Finance Advisory Committee

Briefing Materials

January 22, 2015

JLBC

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Finance Advisory Committee

Revenue and Budget Update

January 22, 2015

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Summary of JLBC Baseline Shortfall Status

- Compares Cost of Consensus Revenue vs Funding Formulas

	$ in M	
Ending Balance	FY '15	FY '16
• January FAC	$(148)	$ (678)
• January FAC + K-12 Reset	(480)	(1,015)

- ❑ Excludes $464 M available in Budget Stabilization Fund
- ❑ Estimates assume that '15 shortfall is resolved with 1-time solutions prior to '16
- ❑ Does not reflect impact if litigation back payments are awarded

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Forecast Risks
- 1% Variance Yields $575 M Over 3 Years

Potential Gains

- National economic recovery may provide upside gain, in part, by generating more in-state migration
- Gas price windfall will also help stimulate retail sales, but is likely temporary

Potential Losses

- Uncertainty of international events
- Litigation – prison health, retirement, hospital assessment

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Revenue Overview

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'15 Improved Over Slow '14 Due to Corporate Collections
- Otherwise Weak Growth

	'14 Budgeted	'14 Actual	'15 1st Half
Sales	5.7%	5.5%	3.4%
Individual Income	3.7%	1.9%	3.2%
Corporate Income	(3.5)%	(13.1)%	21.4%
Overall	3.9%	2.7%	4.6%

- Without corporate income tax collections, year-to-date overall increase would be 3.6%
- December is first month that revenues have been above forecast since March 2014
- Through December, year-to-date revenues $(60) M below forecast

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AZ Economy is Growing, But Slower than Average
- Given Our Size, Historical Norm May Not be Realistic

Main Factors Behind Slow Growth

	Historical	Current
Overall Job Growth	3.9%	2.6%
Construction Employment	5.7%	(3.5)%
Population Growth	3.1%	1.5%
Building Permits	38K	17K

Other Factors

- Great Recession "hangover" may be hampering investment
- Tougher loan standards and declining household formation have hurt housing demand
- Flat wages have limited consumer purchases
- Reduced Federal defense contracts in Arizona

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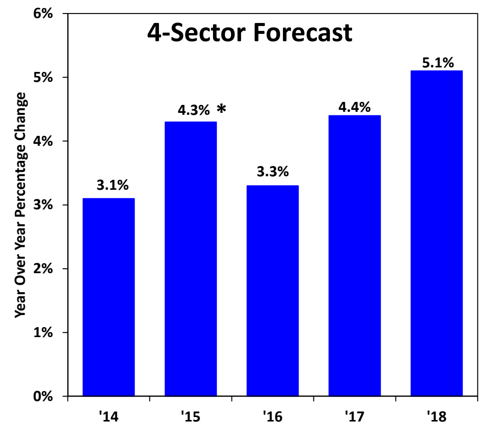
4-Sector Forecast Has Slow Growth Until '18

Components of 4-Sector
- Finance Advisory Committee
- UA base model
- UA lower model
- JLBC Staff

Chance of Exceeding Forecast
- 60%

Long Run Average Growth
- 4.75%



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

* Adjusted for corporate YTD collections

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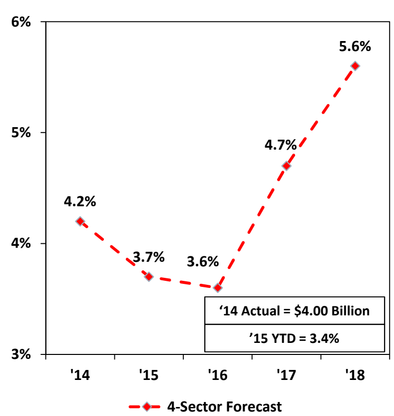
Sales Tax
- Projected Growth of 3.7% in '15 and 3.6% in '16



Percent Change in Base Revenue Excluding Statutory Changes and 1-Cent Sales Tax

- Retail sector of sales up 7.8% in '14; 4.5% so far in '15
- Contracting up 11.2% in '14; near flat in '15 YTD
- Overall, 3.4% growth through first half of fiscal year
- Will Jan '15 contracting law have an impact?
- How much will drop in gas prices spur taxable sales?

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Potential 1-Time Windfall from Gas Prices

- Dramatic decline in gas prices will increase disposable income
- General Fund revenue impact will depend on:
  - Duration of oil price decline
  - Propensity to save vs. spend
  - Taxable nature of spending
- Given uncertainty of all factors, this 1-time windfall could be between $10M -$40M
- Potential gain not reflected in 4-sector forecast

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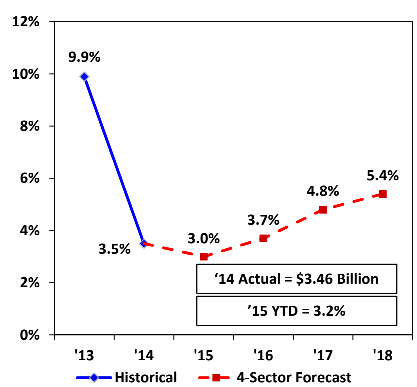
Individual Income Tax
- Projected Growth of 3.0% in '15 and 3.7% in '16



Percent Change in Base Revenue Excluding Statutory Changes and One-Time Changes

- "Fiscal cliff" fueled '13 growth
- Acceleration of gains primarily lowered '14 collections
  - Plus some '15 & '16 impact
- Weak job and salary growth led to 3.4% withholding gain in '14
- 1st half '15 withholding growth was 2.8%
- Projected 15% capital gains growth; April filing will verify

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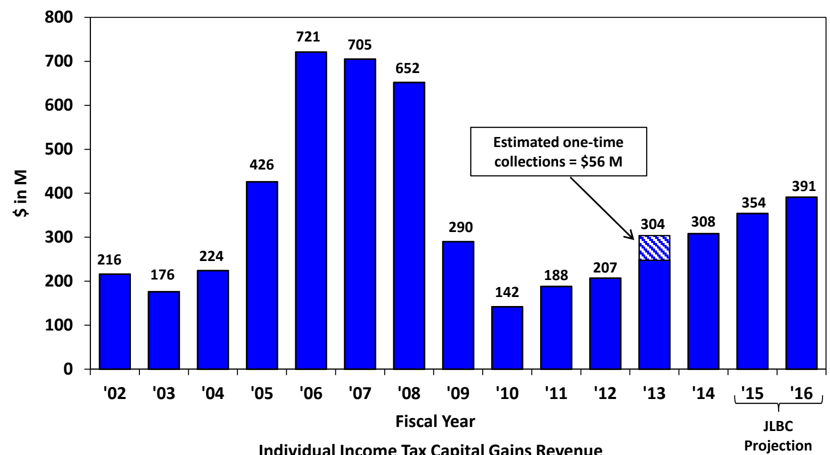
Volatility of Capital Gains Complicate Forecasting



Individual Income Tax Capital Gains Revenue
'14 through '16 Not Adjusted for Tax Law Changes

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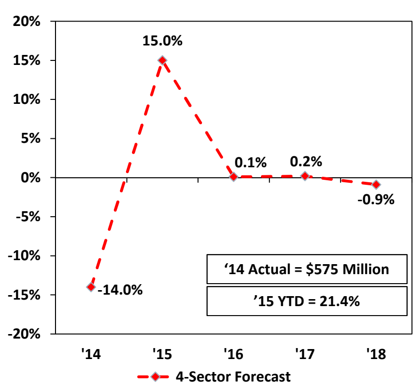
Corporate Income Tax
- Projected Growth of 15.0% in '15 and 0.1% in '16



Percent Change in Base Revenue Excluding Statutory Changes and One-Time Changes

- After '14 decline, '15 YTD growth is 21.4%
- 4-sector '15 growth is 3.7% - would require (10)% 2nd half decline
- '15 adjusted to 15% annual growth – 10% 2nd half growth
- Filing extension may delay the impact of rate cuts

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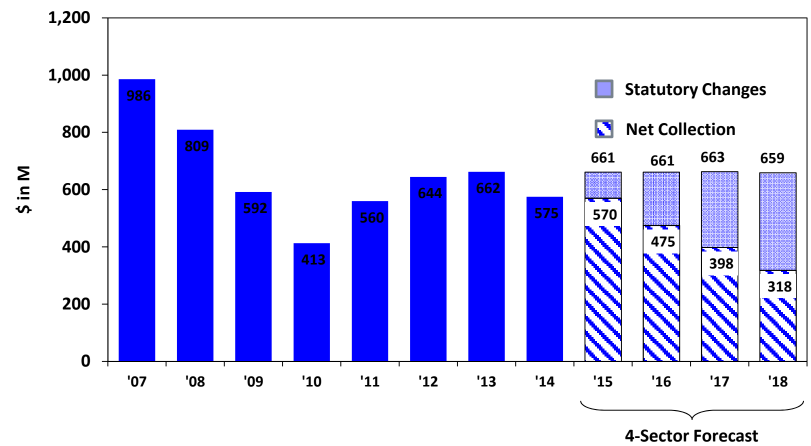
‘18 CIT Projected to be $318 M

- Primary Reductions are 2% Rate Cut and 100% Sales Factor



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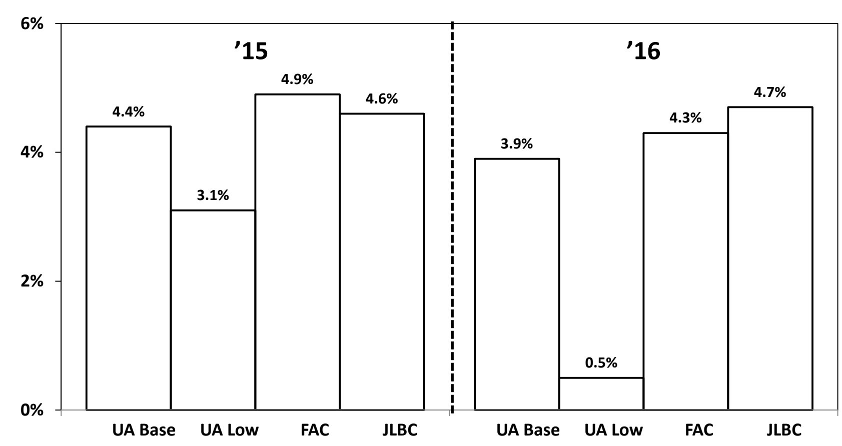
Consensus Growth Rate is 4.3% in ‘15 and 3.3% in ’16

- Prior to Corporate Adjustment, ‘15 Growth More Comparable to ’16 1/



Details in Appendix A

1/ Prior to adjustment for corporate collections, the ‘15 growth rate is 3.6%

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Phase-In of $267 M of Enacted Tax Reductions

$ in M

	'16	'17	'18
Corporate Rate Reduction/Sales Factor	(68)	(61)	(60)
25% Capital Gains Reduction	(11)	0	0
1-time Income Tax Indexing	(6)	6	0
Corporate School Tuition Indexing	(9)	(10)	(12)
Other	(18)	(13)	(5)
Total	**(112)**	**(78)**	**(77)**

By '18, revenue base is forecast to be a total of $267 M lower than if no enacted changes

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Tax Law Phase-In Reduces '16 Growth Rate to 1.6%

$ in M Above Prior Year

	'16	'17	'18
Base Revenue Growth (3.3%/4.4%/5.1%)	300	413	495
Elimination of Fund Transfers	(54)	--	--
Previously Enacted Tax Legislation	(112)	(78)	(77)
Urban Revenue Sharing	3	(10)	(5)
Total	**137**	**325**	**413**
% Change	**1.6 %**	**3.7%**	**4.5%**

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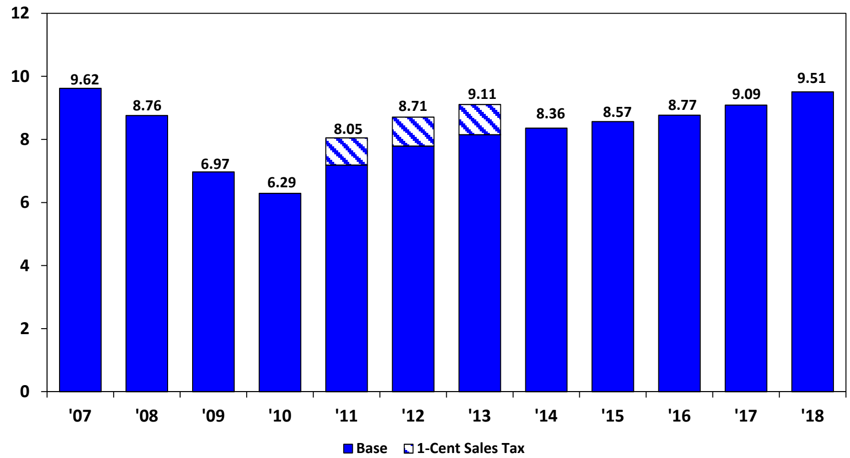
The Last Decade of General Fund Revenues



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

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Spending Overview

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Projected Baseline Spending Changes

	$ in M Above Prior Year		
	'16	'17	'18
K-12 Formula	181	210	164
Medicaid Formula	29	121	137
DCS 1-Time Backlog	(16)	(8)	0
ADC Operating	8	0	0
Capital	(42)	0	0
HURF Shift ($30 M to $60 M)	0	30	0
One-Time/Other	(70)	(16)	2
Additional Spending	**90**	**337**	**303**
Total Spending	**$9,447**	**$9,784**	**$10,087**
% Growth	**1.0%**	**3.6%**	**3.1%**
K-12 Inflation Reset	**$337**	**$341**	**$346**
Revised Total	**$9,784**	**$10,125**	**$10,433**

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Projected Ending Balance Estimates

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Updated ’15 – ’18 Ending Balance Projections
- January FAC Revenue With Projected Spending

Baseline	’15	’16	’17	’18
Balance Forward	$577 M	--	--	--
Revenues	$8.63 B	$8.77 B	$9.09 B	$9.51 B
Spending	$9.36 B	$9.45 B	$9.78 B	$10.09 B
Ending Balance	***$(148) M***	***$(678) M***	***$(690) M***	***$(581) M***
K-12 Reset	$332 M	$337 M	$341 M	$346 M
Revised Balance	***$(480) M***	***$(1.02) B***	***$(1.03) B***	***$(928) M***

- Does not include $464 M Rainy Day Fund

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The Path from a $900 M Surplus to a Large Shortfall

- Current shortfall is not unexpected -- ‘15 budget projected shortfalls of $(237) M in ‘16 and $(490) M in ’17
- The state had an underlying structural shortfall in past several years
- When the $900 M 1-cent sales tax ended in ‘13, we replaced it with a $900 M 1-time carryforward in ’14
- Lower than expected revenue growth
- Phase-in of tax law changes enacted in ‘11 and ‘12
- K-12 inflation litigation

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Executive Comparisons

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’16: How JLBC $(678) M Shortfall Becomes Executive $137 M Balance

$ in M	
$(678)	Baseline ‘16 shortfall (without K-12 litigation)
140	Lower Executive K-12 and Medicaid technical caseload
106	Higher Executive base revenues
	Policy Issues
62	Revenue increases
303	Fund transfers
(201)	Spending increases
388	Spending reductions
17	Other
$137	**Executive ‘16 Ending Balance**

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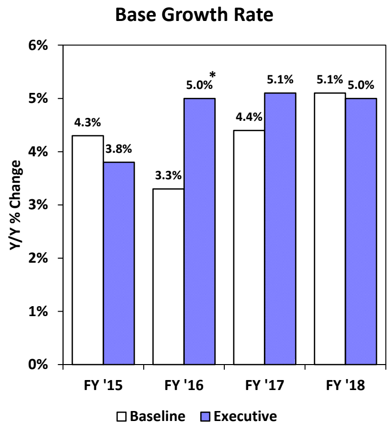
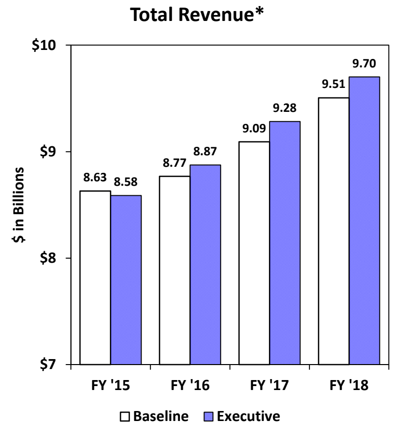
'16 Executive Revenue $106 M Higher
- But JLBC Higher by $54 M in '15



* 4.3% when compared to JLBC '15 base



* Excluding Balance Forward and Executive proposals

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Executive Structural Balance with JLBC "Technicals"
- JLBC Revenue and ADE/Medicaid Caseload

$ in M

Fiscal Year	Executive Nominal	Executive W/JLBC	Exec W/ JLBC & "Reset"
2016	(184)	(414)	(677)
2017	4	(338)	(605)
2018	155	(180)	(452)

- Structural balance represents difference between on-going revenues and spending
- Reset reflects full funding of Superior Court ruling on K-12 inflation reset, but no back payments

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Appendix A: January 2015 4-Sector Forecast

	2015	2016	2017	2018
Sales Tax				
JLBC Forecast	4.0%	4.4%	4.8%	5.0%
UA – Low	2.5%	1.1%	3.3%	5.4%
UA – Base	4.0%	4.4%	5.8%	6.6%
FAC	4.5%	4.4%	5.0%	5.2%
Average:	**3.7%**	**3.6%**	**4.7%**	**5.6%**
Individual Income Tax				
JLBC Forecast	3.6%	5.4%	5.9%	5.9%
UA – Low	1.8%	1.0%	3.0%	4.7%
UA – Base	3.0%	3.8%	5.0%	6.0%
FAC	3.7%	4.4%	5.0%	5.1%
Average:	**3.0%**	**3.7%**	**4.8%**	**5.4%**
Corporate Income Tax				
JLBC Forecast	15.0%	3.1%	3.5%	4.5%
UA – Low	(2.0)%	(6.6)%	(8.8)%	(11.7)%
UA – Base	(1.2)%	0.7%	(0.2)%	(7.2)%
FAC	2.9%	3.1%	5.1%	7.3%
Average:	**3.7%**	**0.1%**	**0.2%**	**(0.9)%**
JLBC Weighted Average	**4.6%**	**4.7%**	**5.2%**	**5.4%**
UA Low Weighted Average	**1.9%**	**0.5%**	**2.5%**	**4.4%**
UA Base Weighted Average	**3.2%**	**3.9%**	**5.1%**	**5.7%**
FAC Consensus Weighted Average	**4.0%**	**4.3%**	**5.0%**	**5.3%**
"Big-3" Weighted Average*	**4.2%**	**3.4%**	**4.5%**	**5.2%**
Consensus Weighted Average**	**4.3%**	**3.3%**	**4.4%**	**5.1%**
Adjusted Consensus Weighted Average***	**3.0%**	**2.1%**	**3.6%**	**4.3%**

* '15 Adjusted for corporate year-to-date collections
** Represents on-going revenue adjusted for small revenue categories
*** Represents on-going revenue adjusted for tax law changes; excludes Urban Revenue Sharing

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Most of the Economy on 8 Cylinders .... and then there's Construction

JLBC FAC

January 22nd, 2015

Presented By:
Elliott D. Pollack
CEO, Elliott D. Pollack & Company

Elliott D. Pollack & Company

Good News –

The recovery should continue.

There are no significant imbalances.

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Overall

- No irrational exuberance

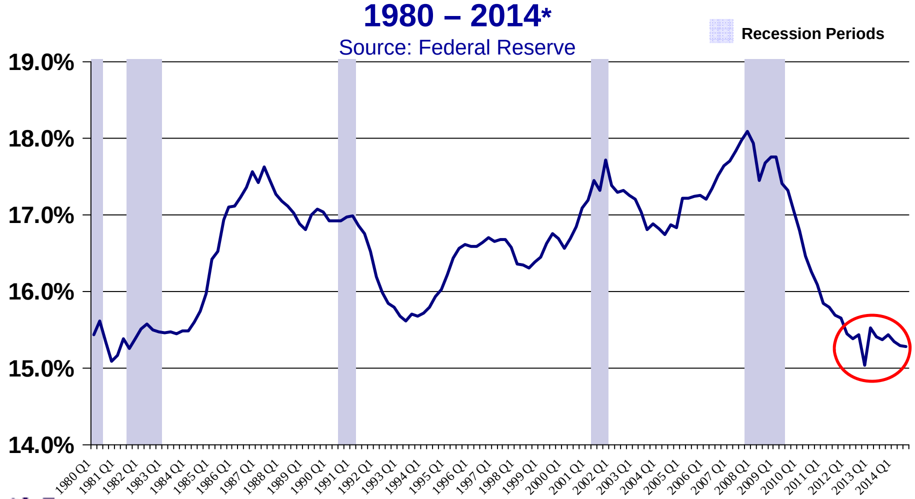
Consumers

Debt Burden Low

Financial Obligation Ratio**

1980 – 2014*

Source: Federal Reserve

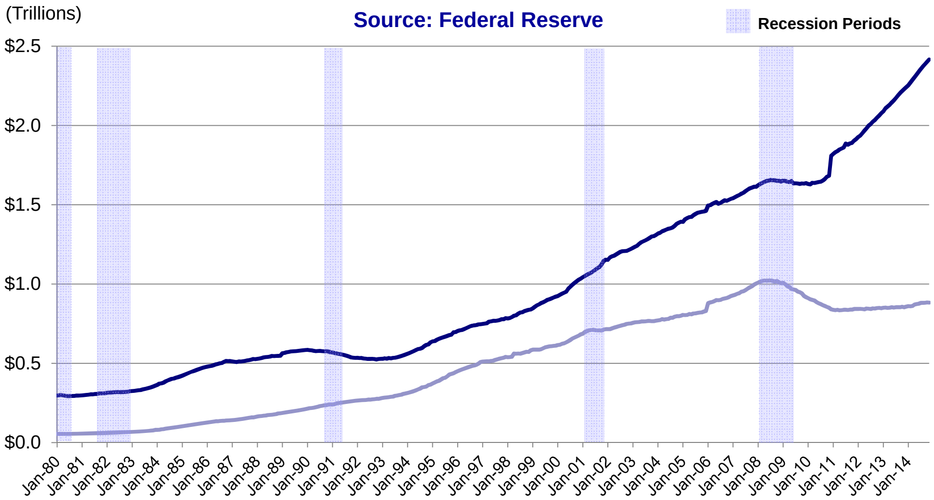


*Data through third quarter 2014

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

Debt Burden Low

U.S. Consumer Credit
1980 - 2014*



*Data through November 2014

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Revolving credit remains more than $139.7 billion below its 2008 peak.

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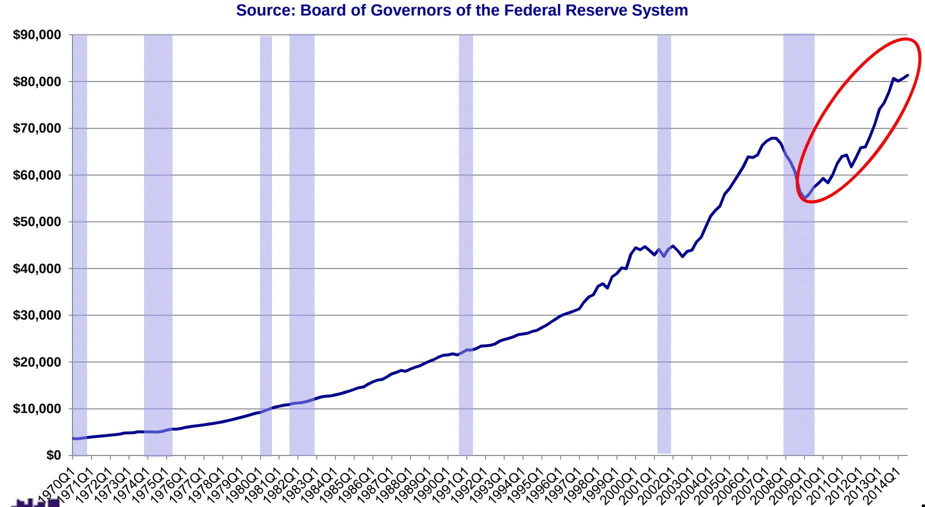
Net Worth Improved

U.S. Household Net Worth
(Billions of Dollars, NSA)
1970 - 2014*



*Data through third quarter 2014

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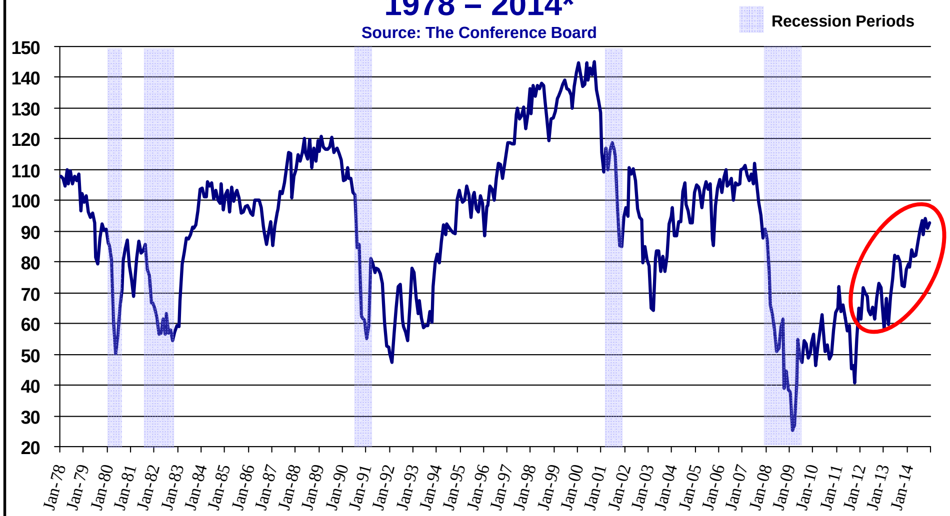
Consumer Confidence High

Consumer Confidence

1978 – 2014*

Source: The Conference Board



*Data through December 2014.

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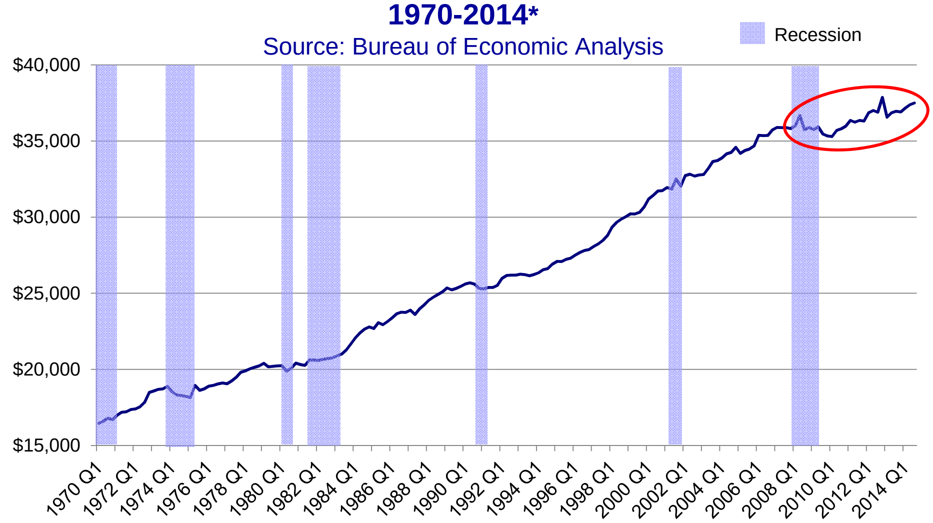
Real Income Growth

Real Disposable Personal Income Per Capita

1970-2014*

Source: Bureau of Economic Analysis



* Data through third quarter 2014

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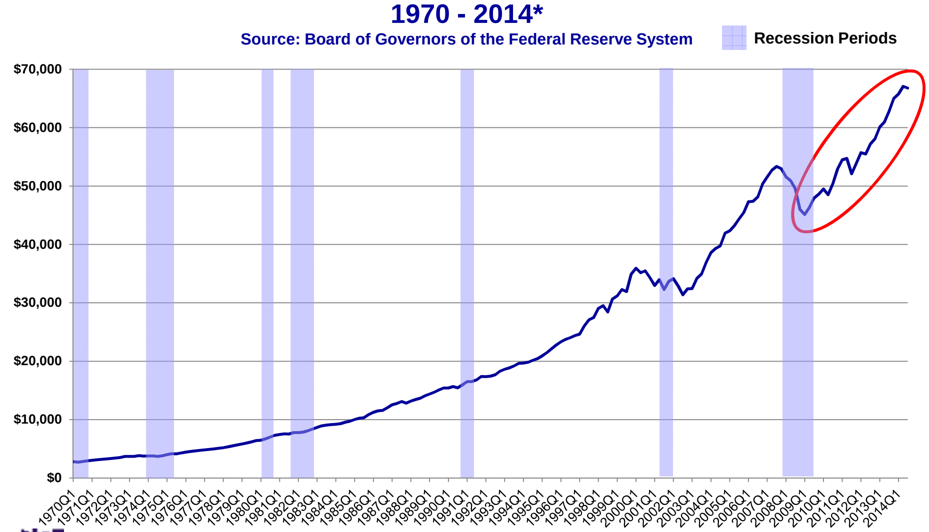
Liquidity Improving

U.S. Household Financial Assets
(Billions of Dollars, NSA)
1970 - 2014*

Source: Board of Governors of the Federal Reserve System



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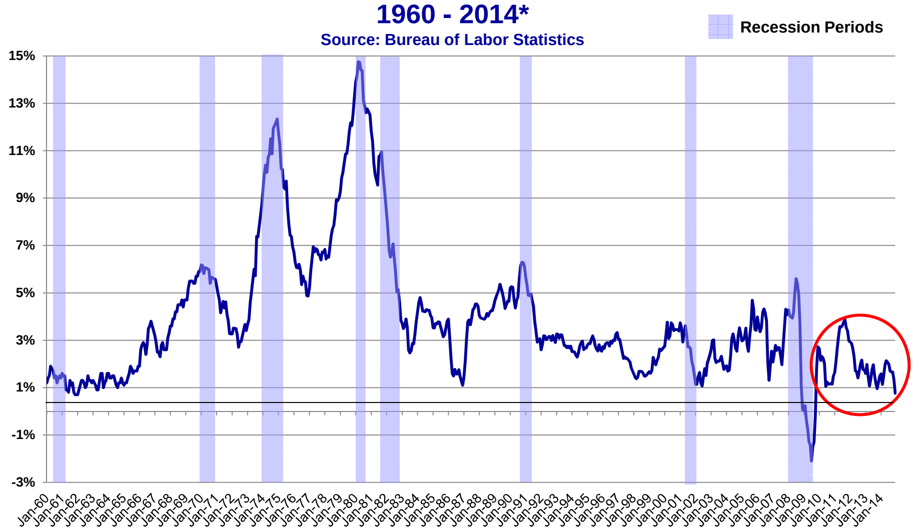
*Data through third quarter 2014

8

Inflation Low

U.S. Consumer Price Index
Annual Percent Growth
1960 - 2014*

Source: Bureau of Labor Statistics



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*Data through December 2014

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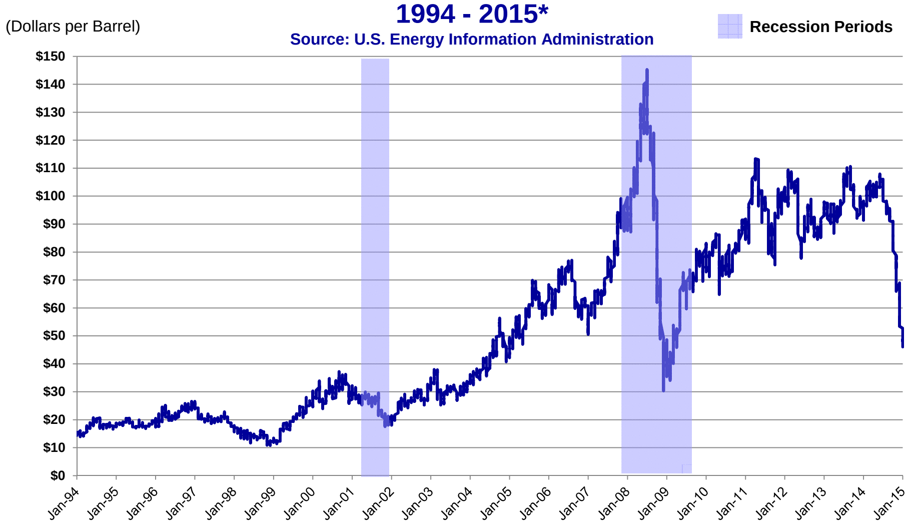
Oil Prices Low

Daily Crude Oil Prices:
West Texas Intermediate
1994 - 2015*
Source: U.S. Energy Information Administration



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*Data through January 12, 2015.

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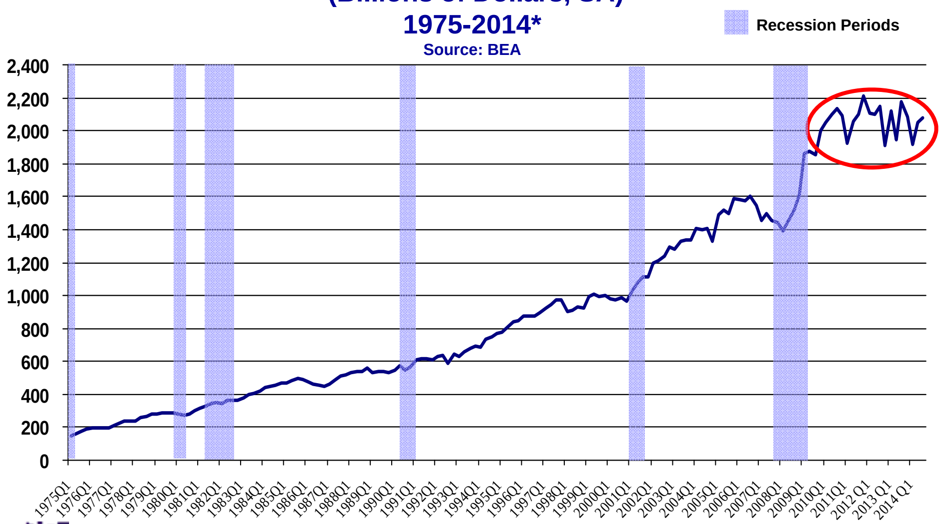
Business

Corporate Profits High

Corporate Net Cash Flow
(Billions of Dollars, SA)
1975-2014*
Source: BEA



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*Data through third quarter 2014.

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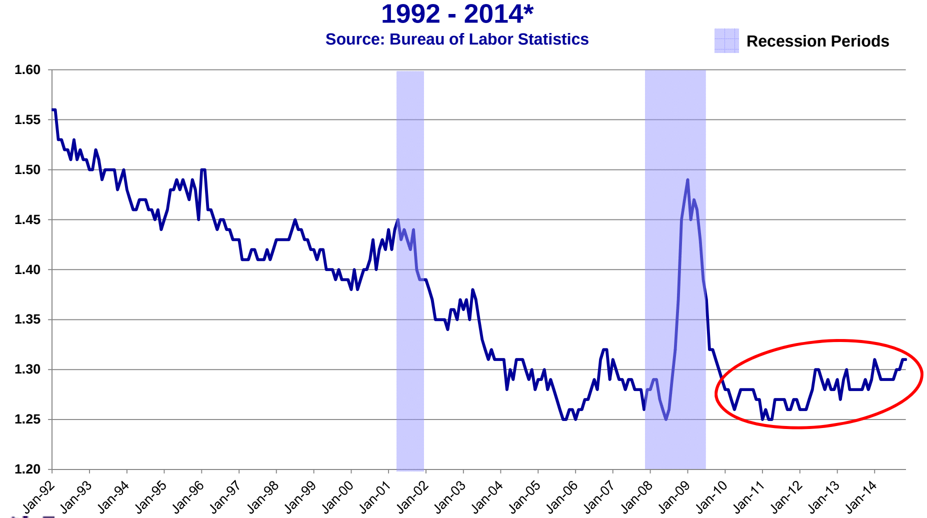
No Excess Inventory
U.S. Inventory to Sales Ratio
1992 - 2014*
Source: Bureau of Labor Statistics



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*Data through November 2014

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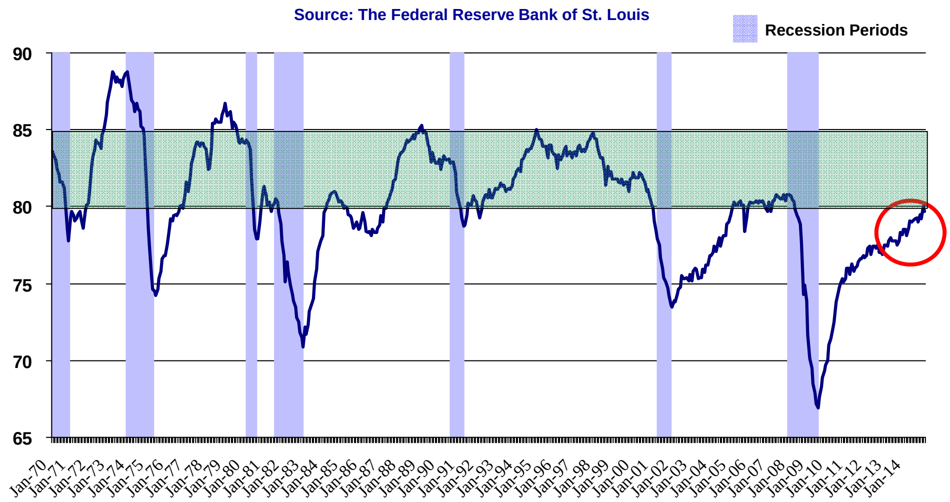
No Capacity Issues
Capacity Utilization Rate
1970 – 2014*
Source: The Federal Reserve Bank of St. Louis



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*Data through December 2014.

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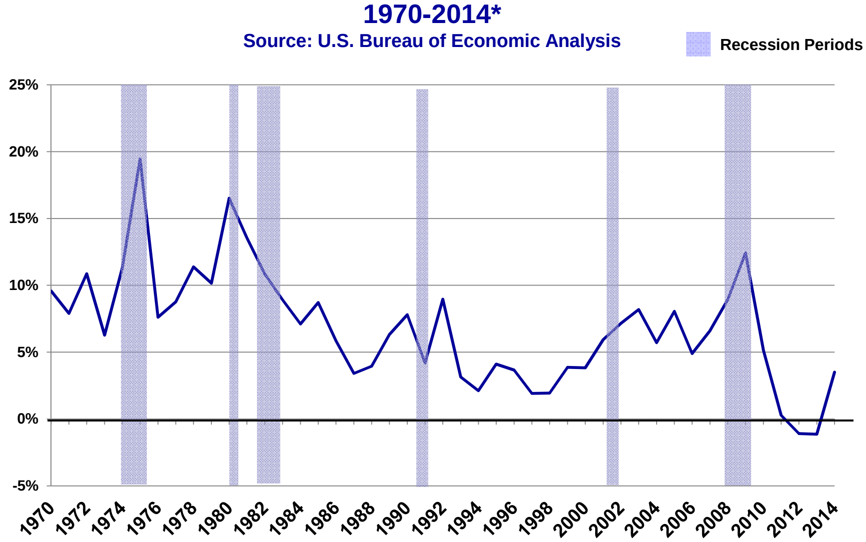
Government

- No longer a drag on economy

Federal Government Expenditures
Percent Change Year Ago
1970-2014*

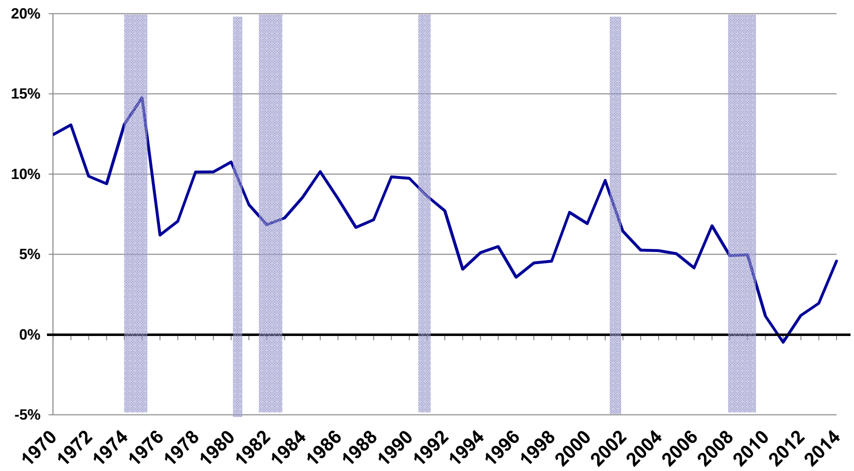
Source: U.S. Bureau of Economic Analysis



*Data through third quarter 2014.

State and Local Government Expenditures
Percent Change Year Ago
1970-2014*
Source: U.S. Bureau of Economic Analysis

Recession Periods



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*Data through third quarter 2014.

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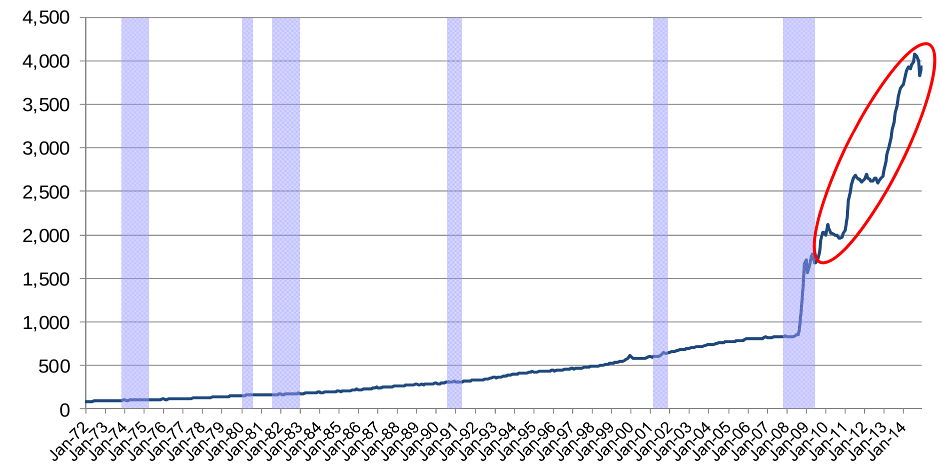
Fed Policy Still Expansive
Monetary Base*
1970 – 2014**
Source: Federal Reserve

Recession Periods

($ mil NSA)



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*The Monetary base is defined as the sum of currency in circulation and reserve balances (deposits held by banks and other depository institutions in their accounts at the Federal Reserve).
**Data through December 2014.

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Not So Good News – Construction, except apartments, still far from previous peak. Meaningful recovery still down the road.

Dollar could hurt exports.

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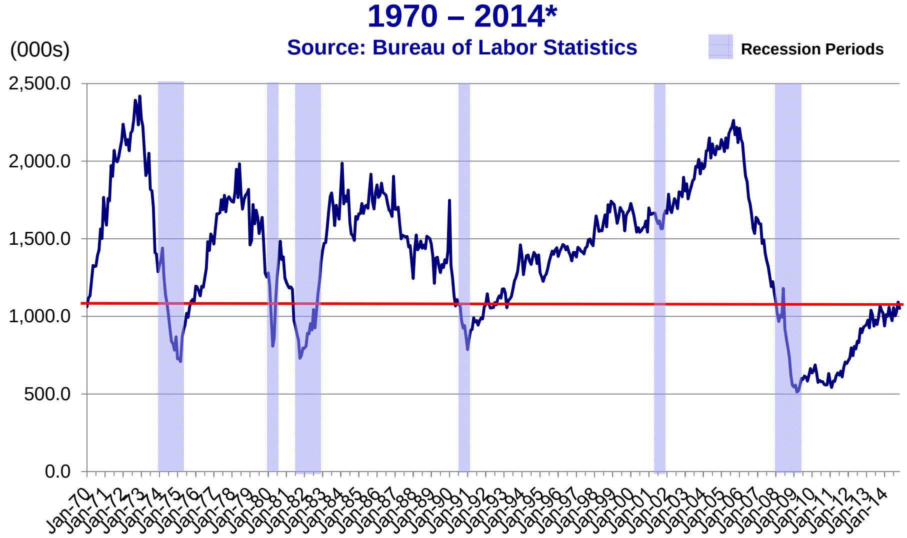
U.S. New Housing Units Authorized by Building Permits Seasonally Adjusted 1970 – 2014*

Source: Bureau of Labor Statistics



*Data through November 2014.

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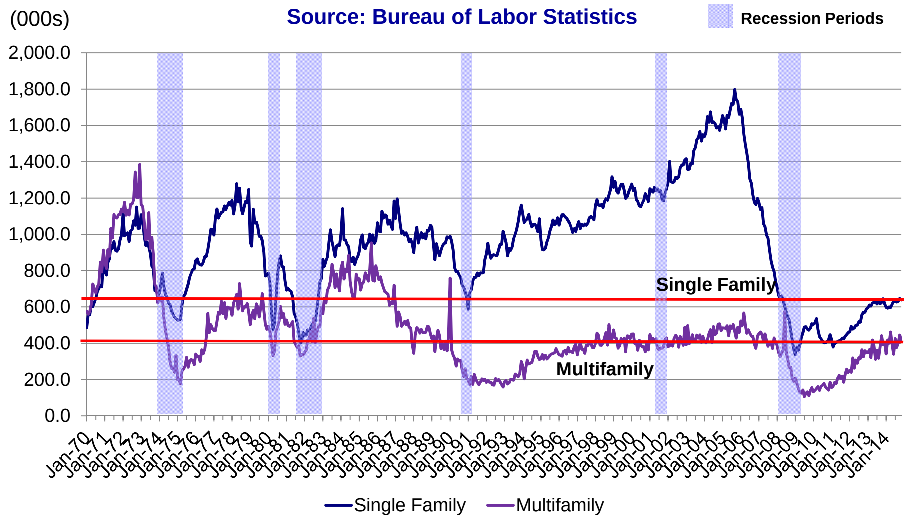
U.S. New Housing Units Authorized by Building Permits Seasonally Adjusted 1970 – 2014*

Source: Bureau of Labor Statistics



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*Data through November 2014.

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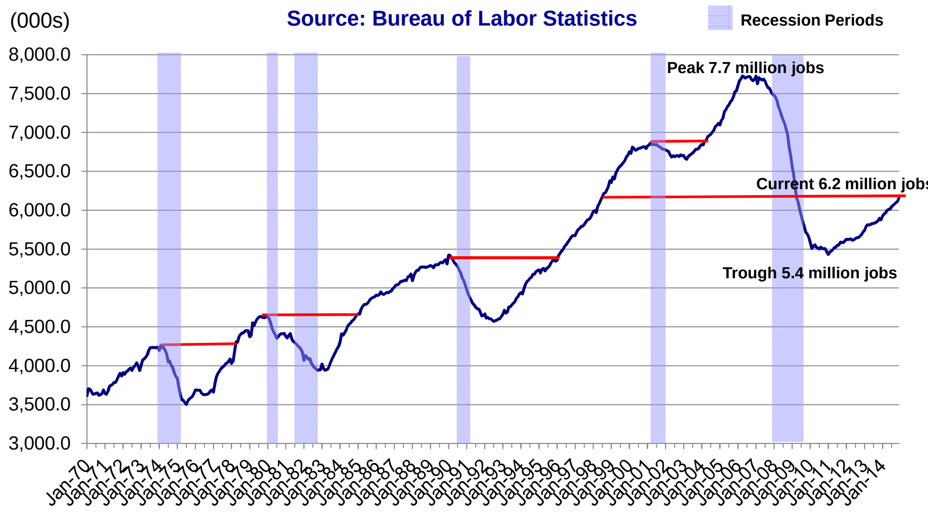
U.S. Construction Employment Seasonally Adjusted 1970 – 2014*

Source: Bureau of Labor Statistics



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*Data through December 2014.

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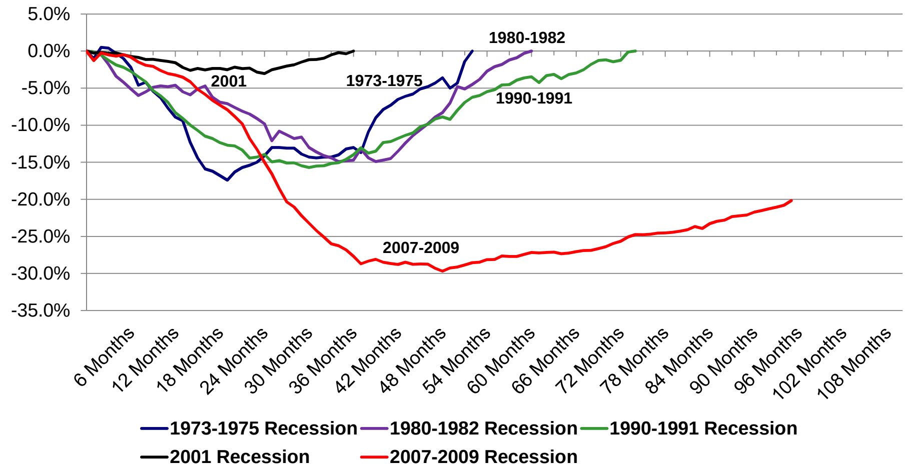
U.S. Construction Employment Index
Percent Below Peak – Duration in Months
1970 – 2014*

Source: Bureau of Labor Statistics



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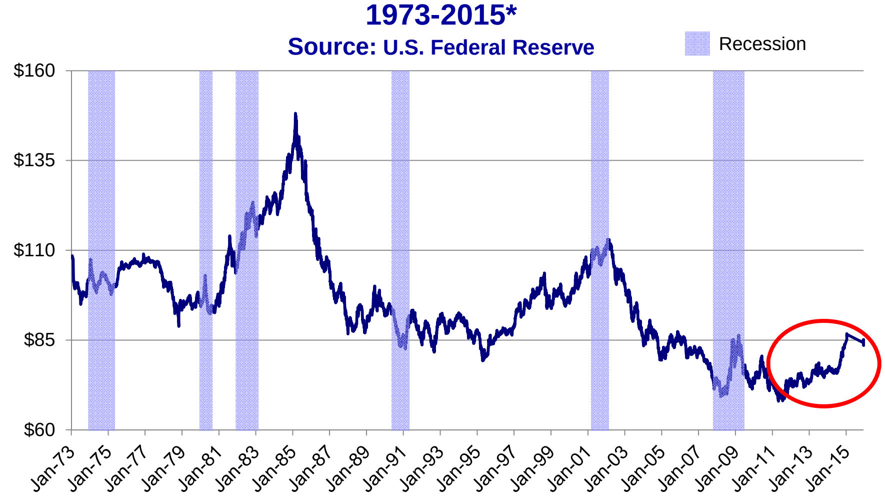
Dollar Still Relatively Low
U.S. Dollar Trade Weighted Exchange
v. Major Currencies
1973-2015*

Source: U.S. Federal Reserve



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*Data through January 09, 2015

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NATIONAL ECONOMY –

No boom.

But, recovery should continue.

Major impact of sequestration and tax increases should be behind us.

In Arizona, a significant part of the weakness in employment is due to the lack of new construction.

NATIONAL ECONOMY –

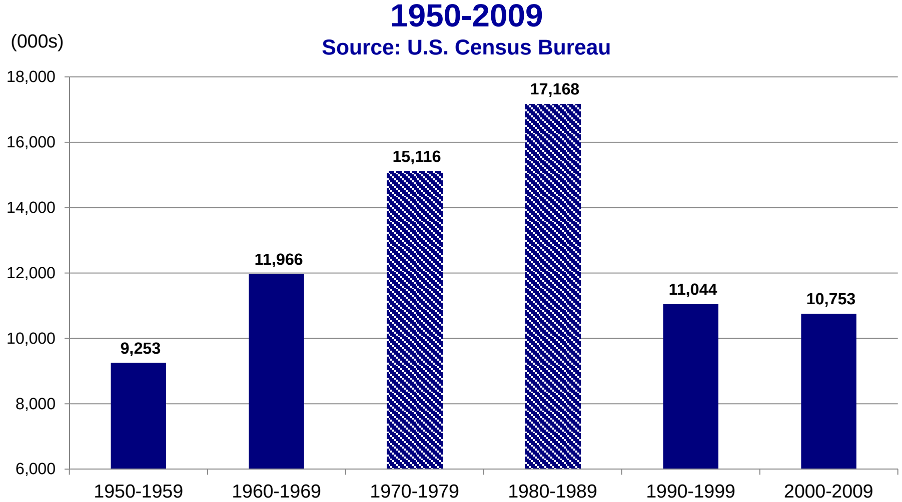
What's Different?

No Accelerator to Income

70s & 80s – Rapid Increases in Household Formation

Net Change in U.S. Households 1950-2009

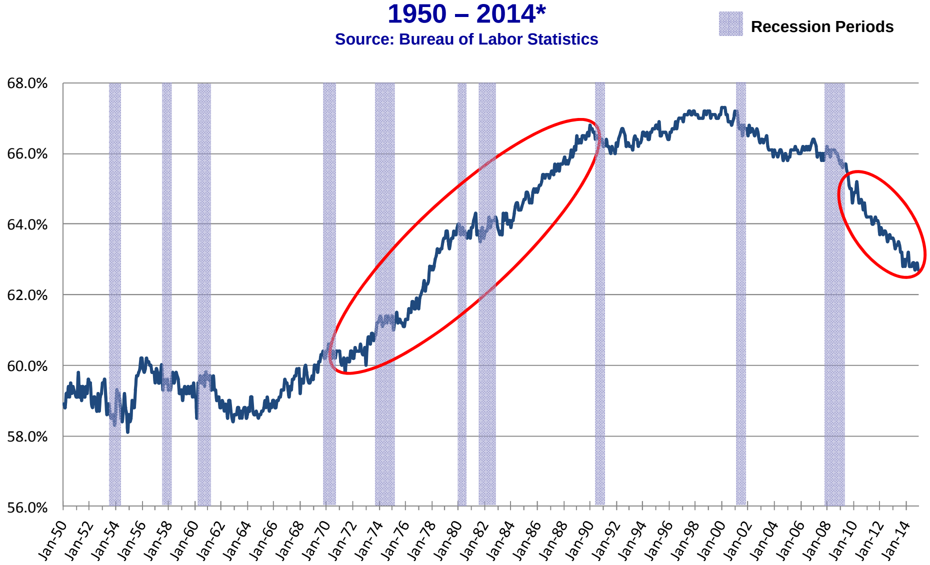
Source: U.S. Census Bureau



Labor Force Participation Rate (16 years and over)

1950 – 2014*

Source: Bureau of Labor Statistics



*Seasonally adjusted data through December 2014

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If the Labor Force Participation Rate was at 65%, the unemployment Rate would be 9.8%

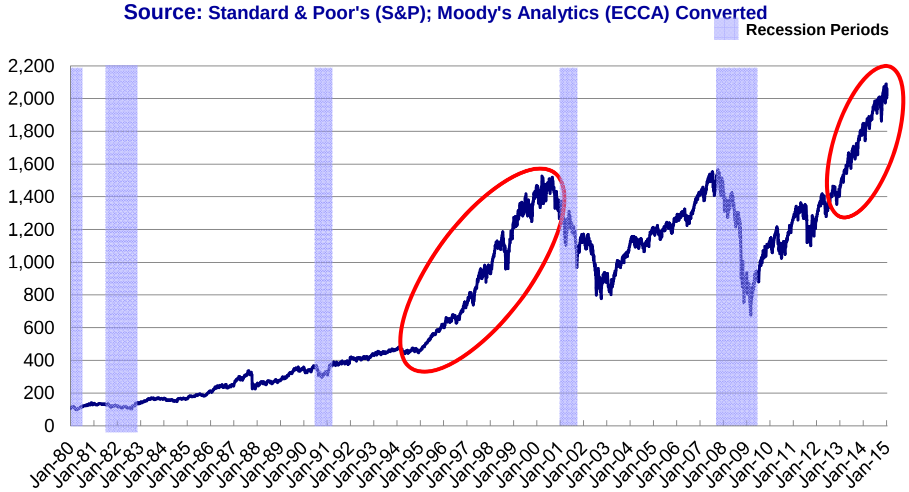
28

90s – Huge Increase in Stock Market (Wealth Effect)

S&P 500

1980-2015*

Source: Standard & Poor's (S&P); Moody's Analytics (ECCA) Converted



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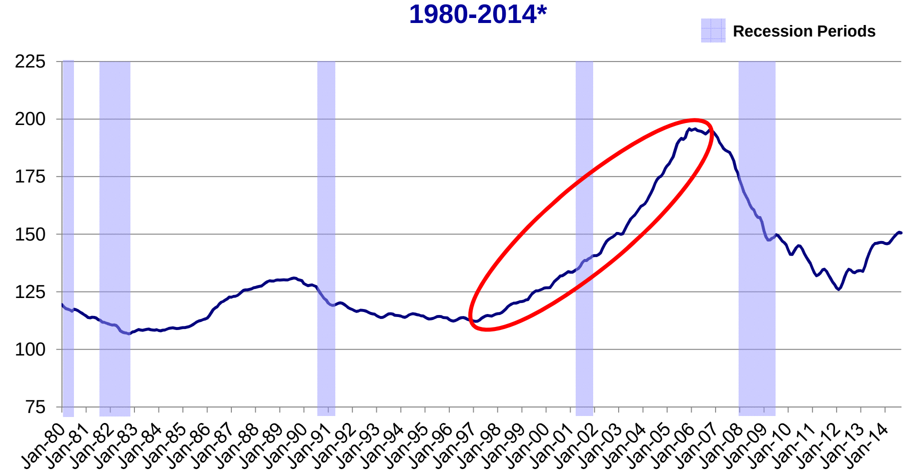
*Data through January 13,2015

29

1996 – 2005 – Rapid Increases in Housing Prices & Big Jump in Housing Based Credit

U.S. Long-Term Home Prices (adjusted for inflation)
1980-2014*



Data for Figure 2.1 in Robert J. Shiller, Irrational Exuberance, 2nd. Edition, Princeton University Press,2005, 2009, Broadway Books 2006, also Subprime Solution, 2008, as updated by author.
*Data through September 2014.

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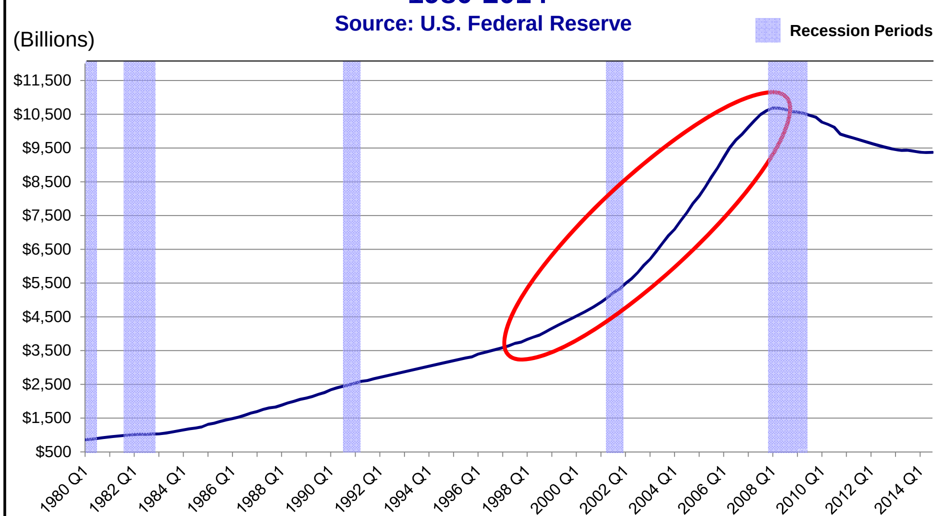
Household Outstanding Home Mortgages

1980-2014*

Source: U.S. Federal Reserve



*Data through third quarter 2014

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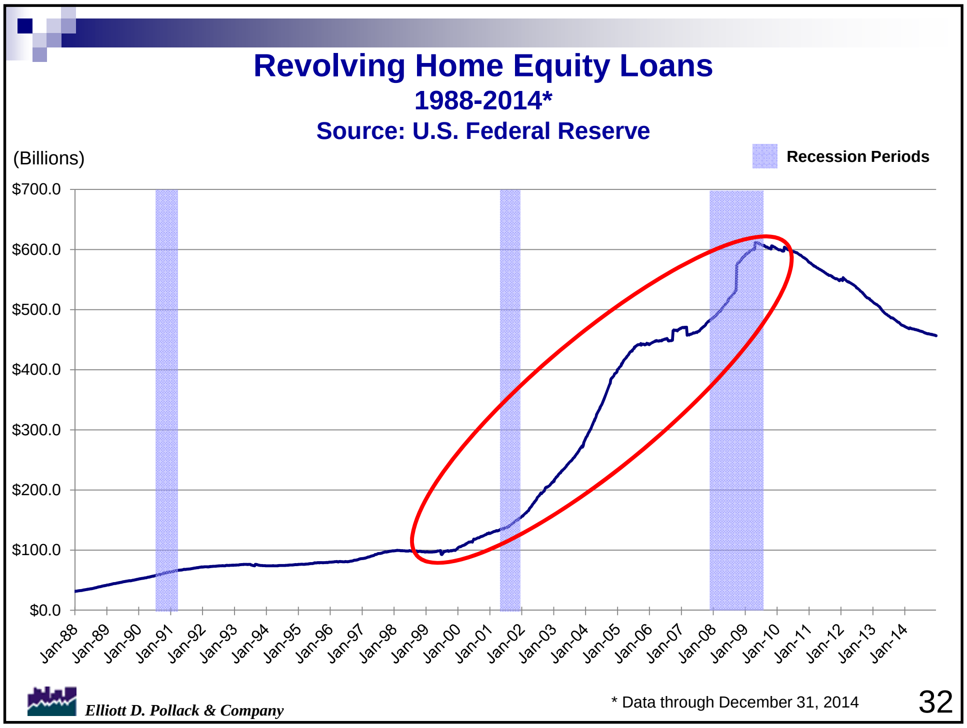

- Stock market up, but not much as the 90's.
- Housing prices still way off peak.
- Revolving credit still flat.
- Labor force participation rates declining.
- A significant number of homes still have little or no equity.
- Conclusion: no accelerator to income at present time.

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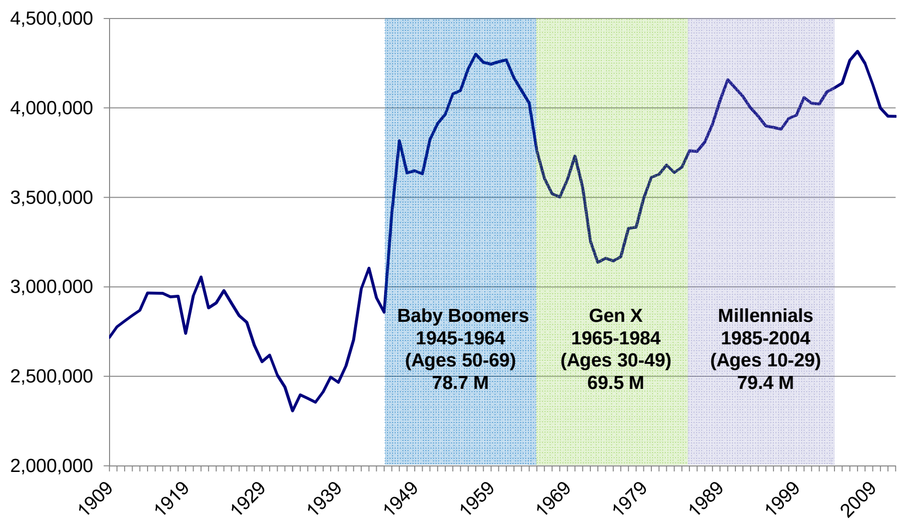
Demographics

U.S. Birth Index
1909-2012

Source: U.S. Census Bureau; Harvard Joint Center for Housing Studies



Average Annual Expenditures in U.S. by Age Groups

Source: 2013 Consumer Expenditure Survey; U.S. Bureau of Labor Statistics

All Ages	<25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 +
$51,100	$30,373	$48,087	$58,784	**$60,524**	$55,892	$41,403	$34,382

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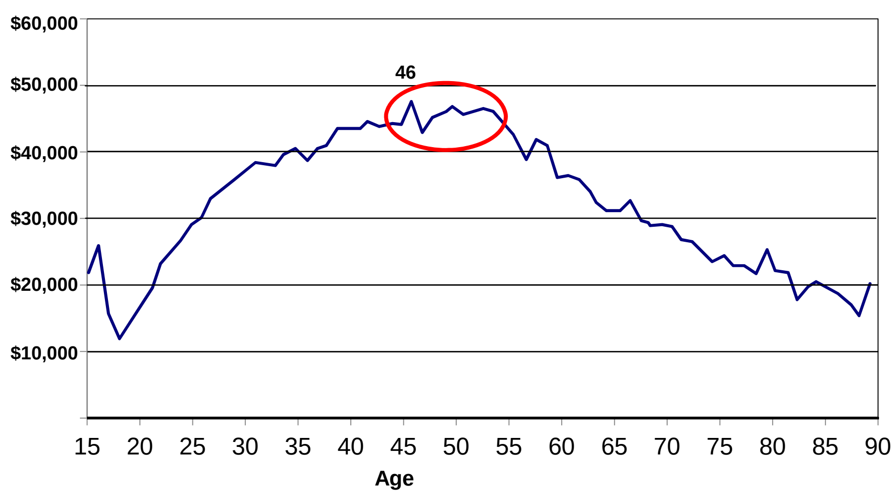
Total Consumer Expenditure by Age

Source: U.S. Census Bureau; Dent Research



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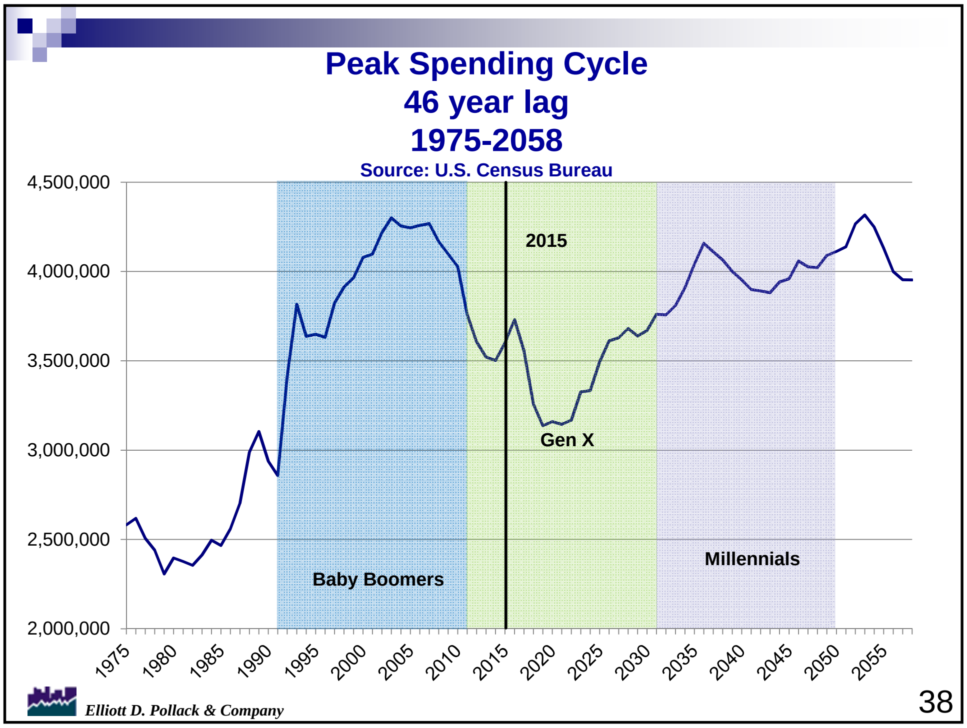
Peak Spending Cycle
46 year lag
1975-2058
Source: U.S. Census Bureau
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
2015
Gen X
Baby Boomers
Millennials
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
2030
2035
2040
2045
2050
2055
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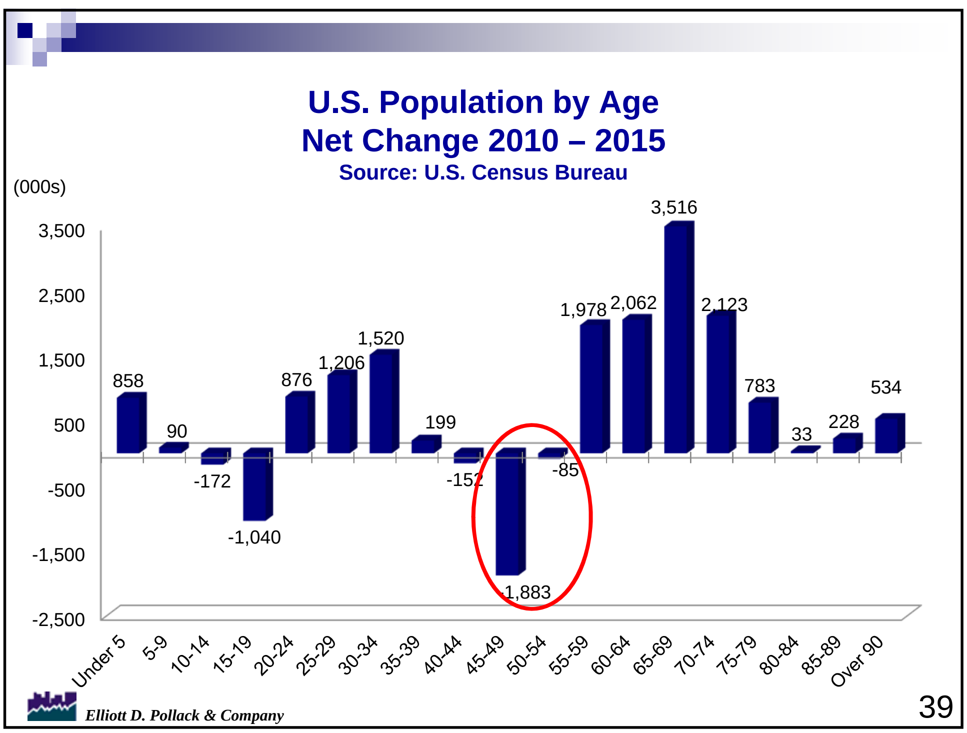
U.S. Population by Age
Net Change 2010 – 2015
Source: U.S. Census Bureau
(000s)
3,500
2,500
1,500
500
-500
-1,500
-2,500
858
90
-172
-1,040
876
1,206
1,520
199
-152
-1,883
-85
1,978
2,062
3,516
2,123
783
33
228
534
Under 5
5-9
10-14
15-19
20-24
25-29
30-34
35-39
40-44
45-49
50-54
55-59
60-64
65-69
70-74
75-79
80-84
85-89
Over 90
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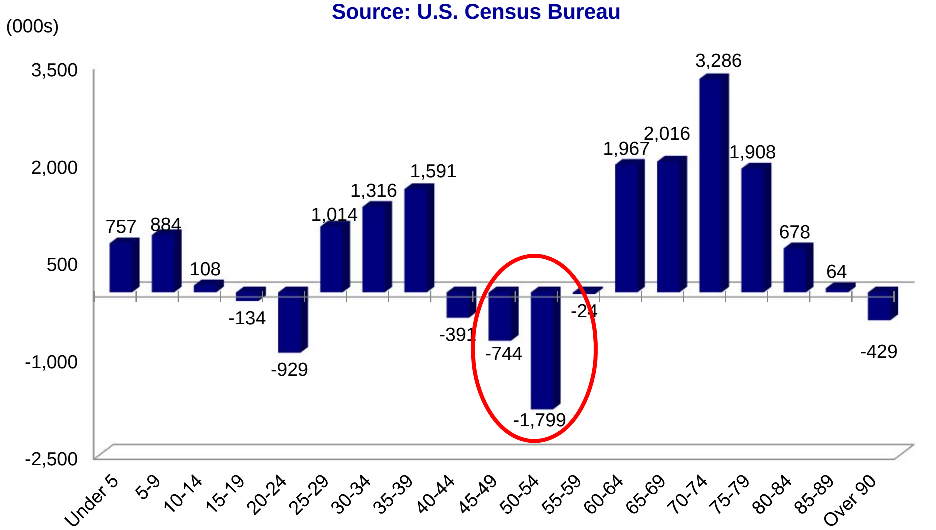
U.S. Population by Age
Net Change 2015 – 2020

Source: U.S. Census Bureau



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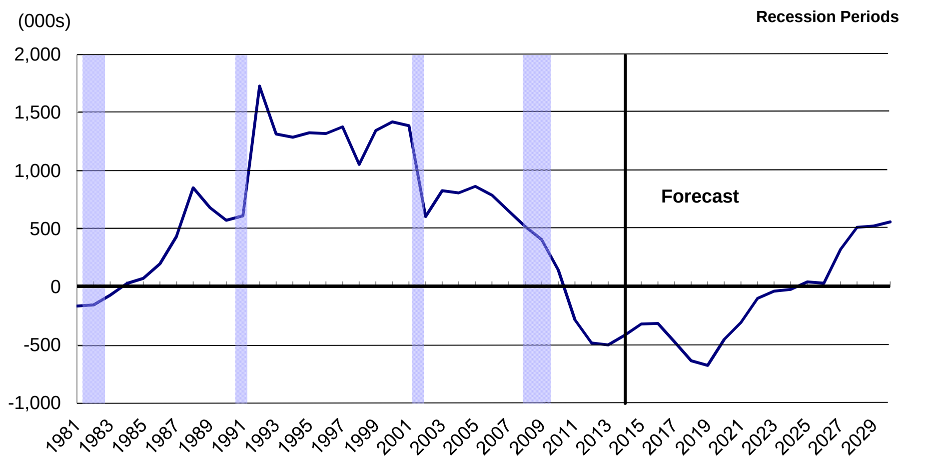
Peak Spending Cycle
Net Change in U.S. Population Ages 45-54
1981-2030

Source: 2013 Consumer Expenditure Survey; U.S. Bureau of Labor Statistics



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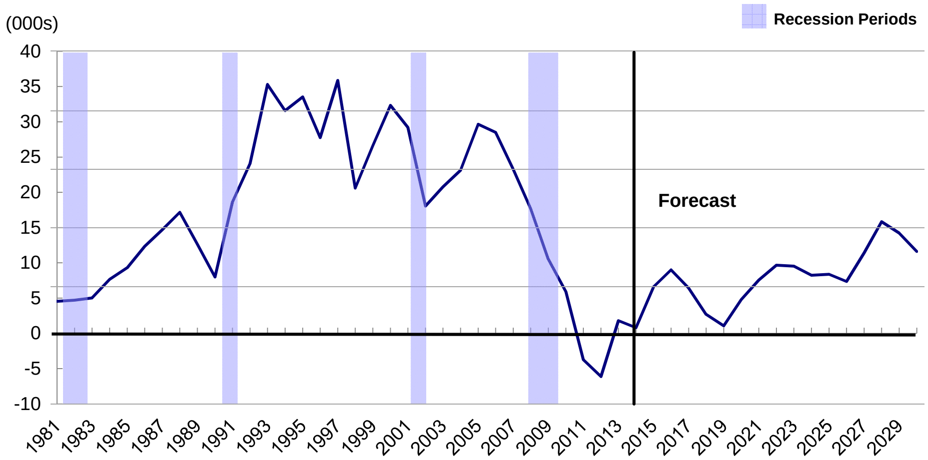
Peak Spending Cycle
Net Change in Arizona Population Ages 45-54
1981-2030

Source: 2013 Consumer Expenditure Survey; U.S. BLS; AZ Dept. of Administration



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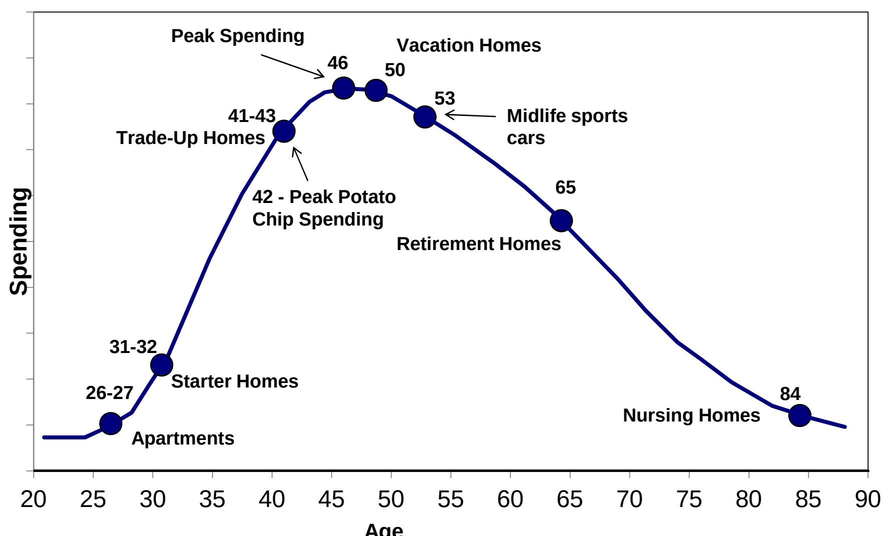
Consumer Life Cycle

Source: U.S. Census Bureau; Dent Research; EDPCo



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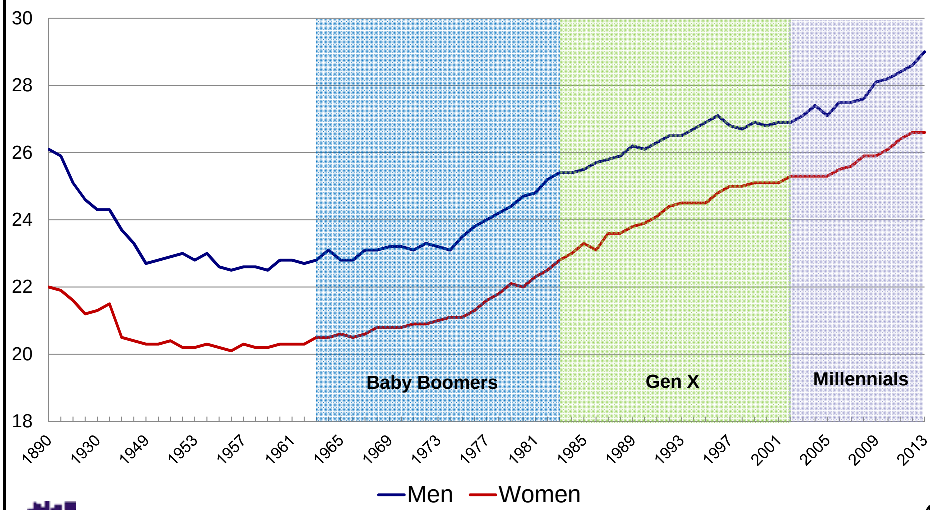
U.S. Median Age at First Marriage 1890-2013

Source: U.S. Census Bureau



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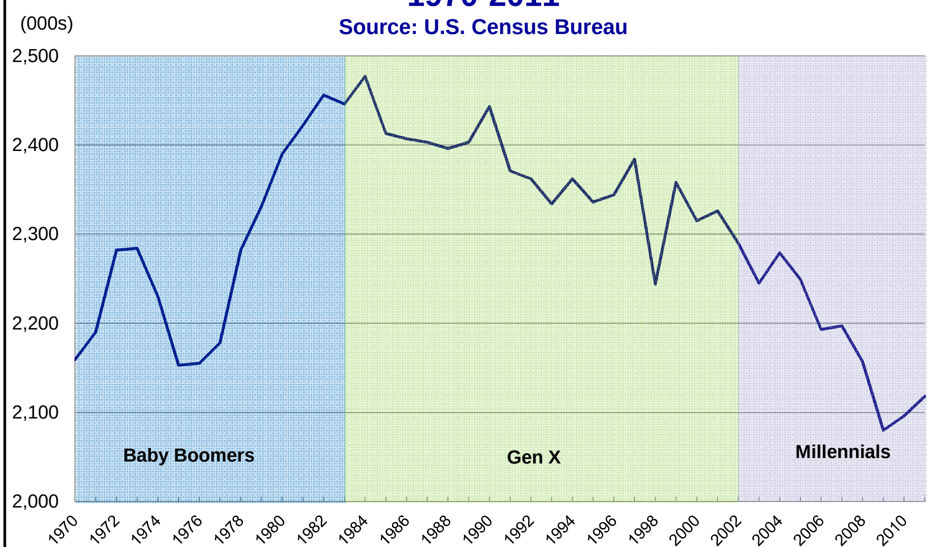
U.S. Number of Marriages 1970-2011

Source: U.S. Census Bureau



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Bottom Line

Okay Intermediate Term Growth - Just bad demographics

Welcome to Arizona

Arizona–

The State has had significant recover in both absolute and relative terms.

It is only when we compare ourselves to previous Arizona recoveries that we look so bad.

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Arizona Employment Growth
Arizona's Rank Out of 50 States

Source: Arizona State University, U.S. Bureau of Labor Statistics

Year	Rank
1991	19
1992	23
1993	5
1994	2
1995	2
1996	2
1997	2
1998	1
1999	2
2000	5
2001	9
2002	10

Year	Rank
2003	4
2004	2
2005	2
2006	2
2007	17
2008	46
2009	49
2010	49
2011	28
2012	9
2013	10
2014*	12

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Phoenix-Mesa Employment Growth

(Ranking among all metro areas greater than 1,000,000)

Source: Arizona State University, U.S. Bureau of Labor Statistics

Year	Rank	# MSA's
1991	4	19
1992	4	19
1993	2	19
1994	1	19
1995	1	20
1996	1	21
1997	1	22
1998	1	23
1999	3	24
2000	9	25
2001	7	26
2002	5	25

Year	Rank	# MSA's
2003	3	25
2004	3	25
2005	1	26
2006	1	27
2007	9	28
2008	24	28
2009	23	24
2010	23	23
2011	14	25
2012	9	27
2013	7	28
2014*	11	28

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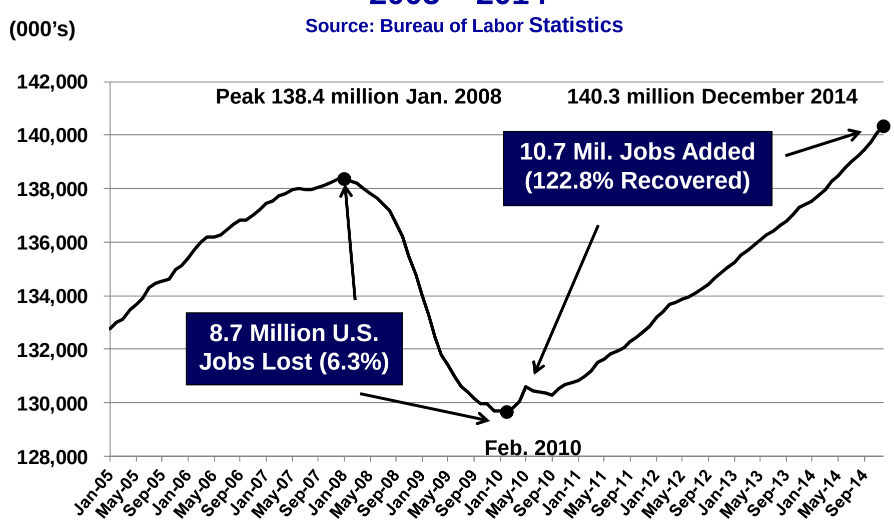
*YTD November 2014 vs. YTD November 2013

50

U.S. Seasonally Adjusted Non-Farm Employment 2005 – 2014*

Source: Bureau of Labor Statistics



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*Data through December 2014.

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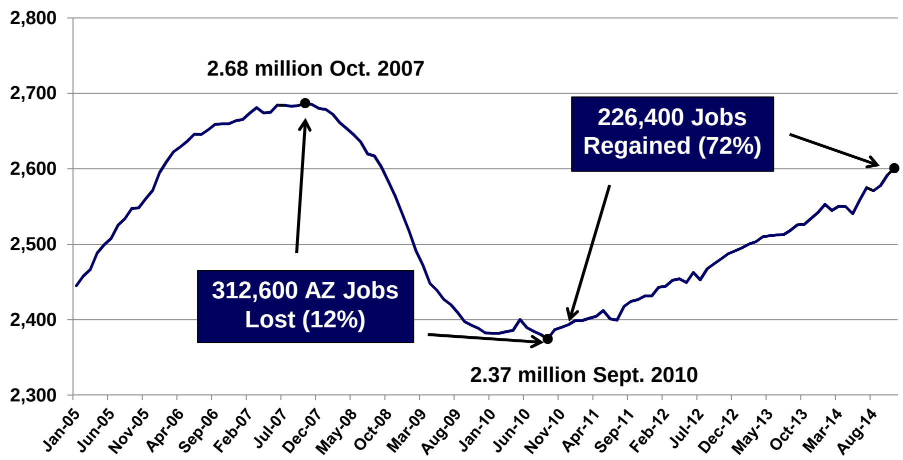
AZ Has Regained 72% of Lost Jobs

86,200 Jobs (28%) Still to Recover



Source: U.S. Bureau of Labor Statistics, Thousands of Jobs, Seasonally Adjusted Data through November 2014.

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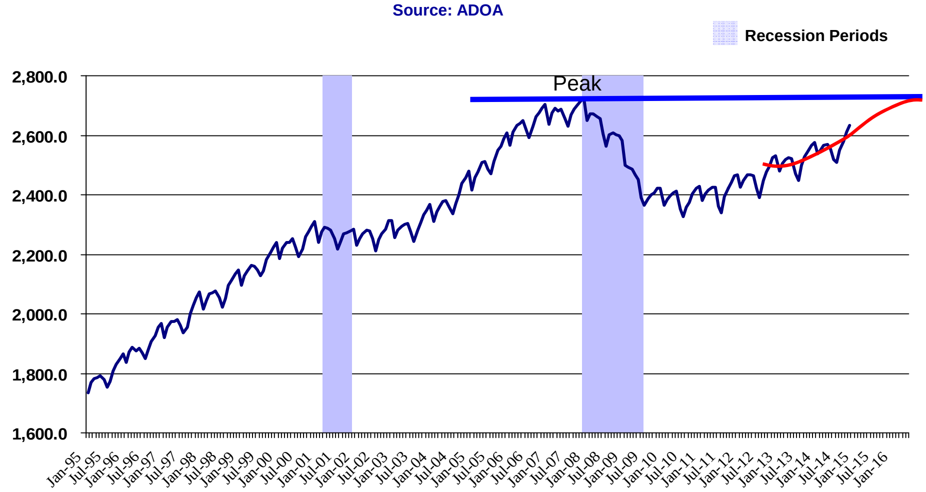
Employment Levels: Arizona back to Peak 2017?

Source: ADOA



*Based on seasonally unadjusted monthly data

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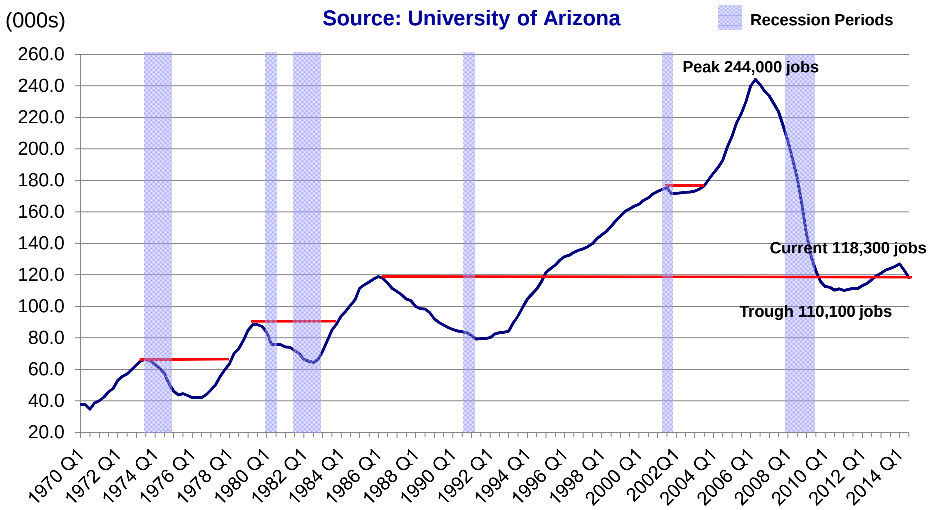
Arizona Construction Employment Seasonally Adjusted 1970 – 2014*

Source: University of Arizona



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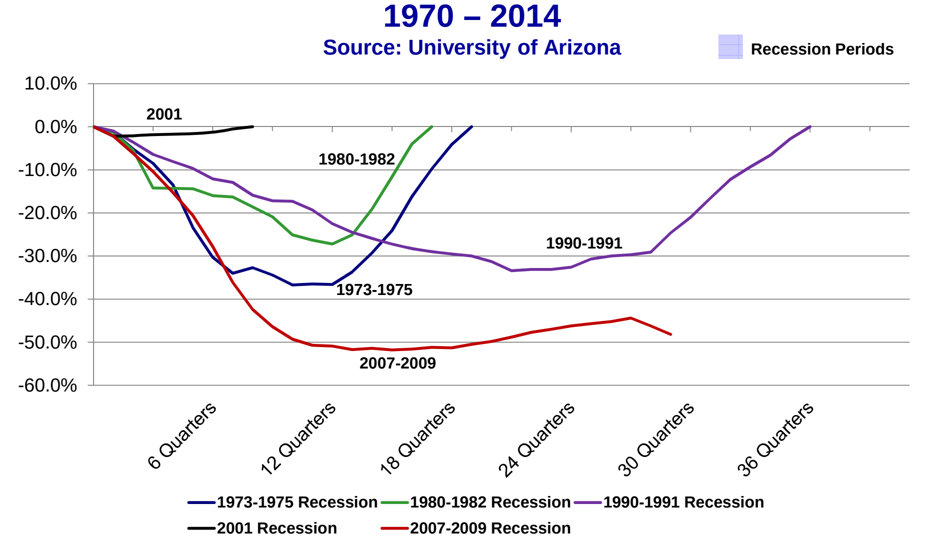
*Data through Q3 2014.

54

Arizona Construction Employment Index Percent Below Peak – Duration in Quarters 1970 – 2014

Source: University of Arizona



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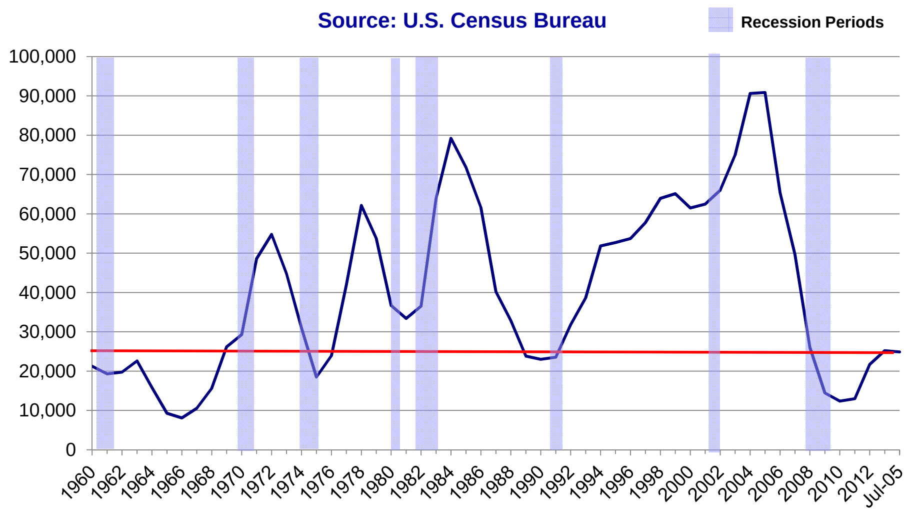
Arizona New Housing Units Authorized by Building Permits Annual 1960 – 2014*

Source: U.S. Census Bureau



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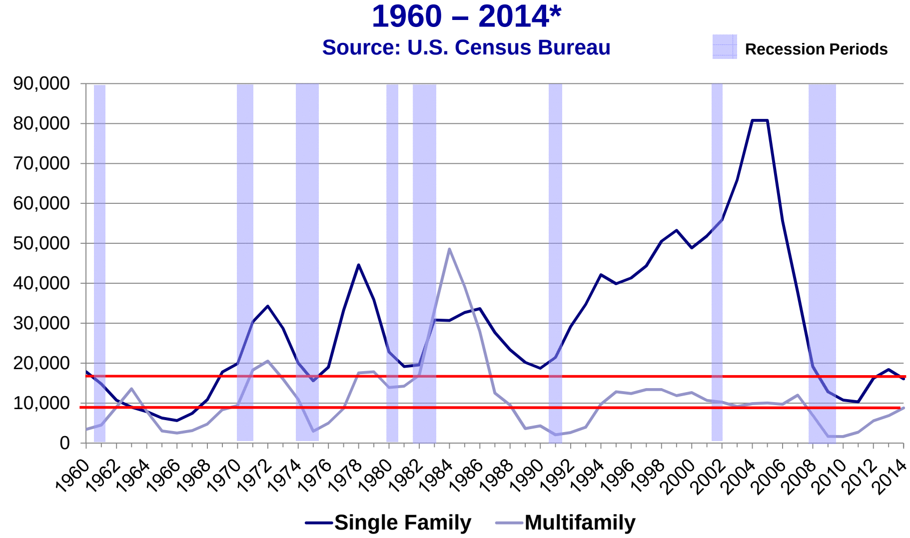
*Data through November 2014.

56

Arizona New Housing Units Authorized by Building Permits Annual 1960 – 2014*

Source: U.S. Census Bureau



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*Data through November 2014.

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Why has Arizona growth in this cycle been subpar relative to its historical norm?

(1) Significant slowdown in population flows

(2) Steeper housing decline and modest recovery

Growth itself is an economic driver in Arizona–

People moving to the State create demands for goods and services that create more jobs.

When you grow at 1.3% instead of 3.2%, the part of the economy that is based on servicing new people shrinks.

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The Greater Phoenix Unemployment Rate is now 5.9%.

At the same point in the last two cycles, it was 3.9% and 3.9%, respectively.

Source: Bureau of Labor Statistics

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Since the Recovery Greater Phoenix has created 199,500 jobs.

By Comparison, for the first 50 months of the previous two recoveries, Greater Phoenix created 271,800 and 238,000 jobs, respectively.

Source: Bureau of Labor Statistics

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Since the Recovery the Greater Phoenix population has increased by 217,600 persons.

By Comparison, for the first 5 years of the previous two recoveries, Greater Phoenix population increased by 608,700 and 482,900 persons, respectively.

Source: Arizona Department of Administration

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Good news for housing.

(1) Economic growth is accelerating

(2) Mortgage rates are low & lending is loosening up a bit

(3) Affordability is still good and price gains are slowing

(4) Foreclosure & delinquency rates are low & distressed sales are less than 10% of the market

(5) Investors are leaving creating more opportunity for buyers needing financing

(6) International demand for housing still strong

(7) Construction is up - apartments and office buildings

Bad news- people aren't buying. Why?

(1) Fewer people moving

(2) Fewer people moving to Arizona

(3) Slower employment growth

(4) Negative Equity

(5) "Penalty Box"

(6) Millennials

(7) Student loan debt

(8) SB 1070

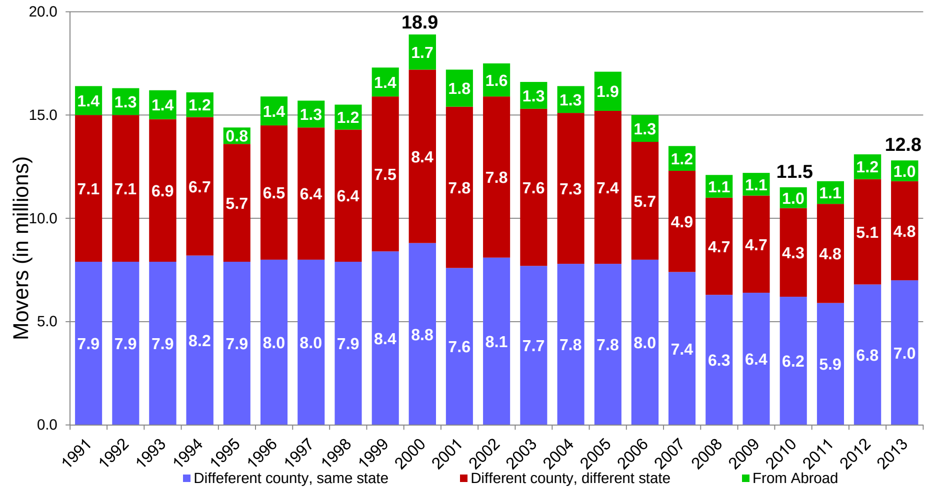
(9) FINANCING !!!!

Fewer People Moving Nationally

Distribution of Movers in U.S. by Type*

1990-2013

Source: U.S. Census Bureau



*Excludes movers in the same county

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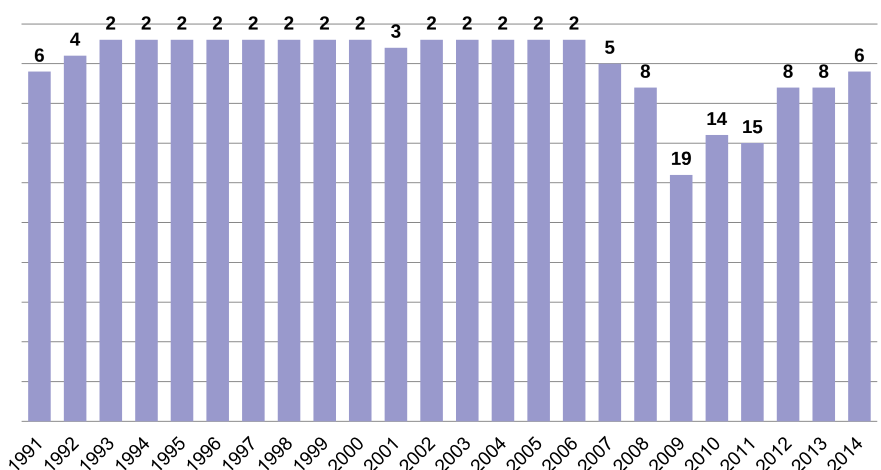
Of Those Moving, Fewer are Moving to Arizona

Arizona Population Growth Rank

1991-2014

Source: Census Bureau



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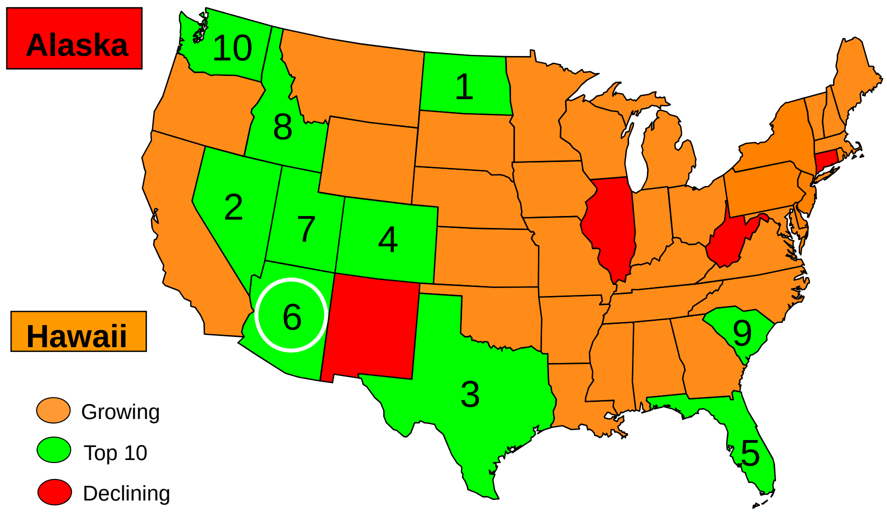
Population Growth 2014

Source: U.S. Census Bureau



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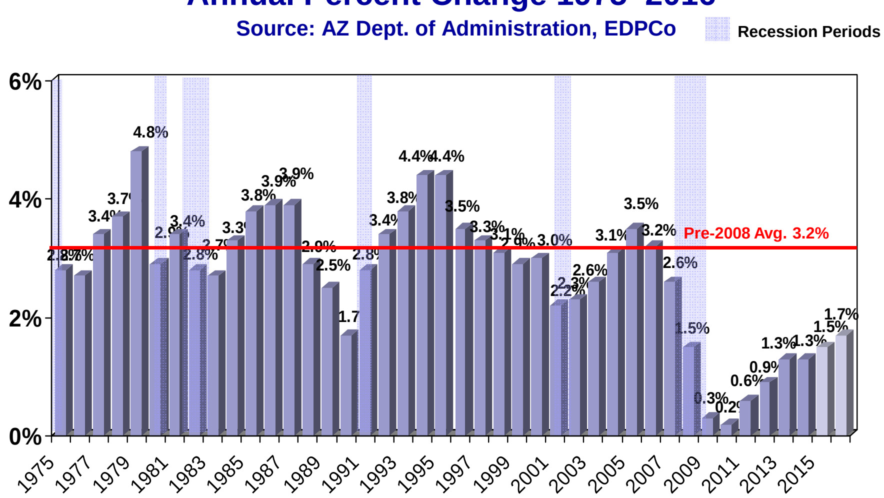
Arizona Population
Annual Percent Change 1975–2016*

Source: AZ Dept. of Administration, EDPCo



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*2015 & 2016 forecasts from Elliott D. Pollack & Co. as of January 2014.

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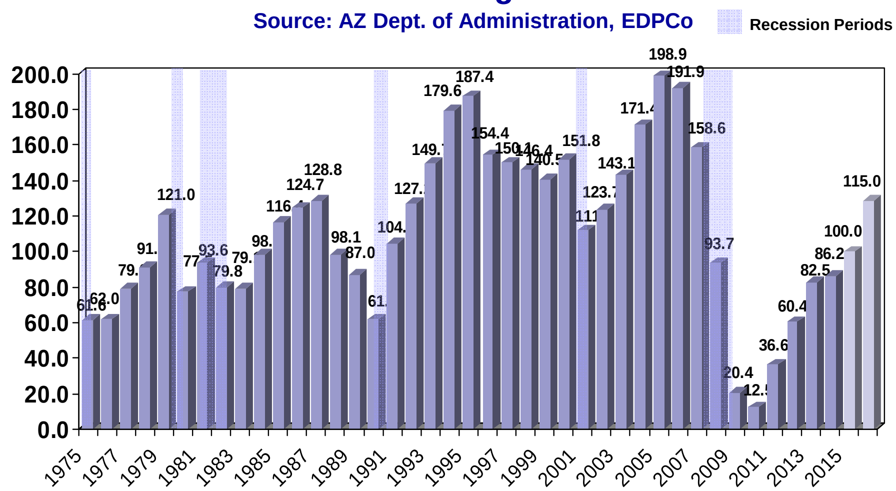
Arizona Population
Annual Net Change 1975–2016*

Source: AZ Dept. of Administration, EDPCo



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*2015 & 2016 forecasts from Elliott D. Pollack & Co. as of January 2014.

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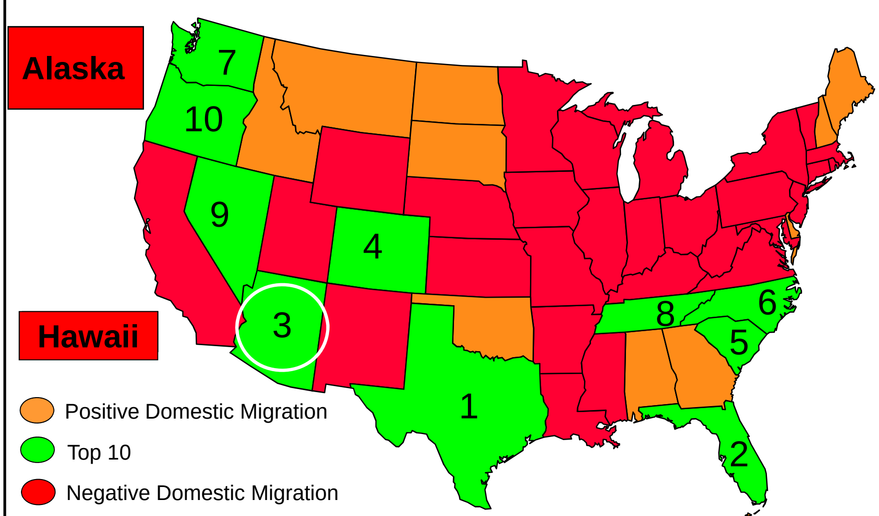
Domestic Migrant Ranking 2014

Source: U.S. Census Bureau



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Arizona Domestic Migration Ranking

Source: U.S. Census Bureau

Year	Rank
2005	2
2006	3
2007	4
2008	3
2009	11
2010	5
2011	11
2012	3
2013	6
2014	3

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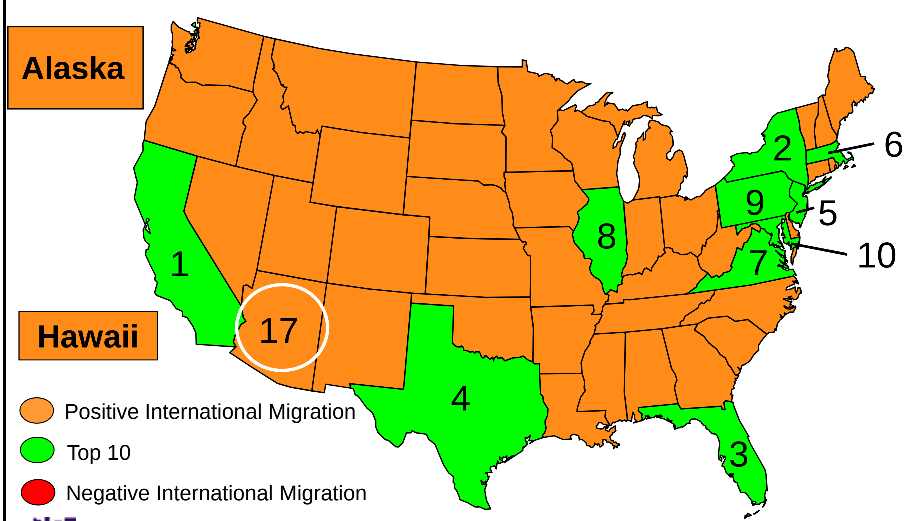
International Migrant Ranking 2014

Source: U.S. Census Bureau



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Arizona International Migration Ranking

Source: U.S. Census Bureau

Year	Rank
2005	7
2006	8
2007	7
2008	8
2009	8
2010	18
2011	17
2012	17
2013	17
2014	17

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How quickly are population flows going to recover?

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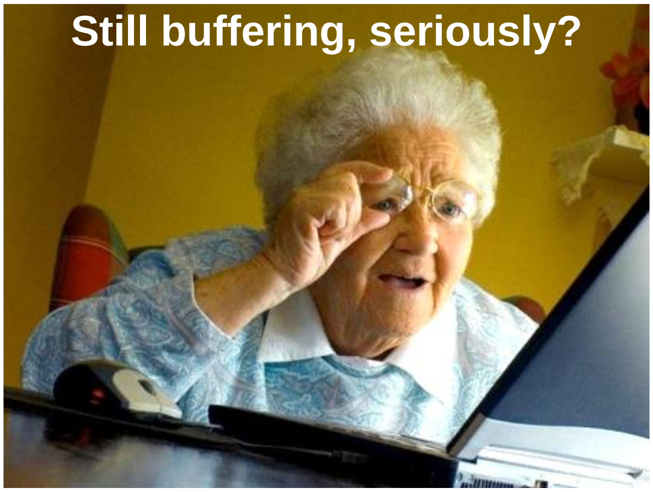
SLOWLY!



Fewer people mean fewer houses.

What is keeping potential buyers out of the housing market?

(1) Home Equity

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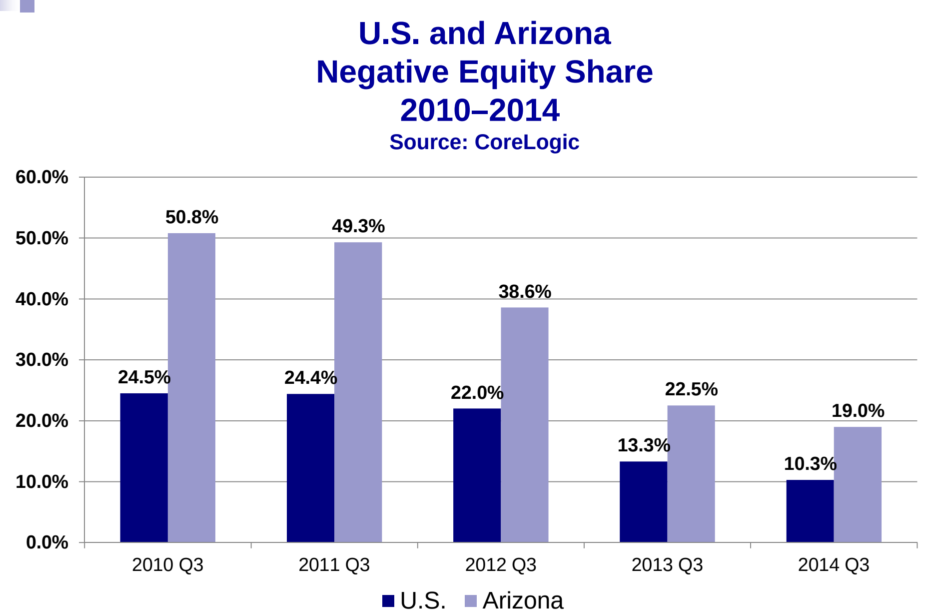

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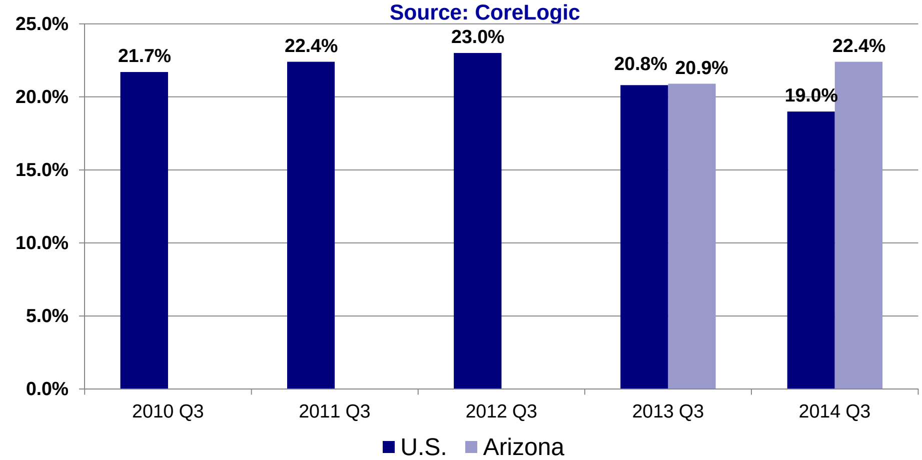
U.S. and Arizona Percent of Borrowers with Home Equity Between 0% and 20% 2010–2014

Source: CoreLogic



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Home Equity

- Approximately 2/3 of homeowners have a mortgage.
- Of which, 30% have under 20% home equity.
- Thus, up to 20% of potential buyers are shut out of the housing market due to negative and low home equity.

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What is keeping potential buyers out of the housing market?

(1) Home Equity
- 20%

(2) FHA Loan Limit

FHA Loan Limit Impact on Greater Phoenix New Home Sales

Source: U.S. Dept. of HUD/FHA; ASU Housing Reports

	2013	2014
FHA Loan Limit	$346,250	$271,050
% of Homes Under FHA Limit	70.9%	42.3%

Switching from FHA to Fannie/Freddie requires higher down payments, higher FICO scores, and other more stringent overall requirements.

FHA Loan Limit
Impact on Greater Phoenix
New Home Sales

Source: U.S. Dept. of HUD/FHA; ASU Housing Reports

IF…

	2013	2014
FHA Loan Limit	$271,050	$346,250
% of Homes Under FHA Limit	50.7%	65.9%

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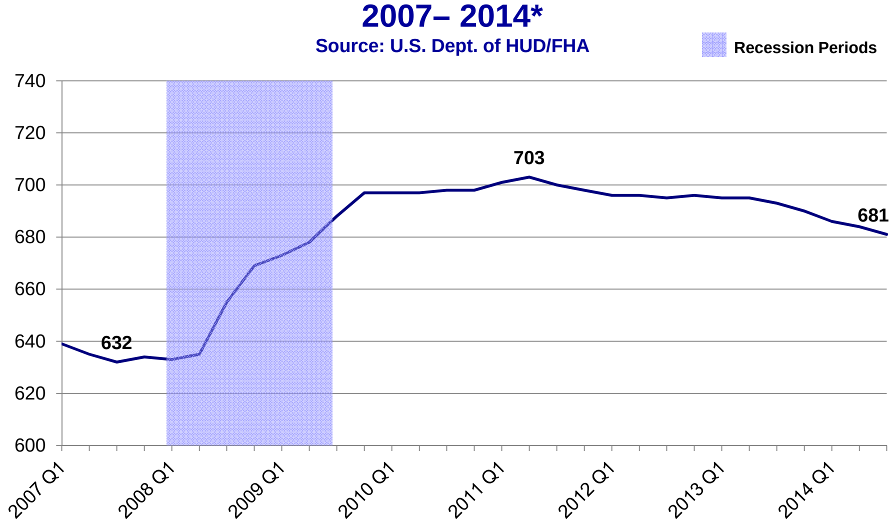
Average Borrowers Credit Scores on All New FHA Loans 2007– 2014*

Source: U.S. Dept. of HUD/FHA



*Data through Q3 2014

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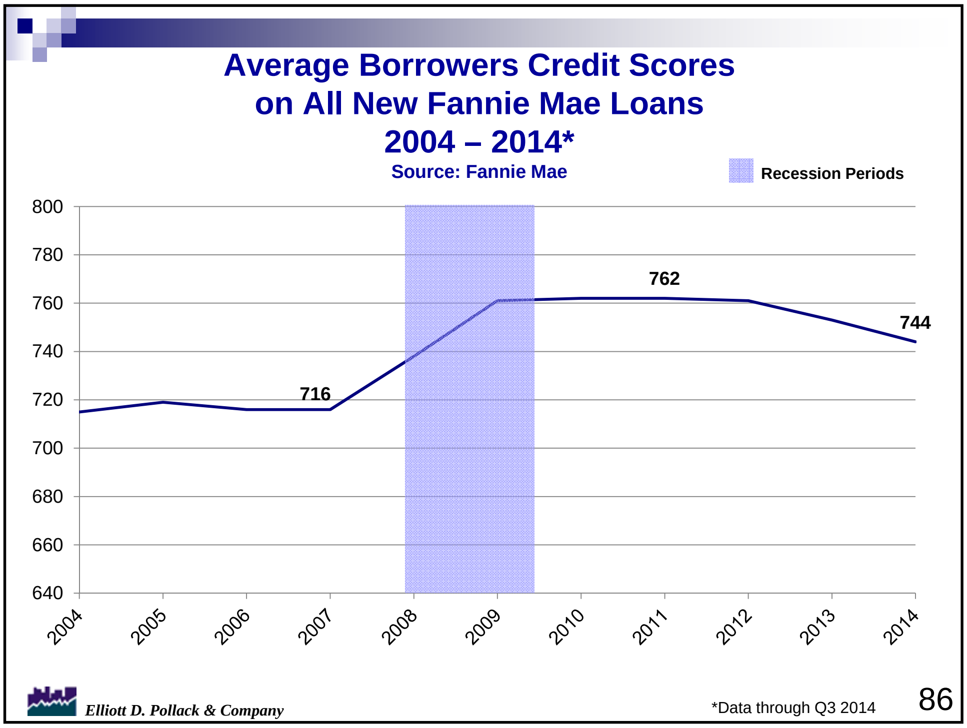
Average Borrowers Credit Scores
on All New Fannie Mae Loans
2004 – 2014*
Source: Fannie Mae
Recession Periods
800
780
760
740
720
700
680
660
640
716
762
744
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
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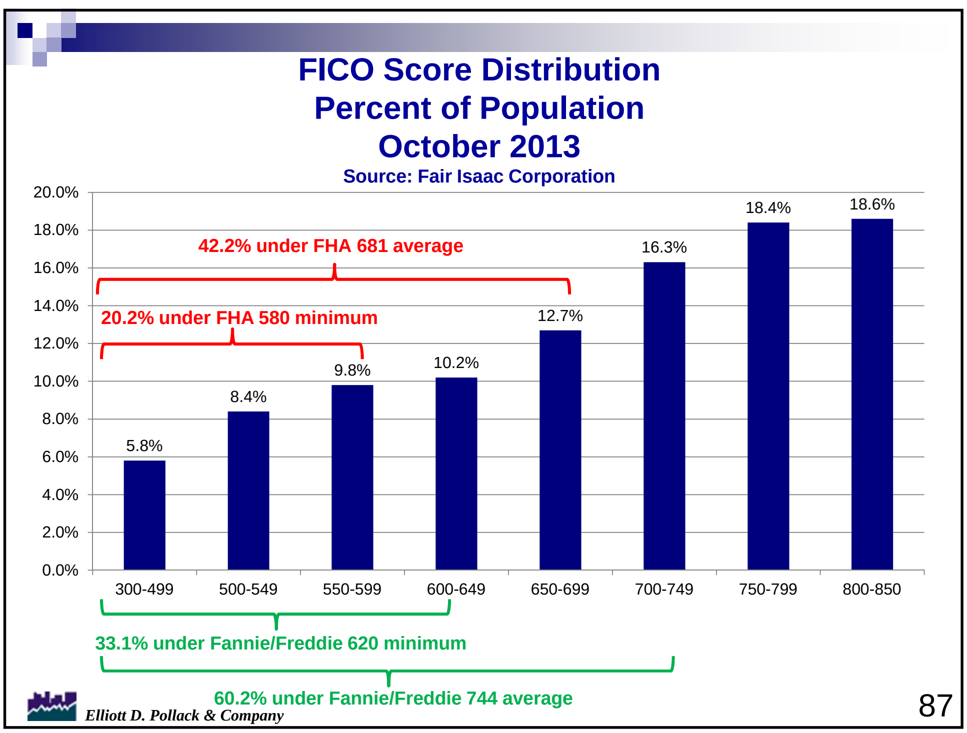
*Data through Q3 2014
86


FICO Score Distribution
Percent of Population
October 2013
Source: Fair Isaac Corporation
42.2% under FHA 681 average
20.2% under FHA 580 minimum
5.8%
8.4%
9.8%
10.2%
12.7%
16.3%
18.4%
18.6%
300-499
500-549
550-599
600-649
650-699
700-749
750-799
800-850
33.1% under Fannie/Freddie 620 minimum
60.2% under Fannie/Freddie 744 average
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FHA Loan Limit

- Because the FHA Loan Limit was reduced, potential home buyers must now qualify for Fannie/Freddie mortgages.
- So, 18% of potential home buyers cannot qualify for a Fannie/Freddie loan due to their FICO scores.

What is keeping potential buyers out of the housing market?

(1) Negative Equity
- 20%

(2) FHA Loan Limit
- 18%

(3) Foreclosures

U.S. and Greater Phoenix Annual Foreclosures 2002–2013

Source: CoreLogic; Information Market

Year	U.S. Foreclosures	% chg year ago	Greater Phoenix Foreclosures	% chg year ago
2002	230,750		4,288	
2003	253,584	9.9%	4,788	11.7%
2004	273,930	8.0%	3,881	-18.9%
2005	290,872	6.2%	1,108	-71.5%
2006	379,380	30.4%	935	-15.6%
2007	587,872	55.0%	9,550	921.4%
2008	972,933	65.5%	38,427	302.4%
2009	1,009,284	3.7%	47,054	22.5%
2010	1,145,292	13.5%	49,338	4.9%
2011	930,633	-18.7%	42,518	-13.8%
2012	821,689	-11.7%	22,629	-46.8%
2013	618,493	-24.7%	9,686	-57.2%

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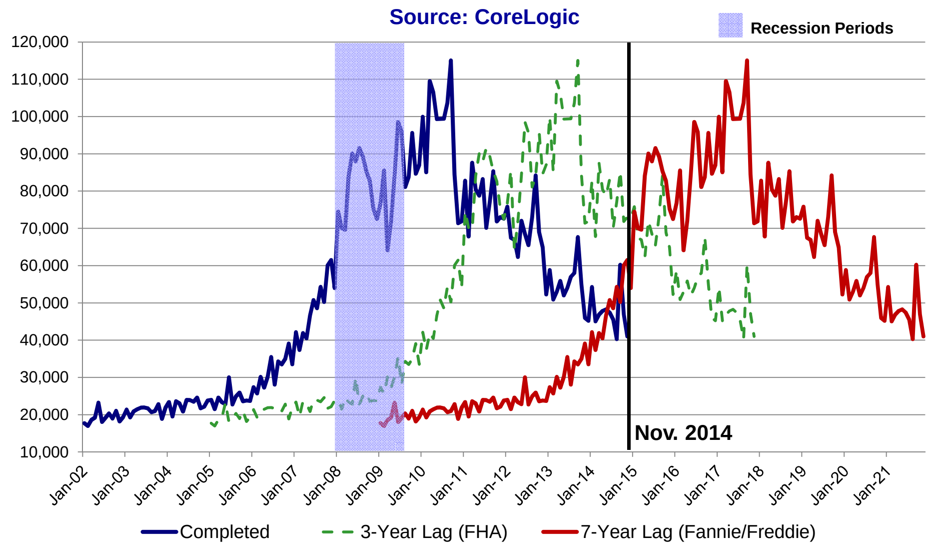
U.S. Foreclosure Lag 2002–2021

Source: CoreLogic



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Foreclosures

- Between 2008 – 2012 nearly 5.0 million homes were foreclosed upon.
- There are approximately 115.6 million households.
- So, 4.3% of households are in the "penalty box" due to foreclosures.

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What is keeping potential buyers out of the housing market?

(1) Negative Equity
- 20.0%

(2) FHA Loan Limit
- 18.0%

(3) Foreclosures
- 4.3%

(4) Short Sales

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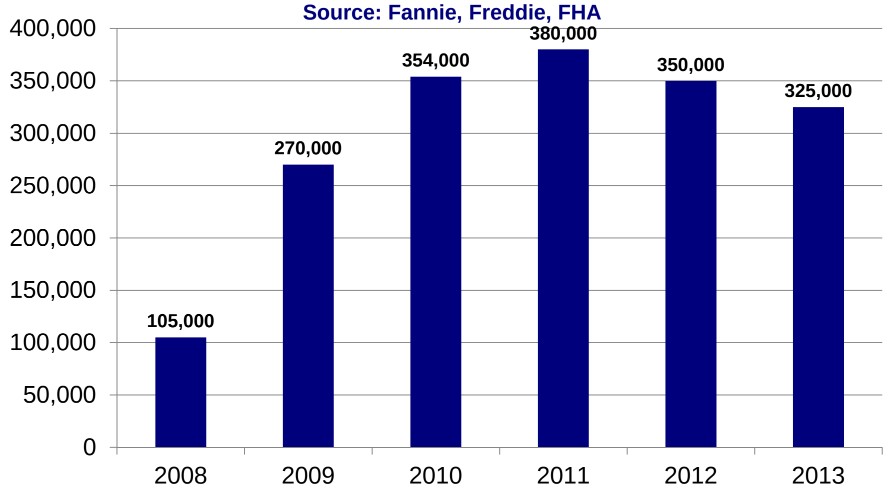
U.S. Short Sales Annual 2008-2013

Source: Fannie, Freddie, FHA



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Short Sales

- Between 2008 – 2012 there were nearly 1.5 million short sales.
- There are approximately 115.6 million households.
- So, 1.3% of households are in the "penalty box" due to short sales.

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What is keeping potential buyers out of the housing market?

(1) Negative Equity
- 20.0%

(2) FHA Loan Limit
- 18.0%

(3) Foreclosures
- 4.3%

(4) Short Sales
- 1.3%

(5) Millennials/Living at Home

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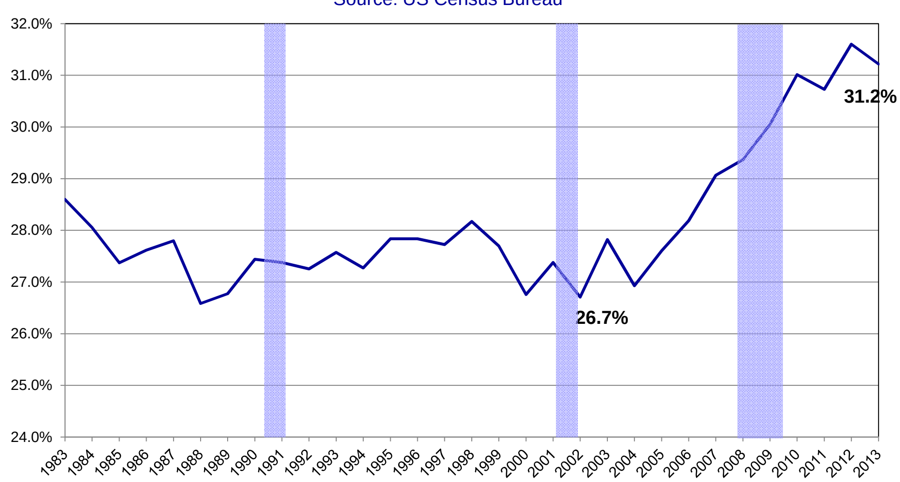
Percent of 18-34 Year Olds Living With Parents
U.S.: 1983 – 2013

Source: US Census Bureau



18-34 year olds represent 23.5% of total population (74.3 million persons).

3.3 million more 18-34 year olds now living with parents.

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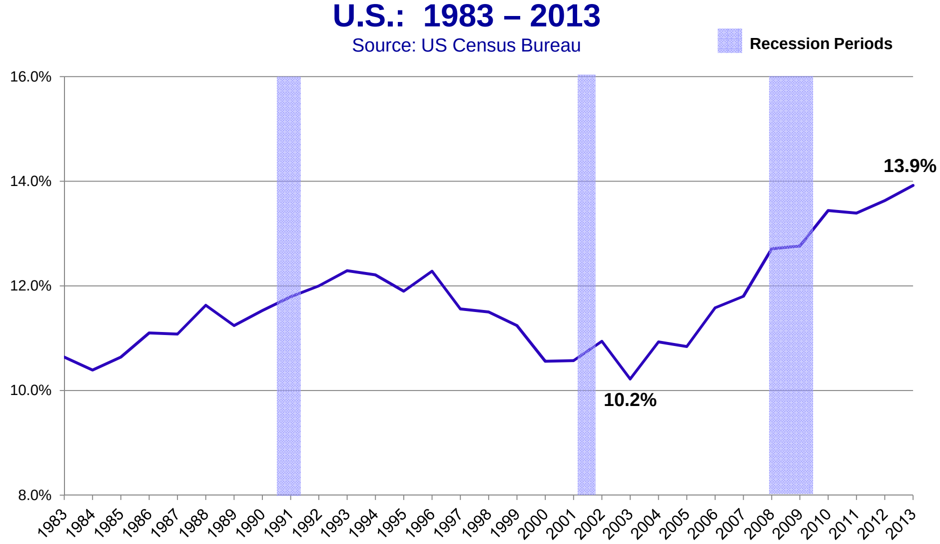
Percent of 25-34 Year Olds Living With Parents
U.S.: 1983 – 2013

Source: US Census Bureau



25-34 year olds represent 13.6% of total population (42.8 million persons).
1.5 million more 25-34 year olds now living with parents.

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Millennials

- **30-34 year olds in 2012 had the lowest homeownership rate of any similarly aged group before them.**
- **Five years prior, this exact same group (at 25-29 years old) had the highest homeownership rate than any group before them.**

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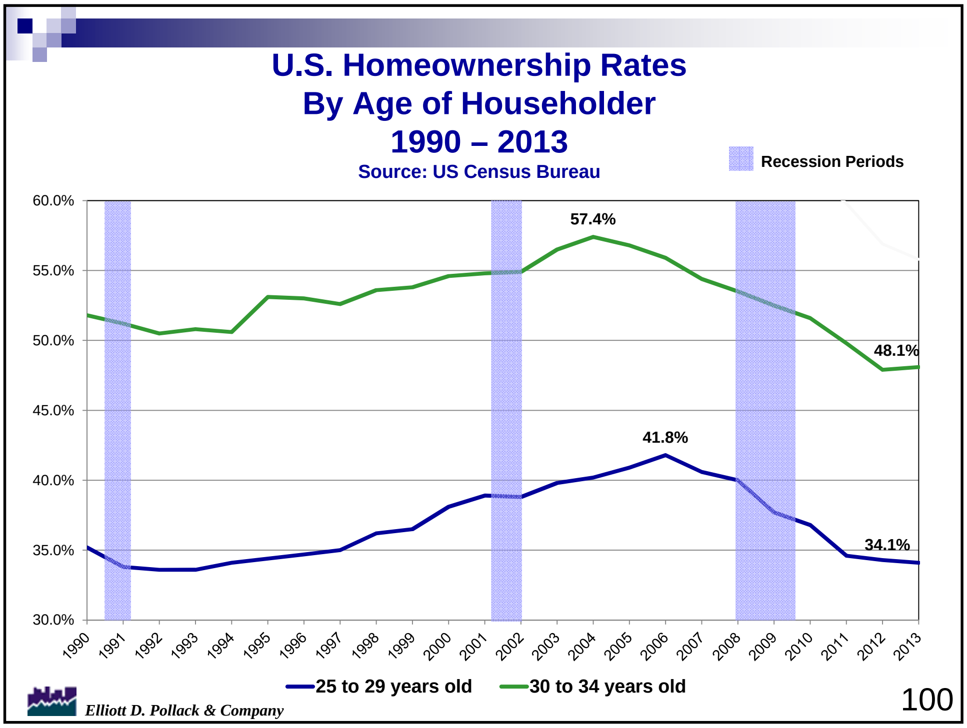
U.S. Homeownership Rates
By Age of Householder
1990 – 2013
Source: US Census Bureau
Recession Periods
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
57.4%
48.1%
41.8%
34.1%
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013
25 to 29 years old
30 to 34 years old
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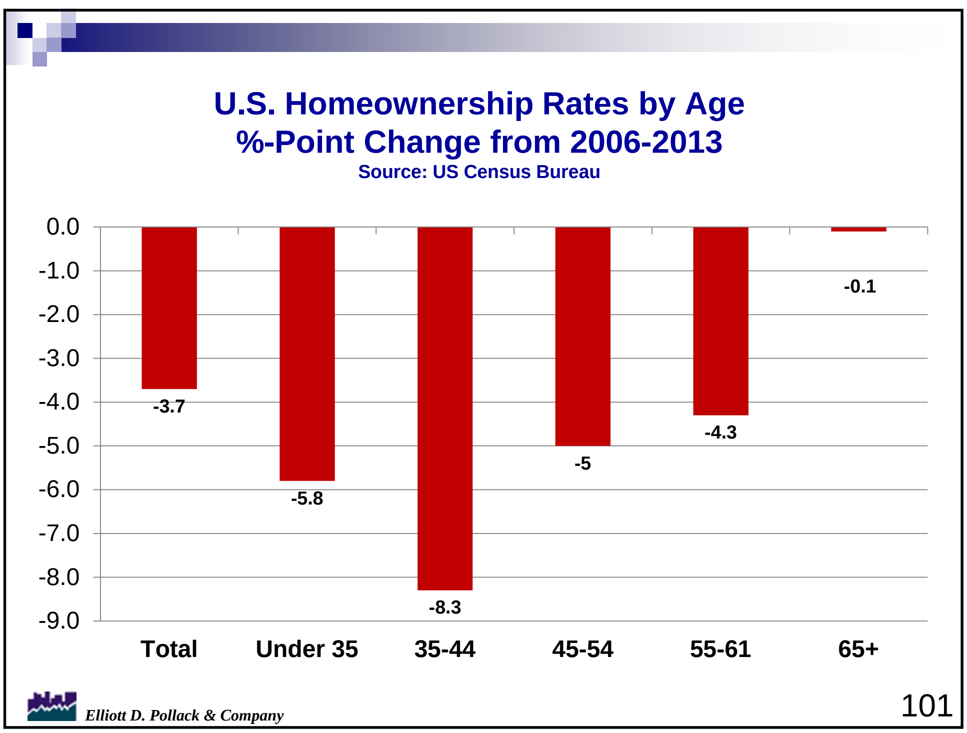
U.S. Homeownership Rates by Age
%-Point Change from 2006-2013
Source: US Census Bureau
0.0
-1.0
-2.0
-3.0
-4.0
-5.0
-6.0
-7.0
-8.0
-9.0
-3.7
-5.8
-8.3
-5
-4.3
-0.1
Total
Under 35
35-44
45-54
55-61
65+
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Millennials/Living at Home

- There are approximately 1.5 million more 25-34 year olds living with their parents than 2002.
- Roughly, 0.6% of potential home buyers are living with their parents.

What is keeping potential buyers out of the housing market?

(1) Negative Equity
- 20.0%

(2) FHA Loan Limit
- 18.0%

(3) Foreclosures
- 4.3%

(4) Short Sales
- 1.3%

(5) Millennials/Living at Home
- 0.6%

(6) Student Loans

Student Loan Impact on Home Buying

- Purchasing power for a home is reduced by $54,000 for every $250 monthly student loan payment.
- As of 2013, 42.2 million people have some student debt.
- 34% of those under 40 have some student debt. That translates to 16.8 million households.
- 35% of the 16.8 million households pay more than $250 per month in student loans. This is up from 2.2 million households (or 22%) in 2005.
- Most households paying $750+ per month in student loans are priced out of the market (approximately 2.0 million people).

Source: Federal Reserve Bank of New York; John Burns Consulting; Elliott D. Pollack & Co.

Student Loans

- Approximately, 5.9 million households pay more than $250 per month in student loans and 760,500 households pay more than $750 per month in student loans.
- It is estimated that about 1.6% of potential home buyers are locked out of the housing market if you take out all households who pay more than $750 per month in student loans and half of the 5.9 million households who pay more than $250 per month in student loans.

Expenses that Delayed Saving for a Down Payment or Home Purchase - 2013
By Age

Source: National Association of Realtors 2013

	All Buyers	33 and younger	34 to 48	49 to 58	59 to 67	68 to 88
Student Loans	43%	56%	35%	19%	5%	*
Credit Card Debt	38%	30%	46%	49%	48%	14%
Car Loan	31%	38%	25%	18%	15%	*
Child Care Expenses	14%	11%	18%	18%	*	*
Health Care Costs	10%	8%	12%	6%	25%	*

*Less than 1%

What is keeping potential buyers out of the housing market?

(1) Negative Equity
- 20.0%

(2) FHA Loan Limit
- 18.0%

(3) Foreclosures
- 4.3%

(4) Short Sales
- 1.3%

(5) Millennials/Living at Home
- 0.6%

(6) Student Loans
- 1.6%

TOTAL: 45.8%

Other factors keeping potential buyers out of the housing market:

(1) Ability to Qualify

(2) Higher Down Payments

(3) Absence of Private Label Mortgage Backed Securities

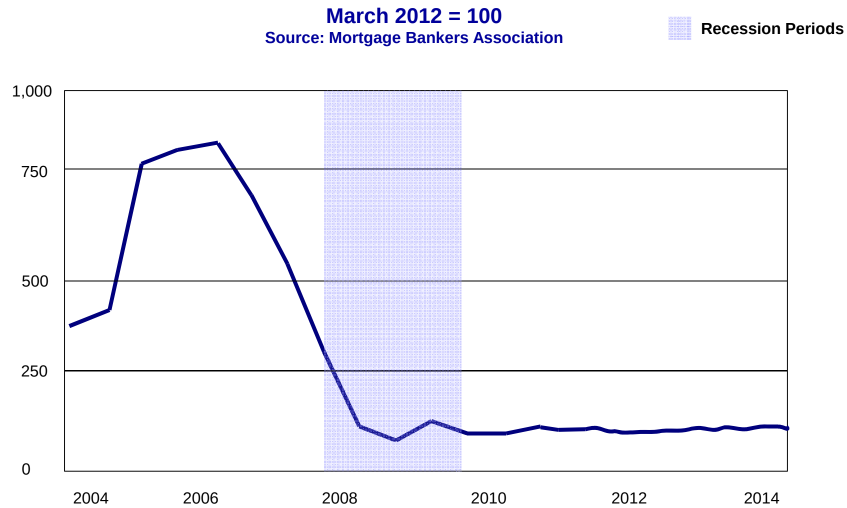
(4) Other Debt

(5) Psychological Fear

Mortgage Credit Availability Index
2004 – 2014*

March 2012 = 100

Source: Mortgage Bankers Association



*A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening of credit.

Ability to Qualify

2002-2006 was not normal. 2009-present is not normal.

(1) More paperwork

(2) Automated underwriting standards make it difficult for self-employed, commissioned sales people and affluent retirees

(3) Lower debt to income ratios

(4) Longer lockout period after a foreclosure

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Other Significant Issues

(1) Higher down payment requiriements

(2) FHA loan limit ($271,050 vs. the previous $346,250)

(3) Freddie/Fannie "put-backs"

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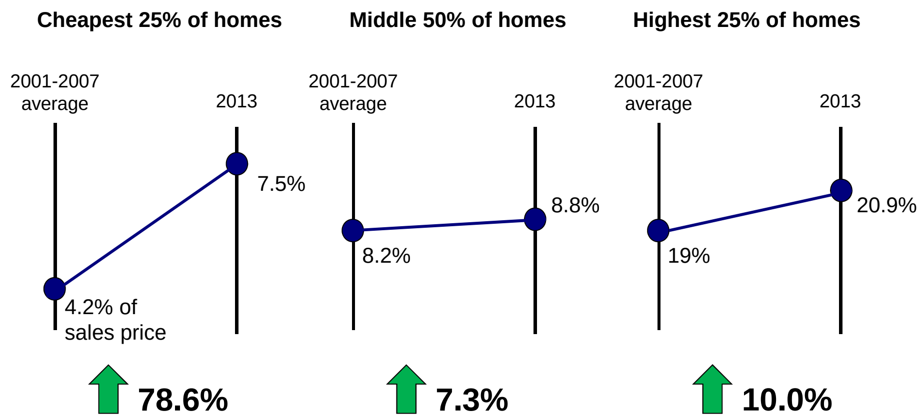
Size of Median Down Payment by Home Sales Price

Source: Redfin; Bloomberg



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Absence of Private Label Lenders:

- In the 90's private label lenders issued about <u>20%</u> of all mortgage backed securities (MBS).
- In 2005 and 2006 over <u>50%</u> of MBS were private label.
- Now only about <u>3%</u> of MBS issued are private label.
- Private label MBS are generally easier to qualify for.
- Thus, the absence of private label mortgage backed securities makes it more difficult for people to qualify.

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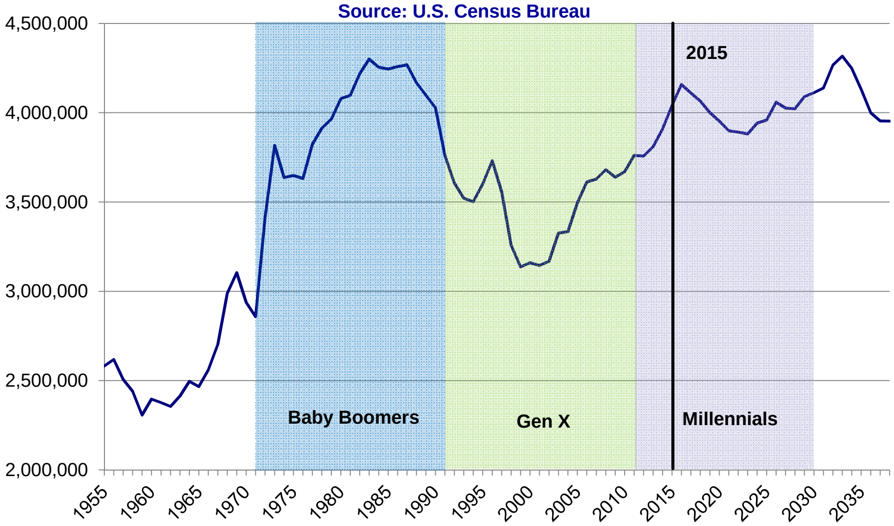
Multi-Family

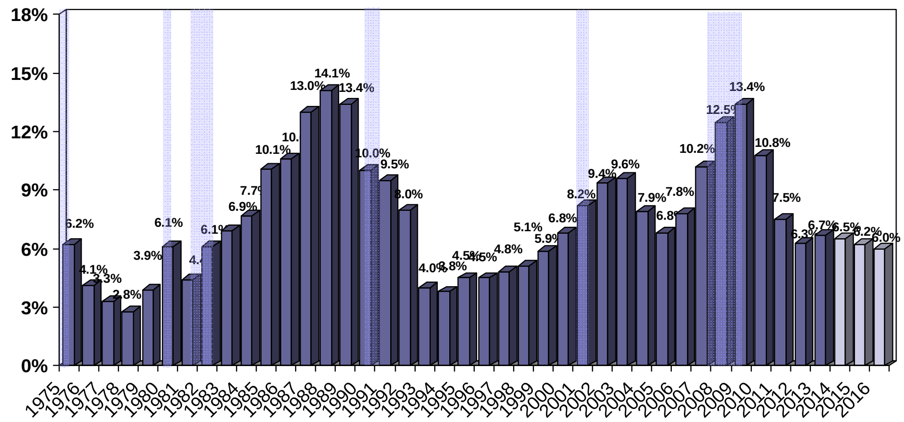
Apartments
26-27 year lag
1955-2038

Source: U.S. Census Bureau



Multi-Family Year-End Vacancy Rates
Maricopa County 1975–2016*

Source: ASU Realty Studies / Berkadia**



*2014, 2015 & 2016 are forecasts from *Elliott D. Pollack & Co.*

***Data prior to 2005 is from ASU*

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Multi-Family Housing Market

Source: PMHS and Berkadia

	Absorption	Completions
2007	(3,121)	3,800
2008	(4,466)	5,900
2009	9,100	6,231
2010	11,619	200
2011	7,729	303
2012	2,950	910
2013	3,660	2,390
2014	6,750	4,970

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Multi-Family Housing Market

Source: CBRE as of Third Quarter 2014

	2014	2015	2016
Projected Completions*	4,668	6,518	6,351

*Complexes with 100+ units

Multi-Family Outlook

Higher population growth and continued weak homeownership suggests the outlook for apartments is excellent

OFFICE

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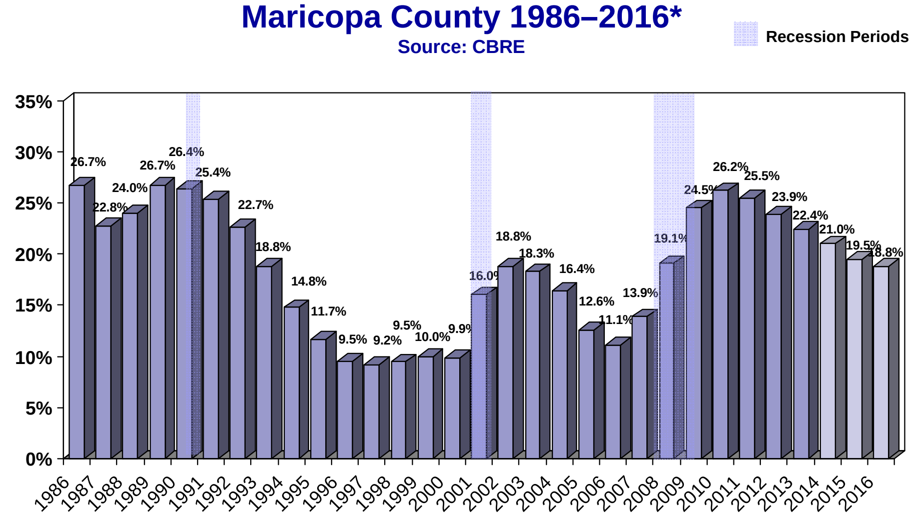
Office Space Year-End Vacancy Rates Maricopa County 1986–2016*

Source: CBRE



*2014, 2015 & 2016 are forecasts from Elliott D. Pollack & Co.

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Greater Phoenix Office Market*

Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
2005	3,119,293	7,987
2006	3,245,888	**2,320,302
2007	1,500,704	4,905,374
2008	(603,112)	3,402,646
2009	(667,329)	1,798,415
2010	233,670	2,011,404
2011	1,857,433	3,144,910
2012	2,020,529	973,282
2013	1,721,366	(35,566)
2014***	1,458,559	701,300

*Only includes multi-tenant space greater than 10,000 SF
** A number of buildings in downtown and mid-town are being converted to office condos.
***Data through third quarter 2014

As of third quarter 2014, there is 565,200 square feet of speculative office space under construction.

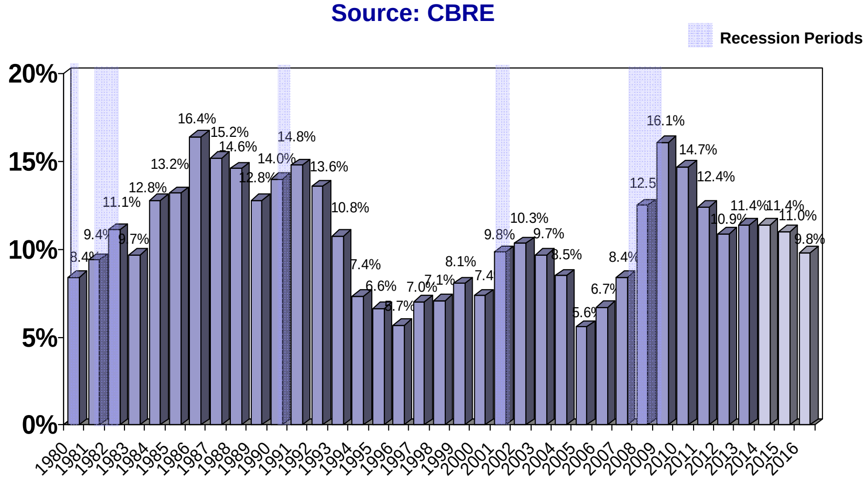
Source: CBRE

Under any reasonable employment growth scenario, we believe it will be at least 2017-2018 before any significant office construction occurs

(although some sub-markets like Tempe will be sooner).

INDUSTRIAL

Industrial Space Vacancy Rates
Greater Phoenix 1980 – 2016*
Source: CBRE



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* 2014, 2015 & 2016 are forecasts from the Greater Phoenix Blue Chip

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Greater Phoenix Industrial Market
Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
2005	13,349,129	7,072,477
2006	6,032,175	7,829,959
2007	8,359,835	13,914,181
2008	629,838	13,467,215
2009	(4,649,352)	4,753,218
2010	4,455,097	2,451,202
2011	7,753,111	2,842,185
2012	7,405,168	3,358,724
2013	8,783,982	8,902,571
2014*	4,978,228	5,060,168

*Data through third quarter 2014

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As of third quarter 2014, there is 2.3 million square feet of speculative industrial space under construction.

Source: CBRE

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Big box / small space

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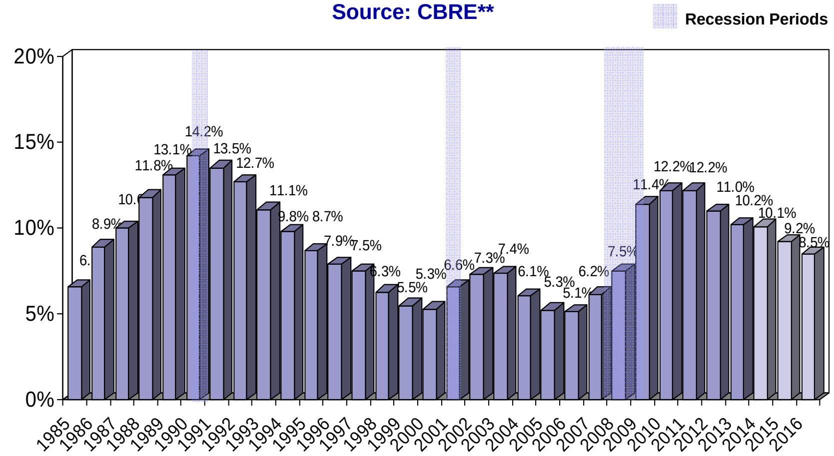
RETAIL

Retail Space Vacancy Rates
Greater Phoenix 1985–2016*

Source: CBRE**



* 2014, 2015 & 2016 are forecasts from GPBC
** Data prior to 1992 is from Grubb & Ellis

Greater Phoenix Retail Market

Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
2005	6,708,155	6,248,789
2006	5,244,597	4,582,618
2007	9,424,362	11,104,865
2008	3,395,986	6,229,205
2009	(1,117,100)	4,405,985
2010	(75,352)	902,380
2011	(152,647)	24,543
2012	1,879,005	184,932
2013	1,579,202	(325,959)
2014*	1,208,538	30,228

*Data through third quarter 2014

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As of third quarter 2014, there is no square feet of speculative retail space under construction.

Source: CBRE

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CONCLUSIONS:
How will it all turn out?

No recession on the horizon...

… It's slow by historic standards but it's growing.

The economy is improving in both absolute and relative terms.

Arizona–

No boom in Arizona until population increases more rapidly and housing makes a meaningful recovery.

2015 will be better than 2014.

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Finance Advisory Committee
Cash Flow Update

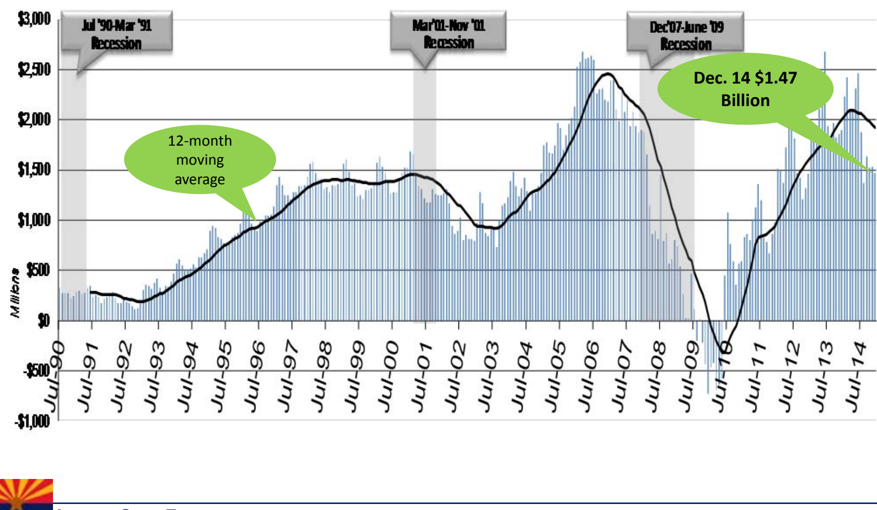
1.22.2015

OFFICE OF THE ARIZONA STATE TREASURER

STATE CASH FLOW

TOTAL OPERATING ACCOUNT AVERAGE MONTHLY BALANCE

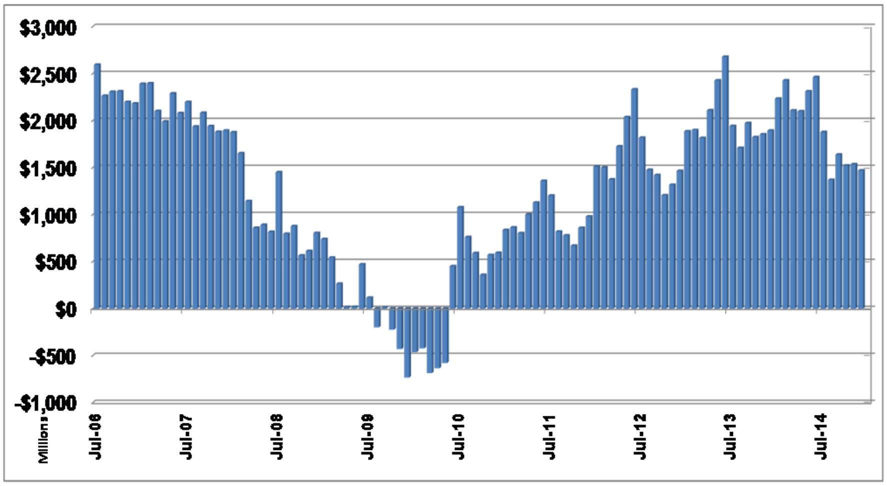
Down *-16%* in First 6 Months YOY



ARIZONA STATE TREASURER JEFF DEWIT

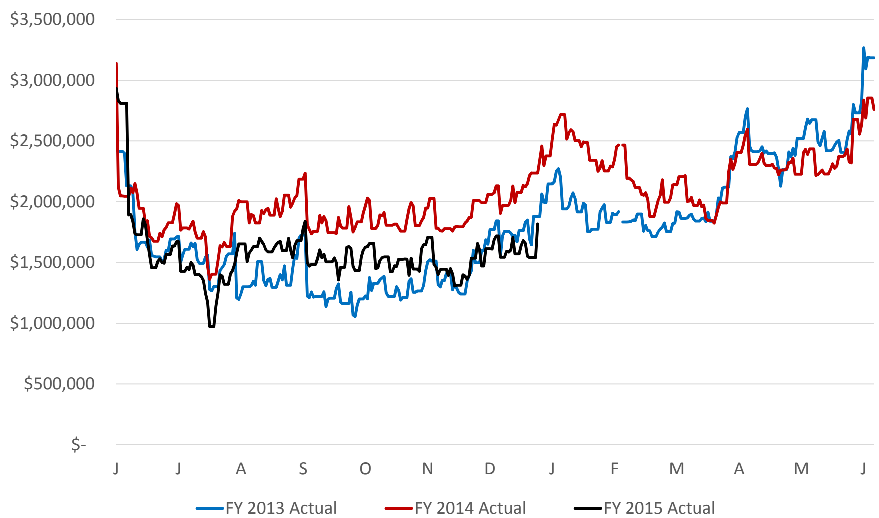
STATE CASH FLOW

State Operating Balance FY 2007 - FY 2015 YTD



STATE CASH FLOW

YTD FY 2015 Cash Flow vs. Last Two Fiscal Years

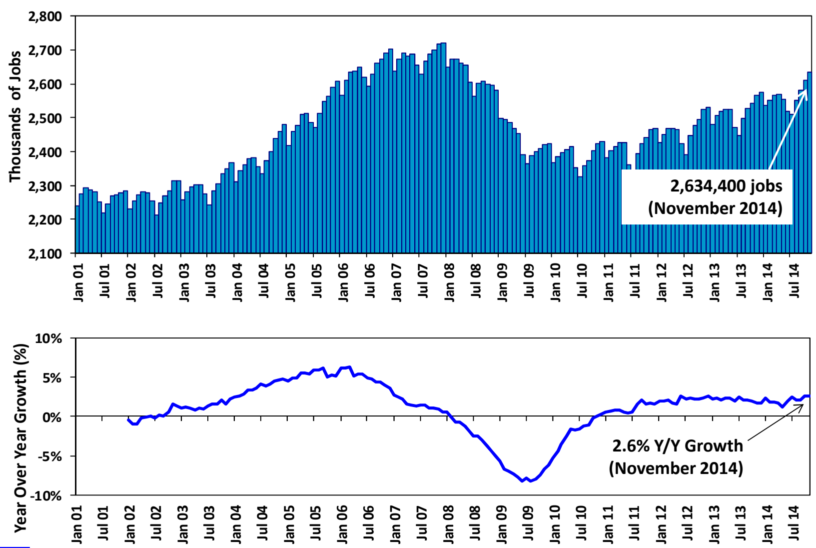


Contents

Slide:

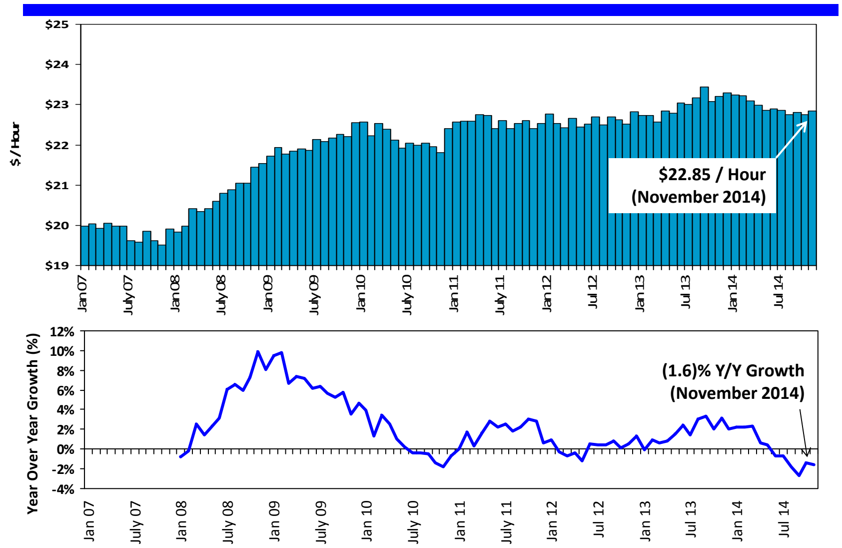
JLBC

Total Non-Farm Employment



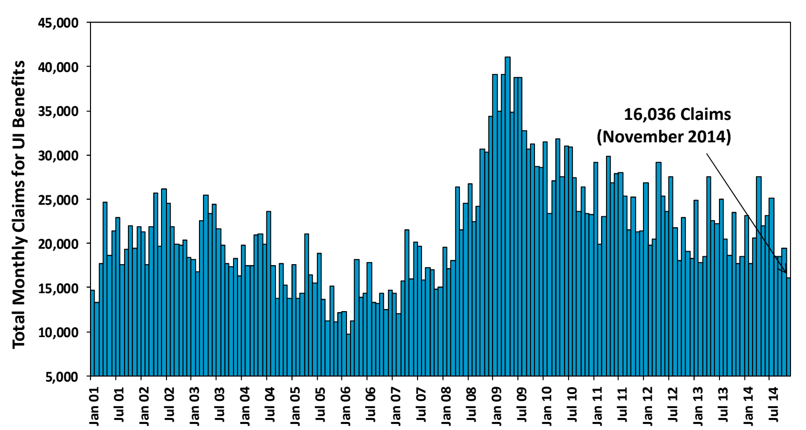
JLBC

Average Hourly Earnings – Private Sector



JLBC

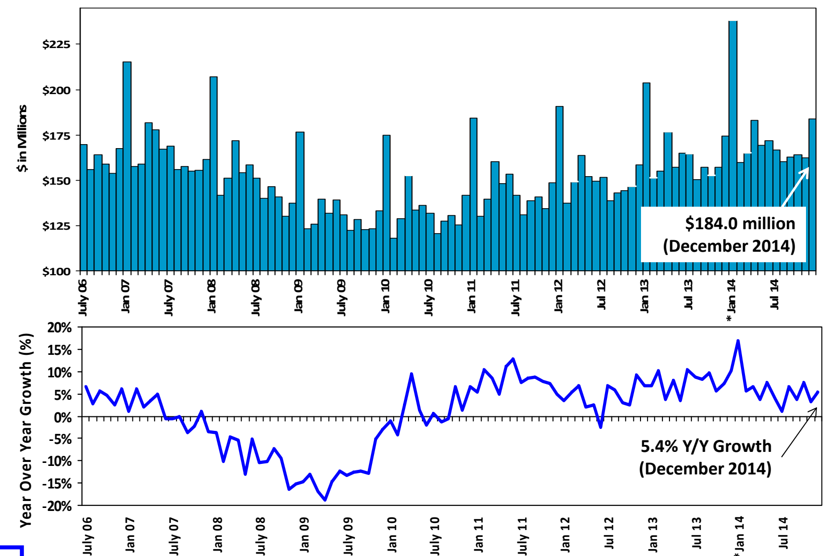
Initial Claims for Unemployment Insurance



JLBC

Not seasonally adjusted

State Sales Tax Collections – Retail Category

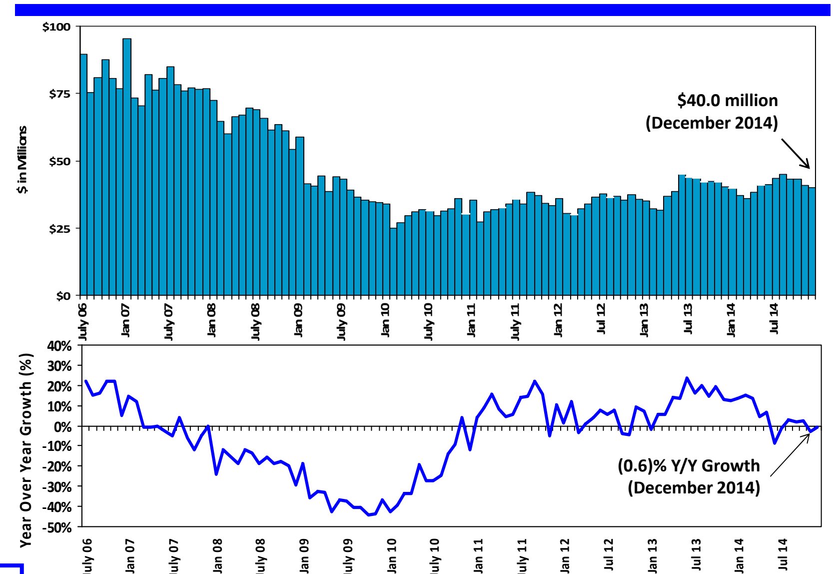


JLBC

Excludes temporary 1 ¢ sales tax

* January 2014 collections reflect the reclassification of approximately $40 million of revenue from other tax categories to retail collections

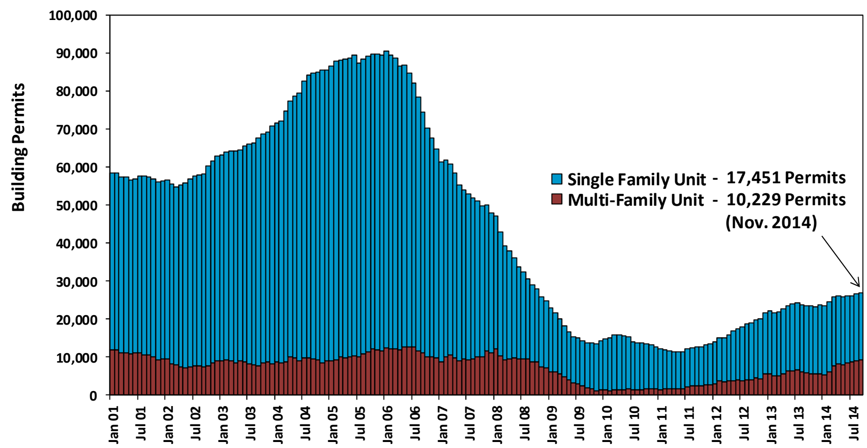
State Sales Tax Collections – Contracting Category



JLBC

Excludes temporary 1 ¢ sales tax

Residential Building Permits



12-Month Moving Sum

JLBC

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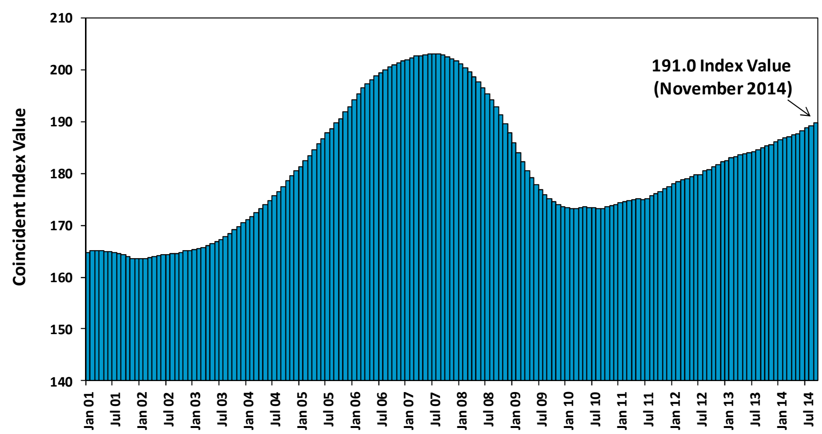
Economic Activity Index



Source: Coincident Index – Federal Reserve Bank of Philadelphia. Combines four state-level indicators (employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements) to summarize current economic conditions.

JLBC

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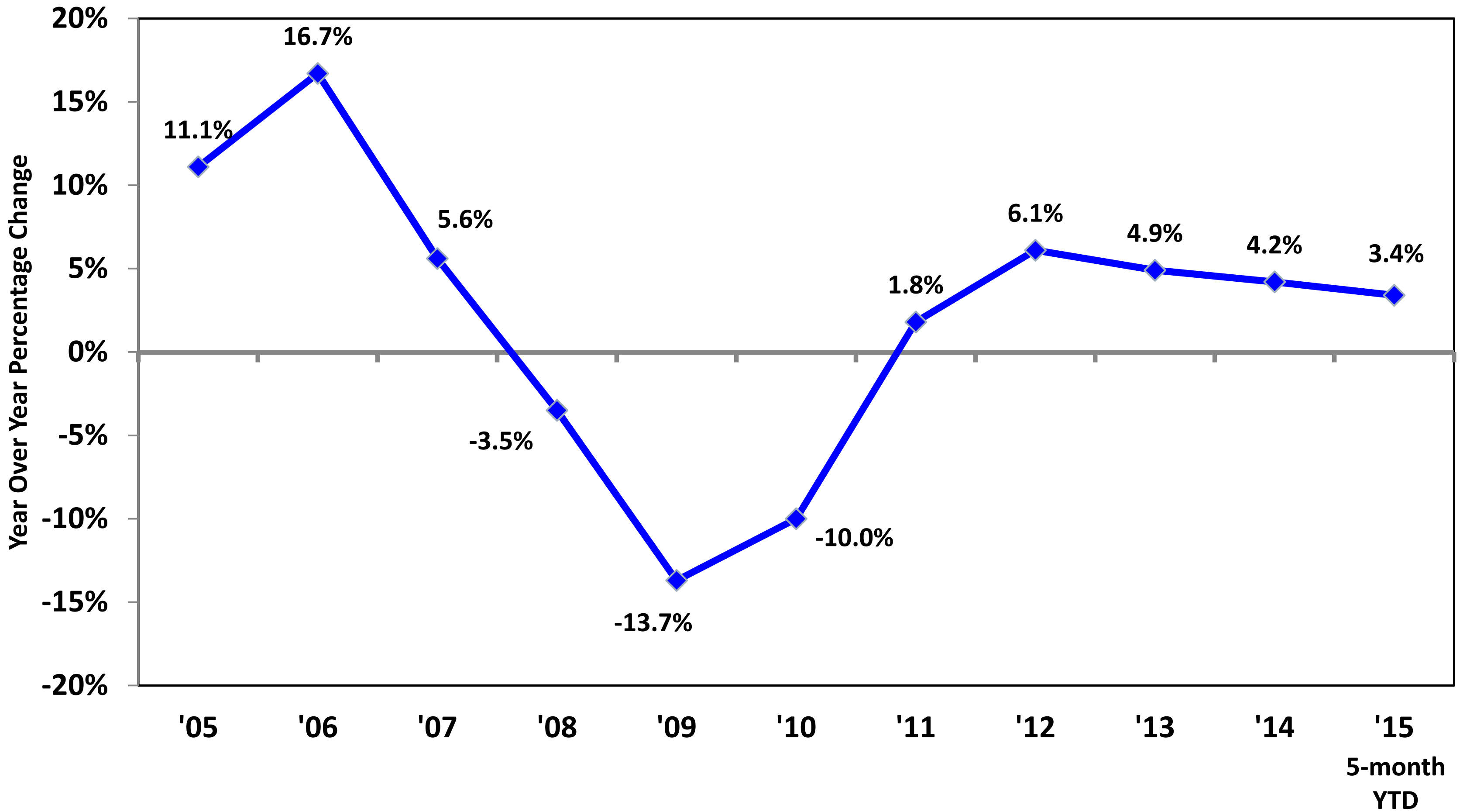
Sales Tax

Sales Tax
- Base % Change



Percent Change in Base Revenue Excluding Tax Law Changes

JLBC

Arizona Sales Tax - Total (excl. 1% Tax)
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2010	281,714,731	-3.1%	281,714,731	-3.1%
	Aug 2010	277,734,908	-3.4%	559,449,639	-3.2%
	Sep 2010	282,192,808	-2.0%	841,642,447	-2.8%
	Oct 2010	282,177,988	1.5%	1,123,820,435	-1.8%
	Nov 2010	286,485,609	3.8%	1,410,306,044	-0.7%
FY 2011	Dec 2010	274,456,847	0.7%	1,684,762,891	-0.5%
	Jan 2011	338,961,556	6.2%	2,023,724,447	0.6%
	Feb 2011	272,340,889	6.0%	2,296,065,336	1.2%
	Mar 2011	287,692,472	6.8%	2,583,757,808	1.8%
	Apr 2011	310,811,250	-2.7%	2,894,569,058	1.3%
	May 2011	285,186,711	2.8%	3,179,755,769	1.4%
	June 2011	268,261,217	10.5%	3,448,016,986	2.1%
	July 2011	306,929,173	9.0%	306,929,173	9.0%
	Aug 2011	293,482,631	5.7%	600,411,804	7.3%
	Sep 2011	299,647,673	6.2%	900,059,477	6.9%
	Oct 2011	303,049,504	7.4%	1,203,108,981	7.1%
	Nov 2011	286,297,169	-0.1%	1,489,406,151	5.6%
FY 2012	Dec 2011	294,279,967	7.2%	1,783,686,117	5.9%
	Jan 2012	347,418,964	2.5%	2,131,105,081	5.3%
	Feb 2012	287,779,634	5.7%	2,418,884,716	5.3%
	Mar 2012	297,171,837	3.3%	2,716,056,553	5.1%
	Apr 2012	324,812,322	4.5%	3,040,868,875	5.1%
	May 2012	306,889,871	7.6%	3,347,758,745	5.3%
	June 2012	304,406,910	13.5%	3,652,165,655	5.9%
	July 2012	321,889,184	4.9%	321,889,184	4.9%
	Aug 2012	302,649,584	3.1%	624,538,768	4.0%
	Sep 2012	314,805,532	5.1%	939,344,300	4.4%
	Oct 2012	304,390,327	0.4%	1,243,734,627	3.4%
	Nov 2012	308,743,822	7.8%	1,552,478,449	4.2%
FY 2013	Dec 2012	308,624,715	4.9%	1,861,103,164	4.3%
	Jan 2013	358,061,324	3.1%	2,219,164,488	4.1%
	Feb 2013	308,634,610	7.2%	2,527,799,098	4.5%
	Mar 2013	298,125,466	0.3%	2,825,924,564	4.0%
	Apr 2013	341,689,456	5.2%	3,167,614,020	4.2%
	May 2013	322,843,958	5.2%	3,490,457,978	4.3%
	June 2013	288,405,767	-5.3%	3,778,863,745	3.5%
	July 2013	339,218,789	5.4%	339,218,789	5.4%
	Aug 2013	330,453,883	9.2%	669,672,672	7.2%
	Sep 2013	335,831,770	6.7%	1,005,504,442	7.0%
	Oct 2013	328,875,700	8.0%	1,334,380,142	7.3%
	Nov 2013	323,933,003	4.9%	1,658,313,145	6.8%
FY 2014	Dec 2013	327,109,813	6.0%	1,985,422,958	6.7%
	Jan 2014	367,609,390	2.7%	2,353,032,348	6.0%
	Feb 2014	314,441,338	1.9%	2,667,473,686	5.5%
	Mar 2014	325,993,542	9.3%	2,993,467,228	5.9%
	Apr 2014	358,451,112	4.9%	3,351,918,340	5.8%
	May 2014	336,552,864	4.2%	3,688,471,204	5.7%
	June 2014	297,410,376	3.1%	3,985,881,580	5.5%
	July 2014	338,895,000	-0.1%	338,895,000	-0.1%
	Aug 2014	345,173,344	4.5%	684,068,344	2.1%
	Sep 2014	344,660,464	2.6%	1,028,728,808	2.3%
	Oct 2014	346,093,136	5.2%	1,374,821,944	3.0%
	Nov 2014	334,326,797	3.2%	1,709,148,741	3.1%
FY 2015	Dec 2014	344,265,049	5.2%	2,053,413,790	3.4%
	Jan 2015				
	Feb 2015				
	Mar 2015				
	Apr 2015				
	May 2015				
	June 2015				

Arizona Sales Tax - Retail
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2010	131,854,318	-0.7%	131,854,318	-0.7%
	Aug 2010	120,861,252	-2.8%	252,715,570	-1.8%
	Sep 2010	127,561,325	-2.1%	380,276,895	-1.9%
	Oct 2010	130,540,558	4.8%	510,817,453	-0.3%
	Nov 2010	125,231,755	-0.1%	636,049,208	-0.2%
FY 2011	Dec 2010	141,527,413	4.9%	777,576,621	0.7%
	Jan 2011	184,287,307	4.2%	961,863,928	1.3%
	Feb 2011	130,152,893	10.4%	1,092,016,821	2.3%
	Mar 2011	139,711,796	8.6%	1,231,728,617	3.0%
	Apr 2011	160,245,893	36.2%	1,391,974,510	6.0%
	May 2011	148,273,564	11.1%	1,540,248,074	6.4%
	June 2011	153,419,634	12.7%	1,693,667,708	7.0%
	July 2011	141,789,976	7.5%	141,789,976	7.5%
	Aug 2011	130,998,912	8.4%	272,788,888	7.9%
	Sep 2011	138,796,056	8.8%	411,584,944	8.2%
	Oct 2011	140,704,804	7.8%	552,289,747	8.1%
	Nov 2011	134,310,400	7.2%	686,600,147	7.9%
FY 2012	Dec 2011	148,448,948	4.9%	835,049,095	7.4%
	Jan 2012	190,783,275	3.5%	1,025,832,370	6.7%
	Feb 2012	137,359,143	5.5%	1,163,191,513	6.5%
	Mar 2012	149,239,726	6.8%	1,312,431,239	6.6%
	Apr 2012	163,530,770	2.0%	1,475,962,009	6.0%
	May 2012	152,085,022	2.6%	1,628,047,031	5.7%
	June 2012	149,658,784	-2.5%	1,777,705,815	5.0%
	July 2012	151,463,092	6.8%	151,463,092	6.8%
	Aug 2012	138,759,047	5.9%	290,222,139	6.4%
	Sep 2012	143,091,966	3.1%	433,314,105	5.3%
	Oct 2012	144,377,418	2.6%	577,691,523	4.6%
	Nov 2012	146,630,896	9.2%	724,322,419	5.5%
FY 2013	Dec 2012	158,506,351	6.8%	882,828,770	5.7%
	Jan 2013	203,719,359	6.8%	1,086,548,129	5.9%
	Feb 2013	151,345,992	10.2%	1,237,894,121	6.4%
	Mar 2013	154,953,692	3.8%	1,392,847,813	6.1%
	Apr 2013	176,752,554	8.1%	1,569,600,367	6.3%
	May 2013	157,321,133	3.4%	1,726,921,500	6.1%
	June 2013	165,064,316	10.3%	1,891,985,816	6.4%
	July 2013	164,753,436	8.8%	164,753,436	8.8%
	Aug 2013	150,159,878	8.2%	314,913,314	8.5%
	Sep 2013	157,089,858	9.8%	472,003,172	8.9%
	Oct 2013	152,652,197	5.7%	624,655,369	8.1%
	Nov 2013	157,213,539	7.2%	781,868,908	7.9%
FY 2014	Dec 2013	174,512,641	10.1%	956,381,549	8.3%
	Jan 2014	238,163,840	16.9%	1,194,545,389	9.9%
	Feb 2014	154,943,150	2.4%	1,349,488,539	9.0%
	Mar 2014	165,184,759	6.6%	1,514,673,298	8.7%
	Apr 2014	183,203,353	3.6%	1,697,876,651	8.2%
	May 2014	169,355,304	7.6%	1,867,231,955	8.1%
	June 2014	171,659,444	4.0%	2,038,891,399	7.8%
	July 2014	166,500,721	1.1%	166,500,721	1.1%
	Aug 2014	160,123,060	6.6%	326,623,781	3.7%
	Sep 2014	162,832,950	3.7%	489,456,731	3.7%
	Oct 2014	164,102,161	7.5%	653,558,892	4.6%
	Nov 2014	162,348,834	3.3%	815,907,726	4.4%
FY 2015	Dec 2014				
	Jan 2015	*December amount N/A.*			
	Feb 2015				
	Mar 2015				
	Apr 2015				
	May 2015				
	June 2015				

Arizona Sales Tax - Contracting
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2010	31,447,707	-27.2%	31,447,707	-27.2%
	Aug 2010	29,548,912	-24.5%	60,996,619	-25.9%
	Sep 2010	31,389,965	-14.2%	92,386,584	-22.3%
	Oct 2010	32,135,070	-9.0%	124,521,654	-19.3%
	Nov 2010	36,048,289	3.8%	160,569,943	-15.0%
FY 2011	Dec 2010	30,256,826	-12.1%	190,826,769	-14.6%
	Jan 2011	35,390,218	4.2%	226,216,987	-12.1%
	Feb 2011	27,192,699	8.6%	253,409,686	-10.3%
	Mar 2011	31,052,066	15.6%	284,461,752	-8.0%
	Apr 2011	31,950,076	8.4%	316,411,829	-6.6%
	May 2011	32,571,135	4.7%	348,982,963	-5.6%
	June 2011	33,882,030	5.8%	382,864,993	-4.7%
	July 2011	35,776,963	13.8%	35,776,963	13.8%
	Aug 2011	33,820,730	14.5%	69,597,693	14.1%
	Sep 2011	38,262,770	21.9%	107,860,463	16.7%
	Oct 2011	37,113,776	15.5%	144,974,240	16.4%
	Nov 2011	34,175,119	-5.2%	179,149,359	11.6%
FY 2012	Dec 2011	33,388,990	10.4%	212,538,349	11.4%
	Jan 2012	35,855,441	1.3%	248,393,790	9.8%
	Feb 2012	30,456,508	12.0%	278,850,298	10.0%
	Mar 2012	29,964,165	-3.5%	308,814,463	8.6%
	Apr 2012	32,221,194	0.8%	341,035,657	7.8%
	May 2012	33,942,224	4.2%	374,977,881	7.4%
	June 2012	36,413,050	7.5%	411,390,931	7.5%
	July 2012	37,753,076	5.5%	37,753,076	5.5%
	Aug 2012	36,341,199	7.5%	74,094,275	6.5%
	Sep 2012	36,839,194	-3.7%	110,933,469	2.8%
	Oct 2012	35,393,045	-4.6%	146,326,514	0.9%
	Nov 2012	37,312,920	9.2%	183,639,434	2.5%
FY 2013	Dec 2012	35,713,978	7.0%	219,353,412	3.2%
	Jan 2013	35,124,507	-2.0%	254,477,919	2.4%
	Feb 2013	32,158,384	5.6%	286,636,303	2.8%
	Mar 2013	31,657,711	5.7%	318,294,014	3.1%
	Apr 2013	36,740,970	14.0%	355,034,984	4.1%
	May 2013	38,500,752	13.4%	393,535,736	4.9%
	June 2013	45,057,304	23.7%	438,593,040	6.6%
	July 2013	43,907,390	16.3%	43,907,390	16.3%
	Aug 2013	43,618,684	20.0%	87,526,074	18.1%
	Sep 2013	42,416,407	15.1%	129,942,481	17.1%
	Oct 2013	42,304,040	19.5%	172,246,521	17.7%
	Nov 2013	42,121,860	12.9%	214,368,381	16.7%
FY 2014	Dec 2013	40,208,342	12.6%	254,576,723	16.1%
	Jan 2014	39,820,300	13.4%	294,397,023	15.7%
	Feb 2014	36,970,395	15.0%	331,367,418	15.6%
	Mar 2014	35,930,174	13.5%	367,297,592	15.4%
	Apr 2014	38,358,105	4.4%	405,655,697	14.3%
	May 2014	40,976,805	6.4%	446,632,502	13.5%
	June 2014	41,235,619	-8.5%	487,868,121	11.2%
	July 2014	43,352,211	-1.3%	43,352,211	-1.3%
	Aug 2014	44,742,964	2.6%	88,095,175	0.7%
	Sep 2014	42,952,525	1.3%	131,047,700	0.9%
	Oct 2014	43,244,905	2.2%	174,292,605	1.2%
	Nov 2014	40,986,820	-2.7%	215,279,425	0.4%
FY 2015	Dec 2014				
	Jan 2015	*December amount N/A.*			
	Feb 2015				
	Mar 2015				
	Apr 2015				
	May 2015				
	June 2015				

Arizona Sales Tax - Utilities
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
FY 2011	July 2010	35,877,634	-9.0%	35,877,634	-9.0%
	Aug 2010	44,964,793	-0.4%	80,842,427	-4.4%
	Sep 2010	45,858,958	5.6%	126,701,385	-1.0%
	Oct 2010	43,113,254	3.9%	169,814,639	0.2%
	Nov 2010	38,015,889	6.4%	207,830,528	1.3%
	Dec 2010	27,817,850	1.2%	235,648,378	1.3%
	Jan 2011	28,892,368	1.1%	264,540,746	1.2%
	Feb 2011	31,223,326	-3.9%	295,764,072	0.7%
	Mar 2011	28,787,318	2.8%	324,551,390	0.9%
	Apr 2011	26,747,146	-2.5%	351,298,536	0.6%
	May 2011	26,632,619	3.2%	377,931,155	0.8%
	June 2011	30,680,668	3.0%	408,611,823	0.9%
FY 2012	July 2011	40,111,460	11.8%	40,111,460	11.8%
	Aug 2011	40,875,038	-9.1%	80,986,498	0.2%
	Sep 2011	46,646,194	1.7%	127,632,693	0.7%
	Oct 2011	45,842,935	6.3%	173,475,628	2.2%
	Nov 2011	34,149,040	-10.2%	207,624,668	-0.1%
	Dec 2011	29,540,842	6.2%	237,165,510	0.6%
	Jan 2012	29,367,167	1.6%	266,532,677	0.8%
	Feb 2012	30,658,712	-1.8%	297,191,389	0.5%
	Mar 2012	30,060,136	4.4%	327,251,525	0.8%
	Apr 2012	27,244,798	1.9%	354,496,323	0.9%
	May 2012	27,485,601	3.2%	381,981,924	1.1%
	June 2012	30,111,966	-1.9%	412,093,890	0.9%
FY 2013	July 2012	40,616,330	1.3%	40,616,330	1.3%
	Aug 2012	49,307,716	20.6%	89,924,046	11.0%
	Sep 2012	47,859,208	2.6%	137,783,254	8.0%
	Oct 2012	42,673,986	-6.9%	180,457,240	4.0%
	Nov 2012	36,906,904	8.1%	217,364,144	4.7%
	Dec 2012	28,508,254	-3.5%	245,872,398	3.7%
	Jan 2013	28,206,985	-4.0%	274,079,383	2.8%
	Feb 2013	32,772,398	6.9%	306,851,781	3.3%
	Mar 2013	26,578,715	-11.6%	333,430,496	1.9%
	Apr 2013	28,651,138	5.2%	362,081,634	2.1%
	May 2013	33,388,984	21.5%	395,470,618	3.5%
	June 2013	35,131,617	16.7%	430,602,235	4.5%
FY 2014	July 2013	41,253,785	1.6%	41,253,785	1.6%
	Aug 2013	51,118,922	3.7%	92,372,707	2.7%
	Sep 2013	48,310,422	0.9%	140,683,129	2.1%
	Oct 2013	45,404,017	6.4%	186,087,146	3.1%
	Nov 2013	36,096,400	-2.2%	222,183,546	2.2%
	Dec 2013	27,804,876	-2.5%	249,988,422	1.7%
	Jan 2014	31,282,441	10.9%	281,270,863	2.6%
	Feb 2014	32,556,099	-0.7%	313,826,962	2.3%
	Mar 2014	29,363,515	10.5%	343,190,477	2.9%
	Apr 2014	27,967,873	-2.4%	371,158,350	2.5%
	May 2014	28,121,488	-15.8%	399,279,838	1.0%
	June 2014	34,601,911	-1.5%	433,881,749	0.8%
FY 2015	July 2014	41,601,907	0.8%	41,601,907	0.8%
	Aug 2014	49,989,617	-2.2%	91,591,524	-0.8%
	Sep 2014	48,229,626	-0.2%	139,821,150	-0.6%
	Oct 2014	44,471,489	-2.1%	184,292,639	-1.0%
	Nov 2014	37,725,941	4.5%	222,018,580	-0.1%
	Dec 2014				
	Jan 2015	*December amount N/A.*			
	Feb 2015				
	Mar 2015				
	Apr 2015				
	May 2015				
	June 2015				

Arizona Sales Tax - Restaurants and Bars
General Fund Collections

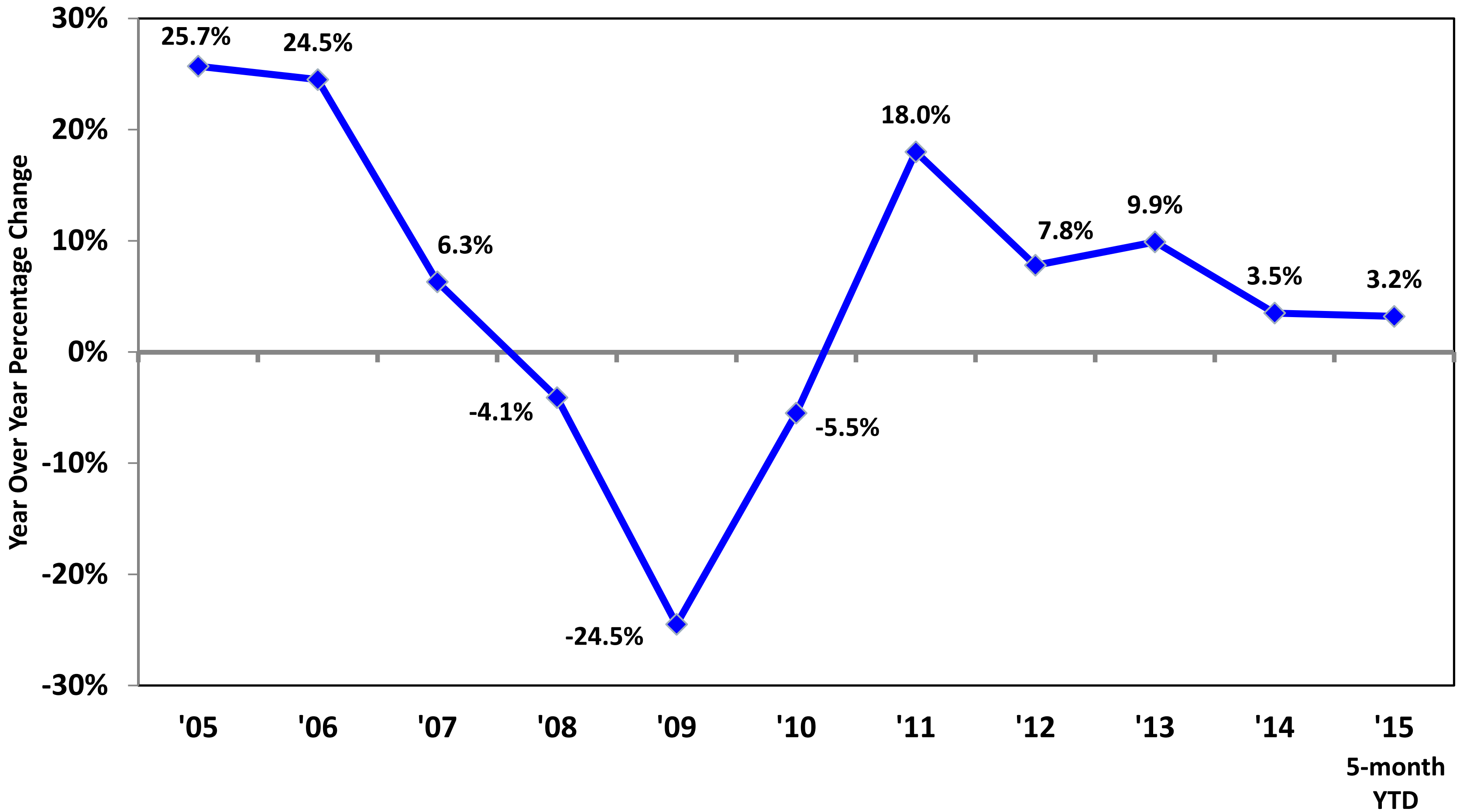
		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2010	26,242,715	0.5%	26,242,715	0.5%
	Aug 2010	24,952,729	1.7%	51,195,444	1.1%
	Sep 2010	25,897,327	4.4%	77,092,771	2.2%
	Oct 2010	25,863,769	2.0%	102,956,540	2.1%
	Nov 2010	28,008,967	5.0%	130,965,507	2.7%
FY 2011	Dec 2010	26,346,516	-0.9%	157,312,023	2.1%
	Jan 2011	30,310,109	10.6%	187,622,132	3.4%
	Feb 2011	27,454,169	-0.5%	215,076,301	2.9%
	Mar 2011	32,049,802	5.1%	247,126,103	3.2%
	Apr 2011	34,315,943	3.3%	281,442,046	3.2%
	May 2011	31,290,775	6.5%	312,732,821	3.5%
	June 2011	30,858,045	0.6%	343,590,866	3.2%
	July 2011	28,571,695	8.9%	28,571,695	8.9%
	Aug 2011	28,045,076	12.4%	56,616,771	10.6%
	Sep 2011	26,869,234	3.8%	83,486,005	8.3%
	Oct 2011	27,981,394	8.2%	111,467,399	8.3%
	Nov 2011	29,374,335	4.9%	140,841,734	7.5%
FY 2012	Dec 2011	28,945,330	9.9%	169,787,063	7.9%
	Jan 2012	32,174,741	6.2%	201,961,804	7.6%
	Feb 2012	30,980,041	12.8%	232,941,845	8.3%
	Mar 2012	33,375,882	4.1%	266,317,727	7.8%
	Apr 2012	37,166,563	8.3%	303,484,290	7.8%
	May 2012	33,272,286	6.3%	336,756,577	7.7%
	June 2012	32,106,240	4.0%	368,862,817	7.4%
	July 2012	30,991,504	8.5%	30,991,504	8.5%
	Aug 2012	28,325,088	1.0%	59,316,592	4.8%
	Sep 2012	30,672,616	14.2%	89,989,208	7.8%
	Oct 2012	29,940,956	7.0%	119,930,164	7.6%
	Nov 2012	31,090,860	5.8%	151,021,024	7.2%
FY 2013	Dec 2012	30,148,220	4.2%	181,169,244	6.7%
	Jan 2013	34,217,130	6.3%	215,386,374	6.6%
	Feb 2013	32,491,480	4.9%	247,877,854	6.4%
	Mar 2013	33,615,420	0.7%	281,493,274	5.7%
	Apr 2013	38,809,996	4.4%	320,303,270	5.5%
	May 2013	34,819,505	4.7%	355,122,775	5.5%
	June 2013	33,945,211	5.7%	389,067,986	5.5%
	July 2013	31,505,076	1.7%	31,505,076	1.7%
	Aug 2013	29,178,727	3.0%	60,683,803	2.3%
	Sep 2013	30,873,488	0.7%	91,557,291	1.7%
	Oct 2013	31,126,606	4.0%	122,683,897	2.3%
	Nov 2013	32,648,090	5.0%	155,331,987	2.9%
FY 2014	Dec 2013	32,901,765	9.1%	188,233,752	3.9%
	Jan 2014	34,330,457	0.3%	222,564,209	3.3%
	Feb 2014	34,099,887	5.0%	256,664,096	3.5%
	Mar 2014	36,748,460	9.3%	293,412,556	4.2%
	Apr 2014	41,454,544	6.8%	334,867,100	4.5%
	May 2014	36,761,375	5.6%	371,628,475	4.6%
	June 2014	37,409,895	10.2%	409,038,370	5.1%
	July 2014	33,177,148	5.3%	33,177,148	5.3%
	Aug 2014	30,626,101	5.0%	63,803,249	5.1%
	Sep 2014	35,433,944	14.8%	99,237,193	8.4%
	Oct 2014	34,065,936	9.4%	133,303,129	8.7%
	Nov 2014	34,295,091	5.0%	167,598,220	7.9%
FY 2015	Dec 2014				
	Jan 2015	*December amount N/A.*			
	Feb 2015				
	Mar 2015				
	Apr 2015				
	May 2015				
	June 2015				

Arizona Use Tax
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
FY 2011	July 2010	21,617,638	17.7%	21,617,638	17.7%
	Aug 2010	25,253,238	1.2%	46,870,876	8.2%
	Sep 2010	21,579,581	-12.0%	68,450,457	0.9%
	Oct 2010	18,618,977	-15.7%	87,069,434	-3.2%
	Nov 2010	25,650,144	21.2%	112,719,578	1.5%
	Dec 2010	13,547,360	-20.5%	126,266,938	-1.5%
	Jan 2011	25,541,400	5.4%	151,808,338	-0.4%
	Feb 2011	20,705,096	11.2%	172,513,434	0.9%
	Mar 2011	19,193,452	-4.6%	191,706,886	0.3%
	Apr 2011	17,208,904	-58.1%	208,915,790	-10.0%
	May 2011	20,168,948	0.4%	229,084,738	-9.2%
	June 2011	131,828	-99.3%	229,216,566	-15.7%
FY 2012	July 2011	26,807,003	24.0%	26,807,003	24.0%
	Aug 2011	26,502,905	4.9%	53,309,908	13.7%
	Sep 2011	19,608,030	-9.1%	72,917,938	6.5%
	Oct 2011	20,899,310	12.2%	93,817,248	7.7%
	Nov 2011	19,867,161	-22.5%	113,684,410	0.9%
	Dec 2011	21,515,513	58.8%	135,199,923	7.1%
	Jan 2012	26,209,693	2.6%	161,409,616	6.3%
	Feb 2012	21,029,980	1.6%	182,439,595	5.8%
	Mar 2012	18,120,799	-5.6%	200,560,395	4.6%
	Apr 2012	22,167,741	28.8%	222,728,136	6.6%
	May 2012	22,419,432	11.2%	245,147,569	7.0%
	June 2012	18,576,830	13991.7%	263,724,398	15.1%
FY 2013	July 2012	26,218,405	-2.2%	26,218,405	-2.2%
	Aug 2012	21,982,606	-17.1%	48,201,011	-9.6%
	Sep 2012	23,898,844	21.9%	72,099,855	-1.1%
	Oct 2012	18,897,488	-9.6%	90,997,343	-3.0%
	Nov 2012	22,730,129	14.4%	113,727,472	0.0%
	Dec 2012	20,981,295	-2.5%	134,708,767	-0.4%
	Jan 2013	22,119,839	-15.6%	156,828,606	-2.8%
	Feb 2013	22,758,853	8.2%	179,587,459	-1.6%
	Mar 2013	15,893,011	-12.3%	195,480,470	-2.5%
	Apr 2013	19,896,328	-10.2%	215,376,798	-3.3%
	May 2013	23,040,151	2.8%	238,416,949	-2.7%
	June 2013	19,482,364	4.9%	257,899,313	-2.2%
FY 2014	July 2013	26,397,599	0.7%	26,397,599	0.7%
	Aug 2013	24,203,511	10.1%	50,601,110	5.0%
	Sep 2013	26,287,246	10.0%	76,888,356	6.6%
	Oct 2013	24,821,300	31.3%	101,709,656	11.8%
	Nov 2013	21,943,914	-3.5%	123,653,570	8.7%
	Dec 2013	18,718,007	-10.8%	142,371,577	5.7%
	Jan 2014	(9,552,488)	-143.2%	132,819,089	-15.3%
	Feb 2014	19,752,297	-13.2%	152,571,386	-15.0%
	Mar 2014	17,749,979	11.7%	170,321,365	-12.9%
	Apr 2014	23,853,143	19.9%	194,174,508	-9.8%
	May 2014	22,918,205	-0.5%	217,092,713	-8.9%
	June 2014	18,892,220	-3.0%	235,984,933	-8.5%
FY 2015	July 2014	23,695,049	-10.2%	23,695,049	-10.2%
	Aug 2014	26,617,042	10.0%	50,312,091	-0.6%
	Sep 2014	24,458,282	-7.0%	74,770,373	-2.8%
	Oct 2014	28,121,689	13.3%	102,892,062	1.2%
	Nov 2014	23,980,614	9.3%	126,872,676	2.6%
	Dec 2014				
	Jan 2015	*December amount N/A.*			
	Feb 2015				
	Mar 2015				
	Apr 2015				
	May 2015				
	June 2015				

Individual Income Tax

Individual Income Tax
- Base % Change



Percent Change in Base Revenue Excluding Tax Law Changes

JLBC

Arizona Individual Income Tax - Estimated and Final Payments

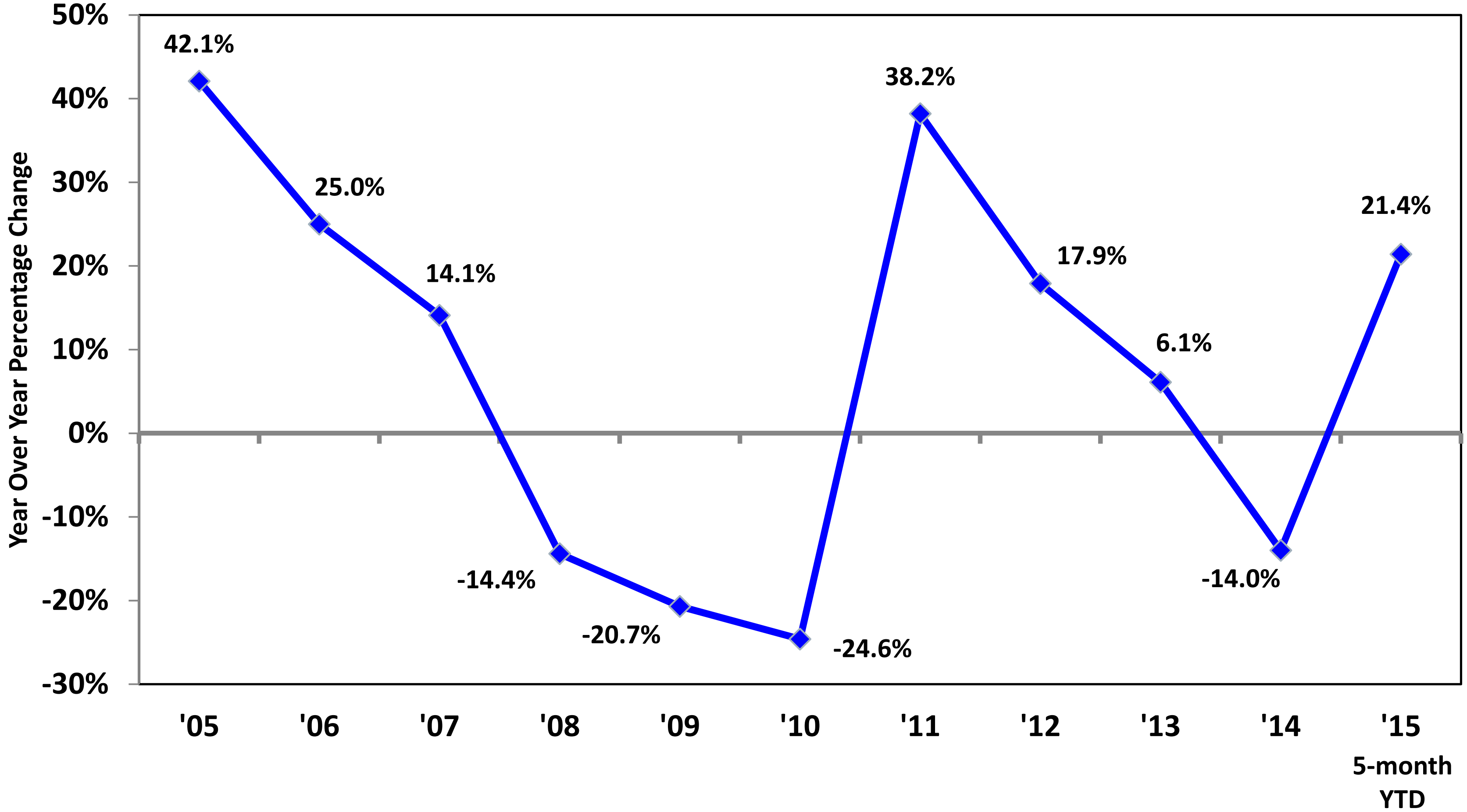
		Total Payments	Y/Y Chg.	Year-to-Date Total Payments	YTD Chg.	Estimated	Y/Y Chg.	Year-to-Date Estimated	YTD Chg.	Final	Y/Y Chg.	Year-to-Date Final	YTD Chg.
	Jul-10	13,374,136	-7.3%	13,374,136	-7.3%	3,207,727	-9.2%	3,207,727	-9.2%	10,166,409	-6.6%	10,166,409	-6.6%
	Aug	14,227,735	24.8%	27,601,871	6.9%	4,531,242	56.2%	7,738,969	20.3%	9,696,493	14.1%	19,862,902	2.4%
	Sep	75,736,353	-1.2%	103,338,224	0.8%	62,924,599	-4.6%	70,663,568	-2.4%	12,811,753	19.5%	32,674,656	8.5%
	Oct	34,496,790	-3.6%	137,835,014	-0.3%	5,069,884	-3.0%	75,733,452	-2.4%	29,426,906	-3.7%	62,101,562	2.4%
	Nov	11,753,618	-17.7%	149,588,632	-2.0%	2,442,722	-42.6%	78,176,175	-4.5%	9,310,895	-7.1%	71,412,457	1.0%
FY 2011	Dec	49,652,916	7.5%	199,241,548	0.2%	42,370,723	12.0%	120,546,898	0.7%	7,282,193	-13.0%	78,694,650	-0.5%
	Jan-11	90,356,188	-0.8%	289,597,736	-0.1%	81,828,374	-3.3%	202,375,272	-1.0%	8,527,814	32.5%	87,222,464	2.0%
	Feb	18,877,777	10.1%	308,475,512	0.5%	1,994,289	7.8%	204,369,561	-0.9%	16,883,488	10.3%	104,105,952	3.3%
	Mar	43,187,275	6.4%	351,662,787	1.2%	2,838,591	-7.7%	207,208,152	-1.0%	40,348,684	7.6%	144,454,636	4.4%
	Apr	391,693,591	25.4%	743,356,378	12.7%	43,920,128	22.6%	251,128,280	2.5%	347,773,463	25.8%	492,228,098	18.7%
	May	19,620,661	49.5%	762,977,038	13.4%	3,390,871	30.0%	254,519,151	2.8%	16,229,789	54.4%	508,457,887	19.6%
	Jun	81,464,192	13.2%	844,441,230	13.4%	68,603,032	20.6%	323,122,183	6.1%	12,861,159	-14.7%	521,319,047	18.4%
	Jul-11	13,992,743	4.6%	13,992,743	4.6%	3,418,739	6.6%	3,418,739	6.6%	10,574,004	4.0%	10,574,004	4.0%
	Aug	16,559,244	16.4%	30,551,987	10.7%	4,997,703	10.3%	8,416,442	8.8%	11,561,541	19.2%	22,135,545	11.4%
	Sep	84,818,311	12.0%	115,370,298	11.6%	75,537,740	20.0%	83,954,182	18.8%	9,280,571	-27.6%	31,416,116	-3.9%
	Oct	43,943,506	27.4%	159,313,804	15.6%	5,295,654	4.5%	89,249,836	17.8%	38,647,851	31.3%	70,063,967	12.8%
	Nov	15,341,441	30.5%	174,655,244	16.8%	3,617,690	48.1%	92,867,526	18.8%	11,723,751	25.9%	81,787,718	14.5%
FY 2012	Dec	55,737,868	12.3%	230,393,113	15.6%	42,856,312	1.1%	135,723,839	12.6%	12,881,556	76.9%	94,669,274	20.3%
	Jan-12	158,056,550	74.9%	388,449,663	34.1%	150,903,673	84.4%	286,627,512	41.6%	7,152,877	-16.1%	101,822,151	16.7%
	Feb	19,637,403	4.0%	408,087,065	32.3%	2,218,310	11.2%	288,845,822	41.3%	17,419,093	3.2%	119,241,243	14.5%
	Mar	46,931,963	8.7%	455,019,028	29.4%	4,150,715	46.2%	292,996,537	41.4%	42,781,248	6.0%	162,022,491	12.2%
	Apr	435,563,902	11.2%	890,582,930	19.8%	50,256,174	14.4%	343,252,711	36.7%	385,307,728	10.8%	547,330,219	11.2%
	May	17,542,908	-10.6%	908,125,837	19.0%	5,756,818	69.8%	349,009,529	37.1%	11,786,090	-27.4%	559,116,309	10.0%
	Jun	87,703,250	7.7%	995,829,088	17.9%	73,573,033	7.2%	422,582,562	30.8%	14,130,217	9.9%	573,246,526	10.0%
	Jul-12	14,974,662	7.0%	14,974,662	7.0%	4,540,630	32.8%	4,540,630	32.8%	10,434,032	-1.3%	10,434,032	-1.3%
	Aug	17,096,634	3.2%	32,071,296	5.0%	5,862,487	17.3%	10,403,117	23.6%	11,234,147	-2.8%	21,668,179	-2.1%
	Sep	95,989,948	13.2%	128,061,244	11.0%	83,986,121	11.2%	94,389,238	12.4%	12,003,827	29.3%	33,672,006	7.2%
	Oct	46,536,943	5.9%	174,598,187	9.6%	7,266,490	37.2%	101,655,728	13.9%	39,270,453	1.6%	72,942,459	4.1%
	Nov	14,844,599	-3.2%	189,442,786	8.5%	4,407,208	21.8%	106,062,936	14.2%	10,437,391	-11.0%	83,379,850	1.9%
FY 2013	Dec	72,572,643	30.2%	262,015,429	13.7%	64,610,374	50.8%	170,673,310	25.8%	7,962,269	-38.2%	91,342,119	-3.5%
	Jan-13	136,860,874	-13.4%	398,876,303	2.7%	128,709,440	-14.7%	299,382,750	4.5%	8,151,434	14.0%	99,493,553	-2.3%
	Feb	16,973,052	-13.6%	415,849,355	1.9%	2,177,569	-1.8%	301,560,319	4.4%	14,795,483	-15.1%	114,289,036	-4.2%
	Mar	52,690,755	12.3%	468,540,110	3.0%	3,861,203	-7.0%	305,421,522	4.2%	48,829,552	14.1%	163,118,588	0.7%
	Apr	558,676,700	28.3%	1,027,216,810	15.3%	52,766,118	5.0%	358,187,640	4.4%	505,910,582	31.3%	669,029,170	22.2%
	May	27,141,047	54.7%	1,054,357,857	16.1%	5,206,587	-9.6%	363,394,227	4.1%	21,934,460	86.1%	690,963,630	23.6%
	Jun	103,594,738	18.1%	1,157,952,595	16.3%	87,141,255	18.4%	450,535,482	6.6%	16,453,483	16.4%	707,417,113	23.4%
	Jul-13	19,029,099	27.1%	19,029,099	27.1%	5,081,621	11.9%	5,081,621	11.9%	13,947,478	33.7%	13,947,478	33.7%
	Aug	19,245,061	12.6%	38,274,160	19.3%	6,644,285	13.3%	11,725,906	12.7%	12,600,776	12.2%	26,548,254	22.5%
	Sep	111,317,015	16.0%	149,591,175	16.8%	93,801,627	11.7%	105,527,533	11.8%	17,515,388	45.9%	44,063,642	30.9%
	Oct	66,530,527	43.0%	216,121,702	23.8%	8,031,168	10.5%	113,558,701	11.7%	58,499,359	49.0%	102,563,001	40.6%
	Nov	16,737,041	12.7%	232,858,743	22.9%	3,703,510	-16.0%	117,262,211	10.6%	13,033,531	24.9%	115,596,532	38.6%
FY 2014	Dec	69,847,905	-3.8%	302,706,648	15.5%	61,510,330	-4.8%	178,772,541	4.7%	8,337,575	4.7%	123,934,107	35.7%
	Jan-14	112,567,170	-17.8%	415,273,818	4.1%	104,201,522	-19.0%	282,974,063	-5.5%	8,365,648	2.6%	132,299,755	33.0%
	Feb	20,498,935	20.8%	435,772,753	4.8%	2,403,212	10.4%	285,377,275	-5.4%	18,095,723	22.3%	150,395,478	31.6%
	Mar	57,035,644	8.2%	492,808,397	5.2%	4,852,137	25.7%	290,229,412	-5.0%	52,183,507	6.9%	202,578,985	24.2%
	Apr	500,356,470	-10.4%	993,164,867	-3.3%	57,048,776	8.1%	347,278,188	-3.0%	443,307,694	-12.4%	645,886,679	-3.5%
	May	20,860,216	-23.1%	1,014,025,083	-3.8%	5,553,012	6.7%	352,831,200	-2.9%	15,307,204	-30.2%	661,193,883	-4.3%
	Jun	104,259,820	0.6%	1,118,284,903	-3.4%	86,454,543	-0.8%	439,285,743	-2.5%	17,805,277	8.2%	678,999,160	-4.0%
	Jul-14	21,354,109	12.2%	21,354,109	12.2%	6,285,380	23.7%	6,285,380	23.7%	15,068,729	8.0%	15,068,729	8.0%
	Aug	18,694,259	-2.9%	40,048,368	4.6%	6,941,033	4.5%	13,226,413	12.8%	11,753,226	-6.7%	26,821,955	1.0%
	Sep	117,688,025	5.7%	157,736,393	5.4%	100,467,659	7.1%	113,694,072	7.7%	17,220,366	-1.7%	44,042,321	0.0%
	Oct	60,134,205	-9.6%	217,870,598	0.8%	7,948,849	-1.0%	121,642,921	7.1%	52,185,356	-10.8%	96,227,677	-6.2%
	Nov	17,555,851	4.9%	235,426,449	1.1%	5,361,587	44.8%	127,004,508	8.3%	12,194,264	-6.4%	108,421,941	-6.2%
FY 2015	Dec	83,167,608	19.1%	318,594,057	5.2%	73,371,410	19.3%	200,375,918	12.1%	9,796,198	17.5%	118,218,139	-4.6%
	Jan-15												
	Feb												
	Mar												
	Apr												
	May												
	Jun												

Arizona Individual Income Tax
General Fund Collections

		Total	Y/Y Chg.	Year-to-Date Total	YTD Chg.	Withholding	Y/Y Chg.	Year-to-Date Withholding	YTD Chg.	Payments	Y/Y Chg.	Year-to-Date Payments	YTD Chg.	Refunds	Y/Y Chg.	Year-to-Date Refunds	YTD Chg.
	Jul-10	237,766,843	1.3%	237,766,843	1.3%	247,671,733	-1.8%	247,671,733	-1.8%	13,374,136	-7.3%	13,374,136	-7.3%	(23,279,026)	-26.9%	(23,279,026)	-26.9%
	Aug	257,155,321	11.3%	494,922,165	6.2%	262,036,212	7.0%	509,707,945	2.5%	14,227,735	24.8%	27,601,871	6.9%	(19,108,626)	-24.0%	(42,387,652)	-25.6%
	Sep	286,997,435	7.5%	781,919,600	6.7%	239,045,643	5.0%	748,753,588	3.3%	75,736,353	-1.2%	103,338,224	0.8%	(27,784,560)	-25.5%	(70,172,212)	-25.6%
	Oct	203,824,222	19.5%	985,743,822	9.1%	262,217,057	7.3%	1,010,970,645	4.3%	34,496,790	-3.6%	137,835,014	-0.3%	(92,889,625)	-15.3%	(163,061,837)	-20.1%
	Nov	266,193,368	14.9%	1,251,937,190	10.3%	269,553,589	8.4%	1,280,524,234	5.1%	11,753,618	-17.7%	149,588,632	-2.0%	(15,113,838)	-51.9%	(178,175,675)	-24.3%
FY 2011	Dec	342,502,655	7.8%	1,594,439,845	9.7%	297,288,208	7.4%	1,577,812,441	5.6%	49,652,916	7.5%	199,241,548	0.2%	(4,438,469)	-14.9%	(182,614,144)	-24.1%
	Jan-11	362,495,854	11.0%	1,956,935,700	10.0%	300,268,497	13.1%	1,878,080,938	6.7%	90,356,188	-0.8%	289,597,736	-0.1%	(28,128,830)	-6.4%	(210,742,974)	-22.1%
	Feb	51,980,954	278.2%	2,008,916,654	12.0%	277,026,155	9.5%	2,155,107,093	7.0%	18,877,777	10.1%	308,475,513	0.5%	(243,922,977)	-4.9%	(454,665,951)	-13.7%
	Mar	(4,565,068)	N/A	2,004,351,586	13.0%	275,844,176	-2.5%	2,430,951,269	5.9%	43,187,275	6.4%	351,662,787	1.2%	(323,596,519)	-5.4%	(778,262,470)	-10.5%
	Apr	306,040,868	44.7%	2,310,392,454	16.3%	253,410,837	7.7%	2,684,362,107	6.0%	391,693,591	25.4%	743,356,378	12.7%	(339,063,560)	0.9%	(1,117,326,030)	-7.3%
	May	240,755,062	50.5%	2,551,147,516	18.9%	290,699,994	21.3%	2,975,062,101	7.4%	19,620,661	49.5%	762,977,038	13.4%	(69,565,592)	-25.0%	(1,186,891,623)	-8.6%
	Jun	312,510,464	15.5%	2,863,657,980	18.5%	252,560,025	7.0%	3,227,622,125	7.3%	81,464,192	13.2%	844,441,230	13.4%	(21,513,753)	-42.6%	(1,208,405,376)	-9.5%
	Jul-11	258,103,165	8.6%	258,103,165	8.6%	259,065,966	4.6%	259,065,966	4.6%	13,992,743	4.6%	13,992,743	4.6%	(14,955,544)	-35.8%	(14,955,544)	-35.8%
	Aug	279,592,728	8.7%	537,695,894	8.6%	280,171,827	6.9%	539,237,793	5.8%	16,559,244	16.4%	30,551,987	10.7%	(17,138,342)	-10.3%	(32,093,886)	-24.3%
	Sep	316,659,381	10.3%	854,355,275	9.3%	247,943,193	3.7%	787,180,985	5.1%	84,818,311	12.0%	115,370,298	11.6%	(16,102,122)	-42.0%	(48,196,008)	-31.3%
	Oct	262,716,665	28.9%	1,117,071,940	13.3%	282,818,923	7.9%	1,069,999,908	5.8%	43,943,506	27.4%	159,313,804	15.6%	(64,045,764)	-31.1%	(112,241,772)	-31.2%
	Nov	256,509,482	-3.6%	1,373,581,421	9.7%	262,800,934	-2.5%	1,332,800,842	4.1%	15,341,441	30.5%	174,655,244	16.8%	(21,632,893)	43.1%	(133,874,665)	-24.9%
FY 2012	Dec	352,348,784	2.9%	1,725,930,205	8.2%	299,066,473	0.6%	1,631,867,315	3.4%	55,737,868	12.3%	230,393,113	15.6%	(2,455,557)	-44.7%	(136,330,222)	-25.3%
	Jan-12	423,694,950	16.9%	2,149,625,156	9.8%	305,562,054	1.8%	1,937,429,369	3.2%	158,056,550	74.9%	388,449,663	34.1%	(39,923,654)	41.9%	(176,253,876)	-16.4%
	Feb	(72,643,496)	N/A	2,076,981,660	3.4%	287,173,008	3.7%	2,224,602,377	3.2%	19,637,403	4.0%	408,087,065	32.3%	(379,453,906)	55.6%	(555,707,782)	22.2%
	Mar	72,291,368	N/A	2,149,273,028	7.2%	282,629,550	2.5%	2,507,231,927	3.1%	46,931,963	8.7%	455,019,028	29.4%	(257,270,144)	-20.5%	(812,977,927)	4.5%
	Apr	376,806,890	23.1%	2,526,079,918	9.3%	282,750,884	11.6%	2,789,982,811	3.9%	435,563,902	11.2%	890,582,930	19.8%	(341,507,896)	0.7%	(1,154,485,823)	3.3%
	May	231,767,419	-3.7%	2,757,847,337	8.1%	283,775,292	-2.4%	3,073,758,103	3.3%	17,542,908	-10.6%	908,125,837	19.0%	(69,550,780)	0.0%	(1,224,036,603)	3.1%
	Jun	328,290,025	5.0%	3,086,137,363	7.8%	258,805,077	2.5%	3,332,563,180	3.3%	87,703,250	7.7%	995,829,088	17.9%	(18,218,301)	-15.3%	(1,242,254,905)	2.8%
	Jul-12	287,855,519	11.5%	287,855,519	11.5%	284,466,614	9.8%	284,466,614	9.8%	14,974,662	7.0%	14,974,662	7.0%	(11,585,757)	-22.5%	(11,585,757)	-22.5%
	Aug	274,914,437	-1.7%	562,769,956	4.7%	271,669,187	-3.0%	556,135,801	3.1%	17,096,635	3.2%	32,071,297	5.0%	(13,851,385)	-19.2%	(25,437,142)	-20.7%
	Sep	330,473,379	4.4%	893,243,335	4.6%	248,348,191	0.2%	804,483,992	2.2%	95,989,949	13.2%	128,061,246	11.0%	(13,864,761)	-13.9%	(39,301,903)	-18.5%
	Oct	275,896,569	5.0%	1,169,139,904	4.7%	308,266,817	9.0%	1,112,750,809	4.0%	46,536,943	5.9%	174,598,189	9.6%	(78,907,191)	23.2%	(118,209,094)	5.3%
	Nov	277,808,005	8.3%	1,446,947,909	5.3%	267,761,759	1.9%	1,380,512,568	3.6%	14,844,599	-3.2%	189,442,788	8.5%	(4,798,353)	-77.8%	(123,007,447)	-8.1%
FY 2013	Dec	410,181,568	16.4%	1,857,129,477	7.6%	339,842,366	13.6%	1,720,354,934	5.4%	72,572,642	30.2%	262,015,430	13.7%	(2,233,440)	-9.0%	(125,240,887)	-8.1%
	Jan-13	441,613,843	4.2%	2,298,743,320	6.9%	311,036,015	1.8%	2,031,390,949	4.8%	136,860,873	-13.4%	398,876,303	2.7%	(6,283,045)	-84.3%	(131,523,932)	-25.4%
	Feb	(46,521,111)	N/A	2,252,222,209	8.4%	275,040,693	-4.2%	2,306,431,642	3.7%	16,973,052	-13.6%	415,849,355	1.9%	(338,534,856)	-10.8%	(470,058,788)	-15.4%
	Mar	65,790,080	-9.0%	2,318,012,289	7.9%	294,703,420	4.3%	2,601,135,062	3.7%	52,690,755	12.3%	468,540,110	3.0%	(281,604,095)	9.5%	(751,662,883)	-7.5%
	Apr	519,783,007	37.9%	2,837,795,296	12.3%	301,485,031	6.6%	2,902,620,093	4.0%	558,676,700	28.3%	1,027,216,810	15.3%	(340,378,724)	-0.3%	(1,092,041,607)	-5.4%
	May	229,188,191	-1.1%	3,066,983,487	11.2%	296,381,110	4.4%	3,199,001,203	4.1%	27,141,047	54.7%	1,054,357,857	16.1%	(94,333,966)	35.6%	(1,186,375,573)	-3.1%
	Jun	330,561,646	0.7%	3,397,545,133	10.1%	251,495,781	-2.8%	3,450,496,984	3.5%	103,594,739	18.1%	1,157,952,596	16.3%	(24,528,874)	34.6%	(1,210,904,447)	-2.5%
	Jul-13	306,584,861	6.5%	306,584,861	6.5%	306,632,890	7.8%	306,632,890	7.8%	19,029,100	27.1%	19,029,100	27.1%	(19,077,129)	64.7%	(19,077,129)	64.7%
	Aug	274,573,097	-0.1%	581,157,958	3.3%	267,905,132	-1.4%	574,538,022	3.3%	19,245,061	12.6%	38,274,161	19.3%	(12,577,096)	-9.2%	(31,654,225)	24.4%
	Sep	371,782,566	12.5%	952,940,524	6.7%	275,796,364	11.1%	850,334,386	5.7%	111,317,014	16.0%	149,591,175	16.8%	(15,330,812)	10.6%	(46,985,037)	19.5%
	Oct	300,662,202	9.0%	1,253,602,726	7.2%	302,374,318	-1.9%	1,152,708,704	3.6%	66,530,526	43.0%	216,121,701	23.8%	(68,242,642)	-13.5%	(115,227,679)	-2.5%
	Nov	281,831,479	1.4%	1,535,434,205	6.1%	280,378,107	4.7%	1,433,086,811	3.8%	16,737,041	12.7%	232,858,742	22.9%	(15,283,669)	218.5%	(130,511,348)	6.1%
FY 2014	Dec	384,210,008	-6.3%	1,919,644,213	3.4%	317,295,026	-6.6%	1,750,381,837	1.7%	69,847,905	-3.8%	302,706,647	15.5%	(2,932,923)	31.3%	(133,444,271)	6.6%
	Jan-14	434,280,368	-1.7%	2,353,924,581	2.4%	324,311,016	4.3%	2,074,692,853	2.1%	112,567,170	-17.8%	415,273,817	4.1%	(2,597,818)	-58.7%	(136,042,089)	3.4%
	Feb	(31,870,667)	N/A	2,322,053,914	3.1%	294,065,551	6.9%	2,368,758,404	2.7%	20,498,934	20.8%	435,772,751	4.8%	(346,435,152)	2.3%	(482,477,241)	2.6%
	Mar	118,392,716	80.0%	2,440,446,630	5.3%	323,134,788	9.6%	2,691,893,192	3.5%	57,035,644	8.2%	492,808,395	5.2%	(261,777,716)	-7.0%	(744,254,957)	-1.0%
	Apr	394,440,392	-24.1%	2,834,887,022	-0.1%	302,096,159	0.2%	2,993,989,351	3.1%	500,356,470	-10.4%	993,164,865	-3.3%	(408,012,237)	19.9%	(1,152,267,194)	5.5%
	May	267,284,787	16.6%	3,102,171,809	1.1%	293,892,915	-0.8%	3,287,882,266	2.8%	20,860,216	-23.1%	1,014,025,081	-3.8%	(47,468,344)	-49.7%	(1,199,735,538)	1.1%
	Jun	360,210,187	9.0%	3,462,381,996	1.9%	280,788,999	11.6%	3,568,671,265	3.4%	104,259,821	0.6%	1,118,284,902	-3.4%	(24,838,633)	1.3%	(1,224,574,171)	1.1%
	Jul-14	307,979,480	0.5%	307,979,480	0.5%	303,667,985	-1.0%	303,667,985	-1.0%	21,354,109	12.2%	21,354,109	12.2%	(17,042,614)	-10.7%	(17,042,614)	-10.7%
	Aug	277,051,357	0.9%	585,030,837	0.7%	269,976,357	0.8%	573,644,342	-0.2%	18,694,259	-2.9%	40,048,368	4.6%	(11,619,259)	-7.6%	(28,661,873)	-9.5%
	Sep	391,176,578	5.2%	976,207,415	2.4%	288,262,398	4.5%	861,906,740	1.4%	117,688,025	5.7%	157,736,393	5.4%	(14,773,845)	-3.6%	(43,435,718)	-7.6%
	Oct	299,910,716	-0.2%	1,276,118,131	1.8%	320,304,415	5.9%	1,182,211,155	2.6%	60,134,205	-9.6%	217,870,598	0.8%	(80,527,904)	18.0%	(123,963,622)	7.6%
	Nov	283,967,357	0.8%	1,560,085,488	1.6%	280,397,837	0.0%	1,462,608,992	2.1%	17,555,850	4.9%	235,426,448	1.1%	(13,986,330)	-8.5%	(137,949,952)	5.7%
FY 2015	Dec	421,259,858	9.6%	1,981,345,346	3.2%	337,372,433	6.3%	1,799,981,425	2.8%	83,167,608	19.1%	318,594,056	5.2%	719,817	-124.5%	(137,230,135)	2.8%
	Jan-15																
	Feb																
	Mar																
	Apr																
	May																
	Jun																

Corporate Income Tax

Corporate Income Tax
- Base % Change



Percent Change in Base Revenue Excluding Tax Law Changes

JLBC

Arizona Corporate Income Tax
General Fund Collections

		Gross Revenue	Y/Y Chg.	Year-to-Date Gross Revenue	YTD Chg.	Refunds	Y/Y Chg.	Year-to-Date Refunds	YTD Chg.	Net Revenue	Y/Y Chg.	Year-to-Date Net Revenue	YTD Chg.
	July 2010	31,278,709	-22.2%	31,278,709	-22.2%	(7,832,040)	18.9%	(7,832,040)	18.9%	23,446,669	-30.3%	23,446,669	-30.3%
	Aug 2010	22,578,726	71.0%	53,857,435	0.8%	(4,360,347)	-40.6%	(12,192,387)	-12.5%	18,218,379	211.1%	41,665,048	5.5%
	Sept 2010	123,510,889	36.1%	177,368,324	23.0%	(5,636,178)	-75.3%	(17,828,565)	-51.4%	117,874,711	73.5%	159,539,759	48.5%
	Oct 2010	31,026,633	-21.4%	208,394,957	13.5%	(11,166,188)	-45.9%	(28,994,753)	-49.4%	19,860,445	5.6%	179,400,204	42.1%
	Nov 2010	9,402,696	-44.0%	217,797,653	8.7%	(46,580,816)	-50.4%	(75,575,569)	-50.0%	(37,178,120)	N/A	142,222,084	189.1%
FY 2011	Dec 2010	93,729,701	-4.8%	311,527,354	4.2%	5,007,131	N/A	(70,568,438)	-62.3%	98,736,832	57.7%	240,958,916	115.5%
	Jan 2011	28,729,294	-29.7%	340,256,648	0.2%	(3,444,902)	-28.9%	(74,013,340)	-61.4%	25,284,392	-29.8%	266,243,308	80.1%
	Feb 2011	13,963,686	-5.2%	354,220,335	-0.1%	(6,935,066)	-64.2%	(80,948,407)	-61.7%	7,028,620	N/A	273,271,928	90.8%
	Mar 2011	54,029,433	-33.3%	408,249,768	-6.3%	(2,782,737)	-80.8%	(83,731,143)	-62.9%	51,246,697	-22.9%	324,518,625	54.8%
	Apr 2011	89,080,454	37.5%	497,330,222	-0.6%	(5,175,712)	60.1%	(88,906,855)	-61.2%	83,904,743	36.4%	408,423,368	50.6%
	May 2011	46,972,820	-13.3%	544,303,042	-1.8%	(4,564,706)	64.7%	(93,471,561)	-59.7%	42,408,114	-17.5%	450,831,481	39.7%
	June 2011	114,699,502	19.9%	659,002,544	1.4%	(5,295,333)	3.2%	(98,766,894)	-58.3%	109,404,169	20.8%	560,235,650	35.6%
	July 2011	29,025,322	-7.2%	29,025,322	-7.2%	(3,384,799)	-56.8%	(3,384,799)	-56.8%	25,640,524	9.4%	25,640,524	9.4%
	Aug 2011	42,313,720	87.4%	71,339,042	32.5%	(9,940,301)	128.0%	(13,325,100)	9.3%	32,373,418	77.7%	58,013,942	39.2% [1/]
	Sept 2011	120,105,342	-2.8%	191,444,384	7.9%	(3,943,140)	-30.0%	(17,268,240)	-3.1%	116,162,203	-1.5%	174,176,145	9.2%
	Oct 2011	36,309,111	17.0%	227,753,495	9.3%	(12,402,526)	11.1%	(29,670,766)	2.3%	23,906,584	20.4%	198,082,729	10.4%
	Nov 2011	24,880,266	164.6%	252,633,761	16.0%	(30,713,346)	-34.1%	(60,384,112)	-20.1%	(5,833,080)	N/A	192,249,649	35.2%
FY 2012	Dec 2011	131,961,174	40.8%	384,594,935	23.5%	(2,135,074)	N/A	(62,519,186)	-11.4%	129,826,100	31.5%	322,075,749	33.7% [2/]
	Jan 2012	34,263,313	19.3%	418,858,249	23.1%	(1,136,019)	-67.0%	(63,655,205)	-14.0%	33,127,294	31.0%	355,203,043	33.4%
	Feb 2012	15,261,053	9.3%	434,119,301	22.6%	(2,913,898)	-58.0%	(66,569,104)	-17.8%	12,347,154	75.7%	367,550,198	34.5%
	Mar 2012	68,531,557	26.8%	502,650,858	23.1%	(2,643,333)	-5.0%	(69,212,437)	-17.3%	65,888,224	28.6%	433,438,422	33.6%
	Apr 2012	92,679,219	4.0%	595,330,077	19.7%	(2,529,765)	-51.1%	(71,742,202)	-19.3%	90,149,454	7.4%	523,587,875	28.2%
	May 2012	45,069,600	-4.1%	640,399,677	17.7%	(35,017,028)	667.1%	(106,759,230)	14.2%	10,052,572	-76.3%	533,640,447	18.4%
	June 2012	113,038,847	-1.4%	753,438,524	14.3%	(2,907,449)	-45.1%	(109,666,679)	11.0%	110,131,398	0.7%	643,771,845	14.9%
	July 2012	30,975,920	6.7%	30,975,920	6.7%	(10,190,368)	201.1%	(10,190,368)	201.1%	20,785,552	-18.9%	20,785,552	-18.9%
	Aug 2012	26,449,162	-37.5%	57,425,082	-19.5%	(4,041,736)	-59.3%	(14,232,104)	6.8%	22,407,426	-30.8%	43,192,978	-25.5%
	Sept 2012	135,770,478	13.0%	193,195,560	0.9%	(2,846,561)	-27.8%	(17,078,665)	-1.1%	132,923,917	14.4%	176,116,895	1.1%
	Oct 2012	41,787,184	15.1%	234,982,743	3.2%	(14,427,659)	16.3%	(31,506,324)	6.2%	27,359,524	14.4%	203,476,419	2.7%
	Nov 2012	18,662,746	-25.0%	253,645,489	0.4%	(21,832,325)	-28.9%	(53,338,649)	-11.7%	(3,169,579)	N/A	200,306,840	4.2%
FY 2013	Dec 2012	114,140,782	-13.5%	367,786,271	-4.4%	(19,137,873)	796.4%	(72,476,522)	15.9%	95,002,909	-26.8%	295,309,749	-8.3%
	Jan 2013	26,071,307	-23.9%	393,857,578	-6.0%	(5,244,589)	361.7%	(77,721,111)	22.1%	20,826,718	-37.1%	316,136,467	-11.0%
	Feb 2013	15,024,306	-1.6%	408,881,884	-5.8%	(2,084,792)	-28.5%	(79,805,903)	19.9%	12,939,514	4.8%	329,075,981	-10.5%
	Mar 2013	77,103,276	12.5%	485,985,160	-3.3%	(1,702,847)	-35.6%	(81,508,750)	17.8%	75,400,429	14.4%	404,476,410	-6.7%
	Apr 2013	104,068,674	12.3%	590,053,834	-0.9%	(1,847,071)	-27.0%	(83,355,821)	16.2%	102,221,603	13.4%	506,698,013	-3.2%
	May 2013	33,282,523	-26.2%	623,336,357	-2.7%	(2,547,119)	-92.7%	(85,902,940)	-19.5%	30,735,404	205.7%	537,433,417	0.7%
	June 2013	131,310,962	16.2%	754,647,319	0.2%	(6,717,981)	131.1%	(92,620,921)	-15.5%	124,592,981	13.1%	662,026,398	2.8%
	July 2013	34,069,704	10.0%	34,069,704	10.0%	(8,988,196)	-11.8%	(8,988,196)	-11.8%	25,081,508	20.7%	25,081,508	20.7%
	Aug 2013	14,407,351	-45.5%	48,477,055	-15.6%	(3,863,822)	-4.4%	(12,852,018)	-9.7%	10,543,529	-52.9%	35,625,037	-17.5%
	Sept 2013	123,780,418	-8.8%	172,257,473	-10.8%	(25,870,935)	808.8%	(38,722,953)	126.7%	97,909,483	-26.3%	133,534,520	-24.2%
	Oct 2013	42,701,887	2.2%	214,959,360	-8.5%	(10,435,834)	-27.7%	(49,158,787)	56.0%	32,266,053	17.9%	165,800,573	-18.5%
	Nov 2013	24,590,006	31.8%	239,549,366	-5.6%	(23,491,341)	7.6%	(72,650,128)	36.2%	1,098,665	N/A	166,899,238	-16.7%
FY 2014	Dec 2013	125,462,558	9.9%	365,011,924	-0.8%	(40,720,245)	112.8%	(113,370,373)	56.4%	84,742,313	-10.8%	251,641,551	-14.8%
	Jan 2014	21,695,410	-16.8%	386,707,334	-1.8%	(5,413,529)	3.2%	(118,783,902)	52.8%	16,281,881	-21.8%	267,923,432	-15.3%
	Feb 2014	16,552,646	10.2%	403,259,980	-1.4%	(1,410,014)	-32.4%	(120,193,916)	50.6%	15,142,632	17.0%	283,066,064	-14.0%
	Mar 2014	80,847,279	4.9%	484,107,259	-0.4%	(2,438,851)	43.2%	(122,632,767)	50.5%	78,408,428	4.0%	361,474,492	-10.6%
	Apr 2014	89,552,803	-13.9%	573,660,062	-2.8%	(1,448,077)	-21.6%	(124,080,844)	48.9%	88,104,726	-13.8%	449,579,218	-11.3%
	May 2014	31,662,715	-4.9%	605,322,777	-2.9%	(3,061,280)	20.2%	(127,142,124)	48.0%	28,601,435	-6.9%	478,180,653	-11.0%
	June 2014	99,844,033	-24.0%	705,166,810	-6.6%	(2,844,465)	-57.7%	(129,986,589)	40.3%	96,999,568	-22.1%	575,180,221	-13.1%
	July 2014	27,059,686	-20.6%	27,059,686	-20.6%	(14,531,193)	61.7%	(14,531,193)	61.7%	12,528,493	-50.0%	12,528,493	-50.0%
	Aug 2014	13,991,819	-2.9%	41,051,505	-15.3%	7,539	N/A	(14,523,654)	13.0%	13,999,358	32.8%	26,527,851	-25.5%
	Sep 2014	122,198,547	-1.3%	163,250,052	-5.2%	(4,549,542)	-82.4%	(19,073,196)	-50.7%	117,649,005	20.2%	144,176,856	8.0%
	Oct 2014	42,258,664	-1.0%	205,508,716	-4.4%	(9,398,996)	-9.9%	(28,472,192)	-42.1%	32,859,668	1.8%	177,036,524	6.8%
	Nov 2014	16,078,683	-34.6%	221,587,399	-7.5%	(12,628,427)	-46.2%	(41,100,619)	-43.4%	3,450,256	214.0%	180,486,780	8.1%
FY 2015	Dec 2014	144,358,002	15.1%	365,945,401	0.3%	(19,357,458)	-52.5%	(60,458,077)	-46.7%	125,000,544	47.5%	305,487,324	21.4%
	Jan 2015												
	Feb 2015												
	Mar 2015												
	Apr 2015												
	May 2015												
	June 2015												

Economic Indicators

NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Real Gross Domestic Product (GDP)** increased at an annual rate of 5.0% in the third quarter of 2014. This represents an up revision from a prior third quarter estimate and an acceleration from growth of 4.6% seen in the second quarter. The increase relative to second quarter growth was primarily due to a decrease in imports and acceleration in federal spending and consumption. These impacts were partly offset by slowdowns in inventory, exports, fixed investments, and local government spending.

The Conference Board's **U.S. Consumer Confidence Index** increased by 1.8% in December, rebounding from the decrease seen in November. Improvement in the short-term outlook components drove the monthly increase. Economists think lower gas prices and positive employment reports significantly contributed to this recent uptick in optimism.

The Conference Board's **U.S. Leading Economic Index** increased by 0.6% in November and 6.1% since November 2013. This month marked the tenth consecutive period in which the index grew or remained unchanged. Of the index's 10 components, 8 improved while 2 decreased. Stock market performance and movement in interest rates were the largest positive contributors to the index while worse performance in initial unemployment claims and building permits acted as a drag.

Consumer prices, as measured by the U.S. **Consumer Price Index (CPI)**, decreased (0.4)% in December, the largest monthly drop since December 2008. Energy prices decreased (4.7)% during the month, driven by a (9.1)% drop in gasoline prices. This was the sixth consecutive month that energy prices have fallen. Core inflation (all items less food and energy) remained flat during the month. Year-over-year growth in the index also fell to 0.7%, which is down from 1.3% in November and represents the lowest rate since October 2009. Year-over-year growth was (10.8)% in energy prices and 1.6% in all items less food and energy.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure Price Index (PCEPI)** decreased by (0.2)% in November from the prior month, the first monthly decrease since April 2013. As the core index remained flat, the monthly decrease is a result of lower prices for food and energy. The index's annual growth has fallen to 1.2%, down from annual growth of 1.7% in May. The PCEPI is the Federal Reserve Bank's preferred inflation measure for determining the pace at which monetary stimulus to the economy is reduced. The Bank generally aims to maintain annual inflation of 2% over the medium term. The Federal Reserve ended its purchase of bonds to stimulate the economy in October, but continues to issue short-term loans at nearly 0% interest rates.

ARIZONA

The Federal Reserve Bank of Philadelphia's **coincident index** gauges current economic activity in each state. The index combines 4 indicators: employment, average hours worked in manufacturing, unemployment rate, and inflation-adjusted wages.

Arizona's coincident index increased by 2.9% compared to November 2013. Over the same time period, the U.S. coincident index increased by 3.2%. Currently, Arizona's rate of annual coincident index growth is 33rd in the nation. Last year at this time, Arizona's rate was also 33rd highest among states. *See Appendix A – Tracking Arizona's Recovery* for additional historical information.

<u>Housing</u>

The **median price of a single family home** was $203,900 in December, a (1.0)% decrease from November. The price is 11.6% higher than December of last year.

Single family housing construction continues to weaken, while multi-family construction continues to expand. Arizona's 12-month total of **single-family building permits** is 17,451, or (1.4)% less than a year ago. The comparable single-family permit growth rate for the entire U.S. is 0.4% above last year. *See Appendix A – Tracking Arizona's Recovery for historical information.*

In contrast, the 12-month total of multi-family building permits has increased significantly since last year. Arizona's total of 10,229 **multi-family building permits** is 86.7% above 2013. Arizona's rate of increase is greater than the comparable multi-family permit growth for the U.S. as a whole which is 10.1% above 2013.

<u>Employment</u>

In November, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 34.7 hours. This workload is 0.6% above the November 2013 level. The **Average Hourly Earnings** received by these private sector workers was $22.85, which is (1.6)% below the average in November 2013.

The U.S. Department of Commerce Bureau of Economic Analysis quarterly releases estimates of annual **Personal Income** received in each state. This measure includes wages and salaries, proprietors' income, dividends, interest, rent, and various supplements to income while excluding capital gains, contributions for government social insurance, and pension benefit payments. Personal income in Arizona

Monthly Indicators (Continued)

in the third quarter of 2014 was $256.4 billion, an increase of 1.3% over the prior quarter. Compared to the same quarter last year, Arizona personal income is up by 4.0%.

Population

According to the U.S. Census Bureau, Arizona's **population** reached an estimated 6,731,500 in July 2014. This was an increase of 1.5%, or 96,500 persons, over the same month in the prior year. This was also the largest population increase since 2008. Arizona's 1.5% population increase was the seventh fastest in the nation.

Of the net increase of 96,500 residents in 2014, 58% (or 56,200) was attributable to international and domestic net migration. The remaining net increase essentially resulted from "natural increase" (the number of births minus the number of deaths).

The Arizona Department of Administration (ADOA) is also releasing its own population estimates independent of the Census Bureau. ADOA estimates that Arizona added 86,200 new residents from July 2013 to July 2014, which is an increase of 1.3%.

Tourism

National Park Service visitations were 930,900 in October 2014, which was 425,400 more than October 2013. This significant increase in visitations is the result of the Federal Government shutdown of all National Parks that occurred from October 1-16, 2013.

State Agency Data

At the beginning of January 2015, the total **AHCCCS** caseload was 1.6 million members. Since the federal health care expansion in January 2014, the overall AHCCCS population has grown by 336,000 members. The enacted budget assumed the AHCCCS population would grow by 373,000 members through January 2015.

Total monthly enrollment decreased (0.1)% in January. New enrollment following the January 1, 2014 expansion of coverage appears to have phased down significantly and should limit future monthly caseload increases.

The overall monthly decrease was largely due to enrollment of the Traditional AHCCCS population of lower income children and their parents. Enrollment in this population fell (8,000) in January to a level of 962,100 (versus a budgeted caseload of 1,023,300). The January level represents a decrease of (0.8)% since last month and a 12.6% increase since last year. This population also accounts for much of the enrollment shortfall from forecast.

In January 2014, the state started accepting new enrollment to the Proposition 204 childless adults program. In January 2015, the childless adult population increased by 2,500, or 0.9%. Since January 2014, the childless adult population has increased by 211,300 to reach a level of 279,100. This is compared to a budgeted level of 239,300 for January. The state share of the Proposition 204 cost is paid through a hospital assessment and not the General Fund.

The state also opted to expand adult Medicaid coverage to 133% of FPL. The 100% - 133% enrollment increased by 3,800 in January and now totals 36,400 individuals enrolled since January 2014 (versus a budgeted caseload of 58,200). The federal government is currently paying 100% of this cost.

As of October 2014, the Department of Child Safety received 48,003 **reports of child maltreatment** in the last 12 months, which was an increase of 10.4% over the prior year. There were 17,184 **children in out-of-home care** in October 2014, or 1.1 % more children than in September 2014. Year-over-year, the number of out-of-home children grew by 13.4%.

Arizona Department of Corrections reported a population of 42,183 inmates at the end of December 2014. This was a 2.7% increase since the past December. The inmate population increased 0.2% since November.

The Department of Economic Security (DES) reported that there were 29,232 **TANF recipients** in the state in November, representing a monthly caseload decrease of (2.9)% from October. The year-over-year number of TANF recipients has declined by (15.4)%. The statutory lifetime limit on cash assistance is 24 months.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In November, there were a total of 1.0 million food stamp recipients in the state, a (0.7)% decrease over the prior month. Compared to October caseloads last year, the level of food stamp participation has declined by (3.2)%.

Table 5

MONTHLY INDICATORS

Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
Arizona				
Employment				
- Regular Unemployment Rate	November	6.8%	0.0%	(1.0)%
- Total Unemployment Rate (discouraged/underemployed)	3rd Q 2014	15.1%	(0.8)%	(0.9)%
- Initial Unemployment Insurance Claims	November	16,036	(17.8)%	(9.7)%
- Unemployment Insurance Recipients	October	34,708	(9.4)%	(9.1)%
- Non-Farm Employment - Total	November	2.63 million	0.9%	2.6%
Manufacturing	November	155,000	(0.1)%	0.2%
Construction	November	120,300	(0.7)%	(3.5)%
- Average Weekly Hours, Private Sector	November	34.7	1.8%	0.6%
- Average Hourly Earnings, Private Sector	November	$22.85	0.4%	(1.6)%
Sales				
- Retail Taxable Sales				
Motor Vehicles/Misc. Auto	October	$833.2 million	(10.7)%	7.5%
Furniture/Home Furnishings	October	$320.0 million	16.7%	10.0%
Building Material/Lawn & Garden	October	$288.1 million	6.4%	3.7%
Building				
- Residential Building Permits (12-month avg)				
Single-family	November	17,451	0.0%	(1.4)%
Multi-family	November	10,229	4.0%	86.7%
- Maricopa County/Other, Home Sales (ARMLS)				
Single-Family (Pending Sales)	December	3,567	(16.0)%	(7.5)%
- Maricopa County/Other, Median Home Price (ARMLS)				
Single-Family (Pending Sales)	December	$203,900	(1.0)%	11.6%
- Phoenix S&P/C Home Price Index (2000 = 100)	October	147.54	0.1%	2.1%
- Maricopa Pending Foreclosures	November	5,844	(4.1)%	(33.3)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	November	27,422	(0.6)%	2.1%
Tourism				
- Phoenix Sky Harbor Air Passengers	November	3.42 million	14.0%	6.1%
- National Park Visitors	October	930,912	(25.1)%	84.1%
- State Park Visitors	August	162,081	(18.9)%	(8.2)%
- Revenue Per Available Hotel Room	November	$60.62	(10.7)%	8.6%
General Measures				
- Arizona Consumer Confidence Index (1985 = 100)	3rd Q 2014	71.6	(4.7)%	(1.2)%
- Arizona Coincident Index (July 1992 = 100)	November	190.99	0.3%	2.9%
- Arizona Leading Index -- 6 month projected growth	November	4.3%	(0.3)%	1.6%
- Arizona Personal Income	3rd Q 2014	$256.4 billion	1.3%	4.0%
- Arizona Population	July 2014	6.73 million	N/A	1.5%
- State Debt Rating				
Standards & Poor's/Moody's	Dec 09/July 10	AA- / Aa3	N/A	N/A
Outlook	Nov 13	Positive	N/A	N/A
Agency Measures				
- AHCCCS Recipients	January	1,593,974	(0.1)%	26.6%
Acute Care Traditional		970,259	(0.2%)	10.3%
Prop 204 Childless Adults		279,097	0.9%	188.2%
Other Prop 204		165,198	(1.0)%	14.7%
Adult Expansion		36,373	11.6%	-
Kids Care I		1,872	(1.4%)	(66.5)%
Kids Care II		0	0.0%	(100.0)%
Long-Term Care – Elderly & DD		56,523	0.1%	3.6%
Emergency Services		92,763	2.8%	42.9%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	October	48,003	1.3%	10.4%
DCS Out-of-Home Children	October	17,184	1.1%	13.4%
Filled Caseworkers (1406 Budgeted)	December	1,397	(11)	157
- ADC Inmate Growth	December	42,183	0.2%	2.7%
- Department of Economic Security				
- TANF Recipients	November	29,232	(2.9)%	(15.4)%
- SNAP (Food Stamps) Recipients	November	1,049,687	(0.7)%	(3.2)%
- Judiciary Probation Caseload				
Non-Maricopa	October	17,972	169	340
Maricopa County	October	26,100	160	1,075
United States				
- Gross Domestic Product (Chained 2009 dollars, SAAR)	3rd Q, 2014	$16.2 trillion	2.7%	5.0%
- Consumer Confidence Index (1985 = 100)	December	92.6	1.8%	19.5%
- Leading Indicators Index (2004 = 100)	November	105.5	0.6%	6.1%
- Consumer Price Index, SA (1982-84 = 100)	December	236.1	(0.4)%	0.7%
- Personal Consumption Price Index (2009 = 100)	November	109.0	(0.2)%	1.2%

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.

John Arnold is the Director of the Governor's Office of Strategic Planning and Budgeting (OSPB). The sitting OSPB Director is always a FAC panelist.

Brian Cary is Manager of Forecasting, Research and Economic Development 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.

State Treasurer Doug Ducey serves as the Arizona's Chief Banker and Investment Officer overseeing more than $9.7 billion in state assets. Treasurer Ducey also serves as the Chairman of Arizona's State Board of Investment, and State Loan Commission. He also serves as the State's Surveyor General and is a member of the State Land Selection Board. Since the FAC's inception, the sitting State Treasurer has been a panelist.

George W. Hammond is associate director of the Economic and Business Research Center in the Eller College of Management at the University of Arizona. Dr. Hammond brings 17 years of experience in state and local econometric forecasting and regional economic analysis to the Center. He has completed over 50 regional economic studies on topics that include economic and workforce development, energy forecasting, and the impact of higher education on human capital accumulation.

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.

Georganna Meyer retired as Chief Economist for the Arizona Department of Revenue in 2014. She is currently working with The Maguire Company. Georganna has been a member of the FAC since 1984.

Dr. Aruna Murthy is Director of Economic Analysis for the Office of Employment and Population Statistics at the Arizona Department of Administration.

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.

Martin Shultz is a Senior Policy Director in Brownstein Hyatt Farber Schreck's Phoenix Office. Prior to joining Brownstein, Mr. Schultz was the Vice President of Government Affairs at Pinnacle West Capital Corporation and its subsidiaries. Mr. Shultz has been a member of the FAC since 1984.

Elaine Smith joined the Finance Advisory Committee in 2014. Elaine is a Senior Economist in the Office of Economic Research and Analysis at the Arizona Department of Revenue. She has been with the department for over 25 years.

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.

Steve Taddie joined the Finance Advisory Committee in 2014. Steve was a co-founder of Stellar Capital Management, a Phoenix based investment management firm, and has been its Managing Partner since 2000. He has 30 years of investment experience, has focused on applied economics in the financial markets for the last 15 years, and is a panelist for the NABE Outlook and the Arizona Blue Chip Economic forecasts.