

Finance Advisory Committee

Briefing Materials

January 21, 2010

JLBC

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| |
|-------------|
| JLBC |
|-------------|



A Recovery, But Not Recovered

**Presented to:
FAC**

**By:
Jim Rounds, Senior Vice President
January 21, 2010**



Elliott D. Pollack & Company



Overview:

**Not much different than before
for AZ. Slightly better story for
the U.S.**





Some Tough Questions for Staff:

FY 2010: When exactly will sales tax collections turn around? PIT?

FY 2011: Rebound year in terms of growth rates. But to what extent in FY 2011 versus some occurring in FY 2012?

Out Years: Will an extended period of weakness in the stock market, commercial, housing, etc. dampen State collections in the longer term?





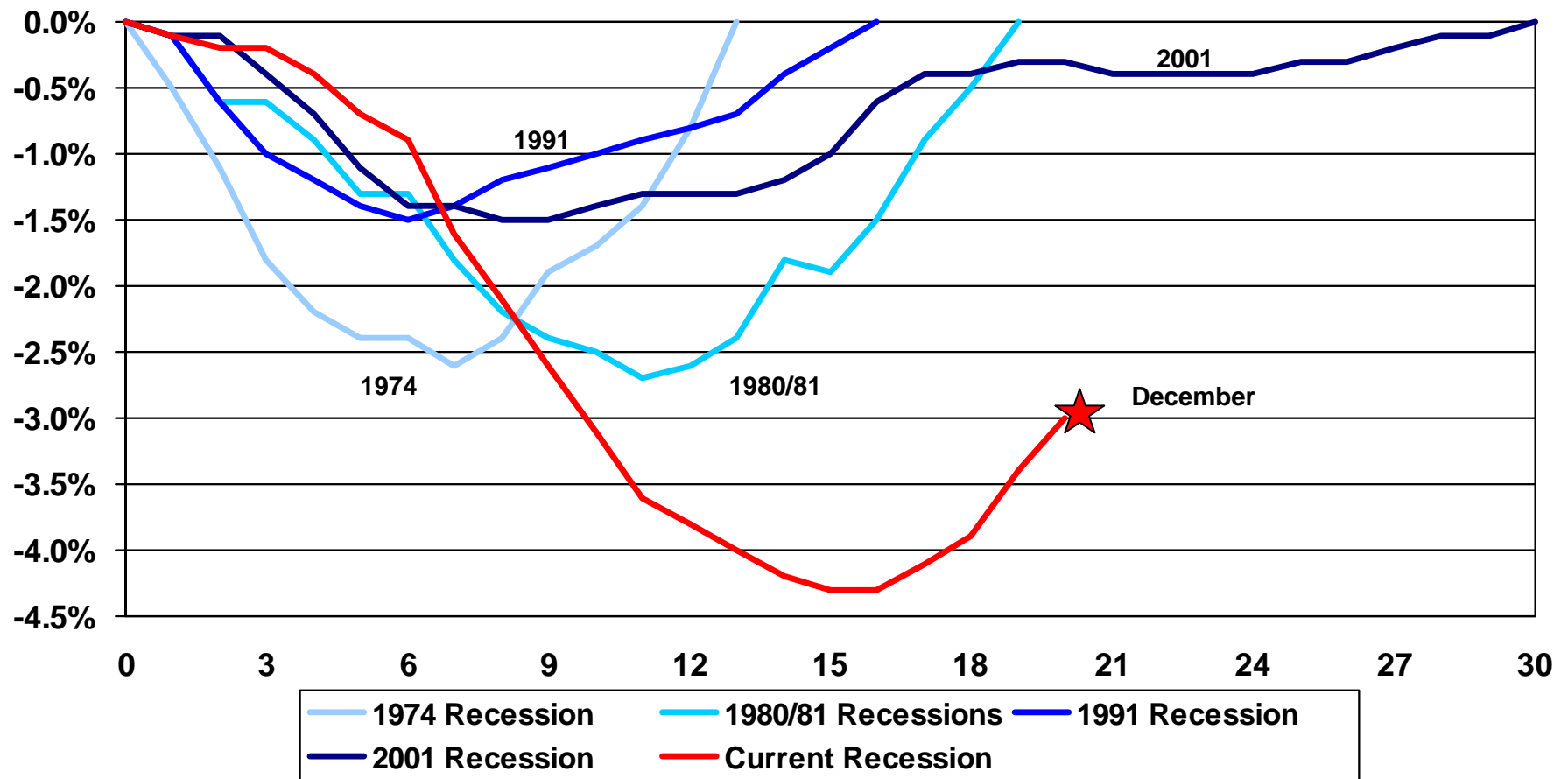
U.S.



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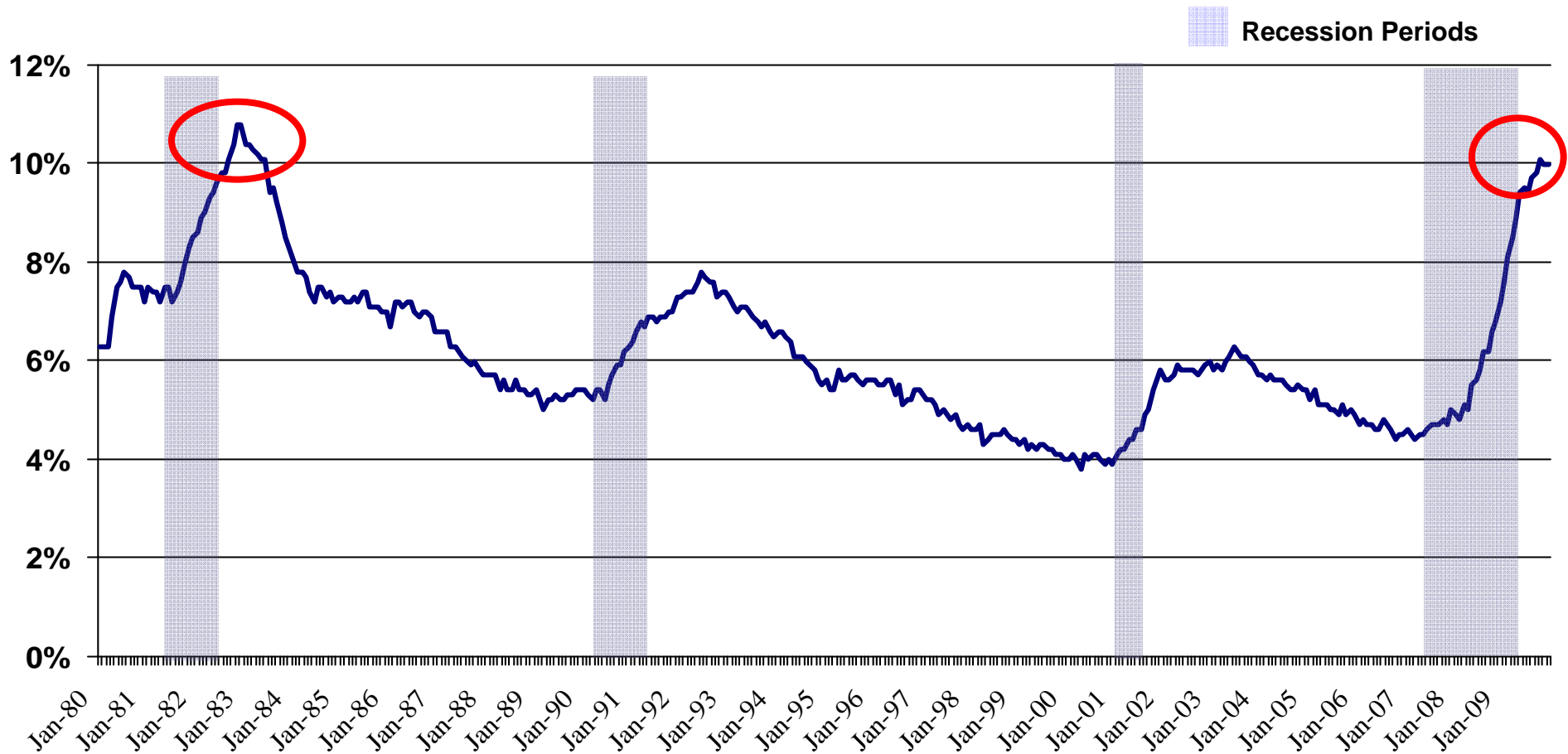
U.S. Y/Y Job Losses - Recent Recessions

Duration in Months - BLS



U.S. Unemployment Rate 1980 – 2009*

Source: Bureau of Labor Statistics



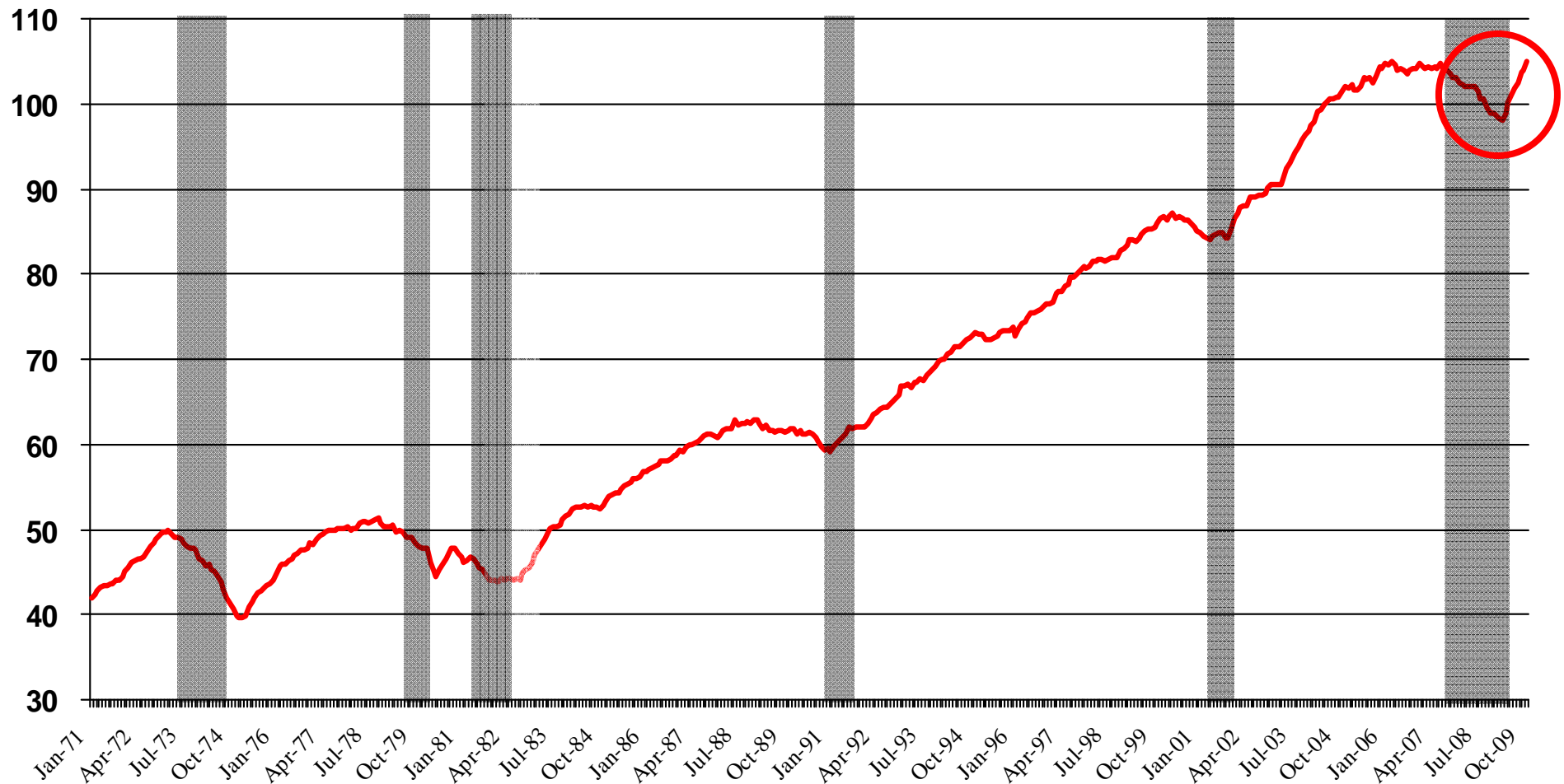
*Data through December 2009



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U.S. Leading Indicators 1971 – 2009 (through November)

Source: The Conference Board



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Recession Periods



10 Components of U.S. Leading Indicators - *August*

- Vendor performance
- Claims for unemployment (inverted)
- **Stock prices**
- Manuf. new orders – capital goods
- **Real money supply**
- Manuf. new orders – consumer goods
- Consumer expectations
- Manuf. hours
- Building permits
- Interest rate spread





10 Components of U.S. Leading Indicators - *November*

- **Supplier performance**
- **Claims for unemployment (2)**
- **Stock prices (5)**
- **Manuf. new orders – capital goods**
- **Real money supply (6)**
- **Manuf. new orders – consumer goods**
- **Consumer expectations**
- **Manufacturing hours (3)**
- **Building permits (4)**
- **Interest rate spread (1)**





Primary Recession Indicators:

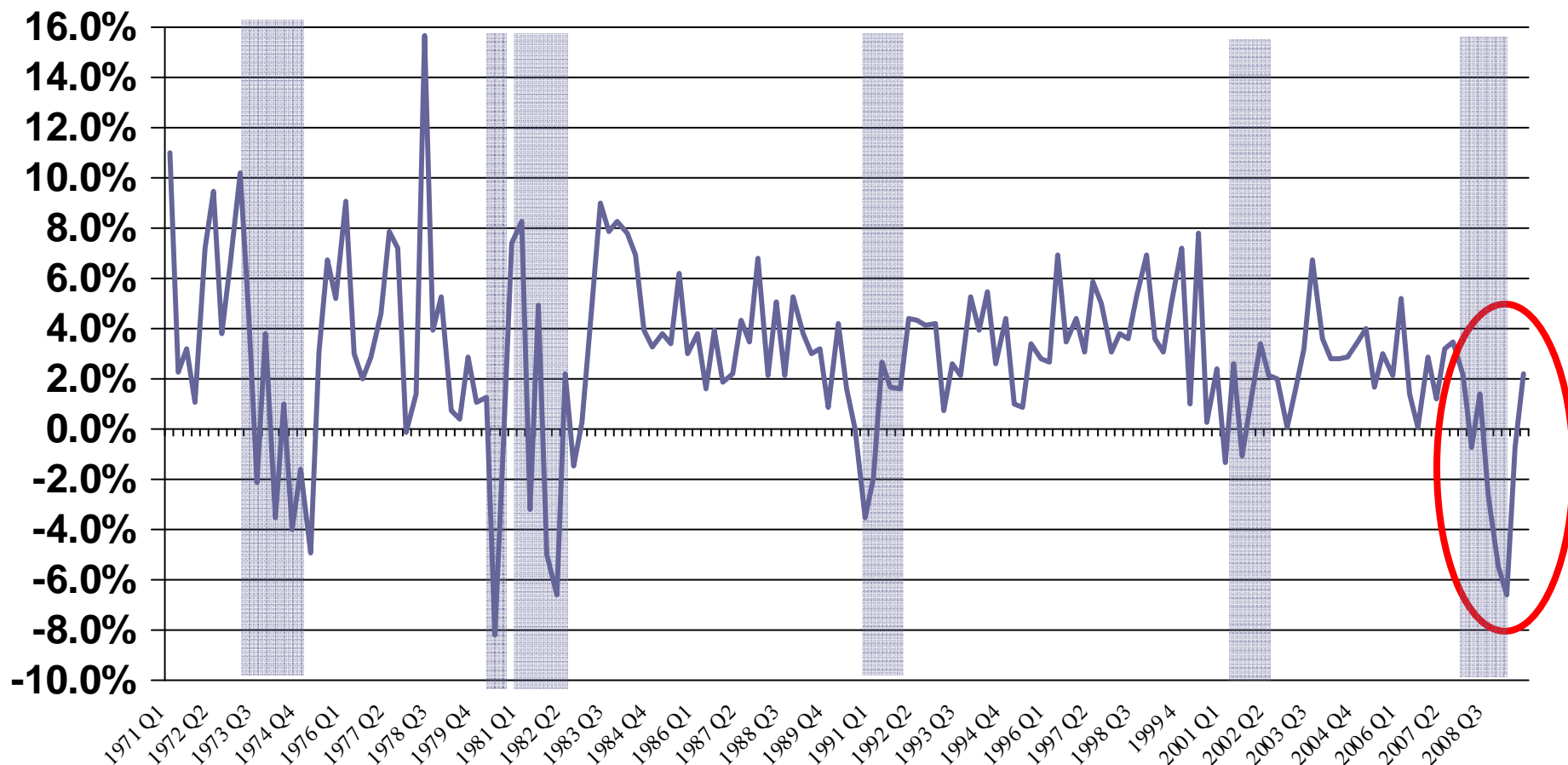
- Real GDP
- Real Income
- Employment
- Industrial Production
- Wholesale – Retail Sales



Real Gross Domestic Product Percent Change Quarter Ago, Annualized 1971 – 2009*

Source: Bureau of Economic Analysis

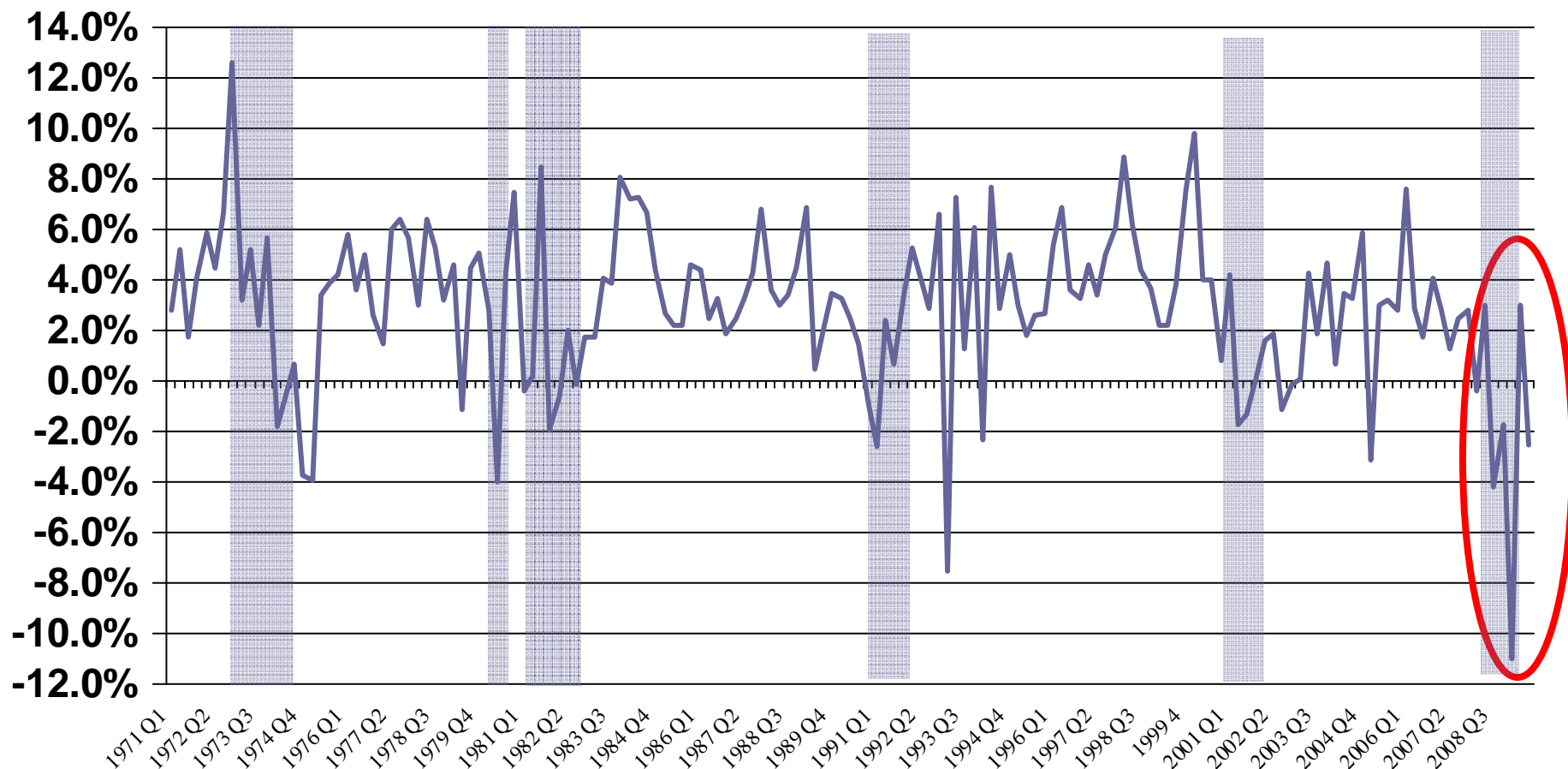
Recession Periods



Real Personal Income Net of Government Transfers Percent Change Quarter Ago, Annualized 1971 – 2009*

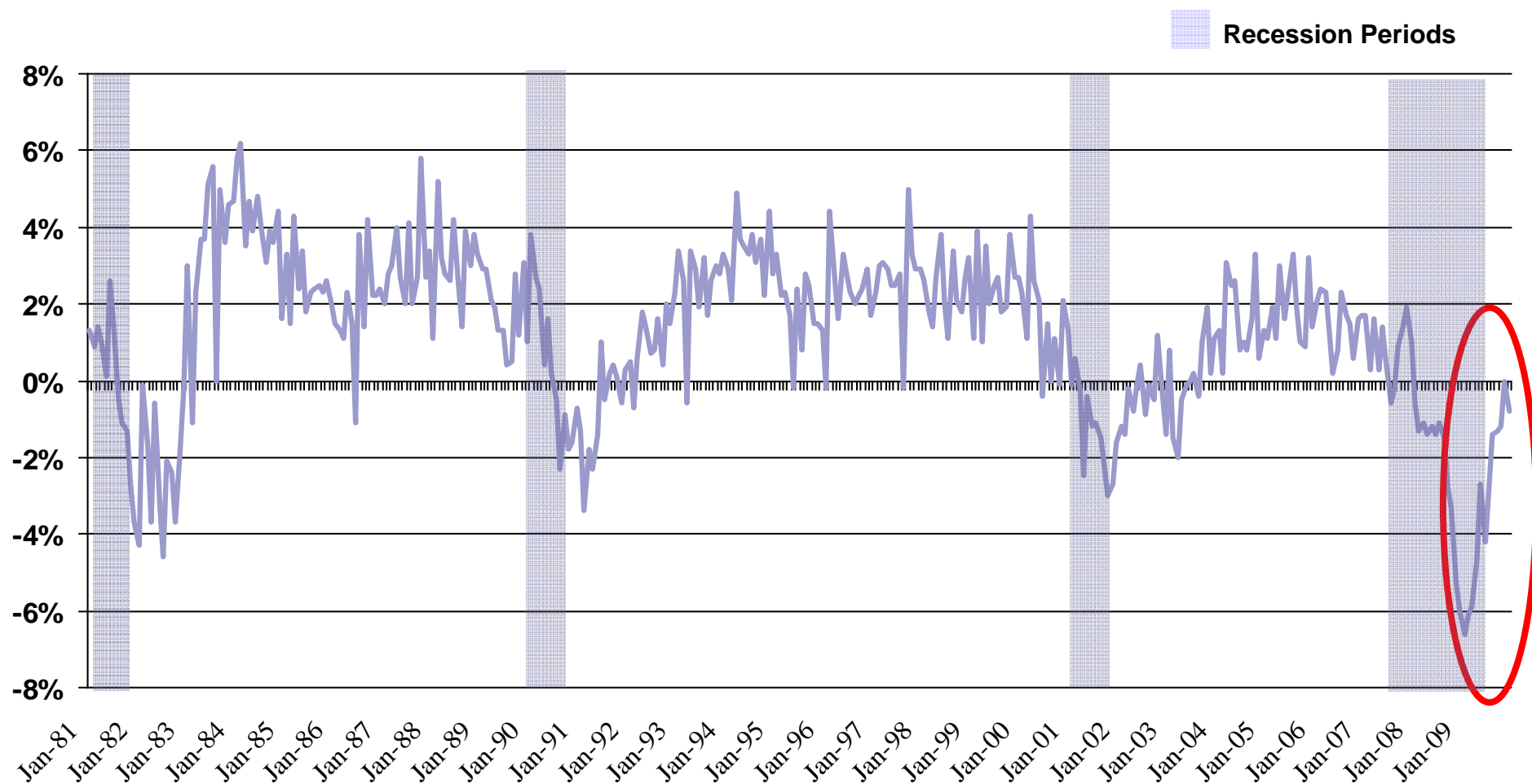
Source: Bureau of Economic Analysis

Recession Periods



National Employment Percent Change Month Ago, Annualized (S/A) 1981 – 2009*

Source: U.S. Bureau of Labor Statistics



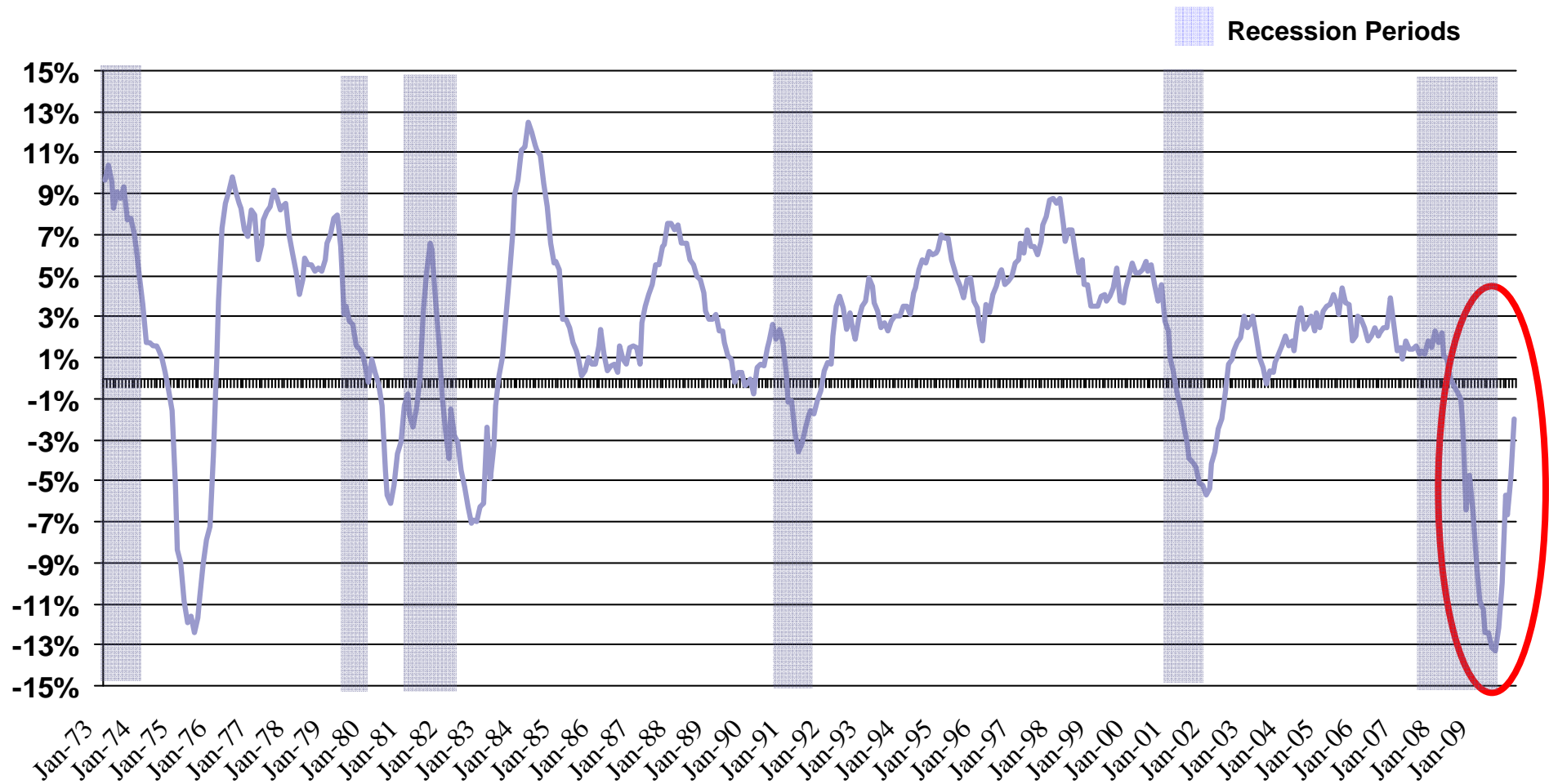
*Data through December 2009



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Industrial Production Percent Change Year Ago 1973 – 2009*

Source: The Conference Board



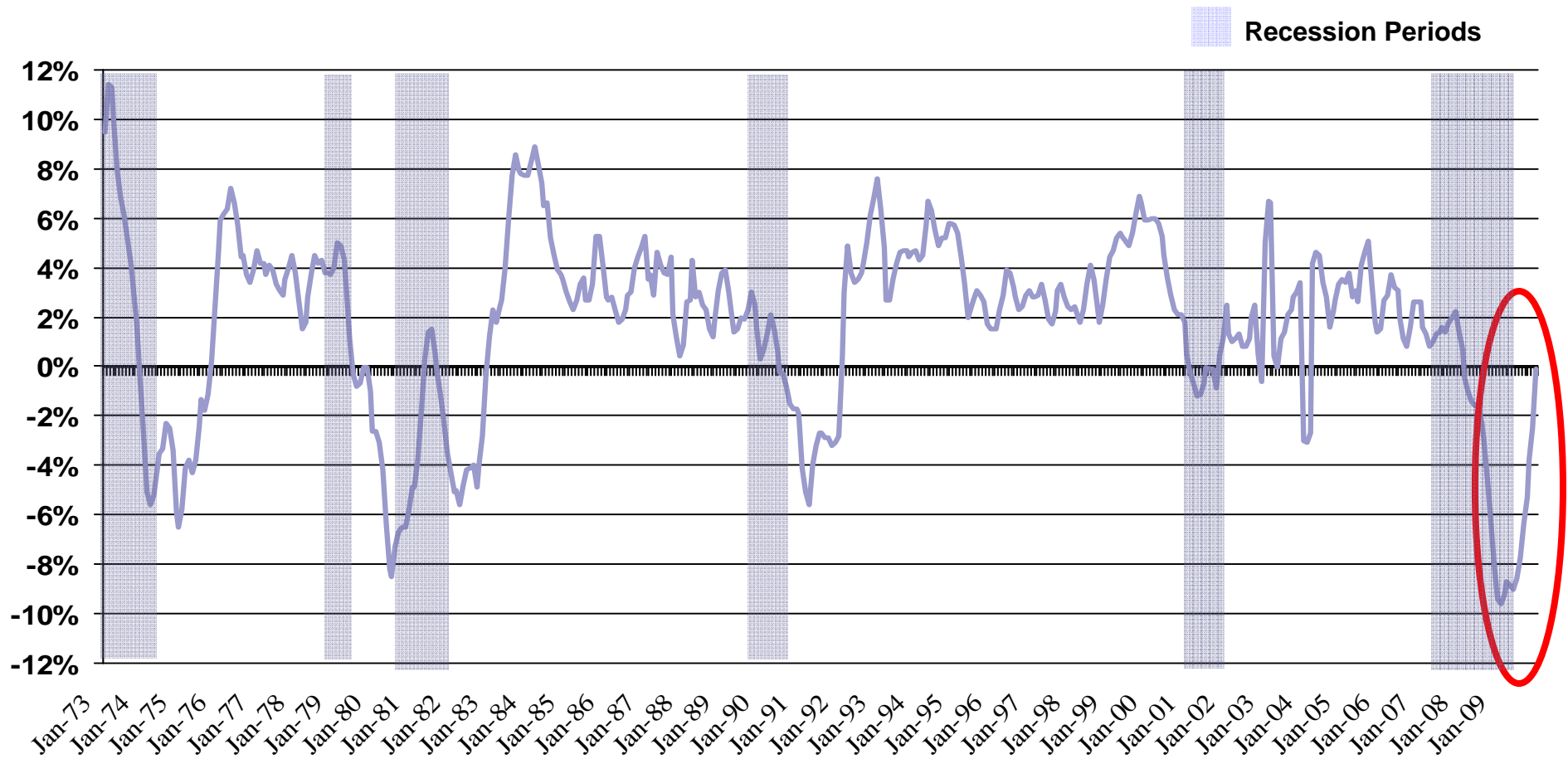
*Data through December 2009



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Real Retail Sales U.S. Percent Change Year Ago 1973 – 2009*

Source: Federal Reserve



*Data through December 2009

**Three-month moving average



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Recession Indicators Summary:

- Real GDP ↗
- Real Income ➡
- Employment ➡
- Industrial Production ➡
- Wholesale – Retail Sales ➡





We are in a recovery, but we have yet to fully recover. Years not months.

The recovery will still be very weak and consumers will still be a drag.

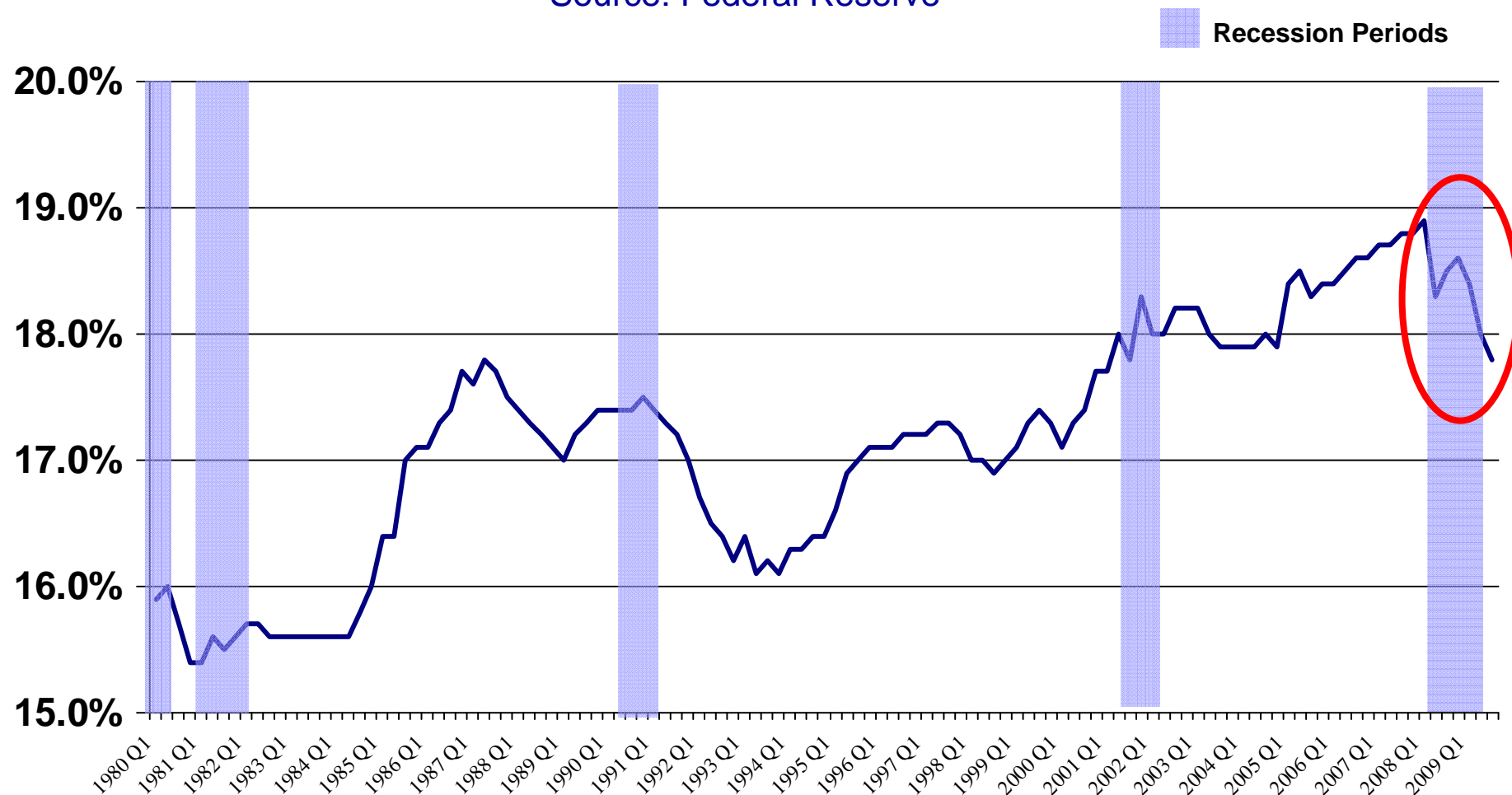
They are finally getting their finances in order though, at least partially.



Financial Obligation Ratio**

1980 – 2009*

Source: Federal Reserve



*Data through third quarter 2009

**Ratio of mortgage and consumer debt (including auto, rent and tax payments) to disposable income.

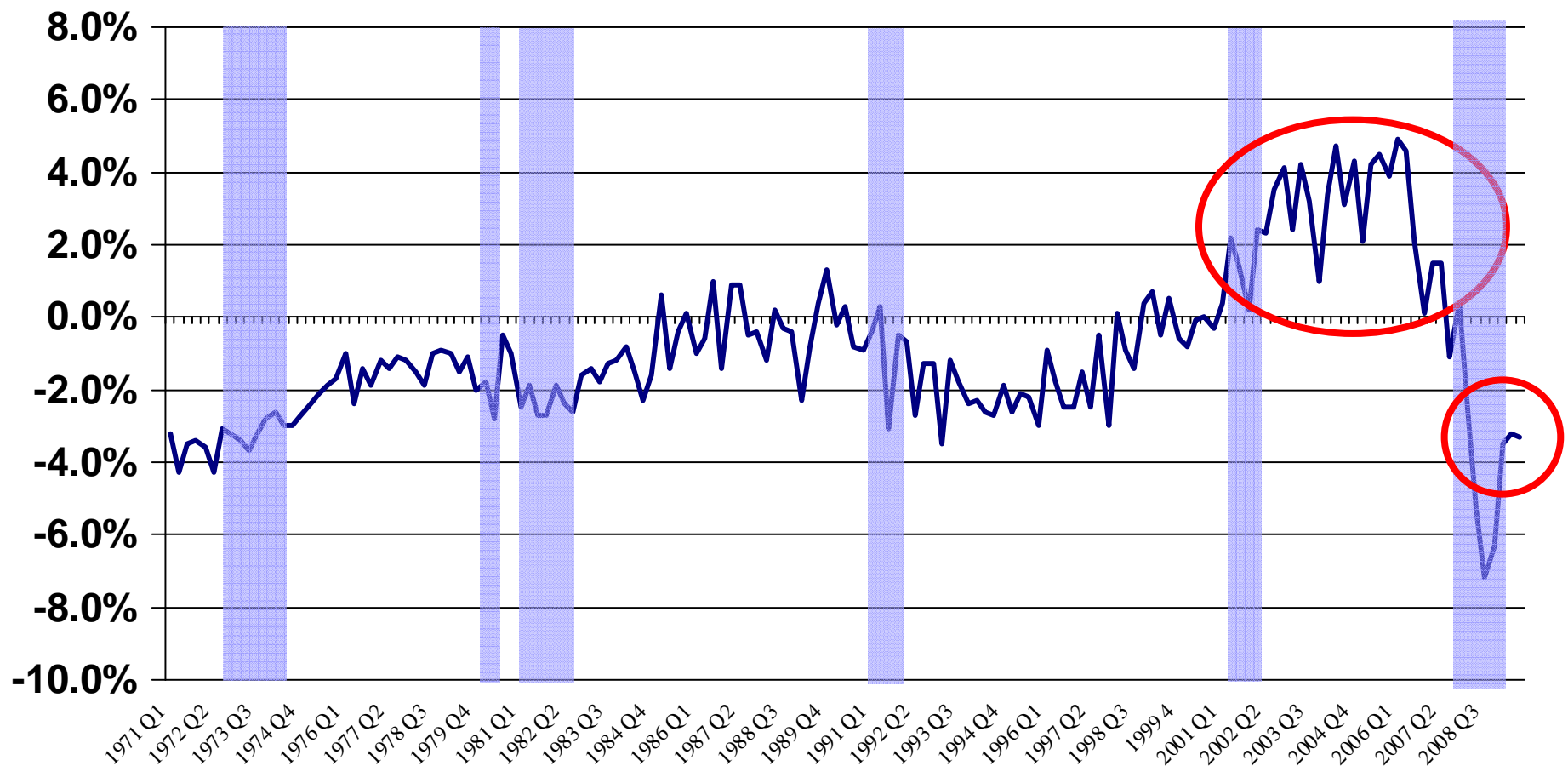


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Mortgage Equity Withdrawal as a share of Disposable Income U.S.: 1971 – 2009*

Source: Bureau of Economic Analysis

 Recession Periods



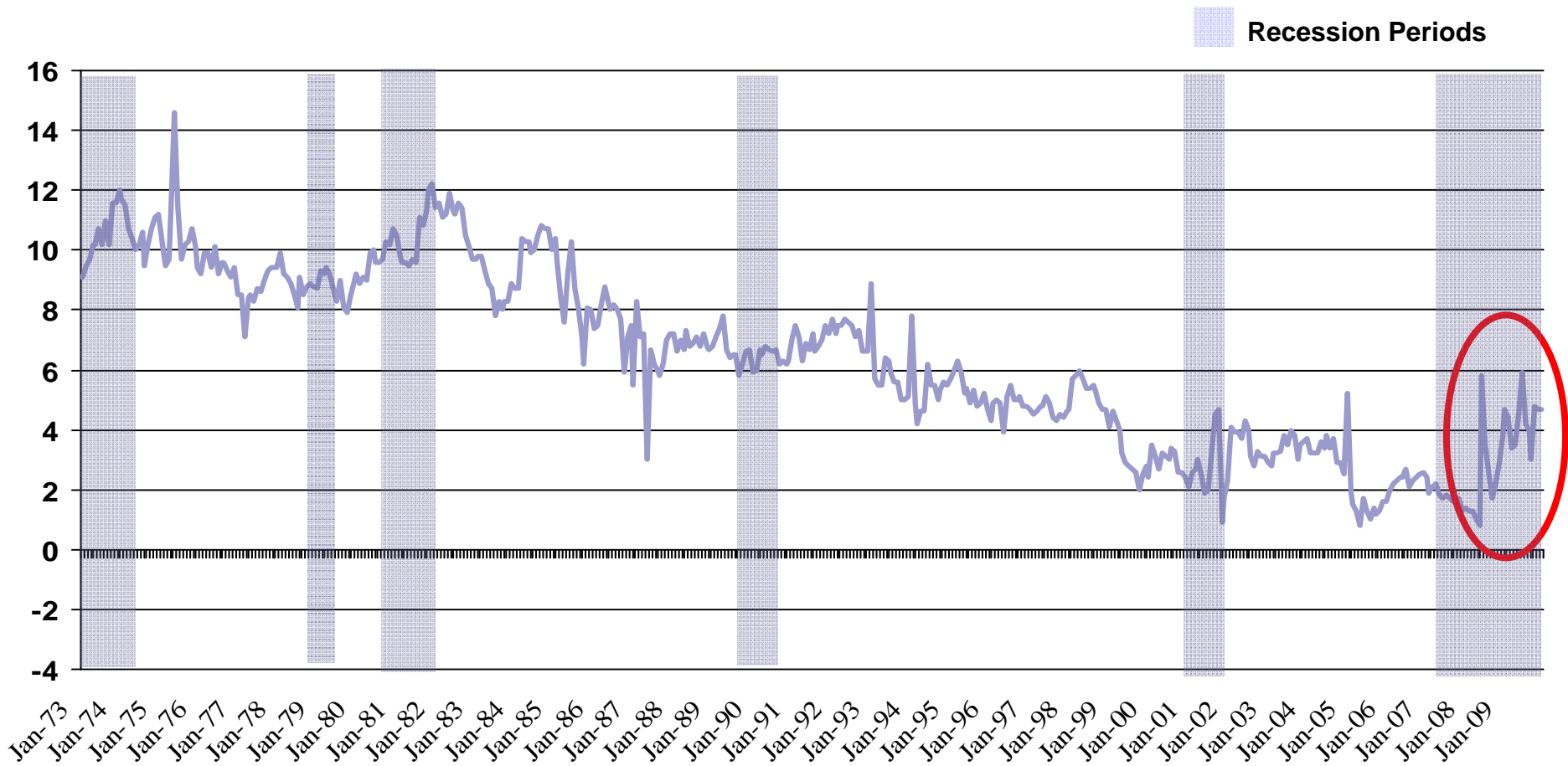
* Data through third quarter 2009



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Savings Rate 1973 – 2009*

Source: Federal Reserve



*Data through November 2009

**Three-month moving average

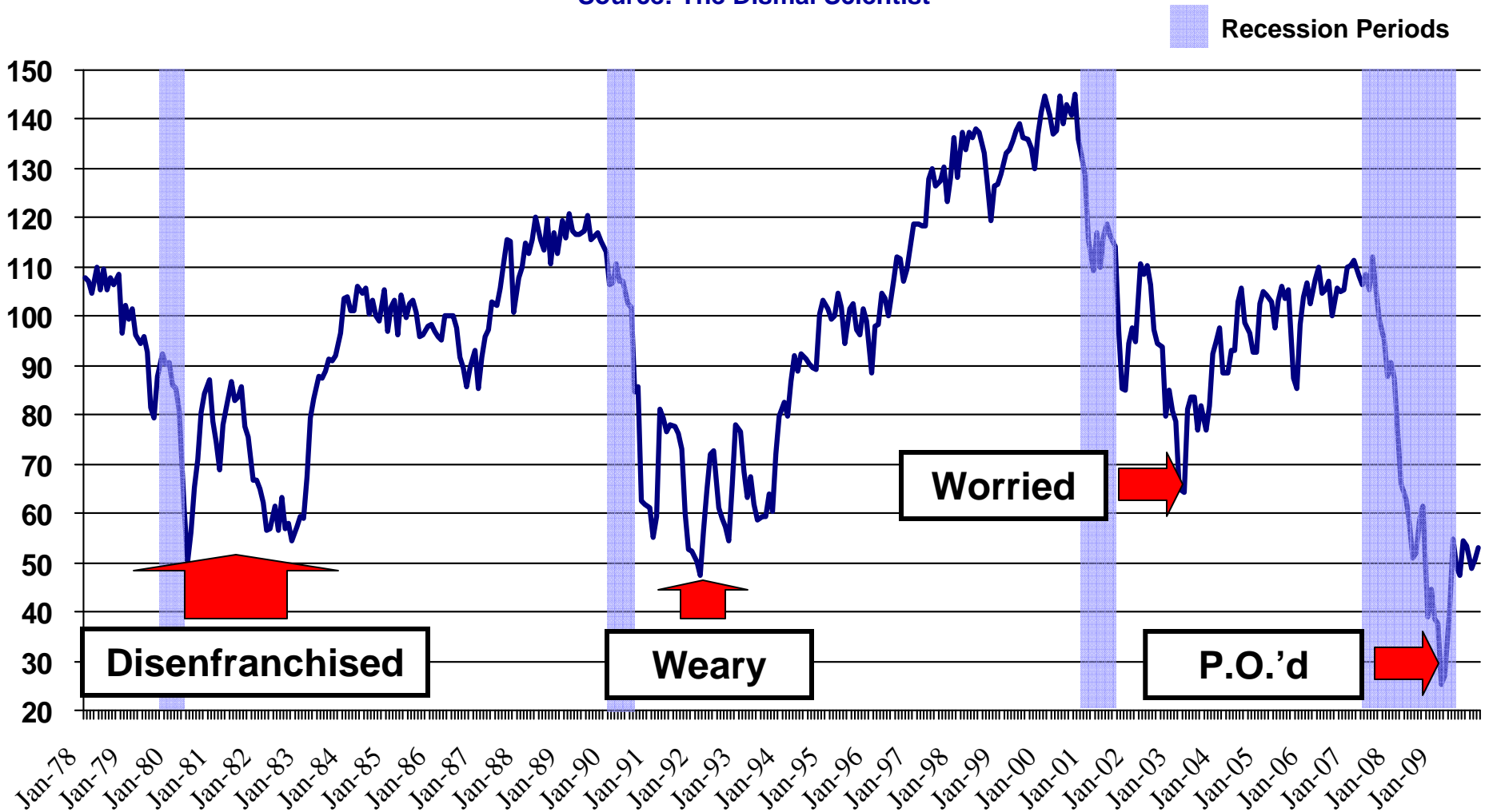


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Consumer Confidence

1978 – 2009*

Source: The Dismal Scientist



*Data through December 2009



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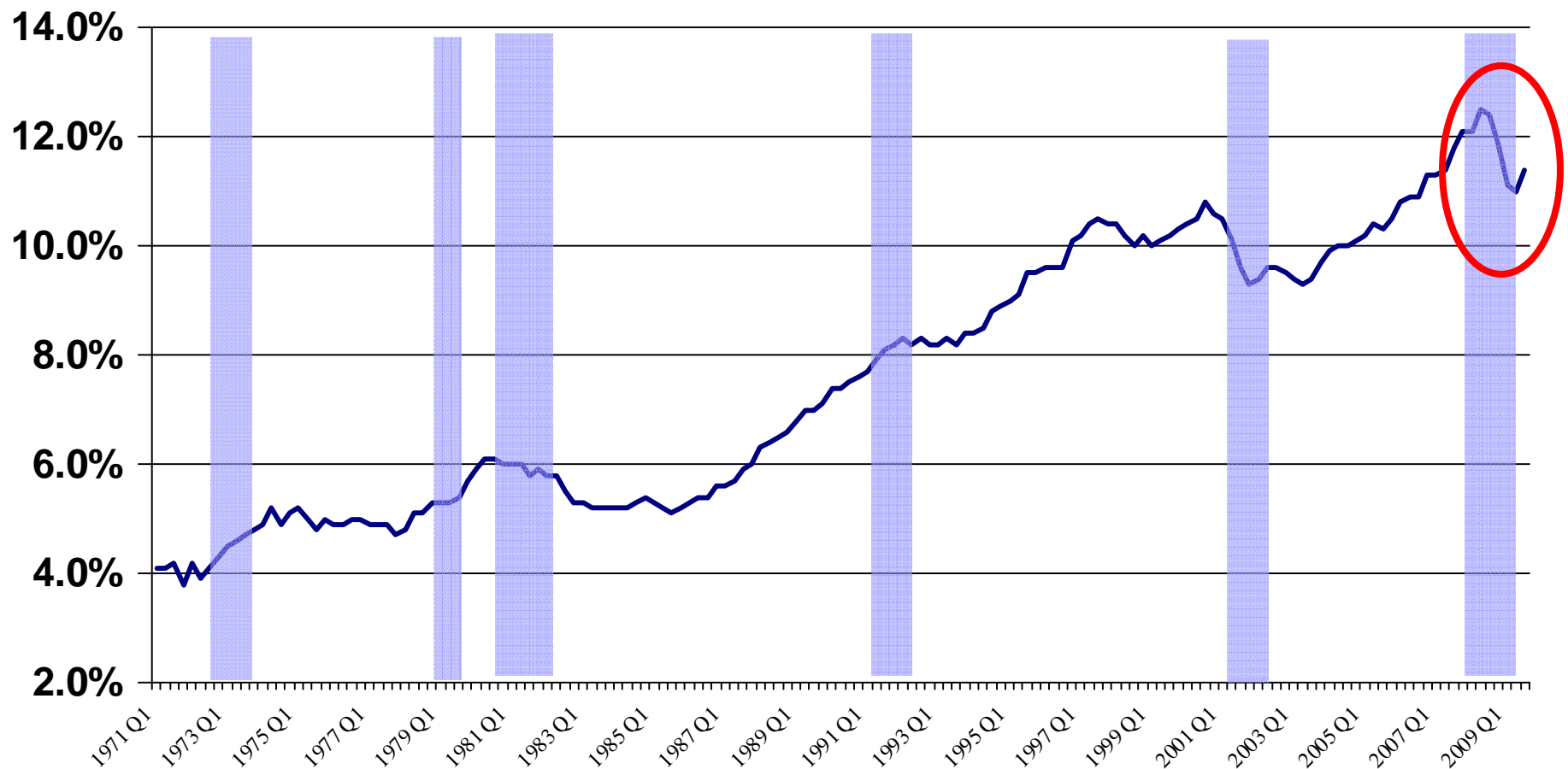
State of Business? Still Ugly?



U.S. Real Exports as a Percent of Real GDP 1971 – 2009*

Source: Bureau of Economic Analysis

Recession Periods



*Data through third quarter 2009

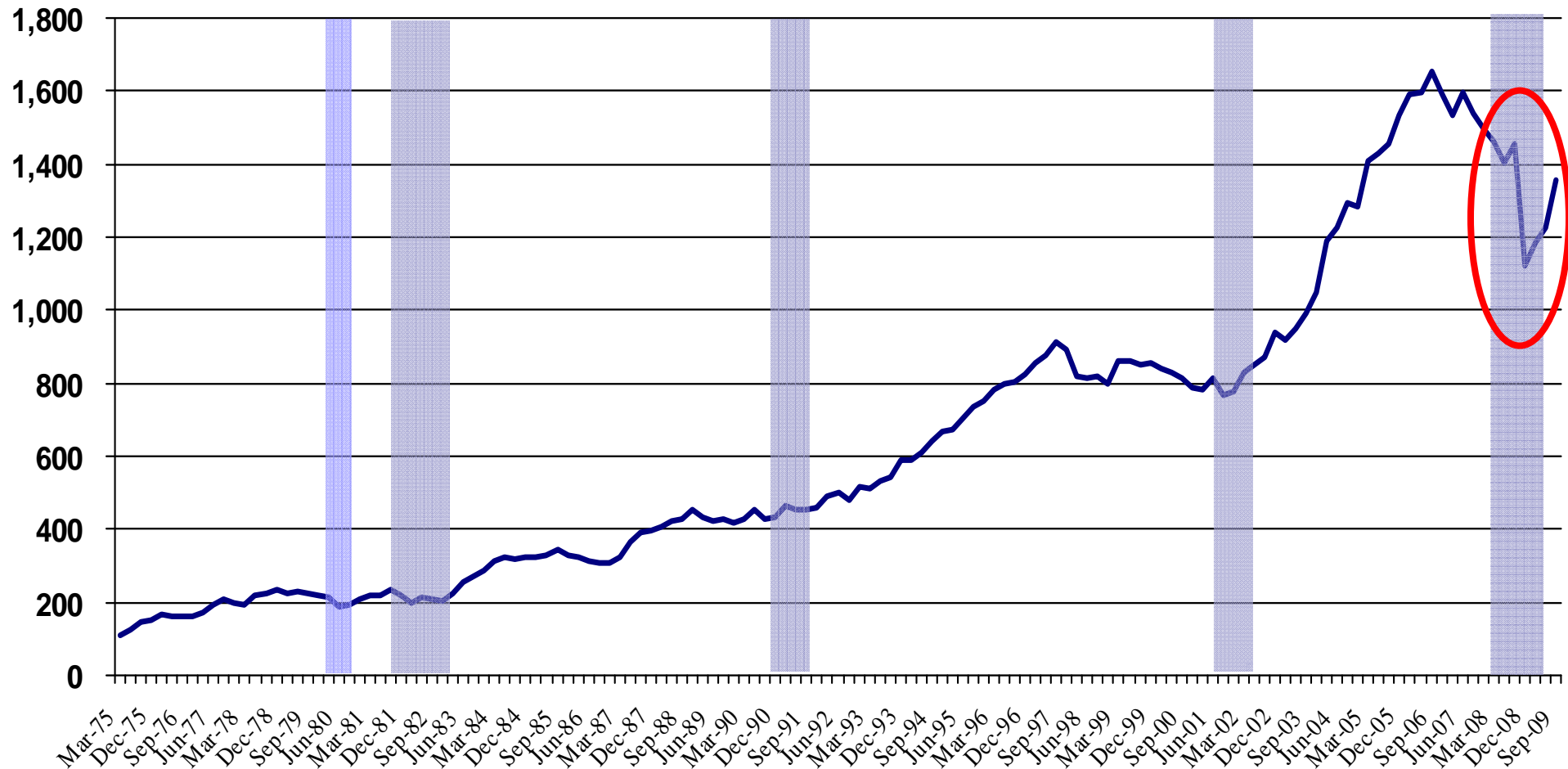


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Corporate Profit (Billions of Dollars, SA) 1975-2009*

Source: Freelunch.com

Recession Periods

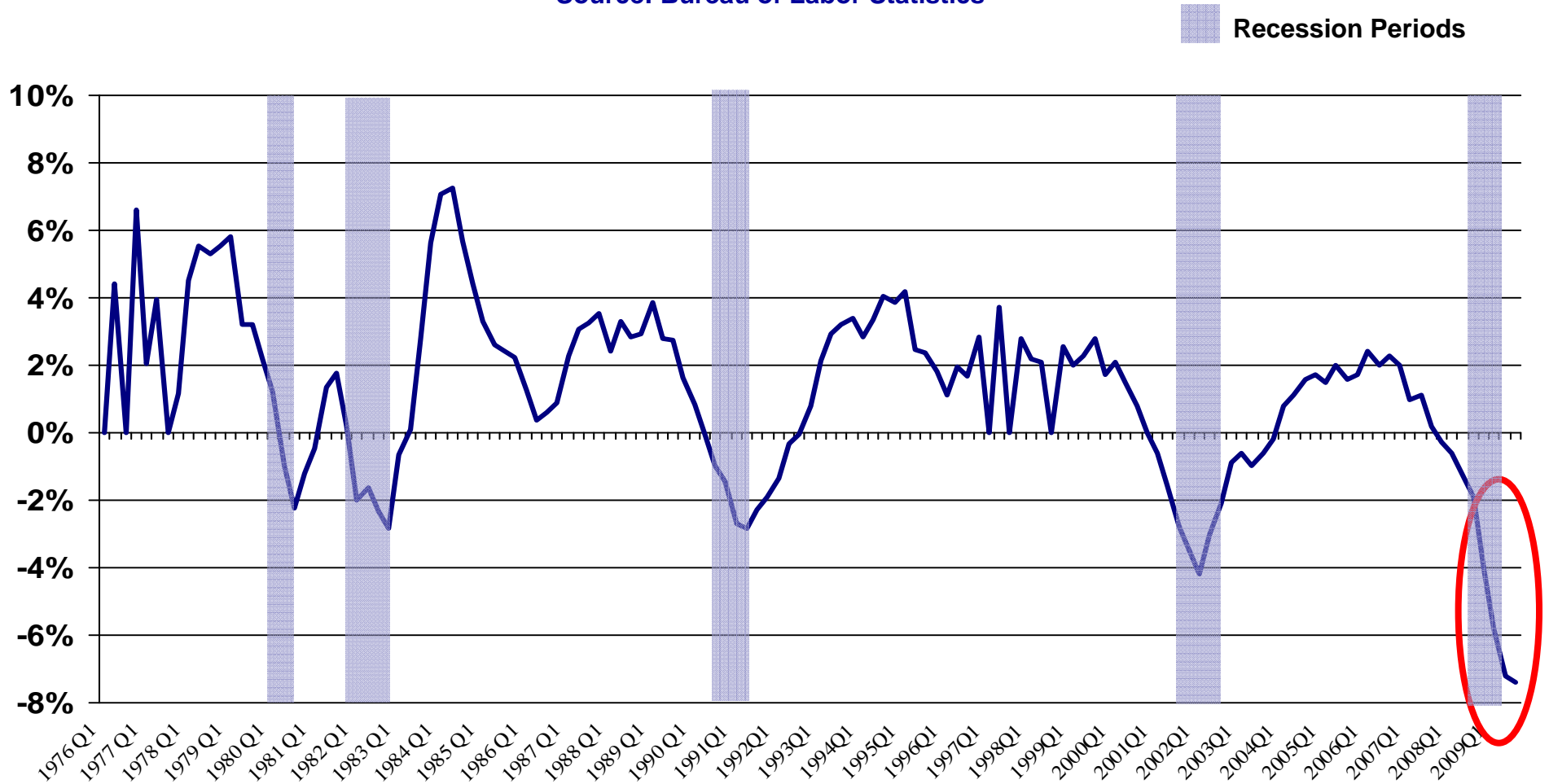


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*Data through third quarter 2009

Hours Worked Percent Change from Year Ago 1976 – 2009**

Source: Bureau of Labor Statistics



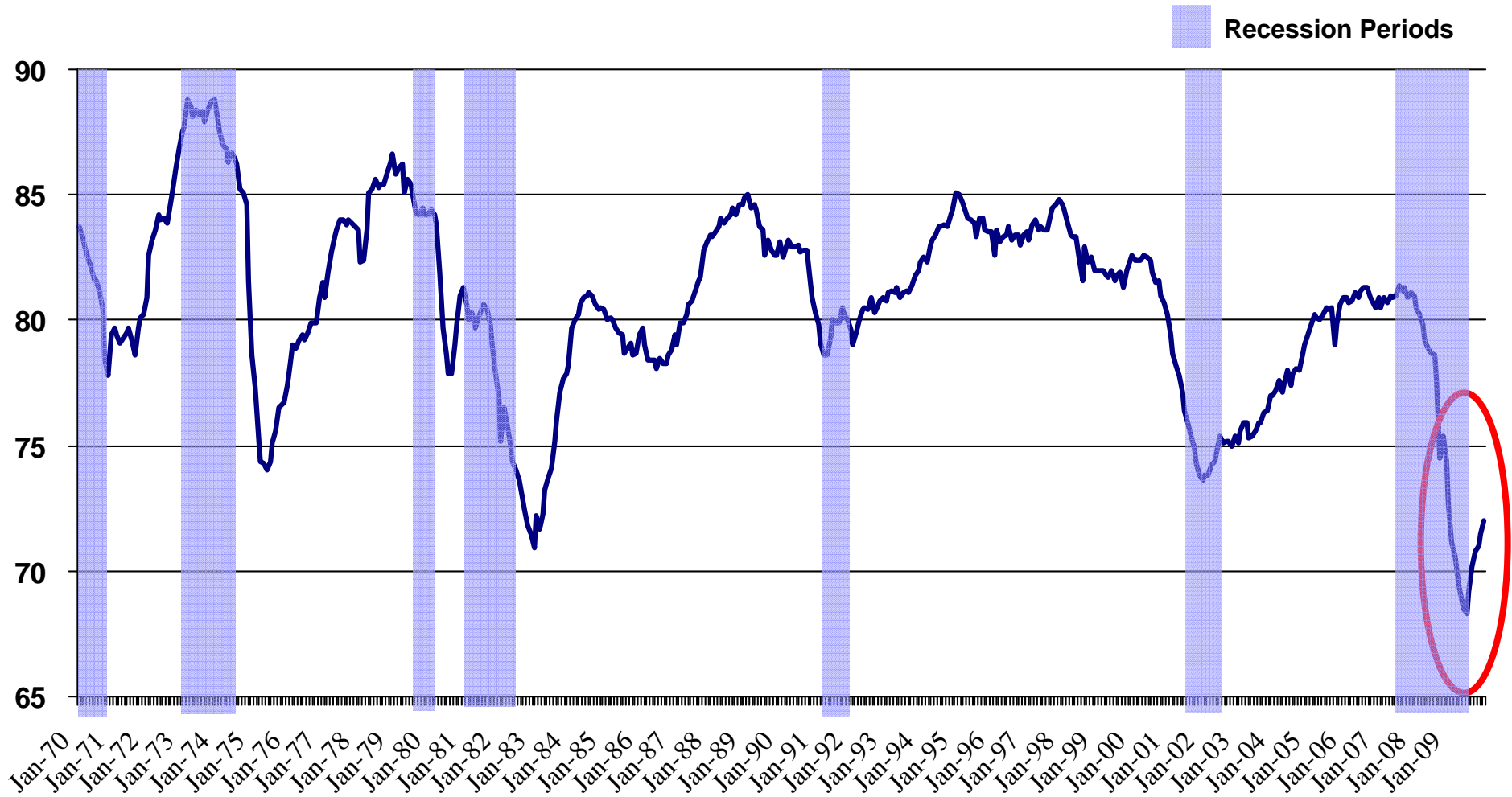
**Data through third quarter 2009



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Capacity Utilization Rate 1970 – 2009*

Source: The Conference Board



*Data through December 2009

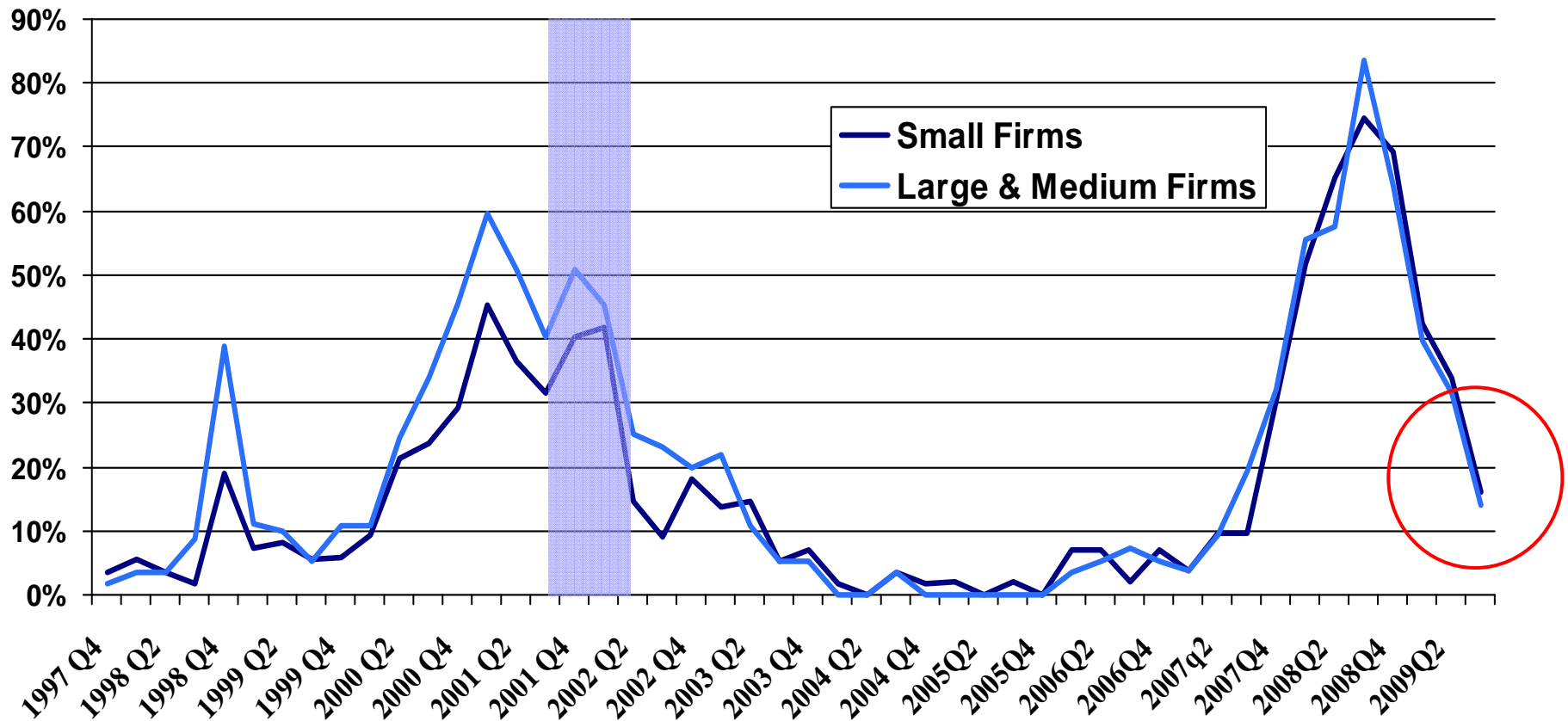


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Percentage of Large U.S. Banks Reporting **Tougher** Standards on Business Loans 1997 – 2009*

Source: Federal Reserve, Board of Governors

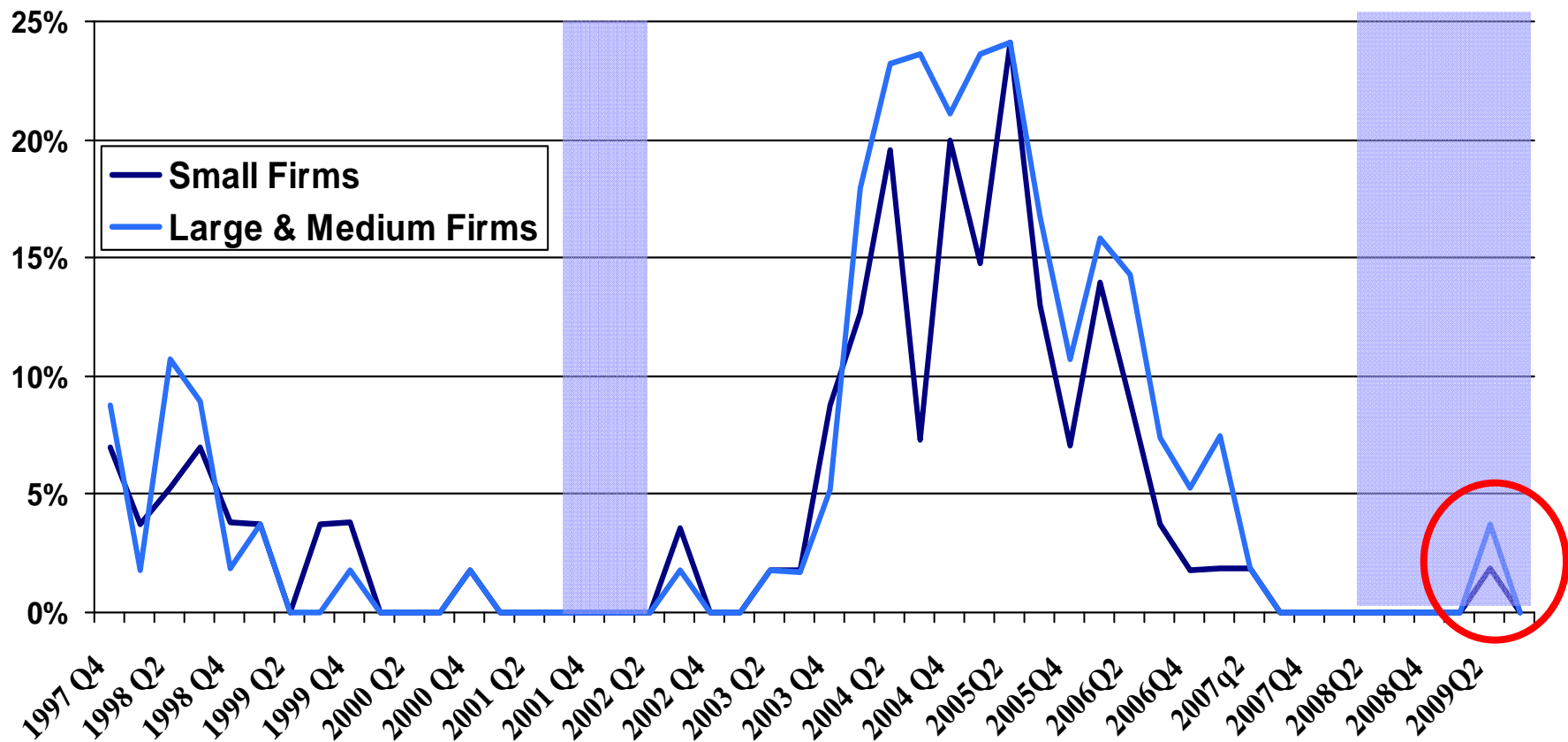
 Recession Periods



Percentage of Large U.S. Banks Reporting **Easier** Standards on Business Loans 1997 – 2009*

Source: Federal Reserve, Board of Governors

Recession Periods





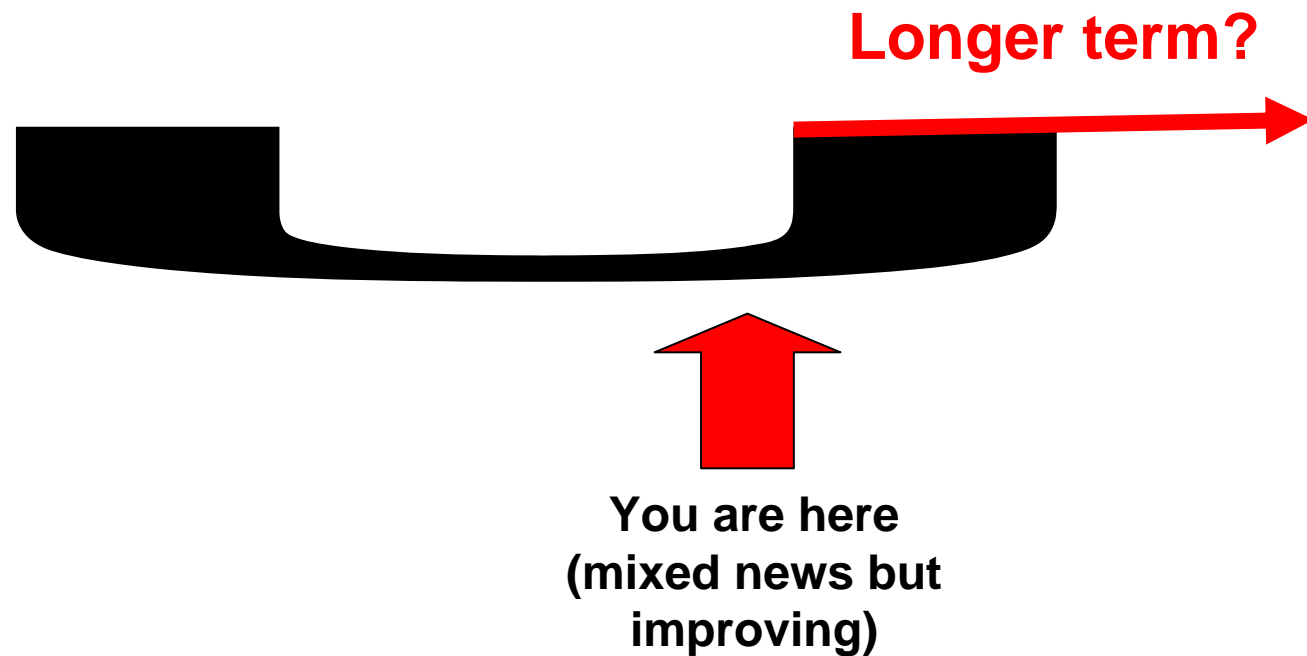
U.S. Summary:

**U vs. V?
or even W; L?**





U.S. Summary:





Why No Strong Recovery?

- Some confidence will return but consumers will still feel poor (i.e. wealth effect).
- Home sales will eventually increase but housing supply will still exceed demand in many areas.
- Job gains will be slow to materialize.





Why No Strong Recovery?

- Stock market will initially surge (done) then growth will be slow. A relatively flat year?
- Just getting started with problems in commercial real estate.
- Excess production capacity will limit investment this year at least.
- Less pent up consumer demand created during downturn than normal, but consumers finally getting their act together.



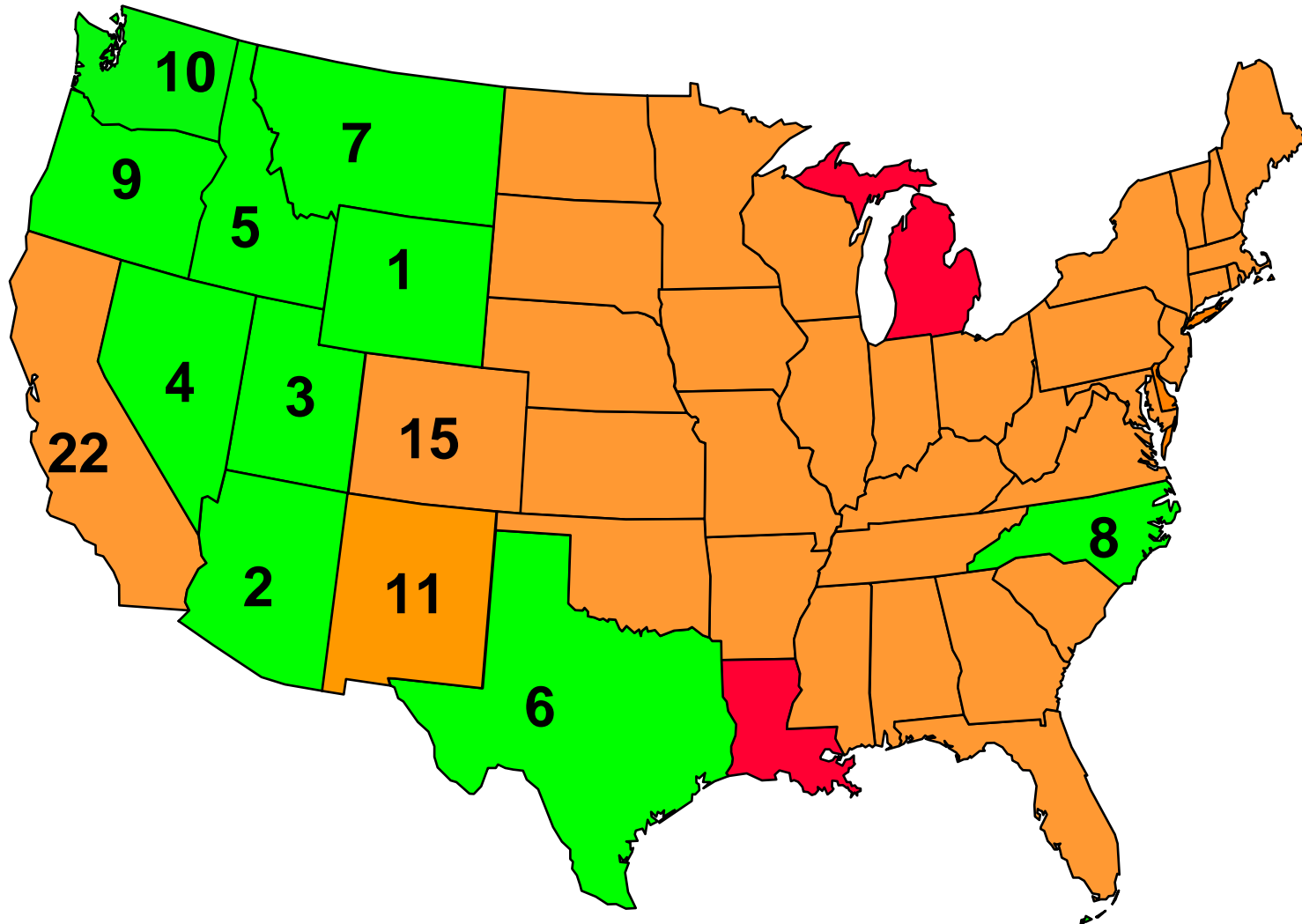
State of Arizona





Job Growth 2006

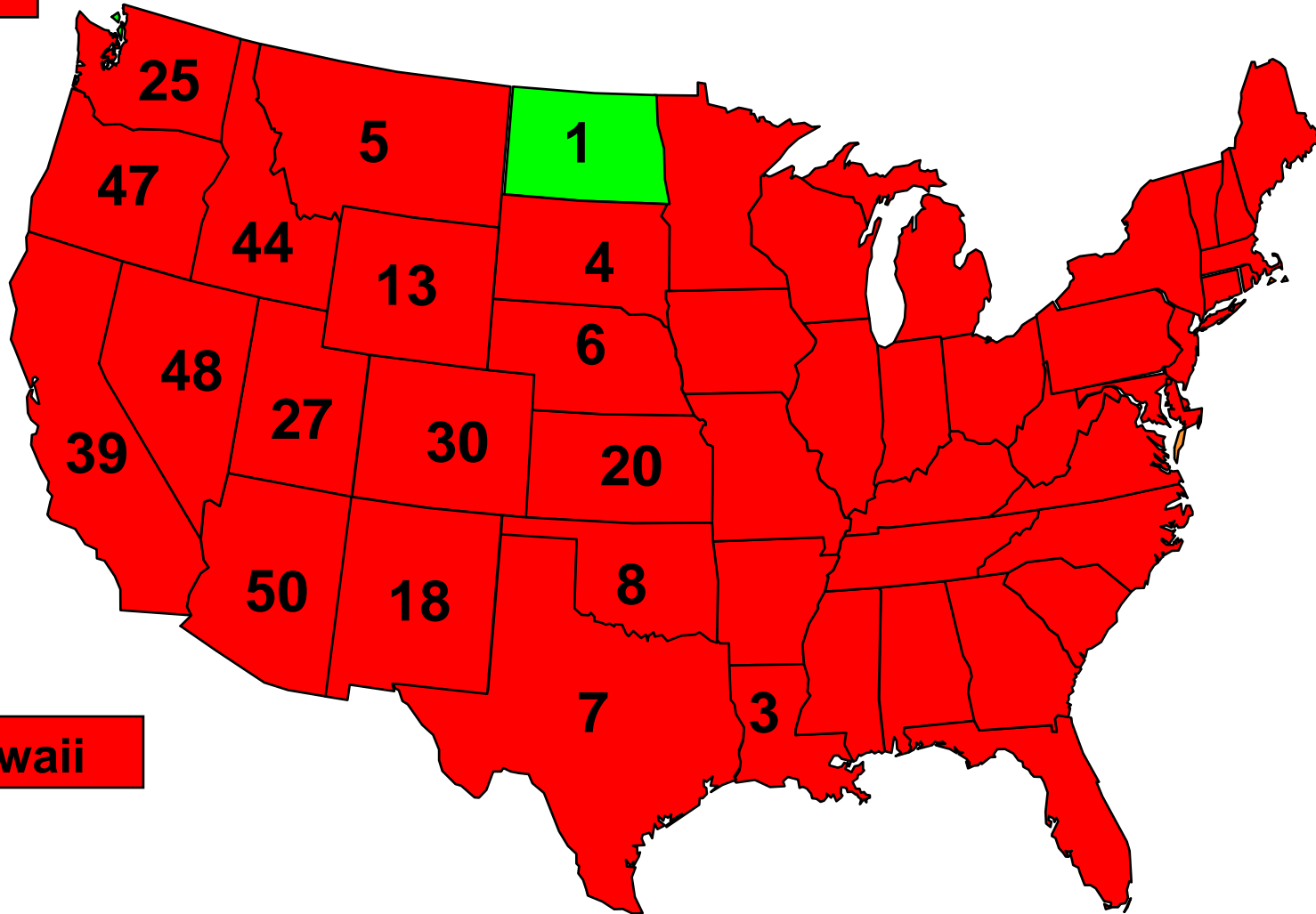
Source: US BLS



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Job Growth Update: Arizona Falls to 50th YTD November 09 v YTD November 08

Alaska
2



Hawaii



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**= 280,000 lost AZ jobs
during last two years.**

(>10% of jobs)





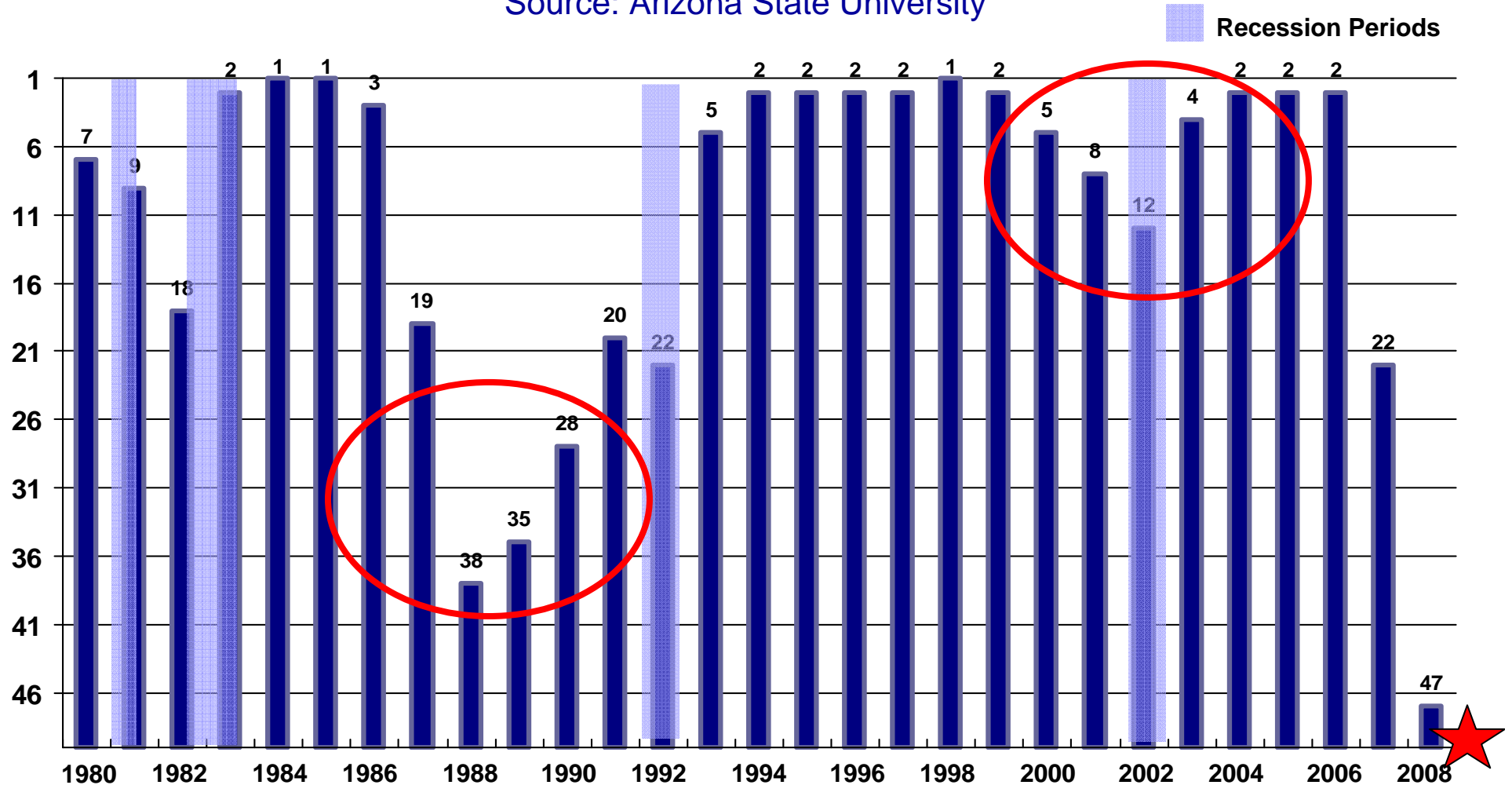
Employment Growth: Top 10 States

- **North Dakota**
- **Alaska**
- **Louisiana**
- **South Dakota**
- **Montana**
- **Nebraska**
- **Texas**
- **Oklahoma**
- **New York**
- **Maryland**



Arizona Employment Rank Among 50 States 1980 – 2009 Growth Over Previous Year

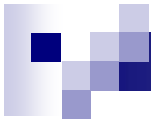
Source: Arizona State University



★ = YTD November = 50

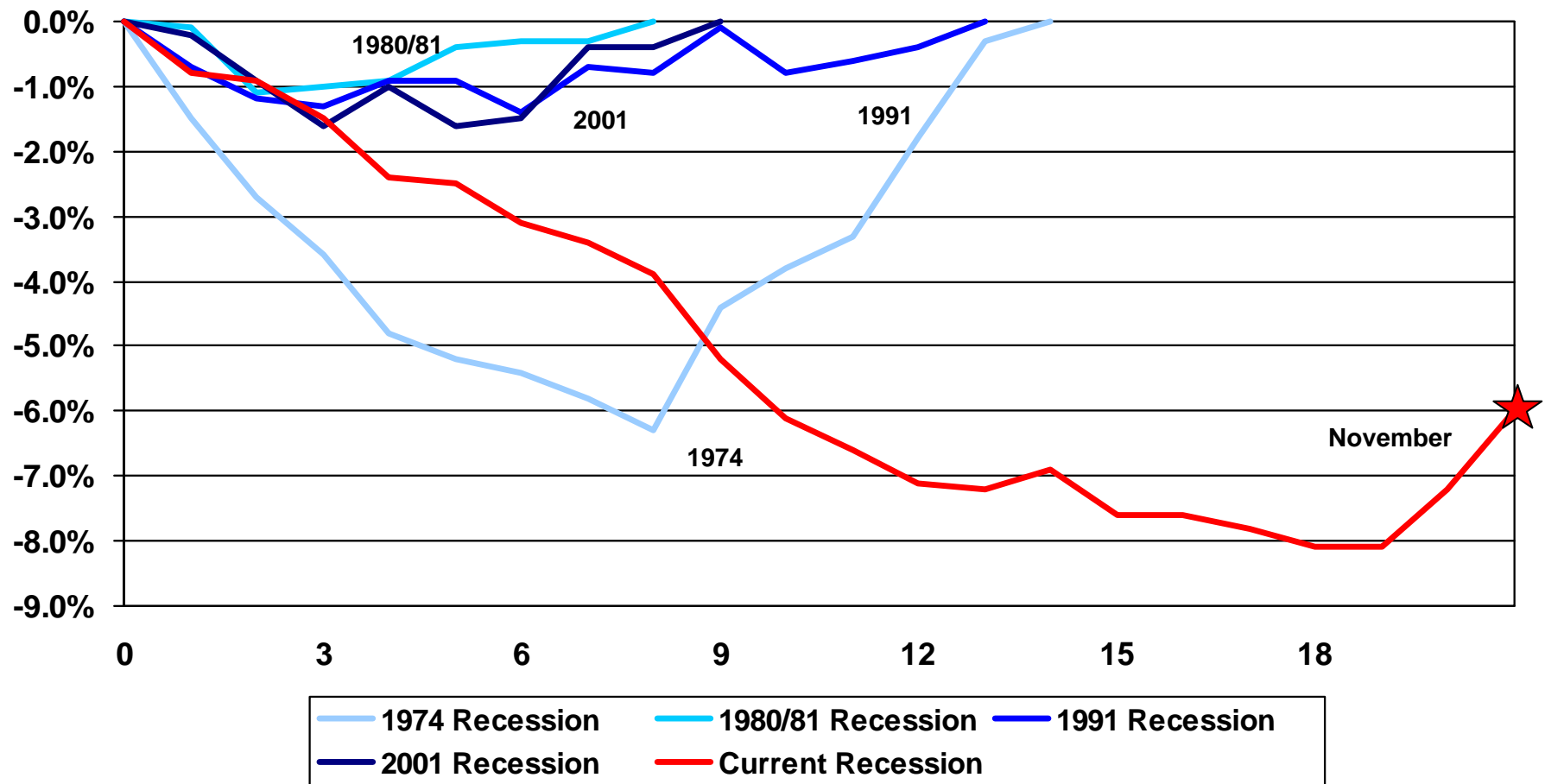


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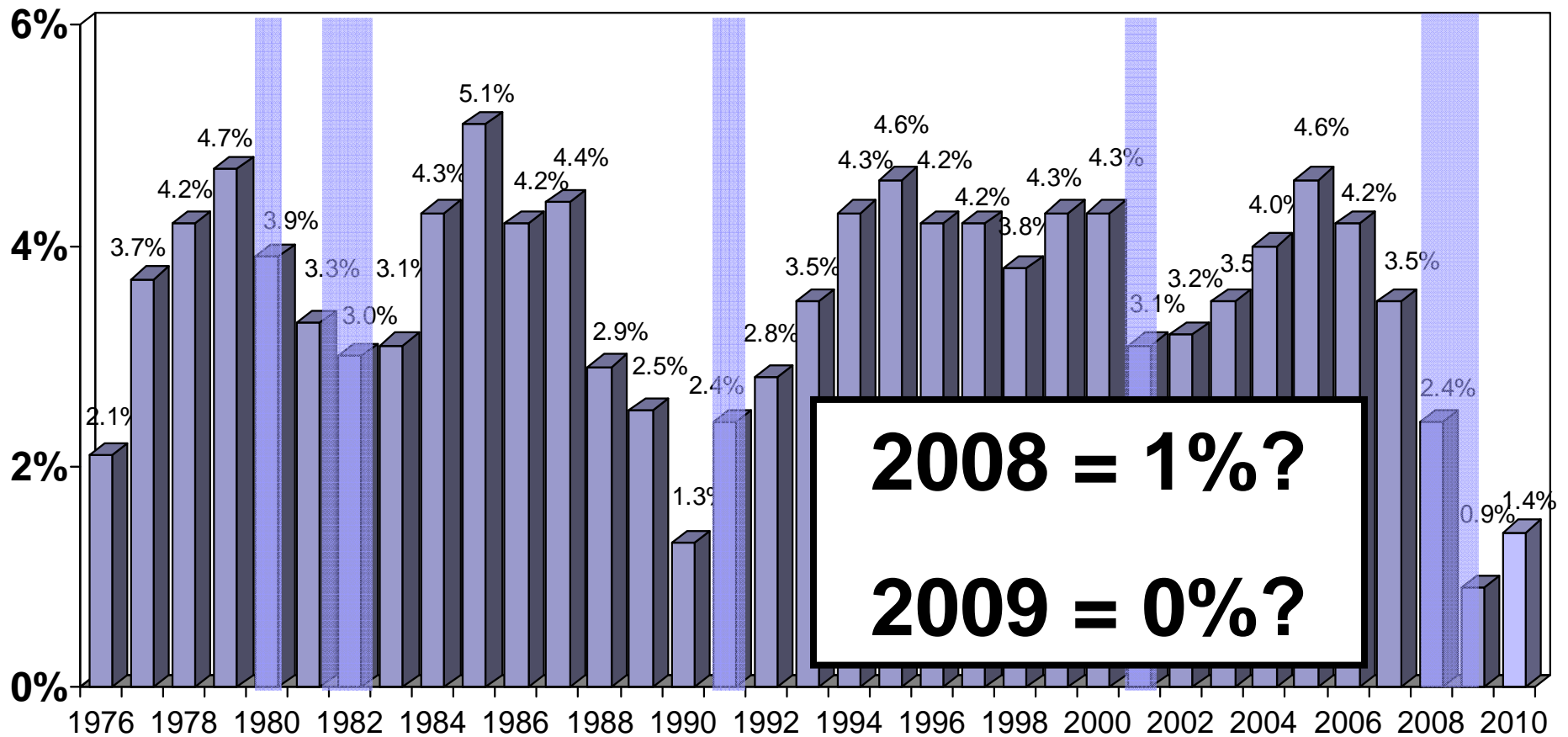
Greater Phoenix Y/Y Job Losses - Recent Recessions

Duration in Months - BLS



Greater Phoenix Population Annual Percent Change 1976–2010*

Source: Arizona State University & Department of Commerce, Research Administration



2008 and 2009 are estimates put out by ADOC and may be subject to substantial revision.

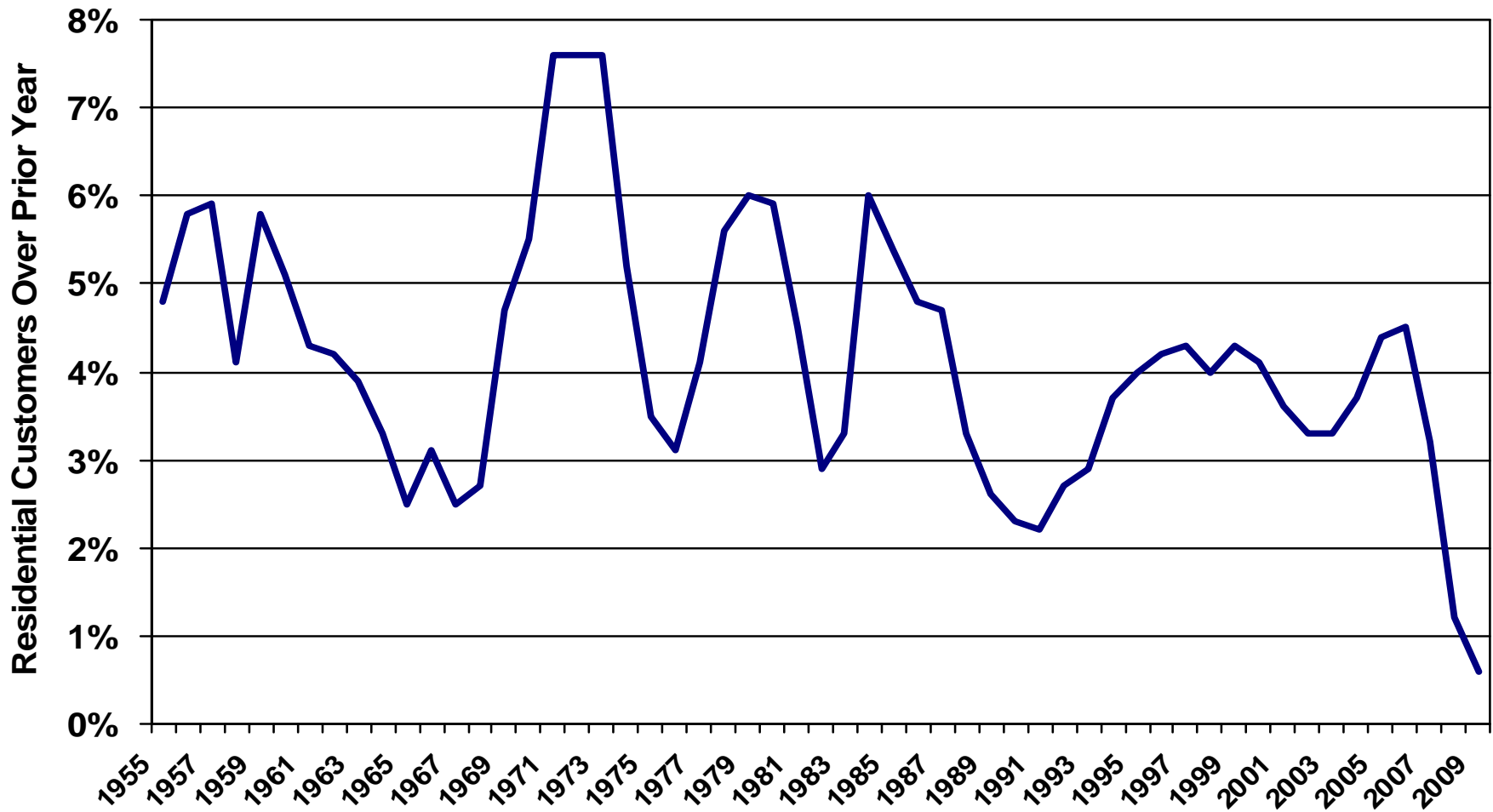
* 2010 forecast is from *Elliott D. Pollack & Co.*



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 **Recession Periods**

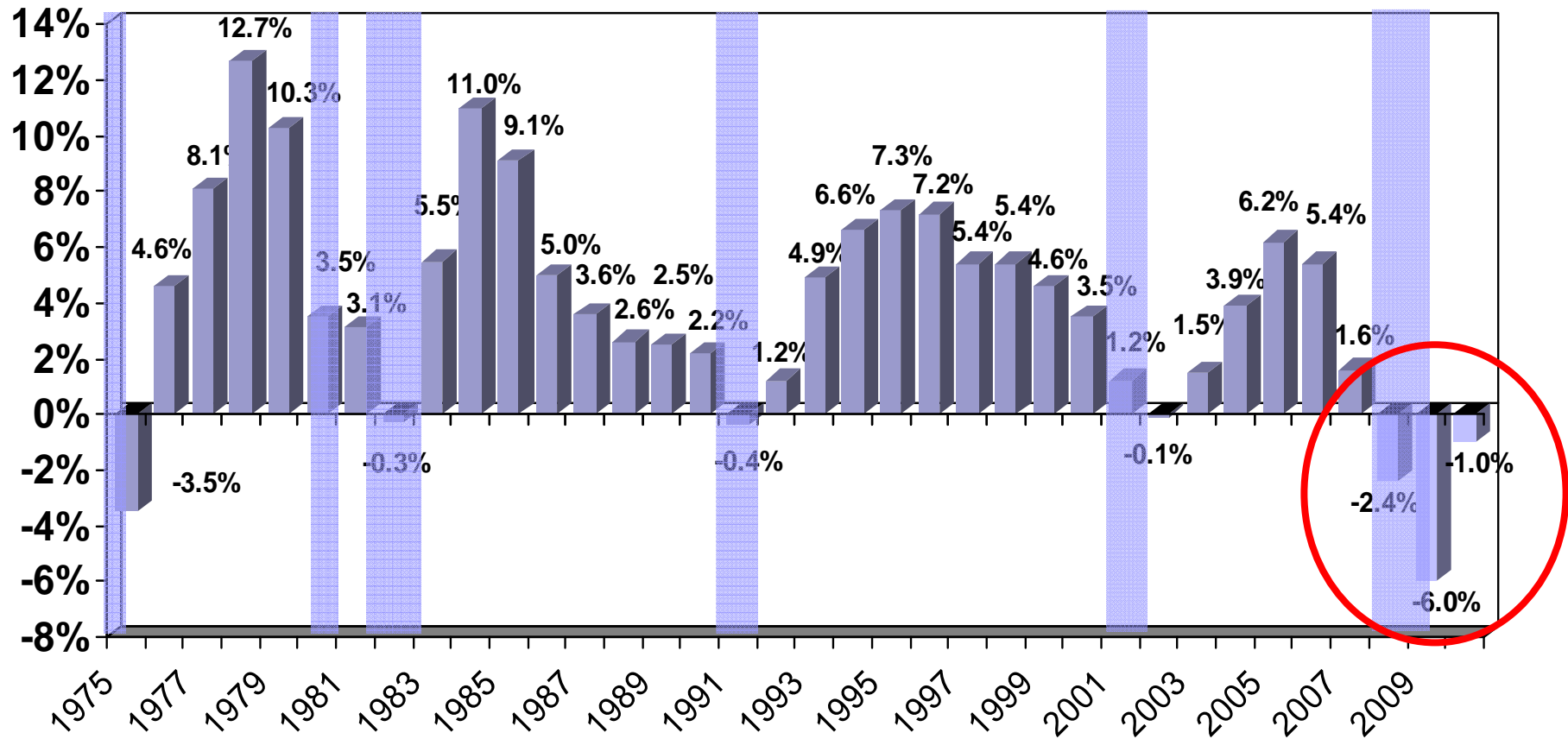
APS: Slowest Growth in over 50 years 1955 – 2009*



Phoenix-Mesa MSA Employment*

Annual Percent Change 1975–2010**

Source: Department of Commerce, Research Administration



*Non-agricultural wage & salary employment. Changed from SIC to NAICS reporting in 1990.

** 2009 & 2010 forecast is from Elliott D. Pollack & Co.



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Recession Periods



Phoenix-Mesa Employment

Source: Arizona Department of Commerce, Research Administration

Sectors in Decline

| | |
|-----------------------|--------|
| Mining | -15.8% |
| Construction | -22.7% |
| Manufacturing | -7.5% |
| Trade | -5.3% |
| Transp. & Utilities | -8.4% |
| Information | -3.9% |
| Financial Activities | -5.5% |
| Prof. & Bus. Services | -6.2% |
| Other Services | -6.6% |
| Educational Services | -0.7% |
| Leisure & hosp svcs | -0.6% |
| Health Services | -1.0% |
| Government | -5.4% |

Sectors in Decline

| | |
|-----------------|------|
| Health Services | 1.3% |
|-----------------|------|



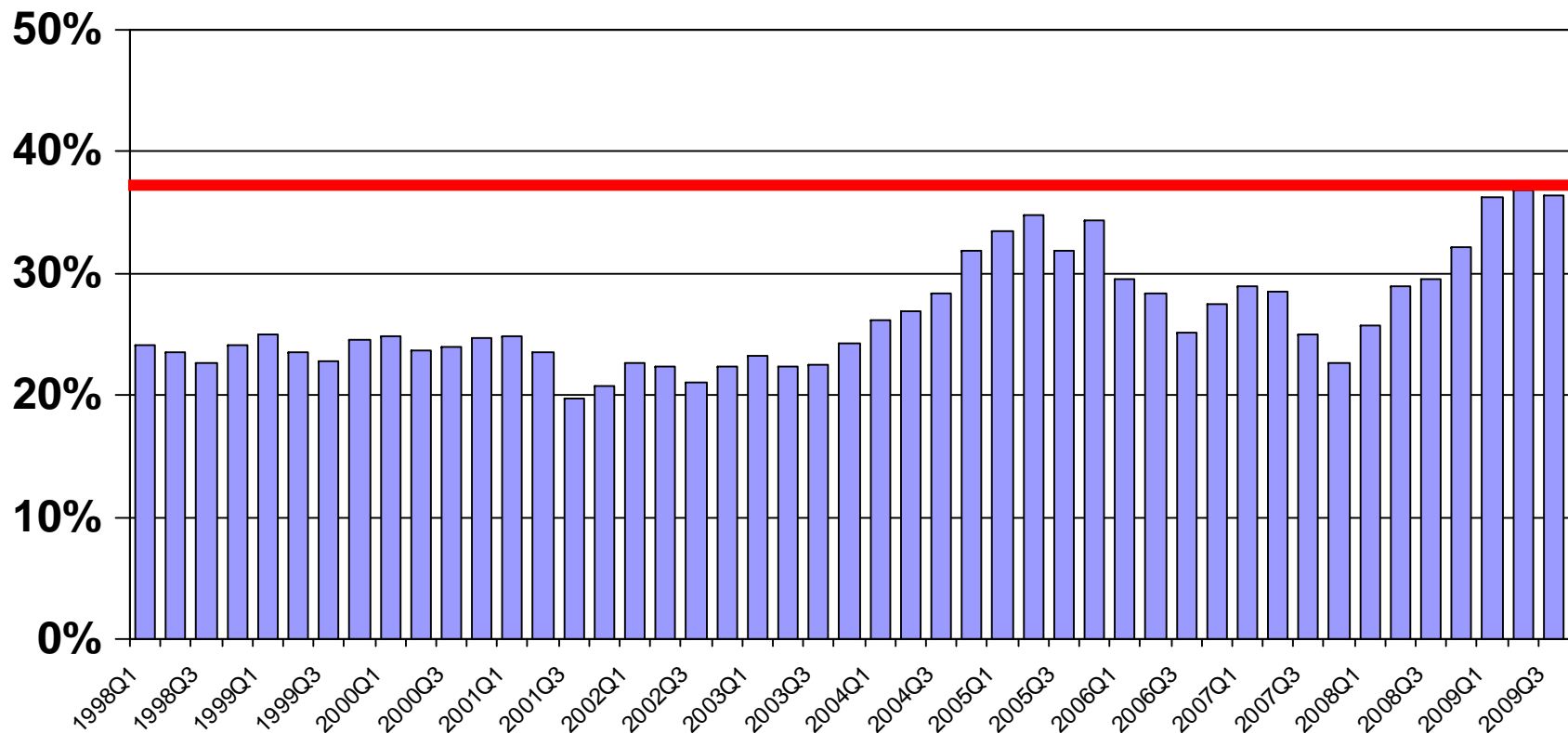
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Investors: **STILL** 1/3+ of the Market?

Percent of Non-Owner Occupied Sales of Total Sales

Maricopa County

Source: DataQuick





How Investors Impact the Market:

- 1) Temporarily inflate housing prices;
- 2) Temporarily deflate housing “supply.”



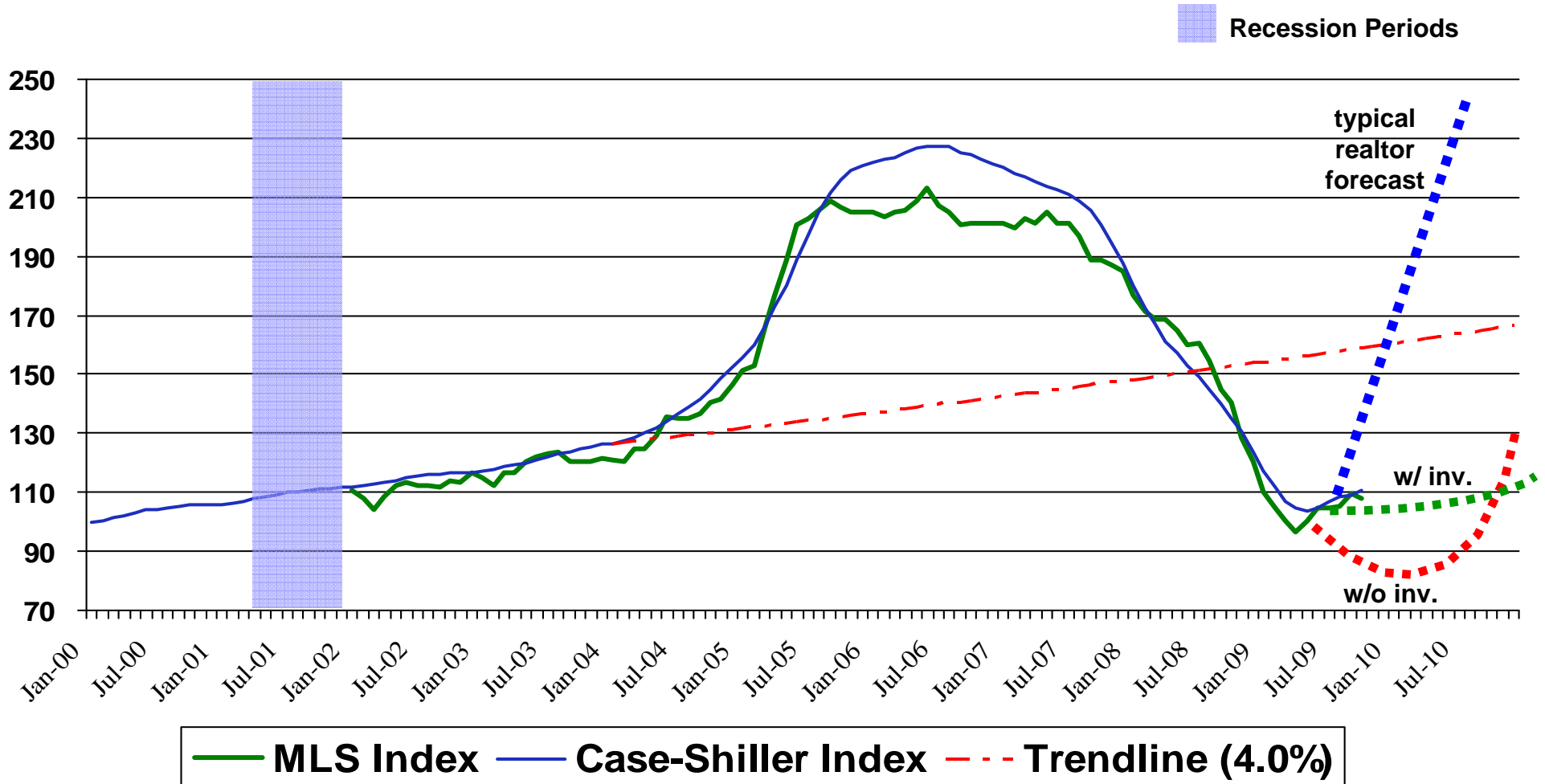
**We won't get out of this until
population inflows improve.**



Home Prices Indices

2000 – 2009

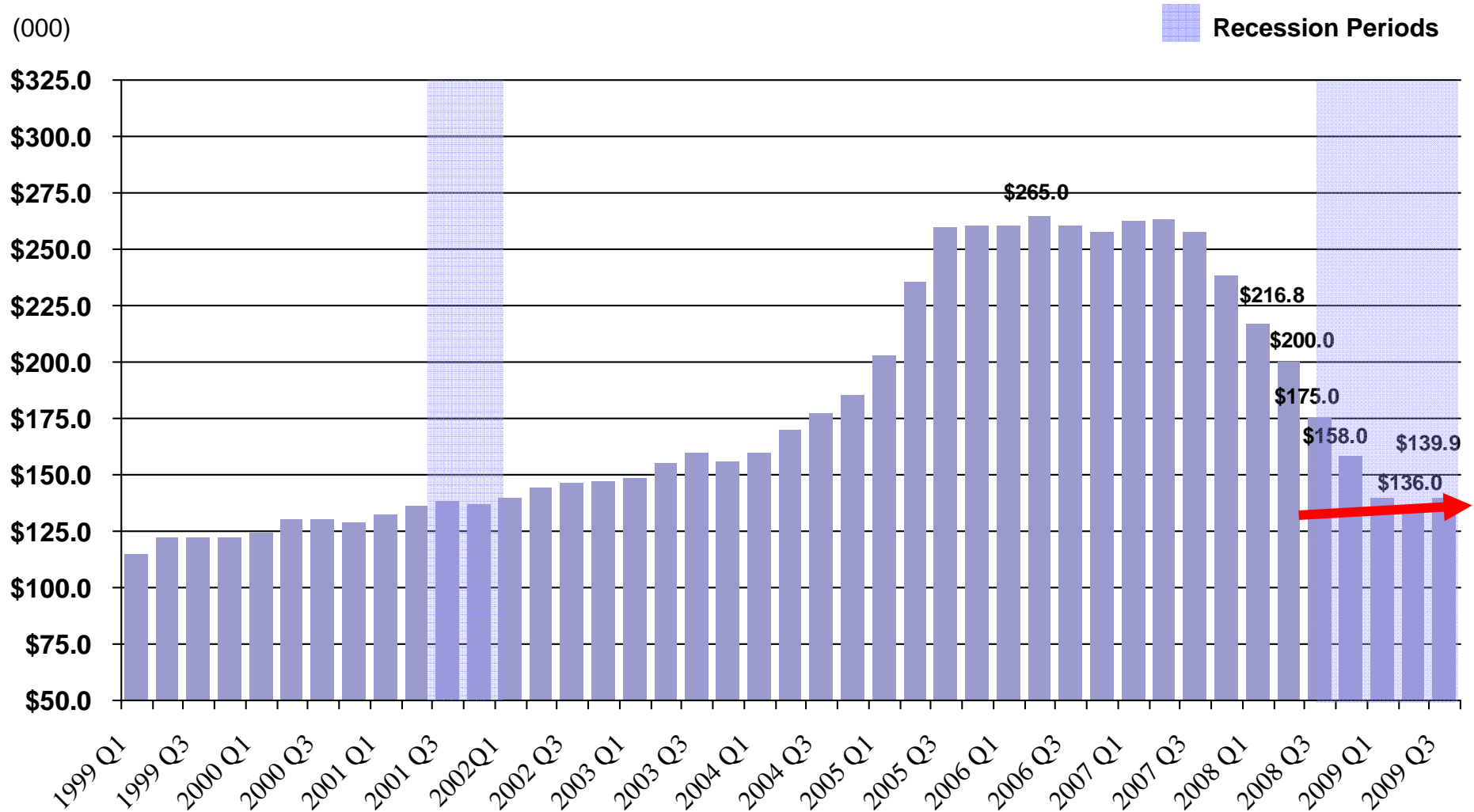
Source: Macro Markets, LLC; AMLS



Greater Phoenix Median Price of Single Family Homes - Resale

1982 – 2009*

Source: Realty Studies



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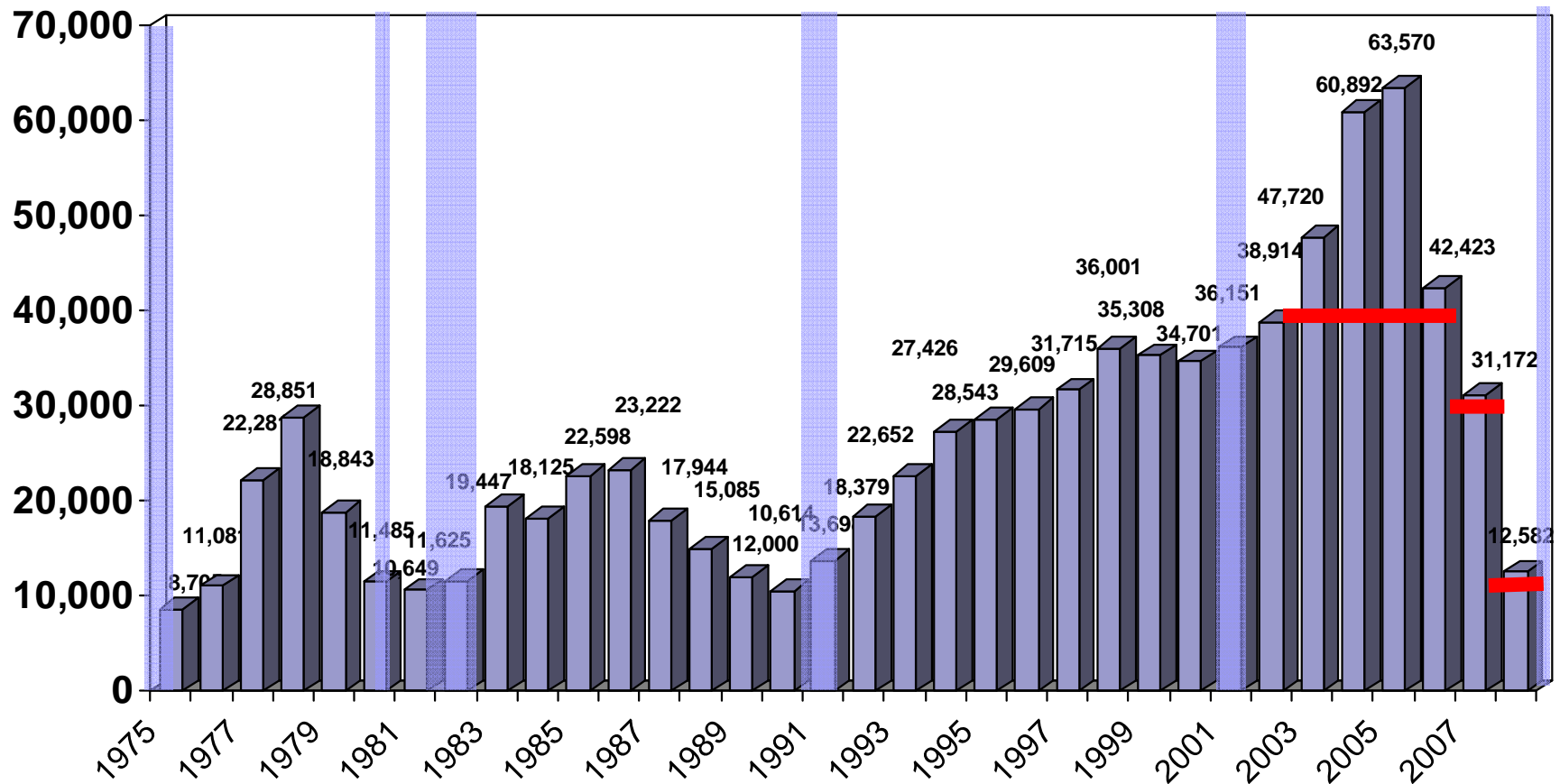
*Data through third quarter 2009

Single-Family Permits Greater Phoenix 1975–2008

Permits

Source: PMHS / RL Brown

Recession Periods

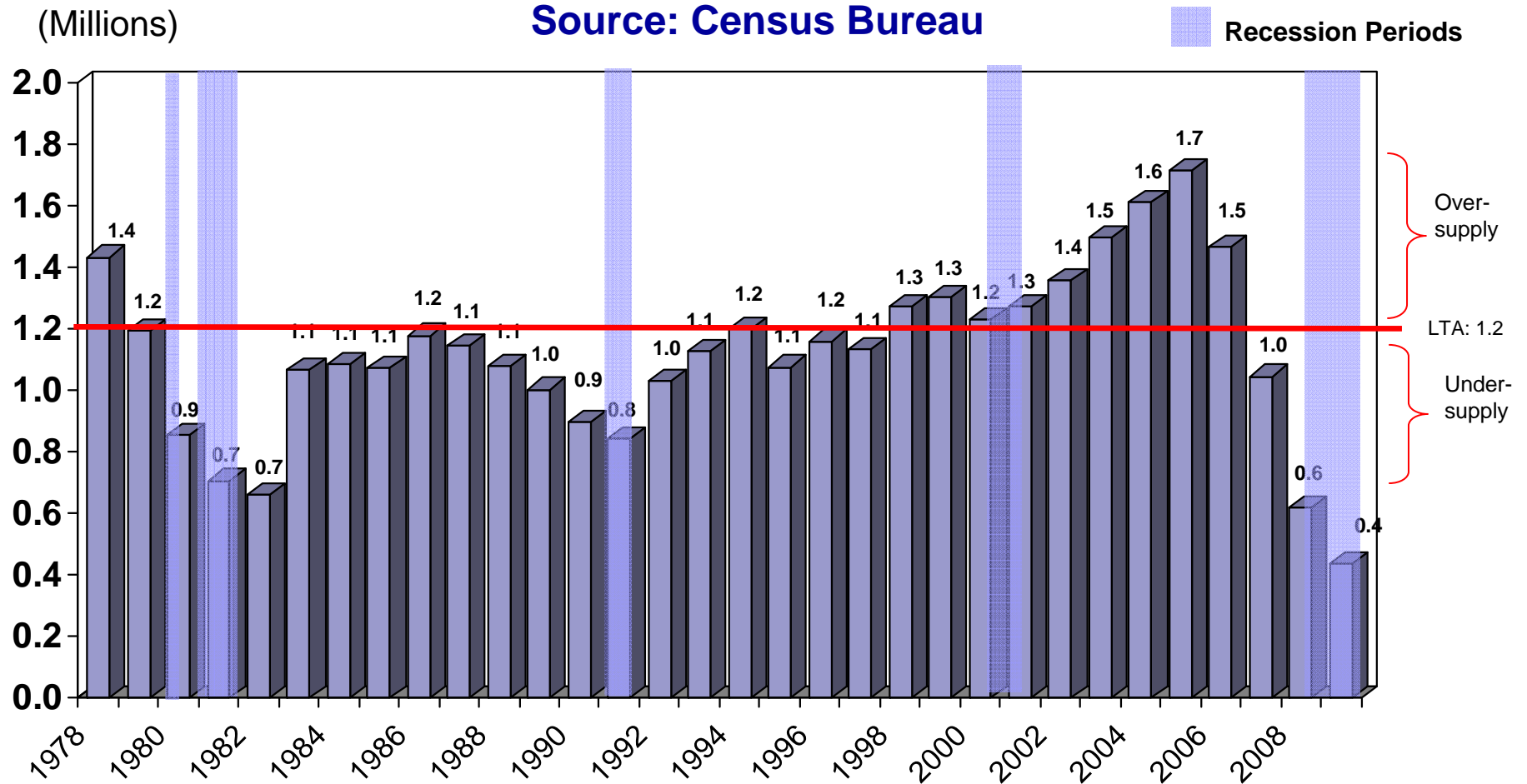


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U.S. Single-Family Starts 1978–2009^{1/}

Source: Census Bureau

Recession Periods





New Permits

Distinguish between % growth and level.

Percent growth could be large.

For example, if permits go from 8,000+ to 12,000, that's a 50% increase.

It's still 80% off peak or 65% off long-term demand.





**Balance between supply and demand
will not be fully achieved until about
2014.**

**But, building will get
progressively better
between now and then.**

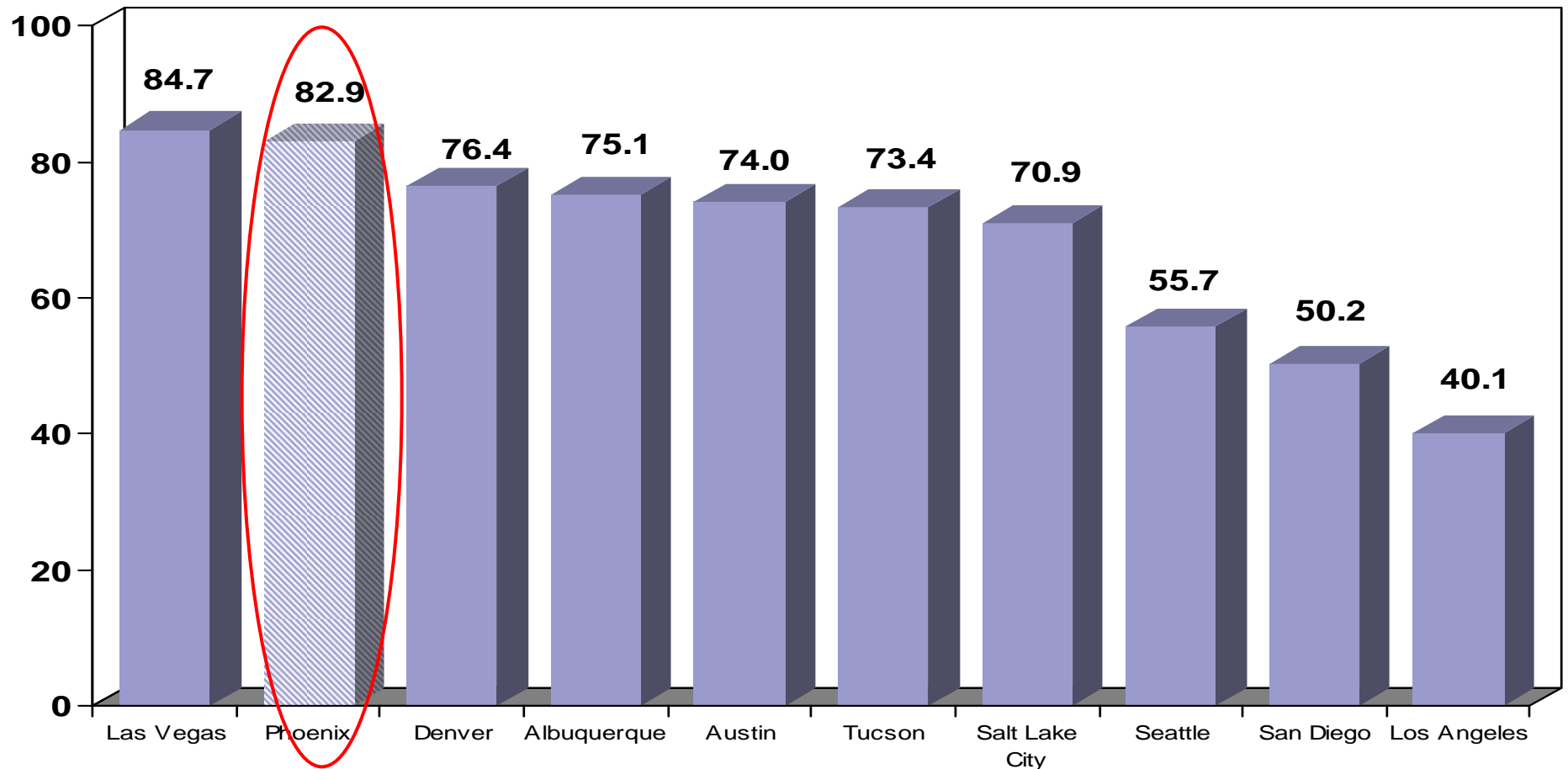
Balance = when you have to build for net in-migration.



Housing Affordability Index

2009 q3

Source: NAHB





Commercial Real Estate?



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Back to Normal Vacancy?

(based on revised, more aggressive employment estimates for 2010-2015)

- **Office = 2015 *ish***
- **Industrial = 2015 *ish***
- **Retail = 2015 *ish***





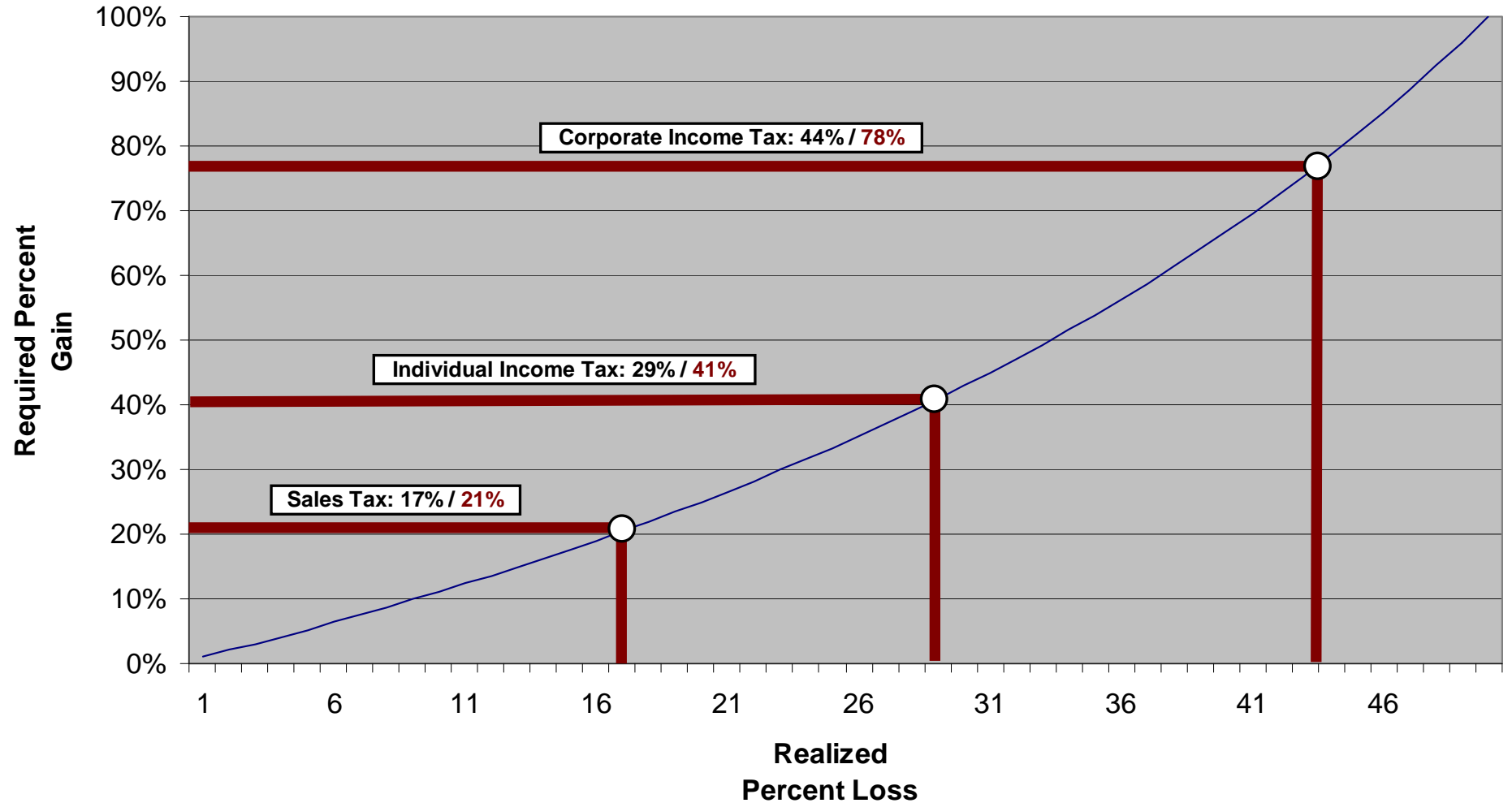
Discussion of Rates vs. Levels...

**(A 100% gain is needed to offset a
50% loss)**





Gains Needed to Reach Previous Peak





Discussion of Turning Points...

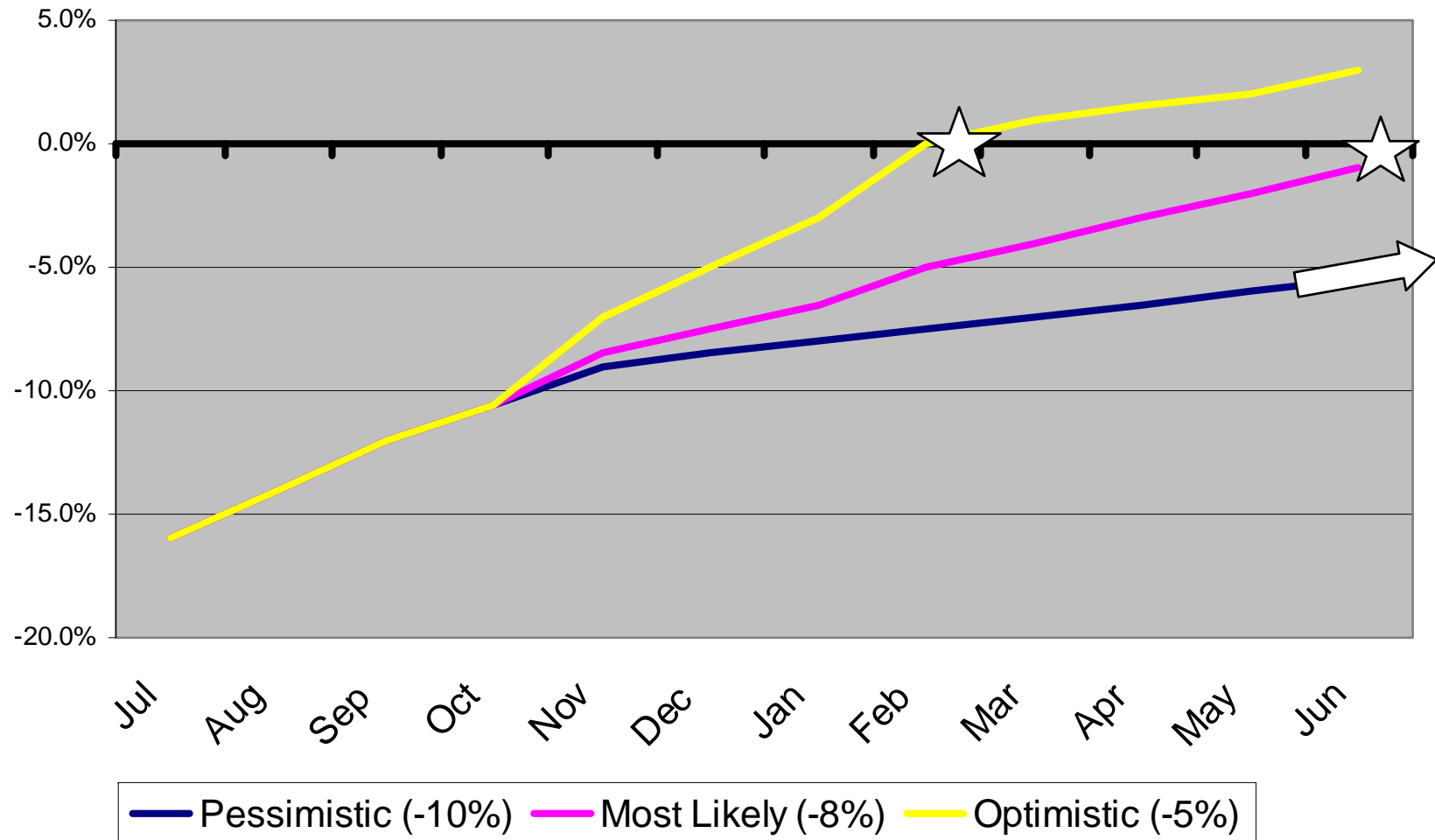
(A small delay in turning positive has a huge impact on FY 2010)





Example Forecast Scenarios - Sales Tax Recovery

FY2010 = \$200M Potential Swing?





What does all this mean?

- We are in a very weak recovery phase.
- Job losses through a good part of 2010.
- We already hit bottom in single family permitting and prices.
- We are just getting started with problems in commercial real estate.





What does all this mean?

- Because we fell so far, it will be easy to post impressive growth rates in many data categories.
- Even with rapid growth, it will be a while before we get back to previous peaks (or even normal trend levels).
- We will get back to previous highs in sales/jobs, normal vacancies in commercial, and fully absorbed the excess in SF by roughly the middle of the decade (2014/2015).





What does all this mean?

- This is one of those few times when forecasting years 1 and 2 is just as problematic as forecasting years 3 and 4.
- Much more will be known by March in terms of the sales tax turning point.
- Be overly conservative in forecasting the next two years. This will probably mean that revenues will exceed expectations in FY 2011. Drop in the bucket though.





Only really need to ask:

1) Are population flows improving?

NO

2) Are we creating jobs?

NO

So are we recovering yet? NO





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Finance Advisory Committee

Revenue and Budget Update

January 21, 2010

JLBC

For the Arizona Economy, 2009 Was the Worst Year in Decades

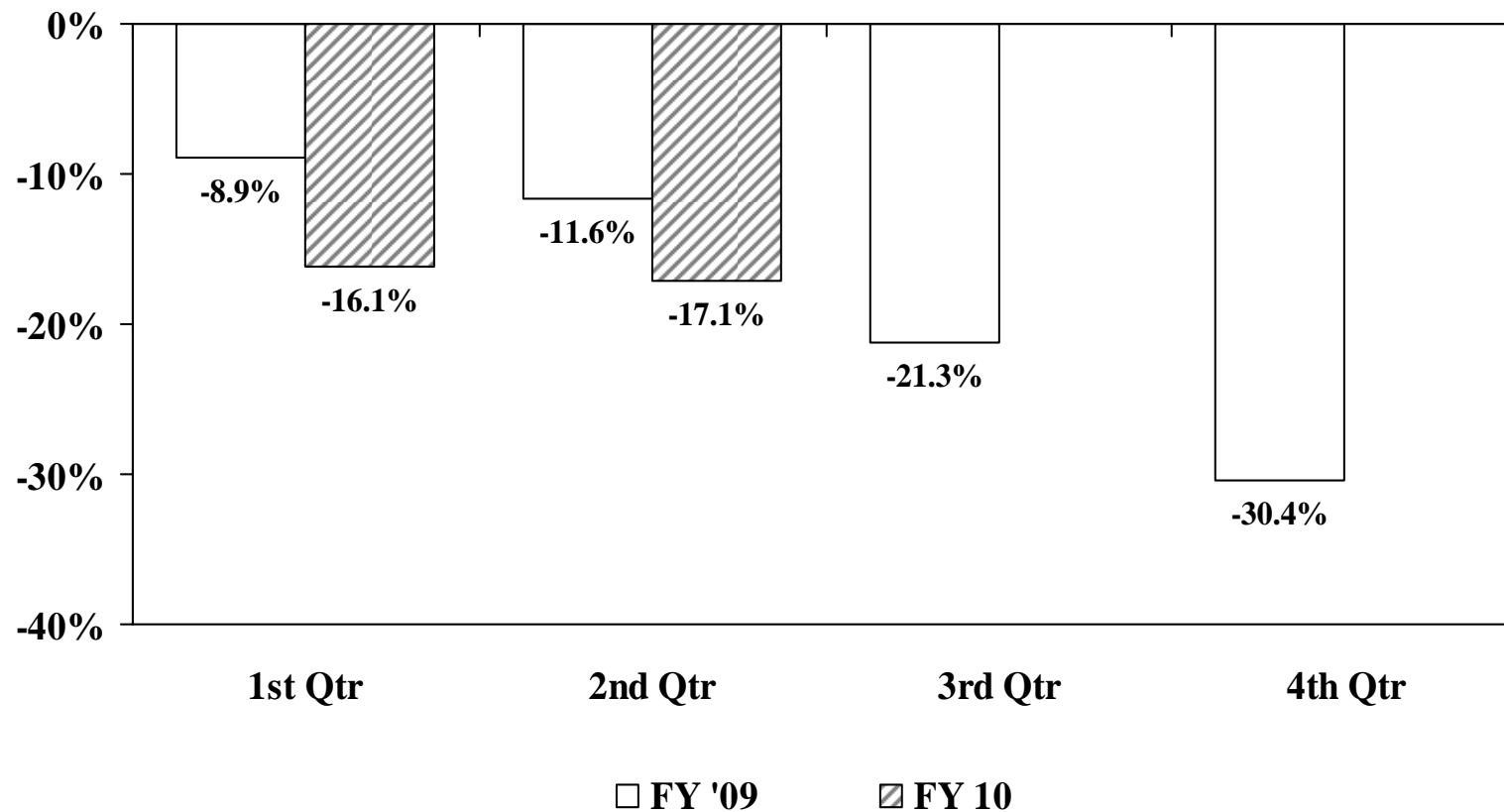
- Employment – the largest average annual percentage decline on record (data available from 1939) .
- Personal Income – first annual decline since 1944.
- Population – increased at the slowest rate since 1945.
- Building Permits – lowest single-family permitting activity since the late 1960s.
- Consumer Confidence – lowest on record in the 1st quarter (data available from 1985).

While Economic Indicators Have Stabilized, Recovery Could Take 3 to 5 Years

| | <u>Stabilized</u> | <u>Long Recovery</u> |
|---------|------------------------------|---|
| Jobs | – Total employment | – 276,500 job loss since 12/07 |
| Housing | – Home prices | – 50,000 surplus homes, 80 M sq. ft. surplus commercial space |
| Sales | – 3-month tax collections | – 48% of mortgages “underwater” |

FY '10 Revenues Are (16.6)% Below FY '09 through December

- % Decline Unlikely to be Replicated for Full Year**
- Revenues Are \$(550) Below Budget through December**

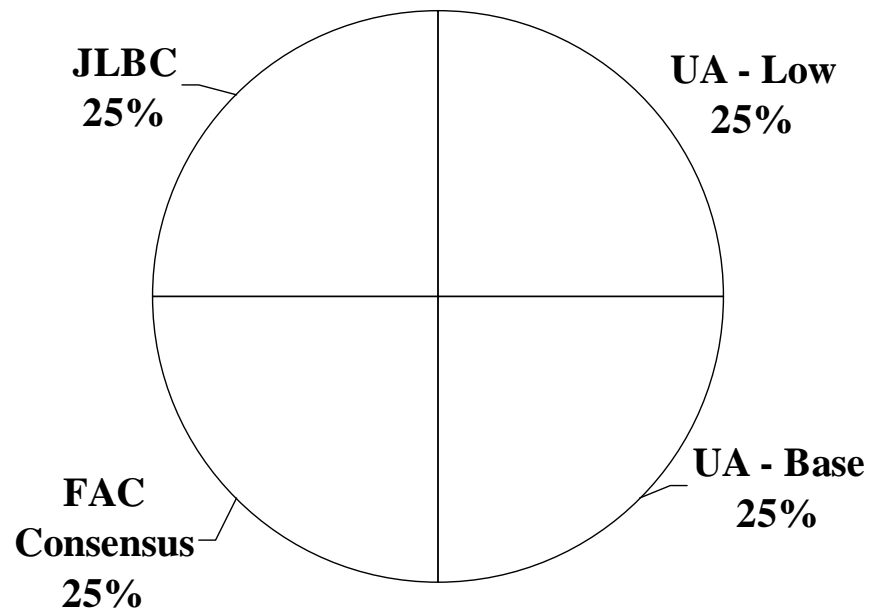


Where Are We Headed Over the Next Few Years?

- 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 (10% of total) are staff forecast



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

Consensus Forecasts 5.1% Growth in FY '11

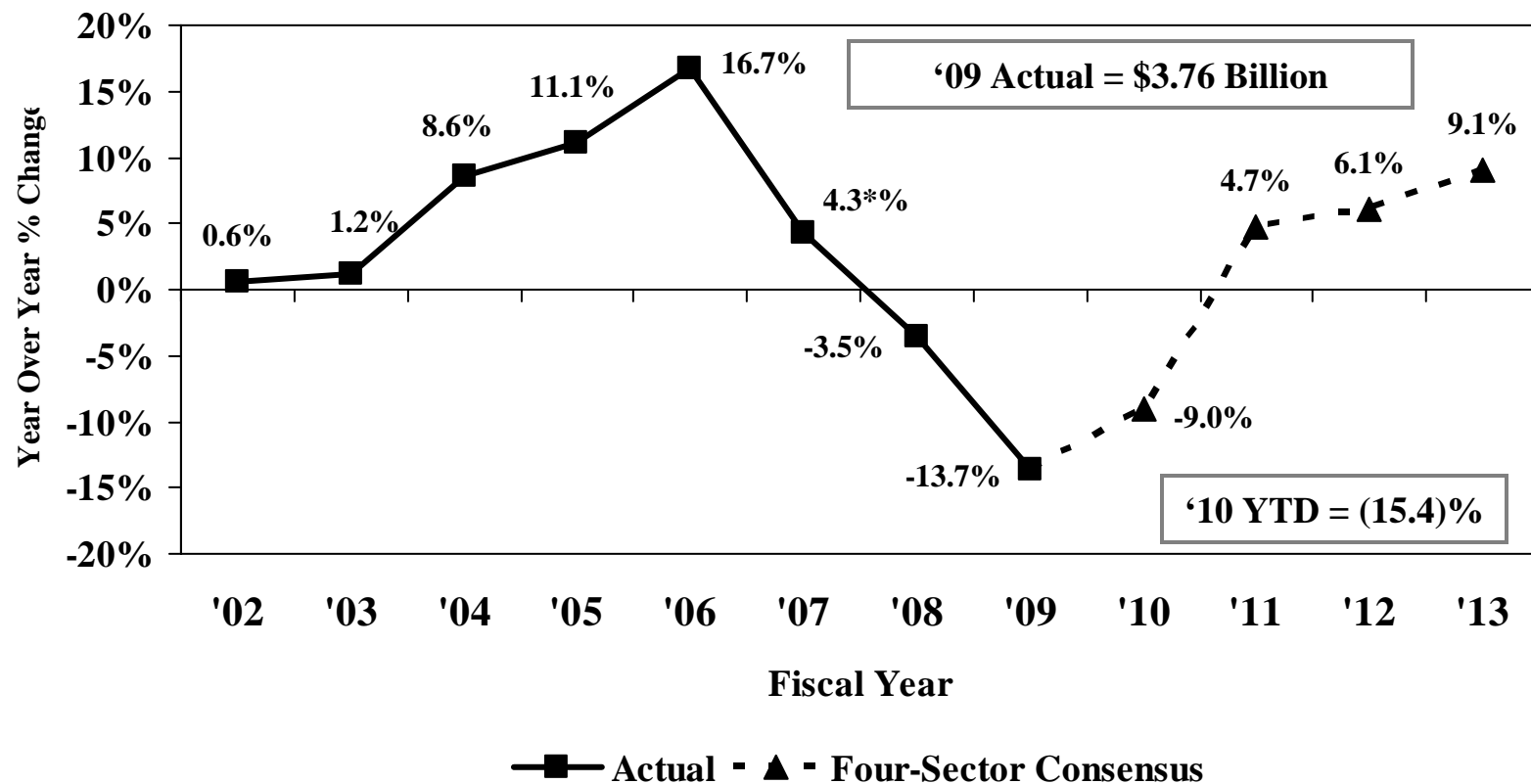
- What Would Cause the Turnaround?

- Less Optimistic than 7.8% Projection in October

- National economic recovery is expected to pull the Arizona economy along
- Starting point of the recovery is so low in dollar terms that it may be relatively easy to generate positive growth
- Recent monthly data has begun to stabilize

Sales Tax

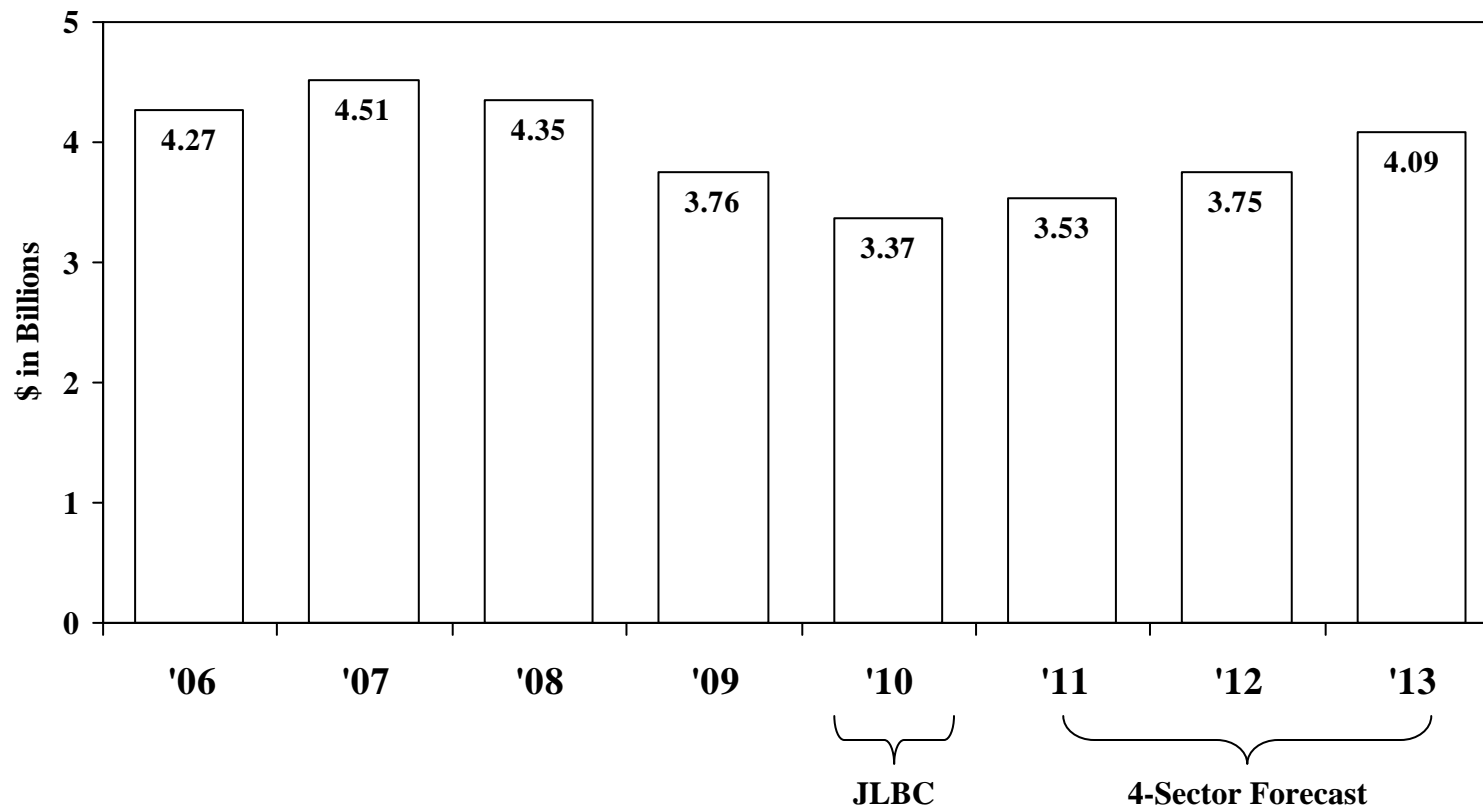
- The Consensus Forecasts Decline of (10.2)% in FY '10, with Positive Growth Rates Beginning in FY '11



* 5.6% without the \$(55.2) million estimated payment threshold change.

Sales Tax

- Despite 5% - 9% Growth, Collections Would Not Reach FY '06 Level Until After FY '13

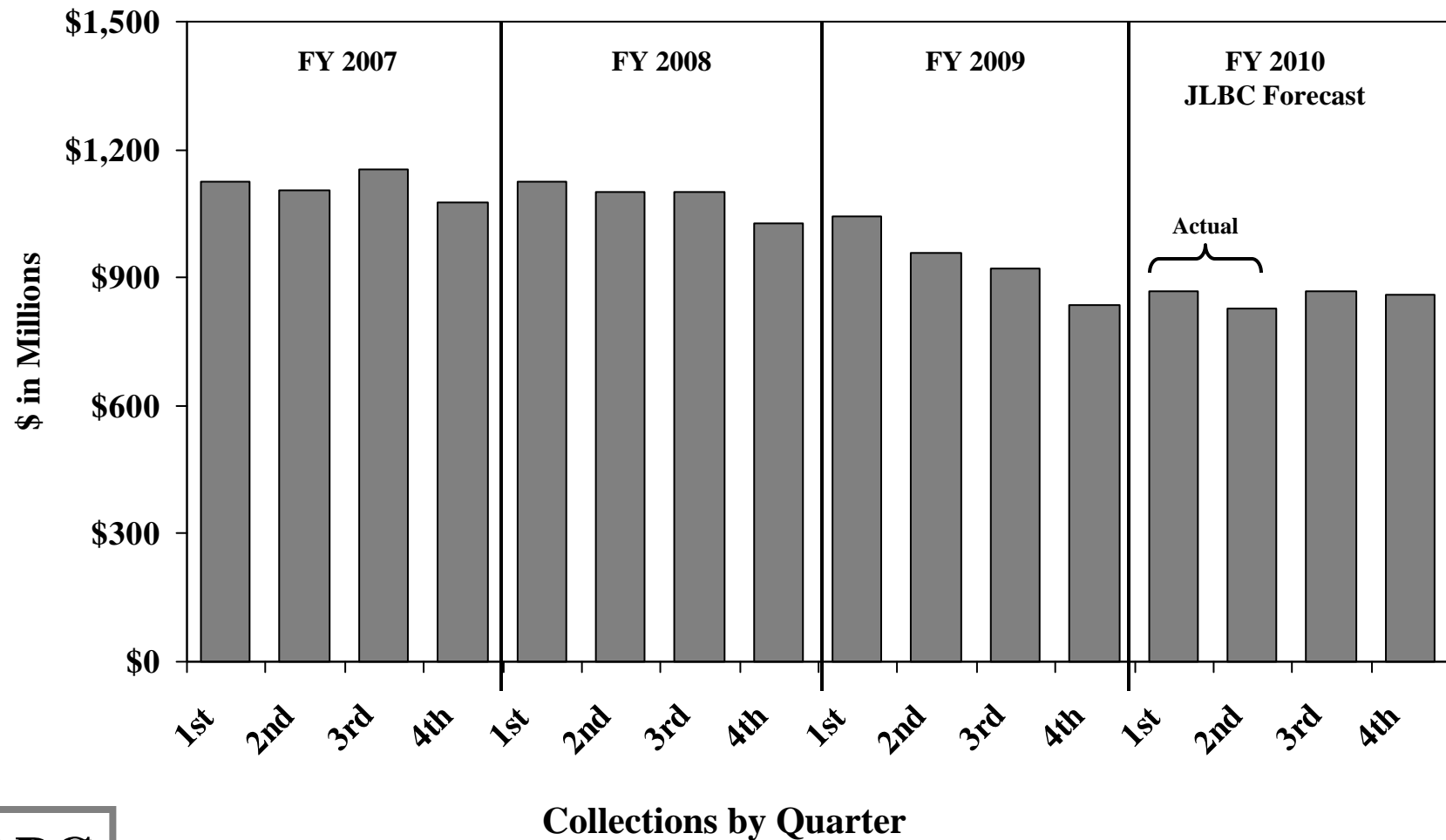


JLBC

Includes enacted tax law changes.

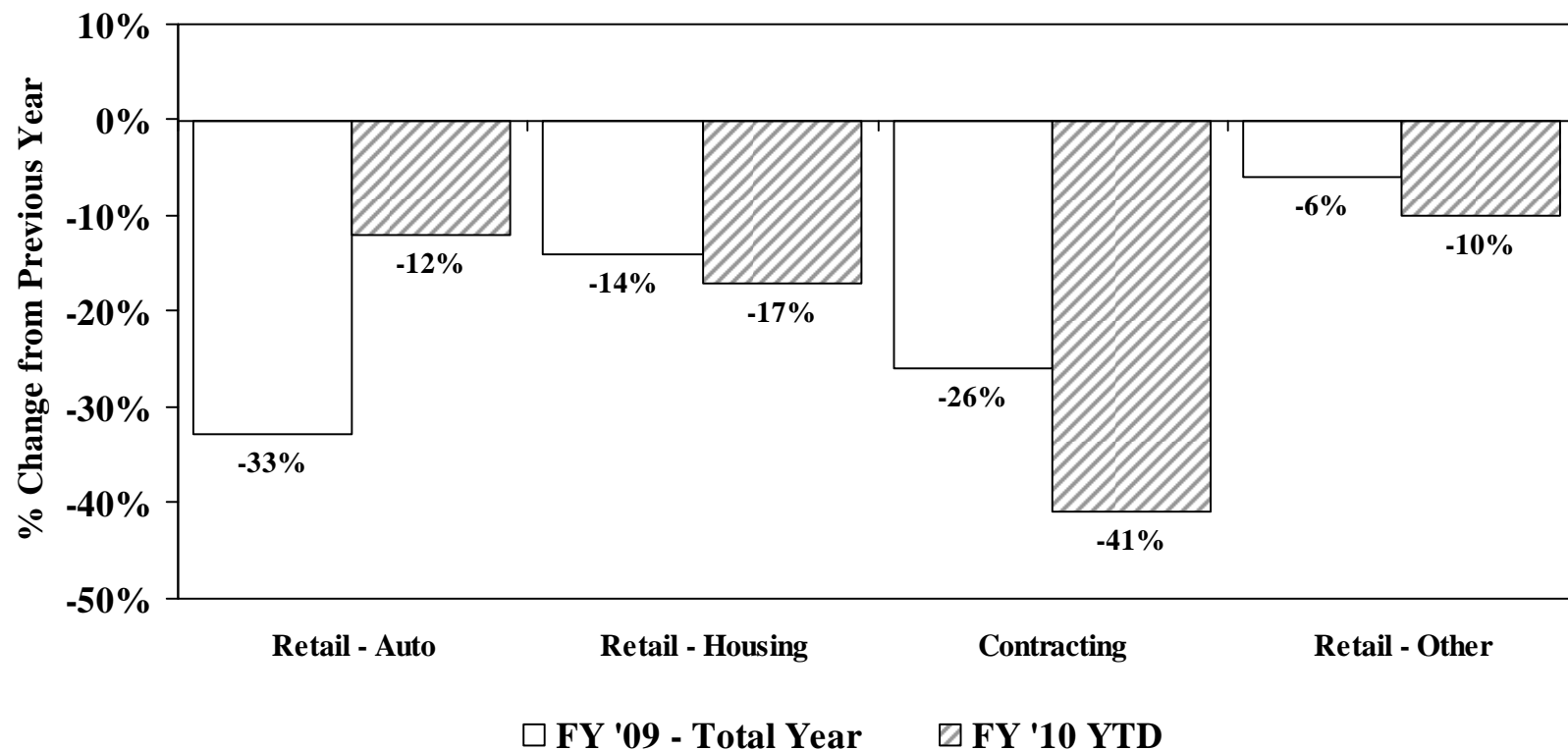
Sales Tax Collections Appear to Have Stabilized

- Second-Half Flat Growth Still Leads to Yearly Decline



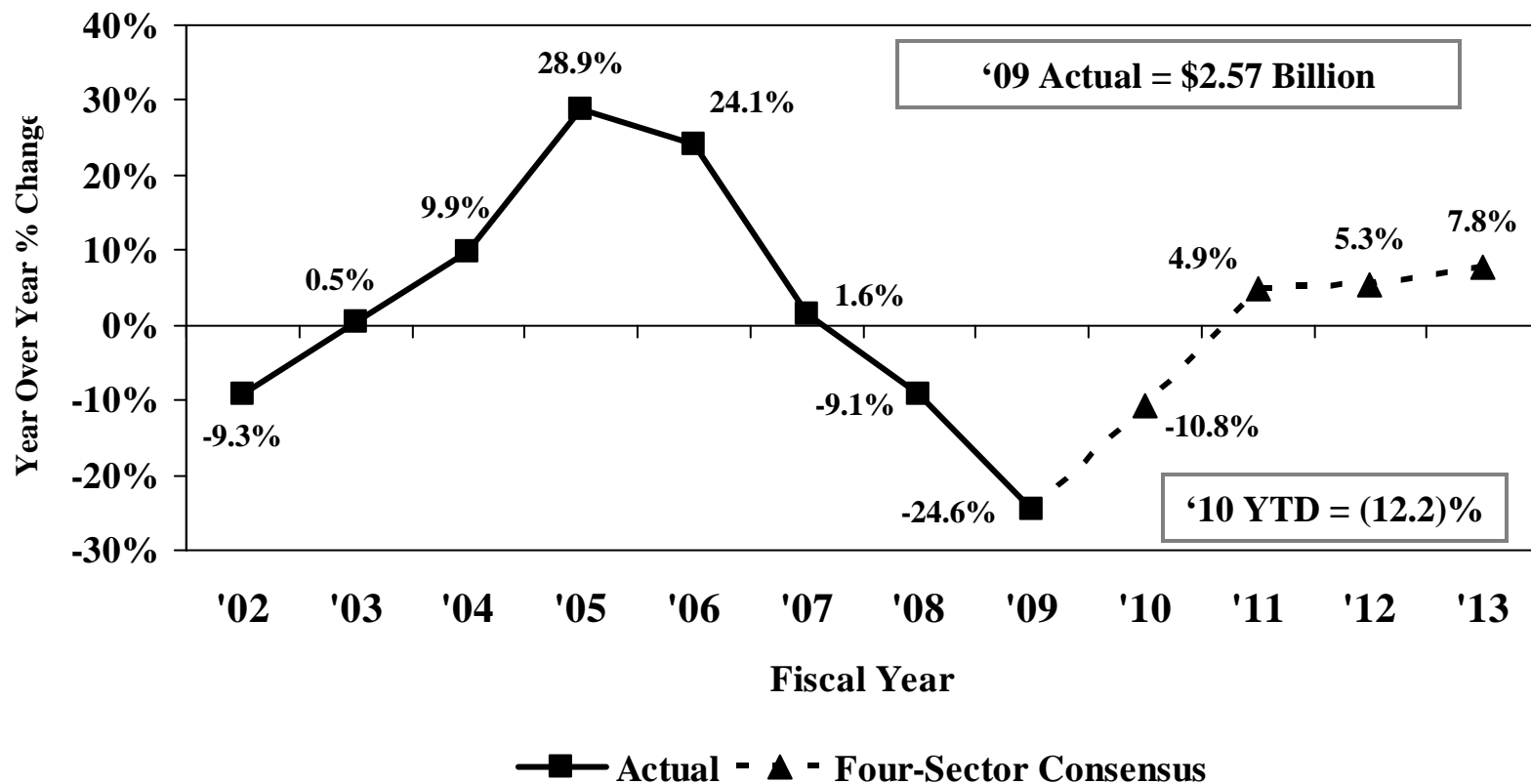
Building and Vehicle Spending Represent 30% of Sales

- Decrease in Vehicles Less Than Last Year,
While Decrease in Contracting is Greater



Individual Income Tax

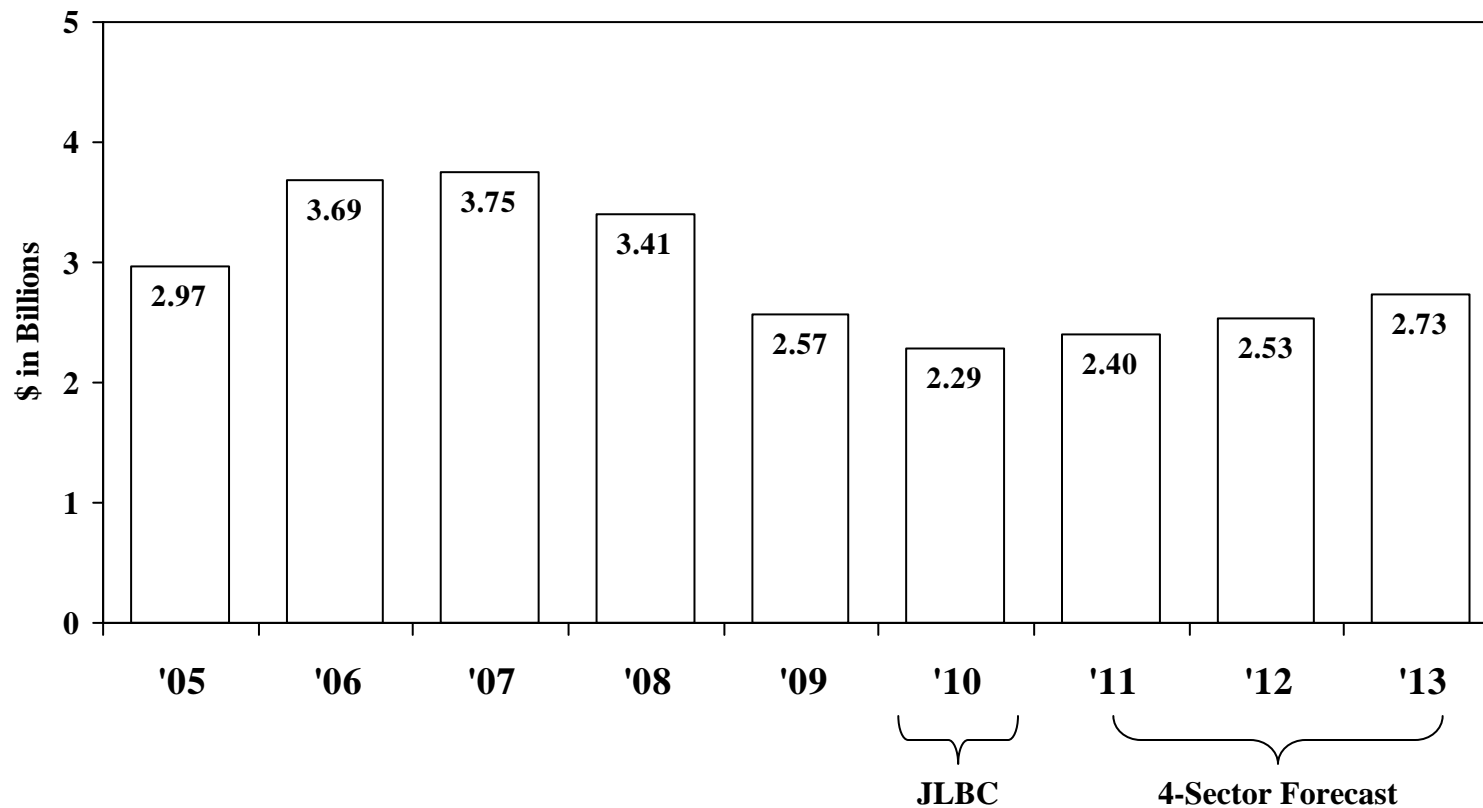
- The Consensus Forecasts Decline of (3.4)% in FY '10, with Positive Growth Rates Beginning in FY '11



* Excluding the 10% phased-in rate reduction, growth would have been 6.3% in '07, and (4.1)% in '08.

Individual Income Tax

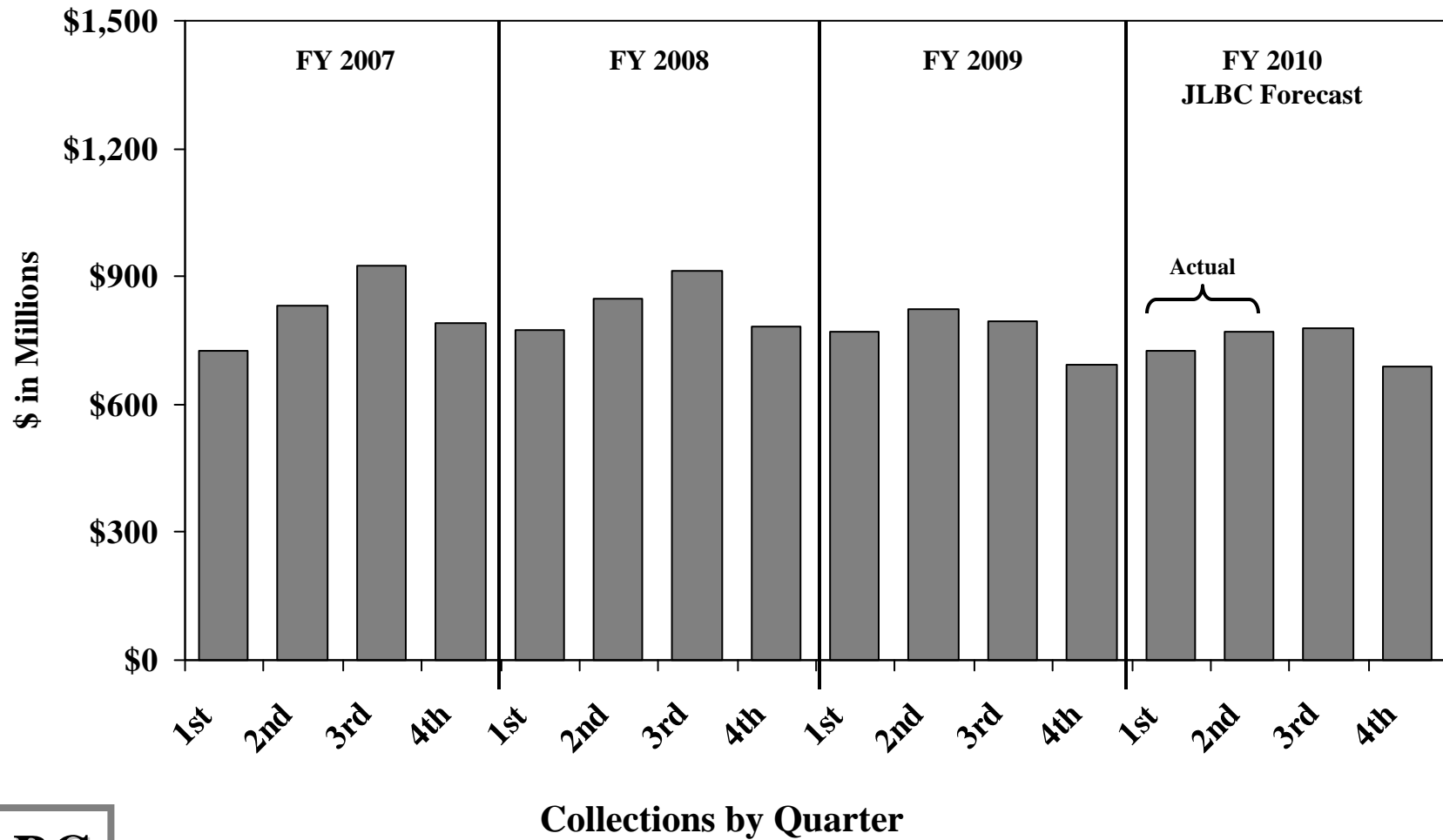
- Collections Reach FY '05 Level in FY '13



Includes enacted tax law changes.

As With Sales, Withholding Appears to Have Bottomed Out

- More Difficult to Project Estimated Payments

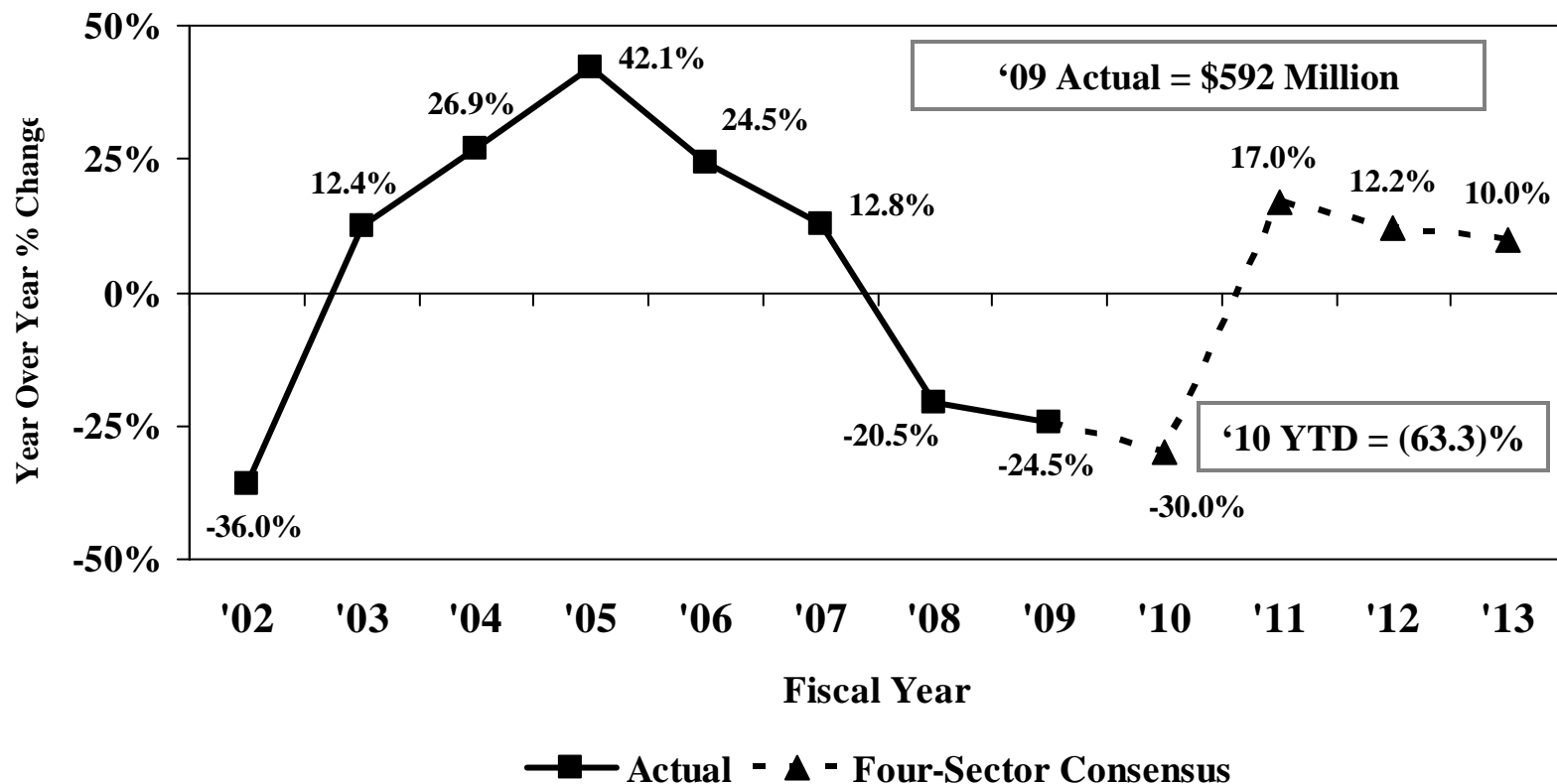


April Final Payments Will Be the Key to the Individual Income Tax Forecast in FY10

- Withholding tax has declined for an unprecedented 8 consecutive quarters, but appears to be bottoming out
- April final payments are the “great unknown” – almost 80% of year’s total collected after April 15th
- ’09 final payments of \$541m were 43% below ’07 level and the lowest since ’04 – will payments decline further in ’10?
- April returns could be greater than expected – 15% stock market gain in calendar ’09 plus increased number of real estate transactions

Corporate Income Tax

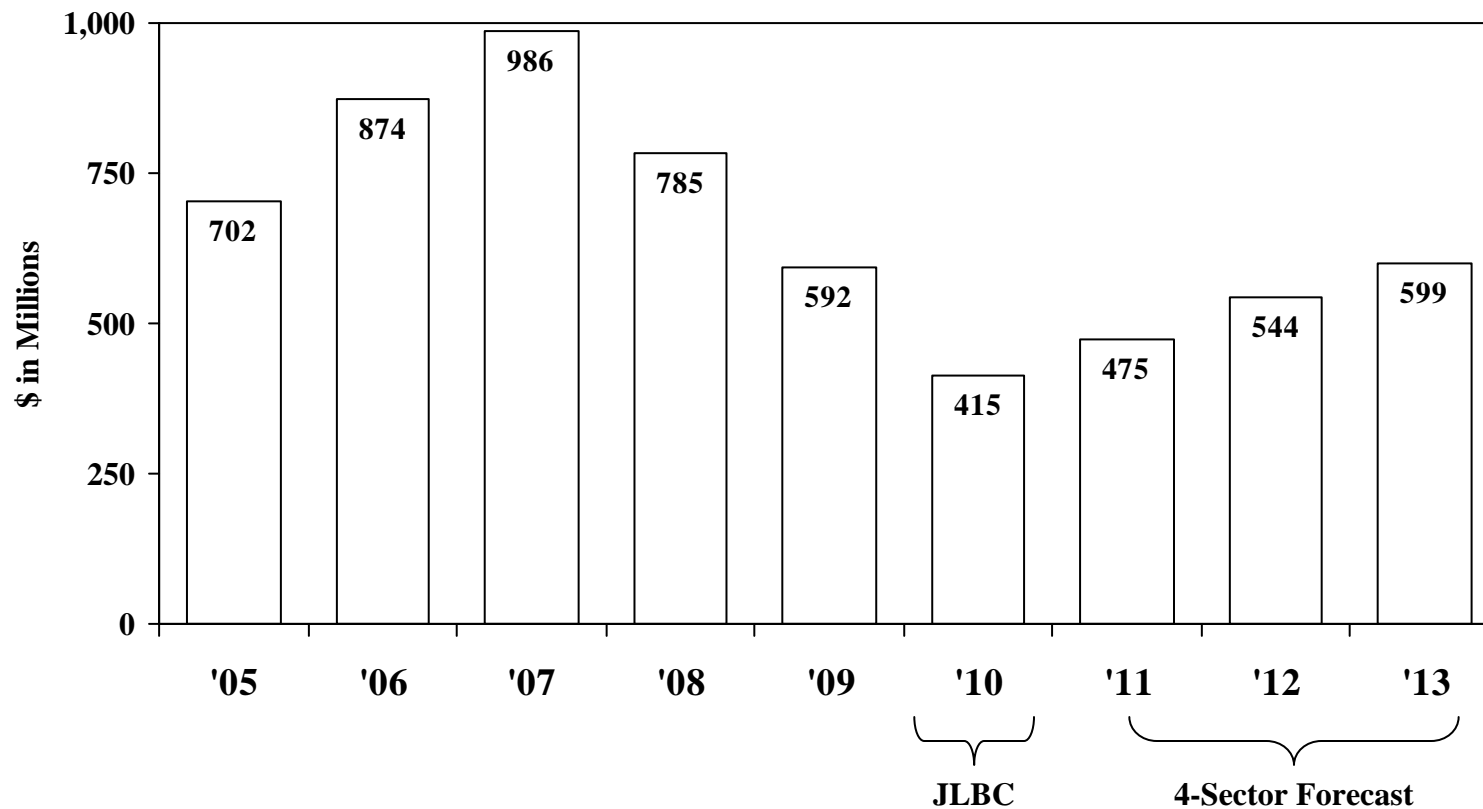
- The Consensus Forecasts Decline of (24.3)% in FY '10, with Positive Growth Rates Beginning in FY '11



* The '08 – '10 percentages include the impact of the consolidated reporting credit and the phase-in of the corporate sales factor. Excluding these tax law changes, baseline growth for '08 – '10 would be (17.2)%, (20.7)%, and (18.7)% respectively.

Corporate Income Tax

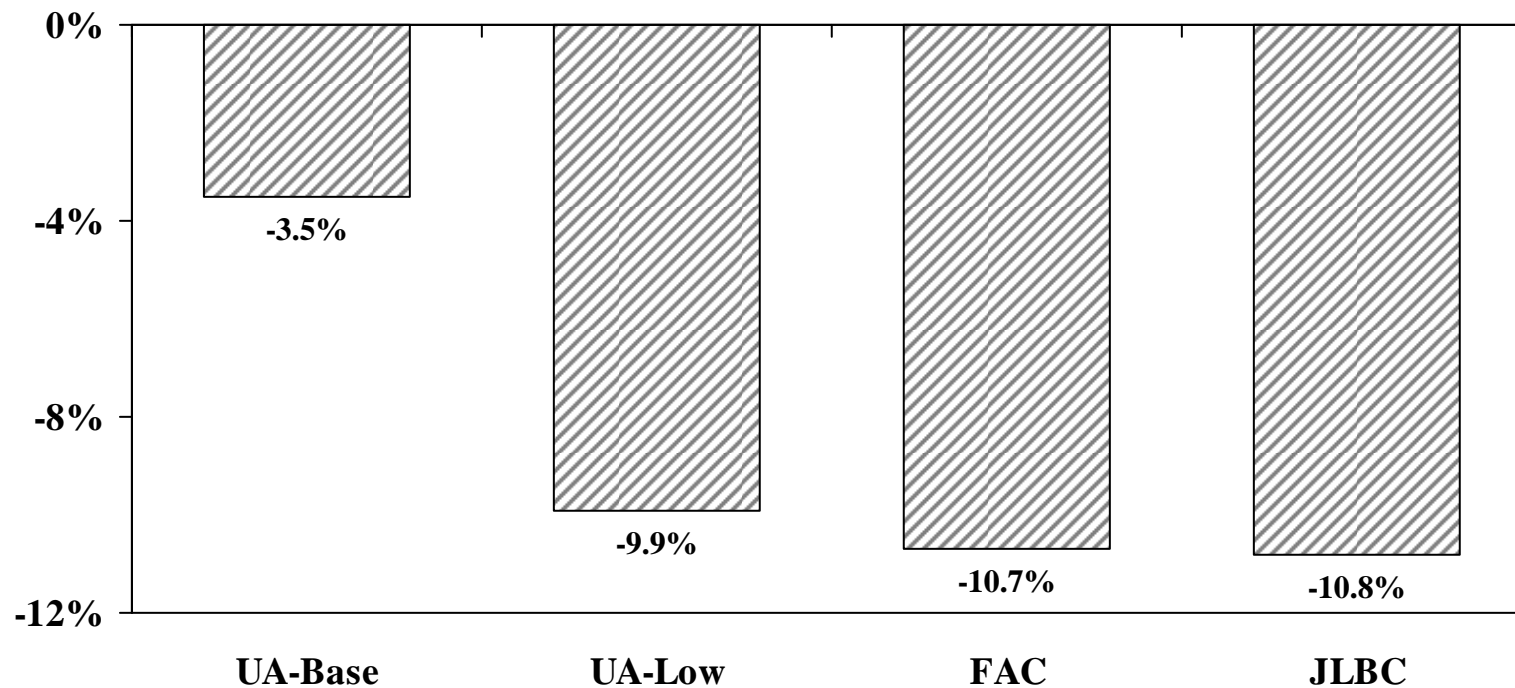
- FY '13 Collections Below FY '05 Level



Includes enacted tax law changes.

January 4-Sector Projecting Revenue Decline of (8.9)% in FY '10

- Executive is Forecasting (9.4)% Decline



**Weighted Big 3 Average
Prior to Tax Law Changes**

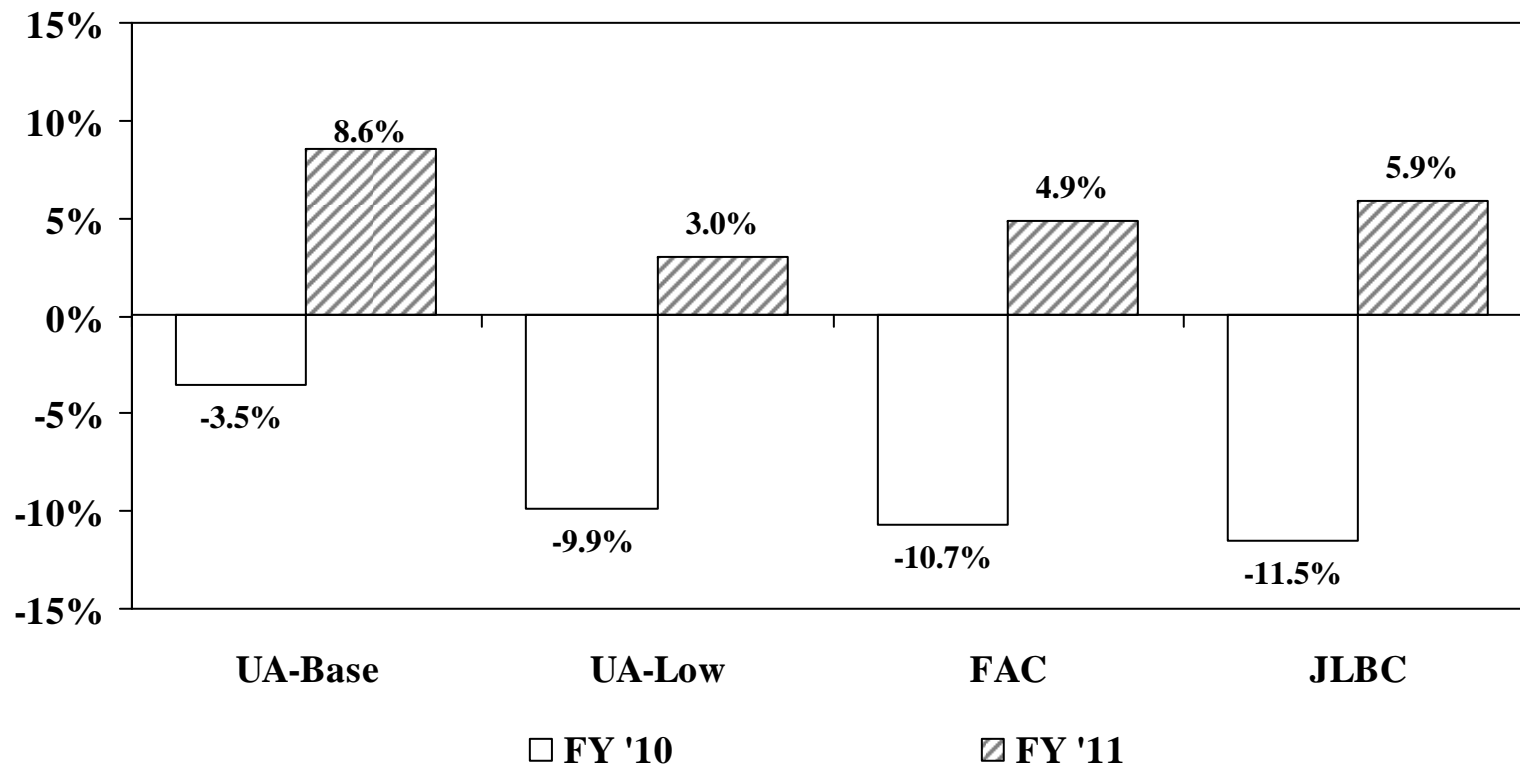
Rather Than Consensus, JLBC Recommends Using Its (10.8)% FY '10 Forecast

- Better to be cautious and improve rather than to see it get worse
- Equates to (3.5)% decline in remaining 6 months rather than a 1.9 % increase
- Results in \$(880) M revenue shortfall

5.6% Consensus Forecast Growth for FY '11

- UA 9% Gain is the Outlier

- Executive is Forecasting 4.1% Growth



Weighted Big 3 Average
Prior to Tax Law Changes

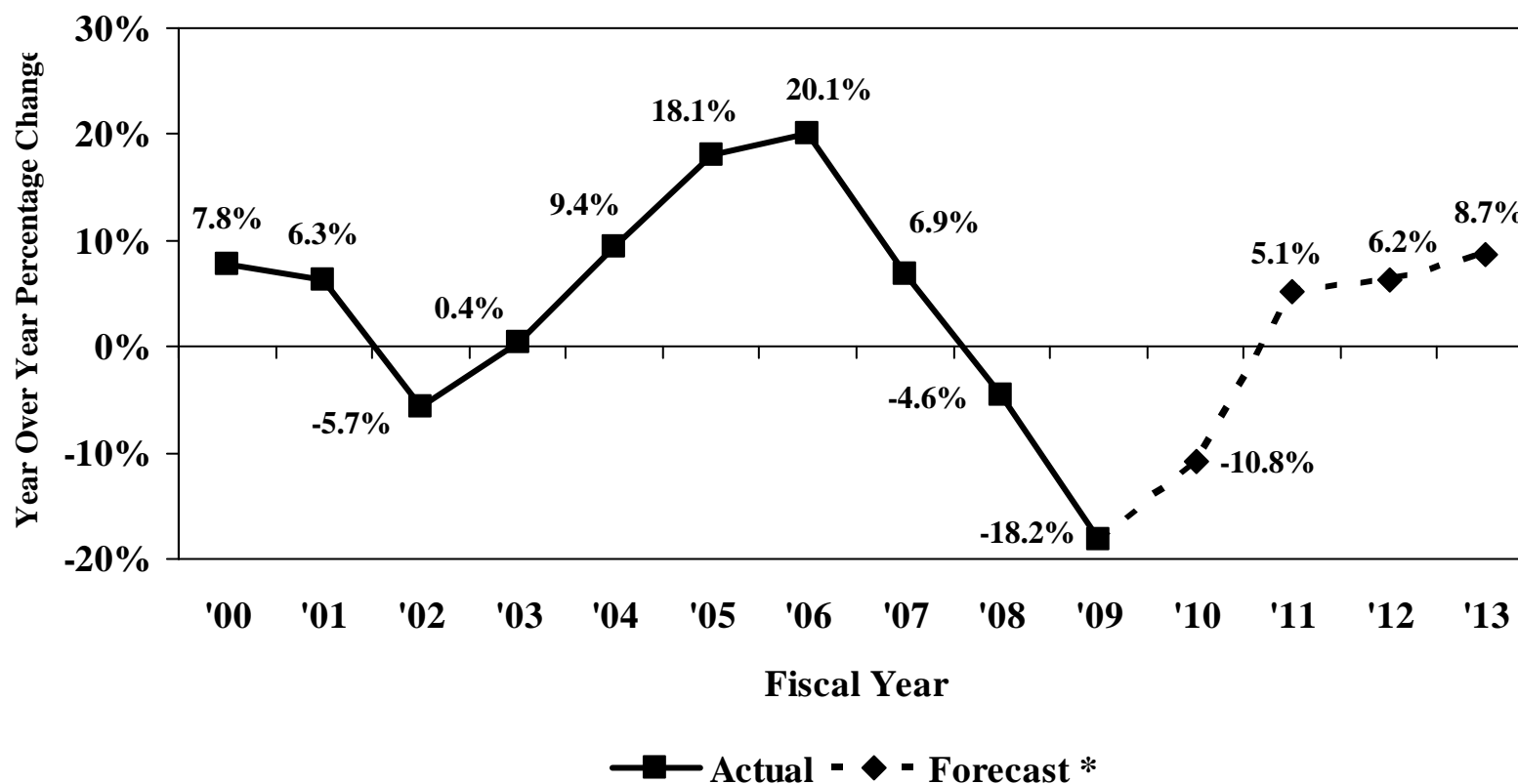
JLBC

FY '11 Revenue Base Also Adjusted for Tax Laws and Urban Revenue Sharing

- Enacted tax law changes of \$(11) M
 - Phoenix Convention Center payment \$(5) M
 - Solar tax credit \$(5) M – 1st year difficult to predict
- Urban Revenue Sharing decreases by \$(155) M from \$629 M in '10 to \$474 M in '11
 - Due to lagged decline in income tax collections

Consensus Forecasts 5.1% Growth in '11

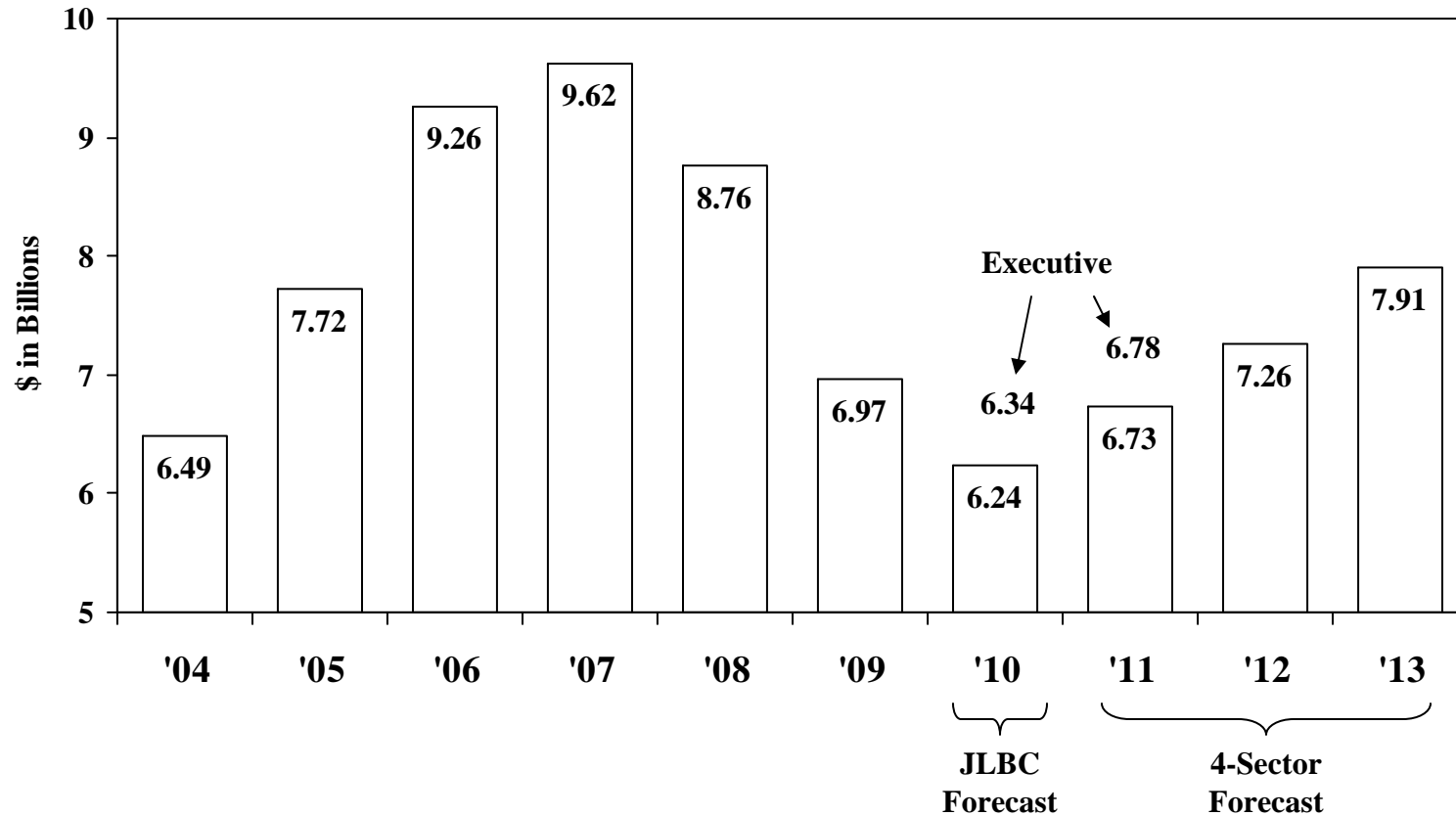
- Moderate Recovery in Out Years



* JLBC forecast in '10, and 4-sector forecast in '11 – '13

While Moderate Recovery, Revenues Far Below '07 Level

- Would Take 4 Years of 11% Growth to Reach FY '07 Level



- Excludes balance forward and other one-time revenues

Caveats

- Economic forecasting has limited ability to predict future, especially in unprecedented times
- 5.1% would be significant turnaround
– would be \$353 M greater than flat forecast.

FY2010-FY 2013 Quartile Forecast Worksheet

| | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|-------------------------------------|---------------|--------------|--------------|--------------|
| <u>Sales Tax</u> | | | | |
| JLBC Forecast (12/09) | -9.0% | 4.6% | 7.9% | 8.0% |
| UA - Low (11/09 revision) | -12.5% | 2.6% | 4.4% | 11.3% |
| UA - Base (11/09 revision) | -8.3% | 7.5% | 5.5% | 10.1% |
| FAC (12/09 Survey) | -11.0% | 3.9% | 6.4% | 6.9% |
| Average: | -10.2% | 4.7% | 6.1% | 9.1% |
| <u>Individual Income Tax</u> | | | | |
| JLBC Forecast (12/09) | -10.8% | 6.3% | 6.6% | 6.7% |
| UA - Low (11/09 revision) | -2.8% | 0.9% | 2.7% | 9.0% |
| UA - Base (11/09 revision) | 6.6% | 6.5% | 3.7% | 8.6% |
| FAC (12/09 Survey) | -6.6% | 5.8% | 8.0% | 6.9% |
| Average: | -3.4% | 4.9% | 5.3% | 7.8% |
| <u>Corporate Income Tax</u> | | | | |
| JLBC Forecast (12/09) | -30.0% | 14.6% | 6.0% | 4.2% |
| UA - Low (11/09 revision) | -24.3% | 17.8% | 10.8% | 15.5% |
| UA - Base (11/09 revision) | -16.5% | 28.0% | 15.0% | 10.4% |
| FAC (12/09 Survey) | -26.5% | 7.6% | 17.0% | 9.9% |
| Average: | -24.3% | 17.0% | 12.2% | 10.0% |

| | | | | |
|--|---------------|-------------|-------------|--------------|
| Consensus Weighted Average: * | -8.9% | 5.1% | 6.2% | 8.7% |
| JLBC Weighted Average: | -10.8% | 5.9% | 7.3% | 7.2% |
| UA Low Weighted Average: | -9.9% | 3.0% | 4.3% | 10.8% |
| UA Base Weighted Average: | -3.5% | 8.6% | 5.6% | 9.5% |
| FAC Consensus Weighted Average: | -10.7% | 4.9% | 7.8% | 7.1% |

* Consensus forecast adjusted to include small tax categories.



Finance Advisory Committee

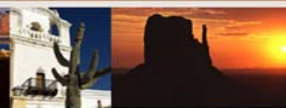
January 21, 2010



State Budget Update



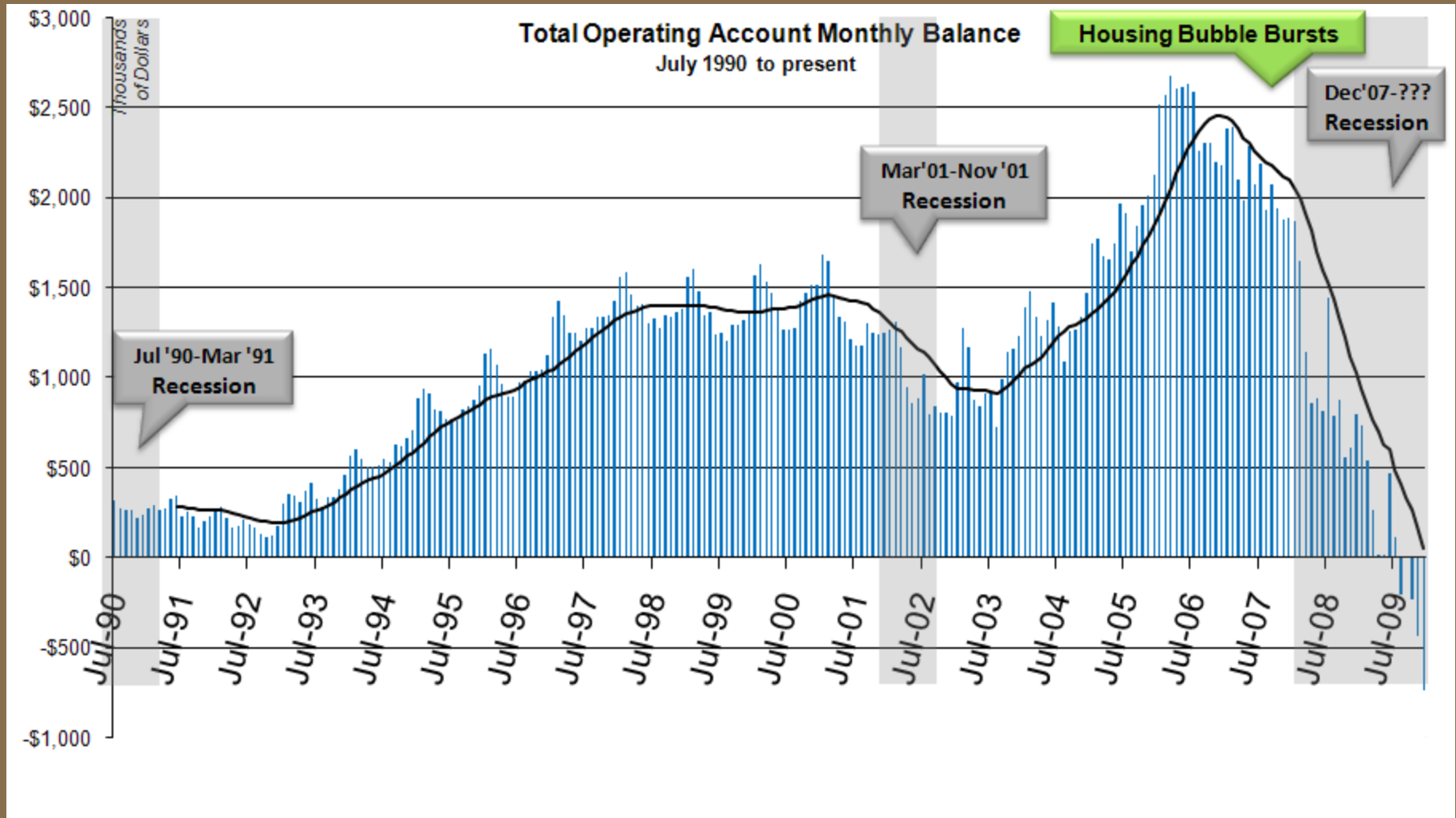
HON. DEAN MARTIN, TREASURER



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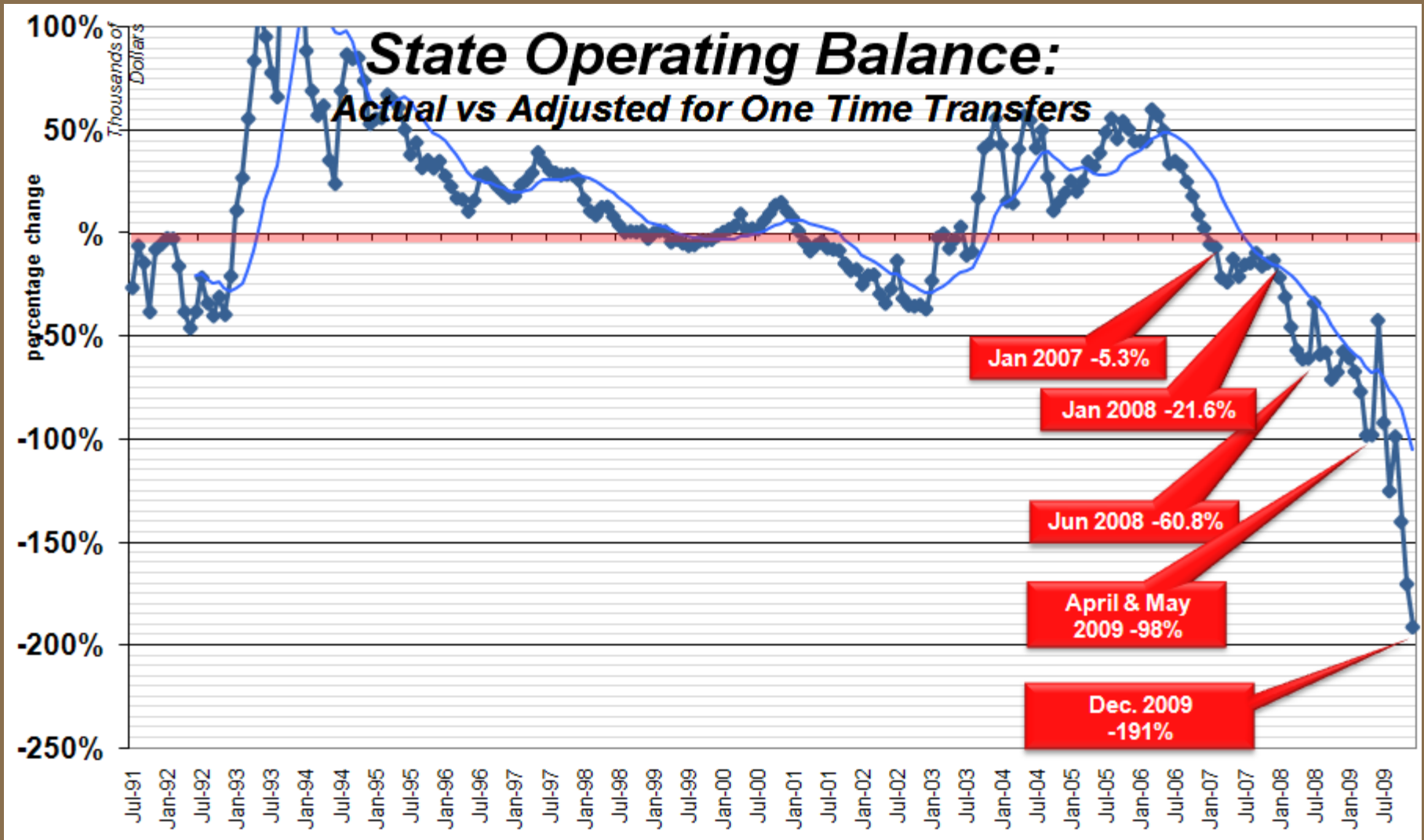


State Total Operating Account Average Monthly Balance July 1990 to present



State of Arizona Operating Cash Balance On A Downward Trend

Percent Change in Operating Account Balance



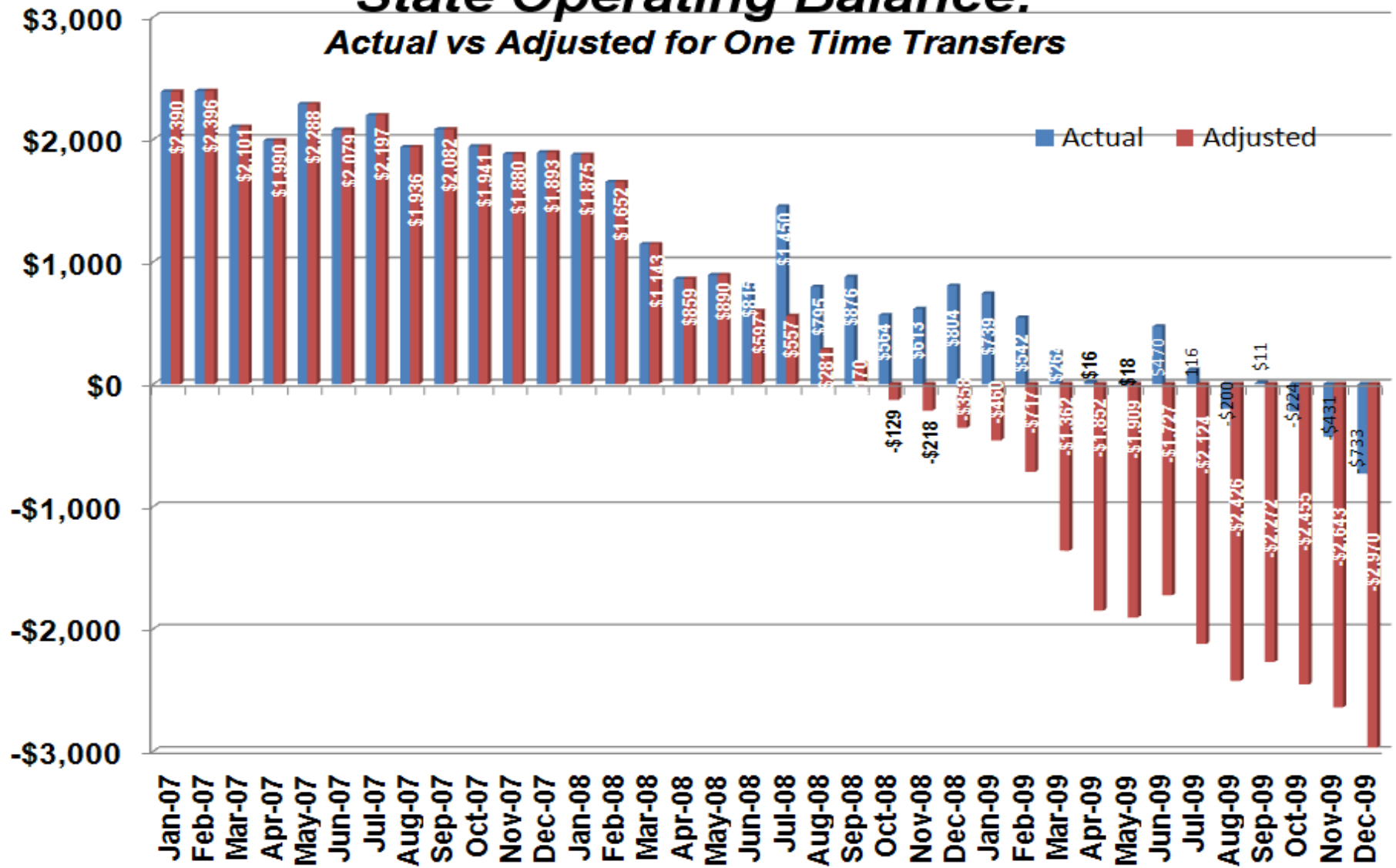
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Pg 3

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State Operating Balance: Actual vs Adjusted for One Time Transfers

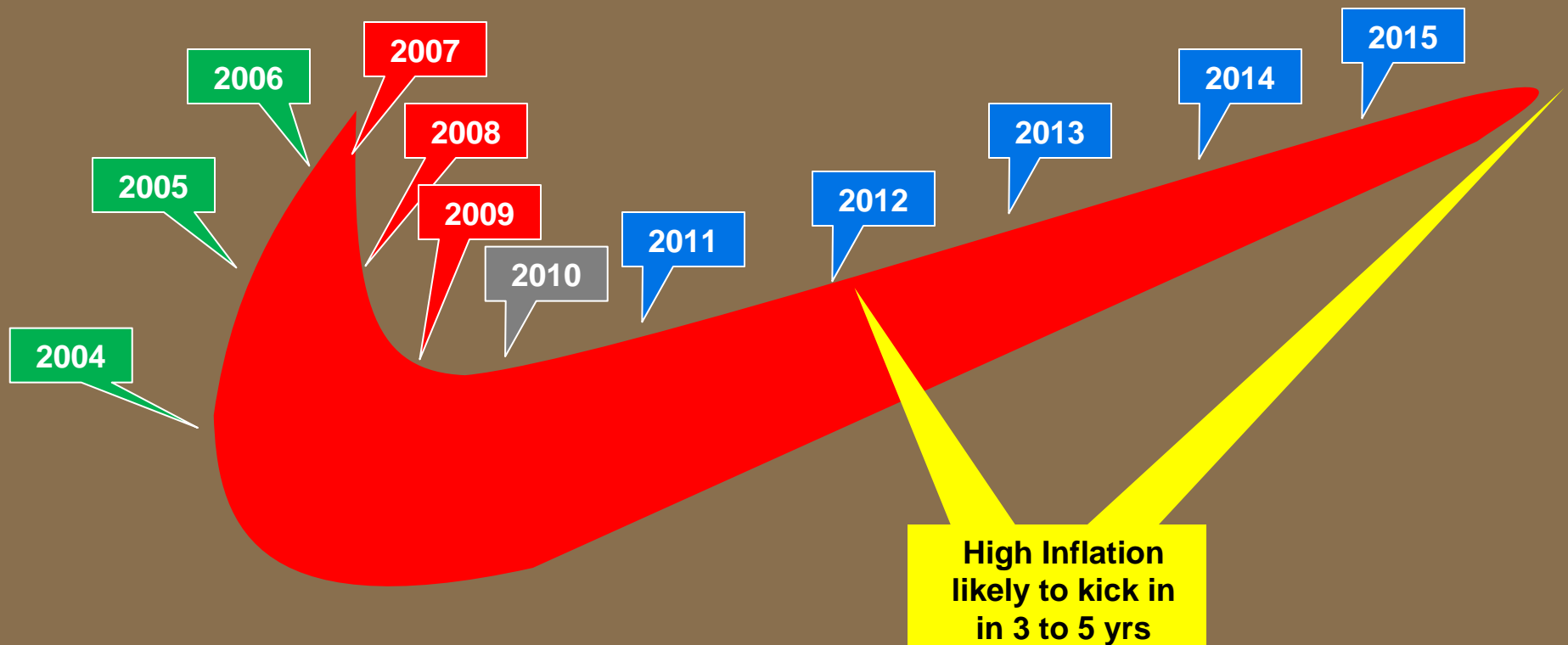


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“Nike” Swhooosh Forecast



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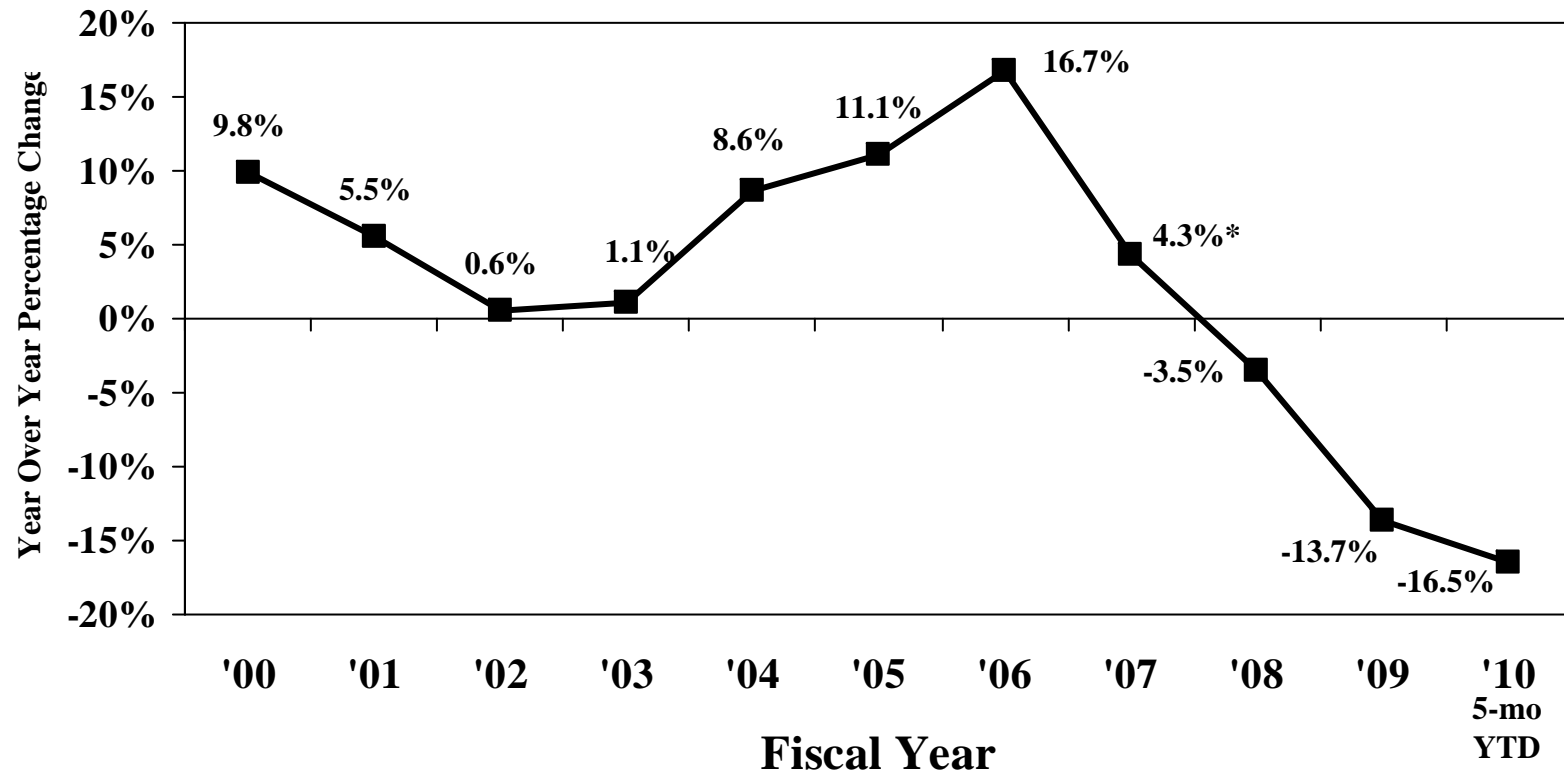
5

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Sales Tax

Sales Tax Growth Rate



* The '07 increase of 4.3% includes the one-time impact of the revised June estimated payment threshold from \$100,000 to \$1.0 million enacted by the Legislature. Excluding the impact of the one-time change, baseline collections grew by 5.6%

Arizona Sales Tax - Total General Fund Collections

| | | Collections (\$) | Year-to-Year % Change | Year-to-Date % Change | |
|---------|---|------------------|--------------------------|--------------------------|--------|
| FY 2006 | ↑ | July 2005 | 347,621,329 | 16.7% | 16.7% |
| | | Aug 2005 | 334,204,902 | 16.5% | 16.6% |
| | | Sept 2005 | 343,784,559 | 17.9% | 17.0% |
| | | Oct 2005 | 344,584,769 | 17.1% | 17.1% |
| | | Nov 2005 | 334,011,412 | 15.4% | 16.7% |
| | | Dec 2005 | 341,852,219 | 18.9% | 17.1% |
| | | Jan 2006 | 420,282,327 | 17.8% | 17.2% |
| | | Feb 2006 | 330,582,460 | 16.8% | 17.2% |
| | | Mar 2006 | 345,767,996 | 18.5% | 17.3% |
| | | Apr 2006 | 384,904,139 | 15.7% | 17.1% |
| | | May 2006 | 362,497,362 | 14.8% | 16.9% |
| | ↓ | June 2006 | 383,265,378 | 14.9% | 16.7% |
| FY 2007 | ↑ | July 2006 | 390,460,231 | 12.3% | 12.3% |
| | | Aug 2006 | 353,466,457 | 5.8% | 9.1% |
| | | Sept 2006 | 379,889,665 | 10.5% | 9.6% |
| | | Oct 2006 | 376,890,480 | 9.4% | 9.5% |
| | | Nov 2006 | 365,372,337 | 9.4% | 9.5% |
| | | Dec 2006 | 362,236,390 | 6.0% | 8.9% |
| | | Jan 2007 | 439,996,411 | 4.7% | 8.2% |
| | | Feb 2007 | 359,643,938 | 8.8% | 8.3% |
| | | Mar 2007 | 353,088,173 | 2.1% | 7.6% |
| | | Apr 2007 | 398,196,373 | 3.5% | 7.1% |
| | | May 2007 | 357,610,064 | -1.3% | 6.3% |
| | ↓ | June 2007 | 320,780,323 | -16.3% | 4.3% |
| FY 2008 | ↑ | July 2007 | 392,889,822 | 0.6% | 0.6% |
| | | Aug 2007 | 366,627,555 | 3.7% | 2.1% |
| | | Sept 2007 | 366,842,873 | -3.4% | 0.2% |
| | | Oct 2007 | 373,831,498 | -0.8% | 0.0% |
| | | Nov 2007 | 366,084,157 | 0.2% | 0.0% |
| | | Dec 2007 | 362,105,035 | 0.0% | 0.0% |
| | | Jan 2008 | 406,881,740 | -7.5% | -1.2% |
| | | Feb 2008 | 342,061,289 | -4.9% | -1.7% |
| | | Mar 2008 | 349,634,579 | -1.0% | -1.6% |
| | | Apr 2008 | 373,838,251 | -6.1% | -2.1% |
| | | May 2008 | 353,973,221 | -1.0% | -2.0% |
| | ↓ | June 2008 | 298,794,828 | -6.9% | -2.3% |
| FY 2009 | ↑ | July 2008 | 356,253,718 | -9.3% | -9.3% |
| | | Aug 2008 | 345,178,741 | -5.9% | -7.6% |
| | | Sept 2008 | 342,275,305 | -6.7% | -7.3% |
| | | Oct 2008 | 337,313,340 | -9.8% | -7.9% |
| | | Nov 2008 | 317,474,089 | -13.3% | -9.0% |
| | | Dec 2008 | 302,821,227 | -16.4% | -10.2% |
| | | Jan 2009 | 357,760,734 | -12.1% | -10.5% |
| | | Feb 2009 | 280,674,594 | -17.9% | -11.3% |
| | | Mar 2009 | 282,169,633 | -19.3% | -12.2% |
| | | Apr 2009 | 299,864,274 | -19.8% | -12.9% |
| | | May 2009 | 278,889,778 | -21.2% | -13.7% |
| | ↓ | June 2009 | 255,731,805 | -14.4% | -13.7% |
| FY 2010 | ↑ | July 2009 | 290,628,634 | -18.4% | -18.4% |
| | | Aug 2009 | 287,604,077 | -16.7% | -17.6% |
| | | Sept 2009 | 287,827,907 | -15.9% | -17.0% |
| | | Oct 2009 | 277,910,648 | -17.6% | -17.2% |
| | | Nov 2009 | 275,000,000 | -13.4% | -16.5% |
| | | Dec 2009 | (prelim est) | | |
| | | Jan 2010 | | | |
| | | Feb 2010 | | | |
| | | Mar 2010 | | | |
| | | Apr 2010 | | | |
| | | May 2010 | | | |
| | ↓ | June 2010 | | | |

Arizona Sales Tax - Retail General Fund Collections

| | | Collections (\$) | Year-to-Year % Change | Year-to-Date % Change | |
|---------|---|------------------|--------------------------|--------------------------|--------|
| FY 2006 | ↑ | July 2005 | 159,056,661 | 17.3% | 17.3% |
| | | Aug 2005 | 151,650,858 | 16.9% | 17.1% |
| | | Sept 2005 | 155,323,150 | 19.6% | 17.9% |
| | | Oct 2005 | 151,719,291 | 13.4% | 16.8% |
| | | Nov 2005 | 150,085,277 | 14.0% | 16.2% |
| | | Dec 2005 | 157,743,736 | 13.8% | 15.8% |
| | | Jan 2006 | 213,093,761 | 14.4% | 15.5% |
| | | Feb 2006 | 148,801,215 | 14.0% | 15.4% |
| | | Mar 2006 | 155,769,534 | 14.3% | 15.2% |
| | | Apr 2006 | 175,368,144 | 11.0% | 14.8% |
| | | May 2006 | 169,266,627 | 14.3% | 14.7% |
| | ↓ | June 2006 | 168,160,318 | 12.4% | 14.5% |
| FY 2007 | ↑ | July 2006 | 169,723,491 | 6.7% | 6.7% |
| | | Aug 2006 | 155,842,572 | 2.8% | 4.8% |
| | | Sept 2006 | 163,988,894 | 5.6% | 5.0% |
| | | Oct 2006 | 158,869,642 | 4.7% | 5.0% |
| | | Nov 2006 | 153,908,793 | 2.5% | 4.5% |
| | | Dec 2006 | 167,464,043 | 6.2% | 4.8% |
| | | Jan 2007 | 215,189,656 | 1.0% | 4.1% |
| | | Feb 2007 | 157,706,055 | 6.0% | 4.3% |
| | | Mar 2007 | 158,858,656 | 2.0% | 4.0% |
| | | Apr 2007 | 181,559,289 | 3.5% | 4.0% |
| | | May 2007 | 177,671,344 | 5.0% | 4.1% |
| | ↓ | June 2007 | 166,994,609 | -0.7% | 3.7% |
| FY 2008 | ↑ | July 2007 | 168,701,610 | -0.6% | -0.6% |
| | | Aug 2007 | 155,843,067 | 0.0% | -0.3% |
| | | Sept 2007 | 157,758,362 | -3.8% | -1.5% |
| | | Oct 2007 | 155,232,586 | -2.3% | -1.7% |
| | | Nov 2007 | 155,481,940 | 1.0% | -1.2% |
| | | Dec 2007 | 161,715,960 | -3.4% | -1.6% |
| | | Jan 2008 | 206,954,506 | -3.8% | -2.0% |
| | | Feb 2008 | 141,687,651 | -10.2% | -2.9% |
| | | Mar 2008 | 151,347,983 | -4.7% | -3.1% |
| | | Apr 2008 | 171,895,140 | -5.3% | -3.4% |
| | | May 2008 | 154,399,548 | -13.1% | -4.3% |
| | ↓ | June 2008 | 158,533,239 | -5.1% | -4.4% |
| FY 2009 | ↑ | July 2008 | 151,221,528 | -10.4% | -10.4% |
| | | Aug 2008 | 141,997,515 | -8.9% | -9.7% |
| | | Sept 2008 | 148,418,887 | -5.9% | -8.4% |
| | | Oct 2008 | 142,632,579 | -8.1% | -8.4% |
| | | Nov 2008 | 132,015,121 | -15.1% | -9.7% |
| | | Dec 2008 | 139,180,130 | -13.9% | -10.4% |
| | | Jan 2009 | 178,527,187 | -13.7% | -11.0% |
| | | Feb 2009 | 125,137,464 | -11.7% | -11.1% |
| | | Mar 2009 | 127,627,909 | -15.7% | -11.5% |
| | | Apr 2009 | 141,459,474 | -17.7% | -12.2% |
| | | May 2009 | 133,598,827 | -13.5% | -12.3% |
| | ↓ | June 2009 | 140,981,387 | -11.1% | -12.2% |
| FY 2010 | ↑ | July 2009 | 132,848,837 | -12.1% | -12.1% |
| | | Aug 2009 | 124,372,918 | -12.4% | -12.3% |
| | | Sept 2009 | 130,342,126 | -12.2% | -12.2% |
| | | Oct 2009 | 124,549,991 | -12.7% | -12.3% |
| | | Nov 2009 | | | |
| | | Dec 2009 | | | |
| | | Jan 2010 | | | |
| | | Feb 2010 | | | |
| | | Mar 2010 | | | |
| | | Apr 2010 | | | |
| | | May 2010 | | | |
| | ↓ | June 2010 | | | |

Arizona Sales Tax - Contracting

General Fund Collections

| | | Collections (\$) | Year-to-Year % Change | Year-to-Date % Change | |
|---------|---|------------------|--------------------------|--------------------------|--------|
| FY 2006 | ↑ | July 2005 | 73,449,566 | 29.7% | 29.7% |
| | | Aug 2005 | 65,280,791 | 23.1% | 26.5% |
| | | Sept 2005 | 69,736,836 | 23.5% | 25.5% |
| | | Oct 2005 | 71,875,989 | 26.3% | 25.7% |
| | | Nov 2005 | 65,866,408 | 20.4% | 24.6% |
| | | Dec 2005 | 73,197,845 | 31.9% | 25.8% |
| | | Jan 2006 | 83,495,930 | 30.3% | 26.6% |
| | | Feb 2006 | 65,409,736 | 33.5% | 27.3% |
| | | Mar 2006 | 70,980,348 | 33.0% | 27.9% |
| | | Apr 2006 | 82,734,326 | 29.3% | 28.1% |
| | | May 2006 | 76,269,575 | 24.2% | 27.7% |
| | ↓ | June 2006 | 82,977,855 | 25.2% | 27.5% |
| FY 2007 | ↑ | July 2006 | 89,602,967 | 22.0% | 22.0% |
| | | Aug 2006 | 75,238,759 | 15.3% | 18.8% |
| | | Sept 2006 | 80,938,291 | 16.1% | 17.9% |
| | | Oct 2006 | 87,594,136 | 21.9% | 18.9% |
| | | Nov 2006 | 80,499,919 | 22.2% | 19.5% |
| | | Dec 2006 | 76,849,517 | 5.0% | 17.0% |
| | | Jan 2007 | 95,496,438 | 14.4% | 16.6% |
| | | Feb 2007 | 73,418,261 | 12.2% | 16.1% |
| | | Mar 2007 | 70,403,512 | -0.8% | 14.2% |
| | | Apr 2007 | 81,956,142 | -0.9% | 12.5% |
| | | May 2007 | 76,125,717 | -0.2% | 11.3% |
| | ↓ | June 2007 | 80,475,472 | -3.0% | 9.9% |
| FY 2008 | ↑ | July 2007 | 84,908,206 | -5.2% | -5.2% |
| | | Aug 2007 | 78,149,544 | 3.9% | -1.1% |
| | | Sept 2007 | 75,884,177 | -6.2% | -2.8% |
| | | Oct 2007 | 77,120,496 | -12.0% | -5.2% |
| | | Nov 2007 | 76,543,383 | -4.9% | -5.1% |
| | | Dec 2007 | 76,723,853 | -0.2% | -4.4% |
| | | Jan 2008 | 72,469,751 | -24.1% | -7.6% |
| | | Feb 2008 | 64,593,368 | -12.0% | -8.1% |
| | | Mar 2008 | 59,879,686 | -14.9% | -8.7% |
| | | Apr 2008 | 66,449,725 | -18.9% | -9.8% |
| | | May 2008 | 66,990,187 | -12.0% | -10.0% |
| | ↓ | June 2008 | 69,569,046 | -13.6% | -10.3% |
| FY 2009 | ↑ | July 2008 | 68,881,661 | -18.9% | -18.9% |
| | | Aug 2008 | 65,910,704 | -15.7% | -17.3% |
| | | Sept 2008 | 61,476,833 | -19.0% | -17.9% |
| | | Oct 2008 | 63,339,249 | -17.9% | -17.9% |
| | | Nov 2008 | 61,291,312 | -19.9% | -18.3% |
| | | Dec 2008 | 54,311,200 | -29.2% | -20.1% |
| | | Jan 2009 | 58,954,479 | -18.6% | -19.9% |
| | | Feb 2009 | 41,459,848 | -35.8% | -21.6% |
| | | Mar 2009 | 40,464,401 | -32.4% | -22.5% |
| | | Apr 2009 | 44,382,960 | -33.2% | -23.5% |
| | | May 2009 | 38,522,448 | -42.5% | -25.1% |
| | ↓ | June 2009 | 44,002,721 | -36.7% | -26.0% |
| FY 2010 | ↑ | July 2009 | 43,223,253 | -37.2% | -37.2% |
| | | Aug 2009 | 39,127,079 | -40.6% | -38.9% |
| | | Sept 2009 | 36,572,916 | -40.5% | -39.4% |
| | | Oct 2009 | 35,326,726 | -44.2% | -40.6% |
| | | Nov 2009 | | | |
| | | Dec 2009 | | | |
| | | Jan 2010 | | | |
| | | Feb 2010 | | | |
| | | Mar 2010 | | | |
| | | Apr 2010 | | | |
| | | May 2010 | | | |
| | ↓ | June 2010 | | | |

Arizona Sales Tax - Utilities

General Fund Collections

| | | Collections (\$) | Year-to-Year % Change | Year-to-Date % Change | |
|---------|---|------------------|--------------------------|--------------------------|-------|
| FY 2006 | ↑ | July 2005 | 30,123,635 | 11.5% | 11.5% |
| | | Aug 2005 | 33,750,711 | 11.3% | 11.4% |
| | | Sept 2005 | 35,125,817 | 10.7% | 11.1% |
| | | Oct 2005 | 33,780,817 | 9.9% | 10.8% |
| | | Nov 2005 | 29,135,783 | 15.3% | 11.6% |
| | | Dec 2005 | 22,091,021 | 8.1% | 11.2% |
| | | Jan 2006 | 27,326,797 | 19.4% | 12.2% |
| | | Feb 2006 | 25,560,400 | 8.4% | 11.8% |
| | | Mar 2006 | 22,568,311 | 7.0% | 11.3% |
| | | Apr 2006 | 24,117,190 | 20.1% | 12.0% |
| | | May 2006 | 22,105,984 | 10.9% | 11.9% |
| | ↓ | June 2006 | 27,844,657 | 20.2% | 12.6% |
| FY 2007 | ↑ | July 2006 | 34,298,139 | 13.9% | 13.9% |
| | | Aug 2006 | 35,017,585 | 3.8% | 8.5% |
| | | Sept 2006 | 43,094,371 | 22.7% | 13.5% |
| | | Oct 2006 | 37,109,678 | 9.9% | 12.6% |
| | | Nov 2006 | 31,261,217 | 7.3% | 11.7% |
| | | Dec 2006 | 24,939,936 | 12.9% | 11.8% |
| | | Jan 2007 | 27,586,109 | 0.9% | 10.4% |
| | | Feb 2007 | 32,562,551 | 27.4% | 12.2% |
| | | Mar 2007 | 29,526,457 | 30.8% | 13.8% |
| | | Apr 2007 | 25,414,142 | 5.4% | 13.1% |
| | | May 2007 | 24,034,224 | 8.7% | 12.8% |
| | ↓ | June 2007 | 29,476,016 | 5.9% | 12.2% |
| FY 2008 | ↑ | July 2007 | 38,942,178 | 13.5% | 13.5% |
| | | Aug 2007 | 37,039,168 | 5.8% | 9.6% |
| | | Sept 2007 | 38,939,736 | -9.6% | 2.2% |
| | | Oct 2007 | 43,658,875 | 17.6% | 6.1% |
| | | Nov 2007 | 34,702,176 | 11.0% | 6.9% |
| | | Dec 2007 | 28,029,896 | 12.4% | 7.6% |
| | | Jan 2008 | 27,510,799 | -0.3% | 6.7% |
| | | Feb 2008 | 35,515,285 | 9.1% | 6.9% |
| | | Mar 2008 | 34,338,536 | 16.3% | 7.9% |
| | | Apr 2008 | 24,546,221 | -3.4% | 7.0% |
| | | May 2008 | 27,297,353 | 13.6% | 7.4% |
| | ↓ | June 2008 | 30,641,891 | 4.0% | 7.2% |
| FY 2009 | ↑ | July 2008 | 37,561,735 | -3.5% | -3.5% |
| | | Aug 2008 | 46,879,131 | 26.6% | 11.1% |
| | | Sept 2008 | 45,036,032 | 15.7% | 12.7% |
| | | Oct 2008 | 40,502,312 | -7.2% | 7.2% |
| | | Nov 2008 | 35,158,491 | 1.3% | 6.1% |
| | | Dec 2008 | 27,056,247 | -3.5% | 4.9% |
| | | Jan 2009 | 27,856,644 | 1.3% | 4.5% |
| | | Feb 2009 | 31,978,738 | -10.0% | 2.7% |
| | | Mar 2009 | 28,377,783 | -17.4% | 0.5% |
| | | Apr 2009 | 26,572,955 | 8.3% | 1.1% |
| | | May 2009 | 26,330,652 | -3.5% | 0.8% |
| | ↓ | June 2009 | 29,475,056 | -3.8% | 0.4% |
| FY 2010 | ↑ | July 2009 | 39,433,004 | 5.0% | 5.0% |
| | | Aug 2009 | 45,144,745 | -3.7% | 0.2% |
| | | Sept 2009 | 41,433,690 | -8.0% | -2.7% |
| | | Oct 2009 | 41,500,856 | 2.5% | -1.5% |
| | | Nov 2009 | | | |
| | | Dec 2009 | | | |
| | | Jan 2010 | | | |
| | | Feb 2010 | | | |
| | | Mar 2010 | | | |
| | | Apr 2010 | | | |
| | | May 2010 | | | |
| | ↓ | June 2010 | | | |

Arizona Sales Tax - Restaurants and Bars

General Fund Collections

| | | Collections (\$) | Year-to-Year % Change | Year-to-Date % Change | |
|---------|---|------------------|--------------------------|--------------------------|-------|
| FY 2006 | ↑ | July 2005 | 25,760,478 | 13.4% | 13.4% |
| | | Aug 2005 | 23,621,671 | 11.0% | 12.3% |
| | | Sept 2005 | 24,552,209 | 15.2% | 13.2% |
| | | Oct 2005 | 25,332,188 | 15.2% | 13.7% |
| | | Nov 2005 | 26,717,800 | 12.2% | 13.4% |
| | | Dec 2005 | 26,402,748 | 18.3% | 14.2% |
| | | Jan 2006 | 28,524,262 | 8.5% | 13.3% |
| | | Feb 2006 | 27,902,255 | 13.9% | 13.3% |
| | | Mar 2006 | 29,389,750 | 9.9% | 12.9% |
| | | Apr 2006 | 31,522,229 | 14.5% | 13.1% |
| | | May 2006 | 30,057,423 | 8.6% | 12.6% |
| | ↓ | June 2006 | 29,045,199 | 10.2% | 12.4% |
| FY 2007 | ↑ | July 2006 | 28,025,509 | 8.8% | 8.8% |
| | | Aug 2006 | 25,406,213 | 7.6% | 8.2% |
| | | Sept 2006 | 25,474,093 | 3.8% | 6.7% |
| | | Oct 2006 | 27,567,943 | 8.8% | 7.3% |
| | | Nov 2006 | 32,249,878 | 20.7% | 10.1% |
| | | Dec 2006 | 28,295,767 | 7.2% | 9.6% |
| | | Jan 2007 | 30,950,667 | 8.5% | 9.4% |
| | | Feb 2007 | 30,649,098 | 9.8% | 9.5% |
| | | Mar 2007 | 29,694,899 | 1.0% | 8.4% |
| | | Apr 2007 | 34,392,336 | 9.1% | 8.5% |
| | | May 2007 | 31,957,682 | 6.3% | 8.3% |
| | ↓ | June 2007 | 29,936,887 | 3.1% | 7.8% |
| FY 2008 | ↑ | July 2007 | 29,101,596 | 3.8% | 3.8% |
| | | Aug 2007 | 26,935,024 | 6.0% | 4.9% |
| | | Sept 2007 | 26,786,010 | 5.2% | 5.0% |
| | | Oct 2007 | 28,689,796 | 4.1% | 4.7% |
| | | Nov 2007 | 29,377,274 | -8.9% | 1.6% |
| | | Dec 2007 | 30,275,107 | 7.0% | 2.5% |
| | | Jan 2008 | 27,452,580 | -11.3% | 0.3% |
| | | Feb 2008 | 29,995,413 | -2.1% | 0.0% |
| | | Mar 2008 | 30,895,077 | 4.0% | 0.5% |
| | | Apr 2008 | 34,037,313 | -1.0% | 0.3% |
| | | May 2008 | 30,786,989 | -3.7% | -0.1% |
| | ↓ | June 2008 | 31,854,667 | 6.4% | 0.4% |
| FY 2009 | ↑ | July 2008 | 26,987,359 | -7.3% | -7.3% |
| | | Aug 2008 | 25,927,019 | -3.7% | -5.6% |
| | | Sept 2008 | 26,558,833 | -0.8% | -4.0% |
| | | Oct 2008 | 26,485,387 | -7.7% | -5.0% |
| | | Nov 2008 | 27,624,767 | -6.0% | -5.2% |
| | | Dec 2008 | 27,609,854 | -8.8% | -5.8% |
| | | Jan 2009 | 27,811,860 | 1.3% | -4.8% |
| | | Feb 2009 | 27,934,981 | -6.9% | -5.1% |
| | | Mar 2009 | 29,329,829 | -5.1% | -5.1% |
| | | Apr 2009 | 31,257,185 | -8.2% | -5.5% |
| | | May 2009 | 28,180,810 | -8.5% | -5.7% |
| | ↓ | June 2009 | 29,708,010 | -6.7% | -5.8% |
| FY 2010 | ↑ | July 2009 | 26,111,923 | -3.2% | -3.2% |
| | | Aug 2009 | 24,537,663 | -5.4% | -4.3% |
| | | Sept 2009 | 24,808,137 | -6.6% | -5.1% |
| | | Oct 2009 | 23,345,305 | -11.9% | -6.8% |
| | | Nov 2009 | | | |
| | | Dec 2009 | | | |
| | | Jan 2010 | | | |
| | | Feb 2010 | | | |
| | | Mar 2010 | | | |
| | | Apr 2010 | | | |
| | | May 2010 | | | |
| | ↓ | June 2010 | | | |

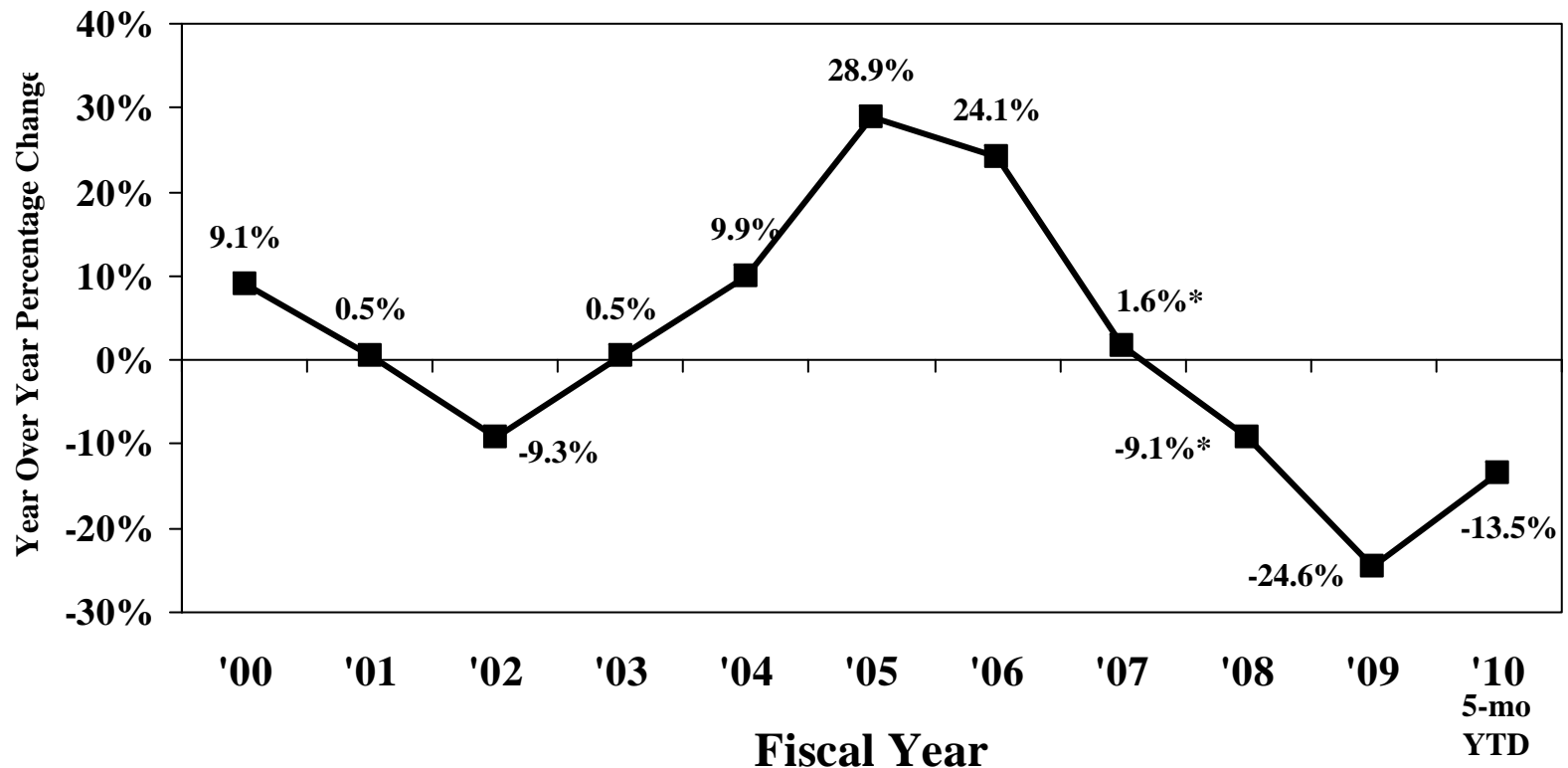
Arizona Use Tax

General Fund Collections

| | | Collections (\$) | Year-to-Year % Change | Year-to-Date % Change | |
|---------|---|------------------|--------------------------|--------------------------|--------|
| FY 2006 | ↑ | July 2005 | 23,872,256 | 5.9% | 5.9% |
| | | Aug 2005 | 26,621,874 | 18.0% | 11.9% |
| | | Sept 2005 | 25,990,396 | 16.9% | 13.6% |
| | | Oct 2005 | 28,124,088 | 36.5% | 19.0% |
| | | Nov 2005 | 25,350,591 | 18.7% | 18.9% |
| | | Dec 2005 | 25,520,731 | 30.3% | 20.6% |
| | | Jan 2006 | 31,316,999 | 29.8% | 22.1% |
| | | Feb 2006 | 26,149,998 | 20.2% | 21.8% |
| | | Mar 2006 | 26,624,546 | 42.4% | 23.8% |
| | | Apr 2006 | 26,326,619 | 17.8% | 23.2% |
| | | May 2006 | 21,682,845 | 0.1% | 21.1% |
| | ↓ | June 2006 | 18,617,865 | -15.9% | 17.9% |
| FY 2007 | ↑ | July 2006 | 28,987,773 | 21.4% | 21.4% |
| | | Aug 2006 | 25,431,547 | -4.5% | 7.8% |
| | | Sept 2006 | 28,561,796 | 9.9% | 8.5% |
| | | Oct 2006 | 28,527,152 | 1.4% | 6.6% |
| | | Nov 2006 | 27,484,263 | 8.4% | 7.0% |
| | | Dec 2006 | 23,756,958 | -6.9% | 4.7% |
| | | Jan 2007 | 31,899,499 | 1.9% | 4.2% |
| | | Feb 2007 | 23,123,752 | -11.6% | 2.3% |
| | | Mar 2007 | 22,628,801 | -15.0% | 0.3% |
| | | Apr 2007 | 27,021,534 | 2.6% | 0.6% |
| | | May 2007 | 6,153,618 | -71.6% | -4.9% |
| | ↓ | June 2007 | 29,434,170 | 58.1% | -1.0% |
| FY 2008 | ↑ | July 2007 | 31,300,389 | 8.0% | 8.0% |
| | | Aug 2007 | 29,103,528 | 14.4% | 11.0% |
| | | Sept 2007 | 29,437,063 | 3.1% | 8.3% |
| | | Oct 2007 | 30,750,858 | 7.8% | 8.1% |
| | | Nov 2007 | 30,042,343 | 9.3% | 8.4% |
| | | Dec 2007 | 26,487,663 | 11.5% | 8.8% |
| | | Jan 2008 | 33,730,459 | 5.7% | 8.3% |
| | | Feb 2008 | 27,581,711 | 19.3% | 9.5% |
| | | Mar 2008 | 26,927,528 | 19.0% | 10.4% |
| | | Apr 2008 | 28,924,084 | 7.0% | 10.0% |
| | | May 2008 | 27,402,823 | 345.3% | 17.6% |
| | ↓ | June 2008 | 19,220,885 | -34.7% | 12.5% |
| FY 2009 | ↑ | July 2008 | 31,696,678 | 1.3% | 1.3% |
| | | Aug 2008 | 30,505,018 | 4.8% | 3.0% |
| | | Sept 2008 | 28,148,827 | -4.4% | 0.6% |
| | | Oct 2008 | 29,703,678 | -3.4% | -0.4% |
| | | Nov 2008 | 25,398,587 | -15.5% | -3.4% |
| | | Dec 2008 | 20,945,415 | -20.9% | -6.1% |
| | | Jan 2009 | 32,438,853 | -3.8% | -5.7% |
| | | Feb 2009 | 21,418,330 | -22.3% | -7.6% |
| | | Mar 2009 | 20,507,125 | -23.8% | -9.3% |
| | | Apr 2009 | 19,245,339 | -33.5% | -11.6% |
| | | May 2009 | 19,198,904 | -29.9% | -13.2% |
| | ↓ | June 2009 | 13,491,820 | -29.8% | -14.1% |
| FY 2010 | ↑ | July 2009 | 18,370,135 | -42.0% | -42.0% |
| | | Aug 2009 | 24,958,659 | -18.2% | -30.3% |
| | | Sept 2009 | 24,529,411 | -12.9% | -24.9% |
| | | Oct 2009 | 22,089,247 | -25.6% | -25.1% |
| | | Nov 2009 | | | |
| | | Dec 2009 | | | |
| | | Jan 2010 | | | |
| | | Feb 2010 | | | |
| | | Mar 2010 | | | |
| | | Apr 2010 | | | |
| | | May 2010 | | | |
| | ↓ | June 2010 | | | |

Individual Income Tax

Individual Income Tax Growth Rate



* The '07 and '08 percentages include the impact of the 10% rate reduction passed by the Legislature, and phased in over 2 years beginning in tax year 2006. Excluding the rate reduction, baseline '07 growth was 6.3%, and '08 was (4.1)%.

% Change From Prior Year

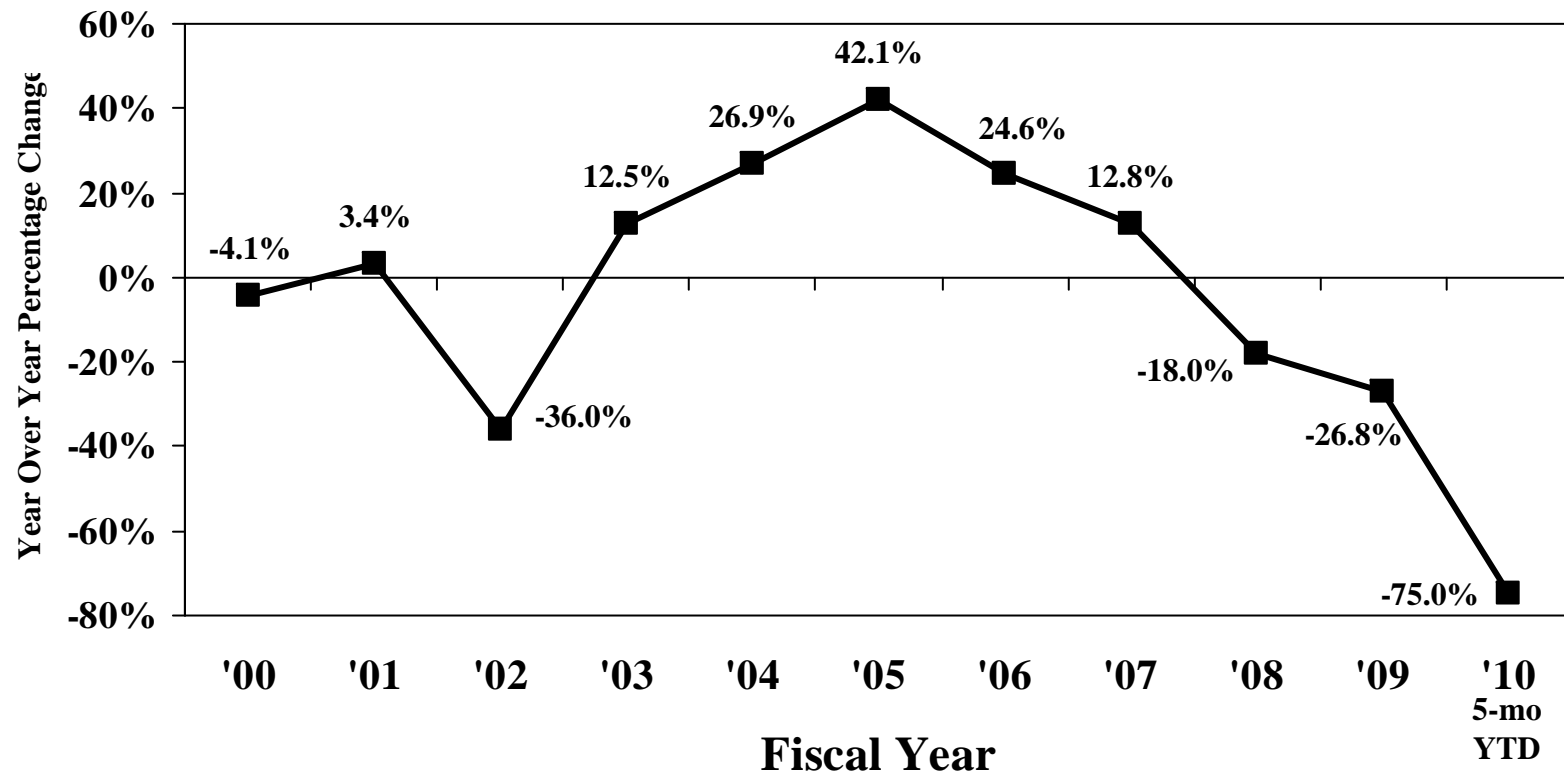
% Change From Prior Year

**Individual Income Tax
Estimated/Final Payments Worksheet
(by Month)**

| Actual Collections | | | | | | | | | | | | | | | | |
|--------------------|---------------|-------------|-------------|---------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|--|
| | FY2006 | | | FY2007 | | | FY2008 | | | FY2009 | | | FY2010 | | | |
| | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | |
| Jul | 15,395,021 | 4,885,194 | 10,509,827 | 17,937,645 | 6,371,696 | 11,565,948 | 17,879,385 | 6,507,747 | 11,371,639 | 20,362,785 | 6,533,304 | 13,829,481 | 14,421,659 | 3,533,528 | 10,888,131 | |
| Aug | 25,713,368 | 7,683,379 | 18,029,988 | 23,419,716 | 7,456,858 | 15,962,858 | 25,938,503 | 5,666,480 | 20,272,023 | 14,090,255 | 5,827,130 | 8,263,125 | 11,402,939 | 2,901,362 | 8,501,577 | |
| Sep | 118,564,270 | 110,531,138 | 8,033,132 | 157,891,628 | 145,469,802 | 12,421,826 | 150,661,494 | 135,849,436 | 14,812,058 | 124,307,996 | 112,945,236 | 11,362,760 | 76,451,170 | 65,960,270 | 10,490,900 | |
| Oct | 27,206,826 | 7,685,799 | 19,521,027 | 65,184,764 | 11,339,308 | 53,845,457 | 68,191,868 | 10,396,440 | 57,795,428 | 53,444,533 | 7,821,163 | 45,623,371 | 35,790,908 | 5,226,487 | 30,564,421 | |
| Nov | 16,055,089 | 5,885,793 | 10,169,296 | 31,853,112 | 5,472,606 | 26,380,506 | 17,879,843 | 4,759,688 | 13,120,155 | 13,115,668 | 4,170,266 | 8,945,402 | 14,470,807 | 4,247,308 | 10,223,499 | |
| Dec | 111,812,195 | 104,933,642 | 6,878,553 | 90,557,275 | 80,299,660 | 10,257,616 | 62,901,960 | 55,908,594 | 6,993,366 | 62,643,686 | 53,127,242 | 9,516,444 | - | - | - | |
| Jan | 182,419,323 | 176,696,056 | 5,723,266 | 239,701,160 | 224,055,775 | 15,645,386 | 195,882,391 | 186,098,584 | 9,783,807 | 112,467,313 | 106,370,433 | 6,096,880 | - | - | - | |
| Feb | 18,041,261 | 3,446,602 | 14,594,659 | 18,072,039 | 3,192,180 | 14,879,859 | 17,557,877 | 2,689,455 | 14,868,423 | 18,024,012 | 2,892,677 | 15,131,335 | - | - | - | |
| Mar | 43,912,674 | 3,710,949 | 40,201,725 | 45,377,904 | 5,005,202 | 40,372,702 | 48,363,442 | 4,708,386 | 43,655,056 | 41,170,355 | 2,695,780 | 38,474,575 | - | - | - | |
| Apr | 618,672,832 | 76,814,795 | 541,858,037 | 642,965,695 | 56,965,976 | 585,999,719 | 675,341,552 | 68,112,029 | 607,229,523 | 380,676,278 | 36,311,877 | 344,364,402 | - | - | - | |
| May | 259,114,481 | 9,724,645 | 249,389,836 | 172,843,132 | 27,485,026 | 145,358,105 | 32,424,806 | 4,895,158 | 27,529,649 | 28,189,735 | 3,073,214 | 25,116,521 | - | - | - | |
| Jun | 145,568,069 | 127,531,819 | 18,036,250 | 138,268,468 | 125,906,046 | 12,362,422 | 119,010,089 | 108,562,477 | 10,447,612 | 74,985,704 | 60,902,615 | 14,083,089 | - | - | - | |
| Total | 1,582,475,408 | 639,529,812 | 942,945,597 | 1,644,072,537 | 699,020,134 | 945,052,403 | 1,432,033,211 | 594,154,473 | 837,878,738 | 943,478,320 | 402,670,935 | 540,807,385 | 152,537,483 | 81,868,955 | 70,668,528 | |
| | | | | | | | | | | | | | | | | |
| Percent Change | | | | | | | | | | | | | | | | |
| | FY2006 | | | FY2007 | | | FY2008 | | | FY2009 | | | FY2010 | | | |
| | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | |
| Jul | 92.9% | 60.0% | 113.3% | 16.5% | 30.4% | 10.0% | -0.3% | 2.1% | -1.7% | 13.9% | 0.4% | 21.6% | -29.2% | -45.9% | -21.3% | |
| Aug | 49.0% | 84.6% | 37.7% | -8.9% | -2.9% | -11.5% | 10.8% | -24.0% | 27.0% | -45.7% | 2.8% | -59.2% | -19.1% | -50.2% | 2.9% | |
| Sep | 37.9% | 41.2% | 4.4% | 33.2% | 31.6% | 54.6% | -4.6% | -6.6% | 19.2% | -17.5% | -16.9% | -23.3% | -38.5% | -41.6% | -7.7% | |
| Oct | 0.1% | 53.0% | -11.9% | 139.6% | 47.5% | 175.8% | 4.6% | -8.3% | 7.3% | -21.6% | -24.8% | -21.1% | -33.0% | -33.2% | -33.0% | |
| Nov | 41.3% | 95.3% | 21.8% | 98.4% | -7.0% | 159.4% | -43.9% | -13.0% | -50.3% | -26.6% | -12.4% | -31.8% | 10.3% | 1.8% | 14.3% | |
| Dec | 37.7% | 42.2% | -7.0% | -19.0% | -23.5% | 49.1% | -30.5% | -30.4% | -31.8% | -0.4% | -5.0% | 36.1% | | | | |
| Jan | 52.5% | 55.3% | -1.3% | 31.4% | 26.8% | 173.4% | -18.3% | -16.9% | -37.5% | -42.6% | -42.8% | -37.7% | | | | |
| Feb | 44.4% | 55.0% | 42.2% | 0.2% | -7.4% | 2.0% | -2.8% | -15.7% | -0.1% | 2.7% | 7.6% | 1.8% | | | | |
| Mar | 12.3% | -14.1% | 15.6% | 3.3% | 34.9% | 0.4% | 6.6% | -5.9% | 8.1% | -14.9% | -42.7% | -11.9% | | | | |
| Apr | 20.8% | 27.4% | 19.9% | 3.9% | -25.8% | 8.1% | 5.0% | 19.6% | 3.6% | -43.6% | -46.7% | -43.3% | | | | |
| May | 207.6% | 117.8% | 212.6% | -33.3% | 182.6% | -41.7% | -81.2% | -82.2% | -81.1% | -13.1% | -37.2% | -8.8% | | | | |
| Jun | 36.3% | 35.8% | 39.8% | -5.0% | -1.3% | -31.5% | -13.9% | -13.8% | -15.5% | -37.0% | -43.9% | 34.8% | | | | |
| Total | 43.2% | 43.3% | 43.1% | 3.9% | 9.3% | 0.2% | -12.9% | -15.0% | -11.3% | -34.1% | -32.2% | -35.5% | -83.8% | -79.7% | -86.9% | |
| | | | | | | | | | | | | | | | | |
| Percent to Total | | | | | | | | | | | | | | | | |
| | FY2006 | | | FY2007 | | | FY2008 | | | FY2009 | | | FY2010 | | | |
| | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | Total | Estimated | Final | |
| Jul | 1.0% | 0.8% | 1.1% | 1.1% | 0.9% | 1.2% | 1.2% | 1.1% | 1.4% | 2.2% | 1.6% | 2.6% | | | | |
| Aug | 1.6% | 1.2% | 1.9% | 1.4% | 1.1% | 1.7% | 1.8% | 1.0% | 2.4% | 1.5% | 1.4% | 1.5% | | | | |
| Sep | 7.5% | 17.3% | 0.9% | 9.6% | 20.8% | 1.3% | 10.5% | 22.9% | 1.8% | 13.2% | 28.0% | 2.1% | | | | |
| Oct | 1.7% | 1.2% | 2.1% | 4.0% | 1.6% | 5.7% | 4.8% | 1.7% | 6.9% | 5.7% | 1.9% | 8.4% | | | | |
| Nov | 1.0% | 0.9% | 1.1% | 1.9% | 0.8% | 2.8% | 1.2% | 0.8% | 1.6% | 1.4% | 1.0% | 1.7% | | | | |
| Dec | 7.1% | 16.4% | 0.7% | 5.5% | 11.5% | 1.1% | 4.4% | 9.4% | 0.8% | 6.6% | 13.2% | 1.8% | | | | |
| Jan | 11.5% | 27.6% | 0.6% | 14.6% | 32.1% | 1.7% | 13.7% | 31.3% | 1.2% | 11.9% | 26.4% | 1.1% | | | | |
| Feb | 1.1% | 0.5% | 1.5% | 1.1% | 0.5% | 1.6% | 1.2% | 0.5% | 1.8% | 1.9% | 0.7% | 2.8% | | | | |
| Mar | 2.8% | 0.6% | 4.3% | 2.8% | 0.7% | 4.3% | 3.4% | 0.8% | 5.2% | 4.4% | 0.7% | 7.1% | | | | |
| Apr | 39.1% | 12.0% | 57.5% | 39.1% | 8.1% | 62.0% | 47.2% | 11.5% | 72.5% | 40.3% | 9.0% | 63.7% | | | | |
| May | 16.4% | 1.5% | 26.4% | 10.5% | 3.9% | 15.4% | 2.3% | 0.8% | 3.3% | 3.0% | 0.8% | 4.6% | | | | |
| Jun | 9.2% | 19.9% | 1.9% | 8.4% | 18.0% | 1.3% | 8.3% | 18.3% | 1.2% | 7.9% | 15.1% | 2.6% | | | | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

Corporate Income Tax

Corporate Income Tax Growth Rate



* The '07, '08, '09, and '10 percentages include the impact of tax law changes, including the consolidated reporting credit, and the phase-in of the corporate sales factor enacted in 2005. Excluding these tax law changes, baseline growth for '07 – '09 would be 14.1%, (17.2)%, and (20.7)% respectively.

General Fund Collections

| | | Gross | Year-to-Year | Year-to-Date | | Year-to-Year | Year-to-Date | Net | Year-to-Year | Year-to-Date |
|-----------|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | Revenue (\$) | % Change | % Change | Refunds (\$) | % Change | % Change | Revenue (\$) | % Change | % Change |
| FY 2006 | July 2005 | 39,403,420 | 55.9% | 55.9% | (4,125,396) | -3.8% | -3.8% | 35,278,025 | 68.1% | 68.1% |
| | Aug 2005 | 25,696,715 | 8.5% | 33.0% | (2,266,943) | -6.7% | -4.8% | 23,429,772 | 10.2% | 39.0% |
| | Sept 2005 | 176,288,184 | 36.7% | 35.7% | (5,907,796) | -10.1% | -7.4% | 170,380,388 | 39.2% | 39.2% |
| | Oct 2005 | 32,084,843 | -22.0% | 24.9% | (3,496,533) | -41.8% | -18.1% | 28,588,309 | -18.6% | 29.0% |
| | Nov 2005 | 17,504,745 | -0.5% | 23.0% | (11,649,227) | -1.3% | -11.7% | 5,855,519 | 1.1% | 28.2% |
| | Dec 2005 | 148,830,193 | 0.1% | 14.2% | (13,593,465) | 19.0% | -3.5% | 135,236,728 | -1.5% | 16.3% |
| | Jan 2006 | 40,013,321 | 51.1% | 16.5% | (6,007,037) | 40.6% | 0.6% | 34,006,284 | 53.1% | 18.6% |
| | Feb 2006 | 29,206,362 | 58.4% | 18.3% | (26,798,202) | 125.0% | 25.8% | 2,408,160 | -63.1% | 17.2% |
| | Mar 2006 | 81,512,645 | 21.5% | 18.8% | (6,684,270) | 105.2% | 30.0% | 74,828,375 | 17.2% | 17.2% |
| | Apr 2006 | 164,532,013 | 52.0% | 24.7% | (2,648,528) | -63.0% | 20.4% | 161,883,485 | 60.1% | 25.3% |
| | May 2006 | 56,587,649 | -19.4% | 20.1% | (3,743,958) | 70.8% | 21.9% | 52,843,691 | -22.3% | 19.9% |
| | June 2006 | 152,469,682 | 37.5% | 22.6% | (2,988,945) | -77.3% | 6.4% | 149,480,737 | 53.0% | 24.5% |
| FY 2007 | July 2006 | 43,353,146 | 10.0% | 10.0% | (4,319,904) | 4.7% | 4.7% | 39,033,242 | 10.6% | 10.6% |
| | Aug 2006 | 36,550,203 | 42.2% | 22.7% | (4,532,437) | 99.9% | 38.5% | 32,017,766 | 36.7% | 21.0% |
| | Sept 2006 | 191,640,170 | 8.7% | 12.5% | (478,252) | -91.9% | -24.1% | 191,161,918 | 12.2% | 14.5% |
| | Oct 2006 | 59,655,446 | 85.9% | 21.1% | (5,716,861) | 63.5% | -4.7% | 53,938,585 | 88.7% | 22.7% |
| | Nov 2006 | 18,008,043 | 2.9% | 20.0% | (12,842,981) | 10.2% | 1.6% | 5,165,061 | -11.8% | 21.9% |
| | Dec 2006 | 199,892,212 | 34.3% | 24.8% | (30,301,417) | 122.9% | 41.8% | 169,590,795 | 25.4% | 23.1% |
| | Jan 2007 | 40,561,661 | 1.4% | 22.9% | (3,294,750) | -45.2% | 30.7% | 37,266,911 | 9.6% | 22.0% |
| | Feb 2007 | 22,671,285 | -22.4% | 20.3% | (1,544,406) | -94.2% | -14.6% | 21,126,878 | 777.3% | 26.2% |
| | Mar 2007 | 81,308,195 | -0.3% | 17.5% | (2,647,466) | -60.4% | -18.4% | 78,660,729 | 5.1% | 23.1% |
| | Apr 2007 | 181,878,155 | 10.5% | 16.0% | (4,248,464) | 60.4% | -15.9% | 177,629,692 | 9.7% | 19.9% |
| | May 2007 | 53,261,647 | -5.9% | 14.4% | (5,508,206) | 47.1% | -13.2% | 47,753,442 | -9.6% | 17.7% |
| | June 2007 | 138,851,344 | -8.9% | 10.7% | (6,026,798) | 101.6% | -9.4% | 132,824,546 | -11.1% | 12.8% |
| FY 2008 | July 2007 | 36,629,629 | -15.5% | -15.5% | (2,826,419) | -34.6% | -34.6% | 33,803,210 | -13.4% | -13.4% |
| | Aug 2007 | 31,231,530 | -14.6% | -15.1% | (2,130,868) | -53.0% | -44.0% | 29,100,662 | -9.1% | -11.5% |
| | Sept 2007 | 190,463,884 | -0.6% | -4.9% | (12,876,823) | 2592.5% | 91.1% | 177,587,061 | -7.1% | -8.3% |
| | Oct 2007 | 66,882,299 | 12.1% | -1.8% | (10,751,410) | 88.1% | 90.0% | 56,130,889 | 4.1% | -6.2% |
| | Nov 2007 | 20,550,859 | 14.1% | -1.0% | (23,194,074) | 80.6% | 85.7% | (2,643,215) | -151.2% | -8.5% |
| | Dec 2007 | 159,569,186 | -20.2% | -8.0% | (39,476,416) | 30.3% | 56.8% | 120,092,770 | -29.2% | -15.7% |
| | Jan 2008 | 30,393,356 | -25.1% | -9.1% | (44,896,658) | 1262.7% | 121.4% | (14,503,302) | -138.9% | -24.3% |
| | Feb 2008 | 30,326,605 | 33.8% | -7.6% | (8,934,899) | 478.5% | 130.2% | 21,391,706 | 1.3% | -23.4% |
| | Mar 2008 | 77,714,008 | -4.4% | -7.2% | (16,372,625) | 518.4% | 145.8% | 61,341,383 | -22.0% | -23.2% |
| | Apr 2008 | 132,091,079 | -27.4% | -11.4% | (6,877,514) | 61.9% | 140.7% | 125,213,565 | -29.5% | -24.6% |
| | May 2008 | 49,477,589 | -7.1% | -11.1% | (22,932,737) | 316.3% | 153.6% | 26,544,852 | -44.4% | -25.7% |
| | June 2008 | 156,770,836 | 12.9% | -8.0% | (6,319,532) | 4.9% | 142.6% | 150,451,304 | 13.3% | -20.4% |
| FY 2009 | July 2008 | 30,855,446 | -15.8% | -15.8% | (7,560,667) | 167.5% | 167.5% | 23,294,779 | -31.1% | -31.1% |
| | Aug 2008 | 27,451,899 | -12.1% | -14.1% | (8,301,008) | 289.6% | 220.0% | 19,150,891 | -34.2% | -32.5% |
| | Sept 2008 | 141,909,038 | -25.5% | -22.5% | (9,825,536) | -23.7% | 44.0% | 132,083,502 | -25.6% | -27.4% |
| | Oct 2008 | 38,739,976 | -42.1% | -26.5% | (17,578,552) | 63.5% | 51.4% | 21,161,424 | -62.3% | -34.0% |
| | Nov 2008 | 19,710,774 | -4.1% | -25.2% | (22,199,167) | -4.3% | 26.4% | (2,488,393) | -5.9% | -34.3% |
| | Dec 2008 | 142,148,266 | -10.9% | -20.7% | (30,686,844) | -22.3% | 5.4% | 111,461,422 | -7.2% | -26.4% |
| | Jan 2009 | 24,401,184 | -19.7% | -20.6% | (27,865,899) | -37.9% | -8.9% | (3,464,715) | -76.1% | -24.6% |
| | Feb 2009 | 44,210,646 | 45.8% | -17.1% | (9,879,797) | 10.6% | -7.7% | 34,330,849 | 60.5% | -20.3% |
| | Mar 2009 | 47,075,868 | -39.4% | -19.8% | (2,253,816) | -86.2% | -15.7% | 44,822,052 | -26.9% | -21.1% |
| | Apr 2009 | 71,283,316 | -46.0% | -24.2% | (4,946,992) | -28.1% | -16.2% | 66,336,324 | -47.0% | -26.5% |
| | May 2009 | 53,388,261 | 7.9% | -22.3% | (4,456,156) | -80.6% | -23.9% | 48,932,104 | 84.3% | -21.8% |
| | June 2009 | 107,127,377 | -31.7% | -23.8% | (10,590,361) | 67.6% | -21.0% | 96,537,016 | -35.8% | -24.5% |
| FY 2010 | July 2009 | 40,229,569 | 30.4% | -22.2% | (6,588,858) | -12.9% | -20.7% | 33,640,711 | 44.4% | -22.5% |
| | Aug 2009 | 13,290,779 | -51.6% | -22.9% | (7,434,505) | -10.4% | -20.3% | 5,856,274 | -69.4% | -23.6% |
| | Sept 2009 | 90,602,685 | -36.2% | -24.5% | (22,780,171) | 131.8% | -13.6% | 67,822,514 | -48.7% | -27.1% |
| | Oct 2009 | 39,509,212 | 2.0% | -23.7% | (20,697,238) | 17.7% | -11.3% | 18,811,974 | -11.1% | -26.7% |
| | Nov 2009 | 15,828,658 | -19.7% | -23.6% | (93,858,161) | 322.8% | 16.9% | (78,029,503) | 3035.7% | -34.5% |
| | Dec 2009 | | | | | | | | | |
| | Jan 2010 | | | | | | | | | |
| | Feb 2010 | | | | | | | | | |
| | Mar 2010 | | | | | | | | | |
| | Apr 2010 | | | | | | | | | |
| May 2010 | | | | | | | | | | |
| June 2010 | | | | | | | | | | |

Economic Indicators

Economic Indicators

NATIONAL

According to the second estimate of the **U.S. Real Gross Domestic Product (GDP)** for the 3rd quarter of 2009, the nation's economy grew at an annual rate of 2.8% down from the previous estimate of 3.5% released last month. The downward revision was primarily due to less consumer spending and business structures spending than previously estimated. Additionally, international trade detracted more from economic growth than last month's figures indicated. The updated GDP report suggests that the nation's economic recovery did not start quite as strongly as first believed.

In November, the Conference Board's **U.S. Consumer Confidence Index** totaled 49.5, up 0.8 points from the revised October level of 48.7. The measure is up 4.8 points from November 2008 levels. The report cites that present day conditions were, in essence unchanged, and individuals' short-term outlook increased slightly.

The Conference Board's **U.S. Index of Leading Economic Indicators** rose for the seventh consecutive month in October, with a month-over-month increase of 0.3%. The index, which is designed to anticipate economic activity 3 to 6 months in advance, indicates that the national economy has begun to recover. Six of the 10 components that make up the index improved in October. The largest positive contribution came from the interest rate spread between the yield of 10-year Treasury Bonds and the Federal Funds rate, which is primarily the result of the Fed's ongoing monetary stimulus programs.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, increased by 0.3% in October. The larger-than-expected CPI increase was primarily due to the rise in both energy prices and new and used vehicle prices. The CPI is now (0.2)% below last year's level. Excluding food and energy, core consumer prices inched up 0.2% in October. The core CPI has risen by 1.7% over the last 12 months.

The Semiconductor Industry Association (SIA) reported that **Semiconductor Billings** (3-month moving average) in the U.S. totaled \$3.46 billion in September, the largest amount since December 2007. September was the seventh month in a row with monthly increases in semiconductor sales. Additionally, September was also a significant month for the industry in the sense that it ended a string of 14 consecutive months of year-over-year sales declines.

The outlook for the semiconductor industry has improved markedly over the last few months.

ARIZONA

The most recent release of economic indicators suggests that while the state's economy is still contracting it is doing so at a slower rate than in recent months. The best real-time measure of the economy is arguably nonfarm employment, which now appears to be declining, year over year, at a somewhat lower rate than what was reported in the previous 5 months. Instead of year-over-year declines of about (7.5)%, as reported for the period from May to September, the Commerce Department's October employment release showed a decline of (6.8)%. More importantly, the private sector added jobs in October for the first time since February 2008.

Although home prices appear to have hit the bottom and even started to slowly climb up, there is still cause for concern. This is highlighted by a recent report from the Realty Studies Group at Arizona State University, which shows that two-thirds of all existing home sales in the Greater Phoenix area are foreclosure-related. These are either foreclosed properties or properties sold in the traditional market (mainly by investors) but foreclosed on within the previous 12 months. It is difficult to imagine that the economy in Arizona, which has traditionally been supported by real estate and construction related activities, will begin to expand in earnest until the housing market recovers. This is unlikely to occur as long as the housing inventory for sale is predominantly foreclosure-related.

As reported in recent issues of *Monthly Fiscal Highlights*, the Federal Reserve Bank's coincident index is a relatively new measure designed to gauge current economic activity in the nation's 50 states, including Arizona. The index combines four state-level indicators into a single statistic: nonfarm payroll employment, average hours worked in manufacturing, unemployment rate, and inflation-adjusted wages.

The most recent release of the **state coincident index** shows that economic activity in Arizona fell by (0.2)% in October. This was the 24th consecutive month the Arizona coincident index declined. The index was (7.7)% below the reading in October 2008. By way of comparison, the national index declined by (0.1)% in October and was (3.3)% below last year's level. The Fed reported that the index increased in 15 states, decreased in 27 states,

"The updated GDP report suggests that the nation's economic recovery did not start quite as strongly as first believed."

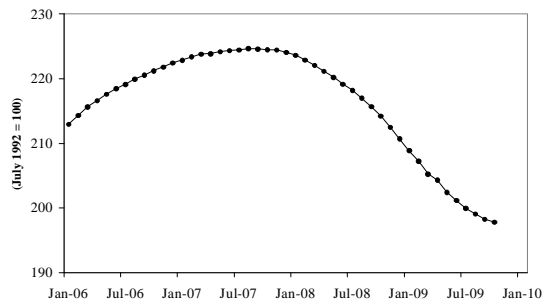


Economic Indicators (Continued)

and remained unchanged in the remaining 8 states last month.

The graph below, which shows the history of the Arizona coincident index, suggests that economic activity in the state has not yet reached its bottom.

Arizona Coincident Economic Activity Index



"This was the first month since April with year-over-year job losses of less than (7.0)%."

According to new figures released by the Arizona Department of Commerce, the state added 13,200 **nonfarm payroll jobs** in October. Year over year, total nonfarm employment was down by (6.8)%. This was the first month since April with year-over-year job losses of less than (7.0)%. The state has shed (10.7)% of its workforce, or (291,200) jobs, since the recession started in December 2007.

October marked the third straight month with monthly increases in total payroll employment, which has not occurred since 2007. Even more noteworthy is that private sector employment expanded for the first time since February 2008 with a total increase of 11,400 jobs. Most of these job gains were recorded in the following 3 industries: employment services (+4,800), retail trade (+2,600), and food services/drinking places (+2,600).

While private sector job losses appear to be moderating, the opposite scenario is taking place for government jobs. Although total government job losses have been accelerating over the last 4 months, it would be erroneous to assume that these losses have been distributed equally among different government sectors. For example, although the government sector as a whole has shed (17,300) jobs, or (3.9)% of its workforce, over the last 12 months, federal government payrolls have increased by 2,000 positions, or 3.6%, during this time. Over the same period, state government employment has decreased by (7.1)% compared to (4.2)% for local government employment.

The government sub-sector most adversely affected by the recession is non-education related state government employment. This category is primarily state employment not related to higher education. According to data released by the Department of Commerce, non-education related state government employment has declined year over year for 19 consecutive months. Compared to the same month last year, non-education related state government employment was down by (10.2)% in October.

The **construction sector** shed (2,100) jobs in October. The industry now employs (42,600) or (23.8)% fewer workers than a year ago. At the height of the housing boom, the construction sector employed 9.5% of the state's workforce compared to 5.7% today.

The **manufacturing sector** lost (100) jobs in October. Year over year, manufacturing employment is down by (7.6)%. The industry has had 36 consecutive months of year-over-year job losses.

The **average weekly hours** of production workers in manufacturing industries is a leading indicator since "factory hours" tends to lead the business cycle as employers usually adjust work hours before increasing or decreasing the size of their workforce. According to the Department of Commerce, average weekly hours in October increased from 38.1 to 38.8 hours. While this was an improvement of 1.8% over the prior month, it was still (4.7)% below the level recorded one year ago. Manufacturing employment is not expected to improve until the average workweek begins to increase.

The state's **unemployment rate** in October rose from 9.1% to 9.3%, the highest reading in more than 26 years. The October unemployment rate varied from a low of 8.3% in Tucson to 22.8% in Yuma. The nation's unemployment rate increased from 9.8% in September to 10.2% in October. This monthly unemployment rate has only been exceeded 6 times in the last 61 years.

The Department of Commerce reported that 31,279 **initial claims for unemployment insurance** were filed in October. While the number of individuals filing for initial jobless claims still remains high by historical standards, the year-over-year increases have moderated considerably over the last few months. October's year-over-year increase of

Economic Indicators (Continued)

2.0% was the lowest in 3 years. Claims for initial unemployment insurance appear to have peaked in April when more than 41,000 individuals filed for benefits. For the week ending on November 7, a total of 98,785 Arizona residents filed for continued claims for jobless benefits, the lowest level in 7 months.

According to data released by the U.S. Census Bureau, an average of 1,166 building permits were issued each month for the period between August and October 2009. This amount includes an average of 1,120 **single-family residential building permits** authorized and 46 **multi-family permits**. Compared to the prior 3-month period, the number of single-family permits issued decreased (15.0)% while the number of multi-family permits decreased (70.2)%. Compared to the same period in the prior year, activity in the single family segment decreased (0.9)%, while permits in the multi-family segment is down (90.6)%.

Based on ASU's October real estate report, the **single-family median resale home price** was \$143,115 based on 9,955 **single-family existing home sales**. The median resale price in the single family segment was 2.3% higher than the prior month but (14.5)% below last year. The median resale price reached a high of \$267,000 in June 2006. The 9,955 transactions were 9.8% and 21.3% above the number of transactions in September 2009 and September 2008, respectively. Sales activity reached a high of 11,820 in June 2009.

In the multi-family segment, the report indicates there were 1,390 **townhouse-condominium median** transactions with an average **sales price** of \$100,000. The total number of units bought and sold represents an increase of 18.3% above September 2009 levels, while the median resale price decreased (2.4)%. The median resale price reached a high of \$189,990 in May 2007. The **S&P/Case-Shiller Home Price Index** measures housing prices based on repeat sales. Utilizing September data, the index for the Phoenix metropolitan area increased on a month-over-month basis for the fourth straight month to a level of 109.26. At its current level, the index, increased 0.8% relative to the prior month (August) but is down (21.8)% on a year-over-year basis. Relative to peak in June 2006 (227.42), the index is down (52.0)%.

According to seasonally adjusted MLS data, the **month's supply of housing** indicator fell by (0.3) months between September and October. The measure currently suggests that

it would take 5.4 months to deplete the current inventory of unsold homes. At this level, the supply of housing is (5.6) months less than it was a year ago and (11.0) months below the September 2007 high of 16.7 months.

The sharpest and longest recession in postwar history has not only resulted in record-large declines in tax receipts but also led to a surge in the demand for state health and welfare services. This explains why caseload growth is near or has exceeded the budget estimates for June 2010 as outlined below.

In November, **AHCCCS caseloads** increased to a total of 1,354,798 members, 1.9% above the number of recipients in the previous month. AHCCCS caseloads are currently 19.2% above November 2008 levels. The FY 2010 budget funded a projected June caseload growth of 10.7%, for a total of 1,388,147 members.

There were a reported 86,450 **TANF recipients** in the state in September, which represented a monthly caseload increase of 0.8%. September's year-over-year increase was 5.8%. The FY 2010 budget assumed that the June 2010 TANF caseload would be 84,287.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In September, there were a total 973,207 food stamp recipients in the state, an increase of 2.6% over the prior month. Compared to the same month last year, food stamp participation was up by 37.1%. The number of food stamp recipients began increasing steadily in July 2007, after several years in the 550,000 to 575,000 range.

The **Department of Correction's (ADC) inmate population** increased to a 3-month average count of 40,654 inmates between August and October 2010. This equates to an average monthly increase of 89 inmates and a year over year increase of 1,353 inmates. In FY 2010, the department was funded for growth of 151 inmates per month. Fiscal year-to-date, monthly population growth has ranged from an increase of 6 inmates to 165 inmates.

The state and counties throughout the state typically share the costs of **adult and juvenile probation programs**. Maricopa County, however, assumes all costs associated with adult and juvenile probation programs. Based on adult and juvenile probation data from July and September, respectively, the



Economic Indicators (Continued)

non-Maricopa probation caseload was 20,021 individuals, 124 fewer probationers than the prior month and an additional 93 probationers from a year ago. In Maricopa County, there were 30,058 probationers

during the period, 3,637 more than the prior month and 914 more than a year ago. The significant month-over-month increase in Maricopa County caseloads is attributed to large increases in adult standard probation.

Table 6

ECONOMIC INDICATORS

| Indicator | Time Period | Current Value | Change From Prior Period | Change From Prior Year |
|--|------------------------------|-----------------|--------------------------|------------------------|
| Arizona | | | | |
| - Unemployment Rate | October | 9.3% | 0.2% | 3.1% |
| - Initial Unemployment Insurance Claims | October | 31,279 | 2.0% | 2.0% |
| - Non-Farm Employment - Total | October | 2.42 million | 0.5% | (6.8)% |
| Manufacturing | October | 160,100 | (0.1)% | (7.6)% |
| Construction | October | 136,300 | (1.5)% | (23.8)% |
| - Average Weekly Hours, Manufacturing | October | 38.8 | 1.8% | (4.7)% |
| - Contracting Tax Receipts (3-month average) | Aug-Oct | \$37.0 million | (6.6)% | (41.8)% |
| - Retail Sales Tax Receipts (3-month average) | Aug-Oct | \$126.4 million | (2.1)% | (12.4)% |
| - Residential Building Permits (3-month moving average) | | | | |
| Single-unit | Aug-Oct | 1,120 | (15.0)% | (0.9)% |
| Multi-unit | Aug-Oct | 46 | (70.2)% | (90.6)% |
| - Greater Phoenix Existing Home Sales | | | | |
| Single-Family | October | 9,955 | 9.8% | 21.3% |
| Townhouse/Condominium | October | 1,390 | 18.3% | 63.5% |
| - Greater Phoenix Median Home Sales Price | | | | |
| Single-Family | October | \$143,115 | 2.4% | (14.5)% |
| Townhouse/Condominium | October | \$100,000 | (2.4)% | (21.6)% |
| S&P/Case-Shiller Home Price Index (Jan. 2000 = 100) | September | 109.26 | 0.8% | (21.8)% |
| - Months Supply of Housing, (ARMLS) | October | 5.4 months | (0.3) months | (4.4) months |
| - Phoenix Sky Harbor Air Passengers | August | 3.17 million | (5.9)% | (4.3)% |
| - Arizona Average Natural Gas Price (\$ per thousand cubic feet) | August | \$6.24 | (0.5)% | (17.1)% |
| - Arizona Consumer Confidence Index (1985 = 100) | 3 rd Quarter 2009 | 60.2 | 26.6% | NA |
| - Arizona Coincident Index (July 1992 = 100) | October | 197.84 | (0.2)% | (7.7)% |
| - Arizona Personal Income | 2 nd Quarter 2009 | \$217.3 billion | (0.1)% | (3.3)% |
| - Arizona Population | July 1, 2008 | 6.50 million | 146,759 | 2.3% |
| - AHCCCS Recipients | November | 1,354,798 | 1.9% | 19.2% |
| - TANF Recipients | September | 86,450 | 0.8% | 5.8% |
| - SNAP (Food Stamps) Recipients | September | 973,207 | 2.6% | 37.1% |
| - ADC Inmate Growth (3-month average) | Aug-Oct | 40,654 | 89 inmates | 1,353 inmates |
| - Probation Caseload (Adult/Juvenile) | | | | |
| Non-Maricopa | July/September | 20,021 | (124) | 93 |
| Maricopa County | July/September | 30,058 | 3,637 | 914 |
| United States | | | | |
| - Gross Domestic Product (Chained 2005 dollars, SAAR) | 3 rd Quarter 2009 | \$13.0 trillion | 2.8% | (2.5)% |
| - Consumer Confidence Index (1985 = 100) | November | 49.5 | 1.6% | 10.7% |
| - Leading Indicators Index (2004 = 100) | October | 103.8 | 0.3% | 4.2% |
| - U.S. Semiconductor Billings (3-month moving average) | Jul-Sep | \$3.46 billion | 6.2% | 7.8% |
| - Consumer Price Index, SA (1982-84 = 100) | October | 216.38 | 0.3% | (0.2)% |

JLBC FINANCE ADVISORY COMMITTEE (FAC) MEMBERS

Dan Anderson has served as Assistant Executive Director for Institutional Analysis for Arizona Board of Regents since July 2002. From 1975 through June 2002, Mr. Anderson held various positions at the Arizona Department of Economic Security, with most of his time as Research Administrator. He has been a member of the FAC since its inception.

Dr. Jay Q. Butler is Director of Realty Studies and an Associate Professor of Real Estate in the Morrison School at Arizona State University at the Polytechnic campus. He also holds the Arizona Realtors Professorship in Real Estate. Dr. Butler has been at ASU since 1972. He has been a member of the FAC since 1994.

Brian Cary is Corporate Economist for Salt River Project (SRP). Prior to joining SRP in September 2007, he served as Principal Economist on the JLBC staff for 4 years. Mr. Cary has been producing forecasts and analysis for more than 25 years, mostly focused on the energy and financial sectors. He joined the FAC in 1989.

Tracy L. Clark is Data Integrity Manager for the Arizona Department of Transportation. Previously, he was with Arizona State University as the Associate Director of the JPMorgan Chase Economic Outlook Center. He produced national and local economic forecasts, as well as, gathering forecasts from other economists for Center publications. Mr. Clark has been a member of the FAC since 1989.

Pete Ewen is Chief Economist and Manager, Revenue and Fuel Analysis and Forecast Group at Pinnacle West. He has been with Arizona Public Service/Pinnacle West for 17 years.

John C. Lucking is President of ECON-LINC, an economic consulting firm. Dr. Lucking also serves as a director for Sanu Resources Ltd., an international mineral exploration company, and as a trustee for several municipal bond mutual funds. Previously, he served as Chief Economist for Bank One Arizona and as the Executive Director of the Governor's Partnership for Economic Development (GSPED). Dr. Lucking has been a member of the FAC since 1987.

State Treasurer Dean Martin serves as the chief financial officer for the State Treasury in Arizona. He previously served as a State Senator from 2001 to 2007 and was Chairman of the Senate Finance Committee, responsible for legislation related to taxes, retirement, insurance and financial issues. The State Treasurer has been a member of the Finance Advisory Committee since its inception. Mr. Martin has been a member of the FAC since he became State Treasurer in January 2007.

Georganna Meyer is Chief Economist for the Arizona Department of Revenue. She has been a member of the FAC since 1984.

Elliott D. Pollack is President of Elliott D. Pollack and Company in Scottsdale, Arizona, an economic and real estate consulting firm established in 1987. Mr. Pollack served as Chief Economist of Valley National Bank in Arizona for 14 years prior to establishing his

consulting firm and is currently a member of the Economic Estimates Commission. He has been a member of the FAC since its inception.

Debra J. Roubik is the Chief Economist and Founder of VisionEcon, a consulting firm. Ms. Roubik began her career as an economist at Chicago's Harris Trust and Savings Bank where she was responsible for the bank's macroeconomic model. She also held the positions of Vice President of Stotler Economics, Manager of Revenue Forecasting for Atchison Topeka & Santa Fe Railway, and Economist for the Arizona Department of Economic Security's Research Administration. Ms. Roubik has been a member of the FAC since 2001.

Martin Shultz is Vice President of Government Affairs for Pinnacle West Capital Corporation. In that role he manages public affairs and government relations for Pinnacle West Capital Corporation and its subsidiaries: Arizona Public Service (APS), APS Energy Services, Pinnacle West Energy Corporation, El Dorado and SunCor. Mr. Shultz has been a member of the FAC since 1984.

Randie Stein joined the Investment Banking firm Stone & Youngberg as a Vice President in the Public Finance Department in September 2004. Ms. Stein has 10 years of experience as a fiscal advisor and Finance Committee analyst in the State Senate and as an economist/budget analyst with the Joint Legislative Budget Committee, and is a former staff director of the School Facilities Board. She has been a member of the FAC since 2005.

Marshall J. Vest is director of the Economic and Business Research Center at the University of Arizona's Eller College of Management. Mr. Vest has headed the College's Forecasting Project for 28 years. He is past-president of the Association for University Economic and Business Research, whose membership includes university-based applied research centers from across the country. Mr. Vest has been a member of the FAC for 28 years.

John Arnold is the Director of the Governor's Office of Strategic Planning and Budgeting (OSPB).