

Finance Advisory Committee

Briefing Materials

January 24, 2013

JLBC

Finance Advisory Committee

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January 24, 2013

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Revenue and Budget Update

January 24, 2013

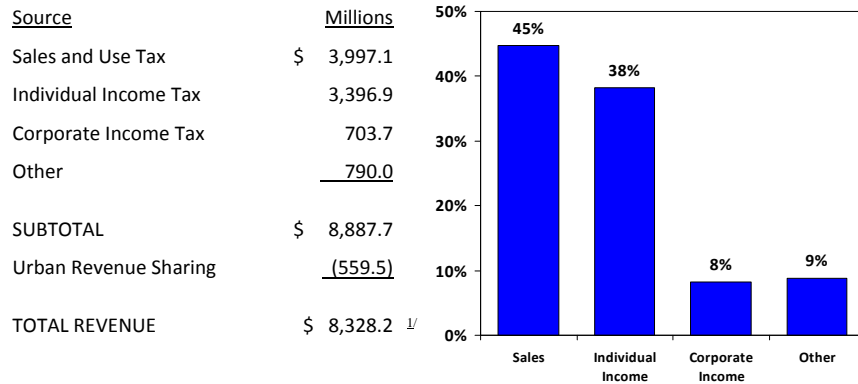
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Revenue Overview

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FY 2014 General Fund Revenue

- 91% Generated by 3 Taxes



^{1/} January 2013 estimate. Excludes beginning balance

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1st Half Growth Rate 3.6% *

- \$32.3 M Above Forecast

	% Change over Prior Year *
Sales Tax (without 1-cent)	4.3%
Individual Income Tax	7.6%
Corporate Income Tax	(8.3)%

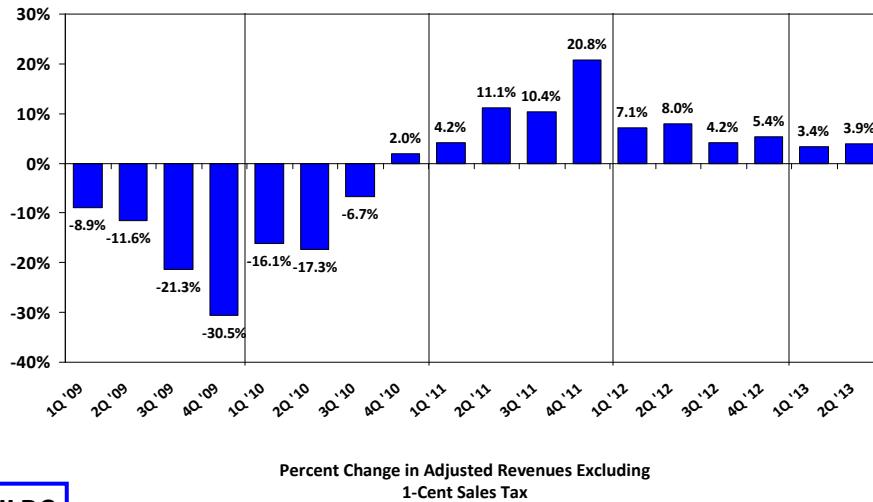
- ☐ First half growth 0.7% above forecasted growth
- ☐ Sales tax at forecast, individual income tax above forecast, and corporate income tax below forecast

* Based on preliminary December numbers

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FY '13 Quarterly Growth Rates Have Tapered Off From Growth Rates of FY '12



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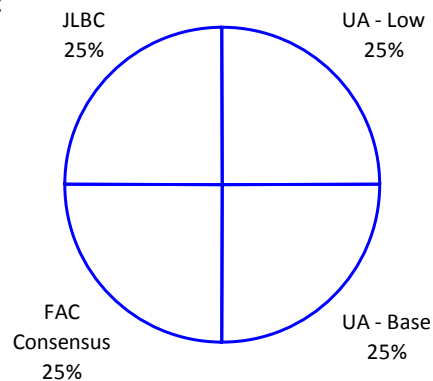
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Where Are We Headed Over the Next Few Years?

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

4-sector forecast equally weights:

- ☐ FAC average
- ☐ UofA model – base
- ☐ UofA model – low
- ☐ JLBC Staff forecast
- ☐ Remaining revenues (9% of total) are staff forecast



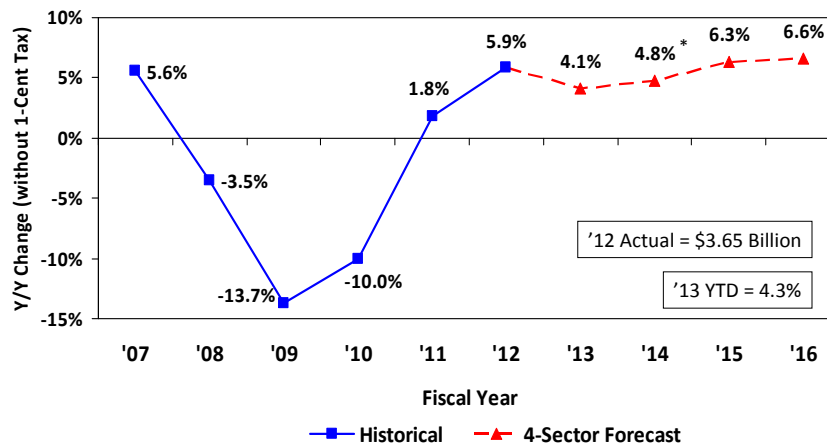
* Includes Big 3 categories of sales tax, individual income and corporate income taxes

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Sales Tax

- The Consensus Forecasts Growth of 4.1% in FY '13 and 4.8%* in FY '14



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Amazon Sales Taxes Expected to Add \$15 M in '14

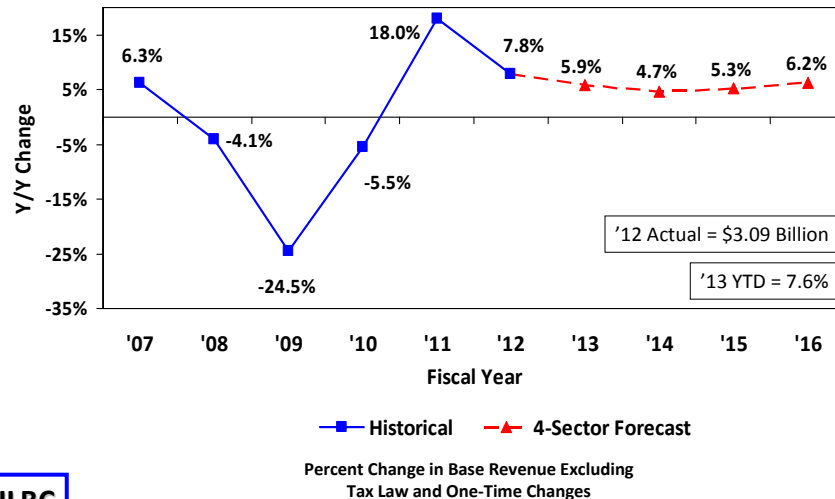
- ☐ Online purchases not subject to sales tax if company has no physical presence in the state
- ☐ Amazon has agreed to begin taxing sales
 - Fully phased in by FY '14
 - Baseline revenue incorporates this increase
- ☐ Non-Amazon online tax potential is overstated
 - Study has suggested state could collect several hundred million – only possible if “business to business” is taxed

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Individual Income Tax

- The Consensus Forecasts Growth of 5.9% in FY '13 and 4.7% in FY '14



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Potential One-Time FY '13 Tax Shift

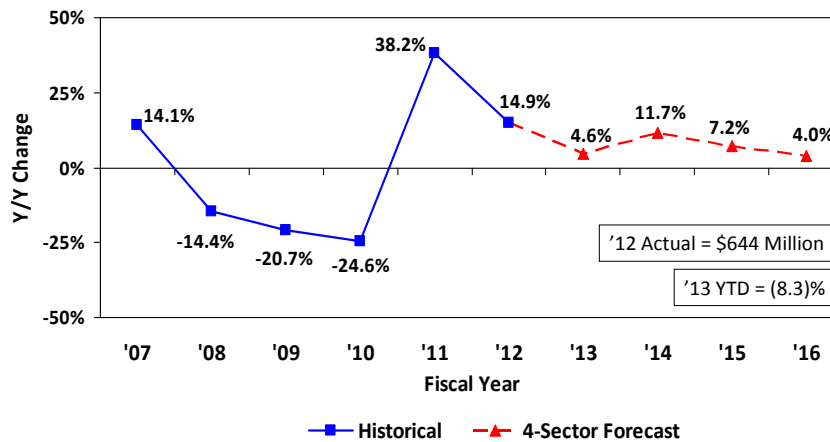
- Federal fiscal cliff threat incentivized companies to issue dividends and stockholders to take capital gains
 - 4th quarter dividends 4 times higher than a year ago
 - May only accelerate, not increase, investment income
- Creates potential to shift future year collections into FY '13 – and reduce FY '14 by a corresponding amount
 - Very difficult to determine magnitude in advance – Baseline does not incorporate
- Legislature may consider setting aside potential FY '13 individual income tax “windfall” above Baseline
 - Approach would help prevent repeating the mistake of counting all FY '06/'07 bubble as permanent revenue
 - Set aside should first be dedicated to offset FY '14 drop-off

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Corporate Income Tax

- The Consensus Forecasts Growth of 4.6% in FY '13 and 11.7% in FY '14

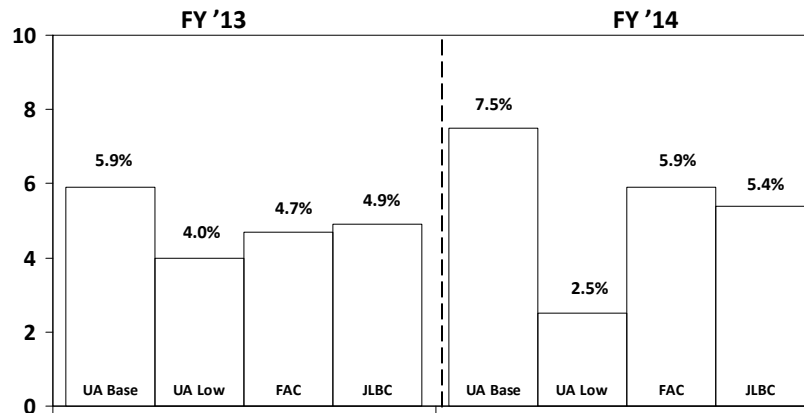


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Percent Change in Base Revenue Excluding
Tax Law and One-Time Changes

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Consensus Predicts Base Growth Rate of 4.0% in FY '13 and 4.9% in FY '14*



Details in Appendix A

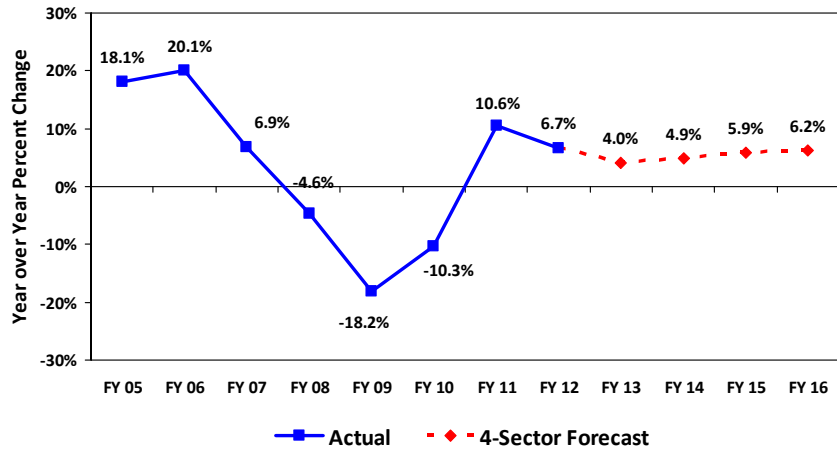
* Weighted Big 3 average growth prior to 1-Cent sales tax is 4.9% in FY '13 and 5.5% in FY '14. After adjusting for small tax categories, the base growth rate is 4.0% in FY '13 and 4.9% in FY '14.

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Consensus Accelerates Growth Through FY '16

- FY '14 – '16 Average Annual Base Growth = 5.7%



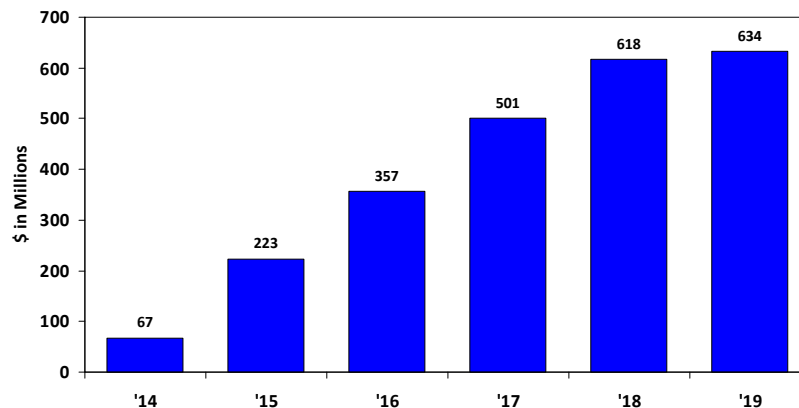
Percent Change in Base revenues excluding balance forward, tax law changes, one-time revenues, and urban revenue sharing

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Fiscal Impacts of Enacted Tax Laws

- Includes Property Tax Change Impact on K-12 Budget



Revenue Loss/Spending Increase Relative to Enacted FY 2013 Budget

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Major Tax Provisions Affecting General Fund

Provisions	(\$ in Millions)		
	FY '14	FY '15	FY '16
Business Property Taxes / Homeowner Rebate	19	41	67
Corporate Rate Phase Down (FY '15 – FY '18)	0	54	116
Corporate Sales Factor Phase In (FY '15 – FY '18)	0	25	47
New Employee Tax Credit	18	38	45
Capital Gains Reduction	18	52	69

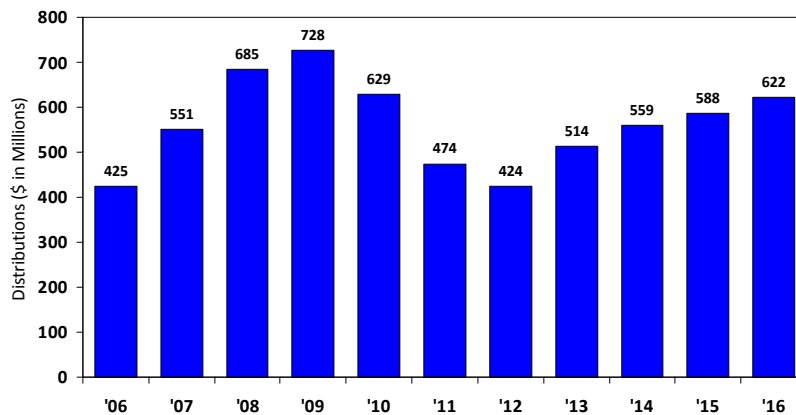
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All impacts relative to FY '13

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State's Distribution to Urban Revenue Sharing Will Increase by \$45 M in '14

– Amount Linked to Income Tax Collections 2 Years Prior



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FY '14 – FY '16 Baseline Revenue Changes

General Fund - \$ in Millions			
	FY '14 Above '13	FY '15 Above '14	FY '16 Above '15
Base Revenue Growth (4.9%/5.9%/6.2%)	416	526	575
TPT 1 ¢ Expires	(924)	--	--
Elimination of Fund Transfers	(90)	(6)	--
One-Time FY '13 Revenue Loss ^{1/}	52	--	--
Previously Enacted Tax Legislation	(47)	(134)	(108)
Urban Revenue Sharing	(45)	(28)	(35)
Change In Beginning Balance ^{2/}	<u>254</u>	<u>(341)</u>	<u>(285)</u>
Additional Revenues	(384)	17	147
Total Resources	8,979	8,996	9,143

^{1/} TPT early payment threshold

^{2/} Beginning balances: FY '13, \$397 M; FY '14, \$651 M; FY '15, \$310 M; FY '16, \$25 M

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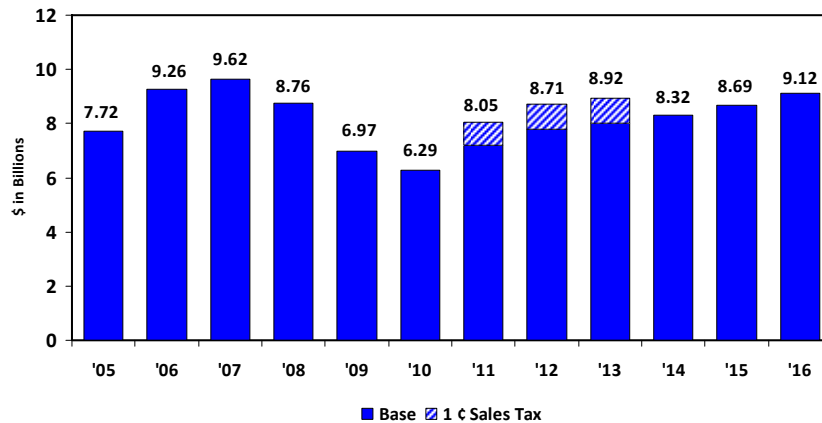
Revenue Changes Between FY '13 and FY '16

	<u>\$ in Millions</u>
FY '13 Total Revenue	\$9,364
Base Revenue Increase	1,517
Loss of 1 cent Sales Tax	(924)
Beginning Balance Reduction	(372)
Enacted Tax Reductions	(289)
Increased Urban Revenue Sharing	(108)
Other	(44)
FY '16 Total Revenue	\$9,143

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Consensus Forecasts Remains Below FY '07 High



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

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Risks to the Economic Forecast – Fiscal Cliff 2

- Impact of Federal Spending Reductions

- ☐ As part of the January 1 budget agreement, Congress deferred mandated spending reductions to March
- ☐ At that time, 9% reduction to domestic and defense expenditures would occur absent other action
- ☐ Defense cuts may disproportionately focus on procurement
 - Studies have estimated AZ defense industry generates \$71 M in business taxes and \$52 M in individual income taxes
- ☐ Domestic reductions would affect state grants such as education and job training – but excludes Medicaid, TANF and SNAP

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Beyond the “Cliff”, Other Risks to the Economic Forecast

- ☐ Unforeseen natural disasters and political events have economic consequences
 - Since the October FAC meeting, Superstorm Sandy is an example
- ☐ International economics increasingly has domestic repercussions – Europe’s debt crisis and the slowing of the Chinese boom
- ☐ 4-sector Baseline has accelerating revenue growth in FY ’16
 - Long term forecasts usually get more cautious

Given Unknowns, How Do We Evaluate Likelihood of Forecast?

- ☐ Since no one forecast is likely to be correct, a “probability” percent clarifies the risk
- ☐ Probability percent of meeting or exceeding FY ’14 Baseline forecast is 65%
- ☐ Derived from consensus input

Spending Overview

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FY '14 – FY '16 Baseline Spending Changes

	General Fund - \$ in Millions		
	<u>FY '14 Above '13</u>	<u>FY '15 Above '14</u>	<u>FY '16 Above '15</u>
K-12 Formula	55	54	82
Medicaid Formula (prior to expansion)	(97)	115	128
Medicaid Mandatory Expansion	74	140	22
One-Time FY '13 Caseload Savings	76	--	--
ADC Operating – phase-in approved beds	9	19	7
Debt Service	20	--	--
Land Department Fund Source	11	--	--
Other	9	(26)	3
Additional Spending	157	302	242
Total Spending	8,669	8,971	9,214

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Projected Ending Balance Estimates

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FY '14 – '16 Baseline Projections

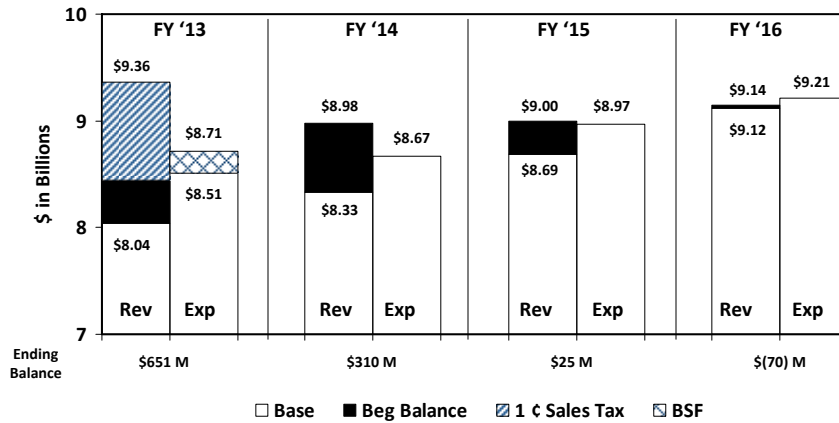
Baseline	'13	'14	'15	'16
Balance Forward	\$397 M	\$651 M	\$310 M	\$25 M
Revenues	\$9.0 B	\$8.3 B	\$8.7 B	\$9.1 B
Spending	\$8.7 B ^{1/}	\$8.7 B	\$9.0 B	\$9.2 B
Ending Balance	\$651 M	\$310 M	\$25 M	\$(70) M

- ❑ After statutory spending, effectively no money remains for discretionary spending without increasing out-year shortfall
- ❑ Excludes impact of K-12 inflation court ruling – would add a new \$80 M+ to budget each year. If funded, would result in \$(223) M FY '15 shortfall and \$(346) M FY '16 shortfall
- ❑ \$450 M Rainy Day Fund available to offset shortfalls

^{1/} \$8.5 billion after adjusting for Rainy Day Fund deposit

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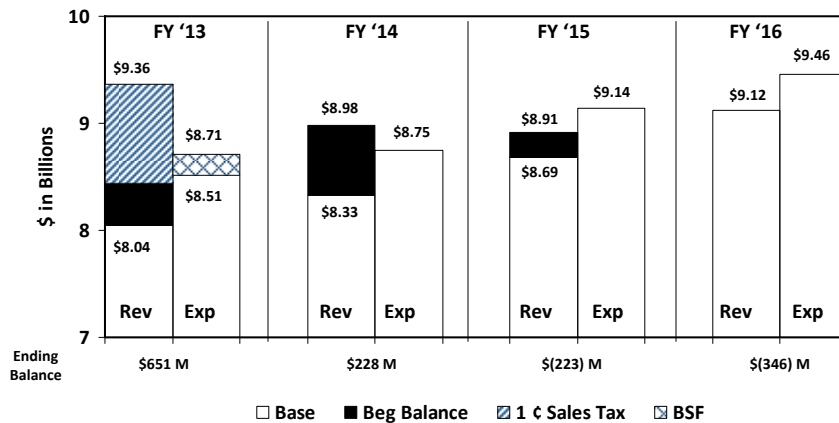
JLBC Baseline Revenues Compared to Expenditures - If No Discretionary Spending – Small FY '16 Shortfall



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JLBC Baseline Adjusted for K-12 Inflation Ruling - Every Extra \$1 Spent in '14 Increases '16 Shortfall by \$3



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Executive Budget Comparison

2 Factors Influencing Budget Outlook through '16

- ☐ How much revenue forecast risk in an uncertain economic environment?
- ☐ How much discretionary spending above the Baseline?

Executive Has \$261 M More in Higher Revenue Than JLBC Baseline in FY '14

General Fund Revenue

- ☐ FY '13 - \$84 M
- ☐ FY '14- \$261 M
 - \$74 M: higher Beginning Balance
 - \$125 M: higher revenue growth rates
 - \$62 M: employee Health Insurance Fund transfer
 - \$7 M: insurance premium
 - \$(7) M: new lottery distributions – counties/parks

Besides \$261 M in Higher Revenue, Executive has \$258 M in Higher Spending

General Fund Spending

- ☐ FY '13 - \$15 M (CPS supplemental)
- ☐ FY '14 - \$258 M

What Is The Margin For Error?

- Ending Balance Projections

\$ in Millions				
	<u>FY '13</u>	<u>FY '14</u>	<u>FY '15</u>	<u>FY '16</u>
JLBC Baseline	651	310	25	(70)
Executive	725	313	122	139
Executive – Modified*	725	123	(322)	(263)

* Modified to include JLBC's FY '14 – '16 base revenue forecast and ADE statutory formula estimate

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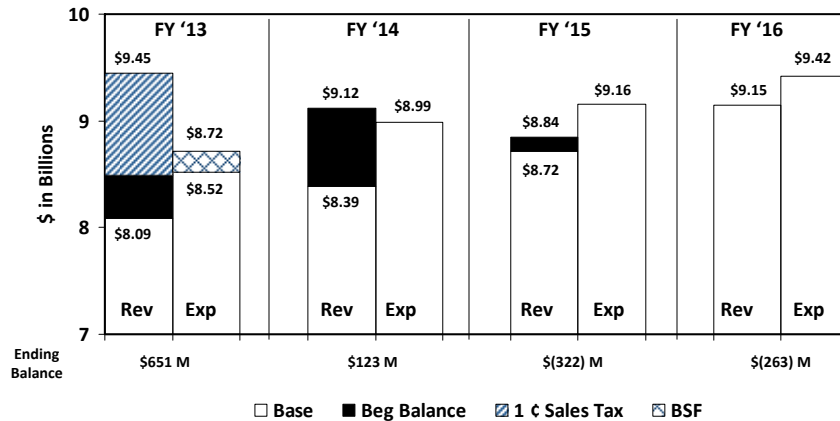
How Different Assumptions Affect Executive's FY '15 Estimate

<u>\$ in M</u>	<u>Changes to Ending Balance</u>
\$313	'14 Executive ending balance
(65)	'14 JLBC higher ADE formula costs
<u>(125)</u>	'14 JLBC lower revenue
\$123	'14 revised Executive ending balance
(190)	'15 lower beginning balance (\$122 M rather than \$313 M)
(85)	'15 JLBC higher ADE formula costs
<u>(170)</u>	'15 JLBC lower revenue
<u>\$(322)</u>	'15 revised Executive ending balance

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Executive Revenues Compared to Expenditures - As Adjusted for JLBC Revenues and ADE Formula



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Appendix A: January 2013 4-Sector Forecast

	FY 2013	FY 2014	FY 2015	FY 2016
Sales Tax				
JLBC Forecast	4.6%	5.5%	5.6%	5.7%
UA – Low	2.8%	1.8%	5.8%	7.5%
UA – Base	4.7%	6.1%	7.9%	7.9%
FAC	4.2%	5.8%	5.7%	5.2%
Average:	4.1%	4.8% *	6.3%	6.6%
Individual Income Tax				
JLBC Forecast	5.5%	5.9%	6.5%	6.5%
UA – Low	5.2%	1.0%	2.2%	4.8%
UA – Base	7.6%	6.2%	6.3%	7.3%
FAC	5.2%	5.7%	5.8%	5.9%
Average:	5.9%	4.7%	5.3%	6.2%
Corporate Income Tax				
JLBC Forecast	3.3%	2.8%	4.1%	6.1%
UA – Low	4.7%	14.0%	6.5%	0.8%
UA – Base	5.1%	22.5%	10.2%	2.4%
FAC	5.3%	7.3%	7.5%	7.6%
Average:	4.6%	11.7%	7.2%	4.0%
JLBC Weighted Average	4.9%	5.4%	5.9%	6.1%
UA Low Weighted Average	4.0%	2.5%	4.4%	5.8%
UA Base Weighted Average	5.9%	7.5%	7.4%	7.2%
FAC Weighted Average	4.7%	5.9%	5.9%	5.7%
"Big-3" Weighted Average **	4.9%	5.5%	5.9%	6.2%
Consensus Weighted Average***	4.0%	4.9%	5.9%	6.2%
Adjusted Consensus Weighted Average***	3.6%	4.3%	4.4%	5.0%

* Does not include the estimated impact of Amazon sales tax collections – with Amazon, estimate is 5.1%

** Adjusted for Amazon and small revenue categories

*** Adjusted for Amazon and tax law changes

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Trying to Snatch Defeat from The Jaws of Victory (But it won't work...)

Finance Advisory Committee
Joint Legislative Budget Committee

January 24th, 2013

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



Elliott D. Pollack & Company



The economy we wanted...



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What we got...



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**It is only because
conditions have been
so poor for so long
that we feel this
mediocre recovery is OK.**



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NATIONAL ECONOMY –

**Continued subpar growth.
But, recovery should continue.**
(unless the Federal Gov't does something stupid...)



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FISCAL CLIFF (still unresolved)

Causes great
uncertainty.



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**Keep your eye on
the ball.**

(The ball is
deficit reduction).



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**Best case scenario,
The American Taxpayer Relief Act
will reduce the deficit
by \$737 billion over 10 years.**

**Total Reduction Needed:
\$4-6 Trillion**



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**Source: Office of Management and Budget*

**What we've got so far resolves
only 12-15% of the problem.**



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ObamaCare

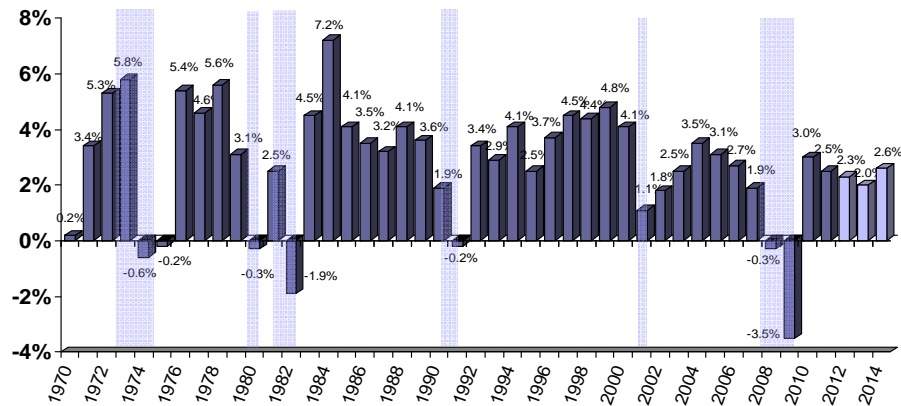
- Uncertainty over costs
- Uncertainty over implementation



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United States Real Gross Domestic Product* Annual Growth 1970 - 2014**

Source: U.S. Bureau of Economic Analysis & Blue Chip Economic Indicators



* Based on chained 2005 dollars.

** 2012 - 2014 are forecasts from the Blue Chip Economic Indicators, January 2013

Recession Periods

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At least we're growing!



And growth should continue,
BUT...

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...growth will remain weak because of the following:

- Consumer spending modest, but up (Additional jobs and hours worked).
- Business spending up
- Excess industrial capacity.
- Continued housing recovery in 2013. Large percent gain. Small numerical gain.
- Limited commercial construction.
- Continued pressure on state and local government.
- Limited policy options on part of Federal government.



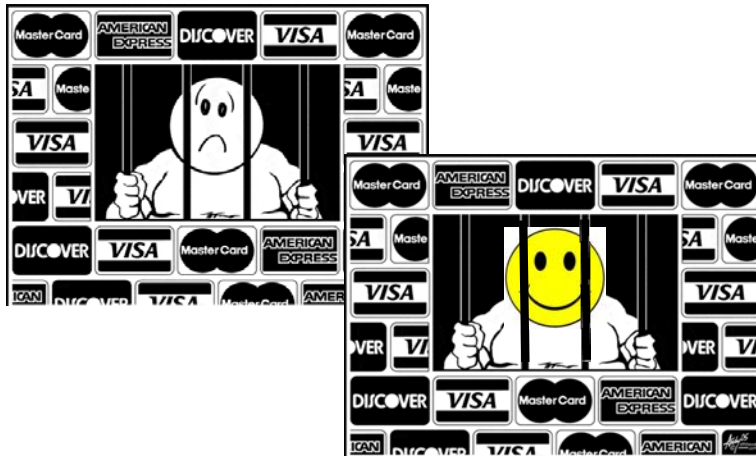
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Consumers



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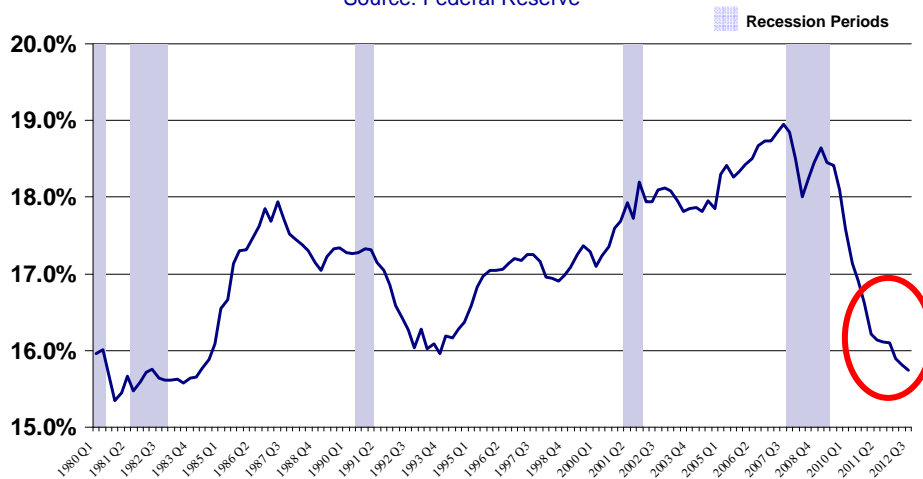
Consumer debt has declined by \$1.7 trillion over the last 4 years.



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Financial Obligation Ratio** 1980 – 2012*

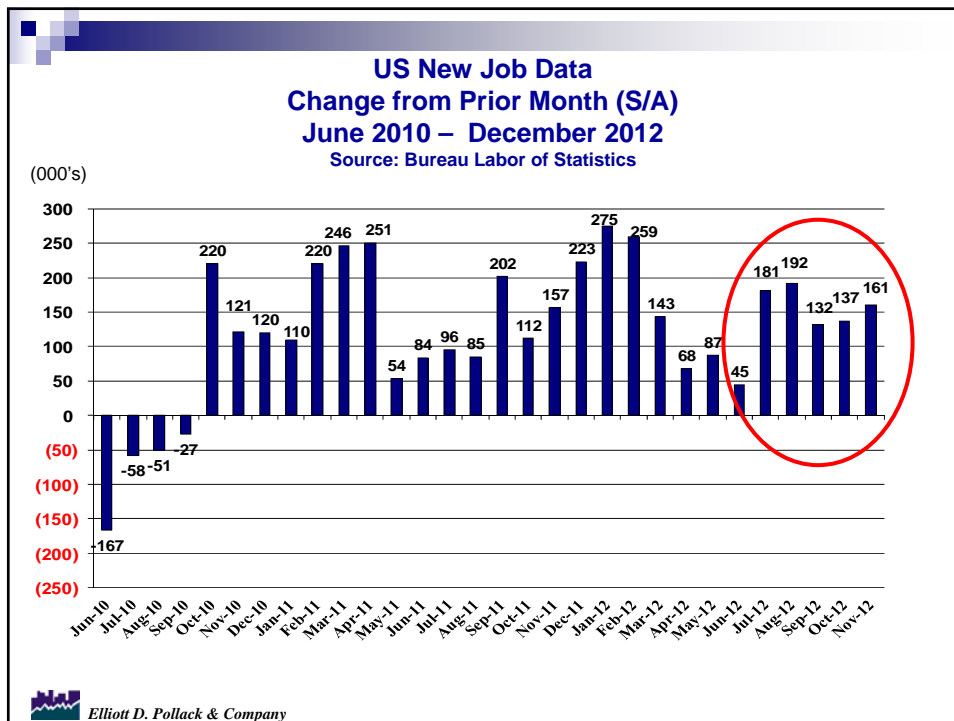
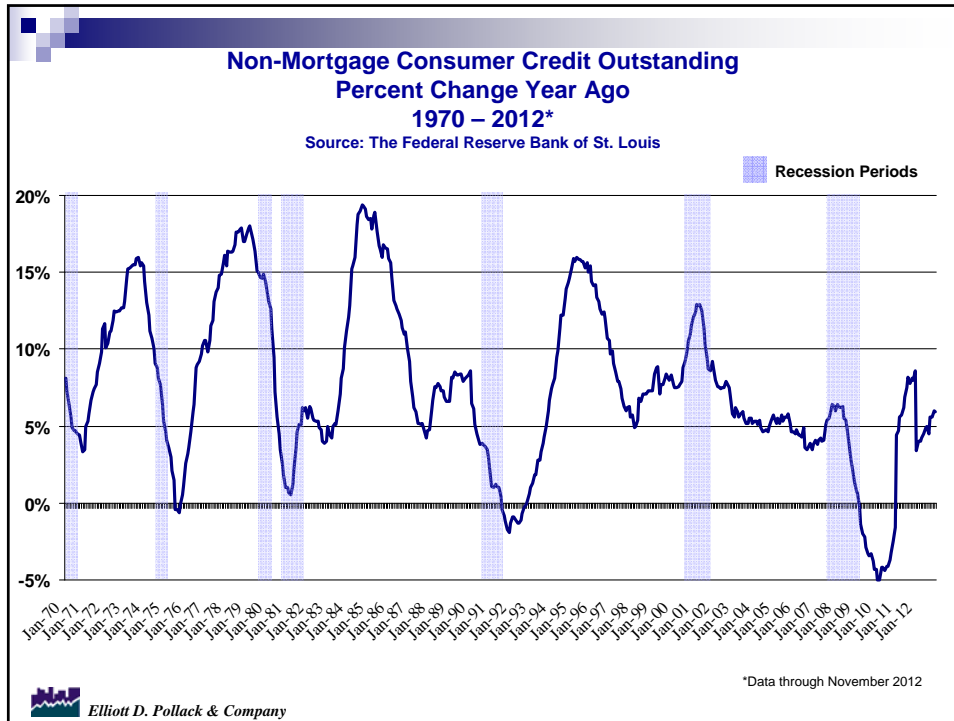
Source: Federal Reserve

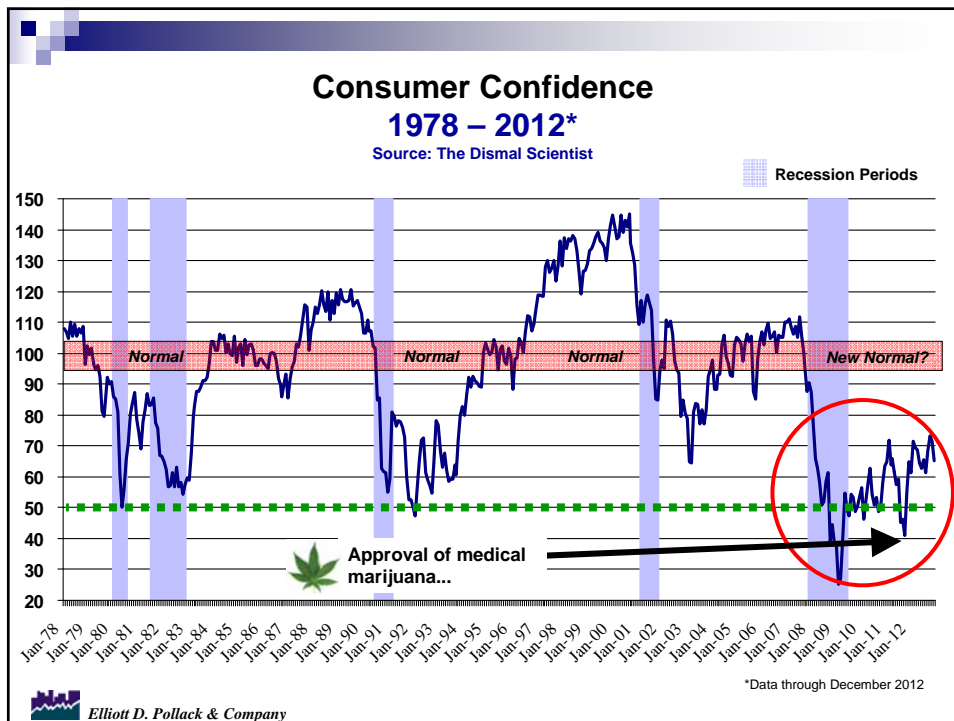
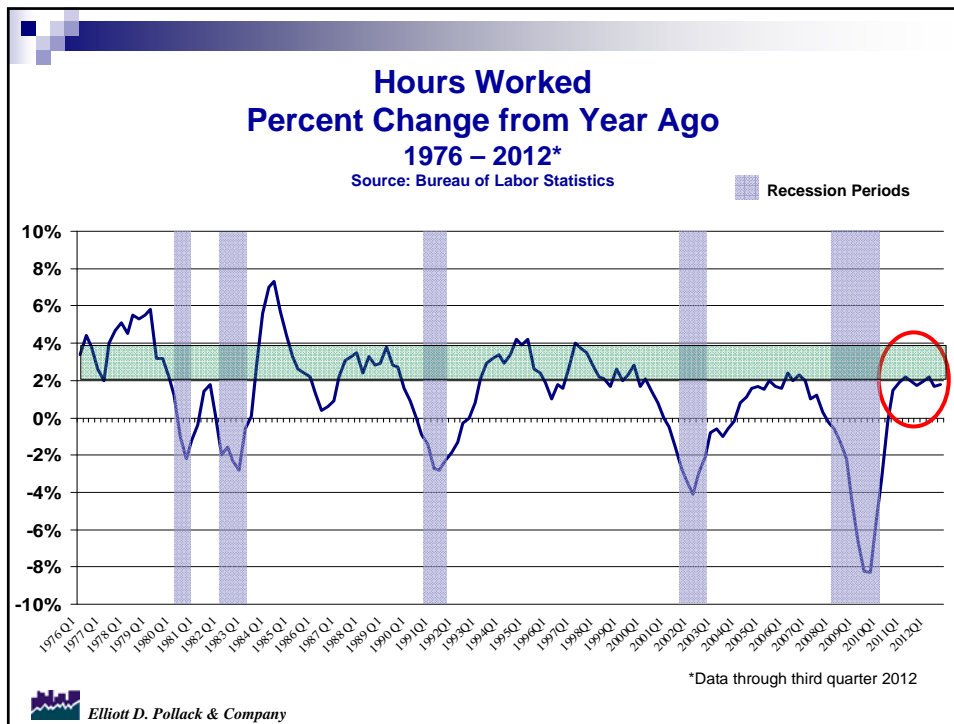


*Data through third quarter 2012
**Ratio of mortgage and consumer debt (including auto, rent and tax payments) to disposable income.



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WEALTH EFFECT



Newsweek

Housing prices are up.

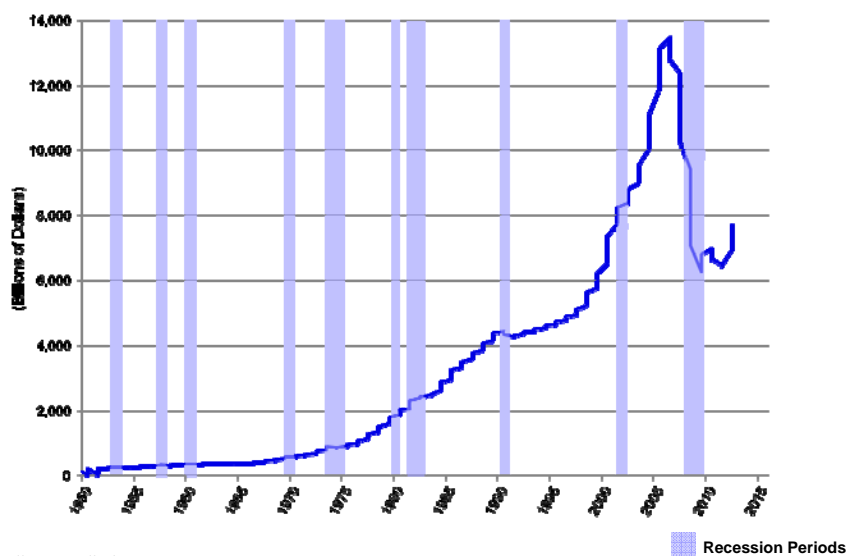
Stock market is up
from a year ago.



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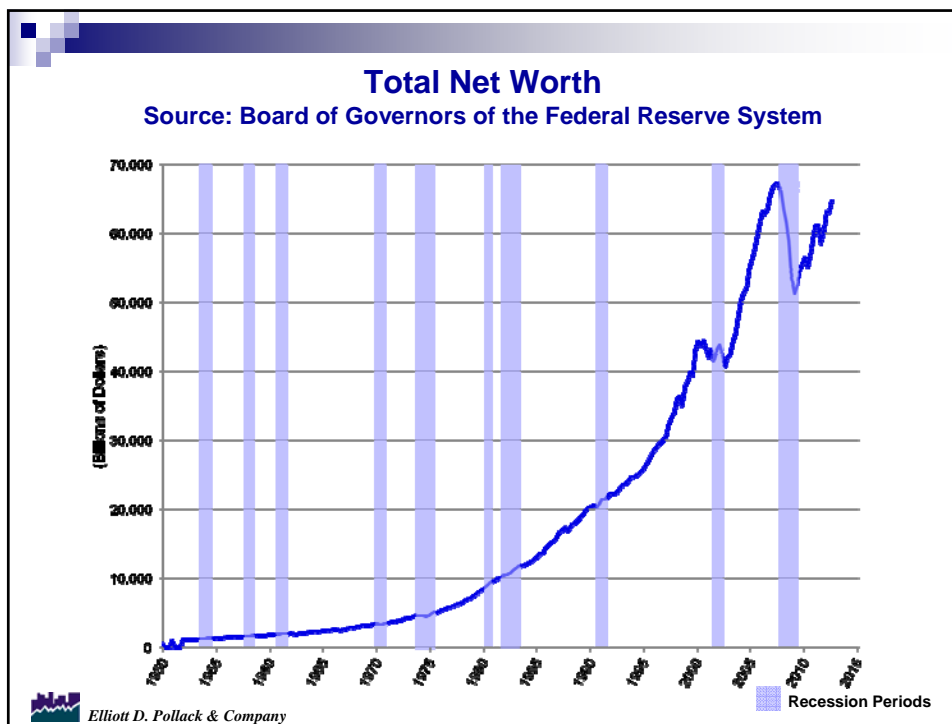
Net Worth – Owners' Equity in Household Real Estate

Source: Board of Governors of the Federal Reserve System



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Recession Periods



Consumer Summary:

- **Jobs are being created** at a slow rate.
- Those that have jobs are **spending a little more** but will remain cautious.
- Unemployment to remain high, but should trend lower.
- Wealth levels are improving.
- Will the additional uncertainty translate into reduced consumer spending?

Business

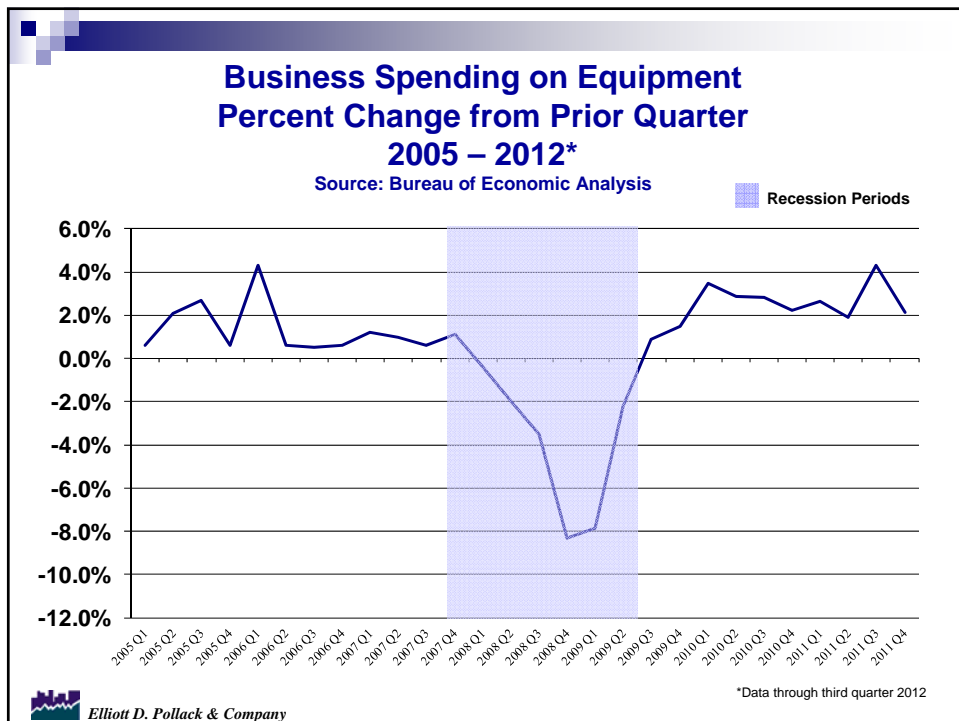
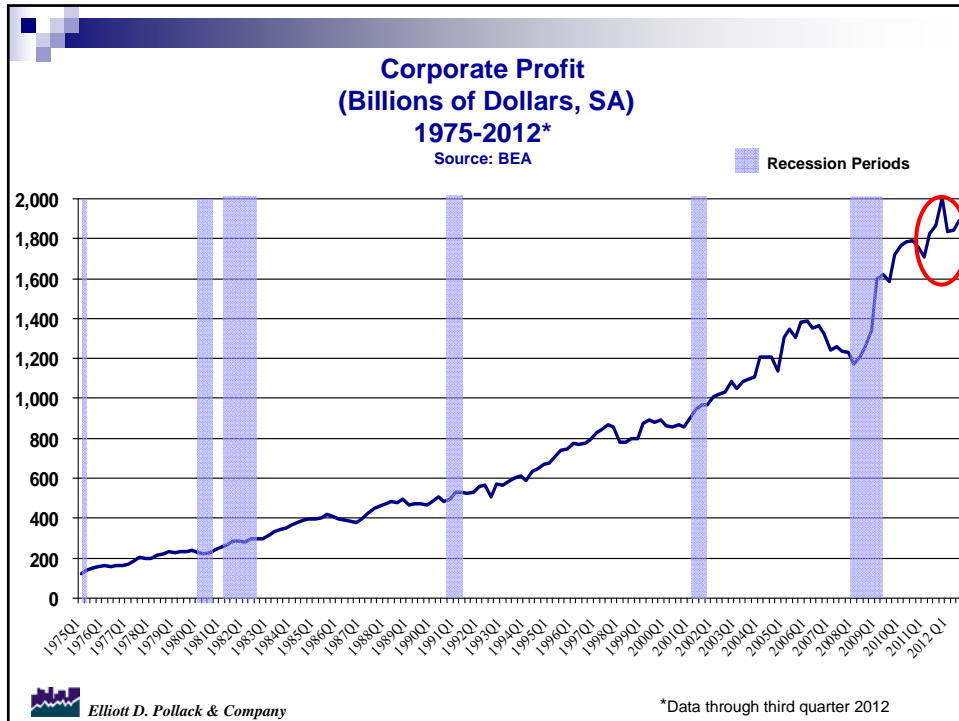


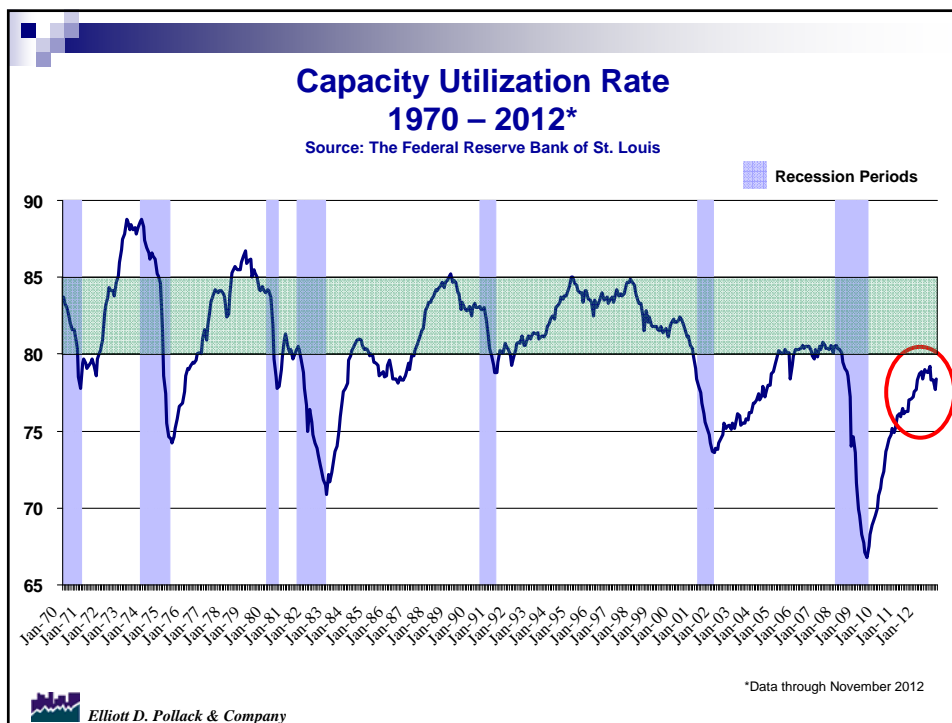
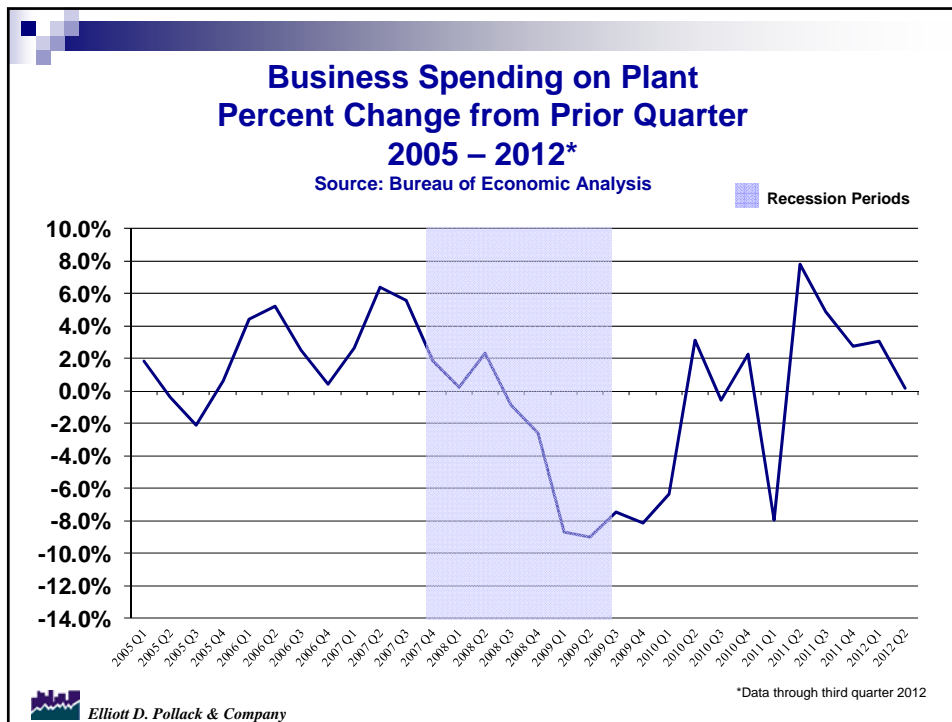
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**Business debt has declined by
\$2.9 trillion over the last 4 years.**



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Business Summary:

- Businesses are in better shape.
- Spending on equipment to continue to grow.
- Spending on plant will lag until capacity utilization goes higher...getting close.
- Employment to continue to grow.



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Government



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**Gross Government debt has
INCREASED by \$5.8 trillion
over the last 4 years.**



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Balanced Budget ?

We are borrowing \$0.34 of every dollar we spend and can't collect enough in taxes to make it up.



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Balanced Budget ?

RECEIPTS	\$ tril
Individual income taxes	1.165
Corporate income taxes	0.237
Social insurance & medicare taxes	0.775
Unemployment insurance	0.066
Other	0.226
TOTAL	\$2.469



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Source: U.S. Treasury; FY 2013 U.S. Budget

Balanced Budget ?

EXPENDITURES	\$ tril
Discretionary (security – military, defense, homeland security, FBI, CIA and non-security – departments of education, energy, etc.)	1.319
Mandatory (Programs such as Medicare, Medicaid, SS, TARP)	2.252
Interest on debt	0.225
TOTAL	\$3.796



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Source: U.S. Treasury; FY 2013 U.S. Budget

Balanced Budget ?

EXPENDITURES	\$3.796 trillion
RECEIPTS	<u>\$2.469 trillion</u>
= DEFICIT	\$1.327 trillion

Discretionary Expenditures = \$1.319 trillion



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Source: U.S. Treasury; FY 2013 U.S. Budget

Balanced Budget ?

So, even if we completely shut down government, including the military, we still wouldn't have a balanced budget.



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Balanced Budget?

The federal debt scheduled to be:

\$16.2 trillion in 2013

\$25.9 trillion in 2022

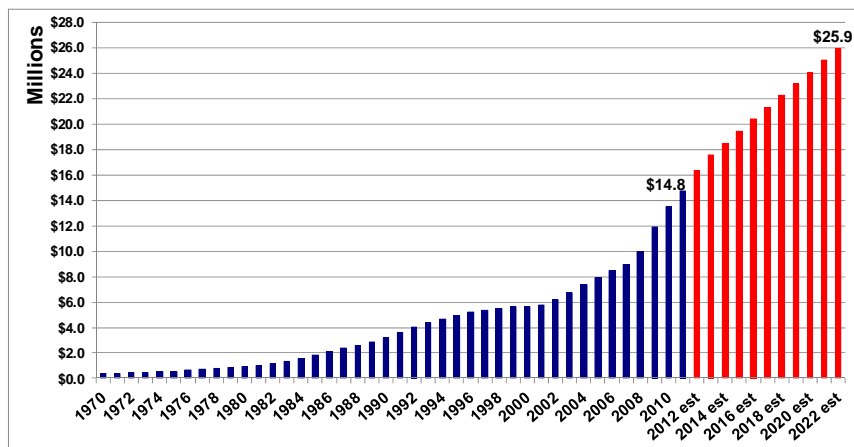


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Source: U.S. Treasury; FY 2013 U.S. Budget

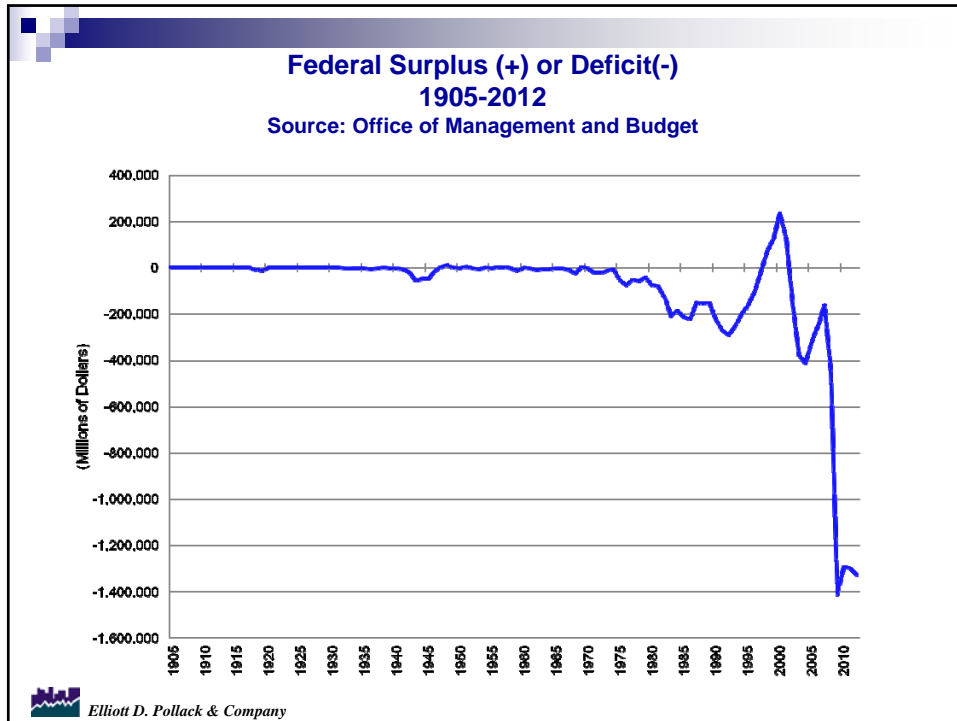
U.S. Gross National Debt (\$tril)

Source: U.S. Treasury; FY 2013 U.S. Budget



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--- Obama Administration proposed budget, Aug. 2012



**You won't
know what
you're
getting
until it's
*TOO LATE.***



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**The reality is that
there is no chance that
the U.S. will default on
its debt.**



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What does the government need to do?

First, admit there is a problem

Second, deal with the problem.

It will be painful and there is no easy way out.



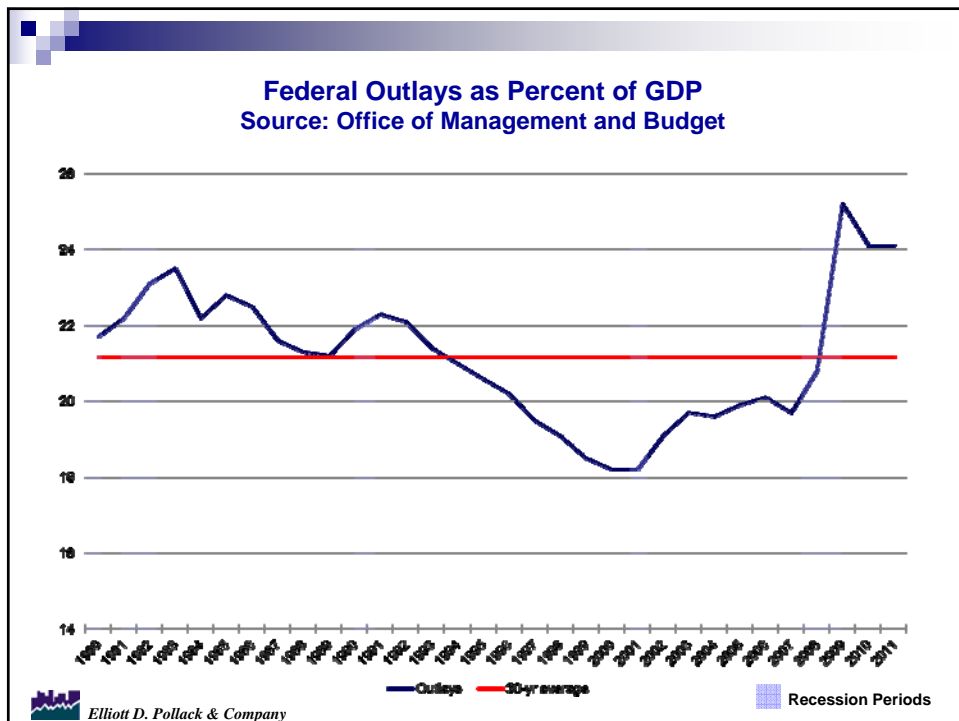
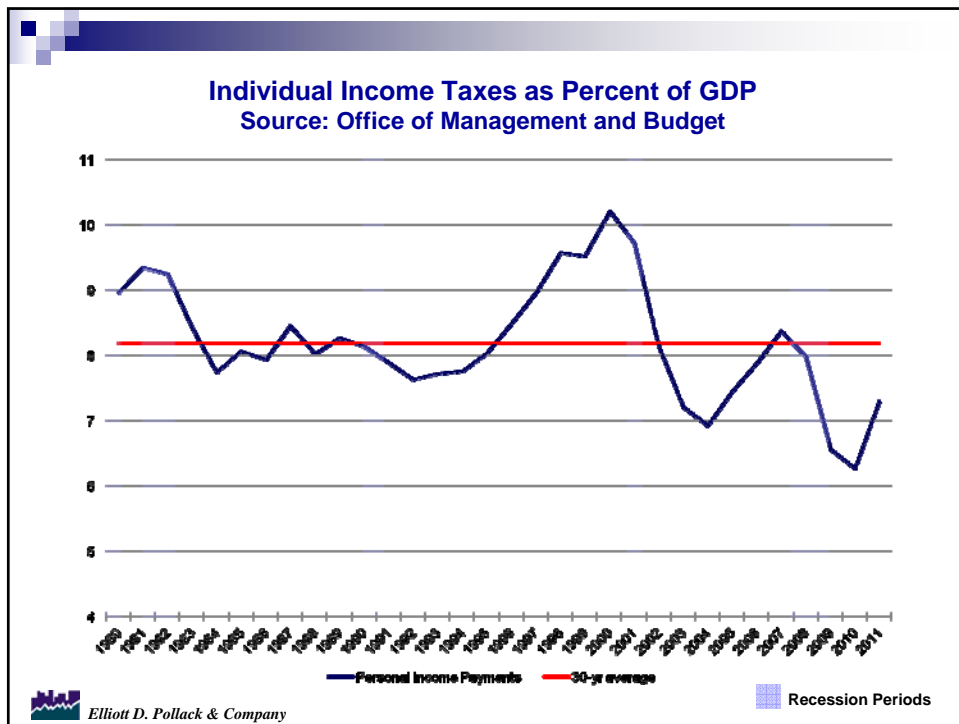
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What does the government need to do?

- **Need significant cuts in the rate of increase for long term fiscal health.**
- **Modest tax increases designed not to hurt incentives.**
- **But, significant cuts or tax increases will hurt the economy next year.**
- **Therefore, they need to phase it in!!!**



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In 1930, the average life expectancy of someone entering the workforce was 66 years old.



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Today, the average life expectancy of someone entering the workforce is 79 years old.



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**In 1934, the retirement age
was 65.**



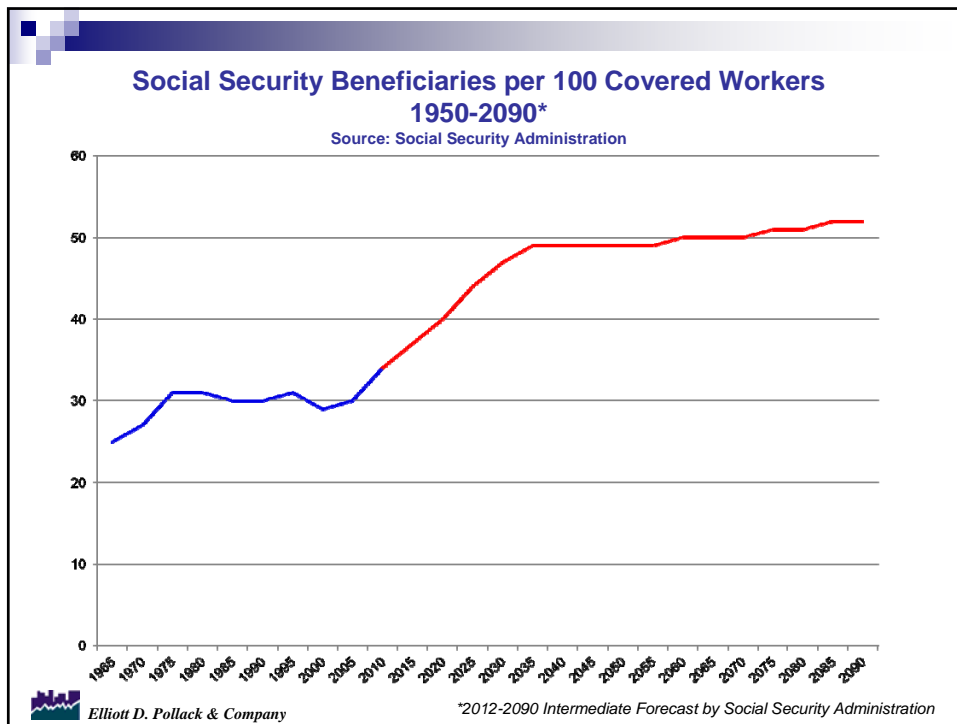
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**Today, the retirement age
is 67.**



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**Today, persons 65 years and
older represent **13%** of
the U.S. population.**



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*Source: U.S. Census Bureau

In 2030, persons 65 years and older will represent nearly **23%** of the U.S. population.

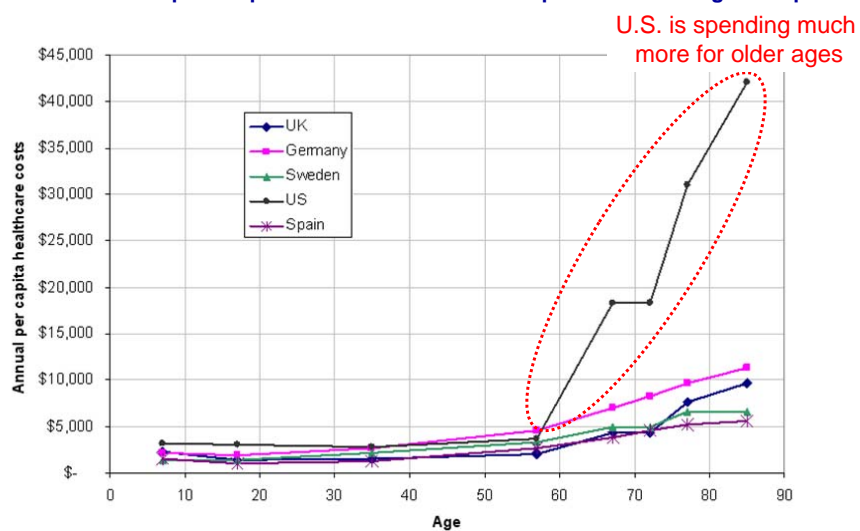


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*Source: U.S. Census Bureau

Per Capita Health Care Costs by Age

Source: "US-Europe Comparisons of Health Risk for Specific Gender Age Groups"



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Government Summary:

- State & local under pressure.
- But, more revenues available in FY2013.
- Federal spending up but more slowly.
- Fiscal problem not resolved.



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Question:

Can Europe cause a recession in the U.S.?



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Conclusion:

Europe unlikely to cause any significant problems for U.S.



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NATIONAL SUMMARY

- Consumers still restructuring
- Confidence low, but spending will continue to grow
- Business in good shape but not confident because of:
 - Low capacity utilization
 - Cost of Obama Care
 - Fiscal Cliff?
- Federal government, no leadership whatsoever.



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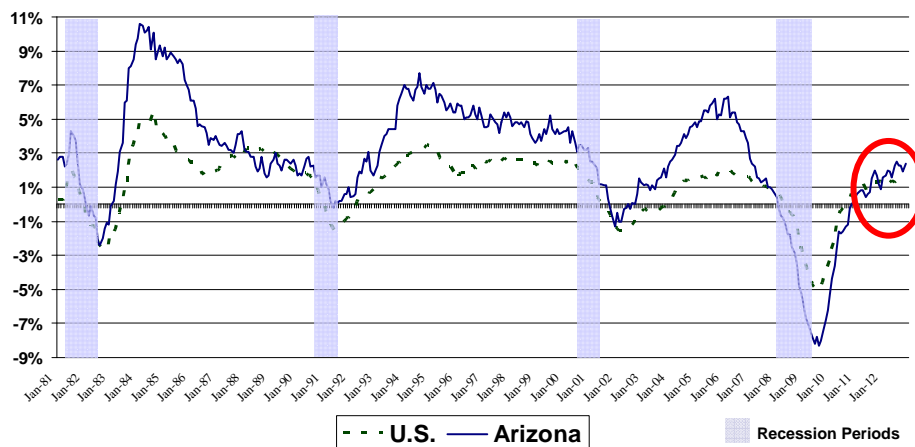
ARIZONA

Happy Birthday!!

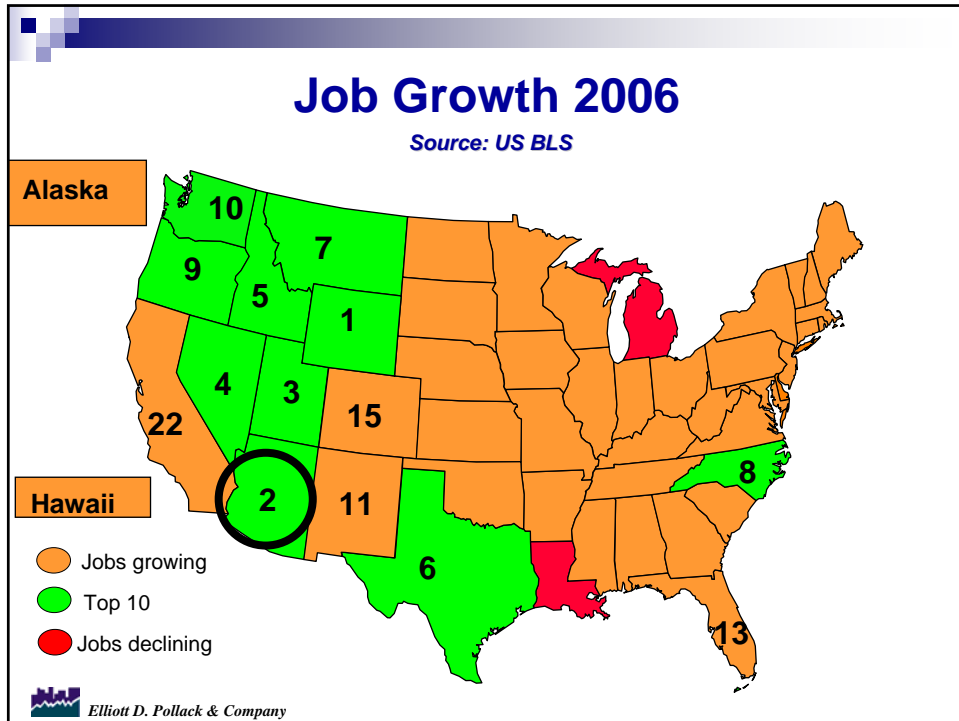


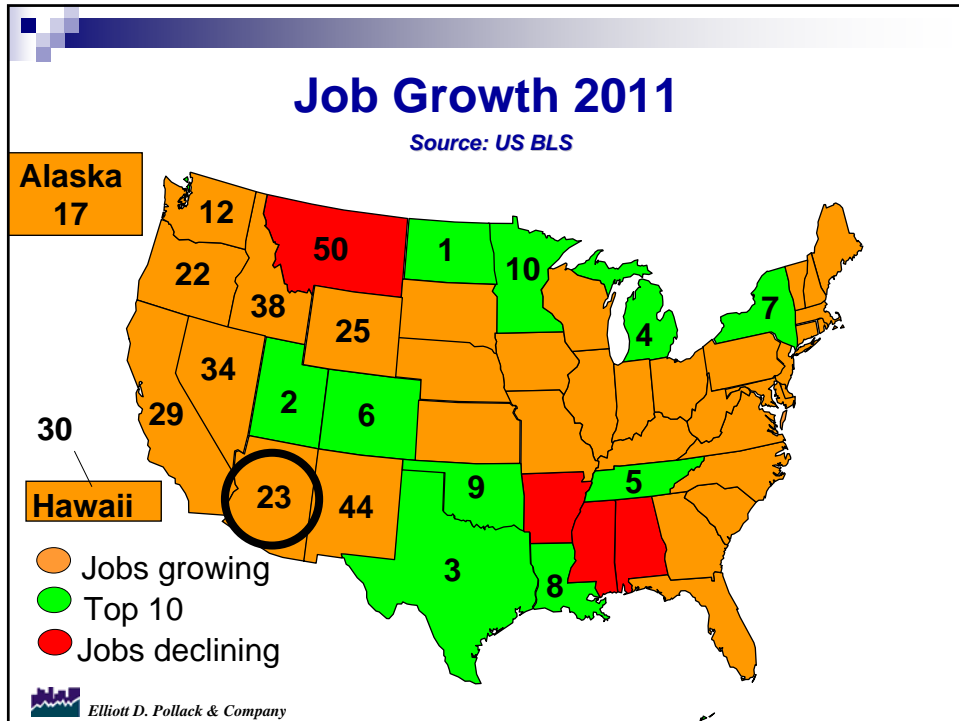
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Arizona & US Move Together (Non-farm Emp. Percent Change 1980 – November 2012)



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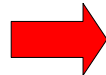
There is little that isn't transitory or cyclical...



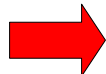
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How did AZ go from 2nd to 49th?

- Financial meltdown.
- Credit crunch/freeze.
- Overextended consumer.
- Excess single family inventory.
- Housing prices decline.



- Loss of wealth including home equity.
- Can't sell homes or retire.
- Homebuilding and home prices crash.
- **Population inflows weaken in AZ.**
- Household size increases.
- Household formations decline.



- Excess commercial construction

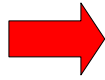


- **"Growth" job losses.**
- **All sector job losses.**

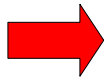


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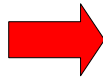
How does AZ go from 49th to 2nd?



- Overall US economic recovery improves.
- Stock market improves.
- Credit frees up.
- Consumers more confident.
- *People start to move to AZ again, slowly.*
- Investors help absorb excess housing.



- Excess housing absorbed
- Housing prices rise.
- Construction kicks in.
- *Construction job gains.*



- *All sector job gains.*
- *More people move to AZ.*



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But the local recovery will be slow because...

- Slow national recovery
- Consumers still restructuring
- Low levels of confidence
- Winding down of defense sector
- Population flows slow:
 - 40% of U.S. households are not mortgage creditworthy.
 - More than 39% in Arizona and 22% nationally have no equity in their homes.



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Arizona Employment Growth

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

Year	Rank
1991	20
1992	21
1993	5
1994	2
1995	2
1996	2
1997	2
1998	1
1999	2

Year	Rank
2000	5
2001	10
2002	12
2003	4
2004	2
2005	2
2006	2
2007	16
2008	46
2009	49
2010	49
2011	23
2012*	5

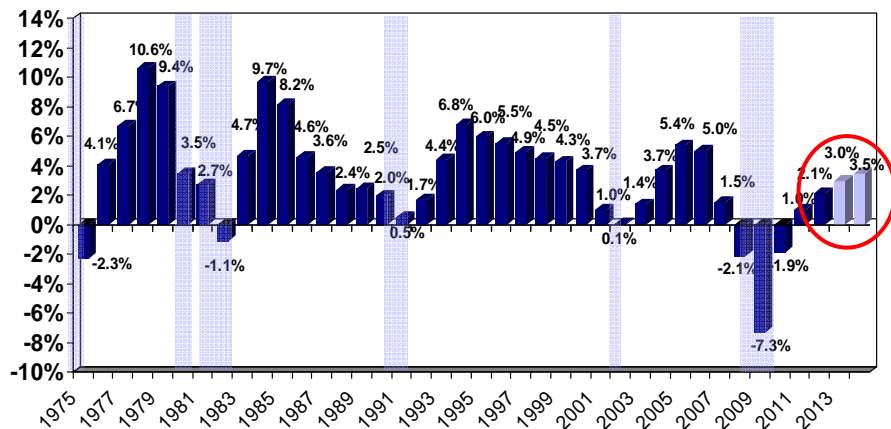
*YTD December 2012 vs YTD December 2011



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Arizona Employment* Annual Percent Change 1975–2014**

Source: Department of Commerce, Research Administration



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

** 2012 & 2014 forecast is from Elliott D. Pollack & Co.



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Recession Periods

FISCAL CLIFF IN ARIZONA?

If the mandated spending cuts take place,
total **loss** to Arizona is projected at:

45,000 to 50,000 jobs.

(This does not take into account any slowdown
caused by tax increases.)

**We will still grow, but very
slowly.**

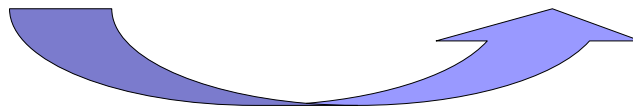


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Arizona Employment*

Source: Bureau of Labor Statistics

<u>Sectors in Decline</u>	<u>Net Change</u>	<u>Sectors Improving</u>	<u>Net Change</u>
Information	-1,000	Professional & Bus Services	13,300
Other Services	-400	Trade, Transp, Utilities	12,200
Natural Resources & Mining	-100	Education & Health Services	10,200
		Leisure & Hospitality	8,800
		Construction	7,300
		Government	6,200
		Financial Activities	3,800
		Manufacturing	3,600



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*Dec. 2012/ Dec. 2011

Arizona- Jobs Finally in the Black

Over last 12 months:	63,900
12 months before that:	22,900
12 months before that:	7,000
12 months before that:	(160,500)
12 months before that:	(138,100)

* As of December 2012



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Arizona Jobs

Source: BLS

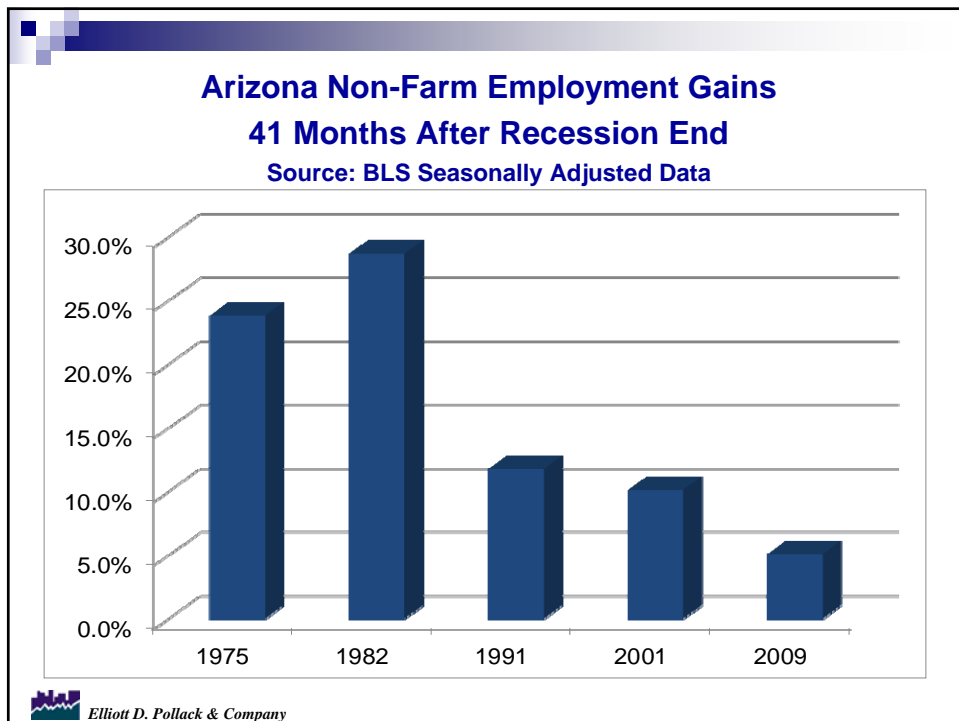
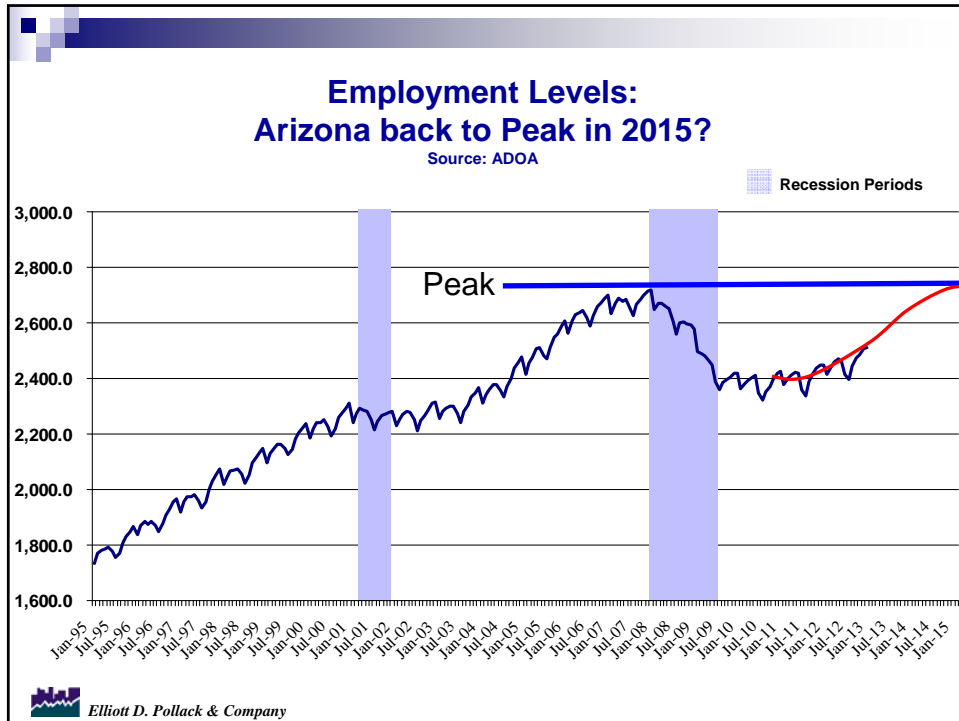
Jobs lost Peak to Trough:	300,800
(Dec-07) (Jul-10)	
Jobs gained Trough to Current:	102,900
(Jul-10) (Dec-12)	

We are 34% of the way back



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*Based on seasonally adjusted monthly data



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

Year	Rank	# MSA's
2000	9	25
2001	7	26
2002	5	25
2003	3	25
2004	3	25
2005	1	26
2006	1	27
2007	9	28
2008	24	28
2009	24	25
2010	24	24
2011	12	24
2012*	3	25

*Year-to-date, December 2012



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Arizona Employment

Source: U.S. Bureau of Census; Arizona Department of Administration; University of Arizona Forecasting Project

YEAR	EMPLOYMENT
1950	161,600
1960	333,800
1970	547,400
1980	1,013,900
1990	1,483,100
2000	2,242,700
2010	2,382,000
2020	3,104,900



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Arizona Population

Source: U.S. Bureau of Census; Arizona Department of Economic Security; University of Arizona Forecasting Project

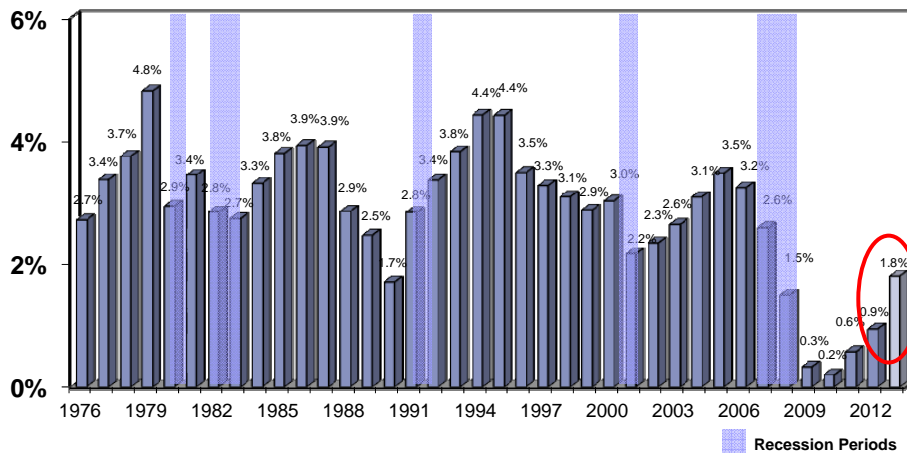
<u>Year</u>	<u>Population</u>	<u>Annual Rate</u>
1960	1,407,000	
1970	1,795,000	2.5%
1980	2,716,500	4.2%
1990	3,684,100	3.1%
2000	5,175,600	3.5%
2010	6,401,600	2.1%
2020(forecast)	7,395,100	1.5%



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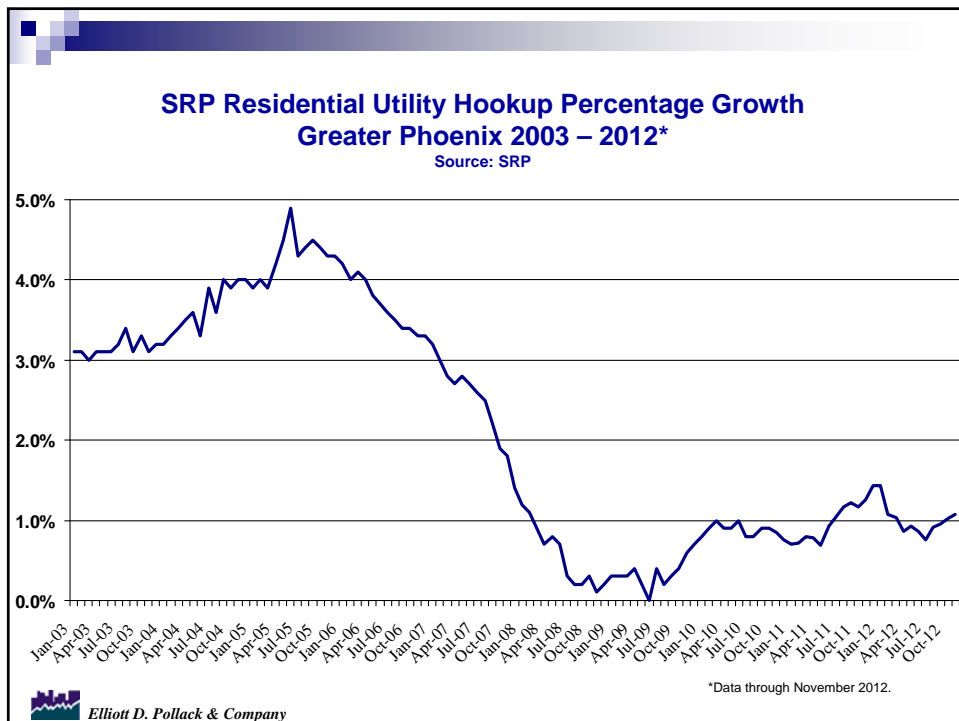
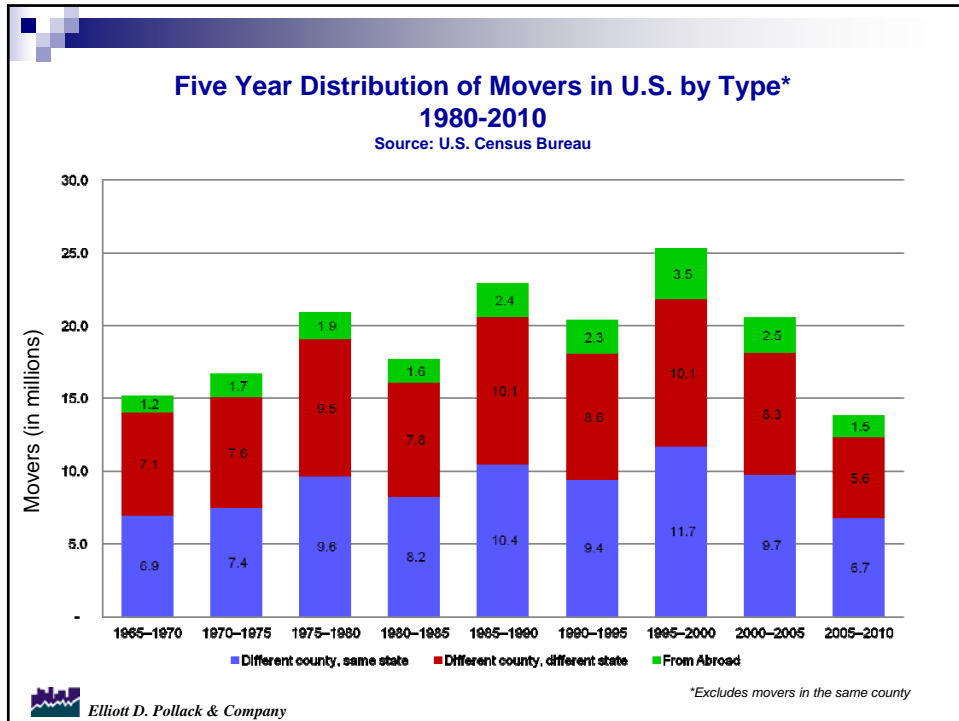
Arizona Population Annual Percent Change 1976–2013*

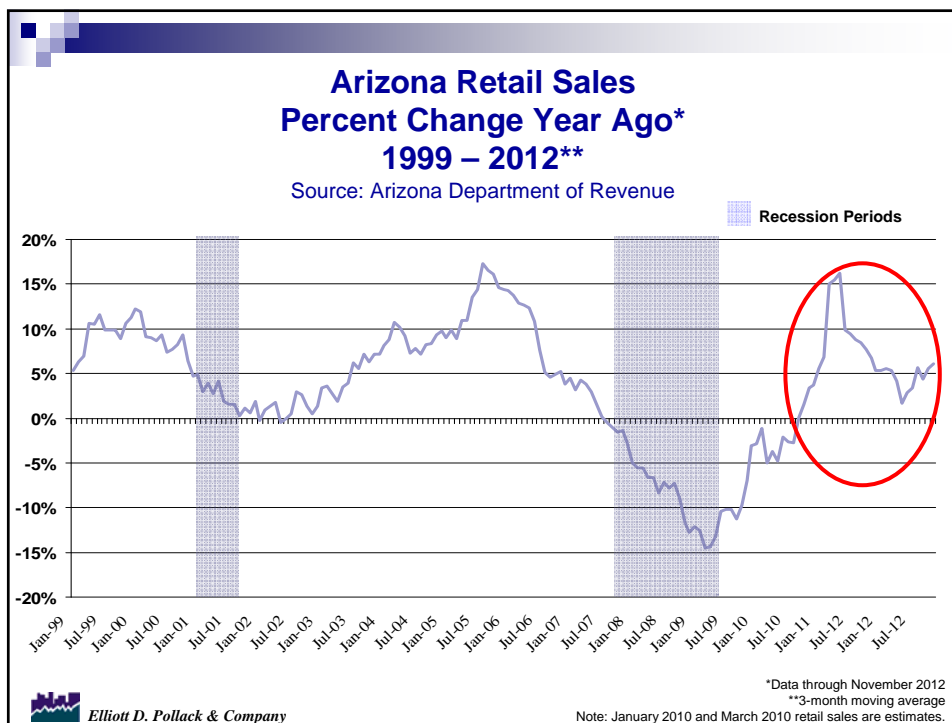
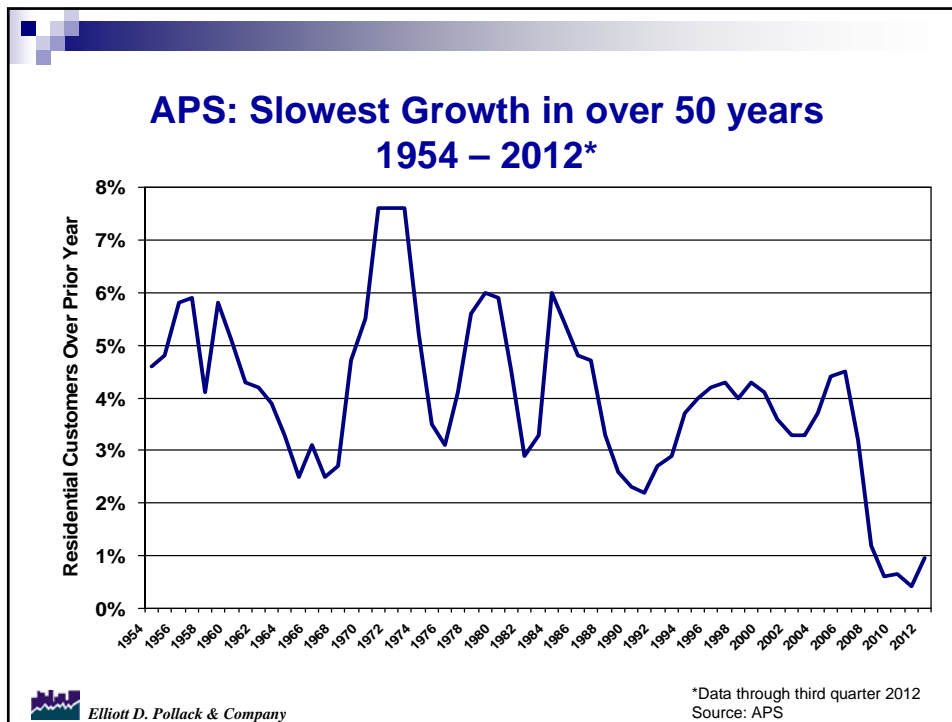
Source: Arizona State University & Department of Commerce, Research Administration



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* 2013 forecast is from Elliott D. Pollack & Co.



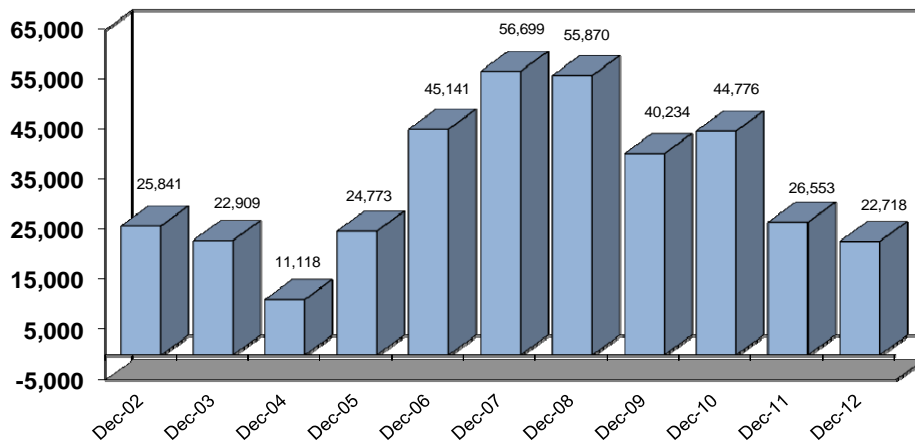


It's hard not to be optimistic about HOUSING



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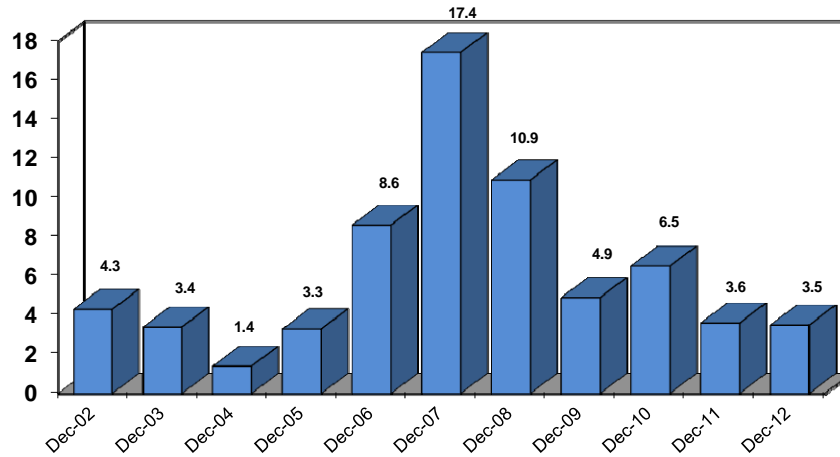
Single Family Active Listings Greater Phoenix Source: Cromford Report



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Greater Phoenix Months Supply Single Family Residential

Source: Cromford Report



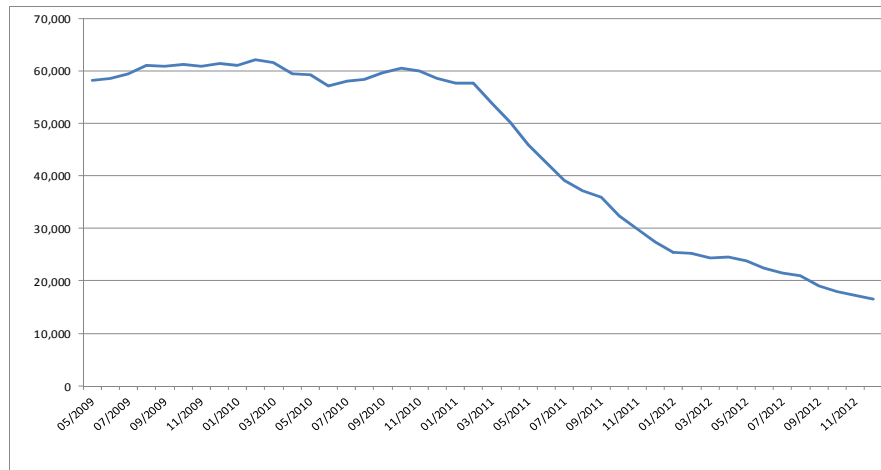
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Distressed Residential Inventory*

May 2009-December 2012

Greater Phoenix

Source: Information Market



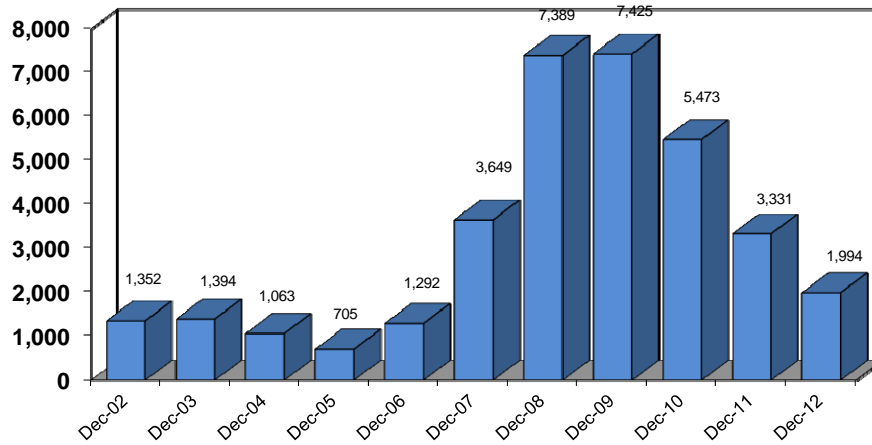
*Distressed residential inventory includes pending residential foreclosures and residential REO properties



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New Residential Foreclosure Notices Greater Phoenix

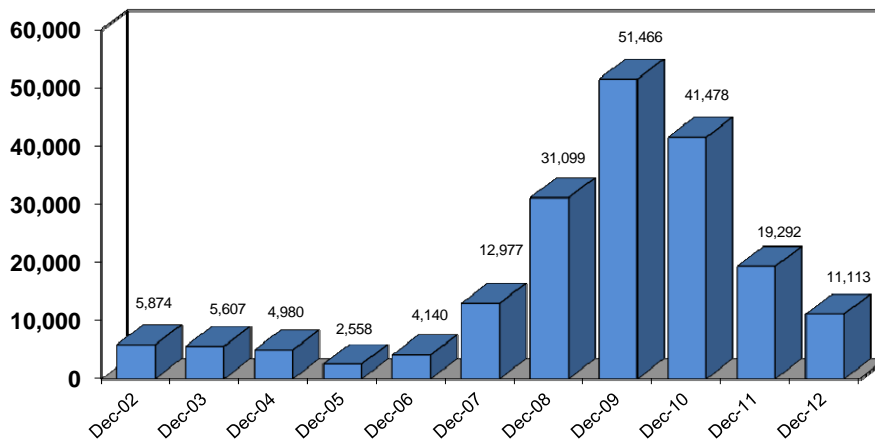
Source: Information Market



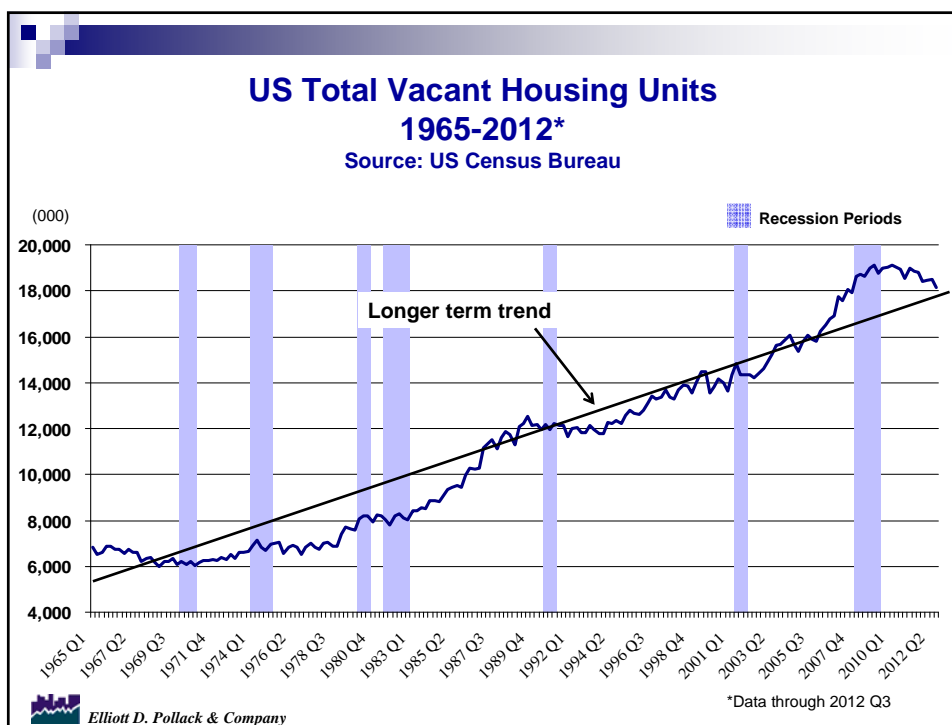
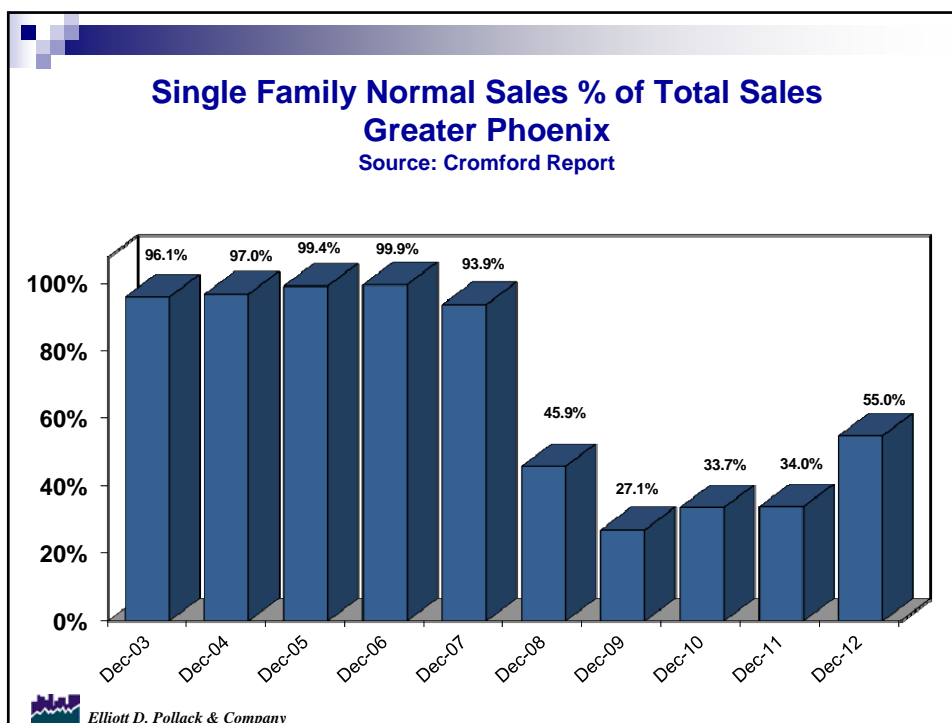
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Total Pending Foreclosures Greater Phoenix

Source: Information Market

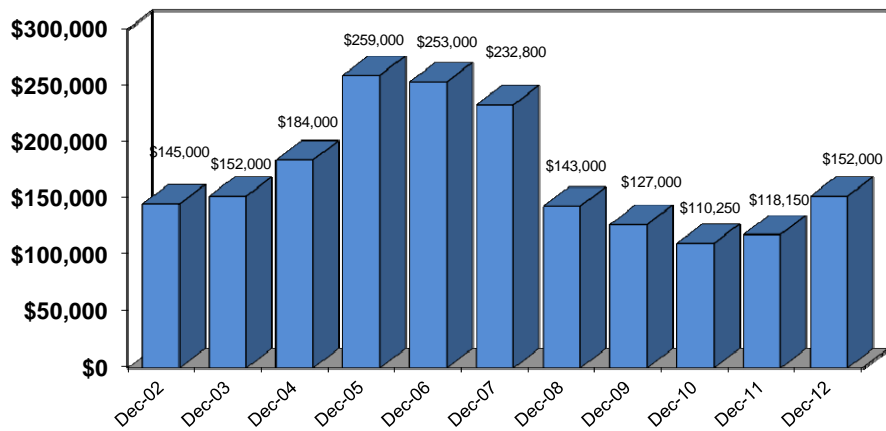


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Greater Phoenix Median Sales Price New and Resale Single Family

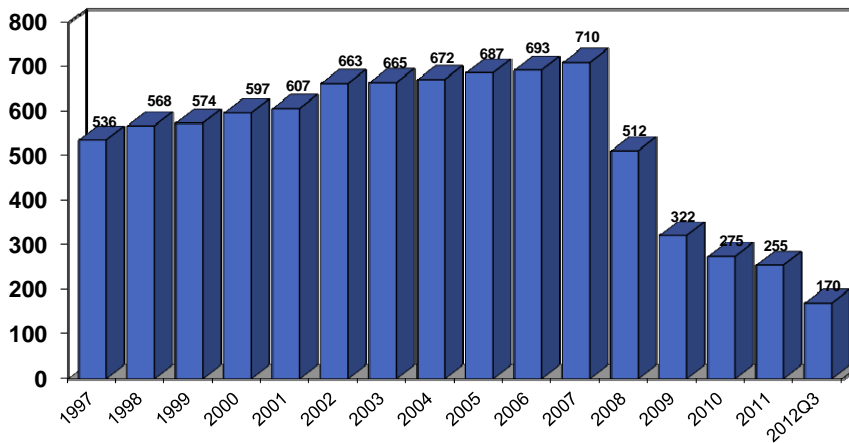
Source: Cromford Report



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Number of Active Subdivisions Greater Phoenix

Source: CRA



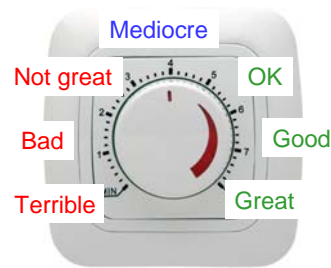
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Housing

Not a light switch...



A dimmer switch...



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- Think of what the housing market is going through as the same as any manufacturer that finds themselves with excess inventory...
- Prices are cut until the excess is sold.
- Then prices rise.



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Single Family Permits

Source: RL Brown

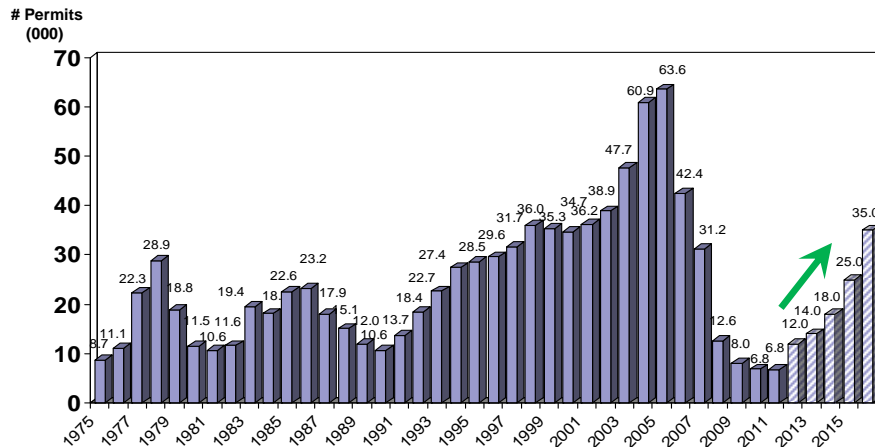
	<u>Greater Phoenix</u>		<u>Greater Tucson</u>	
<u>Year</u>	<u>Permits</u>	<u>% chg</u>	<u>Permits</u>	<u>% chg</u>
2004	60,872	27.6%	9,570	12.4%
2005	63,570	4.4%	11,783	23.1%
2006	42,423	-33.3%	9,607	-18.5%
2007	31,172	-26.5%	5,044	-47.5%
2008	12,582	-59.6%	3,018	-40.2%
2009	8,027	-36.2%	2,088	-30.8%
2010	6,822	-15.0%	1,865	-10.7%
2011	6,794	-0.4%	1,437	-23.0%
2012	11,615	71.0%	2,029	41.2%



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Single Family Permits Greater Phoenix 1975–2016*

Source: RL Brown & Elliott D. Pollack & company



*2012 – 2016 forecast is from Elliott D. Pollack & Company



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**Price gains are greater in
distressed properties.**



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**Growth in Single Family Home Prices
November 2012 / November 2011**

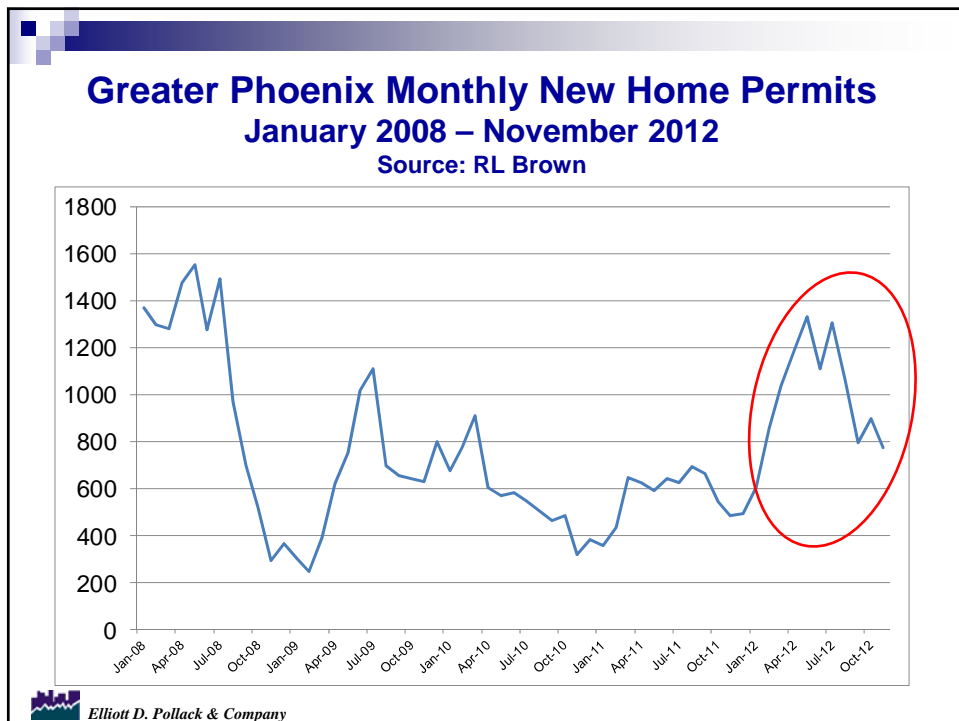
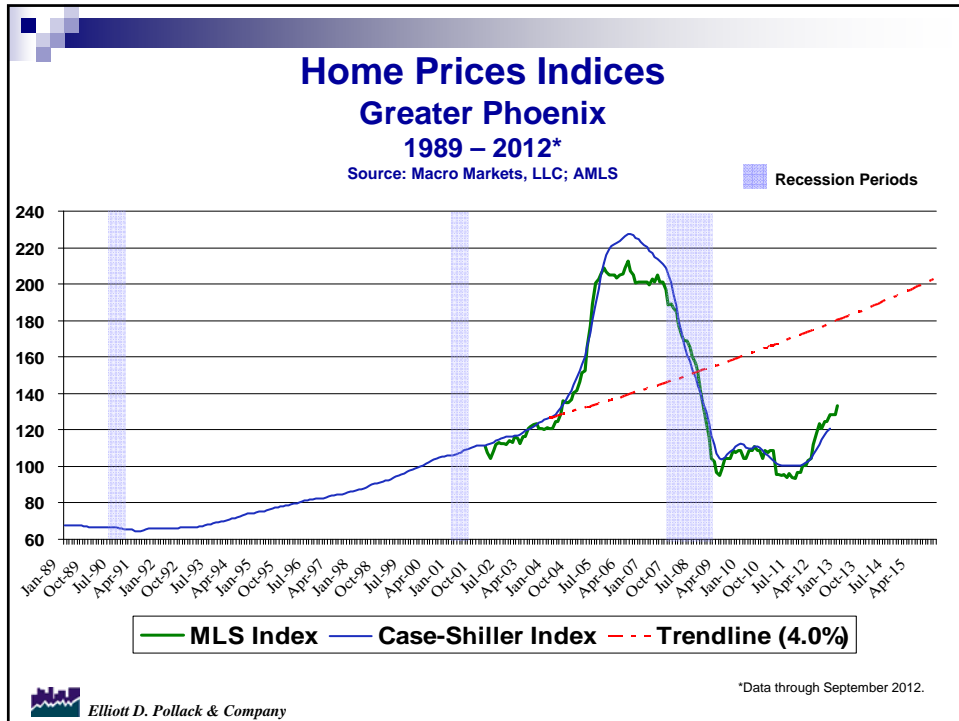
Source: ASU / MLS / Bright Future Real Estate Research

	Phoenix	Tucson
New Homes:	9.5%	2.5%
Resale Homes:	33.9%	27.5%



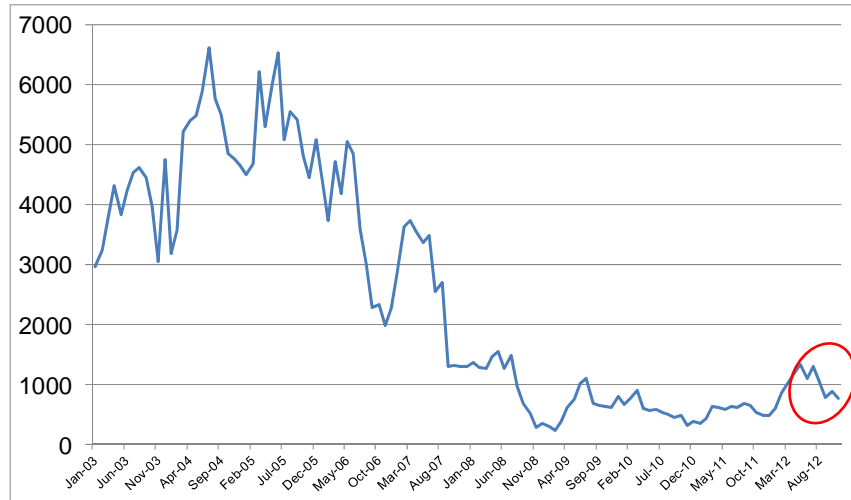
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NOTE: Resale includes normal and
distressed single family home prices (MLS)



Greater Phoenix Monthly New Home Permits January 2003 – November 2012

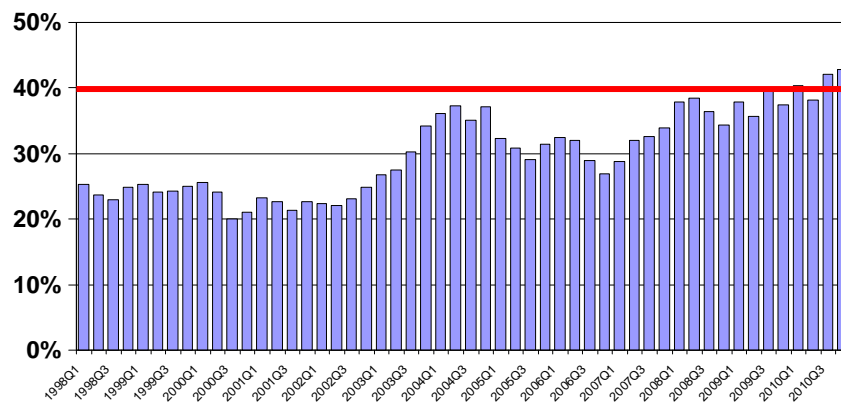
Source: RL Brown



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Investors: 40% Market? Percent of Non-Owner Occupied Sales of Total Sales Greater Phoenix

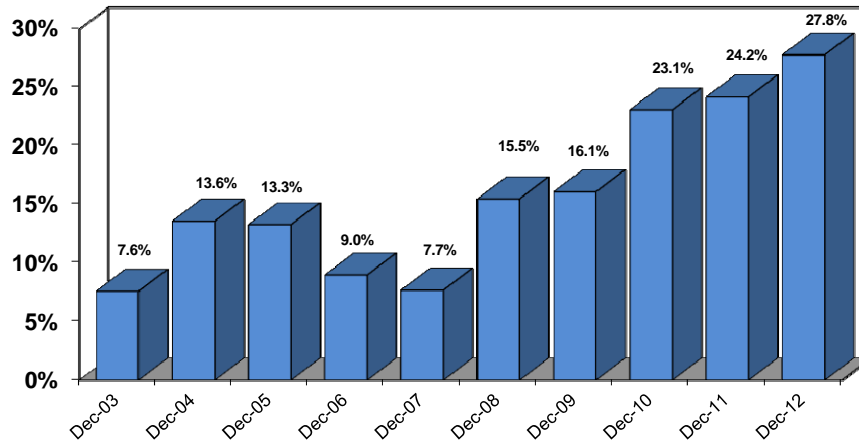
Source: DataQuick



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Single Family Sales to Landlords Greater Phoenix

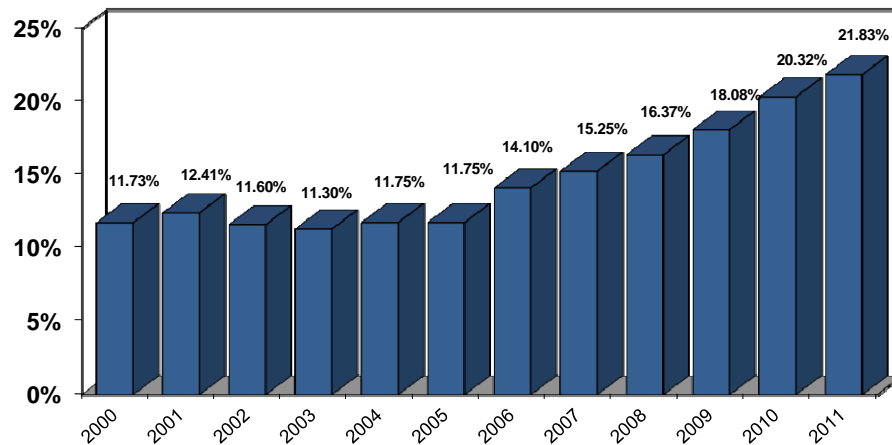
Source: Cromford Report



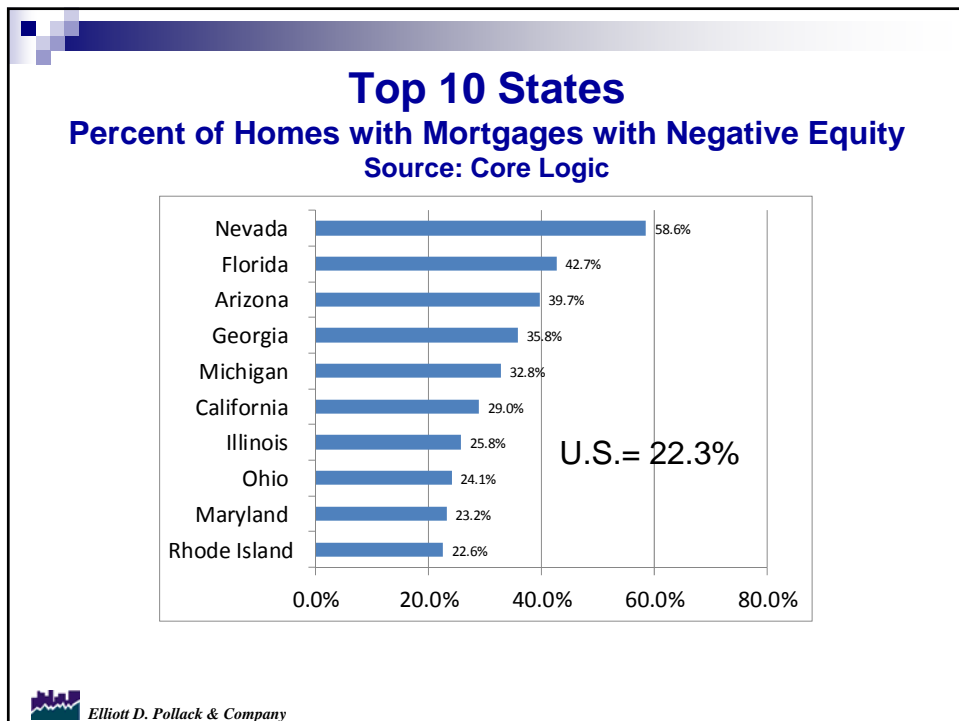
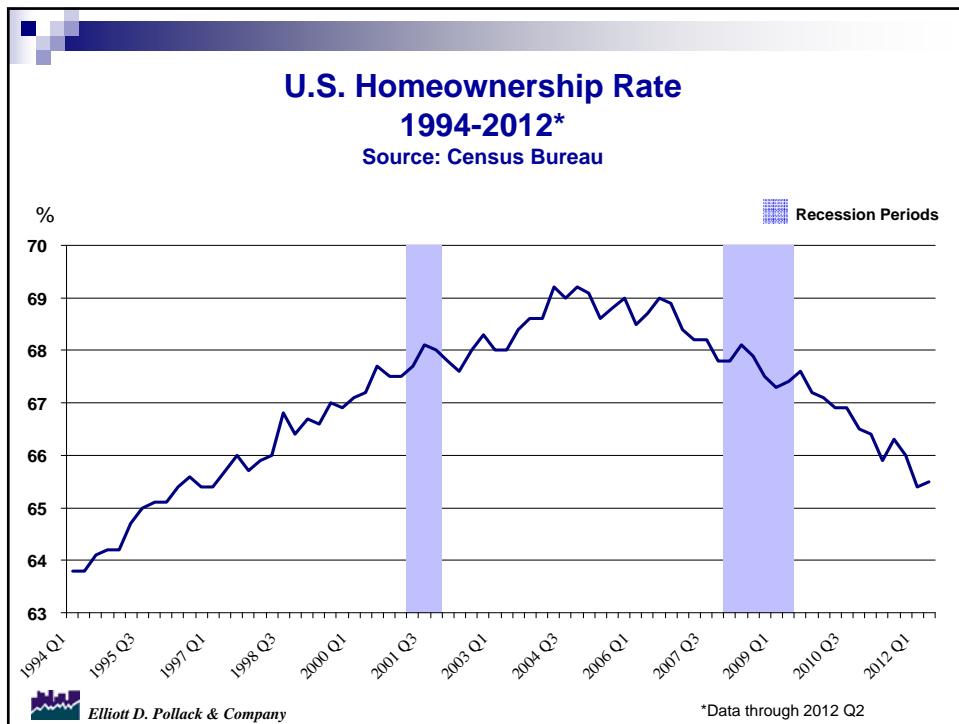
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Total Single Family Units Occupied by Renters 2000-2011 Greater Phoenix

Source: American Community Survey



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Percent of Homeowners by Market Status

(National)

Source: CoreLogic

Homeowners that could be in resale market: **67%**
(Free & clear or LTV less than 90%)

Homeowners not in resale market: **33%**
(LTV greater than 90%)




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**Also, about 40% of Households
are not credit worthy.**



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Source: CoreLogic



**Until this gets resolved
locally and nationally,
the rate of
population growth
will be anemic.**



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**This will limit the rate of
growth in jobs.**



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**As housing prices go up,
more and more people will be
able to sell their homes
because they aren't
underwater.**



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Household Formations

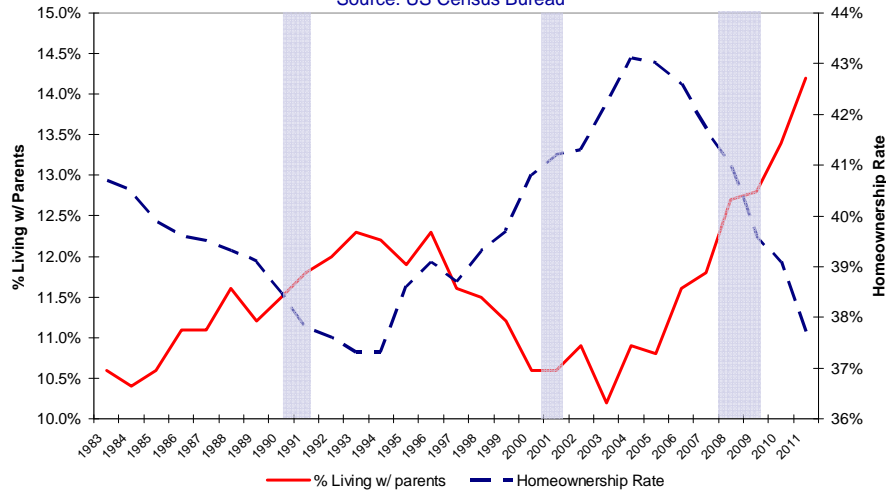
Lower during recessions (doubling up, living at home with mom & dad, etc)



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Percent of 25-34 Year Olds Living With Parents vs. Homeownership Rate, Under 35 Years Old U.S.: 1983 – 2011

Source: US Census Bureau



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**In a weak economy,
population growth fails to
translate into household growth,
but when the economy begins to
strengthen, there is pent-up
demand for housing.**

Source: Linneman Letter



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**As new housing and
housing prices recover, the
entire economy is helped.**



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There are still issues...

- **Population flows**



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**So, we are on the
right track.**



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**But, we are recovering,
we are not recovered.**



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Multi-Family

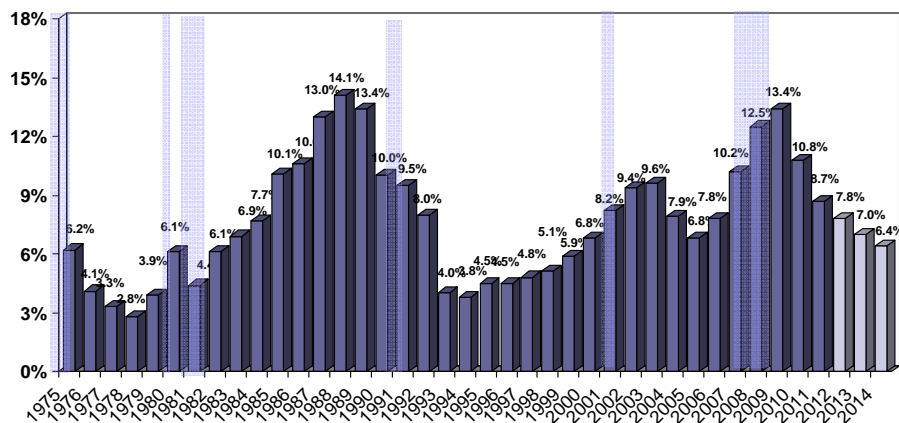


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Multi-Family Year-End Vacancy Rates Maricopa County 1975–2014*

Source: ASU Realty Studies / Hendricks & Partners**

Recession Periods



*2012 -2014 are forecasts from the Greater Phoenix Blue Chip

**Data prior to 2005 is from ASU



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Multi-Family Housing Market

Source: PMHS and Hendricks & Partners

	<u>Absorption</u>	<u>Completions</u>
2007	(3,121)	3,800
2008	(4,466)	5,900
2009	9,100	6,231
2010	11,619	200
2011	7,729	248
2012q3	2,931	274



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OFFICE

More lights on?

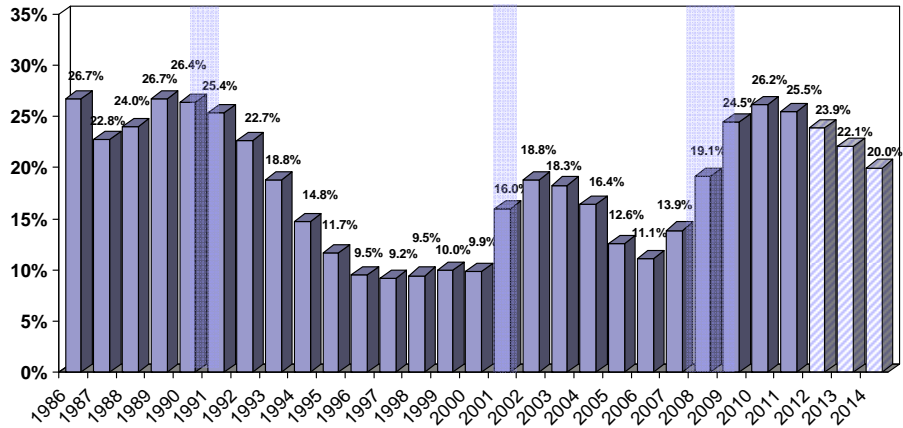


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Office Space Year-End Vacancy Rates Maricopa County 1986–2014*

Source: CBRE

Recession Periods



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*2012-2014 are forecasts from the Greater Phoenix Blue Chip

Greater Phoenix Office Market

Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
2006	3,245,888	**2,320,302
2007	1,500,704	4,905,374
2008	(603,112)	3,402,646
2009	(677,329)	1,798,415
2010	233,670	2,011,404
2011	1,857,433	3,144,910
2012q3	1,111,008	1,033,684

*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.



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**As of third quarter 2012,
there are 300,975 square feet
of office space
under construction.**



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Source: CBRE

**Under any reasonable
employment growth scenario,
we believe it will be 2016 before
any significant office
construction occurs
(although some sub-markets
will be sooner).**



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INDUSTRIAL



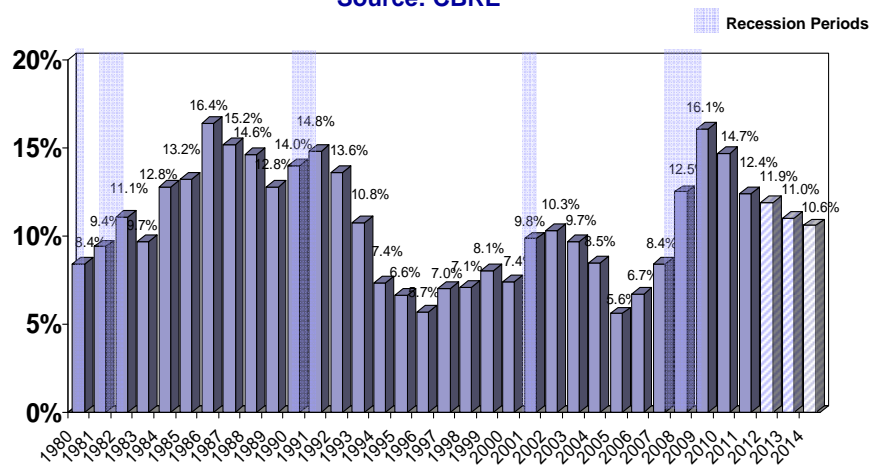
Slowly filling up?



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Industrial Space Vacancy Rates Maricopa County 1980 – 2014*

Source: CBRE



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* 2012 - 2014 are forecasts from the Greater Phoenix Blue Chip

Greater Phoenix Industrial Market

Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
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
2012q3	6,093,132	2,132,574



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**As of third quarter 2012,
there are 5.4 million square feet
of industrial space
under construction.**



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Source: CBRE

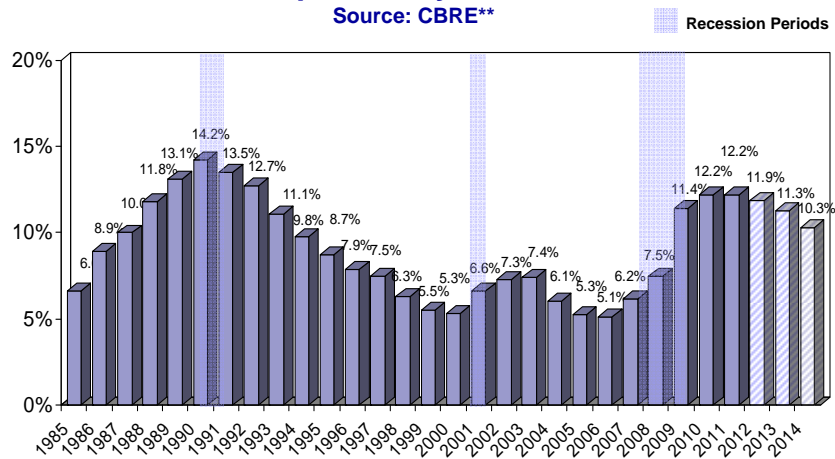
RETAIL



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Retail Space Vacancy Rates Maricopa County 1985–2014*

Source: CBRE**



* 2012-2014 are forecasts from GPBC
 ** Data prior to 1992 is from Grubb & Ellis



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Greater Phoenix Retail Market

Source: CBRE

Year	Absorption (sf)	Chg in Inventory (sf)
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
2012q3	1,179,828	(58,535)



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NOTE: 325,000 sf were deleted from inventory during 2011 and 175,000 through q2 2012 due to market data updates and demolitions.

**As of third quarter 2012,
there are 0.9 million square feet
of retail space
under construction.**



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Source: CBRE

**The economy is improving
in both absolute and
relative terms.**



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Is the Glass Still Half Full?



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Growth is slow by historic standards because the U.S. economy is slow and incentives are perverse.



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**The economy should
gain some momentum
(unless the Federal government does
something stupid)**



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**There is a
BOOM
for Arizona
out there
somewhere.**



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But **not in
2013.**



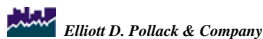
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ARIZONA–
**Slow but mildly accelerating
recovery.**

2013 will be better than 2012

2014 will be better than 2013

2015 should be a good year.



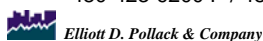
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- Land Use Economics
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Finance Advisory Committee Cash Flow Update

1.24.2012

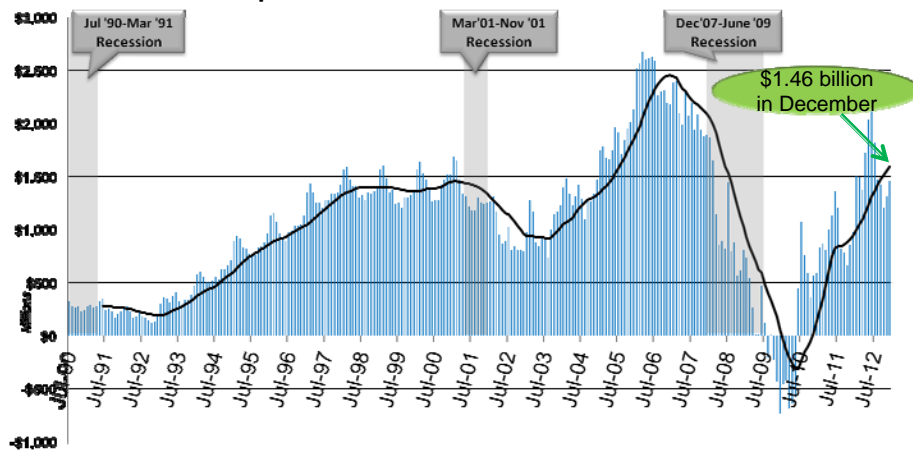
OFFICE OF THE ARIZONA STATE TREASURER



STATE CASH FLOW

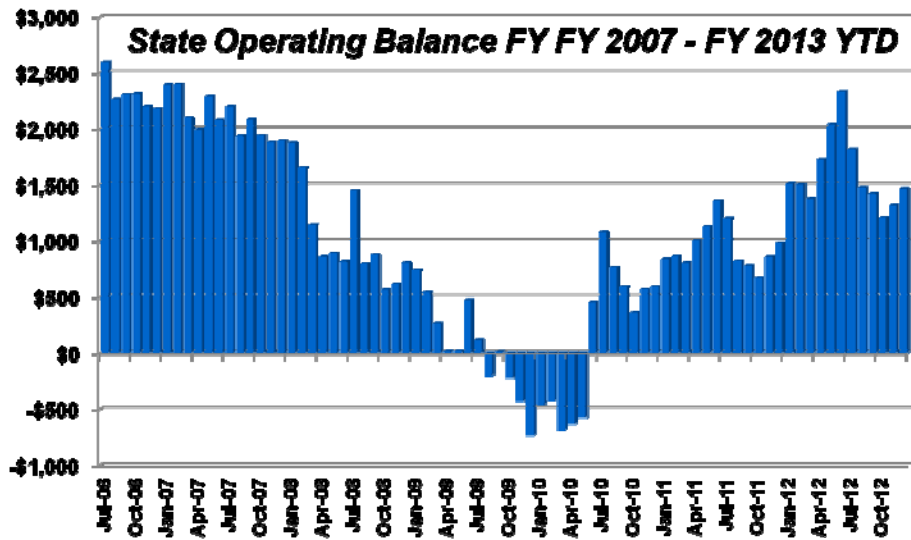
TOTAL OPERATING ACCOUNT AVERAGE MONTHLY BALANCE

Up 65% in First Half YOY



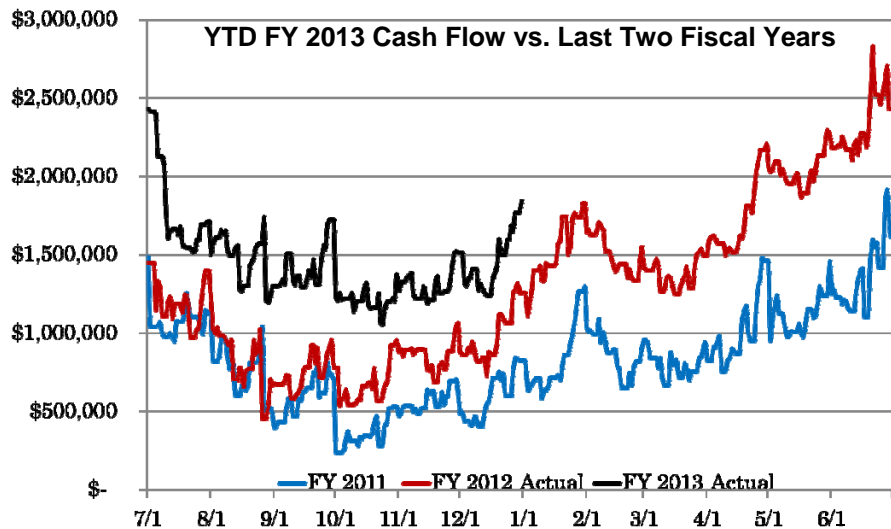
ARIZONA STATE TREASURER DOUG DUCEY

STATE CASH FLOW



ARIZONA STATE TREASURER DOUG DUCEY

STATE CASH FLOW



ARIZONA STATE TREASURER DOUG DUCEY

Tracking Arizona's Recovery

January 2013

JLBC

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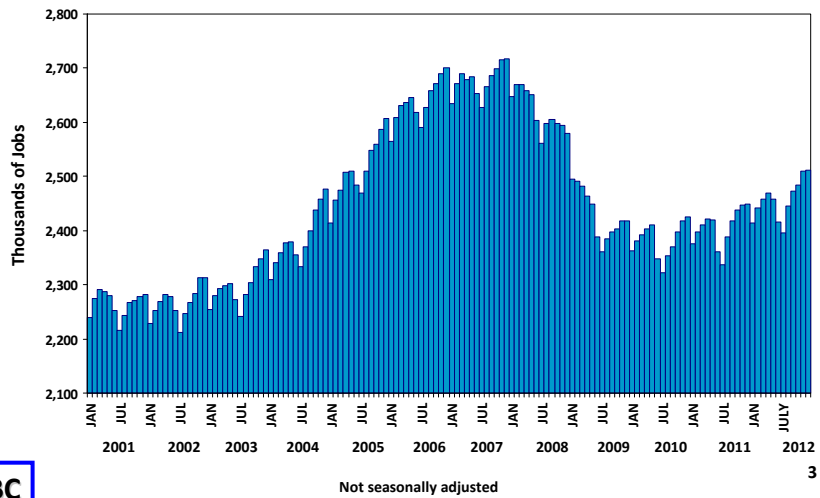
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- 5.....State Sales Tax Collections – Retail Category
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- 7.....Single Family Building Permits
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JLBC

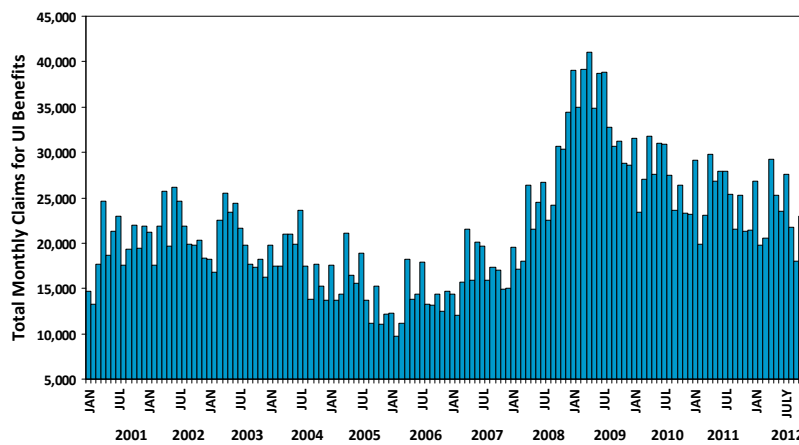
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Total Non-Farm Employment



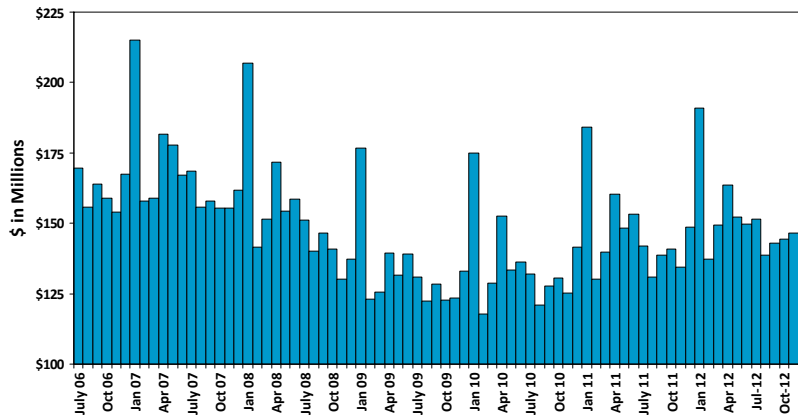
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Initial Claims for Unemployment Insurance



JLBC

State Sales Tax Collections – Retail Category

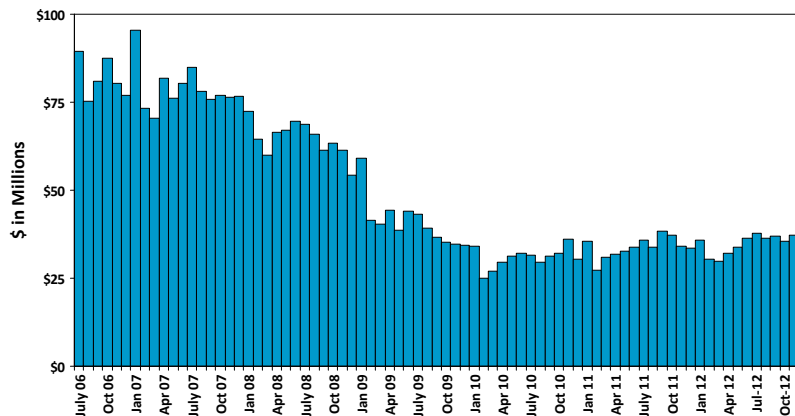


JLBC

Excludes temporary 1 ¢ sales tax

5

State Sales Tax Collections – Contracting Category

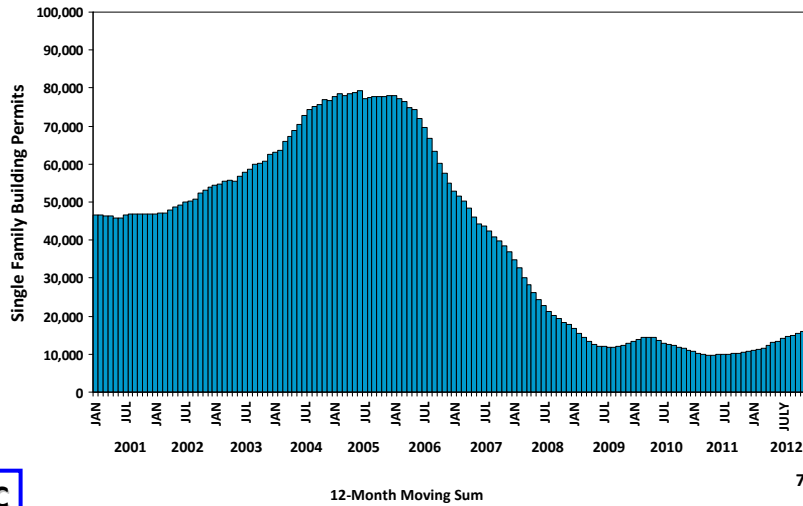


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Excludes temporary 1 ¢ sales tax

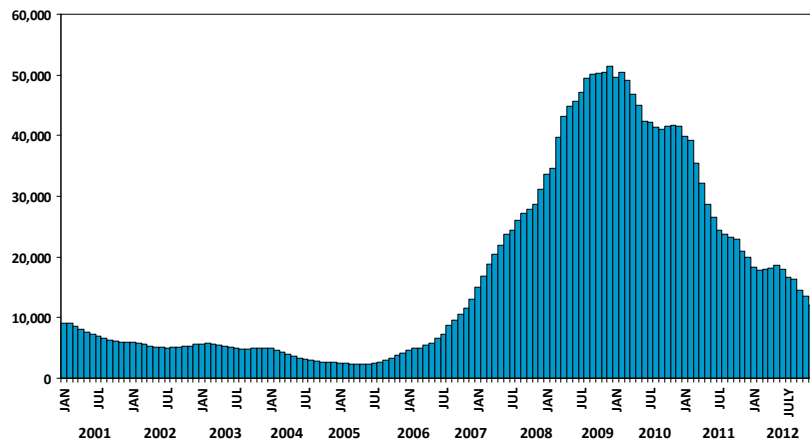
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Single Family Building Permits



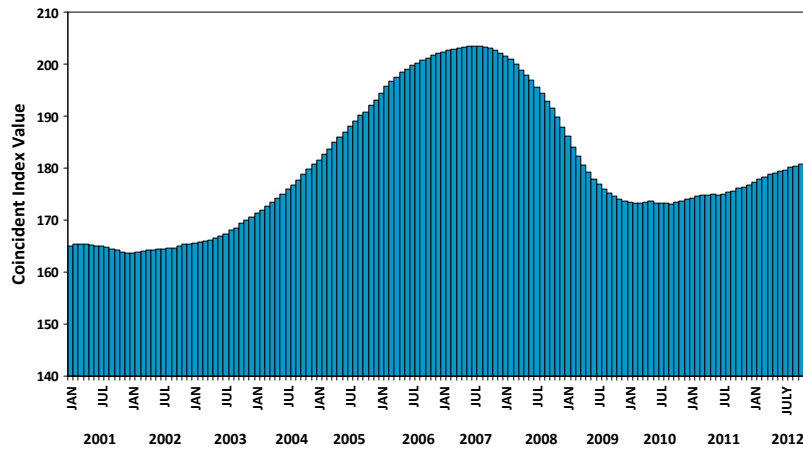
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Maricopa County Pending Foreclosures



JLBC

Economic Activity Index



JLBC

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.

9

SUMMARY OF FY 2014 JLBC BASELINE'S GENERAL FUND REVENUE ESTIMATES

FY 2013

FY 2013 General Fund Baseline revenues are projected to be \$9.36 billion. As indicated in *Table 1*, the revised FY 2013 revenue estimate is \$341.5 million higher than the estimate from the FY 2013 budget enacted May 2012.

Table 1

FY 2013 Revenue Forecast (\$ in Millions)

Adopted FY 2013 Revenue Estimate	\$9,022.3
Revised Revenue Forecast	\$ 341.5
Revised FY 2013 Revenue Estimate	\$9,363.8

The Baseline Revenue projection is \$341.5 million higher than the original forecast due to:

- A gain of \$66 million in ongoing revenues under the updated January consensus forecast, as discussed below.
- Increased balance forward from FY 2012. The original budget assumed an ending balance of \$122 million for FY 2012. The actual balance carried forward into FY 2013 was \$397 million, an increase of \$275 million. This increase was due to a combination of both higher than expected revenue collections and lower than expected expenditures in FY 2012.

The FY 2013 base revenue growth is based on the consensus forecasting process (*see FY 2014 section below*). “Base Revenues” reflect the underlying growth in the economy and do not include one-time adjustments, urban revenue sharing or new tax law changes. *Table 2* shows the FY 2013 base revenue growth rates for the “Big 3” General Fund revenue sources (sales tax, individual, and corporate income tax) provided by each of the components comprising the 4-sector consensus forecast.

Table 2

FY 2013 4-Sector Forecast Percentages

	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg.</u>
Sales	4.2%	2.8%	4.7%	4.6%	4.1%
Individual Income	5.2%	5.2%	7.6%	5.5%	5.9%
Corporate Income	5.3%	4.7%	5.1%	3.3%	4.6%
Weighted Average ^{1/}	4.7%	4.0%	5.9%	4.9%	4.9%

^{1/} Once adjusted for minor revenue categories, the base FY 2013 revenue increase is 4.0%.

Based on the weighted average of the components of the 4-sector consensus forecast, “Big 3” General Fund revenue

would grow by 4.9% in FY 2013. After adjusting for small revenue categories, the base revenue growth rate would be 4.0%. After including tax law changes, the projected adjusted revenue growth would be 3.6%.

The original FY 2013 budget assumed base revenue growth of 5.1%. The Arizona economy, however, has not grown as quickly as anticipated. For example, year-to-date sales tax growth is 4.3%.

Based on preliminary tax collections through December, all year-to-date ongoing revenues (including the 1-cent temporary sales tax) are 3.6% above the same period in FY 2012. While this growth rate includes tax law changes, this estimate is likely comparable to base revenues. Most tax law changes will affect the second half of FY 2013.

Despite having revenue growth below the original budgeted rates, overall revenues are projected to be higher than budgeted by \$66 million. The higher than expected FY 2012 base more than offsets the lower FY 2013 revenue growth rate.

FY 2013 state revenue collections are also likely to be affected by the increase in capital gain and dividend taxes at the federal level on January 1, 2013. This change incentivized taxpayers to take capital gains and businesses to issue dividends in the 4th quarter of calendar 2012. Due to the difficulty in estimating this one-time gain, the Baseline does not reflect these added revenues. (*See Other Issues at the end of this section for more information.*)

The individual revenue detail for FY 2013 is found in *Table 8* at the end of this section.

FY 2014

While base revenues are forecast to grow in FY 2014, one-time factors are forecast to reduce overall FY 2014 collections to \$8.98 billion, or \$(384.6) million below FY 2013. This net revenue loss includes:

- \$416.4 million representing a 4.9% gain in base revenues under the 4-sector consensus forecast for FY 2014, as outlined below.
- \$254.0 million increase in the balance forward from the previous fiscal year.
- \$52.0 million increase due to a one-time budget cost in FY 2013.
- \$(924.2) million loss due to the expiration of the temporary 1-cent sales tax in June 2013.
- \$(90.0) million loss as a result of discontinuing fund transfers.
- \$(45.9) million loss due to an increase in urban revenue sharing.

- \$(46.9) million loss due to previously enacted legislation.

The FY 2014 Baseline estimated growth rates for the “Big 3” ongoing revenue categories were developed through a consensus process. The Baseline revenue estimate is based on averaging the results of the following 4 forecasts:

- Finance Advisory Committee panel forecast of January 2013. Consisting of 15 public and private sector economists, this independent panel meets 3 times a year to provide the Legislature with guidance on the status of the Arizona economy.
- The University of Arizona Economic and Business Research (EBR) General Fund Baseline model. The model is a simultaneous-equation model consisting of more than 100 equations that are updated on a regular basis to reflect changes in the economy. The model uses more than 200 variables related to Arizona’s economy and is updated quarterly.
- EBR’s conservative forecast model, and
- JLBC Staff projections.

The growth rates from each sector of the forecast are detailed in *Table 3*.

Table 3					
FY 2014 4-Sector Forecast Percentages					
	FAC	UA Low	UA Base	JLBC	Avg
Sales	5.8%	1.8%	6.1%	5.5%	4.8% ^{1/}
Individual Income	5.7%	1.0%	6.2%	5.9%	4.7%
Corporate Income	7.3%	4.0%	22.5%	2.8%	11.7%
Weighted Average ^{2/}	5.9%	2.5%	7.5%	5.4%	5.5% ^{1/}

^{1/} After adjusting for Amazon sales tax collections, the adjusted sales tax would increase from 4.8% to 5.1%. The “Big 3” weighted average has been adjusted accordingly.

^{2/} Once adjusted for Amazon and minor revenue categories, the base FY 2014 revenue increase is 4.9%.

Individual and corporate income tax collections are forecast to grow by 4.7% and 11.7%, respectively.

In FY 2014, sales tax revenue (excluding the temporary 1 cent tax) is projected to increase by 4.8%, prior to an adjustment for Amazon sales taxation. Amazon announced in October 2012 that it will begin collecting and remitting sales tax for any goods sold to Arizonans beginning February 1, 2013. This is expected to increase revenues by \$3 million in FY 2013 and \$15 million in FY 2014 when this change is fully phased in.

After adjusting for small revenue categories and excluding the 1 cent tax expiration, FY 2014 base revenues would grow by 4.9%, or in dollar terms, \$416.4 million.

Risks to the Revenue Forecast

Although economic conditions have improved since the recession officially ended in June 2009, there are considerable risks that could have an impact on future state revenue growth. The current environment of economic uncertainty is reflected in recent policies adopted by the Federal Reserve. In addition to its decision to retain the near 0% short-term interest rate until the unemployment rate falls below 6.5%, the Fed has also launched a new and open-ended program of asset purchases in an effort to drive down long term interest rates.

There are numerous other risks to the forecast, such as:

Unforeseen natural disasters and political events – Superstorm Sandy is a recent example of an event with direct economic consequences.

International economics – the sovereign-debt crisis in Europe and the slowing of economic growth in countries such as China and India have impacts on the U.S. economy.

Federal fiscal policy uncertainty – while the New Year fiscal cliff legislation averted most of the tax increases that otherwise would have taken effect in January 2013, it did not address the current federal debt ceiling. Although the federal government’s authorized borrowing limit of \$16.4 trillion was technically reached in late December, the U.S. Treasury is expected to have the means to continue financing government spending until late February or early March.

Unless the debt ceiling is raised at this time, however, there would be immediate, steep reductions in government spending since the federal government will be able to spend only what it receives in revenues. Such a sharp reduction in government spending would likely cause the economy to contract.

Apart from the possibility of another debt ceiling crisis, there is also uncertainty associated with the current spending sequester (scheduled reductions in government spending). Instead of addressing the sequester, Congress decided to postpone its implementation from January 1 to March 1. The sequester could reduce some domestic and defense spending by approximately 9%. If that reduction occurred in defense contractor spending, for example, Arizona would be negatively affected.

Additionally, the continuing resolution under which the federal government is now operating expires at the end of March. Without a new resolution, the federal government will shut down in April.

The discussion above underscores that any forecast is uncertain and therefore unlikely to be correct. In an attempt to spell out the risk associated with the January Consensus Forecast, JLBC Staff asked FAC panel members to submit the probability percentage at which

they believed that their revenue forecast would be met or exceeded. Based on the average of survey responses, there is a 65% probability of meeting or exceeding the FY 2014 Baseline Consensus Forecast.

To address the uncertainty of the forecast, the JLBC Staff has also developed an Alternate scenario. *See Other Issues at the end of this section for more information.*

Revenue Adjustments

Table 4 provides an overview of base revenue growth rates for FY 2013 and FY 2014 with budget legislation changes (which include a number of tax law changes and revenue adjustments described in more detail in Table 6) and one-time financing sources.

Table 4

General Fund Revenue Baseline For FY 2013 and FY 2014 (\$ in Millions)

	<u>FY 2013</u>	<u>%</u>	<u>FY 2014</u>	<u>%</u>
Base Revenue	\$8,512.2 ^{1/}	3.6%	\$8,928.6	4.9%
Prior Budget				
Legislation	N/A		(46.9)	
Temporary 1¢ TPT				
Increase	924.2		N/A	
Urban Revenue				
Sharing	(513.6)		(559.5)	
<i>One-Time Financing</i>				
Budget Legislation	(52.0)		0.0	
Fund Transfers	96.0		6.0	
Balance Forward	<u>397.0</u>		<u>651.0</u>	
Adjusted Revenue	\$9,363.8	3.3%	\$8,979.2	(4.1)%

^{1/} The FY 2013 Base Revenue of \$8.51 billion includes \$(33.3) million in ongoing tax law and revenue changes. Adjusting for these changes, the FY 2013 base increase is 4.0%.

Prior Budget Legislation

Each year, statutory tax law and other revenue changes affect the state's revenue collection base. These may include tax rate or tax exemption changes, conformity to federal tax law changes, or the implementation of programs that affect revenue collections.

FY 2013

In FY 2013, ongoing budget legislation is expected to reduce General Fund revenues by \$(33.3) million. Table 5 provides a summary of budget legislation changes with ongoing revenue impacts in FY 2013. As noted above, the FY 2013 base revenue growth of 4.0% excludes these changes. Further details on these changes can be found on pages 294 and 295 of the *FY 2013 Appropriations Report*. In addition, there is \$(52.0) million in one-time tax law changes as described in the *One-Time Financing* section.

Table 5

FY 2013 Budget Legislation Changes With Ongoing Revenue Impact (\$ in Millions)

Prior Year Changes (Year Enacted)

Renewable Energy Production Credit (2010)	\$ (10.0)
Arizona Commerce Authority (2010)	(10.7)
QSCB Revenue (2010)	(1.8)
Lottery Decrease (Debt Service) (2010)	<u>(16.8)</u>
Subtotal	(39.3)

2012 Tax Law and Revenue Changes

New STO Tax Credit	\$ (4.0)
Clean Elections Tax Credit Elimination	12.8
Long Term Care Insurance	(4.1)
Healthy Forest	(0.1)
Lottery Distribution	3.5
Pari-Mutuel Tax Redirect	(0.3)
Use Tax Declaration Repeal	<u>(1.8)</u>
Subtotal	\$ 6.0

Total – FY 2013 Revenue Impact **\$ (33.3)**

The combined impact of all tax law changes in FY 2013 is \$(85.3) million.

FY 2014 – FY 2019

Several tax law changes enacted in 2011 and 2012 will either take effect or be further phased in during FY 2014. As shown in Table 6, ongoing budget legislation is expected to result in a total new net revenue loss of \$(46.9) million in FY 2014 compared to FY 2013. By FY 2019, the revenue loss is projected to grow to \$(512.0) million relative to the FY 2013 budget.

Below is a description of the ongoing revenue changes relative to the FY 2013 budget.

Laws 2011, 2nd Special Session, Chapter 1

- Elimination of Capital Gains on Income Derived from Small Business – Capital gains generated by small business are no longer subject to income tax, beginning in Tax Year (TY) 2014. This legislation defines small businesses as having assets up to \$10 million. The individual income tax loss is estimated to be \$(11.6) million in FY 2015 and grow to \$(13.6) million in FY 2019.
- Phase-Down of Corporate Income Tax Rate – The corporate income tax rate is reduced from 6.968% to 4.9% over 4 years, beginning in TY 2014. The rate reduction is estimated to reduce corporate income tax collections by \$(53.8) million in FY 2015 and grow to \$(269.6) million in FY 2019.
- Phase-In of Single Corporate Sales Factor – This provision increases the optional sales factor available to multi-state corporations from 80% to 100% over 4 years, beginning in TY 2014. This provision is estimated to reduce corporate income tax collections by \$(24.6) million in FY 2015 and grow to \$(84.0) million in FY 2019.

Table 6

Prior Year Budget Legislation With Ongoing Revenue Impact in FY 2014 through FY 2019
(\$ Millions) ^{1/}

<u>Bill/Description of Provision</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>
<u>Laws 2011, 2nd SS, Ch. 1</u>						
Eliminates capital gains on income derived from small businesses.	\$0.0	\$(11.6)	\$(12.3)	\$(12.9)	\$(13.6)	\$(13.6)
Phases down corporate tax rate from 6.968% to 4.9% over 4 years.	0.0	(53.8)	(116.0)	(183.5)	(269.6)	(269.6)
Phases in corporate sales factor from 80% to 100% over 4 years.	0.0	(24.6)	(47.3)	(67.8)	(84.0)	(84.0)
Creates a \$3,000 new job tax credit claimed annually for 3 years. ^{2/}	(18.2)	(37.9)	(44.7)	(45.7)	(42.9)	(42.9)
Increases small business eligibility for 30% "angel" investment tax credit from \$2 million to \$10 million in assets through FY 2016.	0.0	(0.5)	4.0	4.0	4.0	4.0
<u>Laws 2012, Ch. 2</u>						
Provides a change in the calculation of the corporate sales factor for service companies.	(3.0)	(3.5)	(3.9)	(4.4)	(4.4)	(4.4)
<u>Laws 2012, Ch. 343</u>						
Phases in (over 3 years) a 25% reduction of long term capital gains on assets purchased after 2011.	(17.5)	(40.5)	(56.5)	(61.4)	(65.6)	(69.3)
Extends the net operating loss (NOL) carry-forward from 5 years to 20 years.	0.0	0.0	0.0	0.0	0.0	(12.2)
Provides income tax deduction equal to 10% of federal bonus depreciation for assets placed in service in 2012.	(4.2)	0.0	0.0	0.0	0.0	0.0
Creates an income tax credit for capital investments in new/expanded manufacturing/research facilities and commercial headquarters	(4.0)	(8.0)	(12.0)	(16.0)	(20.0)	(20.0)
Total Revenue Impact Relative To FY 2013 Baseline	\$(46.9)	\$(180.4)	\$(288.7)	\$(387.7)	\$(496.1)	\$(512.0)
Revenue Impact Over Prior Year	\$(46.9)	\$(133.5)	\$(108.3)	\$(99.0)	\$(108.4)	\$(15.9)

^{1/} All impacts are stated relative to the original FY 2013 budget projection. Excludes property tax changes, which affect Department of Education spending rather than General Fund Revenues.

^{2/} Includes impact of Laws 2012, Chapter 343 provision which eliminated individual company cap of 400 eligible employees.

- Job Tax Credit – Laws 2011, 2nd Special Session, Chapter 1 created a \$3,000 annual tax credit for each net new qualifying job added by an employer in the state. To qualify for the 3-year credit, the new employment position must: (1) be full-time, (2) pay at least the county median wage, and (3) include health insurance paid by the employer. In addition, a business cannot claim the credit unless it meets certain minimum job creation and capital investment requirements. Laws 2012, Chapter 343 removes the

400 maximum job tax credit claims per employer established by Chapter 1. The job tax credit is estimated to reduce FY 2014 revenues by \$(18.2) million over and above the estimated revenue loss in FY 2013. The revenue loss is expected to increase to \$(42.9) million in FY 2019.

- "Angel" Investment Tax Credit – This provision increased the eligibility for tax credits available to "angel" investors in certain small businesses. This program, which is capped at \$20 million, allows

qualified investors to receive a 30% tax credit over 3 years on investment in qualified small businesses (35% if the business is located in a rural area or is a bioscience enterprise). Chapter 1 extended the credit authorization by 5 years through FY 2016. Additionally, the act also expanded the definition of qualified small business to include firms with assets up to \$10 million, compared to an asset cap of \$2 million under prior law. This provision of Chapter 1 is estimated to reduce individual income tax collections by \$(0.5) million in FY 2015 over and above the \$(4.0) million revenue loss expected to occur in each year between FY 2012 and FY 2014. The \$20 million credit cap is assumed to be reached by the end of FY 2015. Therefore, when the credit is exhausted beginning in FY 2016, this provision is estimated to produce a one-time revenue gain of \$4.0 million relative to the original FY 2013 budget projection.

Laws 2012, Chapter 2

- **Corporate Sales Factor for Service Providers** – This legislation allows multi-state service-providing companies to reduce their Arizona corporate income tax liability through a change in the calculation of the sales factor. To be eligible for the change, a company is required to derive at least 85% of its sales of services from out-of-state customers. The change in the calculation of the sales factor is phased in over 4 years, beginning in TY 2014. This provision is estimated to reduce corporate income tax collections by \$(3.0) million in FY 2014 and grow to \$(4.4) million in FY 2019.

Laws 2012, Chapter 343

- **Reduction of Long Term Capital Gains** – This provision reduces the individual income taxation of long term capital gains on assets acquired after TY 2011 by 25% over 3 years, beginning in TY 2013. This provision is estimated to reduce individual income tax collections by \$(17.5) million in FY 2014 and grow to \$(69.3) million in FY 2019.
- **Extension of Net Operating Loss Carry Forward** – The legislation increases the net operating loss (NOL) carry forward from 5 years to 20 years, beginning in TY 2012. This provision is estimated to reduce corporate income tax collections by \$(12.2) million, beginning in FY 2019.
- **Income Tax Deduction for Federal Bonus Depreciation** – This provision allows a one-time state individual income tax deduction equal to 10% of the bonus depreciation claimed on federal tax returns for assets placed in service in 2012. This provision is estimated to result in a one-time income tax loss of \$(4.2) million in FY 2014.
- **Qualified Facility Tax Credit** – A new income tax credit is created for businesses that expand or locate qualified facilities in the state, beginning in TY 2013.

The credit is 10% of the lesser of (1) the capital investment in the facility or (2) \$200,000 for each net new employee hired at the facility. To qualify for the credit, a company is required to devote at least 80% of its property and payroll at the facility to manufacturing, research, or a national or regional headquarter. There are also certain minimum requirements with respect to wage and health insurance coverage for new employees at the facility. The credit is refundable but no single taxpayer can claim more than \$30 million per calendar year. The credit must be taken in equal installments over 5 years. The qualified facility credit is subject to an annual aggregate cap of \$70 million, which it shares with the renewable energy credit enacted in 2009. This provision is estimated to reduce revenues by \$(4.0) million in FY 2014 and grow to \$(20.0) million in FY 2019.

Temporary 1 Cent TPT Increase

At the May 2010 Special Election, voters approved a 1 cent increase of the TPT (sales tax) for 3 years. The temporary TPT increased General Fund revenues by \$864.5 million in FY 2011 and \$915.8 million in FY 2012. As shown in *Table 4*, the 1 cent sales tax is expected to generate \$924.2 million in its third and final year in FY 2013.

Urban Revenue Sharing

The Urban Revenue Sharing (URS) program provides that a percentage of state income tax revenues (including both individual and corporate income tax) be shared with incorporated cities and town within the state. The amount that is currently distributed to cities and towns is 15% of net income tax collections from 2 years prior. As indicated in *Table 4*, total URS distributions will increase from \$513.6 million in FY 2013 to \$559.5 million in FY 2014. This URS increase results in a FY 2014 General Fund revenue loss of \$(45.9) million relative to FY 2013.

One-Time Financing

As shown in *Table 4*, one-time financing sources are included in the budget for FY 2013 as well as FY 2014. The following is a discussion of these one-time financing sources.

FY 2013

The \$44.0 million in one-time financing sources for FY 2013 includes:

TPT Estimated Payment – Laws 2010, 7th Special Session, Chapter 12 lowered the threshold for estimated TPT payments from \$1.0 million in annual TPT liability to \$100,000 for FY 2010 through FY 2012. Chapter 12 generated an estimated one-time General Fund revenue gain of \$48.0 million in FY 2010 and is expected to result in a one-time revenue loss of \$(52.0) million in FY 2013

when the estimated payment threshold reverts to \$1.0 million.

Fund Transfers – The enacted FY 2013 budget provides for a total of \$106.0 million in fund transfers. Under the Baseline, this amount has been adjusted to \$96.0 million. The FY 2013 budget assumed a \$10.0 million transfer to the General Fund from the Citizens Clean Elections Fund, based on the level of prior year transfers. A 1998 ballot initiative establishes a formula for the reversion of unused Clean Elections Funds to the General Fund. The ballot language makes the Citizens Clean Election Commission responsible for calculating the reversion amount. The Commission currently projects, however, that the ballot formula will not require a reversion.

Balance Forward – The FY 2012 General Fund ending balance carried forward into FY 2013 was \$397.0 million.

FY 2014

The \$6.0 million in one-time financing sources for FY 2014 reflects previously enacted transfers from Judiciary Funds.

Balance Forward – The FY 2013 General Fund ending balance carried forward into FY 2014 is estimated to be \$651.0 million. Compared to the \$397.0 million FY 2013 beginning balance, the projected FY 2014 balance reflects a gain of \$254.0 million.

Other Issues

Federal Fiscal Cliff Impacts

The possibility of Bush-era tax cuts expiring on December 31, 2012 may have shifted some of Arizona individual income tax collections forward into tax year (TY) 2012 that would have otherwise occurred in future years. Though the United States Congress eventually passed legislation to avert many tax increases of the “fiscal cliff,” investors appear to have proactively taken steps to avoid even the potential of higher tax rates in TY 2013. As a result, investors’ TY 2012 personal income may have increased substantially, which may result in higher FY 2013 income tax collections in April. This short term gain, however, could be offset by lower than expected income tax liability in FY 2014.

Even without the fiscal cliff, the federal Affordable Care Act (ACA) of 2010 created incentives for investment income to be accelerated into calendar year 2012. To help finance federal health care changes, the ACA legislation established a 3.8% surtax on the lesser of net investment income (capital gains, interest, dividends, rents, etc.) or annual earnings over a certain threshold amount (\$250,000 for married couples) as of January 2013. These ACA provisions were not subsequently changed in the January 1 federal budget legislation.

The federal fiscal cliff further added to the incentive to post gains in 2012. Prior to the American Taxpayer Relief Act of 2012 passed by the Congress on January 1, 2013, a maximum federal tax rate of 15% applied to both long term capital gains and qualified dividends. Absent federal legislation, long term capital gains would have been taxed at the pre-2003 rate of 20%, beginning in 2013. Qualified dividends would have been taxed as ordinary income with a maximum tax rate of 39.6%.

The American Taxpayer Relief Act of 2012 increased the top rate on long term capital gains and qualified dividends from 15% to 20% for joint filers with income above \$450,000 (\$400,000 for single filers). For taxpayers earning less than the thresholds, income tax rates were left unchanged (excluding the health care surcharge).

While the magnitude of this potential tax year shift is difficult to estimate, it could be substantial. Numerous corporations paid significantly higher dividends in the last quarter of calendar year 2012. According to a market research company, the amount of special dividends (\$30 billion) distributed in the last quarter of 2012 was 4 times that paid in the same quarter in the prior year.

As a result of these tax year shifting activities, Arizona will likely receive increased final income tax payments in April 2013. However, such increases would come at the expense of reduced income tax collections in future years.

The JLBC Staff is analyzing the potential impact of this provision. There is little available data, however, to quantify the magnitude of the tax shift with any certainty. In addition, the state received an unusually large one-time individual income tax payment of \$60 million in January 2012. Since this payment is not expected to be repeated, the federal cliff windfall may help offset the loss of these funds.

The FY 2014 Baseline Summary on page S-2 provides possible options for addressing the windfall.

Alternate Scenario

Under the January 4-sector forecast, base revenue growth accelerates in the out-years, increasing from 4.9% in FY 2014 to 6.2% in FY 2016. The 3-year average is 5.7%. Long term forecasts, however, typically become more cautious with each succeeding year due to various risks and uncertainties (some of which were discussed in the *FY 2014* section).

To address such contingencies, JLBC Staff developed an Alternate forecast that caps base revenue growth at 4.7% annually from the period from FY 2014 through FY 2016. This is 1% below the average annual growth rate of 5.7% for the same period under the 4-sector forecast. The JLBC Staff used a similar approach at the last FAC meeting in

October 2012. The probability that the Alternate forecast will be met or exceeded is 75%.

This 4.7% forecast would reduce total General Fund revenues from \$9.36 billion in FY 2013 to \$8.96 billion in FY 2014, \$8.78 billion in FY 2015, and \$8.85 billion in FY 2016.

The level of projected General Fund revenues under the 2 scenarios is summarized in *Table 7* below.

Table 7			
Comparison of Revenue Forecasts (\$ Billions)			
Forecast Scenario	FY 2014	FY 2015	FY 2016
<u>4-Sector Baseline</u>			
Beginning Balance	\$0.66	\$0.31	\$0.02
On-Going Revenue	<u>8.32</u>	<u>8.69</u>	<u>9.12</u>
Total Revenue	\$8.98	\$9.00	\$9.14
<u>Alternate</u>			
Beginning Balance	\$0.66	\$0.22	\$0.00
On-Going Revenue	<u>8.31</u>	<u>8.56</u>	<u>8.85</u>
Total Revenue	\$8.96	\$8.78	\$8.85

Table 8

GENERAL FUND REVENUE - FY 2013-FY 2014

FORECAST REVENUE GROWTH								
(S in Thousands)								
	ACTUAL FY 2012	% CHANGE PRIOR YR	FORECAST FY 2013	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2014	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Taxes:								
Sales and Use	3,652,165.7	5.9%	3,801,949.3	4.1%	149,783.6	3,997,096.6	5.1%	195,147.4
Income - Individual	3,086,137.4	7.8%	3,265,549.1	5.8%	179,411.7	3,418,638.0	4.7%	153,089.0
- Corporate	643,771.8	14.9%	652,626.8	1.4%	8,855.0	728,925.4	11.7%	76,298.6
Property	15,887.9	-21.9%	16,000.0	0.7%	112.1	16,000.0	0.0%	0.0
Luxury - Tobacco	24,931.1	-0.5%	25,003.6	0.3%	72.5	24,158.6	-3.4%	(845.0)
- Liquor	31,426.0	10.1%	32,928.3	4.8%	1,502.3	33,140.6	0.6%	212.3
Insurance Premium	393,990.5	-4.8%	387,000.0	-1.8%	(6,990.5)	388,000.0	0.3%	1,000.0
Estate	200.8	-54.1%	0.0	-100.0%	(200.8)	0.0	N/A	0.0
Other Taxes	1,783.1	-57.5%	1,800.0	0.9%	16.9	1,800.0	0.0%	0.0
Sub-Total - Taxes	7,850,294.3	6.6%	8,182,857.1	4.2%	332,562.8	8,607,759.3	5.2%	424,902.2
Other Non-Tax Revenues:								
Lottery	81,932.2	0.6%	73,671.9	-10.1%	(8,260.3)	77,829.9	5.6%	4,158.0
Licenses, Fees and Permits	27,893.5	-1.2%	27,000.0	-3.2%	(893.5)	27,000.0	0.0%	0.0
Interest	10,177.1	123.3%	6,900.0	-32.2%	(3,277.1)	5,100.0	-26.1%	(1,800.0)
Sales and Services	35,730.9	-4.2%	35,000.0	-2.0%	(730.9)	35,000.0	0.0%	0.0
Other Miscellaneous	87,995.4	22.9%	80,892.5	-8.1%	(7,102.9)	73,000.0	-9.8%	(7,892.5)
Transfers and Reimbursements	23,471.4	-11.5%	25,000.0	6.5%	1,528.6	25,000.0	0.0%	0.0
Disproportionate Share Revenue	95,688.3	9.3%	80,861.2	-15.5%	(14,827.1)	77,868.4	-3.7%	(2,992.8)
Sub-Total - Other Non-Tax	362,888.7	7.6%	329,325.6	-9.2%	(33,563.1)	320,798.3	-2.6%	(8,527.3)
Subtotal On-Going Revenue	8,213,183.0	6.6% ^{1/}	8,512,182.7	3.6% ^{2/}	298,999.7	8,928,557.6	4.9%	416,374.9
Previously Enacted Tax Law Changes	0.0	N/A	0.0	N/A	0.0	(46,900.0)	N/A	(46,900.0)
Budget Legislation	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
3-Year 1¢ TPT Increase	915,835.5	5.9%	924,237.3	0.9%	8,401.8	0.0	-100.0%	(924,237.3)
Subtotal w/Tax Law Changes	9,129,018.6	6.6%	9,436,420.0	3.4%	307,401.4	8,881,657.6	-5.9%	(554,762.4)
Urban Revenue Sharing (URS)	(424,423.4)	-10.5%	(513,584.1)	21.0%	(89,160.7)	(559,486.4)	8.9%	(45,902.3)
Subtotal w/Tax Law Changes/URS	8,704,595.1	7.6%	8,922,835.9	2.5%	218,240.7	8,322,171.2	-6.7%	(600,664.7)
One-Time Financing Sources:								
Budget Legislation	13,867.4	N/A	(52,000.0)	-475.0%	(65,867.4)	0.0	-100.0%	52,000.0
Fund Transfers	306,403.5	19.1%	96,000.0	-68.7%	(210,403.5)	6,000.0	-93.8%	(90,000.0)
County Contributions	38,600.0	11.6%	0.0	-100.0%	(38,600.0)	0.0	N/A	0.0
Sub-Total - One-Time Financing Sources	358,870.9	23.0%	44,000.0	-87.7%	(314,870.9)	6,000.0	-86.4%	(38,000.0)
Subtotal - Revenues	9,063,466.0	8.1%	8,966,835.9	-1.1%	(96,630.2)	8,328,171.2	-7.1%	(638,664.7)
Balance Forward	3,243.0	-156.7%	396,960.0	N/A	393,717.0	650,987.1	64.0%	254,027.1
Total - Resources	9,066,709.0	8.2%	9,363,795.9	3.3%	297,086.8	8,979,158.3	-4.1%	(384,637.6)

1/ The 6.6% FY 2012 increase includes \$(2.5) million in tax law and other revenue changes. Adjusting for these changes, the base FY 2012 is 6.7%.

2/ The 3.6% FY 2013 increase includes \$(33.3) million in tax law and other revenue changes. Adjusting for these changes, the base FY 2013 is 4.0%.

BUDGET STABILIZATION FUND

Background

The Budget Stabilization Fund (BSF) for Arizona was enacted in 1990 (A.R.S. § 35-144). The fund is administered by the State Treasurer, who is responsible for transferring General Fund money into and out of the BSF as required by law. The BSF is designed to set revenue aside during times of above-trend economic growth and to utilize this revenue during times of below-trend growth. The BSF is also known as the “Rainy Day Fund.”

The Formula

There is a statutory formula to calculate the amount to be appropriated to (deposit) or transferred out (withdrawal) of the BSF. The formula is based on total annual Arizona personal income (excluding transfer payments) adjusted for inflation.

The January budget documents of the JLBC and the Governor are to include estimates of the amounts to be appropriated to or transferred from the BSF for the upcoming budget year. The final determination of the amount to be appropriated or transferred is based on calculations from the Arizona Economic Estimates Commission (EEC). This final calculation is not made until June 1 of the budget year. The EEC determines the annual growth rate of inflation-adjusted total state personal income, the trend growth rate over the past 7 years, and the calculated appropriation to or transfer from the BSF. The EEC calculations, however, do not result in any automatic deposits or withdrawals, as they must be authorized by legislative action. In practice, the formula has only served as a general guideline and has infrequently been used to determine the actual deposit or withdrawal.

Key features of the BSF can be summarized as follows:

- The deposit into or withdrawal from the BSF for a given fiscal year is determined by comparing the annual growth rate of inflation-adjusted Arizona Personal Income (AZPI) for the calendar year ending in the fiscal year to the trend growth rate of inflation adjusted AZPI for the most recent 7 years.
- Adjusted personal income in the BSF formula is defined as total Arizona personal income less transfer payments, adjusted by the gross domestic product price deflator index.
- If the annual growth rate exceeds the trend growth rate, the “excess” percent multiplied by General Fund revenue of the prior fiscal year would equal the amount to be deposited into the BSF.
- If the annual growth rate of Arizona personal income is both less than 2% and less than the trend growth

rate, the deficiency when multiplied by the General Fund revenue of the prior year would equal the amount to be withdrawn from the BSF. This 2% floor avoids withdrawing monies from the BSF when economic conditions are slowing but there is not a recession.

- By a two-thirds majority, the Legislature, with the concurrence of the Governor, can decrease a deposit or increase a withdrawal.
- The BSF's total balance cannot be larger than 7.0% of the current year's General Fund revenues, excluding the beginning balance.
- In addition to the fixed income investments, the Treasurer is allowed to invest up to 25% of the BSF in equity securities.

Deposits/Withdrawals

FY 2011

Arizona real adjusted personal income declined by (0.42)% in CY 2010. Since this was both less than 2.0% and the trend growth rate of 1.92%, the formula recommended a BSF withdrawal of \$(163.9) million in FY 2011. This recommendation could not be implemented, however, since the fund was depleted in the spring of 2010 when Laws 2010, 7th Special Session, Chapter 1 authorized the transfer of the remaining BSF balance of \$2.8 million to the General Fund.

FY 2012

Arizona real adjusted personal income increased by 3.42% in CY 2011. Since this was 2.07% above the trend growth rate of 1.35%, the formula recommended a BSF deposit of \$167.4 million in FY 2012. This amount was less than the \$250.0 million BSF deposit authorized by Laws 2012, Chapter 294.

FY 2013

The University of Arizona's Economic and Business Research Center (EBR) estimates that Arizona real adjusted personal income will increase by 3.55% in CY 2012. Since this is 2.69% above the estimated trend growth rate of 0.86%, the formula is expected to recommend a BSF deposit of \$234.2 million in FY 2013. This amount, which is based on EBR's current estimate, would be greater than the \$200.0 million BSF deposit authorized by Laws 2012, Chapter 294.

FY 2014

According to EBR, Arizona real adjusted personal income is projected to grow by 3.36% in CY 2013. Since this is 2.98% above the trend growth rate of 0.38%, the formula is expected to recommend a BSF deposit of \$265.9 million in FY 2014.

Statutory Provision

Laws 2012, Chapter 297 notwithstanding the BSF formula through FY 2015.

Table 1

Budget Stabilization Fund ^{1/}
(\$ in Thousands)

<u>General Fund Revenues</u>	Actual FY 2011	Actual FY 2012	Estimate FY 2013	Estimate FY 2014
Adjusted Revenues	\$8,053,922.7	\$8,704,595.1	\$8,922,835.9	\$8,322,171.2
Statutory Limit of Revenues	7.0%	7.0%	7.0%	7.0%
Maximum Balance	563,774.6	609,321.7	624,598.5	582,552.0
<u>Arizona Personal Income in Prior CY</u>				
Real Adjusted Annual Income Growth	(0.42)%	3.42%	3.55%	3.36%
7-Year Average Income Growth	<u>1.92%</u>	<u>1.35%</u>	<u>0.86%</u>	<u>0.38%</u>
Annual Difference	(2.34)%	2.07%	2.69%	2.98%
<u>BSF Transactions</u>				
Beginning BSF Balance	0.0	0.0	250,062.8	454,112.8
BSF Formula Recommendation	(163,903.8)	167,370.4	234,153.6	265,900.5
<u>Actual Transfer In</u>				
Actual Appropriation – L'12, Ch. 294 ^{2/}	0.0	250,000.0	200,000.0	0.0
<u>Actual Transfer Out</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Balance	0.0	250,000.0	450,062.8	454,112.8
Interest Earnings & Equity Gains/Losses ^{3/}	0.0	62.8	4,050.0	4,160.0
Ending BSF Balance	\$ 0.0	\$ 250,062.8	\$ 454,112.8	\$ 458,272.8
Percent of Revenues	0.0%	2.9%	5.1%	5.5%

^{1/} BSF history prior to FY 2011 can be found on the JLBC website.

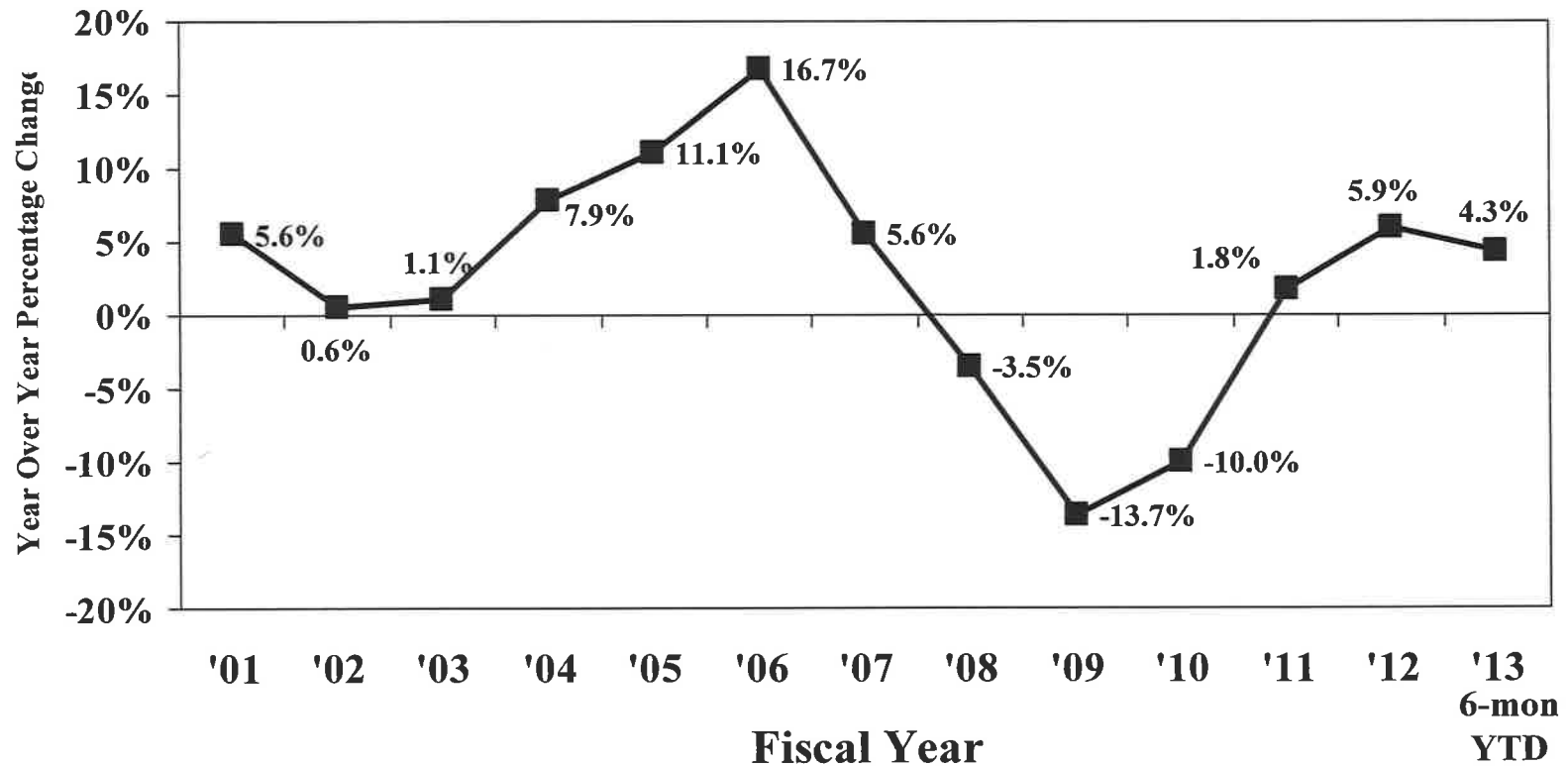
^{2/} Laws 2012, Chapter 294 authorized the transfer of \$250.0 million in FY 2012 and \$200.0 million in FY 2013 from the General Fund to the BSF.

^{3/} Estimated interest earnings for FY 2013 and FY 2014 were provided by the State Treasurer's Office.

Sales Tax

Sales Tax

Base % Change*



* Base % change represents revenue growth prior to tax law and one-time changes

Arizona Sales Tax - Total (excl. 1% Tax)

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2009	July 2008	356,253,718	-9.3%	356,253,718	-9.3%
	Aug 2008	345,178,741	-5.9%	701,432,459	-7.6%
	Sept 2008	342,275,305	-6.7%	1,043,707,764	-7.3%
	Oct 2008	337,313,340	-9.8%	1,381,021,104	-7.9%
	Nov 2008	317,474,089	-13.3%	1,698,495,193	-9.0%
	Dec 2008	302,821,227	-16.4%	2,001,316,420	-10.2%
	Jan 2009	357,760,734	-12.1%	2,359,077,154	-10.5%
	Feb 2009	280,674,594	-17.9%	2,639,751,748	-11.3%
	Mar 2009	282,169,633	-19.3%	2,921,921,381	-12.2%
	Apr 2009	299,864,274	-19.8%	3,221,785,655	-12.9%
	May 2009	278,889,778	-21.2%	3,500,675,433	-13.7%
	June 2009	255,731,805	-14.4%	3,756,407,238	-13.7%
FY 2010	July 2009	290,628,634	-18.4%	290,628,634	-18.4%
	Aug 2009	287,604,077	-16.7%	578,232,711	-17.6%
	Sept 2009	287,827,907	-15.9%	866,060,618	-17.0%
	Oct 2009	277,910,648	-17.6%	1,143,971,266	-17.2%
	Nov 2009	275,994,428	-13.1%	1,419,965,694	-16.4%
	Dec 2009	272,663,118	-10.0%	1,692,628,812	-15.4%
	Jan 2010	319,313,439	-10.7%	2,011,942,251	-14.7%
	Feb 2010	256,963,944	-8.4%	2,268,906,195	-14.0%
	Mar 2010	269,271,852	-4.6%	2,538,178,047	-13.1%
	Apr 2010	319,285,645	6.5%	2,857,463,692	-11.3%
	May 2010	277,349,504	-0.6%	3,134,813,196	-10.5%
	June 2010	242,708,085	-5.1%	3,377,521,281	-10.1%
FY 2011	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%
	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%
FY 2012	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%
	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%
FY 2013	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%
	Dec 2012	308,624,715	4.9%	1,861,103,164	4.3%
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

Arizona Sales Tax - Temporary 1% Tax General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2011 ↑ ↓	July 2010	64,609,954	n/a	64,609,954	n/a
	Aug 2010	64,211,200	n/a	128,821,154	n/a
	Sep 2010	66,155,030	n/a	194,976,184	n/a
	Oct 2010	66,278,389	n/a	261,254,573	n/a
	Nov 2010	66,653,153	n/a	327,907,726	n/a
	Dec 2010	66,977,935	n/a	394,885,661	n/a
	Jan 2011	82,561,609	n/a	477,447,270	n/a
	Feb 2011	66,471,235	n/a	543,918,505	n/a
	Mar 2011	70,646,937	n/a	614,565,442	n/a
	Apr 2011	77,108,546	n/a	691,673,988	n/a
	May 2011	72,303,792	n/a	763,977,780	n/a
	June 2011	100,523,929	n/a	864,501,709	n/a
FY 2012 ↑ ↓	July 2011	75,468,031	16.8%	75,468,031	16.8%
	Aug 2011	71,743,198	11.7%	147,211,229	14.3%
	Sep 2011	74,476,988	12.6%	221,688,217	13.7%
	Oct 2011	74,682,481	12.7%	296,370,698	13.4%
	Nov 2011	70,971,858	6.5%	367,342,555	12.0%
	Dec 2011	73,649,842	10.0%	440,992,397	11.7%
	Jan 2012	87,970,921	6.6%	528,963,318	10.8%
	Feb 2012	72,088,159	8.5%	601,051,477	10.5%
	Mar 2012	75,218,813	6.5%	676,270,290	10.0%
	Apr 2012	82,418,332	6.9%	758,688,622	9.7%
	May 2012	77,280,578	6.9%	835,969,200	9.4%
	June 2012	79,866,342	-20.5%	915,835,541	5.9%
FY 2013 ↑ ↓	July 2012	80,651,757	6.9%	80,651,757	6.9%
	Aug 2012	75,514,267	5.3%	156,166,024	6.1%
	Sep 2012	78,565,390	5.5%	234,731,414	5.9%
	Oct 2012	76,905,196	3.0%	311,636,610	5.2%
	Nov 2012	77,630,387	9.4%	389,266,997	6.0%
	Dec 2012	78,080,670	6.0%	467,347,667	6.0%
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

Arizona Sales Tax - Retail General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2009	July 2008	151,221,528	-10.4%	151,221,528	-10.4%
	Aug 2008	141,997,515	-8.9%	293,219,043	-9.7%
	Sept 2008	148,418,887	-5.9%	441,637,930	-8.4%
	Oct 2008	142,632,579	-8.1%	584,270,509	-8.4%
	Nov 2008	132,015,121	-15.1%	716,285,630	-9.7%
	Dec 2008	139,180,130	-13.9%	855,465,760	-10.4%
	Jan 2009	178,527,187	-13.7%	1,033,992,947	-11.0%
	Feb 2009	125,137,464	-11.7%	1,159,130,411	-11.1%
	Mar 2009	127,627,909	-15.7%	1,286,758,320	-11.5%
	Apr 2009	141,459,474	-17.7%	1,428,217,794	-12.2%
	May 2009	133,598,827	-13.5%	1,561,816,621	-12.3%
	June 2009	140,981,387	-11.1%	1,702,798,008	-12.2%
FY 2010	July 2009	132,848,837	-12.1%	132,848,837	-12.1%
	Aug 2009	124,372,918	-12.4%	257,221,755	-12.3%
	Sept 2009	130,342,126	-12.2%	387,563,881	-12.2%
	Oct 2009	124,549,991	-12.7%	512,113,872	-12.3%
	Nov 2009	125,386,948	-5.0%	637,500,820	-11.0%
	Dec 2009	134,894,514	-3.1%	772,395,334	-9.7%
	Jan 2010	176,814,678	-1.0%	949,210,012	-8.2%
	Feb 2010	117,915,774	-5.8%	1,067,125,786	-7.9%
	Mar 2010	128,700,198	0.8%	1,195,825,984	-7.1%
	Apr 2010	117,673,704	-16.8% ^{1/}	1,313,499,688	-8.0%
	May 2010	133,490,735	-0.1%	1,446,990,423	-7.4%
	June 2010	136,163,202	-3.4%	1,583,153,625	-7.0%
FY 2011	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%
	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%
FY 2012	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%
	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%
FY 2013	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%
	Dec 2012	158,506,351	6.8%	882,828,770	5.7%
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

^{1/} The (16.8)% decline in April retail collections does not reflect economic activity.

In April about \$35 million collected throughout the past year was reclassified to the communications category instead of retail. Without this reclassification, retail collections would have been slightly positive for the month.

Arizona Sales Tax - Contracting

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2009	July 2008	68,881,661	-18.9%	68,881,661	-18.9%
	Aug 2008	65,910,704	-15.7%	134,792,365	-17.3%
	Sept 2008	61,476,833	-19.0%	196,269,198	-17.9%
	Oct 2008	63,339,249	-17.9%	259,608,447	-17.9%
	Nov 2008	61,291,312	-19.9%	320,899,759	-18.3%
	Dec 2008	54,311,200	-29.2%	375,210,959	-20.1%
	Jan 2009	58,954,479	-18.6%	434,165,438	-19.9%
	Feb 2009	41,459,848	-35.8%	475,625,286	-21.6%
	Mar 2009	40,464,401	-32.4%	516,089,687	-22.5%
	Apr 2009	44,382,960	-33.2%	560,472,647	-23.5%
	May 2009	38,522,448	-42.5%	598,995,095	-25.1%
	June 2009	44,002,721	-36.7%	642,997,816	-26.0%
FY 2010	July 2009	43,223,253	-37.2%	43,223,253	-37.2%
	Aug 2009	39,127,079	-40.6%	82,350,332	-38.9%
	Sept 2009	36,572,916	-40.5%	118,923,248	-39.4%
	Oct 2009	35,326,726	-44.2%	154,249,974	-40.6%
	Nov 2009	34,718,292	-43.4%	188,968,266	-41.1%
	Dec 2009	34,412,620	-36.6%	223,380,886	-40.5%
	Jan 2010	33,949,000	-42.4%	257,329,886	-40.7%
	Feb 2010	25,036,775	-39.6%	282,366,661	-40.6%
	Mar 2010	26,858,734	-33.6%	309,225,395	-40.1%
	Apr 2010	29,471,248	-33.6%	338,696,643	-39.6%
	May 2010	31,108,958	-19.2%	369,805,601	-38.3%
	June 2010	32,019,234	-27.2%	401,824,835	-37.5%
FY 2011	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%
	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%
FY 2012	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%
	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%
FY 2013	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%
	Dec 2012	35,713,978	7.0%	219,353,412	3.2%
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

Arizona Sales Tax - Utilities

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2009	July 2008	37,561,735	-3.5%	37,561,735	-3.5%
	Aug 2008	46,879,131	26.6%	84,440,866	11.1%
	Sept 2008	45,036,032	15.7%	129,476,898	12.7%
	Oct 2008	40,502,312	-7.2%	169,979,210	7.2%
	Nov 2008	35,158,491	1.3%	205,137,701	6.1%
	Dec 2008	27,056,247	-3.5%	232,193,948	4.9%
	Jan 2009	27,856,644	1.3%	260,050,592	4.5%
	Feb 2009	31,978,738	-10.0%	292,029,330	2.7%
	Mar 2009	28,377,783	-17.4%	320,407,113	0.5%
	Apr 2009	26,572,955	8.3%	346,980,068	1.1%
	May 2009	26,330,652	-3.5%	373,310,720	0.8%
	June 2009	29,475,056	-3.8%	402,785,776	0.4%
FY 2010	July 2009	39,433,004	5.0%	39,433,004	5.0%
	Aug 2009	45,144,745	-3.7%	84,577,749	0.2%
	Sept 2009	43,433,690	-3.6%	128,011,439	-1.1%
	Oct 2009	41,500,856	2.5%	169,512,295	-0.3%
	Nov 2009	35,744,468	1.7%	205,256,763	0.1%
	Dec 2009	27,481,690	1.6%	232,738,453	0.2%
	Jan 2010	28,568,590	2.6%	261,307,043	0.5%
	Feb 2010	32,482,738	1.6%	293,789,781	0.6%
	Mar 2010	28,002,677	-1.3%	321,792,458	0.4%
	Apr 2010	27,426,255	3.2%	349,218,713	0.6%
	May 2010	25,799,797	-2.0%	375,018,510	0.5%
	June 2010	29,792,806	1.1%	404,811,316	0.5%
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				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

Arizona Sales Tax - Restaurants and Bars

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2009	July 2008	26,987,359	-7.3%	26,987,359	-7.3%
	Aug 2008	25,927,019	-3.7%	52,914,378	-5.6%
	Sept 2008	26,558,833	-0.8%	79,473,211	-4.0%
	Oct 2008	26,485,387	-7.7%	105,958,598	-5.0%
	Nov 2008	27,624,767	-6.0%	133,583,365	-5.2%
	Dec 2008	27,609,854	-8.8%	161,193,219	-5.8%
	Jan 2009	27,811,860	1.3%	189,005,079	-4.8%
	Feb 2009	27,934,981	-6.9%	216,940,060	-5.1%
	Mar 2009	29,329,829	-5.1%	246,269,889	-5.1%
	Apr 2009	31,257,185	-8.2%	277,527,074	-5.5%
	May 2009	28,180,810	-8.5%	305,707,884	-5.7%
	June 2009	29,708,010	-6.7%	335,415,894	-5.8%
FY 2010	July 2009	26,111,923	-3.2%	26,111,923	-3.2%
	Aug 2009	24,537,663	-5.4%	50,649,586	-4.3%
	Sept 2009	24,808,137	-6.6%	75,457,723	-5.1%
	Oct 2009	25,345,305	-4.3%	100,803,028	-4.9%
	Nov 2009	26,669,073	-3.5%	127,472,101	-4.6%
	Dec 2009	26,594,225	-3.7%	154,066,326	-4.4%
	Jan 2010	27,400,919	-1.5%	181,467,245	-4.0%
	Feb 2010	27,580,642	-1.3%	209,047,887	-3.6%
	Mar 2010	30,482,587	3.9%	239,530,474	-2.7%
	Apr 2010	33,231,989	6.3%	272,762,463	-1.7%
	May 2010	29,382,192	4.3%	302,144,655	-1.2%
	June 2010	30,660,418	3.2%	332,805,073	-0.8%
FY 2011	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%
	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%
FY 2012	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%
	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%
FY 2013	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%
	Dec 2012	30,148,220	4.2%	181,169,244	6.7%
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

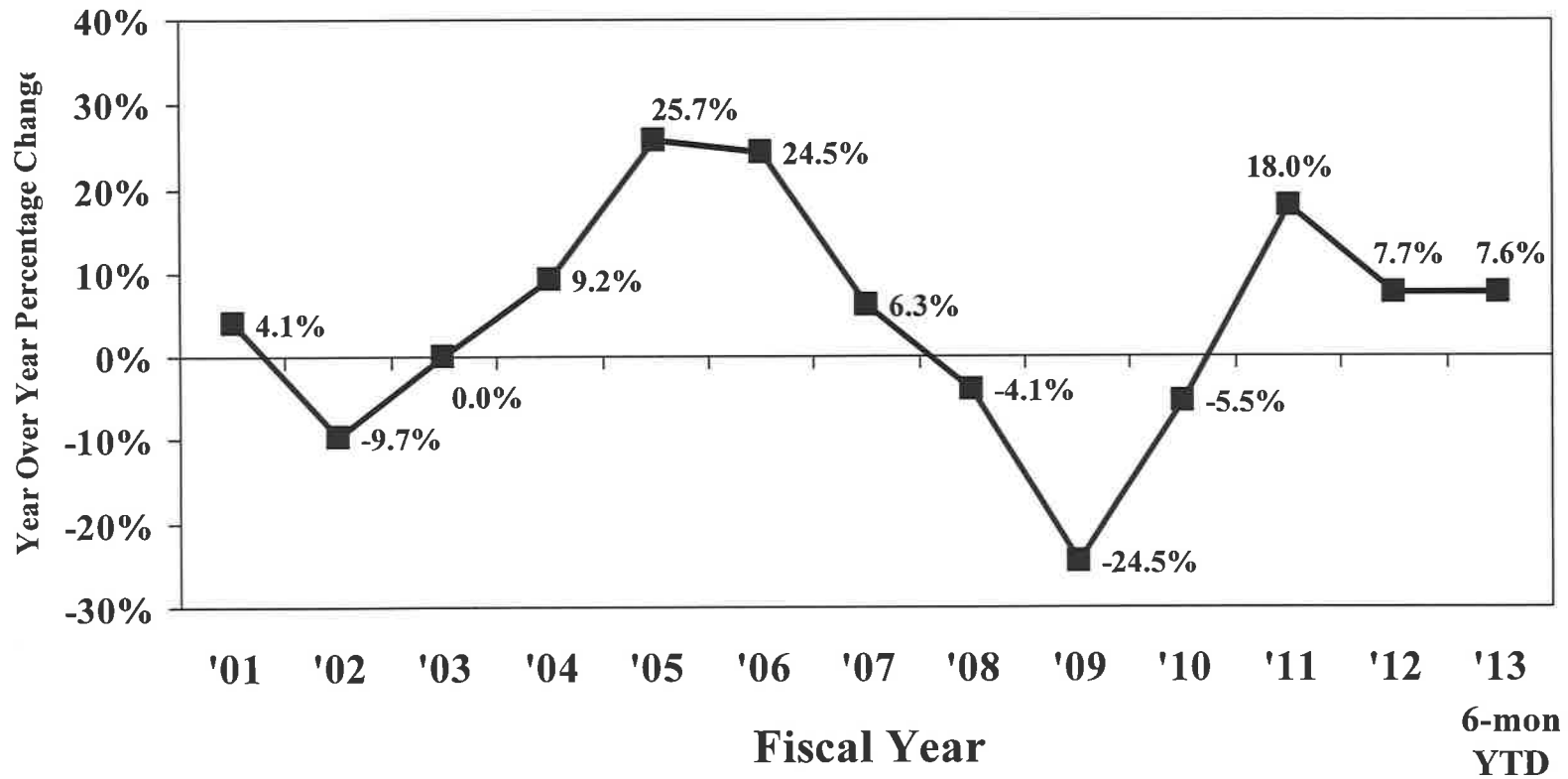
Arizona Use Tax General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2009	July 2008	31,696,678	1.3%	31,696,678	1.3%
	Aug 2008	30,505,018	4.8%	62,201,696	3.0%
	Sept 2008	28,148,827	-4.4%	90,350,523	0.6%
	Oct 2008	29,703,678	-3.4%	120,054,201	-0.4%
	Nov 2008	25,398,587	-15.5%	145,452,788	-3.4%
	Dec 2008	20,945,415	-20.9%	166,398,203	-6.1%
	Jan 2009	32,438,853	-3.8%	198,837,056	-5.7%
	Feb 2009	21,418,330	-22.3%	220,255,386	-7.6%
	Mar 2009	20,507,125	-23.8%	240,762,511	-9.3%
	Apr 2009	19,245,339	-33.5%	260,007,850	-11.6%
	May 2009	19,198,904	-29.9%	279,206,754	-13.2%
	June 2009	13,491,820	-29.8%	292,698,574	-14.1%
FY 2010	July 2009	18,370,135	-42.0%	18,370,135	-42.0%
	Aug 2009	24,958,659	-18.2%	43,328,794	-30.3%
	Sept 2009	24,529,411	-12.9%	67,858,205	-24.9%
	Oct 2009	22,089,247	-25.6%	89,947,452	-25.1%
	Nov 2009	21,157,908	-16.7%	111,105,360	-23.6%
	Dec 2009	17,049,569	-18.6%	128,154,929	-23.0%
	Jan 2010	24,234,599	-25.3%	152,389,528	-23.4%
	Feb 2010	18,626,941	-13.0%	171,016,469	-22.4%
	Mar 2010	20,119,332	-1.9%	191,135,801	-20.6%
	Apr 2010	41,050,828	113.3%	232,186,629	-10.7%
	May 2010	20,087,055	4.6%	252,273,684	-9.6%
	June 2010	19,490,162	44.5%	271,763,846	-7.2%
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				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

Individual Income Tax

Individual Income Tax

Base % Change*



* Base % change represents revenue growth prior to tax law and one-time changes

Arizona Individual Income Tax General Fund Collections

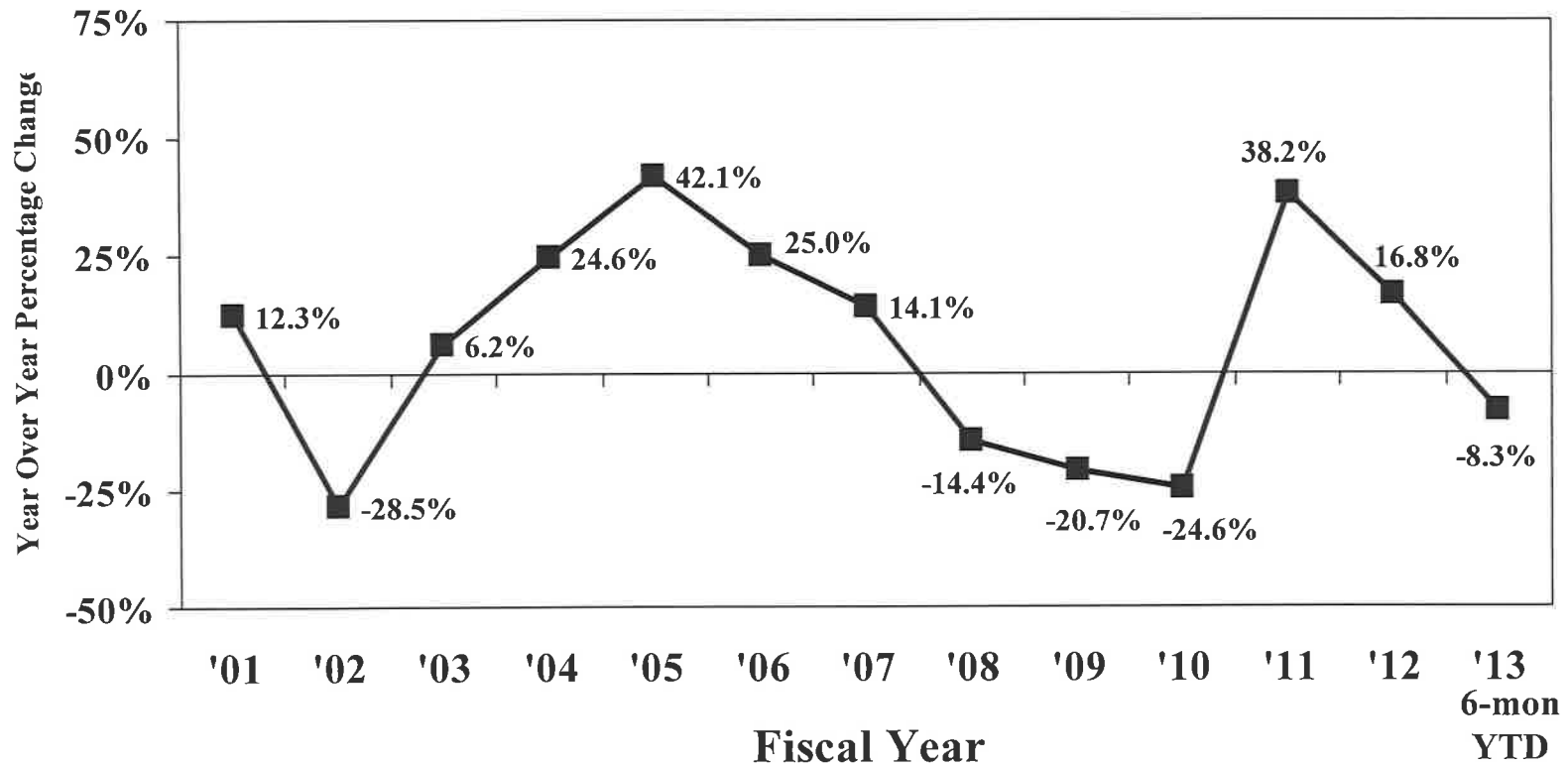
	Year-to-Date		YTD	Year-to-Date		YTD	Year-to-Date		YTD	Year-to-Date		YTD	Year-to-Date		YTD		
	Total	Y/Y Chg.	Total	Chg.	Withholding	Y/Y Chg.	Withholding	Chg.	Payments	Y/Y Chg.	Payments	Chg.	Refunds	Y/Y Chg.	Refunds	Chg.	
FY 2009	Jul-08	265,360,890	-0.4%	265,360,890	-0.4%	270,267,357	0.9%	270,267,357	0.9%	20,362,785	13.9%	20,362,785	13.9%	(25,269,252)	30.9%	(25,269,252)	30.9%
	Aug	231,680,201	-13.4%	497,041,091	-6.9%	245,741,515	-10.4%	516,008,871	-4.8%	14,090,255	-45.7%	34,453,040	-21.4%	(28,151,568)	-13.7%	(53,420,820)	2.9%
	Sep	355,393,041	-1.9%	852,434,133	-4.9%	255,433,501	9.8%	771,442,372	-0.4%	124,307,996	-17.5%	158,761,036	-18.4%	(24,348,455)	15.4%	(77,769,275)	6.5%
	Oct	260,640,864	-5.4%	1,113,074,996	-5.0%	274,469,795	-1.6%	1,045,912,167	-0.7%	53,444,533	-21.6%	212,205,569	-19.2%	(67,273,464)	-6.3%	(145,042,740)	0.2%
	Nov	200,335,179	-14.8%	1,313,410,176	-6.6%	250,315,933	-6.3%	1,296,228,100	-1.9%	13,115,668	-26.6%	225,321,237	-19.7%	(63,096,422)	26.4%	(208,139,162)	6.9%
	Dec	341,281,282	-6.2%	1,654,691,458	-6.6%	297,480,818	-1.5%	1,593,708,918	-1.8%	62,643,686	-0.4%	287,964,923	-16.2%	(18,843,222)	1968.7%	(226,982,384)	16.0%
	Jan-09	331,952,295	-30.8%	1,986,643,752	-11.7%	275,506,543	-14.7%	1,869,215,461	-3.9%	112,467,313	-42.6%	400,432,236	-25.8%	(56,021,561)	42.6%	(283,003,945)	20.5%
	Feb	(42,022,417)	N/A	1,944,621,335	-15.1%	237,953,256	-19.2%	2,107,168,717	-5.9%	17,921,395	2.1%	418,353,631	-24.9%	(297,897,068)	9.2%	(580,901,013)	14.4%
	Mar	71,833,625	16.0%	2,016,454,961	-14.2%	280,243,314	-5.9%	2,387,412,031	-5.9%	41,170,355	-14.9%	459,523,985	-24.1%	(249,580,043)	-12.2%	(830,481,055)	4.9%
	Apr	173,242,869	-71.4%	2,189,697,829	-26.0%	221,860,727	-11.9%	2,609,272,758	-6.5%	380,676,278	-43.6%	840,200,264	-34.4%	(429,294,136)	33.7%	(1,259,775,192)	13.2%
	May	98,543,700	-32.5%	2,288,241,529	-26.3%	228,007,994	-19.2%	2,837,280,752	-7.6%	28,189,735	-13.1%	868,389,998	-33.9%	(157,654,029)	-6.4%	(1,417,429,221)	10.6%
	Jun	279,619,636	-7.7%	2,567,861,165	-24.6%	242,090,316	-3.4%	3,079,371,068	-7.3%	74,985,704	-37.0%	943,375,703	-34.1%	(37,456,384)	-43.8%	(1,454,885,605)	7.9%
FY 2010	Jul-09	234,779,283	-11.5%	234,779,283	-11.5%	252,192,662	-6.7%	252,192,662	-6.7%	14,421,659	-29.2%	14,421,659	-29.2%	(31,835,038)	26.0%	(31,835,038)	26.0%
	Aug	231,115,137	-0.2%	465,894,420	-6.3%	244,862,570	-0.4%	497,055,232	-3.7%	11,402,939	-19.1%	25,824,598	-25.0%	(25,150,372)	-10.7%	(56,985,410)	6.7%
	Sep	267,006,804	-24.9%	732,901,224	-14.0%	227,631,601	-10.9%	724,686,833	-6.1%	76,677,365	-38.3%	102,501,963	-35.4%	(37,302,162)	53.2%	(94,287,572)	21.2%
	Oct	170,528,545	-34.6%	903,429,769	-18.8%	244,430,237	-10.9%	969,117,070	-7.3%	35,790,908	-33.0%	138,292,871	-34.8%	(109,692,600)	63.1%	(203,980,172)	40.6%
	Nov	231,605,947	15.6%	1,135,035,715	-13.6%	248,734,450	-0.6%	1,217,851,519	-6.0%	14,278,495	8.9%	152,571,366	-32.3%	(31,406,998)	-50.2%	(235,387,170)	13.1%
	Dec	317,770,210	-6.9%	1,452,805,926	-12.2%	276,785,971	-7.0%	1,494,637,491	-6.2%	46,197,669	-26.3%	198,769,035	-31.0%	(5,213,430)	-72.3%	(240,600,600)	6.0%
	Jan-10	326,599,118	-1.6%	1,779,405,044	-10.4%	265,599,905	-3.6%	1,760,237,396	-5.8%	91,066,420	-19.0%	289,835,455	-27.6%	(30,067,207)	-46.3%	(270,667,807)	-4.4%
	Feb	13,744,414	N/A	1,793,149,457	-7.8%	253,051,927	6.3%	2,013,289,322	-4.5%	17,153,243	-4.3%	306,988,698	-26.6%	(256,460,756)	-13.9%	(527,128,563)	-9.3%
	Mar	(18,809,855)	N/A	1,774,339,602	-12.0%	282,794,701	0.9%	2,296,084,023	-3.8%	40,585,225	-1.4%	347,573,923	-24.4%	(342,189,781)	37.1%	(869,318,344)	4.7%
	Apr	211,434,444	22.0%	1,985,774,046	-9.3%	235,329,032	6.1%	2,531,413,055	-3.0%	312,268,051	-18.0%	659,841,974	-21.5%	(336,162,639)	-21.7%	(1,205,480,983)	-4.3%
	May	159,976,798	62.3%	2,145,750,845	-6.2%	239,655,475	5.1%	2,771,068,530	-2.3%	13,120,851	-53.5%	672,962,825	-22.5%	(92,799,528)	-41.1%	(1,298,280,511)	-8.4%
	Jun	270,545,462	-3.2%	2,416,296,306	-5.9%	236,036,185	-2.5%	3,007,104,715	-2.3%	71,981,613	-4.0%	744,944,438	-21.0%	(37,472,335)	0.0%	(1,335,752,847)	-8.2%
FY 2011	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%
	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%	18,777,777	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%
FY 2012	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%
	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%	87,703,2							

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.
FY 2009	Jul-08	20,362,785	13.9%	20,362,785	13.9%	6,533,304	0.4%	6,533,304	0.4%	13,829,481	21.6%	13,829,481	21.6%
	Aug	14,090,255	-45.7%	34,453,040	-21.4%	5,827,130	2.8%	12,360,434	1.5%	8,263,125	-59.2%	22,092,607	-30.2%
	Sep	124,307,996	-17.5%	158,761,036	-18.4%	112,945,236	-16.9%	125,305,689	-15.3%	11,362,760	-23.3%	33,455,366	-28.0%
	Oct	53,444,533	-21.6%	212,205,569	-19.2%	7,821,163	-24.8%	133,126,832	-16.0%	45,623,371	-21.1%	79,078,737	-24.1%
	Nov	13,115,668	-26.6%	225,321,237	-19.7%	4,170,266	-12.4%	137,297,098	-15.9%	8,945,402	-31.8%	88,024,139	-25.0%
	Dec	62,643,686	-0.4%	287,964,923	-16.2%	53,127,242	-5.0%	190,424,339	-13.1%	9,516,444	36.1%	97,540,583	-21.6%
	Jan-09	112,467,313	-42.6%	400,432,236	-25.8%	106,370,433	-42.8%	296,794,772	-26.8%	6,096,881	-37.7%	103,637,464	-22.7%
	Feb	18,024,012	2.7%	418,456,248	-24.9%	2,892,677	7.6%	299,687,449	-26.5%	15,131,335	1.8%	118,768,799	-20.3%
	Mar	41,170,355	-14.9%	459,626,603	-24.1%	2,695,780	-42.7%	302,383,229	-26.7%	38,474,575	-11.9%	157,243,374	-18.4%
	Apr	380,676,278	-43.6%	840,302,881	-34.4%	36,311,877	-46.7%	338,695,105	-29.5%	344,364,402	-43.3%	501,607,776	-37.3%
	May	28,189,735	-13.1%	868,492,616	-33.9%	3,073,214	-37.2%	341,768,319	-29.6%	25,116,521	-8.8%	526,724,297	-36.3%
	Jun	74,985,704	-37.0%	943,478,320	-34.1%	60,902,615	-43.9%	402,670,934	-32.2%	14,083,089	34.8%	540,807,386	-35.5%
FY 2010	Jul-09	14,421,659	-29.2%	14,421,659	-29.2%	3,533,528	-45.9%	3,533,528	-45.9%	10,888,131	-21.3%	10,888,131	-21.3%
	Aug	11,402,939	-19.1%	25,824,598	-25.0%	2,901,362	-50.2%	6,434,891	-47.9%	8,501,577	2.9%	19,389,708	-12.2%
	Sep	76,677,365	-38.3%	102,501,964	-35.4%	65,960,270	-41.6%	72,395,161	-42.2%	10,717,095	-5.7%	30,106,803	-10.0%
	Oct	35,790,908	-33.0%	138,292,872	-34.8%	5,226,487	-33.2%	77,621,648	-41.7%	30,564,422	-33.0%	60,671,225	-23.3%
	Nov	14,278,496	8.9%	152,571,368	-32.3%	4,253,363	2.0%	81,875,011	-40.4%	10,025,133	12.1%	70,696,358	-19.7%
	Dec	46,197,669	-26.3%	198,769,037	-31.0%	37,826,999	-28.8%	119,702,010	-37.1%	8,370,670	-12.0%	79,067,028	-18.9%
	Jan-10	91,066,420	-19.0%	289,835,457	-27.6%	84,630,973	-20.4%	204,332,982	-31.2%	6,435,447	5.6%	85,502,475	-17.5%
	Feb	17,153,243	-4.8%	306,988,700	-26.6%	1,850,301	-36.0%	206,183,283	-31.2%	15,302,941	1.1%	100,805,417	-15.1%
	Mar	40,585,225	-1.4%	347,573,925	-24.4%	3,076,667	14.1%	209,259,951	-30.8%	37,508,557	-2.5%	138,313,974	-12.0%
	Apr	312,268,051	-18.0%	659,841,976	-21.5%	35,811,536	-1.4%	245,071,487	-27.6%	276,456,515	-19.7%	414,770,489	-17.3%
	May	13,120,851	-53.5%	672,962,827	-22.5%	2,607,974	-15.1%	247,679,460	-27.5%	10,512,878	-58.1%	425,283,367	-19.3%
	Jun	71,981,613	-4.0%	744,944,440	-21.0%	56,898,732	-6.6%	304,578,193	-24.4%	15,082,881	7.1%	440,366,247	-18.6%
FY 2011	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%
	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%
FY 2012	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%
	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%
FY 2013	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	17,096,635	3.2%	32,071,297	5.0%	5,862,487	17.3%	10,403,118	23.6%	11,234,147	-2.8%	21,668,179	-2.1%
	Sep	95,989,949	13.2%	128,061,245	11.0%	83,986,121	11.2%	94,389,239	12.4%	12,003,827	29.3%	33,672,006	7.2%
	Oct	46,536,943	5.9%	174,598,188	9.6%	7,266,490	37.2%	101,655,729	13.9%	39,270,453	1.6%	72,942,459	4.1%
	Nov	14,844,599	-3.2%	189,442,788	8.5%	4,407,208	21.8%	106,062,937	14.2%	10,437,391	-11.0%	83,379,850	1.9%
	Dec	72,572,642	30.2%	262,015,430	13.7%	64,610,374	50.8%	170,673,311	25.8%	7,962,269	-38.2%	91,342,119	-3.5%
	Jan-13												
	Feb												
	Mar												
	Apr												
	May												
	Jun												

Corporate Income Tax

Corporate Income Tax Base % Change*



* Base % change represents revenue growth prior to tax law and one-time changes

Arizona Corporate Income Tax General Fund Collections

		Gross		Year-to-Date		Refunds	Y/Y Chg.	Year-to-Date		Net Revenue	Y/Y Chg.	Year-to-Date	
		Revenue	Y/Y Chg.	Gross Revenue	YTD Chg.			Refunds	YTD Chg.			Net Revenue	YTD Chg.
FY 2009	July 2008	30,855,446	-15.8%	30,855,446	-15.8%	(7,560,667)	167.5%	(7,560,667)	167.5%	23,294,779	-31.1%	23,294,779	-31.1%
	Aug 2008	27,451,899	-12.1%	58,307,345	-14.1%	(8,301,008)	289.6%	(15,861,675)	220.0%	19,150,891	-34.2%	42,445,670	-32.5%
	Sept 2008	141,909,038	-25.5%	200,216,383	-22.5%	(9,825,536)	-23.7%	(25,687,211)	44.0%	132,083,502	-25.6%	174,529,172	-27.4%
	Oct 2008	38,739,976	-42.1%	238,956,359	-26.5%	(17,578,552)	63.5%	(43,265,763)	51.4%	21,161,424	-62.3%	195,690,596	-34.0%
	Nov 2008	19,710,774	-4.1%	258,667,133	-25.2%	(22,199,167)	-4.3%	(65,464,930)	26.4%	(2,488,393)	N/A	193,202,203	-34.3%
	Dec 2008	142,148,266	-10.9%	400,815,399	-20.7%	(30,686,844)	-22.3%	(96,151,774)	5.4%	111,461,422	-7.2%	304,663,625	-26.4%
	Jan 2009	24,401,184	-19.7%	425,216,583	-20.6%	(27,865,899)	-37.9%	(124,017,673)	-8.9%	(3,464,715)	N/A	301,198,910	-24.6%
	Feb 2009	44,210,646	45.8%	469,427,229	-17.1%	(9,879,797)	10.6%	(133,897,470)	-7.7%	34,330,849	60.5%	335,529,759	-20.3%
	Mar 2009	47,075,868	-39.4%	516,503,097	-19.8%	(2,253,816)	-86.2%	(136,151,286)	-15.7%	44,822,052	-26.9%	380,351,811	-21.1%
	Apr 2009	71,283,316	-46.0%	587,786,413	-24.2%	(4,946,992)	-28.1%	(141,098,278)	-16.2%	66,336,324	-47.0%	446,688,135	-26.5%
FY 2010	May 2009	53,388,261	7.9%	641,174,674	-22.3%	(4,456,156)	-80.6%	(145,554,435)	-23.9%	48,932,104	84.3%	495,620,239	-21.8%
	June 2009	107,127,377	-31.7%	748,302,051	-23.8%	(10,590,361)	67.6%	(156,144,796)	-21.0%	96,537,016	-35.8%	592,157,255	-24.5%
	July 2009	40,229,569	30.4%	40,229,569	30.4%	(6,588,858)	-12.9%	(6,588,858)	-12.9%	33,640,711	44.4%	33,640,711	44.4%
	Aug 2009	13,201,777	-51.9%	53,431,346	-8.4%	(7,345,503)	-11.5%	(13,934,361)	-12.2%	5,856,274	-69.4%	39,496,985	-6.9%
	Sept 2009	90,726,618	-36.1%	144,157,964	-28.0%	(22,780,171)	131.8%	(36,714,532)	42.9%	67,946,447	-48.6%	107,443,432	-38.4%
	Oct 2009	39,451,245	1.8%	183,609,209	-23.2%	(20,639,272)	17.4%	(57,353,804)	32.6%	18,811,973	-11.1%	126,255,405	-35.5%
	Nov 2009	16,805,252	-14.7%	200,414,461	-22.5%	(93,858,118)	322.8%	(151,211,922)	131.0%	(77,052,866)	N/A	49,202,539	-74.5%
	Dec 2009	98,450,482	-30.7%	298,864,943	-25.4%	(35,820,862)	16.7%	(187,032,784)	94.5%	62,629,620	-43.8%	111,832,159	-63.3%
	Jan 2010	40,858,296	67.4%	339,723,239	-20.1%	(4,841,954)	-82.6%	(191,874,738)	54.7%	36,016,342	N/A	147,848,501	-50.9%
	Feb 2010	14,730,212	-66.7%	354,453,451	-24.5%	(19,376,637)	96.1%	(211,251,375)	57.8%	(4,646,425)	N/A	143,202,076	-57.3%
FY 2011	Mar 2010	81,015,354	72.1%	435,468,805	-15.7%	(14,531,056)	544.7%	(225,782,431)	65.8%	66,484,298	48.3%	209,686,374	-44.9%
	Apr 2010	64,763,045	-9.1%	500,231,850	-14.8%	(3,233,749)	-34.6%	(229,016,180)	62.3%	61,529,296	-7.2%	271,215,670	-39.3%
	May 2010	54,199,831	1.5%	554,431,681	-13.5%	(2,771,945)	-37.8%	(231,788,125)	59.2%	51,427,886	5.1%	322,643,556	-34.9%
	June 2010	95,679,976	-10.7%	650,111,657	-13.1%	(5,130,226)	-51.6%	(236,918,351)	51.7%	90,549,750	-6.2%	413,193,306	-30.2%
	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%
	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%
FY 2012	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%
	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%
FY 2013	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%
	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%
	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%
FY 2013	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%
	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												
	Feb 2013												
	Mar 2013												
	Apr 2013												
	May 2013												
	June 2013												

1/ August collections included a one-time audit recovery of approximately \$20 million.

2/ December collections included a one-time audit recovery of approximately \$23 million.

Economic Indicators

Economic Indicators – January 2013

NATIONAL

The Conference Board's **U.S. Consumer Confidence Index** fell (9.0)% in December, bringing the indicator's year-over-year growth down to 0.5%. The index's drop was largely due to consumer fears about future impacts of going over the "fiscal cliff". In December, the measure's sub-index for confidence in economic conditions 6 months into the future dropped (17.8)%. Congress' recent action to avert the most austere changes of the cliff may help restore some of the lost confidence in coming months.

The Conference Board's **U.S. Leading Economic Index** decreased by (0.2)% in November to a reading of 95.8. The latest reading is 1.8% above that in November 2011. November decreases in stock prices and new manufacturing orders more than offset improvements in credit conditions and building permits.

The Semiconductor Industry Association (SIA) reported that **Semiconductor Billings** (3-month moving average) in the Americas increased 5.1% in November to \$5.03 billion. This amount is 9.7% above billings in November 2011 and represents the highest reading since January 2001. Semiconductors are Arizona's largest international export industry.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, were unchanged in December and grew by 1.7 % above the prior year. During December, a 0.1% increase in core inflation (all prices except for food and energy) was offset by a (1.2)% decrease in energy prices.

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.

In November, 45 out of 50 states had increases in their coincident indexes. Arizona's coincident index increased by 0.3% compared to the prior month. Year-over-year, the Arizona index is 2.8% above last year, which is the 19th highest growth rate in the country. While this is a significant improvement, Arizona's index is still (10.9)% below its peak, which occurred in August 2007.

See *Appendix A – Tracking Arizona's Recovery* for additional historical information.

The Federal Reserve Bank of Philadelphia also publishes a **leading index** for each state that forecasts economic conditions for the next 6 months. In addition to the coincident index, Arizona's leading index is based on Arizona housing permits, Arizona initial unemployment insurance claims, national manufacturing delivery times, and the interest rate spread between the 3-month and 10-year Treasury instruments.

Using a 3-month average, Arizona's leading index projects that state GDP will grow at an annualized rate of 3.2% over the next 6 months. This is lower than the revised 3.3% growth projection in October but higher than the 3.0% projection in November 2011.

Housing

The number of Maricopa County **pending foreclosures** decreased from 11,973 in November to 10,466 in December. This represents the seventh consecutive monthly decrease in this measure. The December total is significantly below the peak in December 2009 (51,466). See *Appendix A – Tracking Arizona's Recovery*.

The total housing inventory in the Greater Phoenix area decreased from 24,712 in December 2011 to 21,095 in December 2012, a (14.6)% decrease. This continues the decline in inventory that started in January 2011.

As the supply of housing has declined, the price has increased. In the Metropolitan Phoenix area, the **median price of a single family home** was \$162,500 in November. This represents a 3.5% increase from October, and a 29.0% increase from November of last year.

Another measure of the health of the Arizona real estate market is permitting activity. For the 3-month period through November, a total of 1,263 **single-family building permits** had been issued statewide, a 50.8% increase from last year. This level of activity is comparable to the amount of permits seen in September 2008, a month which marked the beginning of the rapid decline in the state's housing market. Still, the current level of permitting remains far below a more normal 3-month average of 3,000 to 4,000 permits. See *Appendix A – Tracking Arizona's Recovery*.

"The Conference Board's U.S. Consumer Confidence Index fell (9.0)% in December... largely due to consumer fears about future impacts of going over the 'fiscal cliff.'"

Economic Indicators (Continued)

"Compared to the same month last year, food stamp participation was down by (0.7)%."

The performance of the multi-family housing sector is similar to that of single-family housing. For the 3-month period ending in November, a total of 358 **multi-family building permits** had been issued in the state. This figure represents a level similar to October 2008. Multi-family permitting activity remains (66.2)% below the peak of activity in April 2007.

State Agency Data

At the beginning of January, total **AHCCCS** caseloads equaled 1.27 million members, a 0.2% increase from the prior month. Overall, AHCCCS caseloads are currently (4.2)% below January 2012 levels. The traditional acute care AHCCCS population, which consists primarily of lower income children and their parents, increased 0.1% from last month and decreased (1.3)% from a year ago. The total population in this program is almost 900,000.

The childless adult program has not allowed new participants since July 2011. This population has declined (137,773) since then to 86,719. Of the decline, (11,938) is attributed to members who were transferred to the SSI program. As a whole, the Proposition 204 program has declined (1.3)% compared to the prior month, and (21.8)% from the prior year.

KidsCare provides coverage for children with incomes above those in the traditional population. Its enrollment has declined since a freeze was implemented in January 2010. Enrollment declined (1.2)% compared to the prior month and (35.5)% from the prior year. Beginning on May 1, 2012, AHCCCS began a new program, entitled KidsCare II, which provides coverage for children up to 175% of the Federal Poverty Level. The state match is provided by voluntary payments from political subdivisions. As of the beginning of January, 25,844 children were enrolled in KidsCare II.

There were 40,930 **TANF recipients** in the state in November, a monthly caseload decrease of (2.6)%. Year-over-year, the number of TANF recipients has increased by 6.8%. This marks the third month of year-over-year growth in the TANF program since November 2009. Since that time, the State reduced the lifetime limit a person may receive cash assistance, first to 36 months and then further to 24 months. Previously, the maximum had been 60 months. The appropriation for TANF cash assistance in the FY 2013 budget funds a caseload of approximately 36,200 recipients in FY 2013.

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 1.1 million food stamp recipients in the state, a (0.8)% decrease over the prior month. Compared to the same month last year, food stamp participation was down by (0.7)%. The number of SNAP recipients began increasing steadily in July 2007, after several years in the 550,000 to 575,000 range.

The 3-month average count of the Department of Corrections (ADC) inmate population increased to 40,085 inmates in December 2012. Relative to the prior 3-month period, the population has increased by 46 inmates. Compared to a year ago, the population has increased by 54 inmates.

Employment

The state gained a total of 3,200 **nonfarm jobs** between November and December. The private sector added a net of 4,900 jobs in December whereas the government sector shed (1,700) jobs. The nonfarm job net gain of 0.1% was comparable to the 10-year average increase of 0.2% for December. The largest contributions to December's month-over-month net job gain came from the following sectors: leisure and hospitality (+1,400), information (+1,100), financial activities (+1,100), and education and health services (+1,100).

Compared to December 2011, nonfarm employment was up by 2.6%, or 63,900 jobs. The last time employment grew at a faster year-over-year rate was in January 2007. The largest year-over-year net job gains came from the following industries: professional and business services (+13,300), trade, transportation, and utilities (+12,200) and education and health services (+10,200).

For the calendar year as a whole, Arizona's economy added an average of 50,500 jobs (+2.1%), the best performance since 2006.

As of December, total nonfarm employment remained (7.5)%, or (204,800) jobs, below peak employment in December 2007. *See Appendix A – Tracking Arizona's Recovery.*

Economic Indicators (Continued)

Table 5

ECONOMIC INDICATORS

<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
Arizona				
- Unemployment Rate (SA)	December	7.9%	0.1 %	(1.1)%
- Initial Unemployment Insurance Claims	December	19,147	(4.3)%	(14.2)%
- Unemployment Insurance Recipients	December	38,101	(3.8)%	(30.9)%
- Non-Farm Employment - Total	December	2.51 million	0.1%	2.6%
Manufacturing	December	153,100	0.5%	2.4%
Construction	October	119,400	(0.3)%	6.5%
- Average Weekly Hours, Manufacturing	November	40.6	0.2%	0.5%
- Contracting Tax Receipts (3-month average)	Oct-Dec	\$36.1 million	(1.0)%	3.6%*
- Retail Sales Tax Receipts (3-month average)	Oct-Dec	\$149.8 million	3.6%	6.2%*
- Residential Building Permits (3-month moving average)				
Single-family	Sep-Nov	1,263	(6.6)%	50.8%
Multi-unit	Sep-Nov	358	(29.7)%	36.2%
- Greater Phoenix Home Sales				
Single-Family	November	8,007	(8.5)%	12.7%
Townhouse/Condominium	November	1,181	(6.3)%	9.9%
- Greater Phoenix Median Home Price				
Single-Family	November	\$162,500	3.5%	29.0%
Townhouse/Condominium	November	\$100,000	6.4%	23.7%
- Greater Phoenix S&P/Case-Shiller Home Price Index (Jan. 2000 = 100)	October	122.39	1.4%	21.7%
- Foreclosure Activity, Maricopa County				
Pending Foreclosures (Active Notices)	December	10,466	(12.6)%	(47.6)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	December	21,095	(9.2)%	(14.6)%
- Phoenix Sky Harbor Air Passengers	November	3.31 million	(1.1)%	0.2%
- Revenue Per Available Hotel Room	November	\$51.25	(14.1)%	(2.5)%
- Arizona Average Natural Gas Price (\$ per thousand cubic feet)	November	\$4.47	10.6%	(11.1)%
- Arizona Consumer Confidence Index (1985 = 100)	2nd Quarter 2012	68.6	(1.3)%	32.2%
- Arizona Coincident Index (July 1992 = 100)	November	181.26	0.3%	2.8%
- Arizona Leading Index -- 6 month projected growth rate	Sep-Nov	3.2%	(0.1)%	0.2%
- Arizona Personal Income	3rd Quarter 2012	\$236.8 billion	0.6%	4.2%
- Arizona Population	July 1, 2012	6.55 million	N/A	1.3%
- AHCCCS Recipients	January	1,268,918	0.2%	(4.2)%
Acute Care Traditional		883,617	0.1%	(1.3)%
Spend Down		-	-	(100.0)%
Prop 204 Childless Adults		86,719	(3.2)%	(43.5)%
Other Prop 204		148,114	(0.1)%	(4.8)%
Kids Care		8,281	(1.2)%	(35.5)%
Kids Care II		25,844	17.4%	-
Long-Term Care -- Elderly & DD		53,346	0.3%	2.8%
Emergency Services		62,997	1.2%	12.8%
- TANF Recipients	November	40,930	(2.6)%	6.8%
- SNAP (Food Stamps) Recipients	November	1,128,883	(0.8)%	(0.7)%
- ADC Inmate Growth (3-month average)	Oct-Dec	40,085	46 inmates	54 inmates
- Probation Caseload				
Non-Maricopa	November	17,911	(222)	(698)
Maricopa County	November	25,295	(168)	(255)
United States				
- Gross Domestic Product (Chained 2005 dollars, SAAR)	3rd Quarter 2012 (3 rd Estimate)	\$13.7 trillion	3.1%	2.6%
- Consumer Confidence Index (1985 = 100)	December	65.1	(9.0)%	0.5%
- Leading Indicators Index (2004 = 100)	November	95.8	(0.2)%	1.8%
- U.S. Semiconductor Billings (3-month moving average)	Sep-Nov	\$5.03 billion	5.1%	9.7%
- Consumer Price Index, SA (1982-84 = 100)	December	231.0	0.0%	1.7%

*Adjusted for 1¢ sales tax

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).

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.

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

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. With a degree in Finance from Arizona State University, he was inducted into the W.P. Carey School of Business *Hall of Fame* in 2004 and joined the Treasurer's Office from the private sector where he built and developed two Arizona businesses.

Pete Ewen is Chief Economist and Manager of the Revenue and Fuel Analysis and Forecast Group at Pinnacle West. He has been with Arizona Public Service/Pinnacle West for more than 20 years.

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

Georganna Meyer is Chief Economist for the Arizona Department of Revenue. She 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.

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

Martin Shultz is 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.

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

Marshall J. Vest is Director of the Economic and Business Research Center at the University of Arizona's Eller College of Management. Mr. Vest has headed the College's Forecasting Project for over 30 years. He is past-president of the Association for University Economic and Business Research, whose membership includes university-based applied research centers from across the country. Mr. Vest has been a member of the FAC for over 30 years.