

# Economic and Fiscal Impact of Uncollected Taxes on E-Commerce in Arizona



Prepared for:

Arizona Retailers Association

January 2012

Prepared by:



Elliott D. Pollack & Company  
7505 East 6<sup>th</sup> Avenue, Suite 100  
Scottsdale, Arizona 85251

## TABLE OF CONTENTS

<b>Summary</b>	<b>i</b>
<b>1.0 Introduction</b>	<b>1</b>
<b>2.0 Methodology &amp; Assumptions</b>	<b>3</b>
2.1 Analysis Assumptions	3
2.2 Economic Impact Methodology	6
2.3 Fiscal Impact Methodology	7
<b>3.0 Economic Impacts</b>	<b>9</b>
<b>4.0 Fiscal Impacts</b>	<b>11</b>
<b>5.0 Summary of Impacts</b>	<b>13</b>
<b>Appendix A - Detailed Secondary Impacts</b>	<b>14</b>



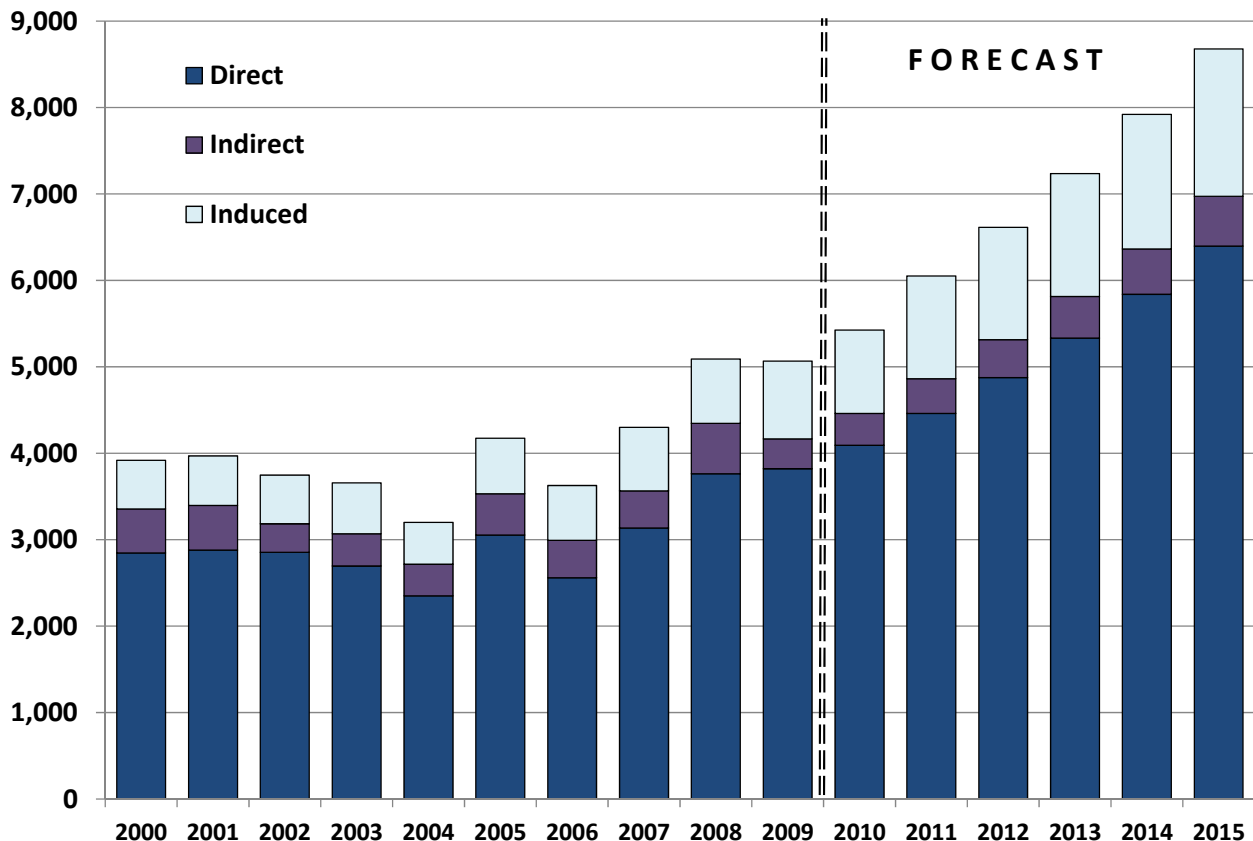
## Executive Summary

The following points are the primary findings and conclusions of the Arizona Uncollected E-Commerce Taxes economic and fiscal impact study.

### Employment Impacts

1. Untaxed e-commerce on items that would normally be taxed if bought within the State causes a loss of local retail jobs. More specifically, this study estimates that a shift of 24.3% of purchases to local stores would occur with the implementation of a tax on internet purchases. This assumption has been applied in this report's impact calculations.
2. In 2010, it is estimated that, in the absence of taxation, lost jobs within the State totaled 5,426 jobs. Total jobs are inclusive of 4,093 direct jobs and 1,120 spin-off jobs (indirect and induced jobs).
3. The 2010 estimated level of employment translates into \$155.6 million in wages and \$463.4 million in economic output.
4. If e-commerce continues its historic growth trend, by 2015 the lost impact could grow to as much as 8,679 total jobs, \$302.5 million in wages, and \$841.1 million in economic activity.

### Estimated Employment Forfeited Due to Uncollected E-Commerce Taxes State of Arizona



## Fiscal Impacts

1. Lost sales taxes to state and local governments over the 10-year period from 2000 through 2009 from uncollected e-commerce activity totaled an estimated \$1.9 billion.
2. Beginning in 2010, there was an estimated \$317.4 million in uncollected sales taxes to state and local governments.
3. Uncollected taxes are expected to continually grow to a projected \$576.1 million by 2015.

### **Primary Fiscal Impact (\$ millions) Uncollected Taxes on E-Commerce**

	2000 - 2009	FORECAST					
		2010	2011	2012	2013	2014	2015
State Sales Tax ( 5% - Undistributed Portion)	\$798.5	\$127.4	\$143.3	\$161.3	\$181.7	\$204.9	\$231.2
State Sales Tax ( 0.6% - Education)	\$129.8	\$20.7	\$23.3	\$26.2	\$29.5	\$33.3	\$37.6
County (Direct and State Shared Revenue)	\$342.5	\$60.0	\$67.5	\$75.9	\$85.6	\$96.5	\$108.9
Local (Direct and State Shared Revenue)	\$588.6	\$109.3	\$122.9	\$138.3	\$155.9	\$175.7	\$198.3
<b>Total</b>	<b>\$1,859.4</b>	<b>\$317.4</b>	<b>\$356.9</b>	<b>\$401.8</b>	<b>\$452.7</b>	<b>\$510.5</b>	<b>\$576.1</b>

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association; Univ. of Tennessee

4. In addition to lost direct taxes, there are a number of taxes that are generated by individuals and households that hold employment within the State. Due to jobs lost to untaxed e-commerce activity, an additional \$108.2 million in foregone taxes to State and local entities occurred between 2000 and 2009.
5. Beginning in 2010, the annual estimate of foregone taxes from lost local employment is estimated at \$17.7 million and increases each year to a projected \$30.6 million by 2015.

### **Secondary Fiscal Impact (\$ millions) Uncollected Taxes on E-Commerce**

	2000 - 2009	FORECAST					
		2010	2011	2012	2013	2014	2015
State	\$40.66	\$7.04	\$8.58	\$9.47	\$10.46	\$11.60	\$12.84
County	\$33.87	\$5.26	\$5.95	\$6.52	\$7.14	\$7.84	\$8.61
Local	\$33.65	\$5.41	\$6.27	\$6.89	\$7.57	\$8.34	\$9.18
<b>Total</b>	<b>\$108.2</b>	<b>\$17.7</b>	<b>\$20.8</b>	<b>\$22.9</b>	<b>\$25.2</b>	<b>\$27.8</b>	<b>\$30.6</b>

Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association; Univ. of Tennessee



## **1.0 Introduction**

---

Elliott D. Pollack and Company has been retained by the Arizona Association of Retailers to perform an economic and fiscal impact study of the currently untaxed portion of e-commerce sales activity within the State of Arizona.

This analysis focuses on the economic and fiscal impact of the current tax policy scenario in the State of Arizona which leaves a portion of online purchases untaxed. Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings, and job creation. Fiscal impact analysis evaluates the public revenues and costs created by a particular activity. In fiscal impact analysis, the primary revenue sources of a city, county, or state government are analyzed to determine how the activity may financially affect them.

The study focuses on the economic and fiscal impacts of the following:

1. Fiscal Impacts from currently untaxed online sales in Arizona that would otherwise be taxable.
2. Economic & Fiscal Impacts from potentially altering purchasing decisions from online to physical local stores.

### **1.1 Limiting Conditions**

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding this study is for the client's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration Statement, prospectus, public filing, private offering memorandum, or loan agreement without our prior written approval.
- The reported economic and fiscal impact findings outlined in this report represent the considered judgment of Elliott D. Pollack and Company based on the assumptions, analyses, and methodologies described in the report.
- Except as specifically stated to the contrary, this study will not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, State and local laws and ordinances; and (ii) environmental and engineering issues, and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.
- This study is intended to be read and used as a whole and not in parts.



- This economic and fiscal impact study evaluates the potential “gross impacts” of untaxed e-commerce on various governmental jurisdictions. The term “gross impacts” as used in this study refers to the total revenue, jobs and economic output that will be generated by the project.
- This analysis does not consider the costs associated with altering current tax policy to include additional online sales. Such analysis is beyond the scope of this study.
- The analysis is based on the current tax structure and rates imposed by the affected governing jurisdictions. Changes in those rates would alter the findings of this study.
- The analysis outlined in this study is based on currently available information and estimates and assumptions about long-term future trends. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this analysis are those that are believed to be significant to the projections of future results.

The following section will describe the assumptions and methodologies used to estimate the economic and fiscal impact of untaxed online commerce that would otherwise be within a taxable category. Sections 3.0 and 4.0 will outline the effect on the State of Arizona, its counties and local governments from the standpoint of job creation, wages, economic activity, and tax collections. Section 5.0 will summarize all of the results over the last decade as well as a 5-year forecast of economic and fiscal impacts.



## **2.0 Methodology & Assumptions**

---

The underlying constraint to the following analysis has been the availability of data at the State of Arizona level. The U.S. Census Bureau has been tracking e-commerce at the national level for over a decade. We have relied on this data to supply the basis for subsequent calculations. This data has also been used by other professionals and academic institutions for similar analyses.

Most notably, a report released in April 2009 by the University of Tennessee titled “State and Local Government Sales Tax Revenue Losses from Electronic Commerce” employs U.S. Census data to drive state by state projections of e-commerce tax liability. This study has been widely cited as the initial source of economic and fiscal impacts for various states. This report likewise accepts several assumptions used in the University of Tennessee study to calculate State of Arizona impacts.

### **2.1 Analysis Assumptions**

The assumptions used to estimate the economic and fiscal impacts of e-commerce sales have been developed from a variety of sources including The University of Tennessee study titled “State and Local Government Sales Tax Revenue Losses from Electronic Commerce” (April, 2009), an Oxford University Press Quarterly Journal of Economics article authored by Dr. Austan Goolsbee titled “In a World without Borders: The Impact of Taxes on Internet Commerce” (May, 2000), the U.S. Census Bureau, and the Arizona Department of Revenue. Prior studies conducted in the states of California, Pennsylvania, Texas, Michigan, and Tennessee were also reviewed and considered.

As discussed previously, the University of Tennessee report contains valuable assumptions that have been adopted for the following analysis. Specifically, the amount of e-commerce attributed to Arizona residents and businesses has been taken from the study and kept constant over time. Information obtained by the study’s authors from the Arizona Department of Revenue regarding e-commerce activity that is taxable is also utilized in this report’s calculations. Finally, the estimated portion of taxable sales that goes untaxed each year is used in the assumptions of this analysis and kept constant over time.

Another important assumption addresses the potential dynamic effect of implementing a policy that would tax additional online sales activity. Studies such as Oxford University Press Quarterly Journal of Economics article authored by Dr. Austan Goolsbee titled “In a World without Borders: The Impact of Taxes on Internet Commerce” (May, 2000), estimate the price-sensitivity of internet purchases. The article’s underlying conclusion is that, while there is a significant amount of e-commerce generated by individuals and businesses within the State, only a portion of those online sales are due to the absence of sales tax collection. More specifically, this study estimates that a shift of 24.3% of purchases to local stores would occur with the implementation of a tax on internet purchases. This assumption has been applied in this report’s impact calculations.



One major difference that this report contains compared to others done in the recent past is that the projections in this report for Arizona have been revised in consideration of updated U.S. Census figures for e-commerce. An additional three years of full e-commerce reporting (2007, 2008, and 2009) have been released since the publishing of the University of Tennessee report. Also, quarterly reporting of e-commerce retail sales only (excludes manufacturing, wholesale, and services sales) have been released through Q3 2011.

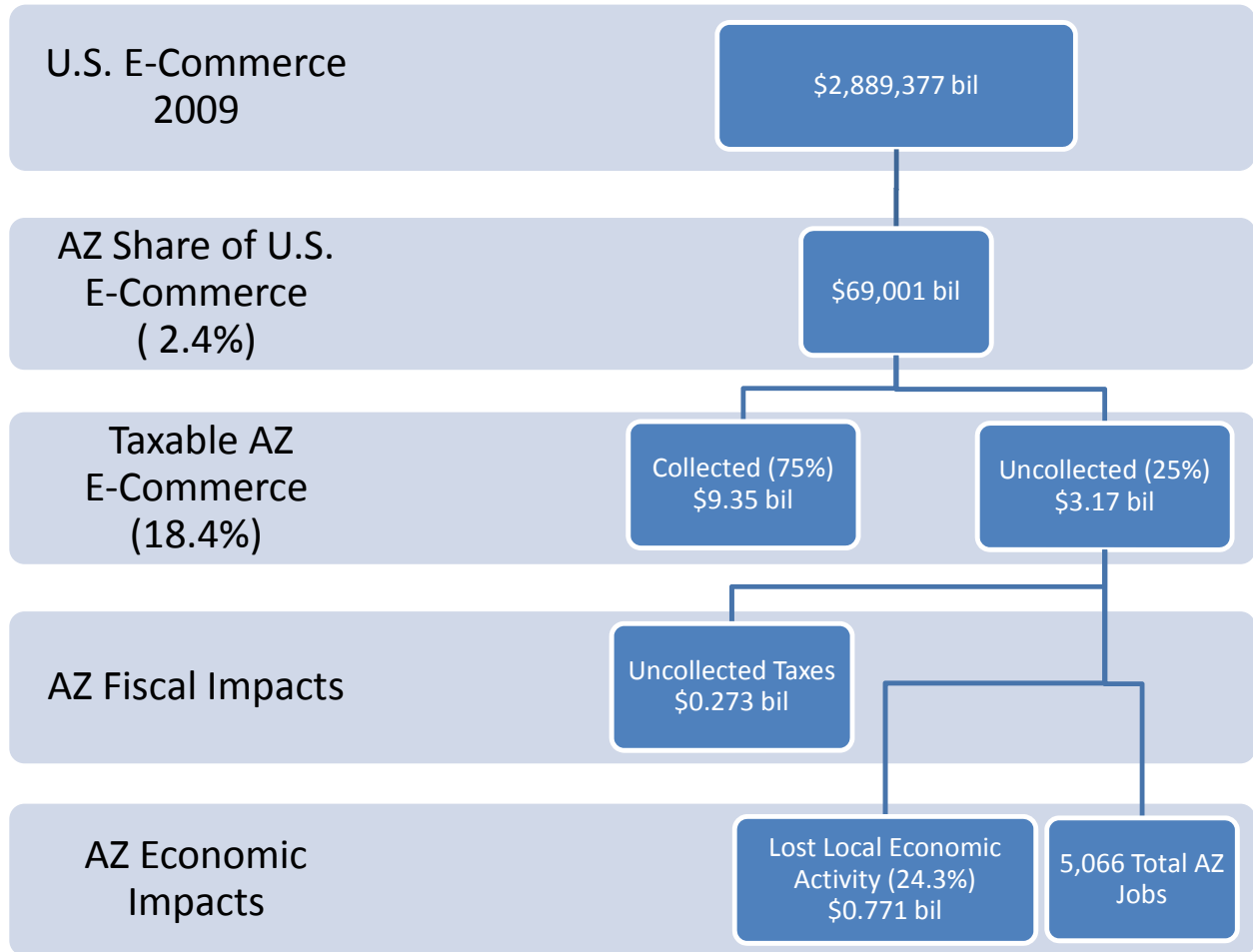
The following table outlines the assumptions used in estimating impacts of e-commerce generated by Arizona residents and businesses.

<b>Assumptions of Analysis</b>		
Arizona capture of National e-commerce		2.4%
State Sales Tax Rate		5.6%
Combined Avg. County & Municipal Sales Tax Rate		3.0%
Taxable % of Total e-commerce in Arizona		18.14%
% of Taxable Sales Collected		74.7%
% of Taxable Sales NOT Collected		25.3%
% of purchases switching to physical stores w/ application of online sales tax		24.3%
Retail purchases as % of total shift		100%
<b>Forecast</b>		
	2010	5.3%
Retail e-commerce as a % of	2011	5.5%
TOTAL e-commerce	2012	5.7%
	2013	5.8%
	2014	6.0%
	2015	6.2%
	2010 (actual)	15.2%
Retail e-commerce growth	2011 (forecast)	16.1%
	2012 (forecast)	16.1%
	2013 (forecast)	16.1%
	2014 (forecast)	16.1%
	2015 (forecast)	16.1%
Sources: Elliott D. Pollack & Co., U.S. Census Bureau, University of Tennessee, AZ Dept. of Revenue, Oxford University Press <i>Quarterly Journal of Economics</i> - Austan Goolsbee		

The flow of funds as described in the methodology is illustrated in the chart on the following page. The reported U.S. Census figures are used as the starting point in the analysis. Arizona's share of e-commerce activity is estimated using the 2009 University of Tennessee study. Of



Arizona's share of e-commerce, the percentage of taxable activity is also estimated within the University of Tennessee study through surveys. Of the taxable activity, collected and uncollected amounts were also estimated. The uncollected amount is the basis for impact modeling. The following chart uses 2009 data, which is the latest available annual report of total U.S. e-commerce.



## 2.2 Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. For this study, the analysis focuses on the potential shift of online purchases to local physical retail stores and the corresponding jobs, wages and economic activity that would be created by the potential spending locally. This activity is further categorized by retail type and aggregated to a total impact.

The different types of economic impacts are known as **direct**, **indirect**, and **induced**, according to the manner in which the impacts are generated. For instance, **direct** employment consists of permanent jobs held by employees. **Indirect** employment is created by businesses that provide goods and services essential to the operations of a project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of wages and salaries of **direct** and **indirect** employees on items such as food, housing, transportation and medical services creates **induced** employment in all sectors of the economy, throughout the region. These secondary effects were captured in the analysis conducted in this study.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. The Minnesota IMPLAN Group (also known as MIG, Inc.), a nationally recognized company which is the sole-source provider of the IMPLAN economic impact modeling system, developed the multipliers used in this study. Founded in 1993, the IMPLAN system was formed as an outgrowth of research work by professors from the University of Minnesota. The data from this system allows our analysts to examine and model complex multiplier models of local economies. In this case, the economy of the State of Arizona has been selected.

The economic impact is categorized into three types of impacts:

- (1) Employment Impact – the total wage, salary and self employed jobs in a region. Jobs include both part time and full time workers.
- (2) Earnings Impact – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.
- (3) Economic Output – the economic output, also referred to as economic activity, relates to the gross receipts for goods or services generated by a business's operations.

Economic impacts are by their nature regional in character. The reported impacts are described as a statewide impact. No attempt is made to estimate how the impact is dispersed geographically, though population can be considered a general proxy for where the reported impacts would occur. In addition, all dollar figures, unless otherwise stated, are expressed in current dollars.



## 2.3 Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e. taxes) are analyzed to determine how an activity may affect the various jurisdictions. The fiscal impact sections will evaluate the impact of the untaxed e-commerce as well as the potential shift of online purchases to local physical retail stores on the State of Arizona, counties and local governments.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census, the U.S. Department of Labor, the Internal Revenue Service, the State of Arizona, the Arizona Tax Research Association, and the U.S. Consumer Expenditure Survey.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The major sources of revenue generation for governmental entities are related to consumer and business spending as well as the ongoing impact from supported retail or other taxable sales operations.

The following is a description of applicable revenue sources that will be considered for this analysis.

- Sales Tax/TPT  
Known officially as the transaction privilege tax (TPT), the State, counties, and local municipalities may charge sales tax on retail goods and services. These tax rates are applied to estimated taxable commercial sales. This includes a tax on utilities. In addition to direct sales taxes paid, taxes are also collected on purchases made by employees. The sales tax rate for the State is currently 6.6% (a long term rate of 5.6% is used for this analysis, 0.77% for Arizona counties and 2.2% for Arizona cities.
- Property Taxes  
Taxes on real and personal property would be levied on the businesses real estate and related equipment. Direct, indirect and induced employees supported by the project would also pay county and other property taxes on homes they occupy. In order to estimate property taxes, the assessed value of an average housing unit within the State has been calculated utilizing estimates of housing units from the U.S. Census and valuation records compiled by the Arizona Department of Revenue.

The property tax rates in counties currently average \$4.1343 for every \$100 of net assessed property value. Cities in Arizona have a weighted average property tax rate of \$0.9807 per \$100 assessed value.

- State Unemployment Tax  
Unemployment insurance tax for employees is 2.7% on the first \$7,000 of earned income. This factor is applied to the projected wages and earnings of direct, indirect, and induced employees.



- State Shared Revenues

Each county, city and town in Arizona receives a portion of State revenues from three different sources - State sales tax (see previous explanation), vehicle license tax and highway user tax. Cities also share in the income tax collected by the State. The formulas for allocating these revenues are primarily based on population. These figures are utilized to estimate the fiscal benefit of the projected new businesses and their employees.

- State Income Tax

The State of Arizona collects taxes on personal and corporate income. The tax rate used in the analysis averages about 1.6% for personal earnings. These percentages are based on the most recently available income tax data from the State and the projected wage levels of jobs created by the local retail impact. The personal income tax is applied to the wages and earnings of direct, indirect and induced employment. Counties do not receive any of this distribution.

- HURF Taxes

The State of Arizona collects specific taxes for the Highway User Revenue Fund (HURF). Both the registration fees and the motor vehicle fuel tax (gas tax) are considered in this analysis. The motor vehicle fuel tax is \$0.18 per gallon and is calculated based on a vehicle traveling 12,000 miles per year at 20 miles per gallon. Registration fees average \$66 per employee in the State of Arizona. These factors are applied to the projected direct, indirect and induced employee count. Portions of these taxes are distributed to cities and counties throughout Arizona based on a formula that includes population and the origin of gasoline sales.

- Vehicle License Tax

The vehicle license tax is a personal property tax placed on vehicles at the time of annual registration. This factor is applied to the projected direct, indirect and induced employee count. The average tax used in this analysis is \$325 and portions of the total collections are distributed to the Highway User Revenue Fund.

The above tax categories represent the largest sources of revenue generated to city, county and state governments. This analysis considers gross tax collections and does not differentiate among dedicated purposes or uses of such gross tax collections. All dollar figures, unless otherwise stated, are in constant dollars and do not take into account the effects of inflation.



### **3.0 Economic Impacts**

---

This section of the report outlines the economic impact (jobs, wages, and economic activity) of foregone activity in the State of Arizona as a result of untaxed e-commerce. Untaxed e-commerce generates an economic impact in the State due to the price sensitivity of consumers who currently make purchases online instead of shopping in physical stores within the state. Indeed, the majority of Internet consumers base purchase decisions on other factors besides price such as convenience, variety, and other preferences. Often an internet retailer can still offer some products at lower prices than physical retailers even after including equivalent sales taxes.

As previously noted, studies such as Oxford University Press Quarterly Journal of Economics article authored by Dr. Austan Goolsbee titled “In a World without Borders: The Impact of Taxes on Internet Commerce” (May, 2000), estimates of price-sensitivity of Internet purchases have been calculated. Therefore, while there is a significant amount of e-commerce generated by individuals and businesses within the State, only a portion of those online sales are due to the absence of sales tax collection. This section estimates the loss that is incurred by Arizona businesses caused by that absence.

#### **3.1 Economic Impact of Uncollected Taxes on E-Commerce**

The following table displays an historic and forward looking economic impact to the State of Arizona from currently untaxed e-commerce sales. Implementing the sales tax would shift over 23% of taxable e-commerce activity to physical stores within the State and would support thousands of local jobs.

In 2000, approximately 2,846 direct jobs making aggregated annual wages of \$34.1 million would have been supported. The ripple effect of this additional local spending would have created 1,073 more spin-off jobs and \$37.2 million in additional wages. In total, approximately 3,919 direct, indirect, and induced jobs would be created throughout the State as a result of spending activity. That equates to \$71.3 million in wages and \$187.6 million in economic output.

E-commerce has continued to grow at a very rapid pace. The growth of internet based sales activity also affects local jobs that would have been supported in higher and higher volumes. By 2005, total jobs that would have been created with the inclusion of a sales tax on internet sales grows to 4,174 jobs, \$92.2 million in wages, and \$303.8 million in economic output. By 2010, the figures grow to 5,426 total jobs, \$155.6 million in wages, and \$463.4 million in total economic output. These effects are additive, meaning most jobs are recurring year after year and growing, wages are paid out each year and economic activity is produced annually.

Through three quarters of 2011, online retail sales have grown 16.1% over the same period in 2010. Even including recession years, the average annual growth of online retail sales has averaged 19.6% nationally from the period of 2001 through 2011Q3. The retail sales category has also comprised a growing percentage of total e-commerce. With these factors in mind, we have projected average annual growth in e-commerce from 2012-2015 of 16.1%. Under this growth scenario, there could be a total of 9,779 jobs by 2015 supported locally with the inclusion



of sales tax for online commerce that is currently untaxed. That equates to \$340.8 million in wages and \$947.8 million in economic activity.

## Economic Impact Summary Uncollected Taxes on E-Commerce State of Arizona

Impact Type	Jobs	Wages	Economic Output
<b>2000</b>			
Direct	2,846	\$34,119,202	\$98,277,040
Indirect	509	\$19,064,084	\$44,562,566
Induced	564	\$18,142,898	\$44,771,817
<b>Total</b>	<b>3,919</b>	<b>\$71,326,184</b>	<b>\$187,611,423</b>
<b>2005</b>			
Direct	3,053	\$48,986,272	\$190,276,172
Indirect	480	\$19,894,247	\$53,309,204
Induced	641	\$23,348,697	\$60,250,974
<b>Total</b>	<b>4,174</b>	<b>\$92,229,216</b>	<b>\$303,836,350</b>
<b>2010</b>			
Direct	4,093	\$99,075,938	\$298,282,681
Indirect	369	\$16,467,327	\$51,487,529
Induced	964	\$40,075,262	\$113,646,636
<b>Total</b>	<b>5,426</b>	<b>\$155,618,527</b>	<b>\$463,416,846</b>
<b>2015</b>			
Direct	6,397	\$190,268,890	\$541,409,620
Indirect	576	\$29,889,664	\$93,454,449
Induced	1,705	\$82,318,693	\$206,278,762
<b>Total</b>	<b>8,679</b>	<b>\$302,477,248</b>	<b>\$841,142,832</b>

Sources: Elliott D. Pollack & Company; IMPLAN; U.S. Census Bureau; University of Tennessee; Oxford University Press



## 4.0 Fiscal Impacts

The following sections of the report outline the fiscal revenues that are foregone through untaxed e-commerce in the State of Arizona.

Revenues have been defined in this analysis as either primary or secondary, depending on their source and how the dollars flow through the economy into government tax accounts. For instance, revenues such as sales taxes are straightforward calculations based on the purchase price of taxable items. These revenues are described in this study as primary revenues. Secondary revenues, on the other hand, flow from the wages of those direct, indirect and induced employees who are supported by the shifting of purchase decisions to local retailers. Revenue projections are based on typical wages of the employees working in the relevant sectors and their spending patterns.

### 4.1 Primary Fiscal Impact

The State of Arizona, its counties and local governments have lost a significant amount of revenue over the past decade due to uncollected taxable sales purchased online and are projected to lose an increasing amount over the next five years.

From the period of 2000 through 2009, the State of Arizona was not able to collect an estimated \$928.4 million in direct sales taxes alone. Of the total, 798.5 million would have been distributed to the General Fund. An additional \$129.8 million would have been generated for the 0.6% tax dedicated to public education. Counties would have collected a combined total of nearly \$342.5 million through both direct sales taxes and the shared portion of state sales tax. Municipalities would have collected a combined total of nearly \$588.6 million through both direct sales taxes and the shared portion of state sales tax.

Starting in 2010, it is projected that annual foregone sales taxes amount to a total of \$317.4 million for combined State and local governments. According to our forecast, lost sales taxes are expected to grow each year through 2015. By the end of the forecast period, uncollected sales taxes could total as much as \$649.1 million in a single year.

### Primary Fiscal Impact (\$ millions) Uncollected Taxes on E-Commerce

	2000 - 2009	FORECAST					
		2010	2011	2012	2013	2014	2015
State Sales Tax ( 5% - Undistributed Portion)	\$798.5	\$127.4	\$143.3	\$161.3	\$181.7	\$204.9	\$231.2
State Sales Tax ( 0.6% - Education)	\$129.8	\$20.7	\$23.3	\$26.2	\$29.5	\$33.3	\$37.6
County (Direct and State Shared Revenue)	\$342.5	\$60.0	\$67.5	\$75.9	\$85.6	\$96.5	\$108.9
Local (Direct and State Shared Revenue)	\$588.6	\$109.3	\$122.9	\$138.3	\$155.9	\$175.7	\$198.3
<b>Total</b>	<b>\$1,859.4</b>	<b>\$317.4</b>	<b>\$356.9</b>	<b>\$401.8</b>	<b>\$452.7</b>	<b>\$510.5</b>	<b>\$576.1</b>

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association; Univ. of Tennessee



## 4.2 Secondary Fiscal Impact

The secondary revenue sources generated by employees in the fiscal impact analysis below include sales taxes from employee purchases (both direct and state shared revenue), personal income taxes, property taxes on residential dwellings, vehicle license taxes, unemployment taxes, and highway user fees. It is very likely that increased retail activity could allow new businesses or locations to be established which could spur new construction or leasing of currently vacant space. These activities would generate significant tax revenues. For purposes of maintaining a conservative estimate, these potential impacts are excluded from the analysis.

The following table illustrates the estimated secondary fiscal impacts of operations on Arizona, counties, and municipalities, respectively. Due to the complexity of the number of taxing categories by taxing entity across multiple years, only the totals have been reported. Detailed tax revenue is available in Appendix A of this report. Those tables have further been categorized into direct, indirect, and induced effects.

From the decade of 2000-2009, uncollected taxes for State of Arizona government related to employees have been estimated at nearly \$40.7 million. Sales taxes and personal income taxes comprise two of the largest revenue categories at \$18.9 million and \$9.4 million, respectively. Forecasted annual impacts starting in 2010 for the State are projected to range from \$7.0 million in 2010 up to nearly \$14.5 million by 2015.

Between 2000 and 2009, uncollected taxes for Arizona counties related to employees have been estimated at nearly \$33.9 million. Property taxes and sales taxes comprise two of the largest revenue categories at \$21.1 million and \$7.8 million (direct and state shared sales taxes), respectively. Forecasted annual impacts starting in 2010 for the counties are projected to range from \$5.3 million in 2010 up to nearly \$9.7 million by 2015.

Uncollected taxes for Arizona municipalities related to employees from 2000 to 2009 have been estimated at nearly \$33.7 million. Sales taxes and property taxes comprise two of the largest revenue categories at \$14.3 million (direct and state shared sales taxes) and \$11.2 million, respectively. Forecasted annual impacts starting in 2010 for municipalities combined are projected to range from \$5.4 million in 2010 up to over \$10.3 million by 2015.

### Secondary Fiscal Impact (\$ millions) Uncollected Taxes on E-Commerce

	2000 - 2009	FORECAST					
		2010	2011	2012	2013	2014	2015
State	\$40.66	\$7.04	\$8.58	\$9.47	\$10.46	\$11.60	\$12.84
County	\$33.87	\$5.26	\$5.95	\$6.52	\$7.14	\$7.84	\$8.61
Local	\$33.65	\$5.41	\$6.27	\$6.89	\$7.57	\$8.34	\$9.18
<b>Total</b>	<b>\$108.2</b>	<b>\$17.7</b>	<b>\$20.8</b>	<b>\$22.9</b>	<b>\$25.2</b>	<b>\$27.8</b>	<b>\$30.6</b>

Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association; Univ. of Tennessee



## 5.0 Summary of Impacts

The following tables illustrate the total economic and fiscal impacts of uncollected taxes on e-commerce within the State of Arizona. Primary and Secondary fiscal impacts are aggregated.

### State of Arizona Economic Impact Summary Uncollected Taxes on E-Commerce

	2000	2005	FORECAST					
			2010	2011	2012	2013	2014	2015
<b>Jobs</b>								
Direct	2,846	3,053	4,093	4,461	4,876	5,333	5,839	6,397
Indirect	509	480	369	402	439	480	526	576
Induced	564	641	964	1,189	1,300	1,422	1,556	1,705
<b>Total</b>	<b>3,919</b>	<b>4,174</b>	<b>5,426</b>	<b>6,052</b>	<b>6,614</b>	<b>7,235</b>	<b>7,921</b>	<b>8,679</b>
<b>Wages (\$mil)</b>								
Direct	\$34.12	\$48.99	\$99.08	\$127.16	\$140.41	\$155.22	\$171.77	\$190.27
Indirect	\$19.06	\$19.89	\$16.47	\$18.52	\$20.85	\$23.49	\$26.49	\$29.89
Induced	\$18.14	\$23.35	\$40.08	\$51.00	\$57.41	\$64.69	\$72.94	\$82.32
<b>Total</b>	<b>\$71.33</b>	<b>\$92.23</b>	<b>\$155.62</b>	<b>\$196.68</b>	<b>\$218.67</b>	<b>\$243.39</b>	<b>\$271.19</b>	<b>\$302.48</b>
<b>Economic Output (\$mil)</b>								
Direct	\$98.28	\$190.28	\$298.28	\$943.56	\$1,062.13	\$1,196.69	\$1,349.44	\$541.41
Indirect	\$44.56	\$53.31	\$51.49	\$57.90	\$65.18	\$73.44	\$82.81	\$93.45
Induced	\$44.77	\$60.25	\$113.65	\$127.81	\$143.87	\$162.09	\$182.78	\$206.28
<b>Total</b>	<b>\$187.61</b>	<b>\$303.84</b>	<b>\$463.42</b>	<b>\$1,129.27</b>	<b>\$1,271.18</b>	<b>\$1,432.22</b>	<b>\$1,615.03</b>	<b>\$841.14</b>

### Fiscal Impact Summary (\$ millions) Uncollected Taxes on E-Commerce

		2000 - 2009	FORECAST					
			2010	2011	2012	2013	2014	2015
State	Primary	\$928.36	\$148.12	\$166.57	\$187.50	\$211.26	\$238.22	\$268.85
	Secondary	\$40.66	\$7.04	\$8.58	\$9.47	\$10.46	\$11.60	\$12.84
	<b>Total</b>	<b>\$969.02</b>	<b>\$155.15</b>	<b>\$175.16</b>	<b>\$196.97</b>	<b>\$221.72</b>	<b>\$249.82</b>	<b>\$281.69</b>
County	Primary	\$342.49	\$59.99	\$67.47	\$75.94	\$85.57	\$96.49	\$108.89
	Secondary	\$33.87	\$5.26	\$5.95	\$6.52	\$7.14	\$7.84	\$8.61
	<b>Total</b>	<b>\$376.37</b>	<b>\$65.25</b>	<b>\$73.42</b>	<b>\$82.46</b>	<b>\$92.71</b>	<b>\$104.32</b>	<b>\$117.50</b>
Local	Primary	\$588.56	\$109.27	\$122.88	\$138.33	\$155.85	\$175.74	\$198.34
	Secondary	\$33.65	\$5.41	\$6.27	\$6.89	\$7.57	\$8.34	\$9.18
	<b>Total</b>	<b>\$622.21</b>	<b>\$114.68</b>	<b>\$129.16</b>	<b>\$145.21</b>	<b>\$163.42</b>	<b>\$184.08</b>	<b>\$207.52</b>
<b>Total</b>	<b>Primary</b>	<b>\$1,859.4</b>	<b>\$317.4</b>	<b>\$356.9</b>	<b>\$401.8</b>	<b>\$452.7</b>	<b>\$510.5</b>	<b>\$576.1</b>
	<b>Secondary</b>	<b>\$108.2</b>	<b>\$17.7</b>	<b>\$20.8</b>	<b>\$22.9</b>	<b>\$25.2</b>	<b>\$27.8</b>	<b>\$30.6</b>
<b>GRAND TOTAL</b>		<b>\$1,967.6</b>	<b>\$335.1</b>	<b>\$377.7</b>	<b>\$424.7</b>	<b>\$477.8</b>	<b>\$538.2</b>	<b>\$606.7</b>

Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association; Univ. of Tennessee



## **Appendix A – Detailed Secondary Impacts**



## Secondary Fiscal Impact Uncollected Taxes on E-Commerce 2000-2009

	Employees Sales Tax	State Shared Sales Tax	Income Tax	Resident Property Tax	Vehicle License Tax	Unemp. Tax	HURF Tax	TOTAL
<b>DIRECT</b>								
State	\$12,573,975	N/A	\$3,858,581	N/A	\$1,692,659	\$4,951,666	\$2,428,799	<b>\$25,505,680</b>
County	\$2,817,264	\$2,374,804	N/A	\$15,522,081	\$1,619,227	N/A	\$2,023,752	<b>\$24,357,127</b>
Local	\$8,095,754	\$1,465,567	\$680,926	\$8,254,095	\$2,343,617	N/A	\$2,433,641	<b>\$23,273,601</b>
<b>Total</b>	<b>\$23,486,993</b>	<b>\$3,840,371</b>	<b>\$4,539,507</b>	<b>\$23,776,176</b>	<b>\$5,655,503</b>	<b>\$4,951,666</b>	<b>\$6,886,192</b>	<b>\$73,136,408</b>
<b>INDIRECT</b>								
State	\$2,701,905	N/A	\$2,502,189	N/A	\$244,018	\$713,844	\$350,141	<b>\$6,512,097</b>
County	\$569,068	\$510,300	N/A	\$2,237,699	\$233,432	N/A	\$291,749	<b>\$3,842,248</b>
Local	\$1,635,288	\$314,922	\$441,563	\$1,189,930	\$337,861	N/A	\$350,839	<b>\$4,270,403</b>
<b>Total</b>	<b>\$4,906,262</b>	<b>\$825,222</b>	<b>\$2,943,751</b>	<b>\$3,427,629</b>	<b>\$815,311</b>	<b>\$713,844</b>	<b>\$992,730</b>	<b>\$14,624,748</b>
<b>INDUCED</b>								
State	\$3,621,860	N/A	\$3,048,126	N/A	\$367,088	\$1,073,873	\$526,736	<b>\$8,637,684</b>
County	\$802,365	\$712,302	N/A	\$3,366,288	\$351,163	N/A	\$438,893	<b>\$5,671,011</b>
Local	\$2,305,694	\$439,584	\$537,905	\$1,790,073	\$508,263	N/A	\$527,786	<b>\$6,109,305</b>
<b>Total</b>	<b>\$6,729,919</b>	<b>\$1,151,886</b>	<b>\$3,586,031</b>	<b>\$5,156,362</b>	<b>\$1,226,514</b>	<b>\$1,073,873</b>	<b>\$1,493,415</b>	<b>\$20,418,000</b>
<b>TOTAL</b>								
State	<b>\$18,897,741</b>	<b>N/A</b>	<b>\$9,408,896</b>	<b>N/A</b>	<b>\$2,303,765</b>	<b>\$6,739,383</b>	<b>\$3,305,676</b>	<b>\$40,655,460</b>
County	<b>\$4,188,697</b>	<b>\$3,597,406</b>	<b>N/A</b>	<b>\$21,126,068</b>	<b>\$2,203,821</b>	<b>N/A</b>	<b>\$2,754,394</b>	<b>\$33,870,387</b>
Local	<b>\$12,036,736</b>	<b>\$2,220,073</b>	<b>\$1,660,393</b>	<b>\$11,234,099</b>	<b>\$3,189,741</b>	<b>N/A</b>	<b>\$3,312,267</b>	<b>\$33,653,309</b>
<b>Grand Total</b>	<b>\$35,123,174</b>	<b>\$5,817,478</b>	<b>\$11,069,290</b>	<b>\$32,360,167</b>	<b>\$7,697,327</b>	<b>\$6,739,383</b>	<b>\$9,372,336</b>	<b>\$108,179,156</b>

<sup>1/</sup> Total may not equal sum of impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures include revenues distributed to counties, cities, and towns. All of the above figures are representative of major revenue sources for the State of Arizona. Figures are intended only as a general guideline as to how the State could be impacted. The above figures are based on current economic structure and tax rates within the State of Arizona.

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association;



## Secondary Fiscal Impact Uncollected Taxes on E-Commerce 2010

	Employees Sales Tax	State Shared Sales Tax	Income Tax	Resident Property Tax	Vehicle License Tax	Unemp. Tax	HURF Tax	TOTAL
<b>DIRECT</b>								
State	\$2,231,635	N/A	\$1,136,896	N/A	\$264,434	\$773,569	\$379,437	<b>\$4,785,971</b>
County	\$489,096	\$421,481	N/A	\$2,424,922	\$252,962	N/A	\$316,159	<b>\$3,904,620</b>
Local	\$1,405,478	\$260,109	\$200,629	\$1,289,488	\$366,129	N/A	\$380,193	<b>\$3,902,026</b>
<b>Total</b>	<b>\$4,126,208</b>	<b>\$681,591</b>	<b>\$1,337,525</b>	<b>\$3,714,410</b>	<b>\$883,525</b>	<b>\$773,569</b>	<b>\$1,075,789</b>	<b>\$12,592,617</b>
<b>INDIRECT</b>								
State	\$272,639	N/A	\$258,949	N/A	\$23,824	\$69,694	\$34,185	<b>\$659,291</b>
County	\$57,180	\$51,492	N/A	\$218,471	\$22,790	N/A	\$28,484	<b>\$378,418</b>
Local	\$164,314	\$31,778	\$45,697	\$116,175	\$32,986	N/A	\$34,253	<b>\$425,203</b>
<b>Total</b>	<b>\$494,133</b>	<b>\$83,270</b>	<b>\$304,646</b>	<b>\$334,647</b>	<b>\$79,600</b>	<b>\$69,694</b>	<b>\$96,922</b>	<b>\$1,462,912</b>
<b>INDUCED</b>								
State	\$626,930	N/A	\$630,183	N/A	\$62,288	\$182,216	\$89,377	<b>\$1,590,994</b>
County	\$144,317	\$129,287	N/A	\$571,194	\$59,586	N/A	\$74,472	<b>\$978,856</b>
Local	\$414,714	\$79,787	\$111,209	\$303,741	\$86,242	N/A	\$89,555	<b>\$1,085,248</b>
<b>Total</b>	<b>\$1,185,962</b>	<b>\$209,074</b>	<b>\$741,392</b>	<b>\$874,935</b>	<b>\$208,116</b>	<b>\$182,216</b>	<b>\$253,404</b>	<b>\$3,655,099</b>
<b>TOTAL</b>								
State	<b>\$3,131,204</b>	<b>N/A</b>	<b>\$2,026,029</b>	<b>N/A</b>	<b>\$350,546</b>	<b>\$1,025,479</b>	<b>\$502,999</b>	<b>\$7,036,256</b>
County	<b>\$690,594</b>	<b>\$602,261</b>	<b>N/A</b>	<b>\$3,214,587</b>	<b>\$335,338</b>	<b>N/A</b>	<b>\$419,114</b>	<b>\$5,261,894</b>
Local	<b>\$1,984,506</b>	<b>\$371,674</b>	<b>\$357,534</b>	<b>\$1,709,404</b>	<b>\$485,358</b>	<b>N/A</b>	<b>\$504,002</b>	<b>\$5,412,478</b>
<b>Grand Total</b>	<b>\$5,806,303</b>	<b>\$973,935</b>	<b>\$2,383,563</b>	<b>\$4,923,992</b>	<b>\$1,171,242</b>	<b>\$1,025,479</b>	<b>\$1,426,115</b>	<b>\$17,710,628</b>

1/ Total may not equal sum of impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures include revenues distributed to counties, cities, and towns. All of the above figures are representative of major revenue sources for the State of Arizona. Figures are intended only as a general guideline as to how the State could be impacted. The above figures are based on current economic structure and tax rates within the State of Arizona.

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association;



## Secondary Fiscal Impact Uncollected Taxes on E-Commerce 2011

	Employees Sales Tax	State Shared Sales Tax	Income Tax	Resident Property Tax	Vehicle License Tax	Unemp. Tax	HURF Tax	TOTAL
<b>DIRECT</b>								
State	\$2,614,332	N/A	\$1,696,907	N/A	\$288,221	\$843,156	\$413,569	<b>\$5,856,186</b>
County	\$566,431	\$493,760	N/A	\$2,643,058	\$275,718	N/A	\$344,599	<b>\$4,323,565</b>
Local	\$1,627,708	\$304,715	\$299,454	\$1,405,485	\$399,065	N/A	\$414,394	<b>\$4,450,820</b>
<b>Total</b>	<b>\$4,808,470</b>	<b>\$798,475</b>	<b>\$1,996,362</b>	<b>\$4,048,543</b>	<b>\$963,004</b>	<b>\$843,156</b>	<b>\$1,172,562</b>	<b>\$14,630,572</b>
<b>INDIRECT</b>								
State	\$302,578	N/A	\$291,211	N/A	\$25,967	\$75,963	\$37,260	<b>\$732,979</b>
County	\$63,316	\$57,147	N/A	\$238,124	\$24,841	N/A	\$31,046	<b>\$414,474</b>
Local	\$181,946	\$35,267	\$51,390	\$126,626	\$35,953	N/A	\$37,334	<b>\$468,517</b>
<b>Total</b>	<b>\$547,839</b>	<b>\$92,414</b>	<b>\$342,601</b>	<b>\$364,750</b>	<b>\$86,761</b>	<b>\$75,963</b>	<b>\$105,641</b>	<b>\$1,615,969</b>
<b>INDUCED</b>								
State	\$781,381	N/A	\$802,019	N/A	\$76,823	\$224,735	\$110,233	<b>\$1,995,191</b>
County	\$180,735	\$162,282	N/A	\$704,482	\$73,490	N/A	\$91,850	<b>\$1,212,838</b>
Local	\$519,364	\$100,149	\$141,533	\$374,619	\$106,367	N/A	\$110,453	<b>\$1,352,484</b>
<b>Total</b>	<b>\$1,481,479</b>	<b>\$262,431</b>	<b>\$943,552</b>	<b>\$1,079,101</b>	<b>\$256,680</b>	<b>\$224,735</b>	<b>\$312,535</b>	<b>\$4,560,513</b>
<b>TOTAL</b>								
State	<b>\$3,698,290</b>	<b>N/A</b>	<b>\$2,790,137</b>	<b>N/A</b>	<b>\$391,011</b>	<b>\$1,143,855</b>	<b>\$561,062</b>	<b>\$8,584,356</b>
County	<b>\$810,481</b>	<b>\$713,188</b>	<b>N/A</b>	<b>\$3,585,664</b>	<b>\$374,048</b>	<b>N/A</b>	<b>\$467,495</b>	<b>\$5,950,876</b>
Local	<b>\$2,329,017</b>	<b>\$440,131</b>	<b>\$492,377</b>	<b>\$1,906,730</b>	<b>\$541,385</b>	<b>N/A</b>	<b>\$562,181</b>	<b>\$6,271,821</b>
<b>Grand Total</b>	<b>\$6,837,788</b>	<b>\$1,153,319</b>	<b>\$3,282,515</b>	<b>\$5,492,394</b>	<b>\$1,306,444</b>	<b>\$1,143,855</b>	<b>\$1,590,738</b>	<b>\$20,807,053</b>

<sup>1/</sup>Total may not equal sum of impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures include revenues distributed to counties, cities, and towns. All of the above figures are representative of major revenue sources for the State of Arizona. Figures are intended only as a general guideline as to how the State could be impacted. The above figures are based on current economic structure and tax rates within the State of Arizona.

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association;



## Secondary Fiscal Impact Uncollected Taxes on E-Commerce 2012

	Employees Sales Tax	State Shared Sales Tax	Income Tax	Resident Property Tax	Vehicle License Tax	Unemp. Tax	HURF Tax	TOTAL
<b>DIRECT</b>								
State	\$2,870,855	N/A	\$1,873,780	N/A	\$314,992	\$921,470	\$451,982	<b>\$6,433,079</b>
County	\$621,552	\$542,209	N/A	\$2,888,548	\$301,327	N/A	\$376,606	<b>\$4,730,241</b>
Local	\$1,786,105	\$334,614	\$330,667	\$1,536,028	\$436,130	N/A	\$452,883	<b>\$4,876,428</b>
<b>Total</b>	<b>\$5,278,511</b>	<b>\$876,823</b>	<b>\$2,204,447</b>	<b>\$4,424,577</b>	<b>\$1,052,449</b>	<b>\$921,470</b>	<b>\$1,281,471</b>	<b>\$16,039,747</b>
<b>INDIRECT</b>								
State	\$336,445	N/A	\$327,806	N/A	\$28,379	\$83,019	\$40,721	<b>\$816,370</b>
County	\$70,253	\$63,543	N/A	\$260,241	\$27,148	N/A	\$33,930	<b>\$455,115</b>
Local	\$201,879	\$39,215	\$57,848	\$138,387	\$39,293	N/A	\$40,802	<b>\$517,424</b>
<b>Total</b>	<b>\$608,577</b>	<b>\$102,758</b>	<b>\$385,655</b>	<b>\$398,629</b>	<b>\$94,819</b>	<b>\$83,019</b>	<b>\$115,453</b>	<b>\$1,788,909</b>
<b>INDUCED</b>								
State	\$868,415	N/A	\$902,807	N/A	\$83,958	\$245,609	\$120,472	<b>\$2,221,261</b>
County	\$200,430	\$180,352	N/A	\$769,915	\$80,316	N/A	\$100,381	<b>\$1,331,394</b>
Local	\$575,960	\$111,301	\$159,319	\$409,414	\$116,246	N/A	\$120,712	<b>\$1,492,952</b>
<b>Total</b>	<b>\$1,644,805</b>	<b>\$291,653</b>	<b>\$1,062,126</b>	<b>\$1,179,329</b>	<b>\$280,520</b>	<b>\$245,609</b>	<b>\$341,564</b>	<b>\$5,045,607</b>
<b>TOTAL</b>								
State	<b>\$4,075,715</b>	<b>N/A</b>	<b>\$3,104,394</b>	<b>N/A</b>	<b>\$427,329</b>	<b>\$1,250,098</b>	<b>\$613,175</b>	<b>\$9,470,709</b>
County	<b>\$892,234</b>	<b>\$786,104</b>	<b>N/A</b>	<b>\$3,918,705</b>	<b>\$408,790</b>	<b>N/A</b>	<b>\$510,917</b>	<b>\$6,516,750</b>
Local	<b>\$2,563,944</b>	<b>\$485,130</b>	<b>\$547,834</b>	<b>\$2,083,829</b>	<b>\$591,670</b>	<b>N/A</b>	<b>\$614,397</b>	<b>\$6,886,804</b>
<b>Grand Total</b>	<b>\$7,531,893</b>	<b>\$1,271,234</b>	<b>\$3,652,228</b>	<b>\$6,002,534</b>	<b>\$1,427,788</b>	<b>\$1,250,098</b>	<b>\$1,738,488</b>	<b>\$22,874,263</b>

<sup>1/</sup> Total may not equal sum of impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures include revenues distributed to counties, cities, and towns. All of the above figures are representative of major revenue sources for the State of Arizona. Figures are intended only as a general guideline as to how the State could be impacted. The above figures are based on current economic structure and tax rates within the State of Arizona.

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association;



## Secondary Fiscal Impact Uncollected Taxes on E-Commerce 2013

	Employees Sales Tax	State Shared Sales Tax	Income Tax	Resident Property Tax	Vehicle License Tax	Unemp. Tax	HURF Tax	TOTAL
<b>DIRECT</b>								
State	\$3,155,773	N/A	\$2,071,370	N/A	\$344,559	\$1,007,966	\$494,409	<b>\$7,074,077</b>
County	\$682,724	\$596,020	N/A	\$3,159,691	\$329,611	N/A	\$411,957	<b>\$5,180,003</b>
Local	\$1,961,890	\$367,823	\$365,536	\$1,680,212	\$477,069	N/A	\$495,395	<b>\$5,347,925</b>
<b>Total</b>	<b>\$5,800,387</b>	<b>\$963,843</b>	<b>\$2,436,906</b>	<b>\$4,839,903</b>	<b>\$1,151,240</b>	<b>\$1,007,966</b>	<b>\$1,401,760</b>	<b>\$17,602,005</b>
<b>INDIRECT</b>								
State	\$374,520	N/A	\$369,334	N/A	\$31,043	\$90,812	\$44,543	<b>\$910,252</b>
County	\$78,037	\$70,734	N/A	\$284,670	\$29,696	N/A	\$37,115	<b>\$500,252</b>
Local	\$224,248	\$43,652	\$65,177	\$151,377	\$42,981	N/A	\$44,632	<b>\$572,068</b>
<b>Total</b>	<b>\$676,805</b>	<b>\$114,387</b>	<b>\$434,511</b>	<b>\$436,047</b>	<b>\$103,720</b>	<b>\$90,812</b>	<b>\$126,290</b>	<b>\$1,982,572</b>
<b>INDUCED</b>								
State	\$966,222	N/A	\$1,017,178	N/A	\$91,839	\$268,664	\$131,780	<b>\$2,475,683</b>
County	\$222,521	\$200,659	N/A	\$842,186	\$87,855	N/A	\$109,803	<b>\$1,463,024</b>
Local	\$639,440	\$123,833	\$179,502	\$447,845	\$127,158	N/A	\$132,043	<b>\$1,649,821</b>
<b>Total</b>	<b>\$1,828,182</b>	<b>\$324,492</b>	<b>\$1,196,681</b>	<b>\$1,290,030</b>	<b>\$306,852</b>	<b>\$268,664</b>	<b>\$373,626</b>	<b>\$5,588,528</b>
<b>TOTAL</b>								
State	<b>\$4,496,514</b>	<b>N/A</b>	<b>\$3,457,883</b>	<b>N/A</b>	<b>\$467,441</b>	<b>\$1,367,442</b>	<b>\$670,732</b>	<b>\$10,460,012</b>
County	<b>\$983,281</b>	<b>\$867,414</b>	<b>N/A</b>	<b>\$4,286,546</b>	<b>\$447,162</b>	<b>N/A</b>	<b>\$558,875</b>	<b>\$7,143,278</b>
Local	<b>\$2,825,579</b>	<b>\$535,308</b>	<b>\$610,215</b>	<b>\$2,279,434</b>	<b>\$647,209</b>	<b>N/A</b>	<b>\$672,069</b>	<b>\$7,569,814</b>
<b>Grand Total</b>	<b>\$8,305,374</b>	<b>\$1,402,722</b>	<b>\$4,068,097</b>	<b>\$6,565,980</b>	<b>\$1,561,812</b>	<b>\$1,367,442</b>	<b>\$1,901,677</b>	<b>\$25,173,105</b>

<sup>1/</sup> Total may not equal sum of impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures include revenues distributed to counties, cities, and towns. All of the above figures are representative of major revenue sources for the State of Arizona. Figures are intended only as a general guideline as to how the State could be impacted. The above figures are based on current economic structure and tax rates within the State of Arizona.

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association;



## Secondary Fiscal Impact Uncollected Taxes on E-Commerce 2014

	Employees Sales Tax	State Shared Sales Tax	Income Tax	Resident Property Tax	Vehicle License Tax	Unemp. Tax	HURF Tax	TOTAL
<b>DIRECT</b>								
State	\$3,472,343	N/A	\$2,292,206	N/A	\$377,223	\$1,103,520	\$541,278	<b>\$7,786,571</b>
County	\$750,634	\$655,810	N/A	\$3,459,226	\$360,858	N/A	\$451,010	<b>\$5,677,539</b>
Local	\$2,157,040	\$404,721	\$404,507	\$1,839,495	\$522,295	N/A	\$542,357	<b>\$5,870,415</b>
<b>Total</b>	<b>\$6,380,018</b>	<b>\$1,060,531</b>	<b>\$2,696,713</b>	<b>\$5,298,721</b>	<b>\$1,260,376</b>	<b>\$1,103,520</b>	<b>\$1,534,646</b>	<b>\$19,334,525</b>
<b>INDIRECT</b>								
State	\$417,346	N/A	\$452,497	N/A	\$33,986	\$99,421	\$48,766	<b>\$1,052,015</b>
County	\$86,776	\$78,823	N/A	\$311,656	\$32,511	N/A	\$40,633	<b>\$550,400</b>
Local	\$249,362	\$48,644	\$79,852	\$165,728	\$47,056	N/A	\$48,863	<b>\$639,505</b>
<b>Total</b>	<b>\$753,484</b>	<b>\$127,467</b>	<b>\$532,349</b>	<b>\$477,384</b>	<b>\$113,553</b>	<b>\$99,421</b>	<b>\$138,263</b>	<b>\$2,241,920</b>
<b>INDUCED</b>								
State	\$1,076,188	N/A	\$1,147,014	N/A	\$100,545	\$294,133	\$144,273	<b>\$2,762,153</b>
County	\$247,310	\$223,490	N/A	\$922,024	\$96,183	N/A	\$120,213	<b>\$1,609,220</b>
Local	\$710,676	\$137,923	\$202,414	\$490,300	\$139,213	N/A	\$144,560	<b>\$1,825,086</b>
<b>Total</b>	<b>\$2,034,175</b>	<b>\$361,413</b>	<b>\$1,349,428</b>	<b>\$1,412,324</b>	<b>\$335,941</b>	<b>\$294,133</b>	<b>\$409,045</b>	<b>\$6,196,460</b>
<b>TOTAL</b>								
State	<b>\$4,965,877</b>	<b>N/A</b>	<b>\$3,891,717</b>	<b>N/A</b>	<b>\$511,754</b>	<b>\$1,497,074</b>	<b>\$734,317</b>	<b>\$11,600,739</b>
County	<b>\$1,084,721</b>	<b>\$958,123</b>	<b>N/A</b>	<b>\$4,692,906</b>	<b>\$489,553</b>	<b>N/A</b>	<b>\$611,856</b>	<b>\$7,837,159</b>
Local	<b>\$3,117,079</b>	<b>\$591,288</b>	<b>\$686,774</b>	<b>\$2,495,522</b>	<b>\$708,563</b>	<b>N/A</b>	<b>\$735,781</b>	<b>\$8,335,006</b>
<b>Grand Total</b>	<b>\$9,167,677</b>	<b>\$1,549,410</b>	<b>\$4,578,490</b>	<b>\$7,188,429</b>	<b>\$1,709,870</b>	<b>\$1,497,074</b>	<b>\$2,081,954</b>	<b>\$27,772,905</b>

<sup>1/</sup> Total may not equal sum of impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures include revenues distributed to counties, cities, and towns. All of the above figures are representative of major revenue sources for the State of Arizona. Figures are intended only as a general guideline as to how the State could be impacted. The above figures are based on current economic structure and tax rates within the State of Arizona.

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association;



## Secondary Fiscal Impact Uncollected Taxes on E-Commerce 2015

	Employees Sales Tax	State Shared Sales Tax	Income Tax	Resident Property Tax	Vehicle License Tax	Unemp. Tax	HURF Tax	TOTAL
<b>DIRECT</b>								
State	\$3,824,216	N/A	\$2,539,138	N/A	\$413,315	\$1,209,104	\$593,067	<b>\$8,578,840</b>
County	\$826,053	\$722,267	N/A	\$3,790,200	\$395,385	N/A	\$494,162	<b>\$6,228,067</b>
Local	\$2,373,766	\$445,734	\$448,083	\$2,015,495	\$572,267	N/A	\$594,249	<b>\$6,449,594</b>
<b>Total</b>	<b>\$7,024,035</b>	<b>\$1,168,000</b>	<b>\$2,987,222</b>	<b>\$5,805,695</b>	<b>\$1,380,967</b>	<b>\$1,209,104</b>	<b>\$1,681,478</b>	<b>\$21,256,501</b>
<b>INDIRECT</b>								
State	\$465,541	N/A	\$510,665	N/A	\$37,237	\$108,933	\$53,432	<b>\$1,175,808</b>
County	\$96,593	\$87,925	N/A	\$341,475	\$35,622	N/A	\$44,521	<b>\$606,136</b>
Local	\$277,572	\$54,261	\$90,117	\$181,584	\$51,558	N/A	\$53,538	<b>\$708,631</b>
<b>Total</b>	<b>\$839,705</b>	<b>\$142,186</b>	<b>\$600,782</b>	<b>\$523,059</b>	<b>\$124,417</b>	<b>\$108,933</b>	<b>\$151,491</b>	<b>\$2,490,575</b>
<b>INDUCED</b>								
State	\$1,199,888	N/A	\$1,294,461	N/A	\$110,165	\$322,275	\$158,076	<b>\$3,084,866</b>
County	\$275,142	\$249,172	N/A	\$1,010,242	\$105,386	N/A	\$131,714	<b>\$1,771,656</b>
Local	\$790,656	\$153,772	\$228,434	\$537,211	\$152,532	N/A	\$158,392	<b>\$2,020,997</b>
<b>Total</b>	<b>\$2,265,686</b>	<b>\$402,943</b>	<b>\$1,522,896</b>	<b>\$1,547,453</b>	<b>\$368,084</b>	<b>\$322,275</b>	<b>\$448,182</b>	<b>\$6,877,519</b>
<b>TOTAL</b>								
State	<b>\$5,489,644</b>	<b>N/A</b>	<b>\$4,344,265</b>	<b>N/A</b>	<b>\$560,718</b>	<b>\$1,640,312</b>	<b>\$804,575</b>	<b>\$12,839,514</b>
County	<b>\$1,197,789</b>	<b>\$1,059,364</b>	<b>N/A</b>	<b>\$5,141,917</b>	<b>\$536,393</b>	<b>N/A</b>	<b>\$670,398</b>	<b>\$8,605,859</b>
Local	<b>\$3,441,993</b>	<b>\$653,767</b>	<b>\$766,635</b>	<b>\$2,734,290</b>	<b>\$776,358</b>	<b>N/A</b>	<b>\$806,179</b>	<b>\$9,179,222</b>
<b>Grand Total</b>	<b>\$10,129,426</b>	<b>\$1,713,130</b>	<b>\$5,110,900</b>	<b>\$7,876,207</b>	<b>\$1,873,468</b>	<b>\$1,640,312</b>	<b>\$2,281,152</b>	<b>\$30,624,595</b>

<sup>1/</sup> Total may not equal sum of impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures include revenues distributed to counties, cities, and towns. All of the above figures are representative of major revenue sources for the State of Arizona. Figures are intended only as a general guideline as to how the State could be impacted. The above figures are based on current economic structure and tax rates within the State of Arizona.

Source: Elliott D. Pollack & Company; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association;

