

Finance Advisory Committee

Briefing Materials

October 18, 2011

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JLBC Staff - October 2011 Revenue and Budget Update

Summary of the Budget Outlook

- Since the FY 2011 shortfall no longer has to be paid off with FY 2012 revenues, the state will likely generate a carry-forward balance at the end of FY 2012.
- Due to economic uncertainty and pending "budget" litigation, it is difficult to predict the magnitude of the FY 2012 balance. As a result, the JLBC Staff has developed 2 different scenarios.
- The projected carry-forward balance at the end of FY 2012 is \$130 million in one scenario and \$415 million in a second scenario. Since the balance is one-time in nature, using these monies for permanent revenue or spending initiatives would increase future year shortfalls.
- After estimating revenue and funding formula changes for next year, it is not yet clear whether the FY 2013 budget will be in balance or in a shortfall. One model predicts a \$140 million surplus while the second "slow economy" model would result in a \$(375) million shortfall.
- With the expiration of the 1-cent sales tax, however, we are more likely to incur a shortfall in FY 2014 under either scenario. The shortfall is \$(600) million in the first scenario and \$(1.2) billion in the second.
- 3-year budget estimates are highly speculative and subject to considerable change. For example, a small revenue forecast error of 1% across 3 years could result in a \$500 million revision to the projections in either direction. As a result, the current FY 2014 estimates will probably change considerably over the next 3 years.

Besides this document, the JLBC Staff has also developed a slideshow presentation of this issue that can be found on our website at: [October 18 FAC Meeting](#).

Updated FY 2012 Estimates

The General Appropriation Act requires JLBC Staff to report by October 15, 2011 as to whether FY 2012's General Fund revenues and ending balance are expected to change by more than \$50 million from the budgeted projections. To assist in this task, the JLBC has updated its 4-sector revenue estimates in conjunction with the Finance Advisory Committee (FAC) meeting of October 18, 2011. Besides the FAC panelists, the 4-sector Consensus includes input from 2 econometric models at the University of Arizona and the JLBC Staff.

Budget Uncertainties in FY 2012 - The current revenue and budget environment makes ending balance projections especially challenging. While state revenues have been growing for the last year, there is considerable economic uncertainty at the international and national level. Several leading forecasters suggest that the chance of a recession in the near term is 40% to 50%. As a result, it is difficult to develop a forecast that addresses the possibility of a recession in the midst of growing state revenues.

In addition, state spending could be greatly affected by litigation that seeks to overturn prior legislative decisions. For example, the state is being sued with regard to its decision to impose an enrollment freeze on the childless adults in the Medicaid program. The state is also being challenged for its interpretation of how to calculate an inflation adjustment in K-12 state aid, as required by Proposition 301. If plaintiffs are successful in both these lawsuits, state costs could rise by over \$200 million.

The state could also be required to set aside part of any year-end balance to meet federal Internal Revenue Service (IRS) requirements related to the state's issuance of \$1.5 billion in tax exempt financing in FY 2010. Those state building sale/leaseback and lottery bond proceeds were used to fund state operating costs. The IRS does not normally permit tax exempt issuances to be used for operating purposes. The state agreed, however, to dedicate any balance above 5% of its budget (or approximately \$415 million) to debt repayment or other purchases of federal government securities.

The state balance may exceed \$415 million in FY 2012, thereby triggering the IRS payment requirement. The calculation, however, is complex and will require further analysis in the coming months.

Potential Gains in FY 2012 - Despite these uncertainties, the state will benefit from stronger than expected revenue growth at the end of FY 2011. As enacted in April, the revised FY 2011 budget had an anticipated shortfall of \$(332) million based on a projected base revenue growth rate of 5.6%. The base growth rate reflects the change in ongoing revenues without one-time adjustments or tax law changes. The April budget anticipated that this FY 2011 shortfall would be repaid from FY 2012 revenues.

Due to especially high growth in individual income tax collections as part of tax filing season, base revenues grew by 11.1% in FY 2011. This higher than expected growth appears to have eliminated the projected FY 2011 shortfall. Based on preliminary estimates, the Department of Administration has estimated that FY 2011 will have an ending balance of \$3 million. Since none of the FY 2012 revenues will have to be dedicated to paying off the FY 2011 shortfall, those monies will be freed up in the FY 2012 budget.

Given the higher than expected FY 2011 base, FY 2012 revenues may be higher than budgeted. The enacted April budget assumed FY 2012 base revenues would grow by 5.7% to \$7.83 billion. With the higher than expected FY 2011 base, this level could be achieved with a 1.0% growth rate in FY 2012. Based on the updated 4-sector Consensus, revenues are now projected to

grow by 2.9% in FY 2012. At this rate, we would generate an additional \$150 million in revenue above forecast.

Only 1 of the 4 sectors of the Consensus forecast, however, builds in the possibility of a recession in FY 2012. If a recession were to occur, the 4-sector estimates would be too high and the state would be unlikely to generate any excess revenue above the FY 2012 budget.

FY 2012 Carry-Forward Balance Estimate - In summary, the FY 2012 balance will benefit from no longer having to pay off the FY 2011 shortfall. The ultimate magnitude of the balance, however, will depend on whether a) the state generates excess revenues on the FY 2012 base; b) the plaintiffs prevail in their “budget” litigation; and c) the IRS payment requirements are triggered. Depending on those outcomes, the FY 2012 ending balance could be \$130 million or \$415 million.

In lieu of any other action, this amount will represent the FY 2012 carry forward into FY 2013. The state may also consider other uses of these funds. This decision, however, should be evaluated relative to the long run status of the budget. As described below, a shortfall is being projected in FY 2014 with the expiration of the 1-cent sales tax. Therefore, the use of the FY 2012 balance for a permanent revenue or spending initiative would serve to increase that shortfall. Among numerous options, possible one-time use of the funds include: 1) leaving the funds in the state's carry-forward balance to resolve future shortfalls, 2) depositing funds into the state's rainy day fund (the Budget Stabilization Fund), 3) paying off prior year debt obligations, and 4) paying off prior year “rollovers.”

Future Year Revenue Estimates

The updated 4-sector Consensus projects that base General Fund revenues would grow by 4.9% in FY 2013 and further grow by 7.6% and 8.5% in FY 2014 and FY 2015 respectively. The FY 2014 and FY 2015 rates would exceed Arizona's pre-recession historical revenue growth rate of 7%.

Revenue growth of that historical magnitude is usually fueled by population growth of 3%. In the past several years, the net population change has been essentially flat. Returning to the historical growth rates would require an improvement in the national economy which would spark renewed interstate migration.

Consistent 7% revenue growth would also require a recovery in Arizona's housing industry. The annual level of housing permits is still near 10,000, compared to 50,000 in a healthy economy. Several state forecasters believe that the current oversupply of housing will substantially diminish over the next 3 years, which would then set the stage for more new permits and construction growth.

The Consensus forecast, however, poses major risks from a budget standpoint. In the short term, the Consensus may not give adequate weight to the possibility of a national recession. As noted earlier, only 1 of the 4 sectors clearly includes the possibility of a recession. Several

leading national forecasters such as Global Insights and Moody's Analytics places the odds of a recession at 40% to 50%.

In the long term, revenue forecasts are usually more cautious in the out years due to the inherent uncertainty of future events. The last decade demonstrates this uncertainty. In FY 2004, forecasters did not envision the 40% base revenue growth in the following 2 years. In FY 2008 likewise, forecasters did not foresee that revenues would fall by a third over the next several years. In addition, small forecast errors over 3 years can result in large shifts in revenues. For example, a 1% error in the growth rate during a 3-year period of time could change total revenue collections by \$500 million.

While forecasts usually grow more cautious over time, the Consensus forecast is increasingly optimistic through FY 2015. Given the difficulty of 3-year projections, the Consensus results may result in a false sense of optimism.

To address these concerns, the JLBC Staff has made 2 modifications to the Consensus Baseline estimates:

- Added a second "slow economy" scenario to the Baseline at rates 2% below the Consensus, and
- Capped the Consensus revenue growth rates for budgeting at 7% in any one year to reflect the state's long-term average annual revenue growth rate prior to the 2008-2010 recession.

Future Year Spending Estimates

The JLBC Staff has also updated its FY 2012 to 2015 Baseline spending estimates. The Baseline reflects the standard methodology of estimating the annual growth in statutory and other active funding formulas. The Baseline also assumes the continued annual suspension of any inactive formulas. Each year, the Legislature enacts an annual session law provision which serves to only suspend, not repeal, certain statutory formulas. If those inactive formulas were counted in the Baseline, spending would increase by \$730 million. Most of the ongoing annual suspensions are for the K-12 operating budget (\$300 million) and the School Facilities Board capital budget (\$400 million).

The Baseline also includes the current law requirements relative to the federal health care legislation enacted in 2010. While AHCCCS has received a waiver from the federal government to freeze participation in the Proposition 204 childless adult and some other programs, that exemption would end in January 2014. Several other requirements also become effective at that time, including expanding the AHCCCS population coverage for adults from 100% to 133% of the federal poverty line. The federal government, however, will pay 100% of that expansion cost in the short term.

Based on the state's active funding formula requirements, spending is projected to grow by \$132 million in FY 2013 to a level of \$8.5 billion. Spending growth is forecast to accelerate to

\$432 million in FY 2014 as the state reinstates the full Proposition 204 population and begins to bring on line 5,000 new private prison beds already authorized in law.

As with revenues, long-term spending projections are inherently uncertain. As described above, “budget” litigation and the IRS payment provisions could cause an increase in the long-term estimates. In addition, federal budget negotiations may lead to a reduction in state aid. As the federal government explores means of reducing its own shortfalls, the most direct impact on state government would result from any changes in the federal matching rate for Medicaid expenses. While federal assistance may be reduced in FY 2012, it would most likely affect discretionary programs. Reductions in federal discretionary spending would not result in automatic state funding backfills. Federal Medicaid reductions are unlikely until at least FY 2013 (*See JLBC's [August Monthly Fiscal Highlights](#) for more discussion of this issue.*)

Future Year Balance Projections

Given the revenue and spending risks in the budget through FY 2015, JLBC Staff has developed 2 Baseline scenarios. Scenario 1 includes the Consensus revenue projections and active funding formula spending estimates. In contrast, Scenario 2 takes a more cautious perspective by reducing the Consensus revenue estimates by 2%. Scenario 2 also adds \$200 million in spending if the plaintiffs are successful in their budget lawsuits against the state.

Under Scenario 1, the FY 2013 budget could range from a \$143 million balance while Scenario 2 leads to a (\$375) million shortfall. In FY 2014, both scenarios produce a shortfall due to the expiration of the 1-cent sales tax. The shortfall is \$(600) million in Scenario 1 and \$(1.2) billion in Scenario 2. (*See Table 1*)

Table 1			
	Fiscal Year		
Scenario 1	<u>12</u>	<u>13</u>	<u>14</u>
Revenues	\$8.8 B	\$8.7 B	\$8.3 B
Spending	<u>\$8.4 B</u>	<u>\$8.5 B</u>	<u>\$8.9 B</u>
Balance	\$416 M	\$143 M	\$(610) M
Scenario 2			
Revenues	\$8.7 B	\$8.3 B	\$7.8 B
Spending	<u>\$8.5 B</u>	<u>\$8.7 B</u>	<u>\$9.1 B</u>
Balance	\$133 M	\$(375) M	\$(1.2) B

These 2 scenarios do not represent a lower and upper bound of possible outcomes. Outside factors could influence the magnitude of the state's budget balance, including federal efforts to balance their own budget. As noted earlier, small forecast revenue errors can produce large changes in the actual budget picture.

Finance Advisory Committee

Revenue and Budget Update

October 18, 2011

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Summary of the Current Budget Status

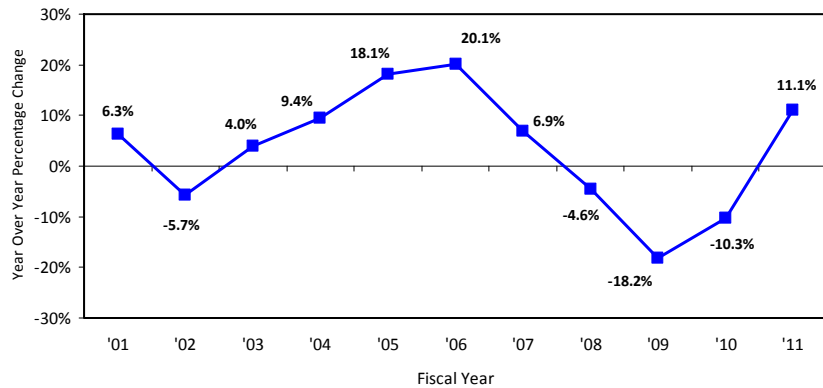
Improving, but Difficult to Predict Next 3 Years Reliably

- ☐ FY '11 Base General Fund revenue growth of 11% eliminated the FY '11 projected shortfall of \$(332) million.
- ☐ Since FY '12 monies will no longer be needed to pay off the FY '11 shortfall, there will likely be a carryforward balance at the end of FY '12
- ☐ At the current time, difficult to predict magnitude of FY '12 balance due to economic and litigation uncertainty.
 - Some national forecasters place odds of recession at 40% to 50%
 - Prop 204 and other "budget" lawsuits could significantly increase spending.
- ☐ Given these uncertainties, JLBC Staff has projected the FY '12- FY '15 Baseline estimates under 2 different scenarios.

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FY '11 Base Revenues Post Gain After Unprecedented 3-Year Decline



Percent Change in Base Revenues Excluding Urban Revenue Sharing,
statutory and one-time changes.

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FY '11 Rebound Led By Income Taxes

- Eliminated FY '11 Shortfall of \$(332) Million

	FY '11 Over '10	
	<u>Budgeted</u>	<u>Prelim. Actual</u>
Sales*	2.9%	1.9%
Individual Income	5.9%	18.5%
Corporate Income	40.8%	35.6%

* Without 1-Cent

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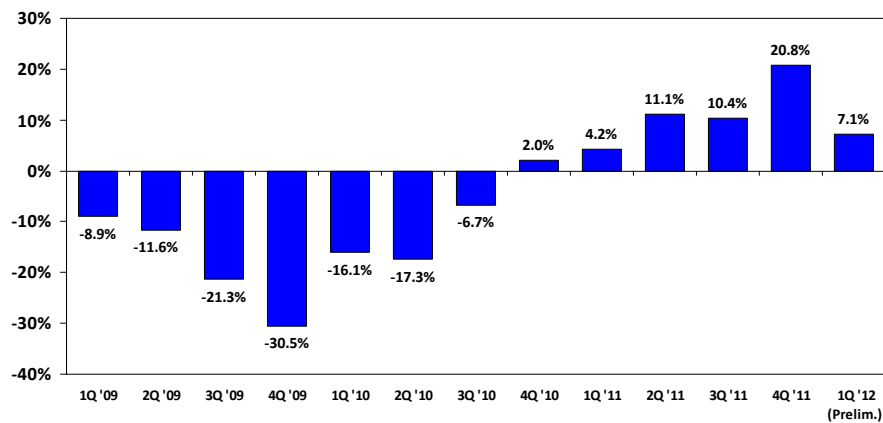
The FY '11 Recovery Is a Reflection of 1-Time Factors

- FY '10 was the bottom of the recession when revenues fell below FY '04 level – easier to post gains off such a low base
- Corporate profitability rose considerably – more due to higher productivity than higher revenues
- Individual income increase is more likely a function of capital gains and a loss of mortgage deductions than of significant job and wage growth

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Arizona Has 6 Consecutive Quarters of General Fund Revenue Growth



Percent Change in Adjusted Revenues Excluding
1-Cent Sales Tax

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1st Quarter Growth Rate 7.1%

- July and August are Final, September is Preliminary Projection
- \$126 M Above Forecast

	% Change over 1 st Qtr. FY '11
Sales Tax (without 1-cent)	7.2%
Individual Income Tax	9.8%
Corporate Income Tax	10.9%

- ❑ Strong sales performance partially due to negative 1st quarter in FY '11
- ❑ Healthy growth rate in April income tax collections resulted in higher estimated payments for the rest of calendar 2011

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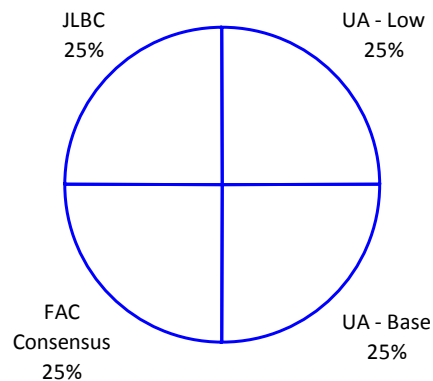
7

Where Are We Headed Over the Next Few Years?

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

4-sector forecast equally weights:

- ❑ FAC average
- ❑ UofA model – base
- ❑ UofA model – low
- ❑ JLBC Staff forecast
- ❑ Remaining revenues (10% of total) are staff forecast



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

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Forecasting Constraints In the Next 3 Years

- ❑ While revenue recovery has begun, it is difficult to forecast its speed
- ❑ Current forecasts are most useful in determining the direction of the economy, not its precise landing point
- ❑ Certain structural factors limit potential for rapid growth
- ❑ Small forecast errors can have a large impact -- 1% error in the revenue growth rate over 3 years can change revenue collections by \$500 million

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The Road to Recovery Will Still Be Long

- Decline in Pending Foreclosures Is One Positive Sign

	Highpoint	Now
Jobs Lost Since December 2007	398,800 (July 2010)	326,900*
Pending Maricopa Foreclosures	51,500 (Dec. 2010)	23,299
Mortgages Underwater	51.3% (Q4, 2009)	48.7% (Q2, 2011)

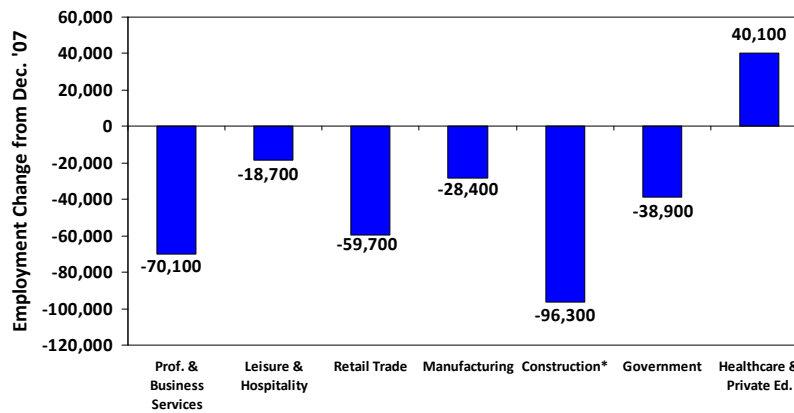
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* Due to seasonal decline of summer jobs, overstates actual loss

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Job Losses Since December 2007 by Sector

- Of 326,900 lost jobs, 96,300 were in construction

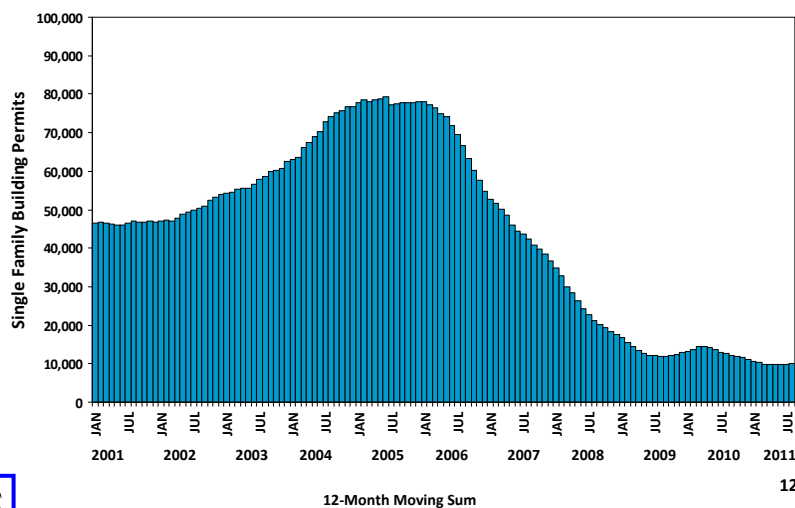


* Construction employment peaked in June 2006. Total loss is 133,800 jobs.

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Single Family Permits Suggest Construction Recovery Not Imminent

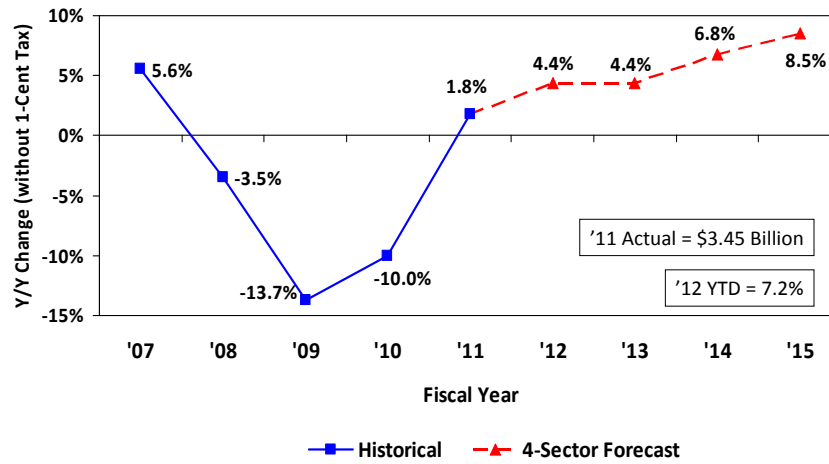


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Sales Tax

- The Consensus Forecasts Growth of 4.4% in FY '12 and 4.4% in FY '13

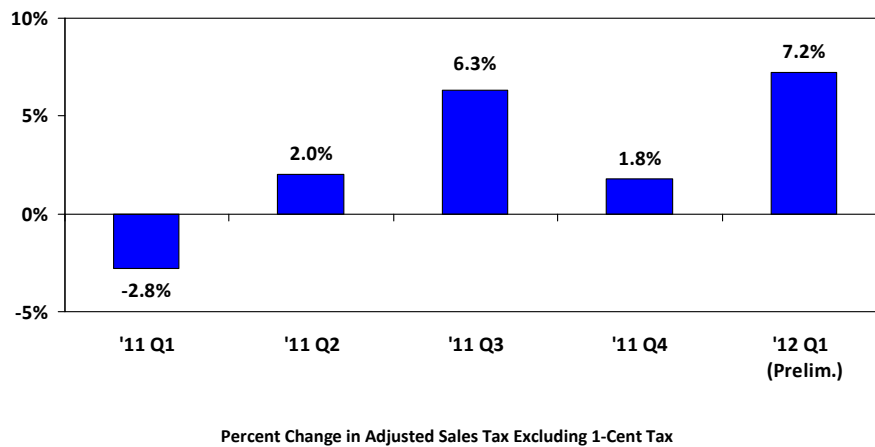


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Strong 1st Quarter In FY '12 Growth Relative to Negative FY '11

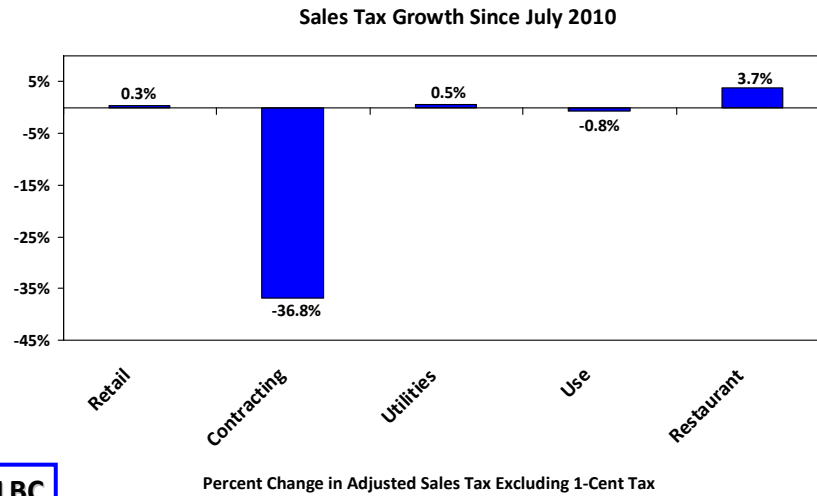
- Recovery Started in 2nd Quarter FY '11



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Sales Tax Collections by Category

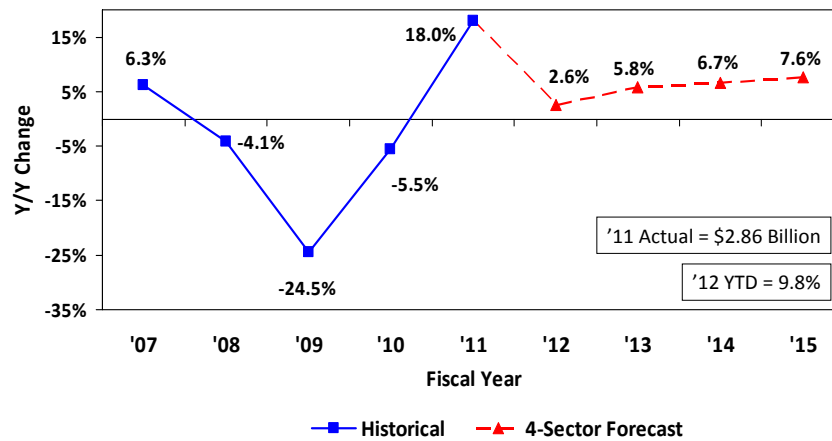


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Individual Income Tax

- The Consensus Forecasts Growth of 2.6% in FY '12 and 5.8% in FY '13



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Individual Income Tax Was Primary Reason For FY '11 Forecast Overage

- ☐ Withholding grew 7.3% in FY '11
 - Difficult to explain growth of this magnitude
 - Job growth was essentially flat
 - Average private wages grew 2 to 3%
 - Some growth may have come from change in Arizona withholding tables in July 2010
 - This may explain why 1st Quarter FY '12 withholding growth moderated to 5.1%, the slowest growth in a year
- ☐ Strong State withholding growth appears to be part of a nationwide trend.
 - 8.3% nationwide growth in 1st quarter of 2011 (Jan. – Mar.)
 - May be that job and wage growth are underreported

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Higher Capital Gains and Loss of Mortgage Deduction Also Increased Income Tax Liability

- Tax Payments Grew By 13.3% and Refunds Fell By (9.6)% in FY '11

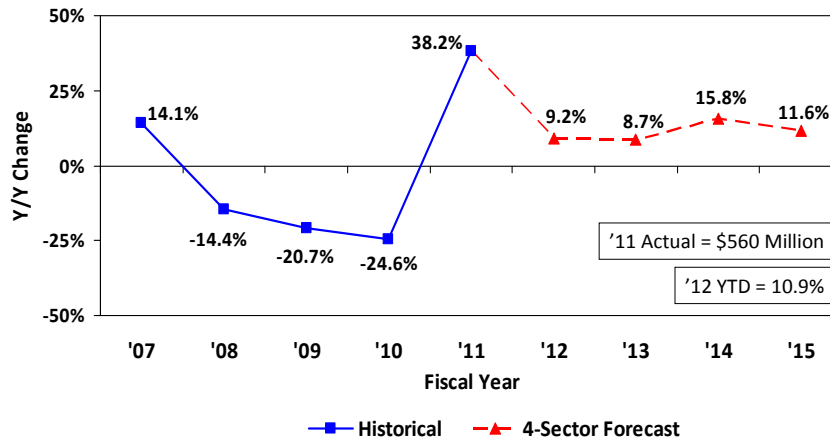
- ☐ While no official data is available, capital gains probably grew substantially
 - Stock market values increased by 17% in calendar year 2010
 - “Flipping” of foreclosure properties produced some profits
- ☐ Fewer taxpayers are taking advantage of mortgage interest and property tax deduction
 - Arizona itemized deductions were down more than 20% in FY '11
 - Reduction in itemized deductions added an estimated \$200 million to FY '11 net collections

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Corporate Income Tax

- The Consensus Forecasts Growth of 9.2% in FY '12 and 8.7% in FY '13



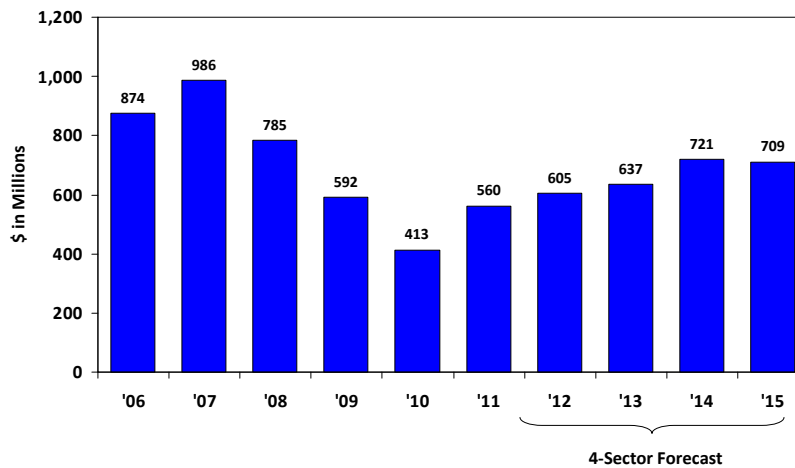
Percent Change in Base Revenue Excluding Tax Law Changes

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Corporate Income Tax

- Forecast Remains Substantially Below FY '07 High Point

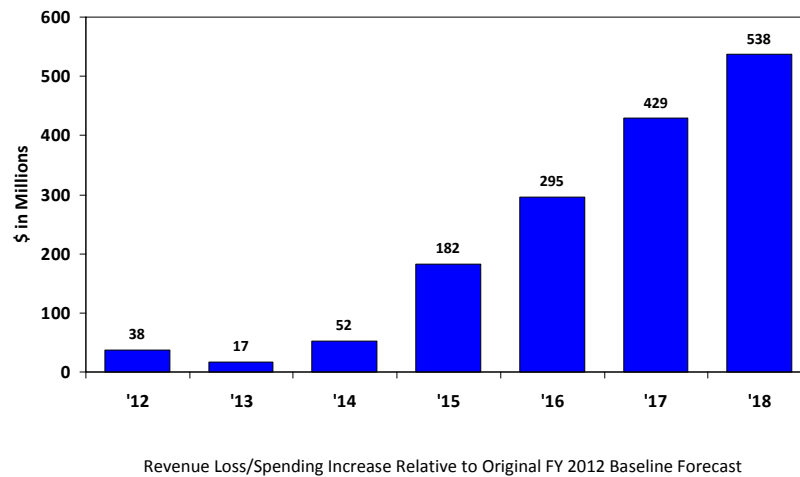


Includes enacted tax law changes and one-time adjustments.

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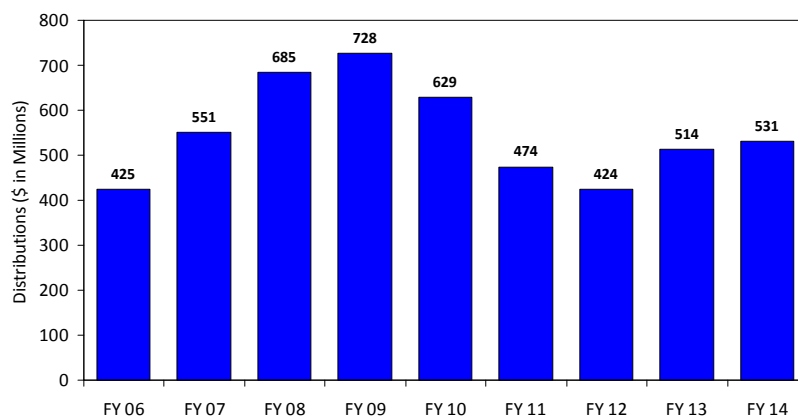
Enacted AZ Jobs Bill Will Not Have Major Fiscal Impacts Until FY 2015



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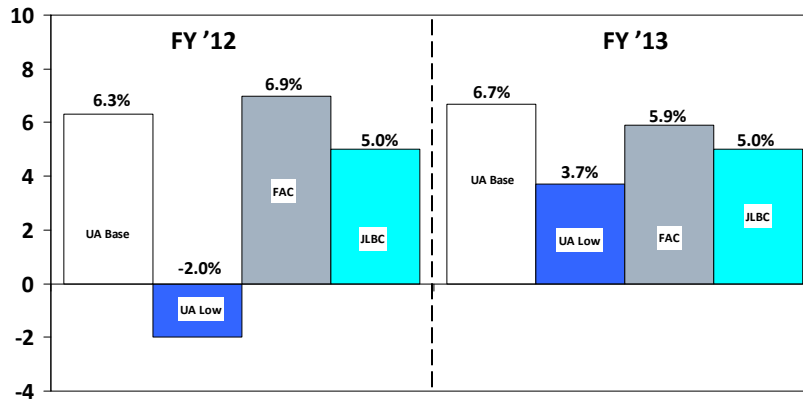
Income Tax Revenues Determine Urban Revenue Sharing – Amount Linked to Income Tax Collections 2 Years Prior



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Consensus Predicts Base Growth Rate of 2.9% in FY '12 and 4.9% in FY '13*



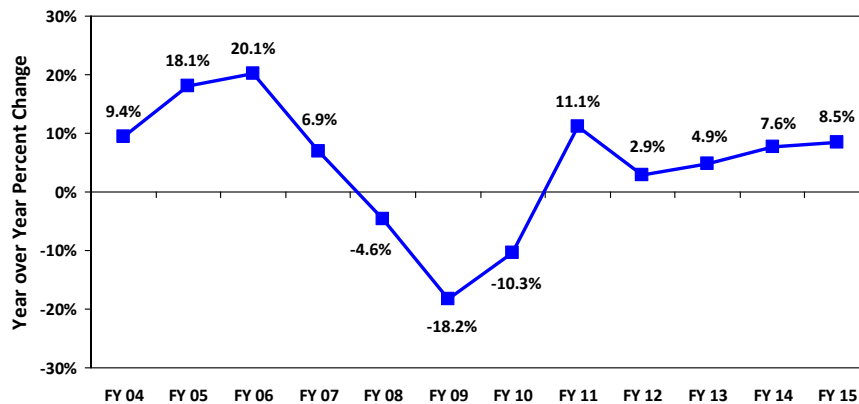
Details in Appendix A

* Weighted Big 3 average growth prior to 1-Cent sales tax is 4.0% in FY '12 and 5.4% in FY '13. After adjusting for small tax categories, the base growth rate is 2.9% in FY '12 and 4.9% in FY '13.

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Consensus Forecasts Steadily Rising Revenue Growth Rate Through FY '15

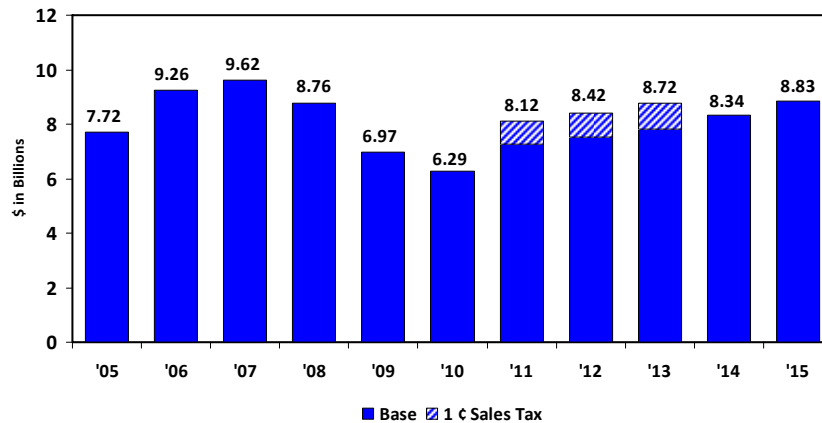


Percent Change in Base revenues excluding balance forward, tax law changes, one-time revenues, and urban revenue sharing

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Consensus Forecasts Still Below FY '07 Level



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

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Consensus Forecast Poses Some Major Risks From A Budget Standpoint

- ❑ In short term, Consensus may not give adequate weight to recession scenario
 - Leading national forecasters place recession risk at 40% to 50%
- ❑ In the long term, Consensus assumes very strong growth in FY '14 and FY '15
 - Difficult to predict 3 years in advance and may result in false sense of optimism
- ❑ To address these concerns, the Baseline revenue projections have been modified
 - Add second "slow economy" scenario at rates 2% below Consensus
 - Consensus revenue growth rates for budgeting capped at 7% -- the prior long-term average

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The JLBC Staff Has Also Updated Its FY '12 – FY '15 Baseline Spending Estimates

- ☐ Based on active funding formulas and continued suspension of inactive formulas (See Appendix B)
 - The annual statutory suspensions save \$730 M each year
 - Most savings involve K-12 operating formulas (\$300 M) and School Facilities Board formulas resulting from '90s litigation (\$400 M)
- ☐ Based on current law requirements of federal health care legislation beginning January 2014
 - Most Proposition 204 population becomes eligible again
 - Medicaid expands to 133% of poverty level – feds pay 100% in short-term
 - More currently eligible seek coverage, but federal match rate is higher

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Spending Issues Further Cloud Overall Budget Picture

- ☐ The State is subject to numerous “budget” lawsuits – such as freeze in Medicaid childless adult coverage and the K-12 inflator
- ☐ Federal budget negotiations may lead to reduction in State aid
- ☐ IRS requires State to use operating surplus above 5% (\$400 M) to pay off “operating” issuances early
 - Represents a requirement of the State using tax-exempt financing for the \$1.5 B state building sale/leaseback and lottery revenue bonds
 - Calculation is complex and final requirement is not known until ADOA releases an annual report six months after end of fiscal year
 - Preliminary estimate of this requirement in FY '12 is \$72 M

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Given Revenue and Spending Risks, There Are 2 Baseline Budget Scenarios

- ☐ Scenario 1
 - Consensus revenue estimates
 - Active formula Baseline spending estimates
- ☐ Scenario 2
 - Substitutes “slow economy” revenue estimates
 - Same active formula spending, but adds \$200 M if plaintiffs successful in budget lawsuits
- ☐ The 2 scenarios do not represent a lower and upper bound. Outside factors like the federal government could influence future budget projections.

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FY '12 Budget Carryforward Could Be \$415 M Under 1st Scenario and \$130M in 2nd Scenario

- ☐ \$332 M of FY '12 revenues originally budgeted to pay off FY '11 deficit – since FY '11 ended up balanced, \$ no longer needed
- ☐ April budget assumed FY '12 base revenues would grow by 5.7% to \$7.83 B
 - With higher than expected FY '11 base, this level would be achieved with 1% growth in FY '12
 - Based on slow economy and consensus projections, revenue could grow by 0.9% to 2.9%
- ☐ Net FY '12 spending is projected to stay within budget, but litigation could result in supplementals

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FY '12 Carryforward Balance Is One-Time

- ☐ Due to the expiration of the 1-cent sales tax at the end of FY '13, budget is unbalanced in FY '14
- ☐ Any use of short-term carryforward for new permanent revenue or spending changes in FY '12 or FY '13 would further increase future shortfalls
- ☐ But difficult to know magnitude of the carryforward until much later in the fiscal year

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Detail of FY '13 and '14 Revenue Changes

Scenario 1 – Consensus Revenues	\$ in Millions	
	<u>FY '13 Above FY '12</u>	<u>FY '14 Above FY '13</u>
Base Revenue Growth (4.9%/7.0%)	393	566
TPT \$100K Threshold Expires	(52)	52
TPT 1 ¢ Expires	--	(905)
Elimination of One-Time Revenues - Fund Sweeps/County Contributions	(382)	--
AZ Commerce Authority Bill	(11)	(16)
Urban Revenue Sharing	(89)	(18)
Total	(141)	(321)

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Detail of the FY '13 and '14 General Fund Baseline Spending Adjustments

Scenario 1 – Active Funding Formulas	\$ in M	
	FY '13 Above FY '12	FY '14 Above FY '13
K-12 Formula – Enrollment gains, limited inflation	29	39
AHCCCS/DHS – 5% Medicaid base growth, Federal and waiver addback in '14	160	308
DES – DD Medicaid Growth	22	21
ADC – Marginal growth + phase-in of 5,000 new private beds in '14	7	49
Debt Service	50	20
Extra Pay Period – One time savings	(79)	0
Other	(57)	(5)
Total	132	432

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FY '12 – '14 Budget Projections

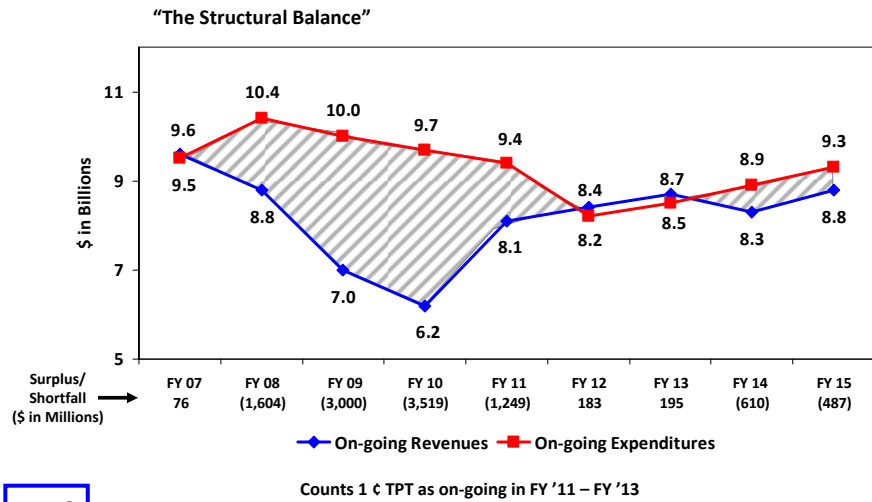
Scenario 1	<u>12</u>	<u>13</u>	<u>14</u>
Revenues	\$8.8 B	\$8.7 B	\$8.3 B
Spending	\$8.4 B	\$8.5 B	\$8.9 B
Balance	\$416 M	\$143 M	\$(610) M

Scenario 2	<u>12</u>	<u>13</u>	<u>14</u>
Revenues	\$8.7 B	\$8.3 B	\$7.8 B
Spending	\$8.5 B	\$8.7 B	\$9.1 B
Balance	\$133 M	\$(375) M	\$(1.2) B

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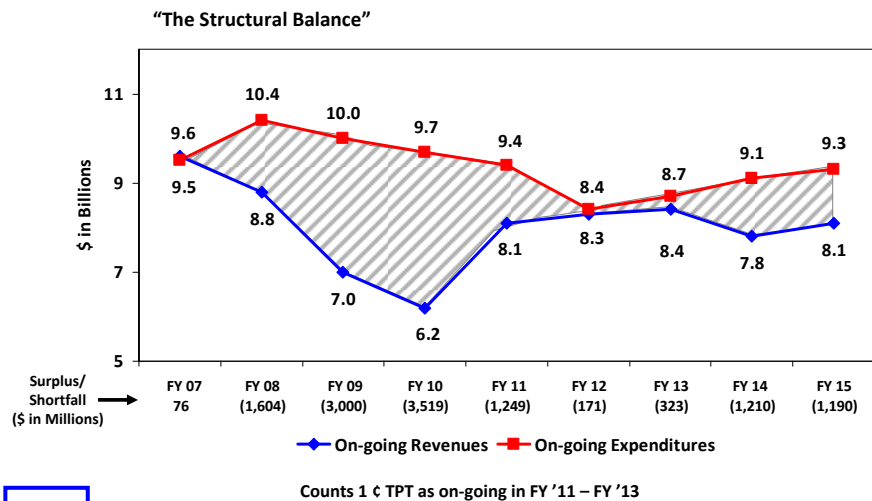
Under Scenario 1, Shortfall Re-emerges With Expiration of 1-Cent Sales Tax - Consensus Revenues and Baseline Spending



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35

Under Scenario 2, FY '14 Shortfall Grows to \$(1.2) B - Slow Economy and Plaintiff Litigation Verdicts



JLBC

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Summary of the Budget Outlook

- ❑ Since FY '11 shortfall no longer has to be paid off with FY '12 revenues, state will likely generate a carryforward balance at the end of FY '12
- ❑ Projected FY '12 carryforward balance is \$130 M or \$415 M under 2 scenarios - but estimates are not reliable at this time due to economic uncertainty and pending litigation.
- ❑ Using FY '12 balance for any new permanent revenue decrease or spending increase would increase future year shortfalls.
- ❑ It is unclear whether the FY '13 budget will be in balance or have a projected shortfall. With expiration of 1 cent sales tax, however, we would incur a FY '14 shortfall of \$600 M (Scenario 1) or \$1.2 B (Scenario 2).
- ❑ 3 Year estimates are highly speculative - small changes in growth rates could result in a balanced budget in FY '14 or a \$(1.7) B shortfall.

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Appendix A: October 2011 4-Sector Forecast

	FY 2012	FY 2013	FY 2014	FY 2015
Sales Tax				
JLBC Forecast	5.2%	5.0%	7.0%	7.0%
UA – Low	1.5%	2.1%	6.8%	11.0%
UA – Base	5.0%	5.2%	7.4%	10.3%
FAC	6.0%	5.4%	6.5%	6.6%
Average:	4.4%	4.4%	6.9%	8.7%
Individual Income Tax				
JLBC Forecast	5.6%	5.1%	7.0%	7.0%
UA – Low	-6.9%	4.9%	6.5%	8.9%
UA – Base	5.2%	7.3%	6.8%	7.9%
FAC	6.3%	5.8%	6.6%	6.9%
Average:	2.6%	5.8%	6.7%	7.6%
Corporate Income Tax				
JLBC Forecast	0.7%	4.6%	7.4%	7.5%
UA – Low	0.9%	8.3%	23.4%	20.4%
UA – Base	20.5%	11.7%	22.4%	12.1%
FAC	14.5%	9.6%	9.1%	5.9%
Average:	9.2%	8.7%	15.8%	11.6%
JLBC Weighted Average:	5.0%	5.0%	7.0%	7.0%
UA Low Weighted Average	-2.0%	3.7%	8.1%	11.0%
UA Base Weighted Average	6.3%	6.7%	8.6%	9.5%
FAC Weighted Average:	6.9%	5.9%	6.8%	6.7%
"Big-3" Weighted Average	4.0%	5.4%	7.6%	8.5%
Consensus Weighted Average:*	2.9%	4.9%	7.6%	8.5%
Adjusted Consensus Weighted Average:**	2.9%	4.6%	7.2%	7.3%

* Consensus Big-3 Categories adjusted for small revenue categories
 ** Consensus Weighted Average adjusted for tax law changes

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Appendix B: Funding Formula Suspensions

Statutory Funding Formula Suspensions*		
Agency	Formula	FY 2013 Cost If Funded
Community College	Capital State Aid Suspension	\$23,844,200
Department of Education	Soft-Capital Formula	\$188,120,700
	Charter School Additional Assistance	\$17,656,000
	Capital Outlay Revenue Limit (CORL)	\$63,684,600
	Fund JTEDs at 91%	\$4,849,100
Department of Emergency & Military Affairs	Governor's Emergency Fund	\$1,100,000
Department of Environmental Quality	WQARF	\$8,000,000
Department of Health Services	Restoration to Competency	\$1,740,600
	SVP	\$2,670,300
School Facilities Board	Building Renewal	\$249,681,800
Tourism	Tourism Funding Formula	\$15,545,400
Universities	Financial Aid Trust	<u>6,106,400</u>
Subtotal		\$582,999,100
Future Year Cost – School Facilities Board	New School Construction (If enrollment returns to pre-recession level)	<u>\$150,000,000</u>
Total		\$732,999,100
Non-Statutory Formula Suspensions		
Department of Administration	Building Renewal	\$27,580,000
Universities	General Fund Enrollment	\$39,764,200
	Building Renewal	<u>\$97,630,700</u>
Subtotal		\$164,974,900

* Excludes AHCCCS suspensions.

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39



Freudian Economics

To:
JLBC FAC

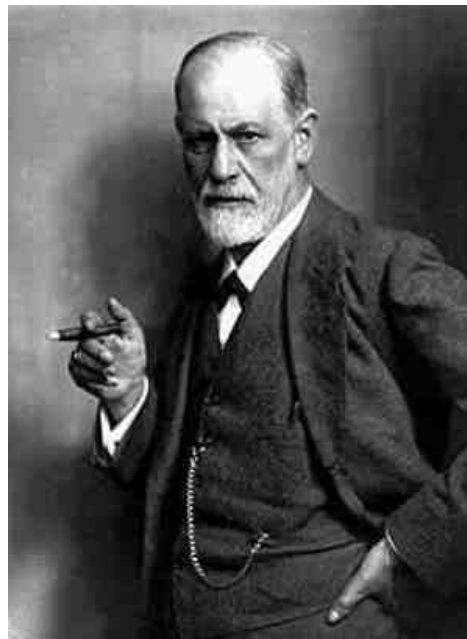
October 18, 2011

By:
Jim Rounds
Senior V.P., Elliott D. Pollack & Company



Elliott D. Pollack & Company

Going from
Economic to
Psychological



Elliott D. Pollack & Company

Going from Economic to Political



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Basic Question:

a) Slow growth, STALL, slow growth, but better 2012, 2013...



b) Slow growth, fundamental change, longer term problems?



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U.S. Conditions



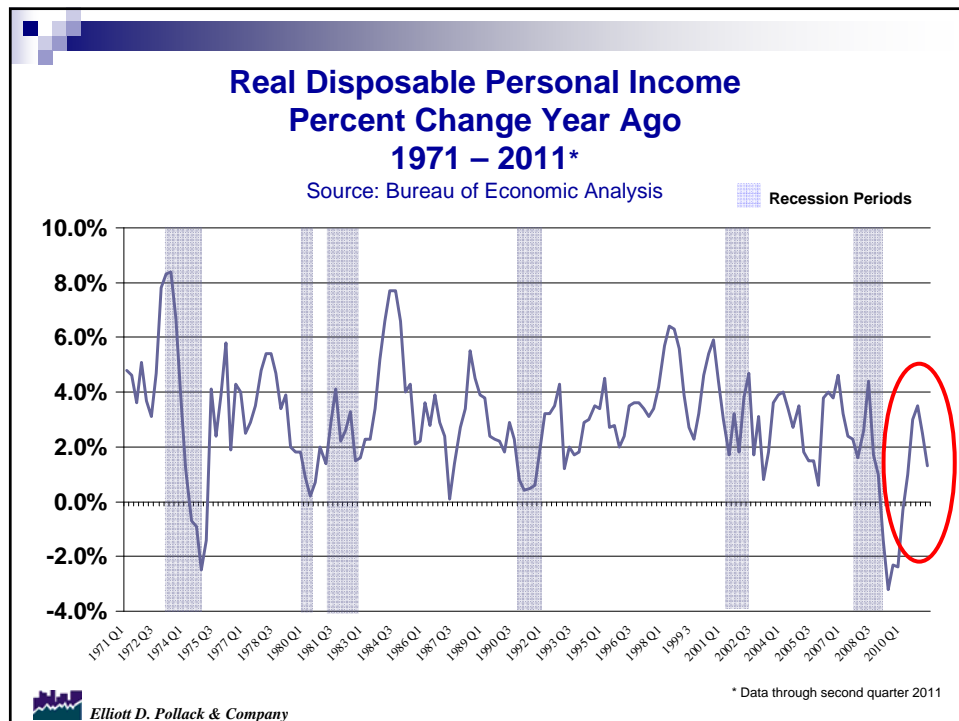
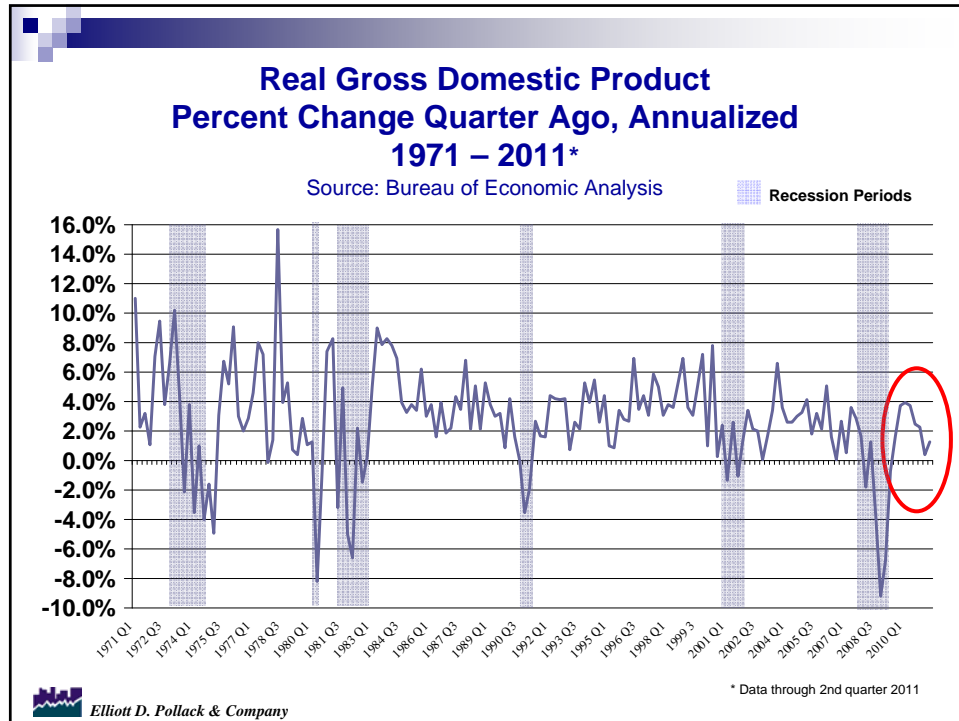
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Signs of a Double Dip – Look for Declines in these Main Economic Categories

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

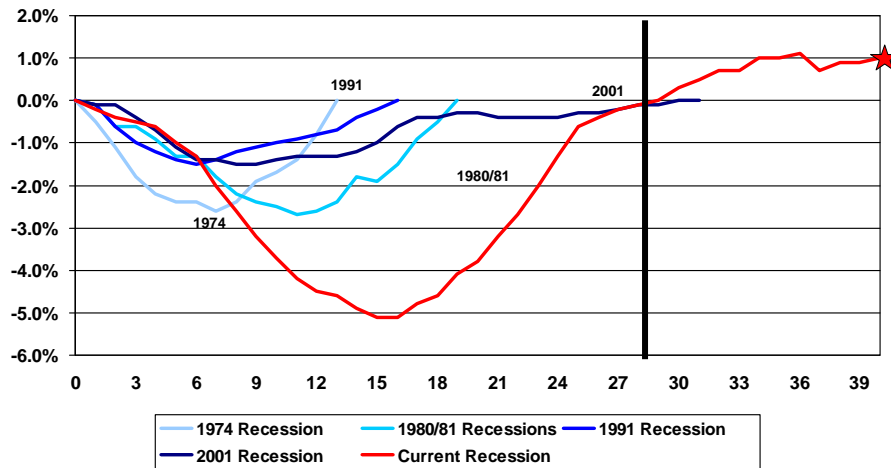


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U.S. Y/Y Job Losses - Recent Recessions

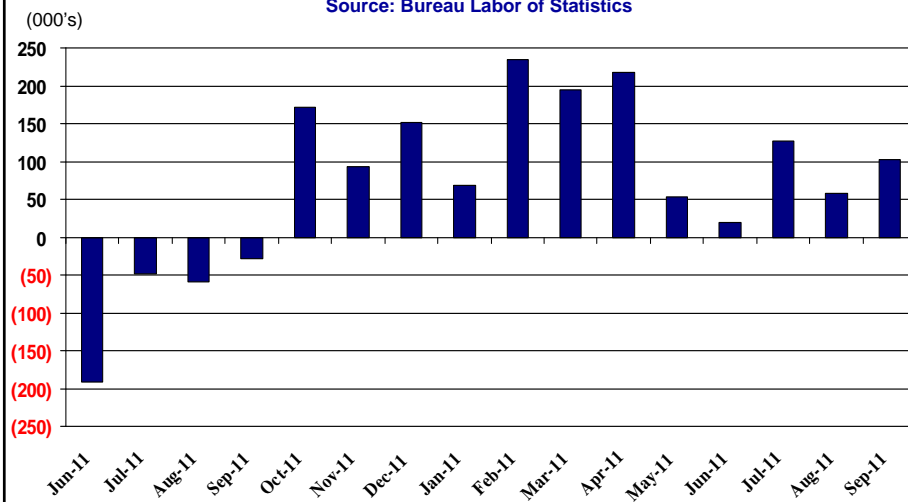
Duration in Months – BLS - August




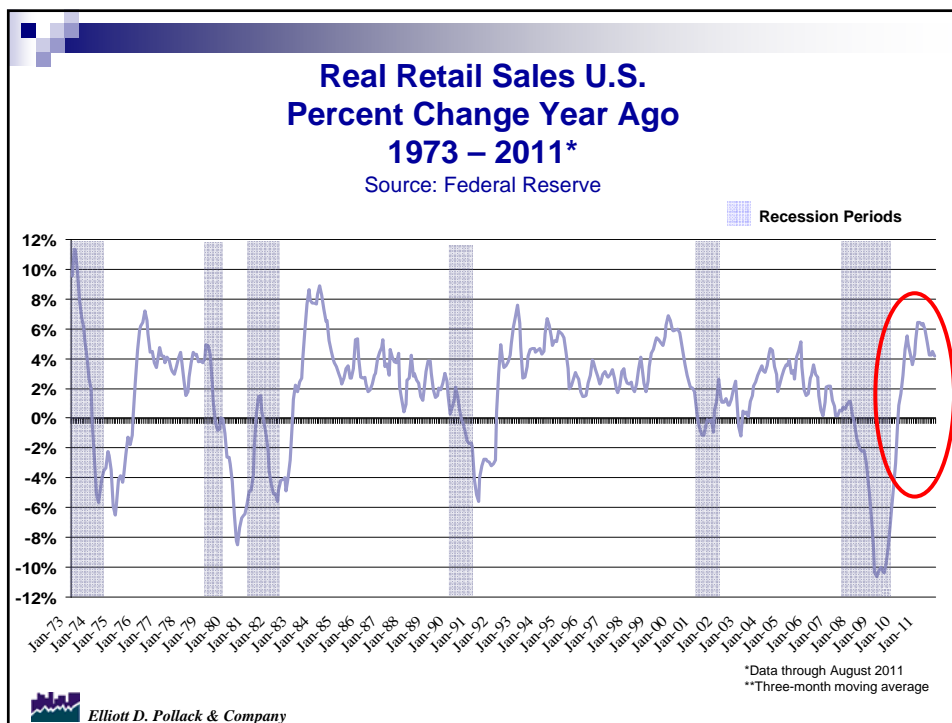
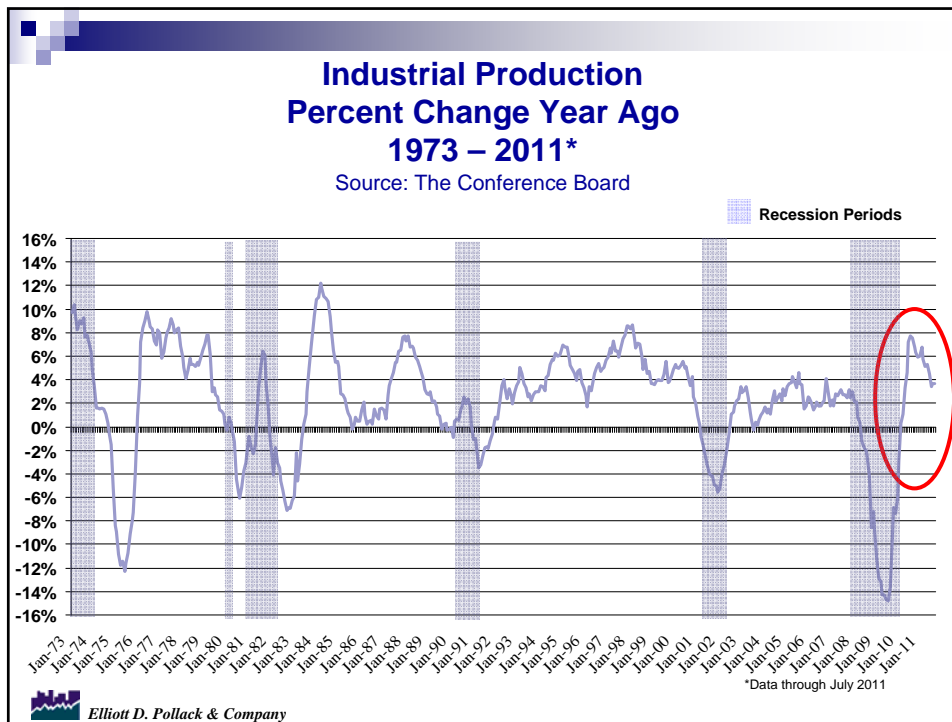
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US New Job Data

Change from Prior Month (S/A)
June 2010 – September 2011
Source: Bureau Labor of Statistics



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Recession Indicators Summary: Still Moving Upward (Just VERY Slowly)

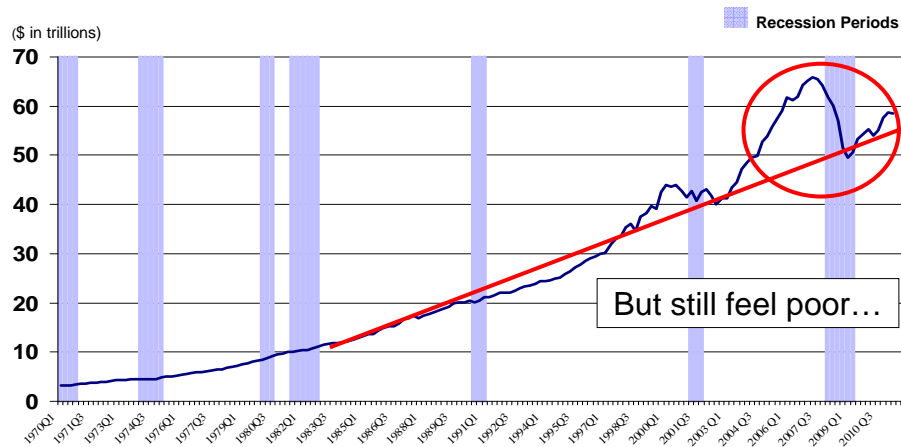
- Real GDP
- Real Income
- Employment (watch closely)
- Industrial Production
- Wholesale – Retail Sales



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Household Net Worth (\$\$\$) 1970 – 2011*

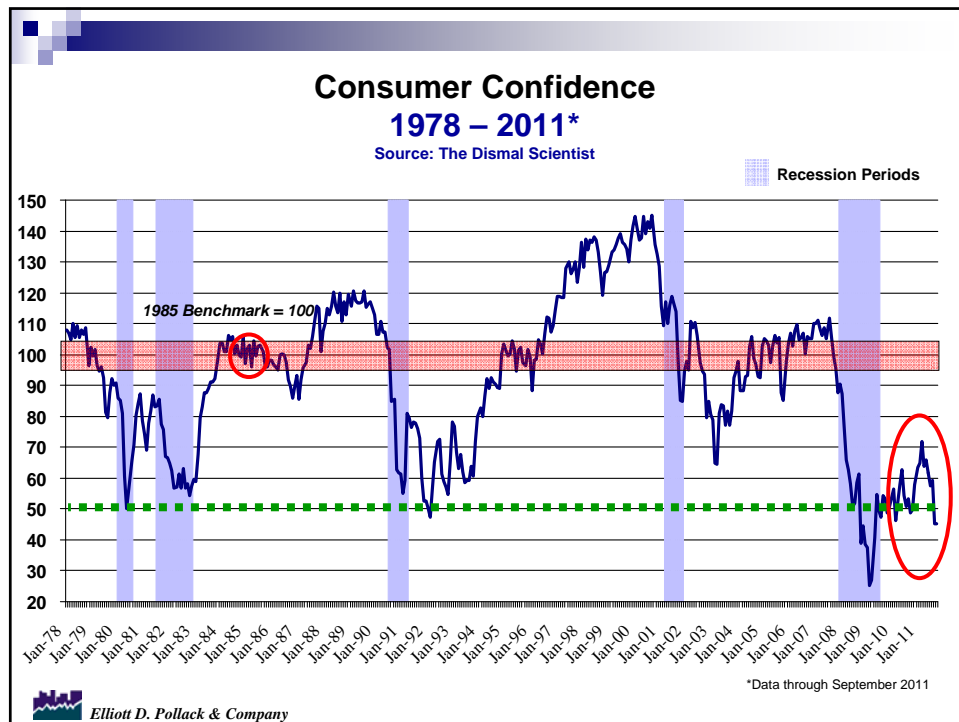
Source: Federal Reserve



*Data through second quarter 2011.



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Consumer Summary:

- Jobs are being created but not quickly enough.
- Those that have jobs are spending a little more but will remain cautious.
- Most of those that don't have jobs probably won't anytime soon.
- Wealth levels are improving but people still feel poor.
- Will the additional uncertainty translate into reduced consumer spending?

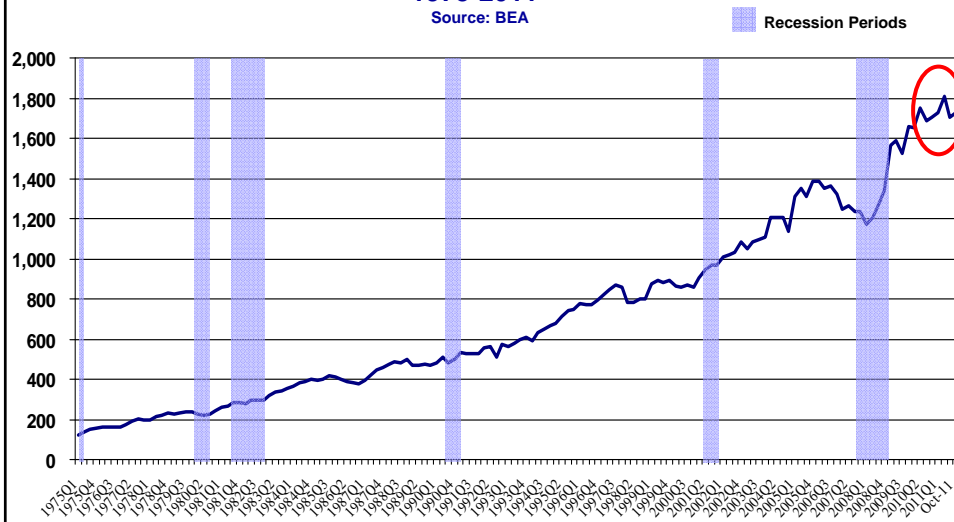
Business

Depends on the sector...



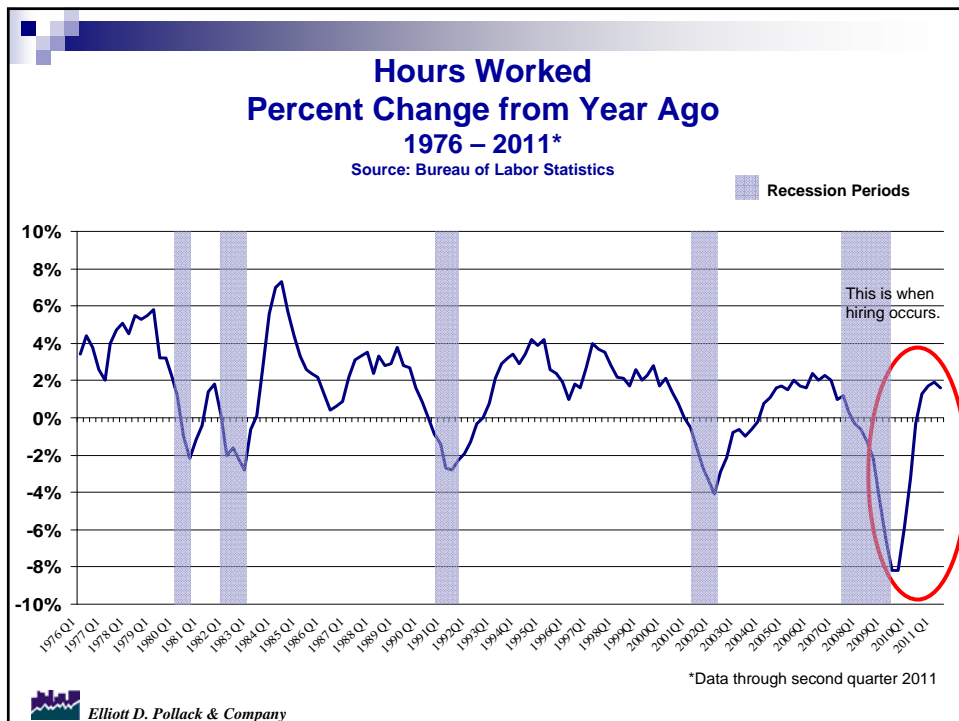
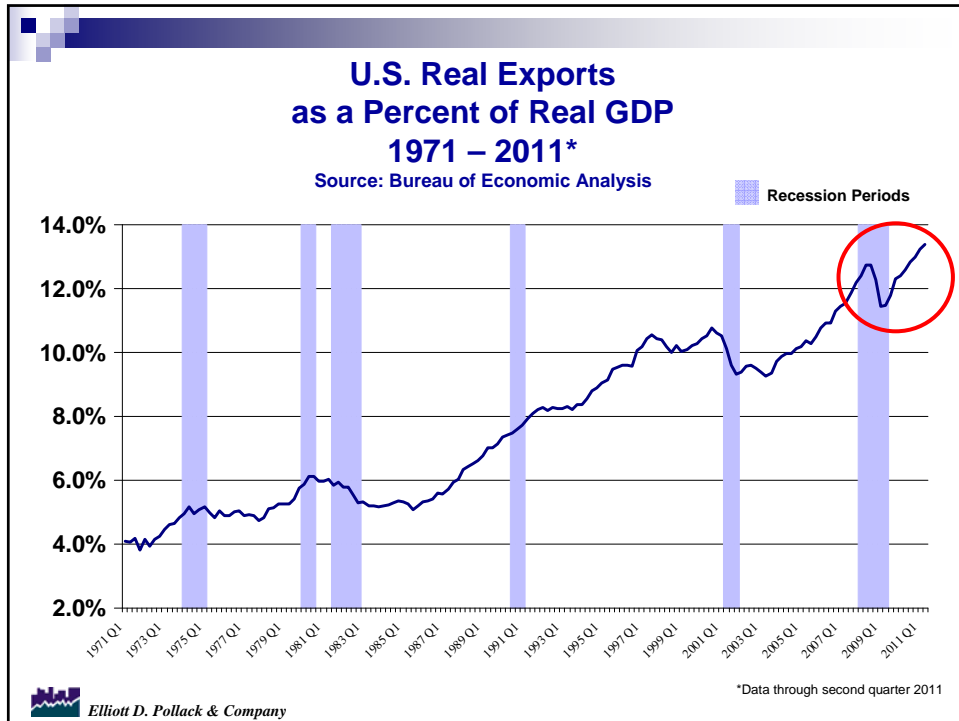
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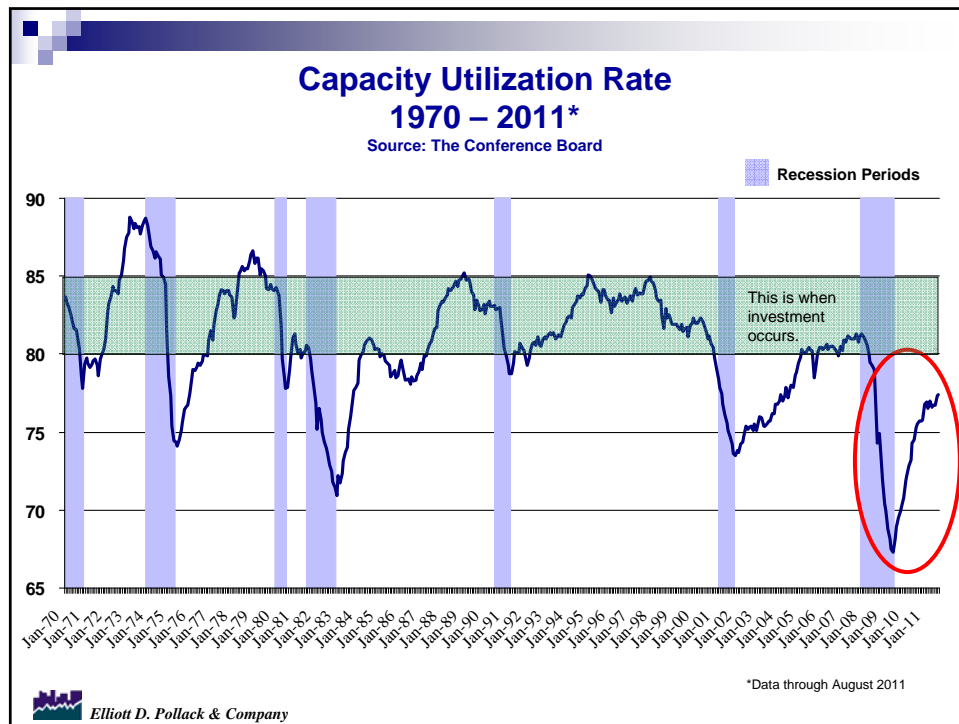
Corporate Profit
(Billions of Dollars, SA)
1975-2011*
Source: BEA



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*Data through second quarter 2011





Business Summary:

- Profits are high, but...
- Business spending on plant will be slow for now, but getting closer to seeing some limited investment. **Delayed?**
- Hiring will still be relatively slow, but more pressure to hire soon. **Delayed?**
- Lots of money sitting on the sidelines? Problems with supply or demand?

U.S. Summary:

Recovering but not recovered.

Lots of small shocks thus far but none have been game changers (Europe could possibly be one though; anything unexpected possible?).

Stimulus package doesn't address the real problem. Feds need to balance their checkbook.



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Basic Question:

a) Slow growth, STALL, slow growth, but better 2012, 2013...



b) Slow growth, fundamental change, longer term problems?



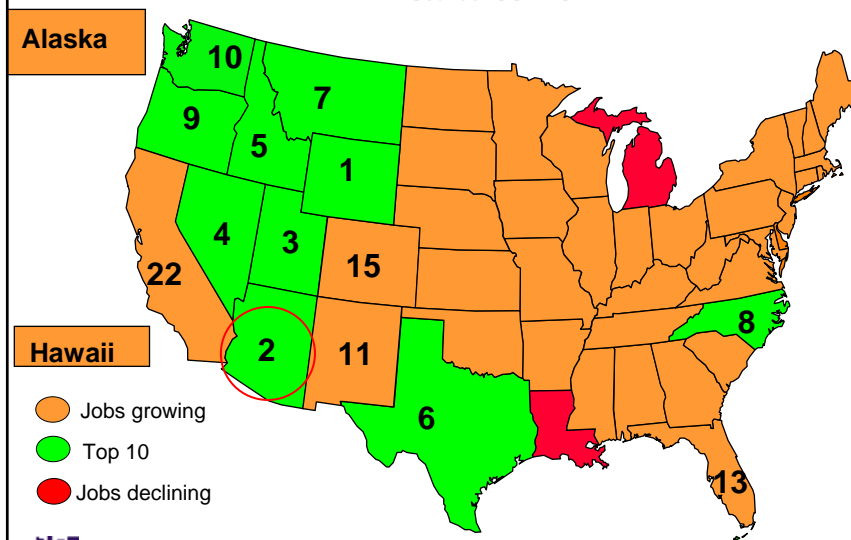
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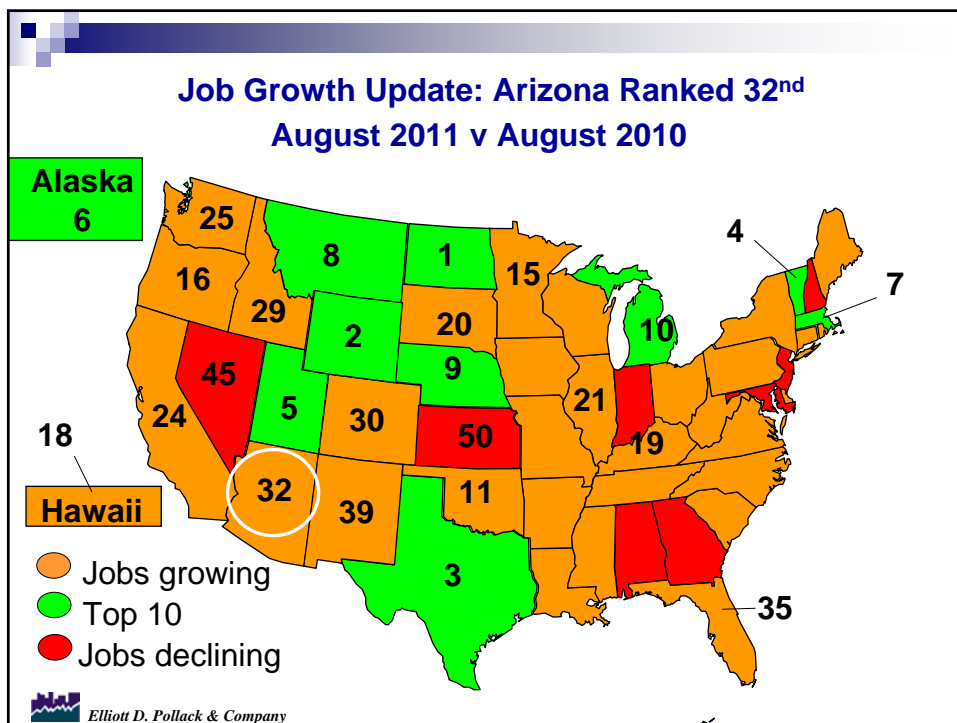
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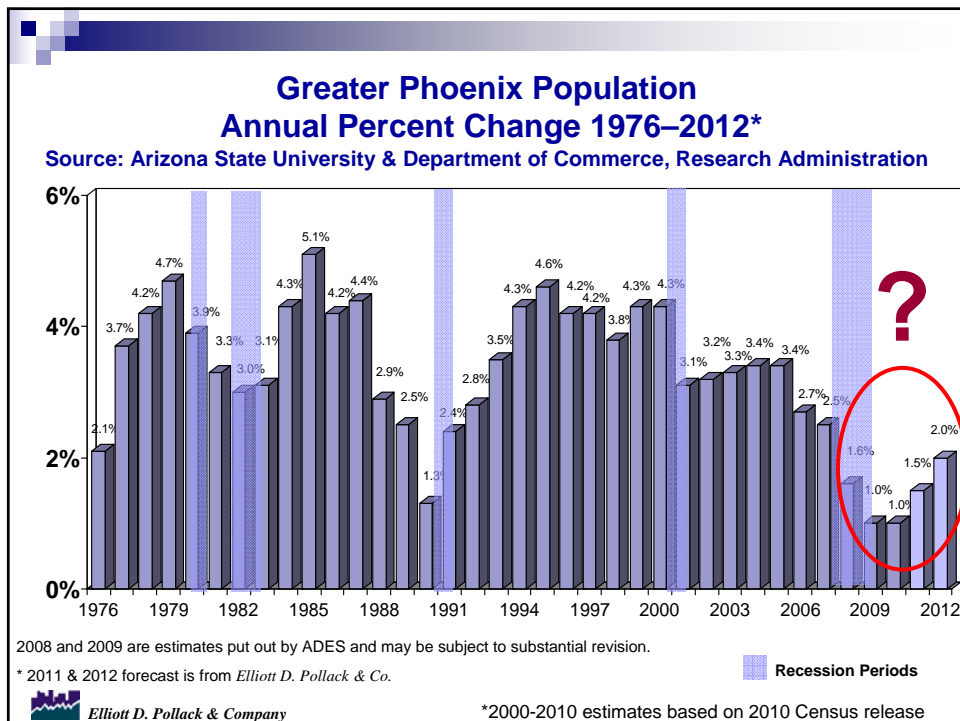
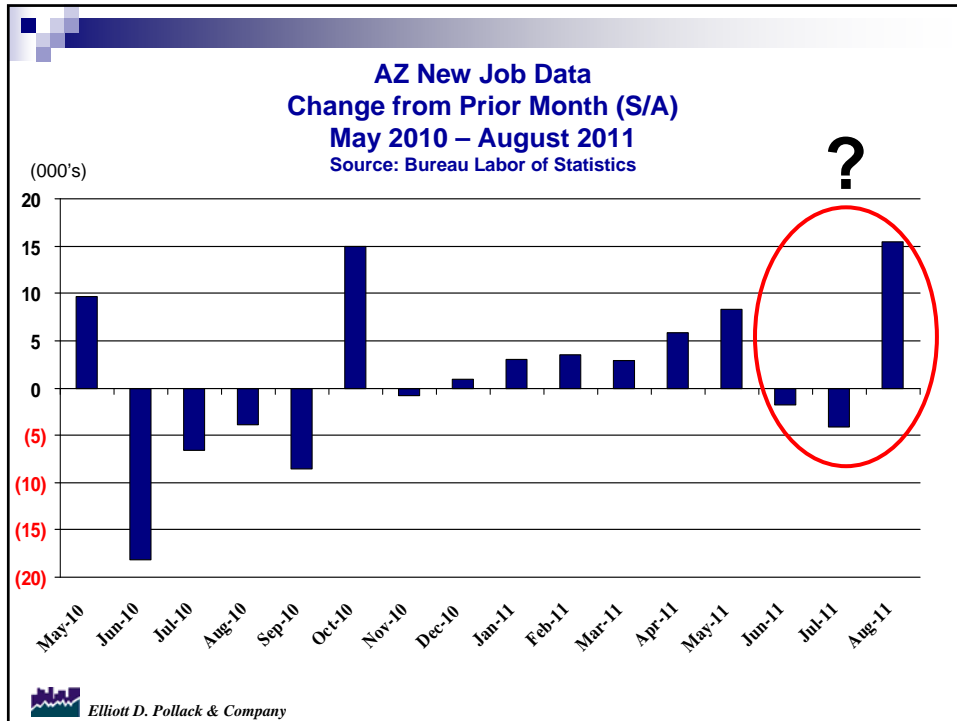
Job Growth 2006

Source: US BLS



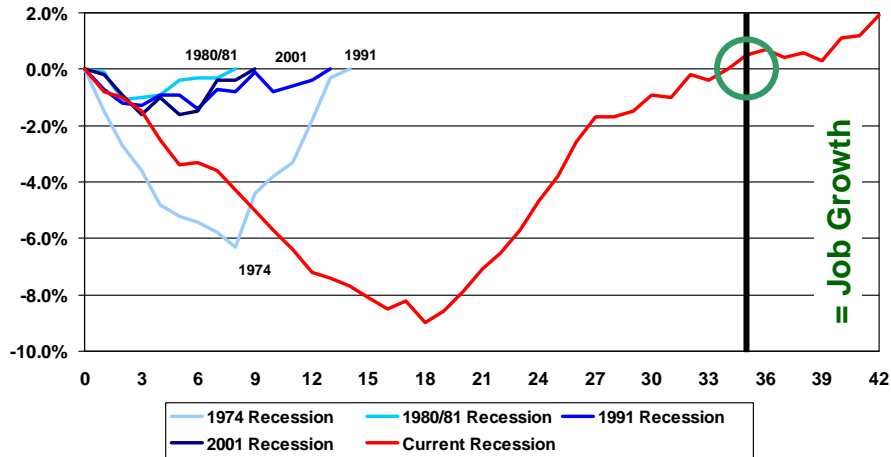
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Greater Phoenix Y/Y Job Losses - Recent Recessions

Duration in Months – BLS - August



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Phoenix-Mesa Employment Growth

(Ranking among all metro areas greater than 1,000,000; 2011 August/August)

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

YEAR	RANK	# of MSAs
1991	4	20
1992	5	20
1993	2	20
1994	1	20
1995	1	21
1996	1	23
1997	2	23
1998	1	24
1999	3	26
2000	8	26
2001	6	28
2002	5	28
2003	3	29
2004	4	29
2005	1	30
2006	1	31
2007	10	32
2008	29	32
2009	31	32
2010	31	32
2011	5	32



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Greater Phoenix Employment*

Source: Bureau of Labor Statistics

<u>Sectors in Decline</u>	<u>Net Change</u>	<u>Sectors Improving</u>	<u>Net Change</u>
Federal Government	-1,000	Education & Health Services	14,700
Prof. & Bus. Services	-4,200	Leisure & Hospitality	7,100
		Transp, Trade, & Utilities	4,900
		Construction	2,300
		Financial Activities	2,300
		Manufacturing	1,900
		Other services	1,800
		State Government	600
		Local Government	400
		Mining	300
		Information	200

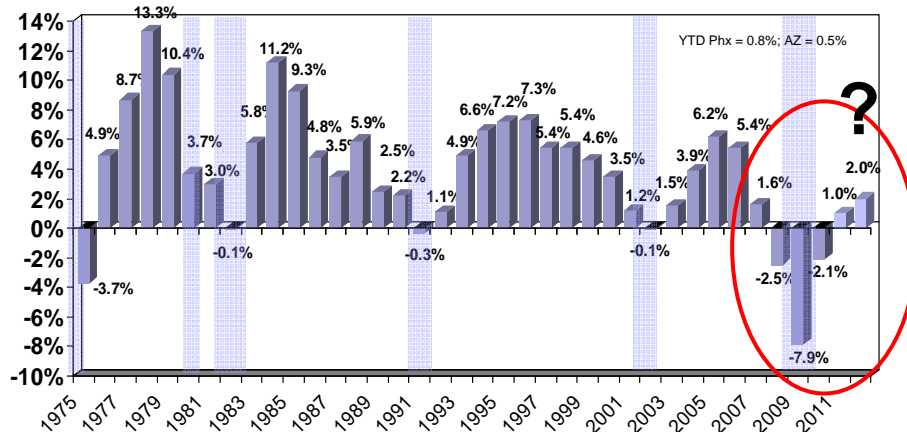


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*August 2011/August 2010

Greater Phoenix Employment* Annual Percent Change 1975–2012**

Source: Department of Commerce, Research Administration



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

** 2011 & 2012 forecast is from Elliott D. Pollack & Co.



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Recession Periods

**This is NOT a multi decade
recovery...**

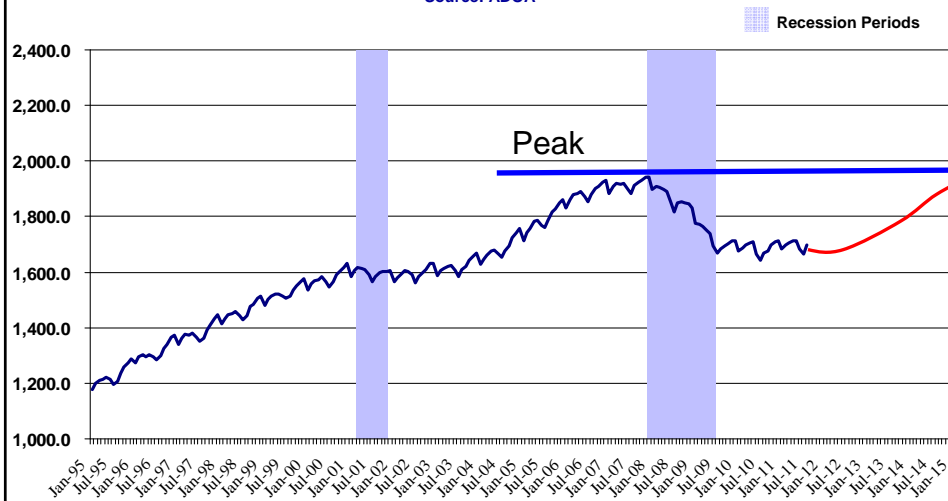
**Think 2015 – 2016 for full
recovery, but growth before
then.**



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**Employment Levels:
Greater Phoenix/AZ* Back to Peak by 2015? 2016?**

Source: ADOA



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*As of August 2011

Single Family Housing



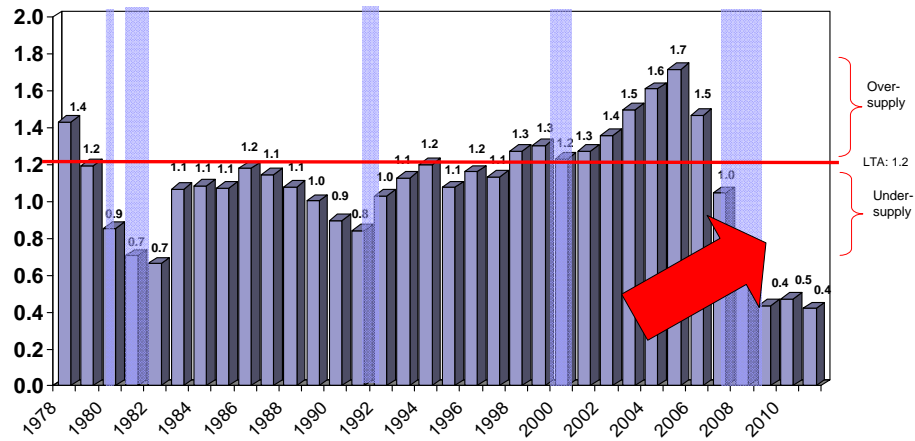
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U.S. Single-Family Starts 1978–2011^{1/}

(Millions)

Source: Census Bureau

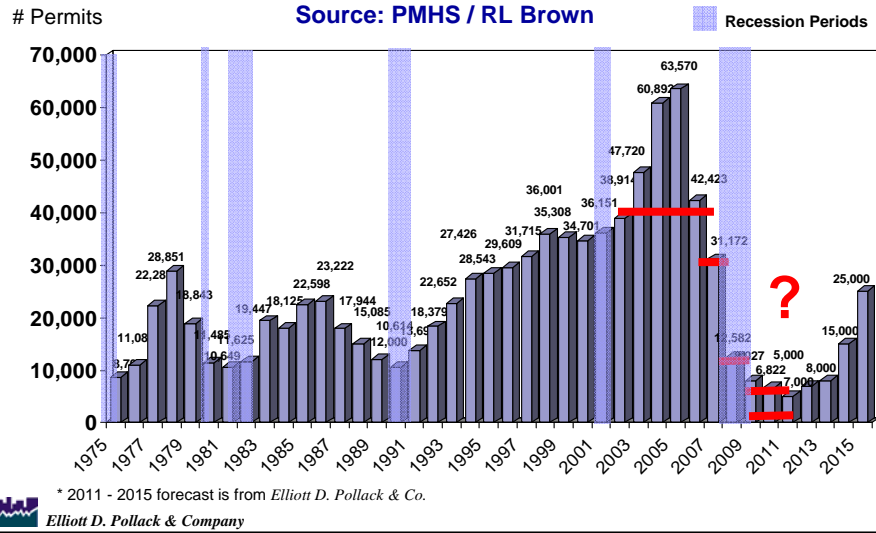
Recession Periods



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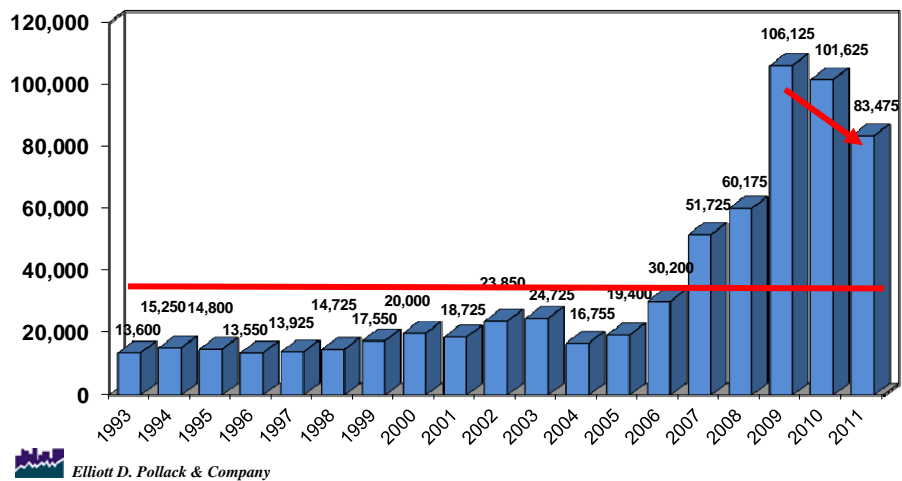
1/ Through June 2011

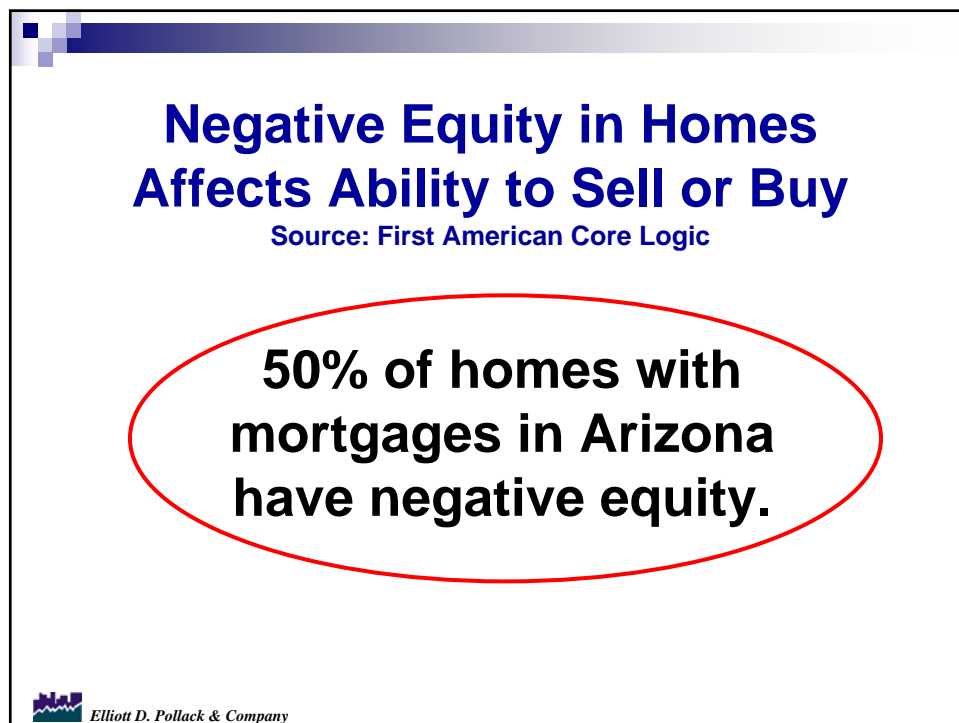
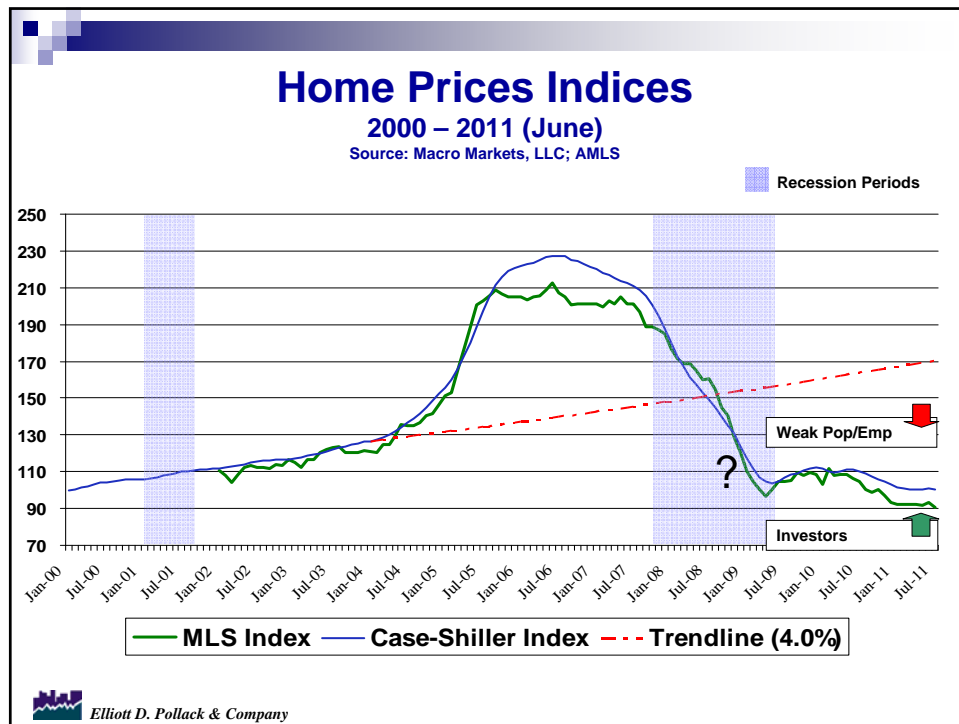
Single-Family Permits vs. Population Demand Greater Phoenix 1975–2015



Single-Family Vacant Units Maricopa County 1993–2010

Source: PMHS





Commercial



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Commercial Markets

(Not making things worse
anymore)



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Revenue Question:

How long will commercial
values be depressed?



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Commercial Summary:

Flat or only slightly improving
indicators but declining prices?
Maybe. Will vary by location
though.

When do investors come in?



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Back to Normal Vacancy?

- Office = 2014 - **2015**
- Industrial = 2014 - **2015**
- Retail = 2014 - **2015**



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**But, local revenues related
to single family and
commercial taxation will
remain weak.**



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**Hey Jim, your speeches
stink. How about some
positive news?
Enjoy the rock!!!**



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Positives?



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Phoenix-Mesa Employment Growth

(Ranking among all metro areas greater than 1,000,000; 2011 August/August)

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

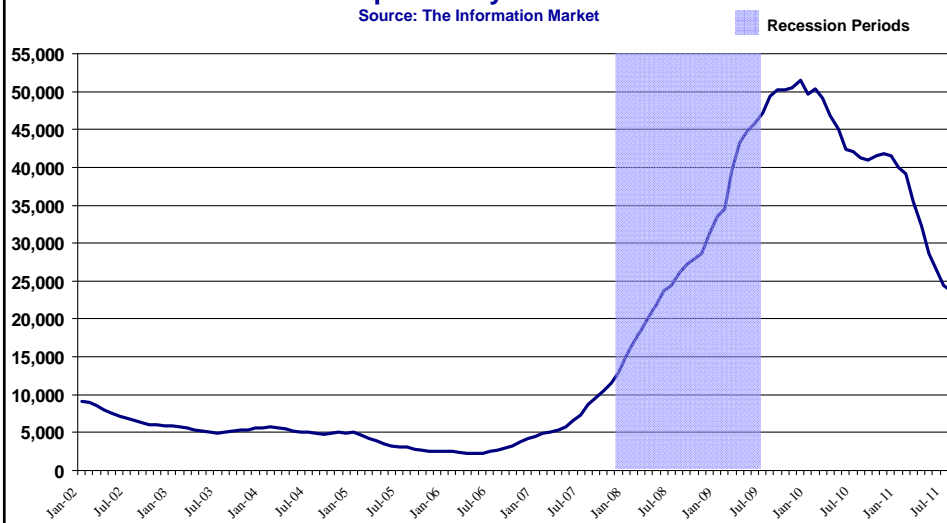
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2002	5	28
2003	3	29
2004	4	29
2005	1	30
2006	1	31
2007	10	32
2008	29	32
2009	31	32
2010	31	32
2011	5	32



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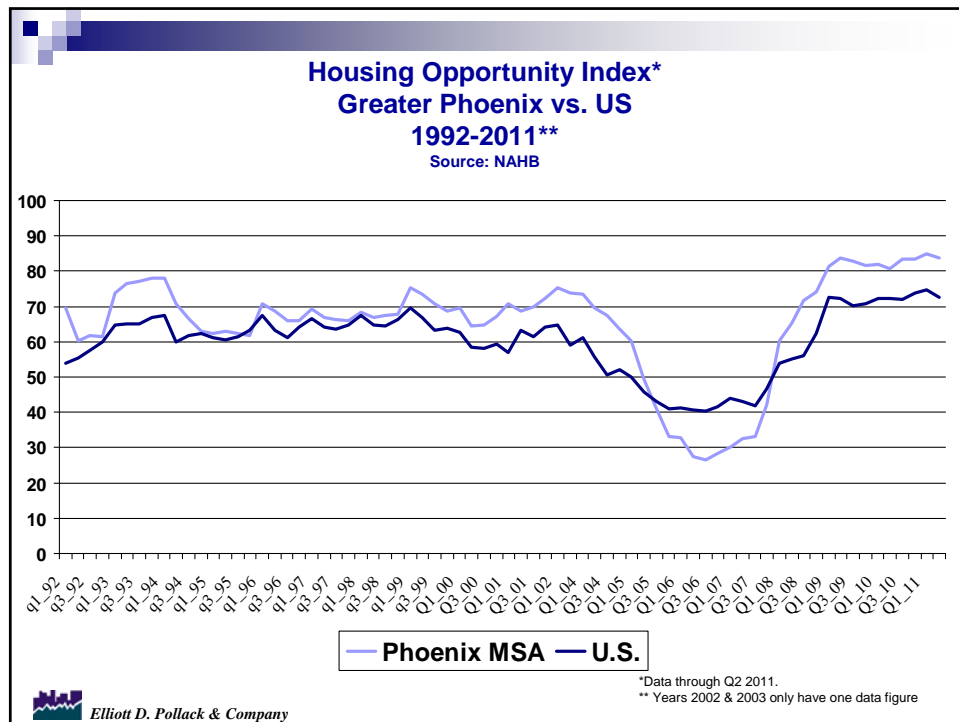
Properties in the Foreclosure Process Maricopa County 2002 – 2011*

Source: The Information Market



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*Data through August 2011.



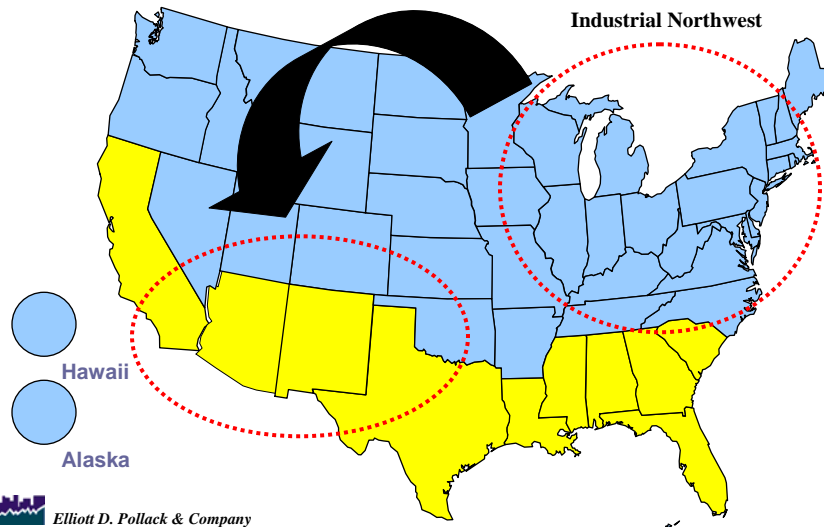
Negative Equity in Homes Affects Ability to Sell or Buy

Source: First American Core Logic

**50% of homes with
mortgages in Arizona
have negative equity.**

(National average about 25%)

Benefits of the “SUNBELT”



One survey shows that over 80% of current single family RENTERS would like to soon own.

Some of these homes are thus permanently absorbed.

Arizona Summary



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Performance Measures?

Falling far results in:

- Strong rates of growth that seemingly don't match the reported "levels" of activity.
- Strong rankings that seemingly don't match what we read in the paper.
- Panic and opinions that the world is 100% different than before. Not necessarily true, we need to maintain some perspective.



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Full Recovery: STILL 2015 / 2016?

Fully recovered in terms of:

- 1) Housing oversupply;**
- 2) Commercial vacancy rates;**
- 3) Retail sales activity;**
- 4) Employment levels.**
- 5) Tax revenues? Probably.**



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



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Finance Advisory Committee Cash Flow Update

10.18.2011

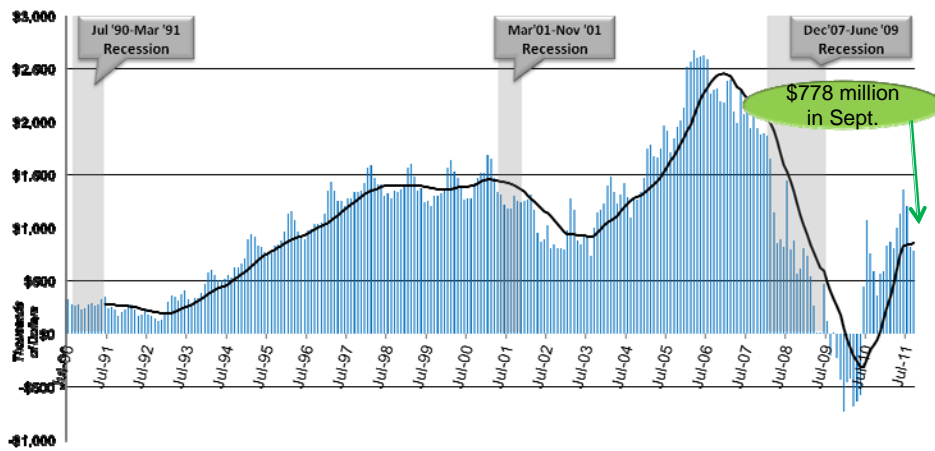
OFFICE OF THE ARIZONA STATE TREASURER



STATE CASH FLOW

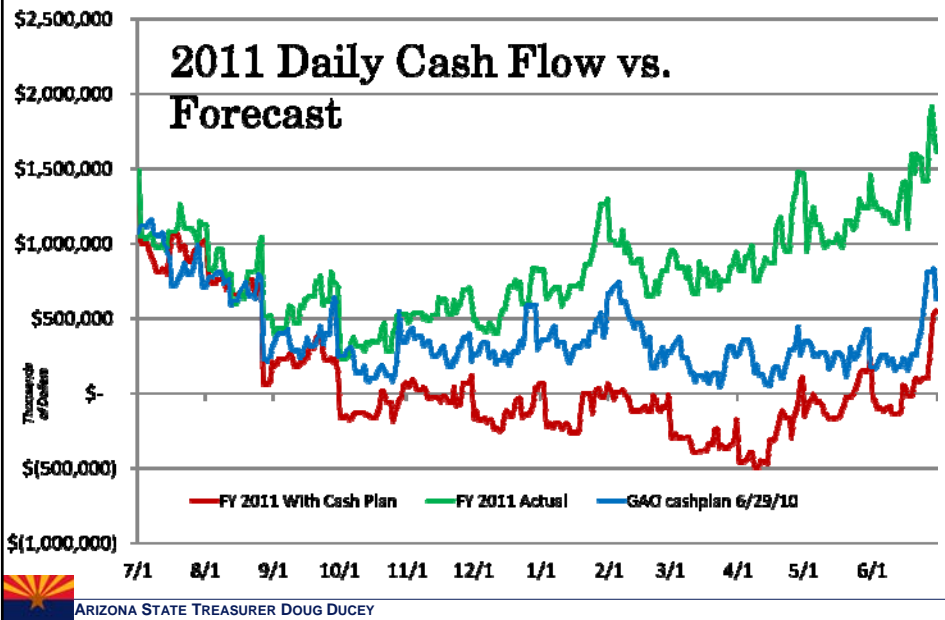
TOTAL OPERATING ACCOUNT AVERAGE MONTHLY BALANCE

Up 14% in First Quarter YOY

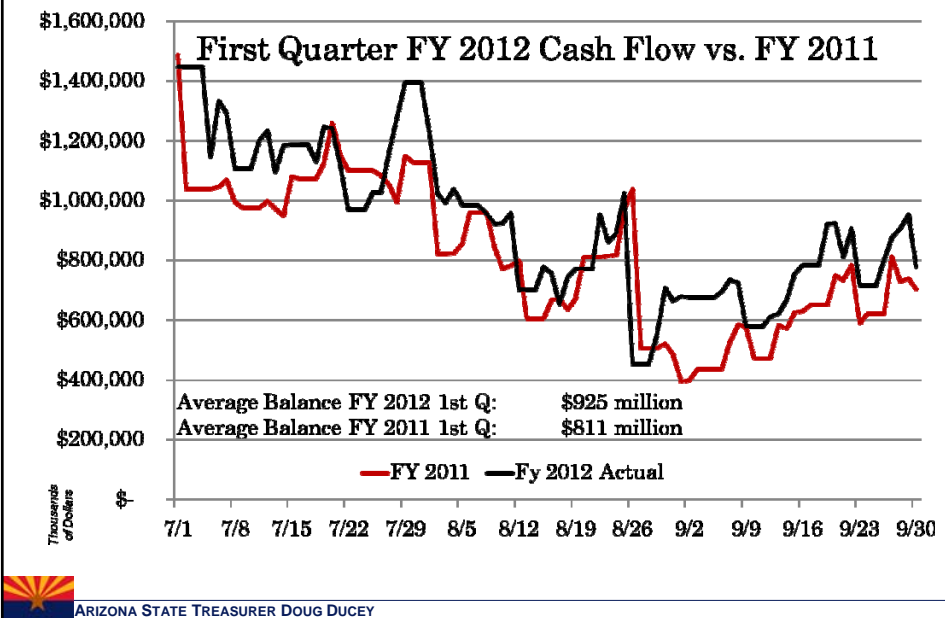


ARIZONA STATE TREASURER DOUG DUCEY

STATE CASH FLOW



STATE CASH FLOW



Tracking Arizona's Recovery

September 2011

JLBC

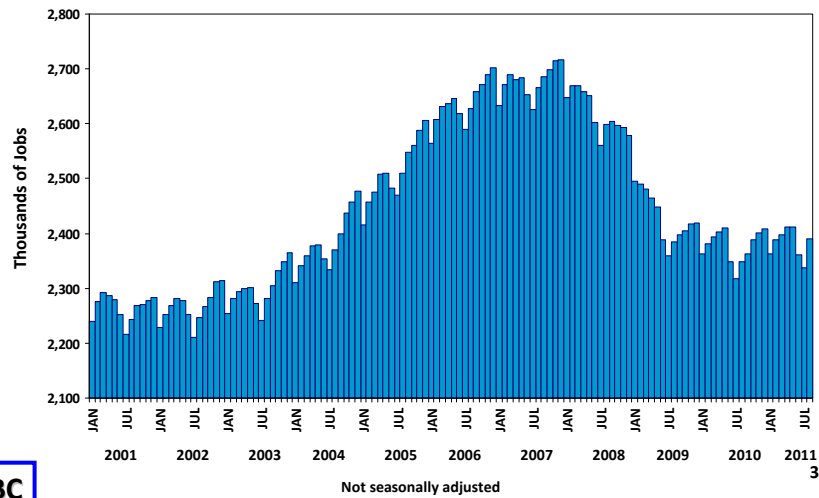
Contents

Slide:

- 3.....Total Non-Farm Employment
- 4.....Initial Claims for Unemployment Insurance
- 5.....State Sales Tax Collections – Retail Category
- 6.....State Sales Tax Collections – Contracting Category
- 7.....Single Family Building Permits
- 8.....Maricopa County Pending Foreclosures
- 9.....Coincident Index

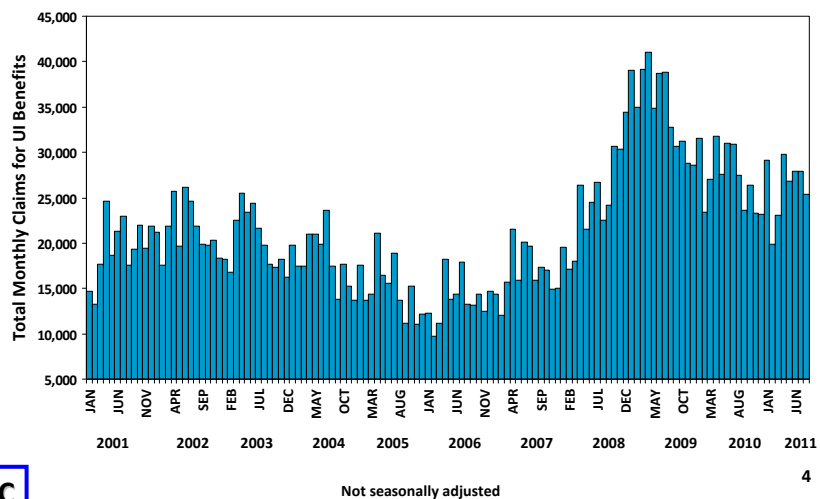
JLBC

Total Non-Farm Employment



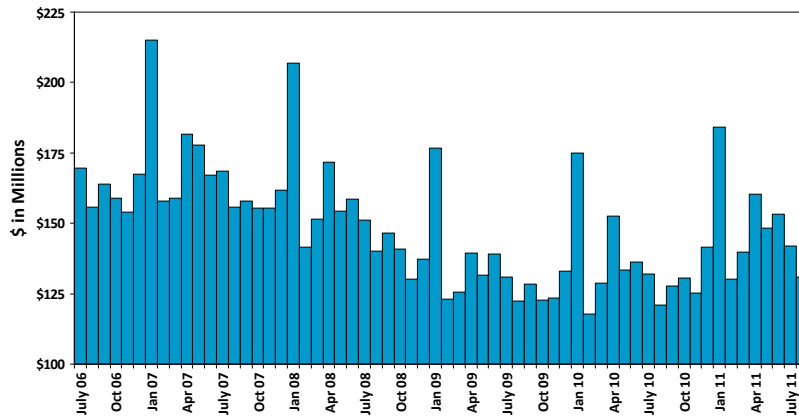
JLBC

Initial Claims for Unemployment Insurance



JLBC

State Sales Tax Collections – Retail Category

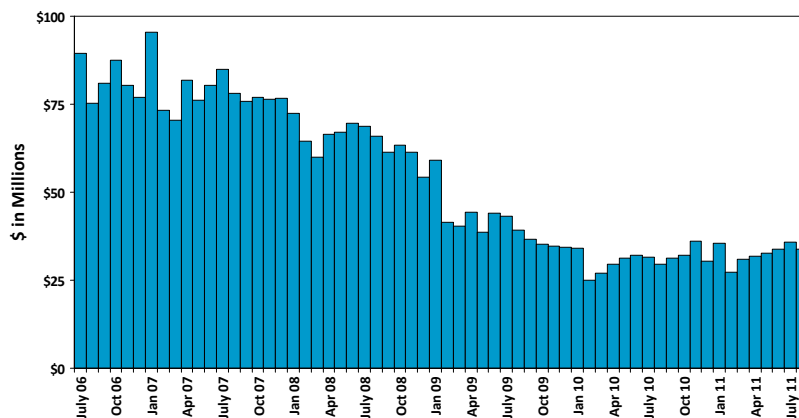


JLBC

Excludes temporary 1 ¢ sales tax

5

State Sales Tax Collections – Contracting Category

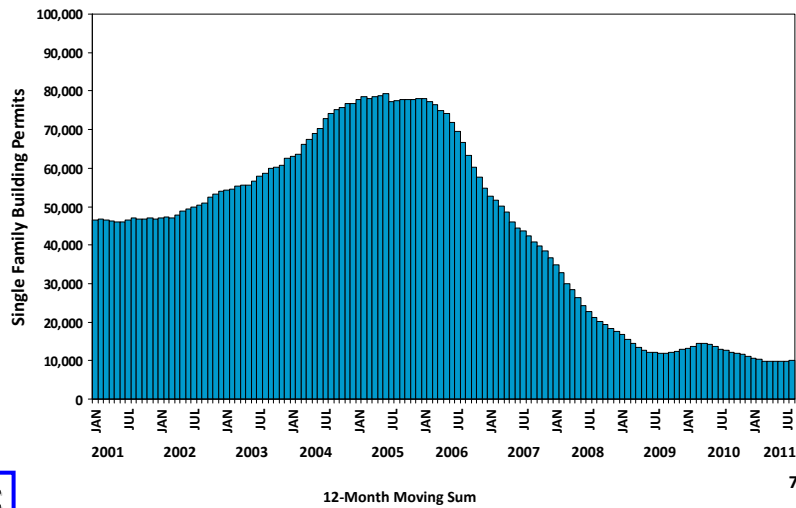


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Excludes temporary 1 ¢ sales tax

6

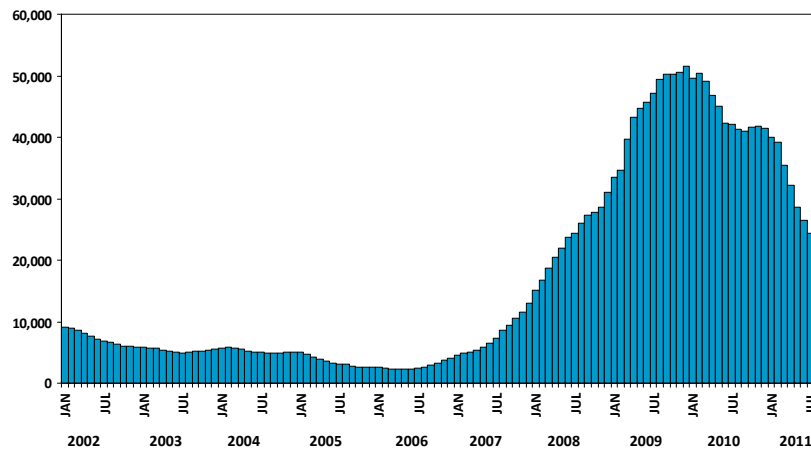
Single Family Building Permits



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7

Maricopa County Pending Foreclosures

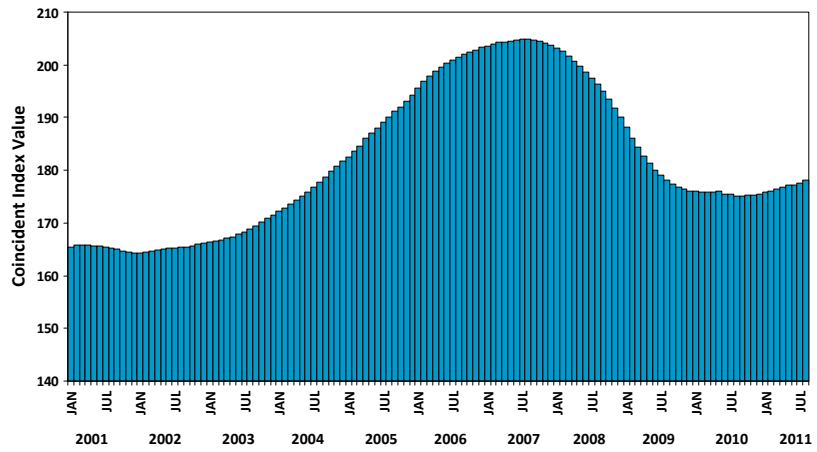


JLBC

An initial notice of trustee sale has been recorded but final sale has not yet occurred

8

Economic Activity Index



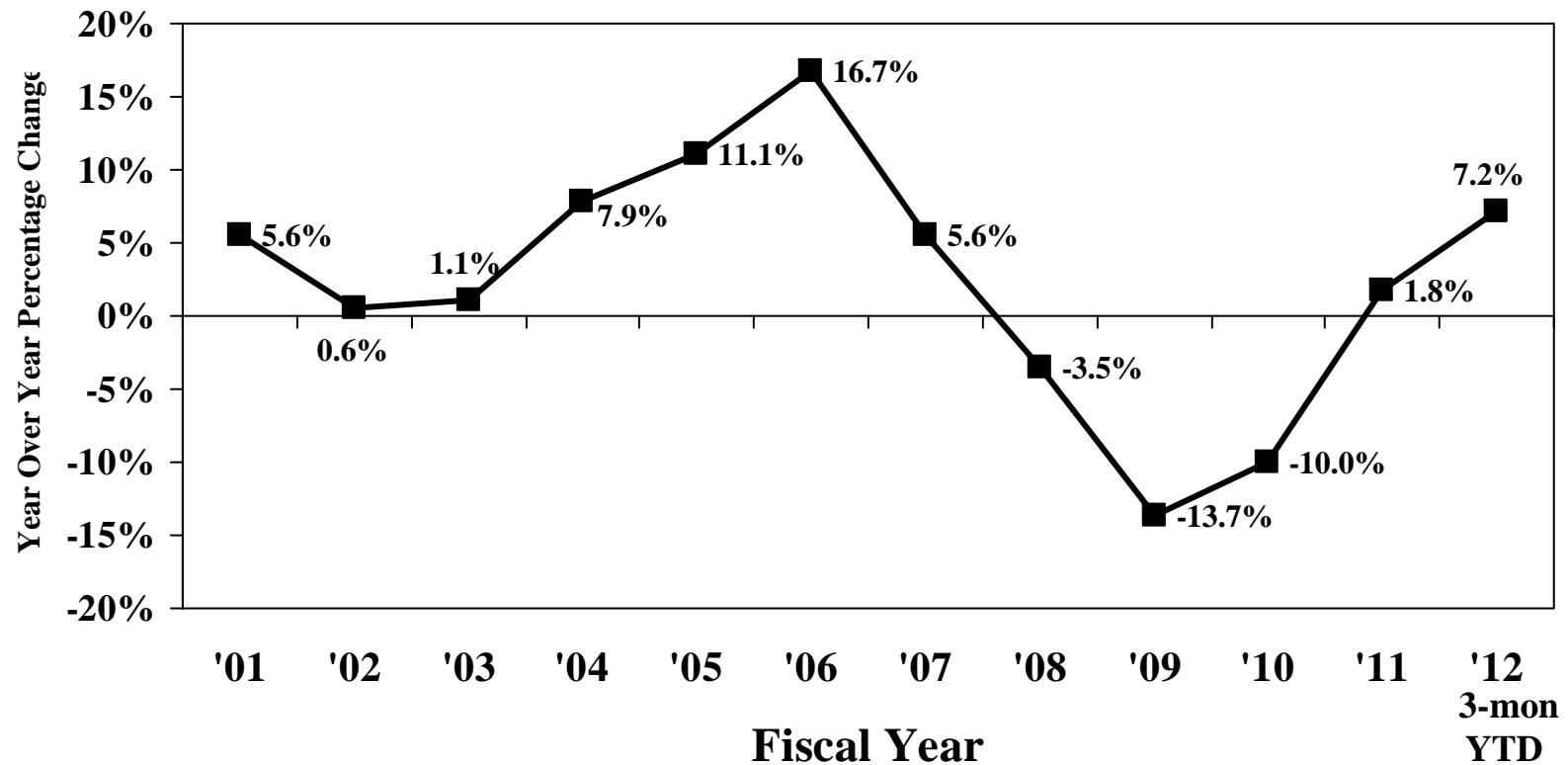
JLBC

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.

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 2008	July 2007	392,889,822	0.6%	392,889,822	0.6%
	Aug 2007	366,627,555	3.7%	759,517,377	2.1%
	Sept 2007	366,842,873	-3.4%	1,126,360,250	0.2%
	Oct 2007	373,831,498	-0.8%	1,500,191,748	0.0%
	Nov 2007	366,084,157	0.2%	1,866,275,905	0.0%
	Dec 2007	362,105,035	0.0%	2,228,380,940	0.0%
	Jan 2008	406,881,740	-7.5%	2,635,262,680	-1.2%
	Feb 2008	342,061,289	-4.9%	2,977,323,969	-1.7%
	Mar 2008	349,634,579	-1.0%	3,326,958,548	-1.6%
	Apr 2008	373,838,251	-6.1%	3,700,796,799	-2.1%
	May 2008	353,973,221	-1.0%	4,054,770,020	-2.0%
	June 2008	298,794,828	-6.9%	4,353,564,848	-2.3%
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	258,261,217	6.4%	3,438,016,986	1.8%
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	301,493,454	6.8%	901,905,258	7.2%
	Oct 2011				
	Nov 2011				
	Dec 2011				
	Jan 2012				
	Feb 2012				
	Mar 2012				
	Apr 2012				
	May 2012				
	June 2012				

Arizona Sales Tax - Temporary 1% Tax General Fund Collections

		Year-to-Year %	Year-to-Year %	Year-to-Date	Year-to-Date %
		Collections (\$)	Change	Collections (\$)	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				
	Nov 2011				
	Dec 2011				
	Jan 2012				
	Feb 2012				
	Mar 2012				
	Apr 2012				
	May 2012				
	June 2012				

Arizona Sales Tax - Retail General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2008	July 2007	168,701,610	-0.6%	168,701,610	-0.6%
	Aug 2007	155,843,067	0.0%	324,544,677	-0.3%
	Sept 2007	157,758,362	-3.8%	482,303,039	-1.5%
	Oct 2007	155,232,586	-2.3%	637,535,625	-1.7%
	Nov 2007	155,481,940	1.0%	793,017,565	-1.2%
	Dec 2007	161,715,960	-3.4%	954,733,525	-1.6%
	Jan 2008	206,954,506	-3.8%	1,161,688,031	-2.0%
	Feb 2008	141,687,651	-10.2%	1,303,375,682	-2.9%
	Mar 2008	151,347,983	-4.7%	1,454,723,665	-3.1%
	Apr 2008	171,895,140	-5.3%	1,626,618,805	-3.4%
	May 2008	154,399,548	-13.1%	1,781,018,353	-4.3%
	June 2008	158,533,239	-5.1%	1,939,551,592	-4.4%
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				
	Oct 2011				
	Nov 2011				
	Dec 2011				
	Jan 2012				
	Feb 2012				
	Mar 2012				
	Apr 2012				
	May 2012				
	June 2012				

^{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 2008	July 2007	84,908,206	-5.2%	84,908,206	-5.2%
	Aug 2007	78,149,544	3.9%	163,057,749	-1.1%
	Sept 2007	75,884,177	-6.2%	238,941,927	-2.8%
	Oct 2007	77,120,496	-12.0%	316,062,423	-5.2%
	Nov 2007	76,543,383	-4.9%	392,605,806	-5.1%
	Dec 2007	76,723,853	-0.2%	469,329,659	-4.4%
	Jan 2008	72,469,751	-24.1%	541,799,410	-7.6%
	Feb 2008	64,593,368	-12.0%	606,392,778	-8.1%
	Mar 2008	59,879,686	-14.9%	666,272,464	-8.7%
	Apr 2008	66,449,725	-18.9%	732,722,189	-9.8%
	May 2008	66,990,187	-12.0%	799,712,376	-10.0%
	June 2008	69,569,046	-13.6%	869,281,422	-10.3%
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				
	Oct 2011				
	Nov 2011				
	Dec 2011				
	Jan 2012				
	Feb 2012				
	Mar 2012				
	Apr 2012				
	May 2012				
	June 2012				

Arizona Sales Tax - Utilities

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2008	July 2007	38,942,178	13.5%	38,942,178	13.5%
	Aug 2007	37,039,168	5.8%	75,981,346	9.6%
	Sept 2007	38,939,736	-9.6%	114,921,082	2.2%
	Oct 2007	43,658,875	17.6%	158,579,957	6.1%
	Nov 2007	34,702,176	11.0%	193,282,133	6.9%
	Dec 2007	28,029,896	12.4%	221,312,029	7.6%
	Jan 2008	27,510,799	-0.3%	248,822,828	6.7%
	Feb 2008	35,515,285	9.1%	284,338,113	6.9%
	Mar 2008	34,338,536	16.3%	318,676,649	7.9%
	Apr 2008	24,546,221	-3.4%	343,222,870	7.0%
	May 2008	27,297,353	13.6%	370,520,223	7.4%
	June 2008	30,641,891	4.0%	401,162,114	7.2%
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				
	Oct 2011				
	Nov 2011				
	Dec 2011				
	Jan 2012				
	Feb 2012				
	Mar 2012				
	Apr 2012				
	May 2012				
	June 2012				

Arizona Sales Tax - Restaurants and Bars

General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2008	July 2007	29,101,596	3.8%	29,101,596	3.8%
	Aug 2007	26,935,024	6.0%	56,036,620	4.9%
	Sept 2007	26,786,010	5.2%	82,822,630	5.0%
	Oct 2007	28,689,796	4.1%	111,512,426	4.7%
	Nov 2007	29,377,274	-8.9%	140,889,700	1.6%
	Dec 2007	30,275,107	7.0%	171,164,807	2.5%
	Jan 2008	27,452,580	-11.3%	198,617,387	0.3%
	Feb 2008	29,995,413	-2.1%	228,612,800	0.0%
	Mar 2008	30,895,077	4.0%	259,507,877	0.5%
	Apr 2008	34,037,313	-1.0%	293,545,190	0.3%
	May 2008	30,786,989	-3.7%	324,332,179	-0.1%
	June 2008	31,854,667	6.4%	356,186,846	0.4%
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				
	Oct 2011				
	Nov 2011				
	Dec 2011				
	Jan 2012				
	Feb 2012				
	Mar 2012				
	Apr 2012				
	May 2012				
	June 2012				

Arizona Use Tax

General Fund Collections

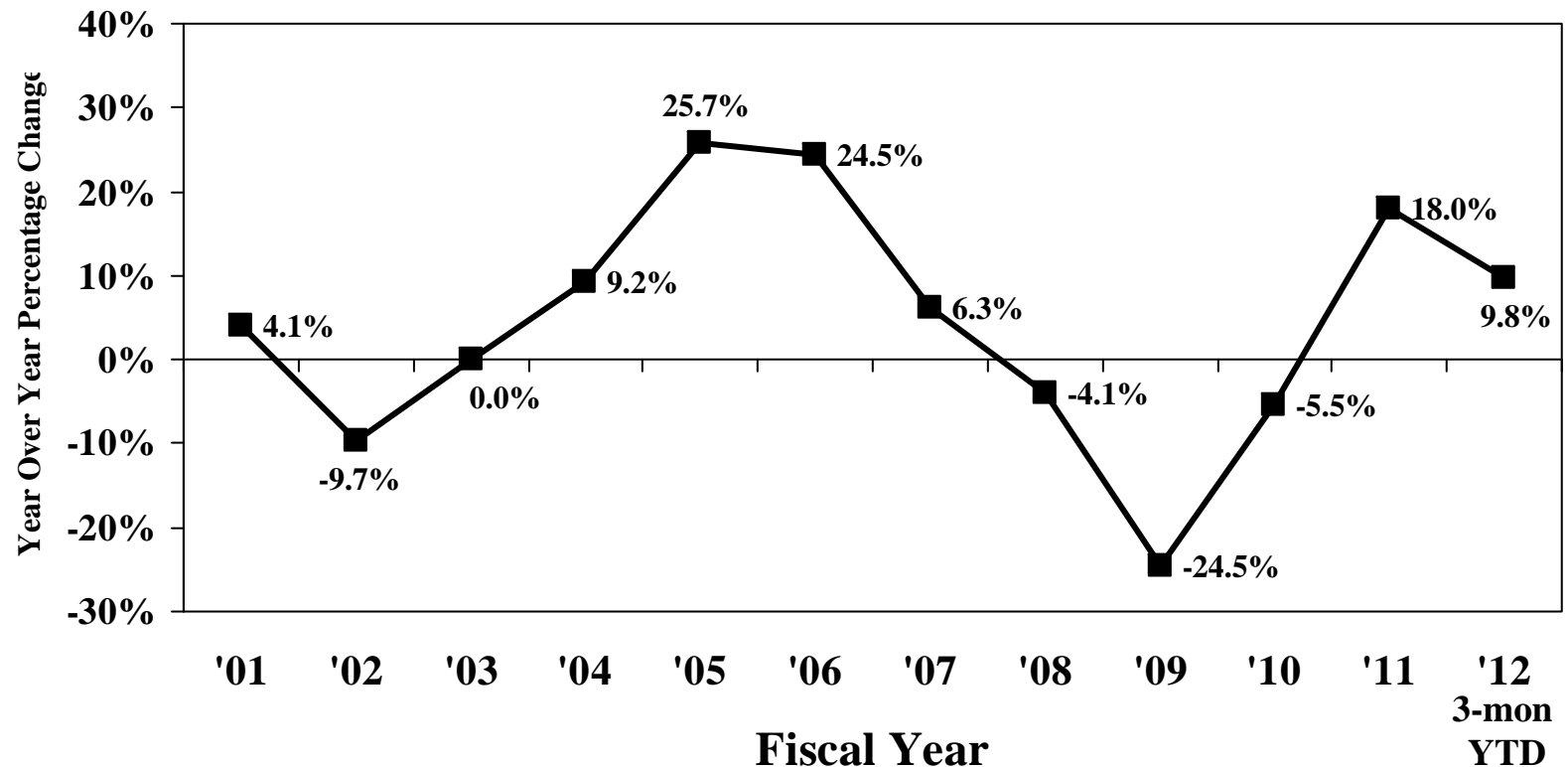
		Collections (\$)	Year-to-Year % Change	Year-to-Date Collections (\$)	Year-to-Date % Change
FY 2008	July 2007	31,300,389	8.0%	31,300,389	8.0%
	Aug 2007	29,103,528	14.4%	60,403,917	11.0%
	Sept 2007	29,437,063	3.1%	89,840,980	8.3%
	Oct 2007	30,750,858	7.8%	120,591,838	8.1%
	Nov 2007	30,042,343	9.3%	150,634,181	8.4%
	Dec 2007	26,487,663	11.5%	177,121,844	8.8%
	Jan 2008	33,730,459	5.7%	210,852,303	8.3%
	Feb 2008	27,581,711	19.3%	238,434,014	9.5%
	Mar 2008	26,927,528	19.0%	265,361,542	10.4%
	Apr 2008	28,924,084	7.0%	294,285,626	10.0%
	May 2008	27,402,823	345.3%	321,688,449	17.6%
	June 2008	19,220,885	-34.7%	340,909,334	12.5%
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% ^{1/}	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				
	Oct 2011				
	Nov 2011				
	Dec 2011				
	Jan 2012				
	Feb 2012				
	Mar 2012				
	Apr 2012				
	May 2012				
	June 2012				

^{1/} The (99.3)% decline in June collections does not reflect economic activity. Instead, the decrease was due to a one-time shift of prior month collections from the use tax category to retail.

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

		Total	Y/Y Chg.	Year-to-Date Total	YTD Chg.	Withholding	Y/Y Chg.	Year-to-Date Withholding	YTD Chg.	Payments	Y/Y Chg.	Year-to-Date Payments	YTD Chg.	Refunds	Y/Y Chg.	Year-to-Date Refunds	YTD Chg.
FY 2008	Jul-07	266,413,536	14.4%	266,413,536	14.4%	267,840,071	14.9%	267,840,071	14.9%	17,879,385	-0.3%	17,879,385	-0.3%	(19,305,920)	5.9%	(19,305,920)	5.9%
	Aug	267,438,218	-5.7%	533,851,754	3.4%	274,123,223	-1.1%	541,963,294	6.2%	25,938,503	10.8%	43,817,888	5.9%	(32,623,508)	91.3%	(51,929,428)	47.2%
	Sep	362,253,396	1.9%	896,105,150	2.8%	232,690,269	7.6%	774,653,563	6.6%	150,661,494	-4.6%	194,479,382	-2.4%	(21,098,367)	12.7%	(73,027,795)	35.2%
	Oct	275,463,139	-9.7%	1,171,568,289	-0.5%	279,036,817	5.7%	1,053,690,379	6.4%	68,191,868	4.6%	262,671,250	-0.7%	(71,765,546)	198.2%	(144,793,341)	85.4%
	Nov	235,208,302	-5.7%	1,406,776,591	-1.4%	267,231,175	3.1%	1,320,921,554	5.7%	17,879,843	-43.9%	280,551,093	-5.3%	(49,902,715)	20.1%	(194,696,056)	62.7%
	Dec	363,991,640	1.0%	1,770,768,231	-0.9%	302,000,571	-2.2%	1,622,922,125	4.1%	62,901,960	-30.5%	343,453,053	-11.2%	(910,892)	-97.7%	(195,606,947)	23.3%
	Jan-08	479,616,749	-11.9%	2,250,384,980	-3.5%	323,018,735	-4.9%	1,945,940,861	2.5%	195,882,391	-18.3%	539,335,444	-13.9%	(39,284,377)	12.2%	(234,891,325)	21.3%
	Feb	39,043,896	-53.3%	2,289,428,876	-5.2%	294,334,015	0.6%	2,240,274,876	2.2%	17,557,877	-2.8%	556,893,322	-13.6%	(272,847,997)	20.1%	(507,739,322)	20.6%
	Mar	61,928,889	-42.0%	2,351,357,765	-6.8%	297,732,417	2.2%	2,538,007,293	2.2%	48,363,442	6.6%	605,256,764	-12.3%	(284,166,970)	23.6%	(791,906,292)	21.7%
	Apr	605,994,371	0.4%	2,957,352,136	-5.4%	251,826,796	-0.5%	2,789,834,089	2.0%	675,341,552	5.0%	1,280,598,316	-3.9%	(321,173,977)	9.8%	(1,113,080,269)	18.0%
	May	146,065,658	-52.9%	3,103,417,794	-9.7%	282,129,773	-2.5%	3,071,963,862	1.5%	32,424,806	-81.2%	1,313,023,122	-12.8%	(168,488,921)	10.8%	(1,281,569,190)	17.0%
	Jun	303,035,518	-2.8%	3,406,453,313	-9.1%	250,638,790	0.6%	3,322,602,652	1.5%	119,010,089	-13.9%	1,432,033,211	-12.9%	(66,613,361)	-12.0%	(1,348,182,550)	15.1%
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)	-207.6%	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	-132.7%	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)	-126.2%	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%	(37,472,336)	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%	494,922,164	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%	781,919,599	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%	(70,172,213)	-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	266,193,369	14.9%	1,251,937,191	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%	1,594,439,846	9.7%	297,288,208	7.4%	1,577,812,442	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%	(210,742,975)	-22.1%
	Feb	51,980,954	278.2%	2,008,916,654	12.0%	277,026,155	9.5%	2,155,107,093	7.0%	18,877,777	10.1%	308,475,513	0.5%	(243,922,977)	-4.9%	(454,665,952)	-13.7%
	Mar	(4,565,068)	-75.7%	2,004,351,587	13.0%	275,844,176	-2.5%	2,430,951,270	5.9%	43,187,275	6.4%	351,662,788	1.2%	(323,596,519)	-5.4%	(778,262,471)	-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%	(1,117,326,031)	-7.3%
	May	240,755,062	50.5%	2,551,147,517	18.9%	290,699,994	21.3%	2,975,062,101	7.4%	19,620,661	49.5%	762,977,039	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%	3,227,622,126	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	320,700,037	11.7%	858,395,931	9.8%	247,943,193	3.7%	787,180,985	5.1%	88,858,967	17.3%	119,410,954	15.6%	(16,102,122)	-42.0%	(48,196,008)	-31.3%
	Oct																
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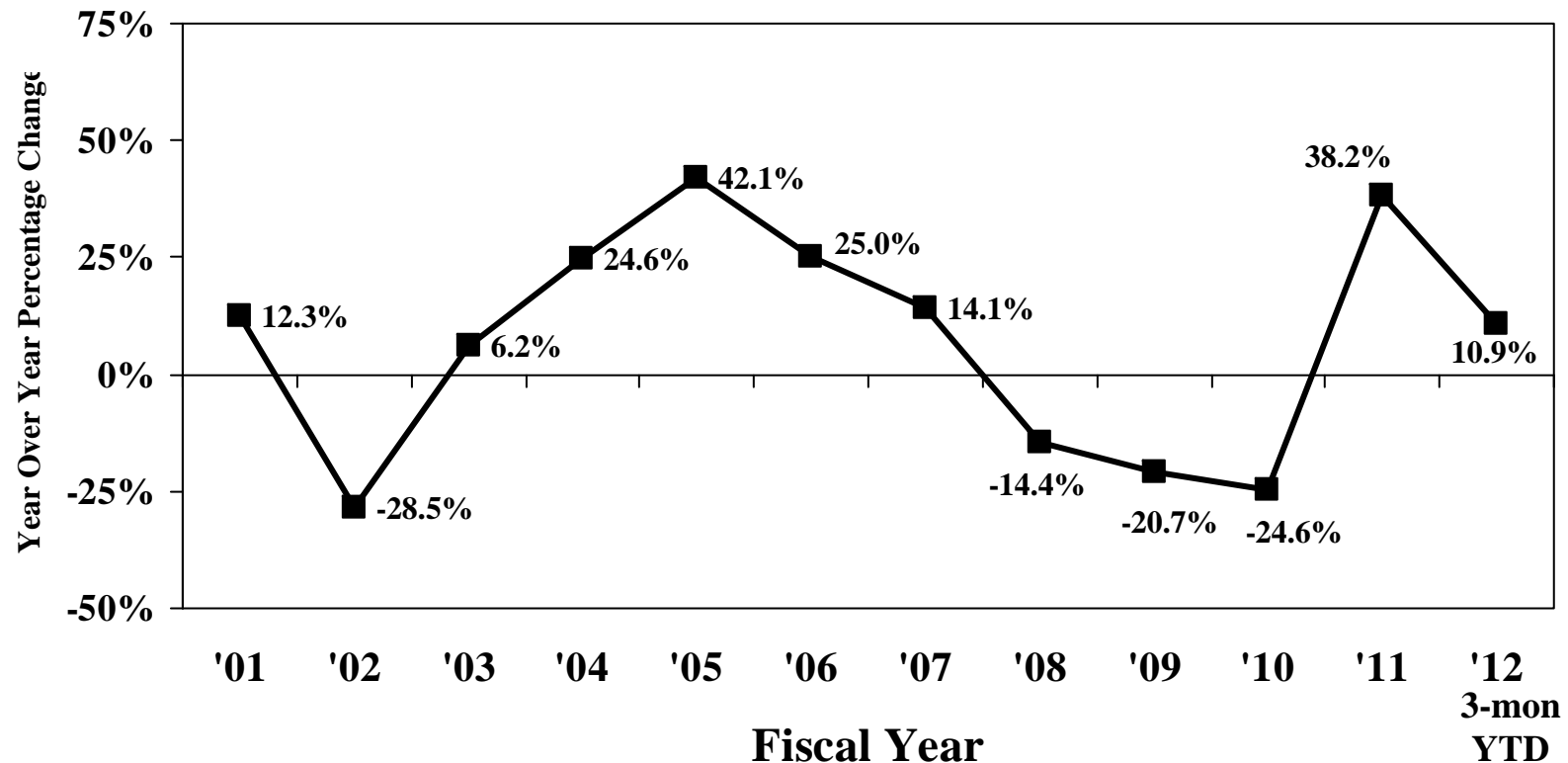
1/ During the month of September, the Department of Revenue operated a tax recovery program, under which taxpayers that owed money to the state could avoid penalties by voluntarily reporting and paying back taxes. These tax recovery monies were included with regular September collections. The actual amount of monies generated by the program is not yet known.

Arizona Individual Income Tax - Estimated and Final Payments

		Total		Year-to-Date		YTD	Y/Y	Year-to-Date		YTD	Y/Y	Year-to-Date		YTD
		Payments	Y/Y Chg.	Total Payments	Total Payments	Chg.		Estimated	Chg.	Estimated		Chg.	Final	Chg.
FY 2008	Jul-07	17,879,385	-0.3%	17,879,385	-0.3%	6,507,747	2.1%	6,507,747	2.1%	11,371,639	-1.7%	11,371,639	-1.7%	
	Aug	25,938,503	10.8%	43,817,888	5.9%	5,666,480	-24.0%	12,174,227	-12.0%	20,272,023	27.0%	31,643,661	14.9%	
	Sep	150,661,494	-4.6%	194,479,382	-2.4%	135,849,436	-6.6%	148,023,663	-7.1%	14,812,058	19.2%	46,455,719	16.3%	
	Oct	68,191,868	4.6%	262,671,250	-0.7%	10,396,440	-8.3%	158,420,103	-7.2%	57,795,428	7.3%	104,251,147	11.1%	
	Nov	17,879,843	-43.9%	280,551,093	-5.3%	4,759,688	-13.0%	163,179,791	-7.3%	13,120,155	-50.3%	117,371,302	-2.3%	
	Dec	62,901,960	-30.5%	343,453,053	-11.2%	55,908,594	-30.4%	219,088,385	-14.6%	6,993,366	-31.8%	124,364,668	-4.7%	
	Jan-08	195,882,391	-18.3%	539,335,444	-13.9%	186,098,584	-16.9%	405,186,969	-15.7%	9,783,807	-37.5%	134,148,475	-8.2%	
	Feb	17,557,877	-2.8%	556,893,322	-13.6%	2,689,455	-15.7%	407,876,424	-15.7%	14,868,423	-0.1%	149,016,897	-7.4%	
	Mar	48,363,442	6.6%	605,256,764	-12.3%	4,708,386	-5.9%	412,584,810	-15.6%	43,655,056	8.1%	192,671,954	-4.3%	
	Apr	675,341,552	5.0%	1,280,598,316	-3.9%	68,112,029	19.6%	480,696,839	-11.9%	607,229,523	3.6%	799,901,477	1.6%	
FY 2009	May	32,424,806	-81.2%	1,313,023,122	-12.8%	4,895,158	-82.2%	485,591,997	-15.3%	27,529,649	-81.1%	827,431,125	-11.3%	
	Jun	119,010,089	-13.9%	1,432,033,211	-12.9%	108,562,477	-13.8%	594,154,473	-15.0%	10,447,612	-15.5%	837,878,738	-11.3%	
	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%	125,305,669	-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%	
FY 2010	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%	
	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%	6,434,591	-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%	
FY 2011	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%	
	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%	
FY 2012	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%	71,412,557	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%	
	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%	
FY 2013	Sep	88,858,967	17.3%	119,410,954	15.6%	75,537,740	20.0%	83,954,182	18.8%	13,321,227	4.0%	35,456,772	8.5%	
	Oct													
	Nov													
	Dec													
	Jan-12													
	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 Revenue		Year-to-Date		Refunds		Year-to-Date		Net Revenue		Year-to-Date	
		Revenue	Y/Y Chg.	Gross Revenue	YTD Chg.	Refunds	Y/Y Chg.	Refunds	YTD Chg.	Net Revenue	Y/Y Chg.	Net Revenue	YTD Chg.
FY 2008	July 2007	36,629,629	-15.5%	36,629,629	-15.5%	(2,826,419)	-34.6%	(2,826,419)	-34.6%	33,803,210	-13.4%	33,803,210	-13.4%
	Aug 2007	31,231,530	-14.6%	67,861,159	-15.1%	(2,130,868)	-53.0%	(4,957,287)	-44.0%	29,100,662	-9.1%	62,903,872	-11.5%
	Sept 2007	190,463,884	-0.6%	258,325,043	-4.9%	(12,876,823)	2592.5%	(17,834,110)	91.1%	177,587,061	-7.1%	240,490,933	-8.3%
	Oct 2007	66,882,299	12.1%	325,207,342	-1.8%	(10,751,410)	88.1%	(28,585,520)	90.0%	56,130,889	4.1%	296,621,822	-6.2%
	Nov 2007	20,550,859	14.1%	345,758,201	-1.0%	(23,194,074)	80.6%	(51,779,594)	85.7%	(2,643,215)	N/A	293,978,607	-8.5%
	Dec 2007	159,569,186	-20.2%	505,327,387	-8.0%	(39,476,416)	30.3%	(91,256,010)	56.8%	120,092,770	-29.2%	414,071,377	-15.7%
	Jan 2008	30,393,356	-25.1%	535,720,743	-9.1%	(44,896,658)	1262.7%	(136,152,668)	121.4%	(14,503,302)	N/A	399,568,075	-24.3%
	Feb 2008	30,326,605	33.8%	566,047,348	-7.6%	(8,934,899)	478.5%	(145,087,567)	130.2%	21,391,706	1.3%	420,959,781	-23.4%
	Mar 2008	77,714,008	-4.4%	643,761,356	-7.2%	(16,372,625)	518.4%	(161,460,192)	145.8%	61,341,383	-22.0%	482,301,164	-23.2%
	Apr 2008	132,091,079	-27.4%	775,852,435	-11.4%	(6,877,514)	61.9%	(168,337,706)	140.7%	125,213,565	-29.5%	607,514,729	-24.6%
	May 2008	49,477,589	-7.1%	825,330,024	-11.1%	(22,932,737)	316.3%	(191,270,443)	153.6%	26,544,852	-44.4%	634,059,581	-25.7%
	June 2008	156,770,836	12.9%	982,100,860	-8.0%	(6,319,532)	4.9%	(197,589,975)	142.6%	150,451,304	13.3%	784,510,885	-20.4%
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%	(9,825,636)	-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)	-5.9%	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)	-76.1%	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%
	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%
FY 2010	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)	2996.5%	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%
	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	-14.9%	(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%
FY 2011	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)	-51.7%	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%
	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%
FY 2012	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	122,797,191	-0.6%	194,136,233	9.5%	(3,943,140)	-30.0%	(17,268,240)	-3.1%	118,854,052	0.8%	176,867,994	10.9%
	Oct 2011												
	Nov 2011												
	Dec 2011												
	Jan 2012												
	Feb 2012												
	Mar 2012												
	Apr 2012												
	May 2012												
	June 2012												

1/ Net collections in August were artificially inflated by over \$20 million in one-time audit recovery monies.

2/ During the month of September, the Department of Revenue operated a tax recovery program, under which taxpayers that owed money to the state could avoid penalties by voluntarily reporting and paying back taxes. These tax recovery monies were included with regular September collections. The actual amount of monies generated by the program is not yet known.

Economic Indicators

Economic Indicators

NATIONAL

The Conference Board's **U.S. Consumer Confidence Index** fell by (14.7) points, or (25.2)%, in August to 44.5, the lowest level since April 2009. The latest reading indicates that consumer confidence slipped back to recessionary levels in August, as households' outlook on business conditions, employment, and personal finances worsened considerably. Econometric research has shown that large changes in consumer sentiments (in the range of 20% to 30%) tend to have a noticeable impact on retail sales and consumer spending.

The Conference Board's **U.S. Index of Leading Economic Indicators** rose by 0.3% in August, to 116.2. Increases in the money supply and a favorable interest rate spread contributed positively to the index, while a decrease in stock prices and a fall in consumer expectations pulled it back. Absent the advance of the financial components, the index would have fallen by (0.7)% in August. The advance of the index over the last 4 months would not have occurred without the strong positive contributions from the financial indicators.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, increased by 0.4% in August. The CPI increase was driven by higher energy, food, clothing, and shelter prices. Compared to the same month in the prior year, consumer prices were up by 3.8%, the largest such increase since September 2008. Core inflation, which excludes energy and food prices, increased by 0.2%. Year over year, core inflation is up by 2.0%. While core inflation remains contained, it should be noted that the year-over-year rate has been trending up since the beginning of calendar year 2011.

ARIZONA

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

Arizona was 1 of 26 states for which the coincident index increased in August. From July to August, Arizona's index increased by 0.4% compared to an increase of 0.1% for the nation as a whole. July's Arizona index was 1.7% above last year.

While Arizona's index has improved compared to the same time period last year, the index remains (13.0)% below its peak reading in August 2007. Only 4 other states (Florida, Idaho, Michigan, and Nevada) have had a larger decline than Arizona. By way of comparison, the national coincident index has declined (4.5)% since its historical peak in January 2008. See [Tracking Arizona's Recovery](#) for additional historical information.

Employment

According to the Employment and Population Statistics Unit (EPSU) of the Department of Administration, the state added 52,800 **nonfarm jobs** in August over July. Job gains typically occur in August when students resume their classes in public schools. The job gain this August was significantly larger than the average August workforce increase of 34,900 in the prior 10 years.

Most of the monthly net job gain (almost 85%) was attributable to state and local public education. According to EPSU, this figure was probably overstated due to the fact that schools started earlier this year. This suggests that the monthly job gains from public education will be smaller than normal in September.

In August, the state had 40,700, or 1.7%, more persons on the payrolls than 1 year ago. August marked the 8th straight month with year-over-year gains in employment. The 1.7% gain in August was the best performance since March 2007. However, as noted earlier, this figure may have been overstated due to an earlier start of the school year than previously.

Private sector employment, which makes up almost 85% of all nonfarm jobs, added 12,400 jobs in August over July. This was the largest August private net job gain in 5 years. Year over year, private sector employment has grown by 2.0%, or 39,300 positions. Most of these gains have occurred in the service sector, especially the health care industry, and to a lesser extent, the leisure and hospitality industry.

The construction sector grew by 1,000 jobs in August over July, twice the gain typically reported for this month. August marked the second straight month with a year-over-year gain (1.3%) in construction employment after

"Compared to the same month in the prior year, consumer prices were up by 3.8%, the largest such increase since September 2008."

Economic Indicators (Continued)

"To return to pre-recession employment levels, the state would have to add 327,000 jobs, which would take years to accomplish at the current rate of job gains."

54 consecutive months with year-over-year losses. Construction employment makes up 4.8% of nonfarm employment today compared to 9.5% during the height of the housing boom in July 2006.

The manufacturing industry continued to add jobs in August and now employs 2.6%, or 3,900 more workers than one year ago. All sub-sectors of the industry except for aerospace have expanded their payrolls.

While nonfarm employment has grown, year over year, in the last 8 months, the net gains have been small compared to prior periods of recovery. The average net gain thus far in CY 2011 is 12,000 jobs, or 0.5% over last year. To return to pre-recession employment levels, the state would have to add 327,000 jobs, which would take years to accomplish at the current rate of job gains. See [Tracking Arizona's Recovery](#) for additional historical information.

The state's seasonally adjusted **unemployment rate** fell from 9.4% to 9.3% in August, returning it to the same level as in June. The jobless rate has been largely unchanged in the previous 5 months. August marked the 30th consecutive month with an unemployment rate of 9% or higher. During the deep recession in the early 1980s, the state experienced 17 straight months with a jobless rate at or above 9%. The U.S. unemployment rate remained at 9.1% in August.

The federal Bureau of Labor Statistics (BLS) reported that 25,368 Arizona residents filed **initial claims for unemployment insurance** in August, a decline of (2,591), or (9.3)%, claims over the prior month. This reduction in initial claims was due to seasonal factors. Historically, the month of August has an average decline of (19.9)%.

The average number of claims for August in the 10-year period prior to the start of the last recession was 15,970. Initial claims in August were (7.7)% below last year's level. Claims peaked in April 2009 when more than 41,000 individuals filed for initial jobless benefits. See [Tracking Arizona's Recovery](#), for additional historical information.

Housing

In August, the number of new Maricopa County **foreclosure notices** increased 26.8% from July levels to 5,318. The number of

Maricopa County **pending foreclosures** decreased from 24,393 in July to 23,752 in August. The August total is (53.8)% below the peak in December 2009 (51,466). See [Tracking Arizona's Recovery](#) for additional historical information.

While pending foreclosures continue their decline from recent highs, they continue to be a major influence on existing home sales and the respective prices. In the Metropolitan Phoenix area in August, there were a total of 9,250 **existing single-family home sales** that resulted in a **median resale home price** of \$122,400. Relative to the prior year, the number of sales is up 5.2%, while prices are (12.3)% lower. Of the existing sales, 30.9%, or 2,860 were foreclosures.

State Agency Data

The FY 2012 budget included significant changes to the eligibility of several AHCCCS populations for services. Because of these changes, the economic indicators section will now include an expanded report of AHCCCS caseloads across several populations.

In September, **total AHCCCS caseloads** equaled 1.38 million members, a (0.4)% decrease over the prior month. Overall AHCCCS caseloads are currently 2.0% above September 2010 levels.

In terms of specific categories, the spend down and the KidsCare populations saw significant declines from the prior year of (73.7)% and (42.4)%, respectively. These declines are due to enrollment freezes for the programs, as the spend down program has been frozen since May 2011, while the KidsCare program has had an enrollment freeze since January 2010. The Proposition 204 childless adult category has declined (4.9)% from the prior month as new enrollment under this category stopped in early July. Some of this decline results from members being transferred to other Medicaid categories. Since July 1, AHCCCS reports that 9,100 Proposition 204 childless adult members were transferred to the SSI program.

There were 37,793 **TANF recipients** in the state in August, a monthly caseload decrease of (8.5)%. Year-over-year, the number of TANF recipients has declined by (24.7)%. This

Economic Indicators (Continued)

decline is the result of changes to the statutory lifetime limit a person may receive cash assistance. The FY 2011 budget reduced the lifetime limit to 36 months. The FY 2012 budget further reduces this limit to 24 months. Previously, the maximum had been 60 months. The FY 2012 budget assumed caseloads of approximately 36,000 in FY 2012.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In August, there were a total 1.1 million food stamp recipients in the state, a 1.9% increase over the prior month. Compared to the same month last year, food stamp participation was up by 7.2%. The number of food stamp 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 Correction's (ADC) inmate population** decreased to 40,146 inmates between July and September 2011. Relative to the prior 3-month period, the population has decreased by (34) inmates. Compared to a year ago the population has declined by (231) inmates.

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)	August	9.3%	(0.1)%	(0.6)%
- Initial Unemployment Insurance Claims	August	27,959	(9.3)%	(7.7)%
- Unemployment Insurance Claimants	June	69,087	2.1%	(21.3)%
- Non-Farm Employment - Total	August	2.39 million	2.3%	1.7%
Manufacturing	August	151,300	0.1%	2.6%
Construction	August	113,700	0.9%	1.3%
- Average Weekly Hours, Manufacturing	August	40.5	2.8%	2.0%
- Contracting Tax Receipts (3-month average)	Jun-Aug	\$34.5 million	1.2%	11.2%*
- Retail Sales Tax Receipts (3-month average)	Jun-Aug	\$142.1 million	(3.9)%	9.6%*
- Residential Building Permits (3-month moving average)				
Single-family	Jun-Aug	1,004	3.6%	9.7%
Multi-unit	Jun-Aug	368	54.6%	347.0%
- Greater Phoenix Existing Home Sales				
Single-Family	August	9,250	7.2%	5.2%
Townhouse/Condominium	August	1,275	10.4%	(12.1)%
- Greater Phoenix Median Resale Home Price				
Single-Family	August	\$122,400	(3.8)%	(12.3)%
Townhouse/Condominium	August	\$78,825	(1.5)%	(8.2)%
- Foreclosure Activity, Maricopa County				
Foreclosure Notices (Notice of Trustee's Sales Recorded)	August	5,318	26.8%	(29.6)%
Pending Foreclosures (Active Notices)	August	23,752	(2.6)%	(42.5)%
- Greater Phoenix S&P/Case-Shiller Home Price Index (Jan. 2000 = 100)	July	100.54	(0.1)%	(8.8)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	August	26,983	(2.5)%	(39.1)%
- Phoenix Sky Harbor Air Passengers	July	3.63 million	1.7%	9.2%
- Arizona Average Natural Gas Price (\$ per thousand cubic feet)	June	\$6.24	3.1%	5.1%
- Arizona Consumer Confidence Index (1985 = 100)	3 rd Quarter 2011	54.0	4.0%	10.0%
- Arizona Coincident Index (July 1992 = 100)	August	178.15	0.4%	1.7%
- Arizona Personal Income	1 st Quarter 2011	\$229.9 billion	1.8%	4.3%
- Arizona Population	April 1, 2010	6.39 million	N/A	N/A
- AHCCCS Recipients	September	1,378,004	(0.4)%	2.0%
Acute Care Traditional		892,199	0.7%	5.3%
Spend Down		1,553	(45.3)%	(73.7)%
Prop 204 Childless Adults		206,478	(4.9)%	(5.8)%
Other Prop 204		159,243	0.0%	4.6%
KidsCare		15,752	(5.5)%	(42.4)%
Long-Term Care – Elderly & DD		51,418	0.1%	2.0%
Emergency Services		51,361	3.2%	6.0%
- TANF Recipients	August	37,793	(8.5)%	(24.7)%
- SNAP (Food Stamps) Recipients	August	1,145,189	1.9%	7.2%
- ADC Inmate Growth (3-month average)	July-Sept	40,146	(34) inmates	(231) inmates
- Probation Caseload (Adult/Juvenile)				
Non-Maricopa	May	18,990	(37)	(936)
Maricopa County	May	26,184	(73)	(1,645)
United States				
- Gross Domestic Product (Chained 2005 dollars, SAAR)	2nd Quarter 2011 (2nd Estimate)	\$13.3 trillion	1.0%	1.5%
- Consumer Confidence Index (1985 = 100)	August	44.5	(25.2)%	(16.4)%
- Leading Indicators Index (2004 = 100)	August	116.2	0.3%	6.5%
- U.S. Semiconductor Billings (3-month moving average)	Mar-May	\$4.52 billion	0.9%	3.2%
- Consumer Price Index, SA (1982-84 = 100)	August	226.27	0.4%	3.8%

*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.

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

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

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

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.

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