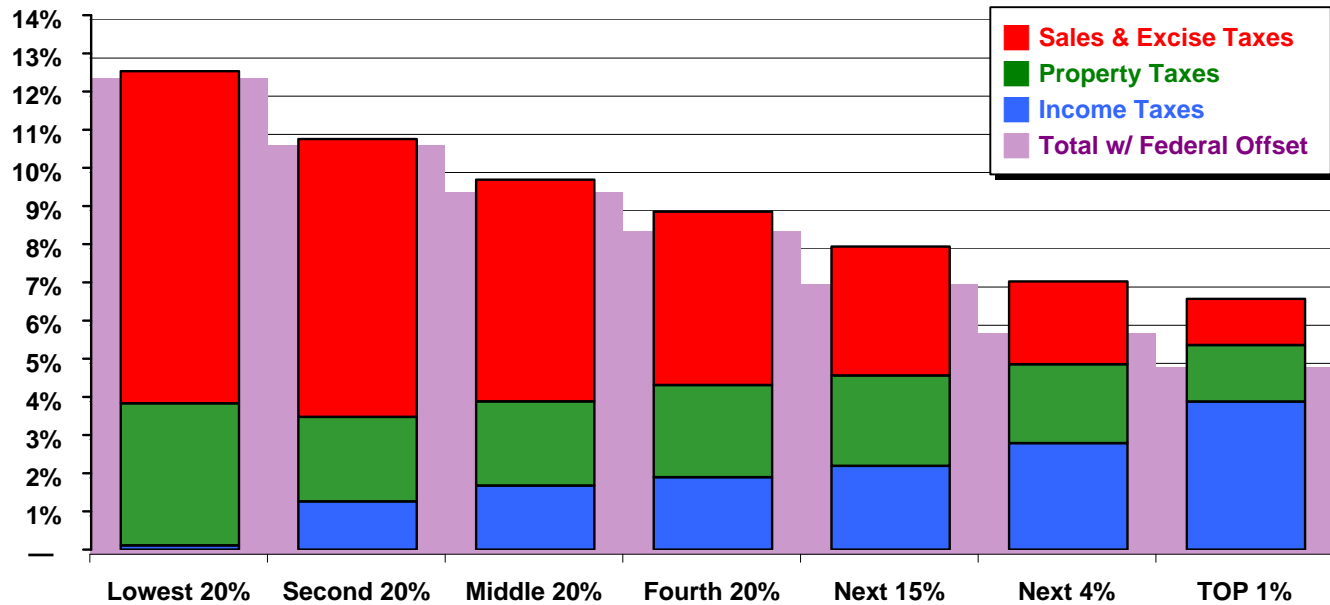


Arizona

State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$15,000	\$15,000 – \$25,000	\$25,000 – \$39,000	\$39,000 – \$65,000	\$65,000 – \$127,000	\$127,000 – \$237,000	\$237,000 or more
Average Income in Group	\$9,500	\$20,200	\$31,100	\$50,900	\$86,600	\$168,200	\$868,600
Sales & Excise Taxes	8.7%	7.3%	5.8%	4.5%	3.4%	2.2%	1.2%
General Sales—Individuals	4.5%	4.2%	3.5%	2.8%	2.2%	1.4%	0.8%
Other Sales & Excise—Ind.	2.0%	1.3%	0.9%	0.7%	0.4%	0.2%	0.1%
Sales & Excise on Business	2.2%	1.8%	1.4%	1.1%	0.8%	0.5%	0.3%
Property Taxes	3.7%	2.2%	2.2%	2.4%	2.4%	2.1%	1.5%
Property Taxes on Families	3.4%	2.0%	1.9%	2.1%	1.9%	1.6%	0.7%
Other Property Taxes	0.3%	0.2%	0.3%	0.3%	0.4%	0.5%	0.8%
Income Taxes	0.1%	1.3%	1.7%	1.9%	2.2%	2.8%	3.9%
Personal Income Tax	0.1%	1.2%	1.6%	1.9%	2.1%	2.7%	3.7%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	12.5%	10.8%	9.7%	8.9%	7.9%	7.0%	6.6%
Federal Deduction Offset	-0.1%	-0.0%	-0.2%	-0.4%	-0.9%	-1.2%	-1.7%
TOTAL AFTER OFFSET	12.5%	10.7%	9.5%	8.5%	7.1%	5.8%	4.9%

Note: Table shows 2002 tax law at 2000 income levels.

Arizona Details

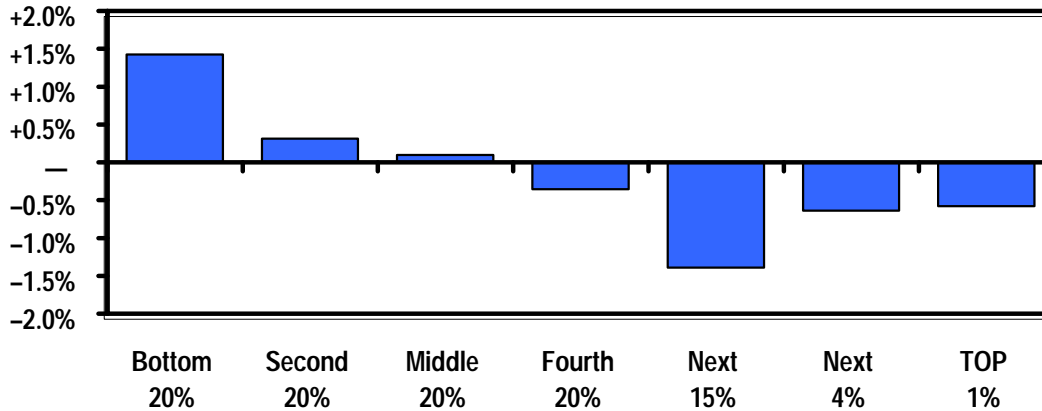
Progressive Features

- ✓ Graduated rates
- ✓ Food and most medical expenses exempt

Regressive Features

- ✗ Heavy reliance on sales and property taxes
- ✗ Income tax not indexed

Changes in Tax as Share of Income, 1989 - 2002

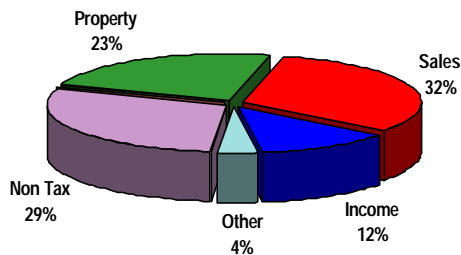


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Sales & Excise	+1.1%	+0.5%	+0.4%	+0.2%	+0.1%	+0.1%	+0.0%
Property	+0.7%	+0.1%	+0.2%	-0.0%	-0.9%	-0.5%	-0.4%
Income	-0.3%	-0.3%	-0.4%	-0.6%	-0.7%	-0.2%	+0.3%
Federal Offset	-0.0%	+0.0%	-0.0%	+0.0%	+0.1%	+0.0%	-0.4%
Overall Change	+1.4%	+0.3%	+0.1%	-0.4%	-1.4%	-0.6%	-0.6%

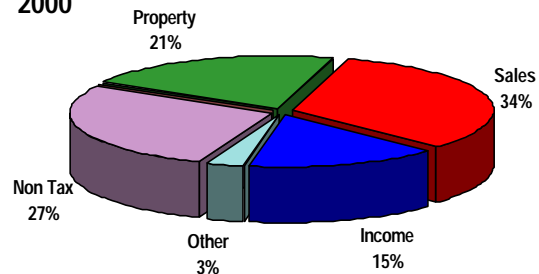
Progressive changes for Arizona include the elimination of the federal tax deduction, the addition of a working family tax credit and the restructuring of the rates to make them far more graduated than they were in 1989. However, for middle and low income taxpayers, these changes were offset by large, regressive increases in sales and excise taxes.

Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census