



# ARIZONA DEPARTMENT OF REVENUE

## MEMORANDUM

**DATE:** March 27, 2007

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

### ***December 2006 TAX FACTS***

#### SUMMARY OF GENERAL FUND REVENUES

	<u>December 2006</u>	Fiscal Year <u>Total</u>
<b>Individual Income Tax</b>		
Net Collections	\$ 314,531,802	\$ 1,511,475,031
Percent Change	(4.9%)	2.7%
<b>Corporate Income Tax</b>		
Net Collections	\$ 169,590,795	\$ 490,907,366
Percent Change	25.4%	20.5%
<b>Transaction Privilege, Severance &amp; Use Taxes</b>		
Net Collections	\$ 362,236,390	\$ 2,228,315,560
Change	6.0%	8.9%
<b>Total Big Three Tax Types</b>		
Net Collections	\$ 846,358,987	\$4,230,697,957
Percent Change	4.8%	7.8%

# TAX FACTS December 2006

## INDIVIDUAL INCOME TAX

### Individual Income Tax Receipts

	December-06	December-05	% Change
Gross Collections	\$ 90,557,275	\$ 111,812,195	(19.0)
Withholding	\$ 310,434,373	\$ 275,574,553	12.6
Refunds	\$ (40,523,958)	\$ (21,157,877)	91.5
Urban Revenue Sharing	\$ (45,935,888)	\$ (35,435,744)	29.6
<b>Net Collections</b>	<b>\$ 314,531,802</b>	<b>\$ 330,793,126</b>	<b>(4.9)</b>

  

	Fiscal Year Total (06/07)	Fiscal Year Total (05/06)	% Change
Gross Collections	\$ 386,844,140	\$ 331,270,417	16.8
Withholding	\$ 1,564,650,532	\$ 1,451,799,777	7.8
Refunds*	\$ (164,404,311)	\$ (98,590,705)	66.8
Urban Revenue Sharing	\$ (275,615,330)	\$ (212,614,463)	29.6
<b>Net Collections</b>	<b>\$ 1,511,475,031</b>	<b>\$ 1,471,865,026</b>	<b>2.7</b>

\*Refunds issued as a result of the Ladewig and FERC cases are not included in the total refunds listed in the "Individual Income Tax Receipts" section above nor the "Average Individual Income Tax Refund" section later mentioned in this publication. Ladewig refunds were finalized as of July 2006.

Included in the refund amounts above are refunds relating to the alternative fuel vehicle (AFV) income tax credit. In December 2006, the department did not issue any individual or corporate income tax refunds for alternative fuel-related credits.

### Federal Employee Retirement Contribution Project (FERC)

Kerr vs. ADOR or FERC, a Supreme Court tax settlement case has resulted in the distribution of 1,739 refunds to individual income taxpayers during December 2006. These refunds totaled \$1,989,574\* for an average of \$1,144. Attorney payments are not included in the refund amount and total \$497,394 for the fiscal year. Refunds issued as a result of the FERC case are not included in the total refunds listed in the "Individual Income Tax Receipts" section above nor the "Average Individual Income Tax Refund" section later mentioned in this publication.

\*The amount shown as refunded may differ from AFIS totals due to timing issues.

### Individual Income Tax Document Count

In calendar year 2005, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	46,957	1,675,324	99,248	115,957	12	45,036	279,787	12,873	188,966	3,161	8	<b>2,467,329</b>
%	1.9%	67.9%	4.0%	4.7%	0.0%	1.8%	11.3%	0.5%	7.7%	0.1%	0.0%	

In calendar year 2006 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	50,299	1,666,899	120,181	130,505	0	46,956	396,130	12,156	177,185	3,480	14	<b>2,603,805</b>
%	1.9%	64.0%	4.6%	5.0%	0.0%	1.8%	15.2%	0.5%	6.8%	0.1%	0.0%	100%

The 2,603,805 returns representing current and prior tax years, filed through December 2006 compares to 2,467,329 returns filed during the same period of time in 2005 for an annual increase of 5.5%. For the tax year 2005 filed in 2006, 2,474,283 returns have been filed, a 5.6% increase over filings through December 2005 for tax year 2004.

### **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 1,685,438 returns in calendar year 2006 for tax year 2005 from filers who also have returns on record from calendar year 2005 with the same marital status. On average, these filers experienced a 12.7% increase in FAGI and a 20.1% increase in tax liability. More specifically, 34.2% of these filers experienced a decrease in tax liability; on average an decrease of 21.7% in FAGI with a corresponding average decrease in tax liability of 41.1%. Filers with an increase in tax liability totaled 910,013 or 54.0%, with an average FAGI increase of 41.2% and an average tax liability increase of 78.7%.

### **Average Individual Income Tax Refund**

Net of Ladewig and FERC refunds.

	Average	Number
2006 CYTD	\$ 598.10	1,606,767
2005 CYTD	\$ 513.10	1,492,106
<b>% Change</b>	<b>16.6</b>	<b>7.7</b>

### **"New" Filers in Calendar Year 2006**

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2006. "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 280,854 "new" returns have been filed thus far in 2006, representing approximately 341,641 persons, not including dependents. The average Federal Adjusted Gross Income is \$23,532 with an average tax liability of \$423. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 16.9% had a married filing joint filing status, 7.2% claimed a 65 and Over Exemption and 33.9% 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 tax year 2005 was \$584.7 million, for an average of \$2,709. An additional \$95.9 million in estimated payments came from 2004 tax returns that applied their refunds as a 2005 estimated payment, for an average of \$2,238. Estimated payments received through December 2006 for tax year 2006 are as follows:

12/06	140ES payment	\$	26,997,775	Cumulative \$	411,077,766
12/05	140ES payment	\$	26,433,245	Cumulative \$	315,304,587
	<b>% change</b>		<b>2.1</b>		<b>30.4</b>
12/06	Average payment	\$	2,932	Cumulative \$	2,284
12/05	Average payment	\$	2,646	Cumulative \$	1,926
	<b>% change</b>		<b>10.8</b>		<b>18.6</b>
12/06	Applied refund	\$	4,214,109	Cumulative \$	131,837,390
12/05	Applied refund	\$	17,274,073	Cumulative \$	92,465,448
	<b>% change</b>		<b>(75.6)</b>		<b>42.6</b>
Total 12/06		\$	31,211,884	Cumulative \$	542,915,156
Total 12/05		\$	43,707,318	Cumulative \$	407,770,035
	<b>% change</b>		<b>(28.6)</b>		<b>33.1</b>

### **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 fourth quarter of 2005, which shows an increase of 18.1% in withholding payments over the fourth quarter of 2004. Growth in quarters for which information is still being gathered is as follows:

1 <sup>st</sup> Quarter 2006	38.7%	3 <sup>rd</sup> Quarter 2006	4.8%
2 <sup>nd</sup> Quarter 2006	24.0%	4 <sup>th</sup> Quarter 2006	9.4%

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.

	Number	Amount	Average
Calendar Year 2006	14,013	\$ 4,990,790	\$ 356
Calendar Year 2005	14,808	\$ 5,246,436	\$ 354
<b>% Change</b>	<b>(5.4)</b>	<b>(4.9)</b>	<b>0.6%</b>

### **Clean Elections**

As a result of the December 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 2005 filed in 2006.

	<b>December 2006</b>	<b>Calendar Year Total</b>
Check Off	\$26,455	\$4,981,029
Voluntary Donation	\$ 400	\$ 66,137
Number of Returns	3490	692,022

### **Contributions on the Individual Income Tax Return**

Through December 2006, individual income tax return filers have made the following contributions:

	Number	Amount	Average
Wildlife	10,715	\$ 213,144	\$ 19.89
Child Abuse	11,353	\$ 235,775	\$ 20.77
Special Olympics	5,550	\$ 101,333	\$ 18.26
Neighbors Helping	3,291	\$ 52,580	\$ 15.98
AID to Education	822	\$ 40,505	\$ 49.28
Domestic Violence Shelter	8,452	\$ 177,191	\$ 20.96
Democratic Party	1151	\$ 28,679	\$ 24.92
Republican Party	687	\$ 18,417	\$ 26.81
Libertarian Party	87	\$ 2,202	\$ 25.32

## CORPORATE INCOME TAX

### Corporate Income Tax Receipts

	Dec 2006	Dec 2005	% Change
Gross Collections	\$199,892,212	\$148,830,193	34.3
Refunds	(\$30,301,417)	(\$13,593,465)	122.9
<b>Net Collections</b>	<b>\$169,590,795</b>	<b>\$135,236,728</b>	<b>25.4</b>
	Fiscal Year Total	Prior Fiscal Year Total	% Change
Gross Collections	\$549,099,219	\$448,543,001	22.4
Refunds	(\$58,191,853)	(\$41,039,350)	41.8
<b>Net Collections</b>	<b>\$490,907,366</b>	<b>\$407,503,651</b>	<b>20.5</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.

PLEASE NOTE THAT THE DEPARTMENT OF REVENUE CHANGED PROCESSING SYSTEMS FOR CORPORATE TAX IN AUGUST 2006. AS WITH THE CHANGEOVER OF ANY SYSTEM, THERE WILL BE VARIATIONS IN DATA. THE PERCENTAGE CHANGES SHOWN IN THE FIRST YEAR OF THE NEW SYSTEM SHOULD BE INTERPRETED CAUTIOUSLY.

Dec 2006	\$191,999,590	Calendar Year Total	\$854,158,539
Dec 2005	\$108,703,125	Calendar Year Total	\$649,540,698
% Change	76.6%	% Change	31.5%

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

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
<b>Dec 2006</b>	558	114	119	32	36	0	859	13.3
<b>Dec 2005</b>	509	97	108	24	20	0	758	
<b>CY 2006</b>	3,833	620	687	154	139	1	5,434	23.4
<b>CY 2005</b>	3,072	514	605	118	93	1	4,403	

The next table shows the dollars of eft estimated payments received from those counts above.

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 and more	Total	% chg
<b>Dec 2006</b>	\$7,093,101	\$8,461,868	\$25,905,742	\$23,161,540	\$96,956,341	\$161,578,592	54.5%
<b>Dec 2005</b>	\$7,826,238	\$6,858,647	\$25,809,409	\$17,743,622	\$46,368,697	\$104,606,613	
<b>CY 2006</b>	\$44,191,355	\$43,828,870	\$152,551,622	\$110,783,798	\$346,384,090	\$697,739,735	27.4%
<b>CY 2005</b>	\$40,611,944	\$36,564,183	\$136,495,402	\$83,093,206	\$250,714,909	\$547,479,644	

### **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 05/06 by corporate fiscal year. For example, in FY 05/06, 20.8% of the refund dollars paid were for corporate fiscal years ending in 2001 or before. The percentages are for refunds paid through the fiscal year.

<b>Corporate Fiscal Year-End:</b>	<b>01 &amp; Prior</b>	<b>02</b>	<b>03</b>	<b>04</b>	<b>05</b>	<b>06</b>
FY 05/06	20.8%	3.4%	4.2%	56.4%	13.4%	1.8%
<b>Corporate Fiscal Year-End:</b>	<b>02 &amp; Prior</b>	<b>03</b>	<b>04</b>	<b>05</b>	<b>06</b>	<b>07</b>
FY 06/07	2.3%	1.5%	0.6%	78.8%	16.8%	0.0%

NO DATA IS AVAILABLE ON REFUNDS APPLIED AS ESTIMATED PAYMENTS.

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

The Arizona Department of Revenue received 112,597 corporate returns showing a fiscal year-end of 2004. 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>
#	274	35,862	64,351	379	11,731
%	0.2	31.8	57.2	0.3	10.4

Through December 2006, 125,212 documents were received for a fiscal year-end of 2005, 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>
#	190	39,637	72,116	454	12,815
%	0.1	31.7	57.6	0.4	10.2

The figures for the 2005 returns are most meaningful when compared to 2004 returns received during the same period of time in the previous year. Through December 2005, the Department of Revenue received 112,597 documents with a fiscal year-end of 2004. Compared to 2005 documents, the Department has seen an 11.2% increase in the number of corporate returns processed 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 2006/07 is 15.0% of net proceeds from Fiscal Year 2004/05 income tax. Amounts returned for December 2006 are shown on Table 2, at the end of this report.

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## **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.

**Transaction Privilege, Severance and Use Tax Receipts continued:**

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.

	<b>December 2006</b>	<b>December 2005</b>	<b>% change</b>
Distribution Base	\$150,001,682	\$140,146,241	7.0
Non shared	287,085,327	267,995,050	7.1
Use Tax	23,415,482	25,520,731	(8.2)
Education Tax	53,419,111	50,638,608	5.5
Other Revenues	68,215,495	58,466,840	16.7
<b>Total Collections</b>	<b>\$582,137,097</b>	<b>\$542,767,470</b>	<b>7.3</b>

  

	<b>Fiscal Year Total (06/07)</b>	<b>Fiscal Year Total (05/06)</b>	<b>% change</b>
Distribution Base	\$ 893,859,156	\$ 824,248,982	8.4
Non shared	1,757,942,710	1,606,295,780	9.4
Use Tax	162,080,827	155,479,936	4.2
Education Tax	328,203,775	303,268,027	8.2
Other Revenues	403,433,017	346,198,432	16.5
<b>Total Collections</b>	<b>\$3,545,519,485</b>	<b>\$3,235,491,157</b>	<b>9.6</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 Proposition 301. "Other" revenues are returned to the administering authority.

	<b>December 2006</b>	<b>December 2005</b>	<b>% change</b>
Retained by State	\$362,236,390	\$341,852,219	6.0
Returned to Counties	60,765,681	56,773,242	7.0
Returned to Cities	37,500,420	35,036,560	7.0
Education Tax	53,419,111	50,638,608	5.5
Other Revenues	68,215,495	58,466,840	16.7
<b>Total Collections</b>	<b>\$582,137,097</b>	<b>\$542,767,470</b>	<b>7.3</b>

  

	<b>Fiscal Year Total (06/07)</b>	<b>Fiscal Year Total (05/06)</b>	<b>% change</b>
Retained by State	\$2,228,315,560	\$2,046,059,189	8.9
Returned to Counties	362,102,344	333,903,263	8.4
Returned to Cities	223,464,789	206,062,246	8.4
Education Tax	328,203,775	303,268,027	8.2
Other Revenues	403,433,017	346,198,432	16.5
<b>Total Collections</b>	<b>\$3,545,519,485</b>	<b>\$3,235,491,157</b>	<b>9.6</b>

## Transaction Privilege and Severance Tax Collections By Class

	Tax Rate	December		Fiscal Year	
		2006	% Chg	Total	% Chg
Transporting	5.6	\$309,606	39.3	\$1,980,417	30.3
Non-Metal Mining Oil/Gas	3.125%	683,448	(22.7)	4,225,165	(27.3)
Utilities	5.6%	28,672,844	12.8	236,598,589	11.8
Communications	5.6%	15,310,198	18.8	87,616,291	12.4
Private Car/Pipelines	5.6%	73,515	173.4	460,840	(48.0)
Publishing	5.6%	477,647	(0.6)	3,368,147	(5.8)
Job Printing	5.6%	1,786,147	9.8	10,167,716	5.5
Restaurants & Bars	5.6%	38,343,226	7.2	226,325,821	9.6
Amusements	5.6%	4,535,038	0.5	23,140,410	9.8
Commercial Lease	0%	13	(26.3)	23	N/A
Rental of Personal					
Property	5.6%	15,962,390	2.0	93,919,718	7.7
Contracting	3.75% - 5.6%	88,818,630	5.2	567,070,263	17.2
Retail	5.6%	226,928,347	6.1	1,314,159,894	4.7
Mining Severance	2.5%	3,447,095	60.7	24,652,799	97.0
Timber Severance*	0%	603	(50.3)	13,679	62.7
Hotel/Motel	5.5%	10,977,167	12.8	54,457,674	7.6
Membership Camping*	0%	N/A	N/A	N/A	N/A
Use Tax	5.6%	23,756,958	(6.9)	162,749,489	4.7
Rental Occupancy Tax*	0%	63,401	N/A	77,425	29.8
Jet Fuel		239,572	(40.2)	2,556,831	(8.6)
Jet Fuel Use Tax	\$.0305/\$.0105 gal	47,365	260.2	290,052	113.1
Telecomm	----	562,166	95.8	3,282,367	91.9
911 Wireline	\$.028/month per active service	927,222	(17.0)	6,100,879	(11.3)
911 Wireless	\$.028/month per active service	989,880	(18.0)	5,581,160	(8.2)
<b>Total</b>		<b>\$462,912,272</b>	<b>6.1</b>	<b>\$2,828,796,876</b>	<b>8.7</b>

\*As of 11/1/06, these categories are no longer subject to county and state tax.

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>1</sup>

	December	% Chg	Fiscal Year	% Chg
	2006		Total	
Transporting	\$6,202,118	38.9	\$40,318,507	32.2
Non-Metal Mining Oil/Gas	21,898,759	(23.1)	135,354,741	(27.4)
Utilities	574,271,667	12.2	4,736,033,807	11.5
Communications	306,664,904	18.5	1,754,497,424	12.1
Private Car/Pipelines	1,472,989	170.9	9,228,577	(48.1)
Publishing	9,569,434	(1.0)	67,442,875	(6.0)
Job Printing	35,778,991	9.5	203,622,998	5.3
Restaurants & Bars	768,170,132	6.9	4,532,950,720	9.4
Amusements	90,868,986	0.5	463,664,974	9.7
Commercial Lease	426	(25.2)	1,996	N/A
Rental of Personal				
Property	319,788,690	1.8	1,881,072,633	7.5
Contracting	1,779,208,585	4.6	11,355,656,953	16.4
Retail	4,545,914,915	5.8	26,319,162,908	4.5
Mining Severance	138,110,862	60.4	986,983,052	96.6
Timber Severance*	291	(36.7)	6,778	74.9

<sup>1</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.

**Transaction Privilege and Severance Tax Taxable Sales By Class<sup>1</sup> continued:**

Hotel/Motel	199,980,509	12.6	992,201,741	7.5
Membership Camping*	N/A	N/A	N/A	(97.4)
Use Tax	477,220,155	(7.0)	3,262,279,770	4.3
Rental Occupancy Tax*	2,113,403	N/A	2,597,553	30.2
<b>Total</b>	<b>\$9,277,231,941</b>	<b>6.1</b>	<b>\$56,743,104,053</b>	<b>8.9</b>

\*As of 11/1/06, these categories are no longer subject to county and state tax.

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.

**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 December 2006 is shown in the County Share column.

	<b>County Share</b>	<b>% of Total</b>	<b>FYTD County Share</b>	<b>% Change</b>
Apache	\$ 398,220	0.7	\$ 2,462,170	(3.0)
Coconino	\$ 1,416,265	2.4	\$ 9,141,277	7.6
Cochise	\$ 1,030,260	1.7	\$ 6,114,043	4.5
Gila	\$ 436,040	0.7	\$ 2,675,774	2.9
Graham	\$ 278,355	0.5	\$ 1,622,331	6.3
Greenlee	\$ 199,979	0.3	\$ 2,652,905	66.1
La Paz	\$ 157,593	0.3	\$ 941,207	(2.8)
Maricopa	\$ 39,078,742	64.9	\$ 231,898,198	8.2
Mohave	\$ 1,798,536	3.0	\$ 10,685,251	10.1
Navajo	\$ 887,817	1.5	\$ 5,451,525	3.4
Pima	\$ 8,821,104	14.7	\$ 51,449,256	5.9
Pinal	\$ 2,011,827	3.3	\$ 12,337,268	26.2
Santa Cruz	\$ 417,128	0.7	\$ 2,350,688	8.7
Yavapai	\$ 2,197,158	3.7	\$ 13,179,034	9.1
Yuma	\$ 1,636,658	2.7	\$ 9,141,419	7.6
<b>Total</b>	<b>\$ 60,765,681</b>		<b>\$ 362,102,344</b>	<b>8.4</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 December 2006 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 December 2006 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 Svc's Dist	Capitol Projects	Tourism Authority
Apache		\$ 73,917							
Cochise		\$ 613,135							
Coconino		\$ 926,620	\$ 555,978					\$ 231,863	
Gila	\$ 266,911	\$ 259,479							
Graham		\$ 159,982							
Greenlee		\$ (192,180)							
La Paz		\$ 83,801	\$ 83,800				\$ 38		
Maricopa	\$ 31,749,279		\$ 11,786,203	\$ 505,988	\$ 463				\$ 2,120,212
Mohave		\$ 602,797							
Navajo		\$ 546,750							
Pima	\$ 5,909,952			\$ 134,460		\$ 24,994			
Pinal	\$ 1,440,972	\$ 1,416,777							
S Cruz		\$ 303,530	\$ 303,048						
Yavapai		\$ 1,404,169	\$ 699,596						
Yuma		\$ 1,103,128	\$ 1,103,133				\$ 214,866	\$ 1,100,158	

## OTHER TAXES

### Luxury Taxes

The following revenues were received from luxury taxes in December 2006. The table compares the receipts to December 2005 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

		December 2006	December 2005	%
Spirituous	\$	2,467,718	\$ 1,498,263	64.7
Vinous	\$	1,443,115	\$ 657,966	119.3
Malt	\$	1,861,857	\$ 950,563	95.9
Cigarette	\$	34,601,798	\$ 26,227,814	31.9
Other Tobacco	\$	899,441	\$ 776,705	15.8
Tobacco Licenses	\$	375	\$ 375	0.0
<b>Total</b>	<b>\$</b>	<b>41,274,304</b>	<b>\$ 30,111,686</b>	<b>37.1</b>
		Fiscal Year (06/07)	Fiscal Year (05/06)	%
Spirituous	\$	13,059,425	\$ 11,337,705	15.2
Vinous	\$	5,879,758	\$ 5,091,642	15.5
Malt	\$	12,455,103	\$ 10,862,436	14.7
Cigarette*	\$	183,831,608	\$ 144,076,335	27.6
Other Tobacco	\$	4,838,177	\$ 4,618,441	4.8
Tobacco Licenses	\$	3,850	\$ 2,775	38.7
<b>Total</b>	<b>\$</b>	<b>220,067,922</b>	<b>\$ 175,989,334</b>	<b>25.0</b>

\*Through December 2006, \$495,835 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>December 2006</b>		<b>FY06/07</b>	
Spirituos	\$	1,727,403	\$	9,141,597
Vinous	\$	360,030	\$	1,465,866
Malt	\$	465,464	\$	3,113,775
Cigarettes	\$	3,839,467	\$	23,549,836
Other Tobacco	\$	67,458	\$	485,979
Tobacco Licenses	\$	375	\$	3,850
	<b>\$</b>	<b>6,460,197</b>	<b>\$</b>	<b>37,760,903</b>

**Other dedicated revenues from luxury taxes:**

	<b>December 2006</b>		<b>FY06/07</b>	
Corrections Fund	\$	2,691,924	\$	15,200,876
Tobacco Tax & Health Care Fund <sup>2</sup>	\$	10,591,877	\$	62,708,724
Tobacco Products Tax Fund <sup>3</sup>	\$	15,887,815	\$	93,928,310
Wine Promotional Fund	\$	2,994	\$	16,293
Drug Treatment & Education Fund	\$	767,096	\$	4,211,502
Corrections Rev. Fund	\$	305,170	\$	1,674,083

**Estate Tax**

December 06	\$	44,456	Fiscal Year to Date	\$	(952,673)
December-05	\$	1,045,327	Fiscal Year to Date	\$	10,376,583
% change		<b>N/A</b>	% Change		<b>N/A</b>

**Bingo**

December-06	\$	47,977	Fiscal Year to Date	\$	303,540
December-05	\$	42,215	Fiscal Year to Date	\$	292,723
% change		<b>13.6</b>	% Change		<b>3.7</b>

**Unclaimed Property**

December-06	\$	2,808,935	Fiscal Year to Date	\$	59,661,861
December-05	\$	806,197	Fiscal Year to Date	\$	39,716,987
% change		<b>248.4</b>	% Change		<b>50.2</b>

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

<sup>2</sup> Formerly the Health Care Fund

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

**TABLE 1**  
**"New" Returns Filed in 2006 for Tax Year 2005**  
**Through December 2006**

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	2,933	1.0%	(\$24,238)	\$4	19.7%	71.5%	6.1%	2.7%	14.2%	14.6%
<b>\$0-\$5,000</b>	<b>55,048</b>	<b>19.6%</b>	<b>\$2,725</b>	<b>\$1</b>	<b>4.1%</b>	<b>85.3%</b>	<b>9.7%</b>	<b>0.9%</b>	<b>3.9%</b>	<b>15.4%</b>
\$5,000-\$10,000	56,327	20.1%	\$7,369	\$24	6.1%	76.2%	16.7%	1.1%	4.9%	24.7%
<b>\$10,000-\$15,000</b>	<b>39,647</b>	<b>14.1%</b>	<b>\$12,387</b>	<b>\$95</b>	<b>12.0%</b>	<b>60.6%</b>	<b>25.9%</b>	<b>1.5%</b>	<b>7.6%</b>	<b>36.6%</b>
\$15,000-\$20,000	30,017	10.7%	\$17,364	\$166	19.2%	49.6%	29.2%	1.9%	8.1%	43.3%
<b>\$20,000-\$25,000</b>	<b>21,246</b>	<b>7.6%</b>	<b>\$22,342</b>	<b>\$267</b>	<b>24.9%</b>	<b>44.0%</b>	<b>28.4%</b>	<b>2.8%</b>	<b>7.0%</b>	<b>47.5%</b>
\$25,000-\$30,000	15,226	5.4%	\$27,395	\$388	28.5%	42.7%	25.9%	2.9%	7.2%	46.3%
<b>\$30,000-\$40,000</b>	<b>19,785</b>	<b>7.0%</b>	<b>\$34,530</b>	<b>\$550</b>	<b>34.8%</b>	<b>39.4%</b>	<b>22.2%</b>	<b>3.6%</b>	<b>7.6%</b>	<b>46.5%</b>
\$40,000-\$50,000	11,822	4.2%	\$44,636	\$780	44.1%	34.8%	17.5%	3.6%	9.2%	45.7%
<b>\$50,000-\$75,000</b>	<b>15,370</b>	<b>5.5%</b>	<b>\$60,591</b>	<b>\$1,133</b>	<b>59.4%</b>	<b>26.4%</b>	<b>11.5%</b>	<b>2.7%</b>	<b>12.8%</b>	<b>46.4%</b>
\$75,000-\$100,000	6,486	2.3%	\$85,624	\$1,790	70.1%	20.4%	7.6%	1.9%	14.8%	45.5%
<b>\$100,000-\$200,000</b>	<b>5,331</b>	<b>1.9%</b>	<b>\$131,105</b>	<b>\$3,254</b>	<b>70.3%</b>	<b>20.5%</b>	<b>6.9%</b>	<b>2.2%</b>	<b>17.6%</b>	<b>44.0%</b>
\$200,000-\$500,000	1,260	0.4%	\$288,846	\$9,402	64.3%	25.6%	7.5%	2.7%	23.8%	37.8%
<b>\$500,000-\$1,000,000</b>	<b>224</b>	<b>0.1%</b>	<b>\$693,502</b>	<b>\$29,848</b>	<b>67.4%</b>	<b>23.3%</b>	<b>5.3%</b>	<b>4.0%</b>	<b>25.6%</b>	<b>34.8%</b>
\$1,000,000 and over	132	0.0%	\$2,236,137	\$92,163	56.2%	26.3%	5.8%	11.7%	25.5%	35.0%
<b>Total</b>	<b>280,854</b>		<b>\$23,532</b>	<b>\$423</b>	<b>16.9%</b>	<b>48.9%</b>	<b>15.7%</b>	<b>1.5%</b>	<b>7.2%</b>	<b>33.9%</b>

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

NEW RETURNS FILED IN 2005 FOR TAX YEAR 2004										
<b>Total</b>	<b>258,482</b>		<b>\$22,021</b>	<b>\$390</b>	<b>17.0%</b>	<b>48.3%</b>	<b>16.1%</b>	<b>1.7%</b>	<b>7.5%</b>	<b>34.2%</b>

"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**  
**December 2006**

City	Distribution	Population	City	Distribution	Population
<b><u>Apache County</u></b>			Surprise	\$835,128	88,265
Eagar	\$41,962	4,435	Tempe	\$1,568,695	165,796
St. Johns	\$36,569	3,865	Tolleson	\$61,481	6,498
Springerville	\$19,538	2,065	Wickenburg	\$57,498	6,077
<b><u>Cochise County</u></b>			Youngtown	\$58,312	6,163
Benson	\$44,848	4,740	<b><u>Mohave County</u></b>		
Bisbee	\$62,163	6,570	Bullhead City	\$361,528	38,210
Douglas	\$162,692	17,195	Colorado City	\$38,603	4,080
Huachuca City	\$17,315	1,830	Kingman	\$244,677	25,860
Sierra Vista	\$413,377	43,690	Lake Havasu City	\$505,580	53,435
Tombstone	\$15,233	1,610	<b><u>Navajo County</u></b>		
Willcox	\$36,758	3,885	Holbrook	\$51,329	5,425
<b><u>Coconino County</u></b>			Pinetop-Lakeside	\$39,408	4,165
Flagstaff	\$578,908	61,185	Show Low	\$93,244	9,885
Fredonia	\$10,502	1,110	Snowflake	\$46,693	4,935
Page	\$67,272	7,110	Taylor	\$38,793	4,100
Williams	\$29,757	3,145	Winslow	\$93,055	9,835
<b><u>Gila County</u></b>			<b><u>Pima County</u></b>		
Globe	\$70,915	7,495	Marana	\$252,861	26,725
Hayden	\$8,440	892	Oro Valley	\$372,787	39,400
Miami	\$18,497	1,955	Sahuarita	\$132,368	13,990
Payson	\$145,992	15,430	South Tucson	\$53,269	5,630
Star Valley	\$18,980	2,006	Tucson	\$5,012,471	529,770
Winkelman	\$4,191	443	<b><u>Pinal County</u></b>		
<b><u>Graham County</u></b>			Apache Junction	\$322,357	34,070
Pima	\$19,727	2,085	Casa Grande	\$307,218	32,470
Safford	\$88,561	9,360	Coolidge	\$77,396	8,180
Thatcher	\$43,050	4,550	Eloy	\$105,260	11,125
<b><u>Greenlee County</u></b>			Florence	\$194,247	20,530
Clifton	\$24,562	2,596	Kearny	\$21,279	2,249
Duncan	\$7,683	812	Mammoth	\$16,671	1,762
<b><u>La Paz County</u></b>			Maricopa	\$100,512	15,934
Parker	\$31,034	3,280	Superior	\$30,788	3,254
Quartzsite	\$34,062	3,600	<b><u>Santa Cruz County</u></b>		
<b><u>Maricopa County</u></b>			Nogales	\$206,547	21,830
Avondale	\$656,219	69,356	Patagonia	\$8,705	920
Buckeye	\$240,381	25,406	<b><u>Yavapai County</u></b>		
Carefree	\$34,857	3,684	Camp Verde	\$101,523	10,730
Cave Creek	\$45,094	4,766	Chino Valley	\$116,614	12,325
Chandler	\$2,184,163	230,845	Clarkdale	\$34,819	3,680
El Mirage	\$303,348	32,061	Cottonwood	\$102,753	10,860
Fountain Hills	\$231,733	24,492	Dewey-Humboldt	\$38,130	4,030
Gila Bend	\$18,734	1,980	Jerome	\$3,122	330
<b>Gilbert</b>	<b>\$1,644,416</b>	<b>173,799</b>	Prescott	\$385,749	40,770
Glendale	\$2,293,198	242,369	Prescott Valley	\$317,673	33,575
Goodyear	\$437,249	46,213	Sedona	\$103,463	10,935
Guadalupe	\$52,559	5,555	<b><u>Yuma County</u></b>		
Litchfield Park	\$42,842	4,528	San Luis	\$216,954	22,930
Mesa	\$4,239,704	448,096	Somerton	\$92,251	9,750
Paradise Valley	\$131,166	13,863	Wellton	\$18,639	1,970
Peoria	\$1,307,053	138,143	Yuma	\$839,953	88,775
Phoenix	\$13,963,748	1,475,834			
Queen Creek	\$155,303	16,414			
Scottsdale	\$2,221,129	234,752	<b>TOTAL</b>	<b>\$45,935,888</b>	<b>4,860,323</b>

**TABLE 3**  
**Transaction Privilege and Severance Tax Returned to Cities/Towns**  
**December 2006**

<b>City</b>	<b>Distribution</b>	<b>Population</b>	<b>City</b>	<b>Distribution</b>	<b>Population</b>
<b><u>Apache County</u></b>			Surprise	\$681,006	88,265
Eagar	\$34,218	4,435	Tempe	\$1,279,194	165,796
Springerville	\$15,932	2,065	Tolleson	\$50,135	6,498
St Johns	\$29,820	3,865	Wickenburg	\$46,887	6,077
<b><u>Cochise County</u></b>			Youngtown	\$47,550	6,163
Benson	\$36,571	4,740	<b><u>Mohave County</u></b>		
Bisbee	\$50,691	6,570	Bullhead City	\$294,808	38,210
Douglas	\$132,667	17,195	Colorado City	\$31,479	4,080
Huachuca City	\$14,119	1,830	Kingman	\$199,522	25,860
Sierra Vista	\$337,089	43,690	Lake Havasu City	\$412,276	53,435
Tombstone	\$12,422	1,610	<b><u>Navajo County</u></b>		
Willcox	\$29,975	3,885	Holbrook	\$41,856	5,425
<b><u>Coconino County</u></b>			Pinetop-Lakeside	\$32,135	4,165
Flagstaff	\$472,071	61,185	Show Low	\$76,267	9,885
Fredonia	\$8,564	1,110	Snowflake	\$38,076	4,935
Page	\$54,857	7,110	Taylor	\$31,633	4,100
Williams	\$24,265	3,145	Winslow	\$75,882	9,835
<b><u>Gila County</u></b>			<b><u>Pima County</u></b>		
Globe	\$57,827	7,495	Marana	\$206,196	26,725
Hayden	\$6,882	892	Oro Valley	\$303,989	39,400
Miami	\$15,084	1,955	Sahuarita	\$107,939	13,990
Payson	\$119,050	15,430	South Tucson	\$43,438	5,630
Star Valley	\$15,477	2,006	Tucson	\$4,087,424	529,770
Winkelman	\$3,418	443	<b><u>Pinal County</u></b>		
<b><u>Graham County</u></b>			Apache Junction	\$262,866	34,070
Pima	\$16,835	<b>2,182</b>	Casa Grande	\$250,521	32,470
Safford	\$72,217	9,360	Coolidge	\$63,113	8,180
Thatcher	\$35,105	4,550	Eloy	\$85,835	11,125
<b><u>Greenlee County</u></b>			Florence	\$158,399	20,530
Clifton	\$20,029	2,596	Kearny	\$17,352	2,249
Duncan	\$6,265	812	Mammoth	\$13,595	1,762
<b><u>La Paz County</u></b>			Maricopa	\$122,938	15,934
Parker	\$25,307	3,280	Superior	\$25,106	3,254
Quartzsite	\$27,776	3,600	<b><u>Santa Cruz County</u></b>		
<b><u>Maricopa County</u></b>			Nogales	\$168,429	21,830
Avondale	\$535,114	69,356	Patagonia	\$7,098	920
Buckeye	\$196,019	25,406	<b><u>Yavapai County</u></b>		
Carefree	\$28,424	3,684	Camp Verde	\$82,787	10,730
Cave Creek	\$36,772	4,766	Chino Valley	\$95,093	12,325
Chandler	\$1,781,077	230,845	Clarkdale	\$28,393	3,680
El Mirage	\$247,366	32,061	Cottonwood	\$83,790	10,860
Fountain Hills	\$188,967	24,492	Dewey-Humboldt	\$31,093	4,030
Gila Bend	\$15,277	1,980	Jerome	\$2,546	330
Gilbert	\$1,340,941	173,799	Prescott	\$314,560	40,770
Glendale	\$1,869,991	242,369	Prescott Valley	\$259,047	33,575
Goodyear	\$356,555	46,213	Sedona	\$84,369	10,935
Guadalupe	\$42,859	5,555	<b><u>Yuma County</u></b>		
Litchfield Park	\$34,936	4,528	San Luis	\$176,916	22,930
Mesa	\$3,457,271	448,096	Somerton	\$75,226	9,750
Paradise Valley	\$106,960	13,863	Wellton	\$15,199	1,970
Peoria	\$1,065,838	138,143	Yuma	\$684,941	88,775
Phoenix	\$11,386,752	1,475,834			
Queen Creek	\$126,642	16,414			
Scottsdale	\$1,811,222	234,752	<b>TOTAL</b>	<b>\$37,500,420</b>	<b>4,860,420</b>