

ECONOMIC COMPETITIVENESS

2024





ECONOMIC COMPETITIVENESS



TAX COMPETITIVENESS



COST OF LIVING



ECONOMIC COMPETITIVENESS



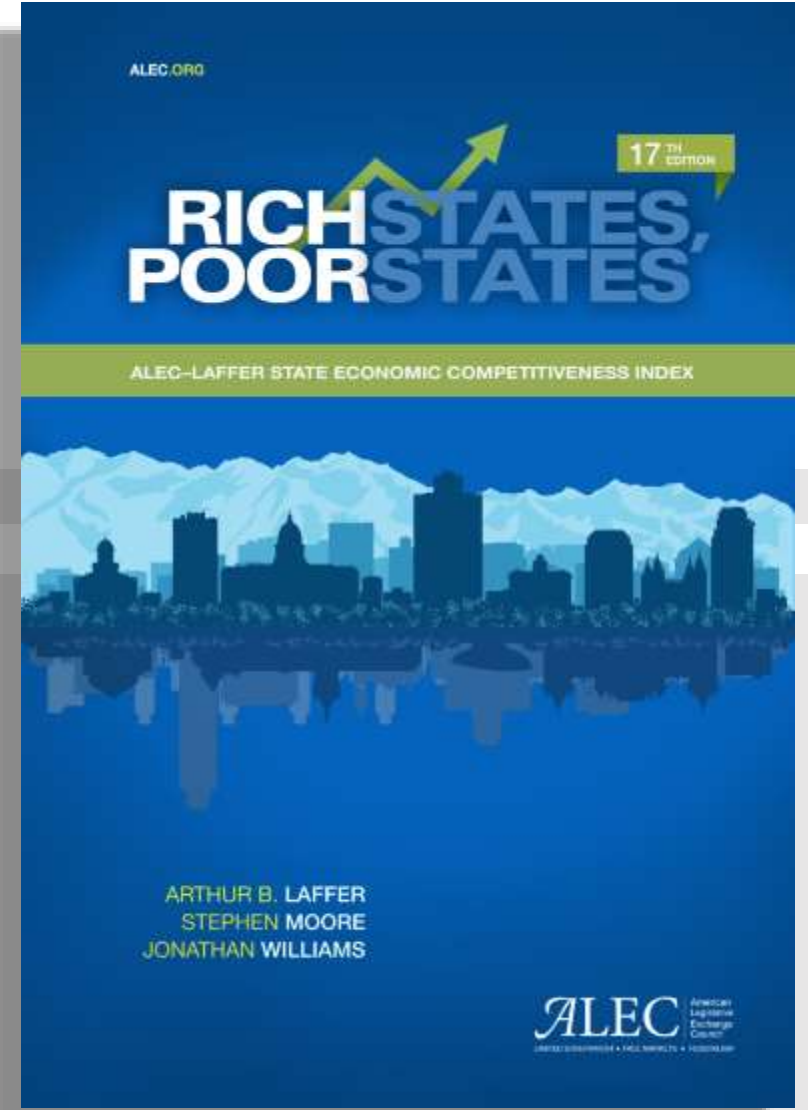
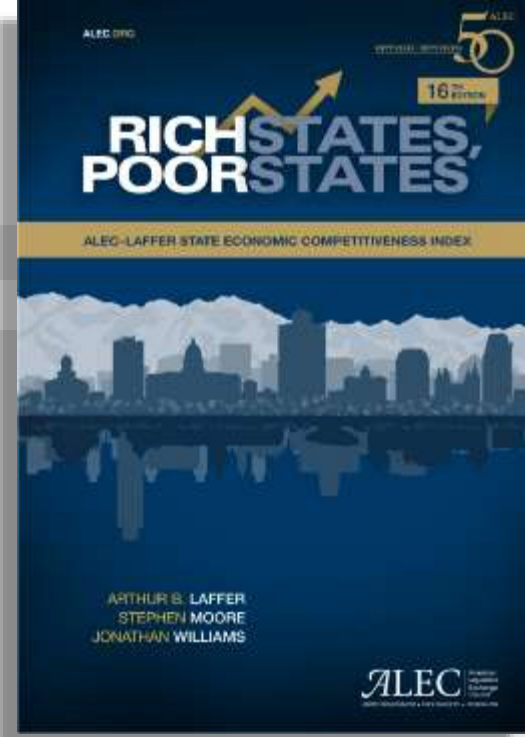
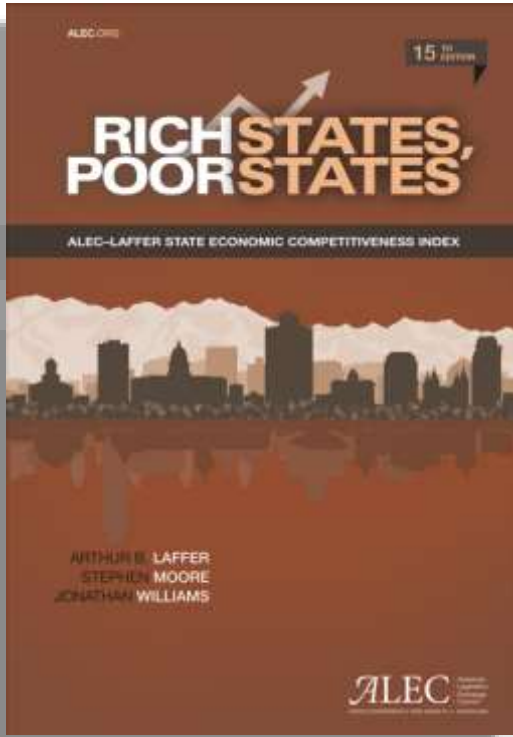
TAX COMPETITIVENESS

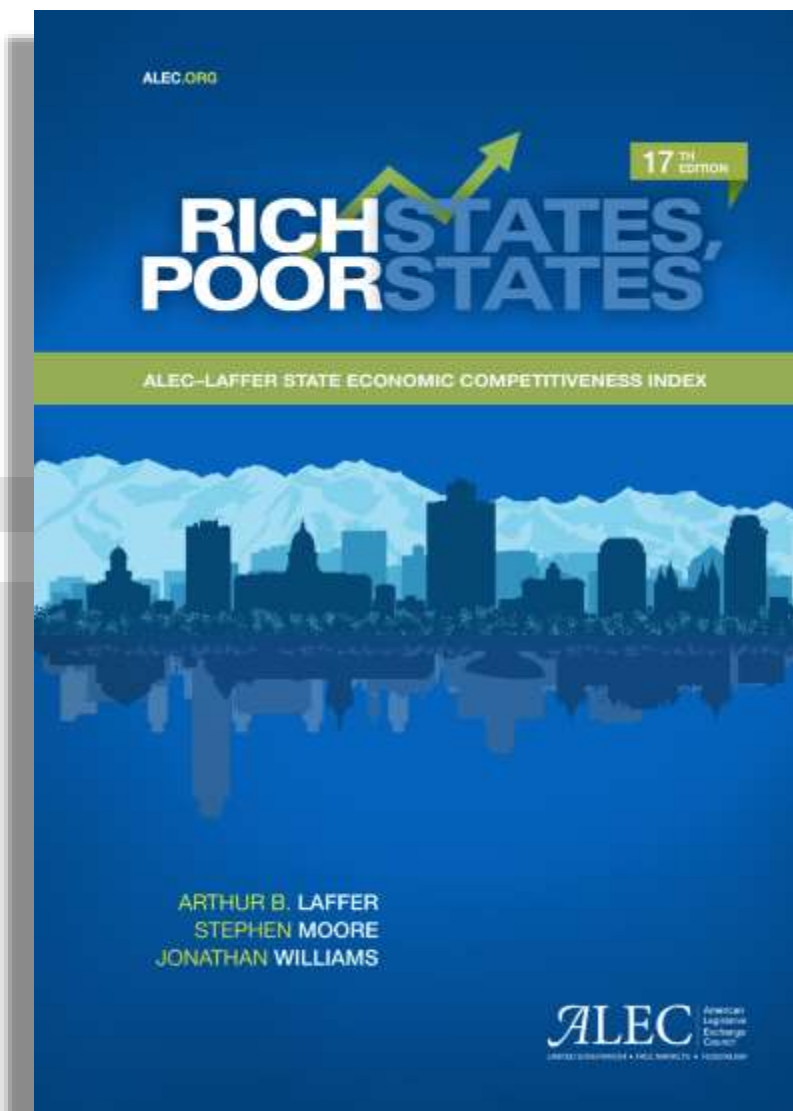


COST OF LIVING



What drives the competitiveness of a state's economy and business environment?





Source: Rich States, Poor States 2024 ALEC-Laffer Economic Competitiveness Index (17th Edition)



4th

In Economic Performance

GDP Growth

Domestic Migration

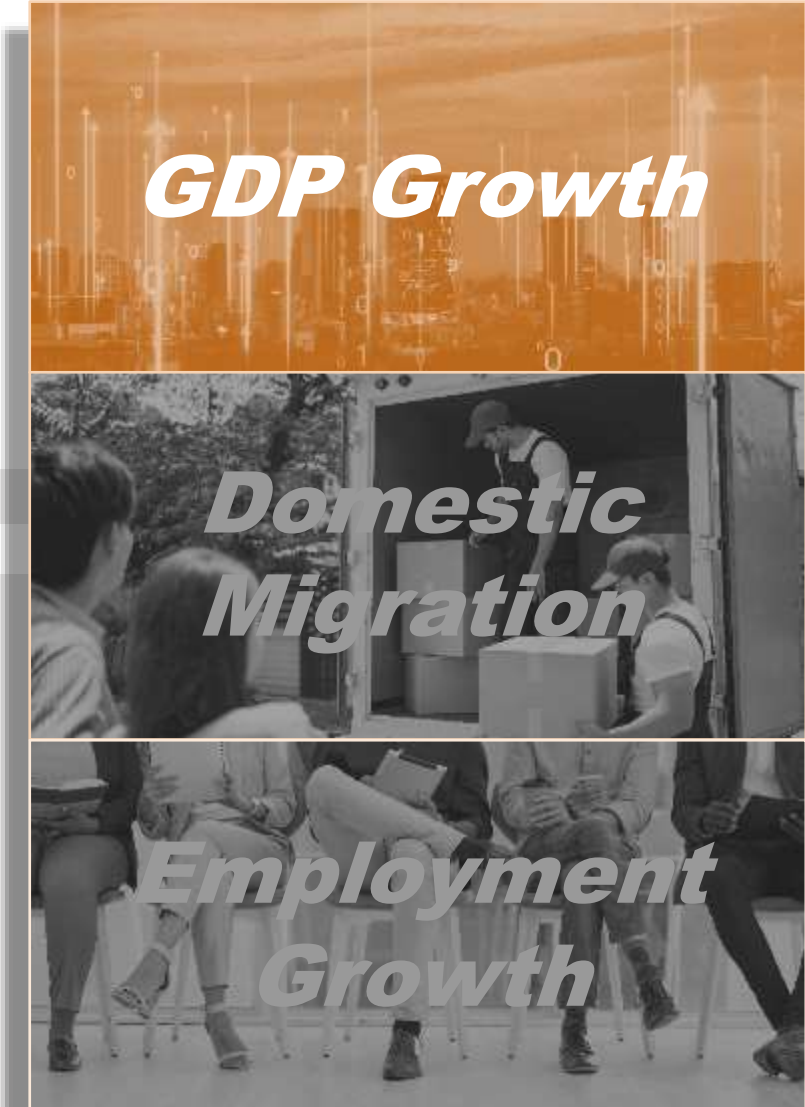
Employment Growth

Source: Rich States, Poor States 2024 ALEC-Laffer Economic Competitiveness Index (17th Edition)



+66.5%

Real GDP Growth Since 2003



GDP Growth

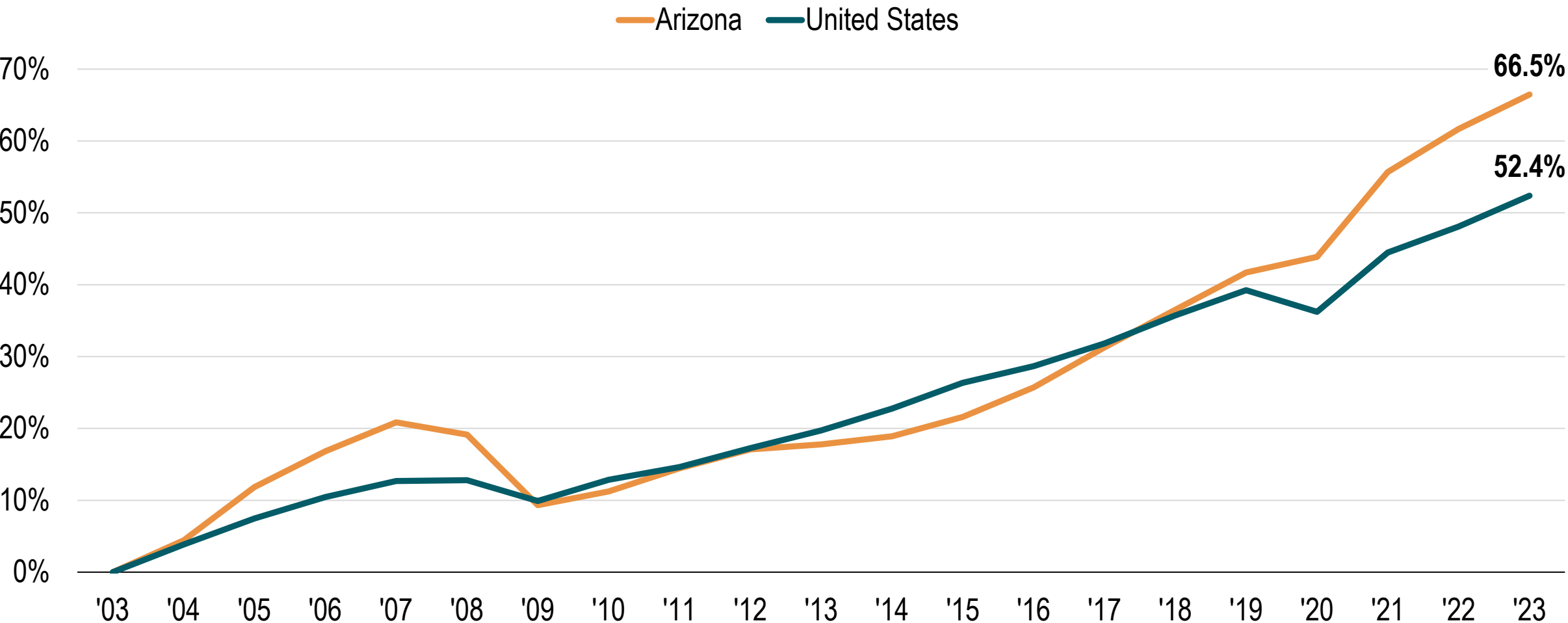
Domestic Migration

Employment Growth

Source: U.S. Bureau of Economic Analysis

Real GDP Growth

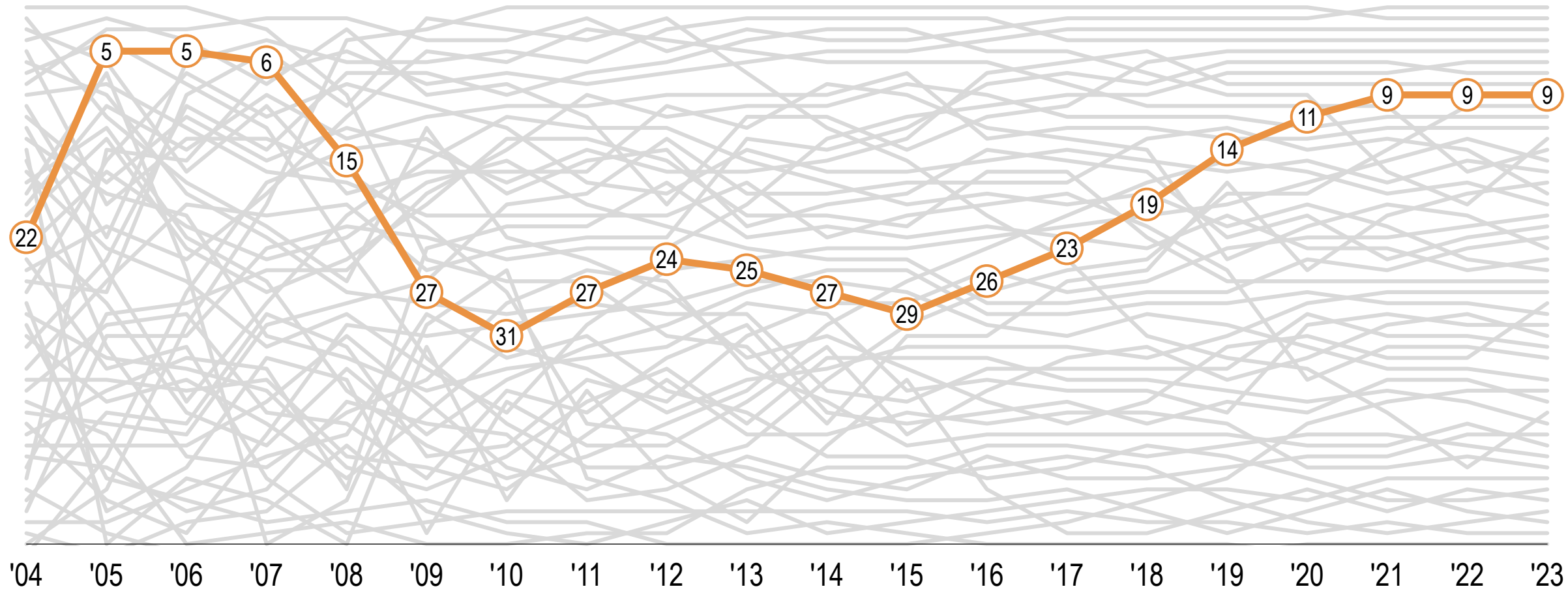
Cumulative Since 2003



Source: U.S. Bureau of Economic Analysis

Real GDP Growth

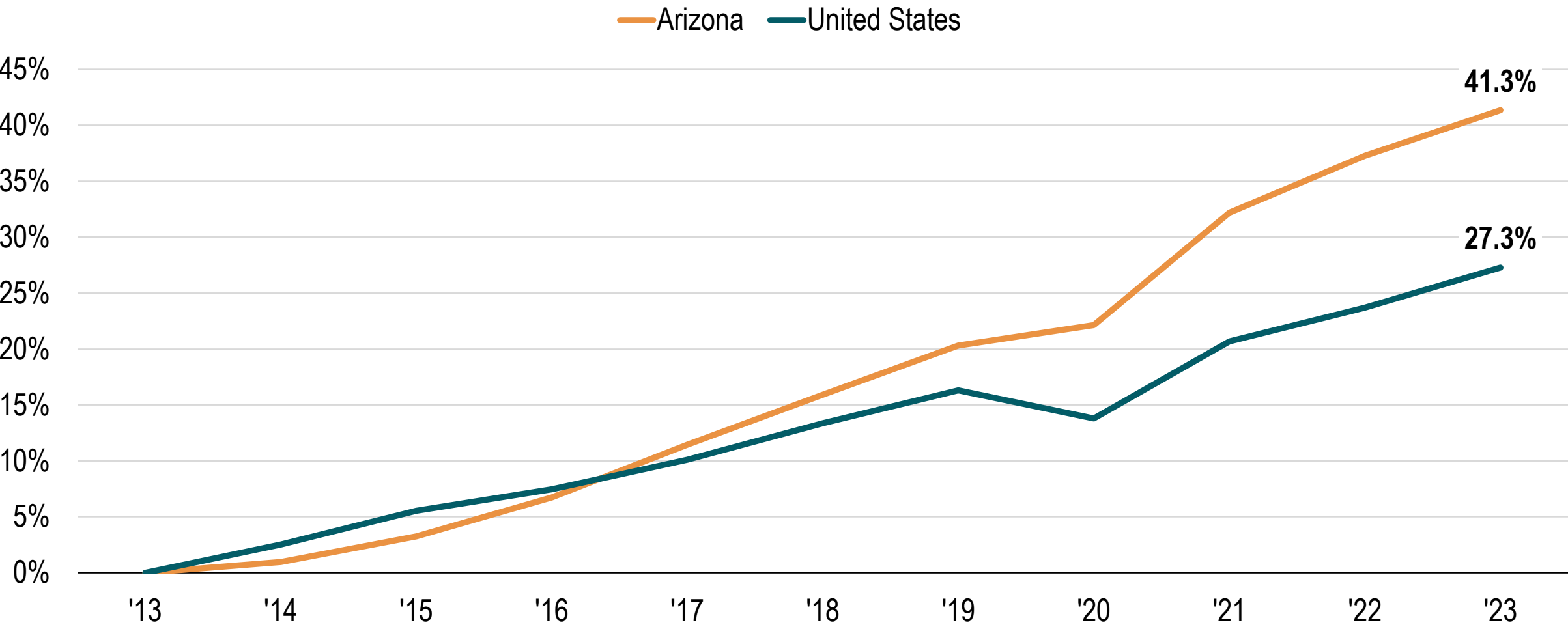
Cumulative Arizona Rank by Year | Since 2003



Source: U.S. Bureau of Economic Analysis

Real GDP Growth

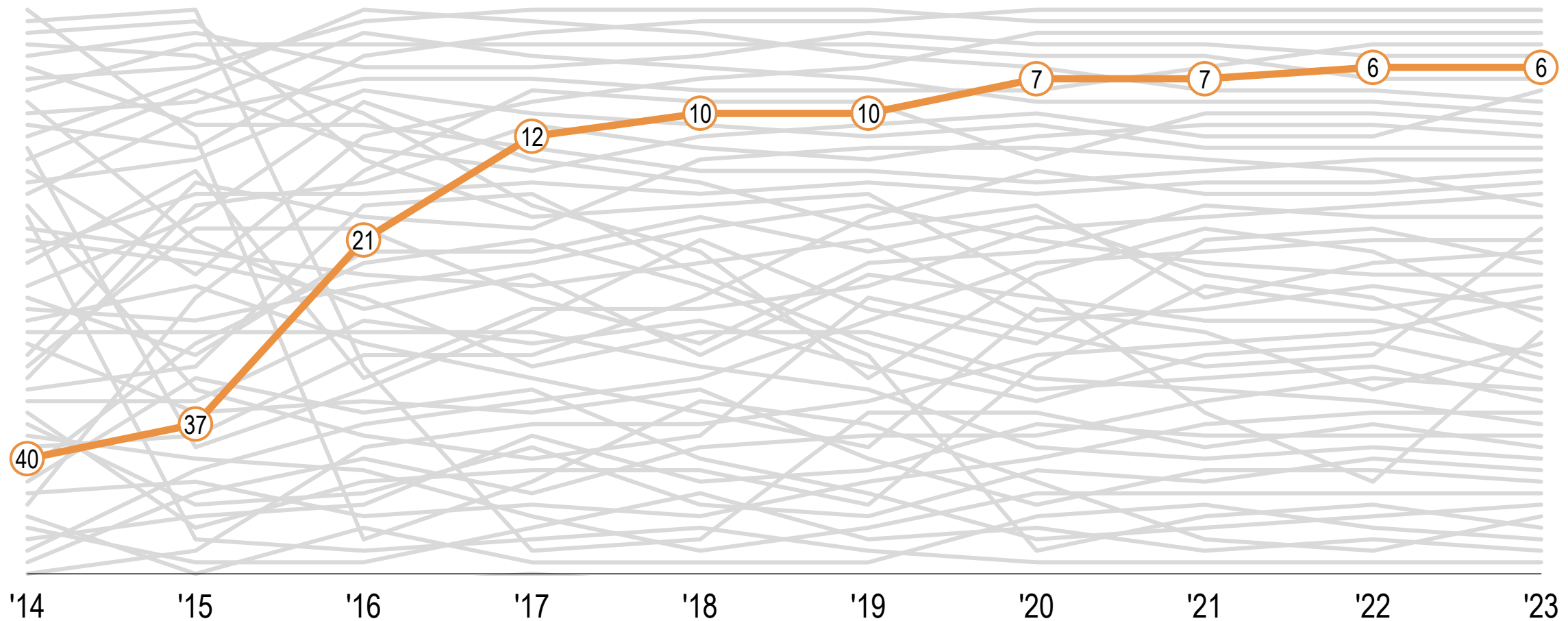
Cumulative Since 2013



Source: U.S. Bureau of Economic Analysis

Real GDP Growth

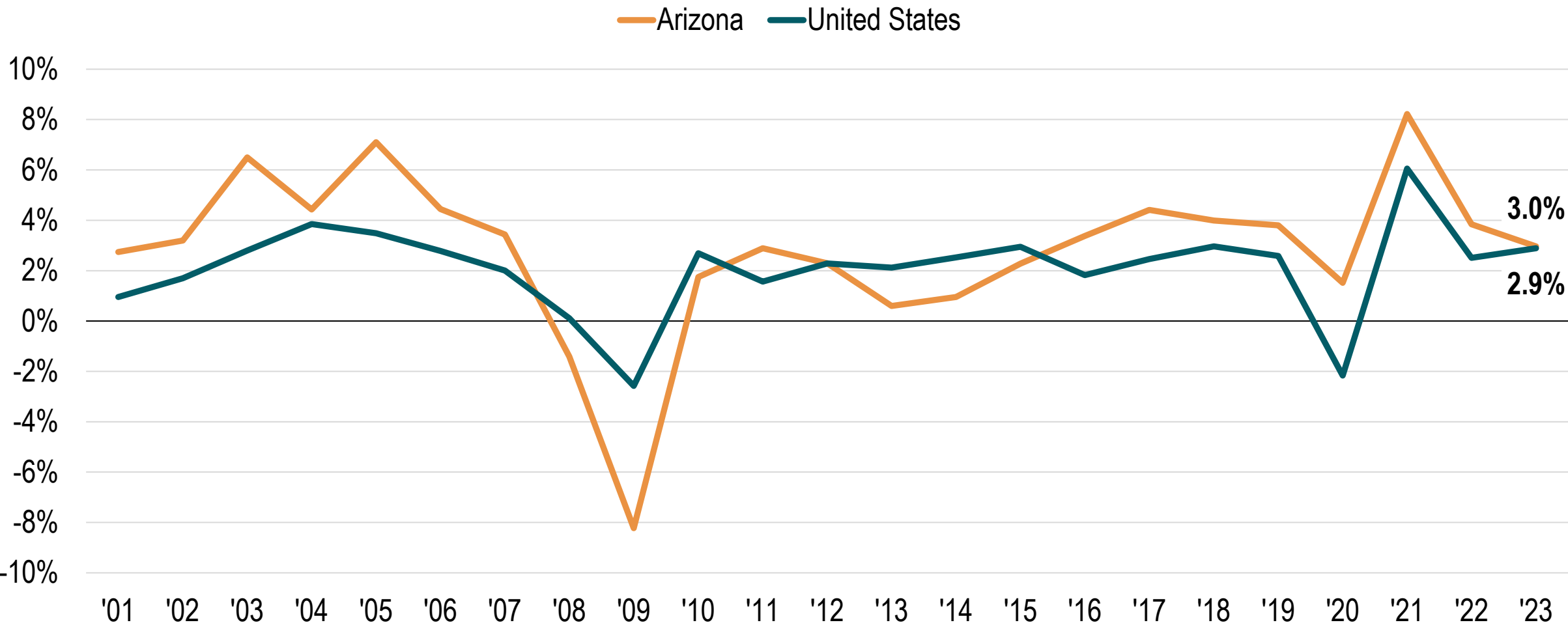
Cumulative Arizona Rank by Year | Since 2013



Source: U.S. Bureau of Economic Analysis

Real GDP Growth

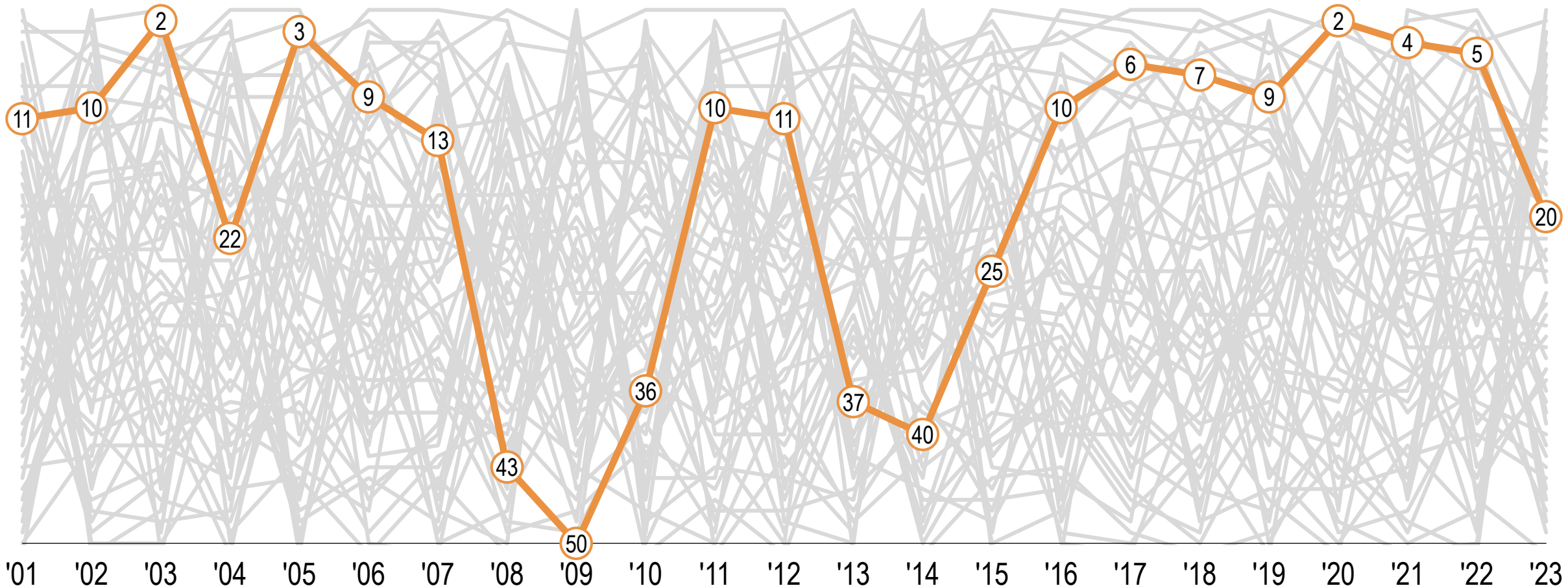
Year-Over-Year



Source: U.S. Bureau of Economic Analysis

Real GDP Growth

Arizona Rank by Year | Year-Over-Year



Source: U.S. Bureau of Economic Analysis



+34,902

Domestic Migrants Added
Between 2023 and 2024



GDP Growth

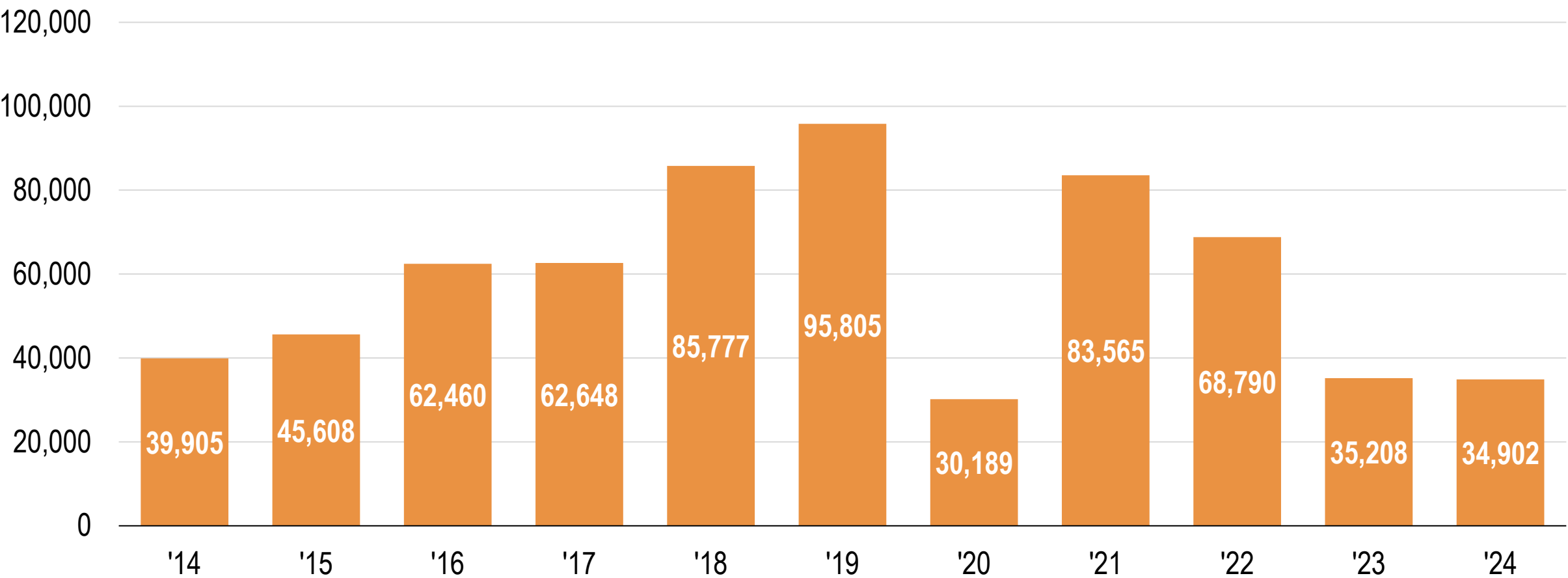
***Domestic
Migration***

***Employment
Growth***

Source: U.S. Census Bureau

Net In-Migration (Domestic)

Arizona



Source: U.S. Census Bureau. Note: Data for 2014-2019 uses the U.S. Census Bureau's Vintage 2020 data while 2020-2024 uses Vintage 2024 data.



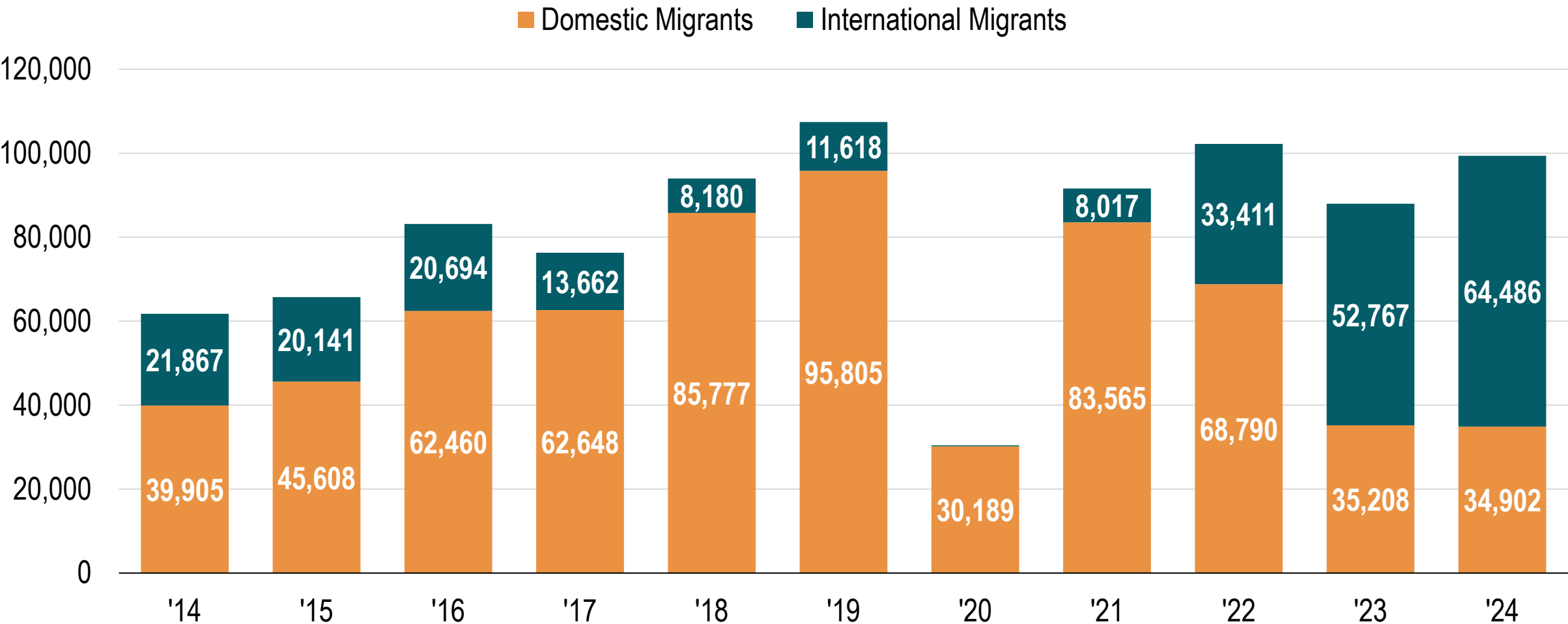
Net international migration drives highest U.S. population growth in decades



Source: U.S. Census Bureau

Net In-Migration

Arizona



Source: U.S. Census Bureau. Note: Data for 2014-2019 uses the U.S. Census Bureau's Vintage 2020 data while 2020-2024 uses Vintage 2024 data.

Net In-Migration

Arizona

+644,857

*Domestic Migrants Added
Between 2014 and 2024*

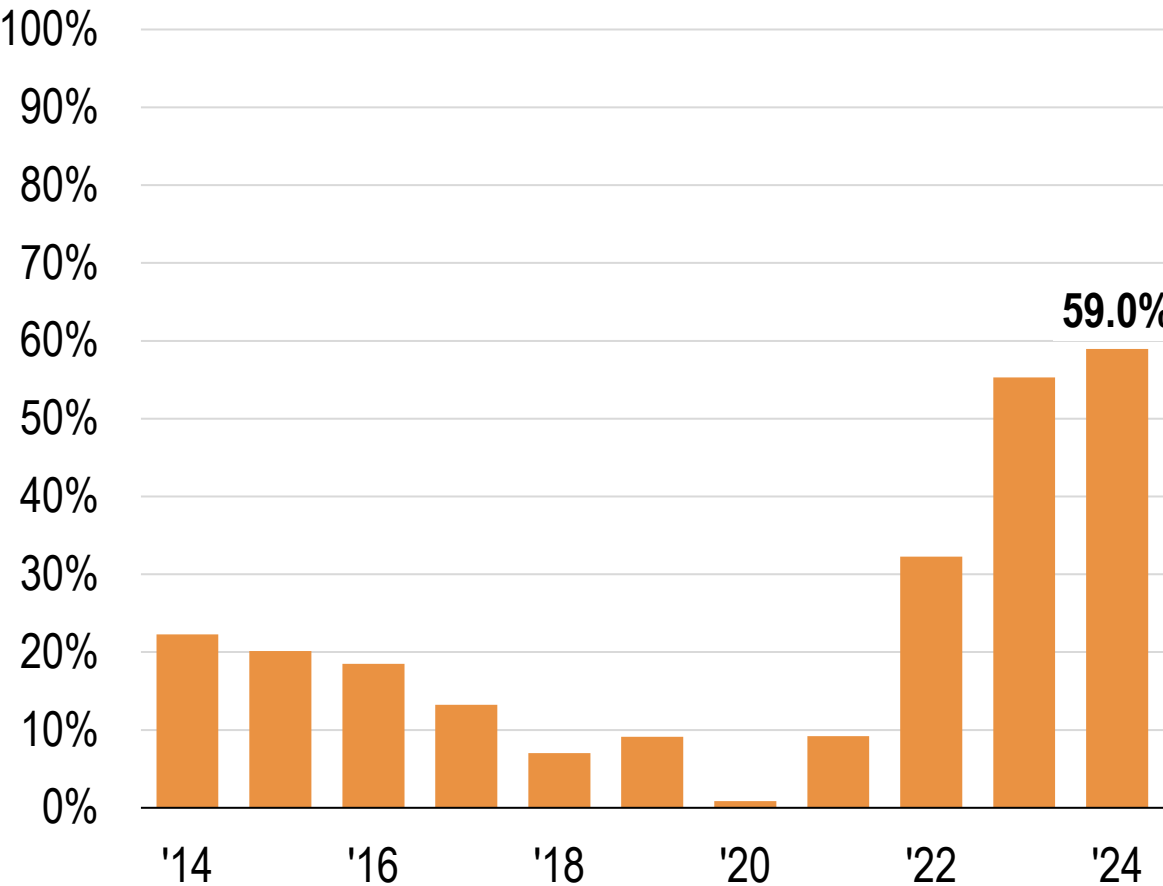
+255,094

*International Migrants Added
Between 2014 and 2024*

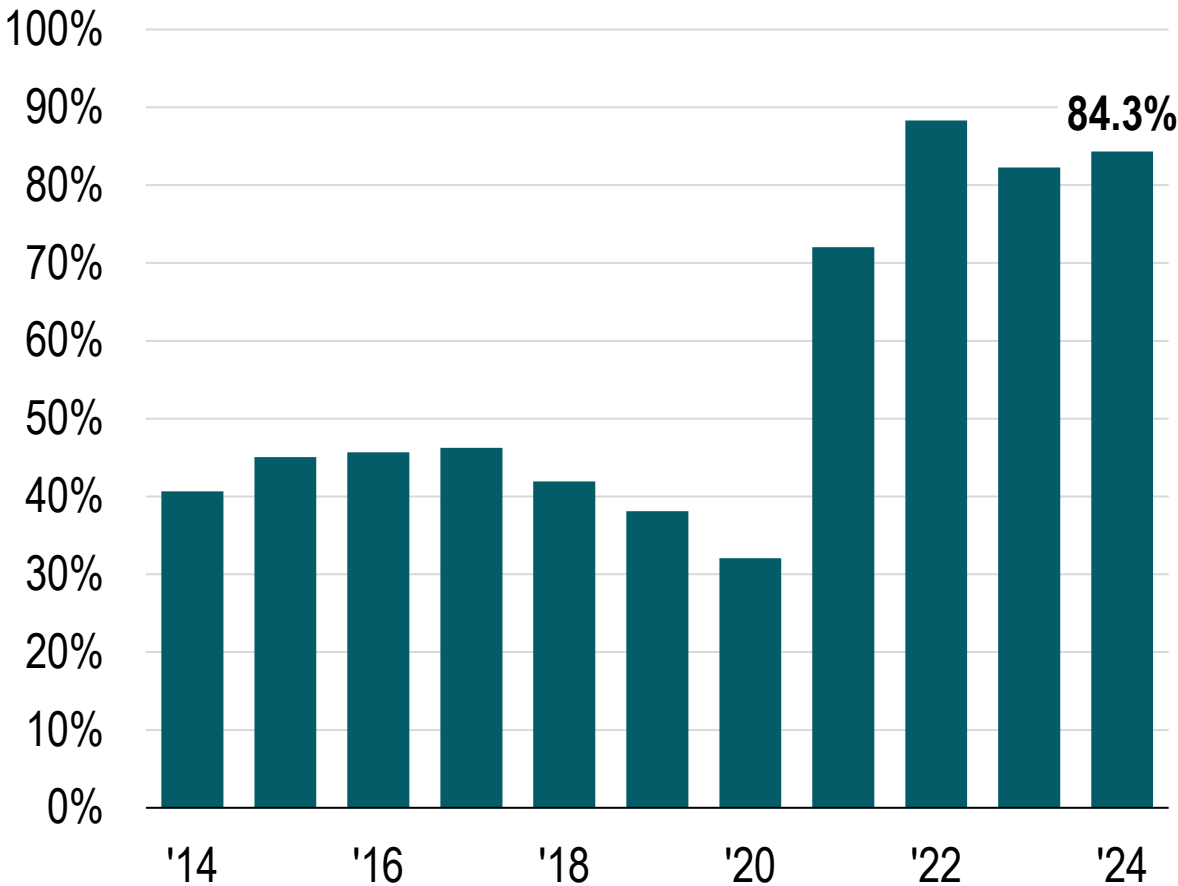
Net In-Migration

International Migrants as a Share of Population Change

Arizona



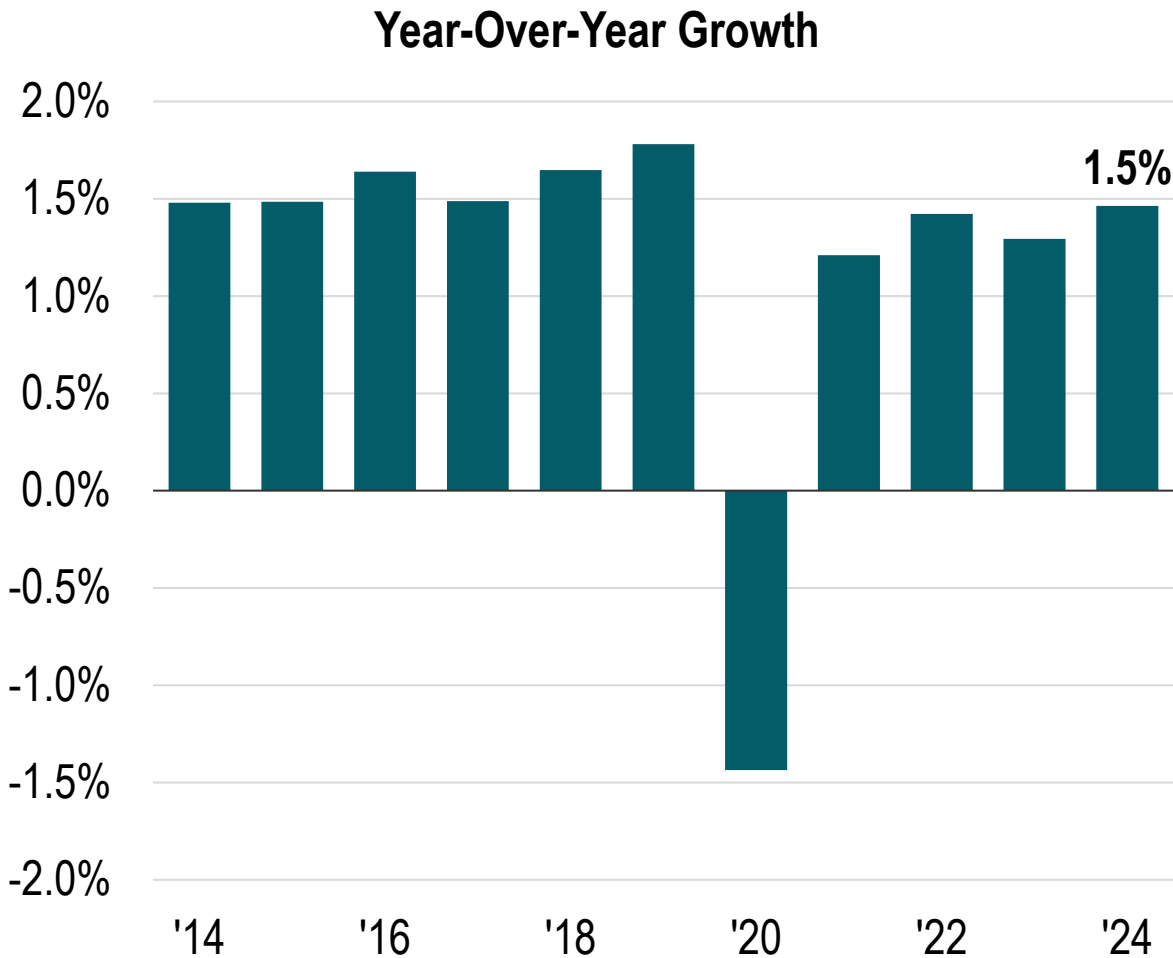
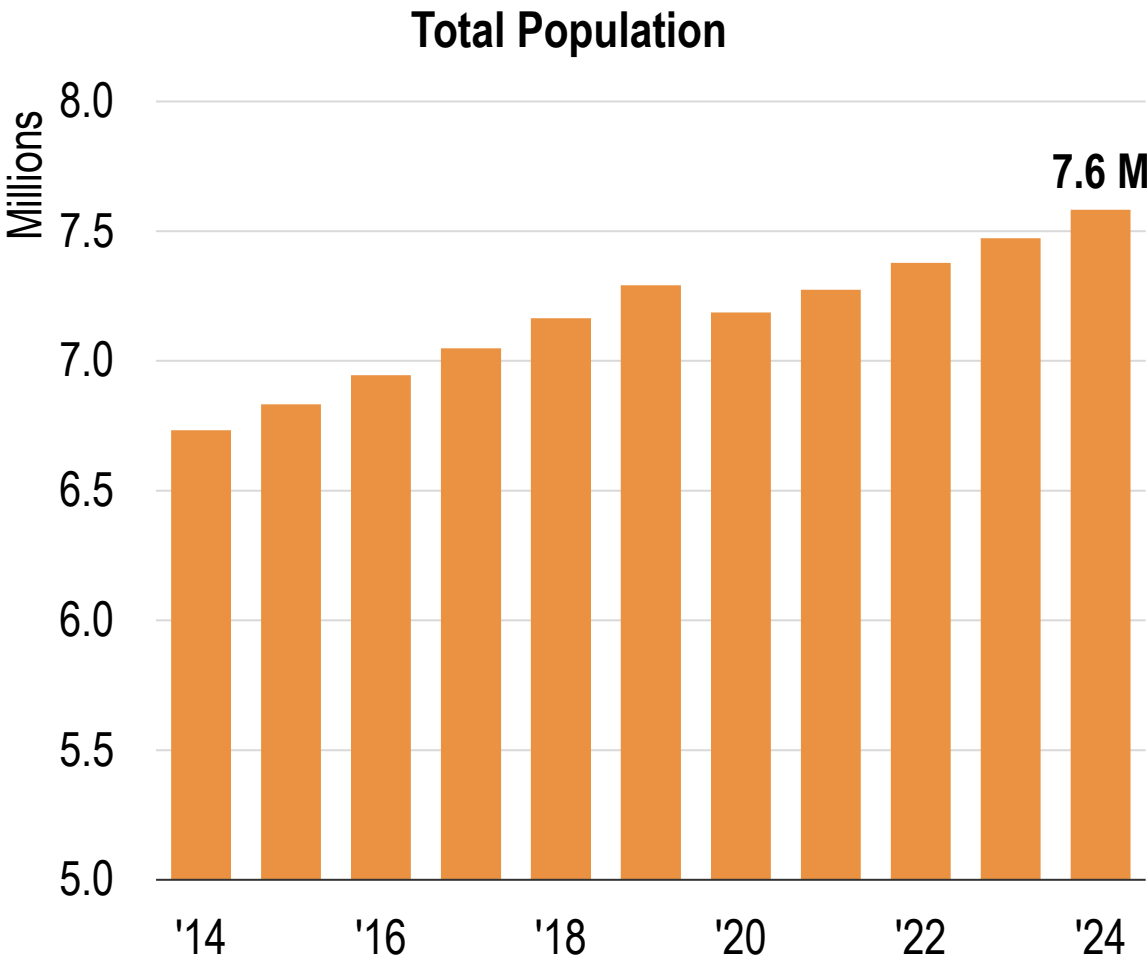
United States



Source: U.S. Census Bureau. Note: Data for 2014-2019 uses the U.S. Census Bureau's Vintage 2020 data while 2020-2024 uses Vintage 2024 data.

Population

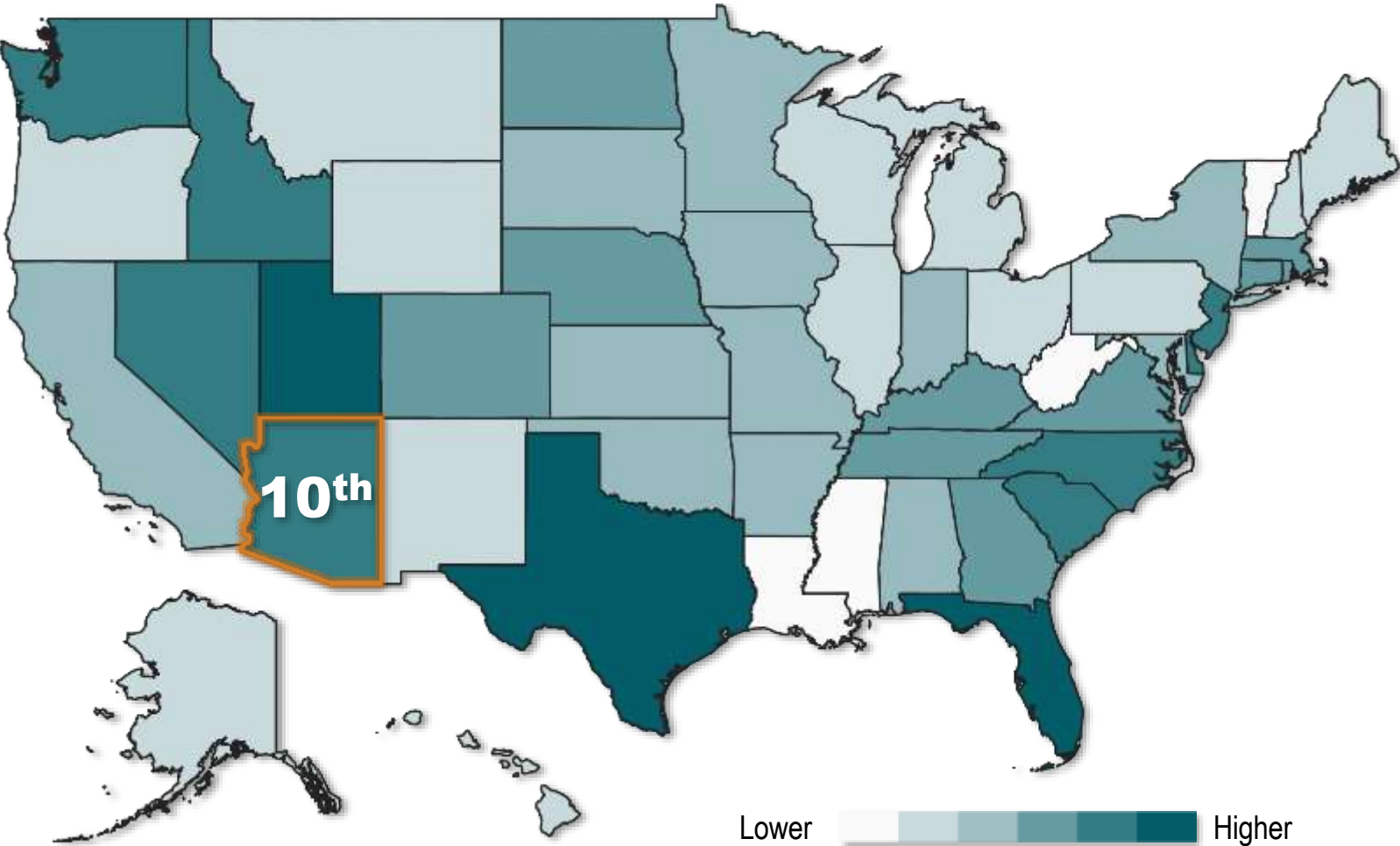
Arizona



Source: U.S. Census Bureau

Population Growth

2023 to 2024

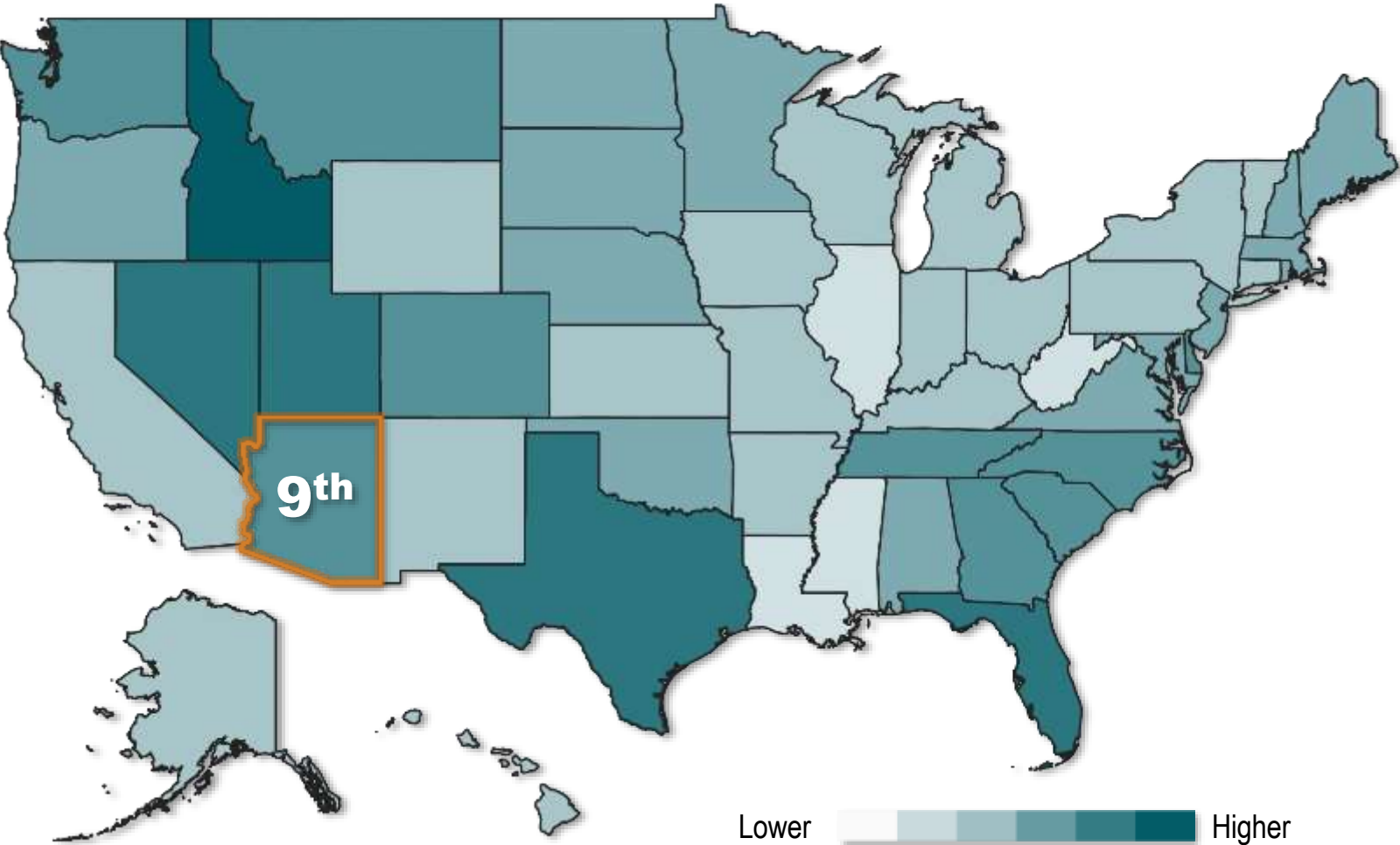


Rank	State	Growth
1	DC	2.2%
2	Florida	2.0%
3	Texas	1.8%
4	Utah	1.8%
5	South Carolina	1.7%
6	Nevada	1.7%
7	Idaho	1.5%
8	North Carolina	1.5%
9	Delaware	1.5%
10	Arizona	1.5%
UNITED STATES		1.0%

Source: U.S. Census Bureau; Applied Analysis

Population Growth

2014 to 2024

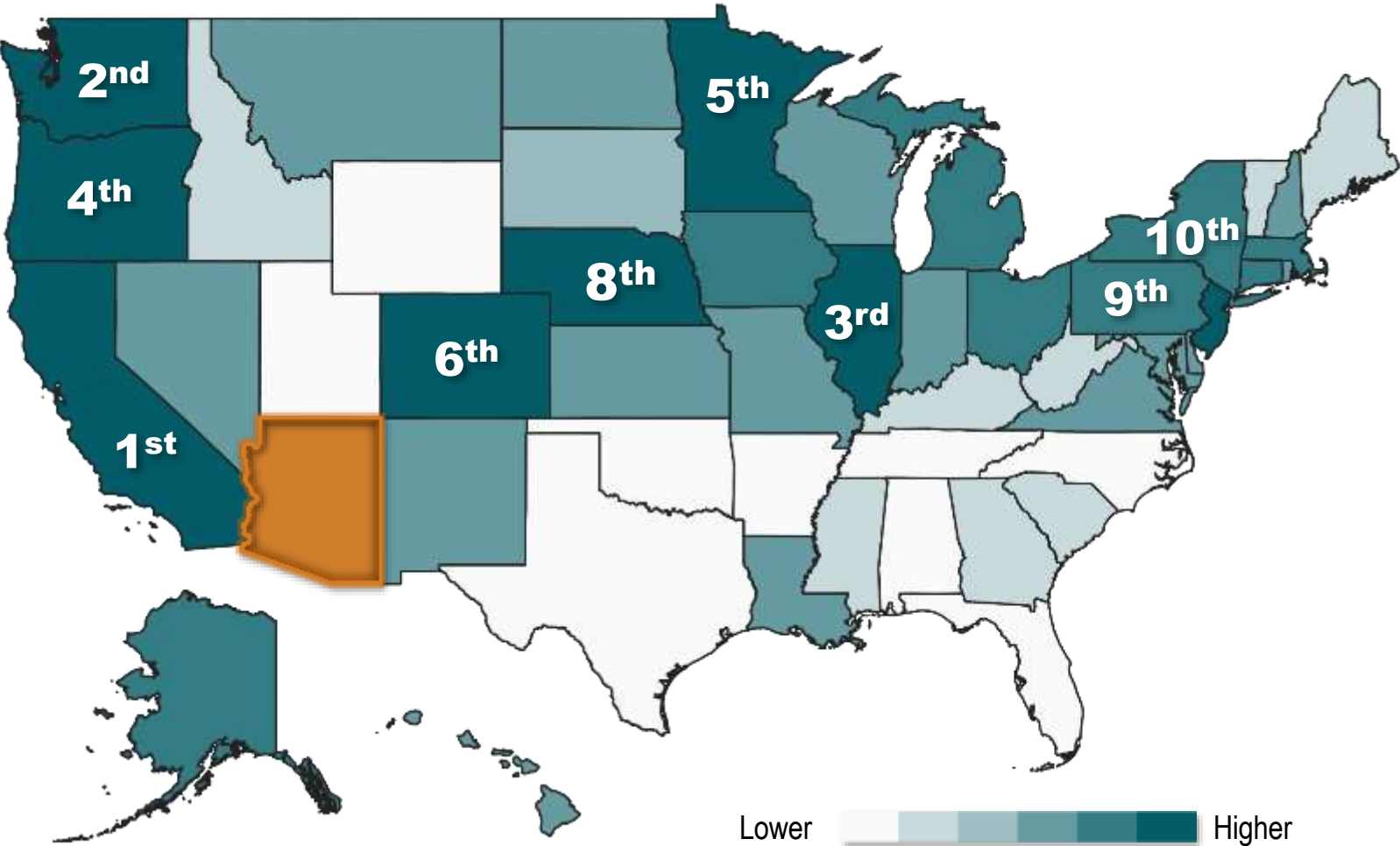


Rank	State	Growth
1	Idaho	22.6%
2	Utah	19.2%
3	Florida	17.7%
4	Texas	16.1%
5	Nevada	15.9%
6	South Carolina	13.5%
7	Washington	12.8%
8	Delaware	12.7%
9	Arizona	12.6%
10	Colorado	11.3%
UNITED STATES		6.8%

Source: U.S. Census Bureau; Applied Analysis

Net New Income

In Arizona | 2021 vs. 2022

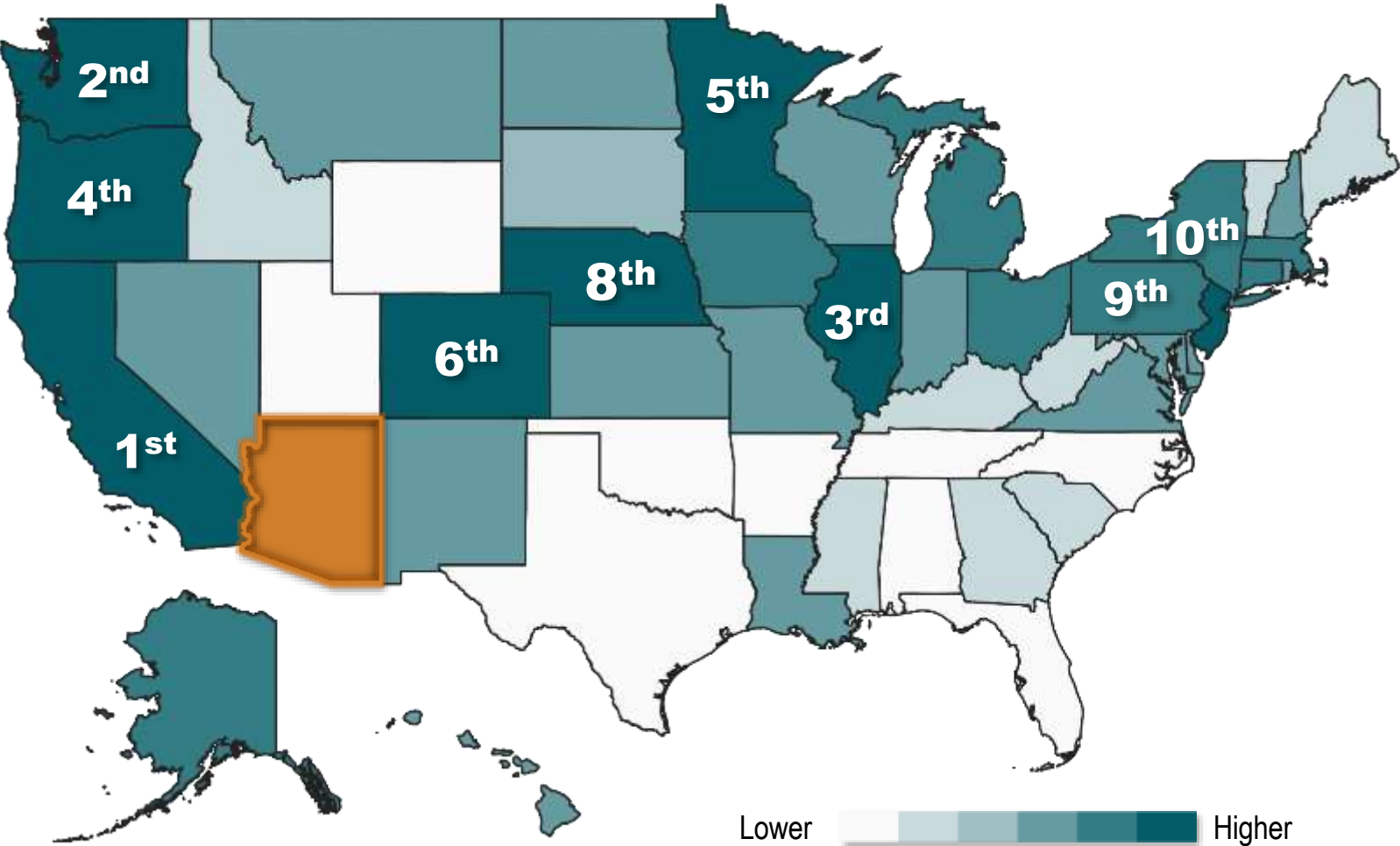


Rank	State
1	California
2	Washington
3	Illinois
4	Oregon
5	Minnesota
6	Colorado
7	New Jersey
8	Nebraska
9	Pennsylvania
10	New York

Source: IRS SOI Tax Stats 2021-2022 Migration Data. Note: 2021 to 2022 is the most recent data available.

Net New Income

In Arizona | 2021 vs. 2022



Rank	State	Income	Share
1	California	\$2.1 B	55.9%
2	Washington	\$475.7 M	12.9%
3	Illinois	\$443.0 M	12.0%
4	Oregon	\$249.8 M	6.8%
5	Minnesota	\$236.0 M	6.4%
6	Colorado	\$165.3 M	4.5%
7	New Jersey	\$133.7 M	3.6%
8	Nebraska	\$84.9 M	2.3%
9	Pennsylvania	\$78.5 M	2.1%
10	New York	\$75.7 M	2.1%
TOTAL		\$3.7 B	

Source: IRS SOI Tax Stats 2021-2022 Migration Data. Note: 2021 to 2022 is the most recent data available.



26.2%

Employment Growth
Since November 2014



GDP Growth



Domestic Migration

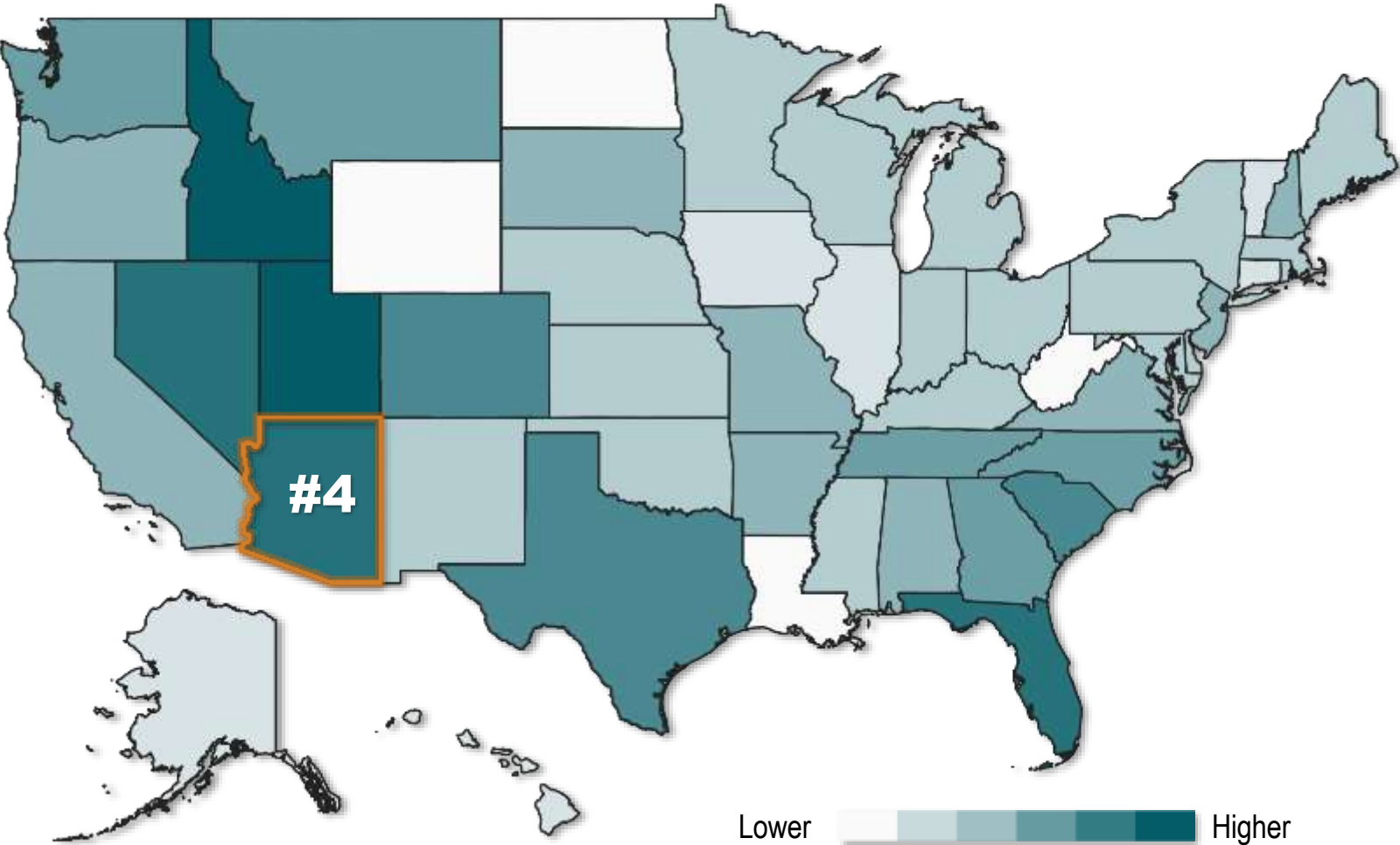


Employment Growth

Source: U.S. Bureau of Labor Statistics

Employment Growth

By State | November 2014 vs. November 2024

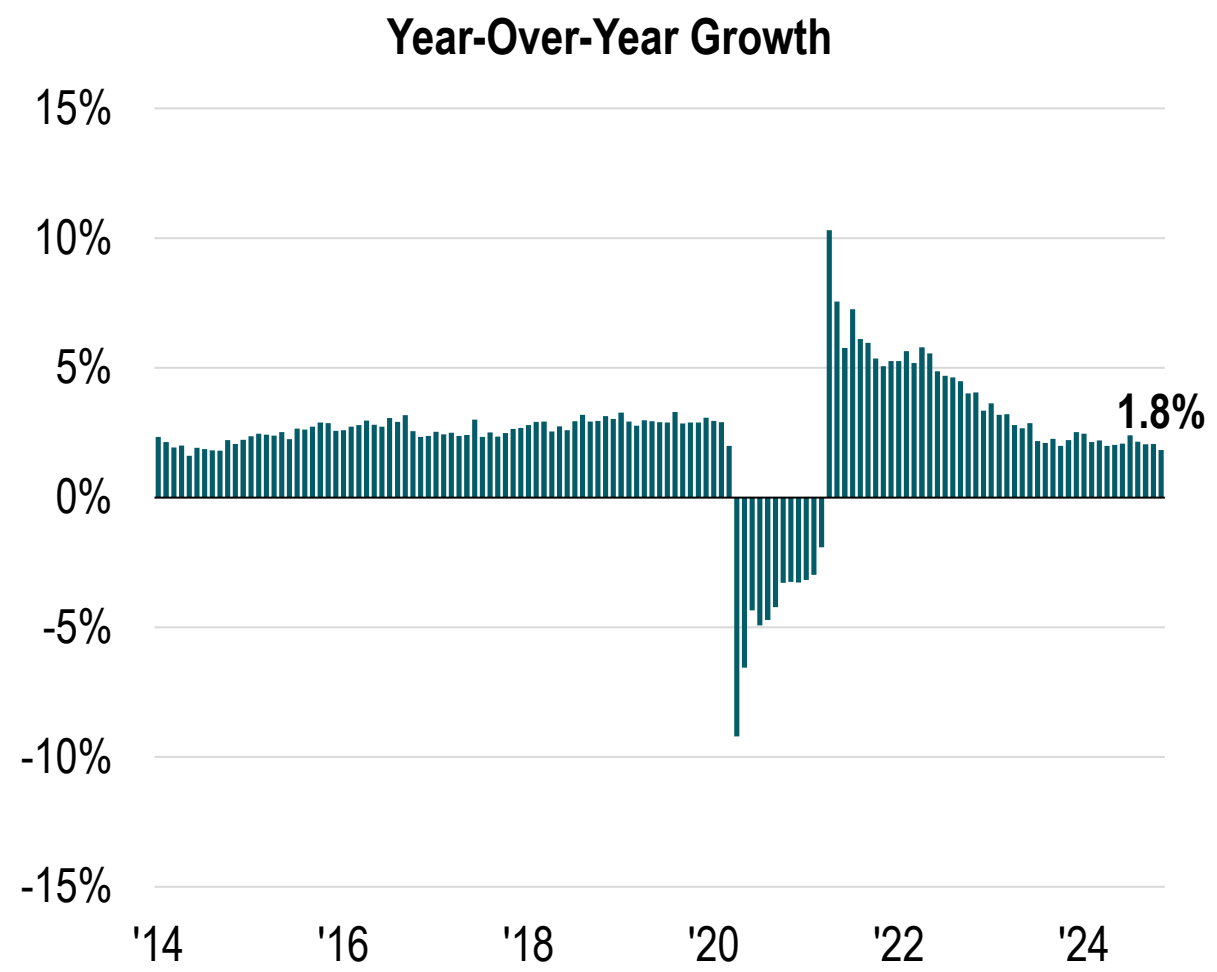
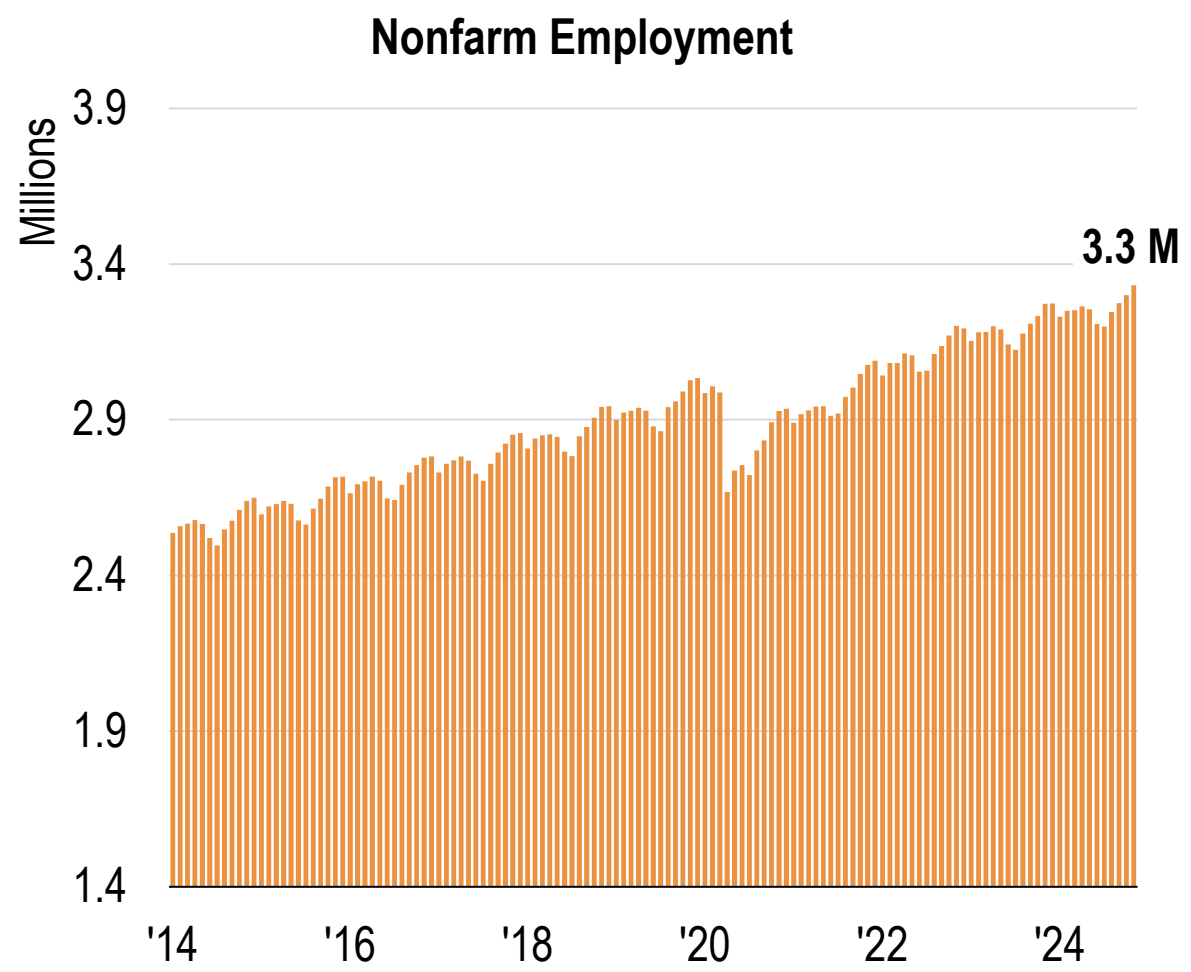


Rank	State	Growth
1	Idaho	33.7%
2	Utah	31.3%
3	Nevada	27.8%
4	Arizona	26.2%
5	Florida	26.0%
6	Texas	21.7%
7	South Carolina	21.1%
8	Colorado	20.4%
9	North Carolina	20.0%
10	Georgia	18.6%
UNITED STATES		13.6%

Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted and shows growth between November 2014 and November 2024.

Employment

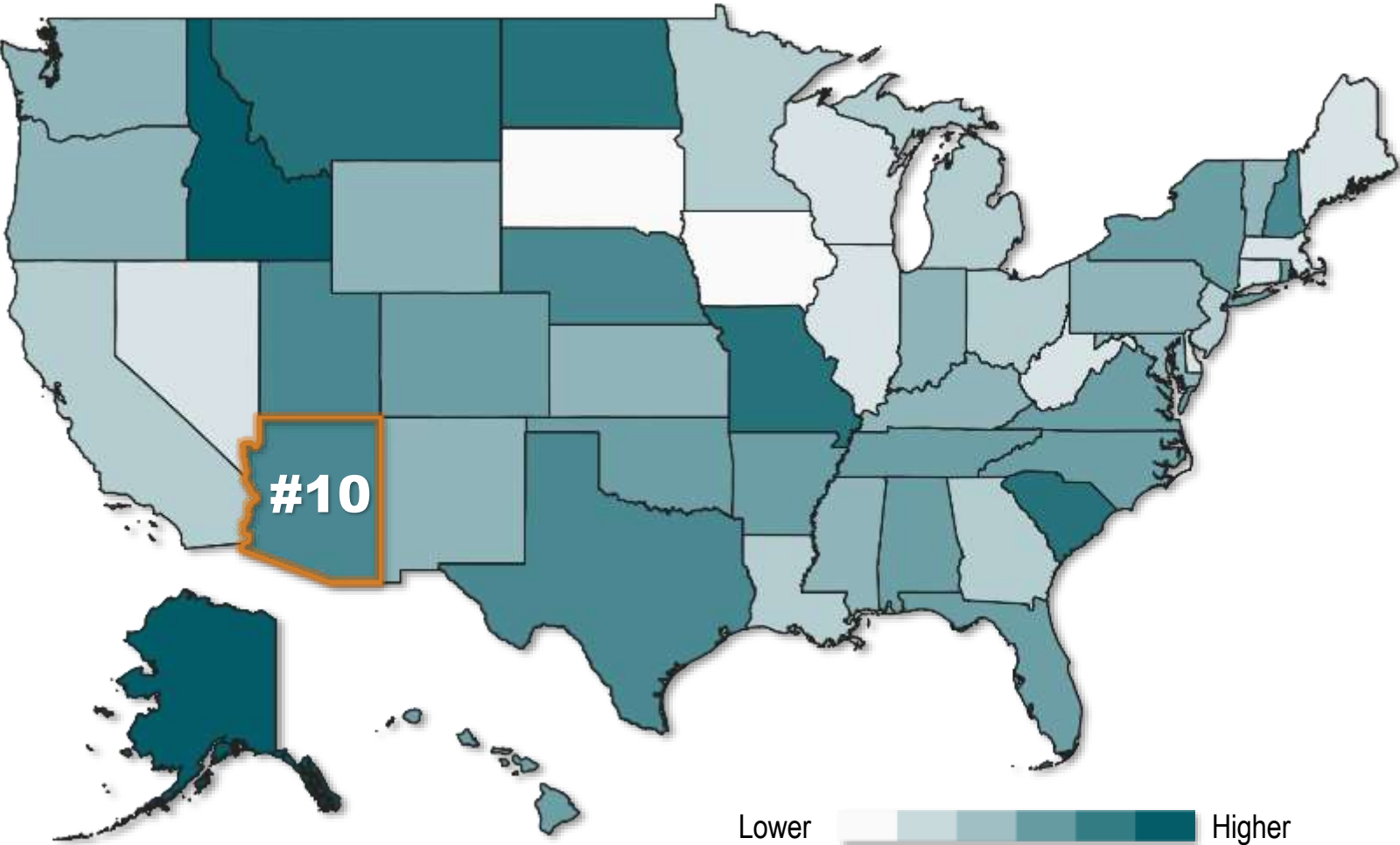
Arizona



Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted.

Employment Growth

By State | November 2023 vs. November 2024

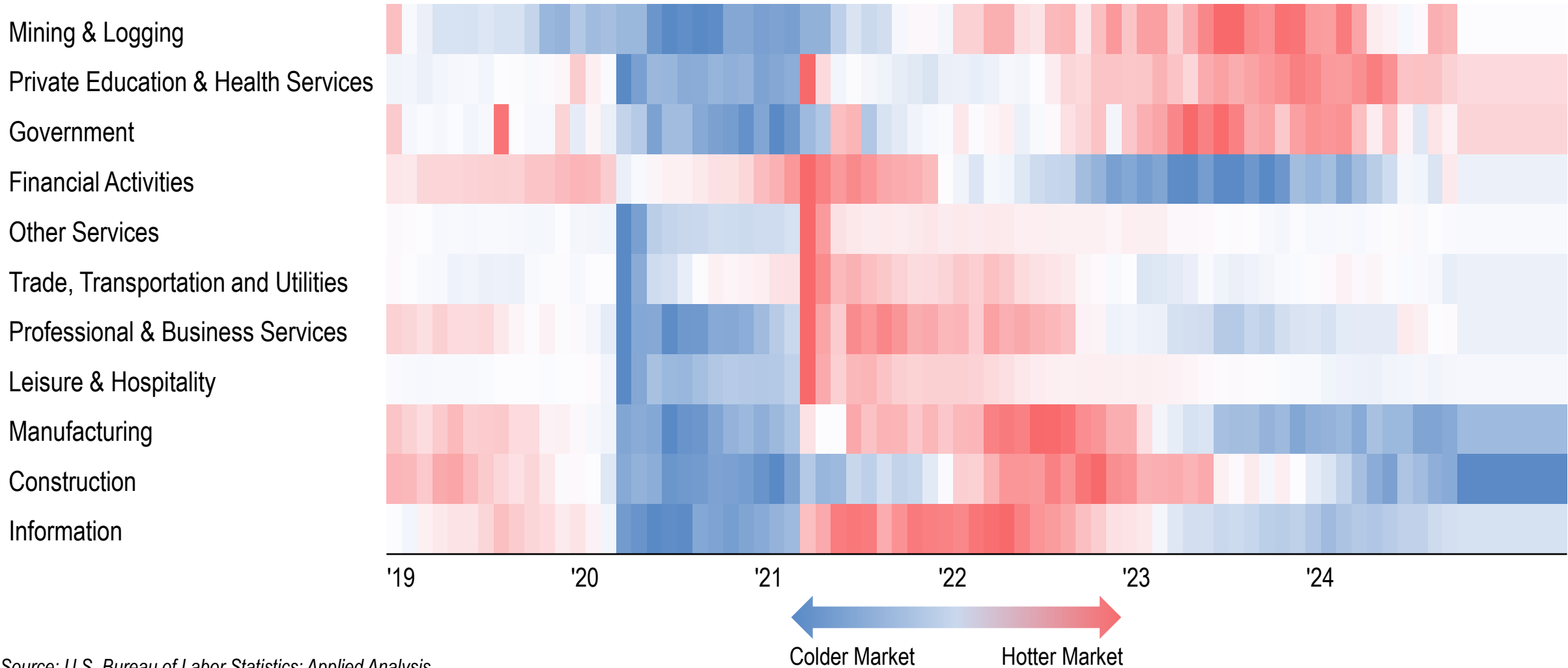


Rank	State	Growth
1	Idaho	3.1%
2	Alaska	2.8%
3	Missouri	2.6%
4	South Carolina	2.5%
5	North Dakota	2.5%
6	Montana	2.4%
7	New Hampshire	2.1%
8	Nebraska	2.0%
9	Texas	1.9%
10	Arizona	1.8%
UNITED STATES		1.4%

Source: U.S. Bureau of Labor Statistics. Note: Data is not seasonally adjusted and shows growth between November 2014 and November 2024.

Employment Growth by Sector

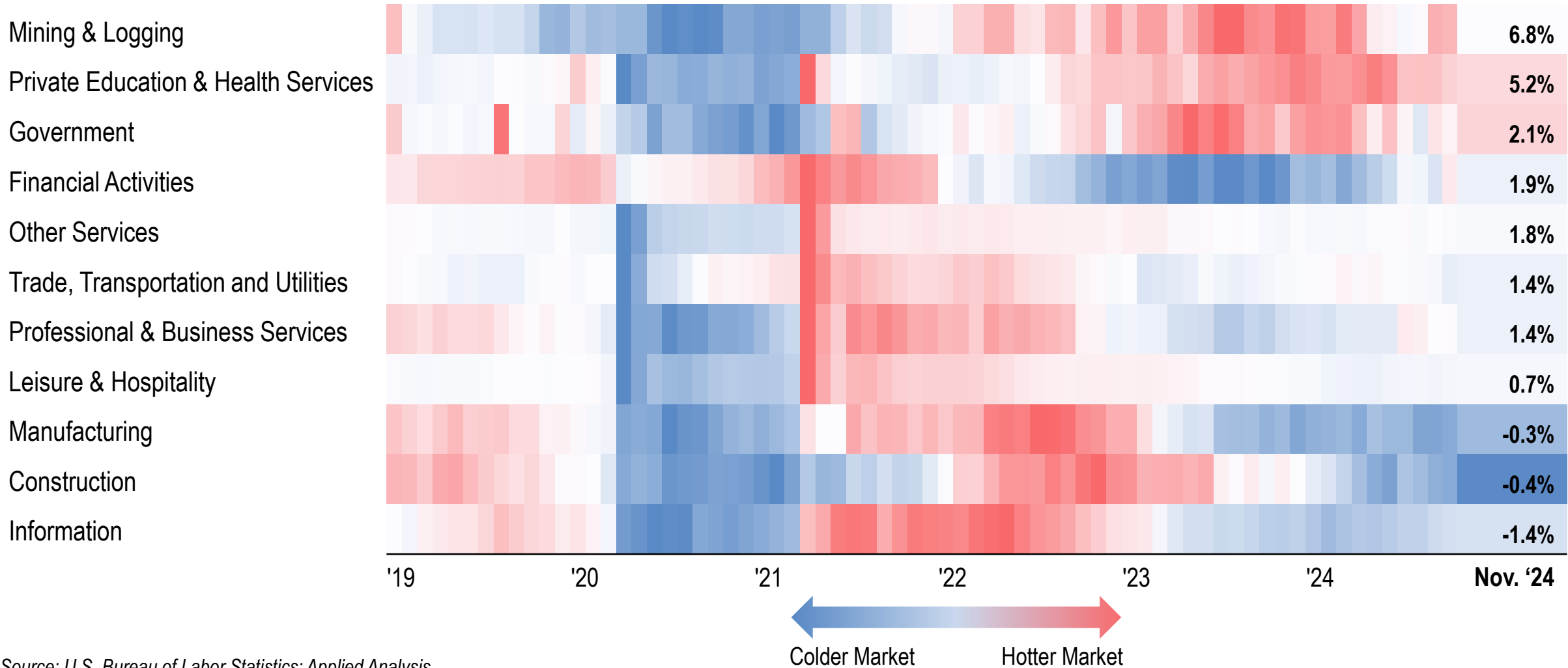
Arizona | Year-Over-Year % Change



Source: U.S. Bureau of Labor Statistics; Applied Analysis

Employment Growth by Sector

Arizona | Year-Over-Year % Change

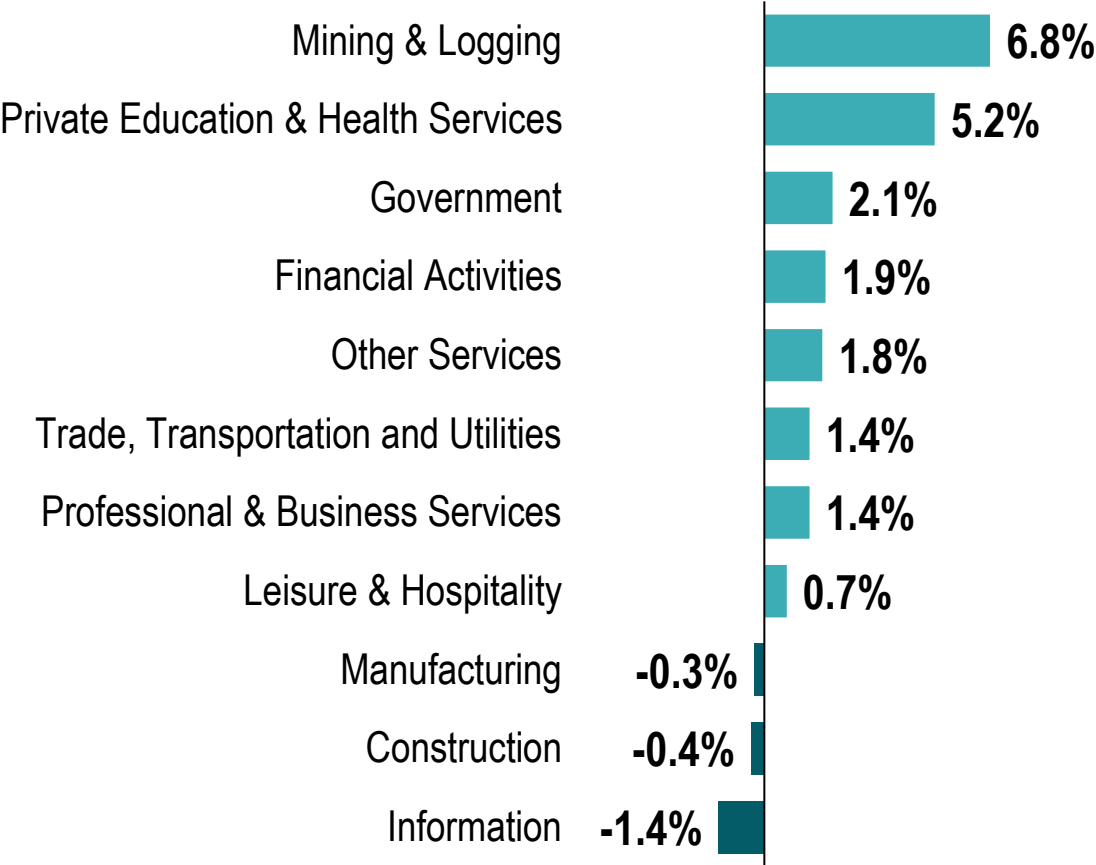


Source: U.S. Bureau of Labor Statistics; Applied Analysis

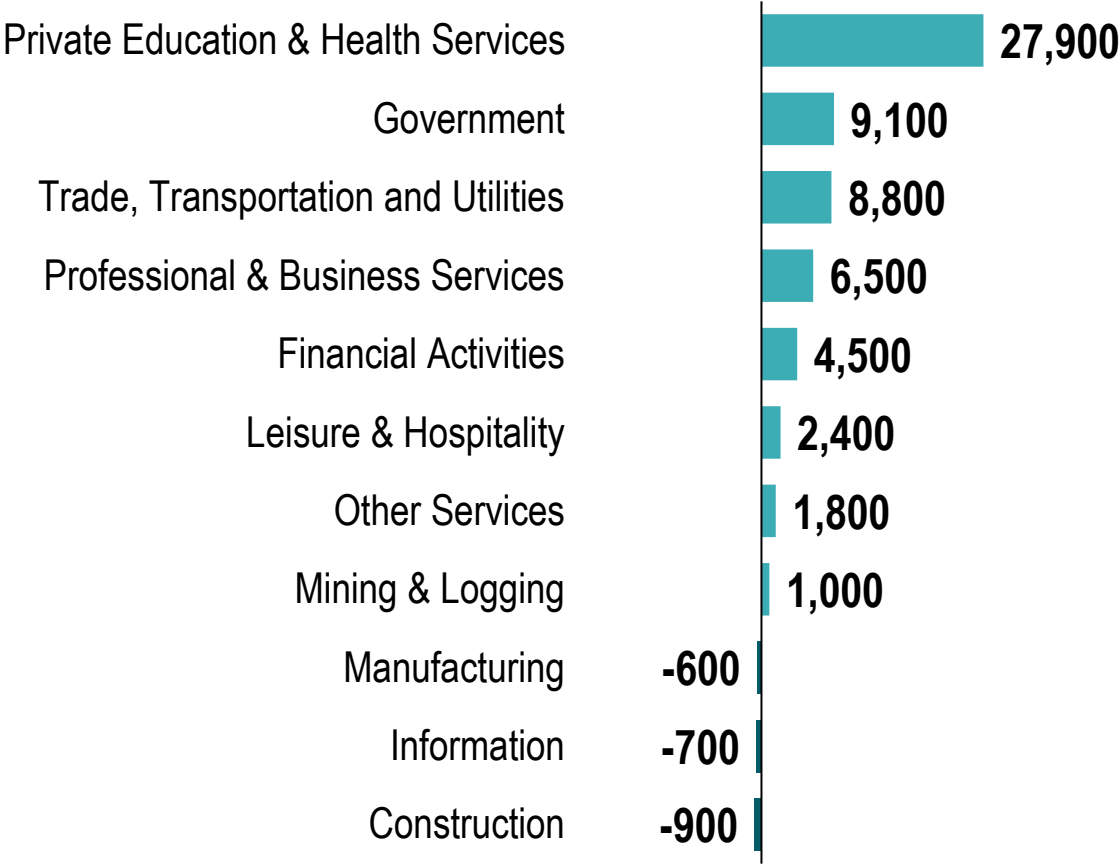
Employment Growth by Sector

Arizona | November 2023 vs November 2024

% Change: +1.8%



Net Change: +59,600



Source: U.S. Bureau of Labor Statistics



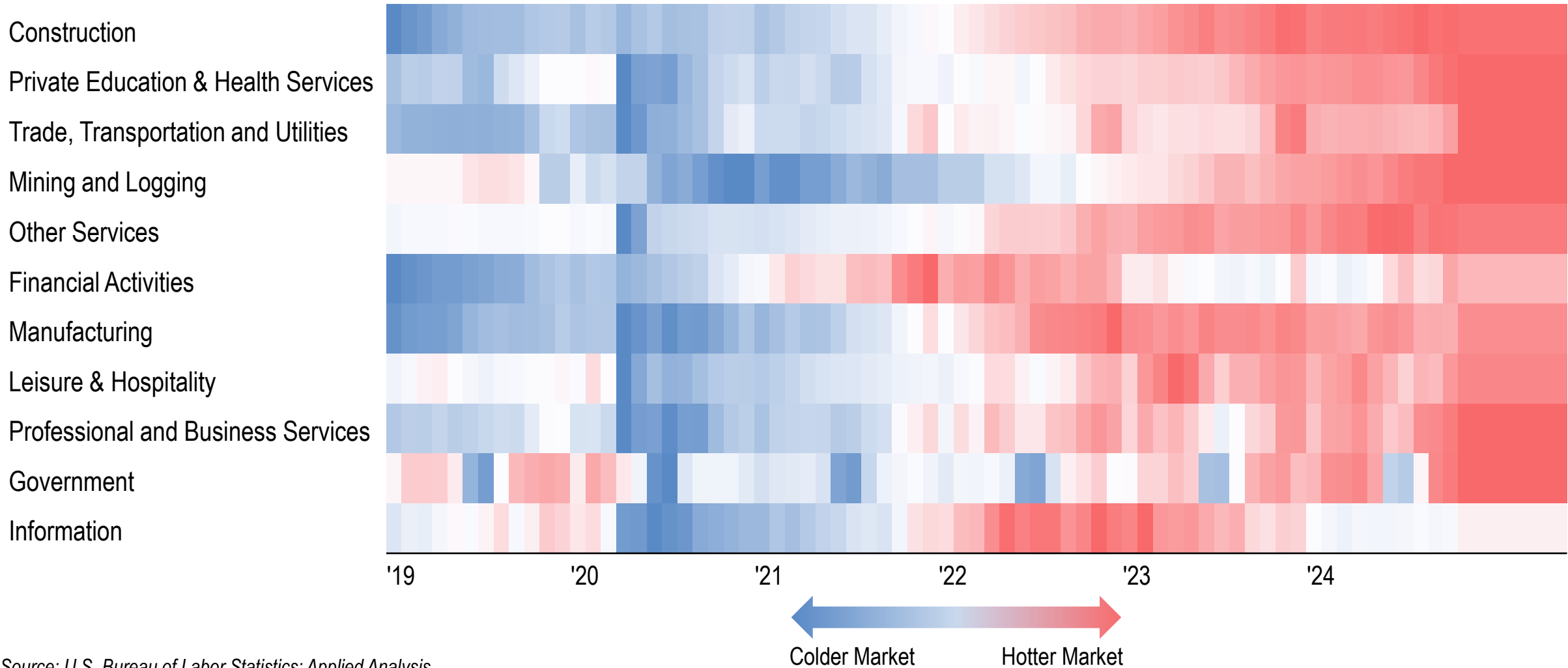
Employment is the one of the top primary reasons for people moving to Arizona



Source: United Van Lines 2024 Movers Study

Employment Growth by Sector

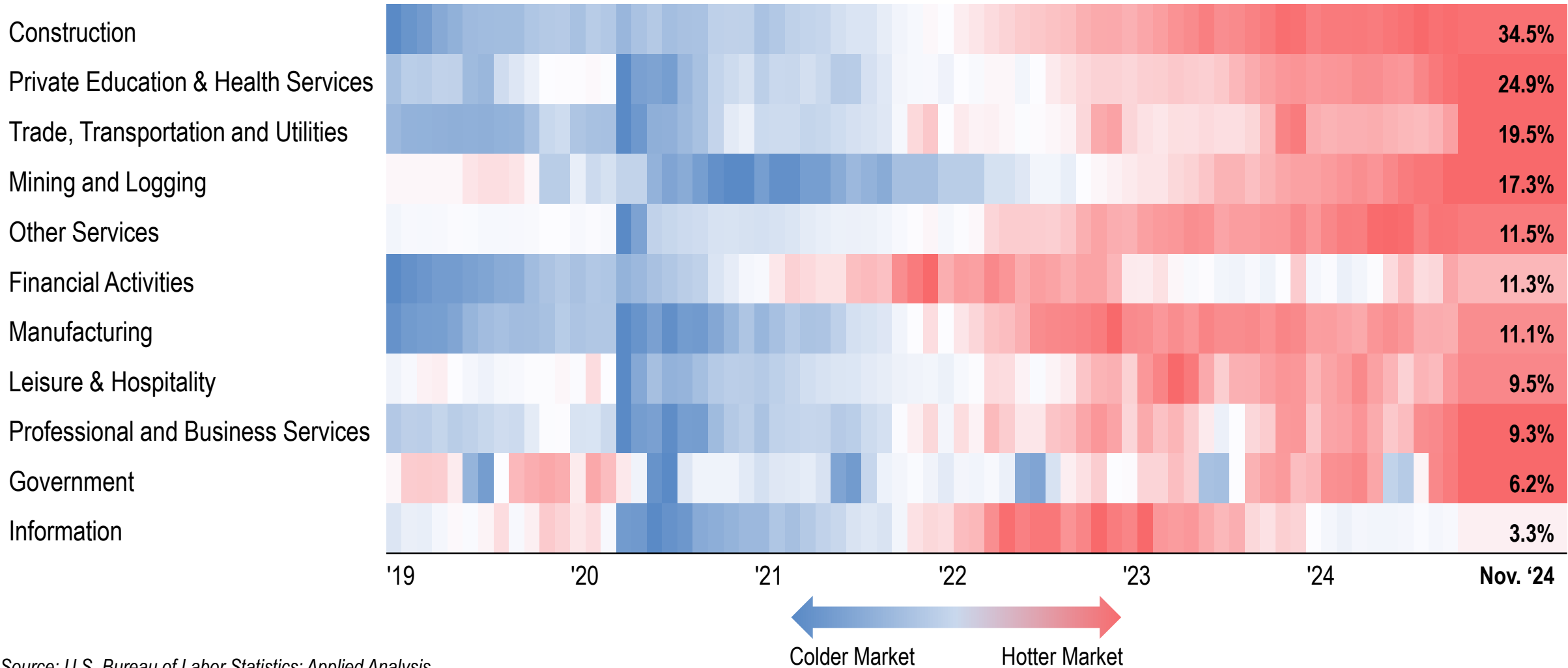
Arizona | Since January 2019



Source: U.S. Bureau of Labor Statistics; Applied Analysis

Employment Growth by Sector

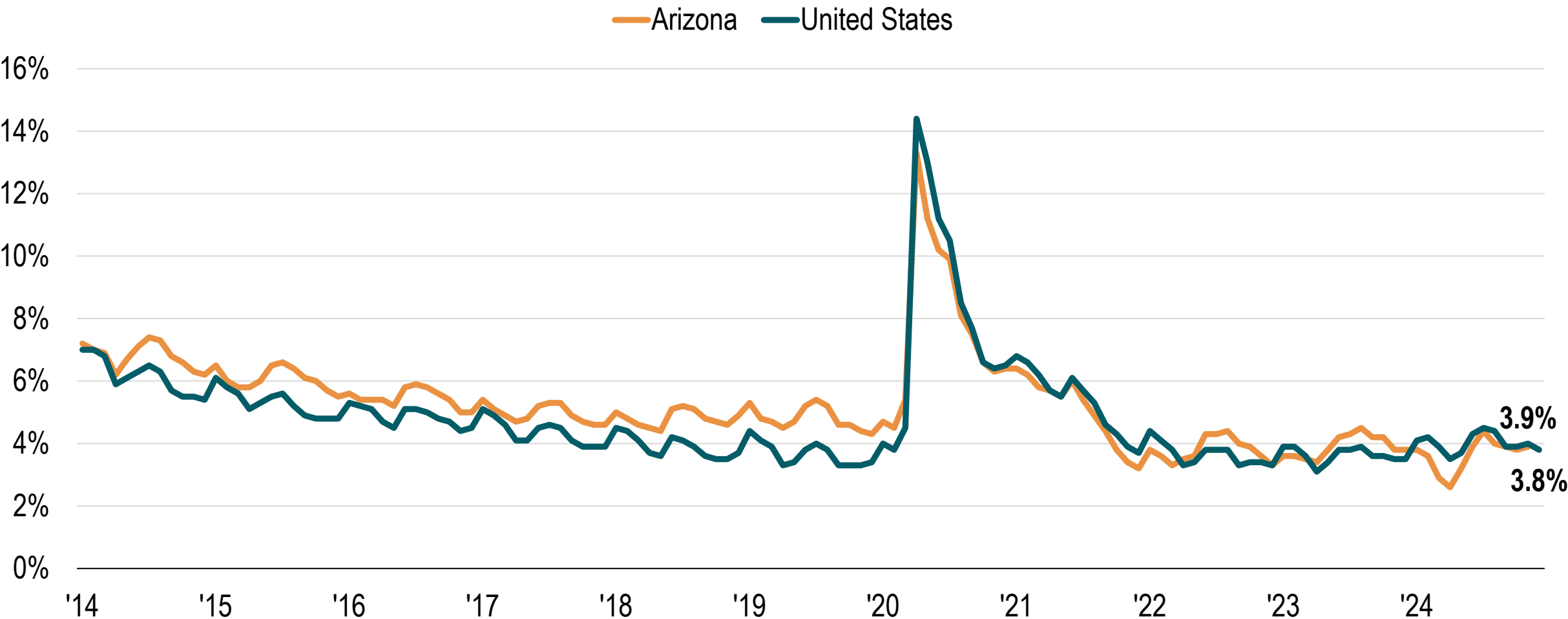
Arizona | Since January 2019



Source: U.S. Bureau of Labor Statistics; Applied Analysis

Unemployment Rate

Arizona vs. United States



Source: U.S. Bureau of Labor Statistics



ECONOMIC COMPETITIVENESS



TAX COMPETITIVENESS



COST OF LIVING

ECONOMIC COMPETITIVENESS

TAX COMPETITIVENESS

COST OF LIVING

**Tax environments lay
the foundation for
investment attraction
and economic growth**



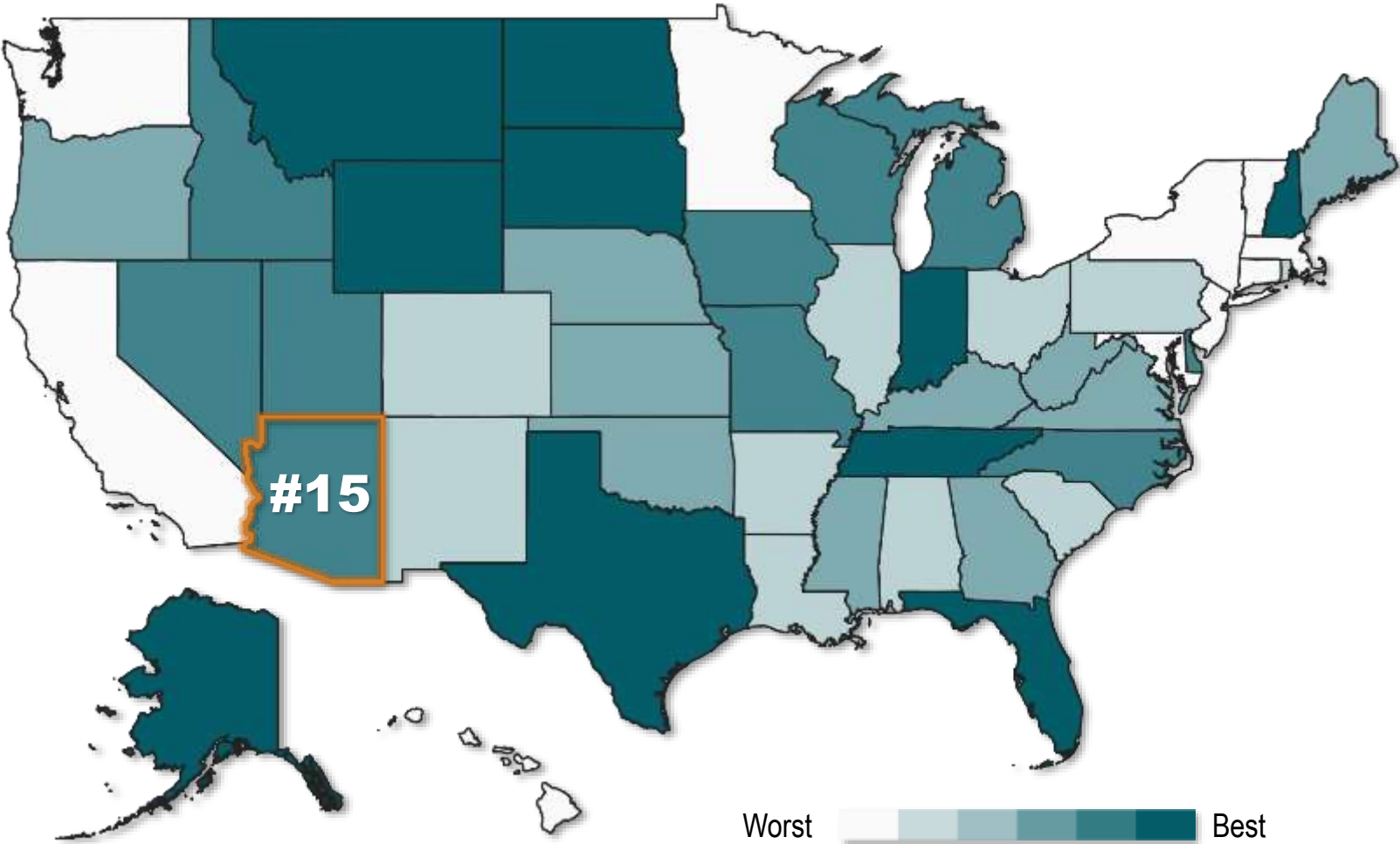
15th

Most Tax Competitive State

Source: Tax Foundation 2025 State Competitiveness Index

Tax Competitiveness Ranks

By State | 2025 State Tax Competitiveness Index

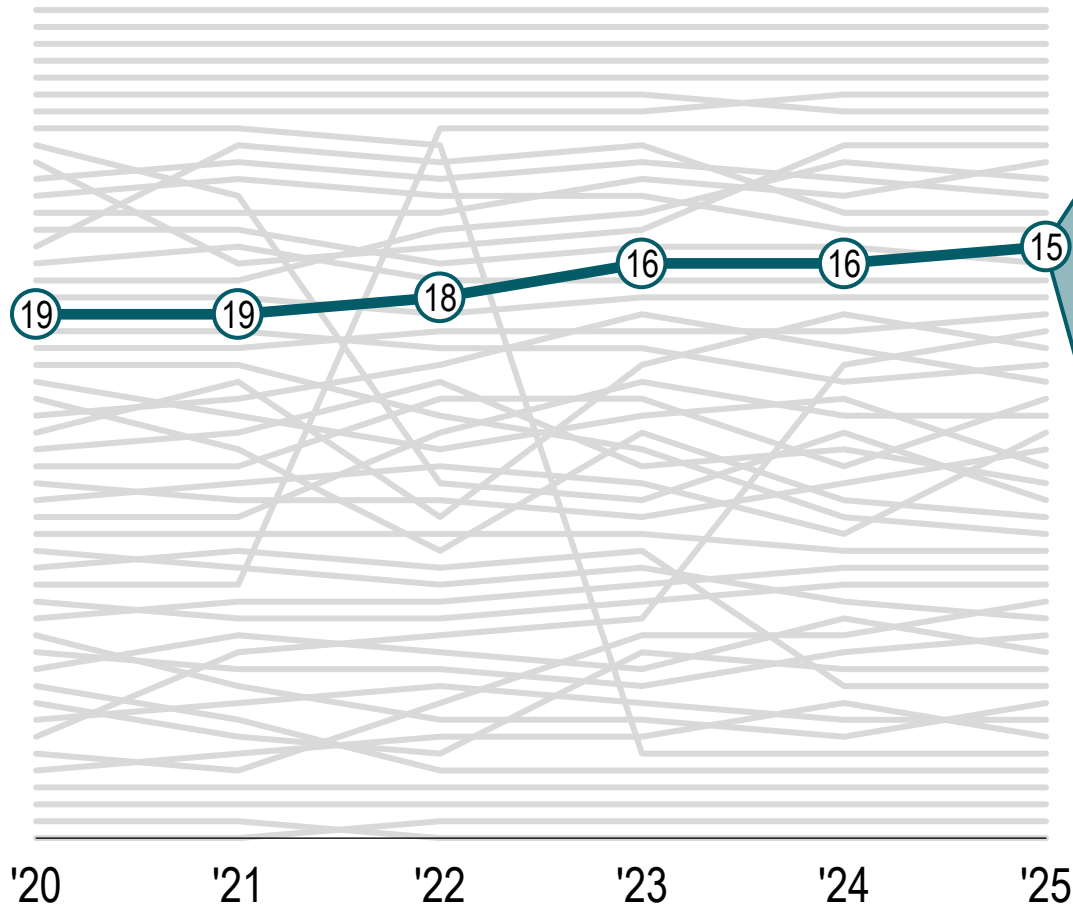


Rank	State
1	Wyoming
2	South Dakota
3	Alaska
4	Florida
5	Montana
6	New Hampshire
7	Texas
8	Tennessee
9	North Dakota
10	Indiana
15	Arizona

Source: Tax Foundation

Tax Competitiveness

Arizona Rank by Year | 2025 State Tax Competitiveness Index



Source: Tax Foundation

Component Ranks

13th

Corporate Tax

8th

Individual Income Tax

45th

Sales Tax

13th

Property Tax



13th

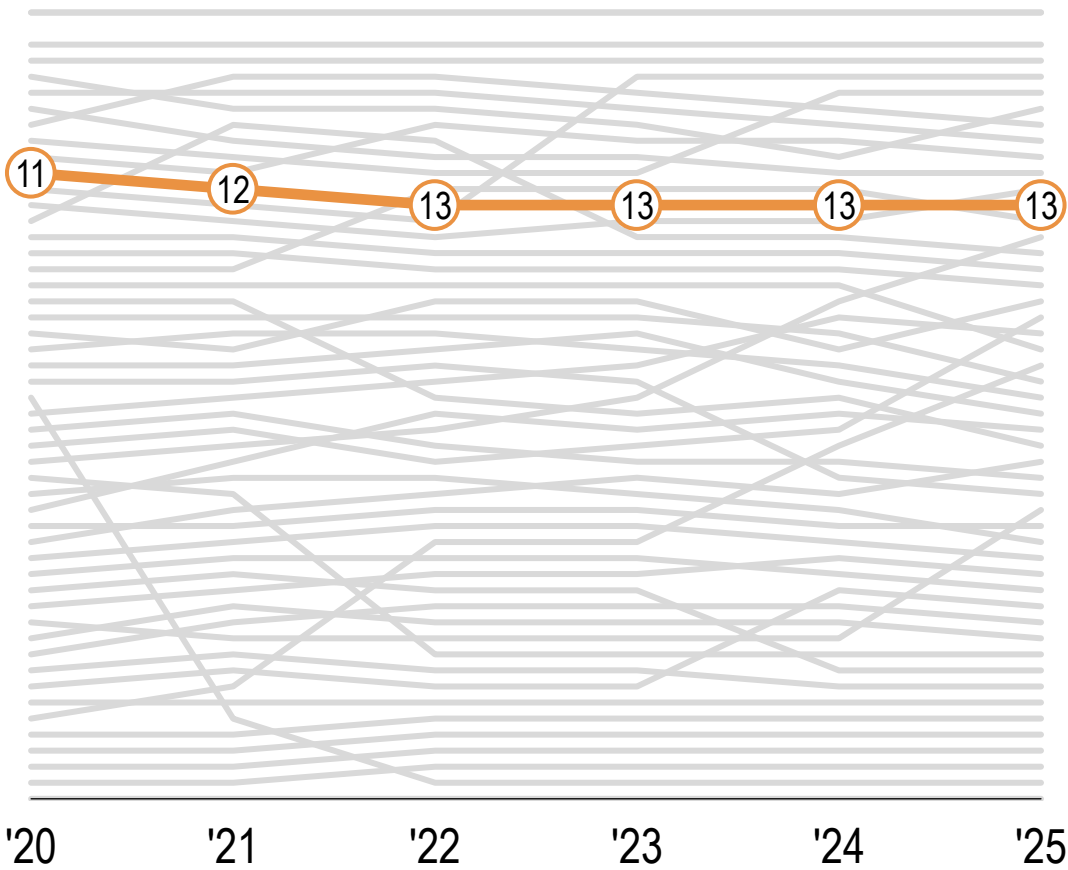
In Corporate Tax
Competitiveness

Source: Tax Foundation 2025 State Competitiveness Index

Corporate Tax Competitiveness

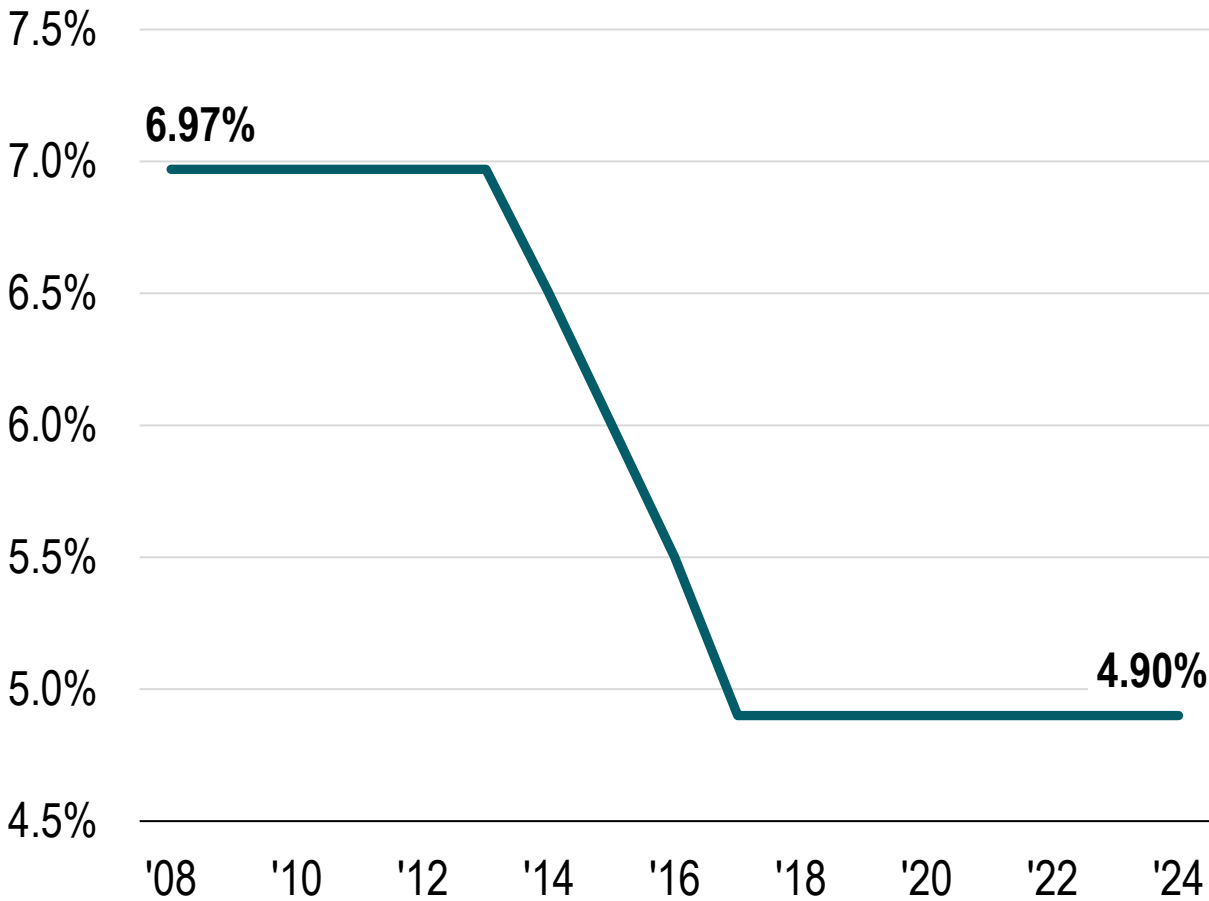
Arizona Rank by Year

2025 State Tax Competitiveness Index



Source: Tax Foundation; Rich States, Poor States

Corporate Income Tax Rate



“

Our message is clear: Arizona is Open for Business

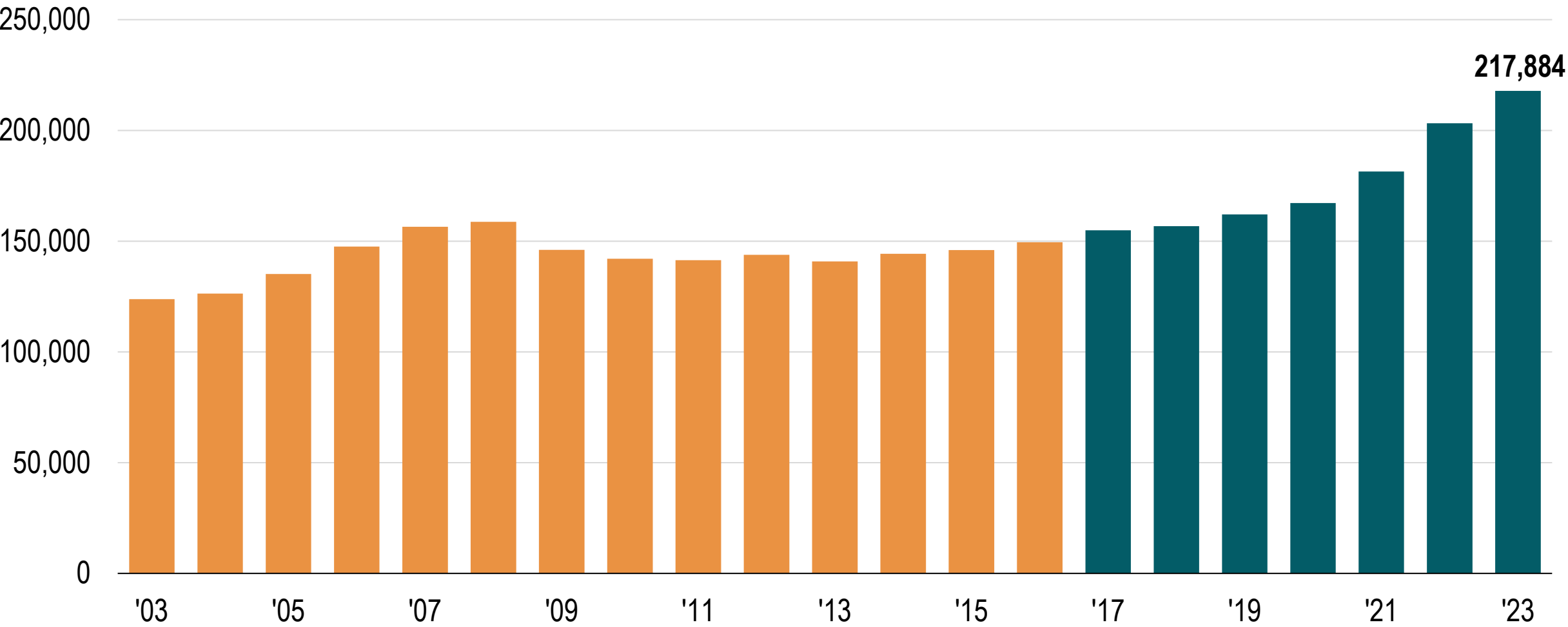
— *Former Arizona Governor Jan Brewer*

”

Source: Arizona Commerce Authority

Private Establishments

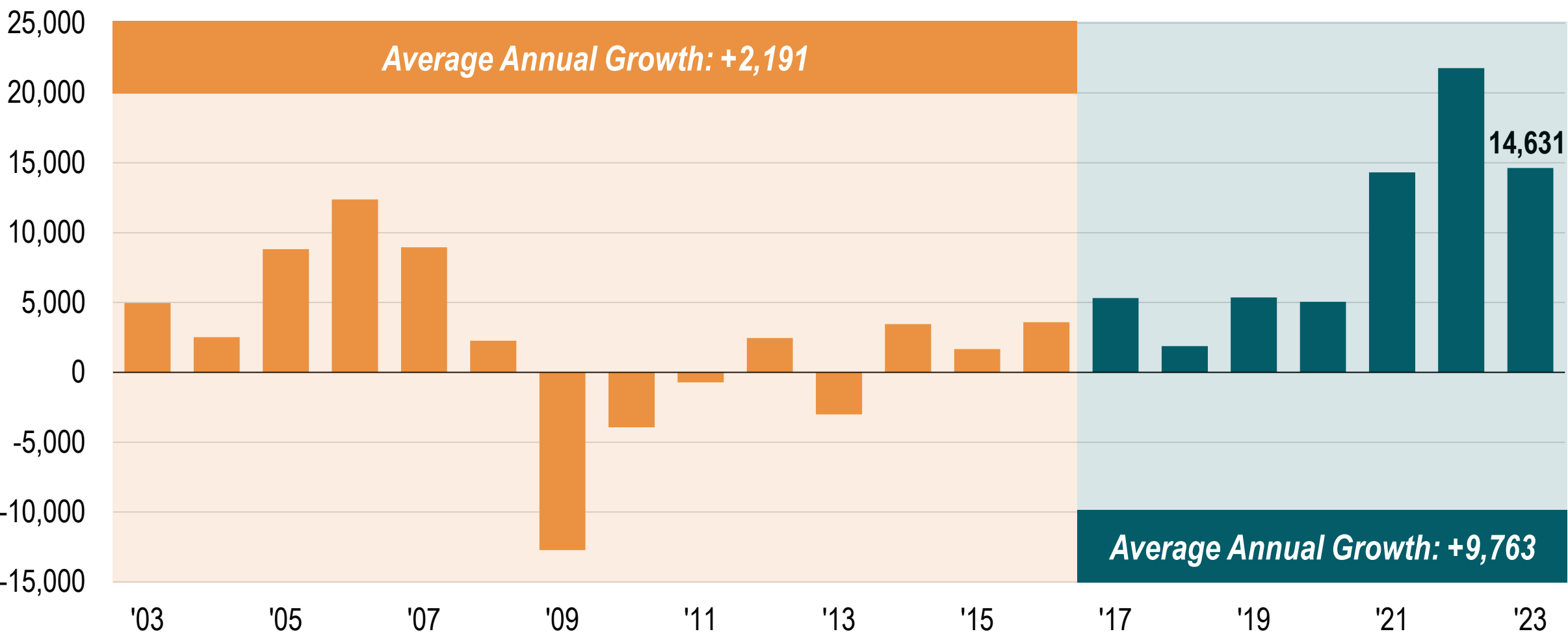
Arizona



Source: U.S. Bureau of Labor Statistics

Private Establishments

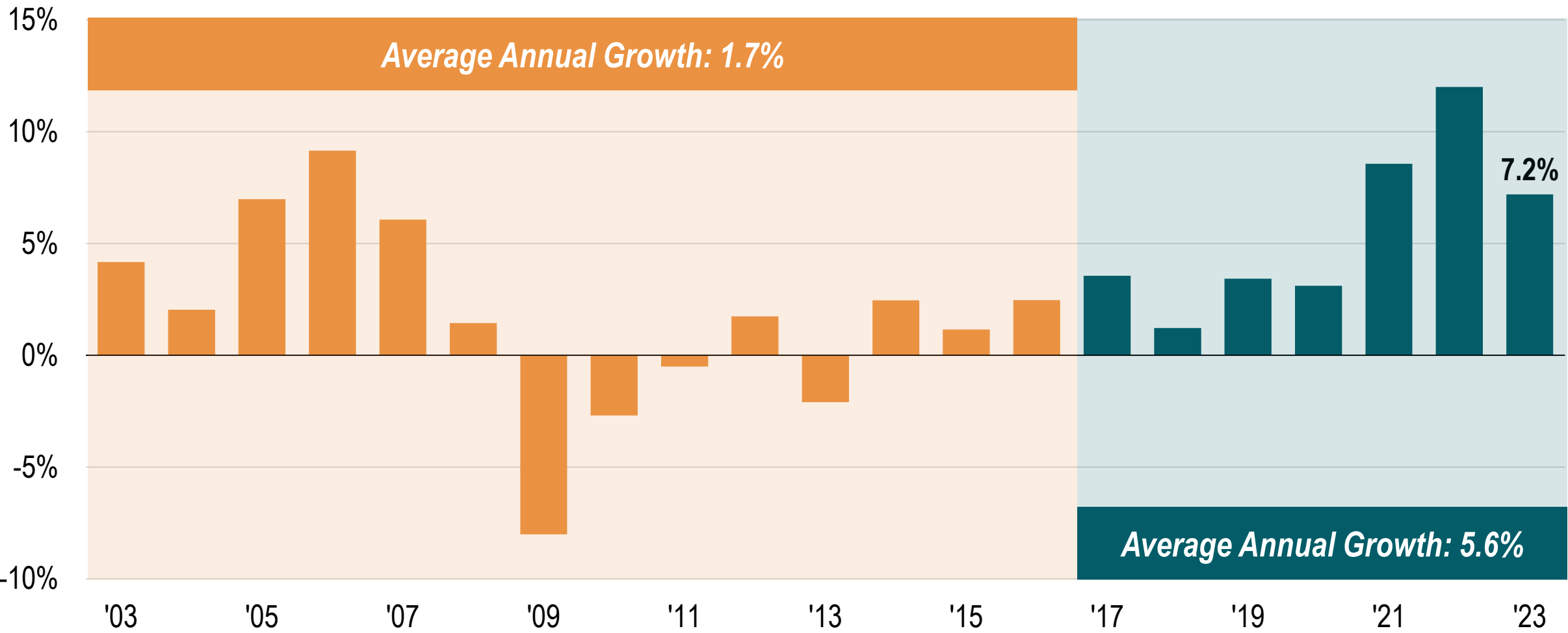
Arizona | Nominal Growth



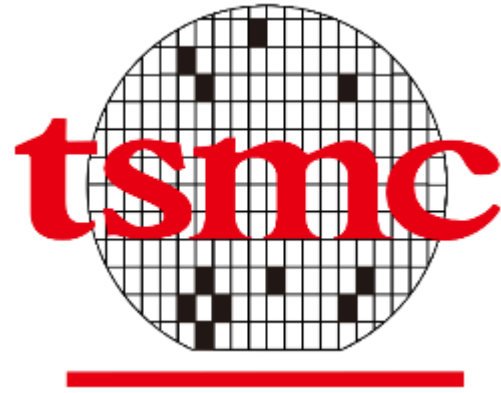
Source: U.S. Bureau of Labor Statistics

Private Establishments

Arizona | % Growth



Source: U.S. Bureau of Labor Statistics



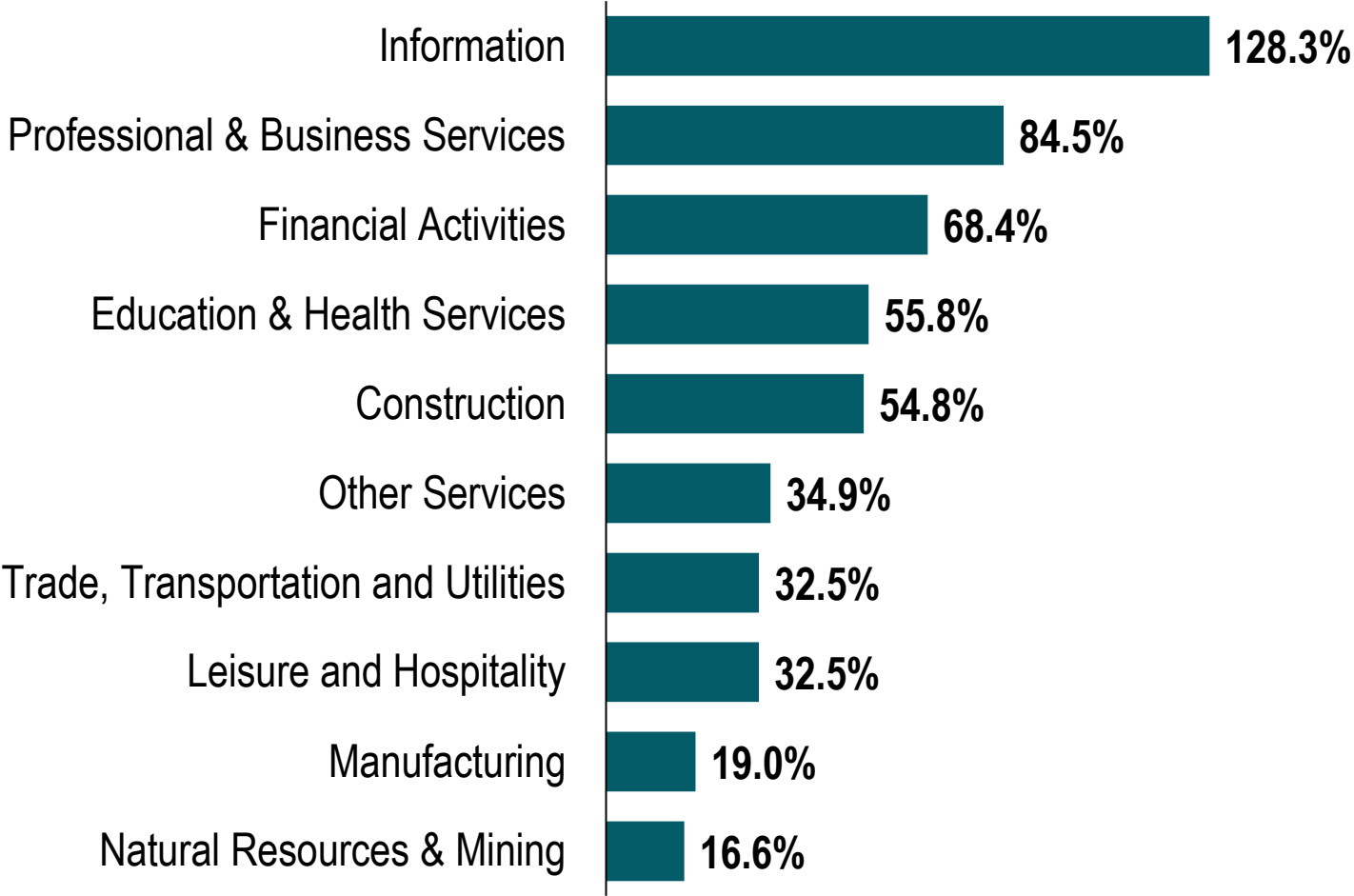
STITCH FIX



Acronis

Private Establishments Growth

By Industry in Arizona | 2017 vs. 2023



Source: U.S. Bureau of Labor Statistics



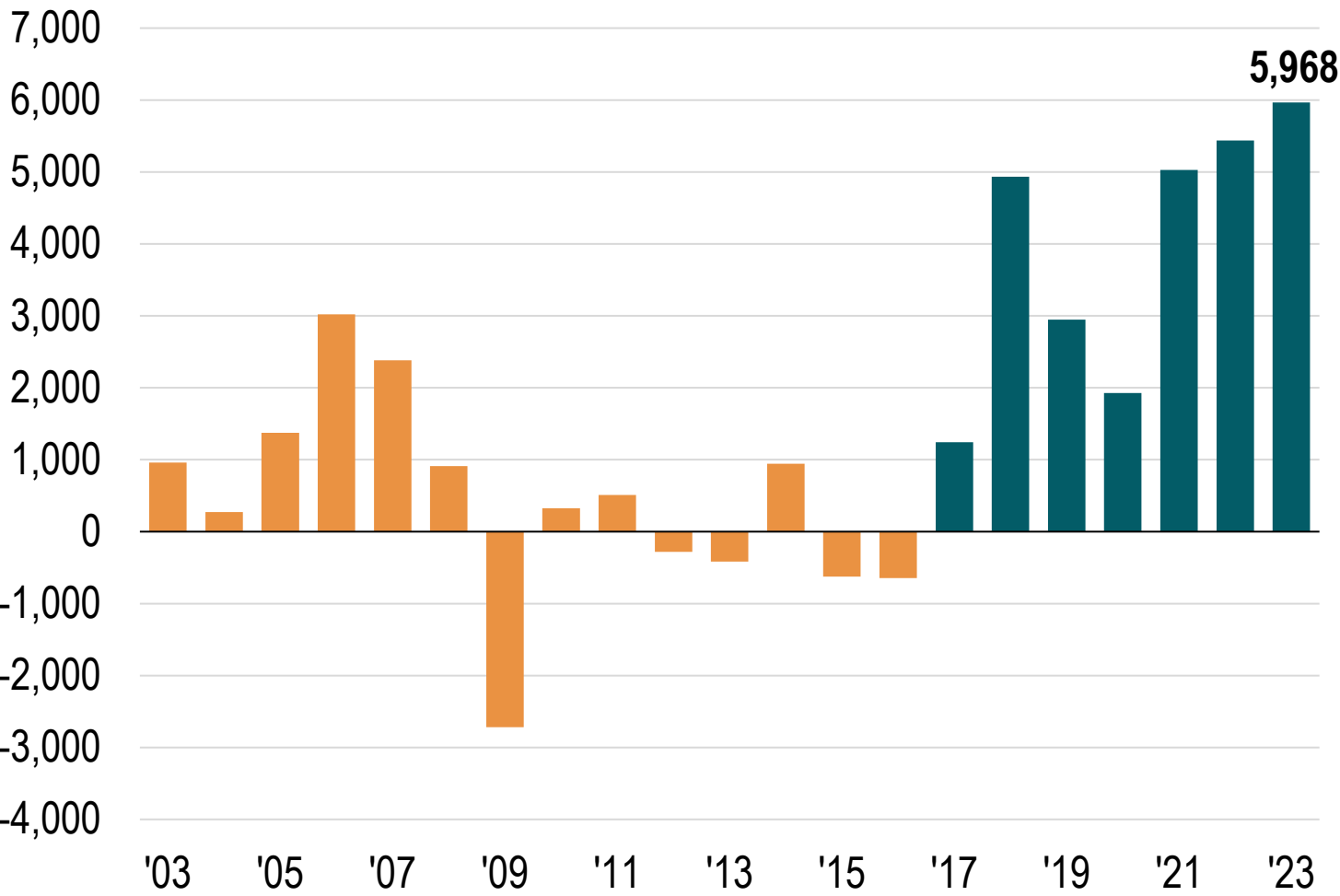
Since 2017, Arizona has added

63,000+

businesses across all industries

Private Establishments Growth

Arizona | Professional & Business Services



Source: U.S. Bureau of Labor Statistics



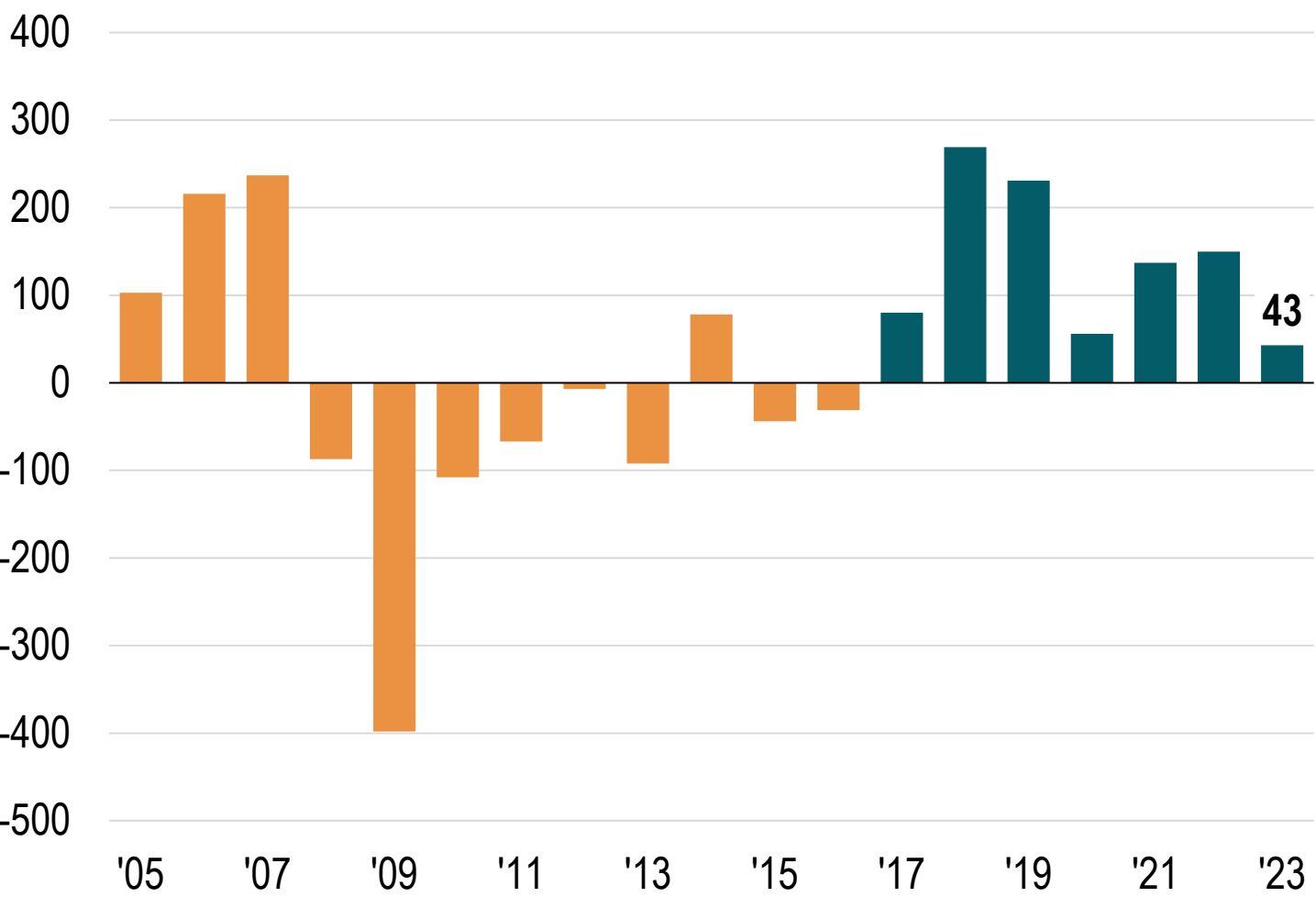
Since 2017, Arizona has added

26,000+

businesses in the professional
& business services sector

Private Establishments

Arizona | Manufacturing



Source: U.S. Bureau of Labor Statistics

Since 2017, Arizona has added

800+

businesses in the manufacturing sector

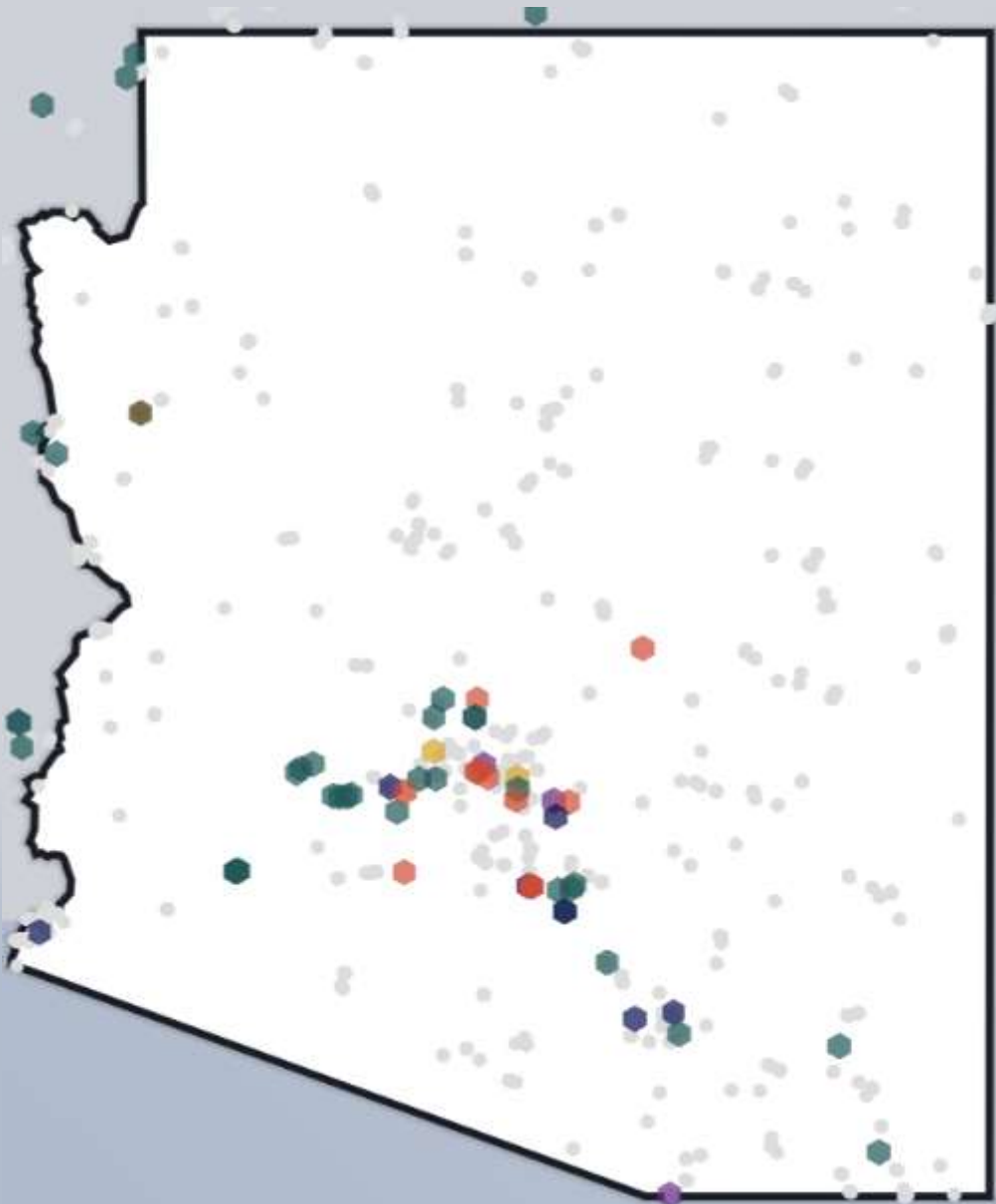
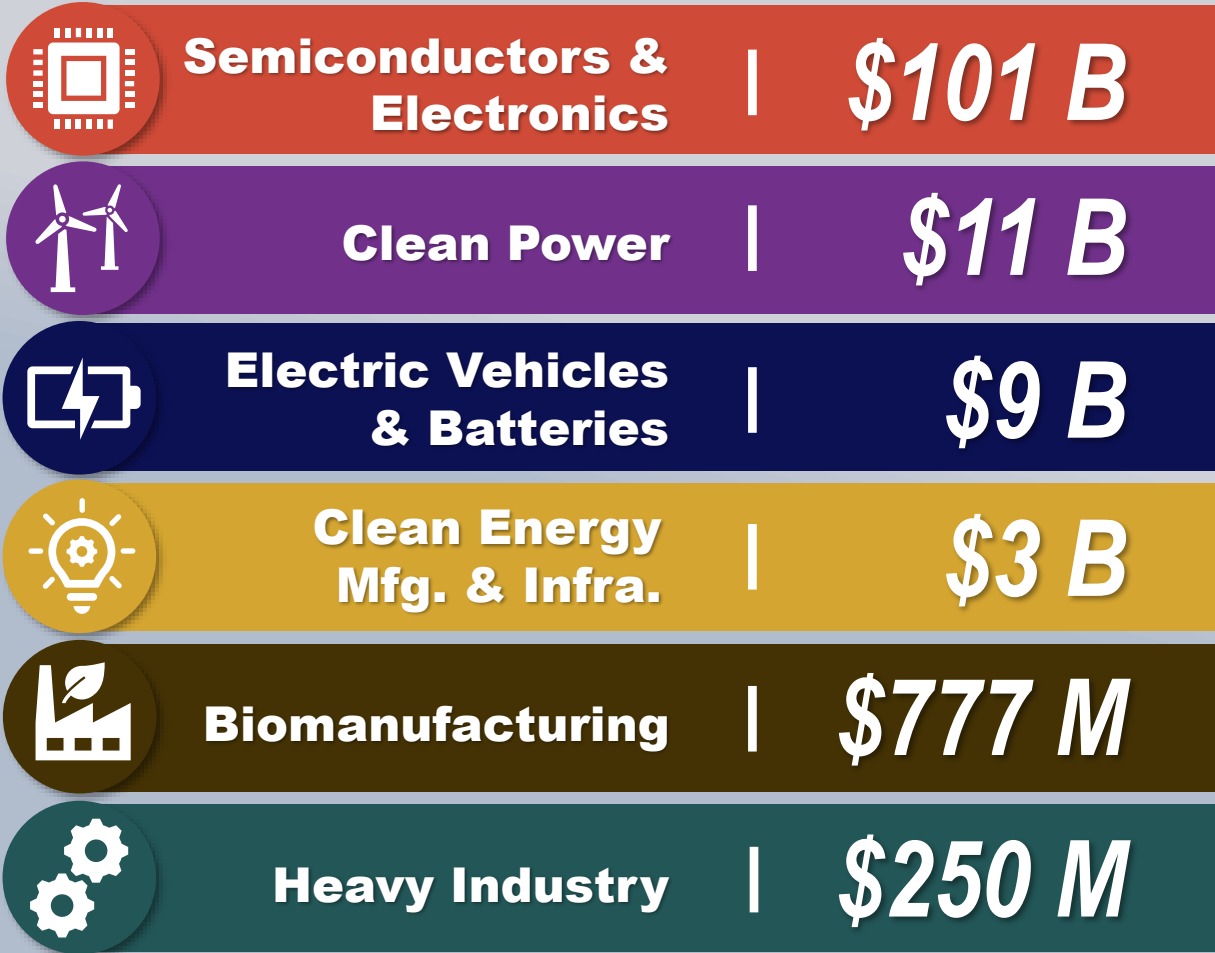


Since 2020, Arizona has attracted more than \$120 billion in private sector investment in the state

Source: The White House

Private Investments

Arizona



Source: The White House. Note: Locations are approximate. Data reflects figures last updated on January 10, 2025.



Phoenix ranks as the fourth best city for foreign business, based on investment trends and business environment



Source: Financial Times; FT-Nikkei Investing in America. Note: Ranking is based on investment trends and business environment scores.



TSMC Arizona and U.S. Department of Commerce Announce up to US\$6.6 Billion in Proposed CHIPS Act Direct Funding, the Company Plans Third Leading-Edge Fab in Phoenix

Third fab will produce the most advanced leading-edge semiconductors in the U.S., bringing TSMC's total investment in Arizona to over US\$65 Billion

PHOENIX, Arizona, Apr. 8, 2024 – TSMC (TWSE: 2330, NYSE: TSM) today announced that the U.S. Department of Commerce and TSMC Arizona have signed a non-binding preliminary memorandum of terms (PMT) for up to US\$6.6 billion in direct funding under the CHIPS and Science Act. TSMC also announced plans to build a third fab at TSMC Arizona to meet strong customer demand leveraging the most advanced semiconductor process technology in the United States.

As the company makes progress in completing its first fab and continues construction of its second fab at its Arizona subsidiary, the third fab brings TSMC's total capital expenditure for the Phoenix, Arizona site to more than US\$65 billion, making the site the largest foreign direct investment in Arizona history, and the largest foreign direct investments in a greenfield project in U.S. history.



TOSHIBA

KUEHNE+NAGEL



89% of small business owners in Phoenix are faring better than most small business owners across the United States



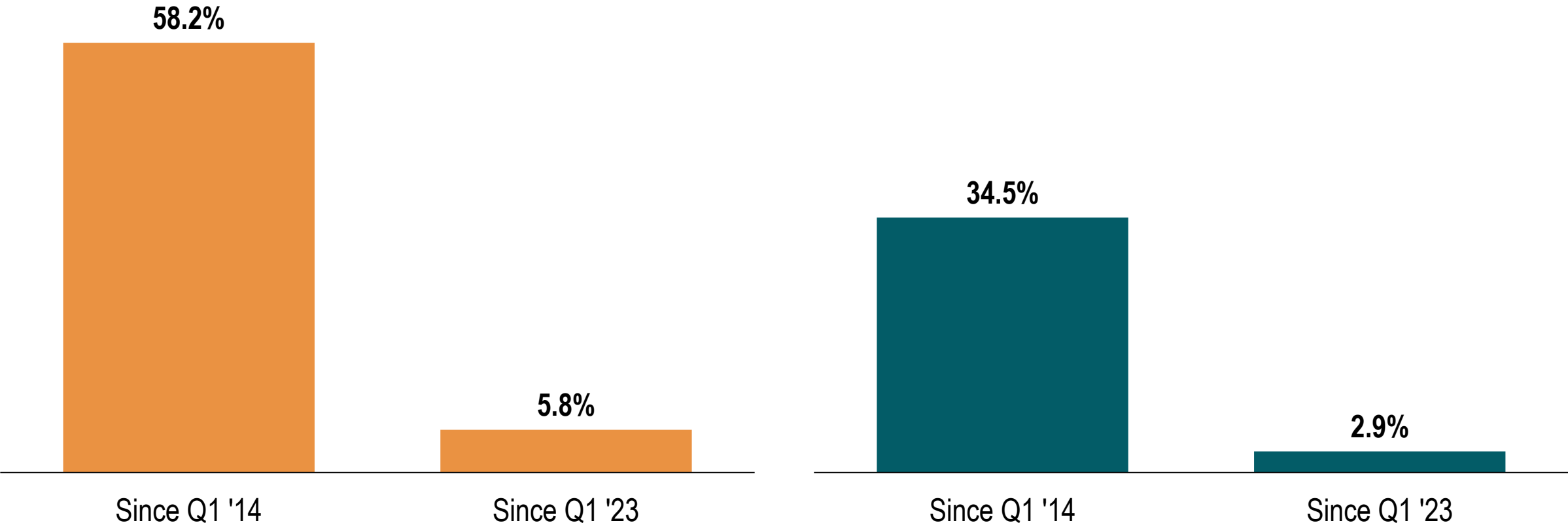
Source: U.S. Bank 2024 Small Business Survey.

Small Business Growth

Arizona vs. United States | Q1 2024

Arizona

United States



Source: U.S. Bureau of Labor Statistics

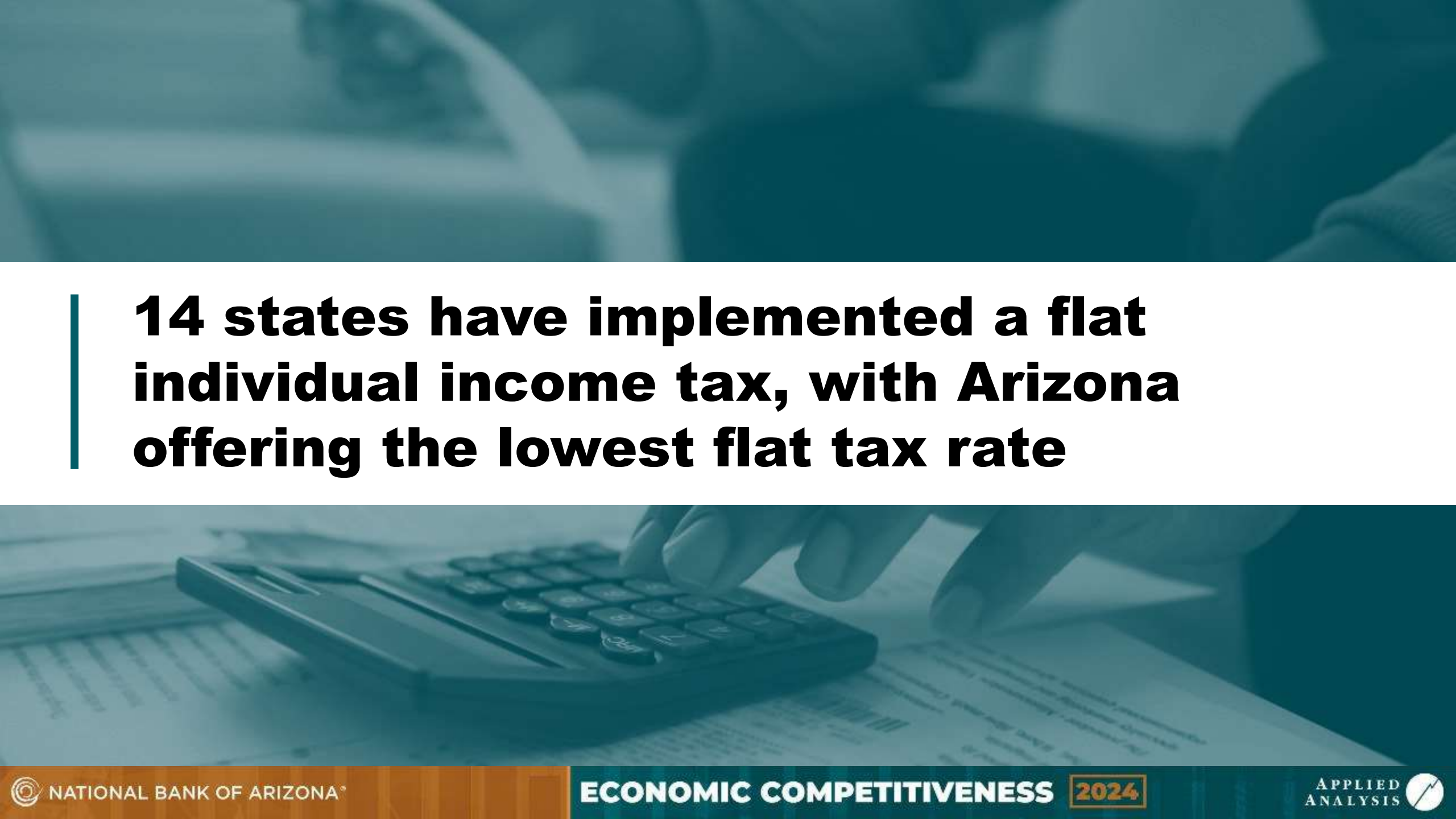


8th

In *Individual Income*
Tax Competitiveness



Source: Tax Foundation 2025 State Competitiveness Index

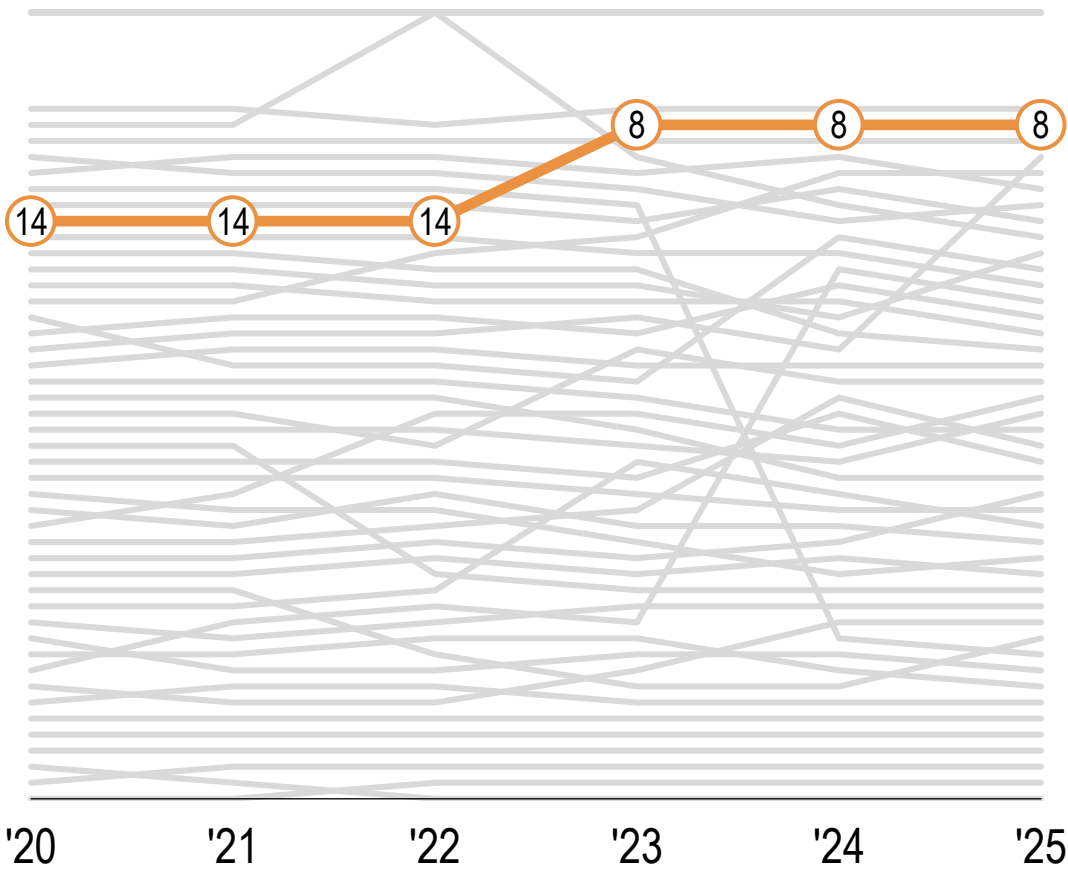


14 states have implemented a flat individual income tax, with Arizona offering the lowest flat tax rate

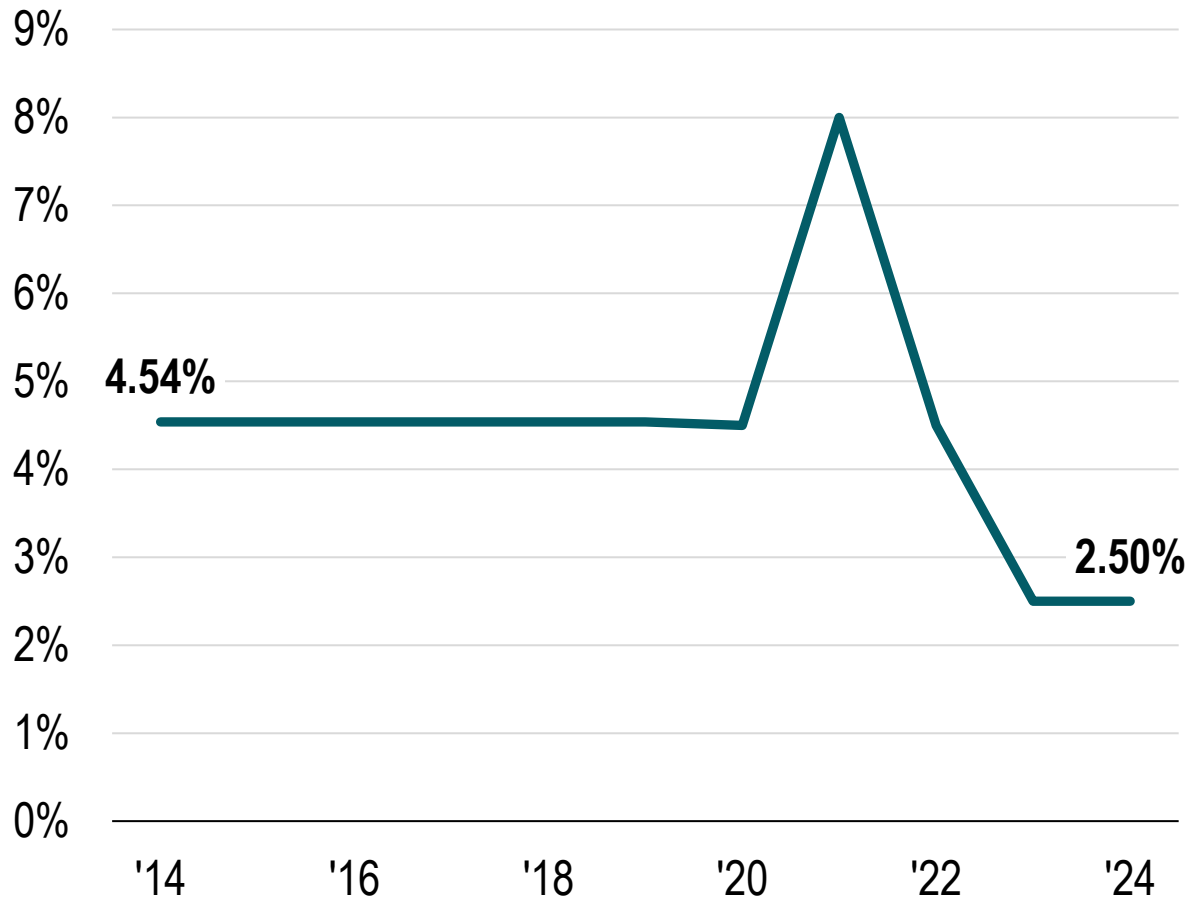
Personal Income Tax Competitiveness

Arizona Rank by Year

2025 State Tax Competitiveness Index



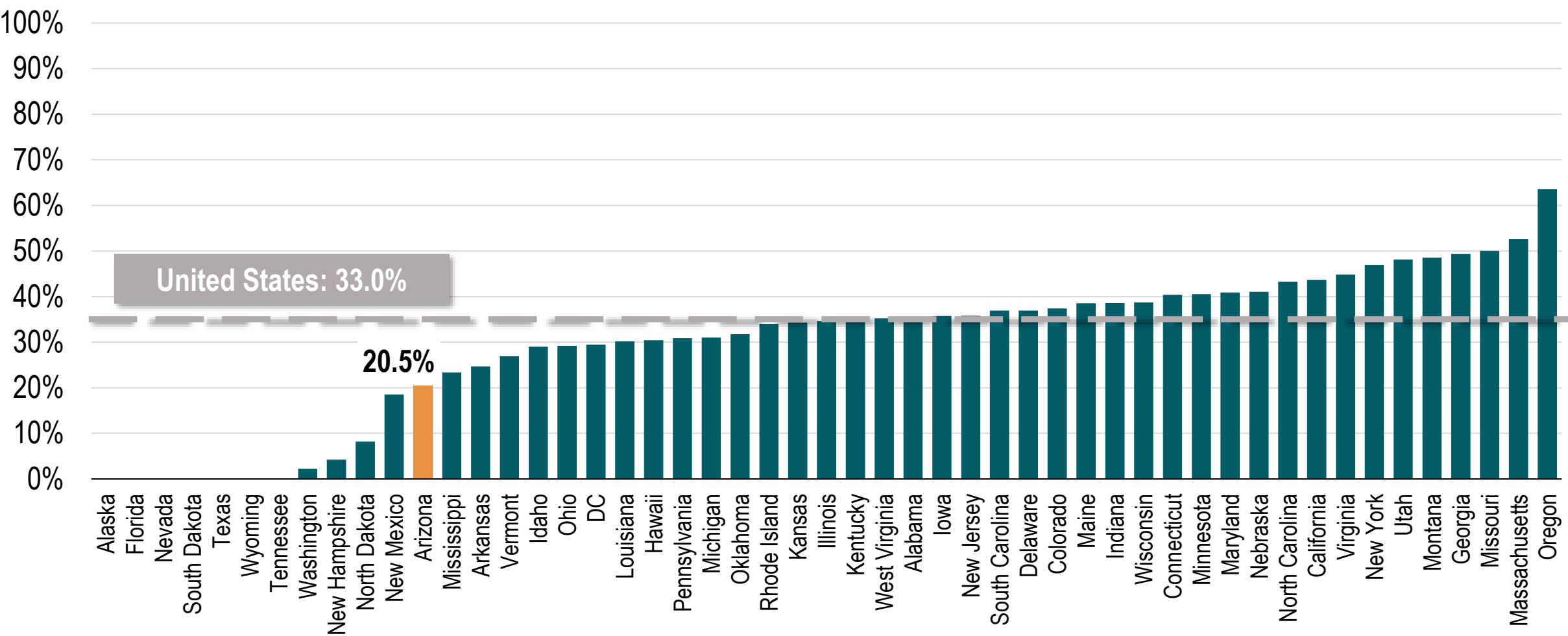
Individual Income Tax Rate



Source: Tax Foundation; Rich States, Poor States

Income Tax Revenue As Share of Total

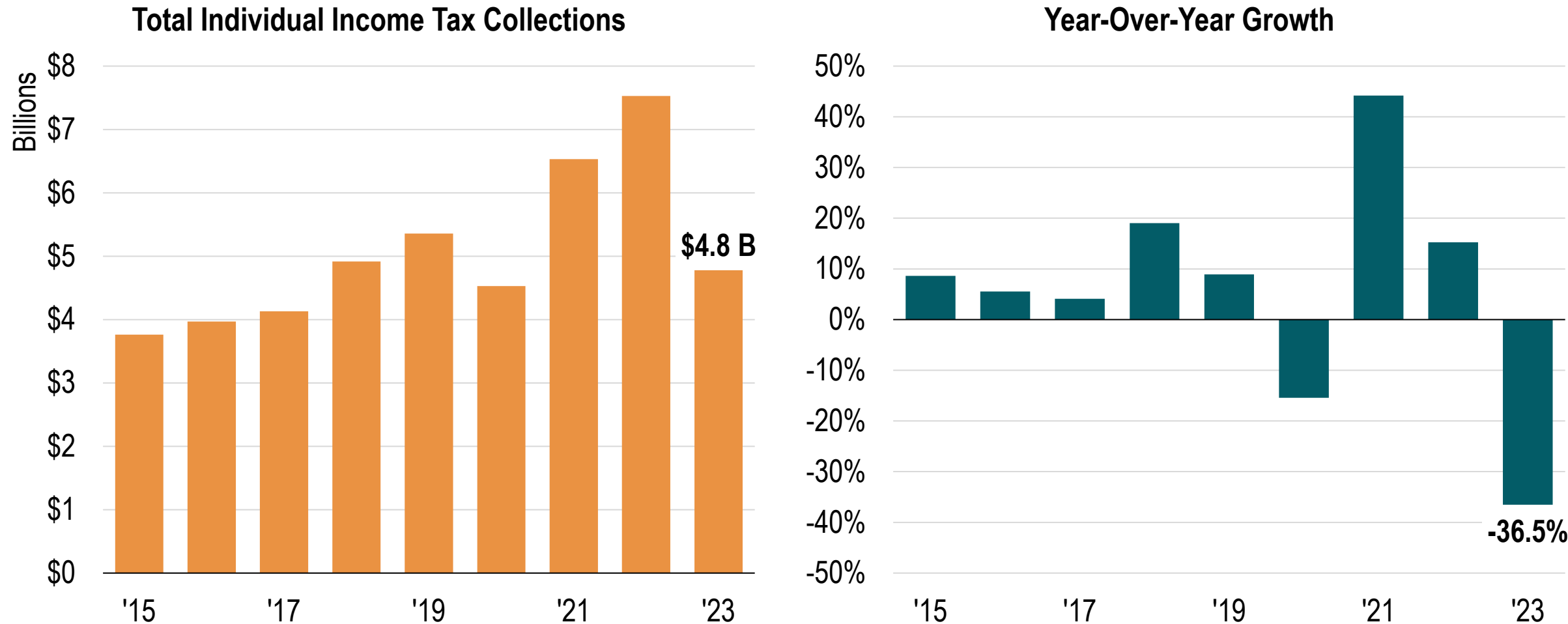
By State | FY 2023



Source: U.S. Census Bureau Annual State Tax Collections (STC). Note: Sales include general and selective sales taxes.

Individual Income Tax Revenue

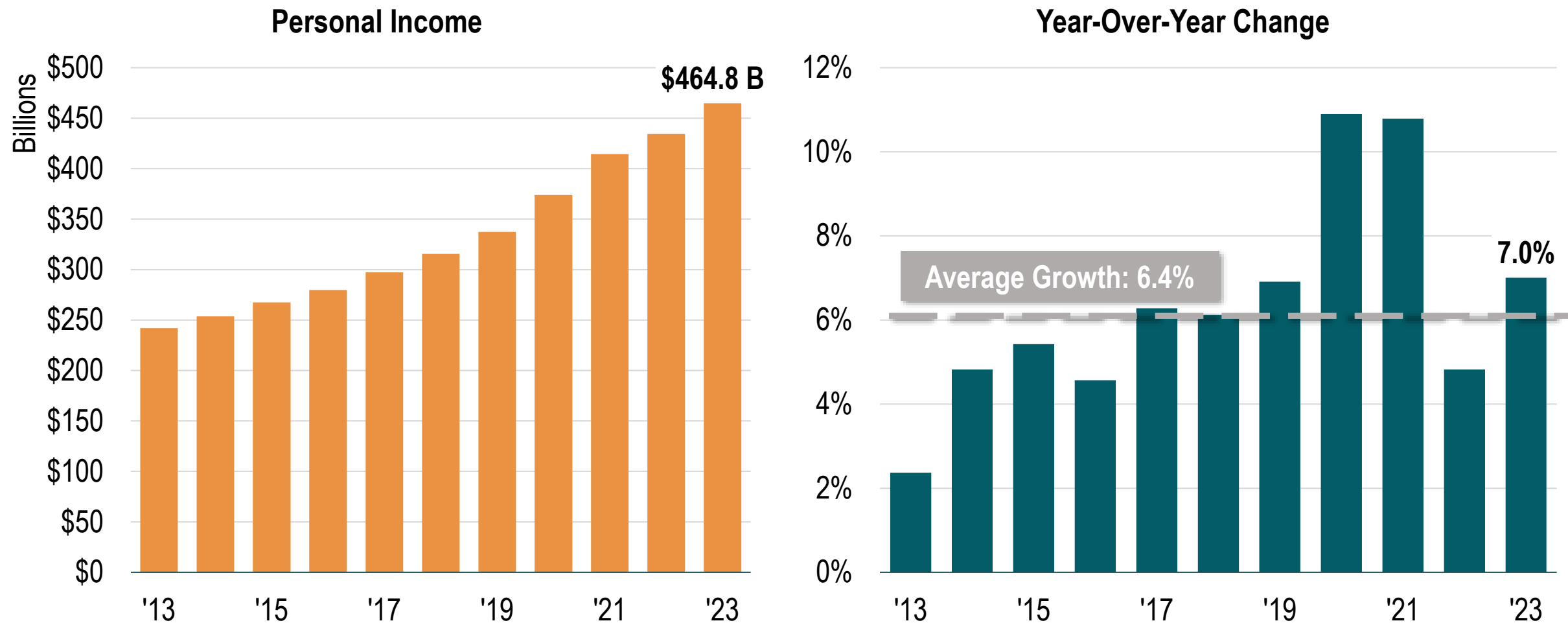
Arizona



Source: U.S. Census Bureau Annual State Tax Collections (STC). Note: Historical periods reflect fiscal years.

Personal Income

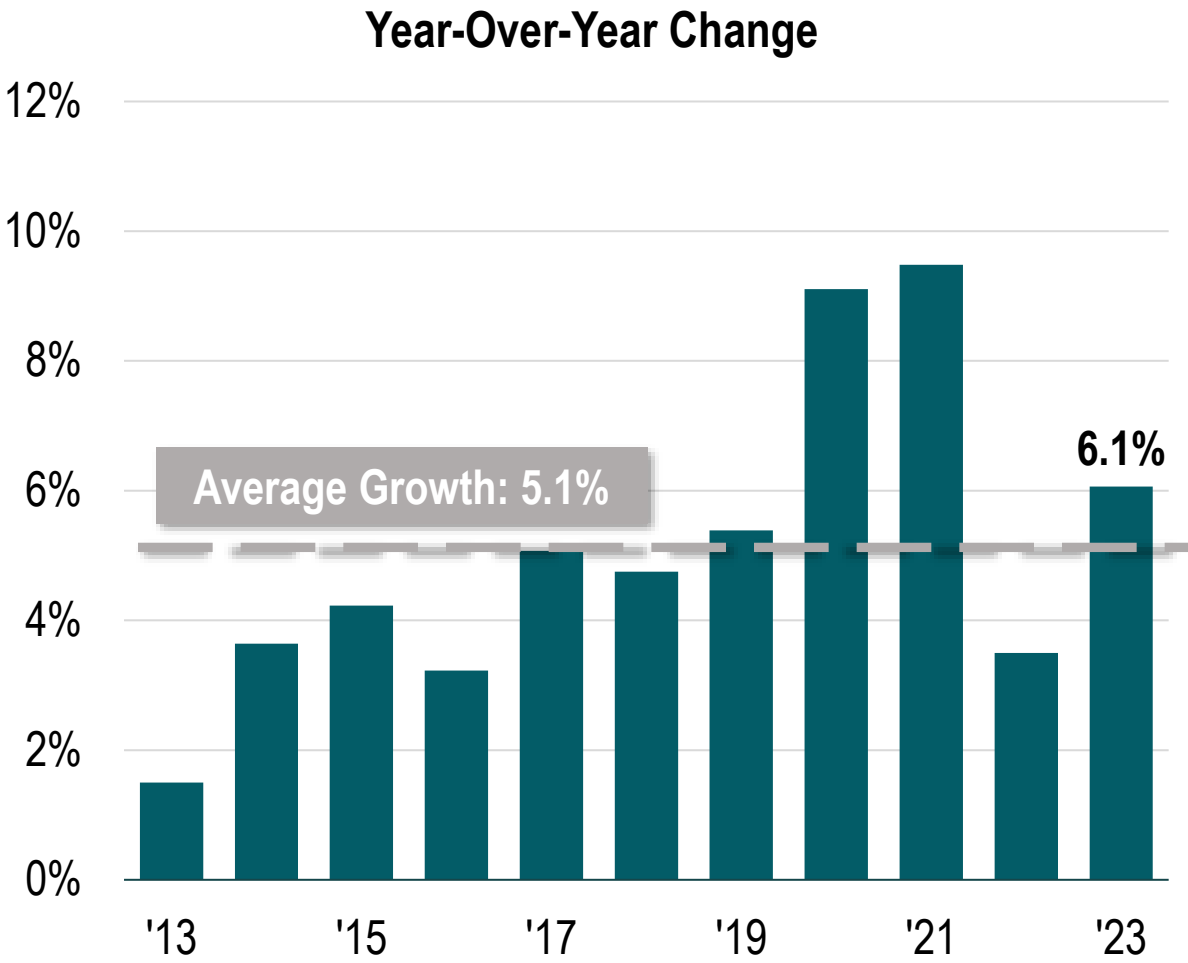
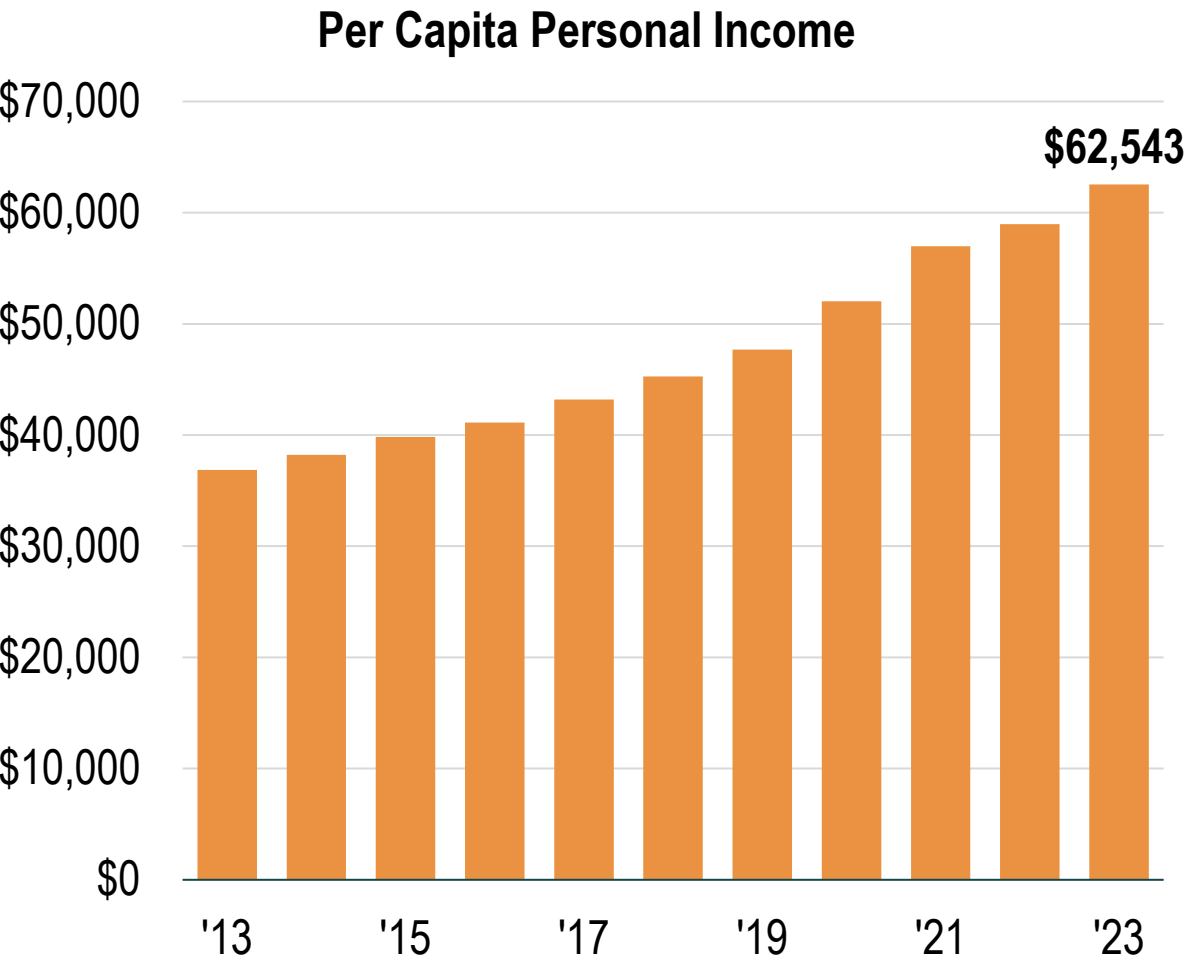
Arizona



Source: U.S. Bureau of Economic Analysis

Per Capita Personal Income

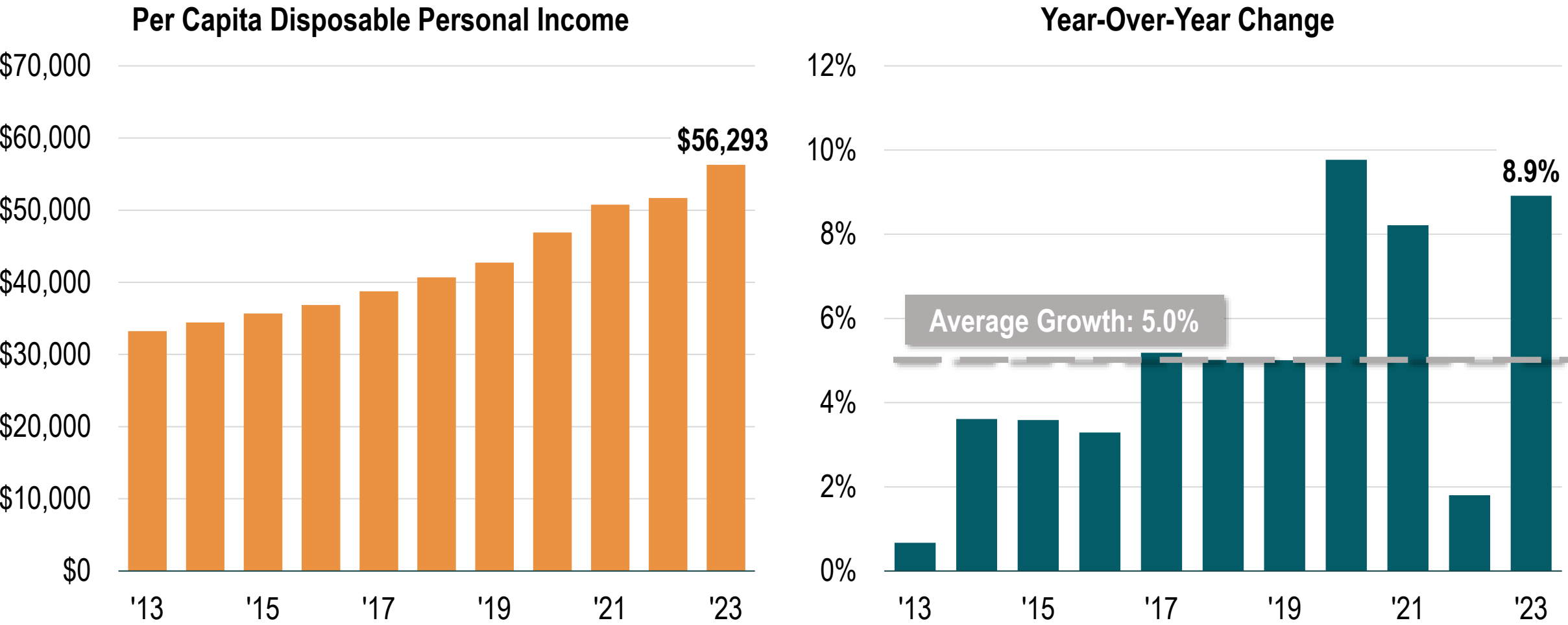
Arizona



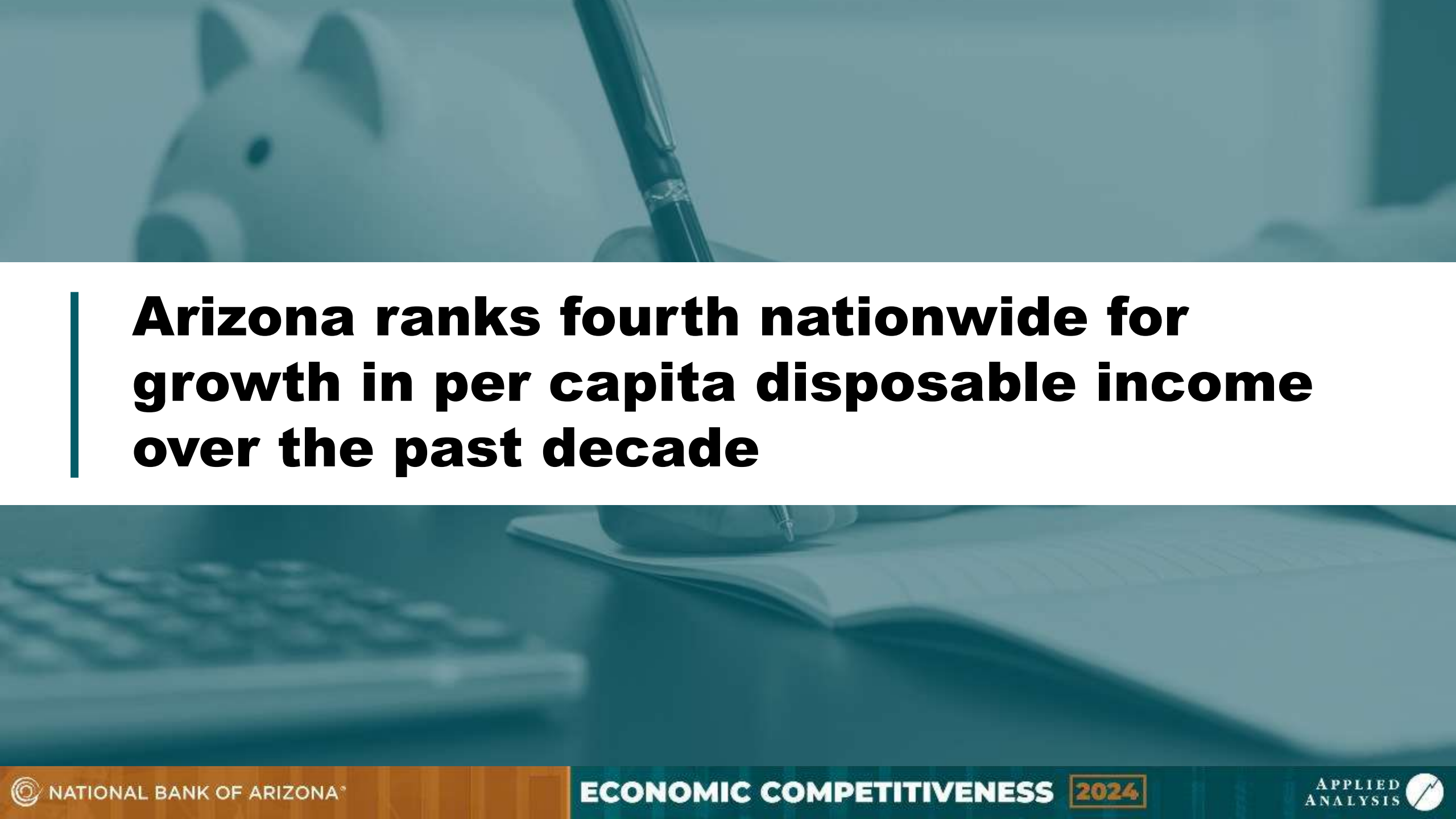
Source: U.S. Bureau of Economic Analysis

Per Capita Disposable Income

Arizona



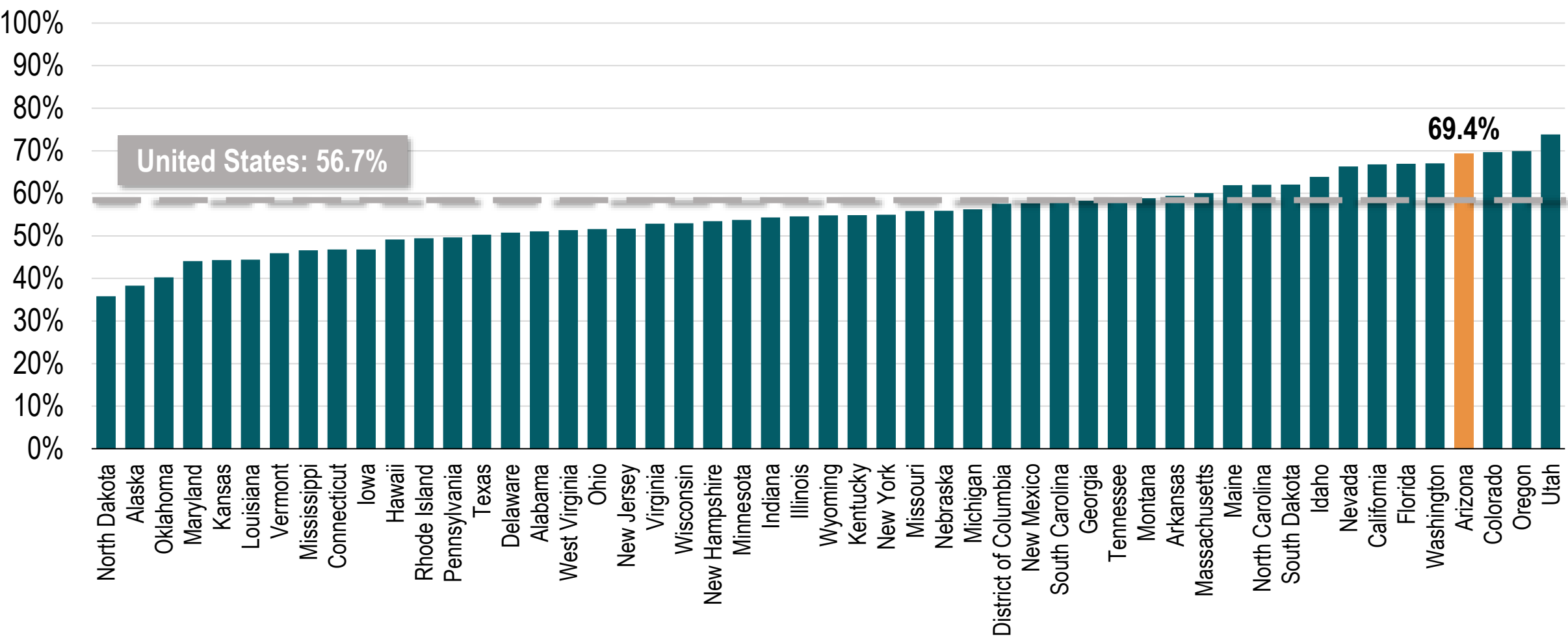
Source: U.S. Bureau of Economic Analysis



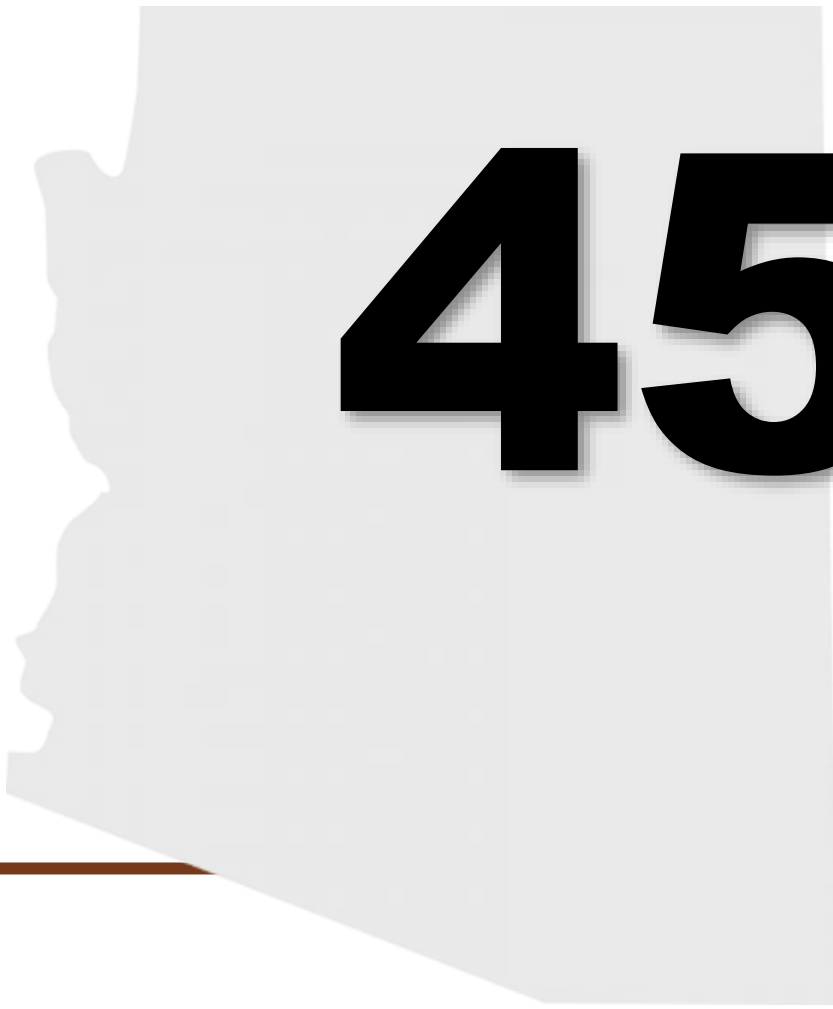
Arizona ranks fourth nationwide for growth in per capita disposable income over the past decade

Per Capita Disposable Income Growth

By State | 2013 vs. 2023



Source: U.S. Bureau of Economic Analysis



45th

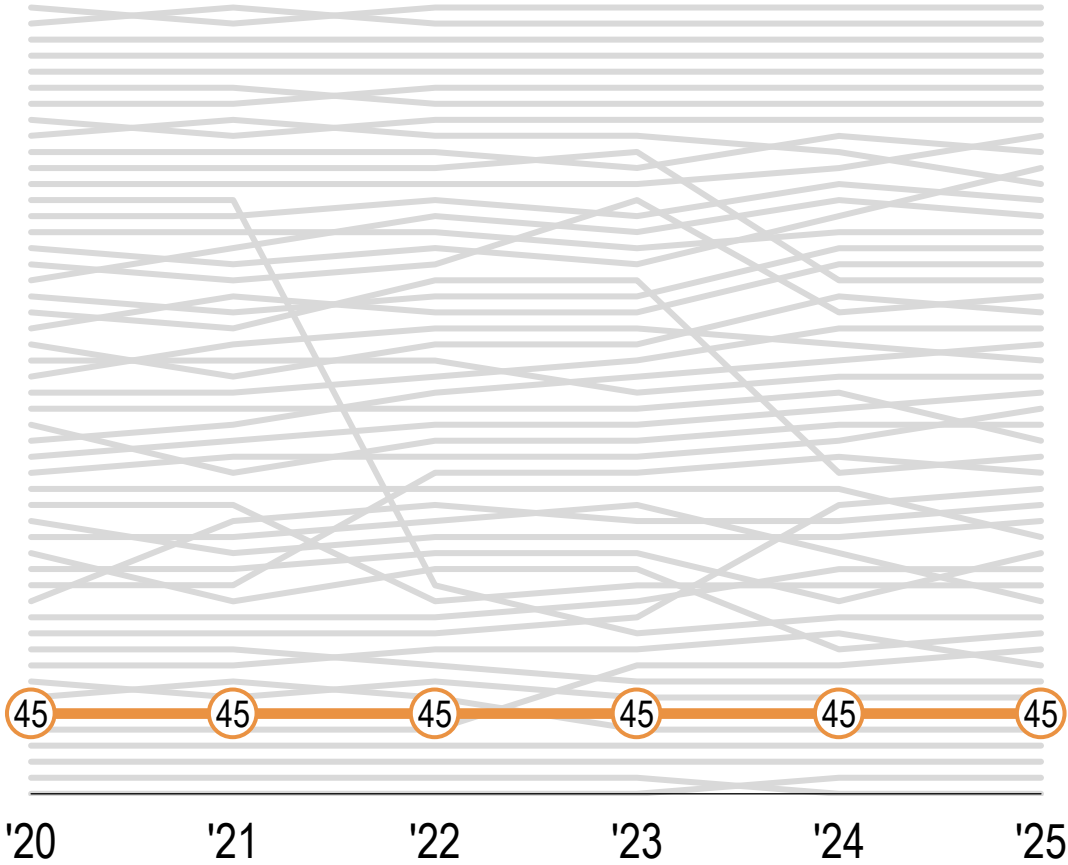
In *Sales Tax*
Competitiveness

Source: Tax Foundation 2025 State Competitiveness Index

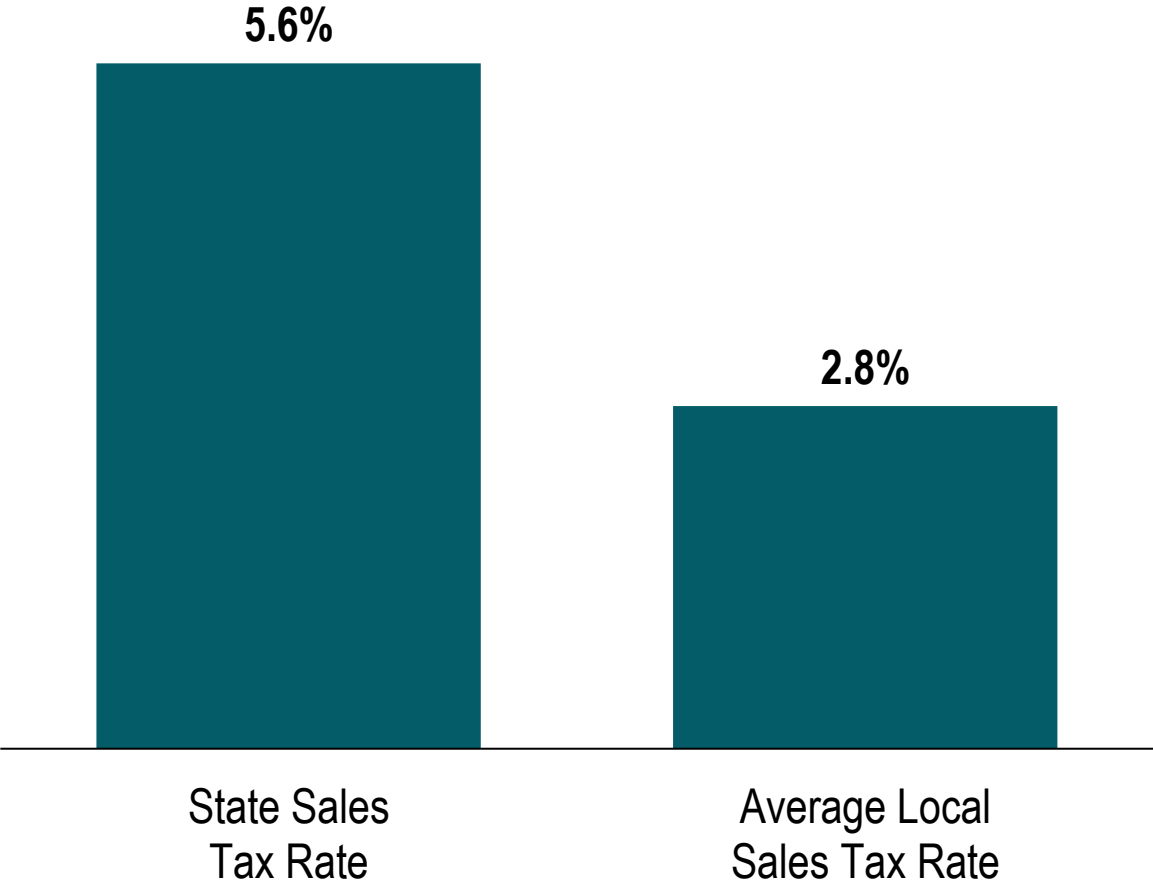
Sales Tax Competitiveness

Arizona Rank by Year

2025 State Tax Competitiveness Index



Sales Tax Rates



Source: Tax Foundation

12th (8.4%) Highest *Combined* Sales Tax Rate

28th (5.6%)

Highest *State*
Sales Tax Rate

10th (2.8%)

Highest Avg. *Local*
Sales Tax Rate

Source: Tax Foundation

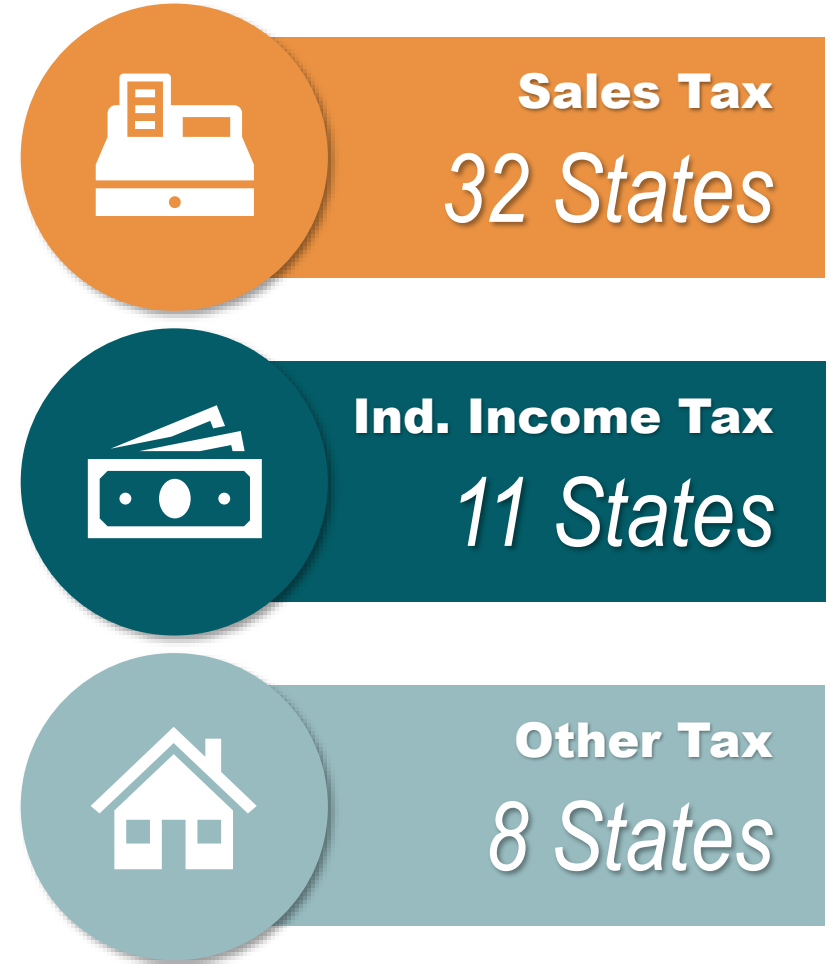


Sales taxes are the top source of revenue for 32 states, including Arizona



Source: U.S. Census Bureau

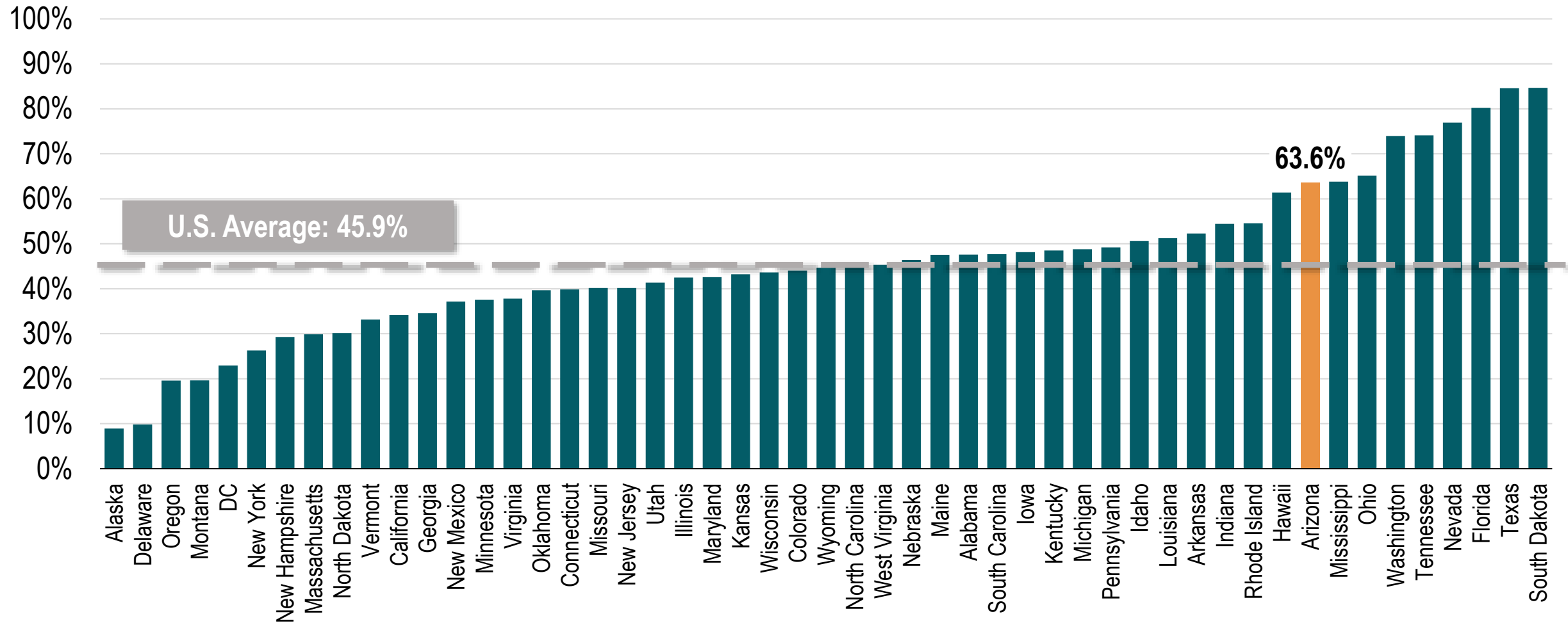
By State | FY 2023

 NATIONAL BANK OF ARIZONA®

APPLIED ANALYSIS 

Sales Tax Revenue

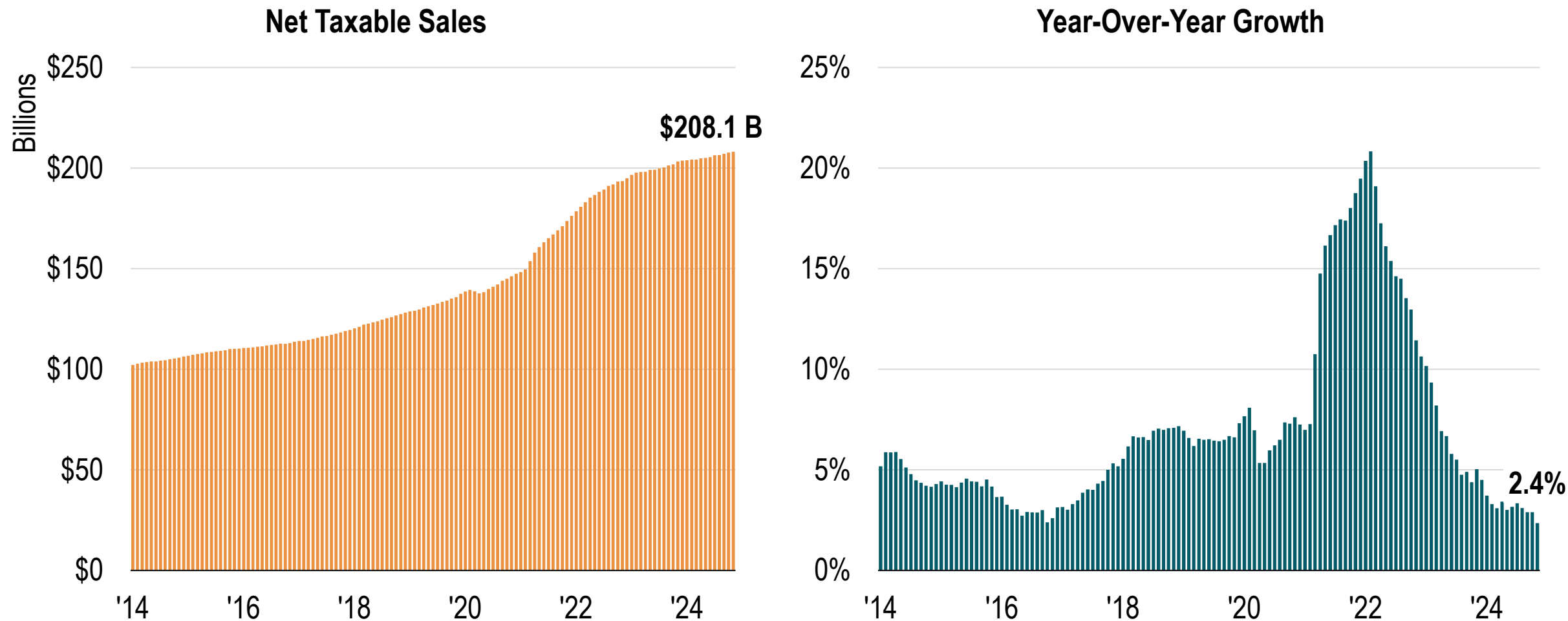
FY 2023 | Share of Total Tax Revenue



Source: U.S. Census Bureau Annual Survey State Tax Collections (STC). Note: Data includes general and selective sales taxes and gross receipts.

Transaction Privilege Tax Sales

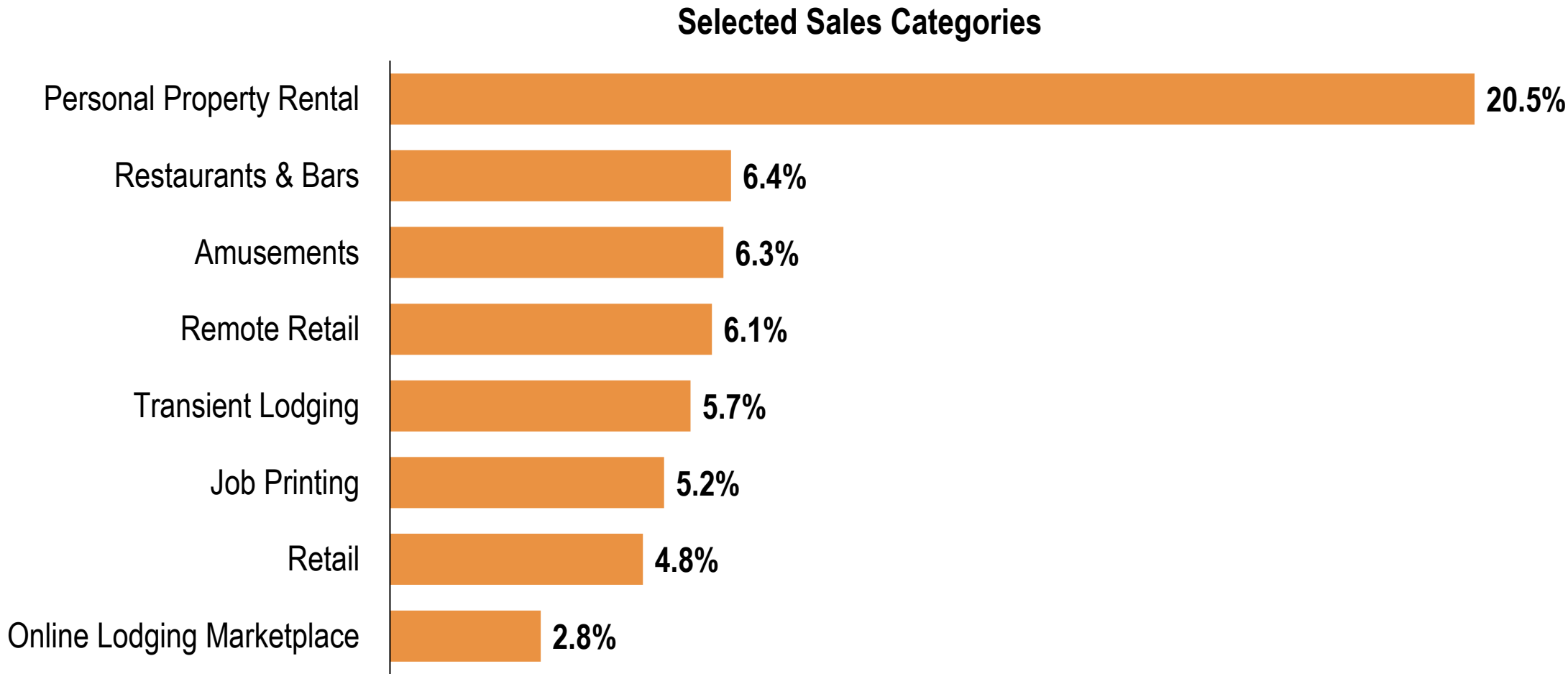
Arizona | Trailing 12-Month Total



Source: Arizona Department of Revenue. Note: Data reflects trailing 12-month total statewide transaction privilege net taxable (TPT) sales. PT revenue reflects a business tax, not sales tax collected.

Transaction Privilege Tax Sales

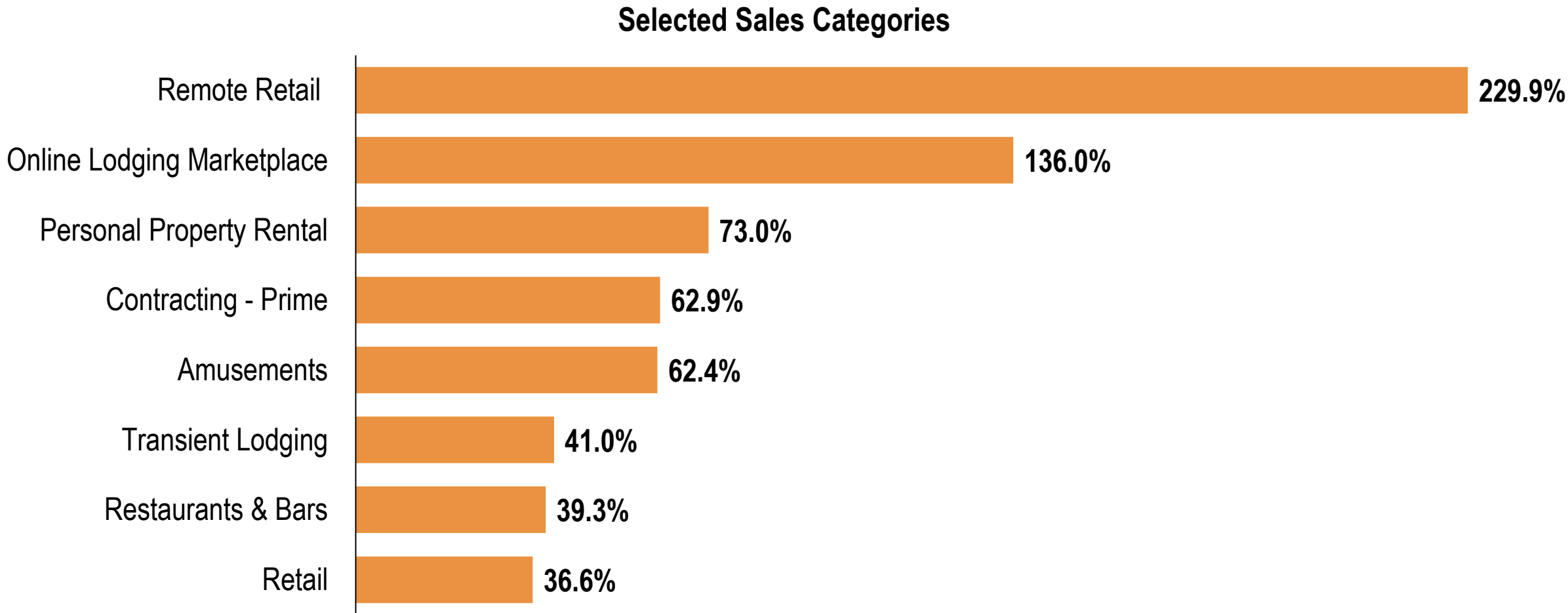
Arizona | November 2023 vs. November 2024



Source: Arizona Department of Revenue.

Transaction Privilege Tax Sales

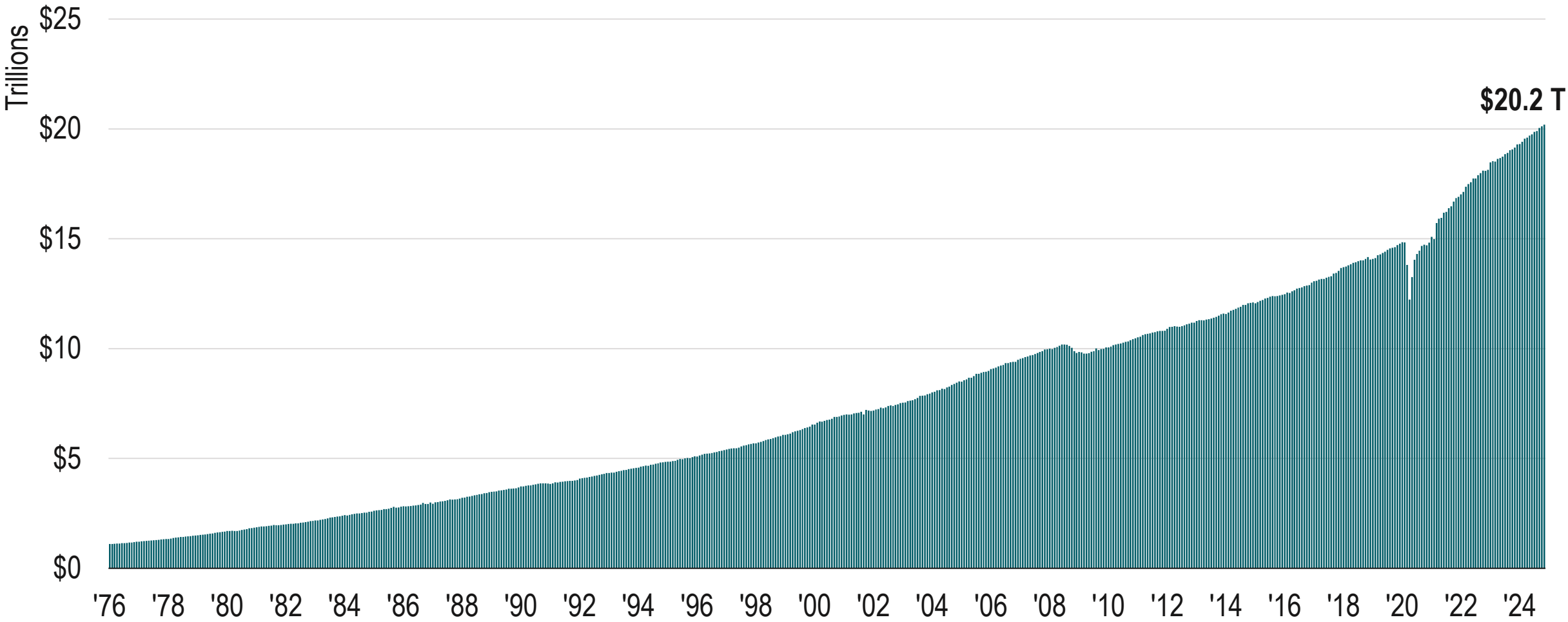
Arizona | November 2019 vs. November 2024



Source: Arizona Department of Revenue.

Consumer Spending

United States

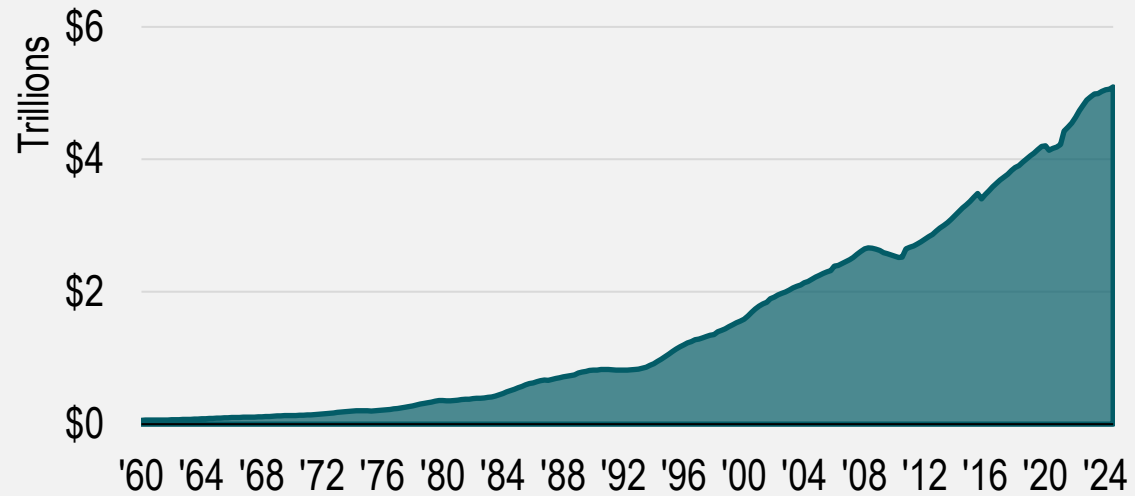


Source: Bureau of Economic Analysis

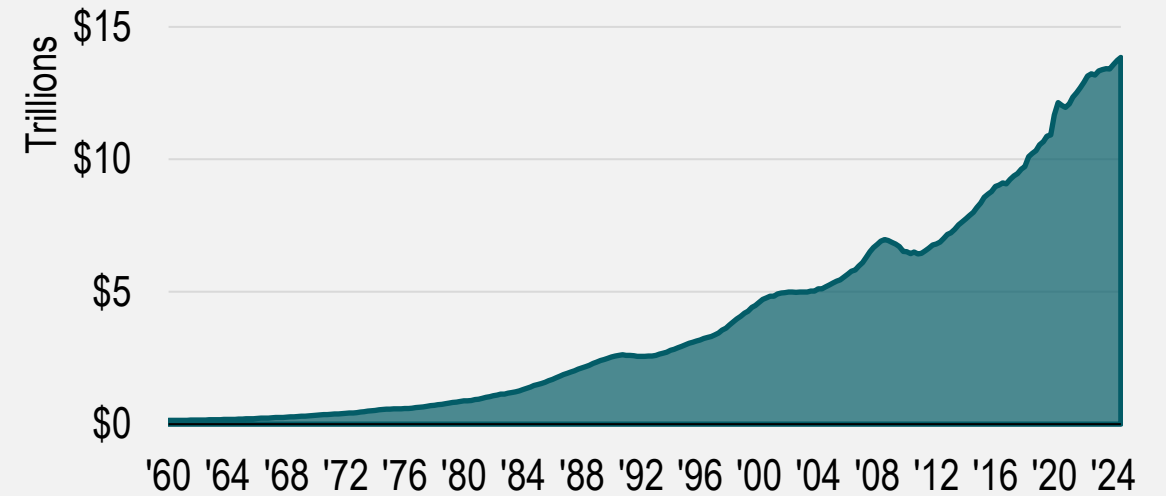
WE ARE BUILDING THE ILLUSION OF PROSPERITY ON BORROWED RESOURCES



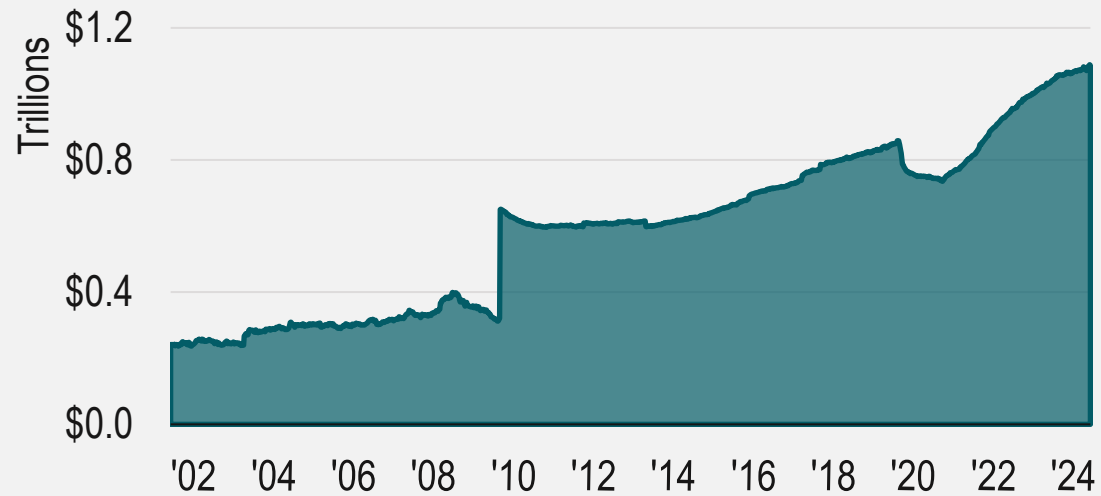
Household Debt 🏠



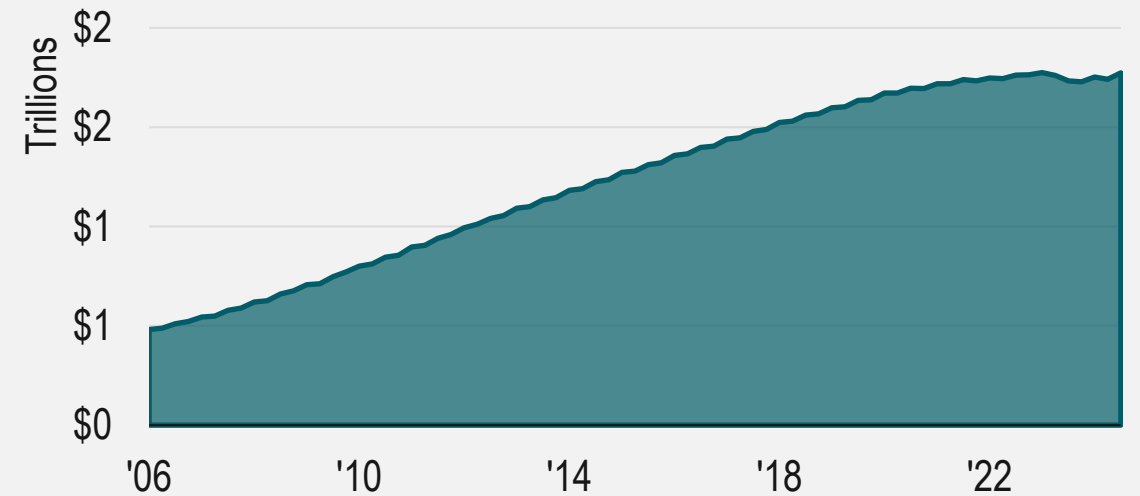
Corporate Business Debt 📁



Credit Card Debt 💳



Student Debt 🎓



Source: Board of Governors of the Federal Reserve System

Household Debt



\$5.1 T

Corporate Business Debt



\$13.8 T

Credit Card Debt



\$1.1 T

Student Debt



\$1.8 T

Source: Board of Governors of the Federal Reserve System

Household Debt

Corporate Business Debt

\$21.8 T

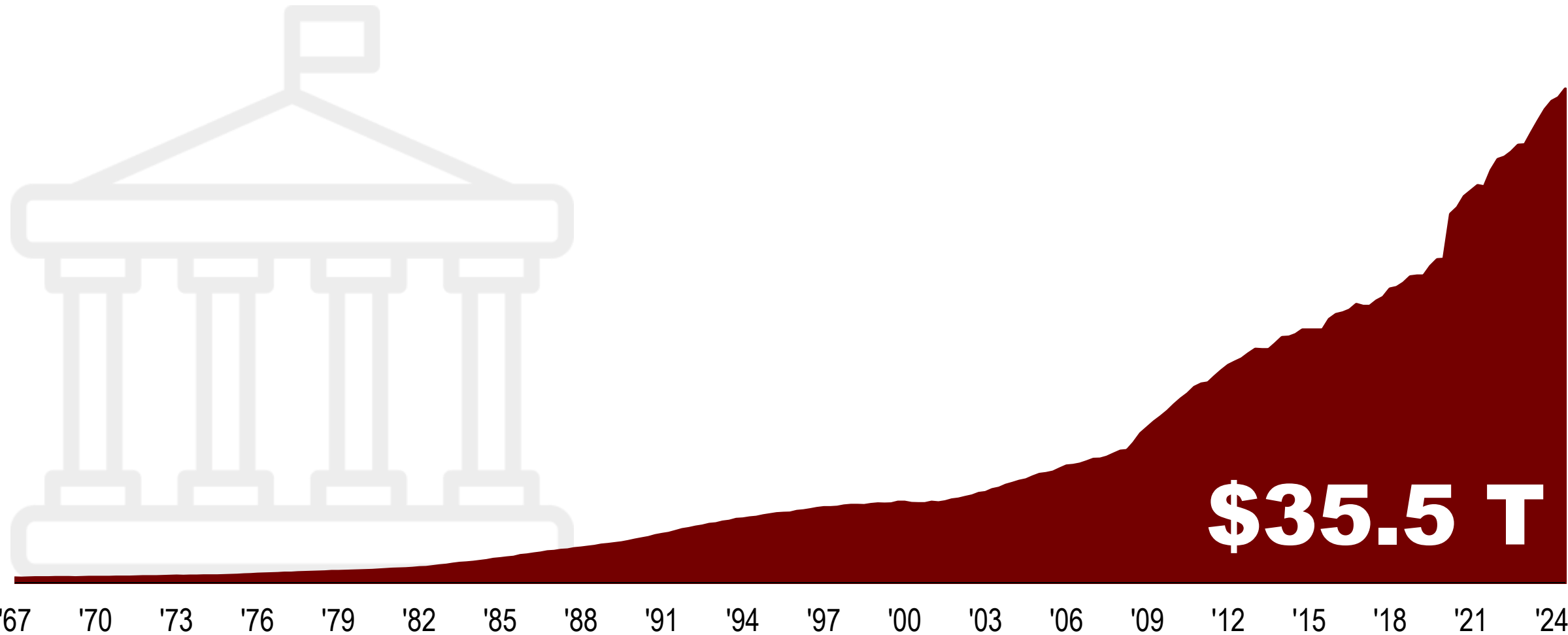
Credit

Debt

Source: Board of Governors of the Federal Reserve System

Federal Debt

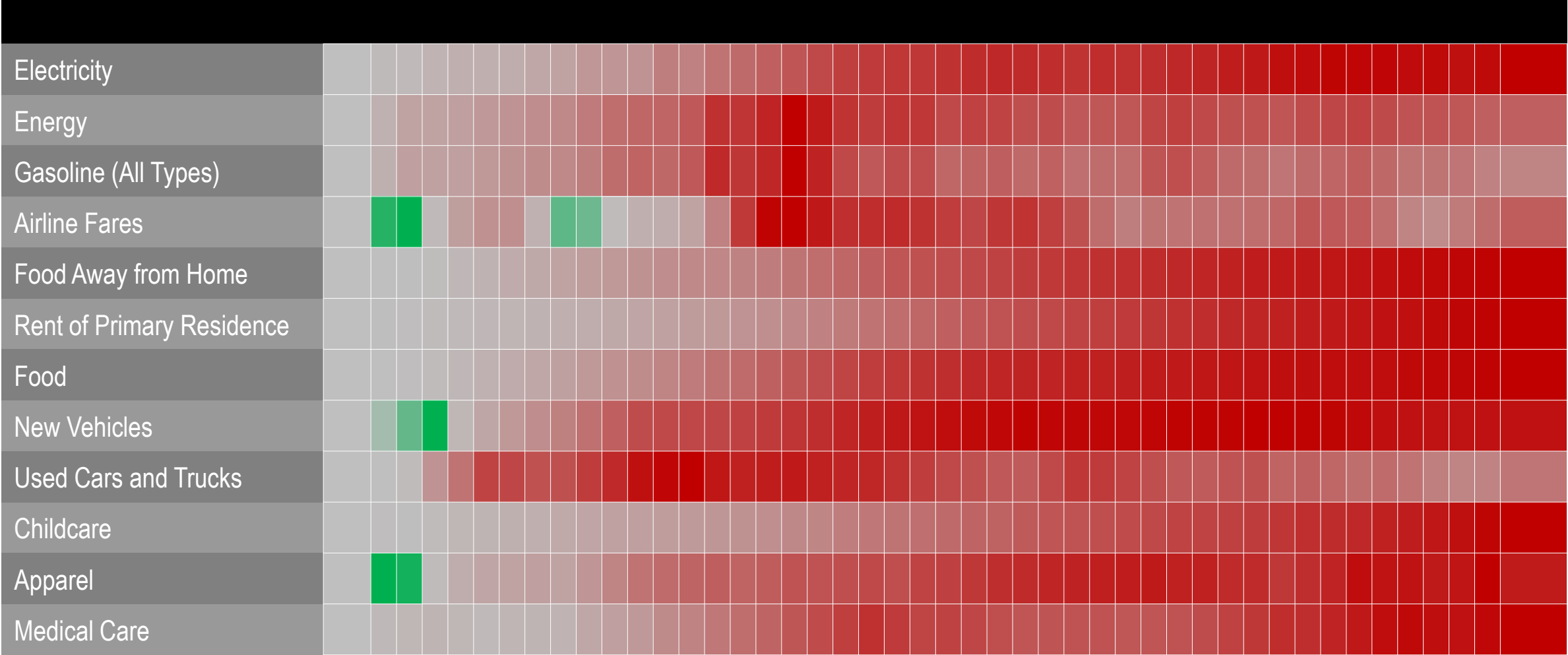
Total Public Debt



Source: Board of Governors of the Federal Reserve System

Consumer Price Index Growth

United States | By Type



Source: U.S. Bureau of Labor Statistics. Note: U.S. city average. Growth since January 2021.

Consumer Price Index Growth

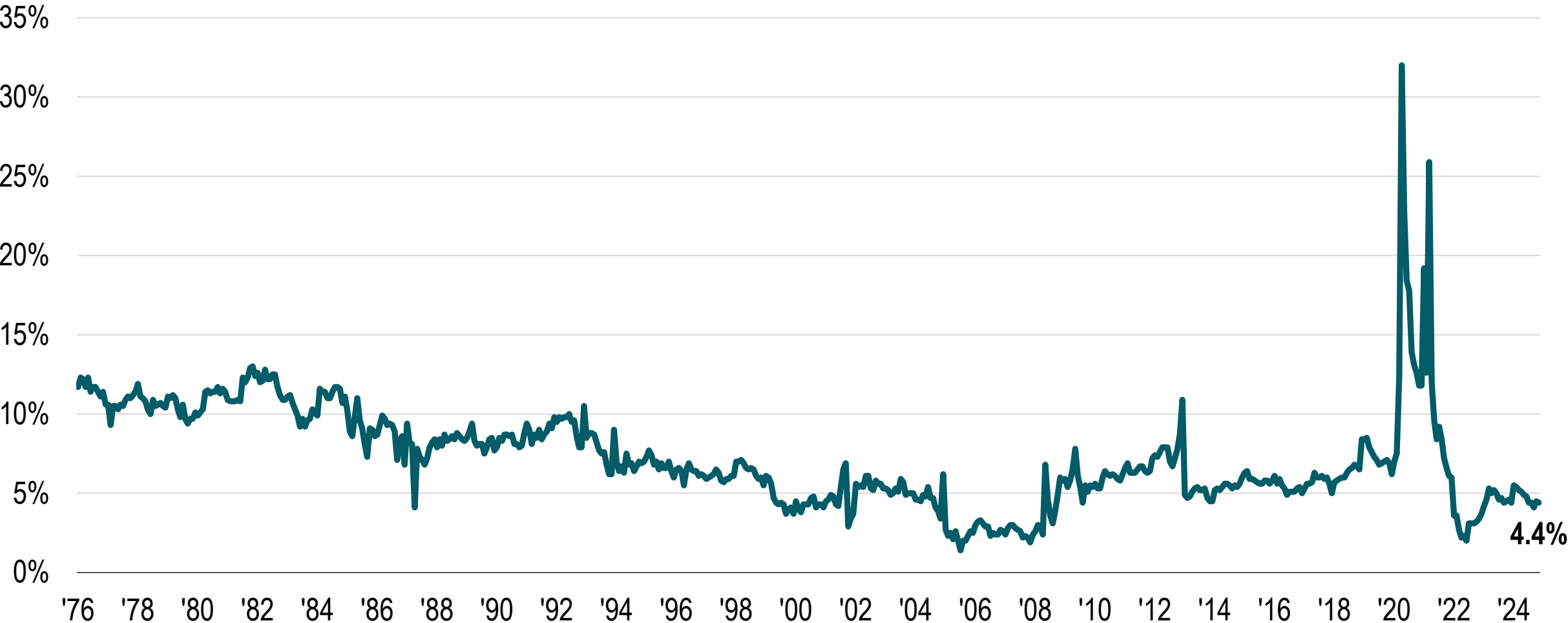
United States | By Type

	January 2021	Today
Electricity	0%	30.0%
Energy	0%	29.4%
Gasoline (All Types)	0%	27.9%
Airline Fares	0%	26.0%
Food Away from Home	0%	24.0%
Rent of Primary Residence	0%	23.5%
Food	0%	22.5%
New Vehicles	0%	17.9%
Used Cars and Trucks	0%	16.3%
Childcare	0%	11.8%
Apparel	0%	10.2%
Medical Care	0%	8.8%

Source: U.S. Bureau of Labor Statistics. Note: U.S. city average. Growth since January 2021.

Personal Savings Rate

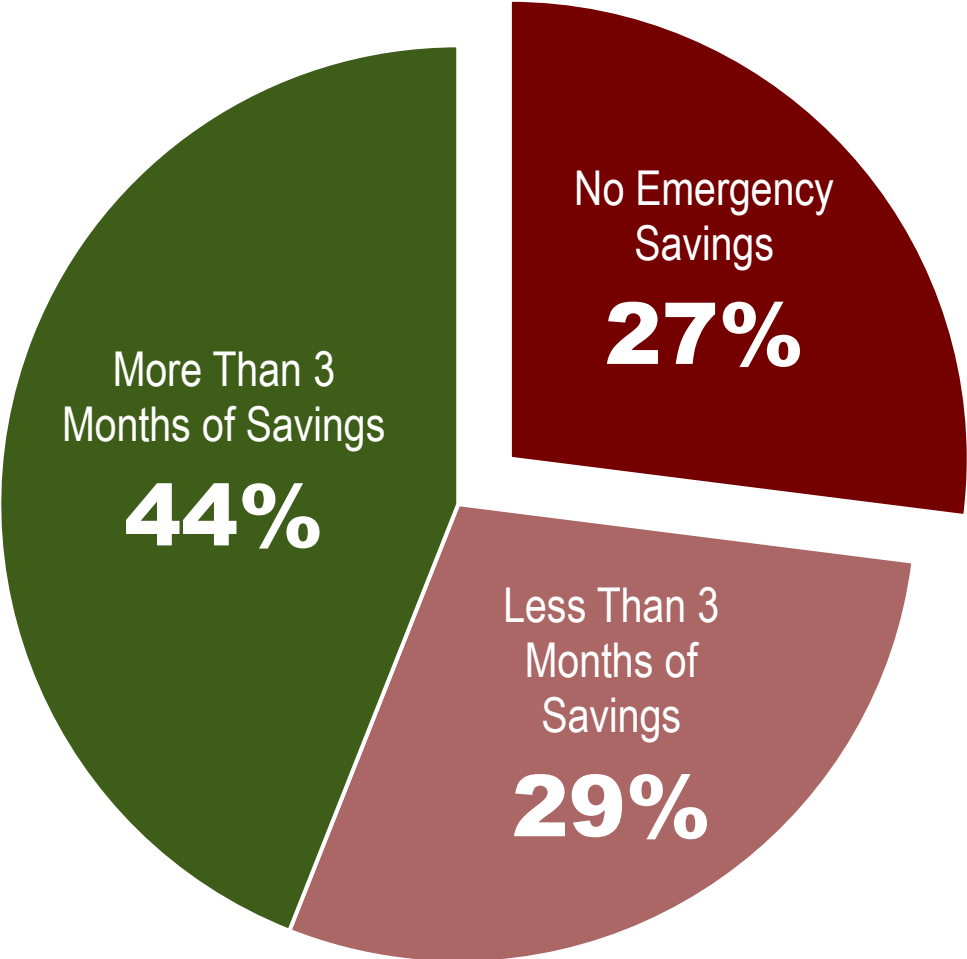
United States



Source: Bureau of Economic Analysis

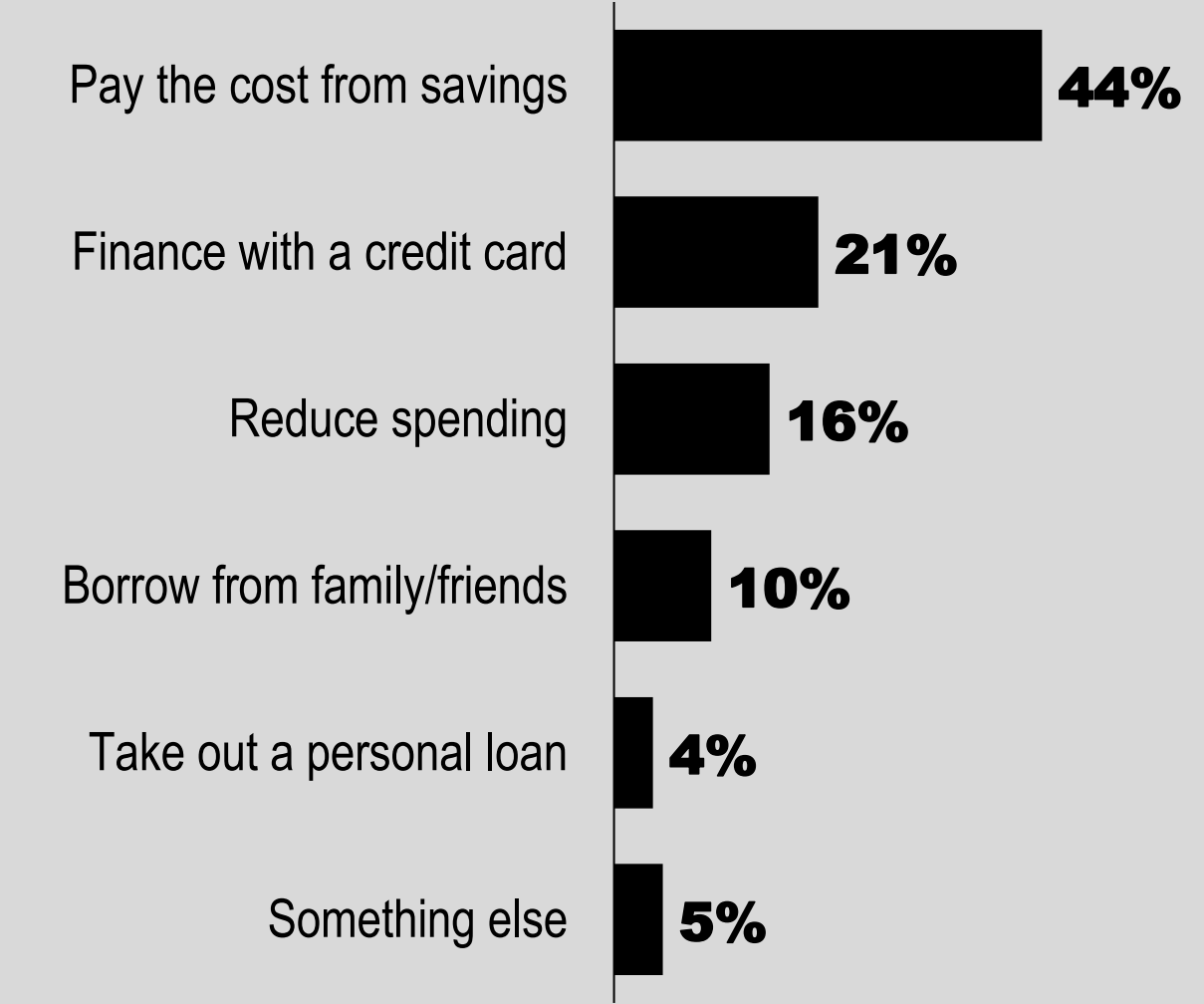
Emergency Savings

United States



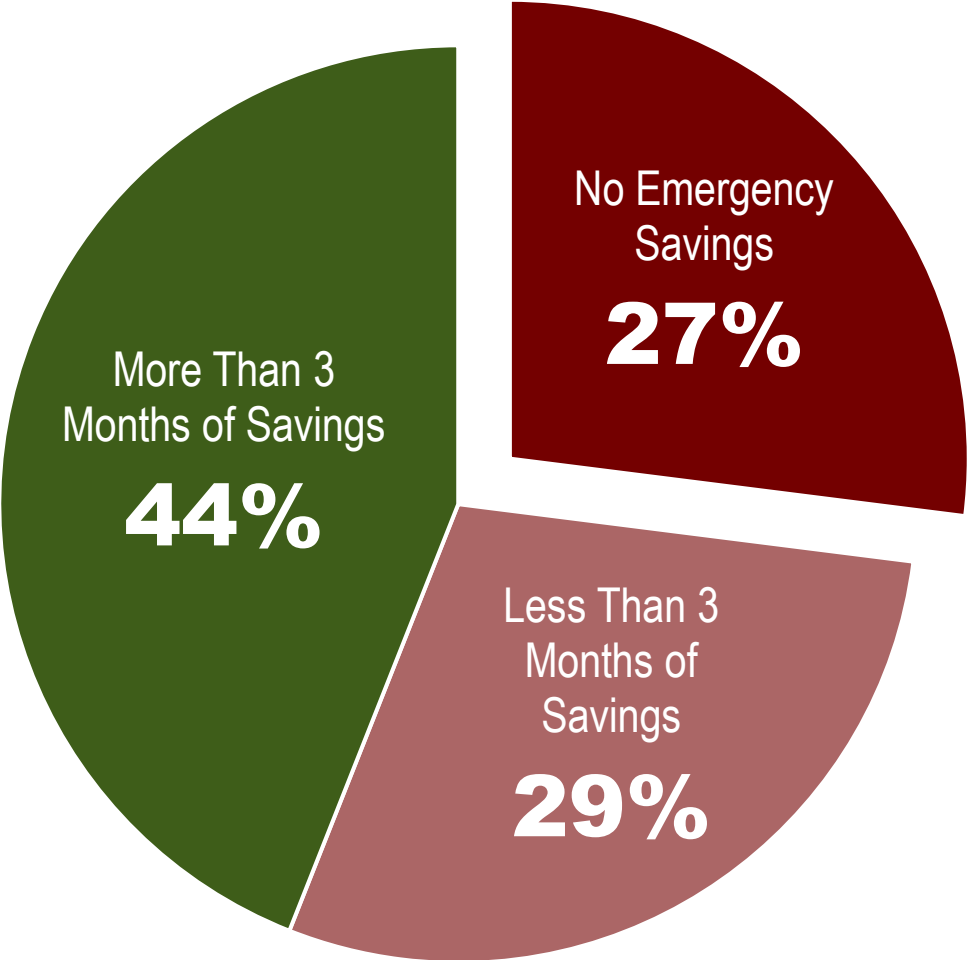
Source: Bankrate Survey, May 2024

Options For a \$1,000 Unexpected Expense

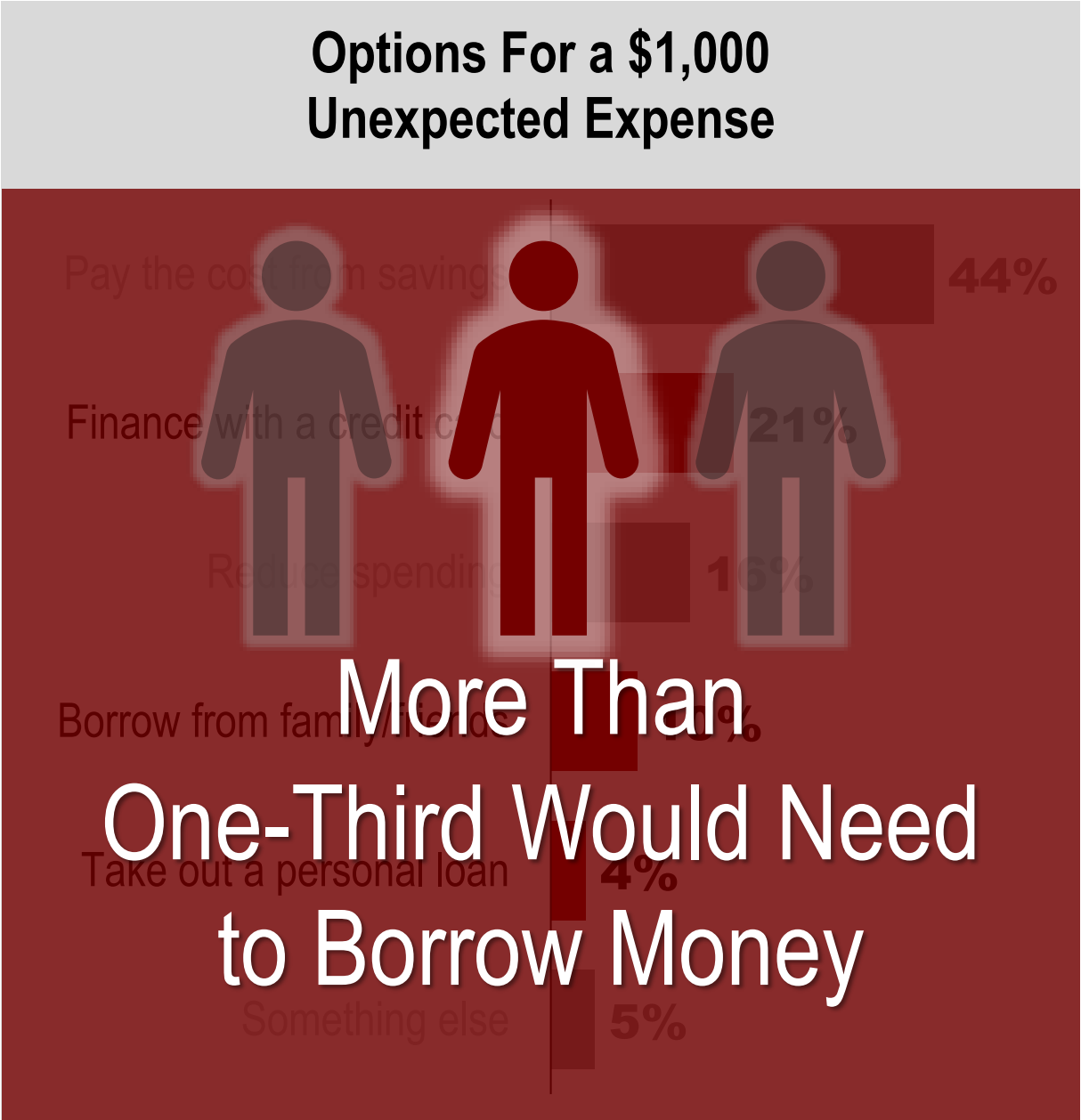


Emergency Savings

United States



Source: Bankrate Survey, May 2024





13th

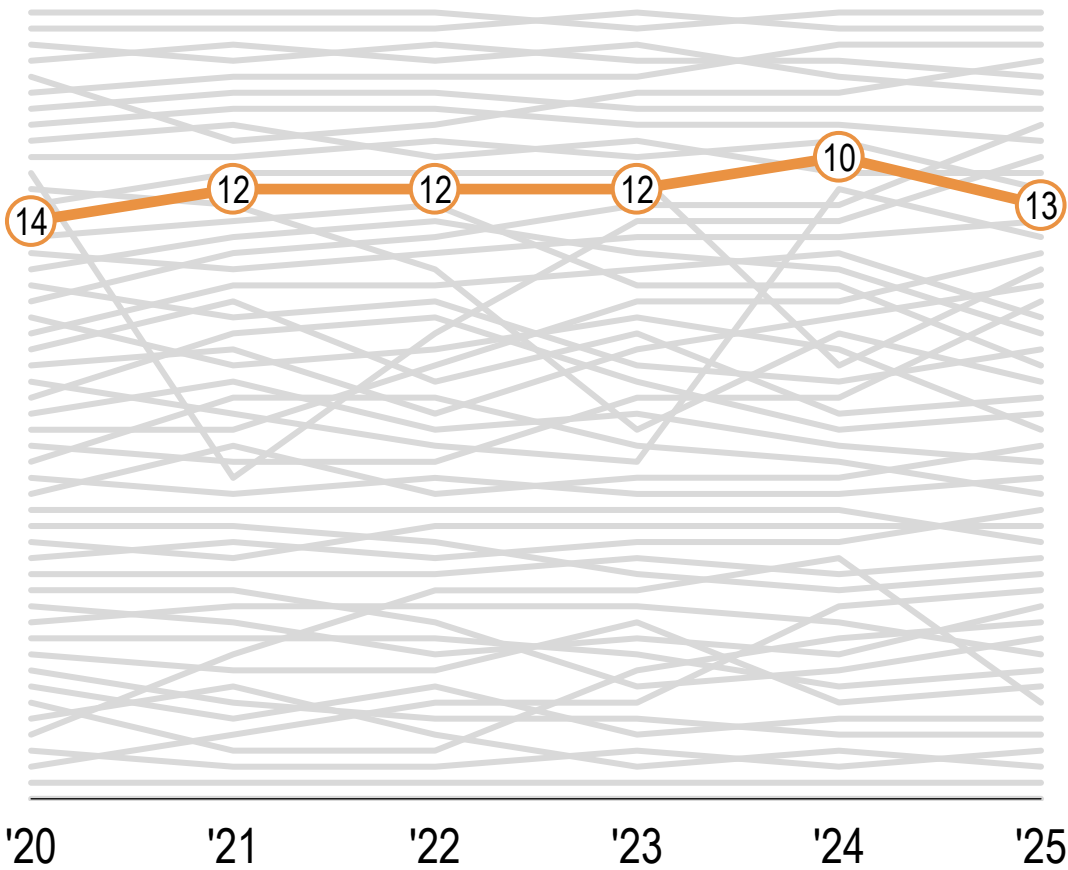
In *Property Tax*
Competitiveness

Source: Tax Foundation 2025 State Competitiveness Index

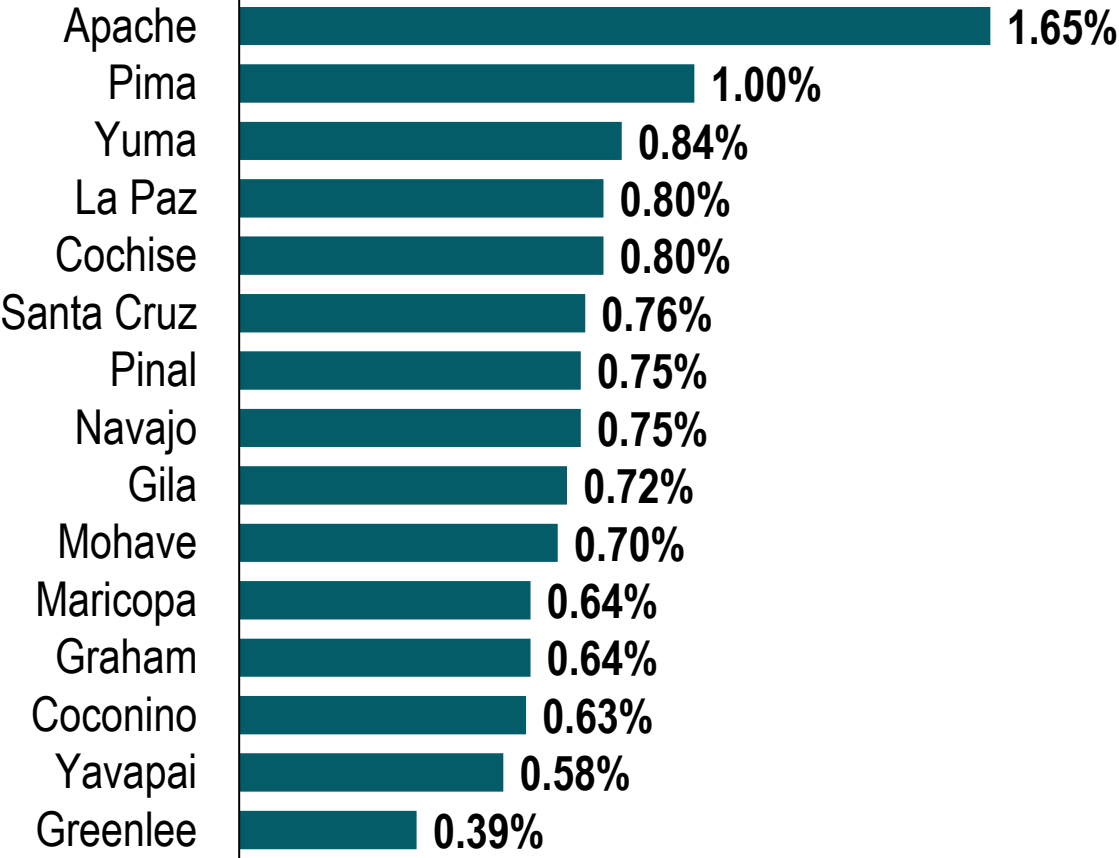
Property Tax Competitiveness

Arizona Rank by Year

2025 State Tax Competitiveness Index



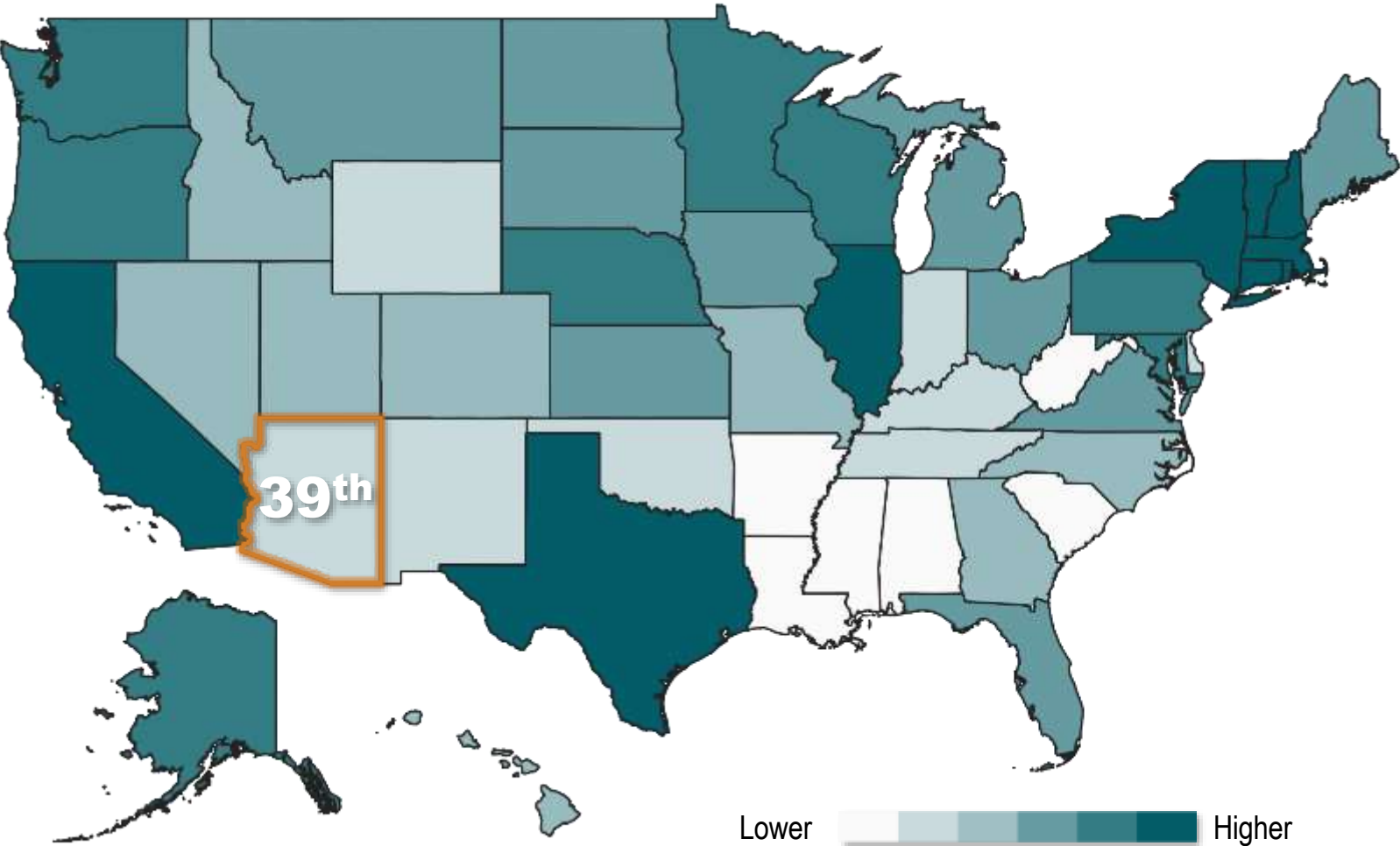
Average Effective Property Tax Rate



Source: Tax Foundation; District Lending

Median Property Taxes Paid

By State in 2023 | With a Mortgage

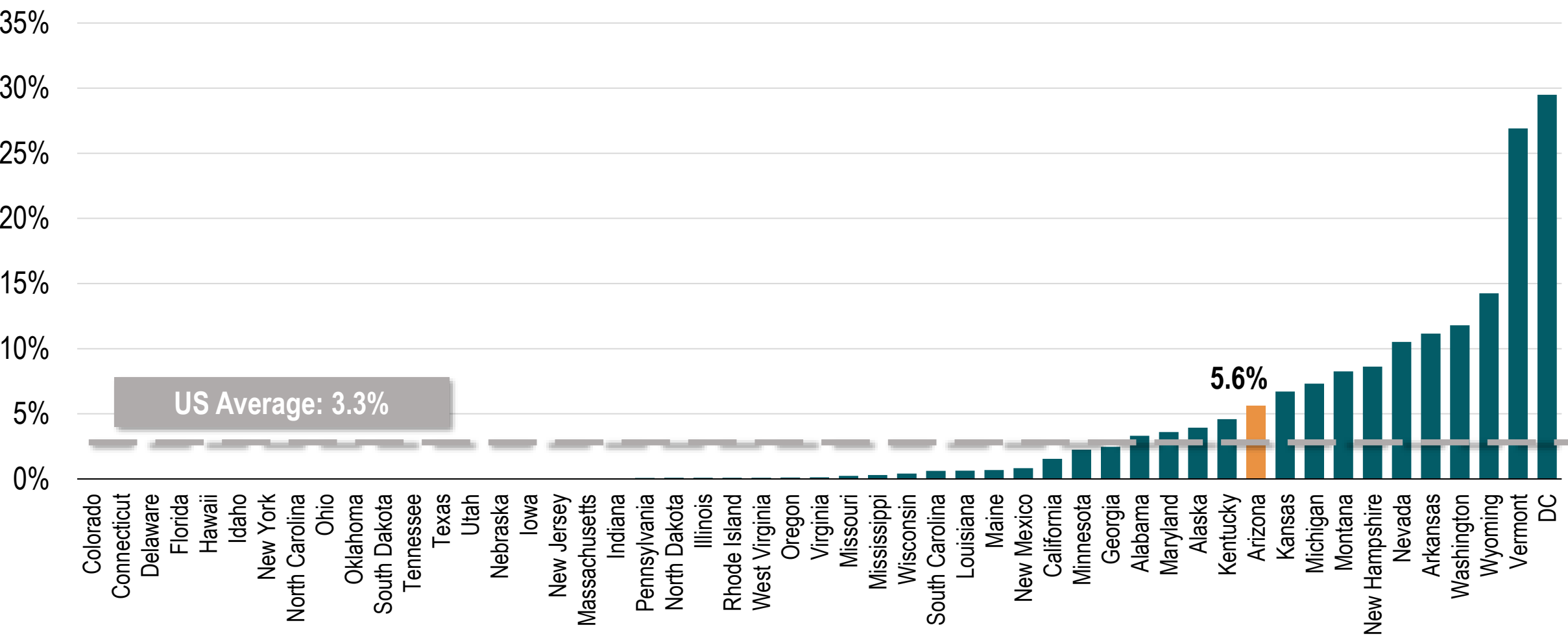


Rank	State	Median
1	New Jersey	\$9,709
2	New York	\$6,802
3	New Hampshire	\$6,725
4	Connecticut	\$6,676
5	Massachusetts	\$5,826
6	Illinois	\$5,716
7	California	\$5,596
8	Texas	\$5,182
9	Vermont	\$5,145
10	Rhode Island	\$4,901
39	Arizona	\$1,934
UNITED STATES		\$3,343

Source: U.S. Census Bureau; Applied Analysis. Note: Data uses 2023 ACS 5-Year Estimates

Property Tax

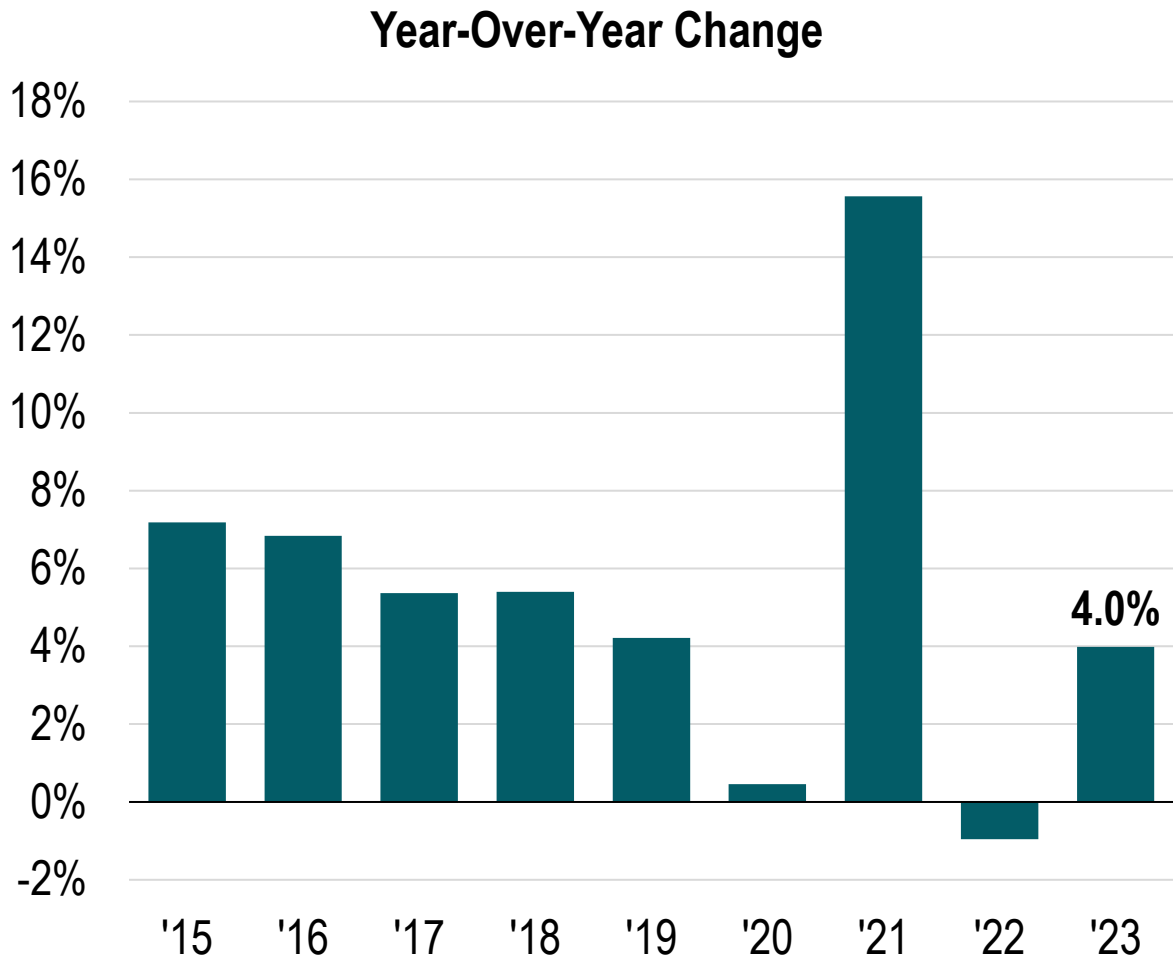
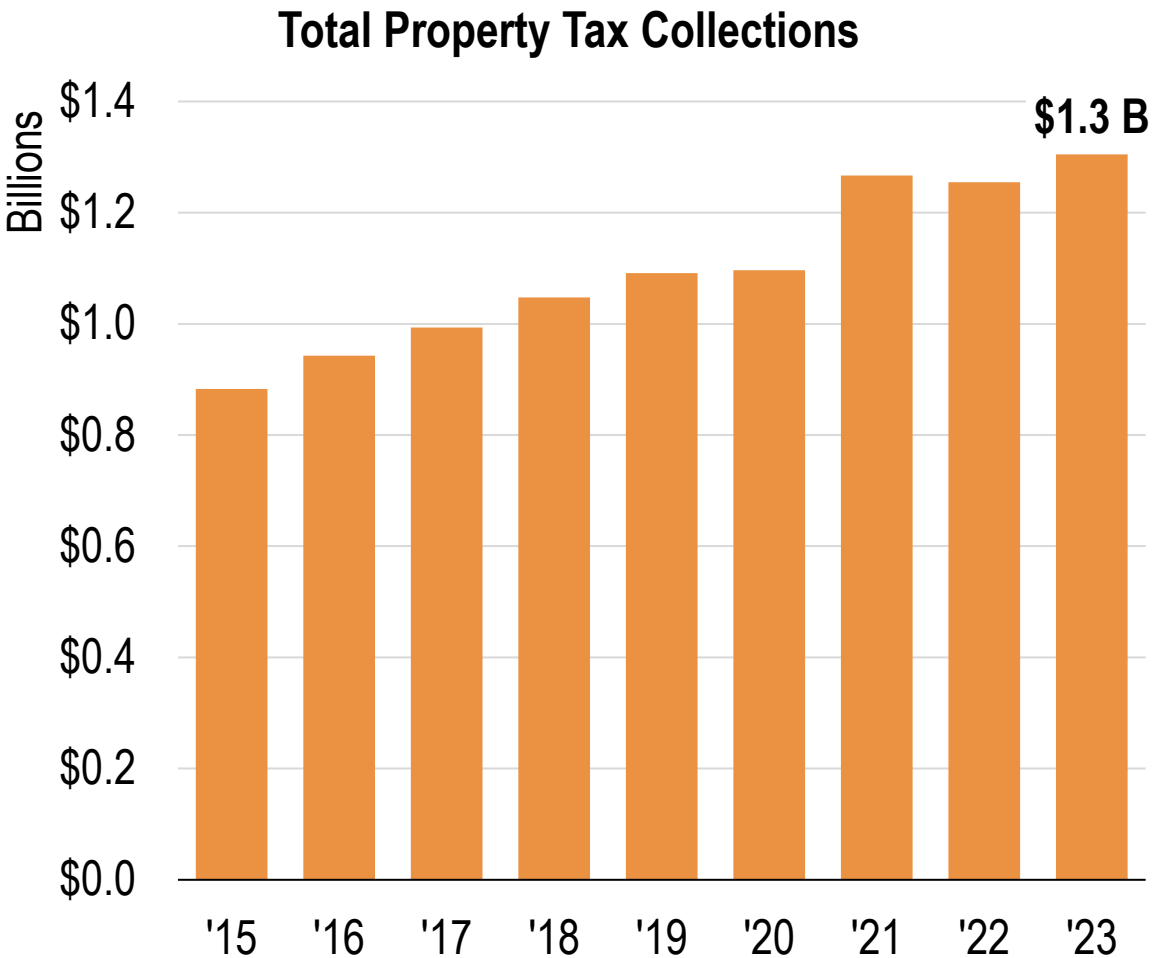
FY 2023 | Share of Total Tax Revenue



Source: U.S. Census Bureau Annual State Tax Collections (STC). Note: Historical periods reflect fiscal years.

Property Tax Revenue

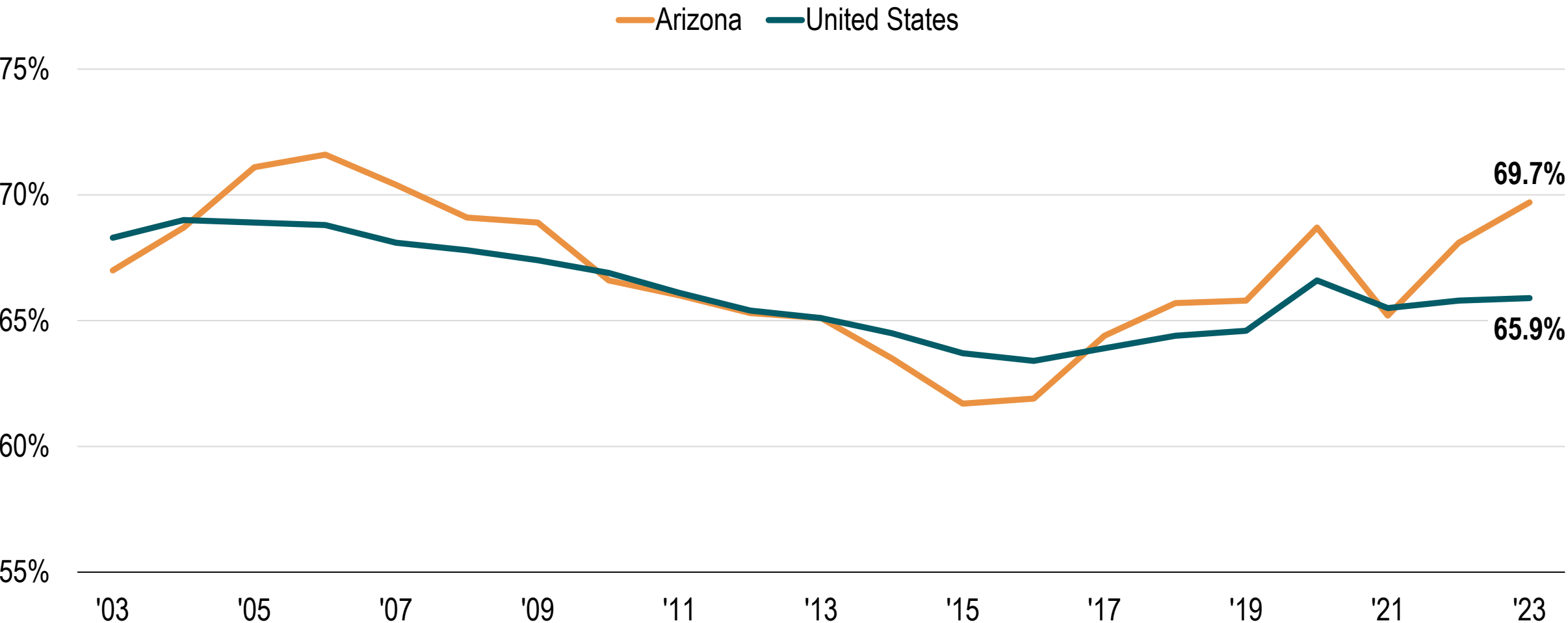
Arizona



Source: U.S. Census Bureau Annual State Tax Collections (STC). Note: Historical periods reflect fiscal years.

Homeownership Rates

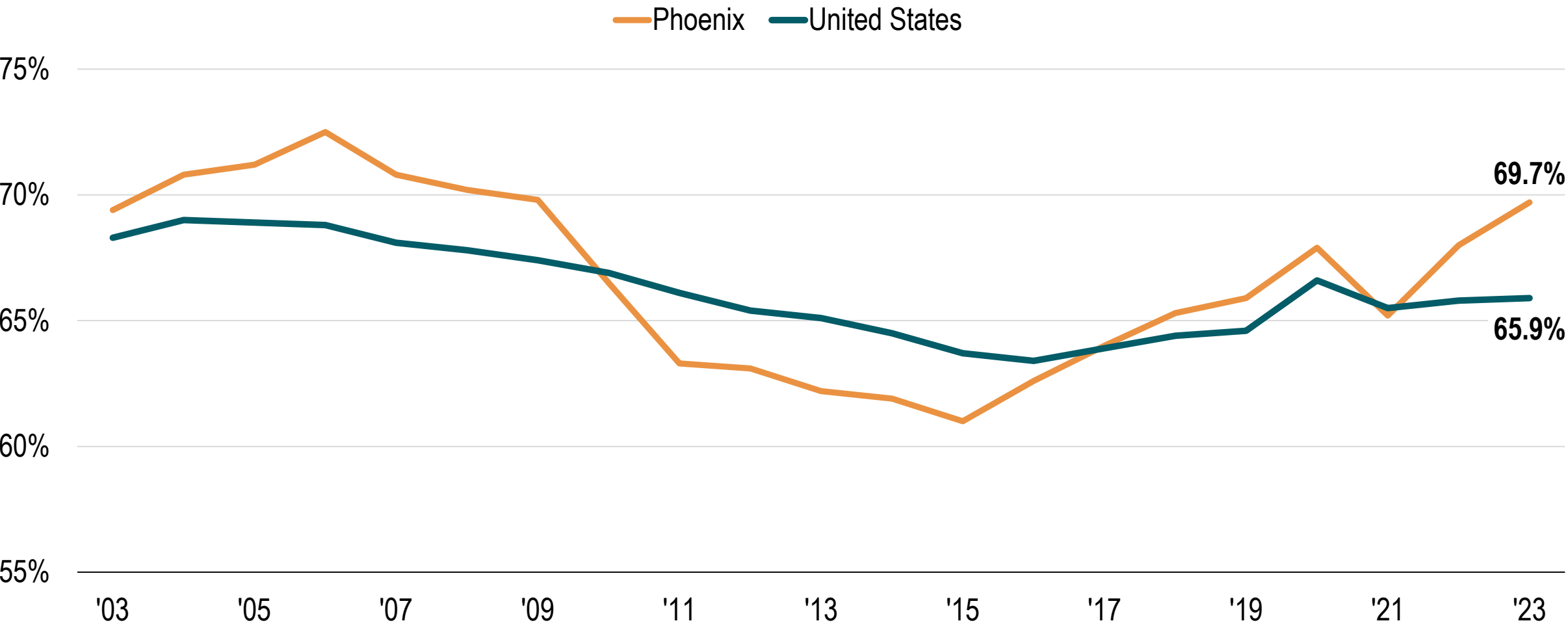
Arizona vs. United States | Annual



Source: U.S. Census Bureau

Homeownership Rates

Phoenix MSA vs. United States | Annual

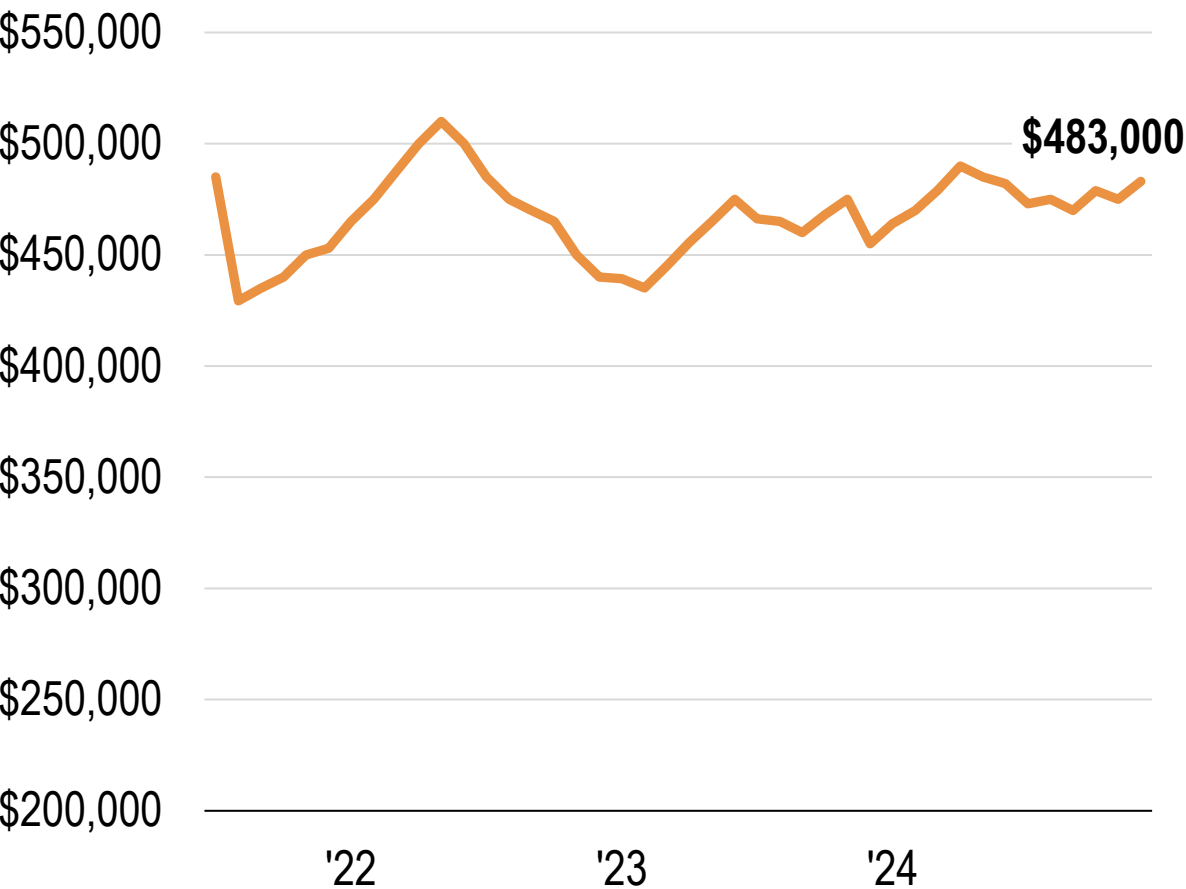


Source: U.S. Census Bureau

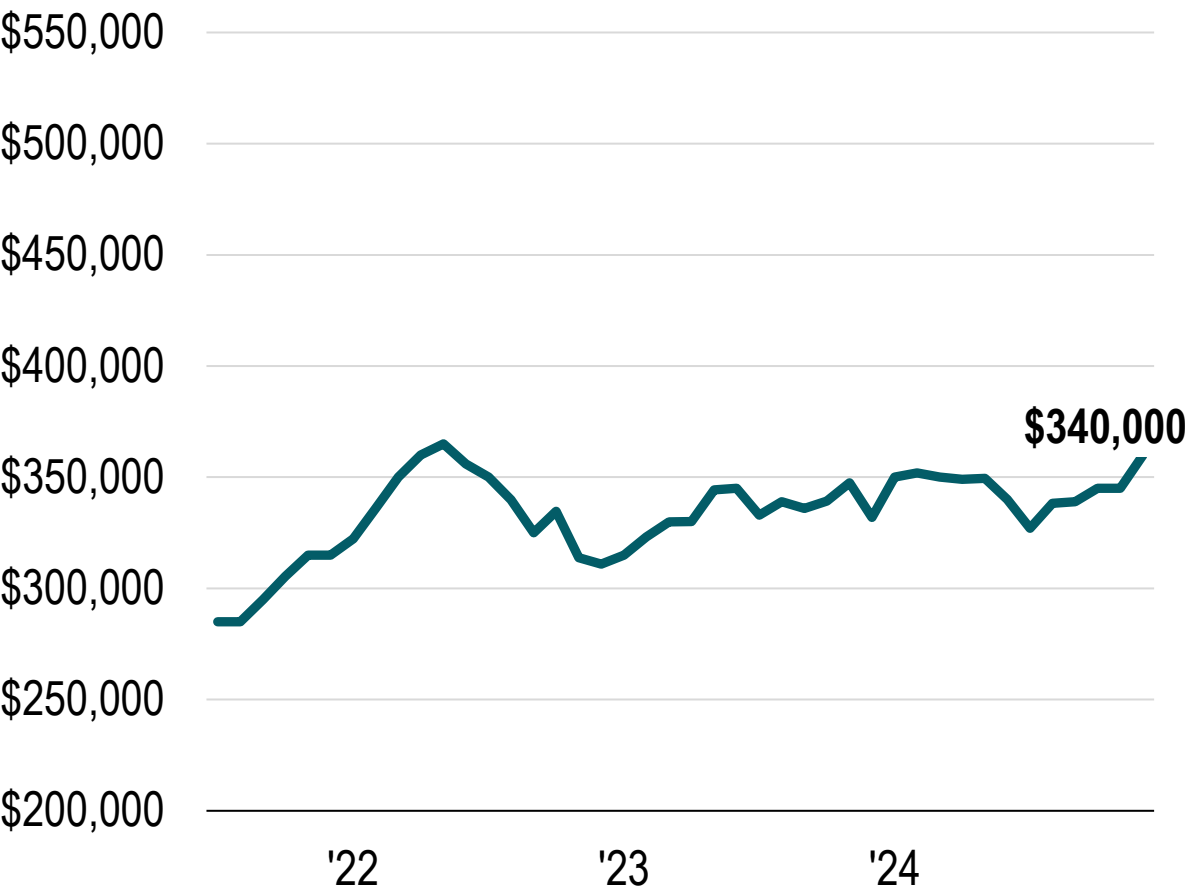
Median Homes Sales Price

Phoenix MSA

Single-Family Residence



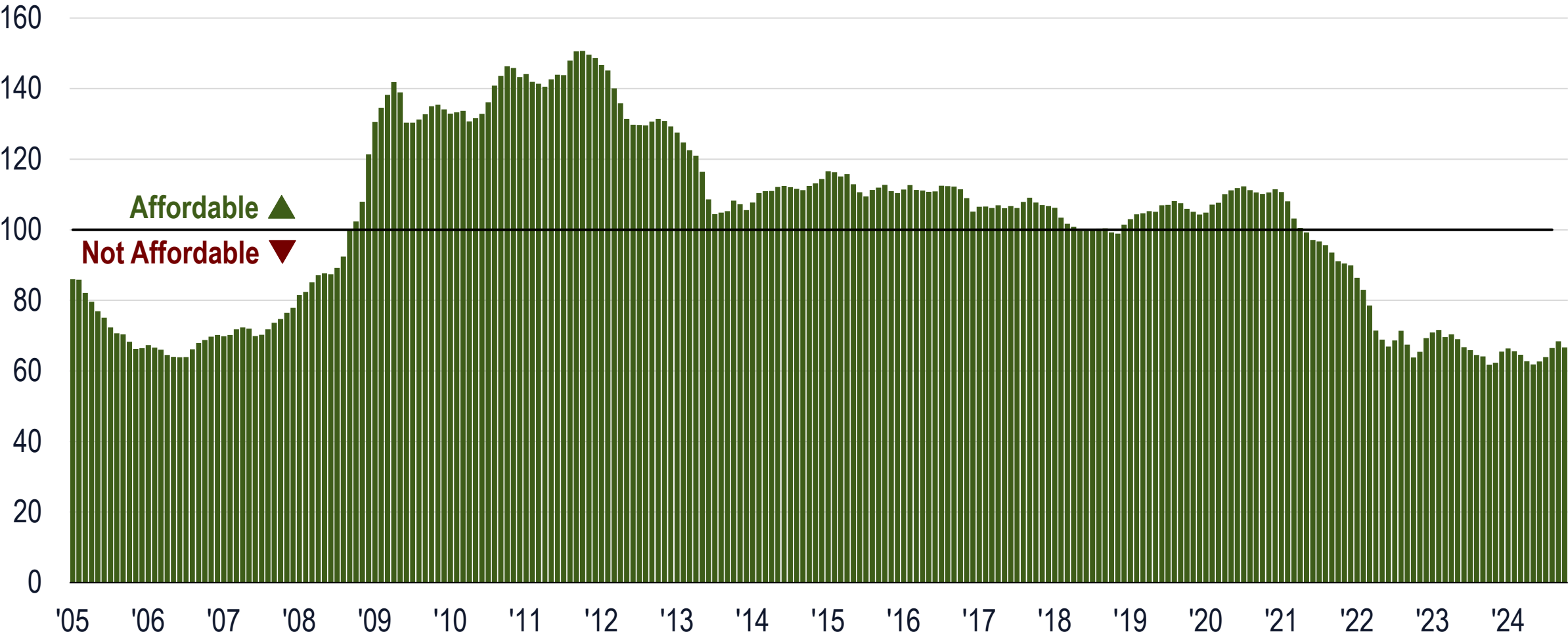
Condo/Townhouse



Source: Phoenix Realtors

Home Ownership Affordability

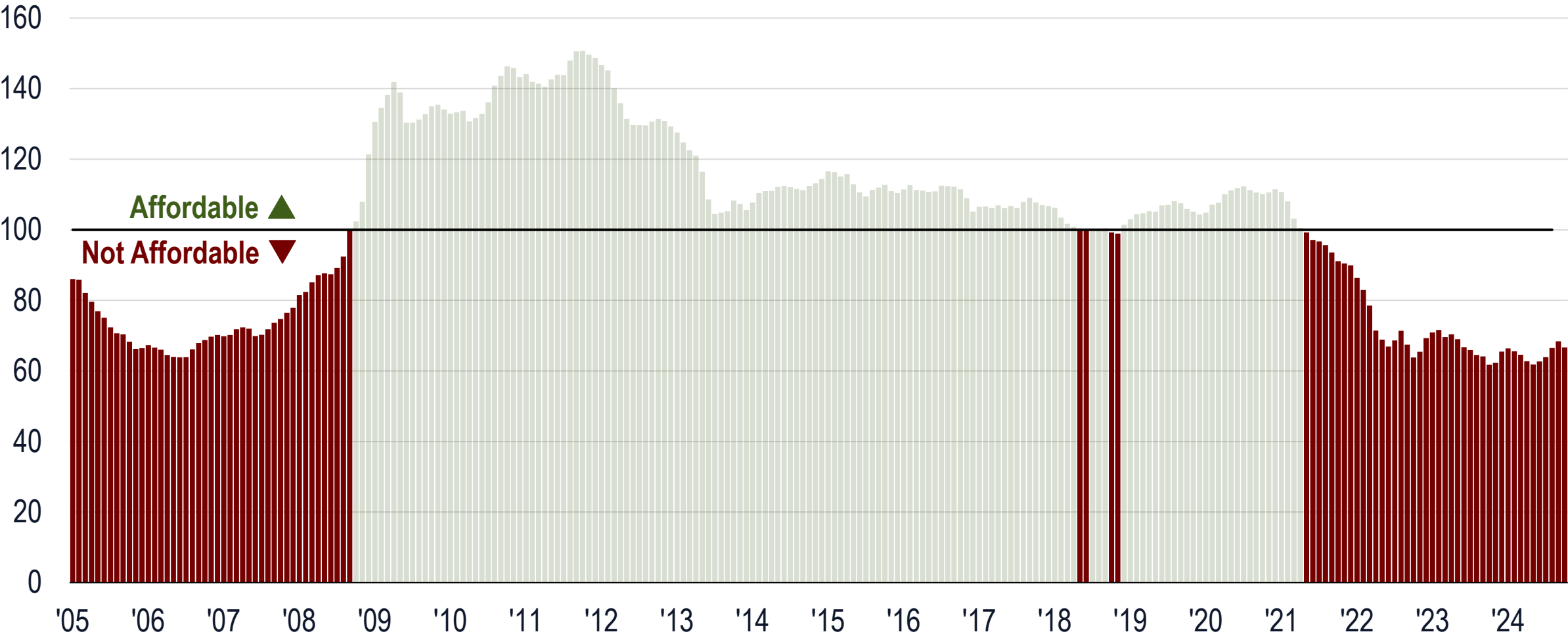
Phoenix MSA



Source: Federal Reserve Bank of Atlanta

Home Ownership Affordability

Phoenix MSA



Source: Federal Reserve Bank of Atlanta

ECONOMIC COMPETITIVENESS

TAX COMPETITIVENESS

COST OF LIVING



ECONOMIC COMPETITIVENESS



TAX COMPETITIVENESS



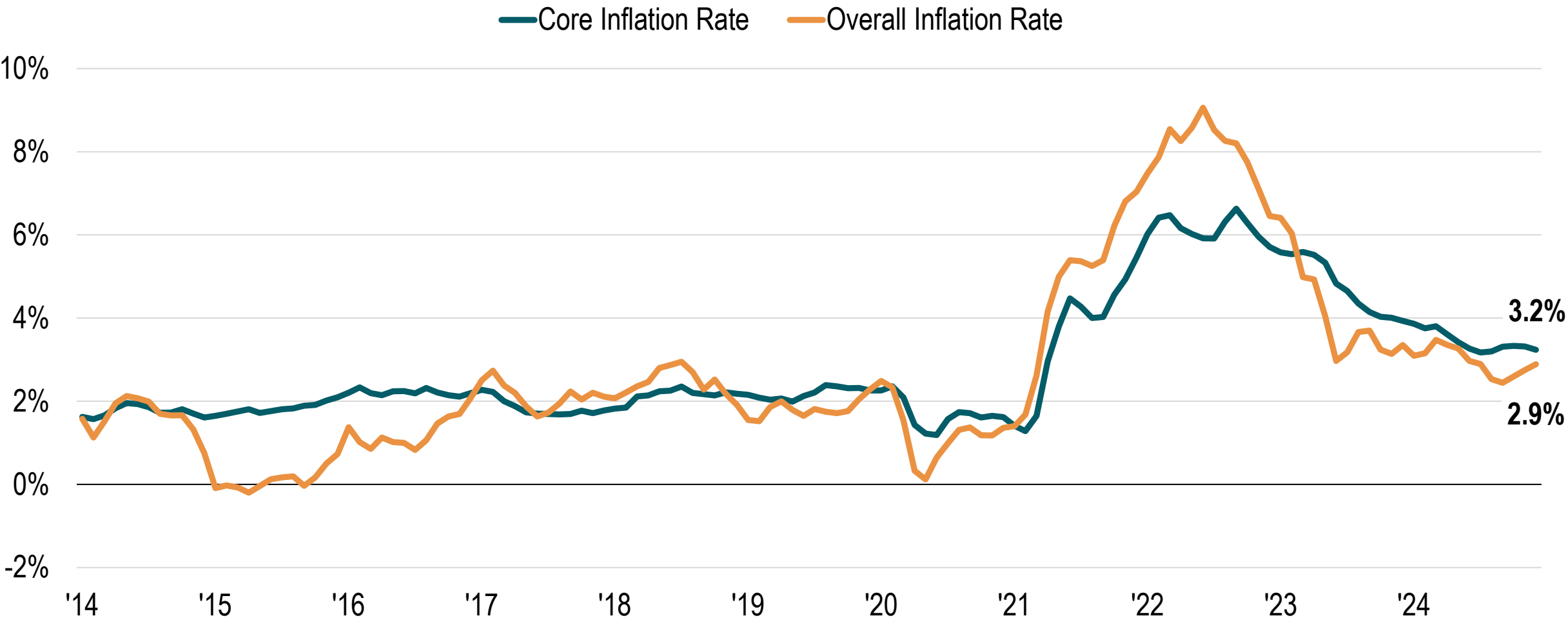
COST OF LIVING



**Arizona's economy
draws in businesses
and residents
but rising costs
remain a challenge**

Inflation Rate

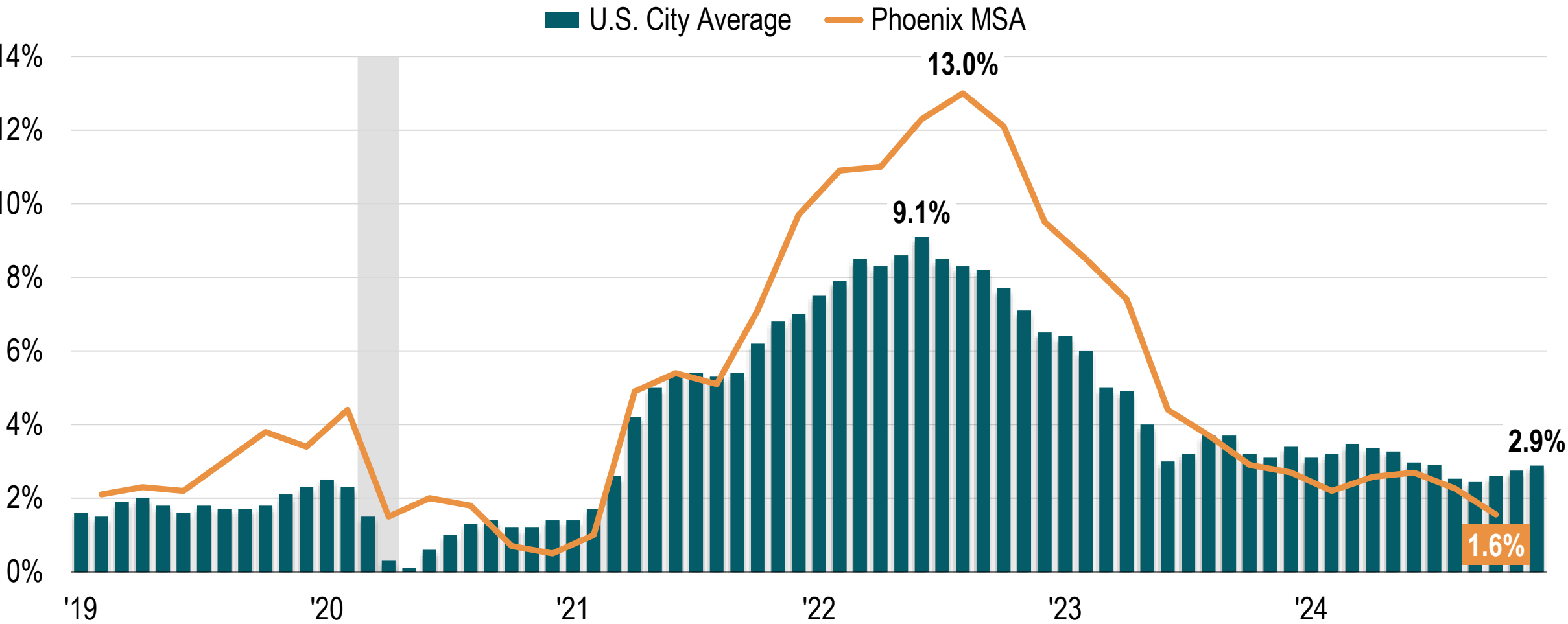
United States



Source: U.S. Bureau of Labor Statistics

Inflation Rate

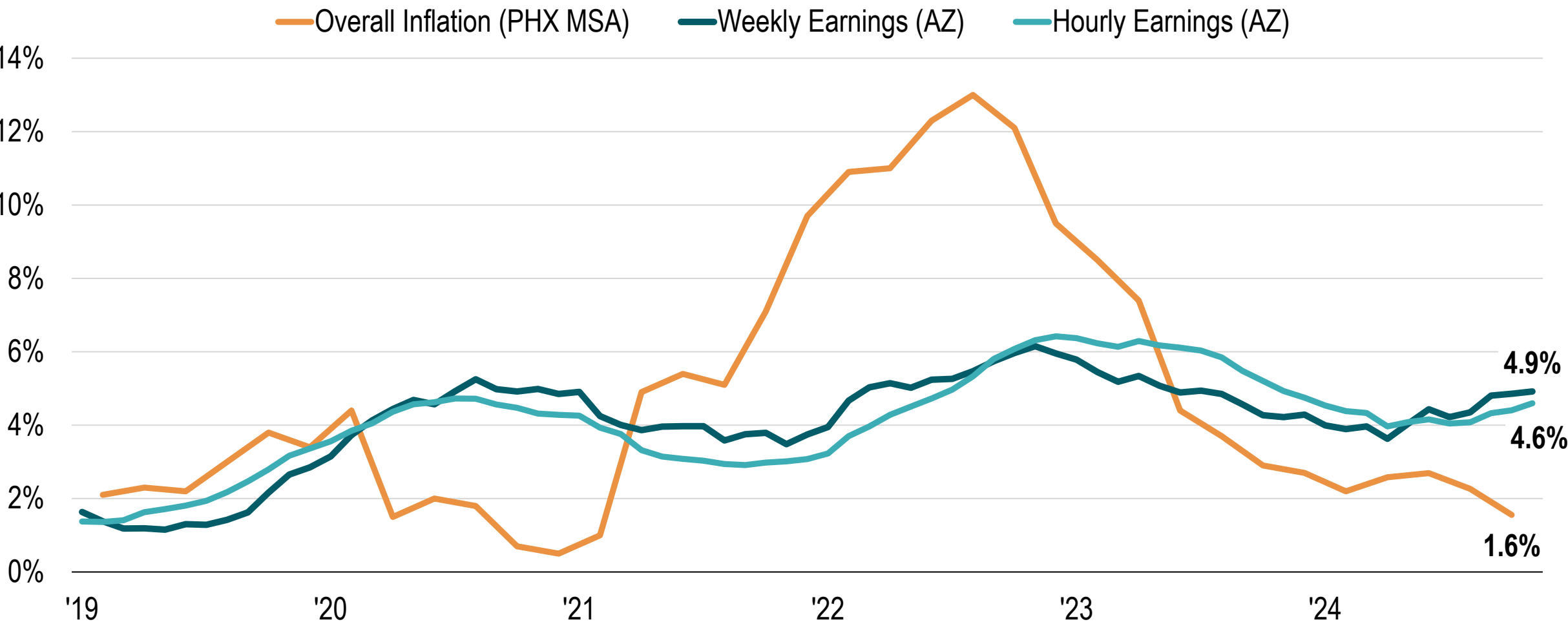
Overall



Source: U.S. Bureau of Labor Statistics. Note: Inflation reflects the year-over-year change in the consumer price index (not seasonally adjusted).

Inflation Rate vs. Wage Growth

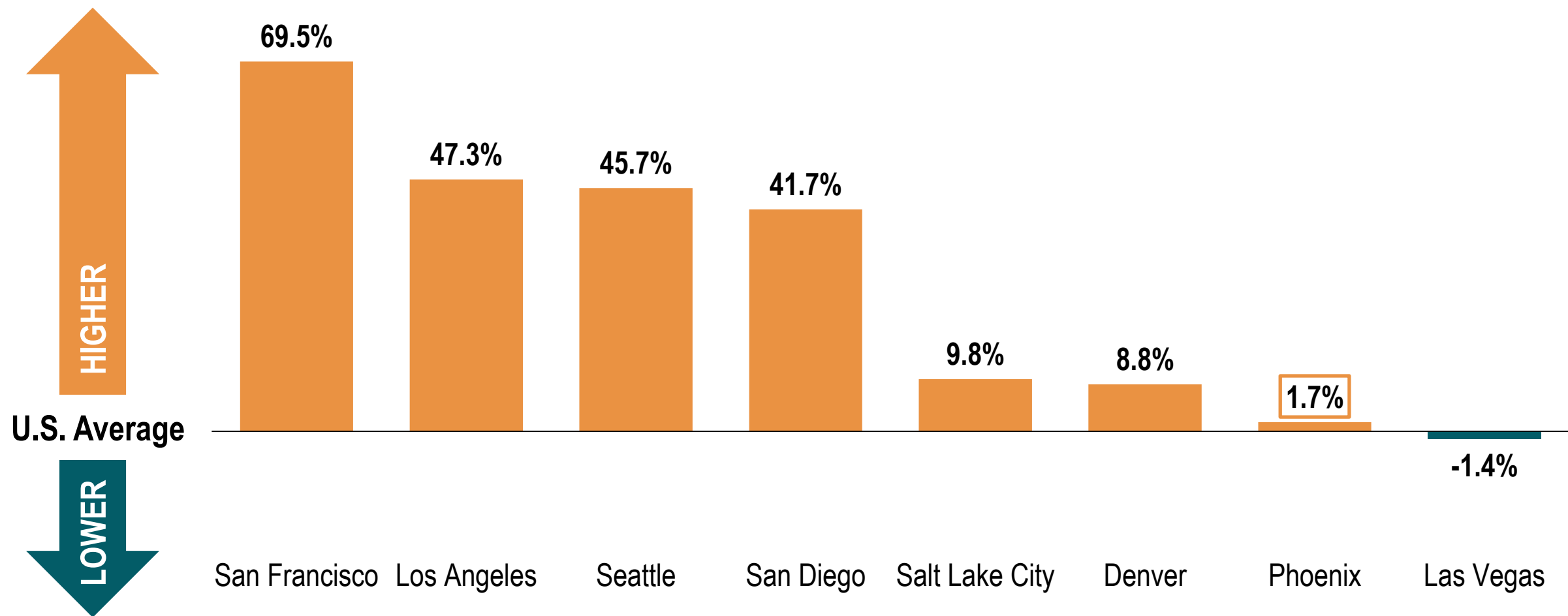
Arizona | Overall



Source: U.S. Bureau of Labor Statistics. Note: Inflation reflects the year-over-year change in the consumer price index (not seasonally adjusted). Earnings reflect trailing 12-month year-over-year growth.

Cost of Living

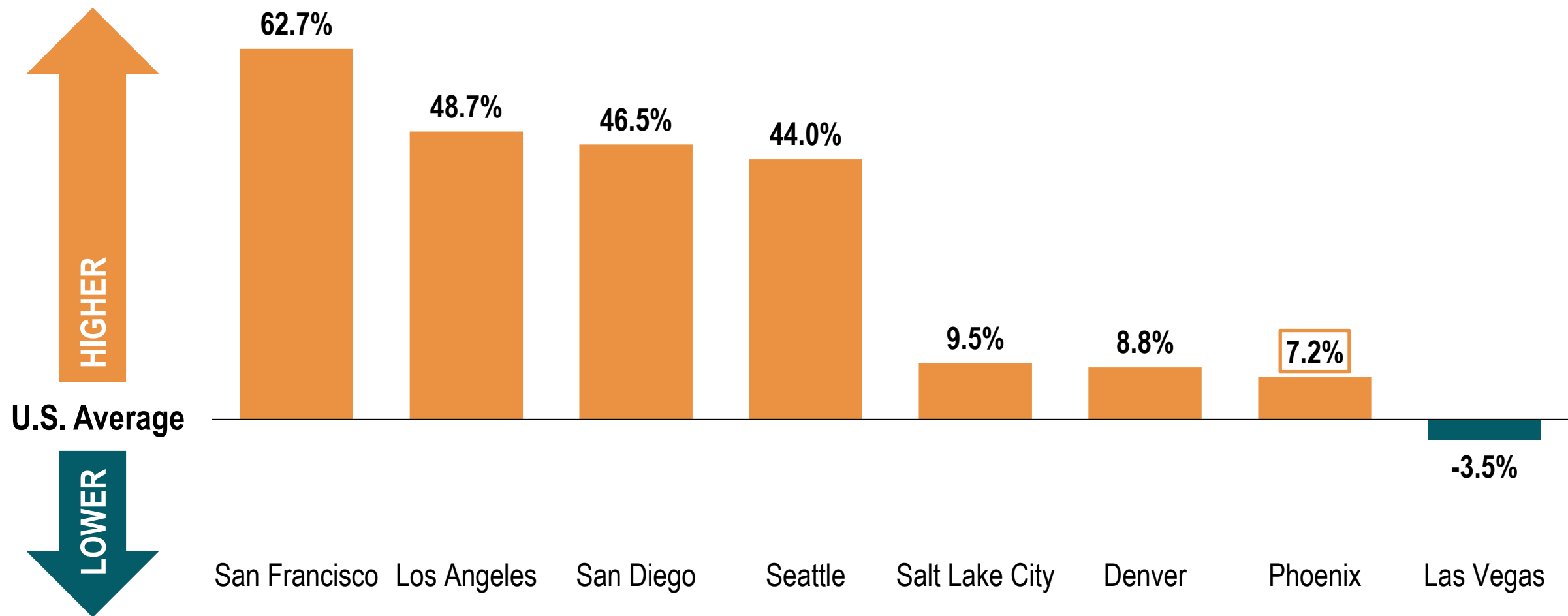
Q3 2023 | Western MSAs Compared to the National Average



Source: The Council for Community and Economic Research. Note: Percentages reflect how much more expensive an urban area is compared to the national average.

Cost of Living

Q3 2024 | Western MSAs Compared to the National Average



Source: The Council for Community and Economic Research. Note: Percentages reflect how much more expensive an urban area is compared to the national average.



WHAT DOES THIS ALL MEAN?



3rd

In *Economic
Outlook*



Source: Rich States, Poor States

Economic Outlook

Arizona Forecast | Key Competitiveness Indicators

Metrics	2023A	2024E	2025F	2026F	2027F
Personal Income Growth	\$464.8 B	\$493.2 B	\$524.0 B	\$554.5 B	\$586.4 B
% Change From a Year Ago	7.0%	6.1%	6.2%	5.8%	5.7%
Retail Sales	\$172.0 B	\$173.0 B	\$179.0 B	\$187.0 B	\$195.1 B
% Change From a Year Ago	3.0%	0.6%	3.5%	4.5%	4.3%
Employment	3.2 M	3.3 M	3.4 M	3.4 M	3.5 M
% Change From a Year Ago	2.6%	2.9%	2.4%	2.0%	1.7%
Population	7.5 M	7.6 M	7.7 M	7.8 M	7.9 M
% Change From a Year Ago	1.6%	1.5%	1.4%	1.3%	1.3%
Residential Building Permits	58,433	60,932	56,675	52,175	46,794
% Change From a Year Ago	-5.0%	4.3%	-7.0%	-7.9%	-10.3%

Source: University of Arizona’s Economic and Business Research Center

Economic Outlook

Arizona Forecast | Key Competitiveness Indicators

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Source: University of Arizona’s Economic and Business Research Center



Areas to Watch Impacting Overall Competitiveness



Federal Policy



Labor Costs



Tax Environment



Demographics



Event Risks





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APPLIED
ANALYSIS



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