

# Cost of Living & Taxes

## Cost of Living

Tucson and Southern Arizona is comparable to some of the most affordable markets west of the Mississippi and provides our region a competitive edge. With a Cost of Living Index at 95.8, Tucson and Southern Arizona enjoy a high-quality lifestyle that is less expensive than major markets like Phoenix, Portland, Denver and Las Vegas.

| City                 | Cost of Living Index<br>(Nationwide Average = 100) |
|----------------------|--|
| San Antonio, TX      | 94.4   |
| El Paso, TX          | 88.7   |
| <b>Tucson, AZ</b>    | <b>95.8</b>  |
| Salt Lake City, UT   | 99.4   |
| Colorado Springs, CO | 99.6   |
| Albuquerque, NM      | 96.3   |
| Austin, TX           | 100  |
| Phoenix, AZ          | 97.1   |
| Las Vegas, NV        | 97.8   |
| Denver, CO           | 106  |
| Portland, OR         | 101.7  |
| San Diego, CA        | 116.3  |

Source: [U.S Bureau of Economic Analysis via MAP \(mapazdashboard.arizona.edu\)](http://mapazdashboard.arizona.edu)

## Taxation

Arizona's tax structure is competitive and business-friendly, and the worker's compensation and unemployment insurance costs are among the lowest in the United States. With a low flat-rate corporate tax and a decreasing individual tax burden, Southern Arizona gains a competitive advantage over most communities and states in the nation.

## Per Capita

In 2017, Arizona state and local general sales tax collections were \$1,325 per capita. Arizona ranks 13th out of the 50 states in per capita state sales tax amount. Arizona state and local property tax collection per capita is \$986 placing Arizona 33rd out of the 50 states.

## Sales Tax Rates

|                                 | Arizona |
|---------------------------------|---------|
| State Corporate Income Tax Rate | 4.9%    |
| Rank                            | 28      |
| Ave. Local Tax Rate             | 2.77%   |
| Combined Tax Rate               | 8.37%   |
| Rank                            | 11      |
| Maximum Local Rate              | 5.6%    |

Source: TaxFoundation.org, Sales Tax Clearinghouse, Tax Foundation Calculations; 2019

## State Unemployment Tax Rate

|                      | Arizona |
|----------------------|---------|
| Wages Subject to Tax | \$7,000 |
| Minimum Rate         | 0.03%   |
| Maximum Rate         | 8.91%   |
| New Employer Rate    | 2.00%   |

Source: taxpolicycenter.org, U.S. Department of Labor; Feb 2017

## Tax Burden

The residents of Arizona have the tenth-lowest income tax burden in the United States. According to The Tax Foundation, Arizona taxpayers pay \$574 per capita in state and local income taxes. Estimated now at 8.8% of income, Arizona's state and local tax burden percentage is below the national average of 9.9%.

| State Tax Breakdown               |  |  |
|-----------------------------------|--|--|
|                                   | Arizona  | Notes  |
| <b>Individual Income Tax Rate</b> | 2.59% > \$0<br>2.88% > \$11,047<br>3.36% > \$27,614<br>4.24% > \$55,226<br>4.54% > \$165,674 | Arizona has no individual county or city income tax. |

|                                  |  |   |
|----------------------------------|--|---|
| <b>Corporate Income Tax Rate</b> | 2016: 5.5%<br>2017: 4.9%<br>2018: 4.9%<br>2019: 4.9% | Corporations incur no county or city taxes.<br>Arizona is also not a unitary tax state. |
| <b>Corporate Franchise Tax</b>   | 0%   | Arizona has no corporate franchise tax  |