

RTA Next Revenue Projection

RTA Technical Management Committee

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Jim DeGrood

Deputy Director

RTA Revenue Projections

Economic and Business Research Center (EBRC) at the U of Arizona's Eller College of Management has provided the RTA an updated revenue forecast every 2-3 years since 2005.

The Forecast:

- Is a long-range forecast, looking out 30 years in the future
- Forecasts of Pima County economic activity are from the Forecasting Project, which regularly produces forecasts for the State of Arizona, the Phoenix metropolitan area and the Tucson metropolitan area.
- Forecasts of national economic activity use data from IHS Markit

RTA Revenue Projection Model

The EBRC develops equations designed to forecast Pima County's taxable sales in:

- Hotel/Motel sales
- Communications
- Contracting
- Restaurant and Bar sales
- Personal Rentals
- Retail
- Utilities
- Real Commercial Rentals

The EBRC then forecasts RTA using the RTA sales tax rate of \$0.005/\$1.00 of taxable sales

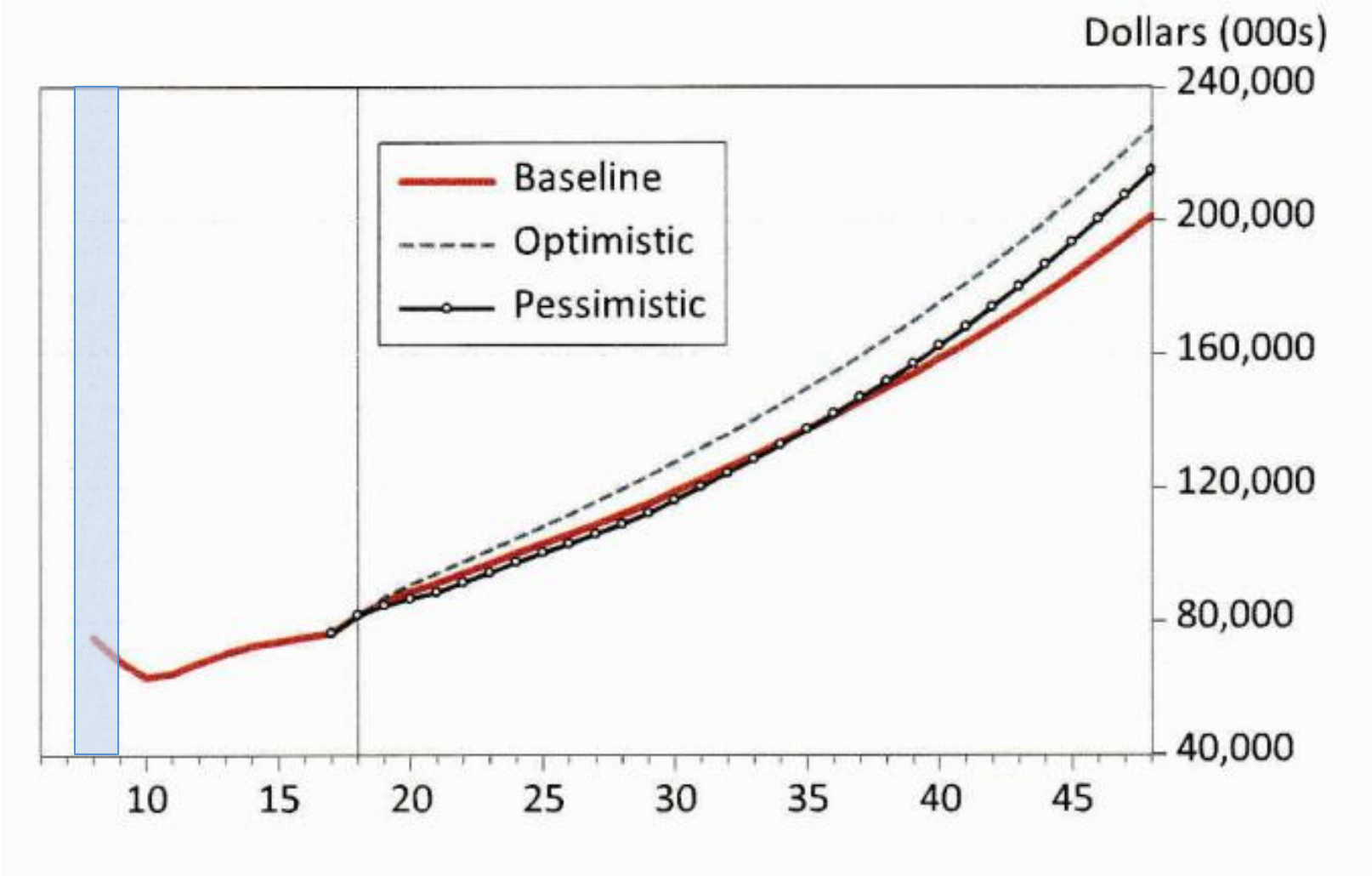
RTA Revenue Model Products

The EBRC Forecasting Model Updates for the RTA provides a Baseline Forecast, as well as Optimistic and Pessimistic alternative forecasts in:

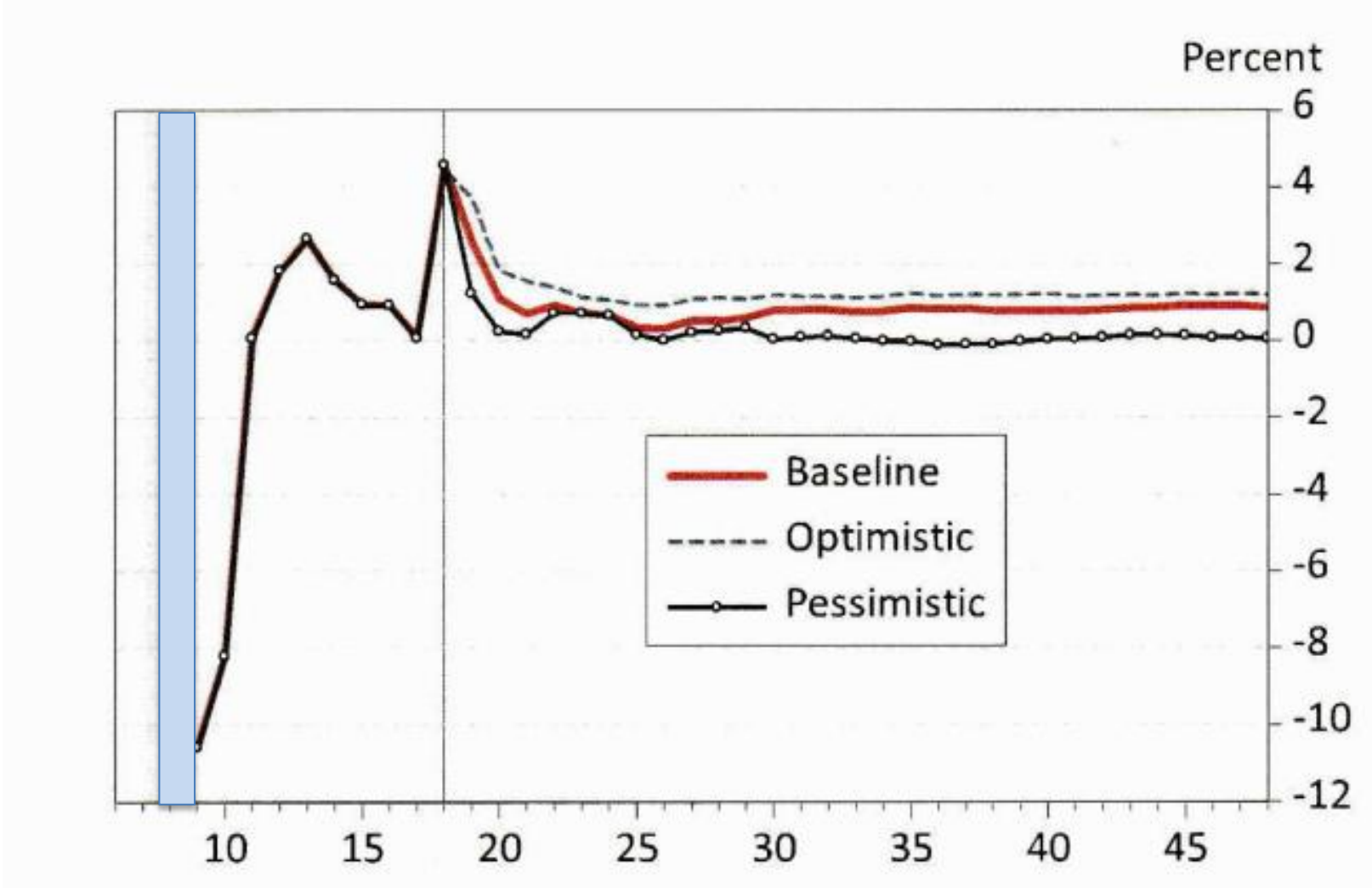
- Nominal dollars (year of collection, including inflation)
- 2020 dollars (using the nominal dollars forecasts and deflating them to 2020 \$'s)

The forecast uses regional demographic data as well as national data to give us insights into likely changes in the economy based upon demographics and consumption pattern shifts

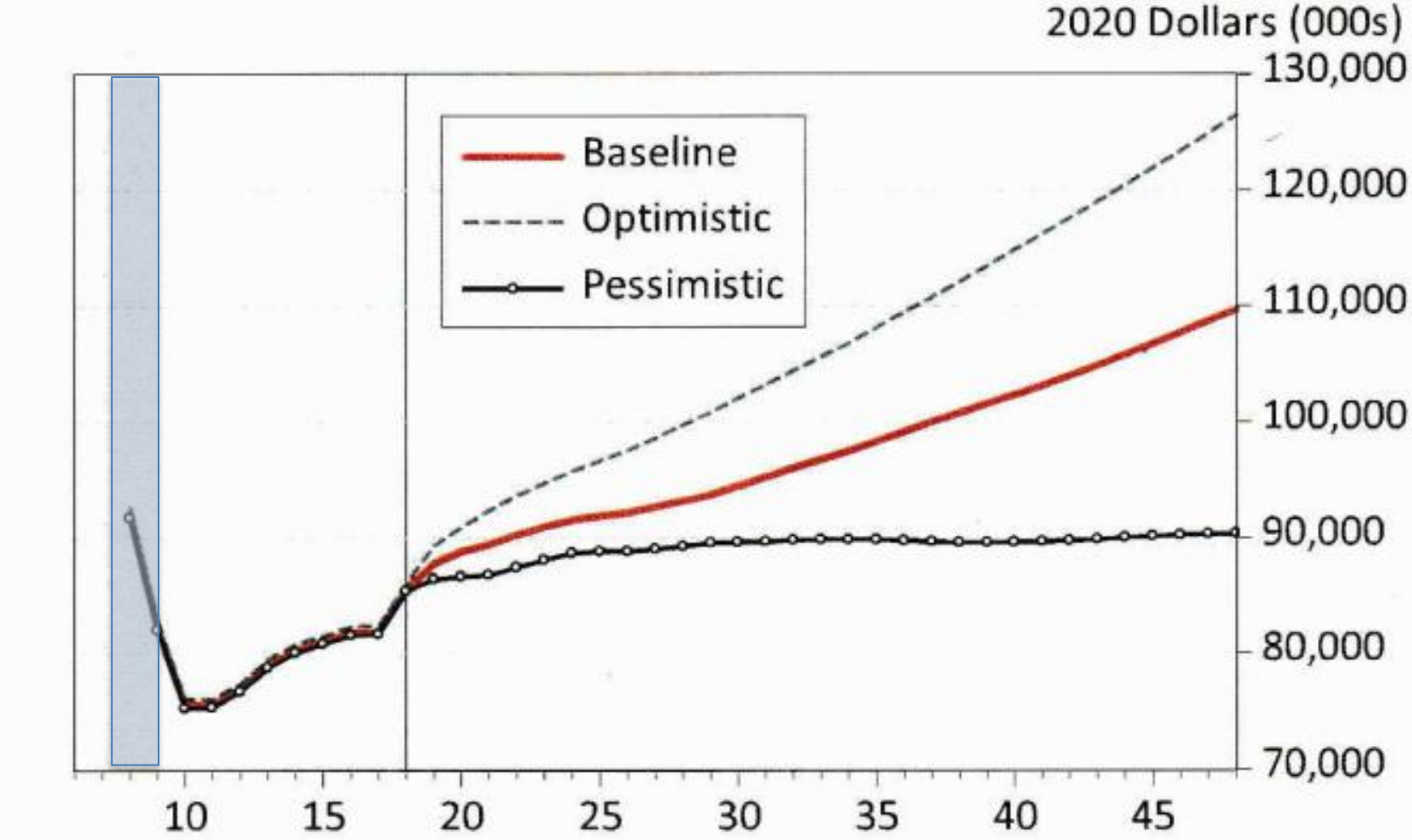
Projected Yield for the RTA, Thousands of Nominal Dollars All Scenarios, Recession Shaded



Projected Yield Growth for the RTA, 2020 Dollars All Scenarios



Projected Annual Yield for the RTA, Thousands of 2020 Dollars, All Scenarios, Recession Shaded



RTA Revenue Forecast Findings

The EBRC Forecast identified that the RTA should anticipate:

- An aging population, whose spending patterns include an increasing percentage of expenditures on services and healthcare, with corresponding reductions (as a percentage) in expenditures on taxable retail and restaurants/bars
- Population growth at an average of 0.7% per year
- The Pessimistic forecast predicts a steady (no growth) revenue of \$90 million/year in RTA sales tax collections (in 2020 \$'s): the baseline forecast shows steady growth from \$90 million/year in 2020 to \$102 million/year in 2040 (in 2020 \$'s)

Next Steps

- The RTA will do another Revenue Estimate in late 2020 or early 2021.
- It is too early now to reasonably forecast the impact of the pandemic on the RTA Next plan.
- The RTA Board will identify the revenue “target” to be used in developing a fiscally constrained RTA Next plan.