
ARIZONA DEPARTMENT OF REVENUE

2015 ANNUAL REPORT

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DEPARTMENT ORGANIZATION

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Organization

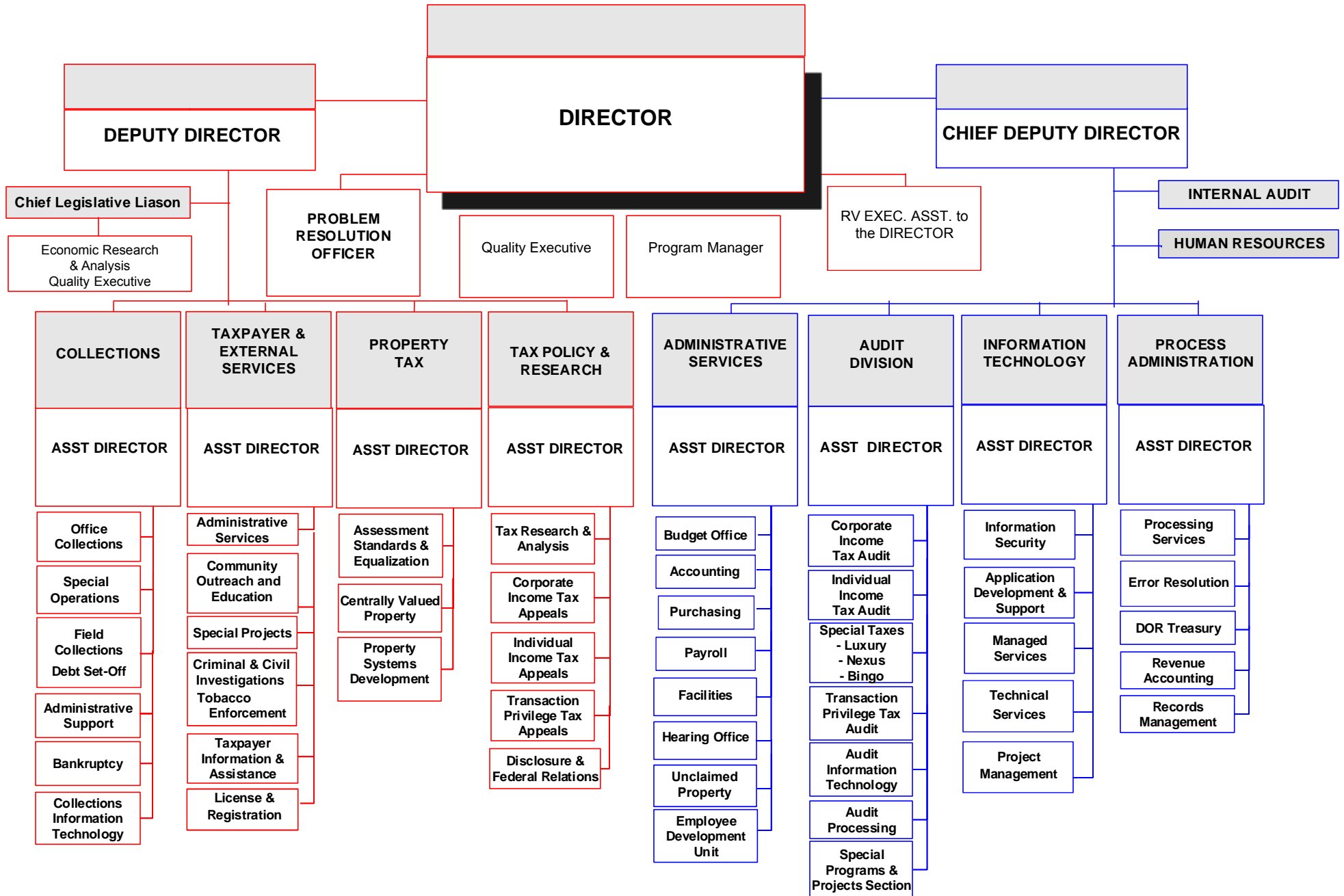
The mission of the Arizona Department of Revenue is to serve the people of Arizona by administering tax laws with integrity, fairness and efficiency. It is our vision that we set the standard for tax services.

Tax laws that fall under the department's purview are primarily in the areas of income, transaction privilege (sales), use, luxury, withholding, property, fiduciary, bingo, and severance.

The Director is responsible for the direction, operation, and control of the department to ensure that the administration and collections of taxes are cost effective and performed with high quality to meet taxpayers' needs.

The department is organized into eight divisions, each managed by an assistant director. Divisions include: Administrative Services, Audit, Collections, Information Technology, Process Administration, Property Tax, Taxpayer and External Services and Tax Policy and Research. Each division performs specific functions which are integrated to achieve the department's major external objectives or efficient tax collection and processing, timely enforcement of tax laws, and accurate valuation of property.

ARIZONA DEPARTMENT OF REVENUE



STRATEGIC MEASUREMENT HIGHLIGHTS

KEY MEASURE RESULT HIGHLIGHTS

The results of these key measures for fiscal year 2015 are presented as well as comparisons to prior years.

TOTAL GROSS REVENUES COLLECTED

FY14

Transaction Privilege	\$7,103,749,724
Income & Withholding	\$4,712,050,380
Corporate	\$ 705,727,107
Other	\$ 534,154,984
Total	\$ 13,055,682,195

FY15

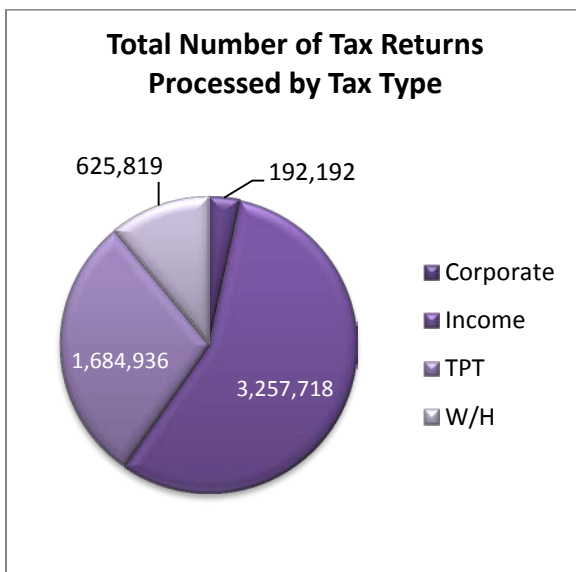
Transaction Privilege	\$ 7,450,437,208
Income & Withholding	\$ 4,996,434,635
Corporate	\$ 788,990,459
Other	\$ 558,001,962
Total	\$ 13,793,864,264

Detailed gross revenues are reported under Table 1.

TOTAL NUMBER OF TAX RETURNS PROCESSED BY TAX TYPE

All tax returns are processed through the Taxpayer Accounting System (TAS).

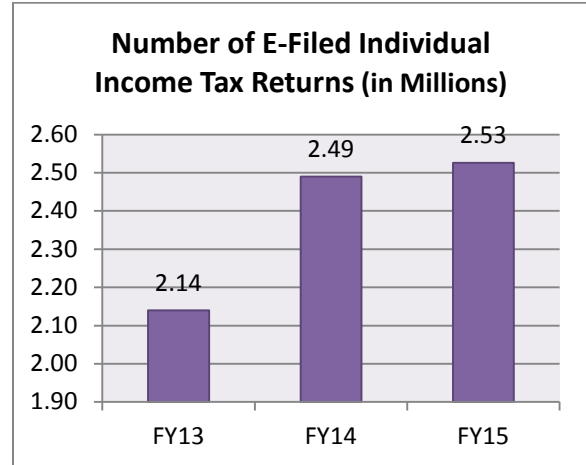
Transaction Privilege	1,684,936
Individual Income	3,227,067
Withholding	626,325
Corporate Income.....	192,192
Total Returns Processed.....	5,730,520



TOTAL NUMBER OF E-FILED INDIVIDUAL INCOME TAX RETURNS RECEIVED

Tax returns submitted via electronic filing are processed virtually error free. Interest in alternative filing continues to increase.

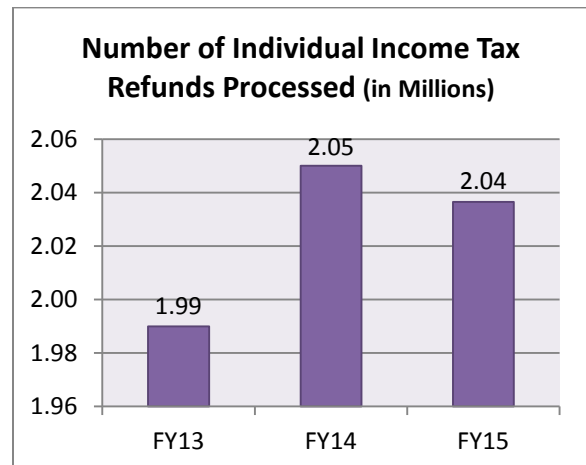
FY13	2,146,479
FY14	2,490,000
FY15	2,526,171



TOTAL NUMBER OF INDIVIDUAL INCOME TAX REFUNDS

The total number of income tax refunds processed includes both electronic direct deposits and paper refund warrants.

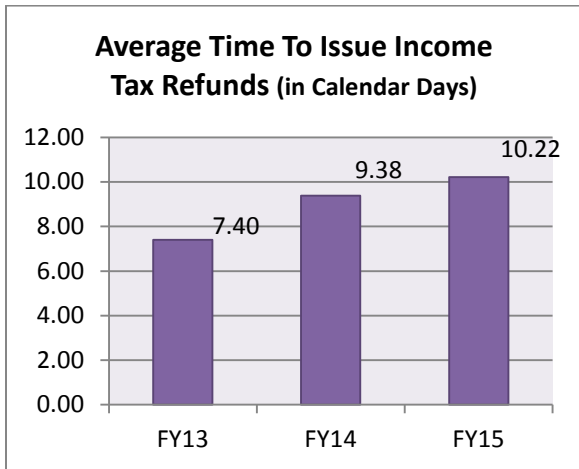
FY13	1,998,845
FY14	2,053,037
FY15	2,036,563



AVERAGE TIME TO ISSUE INCOME TAX REFUNDS

The average time to process an individual income tax refund is measured in calendar days. The data includes cycle times for both paper and electronic refunds. A portion of those filers also elect to receive their refunds via direct deposit. Average time to issue refunds in FY15 was higher due to a two week delay in Individual Income Tax Implementation over FY14.

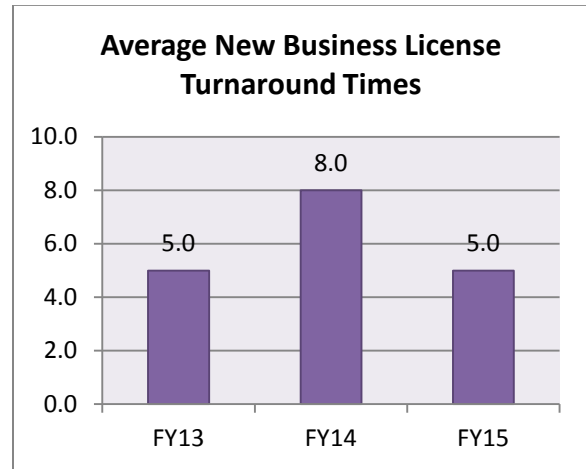
FY13	7.40 days
FY14	9.38 days
FY15	10.22 days



AVERAGE NEW BUSINESS LICENSE TURNAROUND TIME

License turnaround time is defined as the point from when the initial application or request is received via walk-in, mail or electronically and ending when the approved license is mailed to the taxpayer. Lean project began in April 2015 reducing processing time to an overall average of 2.2 days.

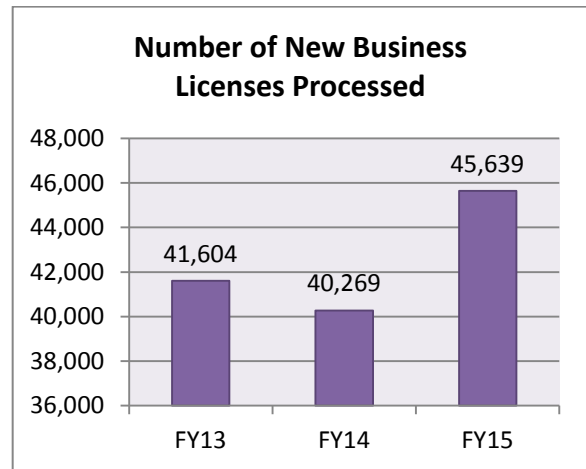
FY13	5.0 days
FY14	8.0 days
FY15	5.0 days
Lean Project	2.2 days



NUMBER OF NEW TRANSACTION PRIVILEGE TAX LICENSES PROCESSED

New transaction privilege tax licenses are processed at walk-in counters, through the mail and via on-line services.

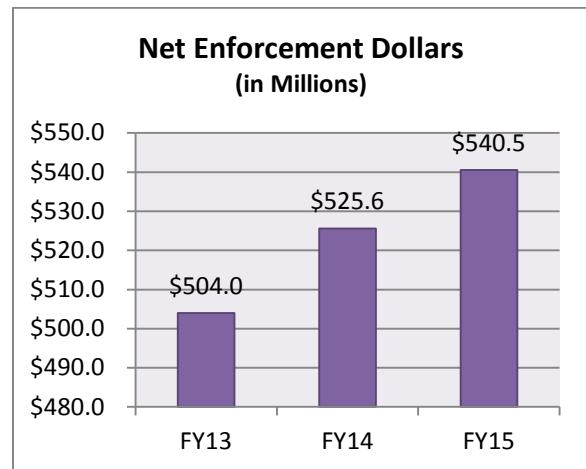
FY13	41,604
FY14	40,269
FY15	45,639



TOTAL NET ENFORCEMENT DOLLARS

Total net enforcement dollars represent all revenue collected by collectors and auditors through various enforcement programs.

FY13	\$ 503,986,414
FY14	\$ 525,555,010
FY15	\$ 540,514,821



NET ENFORCEMENT REVENUE WITH GENERAL FUND TOTALS

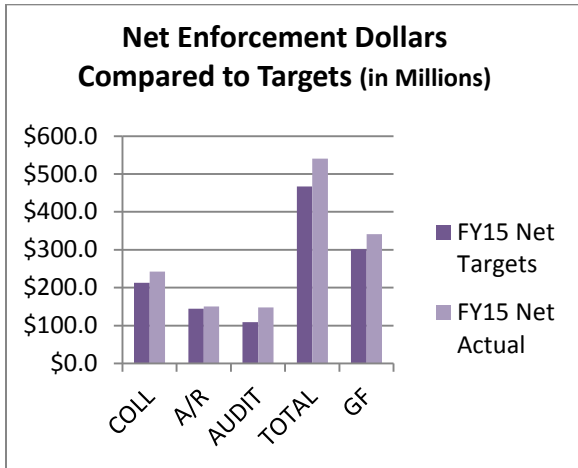
The enforcement program generated results at 115.8% of goal, surpassing fiscal year 2015 targets. This chart also shows how much of the enforcement revenues went to the General Fund.

FY15 Net Targets

Collections	\$213.0M
Accounts Receivable	\$144.6M
All Audit	\$109.1M
Total Revenue	\$466.7M
General Fund Revenue	\$301.7M

FY15 Net Actual

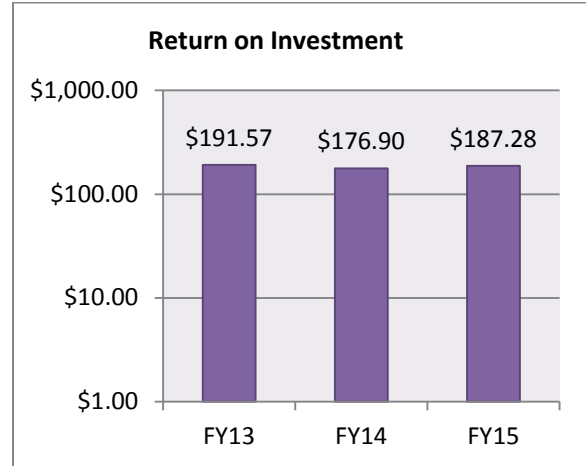
Collections	\$242.0M
Accounts Receivable	\$150.5M
All Audit	\$148.0M
Total Revenue	\$540.5M
General Fund Revenue	\$341.0M



RETURN ON INVESTMENT

Return on investment is calculated by dividing the total number of gross revenue dollars received and processed by the department's total operating budget. For fiscal year 2015, \$187.28 was produced for each dollar spent in the total DOR budget.

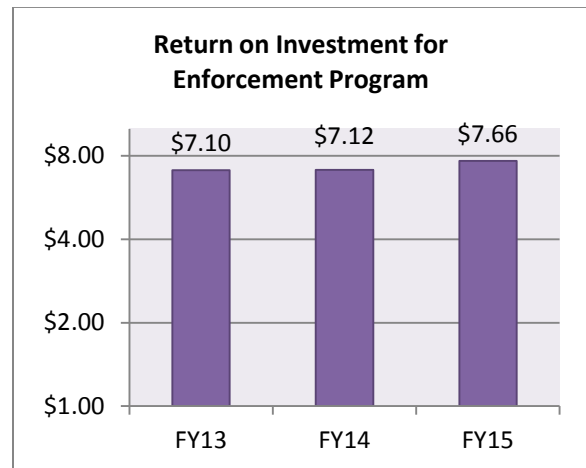
FY13	\$191.57
FY14	\$176.90
FY15	\$187.28



RETURN ON INVESTMENT FOR ENFORCEMENT PROGRAM

The return on investment for the enforcement program is calculated by dividing the total number of net enforcement dollars collected by the department's total operating budget. For fiscal year 2015, \$7.66 of enforcement revenue was collected for each dollar spent in the total DOR budget.

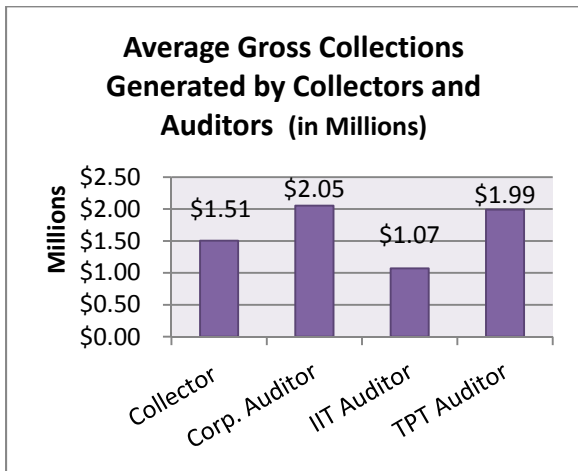
FY13	\$7.10
FY14	\$7.12
FY15	\$7.66



AVERAGE GROSS COLLECTIONS GENERATED BY COLLECTORS AND AUDITORS

Collector	\$1,505,255
Corporate Auditor	\$2,051,970
Individual Income Auditor	\$1,070,439
TPT Auditor	\$1,990,931

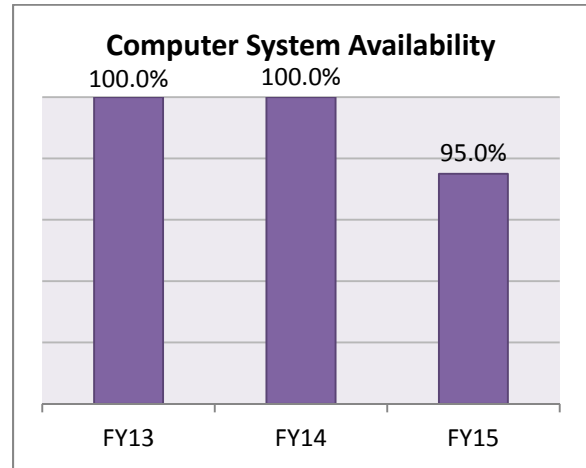
Collections averaged \$1.51 million dollars collected per collector in fiscal year 2015. Auditors collected at different levels depending upon the type of audit work they performed.



PERCENT OF TIME THE LOCAL AND WIDE AREA NETWORK (LAN/WAN) IS AVAILABLE.

Local and wide area network availability is a measure for the Information Technology Division to assess their ability as a service provider.

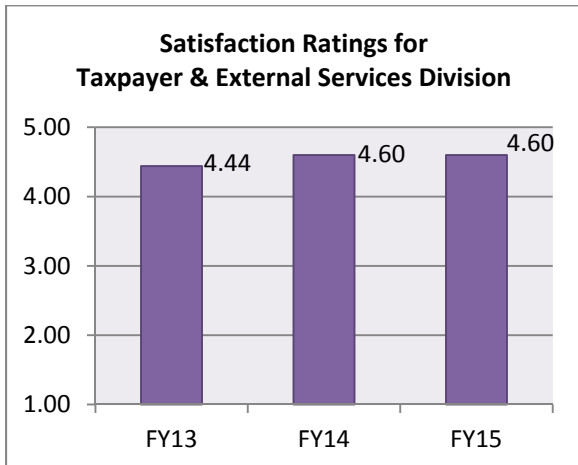
FY13	100.0 %
FY14	100.0 %
FY15	95.0%



TAXPAYER SATISFACTION RATINGS FOR THE TAXPAYER & EXTERNAL SERVICES DIVISION

These ratings were received from taxpayers evaluating the services of the employees in the *Taxpayer Information & Assistance* call center. (All satisfaction ratings tracked at the department have a 1 to 5 scale, 5 being the highest rating.)

FY13	4.44
FY14	4.60
FY15	4.60



ADMINISTRATIVE SERVICES

Mission Statement: *To provide support and expertise in delivering excellent services by understanding our products and customers.*

The vision of the Administrative Services Division is to be the leader in innovative and proactive customer support. The Administrative Services Division is responsible for the oversight of the department's financial and employee services. The division consists of the following units:

Accounting

The Accounting Unit processes accounts payable invoices, provides travel services including employee reimbursement, and oversees the fixed assets inventory.

Budget Office

The Budget Office is responsible for monitoring current year expenditures against the approved budget, coordinating preparation of the department's budget, providing budget information and analysis to the Director and the department's Leadership Team.

Employee Development

The Employee Development Unit plans, develops, organizes, and executes training for employees throughout the agency. The unit is responsible for providing training for all new employees, interns and other state agency personnel, who will be conducting business in collaboration with the department. The unit is responsible for developing and delivering both classroom and computer-based courses. The EDU collaborates with other units throughout the Agency, such as Community Outreach and Education, Human Resources, and Information Technology, to streamline resources and training. The unit is also charged with managing or conducting courses coordinated by the Department of Administration, e.g., Leadership Arizona and MAP Training for Supervisors.

Facilities Management

The Facilities Management Unit coordinates building facility maintenance, including troubleshooting building utility issues (i.e. chillers, UPS, elevators etc.) remodeling office areas at the department's four locations and coordinating tenant improvements to the buildings in cooperation with

ADOA or the landlord. Facilities Management receives and logs all goods and supplies purchased by the department, manages building security access and the security guards. The unit oversees safety issues such as fire drills, safety inspections, risk management issues and interaction with the State Fire Marshall. The unit also oversees the mailroom, which is responsible for the receipt and sorting of all mail received at the 1600 W. Monroe address.

Hearing Office

The Hearing Office holds hearings and issues written decisions on protests of department assessments and refund denials relating to income tax, withholding tax and estate tax.

Payroll

The Payroll Unit is responsible for oversight of the department's employee payroll, which includes accurate tracking of hours worked, leave taken and payroll.

Procurement

The Procurement Unit is responsible for contracting and purchasing all goods and services required by the department. The unit oversees all contract and maintenance agreements and is the program administrator for the State Purchasing Card Program.

Unclaimed Property

The Unclaimed Property Unit is responsible for returning abandoned property such as dormant bank accounts, insurance policy proceeds, security deposits, unclaimed stocks, bonds, and mutual fund accounts, safe deposit box contents and various types of uncashed checks to the property's rightful owner(s). Through a variety of methods, the unclaimed property staff locates the owners and processes claims in order to return the property. The unit facilitates the reporting and remitting of abandoned property from businesses, financial institutions and other entities that hold the property. The unit is also responsible for promoting compliance with the Revised Arizona Unclaimed Property Act.

HIGHLIGHTS IN FISCAL YEAR 2015

Accounting

- ✓ Processed 97% of all invoices within 30 days.
- ✓ Received and completed 786 reimbursement claims.

Budget

- ✓ Prepared FY16 budget submittal including decision packages.
- ✓ Successfully modified all internal tools/structures to accommodate transition to the new AFIS.

Employee Development

- ✓ Upgraded audio/visual technology in training rooms.
- ✓ Implemented WebEx functionality to conduct remote in-classroom or desktop training at satellite locations.
- ✓ Updated five computer based training modules using new Captivate software.

Facilities

- ✓ Relocated several sections/divisions within the department. Relocation included painting and renovation of modular offices.
- ✓ Constructed three conference rooms on the 3rd floor.
- ✓ Renovated the B-1 Conference room, which included painting and installing new carpet.
- ✓ Remodeled 1st floor TIA area and 1st floor Facilities area. Remodeling included constructing new modular offices, walls and painting.

- ✓ New sliding glass doors in the customer entry (south side) and in the parking garage entry were installed (Contractor project).
- ✓ Expansion joints and windows were resealed on the exterior of the building, west and north sides (Contractor project).
- ✓ Completed 100% of all work orders submitted within 24 hours and received an average annual customer survey rating of 4.75 out of a possible 5.0.

Payroll

- ✓ Modified the monthly payroll deduction cycle for bus cards so deductions are within the same month.

Procurement

- ✓ Lead the department in two Request for Proposal (RFP) projects.
- ✓ Renewal of several expiring contracts and three new contracts.

Hearing Office

- ✓ 50% + in new cases.
- ✓ 40%+ increase in decisions issued.

Unclaimed Property

- ✓ Returned nearly \$43 million to current and former Arizona residents.
- ✓ Returned more than 65,000 properties to over 17,000 owners.
- ✓ The average time to process and pay a claim was 31 days, and reports were processed, on average, within 21 days.
- ✓ Added nearly \$126 million in new property to the database, and received over 20,000 claims for property.
- ✓ Processed nearly 9,000 reports and added over 763,000 new properties to the database.

AUDIT

Mission Statement: *To promote voluntary compliance by auditing, identifying common areas of non-compliance and educating taxpayers.*

The Audit Division consists of the Corporate Income Tax Audit, Individual Income Tax Audit, Transaction Privilege and Use Tax Audit, Special Taxes, Processing and Information Technology sections. The division's major emphasis is to treat taxpayers equitably, fairly and respectfully. Training and educating our employees is instrumental in developing skilled auditors. Staff members are professional, courteous employees whose expertise is reflected in their performance and achievement of audit goals and objectives. We take pride in our accomplishments and consistently strive to be more efficient, exceed expectations and be viewed as a model audit program.

Corporate Income Tax (CIT) Audit

The Corporate Income Tax Audit Section is responsible for all original and amended corporate income tax filings. Returns selected for audits are researched and examined at State offices or the taxpayer's corporate headquarters. This is accomplished by reviewing available public information and supporting documentation furnished by the taxpayer. The goal is to operate in the most effective and efficient manner, for both the taxpayer and the State.

Audit activities include analyzing and verifying returns, refund claims, net operating losses, tax credits and adjustments based upon federal revenue agent reports.

Individual Income Tax (IIT) Audit

The primary goal of the Individual Income Tax Audit Section (IIT) is providing quality service. The staff is dedicated to using the audit process as an educational and cooperative process that assists in improving voluntary compliance and ensuring taxpayers report and pay the correct amount of tax due. At times, taxpayers can find that the process of an audit to be confusing and frustrating and the Section strives to reduce the stress by placing emphasis on treating taxpayers in a courteous and professional manner with as little disruption to their normal activities as possible.

Auditors are working faster and more efficient by using all available data sources in the Audit process which allows for a more complete file to be created on audit cases. Receiving electronic data from the Internal Revenue Service allows the Department to match with all other resources on the taxpayers and tax years involved without requiring manual research by our administrative support staff. Audit files now contain all relevant information that an auditor would need in order to process the audit case and make all necessary adjustments. This results in an audit being issued in a timelier manner since manual clerical support research is not required.

In addition to normal duties, IIT dedicated staff to assist in the Transaction Privilege and Use Tax's License Renewal Program. Other staff was dedicated to the Fraud Group to prevent invalid refunds from being issued.

Transaction Privilege and Use Tax (TPT) Audit

The Transaction Privilege and Use Tax Audit Section is comprised of the Field Audit, License Compliance and the newly created HUB units. The overall goal of the Section is to improve voluntary compliance by providing education to taxpayers. The Field Unit conducts the audits within Arizona but out-of-state audits are conducted as well. The determining factor is the location of the taxpayer's books and records. The Field Audit unit also handles refund requests.

The License Compliance unit continues to prove to be a successful unit. The License Compliance officers do both office research and field work. Their goal is to seek out those businesses that are not licensed for transaction privilege and/or withholding tax or those businesses needing updates to their current license, so taxpayers can voluntarily comply with tax laws.

Under TPT Simplification, single source audits became effective January 1, 2015. This means an audit will be conducted by state trained staff and will include any cities in which you conduct business. The HUB unit was developed to aide in the transition of audits completed by local jurisdictions.

Special Programs and Projects

The Special Program and Projects section is comprised of three units: Program Cities Unit, Withholding Tax Unit, and Penalty Review Unit.

The Program Cities Unit is the liaison between Department of Revenue and all cities. The unit assists cities and towns contracted with DOR regarding the administration, collection and audit of TPT. This unit is responsible for maintaining the Model City Tax Code.

The Penalty Review Unit responds to taxpayer requests for abatement of penalties for all tax types.

The Withholding Tax unit is responsible for withholding tax filings. Returns selected for audits are researched and examined. In some cases, federal information is utilized and confirmed before proceeding with an audit. Upon confirmation of federal information, taxpayer information and supporting documentation are reviewed.

Special Taxes (ST)

Special Taxes comprises four separate units: Bingo, Luxury Tax, Nexus, and Desk Audit.

The Bingo Unit is responsible for administering the Bingo laws pursuant to Title 5 of the Arizona Revised Statutes. The Unit issues licenses, processes monthly financial reports (returns) and provides customer service to Bingo licensees and patrons.

The Luxury Tax Unit administers the excise tax imposed on tobacco distributors and liquor wholesalers. The Unit is responsible for customer service, licensing, auditing and ensuring that the department is in compliance with the tobacco manufacturers' Master Settlement Agreement. Cigarette distributors pay tobacco taxes by purchasing tax stamps from the department to affix to the cigarettes, thereby reflecting that the tax has been paid. Tax is paid on other tobacco products based on weight. The Unit is also responsible for auditing and providing customer service to liquor wholesalers.

The Nexus Unit is responsible for identifying out-of-state companies and individuals who have an obligation to file tax returns with the State of Arizona. Nexus is the connection required to exist between a State and potential taxpayer such that the State has the constitutional right to impose the tax. The United States constitution limits the State's

right to impose a tax through the Due Process and the Commerce Clause. Non-resident individuals are required to pay tax on all income derived from Arizona sources provided they meet the filing threshold. The unit operates various out-of-state non-filer programs for Transaction Privilege Tax, Corporate Income Tax, and Individual Income Tax. The Unit is also responsible for responding to nexus inquiries and various other nexus programs that identify taxpayers that may have a filing requirement.

The department's Voluntary Disclosure Program is administered by the Nexus Unit. This program consists of taxpayers voluntarily coming forward to file tax returns for Transaction Privilege/Use Tax, Corporate, Partnership, Individual, and Withholding. The program facilitates the process for taxpayers who have determined a filing requirement exists, and therefore, wish to be in compliance with Arizona tax laws.

The Desk Audit Unit is responsible for identifying taxpayers that may have a use tax filing requirement. The Unit receives data from several sources related to taxable transactions and issues the taxpayers a billing or a notice of proposed assessment.

Audit Processing

Audit Processing handles the audit support for all audit operations; TPT Audit, Corporate Income Tax, Individual Income Tax, Bingo, and Special Taxes. The Section keys all of the audit assessments into the system (TAS) and audit data bases, hand stuffs and mails all assessments, opens all mail and correspondence received, maintains all audit files and researches and corrects system issues.

Audit Information Technology (AIT)

The Audit IT Section is made up of tax specialists from the three major tax types, Individual Income Tax, Corporate Income Tax and Transaction Privilege Tax. These personnel have acquired the technical backgrounds in the various software and hardware that the department uses to support the daily functions of the Audit Division. They utilize their tax backgrounds with their IT technical backgrounds to support the large volume of data that the Audit Division needs to perform their function of auditing under the various taxing sections.

The Audit IT Team creates, develops, and supports the various tracking databases which retain all the information on the activities which take place in each of the taxing section. This includes but is not limited to the selection of the audits, the assignment of the audits, and the capturing of the final data of each of the audits.

HIGHLIGHTS IN FISCAL YEAR 2015

Corporate Income Tax Audit Section

- ✓ Assessed over \$40 million.
- ✓ Collected \$19 million.
- ✓ Denied \$25 million in refund claims.
- ✓ Implemented focused audit scopes.
- ✓ Reduced travel costs by adopting an office audit approach versus the traditional field audit.
- ✓ Assisted with efforts to combat fraud.

Individual Income Tax Audit

- ✓ Completed over 73,000 audits for total assessments of \$36 million and collected \$23.6 million in additional revenue.
- ✓ The computer generated assessment (CGA) program continues to be successful with the issuance of over 18,000 audits for total assessments of \$5.5 million.
- ✓ The quality of the initial audit assessment is constantly improving. For the fiscal year, over 94.3% of our initial audit assessments required no additional changes. The goal was to achieve a rate of 89%.
- ✓ In addition to regular duties, IIT staff provided staff to assist in the TPT License Renewal Program. Other staff was dedicated to the Department's Fraud Team which helped to prevent invalid refunds from being issued.

Transaction Privilege and Use Tax Audit

- ✓ Field Audit Unit audited 214 taxpayers, produced 1,811 units, assessed over \$17 million and collected in excess of \$21 million in tax revenue.
- ✓ License Compliance Unit licensed 1,348 new taxpayers and collected over \$66.5 million.
- ✓ Successfully implemented the single audit process under TPT Simplification.
- ✓ Employees from all units worked on various special projects and committees throughout the year for the continuing implementation of TPT Simplification.

Special Programs and Projects

- ✓ The Penalty Review Unit closed 2,479 cases.

Special Taxes

- ✓ The Luxury Tax Unit implemented a new E-file system.
- ✓ The Luxury Tax Unit held a Tobacco Symposium in October 2014, 70 attended.
- ✓ The Luxury Tax Unit assessed \$3 million and collected \$4.7 million this fiscal year.
- ✓ Over 300 taxpayers came forward in the department's Voluntary Disclosure program and approximately 95% were out-of-state companies doing business in Arizona. The Nexus Unit collected approximately \$27.8 million.
- ✓ The Desk Audit Unit collected \$6.1 million from 4,185 audits.
- ✓ The Bingo Unit issued 14 licenses and collected \$507,212 in revenue.

COLLECTIONS

Mission Statement: *To collect delinquent tax liabilities in a fair manner, to promote voluntary compliance through the impartial enforcement of tax laws, and to provide efficient service to the taxpayers of this state.*

Income Collections

After the Accounts Receivable system has completed the prescribed billing cycle, income cases are referred to Income Collections. Collectors attempt to reach account resolution via the telephone and with targeted mailings. Income Collections uses an Automatic Call Distribution (ACD) system to process and handle incoming calls. This system has an Interactive Voice Response (IVR) module that provides automated responses for some basic collections questions such as account balances. Office collectors can request that liens and levies be filed and can negotiate installment payment plans. Cases that cannot be resolved internally (significant liabilities) are reviewed for potential assignment to Business Collections, referrals to the Attorney General's BCE unit or to 3rd party collection agencies.

Business Collections (Business tax cases)

Business Collections is separated into Office and Field Collections. Office collectors are responsible for collection of all business tax types. Office collectors attempt to reach resolution via the telephone. Field collectors are assigned a territory (by ZIP code) and are responsible for all business tax types (mainly large TPT liabilities) in the territory. Field collectors use a combination of telephone and field visits. In addition to recommending lien and levy actions, Field collectors may subpoena records, investigate Offers-in-Compromise, conduct seizures and recommend write off of cases if they are determined to be uncollectible. The objective in Field Collections is to reach closure in the least intrusive manner. Seizure actions are only used as a last resort after all other more reasonable actions have been exhausted.

Administrative Support

Provides support functions for the division. Staff reviews and sorts the mail, responds to correspondence and processes return mail. Support personnel enter Powers of attorney, process fax requests, process levy releases and process certifications of compliance. They also enter payment plan requests into the computer and do additional data entry as needed. They do the maintenance on collection accounts, file and release tax liens, and perform compliance reviews for Letters of Good Standing, Dissolution and Withdrawal. Administrative Support employees also provide courier services to state and county agencies in the performance of their duties.

Debt Set-Off

The area is responsible for the offset of income tax refunds to pay other delinquent taxes and debts owed to other state agencies or courts. The process involves matching data received from other agencies against refund data, notifying participating agencies and taxpayers when matches are made, validating the information, and paying the claims when warranted. The unit's duties also include qualifying agencies and courts for participation in the program and resolving discrepancies as necessary to protect the rights of both taxpayers and claimants.

HIGHLIGHTS IN FISCAL YEAR 2014

- The division was responsible for the generation of total revenues of \$242 million, a \$10 million (4%) increase over prior fiscal year 2014.
- The successful reclassification of all Field personnel positions was accomplished. The reclassification was to adjust compensation based on critical responsibilities, which in turn will improve retention and recruitment of highly qualified personnel.
- FIDM (Financial Institution Data Match) was successfully deployed. This will result in tangible efficiency gains and added revenue in fiscal year 2016.

DIRECTOR'S OFFICE

Human Resources

The Human Resources Office is responsible for managing all strategic and operational aspects of and is the single point of integration within the department for all disciplines of personnel administration. The office also coordinates the customer satisfaction survey improvements and feedback.

Internal Audit

The DOR Internal Audit Unit conducts financial, operational, investigative and consultative reviews. It provides value-added recommendations to assist management in establishing and maintaining a control environment that allows management to achieve the Department's goals and objectives. The Internal Audit Unit's authorization to properly conduct the reviews is applicable to all areas and levels within the department.

Legislative Liaison

The liaison represents the department at the Legislature. The liaison coordinates the analysis, research and testimony of tax legislation, reads, analyzes, and tracks bills through the legislative process; coordinates implementation of legislation after passage. Also acts as the liaison between legislators and the department including handling constituent issues for legislators and the Governor's office, and monitoring federal law changes.

Office of Economic Research and Analysis

The Office of Economic Research & Analysis provides statistical analysis and research services to the department, the Governor's Office, the Legislature and other political subdivisions as well as the private sector. Fiscal impacts, when possible, and analysis are provided for proposals of changes to taxes administered by the department. This Office provides forecasts of general fund revenues from the major three tax types for consideration in the Governor's Budget proposal. Staff support is provided for the Economic Estimates Commission, the Debt Oversight Commission and the Property Tax Oversight Commission. An individual income tax simulation model is maintained to analyze proposed changes to Arizona's individual income tax. The department's annual report tables are prepared by this Office, as well as the Tax

Expenditure Report. Other reports are prepared throughout the year providing statistics and information on various tax types.

Problem Resolution Officer

This position acts as the taxpayer advocate within the department. The Problem Resolution Officer assists taxpayers in obtaining easily understandable tax information and information on audits, corrections and appeals procedures for the department. He receives and evaluates complaints of improper, abusive or inefficient service by employees of the department and recommends to the director appropriate action to correct such service. This officer provides expeditious service to taxpayers whose problems are not resolved through normal channels.

Public Information Officer

This position is the official spokesperson for the department, facilitates the flow of information to the public, and responds to all media contacts and inquiries.

Quality Office

The Quality Office coordinates the strategic planning efforts of the department with programs focusing on agency-wide quality initiatives. Included in these initiatives are benchmarking studies.

HIGHLIGHTS IN FISCAL YEAR 2015

- ✓ The Office of Economic Research and Analysis accomplished several things over the fiscal year. These include:
 - ✓ Identified errors and requested corrections to the minimum school tax rate calculation per § 15-992 that resulted in a savings of \$7.5 million to the state general fund to aid in school financial assistance
 - ✓ Updated the Individual Income Tax simulation model for tax years 2009 and 2012
 - ✓ Approved 174 corporate donations for the Corporate Income Tax Credit for Donations to School Tuition Organizations
 - ✓ Approved 35 corporate donations for the Corporate Income Tax Credit for Donations

- to School Tuition Organizations for Disabled/Displaced Student Scholarships
- ✓ Approved 70 new organizations as Qualified Charitable Organizations and 6 new organizations as Qualified Foster Care Charitable Organizations for purposes of the Credit for Donations made to Qualifying Charitable Organizations
- ✓ Recertified 559 organizations as Qualified Charitable Organizations and 23 organizations as Qualified Charitable Foster Care Organizations for purposes of the Credit for Donations made to Qualifying Charitable Organizations
- ✓ Issued 645 Certificates of Eligibility for the Health Insurance Premium Tax Credit to individuals and small businesses
- ✓ Approved 20 Renewable Energy Production Tax Credit applications.
- ✓ The Human Resources Unit, through strategic partnerships and networking, saved the Agency over \$25,000 in advertising costs.
- ✓ The department, through the Human Resources Unit, was presented with a plaque from the Office of the Secretary of Defense for “Patriotic Employer” for contributing to the hiring and employee participation of National Guard and Reserve Forces.
- ✓ The Human Resources Unit analyzed all Employee Survey data for FY2015, prepared booklet summaries and presented the results to the agency leadership team.
- ✓ The Problem Resolution Office responded to 10,274 emails during the fiscal year.

INFORMATION TECHNOLOGY

Mission Statement: *The IT Division provides the department with an integrated technology environment and automated business processes which allow for timely, efficient, and secure transfer of information to employees, taxpayers, and other agencies.*

The IT Division provides technology and services to all Divisions. All teams in the Division strive to continually improve processes, tools, and standards in order to provide improved service to our internal customers and the Arizona taxpayers.

Applications Support

Application Services is responsible for providing both software development and application support services to all Divisions. This section provides operational support and maintenance services for all department tax processing systems including: Taxpayer Administration System (TAS), electronic filing (MEFile), Data Entry, Cashier and Remittance, and Property and Audit mainframe applications. The section also ensures system scheduling and processing services are completed successfully as well as supports, manages, and monitor the tax systems infrastructure, application services and more than 200 system and inter-agency interfaces.

Managed Services Group

The Managed Services Group (MSG) acts as a liaison between IT and the functional areas within DOR (Collections, Audit, Taxpayer and External Services, etc.). MSG administers all System Investigation Reports (SIRs) and ensures requests are properly tracked and prioritized. MSG is responsible for establishing policies, standards, methodologies, and guidelines pertaining to business requirements gathering and application testing, and the Help Desk. MSG works closely with the functional areas to better understand their business and IT requirements and seek ways to improve efficiencies through the use of application technology. MSG is responsible for testing all software applications prior to deployment, which includes implementing changes or fixes to new and existing applications.

Technical Services

The Technical Services teams consist of the Server and Engineering, Data Administration, and Data Center Operations.

Information Security

Information Security (InfoSec) ensures a sound security program is in place throughout the department, with the primary focus of protecting the information and systems based upon governance and security best practices. The InfoSec Program includes: ensuring compliance to policy and regulatory mandates, managing risks and vulnerabilities in accordance with NIST800-53 and IRS Pub 1075, participating in Vendor Oversight Committee Audits employing BS27001, coordinating/performing InfoSec Forensic activities, as well as assisting and reviewing information security policy standards and procedures, and providing Employee Awareness of Information Security.

Business Solutions Group

The Business Solutions Group (BSG) is responsible for information technology governance and project management.

The Project Management Office is responsible for establishing, maintaining and enforcing project management processes, procedures, and standards for IT projects. It also leads the governance of top tier business leaders.

Vendor Management Office

The Vendor Management Office (VMO) is responsible for building and managing relationships with the department's IT suppliers and service providers to increase customer satisfaction, reduce cost, and improve services. The primary goal of the VMO is to partner with vendors, not only to negotiate the best terms possible, but to gain commitment to assist and support operations of the department.

HIGHLIGHTS IN FISCAL YEAR 2015

- Supported a new processing record of more than 2.3 million electronically filed individual income tax returns.
- Installed and maintained the Tobacco Electronic Filing and Tobacco Stamp System (ARS § 42-3053) in support of Tobacco Master Settlement compliance management.
- Researched, purchased, trained and implemented multiple information security investments to sustain taxpayer data protection.
- Managed lifecycle upgrades to business applications, servers, databases and other operating environments to assure services.
- Addressed critical legislative mandate from the legislative session regarding Page 2 Data Capture for individual income returns (ARS §41-714 Automation Fund).
- Supported the receipt of 5.7 million tax documents for the main four tax types.

PROCESS ADMINISTRATION

Mission Statement:

The mission of the Process Administration Division is to provide quality service by processing all tax returns and payments accurately and timely for Arizona taxpayers.

The Process Administration Division serves as the catalyst and cornerstone of the Department of Revenue. The Division is responsible for the initial processing of all tax returns, remittances, supporting documentation received by the Department. This includes opening, sorting, and reviewing all returns and accompanying mail, performing archival capture functions, remittance deposit preparation, and data entry into the computer systems. These functions are performed using both manual input of documents and imaging technologies. The division processes over five million returns and remittances each year. Individual departments' roles and responsibilities are defined below.

Processing Services

Document Staging is responsible for the opening, batching and processing of tax documents for the largest four tax types: Individual Income, TPT, Withholding, and Corporate and a few of the smaller tax types; i.e., Tobacco, Liquor, and Bingo. Document Processing is responsible for batching documents and identifying any documents missing proper information prior to data being entered for all taxes.

DOR Treasury

Treasury is responsible for processing taxpayer payments and entering taxpayer data using several different computer systems.

Error Resolution

Error Resolution, which includes the Review unit, is responsible for ensuring accuracy in the processing of returns and payments for the largest four tax types.

Revenue Accounting

Revenue Accounting is responsible for providing financial services for the Department. This includes

the reconciliation and reporting of tax dollars deposited to the State's financial institution, revenue and taxpayer accounting services, including accounts receivable management and refund/warrant management.

Records Management:

Records Management is responsible for the filing, maintaining, storing and disposal of all tax documents as well as providing access to tax returns and license applications within the department. Records Management is also the source of assistance when developing customized records retention and disposition schedules for the department.

HIGHLIGHTS IN FISCAL YEAR 2015

- The Process Administration Division along with the Taxpayer and External Services Division implemented a new Cashier system. The new system electronically deposits taxpayer checks to the bank the same day they are processed so the State can use the funds to invest, pay bills, earn interest, and distribute revenues to other government agencies, including counties, cities, and state agencies. The electronic storage feature of the new system allow users in TES, Audit, and Collections to research payments on their own without the need to request check images from the bank. Additionally, this upgrade mitigated the increasing risk of potential system failure due to the age of the previous Cashier system.
- Received and processed 5.7 million tax documents for the main four tax types.
- Received, processed, and deposited 4.1 million payments with an average deposit time of 0.71 days.
- Issued 2.0 million refunds to individual income taxpayers with an average turn-around time of 10.22 days.

PROPERTY TAX

MISSION STATEMENT: *To ensure fair and uniform property values for Arizona taxpayers.*

The Property Tax Division is responsible for general oversight of the 15 county assessors in the administration of Arizona's property tax laws and for the valuation of complex, geographically dispersed properties.

Assessment Procedures and Forms Team

The Assessment Procedures Team oversees and ensures the application of uniform appraisal methods and techniques used by county assessors to determine the value of locally assessed property. The Team also presents technical workshops and assistance to county assessor appraisal staff. The Forms Team is responsible for updating forms prescribed for use in the administration of the property tax system.

CAMA / Construction Cost Team

The Computer-Assisted Mass Appraisal (CAMA) and Construction Cost Team maintains the Add-On Component Costs as well as the Residential and Commercial Depreciation schedules in order to promote the use of uniform costs throughout the State when counties value property using the cost approach. The Team also provides training and assistance for county appraisers in the use of the cost and market approaches to value, including sales based valuation models.

Centrally Valued Properties Team

The Centrally Valued Properties (CVP) Team annually determines the full cash value of all utilities, railroads, mines and other complex or geographically dispersed properties. Values determined for such properties, with the exception of flight property and private rail cars, are transmitted to the appropriate county assessors for collection of property taxes through the county treasurers. The department collects taxes levied on flight property and private rail cars and deposits the taxes with the State Aviation Fund and the General Fund, respectively.

Equalization Team

The Equalization Team is responsible for annually measuring county assessor performance for compliance with established full cash/market value standards. The Team conducts sales ratio studies

throughout the yearly valuation cycle to assist counties in complying with valuation standards.

GIS/Annexations Team

The GIS/Annexation Team assists county assessors with maintaining and updating a standardized cadastral mapping system. The Team prepares tax area code maps that depict boundaries of taxing jurisdictions authorized to levy property taxes. The Team also reviews annexation documents from local taxing jurisdictions to make sure the documentation meets State standards.

Manuals Team

The Manuals Team is responsible for producing and updating manuals and guidelines. The Team also reviews legislative enactments and changes to existing property tax statutes, and prepares an extract of the property tax statutes found in Title 42.

Personal Property Team

The Personal Property Team oversees the development and application of personal property valuation procedures and manuals, and provides technical workshops to county personnel.

Systems Development Team

The Systems Development Team coordinates the data processing services necessary to support property tax administration. The support services provided include management of automated systems used in the preparation of assessment and tax rolls, the preparation of valuation abstracts, property tax notices of value and statements of taxes due. The Team verifies County Property Tax Rates, including Additional State Aid to Education calculations.

HIGHLIGHTS IN FISCAL YEAR 2015

- The Assessment Procedures Team handled four property tax appeals for the 2015 tax year as the result of conflicts of interest in a county assessor's office. All of the appeals involved administrative level appeals to the Assessor and the Board of Equalization. One of the appeals progressed to superior court, one was settled, one was reduced at the Board of Equalization and the Department prevailed on behalf of the county in one case.

- The Centrally Valued Property Team valued approximately 860 taxpayers totaling \$38.9 billion in full cash value. There were 30 taxpayers (approximately 3%) who appealed their values to the department in the first level of appeal; four taxpayers went on to file petitions with the State Board of Equalization. Of those four petitions, one was withdrawn and three were heard before the Board. The Board decided in favor of the Department in two cases and reduced the value of one property.
- The Forms Team reviewed and updated 27 property tax forms. The update included a complete revision of tax roll correction forms to incorporate statutory changes. The Team also updated return forms, instructions and tax rate charts for use with the Government Property Lease Excise Tax (GPLET) program for the 2014 tax year.
- The GIS/Annexations Team processed a total of 420 Resolutions and Ordinances. Taxing jurisdictions are required to notify the Department each time they annex property within their existing district. The Team reviews each annexation document to verify that all the information is provided to meet minimum state standards. Research is also done to determine the new tax area code(s) for each annexation. The tax area code(s) number is then forwarded on to appropriate centrally valued property (CVP) taxpayers. Tax area codes are important because it's a standard by which most CVP taxpayers report their values to the Department.
- The Training and Certification Team provided training to 45 students participating in Provisional courses, 41 students attending Level 1 certification courses and 17 students attending Level 2 certification courses in the DOR Appraiser Training and Certification program this year. After completing 18 months of work experience, or the equivalent toward work experience, a total of 54 students received their Level 1, Level 2 or Level 3 certification during the fiscal year.
- The Property Tax Division continued its partnership with Rio Salado Community College this fiscal year. The partnership allows students attending DOR appraiser training courses to receive nine semester hours of college credit for completing Level 1 courses and six additional semester hours of credit for Level 2 courses. A total of 36 students completed the Level 1 series of courses and 18 students completed the Level 2 series in the Rio Salado program this fiscal year.
- The Personal Property Team conducted five personal property workshops throughout the state, providing continuing education via training on topics related to legislative updates, mobile home valuation and improvements on possessory rights. The Team also traveled to two counties to give presentations on the square foot method of valuing mobile homes. Work to deliver depreciation tables electronically to the 15 counties has also begun.
- The Sales Affidavit Team processed a total of 138,580 affidavits of real property value. Affidavits are required to be filed in most instances when there is a transfer of ownership of property. The county assessor forwards a copy to the Department for processing. The Team also published the Sales Ratio Summary based on the sales price taken from the affidavit.

TAXPAYER AND EXTERNAL SERVICES

Mission Statement: *To meet the needs of our customers in a professional manner, with the highest standards of integrity.*

Community Outreach Resources and Education (CORE)

Community Outreach Resources and Education provides the department's outreach and education program for taxpayers and tax practitioners. CORE's primary goal is to promote voluntary compliance with tax laws through education. CORE continues to work with the Internal Revenue Service, other federal, state, and local agencies, and Small Business Development Centers, as well as the Arizona Commerce Authority and other business associations to strengthen its outreach efforts and audience scope.

CORE continues to coordinate state tax training for the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. VITA and TCE sites provide free tax preparation services for low income, elderly and non-English speaking populations.

This section is responsible for the creating and maintaining the department's publications as well as preparing the Annual Report.

Criminal and Civil Investigations

The Criminal and Civil Investigations Section includes the Tobacco Enforcement Unit and the Criminal Investigations Unit. The Tobacco Enforcement Unit enforces the tobacco luxury taxes by educating retailers and wholesale suppliers, inspecting tobacco products for compliance with tax stamp requirements and seizing products that are not being sold legally in Arizona. The unit also investigates criminal activity, such as the importation and sale of counterfeit tobacco products. The Criminal Investigations Unit investigates tax evasion, improper or fraudulent tax activity by both taxpayers and preparers, and other related issues. Both units work with other law enforcement organizations to prosecute tax-related crimes.

Electronic Services (e-Services)

Electronic Services (e-Services) provides the technical aspect to customer services. This work is carried out by focusing on two work flows: 1.

Focusing on internal customer needs by supporting and maintaining system readiness and usability for demographic aspects of the tax system and online filing websites for most tax types, and bulk filing; and 2. Creating new functionalities so we can streamline processes and increase efficiencies to benefit all internal and external customers.

Forms

This unit is responsible for designing and printing all official department forms, except Property Tax related forms, and review and approval of all substitute forms used by software vendors in preparing Arizona tax returns.

License and Registration (L&R)

The License and Registration section provides assistance to taxpayers, business owners, corporate officers, tax practitioners, companies and other representatives who wish to conduct business within the State, to obtain required licensing, make payments to the State or to purchase tobacco stamps.

The L&R customer service team (CS) is responsible for assisting this group of constituents when they visit one of the three department locations. The CS team provides education and assistance with establishing and securing a Transaction Privilege Tax License, a Withholding Registration or a Use Tax Certificate. Additionally, the CS team provides education and assistance by responding to general inquiries regarding notices or taxes and they also collect and post payments made to the State.

The L&R maintenance unit (MU) is responsible for assisting the same group of constituents when they call into the license and registration or bond lines. The unit is also responsible for working and resolving all mailed in correspondence regarding licenses or registration, including applications, signature cards and business updates. The maintenance unit provides education and assistance with establishing and securing a Transaction Privilege Tax License, a Withholding Registration or a Use Tax Certificate. Moreover, the maintenance unit administers the bond program, solar registration program and portions of the tobacco stamp program. The team is responsible for providing specialized education, assistance and

support to companies in these unique lines of business and other department units. Additionally, the unit provides maintenance support to customers and other department units by researching and resolving the most complicated account license, registration or bond problems.

Taxpayer Information and Assistance (TIA)

The mission in Taxpayer Information and Assistance is to provide exceptional service in an effective, efficient and fair manner for all our customers. Customers include taxpayers who report their own personal income tax, tax practitioners, certified public accountants, enrolled agents, attorneys, payroll service companies, business owners and corporations. TIA is also contacted by staff from local state representatives' offices and the governor's office for assistance in resolving matters brought to their attention by their constituents.

Means of contacting TIA are by telephone, written correspondence, email, and walk-in service. Calls are received through three published primary telephone lines as well as two tax practitioner telephone hotlines to obtain expedited service. Email is received through the department's two websites: azdor.gov and AZTaxes.gov. Walk-in service is available at two locations, Phoenix and Tucson.

TIA provides a wide range of assistance to the taxpayer community, answering general questions, researching and resolving refund and billing disputes, assisting with account reconciliation, answering tax code questions, providing statutory reference, offering guidance and instruction on tax form preparation, assisting with registration and licensing of a new business and changes to existing licenses. The administrative support team processes Power of Attorney (POA) forms and delivers professional and courteous guidance to the walk-in customers at the lobby reception desks in Phoenix and Tucson.

TIA takes a positive approach and makes every effort to educate our customers about their tax requirements and helps them understand what to expect when they register their business or file their tax return. During this fiscal year we've had significant changes to business tax and internal processes and with limited resources this has impacted our ability to resolve taxpayer disputes and meet the demands of our taxpayers in a timely

fashion. As a result, our agent satisfaction rating has declined from 86% to 67%. However, our goal for the future is to improve services and increase customer satisfaction.

HIGHLIGHTS IN FISCAL YEAR 2015

- CORE partnered with several contracting industry/associations to educate taxpayers with the new contracting statutes. Attendance drew over 6,000 attendees at 121 classes.
- CORE continued partnerships with the cities of Phoenix, Mesa, Scottsdale, Prescott, Flagstaff, Tucson and Chandler to present joint state-city TPT workshops. CORE also communicated to city staff updates to the TPT Simplification program.
- CORE also partnered with staff internally to deliver training to employees on TPT Simplification-related processes – educating over 300 employees at nine classes.
- CORE launched the Department's social media presence by creating Facebook and Twitter pages in May 2015. LinkedIn presence grew 62% to end the year with 588 followers. With the assistance of the City of Chandler recording one of the department's contracting classes, we were able to create our YouTube channel. This channel allows training to taxpayers 24/7 and had 24 subscribers and over 3,500 views. Also the department's Facebook page averaged 10 visitors per day.
- The Criminal Investigation Unit stopped nearly \$70 million in fraudulent refunds.
- The Tobacco Enforcement Unit conducted over 3,000 inspections throughout Arizona and the Navajo nation.
- The License and Registration Unit processed 45,639 applications with an average turnaround time of 5.0 days. After the implementation of a Lean Initiative in April of 2015 to streamline the license process, the turnaround time dropped to 2.2 business days with 94.5% completed within 1 business day. Of the 45,639 applications completed 59% were completed via AZTaxes.gov. The team also processed another 13,749 account update and maintenance requests.
- The L&R unit, aided by resources throughout the department, completed the first annual TPT

renewal as required by HB 2389. The unit completed approximately 120,000 renewal and maintenance forms on accounts located in the program cities.

- Additionally, the License and Registration Maintenance Unit (MU) answered 25,806 calls, responded to problem resolution issues and emails, processed 1,567 taxpayers bonds totaling nearly \$15 million and collected another \$85,676 in delinquencies. Finally, the Customer Service (CS) team assisted more than 10,000 walk-in customers over the counter and cashiered over \$562 million in payments.
- Taxpayer Information and Assistance accomplishments include:
 - ✓ Answered 386,538 calls.
 - ✓ Replied to 7,463 emails.
 - ✓ Assisted 37,139 customers at the lobby windows.
 - ✓ Assisted 10,645 customers at the TIA walk-in offices.
 - ✓ Responded to 12,655 Tax Practitioner Hotline inquiries.
 - ✓ Responded to 16,501 written inquiries.
 - ✓ Processed 11,964 Power of Attorney forms.
 - ✓ Answered 1,758 switchboard calls.

TAX POLICY AND RESEARCH

The Division provides administrative tax policy for the department, legal and interpretive support, case resolution and advocacy for the various divisions within the department. The division also acts as liaison to the Attorney General's Tax Section and coordinates the defense of litigation with the Tax Section attorneys. The division provides additional support to the director on an as-needed basis, including services in the area of protecting taxpayer confidentiality and privacy and also reviews all requests for public records. The division consists of Corporate Appeals, Individual Income Appeals, Transaction Privilege Tax Appeals, and the Tax Research & Analysis Section.

Tax Research & Analysis

The Tax Research & Analysis Section reviews, analyzes, develops and disseminates administrative tax policy for the department. The section also researches questions presented by other sections within the department, the Governor's office, and the Legislature. The section is responsible for drafting substantive policy statements (rulings and procedures), as well as private taxpayer rulings. The section also responds to technical and complex inquiries by telephone and issues taxpayer information letters. The section is responsible for maintaining consistency in interpretation of policy and interpretation within the department.

The section reviews and analyzes legislation, assists the department in setting tax policy, and develops and promulgates administrative rules. Additionally, the section provides policy support for the Audit Division and provides guidance and interpretative advice to other divisions within the department.

Tax Appeals

The office consists of three appeals sections: Transaction Privilege & Use Tax, Corporate Income Tax and Individual Income Tax.

The Transaction Privilege & Use Tax (TPT) Appeals Section is headed by the department's General Counsel and includes the TPT Protest unit. TPT Appeals assists the Transaction Privilege and

Use Tax Audit Section with case refinement and resolution services at the informal hearing as well as advocating the audit section's position in cases before the State Office of Administrative Hearings (OAH), the department's Hearing Office, and the director. It also represents the department at OAH in matters involving other issues, such as tobacco, luxury tax, and administrative determinations. The section also assists the Tax Section of the Attorney General's Office with preparation of cases being heard before the Board of Tax Appeals, Tax Court and the appellate courts.

The Corporate Income Tax Appeals Section reviews cases from the Corporate Income Audit Section and provides case refinement, resolution and advocacy services for those cases. The section works hand-in-hand with the Corporate Audit Section, represents the Corporate Audit Section in informal hearings, before the Hearing Office, and before the director. The section also assists the Tax Section of the Attorney General's Office with preparation and research of cases being heard before the Board of Tax Appeals, Tax Court and the appellate courts. In addition, staff testifies at various levels of the appeals process. The section provides interpretative advice to the Corporate Income Audit staff.

The Individual Income Tax Appeals Section reviews cases from the Individual Income Audit Section and provides case refinement, resolution and advocacy services for those cases, and represents the Individual Income Audit Section before the Hearing Office and before the director. The section also provides interpretative advice to the Individual Income Audit Staff. The section also assists the Tax Section of the Attorney General's Office with preparation and research of cases being heard before the Board of Tax Appeals, Tax Court and the appellate courts. In addition, the staff testifies at various levels of the appeals process.

ARIZONA'S TAXES

Revenue Summary (Table 1)

Net Revenue to State General Fund (Table 2)

Gross Collections of Audit Assessments and Delinquent Tax (Table 3)

Transaction Privilege, Use and Severance Tax

Income Tax

Property Tax

**TABLE 1
REVENUE SUMMARY
GROSS REVENUE COLLECTED
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15**

SOURCE	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
TRANSACTION PRIVILEGE USE AND SEVERANCE TAX					
Distribution Base	\$1,493,036,999	\$1,569,903,646	\$1,644,471,588	\$1,750,515,866	\$1,836,707,857
Nonshared Portion	2,719,128,171	2,852,297,332	2,994,447,622	3,186,969,414	3,285,088,928
Use Tax	229,250,912	263,724,399	257,899,313	235,984,933	281,143,731
Education Tax	514,345,951	542,394,529	567,824,410	601,853,602	626,400,822
Temporary Tax (4)	835,801,251	912,966,857	965,620,521	8,422,920	1,760,338
Undistributed Estimated					
Transaction Privilege Tax	36,915,698	20,235,301	(25,356,945)	(25,642,747)	62,907
Other State Revenue	25,467,086	23,913,439	32,116,438	41,685,649	44,364,312
County and City Collections	1,097,227,224	1,145,303,425	1,223,217,366	1,303,960,087	1,375,048,446
Subtotal	\$6,951,173,293	\$7,330,738,929	\$7,660,240,313	\$7,103,749,724	\$7,450,577,341
INCOME TAX					
Withholding	\$3,234,666,688	\$3,343,314,942	\$3,459,818,705	\$3,580,656,587	\$3,699,577,473
Individual	867,110,332	1,027,389,330	1,170,646,638	1,131,388,277	1,297,323,652
Corporate	659,266,690	758,413,453	755,002,081	705,730,762	788,991,384
Subtotal	\$4,761,043,709	\$5,129,117,725	\$5,385,467,424	\$5,417,775,626	\$5,785,892,509
LUXURY TAX					
Spirituos Liquor	\$28,202,704	\$31,847,105	\$32,184,954	\$33,588,102	\$33,963,657
Vinous Liquor	13,596,155	15,430,577	15,155,547	15,583,934	15,624,518
Malt Liquor	21,566,369	21,101,489	21,343,360	21,974,061	21,682,060
Tobacco - All Types (1)	340,754,224	337,777,289	331,347,184	327,788,207	331,926,341
Licensing	7,710	7,925	7,825	8,198	6,775
Subtotal	\$404,127,163	\$406,164,385	\$400,038,871	\$398,942,502	\$403,203,351
ESTATE TAX					
Estate (3)	\$437,372	\$200,825	\$0	\$0	\$0
Unclaimed Property	121,263,602	115,160,041	131,397,401	113,119,156	126,763,806
Escheated Estates	370,786	186,322	327,961	649,079	736,221
Subtotal	\$122,071,760	\$115,547,188	\$131,725,361	\$113,768,235	\$127,500,027
OTHER REVENUES					
Bingo	\$504,905	\$508,145	\$519,998	\$521,583	\$507,212
Flight Property Tax	9,673,124	10,585,261	7,375,052 (5)	12,974,652 (5)	9,727,092
Private Car Tax	1,283,026	1,065,773	3,698,193 (5)	(1,061,682) (5)	3,484,442
Nuclear Plan Assessment	1,812,420	1,782,028	2,153,517	----- (6)	4,673,096
Waste Tire	8,155,363	8,518,868	8,732,325	9,009,694	8,906,743
Subtotal	\$21,428,838	\$22,460,074	\$22,479,086	\$21,444,247	\$27,298,585
TOTAL (2)	\$12,259,844,763	\$13,004,028,301	\$13,599,951,055	\$13,055,680,334	\$13,794,471,813

(1) Figures represent gross tobacco revenue less administrative expenses.

(2) All revenues collected by the Department of Revenue, including those which are later refunded or distributed.

(3) Arizona's estate tax was effectively repealed January 1, 2005, following the elimination of the Federal State Death Tax Credit by Congress.

(4) On May 18, 2010, voters approved Proposition 100 which temporarily increased the state transaction privilege and use tax rates on most transactions by one percentage point beginning June 1, 2010, and ending May 31, 2013.

(5) In FY13, \$2,473,651.23 of the money deposited into Private Car Tax should have been deposited into Flight Property Tax.

A correcting transfer was made in FY14.

(6) The Nuclear Plan Assessment revenue was received after the final deposit for FY14.

For additional detail on the current year revenue, please refer to the appropriate section within this report.

Figures may not add to total due to rounding.

TABLE 2
NET REVENUE TO STATE GENERAL FUND
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

SOURCE	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Transaction Privilege, Use, and Severance Tax	\$3,463,327,544	\$3,657,481,499	\$3,819,525,185	\$4,026,707,269	\$4,199,713,199
Undistributed Estimated Transaction Privilege Tax	8,215,241	17,366,617	(21,908,400)	(25,642,747)	62,907
Income Tax	2,949,887,110	3,284,084,523	3,514,487,484	\$3,445,061,022	\$3,783,445,387
Luxury Tax	53,599,408	56,357,085	56,184,596	58,711,664	56,746,947
Estate Tax (1)	437,372	200,825	-----	-----	-----
Unclaimed Property	49,120,855	45,819,445	60,899,609	49,165,753	54,034,910
Bingo	504,905	508,145	519,998	521,583	507,212
Private Car Tax	1,283,026	1,065,773	3,698,193 (2)	(1,061,682) (2)	3,484,442
Nuclear Plan Assessment	1,812,420	1,782,028	2,153,517	----- (3)	4,673,096 (3)
Total	\$6,528,187,881	\$7,064,665,940	\$7,435,560,183	\$7,553,462,862	\$8,102,668,100

(1) Arizona's estate tax was effectively repealed January 1, 2005, following the elimination of the Federal State Death Tax Credit by Congress.

(2) In FY13, \$2,473,651.23 of the money deposited into Private Car Tax should have been deposited into Flight Property Tax.

A correcting transfer was made in FY14.

(3) The Nuclear Plan Assessment revenue was received after the final deposit for FY14.

Figures may not add to total due to rounding.

TABLE 3
GROSS COLLECTIONS OF AUDIT ASSESSMENTS AND DELINQUENT TAX
FISCAL YEAR 2013-14 AND FISCAL YEAR 2014-15

GROSS COLLECTIONS	FY2013-14	FY2014-15	% CHANGE
Collections	\$232,213,615	\$242,000,155	4.2%
Audit	\$169,753,549	\$173,815,515	2.4%
Accounts Receivable	\$152,861,783	\$150,495,968	-1.5%
TOTAL GROSS COLLECTIONS	\$554,828,947	\$566,311,638	2.1%
ADJUSTMENTS (1)			
Duplication, Credit Audits and Other Adjustments As Reported	\$29,273,937	\$25,796,817	-11.9%
TOTAL ADJUSTED NET ENFORCEMENT COLLECTIONS (2)	\$525,555,010	\$540,514,821	2.8%

(1) Audits resulting in credit adjustments are subtracted to produce an actual figure representing the net gain to the state from the Audit Division's efforts.

(2) Actual amounts resulting from the department's enforcement effort.

TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX

MAJOR FEATURES

Arizona's transaction privilege, use and severance taxes are imposed on the privilege of transacting business in the state.

During fiscal year 2015, the state tax rates range from 2.5% to 6.6% depending on the type of business, with most rates at 5.6% (*Refer to Table 5*). Gross revenue exceeding \$7.4 billion was remitted by Transaction Privilege, Severance and Use Tax license holders during fiscal year 2015 (*Refer to Table 4*).

On May 18, 2010, voters approved Proposition 100 which temporarily increased the state transaction privilege and use tax rate on most transactions by one percentage point beginning June 1, 2010 and ending May 31, 2013.

SEVERANCE TAX

A severance tax is imposed in lieu of a transaction privilege tax on the businesses of mining metalliferous minerals. The severance rate is 2.5% on mining metalliferous minerals (*Refer to Table 5*).

DISTRIBUTION

The transaction privilege tax creates a tax base that is divided into two parts, distribution base and non-shared. The distribution base portion is divided among municipalities (25%), counties (40.51%), and the state general fund (34.49%). The non-shared portion is deposited directly to the state general fund (*Refer to Tables 7 and 8*). Use tax is deposited only to the state general fund.

USE TAX

Use tax is imposed on the purchase price of tangible personal property when a transaction privilege tax equal to or greater than the Arizona rate was not paid. A use tax collection responsibility is imposed on retailers whose activities in the state are insufficient to require them to pay transaction privilege tax but are nonetheless substantial enough to fall outside the protective umbrella of the United States Constitutional provision governing interstate commerce. Firms without nexus may also voluntarily collect use tax for the benefit of their customers.

MUNICIPAL PRIVILEGE AND USE TAX

The department collects transaction privilege and use tax for 76 Arizona cities and towns at no charge to the municipalities. This is a service to the cities and to the taxpaying community who are able to combine their reporting requirements on a single form and payment to a single governmental entity. Weekly distributions to the cities are processed after the department collects the local taxes (*Refer to Tables 26 and 27*).

COUNTY TAX AND SURCHARGE COLLECTION

All fifteen counties in Arizona levy some type of county tax or surcharge (*Refer to Table 4*). These taxes or surcharges are collected by the department. The rental car surcharge is imposed only in Maricopa and Pima Counties. A tax on hotels located in unincorporated areas of the county is levied in Pima County.

Of the fourteen counties with statutory authority to impose a general excise tax, only thirteen do so. By statute, Maricopa County may not impose an excise tax. Although subject to voter approval, any county may levy a transportation excise tax or road tax. Only five counties, Coconino, Gila, Maricopa, Pima, and Pinal, do so.

The other types of county excise tax options are a hospital tax, a jail tax, capital projects, and health services district.

**TABLE 4
GROSS TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15**

SOURCE	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Distribution Base	\$1,493,036,999	\$1,569,903,646	\$1,644,471,588	\$1,750,515,866	1,836,707,857
Nonshared	2,719,128,171	2,852,297,332	2,994,447,622	3,186,969,414	3,285,088,928
Use Tax	229,250,912	263,724,399	257,899,313	235,984,933	281,143,731
SUBTOTAL	\$4,441,416,082	\$4,685,925,377	\$4,896,818,522	\$5,173,470,213	5,402,940,516
Education Tax	\$514,345,951	\$542,394,529	\$567,824,410	\$601,853,602	626,400,822
Temporary Tax (2)	835,801,251	912,966,857	965,620,521	8,422,920	1,760,338
Temporary Tax Estimated Payment	28,700,457	2,868,684	(3,448,544)	-----	-----
Undistributed Estimated Payment	8,215,241	17,366,617	(21,908,400)	(25,642,747)	62,907
Telecommunications Devices	6,452,762	4,857,379	4,587,729	4,865,666	4,852,778
911 Excise	16,606,135	16,481,762	16,425,768	17,109,403	15,959,537
911 Prepaid Wireless					1,891,140
Municipal Water	2,377,136	2,545,748	2,427,127	2,428,062	2,455,869
Nursing Facility Assessment (4)	-----	-----	8,673,285	17,262,306	19,064,855
Waste Tire Accounts Receivable Collections	31,053	28,550	2,529	20,212	140,133
GROSS STATE COLLECTIONS	\$5,853,946,069	\$6,185,435,504	\$6,437,022,947	\$5,799,789,636	\$6,075,528,895
Municipal Privilege Tax	\$450,148,563	\$466,896,627	\$506,978,968	546,725,301	583,920,974
Apache County Excise Tax	1,052,062	1,189,314	1,115,268	1,308,856	1,213,088
Cochise County Excise Tax	6,951,160	6,891,804	6,997,151	6,928,647	7,102,794
Coconino County Excise Tax	11,110,639	11,297,308	11,666,641	12,245,309	13,418,497
Coconino County Jail Tax	11,101,630	11,295,614	11,660,897	12,243,833	13,414,793
Coconino County Capitol Projects Tax	2,773,896	2,814,563	2,913,345	3,058,840	1,301,271
Coconino County Road Tax					2,973,234
Gila County Excise Tax	2,690,335	2,779,139	2,899,476	3,045,271	2,830,513
Gila County Road Tax	2,766,830	2,879,485	3,005,463	3,131,228	1,809,066
Gila Road Extension Tax					1,131,853
Graham County Excise Tax	1,682,449	1,798,603	1,957,102	2,130,788	1,937,227
Greenlee County Excise Tax	1,281,394	1,495,734	2,088,094	2,345,102	1,491,594
La Paz County Excise Tax	1,025,763	1,120,855	1,131,747	1,165,099	1,150,267
La Paz County Jail Tax	1,025,659	1,120,853	1,131,743	1,165,098	1,150,262
La Paz County Health Services District (3)	(7)	21	32	26	6,641
La Paz County Judgment Tax	-----	590,955	1,112,052	2,215,639	2,217,941
Maricopa County Road Tax	859,919	178,724	(93,903)	(127,766)	(144,505)
Maricopa County Road Tax Extension	308,374,052	323,991,403	341,670,551	365,688,468	382,335,381
Maricopa County Stadium Tax (3)	252	174	1	6	41
Maricopa County Jail Tax	111,547,857	117,547,456	124,019,899	133,581,417	140,021,448
Maricopa County Rental Car Surcharge	4,971,979	5,191,681	5,254,869	5,387,697	4,906,997
Mohave County Excise Tax	5,710,609	5,396,008	5,747,761	6,263,993	6,337,181
Navajo County Excise Tax	5,889,027	6,246,077	6,239,089	6,667,433	6,674,867
Pima County Hotel Tax	5,590,968	6,311,778	6,030,600	6,290,212	6,160,652
Pima County Rental Car Surcharge	1,372,901	1,463,761	1,398,973	1,389,855	1,384,095
Pima County R.V. Surcharge	164,805	145,559	136,195	121,726	137,298
Pima County Road Tax	64,540,737	67,504,860	70,893,757	72,390,485	74,197,062
Pinal County Excise Tax	12,032,993	12,449,204	12,761,984	13,594,230	13,936,172
Pinal County Health Services District	2,401,515	2,468,346	2,541,837	2,713,674	2,778,759
Pinal County Road Tax	12,561,088	12,952,327	13,300,223	14,110,597	14,450,578
Santa Cruz County Excise Tax	2,571,487	2,646,194	2,595,978	2,685,361	2,504,647
Santa Cruz County Jail Tax	2,609,373	2,641,677	2,594,044	2,684,802	2,503,979
Yavapai County Excise Tax	11,703,512	12,400,793	13,308,847	14,145,870	14,951,596
Yavapai County Jail Tax	5,850,290	6,199,337	6,653,214	7,072,702	7,474,794
Yuma County Excise Tax	10,761,578	11,230,569	11,610,142	11,710,103	11,857,358
Yuma County Jail Tax	10,761,452	11,230,580	11,610,076	11,710,110	11,859,175
Yuma County Capitol Projects Tax	37,106	18,947	16,966	3,243	13,600
Yuma County Health Services District	2,138,596	2,235,486	2,311,386	2,526,105	2,427,008
Sports & Tourism Authority	21,164,757	22,681,609	27,956,898	25,640,725	31,210,248
COUNTY AND CITY COLLECTIONS	\$1,097,227,224	\$1,145,303,425	\$1,223,217,366	\$1,303,960,087	\$1,375,048,446
TOTAL DEPARTMENT OF REVENUE RECEIPTS	\$6,951,173,292	\$7,330,738,929	\$7,660,240,313	\$7,103,749,723	\$7,450,577,341

(1) The tax was in place for only a portion of the fiscal year. This figure does not represent a full year's collection.

(2) On May 18, 2010, voters approved Proposition 100 which temporarily increased the state transaction privilege and use tax rates on most transactions by one percentage point beginning June 1, 2010, and ending May 31, 2013.

(3) This county tax has expired. Collections are from periods prior to the expiration.

(4) Laws of 2012, Chapter 213 established a Nursing Facility Assessment to be remitted to the Department of Revenue on a quarterly basis. The FY13 figure represents a partial year's collection.

TABLE 5
STATE TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX RATES
FISCAL YEAR 2014-15

TAXABLE ACTIVITIES	DISTRIBUTION			TOTAL TAX
	BASE	NONSHARED	EDUCATION	
1. Transporting and Towing	1.0%	4.0%	0.6%	5.6%
2. Nonmetalliferous Mining, Oil and Gas Production	1.0%	2.125%	0.0%	3.1%
4. Utilities	1.0%	4.0%	0.6%	5.6%
5. Communications	1.0%	4.0%	0.6%	5.6%
6. Railroads and Aircraft	1.0%	4.0%	0.6%	5.6%
7/8. Private Car/Pipelines	1.0%	4.0%	0.6%	5.6%
9. Publishing	1.0%	4.0%	0.6%	5.6%
10. Printing	1.0%	4.0%	0.6%	5.6%
11. Restaurants and Bars	2.0%	3.0%	0.6%	5.6%
12. Amusements	2.0%	3.0%	0.6%	5.6%
14. Personal Property Rentals	2.0%	3.0%	0.6%	5.6%
15. Contracting	1.0%	4.0%	0.6%	5.6%
17. Retail	2.0%	3.0%	0.6%	5.6%
19. Mining Severance	2.0%	0.5%	0.0%	2.5%
25. Hotel/Motel Tax	2.75%	2.75%	0.0%	5.5%
29/30. Use and Use Inventory Tax	0.0%	5.0%	0.6%	5.6%
49. Jet Fuel (per gallon)	\$0.0122	\$0.0183	\$0	\$0.0305
51. Jet Fuel Use (per gallon)	\$0	\$0.0305	\$0	\$0.0305

TABLE 6
NET TAXABLE SALES
BY TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX CLASSIFICATIONS (1)
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

CLASSIFICATION	FY2010-11	% OF TOTAL	FY2011-12	% OF TOTAL	FY2012-13	% OF TOTAL	FY2013-14	% OF TOTAL	FY2014-15	% OF TOTAL
Transporting	\$41,555,032	0.05	\$52,136,905	0.06	\$41,324,471	0.04	\$54,981,256	0.05	\$57,587,947	0.05
Mining, Oil & Gas	96,513,978	0.11	105,614,045	0.11	115,774,867	0.12	116,677,749	0.11	111,808,143	0.10
Mining Severance	1,609,450,811	1.80	1,623,111,320	1.72	1,193,176,084	1.21	1,047,580,204	1.01	994,478,291	0.92
Utilities	9,394,361,056	10.52	9,474,520,541	10.05	9,900,237,768	10.07	9,923,489,526	9.57	9,856,234,343	9.11
Communications	2,853,538,386	3.20	3,190,962,329	3.38	3,061,730,365	3.12	2,965,233,344	2.86	2,565,400,083	2.37
Private Car and Pipelines	1,908,310	n/a (2)	1,186,118	n/a (2)	6,250,408	0.01	5,615,642	0.01	6,498,110	0.01
Publishing	98,343,131	0.11	92,504,602	0.10	84,672,718	0.09	101,751,218	0.10	106,356,511	0.10
Job Printing	266,564,040	0.30	252,603,147	0.27	235,348,616	0.24	321,225,074	0.31	259,671,784	0.24
Restaurants and Bars	9,311,826,427	10.43	9,996,824,507	10.60	10,544,419,377	10.73	11,085,651,538	10.69	12,053,485,604	11.14
Amusements	994,092,112	1.11	1,037,058,757	1.10	1,051,580,928	1.07	1,096,945,152	1.06	1,252,513,666	1.16
Commercial Lease (3)	1,750	n/a (2)	1,209	n/a (2)	1,706	n/a (2)	1,553	n/a (2)	5,572	n/a (2)
Personal Property Rentals	3,056,386,064	3.42	3,257,587,929	3.46	3,254,821,525	3.31	3,355,048,345	3.23	3,453,882,481	3.19
Contracting	8,983,260,649	10.06	9,543,335,350	10.12	10,092,875,787	10.27	11,269,502,981	10.86	10,653,405,099	9.84
Retail	45,898,838,365	51.42	48,178,713,977	51.10	51,276,107,347	52.18	55,257,510,004	53.26	58,463,542,614	54.01
MRRRA Amount	-----		-----		-----		-----		26,816,169	0.02
Hotel/Motel	2,039,282,838	2.28	2,156,863,685	2.29	2,221,059,419	2.26	2,334,372,656	2.25	2,675,509,733	2.47
Rental Occupancy Tax (4)	42,581	n/a (2)	(2,602)	n/a (2)	0	n/a (2)	(84)	n/a (2)	0	n/a (2)
Use Tax	4,610,920,668	5.17	5,302,843,816	5.62	5,186,464,365	5.28	4,749,508,210	4.58	5,659,093,999	5.23
Use Tax-Utilities	10,039,995	0.01	10,022,025	0.01	10,283,377	0.01	62,511,267	0.06	48,069,635	0.04
Membership Camping (4)	728	n/a (2)	0	0.00 (2)	0	0.00 (2)	0	0.00 (2)	0	0.00 (2)
TOTAL	\$89,266,926,922	100.00	\$94,275,887,660	100.00	\$98,276,129,127	100.00	\$103,747,605,636	100.00	\$108,244,359,783	100.00

(1) Net taxable sales are based upon tax receipts.

(2) Percent of total is less than 0.01%.

(3) Commercial Lease rate dropped to 0% effective July 1, 1997.

(4) Effective November 1, 2006, these rates were repealed.

TABLE 7
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS BY CLASS
FISCAL YEAR 2014-15

CLASSIFICATION	DISTRIBUTION		TOTAL COLLECTIONS
	BASE	NONSHARED	
Transporting	\$575,879	\$2,303,518	\$2,879,397
Nonmetal Mining, Oil and Gas	1,118,081	2,375,923	3,494,004
Mining Severance	19,889,566	4,972,391	24,861,957
Utilities	98,562,344	394,249,374	492,811,718
Communications	25,654,001	102,616,003	128,270,004
Private Car and Pipelines	64,981	259,924	324,906
Publishing	1,063,565	4,254,260	5,317,826
Job Printing	2,596,718	10,386,871	12,983,589
Restaurants and Bars	241,069,712	361,604,568	602,674,280
Amusements	25,050,273	37,575,410	62,625,683
Commercial Lease (1)	95	84	179
Rentals of Personal Property	69,077,154	103,615,731	172,692,885
Contracting	106,541,575	426,166,298	532,707,873
Retail	1,169,270,918	1,753,906,314	2,923,177,232
MARRA Amount	536,323	804,485	1,340,808
Hotel/Motel	73,576,737	73,576,737	147,153,473
Use Tax Utilities	480,696	1,922,785	2,403,482
Use Tax	0	281,143,731	281,143,731
License Fees	0	839,717	839,717
Jet Fuel Tax	1,579,239	2,368,859	3,948,098
Jet Fuel Use Tax	0	671,606	671,606
Non Sufficient Funds	0	71,943	71,943
Mandatory EFT Fees	0	546,125	546,125
TOTAL	\$1,836,707,857	\$3,566,232,660	\$5,402,940,516

(1) Commercial Lease rate dropped to 0% effective July 1, 1997.

Figures may not add to total due to rounding.

TABLE 8
DISTRIBUTION OF TRANSACTION PRIVILEGE, USE
AND SEVERANCE TAX COLLECTIONS
FISCAL YEAR 2014-15

Net Regular to State General Fund	\$4,199,713,199
Net Estimated Payments to General Fund	62,907
Net to Cities	459,176,964
Net to Counties	744,050,353
Net to Education Fund	626,400,822
Net to Temporary Tax	1,760,338
911 Wireline/Excise, 911 Wireless, Telecommunications Devices, Nursing Facility Assessment, Municipal Water, and Waste Tire Accounts Receivable Collections	44,364,312
TOTAL GROSS COLLECTIONS	\$6,075,528,895

ADDITIONAL DISTRIBUTION FROM
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS
FISCAL YEAR 2014-15

Phoenix International Raceway - Highway Improvements	\$416,667
Rio Nuevo	6,958,022 *
Sports and Tourism Authority	10,143,971 *
Tribal Community Colleges	2,625,000
Convention Center	42,000,000
Distribution adjustments for city collections	(48,030)

* These figures include a reconciliation of June 2014 distributions.

Figures may not add total due to rounding.

TABLE 9
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN APACHE COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$17,465,146	6.0%	\$873,257
Communications	20,354,170	4.0%	1,017,708
Publishing	115,641	-56.2%	5,782
Restaurants and Bars	15,081,140	9.4%	754,057
Rentals of Personal Property	8,645,446	85.0%	432,272
Contracting (All)	49,304,767	-12.0%	2,465,238
Retail	114,158,825	-15.4%	5,707,941
Hotel/Motel	9,844,265	-3.5%	541,435
Other Taxable Activities (2)	83,867,541	NA	4,079,343
TOTAL	\$318,836,941	5.7%	\$15,877,034

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	19	21	22
Communications	108	113	106
Publishing	15	14	14
Job Printing	12	9	10
Restaurants and Bars	66	67	71
Rentals of Personal Property	172	162	162
Contracting (All)	440	446	433
Retail	1,602	1,699	1,848
Hotel/Motel	52	46	48
Other Taxable Activities (2)	1,006	1,011	1,054
TOTAL	3,492	3,588	3,768

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

(2) For FY15, different categories have been classified under the Other Taxable Activities compared to FY14.

Figures may not add to total due to rounding.

TABLE 10
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN COCHISE COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$159,053,978	-2.0%	\$7,952,699
Communications	44,968,851	-15.4%	2,248,443
Publishing	977,616	6.8%	48,881
Job Printing	906,593	-35.1%	45,330
Restaurants and Bars	139,476,585	3.0%	6,973,829
Amusements	5,413,522	-4.1%	270,676
Rentals of Personal Property	21,862,871	-11.6%	1,093,144
Contracting (All)	155,425,329	-6.1%	7,771,266
Retail	846,269,548	6.2%	42,313,477
Hotel/Motel	32,909,371	6.1%	1,810,015
Other Taxable Activities	69,816,083	4.8%	3,479,042
TOTAL	\$1,477,080,347	2.3%	\$74,006,802

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	56	54	51
Communications	187	198	190
Publishing	26	26	20
Job Printing	16	17	16
Restaurants and Bars	335	338	341
Amusements	48	54	55
Rentals of Personal Property	339	355	350
Contracting (All)	1,083	1,064	984
Retail	3,696	3,872	4,086
Hotel/Motel	157	155	164
Other Taxable Activities	1,576	1,693	1,763
TOTAL	7,519	7,826	8,020

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

TABLE 11
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN COCONINO COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$176,476,425	-1.3%	\$8,823,821
Communications	55,015,569	-4.2%	2,750,778
Publishing	1,600,366	-8.2%	80,018
Job Printing	2,938,533	-14.9%	146,927
Restaurants and Bars	424,957,837	9.4%	21,247,892
Amusements	88,576,925	15.7%	4,428,846
Rentals of Personal Property	74,511,629	17.5%	3,725,581
Contracting (All)	315,738,471	5.6%	15,786,924
Retail	1,148,404,724	10.0%	57,420,236
Hotel/Motel	339,545,429	16.0%	18,674,999
Other Taxable Activities	118,714,506	11.7%	5,838,516
TOTAL	\$2,746,480,414	9.3%	\$138,924,539

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	50	44	44
Communications	225	234	236
Publishing	40	35	39
Job Printing	39	44	41
Restaurants and Bars	490	507	535
Amusements	94	87	100
Rentals of Personal Property	459	448	505
Contracting (All)	1,609	1,673	1,595
Retail	4,737	4,980	5,271
Hotel/Motel	291	328	342
Other Taxable Activities	2,008	2,032	2,219
TOTAL	10,042	10,412	10,927

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

TABLE 12
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN GILA COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$105,424,357	-26.2%	\$5,271,218
Communications	17,738,604	-6.0%	886,930
Publishing	593,922	4.9%	29,696
Job Printing	374,765	NA	18,738
Restaurants and Bars	67,240,265	10.7%	3,362,013
Amusements	2,631,309	10.4%	131,565
Rentals of Personal Property	11,506,276	3.2%	575,314
Contracting (All)	56,366,280	-16.1%	2,818,314
Retail	284,206,903	4.6%	14,210,345
Hotel/Motel	13,128,925	3.6%	722,091
Other Taxable Activities (2)	116,651,283	11.6%	3,333,608
TOTAL	\$675,862,889	-2.4%	\$31,359,833

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	37	30	28
Communications	155	161	153
Publishing	20	17	19
Job Printing	----	----	9
Restaurants and Bars	165	162	169
Amusements	29	29	29
Rentals of Personal Property	231	234	246
Contracting (All)	786	800	778
Retail	2,283	2,402	2,612
Hotel/Motel	69	69	69
Other Taxable Activities (2)	1,119	1,182	1,195
TOTAL	4,894	5,086	5,307

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

(2) For FY15, different categories have been classified under the Other Taxable Activities compared to FY14.

Figures may not add to total due to rounding.

TABLE 13
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN GRAHAM COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Communications	\$10,628,639	-5.8%	\$531,432
Restaurants and Bars	34,603,796	-2.0%	1,730,190
Rentals of Personal Property	17,778,605	12.7%	888,930
Contracting (All)	23,384,943	-44.6%	1,169,247
Retail	235,685,650	-5.8%	11,784,283
Other Taxable Activities	107,411,888	-21.1%	4,671,485
TOTAL	\$429,493,522	-12.5%	\$20,775,567

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Communications	112	118	119
Restaurants and Bars	64	64	68
Rentals of Personal Property	158	164	178
Contracting (All)	334	356	316
Retail	1,468	1,596	1,697
Other Taxable Activities	957	979	1,004
TOTAL	3,093	3,277	3,382

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

Figures may not add to total due to rounding.

TABLE 14
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN GREENLEE COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Communications	\$3,595,052	-10.0%	\$179,753
Restaurants and Bars	5,549,436	-6.7%	277,472
Rentals of Personal Property	9,244,289	-41.7%	462,214
Contracting (All)	39,448,013	-71.3%	1,972,401
Retail	144,738,951	-32.8%	7,236,948
Other Taxable Activities	580,719,763	21.7%	17,311,206
TOTAL	\$783,295,504	-8.5%	\$27,439,993

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Communications	63	62	68
Restaurants and Bars	28	33	26
Rentals of Personal Property	76	86	90
Contracting (All)	140	146	137
Retail	681	754	854
Other Taxable Activities	509	527	545
TOTAL	1,497	1,608	1,720

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

Figures may not add to total due to rounding.

TABLE 15
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN LA PAZ COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$28,069,148	1.2%	\$1,403,457
Communications	6,857,220	9.5%	342,861
Publication	48,627	19.5%	2,431
Restaurants and Bars	26,218,130	7.3%	1,310,907
Amusements	444,904	-1.6%	22,245
Rentals of Personal Property	2,982,736	-0.6%	149,137
Contracting (All)	20,681,178	-23.8%	1,034,059
Retail	134,459,267	-1.1%	6,722,963
Hotel/Motel	6,439,181	3.5%	354,155
Other Taxable Activities	32,325,115	-11.8%	1,613,073
TOTAL	\$258,525,505	-3.5%	\$12,955,288

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	22	22	22
Communications	108	105	106
Publication	15	13	11
Restaurants and Bars	92	95	108
Amusements	10	10	11
Rentals of Personal Property	141	148	148
Contracting (All)	340	357	327
Retail	1,766	1,859	1,932
Hotel/Motel	54	55	56
Other Taxable Activities	741	771	836
TOTAL	3,289	3,435	3,557

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

Figures may not add to total due to rounding.

TABLE 16
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN MARICOPA COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$6,212,322,691	-0.6%	\$310,616,135
Communications	1,648,899,728	-15.6%	82,444,986
Publishing	73,123,704	4.8%	3,656,185
Job Printing	214,577,091	-19.7%	10,728,855
Restaurants and Bars	8,378,446,900	9.5%	418,922,345
Amusements	944,773,247	18.4%	47,238,662
Rentals of Personal Property	2,645,963,305	4.1%	132,298,165
Contracting (All)	7,307,422,325	-2.0%	365,371,803
Retail	40,358,486,607	6.3%	2,017,923,643
Hotel/Motel	1,640,915,147	18.4%	90,250,333
Other Taxable Activities	4,462,871,387	17.5%	222,280,817
TOTAL	\$73,887,802,133	5.3%	\$3,701,731,930

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	151	147	155
Communications	653	697	722
Publishing	237	241	249
Job Printing	753	762	766
Restaurants and Bars	6,791	6,995	6,975
Amusements	724	754	755
Rentals of Personal Property	2,495	2,536	2,530
Contracting (All)	13,538	13,700	13,155
Retail	44,857	45,491	46,737
Hotel/Motel	729	768	872
Other Taxable Activities	10,475	10,747	11,330
TOTAL	81,403	82,838	84,246

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

TABLE 17
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN MOHAVE COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$357,881,267	-8.6%	\$17,894,063
Communications	70,546,257	-9.5%	3,527,313
Publishing	1,127,300	-23.6%	56,365
Job Printing	2,274,293	-57.0%	113,715
Restaurants and Bars	255,545,163	7.7%	12,777,258
Amusements	14,462,573	2.6%	723,129
Rentals of Personal Property	52,868,162	10.4%	2,643,408
Contracting (All)	210,877,478	-8.2%	10,543,874
Retail	1,487,169,588	4.7%	74,358,479
Hotel/Motel	49,944,030	7.7%	2,746,922
Other Taxable Activities	96,586,815	-8.5%	4,603,952
TOTAL	\$2,599,282,926	0.8%	\$129,988,478

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	63	59	56
Communications	168	186	197
Publishing	29	28	25
Job Printing	30	36	33
Restaurants and Bars	438	442	433
Amusements	66	65	69
Rentals of Personal Property	457	441	446
Contracting (All)	1,295	1,350	1,281
Retail	4,845	5,163	5,366
Hotel/Motel	140	154	158
Other Taxable Activities	1,983	2,103	2,199
TOTAL	9,514	10,027	10,263

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

Figures may not add to total due to rounding.

TABLE 18
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN NAVAJO COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$98,648,494	1.9%	\$4,932,425
Communications	39,752,360	11.6%	1,987,618
Publishing	768,305	-3.0%	38,415
Restaurants and Bars	105,508,778	9.9%	5,275,439
Rentals of Personal Property	24,812,637	-15.7%	1,240,632
Contracting (All)	128,136,586	-2.1%	6,406,829
Retail	886,975,882	-0.2%	44,348,794
Hotel/Motel	36,189,528	-1.5%	1,990,424
Other Taxable Activities (2)	53,959,745	5.2%	2,673,951
TOTAL	\$1,374,752,313	0.6%	\$68,894,527

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	43	35	36
Communications	145	158	160
Publishing	26	23	22
Restaurants and Bars	227	227	211
Rentals of Personal Property	280	284	293
Contracting (All)	862	877	859
Retail	2,890	3,018	3,115
Hotel/Motel	134	141	143
Other Taxable Activities (2)	1,370	1,417	1,448
TOTAL	5,977	6,180	6,287

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

(2) For FY15 more categories have been classified under the Other Taxable Activities compared to FY14

Figures may not add to total due to rounding.

TABLE 19
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN PIMA COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$1,424,982,535	1.9%	\$71,249,127
Communications	368,784,213	-13.7%	18,439,211
Publishing	18,300,902	9.7%	915,045
Job Printing	29,508,450	-5.9%	1,475,422
Restaurants and Bars	1,691,684,299	6.4%	84,584,215
Amusements	99,349,919	1.4%	4,967,496
Rentals of Personal Property	421,152,445	9.5%	21,057,622
Contracting (All)	1,284,620,463	-13.8%	64,231,023
Retail	8,146,456,368	5.2%	407,322,818
Hotel/Motel	320,225,197	7.1%	17,612,386
Other Taxable Activities	757,981,158	2.8%	33,014,837
TOTAL	\$14,563,045,950	2.4%	\$724,869,203

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	87	83	75
Communications	316	333	342
Publishing	80	78	77
Job Printing	131	133	138
Restaurants and Bars	1,684	1,700	1,767
Amusements	223	206	224
Rentals of Personal Property	966	945	969
Contracting (All)	4,421	4,440	4,269
Retail	14,349	14,642	15,016
Hotel/Motel	282	292	294
Other Taxable Activities	4,165	4,224	4,473
TOTAL	26,704	27,076	27,644

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

Figures may not add to total due to rounding.

TABLE 20
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN PINAL COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$496,875,487	3.6%	\$24,843,774
Communications	113,499,811	-8.4%	5,674,991
Publishing	4,491,147	9.2%	224,557
Job Printing	1,665,605	NA	83,280
Restaurants and Bars	277,833,256	6.1%	13,891,663
Amusements	42,130,232	-3.4%	2,106,512
Rentals of Personal Property	67,936,534	-1.2%	3,396,827
Contracting (All)	396,597,344	-17.6%	19,829,867
Retail	1,321,598,271	9.8%	66,079,913
Hotel/Motel	21,698,110	4.0%	1,193,396
Other Taxable Activities (2)	228,004,075	NA	9,633,879
TOTAL	\$2,972,329,873	1.1%	\$146,958,659

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	77	82	77
Communications	208	218	216
Publishing	29	31	25
Job Printing	----	----	30
Restaurants and Bars	439	430	420
Amusements	99	94	98
Rentals of Personal Property	447	450	461
Contracting (All)	2,718	2,833	2,736
Retail	4,904	5,116	5,535
Hotel/Motel	113	108	98
Other Taxable Activities	1,948	2,031	2,121
TOTAL	10,982	11,393	11,817

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

(2) For FY15 more categories have been classified under the Other Taxable Activities compared to FY14.

Figures may not add to total due to rounding.

TABLE 21
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN SANTA CRUZ COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$48,945,474	-7.5%	\$2,447,274
Communications	17,182,045	-21.0%	859,102
Publications	79,492	-16.9%	3,975
Job Printing	233,599	-18.2%	11,680
Restaurants and Bars	52,094,085	4.8%	2,604,704
Amusements	4,309,403	11.8%	215,470
Rentals of Personal Property	(4,663,745)	-139.9%	(233,187)
Contracting (All)	41,929,450	-28.3%	2,096,472
Retail	323,169,353	-0.1%	16,158,468
Hotel/Motel	13,299,812	12.5%	731,490
Other Taxable Activities	25,306,939	5.7%	1,264,874
TOTAL	\$521,885,906	-6.5%	\$26,160,322

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	17	18	16
Communications	131	139	138
Publications	14	14	13
Job Printing	12	17	16
Restaurants and Bars	132	139	128
Amusements	21	20	23
Rentals of Personal Property	224	239	225
Contracting (All)	542	579	534
Retail	2,198	2,374	2,550
Hotel/Motel	44	46	50
Other Taxable Activities	1,030	1,052	1,130
TOTAL	4,365	4,637	4,823

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

Figures may not add to total due to rounding.

TABLE 22
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN YAVAPAI COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 201-14	COLLECTIONS
Utilities	\$326,818,736	0.4%	\$16,340,937
Communications	90,252,781	-2.5%	4,512,639
Publishing	2,967,827	-6.0%	148,391
Job Printing	4,279,003	-20.3%	213,950
Restaurants and Bars	332,969,432	8.8%	16,648,472
Amusements	27,692,284	-12.8%	1,384,614
Rentals of Personal Property	56,307,894	0.9%	2,815,395
Contracting (All)	383,156,022	6.1%	19,157,801
Retail	1,591,780,386	7.4%	79,589,019
Hotel/Motel	132,653,966	11.0%	7,295,968
Other Taxable Activities	262,532,447	-12.2%	9,160,231
TOTAL	\$3,211,410,779	4.2%	\$157,267,417

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	82	78	84
Communications	214	230	253
Publishing	50	53	56
Job Printing	53	63	66
Restaurants and Bars	620	642	641
Amusements	95	98	105
Rentals of Personal Property	466	476	508
Contracting (All)	2,256	2,326	2,261
Retail	6,356	6,658	6,985
Hotel/Motel	210	212	231
Other Taxable Activities	2,134	2,297	2,431
TOTAL	12,536	13,133	13,621

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

Figures may not add to total due to rounding.

TABLE 23
TRANSACTION PRIVILEGE, USE AND SEVERANCE TAX COLLECTIONS (1)
IN YUMA COUNTY FOR THE PERIOD BEGINNING
JULY 1, 2014 AND ENDING JUNE 30, 2015

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	CALCULATED NET TAXABLE INCOME	% CHANGE FROM FY 2013-14	COLLECTIONS
Utilities	\$258,641,553	-0.7%	\$12,932,078
Communications	57,324,783	-7.8%	2,866,239
Publications	1,917,616	0.1%	95,881
Restaurants and Bars	246,276,501	6.1%	12,313,825
Amusements	14,235,645	4.0%	711,782
Rentals of Personal Property	42,973,396	-43.4%	2,148,670
Contracting (All)	240,316,450	-9.2%	12,008,523
Retail	1,439,982,291	5.6%	71,999,115
Hotel/Motel	48,375,920	6.6%	2,660,676
Other Taxable Activities (2)	74,230,636	-8.5%	3,683,399
TOTAL	\$2,424,274,790	1.0%	\$121,420,187

NUMBER OF ACCOUNTS
FISCAL YEAR 2012-13 THROUGH FISCAL YEAR 2014-15

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY2012-13	FY2013-14	FY2014-15
Utilities	39	35	33
Communications	191	200	201
Publications	24	19	15
Restaurants and Bars	339	356	341
Amusement	54	41	47
Rentals of Personal Property	413	411	416
Contracting (All)	963	957	901
Retail	3,905	4,053	4,273
Hotel/Motel	102	102	112
Other Taxable Activities (2)	1,779	1,864	1,958
TOTAL	7,809	8,038	8,297

(1) License fees, Jet Fuel, Jet Fuel Use, Timber Severance, NSF, and Telecommunications Service Assistance are not included.

(2) For FY15 more categories have been classified under the Other Taxable Activities compared to FY14.

Figures may not add to total due to rounding.

TABLE 24
STATE TRANSACTION PRIVILEGE AND SEVERANCE TAX
DISTRIBUTION TO COUNTIES
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

COUNTY	FY2010-11	FY2011-12	FY2012-13	FY2013-14	% CHANGE FROM	
					FY2014-15	FY 2013-14
Apache	\$4,116,316	\$4,148,680	\$4,339,846	\$4,744,332	\$4,839,048	2.0%
Coconino	15,586,920	17,035,207	17,805,463	19,091,249	19,874,734	4.1%
Cochise	10,880,090	10,964,080	12,165,517	11,890,286	12,338,129	3.8%
Gila	4,381,303	4,614,778	4,752,150	5,116,965	5,291,050	3.4%
Graham	3,234,712	3,624,351	3,606,256	3,728,358	3,584,450	-3.9%
Greenlee	3,945,202	4,376,829	4,983,640	5,091,702	5,537,109	8.7%
La Paz	1,717,668	1,941,213	2,116,238	2,265,894	2,201,275	-2.9%
Maricopa	383,243,745	398,827,938	416,999,312	446,491,690	473,705,321	6.1%
Mohave	17,551,555	17,391,271	18,652,134	20,389,267	20,525,025	0.7%
Navajo	9,326,061	9,605,663	10,088,685	10,764,687	10,892,343	1.2%
Pima	88,630,774	92,723,932	97,196,166	101,665,722	105,207,881	3.5%
Pinal	20,318,239	26,600,160	27,498,147	29,395,885	30,449,266	3.6%
Santa Cruz	3,874,088	4,062,329	4,216,541	4,450,552	4,453,950	0.1%
Yavapai	21,703,058	22,955,984	23,792,545	25,284,422	25,791,153	2.0%
Yuma	16,319,557	17,095,552	17,962,799	18,762,967	19,359,619	3.2%
TOTAL	\$604,829,288	\$635,967,967	\$666,175,440	\$709,133,978	\$744,050,353	4.9%

Figures may not add to totals due to rounding.

TABLE 25
STATE TRANSACTION PRIVILEGE AND SEVERANCE TAX DISTRIBUTION TO MUNICIPALITIES
FISCAL YEAR 2014-15

CITIES	AMOUNT	COUNTY TOTAL	CITIES	AMOUNT	COUNTY TOTAL	CITIES	AMOUNT	COUNTY TOTAL	CITIES	AMOUNT	COUNTY TOTAL
APACHE			Thatcher	444,606	\$1,536,976	Tempe	14,779,296		Kearny	178,208	
Eagar	\$446,434		GREENLEE			Tolleson	598,140		Mammoth	130,320	
Springerville	179,213.09		Clifton	\$302,588		Wickenburg	581,507		Maricopa	3,973,765	
St. Johns	318,032.85	\$943,680	Duncan	63,607	\$366,195	Youngtown	562,589	\$323,011,031	Superior	259,270	\$17,190,039
COCHISE			LA PAZ			MOHAVE			SANTA CRUZ		
Benson	\$466,539		Parker	\$281,751		Bullhead City	\$3,613,511		Nogales	\$1,904,267	
Bisbee	509,492		Quartzsite	336,036	\$617,788	Colorado City	440,585		Patagonia	83,438	\$1,987,705
Douglas	1,600,126		MARICOPA			Kingman	2,565,099		YAVAPAI		
Huachuca City	169,344		Avondale	\$6,967,295		Lake Havasu City	4,800,376	\$11,419,571	Camp Verde	\$993,670	
Sierra Vista	4,010,869		Buckeye	4,649,494		NAVAJO			Chino Valley	988,552	
Tombstone	126,117		Carefree	307,340		Holbrook	\$461,787		Clarkdale	374,420	
Willcox	343,347	\$7,225,834	Cave Creek	458,315		Pinetop-Lakeside	391,327		Cottonwood	1,029,494	
COCONINO			Chandler	21,597,535		Show Low	974,204		Dewey-Humboldt	355,868	
Flagstaff	\$6,019,776		El Mirage	2,905,888		Snowflake	510,863		Jerome	40,577	
Fredonia	120,085		Fountain Hills	2,055,241		Taylor	375,790		Prescott	3,641,202	
Page	662,294		Gila Bend	175,649		Winslow	882,358	\$3,596,330	Prescott Valley	3,547,894	
Tusayan	50,995		Gilbert	19,041,027		PIMA			Sedona	916,721	\$11,888,396
Williams	276,268	\$7,129,418	Glendale	20,719,747		Marana	\$3,195,042		YUMA		
GILA			Goodyear	5,965,400		Oro Valley	3,747,944		San Luis	\$2,550,568	
Globe	\$688,340		Guadalupe	504,740		Sahuarita	2,308,388		Somerton	1,305,671	
Hayden	60,499		Litchfield Park	500,445		South Tucson	516,529		Wellton	263,383	
Miami	167,881		Mesa	40,123,403		Tucson	47,532,746	\$57,300,649	Yuma	8,285,303	\$12,404,925
Payson	1,398,339		Paradise Valley	1,171,604		PINAL					
Star Valley	211,108		Peoria	14,079,806		Apache Junction	\$3,275,373				
Winkelman	32,260	\$2,558,428	Phoenix	132,251,202		Casa Grande	4,438,843				
GRAHAM			Queen Creek	2,409,099		Coolidge	1,080,672				
Pima	\$218,145		Scottsdale	19,866,541		Eloy	1,519,886				
Safford	874,225		Surprise	10,739,730		Florence	2,333,703				
									TOTAL	\$459,176,964	\$459,176,964

City Distributions are based on relative population
Figures may not add to total due to rounding.

TABLE 26
MUNICIPAL PRIVILEGE TAX COLLECTION PROGRAM COLLECTIONS BY CITY
FISCAL YEAR 2014-15

CITY	RATE *	COLLECTIONS	CITY	RATE *	COLLECTIONS	CITY	RATE *	COLLECTIONS	CITY	RATE *	COLLECTIONS
	(PERCENT)			(PERCENT)			(PERCENT)			(PERCENT)	
Apache Junction (1)		\$4,707	Flagstaff		\$62,835	Nogales		\$481	Snowflake	2.00	\$1,041,751
Avondale		33,710	Florence	2.00	3,596,690	Oro Valley	2.00	16,128,759	Somerton	3.30	737,520
Benson	2.50	2,818,286	Fountain Hills	2.60	8,968,970	Page	3.00	9,014,013	South Tucson	2.50	2,254,961
Bisbee	2.50	2,082,795	Fredonia	4.00	298,050	Paradise Valley	2.50	14,089,670	Springerville	3.00	1,506,531
Buckeye	3.00	19,677,204	Gila Bend	3.00	2,330,911	Parker	2.00	1,315,453	Star Valley	2.00	263,933
Bullhead City	2.00	4,753,274	Gilbert	1.50	71,411,488	Patagonia	3.00	244,484	Superior	4.00	547,233
Camp Verde	3.00	2,863,327	Glendale		35,355	Payson	2.12	6,870,982	Surprise	2.20	41,700,577
Carefree	3.00	3,299,979	Globe	2.00	3,848,926	Peoria		18,648	Taylor	2.00	704,314
Casa Grande	2.00	21,598,113	Goodyear	2.50	44,763,918	Phoenix		274,492	Tempe		37,628
Cave Creek	3.00	5,793,729	Guadalupe	4.00	1,651,477	Pima	2.00	332,288	Thatcher	2.50	3,067,718
Chandler		69,052	Hayden	3.00	1,383,519	Pinetop-Lakeside	2.50	3,543,376	Tolleson	2.50	17,564,422
Chino Valley	4.00	5,018,421	Holbrook	3.00	3,527,284	Prescott		24,799	Tombstone	3.50	966,195
Clarkdale	3.00	845,927	Huachuca City	1.50	160,229	Prescott Valley	2.33	15,462,656	Tucson		113,685
Clifton	3.00	767,172	Jerome	3.50	730,285	Quartzsite	2.50	1,168,548	Tusayan	2.00	3,323,096
Colorado City	2.00	257,283	Kearny	3.00	499,209	Queen Creek	2.25	21,598,915	Wellton	2.50	677,432
Coolidge	3.00	4,982,600	Kingman	2.50	16,103,275	Safford	2.50	5,986,306	Wickenburg	2.20	3,581,768
Cottonwood	3.00	12,759,682	Lake Havasu City	2.00	18,767,551	Sahuarita	2.00	6,641,918	Willcox	3.00	976,681
Dewey-Humboldt	2.00	447,298	Litchfield Park	2.80	4,072,840	St. Johns	3.00	844,828	Williams	3.50	5,534,872
Douglas (2)		8,805	Mammoth	2.00	100,056	San Luis	4.00	7,358,190	Winkelman	3.50	112,570
Duncan	2.00	132,526	Marana	2.00	27,378,301	Scottsdale		140,255	Winslow	3.00	5,060,498
Eagar	3.00	868,315	Maricopa	2.00	9,483,013	Sedona (3)		(48,988)	Youngtown	3.00	1,435,303
El Mirage	3.00	6,675,920	Mesa		61,911	Show Low	2.00	10,443,961	Yuma	1.70	33,565,336
Eloy	3.00	4,788,947	Miami	2.50	354,725	Sierra Vista	1.75	17,555,027			
									TOTAL		\$583,920,974

* Jurisdictions may have levied at more than one rate during the fiscal year. Rate shown is the rate charged on most transactions.

Current rates, are located here: <http://www.azdor.gov/Business/TransactionPrivilegeTax/TPTRates.aspx>

(1) Effective July 1, 2007, Apache Junction no longer participates in the municipal privilege tax collection program.

Figures may not add to total due to rounding.

(2) Effective October 1, 2010, Douglas no longer participates in the municipal privilege tax collection program.

(3) Effective January 1, 2011, Sedona no longer participates in the municipal privilege tax collection program.

For those cities who have left the program, collections shown include periods up to the effective date.

TABLE 27
MUNICIPAL PRIVILEGE TAX COLLECTION PROGRAM
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

FISCAL YEAR	TOTAL COLLECTIONS	NUMBER OF CITIES IN PROGRAM
2010-11	\$450,148,563	73
2011-12	\$466,896,627	73
2012-13	\$506,978,968	73
2013-14	\$546,725,301	73
2014-15	\$583,920,974	76

INCOME TAX

The State of Arizona imposes two types of income tax: corporate, which applies to incorporated businesses and certain other entities operating in this state; and individual, which is levied upon those persons who reside in or earn income in the state (*Refer to Table 28*).

CORPORATE INCOME TAX

MAJOR FEATURES

Every corporation doing business in Arizona is required to file a corporate income tax return. Corporations filed returns with the state and made payments of \$575.2 million during fiscal year 2015 (*Refer to Table 28*).

INDIVIDUAL INCOME TAX

MAJOR FEATURES

For tax year 2012 filed in 2013, approximately 2.7 million individual filers reported Arizona gross income (defined as federal adjusted gross income) totaling more than \$145.1 billion. Individuals with Arizona gross income of more than \$75,000, in the preceding or current year, are required to file Arizona estimated tax payments. An individual can apply any portion of an income tax refund toward the following year's income tax as an estimated payment.

The graduated rate structure for the 2012 tax year ranged from 2.59 percent to a maximum of 4.54 percent on an individual's income over \$150,000 (or joint income over \$300,000).

DISTRIBUTION

State income tax collections are shared with Arizona municipalities in an Urban Revenue Sharing Program. (*Refer to Tables 28 and 29*).

Voluntary taxpayer contributions to Arizona Wildlife Fund, Child Abuse Prevention Fund, Citizens Clean Elections Fund, Domestic Violence Shelter Fund, I Didn't Pay Enough Fund, National Guard Relief Fund, Neighbors Helping Neighbors Fund, Solutions Teams Assigned to Schools Fund (formerly known as Aid to Education Fund), Special Olympics Fund, Sustainable State Parks and Road Fund, Veteran's Donation Fund, and political parties are distributed to the appropriate agency, political party or organization (*Refer to Table 28*).

Pursuant to HB 2001, Chapter 1, 2nd Special Session, 2011, \$31.5 million of withholding tax revenues is transferred annually to the Job Creation Withholding Clearing Account.

CORPORATE AND INDIVIDUAL INCOME TAX CREDITS

CREDIT

AVAILABLE TO

Agricultural Pollution Control Equipment

Taxpayers that incur expenses during the taxable year to purchase agricultural pollution control equipment.

Agricultural Water Conservation System

Taxpayers that incur expenses to purchase and install an agricultural water conservation system in Arizona.

Airline Bankruptcy Payments

This credit is a one-time individual income tax credit for tax year 2013. The FAA Modernization and Reform Act allowed individual taxpayers that received qualified airline bankruptcy-related payments between 2001 and 2011 to make contributions to a traditional IRA and treat the contributions as if they were made in the year in which the payments were received. Taxpayers who take advantage of this provision are required to file amended federal income tax returns. Instead of filing Arizona amended returns, taxpayers will be allowed a credit on their 2013 Arizona tax return based on the reduction in tax that would have occurred if they would have been allowed to amend their Arizona 2001 through 2011 tax returns.

Contributions to Qualifying Charitable Organizations

Individual taxpayers that make cash contributions to certain charities that provide help to the working poor. The credit varies depending upon filing status. Taxpayers may also contribute to a Qualifying Foster Care Charitable Organization (QFCO). If a contribution is made to a QFCO, the credit available to the taxpayer varies depending upon filing status.

Corporate Contributions to School Tuition Organizations

Corporate credit that allows taxpayers to make cash contributions to school tuition organizations. The amount of the donation must be pre-approved by the department. There is an annual limit to the aggregate amount of donations made.

Corporate Contributions to School Tuition Organizations for Displaced Students with Disabilities

Corporate credit that allows taxpayers to make cash contributions to school tuition organizations that provides scholarships or grants to displaced students or students with disabilities. The amount of the donation must be pre-approved by the department. There is an annual limit to the aggregate amount of donations made.

Defense Contracting

Taxpayers certified by the Arizona Department of Commerce as a qualified defense contractor for qualified increases in employment.

Employing Arizona National Guard Members

Credit for employers who have an employee that is a member of the Arizona National Guard if the employee is placed on active duty. The credit is \$1,000 for each employee placed on active duty.

Employment of TANF Recipients

Taxpayers that employ recipients of Temporary Assistance for Needy Families (TANF).

Enterprise Zone

Taxpayers whose business is located in an Arizona enterprise zone that have a net increase in qualified employment positions.

Environmental Technology Facility

Taxpayers that incur expenses in constructing a qualified environmental technology manufacturing, producing, or processing facility as describes in ARS § 41-1514.02.

Family

A credit for taxpayers below certain income levels, with differing amounts for different household sizes.

CREDIT**AVAILABLE TO****Healthy Forest Enterprises**

Businesses that operate a healthy forest enterprise may receive a nonrefundable credit against corporate and individual income tax liabilities. Taxpayers claiming this credit must be certified by the Arizona Commerce Authority (ACA).

Income Taxes Paid to Another State or Country

Taxpayers that paid a net income tax to Arizona and another qualified state or foreign country, on the same income.

Increased Excise Taxes

A refundable credit for Arizona residents whose federal adjusted gross income is beneath a certain threshold (\$25,000 or less for Married Filing Joint or Head of Household, or \$12,500 for Married Filing Separately or Single) and who cannot be claimed as a dependent by any other taxpayer to mitigate the increase in transaction privilege tax rate for education.

Investment in Qualified Small Businesses

Allows a credit for investments in qualified small businesses to individuals. The credit must be pre-approved by the ACA.

Military Family Relief Fund

Individual taxpayers that make contributions to the fund which helps service members and their families faced with unforeseen expenses when a loved one becomes a casualty of war. The credit varies depending upon filing status.

Military Reuse Zone

Taxpayers with a net increase in employment of full-time employees working in a military reuse zone.

Motion Picture Productions Costs

Provides a transferable tax credit against corporate and individual income tax liabilities for motion picture production companies that produce motion pictures completely or partially in Arizona.

New Employment

Provides nonrefundable individual and corporate credits for net increases in qualified employment positions in Arizona at a business location in Arizona. The credit must be pre-approved by the ACA.

Pollution Control

Taxpayers that purchase real or personal property that is used within Arizona in the taxpayer's trade or business to control or prevent pollution.

Qualified Health Insurance Plans

The nonrefundable credit is available to employers who provide qualified health insurance plans or contributions to health savings accounts for its employees who are Arizona residents. The credit amount is \$360 for every employee who is enrolled in the plan.

Qualified Facilities

Provides a refundable credit, available in five equal installments, for those that expanded or located a qualified facility in Arizona. The credit must be approved by the ACA.

Private School Tuition Organizations

Individual taxpayers that made contributions to a school tuition organization that provides scholarships or grants to qualified schools. The credit varies depending upon filing status. An additional credit is available for contributions that exceed the maximum allowable credit depending upon filing status.

CREDIT**AVAILABLE TO****Property Tax**

A refundable credit for property taxes accrued if certain age and income level conditions are met.

Public School Extra Curricular Activity

Individual taxpayers that make contributions or paid certain fees to public schools in Arizona. The credit varies depending upon filing status.

Recycling Equipment

Taxpayers who acquire and place in service recycling equipment in Arizona. This credit was repealed for corporations not individuals.

Renewable Energy Industry

This credit provides refundable individual and corporate income tax credits for expanding or locating qualified renewable energy operations in this state. The credit must be pre-approved by the ACA.

Renewable Energy Investment and Production for Self-Consumption by Manufacturers

A nonrefundable corporate and individual tax credit for investment in new renewable energy resources that produce energy for self-consumption using renewable resources if the power will be used primarily for manufacturing.

Renewable Energy Production

This credit provides nonrefundable individual and corporate credits for production of electricity by a qualified energy generator that produces electricity using a qualified energy resource. The credit must be pre-approved by the ACA.

Research and Development

A nonrefundable individual and corporate income tax credit for an increase in qualifying research and development expenses conducted in Arizona. There is also a refundable credit for small businesses that must be pre-approved by the ACA.

Research and Development – University Research

This is an additional individual or corporate research and development income tax credit for research conducted through Arizona State University, Northern Arizona University or University of Arizona. This credit requires pre-approval through the Arizona Department of Revenue

School Site Donation

This tax credit is for the donation of real property and improvements to an Arizona school district or Arizona charter school for use as a school or as a site for the construction of a school.

Solar Energy Devices

Individual taxpayers who install a solar energy device in his or her residence located in Arizona.

Solar Energy Devices – Commercial and Industrial Applications

This credit is available to individuals, corporations and S corporations. The credit is 10% of the cost of the installed device, not to exceed \$25,000 with respect to the same building in the same tax year, or \$50,000 in total credits in any given year. The credit must be pre-approved by the ACA.

Solar Liquid Fuel

Provides nonrefundable individual and corporate credits for increased research activities related to solar liquid fuel.

CREDIT

AVAILABLE TO

Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets

Provides a nonrefundable individual or corporate credit for the installation of solar hot water heater plumbing stub outs and electric vehicle recharge outlets in houses or dwelling units constructed by the taxpayer. The houses or dwelling units must be located in Arizona.

Taxes Paid for Coal Consumed in Generating Electrical Power

Allows corporate taxpayers a credit equal to 30 percent of the amount paid by the seller or purchaser as transaction privilege tax or use tax for coal sold to the taxpayer that is consumed in the generation of electrical power in Arizona.

Water Conservation System

An individual may qualify for this credit if the taxpayer installed a qualifying water conservation system in the taxpayer's residence located in Arizona.

TABLE 28
INCOME TAX COLLECTIONS
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

SOURCE	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	PERCENT OF NET COLLECTIONS IN FY2014-15
<u>Withheld from Wages</u>						
Gross Revenue	\$3,234,666,688	\$3,343,314,942	\$3,459,818,705	\$3,580,656,587	\$3,699,577,473	
Refunds and Charge-offs	(7,044,562)	(10,751,762)	(9,321,721)	(11,985,321)	(8,309,159)	
NET	\$3,227,622,125	\$3,332,563,180	\$3,450,496,984	\$3,568,671,265	\$3,691,268,315	83.4%
<u>Individuals & Fiduciaries</u>						
Gross Revenue	\$867,110,332	\$1,027,389,330	\$1,170,646,638	\$1,131,388,277	\$1,297,323,652	
Regular Refunds and Charge-offs	(1,224,167,109)	(1,260,775,055)	(1,222,241,845)	(1,236,793,482)	(1,226,827,539)	
NET	(\$357,056,777)	(\$233,385,726)	(\$51,595,207)	(\$105,405,205)	\$70,496,113	1.6%
<u>Corporations</u>						
Gross Revenue	\$659,266,690	\$758,413,453	\$755,002,081	\$705,730,762	\$788,991,384	
Refunds and Charge-offs	(98,958,514)	(110,525,973)	(92,975,683)	(130,546,886)	(125,987,439)	
NET	\$560,308,176	\$647,887,480	\$662,026,398	\$575,183,876	\$663,003,945	15.0%
Subtotal Net Collections	\$3,430,873,524	\$3,747,064,934	\$4,060,928,175	\$4,038,449,937	\$4,424,768,372	100.0%
Less distributions for:						
Urban Revenue Sharing	\$474,006,520	\$424,423,442	\$513,584,045	\$561,001,195	\$608,935,729	
Child Abuse Prevention	159,694	156,194	158,556	169,215	172,806	
Veterans' Donation Fund	88,604	97,546	103,323	124,316	121,994	
Solutions Teams Assigned to Schools (1)	65,775	67,806	84,949	34,373	27,898	
Domestic Violence Shelter	118,629	122,343	115,625	133,220	131,840	
Special Olympics	72,928	74,582	63,923	73,088	76,482	
Wildlife Contributions	156,130	154,626	143,775	169,110	165,427	
Neighbors Helping Neighbors	33,099	31,315	32,549	34,364	30,122	
Clean Elections	6,199,220	6,273,004	579,740	76,503	36,555	
National Guard Relief Fund	48,845	43,577	40,660	39,299	42,494	
Sustainable State Parks and Road Fund	----	----	----	----	40,936	
I Did Not Pay Enough Fund	17,121	14,523	15,124	15,244	25,466	
Democratic Party	10,691	11,597	11,266	11,274	9,508	
Libertarian Party	1,094	568	444	847	519	
Republican Party	7,744	8,649	5,986	5,696	4,792	
Green Party	319	638	518	415	240	
Americans Elect	----	----	210	756	177	
Job Creation W/H Clearing Acct (2)	----	31,500,000	31,500,000	31,500,000	31,500,000	
Subtotal Distributions	\$480,986,414	\$462,980,411	\$546,440,691	\$593,388,915 (3)	\$641,322,984	
NET REVENUE TO STATE						
GENERAL FUND	\$2,949,887,110	\$3,284,084,523	\$3,514,487,484	\$3,445,061,022	\$3,783,445,387	
WQARF Distribution	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	
Sports and Tourism Authority	\$5,810,440	\$6,168,488	\$5,337,915	\$5,519,253	\$6,987,979	
Use Tax on Income Tax Return (4)	----	\$1,705,724	\$166,277	\$31,070	\$4,584	

(1) Pursuant to SB 1447, Chapter 251, 1st Regular Session, 2013, monies in the Assitance for Education Fund are to be distributed to fund the Solutions Teams Assigned to Schools.
(2) Pursuant to HB 2001, Chapter 1, 2nd Special Session, 2011, \$31.5m of withholding tax revenues is to be transferred annually to the Job Creation Withholding Clearing Account.
(3) Correction to reported FY14 distribution amounts.
(4) Pursuant to HB 2332, Chapter 128, 1st Regular Session, 2011, taxpayers are to declare their annual amount of use tax on their individual income tax return beginning with taxable year 2011. Pursuant to SB1214, Chapter 323, 2nd Regular Session, 2012, the provision was repealed retroactively to tax years beginning January 1, 2012. The use tax amount has been adjusted out of Individual Gross Revenue and is included in the Transaction Privilege, Use and Severance tables.

Figures may not add to total due to rounding.

**TABLE 29
EXEMPTIONS, DEDUCTIONS AND CREDITS
TAX YEAR 2010 THROUGH TAX YEAR 2013**

TAX YEAR	PERSONAL EXEMPTION (2)	BLIND EXEMPTION	AGE 65 AND OVER EXEMPTION	DEPENDENT EXEMPTION	STANDARD DEDUCTION LIMIT (1)	MAXIMUM PROPERTY TAX CREDIT	MAXIMUM FAMILY TAX CREDIT
2010	\$2,100	\$1,500	\$2,100	\$2,300	\$4,677/\$9,354	\$502	\$240
2011	\$2,100	\$1,500	\$2,100	\$2,300	\$4,703/\$9,406	\$502	\$240
2012	\$2,100	\$1,500	\$2,100	\$2,300	\$4,833/\$9,665	\$502	\$240
2013	\$2,100	\$1,500	\$2,100	\$2,300	\$4,945/\$9,883	\$502	\$240

(1) Amounts shown are for single and married-filing-jointly returns.

(2) Beginning with tax year 1997, married filers claiming at least one dependent are entitled to an additional \$2,100 personal exemption.

**INDIVIDUAL INCOME TAX CREDITS
TAX YEAR 2011 THROUGH TAX YEAR 2013**

CREDIT	TAX YEAR 2011		TAX YEAR 2012		TAX YEAR 2013	
	CLAIMANTS	CREDITS	CLAIMANTS	CREDITS	CLAIMANTS	CREDITS
Agricultural Pollution Control	(1)	(1)	5	\$27,350	0	\$0
Agricultural Water Conservation	97	\$1,014,711	93	\$1,492,176	43	\$838,183
Airline Bankruptcy Payments	-----	-----	-----	-----	0	\$0
Clean Elections	25,275	\$596,451	28,320	\$537,541	-----	-----
Commercial & Industrial Solar Energy	119	\$504,027	157	\$604,741	(2)	(2)
Contributions to Qualifying Charitable Organizations	66,396	\$18,012,263	78,736	\$21,835,458	100,398	\$24,503,609
Defense Contracting	0	\$0	-----	-----	-----	-----
Donations to Military Family Relief Fund	3,007	\$996,695	2,967	\$989,868	2,936	\$989,606
Employing National Guard Members	(1)	(1)	(1)	(1)	0	\$0
Employment of TANF Recipients	(1)	(1)	(1)	(1)	0	\$0
Enterprise Zone	112	\$469,034	113	\$290,660	39	\$84,118
Environmental Technology	(1)	(1)	(1)	(1)	(1)	(1)
Family Tax Credit	533,345	\$5,905,317	520,448	\$5,399,635	538,319	\$5,017,004
Healthy Forest Enterprises	0	\$0	0	\$0	0	\$0
Income Taxes Paid to Other States	39,174	\$82,151,564	32,281	\$93,394,010	43,362	\$96,608,047
Increased Excise Taxes Paid	672,009	\$35,659,215	638,208	\$33,367,298	648,116	\$33,418,364
Investment in Qualified Small Business	223	\$849,766	281	\$965,521	(2)	(2)
Military Reuse Zone	(1)	(1)	0	\$0	0	\$0
Motion Picture Production & Infrastructure	4	\$52,115	3	\$16,505	0	\$0
New Employment Credit	0	\$0	0	\$0	0	\$0
Pollution Control Device	(1)	(1)	9	\$221,039	0	\$0
Private School Tuition Organization (3)	71,801	\$49,104,660	73,156	\$51,303,169	75,870	\$54,490,234
Private School Tuition Organization - Switcher (3)	-----	-----	16,518	\$12,947,997	28,932	\$23,201,403
Property Tax	18,503	\$7,183,778	18,767	\$7,222,443	19,012	\$7,327,176
Public School Extra Curricular Activity (3)	250,216	\$48,442,987	253,134	\$51,287,359	253,842	\$50,972,856
Qualified Facilities - Refundable	-----	-----	-----	-----	0	\$0
Qualified Health Insurance Plans	-----	-----	0	\$0	0	\$0
Recycling Equipment	0	\$0	0	\$0	0	\$0
Renewable Energy Industry - Refundable	0	\$0	0	\$0	0	\$0
Renewable Energy Production	0	\$0	0	\$0	0	\$0
Research & Development	535	\$7,080,526	550	\$7,694,498	607	\$9,109,799
Research & Development - Refundable (4)	16	\$423,709	14	\$132,142	10	\$152,013
Research & Development - University Research	-----	-----	0	\$0	0	\$0
School Site Donation	20	\$89,461	11	\$38,578	14	\$102,449
Solar Energy	9,210	\$4,919,842	7,744	\$3,875,034	7,672	\$3,823,334
Solar Hot Water Heater & Plumbing Stub Outs	24	\$1,876	13	\$1,125	12	\$975
Solar Liquid Fuel Research & Development	0	\$0	0	\$0	0	\$0
Water Conservation Systems	258	\$105,671	37	\$6,672	24	\$3,974
Total	1,690,340	\$263,601,079	1,671,556	\$293,653,365	1,719,198	\$310,643,144

(1) Too few claimants to allow release of information without violating confidentiality laws.

(2) Credits claimed for tax years are being reviewed. No data is available at this time.

(3) Data reported is based on donation information provided to the Department of Revenue by the Private School Tuition Organizations and the Public Schools.

For the purposes of this report, it is assumed that all credit was used in the tax year.

(4) These taxpayers are already included in the research and development credit count.

Figures for all credits shown here are subject to change, due to the verification process.

TABLE 30
RESIDENT INDIVIDUAL INCOME TAX LIABILITY
BY FEDERAL ADJUSTED GROSS INCOME
TAX YEAR 2012 (1)

FEDERAL ADJUSTED GROSS INCOME	# OF FILERS	% OF TOTAL	LIABILITY	% OF TOTAL
Negative Income	42,523	1.73%	\$339,740	0.01%
\$0.01 to \$1,999	44,097	1.80%	36,020	0.00%
\$2,000 to \$5,999	119,710	4.88%	42,897	0.00%
\$6,000 to \$9,999	157,229	6.41%	2,642,977	0.08%
\$10,000 to \$13,999	172,274	7.02%	10,286,985	0.33%
\$14,000 to \$19,999	255,272	10.41%	29,155,870	0.93%
\$20,000 to \$24,999	187,031	7.62%	38,559,690	1.23%
\$25,000 to \$29,999	158,115	6.44%	50,711,816	1.62%
\$30,000 to \$39,999	263,144	10.73%	129,225,909	4.13%
\$40,000 to \$49,999	192,704	7.85%	136,919,402	4.37%
\$50,000 to \$74,999	330,083	13.45%	350,374,549	11.19%
\$75,000 to \$99,999	207,104	8.44%	343,032,558	10.95%
\$100,000 to \$199,999	251,454	10.25%	764,271,929	24.40%
\$200,000 to \$499,999	59,067	2.41%	504,037,714	16.09%
\$500,000 to \$999,999	9,000	0.37%	217,752,474	6.95%
\$1,000,000 to \$4,999,999	4,036	0.16%	290,280,574	9.27%
\$5,000,000 and over	474	0.02%	264,216,751	8.44%
TOTAL	2,453,317	100.00%	\$3,131,887,855	100.00%

(1) This summary combines all liability reported on the Arizona Form 140 and 140A Individual Income tax returns for tax year 2012, filed from January 2013 forward.

TABLE 31
NONRESIDENT/PART YEAR RESIDENT INDIVIDUAL INCOME TAX
LIABILITY BY FEDERAL ADJUSTED GROSS INCOME
TAX YEAR 2012 (1)

ARIZONA PORTION OF FEDERAL ADJUSTED GROSS INCOME	# OF FILERS	% OF TOTAL	LIABILITY	% OF TOTAL
Negative Income	49,561	18.92%	\$6,264,363	2.81%
\$0.01 to \$1,999	29,727	11.35%	322,275	0.14%
\$2,000 to \$5,999	39,299	15.00%	1,246,190	0.56%
\$6,000 to \$9,999	26,891	10.26%	1,878,848	0.84%
\$10,000 to \$13,999	19,733	7.53%	2,617,013	1.17%
\$14,000 to \$19,999	20,434	7.80%	4,481,309	2.01%
\$20,000 to \$24,999	12,447	4.75%	4,155,731	1.86%
\$25,000 to \$29,999	9,335	3.56%	4,094,511	1.84%
\$30,000 to \$39,999	13,610	5.19%	8,261,164	3.70%
\$40,000 to \$49,999	9,032	3.45%	7,718,222	3.46%
\$50,000 to \$74,999	13,004	4.96%	16,506,955	7.40%
\$75,000 to \$99,999	6,528	2.49%	13,063,421	5.86%
\$100,000 to \$199,999	8,120	3.10%	29,817,048	13.37%
\$200,000 to \$499,999	2,961	1.13%	28,411,055	12.74%
\$500,000 to \$999,999	773	0.30%	18,992,800	8.51%
\$1,000,000 to \$4,999,999	469	0.18%	35,467,387	15.90%
\$5,000,000 and over	88	0.03%	39,787,526	17.84%
TOTAL	262,012	100.00%	\$223,085,818	100.00%

(1) This summary combines all liability reported on the Arizona Form 140NR and 140PY Individual Income tax returns for tax year 2012, filed from January 2013 forward.

TABLE 32
CORPORATE INCOME TAX
CORPORATE TAXPAYER BY SIZE OF TAX LIABILITY
TAX YEAR 2012 (1)

CORPORATE TAX LIABILITY	# OF FILERS	% OF TOTAL	LIABILITY	% OF TOTAL
\$50 Minimum	33,986	74.1%	\$1,699,300	0.2%
\$50.01 to \$99.99	754	1.6%	55,549	0.0%
\$100 to \$999.99	4,139	9.0%	1,726,540	0.2%
\$1,000 to \$4,999.99	3,338	7.3%	8,016,641	1.1%
\$5,000 to \$9,999.99	1,037	2.3%	7,271,523	1.0%
\$10,000 to \$49,999.99	1,477	3.2%	33,753,225	4.8%
\$50,000 to \$99,999.99	373	0.8%	27,101,699	3.9%
\$100,000 to \$499,999.99	547	1.2%	121,175,003	17.4%
\$500,000 to \$999,999.99	109	0.2%	75,775,892	10.9%
\$1,000,000 to \$30,000,000	124	0.3%	421,706,235	60.4%
TOTAL	45,884	100.0%	\$698,281,607	100.0%

CORPORATE INCOME TAX CREDITS
TAX YEAR 2012

CREDIT TYPE	# OF FILERS	CREDIT USED	CARRYFORWARD AVAILABLE
Agricultural Pollution Control Equipment	0	\$0	\$0
Clean Elections	259	\$1,370	\$0
Commercial & Industrial Solar Energy	17	\$183,016	\$82,634
Contributions to School Tuition Organizations	90	\$24,086,470	\$4,254,116
Contributions to School Tuition Organizations for Disabled/Displaced Students	4	\$279,470	\$0
Employing National Guard Members	5	\$6,000	\$0
Employment of TANF Recipients	9	\$87,498	\$74,480
Enterprise Zone	57	\$3,633,754	\$4,090,390
Environmental Technology	*	*	*
Healthy Forest Enterprises	0	\$0	\$0
Military Reuse Zone	3	\$100	\$143,120
Motion Picture Production & Infrastructure	6	\$2,538,984	\$652,132
New Employment Credit	10	\$3,843,100	\$230,900
Pollution Control Equipment	20	\$1,872,337	\$5,018,998
Qualified Health Insurance Plans	*	*	*
Renewable Energy Industry	0	\$0	\$0
Renewable Energy Production	*	*	*
Research & Development	313	\$71,645,940	\$1,033,877,705
Research & Development - Refundable (2)	38	\$4,184,353	\$0
Research & Development for University Research	*	*	*
School Site Donation	*	*	*
Solar Hot Water Heater Plumbing Stub-Outs	0	\$0	\$0
Solar Liquid Fuel Research & Development	0	\$0	\$0
Taxes Paid on Coal Used in Electric Generation	*	*	*
Water Conservation	0	\$0	\$0
TOTAL (3)	812	\$120,728,787	\$1,064,745,567

(1) This summary combines all liability on the Arizona Form 120 Corporate Income Tax returns for tax year 2012 filed from January 2013 forward.

(2) These taxpayers are already included in the research and development credit count.

(3) Total is for all credits, including those for which information cannot be divulged individually.

* The single asterisk indicates that no information can be released due to confidentiality laws in Arizona.

Figures may not add to total due to rounding.

**TABLE 33
 AVERAGE FEDERAL ADJUSTED GROSS INCOME
 AND AVERAGE TAX LIABILITY PER RETURN
 BY COUNTY FOR TAX YEAR 2012**

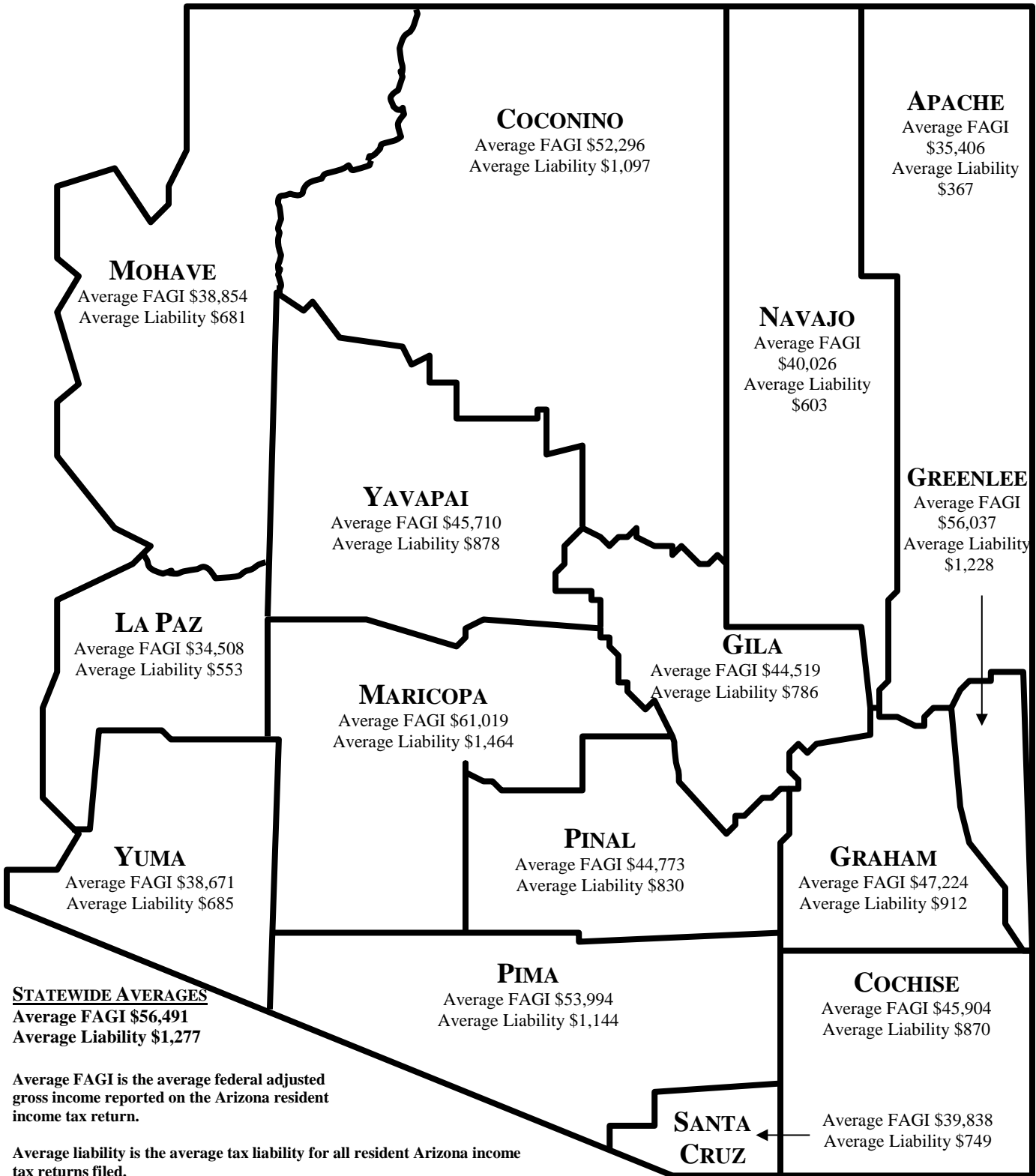


TABLE 34
URBAN REVENUE SHARING
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

FISCAL YEAR	AMOUNT
2010-11	\$474,006,520
2011-12	\$424,423,442
2012-13	\$513,584,045
2013-14	\$561,001,194
2014-15	\$608,935,729

TABLE 35
DISTRIBUTION OF INCOME TAX AS URBAN REVENUE SHARING
TO MUNICIPALITIES IN FISCAL YEAR 2014-15

CITIES BY COUNTY	AMOUNT	% OF TOTAL	CITIES BY COUNTY	AMOUNT	% OF TOTAL
APACHE					
Eagar	\$591,359	0.10%	Queen Creek	\$3,191,162	0.52%
St. Johns	421,276	0.07%	Scottsdale	26,315,799	4.32%
Springerville	237,391	0.04%	Surprise	14,226,160	2.34%
COCHISE			Tempe	19,577,085	3.21%
Benson	\$617,992	0.10%	Tolleson	792,313	0.13%
Bisbee	674,888	0.11%	Wickenburg	770,281	0.13%
Douglas	2,119,573	0.35%	Youngtown	745,222	0.12%
Huachuca City	224,317	0.04%	MOHAVE		
Sierra Vista	5,312,914	0.87%	Bullhead City	\$4,786,562	0.79%
Tombstone*	181,584	0.03%	Colorado City	583,612	0.10%
Willcox	454,808	0.07%	Kingman	3,397,805	0.56%
COCONINO			Lake Havasu City	6,358,718	1.04%
Flagstaff	\$7,973,971	1.31%	NAVAJO		
Fredonia*	181,584	0.03%	Holbrook	\$611,697	0.10%
Page	877,294	0.14%	Pinetop-Lakeside	518,363	0.09%
Tusayan*	181,584	0.03%	Show Low	1,290,459	0.21%
Williams	365,953	0.06%	Snowflake	676,704	0.11%
GILA			Taylor	497,783	0.08%
Globe	\$911,795	0.15%	Winslow	1,168,797	0.19%
Hayden*	181,584	0.03%	PIMA		
Miami	222,380	0.04%	Marana	\$4,232,245	0.70%
Payson	1,852,281	0.30%	Oro Valley	4,964,635	0.82%
Star Valley	279,640	0.05%	Sahuarita	3,057,758	0.50%
Winkelman*	181,584	0.03%	South Tucson	684,210	0.11%
GRAHAM			Tucson	62,963,258	10.34%
Pima	\$288,961	0.05%	PINAL		
Safford	1,158,023	0.19%	Apache Junction	\$4,338,654	0.71%
Thatcher	588,938	0.10%	Casa Grande	5,879,820	0.97%
GREENLEE			Coolidge	1,431,489	0.24%
Clifton	\$400,817	0.07%	Eloy	2,013,285	0.33%
Duncan*	181,584	0.03%	Florence	3,091,291	0.51%
LA PAZ			Kearny	236,060	0.04%
Parker	\$373,216	0.06%	Mammoth*	181,584	0.03%
Quartzsite	445,124	0.07%	Maricopa	5,263,765	0.86%
MARICOPA			Superior	343,436	0.06%
Avondale	\$9,229,081	1.52%	SANTA CRUZ		
Buckeye	6,158,854	1.01%	Nogales	\$2,522,448	0.41%
Carefree	407,112	0.07%	Patagonia*	181,584	0.03%
Cave Creek	607,097	0.10%	YAVAPAI		
Chandler	28,608,724	4.70%	Camp Verde	\$1,316,244	0.22%
El Mirage	3,849,224	0.63%	Chino Valley	1,309,465	0.22%
Fountain Hills	2,722,433	0.45%	Clarkdale	495,967	0.08%
Gila Bend	232,670	0.04%	Cottonwood	1,363,698	0.22%
Gilbert	25,222,298	4.14%	Dewey-Humboldt	471,393	0.08%
Glendale	27,445,979	4.51%	Jerome*	181,584	0.03%
Goodyear	7,901,942	1.30%	Prescott	4,823,242	0.79%
Guadalupe	668,593	0.11%	Prescott Valley	4,699,643	0.77%
Litchfield Park	662,904	0.11%	Sedona	1,214,315	0.20%
Mesa	53,148,628	8.73%	YUMA		
Paradise Valley	1,551,940	0.25%	San Luis	\$3,378,557	0.55%
Peoria	18,650,521	3.06%	Somerton	1,729,530	0.28%
Phoenix	175,183,794	28.77%	Wellton	348,884	0.06%
			Yuma	10,974,954	1.80%

City distributions are based on relative population.

TOTAL **\$608,935,729** **100.00%**

*Population adjusted to reflect minimum requirement of 1,500 per HB 2391, Chapter 290, 2nd Regular Session, 2008.

Figures may not add to total due to rounding.

PROPERTY TAX

Since 1980, Arizona has operated under two distinct valuation bases for levying ad valorem property tax, (ad valorem, meaning "according to value"). Every property has two values, referred to as the "limited" (primary) value and the "full cash" (secondary) value. On November 6, 2012 voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning in Tax Year 2015, both primary and secondary taxes are levied against the limited (primary) value.

Limited (Primary) Value

The limited property value can equal but cannot exceed the full cash value of a property. Limited property valuations are derived on an individual parcel basis by using one of the following methods:

- (a) For parcels in existence in the previous year that did not undergo modification through construction, destruction, split, assemblage or change in use, limited values are established at the previous year limited property value and cannot increase by more than 5%.
- (b) For parcels that were subject to modification through construction, destruction, or change in use, and for new parcels, including those that were the result of a split or assemblage, limited values are established by applying a ratio of limited property values to full cash value of existing properties of the same use or legal classification.

The limited and full cash values of personal property (except mobile homes) and most centrally valued property are the same.

All taxes are levied against the primary net assessed value. Primary taxes are tax dollars generated and used for the maintenance and operation of counties, cities/towns, school districts and community college districts. Secondary taxes are tax dollars generated and used for debt retirement, voter-approved budget overrides, and the maintenance and operation of special service districts such as sanitary, fire, and road improvement districts.

Full Cash (Secondary) Value

Full cash value means the value determined as prescribed by statute. If no statutory method is prescribed, full cash value is synonymous with market value.

All taxable property in Arizona is classified according to its actual use. Each classification is assigned a specific assessment ratio prescribed by law, which is multiplied by the full cash and limited values to produce an assessed value (See Figure 1). The assessed value is the basis for calculating tax bills.

GENERAL PROPERTY TAX ADMINISTRATION

The duties of valuing property for tax purposes are divided between the department and the fifteen county assessors' offices. The department values utilities, airlines, railroads, mines, telecommunication companies, and other geographically-dispersed properties (Centrally Valued Properties). The values for those properties the department appraises are transmitted to the County Boards of Supervisors for entry upon the county tax rolls for levy and collection of property taxes.

The county assessors, using the appraisal standards, guidelines and manuals the department adopted, are responsible for the appraisal and assessment of other classes of property, including residential, commercial, and agricultural properties (Locally Assessed Properties).

Appeals of valuation or classification for locally assessed properties originate with the property owner's petition for review filed with the county assessor. Subsequent appeals may be filed with either the local County Board of Equalization or the State Board of Equalization or the Arizona Tax Court, a division of the Maricopa County Superior Court.

TAX COLLECTION AND DISTRIBUTION

County treasurers collect all property taxes (except those assessed upon airline flight properties and private rail car companies) and distribute receipts to all taxing entities. The department collects taxes

levied on airline flight property and private rail cars and deposits the taxes with the Arizona State Treasurer. Taxes on airline flight properties and private rail car companies are levied at the average state tax rate. This rate is derived by dividing the total of all of the levies in the state by the total net assessed value in the state. This calculation produces the weighted average of all of the levies in the state and is referred to as the "average state tax rate."

EQUALIZATION

The department’s primary tool in evaluating assessors’ assessment performance is its sales ratio study, which compares values established by the county assessors with sales prices of recently sold properties. These studies are performed several times each year by county, type of property, and market area.

Sales ratios are derived by dividing full cash values by sales prices of recently sold properties. The median ratio is the middle ratio in a sorted (low to high) array of sales ratios; 50% of the ratios lie above the median and 50% fall below it. The median ratio is the most commonly used.

The sales ratio studies include coefficients of dispersion which are a measure of how all taxpayers are treated. Coefficient of dispersion targets are currently 25% for vacant land and commercial properties, 15% for residential properties in Maricopa and Pima counties, and 20% on residential properties in all other counties. Lower coefficients of dispersion indicate greater equity in property assessments.

CENTRALLY VALUED PROPERTIES

The Centrally Valued Property Unit is responsible for the annual valuation of 11 industries for ad valorem property tax purposes.

Generally, these are large, complex properties which are often located in more than one county and/or in more than one state. Values determined for such properties are apportioned to the individual taxing jurisdictions. They are referred to as centrally valued because they are valued by the department rather than the 15 county assessors.

The assessment and appeals calendar for centrally valued properties coincides with the calendar for locally assessed properties.

Figure 1

Class	Legal Classification	Assessment Ratio
1.1	Mines	18.5%
1.3-1.7, 1.11	Utilities	18.5%
1.12	Commercial Real	18.5%
1.13	Commercial Personal	First \$146,973 exempt; 18.5% on the remainder
2R	Agricultural Real; Vacant Land	16%
2P	Agricultural Personal	First \$146,973 exempt; 16% on the remainder
3	Primary Residence	10%
4.1	Non-Primary Residence	10%
4.2	Rental Residential	10%
5	Railroads, Airlines	15%
6	Non-Commercial Historic Property; Foreign Trade Zones; Qualified Environmental Technology Facilities	5%
7	Commercial Historic	Combination 1% and 18.5%
8	Rental Residential Historic	Combination 1% and 10%
9	Improvements on government property	1%

INDUSTRIES VALUED BY THE DEPARTMENT

Industry	Number of Taxpayers		
	2013	2014	2015
Airlines (Flight Property).....	29	30	25
Electric & Gas*			
Generation	71	75	98
Transmission and Distribution.....	36	32	24
Electric Co-ops.....	--	9	9
Mines (non-producing)	0	1	1
Mines (producing).....	35	35	35
Pipelines	8	8	8
Private Rail Cars	278	279	271
Producing Oil & Gas Interests	2	2	1
Railroads	12	12	12
Telecommunications	62	61	63
Water and Wastewater Utilities	311	317	309
Total	844	861	856

* Includes Salt River Project

**TABLE 36
STATE OF ARIZONA
2015 PRIMARY PROPERTY TAX LEVIES**

TAX AUTHORITY	NET ASSESSED VALUATION	STATE	COUNTY	CITIES and TOWNS	COMMUNITY COLLEGES	SCHOOLS	ALL OTHER	TOTAL	PRIMARY RATE
APACHE	\$489,723,731	\$4,269,135	\$2,547,543	\$0	\$0	\$8,206,040	\$0	\$15,022,717	\$3.07
COCHISE	\$920,583,366	\$4,853,676	\$24,189,249	\$2,411,857	\$20,028,212	\$50,501,577	\$0	\$101,984,571	11.08
COCONINO	\$1,537,418,218	\$9,444,733	\$8,817,093	\$6,233,822	\$7,478,002	\$62,417,926	\$0	\$94,391,577	6.14
GILA	\$482,515,161	\$2,438,632	\$20,217,385	\$1,563,724	\$4,111,994	\$21,547,013	\$0	\$49,878,748	10.34
GRAHAM	\$203,987,445	\$1,048,574	\$4,706,194	\$247,857	\$5,887,078	\$8,795,036	\$0	\$20,684,740	10.14
GREENLEE	\$465,533,779	\$4,830,511	\$2,619,093	\$407,883	\$0	\$7,563,185	\$0	\$15,420,671	3.31
LA PAZ	\$201,755,860	\$1,217,546	\$4,757,403	\$0	\$4,368,014	\$5,814,134	\$0	\$16,157,098	8.01
MARICOPA	\$34,623,670,323	\$205,826,452	\$471,455,751	\$232,070,202	\$437,227,709	\$1,484,573,491	\$0	\$2,831,153,604	8.18
MOHAVE	\$1,685,788,538	\$8,874,685	\$33,203,291	\$4,282,498	\$21,792,188	\$74,852,444	\$0	\$143,005,106	8.48
NAVAJO	\$832,770,173	\$5,116,802	\$7,009,427	\$361,469	\$14,509,355	\$28,079,681	\$0	\$55,076,733	6.61
PIMA	\$7,620,360,873	\$40,840,598	\$334,424,674	\$16,688,073	\$104,315,120	\$376,294,083	\$0	\$872,562,548	11.45
PINAL	\$2,057,547,528	\$10,401,781	\$82,379,301	\$17,467,111	\$47,323,593	\$91,765,063	\$0	\$249,336,850	12.12
SANTA CRUZ	\$317,370,907	\$1,607,574	\$12,087,388	\$0	\$1,483,709	\$14,151,131	\$0	\$29,329,802	9.24
YAVAPAI	\$2,279,183,448	\$15,130,241	\$44,026,987	\$2,143,834	\$42,668,593	\$78,111,435	\$0	\$182,081,091	7.99
YUMA	\$1,120,339,479	\$5,662,196	\$27,068,877	\$11,349,068	\$24,255,350	\$50,258,656	\$0	\$118,594,147	10.59
TOTAL STATE	\$54,838,548,829	\$321,563,137	\$1,079,509,657	\$295,227,397	\$735,448,917	\$2,362,930,895	\$0	\$4,794,680,003	\$8.74
AVERAGE STATE PRIMARY TAX RATE PER \$100				\$8.74					

2014 PRIMARY PROPERTY TAX LEVIES

TAX AUTHORITY	NET ASSESSED VALUATION	STATE	COUNTY	CITIES and TOWNS	COMMUNITY COLLEGES	SCHOOLS	ALL OTHER	TOTAL	PRIMARY RATE
APACHE	\$513,655,622	\$2,613,993	\$2,470,684	\$0	\$0	\$10,854,810	\$0	\$15,939,487	\$3.10
COCHISE	\$955,783,522	\$5,051,743	\$25,114,168	\$2,381,549	\$19,430,123	\$51,049,280	\$0	\$103,026,863	10.78
COCONINO	\$1,512,794,264	\$9,322,197	\$8,541,236	\$6,162,697	\$7,243,259	\$56,859,447	\$0	\$88,128,836	5.83
GILA	\$416,099,715	\$2,117,531	\$17,434,578	\$1,626,626	\$3,992,061	\$19,448,221	\$0	\$44,619,018	10.72
GRAHAM	\$211,469,611	\$1,093,904	\$4,608,769	\$241,809	\$5,652,160	\$10,543,575	\$0	\$22,140,216	10.47
GREENLEE	\$458,425,787	\$4,701,130	\$2,521,342	\$276,255	\$0	\$7,559,221	\$0	\$15,057,948	3.28
LA PAZ	\$205,814,389	\$1,047,389	\$4,705,534	\$0	\$4,117,111	\$5,860,385	\$0	\$15,730,420	7.64
MARICOPA	\$33,519,795,354	\$199,396,545	\$443,026,211	\$227,383,150	\$429,857,856	\$1,473,054,722	\$0	\$2,772,718,483	8.27
MOHAVE	\$1,727,793,369	\$8,792,740	\$31,438,928	\$4,232,725	\$21,104,996	\$75,277,505	\$0	\$140,846,895	8.15
NAVAJO	\$845,018,236	\$5,440,783	\$6,916,474	\$350,427	\$14,035,753	\$27,858,346	\$0	\$54,601,783	6.46
PIMA	\$7,518,481,988	\$41,014,340	\$321,704,655	\$15,026,704	\$100,326,624	\$382,670,240	\$0	\$860,742,563	11.45
PINAL	\$2,005,151,766	\$10,207,253	\$76,262,685	\$16,985,533	\$38,304,414	\$90,692,158	\$0	\$232,452,043	11.59
SANTA CRUZ	\$320,999,663	\$1,637,592	\$11,707,179	\$0	\$1,437,115	\$15,546,587	\$0	\$30,328,473	9.45
YAVAPAI	\$2,217,272,811	\$15,022,665	\$43,108,218	\$2,064,502	\$41,254,578	\$78,142,442	\$0	\$179,592,405	8.10
YUMA	\$1,112,447,688	\$5,661,246	\$24,067,955	\$10,126,168	\$22,253,404	\$46,457,367	\$0	\$108,566,140	9.76
TOTAL STATE	\$53,541,003,785	\$313,121,053	\$1,023,628,616	\$286,858,146	\$709,009,453	\$2,351,874,304	\$0	\$4,684,491,572	\$8.75
AVERAGE STATE PRIMARY TAX RATE PER \$100				\$8.75					

NOTE: Some increase/decrease due to reporting tax levies in different authorities than in previous years.

TABLE 37
STATE OF ARIZONA
2015 SECONDARY PROPERTY TAX LEVIES

TAX AUTHORITY	NET ASSESSED VALUATION	STATE	COUNTY	CITIES and TOWNS	COMMUNITY COLLEGES	SCHOOLS	ALL OTHER	TOTAL	SECONDARY RATE
APACHE	\$490,430,671	\$0	\$4,750,516	\$0	\$2,036,759	\$2,436,353	\$5,275,994	\$14,499,621	\$2.96
COCHISE	\$920,583,366	\$0	\$4,299,422	\$280,130	\$0	\$5,021,094	\$9,123,204	\$18,723,850	2.03
COCONINO	\$1,540,028,458	\$0	\$11,771,386	\$5,717,291	\$1,911,175	\$16,086,317	\$16,434,508	\$51,920,678	3.37
GILA	\$482,515,161	\$0	\$1,652,614	\$0	\$0	\$4,428,506	\$7,256,157	\$13,337,278	2.76
GRAHAM	\$203,987,445	\$0	\$301,046	\$0	\$0	\$1,823,890	\$571,925	\$2,696,861	1.32
GREENLEE	\$465,533,779	\$0	\$1,315,625	\$0	\$0	\$1,578,515	\$37,700	\$2,931,840	0.63
LA PAZ	\$201,755,860	\$0	\$201,756	\$0	\$785,436	\$689,908	\$4,422,295	\$6,099,394	3.02
MARICOPA	\$34,623,670,323	\$0	\$72,779,242	\$231,710,214	\$80,049,926	\$858,489,419	\$245,240,094	\$1,488,268,895	4.30
MOHAVE	\$1,685,788,538	\$0	\$13,084,502	\$0	\$0	\$9,822,067	\$20,332,347	\$43,238,916	2.56
NAVAJO	\$832,770,173	\$0	\$5,491,430	\$0	\$0	\$11,488,751	\$13,799,302	\$30,779,483	3.70
PIMA	\$7,620,360,873	\$0	\$117,854,379	\$33,217,111	\$0	\$103,613,310	\$85,032,399	\$339,717,198	4.46
PINAL	\$2,057,547,528	\$0	\$6,350,353	\$5,855,213	\$7,197,301	\$32,042,747	\$29,466,305	\$80,911,920	3.93
SANTA CRUZ	\$317,370,907	\$0	\$2,494,180	\$0	\$0	\$3,329,998	\$6,079,598	\$11,903,776	3.75
YAVAPAI	\$2,279,183,448	\$0	\$10,170,117	\$76,927	\$4,968,620	\$17,140,288	\$41,073,477	\$73,429,429	3.22
YUMA	\$1,120,339,479	\$0	\$12,580,610	\$0	\$4,361,482	\$11,363,601	\$884,877	\$29,190,570	2.61
TOTAL STATE	\$54,841,866,009	\$0	\$265,097,178	\$276,856,885	\$101,310,698	\$1,079,354,765	\$485,030,182	\$2,207,649,709	\$4.03
AVERAGE STATE SECONDARY TAX RATE PER \$100				\$4.03					

2014 SECONDARY PROPERTY TAX LEVIES

TAX AUTHORITY	NET ASSESSED VALUATION	STATE	COUNTY	CITIES and TOWNS	COMMUNITY COLLEGES	SCHOOLS	ALL OTHER	TOTAL	SECONDARY RATE
APACHE	\$517,650,758	\$0	\$4,689,135	\$0	\$1,975,873	\$2,197,864	\$5,463,735	\$14,326,607	\$2.77
COCHISE	\$959,542,199	\$0	\$4,453,574	\$319,053	\$0	\$4,762,956	\$9,095,082	\$18,630,665	1.94
COCONINO	\$1,534,483,938	\$0	\$11,716,967	\$5,611,045	\$1,945,726	\$17,195,139	\$15,801,285	\$52,270,161	3.41
GILA	\$419,257,531	\$0	\$1,257,773	\$0	\$0	\$5,585,417	\$6,691,890	\$13,535,079	3.23
GRAHAM	\$213,508,436	\$0	\$309,637	\$0	\$0	\$2,585,660	\$579,566	\$3,474,863	1.63
GREENLEE	\$462,439,380	\$0	\$1,180,078	\$0	\$0	\$1,789,432	\$39,689	\$3,009,198	0.65
LA PAZ	\$210,720,562	\$0	\$210,721	\$0	\$800,527	\$1,165,844	\$4,419,932	\$6,597,025	3.13
MARICOPA	\$35,079,646,593	\$0	\$67,128,616	\$231,574,325	\$82,893,205	\$865,414,029	\$203,346,581	\$1,450,356,756	4.13
MOHAVE	\$1,757,074,571	\$0	\$17,203,407	\$0	\$0	\$16,803,781	\$20,531,168	\$54,538,357	3.10
NAVAJO	\$846,247,083	\$0	\$5,492,978	\$0	\$0	\$12,107,687	\$14,032,405	\$31,633,070	3.74
PIMA	\$7,579,898,868	\$0	\$110,171,539	\$30,621,097	\$0	\$104,824,994	\$83,275,942	\$328,893,572	4.34
PINAL	\$2,040,749,841	\$0	\$6,314,526	\$7,055,651	\$7,203,847	\$33,950,629	\$29,160,097	\$83,684,750	4.10
SANTA CRUZ	\$323,843,644	\$0	\$2,472,680	\$0	\$0	\$3,221,152	\$6,157,086	\$11,850,918	3.66
YAVAPAI	\$2,267,389,484	\$0	\$9,806,493	\$76,624	\$5,058,546	\$16,617,267	\$38,647,290	\$70,206,220	3.10
YUMA	\$1,139,598,176	\$0	\$12,183,402	\$0	\$4,329,333	\$11,845,202	\$883,221	\$29,241,158	2.57
TOTAL STATE	\$55,352,051,064	\$0	\$254,591,524	\$275,257,795	\$104,207,057	\$1,100,067,054	\$438,124,969	\$2,172,248,400	\$3.92
AVERAGE STATE SECONDARY TAX RATE PER \$100				\$3.92					

NOTE: Some increase/decrease due to reporting tax levies in different authorities than in previous years.

TABLE 38
 AVERAGE PROPERTY TAX RATES
 PER \$100 OF ASSESSED VALUATION
 2012 THROUGH 2015

	2012		2013	
	PRIMARY	SECONDARY	PRIMARY	SECONDARY
School Districts	\$4.00	\$2.02	\$4.29	\$2.10
Counties	1.72	0.49	1.81	0.46
State	0.50	0.00	0.55	0.00
Cities and Towns	0.49	0.47	0.55	0.46
Community Colleges	1.17	0.17	1.31	0.19
Special Districts	0.00	0.71	0.00	0.80
	\$7.89	\$3.87	\$8.52	\$4.02
TOTAL	\$11.75		\$12.54	
	2014		2015	
	PRIMARY	SECONDARY	PRIMARY	SECONDARY
School Districts	\$4.39	\$1.99	\$4.31	\$1.97
Counties	1.91	0.46	1.97	0.48
State	0.58	0.00	0.59	0.00
Cities and Towns	0.54	0.50	0.54	0.50
Community Colleges	1.32	0.19	1.34	0.18
Special Districts	0.00	0.79	0.00	0.79
	\$8.75	\$3.92	\$8.74	\$4.03
TOTAL	\$12.67		\$12.77	

School district rate includes Unorganized School Districts.

Figures may not add to total due to rounding.

ALL OTHER SOURCES OF REVENUE

Bingo

Estate Tax

Luxury Tax

Unclaimed Property & Escheated Estates

Waste Tire Fees

BINGO

The tax on state licensed bingo operations is based on a multi-tiered licensing structure. There are three classes of bingo licenses, each of which has a different tax rate.

Each licensee's tax rate is based on bingo receipts. Class A licensees, whose gross receipts do not exceed \$15,600 per year, are taxed at 2.5 percent of their adjusted gross receipts. (Adjusted gross receipts are the monies left after paying prizes.) Class B and Class C licensees are taxed on their gross receipts. Class B licensees, whose gross receipts do not exceed \$300,000, are taxed at 1.5 percent of their gross receipts. Class C licensees, whose gross receipts exceed \$300,000 per year, are taxed at 2 percent of their gross receipts from bingo.

All taxes collected are deposited in the state general fund (*Refer to Table 39*).

TABLE 39
BINGO COLLECTIONS
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

	Fiscal Year	Amount			
	2010-11	\$504,905			
	2011-12	\$508,145			
	2012-13	\$519,998			
	2013-14	\$521,583			
	2014-15	\$507,212			
BINGO COLLECTIONS					
	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Licenses	\$27,576	\$18,164	\$18,175	\$17,580	\$17,136
Proceeds	476,482	486,056	497,493	499,608	482,440
Penalty, Interest and Miscellaneous	847	3,926	4,331	4,395	7,636
TOTAL	\$504,905	\$508,145	\$519,998	\$521,583	\$507,212

ESTATE TAX

Arizona's Estate Tax was effectively repealed January 1, 2005, following the elimination of the Federal State Death Tax Credit by Congress. No Arizona estate tax is owed on the estate of a person who dies after 2004 and there is no requirement to file an Arizona Form 76. We continue to receive late original returns and amended tax returns for decedents with a date of death prior to 2005 as it can take years to settle a complicated estate.

Only estates that are required to file a federal estate tax return are required to file an Arizona Estate Tax return.

The Arizona estate tax for an Arizona resident decedent is an amount equal to the federal credit for state death taxes. If the decedent owned real or tangible personal property located in another state, the Arizona tax is reduced by either the amount of death tax paid to the other state or a prorated share of the federal credit, whichever is less.

The Arizona estate tax for a nonresident decedent is a prorated share of the federal credit, based on the value of real property and tangible personal property having actual situs in Arizona this year.

The Arizona estate tax is a tax on the transfer of property or interest in property that takes effect upon the owner's death. The estate tax is imposed on the net taxable estate before distribution, differing from the inheritance tax, which is imposed on the portion of the estate received by a beneficiary. Arizona does not impose inheritance or gift taxes. Estate taxes are deposited into the state general fund. (*Refer to Table 40.*)

The Collections Division of the Arizona Department of Revenue is responsible for the collection of estate taxes and the processing of estate tax returns and reports of personal representative of decedent.

TABLE 40
ESTATE TAX COLLECTIONS
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Collections	\$437,372	\$200,825	\$0	\$0	\$0
Refunds	\$0	\$0	\$0	\$0	\$0
Net	\$437,372	\$200,825	\$0	\$0	\$0

Figures may not add to total due to rounding.

LUXURY TAX

Arizona's luxury tax applies to cigarettes, other tobacco products, and alcoholic beverages. The department is responsible for issuing tobacco licenses and stamps and collecting taxes on tobacco products and alcoholic beverages. The department also investigates and confiscates contraband tobacco products. During fiscal year 2015, over \$385 million was received in luxury tax collections.

Of the monies collected per the Tobacco Products Referendum (Prop 303), \$40.7 million was distributed to the Prop 204 Protection Account, \$26.2 million to the Medically Needy Account, \$19.4 million for Emergency Health Services, \$4.6 million for Health Research, and \$1.9 million for Health Education. Due to the passage of the Tobacco Tax and Health Care Initiative in November 1994, \$48.0 million was distributed to the Medically Needy Fund, \$15.8 million to the Health Education Fund and \$3.4 million to the Health Research Fund. The Corrections Fund, established by the Legislature in 1984 to pay for prison construction, received \$29.2 million. The Drug Treatment and Education Fund received \$9.1 million, and the Corrections Revolving Fund received \$3.6 million due to the passage of Proposition 200 in 1994. The Smoke Free AZ fund received \$2.9 million due to the passage of Proposition 201 in 2006. The Early Childhood Development and Health Fund received \$122.2 million due to the passage of Proposition 203 in 2006. The remaining \$56.7 million was deposited into the state general fund. (Refer to Table 41)

Luxury Tax Rates

	<u>Tobacco Tax Rate</u>	<u>Indian Reservation Tobacco Tax Rate</u>
per cigarette	\$ 0.10	\$ 0.05
package of 20	\$ 2.00	\$ 1.00
package of 25	\$ 2.50	\$ 1.25
 Cigars		
small cigars weighing not more than 3 lbs/1,000 package of 20 or less	\$ 0.441	\$ 0.223
retailing for \$0.05 or less (each 3 cigars)	\$ 0.218	\$ 0.11
retailing for more than \$0.05 (each cigar)	\$ 0.218	\$ 0.11
 Smoking Tobacco		
snuff, fine cut, chewing, etc. (per ounce)	\$ 0.223	\$ 0.113
Cavendish, plug, or twist (per ounce)	\$ 0.055	\$ 0.028
	 <u>Luxury Tax Rate</u>	
 Spirituos Liquors		
per gallon	\$ 3.00	
 Vinous Liquors more than 24% alcohol		
(per gallon)	\$ 4.00	
 Vinous Liquors less than 24% alcohol		
(per gallon)	\$ 0.84	
 Malt Liquor (Beer)		
per gallon	\$ 0.16	
per barrel (31 gallons)	\$ 4.96	

TABLE 41
LUXURY TAX COLLECTIONS
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

SOURCE:	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	PERCENT OF COLLECTIONS IN FY2014-15
Spirituos Liquor	\$28,202,704	\$31,847,105	\$32,184,954	\$33,588,102	\$33,963,657	8.8%
Vinous Liquor	13,596,155	15,430,577	15,155,547	15,583,934	15,624,518	4.1%
Malt Liquor	21,566,369	21,101,489	21,343,360	21,974,061	21,682,060	5.6%
Liquor Collections	\$63,365,229	\$68,379,171	\$68,683,862	\$71,146,096	\$71,270,235	18.5%
Tobacco - All Types						
Gross Revenue	\$340,754,224	\$337,777,289	\$331,347,184	\$327,788,207	\$331,926,341	
Refunds	(12,281,284)	(17,978,338)	(15,583,872)	(15,299,166)	(17,161,399)	
Licenses	7,710	7,925	7,825	8,198	6,775	
Administrative Expenses	(673,071)	(677,280)	(676,090)	(574,345)	(679,500)	
Net Tobacco Collections	\$327,807,579	\$319,129,597	\$315,095,046	\$311,922,894	\$314,092,217	81.5%
TOTAL COLLECTIONS	\$391,172,807	\$387,508,768	\$383,778,908	\$383,068,990	\$385,362,452	100.0%
DISTRIBUTIONS:						
State General Fund	\$53,599,408	\$56,357,085	\$56,184,596	\$58,711,664	\$56,746,947	
Tobacco Tax & Health Care Fund	64,799,725	61,879,113	61,958,027	58,050,632	63,194,425	
Tobacco Products Tax Fund	95,586,289	90,953,118	91,044,441	91,923,081	93,055,529	
Drug Treatment & Education Fund	8,303,445	8,805,071	8,822,752	9,111,608	9,092,642	
DOC Revolving Fund	3,307,459	3,512,659	3,520,473	3,636,704	3,630,371	
Department of Corrections Fund	27,130,247	28,518,897	28,468,675	29,253,753	29,249,936	
DOC Transfer from Prop 200 Funds	1,322,335	1,259,100	1,259,414	1,343,199	1,426,934	
Prop 200 Transfer from Prop 303 Funds	3,982,185	3,789,120	3,792,927	3,748,474	3,876,853	
Smoke Free AZ	3,058,479	3,043,448	2,956,134	2,918,213	2,848,986	
Early Childhood Development and Health Fund	130,083,235	129,391,158	125,771,470	124,371,662	122,239,828	
TOTAL DISTRIBUTIONS	\$391,172,807	\$387,508,768	\$383,778,908	\$383,068,990	\$385,362,452	

Figures may not add to total due to rounding.

UNCLAIMED PROPERTY

Responsibilities of the Unclaimed Property Program include the collection, safekeeping, and disposition of abandoned property and escheated estates.

The Unclaimed Property staff establishes and maintains records of these types of funds along with other intangible and tangible personal property that is presumed to be abandoned. This property is received from business associations, banking and financial institutions, insurance companies, fiduciaries, state courts, and governmental agencies.

Common examples of unclaimed property are:

- State warrants not cashed after six months.
- Payroll checks written to employees not cashed after one year.
- Contents of safe deposit boxes on which rent has not been paid for three years.
- Government and Court property not claimed in two years.
- Stock or other equity interest in a business association or financial institution with no activity for three years.
- Bank or credit union accounts with no activity for three years.
- Cashier and other official checks not cashed in three years.
- Checks written to vendors or customers not cashed after three years.
- Money orders not cashed in three years.
- Traveler's checks not cashed in fifteen years.

There is no statute of limitations for filing a claim for unclaimed property. Owners may recover their property at any time with proper documentation.

ESCHEATED ESTATES

In addition to their Unclaimed Property responsibilities, staff members also establish and maintain records of Escheated Estates. An Escheated Estate is created when a person dies without leaving a will and has no known heirs. When this condition exists, his or her property reverts to the state as the original and ultimate proprietor after seven years. Funds received from escheated estates are deposited into the Permanent State School Fund. *(Refer to Table 42.)*

TABLE 42
UNCLAIMED PROPERTY COLLECTIONS AND DISTRIBUTIONS
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

SOURCE:	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
UNCLAIMED PROPERTY	\$121,263,602	\$115,160,041	\$131,397,401	\$113,119,156	\$126,763,806
Refunds	(34,677,629)	(40,049,513)	(40,013,520)	(34,059,189)	(42,673,868)
NET	\$86,585,973	\$75,110,528	\$91,383,881	\$79,059,967	\$84,089,938
ESCHEATED ESTATES	370,786	186,322	327,961	649,079	736,221
Refunds	(230,340)	(158,988)	(302,974)	(283,812)	(697,553)
NET	\$140,446	\$27,334	\$24,987	\$365,267	\$38,668
TOTAL NET REVENUE	\$86,726,419	\$75,137,862	\$91,408,868	\$79,425,235	\$84,128,606
DISTRIBUTIONS:					
General Fund	49,120,855	45,819,445	60,899,609	49,165,753	54,034,910
Housing Fund	10,500,000	2,500,000 (3)	2,500,000	2,500,000	2,500,000
SMI Housing Fund (3)	-----	2,000,000	2,000,000	2,000,000	2,000,000
Victim Restitution Fund	1,143,835	100,540	612,703	684,584	683,239
Operating transfers	1,262,200	-----	514,700	-----	-----
Admin Fund (2)	24,500,000	24,500,000	24,500,000	24,500,000	24,500,000
Net to Permanent State School Fund:					
Escheated Estates	140,446	27,334	27,334	24,987	38,668
Unclaimed Shares/dividends	58,381	184,618	332,985	190,053	355,232 (1)
Storage Facility	701	5,925	23,884	19,578	16,558
TOTAL DISTRIBUTION	\$86,726,419	\$75,137,862	\$91,411,215	\$79,084,954	\$84,128,606

(1) FY15 Escheated Estates will be transferred in FY16.

(2) Pursuant to SB 1003, Chapter 3, 4th Special Session, 2009.

(3) Pursuant to SB 1616, Chapter 28, 1st Regular Session, 2011.

Figures may not add to total due to rounding.

WASTE TIRE

The Arizona waste tire fee is a fee applied to the sale of new motor vehicle tires. The fee is to be collected quarterly at a rate of two percent of the purchase price not to exceed two dollars per tire.

During fiscal year 2015, the department collected \$8,906,743 and distributed 3.5% percent to the Arizona Department of Environmental Quality with the remainder being distributed to the counties based on the number of motor vehicles registered in the county (*Refer to Tables 43*). The distribution is performed quarterly.

TABLE 43
WASTE TIRE FEE DISTRIBUTIONS
FISCAL YEAR 2010-11 THROUGH FISCAL YEAR 2014-15

	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Apache	\$103,880	\$110,216	\$113,633	\$118,662	\$11,372
Cochise	215,256	225,450	227,680	231,444	227,946
Coconino	200,347	211,898	218,206	226,483	224,115
Gila	110,165	115,502	118,562	121,854	120,219
Graham	48,835	51,514	53,295	54,820	53,919
Greenlee	15,231	16,315	16,991	17,421	17,578
La Paz	49,117	52,807	54,978	56,558	56,305
Maricopa	4,357,598	4,531,883	4,645,996	4,800,866	4,731,031
Mohave	390,315	413,996	425,534	439,690	188,345
Navajo	168,210	176,949	182,631	189,926	188,345
Pima	1,092,320	1,133,099	1,146,478	1,169,151	1,160,602
Pinal	393,137	414,977	431,565	449,131	447,688
Santa Cruz	77,565	82,081	84,896	87,754	86,986
Yavapai	387,234	407,032	419,652	434,938	433,130
Yuma	260,715	276,990	286,595	294,940	292,174
Arizona Department of Environmental Quality	285,438	298,160	305,631	316,056	312,114
Total	\$8,155,363	\$8,518,868	\$8,732,325	\$9,009,694	\$8,906,743

Figures may not add to total due to rounding.

LEGISLATIVE SUMMARY

LEGISLATIVE SUMMARY

The following is intended to give a brief summary of the 2015 tax-related legislation impacting the Department of Revenue (DOR) and not intended to discuss the details of any specific enactment. Detailed summaries of these bills can also be found at www.azleg.gov. Please refer to the particular legislation for more definitive information.

The general effective date for legislation enacted during the First Regular Session is July 3, 2015. All legislation will have this effective date unless otherwise noted in the summary.

Copies of these bills can be downloaded at www.azleg.state.az.us/FinalDisposition.asp or may be requested from the Secretary of State's Office by calling (602) 542-4086.

Income Tax

House Bill 2001, (Chapter 91)

Income tax brackets; inflation index

Beginning with tax year 2016, the income dollar amounts for each individual income tax rate bracket are required to be annually adjusted by the average annual change in the metropolitan Phoenix consumer price index.

House Bill 2066 (Chapter 47)

Public school tax credit; testing

Retroactive to tax year 2015, the Individual Income Tax Credit for Public School Fees and Contributions is expanded to allow cash contributions to a public school to be used for the support of standardized testing for college credit or readiness offered by a widely recognized and accepted educational testing organization, for the career and technical education industry certification assessment or for preparation courses and materials for standardized testing.

House Bill 2153 (Chapter 301)

Tax credits; STOs; preapproval; entities

Owners of businesses organized as S-Corporations may claim corporate income tax credits for contributions to School Tuition Organizations based on the pro rata amount of contributions to STOs if the aggregate contribution in the tax year is at least \$5,000 and the contributions meet the statutory requirements. The claims made by co-owners of an S-Corporation cannot exceed the amount that would have been allowed a sole owner of the corporation.

An S-Corporation or a shareholder may not claim a tax credit for contributions made to an STO if the contribution is made for the benefit of a shareholder's dependent, an S-Corporation or shareholder designates a student beneficiary as a condition of making the contribution, or an S-Corporation or shareholder agrees with other taxpayers to designate reciprocal contributions for the benefit of each other's dependents.

Certified STOs are prohibited from awarding grants or scholarships to students who are simultaneously enrolled in a district or charter school and a qualifying school.

House Bill 2274 (Chapter 208)

Emergency and military affairs omnibus

Repeals the National Guard Relief Fund and the check off box on the income tax return form for contributions of tax refunds to the Fund.

All unexpended and unencumbered monies remaining in the Fund are transferred to the Department of Veterans' Services for distribution to a nonprofit organization that provides financial assistance to National Guard members and their families.

House Bill 2483 (Chapter 217)

School tax credit; classroom expenses

Specifies that cash contributions for the Individual Income Tax Credit for Public School Fees and Contributions that is made on or before April 15th may be applied to either the current or preceding tax year and is considered to have been made on the last day of that tax year.

School tuition organizations (STOs) must include on their websites, if one exists, the percentage and total dollar amount of educational scholarships and tuition grants awarded during the previous fiscal year to students whose family income meets the eligibility requirements for free or reduced-price lunches, and to students whose family income exceeds that threshold but does not exceed 185 percent of the eligibility requirements for free or reduced-price lunches. This information is required to be included in the STO's annual report to the Department of Revenue.

House Bill 2670 (Chapter 6)

International operations centers

See Multiple Tax Types.

House Bill 1103 (Chapter 250)

Charitable tax credit; foster children

The definition of a qualifying foster care charitable organization is expanded to include organizations that provide services to a person who is under 21 years of age and who is participating in a transitional independent living program after being in an out-of-home placement.

Senate Bill 1188 (Chapter 227)

Internal Revenue code conformity

Incorporates the federal changes made in 2014 into Arizona's definition of "internal revenue code."

Senate Bill 1216 (Chapter 230)

Tax corrections

See Multiple Tax Types.

Transaction Privilege Tax/ Use Tax

House Bill 2135, (Chapter 235)

Transportation network companies

Transportation network companies that have been issued a permit by the Arizona Department of Transportation and transportation network company drivers on transactions involving transportation

network services are exempted from the transporting classification of the transaction privilege tax.

House Bill 2147 (Chapter 72)

Multiple tax; pole attachment

The leasing or renting of space to make attachments to utility poles by or to a person engaged in business under the utilities or telecommunications classifications or to a person that is a cable operator from the utilities, is exempted from the telecommunications, commercial lease and personal property rental classifications of transaction privilege taxes and municipal excise tax.

House Bill 2670 (Chapter 6)

International operations centers

See Multiple Tax Types.

Senate Bill 1216 (Chapter 6)

International operations centers

See Multiple Tax Types.

Senate Bill 1446 (Chapter 4)

TPT reform; contractors

A prime contractor, or subcontractor working under the control of a prime contractor, may purchase tangible personal property to be incorporated into a maintenance, repair, replacement or alteration (MARRA) project exempt from retail TPT or use tax. The prime contractor, or subcontractor, is liable for an amount equal to any tax a seller would be required to pay. Additionally, any person who uses a canceled TPT license is liable for tax if property is purchased exempt from retail TPT or use tax and subsequently used or consumed. In the event that if a final determination concludes the project was prime contracting, a person may be entitled to an offset for tax paid on tangible personal property believed to be for a MARRA project.

The gross proceeds of sales or income derived from a de minimis amount of modification activity does not subject a contract or any part of a contract to TPT under the prime contracting classification. Tangible personal property incorporated or

fabricated into a MRRA project is subject to retail TPT. Each contract is independent of any other contract, except that any change order that directly relates to the scope of work of the original contract must be treated the same as the original contract regardless of the amount of modification. Change orders that do not directly relate to the scope of work of the original contract must be treated as a new contract, with the tax treatment of any subsequent change order to follow tax treatment of the contract to which the scope of work of the subsequent change order directly relates.

Contracts with political subdivisions, with the exception of certain special taxing districts, that primarily involve surface or subsurface and vertical improvements and subject to specific highway and public building statutes are subject to TPT under the prime contracting classification without regard to whether the contract includes MRRA activities.

For purposes of the exclusion from prime contracting, alteration is defined as an activity or action that causes a direct physical change to existing property. For existing residential property, projects are not taxable under prime contracting if the contract amount is less than 25 percent of the higher value of the most recently available full cash value as of the date of any bid or the date of the contract. For existing commercial property, contracts are not taxable under prime contracting if the contract amount is less than \$750,000, the scope of work directly relates to less than 40% of the existing square footage of the existing property or the scope of the work involves expanding the square footage of less than 10 percent of the existing property. A contract qualifies as an alteration if a project for which the owner and the person performing the work reasonably believed, at the inception of the contract, would be treated as an alteration and if on completion the project exceeded the applicable threshold by no more than 25 percent.

Project elements may not be artificially separated from a contract to cause a project to qualify as an alteration. The Department of Revenue (DOR) has the burden of proof that project elements have been artificially separated.

A person who canceled a TPT license on or before April 30, 2015 may be subject to an amount equal to the amount of retail TPT on the value of any materials purchased tax exempt that are on hand at

the time of cancellation. The person may make a reasonable estimate on the value of the materials. If the reasonable estimate of the value is \$10,000 or less, the person is not liable. If the reasonable estimate of value is more than \$10,000, the person is not liable for the retail equivalent amount on the first \$10,000, and the value in excess is subject to the retail equivalent amount under any of the following:

- If the materials are incorporated into an MRRA project, the retail equivalent amount due is based on the purchase price of the materials and if the materials are sold or disposed, the retail equivalent amount is based on the revenue received;
- In a single payment with the tax based on the person's principal place of business; or
- In 12 equal monthly installments with the tax based on the person's principal place of business.

For any contract that was bid or entered into or for any binding obligation executed on or before April 30, 2015, a person may treat the contract as a contract that is taxable under the prime contracting classification. Contractors will be held harmless from any additional tax, penalty and interest if DOR determines, under audit, that the person's good faith treatment of the contract as, either subject or excluded from TPT under the prime contracting classification during this time period, was incorrect. Cities, towns and counties may no longer require a building permit applicant to have a TPT or business license as a condition for the issuance of a permit. Additionally, the requirement that an applicant possess a TPT license in order to obtain or renew a Registrar of Contractor's license has been eliminated.

Property Tax

House Bill 2108 (Chapter 233)

Property tax; class nine; conventions

Improvements located on federal, state, county or municipal property and owned by the lessee of the property may only qualify for the class 9 property tax classification if the improvements become the property of the government on termination of the leasehold interest in the property and if both the

improvements and the property are used exclusively for convention activities.

House Bill 2110 (Chapter 98)

Taxing district boundaries; deadline extensions

The deadline Department of Revenue may extend for municipal, school district, community college district and other special taxing district governing bodies to file information relating to changes in boundaries and the boundaries of newly created taxing jurisdictions is shortened to December 20 of the year preceding the year in which assessments or taxes are to be levied, instead of to February 15 of the year in which the assessments or taxes are to be levied.

House Bill 2128 (Chapter 49)

Leased religious property; class nine

Classifies property, buildings and fixtures, or any portion thereof, that are leased to a nonprofit church, religious assembly or religious institution and that are primarily used for religious worship as class 9 property for property tax purposes.

House Bill 2615 (Chapter 221)

Illegal tax levies; review; notice

Beginning in 2016, the Property Tax Oversight Commission is required to review the secondary property tax levy of each county, city, town and community college district for the purpose of identifying violations of constitutional and statutory requirements.

The requirements relating to reporting on the issuance of government bonds, securities and incurred debt and the administration of the Debt Oversight Commission are transferred from the Department of Revenue to the State Treasurer.

Senate Bill 1216 (Chapter 230)

Tax corrections

See Multiple Tax Types.

Senate Bill 1476 (Chapter 15)

Budget; BRB; K-12 education; FY2015-2016

Beginning in FY 2016, the amount of additional state aid required to offset primary property taxes in excess of the 1 percent cap provided to school districts from the state General Fund is limited to \$1,000,000 per county. The Property Tax Oversight Commission (PTOC) is required to evaluate each county with a school district or districts who require more than the state-funded amount and determine the proportion attributable to each taxing jurisdictions located within the affected school district or districts. The PTOC is also required to determine the amounts each identified taxing jurisdiction must transfer to the impacted school district or districts during the fiscal year.

Multiple Tax Types/Miscellaneous

House Bill 2617 (Chapter 323)

Regulatory relief tax credit

(NOW: counties, municipalities, budgets)

Includes Councils of Governments and Regional Transportation Authorities to the political subdivisions that are assessed a fee to recover administrative and operating costs incurred by the Department of Revenue in providing administrative and collections services to local governments.

House Bill 2670 (Chapter 6)

International operations centers

The gross proceeds of sales or gross income derived from sales of electricity or natural gas to a business that operates a certified international operations center is exempted from the utilities TPT classification and use tax.

Renewable energy generation facilities that produce power primarily for an international operations center may qualify for the individual or corporate tax credit for renewable energy investment and production for self-consumption.

A taxpayer is eligible for the tax credit if the power is generated primarily for a certified international operations center and the taxpayer invests at least \$100 million in one or more new renewable energy facilities in Arizona that produce energy for self-consumption using renewable energy resources, a

portion of the energy produced at each renewable energy facility is used for self-consumption in Arizona and the power used for self-consumption is used for an international operations center. A lessor of an international operations center facility that uses power for self-consumption satisfies this requirement if the lessee is an international operations center and the power is transferred as part of the lease to the lessee.

The maximum tax credit is increased from \$1 million to \$5 million per year for five years for each renewable energy facility. The amount of total aggregate tax credit an owner of an international operations center may claim is capped at \$25 million.

Senate Bill 1216 (Chapter 230)

Tax corrections

Makes numerous, technical, clarifying and conforming changes in the tax-related Arizona Revised Statutes.

Senate Bill 1471 (Chapter 10)

Budget; BRB; K-12 education; FY2015-2016

The Department of Revenue (DOR) is required to assess and collect fees from local governments in FY 2015-1016 for costs incurred in providing administrative and collections services.

Each non-program city is assessed a fee of \$0.76 per capita in FY 2016.

Local governments may meet their cost sharing obligation from any source of revenue designated by the appropriate county, city or town and the contributions are excluded from applicable expenditure limitations.

DOR is required to establish a tax recovery (amnesty) program from September 1, 2015, through October 31, 2015, for the purposes of reducing or waiving civil penalties and interest for unpaid tax liabilities for any period before January 1, 2014, for annual filers, and February 1, 2015, for all other filers.