



# ARIZONA DEPARTMENT OF REVENUE

## MEMORANDUM

**DATE:** July 7, 2004

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

### **MAY 2004 TAX FACTS**

#### SUMMARY OF GENERAL FUND REVENUES\*

	<u>May 2004</u>	<u>Fiscal Year Total</u>
<b>Individual Income Tax</b>		
Net Collections	\$104,826,765	\$1,732,018,887
Percent Change	67.1%	17.5%
<b>Corporate Income Tax</b>		
Net Collections	\$28,563,819	\$381,388,664
Percent Change	126.2%	24.8%
<b>Transaction Privilege, Severance &amp; Use Taxes</b>		
Net Collections	\$277,369,244	\$3,008,759,935
Change	10.3%	8.7%
<b>Total Big Three Tax Types</b>		
Net Collections	\$410,759,828	\$5,122,167,486
Percent Change	25.6%	12.6%

\* As a result of the Department of Revenue's Tax Amnesty Program, additional deposits of \$3,063,681 in Individual Income, \$25,959,294 in Corporate Income and \$12,297,471 in Transaction Privilege Tax were made to the General Fund during the month of May. In an effort to represent true economic activity, those figures are not included this report. Also, the Corporate Income Tax's fiscal year total was reduced by the amnesty deposit made in November 2003.

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.

# TAX FACTS

## May 2004

### INDIVIDUAL INCOME TAX

#### Individual Income Tax Receipts

	May 2004	May 2003	% Change
Gross Collections	\$46,682,942	\$30,970,547	50.7
Withholding	195,496,444	190,796,090	2.5
Refunds	(106,930,525)	(123,154,535)	(13.2)
Urban Revenue Sharing	(30,422,097)	(35,879,921)	(15.2)
<b>Net Collections</b>	<b>\$104,826,765</b>	<b>\$62,732,180</b>	<b>67.1</b>

  

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$680,321,469	\$577,733,086	17.8
Withholding	2,136,971,314	2,112,112,319	1.2
Refunds	(750,630,835)	(821,694,422)	(8.6)
Urban Revenue Sharing	(334,643,062)	(394,679,132)	(15.2)
<b>Net Collections</b>	<b>\$1,732,018,887</b>	<b>\$1,473,471,852</b>	<b>17.5</b>

Included in the refund amounts above are refunds relating to the alternative fuel vehicle (AFV) income tax credit. During May 2004, no refunds were issued for individual alternative fuel vehicle claims.

#### 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
#	19,035	1,344,129	55,979	85,102	2	29,164	264,719	12,960	167,031	2,456	8	1,980,585
%	0.8	69.0	2.1	3.8	0.0	1.0	14.3	0.7	7.9	0.1	0.0	

The 1,980,585 returns, representing current and prior tax years, filed through May 2004 compares to 2,051,433 returns filed during the same period of time in 2003 for an annual decrease of 3.5%. For tax year 2003 filed in 2004, 1,913,730 returns have been filed, a 3.6% decrease over filings in May 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 1,397,572 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 2.5% increase in FAGI and a 3.8% increase in tax liability. More specifically, 36.1% of these filers experienced a decrease in tax liability; on average a decrease of 35.1% with a corresponding average decrease in FAGI of 20.5%. Filers with an increase in tax liability totaled 704,125 or 50.4% with an average FAGI increase of 22.9% and an average tax liability increase of 42.6%.

## **Average Individual Income Tax Refund**

	Average	Number
2004 CYTD	\$490.45	1,358,507
2003 CYTD	\$535.41	1,364,023
% Change	(8.4%)	0.4%

## **"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 215,633 "new" returns have been filed thus far in 2004, representing approximately 259,123 persons, not including dependents. The average Federal Adjusted Gross Income for these 215,633 returns is \$18,683, with an average tax liability of \$284. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 19.1% had a married filing joint filing status, 7.3% claimed a 65 and Over Exemption and 33.5% 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 May 2004 for tax year 2004 are as follows:

5/04	140ES payment	\$27,841,673	Cumulative	\$45,998,887
5/03	140ES payment	\$17,715,883	Cumulative	\$24,912,856
	Percent change	57.2%		84.6%
5/04	Average payment	\$1,587	Cumulative	\$1,167
5/03	Average payment	\$970	Cumulative	\$944
	Percent change	63.6%		23.6%
5/04	Applied refund	\$9,238,953	Cumulative	\$19,409,554
5/03	Applied refund	\$12,065,820	Cumulative	\$24,780,329
	Percent change	(23.4%)		(21.7%)
Total 5/04		\$37,080,626	Cumulative	\$65,408,441
Total 5/03		\$29,781,703	Cumulative	\$49,693,184
	Percent change	24.5%		31.6%

## **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 first quarter of 2003, which shows an increase of 2.7% in withholding payments over the first quarter of 2002. Growth in quarters for which information is still being gathered is as follows:

2 <sup>nd</sup> Quarter 2003	2.6%	1 <sup>st</sup> Quarter 2004	1.9%
3 <sup>rd</sup> Quarter 2003	0.0%	2 <sup>nd</sup> Quarter 2004	(3.1%)
4 <sup>th</sup> Quarter 2003	1.7%		

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	13,532	\$4,797,066	\$354.50
Calendar Year 2003	13,013	\$4,446,391	\$341.69
% Change	4.0%	7.9%	3.7%

### 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:

	May 2004	Calendar Year Total
Check Off	\$998,746	\$3,582,059
Voluntary Donation	\$11,370	\$37,596
Number of Returns	135,520	494,363

### Contributions on the Individual Income Tax Return

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

	Number	Amount	Average
Wildlife	8,435	\$148,227	\$17.57
Child Abuse	9,295	\$172,569	\$18.57
Special Olympics	4,439	\$69,152	\$15.58
Neighbors Helping	2,557	\$37,159	\$14.53
AID to Education	538	\$41,274	\$76.72
Domestic Violence Shelter	6,675	\$125,277	\$18.77
Democratic Party	943	\$22,897	\$24.28
Republican Party	643	\$15,196	\$23.63
Libertarian Party	73	\$1,165	\$15.96

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## CORPORATE INCOME TAX

### Corporate Income Tax Receipts\*

	May 2004	May 2003	% Change
Gross Collections	\$29,648,203	\$27,164,813	9.1
Refunds	(1,084,383)	(14,536,060)	(92.5)
<b>Net Collections</b>	<b>\$28,563,819</b>	<b>\$12,628,753</b>	<b>126.2</b>
	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$493,309,673	\$428,947,281	15.0
Refunds	(111,921,010)	(123,334,474)	(9.3)
<b>Net Collections</b>	<b>\$381,388,664</b>	<b>\$305,612,806</b>	<b>24.8</b>

\*The gross collections figure for fiscal year-to-date 2003/04 was reduced by \$27,731,604, which is the *reconciled* amnesty deposit from November 2003.

### 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.

May 2004	\$22,797,860	Calendar Year Total	\$131,669,613
May 2003	\$21,341,201	Calendar Year Total	\$122,444,048
% Change	6.8%	% Change	7.5%

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 May 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
May 2004	89	12	15	2	5	0	123	11.8
May 2003	89	2	9	2	8	0	110	
CY 2004	962	110	126	24	19	0	1,241	9.2
CY 2003	900	88	105	24	19	0	1,136	

### **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.

<b>Corporate Fiscal Year-End:</b>	<b>98 &amp; Prior</b>	<b>99</b>	<b>00</b>	<b>01</b>	<b>02</b>	<b>03</b>
FY 2002/03	7.0%	6.0%	7.4%	66.3%	13.1%	0.2%

<b>Corporate Fiscal Year-End:</b>	<b>99 &amp; Prior</b>	<b>00</b>	<b>01</b>	<b>02</b>	<b>03</b>	<b>04</b>
FY 2003/04	9.0%	2.4%	2.7%	76.3%	9.5%	0.1%

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 presents refunds applied as estimated payments in the most recent month and for the calendar year. *The May 2004 number is understated due to processing lags.*

May 2004	\$307,813	Calendar Year Total	\$32,734,893
May 2003	\$6,575,552	Calendar Year Total	\$54,127,097
% Change	(95.3%)	% Change	(39.5%)

### **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:

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

Through May 2004, 31,463 documents have been received for a fiscal year-end of 2003, distributed as follows:

	<b>120 X (amended)</b>	<b>120 (regular)</b>	<b>120S (S corp)</b>	<b>99T (exempt org.)</b>	<b>120 A (short form)</b>
#	64	12,271	13,894	115	5,119
%	0.2	39.0	44.2	0.4	16.3

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 May 2003, the Arizona Department of Revenue received 63,878 documents with a fiscal year-end of 2002. Compared to 2003 documents, the department has seen a 50.7% decrease in the number of corporate returns received at this point of time in the calendar year. **The Department is behind in processing corporate income tax returns, in part due to outsourcing problems.**

### **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 May 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>May 2004</b>	<b>May 2003</b>	<b>% change</b>
Distribution Base	\$116,352,798	\$106,616,601	9.1
Non shared	218,132,605	199,520,937	9.3
Use Tax	19,106,560	15,286,953	25.0
Education Tax	40,180,293	37,279,201	7.8
Other Revenues	47,774,272	44,292,838	7.9
<b>Total Collections</b>	<b>\$441,546,527</b>	<b>\$402,996,530</b>	<b>9.6</b>

  

	<b>Fiscal Year 2003/04</b>	<b>Fiscal Year 2002/03</b>	<b>% change</b>
Distribution Base	\$1,245,504,666	\$1,157,062,336	7.6
Non shared	2,368,225,355	2,196,619,409	7.8
Use Tax	210,960,021	172,584,705	22.2
Education Tax	445,387,393	409,218,004	8.8
Other Revenues	521,848,967	481,788,633	8.3
<b>Total Collections</b>	<b>\$4,791,926,405</b>	<b>\$4,417,273,086</b>	<b>8.5</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>May 2004</b>	<b>May 2003</b>	<b>% change</b>
Retained by State	\$277,369,244	\$251,579,956	10.3
Returned to Counties	47,134,518	43,190,385	9.1
Returned to Cities	29,088,199	26,654,150	9.1
Education Tax	40,180,293	37,279,201	7.8
Other Revenues	47,774,272	44,292,838	7.9
<b>Total Collections</b>	<b>\$441,546,527</b>	<b>\$402,996,530</b>	<b>9.6</b>

  

	<b>Fiscal Year 2003/04</b>	<b>Fiscal Year 2002/03</b>	<b>% change</b>
Retained by State	\$3,008,759,935	\$2,768,277,378	8.7
Returned to Counties	504,553,940	468,724,428	7.6
Returned to Cities	311,376,167	289,264,643	7.6
Education Tax	445,387,393	409,218,004	8.8
Other Revenues	521,848,967	481,788,633	8.3
<b>Total Collections</b>	<b>\$4,791,926,405</b>	<b>\$4,417,273,086</b>	<b>8.5</b>

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

	<b>Tax Rate</b>	<b>May 2004</b>	<b>% Chg</b>	<b>Fiscal Year Total</b>	<b>% Chg</b>
Transporting <sup>1</sup>	5.6%	\$219,199	(55.6)	3,211,719	300.1
Non-Metal Mining/Oil & Gas	3.125%	650,645	13.8	8,092,670	4.7
Utilities	5.6%	21,829,015	7.1	296,574,739	7.8
Communications	5.6%	11,997,660	10.7	129,866,565	(2.3)
Private Car/Pipelines	5.6%	57,438	(13.8)	722,966	38.3
Publishing	5.6%	585,662	33.7	5,899,450	(5.7)
Printing	5.6%	1,406,453	(10.5)	16,124,366	(18.7)
Restaurants/Bars	5.6%	32,094,983	12.9	328,460,493	8.4
Amusements	5.6%	3,338,830	(1.3)	37,440,953	4.4
Commercial Lease	0%	123	N/A	(90,066)	19.8
Rental of Personal Property	5.6%	14,181,124	4.9	146,213,127	(4.5)
Contracting	3.75% - 5.6%	57,713,840	15.8	600,352,578	13.8
Feed Wholesale	Repealed	0	N/A	(38)	89.9
Retail	5.6%	178,545,432	7.0	1,937,090,263	7.7
Mining Severance	2.5%	799,543	N/A	5,624,434	469.1
Timber Severance	\$2.13/\$1.51 per 1000 board ft	949	0.5	8,696	98.5
Hotel/Motel	5.5%	10,583,541	14.6	92,556,893	8.1
Membership Camping	5.6%	9,509	20.8	145,426	26.6
Use/Use Inventory	5.6%	19,106,560	25.0	210,960,021	22.2
Rental Occupancy Tax	3.0%	10,230	(35.5)	128,570	235.3
Jet Fuel Tax	\$.0305/\$.0105 gal	448,702	(8.9)	4,672,189	(12.4)
Telecommunications Devices:	1.1				
Telecom. Fund for the Deaf	----	387,728	(23.5)	4,696,457	(19.0)
School for the Deaf	----	129,243	N/A	1,230,577	N/A
Poison Control Fund	----	101,146	(46.0)	1,334,470	(37.8)
911 Wireline/Excise	\$0.37 monthly per activated service	1,132,039	2.4	12,585,981	(1.7)
911 Wireless Service	\$0.37 monthly per activated service	1,024,834	12.4	10,918,362	24.6
<b>Total</b>		<b>\$356,354,427</b>	<b>9.9</b>	<b>\$3,854,821,863</b>	<b>8.4</b>

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

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.

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

	<b>May 2004</b>	<b>% Chg</b>	<b>Fiscal Year Total</b>	<b>% Chg</b>
Transporting <sup>3</sup>	\$4,383,974	(55.6)	\$64,234,383	300.1
Non-Metal Mining/Oil & Gas	20,820,628	13.8	258,965,436	4.7
Utilities	436,580,300	7.1	5,931,494,780	7.8
Communications	239,953,192	10.7	2,597,331,301	(2.3)
Private Car/Pipelines	1,148,751	(25.1)	14,459,329	35.7
Publishing	11,713,247	36.8	117,988,993	(5.5)
Printing	28,129,059	(10.5)	322,487,319	(18.7)
Restaurants/Bars	641,899,670	12.9	6,569,209,865	8.4
Amusements	66,776,596	(1.3)	748,819,053	4.4
Commercial Lease	4,102	N/A	(6,519,866)	12.0
Rental of Personal Property	283,622,470	4.9	2,924,262,541	(4.5)
Contracting	1,154,276,793	15.8	12,007,050,449	13.9
Feed Wholesale	0	N/A	(8,021)	89.9
Retail	3,570,908,643	7.0	38,741,805,259	7.7
Mining Severance	31,981,720	N/A	224,977,373	469.1
Timber Severance	446	N/A	4,238	796.7
Hotel/Motel	192,428,013	14.6	1,682,852,604	8.1
Membership Camping	190,187	20.8	2,908,521	26.6
Use/Use Inventory	381,198,149	25.2	4,212,965,113	22.4
Rental Occupancy Tax	341,015	(35.5)	4,285,667	235.3
<b>Total</b>	<b>\$7,066,356,956</b>	<b>10.3</b>	<b>\$76,419,574,335</b>	<b>8.6</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 April 2003, 19,148,908 gallons of jet fuel were taxed, a 4.4% increase from the 18,336,660 reported for April 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 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 May 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 May 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	\$202,009	\$344,999	0.7	\$3,798,276	7.0
Cochise	1,593,161	828,055	1.8	9,274,310	8.8
Coconino	2,779,761	1,174,199	2.5	13,083,625	3.1
Gila	653,261	352,971	0.7	3,948,693	6.5
Graham	323,077	210,244	0.4	2,284,289	5.2
Greenlee	604,854	195,439	0.4	1,788,912	11.6
La Paz	257,307	136,806	0.3	1,528,631	9.6
Maricopa	80,820,049	30,859,027	65.5	324,963,869	8.0
Mohave	3,207,648	1,305,797	2.8	13,846,972	9.3
Navajo	1,326,886	686,998	1.5	7,862,431	3.5
Pima	16,012,204	6,826,010	14.5	75,375,438	6.0
Pinal	2,173,393	1,213,695	2.6	13,504,712	11.0
Santa Cruz	703,221	305,620	0.6	3,315,168	8.2
Yavapai	3,327,749	1,529,896	3.2	16,949,102	9.3
Yuma	2,368,217	1,164,763	2.5	13,029,514	8.1
<b>Total</b>	<b>\$116,352,798</b>	<b>\$47,134,518</b>		<b>\$504,553,940</b>	<b>7.6</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 May 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 May 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		\$66,105							
Cochise		\$515,081							
Coconino		\$815,836	\$489,230					\$197,206	
Gila	\$204,602	\$199,495							
Graham		\$92,888							
Greenlee		\$62,562							
La Paz		\$76,488	\$76,488				\$17,012		
Maricopa	\$23,689,591		\$8,803,699	\$708,342	\$501				\$2,069,742
Mohave		\$531,091							
Navajo		\$379,049							
Pima				\$192,155		\$12,332			
Pinal	\$801,163	\$785,135							
Santa Cruz		\$211,343							
Yavapai		\$1,054,919	\$527,637						
Yuma		\$748,866	\$748,701					\$748,058	

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## OTHER TAXES

### Luxury Taxes

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

	<u>May 2004</u>	<u>May 2003</u>	<u>% Change</u>
Spirituous	\$2,064,927	\$2,027,273	1.9
Vinous	798,892	840,434	(4.9)
Malt	2,018,087	2,092,343	(3.5)
Cigarette	22,215,081	23,136,447	(4.0)
Other Tobacco	819,429	847,665	(3.1)
Tobacco Licenses	1,125	525	114.3
<b>Total</b>	<b>\$27,917,540</b>	<b>\$28,944,686</b>	<b>(3.6)</b>

  

	<u>Fiscal Year 2003/04</u>	<u>Fiscal Year 2002/03</u>	<u>% Change</u>
Spirituous	\$21,662,587	\$20,341,596	6.5
Vinous	9,700,154	9,223,380	5.2
Malt	20,294,507	20,182,673	0.6
Cigarette*	242,917,995	182,572,804	33.1
Other Tobacco	7,339,134	5,197,886	41.2
Tobacco Licenses	4,675	3,925	19.1
<b>Total</b>	<b>\$301,919,052</b>	<b>\$237,522,263</b>	<b>27.1</b>

\*Through May 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:

	<u>May 2004</u>	<u>Fiscal Year 2003/04</u>
Spirituous	\$1,445,449	\$15,163,811
Vinous	199,170	2,418,462
Malt	504,522	5,073,626
Cigarette	3,050,961	32,469,658
Other Tobacco	127,012	1,136,961
Tobacco Licenses	1,125	4,675
<b>Total</b>	<b>\$5,328,238</b>	<b>\$56,267,192</b>

### Other dedicated revenues from luxury taxes:

	<u>May 2004</u>	<u>Fiscal Year 2003/04</u>
Correction Fund revenues	\$2,328,751	\$24,512,362
Tobacco Tax & Health Care Fund <sup>4</sup>	\$7,774,820	\$84,735,564
Tobacco Products Tax Fund <sup>5</sup>	\$11,573,336	\$126,719,282
Wine Promotional Fund revenues	\$2,211	\$26,304
Drug Treatment & Education Fund revenues	\$651,203	\$6,910,686
Corrections Revolving Fund revenues	\$258,982	\$2,747,663

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<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**

	May 2004	\$4,513,856	Fiscal year To Date	\$36,686,789
	May 2003	<u>\$4,720,820</u>	Fiscal year To Date	<u>\$85,945,425</u>
% Change		(4.4%)	% Change	(57.3%)

### **Bingo**

	May 2004	\$39,272	Fiscal year To Date	\$584,784
	May 2003	<u>\$39,930</u>	Fiscal year To Date	<u>\$588,508</u>
% Change		(1.6%)	% Change	(0.6%)

### **Unclaimed Property**

	May 2004	\$3,567,934	Fiscal year To Date	\$36,642,256
	May 2003	<u>\$1,987,732</u>	Fiscal year To Date	<u>\$28,302,240</u>
% Change		79.5%	% Change	29.5%

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 May 2004**

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarried Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	2,169	1.0%	-\$13,964	\$1	14.9%	78.6%	4.0%	2.4%	14.3%	9.4%
<b>\$0-\$5,000</b>	<b>50,711</b>	<b>23.5%</b>	<b>\$2,698</b>	<b>\$1</b>	<b>3.8%</b>	<b>85.2%</b>	<b>10.1%</b>	<b>0.9%</b>	<b>3.8%</b>	<b>14.9%</b>
\$5,000-\$10,000	47,224	21.9%	\$7,340	\$24	7.1%	73.5%	18.3%	1.2%	5.7%	26.4%
<b>\$10,000-\$15,000</b>	<b>30,700</b>	<b>14.2%</b>	<b>\$12,341</b>	<b>\$87</b>	<b>14.5%</b>	<b>55.3%</b>	<b>28.7%</b>	<b>1.5%</b>	<b>8.8%</b>	<b>40.5%</b>
\$15,000-\$20,000	22,007	10.2%	\$17,367	\$163	20.9%	46.6%	30.3%	2.1%	8.8%	45.1%
<b>\$20,000-\$25,000</b>	<b>15,004</b>	<b>7.0%</b>	<b>\$22,365</b>	<b>\$266</b>	<b>25.7%</b>	<b>41.6%</b>	<b>30.1%</b>	<b>2.7%</b>	<b>8.1%</b>	<b>48.1%</b>
\$25,000-\$30,000	10,518	4.9%	\$27,388	\$385	29.5%	39.2%	27.9%	3.4%	8.1%	47.9%
<b>\$30,000-\$40,000</b>	<b>13,266</b>	<b>6.2%</b>	<b>\$34,487</b>	<b>\$548</b>	<b>36.4%</b>	<b>36.8%</b>	<b>22.8%</b>	<b>3.9%</b>	<b>8.5%</b>	<b>46.3%</b>
\$40,000-\$50,000	7,822	3.6%	\$44,611	\$773	47.5%	31.8%	17.7%	3.0%	10.1%	46.8%
<b>\$50,000-\$75,000</b>	<b>9,740</b>	<b>4.5%</b>	<b>\$60,598</b>	<b>\$1,154</b>	<b>63.2%</b>	<b>24.0%</b>	<b>10.7%</b>	<b>2.1%</b>	<b>12.4%</b>	<b>46.7%</b>
\$75,000-\$100,000	3,567	1.7%	\$85,463	\$1,859	73.5%	18.2%	6.7%	1.6%	13.6%	45.5%
<b>\$100,000-\$200,000</b>	<b>2,484</b>	<b>1.2%</b>	<b>\$128,183</b>	<b>\$3,286</b>	<b>76.1%</b>	<b>17.1%</b>	<b>5.4%</b>	<b>1.4%</b>	<b>14.6%</b>	<b>43.8%</b>
\$200,000-\$500,000	356	0.2%	\$279,099	\$9,722	71.7%	21.9%	5.3%	1.1%	20.3%	36.7%
<b>\$500,000-\$1,000,000</b>	<b>38</b>	<b>0.0%</b>	<b>\$621,117</b>	<b>\$24,117</b>	<b>59.0%</b>	<b>30.8%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>20.5%</b>	<b>35.9%</b>
\$1,000,000 and over	27	0.0%	\$1,780,515	\$79,567	59.3%	37.0%	3.7%	0.0%	11.1%	11.1%
<b>Total</b>	<b>215,633</b>		<b>\$18,683</b>	<b>\$284</b>	<b>19.1%</b>	<b>59.3%</b>	<b>19.8%</b>	<b>1.8%</b>	<b>7.3%</b>	<b>33.5%</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**  
**May 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**  
**May 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	1,454,556	202,705
Eagar	\$28,940	4,033	Surprise	221,357	30,848
Springerville	14,151	1,972	Tempe	1,138,250	158,625
St. Johns	25,459	3,548	Tolleson	35,692	4,974
<b><u>Cochise County</u></b>			Wickenburg	36,467	5,082
Benson	33,805	4,711	Youngtown	21,599	3,010
Bisbee	43,700	6,090	<b><u>Mohave County</u></b>		
Douglas	118,565	16,523	Bullhead City	242,317	33,769
Huachuca City	12,565	1,751	Colorado City	23,924	3,334
Sierra Vista	271,063	37,775	Kingman	144,010	20,069
Tombstone	10,792	1,504	Lake Havasu City	300,936	41,938
Willcox	26,787	3,733	<b><u>Navajo County</u></b>		
<b><u>Coconino County</u></b>			Holbrook	35,283	4,917
Flagstaff	379,553	52,894	Pinetop/Lakeside	25,703	3,582
Fredonia	7,434	1,036	Show Low	55,217	7,695
Page	48,860	6,809	Snowflake	32,004	4,460
Williams	20,393	2,842	Taylor	22,790	3,176
<b><u>Gila County</u></b>			Winslow	68,313	9,520
Globe	53,718	7,486	<b><u>Pima County</u></b>		
Hayden	6,401	892	Marana	97,274	13,556
Miami	13,892	1,936	Oro Valley	229,150	31,934
Payson	97,733	13,620	Sahuarita	23,264	3,242
Winkelman	3,179	443	South Tucson	39,395	5,490
<b><u>Graham County</u></b>			Tucson	3,492,421	486,699
Pima	14,273	1,989	<b><u>Pinal County</u></b>		
Safford	66,246	9,232	Apache Junction	228,289	31,814
Thatcher	28,861	4,022	Casa Grande	181,001	25,224
<b><u>Greenlee County</u></b>			Coolidge	55,870	7,786
Clifton	18,628	2,596	Eloy	74,448	10,375
Duncan	5,827	812	Florence	109,365	15,241
<b><u>La Paz County</u></b>			Kearny	16,138	2,249
Parker	22,532	3,140	Mammoth	12,644	1,762
Quartzsite	24,067	3,354	Maricopa	10,634	1,482
<b><u>Maricopa County</u></b>			Superior	23,350	3,254
Avondale	257,487	35,883	<b><u>Santa Cruz County</u></b>		
Buckeye	60,972	8,497	Nogales	149,815	20,878
Carefree	21,003	2,927	Patagonia	6,322	881
Cave Creek	26,751	3,728	<b><u>Yavapai County</u></b>		
Chandler	1,267,098	176,581	Camp Verde	67,818	9,451
El Mirage	54,600	7,609	Chino Valley	58,604	8,167
Fountain Hills	145,201	20,235	Clarkdale	24,555	3,422
Gila Bend	14,208	1,980	Cottonwood	65,866	9,179
Gilbert	787,156	109,697	Jerome	2,361	329
Glendale	1,570,136	218,812	Prescott	243,530	33,938
Goodyear	135,700	18,911	Prescott Valley	168,881	23,535
Guadalupe	37,515	5,228	Sedona	73,135	10,192
Litchfield Park	27,340	3,810	<b><u>Yuma County</u></b>		
Mesa	2,854,333	397,776	San Luis	109,947	15,322
Paradise Valley	98,049	13,664	Somerton	52,139	7,266
Peoria	777,591	108,364	Wellton	13,124	1,829
Phoenix	9,479,462	1,321,045	Yuma	557,447	77,685
Queen Creek	30,970	4,316			
			<b>TOTAL</b>	<b>\$29,088,199</b>	<b>4,053,692</b>

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