

VALUE OF INDIVIDUAL INCOME TAX EXPENDITURES

TAX YEAR	in millions															
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
FEDERAL SUBTRACTIONS																
Educator expense/tuition fees deduction	---	---	---	---	---	---	---	---	---	---	---	\$2.44	\$2.71	---	---	---
Educator expense	---	---	---	---	---	---	---	---	---	---	---	incl above	incl above	\$0.48	\$0.66	\$0.54
Tuition and fees deduction	---	---	---	---	---	---	---	---	---	---	---	incl above	incl above	\$3.14	\$3.75	\$1.89
Archer MSA deduction	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	\$0.03
Certain business expenses for reservists, etc.	---	---	---	---	---	---	---	---	---	---	---	---	---	\$0.06	\$0.06	\$0.32
Individual Retirement Account for qualifying individuals	\$5.81	\$5.12	\$5.64	\$4.23	\$3.86	\$4.57	\$3.90	\$3.72	\$3.44	\$3.88	\$3.29	\$4.27	\$5.11	\$4.58	\$6.69	\$7.37
Student loan interest deduction	---	---	---	---	---	---	---	\$0.63	\$1.01	\$1.27	\$1.31	\$3.02	\$2.07	\$1.92	\$2.61	\$3.16
Health Savings Account deduction	---	---	---	---	---	---	\$0.32	\$0.02	\$0.00	\$0.03	\$0.20	\$0.07	---	\$0.07	\$0.27	\$0.63
Moving expenses	---	---	---	\$0.34	---	---	\$0.03	\$0.55	\$0.35	\$0.49	\$0.96	\$0.45	\$0.48	\$0.97	\$1.22	\$1.27
One-half of self-employment tax	\$5.23	\$4.32	\$5.51	\$6.10	\$5.10	\$5.21	\$6.07	\$6.33	\$6.88	\$7.02	\$5.94	\$7.23	\$8.25	\$9.51	\$9.76	\$9.73
Self-employed health insurance deduction	\$0.72	\$0.44	\$0.75	\$0.50	\$0.73	\$1.14	\$1.41	\$1.60	\$2.75	\$3.28	\$2.75	\$3.95	\$8.36	\$8.59	\$8.34	\$8.59
KEOGH retirement plan and self-employed SEP deduction	\$4.66	\$3.87	\$4.41	\$5.33	\$3.55	\$6.41	\$5.49	\$5.70	\$7.55	\$7.36	\$5.26	\$7.85	\$10.31	\$11.93	\$12.05	\$10.86
Penalty on early withdrawal of savings	\$0.35	\$0.55	\$0.03	\$0.06	\$0.12	\$0.07	\$0.10	\$0.04	\$0.03	\$0.17	\$0.02	\$0.06	\$0.03	\$0.02	\$0.31	\$0.15
Alimony paid	\$2.70	\$1.88	\$3.80	\$2.94	\$2.66	\$2.74	\$3.07	\$2.82	\$4.04	\$4.78	\$5.91	\$5.90	\$6.17	\$6.21	\$8.24	\$6.52
Jury duty pay	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	\$0.02
Domestic production activities deduction	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	\$3.54
Write-in adjustment	---	---	---	---	---	---	---	---	---	---	---	---	---	\$0.15	\$0.02	\$1.90
TOTAL COST OF FEDERAL SUBTRACTIONS	\$19.57	\$15.40	\$20.28	\$19.60	\$16.09	\$20.57	\$20.51	\$21.48	\$25.95	\$28.44	\$25.76	\$35.39	\$43.86	\$47.33	\$57.96	\$55.88
ARIZONA SUBTRACTIONS																
Interest on U.S. obligations	\$16.07	\$15.39	\$11.05	\$12.43	\$11.93	\$16.34	\$17.06	\$17.45	\$11.13	\$14.76	\$11.08	\$7.79	\$7.35	\$4.81	\$7.48	\$10.17
Exclusion for federal, Arizona or local pensions	\$7.33	\$9.51	\$8.29	\$8.35	\$6.40	\$8.28	\$6.90	\$7.53	\$7.81	\$7.81	\$7.17	\$9.20	\$7.19	\$8.72	\$9.15	\$8.17
Exempt Arizona lottery winnings	\$0.18	\$0.24	\$0.52	\$0.06	\$0.15	\$0.25	\$0.15	\$0.21	\$0.19	\$0.06	\$0.13	\$0.12	\$0.09	\$0.03	\$0.21	\$0.30
Social Security or Railroad Retirement benefits included in inc	\$15.30	\$16.08	\$18.37	\$25.99	\$25.30	\$31.80	\$36.71	\$40.65	\$47.92	\$56.41	\$52.14	\$55.67	\$59.97	\$68.55	\$80.05	\$87.03
Agricultural crop contributions	---	---	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.00	\$0.00	---	---	---	---	---
Alternative fuel vehicles and refueling equipment	---	---	---	---	---	---	\$0.00	\$0.00	\$0.00	\$0.00	---	---	---	---	---	---
Adjustment for bonus depreciation	---	---	---	---	---	---	---	---	---	---	---	\$0.57	\$2.67	\$36.02	\$39.33	\$43.65
Certain wages of Native Americans	---	---	---	---	---	---	\$6.37	\$7.18	\$3.12	\$7.92	\$6.58	\$4.81	\$14.43	\$9.65	\$12.38	\$18.34
Income tax refunds from other states	---	---	---	\$0.57	\$0.29	\$0.44	\$0.76	\$0.65	\$0.74	\$0.98	\$0.63	\$0.58	\$0.75	\$1.05	\$0.73	\$0.53
Deposits and employee contributions into med sav accts	---	---	---	---	\$0.16	---	\$0.01	\$0.01	\$0.03	\$0.01	\$0.01	\$0.01	\$0.15	\$0.04	\$0.06	\$0.03
Construction of an energy efficient residence	---	---	---	---	---	---	---	---	---	---	---	\$0.07	\$0.04	\$0.07	\$0.06	\$3.14
Acitve duty military pay	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	\$0.38
Other subtractions (from back of 140)	\$7.47	\$9.48	\$8.58	\$6.31	\$6.88	\$6.41	\$4.02	\$2.16	\$2.23	\$5.63	\$4.89	\$3.63	\$6.41	\$8.05	\$15.32	\$13.13
Elective Subtraction of 2000 fed retirement contributions	---	---	---	---	---	---	\$0.09	\$0.22	\$0.12	\$0.25	---	---	---	---	---	---
Elective Subtraction of 2003 fed retirement contributions	---	---	---	---	---	---	---	---	---	---	---	---	\$0.40	---	---	---
TOTAL COST OF ARIZONA SUBTRACTIONS	\$46.82	\$51.33	\$47.36	\$55.02	\$50.74	\$64.78	\$72.84	\$76.63	\$74.50	\$95.83	\$83.44	\$83.14	\$100.19	\$137.97	\$167.14	\$187.24
TYPE OF ARIZONA EXEMPTIONS																
Personal exemption	\$140.84	\$157.49	\$162.17	\$154.92	\$137.18	\$147.44	\$169.76	\$176.77	\$183.20	\$190.35	\$190.43	\$197.84	\$200.24	\$195.66	\$223.27	\$221.68
Preferential personal exemption for UHOH filers	\$6.52	\$7.39	\$7.82	\$7.28	\$6.16	\$7.49	\$7.71	\$8.30	\$8.97	\$9.94	\$9.95	\$10.57	\$11.21	\$11.95	\$12.90	\$13.09
Preferential pers exempt for married filers w/ at least 1 dep	---	---	---	---	---	---	\$23.15	\$23.19	\$23.34	\$23.85	\$25.22	\$26.92	\$26.75	\$27.51	\$29.60	\$27.80
Age 65 or older exemption	\$13.44	\$15.44	\$18.24	\$17.14	\$20.81	\$19.14	\$17.29	\$17.28	\$18.70	\$19.32	\$18.10	\$18.81	\$19.10	\$18.73	\$21.15	\$34.24
Dependent exemption	\$67.03	\$68.31	\$77.09	\$76.32	\$75.69	\$68.67	\$96.12	\$105.57	\$70.13	\$73.40	\$78.10	\$79.16	\$81.83	\$83.65	\$93.08	\$92.75
Blind exemption	\$0.19	\$0.16	\$0.17	\$0.20	\$0.20	\$0.30	\$0.23	\$0.27	\$0.25	\$0.23	\$0.26	\$0.23	\$0.20	\$0.34	\$0.22	\$0.22
Qualifying parent or ancestor exemption	---	---	---	---	---	---	---	---	\$0.98	\$1.79	\$1.43	\$2.00	\$1.59	\$2.16	\$3.46	\$1.75
TOTAL COST OF ARIZONA EXEMPTIONS	\$238.95	\$253.45	\$271.35	\$260.67	\$232.38	\$248.63	\$272.97	\$292.17	\$302.24	\$317.65	\$321.17	\$344.17	\$350.70	\$331.62	\$383.57	\$351.32

VALUE OF INDIVIDUAL INCOME TAX EXPENDITURES

	in millions															
TAX YEAR	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
FEDERAL ITEMIZED DEDUCTIONS																
TAX DEDUCTIONS																
State and local income taxes	\$48.53	\$52.03	\$57.27	\$61.76	\$56.66	\$65.14	\$68.87	\$77.17	\$85.65	\$94.60	\$92.82	\$91.72	\$91.77	\$105.97	\$153.45	\$153.64
Real estate taxes	\$19.29	\$18.61	\$21.20	\$21.88	\$21.87	\$24.89	\$25.37	\$28.08	\$30.47	\$34.68	\$37.43	\$40.35	\$43.92	\$46.69	\$55.41	\$55.31
Personal property and Other taxes	\$5.54	\$6.53	\$6.56	\$6.94	\$6.84	\$8.03	\$7.51	\$9.43	\$10.21	\$11.17	\$11.43	\$12.18	\$12.00	\$12.56	\$14.13	\$14.10
COST OF TAXES PAID DEDUCTION	\$70.36	\$73.67	\$81.27	\$87.02	\$81.77	\$94.86	\$99.09	\$111.98	\$123.50	\$137.58	\$138.46	\$141.26	\$145.03	\$161.97	\$221.60	\$219.94
INTEREST EXPENSE DEDUCTIONS																
Home mortgage interest and points from form 1098	\$99.84	\$99.10	\$100.50	\$99.44	\$101.64	\$123.02	\$127.41	\$136.27	\$161.34	\$179.49	\$191.10	\$207.80	\$206.57	\$204.91	\$263.38	\$320.65
Home mortgage interest not reported on form 1098	---	---	---	---	---	---	---	---	---	---	---	---	---	---	\$2.02	\$2.79
Points not reported on form 1098	---	\$1.04	\$2.31	\$0.82	\$1.61	\$0.85	\$1.22	\$1.28	\$0.88	\$0.90	\$1.24	\$1.30	\$2.13	\$1.28	\$1.64	\$1.88
Deductible investment interest	\$10.22	\$6.87	\$6.52	\$5.58	\$6.21	\$9.85	\$10.30	\$10.18	\$11.64	\$11.67	\$11.13	\$7.31	\$9.82	\$9.35	\$20.65	\$16.71
COST OF INTEREST EXPENSE DEDUCTION	\$109.97	\$105.31	\$108.48	\$105.28	\$109.10	\$133.43	\$138.77	\$147.10	\$173.54	\$192.39	\$203.06	\$216.11	\$217.93	\$215.04	\$287.85	\$341.63
CHARITABLE CONTRIBUTION DEDUCTIONS																
Cash contributions	\$23.61	\$25.12	\$28.40	\$26.50	\$24.86	\$32.36	\$32.67	\$37.36	\$44.04	\$56.24	\$54.25	\$58.88	\$59.68	\$68.83	\$100.11	\$83.87
Contributions other than cash	\$5.33	\$6.80	\$7.11	\$8.05	\$7.85	\$9.49	\$16.27	\$15.40	\$17.50	\$19.41	\$16.87	\$17.71	\$17.56	\$19.83	\$31.03	\$26.89
Carryover from prior year	\$1.37	\$1.50	\$1.09	\$1.72	\$1.71	\$2.27	\$1.90	\$4.13	\$5.43	\$4.48	\$4.13	\$4.08	\$4.83	\$6.75	\$9.51	\$5.40
COST OF CHARITABLE CONTRIBUTION DEDUCTION	\$29.99	\$32.52	\$36.49	\$36.16	\$34.45	\$44.12	\$50.79	\$56.73	\$66.90	\$79.01	\$75.07	\$79.73	\$82.02	\$95.09	\$140.89	\$115.99
OTHER DEDUCTIONS																
Medical and dental expenses	\$9.38	\$12.61	\$17.00	\$20.94	\$35.59	\$43.11	\$43.91	\$53.89	\$60.40	\$63.23	\$68.08	\$85.66	\$85.77	\$90.48	\$108.68	\$115.78
Value of additional medical expenses allowed by Arizona															\$77.09	\$82.09
Casualty or theft losses	\$0.11	\$0.83	\$1.13	\$0.11	\$0.78	\$0.08	\$0.10	\$0.98	\$0.10	\$0.20	\$0.20	\$0.88	\$0.78	\$5.43	\$2.10	\$0.66
Moving Expenses	\$0.31	\$1.49	\$2.32	---	---	---	---	---	---	---	---	---	---	---	---	---
Job expenses and most other miscellaneous deductions	\$14.70	\$16.74	\$18.74	\$15.71	\$16.13	\$16.86	\$14.87	\$23.22	\$25.96	\$29.36	\$5.88	\$7.60	\$34.37	\$44.84	\$43.50	\$44.95
Other miscellaneous deductions (nonlimited - except gambling)	\$1.95	\$1.56	\$2.65	\$2.27	\$2.87	\$4.30	\$3.92	\$5.24	\$9.19	\$6.10	\$11.27	\$32.71	\$15.28	\$20.32	\$16.92	\$23.06
Nonlimited gambling losses	incl above	\$2.83	---													
COST OF ALL FEDERAL ITEMIZED DEDUCTIONS	\$165.53	\$165.42	\$180.63	\$178.62	\$189.97	\$228.94	\$243.71	\$280.50	\$327.33	\$368.93	\$353.69	\$397.20	\$421.85	\$450.03	\$648.61	\$674.97
ARIZONA STANDARD DEDUCTION																
Preferential standard deduction for uoh filers	\$136.04	\$146.99	\$149.13	\$142.06	\$124.52	\$127.25	\$126.10	\$134.00	\$132.38	\$133.30	\$149.44	\$156.34	\$161.81	\$146.03	\$178.28	\$158.47
	\$8.95	\$9.41	\$10.41	\$9.72	\$7.98	\$9.53	\$9.89	\$10.64	\$11.26	\$12.38	\$13.44	\$14.32	\$15.12	\$15.56	\$18.07	\$18.28
COST OF AZ STANDARD AND FED ITEMIZED DEDUCTIONS	\$442.11	\$404.76	\$468.64	\$451.77	\$441.60	\$500.25	\$509.74	\$560.79	\$617.94	\$671.89	\$695.00	\$758.08	\$788.03	\$745.83	\$1,065.08	\$1,103.81