



STATE SHARED REVENUE

Prepared by

League of Arizona Cities and Towns
1820 West Washington Street
Phoenix, Arizona 85007
(602) 258-5786
www.azleague.org

FY 2025 Final Budget Estimates May 30, 2024



State Shared Revenues - Final FY 2025 Budget Estimates

May 29, 2024

The final estimate of shared revenues for each city and town for FY 2025 is set forth in this report. We obtained the total dollar figures subject to distribution from the Arizona Department of Transportation (ADOT provides the numbers for VLT and HURF) and the Arizona Department of Revenue (ADOR provides the numbers for TPT and URS). Please recognize that most total distribution figures are estimates, so they are subject to change.

Population Figures for Shared Revenue Estimates

As directed by statute, the city and town population figures used for the distribution of state shared revenues are the official U.S. Census Bureau population estimates for each municipality as of July 1 of the prior year. The allocated amounts in this preliminary report were calculated using the Census Bureau's July 2023 population estimate figures.

Note: The total population estimate for the state increased year-over-year at a rate that was less than expected and significantly below the trend for recent years. The overall incorporated population estimate increased by just under 1% for the year, from 5,898,735 to 5,955,436.

There are also more cities and towns than usual with population estimates that did not grow as much as anticipated or that declined compared to last year. A variety of causes may be involved, but the most frequently cited item is the Census Bureau placing added emphasis on Federal income tax filing data by locality versus reliance on the raw number of residential units available. This approach provides more accurate identification of resident housing units and related population figures, by removing housing units taken from inventory for short-term rentals and other uses. While other influences may also be involved, this change could be one of the key issues resulting in reduced population estimates for some cities and towns. Aside from the usual opportunity to correct boundaries for unrecognized annexations, there is no appeal or protest process available. We will continue to monitor this item and will provide updates if any added information becomes available.

U.S. Census Bureau Populations	2022 July 1 Estimate	2023 July 1 Estimate
Designated Population for TPT/HURF/VLT:	5,898,735	5,955,436
Designated Population for URS (1,500 min.):	5,905,169	5,961,877

Shared Revenue Estimates by Tax Type

The tables found in this report list the estimated distribution of revenue to each city and town during FY 2025 from the Vehicle License Tax (VLT), Highway User Revenue Fund (HURF), State Transaction Privilege Tax (TPT), and State Income Tax, formally designated as Urban Revenue Sharing (URS).

Vehicle License Tax (VLT), A.R.S. § 28-5808 – Adopted by statute in 1956, cities and towns receive 20.45% of the Vehicle License Tax revenues collected by ADOT primarily from the annual registration of motor vehicles. These monies are distributed

semi-monthly based on collections since the last distribution and may be spent for any municipal public purpose. A city or town receives its share of VLT based on its population in relation to the total incorporated population of their county, coupled with a formula that considers the “county of origin” where vehicles are registered. The ADOT estimate of the total VLT distribution to cities and towns for FY 2025 is \$326,637,000, approximately 0.18% more than last year’s estimate of \$326,047,000.

Highway User Revenue Fund (HURF), A.R.S. § 28-6540 –

Adopted by statute in 1956, HURF is primarily funded by the 18 cents-per-gallon tax on gasoline, so it is often referred to as the “gas tax” but there are several other sources that also contribute to HURF, including portions of Use Fuel taxes, VLT revenues, motor carrier taxes, operator’s license fees, and the excise tax on recreational marijuana sales. Cities and towns receive 27.5% of the total collections deposited into HURF. HURF monies are distributed monthly based on collections since the previous distribution. HURF is restricted by statute: distributions can only be used for street and highway expenditures. A city or town receives one-half of its HURF allocation based on its population relative to the total population of all incorporated cities and towns. The remaining half is allocated based on a formula that considers the “county of origin” of all gasoline sales and the city’s population relative to the total incorporated city/town population in the same county. The ADOT estimate of the total HURF distribution to cities and towns for FY 2025 is \$498,547,000, approximately (0.11%) lower than last year’s estimated figure of \$499,094,000.

Note: The total figures above and the individual city amounts shown on the attached table do not include the additional distribution of 3% of HURF collections (estimated at \$54,387,000) that is allocated per statute to cities with populations over 300,000 (Phoenix: ~\$32,941,662; Tucson: ~\$11,115,615; and Mesa: ~\$10,329,723).

State Transaction Privilege Tax (TPT), A.R.S. § 42-5029 –

Enacted by voters in 1958, cities and towns share in a portion of the total collections of TPT imposed at the State level. Each tax classification has a designated sharing percentage that goes into the distribution base and cities receive 25% of the base. Shared TPT is distributed semi-monthly based on collections since the previous distribution and may be spent for any municipal public purpose. A municipality receives its share of the state shared sales tax based solely on the relation of its population to the total population of all incorporated cities and towns. The FY 2025 ADOR estimate for state shared TPT is \$900,000,000, approximately 2.57% higher than last year’s estimated figure of \$877,470,000.

Urban Revenue Sharing (URS), A.R.S. § 43-206 – Enacted by voters in 1972 in exchange for cities and towns giving up the authority to assess local income taxes and local luxury taxes (liquor and tobacco), URS provided 15% of the net state income tax collected for distribution to cities and towns. In response to the State adopting a 2.5% flat income tax, in FY 2024 cities and towns began receiving 18% of the net state income tax collected.

Note that the increased sharing percentage itself does not result in ongoing increased URS distributions. The State’s adoption of the 2.5% flat income tax rate results in reduced income tax collections and reduced shared revenues for cities and towns. The 18% sharing percentage was the result of negotiations intended to minimize the negative impact on cities and towns due to this income tax collection reduction, but it was never expected to fully replace or increase local revenues.

The amount of URS distributed is based on the total net income tax collections during the fiscal year two years prior to the distribution year. URS funds are distributed monthly based on 1/12 of the total available and may be spent for any municipal public purpose. This money is allocated to an individual city or town based solely on its population (or the 1,500 minimum for the nine smallest towns) in relation to the total population of all incorporated cities and towns. The FY 2025 ADOR estimate for URS is \$1,268,200,000, approximately (18.96%) less than last year’s estimate of \$1,564,819,794. (Note: This is the only revenue type that is likely to remain unchanged because it is based on collections from two years ago, subject to slight changes due to various adjustments such as late refunds, court decisions, etc.)

For long-term planning purposes, it should be noted that the State’s total income tax collections continue to be lower than the amounts projected when the flat tax was passed. In addition to the (19%) decline in URS from FY 2024 to FY 2025 identified in this report, our forecast of URS distributions shows an additional (10%) decline from FY 2025 to FY 2026, followed by little or no change from FY 2026 to FY 2027.

SUMMARY OF Shared Revenue Estimates by Tax Type

In summary, the total estimated shared revenues for distribution to cities and towns in the upcoming fiscal year from each source based on the current state laws are as follows:

VLT - Vehicle License Tax	\$326,637,000
HURF - Highway User Revenue Fund	\$498,547,000
TPT - State Transaction Privilege Tax	\$900,000,000
URS - State Income Tax	\$1,268,200,000

Please recognize there is always the possibility of an unforeseen circumstance that could significantly alter these shared revenue forecasts, including changes enacted by the legislature in its current session.

We are aware of likely changes to both the VLT and HURF distribution estimates, but those figures will not be available until late June and the significance to any individual city or town may not be noteworthy. TPT may also change for FY 2025, but a revised figure was not available when this was published. If there are any noteworthy changes to any of these numbers, we will deliver revised estimates to you as quickly as possible.

If you have any questions, please give us a call.

CITY/TOWN	2023 Population	VLT	HURF	TPT (SALES TAX)	URS (INCOME TAX)
APACHE JUNCTION	41,153	\$3,029,792	\$3,804,633	\$6,219,142	\$8,753,994
AVONDALE	93,545	\$4,744,964	\$7,107,430	\$14,136,748	\$19,898,728
BENSON	5,337	\$341,070	\$541,750	\$806,540	\$1,135,277
BISBEE	4,994	\$319,150	\$506,932	\$754,705	\$1,062,315
BUCKEYE	108,909	\$5,524,285	\$8,274,767	\$16,458,593	\$23,166,931
BULLHEAD CITY	43,302	\$3,673,122	\$4,846,654	\$6,543,904	\$9,211,125
CAMP VERDE	12,489	\$1,018,068	\$1,264,181	\$1,887,368	\$2,656,638
CAREFREE	3,642	\$184,736	\$276,715	\$550,388	\$774,720
CASA GRANDE	63,743	\$4,692,928	\$5,893,099	\$9,632,997	\$13,559,299
CAVE CREEK	5,152	\$261,329	\$391,442	\$778,583	\$1,095,924
CHANDLER	280,167	\$14,211,153	\$21,286,731	\$42,339,520	\$59,596,632
CHINO VALLEY	13,815	\$1,126,160	\$1,398,403	\$2,087,756	\$2,938,703
CLARKDALE	4,904	\$399,760	\$496,400	\$741,104	\$1,043,170
CLIFTON	3,780	\$366,244	\$410,191	\$571,243	\$804,075
COLORADO CITY	2,734	\$231,913	\$306,008	\$413,169	\$581,572
COOLIDGE	18,293	\$1,346,779	\$1,691,205	\$2,764,483	\$3,891,255
COTTONWOOD	13,124	\$1,069,832	\$1,328,458	\$1,983,331	\$2,791,714
DEWEY-HUMBOLDT	4,540	\$370,088	\$459,555	\$686,096	\$965,741
DOUGLAS	15,638	\$999,373	\$1,587,386	\$2,363,253	\$3,326,488
DUNCAN	670	\$64,916	\$72,706	\$101,252	\$319,077
EAGAR	4,437	\$433,600	\$1,267,826	\$670,530	\$943,831
EL MIRAGE	35,850	\$1,818,451	\$2,723,837	\$5,417,739	\$7,625,949
ELOY	18,528	\$1,364,080	\$1,712,931	\$2,799,997	\$3,941,244
FLAGSTAFF	76,586	\$4,635,777	\$10,236,302	\$11,573,863	\$16,291,239
FLORENCE	24,291	\$1,788,368	\$2,245,725	\$3,670,915	\$5,167,139
FOUNTAIN HILLS	23,611	\$1,197,641	\$1,793,934	\$3,568,152	\$5,022,490
FREDONIA	1,302	\$78,811	\$174,022	\$196,761	\$319,077
GILA BEND	1,854	\$94,042	\$140,865	\$280,181	\$394,380
GILBERT	275,411	\$13,969,910	\$20,925,376	\$41,620,781	\$58,584,944
GLENDALE	253,855	\$12,876,507	\$19,287,579	\$38,363,186	\$53,999,590
GLOBE	7,179	\$600,136	\$989,033	\$1,084,908	\$1,527,104
GOODYEAR	111,805	\$5,671,182	\$8,494,801	\$16,896,244	\$23,782,963
GUADALUPE	5,217	\$264,626	\$396,381	\$788,406	\$1,109,751
HAYDEN	516	\$43,136	\$71,088	\$77,979	\$319,077
HOLBROOK	4,833	\$438,176	\$861,307	\$730,375	\$1,028,067
HUACHUCA CITY	1,600	\$102,251	\$162,413	\$241,796	\$340,349
JEROME	460	\$37,498	\$46,563	\$69,516	\$319,077
KEARNY	1,817	\$133,772	\$167,983	\$274,589	\$386,509
KINGMAN	35,334	\$2,997,231	\$3,954,822	\$5,339,760	\$7,516,186
LAKE HAVASU CITY	59,257	\$5,026,516	\$6,632,447	\$8,955,062	\$12,605,045
LITCHFIELD PARK	6,884	\$349,183	\$523,038	\$1,040,327	\$1,464,352
MAMMOTH	1,133	\$83,414	\$104,747	\$171,222	\$319,077
MARANA	58,430	\$3,048,799	\$5,180,274	\$8,830,084	\$12,429,127
MARICOPA	71,022	\$5,228,827	\$6,566,049	\$10,733,018	\$15,107,675
MESA	511,648	\$25,952,764	\$38,874,361	\$77,321,493	\$108,836,864
MIAMI	1,532	\$128,069	\$211,060	\$231,520	\$325,884

CITY/TOWN	2023 Population	VLT	HURF	TPT (SALES TAX)	URS (INCOME TAX)
NOGALES	19,702	\$2,188,998	\$2,581,476	\$2,977,414	\$4,190,975
ORO VALLEY	48,311	\$2,520,803	\$4,283,146	\$7,300,876	\$10,276,631
PAGE	7,320	\$443,082	\$978,374	\$1,106,216	\$1,557,098
PARADISE VALLEY	12,502	\$634,150	\$949,886	\$1,889,333	\$2,659,403
PARKER	3,400	\$615,809	\$2,521,369	\$513,816	\$723,242
PATAGONIA	789	\$87,662	\$103,380	\$119,236	\$319,077
PAYSON	16,731	\$1,398,645	\$2,304,988	\$2,528,429	\$3,558,989
PEORIA	198,750	\$10,081,368	\$15,100,771	\$30,035,584	\$42,277,751
PHOENIX	1,650,070	\$83,697,928	\$125,370,211	\$249,362,599	\$350,999,991
PIMA	3,036	\$216,361	\$301,857	\$458,808	\$645,813
PINETOP-LAKESIDE	4,191	\$379,970	\$746,894	\$633,354	\$891,502
PRESCOTT	47,757	\$3,893,018	\$4,834,134	\$7,217,154	\$10,158,785
PRESCOTT VALLEY	50,045	\$4,079,529	\$5,065,733	\$7,562,922	\$10,645,484
QUARTZSITE	2,389	\$432,696	\$1,771,632	\$361,032	\$508,184
QUEEN CREEK	76,570	\$3,883,926	\$5,817,691	\$11,571,445	\$16,287,836
SAFFORD	10,270	\$731,891	\$1,021,105	\$1,552,027	\$2,184,616
SAHUARITA	36,356	\$1,897,007	\$3,223,242	\$5,494,207	\$7,733,584
SAINT JOHNS	3,362	\$328,547	\$960,656	\$508,074	\$715,159
SAN LUIS	37,966	\$2,138,532	\$3,768,997	\$5,737,514	\$8,076,061
SCOTTSDALE	244,394	\$12,396,608	\$18,568,744	\$36,933,417	\$51,987,062
SEDONA	9,819	\$800,418	\$993,914	\$1,483,871	\$2,088,680
SHOW LOW	12,192	\$1,105,368	\$2,172,783	\$1,842,485	\$2,593,461
SIERRA VISTA	44,431	\$2,839,438	\$4,510,114	\$6,714,521	\$9,451,284
SNOWFLAKE	6,670	\$604,725	\$1,188,686	\$1,007,987	\$1,418,831
SOMERTON	14,594	\$822,044	\$1,448,789	\$2,205,481	\$3,104,410
SOUTH TUCSON	4,521	\$235,900	\$400,822	\$683,225	\$961,699
SPRINGERVILLE	1,727	\$168,769	\$493,472	\$260,988	\$367,364
STAR VALLEY	2,545	\$212,752	\$350,618	\$384,607	\$541,368
SUPERIOR	2,571	\$189,284	\$237,691	\$388,536	\$546,899
SURPRISE	158,285	\$8,028,827	\$12,026,292	\$23,920,415	\$33,670,107
TAYLOR	4,272	\$387,314	\$761,329	\$645,595	\$908,732
TEMPE	189,834	\$9,629,114	\$14,423,345	\$28,688,177	\$40,381,155
THATCHER	5,486	\$390,960	\$545,451	\$829,058	\$1,166,972
TOLLESON	7,173	\$363,842	\$544,995	\$1,084,001	\$1,525,828
TOMBSTONE	1,312	\$83,846	\$133,179	\$198,273	\$319,077
TUCSON	547,239	\$28,554,198	\$48,516,995	\$82,700,091	\$116,407,719
TUSAYAN	583	\$35,289	\$77,922	\$88,104	\$319,077
WELLTON	2,572	\$144,874	\$255,330	\$388,687	\$547,111
WICKENBURG	8,123	\$412,030	\$617,175	\$1,227,568	\$1,727,910
WILLCOX	3,202	\$204,629	\$325,029	\$483,894	\$681,124
WILLIAMS	3,463	\$209,617	\$462,856	\$523,337	\$736,643
WINKELMAN	294	\$24,577	\$40,504	\$44,430	\$319,077
WINSLOW	8,517	\$772,180	\$1,517,847	\$1,287,110	\$1,811,721
YOUNGTOWN	6,919	\$350,958	\$525,697	\$1,045,616	\$1,471,798
YUMA	100,858	\$5,681,085	\$10,012,471	\$15,241,907	\$21,454,337
TOTALS	5,955,436	\$326,637,000	\$498,547,000	\$900,000,000	\$1,268,200,000

