



MEMORANDUM

Date: February 6, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CH", is written over the printed name "C.H. Huckelberry".

Re: **State-shared Income Taxes and Primary Property Tax Reductions**

In the mid-1990s, counties in Arizona attempted to reach tax equity on three areas of State revenue sharing. The first was sales tax, followed by Highway User Revenue Funds and, finally, State-shared income taxes.

The first two legs of the tax equity stool were achieved; but the third, State-shared income taxes, remains elusive. The Arizona Legislature and specific lawmakers have often complained of high property taxes in certain counties, including Pima County and Pinal County. Our primary property tax rates are in large part where they are to provide urban services to a very high percentage of the overall county population living in the unincorporated area.

When urban revenue sharing was first enacted in 1972 to prevent cities and towns from adopting a separate income tax, this particular legislation disenfranchised approximately 20 percent of the State's population and, in Pima County, as high as 36 percent; those being the individuals who live in the unincorporated area and do not receive an equitable share of their State paid income taxes in urban revenue sharing.

If the Legislature was significantly concerned regarding the property tax levied by counties in Arizona, a way to reduce it would be to introduce State urban revenue sharing (income tax with counties) and require those State-shared revenues be used to reduce the county primary property tax rates.

As you can see in Table 1 of the enclosed February 3, 2017 memorandum from Financial Analyst Supervisor Craig Horn, the reduction in property tax rate among counties varies between 100 percent in two counties and as low as 6 percent in Maricopa County. For the State's two highest primary property tax rates, Pima County's could be reduced by 11 percent and Pinal County's by 25 percent. These are significant and substantial reductions.

At this time, it is obviously too late to discuss urban revenue sharing in the form of State-shared income taxes with the Legislature; however, it is possible that policy discussions could occur to determine if finally achieving the third leg of the tax equity stool in Arizona would be worthwhile pursuing in the next Legislative Session.

The Honorable Chair and Members, Pima County Board of Supervisors
Re: State-shared Income Taxes and Primary Property Tax Reductions
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I have also enclosed two appendices that illustrate the impact on cities and towns if they are not held harmless (Appendix A) and, correspondingly, the additional share of the State-shared income taxes that would be necessary to hold cities and towns harmless (Appendix B).

CHH/anc

Attachments

c: Tom Burke, Deputy County Administrator for Administration
Keith Dommer, Director, Finance and Risk Management
Robert Johnson, Budget Manager, Finance and Risk Management
Craig Horn, Financial Analyst Supervisors, Finance and Risk Management



MEMORANDUM

DEPARTMENT OF FINANCE AND RISK MANAGEMENT

BUDGET DIVISION

Date: February 3, 2017

To: Chuck Huckelberry, County Administrator
Robert Johnson, Budget Division Manager

From: Craig Horn, Financial Analyst Supervisor *CHH*

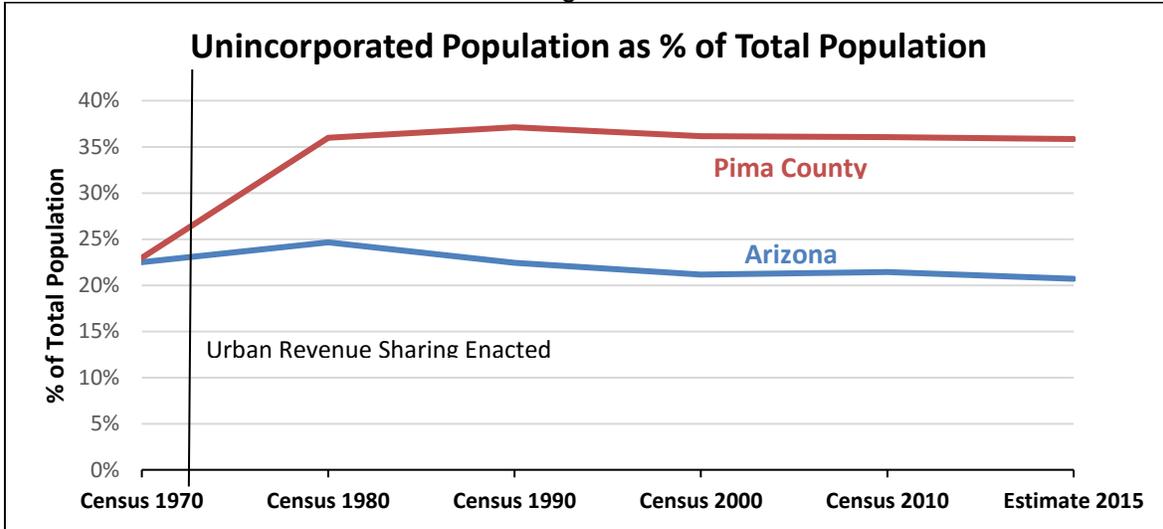
Subject: State-Shared Income Taxes and Primary Property Tax Reductions

Urban Revenue Sharing, or state-shared income taxes, was approved by voters in 1972 as a means to share the state's collection of individual and corporate income taxes with incorporated cities and towns. In return for enactment of this measure, political subdivisions of the state were prohibited from levying income taxes of their own. The law became effective on July 1, 1973, with funding at 15% of the net proceeds from the state's income taxes during the two years prior to the current fiscal year when revenues are shared. Over time the Legislature has changed the percentage shared to cities and towns from 15% to as low as 12.8%. For the past decade, however, the percentage shared has been 15% of state income tax revenues.

Income tax revenue shared with cities and towns is based on each city's/town's incorporated population relative to the incorporated population of all cities and towns in the state. From fiscal year 2011/12 through fiscal year 2015/16, Census 2010 population counts, adjusted for annexations, served as the basis for sharing revenue to each city and town. With passage of Laws 2016, Chapter 258 (HB 2483), annual sharing of income tax revenues from and after fiscal year 2016/17 will be based on the U. S. Census Bureau population estimate for each city and town as of July 1st of the prior fiscal year. For example, during fiscal year 2016/17 the population share for each city/town is its Census Bureau population estimate as of July 1, 2015. [HB 2483 does allow a city/town to use for only fiscal year 2016/17 the population count on July 1, 2015, as determined by a special census conducted by the Census Bureau. It appears only Buckeye may have made use of this special census provision.] From and after fiscal year 2017/18, the share of revenue distributed to each city/town will be its population estimate from the U.S. Census Bureau as of July 1 of the prior year.

During fiscal year 2016/17, the state will share \$663.65 million of income taxes. Figure 1 shows nearly 21 percent of the state's population living in the unincorporated areas of each county do not benefit from such sharing, as only incorporated cities and towns receive Urban Revenue Sharing funds. The inequity in sharing state income taxes to only cities and towns is significant for residents of counties such as Pima County, where the percentage of the county's population living in unincorporated areas is greater than the statewide average. For Pima County, the inequity increased dramatically after enactment of revenue sharing because of differential rates of population growth between incorporated and unincorporated areas in the county. If the unincorporated population of the state were also included in the distribution of state-shared income taxes, county governments would receive funding to provide additional services to their unincorporated citizens or to reduce tax burdens through lower primary property taxes.

Figure 1



The calculations presented in Appendix A indicate \$137.25 million of state-shared income taxes would be available to counties with inclusion of unincorporated population in the distribution formula. For Pima County, \$35.16 million of additional revenue would be available to provide services to its current 362,082 unincorporated population or the County could utilize those revenues to reduce its primary property tax rate by \$0.4651, or nearly 11 percent (see Table 1 below). Additional funds through state-shared income taxes would allow all counties to reduce primary property tax rates, in some cases potentially reducing the tax rate to \$0. The ability of a county such as Pima County to reduce its primary property tax would also benefit the State, as a \$0.4651 decrease in Pima County’s primary tax rate would have reduced the State’s contribution for additional 1 percent state aid for education by nearly \$6.2 million in tax year 2016.

Table 1

IMPACT OF STATE-SHARED INCOME TAX REVENUE ON COUNTY PRIMARY PROPERTY TAX RATES						
County	FY 2016/17 Net Assessed Valuation	FY 2016/17 Primary Tax Rate	Estimated County Unincorporated Population State-Shared Income Tax Revenue	Potential Reduction in Primary Property Tax Rate (assumes 96.73% current-year collection rate)	Potential Primary Property Tax Rate With Additional State-Shared Income Tax Revenue	% Change in Potential Primary Tax Rate from Actual Tax Rate
Apache	\$453,791,208	\$0.5642	\$5,940,275	\$1.3533	\$0.0000	-100.00%
Cochise	909,774,049	2.6276	4,832,883	0.5492	2.0784	-20.90%
Coconino	1,569,812,808	0.5788	5,465,193	0.3599	0.2189	-62.18%
Gila	496,294,071	4.1900	2,463,008	0.5131	3.6769	-12.25%
Graham	193,098,383	2.4597	1,987,634	1.0641	1.3956	-43.26%
Greenlee	424,428,003	0.6171	489,941	0.1193	0.4978	-19.33%
La Paz	200,919,282	2.3580	1,309,098	0.6736	1.6844	-28.57%
Maricopa	36,135,494,474	1.4009	29,185,214	0.0835	1.3174	-5.96%
Mohave	1,696,199,992	1.9696	7,574,414	0.4616	1.5080	-23.44%
Navajo	803,062,466	0.8471	6,665,523	0.8581	0.0000	-100.00%
Pima	7,816,699,760	4.2896	35,163,266	0.4651	3.8245	-10.84%
Pinal	2,119,750,925	3.8699	19,569,850	0.9544	2.9155	-24.66%
Santa Cruz	309,834,858	3.8086	2,458,832	0.8204	2.9882	-21.54%
Yavapai	2,344,409,942	1.9027	8,252,465	0.3639	1.5388	-19.13%
Yuma	1,116,022,260	2.4684	5,888,222	0.5454	1.9230	-22.10%

Source: Arizona Tax Research Association Newsletter, Volume 76, No. 7, October 2016, p. 5 and 6 for county valuation and primary tax levy/rate.

Shared revenues received by cities and towns will decrease with inclusion of unincorporated population in the distribution formula. Statewide city/town revenues would decrease by the same \$137.25 million gained by county unincorporated population. Shared income tax revenues for Tucson, South Tucson, Marana, Oro Valley, and Sahuarita would decrease by \$16.4 million in total. The overall impact on the local economy with inclusion of unincorporated population in the distribution formula would be a net gain of \$18.76 million in state shared revenues, however.

Changing the distribution formula to add unincorporated population and to ensure revenues to cities and towns are “held harmless” would require the State to increase the sharing of income taxes to \$836.68 million of net collections (see calculations in Appendix B). This would represent 18.91 percent of net collections, significantly more than the current 15 percent sharing.

ATTACHMENT – APPENDIX A Calculations Including County Unincorporated Population
ATTACHMENT – APPENDIX B Calculations Also Holding Cities/Towns Harmless

c: Keith Dommer, Director, Department of Finance & Risk Management
Tom Burke, Deputy County Administrator for Administration
Michael Racy, Racy Associates, Inc.

APPENDIX A

**CALCULATION OF STATE-SHARED INCOME TAX
WHEN COUNTY UNINCORPORATED POPULATION INCLUDED IN DISTRIBUTION
(City/Town Revenues Not Held Harmless)**

APPENDIX A - ADD COUNTY UNINCORPORATED POPULATION TO STATE SHARED INCOME TAX DISTRIBUTION - CITIES/TOWNS NOT HELD HARMLESS

IMPACT OF INCLUDING UNINCORPORATED COUNTY POPULATION IN STATE-SHARED INCOME TAX (URBAN REVENUE SHARING) DISTRIBUTIONS DURING FY 2016/17

County	ESTIMATED STATE-SHARED INCOME DISTRIBUTIONS TO CITIES/TOWNS					POPULATION SHARES WHEN UNINCORPORATED COUNTY AREAS INCLUDED					NEW DISTRIBUTION	
	City/Town	JLBC Estimated FY2016/17 State Shared Income Tax To Cities/Towns \$	% Share	Census July 1, 2015 Population With Statutory 1,500 Person Minimum	% Share	Census July 1, 2015 City/Town Population Estimate Adjusted For Annexations	Census July 1, 2015 County Population Estimate	Estimated Census July 1, 2015 Unincorporated Population Adjusted For City Annexations	New Census July 1, 2015 Population Counts When Unincorporated Areas Included	New % Population Share for State-Shared Income Tax	Estimated New FY 2016/17 State-Shared Income Tax Distribution	Net \$ Change in Distribution
Apache							71,474					
	Eager	\$596,129	0.0898%	4,869	0.0898%	4,869			4,869	0.0712%	\$472,849	(\$123,280)
	St. Johns	426,436	0.0643%	3,483	0.0643%	3,483			3,483	0.0510%	338,248	(88,188)
	Springerville	239,235	0.0360%	1,954	0.0360%	1,954			1,954	0.0286%	189,761	(49,474)
	Unincorporated							61,168	61,168	0.8951%	5,940,275	5,940,275
Cochise							126,427					
	Benson	598,455	0.0902%	4,888	0.0902%	4,888			4,888	0.0715%	474,694	(123,761)
	Bisbee	637,634	0.0961%	5,208	0.0961%	5,208			5,208	0.0762%	505,770	(131,864)
	Douglas	2,031,418	0.3061%	16,592	0.3061%	16,592			16,592	0.2428%	1,611,317	(420,101)
	Huachuca City	214,871	0.0324%	1,755	0.0324%	1,755			1,755	0.0257%	170,435	(44,436)
	Sierra Vista	5,308,108	0.7998%	43,355	0.7998%	43,355			43,355	0.6344%	4,210,382	(1,097,726)
	Tombstone	183,843	0.0277%	1,500	0.0277%	1,312			1,500	0.0219%	145,671	(38,172)
	Willcox	434,884	0.0655%	3,552	0.0655%	3,552			3,552	0.0520%	344,949	(89,935)
	Unincorporated							49,765	49,765	0.7282%	4,832,883	4,832,883
Coconino							139,097					
	Flagstaff	8,609,529	1.2973%	70,320	1.2973%	70,320			70,320	1.0290%	6,829,063	(1,780,466)
	Fredonia	183,843	0.0277%	1,500	0.0277%	1,322			1,500	0.0219%	145,671	(38,172)
	Page	917,028	0.1382%	7,490	0.1382%	7,490			7,490	0.1096%	727,385	(189,643)
	Sedona*									0.0000%	0	0
	Tusayan	183,843	0.0277%	1,500	0.0277%	567			1,500	0.0219%	145,671	(38,172)
	Williams	382,238	0.0576%	3,122	0.0576%	3,122			3,122	0.0457%	303,190	(79,048)
	Unincorporated							56,276	56,276	0.8235%	5,465,193	5,465,193
Gila							53,159					
	Globe	905,519	0.1364%	7,396	0.1364%	7,396			7,396	0.1082%	718,256	(187,263)
	Hayden	183,843	0.0277%	1,500	0.0277%	650			1,500	0.0219%	145,671	(38,172)
	Miami	218,299	0.0329%	1,783	0.0329%	1,783			1,783	0.0261%	173,154	(45,145)
	Payson	1,878,743	0.2831%	15,345	0.2831%	15,345			15,345	0.2245%	1,490,216	(388,527)
	Star Valley	278,781	0.0420%	2,277	0.0420%	2,277			2,277	0.0333%	221,129	(57,652)
	Winkelman	183,843	0.0277%	1,500	0.0277%	346			1,500	0.0219%	145,671	(38,172)
	Unincorporated							25,362	25,362	0.3711%	2,463,008	2,463,008
Graham							37,666					
	Pima	309,022	0.0466%	2,524	0.0466%	2,524			2,524	0.0369%	245,116	(63,906)
	Safford	1,185,524	0.1786%	9,683	0.1786%	9,683			9,683	0.1417%	940,356	(245,168)
	Thatcher	611,188	0.0921%	4,992	0.0921%	4,992			4,992	0.0730%	484,794	(126,394)
	Unincorporated							20,467	20,467	0.2995%	1,987,634	1,987,634

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Greenlee							9,529					
	Clifton	451,168	0.0680%	3,685	0.0680%	3,685			3,685	0.0539%	357,865	(93,303)
	Duncan	183,843	0.0277%	1,500	0.0277%	799			1,500	0.0219%	145,671	(38,172)
	Unincorporated							5,045	5,045	0.0738%	489,941	489,941
La Paz							20,152					
	Parker	372,933	0.0562%	3,046	0.0562%	3,046			3,046	0.0446%	295,810	(77,123)
	Quartzsite	443,944	0.0669%	3,626	0.0669%	3,626			3,626	0.0531%	352,136	(91,808)
	Unincorporated							13,480	13,480	0.1973%	1,309,098	1,309,098
Maricopa							4,167,947					
	Apache Junction*									0.0000%	0	0
	Avondale	9,878,431	1.4885%	80,684	1.4885%	80,684			80,684	1.1807%	7,835,554	(2,042,877)
	Buckeye	7,662,138	1.1545%	62,582	1.1545%	62,582			62,582	0.9158%	6,077,594	(1,584,544)
	Carefree	441,985	0.0666%	3,610	0.0666%	3,610			3,610	0.0528%	350,582	(91,403)
	Cave Creek	653,918	0.0985%	5,341	0.0985%	5,341			5,341	0.0782%	518,686	(135,232)
	Chandler	31,934,106	4.8119%	260,828	4.8119%	260,828			260,828	3.8168%	25,330,076	(6,604,030)
	El Mirage	4,154,784	0.6260%	33,935	0.6261%	33,935			33,935	0.4966%	3,295,567	(859,217)
	Fountain Hills	2,926,040	0.4409%	23,899	0.4409%	23,899			23,899	0.3497%	2,320,930	(605,110)
	Gila Bend	247,928	0.0374%	2,025	0.0374%	2,025			2,025	0.0296%	196,656	(51,272)
	Gilbert	30,307,453	4.5668%	247,542	4.5668%	247,542			247,542	3.6224%	24,039,818	(6,267,635)
	Glendale	29,399,486	4.4300%	240,126	4.4300%	240,126			240,126	3.5138%	23,319,620	(6,079,866)
	Goodyear	9,672,620	1.4575%	79,003	1.4575%	79,003			79,003	1.1561%	7,672,305	(2,000,315)
	Guadalupe	756,272	0.1140%	6,177	0.1140%	6,177			6,177	0.0904%	599,874	(156,398)
	Litchfield Park	677,425	0.1021%	5,533	0.1021%	5,533			5,533	0.0810%	537,332	(140,093)
	Mesa	57,767,224	8.7044%	471,825	8.7045%	471,825			471,825	6.9043%	45,820,859	(11,946,365)
	Paradise Valley	1,704,520	0.2568%	13,922	0.2568%	13,922			13,922	0.2037%	1,352,022	(352,498)
	Peoria	20,965,159	3.1591%	171,237	3.1591%	171,237			171,237	2.5058%	16,629,527	(4,335,632)
	Phoenix	191,366,747	28.8354%	1,563,025	28.8355%	1,563,025			1,563,025	22.8722%	151,791,761	(39,574,986)
	Queen Creek	4,237,916	0.6386%	34,614	0.6386%	34,614			34,614	0.5065%	3,361,507	(876,409)
	Scottsdale	28,997,047	4.3693%	236,839	4.3693%	236,839			236,839	3.4657%	23,000,406	(5,996,641)
	Surprise	15,723,165	2.3692%	128,422	2.3692%	128,422			128,422	1.8792%	12,471,587	(3,251,578)
	Tempe	21,527,007	3.2437%	175,826	3.2437%	175,826			175,826	2.5729%	17,075,183	(4,451,824)
	Tolleson	858,015	0.1293%	7,008	0.1293%	7,008			7,008	0.1026%	680,576	(177,439)
	Wickenburg	833,283	0.1256%	6,806	0.1256%	6,806			6,806	0.0996%	660,959	(172,324)
	Youngtown	809,653	0.1220%	6,613	0.1220%	6,613			6,613	0.0968%	642,216	(167,437)
	Unincorporated							300,525	300,525	4.3977%	29,185,214	29,185,214

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Mohave							204,737					
	Bullhead City	4,829,393	0.7277%	39,445	0.7277%	39,445			39,445	0.5772%	3,830,666	(998,727)
	Colorado City	591,599	0.0891%	4,832	0.0891%	4,832			4,832	0.0707%	469,255	(122,344)
	Kingman	3,539,800	0.5334%	28,912	0.5334%	28,912			28,912	0.4231%	2,807,763	(732,037)
	Lake Havasu City	6,556,686	0.9880%	53,553	0.9880%	53,553			53,553	0.7837%	5,200,751	(1,355,935)
	Unincorporated							77,995	77,995	1.1413%	7,574,414	7,574,414
Navajo							108,277					
	Holbrook	614,494	0.0926%	5,019	0.0926%	5,019			5,019	0.0734%	487,416	(127,078)
	Pinetop-Lakeside	531,974	0.0802%	4,345	0.0802%	4,345			4,345	0.0636%	421,961	(110,013)
	Show Low	1,329,629	0.2004%	10,860	0.2004%	10,860			10,860	0.1589%	1,054,659	(274,970)
	Snowflake	693,709	0.1045%	5,666	0.1045%	5,666			5,666	0.0829%	550,248	(143,461)
	Taylor	508,222	0.0766%	4,151	0.0766%	4,151			4,151	0.0607%	403,121	(105,101)
	Winslow	1,175,362	0.1771%	9,600	0.1771%	9,600			9,600	0.1405%	932,295	(243,067)
	Unincorporated							68,636	68,636	1.0044%	6,665,523	6,665,523
Pima							1,010,025					
	Marana	5,058,343	0.7622%	41,315	0.7622%	41,315			41,315	0.6046%	4,012,269	(1,046,074)
	Oro Valley	5,333,819	0.8037%	43,565	0.8037%	43,565			43,565	0.6375%	4,230,776	(1,103,043)
	Sahuarita	3,147,400	0.4743%	25,707	0.4743%	25,707			25,707	0.3762%	2,496,512	(650,888)
	South Tucson	699,708	0.1054%	5,715	0.1054%	5,715			5,715	0.0836%	555,007	(144,701)
	Tucson	65,090,711	9.8080%	531,641	9.8080%	531,641			531,641	7.7797%	51,629,836	(13,460,875)
	Unincorporated							362,082	362,082	5.2984%	35,163,266	35,163,266
Pinal							406,584					
	Apache Junction	4,661,536	0.7024%	38,074	0.7024%	38,074			38,074	0.5571%	3,697,522	(964,014)
	Casa Grande	6,300,432	0.9494%	51,460	0.9494%	51,460			51,460	0.7530%	4,997,491	(1,302,941)
	Coolidge	1,505,566	0.2269%	12,297	0.2269%	12,297			12,297	0.1799%	1,194,212	(311,354)
	Eloy	2,088,594	0.3147%	17,059	0.3147%	17,059			17,059	0.2496%	1,656,669	(431,925)
	Florence	3,808,909	0.5739%	31,110	0.5739%	31,110			31,110	0.4552%	3,021,220	(787,689)
	Kearny	249,520	0.0376%	2,038	0.0376%	2,038			2,038	0.0298%	197,919	(51,601)
	Mammoth	183,843	0.0277%	1,500	0.0277%	1,487			1,500	0.0219%	145,671	(38,172)
	Maricopa	5,950,517	0.8966%	48,602	0.8966%	48,602			48,602	0.7112%	4,719,939	(1,230,578)
	Queen Creek*									0.0000%	0	0
	Superior	360,322	0.0543%	2,943	0.0543%	2,943			2,943	0.0431%	285,807	(74,515)
	Unincorporated							201,514	201,514	2.9488%	19,569,850	19,569,850

APPENDIX A - ADD COUNTY UNINCORPORATED POPULATION TO STATE SHARED INCOME TAX DISTRIBUTION - CITIES/TOWNS NOT HELD HARMLESS

IMPACT OF INCLUDING UNINCORPORATED COUNTY POPULATION IN STATE-SHARED INCOME TAX (URBAN REVENUE SHARING) DISTRIBUTIONS DURING FY 2016/17

County	ESTIMATED STATE-SHARED INCOME DISTRIBUTIONS TO CITIES/TOWNS					POPULATION SHARES WHEN UNINCORPORATED COUNTY AREAS INCLUDED					NEW DISTRIBUTION	
	City/Town	JLBC Estimated FY2016/17 State Shared Income Tax To Cities/Towns \$	% Share	Census July 1, 2015 Population With Statutory 1,500 Person Minimum	% Share	Census July 1, 2015 City/Town Population Estimate Adjusted For Annexations	Census July 1, 2015 County Population Estimate	Estimated Census July 1, 2015 Unincorporated Population Adjusted For City Annexations	New Census July 1, 2015 Population Counts When Unincorporated Areas Included	New % Population Share for State-Shared Income Tax	Estimated New FY 2016/17 State-Shared Income Tax Distribution	Net \$ Change in Distribution
Santa Cruz							46,461					
	Nogales	2,479,525	0.3736%	20,252	0.3736%	20,252			20,252	0.2964%	1,966,755	(512,770)
	Patagonia	183,843	0.0277%	1,500	0.0277%	890			1,500	0.0219%	145,671	(38,172)
	Unincorporated							25,319	25,319	0.3705%	2,458,832	2,458,832
Yavapai							222,255					
	Camp Verde	1,365,747	0.2058%	11,155	0.2058%	11,155			11,155	0.1632%	1,083,308	(282,439)
	Chino Valley	1,363,543	0.2055%	11,137	0.2055%	11,137			11,137	0.1630%	1,081,560	(281,983)
	Clarkdale	519,118	0.0782%	4,240	0.0782%	4,240			4,240	0.0620%	411,764	(107,354)
	Cottonwood	1,446,920	0.2180%	11,818	0.2180%	11,818			11,818	0.1729%	1,147,694	(299,226)
	Dewey-Humboldt	488,265	0.0736%	3,988	0.0736%	3,988			3,988	0.0584%	387,291	(100,974)
	Jerome	183,843	0.0277%	1,500	0.0277%	456			1,500	0.0219%	145,671	(38,172)
	Peoria*									0.0000%	0	0
	Prescott	5,129,845	0.7730%	41,899	0.7730%	41,899			41,899	0.6131%	4,068,984	(1,060,861)
	Prescott Valley	5,166,330	0.7785%	42,197	0.7785%	42,197			42,197	0.6175%	4,097,924	(1,068,406)
	Sedona	1,271,840	0.1916%	10,388	0.1916%	10,388			10,388	0.1520%	1,008,821	(263,019)
	Unincorporated							84,977	84,977	1.2435%	8,252,465	8,252,465
Yuma							204,275					
	San Luis	3,859,106	0.5815%	31,520	0.5815%	31,520			31,520	0.4612%	3,061,036	(798,070)
	Somerton	1,842,381	0.2776%	15,048	0.2776%	15,048			15,048	0.2202%	1,461,373	(381,008)
	Wellton	359,465	0.0542%	2,936	0.0542%	2,936			2,936	0.0430%	285,127	(74,338)
	Yuma	11,525,775	1.7367%	94,139	1.7367%	94,139			94,139	1.3776%	9,142,224	(2,383,551)
	Unincorporated							60,632	60,632	0.8872%	5,888,222	5,888,222
TOTAL		\$663,652,100	100.0000%	5,420,493	100.0000%	5,414,822	6,828,065	1,413,243	6,833,736	100.0000%	\$663,652,104	\$0
NET CHANGE IN STATE-SHARED INCOME TAX FOR CITIES/TOWNS											(\$137,245,814)	
NET CHANGE IN STATE-SHARED INCOME TAX FOR COUNTIES											\$137,245,814	

Sources:

Column "JLBC Estimated FY2016/17 State Shared Income Tax To Cities/Towns \$" from Joint Legislative Budget Committee Tax Handbook 2016, p. 34.

Columns "Census July 1, 2015 Population With Statutory 1,500 Person Minimum" and "Census July 1, 2015 City/Town Population Estimate Adjusted For Annexations" from Arizona League of Cities & Towns, State Shared Revenues, May 23, 2016, p. 3 and 4.

Column "Census July 1, 2015 County Population Estimate" from U.S. Department of Commerce, Bureau of the Census.

APPENDIX B

**CALCULATION OF STATE-SHARED INCOME TAX
WHEN COUNTY UNINCORPORATED POPULATION INCLUDED IN DISTRIBUTION
(City/Town Revenues Held Harmless)**

APPENDIX B - ADD COUNTY UNINCORPORATED POPULATION TO STATE SHARED INCOME TAX DISTRIBUTION - CITIES/TOWNS HELD HARMLESS

IMPACT OF INCLUDING UNINCORPORATED COUNTY POPULATION IN STATE-SHARED INCOME TAX (URBAN REVENUE SHARING) DISTRIBUTIONS DURING FY 2016/17

ESTIMATED STATE-SHARED INCOME DISTRIBUTIONS TO CITIES/TOWNS						POPULATION SHARES WHEN UNINCORPORATED COUNTY AREAS INCLUDED					NEW DISTRIBUTION	
County	City/Town	JLBC Estimated FY2016/17 State Shared Income Tax To Cities/Towns \$	% Share	Census July 1, 2015 Population With Statutory 1,500 Person Minimum	% Share	Census July 1, 2015 City/Town Population Estimate Adjusted For Annexations	Census July 1, 2015 County Population Estimate	Estimated Census July 1, 2015 Unincorporated Population Adjusted For City Annexations	New Census July 1, 2015 Population Counts When Unincorporated Areas Included	New % Population Share for State-Shared Income Tax	Estimated New FY 2016/17 State-Shared Income Tax Distribution	Net \$ Change in Distribution
Apache							71,474					
	Eager	\$596,129	0.0712%	4,869	0.0898%	4,869			4,869	0.0712%	\$596,131	\$2
	St. Johns	426,436	0.0510%	3,483	0.0643%	3,483			3,483	0.0510%	426,437	1
	Springerville	239,235	0.0286%	1,954	0.0360%	1,954			1,954	0.0286%	239,236	1
	Unincorporated							61,168	61,168	0.8951%	7,489,037	7,489,037
Cochise							126,427					
	Benson	598,455	0.0715%	4,888	0.0902%	4,888			4,888	0.0715%	598,457	2
	Bisbee	637,634	0.0762%	5,208	0.0961%	5,208			5,208	0.0762%	637,636	2
	Douglas	2,031,418	0.2428%	16,592	0.3061%	16,592			16,592	0.2428%	2,031,423	5
	Huachuca City	214,871	0.0257%	1,755	0.0324%	1,755			1,755	0.0257%	214,871	0
	Sierra Vista	5,308,108	0.6344%	43,355	0.7998%	43,355			43,355	0.6344%	5,308,122	14
	Tombstone	183,843	0.0220%	1,500	0.0277%	1,312			1,500	0.0219%	183,651	(192)
	Willcox	434,884	0.0520%	3,552	0.0655%	3,552			3,552	0.0520%	434,885	1
	Unincorporated							49,765	49,765	0.7282%	6,092,923	6,092,923
Coconino							139,097					
	Flagstaff	8,609,529	1.0290%	70,320	1.2973%	70,320			70,320	1.0290%	8,609,552	23
	Fredonia	183,843	0.0220%	1,500	0.0277%	1,322			1,500	0.0219%	183,651	(192)
	Page	917,028	0.1096%	7,490	0.1382%	7,490			7,490	0.1096%	917,030	2
	Sedona*									0.0000%	0	0
	Tusayan	183,843	0.0220%	1,500	0.0277%	567			1,500	0.0219%	183,651	(192)
	Williams	382,238	0.0457%	3,122	0.0576%	3,122			3,122	0.0457%	382,239	1
	Unincorporated							56,276	56,276	0.8235%	6,890,090	6,890,090
Gila							53,159					
	Globe	905,519	0.1082%	7,396	0.1364%	7,396			7,396	0.1082%	905,521	2
	Hayden	183,843	0.0220%	1,500	0.0277%	650			1,500	0.0219%	183,651	(192)
	Miami	218,299	0.0261%	1,783	0.0329%	1,783			1,783	0.0261%	218,300	1
	Payson	1,878,743	0.2245%	15,345	0.2831%	15,345			15,345	0.2245%	1,878,748	5
	Star Valley	278,781	0.0333%	2,277	0.0420%	2,277			2,277	0.0333%	278,782	1
	Winkelman	183,843	0.0220%	1,500	0.0277%	346			1,500	0.0219%	183,651	(192)
	Unincorporated							25,362	25,362	0.3711%	3,105,169	3,105,169
Graham							37,666					
	Pima	309,022	0.0369%	2,524	0.0466%	2,524			2,524	0.0369%	309,023	1
	Safford	1,185,524	0.1417%	9,683	0.1786%	9,683			9,683	0.1417%	1,185,527	3
	Thatcher	611,188	0.0730%	4,992	0.0921%	4,992			4,992	0.0730%	611,190	2
	Unincorporated							20,467	20,467	0.2995%	2,505,855	2,505,855

APPENDIX B - ADD COUNTY UNINCORPORATED POPULATION TO STATE SHARED INCOME TAX DISTRIBUTION - CITIES/TOWNS HELD HARMLESS

IMPACT OF INCLUDING UNINCORPORATED COUNTY POPULATION IN STATE-SHARED INCOME TAX (URBAN REVENUE SHARING) DISTRIBUTIONS DURING FY 2016/17

ESTIMATED STATE-SHARED INCOME DISTRIBUTIONS TO CITIES/TOWNS						POPULATION SHARES WHEN UNINCORPORATED COUNTY AREAS INCLUDED					NEW DISTRIBUTION	
County	City/Town	JLBC Estimated FY2016/17 State Shared Income Tax To Cities/Towns \$	% Share	Census July 1, 2015 Population With Statutory 1,500 Person Minimum	% Share	Census July 1, 2015 City/Town Population Estimate Adjusted For Annexations	Census July 1, 2015 County Population Estimate	Estimated Census July 1, 2015 Unincorporated Population Adjusted For City Annexations	New Census July 1, 2015 Population Counts When Unincorporated Areas Included	New % Population Share for State-Shared Income Tax	Estimated New FY 2016/17 State-Shared Income Tax Distribution	Net \$ Change in Distribution
Greenlee							9,529					
	Clifton	451,168	0.0539%	3,685	0.0680%	3,685			3,685	0.0539%	451,169	1
	Duncan	183,843	0.0220%	1,500	0.0277%	799			1,500	0.0219%	183,651	(192)
	Unincorporated							5,045	5,045	0.0738%	617,679	617,679
La Paz							20,152					
	Parker	372,933	0.0446%	3,046	0.0562%	3,046			3,046	0.0446%	372,934	1
	Quartzsite	443,944	0.0531%	3,626	0.0669%	3,626			3,626	0.0531%	443,945	1
	Unincorporated							13,480	13,480	0.1973%	1,650,409	1,650,409
Maricopa							4,167,947					
	Apache Junction*									0.0000%	0	0
	Avondale	9,878,431	1.1807%	80,684	1.4885%	80,684			80,684	1.1807%	9,878,457	26
	Buckeye	7,662,138	0.9158%	62,582	1.1545%	62,582			62,582	0.9158%	7,662,158	20
	Carefree	441,985	0.0528%	3,610	0.0666%	3,610			3,610	0.0528%	441,986	1
	Cave Creek	653,918	0.0782%	5,341	0.0985%	5,341			5,341	0.0782%	653,919	1
	Chandler	31,934,106	3.8168%	260,828	4.8119%	260,828			260,828	3.8168%	31,934,189	83
	El Mirage	4,154,784	0.4966%	33,935	0.6261%	33,935			33,935	0.4966%	4,154,794	10
	Fountain Hills	2,926,040	0.3497%	23,899	0.4409%	23,899			23,899	0.3497%	2,926,048	8
	Gila Bend	247,928	0.0296%	2,025	0.0374%	2,025			2,025	0.0296%	247,929	1
	Gilbert	30,307,453	3.6223%	247,542	4.5668%	247,542			247,542	3.6224%	30,307,533	80
	Glendale	29,399,486	3.5138%	240,126	4.4300%	240,126			240,126	3.5138%	29,399,563	77
	Goodyear	9,672,620	1.1561%	79,003	1.4575%	79,003			79,003	1.1561%	9,672,645	25
	Guadalupe	756,272	0.0904%	6,177	0.1140%	6,177			6,177	0.0904%	756,274	2
	Litchfield Park	677,425	0.0810%	5,533	0.1021%	5,533			5,533	0.0810%	677,427	2
	Mesa	57,767,224	6.9043%	471,825	8.7045%	471,825			471,825	6.9043%	57,767,375	151
	Paradise Valley	1,704,520	0.2037%	13,922	0.2568%	13,922			13,922	0.2037%	1,704,525	5
	Peoria	20,965,159	2.5058%	171,237	3.1591%	171,237			171,237	2.5058%	20,965,214	55
	Phoenix	191,366,747	22.8721%	1,563,025	28.8355%	1,563,025			1,563,025	22.8722%	191,367,248	501
	Queen Creek	4,237,916	0.5065%	34,614	0.6386%	34,614			34,614	0.5065%	4,237,927	11
	Scottsdale	28,997,047	3.4657%	236,839	4.3693%	236,839			236,839	3.4657%	28,997,123	76
	Surprise	15,723,165	1.8792%	128,422	2.3692%	128,422			128,422	1.8792%	15,723,206	41
	Tempe	21,527,007	2.5729%	175,826	3.2437%	175,826			175,826	2.5729%	21,527,063	56
	Tolleson	858,015	0.1025%	7,008	0.1293%	7,008			7,008	0.1026%	858,017	2
	Wickenburg	833,283	0.0996%	6,806	0.1256%	6,806			6,806	0.0996%	833,285	2
	Youngtown	809,653	0.0968%	6,613	0.1220%	6,613			6,613	0.0968%	809,655	2
	Unincorporated							300,525	300,525	4.3977%	36,794,448	36,794,448

APPENDIX B - ADD COUNTY UNINCORPORATED POPULATION TO STATE SHARED INCOME TAX DISTRIBUTION - CITIES/TOWNS HELD HARMLESS

IMPACT OF INCLUDING UNINCORPORATED COUNTY POPULATION IN STATE-SHARED INCOME TAX (URBAN REVENUE SHARING) DISTRIBUTIONS DURING FY 2016/17

ESTIMATED STATE-SHARED INCOME DISTRIBUTIONS TO CITIES/TOWNS						POPULATION SHARES WHEN UNINCORPORATED COUNTY AREAS INCLUDED					NEW DISTRIBUTION	
County	City/Town	JLBC Estimated FY2016/17 State Shared Income Tax To Cities/Towns \$	% Share	Census July 1, 2015 Population With Statutory 1,500 Person Minimum	% Share	Census July 1, 2015 City/Town Population Estimate Adjusted For Annexations	Census July 1, 2015 County Population Estimate	Estimated Census July 1, 2015 Unincorporated Population Adjusted For City Annexations	New Census July 1, 2015 Population Counts When Unincorporated Areas Included	New % Population Share for State-Shared Income Tax	Estimated New FY 2016/17 State-Shared Income Tax Distribution	Net \$ Change in Distribution
Mohave							204,737					
	Bullhead City	4,829,393	0.5772%	39,445	0.7277%	39,445			39,445	0.5772%	4,829,405	12
	Colorado City	591,599	0.0707%	4,832	0.0891%	4,832			4,832	0.0707%	591,601	2
	Kingman	3,539,800	0.4231%	28,912	0.5334%	28,912			28,912	0.4231%	3,539,809	9
	Lake Havasu City	6,556,686	0.7837%	53,553	0.9880%	53,553			53,553	0.7837%	6,556,703	17
	Unincorporated							77,995	77,995	1.1413%	9,549,232	9,549,232
Navajo							108,277					
	Holbrook	614,494	0.0734%	5,019	0.0926%	5,019			5,019	0.0734%	614,496	2
	Pinetop-Lakeside	531,974	0.0636%	4,345	0.0802%	4,345			4,345	0.0636%	531,975	1
	Show Low	1,329,629	0.1589%	10,860	0.2004%	10,860			10,860	0.1589%	1,329,632	3
	Snowflake	693,709	0.0829%	5,666	0.1045%	5,666			5,666	0.0829%	693,710	1
	Taylor	508,222	0.0607%	4,151	0.0766%	4,151			4,151	0.0607%	508,223	1
	Winslow	1,175,362	0.1405%	9,600	0.1771%	9,600			9,600	0.1405%	1,175,365	3
	Unincorporated							68,636	68,636	1.0044%	8,403,373	8,403,373
Pima							1,010,025					
	Marana	5,058,343	0.6046%	41,315	0.7622%	41,315			41,315	0.6046%	5,058,357	14
	Oro Valley	5,333,819	0.6375%	43,565	0.8037%	43,565			43,565	0.6375%	5,333,833	14
	Sahuarita	3,147,400	0.3762%	25,707	0.4743%	25,707			25,707	0.3762%	3,147,408	8
	South Tucson	699,708	0.0836%	5,715	0.1054%	5,715			5,715	0.0836%	699,710	2
	Tucson	65,090,711	7.7796%	531,641	9.8080%	531,641			531,641	7.7797%	65,090,881	170
	Unincorporated							362,082	362,082	5.2984%	44,331,112	44,331,112
Pinal							406,584					
	Apache Junction	4,661,536	0.5571%	38,074	0.7024%	38,074			38,074	0.5571%	4,661,548	12
	Casa Grande	6,300,432	0.7530%	51,460	0.9494%	51,460			51,460	0.7530%	6,300,449	17
	Coolidge	1,505,566	0.1799%	12,297	0.2269%	12,297			12,297	0.1799%	1,505,570	4
	Eloy	2,088,594	0.2496%	17,059	0.3147%	17,059			17,059	0.2496%	2,088,600	6
	Florence	3,808,909	0.4552%	31,110	0.5739%	31,110			31,110	0.4552%	3,808,919	10
	Kearny	249,520	0.0298%	2,038	0.0376%	2,038			2,038	0.0298%	249,520	0
	Mammoth	183,843	0.0220%	1,500	0.0277%	1,487			1,500	0.0219%	183,651	(192)
	Maricopa	5,950,517	0.7112%	48,602	0.8966%	48,602			48,602	0.7112%	5,950,532	15
	Queen Creek*									0.0000%	0	0
	Superior	360,322	0.0431%	2,943	0.0543%	2,943			2,943	0.0431%	360,323	1
	Unincorporated							201,514	201,514	2.9488%	24,672,145	24,672,145

APPENDIX B - ADD COUNTY UNINCORPORATED POPULATION TO STATE SHARED INCOME TAX DISTRIBUTION - CITIES/TOWNS HELD HARMLESS

IMPACT OF INCLUDING UNINCORPORATED COUNTY POPULATION IN STATE-SHARED INCOME TAX (URBAN REVENUE SHARING) DISTRIBUTIONS DURING FY 2016/17

ESTIMATED STATE-SHARED INCOME DISTRIBUTIONS TO CITIES/TOWNS						POPULATION SHARES WHEN UNINCORPORATED COUNTY AREAS INCLUDED					NEW DISTRIBUTION	
County	City/Town	JLBC Estimated FY2016/17 State Shared Income Tax To Cities/Towns \$	% Share	Census July 1, 2015 Population With Statutory 1,500 Person Minimum	% Share	Census July 1, 2015 City/Town Population Estimate Adjusted For Annexations	Census July 1, 2015 County Population Estimate	Estimated Census July 1, 2015 Unincorporated Population Adjusted For City Annexations	New Census July 1, 2015 Population Counts When Unincorporated Areas Included	New % Population Share for State-Shared Income Tax	Estimated New FY 2016/17 State-Shared Income Tax Distribution	Net \$ Change in Distribution
Santa Cruz							46,461					
	Nogales	2,479,525	0.2964%	20,252	0.3736%	20,252			20,252	0.2964%	2,479,531	6
	Patagonia	183,843	0.0220%	1,500	0.0277%	890			1,500	0.0219%	183,651	(192)
	Unincorporated							25,319	25,319	0.3705%	3,099,904	3,099,904
Yavapai							222,255					
	Camp Verde	1,365,747	0.1632%	11,155	0.2058%	11,155			11,155	0.1632%	1,365,750	3
	Chino Valley	1,363,543	0.1630%	11,137	0.2055%	11,137			11,137	0.1630%	1,363,546	3
	Clarkdale	519,118	0.0620%	4,240	0.0782%	4,240			4,240	0.0620%	519,120	2
	Cottonwood	1,446,920	0.1729%	11,818	0.2180%	11,818			11,818	0.1729%	1,446,924	4
	Dewey-Humboldt	488,265	0.0584%	3,988	0.0736%	3,988			3,988	0.0584%	488,266	1
	Jerome	183,843	0.0220%	1,500	0.0277%	456			1,500	0.0219%	183,651	(192)
	Peoria*									0.0000%	0	0
	Prescott	5,129,845	0.6131%	41,899	0.7730%	41,899			41,899	0.6131%	5,129,858	13
	Prescott Valley	5,166,330	0.6175%	42,197	0.7785%	42,197			42,197	0.6175%	5,166,343	13
	Sedona	1,271,840	0.1520%	10,388	0.1916%	10,388			10,388	0.1520%	1,271,843	3
	Unincorporated							84,977	84,977	1.2435%	10,404,066	10,404,066
Yuma							204,275					
	San Luis	3,859,106	0.4612%	31,520	0.5815%	31,520			31,520	0.4612%	3,859,117	11
	Somerton	1,842,381	0.2202%	15,048	0.2776%	15,048			15,048	0.2202%	1,842,385	4
	Wellton	359,465	0.0430%	2,936	0.0542%	2,936			2,936	0.0430%	359,466	1
	Yuma	11,525,775	1.3776%	94,139	1.7367%	94,139			94,139	1.3776%	11,525,805	30
	Unincorporated							60,632	60,632	0.8872%	7,423,412	7,423,412
TOTAL		\$836,680,955	100.0000%	5,420,493	100.0000%	5,414,822	6,828,065	1,413,243	6,833,736	100.0000%	\$836,680,954	\$173,028,854
NET CHANGE IN STATE-SHARED INCOME TAX FOR CITIES/TOWNS												\$0
NET CHANGE IN STATE-SHARED INCOME TAX FOR COUNTIES												\$173,028,854

Sources:

Column "JLBC Estimated FY2016/17 State Shared Income Tax To Cities/Towns \$" from Joint Legislative Budget Committee Tax Handbook 2016, p. 34.

Columns "Census July 1, 2015 Population With Statutory 1,500 Person Minimum" and "Census July 1, 2015 City/Town Population Estimate Adjusted For Annexations" from

Arizona League of Cities & Towns, State Shared Revenues, May 23, 2016, p. 3 and 4.

Column "Census July 1, 2015 County Population Estimate" from U.S. Department of Commerce, Bureau of the Census.