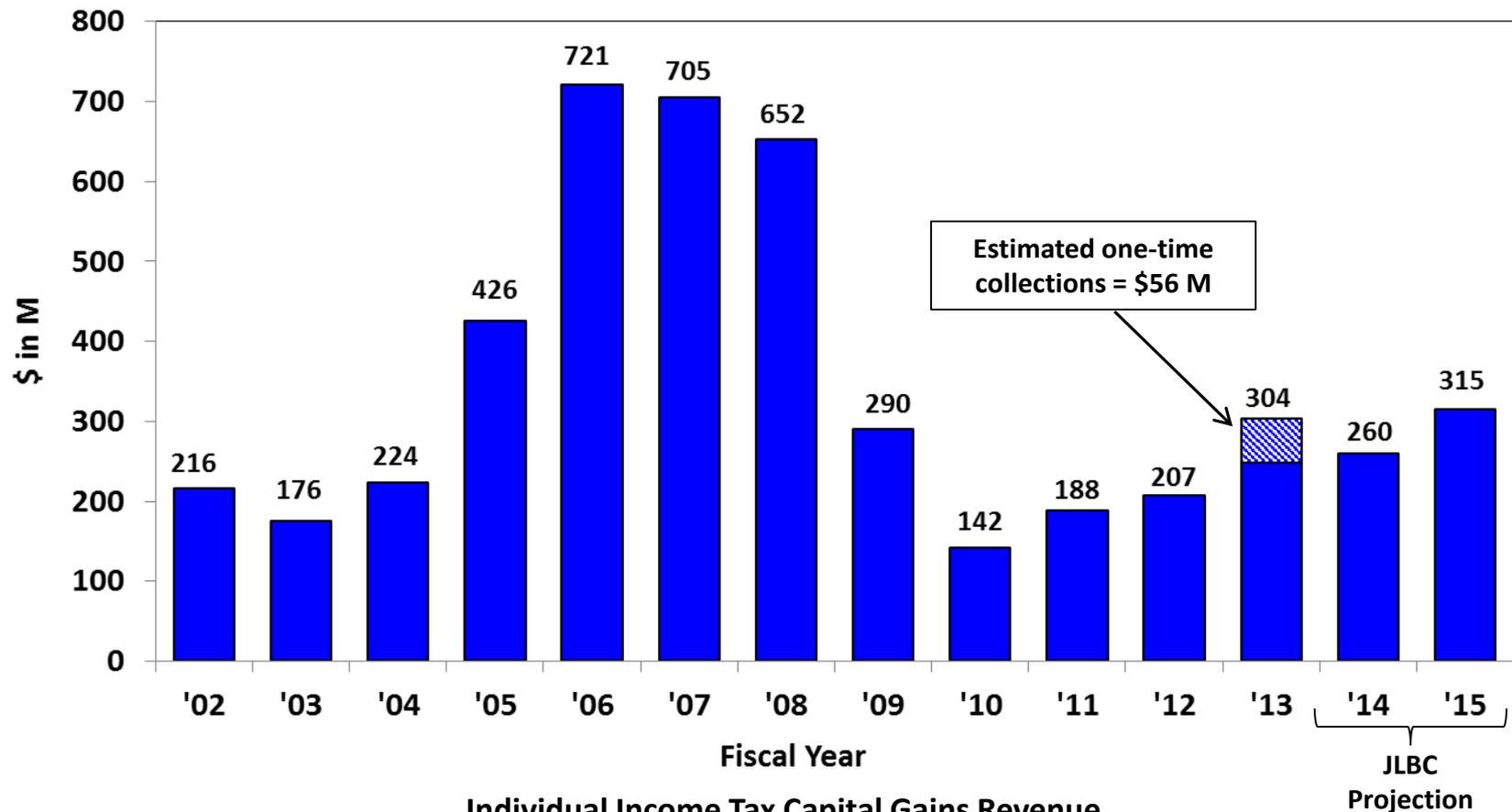
- ❑ Estimates assume that '15 shortfall is resolved with 1-time solutions prior to '16

# The Caveats

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- ❑ '14 again demonstrated the challenge in forecasting revenues accurately
  - 1% error across 3 years changes balance by \$575 M
  - Some revenue sources inherently volatile
- ❑ AZ revenue performance at odds with recent favorable US economic news
  - If national momentum is sustained, there is upside potential for AZ by Spring
  - Higher growth would help, but not resolve, the shortfall. If growth was a “strong” 7% in '16, shortfall declines \$(267) M.

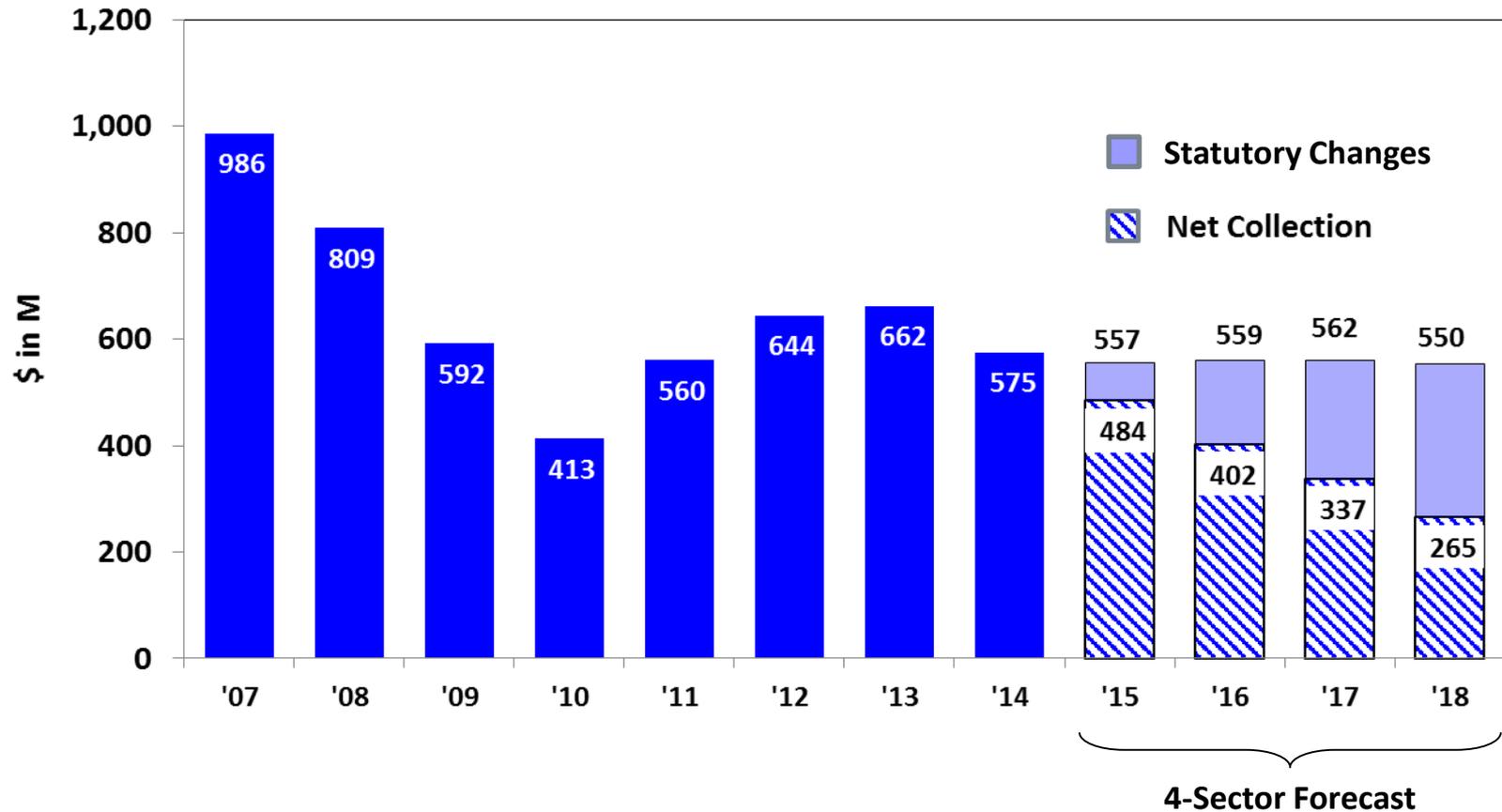
# Capital Gains Complicate Income Tax Forecasting



Individual Income Tax Capital Gains Revenue  
'14 and '15 Not Adjusted for Tax Law Changes

JLBC  
Projection

# Corporate Income Tax Collections Have Been Volatile



Corporate Income Tax Collections

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# Revenue Forecast

# Arizona's Current Economic Challenges

## - Should We Re-Base Our Long-Term Expectations?

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- ❑ Annual 2% job growth – historical norm of 3.9%
- ❑ Flat wages
- ❑ 1% - 1.5% population growth – historical norm of 3.1%
- ❑ 18,000 building permits in last year – historical norm of 38,000
- ❑ U.S. household formation declining
- ❑ Federal defense contract reductions

# Revenue Growth Near 3% for Last 16 Months

	<u>'14 Budgeted</u>	<u>'14 Actual</u>	<u>'15 1<sup>st</sup> Trimester</u>
Sales	5.7%	5.5%	2.7%
Individual Income	3.7%	1.9%	1.6%
Corporate Income	(3.5)%	(13.1)%	6.7%
Overall	3.9%	2.7%	3.1%

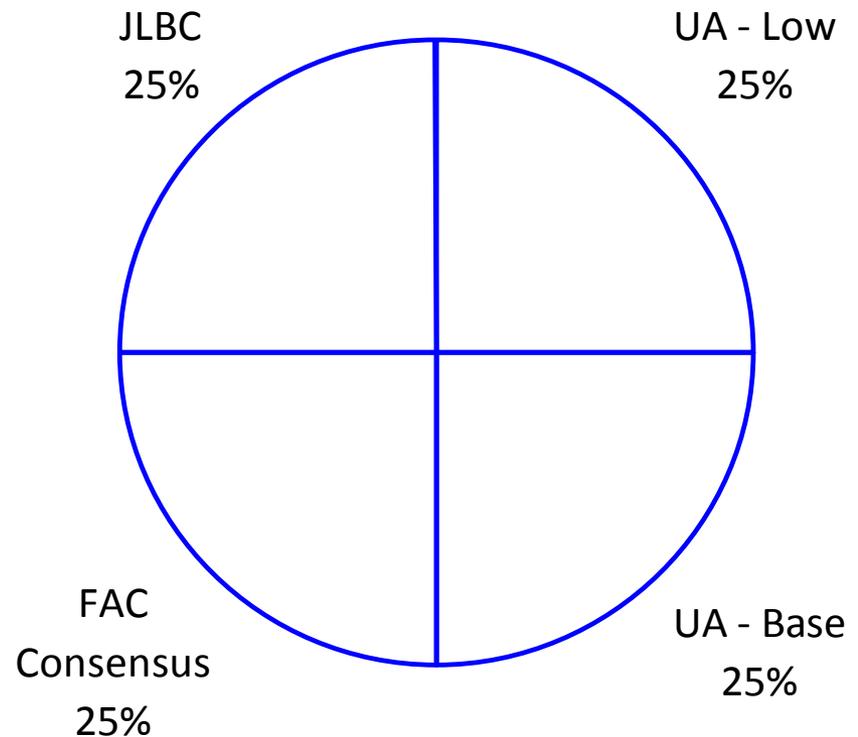
- ❑ With preliminary October estimates, revenues have been below forecast for 7 consecutive months
- ❑ '14 revenues \$(86) M short of forecast, '15 already \$(82) M short of enacted forecast

# Where Are We Headed Over the Next Few Years?

## - Four-Sector Consensus Forecast Incorporates Different Economic Views, Including the FAC

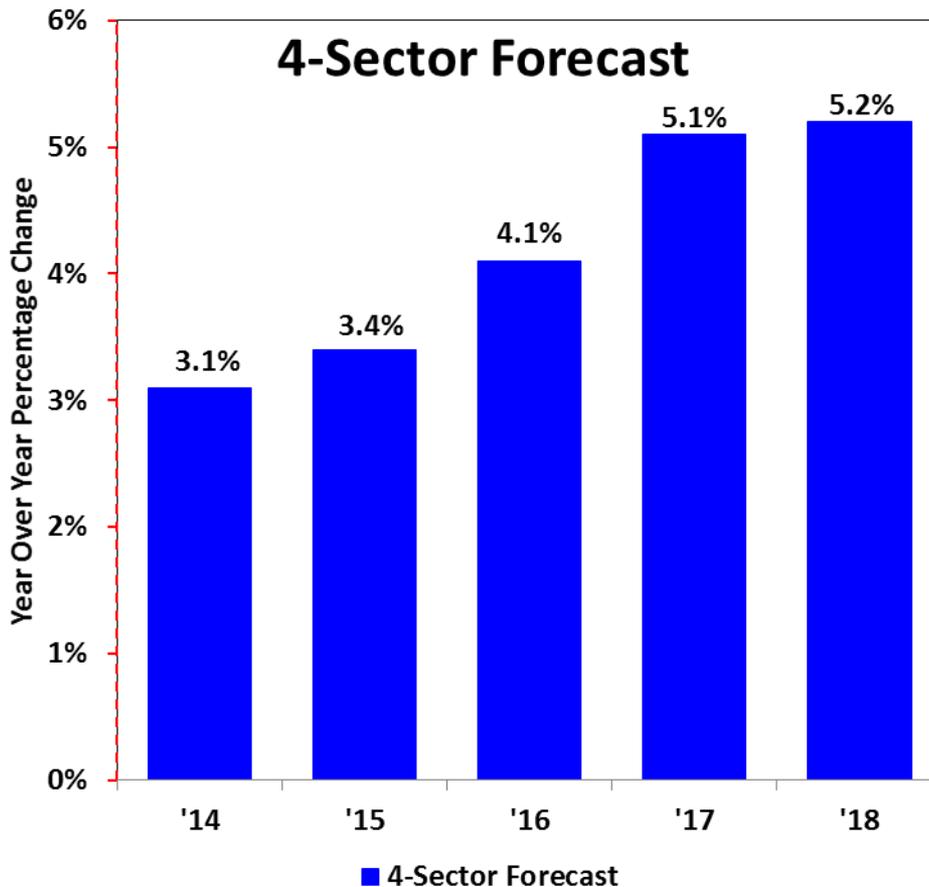
4-sector forecast equally weights:

- FAC average
- UofA model – base
- UofA model – low
- JLBC Staff forecast
- Remaining revenues (8% of total) are staff forecast



\* Includes Big 3 categories of sales tax, individual income and corporate income taxes

# Slow Growth Predicted Through '16; 5% in '17 & '18



- Was '14 an outlier or a precursor?
- 3.1% 1<sup>st</sup> Trimester '15 Growth
- Higher-than-average chance that forecast improves by Spring

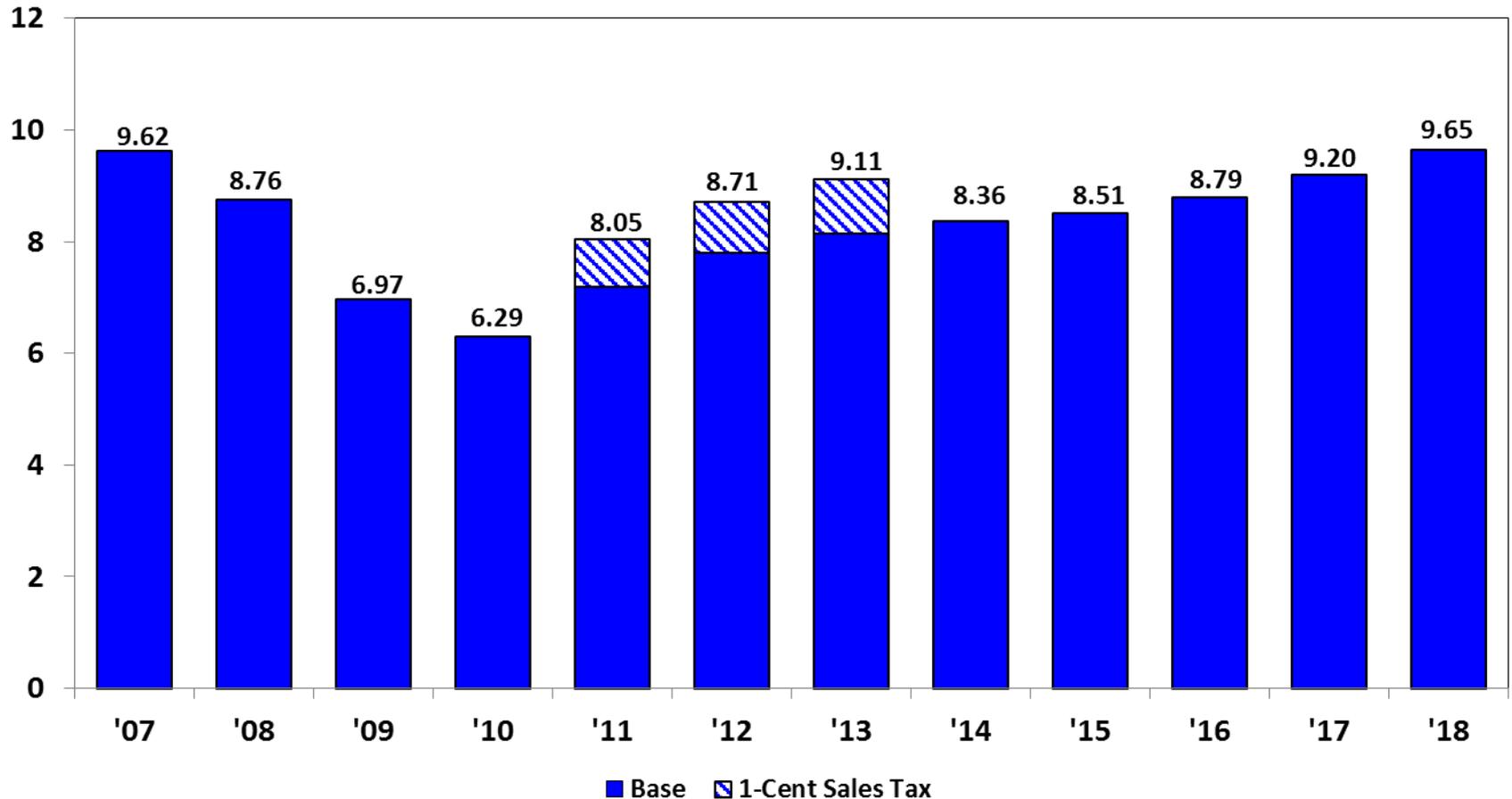
Percent Change in Base revenues excluding balance forward, statutory changes, one-time revenues, and urban revenue sharing

# Phase-In of \$226 M of Enacted Tax Reductions

	\$ in M		
	<u>'16</u>	<u>'17</u>	<u>'18</u>
<input type="checkbox"/> Corporate Rate Reduction/Sales Factor	(57)	(50)	(48)
<input type="checkbox"/> 25% Capital Gains Reduction	(12)	0	0
<input type="checkbox"/> 1-time Income Tax Indexing	(6)	6	0
<input type="checkbox"/> Corporate School Tuition Indexing	(9)	(10)	(12)
<input type="checkbox"/> Other	(16)	(7)	(5)
<b>Total</b>	<b><u>(100)</u></b>	<b><u>(61)</u></b>	<b><u>(65)</u></b>

By '18, revenue base is forecast to be a total of \$226 M lower than if no enacted changes

# The Last Decade of General Fund Revenues



Excludes balance forward and other one-time revenues. Includes tax law changes and Urban Revenue Sharing.

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# Spending Forecast

# Updated '16 – '18 Spending Projections

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- ❑ Enacted budget figures have been updated to reflect latest estimated changes to currently active statutory and other funding formulas
- ❑ Spending estimates assume the continued annual suspension of \$374 M of inactive formulas – mostly ADE funding
- ❑ Assumes continuation of \$1.2 B in “rollover” payments
- ❑ Assumes no discretionary spending increases

# Projected Baseline Spending Changes

	\$ in M		
	<u>'16</u>	<u>'17</u>	<u>'18</u>
K-12 Formula	175	209	162
Medicaid Formula	57	117	131
DCS 1-Time Backlog	(11)	(8)	0
ADC Operating	8	(1)	0
Capital	(45)	0	0
HURF Shift (\$30 M to \$60 M)	0	30	0
One-Time/Other	(62)	(6)	3
<b>Additional Spending</b>	<b><u>122</u></b>	<b><u>341</u></b>	<b><u>296</u></b>
<b>Total Spending</b>	<b>\$9,451</b>	<b>\$9,792</b>	<b>\$10,088</b>
<b>K-12 Inflation Reset</b>	<b>\$336</b>	<b>\$341</b>	<b>\$346</b>
<b>Revised Total</b>	<b>\$9,787</b>	<b>\$10,133</b>	<b>\$10,434</b>

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# **Projected Ending Balance Estimates**

# Updated '15 – '18 Ending Balance Projections

- October FAC Revenue With Updated Agency Caseload

Baseline	'15	'16	'17	'18
Balance Forward	\$577 M	--	--	--
Revenues	\$8.56 B	\$8.78 B	\$9.20 B	\$9.65 B
Spending	\$9.66 B	\$9.79 B	\$10.13 B	\$10.43 B
Ending Balance	\$(520) M	\$(1.0) B	\$(928) M	\$(787) M

- ❑ Includes \$336 M K-12 inflation reset
- ❑ Without reset, '15 shortfall is \$(189) M and '16 is \$(667) M
- ❑ Does not include \$460 M Rainy Day Fund

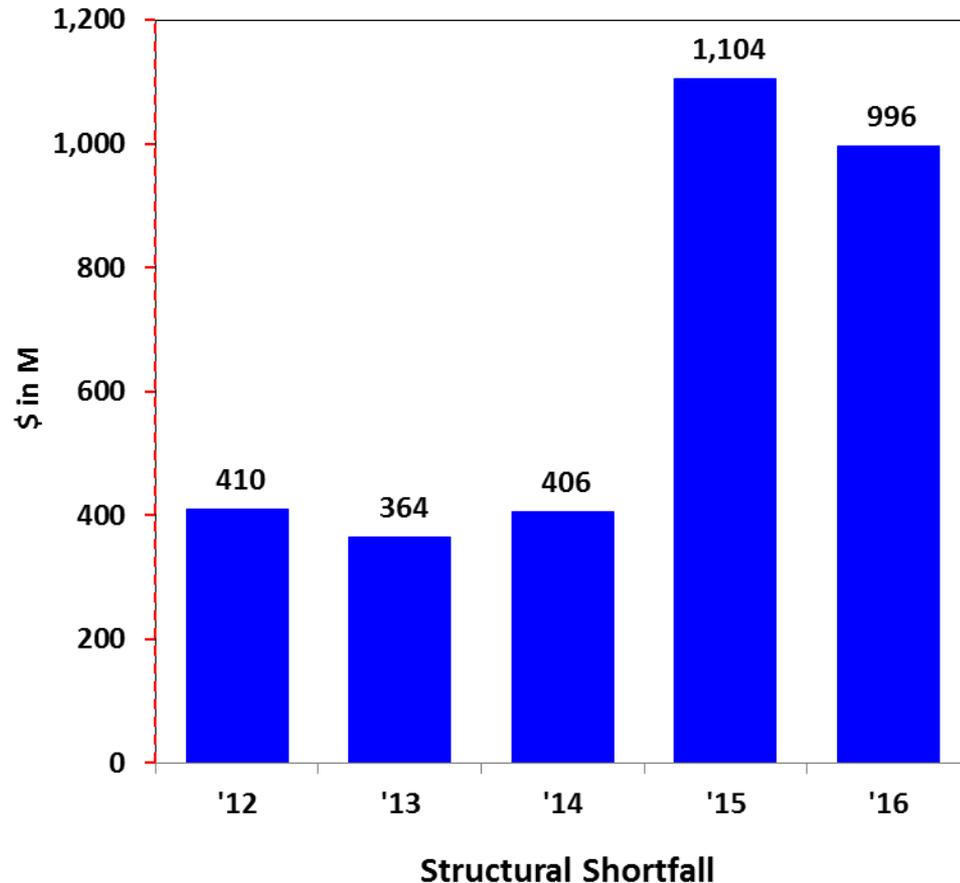
# The Path from a Healthy Surplus to a Large Shortfall

## - Even Without the K-12 Litigation

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- ❑ The state never resolved its underlying structural shortfall
- ❑ When the \$900 M 1-cent sales tax ended in '13, we replaced it with a \$900 M 1-time carryforward in '14
- ❑ Insufficient attention to the statutory 3 year planning estimates -- we enacted a '15 budget with projected shortfalls of \$(237) M in '16 and \$(490) M in '17
- ❑ 3% revenue growth compared to budgeted 4%-5% growth
- ❑ K-12 litigation
- ❑ Long term commitments significantly in advance of paying the cost

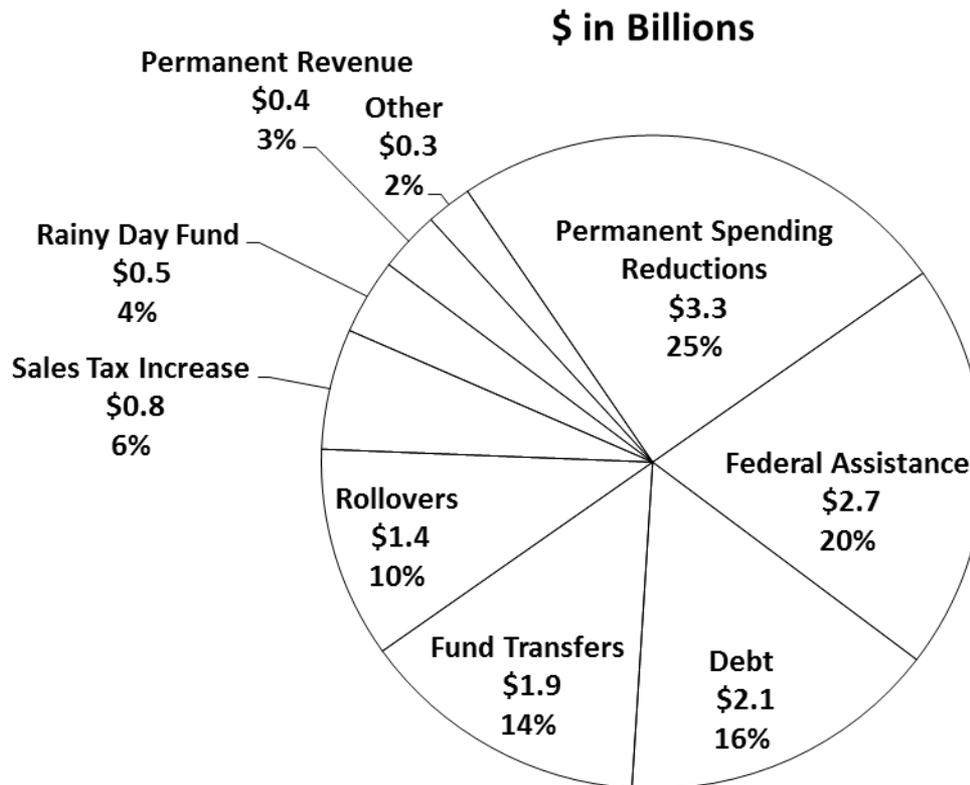
# The Ongoing Structural Shortfall Helped Create the Current Problem



- Reflects only ongoing revenue and spending
- 1-cent sales tax and carryforward kept '12-'14 balanced

# How Will the Current Shortfall be Resolved?

- In '08 - '12, Most of the Solutions were One-time



Budget solutions as share of cumulative \$13.4 B shortfall

# Fiscal Policy Goals

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- ❑ Eliminate structural shortfall
- ❑ Develop multi-year solution with targets – reduce reliance on 1-time solutions over time
- ❑ Long term goal: set aside 1-time revenues
  - Excess ending balances
  - Excess capital gains
- ❑ Dedicate 1-time \$ for 1-time purposes
  - Rebates
  - Operating debt buyback - \$84 M annual debt payment
  - Infrastructure
  - IT Modernization

# California Just Approved Ballot Initiative to Address Volatility

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- ❑ 1.5% of annual General Fund revenue will be deposited into Rainy Day Fund
- ❑ Excess capital gains income tax collections will be deposited into the fund as well
- ❑ 50% of fund will be used to buy down state debts, including unfunded retirement and operating loans
- ❑ Rainy Day Fund capped at 10% of GF revenue; excess dedicated to infrastructure
- ❑ Emergency provisions allow deposit requirements to be suspended

# Appendix A: October 2014 4-Sector Forecast

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Sales Tax</b>				
JLBC Forecast	4.1%	4.5%	4.8%	5.0%
UA – Low	2.8%	3.1%	5.2%	6.2%
UA – Base	5.0%	6.1%	7.3%	7.2%
FAC	4.1%	4.1%	4.9%	4.7%
Average:	<b>4.0%</b>	<b>4.5%</b>	<b>5.6%</b>	<b>5.8%</b>
<b>Individual Income Tax</b>				
JLBC Forecast	4.5%	5.4%	5.0%	5.0%
UA – Low	1.2%	2.9%	4.9%	6.2%
UA – Base	3.7%	5.6%	6.3%	7.0%
FAC	3.4%	4.5%	4.6%	4.6%
Average:	<b>3.2%</b>	<b>4.6%</b>	<b>5.2%</b>	<b>5.7%</b>
<b>Corporate Income Tax</b>				
JLBC Forecast	(3.3)%	1.0%	3.5%	4.5%
UA – Low	(1.0)%	(0.2)%	(6.3)%	(10.2)%
UA – Base	1.6%	6.0%	0.1%	(7.4)%
FAC	(10.3)%	(5.9)%	6.3%	6.5%
Average:	<b>(3.2)%</b>	<b>0.4%</b>	<b>0.6%</b>	<b>(2.0)%</b>
JLBC Weighted Average	<b>3.7%</b>	<b>4.7%</b>	<b>4.8%</b>	<b>5.0%</b>
UA Low Weighted Average	<b>1.8%</b>	<b>2.8%</b>	<b>4.5%</b>	<b>5.7%</b>
UA Base Weighted Average	<b>4.2%</b>	<b>5.9%</b>	<b>6.5%</b>	<b>6.5%</b>
FAC Consensus Weighted Average	<b>2.8%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>4.7%</b>
“Big-3” Weighted Average	<b>3.1%</b>	<b>4.3%</b>	<b>5.2%</b>	<b>5.4%</b>
Consensus Weighted Average*	<b>3.4%</b>	<b>4.1%</b>	<b>5.1%</b>	<b>5.2%</b>
Adjusted Consensus Weighted Average**	<b>2.2%</b>	<b>3.0%</b>	<b>4.4%</b>	<b>4.6%</b>
* Adjusted for small revenue categories				
** Adjusted for tax law changes				



# QUESTIONS?

OFFICE OF THE ARIZONA STATE TREASURER

