



ARIZONA ECONOMIC COMPETITIVENESS

SUMMER 2023





ALEC-LAFFER STATE ECONOMIC PERFORMANCE RANKING

Image Source: (Kevin Ruck/shutterstock.com)

ALEC-Laffer Economic Competitiveness Index

Economic Outlook Ranking | Policy Variables



**STATE GROSS
DOMESTIC PRODUCT**

61.0% (#7)



**ABSOLUTE DOMESTIC
MIGRATION**

633,321 (#3)



**NON-FARM PAYROLL
EMPLOYMENT**

23.8% (#5)

Source: Rich States, Poor States; Note: Rankings are based on the American Legislative Exchange Council State Economic Competitiveness Index. Note: Image is sourced to (Yellow duck/shutterstock.com).

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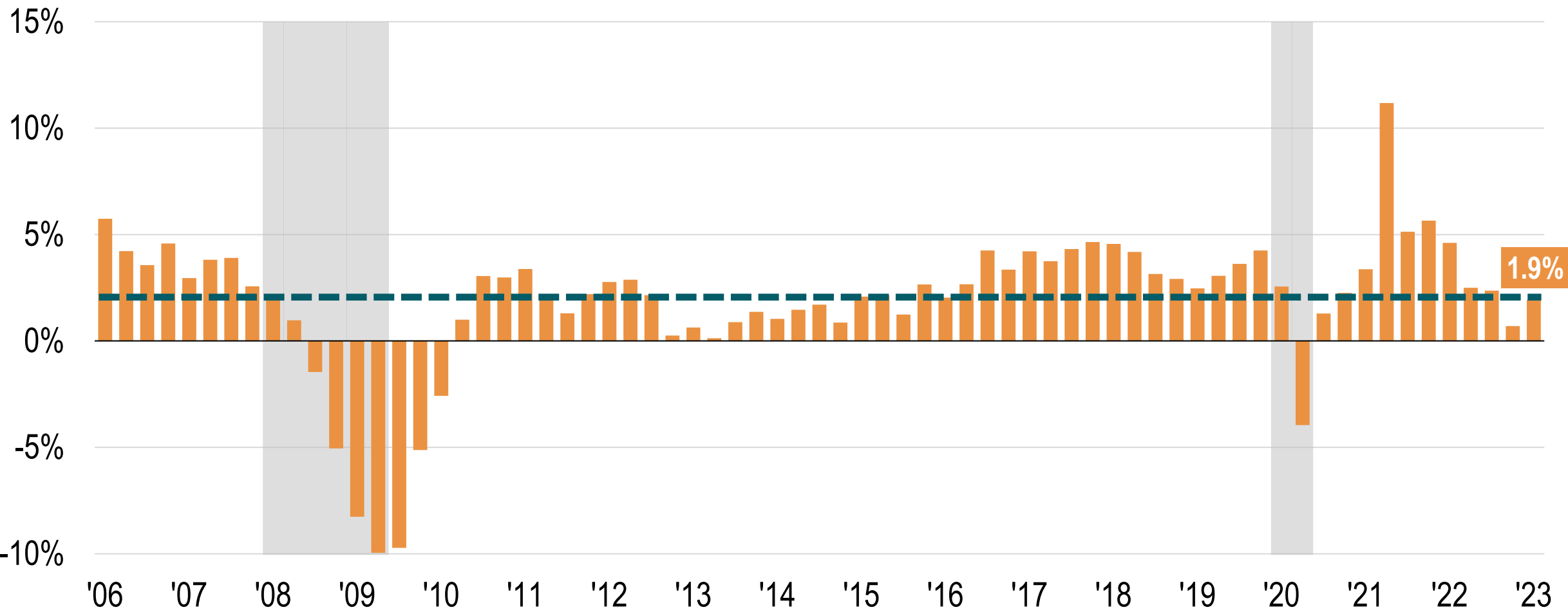
**NON-FARM PAYROLL
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Source: Rich States, Poor States; Note: Rankings are based on the American Legislative Exchange Council State Economic Competitiveness Index. Note: Image is sourced to (Yellow duck/shutterstock.com).

Real Gross Domestic Product

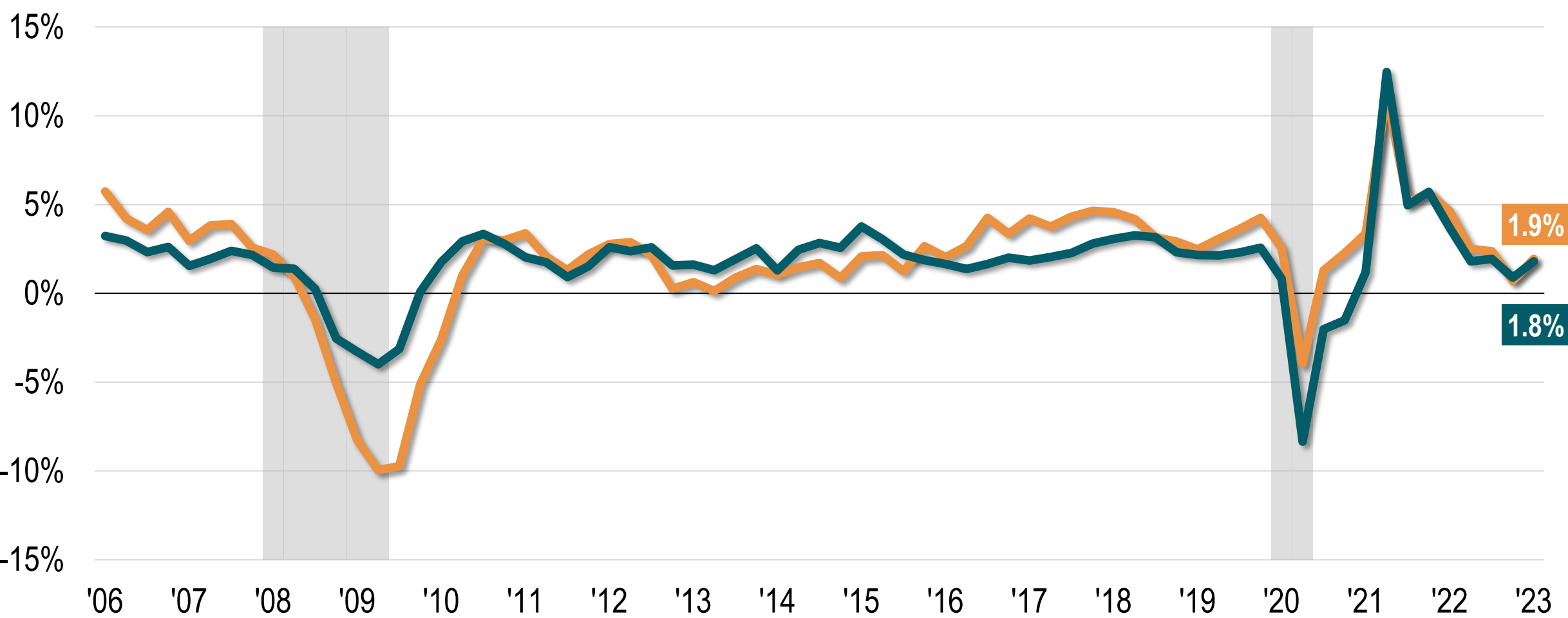
Arizona | Year-Over-Year Growth



Source: U.S. Bureau of Economic Analysis; Note: Average is based on average of year-over-year growth between 2006 and 2023.

Real Gross Domestic Product

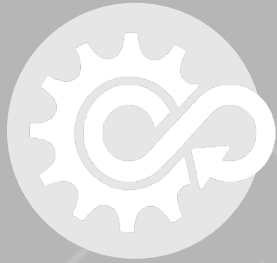
Real Gross Domestic Product | Year-Over-Year Growth



Source: U.S. Bureau of Economic Analysis; Note: Average is based on average of year-over-year growth between 2006 and 2023.

ALEC-Laffer Economic Competitiveness Index

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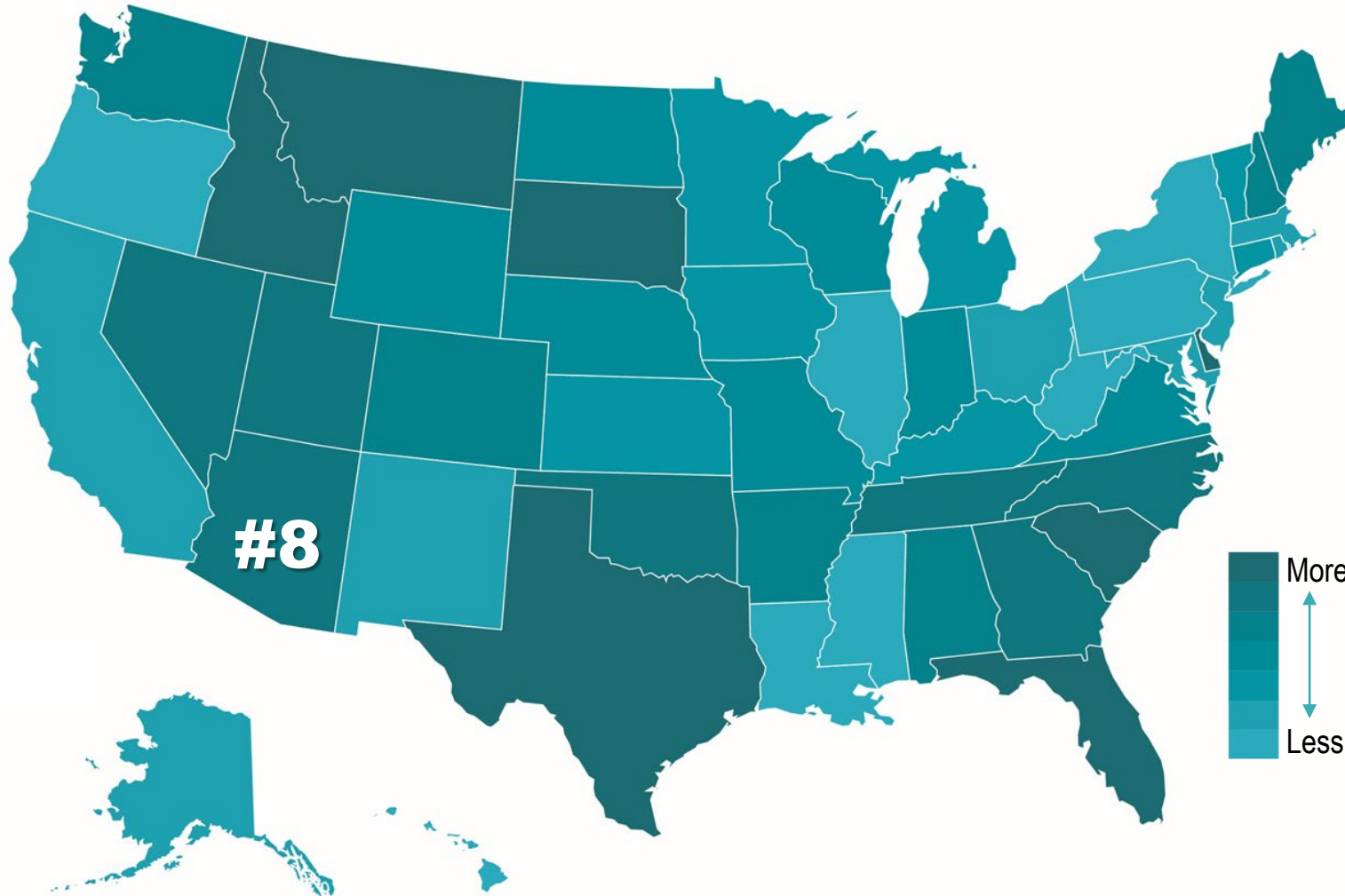
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Population Growth by State

2022 vs. 2021 Trailing Twelve-Month Average

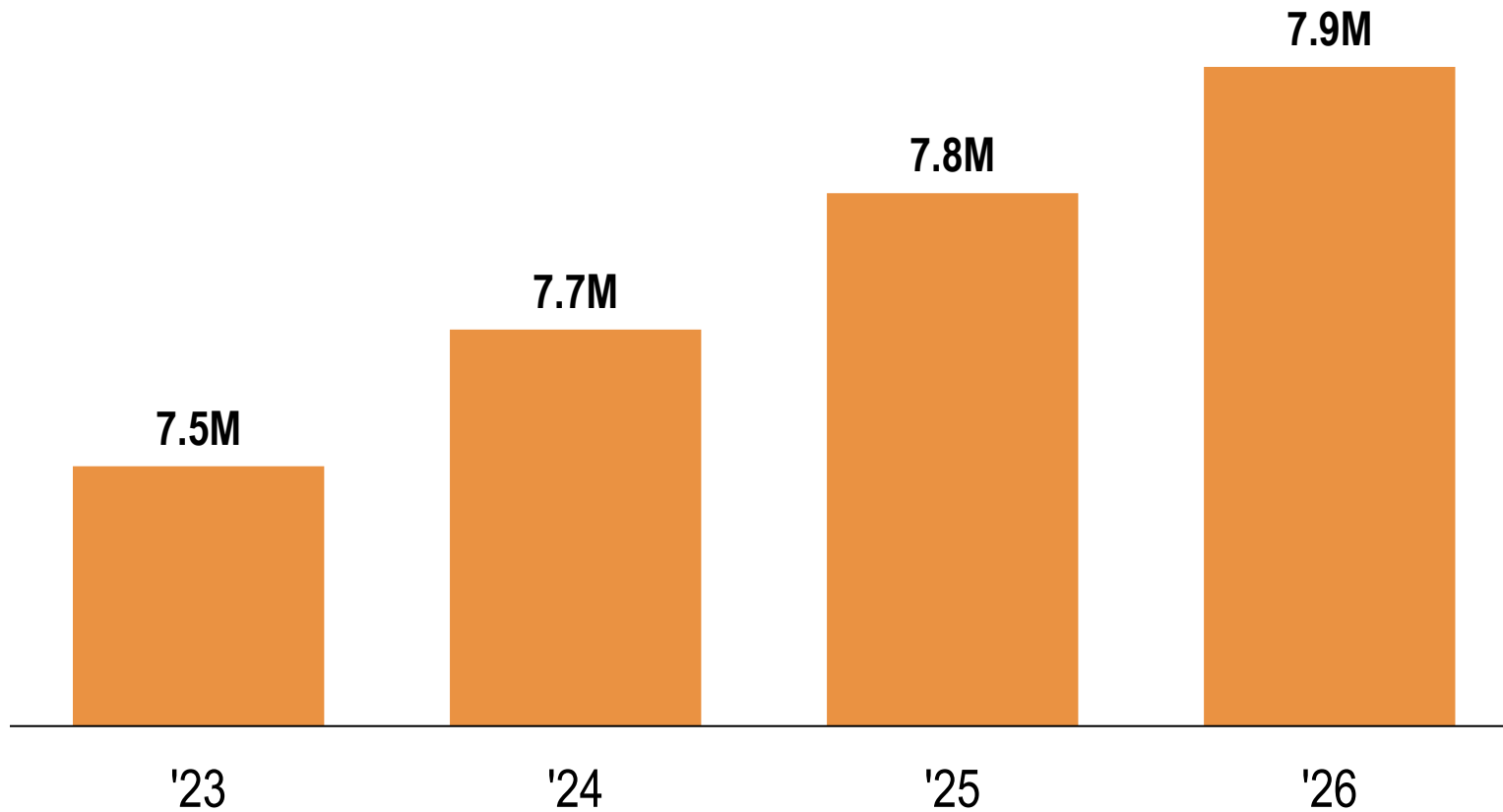


Rank	State	Growth
1	Florida	1.9%
2	Idaho	1.8%
3	South Carolina	1.7%
4	Texas	1.6%
5	South Dakota	1.5%
6	Montana	1.5%
7	Delaware	1.4%
8	ARIZONA	1.3%
9	North Carolina	1.3%
10	Utah	1.2%
UNITED STATES		0.4%

Source: U.S. Census Bureau; Note: Data shows trailing twelve-month year-over-year change.

Population Projections

Arizona



Source: Economic and Business Research Center

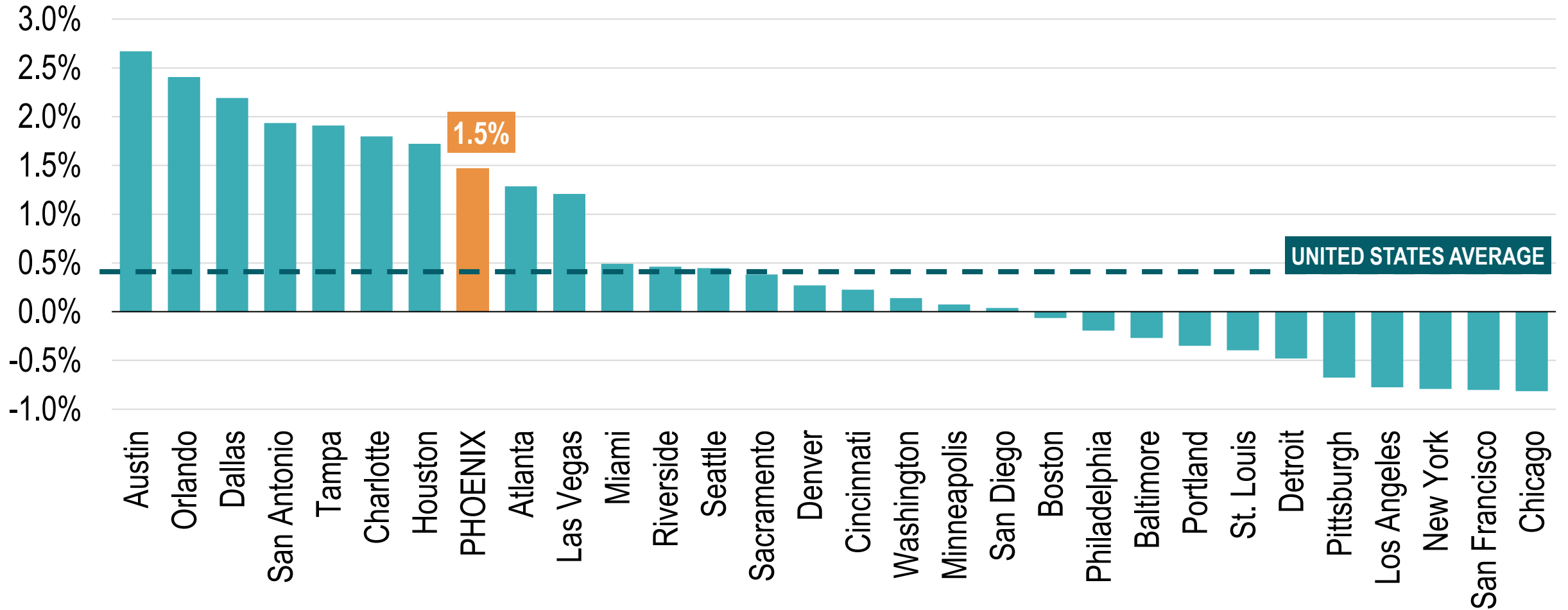


334

New Residents
Per Day (Net)

Population Growth

30 Largest MSAs | 2022 Versus 2021



Source: U.S. Census Bureau; Applied Analysis

Largest Population Gains by County

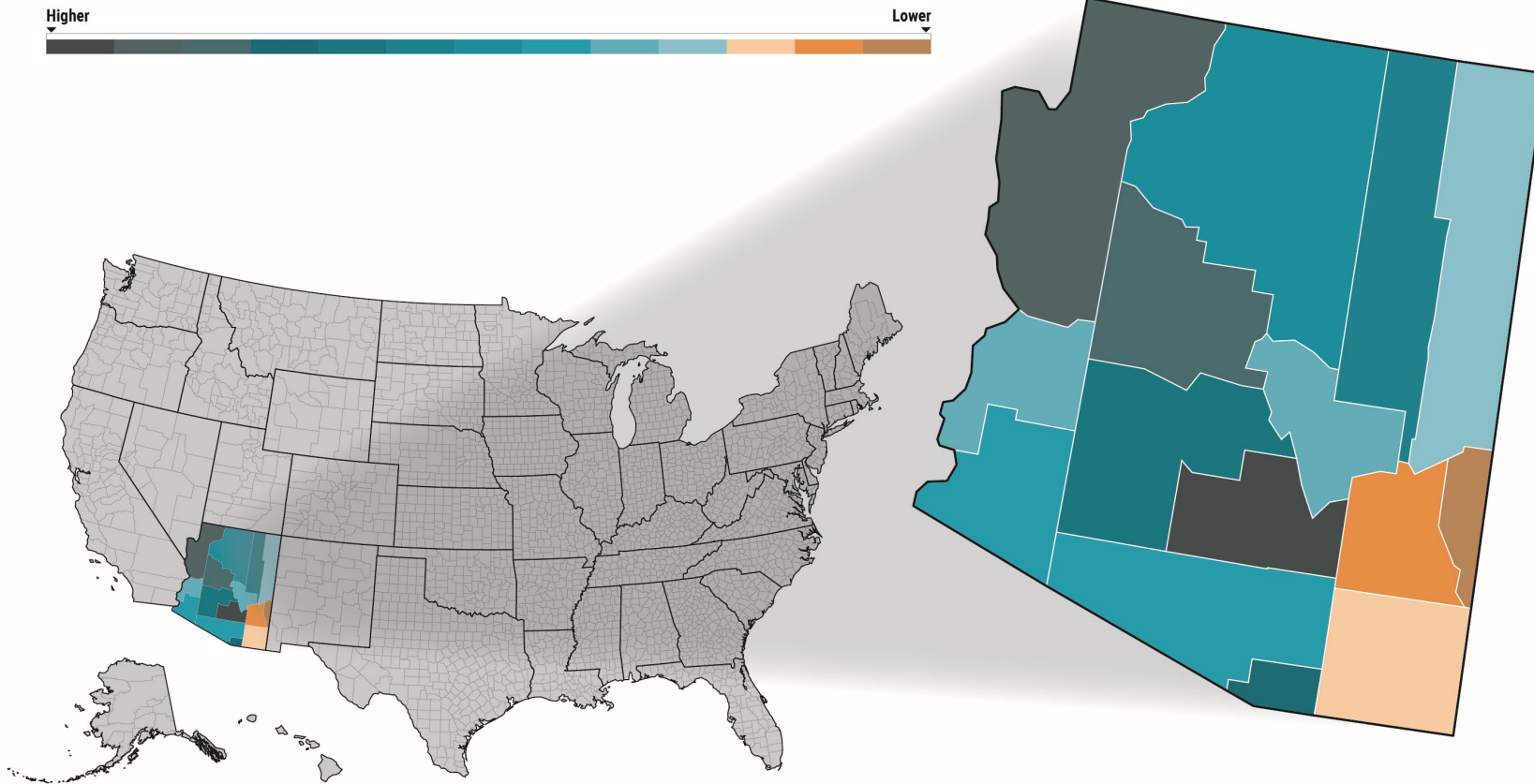
July 2021 to July 2022

RANK	STATE	COUNTY	2021	2022	GROWTH
1	ARIZONA	MARICOPA COUNTY	4,494,693	4,551,524	56,831
2	Texas	Harris County	4,735,287	5,780,913	45,626
3	Texas	Collin County	1,114,450	1,158,696	44,246
4	Texas	Denton County	943,857	977,281	33,424
5	Florida	Polk County	755,179	787,404	33,225
6	Florida	Lee County	790,676	822,453	31,777
7	Texas	Fort Bend County	860,124	889,146	29,022
8	Florida	Hillsborough County	1,484,455	1,513,301	28,846
9	Texas	Bexar County	2,030,322	2,059,530	28,635
10	Texas	Montgomery County	620,451	678,490	28,229

Source: U.S. Census Bureau

Arizona County Growth

2022



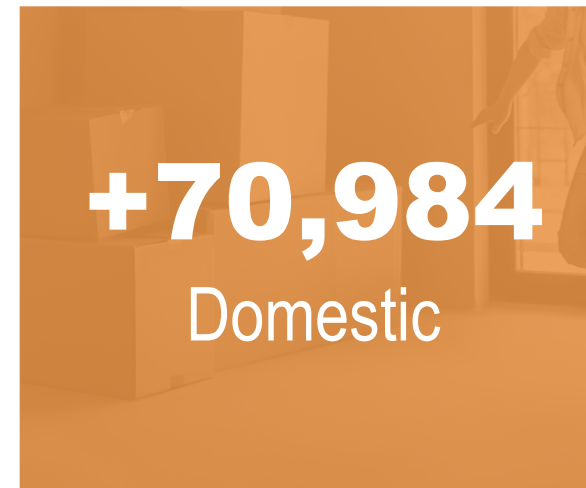
LOCATION	GROWTH
Pinal County	3.6%
Mohave County	1.8%
Yavapai County	1.7%
Santa Cruz County	1.5%
Maricopa County	1.3%
Navajo County	1.0%
Coconino County	0.9%
Pima County	0.8%
Yuma County	0.8%
Gila County	0.7%
La Paz County	0.7%
Apache County	0.1%
Cochise County	-0.1%
Graham County	-0.3%
Greenlee County	-0.8%

Source: U.S. Census Bureau

Population Growth by County

Arizona In-Migration | 2021 to 2022

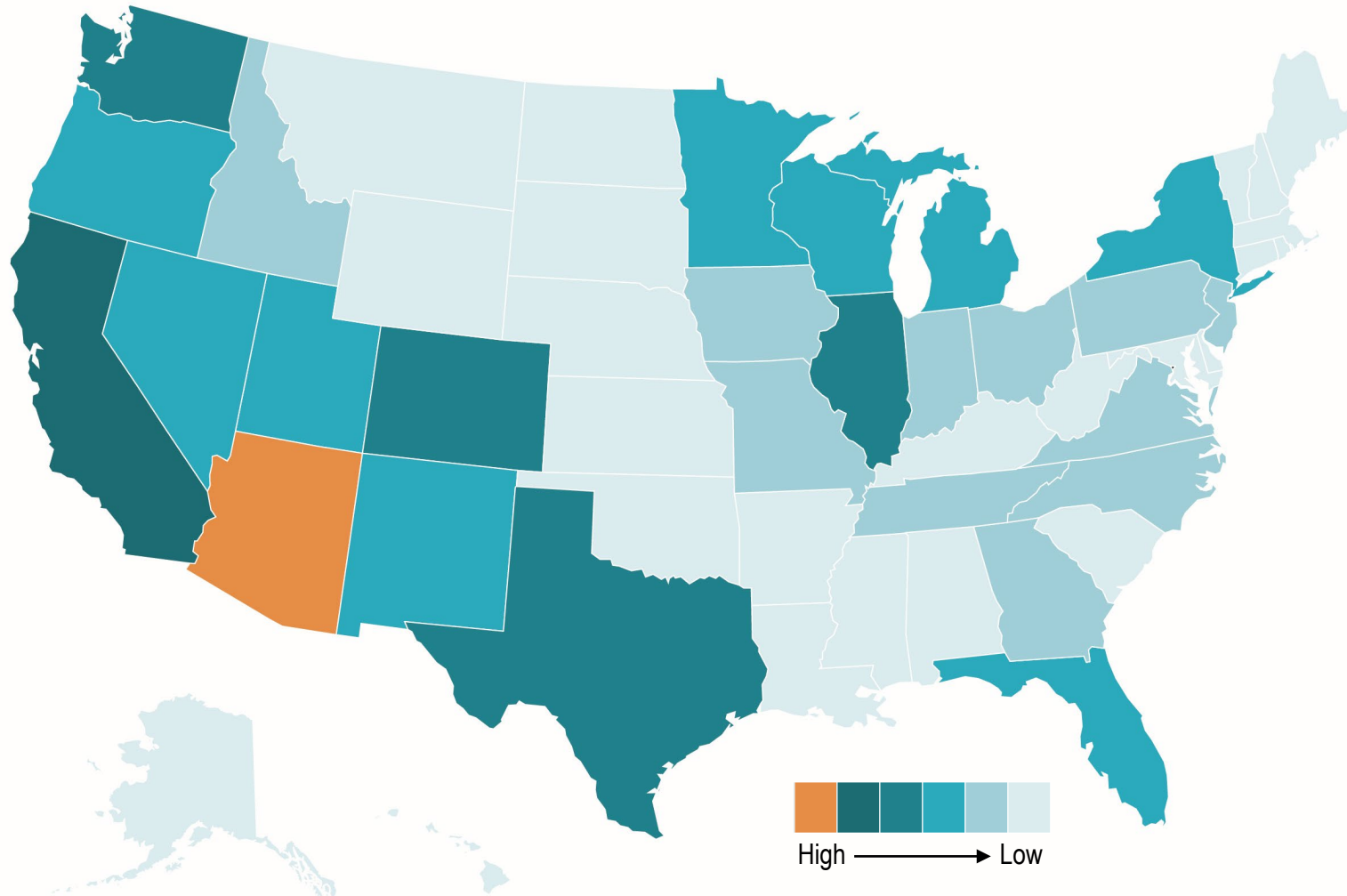
LOCATION	TOTAL MIGRATION
Maricopa County	48,593
Pinal County	15,233
Pima County	11,121
Mohave County	6,137
Yavapai County	5,990
Navajo County	1,545
Coconino County	1,105
Yuma County	942
Gila County	922
Santa Cruz County	630
Apache County	472
Cochise County	452
La Paz County	332
Greenlee County	-109
Graham County	-162



Source: U.S. Census Bureau; Population Division

In-Migration

To Arizona in 2021 Versus 2020



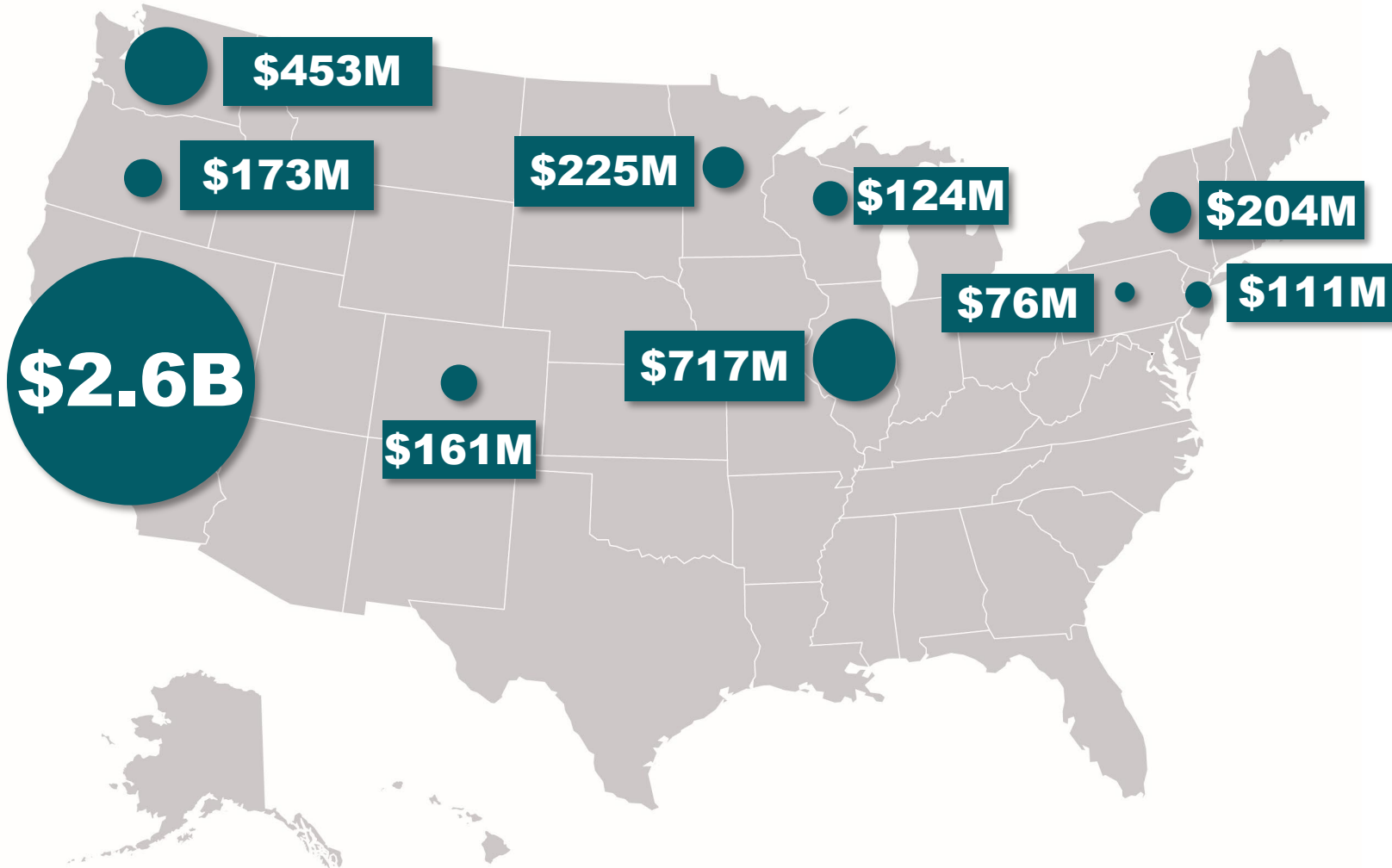
TOP IN-MIGRATION STATES

CALIFORNIA	26.4%
Washington	7.0%
Texas	6.1%
Illinois	4.9%
Colorado	4.7%
Nevada	3.3%
Oregon	3.3%
Florida	3.0%
New Mexico	2.7%
Utah	2.6%

Source: IRS SOI Tax Stats 2020-2021

Net New Income

To Arizona in 2021 Versus 2020



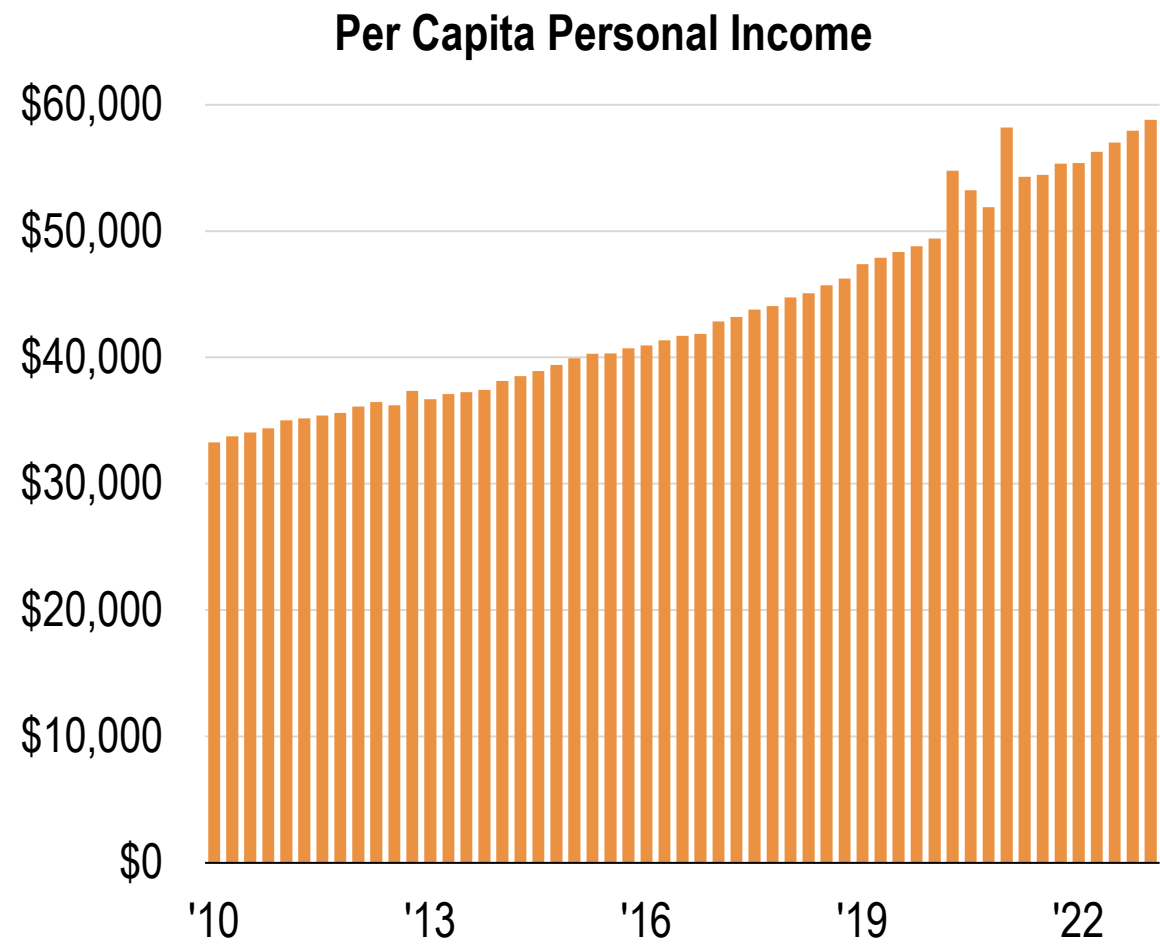
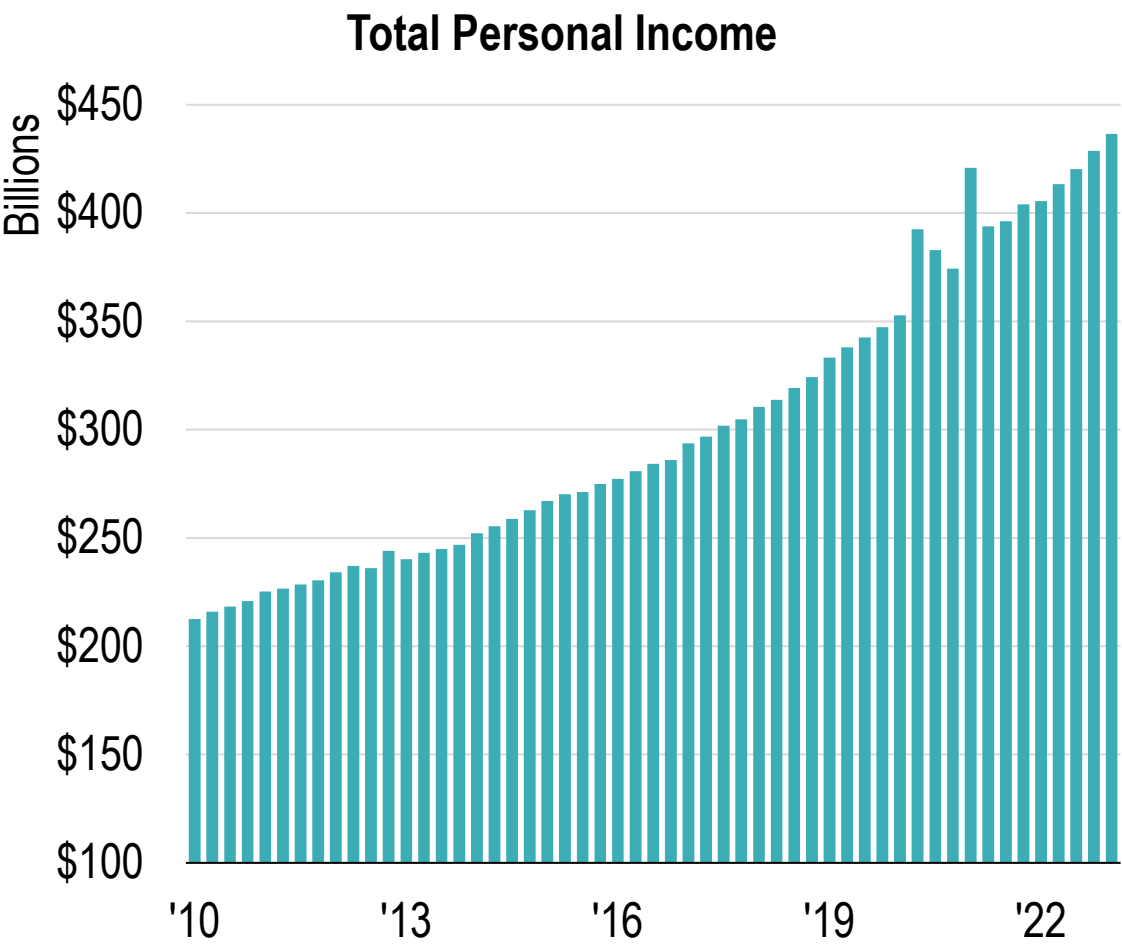
\$4.4B

Net Income to
Arizona In 2021

Source: IRS SOI Tax Stats 2020-2021

Personal Income

Arizona



Source: U.S. Bureau of Economic Analysis

Homebuyers Are Moving To Metros

Net Inflow | 2023

RANK	METRO*	NET INFLOW	TOP OUT-OF-STATE ORIGIN
1	PHOENIX, AZ	6,600	SEATTLE, WA
2	Las Vegas, NV	6,100	Los Angeles, CA
3	Miami, FL	5,800	New York, NY
4	Tampa, FL	5,400	New York, NY
5	Orlando, FL	5,200	New York, NY
6	North Port-Sarasota, FL	4,900	Chicago, IL
7	Cape Coral, FL	4,600	Chicago, IL
8	Dallas, TX	4,500	Los Angeles, CA
9	Sacramento, CA	4,300	Chicago, IL
10	Houston, TX	3,700	New York, NY

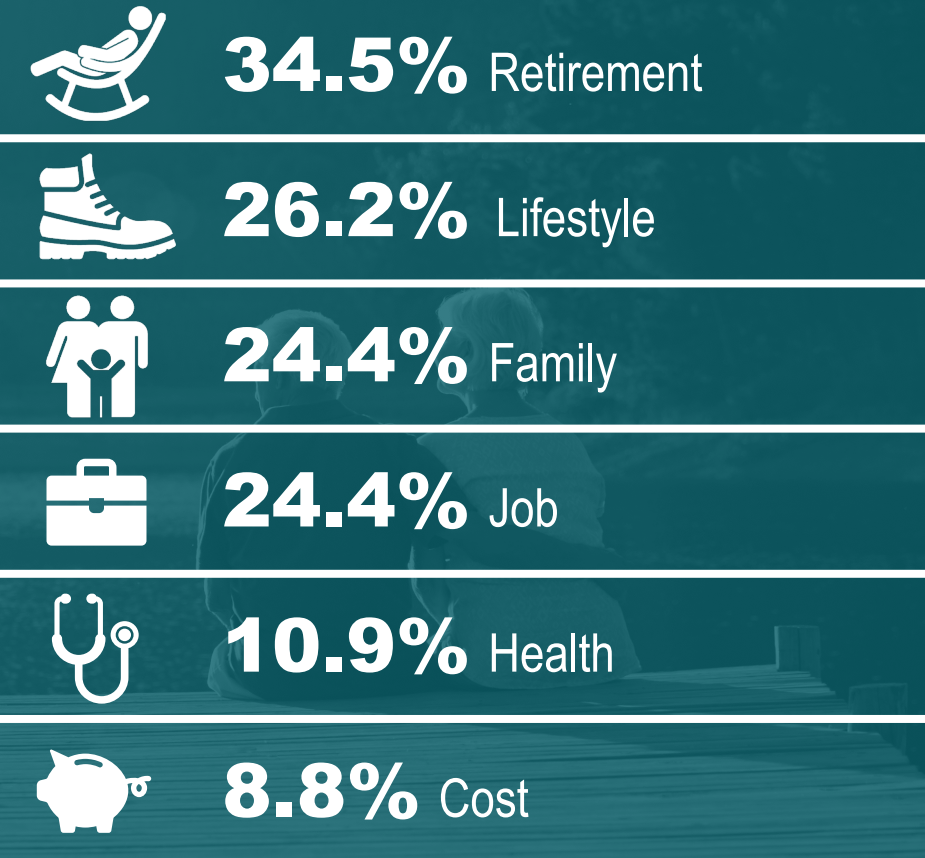


Source: Redfin; Note: *Combined statistical areas with at least 500 users searching to and from the region in March 2023-May 2023. Net inflow represents number of Redfin.com home searchers looking to move into a metro area, minus the number of searchers looking to leave; Image is sourced to (Othman Mohammed/shutterstock.com).

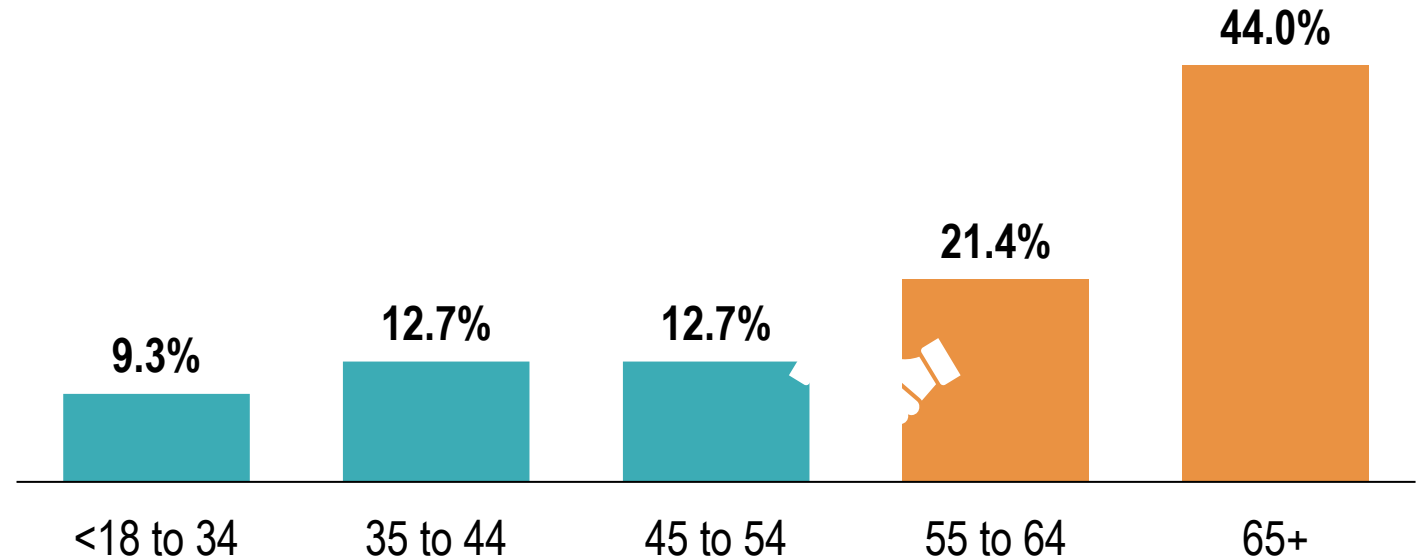
Characteristics of Incoming Residents

Arizona

PRIMARY REASONS FOR MOVING



Age Ranges

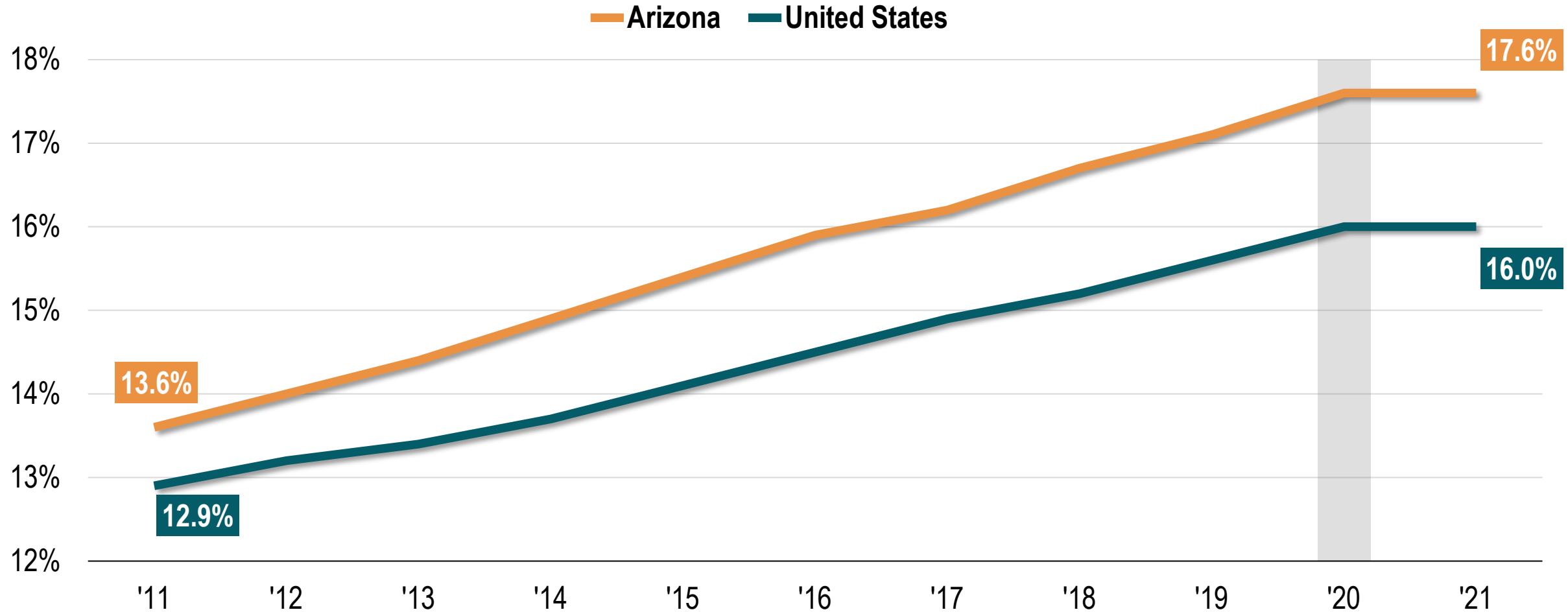


44.0% of those Moving to Arizona
had an Income of *\$150,000 or More*

Source: United Van Lines (Annual 2022 United Vanes Lines National Movers Study); Note: Percentages pertaining to demographic data may not total 100 percent due to respondents having the ability to opt out of answering survey questions and/or to select more than one survey response per question; Image is sourced to shutterstock.com.

Population by Age Group

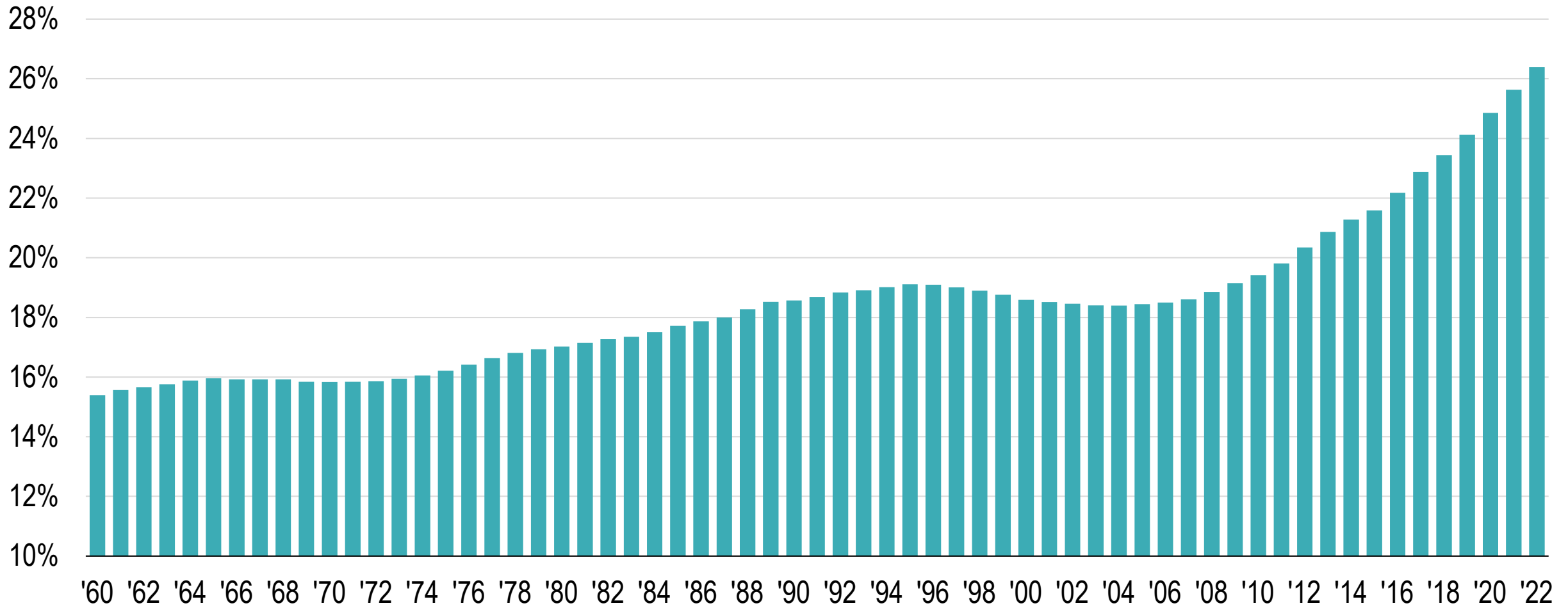
65 Years or Older | Share of Total Population



Source: U.S. Census Bureau; Arizona Commerce Authority; Congressional Budget's Office

United States Age Dependency Ratio

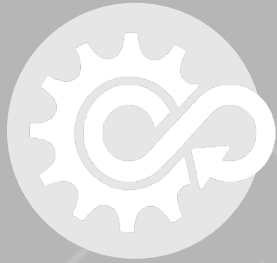
Share of Dependents per 100 Working-Age Population



Source: U.S. Census Bureau, 5-Year American Community Survey Estimates

ALEC-Laffer Economic Competitiveness Index

Economic Outlook Ranking | Policy Variables



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633,321 (#3)



**NON-FARM PAYROLL
EMPLOYMENT**

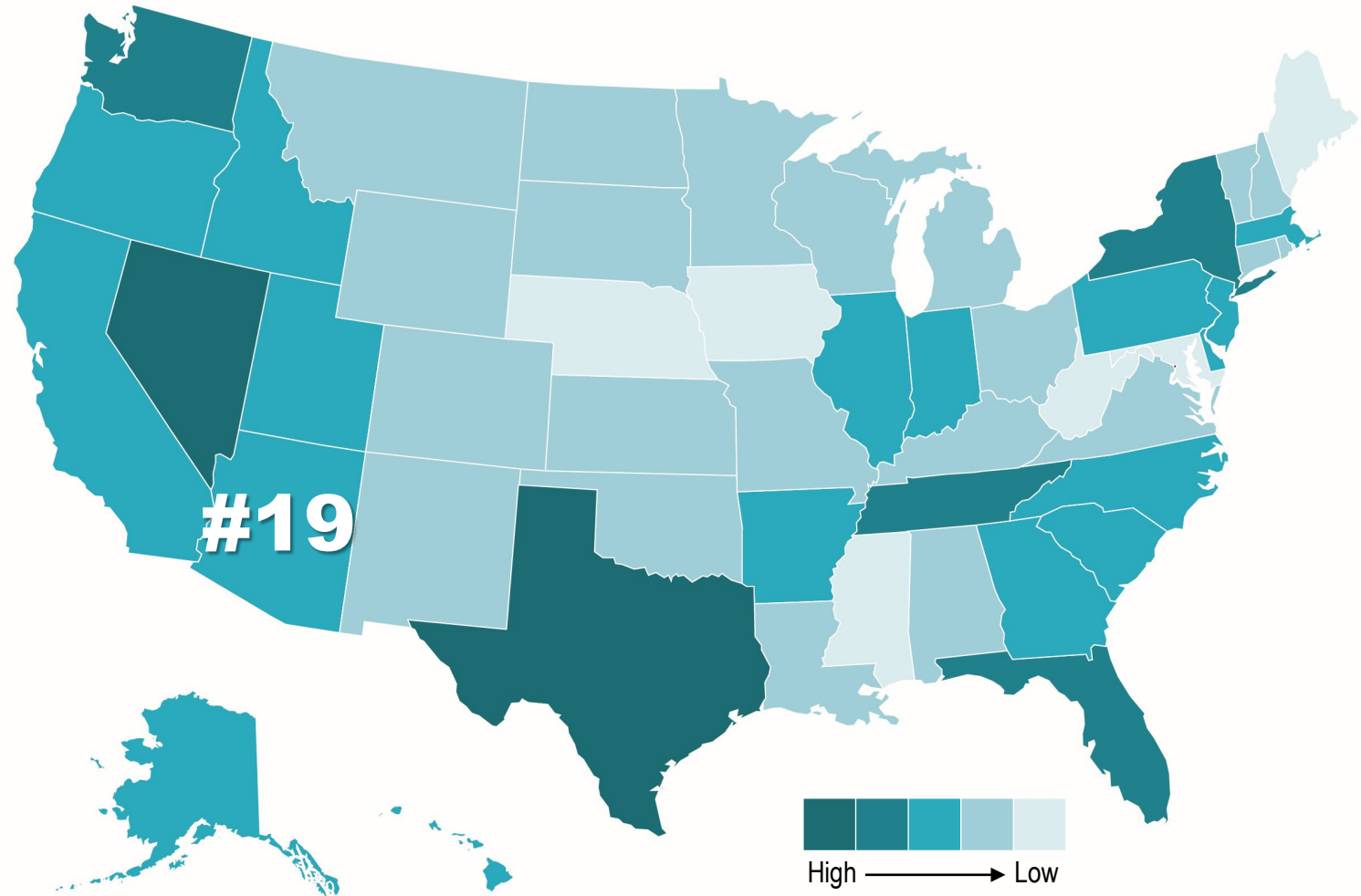
23.8% (#5)

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Employment Growth

May 2022 to May 2023

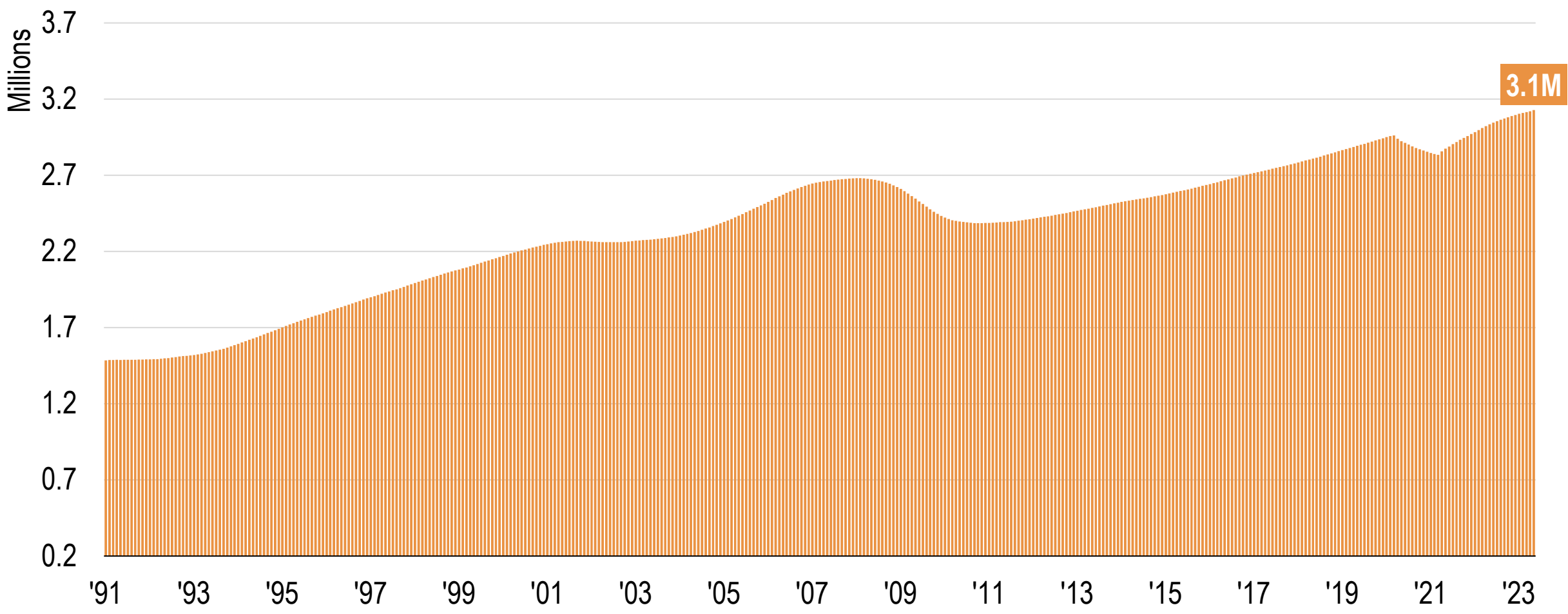
RANK	STATE	CHANGE
1	Nevada	6.5%
2	Texas	5.1%
3	Florida	4.9%
4	New York	4.0%
5	Tennessee	4.0%
6	Washington	4.0%
7	California	3.9%
8	Hawaii	3.9%
9	New Jersey	3.8%
19	ARIZONA	3.2%
	UNITED STATES	2.6%



Source: Bureau of Labor Statistics; Applied Analysis; Note: Trailing 12-month data.

Arizona Employment Growth

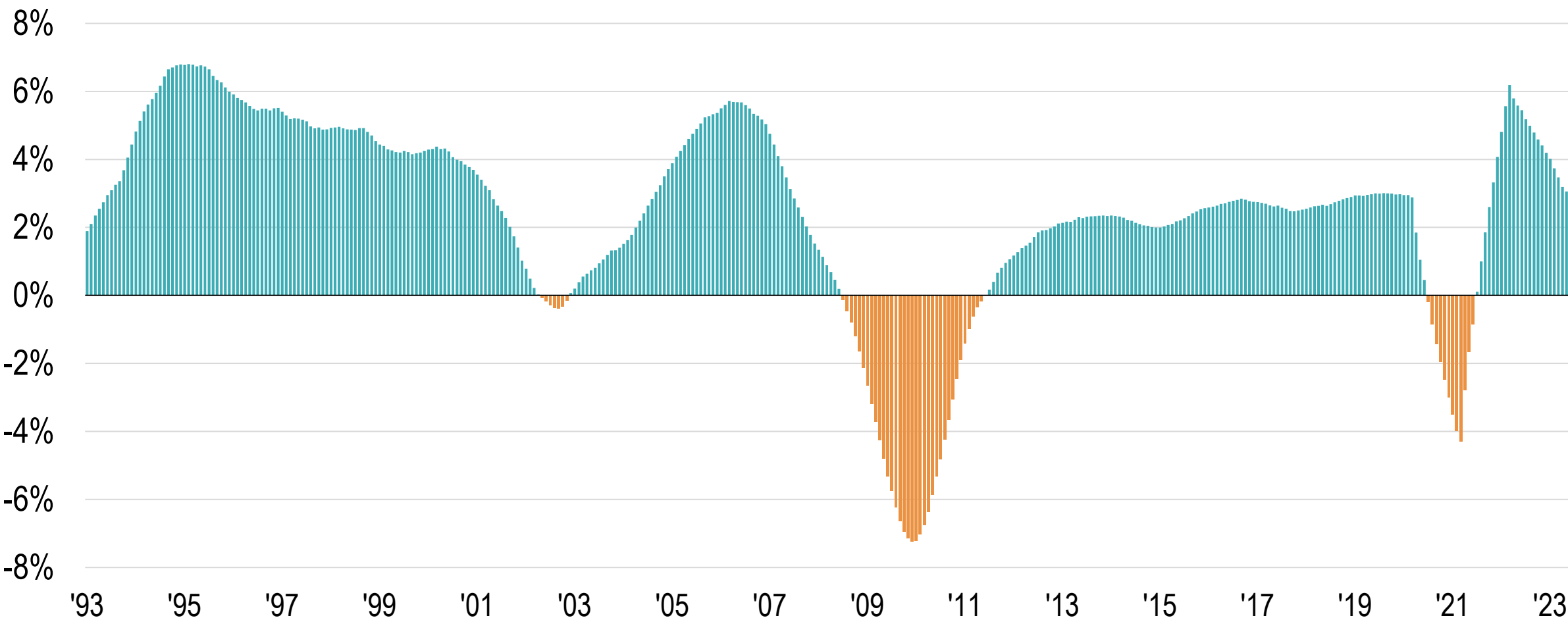
Trailing 12-Month Average



Source: Bureau of Labor Statistics

Arizona Employment Growth

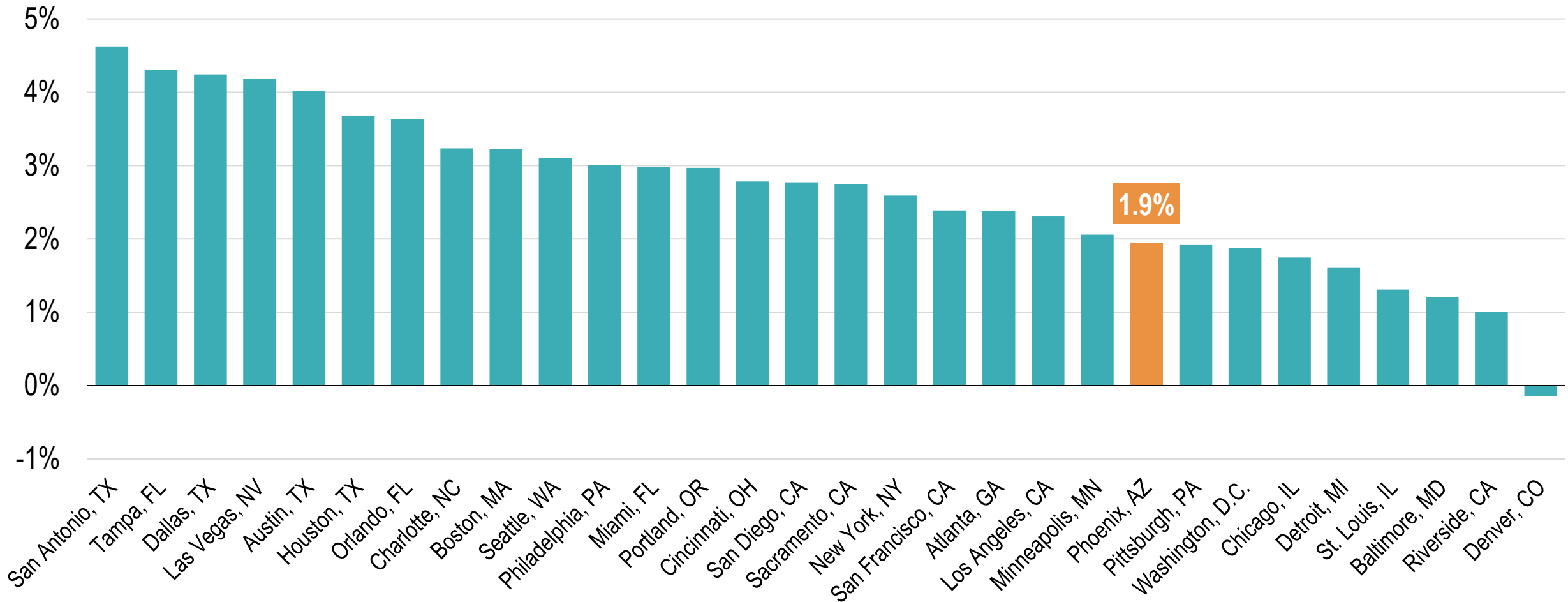
Trailing 12-Month Average



Source: Bureau of Labor Statistics

Employment Growth by Largest 30 MSAs

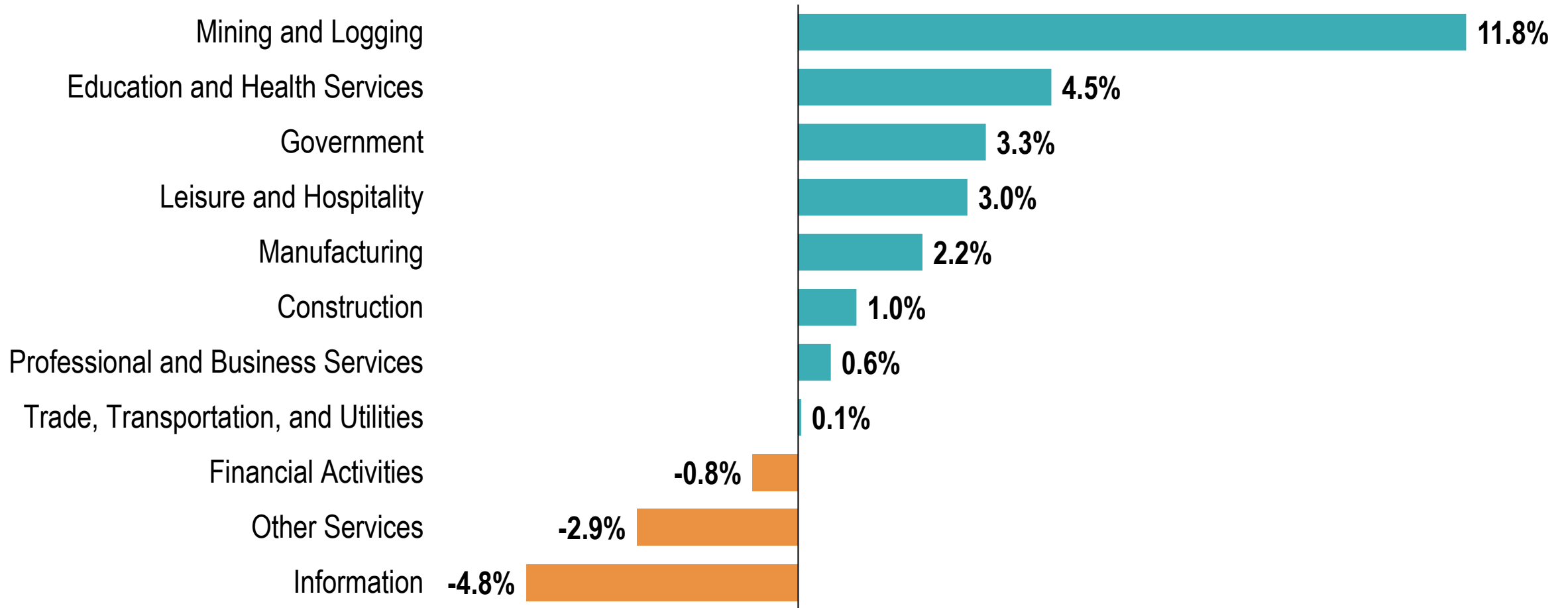
May 2022 to May 2023 | Year-Over-Year Growth



Source: U.S. Bureau of Labor Statistics

Employment Growth by Sector

Arizona | May 2022 to May 2023

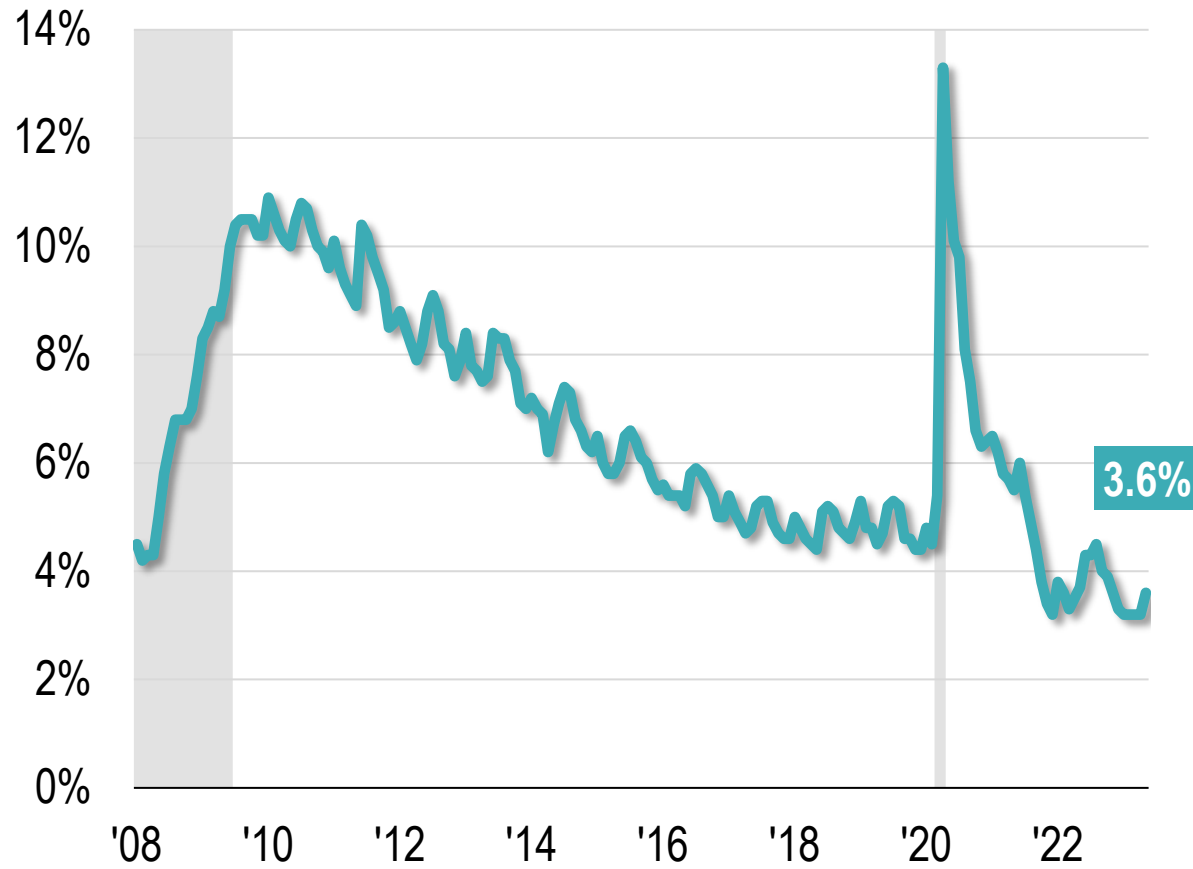


Source: Bureau of Labor Statistics

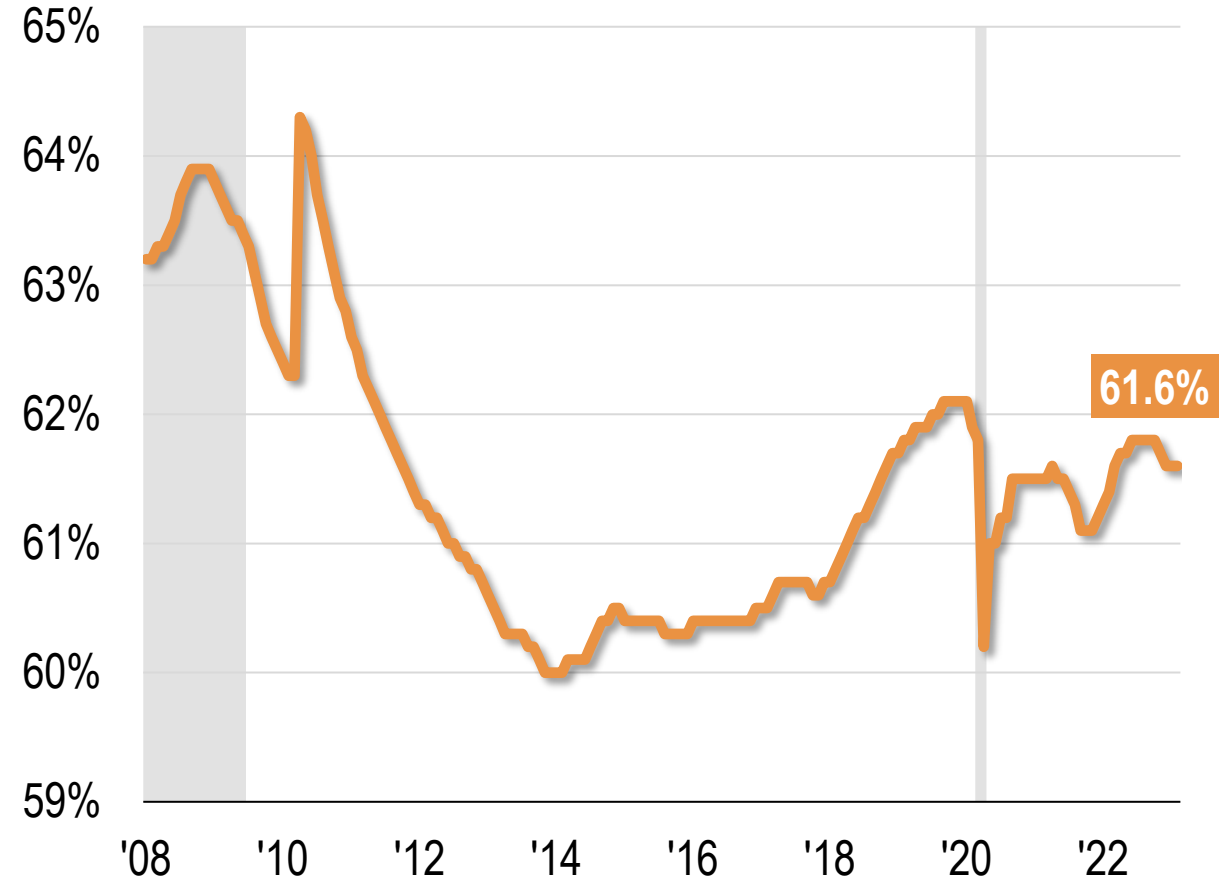
Labor Force Characteristics

Arizona

Unemployment Rate



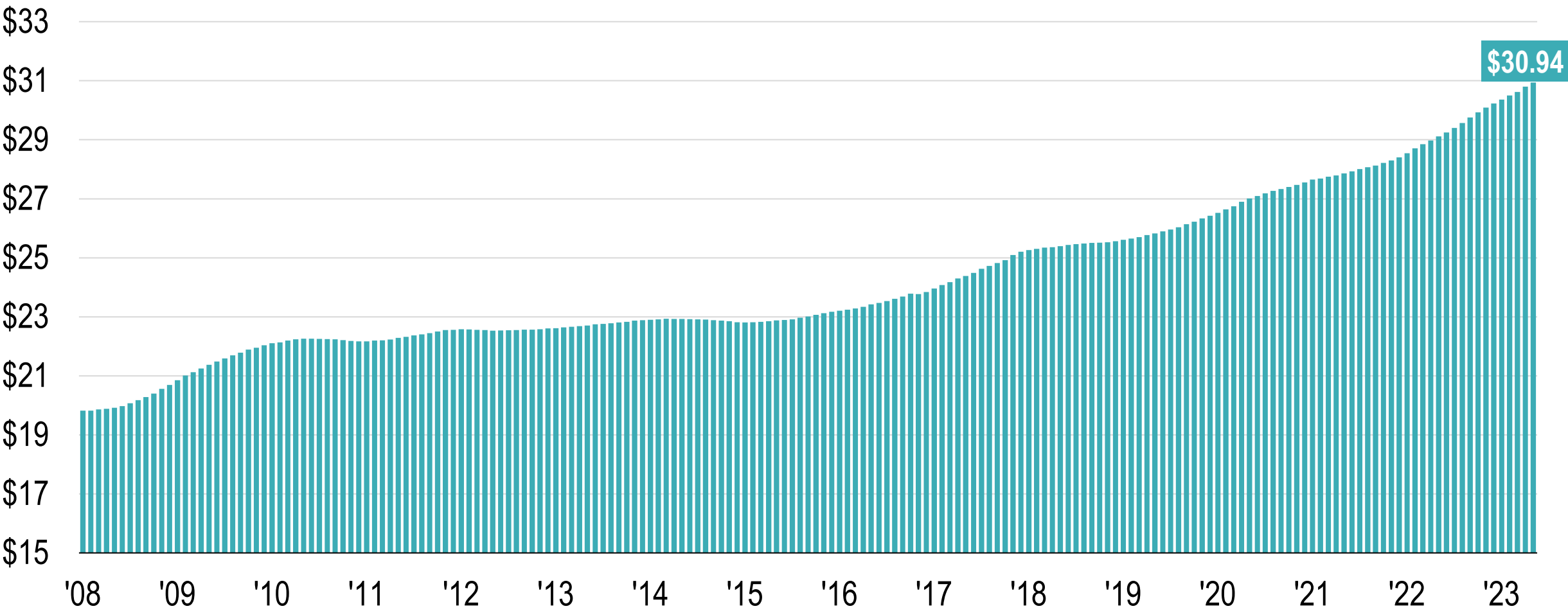
Labor Force Participation Rate



Source: Bureau of Labor Statistics

Average Hourly Wage

Total Private | Trailing 12-Month Average



Source: Bureau of Labor Statistics



ALEC-LAFFER STATE ECONOMIC OUTLOOK RANKING

Image Source: (Kevin Ruck/shutterstock.com)

ALEC-Laffer Economic Competitiveness Index

Economic Outlook Ranking | Policy Variables

PERSONAL INCOME TAX (TOP MARGINAL RATE) 2.5% (#10)	CORPORATE INCOME TAX (TOP MARGINAL RATE) 4.9% (#12)	PI TAX PROGRESSIVITY (CHANGE PER \$1K INCOME) \$4.62 (#18)	PROPERTY TAX BURDEN (PER \$1K PERSONAL INCOME) \$24.13 (#16)	SALES TAX BURDEN (PER \$1K PERSONAL INCOME) \$34.85 (#45)
REMAINING TAX BURDEN (PER \$1K PERSONAL INCOME) \$9.65 (#1)	DEBT SERVICE (SHARE OF TAX REVENUE) 6.11% (#28)	RECENTLY LEGISLATED TAX CHANGES -\$2.13 (#10)	ESTATE/ INHERITANCE TAX LEVIED No (#1)	PUBLIC EMPLOYEES (PER 10,000 POPULATION) 383.7 (#2)
STATE LIABILITY SYSTEM SURVEY 70.8 (#17)	STATE MINIMUM WAGE (FEDERAL FLOOR \$7.25) \$13.85 (#44)	WORKERS' COMPENSATION (AVG. PER \$100 PAYROLL) \$0.87 (#8)	RIGHT-TO- WORK STATE (OPT JOIN/SUPPORT UNION) Yes (#1)	TAX EXPENDITURES LIMITS 2 (#3)

Source: Rich States, Poor States; Note: States that do not have an individual income tax are not included; Tax rates are as of January 1, 2023; Image is sourced to shutterstock.com.

ALEC-Laffer Economic Competitiveness Index

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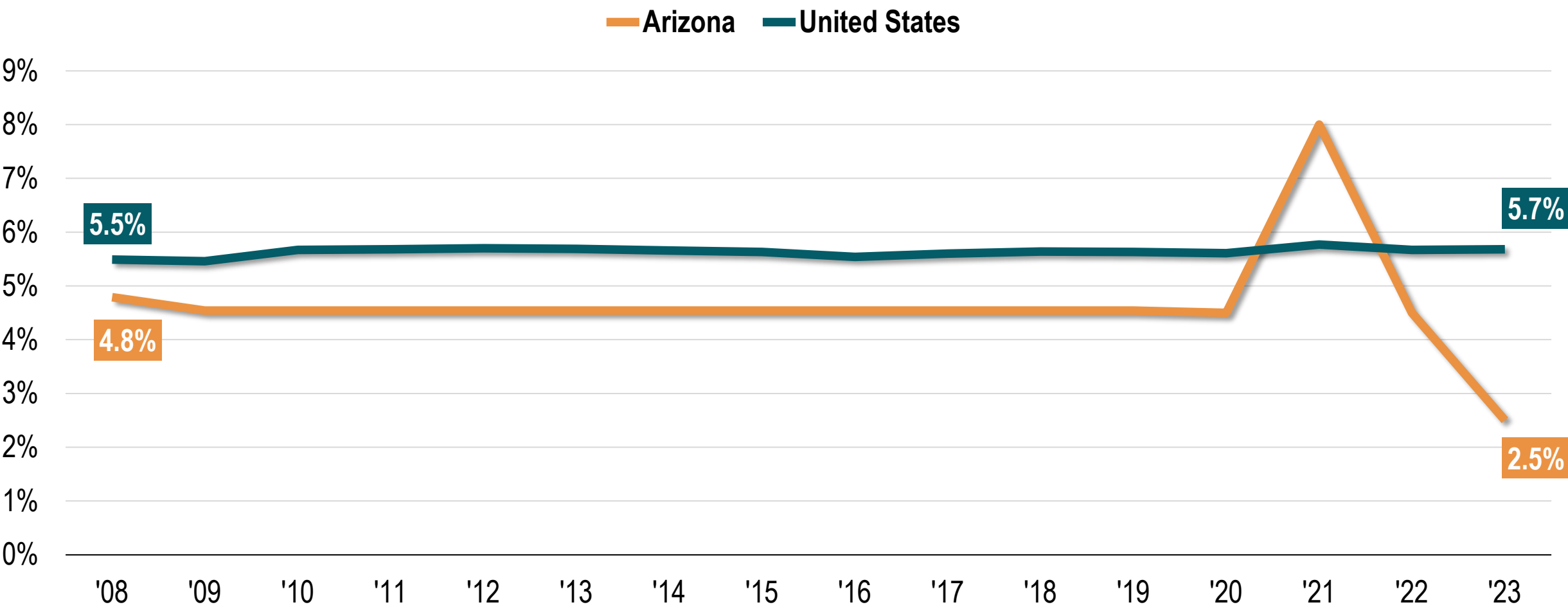
Source: Rich States, Poor States; Note: States that do not have an individual income tax are not included; Tax rates are as of January 1, 2023; Image is sourced to shutterstock.com.

2.5%

Top Marginal Personal
Income Tax Rate

Top Marginal Personal Income Tax Rate

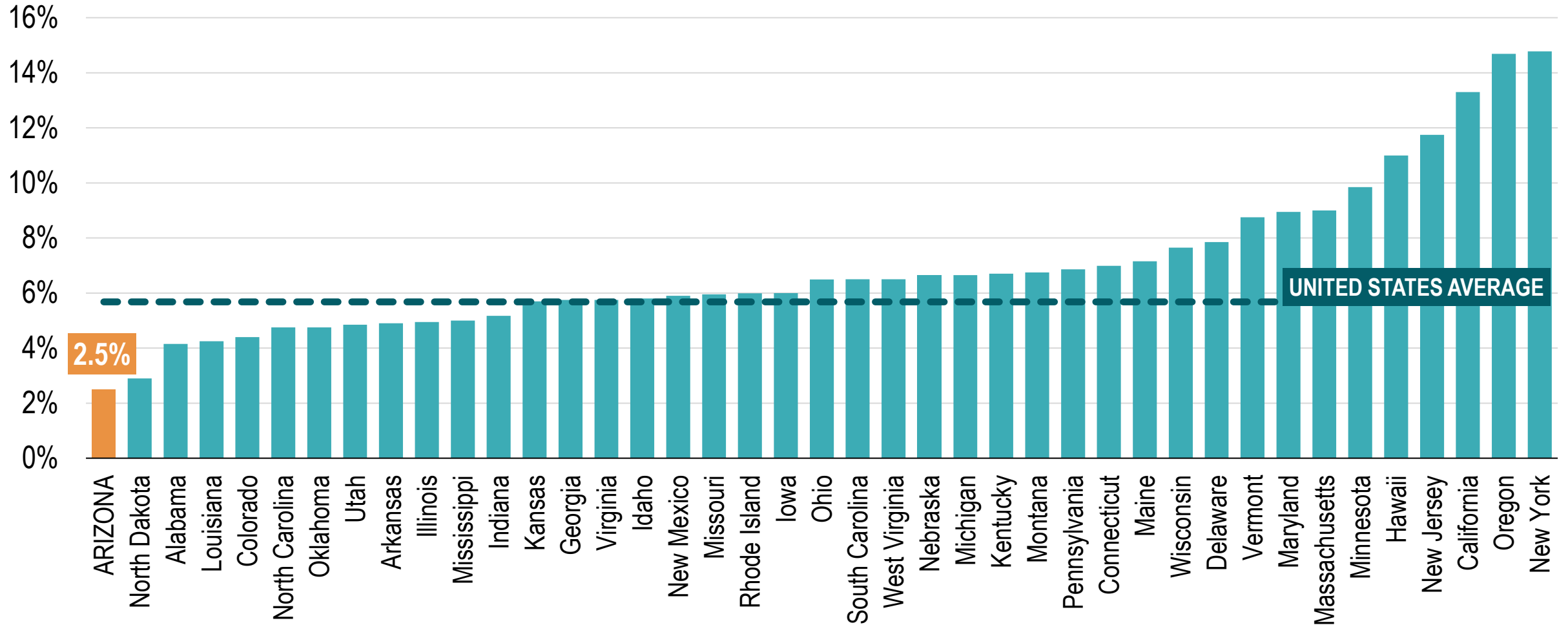
Arizona Versus United States



Source: Rich States, Poor States

Top Marginal Personal Income Tax Rate

2023 | By State



Source: Rich States, Poor States; Note: States that do not have an individual income tax are not included; Tax rates are as of January 1, 2023.



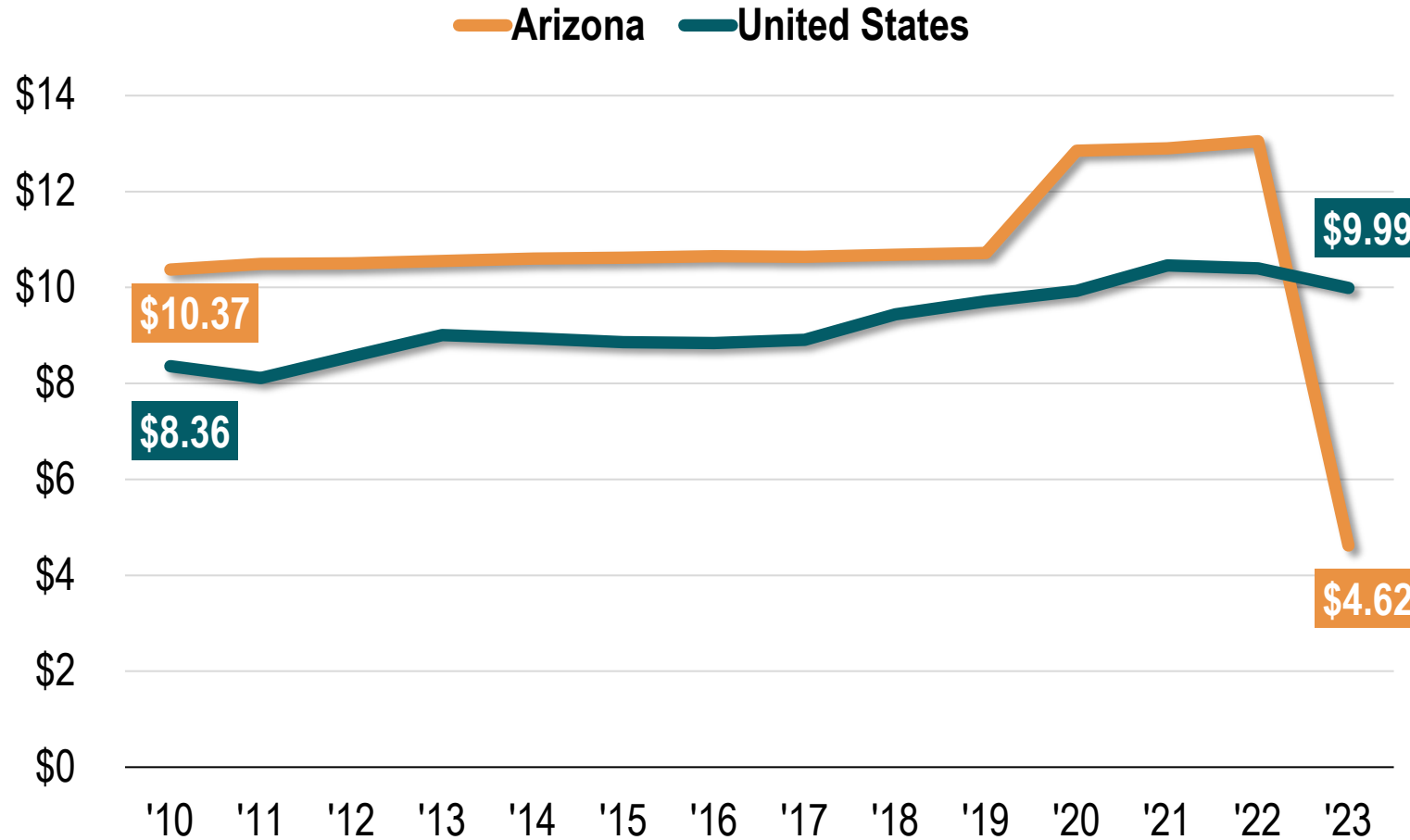
MASSIVE ARIZONA INCOME TAX CUT GOING INTO FULL EFFECT

“The flat tax plan eliminates the state’s old graduated income tax scale, which started at 2.59% and had a maximum tax of 4.5% for income over \$159,000 a year for a single person. All taxpayers will now pay a maximum of 2.5%.”

Source: AP News, September 23, 2022. Note: Image is sourced to (Tiko Aramyan/shutterstock.com).

Personal Income Tax Progressivity

Change in Tax Liability Per \$1,000 of Income



ARIZONA
-183%
Between 2022 and 2023

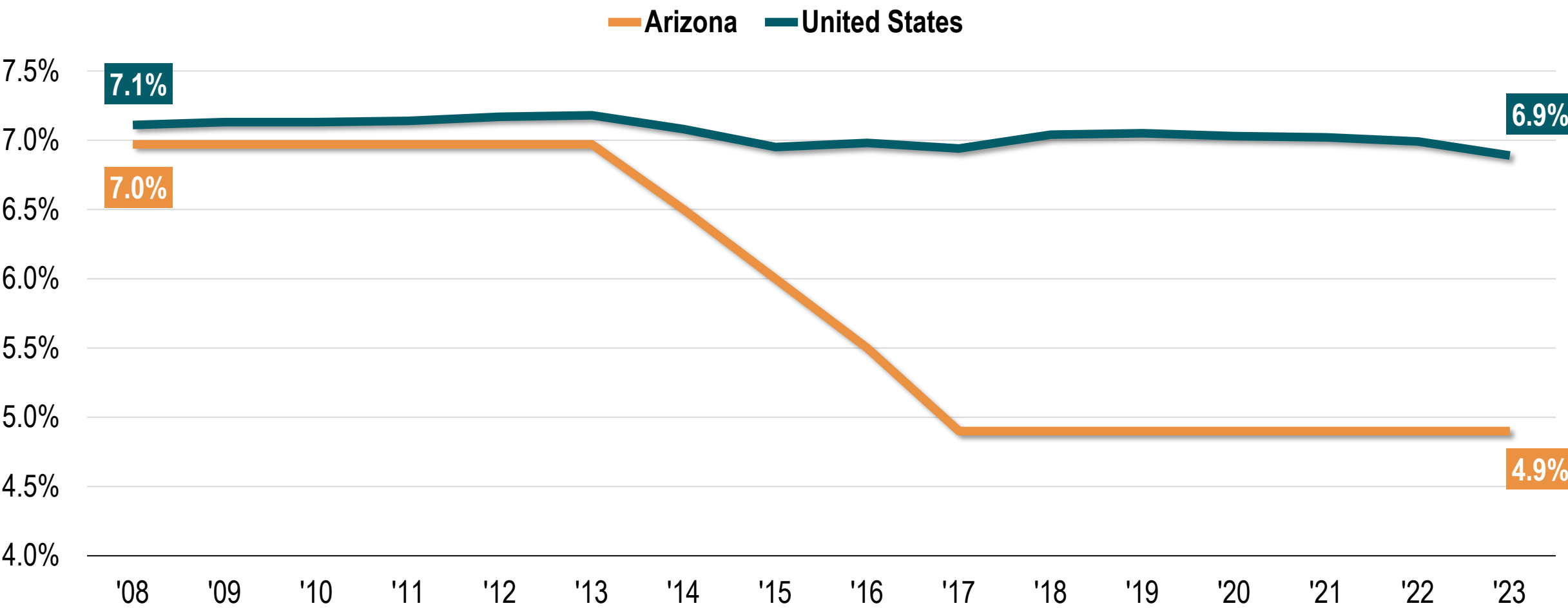
Source: Rich States, Poor States. Note: Change in tax liability is measured as difference between the average liability per \$1,000, at incomes of \$50,000 and \$150,000; Image is sourced to (Leonid Sorokin/shutterstock.com).

4.9%

Top Marginal Corporate
Income Tax Rate

Top Marginal Corporate Income Tax Rate

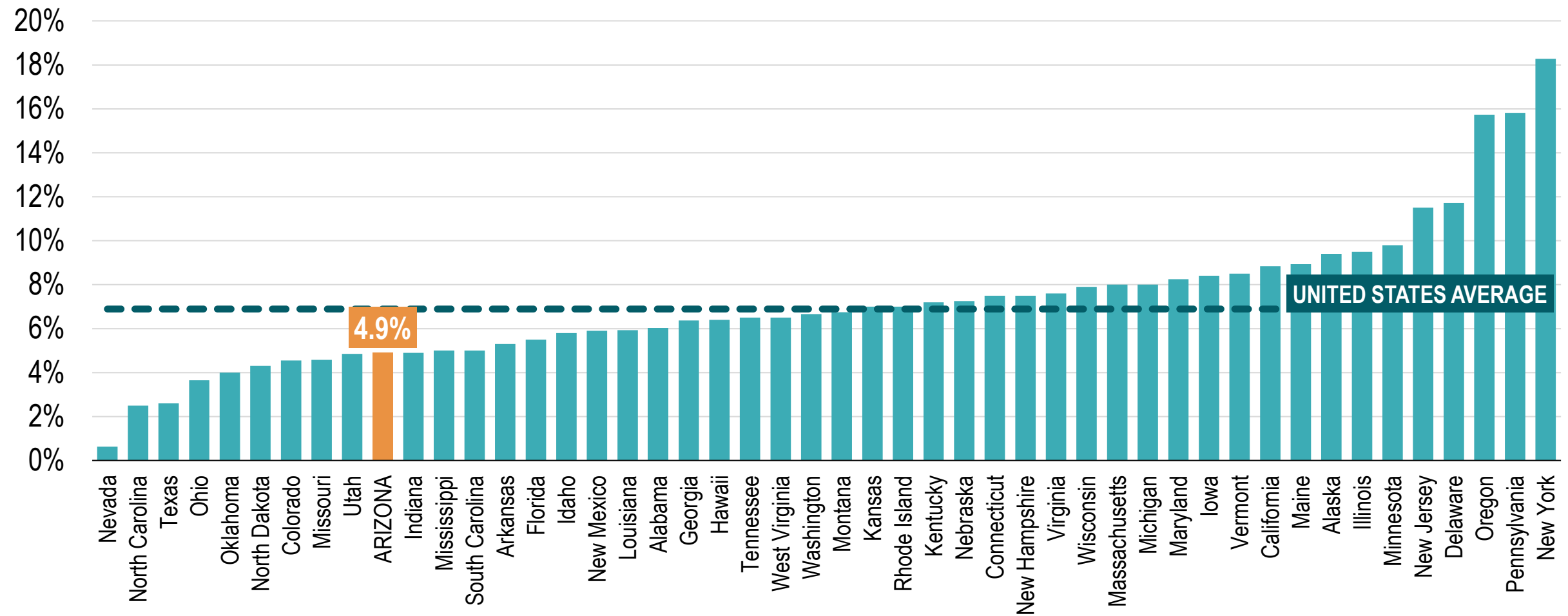
Arizona Versus United States



Source: Rich States, Poor States

Top Marginal Corporate Income Tax Rate

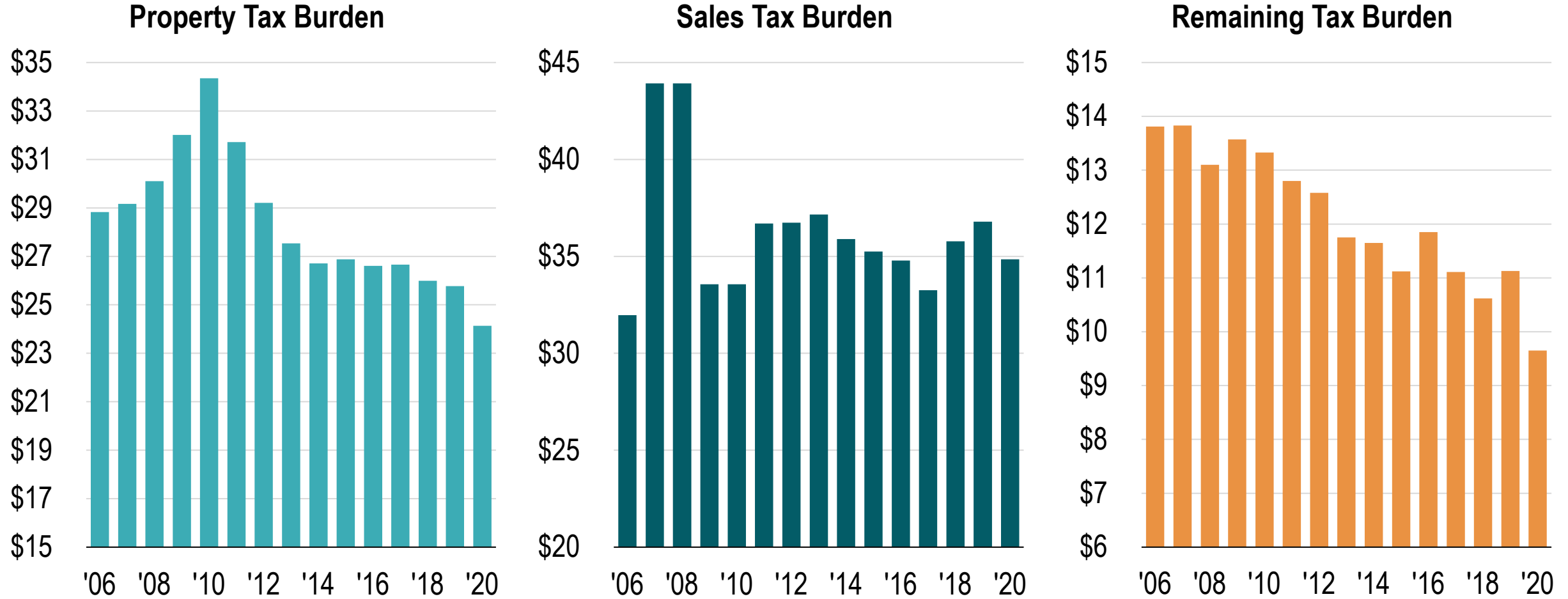
2023 | By State



Source: Rich States, Poor States; Note: States that do not impose a corporate income tax are not included; Tax rates are as of January 1, 2023.

Tax Burden

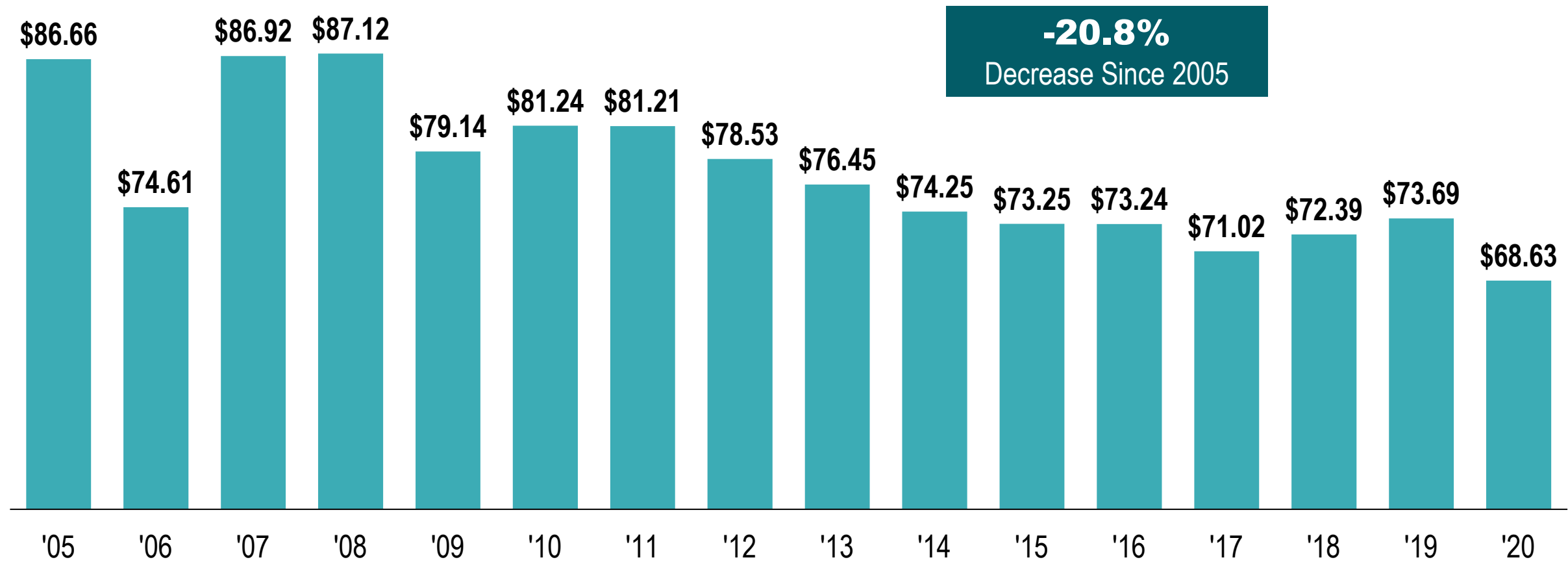
Arizona | Per \$1,000 of Personal Income



Source: Rich States, Poor States; Note: Based on 2020 data (most recent available).

Total Tax Burden

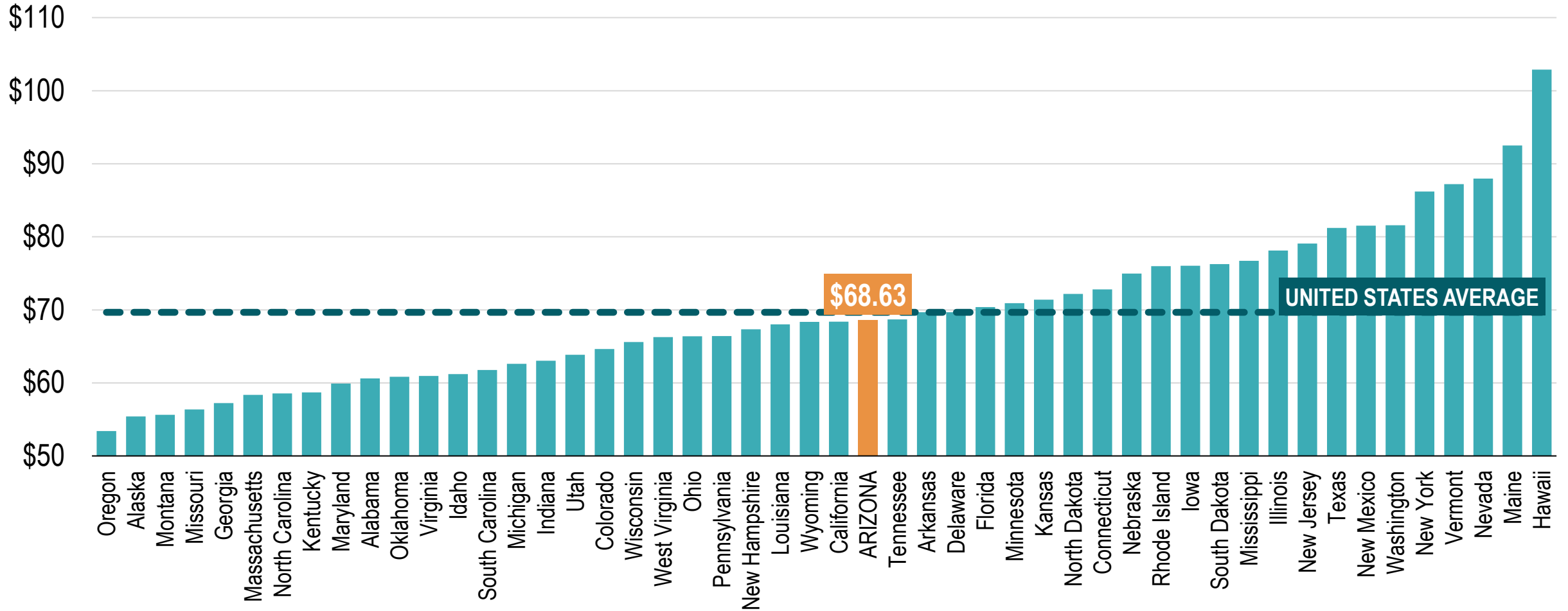
Arizona Historical Values | Per \$1,000 of Personal Income



Source: Rich States, Poor States; Note: Note: Based on 2020 data (most recent available); Total tax burden includes property tax, sales tax and remaining tax burden.

Total Tax Burden

By State | Per \$1,000 of Personal Income



Source: Rich States, Poor States; Note: Note: Based on 2020 data (most recent available); Total tax burden includes property tax, sales tax and remaining tax burden.

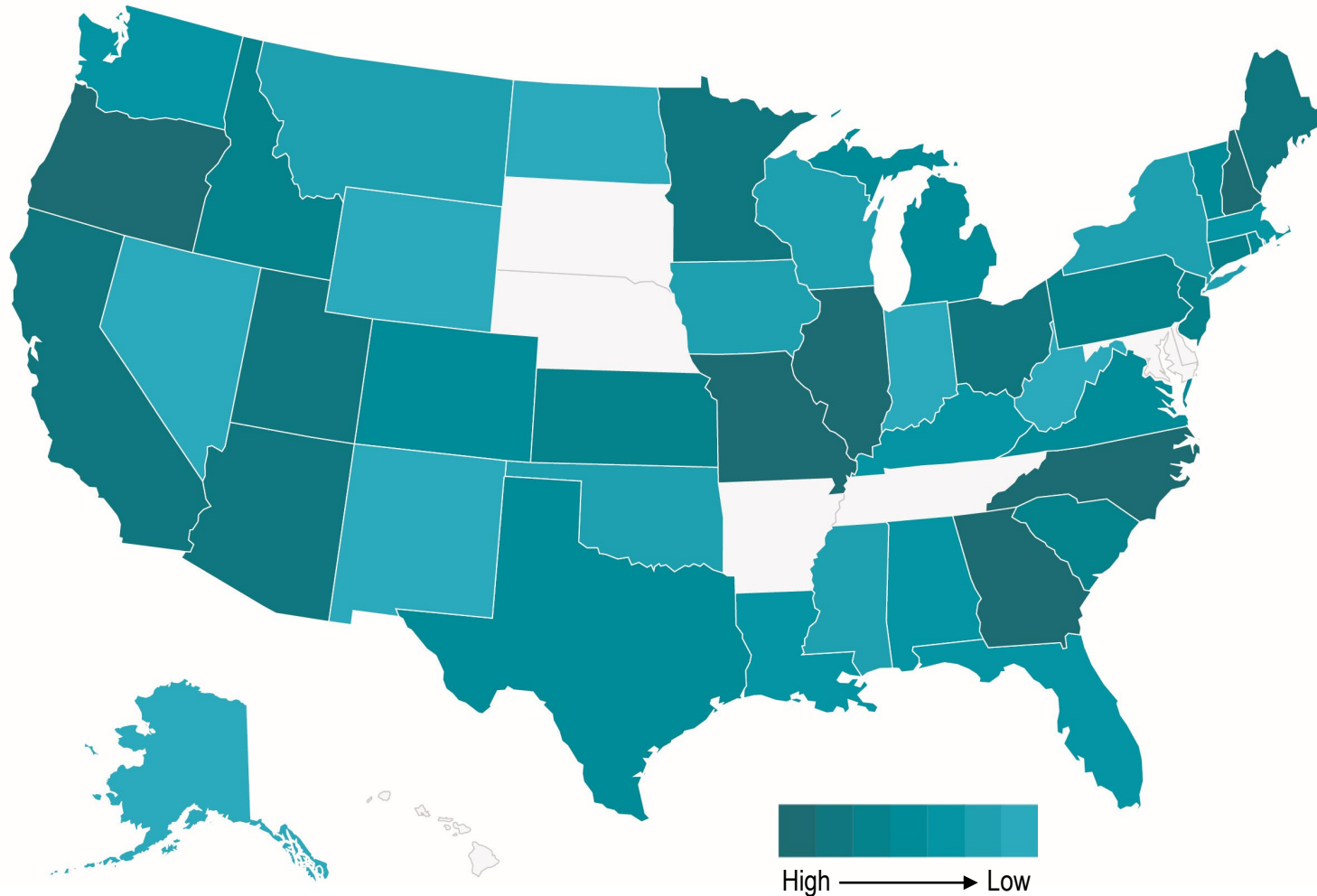


HACHMAN INDEX OF ECONOMIC DIVERSITY

Image Source: (Kevin Ruck/shutterstock.com)

Hachman Index

February 2023

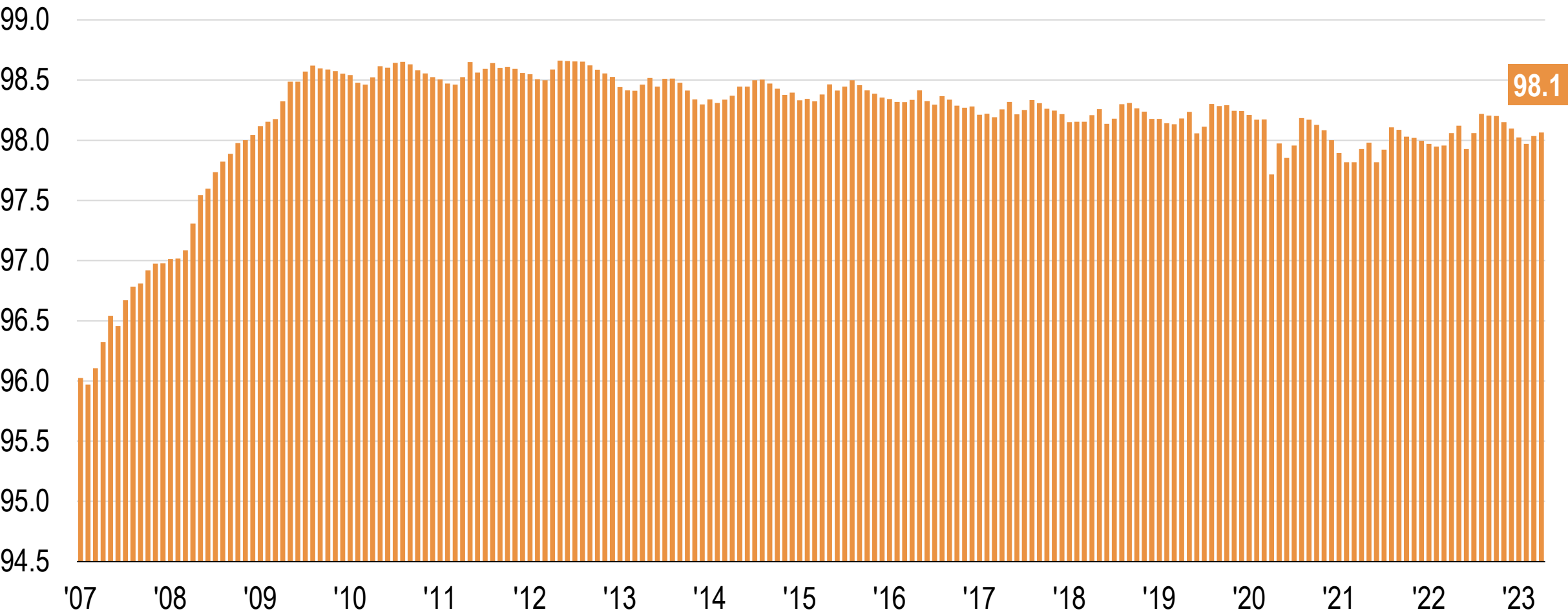


RANK	TOP STATES	INDEX
1	Missouri	99.5
2	Oregon	99.3
3	North Carolina	99.1
4	Georgia	98.7
5	Illinois	98.5
6	New Hampshire	98.3
7	California	98.1
8	ARIZONA	98.0
9	Minnesota	97.9
10	Maine	97.8

Source: Applied Analysis. Note: Data note available for any states colored white.

Hachman Index

Arizona | April 2023



Source: Applied Analysis



10

ARIZONA

**BEST STATE FOR
INFRASTRUCTURE**

Image Source: (Kevin Ruck/shutterstock.com)

Infrastructure

Top States

RANK	STATE	BROADBAND COVERAGE	ROADS IN GOOD/FAIR CONDITION	BRIDGES IN GOOD/FAIR CONDITION
1	Nevada	94.2%	87.4%	99.2%
2	Utah	93.0%	78.4%	99.2%
3	Nebraska	91.6%	89.9%	94.8%
4	Oregon	85.2%	89.8%	96.3%
5	Maryland	96.3%	88.0%	96.7%
6	Delaware (Tie)	95.5%	81.7%	94.2%
7	Minnesota (Tie)	85.1%	85.1%	96.5%
8	Kansas	88.9%	88.4%	97.2%
9	Wisconsin	89.6%	83.4%	95.8%
10	ARIZONA	88.4%	81.4%	98.4%

Source: SmartAsset 2022 Study; Note: Analysis includes four metrics not included above.



5

ARIZONA

**BEST STATE FOR
BUSINESS**

Image Source: (Kevin Ruck/shutterstock.com)

#10

2021 Best State
for Business

#5

2023 Best State
for Business

Best and Worst States for Business

Arizona | Noteworthy Characteristics



**BUSINESS
CLIMATE**



**QUALITY
OF LIFE**



**STRONG
TALENT POOL**

Source: Rich States, Poor States; Note: Rankings are based on the American Legislative Exchange Council State Economic Competitiveness Index. Note: Image is sourced to (RawPixel.com/shutterstock.com).

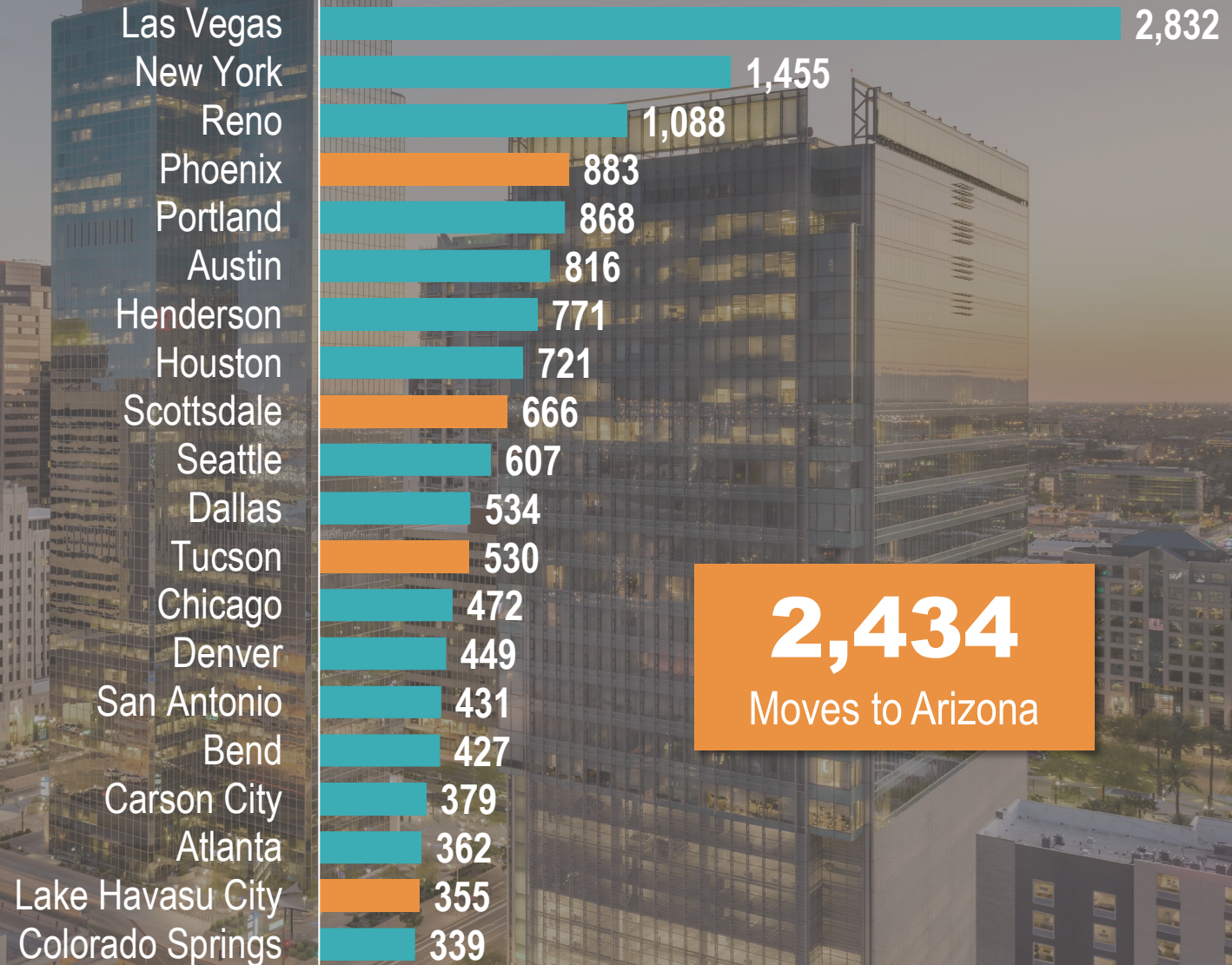
Out-Migration

Business Relocation

BEST STATES FOR BUSINESS

- 1 Texas
- 2 Florida
- 3 Tennessee
- 4 North Carolina
- 5 **ARIZONA**
- 6 Indiana
- 7 Georgia
- 8 South Carolina
- 9 Nevada
- 10 Utah

California Business Out-Migration | Top Destination Cities



Source: Claremont McKenna College 2022 Cost of Doing Business Survey: Aggregate total number of moves based on 1990-2019 data. Chief Executive Group.
Note: Image is sourced to (Sean Pavone/shutterstock.com).

Cost of Living Rankings

Among Western Metros (Indexed to Phoenix) | 2023 Q1 Index



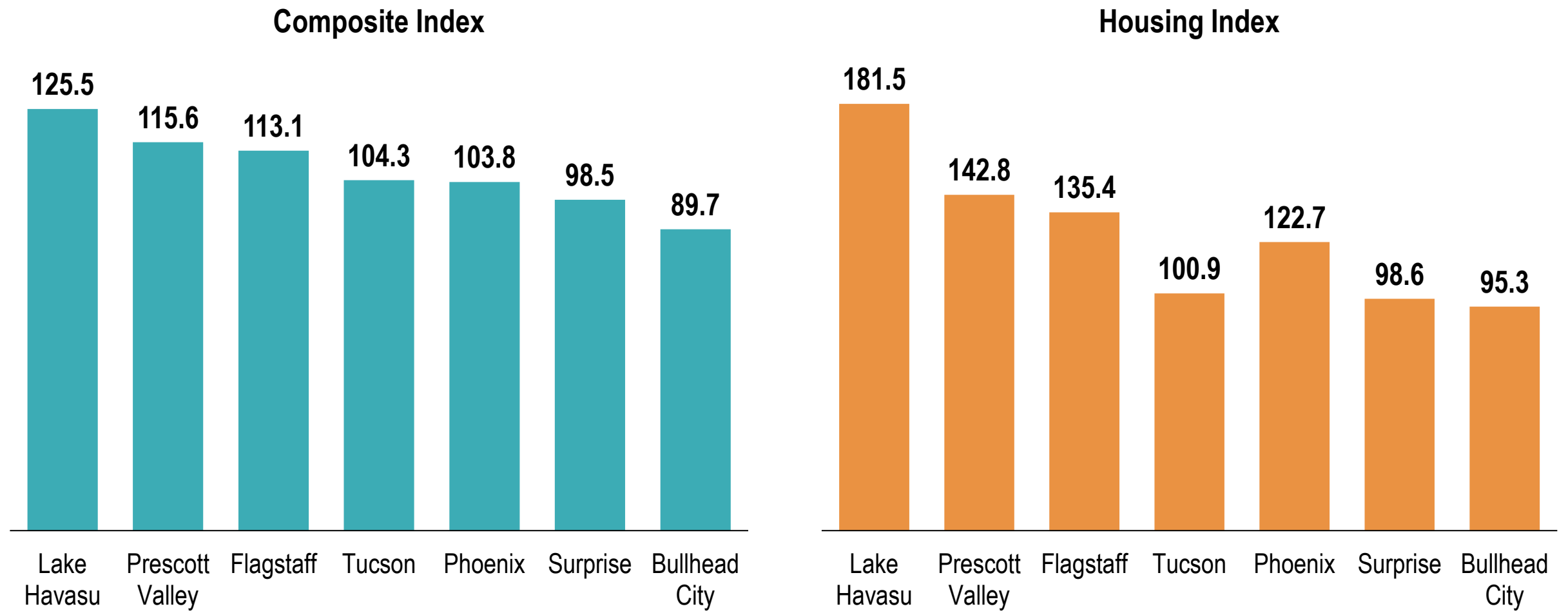
	COMPOSITE INDEX	HOUSING INDEX
San Francisco, CA	163.7	233.6
Los Angeles-Long Beach, CA	143.6	191.7
Seattle, WA	139.2	171.2
San Diego, CA	137.3	175.7
Portland, OR	116.3	124.4
Sacramento, CA	115.7	113.0
Denver, CO	107.8	109.8
Salt Lake City, UT	102.6	96.0
PHOENIX, AZ	100.0	100.0
Las Vegas, NV	86.1	93.9

64% Cheaper
Phoenix Compared to
Other Western Metro Areas

Source: The Council for Community and Economic Research. Note: Image is sourced to (CactusPilot/shutterstock.com).

Cost of Living Rankings

Among Urban Areas in Arizona | 2023 Q1 Index



Source: The Council for Community and Economic Research

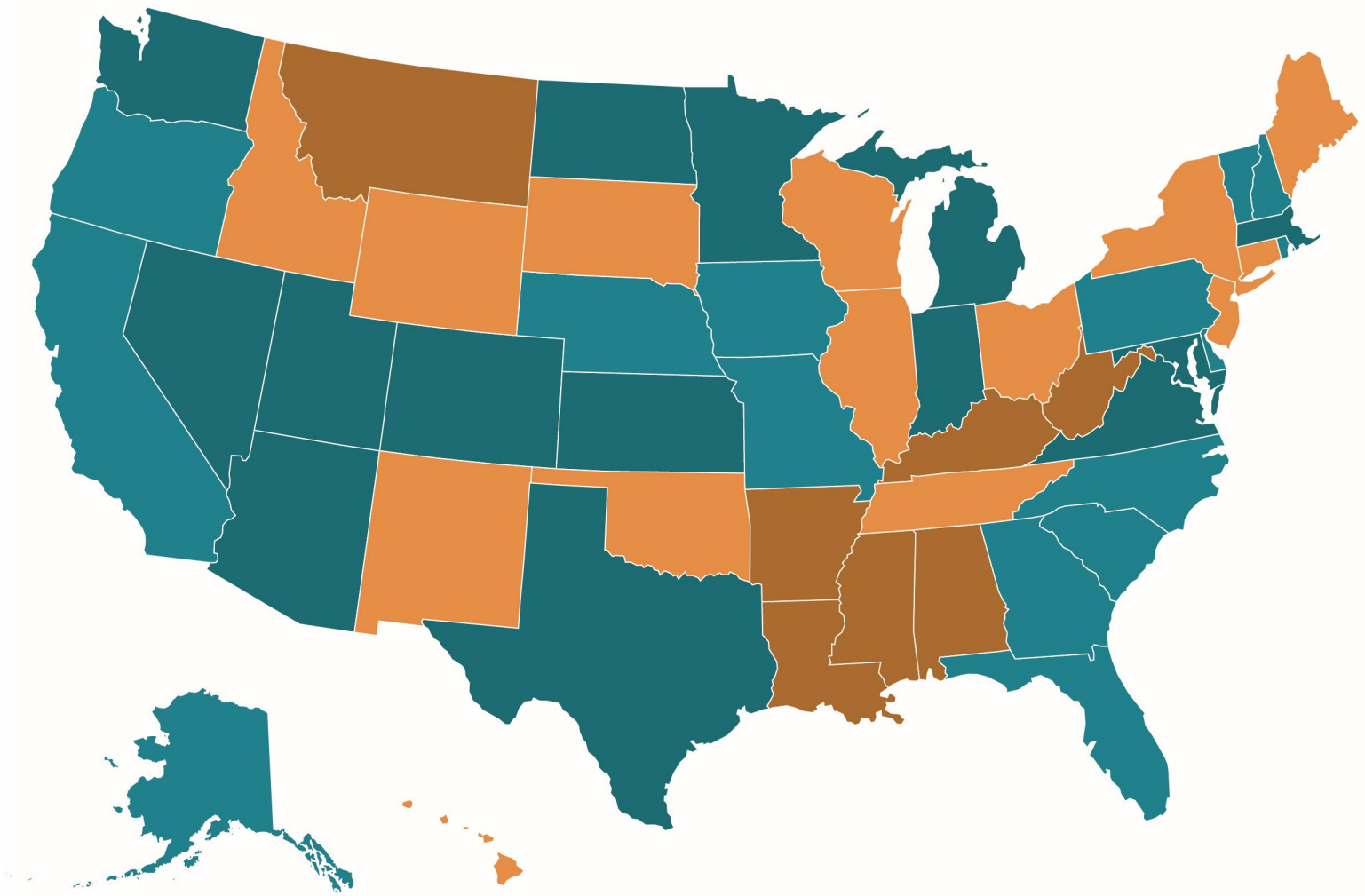


INNOVATION CHAMPION

Image Source: (Kevin Ruck/shutterstock.com)

Innovation Scorecard

Overall Grade



Innovation Champion

Innovation Leader

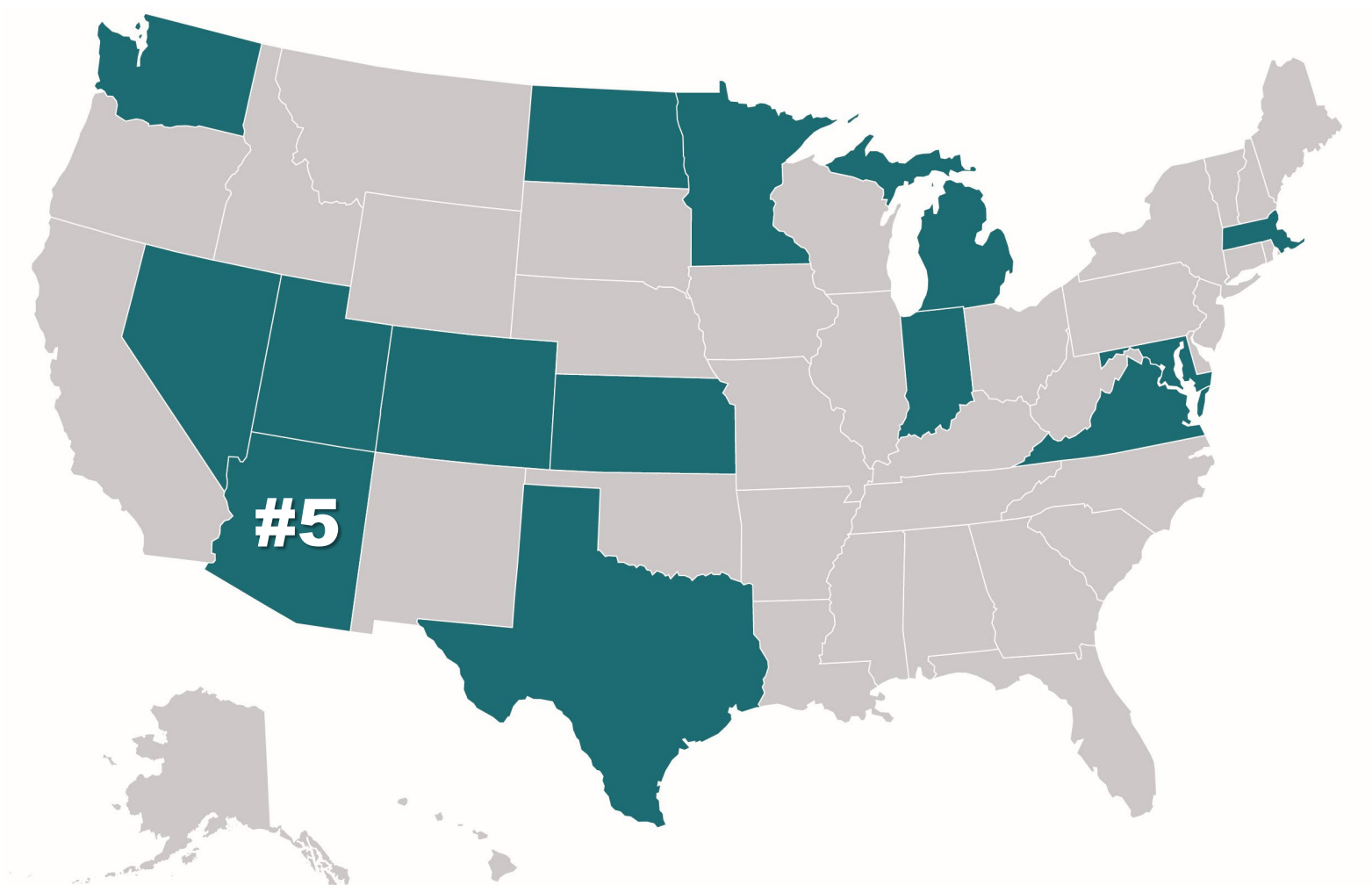
Innovation Adopter

Modest Innovator

Source: Consumer Technology Association

Innovation Scorecard

Overall Grade



14 States
Innovation Champions

Source: Consumer Technology Association

Arizona's Innovation Scorecard

Composite Grade: Innovation Champion

CATEGORY	GRADE
ATTRACTS INVESTMENT	B
Broadband	B
Drones & Advanced Air Mobility	A
ENTREPRENEURIAL & SMALL BUS. ACTIVITY	B
Human Rights	C+
Innovation-Friendly Sustainable Policies	B
Self-Driving Vehicles	A
Tax Friendly	B
Tech Workforce	B-
Telehealth	A
Tort Reform	C+

ATTRACTS INVESTMENT: B

\$977 R&D Spending *(Per Capita)*

\$278 Venture Capital Investment *(Per Capita)*

ENTREPRENEURIAL & SMALL BUSINESS ACTIVITY: B

6 Businesses Created *(Per 1,000)*

18 Jobs Created from Small Businesses *(Per 1,000)*

Source: Consumer Technology Association



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ARIZONA

INTERNATIONAL INVESTMENT

Image Source: (Kevin Ruck/shutterstock.com)

\$32.0B

Investment from 35 International
Companies in 2022

Arizona Wins 2023 Gold Shovel Award



Source: Area Development; AZ Commerce

TSMC SUPERCONDUCTOR FACTORIES

\$40B | 2024-2026
Phoenix, Arizona

Image Source: TSMC

Manufacturing Project of the Year (1 of 15)



LG ENERGY SOLUTION BATTERY COMPLEX

\$5.5B | 2025-2026
Queen Creek, Arizona



Image Source: Gansam Architect & Partners / Ware Malcomb



ARIZONA ECONOMIC COMPETITIVENESS

SUMMER 2023

