

# ARIZONA'S ECONOMY

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## Q & A ABOUT STATE INCOME TAXES

*A referendum to eliminate Arizona's income taxes was recently removed from the November ballot by a Superior Court Judge. Supporters are expected to appeal the court's decision and they have promised to try again, if their appeal is unsupported. The following questions and answers are designed to provide some insights into this debate.*

### Q<sup>1</sup> Which states don't have an individual income tax?

Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not have individual income taxes. In addition, New Hampshire's and Tennessee's state income tax is limited to dividends and interest income.<sup>1</sup> New Hampshire and Tennessee are included in tables as not having a state income tax, but are denoted with an asterisk.

### Q<sup>2</sup> Do the states without an individual income tax still have a corporate income tax?

Some do and some don't. Alaska, Florida, New Hampshire, and Tennessee have corporate income taxes. Texas, Washington and Wyoming do not. South Dakota imposes corporate income taxes on banks.<sup>2</sup>

### Q<sup>3</sup> Where does Arizona's per capita state tax revenue rank among other states?

Arizona's per capita state tax revenue is \$1,488, which places Arizona 42 among all 50 states in per capita state tax revenue (Table 1). Even with a state income tax, Arizona's per capita state tax revenue ranks 42nd among the 50 states. Clearly Alaska, Washington, Nevada and Wyoming have either

higher sales tax rates or excellent alternative tax bases that make up for their lack of an income tax, given that they rank 12, 8, 15, and 20th, respectively, in per capita state tax revenue. Four of the states without a state income tax rank *dead last* in terms of per capita state tax revenue: Tennessee, Texas, South Dakota and New Hampshire (47, 48, 49, and 50th, respectively).

### Q<sup>4</sup> If these states don't levy state income taxes, where do they get their tax revenue?

Arizona's share of revenues derived from the individual income tax is already 21% below the national average (Table 2). Each of the states without an income tax has at least twice as high a percentage in "other" revenue sources, so they have had to look for alternative, perhaps non-traditional, forms of revenue sources.

Alaska receives 63% of its revenue from "other," which in their case is the severance tax on oil. Wyoming derives 41.4% from "other," which is mostly mineral related: severance taxes on crude oil, natural gas and coal; mineral royalties. Even part of their property tax is based on mineral assessments.<sup>3</sup> The state of Washington has a *state* property tax, imposed on all property in Washington, with the proceeds designated for education.<sup>4</sup> New Hampshire and Alaska impose very high corporate income taxes relative to other states in the U.S. Both receive almost a quarter of their revenues from this source.

Nevada receives almost 85% of its state tax revenues from the state sales tax or selected

TABLE 1  
Per Capita State Tax Revenue and Rank, by State

State	Per Capita	Rank
Alaska	\$ 1,932	12
Florida	\$ 1,509	41
Nevada	\$ 1,848	15
New Hampshire*	\$ 851	50
South Dakota	\$ 1,130	49
Tennessee*	\$ 1,288	47
Texas	\$ 1,246	48
Washington	\$ 2,075	8
Wyoming	\$ 1,779	20
Arizona	\$ 1,488	42
U.S. Average	\$ 1,761	

Source: Federation of Tax Administrators

sales taxes. This high sales tax revenue is undoubtedly linked to gaming and their hefty hotel/motel/bed taxes and taxes on restaurants to capture their extremely high tourist expenditures. Nevada has gaming taxes, percentage fees and a casino entertainment tax that, when combined, exceeds their general sales tax collections.<sup>5</sup>

Although the state of New Hampshire shows no general sales tax in this table, their reliance on *selective* sales tax is very high. They have a communication services tax of 5.5 percent, a meals and rentals tax of eight percent, a \$.75 per \$100 real estate transfer tax and a \$.52 per pack tobacco tax. They also have a state education property tax of \$6.6 per \$1,000 equalized value, a utility property tax and a local property tax.<sup>6</sup>

INSIDE

NEW ECONOMY PARTNERSHIP UPDATE ..... 6

BANK ONE ENDOWMENT ..... 6

FORECAST UPDATE ..... 7

FORECAST TABLES ..... 10

ECONOMIC INDICATORS ..... 11

Q5

**Without an income tax, at what level do states impose their sales tax?**

Five out of the nine states with no income tax have sales rates that are at least 20% greater than Arizona's (Table 3): Nevada and Washington have state sales tax rates that are 30% higher than Arizona's; Texas' sales tax rate is 25% higher than Arizona's; Tennessee and Florida's sales tax rates are 20% higher than Arizona's.

Q6

**So far, this information has dealt only with state tax revenues. That is only part of the picture because each state has different ways of allocating fiscal responsibility among state and local governments. How do the states compare when both state AND local revenue are considered?**

Arizona is well below the U.S. average in both Total Own Source Revenue (17% below) and Total Taxes (12% below) (Table 4). Without it's 28.6% of state taxes coming from the individual income tax (Table 2), Arizona's per capita state and local revenues fall by \$518 (26.8% of the per capita state tax revenue in Table 1). That would result in Arizona's per capita state and local tax revenue falling to \$1,777 (subtract \$518 from the \$2,295 in Table 4). This figure would put Arizona well below Tennessee, which is currently ranked 50th in per capita state and local tax revenues.

Although New Hampshire was ranked 50th in state tax revenues, it ranks 33rd in state and local per capita tax revenues, three rankings higher than Arizona. This means that New Hampshire shifts the bulk of its fiscal responsibility to local governments.

Q7

**How do state and local governments share fiscal responsibility in states without an income tax?**

Florida, New Hampshire, Texas and, to a lesser extent, Tennessee have shifted substantially more fiscal responsibility onto local governments than Arizona (Table 5). Alaska, with its oil revenues, shifts relatively little financial responsibility to its local governments.

Arizona already relies more on the general sales tax and less on the individual income tax than other states, on average (Table 6). New Hampshire funds most of its public services out of local property taxes.

TABLE 2 1998 State Tax Collection by Source (percentage of total)

State	Property Tax	Sales Tax	Selective Sales Tax	Individual Income Tax	Corporate Income Tax	Other
Alaska	4.1	—	9.8	—	23.2	62.8
Florida	4.4	57.4	17.8	—	5.6	14.8
Nevada	2.2	54.9	30.0	—	—	12.8
New Hampshire*	0.1	—	49.4	6.1	23.4	21.0
South Dakota	—	53.1	26.2	—	4.6	16.1
Tennessee*	—	57.6	18.5	2.3	8.7	13.0
Texas	—	50.6	30.1	—	—	19.3
Washington	17.3	58.5	15.0	—	—	9.1
Wyoming	11.6	39.2	7.9	—	—	41.4
Arizona	3.6	43.9	13.8	26.8	7.6	4.3
US Totals	2.2	32.9	15.0	33.9	6.5	9.4

Source: U.S. Bureau of the Census

TABLE 3 State Sales Tax Rates by States — for those states with no income tax, January 1, 2000 (excludes local sales tax rates)

Alaska	none
Florida	6.0% (food and prescription drugs exempt)
New Hampshire*	none
Nevada	6.5% (food and prescription drugs exempt)
South Dakota	4.0% (prescription drugs exempt)
Tennessee*	6.0% (prescription drugs exempt)
Texas	6.25% (food and prescription drugs exempt)
Washington	6.5% (food and prescription drugs exempt)
Wyoming	4.0% (prescription drugs exempt) Also, tax rate may be adjusted annually according to a formula based on balances in the unappropriated general fund and the school foundation fund.
Arizona	5.0% (food and prescription drugs exempt)

Source: The American Tax Federation

TABLE 4 1996 State and Local Revenue

State	Total Own Source Revenue <sup>†</sup> Per Capita	Rank	Total Taxes Per Capita	Rank
Alaska	\$ 11,880	1	\$ 3,791	4
Florida	\$ 3,565	26	\$ 2,330	29
New Hampshire*	\$ 3,234	36	\$ 2,254	33
Nevada	\$ 3,802	14	\$ 2,661	16
South Dakota	\$ 2,936	48	\$ 1,965	46
Tennessee*	\$ 2,832	50	\$ 1,878	50
Texas	\$ 3,192	39	\$ 2,218	41
Washington	\$ 4,050	11	\$ 2,795	11
Wyoming	\$ 4,729	4	\$ 2,422	25
Arizona	\$ 3,096	43	\$ 2,295	30
US Average	\$ 3,724		\$ 2,597	

<sup>†</sup> Total Own Source Revenue is inclusive of all taxes and also includes a) current charges for services, such as for education, hospitals, parks, and b) miscellaneous general revenue, such as interest, special assessments or sale of property.

Source: U.S. Bureau of the Census

**TABLE 5** 1996 State and Local Own Source Revenues  
(percentage of total)

	State	Local
Alaska	80.5%	19.5%
Florida	47.8%	52.2%
New Hampshire*	45.1%	54.9%
Nevada	54.9%	45.1%
South Dakota	55.4%	44.5%
Tennessee*	51.6%	48.4%
Texas	48.9%	51.1%
Washington	59.4%	40.6%
Wyoming	58.1%	41.9%
Arizona	56.6%	43.4%
US Average	55.6%	44.4%

Source: Federation of Tax Administrators

**TABLE 6** 1996 State and Local Taxes by Source  
(percentage of total)

	Property Tax	General Sales Tax	Selective Sales Tax	Individual Income	Corporate Income	Other
Alaska	29.6	4.7	5.7	0.0	14.2	45.9
Florida	35.2	35.1	17.3	0.0	3.0	9.4
Nevada	20.6	38.8	26.3	0.0	0.0	14.3
New Hampshire*	67.4	0.0	16.4	2.0	6.9	7.4
South Dakota	38.8	35.1	13.3	0.0	2.6	10.2
Tennessee*	22.7	46.5	14.3	1.1	5.3	10.0
Texas	37.5	32.3	18.4	0.0	0.0	11.8
Washington	30.2	46.8	13.6	0.0	0.0	9.4
Wyoming	37.4	31.8	6.2	0.0	0.0	24.6
Arizona	30.6	34.0	10.7	14.7	4.4	5.6
US Average	30.4	24.5	11.6	21.3	4.6	7.5

Source: U.S. Bureau of the Census

**Q<sup>8</sup> What general conclusions can be drawn from Tables 1-6?**

Arizonans have several choices if income taxes are eliminated:

- a.** We can miraculously find and quickly develop new natural resources (like Alaska and Wyoming).
- b.** We can legalize gambling (Nevada).
- c.** We can raise the sales tax rate by 20-30% (Florida, Nevada, Tennessee, Texas, Washington) and still not make up the difference.
- d.** We can combine a higher sales tax rate with a new state property tax (Washington, New Hampshire).
- e.** We can shift fiscal responsibility to local governments (Texas, Tennessee, New Hampshire, and Florida), consequently shifting the burden in Arizona primarily onto local property taxes.
- f.** Arizona can fall to dead last in per capita own source total state and local revenues (below South Dakota and Tennessee, ranked 48th and 50th, respectively).

**Q<sup>9</sup> Would local governments be hurt fiscally if the state individual and corporate income taxes were eliminated?**

Absolutely. Local governments would be hurt both directly and indirectly. Local governments would be hurt *indirectly* because fiscal responsibilities inevitably would be shifted from the state to local government entities.

Incorporated cities and towns would lose

money *directly* because currently they receive 15% of the individual and corporate income tax collections. According to Arizona Revised Statute 43-201 (Urban Revenue Sharing Fund), an amount equivalent to 12.8% of the net proceeds of state income taxes (individual and corporate) collected two fiscal years prior to the current fiscal year shall be credited to the Urban Revenue Sharing Fund for sharing revenues with incorporated municipalities. Each city or town receives a share of this fund in the proportion their population bears to the total population based on the last U.S. decennial or special census. The percentage for FY 2001 and beyond is supposed to increase to 15% of net income tax receipts. This was supposed to have already happened, but was postponed.<sup>7</sup>

**Q<sup>10</sup> Aren't sales taxes "better" than individual income taxes because we can "export" sales taxes when tourists and other visitors buy things in Arizona?**

It is true that some sales taxes are "exported" when out-of-staters make purchases in Arizona. But the proportion exported is not as high as people may think. For Pima County, it has been estimated that only between 13% and 20% of the sales tax is exported to people out of the area.<sup>8</sup>

It is also true that many other taxes are also exported out of the area/state. Property taxes are exported, for example. All property taxes paid by corporations whose assets are held by non-Arizonans are exported (manufacturing facilities, destination resorts, etc.). Property taxes paid by non-residents are

exported (e.g. owners of apartment buildings, commercial properties, land, etc.). Property taxes paid by snow-birds on condominiums and homes are exported. In addition, when a local business sells to out-of-state visitors, the price of the items sold should reflect all costs, including the property taxes paid by the business owner. Therefore, just as with the sales tax, a portion of the property tax is exported out-of-state when sales are made to visitors.

The individual income tax is also "exported," although the word "shifted" is more appropriately applied. *A significant portion of our individual income tax is actually paid by the Federal Government.* Arizona's individual income taxes are deductible from taxable income on our federal income taxes for those that itemize. This means that the Federal Government pays a portion of our individual income tax. The average marginal federal income tax rate for Arizonans who itemize is probably greater than 28%. Therefore, more than 28% of the state income taxes paid by Arizonans who itemize on their federal income tax form is *shifted to the Federal Government.* If we eliminate the state tax, itemizers will have to pay more than 28% of what they would have paid to the state to the Federal Government. Note that sales taxes are *not deductible* from federal taxable income. Property taxes *are* deductible from federal taxable income, so they are both exported in a manner similar to sales taxes and shifted to the Federal Government in a manner similar to income taxes.

In 1997, 633,956 out of the 1,966,894 Federal Income Tax returns filed by Arizonans

itemized. And those itemizers deducted \$2,828,832,000 in Arizona state and local taxes from their Federal Taxable Income. This figure includes a) Arizona state income taxes, b) local property taxes, and c) the vehicle license (in lieu property) tax. Itemizers' federal taxable income is approximately 70.3% of total federal taxable income.<sup>9</sup> Assume that these federal income tax itemizers also account for 70.3% of Arizona taxable income. Then Arizona is currently shifting approximately 28% of 70.3% of \$2.1 billion (in Arizona individual income taxes), or \$413 million, to the Federal Government. Therefore, we as Arizonans will lose the ability to shift almost 20% of our individual income taxes to the Federal Government as our Federal tax bill increases.

**Q** *Proponents of eliminating Arizona's income tax believe that additional growth in the economy will provide new sales tax revenues to entirely replace lost income taxes in only five years? How reasonable is this assumption?*

This assumption is not reasonable at all. **Tables 7 and 9** present Arizona tax collections from the individual income tax, the corporate income tax and the transaction privilege (sales) tax. **Tables 8 and 10** show

**TABLE 9**  
Arizona Sales Tax Collections

1998-1999, est.	\$ 3,119,641,322
1997-1998	\$ 2,863,786,084
1996-1997	\$ 2,688,797,389
1995-1996	\$ 2,554,305,344

Source: State of Arizona 1995 Tax Handbook, 1996-98 Tax Handbook Supplement, 1999 Tax Handbook Supplement, Joint Legislative Budget Committee

**TABLE 11**  
Projections for Arizona

	2000	2005
Population (000's)	4,976.3	5,555.6
Personal income (\$million)	124,064.3	162,995.4
Per capita personal income (\$)	24,931.2	29,388.8
Per capita real personal income (\$2000) <sup>b</sup>	24,931.2	26,618.3

Source: The Forecasting Project, Arizona's Economy, April 2000, Economic and Business Research Program, Eller College of Business and Public Administration, the University of Arizona.

<sup>b</sup> Computed using information from projections and a two percent annual inflation rate.

how those state revenues are distributed between the state general fund, cities, counties and voluntary contribution funds (these contributions are checked on our income tax forms).

We can use 1998-1999 figures in **Tables 7-10** to answer the question: "How fast would Arizona have to grow for the growth in sales taxes to make up for the revenue lost from repeal of the state income tax?" If only the individual income tax were repealed, Arizona's taxable sales would have to grow 67% in five years. That's an average annual compound growth rate of 10.8% (i.e.,  $(1.108)^5 = 1.67$ ). This is the result of \$3,119,641,322 (sales tax collections, **Table 9**) having to grow to \$3,119,641,322 + \$2,097,696,461, or \$5,217,337,783 (the sum of the sales tax collections and the individual income tax collections, **Table 7**).

Some may argue that by giving back the \$2,097,696,461 in state income taxes, the state would generate additional sales tax as Arizonans spend the money. This is nonsense. When the state government and its agencies make purchases, they pay state sales taxes on those expenditures. Furthermore, the state government pays state employees who pay sales taxes. Therefore, no additional sales taxes will be generated from the money not paid in state income taxes. Also, as was discussed earlier, Arizonans will have to pay higher Federal income taxes if the state income tax is repealed.

If the corporate income tax were also eliminated, Arizona's taxable sales would have to grow 85% in five years, or 13.1% per year, compounded. This is the result of \$3,119,641,322 having to grow to \$3,119,641,320 + \$2,097,696,461 +

**TABLE 7** Arizona Individual and Corporate Income Tax Revenues

	Individual Income Tax	Corporate Income Tax	Combined
1998-1999	\$ 2,097,696,461	\$ 545,388,138	\$ 2,643,084,599
1997-1998	\$ 1,862,514,798	\$ 528,061,073	\$ 2,390,575,871
1996-1997	\$ 1,668,414,355	\$ 600,890,432	\$ 2,269,304,787
1995-1996	\$ 1,494,282,274	\$ 448,030,484	\$ 1,942,312,758
1994-1995	\$ 1,896,299,526	\$ 416,711,295	\$ 2,313,010,821
1993-1994	\$ 1,708,098,853	\$ 302,616,297	\$ 2,010,715,150
1992-1993	\$ 1,606,910,521	\$ 239,269,405	\$ 1,846,179,926
1991-1992	\$ 1,448,985,875	\$ 211,445,624	\$ 1,660,431,499
1990-1991	\$ 1,435,328,781	\$ 191,672,481	\$ 1,627,001,262
1989-1990	\$ 1,174,472,787	\$ 178,067,102	\$ 1,352,539,889

Source: State of Arizona 1995 Tax Handbook, 1996-98 Tax Handbook Supplement, 1999 Tax Handbook Supplement, Joint Legislative Budget Committee

**TABLE 8** Distribution of Arizona's Individual and Corporate Income Tax Revenues

	Urban Revenue Sharing (Cities)	%	State General Fund	Voluntary Contribution Funds
1998-1999, est.	\$ 340,310,656	12.88%	\$ 2,302,026,675	\$ 680,268
1997-1998	\$ 291,243,578	12.18%	\$ 2,098,733,397	\$ 598,896
1996-1997	\$ 257,800,548	11.36%	\$ 2,010,937,159	\$ 567,080
1995-1996	\$ 218,543,272	11.25%	\$ 1,723,080,577	\$ 697,909

Source: State of Arizona 1995 Tax Handbook, 1996-98 Tax Handbook Supplement, 1999 Tax Handbook Supplement, Joint Legislative Budget Committee

**TABLE 10** Distribution of Arizona's Sales Tax

	State General Fund	%	Counties	%	Cities	%
1998-1999, est.	\$ 2,417,022,363	77.48%	\$ 434,484,720	13.93%	\$ 268,134,239	8.60%
1997-1998	\$ 2,214,266,900	77.32%	\$ 401,648,941	14.03%	\$ 247,870,243	8.66%
1996-1997	\$ 2,074,663,192	77.16%	\$ 379,767,613	14.12%	\$ 234,366,584	8.72%
1995-1996	\$ 1,965,939,340	76.97%	\$ 363,833,107	14.24%	\$ 224,532,897	8.79%

Source: State of Arizona 1995 Tax Handbook, 1996-98 Tax Handbook Supplement, 1999 Tax Handbook Supplement, Joint Legislative Budget Committee

**TABLE 12** Five-year and Annual Growth Rates Required for Arizona Taxable Sales to make up the Revenue Loss of Eliminating the Income Tax, Under Different Circumstances

Which taxes will be eliminated	Controlling for Population Growth and Inflation		
	No population growth, no inflation, level of government services held constant	Population growth of 11% over five years, no inflation, per capita level of government services held constant	Population growth of 11% over five years inflation of 2% per year, per capita level of government services held constant
Eliminate individual income taxes	67% over five years or 10.8% annually	85% over five years or 13.6% annually	105% over five years or 15.5% annually
Eliminate individual and corporate income taxes	85% over five years or 13.1% annually	105% over five years or 15.5% annually	127% over five years or 17.8% annually
Eliminate individual and corporate income taxes and hold cities and towns harmless	96% over five years or 14.4% annually	118% over five years or 16.8% annually	140% over five years or 19.2% annually

\$545,388,138, or \$5,762,725,921 (the sum of the sales tax, the individual income tax and the corporate income tax collections).

But it could be worse than this. When the Arizona State Legislature makes a tax change, they usually hold cities and counties “harmless.” That is, they assure cities and counties that their revenues will not decrease. In 1998, incorporated cities and towns received an estimated \$340,310,656. Thus, if both the individual and corporate income taxes were eliminated and cities and towns were held “harmless,” Arizona’s taxable sales would have to grow 96% over five years, or 14.4% per year, compounded. This is the result of \$3,119,641,322 having to grow to \$5,762,725,921 (sum of sales, individual income and corporate income taxes), plus the amount distributed to the Urban Revenue Sharing Fund (\$340,310,656, **Table 8**), or \$6,103,036,527.

And worse yet — all these computations assume either that a) there will be no population growth (and therefore no need for additional government services) or b) government services won’t grow to accommodate the new population; rather, existing levels of government services will be spread over the expanded population base. These computations will be explored below in more detail, taking into account population growth.

And even worse — these computations assume there will be no inflation affecting the cost of providing government services. Further calculations will take inflation into account.

**Q<sup>12</sup> How fast is Arizona’s personal income projected to grow over the next five years?**

According to data obtained from the Forecasting Project at the UA Eller College, Arizona’s personal income is expected to grow approximately 31% from 2000 to 2005, or 5.6% per year (**Table 11**). But in order to

generate that growth in income, population will also have to grow. Population is projected to increase by 12% from 2000 to 2005 (or 2.2% per year) and all those people will require additional state and local government services. When projected personal income is divided by projected population, per capita income will grow by only 18%  $((29,388.8/24,931.2 - 1) * 100)$  over five years, or 3.3% per year.

Furthermore, inflation will eat away more than ten points of that 18% growth in per capita income from 2000 to 2005 (assuming an inflation rate of two percent annually). When deflated real per capita income is computed, its growth rate is only 6.8% over five years, or 1.3% per year.

In other words, *real* per capita income is projected to grow by 1.3% per year, but state sales tax revenues must grow by 67% over five years or 10.8% annually to make up for the loss of the individual income taxes. And this 10.8% annual growth must occur with *no* population growth and no inflation, in order to maintain the current level of public services.

**Table 12** summarizes the five-year and annual growth rates required to make up the loss of revenue caused by the elimination of the income tax. Three different cases are considered: elimination of the individual income tax, elimination of both the corporate and individual income tax, and elimination of both income taxes combined with holding incorporated cities and towns harmless. The required growth rates are computed under the assumptions of: no population growth and no inflation, population growth but no inflation, and both population growth and inflation.

**CONCLUSIONS**

Arizona does not have high incomes taxes when compared to other states. Elimination of the income tax will require Arizonans to

make some difficult choices. Arizona does not have the taxable natural resource base of Alaska and Wyoming, nor are Arizonans likely to legalize gambling as in Nevada. If Arizonans want to maintain revenue levels following the elimination of the income tax, we will have to raise the sales tax rate by 20-30% (Florida, Nevada, Tennessee, Texas, Washington) and combine it with a new state property tax (Washington, New Hampshire). Or, we can shift fiscal responsibility to local governments (Texas, Tennessee, New Hampshire, Florida), consequently shifting the burden in Arizona primarily onto local property taxes.

Alternatively, if Arizonans do not want to attempt to maintain current levels of state and local spending, Arizona will fall to dead last in per capita own source total state and local revenues (below South Dakota and Tennessee, ranked 48th and 50th, respectively).

Contrary to statements made by some of the proponents of eliminating the state income tax, Arizona’s state sales tax revenues cannot “grow” to make up the loss of the income tax revenues. Further, eliminating the state income tax is equivalent to paying the Internal Revenue Service an additional amount equivalent to more than 20% of what Arizona currently collects in income tax collections. ■

<sup>1</sup> The Federation of Tax Administrators.  
<sup>2</sup> The Federation of Tax Administrators.  
<sup>3</sup> Wyoming State Legislature Website, Budget/Fiscal: <http://legisweb.state.wy.us/budget/fiscal/update.htm>  
<sup>4</sup> State of Washington’s Department of Revenue Website: <http://dor.wa.gov/index.asp?/wador.htm>  
<sup>5</sup> State of Nevada Home Page, General Fund Revenue Summary: <http://www.state.nv.us/budget/revenue.htm>.  
<sup>6</sup> State of New Hampshire, Department of Revenue Administration, Overview of New Hampshire Taxes: <http://www.state.nh.us/revenue/gti-rev.htm>  
<sup>7</sup> Source: State of Arizona 1995 Tax Handbook, prepared by the Joint Legislative Budget Committee, State of Arizona, and the 1996-98 and 1999 Supplements.  
<sup>8</sup> Source: “Tax Exportation of the Proposed Half-Cent County Excise Tax.” Final Report to Pima County Government, October 1998, by Alberta H. Charney, Ph.D.  
<sup>9</sup> Estimate, derived from IRS, Statistics of Income Bulletin, Spring 1999.

## NEW ECONOMY PARTNERSHIP UPDATE

By Marshall J. Vest  
*Director, Economic and Business Research and Member of the Governor's Arizona Partnership for the New Economy Task Force*

*The New Economy Partnership is in full swing—and you can participate!*

In November of 1999, Governor Jane D. Hull created the “Arizona Partnership for a New Economy” (APNE) Task Force. Its

objectives are to 1) define the New Economy and its importance to Arizona, 2) assess Arizona's current readiness and establish benchmarks for measuring progress, and 3) develop strategies for correcting perceived deficiencies in responding to opportunities.<sup>1</sup>

Five “Hot Teams” have been assembled to identify and “create breakthroughs that would vault the state into a position to join the top tier of leading New Economy states.” The teams are:

**1 Knowledge Leaders, Entrepreneurs and Capital.** Knowledge builds wealth, and regions that invest in and orchestrate their knowledge

assets—intellectual talent, business, universities, and other research institutions—will prosper most. Research and development, technology transfer, research universities, venture capital, incubation and entrepreneurship are major topics for this team.

**2 E-Learning and New Talent.** Growing, retaining and attracting talent require developing flexible, customized education and ongoing training. E-Learning transforms the format and content of the learning enterprise and offers the opportunity to deliver the best curriculum to all Arizonans, *on their terms*, regardless of barriers they face. K-12 education, worker

## Bank One Gift Endows New Outreach Initiatives at Eller College

Thanks to a \$900,000 gift from Bank One to the Eller College's Campaign for the New Century, the Eller College is launching two new initiatives that expand the College's outreach efforts. Bank One (and its predecessor, Valley National Bank) is a long-time supporter of the Eller College and the Economic and Business Research Program. “We are delighted to partner with Bank One to bring these important economic topics to the public,” said Eller College dean Mark Zupan when announcing the gift.

The first initiative is a series of seminars for the Arizona business community. The **Eller College/Bank One Business Forums** will address state, local, national and international issues that affect the economic health of Arizona's residents and businesses. Organized by Professor Gerald Swanson, an award-winning teacher and author, the forums will be presented three times per year.

The inaugural forum, scheduled for October 25th, will address Arizona's tax issues (see ad). The second forum, scheduled for spring 2001, will focus on the “New Economy” and what it means for Arizona businesses. Can Arizona compete in the New Economy? What needs to be done from a policy perspective to enable success? In June, a mid-year economic update forum, with a review of national factors and Arizona's economy, will be featured.

A second initiative provides a new web site for the Economic and Business Research Program (EBR). For more than fifty years, EBR has served as *the source* for information concerning the Arizona economy. The web site, [ebr.eller.arizona.edu](http://ebr.eller.arizona.edu), is designed for the general public and contains commonly requested information, such as the inflation rate, unemployment, job growth, retail spending patterns, and other aggregate measures. From the site, visitors can access current metrics, read an interpretation of the data by EBR researchers and follow links to detailed data/descriptions from the originating agency. Also, recent publications, including the award-winning *Arizona's Economy* newsletter, are available in PDF format.

## The Inaugural Eller College/Bank One Business Forum

### Arizona's Tax Structure: The Good, the Bad, and the Ugly

UA economist Gerry Swanson will lead an exploration of the pressing tax issues facing the State of Arizona.

How does Arizona compare to other states in the areas of income, sales, and property taxation?

Is Arizona's tax structure a hindrance or help in promoting economic growth?

What would happen if we eliminated the state income tax?

How do you decide whether a tax is a good tax or a bad tax?

Learn the answers to these and other tax policy questions by attending this free Forum.

*The Forum will conclude with a reception and light refreshments.*

Wednesday, October 25, 2000

Berger Auditorium

McClelland Hall, 1130 E. Helen Street

4:00 pm-6:00 pm

*Parking is available at a nominal fee in the visitors' area of the Park Avenue Garage (enter on Park Ave., just north of the 7-11 store).*

(or incumbent) training, executive education, and distance learning are major topics.

**3 E-Government.** Responsive, seamless government is customer-driven and focused on reducing transactions costs. Faster, better government is the goal.

**4 New Commerce and Creative Communities.** Creating the physical and regulatory environments where new commerce will thrive and knowledge workers want to live and work is the focus here. Quality of life, downtown development, and tax policy are major topics.

**5 Building Connections to Opportunity.** Access and advanced

communications infrastructure are vital to success in the knowledge economy. The digital divide that prevents full participation of all residents must also be addressed through education and skills development. Telecommunications infrastructure, small business, rural Arizona, Canada-Mexico, and the digital divide are major topics.

Each of the hot teams is working to identify "breakthrough" ideas and develop action plans by the end of October. This is an inclusive process and everyone can participate. You can follow the teams and offer your insights through the APNE website: [www.azcommerce.com/new\\_economy/APNE.htm](http://www.azcommerce.com/new_economy/APNE.htm).

A self-assessment survey tool that allows you to evaluate your organization's readiness to participate in the New Economy will soon be available from the same site. By completing this survey, you 1) will understand whether your company is participating fully in the New Economy and 2) identify New Economy practices that you may wish to incorporate. Additionally, you can nominate your organization for a New Economy Success Story Award! This tool is in beta-test as this is being written, but should be available soon. ■

<sup>1</sup> Information for this section was gleaned from the "Arizona Partnership for a New Economy" website, maintained by the Arizona Department of Commerce at: <http://www.azcommerce.com/neweconomy/APNE.htm>.

## WHAT SLOWDOWN?

By Marshall J. Vest  
Forecasting Project Director  
August 25, 2000

Once again we've revised our forecasts upward for the near term. The economy may be slowing—but not so much that anyone could notice! In fact, Arizona's economy has strengthened in recent months and has moved into first place in the job growth derby. Personal income estimates also were revised significantly upward recently to show Arizona as a leader. We've pushed the onset of slower growth in our forecast into 2001. This quarter, we present our annual update of 25-year projections. Here too, the results are higher than those obtained one year ago. Arizona's year 2025 population is now projected at 8.3 million, up from 5 million today.

Real GDP increased at a phenomenal 5.2% rate during the second quarter, demonstrating in convincing fashion that the desired "soft landing" remains but a forecast. Measured on an over-the-year basis, real growth was 6.0%, and that is the fastest in 16 years! White hot or red hot—the economy is still smoking! Even so, inflation remains subdued and has actually cooled in recent months. How is this possible? Productivity gains are

the answer. In the second quarter, productivity grew by 5.1%, again the strongest year-over-year gain in 17 years. Given the stunning increase in productivity, unit labor costs actually fell during the past year, and that precludes inflation from taking root. If productivity can grow by three percent and the labor force by one percent, that means that the potential for non-inflationary growth (the economy's speed limit) is four percent!

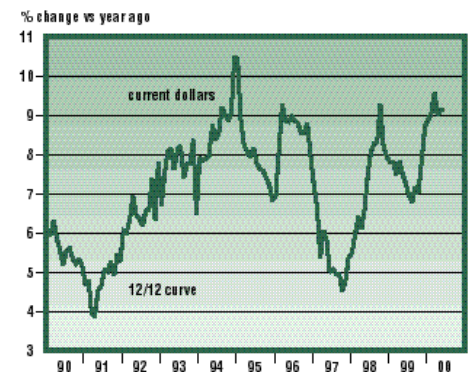
Arizona is once again the fastest growing state in the country. Its economy is being propelled by strong employment growth in its two largest metro areas. In recent months, metro Tucson has led the nation as the fastest-growing metro area. Phoenix-Mesa continues as the perennial second-fastest large metro economy and ranks number eight among all 290 labor markets as of May, according to the *Blue Chip Job Growth Update* published by Arizona State University. In July, year-over-year job growth was 4.5%, 5.9%, and 4.1% in Arizona, Tucson and Phoenix, respectively.

Expansions and new business operations announced during the second quarter were the most significant since the 1996-98 period. Among the largest (number of new jobs in parentheses) are Prudential Real Estate and Relocation (1500), Charles Schwab (1000), MFS Investment Management (900), Spectrum Astro Inc. (800), Arthur Anderson (500), and a host of smaller firms. All the aforementioned are in the Phoenix metro area. In Tucson, the largest announcements are Sprint (450), Advanced Ceramics Research Inc. (300), Slim-Fast Foods (150) and four firms with 100 employees: Universal Avionics, Aristocrat Technologies, Inc., Walbro Engine

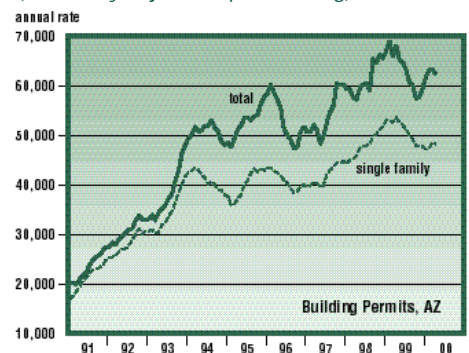
Management, and Cybernetic Research Laboratories. Sierra Vista has one large new job generator, SIGNAL Corp, with 500.

Arizona's manufacturing sector is growing again with nearly 4500 jobs added during

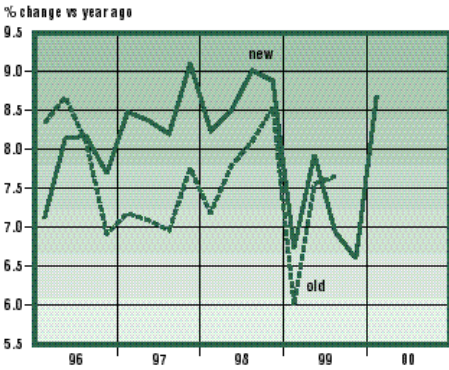
**EXHIBIT 1**  
R&B Sales Rival the Strongest This Decade  
Restaurant & Bar Sales Growth, AZ



**EXHIBIT 2**  
Residential Permits Stronger in 2nd Quarter  
(seasonally adjusted 6-per mov avg)



**EXHIBIT 3**  
Revisions Significantly Higher  
Personal Income Growth, AZ

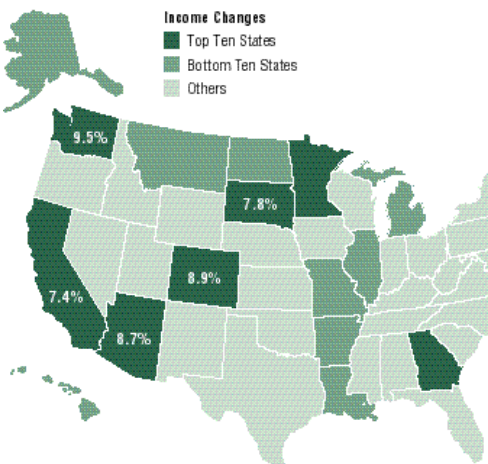


the past year (1.5% growth). Half of the new manufacturing jobs were in the Tucson area, where aerospace, instruments, and optics continued to expand rapidly. Construction jobs have trended downward since February but less than 3000 have been lost on a base of 160,000; over-the-year comparisons still show a gain of 2000. Education (up 8.8%), services (up 6.6%), and TCPU (up 5.1%) are the fastest growing sectors over the past year.

Help wanted advertising rose to a record level in metro Phoenix during June, which reflects very strong demand for workers. Also, the survey of production and orders conducted by the Purchasing Management Association shows that both measures soared in the second quarter to the highest readings since 1997, prior to the Asian meltdown. This is terrific news for Arizona manufacturers.

Arizona consumers remain ebullient, and their confidence, as measured by Phoenix-based Behavior Research Center, remained

**EXHIBIT 4**  
Arizona Ranks Third  
Personal Income Growth, 00Q1/99Q1



**EXHIBIT 5**  
A Soft Landing Lies Ahead  
Annual Change in Population & Jobs, AZ



high in the third quarter, down about four points from the all-time high established in the second quarter. As a result, consumer spending, as measured by retail sales, continued very strong, up 10.5% on an over-the-year basis. Restaurant and bar sales were up a strong 9.1%, rivaling the strongest readings registered during the entire decade of the 1990's (Exhibit 1).

Indicators for housing markets generally strengthened during the second quarter. Both single family and total permits increased as mortgage rates fell from 8.5% to below eight percent. Total units authorized by permits, on a seasonally adjusted basis, increased during both the first and second quarters, but totals for the first half were down by 8.1% from one year ago (Exhibit 2).

Resale housing in the metro Phoenix area has been on a plateau for the past year at roughly 57,000 sales per year, but in June sales rose to a new record. In Tucson, June sales were ten percent below year-earlier, but still at a high level and above the level for February. Activity in housing markets and for new construction remains at very high levels and is moving upward. We expect permitting activity to remain strong until year-end as developers rush to win approval on projects so as to hedge their bets if voters approve the Citizens Growth Management initiative.

**PERSONAL INCOME REVISED SHARPLY UPWARD**

New estimates released on May 17 show significantly higher and stronger estimates for Arizona personal income. The total for 1998 was revised upward by \$4.9 billion, or 4.5%, to \$113 billion. The new numbers show that personal income grew by 8.7% during 1998 rather than 7.9% as originally

published. Revisions were equally large for 1997. Estimates were revised all the way back to 1969 (Exhibit 3).

Preliminary estimates for 1999 now show growth of 7.0%, a significant slowing from the prior year. Growth then jumps back to 8.7%, year-over-year, in 2000Q1. Although restructuring in the copper mining industry and mine closings by BHP in the second half of 1999 negatively affected wage and salary disbursements, there is a good chance that the 1999 estimates will be revised upward.

Compared to other states, Arizona ranked 7th among all states for personal income growth in 1999, following a ranking of 3rd in 1998. The 8.7% gain in the first quarter puts Arizona back in third place, behind Washington and Colorado (Exhibit 4).

The upward revisions result mainly from methodological improvements and new sources of data from federal administrative records. The most significant change involved treating government employee retirement plans the same way as private pension plans. Employer contributions to these plans boosted amounts for "other labor income," and dividends and interest received by the plans boosts "dividends, interest and rents." Personal contributions to the plans are no longer included in "personal contributions for social insurance," an amount that is deducted in the calculation of personal income. These three components account for the lion's share of the upward revision. Offsetting these components, transfer payments were revised downward by a significant amount, reflecting benefits paid to government employees that are no longer considered as transfers to persons. A detailed description of conceptual changes is presented in the June 2000 issue of the *Survey of Current Business* ("Comprehensive Revisions of State Personal Income" p 64).

**THE OUTLOOK FOR 2000 AND BEYOND**

Barring any unforeseen shocks, the national and Arizona economies should continue strong through year-end. The effects of higher short-term interest rates (up 1.5% since June of 1999) have yet to slow the economy, but should do so as the year wears on. At least one more rate boost is expected, but not until after the November elections. The WFEA Group forecasts a soft landing—growth in real GDP of 5.1% this year, followed by 3.8% in 2001. During the next five years Real GDP is expected to increase at an average 3.6% per

EXHIBIT 6 Forecasts to 2025

Arizona	1995	2000	2005	2010	2015	2020	2025
W&S Employment (000s)	1,795	2,253	2,591	2,935	3,329	3,747	4,198
Population (000s)	4,297	4,979	5,607	6,231	6,901	7,589	8,300
Personal Income (\$ millions)	88,871	131,324	172,918	225,448	294,049	376,742	477,972
Retail Sales (\$ millions)	37,664	54,417	68,060	88,144	114,472	146,164	185,070
<b>Phoenix-Mesa MA</b>							
W&S Employment (000s)	1,225	1,589	1,811	2,035	2,319	2,642	3,029
Population (000s)	2,662	3,141	3,562	3,976	4,424	4,894	5,397
Personal Income (\$ millions)	59,756	91,226	122,399	164,294	229,643	323,002	459,174
Retail Sales (\$ millions)	24,981	38,014	48,291	64,456	88,392	121,881	170,146
<b>Tucson Metro Area</b>							
W&S Employment (000s)	303	357	401	438	483	531	578
Population (000s)	758	870	964	1,051	1,146	1,240	1,327
Personal Income (\$ millions)	15,019	21,068	28,025	36,615	49,147	65,746	87,482
Retail Sales (\$ millions)	6,302	8,557	10,722	13,483	17,313	22,129	28,176

year, compared to 4.3% during the past five years. The consumer price index remains at 2.5%.

In like fashion, Arizona's economy should continue to pace the nation through the rest of this year. We expect gains of 8.3% for personal income, 8-8.5% for retail sales, employment growth of 4.4%, and slightly lower but near last year's record levels for homebuilding. Next year promises continued expansion, but at a slower pace. In 2001, we expect a 6.6% gain for personal income, 4.0% for retail sales, 3.5% job growth, and a 15-20% decline in residential permits. That would put permits at the same level as 1994's 50,000 units, far higher than the 23,000 low points of 1989-91 at the depths of the last recession. See forecast table, page 10.

Over the next five years, Arizona's population should swell by 630,000 (to more than 5.6 million) and some 340,000 jobs will be created. This reflects annual growth rates of 2.4% and 2.8%, respectively. Both reflect below average rates of growth as the economy comes in for a soft landing (Exhibit 5).

By the year 2025, Arizona will be home to some 8.3 million people, compared to five million today. Phoenix will account for 5.4 million and Tucson 1.3 million. In 2025, Arizona will have roughly as many people as today's North Carolina and Georgia (the nation's 10th and 11th largest states). Phoenix will compare to today's Detroit and Dallas-Fort Worth metro areas (Exhibit 6).

RISKS TO THE OUTLOOK

According to an analysis by Elliott D. Pollack, a Scottsdale-based economic and real estate consultant, the Citizens Growth Management Initiative (CGMI) that will appear

on the November ballot presents a significant threat to the economy. His analysis forecasts a virtual halt to development within a few months of passage, skyrocketing real estate prices, and the loss of one out of every ten jobs. This represents a huge shock to the economy that would dwarf the real estate depression Arizona suffered during the late-80's.

Backers of the initiative, primarily the Sierra Club, argue that there will be little if any effect on the economy.

We have not prepared our own analysis, nor do we offer an alternative scenario that embraces these risks. However, we have built into our forecasts the effect that the measure will have on permitting activity in the near term. Whether the initiative passes or not, the threat of passage will spur builders to obtain

permits for their projects before November. So, permitting activity will receive an artificial boost in coming months as developers rush to beat the deadline, which will borrow from permitting in 2001.

In the longer term, passage is expected to drive up housing prices, thereby slowing migration and economic growth, as Arizona becomes an *exclusive* place to live. Passage also promises to put Arizona's economy on a roller coaster (making it much harder to predict) as the brakes are first applied, then released, then applied again as limits are reached. ■

S P O N S O R S

*Arizona Joint Legislative Budget Committee  
Arizona Portland Cement  
Arizona Public Service Company  
Bank One Arizona  
CB Richard Ellis  
City of Tucson  
Coldwell Banker Success Realty  
Compass Bank  
Elliott D. Pollack and Company  
Estes/Kaufman and Broad  
Jim Click Automotive Team  
Merrill Lynch  
Northern Trust Bank of Arizona  
Pima County  
Qwest Communications  
Qwest Dex  
Salt River Project  
Territorial Newspapers  
Tucson Electric Power Company  
Tucson Healthcare Council  
Tucson Newspapers*

The University of Arizona Eller College of Business and Public Administration's

2001-2002

# Economic Outlook Luncheon

Friday, December 15th, Noon - 2pm  
Westin La Paloma, Tucson

Presentations by:

**Marshall J. Vest**  
*Economic and Business Research Program*

**Gerald J. Swanson**  
*Economics Department*

**Mark Zupan**  
*Dean, Eller College of Business and Public Administration*

\$45 per person; \$425 per table of 10\*

Reservations required. Call 621-2930 for information and reservations.

\*Fee is not a charitable contribution.

	1995	2000	2001	2002	2003	2004	2005	Compound Annual Growth Rates		
								95-00	00-05	95-05
<b>Forecasts for Arizona</b>										
Personal Income (\$ mill)	88,870.5	131,324.3	139,956.9	148,165.2	156,359.9	164,533.6	172,917.7	8.1	5.7	6.9
percent change	8.4	8.3	6.6	5.9	5.5	5.2	5.1			
Per Capita Personal Income	20,682.0	26,374.0	27,373.8	28,275.5	29,152.3	29,994.3	30,840.7	5.0	3.2	4.1
percent change	5.1	5.3	3.8	3.3	3.1	2.9	2.8			
Aggregate Retail Sales (\$ mill)*	37,664.1	54,417.1	56,620.3	59,434.3	62,463.3	65,201.7	68,060.5	7.6	4.6	6.1
percent change	7.9	9.0	4.0	5.0	5.1	4.4	4.4			
Population (000s, mid-year)	4,297.0	4,979.3	5,112.8	5,240.1	5,363.5	5,485.5	5,606.8	3.0	2.4	2.7
percent change	3.1	2.8	2.7	2.5	2.4	2.3	2.2			
Net Migration (000s)	97.8	93.0	88.0	81.9	79.0	77.9	76.8	-1.0	-3.8	-2.4
Wage & Salary Employment (000s)	1,795.4	2,253.4	2,332.8	2,402.5	2,467.4	2,530.3	2,591.2	4.6	2.8	3.7
percent change	6.1	4.4	3.5	3.0	2.7	2.5	2.4			
Goods-Producing	326.3	384.4	387.2	387.8	390.2	396.2	403.2	3.3	1.0	2.1
percent change	6.9	2.1	0.7	0.2	0.6	1.5	1.8			
Construction	119.7	158.4	156.6	153.4	152.3	153.2	155.5	5.8	-0.4	2.7
percent change	11.8	2.9	-1.2	-2.1	-0.7	0.6	1.5			
Manufacturing	193.7	215.8	220.2	223.9	227.2	232.3	237.0	2.2	1.9	2.0
percent change	3.9	2.2	2.0	1.7	1.5	2.2	2.0			
Service-Providing	1,469.0	1,869.0	1,945.6	2,014.7	2,077.3	2,134.1	2,188.0	4.9	3.2	4.1
percent change	5.9	4.9	4.1	3.6	3.1	2.7	2.5			
Trade (Wholesale & Retail)	444.5	534.2	560.6	585.7	607.5	624.6	639.0	3.7	3.6	3.7
percent change	5.6	4.3	4.9	4.5	3.7	2.8	2.3			
Services	519.1	717.0	751.6	781.7	809.0	835.3	861.1	6.7	3.7	5.2
percent change	7.7	6.0	4.8	4.0	3.5	3.3	3.1			
<b>Forecasts for Phoenix-Mesa Metro Area</b>										
Personal Income (\$ mill)	59,755.7	91,226.0	97,978.5	103,966.2	110,227.9	116,376.2	122,398.5	8.8	6.1	7.4
percent change	9.5	8.3	7.4	6.1	6.0	5.6	5.2			
Per Capita Personal Income	22,444.7	29,044.4	30,317.5	31,341.1	32,425.0	33,434.6	34,364.8	5.3	3.4	4.4
percent change	6.2	5.1	4.4	3.4	3.5	3.1	2.8			
Aggregate Retail Sales (\$ mill)*	24,981.4	38,014.1	39,280.8	41,328.0	44,021.0	46,231.6	48,290.6	8.8	4.9	6.8
percent change	8.7	11.2	3.3	5.2	6.5	5.0	4.5			
Population (000s, mid-year)*	2,662.3	3,140.9	3,231.7	3,317.3	3,399.5	3,480.7	3,561.7	3.4	2.5	3.0
percent change	3.2	3.1	2.9	2.6	2.5	2.4	2.3			
Net Migration (000s)	57.4	62.6	59.0	53.4	50.2	49.4	49.1	1.7	-4.7	-1.6
Wage & Salary Employment (000s)	1,224.9	1,589.4	1,643.7	1,688.9	1,729.7	1,771.4	1,811.0	5.3	2.6	4.0
percent change	7.3	4.6	3.4	2.8	2.4	2.4	2.2			
Goods-Producing	238.8	291.4	290.9	289.4	288.8	291.7	295.7	4.1	0.3	2.2
percent change	8.5	2.7	-0.2	-0.5	-0.2	1.0	1.4			
Construction	84.8	114.8	111.5	107.8	105.3	104.8	106.3	6.3	-1.5	2.3
percent change	15.6	3.6	-2.9	-3.3	-2.3	-0.5	1.4			
Manufacturing	148.3	173.3	176.2	178.3	180.3	183.6	186.1	3.2	1.4	2.3
percent change	4.2	2.8	1.7	1.2	1.1	1.9	1.3			
Service-Providing	986.1	1,298.0	1,352.7	1,399.5	1,440.9	1,479.7	1,515.3	5.7	3.1	4.4
percent change	7.0	5.0	4.2	3.5	3.0	2.7	2.4			
Trade (Wholesale & Retail)	305.5	386.2	401.6	415.8	427.9	437.6	445.3	4.8	2.9	3.8
percent change	7.1	4.9	4.0	3.5	2.9	2.3	1.8			
Services	365.2	512.0	536.5	556.6	573.9	591.7	608.7	7.0	3.5	5.2
percent change	10.1	5.8	4.8	3.8	3.1	3.1	2.9			
<b>Forecasts for Tucson Metro Area</b>										
Personal Income (\$ mill)	15,019.3	21,068.3	22,669.0	24,092.3	25,446.2	26,752.3	28,024.6	7.0	5.9	6.4
percent change	5.9	8.8	7.6	6.3	5.6	5.1	4.8			
Per Capita Personal Income	19,814.3	24,218.8	25,393.7	26,393.5	27,330.9	28,220.7	29,063.2	4.1	3.7	3.9
percent change	2.9	5.8	4.9	3.9	3.6	3.3	3.0			
Aggregate Retail Sales (\$ mill)*	6,302.4	8,557.2	8,997.7	9,457.4	9,910.6	10,323.4	10,722.1	6.3	4.6	5.5
percent change	3.7	9.2	5.1	5.1	4.8	4.2	3.9			
Population (000s, mid-year)	758.0	869.9	892.7	912.8	931.0	948.0	964.3	2.8	2.1	2.4
percent change	3.0	2.9	2.6	2.3	2.0	1.8	1.7			
Net Migration (000s)	17.4	19.3	17.8	15.0	13.0	11.6	10.9	2.1	-10.7	-4.5
Wage & Salary Employment (000s)	302.7	357.4	369.8	380.1	387.7	394.5	400.6	3.4	2.3	2.8
percent change	3.8	5.0	3.5	2.8	2.0	1.8	1.5			
Goods-Producing	49.6	58.1	60.1	60.8	61.2	61.5	61.9	3.2	1.3	2.2
percent change	8.8	5.1	3.3	1.3	0.6	0.5	0.6			
Construction	19.3	22.0	22.7	22.9	22.8	22.7	22.7	2.6	0.6	1.6
percent change	3.2	5.1	3.1	0.9	-0.3	-0.5	0.1			
Manufacturing	28.0	34.6	35.6	36.1	36.5	36.9	37.2	4.3	1.5	2.9
percent change	15.7	6.1	3.0	1.3	1.1	1.0	1.0			
Service-Providing	253.1	299.3	309.7	319.3	326.6	333.1	338.7	3.4	2.5	3.0
percent change	2.9	5.0	3.5	3.1	2.3	2.0	1.7			
Trade (Wholesale & Retail)	67.8	75.6	78.4	81.2	83.2	84.6	85.7	2.2	2.5	2.4
percent change	1.4	4.9	3.7	3.5	2.5	1.7	1.3			
Services	91.3	118.4	124.5	129.5	133.2	136.7	139.9	5.3	3.4	4.4
percent change	3.8	6.2	5.2	4.1	2.8	2.6	2.3			

\* Aggregate Retail Sales includes retail, food, restaurant & bars and gasoline sales.

Source: Economic and Business Research Program, Karl Eller Graduate School of Management, Eller College of Business and Public Administration, The University of Arizona

	MAR 2000	APR 2000	MAY 2000	JUN 2000	JUL 2000	% change versus year ago for: most recent month	most recent 12-months
<b>YUMA METROPOLITAN REGION</b>							
<b>Civilian Labor Force, ADES</b>	57,250	63,575	69,200	68,625	68,800	-11.4	-2.8
Employment	47,575	47,225	45,900	45,550	43,875	-10.4	-2.1
Unemployment	9,675	16,350	23,300	23,075	24,925	-13.1	-4.5
Unemployment Rate (%)	16.9	25.7	33.7	33.6	36.2	-1.9	-2.1
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	40,150	40,050	38,825	37,625	37,025	-6.2	-0.5
Construction	2,900	2,975	2,975	3,025	3,225	11.2	10.1
Manufacturing	2,450	2,475	2,525	2,475	2,575	13.2	10.0
Trans., Comm. & Publ. Util.	1,450	1,425	1,375	1,375	1,350	-21.7	-9.6
Trade	11,075	10,950	10,100	10,075	9,900	-6.8	-4.7
Finance, Ins. & Real Estate	1,100	1,100	1,075	1,050	1,050	-8.7	-4.8
Services	9,475	9,425	9,100	9,100	9,050	16.4	6.6
Government	11,700	11,700	11,675	10,525	9,875	-24.2	-3.7
<b>Sales (\$000s) ADOR</b>							
Gross Retail	100,815	87,347	79,089	80,333	...	9.4	9.2
Retail	75,947	67,826	59,950	63,116	...	6.6	7.3
Restaurants & Bars	11,310	9,597	8,244	8,338	...	12.5	5.5
Gasoline, EBR	13,558	9,924	10,895	8,879	...	29.8	27.8
Gallons (000s) ADOT	8,657	6,479	7,618	6,359	...	7.4	2.1
Contracting	16,742	15,894	14,482	16,952	...	-5.7	0.9
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total	8,778	7,023	10,826	19,547	15,022	0.4	-26.5
Residential Building	7,023	6,696	7,151	7,714	4,781	1.1	-20.8
Non-Residential Building	1,340	327	3,675	3,366	5,463	-6.0	-15.9
Non-Building	415	0	0	8,467	4,778	8.1	-50.8
<b>Number of Dwelling Units Awarded, F.W. Dodge</b>							
Total	80	81	79	90	60	11.1	-6.5
One Family Houses	80	81	79	90	60	11.1	-16.3
<b>MOHAVE-LA PAZ REGION</b>							
<b>Civilian Labor Force, ADES</b>	71,450	71,400	72,050	72,400	72,850	1.9	4.4
Employment	68,225	68,500	68,925	69,025	69,600	2.0	5.1
Unemployment	3,225	2,900	3,125	3,375	3,250	0.0	-8.7
Unemployment Rate (%)	4.5	4.1	4.3	4.7	4.5	-1.9	-12.4
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	45,675	45,950	46,275	45,025	44,625	3.5	4.6
Mining (Mohave County only)	100	100	100	100	100	0.0	11.6
Construction	3,600	3,600	3,675	3,700	3,700	6.5	6.0
Manufacturing	3,800	3,875	3,900	3,850	3,875	7.6	2.5
Trans., Comm. & Publ. Util.	2,250	2,300	2,275	2,325	2,325	9.4	7.0
Trade	13,600	13,550	13,650	13,525	13,475	2.3	2.7
Finance, Ins. & Real Estate	1,500	1,600	1,600	1,600	1,600	6.7	2.6
Services	11,400	11,400	11,425	11,450	11,450	3.2	6.8
Government	9,425	9,525	9,650	8,475	8,100	0.6	4.8
<b>Sales (\$000s) ADOR</b>							
Gross Retail	135,633	118,348	114,350	111,975	...	9.1	13.1
Retail	88,874	86,623	83,065	83,202	...	7.2	9.8
Restaurants & Bars	14,942	14,420	13,893	13,058	...	1.5	7.3
Gasoline, EBR	31,817	17,305	17,392	15,715	...	29.2	41.2
Gallons (000s) ADOT	20,315	11,299	12,161	11,256	...	6.9	13.2
Contracting	23,854	24,211	23,080	39,700	...	74.0	14.9
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total	34,360	17,101	49,651	20,612	20,496	-6.1	18.6
Residential Building	18,130	15,449	20,393	15,264	15,186	-5.8	2.8
Non-Residential Building	6,856	988	23,615	2,991	290	-88.1	-8.4
Non-Building	9,374	664	5,643	2,357	5,020	53.8	123.2
<b>Number of Dwelling Units Awarded, F.W. Dodge</b>							
Total	183	157	194	153	151	-5.0	7.4
One Family Houses	181	153	190	151	147	-1.3	-4.9

See notes at bottom of Arizona - Quarterly table.

	MAR 2000	APR 2000	MAY 2000	JUN 2000	JUL 2000	% change versus year ago for: most recent month	% change versus year ago for: most recent 12-months
<b>COCHISE COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	40,075	39,750	40,200	40,550	40,700	0.5	3.6
Employment	38,175	38,150	38,500	38,750	38,925	1.8	5.3
Unemployment	1,900	1,600	1,700	1,800	1,775	-22.0	-23.1
Unemployment Rate (%)	4.7	4.0	4.2	4.4	4.4	-22.4	-25.8
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	32,000	32,075	32,475	32,200	32,325	5.1	6.2
Construction	2,200	2,225	2,250	2,250	2,225	1.1	9.9
Manufacturing	825	850	925	950	925	-11.9	-11.2
Trans., Comm. & Publ. Util.	1,275	1,300	1,300	1,325	1,325	6.0	1.5
Trade	8,050	8,025	8,150	8,125	8,150	10.5	11.7
Finance, Ins. & Real Estate	700	725	725	725	725	0.0	1.5
Services	8,500	8,500	8,500	8,800	8,800	5.4	13.1
Government	10,450	10,450	10,625	10,025	10,175	3.8	-0.7
<b>Sales (\$000s) ADOR</b>							
Gross Retail	58,833	61,460	59,981	59,814	...	9.2	9.7
Retail	42,559	47,781	45,996	47,226	...	13.4	9.2
Restaurants & Bars	7,589	6,894	6,637	6,748	...	6.0	14.7
Gasoline, EBR	8,685	6,785	7,348	5,840	...	-14.1	8.7
Gallons (000s) ADOT	5,545	4,430	5,138	4,183	...	-28.9	-11.1
Contracting	14,051	14,570	12,853	13,958	...	6.9	33.4
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total	7,422	17,037	7,934	46,959	11,803	-42.0	36.7
Residential Building	4,736	9,409	6,084	4,283	3,900	10.3	-10.2
Non-Residential Building	2,686	4,676	1,850	35,700	138	-97.4	102.0
Non-Building	0	2,952	0	6,976	7,765	-32.5	45.9
<b>Number of Dwelling Units Awarded, F.W. Dodge</b>							
Total	49	125	64	48	44	10.0	-1.1
One Family Houses	49	45	64	48	44	10.0	-13.7
<b>SANTA CRUZ COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	12,625	12,375	12,550	13,100	13,325	-1.5	-2.3
Employment	11,450	11,425	11,500	11,400	11,050	6.3	0.9
Unemployment	1,175	950	1,050	1,700	2,275	-27.2	-17.0
Unemployment Rate (%)	9.3	7.7	8.4	13.0	17.1	-26.1	-15.9
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	12,000	12,050	12,150	11,800	11,425	9.6	1.8
Construction	350	350	350	350	375	0.0	-0.6
Manufacturing	850	850	850	850	825	-5.7	-7.1
Trans., Comm. & Publ. Util.	1,275	1,300	1,275	1,225	1,125	0.0	7.4
Trade	4,525	4,575	4,550	4,550	4,325	11.6	-2.2
Finance, Ins. & Real Estate	200	200	200	200	175	0.0	-15.5
Services	1,650	1,625	1,625	1,650	1,600	4.9	5.2
Government	3,150	3,150	3,300	2,975	3,000	21.2	8.4
<b>Sales (\$000s) ADOR</b>							
Gross Retail	24,402	27,477	26,428	23,479	...	3.5	6.4
Retail	18,867	21,279	20,754	18,611	...	4.1	5.4
Restaurants & Bars	2,521	3,375	2,885	2,390	...	1.4	0.7
Gasoline, EBR	3,014	2,823	2,789	2,478	...	1.6	21.9
Gallons (000s) ADOT	1,924	1,843	1,950	1,774	...	-15.9	-1.0
Contracting	4,241	3,261	3,689	4,921	...	-1.6	2.1
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total	4,832	12,882	4,414	3,561	9,621	91.8	2.2
Residential Building	3,282	11,587	2,534	2,751	9,111	252.5	20.2
Non-Residential Building	1,550	1,295	1,880	0	510	-65.4	-35.5
Non-Building	0	0	0	810	0	-100.0	-12.5
<b>Number of Dwelling Units Awarded, F.W. Dodge</b>							
Total	32	196	24	31	139	321.2	31.9
One Family Houses	32	28	24	23	31	40.9	-6.3

See notes at bottom of Arizona - Quarterly table.

	MAR 2000	APR 2000	MAY 2000	JUN 2000	JUL 2000	% change versus year ago for:	
						most recent month	most recent 12-months
<b>GILA COUNTY</b>							
<b>Civilian Labor Force, ADES</b>	17,925	17,850	18,025	18,150	18,275	1.1	-1.8
Employment	16,825	16,950	17,125	17,175	17,300	3.3	-0.2
Unemployment	1,100	900	900	975	975	-26.4	-22.1
Unemployment Rate (%)	6.1	5.0	5.0	5.4	5.3	-27.2	-20.7
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	14,575	14,700	14,875	14,700	14,650	5.6	0.9
Mining	725	725	725	725	725	3.6	34.4
Construction	975	1,025	1,025	1,050	1,025	7.9	2.8
Manufacturing	1,175	1,175	1,175	1,175	1,175	2.2	-20.5
Trans., Comm. & Publ. Util.	500	500	500	500	500	0.0	-9.1
Trade	3,775	3,725	3,775	3,800	3,850	12.4	7.5
Finance, Ins. & Real Estate	200	200	225	225	200	-11.1	-11.2
Services	2,600	2,650	2,650	2,775	2,775	1.8	3.5
Government	4,625	4,700	4,800	4,450	4,400	4.8	-1.0
<b>Sales (\$000s) ADOR</b>							
Gross Retail	23,845	26,287	27,373	28,502	...	9.5	6.4
Retail	17,103	18,951	19,334	20,287	...	8.6	4.9
Restaurants & Bars	3,304	3,956	3,925	4,356	...	5.7	4.8
Gasoline, EBR	3,438	3,380	4,114	3,859	...	19.0	17.0
Gallons (000s) ADOT	2,195	2,207	2,876	2,764	...	-1.5	-4.3
Contracting	6,909	6,349	7,063	6,068	...	-23.6	-19.2
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total	5,548	8,710	8,416	13,709	7,979	5.3	25.5
Residential Building	5,428	5,113	5,329	4,857	4,252	32.7	12.2
Non-Residential Building	0	3,597	0	0	0	-100.0	-58.6
Non-Building	120	0	3,087	8,852	3,727	-12.7	272.2
<b>Number of Dwelling Units Awarded, F.W. Dodge</b>							
Total	40	42	39	33	33	50.0	14.4
One Family Houses	36	42	39	33	33	50.0	12.4
<b>GRAHAM-GREENLEE REGION</b>							
<b>Civilian Labor Force, ADES</b>	14,550	14,600	14,800	14,625	14,400	-2.2	-0.4
Employment	13,600	13,750	13,925	13,650	13,450	0.0	1.2
Unemployment	950	850	875	975	950	-25.5	-17.3
Unemployment Rate (%)	6.5	5.8	5.9	6.7	6.6	-23.8	-17.0
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	11,125	11,375	11,525	11,075	10,975	2.6	1.0
Mining (Greenlee County only)	2,550	2,525	2,525	2,525	2,525	-4.7	-3.2
Construction	575	600	650	650	625	4.2	-10.0
Manufacturing	275	275	275	275	275	0.0	4.8
Trans., Comm. & Publ. Util.	225	225	225	225	225	-10.0	-7.3
Trade	2,175	2,175	2,175	2,175	2,150	-3.4	-3.2
Finance, Ins. & Real Estate	150	175	175	175	175	16.7	-9.3
Services	1,750	1,825	1,825	1,825	1,825	7.4	7.8
Government	3,425	3,575	3,675	3,225	3,175	11.4	6.9
<b>Sales (\$000s) ADOR</b>							
Gross Retail	21,343	21,090	21,384	20,268	...	6.1	10.6
Retail	16,763	17,189	17,562	16,760	...	7.3	10.0
Restaurants & Bars	1,811	1,869	1,841	1,827	...	3.0	5.2
Gasoline, EBR	2,769	2,032	1,981	1,681	...	-1.9	22.2
Gallons (000s) ADOT	1,768	1,327	1,385	1,204	...	-18.8	-1.0
Contracting	2,721	2,604	3,012	4,002	...	-30.4	-11.2
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total	951	3,726	1,097	1,535	2,735	24.7	-45.9
Residential Building	951	926	1,097	1,135	735	40.3	5.4
Non-Residential Building	0	2,800	0	400	2,000	19.8	-70.5
Non-Building	526	0	223	2,969	2,680	2250.9	42.9
<b>Number of Dwelling Units Awarded, F.W. Dodge</b>							
Total	9	9	10	13	7	0.0	31.4
One Family Houses	9	9	10	13	7	0.0	-14.9

See notes at bottom of Arizona - Quarterly table.

	MAR 2000	APR 2000	MAY 2000	JUN 2000	JUL 2000	% change versus year ago for: most recent month	most recent 12-months
<b>APACHE-NAVAJO REGION</b>							
<b>Civilian Labor Force, ADES</b>	51,775	50,675	51,150	52,175	52,125	-6.5	-3.0
Employment	45,750	45,625	46,100	44,675	44,625	-4.4	-0.6
Unemployment	6,025	5,050	5,050	7,500	7,500	-17.4	-17.3
Unemployment Rate (%)	11.6	10.0	9.9	14.4	14.4	-11.6	-14.8
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	46,900	46,850	47,400	45,175	44,850	-1.8	0.7
Mining	875	875	875	875	875	-5.4	-3.2
Construction	1,900	1,925	2,025	2,000	1,975	-4.8	4.3
Manufacturing	1,175	1,150	1,125	1,175	1,150	-13.2	-12.1
Trans., Comm. & Publ. Util.	2,525	2,525	2,450	2,450	2,500	-2.9	2.5
Trade	7,175	7,275	7,450	7,700	7,700	-4.6	-1.1
Finance, Ins. & Real Estate	1,200	1,200	1,200	1,200	1,200	-9.4	3.1
Services	7,950	8,000	8,400	8,100	8,075	3.5	5.8
Government	24,100	23,900	23,875	21,675	21,375	-0.9	-0.1
<b>Sales (\$000s) ADOR</b>							
Gross Retail	77,479	67,572	72,349	93,763	...	26.4	24.6
Retail	61,671	49,529	54,209	75,442	...	29.2	23.2
Restaurants & Bars	4,883	5,483	6,733	6,878	...	0.3	5.4
Gasoline, EBR	10,925	12,560	11,407	11,443	...	28.1	49.7
Gallons (000s) ADOT	6,975	8,201	7,976	8,196	...	6.1	23.3
Contracting	10,919	13,577	12,427	15,758	...	22.0	14.1
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total	29,965	8,730	13,952	34,871	19,069	-14.8	72.2
Residential Building	7,374	7,476	8,235	8,325	11,315	24.7	16.2
Non-Residential Building	12,980	855	198	2,778	0	-100.0	81.0
Non-Building	9,611	399	5,519	23,768	7,754	33.8	241.1
<b>Number of Dwelling Units Awarded, F.W. Dodge</b>							
Total	55	54	64	67	84	5.0	-0.9
One Family Houses	55	54	64	67	84	5.0	5.4
<b>COCONINO-YAVAPAI REGION</b>							
<b>Civilian Labor Force, ADES</b>	126,875	124,900	127,850	132,025	132,425	1.6	2.6
Employment	121,650	120,550	123,400	125,900	126,300	2.6	3.4
Unemployment	5,225	4,350	4,450	6,125	6,125	-15.5	-11.9
Unemployment Rate (%)	4.1	3.5	3.5	4.6	4.6	-16.8	-14.1
<b>Employees on Nonagricultural Payrolls, ADES</b>							
Total	105,100	106,200	106,375	106,950	106,625	5.5	4.6
Mining	925	950	950	975	925	-5.1	-1.1
Construction	6,875	6,925	7,125	7,300	7,425	3.5	2.6
Manufacturing	5,600	5,650	5,675	5,725	5,775	-0.9	-3.2
Trans., Comm. & Publ. Util.	2,675	2,750	2,850	2,875	2,900	-3.3	-5.3
Trade	25,625	25,875	26,375	26,675	26,850	1.9	2.1
Finance, Ins. & Real Estate	2,575	2,575	2,625	2,625	2,600	1.0	-7.5
Services	30,275	30,550	31,000	31,775	31,900	4.3	8.3
Government	30,550	30,925	29,775	29,000	28,250	14.8	7.9
<b>Sales (\$000s) ADOR</b>							
Gross Retail	195,545	216,609	218,397	232,546	...	9.2	15.5
Retail	138,177	150,960	153,807	164,565	...	6.1	12.2
Restaurants & Bars	32,950	37,506	41,032	41,909	...	7.2	14.7
Gasoline, EBR	24,418	28,143	23,558	26,072	...	38.0	45.6
Gallons (000s) ADOT	15,590	18,375	16,473	18,673	...	14.2	19.4
Contracting	44,973	46,457	52,565	56,062	...	1.8	14.8
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total	52,514	52,840	90,793	97,191	45,420	-11.6	-6.5
Residential Building	35,776	32,730	47,513	37,061	32,698	-15.0	-10.5
Non-Residential Building	4,100	6,959	21,234	25,549	6,855	-12.0	-24.2
Non-Building	12,638	13,151	22,046	34,581	5,867	14.4	25.7
<b>Number of Dwelling Units Awarded, F.W. Dodge</b>							
Total	260	268	328	268	230	-33.3	-18.0
One Family Houses	254	219	304	252	217	-8.4	1.2

See notes at bottom of Arizona - Quarterly table.

	MAR 2000	APR 2000	MAY 2000	JUN 2000	JUL 2000	% change versus year ago for:	
						most recent month	most recent 12-months
<b>PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)</b>							
<b>Civilian Labor Force (000s) ADES</b>							
Employment	1590.6	1591.9	1596.2	1600.4	1601.4	1.0	3.1
Unemployment	1549.8	1555.8	1556.3	1556.9	1557.2	1.5	3.4
Unemployment Rate, Seas. Adj. (%)	40.8	36.1	39.9	43.5	44.2	-15.5	-5.9
Unemployment Rate, Seas. Adj. (%)	2.7	2.5	2.6	2.6	2.6	-16.1	-9.5
<b>Employees on Nonagricultural Payrolls (000s) ADES</b>							
Total	1578.3	1588.4	1594.2	1572.6	1561.3	4.1	4.3
Mining	2.9	2.8	2.9	2.9	2.9	-9.4	-44.2
Construction	114.0	114.8	115.5	115.8	116.1	0.3	4.2
Manufacturing	164.2	164.5	165.1	165.8	166.6	1.0	-1.1
Durable	126.4	126.7	127.4	128.1	128.9	1.5	-1.1
Nondurable	37.8	37.8	37.7	37.7	37.7	-0.5	-0.8
Trans., Comm. & Publ. Util.	82.1	83.7	84.1	85.0	85.1	7.3	6.9
Trade	375.1	377.1	376.5	376.1	370.3	2.8	3.6
Wholesale	89.0	88.9	89.0	89.7	88.9	0.9	0.9
Retail	286.1	288.2	287.5	286.4	281.4	3.4	4.4
Finance, Ins. & Real Estate	123.2	123.6	124.1	124.5	124.4	3.9	4.7
Services	521.6	526.0	525.8	527.8	528.3	7.3	8.1
Government	195.2	195.9	200.2	174.7	167.6	2.3	0.8
<b>Sales (\$000s) ADOR</b>							
Aggregate Retail Sales	3,165,640	3,185,576	3,246,897	3,194,228	...	9.5	9.7
Retail	2,190,195	2,225,765	2,312,930	2,298,073	...	7.7	10.1
Food, EBR	389,168	396,256	390,775	383,647	...	14.7	4.3
Restaurants & Bars	402,763	375,201	367,974	349,453	...	10.1	9.6
Gasoline, EBR	183,514	188,354	175,218	163,055	...	24.9	18.4
Contracting	661,658	637,675	683,472	766,676	...	8.7	6.0
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total Awards	1,336,248	1,007,544	1,057,441	863,454	768,919	-14.3	-3.4
Residential Building	634,596	572,207	684,184	553,377	432,439	-23.6	-6.0
Non-Residential Building	664,613	332,086	250,492	257,169	225,567	12.6	6.6
Non-Building	37,039	103,251	122,765	52,908	110,913	-15.1	-13.3
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	5,183	3,809	4,325	3,677	...	-28.4	-11.0
Single Family Units	3,418	3,166	3,801	2,994	...	-26.3	-9.6
2-4 Unit Structures	100	64	74	93	...	481.3	28.3
5-plus Unit Structures	1,665	579	450	590	...	-44.4	-17.8
<b>Housing Sales and Prices, ARMLS</b>							
Total Sales (\$000s)	892,382	931,558	927,801	909,213	871,443	-5.4	8.7
Total Units	5,250	5,323	5,390	5,201	5,096	-13.3	0.5
Average Price (\$)	169,977	175,006	172,134	174,815	171,005	9.1	8.2
<b>Phoenix Skyharbor International Airport, PSIA</b>							
Total Passengers	3,422,053	3,082,885	3,111,000	3,101,379	...	9.3	8.1
Total Aircraft Movements	56,302	53,966	54,731	52,116	...	12.4	10.2

	PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL) - QUARTERLY DATA					% change versus year ago for:	
	II 1999	III 1999	IV 1999	I 2000	II 2000	most recent quarter	most recent 4-quarters
<b>Demographics &amp; Vital Statistics (000s, seas adj) ADHS &amp; EBR</b>							
Population	3,035.4	3,058.8	3,082.3	3,105.8	3,129.2	3.1	3.1
Natural Increase	7.4	7.5	7.6	7.6	7.7	3.4	4.8
Births	13.2	13.4	13.5	13.6	13.7	3.4	4.7
Deaths	5.8	5.8	5.9	5.9	6.0	3.2	4.5
Net Migration	16.0	15.9	15.9	15.8	15.7	-1.9	-5.5
<b>Personal Income by Source (\$mil, SAAR) EBR</b>							
Total Personal Income	83,344	85,004	86,802	88,604	90,352	8.4	8.1
Earnings by Place of Work	62,287	63,611	65,057	66,512	67,916	9.0	8.8
Less: Contributions for Social Insurance	3,928	4,009	4,096	4,182	4,267	8.6	8.3
Plus: Adjustment for Residence	-114	-113	-113	-112	-112	2.0	2.3
Plus: Dividends, Interest & Rents	15,795	16,035	16,300	16,566	16,822	6.5	6.1
Plus: Transfer Payments	9,305	9,480	9,653	9,821	9,992	7.4	6.9
<b>Per Capita Personal Income (\$, SAAR) EBR</b>	27,458	27,790	28,161	28,529	28,874	5.2	4.8

See notes at bottom of Arizona - Quarterly table.

	MAR 2000	APR 2000	MAY 2000	JUN 2000	JUL 2000	% change versus year ago for:	
						most recent month	most recent 12-months
<b>TUCSON METROPOLITAN REGION (PIMA)</b>							
<b>Civilian Labor Force (000s) ADES</b>							
Employment	395.9	396.1	396.4	397.4	394.1	2.1	4.8
Unemployment	385.2	386.4	385.9	386.0	382.8	3.2	4.5
Unemployment Rate, Seas. Adj. (%)	10.7	9.7	10.5	11.4	11.3	-25.2	15.2
Unemployment Rate, Seas. Adj. (%)	2.9	2.8	2.9	2.8	2.6	-27.8	10.0
<b>Employees on Nonagricultural Payrolls (000s) ADES</b>							
Total	353.8	355.6	356.4	351.4	346.0	5.9	5.3
Mining	1.8	1.8	1.8	1.8	1.8	-5.3	-12.2
Construction	22.0	22.2	22.1	22.1	22.1	0.5	7.9
Manufacturing	33.1	33.2	33.3	33.4	33.5	7.7	10.7
Durable	27.5	27.6	27.7	27.8	27.9	10.3	14.3
Nondurable	5.6	5.6	5.6	5.6	5.6	-3.4	-3.7
Trans., Comm. & Publ. Util.	12.4	12.4	12.3	12.3	12.5	1.6	-2.8
Trade	74.0	74.3	74.2	73.8	72.9	4.7	4.2
Wholesale	10.8	10.9	10.9	11.0	11.0	2.8	1.4
Retail	63.2	63.4	63.3	62.8	61.9	5.1	4.8
Finance, Ins. & Real Estate	13.7	13.8	13.8	13.7	13.8	6.2	4.0
Services	118.4	119.6	119.2	119.4	118.7	5.0	6.5
Government	78.4	78.3	79.7	74.9	70.7	10.8	3.8
<b>Sales (\$000s) ADOR</b>							
Aggregate Retail Sales	737,978	729,513	711,657	693,634	...	2.5	8.4
Retail	494,141	489,736	484,055	477,277	...	-0.2	8.2
Food, EBR	95,646	97,388	96,041	94,289	...	12.0	4.4
Restaurants & Bars	89,160	87,919	82,397	78,166	...	5.2	5.8
Gasoline, EBR	59,031	54,470	49,165	43,902	...	10.0	26.8
Contracting	122,130	124,914	132,151	131,137	...	-4.2	16.0
<b>Value of Construction Contract Awards (\$000s) F.W. Dodge</b>							
Total Awards	219,229	140,587	113,272	145,888	143,714	-17.5	-3.8
Residential Building	91,357	113,801	97,195	92,369	82,504	-12.0	-15.7
Non-Residential Building	78,825	21,788	10,016	32,624	42,503	44.1	16.9
Non-Building	49,047	4,998	6,061	20,895	18,707	-63.3	20.4
<b>New Housing Units Authorized, Census C-40 adjusted by EBR</b>							
Total Units	948	1,138	808	735	...	-15.2	-4.0
Single Family Units	687	592	584	652	...	0.8	-7.6
2-5-plus Unit Structures	261	546	223	83	...	-62.2	10.1
<b>Housing Sales and Prices, TAR</b>							
Total Sales (\$000s)	161,409	153,212	172,788	176,401	...	-10.4	7.7
Total Units	1,062	979	1,058	1,073	...	-12.9	2.2
Average Price (\$)	151,986	156,499	163,315	164,400	...	2.9	5.6
<b>Tucson International Airport, TAA</b>							
Total Passengers	347,470	315,933	305,508	280,379	273,837	-1.0	0.8
Total Aircraft Movements	22,565	21,970	18,804	19,088	20,778	-7.3	-8.9

	TUCSON METROPOLITAN REGION (PIMA) - QUARTERLY DATA					% change versus year ago for:	
	II 1999	III 1999	IV 1999	I 2000	II 2000	most recent quarter	most recent 4-quarters
<b>Demographics &amp; Vital Statistics (000s, seas adj) ADHS &amp; EBR</b>							
Population	842.8	848.6	854.8	860.8	866.9	2.9	2.8
Natural Increase	1.2	1.2	1.2	1.2	1.2	2.2	4.1
Births	2.9	2.9	2.9	3.0	3.0	2.1	2.3
Deaths	1.7	1.7	1.7	1.8	1.8	2.0	1.1
Net Migration	4.3	4.7	4.9	4.9	4.8	13.7	9.9
<b>Personal Income by Source (\$mil, SAAR) EBR</b>							
Total Personal Income	19,140	19,553	19,992	20,427	20,855	9.0	8.5
Earnings by Place of Work	12,103	12,389	12,678	12,965	13,252	9.5	9.4
Less: Contributions for Social Insurance	715	732	750	767	784	9.6	9.6
Plus: Adjustment for Residence	185	192	198	204	210	13.8	14.3
Plus: Dividends, Interest & Rents	4,630	4,719	4,831	4,944	5,048	9.0	7.4
Plus: Transfer Payments	2,937	2,987	3,034	3,080	3,128	6.5	6.3
<b>Per Capita Personal Income (\$, SAAR) EBR</b>	22,710	23,040	23,389	23,730	24,057	5.9	5.6

See notes at bottom of Arizona - Quarterly table

	MAR 2000	APR 2000	MAY 2000	JUN 2000	JUL 2000	% change versus year ago for: most recent month	% change versus year ago for: most recent 12-months
<b>ARIZONA MONTHLY DATA</b>							
<b>Civilian Labor Force (000s) ADES</b>							
Employment	2378.8	2383.1	2398.5	2409.5	2408.5	0.8	3.0
Unemployment	2298.1	2304.3	2307.6	2309.0	2305.2	1.7	3.5
Unemployment Rate, Seas. Adj. (%)	80.7	78.8	90.9	100.5	103.3	-16.7	-6.2
Unemployment Rate, Seas. Adj. (%)	3.9	3.7	3.8	3.8	3.6	-21.7	-8.9
<b>Employees on Nonagricultural Payrolls (000s) ADES</b>							
Total	2244.6	2258.0	2265.3	2233.2	2214.6	4.5	4.4
Mining	9.9	10.0	10.0	10.1	10.1	-4.7	-19.9
Construction	155.9	157.1	158.3	158.9	159.6	1.2	4.8
Manufacturing	213.3	213.8	214.6	215.7	216.5	2.1	0.4
Durable	165.2	165.8	166.8	167.6	168.4	3.3	1.2
Nondurable	48.1	48.0	47.8	48.1	48.1	-2.0	-2.3
Trans., Comm. & Publ. Util.	106.8	108.3	108.6	109.4	109.7	5.7	4.4
Transportation	69.1	70.5	70.6	71.1	71.3	5.5	4.7
Trade	525.3	527.9	527.2	526.8	520.0	3.0	3.4
Wholesale	108.1	108.1	108.3	109.0	108.1	0.3	-1.1
Retail	417.2	419.8	418.9	417.8	411.9	3.8	4.6
Finance, Ins. & Real Estate	144.7	145.5	145.8	146.1	145.9	3.8	4.4
Services	715.9	721.6	721.9	725.0	725.1	6.7	7.9
Government	372.8	373.8	378.9	341.2	327.7	5.4	2.5
Federal	49.4	49.7	56.5	48.7	49.4	5.1	4.3
State & Local	323.4	324.1	322.4	292.5	278.3	5.4	2.2
Schools	175.6	176.1	173.1	139.4	123.9	7.4	1.2
Hours Worked Per Week, Manufacturing, ADES	40.1	40.3	40.4	40.3	40.1	-0.5	0.7
<b>Average Hourly Earnings (\$) ADES</b>							
Construction	14.58	14.84	14.93	15.06	15.44	7.7	2.4
Manufacturing	12.68	12.86	12.87	12.79	12.72	0.1	1.7
Utilities	18.40	18.64	18.96	19.09	19.35	8.9	3.8
Retail Trade	11.47	11.75	11.44	11.48	11.54	0.7	-1.3
Wholesale Trade	14.12	13.92	13.78	13.79	14.20	3.5	3.5
<b>Sales (\$000s) ADOR</b>							
Aggregate Retail Sales	4,633,618	4,635,062	4,670,391	4,629,341	...	8.0	10.2
Retail	3,144,297	3,175,639	3,251,662	3,264,559	...	6.8	10.0
Food, EBR	576,920	587,428	579,302	568,735	...	8.0	6.8
Restaurants & Bars	571,233	546,220	535,561	513,123	...	8.6	9.1
Gasoline, EBR	341,168	325,776	303,866	282,924	...	22.2	23.9
Gallons (000s) ADOT	217,832	212,703	212,479	202,638	...	1.2	0.0
Utilities	375,693	359,549	443,472	541,973	...	17.8	4.9
Communications	213,752	204,560	220,940	232,551	...	19.2	14.4
Amusements	72,928	77,250	53,873	66,622	...	-7.9	8.8
Rentals - Personal Property	325,742	291,034	291,243	321,231	...	11.5	8.6
Contracting	908,198	889,512	944,794	1,055,234	...	7.4	8.0
Mining - Metal, Oil & Gas	38,901	33,918	43,817	36,459	...	-50.3	-31.9
Hotel/Motel	228,058	194,863	163,293	127,952	...	10.7	9.1
<b>Value of Construction Contract Awards (\$000s)</b>							
Total Awards	1,700,373	1,276,180	1,358,019	1,250,296	1,047,458	-13.9	-1.9
Residential Building	808,653	775,394	879,715	727,136	596,921	-19.1	-7.0
Non-Residential Building	772,950	375,371	312,960	360,577	283,326	8.2	7.0
Non-Building	118,770	125,415	165,344	162,583	167,211	-23.0	4.2
<b>New Housing Units Authorized, Census C-40</b>							
Total Units	6,501	5,428	5,833	5,034	...	-26.2	-9.1
Single Family Units	4,659	4,328	4,993	4,278	...	-19.4	-7.4
2-4 Unit Structures	159	78	128	131	...	114.8	8.5
5-plus Unit Structures	1,683	1,022	712	625	...	-56.9	-17.0
<b>Bankruptcy Filings, U.S. Bankruptcy Court</b>							
Total	1,981	1,736	1,883	1,824	1,571	-12.3	-9.0
Chapter 7	1,609	1,415	1,543	1,459	1,242	-12.5	-10.4
Chapter 11	34	29	17	29	19	-17.4	36.9
Chapter 13	338	291	322	336	308	-11.7	-5.4

See notes at bottom of Arizona - Quarterly table.

	II 1999	III 1999	IV 1999	I 2000	II 2000	% change versus year ago for:	
						most recent quarter	most recent 4-quarters
<b>ARIZONA QUARTERLY DATA</b>							
<b>Demographics &amp; Vital Statistics (000s, seas adj) ADHS &amp; EBR</b>							
Population	4,825.3	4,860.4	4,894.7	4,928.5	4,962.4	2.8	2.9
Natural Increase	10.4	10.6	10.0	10.4	10.4	0.9	2.3
Births	19.9	20.1	20.0	20.3	20.5	2.7	1.9
Deaths	9.6	9.5	10.0	10.0	10.0	4.6	1.5
Net Migration	25.1	24.2	23.8	23.6	23.4	-7.1	-6.5
<b>Personal Income Derivation (\$mil, SAAR) EBR</b>							
Total Personal Income	120,914	121,946	125,730	127,655	130,563	8.0	8.0
Earnings by Place of Work	85,377	86,200	89,022	90,469	92,612	8.5	8.7
Less: Contributions for Social Insurance	5,243	5,285	5,429	5,540	5,649	7.7	8.0
Plus: Adjustment for Residence	395	398	408	414	422	6.9	7.8
Plus: Dividends, Interest & Rents	24,482	24,533	25,416	25,667	26,232	7.1	7.1
Plus: Transfer Payments	15,903	16,100	16,313	16,646	16,947	6.6	5.9
<b>Components of Earnings (\$mil, SAAR) BEA</b>							
Wages and Salaries	69,152	70,100	71,061	72,732	...	9.7	8.6
Other Labor Income	7,549	7,611	7,677	7,807	...	7.4	6.0
Proprietor's Income	8,723	8,717	9,022	9,155	...	7.1	8.3
Farm	578	390	510	440	...	-31.9	-13.0
Nonfarm	8,145	8,326	8,512	8,716	...	10.2	9.9
<b>Per Capita Personal Income (\$, SAAR) EBR</b>	25,059	25,090	25,687	25,901	26,310	5.0	5.0
<b>Average Wage Per Employee, Annual Rate (\$) EBR</b>	31,633	31,727	31,886	32,150	...	4.7	4.1

	FEB 2000	MAR 2000	APR 2000	MAY 2000	JUN 2000	% change versus year ago for:	
						most recent month	most recent 12-months
<b>TRAVEL AND TOURISM - MONTHLY DATA</b>							
<b>Visits to Parks &amp; Other Recreational Areas, ADOT, NPS &amp; ASPB</b>							
Northern Arizona	975,123	1,335,541	1,868,433	2,055,409	2,605,144	3.2	0.9
Historical	104,274	142,261	188,262	176,993	178,568	-18.6	-7.0
Scenic	239,035	439,928	553,791	655,139	740,860	-6.3	-1.2
Water Based Recreation	631,814	753,352	1,126,380	1,223,277	1,685,716	11.3	3.1
Southern Arizona	410,233	415,417	335,071	204,853	161,755	-2.7	8.2
Historical	70,350	79,784	57,108	34,276	21,499	-18.4	-6.1
Scenic	299,003	286,023	223,406	123,057	100,914	4.7	14.8
Water Based Recreation	40,880	49,610	54,557	47,520	39,342	18.3	2.8
<b>International Border Crossings, USINS &amp; USCS</b>							
U.S. Citizens	740,871	799,918	757,219	794,576	769,596	4.0	2.0
Aliens	2,024,266	2,154,878	1,947,179	2,162,189	2,043,281	7.5	1.5
Vehicles	824,903	842,691	821,504	914,213	877,638	1.4	3.8

	MAR 2000	APR 2000	MAY 2000	JUN 2000	JUL 2000	% change versus year ago for:	
						most recent month	most recent 12-months
<b>MEASURES OF INFLATION AND PRICES - MONTHLY DATA</b>							
<b>Consumer Price Index (1982-1984=100) BLS</b>							
U.S. - All Urban	171.1	171.2	171.3	172.3	172.6	3.5	3.0
U.S. - Wage Earners	167.8	167.9	168.1	169.1	169.3	3.7	3.1

**Sources and abbreviations:**

ADES: Arizona Department of Economic Security  
 ADHS: Arizona Department of Health Services  
 ADOR: Arizona Department of Revenue  
 ADOT: Arizona Department of Transportation  
 ARMLS: Arizona Regional Multiple Listing Service  
 ASBD: Arizona State Banking Department  
 ASPB: Arizona State Parks Board  
 BEA: Bureau of Economic Analysis, U.S. Department of Commerce

BLS: Bureau of Labor Statistics, U.S. Department of Labor  
 Census C-40, Bureau of the Census, U.S. Department of Commerce  
 EBR: Economic & Business Research Program, The University of Arizona  
 F.W. Dodge, Division of McGraw Hill Information Systems Co. (proprietary data provided by special permission)  
 NPS: National Park Service, U.S. Department of the Interior  
 NSCCC: Nogales-Santa Cruz Chamber of Commerce

PSIA: Phoenix Skyharbor International Airport  
 SAAR: Seasonally adjusted at annual rates  
 TAA: Tucson Airport Authority  
 TAR: Tucson Association of Realtors  
 USINS: U.S. Immigration & Naturalization Service, U.S. Department of Justice  
 U.S. Bankruptcy Court, District of Arizona  
 USCS: U.S. Customs Service, U.S. Department of the Treasury

MEASURES OF INFLATION AND PRICES -QUARTERLY DATA

	II 1999	III 1999	IV 1999	I 2000	II 2000	% change versus year ago for: most recent quarter	most recent 4-quarters
<b>Consumer Price index (1982-84=100) BLS</b>							
Western Region (U.S.)	168.3	170.0	170.5	173.4	174.3	3.6	3.3
U.S. - All Urban Consumers	166.2	167.2	168.3	169.8	171.6	3.2	2.9
U.S. - Urban Wage Earners	162.8	163.9	165.1	166.6	168.4	3.4	3.0
<b>Price Indexes (1992=100) BEA</b>							
Gross Domestic Product	104.4	104.7	105.2	105.9	106.6	2.2	1.7
Personal Consumption Expenditures	104.3	104.8	105.4	106.3	107.1	2.7	2.2

See notes at bottom of Arizona - Quarterly table

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