

# Finance Advisory Committee

## Briefing Materials

December 12, 2006 Meeting

### Table of Contents

JLBC Staff Presentation.....	Tab A
Elliott Pollack Presentation.....	Tab B
(Elliott D. Pollack and Company)	
Tracy Clark Presentation.....	Tab C
(Arizona State University – JPMorgan Chase Economic Outlook Center)	
Background Information.....	Tab D
Sales Tax .....	1
Growth Rate History Chart .....	2
5-Year Data Table – Total Collections .....	3
5-Year Data Tables – Major Categories	
Retail .....	4
Contracting.....	5
Utilities.....	6
Restaurants and Bars.....	7
Use Tax .....	8
Individual Income Tax .....	9
Growth Rate History Chart .....	10
5-Year Data Table by Component .....	11
5-Year Data Table-Payment Breakdown .....	12
Corporate Income Tax .....	13
Growth Rate History Chart .....	14
5-Year Data Table by Component .....	15
Economic Indicators .....	17

<b>JLBC</b>
-------------

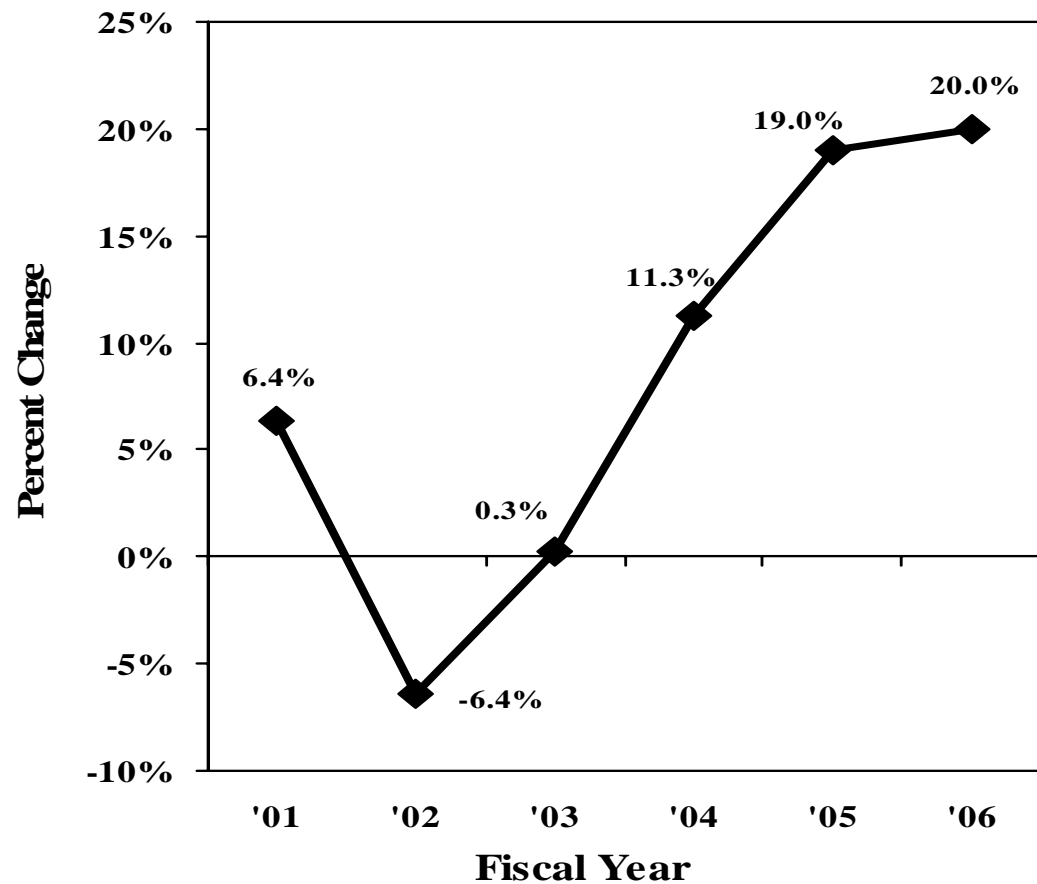
# **Finance Advisory Committee**

**December 12, 2006**

**JLBC**

# General Fund Revenues Have Grown Rapidly in the Last 2 Years

- **20% FY '06 Growth**
  - Sales Tax = 16.7%
  - Individual Income Tax = 24.1%
  - Corporate Income Tax = 24.6%
- **2-Year growth for '05 and '06 of almost 40% greatest in at least 35 years.**



# **Growth in 1<sup>st</sup> Five Months of FY 2007 Is Down From Last Year, But Still Double-Digit**

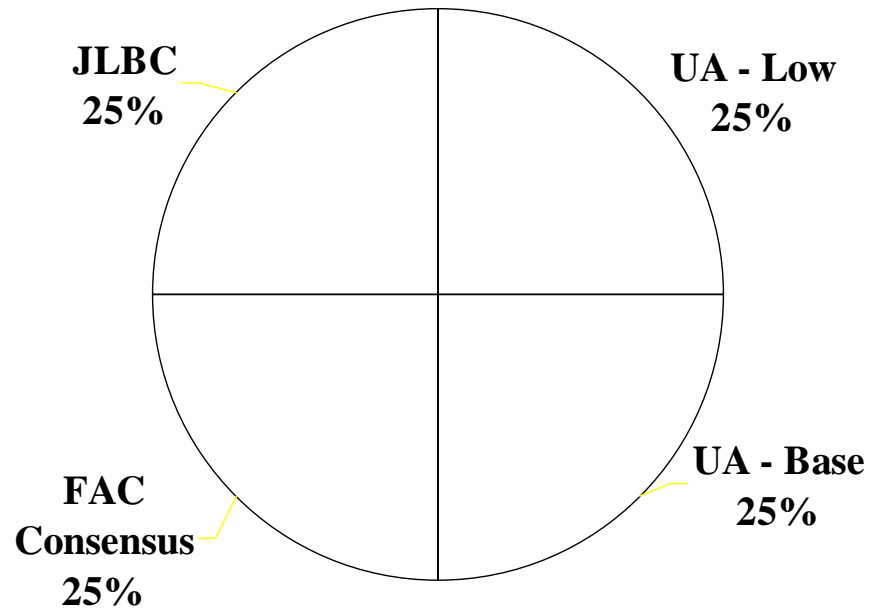
- July-November revenues are 10% above last year.
- Sales tax is up over 9%.
- Individual income tax is up over 9%, although it is unclear how much of this increase was aided by '06 “hang-over” – some payments reflect '05 liabilities.
- Corporate income tax is up almost 22%.

# **FAC Forecast is a Component of “Big 3” General Fund Revenue Consensus Estimate**

**UA Model Represents 50% of the Forecast**

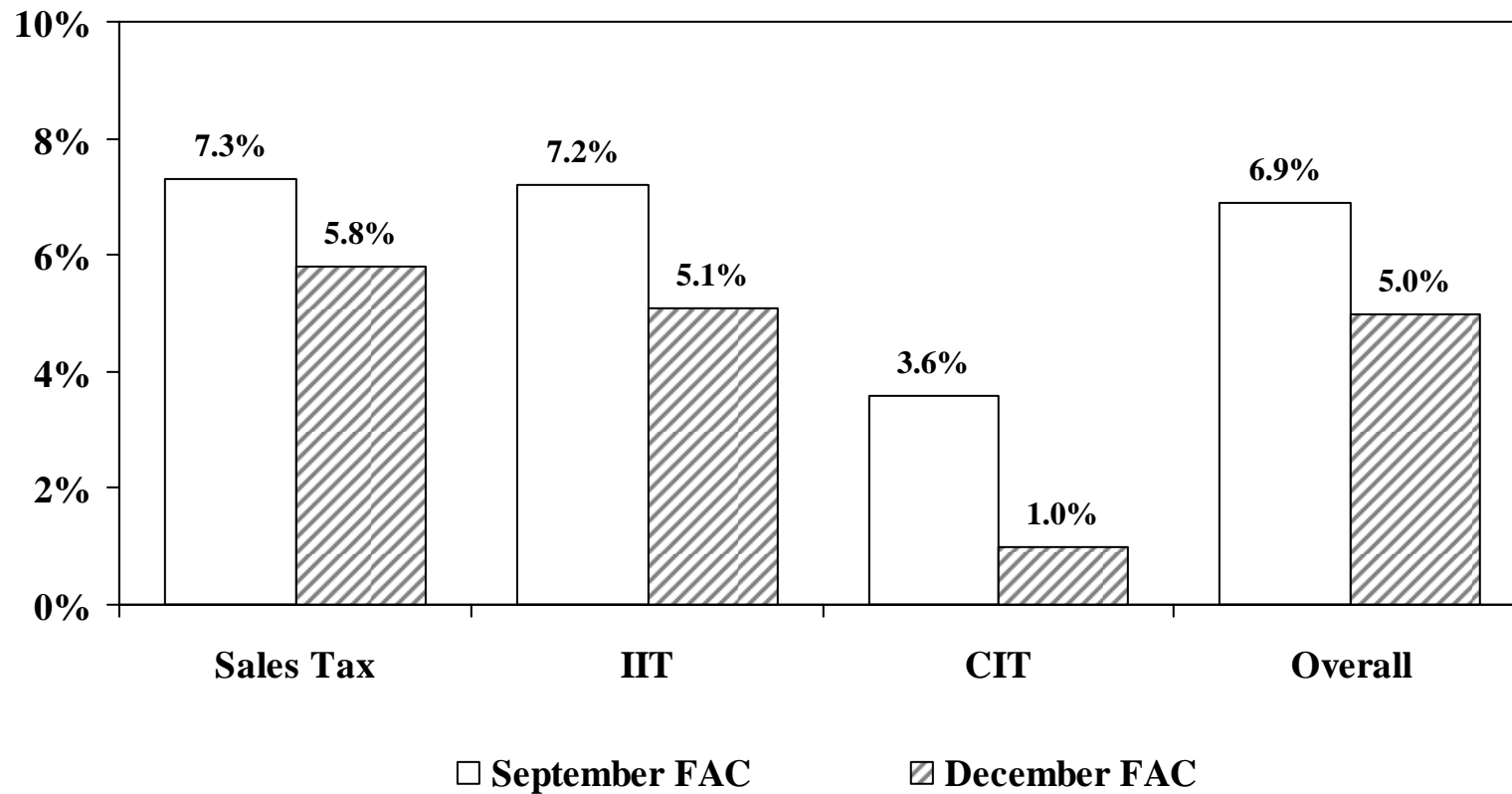
**Big 3 forecast equally  
weights:**

- **FAC average**
- **UofA model - base**
- **UofA model - low**
- **JLBC staff forecast**
- **Remaining revenues (6% of total) are staff forecast**

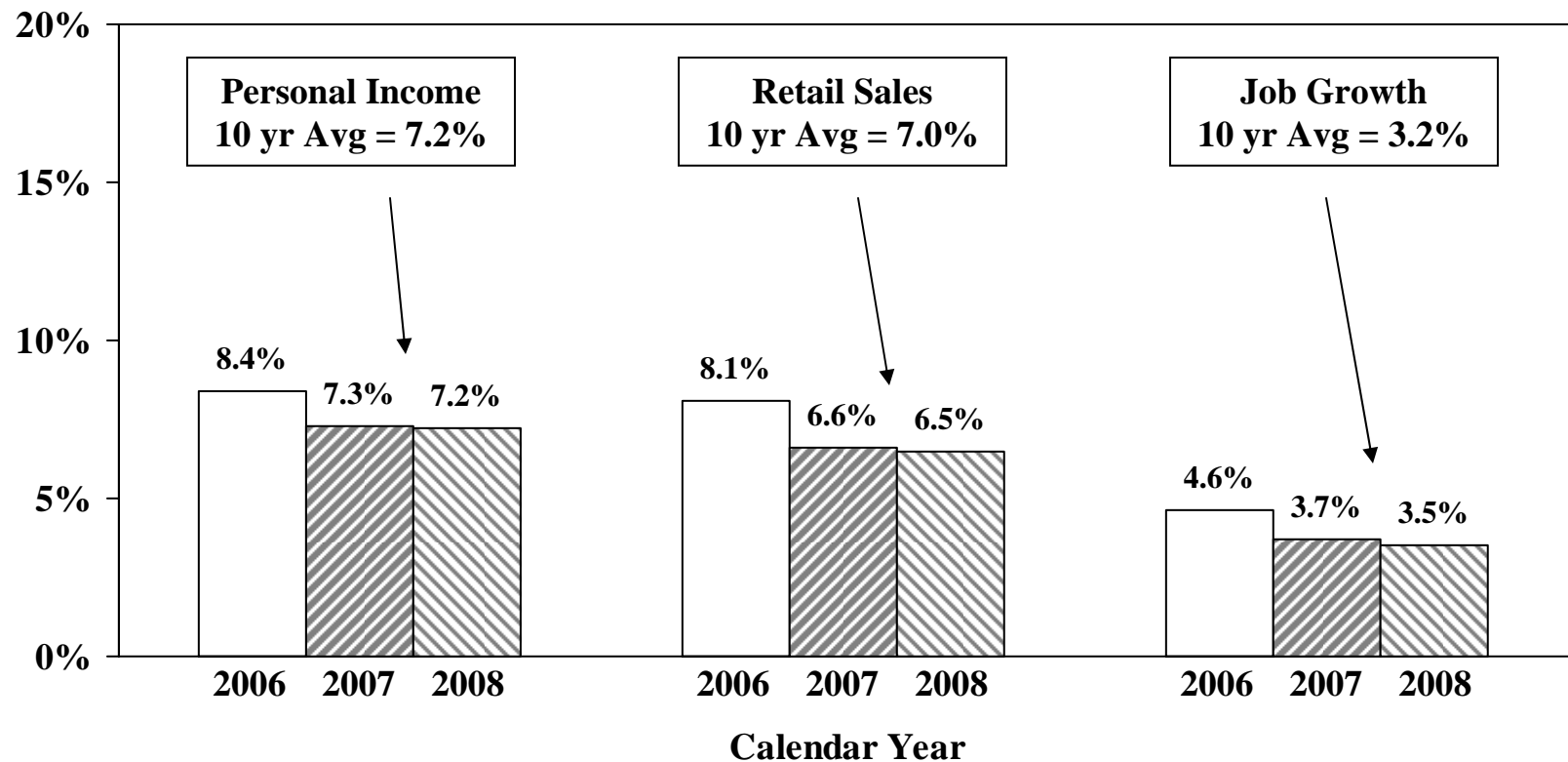


# FAC Forecast More Cautious Since September

- Overall FY 2008 Growth Projection Declined From 6.9% to 5.0%.
- Long Term Average Growth is 7%

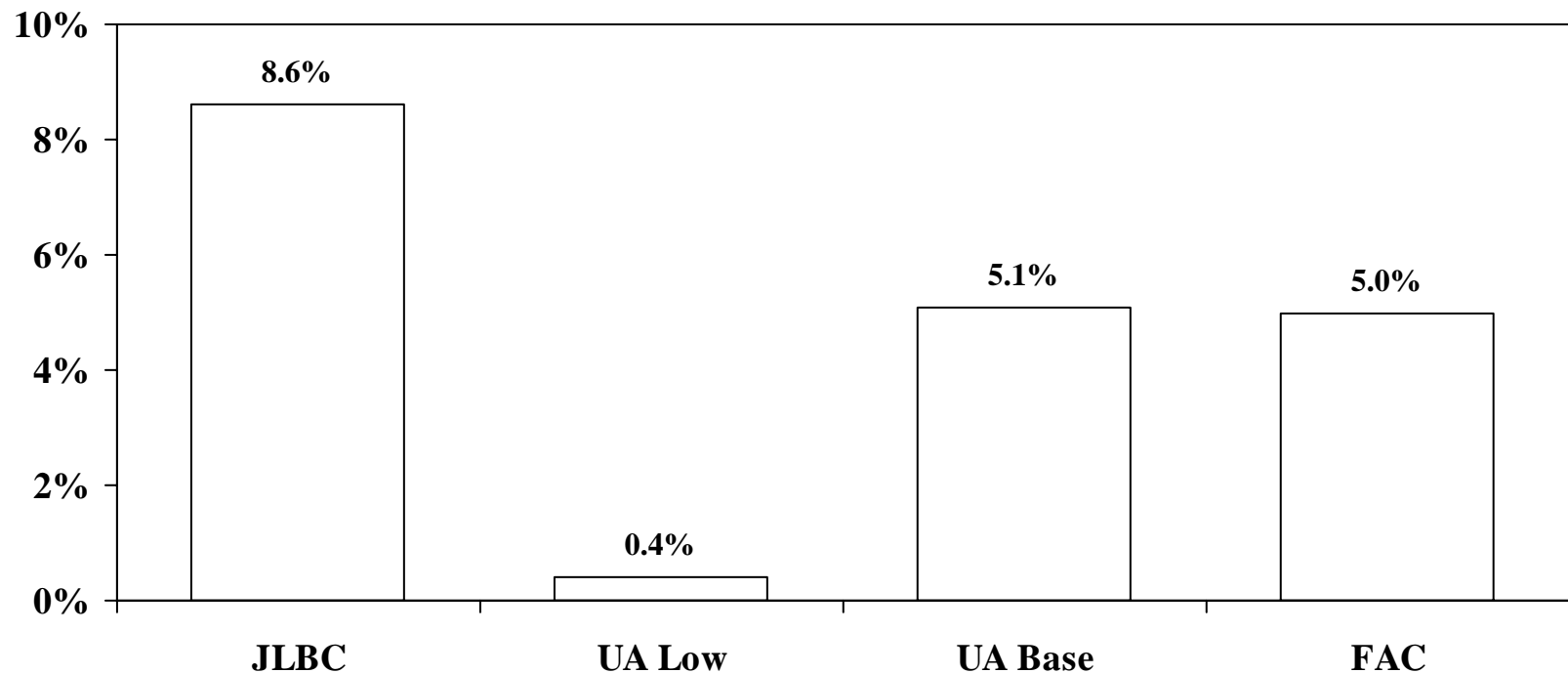


# While FAC Has Become More Cautious, Blue Chip Continues to Forecast Growth Near Historical Averages



Source: November 2006 Arizona Blue Chip

# **While FAC Forecasts Below Average Growth, the UA Low Model Represents A Recession Scenario - “Big 3” FY 2008 Forecast Weighted Averages by Input**

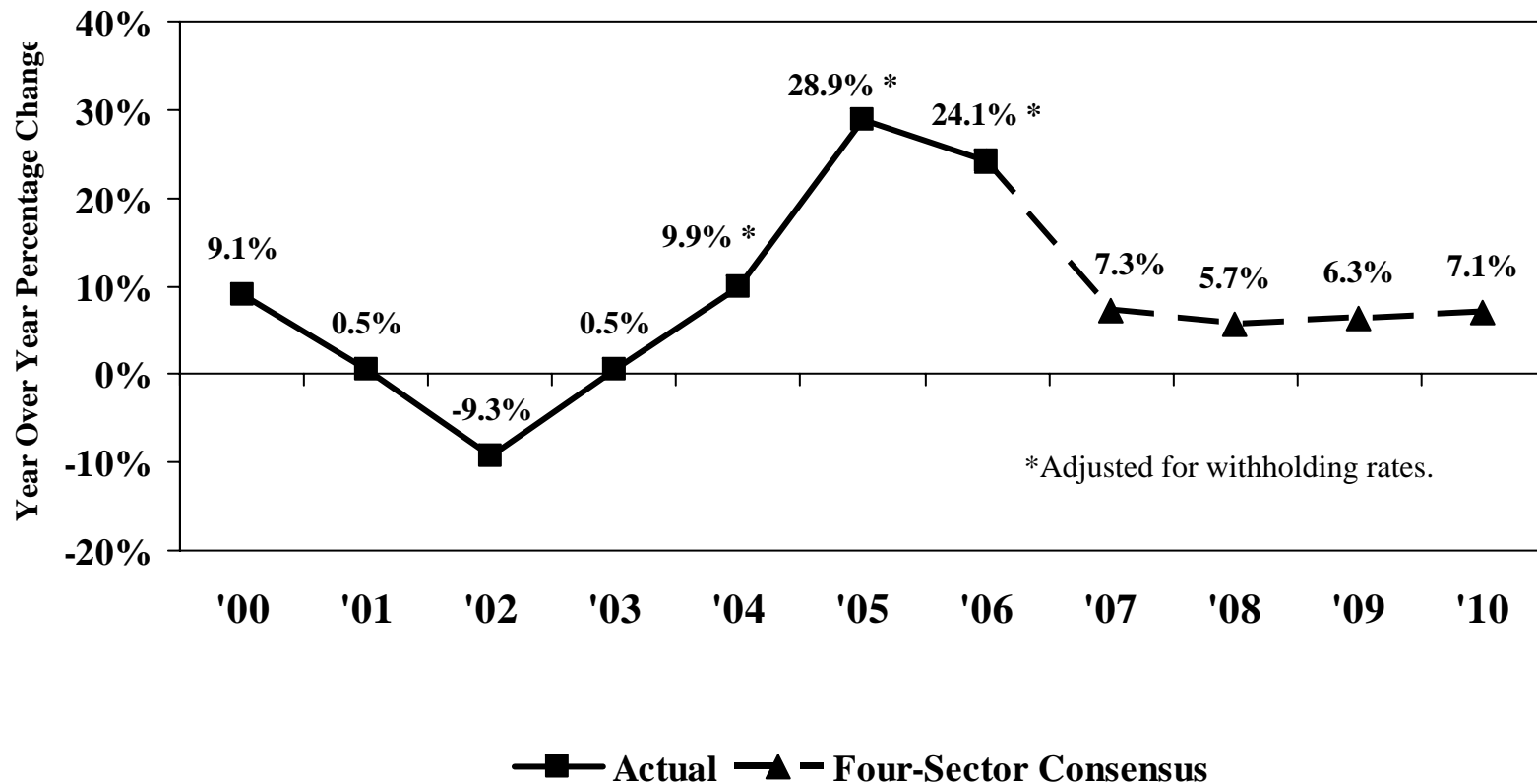


# **Evaluating the Odds of Flat Revenue Growth - How Does that Compare to the Odds of a Recession?**

- National Blue Chip places the odds of a recession at 25% in the next 12 months
  - Based on responses from 55 panelists
  - 10 most optimistic place odds at average of 15%
  - 10 most pessimistic place odds at average of 36%
- Arizona Blue Chip was asked when the next recession would occur in Arizona
  - 13% said prior to 2008
  - 20% said 2008
  - 67% said 2009 or beyond

# Individual Income Tax

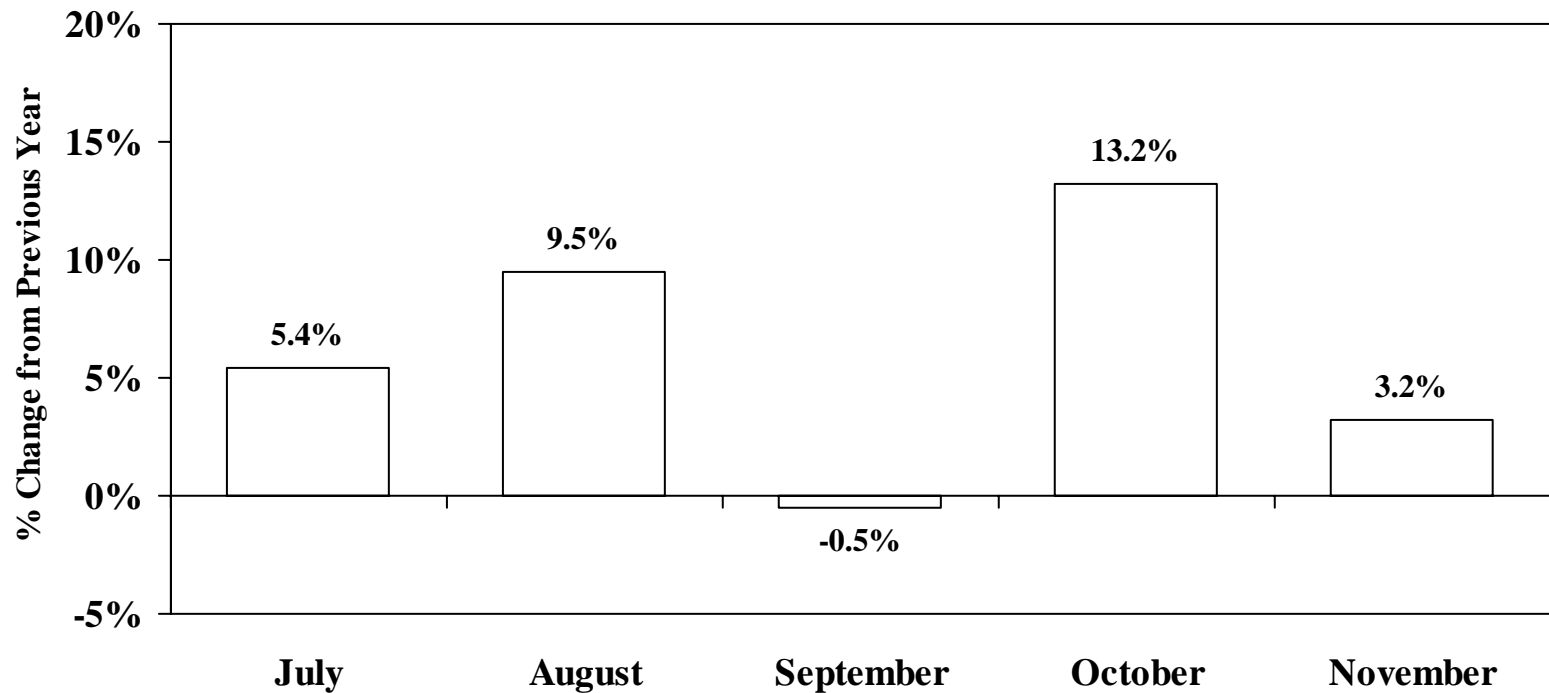
## 4-Sector Consensus Forecast Calls For 5.7% Growth in FY 2008



# **After 2 Years of Double Digit Withholding Growth, FY 2007 Collections Have Been Much More Uncertain**

**- Withholding YTD Growth is 6.3% Over FY 2006**

**- 46% Growth in Estimated/Final Payments Pulls Overall Average to 9.4%**

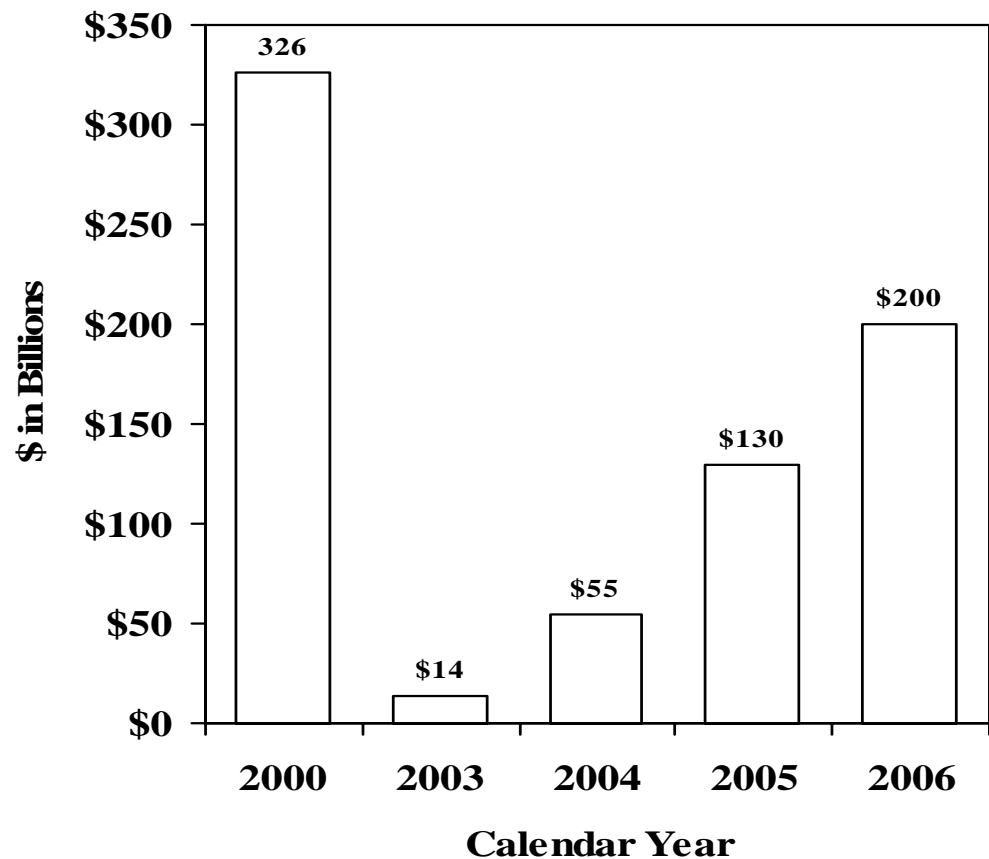


Growth over same month in Prior Year

# National Capital Gains Distributions Are Expected to Increase Dramatically

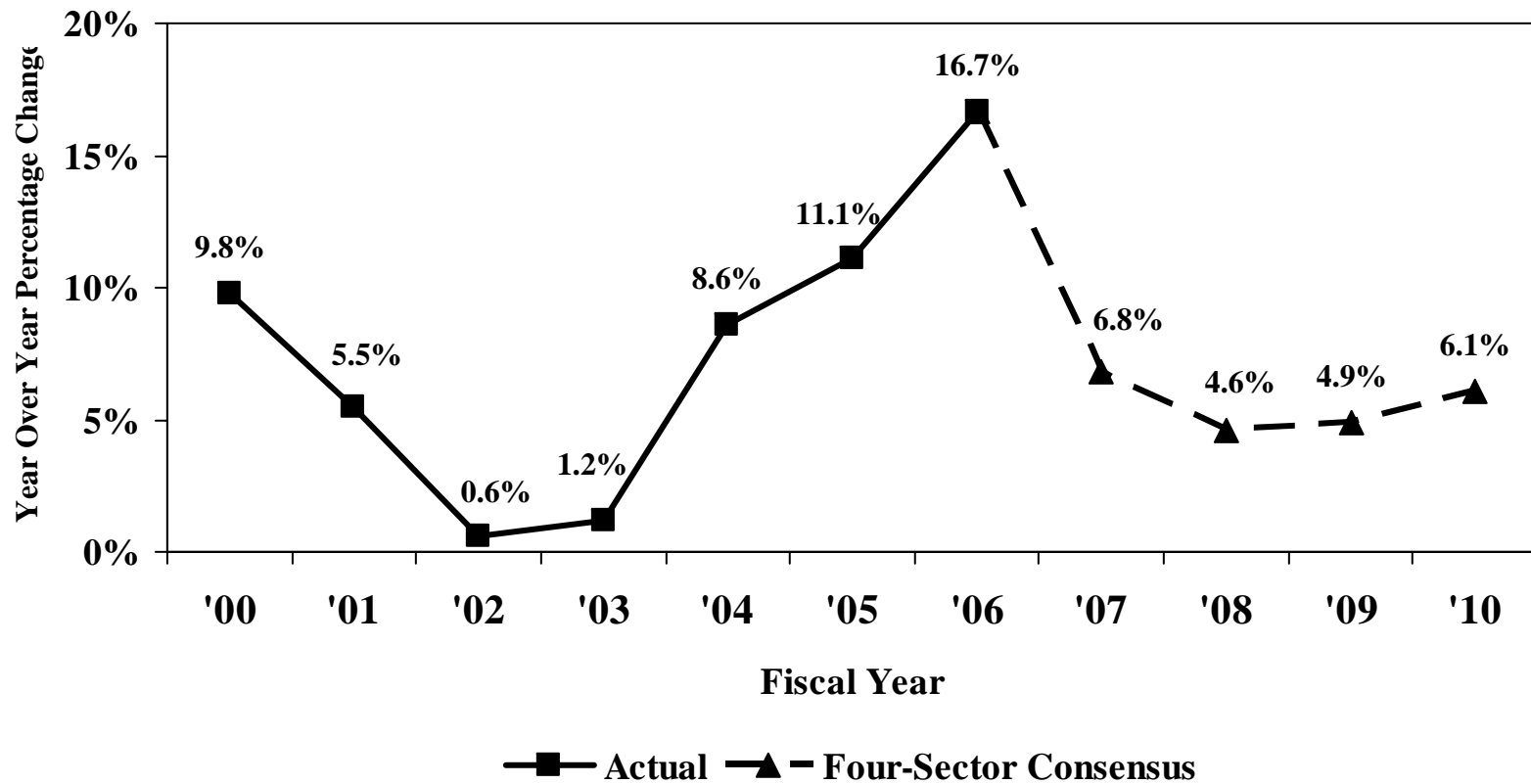
## - Distribution Changes Help Explain Volatility in Income Tax Collections

- Losses from the last “bear market” have been used up.
- Distributions in CY ‘06 are expected to increase by 50%.
- Arizona’s share may contribute \$80-\$90 million to FY07 IIT collections.
- These gains may be offset by less real estate activity.



# Sales Tax Growth Rate

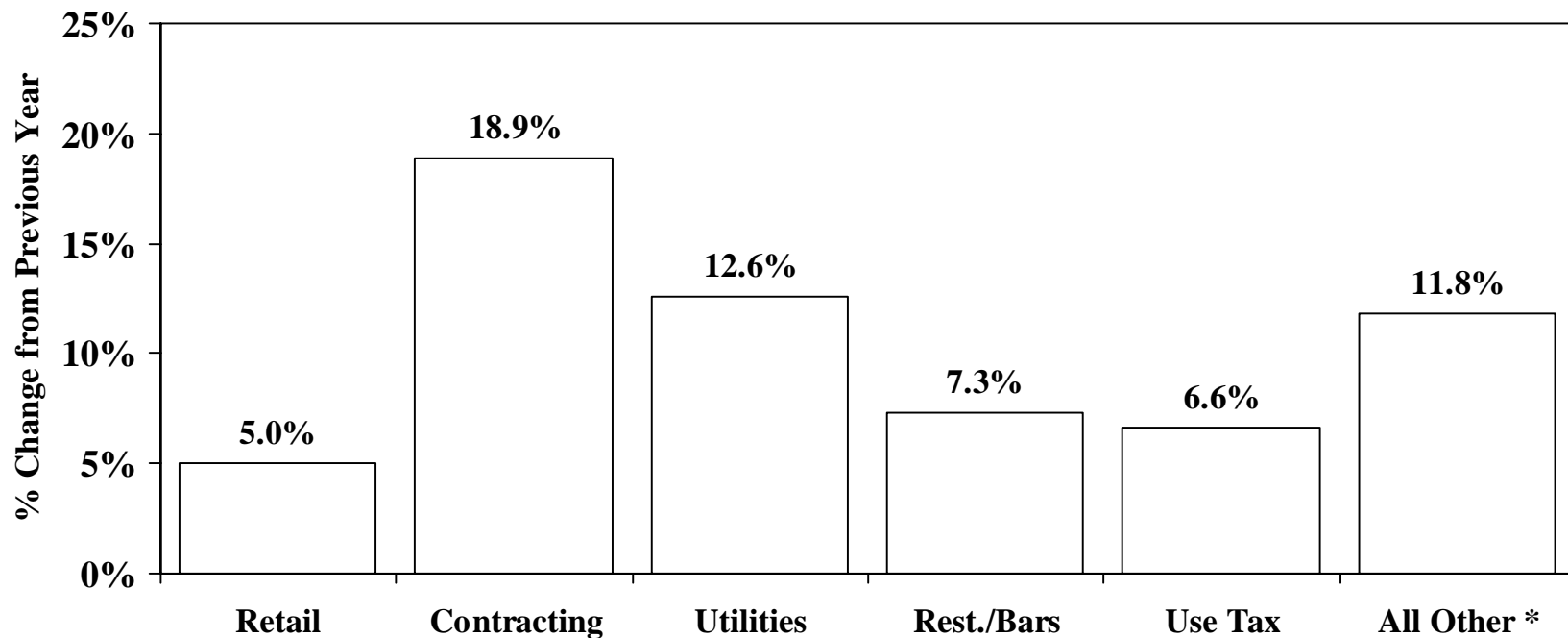
**4-Sector Consensus Forecast Calls For 4.6% Growth in FY 2008**



# **FY 2007 Sales Tax Collections Have Slowed in Some Major Categories**

**- Overall Growth is 9.5%**

**- Contracting Activity Remains High While Retail Lags**



**FY 2007 Year to Date – (Through October)**

\* Represents 10% of total collections.

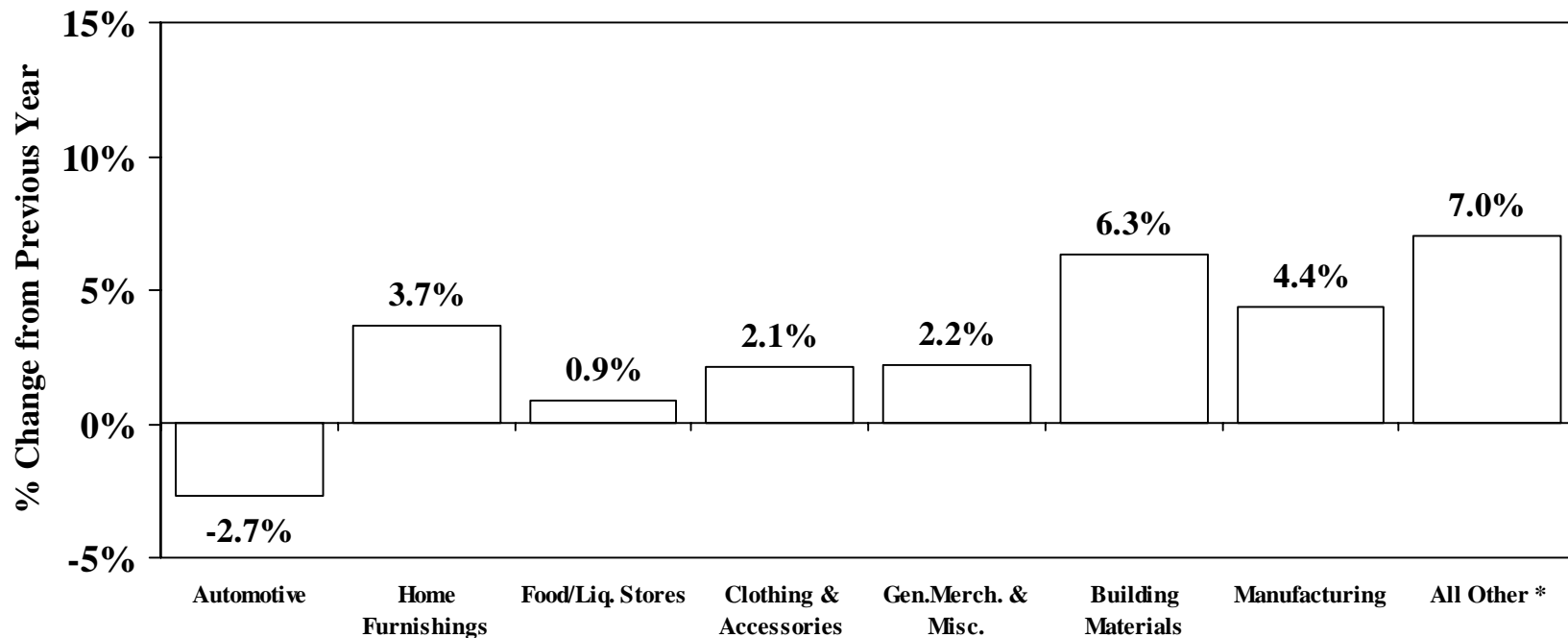
# **If Homebuilding Is Down, Why Has Contracting Growth Remained High?**

- Nonresidential construction activity remains at high levels.
- With housing costs still high, some homeowners may be using their equity to improve their existing residences rather than move to a different home.

# Some Retail Sales Categories Have Struggled in Recent Months

- Overall Growth is 5.0%

- Construction Related Retail Has Been Stronger Than Other Categories



**FY 2007 Year to Date – (Through October)**

# **The Housing Slump and Fuel Prices May Be Affecting Sales Tax Collections**

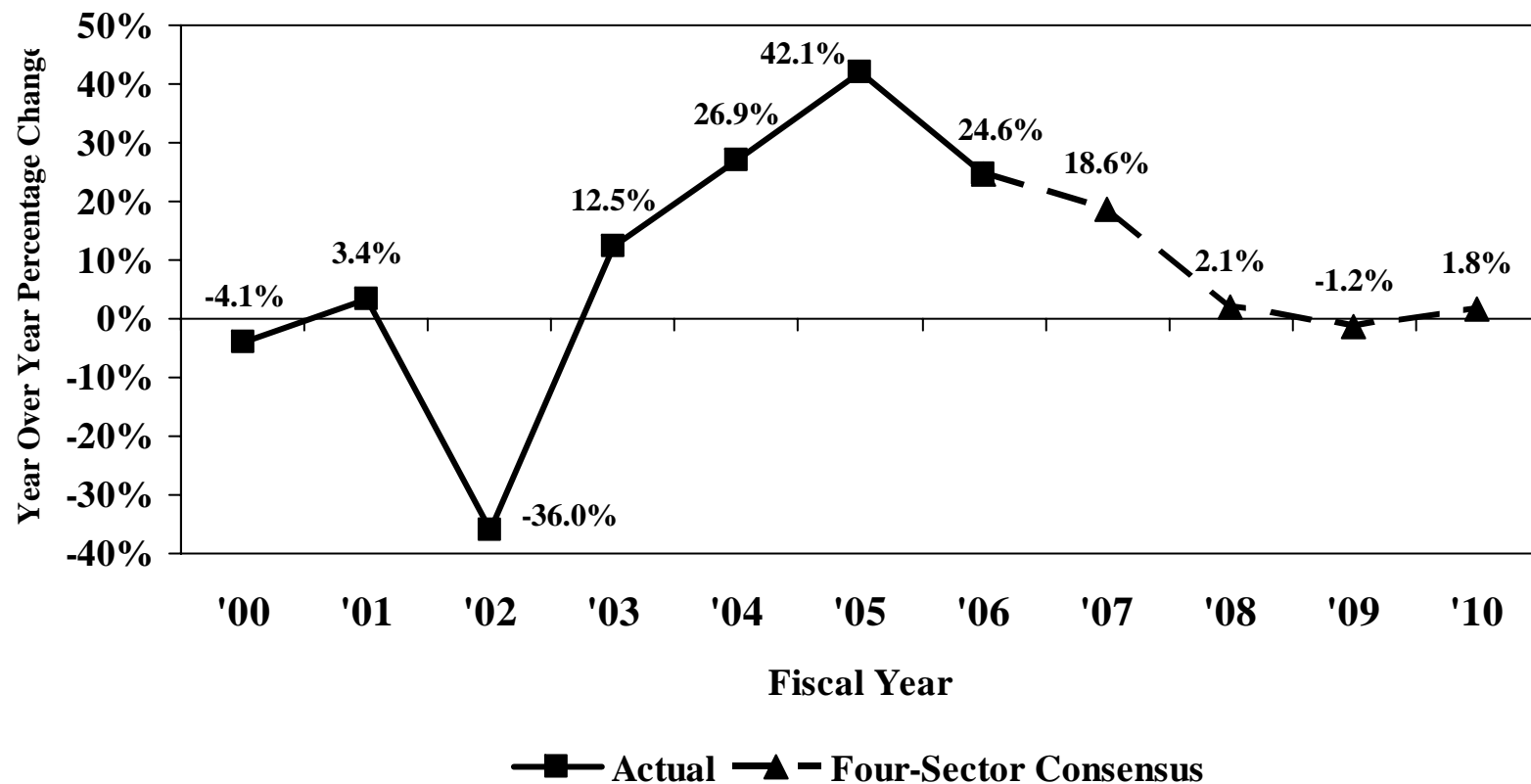
- Home price appreciation and low interest rates helped fuel consumer spending in FY 2005 and FY 2006.
- Higher interest rates have curbed demand for new homes and big-ticket items.
- High gasoline prices soaked up discretionary income and may have curbed spending on non-durable items.

## **Holiday Season Sales May Fall Short of Last Year's Results**

- The National Retail Federation projects holiday sales will increase 5% this year, down from 6.1% in 2005.
- Forrester Research forecasts U.S. online retail sales, much of which escapes taxation, will increase 23% in the 2006 holiday season from a year ago .

# Corporate Income Tax Growth Rate

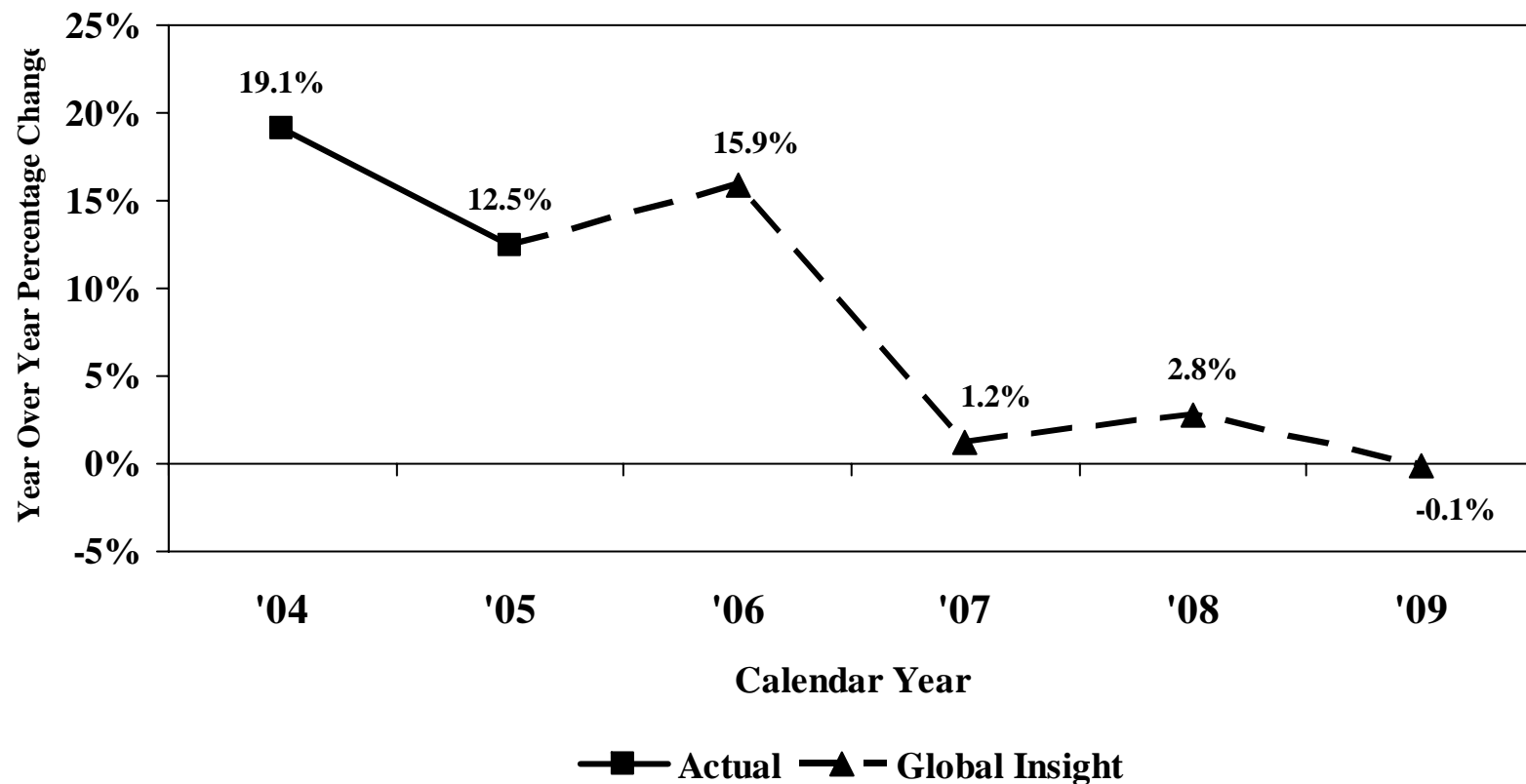
## 4-Sector Consensus Forecast Calls For 2.1% Growth in FY 2008



FY 2006 Actual = \$874 Million

# U.S. Corporate Profits are Expected to Slow

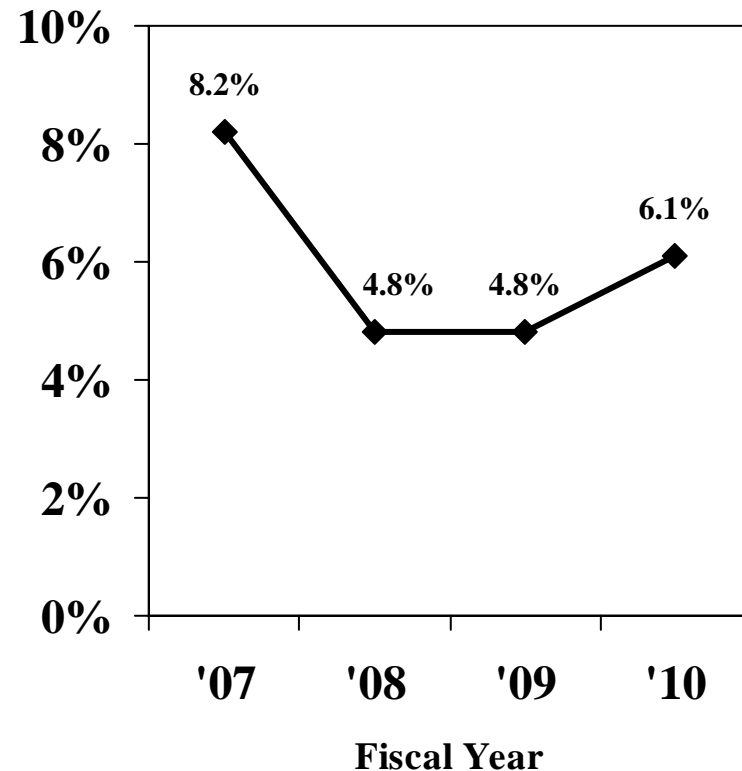
- Global Insight Forecast Comparable to Blue Chip
- These National Forecasts Support 4-Sector Revenue Projection



# Big 3 Forecast Growth

## Four-Sector Consensus Forecast Has Growth of 8.2% in FY 2007 and 4.8% in FY 2008

- '07 Growth of 8.2% would be steep decline from 20% in '06, but close to budgeted rate.
- '08 Forecast is pulled down by flat growth scenario in the UA-Low Model.
- Without UA-Low, '08 grows by 6.2%.



# FY 2007-FY 2010 Quartile Forecast Worksheet

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<b><u>Sales Tax</u></b>				
JLBC Forecast (12/06)	8.8%	8.5%	8.2%	7.0%
UA - Low (11/06 revision)	4.9%	0.3%	1.4%	4.5%
UA - Base (11/06 revision)	5.6%	3.8%	4.8%	6.5%
FAC (12/12/06 Survey)	7.9%	5.8%	5.3%	6.2%
<b>Average:</b>	<b>6.8%</b>	<b>4.6%</b>	<b>4.9%</b>	<b>6.1%</b>
<b><u>Individual Income Tax</u></b>				
JLBC Forecast (12/06)	9.1%	8.9%	8.3%	7.0%
UA - Low (11/06 revision) withholding	4.2%	2.7%	4.4%	6.9%
UA - Base (11/06 revision) withholding	8.1%	6.2%	6.6%	7.7%
FAC (12/12/06 Survey)	7.9%	5.1%	5.8%	6.8%
<b>Average:</b>	<b>7.3%</b>	<b>5.7%</b>	<b>6.3%</b>	<b>7.1%</b>
<b><u>Corporate Income Tax</u></b>				
JLBC Forecast (12/06)	15.0%	8.0%	5.0%	2.5%
UA - Low (11/06 revision)	23.4%	-7.0%	-13.3%	-4.6%
UA - Base (11/06 revision)	27.9%	6.2%	0.0%	1.7%
FAC (12/12/06 Survey)	8.1%	1.0%	3.7%	7.7%
<b>Average:</b>	<b>18.6%</b>	<b>2.1%</b>	<b>-1.2%</b>	<b>1.8%</b>

<b>Consensus Weighted Average:</b>	<b>8.2%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>6.1%</b>
<b>JLBC Weighted Average:</b>	<b>9.5%</b>	<b>8.6%</b>	<b>7.9%</b>	<b>6.5%</b>
<b>UA Low Weighted Average:</b>	<b>6.4%</b>	<b>0.4%</b>	<b>1.1%</b>	<b>4.7%</b>
<b>UA Base Weighted Average:</b>	<b>8.8%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>6.5%</b>
<b>FAC Consensus Weighted Average:</b>	<b>7.9%</b>	<b>5.0%</b>	<b>5.4%</b>	<b>6.6%</b>

# National Economy

Prepared for:  
Finance Advisory Committee

**Elliott D. Pollack & Company**

**December 12<sup>th</sup>, 2006**

## Negatives

- Slowing housing market.
- Consumer spending slowing.
- Inflation an issue?

## **Positives**

- **Employment still positive.**
- **Businesses lean and mean.**
- **Increase in exports.**

**Weakening economies  
are more sensitive to  
shocks.**

## **Examples of Direct Shocks:**

- **Unexpected oil price escalation.**
- **Terrorist event (especially to financial or commerce infrastructure).**

## **Examples of Indirect Shocks:**

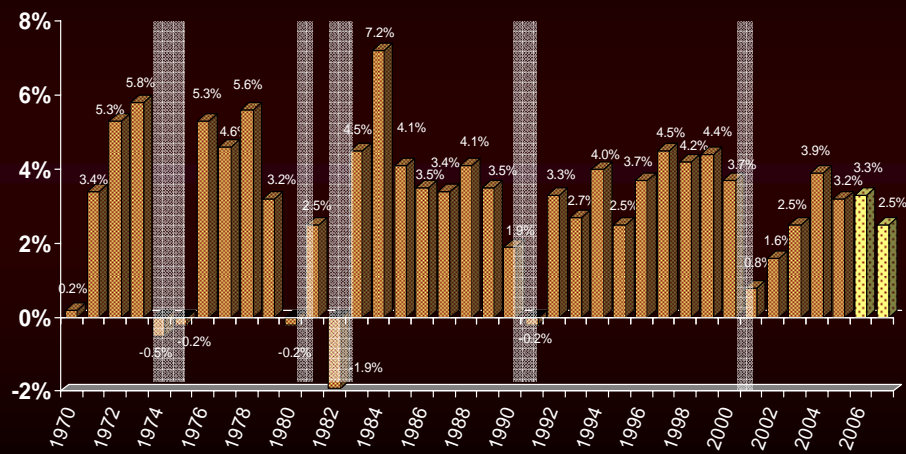
**Collapse of housing prices**

# What is the national Blue Chip panel telling us?



## United States Real Gross Domestic Product\* Annual Growth 1970 - 2007\*\*

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



\* Based on chained 2000 dollars.

\*\* 2006 - 2007 are forecasts from the Blue Chip Economic Indicators, November 2006

Recession Periods

# ODDS OF A RECESSION

Source: National Blue Chip Panel

November consensus: 24.8%

October consensus: N/A

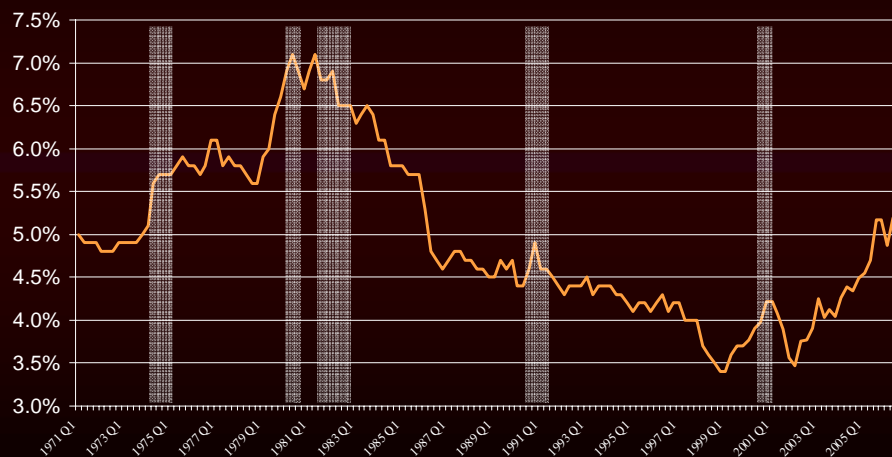
September consensus: 25.1%

August consensus: 26.9%

## Consumer Energy Goods & Services Spending as a Percent of Personal Income

1971 – 2006\*

Source: Bureau of Economic Analysis



\*Data through third quarter 2006

Recession Periods

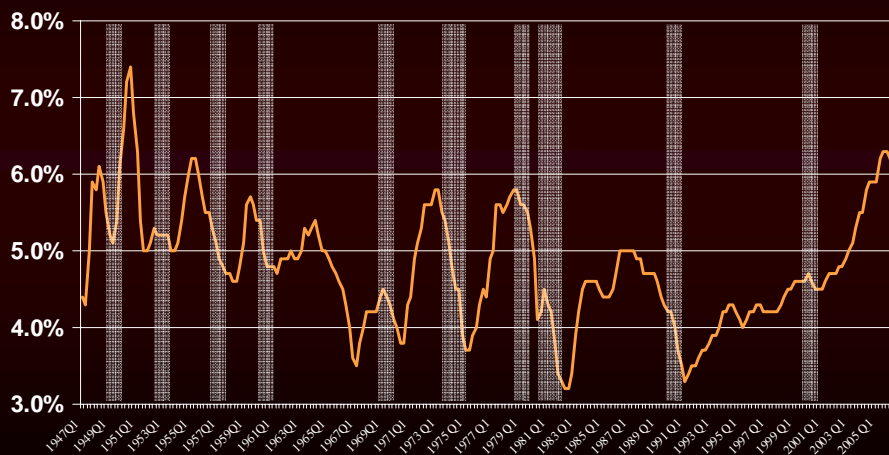
**The future of oil prices is uncertain...**

**The longer they are high, the greater probability of viable alternatives being found.**


## **Residential Investment as a Percent of GDP**

**1947 – 2006\***

Source: Bureau of Economic Analysis



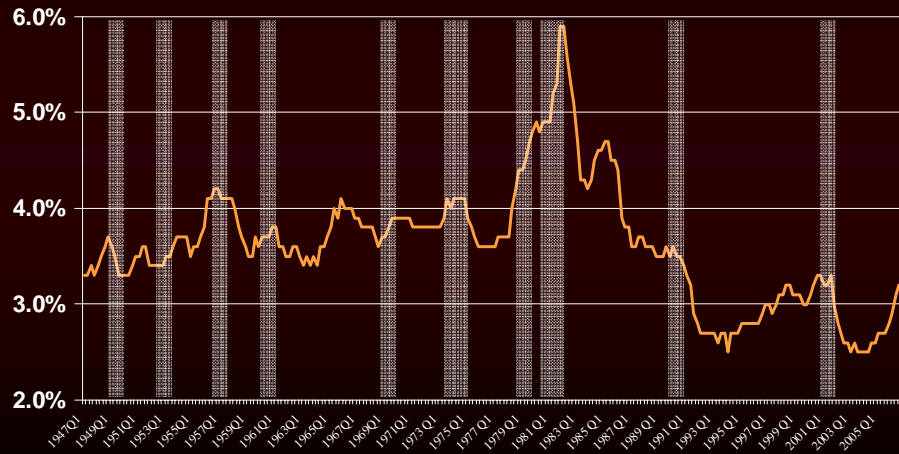
\*Data through third quarter 2006

 Recession Periods

## Non-Residential Structures Investment as a Percent of GDP

1947 – 2006\*

Source: Bureau of Economic Analysis



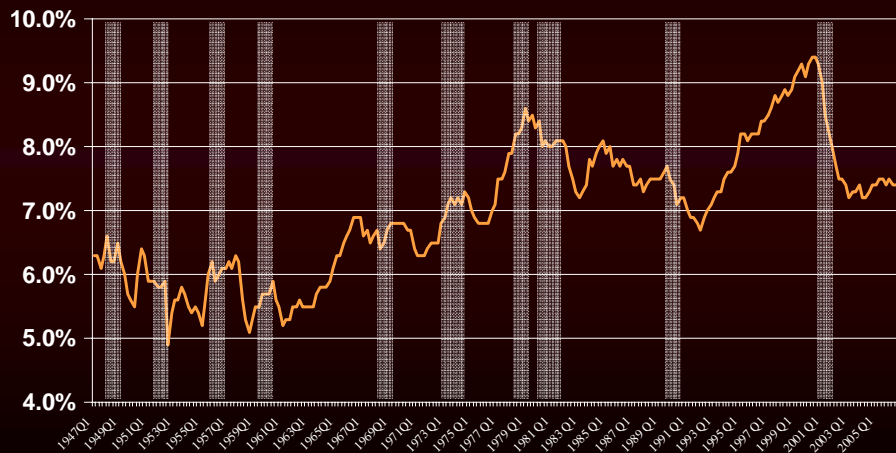
\*Data through third quarter 2006

Recession Periods

## Equipment & Software Investment as a Percent of GDP

1947 – 2006\*

Source: Bureau of Economic Analysis

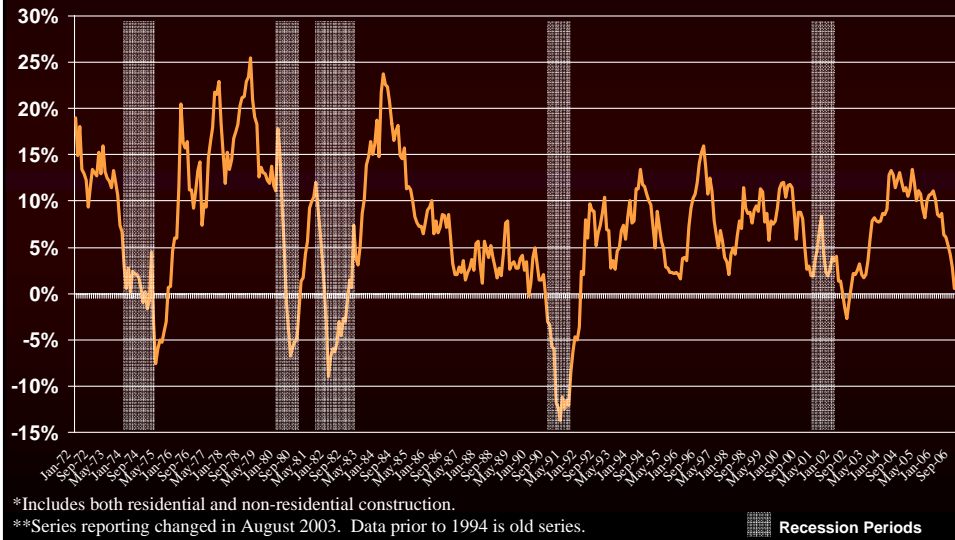


\*Data through third quarter 2006

Recession Periods

# Value of Total Construction Put-In-Place\* Percent change Year Ago January 1972 – October 2006

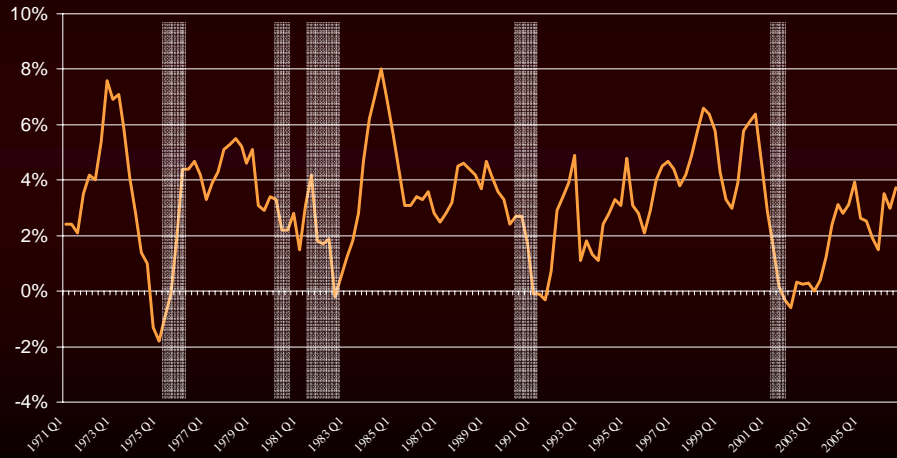
Source: U.S. Census Bureau



## Are people making ends meet?

# U.S. Real Personal Income Percent Change Year Ago 1971 – 2006\*

Source: Bureau of Economic Analysis

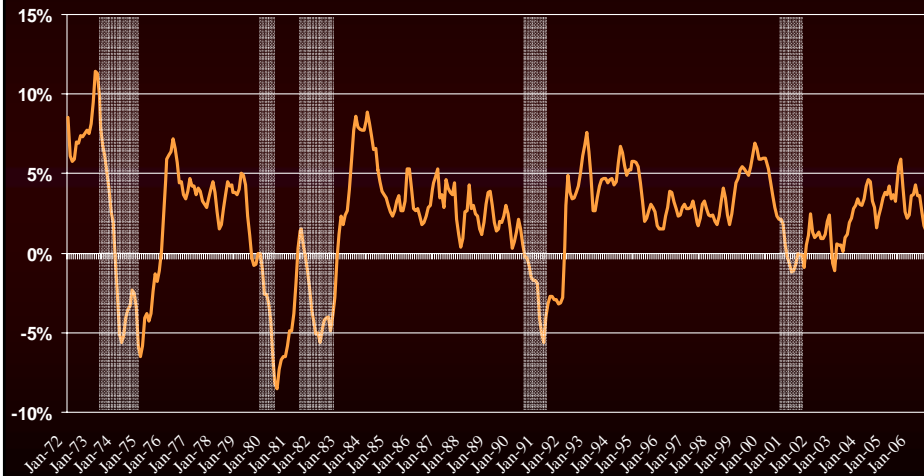


\*Data through third quarter 2006

Recession Periods

# U.S. Real Retail Sales Percent Change Year Ago, 3-Month Moving Average 1972 – 2006\*

Source: Federal Reserve Board of St. Louis



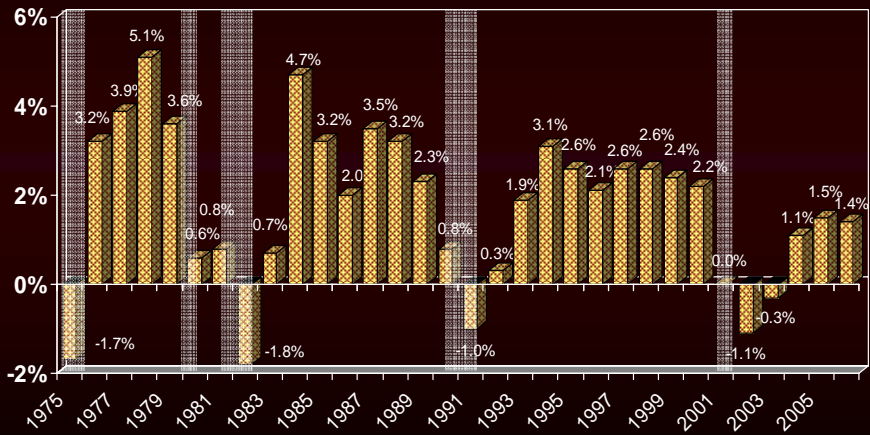
\* Data through October 2006

Recession Periods

## National Employment\*

### Annual Percent Change 1975–2006\*

Source: Bureau of Labor Statistics



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

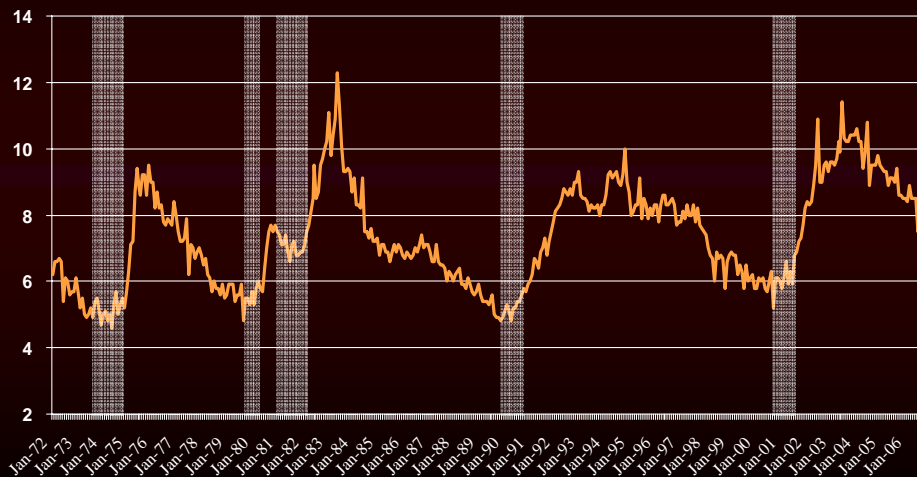
\*Data through October 2006

Recession Periods

## Median Weeks Unemployed (S/A)

### 1972 – 2006\*

Source: Bureau of Labor Statistics

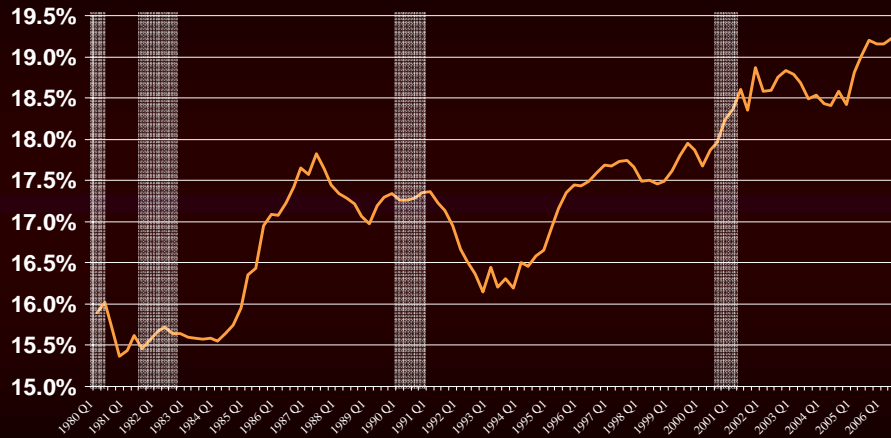


\*Data through October 2006.

Recession Periods

## Financial Obligation Ratio 1980 – 2006\*

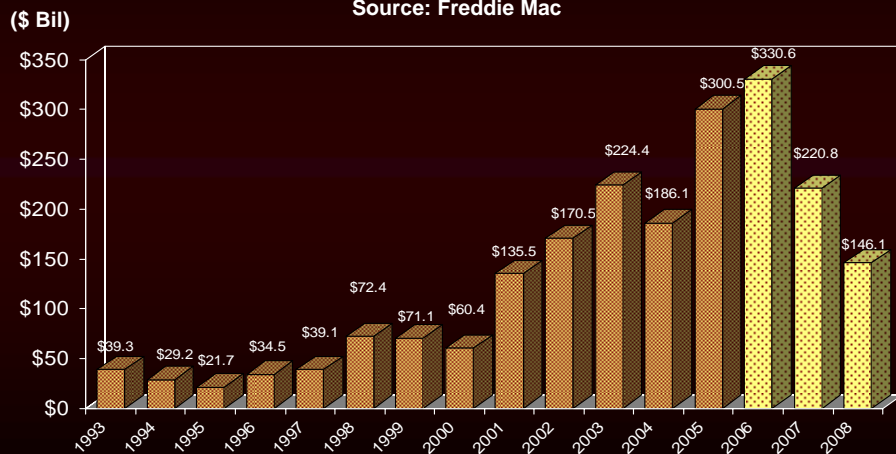
Source: Board of Governors, Federal Reserve Board



NOTE: The FOR includes debt service payments as a percent of disposable income. The FOR is a broader measure as it includes auto lease payments, rental payments, homeowner's insurance and property taxes.  
\*Data through second quarter 2006.

## Home Equity Cashed Out During Mortgage Refinancings, Second Mortgages and Home Equity Credit 1993–2008\*

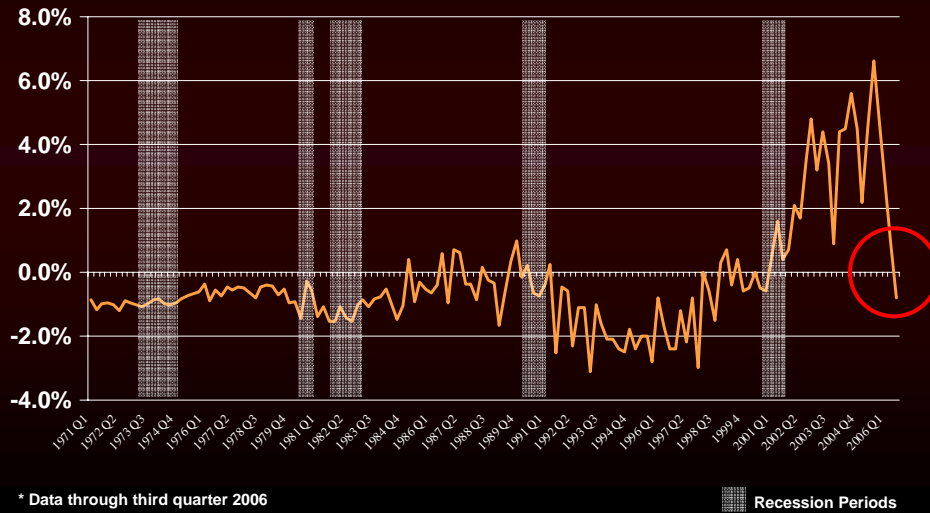
Source: Freddie Mac



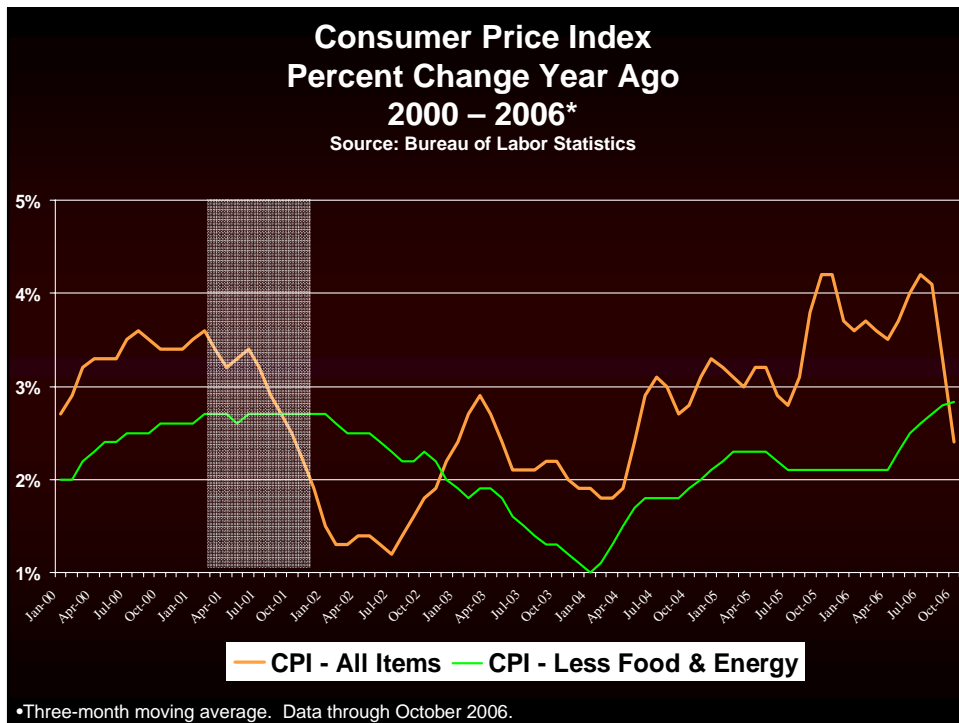
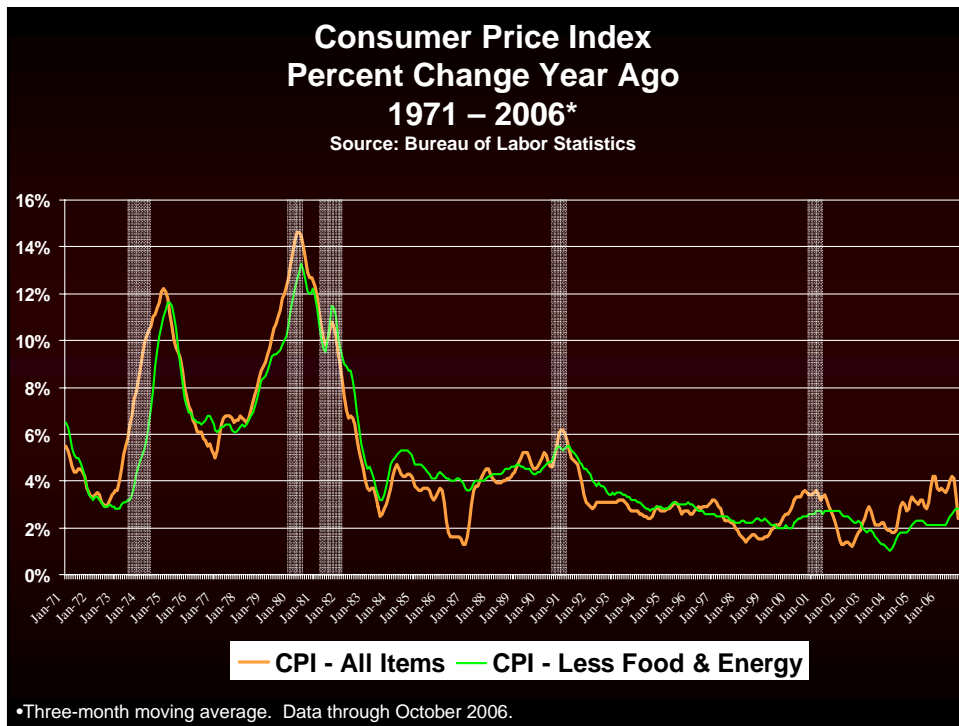
\* 2006 -2008 forecasts are from Freddie Mac

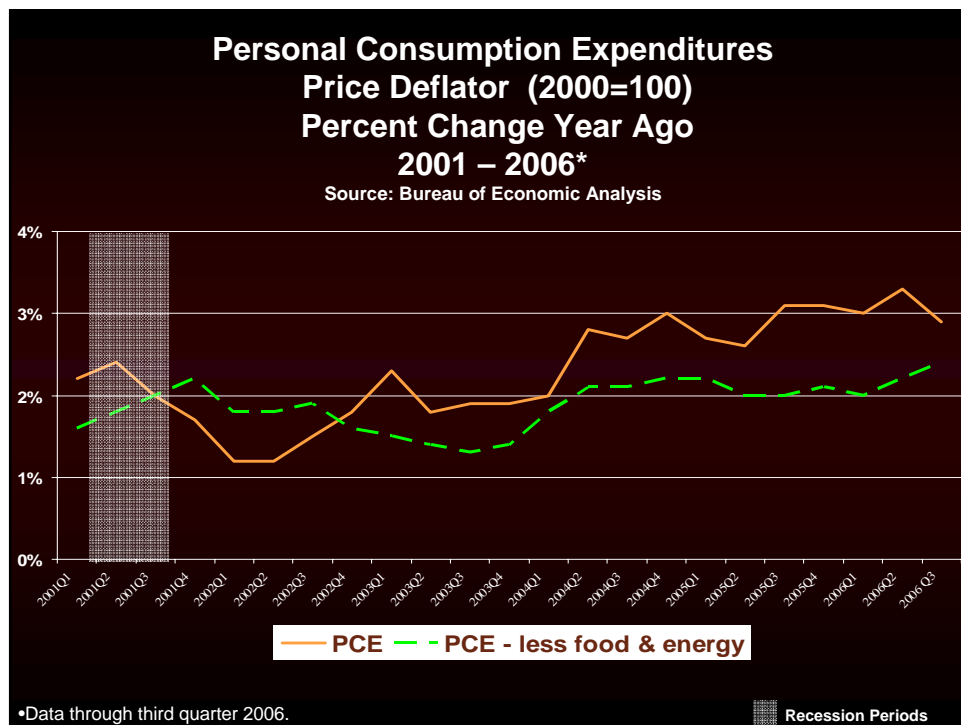
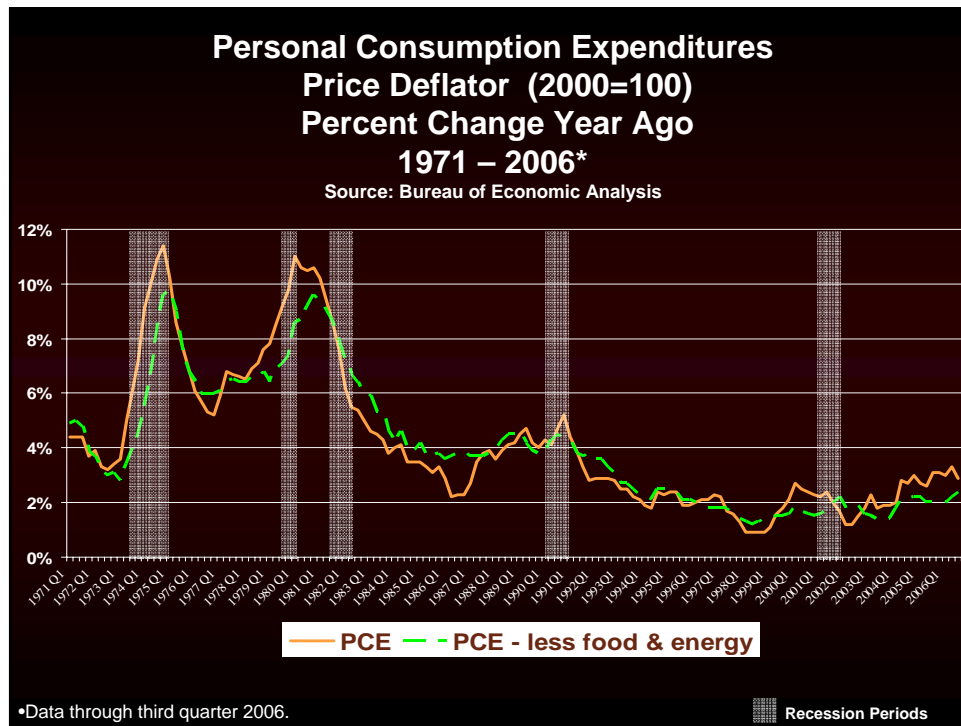
## Mortgage Equity Withdrawal as a share of Disposable Income U.S.: 1971 – 2006\*

Source: Bureau of Economic Analysis



# Will inflation get ugly?





## 30-Year Conventional Mortgage Rates

1982 – 2006\*

Source: Federal Reserve Economic Database

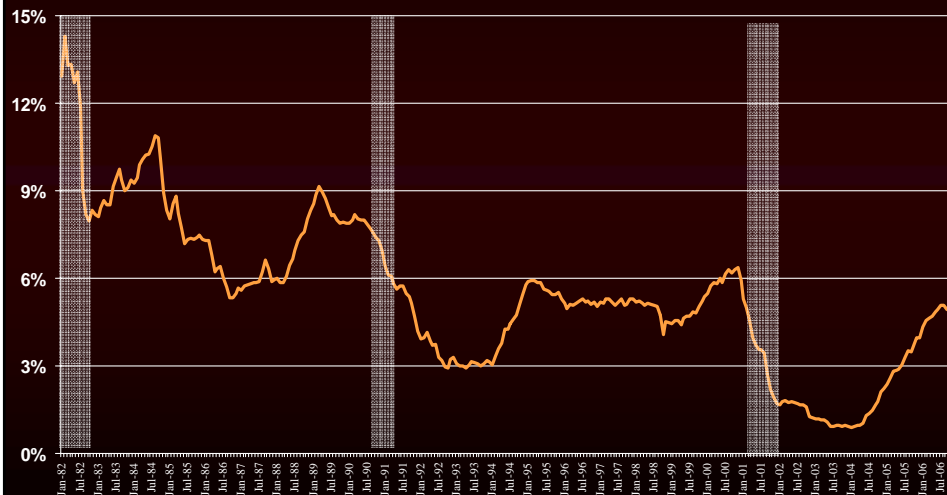


\*Data through November 2006.

## 3-Month Treasury

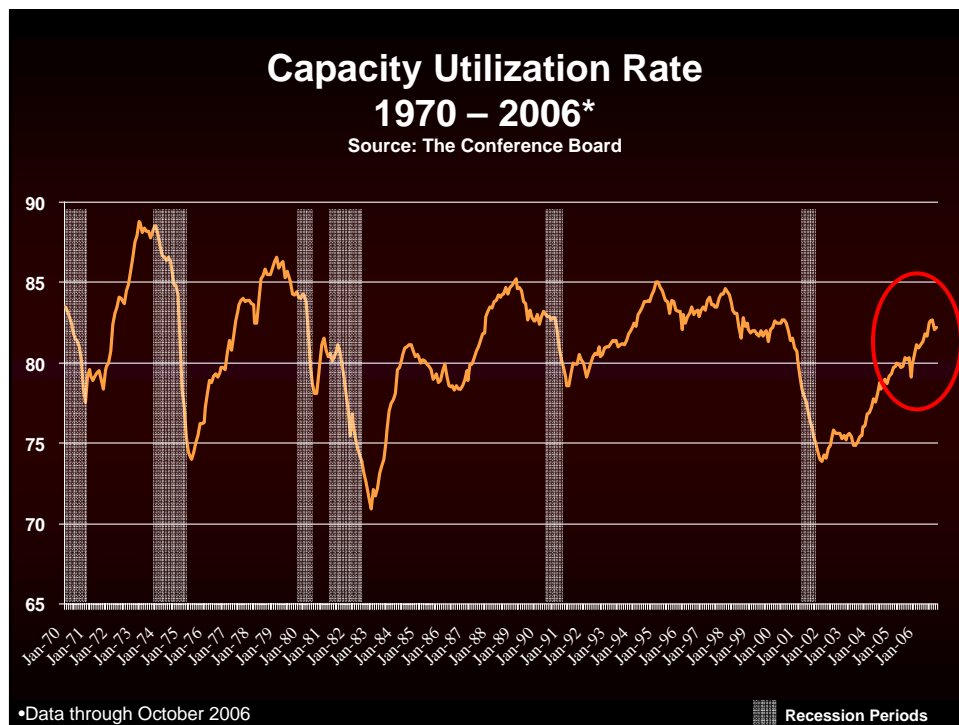
1982 – 2006\*

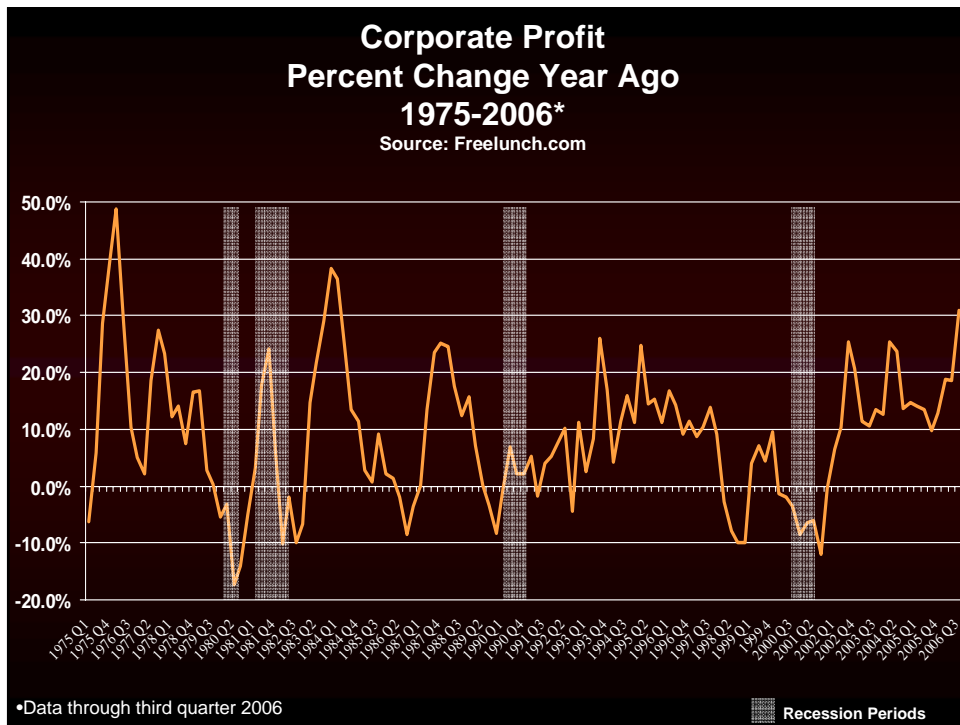
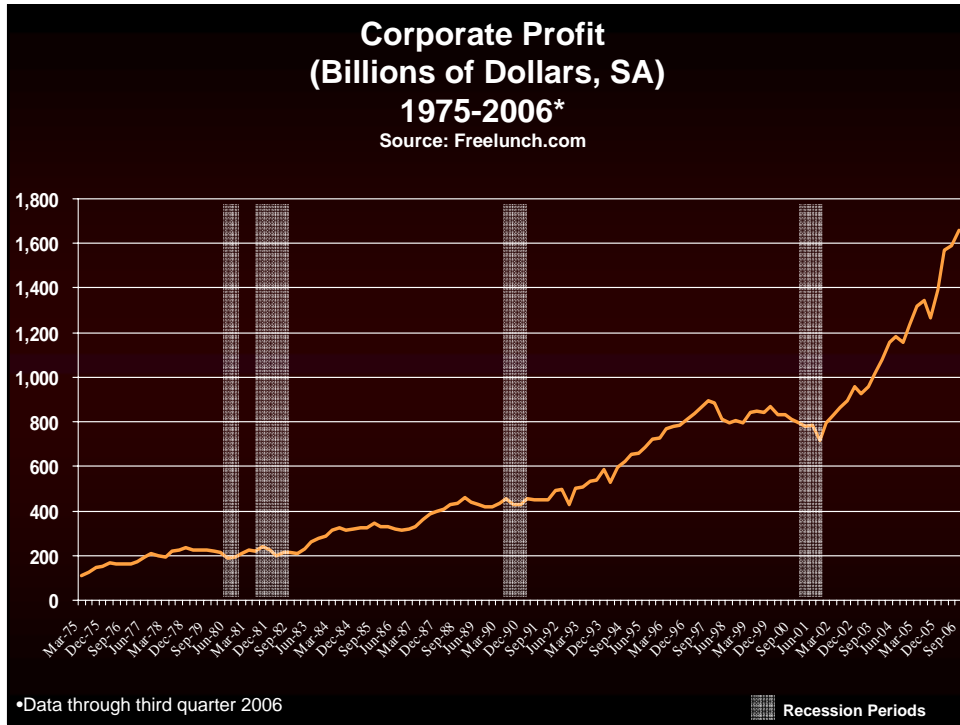
Source: Federal Reserve Economic Database



\*Data through November 2006.

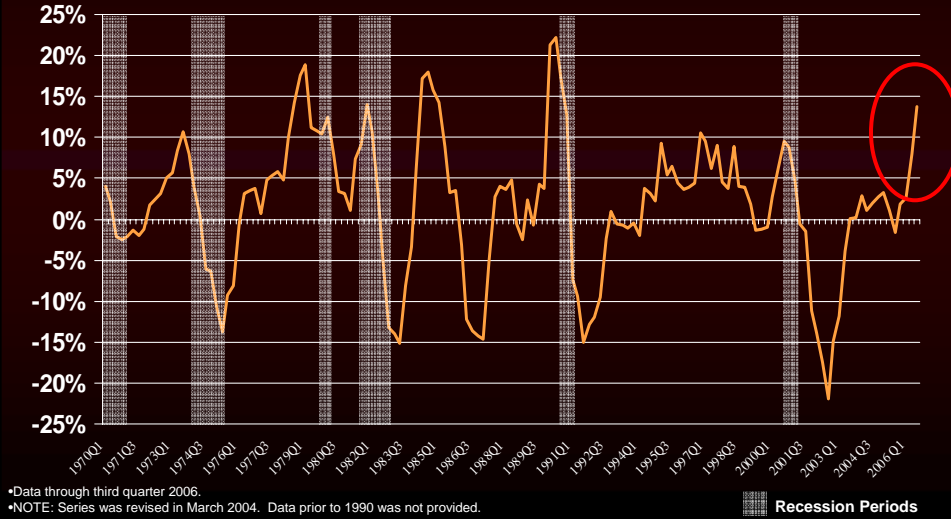
# Can business pull us forward ?





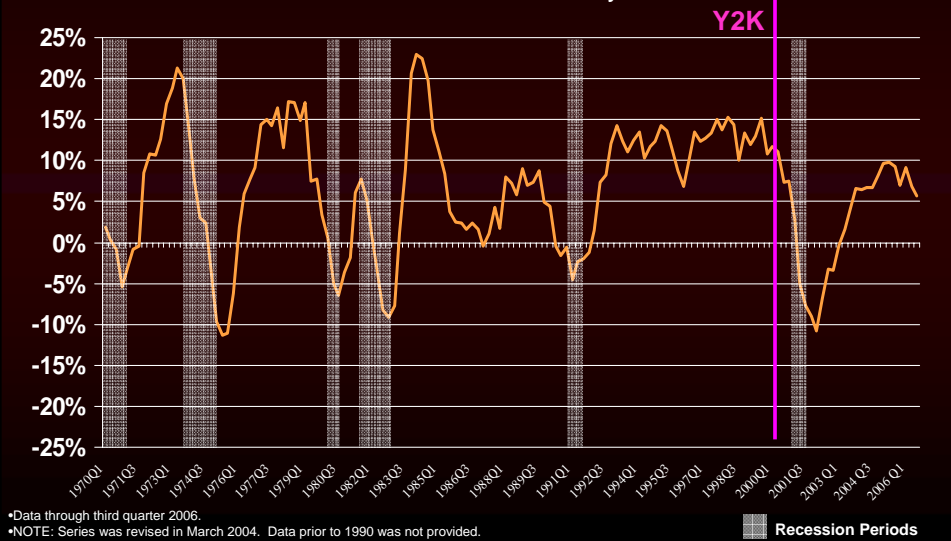
# **Total Plant Spending Percent Change Year Ago (Real Dollars) 1970 – 2006\***

Source: Bureau of Economic Analysis



# **Total Equipment & Software Spending Percent Change Year Ago (Real Dollars) 1970 – 2006\***

Source: Bureau of Economic Analysis



## Net Percentage of Large U.S. Banks Reporting Tougher Standards on Business Loans

1991 – 2006\*

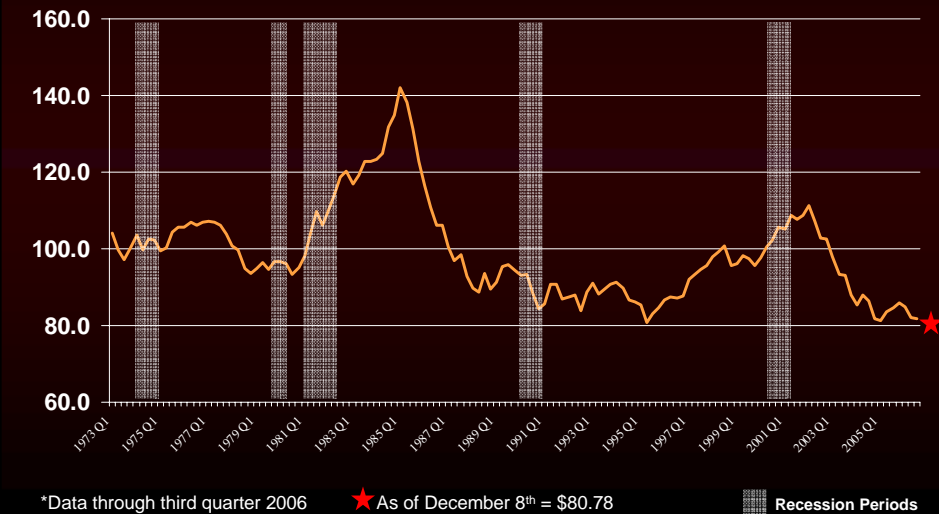
Source: Federal Reserve, Board of Governors



## Trade Weighted U.S. Dollar v. Major Currencies

1973 – 2006\*

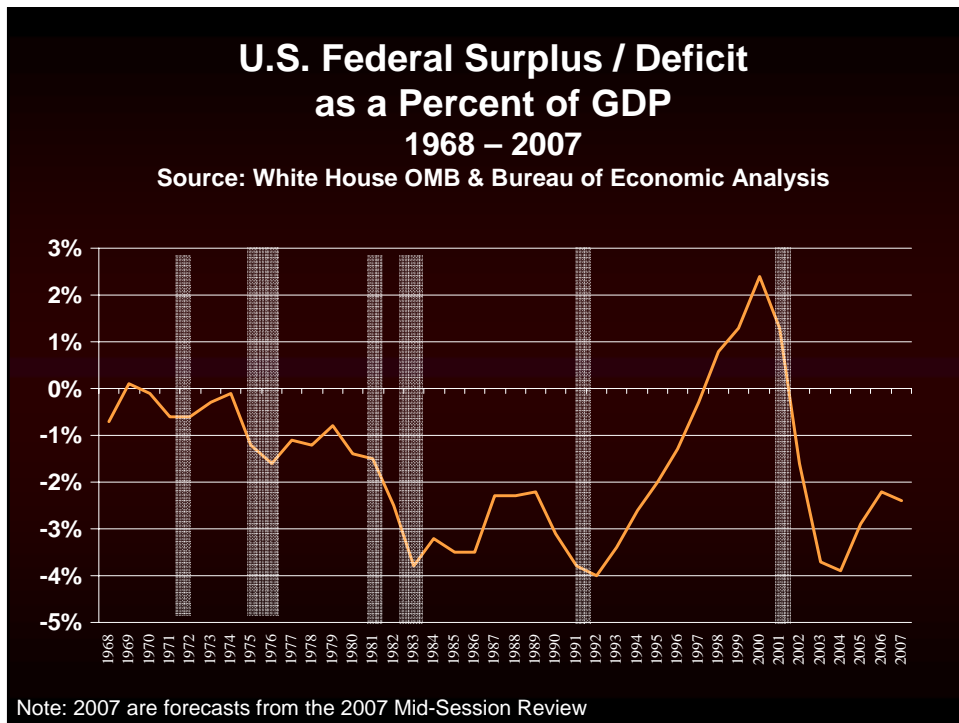
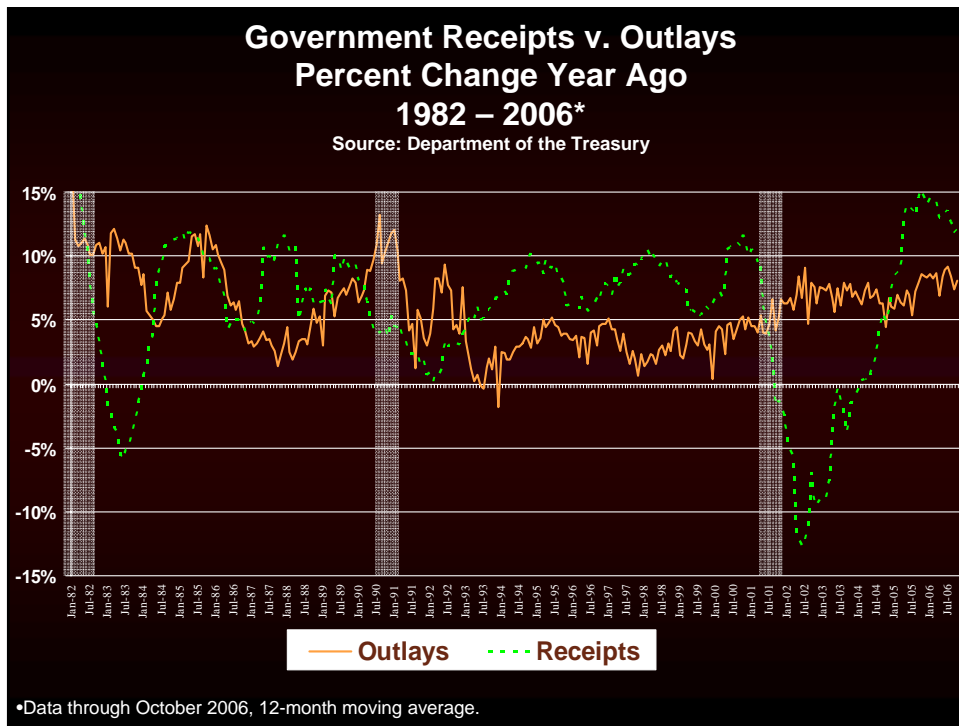
Source: Bureau of Economic Analysis



# Government

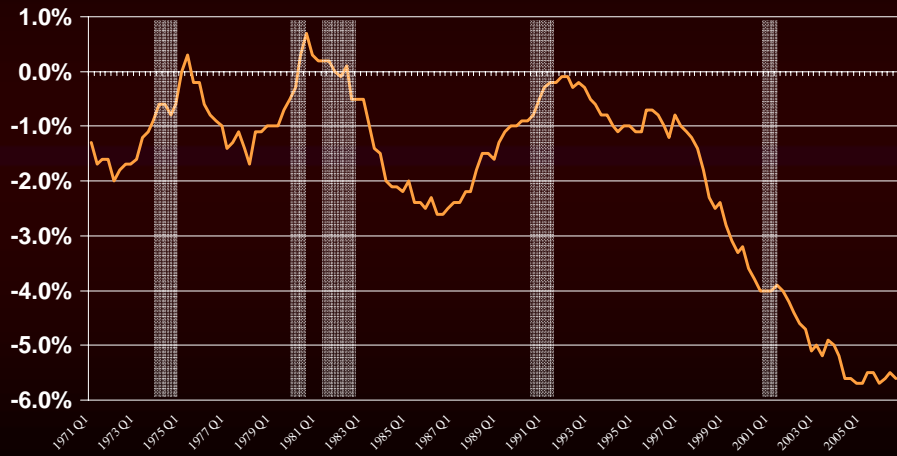


**Is the federal deficit  
a problem?**



## U.S. Real Net Exports as a Percent of Real GDP 1971 – 2006\*

Source: Bureau of Economic Analysis

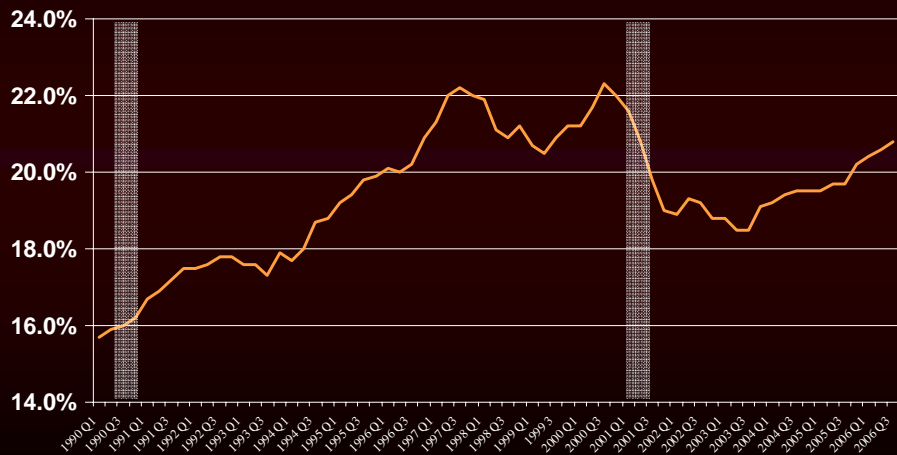


\*Data through third quarter 2006

Recession Periods

## Goods Exports as a Percent of Total Goods Produced 1990 - 2006\*

Source: Bureau of Economic Analysis



\*Data through third quarter 2006

Recession Periods

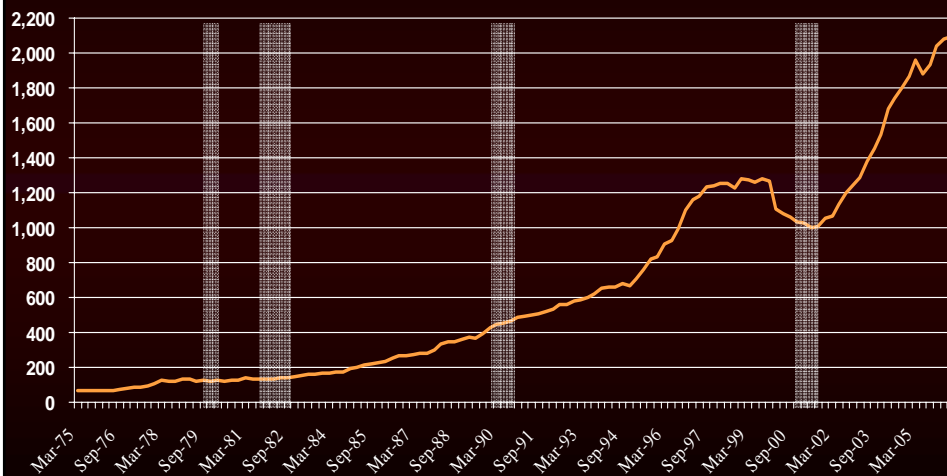
## Growth in U.S. Exports As of Q3, 2006

Source: U.S. Census Bureau

<u>Country</u>	<u>2005</u>	<u>2006</u>
Canada	10.2%	9.4%
Mexico	8.0%	9.9%
Europe	8.2%	20.7%
Pacific Rim	8.7%	15.2%
Latin America	20.0%	25.7%

## U.S. Debt Held by Foreign & International Investors 1975-2006\* (Billions of Dollars, SA)

Source: Federal Reserve Economic Database



\*Data through second quarter 2006.

# Summary:

## U.S. Economy...

### U.S. OUTLOOK - 2007

- Consumer spending (+ / -)
- Housing (-)
- Business spending (+)
- Fiscal stimulus (+)
- Monetary stimulus (+ / -)
- Real incomes (+ / -)
- Businesses mean and lean (+)
- Productivity growth slowing (-)
- Job growth (+)
- Inflation (-)
- Low interest rates (-)
- Exports (+)



**ELLIOTT D. POLLACK**  
**& Company**  
*Economic and Real Estate Consulting*

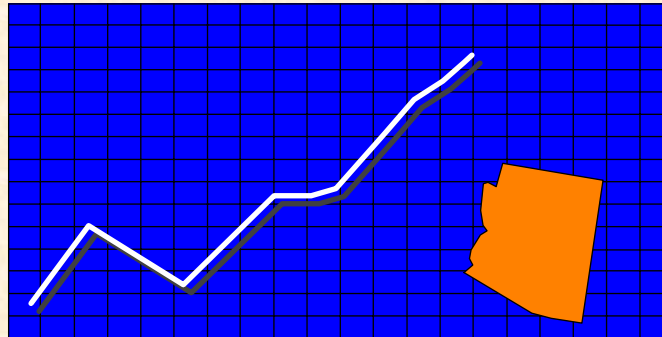
**WWW.ARIZONAECONOMY.COM**

**INFO @ EDPCO.COM**

---

**7505 East Sixth Avenue, Suite 100 Scottsdale, Arizona 85251**  
**480-423-9200 P 480-423-5942 F [www.arizonaeconomy.com](http://www.arizonaeconomy.com)**

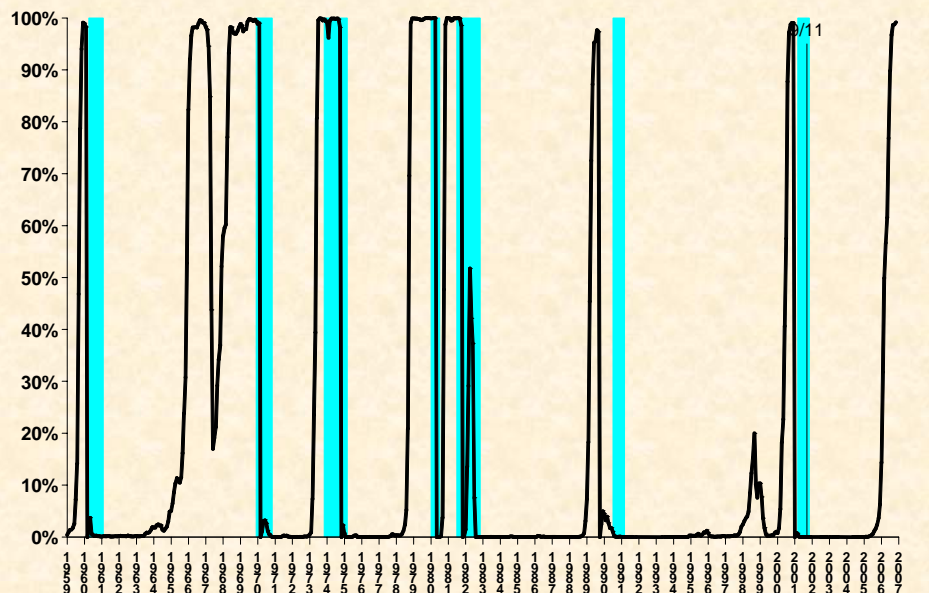
# Arizona Update and Outlook



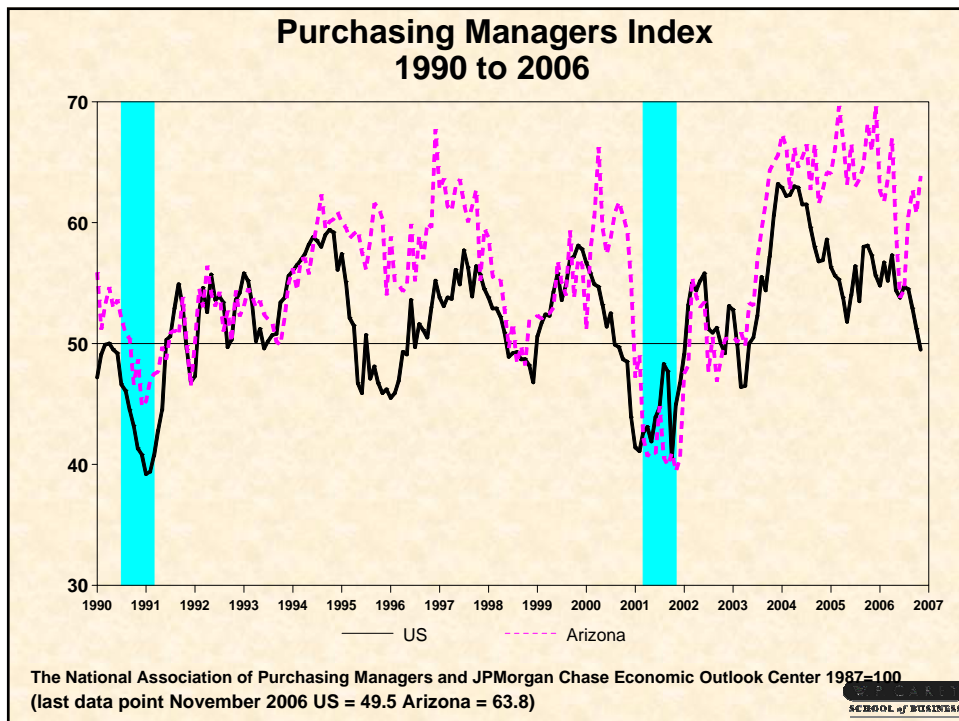
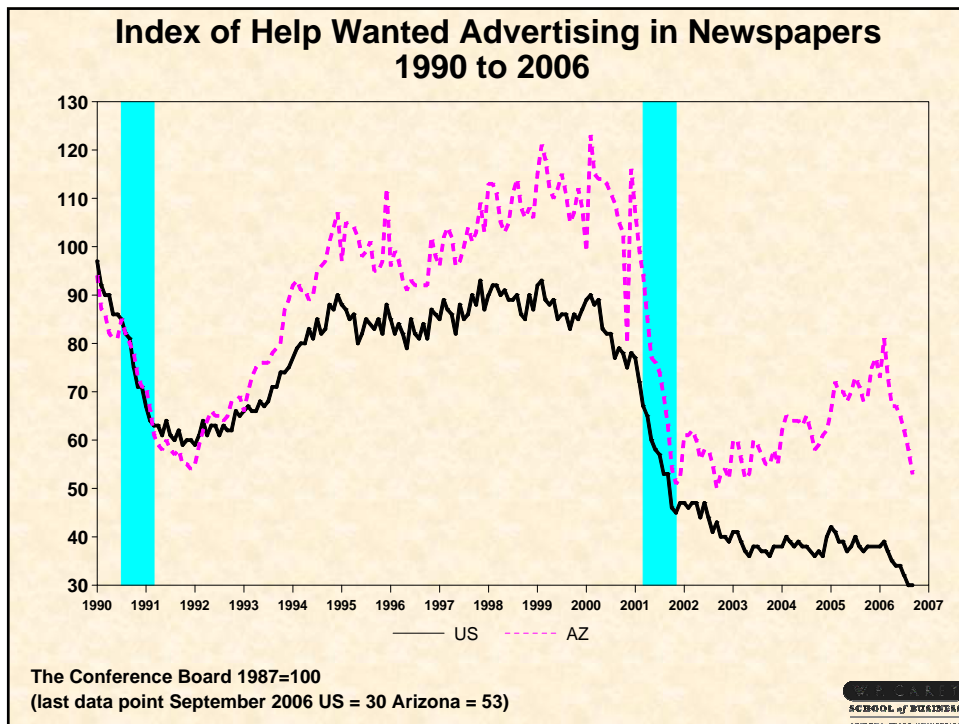
JPMorgan Chase Economic Outlook  
Center

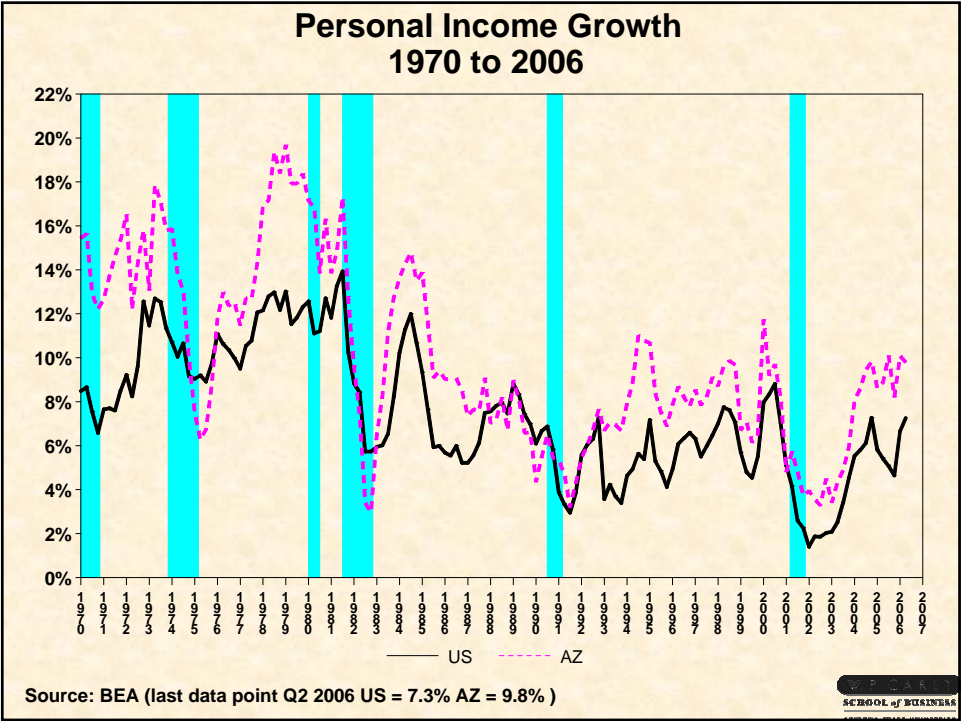
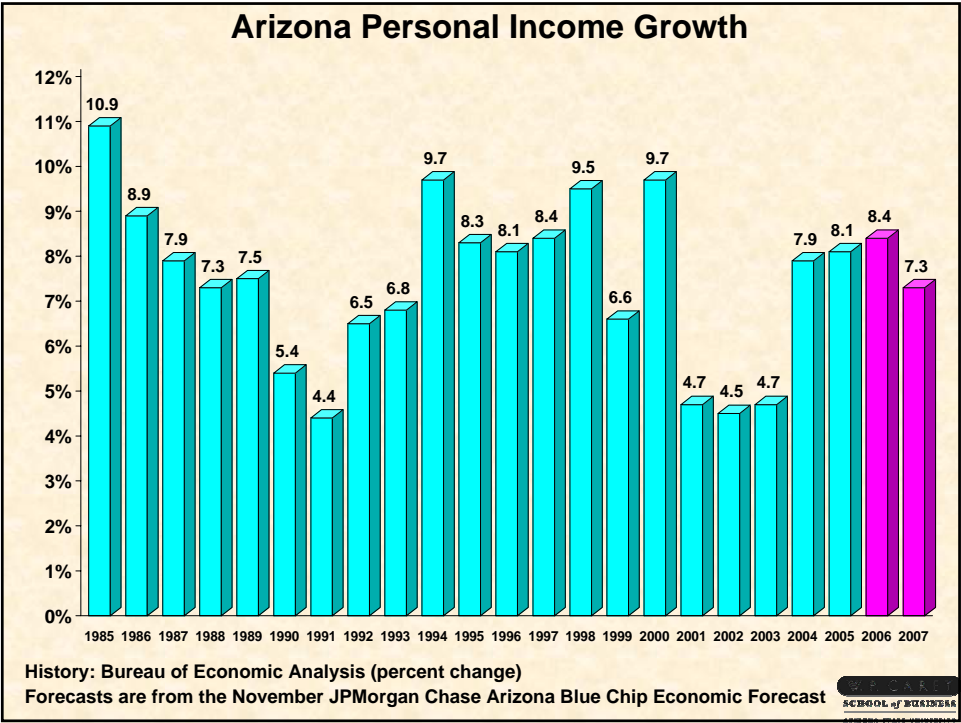
W. P. CAREY  
SCHOOL of BUSINESS

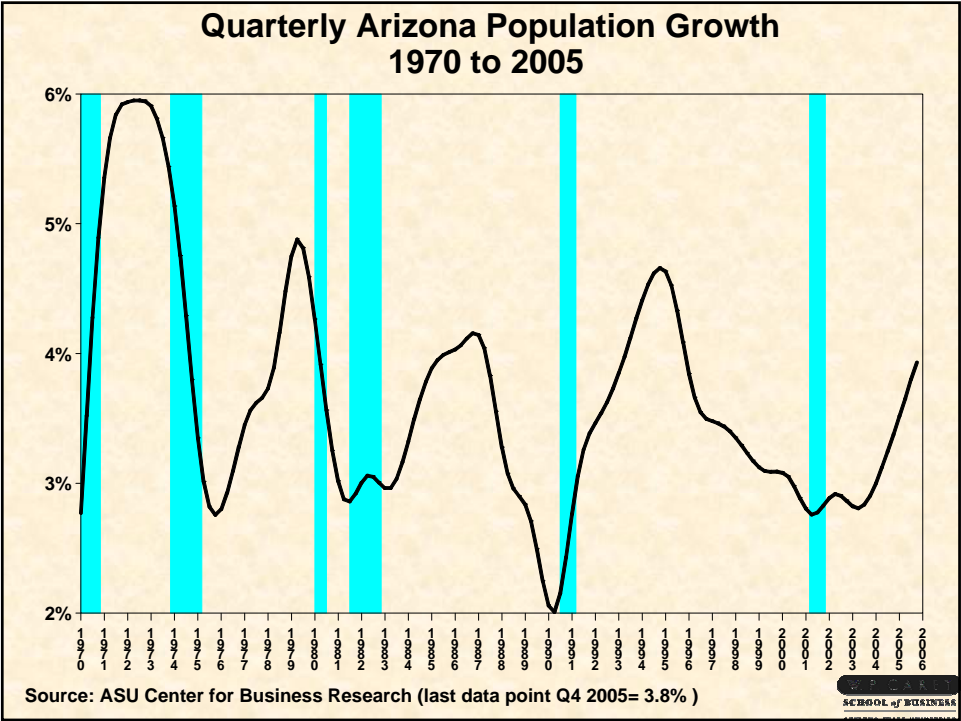
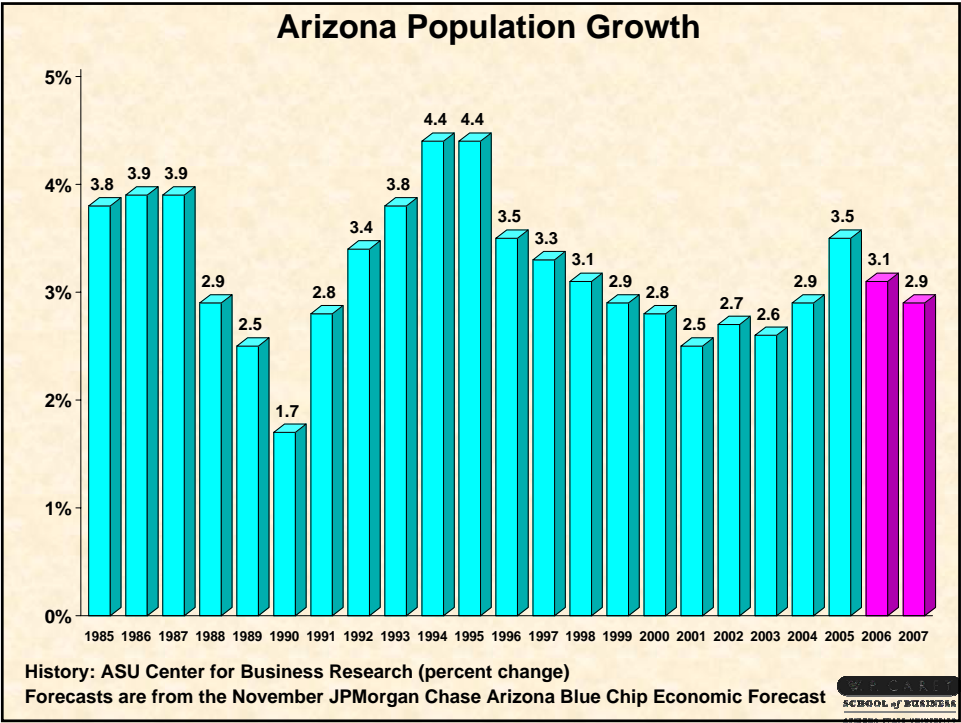
## Probability of Recession from the Yield Curve (Neftci formula applied to 10 year - 1 year spread)

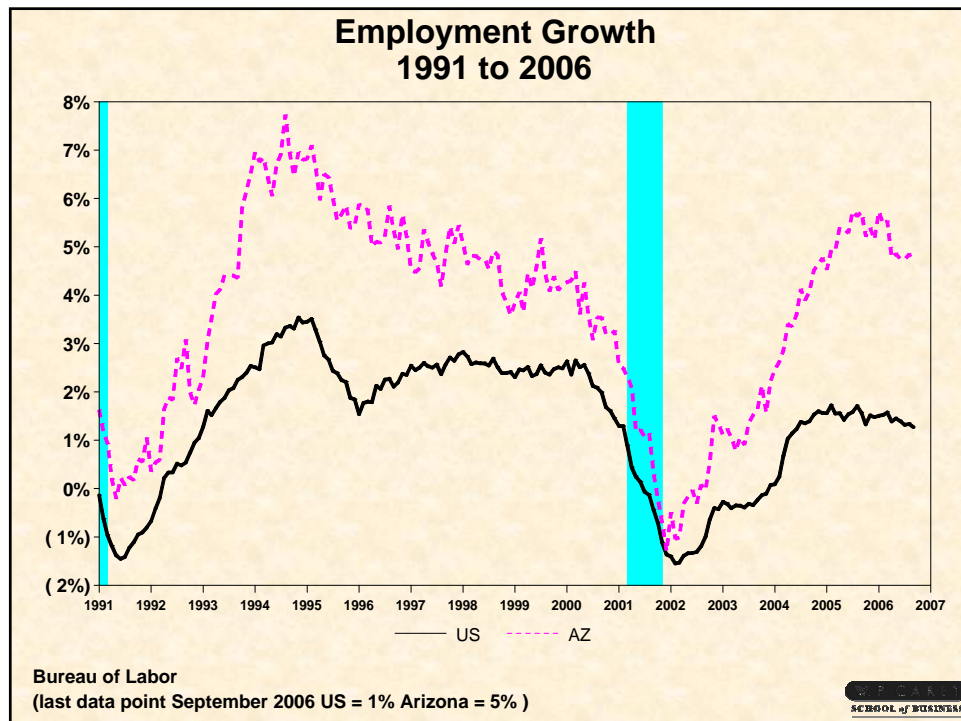
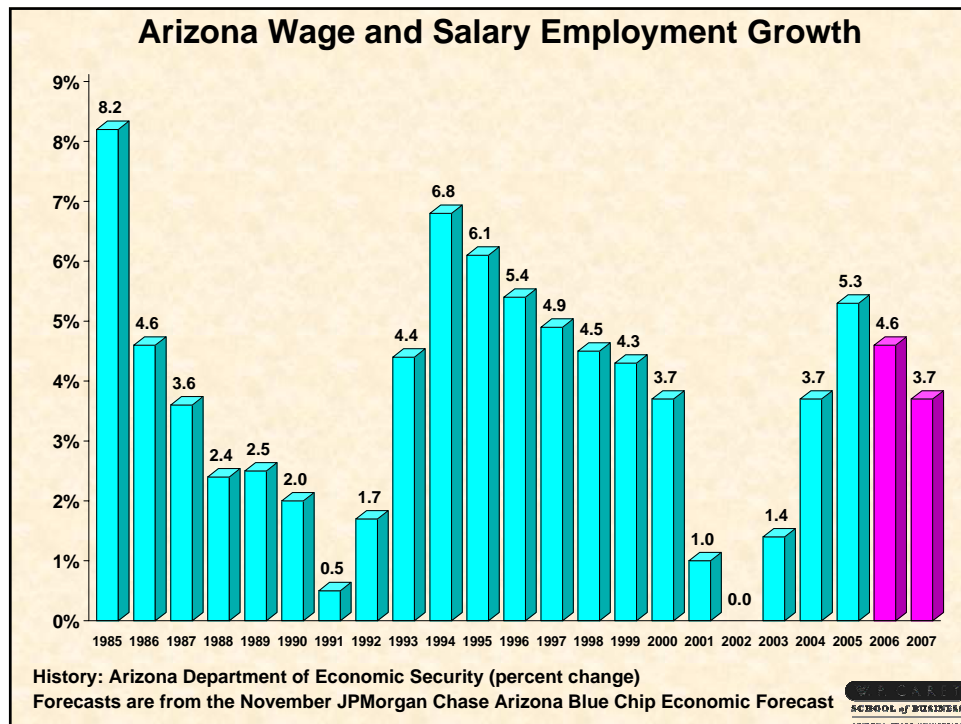


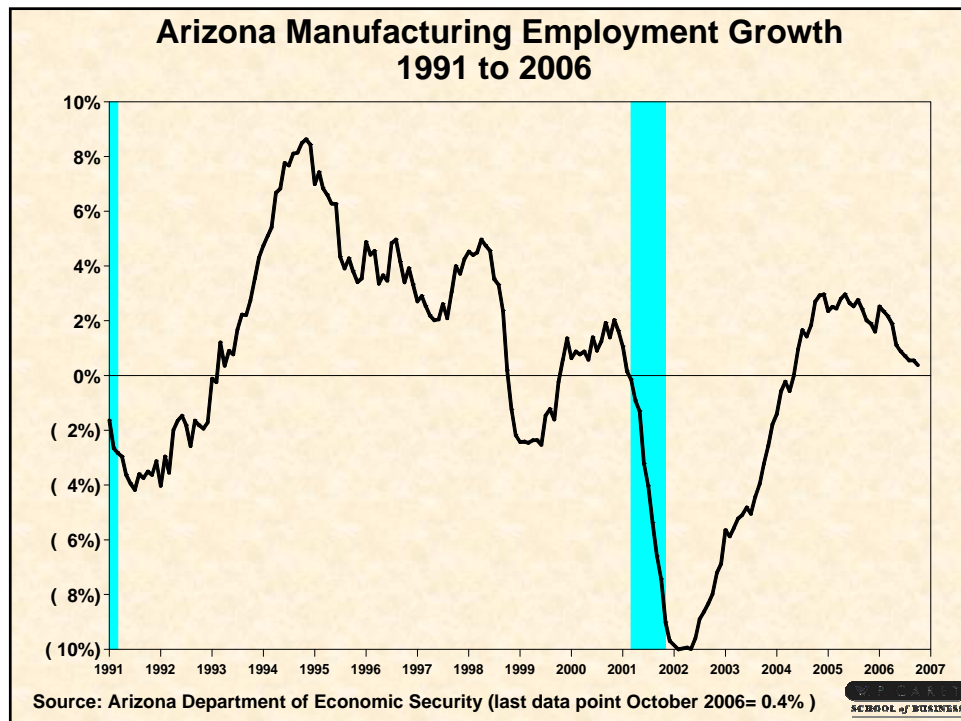
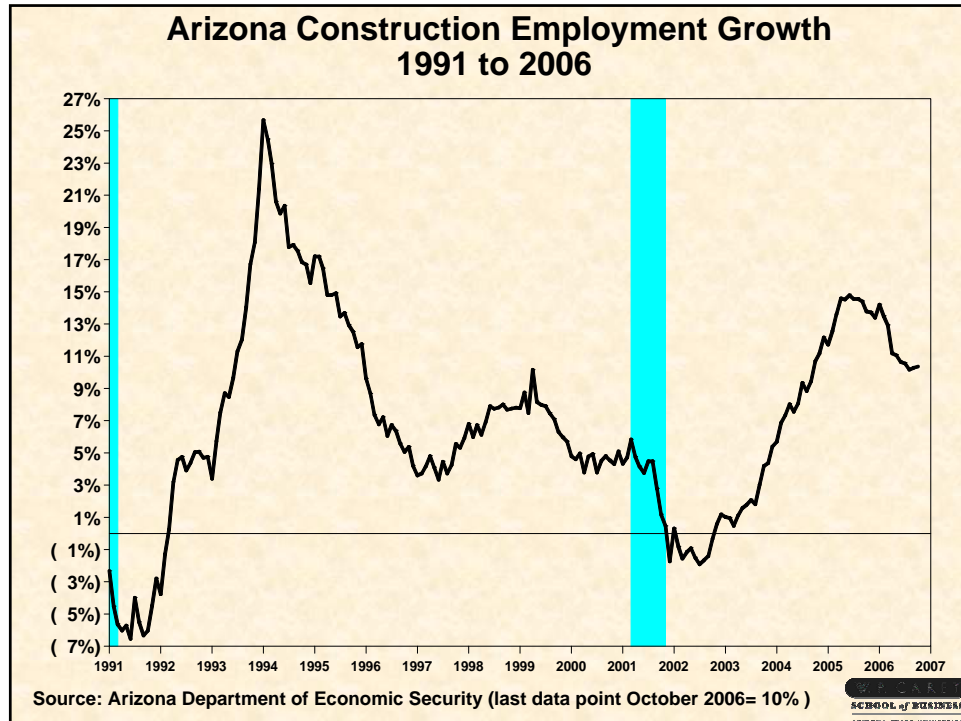
Source: JPMorgan Chase Economic Outlook Center calculations (last data point November 2006= 93%)

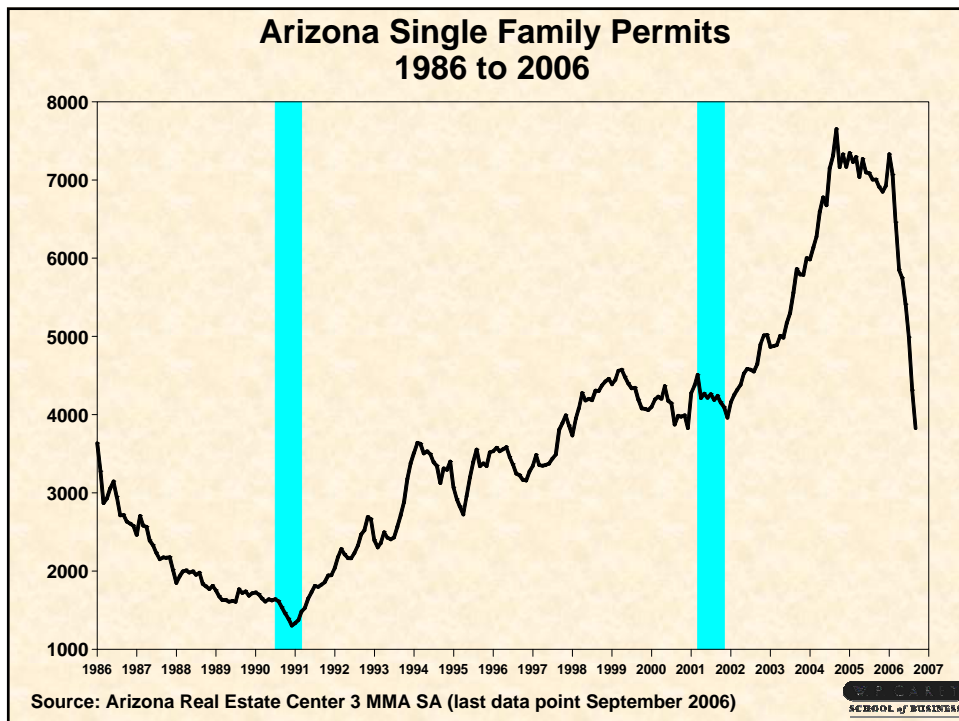
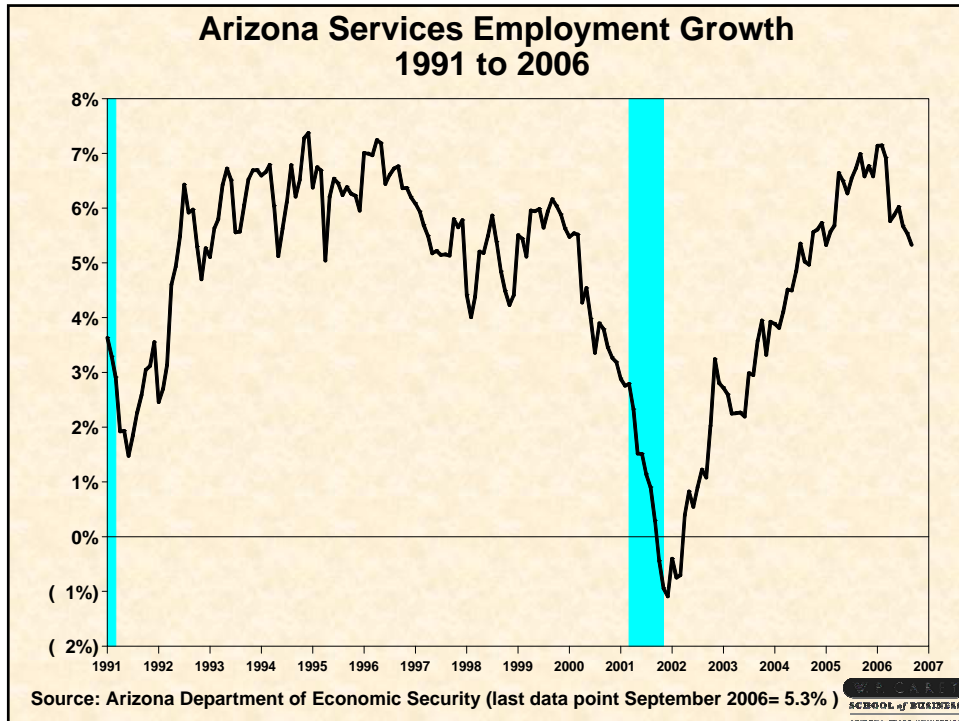


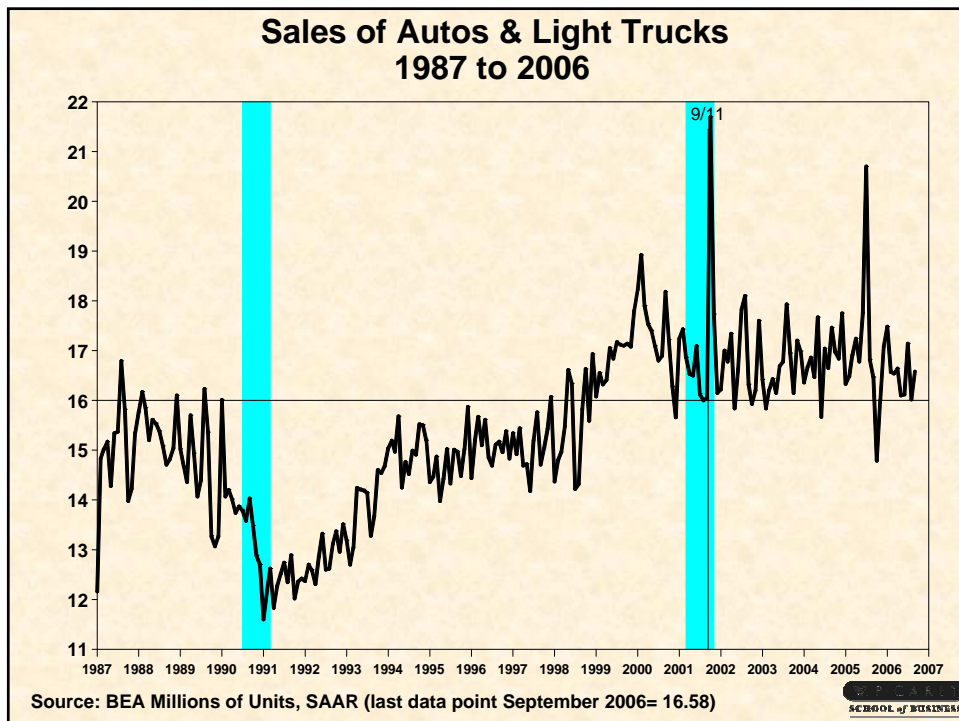
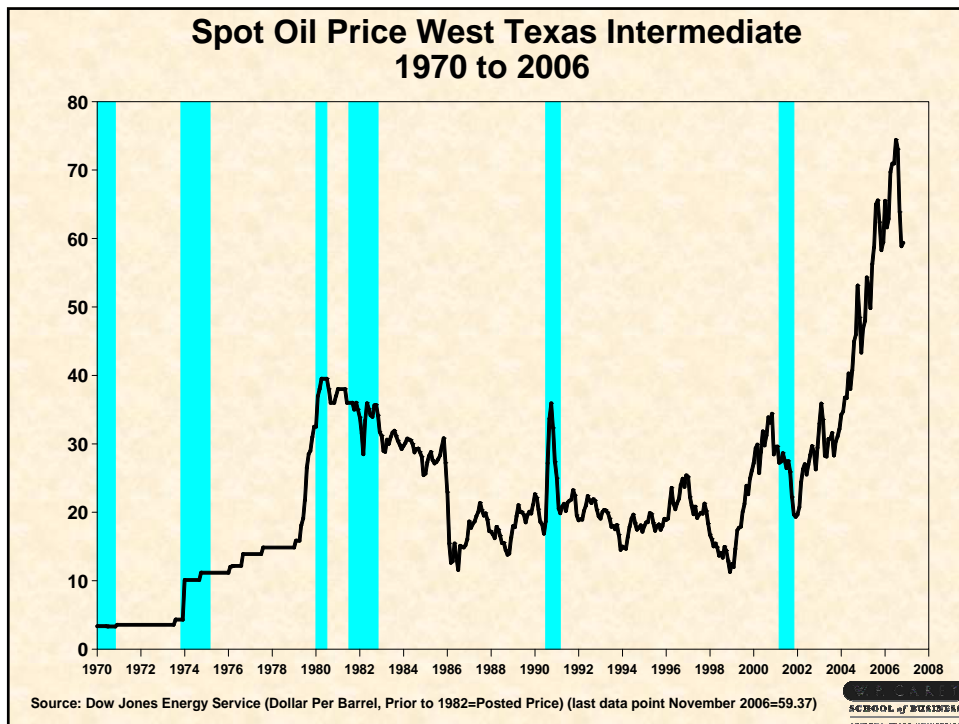


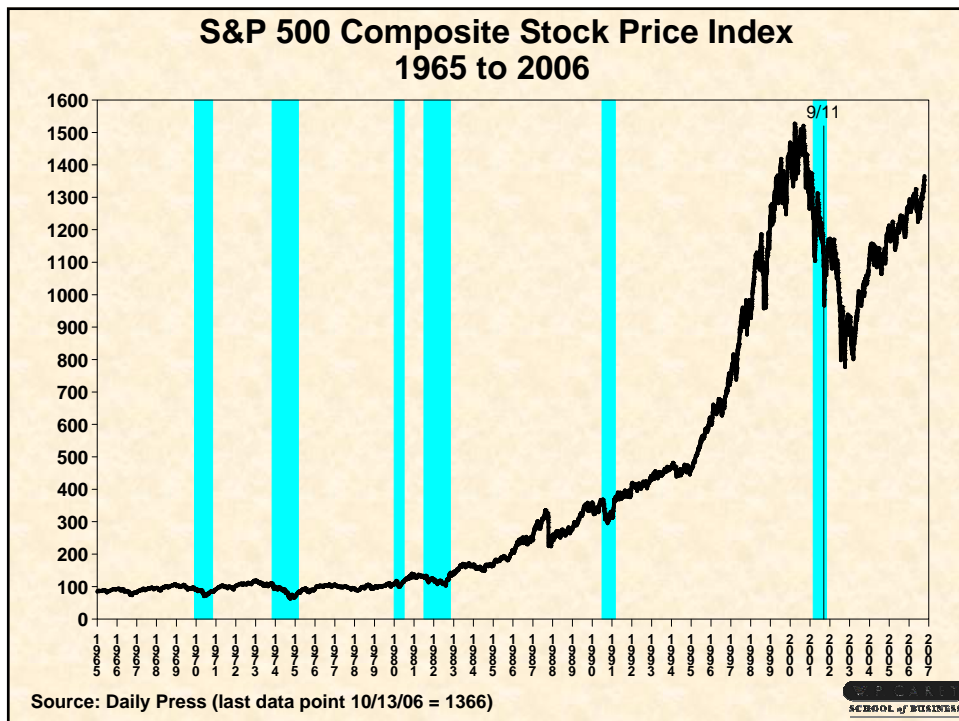
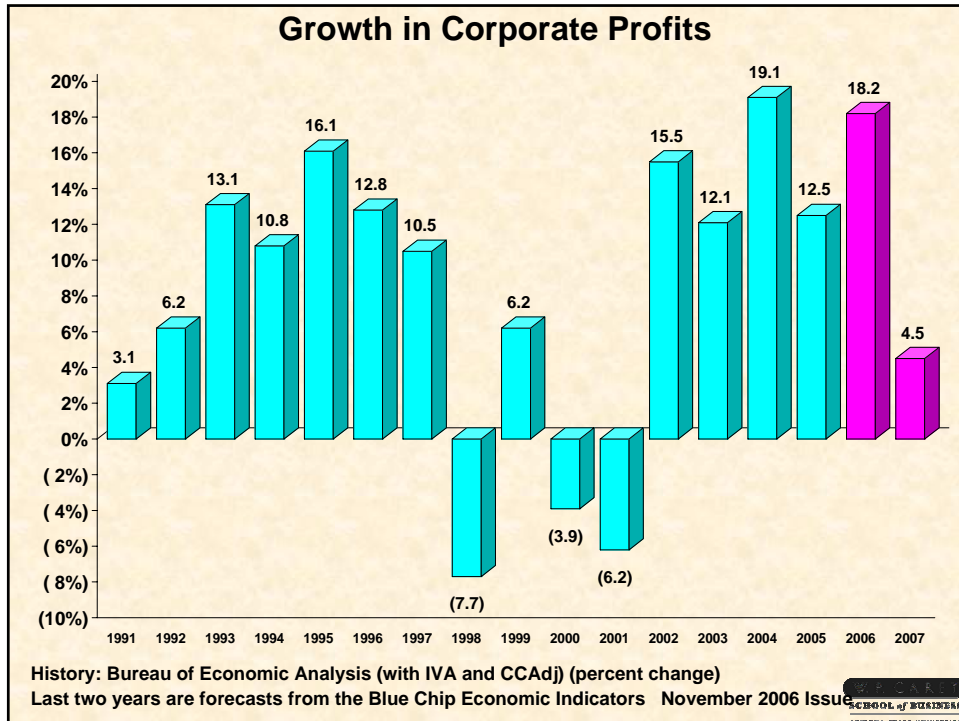












JPMorgan Chase  
Economic Outlook Center  
W. P. Carey  
School of Business  
Arizona State University

**Phone: 480-965-5543**

**Email: [wpcareyeoc@asu.edu](mailto:wpcareyeoc@asu.edu)**

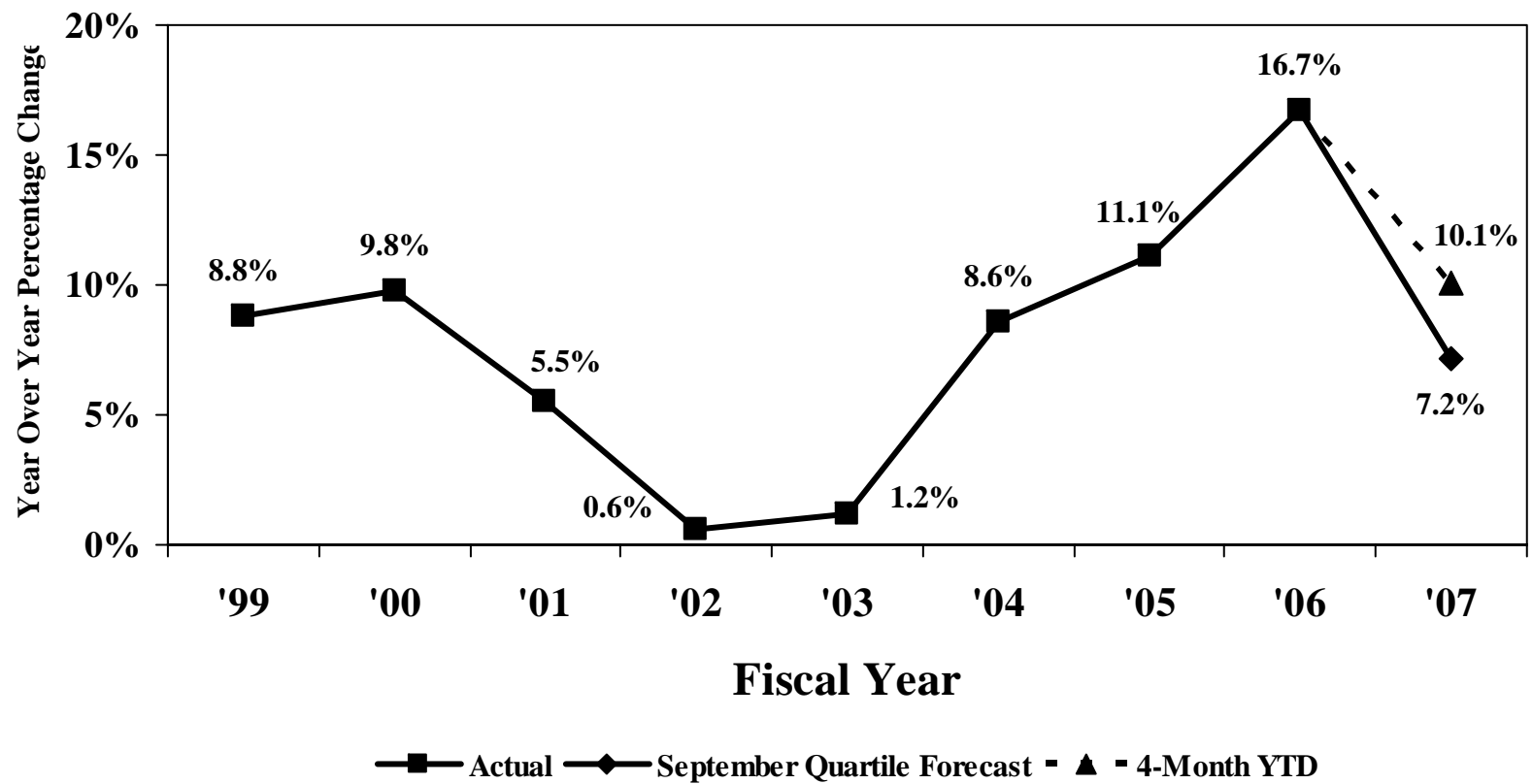
**Web: [wpcarey.asu.edu/seidman/eoc/](http://wpcarey.asu.edu/seidman/eoc/)**



SCHOOL of BUSINESS

## **Sales Tax**

# Sales Tax Growth Rate



## Arizona Sales Tax - Total General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date % Change
FY 2003	July 2002	257,896,009	-0.6%	-0.6%
	Aug 2002	243,515,739	2.6%	0.9%
	Sept 2002	249,790,525	2.5%	1.5%
	Oct 2002	242,468,120	1.2%	1.4%
	Nov 2002	246,764,506	-0.2%	1.1%
	Dec 2002	241,562,128	4.8%	1.7%
	Jan 2003	296,537,693	5.2%	2.2%
	Feb 2003	235,803,427	1.7%	2.2%
	Mar 2003	238,596,840	0.0%	1.9%
	Apr 2003	263,762,436	1.1%	1.9%
	May 2003	251,579,956	-0.1%	1.7%
	June 2003	265,600,336	-4.4%	1.1%
FY 2004	July 2003	271,097,895	5.1%	5.1%
	Aug 2003	261,639,289	7.4%	6.2%
	Sept 2003	266,948,000	6.9%	6.5%
	Oct 2003	265,731,338	9.6%	7.2%
	Nov 2003	267,288,644	8.3%	7.4%
	Dec 2003	261,734,569	8.4%	7.6%
	Jan 2004	313,990,713	5.9%	7.3%
	Feb 2004	257,808,864	9.3%	7.5%
	Mar 2004	264,404,198	10.8%	7.9%
	Apr 2004	300,747,181	14.0%	8.5%
	May 2004	277,369,244	10.3%	8.7%
	June 2004	286,028,384	7.7%	8.6%
FY 2005	July 2004	297,753,472	9.8%	9.8%
	Aug 2004	286,991,921	9.7%	9.8%
	Sept 2004	291,524,219	9.2%	9.6%
	Oct 2004	294,146,223	10.7%	9.9%
	Nov 2004	289,546,242	8.3%	9.5%
	Dec 2004	287,618,657	9.9%	9.6%
	Jan 2005	356,818,639	13.6%	10.3%
	Feb 2005	282,930,176	9.7%	10.2%
	Mar 2005	291,854,753	10.4%	10.2%
	Apr 2005	332,806,103	10.7%	10.3%
	May 2005	315,664,510	13.8%	10.6%
	June 2005	333,513,707	16.6%	11.1%
FY 2006	July 2005	347,621,329	16.7%	16.7%
	Aug 2005	334,204,902	16.5%	16.6%
	Sept 2005	343,784,559	17.9%	17.0%
	Oct 2005	344,584,769	17.1%	17.1%
	Nov 2005	334,011,412	15.4%	16.7%
	Dec 2005	341,852,219	18.9%	17.1%
	Jan 2006	420,282,327	17.8%	17.2%
	Feb 2006	330,582,460	16.8%	17.2%
	Mar 2006	345,767,996	18.5%	17.3%
	Apr 2006	384,904,139	15.7%	17.1%
	May 2006	362,497,362	14.8%	16.9%
	June 2006	383,265,378	14.9%	16.7%
FY 2007	July 2006	390,460,231	12.3%	12.3%
	Aug 2006	353,466,457	5.8%	9.1%
	Sept 2006	379,889,665	10.5%	9.6%
	Oct 2006			
	Nov 2006			
	Dec 2006			
	Jan 2007			
	Feb 2007			
	Mar 2007			
	Apr 2007			
	May 2007			
	June 2007			

## Arizona Sales Tax - Retail General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date % Change
FY 2003	July 2002	123,609,916	3.0%	3.0%
	Aug 2002	109,441,333	1.1%	2.1%
	Sept 2002	119,291,704	5.3%	3.1%
	Oct 2002	111,499,789	1.7%	2.8%
	Nov 2002	113,449,193	-3.6%	1.5%
	Dec 2002	118,789,359	1.3%	1.4%
	Jan 2003	156,285,465	4.1%	1.9%
	Feb 2003	111,222,553	3.3%	2.1%
	Mar 2003	113,732,520	2.7%	2.1%
	Apr 2003	127,029,029	1.6%	2.1%
	May 2003	123,100,688	2.2%	2.1%
	June 2003	126,667,785	7.5%	2.5%
FY 2004	July 2003	127,577,005	3.2%	3.2%
	Aug 2003	118,490,608	8.3%	5.6%
	Sept 2003	124,602,196	4.5%	5.2%
	Oct 2003	120,412,104	8.0%	5.9%
	Nov 2003	120,653,650	6.4%	6.0%
	Dec 2003	127,258,077	7.1%	6.2%
	Jan 2004	168,746,929	8.0%	6.5%
	Feb 2004	121,833,836	9.5%	6.8%
	Mar 2004	123,543,299	8.6%	7.0%
	Apr 2004	144,618,793	13.8%	7.8%
	May 2004	131,759,387	7.0%	7.7%
	June 2004	135,314,178	6.8%	7.6%
FY 2005	July 2004	135,655,865	6.3%	6.3%
	Aug 2004	129,780,078	9.5%	7.9%
	Sept 2004	129,817,746	4.2%	6.6%
	Oct 2004	133,734,938	11.1%	7.7%
	Nov 2004	131,620,393	9.1%	8.0%
	Dec 2004	138,559,574	8.9%	8.1%
	Jan 2005	186,350,807	10.4%	8.6%
	Feb 2005	130,567,977	7.2%	8.4%
	Mar 2005	136,300,442	10.3%	8.6%
	Apr 2005	158,048,274	9.3%	8.7%
	May 2005	148,086,810	12.4%	9.0%
	June 2005	149,656,276	10.6%	9.2%
FY 2006	July 2005	159,056,661	17.3%	17.3%
	Aug 2005	151,650,858	16.9%	17.1%
	Sept 2005	155,323,150	19.6%	17.9%
	Oct 2005	151,719,291	13.4%	16.8%
	Nov 2005	150,085,277	14.0%	16.2%
	Dec 2005	157,743,736	13.8%	15.8%
	Jan 2006	213,093,761	14.4%	15.5%
	Feb 2006	148,801,215	14.0%	15.4%
	Mar 2006	155,769,534	14.3%	15.2%
	Apr 2006	175,368,144	11.0%	14.8%
	May 2006	169,266,627	14.3%	14.7%
	June 2006	168,160,318	12.4%	14.5%
FY 2007	July 2006	169,723,491	6.7%	6.7%
	Aug 2006	155,842,572	2.8%	4.8%
	Sept 2006	163,988,894	5.6%	5.0%
	Oct 2006			
	Nov 2006			
	Dec 2006			
	Jan 2007			
	Feb 2007			
	Mar 2007			
	Apr 2007			
	May 2007			
	June 2007			

## Arizona Sales Tax - Contracting General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date % Change
FY 2003	July 2002	43,600,297	-6.6%	-6.6%
	Aug 2002	42,237,580	-0.5%	-3.7%
	Sept 2002	41,384,993	-3.8%	-3.7%
	Oct 2002	40,871,642	-1.5%	-3.2%
	Nov 2002	42,715,897	1.2%	-2.3%
	Dec 2002	41,150,382	-8.2%	-3.3%
	Jan 2003	47,086,527	3.0%	-2.4%
	Feb 2003	35,905,236	-6.7%	-2.9%
	Mar 2003	38,834,842	-3.2%	-2.9%
	Apr 2003	40,770,387	-3.8%	-3.0%
	May 2003	43,287,761	2.5%	-2.5%
	June 2003	43,987,882	0.3%	-2.3%
FY 2004	July 2003	48,134,741	10.4%	10.4%
	Aug 2003	45,929,526	8.7%	9.6%
	Sept 2003	47,083,613	13.8%	10.9%
	Oct 2003	48,219,491	18.0%	12.7%
	Nov 2003	49,324,030	15.5%	13.2%
	Dec 2003	43,970,907	6.9%	12.2%
	Jan 2004	52,042,704	10.5%	11.9%
	Feb 2004	41,840,685	16.5%	12.4%
	Mar 2004	44,020,667	13.4%	12.5%
	Apr 2004	51,032,178	25.2%	13.8%
	May 2004	50,115,540	15.8%	13.9%
	June 2004	49,842,749	13.3%	13.9%
FY 2005	July 2004	56,625,508	17.6%	17.6%
	Aug 2004	53,051,419	15.5%	16.6%
	Sept 2004	56,478,418	20.0%	17.7%
	Oct 2004	56,912,069	18.0%	17.8%
	Nov 2004	54,698,652	10.9%	16.4%
	Dec 2004	55,495,541	26.2%	17.9%
	Jan 2005	64,083,984	23.1%	18.7%
	Feb 2005	48,999,303	17.1%	18.5%
	Mar 2005	53,376,960	21.3%	18.8%
	Apr 2005	64,008,264	25.4%	19.5%
	May 2005	61,389,981	22.5%	19.8%
	June 2005	66,300,608	33.0%	21.0%
FY 2006	July 2005	73,449,566	29.7%	29.7%
	Aug 2005	65,280,791	23.1%	26.5%
	Sept 2005	69,736,836	23.5%	25.5%
	Oct 2005	71,875,989	26.3%	25.7%
	Nov 2005	65,866,408	20.4%	24.6%
	Dec 2005	73,197,845	31.9%	25.8%
	Jan 2006	83,495,930	30.3%	26.6%
	Feb 2006	65,409,736	33.5%	27.3%
	Mar 2006	70,980,348	33.0%	27.9%
	Apr 2006	82,734,326	29.3%	28.1%
	May 2006	76,269,575	24.2%	27.7%
	June 2006	82,977,855	25.2%	27.5%
FY 2007	July 2006	89,602,967	22.0%	22.0%
	Aug 2006	75,238,759	15.3%	18.8%
	Sept 2006	80,938,291	16.1%	17.9%
	Oct 2006			
	Nov 2006			
	Dec 2006			
	Jan 2007			
	Feb 2007			
	Mar 2007			
	Apr 2007			
	May 2007			
	June 2007			

## Arizona Sales Tax - Utilities

### General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date % Change
FY 2003	July 2002	24,023,330	-1.6%	-1.6%
	Aug 2002	28,103,321	7.8%	3.3%
	Sept 2002	26,732,261	2.2%	2.9%
	Oct 2002	26,828,727	3.0%	2.9%
	Nov 2002	23,355,879	1.1%	2.6%
	Dec 2002	17,773,840	0.9%	2.4%
	Jan 2003	18,741,804	-2.2%	1.8%
	Feb 2003	20,284,326	-3.8%	1.2%
	Mar 2003	17,814,285	-9.1%	0.2%
	Apr 2003	17,665,389	-1.0%	0.1%
	May 2003	17,711,968	5.5%	0.5%
	June 2003	19,087,828	-1.1%	0.4%
FY 2004	July 2003	26,176,823	9.0%	9.0%
	Aug 2003	28,509,948	1.4%	4.9%
	Sept 2003	29,336,072	9.7%	6.5%
	Oct 2003	29,307,263	9.2%	7.2%
	Nov 2003	24,724,948	5.9%	7.0%
	Dec 2003	18,604,298	4.7%	6.7%
	Jan 2004	19,831,633	5.8%	6.6%
	Feb 2004	21,735,545	7.2%	6.7%
	Mar 2004	21,098,647	18.4%	7.7%
	Apr 2004	19,424,570	10.0%	7.9%
	May 2004	18,972,977	7.1%	7.8%
	June 2004	21,672,854	13.5%	8.2%
FY 2005	July 2004	27,013,184	3.2%	3.2%
	Aug 2004	30,325,703	6.4%	4.8%
	Sept 2004	31,741,960	8.2%	6.0%
	Oct 2004	30,740,200	4.9%	5.7%
	Nov 2004	25,266,623	2.2%	5.1%
	Dec 2004	20,437,208	9.9%	5.7%
	Jan 2005	22,887,268	15.4%	6.8%
	Feb 2005	23,568,912	8.4%	6.9%
	Mar 2005	21,093,834	0.0%	6.3%
	Apr 2005	20,088,226	3.4%	6.0%
	May 2005	19,934,242	5.1%	6.0%
	June 2005	23,163,752	6.9%	6.0%
FY 2006	July 2005	30,123,635	11.5%	11.5%
	Aug 2005	33,750,711	11.3%	11.4%
	Sept 2005	35,125,817	10.7%	11.1%
	Oct 2005	33,780,817	9.9%	10.8%
	Nov 2005	29,135,783	15.3%	11.6%
	Dec 2005	22,091,021	8.1%	11.2%
	Jan 2006	27,326,797	19.4%	12.2%
	Feb 2006	25,560,400	8.4%	11.8%
	Mar 2006	22,568,311	7.0%	11.3%
	Apr 2006	24,117,190	20.1%	12.0%
	May 2006	22,105,984	10.9%	11.9%
	June 2006	27,844,657	20.2%	12.6%
FY 2007	July 2006	34,298,139	13.9%	13.9%
	Aug 2006	35,017,585	3.8%	8.5%
	Sept 2006	43,094,371	22.7%	13.5%
	Oct 2006			
	Nov 2006			
	Dec 2006			
	Jan 2007			
	Feb 2007			
	Mar 2007			
	Apr 2007			
	May 2007			
	June 2007			

## Arizona Sales Tax - Restaurants and Bars General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date % Change
FY 2003	July 2002	20,263,979	4.7%	4.7%
	Aug 2002	17,595,315	0.1%	2.5%
	Sept 2002	18,007,473	1.0%	2.0%
	Oct 2002	19,165,701	6.6%	3.1%
	Nov 2002	20,187,558	2.8%	3.1%
	Dec 2002	19,885,230	5.7%	3.5%
	Jan 2003	21,295,087	4.8%	3.7%
	Feb 2003	20,990,794	8.5%	4.3%
	Mar 2003	20,941,438	1.5%	4.0%
	Apr 2003	24,259,076	3.4%	3.9%
	May 2003	20,983,003	-3.2%	3.2%
	June 2003	21,982,554	6.8%	3.5%
FY 2004	July 2003	20,792,336	2.6%	2.6%
	Aug 2003	19,298,370	9.7%	5.9%
	Sept 2003	19,651,921	9.1%	6.9%
	Oct 2003	20,622,120	7.6%	7.1%
	Nov 2003	20,860,459	3.3%	6.3%
	Dec 2003	21,904,960	10.2%	7.0%
	Jan 2004	22,636,406	6.3%	6.9%
	Feb 2004	22,798,497	8.6%	7.1%
	Mar 2004	23,967,651	14.5%	8.0%
	Apr 2004	26,173,173	7.9%	8.0%
	May 2004	23,684,814	12.9%	8.4%
	June 2004	23,349,956	6.2%	8.2%
FY 2005	July 2004	22,708,857	9.2%	9.2%
	Aug 2004	21,278,820	10.3%	9.7%
	Sept 2004	21,320,496	8.5%	9.3%
	Oct 2004	21,984,775	6.6%	8.6%
	Nov 2004	23,818,505	14.2%	9.8%
	Dec 2004	22,326,535	1.9%	8.4%
	Jan 2005	26,300,293	16.2%	9.6%
	Feb 2005	24,490,839	7.4%	9.3%
	Mar 2005	26,750,839	11.6%	9.6%
	Apr 2005	27,538,659	5.2%	9.1%
	May 2005	27,671,032	16.8%	9.8%
	June 2005	26,359,625	12.9%	10.1%
FY 2006	July 2005	25,760,478	13.4%	13.4%
	Aug 2005	23,621,671	11.0%	12.3%
	Sept 2005	24,552,209	15.2%	13.2%
	Oct 2005	25,332,188	15.2%	13.7%
	Nov 2005	26,717,800	12.2%	13.4%
	Dec 2005	26,402,748	18.3%	14.2%
	Jan 2006	28,524,262	8.5%	13.3%
	Feb 2006	27,902,255	13.9%	13.3%
	Mar 2006	29,389,750	9.9%	12.9%
	Apr 2006	31,522,229	14.5%	13.1%
	May 2006	30,057,423	8.6%	12.6%
	June 2006	29,045,199	10.2%	12.4%
FY 2007	July 2006	28,025,509	8.8%	8.8%
	Aug 2006	25,406,213	7.6%	8.2%
	Sept 2006	25,474,093	3.8%	6.7%
	Oct 2006			
	Nov 2006			
	Dec 2006			
	Jan 2007			
	Feb 2007			
	Mar 2007			
	Apr 2007			
	May 2007			
	June 2007			

# Arizona Use Tax

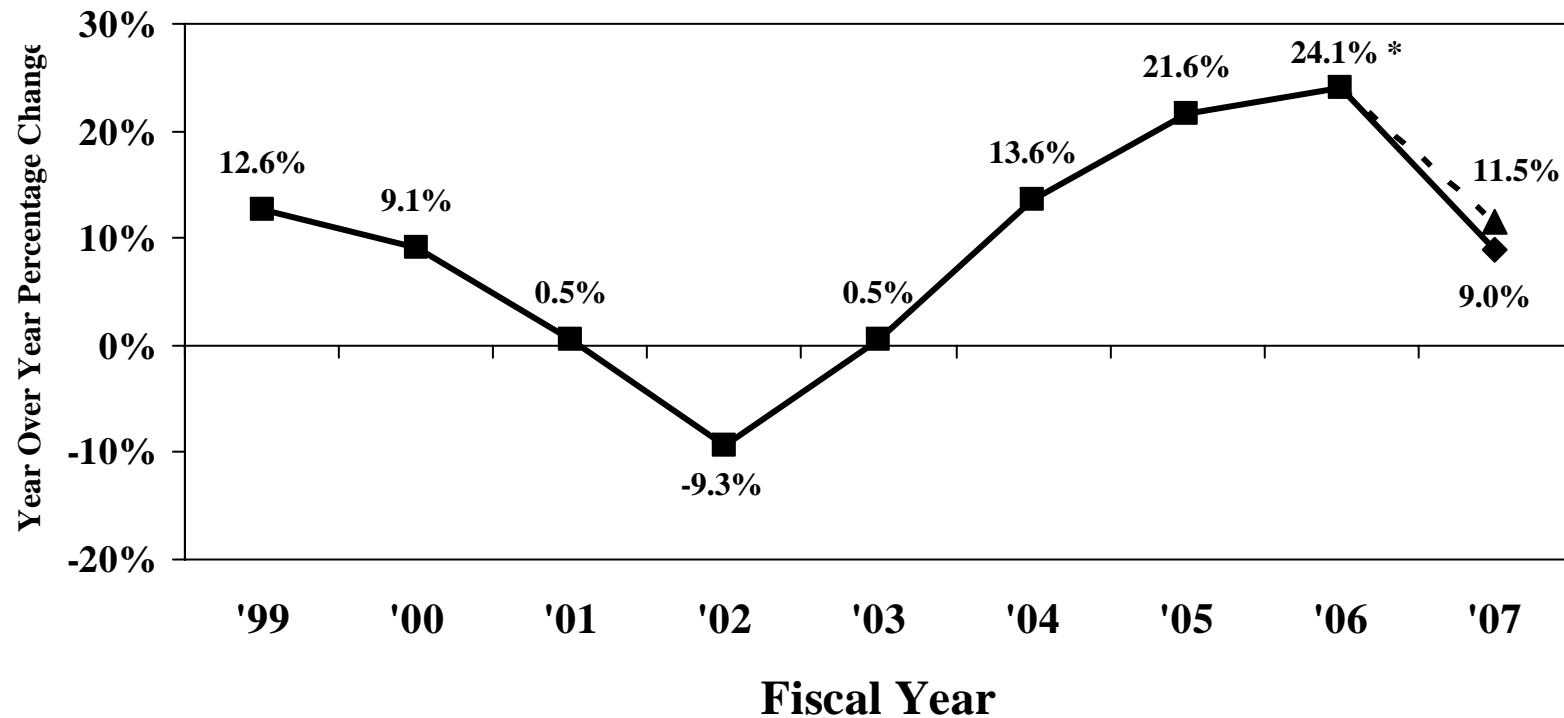
## General Fund Collections

		Collections (\$)	Year-to-Year % Change	Year-to-Date % Change
FY 2003	July 2002	13,486,051	-15.0%	-15.0%
	Aug 2002	15,996,222	13.1%	-1.7%
	Sept 2002	17,055,343	19.2%	5.0%
	Oct 2002	15,641,877	8.1%	5.8%
	Nov 2002	14,773,282	21.7%	8.5%
	Dec 2002	12,193,679	354.3%	21.1%
	Jan 2003	20,579,434	28.7%	22.5%
	Feb 2003	15,481,115	12.2%	21.1%
	Mar 2003	14,424,659	8.4%	19.7%
	Apr 2003	17,247,879	22.3%	19.9%
	May 2003	15,227,411	-7.4%	16.9%
	June 2003	17,577,568	18.9%	17.1%
FY 2004	July 2003	17,860,978	32.4%	32.4%
	Aug 2003	19,887,972	24.3%	28.0%
	Sept 2003	19,482,321	14.2%	23.0%
	Oct 2003	18,728,981	19.7%	22.2%
	Nov 2003	20,488,151	38.7%	25.3%
	Dec 2003	18,658,810	53.0%	29.1%
	Jan 2004	19,912,056	-3.2%	23.1%
	Feb 2004	17,630,604	13.9%	21.9%
	Mar 2004	17,707,908	22.8%	22.0%
	Apr 2004	21,218,819	23.0%	22.1%
	May 2004	19,055,304	25.1%	22.4%
	June 2004	21,584,318	22.8%	22.4%
FY 2005	July 2004	22,547,132	26.2%	26.2%
	Aug 2004	22,557,101	13.4%	19.5%
	Sept 2004	22,229,731	14.1%	17.7%
	Oct 2004	20,607,802	10.0%	15.8%
	Nov 2004	21,355,148	4.2%	13.3%
	Dec 2004	19,586,986	5.0%	12.0%
	Jan 2005	24,134,289	21.2%	13.3%
	Feb 2005	21,758,390	23.4%	14.5%
	Mar 2005	18,691,567	5.6%	13.6%
	Apr 2005	22,354,083	5.4%	12.7%
	May 2005	21,652,224	13.6%	12.7%
	June 2005	22,141,203	2.6%	11.8%
FY 2006	July 2005	23,872,256	5.9%	5.9%
	Aug 2005	26,621,874	18.0%	11.9%
	Sept 2005	25,990,396	16.9%	13.6%
	Oct 2005	28,124,088	36.5%	19.0%
	Nov 2005	25,350,591	18.7%	18.9%
	Dec 2005	25,520,731	30.3%	20.6%
	Jan 2006	31,316,999	29.8%	22.1%
	Feb 2006	26,149,998	20.2%	21.8%
	Mar 2006	26,624,546	42.4%	23.8%
	Apr 2006	26,326,619	17.8%	23.2%
	May 2006	21,682,845	0.1%	21.1%
	June 2006	18,617,865	-15.9%	17.9%
FY 2007	July 2006	28,987,773	21.4%	21.4%
	Aug 2006	25,431,547	-4.5%	7.8%
	Sept 2006	28,561,796	9.9%	8.5%
	Oct 2006			
	Nov 2006			
	Dec 2006			
	Jan 2007			
	Feb 2007			
	Mar 2007			
	Apr 2007			
	May 2007			
	June 2007			

# **Individual Income Tax**

# Individual Income Tax Growth Rate

FY 04 and FY 05 actual collections have been adjusted for the \$76 M under-withholding in FY 04, and the \$76 M one-time withholding adjustment in FY 05.



—■— Actual —◆— September Quartile Forecast —▲— 4-Month YTD

\* The '06 increase of 24.1% consists of an increase of almost 16% in withholding tax collections, an increase of over 43% in estimated and final payments, partially offset by an increase of over 23% in refunds.

## Individual Income Tax General Fund Collections

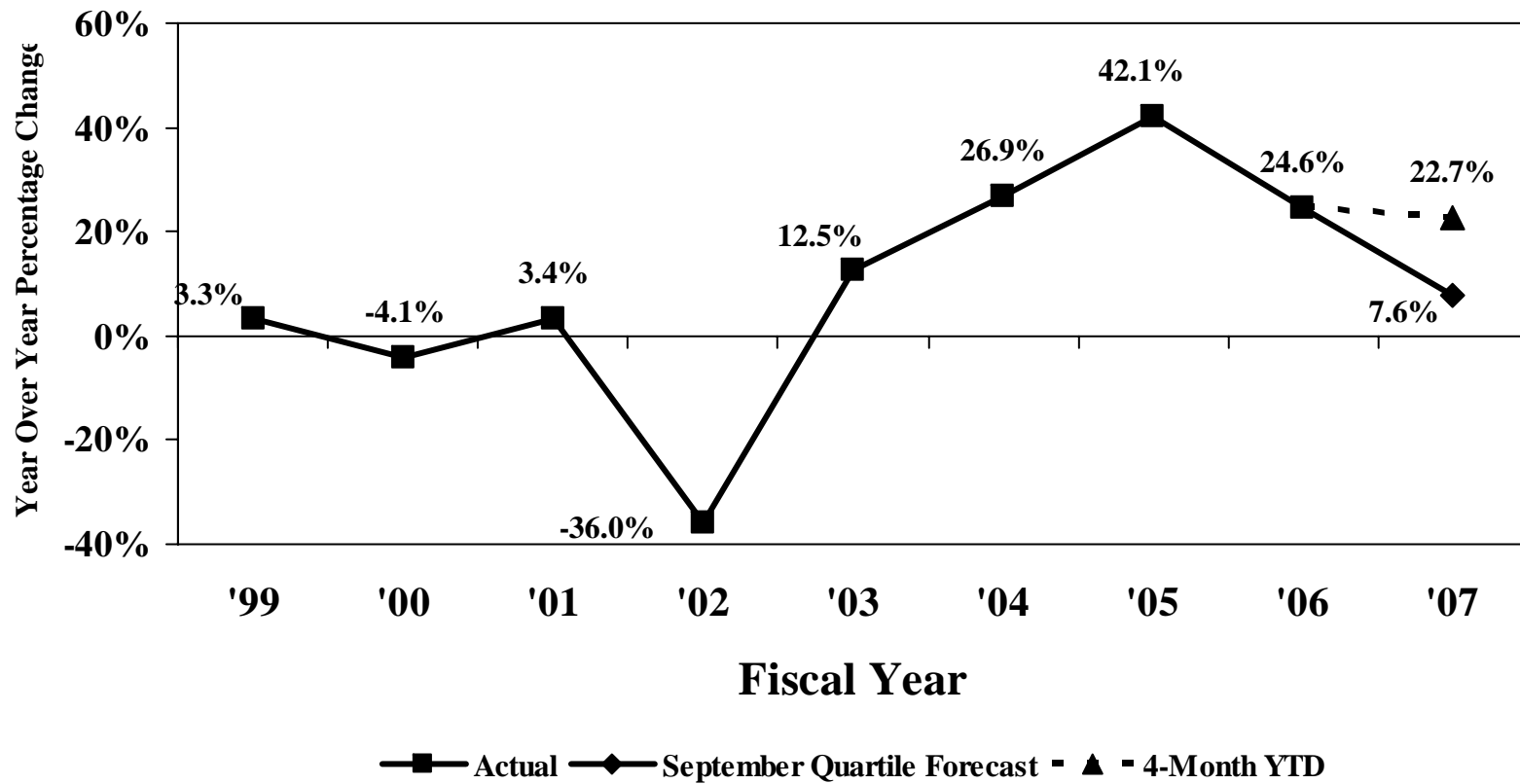
			Y/Y	FYTD		Y/Y	FYTD	Est. & Final		FYTD		FYTD	
		Total PIT	Chg.	Chg.	Withholdings	Y/Y Chg.	Chg.	Payments	Y/Y Chg.	Chg.	Refunds	Y/Y Chg.	Chg.
FY 2003	Jul-02	171,839,366	-5.0%	-5.0%	186,097,356	-1.5%	-1.5%	9,784,426	0.5%	0.5%	(24,042,416)	35.1%	35.1%
	Aug	174,349,570	-11.3%	-8.3%	180,450,199	-10.4%	-6.1%	11,039,878	-23.0%	-13.5%	(17,140,507)	-11.2%	11.0%
	Sep	232,995,593	0.5%	-4.9%	174,722,202	3.2%	-3.3%	68,951,388	-9.8%	-10.7%	(10,677,997)	-22.9%	1.8%
	Oct	181,663,248	-8.0%	-5.7%	185,218,851	-8.3%	-4.6%	19,702,835	-14.8%	-11.5%	(23,258,438)	-16.3%	-4.6%
	Nov	190,711,424	3.4%	-4.0%	195,524,645	-0.2%	-3.7%	6,765,849	-14.0%	-11.6%	(11,579,070)	-40.1%	-11.6%
	Dec	242,258,006	-0.3%	-3.3%	209,371,110	0.2%	-3.0%	48,809,634	27.0%	-2.9%	(15,922,737)	258.1%	0.1%
	Jan	266,560,326	-8.6%	-4.3%	208,974,170	3.6%	-2.0%	73,610,601	-24.5%	-10.8%	(16,024,445)	111.8%	7.8%
	Feb	66,647,477	-3.7%	-4.3%	192,708,648	-3.0%	-2.2%	10,017,378	10.7%	-10.1%	(136,078,548)	-1.8%	2.4%
	Mar	28,478,867	514.3%	-2.8%	200,798,157	7.4%	-1.2%	26,043,526	16.3%	-8.1%	(198,362,815)	-3.1%	-0.1%
	Apr	214,035,005	-12.8%	-4.1%	187,450,892	1.3%	-0.9%	272,037,025	-10.3%	-9.2%	(245,452,913)	1.0%	0.3%
	May	98,627,660	13.4%	-3.3%	190,796,090	-2.5%	-1.1%	30,970,547	39.6%	-7.5%	(123,138,977)	-5.9%	-0.7%
	Jun	229,588,326	48.3%	0.5%	194,218,952	12.9%	0.0%	62,895,078	-3.9%	-7.1%	(27,525,704)	-66.7%	-6.7%
FY 2004	Jul-03	165,870,019	-3.5%	-3.5%	168,192,384	-9.6%	-9.6%	9,818,564	0.3%	0.3%	(12,140,929)	-49.5%	-49.5%
	Aug	181,887,528	4.3%	0.5%	179,843,713	-0.3%	-5.1%	13,138,440	19.0%	10.2%	(11,094,625)	-35.3%	-43.6%
	Sep	230,980,848	-0.9%	-0.1%	179,587,853	2.8%	-2.5%	71,246,053	3.3%	4.9%	(19,853,058)	85.9%	-16.9%
	Oct	185,796,530	2.3%	0.5%	187,639,147	1.3%	-1.5%	21,360,425	8.4%	5.6%	(23,203,042)	-0.2%	-11.8%
	Nov	182,342,949	-4.4%	-0.5%	194,612,408	-0.5%	-1.3%	8,398,521	24.1%	6.6%	(20,667,980)	78.5%	0.3%
	Dec	260,146,909	7.4%	1.1%	213,979,177	2.2%	-0.7%	56,932,488	16.6%	9.6%	(10,764,756)	-32.4%	-4.8%
	Jan	267,064,993	0.2%	0.9%	204,879,796	-2.0%	-0.9%	79,187,113	7.6%	9.0%	(17,001,915)	6.1%	-3.3%
	Feb	65,487,978	-1.7%	0.8%	205,968,930	6.9%	0.1%	12,119,201	21.0%	9.5%	(152,600,153)	12.1%	4.9%
	Mar	89,513,594	214.3%	4.7%	220,645,285	9.9%	1.2%	36,041,044	38.4%	12.2%	(167,172,735)	-15.7%	-4.1%
	Apr	302,321,741	41.2%	9.1%	186,126,178	-0.7%	1.0%	325,396,679	19.6%	15.9%	(209,201,115)	-14.8%	-7.9%
	May	135,278,064	37.2%	10.6%	195,496,444	2.5%	1.2%	46,712,145	50.8%	17.8%	(106,930,525)	-13.2%	-8.6%
	Jun	239,484,015	4.3%	9.9%	195,929,652	0.9%	1.2%	77,177,113	22.7%	18.2%	(33,622,750)	22.2%	-7.6%
FY 2005	Jul-04	180,258,486	8.7%	8.7%	185,359,849	10.2%	10.2%	7,982,042	-18.7%	-18.7%	(13,083,405)	7.8%	7.8%
	Aug	208,007,549	14.4%	11.6%	206,338,811	14.7%	12.5%	17,256,736	31.3%	9.9%	(15,587,998)	40.5%	23.4%
	Sep	258,308,001	11.8%	11.7%	184,456,860	2.7%	9.2%	85,967,739	20.7%	18.0%	(12,116,599)	-39.0%	-5.3%
	Oct	203,622,310	9.6%	11.2%	187,072,940	-0.3%	6.7%	27,192,307	27.3%	19.8%	(10,642,937)	-54.1%	-22.4%
	Nov	218,542,604	19.9%	12.9%	222,360,341	14.3%	8.3%	11,359,321	35.3%	20.8%	(15,177,058)	-26.6%	-23.4%
	Dec	296,768,719	14.1%	13.1%	233,620,890	9.2%	8.5%	81,181,241	42.6%	27.7%	(18,033,413)	67.5%	-13.4%
	Jan	357,209,039	33.8%	16.9%	249,542,466	21.8%	10.5%	119,604,915	51.0%	34.8%	(11,938,341)	-29.8%	-15.8%
	Feb	95,639,793	46.0%	18.1%	239,830,618	16.4%	11.3%	12,489,817	3.1%	33.4%	(156,680,643)	2.7%	-5.3%
	Mar	108,697,181	21.4%	18.3%	245,076,317	11.1%	11.3%	39,089,384	8.5%	30.5%	(175,468,521)	5.0%	-1.3%
	Apr	534,861,186	76.9%	27.5%	209,608,264	12.6%	11.4%	512,208,256	57.4%	44.3%	(186,955,334)	-10.6%	-4.4%
	May	229,122,033	69.4%	30.2%	244,198,666	24.9%	12.7%	84,231,869	80.3%	46.8%	(99,308,501)	-7.1%	-4.7%
	Jun	282,679,372	18.0%	28.9%	215,867,519	10.2%	12.4%	106,817,719	38.4%	45.9%	(40,005,867)	19.0%	-3.7%
FY 2006	Jul-05	223,953,189	24.2%	24.2%	221,317,607	19.4%	19.4%	15,395,021	92.9%	92.9%	(12,759,440)	-2.5%	-2.5%
	Aug	263,697,095	26.8%	25.6%	253,061,649	22.6%	21.1%	25,713,368	49.0%	62.9%	(15,077,922)	-3.3%	-2.9%
	Sep	322,958,721	25.0%	25.4%	217,514,066	17.9%	20.1%	118,564,270	37.9%	43.6%	(13,119,615)	8.3%	0.4%
	Oct	244,717,144	20.2%	24.1%	233,132,229	24.6%	21.2%	27,206,826	0.1%	35.0%	(15,621,911)	46.8%	10.0%
	Nov	246,397,916	12.7%	21.8%	251,199,672	13.0%	19.3%	16,055,089	41.3%	35.5%	(20,856,845)	37.4%	16.3%
	Dec	366,228,870	23.4%	22.1%	275,574,553	18.0%	19.1%	111,812,195	37.7%	36.3%	(21,157,877)	17.3%	16.5%
	Jan	461,569,947	29.2%	23.6%	289,016,657	15.8%	18.5%	182,419,323	52.5%	41.8%	(9,866,032)	-17.4%	12.3%
	Feb	104,975,664	9.8%	22.9%	269,407,378	12.3%	17.7%	18,041,261	44.4%	41.9%	(182,472,975)	16.5%	14.9%
	Mar	75,235,164	-30.8%	19.9%	271,172,800	10.6%	16.8%	43,912,674	12.3%	39.0%	(239,850,310)	36.7%	23.8%
	Apr	621,374,286	16.2%	19.1%	221,762,700	5.8%	15.7%	618,672,832	20.8%	28.8%	(219,061,246)	17.2%	21.8%
	May	423,818,481	85.0%	24.7%	276,966,197	13.4%	15.5%	259,114,481	207.6%	43.9%	(112,262,197)	13.0%	20.6%
	Jun	334,443,992	18.3%	24.1%	256,634,913	18.9%	15.8%	145,568,069	36.3%	43.2%	(67,758,989)	69.4%	23.2%
FY 2007	Jul-06	232,882,593	4.0%	4.0%	233,180,431	5.4%	5.4%	17,937,645	16.5%	16.5%	(18,235,483)	42.9%	42.9%
	Aug	283,590,385	7.5%	5.9%	277,224,789	9.5%	7.6%	23,419,716	-8.9%	0.6%	(17,054,119)	13.1%	26.8%
	Sep	355,502,457	10.1%	7.6%	216,332,499	-0.5%	5.0%	157,891,625	33.2%	24.8%	(18,721,667)	42.7%	31.9%
	Oct	305,050,149	24.7%	11.5%	263,987,122	13.2%	7.1%	65,184,764	139.6%	41.5%	(24,121,738)	54.4%	38.1%
	Nov	-	-	-	-	-	-	-	-	-	-	-	-
	Dec	-	-	-	-	-	-	-	-	-	-	-	-
	Jan	-	-	-	-	-	-	-	-	-	-	-	-
	Feb	-	-	-	-	-	-	-	-	-	-	-	-
	Mar	-	-	-	-	-	-	-	-	-	-	-	-
	Apr	-	-	-	-	-	-	-	-	-	-	-	-
	May	-	-	-	-	-	-	-	-	-	-	-	-
	Jun	-	-	-	-	-	-	-	-	-	-	-	-

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

	FY2003			FY2004			FY2005			FY2006			FY2007		
	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final
Jul	9,784,426	3,492,050	6,292,376	9,818,564	2,774,158	7,044,406	7,982,042	3,053,848	4,928,193	15,395,021	4,885,194	10,509,827	17,937,645	6,371,696	11,565,948
Aug	11,039,878	2,514,558	8,525,319	13,138,440	2,732,267	10,406,173	17,256,736	4,162,399	13,094,337	25,713,368	7,683,379	18,029,988	23,419,716	7,456,858	15,962,858
Sep	68,951,388	63,672,778	5,278,610	71,246,053	65,075,592	6,170,461	85,967,739	78,273,024	7,694,715	118,564,270	110,531,138	8,033,132	157,891,625	145,469,802	12,421,823
Oct	19,702,835	3,306,495	16,396,340	21,360,425	3,772,407	17,588,018	27,192,307	5,023,144	22,169,162	27,206,826	7,685,799	19,521,027	65,184,764	11,339,308	53,845,457
Nov	6,765,849	1,902,952	4,862,896	8,398,521	2,538,181	5,860,340	11,359,321	3,013,046	8,346,275	16,055,089	5,885,793	10,169,296	-	-	-
Dec	48,809,634	44,069,962	4,739,671	56,932,488	51,357,168	5,575,321	81,181,241	73,782,471	7,398,770	111,812,195	104,933,642	6,878,553	-	-	-
Jan	73,610,601	69,278,716	4,331,885	79,187,113	73,720,063	5,467,050	119,604,915	113,808,450	5,796,464	182,419,323	176,696,056	5,723,266	-	-	-
Feb	10,017,378	1,061,801	8,955,577	12,119,201	1,203,674	10,915,527	12,489,817	2,222,960	10,266,858	18,041,261	3,446,602	14,594,659	-	-	-
Mar	26,043,526	2,547,064	23,496,461	36,041,044	3,044,584	32,996,460	39,089,384	4,321,854	34,767,531	43,912,674	3,710,949	40,201,725	-	-	-
Apr	272,037,025	34,869,869	237,167,157	325,396,679	44,070,748	281,325,931	512,208,256	60,279,400	451,928,857	618,672,832	76,814,795	541,858,037	-	-	-
May	30,970,547	2,382,300	28,588,248	46,712,145	3,646,483	43,065,661	84,231,869	4,464,003	79,767,865	259,114,481	9,724,645	249,389,836	-	-	-
Jun	62,895,078	53,980,895	8,914,184	77,177,113	67,435,337	9,741,775	106,817,719	93,912,110	12,905,609	145,568,069	127,531,819	18,036,250	-	-	-
Total	640,628,165	283,079,440	357,548,724	757,527,785	321,370,662	436,157,123	1,105,381,346	446,316,710	659,064,637	1,582,475,408	639,529,812	942,945,597	264,433,750	170,637,664	93,796,086
	Percent Change														
	FY2003			FY2004			FY2005			FY2006			FY2007		
	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final
Jul	0.5%	9.5%	-3.9%	0.3%	-20.6%	12.0%	-18.7%	10.1%	-30.0%	92.9%	60.0%	113.3%	16.5%	30.4%	10.0%
Aug	-23.0%	-28.6%	-21.2%	19.0%	8.7%	22.1%	31.3%	52.3%	25.8%	49.0%	84.6%	37.7%	-8.9%	-2.9%	-11.5%
Sep	-9.8%	-10.6%	0.7%	3.3%	2.2%	16.9%	20.7%	20.3%	24.7%	37.9%	41.2%	4.4%	33.2%	31.6%	54.6%
Oct	-14.8%	-40.3%	-6.7%	8.4%	14.1%	7.3%	27.3%	33.2%	26.0%	0.1%	53.0%	-11.9%	139.6%	47.5%	175.8%
Nov	-14.0%	13.7%	-21.5%	24.1%	33.4%	20.5%	35.3%	18.7%	42.4%	41.3%	95.3%	21.8%			
Dec	27.0%	32.3%	-7.7%	16.6%	16.5%	17.6%	42.6%	43.7%	32.7%	37.7%	42.2%	-7.0%			
Jan	-24.5%	-24.8%	-18.4%	7.6%	6.4%	26.2%	51.0%	54.4%	6.0%	52.5%	55.3%	-1.3%			
Feb	10.7%	-1.3%	12.4%	21.0%	13.4%	21.9%	3.1%	84.7%	-5.9%	44.4%	55.0%	42.2%			
Mar	16.3%	52.8%	13.4%	38.4%	19.5%	40.4%	8.5%	42.0%	5.4%	12.3%	-14.1%	15.6%			
Apr	-10.3%	-7.0%	-10.8%	19.6%	26.4%	18.6%	57.4%	36.8%	60.6%	20.8%	27.4%	19.9%			
May	39.6%	1.2%	44.2%	50.8%	53.1%	50.6%	80.3%	22.4%	85.2%	207.6%	117.8%	212.6%			
Jun	-3.9%	-8.3%	36.1%	22.7%	24.9%	9.3%	38.4%	39.3%	32.5%	36.3%	35.8%	39.8%			
Total	-7.1%	-9.3%	-5.3%	18.2%	13.5%	22.0%	45.9%	38.9%	51.1%	43.2%	43.3%	43.1%			
	Percent to Total														
	FY2003			FY2004			FY2005			FY2006			FY2007		
	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final	Total	Estimated	Final
Jul	1.5%	1.2%	1.8%	1.3%	0.9%	1.6%	0.7%	0.7%	0.7%	1.0%	0.8%	1.1%	N/A	N/A	N/A
Aug	1.7%	0.9%	2.4%	1.7%	0.9%	2.4%	1.6%	0.9%	2.0%	1.6%	1.2%	1.9%	N/A	N/A	N/A
Sep	10.8%	22.5%	1.5%	9.4%	20.2%	1.4%	7.8%	17.5%	1.2%	7.5%	17.3%	0.9%	N/A	N/A	N/A
Oct	3.1%	1.2%	4.6%	2.8%	1.2%	4.0%	2.5%	1.1%	3.4%	1.7%	1.2%	2.1%	N/A	N/A	N/A
Nov	1.1%	0.7%	1.4%	1.1%	0.8%	1.3%	1.0%	0.7%	1.3%	1.0%	0.9%	1.1%	N/A	N/A	N/A
Dec	7.6%	15.6%	1.3%	7.5%	16.0%	1.3%	7.3%	16.5%	1.1%	7.1%	16.4%	0.7%	N/A	N/A	N/A
Jan	11.5%	24.5%	1.2%	10.5%	22.9%	1.3%	10.8%	25.5%	0.9%	11.5%	27.6%	0.6%	N/A	N/A	N/A
Feb	1.6%	0.4%	2.5%	1.6%	0.4%	2.5%	1.1%	0.5%	1.6%	1.1%	0.5%	1.5%	N/A	N/A	N/A
Mar	4.1%	0.9%	6.6%	4.8%	0.9%	7.6%	3.5%	1.0%	5.3%	2.8%	0.6%	4.3%	N/A	N/A	N/A
Apr	42.5%	12.3%	66.3%	43.0%	13.7%	64.5%	46.3%	13.5%	68.6%	39.1%	12.0%	57.5%	N/A	N/A	N/A
May	4.8%	0.8%	8.0%	6.2%	1.1%	9.9%	7.6%	1.0%	12.1%	16.4%	1.5%	26.4%	N/A	N/A	N/A
Jun	9.8%	19.1%	2.5%	10.2%	21.0%	2.2%	9.7%	21.0%	2.0%	9.2%	19.9%	1.9%	N/A	N/A	N/A
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	N/A	N/A	N/A

# **Corporate Income Tax**

# Corporate Income Tax Growth Rate



		Gross	Year-to-Year	Year-to-Date		Year-to-Year	Year-to-Date	Net	Year-to-Year	Year-to-Date
		Revenue (\$)	% Change	% Change	Refunds (\$)	% Change	% Change	Revenue (\$)	% Change	% Change
FY 2003	July 2002	26,661,773	15.7%	15.7%	(10,431,027)	-2.7%	-2.7%	16,230,746	31.7%	31.7%
	Aug 2002	17,612,202	14.5%	15.2%	(7,498,520)	133.6%	28.8%	10,113,682	-16.9%	7.6%
	Sept 2002	76,944,404	-20.5%	-10.3%	(4,604,463)	-52.9%	-4.9%	72,339,941	-16.8%	-11.5%
	Oct 2002	25,324,611	-23.3%	-12.9%	(7,050,147)	84.7%	7.5%	18,274,464	-37.4%	-16.9%
	Nov 2002	11,280,385	-11.4%	-12.8%	(14,721,660)	-60.4%	-31.5%	(3,441,275)	-85.9%	-2.3%
	Dec 2002	67,811,163	-26.9%	-17.6%	(29,360,620)	-27.4%	-29.9%	38,450,543	-26.6%	-9.9%
	Jan 2003	21,054,501	15.5%	-15.5%	(8,321,051)	-28.7%	-29.8%	12,733,450	94.1%	-6.0%
	Feb 2003	8,063,919	-11.9%	-15.4%	(6,668,466)	-43.4%	-31.1%	1,395,453	-153.3%	-3.7%
	Mar 2003	52,912,894	50.1%	-8.5%	(10,039,885)	24.5%	-27.8%	42,873,009	57.7%	4.6%
	Apr 2003	94,116,613	7.8%	-5.2%	(10,102,573)	-36.6%	-28.7%	84,014,040	17.8%	8.1%
FY 2004	May 2003	27,164,813	29.3%	-3.5%	(14,536,060)	79.4%	-23.2%	12,628,753	-2.1%	7.6%
	June 2003	86,051,935	31.9%	1.0%	(2,244,003)	-22.6%	-23.2%	83,807,932	34.5%	12.5%
	July 2003	23,301,575	-12.6%	-12.6%	(6,333,153)	-39.3%	-39.3%	16,968,422	4.5%	4.5%
	Aug 2003	11,271,363	-36.0%	-21.9%	(4,015,351)	-46.5%	-42.3%	7,256,012	-28.3%	-8.0%
	Sept 2003	94,502,857	22.8%	6.5%	(6,579,280)	42.9%	-24.9%	87,923,577	21.5%	13.6%
	Oct 2003	37,166,100	46.8%	13.4%	(19,666,477)	179.0%	23.7%	17,499,623	-4.2%	10.8%
	Nov 2003	28,413,161	151.9%	23.3%	(18,047,246)	22.6%	23.3%	10,365,915	-401.2%	23.3%
	Dec 2003	108,992,703	60.7%	34.6%	(23,791,682)	-19.0%	6.5%	85,201,021	121.6%	48.2%
	Jan 2004	20,205,126	-4.0%	31.3%	(2,157,873)	-74.1%	-1.7%	18,047,254	41.7%	47.7%
	Feb 2004	9,833,589	21.9%	31.0%	(12,420,688)	86.3%	4.9%	(2,587,099)	-285.4%	44.9%
FY 2005	Mar 2004	42,492,506	-19.7%	22.3%	(15,059,660)	50.0%	9.5%	27,432,846	-36.0%	28.3%
	Apr 2004	100,133,690	6.4%	18.5%	(2,765,216)	-72.6%	1.9%	97,368,474	15.9%	24.7%
	May 2004	39,082,901	43.9%	20.2%	(1,084,383)	-92.5%	-9.3%	37,998,517	200.9%	32.0%
	June 2004	94,099,134	9.4%	18.3%	(3,528,826)	57.3%	-8.1%	90,570,308	8.1%	26.9%
	July 2004	25,278,574	8.5%	8.5%	(4,286,201)	-32.3%	-32.3%	20,992,373	23.7%	23.7%
	Aug 2004	23,683,196	110.1%	41.6%	(2,429,217)	-39.5%	-35.1%	21,253,979	192.9%	74.4%
	Sept 2004	128,929,320	36.4%	37.8%	(6,570,919)	-0.1%	-21.5%	122,358,400	39.2%	46.8%
	Oct 2004	41,115,100	10.6%	31.7%	(6,005,157)	-69.5%	-47.3%	35,109,943	100.6%	54.0%
	Nov 2004	17,598,692	-38.1%	21.6%	(11,805,464)	-34.6%	-43.1%	5,793,228	-44.1%	46.8%
	Dec 2004	148,651,887	36.4%	26.9%	(11,419,097)	-52.0%	-45.8%	137,232,790	61.1%	52.2%
FY 2006	Jan 2005	26,481,318	31.1%	27.1%	(4,271,547)	98.0%	-41.9%	22,209,771	23.1%	50.0%
	Feb 2005	18,432,601	87.4%	28.9%	(11,908,414)	-4.1%	-36.9%	6,524,188	-352.2%	54.3%
	Mar 2005	67,086,220	57.9%	32.2%	(3,257,603)	-78.4%	-42.7%	63,828,617	132.7%	62.4%
	Apr 2005	108,261,223	8.1%	27.1%	(7,157,472)	158.8%	-37.6%	101,103,751	3.8%	46.8%
	May 2005	70,241,233	79.7%	31.1%	(2,192,513					

# **Economic Indicators**

# Recent Economic Indicators

The “final” estimate from BEA for the 2<sup>nd</sup> quarter of 2006 showed that **U.S. Gross Domestic Product (GDP)** increased at a 2.6% annual rate, somewhat slower than the previous estimate. Personal consumption, exports, and nonresidential construction were among the leading growth categories.

The **U.S. Index of Leading Economic Indicators** edged 0.1% higher in September, interrupting its recent downward trend. Half of the index components increased, including consumer expectations, stock prices and manufacturers’ new orders.

Consumer sentiment was much better in September, with the Conference Board’s **U.S. Consumer Confidence Index** rising 4.3% from the prior month. Confidence was buoyed by a better assessment of current conditions and a more optimistic outlook for the next 6 months.

A significant improvement in inflation helped to boost confidence in the economic outlook. The 3-month moving average for the **U.S. Consumer Price Index (CPI)** was unchanged in September and stood 3.3% higher than a year ago. Gasoline prices plunged (13.5)% from the previous month while other transportation costs also were falling. Excluding food and energy prices, the core CPI increased 0.2% in September and stood 2.9% higher than a year ago.

The advanced technology sector continued to perform well in recent months. **U.S. semiconductor billings** (3-month moving average) improved 3.6% in August to \$3.83 billion, an 18.3% increase from a year ago. The Semiconductor Industry Association (SIA) reported that strong consumer spending pushed PC sales higher, and with falling fuel costs helping to increase spending power, manufacturers were gearing up for what is expected to be a strong holiday season. The SIA noted that semiconductors account for an average of 40% of the cost of products such as cell phones, MP3 players and digital cameras.

The improved economic climate was reflected in recent results for Arizona. The Behavior Research Center’s **Arizona Consumer Confidence Index** climbed 2.5% in 2006’s 4<sup>th</sup> quarter and was 7.3% above its level from a year ago. While confidence was essentially unchanged in Maricopa County, the rest of the state showed substantial improvement from the summer months. The latest survey responses suggested that consumers were less pessimistic about business conditions, the job market, and their income prospects.

The latest survey of supply chain managers throughout the state corroborated the results from the consumer sector. The **Arizona Business Conditions Index (BCI)** increased 3.6% to 62.7 in September and remained well above the mark of 50 associated with an expanding economy. The production component, which soared 11.4%, was the main driver in September’s performance. The overall index reading continued to hover in the mid-60s range it has occupied for most of the last 3 years.

Arizona’s job market continued to perform very well in September. The state’s employers added 119,000 jobs in the last 12 months, pushing total **non-farm employment** to 2.65 million, a 4.7% increase from September 2005. All of the goods-producing sectors remained in positive territory, with construction, mining and manufacturing registering increases. The seasonally adjusted statewide **unemployment rate** inched up to 3.7% but remained far below the 4.6% U.S. average.

The good news on Arizona’s economy came in spite of the struggling residential real estate market. The Real Estate Center at Arizona State University reported that the Greater Phoenix **single-family median resale home price** dropped to \$256,900 in September, the first year-over-year decline in 10 years. Meanwhile, the **townhouse-condominium median price** increased 2.1% to \$173,500 and was 8.4% higher than a year ago. The number of existing single-family homes sold for the year to date through September 2006 was (41.0)% below the level from a year ago, while the number of multi-family units sold plummeted (31.9)%.

New home construction continued to trace the same downward path. The number of **single-family residential building permits** issued (3-month moving average) declined (13.6)% in August and was (34.9)% below the number issued a year ago. The number of **multi-family housing units authorized** resumed its downward trend, falling (32.8)% on a year-over-year basis.

The **Department of Corrections’ inmate population** increased by an average of 170 inmates per month from July through September. The total population increased by 2,227 inmates from a year ago.

The number of **TANF** recipients increased 2.5% to 87,903 in August and was (11.0)% below the level from August 2005. The **AHCCCS caseload** increased 0.2% in October from the prior month and was (2.4)% below the level from a year ago.

**Table 4****RECENT 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>
<b>Arizona</b>				
- Unemployment Rate	September	3.7%	0.1%	(1.1)%
- Jobs	September	2.65 million	1.1%	4.7%
- Contracting Tax Receipts (3-month average)	Jul-Sep	\$81.9 million	1.6%	17.9%
- Retail Sales Tax Receipts (3-month average)	Jul-Sep	\$163.2 million	(4.5)%	5.0%
- Residential Building Permits - (3-month moving average)				
Single-unit	Jun-Aug	4,687	(13.6)%	(34.9)%
Multi-unit	Jun-Aug	663	(31.4)%	(32.8)%
- Greater Phoenix Existing Home Sales				
Single-Family	September	4,875	(12.2)%	(50.3)%
Townhouse/Condominium	September	930	(15.5)%	(47.5)%
- Greater Phoenix Median Home Sales Price				
Single-Family	September	\$256,900	(2.1)%	(2.3)%
Townhouse/Condominium	September	\$173,500	2.1%	8.4%
- Arizona Tourism Barometer	June	106.9	3.0%	4.9%
- Phoenix Sky Harbor Air Passengers	June	3.61 million	1.0%	1.1%
- Arizona Average Natural Gas Price (\$ per thousand cubic feet)	July	\$6.98	3.6%	(1.3)%
- Leading Indicators Index	August	118.6	0.7%	(0.5)%
- Business Conditions Index (>50 signifies expansion)	September	62.7	3.6%	(3.1)%
- Consumer Confidence Index	4 <sup>th</sup> Quarter 2006	105.3	2.5%	7.3%
- Business Leaders Confidence Index	4 <sup>th</sup> Quarter 2006	48.1	(3.0)%	(12.1)%
- Arizona Personal Income	2 <sup>nd</sup> Quarter 2006	\$194.3 billion	2.0%	9.8%
- Arizona Population	July 1, 2005	5.94 million	3.5%	3.5%
- AHCCCS Recipients	October	1,030,004	0.2%	(2.4)%
- TANF Recipients	August	87,903	2.5%	(11.0)%
- DOC Inmate Growth (3-month average)	Jul-Sep	35,144	170 inmates	2,227 inmates
<b>United States</b>				
- Gross Domestic Product (seasonally adjusted annual growth rate)	2 <sup>nd</sup> Quarter 2006	\$11.4 trillion	2.6%	3.5%
- Consumer Confidence Index	September	104.5	4.3%	19.4%
- Leading Indicators Index	September	137.7	0.1%	1.4%
- U.S. Semiconductor Billings (3-month moving average)	Jun-Aug	\$3.83 billion	3.6%	18.3%
- Consumer Price Index (3-month moving average)	Jul-Sep	203.4	0.0%	3.3%

This information first appeared in the October Monthly Fiscal Highlights, released by JLBC on October 31, 2006.