



ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

DATE: December 21, 2005

FROM: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

August 2005 TAX FACTS

SUMMARY OF GENERAL FUND REVENUES

	<u>August 2005</u>	Fiscal Year <u>Total</u>
Individual Income Tax		
Net Collections	\$228,264,256	\$416,781,701
Percent Change	29.0%	27.8%
Corporate Income Tax		
Net Collections	23,429,772	\$58,707,797
Percent Change	10.2%	39.0%
Transaction Privilege, Severance & Use Taxes		
Net Collections	\$334,204,902	\$681,826,231
Change	16.5%	16.6%
Total Big Three Tax Types		
Net Collections	\$585,898,930	\$1,157,315,728
Percent Change	20.8%	12.9%

January 2004 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 distributed.

TAX FACTS AUGUST 2005

INDIVIDUAL INCOME TAX

Individual Income Tax Receipts

	August 2005	August 2004	% Change
Gross Collections	\$ 25,713,368	\$ 17,256,736	49.0
Withholding	253,061,649	206,338,811	22.6
Refunds	(15,075,017)	(15,579,244)	(3.2)
Urban Revenue Sharing	(35,435,744)	(31,089,382)	14.0
Net Collections	\$ 228,264,256	\$ 176,926,922	29.0

	Fiscal Year Total (05/06)	Fiscal Year Total (04/05)	% Change
Gross Collections	\$ 41,108,389	\$ 25,238,778	62.9
Withholding	474,379,257	391,698,660	21.1
Refunds	(27,834,457)	(28,662,648)	(2.9)
Urban Revenue Sharing	(70,871,488)	(62,178,763)	14.0
Net Collections	\$ 416,781,701	\$ 326,096,027	27.8

Included in the refund amounts above are refunds relating to the alternative fuel vehicle (AFV) income tax credit. In August 2005, the department did not issue any individual or corporate income tax refunds for alternative fuel related credits.

Ladewig Refunds

In August 2005, the department issued 1,170 warrants totaling \$566,358 for Ladewig, a Superior Court tax settlement case. For the fiscal year, 304,654 refunds have been issue for a total of \$41,857,088. Attorney payments are not included in the refund amount and total \$ \$4,853,277 for the fiscal year. Refunds issued as a result of the Ladewig case are not included in the total refunds listed in the "Individual Income Tax Receipts" section above or the "Average Individual Income Tax Refund" section later mentioned in this publication.

Individual Income Tax Document Count

In calendar year 2004, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	46,264	1,575,957	88,795	102,431	3	44,198	297,353	13,315	197,269	2,625	13	2,368,223
%	1.9	66.5	3.7	4.3	0.0	1.9	12.6	0.6	8.3	0.1	0.0	

In calendar year 2005 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	37,502	1,593,907	78,997	111,276	0	37,429	273,170	12,896	186,324	3,163	8	2,334,672
%	1.6	68.3	3.4	4.8	0.0	1.6	11.7	0.6	8.0	0.1	0.0	

The 2,334,672 returns, representing current and prior tax years, filed through August 2005 compares to 2,263,196 returns filed during the same period of time in 2004 for an annual increase of 3.2%. For tax year 2004 filed in 2005, 2,233,483 returns have been filed, a 3.3% increase over filings in August 2004 for tax year 2003.

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 1,573,243 returns in calendar year 2005 for tax year 2004 from filers who also have returns on record from calendar year 2004 with the same marital status. On average, these filers experienced a 9.4% increase in FAGI and a 15.2% increase in tax liability. More specifically, 32.4% of these filers experienced a decrease in tax liability; on average a decrease of 19.8% with a corresponding average decrease in FAGI of 35.6%. Filers with an increase in tax liability totaled 865,079 or 55.0% with an average FAGI increase of 30.9% and an average tax liability increase of 57.2%.

Average Individual Income Tax Refund

Net of Ladewig refunds.

	Average	Number
2005 CYTD	\$491.65	1,424,656
2004 CYTD	\$497.72	1,450,313
% Change	(1.2%)	(1.8%)

"New" Filers in Calendar Year 2005

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2005. "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 250,991 "new" returns have been filed thus far in 2005, representing approximately 304,451 persons, not including dependents. The average Federal Adjusted Gross Income is \$21,228 with an average tax liability of \$354. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 16.8% had a married filing joint filing status, 7.4% claimed a 65 and Over Exemption and 34.2% 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 2004 was \$396.7 million, for an average of \$2,079. An additional \$74.9 million in estimated payments came from 2003 tax returns that applied their refunds as a 2004 estimated payment, for an average of \$1,849. Estimated payments received through August 2005 for tax year 2005 are as follows:

8/05	140ES payment	\$8,787,254	Cumulative	\$167,378,184
8/04	140ES payment	\$2,999,038	Cumulative	\$117,600,954
	% change	193.0		42.3
8/05	Average payment	\$2,570	Cumulative	\$1,685
8/04	Average payment	\$1,034	Cumulative	\$1,336
	% change	148.5		26.1
8/05	Applied refund	\$5,391,644	Cumulative	\$33,473,605
8/04	Applied refund	\$4,856,009	Cumulative	\$31,159,831
	% change	11.0		7.4
Total 8/05		\$14,178,898	Cumulative	\$200,851,789
Total 8/04		\$7,855,047	Cumulative	\$148,760,785
	% change	80.5		35.0

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 2004 through March 2005, \$592,987,493 was received for the first quarter of 2004. The latest complete quarter (15 months of information has been compiled) is the second quarter of 2004, which shows an increase of 2.2% in withholding payments over the second quarter of 2003. Growth in quarters for which information is still being gathered is as follows:

3 rd Quarter 2004	6.8%	1 st Quarter 2005	11.1%
4 th Quarter 2004	10.8%	2 nd Quarter 2005	6.7%
		3 rd Quarter 2005	22.3%

As of January 1, 2005, the current choices for withholding are 0%, 10%, 19%, 23%, 25%, 31% or 37% 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.

	<u>Number</u>	<u>Amount</u>	<u>Average</u>
Calendar Year 2005	14,561	\$5,157,294	\$354
Calendar Year 2004	14,909	\$5,251,348	\$352
% Change	(2.3)	(1.8)	0.6

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 2004:

	<u>August 2005</u>	<u>Calendar Year Total</u>
Check Off	\$82,871	\$4,517,121
Voluntary Donation	\$398	\$51,165
Number of Returns	10,659	622,997

Contributions on the Individual Income Tax Return

Through August 2005, individual income tax return filers have made the following contributions:

	<u>Number</u>	<u>Amount</u>	<u>Average</u>
Wildlife	9,403	\$167,272	\$17.79
Child Abuse	10,356	\$189,836	\$18.33
Special Olympics	4,944	\$79,724	\$16.13
Neighbors Helping	2,923	\$38,154	\$13.05
AID to Education	713	\$33,223	\$46.60
Domestic Violence Shelter	7,594	\$138,698	\$18.26
Democratic Party	990	\$22,140	\$22.36
Republican Party	667	\$15,700	\$23.54
Libertarian Party	81	\$2,224	\$27.46

CORPORATE INCOME TAX

Corporate Income Tax Receipts

	August 2005	August 2004	% Change
Gross Collections	\$25,696,705	\$23,683,196	8.5
Refunds	(\$2,266,933)	(\$2,429,217)	(6.7)
Net Collections	\$23,429,772	\$21,253,979	10.2
	Fiscal Year Total	Prior Fiscal Year Total	% Change
Gross Collections	\$65,100,126	\$48,961,770	33.0
Refunds	(\$6,392,329)	(\$6,715,418)	(4.8)
Net Collections	\$58,707,797	\$42,246,352	39.0

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.

August 2005	\$20,246,428	Calendar Year Total	\$327,637,538
August 2004	\$13,283,337	Calendar Year Total	\$251,070,511
% Change	52.4%	% Change	30.5%

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 August 2005 and for the calendar 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
August 2004	86	7	14	0	5	0	112	30.2
August 2003	64	10	7	3	2	0	86	
CY 2004	1,803	263	333	56	46	0	2,501	14.7
CY 2003	1,644	213	244	38	41	0	2,180	

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 04/05 by corporate fiscal year. For example, in FY 04/05, 19.2% of the refund dollars paid were for corporate fiscal years ending in 2000 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	00 & Prior	01	02	03	04	05
FY 04/05	19.2%	4.5%	3.8%	48.9%	23.4%	0.4%
Corporate Fiscal Year-End:	01 & Prior	02	03	04	05	06
FY 05/06	33.1%	20.5%	0.8%	31.6%	14.1%	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 presents refunds applied as estimated payments in the most recent month and for the calendar year

August 2005	\$5,017,404	Calendar Year Total	\$43,837,764
August 2004	\$2,438,623	Calendar Year Total	\$48,662,861
% Change	105.7%	% Change	(9.9%)

Corporate Income Tax Document Count

The Arizona Department of Revenue received 108,944 corporate returns showing a fiscal year-end of 2003. The type of return received is indicated below:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	310	34,904	61,775	391	11,564
%	0.3	32.0	56.7	0.4	10.6

Through August 2005, 80,314 documents were received for a fiscal year-end of 2004, distributed as follows:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	140	23,023	47,296	278	9,577
%	0.2	28.7	58.9	0.3	11.9

The figures for the 2004 returns are most meaningful when compared to 2003 returns received during the same period of time in the previous year. Through August 2004, the Department of Revenue received 79,930 documents with a fiscal year-end of 2003. Compared to 2004 documents, the Department has seen a 0.5% **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 2005/06 is 15.0% of net proceeds from Fiscal Year 2003/04 income tax. Amounts returned for August 2005 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, transaction privilege and severance tax collections are aggregated by category and total distribution base and non-shared portions are calculated. 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 Proposition 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.

	August 2005	August 2004	% change
Distribution Base	\$ 133,611,201	\$ 114,738,399	16.4%
Non shared	261,500,525	224,861,546	16.3%
Use Tax	26,621,874	22,557,101	18.0%
Education Tax	49,515,683	42,510,698	16.5%
Other Revenues	55,864,697	48,223,926	15.8%
Total Collections	\$ 527,113,979	\$ 452,891,671	16.4%

	Fiscal Year Total (05/06)	Fiscal Year Total (04/05)	% change
Distribution Base	274,615,918	235,143,069	16.8%
Non shared	536,617,071	458,540,315	17.0%
Use Tax	50,494,130	45,104,233	11.9%
Education Tax	101,467,619	86,585,172	17.2%
Other Revenues	114,987,452	98,600,336	16.6%
Total Collections	\$ 1,078,182,190	\$ 923,973,126	16.7%

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 Proposition 301. "Other" revenues are returned to the administering authority.

	August 2005	August 2004	% change
Retained by State	\$ 334,204,902	\$ 286,991,921	16.5%
Returned to Counties	54,125,897	46,480,526	16.4%
Returned to Cities	33,402,800	28,684,600	16.4%
Education Tax	49,515,683	42,510,698	16.5%
Other Revenues	55,864,697	48,223,926	15.8%
Total Collections	\$ 527,113,979	\$ 452,891,671	16.4%

	Fiscal Year Total (05/06)	Fiscal Year Total (04/05)	% change
Retained by State	\$ 681,826,231	\$ 584,745,393	16.6%
Returned to Counties	111,246,909	95,256,457	16.8%
Returned to Cities	68,653,980	58,785,767	16.8%
Education Tax	101,467,619	86,585,172	17.2%
Other Revenues	114,987,452	98,600,336	16.6%
Total Collections	\$ 1,078,182,189	\$ 923,973,126	16.7 %

Transaction Privilege and Severance Tax Collections By Class

	Tax Rate	August 2005	% Chg	Fiscal Year Total	% Chg
Transporting	5.6	\$295,700	17.3%	\$ 584,813	22.0%
Non-Metal Mining Oil/Gas	3.125%	896,547	25.7%	1,901,863	16.5%
Utilities	5.6%	38,296,744	9.7%	72,810,243	10.4%
Communications	5.6%	12,852,851	4.0%	25,684,127	4.1%
Private Car/Pipelines	5.6%	68,651	26.3%	590,890	390.7%
Publishing	5.6%	718,730	26.4%	1,364,162	19.7%
Job Printing	5.6%	1,613,316	18.2%	3,218,699	12.9%
Restaurants & Bars	5.6%	32,009,420	11.0%	66,917,108	12.3%
Amusements	5.6%	3,677,482	15.8%	7,267,127	8.5%
Commercial Lease	0%	0	N/A	N/A	N/A
Rental of Personal Property	5.6%	13,293,375	7.2%	28,058,136	0.7%
Contracting	3.75% - 5.6%	75,209,583	23.0%	159,912,450	26.4%
Feed Wholesale	Repealed	0	N/A	0	N/A
Retail	5.6%	205,500,106	16.9%	421,035,754	17.1%
Mining Severance	2.5%	2,127,279	90.1%	4,374,803	114.0%
Timber Severance	\$2.13/\$1.51 per 1000 board ft	4,085	411.9%	4,835	202.7%
Hotel/Motel	5.6%	7,315,536	13.4%	15,493,494	14.1%
Membership Camping	5.6%	9,766	116.6%	16,258	64.2%
Use Tax	5.6%	26,621,874	18.0%	50,494,130	11.9%
Rental Occupancy Tax	3.0%	10,470	N/A	22,175	N/A

Transaction Privilege and Severance Tax Collections By Class

	Tax Rate	August 2005	% Chg	Fiscal Year Total	% Chg
Jet Fuel		607,351	57.0%	1,156,069	48.6%
Jet Fuel Use Tax	\$.0305/\$.0105 gal	17,706	(56.4%)	70,760	(2.2%)
Telecommunications Devices	1.1				
Telecomm	----	270,263	(20.8%)	548,738	(23.8%)
School for the Deaf and Blind		91,413	(20.8%)	185,603	(23.3%)
Poison Control	----	71,540	(20.8%)	145,254	(23.3%)
Teratogen Funding		3,975	(20.8%)	8,070	60.9%
911 Wireline	\$.037/month per active service	1,140,930	(1.1%)	2,308,341	1.1%
911 Wireless	\$.037/month per active service	1,140,729	7.0%	2,320,262	10.5%
Total		\$ 423,865,419	16.1%	\$ 866,490,868	16.4%

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 Class¹

	August 2005	% Chg	Fiscal Year Total	% Chg
Transporting	\$ 5,914,048	(8.8%)	\$ 11,696,296	5.9%
Non-Metal Mining Oil/Gas	28,689,490	22.0%	60,859,623	14.9%
Utilities	765,934,873	4.8%	1,456,204,865	7.5%
Communications	257,057,016	2.7%	513,682,548	3.3%
Private Car/Pipelines	1,373,012	0.7%	11,817,806	339.4%
Publishing	14,375,454	26.8%	27,288,380	19.7%
Job Printing	32,266,430	9.3%	64,374,135	8.5%
Restaurants & Bars	640,188,012	10.8%	1,338,343,334	11.9%
Amusements	73,549,645	33.9%	145,342,531	15.7%
Commercial Lease	0	NA	N/A	NA
Rental of Personal Property	265,879,060	6.6%	561,178,759	0.3%
Contracting	1,508,855,080	14.1%	3,215,561,545	22.1%
Feed Wholesale	0	NA	0	NA
Retail	4,110,302,357	16.8%	8,422,283,453	16.8%
Mining Severance	85,091,155	96.3%	174,992,118	117.5%
Timber Severance	1,918	292.7%	2,270	166.6%
Hotel/Motel	133,026,298	18.2%	281,717,613	16.0%
Membership Camping	195,311	167.8%	325,162	78.3%
Use Tax	534,578,085	20.2%	1,012,094,585	12.8%
Rental Occupancy Tax	349,009	485.8%	739,163	282.4%
Total	\$ 8,457,626,253	14.6%	\$ 17,298,393,445	15.7%

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. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. 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.**

¹These 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.

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 since January 2004 is not yet available. Once it is available, it will be sent under separate cover.

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 August 2005 is shown in the County Share column.

	County Share	% of Total	FYTD County Share	% Change
Apache	\$ 414,655	0.8%	\$ 850,488	18.0%
Cochise	1,463,889	2.7%	2,964,083	10.4%
Coconino	944,068	1.7%	1,950,286	13.7%
Gila	441,158	0.8%	883,821	16.7%
Graham	244,338	0.5%	500,764	14.1%
Greenlee	243,089	0.4%	493,644	27.2%
La Paz	160,462	0.3%	327,096	16.6%
Maricopa	34,709,769	64.1%	71,327,101	17.0%
Mohave	1,601,229	3.0%	3,241,158	17.0%
Navajo	895,023	1.7%	1,805,698	16.3%
Pima	7,760,975	14.3%	16,147,749	14.4%
Pinal	1,542,992	2.9%	3,183,136	25.2%
Santa Cruz	362,017	0.7%	727,772	20.2%
Yavapai	1,989,666	3.7%	4,064,918	22.4%
Yuma	1,352,568	2.5%	2,779,195	16.5%
Total	\$ 54,125,897		\$ 111,246,909	16.8%

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 August 2005 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 August 2005 and returned to the counties. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge in Pima County is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	Road Tax	Excise Tax	Jail Tax	Rental Car Surcharge	Stadium Tax	RV Surcharge	Hospital Tax/Health Svcs Dist	Capitol Projects	Tourism Authority
Apache		110,769							
Cochise		520,096							
Coconino		1,072,922	643,226					267,500	
Gila	290,802	282,682							
Graham		112,698							
Greenlee		78,340							
La Paz		91,547	91,547				77		
Maricopa	28,479,594		10,576,624	407,249	557				1,164,389
Mohave		630,695							
Navajo		593,564							
Pima				123,798		6,954			
Pinal	1,222,761	1,202,365							
Santa Cruz		260,680							
Yavapai		1,350,027	674,755						
Yuma		885,677	885,679				6	881,908	

OTHER TAXES

Luxury Taxes

The following revenues were received from luxury taxes in August 2005. The table compares the receipts to August 2004 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	<u>August 2005</u>	<u>August 2004</u>	<u>% Change</u>
Spirituous	\$ 1,631,871	\$1,669,513	(2.3)
Vinous	835,847	745,502	12.1
Malt	2,283,706	2,340,023	(2.4)
Cigarette	22,643,809	24,842,975	(8.9)
Other Tobacco	832,107	620,828	34.0
Tobacco Licenses	575	325	76.9
Total	\$ 28,227,916	\$30,219,166	(6.6)

	<u>Fiscal Year (05/06)</u>	<u>Fiscal Year (04/05)</u>	<u>% Change</u>
Spirituous	\$ 3,563,434	\$3,485,003	2.3
Vinous	1,466,157	1,517,789	(3.4)
Malt	3,899,624	4,064,689	(4.1)
Cigarette*	45,850,187	45,821,691	0.06
Other Tobacco	1,522,208	1,361,419	11.8
Tobacco Licenses	1,025	625	64
Total	\$ 56,302,653	\$56,251,215	0.9

*Through August 2005, \$456,700 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>August 2005</u>	<u>Fiscal Year (05/06)</u>
Spirituous	\$ 1,142,310	\$ 2,494,404
Vinous	\$208,286	\$365,012
Malt	\$570,927	\$974,906
Cigarette	\$3,086,109	\$6,188,592
Other Tobacco	\$128,977	\$235,942
Tobacco Licenses	\$575	\$1,025
Total	\$ 5,137,184	\$ 10,259,881

Other dedicated revenues from luxury taxes:

	<u>August 2005</u>	<u>Fiscal Year (05/06)</u>
Correction Fund revenues	\$2,399,539	\$ 4,402,040
Tobacco Tax & Health Care Fund ²	7,922,118	16,043,186
Tobacco Products Tax Fund ³	11,823,973	23,895,159
Wine Promotional Fund revenues	2,704	6,107
Drug Treatment & Education Fund revenues	675,264	1,214,182
Corrections Revolving Fund revenues	267,236	482,180

² Formerly the Health Care Fund

³ This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

Estate Tax

August 2005	\$ 6,782,948	Fiscal Year to Date	\$ 7,608,446
August 2004	\$ 4,313,866	Fiscal Year to Date	\$ 8,225,959
% Change	57.2	% Change	(7.5)

Bingo

August 2005	\$ 42,734	Fiscal Year to Date	\$ 107,061
August 2004	\$ 37,740	Fiscal Year to Date	\$ 107,003
% Change	13.2	% Change	0.1

Unclaimed Property

August 2005	\$ 609,189	Fiscal Year to Date	\$ 1,300,717
August 2004	\$ 513,375	Fiscal Year to Date	\$ 1,121,898
% Change	18.7	% Change	15.9

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 2005 for Tax Year 2004
Through August 2005

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	2,621	1.0%	-\$15,675	\$3	17.8%	74.7%	5.0%	2.5%	13.2%	12.1%
\$0-\$5,000	50,814	20.2%	\$2,742	\$0	4.3%	84.4%	10.5%	0.9%	4.3%	16.0%
\$5,000-\$10,000	51,901	20.7%	\$7,382	\$25	6.6%	74.6%	17.7%	1.2%	5.6%	25.6%
\$10,000-\$15,000	36,341	14.5%	\$12,371	\$93	12.8%	58.8%	26.7%	1.7%	8.1%	38.0%
\$15,000-\$20,000	26,669	10.6%	\$17,366	\$168	20.0%	48.9%	28.9%	2.1%	8.3%	43.6%
\$20,000-\$25,000	18,619	7.4%	\$22,395	\$274	24.6%	44.0%	28.5%	2.8%	7.6%	46.7%
\$25,000-\$30,000	13,395	5.3%	\$27,386	\$393	27.6%	42.3%	26.6%	3.4%	7.4%	46.6%
\$30,000-\$40,000	17,487	7.0%	\$34,516	\$555	35.1%	38.1%	22.9%	3.8%	8.1%	46.1%
\$40,000-\$50,000	10,314	4.1%	\$44,569	\$788	46.3%	32.5%	17.8%	3.4%	9.9%	47.5%
\$50,000-\$75,000	13,129	5.2%	\$60,555	\$1,157	61.8%	24.4%	11.4%	2.3%	12.4%	47.3%
\$75,000-\$100,000	5,102	2.0%	\$85,640	\$1,827	72.7%	18.4%	7.0%	1.9%	15.0%	45.9%
\$100,000-\$200,000	3,726	1.5%	\$129,299	\$3,255	74.5%	18.6%	5.3%	1.6%	16.3%	43.9%
\$200,000-\$500,000	728	0.3%	\$281,624	\$9,406	68.6%	22.7%	6.7%	2.0%	19.9%	39.7%
\$500,000-\$1,000,000	97	0.0%	\$669,692	\$35,382	61.9%	24.7%	8.2%	5.2%	27.8%	34.0%
\$1,000,000 and over	48	0.0%	\$2,148,398	\$94,215	66.7%	31.3%	0.0%	2.1%	22.9%	25.0%
Total	250,991		\$21,228	\$354	16.8%	48.6%	16.2%	1.6%	7.4%	34.2%

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

NEW RETURNS FILED IN 2004 FOR TAX YEAR 2003

Total	239,280		\$20,074	\$334	16.5%	49.4%	15.8%	1.7%	7.5%	32.9%
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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
August 2005

City	Distribution	Population	City	Distribution	Population
<u>Apache County</u>			Surprise	\$269,198	30,848
Eagar	\$35,194	4,033	Tempe	\$1,384,255	158,625
Springerville	\$30,962	3,548	Tolleson	\$43,406	4,974
St. Johns	\$17,209	1,972	Wickenburg	\$44,349	5,082
<u>Cochise County</u>			Youngtown	\$26,267	3,010
Benson	\$41,111	4,711	<u>Mohave County</u>		
Bisbee	\$53,145	6,090	Bullhead City	\$294,688	33,769
Douglas	\$144,189	16,523	Colorado City	\$29,094	3,334
Huachuca City	\$15,280	1,751	Kingman	\$175,134	20,069
Sierra Vista	\$329,647	37,775	Lake Havasu City	\$365,976	41,938
Tombstone	\$13,125	1,504	<u>Navajo County</u>		
Willcox	\$32,576	3,733	Holbrook	\$42,909	4,917
<u>Coconino County</u>			Pinetop-Lakeside	\$31,259	3,582
Flagstaff	\$461,584	52,894	Show Low	\$67,151	7,695
Fredonia	\$9,041	1,036	Snowflake	\$38,921	4,460
Page	\$59,419	6,809	Taylor	\$27,716	3,176
Williams	\$24,801	2,842	Winslow	\$83,077	9,520
<u>Gila County</u>			<u>Pima County</u>		
Globe	\$65,327	7,486	Marana	\$118,298	13,556
Hayden	\$7,784	892	Oro Valley	\$278,675	31,934
Miami	\$16,895	1,936	Sahuarita	\$28,292	3,242
Payson	\$118,856	13,620	South Tucson	\$47,909	5,490
Winkelman	\$3,866	443	Tucson	\$4,247,221	486,699
<u>Graham County</u>			<u>Pinal County</u>		
Pima	\$17,357	1,989	Apache Junction	\$277,628	31,814
Safford	\$80,564	9,232	Casa Grande	\$220,119	25,224
Thatcher	\$35,098	4,022	Coolidge	\$67,945	7,786
<u>Greenlee County</u>			Eloy	\$90,538	10,375
Clifton	\$22,654	2,596	Florence	\$150,167	17,208
Duncan	\$7,086	812	Kearny	\$19,626	2,249
<u>La Paz County</u>			Mammoth	\$15,376	1,762
Parker	\$27,401	3,140	Maricopa	\$43,615	4,998
Quartzsite	\$29,269	3,354	Superior	\$28,396	3,254
<u>Maricopa County</u>			<u>Santa Cruz County</u>		
Avondale	\$313,136	35,883	Nogales	\$182,194	20,878
Buckeye	\$74,150	8,497	Patagonia	\$7,688	881
Carefree	\$25,543	2,927	<u>Yavapai County</u>		
Cave Creek	\$32,533	3,728	Camp Verde	\$82,475	9,451
Chandler	\$1,544,073	176,939	Chino Valley	\$71,270	8,167
El Mirage	\$66,401	7,609	Clarkdale	\$29,862	3,422
Fountain Hills	\$176,582	20,235	Cottonwood	\$80,101	9,179
Gila Bend	\$17,279	1,980	Dewey-Humboldt	\$29,915	3,428
Gilbert	\$957,280	109,697	Jerome	\$2,871	329
Glendale	\$1,909,482	218,812	Prescott	\$296,163	33,938
Goodyear	\$165,028	18,911	Prescott Valley	\$205,380	23,535
Guadalupe	\$45,623	5,228	Sedona	\$88,941	10,192
Litchfield Park	\$33,248	3,810	<u>Yuma County</u>		
Mesa	\$3,471,227	397,776	San Luis	\$133,709	15,322
Paradise Valley	\$119,240	13,664	Somerton	\$43,372	7,266
Peoria	\$945,648	108,364	Wellton	\$15,961	1,829
Phoenix	\$11,528,213	1,321,045	Yuma	\$677,925	77,685
Queen Creek	\$37,664	4,316			
Scottsdale	\$1,768,923	202,705	TOTAL	\$35,435,744	4,062,961

TABLE 3
Transaction Privilege and Severance Tax Returned to Cities/Towns
August 2005

City	Distribution	Population	City	Distribution	Population
<u>Apache County</u>			Surprise	\$253,610	30,848
Eagar	\$33,156	4,033	Tempe	\$1,304,103	158,625
Springerville	\$16,212	1,972	Tolleson	\$40,893	4,974
St. Johns	\$29,169	3,548	Wickenburg	\$41,781	5,082
<u>Cochise County</u>			Youngtown	\$24,746	3,010
Benson	\$38,730	4,711	<u>Mohave County</u>		
Bisbee	\$50,068	6,090	Bullhead City	\$277,625	33,769
Douglas	\$135,840	16,523	Colorado City	\$27,410	3,334
Huachuca City	\$14,395	1,751	Kingman	\$164,993	20,069
Sierra Vista	\$310,559	37,775	Lake Havasu City	\$344,785	41,938
Tombstone	\$12,365	1,504	<u>Navajo County</u>		
Willcox	\$30,690	3,733	Holbrook	\$40,424	4,917
<u>Coconino County</u>			Pinetop/Lakeside	\$29,449	3,582
Flagstaff	\$434,857	52,894	Show Low	\$63,263	7,695
Fredonia	\$8,517	1,036	Snowflake	\$36,667	4,460
Page	\$55,979	6,809	Taylor	\$26,111	3,176
Williams	\$23,365	2,842	Winslow	\$78,267	9,520
<u>Gila County</u>			<u>Pima County</u>		
Globe	\$61,545	7,486	Marana	\$111,448	13,556
Hayden	\$7,333	892	Oro Valley	\$262,539	31,934
Miami	\$15,916	1,936	Sahuarita	\$26,653	3,242
Payson	\$111,974	13,620	South Tucson	\$45,135	5,490
Winkelman	\$3,642	443	Tucson	\$4,001,296	486,699
<u>Graham County</u>			<u>Pinal County</u>		
Pima	\$16,352	1,989	Apache Junction	\$261,552	31,814
Safford	\$75,899	9,232	Casa Grande	\$207,374	25,224
Thatcher	\$33,066	4,022	Coolidge	\$64,011	7,786
<u>Greenlee County</u>			Eloy	\$85,296	10,375
Clifton	\$21,342	2,596	Florence	\$141,472	17,208
Duncan	\$6,676	812	Kearny	\$18,490	2,249
<u>La Paz County</u>			Mammoth	\$14,486	1,762
Parker	\$25,815	3,140	Maricopa	\$41,090	4,998
Quartzsite	\$27,574	3,354	Superior	\$26,752	3,254
<u>Maricopa County</u>			<u>Santa Cruz County</u>		
Avondale	\$295,005	35,883	Nogales	\$171,644	20,878
Buckeye	\$69,856	8,497	Patagonia	\$7,243	881
Carefree	\$24,064	2,927	<u>Yavapai County</u>		
Cave Creek	\$30,649	3,728	Camp Verde	\$77,699	9,451
Chandler	\$1,454,668	176,939	Chino Valley	\$67,143	8,167
El Mirage	\$62,556	7,609	Clarkdale	\$28,133	3,422
Fountain Hills	\$166,358	20,235	Cottonwood	\$75,463	9,179
Gila Bend	\$16,278	1,980	Dewey-Humboldt	\$28,183	3,428
Gilbert	\$901,851	109,697	Jerome	\$2,705	329
Glendale	\$1,798,918	218,812	Prescott	\$279,014	33,938
Goodyear	\$155,473	18,911	Prescott Valley	\$193,488	23,535
Guadalupe	\$42,981	5,228	Sedona	\$83,791	10,192
Litchfield Park	\$31,323	3,810	<u>Yuma County</u>		
Mesa	\$3,270,234	397,776	San Luis	\$125,967	15,322
Paradise Valley	\$112,336	13,664	Somerton	\$59,736	7,266
Peoria	\$890,892	108,364	Wellton	\$15,037	1,829
Phoenix	\$10,860,701	1,321,045	Yuma	\$638,671	77,685
Queen Creek	\$35,483	4,316	TOTAL	\$33,402,800	4,062,961
Scottsdale	\$1,666,498	202,705			