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# **FY 2023 JLBC Baseline**

**January 14, 2022**



# Key Points

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- General Fund revenues are growing rapidly
- The outcome of referendum, litigation and federal policy decisions will affect available resources
- Numerous scenarios possible, but we project that \$1.0 B will be available for ongoing initiatives in '23 plus \$2.1 B for one-time purposes
- Baseline “Maximum Commitment” scenario is based on outcomes that use up the most resources so as to not overstate availability of '23 \$

# “Maximum Commitment” Scenario Assumptions:

- Not a Prediction of Litigation/Referendum Results!

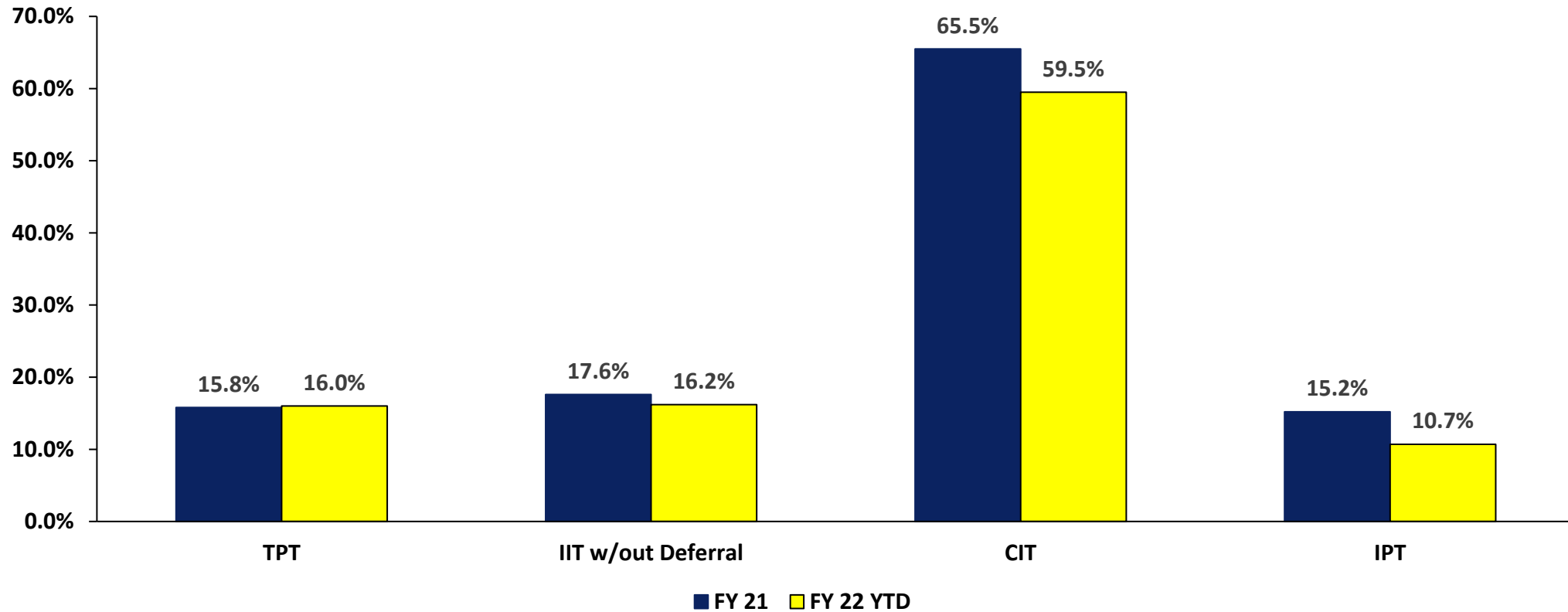
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- Proposition 208 is upheld in litigation
- Set aside \$939 M of General Fund income tax revenues to transfer to the Prop 208 fund or for taxpayer refunds
- The enacted income tax reductions, including the triggers, go into effect
- The federal government does not extend the enhanced Medicaid match rate past March 2022

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# General Fund Revenues

# General Fund Revenues Have Grown 18% in Last 18 Months - Rapid Growth Across All Major Tax Sources



TPT = Transaction Privilege Tax (Sales Tax)

IIT = Individual Income Tax

CIT = Corporate Income Tax

IPT = Insurance Premium Tax

# Why Are Revenues Growing by 18%?

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- \$78 B in federal pandemic aid helped fuel an 8.6% increase in AZ Personal Income last year
- Pandemic-accumulated savings are being spent over time
- A pandemic shift in consumer spending from non-taxable services to taxable durable goods – may have added 5% to TPT growth
- A 27% gain in the 2021 stock market and a 30% increase in Phoenix house prices has generated taxable capital gains
- 36% nationwide corporate profit growth in CY '21

# 18% Revenue Growth is Not Sustainable

## - But Pandemic Economic Forecasting is Challenging

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- Revenues are growing more quickly than Arizona's economy
- Pandemic has upended some standard economic rules – e.g. wages are rising, but nationwide labor force participation rate near 40-year low
- We are likely collecting one-time revenues, but not feasible to ascertain the amount with any certainty
- The January forecast slows '22 revenue growth to 7.5% for the remainder of the fiscal year ('22 Full Year Forecast is 12.6%)

# 4-Sector Forecast: Modest Growth after '22

## 4-Sector Components

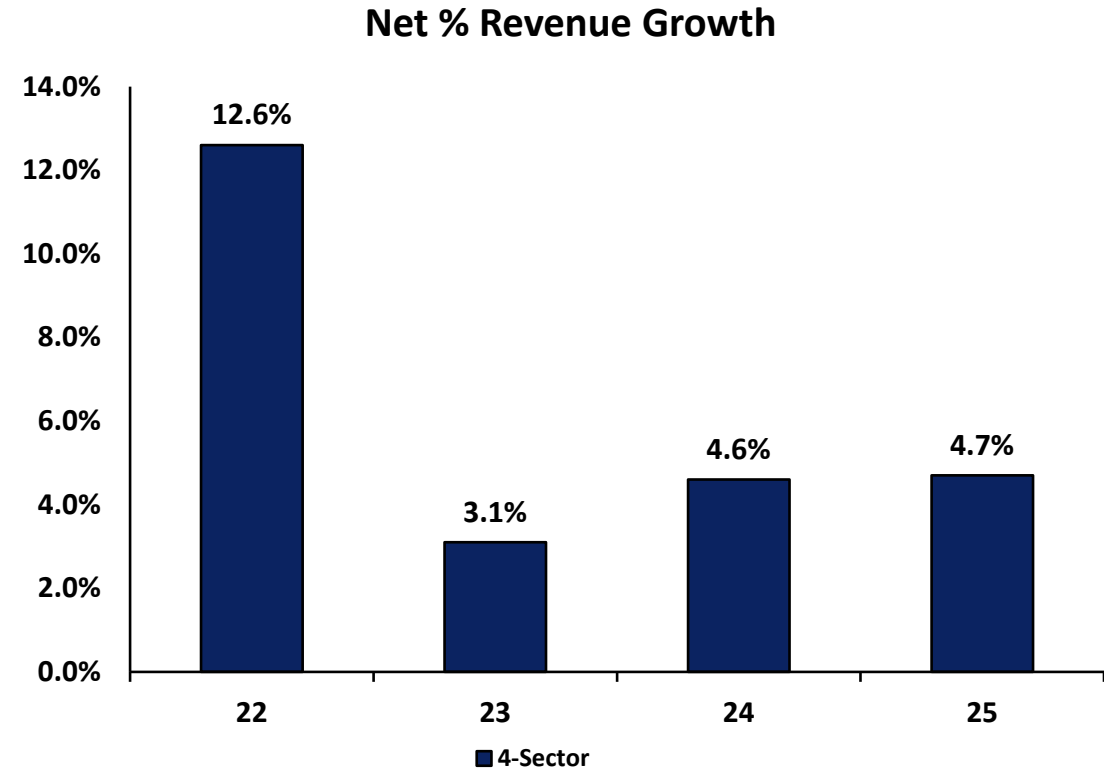
- Finance Advisory Committee
- UA model – base
- UA model – more cautious
- JLBC Staff

## Represents Base Growth

- Prior to Enacted Tax Reductions

## Income Tax Deferral

- '22% adjusted to remove 7/20 income tax deferral



Excludes balance forward, one-time transfers, tax law changes and urban revenue sharing

See Appendix A, B and E



# Baseline Includes Enacted Tax Cuts of \$1.8 B in '23

- Grows to \$2.5 B in '25 With Triggered Reductions

- '23 enacted tax reductions primarily due to reducing Individual Income Tax brackets (see Appendix C)

Income Level	Income Tax Rates (Single/Married)		
	<\$27k/\$55k	>\$27k/\$55k	>\$250k/\$500k
TY 22/FY 23	2.55%	2.98%	4.50%
TY 23/FY 24	2.53%	2.75%	4.50%
TY 24/FY 25	2.50%		4.50%

- TY 23/TY 24 contingent upon exceeding certain revenue trigger levels
- January revenue forecast exceeds trigger levels. Formal determination would be made in September '22 and '23

# Income Tax Referendum and Litigation

## - Addressed as Part of Maximum Commitment Scenario

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- Income tax reductions have been referred to the November '22 General Election ballot as Proposition 307
  - Referendum is being challenged in court
  - Baseline assumes tax reductions are ultimately enacted
- AZ Supreme Court ruled that Prop 208 surcharge invalid if K-12 Aggregate Expenditure Limit exceeded
  - Trial court to make determination
  - If declared invalid, 4.5% top rate would effectively be eliminated, saving \$705 M in '22, declining to \$331 M by '25
  - Baseline assumes Prop 208 surcharge remains in effect

# K-12 Aggregate Expenditure Limit (AEL)

- Prop 208 issue affects '23 AEL, Not '22

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- ADE calculates district spending compared to AEL by 11/1 of each year
- School district budgets for '22 are \$1.1 B above the AEL; 2/3rds of the Legislature can override the limit by March 1, 2022
- With no override, districts would need to reduce their budgets
- District budget reductions would not generate state savings because ADE is still required to make full Basic State Aid (BSA) payment
- Proposition 208 income tax surcharge would also impact district expenditures counting toward the AEL, but not until '23

# Prop 208 Expected to Generate \$939 M in '22

- Not Distributed to School Districts Until '23

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- 3.5% income tax surcharge was effective as of January 2021
- If individuals increased their income tax withholding/payments, those dollars are in the General Fund balance
- Prop 208 collections cannot be identified until returns filed this spring
  - If 208 valid, \$ would move to Prop 208 fund
  - If 208 invalid, \$ would be refunded
- January Baseline sets aside \$939 M of General Fund balance for either purpose.

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# General Fund Spending

# Baseline Spending Projections

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- Baseline reflects changes to active statutory/other funding formulas such as ADE and AHCCCS - no discretionary additions
- Baseline removes funding identified in enacted '22 budget as one-time
  - Approximately \$180 M appears ongoing in nature
- Assumes \$865 M in K-12 “rollover” at end of '23

# Baseline Spending Projected To Increase by \$203 M

'23 Ongoing Spending Changes	
	<u>\$ in M</u>
Medicaid Formula	381
ADE – K-12 Formula	160
Pension Contribution Savings	(98)
Fire Mitigation Initiatives	35
Other Agency Changes	8
Technical Adjustments/Revertments	<u>(75)</u>
<b>Total</b>	<b>411</b>
<hr/>	
<b>Total Spending Changes</b>	<b>\$203 M</b>
<b>Total Spending</b>	<b>\$12,726 M</b>
<b>% Change</b>	<b>1.6%</b>

'23 One-Time Spending Additions/Deletions	
	<u>\$ in M</u>
Loss of Medicaid Federal Match Savings	153
Loss of One-Time ADE Enrollment Savings	285
Universities	(46)
Community Colleges	(30)
SFB – Building Renewal Grants	(91)
SFB – Fewer New Buildings	(58)
Other Agency Spending	(329)
Capital Projects	<u>(92)</u>
<b>Total</b>	<b>(208)</b>

# Federal Medicaid Match Generates State Savings

- Been in Place Since January 2020

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- Feds have increased their share of Medicaid costs while federal health emergency is in place
- Enacted budget assumed higher match would end in 12/21; feds have recently extended to 3/22
- January Baseline includes this new \$133 M of one-time '22 savings
- Under Maximum Commitment Scenario, Baseline assumes no further extensions
  - If Feds extend again past 3/22, generates savings relative to Baseline



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# **Projected Ending Balances**

## **Excludes \$985 M in Budget Stabilization Fund**

**More Information in Appendix D**

## Disposition of '23 Ending Balance of \$3.2 B

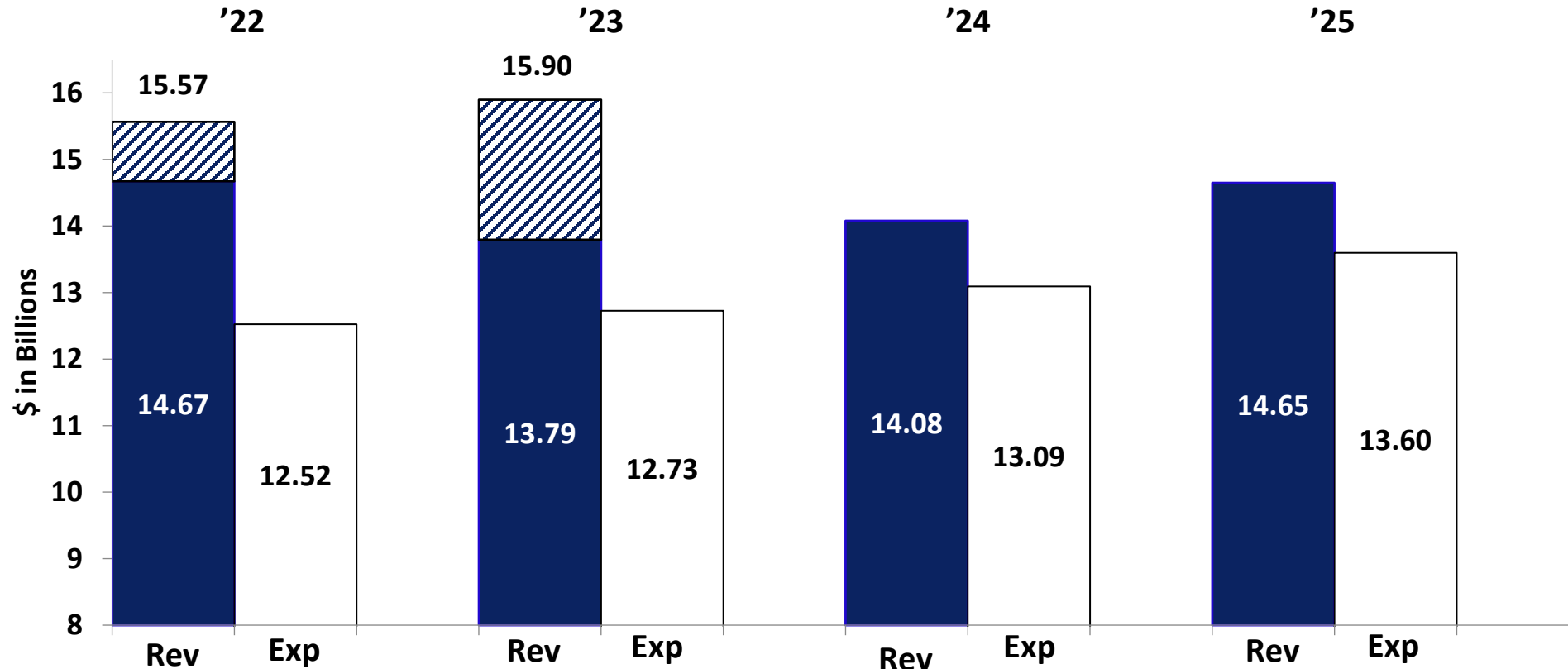
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	<u>\$</u>
• Ongoing initiatives	1.0 B
- Maximum amount that would keep budget balanced in '24 and '25	
• One-Time Initiatives	2.1 B
• Ending Cash Balance	<u>75 M</u>
<b>TOTAL</b>	<b>\$3.2 B</b>

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# January Baseline Balances: \$1.0 B Ongoing & \$2.1 B One-Time

- \$2.1 B '22 Balance Is After \$939 M Set Aside for Prop 208 Reserve



Cash Balance

\$2.10 B

\$3.17 B

\$987 M

\$1.05 B

■ Revenue

▨ Cash Balance

□ Expenditures



## STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE

Director.....	Richard Stavneak
Office Manager.....	Linda Monsanto
Deputy Directors.....	Stefan Shepherd
.....	Jack Brown
Chief Economist.....	Hans Olofsson
Assistant Directors.....	Micaela Larkin
.....	Patrick Moran
.....	Rebecca Perrera
Principal Fiscal Analysts.....	Morgan Dorcheus
.....	Geoffrey Paulsen
Senior Fiscal Analysts.....	Steve Grunig
.....	Jordan Johnston
Economists.....	Molly Murphy
.....	Ben Newcomb
Fiscal Analysts.....	Nate Belcher
.....	Lydia Chew
.....	Ryan Fleischman
.....	Maggie Rocker
Senior Administrative Assistant / JLBC & JCCR Clerk.....	Kristy Paddack

# Appendix A: Revenue Forecasts with Deferral

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Sales Tax</b>				
JLBC Forecast	11.7%	3.5%	4.0%	4.0%
UA – Low	11.5%	2.2%	3.9%	4.1%
UA – Base	12.8%	4.3%	5.0%	4.8%
FAC	11.2%	6.0%	5.8%	5.5%
Average:	<b>11.8%</b>	<b>4.0%</b>	<b>4.7%</b>	<b>4.6%</b>
<b>Individual Income Tax with Deferral</b>				
JLBC Forecast	3.0%	3.5%	4.3%	4.2%
UA – Low	0.3%	3.3%	4.4%	4.6%
UA – Base	2.1%	4.4%	5.4%	5.3%
FAC	5.3%	5.6%	5.4%	5.1%
Average:	<b>2.7%</b>	<b>4.2%</b>	<b>4.9%</b>	<b>4.8%</b>
<b>Corporate Income Tax</b>				
JLBC Forecast	18.0%	3.0%	3.4%	4.5%
UA – Low	16.8%	0.6%	3.3%	6.2%
UA – Base	17.5%	3.5%	4.3%	7.0%
FAC	15.8%	2.2%	3.7%	4.9%
Average:	<b>17.0%</b>	<b>2.3%</b>	<b>3.7%</b>	<b>5.7%</b>
<b>Insurance Premium Tax</b>				
JLBC Forecast	7.0%	2.6%	3.3%	3.6%
UA – Low	5.8%	2.5%	1.4%	2.8%
UA – Base	6.3%	3.1%	1.9%	3.1%
FAC	7.0%	3.9%	4.4%	3.5%
Average:	<b>6.5%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>3.3%</b>

JLBC Weighted Average	<b>7.9%</b>	<b>3.4%</b>	<b>4.1%</b>	<b>4.1%</b>
UA Low Weighted Average	<b>6.4%</b>	<b>2.6%</b>	<b>4.0%</b>	<b>4.4%</b>
UA Base Weighted Average	<b>7.9%</b>	<b>4.2%</b>	<b>5.0%</b>	<b>5.1%</b>
FAC Consensus Weighted Average	<b>8.6%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.2%</b>
“Big-4” Weighted Average	<b>7.7%</b>	<b>3.9%</b>	<b>4.6%</b>	<b>4.7%</b>
Consensus Weighted Average*	<b>8.4%</b>	<b>3.1%</b>	<b>4.6%</b>	<b>4.7%</b>

\* Represents ongoing revenue adjusted for small revenue categories.

# Appendix B: General Fund Revenue '21 - '23 with Deferral

## FORECAST REVENUE GROWTH

	(\$ in Thousands)							
	ACTUAL FY 2021	% CHANGE PRIOR YR	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	6,244,726.0	15.8%	6,981,536.9	11.8%	736,810.9	7,261,347.7	4.0%	279,810.7
Income - Individual	6,532,702.9	44.2%	6,659,388.8	1.9%	126,685.9	5,676,490.4	-14.8%	(982,898.4)
- Corporate	847,020.8	65.5%	988,924.4	16.8%	141,903.6	1,012,049.9	2.3%	23,125.5
Property	22,380.0	-7.3%	25,647.9	14.6%	3,267.8	24,552.5	-4.3%	(1,095.3)
Luxury - Tobacco	22,581.1	8.2%	22,306.0	-1.2%	(275.1)	22,085.4	-1.0%	(220.5)
- Liquor	44,938.5	23.9%	45,231.4	0.7%	292.8	46,755.3	3.4%	1,523.9
Insurance Premium	616,251.4	15.2%	656,487.5	6.5%	40,236.1	676,360.9	3.0%	19,873.4
Other Taxes	15,304.9	6.2%	15,534.4	1.5%	229.6	16,000.5	3.0%	466.0
Subtotal - Taxes	14,345,905.7	29.6%	15,395,057.3	7.3%	1,049,151.6	14,735,642.6	-4.3%	(659,414.7)
<b>Other Non-Tax Revenues:</b>								
Lottery	104,740.4	1.1%	222,410.2	112.3%	117,669.8	175,241.5	-21.2%	(47,168.7)
Gaming Revenue	0.0	N/A	26,101.3	N/A	26,101.3	18,467.0	-29.2%	(7,634.3)
Licenses, Fees and Permits	39,411.1	13.3%	39,010.5	-1.0%	(400.6)	40,050.0	2.7%	1,039.5
Interest	888.9	-97.7%	39,414.5	4334.3%	38,525.6	25,000.0	-36.6%	(14,414.5)
Sales and Services	26,049.0	16.2%	27,038.9	3.8%	989.9	27,985.3	3.5%	946.4
Other Miscellaneous	147,902.4	17.4%	152,554.8	3.1%	4,652.4	155,661.7	2.0%	3,106.9
Transfers and Reimbursements	131,146.9	12.6%	111,827.5	-14.7%	(19,319.4)	74,851.4	-33.1%	(36,976.1)
Public Safety Transfers	23,343.2	0.0%	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	84,858.6	-0.1%	98,514.8	16.1%	13,656.2	91,649.6	-7.0%	(6,865.2)
Subtotal - Other Non-Tax	558,340.5	1.3%	716,872.4	28.4%	158,531.9	608,906	-15.1%	(107,966.0)
<b>Net Ongoing Revenue</b>	<b>14,904,246.2</b>	<b>28.3%</b>	<b>16,111,929.7</b>	<b>8.1%</b>	<b>1,207,683.5</b>	<b>15,344,549.0</b>	<b>-4.8%</b>	<b>(767,380.8)</b>
Urban Revenue Sharing (URS)	(828,492.9)	N/A	(756,388.3)	N/A	72,104.6	(1,106,958.6)	N/A	(350,570.3)
<b>Net Ongoing Revenue w/ URS</b>	<b>14,075,753.3</b>	<b>29.4%</b>	<b>15,355,541.4</b>	<b>9.1%</b>	<b>1,279,788.1</b>	<b>14,237,590.3</b>	<b>-7.3%</b>	<b>(1,117,951.1)</b>
<b>One-Time Financing Sources:</b>								
Prescription Drug Rebate Fund Transfer	16,700.0	-75.8%	0.0	-100.0%	(16,700.0)	0.0	N/A	0.0
DPS Highway Patrol Fund Transfer	24,205.7	N/A	0.0	-100.0%	(24,205.7)	0.0	N/A	0.0
Water Infrastructure Repayment	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
4.5% Maximum Tax Rate	0.0	N/A	(939,076.4)	N/A	(939,076.4)	(684,506.3)	N/A	254,570.1
SB 1783 Alternative Income Tax	0.0	N/A	234,098.3	N/A	234,098.3	241,305.8	3.1%	7,207.4
Subtotal - One-Time Financing Sources	40,905.7	-55.0%	(684,978.1)	N/A	(725,883.8)	(443,200.6)	N/A	241,777.5
<b>Subtotal - Revenues</b>	<b>14,116,659.0</b>	<b>28.7%</b>	<b>14,670,563.3</b>	<b>3.9%</b>	<b>553,904.3</b>	<b>13,794,389.8</b>	<b>-6.0%</b>	<b>(876,173.6)</b>
Balance Forward	372,457.0	-61.1%	894,636.0	140.2%	522,179.0	2,103,233.6	135.1%	1,208,597.6
<b>Total - Resources</b>	<b>14,489,116.0</b>	<b>21.5%</b>	<b>15,565,199.3</b>	<b>7.4%</b>	<b>1,076,083.3</b>	<b>15,897,623.4</b>	<b>2.1%</b>	<b>332,424.0</b>

# Appendix B: General Fund Revenue '24 - '25

## FORECAST REVENUE GROWTH

(\$ in Thousands)

	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,600,604.8	4.7%	339,257.1	7,950,991.5	4.6%	350,386.7
Income - Individual	5,642,328.0	-0.6%	(34,162.4)	5,219,701.8	-7.5%	(422,626.2)
- Corporate	1,049,276.6	3.7%	37,226.7	1,108,801.0	5.7%	59,524.4
Property	24,156.7	-1.6%	(395.8)	23,858.5	-1.2%	(298.2)
Luxury - Tobacco	22,097.8	0.1%	12.4	22,386.1	1.3%	288.3
- Liquor	48,268.9	3.2%	1,513.6	49,739.7	3.0%	1,470.8
Insurance Premium	694,943.9	2.7%	18,582.9	717,633.2	3.3%	22,689.3
Other Taxes	16,544.5	3.4%	544.0	17,123.5	3.5%	579.1
Subtotal - Taxes	15,098,221.2	2.5%	362,578.6	15,110,235.2	0.1%	12,014.0
<b>Other Non-Tax Revenues:</b>						
Lottery	185,177.4	5.7%	9,935.9	195,754.6	5.7%	10,577.2
Gaming Revenue	20,110.2	8.9%	1,643.2	21,421.2	6.5%	1,311.0
Licenses, Fees and Permits	41,512.9	3.7%	1,463.0	43,071.1	3.8%	1,558.1
Interest	27,500.0	10.0%	2,500.0	30,000.0	9.1%	2,500.0
Sales and Services	28,964.7	3.5%	979.5	29,978.5	3.5%	1,013.8
Other Miscellaneous	160,154.1	2.9%	4,492.4	164,810.5	2.9%	4,656.4
Transfers and Reimbursements	78,090.0	4.3%	3,238.6	81,545.1	4.4%	3,455.1
Public Safety Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Disproportionate Share Revenue	95,474.3	4.2%	3,824.7	95,644.9	0.2%	170.6
Subtotal - Other Non-Tax	636,983.7	4.6%	28,077.3	662,225.8	4.0%	25,242.1
<b>Net Ongoing Revenue</b>	<b>15,735,204.9</b>	<b>2.5%</b>	<b>390,655.9</b>	<b>15,772,461.1</b>	<b>0.2%</b>	<b>37,256.2</b>
Urban Revenue Sharing (URS)	(1,249,800.3)	N/A	(142,841.8)	(1,124,161.2)	N/A	125,639.2
<b>Net Ongoing Revenue w/ URS</b>	<b>14,485,404.7</b>	<b>1.7%</b>	<b>247,814.1</b>	<b>14,648,299.8</b>	<b>1.1%</b>	<b>162,895.4</b>
<b>One-Time Financing Sources:</b>						
Prescription Drug Rebate Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
DPS Highway Patrol Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	0.0	N/A	0.0	0.0	N/A	0.0
4.5% Maximum Tax Rate	(634,570.9)	N/A	49,935.4	0.0	N/A	634,570.9
SB 1783 Alternative Income Tax	227,792.8	-5.6%	(13,512.9)	0.0	-100.0%	(227,792.8)
Subtotal - One-Time Financing Sources	(406,778.1)	N/A	36,422.5	0.0	N/A	406,778.1
<b>Subtotal - Revenues</b>	<b>14,078,626.6</b>	<b>2.1%</b>	<b>284,236.6</b>	<b>14,648,299.8</b>	<b>4.0%</b>	<b>569,673.5</b>
Balance Forward	-	-100.0%	(2,103,233.6)	-	N/A	0.0
<b>Total - Resources</b>	<b>14,078,626.6</b>	<b>-11.4%</b>	<b>(1,818,997.0)</b>	<b>14,648,299.8</b>	<b>4.0%</b>	<b>569,673.5</b>

# Appendix C: Enacted Tax Reductions in '22 Budget

## - January Baseline Projected Cost

	(\$ in M)			
	'22	'23	'24	'25
Income Tax Reduction Rate				
- Reduce to 2.55%/2.98% rate		(1,274)	(1,336)	(1,400)
- Reduce to 2.53%/2.75% rate			(309)	(324)
- Reduce to single 2.5% rate				(360)
<b>Total Rate Reduction</b>		<b>(1,274)</b>	<b>(1,645)</b>	<b>(2,084)</b>
4.5% Maximum Income Tax Rate	(939)	(684)	(635)	(570)
Alternative Tax Rate (SB 1783)	234	241	228	239
Other Enacted Reductions	(51)	(43)	(47)	(52)
<b>Total Reductions</b>	<b>(756)</b>	<b>(1,760)</b>	<b>(2,099)</b>	<b>(2,467)</b>



# Appendix D: General Fund Balance Sheet

## Statement of General Fund Revenues and Expenditures With One-Time Financing Sources 1/

	FY 2022 Baseline	FY 2023 Baseline	FY 2024 Baseline	FY 2025 Baseline
<b>REVENUES</b>				
Ongoing Revenues	\$16,162,949,700	\$16,660,894,900	\$17,427,457,900	\$18,239,954,600
Ongoing Tax Reductions	(51,020,000)	(1,316,346,000)	(1,692,252,900)	(2,467,493,600)
Urban Revenue Sharing	(756,388,300)	(1,106,958,600)	(1,249,800,300)	(1,124,161,200)
Net Ongoing Revenues	\$15,355,541,400	\$14,237,590,300	\$14,485,404,700	\$14,648,299,800
One-Time Financing Sources				
Balance Forward	\$894,636,000	\$2,103,233,600		
One-Time Tax Reductions	(704,978,100)	(443,200,500)	(\$406,778,100)	
Water Infrastructure Repayment	20,000,000			
Subtotal One-Time Revenues	\$209,657,900	\$1,660,033,100	(\$406,778,100)	\$0
<b>Total Revenues</b>	<b>\$15,565,199,300</b>	<b>\$15,897,623,400</b>	<b>\$14,078,626,600</b>	<b>\$14,648,299,800</b>
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$12,053,812,800	\$12,539,381,800	\$13,083,448,200	\$13,560,679,900
Administrative Adjustments	225,000,000	200,000,000	170,000,000	178,500,000
Reversions	(150,000,000)	(200,000,000)	(210,000,000)	(220,000,000)
Subtotal Ongoing Expenditures	\$12,128,812,800	\$12,539,381,800	\$13,043,448,200	\$13,519,179,900
One-time Expenditures				
Capital Outlay	\$92,632,900			
Reduce K-12 Rollover	65,000,000			
Operating One-Time Spending	654,235,900	186,227,300	48,677,100	76,726,900
New Medicaid Federal Match Reversion <u>2/</u>	(152,844,400)			
New ADE Formula Funding Reversion <u>2/</u>	(285,000,000)			
University 27th Pay Period	20,052,100			
Subtotal One-time Expenditures	\$394,076,500	\$186,227,300	\$48,677,100	\$76,726,900
<b>Total Expenditures</b>	<b>\$12,522,889,300</b>	<b>\$12,725,609,100</b>	<b>\$13,092,125,300</b>	<b>\$13,595,906,800</b>
Proposition 208 Reserve <u>3/</u>	\$939,076,400			
<b>Ending Balance <u>4/</u></b>	<b>\$2,103,233,600</b>	<b>\$3,172,014,300 <u>5/</u></b>	<b>\$986,501,300</b>	<b>\$1,052,393,000</b>

1/ Baseline estimates reflect a "Maximum Commitment" scenario, which is based on the outcomes of pending litigation and referendum that use the most resources.

2/ Reflects reversion of savings for a higher federal Medicaid match rate and lower K12 formula costs.

3/ Reflects Proposition 208 uncertainty. If surcharge upheld, revenue would be transferred to Proposition 208 fund. If surcharge not upheld, state would refund revenue.

4/ Reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.

5/ The FY 2023 cash balance is presumed to be allocated as part of the FY 2023 budget process.

# Appendix E: Urban Revenue Sharing Distribution Increases

- Based on 15% of Income Taxes 2 Year Prior; Goes to 18% in '24

