



### This Month

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*"Year-to-date,  
General Fund  
revenue  
collections are  
\$(72.0) million  
below forecast".*

Total March General Fund revenue collections were \$539.7 million, or (13.3)% below March of last year. This amount was \$(43.8) million below the forecast used for the recently enacted FY 2008 budget revisions. Year-to-date, General Fund revenue collections are \$(72.0) million below forecast.

For the first 9 months of FY 2008, General Fund collections are down \$(357.6) million or (5.1)% when compared to last year. When factoring in Urban Revenue Sharing and other adjustments, the year-to-date collections of \$6.19 billion are (6.6)% below last year. *(See page 9 for detail information).*

The March decrease of (13.3)% represents the third consecutive month of decreases in the (13-17)% range, which are the largest percentage year over year declines since April 2002. The March decline in revenues includes all of the 3 main revenue categories:

- Sales tax collections were down (1.0)% compared to March 2007, and were \$(8.7) million short of the monthly forecast.
- Individual income tax collections were down (42.0)%, which was \$(23.4) million below forecast. The magnitude of this decrease, however, probably reflects a faster processing of individual tax refunds compared to last year.
- Corporate income tax collections were down (22.0)%, which was \$(9.6) million below forecast.

#### FY 2008 Budget Plan

The decline in state revenues has led to a FY 2008 budget shortfall. Based on a compromise Executive-Legislative revenue forecast in March, the estimated shortfall was \$(1.21) billion. This projection was based on an overall FY 2008 revenue decline of (0.9)% compared to FY 2007 prior to tax law changes. After adjusting for the latter factor, forecasted revenues would decline (3.4)% for the year.

On April 18<sup>th</sup>, the Governor signed House Bill 2620 (Laws 2008, Chapter 53) to address the state's current year budget shortfall. The 4 main components of the budget plan are:

- \$310 million in state agency reductions,
- \$296 million in agency fund balance sweeps,
- A withdrawal of (\$487 million) from the Budget Stabilization Fund (BSF), and
- A delay in payment of \$272 million to school districts (K-12 rollover).

These solutions total \$1.36 billion, compared to the compromise revenue shortfall estimate of \$(1.21) billion. The budget plan exceeded the forecasted shortfall in the event revenues drop below the compromise forecast. As noted above, year-to-date revenues through March are \$(72.0) million below that forecast. April collections are still being tabulated and their effect on the revenue forecast is uncertain. Preliminarily, April individual income tax collections are higher than forecast, but we continue to be uncertain as to how much processing speed has affected

### Table of Contents

<b>March Revenues</b> .....	2	• DPS – Public Safety Communication Project .	7
<b>Recent Economic Indicators</b> .....	3		
<b>JLBC Meeting Summary</b>			
• Atty General – Ashley Furniture Settlement ...	6	• ADOA – Self-Insured Health Benefits.....	7
• Atty General – Caremark Settlement .....	6	• ADC – Monthly Bed Plan Update .....	7
• Atty General – Uncollectible Debts Report....	6	• ADC/ADOA – Status of Prison Beds .....	7
• DES – Transfer of Appropriations.....	6	• ACJC – Meth Interdiction Efforts .....	7
• ADE – Transfer of Appropriations.....	6	• DHS – Federal 317 Vaccines Program.....	8
• Pioneers' Home – Transfer of Appropriations.	6	• DPS – Quarterly Report on GIITEM.....	8
		• DWR – Water Supply Program Fees .....	8

## This Month (continued)

the magnitude of the increase. While individual income tax appears higher than expected, April corporate income tax collections will probably fall below forecast.

Given the current uncertainty of revenue collections, HB 2620 addresses the implications of the year-end budget balance being either higher or lower than expected:

- If the state’s budget shortfall is less than \$(1.36) billion, the state would incur a year-end surplus. Under HB 2620, those additional monies would reduce the size of the \$272 million K-12 rollover. With budget solutions of \$1.36 billion and a projected compromise shortfall projection of \$(1.21) billion, the surplus would be \$152 million if the revenue forecast was accurate to the dollar.

- If the revenues decline faster than the compromise estimate and we incur a shortfall greater than \$(1.36) billion, the state may utilize the \$212 million remaining in the BSF to balance the budget.

During the month of May, the deposit of individual income tax payments should be completed and most refunds will have been processed. This additional month of activity, while not being definitive, will shed more light on the status of the shortfall.

**JLBC/JCCR Meetings** – The Monthly Fiscal Highlights include a summary of the April JLBC meeting (*page 6*). There was no JCCR meeting in April.



*“In the first 9 months of FY 2008, sales tax revenues are down (1.6)% compared to last year.”*

## March Revenues

**Sales Tax** collections were \$349.6 million in March. This amount was down (1.0)% compared to last March, and \$(8.7) million below the compromise forecast. In the first 9 months of FY 2008, sales tax revenues are down (1.6)% compared to last year. *Table 1* displays the March and year-to-date growth rates for selected categories.

taxes, amusement, transportation, and restaurants and bars was up \$3.4 million from the same period the previous year (*see growth rates in Table 1 above*).

As additional data becomes available over the next few months, JLBC Staff will assess whether this revenue increase was an anomaly associated with the Super Bowl hosted in Glendale on February 3<sup>rd</sup> or was the beginning of a recovery in the tourism industry. In the October 2007 edition of the Monthly Fiscal Highlights, JLBC Staff estimated that the Super Bowl would generate between \$3.6 and \$5.5 million in State General Fund revenues, based on projected sales tax collections. Staff will revisit this estimate as more data becomes available.

	<u>March</u>	<u>Year-to-Date</u>
Retail	(4.7)%	(3.1)%
Contracting	(14.9)%	(8.7)%
Utilities	16.3%	7.9%
Use	19.0%	10.4%
Restaurant & Bar	4.0%	0.5%
Hotel/Motel	12.4%	3.0%
Amusement	22.7%	8.8%
Transportation	9.1%	(29.2)%

There were significant variations in March collections by sector. Retail and contracting collections together account for two-thirds of all sales tax revenues. The retail sector declined by (4.7)%, and contracting fell by (14.9)%.

**Individual Income Tax** collections were \$61.9 million, or (42.0)% below last year. Year-to-date, income tax collections are (6.7)% below last year. March collections were \$(23.4) million less than the compromise forecast. *Table 2* displays individual category growth rates.

Certain March tourism-related collections, representing February transactions outperformed the yearly average collections. Specifically, revenue from hotel/motel bed

## March Revenues (Continued)

	<u>March</u>	<u>Year-to-Date</u>
Withholding	2.2%	2.2%
Estimated + Final Payments	6.6%	(12.3)%
Refunds	23.6%	21.4%

March withholding was 2.2% above last year, which is the same growth rate as that reported on a fiscal year cumulative basis.

Estimated and final payments increased year-over-year by 6.6% in March, the first positive growth rate reported in this category since October 2007. This increase may be attributable to early filing of tax returns by e-filers. A Department of Revenue report indicates that year-to-date e-filing was up by 14.3% at the end of March.

March refunds of \$284.2 million were \$54.2 million, or 23.6% over the prior year. The actual amount of refunds for the month exceeded the forecast by \$28.7 million.

The final forecast variance will be highly dependent on the outcome of this year's filing season, most of which will be known by the end of May.

Income tax return data through the third week of April suggests that the Department of Revenue is slightly ahead of last year's processing.

**Corporate Income Tax** collections were \$61.3 million, or (22.0)% below last year. This amount is \$(9.6) million below the revised JLBC Baseline forecast for the month.

**Luxury Tax** collections for March were \$(2.1) million below the compromise forecast. This shortfall was primarily due to a large, one-time refund of liquor tax revenues. Year to date, revenues are \$(2.0) million below forecast due to the shortfall in March.

**Budget Plan Transfers** for March were \$15.0 million. As noted above, the recently enacted FY 2008 Budget Plan includes fund sweeps and transfers totaling \$295.9 million. The \$15.0 million transferred in March was from the Clean Elections Fund. That amount, combined with \$3.9 million transferred in December 2007, totals \$18.9 million, which is \$(1.1) million below the amount included in the Budget Plan.

*"Year-to-date, income tax collections are (6.7)% below last year".*

	<u>FY 2008</u> <u>Collections</u>	<u>Difference From</u> <u>Compromise Forecast</u>	<u>Difference</u> <u>From FY 2007</u>
March	\$ 539.7	\$ (43.8)	\$ (83.1)
Year-to-Date	\$ 6,194.9	\$ (72.0)	\$ (438.7)

## Recent Economic Indicators

### NATIONAL

According to the Bureau of Economic Analysis' advance 2008 1<sup>st</sup> quarter estimate of **U.S. Real Gross Domestic Product (GDP)**, the economy grew by 0.6% over the 4<sup>th</sup> quarter of 2007. The real GDP also increased by 0.6% in the 4<sup>th</sup> quarter, the lowest quarterly growth since 2002. The common definition of a

recession is two consecutive quarters of negative change in the GDP.

The Conference Board's **U.S. Consumer Confidence Index** fell from 75.0 in March to 64.5 in March. Currently, the index is (40.4)% below March 2007 levels. While the Consumer Confidence Index stands at a 5-year low, the Expectations Index, a



## Recent Economic Indicators (Continued)



component of the Consumer Confidence Index, reached a 35-year low.

**U.S. semiconductor billings** (3-month moving average) decreased March by (4.6)% and by (3.5)% year over year. The Semiconductor Industry Association attributes slow growth in the U.S. economy to the decline in consumer purchases of electronic products.

The **U.S. Consumer Price Index (CPI)** (3-month moving average) increased by (0.3)% in March. The year over year increase was 4.4%. Nine of the 10 CPI sub-indices increased slightly in the month of March.

### ARIZONA

March total statewide **non-farm employment** decreased, year over year, by (0.3)%. Six of the 11 major industries reported employment gains from the previous month, while 3 reported losses and 2 remained flat. By comparison, the March year-over-year average growth rate in the prior 10 years was 3.2%. Arizona's **unemployment rate remained** flat at 4.0%. In comparison, the national unemployment rate was 4.8%.

**Construction employment** decreased by (0.4)% from February and by (10.9)% year-over-year with losses spread among all sub-sectors. March was the seventh consecutive month of job losses. The average year-over-year growth rate for March in the past 10 years was 5.5%. **Manufacturing employment** was essentially unchanged from February and decreased by (2.1)% year-over-year.

Permitting activity in the state provides perspective on future construction projects in the state. Statewide, the number of building permits authorized (3-month moving average) totaled 2,183, including 1,575 **single-family residential building permits** and 608 **multi-family building permits**. The number of permits authorized in the single family segment increased 6.7% over the prior period, while the number of permits in the multi-unit segment decreased (43.0)%. Year-over-year permitting activity in the single-family and multi-family segments are down (54.8)% and (42.4)%, respectively. While permitting activity in the multi-unit market remains volatile, activity in the single-family segment is hovering around levels not seen since 1991.

The Real Estate Center at Arizona State

University reported the Greater Phoenix **single-family median resale home price** in March, was unchanged from February's price of \$220,000. The number of **single-family homes sold** in March however, increased 16.8% from the prior month to 4,335 homes. Year-over-year, the number of single family homes sold and median resale home price are down (19.5)% and (17.1)%, respectively. Relative to February, the **townhouse-condominium median price** also remained unchanged in March, totaling \$165,000. In total, 685 units were bought and sold. Year-over-year, the median resale price and number of units sold has decreased (8.8)% and (49.3)%, respectively.

The Phoenix metropolitan area **supply of housing** indicator continues to show some improvement. This indicator uses the ratio between the number of homes listed for sale on the Arizona Regional Multiple Listing Service (ARMLS) and the number of homes sold in a given month to gauge the supply and demand of homes. Based on March MLS data, it would take 13.3 months to sell the current inventory of homes, 6.3 months less than January levels and 5.1 months longer than a year ago.

The **Arizona Business Conditions Index (BCI)** increased 6.5% in March to 49.3 and is down (11.0)% year over year. March was the first month in which an increase in the index reported since November 2007. A reading below 50 suggests a slowdown in the overall level of economic activity in the near term. Four of the 5 components that make up the composite index increased in March, with the largest increase occurring reported for the production component.

In April, **AHCCCS caseload's** totaled 1,101,367 members, an increase of 1.0%, or 11,124 members, above the March totals. Year-over-year, the AHCCCS caseload has increased by 6.1%, or 63,712 members.

The number of **TANF** recipients has declined (0.4)% year-over-year, and (0.3)% relative to last month, to 79,814 recipients. The state budget projects 84,700 recipients in FY 2008.

Between January and March, the **Department of Corrections' (ADC) inmate population** increased by 205 inmates per month to an average population of 38,121 inmates. Fiscal year-to-date however, ADC's inmate population growth totals 142 inmates, less than the budgeted increase of 160 inmates per month.

"Construction employment decreased by (0.4)% from February and by (10.9)% year over year with losses spread among all sub-sectors".

## Recent Economic Indicators (Continued)

Table 5

RECENT ECONOMIC INDICATORS				
Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
<b>Arizona</b>				
- Unemployment Rate	March	4.0%	0.0%	8.1%
- Non-Farm Employment – Total	March	2.68 million	0.4%	(0.3)%
Manufacturing	March	179,600	(0.1)%	(2.1)%
Construction	March	203,700	(0.4)%	(10.9)%
- Contracting Tax Receipts (3-month average)	Jan-Mar	\$65.6 million	(7.9)%	(17.7)%
- Retail Sales Tax Receipts (3-month average)	Jan-Mar	\$166.7 million	(2.0)%	(6.0)%
- Residential Building Permits (3-month moving average)				
Single-unit	Dec-Feb	1,575	6.7%	(54.8)%
Multi-unit	Dec-Feb	608	(43.0)%	(42.4)%
- Greater Phoenix Existing Home Sales				
Single-Family	March	4,335	16.8%	(19.5)%
Townhouse/Condominium	March	685	(10.5)%	(49.3)%
- Greater Phoenix Median Home Sales Price				
Single-Family	March	\$220,000	(0.0)%	(17.1)%
Townhouse/Condominium	March	\$165,000	(0.0)%	(8.8)%
S&P/Case-Shiller Home Price Index	January	180.06	(4.1)%	(18.2)%
- Months Supply of Housing (ARMLS)	March	13.3 months	(3.4) months	5.1 months
- Phoenix Sky Harbor Air Passengers	February	3.3 million	(0.8)%	0.6%
- Arizona Average Natural Gas Price (\$ per thousand cubic feet)	December	\$7.86	(22.4)%	(8.7)%
- Leading Indicators Index	December	118.5	(0.5)%	(0.4)%
- Business Conditions Index (>50 signifies expansion)	March	49.3	6.5%	(11.0)%
- Consumer Confidence Index	4 <sup>th</sup> Quarter 2007	79.8	(21.7)%	(24.2)%
- Business Leaders Confidence Index	1 <sup>st</sup> Quarter 2008	40.4	(4.9)%	(22.2)%
- Arizona Personal Income	4 <sup>th</sup> Quarter 2007	\$212.5 billion	0.8%	5.5%
- Arizona Population	July 1, 2007	6.34 million	173,066	2.8%
- AHCCCS Recipients	April	1,101,367	1.0%	6.1%
- TANF Recipients	February	79,814	(0.3)%	(0.4)%
- DOC Inmate Growth (3-month average)	Jan-Mar	38,121	205 inmates	2,108 inmates
<b>United States</b>				
- Real Gross Domestic Product (seasonally adjusted annual growth rate)	1 <sup>st</sup> Quarter 2008	\$11.7 trillion	0.6%	2.5%
- Consumer Confidence Index	March	64.5	(15.6)%	(40.4)%
- Leading Indicators Index	February	135.0	(0.3)%	(1.7)%
- U.S. Semiconductor Billings (3-month moving average)	Dec-Feb	\$3.29 billion	(4.6)%	(3.5)%
- Consumer Price Index (3-month moving average)	Jan-Mar	212.8	0.3%	4.4%

## JLBC Meeting



**Attorney General – Review of Allocation of Settlement Monies** – The Committee gave a favorable review to the allocation plan for \$410,000 received by the state from the Southwestern Furniture of Wisconsin consent judgment. The company does business as Ashley Furniture Homestore. They will pay about \$2,000 in restitution to consumers who were charged a restocking fee and will replace furniture or provide refunds totaling \$8,000 for consumers who received defective furniture. In addition, Ashley Furniture Homestore will pay the Attorney General (AG) \$400,000 for the costs of the investigation. In January 2008, the AG entered into a consent judgment with Ashley Furniture Homestore based on a large number of consumer complaints concerning very late or defective deliveries.

**Attorney General – Review of Allocation of Settlement Monies – State v. Caremark** – The Committee gave a favorable review to the AG's allocation plan for the \$659,000 that Arizona will receive as a result of the multi-state suit brought against Caremark, a pharmacy benefit manager. The suit alleged that Caremark falsely interchanged consumers' prescriptions without physician approval. The \$659,000 must be used by non-profit organizations to benefit lower-income, disabled, or elderly consumers concerning the cost differences among medications or for similar purposes. In addition, the AG will receive \$1 million for attorney's fees and investigative costs, consumer fraud education, and for investigations and enforcement of the Consumer Fraud Act.

**Attorney General – Review of Uncollectible Debts** – The Committee gave a favorable review to the AG's recommendation that \$9.1 million in state debts be classified as uncollectible. Of the \$9.1 million identified as uncollectible by the AG, 94% are classified as debt that was discharged in bankruptcy, settled, the debtor is a defunct corporation, or the debtor has no assets, wages, and/or a negative credit report. The remaining is classified as uncollectible because the AG was unable to locate the debtor or the cost of collection exceeds the amount of debt owed.

**Department of Economic Security – Review of Requested Transfer of Appropriations** – The Committee gave a favorable review to the Department of Economic Security's (DES) request to transfer funds from the Day Care Subsidy Special Line Item (SLI) to the Temporary Assistance for Needy Families (TANF) Cash Benefits SLI. Under this request \$45.3 million in General Fund monies will be transferred in order to fulfill technical and federal requirements associated with the receipt of \$30 million in additional TANF funding.

DES currently receives \$226.6 million in TANF Block Grant funding from the federal government each year. These monies are spent for a variety of purposes. In FY 2008, DES applied for and received an additional \$30 million in money from the TANF Contingency Fund. These monies will be used to fund supplemental appropriations for Children Services, Adoption Services, Child Protective Services caseworkers, and eligibility workers in the Family Assistance Administration.

**Department of Education – Review of Request to Transfer Surplus FY 2008 Basic State Aid Monies to Address Shortfalls in Other Programs** – The Committee gave a favorable review to the department's proposal to transfer \$7.1 million in surplus FY 2008 Basic State Aid monies to the Additional State Aid program in order to address anticipated funding shortfalls.

The Additional State Aid program funds the "Homeowners' Rebate," which currently pays 37% of each homeowner's primary property taxes for schools and 100% of primary property taxes that exceed 1% of the taxable value of a home.

**Arizona Pioneers' Home – Consider Approval of Requested Transfer of Appropriations** – The Committee gave a favorable review to the agency's plan to transfer \$301,100 from the Personal Services Line and \$49,600 from the Prescription Drug Special Line Item to the Employee Related Expenditures (ERE) line in FY 2008. In FY 2008, ERE expenses such as state employee health insurance and other non-salary personnel costs are estimated at \$1.9 million as compared to the appropriated amount of \$1.6 million.

## JLBC Meeting (Continued)

**Department of Public Safety – Quarterly Review of the Arizona Public Safety Communication Advisory Commission** – The Committee gave a favorable review to the FY 2008 second quarter expenditures and progress

report for the statewide interoperability design project. The interoperability design project was created to allow public safety personnel from one agency to communicate, via mobile radio, with personnel from other agencies in order to coordinate their actions

in the event of an emergency. Second quarter expenditures totaled \$404,300 of approximately \$3.9 million in FY 2008 appropriated funding.

## Summary of Recent Agency Reports

**Arizona Department of Administration – Annual Actuarial Report on Self-Insured Health Benefits** – Pursuant to A.R.S. § 38-654 the Department of Administration has submitted its annual report on the status of the self-insured state employee health benefit program. The report finds that the system is actuarially sound in the current year, with a projected ending balance of \$90.4 million. The estimated amount needed to cover the Incurred But Not Reported (IBNR) reserve is \$59.8 million in FY 2008. Total enrollment in the plan is 65,018 and is estimated to grow at 0.6% annually. The report provides a preliminary estimate of a 9.4% increase in premiums for Plan Year 2009, which begins October 1, 2008 for active employees.

**Arizona Department of Corrections – Report on Monthly Bed Plan Update** – The Department of Corrections (ADC) has provided a report to JLBC Staff with updated information related to their bed plan. Based on the report, all vendors in which the department contracts with are largely in compliance with the terms and conditions of their contracts. Relative to the contracted beds in the State of Indiana however, ADC indicates that they have agreed to transfer all 630 inmates out of the facility later this fiscal year. As a result, the department issued a Request for Proposal for replacement beds on March 13 and responses were due April 14.

**Department of Corrections/Arizona Department of Administration – Report on the Status of Public and Private Beds** – Laws 2007, Chapter 261 authorized the Arizona Department of Administration (ADOA) to contract for 2,000 new private prison beds as well as the construction of 4,000 new public beds – to be funded via a 20-year, \$200 million lease-purchase agreement.

*2,000 Private Beds:*

On February 15, the Arizona Department of Corrections and ADOA awarded a contract to build and operate 2,000 private prison beds to Management and Training Corporation (MTC). The beds will be located in Kingman, Arizona and are anticipated to be constructed in 16 months from the time MTC secures financing for the facility. When financing would be secured however, was not included in the report.

*4,000 Public Beds:*

During the third quarter, ADOA awarded the contract for Architectural and Engineering Services. In addition, ADOA awarded the contract for Construction Manager at Risk. Currently, vendors are working on the conceptual design of the facilities and ADOA anticipates the first 1,000 (of the 4,000) beds will now open in July 2009, as opposed to May 2009. With the revised completion date for the initial 1,000 beds, the opening of the final 1,000 beds is projected to be delayed until March 2010.

**Arizona Criminal Justice Commission – Report on Statewide Methamphetamine Interdiction Efforts** – Pursuant to Laws 2006, Chapter 337, the Arizona Criminal Justice Commission (ACJC) is required to report quarterly on the use of \$3 million appropriated in FY 2007 for increased methamphetamine interdiction efforts by the counties.

All monies have been allocated to counties based on the formula in Chapter 337, which appropriates \$50,000 to each county and distributes the remaining monies based on county population. ACJC reported that as of December 31, 2007, \$2.6 million has been spent by the counties. Of this amount, 9 counties have spent a total of \$2 million on the Arizona Meth Project, a prevention program modeled after the Montana Meth Project, whose goal is to reduce first-time methamphetamine use among Arizona youth. Maricopa County has taken on the role of project coordinator and has finalized intergovernmental agreements with other counties to use Chapter 337 funding for the project.

The remaining \$623,900 was spent on meth education programs, drug task forces, prosecution costs, and treatment programs. The remaining unspent funds total \$345,400 and are unencumbered as of the end of the second quarter of FY 2008.

## Summary of Recent Agency Reports (Continued)

**Department of Health Services – Report on Federal 317 Vaccines Program** – Pursuant to a footnote in the FY 2008 General Appropriation Act, the Department of Health Services (DHS) has submitted a report on the amount of federal monies received for FY 2007 for the Federal 317 Vaccines program. The Federal 317 Vaccines program provides immunizations to children in public settings, such as malls and clinics. The department reports that as of February 29, 2008, it has received \$41,100 in Federal 317 monies. The vaccine orders for the Vaccines for Children Direct Assistance and 317 Direct Assistance amounts are no longer shared with the department. Instead, DHS is provided with an estimated target budget which serves as a ceiling for Arizona's vaccine purchase. For FY 2008, the target amount is approximately \$74 million. In FY 2007, the target amount was \$81 million.

**Arizona Department of Public Safety – Quarterly Report on GIITEM** – Pursuant to Laws 2007, Chapter 255 (General Appropriation Act), the Arizona Department of Public Safety (DPS) is required to report quarterly on the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM).

*DPS Personnel:*

In the second quarter of FY 2008, DPS spent or encumbered \$2.1 million of the \$10 million appropriation for the 100 DPS immigration staff. Fiscal year-to-date, DPS has spent a total of \$3.8 million from this appropriation. Of the 100 DPS personnel, at least 50 sworn DPS positions are to be used for immigration and border security and up to 50 DPS positions are to expand GIITEM's public awareness, investigation and intelligence efforts. As of December 31, 2007, 57 of the 100 DPS positions were filled, of which 28 were assigned to immigration enforcement, and 29 work with gang enforcement.

During the second quarter, DPS hired 1 new DPS sworn officer and 1 civilian for GIITEM efforts.

*Local Law Enforcement Efforts (Multi-Jurisdictional Task Force):*

In the first 2 quarters of FY 2008, DPS spent or encumbered \$633,300 of the \$10 million for local law enforcement grants. As of December 31, 2007, 14 agencies statewide contributed one detention officer to the Detention Liaison (DLO) Program that assists with collection of gang and human smuggling intelligence information at various correctional facilities. Currently, 23 federal, county and local law enforcement agencies provide 49 officers to GIITEM efforts. In the second quarter, 5 new agencies provided 24 officers, and another 6 have agreements but are unable to provide GIITEM staff.

**Department of Water Resources – Report on Assured and Adequate Water Supply Program Fees** –

Pursuant to a FY 2008 General Appropriation Act footnote, the Department of Water Resources (DWR) has submitted the amount of fees collected by the Assured and Adequate Water Supply (AAWS) program.

Laws 2005, Chapter 217 established the fund to provide for the costs and expenses incurred by DWR when determining and declaring assured and adequate water supplies. The AAWS Administration Fund consists of monies that are paid to the DWR for applications related to assured and adequate water supplies. Previously, fees were deposited into the General Fund.

DWR reports that for the quarter ending March 31, 2008, the department collected \$188,900, bringing year-to-date collections for FY 2008 to \$462,400. This amount is \$74,500, or 14% below collections for the same period in FY 2007. Actual collections have been lower than expected, which

DWR notes is due to the declining housing market. The department previously estimated total FY 2008 revenues of \$1.1 million.

# State of Arizona

## General Fund Revenue:

### Change from Previous Year and Compromise Forecast March 2008

	Current Month					FY 2008 YTD (Nine Months)				
	Actual March 2008	Change From March 2007		Forecast		Actual March 2008	Change from March 2007		Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b>Taxes</b>										
Sales and Use	349,634,579	(\$3,453,594)	(1.0) %	(\$8,654,231)	(2.4) %	\$3,326,958,548	(\$54,085,534)	(1.6) %	(\$27,074,732)	(0.8) %
Income - Individual	61,916,270	(44,920,768)	(42.0)	(23,411,745)	(27.4)	2,353,448,166	(168,267,633)	(6.7)	(34,116,623)	(1.4)
- Corporate	61,341,384	(17,319,345)	(22.0)	(9,553,516)	(13.5)	482,301,166	(145,660,720)	(23.2)	(7,384,810)	(1.5)
Property	711,366	148,234	26.3	111,366	18.6	12,548,397	(2,277,065)	(15.4)	163,923	1.3
Luxury	3,178,461	(1,419,956)	(30.9)	(2,074,539)	(39.5)	44,572,772	(5,074,915)	(10.2)	(1,972,238)	(4.2)
Insurance Premium	81,182,866	(18,701,039)	(18.7)	(817,134)	(1.0)	240,323,544	(7,811,580)	(3.1)	1,891,381	0.8
Estate	0	(52,430)	(100.0)	0	--	268,122	1,093,688	--	0	0.0
Other Taxes	35,194	(12,063)	(25.5)	(15,127)	(30.1)	432,380	(52,040)	(10.7)	(18,985)	(4.2)
<b>Sub-Total Taxes</b>	<b>\$558,000,120</b>	<b>(\$85,730,961)</b>	<b>(13.3) %</b>	<b>(\$44,414,926)</b>	<b>(7.4) %</b>	<b>\$6,460,853,095</b>	<b>(\$382,135,799)</b>	<b>(5.6) %</b>	<b>(\$68,512,084)</b>	<b>(1.0) %</b>
<b>Other Revenue</b>										
Lottery	3,354,100	375,500	12.6	(448,800)	(11.8)	25,353,519	(2,627,481)	(9.4)	(1,030,400)	(3.9)
License, Fees and Permits	2,351,653	(693,168)	(22.8)	(1,316,747)	(35.9)	26,453,161	(3,866,524)	(12.8)	(565,185)	(2.1)
Interest	6,383,037	(3,157,116)	(33.1)	(499,463)	(7.3)	76,279,137	3,152,698	4.3	(2,563,739)	(3.3)
Sales and Services	3,190,621	(907,105)	(22.1)	(1,927,579)	(37.7)	36,979,970	290,386	0.8	(3,194,244)	(8.0)
Other Miscellaneous	8,060,818	6,414,710	389.7	5,681,718	238.8	27,780,887	3,525,543	14.5	4,866,293	21.2
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	378,906	(3,264,078)	(89.6)	278,906	278.9	35,710,087	24,026,863	205.7	164,414	0.5
<b>Sub-Total Other Revenue</b>	<b>23,719,135</b>	<b>(1,231,257)</b>	<b>(4.9) %</b>	<b>1,768,035</b>	<b>8.1 %</b>	<b>228,556,761</b>	<b>24,501,485</b>	<b>12.0 %</b>	<b>(2,322,861)</b>	<b>(1.0) %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$581,719,255</b>	<b>(\$86,962,218)</b>	<b>(13.0) %</b>	<b>(\$42,646,891)</b>	<b>(6.8) %</b>	<b>\$6,689,409,856</b>	<b>(\$357,634,314)</b>	<b>(5.1) %</b>	<b>(\$70,834,945)</b>	<b>(1.0) %</b>
<b>Other Adjustments</b>										
Urban Revenue Sharing	(57,044,911)	(11,109,023)	24.2	0	0.0	(513,404,196)	(99,981,200)	24.2	0	0.0
Budget Plan Transfers	15,000,000	15,000,000	--	(1,123,821)	(7.0)	18,876,179	18,876,179	--	(1,123,821)	(5.6)
<b>Sub-Total Other Adjustments</b>	<b>(42,044,911)</b>	<b>3,890,977</b>	<b>(8.5) %</b>	<b>(1,123,821)</b>	<b>2.7 %</b>	<b>(494,528,017)</b>	<b>(81,105,021)</b>	<b>19.6 %</b>	<b>(1,123,821)</b>	<b>0.2 %</b>
<b>TOTAL REVENUE</b>	<b>\$539,674,344</b>	<b>(\$83,071,241)</b>	<b>(13.3) %</b>	<b>(\$43,770,712)</b>	<b>(7.5) %</b>	<b>\$6,194,881,839</b>	<b>(\$438,739,335)</b>	<b>(6.6) %</b>	<b>(\$71,958,766)</b>	<b>(1.1) %</b>