Finance Advisory Committee

Briefing Materials

October 4, 2012

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Finance Advisory Committee

Briefing Materials

October 4, 2012

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JLBC Staff - October 2012 Revenue and Budget Update

Summary of the General Fund Budget Outlook

- While the state ended FY 2012 with $275 million more in the ending balance than expected, FY 2013 growth since July has been slower than forecast.
- Using the 4-sector forecast, Baseline revenues are projected to grow by 5.8% to 6.3% annually between FY 2014 and FY 2016.
- JLBC Staff has developed 2 scenarios for its budget forecast through FY 2016. Two factors will especially influence these estimates:
    - The rate of recovery of the U.S. economy and the potential impacts of efforts to reduce the federal deficit.
    - The future of the federal health care legislation, including whether to restore childless adult coverage in Arizona.
- In the Baseline scenario, revenues grow at the 4-sector rate and the state continues its current freeze on childless adult coverage.
    - The state would accumulate large balances (for example, $368 million in FY 2014) in the short run. By FY 2016, the balances will have been depleted and the projected shortfall is $(67) million. The state, however, would still have a $450 million Rainy Day Fund.
- In the Alternate scenario, revenue growth is capped at 5% in light of general economic uncertainty. Childless adult coverage is restored to 100% of the poverty level and several other expiring initiatives are continued.
    - The balances would be spent down more quickly and there would be a projected $(411) million shortfall in FY 2015 and $(583) million in FY 2016.

Besides this document, the JLBC Staff has also developed a slideshow presentation of this issue that can be found on the JLBC website at: October 4 FAC Meeting.

The Caveats

1) We have limited ability to predict the future 45 months in advance of the end of FY 2016.
2) Long term budget forecasts are subject to considerable change -- a 1% error would change available resources by over $500 million in the third year.
3) The availability of short term balances may result in the enactment of new permanent tax reduction and spending initiatives, which would further increase shortfalls in the outyears.

4) The budget scenarios assume the continuation of temporary statutory suspensions -- if funded, the balance would decline by another $(632) million.

5) As the 1 cent ballot initiative is essentially designated for new spending, those monies would not be available to offset any shortfall.

Reporting Requirements

The General Appropriation Act requires JLBC Staff to report by October 15, 2012 as to whether FY 2013's General Fund revenues and ending balance are projected to change by more than $50 million from the budgeted projections. In addition, Laws 2012, Chapter 244 will require the Legislature to add 3-year estimates to each year's budget bill. In preparation for these requirements, JLBC Staff has reviewed the preliminary FY 2012 ending balance estimates and updated its 4-sector revenue revenue projections in conjunction with the October 4th Finance Advisory Committee (FAC) meeting. In addition, JLBC Staff has revised its spending projections through FY 2016.

Updated FY 2012 Estimates

The enacted May budget originally assumed a FY 2012 ending balance of $122 million. Due to greater than expected revenues and reduced caseload spending, the Arizona Department of Administration's (ADOA) projected FY 2012 ending balance is $397 million, or $275 million higher than forecast. ADOA will publish a final FY 2012 ending balance figure by December 1.

In terms of revenue, the budget projected that FY 2012 base revenues (excluding one-time adjustments) would increase by 5.3% compared to the prior year. Instead, base revenues grew by 6.7%, driven by strong Individual Income Tax payments along with growth in the other "Big 3" categories.

In addition, FY 2012 had higher than expected revertments (unspent appropriations), which led to lower than budgeted spending levels. This was due to caseload agencies, such as AHCCCS and the Arizona Department of Education (ADE), having fewer program participants than originally estimated.

FY 2013 - 2016 Revenue Projections

The enacted FY 2013 budget assumed base revenue growth of 5.1%. As this growth rate does not account for one-time adjustments, enacted tax law changes and urban revenue sharing, it is intended to provide a perspective on the underlying growth of the economy. Based on preliminary September projections, however, first quarter FY 2013 General Fund revenues are 3.6% above last year. This year-to-date figure reflects the change in total revenues, however, the impact of tax law changes up to this point in FY 2013 is minimal.

In the first quarter of FY 2013, Sales tax collections were up by 3.8%, Individual Income tax collections grew by 4.6%, and Corporate Income tax collections increased by 1.2%. In total, General Fund revenues are $(3.7) million below the budget forecast enacted in May.
The FY 2013 to FY 2016 forecast is based on the input from the following 4 sources (each equally weighted): members of the FAC panel, University of Arizona's "base" and "low" econometric revenue models, and JLBC Staff. Under the updated 4-sector consensus forecast,

base General Fund revenues are projected to grow by 4.3% in FY 2013, 5.8% in FY 2014, 5.7% in FY 2015, and 6.3% in FY 2016. The FY 2013 growth rates range between 0.6% in the UA - low risk model to 6.8% in the UA - base forecast. The UA models again provide the low and high point for FY 2014, with the Low being 3.4% and the Base being 7.3% growth. Details of the October 2012 consensus forecast are summarized in *Attachment A*.

Tax Law Changes The base revenue forecast is further adjusted for enacted tax reductions and Urban Revenue Sharing (URS) distributions. Relative to the current budget, enacted tax laws will have a General Fund impact of $(67) million in FY 2014, $(223) million in FY 2015 and $(357) million in FY 2016. Some of these adjustments will increase ADE spending by reducing the level of local property tax collections available to fund the K-12 formula. Apart from these spending issues, the actual revenue impact will be $(47) million in FY 2014, $(180) million in FY 2015 and $(289) million in FY 2016. These estimates reflect the nominal values of the tax reductions. They are not adjusted for any offsetting economic activity which may be generated by the tax reductions. The major provisions are detailed in the JLBC Staff presentation**.**

Urban Revenue Sharing Under the current URS program, the state shares 15% of net Individual and Corporate Income tax collections from 2 years prior with incorporated cities and towns. URS will grow from $514 million in FY 2013 to $559 million in FY 2014. This $45 million gain to cities and towns results in a corresponding loss of revenue to the General Fund. Under the updated consensus forecast, URS distributions are projected to be $587 million in FY 2015 and $624 million in FY 2016.

Temporary 1 Cent In FY 2014, the temporary 1 cent sales tax will expire and the state will lose $(922) million in revenue. The 2012 General Election will include a ballot initiative for a permanent 1 cent sales tax. If approved by the voters, these monies are essentially dedicated to new programs and would not be available for General Fund purposes. The loss of temporary 1 cent revenue is somewhat offset by a projected FY 2013 ending balance of $676 million which will be available as revenue in FY 2014.

After factoring in all these adjustments, General Fund revenue is forecast to fall from $9.39 billion in FY 2013 to $9.11 billion in FY 2014. The bottom line revenue growth in FY 2015 and FY 2016 will be relatively low as less of the ending balance will be available to support overall revenues in those years. General Fund revenue is projected to be $9.15 billion in FY 2015 and $9.29 billion in FY 2016.

Risks to the Revenue Forecast

As with any long term revenue projections, there are risks to the forecast:

- Natural disasters or unexpected geopolitical events often have economic consequences.
- The Federal Reserve Board recently extended its 0% interest rate policy to at least the middle of 2015. This decision suggests that the central bank sees considerable challenges ahead for the economy.
- International economics is even further beyond our control - Europe's debt crisis and the slowing of the Chinese economic boom could have impacts on the United States economy.

- The looming federal "fiscal cliff" could affect both the short and long term prospects for economic growth. Under current law, a number of tax reductions enacted over the last 10 years will be rolled back, beginning January 1, 2013. Additionally, as a result of Congressional failure to agree on deficit reduction last year, automatic spending reductions will be triggered under the Budget Control Act, beginning in January 2013. Thus, unless Congress acts to extend expiring tax provisions and repeal automatic spending reductions before the end of this calendar year, many economists believe that the U.S. economy could fall into another recession in 2013.

  Under this "falling off the fiscal cliff" scenario, the federal deficit would be reduced by $700 billion. While such an action would help our long term growth prospects, this level of tax increases and spending cuts in 1 year would likely result in low or negative economic growth in the near term. This in turn would adversely affect state revenue collections. Alternatively, the fiscal cliff may be avoided by either extending all or some of the expiring tax provisions. The impact on the economy and related tax collections under the "avoiding the cliff" scenarios will largely depend on when and how deficit reduction is addressed after 2013. This introduces further uncertainty to any multi-year forecast.

- The 4-sector forecast accelerates revenue growth in the outyears, growing from 5.8% in FY 2014 to 6.3% in FY 2016. Long term forecasts, however, typically become more cautious with each succeeding year due to all of these types of uncertainties.

To address these various contingencies, the JLBC Staff has developed an alternate forecast scenario that caps base revenue growth at 5.0% annually for the period from FY 2014 through FY 2016. The JLBC Staff used the same approach at last April's FAC meeting. This change would reduce total General Fund revenues to $9.04 billion in FY 2014, $8.87 billion in FY 2015 and $8.56 billion in FY 2016.

The level of projected General Fund revenues under the 2 scenarios is summarized in *Table 1* below**.**

Table 1

Comparison of Revenue Forecasts
($ Billions)

Forecast Scenario	**FY 2014**	**FY 2015**	**FY 2016**
4-sector			
Beginning Balance	$0.68	$0.37	$0.07
On-Going Revenue	8.43	8.78	9.22
Total Revenue	**$9.11**	**$9.15**	**$9.29**
Alternate			
Beginning Balance	0.68	0.23	(0.41)
On-Going Revenue	8.36	8.64	8.97
Total Revenue	**$9.04**	**$8.87**	**$8.56**

Future Year Spending Estimates

The JLBC Staff has also updated its FY 2013 to 2016 Baseline spending estimates. The Baseline reflects the standard methodology of estimating the annual growth in statutory and other active funding formulas. The Baseline incorporates the following adjustments:

- K-12 state aid formula growth. Student growth is expected to increase by an annual average of 1.0% through FY 2016. Two enacted policy changes will also increase K-12 expenses. The business property tax assessment ratio will decline from 20% to 18% over 4 years starting in FY 2014. To prevent shifts to residential property taxpayers, the Homeowner's Rebate will also increase during this same period of time. In total, K-12 spending is projected to increase by $71 million in FY 2014, $68 million in FY 2015 and $94 million in FY 2016.

- Medicaid caseload growth in AHCCCS, the Department of Health Services and the Department of Economic Security. Prior to new federal health care requirements described below, annual caseloads are expected to grow by 3% while the monthly capitation payments would increase 3% per year during most of the forecast period. These adjustments increase the Medicaid budget by $119 million in FY 2015 and $129 million in FY 2016. FY 2014 Medicaid spending, however, is projected to decline slightly due to a base adjustment related to the overfunding of caseloads in FY 2013.

- The phase-in of Department of Corrections (ADC) prison beds. The Legislature has already approved the addition of 500 new private prison beds in January 2014 and another 500 in January 2015. The state will also open 500 new maximum public beds in FY 2015. The operating costs of all these new beds are expected to add $9 million in FY 2014, $19 million in FY 2015 and $7 million in FY 2016.

In terms of standard funding formula requirements, overall spending is projected to grow by $149 million in FY 2014 (1.8%), $202 million in FY 2015 (2.3%) and $233 million in FY 2016 (2.6%). The individual components of these adjustments can be found in the JLBC Staff presentation.

The Baseline also assumes the continued annual suspension of any inactive formulas. Each year, the Legislature enacts certain provisions which serve to only suspend, not repeal, certain statutory formulas. If those inactive formulas were counted in the Baseline, spending would increase by $632 million. The detailed list of inactive formulas can be found in *Appendix B* of the JLBC Staff presentation.

Affordable Care Act Estimates

The federal Affordable Care Act (ACA) will require changes in the state's Medicaid program starting in January 2014. The Baseline spending estimate incorporates the mandatory impacts of the ACA legislation:

- States are required to expand coverage to children up to 133% of the federal poverty level (FPL). This cost will be relatively small, however, as most children below 6 are already eligible for Medicaid. This policy would primarily affect children between 6 and 18 years of age, who currently qualify at 100% of FPL.

- The second and more expensive factor is the potential enrollment of already eligible non-participants below 100% FPL. While ACA imposes fines on individuals not enrolled in a health plan, these penalties will not extend to the Medicaid non-participant population. Nonetheless, the publicity surrounding implementation of these federal health care requirements is expected to induce some of the currently eligible non-participants to enroll. The Baseline estimate assumes that half of the 265,000 individuals below 100% FPL enroll in Medicaid.

These mandatory provisions are expected to add 156,000 persons to Medicaid and create additional costs of at least $69 million in FY 2014 and another $170 million in FY 2015.

Beyond these mandatory costs, the state will also have certain options with regard to adult coverage, which would further increase costs in FY 2014 and FY 2015 above the Baseline. The original ACA would have required states to cover the adult population or face the loss of all of its federal Medicaid funds. Due to the United States Supreme Court ruling, however, adult coverage became optional.

Prior to an enrollment freeze in 2011, the state covered childless adults up to 100% FPL. As a result of the freeze, participation has declined from 210,000 to 94,000 currently. The freeze did not affect adults with children and they continue to be eligible up to 100% FPL. Since it represents current policy, the JLBC Baseline assumes continuation of the Childless Adult freeze through the forecast period. The federal agreement to participate in the enrollment freeze, however, expires at the end of December 2013.

Under the ACA option, the federal government would cover adults up to 133% FPL. If Arizona chooses this option, the federal government would finance 85% of the cost of restoring Childless Adult coverage to 100% FPL and 100% of the cost of all adults between 100% and 133% FPL (the regular federal match rate is 66%). Relative to the JLBC Baseline, this option would increase participation by another 167,000 participants and cost another $135 million in FY 2015. In the long run, the federal government is scheduled to: 1) increase its financing of the under 100% population to a 90% match rate by 2021; and 2) reduce its financing of the 100% + population to a 90% match rate by 2020.

Given the flexibility under the Supreme Court ruling, the state could also choose to set childless adult coverage at less than 133%. If a state does not choose full expansion, however, it is unclear whether the federal government would provide the enhanced match rate. If the state chooses to set coverage at 100% FPL, the federal government could potentially fund only the adult population at the regular match rate of 66%. AHCCCS has published a draft proposal to restore the Childless Adults at the enhanced rate, but has not yet received a reply from the federal government.

As a result, 100% FPL childless adult coverage could have one of 2 costs above the JLBC Baseline:

- $135 million if the federal government provides the enhanced 85% match. This is the same cost as the 133% expansion as the federal government would finance all of the cost between 100% and 133% FPL.

- $478 million if the federal government only funds the childless adult restoration at the regular 66% match rate.

These long term federal health care estimates come with several risks:

- Modeling potential enrollment is extremely challenging as numerous factors affect decisions to participate in Medicaid. For example, the state expanded participation to 100% FPL in the early 2000's as a result of a ballot initiative. While that change was originally estimated to add 100,000 new enrollees, the ultimate growth was closer to 200,000.

- These estimates could be revised upward if the federal government changes its Medicaid match rates as part of its own efforts to address the broader federal deficit.

Summary of Different Spending Levels

In summary, long term spending will depend on regular funding formula growth, the mandatory federal health care expansion and the state's decision with regard to optional federal health care costs. In addition, the projection of large year-end budget balances in FY 2013 and FY 2014 may create pressure to continue one-time FY 2013 spending initiatives as well as increase spending for existing or new programs.

Numerous spending proposals could be offered in the next regular legislative session. If spending grows beyond normal formula growth, there are 2 one-time FY 2013 initiatives that may be considered for ongoing funding. First, DES received $44 million in federal Long Term Care System Fund monies to backfill the loss of Federal Funds. If those Long Term Care monies are not available again, the state may decide to continue the backfill with General Fund dollars. A second initiative was a one-time pay bonus for non-covered state employees as of September 29, 2012. These employees had their annual salary level increased by 5% as of this date (which equates to 3.75% for the remainder of the fiscal year). If made permanent, this salary adjustment would cost $22 million annually, pending further analysis of the number of employees who transferred to uncovered status.

To address these issues, JLBC Staff has developed 2 expenditure scenarios:

- Under the Baseline Scenario, the state would fund regular statutory formulas and minimum ACA requirements, continue the current AHCCCS Childless Adult freeze, and would not restore any major one-time funding sources used in the FY 2013 budget.

- The Alternate Scenario attempts to reflect some of the additional spending options. The Alternate Scenario includes the restoration of the AHCCCS Childless Adult coverage at the enhanced (85%) match rate, continuation of the 5% salary adjustment at the full annual cost, and replacement of the $44 million of one-time DES funding from the Long Term Care System Fund in the current budget with General Fund monies.

Tables 2 and 3 summarize potential spending changes. In FY 2014, the combination of the regular formula costs and the minimum federal health care requirements are projected to total $218 million. *(See Table 2)*

In the Alternate Scenario, the FY 2014 level spending would further grow depending on the state's choices. *(See Table 3)*

Table 2

Projected Growth Over Prior Year Spending
($ in Millions)

Baseline	FY 2014	FY 2015	FY 2016
Current Statutory Funding	$149	$202	$233
Mandatory Federal Health Care	69	170	45
Baseline Total	**$218**	**$372**	**$278**

Table 3

Alternate Scenario Options Above the Baseline
($ in Millions)

Health Care Expansion	FY 2014	FY 2015	FY 2016
- Enhanced Match	$ 9	$135	$125
- Regular Match	83	478	593
DES Backfill	44	44	44
State Employee Pay	22	22	22

The Baseline scenario would result in a $8.74 billion spending level in FY 2014 followed by $9.08 billion in FY 2015 and $9.36 billion in FY 2016. If the state pursued the options described above, the Alternate spending level (with an enhanced federal match) would rise to $8.81 billion in FY 2014, $9.28 billion in FY 2015 and $9.55 billion in FY 2016.

Future Year Balance Projections

As noted above, the JLBC Staff has developed both a Baseline and Alternate budget scenario. These projections are not intended as a lower and upper bound, but represent 2 different possible budget outcomes.

The Baseline scenario uses the 4-sector 6% average revenue growth and incorporates the mandatory components of the federal health care expansion, but continues the current freeze on AHCCCS childless adult coverage.

- In this Baseline scenario, the state would have a short term balance of $676 million in FY 2013 that would decline to $368 million in FY 2014 with the expiration of the temporary 1 cent sales tax. By FY 2016, the state would run a small shortfall of $(67) million.

In the alternative scenario, revenues would grow by 5% and the state would opt to restore childless adult coverage at 100% and continue the DES backfill and state employee pay initiatives permanently.

- The Alternate scenario spends the balance down more quickly to $227 million by the end of FY 2014. There would be shortfalls in both FY 2015 and FY 2016 with the 2-year gap totaling $(994) million.

These balance estimates do not include $450 million in the state's Budget Stabilization Fund (otherwise known as the Rainy Day Fund).

Table 4 summarizes the FY 2013 – FY 2016 ending balance projections:

Table 4

Ending Balance Projections

	Fiscal Year			
Baseline Scenario	**13**	**14**	**15**	**16**
Beginning Balance	$ 0.4 B	$ 0.7 B	$0.4 B	$ 0.1 B
On-Going Revenues	9.0 B	8.4 B	8.8 B	9.2 B
Spending	8.7 B	8.7 B	9.1 B	9.4 B
Ending Balance	$676 M	$368 M	$66 M	$(67) M
Alternate Scenario				
Beginning Balance	$ 0.4 B	$ 0.7 B	$ 0.2 B	$ (0.4) B
On-Going Revenues	9.0 B	8.3 B	8.7 B	$9.0 B
Spending	8.7 B	8.8 B	9.3 B	$9.6 B
Ending Balance	$676 M	$227 M	$(411) M	$(994) M

October 2012 FAC Forecast
FY 2013 - FY 2016

	FY 2013	FY 2014	FY 2015	FY 2016
Sales Tax				
JLBC Forecast	5.0%	5.4%	5.5%	5.6%
UA - Low	2.0%	3.5%	5.7%	8.0%
UA - Base	5.1%	6.6%	8.2%	9.0%
FAC	5.5%	6.0%	5.1%	5.3%
Average:	**4.4%**	**5.4%**	**6.1%**	**7.0%**
Individual Income Tax				
JLBC Forecast	5.1%	6.2%	6.5%	6.5%
UA - Low	0.4%	1.3%	3.0%	4.7%
UA - Base	6.9%	5.6%	6.6%	7.0%
FAC	7.2%	7.4%	5.6%	6.1%
Average:	**4.9%**	**5.2%**	**5.5%**	**6.1%**
Corporate Income Tax				
JLBC Forecast	3.8%	3.7%	4.0%	6.0%
UA - Low	-6.7%	13.4%	1.4%	0.1%
UA - Base	15.9%	18.2%	5.6%	1.0%
FAC	8.7%	7.8%	7.1%	5.7%
Average:	**5.4%**	**10.9%**	**4.7%**	**3.2%**
JLBC Weighted Average:	**4.9%**	**5.6%**	**5.8%**	**6.0%**
UA Low Weighted Average:	**0.6%**	**3.4%**	**4.2%**	**6.1%**
UA Base Weighted Average:	**6.8%**	**7.3%**	**7.3%**	**7.5%**
FAC Consensus Weighted Average:	**6.5%**	**6.8%**	**5.5%**	**5.7%**
"Big-3" Weighted Average:	**4.7%**	**5.8%**	**5.7%**	**6.3%**
Consensus Weighted Average: *	**4.3%**	**5.8%**	**5.7%**	**6.3%**
Adj. Consensus Weighted Average: **	**3.2%**	**5.2%**	**4.2%**	**5.2%**

* Consensus Big-3 Categories adjusted for Small Categories

** Consensus Weighted Average adjusted for Tax Law Changes

Finance Advisory Committee

Revenue and Budget Update

October 4, 2012

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Summary of the Current Budget Status

- FY '12 ending balance was $275 M more than expected, but FY '13 growth is slower than forecast
- Annual 4-sector revenues are projected to grow by 5.8% to 6.3% between FY '14 and FY '16
- Two major factors will influence long term estimates:
  - The rate of recovery of the economy
  - The future of federal health care legislation, including AHCCCS childless adult coverage
- Given these uncertainties, JLBC has developed 2 scenarios

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Two Budget Scenarios

- The Baseline Scenario assumes 4-sector revenue forecast and continuation of AHCCCS childless adult freeze
  - A short term balance of $368 M gradually tapers off to a $(67) M shortfall in FY '16
- The Alternate Scenario assumes lower revenue growth and restoration of childless adult coverage
  - The balance is spent down more quickly and there is a combined 2 year shortfall of $(411) M in FY '15 and $(583) M in FY '16

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The Caveats

1) We have limited ability to predict the future
2) A 3 year forecast comes with risks – a 1% change would affect balance by $500 M in the third year
3) The availability of short term balances may result in new tax cuts and spending initiatives, thereby increasing outyear shortfalls
4) We assume continuing temporary formula suspensions – otherwise balance declines by another $632 M
5) The 1 cent initiative is designated for new spending and would not offset any shortfall

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Revenue Overview

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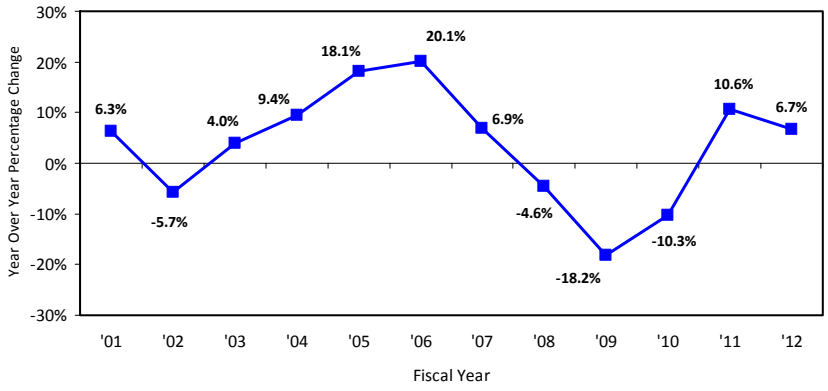
FY '12 Base Revenues Back to More "Normal" Growth Rate



Percent Change in Base Revenues Excluding Urban Revenue Sharing, statutory and one-time changes.

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1st Quarter Growth Rate 3.6% *

- $(3.7) M Below Forecast

	% Change over Prior Year *
Sales Tax (without 1-cent)	3.8%
Individual Income Tax	4.6%
Corporate Income Tax	1.2%

- First quarter growth (0.2)% below forecasted growth rate
- Sales tax and individual income tax at or slightly above forecast – corporate income tax below forecast

* Based on preliminary September numbers

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Key Economic Measures

- Current Arizona Status

Withholding Growth 3 Month Average Compared to Prior Year	2.4%
Retail Sales Tax Growth 3 Month Average Compared to Prior Year	3.2%
Pending Maricopa Foreclosures	16,600
Arizona Annual Single Family Permits	14,200
Arizona Underwater Mortgages	39.7%

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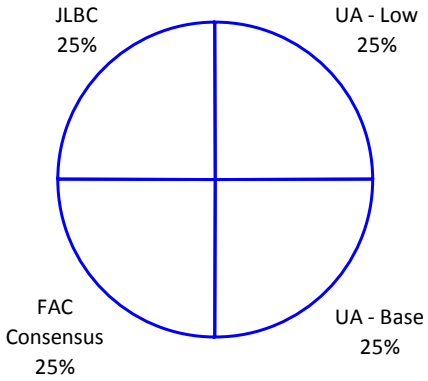
Where Are We Headed Over the Next Few Years?

- Four-Sector Consensus Forecast Incorporates Different Economic Views, Including the FAC

4-sector forecast equally weights:

- FAC average
- UofA model – base
- UofA model – low
- JLBC Staff forecast
- Remaining revenues (10% of total) are staff forecast



* Includes Big 3 categories of sales tax, individual income and corporate income taxes

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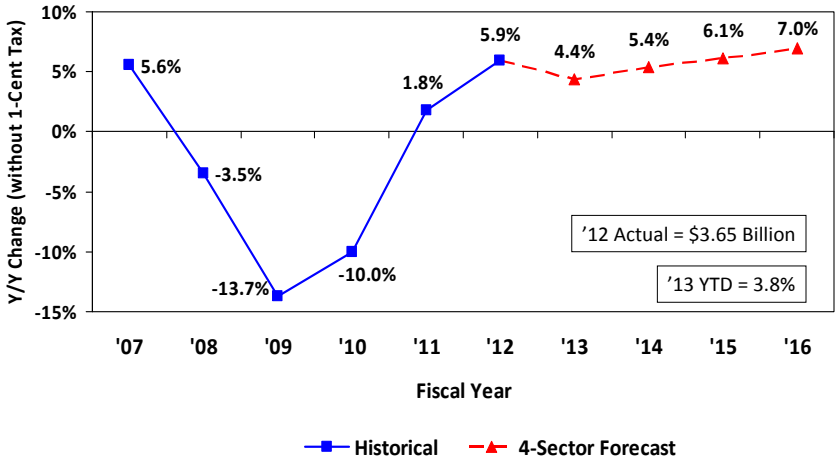
Sales Tax

- The Consensus Forecasts Growth of 4.4% in FY '13 and 5.4% in FY '14



Percent Change in Base Revenue Excluding Tax Law Changes and 1-Cent Sales Tax

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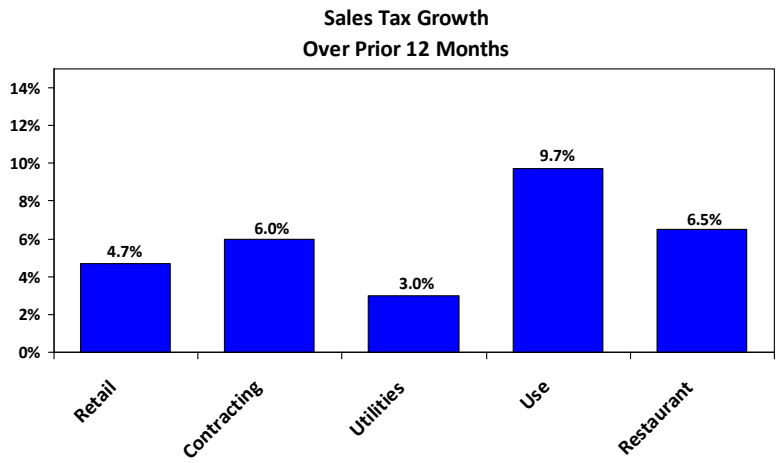
Sales Tax Collections by Category



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Percent Change in Adjusted Sales Tax Excluding 1-Cent Tax

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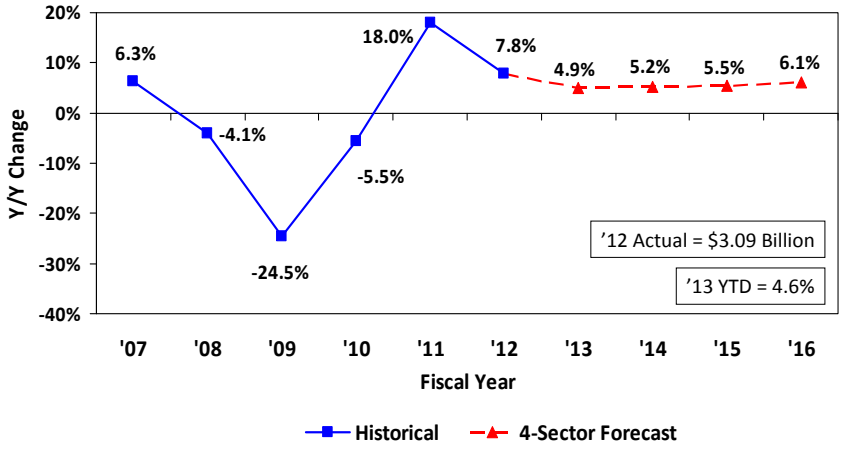
Individual Income Tax

- The Consensus Forecasts Growth of 4.9% in FY '13 and 5.2% in FY '14



Percent Change in Base Revenue Excluding Tax Law and One-Time Changes

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Components of Individual Income Tax Growth

- FY '12 and First Quarter of FY '13

	FY '12	FY '13
Withholding	3.3%	2.4%
Payments	17.9%	10.3%
Refunds	2.8%	(18.4)%
Net	7.8%	4.6%

- FY '12 withholding growth below job and wage growth
- FY '12 payment increase due to large one-time payment, otherwise growth about 11%
- FY '12 refunds increased for the first time since FY '09
- Most of FY '12 growth attributable to high-income earners.

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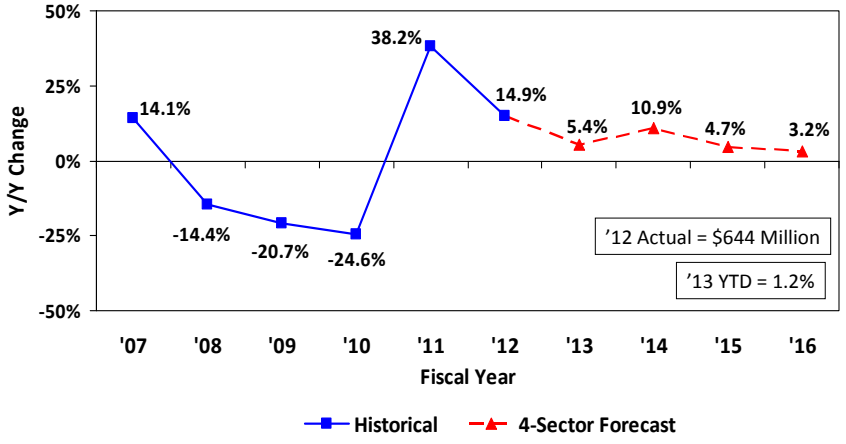
Corporate Income Tax

- The Consensus Forecasts Growth of 5.4% in FY '13 and 10.9% in FY '14



Percent Change in Base Revenue Excluding Tax Law and One-Time Changes

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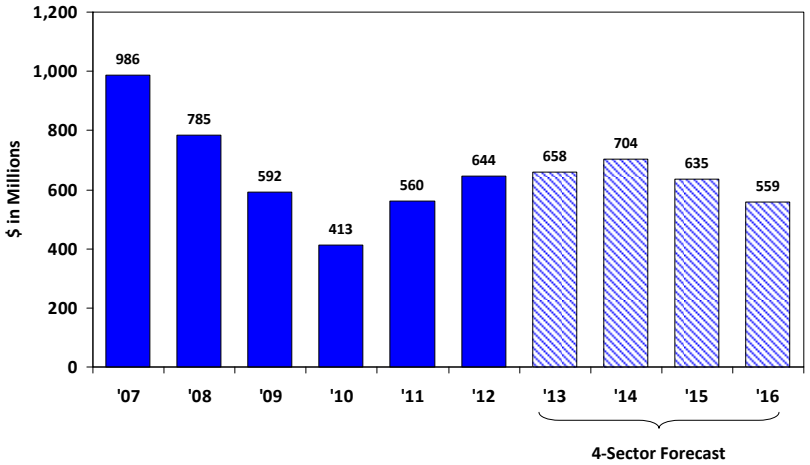
Corporate Income Tax

- Forecast Remains Substantially Below FY '07 High Point
- Significant Tax Law Change Impact in FY '15 and FY '16



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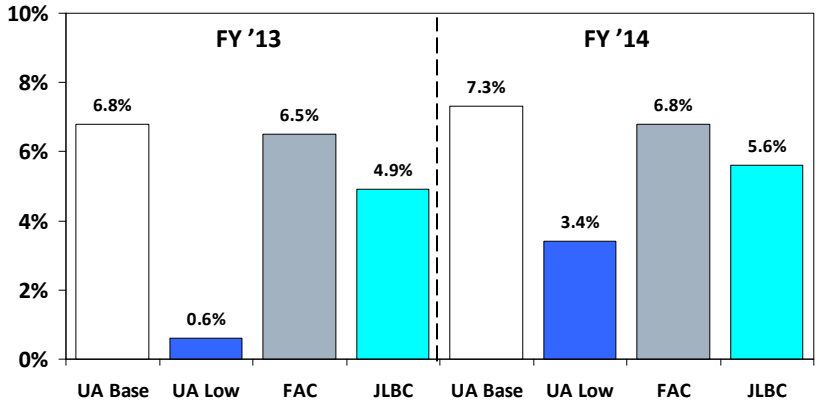
Includes enacted tax law changes and one-time adjustments.

15

Consensus Predicts Base Growth Rate of 4.3% in FY '13 and 5.8% in FY '14*



Details in Appendix A

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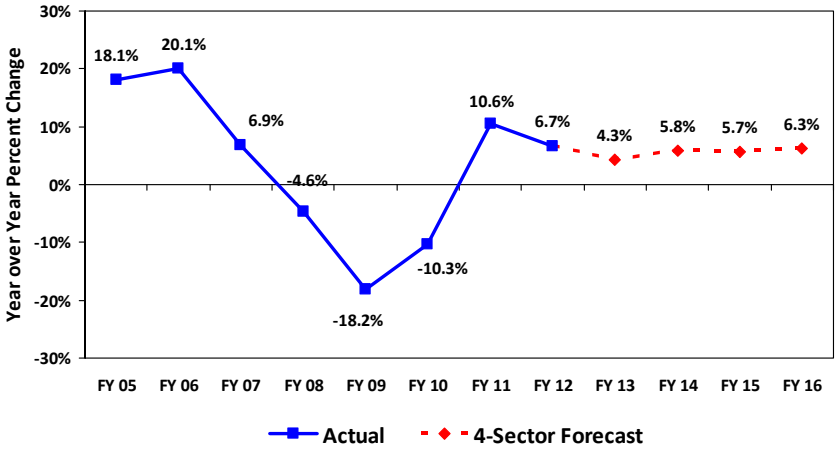
* Weighted Big 3 average growth prior to 1-Cent sales tax is 4.7% in FY '13 and 5.8% in FY '14. After adjusting for small tax categories, the base growth rate is 4.3% in FY '13 and 5.8% in FY '14.

16

Consensus Forecasts Continuing Moderate Growth Rates Through FY '16



Percent Change in Base revenues excluding balance forward, tax law changes, one-time revenues, and urban revenue sharing

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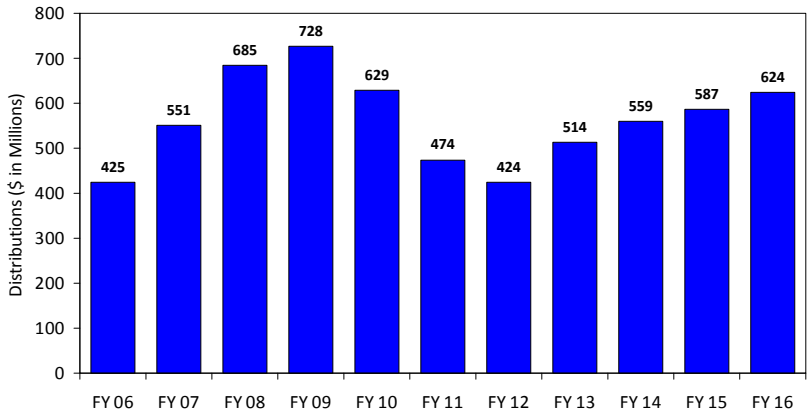
17

State Shared Income Tax Will Increase by $45 M in FY '14

– City Share Linked to Income Tax 2 Years Prior



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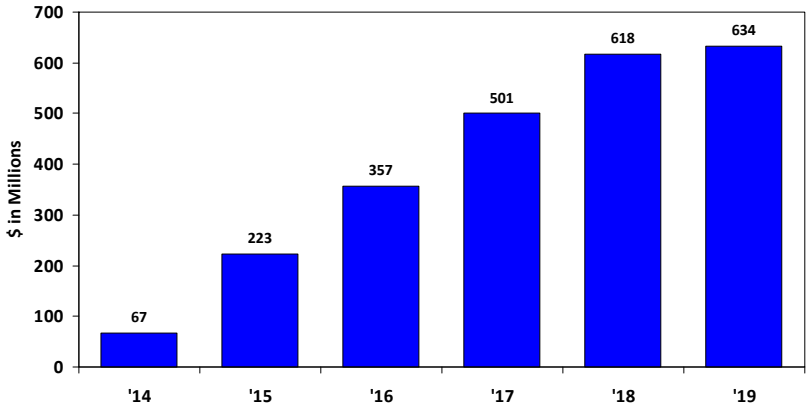
18

Fiscal Impacts of Enacted Tax Laws

- Includes Property Tax Change Impact on K-12 Budget



Revenue Loss/Spending Increase Relative to Enacted FY 2013 Budget

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Major Tax Provisions Affecting General Fund

	($ in Millions)		
Provisions	**FY '14**	**FY '15**	**FY '16**
Business Property Taxes / Homeowner Rebate	19	41	67
Corporate Rate Phase Down (FY '15 – FY '18)	0	54	116
Corporate Sales Factor Phase In (FY '15 – FY '18)	0	25	47
New Employee Tax Credit	18	38	45
Capital Gains Reduction	18	52	69

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All impacts relative to FY '13

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Detail of FY '14 – FY '16 Revenue Changes

4 Sector Consensus	$ in Millions		
	FY '14 Above FY '13	FY '15 Above FY '14	FY '16 Above FY '15
Base Revenue Growth (5.8%/5.7%/6.3%)	493	516	593
TPT 1 ¢ Expires	(922)	--	--
Elimination of Fund Transfers	(90)	(6)	--
Elimination of One-Time Revenue Loss	52	--	--
- TPT $100K Threshold Expired in FY '13			
Previously Enacted Tax Legislation	(47)	(134)	(108)
Urban Revenue Sharing	(45)	(28)	(37)
Change In Beginning Balance	279	(308)	(303)
Total	**(280)**	**40**	**145**

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A Risk to the Forecast – The Federal Fiscal Cliff

- Plus Federal debt ceiling is expected to be reached in February 2013

January 2013 Provisions	Deficit Reduction ($ in Billions)
Federal Tax Increases (Expiration of Bush Tax Cuts) - Tax Bracket Range Increases from 10%-35% to 15%-39.6% - Capital gains tax rate increases from 15% to 20%	281
No Alternative Minimum Tax (AMT) Patch	120
Payroll Tax Holiday Expires	115
Other Tax Provisions (Bonus Depreciation/Tax "Extenders")	32
Automatic Spending Reductions ("Sequestration")	100
Unemployment Insurance Expiration	40
No Medicare "Doc Fix"	20
Total	**708**

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How Does Federal Response Affect Economy?
- Arizona Affected By National Economy

	Moody's Real GDP	
	CY '13	CY '20
❑ Extend Current Policy	3.8%	1.6%
❑ Allow Automatic Changes to Occur (Fall Off the Cliff)	0.2%	2.5%
❑ Long-Term Solution	2.4%	2.1%

- Depends on how structured – could be backloaded in 10-year budget
- Moody's says $300 B in CY '13 solutions would lower GDP to 2.4%

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Impact of Federal Spending Reductions

- ❑ As part of debt ceiling agreement in August 2011, Congress agreed to spending reductions beginning in CY 2013.
- ❑ Represents 9% reduction to domestic and defense expenditures.
- ❑ Defense cuts may disproportionally focus on procurement
  - Studies have estimated AZ defense industry generates $71 M in business taxes and $52 M in individual income taxes
- ❑ Domestic reductions would affect state grants such as education and job training – but excludes Medicaid, TANF and SNAP

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Beyond the "Cliff", Other Risks to the Economic Forecast

- Unforeseen natural disasters and political events have economic consequences
- International economics increasingly has domestic repercussions –Europe's debt crisis and the slowing of the Chinese boom
- 4-sector Baseline has accelerating revenue growth in FY '16 – long term forecasts usually get more cautious
- To address these concerns, JLBC's alternate scenario caps base revenue growth at 5% through FY '16

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Spending Overview

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The JLBC Staff Has Also Updated Its FY '13 – FY '16 Baseline Spending Estimates

- JLBC Baseline incorporates changes to currently active statutory and other funding formulas
- Prior to new federal health care requirements, these formula costs are expected to grow by $149 M in FY '14 and $202 M in FY '15
- Baseline assumes the continued annual suspension of inactive formulas
  - If funded, these formulas would cost another $632 M annually (see Appendix B)

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General Fund Baseline Spending Adjustments

	$ in M		
	FY '14 Above FY '13	FY '15 Above FY '14	FY '16 Above FY '15
K-12 Formula	71	68	94
Medicaid Formula (prior to expansion)	(4)	119	129
ADC Operating – phase-in of approved beds	9	19	7
Technical Revertment Change	59	--	--
Debt Service	20	--	--
Other	(6)	(4)	3
Total (excludes Capital, Rainy Day Fund and ACA cost)	**149**	**202**	**233**

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JLBC Baseline Includes New Federal Health Care Requirements

- Expected to Add $69 M in FY '14 and Another $170 M in FY '15

- Baseline includes funding for federal requirement to expand children coverage to 133% of the Federal Poverty Level (FPL)
- Added publicity may induce currently eligible non-participants below 100% FPL to participate in Medicaid
  - Baseline assumes 50% of 265,000 will apply
  - Difficult to forecast – 2000 expansion underestimated growth by 100%
- Baseline continues current policy on adults in the program
  - Parents funded at 100% FPL, while childless adult enrollment is frozen
  - State has option of determining adult coverage up to 133% FPL

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Federal Options Are Not in Baseline

- Would Cost $135 M to $478 M More than Baseline

	'15 Above Baseline	'16 Above Baseline
Option 1: 133% adult coverage - (the fed maximum)		
- 85% fed match up to 100% FPL (90% in '21), and	$135 M	$125 M
- 100% fed match above 100% FPL (90% in '20)		
Option 2: Restore childless adult coverage to 100% FPL		
- If 85% federal match	$135 M	$125 M
- If 66% federal match	$478 M	$593 M

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AHCCCS Health Care Expansion
- Total GF and Population Estimates

	Total New Participants	Total '15 GF Costs*	Total '16 GF Costs*
Baseline Cost (includes eligible non-participants)	156,000	$239 M	$284 M
Option 1: Full expansion at 133%	382,000	$374 M	$409 M
Option 2: Restore childless adults to 100% FPL	323,000	$374 M (85%) $717 M (66%)	$409 M (85%) $884 M (66%)

*** Relative to FY '13 budget**

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Alternate Spending Option Scenario

- Availability of short term budget balance may increase spending above Baseline
- Alternate scenario addresses some of the more likely issues
  - Optional AHCCCS childless adult expansion, $135 M
  - Continue 1-time backfill of DES funding, $44 M
  - Continue 1-time salary bonus, $22 M

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Projected Ending Balance Estimates

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Given Revenue and Spending Risks, There Are 2 Budget Scenarios

- Baseline Scenario
  - Consensus 6% average revenue estimates
  - Active formula Baseline spending estimates and mandated federal health care costs
- Alternate Scenario
  - Substitutes "5%" revenue estimates
  - Baseline plus 100% FPL AHCCCS childless adult coverage
  - Assumes FY '13 funding of DES backfill and state employee pay will continue

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State Will Have Large Balances in Short Run, but Would More Likely Run A Shortfall by FY '16

- Under the Baseline Scenario, state has a $368 M balance at the end of FY '14
  - Balances gradually decline through FY '15, with a projected $(67) M shortfall by FY '16
  - Unlikely result to the extent that short term balances result in discretionary tax and spending changes
- The Alternate Scenario has lower revenue growth and higher AHCCCS expenses
  - State would have a balance through FY '14, but generate a shortfall of $(411) M in FY '15 and $(994) M in FY '16
  - Result may be more likely, but will depend on long term economic growth and any discretionary initiatives started in FY '14
- $450 M Rainy Day Fund available to offset shortfalls

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FY '14 – '16 Budget Projections

Baseline	'14	'15	'16
Balance Forward	$676 M	$368 M	$66 M
Revenues	$8.4 B	$8.8 B	$9.2 B
Spending	$8.7 B	$9.1 B	$9.4 B
Ending Balance	**$368 M**	**$66 M**	**$(67) M**

Alternate	'14	'15	'16
Balance Forward	$676 M	$227 M	$(411) M
Revenues	$8.4 B	$8.6 B	$9.0 B
Spending	$8.8 B	$9.3 B	$9.5 B
Ending Balance	**$227 M**	**$(411) M**	**$(994) M**

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Impacts of the 1 Cent Sales Tax Initiative

- Allocates funding for the following new initiatives in FY '14:

	$ in M
-K-12	704
-Universities	48
-Transportation	100
-Low Income	121
Total	973

- 1 cent monies are dedicated to new spending requirements and would not be available to address shortfalls
- Initiative sets GF floors for K-12 and Universities – state could not reduce funding below FY '13

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Appendix A: October 2012 4-Sector Forecast

	FY 2013	FY 2014	FY 2015	FY 2016
Sales Tax				
JLBC Forecast	5.0%	5.4%	5.5%	5.6%
UA – Low	2.0%	3.5%	5.7%	8.0%
UA – Base	5.1%	6.6%	8.2%	9.0%
FAC	5.5%	6.0%	5.1%	5.3%
Average:	**4.4%**	**5.4%**	**6.1%**	**7.0%**
Individual Income Tax				
JLBC Forecast	5.1%	6.2%	6.5%	6.5%
UA – Low	0.4%	1.3%	3.0%	4.7%
UA – Base	6.9%	5.6%	6.6%	7.0%
FAC	7.2%	7.4%	5.6%	6.1%
Average:	**4.9%**	**5.2%**	**5.5%**	**6.1%**
Corporate Income Tax				
JLBC Forecast	3.8%	3.7%	4.0%	6.0%
UA – Low	-6.7%	13.4%	1.4%	0.1%
UA – Base	15.9%	18.2%	5.6%	1.0%
FAC	8.7%	7.8%	7.1%	5.7%
Average:	**5.4%**	**10.9%**	**4.7%**	**3.2%**
JLBC Weighted Average:	**4.9%**	**5.6%**	**5.8%**	**6.0%**
UA Low Weighted Average	**0.6%**	**3.4%**	**4.2%**	**6.1%**
UA Base Weighted Average	**6.8%**	**7.3%**	**7.3%**	**7.5%**
FAC Weighted Average:	**6.5%**	**6.8%**	**5.5%**	**5.7%**
"Big-3" Weighted Average	**4.7%**	**5.8%**	**5.7%**	**6.3%**
Consensus Weighted Average:*	**4.3%**	**5.8%**	**5.7%**	**6.3%**
Adjusted Consensus Weighted Average:**	**3.2%**	**5.2%**	**4.2%**	**5.2%**

* Consensus Big-3 Categories adjusted for small revenue categories
** Consensus Weighted Average adjusted for tax law changes

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Appendix B: Funding Formula Suspensions

Statutory Funding Formula Suspensions*

Agency	Formula	FY 2013 Cost If Funded
Community College	Capital State Aid Suspension	$23,920,900
Department of Education	Soft-Capital Formula	$158,120,700
	Charter School Additional Assistance	$15,656,000
	Capital Outlay Revenue Limit (CORL)	$50,864,800
	Fund JTEDs at 91%	$4,849,100
Department of Emergency & Military Affairs	Governor's Emergency Fund	$1,100,000
Department of Environmental Quality	WQARF	$8,000,000
Department of Health Services	Restoration to Competency	$912,600
	SVP	$2,670,300
School Facilities Board	Building Renewal	$260,141,900
Universities	Financial Aid Trust	6,106,400
Subtotal		**$532,342,700**
Future Year Cost – School Facilities Board	New School Construction (If enrollment returns to pre-recession level)	$100,000,000
Total		**$632,342,700**

Non-Statutory Formula Suspensions

Department of Administration	Building Renewal	$27,580,000
Universities	Building Renewal	$97,630,700
Subtotal		**$125,210,700**

*** Excludes AHCCCS suspensions.**

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Fall Economic Update

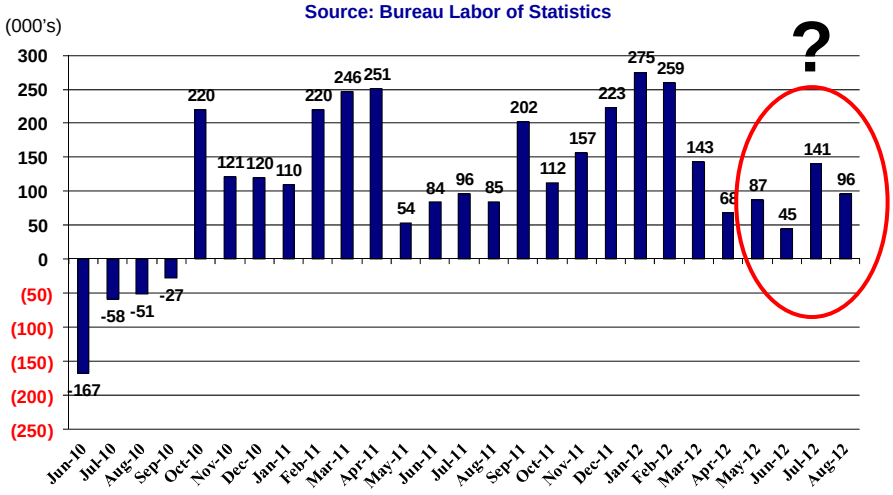
To:
JLBC FAC

By:
Jim Rounds, Senior Vice President
Elliott D. Pollack & Company

October 4, 2012

U.S.

US New Job Data
Change from Prior Month (S/A)
June 2010 – August 2012
Source: Bureau Labor of Statistics



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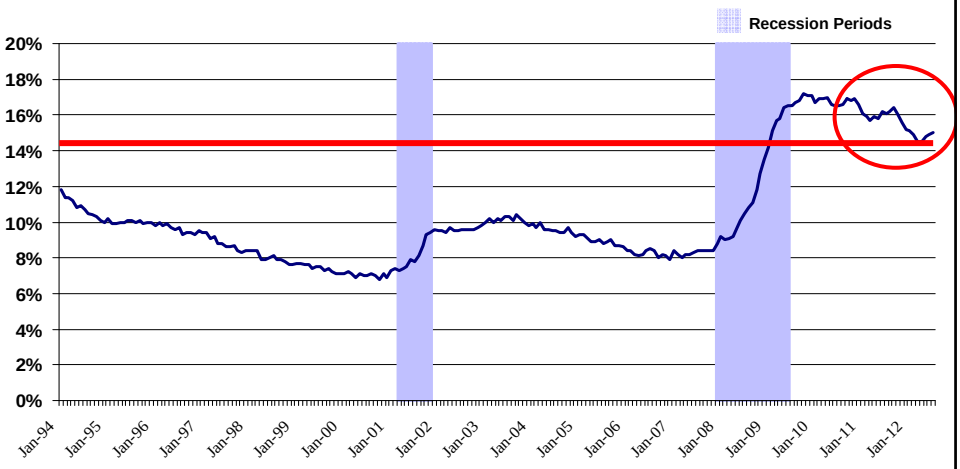
U.S. Underemployment Rate
1994 – 2012*
Source: Bureau of Labor Statistics



*Data through July 2012

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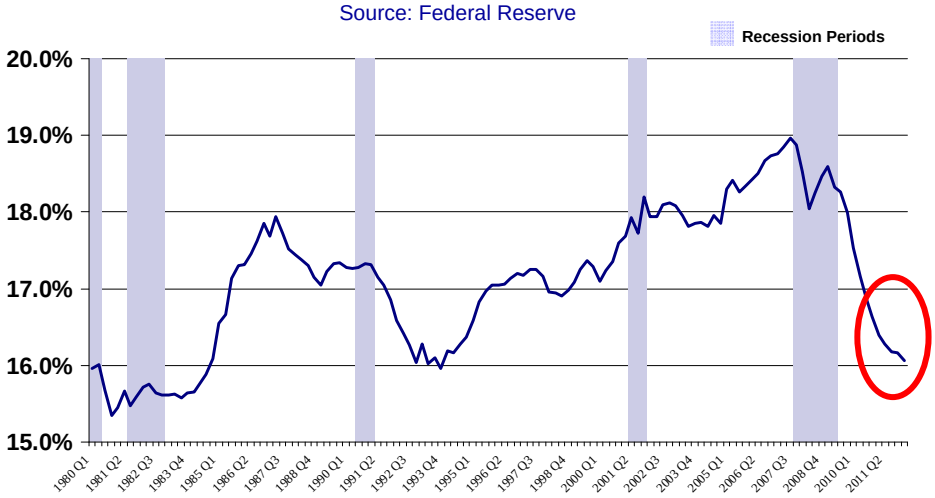
Financial Obligation Ratio**
1980 – 2012*

Source: Federal Reserve



*Data through first quarter 2012

**Ratio of mortgage and consumer debt (including auto, rent and tax payments) to disposable income.

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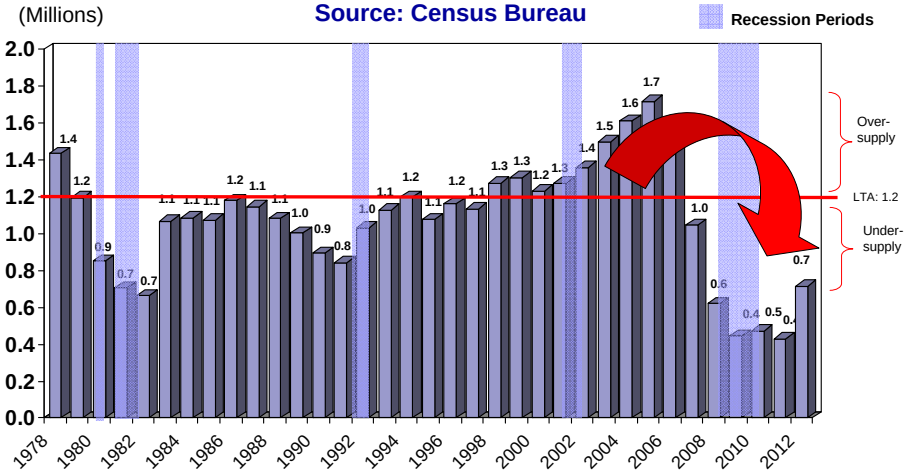
U.S. Single-Family Starts
1978–2012[1/]

(Millions)

Source: Census Bureau



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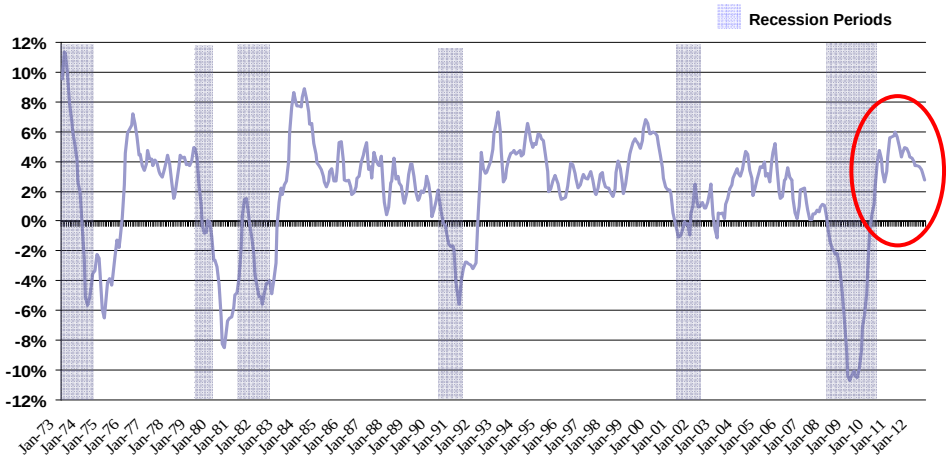
1/ Through April 2012

Real Retail Sales U.S.
Percent Change Year Ago
1973 – 2012*

Source: Federal Reserve



*Data through June 2012
**Three-month moving average

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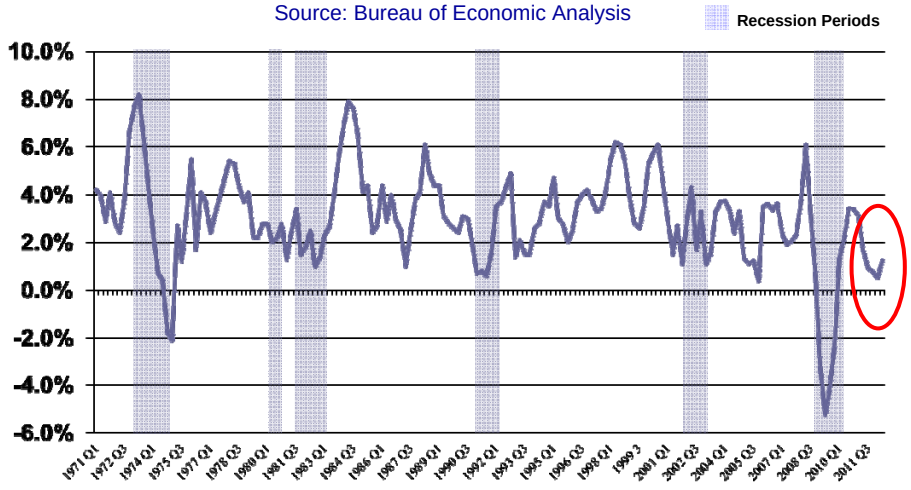
Real Disposable Personal Income
Percent Change Year Ago
1971 – 2012*

Source: Bureau of Economic Analysis



* Data through second quarter 2012

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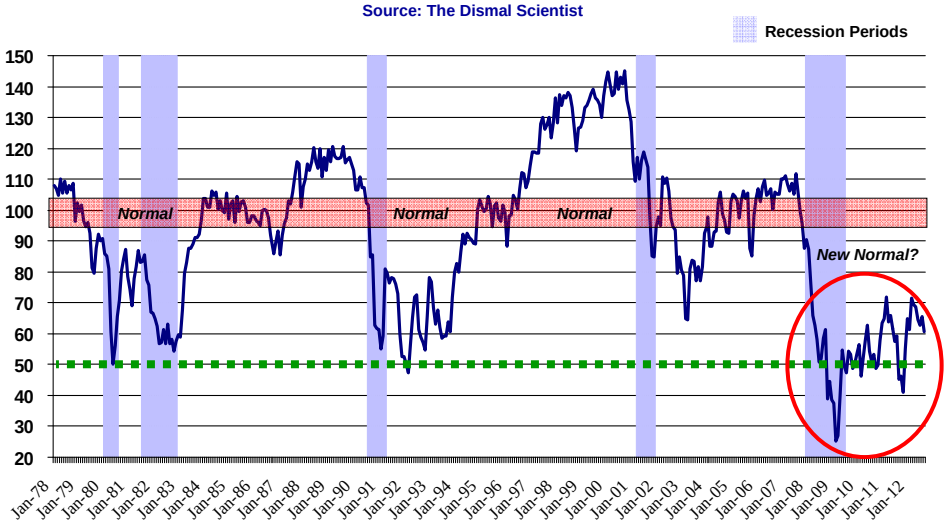
Consumer Confidence
1978 – 2012*
Source: The Dismal Scientist



*Data through August 2012

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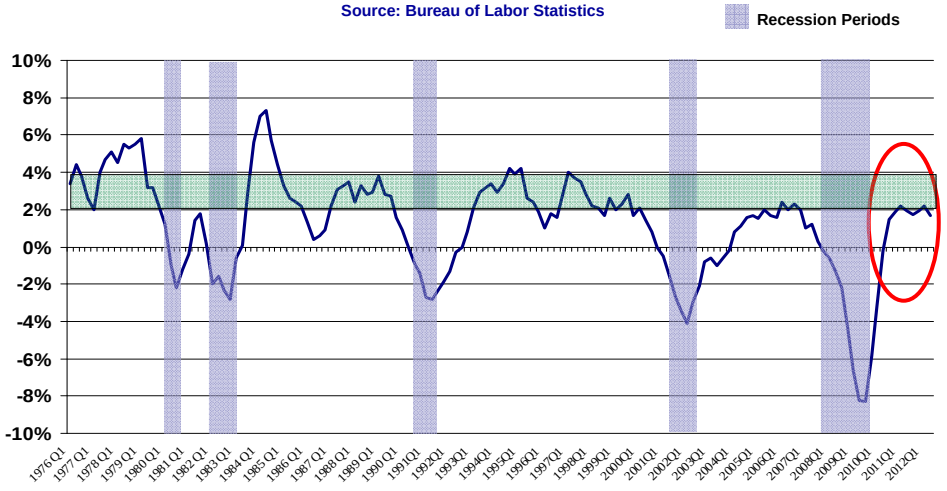
Hours Worked
Percent Change from Year Ago
1976 – 2012*
Source: Bureau of Labor Statistics



*Data through second quarter 2012

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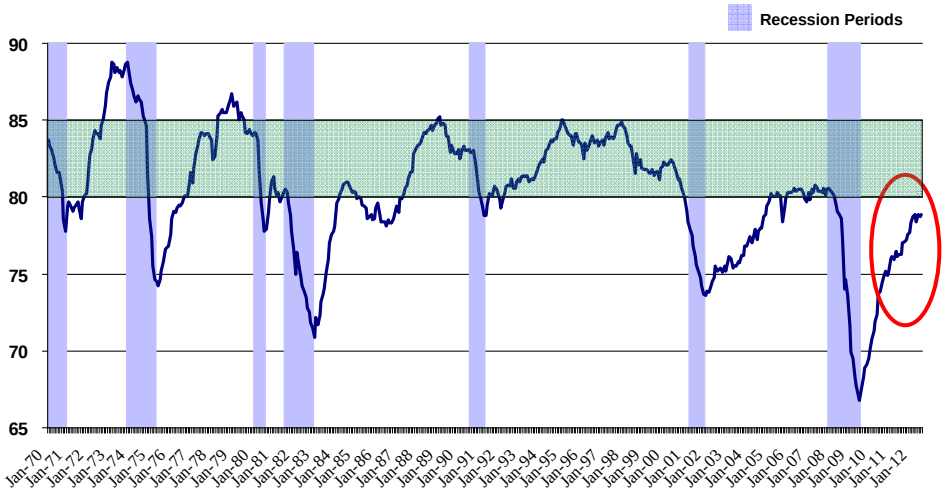
Capacity Utilization Rate
1970 – 2012*

Source: The Federal Reserve Bank of St. Louis



*Data through June 2012

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Why the weak economic activity then?

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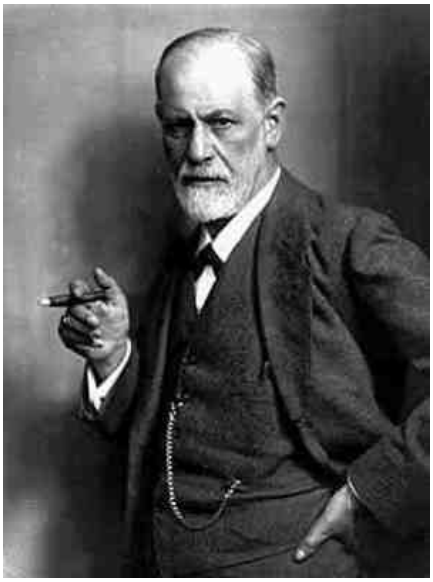
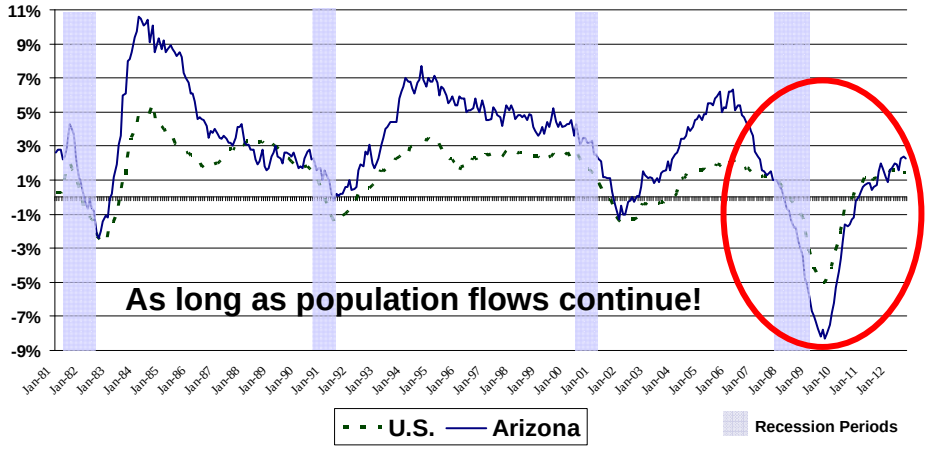


Arizona

Arizona Outperforms the U.S.?

(Non-farm Emp. Percent Change 1980 – August 2012)



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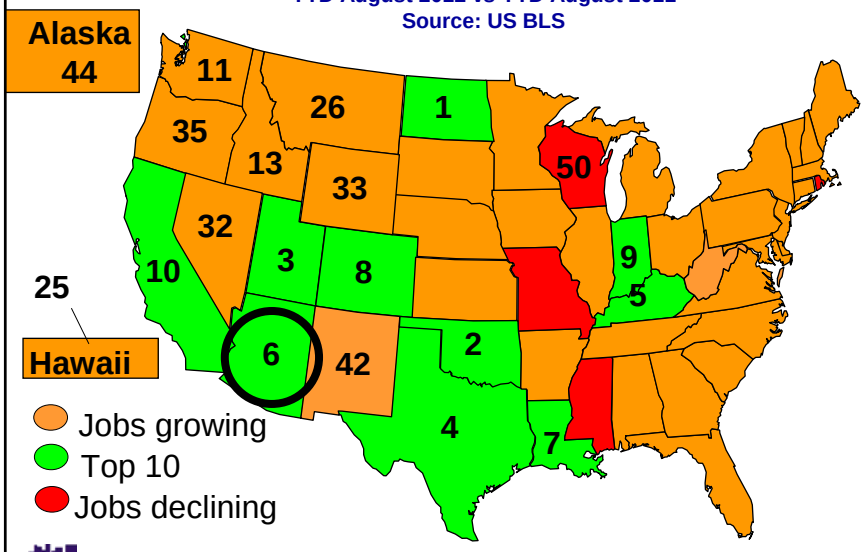
Job Growth 2012

YTD August 2012 vs YTD August 2011
Source: US BLS



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Arizona Employment Growth

Source: Arizona State University, U.S. Bureau of Labor Statistics

Year	Rank
1991	20
1992	21
1993	5
1994	2
1995	2
1996	2
1997	2
1998	1
1999	2

Year	Rank
2000	5
2001	10
2002	12
2003	4
2004	2
2005	2
2006	2
2007	16
2008	46
2009	49
2010	49
2011	23
2012*	6

*YTD August 2012 vs YTD August 2011

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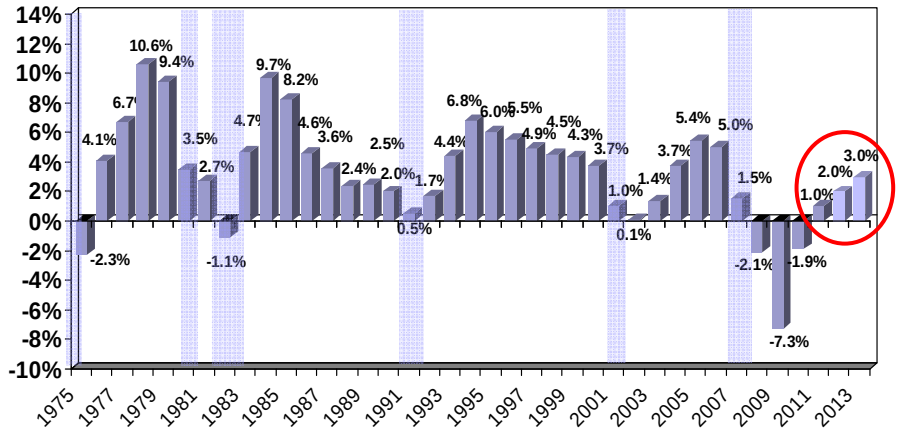
Arizona Employment*
Annual Percent Change 1975–2013**

Source: Department of Commerce, Research Administration



*Non-agricultural wage & salary employment. Changed from SIC to NAICS reporting in 1990.

** 2012 & 2013 forecast is from *Elliott D. Pollack & Co.*

Recession Periods

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Phoenix-Mesa Employment Growth

(Ranking among all metro areas greater than 1,000,000)

Source: Arizona State University, U.S. Bureau of Labor Statistics

Year	Rank	# MSA's
1991	4	19
1992	4	19
1993	2	19
1994	1	19
1995	1	20
1996	1	21
1997	1	22
1998	1	23
1999	3	24

Year	Rank	# MSA's
2000	9	25
2001	7	26
2002	5	25
2003	3	25
2004	3	25
2005	1	26
2006	1	27
2007	9	28
2008	24	28
2009	24	25
2010	24	24
2011	12	24
2012*	4	25

*Year-to-date, August 2012

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Greater Phoenix Employment*

Source: Bureau of Labor Statistics

Sectors in Decline	Net Change	Sectors Improving	Net Change
Other Services	-1,200	Professional & Bus Services	12,900
		Education & Health Services	10,400
		Trade, Transp, Utilities	8,500
		Construction	6,300
		Financial Activities	5,000
		Leisure & Hospitality	3,700
		Government	900
		Manufacturing	700
		Information	0
		Mining	0

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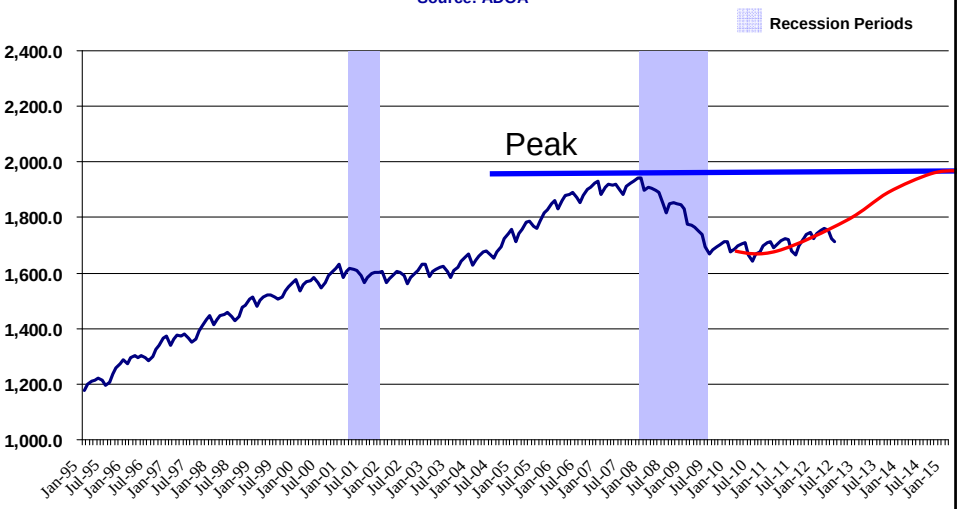
*August 2012/ August 2011

Employment Levels:
Greater Phoenix back to Peak in 2015?

Source: ADOA



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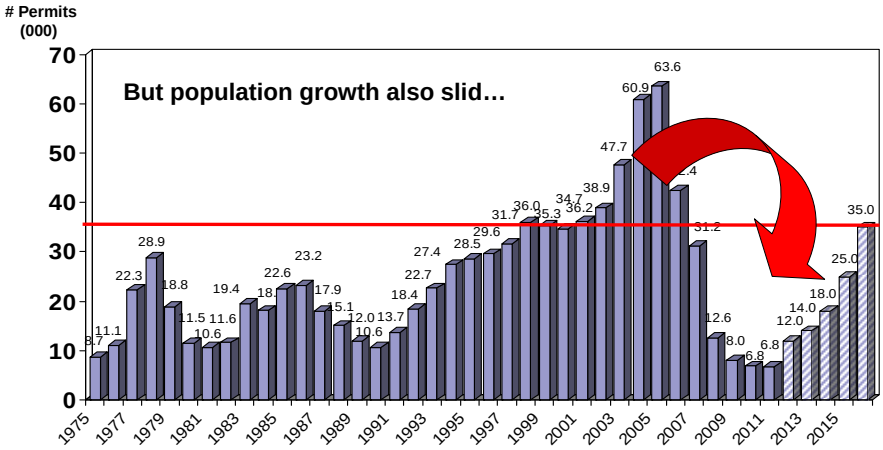
Single Family Permits
Greater Phoenix 1975–2016*

Source: RL Brown & Elliott D. Pollack & company



*2012 – 2016 forecast is from *Elliott D. Pollack & Company*

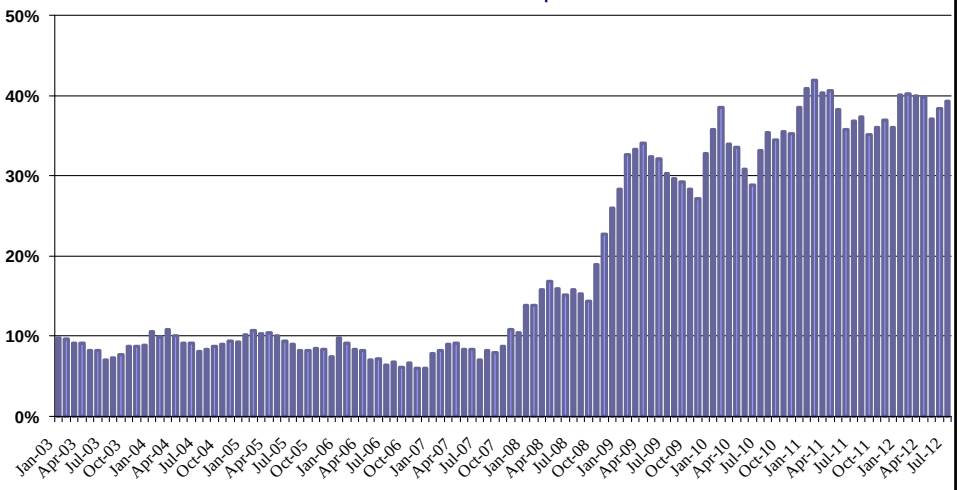
Elliott D. Pollack & Company

Greater Phoenix Percentage of Homes Purchased with

$$$ Cash $$$

2003 – 2012*

Source: Cromford Report



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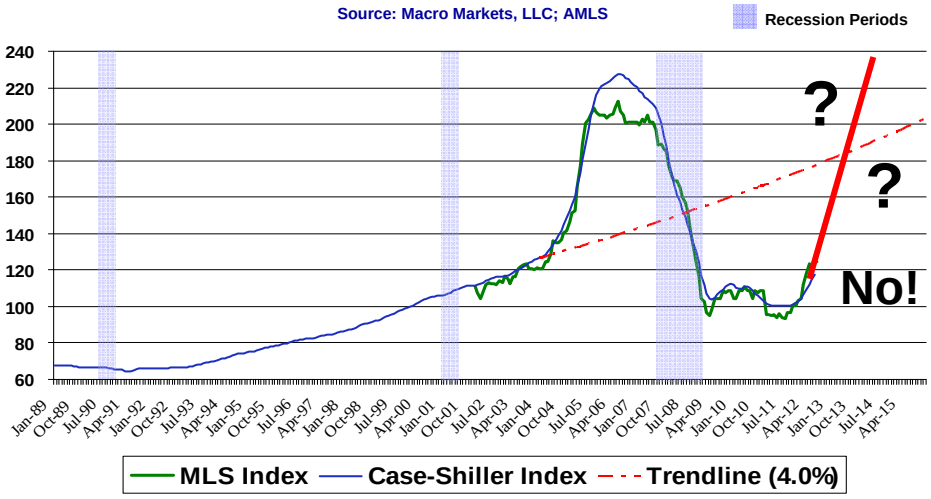
*Data through July 2012

Home Prices Indices

Greater Phoenix

1989 – 2012*

Source: Macro Markets, LLC; AMLS



*Data through July 2012.

Elliott D. Pollack & Company

Housing is <u>not</u> a typical commodity…

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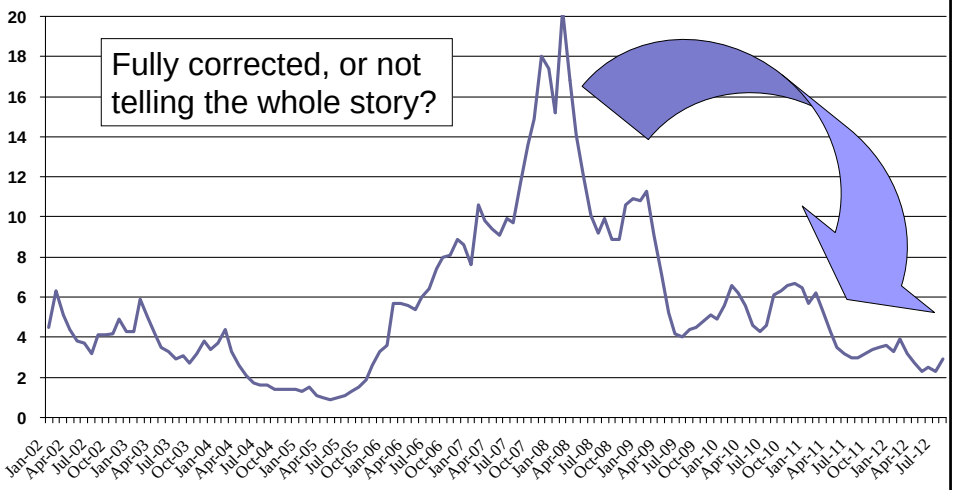
Greater Phoenix Single Family Months Supply 2002 – 2012*

Source: Cromford Report



Elliott D. Pollack & Company

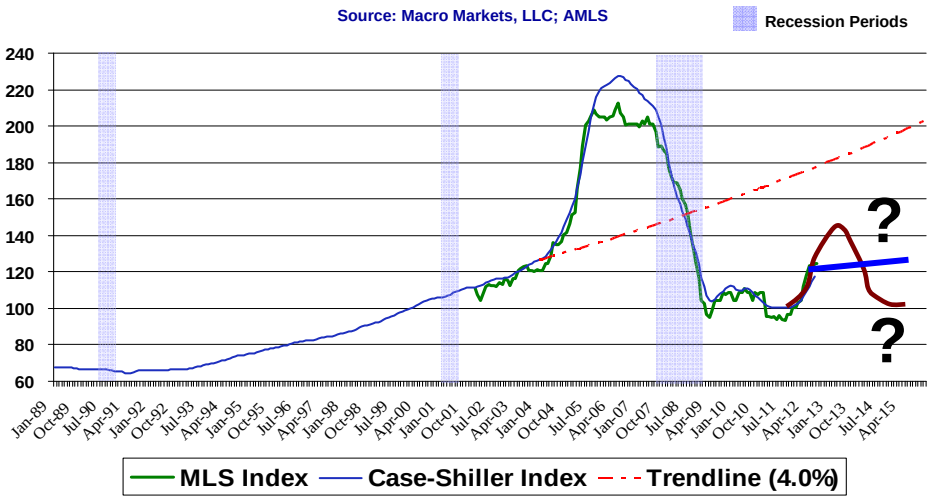
*Data through July 2012

Home Prices Indices

Greater Phoenix

1989 – 2012*

Source: Macro Markets, LLC; AMLS



*Data through July 2012.

Elliott D. Pollack & Company

Closing Points:

- AZ is doing well but will be impacted by national issues;
- Some of the new housing isn't based on population growth (investor issues still at play);
- If prices stabilize before climbing too high we may avoid later price declines (if not…);
- Expect local growth to continue, but be a little weaker for the next couple or three quarters;
- Much of the downturn was <u>cyclical.</u>

Elliott D. Pollack & Company

Closing Points:

- The economy has <u>multiple gears</u>.
- Even if we avoid a recession some fiscal problems could still arise!

Finance Advisory Committee Cash Flow Update

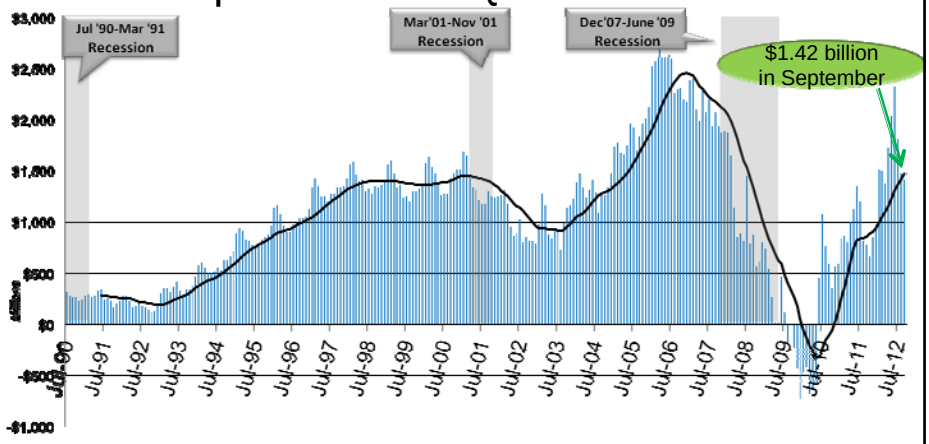
10.4.2012

OFFICE OF THE ARIZONA STATE TREASURER

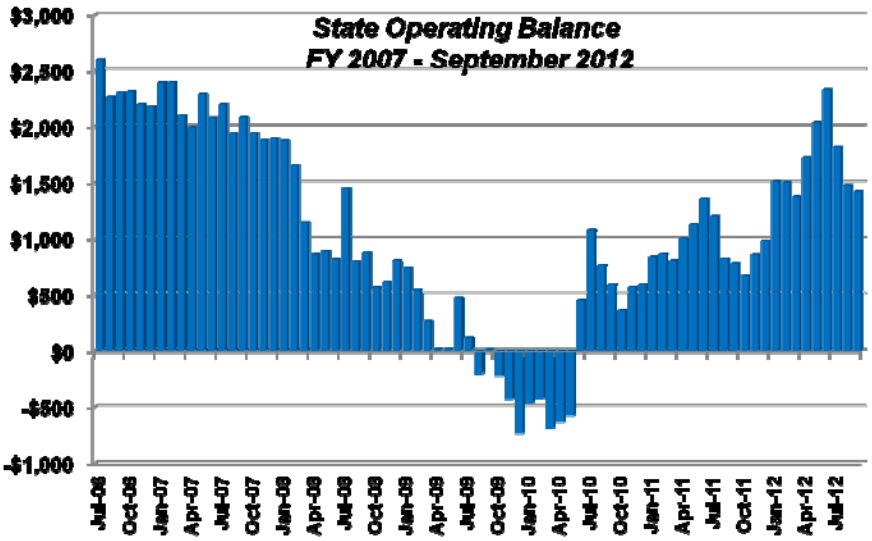
STATE CASH FLOW

TOTAL OPERATING ACCOUNT AVERAGE MONTHLY BALANCE

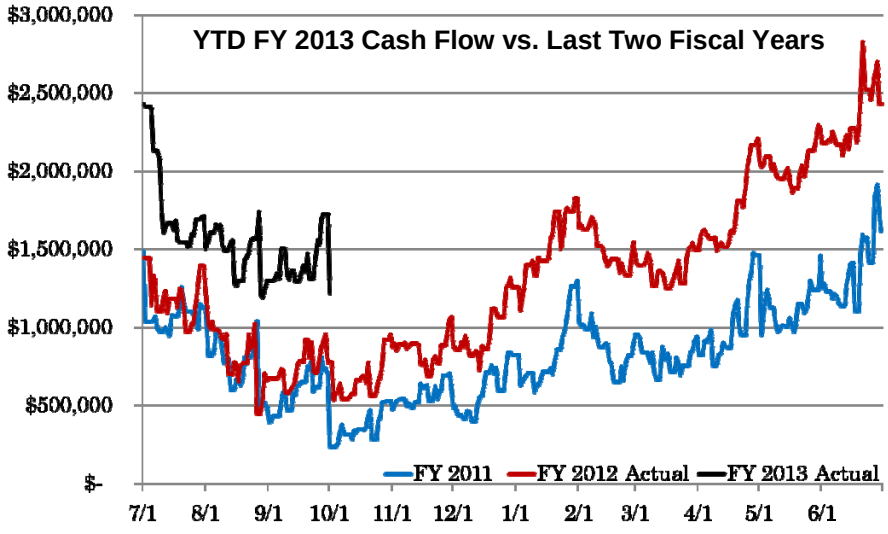
Up 70% in First Quarter YOY



STATE CASH FLOW



STATE CASH FLOW



Tracking Arizona's Recovery

September 2012

JLBC

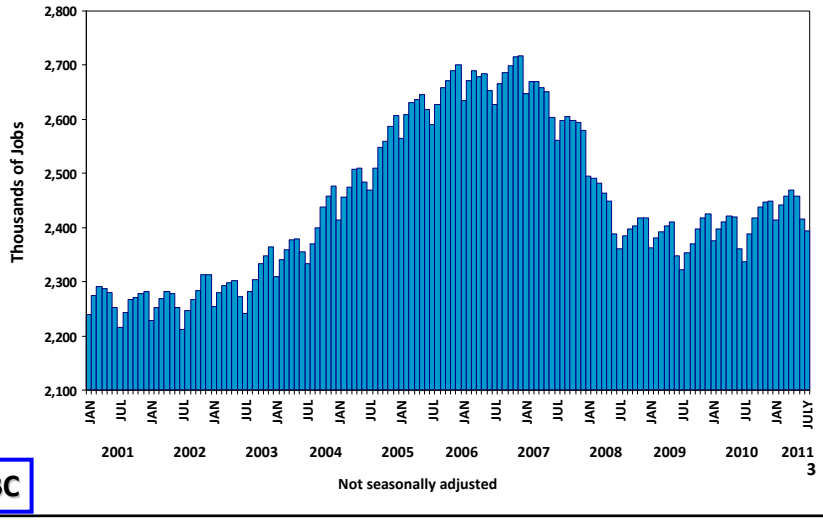
Contents

Slide:

3……Total Non-Farm Employment
4……Initial Claims for Unemployment Insurance
5……State Sales Tax Collections – Retail Category
6……State Sales Tax Collections – Contracting Category
7……Single Family Building Permits
8……Maricopa County Pending Foreclosures
9……Coincident Index

JLBC

Total Non-Farm Employment

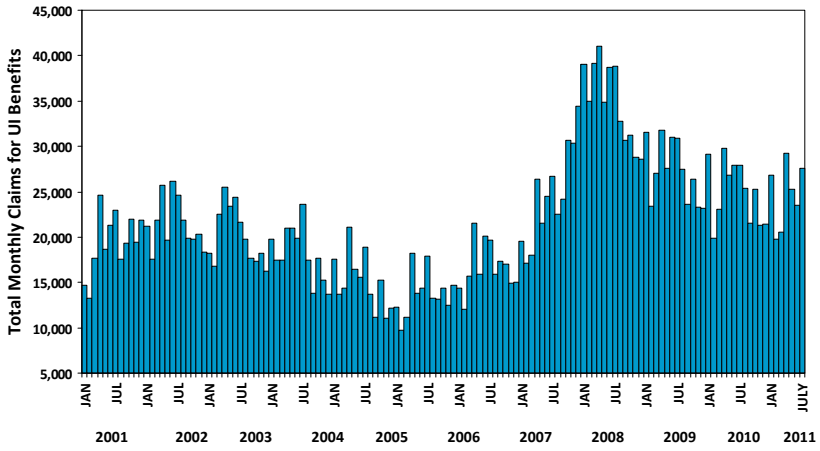


Not seasonally adjusted

JLBC

3

Initial Claims for Unemployment Insurance

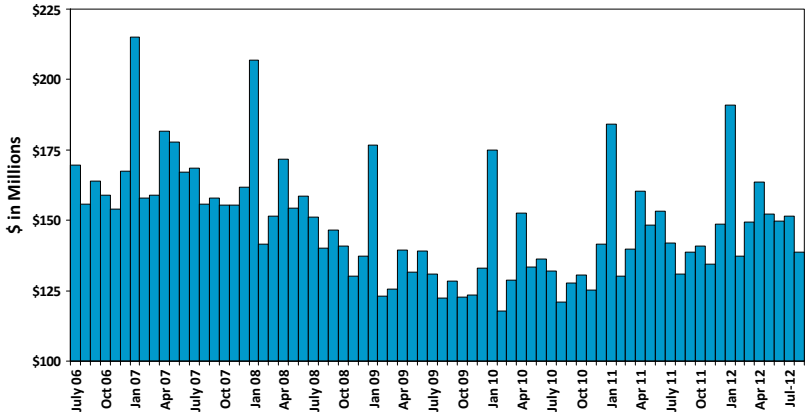


Not seasonally adjusted

JLBC

4

State Sales Tax Collections – Retail Category

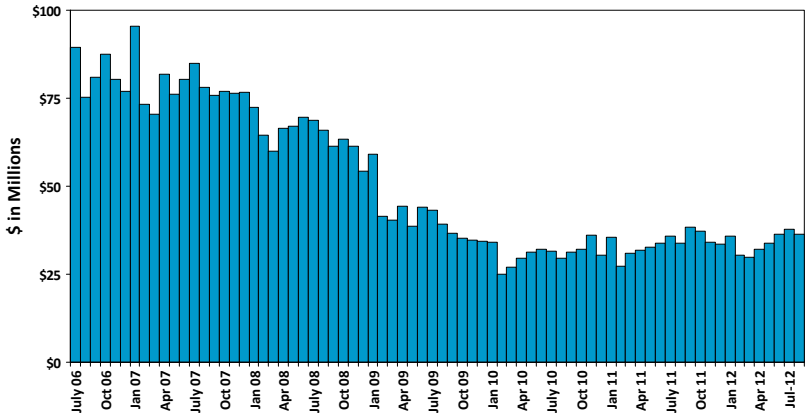


JLBC

Excludes temporary 1 ¢ sales tax

5

State Sales Tax Collections – Contracting Category

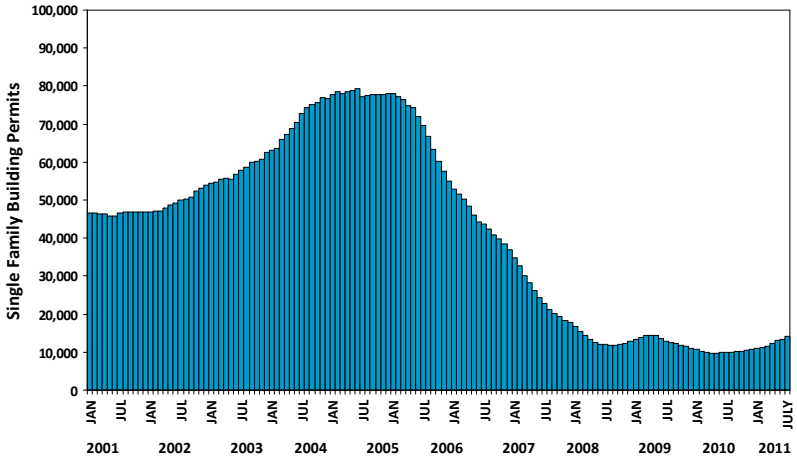


JLBC

Excludes temporary 1 ¢ sales tax

6

Single Family Building Permits

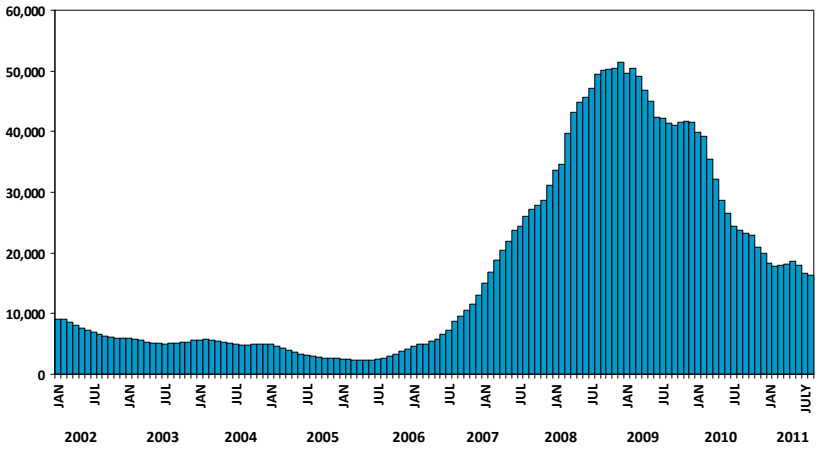


JLBC

12-Month Moving Sum

7

Maricopa County Pending Foreclosures

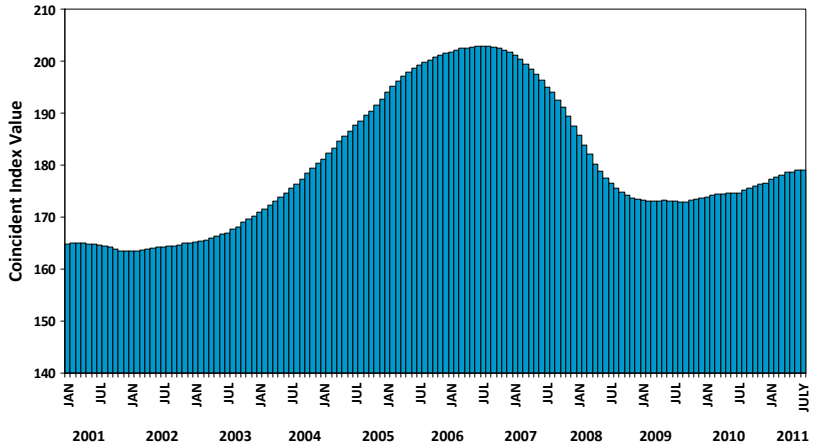


JLBC

An initial notice of trustee sale has been recorded but final sale has not yet occurred

8

Economic Activity Index



JLBC

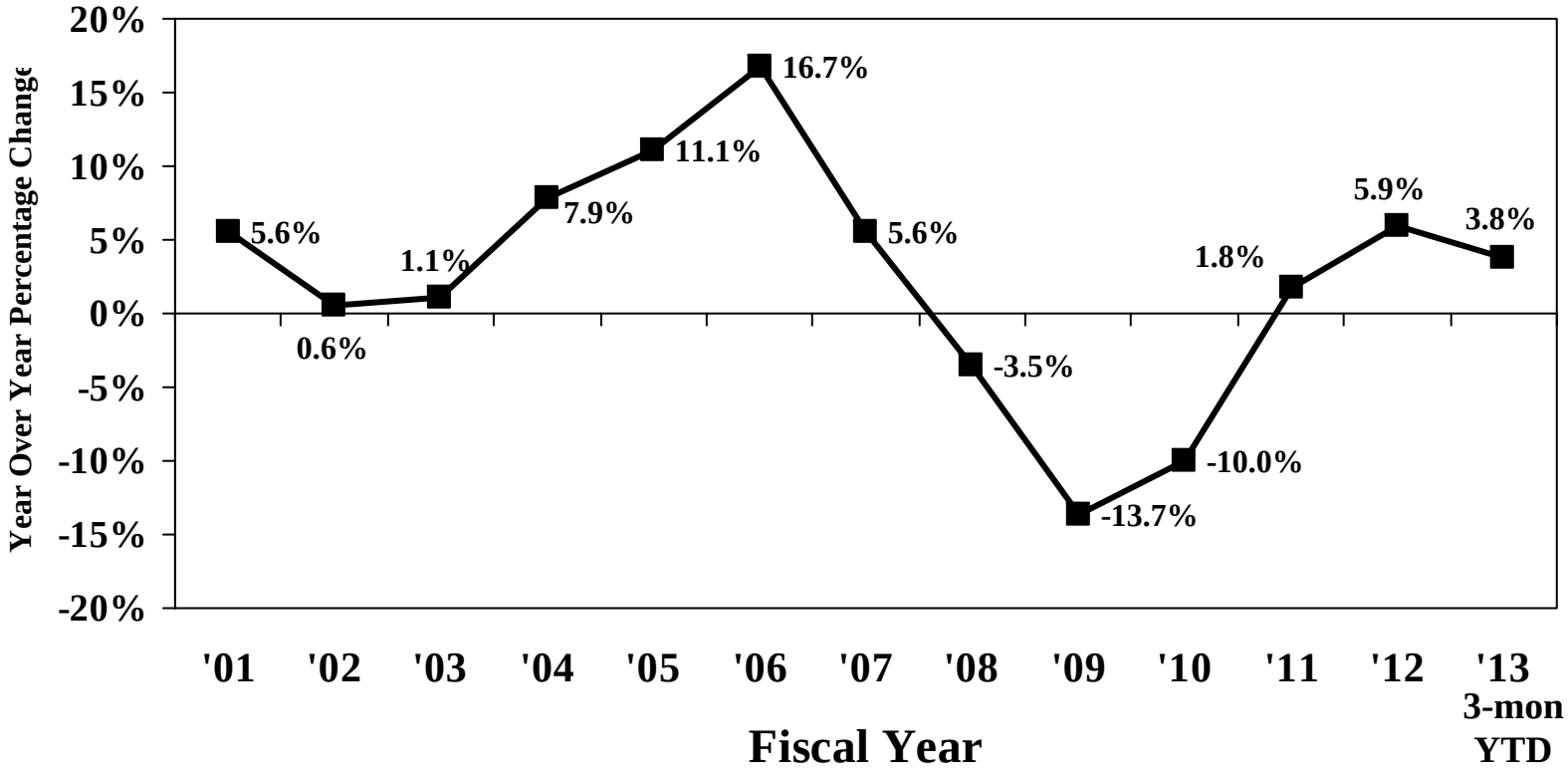
Source: Coincident Index – Federal Reserve Bank of Philadelphia. Combines four state-level indicators (employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements) to summarize current economic conditions.

9

Sales Tax

Sales Tax

Base % Change*



* Base % change represents revenue growth prior to tax law and one-time changes

JLBC

Arizona Sales Tax - Total (excl. 1% Tax)
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2008	356,253,718	-9.3%	356,253,718	-9.3%
	Aug 2008	345,178,741	-5.9%	701,432,459	-7.6%
	Sept 2008	342,275,305	-6.7%	1,043,707,764	-7.3%
	Oct 2008	337,313,340	-9.8%	1,381,021,104	-7.9%
	Nov 2008	317,474,089	-13.3%	1,698,495,193	-9.0%
FY 2009	Dec 2008	302,821,227	-16.4%	2,001,316,420	-10.2%
	Jan 2009	357,760,734	-12.1%	2,359,077,154	-10.5%
	Feb 2009	280,674,594	-17.9%	2,639,751,748	-11.3%
	Mar 2009	282,169,633	-19.3%	2,921,921,381	-12.2%
	Apr 2009	299,864,274	-19.8%	3,221,785,655	-12.9%
	May 2009	278,889,778	-21.2%	3,500,675,433	-13.7%
	June 2009	255,731,805	-14.4%	3,756,407,238	-13.7%
	July 2009	290,628,634	-18.4%	290,628,634	-18.4%
	Aug 2009	287,604,077	-16.7%	578,232,711	-17.6%
	Sept 2009	287,827,907	-15.9%	866,060,618	-17.0%
	Oct 2009	277,910,648	-17.6%	1,143,971,266	-17.2%
	Nov 2009	275,994,428	-13.1%	1,419,965,694	-16.4%
FY 2010	Dec 2009	272,663,118	-10.0%	1,692,628,812	-15.4%
	Jan 2010	319,313,439	-10.7%	2,011,942,251	-14.7%
	Feb 2010	256,963,944	-8.4%	2,268,906,195	-14.0%
	Mar 2010	269,271,852	-4.6%	2,538,178,047	-13.1%
	Apr 2010	319,285,645	6.5%	2,857,463,692	-11.3%
	May 2010	277,349,504	-0.6%	3,134,813,196	-10.5%
	June 2010	242,708,085	-5.1%	3,377,521,281	-10.1%
	July 2010	281,714,731	-3.1%	281,714,731	-3.1%
	Aug 2010	277,734,908	-3.4%	559,449,639	-3.2%
	Sep 2010	282,192,808	-2.0%	841,642,447	-2.8%
	Oct 2010	282,177,988	1.5%	1,123,820,435	-1.8%
	Nov 2010	286,485,609	3.8%	1,410,306,044	-0.7%
FY 2011	Dec 2010	274,456,847	0.7%	1,684,762,891	-0.5%
	Jan 2011	338,961,556	6.2%	2,023,724,447	0.6%
	Feb 2011	272,340,889	6.0%	2,296,065,336	1.2%
	Mar 2011	287,692,472	6.8%	2,583,757,808	1.8%
	Apr 2011	310,811,250	-2.7%	2,894,569,058	1.3%
	May 2011	285,186,711	2.8%	3,179,755,769	1.4%
	June 2011	268,261,217	10.5%	3,448,016,986	2.1%
	July 2011	306,929,173	9.0%	306,929,173	9.0%
	Aug 2011	293,482,631	5.7%	600,411,804	7.3%
	Sep 2011	299,647,673	6.2%	900,059,477	6.9%
	Oct 2011	303,049,504	7.4%	1,203,108,981	7.1%
	Nov 2011	286,297,169	-0.1%	1,489,406,151	5.6%
FY 2012	Dec 2011	294,279,967	7.2%	1,783,686,117	5.9%
	Jan 2012	347,418,964	2.5%	2,131,105,081	5.3%
	Feb 2012	287,779,634	5.7%	2,418,884,716	5.3%
	Mar 2012	297,171,837	3.3%	2,716,056,553	5.1%
	Apr 2012	324,812,322	4.5%	3,040,868,875	5.1%
	May 2012	306,889,871	7.6%	3,347,758,745	5.3%
	June 2012	304,406,910	13.5%	3,652,165,655	5.9%
	July 2012	321,889,184	4.9%	321,889,184	4.9%
	Aug 2012	302,649,584	3.1%	624,538,768	4.0%
	Sep 2012	309,900,000	3.4% 1/	934,438,768	3.8%
	Oct 2012				
	Nov 2012				
FY 2013	Dec 2012				
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

1/ This amount is a preliminary estimate.

Arizona Sales Tax - Temporary 1% Tax
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
FY 2011	July 2010	64,609,954	n/a	64,609,954	n/a
	Aug 2010	64,211,200	n/a	128,821,154	n/a
	Sep 2010	66,155,030	n/a	194,976,184	n/a
	Oct 2010	66,278,389	n/a	261,254,573	n/a
	Nov 2010	66,653,153	n/a	327,907,726	n/a
	Dec 2010	66,977,935	n/a	394,885,661	n/a
	Jan 2011	82,561,609	n/a	477,447,270	n/a
	Feb 2011	66,471,235	n/a	543,918,505	n/a
	Mar 2011	70,646,937	n/a	614,565,442	n/a
	Apr 2011	77,108,546	n/a	691,673,988	n/a
	May 2011	72,303,792	n/a	763,977,780	n/a
	June 2011	100,523,929	n/a	864,501,709	n/a
FY 2012	July 2011	75,468,031	16.8%	75,468,031	16.8%
	Aug 2011	71,743,198	11.7%	147,211,229	14.3%
	Sep 2011	74,476,988	12.6%	221,688,217	13.7%
	Oct 2011	74,682,481	12.7%	296,370,698	13.4%
	Nov 2011	70,971,858	6.5%	367,342,555	12.0%
	Dec 2011	73,649,842	10.0%	440,992,397	11.7%
	Jan 2012	87,970,921	6.6%	528,963,318	10.8%
	Feb 2012	72,088,159	8.5%	601,051,477	10.5%
	Mar 2012	75,218,813	6.5%	676,270,290	10.0%
	Apr 2012	82,418,332	6.9%	758,688,622	9.7%
	May 2012	77,280,578	6.9%	835,969,200	9.4%
	June 2012	79,866,342	-20.5%	915,835,541	5.9%
FY 2013	July 2012	80,651,757	6.9%	80,651,757	6.9%
	Aug 2012	75,514,267	5.3%	156,166,024	6.1%
	Sep 2012	77,800,000	4.5% 1/	233,966,024	5.5%
	Oct 2012				
	Nov 2012				
	Dec 2012				
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

1/ This amount is a preliminary estimate.

Arizona Sales Tax - Retail
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2008	151,221,528	-10.4%	151,221,528	-10.4%
	Aug 2008	141,997,515	-8.9%	293,219,043	-9.7%
	Sept 2008	148,418,887	-5.9%	441,637,930	-8.4%
	Oct 2008	142,632,579	-8.1%	584,270,509	-8.4%
	Nov 2008	132,015,121	-15.1%	716,285,630	-9.7%
FY 2009	Dec 2008	139,180,130	-13.9%	855,465,760	-10.4%
	Jan 2009	178,527,187	-13.7%	1,033,992,947	-11.0%
	Feb 2009	125,137,464	-11.7%	1,159,130,411	-11.1%
	Mar 2009	127,627,909	-15.7%	1,286,758,320	-11.5%
	Apr 2009	141,459,474	-17.7%	1,428,217,794	-12.2%
	May 2009	133,598,827	-13.5%	1,561,816,621	-12.3%
	June 2009	140,981,387	-11.1%	1,702,798,008	-12.2%
	July 2009	132,848,837	-12.1%	132,848,837	-12.1%
	Aug 2009	124,372,918	-12.4%	257,221,755	-12.3%
	Sept 2009	130,342,126	-12.2%	387,563,881	-12.2%
	Oct 2009	124,549,991	-12.7%	512,113,872	-12.3%
	Nov 2009	125,386,948	-5.0%	637,500,820	-11.0%
FY 2010	Dec 2009	134,894,514	-3.1%	772,395,334	-9.7%
	Jan 2010	176,814,678	-1.0%	949,210,012	-8.2%
	Feb 2010	117,915,774	-5.8%	1,067,125,786	-7.9%
	Mar 2010	128,700,198	0.8%	1,195,825,984	-7.1%
	Apr 2010	117,673,704	-16.8% 1/	1,313,499,688	-8.0%
	May 2010	133,490,735	-0.1%	1,446,990,423	-7.4%
	June 2010	136,163,202	-3.4%	1,583,153,625	-7.0%
	July 2010	131,854,318	-0.7%	131,854,318	-0.7%
	Aug 2010	120,861,252	-2.8%	252,715,570	-1.8%
	Sep 2010	127,561,325	-2.1%	380,276,895	-1.9%
	Oct 2010	130,540,558	4.8%	510,817,453	-0.3%
	Nov 2010	125,231,755	-0.1%	636,049,208	-0.2%
FY 2011	Dec 2010	141,527,413	4.9%	777,576,621	0.7%
	Jan 2011	184,287,307	4.2%	961,863,928	1.3%
	Feb 2011	130,152,893	10.4%	1,092,016,821	2.3%
	Mar 2011	139,711,796	8.6%	1,231,728,617	3.0%
	Apr 2011	160,245,893	36.2%	1,391,974,510	6.0%
	May 2011	148,273,564	11.1%	1,540,248,074	6.4%
	June 2011	153,419,634	12.7%	1,693,667,708	7.0%
	July 2011	141,789,976	7.5%	141,789,976	7.5%
	Aug 2011	130,998,912	8.4%	272,788,888	7.9%
	Sep 2011	138,796,056	8.8%	411,584,944	8.2%
	Oct 2011	140,704,804	7.8%	552,289,747	8.1%
	Nov 2011	134,310,400	7.2%	686,600,147	7.9%
FY 2012	Dec 2011	148,448,948	4.9%	835,049,095	7.4%
	Jan 2012	190,783,275	3.5%	1,025,832,370	6.7%
	Feb 2012	137,359,143	5.5%	1,163,191,513	6.5%
	Mar 2012	149,239,726	6.8%	1,312,431,239	6.6%
	Apr 2012	163,530,770	2.0%	1,475,962,009	6.0%
	May 2012	152,085,022	2.6%	1,628,047,031	5.7%
	June 2012	149,658,784	-2.5%	1,777,705,815	5.0%
	July 2012	151,463,092	6.8%	151,463,092	6.8%
	Aug 2012	138,759,047	5.9%	290,222,139	6.4%
	Sep 2012				
	Oct 2012				
	Nov 2012				
FY 2013	Dec 2012				
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

1/ The (16.8)% decline in April retail collections does not reflect economic activity. In April about $35 million collected throughout the past year was reclassified to the communications category instead of retail. Without this reclassification, retail collections would have been slightly positive for the month.

Arizona Sales Tax - Contracting
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2008	68,881,661	-18.9%	68,881,661	-18.9%
	Aug 2008	65,910,704	-15.7%	134,792,365	-17.3%
	Sept 2008	61,476,833	-19.0%	196,269,198	-17.9%
	Oct 2008	63,339,249	-17.9%	259,608,447	-17.9%
	Nov 2008	61,291,312	-19.9%	320,899,759	-18.3%
FY 2009	Dec 2008	54,311,200	-29.2%	375,210,959	-20.1%
	Jan 2009	58,954,479	-18.6%	434,165,438	-19.9%
	Feb 2009	41,459,848	-35.8%	475,625,286	-21.6%
	Mar 2009	40,464,401	-32.4%	516,089,687	-22.5%
	Apr 2009	44,382,960	-33.2%	560,472,647	-23.5%
	May 2009	38,522,448	-42.5%	598,995,095	-25.1%
	June 2009	44,002,721	-36.7%	642,997,816	-26.0%
	July 2009	43,223,253	-37.2%	43,223,253	-37.2%
	Aug 2009	39,127,079	-40.6%	82,350,332	-38.9%
	Sept 2009	36,572,916	-40.5%	118,923,248	-39.4%
	Oct 2009	35,326,726	-44.2%	154,249,974	-40.6%
	Nov 2009	34,718,292	-43.4%	188,968,266	-41.1%
FY 2010	Dec 2009	34,412,620	-36.6%	223,380,886	-40.5%
	Jan 2010	33,949,000	-42.4%	257,329,886	-40.7%
	Feb 2010	25,036,775	-39.6%	282,366,661	-40.6%
	Mar 2010	26,858,734	-33.6%	309,225,395	-40.1%
	Apr 2010	29,471,248	-33.6%	338,696,643	-39.6%
	May 2010	31,108,958	-19.2%	369,805,601	-38.3%
	June 2010	32,019,234	-27.2%	401,824,835	-37.5%
	July 2010	31,447,707	-27.2%	31,447,707	-27.2%
	Aug 2010	29,548,912	-24.5%	60,996,619	-25.9%
	Sep 2010	31,389,965	-14.2%	92,386,584	-22.3%
	Oct 2010	32,135,070	-9.0%	124,521,654	-19.3%
	Nov 2010	36,048,289	3.8%	160,569,943	-15.0%
FY 2011	Dec 2010	30,256,826	-12.1%	190,826,769	-14.6%
	Jan 2011	35,390,218	4.2%	226,216,987	-12.1%
	Feb 2011	27,192,699	8.6%	253,409,686	-10.3%
	Mar 2011	31,052,066	15.6%	284,461,752	-8.0%
	Apr 2011	31,950,076	8.4%	316,411,829	-6.6%
	May 2011	32,571,135	4.7%	348,982,963	-5.6%
	June 2011	33,882,030	5.8%	382,864,993	-4.7%
	July 2011	35,776,963	13.8%	35,776,963	13.8%
	Aug 2011	33,820,730	14.5%	69,597,693	14.1%
	Sep 2011	38,262,770	21.9%	107,860,463	16.7%
	Oct 2011	37,113,776	15.5%	144,974,240	16.4%
	Nov 2011	34,175,119	-5.2%	179,149,359	11.6%
FY 2012	Dec 2011	33,388,990	10.4%	212,538,349	11.4%
	Jan 2012	35,855,441	1.3%	248,393,790	9.8%
	Feb 2012	30,456,508	12.0%	278,850,298	10.0%
	Mar 2012	29,964,165	-3.5%	308,814,463	8.6%
	Apr 2012	32,221,194	0.8%	341,035,657	7.8%
	May 2012	33,942,224	4.2%	374,977,881	7.4%
	June 2012	36,413,050	7.5%	411,390,931	7.5%
	July 2012	37,753,076	5.5%	37,753,076	5.5%
	Aug 2012	36,341,199	7.5%	74,094,275	6.5%
	Sep 2012				
	Oct 2012				
	Nov 2012				
FY 2013	Dec 2012				
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

Arizona Sales Tax - Utilities
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2008	37,561,735	-3.5%	37,561,735	-3.5%
	Aug 2008	46,879,131	26.6%	84,440,866	11.1%
	Sept 2008	45,036,032	15.7%	129,476,898	12.7%
	Oct 2008	40,502,312	-7.2%	169,979,210	7.2%
	Nov 2008	35,158,491	1.3%	205,137,701	6.1%
FY 2009	Dec 2008	27,056,247	-3.5%	232,193,948	4.9%
	Jan 2009	27,856,644	1.3%	260,050,592	4.5%
	Feb 2009	31,978,738	-10.0%	292,029,330	2.7%
	Mar 2009	28,377,783	-17.4%	320,407,113	0.5%
	Apr 2009	26,572,955	8.3%	346,980,068	1.1%
	May 2009	26,330,652	-3.5%	373,310,720	0.8%
	June 2009	29,475,056	-3.8%	402,785,776	0.4%
	July 2009	39,433,004	5.0%	39,433,004	5.0%
	Aug 2009	45,144,745	-3.7%	84,577,749	0.2%
	Sept 2009	43,433,690	-3.6%	128,011,439	-1.1%
	Oct 2009	41,500,856	2.5%	169,512,295	-0.3%
	Nov 2009	35,744,468	1.7%	205,256,763	0.1%
FY 2010	Dec 2009	27,481,690	1.6%	232,738,453	0.2%
	Jan 2010	28,568,590	2.6%	261,307,043	0.5%
	Feb 2010	32,482,738	1.6%	293,789,781	0.6%
	Mar 2010	28,002,677	-1.3%	321,792,458	0.4%
	Apr 2010	27,426,255	3.2%	349,218,713	0.6%
	May 2010	25,799,797	-2.0%	375,018,510	0.5%
	June 2010	29,792,806	1.1%	404,811,316	0.5%
	July 2010	35,877,634	-9.0%	35,877,634	-9.0%
	Aug 2010	44,964,793	-0.4%	80,842,427	-4.4%
	Sep 2010	45,858,958	5.6%	126,701,385	-1.0%
	Oct 2010	43,113,254	3.9%	169,814,639	0.2%
	Nov 2010	38,015,889	6.4%	207,830,528	1.3%
FY 2011	Dec 2010	27,817,850	1.2%	235,648,378	1.3%
	Jan 2011	28,892,368	1.1%	264,540,746	1.2%
	Feb 2011	31,223,326	-3.9%	295,764,072	0.7%
	Mar 2011	28,787,318	2.8%	324,551,390	0.9%
	Apr 2011	26,747,146	-2.5%	351,298,536	0.6%
	May 2011	26,632,619	3.2%	377,931,155	0.8%
	June 2011	30,680,668	3.0%	408,611,823	0.9%
	July 2011	40,111,460	11.8%	40,111,460	11.8%
	Aug 2011	40,875,038	-9.1%	80,986,498	0.2%
	Sep 2011	46,646,194	1.7%	127,632,693	0.7%
	Oct 2011	45,842,935	6.3%	173,475,628	2.2%
	Nov 2011	34,149,040	-10.2%	207,624,668	-0.1%
FY 2012	Dec 2011	29,540,842	6.2%	237,165,510	0.6%
	Jan 2012	29,367,167	1.6%	266,532,677	0.8%
	Feb 2012	30,658,712	-1.8%	297,191,389	0.5%
	Mar 2012	30,060,136	4.4%	327,251,525	0.8%
	Apr 2012	27,244,798	1.9%	354,496,323	0.9%
	May 2012	27,485,601	3.2%	381,981,924	1.1%
	June 2012	30,111,966	-1.9%	412,093,890	0.9%
	July 2012	40,616,330	1.3%	40,616,330	1.3%
	Aug 2012	49,307,716	20.6%	89,924,046	11.0%
	Sep 2012				
	Oct 2012				
	Nov 2012				
FY 2013	Dec 2012				
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

Arizona Sales Tax - Restaurants and Bars
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2008	26,987,359	-7.3%	26,987,359	-7.3%
	Aug 2008	25,927,019	-3.7%	52,914,378	-5.6%
	Sept 2008	26,558,833	-0.8%	79,473,211	-4.0%
	Oct 2008	26,485,387	-7.7%	105,958,598	-5.0%
	Nov 2008	27,624,767	-6.0%	133,583,365	-5.2%
FY 2009	Dec 2008	27,609,854	-8.8%	161,193,219	-5.8%
	Jan 2009	27,811,860	1.3%	189,005,079	-4.8%
	Feb 2009	27,934,981	-6.9%	216,940,060	-5.1%
	Mar 2009	29,329,829	-5.1%	246,269,889	-5.1%
	Apr 2009	31,257,185	-8.2%	277,527,074	-5.5%
	May 2009	28,180,810	-8.5%	305,707,884	-5.7%
	June 2009	29,708,010	-6.7%	335,415,894	-5.8%
	July 2009	26,111,923	-3.2%	26,111,923	-3.2%
	Aug 2009	24,537,663	-5.4%	50,649,586	-4.3%
	Sept 2009	24,808,137	-6.6%	75,457,723	-5.1%
	Oct 2009	25,345,305	-4.3%	100,803,028	-4.9%
	Nov 2009	26,669,073	-3.5%	127,472,101	-4.6%
FY 2010	Dec 2009	26,594,225	-3.7%	154,066,326	-4.4%
	Jan 2010	27,400,919	-1.5%	181,467,245	-4.0%
	Feb 2010	27,580,642	-1.3%	209,047,887	-3.6%
	Mar 2010	30,482,587	3.9%	239,530,474	-2.7%
	Apr 2010	33,231,989	6.3%	272,762,463	-1.7%
	May 2010	29,382,192	4.3%	302,144,655	-1.2%
	June 2010	30,660,418	3.2%	332,805,073	-0.8%
	July 2010	26,242,715	0.5%	26,242,715	0.5%
	Aug 2010	24,952,729	1.7%	51,195,444	1.1%
	Sep 2010	25,897,327	4.4%	77,092,771	2.2%
	Oct 2010	25,863,769	2.0%	102,956,540	2.1%
	Nov 2010	28,008,967	5.0%	130,965,507	2.7%
FY 2011	Dec 2010	26,346,516	-0.9%	157,312,023	2.1%
	Jan 2011	30,310,109	10.6%	187,622,132	3.4%
	Feb 2011	27,454,169	-0.5%	215,076,301	2.9%
	Mar 2011	32,049,802	5.1%	247,126,103	3.2%
	Apr 2011	34,315,943	3.3%	281,442,046	3.2%
	May 2011	31,290,775	6.5%	312,732,821	3.5%
	June 2011	30,858,045	0.6%	343,590,866	3.2%
	July 2011	28,571,695	8.9%	28,571,695	8.9%
	Aug 2011	28,045,076	12.4%	56,616,771	10.6%
	Sep 2011	26,869,234	3.8%	83,486,005	8.3%
	Oct 2011	27,981,394	8.2%	111,467,399	8.3%
	Nov 2011	29,374,335	4.9%	140,841,734	7.5%
FY 2012	Dec 2011	28,945,330	9.9%	169,787,063	7.9%
	Jan 2012	32,174,741	6.2%	201,961,804	7.6%
	Feb 2012	30,980,041	12.8%	232,941,845	8.3%
	Mar 2012	33,375,882	4.1%	266,317,727	7.8%
	Apr 2012	37,166,563	8.3%	303,484,290	7.8%
	May 2012	33,272,286	6.3%	336,756,577	7.7%
	June 2012	32,106,240	4.0%	368,862,817	7.4%
	July 2012	30,991,504	8.5%	30,991,504	8.5%
	Aug 2012	28,325,088	1.0%	59,316,592	4.8%
	Sep 2012				
	Oct 2012				
	Nov 2012				
FY 2013	Dec 2012				
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

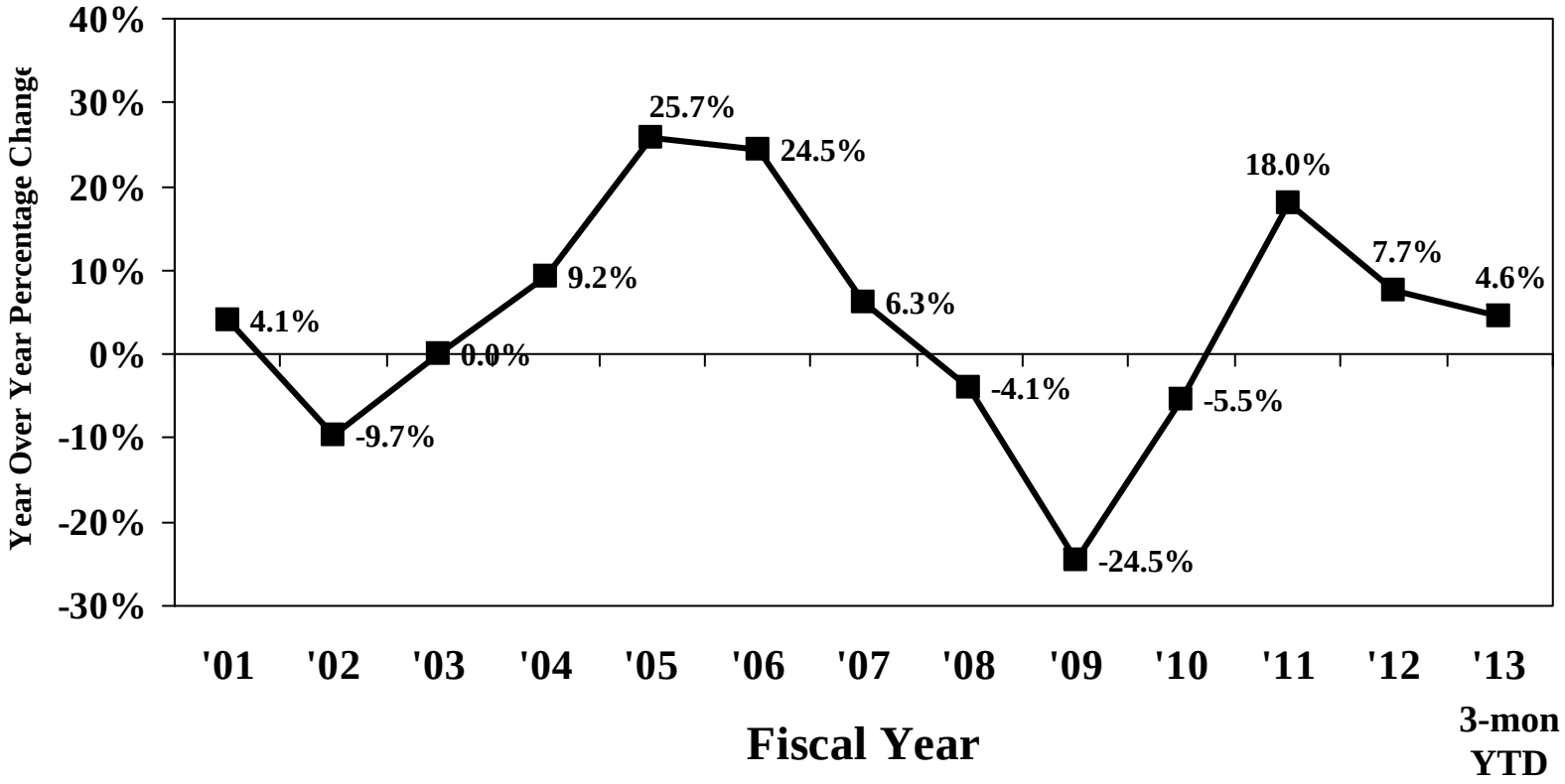
Arizona Use Tax
General Fund Collections

		Collections ($)	Year-to-Year % Change	Year-to-Date Collections ($)	Year-to-Date % Change
	July 2008	31,696,678	1.3%	31,696,678	1.3%
	Aug 2008	30,505,018	4.8%	62,201,696	3.0%
	Sept 2008	28,148,827	-4.4%	90,350,523	0.6%
	Oct 2008	29,703,678	-3.4%	120,054,201	-0.4%
	Nov 2008	25,398,587	-15.5%	145,452,788	-3.4%
FY 2009	Dec 2008	20,945,415	-20.9%	166,398,203	-6.1%
	Jan 2009	32,438,853	-3.8%	198,837,056	-5.7%
	Feb 2009	21,418,330	-22.3%	220,255,386	-7.6%
	Mar 2009	20,507,125	-23.8%	240,762,511	-9.3%
	Apr 2009	19,245,339	-33.5%	260,007,850	-11.6%
	May 2009	19,198,904	-29.9%	279,206,754	-13.2%
	June 2009	13,491,820	-29.8%	292,698,574	-14.1%
	July 2009	18,370,135	-42.0%	18,370,135	-42.0%
	Aug 2009	24,958,659	-18.2%	43,328,794	-30.3%
	Sept 2009	24,529,411	-12.9%	67,858,205	-24.9%
	Oct 2009	22,089,247	-25.6%	89,947,452	-25.1%
	Nov 2009	21,157,908	-16.7%	111,105,360	-23.6%
FY 2010	Dec 2009	17,049,569	-18.6%	128,154,929	-23.0%
	Jan 2010	24,234,599	-25.3%	152,389,528	-23.4%
	Feb 2010	18,626,941	-13.0%	171,016,469	-22.4%
	Mar 2010	20,119,332	-1.9%	191,135,801	-20.6%
	Apr 2010	41,050,828	113.3%	232,186,629	-10.7%
	May 2010	20,087,055	4.6%	252,273,684	-9.6%
	June 2010	19,490,162	44.5%	271,763,846	-7.2%
	July 2010	21,617,638	17.7%	21,617,638	17.7%
	Aug 2010	25,253,238	1.2%	46,870,876	8.2%
	Sep 2010	21,579,581	-12.0%	68,450,457	0.9%
	Oct 2010	18,618,977	-15.7%	87,069,434	-3.2%
	Nov 2010	25,650,144	21.2%	112,719,578	1.5%
FY 2011	Dec 2010	13,547,360	-20.5%	126,266,938	-1.5%
	Jan 2011	25,541,400	5.4%	151,808,338	-0.4%
	Feb 2011	20,705,096	11.2%	172,513,434	0.9%
	Mar 2011	19,193,452	-4.6%	191,706,886	0.3%
	Apr 2011	17,208,904	-58.1%	208,915,790	-10.0%
	May 2011	20,168,948	0.4%	229,084,738	-9.2%
	June 2011	131,828	-99.3%	229,216,566	-15.7%
	July 2011	26,807,003	24.0%	26,807,003	24.0%
	Aug 2011	26,502,905	4.9%	53,309,908	13.7%
	Sep 2011	19,608,030	-9.1%	72,917,938	6.5%
	Oct 2011	20,899,310	12.2%	93,817,248	7.7%
	Nov 2011	19,867,161	-22.5%	113,684,410	0.9%
FY 2012	Dec 2011	21,515,513	58.8%	135,199,923	7.1%
	Jan 2012	26,209,693	2.6%	161,409,616	6.3%
	Feb 2012	21,029,980	1.6%	182,439,595	5.8%
	Mar 2012	18,120,799	-5.6%	200,560,395	4.6%
	Apr 2012	22,167,741	28.8%	222,728,136	6.6%
	May 2012	22,419,432	11.2%	245,147,569	7.0%
	June 2012	18,576,830	13991.7%	263,724,398	15.1%
	July 2012	26,218,405	-2.2%	26,218,405	-2.2%
	Aug 2012	21,982,606	-17.1%	48,201,011	-9.6%
	Sep 2012				
	Oct 2012				
	Nov 2012				
FY 2013	Dec 2012				
	Jan 2013				
	Feb 2013				
	Mar 2013				
	Apr 2013				
	May 2013				
	June 2013				

Individual Income Tax

Individual Income Tax

Base % Change*



* Base % change represents revenue growth prior to tax law and one-time changes

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Arizona Individual Income Tax
General Fund Collections

		Total	Y/Y Chg.	Year-to-Date Total	YTD Chg.	Withholding	Y/Y Chg.	Year-to-Date Withholding	YTD Chg.	Payments	Y/Y Chg.	Year-to-Date Payments	YTD Chg.	Refunds	Y/Y Chg.	Year-to-Date Refunds	YTD Chg.
	Jul-08	265,360,890	-0.4%	265,360,890	-0.4%	270,267,357	0.9%	270,267,357	0.9%	20,362,785	13.9%	20,362,785	13.9%	(25,269,252)	30.9%	(25,269,252)	30.9%
	Aug	231,680,201	-13.4%	497,041,091	-6.9%	245,741,515	-10.4%	516,008,871	-4.8%	14,090,255	-45.7%	34,453,040	-21.4%	(28,151,568)	-13.7%	(53,420,820)	2.9%
	Sep	355,393,041	-1.9%	852,434,133	-4.9%	255,433,501	9.8%	771,442,372	-0.4%	124,307,996	-17.5%	158,761,036	-18.4%	(24,348,455)	15.4%	(77,769,275)	6.5%
	Oct	260,640,864	-5.4%	1,113,074,996	-5.0%	274,469,795	-1.6%	1,045,912,167	-0.7%	53,444,533	-21.6%	212,205,569	-19.2%	(67,273,464)	-6.3%	(145,042,740)	0.2%
	Nov	200,335,179	-14.8%	1,313,410,176	-6.6%	250,315,933	-6.3%	1,296,228,100	-1.9%	13,115,668	-26.6%	225,321,237	-19.7%	(63,096,422)	26.4%	(208,139,162)	6.9%
FY 2009	Dec	341,281,282	-6.2%	1,654,691,458	-6.6%	297,480,818	-1.5%	1,593,708,918	-1.8%	62,643,686	-0.4%	287,964,923	-16.2%	(18,843,222)	1968.7%	(226,982,384)	16.0%
	Jan-09	331,952,295	-30.8%	1,986,643,752	-11.7%	275,506,543	-14.7%	1,869,215,461	-3.9%	112,467,313	-42.6%	400,432,236	-25.8%	(56,021,561)	42.6%	(283,003,945)	20.5%
	Feb	(42,022,417)	N/A	1,944,621,335	-15.1%	237,953,256	-19.2%	2,107,168,717	-5.9%	17,921,395	2.1%	418,353,631	-24.9%	(297,897,068)	9.2%	(580,901,013)	14.4%
	Mar	71,833,625	16.0%	2,016,454,961	-14.2%	280,243,314	-5.9%	2,387,412,031	-5.9%	41,170,355	-14.9%	459,523,985	-24.1%	(249,580,043)	-12.2%	(830,481,055)	4.9%
	Apr	173,242,869	-71.4%	2,189,697,829	-26.0%	221,860,727	-11.9%	2,609,272,758	-6.5%	380,676,278	-43.6%	840,200,264	-34.4%	(429,294,136)	33.7%	(1,259,775,192)	13.2%
	May	98,543,700	-32.5%	2,288,241,529	-26.3%	228,007,994	-19.2%	2,837,280,752	-7.6%	28,189,735	-13.1%	868,389,998	-33.9%	(157,654,029)	-6.4%	(1,417,429,221)	10.6%
	Jun	279,619,636	-7.7%	2,567,861,165	-24.6%	242,090,316	-3.4%	3,079,371,068	-7.3%	74,985,704	-37.0%	943,375,703	-34.1%	(37,456,384)	-43.8%	(1,454,885,605)	7.9%
	Jul-09	234,779,283	-11.5%	234,779,283	-11.5%	252,192,662	-6.7%	252,192,662	-6.7%	14,421,659	-29.2%	14,421,659	-29.2%	(31,835,038)	26.0%	(31,835,038)	26.0%
	Aug	231,115,137	-0.2%	465,894,420	-6.3%	244,862,570	-0.4%	497,055,232	-3.7%	11,402,939	-19.1%	25,824,598	-25.0%	(25,150,372)	-10.7%	(56,985,410)	6.7%
	Sep	267,006,804	-24.9%	732,901,224	-14.0%	227,631,601	-10.9%	724,686,833	-6.1%	76,677,365	-38.3%	102,501,963	-35.4%	(37,302,162)	53.2%	(94,287,572)	21.2%
	Oct	170,528,545	-34.6%	903,429,769	-18.8%	244,430,237	-10.9%	969,117,070	-7.3%	35,790,908	-33.0%	138,292,871	-34.8%	(109,692,600)	63.1%	(203,980,172)	40.6%
	Nov	231,605,947	15.6%	1,135,035,715	-13.6%	248,734,450	-0.6%	1,217,851,519	-6.0%	14,278,495	8.9%	152,571,366	-32.3%	(31,406,998)	-50.2%	(235,387,170)	13.1%
FY 2010	Dec	317,770,210	-6.9%	1,452,805,926	-12.2%	276,785,971	-7.0%	1,494,637,491	-6.2%	46,197,669	-26.3%	198,769,035	-31.0%	(5,213,430)	-72.3%	(240,600,600)	6.0%
	Jan-10	326,599,118	-1.6%	1,779,405,044	-10.4%	265,599,905	-3.6%	1,760,237,396	-5.8%	91,066,420	-19.0%	289,835,455	-27.6%	(30,067,207)	-46.3%	(270,667,807)	-4.4%
	Feb	13,744,414	N/A	1,793,149,457	-7.8%	253,051,927	6.3%	2,013,289,322	-4.5%	17,153,243	-4.3%	306,988,698	-26.6%	(256,460,756)	-13.9%	(527,128,563)	-9.3%
	Mar	(18,809,855)	N/A	1,774,339,602	-12.0%	282,794,701	0.9%	2,296,084,023	-3.8%	40,585,225	-1.4%	347,573,923	-24.4%	(342,189,781)	37.1%	(869,318,344)	4.7%
	Apr	211,434,444	22.0%	1,985,774,046	-9.3%	235,329,032	6.1%	2,531,413,055	-3.0%	312,268,051	-18.0%	659,841,974	-21.5%	(336,162,639)	-21.7%	(1,205,480,983)	-4.3%
	May	159,976,798	62.3%	2,145,750,845	-6.2%	239,655,475	5.1%	2,771,068,530	-2.3%	13,120,851	-53.5%	672,962,825	-22.5%	(92,799,528)	-41.1%	(1,298,280,511)	-8.4%
	Jun	270,545,462	-3.2%	2,416,296,306	-5.9%	236,036,185	-2.5%	3,007,104,715	-2.3%	71,981,613	-4.0%	744,944,438	-21.0%	(37,472,336)	0.0%	(1,335,752,847)	-8.2%
	Jul-10	237,766,843	1.3%	237,766,843	1.3%	247,671,733	-1.8%	247,671,733	-1.8%	13,374,136	-7.3%	13,374,136	-7.3%	(23,279,026)	-26.9%	(23,279,026)	-26.9%
	Aug	257,155,321	11.3%	494,922,165	6.2%	262,036,212	7.0%	509,707,945	2.5%	14,227,735	24.8%	27,601,871	6.9%	(19,108,626)	-24.0%	(42,387,652)	-25.6%
	Sep	286,997,435	7.5%	781,919,600	6.7%	239,045,643	5.0%	748,753,588	3.3%	75,736,353	-1.2%	103,338,224	0.8%	(27,784,560)	-25.5%	(70,172,212)	-25.6%
	Oct	203,824,222	19.5%	985,743,822	9.1%	262,217,057	7.3%	1,010,970,645	4.3%	34,496,790	-3.6%	137,835,014	-0.3%	(92,889,625)	-15.3%	(163,061,837)	-20.1%
	Nov	266,193,368	14.9%	1,251,937,190	10.3%	269,553,589	8.4%	1,280,524,234	5.1%	11,753,618	-17.7%	149,588,632	-2.0%	(15,113,838)	-51.9%	(178,175,675)	-24.3%
FY 2011	Dec	342,502,655	7.8%	1,594,439,845	9.7%	297,288,208	7.4%	1,577,812,441	5.6%	49,652,916	7.5%	199,241,548	0.2%	(4,438,469)	-14.9%	(182,614,144)	-24.1%
	Jan-11	362,495,854	11.0%	1,956,935,700	10.0%	300,268,497	13.1%	1,878,080,938	6.7%	90,356,188	-0.8%	289,597,736	-0.1%	(28,128,830)	-6.4%	(210,742,974)	-22.1%
	Feb	51,980,954	278.2%	2,008,916,654	12.0%	277,026,155	9.5%	2,155,107,093	7.0%	18,877,777	10.1%	308,475,513	0.5%	(243,922,977)	-4.9%	(454,665,951)	-13.7%
	Mar	(4,565,068)	N/A	2,004,351,586	13.0%	275,844,176	-2.5%	2,430,951,269	5.9%	43,187,275	6.4%	351,662,787	1.2%	(323,596,519)	-5.4%	(778,262,470)	-10.5%
	Apr	306,040,868	44.7%	2,310,392,454	16.3%	253,410,837	7.7%	2,684,362,107	6.0%	391,693,591	25.4%	743,356,378	12.7%	(339,063,560)	0.9%	(1,117,326,030)	-7.3%
	May	240,755,062	50.5%	2,551,147,516	18.9%	290,699,994	21.3%	2,975,062,101	7.4%	19,620,661	49.5%	762,977,038	13.4%	(69,565,592)	-25.0%	(1,186,891,623)	-8.6%
	Jun	312,510,464	15.5%	2,863,657,980	18.5%	252,560,025	7.0%	3,227,622,125	7.3%	81,464,192	13.2%	844,441,230	13.4%	(21,513,753)	-42.6%	(1,208,405,376)	-9.5%
	Jul-11	258,103,165	8.6%	258,103,165	8.6%	259,065,966	4.6%	259,065,966	4.6%	13,992,743	4.6%	13,992,743	4.6%	(14,955,544)	-35.8%	(14,955,544)	-35.8%
	Aug	279,592,728	8.7%	537,695,894	8.6%	280,171,827	6.9%	539,237,793	5.8%	16,559,244	16.4%	30,551,987	10.7%	(17,138,342)	-10.3%	(32,093,886)	-24.3%
	Sep	316,659,381	10.3%	854,355,275	9.3%	247,943,193	3.7%	787,180,985	5.1%	84,818,311	12.0%	115,370,298	11.6%	(16,102,122)	-42.0%	(48,196,008)	-31.3%
	Oct	262,716,665	28.9%	1,117,071,940	13.3%	282,818,923	7.9%	1,069,999,908	5.8%	43,943,506	27.4%	159,313,804	15.6%	(64,045,764)	-31.1%	(112,241,772)	-31.2%
	Nov	256,509,482	-3.6%	1,373,581,421	9.7%	262,800,934	-2.5%	1,332,800,842	4.1%	15,341,441	30.5%	174,655,244	16.8%	(21,632,893)	43.1%	(133,874,665)	-24.9%
FY 2012	Dec	352,348,784	2.9%	1,725,930,205	8.2%	299,066,473	0.6%	1,631,867,315	3.4%	55,737,868	12.3%	230,393,113	15.6%	(2,455,557)	-44.7%	(136,330,222)	-25.3%
	Jan-12	423,694,950	16.9%	2,149,625,156	9.8%	305,562,054	1.8%	1,937,429,369	3.2%	158,056,550	74.9%	388,449,663	34.1%	(39,923,654)	41.9%	(176,253,876)	-16.4%
	Feb	(72,643,496)	N/A	2,076,981,660	3.4%	287,173,008	3.7%	2,224,602,377	3.2%	19,637,403	4.0%	408,087,065	32.3%	(379,453,906)	55.6%	(555,707,782)	22.2%
	Mar	72,291,368	N/A	2,149,273,028	7.2%	282,629,550	2.5%	2,507,231,927	3.1%	46,931,963	8.7%	455,019,028	29.4%	(257,270,144)	-20.5%	(812,977,927)	4.5%
	Apr	376,806,890	23.1%	2,526,079,918	9.3%	282,750,884	11.6%	2,789,982,811	3.9%	435,563,902	11.2%	890,582,930	19.8%	(341,507,896)	0.7%	(1,154,485,823)	3.3%
	May	231,767,419	-3.7%	2,757,847,337	8.1%	283,775,292	-2.4%	3,073,758,103	3.3%	17,542,908	-10.6%	908,125,837	19.0%	(69,550,780)	0.0%	(1,224,036,603)	3.1%
	Jun	328,290,025	5.0%	3,086,137,363	7.8%	258,805,077	2.5%	3,332,563,180	3.3%	87,703,250	7.7%	995,829,088	17.9%	(18,218,301)	-15.3%	(1,242,254,905)	2.8%
	Jul-12	287,855,519	11.5%	287,855,519	11.5%	284,466,614	9.8%	284,466,614	9.8%	14,974,662	7.0%	14,974,662	7.0%	(11,585,757)	-22.5%	(11,585,757)	-22.5%
	Aug	274,914,436	-1.7%	562,769,955	4.7%	271,669,187	-3.0%	556,135,801	3.1%	17,096,635	3.2%	32,071,297	5.0%	(13,851,385)	-19.2%	(25,437,142)	-20.7%
	Sep	331,058,418	4.5%	893,828,373	4.6%	249,798,639	0.7%	805,934,440	2.4%	95,130,500	12.2%	127,201,797	10.3%	(13,870,721)	-13.9%	(39,307,863)	-18.4% 1/
	Oct																
	Nov																
FY 2012	Dec																
	Jan-13																
	Feb																
	Mar																
	Apr																
	May																
	Jun																

1/ Amounts for September 2012 are preliminary estimates.

Arizona Individual Income Tax - Estimated and Final Payments

		Total Payments	Y/Y Chg.	Year-to-Date Total Payments	YTD Chg.	Estimated	Y/Y Chg.	Year-to-Date Estimated	YTD Chg.	Final	Y/Y Chg.	Year-to-Date Final	YTD Chg.
	Jul-08	20,362,785	13.9%	20,362,785	13.9%	6,533,304	0.4%	6,533,304	0.4%	13,829,481	21.6%	13,829,481	21.6%
	Aug	14,090,255	-45.7%	34,453,040	-21.4%	5,827,130	2.8%	12,360,434	1.5%	8,263,125	-59.2%	22,092,607	-30.2%
	Sep	124,307,996	-17.5%	158,761,036	-18.4%	112,945,236	-16.9%	125,305,669	-15.3%	11,362,760	-23.3%	33,455,366	-28.0%
	Oct	53,444,533	-21.6%	212,205,569	-19.2%	7,821,163	-24.8%	133,126,832	-16.0%	45,623,371	-21.1%	79,078,737	-24.1%
	Nov	13,115,668	-26.6%	225,321,237	-19.7%	4,170,266	-12.4%	137,297,098	-15.9%	8,945,402	-31.8%	88,024,139	-25.0%
FY 2009	Dec	62,643,686	-0.4%	287,964,923	-16.2%	53,127,242	-5.0%	190,424,339	-13.1%	9,516,444	36.1%	97,540,583	-21.6%
	Jan-09	112,467,313	-42.6%	400,432,236	-25.8%	106,370,433	-42.8%	296,794,772	-26.8%	6,096,881	-37.7%	103,637,464	-22.7%
	Feb	18,024,012	2.7%	418,456,248	-24.9%	2,892,677	7.6%	299,687,449	-26.5%	15,131,335	1.8%	118,768,799	-20.3%
	Mar	41,170,355	-14.9%	459,626,603	-24.1%	2,695,780	-42.7%	302,383,229	-26.7%	38,474,575	-11.9%	157,243,374	-18.4%
	Apr	380,676,278	-43.6%	840,302,881	-34.4%	36,311,877	-46.7%	338,695,105	-29.5%	344,364,402	-43.3%	501,607,776	-37.3%
	May	28,189,735	-13.1%	868,492,616	-33.9%	3,073,214	-37.2%	341,768,319	-29.6%	25,116,521	-8.8%	526,724,297	-36.3%
	Jun	74,985,704	-37.0%	943,478,320	-34.1%	60,902,615	-43.9%	402,670,934	-32.2%	14,083,089	34.8%	540,807,386	-35.5%
	Jul-09	14,421,659	-29.2%	14,421,659	-29.2%	3,533,528	-45.9%	3,533,528	-45.9%	10,888,131	-21.3%	10,888,131	-21.3%
	Aug	11,402,939	-19.1%	25,824,598	-25.0%	2,901,362	-50.2%	6,434,891	-47.9%	8,501,577	2.9%	19,389,708	-12.2%
	Sep	76,677,365	-38.3%	102,501,964	-35.4%	65,960,270	-41.6%	72,395,161	-42.2%	10,717,095	-5.7%	30,106,803	-10.0%
	Oct	35,790,908	-33.0%	138,292,872	-34.8%	5,226,487	-33.2%	77,621,648	-41.7%	30,564,422	-33.0%	60,671,225	-23.3%
	Nov	14,278,496	8.9%	152,571,368	-32.3%	4,253,363	2.0%	81,875,011	-40.4%	10,025,133	12.1%	70,696,358	-19.7%
FY 2010	Dec	46,197,669	-26.3%	198,769,037	-31.0%	37,826,999	-28.8%	119,702,010	-37.1%	8,370,670	-12.0%	79,067,028	-18.9%
	Jan-10	91,066,420	-19.0%	289,835,457	-27.6%	84,630,973	-20.4%	204,332,982	-31.2%	6,435,447	5.6%	85,502,475	-17.5%
	Feb	17,153,243	-4.8%	306,988,700	-26.6%	1,850,301	-36.0%	206,183,283	-31.2%	15,302,941	1.1%	100,805,417	-15.1%
	Mar	40,585,225	-1.4%	347,573,925	-24.4%	3,076,667	14.1%	209,259,951	-30.8%	37,508,557	-2.5%	138,313,974	-12.0%
	Apr	312,268,051	-18.0%	659,841,976	-21.5%	35,811,536	-1.4%	245,071,487	-27.6%	276,456,515	-19.7%	414,770,489	-17.3%
	May	13,120,851	-53.5%	672,962,827	-22.5%	2,607,974	-15.1%	247,679,460	-27.5%	10,512,878	-58.1%	425,283,367	-19.3%
	Jun	71,981,613	-4.0%	744,944,440	-21.0%	56,898,732	-6.6%	304,578,193	-24.4%	15,082,881	7.1%	440,366,247	-18.6%
	Jul-10	13,374,136	-7.3%	13,374,136	-7.3%	3,207,727	-9.2%	3,207,727	-9.2%	10,166,409	-6.6%	10,166,409	-6.6%
	Aug	14,227,735	24.8%	27,601,871	6.9%	4,531,242	56.2%	7,738,969	20.3%	9,696,493	14.1%	19,862,902	2.4%
	Sep	75,736,353	-1.2%	103,338,224	0.8%	62,924,599	-4.6%	70,663,568	-2.4%	12,811,753	19.5%	32,674,656	8.5%
	Oct	34,496,790	-3.6%	137,835,014	-0.3%	5,069,884	-3.0%	75,733,452	-2.4%	29,426,906	-3.7%	62,101,562	2.4%
	Nov	11,753,618	-17.7%	149,588,632	-2.0%	2,442,722	-42.6%	78,176,175	-4.5%	9,310,895	-7.1%	71,412,457	1.0%
FY 2011	Dec	49,652,916	7.5%	199,241,548	0.2%	42,370,723	12.0%	120,546,898	0.7%	7,282,193	-13.0%	78,694,650	-0.5%
	Jan-11	90,356,188	-0.8%	289,597,736	-0.1%	81,828,374	-3.3%	202,375,272	-1.0%	8,527,814	32.5%	87,222,464	2.0%
	Feb	18,877,777	10.1%	308,475,512	0.5%	1,994,289	7.8%	204,369,561	-0.9%	16,883,488	10.3%	104,105,952	3.3%
	Mar	43,187,275	6.4%	351,662,787	1.2%	2,838,591	-7.7%	207,208,152	-1.0%	40,348,684	7.6%	144,454,636	4.4%
	Apr	391,693,591	25.4%	743,356,378	12.7%	43,920,128	22.6%	251,128,280	2.5%	347,773,463	25.8%	492,228,098	18.7%
	May	19,620,661	49.5%	762,977,038	13.4%	3,390,871	30.0%	254,519,151	2.8%	16,229,789	54.4%	508,457,887	19.6%
	Jun	81,464,192	13.2%	844,441,230	13.4%	68,603,032	20.6%	323,122,183	6.1%	12,861,159	-14.7%	521,319,047	18.4%
	Jul-11	13,992,743	4.6%	13,992,743	4.6%	3,418,739	6.6%	3,418,739	6.6%	10,574,004	4.0%	10,574,004	4.0%
	Aug	16,559,244	16.4%	30,551,987	10.7%	4,997,703	10.3%	8,416,442	8.8%	11,561,541	19.2%	22,135,545	11.4%
	Sep	84,818,311	12.0%	115,370,298	11.6%	75,537,740	20.0%	83,954,182	18.8%	9,280,571	-27.6%	31,416,116	-3.9%
	Oct	43,943,506	27.4%	159,313,804	15.6%	5,295,654	4.5%	89,249,836	17.8%	38,647,851	31.3%	70,063,967	12.8%
	Nov	15,341,441	30.5%	174,655,244	16.8%	3,617,690	48.1%	92,867,526	18.8%	11,723,751	25.9%	81,787,718	14.5%
FY 2012	Dec	55,737,868	12.3%	230,393,113	15.6%	42,856,312	1.1%	135,723,839	12.6%	12,881,556	76.9%	94,669,274	20.3%
	Jan-12	158,056,550	74.9%	388,449,663	34.1%	150,903,673	84.4%	286,627,512	41.6%	7,152,877	-16.1%	101,822,151	16.7%
	Feb	19,637,403	4.0%	408,087,065	32.3%	2,218,310	11.2%	288,845,822	41.3%	17,419,093	3.2%	119,241,243	14.5%
	Mar	46,931,963	8.7%	455,019,028	29.4%	4,150,715	46.2%	292,996,537	41.4%	42,781,248	6.0%	162,022,491	12.2%
	Apr	435,563,902	11.2%	890,582,930	19.8%	50,256,174	14.4%	343,252,711	36.7%	385,307,728	10.8%	547,330,219	11.2%
	May	17,542,908	-10.6%	908,125,837	19.0%	5,756,818	69.8%	349,009,529	37.1%	11,786,090	-27.4%	559,116,309	10.0%
	Jun	87,703,250	7.7%	995,829,088	17.9%	73,573,033	7.2%	422,582,562	30.8%	14,130,217	9.9%	573,246,526	10.0%
	Jul-12	14,974,662	7.0%	14,974,662	7.0%	4,540,630	32.8%	4,540,630	32.8%	10,434,032	-1.3%	10,434,032	-1.3%
	Aug	17,096,635	3.2%	32,071,297	5.0%	5,862,487	17.3%	10,403,118	23.6%	11,234,147	-2.8%	21,668,179	-2.1%
	Sep	95,130,500	12.2%	127,201,797	10.3%	83,976,303	11.2%	94,379,421	12.4%	11,154,197	20.2%	32,822,376	4.5% [1/]
	Oct												
	Nov												
FY 2013	Dec												
	Jan-13												
	Feb												
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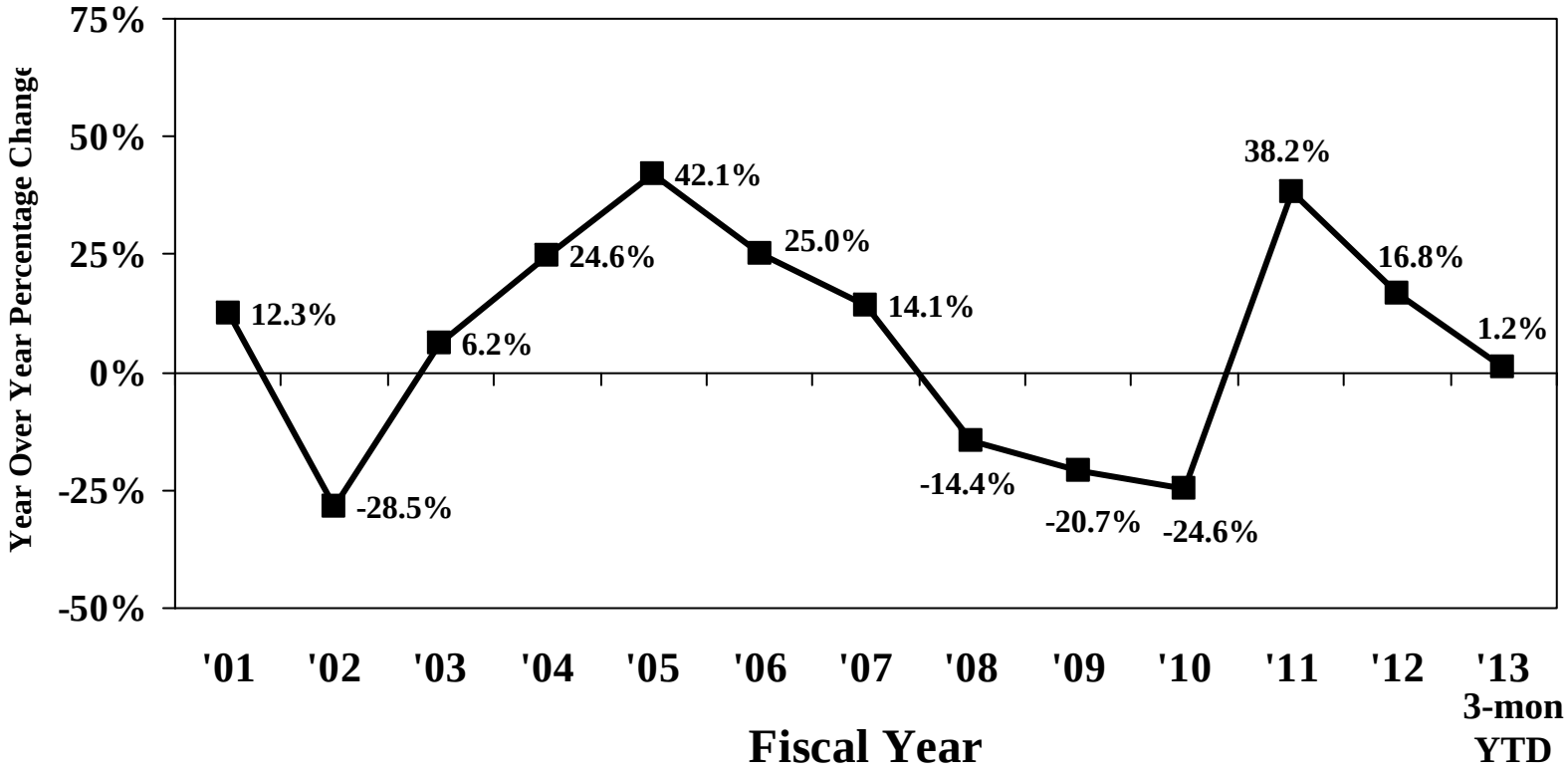
	May												
	Jun												

1/ Amounts for September 2012 are preliminary estimates.

Corporate Income Tax

Corporate Income Tax
Base % Change*



* Base % change represents revenue growth prior to tax law and one-time changes

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Arizona Corporate Income Tax
General Fund Collections

		Gross Revenue	Y/Y Chg.	Year-to-Date Gross Revenue	YTD Chg.	Refunds	Y/Y Chg.	Year-to-Date Refunds	YTD Chg.	Net Revenue	Y/Y Chg.	Year-to-Date Net Revenue	YTD Chg.
	July 2008	30,855,446	-15.8%	30,855,446	-15.8%	(7,560,667)	167.5%	(7,560,667)	167.5%	23,294,779	-31.1%	23,294,779	-31.1%
	Aug 2008	27,451,899	-12.1%	58,307,345	-14.1%	(8,301,008)	289.6%	(15,861,675)	220.0%	19,150,891	-34.2%	42,445,670	-32.5%
	Sept 2008	141,909,038	-25.5%	200,216,383	-22.5%	(9,825,536)	-23.7%	(25,687,211)	44.0%	132,083,502	-25.6%	174,529,172	-27.4%
	Oct 2008	38,739,976	-42.1%	238,956,359	-26.5%	(17,578,552)	63.5%	(43,265,763)	51.4%	21,161,424	-62.3%	195,690,596	-34.0%
	Nov 2008	19,710,774	-4.1%	258,667,133	-25.2%	(22,199,167)	-4.3%	(65,464,930)	26.4%	(2,488,393)	N/A	193,202,203	-34.3%
FY 2009	Dec 2008	142,148,266	-10.9%	400,815,399	-20.7%	(30,686,844)	-22.3%	(96,151,774)	5.4%	111,461,422	-7.2%	304,663,625	-26.4%
	Jan 2009	24,401,184	-19.7%	425,216,583	-20.6%	(27,865,899)	-37.9%	(124,017,673)	-8.9%	(3,464,715)	N/A	301,198,910	-24.6%
	Feb 2009	44,210,646	45.8%	469,427,229	-17.1%	(9,879,797)	10.6%	(133,897,470)	-7.7%	34,330,849	60.5%	335,529,759	-20.3%
	Mar 2009	47,075,868	-39.4%	516,503,097	-19.8%	(2,253,816)	-86.2%	(136,151,286)	-15.7%	44,822,052	-26.9%	380,351,811	-21.1%
	Apr 2009	71,283,316	-46.0%	587,786,413	-24.2%	(4,946,992)	-28.1%	(141,098,278)	-16.2%	66,336,324	-47.0%	446,688,135	-26.5%
	May 2009	53,388,261	7.9%	641,174,674	-22.3%	(4,456,156)	-80.6%	(145,554,435)	-23.9%	48,932,104	84.3%	495,620,239	-21.8%
	June 2009	107,127,377	-31.7%	748,302,051	-23.8%	(10,590,361)	67.6%	(156,144,796)	-21.0%	96,537,016	-35.8%	592,157,255	-24.5%
	July 2009	40,229,569	30.4%	40,229,569	30.4%	(6,588,858)	-12.9%	(6,588,858)	-12.9%	33,640,711	44.4%	33,640,711	44.4%
	Aug 2009	13,201,777	-51.9%	53,431,346	-8.4%	(7,345,503)	-11.5%	(13,934,361)	-12.2%	5,856,274	-69.4%	39,496,985	-6.9%
	Sept 2009	90,726,618	-36.1%	144,157,964	-28.0%	(22,780,171)	131.8%	(36,714,532)	42.9%	67,946,447	-48.6%	107,443,432	-38.4%
	Oct 2009	39,451,245	1.8%	183,609,209	-23.2%	(20,639,272)	17.4%	(57,353,804)	32.6%	18,811,973	-11.1%	126,255,405	-35.5%
	Nov 2009	16,805,252	-14.7%	200,414,461	-22.5%	(93,858,118)	322.8%	(151,211,922)	131.0%	(77,052,866)	N/A	49,202,539	-74.5%
FY 2010	Dec 2009	98,450,482	-30.7%	298,864,943	-25.4%	(35,820,862)	16.7%	(187,032,784)	94.5%	62,629,620	-43.8%	111,832,159	-63.3%
	Jan 2010	40,858,296	67.4%	339,723,239	-20.1%	(4,841,954)	-82.6%	(191,874,738)	54.7%	36,016,342	N/A	147,848,501	-50.9%
	Feb 2010	14,730,212	-66.7%	354,453,451	-24.5%	(19,376,637)	96.1%	(211,251,375)	57.8%	(4,646,425)	N/A	143,202,076	-57.3%
	Mar 2010	81,015,354	72.1%	435,468,805	-15.7%	(14,531,056)	544.7%	(225,782,431)	65.8%	66,484,298	48.3%	209,686,374	-44.9%
	Apr 2010	64,763,045	-9.1%	500,231,850	-14.9%	(3,233,749)	-34.6%	(229,016,180)	62.3%	61,529,296	-7.2%	271,215,670	-39.3%
	May 2010	54,199,831	1.5%	554,431,681	-13.5%	(2,771,945)	-37.8%	(231,788,125)	59.2%	51,427,886	5.1%	322,643,556	-34.9%
	June 2010	95,679,976	-10.7%	650,111,657	-13.1%	(5,130,226)	-51.6%	(236,918,351)	51.7%	90,549,750	-6.2%	413,193,306	-30.2%
	July 2010	31,278,709	-22.2%	31,278,709	-22.2%	(7,832,040)	18.9%	(7,832,040)	18.9%	23,446,669	-30.3%	23,446,669	-30.3%
	Aug 2010	22,578,726	71.0%	53,857,435	0.8%	(4,360,347)	-40.6%	(12,192,387)	-12.5%	18,218,379	211.1%	41,665,048	5.5%
	Sept 2010	123,510,889	36.1%	177,368,324	23.0%	(5,636,178)	-75.3%	(17,828,565)	-51.4%	117,874,711	73.5%	159,539,759	48.5%
	Oct 2010	31,026,633	-21.4%	208,394,957	13.5%	(11,166,188)	-45.9%	(28,994,753)	-49.4%	19,860,445	5.6%	179,400,204	42.1%
	Nov 2010	9,402,696	-44.0%	217,797,653	8.7%	(46,580,816)	-50.4%	(75,575,569)	-50.0%	(37,178,120)	N/A	142,222,084	189.1%
FY 2011	Dec 2010	93,729,701	-4.8%	311,527,354	4.2%	5,007,131	N/A	(70,568,438)	-62.3%	98,736,832	57.7%	240,958,916	115.5%
	Jan 2011	28,729,294	-29.7%	340,256,648	0.2%	(3,444,902)	-28.9%	(74,013,340)	-61.4%	25,284,392	-29.8%	266,243,308	80.1%
	Feb 2011	13,963,686	-5.2%	354,220,335	-0.1%	(6,935,066)	-64.2%	(80,948,407)	-61.7%	7,028,620	N/A	273,271,928	90.8%
	Mar 2011	54,029,433	-33.3%	408,249,768	-6.3%	(2,782,737)	-80.8%	(83,731,143)	-62.9%	51,246,697	-22.9%	324,518,625	54.8%
	Apr 2011	89,080,454	37.5%	497,330,222	-0.6%	(5,175,712)	60.1%	(88,906,855)	-61.2%	83,904,743	36.4%	408,423,368	50.6%
	May 2011	46,972,820	-13.3%	544,303,042	-1.8%	(4,564,706)	64.7%	(93,471,561)	-59.7%	42,408,114	-17.5%	450,831,481	39.7%
	June 2011	114,699,502	19.9%	659,002,544	1.4%	(5,295,333)	3.2%	(98,766,894)	-58.3%	109,404,169	20.8%	560,235,650	35.6%
	July 2011	29,025,322	-7.2%	29,025,322	-7.2%	(3,384,799)	-56.8%	(3,384,799)	-56.8%	25,640,524	9.4%	25,640,524	9.4%
	Aug 2011	42,313,720	87.4%	71,339,042	32.5%	(9,940,301)	128.0%	(13,325,100)	9.3%	32,373,418	77.7%	58,013,942	39.2% 1/
	Sept 2011	120,105,342	-2.8%	191,444,384	7.9%	(3,943,140)	-30.0%	(17,268,240)	-3.1%	116,162,203	-1.5%	174,176,145	9.2%
	Oct 2011	36,309,111	17.0%	227,753,495	9.3%	(12,402,526)	11.1%	(29,670,766)	2.3%	23,906,584	20.4%	198,082,729	10.4%
	Nov 2011	24,880,266	164.6%	252,633,761	16.0%	(30,713,346)	-34.1%	(60,384,112)	-20.1%	(5,833,080)	N/A	192,249,649	35.2%
FY 2012	Dec 2011	131,961,174	40.8%	384,594,935	23.5%	(2,135,074)	N/A	(62,519,186)	-11.4%	129,826,100	31.5%	322,075,749	33.7% 2/
	Jan 2012	34,263,313	19.3%	418,858,248	23.1%	(1,136,019)	-67.0%	(63,655,205)	-14.0%	33,127,294	31.0%	355,203,043	33.4%
	Feb 2012	15,261,053	9.3%	434,119,301	22.6%	(2,913,898)	-58.0%	(66,569,103)	-17.8%	12,347,155	75.7%	367,550,198	34.5%
	Mar 2012	68,531,557	26.8%	502,650,858	23.1%	(2,643,333)	-5.0%	(69,212,436)	-17.3%	65,888,224	28.6%	433,438,422	33.6%
	Apr 2012	92,679,219	4.0%	595,330,077	19.7%	(2,529,765)	-51.1%	(71,742,201)	-19.3%	90,149,454	7.4%	523,587,876	28.2%
	May 2012	45,069,600	-4.1%	640,399,677	17.7%	(35,017,028)	667.1%	(106,759,229)	14.2%	10,052,572	-76.3%	533,640,448	18.4%
	June 2012	113,038,847	-1.4%	753,438,524	14.3%	(2,907,449)	-45.1%	(109,666,678)	11.0%	110,131,398	0.7%	643,771,846	14.9%
	July 2012	30,975,920	6.7%	30,975,920	6.7%	(10,190,368)	201.1%	(10,190,368)	201.1%	20,785,552	-18.9%	20,785,552	-18.9%
	Aug 2012	26,449,162	-37.5%	57,425,082	-19.5%	(4,041,736)	-59.3%	(14,232,104)	6.8%	22,407,426	-30.8%	43,192,978	-25.5%
	Sept 2012	135,837,057	13.1%	193,262,139	0.9%	(2,846,961)	-27.8%	(17,079,065)	-1.1%	132,990,096	14.5%	176,183,074	1.2% 3/
	Oct 2012												
	Nov 2012												
FY 2013	Dec 2012												
	Jan 2013												
	Feb 2013												
	Mar 2013												
	Apr 2013												
	May 2013												
	June 2013												

1/ August collections included a one-time audit recovery of approximately $20 million.
2/ December collections included a one-time audit recovery of approximately $23 million.
3/ Amounts for September 2012 are preliminary estimates.

Economic Indicators

Economic Indicators

"[The] Conference Board's U.S. Consumer Confidence Index fell (7.3)% in August… The monthly decrease was the largest since [the debt-ceiling crisis of 2011]."

NATIONAL

Following its first increase in five months, the Conference Board's **U.S. Consumer Confidence Index** fell (7.3)% in August to 60.6. While the reading was still 34.1% above that in August 2011, the prior measure was taken against the backdrop of the debt-ceiling crisis in 2011. The monthly decrease was the largest since that crisis. A worsening outlook on job prospects, the economy, and gas prices lead to the index's large monthly decrease.

The Conference Board's **U.S. Leading Economic Index** increased by 0.4% in July to a reading of 95.8 (1.5% over July 2011). This growth was lead by improvement in 7 of the index's 10 components. The greatest improvements were from building permit gains and reductions in unemployment insurance claims.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, grew by 0.6% in August and by 1.7% above the prior year. This sharp monthly increase is the first since March and the largest since June 2009. The majority of the growth was caused by a 9.0% rise in gasoline prices. Food prices increased 0.2% during this time.

The Semiconductor Industry Association (SIA) reported that **Semiconductor Billings** (3-month moving average) in the Americas decreased (3.9)% in July to $4.15 billion. July's reading was the lowest since April 2010 and marked the 13th consecutive period of year over year decreases.

ARIZONA

The Federal Reserve Bank of Philadelphia's **coincident index** gauges current economic activity in each state. The index combines 4 indicators: employment, average hours worked in manufacturing, unemployment rate, and inflation-adjusted wages.

In July, 22 out of 50 states had increases in their coincident indexes. Arizona's coincident index was unchanged compared to the prior month. Year-over-year, the Arizona index is 2.5% above last year, which is the 17th highest growth rate in the country. While this is a significant improvement, Arizona's index is still (11.8)% below its peak, which occurred in August 2007. See Tracking Arizona's Recovery for additional historical information.

The Federal Reserve Bank of Philadelphia also publishes a **leading index** for each state that forecasts economic conditions for the next 6 months. In addition to the coincident index, Arizona's leading index is based on Arizona housing permits, Arizona initial unemployment insurance claims, national delivery times from a manufacturing survey, and the interest rate spread between the 3-month and 10-year Treasury instruments.

Using a 3-month average, Arizona's leading index projects that state GDP will grow at an annualized rate of 2.1% over the next 6 months. This is lower than the revised 2.4% growth projection in June, and higher than the 1.5% projection in July 2011.

Housing

The number of Maricopa County **pending foreclosures** decreased from 16,578 in July to 16,370 in August. This represents the third consecutive monthly decrease in this measure. The August total is substantially below the peak in December 2009 (51,466). See Tracking Arizona's Recovery for additional historical information.

The total housing inventory in the Greater Phoenix area decreased from 26,983 in August 2011 to 20,934 in August 2012, a (22.4)% decrease. In the Metropolitan Phoenix area, the **median price of a single family home** was $149,000 in July. This represents a decrease of (0.7)% from June, and a 17.1% increase from July of last year.

Another measure of the health of the Arizona real estate market is permitting activity. For the 3-month period through July, a total of 1,639 **single-family building permits** had been issued statewide, a 69.2% increase from last year. This is the highest 3-month average since August 2008 when there were 1,740 permits issued. Even so, this is far below a more normal 3-month average of 3,000 to 4,000 permits. See Tracking Arizona's Recovery for additional historical information.

While the performance of the single-family housing sector has continued to improve, the multi-family housing sector is showing mixed signals. For the 3-month period ending in July, a total of 236 **multi-family building permits**

Economic Indicators (Continued)

had been issued in the state. This figure represents a large increase from the prior month, but is (0.8)% below the prior year. Multi-family permitting activity still remains (83.7)% below the peak of activity in April 2007.

See Tracking Arizona's Recovery for additional historical information.

State Agency Data

At the beginning of September, total **AHCCCS** caseloads equaled 1.29 million members, a 0.5% increase from the prior month. Overall AHCCCS caseloads are currently (6.0)% below September 2011 levels. The traditional AHCCCS population, which consists primarily of lower-income children and their parents, increased 0.4% from August and increased 0.6% from a year ago. The total population in this program is almost 900,000.

The Proposition 204 childless adult program has not allowed new participants since July 2011 and this population has declined (124,295) since July 2011 to 100,197. Of the decline, (11,524) is attributed to members who were transferred to the SSI program. As a whole, the Proposition 204 program has declined (2.0)% compared to the prior month, and (31.1)% from the prior year.

KidsCare provides coverage for children with incomes above those in the traditional population. Its enrollment has declined since a freeze was implemented in January 2010. Enrollment declined (3.2)% compared to the prior month and (42.0)% from the prior year. Beginning on May 1, 2012, AHCCCS began a new program, entitled KidsCare II, which provides coverage for children up to 175% of the Federal Poverty Level. The state match is provided by voluntary payments from political subdivisions. As of the beginning of September, 19,037 children were enrolled in KidsCare II.

The 3-month average count of the **Department of Correction's (ADC) inmate population** decreased to 39,850 inmates between June 2012 and August 2012. Relative to the prior 3-month period, the population has decreased by (28) inmates. Compared to a year ago, the population has declined by (296) inmates.

Economic Indicators (Continued)

Table 5

ECONOMIC INDICATORS

Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
Arizona				
- Unemployment Rate (SA)	July	8.3%	0.1 %	(1.3)%
- Initial Unemployment Insurance Claims	July	27,564	17.0%	(1.4)%
- Unemployment Insurance Recipients	July	63,863	9.9%	(11.4)%
- Non-Farm Employment - Total	July	2.39 million	(0.9)%	2.4%
Manufacturing	July	152,300	0.7%	1.6%
Construction	July	121,100	0.8%	7.3%
- Average Weekly Hours, Manufacturing	July	40.8	(3.3)%	3.6%
- Contracting Tax Receipts (3-month average)	Jun-Aug	$36.8 million	2.2%	6.8%*
- Retail Sales Tax Receipts (3-month average)	Jun-Aug	$146.6 million	(2.9)%	3.2%*
- Residential Building Permits (3-month moving average)				
Single-family	May-Jul	1,639	1.3%	69.2%
Multi-unit	May-Jul	236	48.1%	(0.8)%
- Greater Phoenix Home Sales				
Single-Family	July	8,753	(5.4)%	1.5%
Townhouse/Condominium	July	1,365	1.9%	18.2%
- Greater Phoenix Median Home Price				
Single-Family	July	$149,000	(0.7)%	17.1%
Townhouse/Condominium	July	$82,000	(8.9)%	2.5%
- Greater Phoenix S&P/Case-Shiller Home Price Index (Jan. 2000 = 100)	July	114.68	2.5%	13.9%
- Foreclosure Activity, Maricopa County				
Pending Foreclosures (Active Notices)	August	16,370	(1.3)%	(31.1)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	August	20,934	2.7%	(22.4)%
- Phoenix Sky Harbor Air Passengers	July	3.58 million	0.9%	(1.4)%
- Revenue Per Available Hotel Room	July	$43.51	(10.9)%	(1.4)%
- Arizona Average Natural Gas Price ($ per thousand cubic feet)	June	$3.97	10.0%	(36.4)%
- Arizona Consumer Confidence Index (1985 = 100)	2nd Quarter 2012	68.6	(1.3)%	32.2%
- Arizona Coincident Index (July 1992 = 100)	July	179.08	0.0%	2.5%
- Arizona Leading Index -- 6 month projected growth rate	May-July	2.1%	(0.3)%	0.6%
- Arizona Personal Income	1st Quarter 2012	$237.1 billion	0.5%	3.3%
- Arizona Population	July 1, 2011	6.48 million	N/A	1.1%
- AHCCCS Recipients	September	1,294,756	0.5%	(6.0)%
Acute Care Traditional		897,636	0.4%	0.6%
Spend Down		-	-	(100.0)%
Prop 204 Childless Adults		100,197	(4.9)%	(51.5)%
Other Prop 204		151,683	0.0%	(4.7)%
Kids Care		9,133	(3.2)%	(42.0)%
Kids Care II		19,037	52.0%	-
Long-Term Care – Elderly & DD		52,835	0.5%	2.8%
Emergency Services		64,235	2.5%	25.1%
- TANF Recipients	July	40,266	1.0%	(2.5)%
- SNAP (Food Stamps) Recipients	July	1,138,407	0.3%	1.5%
- ADC Inmate Growth (3-month average)	Jun - Aug	39,850	(28) inmates	(296) inmates
- Probation Caseload				
Non-Maricopa	May	18,183	19	(807)
Maricopa County	May	25,581	(48)	(603)
United States				
- Gross Domestic Product (Chained 2005 dollars, SAAR)	2nd Quarter 2012 (2nd Estimate)	$13.6 trillion	1.7%	2.3%
- Consumer Confidence Index (1985 = 100)	August	60.6	(7.3)%	34.1%
- Leading Indicators Index (2004 = 100)	July	95.8	0.4%	1.5%
- U.S. Semiconductor Billings (3-month moving average)	May-July	$4.15 billion	(3.9)%	(10.4)%
- Consumer Price Index, SA (1982-84 = 100)	August	230.1	0.6%	1.7%

*Adjusted for 1¢ sales tax

JLBC FINANCE ADVISORY COMMITTEE (FAC) MEMBERS

Dan Anderson has served as Assistant Executive Director for Institutional Analysis for Arizona Board of Regents since July 2002. From 1975 through June 2002, Mr. Anderson held various positions at the Arizona Department of Economic Security, with most of his time as Research Administrator. He has been a member of the FAC since its inception.

Dr. Jay Q. Butler is Professor Emeritus of Real Estate in the Morrison School at Arizona State University at the Polytechnic campus. He also holds the Arizona Realtors Professorship in Real Estate. Dr. Butler has been at ASU since 1972. He has been a member of the FAC since 1994.

Brian Cary is Manager of Forecasting, Research and Economic Development for Salt River Project (SRP). Prior to joining SRP in September 2007, he served as Principal Economist on the JLBC staff for 4 years. Mr. Cary has been producing forecasts and analysis for more than 25 years, mostly focused on the energy and financial sectors. He joined the FAC in 1989.

Tracy L. Clark is Data Integrity Manager for the Arizona Department of Transportation. Previously, he was with Arizona State University as the Associate Director of the JPMorgan Chase Economic Outlook Center. He produced national and local economic forecasts, as well as, gathering forecasts from other economists for Center publications. Mr. Clark has been a member of the FAC since 1989.

State Treasurer Doug Ducey serves as the Arizona's Chief Banker and Investment Officer overseeing more than $9.7 billion in state assets. Treasurer Ducey also serves as the Chairman of Arizona's State Board of Investment, and State Loan Commission. He also serves as the State's Surveyor General and is a member of the State Land Selection Board. With a degree in Finance from Arizona State University, he was inducted into the W.P. Carey School of Business *Hall of Fame* in 2004 and joined the Treasurer's Office from the private sector where he built and developed two Arizona businesses.

Pete Ewen is Chief Economist and Manager of the Revenue and Fuel Analysis and Forecast Group at Pinnacle West. He has been with Arizona Public Service/Pinnacle West for more than 20 years.

John C. Lucking is President of ECON-LINC, an economic consulting firm. Dr. Lucking also serves as a director for Sanu Resources Ltd., an international mineral exploration company, and as a trustee for several municipal bond mutual funds. Previously, he served as Chief Economist for Bank One Arizona and as the Executive Director of the Governor's Partnership for Economic Development (GSPED). Dr. Lucking has been a member of the FAC since 1987.

Georganna Meyer is Chief Economist for the Arizona Department of Revenue. She has been a member of the FAC since 1984.

Dr. Aruna Murthy is Director of Economic Analysis for the Office of Employment and Population Statistics at the Arizona Department of Administration.

Elliott D. Pollack is President of Elliott D. Pollack and Company in Scottsdale, Arizona, an economic and real estate consulting firm established in 1987. Mr. Pollack served as Chief Economist of Valley National Bank in Arizona for 14 years prior to establishing his consulting firm and is currently a member of the Economic Estimates Commission. He has been a member of the FAC since its inception.

Debra J. Roubik is the Chief Economist and Founder of VisionEcon, a consulting firm. Ms. Roubik began her career as an economist at Chicago's Harris Trust and Savings Bank where she was responsible for the bank's macroeconomic model. She also held the positions of Vice President of Stotler Economics, Manager of Revenue Forecasting for Atchison Topeka & Santa Fe Railway, and Economist for the Arizona Department of Economic Security's Research Administration. Ms. Roubik has been a member of the FAC since 2001.

Martin Shultz is a Senior Policy Director in Brownstein Hyatt Farber Schreck's Phoenix Office. Prior to joining Brownstein, Mr. Schultz was the Vice President of Government Affairs at Pinnacle West Capital Corporation and its subsidiaries. Mr. Shultz has been a member of the FAC since 1984.

Randie Stein joined the Investment Banking firm Stone & Youngberg as a Vice President in the Public Finance Department in September 2004. Ms. Stein has 10 years of experience as a fiscal advisor and Finance Committee analyst in the State Senate and as an economist/budget analyst with the Joint Legislative Budget Committee, and is a former staff director of the School Facilities Board. She has been a member of the FAC since 2005.

Marshall J. Vest is Director of the Economic and Business Research Center at the University of Arizona's Eller College of Management. Mr. Vest has headed the College's Forecasting Project for over 30 years. He is past-president of the Association for University Economic and Business Research, whose membership includes university-based applied research centers from across the country. Mr. Vest has been a member of the FAC for over 30 years.

John Arnold is the Director of the Governor's Office of Strategic Planning and Budgeting (OSPB).