



# ARIZONA DEPARTMENT OF REVENUE

## MEMORANDUM

**DATE:** May 7, 2004

**FROM:** THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

### ***FEBRUARY 2004 TAX FACTS***

#### SUMMARY OF GENERAL FUND REVENUES

	<u>February 2004</u>	<u>Fiscal Year Total</u>
<b>Individual Income Tax</b>		
Net Collections	\$35,065,881	\$1,296,200,981
Percent Change	14.0%	4.5%
<b>Corporate Income Tax</b>		
Net Collections	(\$2,587,099)	\$255,755,129
Percent Change	N/A	54.0%
<b>Transaction Privilege, Severance &amp; Use Taxes</b>		
Net Collections	\$257,808,864	\$2,166,239,312
Change	9.3%	7.5%
<b>Total Big Three Tax Types</b>		
Net Collections	\$290,287,646	\$3,718,195,422
Percent Change	8.3%	8.7%

January was the first month that the department used a new computer system to process transaction privilege tax and withholding. Some of the reports necessary to provide Tax Facts information are still under development. Those sections have been pulled from this report. Once the information is available, it will be sent out.

We apologize for any inconvenience this may cause.



# TAX FACTS

## February 2004

### INDIVIDUAL INCOME TAX

#### Individual Income Tax Receipts

	February 2004	February 2003	% Change
Gross Collections	\$12,119,201	\$10,017,378	21.0
Withholding	205,968,930	192,708,648	6.9
Refunds	(152,600,153)	(136,078,548)	12.1
Urban Revenue Sharing	(30,422,097)	(35,879,921)	(15.2)
<b>Net Collections</b>	<b>\$35,065,881</b>	<b>\$30,767,556</b>	<b>14.0</b>

  

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$272,200,804	\$248,681,988	9.5
Withholding	1,534,703,407	1,533,067,180	0.1
Refunds	(267,326,458)	(254,724,159)	4.9
Urban Revenue Sharing	(243,376,772)	(287,039,368)	(15.2)
<b>Net Collections</b>	<b>\$1,296,200,981</b>	<b>\$1,239,985,641</b>	<b>4.5</b>

Included in the refund amounts above are refunds relating to the alternative fuel vehicle income tax credit. In February 2004 the department issue one refund for alternative fuel related credits.

#### Individual Income Tax Document Count

In calendar year 2003, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	44,149	1,546,452	84,078	99,313	12	43,604	287,618	13,546	190,019	2,632	24	2,311,447
%	1.9	66.9	3.6	4.3	0.0	1.9	12.4	0.6	8.2	0.1	0.0	

In calendar year 2004 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141	141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	1,788	362,434	6,275	12,230	1	346	312	124,143	3,972	44,848	239	2	556,590
%	0.3	65.1	1.1	2.2	0.0	0.1	0.1	22.3	0.7	8.1	0.0	0.0	

The 556,590 returns, representing current and prior tax years, filed through February 2004 compares to 357,615 returns filed during the same period of time in 2003 for an annual increase of 55.4%. For tax year 2003 filed in 2004, 536,290 returns have been filed, a 56.2% increase over filings in February 2003 for tax year 2002.

#### Year-Over-Year Comparison of Resident Taxpayers

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 363,687 returns in calendar year 2004 for tax year 2003 from filers who also have returns on record from calendar year 2003 with the same marital status. On average, these filers experienced a 2.7% increase in FAGI and a 2.7% increase in tax liability. More specifically, 34.2% of these filers experienced a decrease in tax liability; on average a decrease of 28.7% with a corresponding average decrease in FAGI of 14.6%. Filers with an increase in tax liability totaled 176,193 or 48.4% with an average FAGI increase of 16.5% and an average tax liability increase of 29.5%.

## Average Individual Income Tax Refund

	Average	Number
2004 CYTD	\$437.48	424,883
2003 CYTD	\$478.63	348,167
% Change	(8.6%)	22.0%

## "New" Filers in Calendar Year 2003

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2004. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 56,633 "new" returns have been filed thus far in 2004, representing approximately 66,800 persons, not including dependents. The average Federal Adjusted Gross Income for these 56,633 returns is \$15,387, with an average tax liability of \$152. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 17.6% had a married filing joint filing status, 3.3% claimed a 65 and Over Exemption and 56.2% claimed dependents.

## Individual Income Tax Estimated Payments

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES for tax year 2002 was \$295.4 million, for an average of \$1,534. An additional \$75.0 million in estimated payments came from 2001 tax returns that applied their refunds as a 2002 estimated payment, for an average of \$1,685. Estimated payments received through February 2004 for tax year 2003 were as follows:

2/04	140ES payment	\$1,348,933	Cumulative	\$288,172,979
2/03	140ES payment	\$2,375,526	Cumulative	\$227,818,827
	Percent change	(43.2%)		26.5%
2/04	Average payment	\$1,111	Cumulative	\$1,632
2/03	Average payment	\$1,329	Cumulative	\$1,475
	Percent change	(16.4%)		10.6%
2/04	Applied refund	\$85,822	Cumulative	\$72,961,350
2/03	Applied refund	\$282,285	Cumulative	\$73,485,518
	Percent change	(69.6%)		(0.7%)
Total 2/04		\$1,434,754	Cumulative	\$361,134,328
Total 2/03		\$2,657,811	Cumulative	\$301,304,346
	Percent change	(46.0%)		19.9%

## Withholding

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2001 through March 2003, \$544,701,458 was received for the first quarter of 2002. The latest complete quarter (15 months of information has been compiled) is the fourth quarter of 2002, which shows a decrease of 1.6% in withholding payments over the fourth quarter of 2001.

**Information is still being gathered for the quarters below. Unfortunately, the data needed to update the table was not available prior to printing.**

1 <sup>st</sup> Quarter 2003	4 <sup>th</sup> Quarter 2003
2 <sup>nd</sup> Quarter 2003	1 <sup>st</sup> Quarter 2004
3 <sup>rd</sup> Quarter 2003	

Current choices for withholding are 0%, 10%, 18%, 21%, 23%, 29% or 34% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

### Property Tax Credits

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	Average
Calendar Year 2004	3,665	\$1,400,684	\$382.18
Calendar Year 2003	1,626	\$632,810	\$389.18
% Change	125.4%	121.3%	1.8%

### Clean Elections

As a result of the November 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2003:

	February 2004	Calendar Year Total
Check Off	\$820,112	\$833,744
Voluntary Donation	\$4,158	\$6,356
Number of Returns	120,085	122,283

### Contributions on the Individual Income Tax Return

Through February 2004, individual income tax return filers have made the following contributions:

	Number	Amount	Average
Wildlife	2,030	\$34,069	\$16.78
Child Abuse	2,578	\$43,459	\$16.86
Special Olympics	1,049	\$15,836	\$15.10
Neighbors Helping	570	\$7,116	\$12.48
AID to Education	116	\$11,477	\$98.94
Domestic Violence Shelter	1,687	\$31,463	\$18.65
Democratic Party	192	\$4,842	\$25.22
Republican Party	186	\$3,350	\$18.01
Libertarian Party	13	\$219	\$16.85

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## CORPORATE INCOME TAX

### Corporate Income Tax Receipts

	February 2004	February 2003	% Change
Gross Collections	\$9,833,590	\$8,063,919	21.9
Refunds	(12,420,688)	(6,668,466)	86.3
<b>Net Collections</b>	<b>(\$2,587,099)</b>	<b>\$1,395,453</b>	<b>N/A</b>
	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$348,766,879	\$254,752,960	36.9
Refunds	(93,011,750)	(88,655,955)	4.9
<b>Net Collections</b>	<b>\$255,755,129</b>	<b>\$166,097,006</b>	<b>54.0</b>

### Corporate Estimated Payments

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

February 2004	\$6,546,320	Calendar Year Total	\$22,259,010
February 2003	\$5,177,126	Calendar Year Total	\$19,909,031
% Change	26.4%	% Change	11.8%

All corporations with an income tax liability of \$20,000 or greater are required to make their estimated tax payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment, for January 2004 and for the fiscal year.

Size of Payment →	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,000 and more	Total	% chg
February 2004	83	7	8	1	1	0	100	20.5
February 2003	70	6	4	3	0	0	83	
CY 2004	220	21	22	3	5	0	271	21.0
CY 2003	181	19	14	5	5	0	224	

### **Corporate Refunds**

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 2002/03 by corporate fiscal year. For example, in FY 2002/03, 7.0% of the refund dollars paid were for corporate fiscal years ending in 1998 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	98 & Prior	99	00	01	02	03
FY 2002/03	7.0%	6.0%	7.4%	66.3%	13.1%	0.2%
Corporate Fiscal Year-End:	99 & Prior	00	01	02	03	04
FY 2003/04	9.7%	2.5%	2.2%	78.4%	7.1%	0.0%

The corporate refunds shown above are those refunds for which a check is mailed to the corporation. Sometimes corporations choose to apply their refund as an estimated payment. The following table present information on refunds applied as estimated payments in the most recent month and for the calendar year.

February 2004	\$10,844,751	Calendar Year Total	\$19,107,252
February 2003	\$12,787,900	Calendar Year Total	\$18,186,010
% Change	(15.2%)	% Change	5.1%

### **Corporate Income Tax Document Count**

The Arizona Department of Revenue received 99,009 corporate returns showing a fiscal year-end of 2002. The type of return received is indicated below:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	289	34,612	54,649	355	10,889
%	0.3	34.3	54.2	0.4	10.8

Through February 2003, 11,054 documents have been received for a fiscal year-end of 2003, distributed as follows:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	40	7,125	1,603	71	2,215
%	0.3	34.3	54.2	0.4	10.8

The figures shown above for the 2003 returns are most meaningful when compared to 2002 returns received during the same period of time in the previous year. Through February 2003, the Arizona Department of Revenue received 8,992 documents with a fiscal year-end of 2002. Compared to 2003 documents, the department has seen a 22.9% increase in the number of corporate returns received at this point of time in the calendar year.

### **Urban Revenue Sharing Returned to Cities/Towns**

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2003/04 is 14.8% of net proceeds from Fiscal Year 2001/02 income tax. In addition, 15% of the amount of monies transferred from the Budget Stabilization Fund to the tax refund account of the state general fund is also be used for Urban Revenue Sharing. Amounts returned for February 2004 are shown on Table 2, at the end of this report.

## **TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES**

### **Transaction Privilege, Severance and Use Tax Receipts**

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, the computer aggregates transaction privilege and severance tax collections by category and calculates total distribution base and non-shared portions. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with prop 301 resulting in an additional 0.6% education tax being added to most business classifications. The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

	<b>February 2004</b>	<b>February 2003</b>	<b>% change</b>
Distribution Base	\$107,923,843	\$99,271,186	8.7
Non shared	202,956,514	185,866,802	9.2
Use Tax	17,629,416	15,697,993	12.3
Education Tax	38,058,382	34,879,156	9.1
Other Revenues	45,191,970	42,048,195	7.5
<b>Total Collections</b>	<b>\$411,760,125</b>	<b>\$377,763,334</b>	<b>9.0</b>

  

	<b>Fiscal Year 2003/04</b>	<b>Fiscal Year 2002/03</b>	<b>% change</b>
Distribution Base	\$889,954,468	\$836,245,288	6.4
Non shared	1,706,493,000	1,600,381,858	6.6
Use Tax	152,801,016	125,532,823	21.7
Education Tax	321,858,297	298,025,150	8.0
Other Revenues	373,632,366	348,239,933	7.3
<b>Total Collections</b>	<b>\$3,444,739,147</b>	<b>\$3,208,425,051</b>	<b>7.4</b>

### **Distribution of Transaction Privilege, Severance and Use Tax Receipts**

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained By State" figure presented below includes all non-shared portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The education tax is distributed in accordance with prop 301. "Other" revenues are returned to the administering authority.

	<b>February 2004</b>	<b>February 2003</b>	<b>% change</b>
Retained by State	\$257,808,864	\$235,803,427	9.3
Returned to Counties	43,719,949	40,214,758	8.7
Returned to Cities	26,980,961	24,817,797	8.7
Education Tax	38,058,382	34,879,156	9.1
Other Revenues	45,191,970	42,048,195	7.5
<b>Total Collections</b>	<b>\$411,760,125</b>	<b>\$377,763,333</b>	<b>9.0</b>

  

	<b>Fiscal Year 2003/04</b>	<b>Fiscal Year 2002/03</b>	<b>% change</b>
Retained by State	\$2,166,239,312	\$2,014,338,147	7.5
Returned to Counties	360,520,555	338,761,440	6.4
Returned to Cities	222,488,617	209,060,381	6.4
Education Tax	321,858,297	298,025,150	8.0
Other Revenues	373,632,366	348,239,933	7.3
<b>Total Collections</b>	<b>\$3,444,739,147</b>	<b>\$3,208,425,051</b>	<b>7.4</b>

### **Transaction Privilege and Severance Tax Collections By Class**

	<b>Tax Rate</b>	<b>February 2004</b>	<b>% Chg</b>	<b>Fiscal Year Total</b>	<b>% Chg</b>
Transporting <sup>1</sup>	5.6%	\$175,051	(55.7)	\$2,591,798	N/A
Non-Metal Mining/Oil & Gas	3.125%	628,050	33.4	5,717,182	(4.7)
Utilities	5.6%	25,013,898	7.2	228,113,983	6.7
Communications	5.6%	11,690,580	5.6	93,585,456	(4.3)
Private Car/Pipelines	5.6%	33,471	(57.6)	504,415	33.3
Publishing	5.6%	498,058	(8.5)	4,254,428	(4.9)
Printing	5.6%	1,345,602	(4.5)	11,840,034	(22.3)
Restaurants/Bars	5.6%	30,893,947	8.6	228,420,332	7.1
Amusements	5.6%	3,741,208	(4.6)	25,205,672	1.5
Commercial Lease	0%	58	(99.5)	(89,742)	22.3
Rental of Personal Property	5.6%	12,495,067	(8.8)	103,992,618	(6.1)
Contracting	3.75% - 5.6%	48,209,408	16.6	433,035,004	12.2
Feed Wholesale	Repealed	0	N/A	(38)	83.1
Retail	5.6%	165,095,448	9.5	1,395,161,866	6.8
Mining Severance	2.5%	724,189	826.4	2,927,972	332.6
Timber Severance	\$2.13/\$1.51 per 1000 board ft	(13,871)	N/A	7,030	159.3
Hotel/Motel	5.5%	9,207,434	5.7	57,386,218	6.1
Membership Camping	5.6%	30,578	30.9	89,964	16.3
Use/Use Inventory	5.6%	17,629,416	12.3	152,801,016	21.7
Rental Occupancy Tax	3.0%	16,099	16.4	89,829	N/A
Jet Fuel Tax	\$.0305/\$.0105 gal	623,387	(25.7)	2,944,602	(21.0)
Telecommunications Devices:	1.1			0	N/A
Telecom. Fund for the Deaf	----	385,668	(26.2)	3,470,391	(17.4)
School for the Deaf	----	128,556	N/A	821,888	N/A
Poison Control Fund	----	100,582	(47.9)	1,014,657	(34.7)
911 Wireline/Excise	\$0.37 monthly per activated service	1,117,300	(3.7)	9,133,941	(10.4)
911 Wireless Service	\$0.37 monthly per activated service	998,784	25.7	7,876,719	23.2
<b>Total</b>		<b>\$330,767,969</b>	<b>9.0</b>	<b>\$2,770,897,237</b>	<b>7.2</b>

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the Department.

<sup>1</sup> The category transporting/towing has been combined with railroads/aircraft and will now be called "Transporting".

## **Transaction Privilege and Severance Tax Taxable Sales By Class<sup>2</sup>**

	<b>February 2004</b>	<b>% Chg</b>	<b>Fiscal Year Total</b>	<b>% Chg</b>
Transporting <sup>3</sup>	\$3,501,016	(55.7)	\$51,835,954	61.3
Non-Metal Mining/Oil & Gas	20,097,587	33.4	182,949,819	(4.7)
Utilities	500,277,960	7.2	4,562,279,656	6.7
Communications	233,811,603	5.6	1,871,709,110	(4.3)
Private Car/Pipelines	669,415	(57.6)	10,088,294	33.3
Publishing	9,961,168	(8.5)	85,088,572	(4.9)
Printing	26,912,039	(4.5)	236,800,682	(22.3)
Restaurants/Bars	617,878,937	8.6	4,568,406,629	7.1
Amusements	74,824,160	(4.6)	504,113,444	1.5
Commercial Lease	1,937	(99.8)	(6,507,955)	31.3
Rental of Personal Property	249,901,331	(8.8)	2,079,852,354	(6.1)
Contracting	964,188,162	16.9	8,660,698,982	12.2
Feed Wholesale	0	N/A	(8,021)	83.3
Retail	3,301,908,951	9.5	27,903,237,320	6.8
Mining Severance	28,967,575	826.4	117,118,897	332.6
Timber Severance	(9,257)	N/A	3,086	552.4
Hotel/Motel	167,407,890	5.7	1,043,385,779	6.1
Membership Camping	611,561	30.9	1,799,289	31.4
Use/Use Inventory	352,588,325	13.9	3,053,205,572	21.9
Rental Occupancy Tax	536,648	16.4	2,994,311	N/A
<b>Total</b>	<b>\$6,554,037,008</b>	<b>9.5</b>	<b>\$54,929,051,774</b>	<b>7.4</b>

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table are not elements of calculated taxable income and therefore, are not included in the above table. The Use/Use Inventory category shown above does not include jet fuel use tax. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. A comparison can be made of gallons of jet fuel on which Arizona jet fuel tax or jet fuel use tax was paid. In December 2003, 11,938,547 gallons of jet fuel were taxed, a 10.8% decrease from the 13,384,162 reported for December 2002. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

### **Accounting Credit**

A credit equal to one percent of the amount of tax due, up to \$10,000 per calendar year, is allowed to businesses for expenses incurred during the accounting and reporting of Transaction Privilege Tax. **Due to our new processing system, the report needed to provide this data is not currently available.**

### **Taxable Sales by SIC Code Range**

The taxable sales by SIC (Standard Industrial Classification) code range is undergoing a conversion to NAICS codes. The information for February 2004 is not yet available. Once it is available, it will be sent under separate cover.

The taxable sales by SIC (Standard Industrial Classification) Code ranges are an indicator of business occurring for that type of retail sale. Certain limitations must be understood when using this information.

<sup>2</sup>These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.

<sup>3</sup> The category transporting/towing has been combined with railroads/aircraft and will now be called "Transporting".

**Transaction Privilege and Severance Tax Returned to Counties**

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for February 2004 is shown in the County Share column.

	<b>Dist. Base Collections</b>	<b>County Share</b>	<b>% of Total</b>	<b>FYTD County Share</b>	<b>% Chg</b>
Apache	\$213,567	325,093	0.7	\$2,738,217	5.8
Cochise	1,572,968	786,562	1.8	6,689,392	8.8
Coconino	2,236,683	1,022,772	2.3	9,605,502	2.1
Gila	611,577	328,496	0.8	2,860,035	5.5
Graham	305,924	196,228	0.4	1,646,520	3.4
Greenlee	482,061	165,942	0.4	1,198,788	4.7
La Paz	424,048	162,899	0.4	1,081,367	9.1
Maricopa	72,990,954	28,240,077	64.6	231,568,663	6.6
Mohave	2,822,650	1,181,558	2.7	9,878,127	7.9
Navajo	1,360,081	662,345	1.5	5,748,631	1.9
Pima	16,008,408	6,556,060	15.0	53,991,007	5.1
Pinal	2,283,447	1,177,724	2.7	9,618,684	10.7
Santa Cruz	617,861	276,796	0.6	2,390,208	8.2
Yavapai	3,276,106	1,455,856	3.3	12,248,689	8.9
Yuma	2,717,508	1,181,541	2.7	9,256,724	7.5
<b>Total</b>	<b>\$107,923,843</b>	<b>\$43,719,949</b>		<b>\$360,520,555</b>	<b>6.4</b>

**Transaction Privilege and Severance Tax Returned to Cities/Towns**

The portion of transaction privilege and severance tax returned to each incorporated city or town for February 2004 is shown on Table 3, attached to this report.

**County Tax Collections**

The following county-imposed tax collections were received by the Department of Revenue during January 2004 and returned to the counties. County taxes in all but Coconino County are imposed at 10% of the state transaction privilege tax rate. Coconino's Excise Tax is 10% of the state rate, and its Jail Tax is 6% of the state rate. The stadium tax was imposed at 5% of the state rate. This rate completed its run in December 1997. Collections received now should be for prior periods. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	<b>Road Tax</b>	<b>Excise Tax</b>	<b>Jail Tax</b>	<b>Rental Car Surcharge</b>	<b>Stadium Tax</b>	<b>RV Surcharge</b>	<b>Hospital Tax/Health SVCS Dist</b>	<b>Capitol Projects</b>	<b>Tourism Authority</b>
Apache		\$75,126							
Cochise		\$472,552							
Coconino		\$661,484	\$395,628					\$162,805	
Gila	\$199,075	\$192,196							
Graham		\$88,907							
Greenlee		\$57,464							
La Paz		\$118,311	\$118,419				\$26,230		
Maricopa	\$22,633,049		\$8,381,514	\$447,228	\$0				\$1,806,484
Mohave		\$425,372							
Navajo		\$389,033							
Pima				\$101,810		\$38,028			
Pinal	\$768,084	\$748,769							
Santa Cruz		\$183,112							
Yavapai		\$959,430	\$478,829						
Yuma		\$799,480	\$799,244					\$798,470	

## OTHER TAXES

### Luxury Taxes

The following revenues were received from luxury taxes in February 2004. The table compares the receipts to February 2003 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	<b>February 2004</b>	<b>February 2003</b>	<b>% Change</b>
Spirituos	\$1,860,241	\$1,844,092	0.9
Vinous	866,174	909,485	(4.8)
Malt	1,516,636	1,404,081	8.0
Cigarette	19,301,051	14,522,676	32.9
Other Tobacco	662,475	543,841	21.8
Tobacco Licenses	150	175	(14.3)
<b>Total</b>	<b>\$24,206,727</b>	<b>\$19,224,351</b>	<b>25.9</b>

  

	<b>Fiscal Year 2003/04</b>	<b>Fiscal Year 2002/03</b>	<b>% Change</b>
Spirituos	\$15,439,937	\$14,657,381	5.3
Vinous	6,791,686	6,379,320	6.5
Malt	14,160,566	14,180,598	(0.1)
Cigarette*	174,253,560	122,580,835	42.2
Other Tobacco	5,189,521	3,169,907	63.7
Tobacco Licenses	2,900	2,700	7.4
<b>Total</b>	<b>\$215,838,170</b>	<b>\$160,970,738</b>	<b>34.1</b>

\*Through February 2004, \$417,300 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

### General Fund revenues from luxury taxes:

	<b>February 2004</b>	<b>Fiscal Year 2003/04</b>
Spirituos	\$1,302,168	\$10,807,956
Vinous	215,855	1,693,274
Malt	379,159	3,540,141
Cigarette	2,729,915	23,255,821
Other Tobacco	102,684	804,018
Tobacco Licenses	150	2,900
<b>Total</b>	<b>\$4,729,931</b>	<b>\$40,104,110</b>

### Other dedicated revenues from luxury taxes:

	<b>February 2004</b>	<b>Fiscal Year 2003/04</b>
Correction Fund revenues	\$2,005,999	\$17,265,814
Tobacco Tax & Health Care Fund <sup>4</sup>	\$6,701,060	\$60,729,958
Tobacco Products Tax Fund <sup>5</sup>	\$9,985,945	\$90,942,291
Wine Promotional Fund revenues	\$2,754	\$18,586
Drug Treatment & Education Fund revenues	\$558,627	\$4,848,856
Corrections Revolving Fund revenues	\$222,411	\$1,928,555

<sup>4</sup> Formerly the Health Care Fund

<sup>5</sup> This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

**Estate Tax**

	February 2004	\$4,785,108	Fiscal year To Date	\$27,944,826
	February 2003	<u>\$8,883,576</u>	Fiscal year To Date	<u>\$74,525,189</u>
% Change		(46.1%)	% Change	(62.5%)

**Bingo**

	February 2004	\$43,641	Fiscal year To Date	\$414,959
	February 2003	<u>\$44,173</u>	Fiscal year To Date	<u>\$423,142</u>
% Change		(1.2%)	% Change	(1.9%)

**Unclaimed Property**

	February 2004	\$1,925,078	Fiscal year To Date	\$31,538,305
	February 2003	<u>\$293,220</u>	Fiscal year To Date	<u>\$25,544,728</u>
% Change		556.5%	% Change	23.5%

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS, ARIZONA DEPARTMENT OF REVENUE

**TABLE 1**  
**“New” Returns Filed in 2004 for Tax Year 2003**  
**Through February 2004**

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarrie d Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	108	0.2%	-\$12,078	\$0	18.5%	73.1%	7.4%	0.9%	12.0%	18.5%
<b>\$0-\$5,000</b>	<b>11,291</b>	<b>19.9%</b>	<b>\$3,018</b>	<b>\$0</b>	<b>4.6%</b>	<b>70.0%</b>	<b>25.2%</b>	<b>0.3%</b>	<b>2.4%</b>	<b>36.9%</b>
\$5,000-\$10,000	14,942	26.4%	\$7,430	\$21	7.4%	59.0%	33.2%	0.3%	3.1%	47.2%
<b>\$10,000-\$15,000</b>	<b>9,874</b>	<b>17.4%</b>	<b>\$12,305</b>	<b>\$47</b>	<b>15.0%</b>	<b>34.0%</b>	<b>50.6%</b>	<b>0.4%</b>	<b>3.9%</b>	<b>67.6%</b>
\$15,000-\$20,000	7,231	12.8%	\$17,370	\$100	22.6%	24.7%	52.0%	0.6%	3.9%	71.6%
<b>\$20,000-\$25,000</b>	<b>4,487</b>	<b>7.9%</b>	<b>\$22,322</b>	<b>\$191</b>	<b>28.7%</b>	<b>22.7%</b>	<b>47.8%</b>	<b>0.8%</b>	<b>3.1%</b>	<b>73.5%</b>
\$25,000-\$30,000	2,422	4.3%	\$27,325	\$310	32.3%	26.1%	40.3%	1.3%	3.2%	67.2%
<b>\$30,000-\$40,000</b>	<b>2,732</b>	<b>4.8%</b>	<b>\$34,294</b>	<b>\$480</b>	<b>36.4%</b>	<b>29.1%</b>	<b>33.0%</b>	<b>1.5%</b>	<b>3.5%</b>	<b>61.9%</b>
\$40,000-\$50,000	1,393	2.5%	\$44,461	\$699	45.7%	27.3%	25.8%	1.1%	4.2%	60.7%
<b>\$50,000-\$75,000</b>	<b>1,470</b>	<b>2.6%</b>	<b>\$60,151</b>	<b>\$1,063</b>	<b>65.7%</b>	<b>18.1%</b>	<b>15.4%</b>	<b>0.8%</b>	<b>3.7%</b>	<b>60.1%</b>
\$75,000-\$100,000	457	0.8%	\$85,245	\$1,799	79.5%	12.4%	7.8%	0.2%	3.5%	62.7%
<b>\$100,000-\$200,000</b>	<b>206</b>	<b>0.4%</b>	<b>\$123,367</b>	<b>\$3,113</b>	<b>82.5%</b>	<b>11.2%</b>	<b>5.8%</b>	<b>0.5%</b>	<b>5.3%</b>	<b>49.5%</b>
\$200,000-\$500,000	*	*	*	*	*	*	*	*	*	*
<b>\$500,000-\$1,000,000</b>	*	*	*	*	*	*	*	*	*	*
\$1,000,000 and over	*	*	*	*	*	*	*	*	*	*
<b>Total</b>	<b>56,633</b>		<b>\$15,387</b>	<b>\$152</b>	<b>17.6%</b>	<b>44.3%</b>	<b>37.5%</b>	<b>0.5%</b>	<b>3.3%</b>	<b>56.2%</b>

\*An asterisked line indicates that the information cannot be released due to confidentiality laws.

**NEW RETURNS FILED IN 2003 FOR TAX YEAR 2002**

<b>Total</b>	<b>220,129</b>	<b>\$20,256</b>	<b>\$329</b>	<b>20.2%</b>	<b>57.0%</b>	<b>20.6%</b>	<b>2.2%</b>	<b>7.6%</b>	<b>34.7%</b>
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“NEW” Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

**TABLE 2**  
**Urban Revenue Sharing Returned to Cities/Towns**  
**February 2004**

<b>City</b>	<b>Distribution</b>	<b>Population</b>	<b>City</b>	<b>Distribution</b>	<b>Population</b>
<b><u>Apache County</u></b>			Scottsdale	\$1,522,767	202,705
Eagar	\$30,297	4,033	Surprise	231,737	30,848
Springerville	14,814	1,972	Tempe	1,191,628	158,625
St. Johns	26,653	3,548	Tolleson	37,366	4,974
<b><u>Cochise County</u></b>			Wickenburg	38,177	5,082
Benson	35,390	4,711	Youngtown	22,612	3,010
Bisbee	45,750	6,090	<b><u>Mohave County</u></b>		
Douglas	124,125	16,523	Bullhead City	253,681	33,769
Huachuca City	13,154	1,751	Colorado City	25,046	3,334
Sierra Vista	283,775	37,775	Kingman	150,763	20,069
Tombstone	11,298	1,504	Lake Havasu City	315,048	41,938
Willcox	28,043	3,733	<b><u>Navajo County</u></b>		
<b><u>Coconino County</u></b>			Holbrook	36,938	4,917
Flagstaff	397,352	52,894	Pinetop-Lakeside	26,909	3,582
Fredonia	7,783	1,036	Show Low	57,807	7,695
Page	51,151	6,809	Snowflake	33,505	4,460
Williams	21,350	2,842	Taylor	23,859	3,176
<b><u>Gila County</u></b>			Winslow	71,516	9,520
Globe	56,237	7,486	<b><u>Pima County</u></b>		
Hayden	6,701	892	Marana	101,836	13,556
Miami	14,544	1,936	Oro Valley	239,896	31,934
Payson	102,317	13,620	Sahuarita	24,355	3,242
Winkelman	3,328	443	South Tucson	41,242	5,490
<b><u>Graham County</u></b>			Tucson	3,656,197	486,699
Pima	14,942	1,989	<b><u>Pinal County</u></b>		
Safford	69,353	9,232	Apache Junction	238,994	31,814
Thatcher	30,214	4,022	Casa Grande	189,489	25,224
<b><u>Greenlee County</u></b>			Coolidge	58,490	7,786
Clifton	19,502	2,596	Eloy	77,939	10,375
Duncan	6,100	812	Florence	114,494	15,241
<b><u>La Paz County</u></b>			Kearny	16,895	2,249
Parker	23,588	3,140	Mammoth	13,237	1,762
Quartzsite	25,196	3,354	Superior	24,445	3,254
<b><u>Maricopa County</u></b>			<b><u>Santa Cruz County</u></b>		
Avondale	269,561	35,883	Nogales	156,840	20,878
Buckeye	63,831	8,497	Patagonia	6,618	881
Carefree	21,988	2,927	<b><u>Yavapai County</u></b>		
Cave Creek	28,006	3,728	Camp Verde	70,998	9,451
Chandler	1,326,518	176,581	Chino Valley	61,352	8,167
El Mirage	38,110	7,609	Clarkdale	25,707	3,422
Fountain Hills	152,010	20,235	Cottonwood	68,955	9,179
Gila Bend	14,874	1,980	Jerome	2,472	329
Gilbert	824,069	109,697	Prescott	254,950	33,938
Glendale	1,643,767	218,812	Prescott Valley	176,800	23,535
Goodyear	142,064	18,911	Sedona	76,565	10,192
Guadalupe	39,274	5,228	<b><u>Yuma County</u></b>		
Litchfield Park	28,622	3,810	San Luis	115,102	15,322
Mesa	2,988,186	397,776	Somerton	54,584	7,266
Paradise Valley	102,647	13,664	Wellton	13,740	1,829
Peoria	814,056	108,364	Yuma	583,588	77,685
Phoenix	9,923,998	1,321,045	<b>TOTAL</b>		
Queen Creek	32,423	4,316	<b>\$30,422,097</b>		<b>4,052,210</b>

**TABLE 3**  
**Transaction Privilege and Severance Tax Returned to Cities/Towns**  
**February 2004**

<b>City</b>	<b>Distribution</b>	<b>Population</b>	<b>City</b>	<b>Distribution</b>	<b>Population</b>
<b><u>Apache County</u></b>			Scottsdale	1347,086	202,705
Eagar	\$26,802	4,033	Surprise	205,002	30,848
Springerville	13,105	1,972	Tempe	1054,150	158,625
St. Johns	23,578	3,548	Tolleson	33,056	4,974
<b><u>Cochise County</u></b>			Wickenburg	33,773	5,082
Benson	31,307	4,711	Youngtown	20,003	3,010
Bisbee	40,471	6,090	<b><u>Mohave County</u></b>		
Douglas	109,804	16,523	Bullhead City	224,414	33,769
Huachuca City	11,636	1,751	Colorado City	22,156	3,334
Sierra Vista	251,036	37,775	Kingman	133,370	20,069
Tombstone	9,995	1,504	Lake Havasu City	278,701	41,938
Willcox	24,808	3,733	<b><u>Navajo County</u></b>		
<b><u>Coconino County</u></b>			Holbrook	32,676	4,917
Flagstaff	351,510	52,894	Pinetop/Lakeside	23,804	3,582
Fredonia	6,885	1,036	Show Low	51,137	7,695
Page	45,250	6,809	Snowflake	29,639	4,460
Williams	18,887	2,842	Taylor	21,106	3,176
<b><u>Gila County</u></b>			Winslow	63,266	9,520
Globe	49,749	7,486	<b><u>Pima County</u></b>		
Hayden	5,928	892	Marana	90,087	13,556
Miami	12,866	1,936	Oro Valley	212,219	31,934
Payson	90,512	13,620	Sahuarita	21,545	3,242
Winkelman	2,944	443	South Tucson	36,484	5,490
<b><u>Graham County</u></b>			Tucson	3234,382	486,699
Pima	13,218	1,989	<b><u>Pinal County</u></b>		
Safford	61,352	9,232	Apache Junction	211,422	31,814
Thatcher	26,728	4,022	Casa Grande	167,627	25,224
<b><u>Greenlee County</u></b>			Coolidge	51,742	7,786
Clifton	17,252	2,596	Eloy	68,948	10,375
Duncan	5,396	812	Florence	101,285	15,241
<b><u>La Paz County</u></b>			Kearny	14,946	2,249
Parker	20,867	3,140	Mammoth	11,709	1,762
Quartzsite	22,289	3,354	Maricopa	51,798	1,482
<b><u>Maricopa County</u></b>			Superior	21,625	3,254
Avondale	238,462	35,883	<b><u>Santa Cruz County</u></b>		
Buckeye	56,467	8,497	Nogales	138,746	20,878
Carefree	19,452	2,927	Patagonia	5,855	881
Cave Creek	24,775	3,728	<b><u>Yavapai County</u></b>		
Chandler	1,173,478	176,581	Camp Verde	62,807	9,451
El Mirage	50,566	7,609	Chino Valley	54,274	8,167
Fountain Hills	134,473	20,235	Clarkdale	22,741	3,422
Gila Bend	13,158	1,980	Cottonwood	60,999	9,179
Gilbert	728,997	109,697	Jerome	2,186	329
Glendale	1,454,126	218,812	Prescott	225,537	33,938
Goodyear	125,674	18,911	Prescott Valley	156,403	23,535
Guadalupe	34,743	5,228	Sedona	67,731	10,192
Litchfield Park	25,320	3,810	<b><u>Yuma County</u></b>		
Mesa	2,643,440	397,776	San Luis	101,823	15,322
Paradise Valley	90,805	13,664	Somerton	48,287	7,266
Peoria	720,138	108,364	Wellton	12,155	1,829
Phoenix	8,779,070	1,321,045	Yuma	516,260	77,685
Queen Creek	28,682	4,316			
			<b>TOTAL</b>	<b>\$26,980,961</b>	<b>4,052,210</b>

***The Office of Economic Research & Analysis  
Arizona Department of Revenue  
1600 W. Monroe  
Phoenix, AZ 85007***