



Children's Action Alliance

A Voice for Arizona's Children since 1988

TAX RANKINGS

Census data for 2012 shows that Arizona continues to rank below the national average for state and local taxes with the exception of the general sales tax.

Arizona continues to be a low tax and fee state.

For 2012, Arizona ranks 39th for combined state and local taxes and fees, down from 37th in 2000. As the table on the reverse side shows, no state is highest in all types of taxes, nor is any state consistently lowest. For example, Alaska has no individual income tax and ranks lowest among the states that have a general sales tax, but ranks highest for corporate income taxes, other taxes and miscellaneous revenues. With the exception of the general sales tax, Arizona ranks in the lower half for each tax type as well as fees and miscellaneous revenue.

ARIZONA STATE AND LOCAL TAXES PAID PER \$100 OF PERSONAL INCOME HAS FALLEN IN ALL BUT ONE CATEGORY SINCE 2000

Tax Type	2012	2000	Change
Individual Income	\$1.32	\$1.82	-\$0.50
Corporate Income	\$0.28	\$0.42	-\$0.14
Property	\$2.92	\$3.11	-\$0.19
General Sales	\$3.67	\$3.86	-\$0.19
Selective Sales	\$0.92	\$0.97	-\$0.05
Other Taxes	\$0.28	\$0.43	-\$0.15
Total Taxes	\$9.47	\$10.61	-\$1.14
Fees/Miscellaneous	\$4.21	\$4.02	\$0.19
Total Taxes and Fees	\$13.68	\$14.63	-\$0.95

20 years of tax cuts mean Arizonans are paying 20% less in taxes per \$100 of personal income than we were in 1991.

With one exception, Arizona's legislature has passed tax cuts every year since 1990. The individual income tax rate has fallen by 35% over that time period. The corporate income tax rate, which began phasing down over four years beginning in 2014, is currently 35% lower than it was in 1990 and, by 2018, will be 47% below. An increasing number of tax credits for both individual and corporate income tax filers have also reduced the amount of taxes paid as a percentage of income. Only the sales tax has seen an increase as the result of two voter-approved increases – the 0.6% increase directed to K-12 education, passed in 2001, and the temporary 1% increase that was in effect from June 2010 through May 2013.

HOW ARIZONA RANKS State and Local Revenue per \$100 of Personal Income

	2012	2000	Out of
Individual Income	40	38	43
Corporate Income	31	21	46
Property	28	22	50
General Sales	6	7	46
Selective Sales	42	39	50
Other Taxes	44	47	50
Total Taxes	35	27	50
Fees/Miscellaneous	38	42	50
Total – Taxes + Fees	39	37	50

Source: US Census and Bureau of Economic Analysis

Even in those categories where Arizona's national ranking has increased since 2000, the amount of taxes paid per \$100 of personal income has decreased in all but one category -- Fees/Miscellaneous. This, in part, reflects the growing practice of shifting funding for programs away from the general fund to fees. For example, in order to balance the budget in 2010, the legislature gave the Department of Health Services authority to increase the licensing and certification fees charged for child care centers and health care institutions and eliminated \$8 million general fund support.

State and Local Taxes Per \$100 of Personal Income



NOTE: Data not collected for 2001 and 2003.

Sources: Tabulations based on data from the Bureau of the Census and the Bureau of Economic Analysis

HOW ARIZONA COMPARES IN TAXES PER \$100 OF PERSONAL INCOME (2012)

Tax Type	Arizona	US Avg.	Highest Amount		Lowest Amount*	
Individual Income	\$ 1.32	\$ 2.28	\$ 4.66	New York	\$ 0.07	Tennessee
Corporate Income	\$ 0.28	\$ 0.36	\$ 1.85	Alaska	\$ 0.08	Ohio
Property	\$ 2.92	\$ 3.30	\$ 5.41	New Jersey	\$ 1.49	Alabama
General Sales	\$ 3.67	\$ 2.33	\$ 4.77	Hawaii	\$ 0.58	Alaska
Selective Sales	\$ 0.92	\$ 1.20	\$ 2.32	Vermont	\$ 0.56	Wyoming
Other Taxes	\$ 0.28	\$ 0.63	\$16.44	Alaska	\$ 0.16	Georgia
Total Taxes	\$ 9.47	\$10.28	\$24.21	Alaska	\$ 7.70	South Dakota
Fees/Miscellaneous	\$ 4.21	\$ 4.63	\$14.92	Alaska	\$ 2.26	Connecticut
Total – Taxes + Fees	\$13.68	\$14.91	\$39.14	Alaska	\$11.43	South Dakota

*Lowest among the states that have that type of tax.

Source: US Census and Bureau of Economic Analysis