

Arizona Details

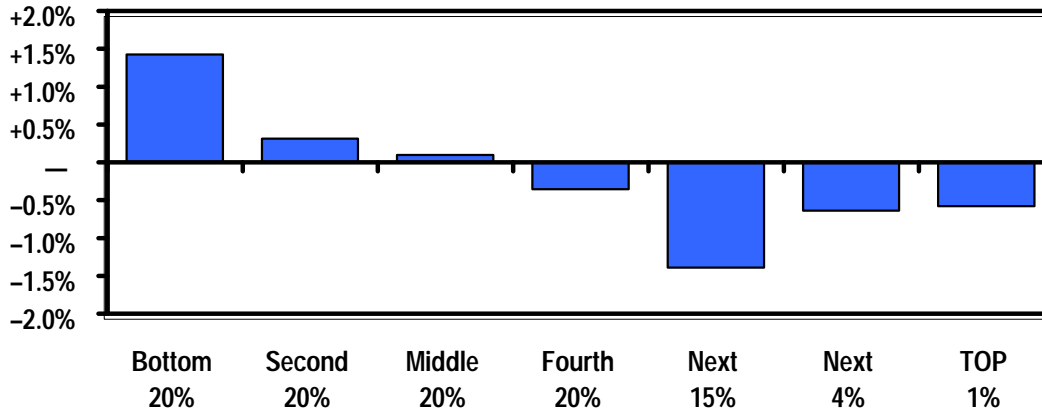
Progressive Features

- ✓ 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

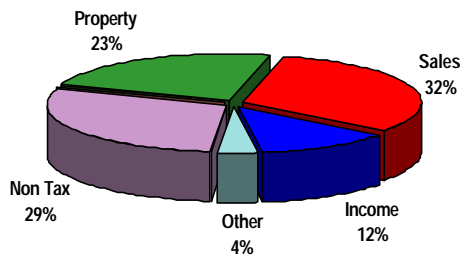


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Sales & Excise	+1.1%	+0.5%	+0.4%	+0.2%	+0.1%	+0.1%	+0.0%
Property	+0.7%	+0.1%	+0.2%	-0.0%	-0.9%	-0.5%	-0.4%
Income	-0.3%	-0.3%	-0.4%	-0.6%	-0.7%	-0.2%	+0.3%
Federal Offset	-0.0%	+0.0%	-0.0%	+0.0%	+0.1%	+0.0%	-0.4%
Overall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

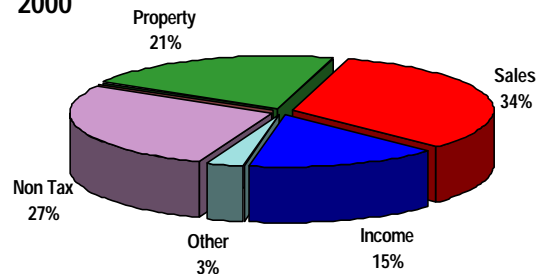
Progressive changes for Arizona include the elimination of the federal tax deduction, the addition of a working family tax credit and the restructuring of the rates to make them far more graduated than they were in 1989. However, for middle and low income taxpayers, these changes were offset by large,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

Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census