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ARIZONA TAX RESEARCH ASSOCIATION

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Teacher Wages Up, Competitive with Peers

Recent increases in K-12 education appropriations intended to improve teacher pay have already made a significant impact on average salaries in the first year of reporting. Per the March spending report from the Arizona Auditor General, the average school district teacher pay increased year-over-year 7.1% to $52,441 in FY 2019. Comparing these wages to the National Education Association's estimated FY 2019 teacher wages by state, this raises Arizona's teacher pay from a rank of #43 to #34. At full implementation of 20x2020, ATRA projects average teacher pay will rank #24 in the nation.

The 20x2020 teacher pay plan is a three-year phased-in program that began in FY 2019, and by July of this year (the beginning of FY 2021), will cost roughly $650 million

See TEACHER PAY UP, Page 2

<u>Inside:</u> FY 2021 Taxable Property Values Up 5.7%

Coronavirus Forces Legislature to Adjourn

On March 23, the Legislature adjourned for three weeks after passing a FY 2021 budget and a small number of bills. Following local and national recommendations that people avoid groups larger than 10, the Legislature managed to pass a bipartisan budget that left out many controversial topics.

As passed, the FY 2021 budget increases ongoing spending while decreasing one-time spending. Total ongoing spending for FY 2021 is $11.4B, a 5.5% increase. Inclusive of one-time spending, total expenditures declined slightly, from $11.9B to $11.8B.

See CORONAVIRUS ADJOURNS LEGISLATURE, Page 5

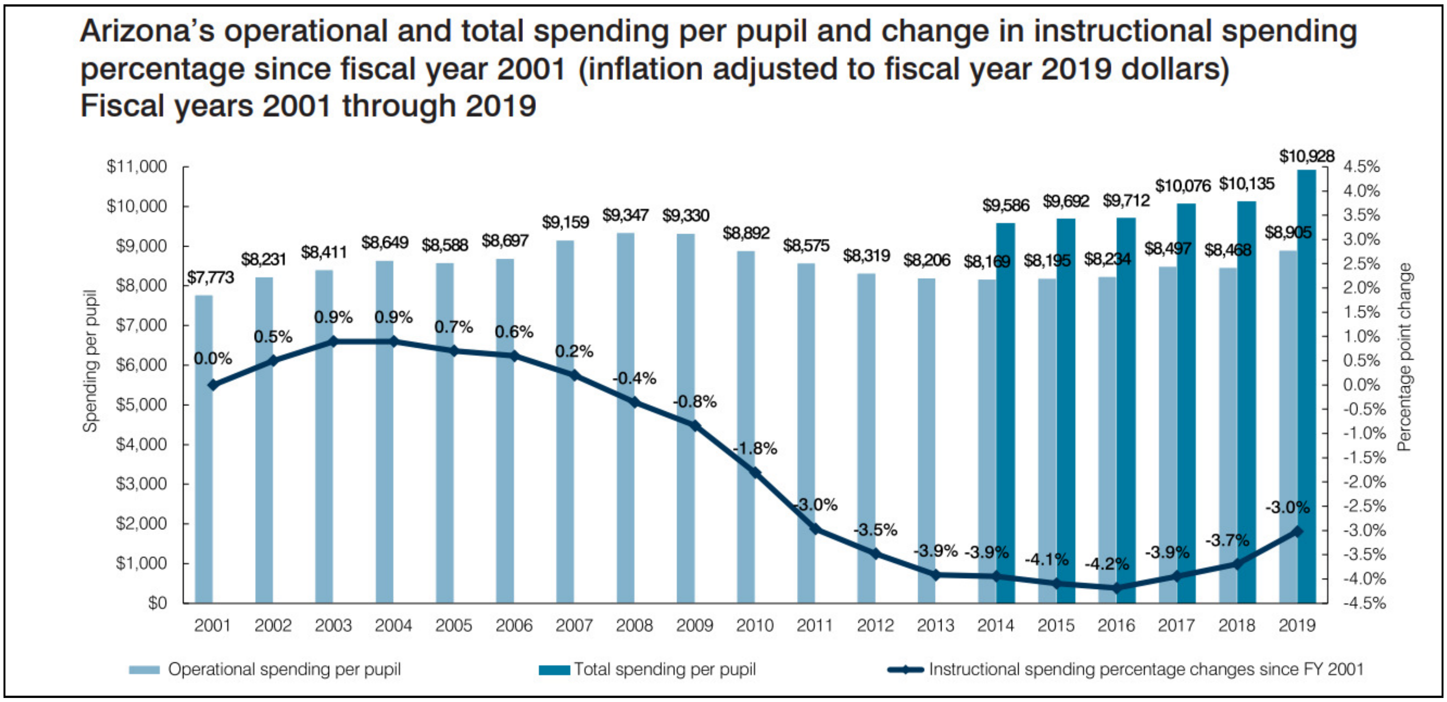
Gov Signs Bill Requiring Tax Statements Actually Include Tax Information

During the 2019 legislative session, Senator Vince Leach successfully sponsored legislation that required county treasurer's to mail property tax statements to all property owners, including those with mortgages. Although all county treasurer's complied with the new law, one county treasurer failed to include any detailed tax information in the statements mailed to mortgagors. The county treasurer's failure to provide adequate information to taxpayers prompted Senator Vince Leach to sponsor legislation again this year to make crystal clear in statute what information should be included in a property tax statement.

See TAX STATEMENTS, Page 5

TEACHER PAY UP, *Continued from Page 1*

annually to pay for a 20% average wage increase for teachers. Money was simply added to base level funding and LEAs were encouraged to use those monies as such, with reporting mechanisms on their websites to hold them accountable for average teacher pay and recent wage increases.



20x2020 was designed to increase teacher pay by 10% by FY 2019 off the base year of FY 2017 and by an additional 5% in the following two years. The Auditor General report from March 2020 shows this target was not reached, as average teacher pay grew 8.4% between FY 2017 and FY 2019. There are likely several reasons for this to include teacher turnover, where new hires tend to replace higher salaried teachers. Further, some large districts like Phoenix Union with higher-than-average teacher pay did not provide the recommended increases as the monies necessary did not equate to the amount appropriated to them.

Previously, ATRA projected average teacher pay in Arizona would improve its national ranking to #26 in the nation by FY 2021 and #16 when adjusted for cost-of-living. Several assumptions have changed since that 2018 estimate. First, average wages have grown by a median of just 1.5% in U.S. states annually instead of the previously estimated 2% annual growth. Arizona's average teacher wage increase off the base year will be closer to 17.14% if current trends hold. Using these assumptions, Arizona's unadjusted national ranking improves to #24 in the nation by FY 2021.

26	Nevada	54,280
27	Texas	54,155
28	Montana	54,034
29	North Carolina	53,975
30	Kentucky	53,434
31	North Dakota	53,434
32	Colorado	53,301
33	Virginia	52,466
34	**Arizona**	**52,441**
35	Oklahoma	52,412
36	Tennessee	51,714
37	Wisconsin	51,453
38	Arkansas	51,019
39	Indiana	50,937
40	Louisiana	50,923
41	Alabama	50,810
42	Idaho	50,757
43	South Carolina	50,395
44	Utah	50,342

One of the biggest changes in the last three years has been Arizona's cost of living, which has increased several points per the Cost of Living Index (COLI) created by the Council for Community and Economic Research, the industry standard for cost of living indexes. In FY 2019, Arizona's average teacher pay drops from #34 to #44 when adjusted for COLI and by FY 2021, drops Arizona's projected #24 rank to #37. What this shows is teacher pay wages are tightly bunched and changes in both wages and cost of living make a significant difference in national rankings. For those looking forward to Arizona's teacher salaries cracking the top #20 for adjusted average pay, this no longer appears likely given cost of living increases in Arizona.

Table 1
Comparison of expenditures by operational area, in total and per pupil
Fiscal years 2016 through 2019

	2016		2017		2018		2019	
Operational area	Total	Per pupil	Total	Per pupil	Total	Per pupil	Total	Per pupil
Instruction	$3,757,466,481	$4,145	$3,958,363,889	$4,377	$4,040,764,088	$4,480	$4,351,363,128	$4,869
Student support	573,359,632	633	614,408,571	679	624,968,437	693	674,259,403	754
Instruction support	403,105,191	444	416,864,985	461	416,309,009	462	444,200,561	497
Administration	730,535,703	806	763,609,229	844	775,898,361	860	806,639,454	903
Plant operations	851,357,174	939	884,032,443	977	891,276,937	988	917,357,169	1,027
Food service	375,997,915	415	381,401,751	422	382,924,905	425	391,405,508	438
Transportation	329,849,846	364	344,766,680	381	349,886,767	388	372,479,826	417
Total	$7,021,671,942	$7,746	$7,363,447,548	$8,141	$7,482,028,504	$8,296	$7,957,705,049	$8,905

Source: Auditor General staff analysis of district-reported accounting data and Arizona Department of Education student membership data for fiscal years 2016 through 2019.

From a regional standpoint, Arizona average teacher pay looks to be in good shape, with most states bunched rather tightly. However, both California and Texas have higher average teacher pay adjusted for inflation.

Wage Competitiveness Among College Graduates by Degree Type

There continue to be reports of high teacher turnover and unfilled vacancies, leading to reliance on long-term substitutes. Though this reporting is uncorroborated survey data, it remains true that Arizona has one of the nation's highest percentage of teachers with less than nine years' experience. ATRA warned that improved teacher pay would not entirely solve the teacher turnover challenge, as this issue is a nationwide phenomenon based on several factors. However, the competitiveness of teacher pay remains a valid policy question.

The Arizona Board of Regents produces a *Wages of Graduates Report* which identifies median wages by major and other groupings. Summary data from the report may well corroborate some of the anecdotal reporting from K-12 leaders: that teacher pay is a long slog, meaning it rises too slowly over their career. The median wage for graduates 10 years removed from receiving their bachelor's degree from a public Arizona university was $62,159 in 2017, well north of average teacher pay. For those with a graduate degree, the average salary ten years thereon was $78,517 in 2017. As will surprise no one, teacher salaries are not comparable to all other university graduates. However, a closer look at salaries by major is useful.

Median wages from undergraduate degree recipients from Arizona State in the last four years (2013-2017) show education majors made $41,167 which was higher than social science majors ($40,312), communication, journalism and related programs ($40,519), multi/interdisciplinary studies ($40,826) and much higher than psychology ($35,105) and visual and performing arts majors ($33,077). Business, engineering, and health professional undergraduates earn more than education majors graduates from Arizona State.

Of course, not all teachers are education majors. However, most college graduates (both undergraduate and graduate level) with liberal arts degrees report median wages at or below the median for education majors. The wage data trends are very similar at Northern Arizona University and the University of Arizona.

The median debt for education majors in this cohort is $20,000 and this calculates to a debt-to-income ratio of 6.1% which is lower than the average of all Arizona State undergraduates of 6.4%. Combine the burden of student loan repayments with retirement contributions of 12%, take home pay continues to be a struggle for new teachers.

For graduate degrees, education major graduates in the last four years report a median wage of $49,391, which was more than Public Administration and Social Service Professions and other "soft science" degrees such as Fine Arts, Communication and Journalism, and Family and Consumer Sciences. However, their median graduate wages were far lower than Business, Engineering, Legal, Health Professions, Computer Science, and other "hard science" majors.

Table 4
State-wide average teacher salary increases
By fiscal year

Fiscal year	Intended salary increase percentage	State-wide average teacher salary	State-wide average teacher salary increase from prior year		State-wide average teacher salary increase from fiscal year 2017	
			In dollars	By percentage	In dollars	By percentage
2017	Base year	$48,372				
2018	1%	$48,951	$579	1.2%	$579	1.2%
2019	9%	$52,441	$3,490	7.1%	$4,069	8.4%
Future increases						
2020	5%	Future increase to be determined				
2021	5% (anticipated)					

Source: Auditor General staff analysis of district-reported accounting data and district-reported teacher FTEs for fiscal years 2017 through 2019.

The takeaway from the ABOR *Wages of Graduates Report* is for young graduates, the median wages of education and other liberal arts degree holders are relatively competitive compared with peers. The report does not include median wage data for these cohorts after about five years following graduation, which could suggest that while entry salaries are fairly competitive, mid and late career salaries are not.

One classic justification for generous and guaranteed defined benefit pensions is that government employees trade high salaries they could make in the private sector for this retirement benefit. Fewer than 20% of private career fields offer defined-benefit pensions, which is a guaranteed annuity for public school teachers. As long as they remain in employ of government, regardless of whether they remain a teacher, they can count on income throughout retirement. Upon retirement, a typical public pension for a teacher has a present market value to the tune of $1 million. So while 12% of pay for retirement is expensive, an individual would have to put an estimated 30% of salary throughout their career to purchase an annuity of similar value (using basic assumptions and a generous 7% rate of return).

The Classroom Spending report produced by the Arizona Auditor General can be found here: https://www.azauditor.gov/sites/default/files/20-201_Report_with_Pages.pdf .

-Sean McCarthy

TAX STATEMENTS, *Continued from Page 1*

Although the decision to mail tax statements to property owners with mortgages was permissive prior to the 2019 law change, it was common among all county treasurers to mail statements to everyone. In fact it wasn't until recently that some county treasurers, including the Maricopa County Treasurer, stopped mailing statements to taxpayers that didn't own their property outright. Consequently, taxpayers with mortgages never received notification of their property tax liability. Senator Leach responded with legislation to ensure that all property owners receive a tax statement, including taxpayers with mortgages on their property. That measure received overwhelming support in the Legislature and was subsequently signed by the Governor.

All fifteen county treasurer's abided by the new law in tax year 2019. However in Maricopa County, the tax statements mailed to mortgagors lacked the detailed information that was included in the tax statements mailed to all other taxpayers. In fact, the notice mailed to taxpayers of mortgaged property only included the total amount of taxes due, and if taxpayers wanted any more information, they were directed to visit the county treasurer's website to retrieve that information. Frustrated by this lack of transparency, Senator Leach sponsored legislation again this session to eliminate any confusion regarding the level of information that should be included in property tax statements.

SB1113 passed unanimously and was one of only 23 bills signed by the Governor this session before the Legislature adjourned. Specifically, the measure requires county treasurers to separately list the primary and secondary taxes levied by each taxing jurisdiction for the previous and current tax years in all tax statements. Special thanks to Senator Leach for his persistence in ensuring transparency in state and local property taxes.

-Jennifer Stielow

CORONAVIRUS ADJOURNS LEGISLATURE, *Continued from Page 1*

The status of tax collections for FY 2021 are anyone's guess; however, legislative leaders felt confident passing the budget with strong existing cash balances. Under a recession scenario, combined with a slower than expected recovery, the FY 2021 budget could present a significant problem if revenues do not materialize as projected.

The Legislature passed just 58 bills, leaving some 1550 bills and countless issues up in the air. Although one ATRA bill did make it to the finish line in SB1113, the remainder of issues ATRA tracked will be on hold until the Legislature resumes.

Good Bills

HB2106 schools; audits; financial records; budgets (Udall)

HB2106 makes several changes in Title 15 related to all public school audits and compliance questionnaires. There are four major changes: 1) Improves compliance questionnaire transparency. The bill requires all school districts and charters (LEAs) provide their annual compliance questionnaire to the Department of Education who will make them publicly available on their website. These questionnaires ensure compliance with state laws related to the uniform system of financial records (USFR). 2) The bill improves board awareness by requiring that elected or appointed school board members accept all audits and compliance questionnaires by roll call vote, which also provides the public the opportunity to see and comment on these reports. 3) Improves awareness for the State Board of Education (SBE). The bill requires Auditor General provide the same details it provides ADE to the SBE related to financial noncompliance so they can make decisions with full context. 4) Requirement simplification. The bill no longer require school districts file their budgets with the county school superintendent, which is a historical requirement that is no longer necessary. Budgets are electronically passed to ADE for acceptance, where counties can easily access them. *HB2106 passed the House and Senate Education Committee unanimously.*

HB2354 income tax; returns; filing extension (Toma)

HB2354 adds one month to the due date for extended corporate state filings, meaning they will be due seven months after the original due date instead of six. This would give corporate filers one month to finish state tax filings after their federal return is due. This change reduces the burdensome task of completing a federal filing at the same time as determining apportionment to states along with completing those filings. *HB2354 passed the House and Senate Finance Committee unanimously.*

SB1398 tax omnibus (Mesnard)

A tax package proposed by the Senate Finance Chair made several changes in both income and property taxes, among other areas. The largest thrust of the bill was a change to the business class assessment ratio, reducing the amount from 18% of value to 17% over two years beginning in tax year 2021. Assessment ratios are how state law shifts property tax burden between classes based on property usage, with business property shouldering the largest shift. With 21% of all statewide property value, businesses pay roughly 35% of all property taxes. To offset tax shifts to other classifications, the bill reduces the state equalization tax rate by roughly 14 cents at a cost of $62 million. As amended in the Senate, the bill increases the maximum property tax rate cap for Fire Districts from $3.25 to $3.50 per hundred.

In addition, the bill proposes to increase the child/dependent credit by 20% from $100/$25 to $120/$30 and increase the capital gains subtraction to 50% (instead of 25%) for all assets acquired after December 31, 2019. On the corporate side, Arizona would conform to the federal change to allow bonus depreciation from 50% to 100%, creating some one-time costs as depreciation is pulled forward. Further, the bill eliminates the Highway Safety Fee six months early so some vehicle owner's are not snared by this temporary tax more than others. Finally, the bill increases taxes on alternative fuel and electric fuel in an attempt to bring parity to the lack of gas taxes paid by these drivers. *SB1398 passed the Senate and awaits action in the House.*

SB1121 model city tax code (Leach)

SB1121 simplifies and improves the process of amending the Model City Tax Code (MCTC). Currently, any proposed amendment to the MCTC must be submitted at least 60 days prior to adoption by the Municipal Tax Code Commission (MTCC). However, taxpayers are only provided two weeks' notice of the public hearing in which the MTCC is scheduled to adopt the amendment. As a result, taxpayers have little time to consider and react to amendments that may be considered controversial. To improve the process, SB1121 requires the Department of Revenue (DOR) to post the proposed amendment, meeting notice, and agenda to its website at least 60 days prior to adoption by the MTCC. Upon the request of a city or town, taxpayer, or DOR, the MTCC must hold an informational hearing at least 30 days after the amendment is proposed. The bill specifies that DOR staff provide the legal analysis on the amendment and any changes to the amendment must be posted to the DOR website within five days of the hearing. *SB1121 passed the Senate and House Ways & Means Committee unanimously.*

HB2404 TPT; prime contracting; exemptions; certificates (Cobb)

In an attempt to reduce noncompliance and the audit risk to contractors, Rep. Cobb's proposal under HB2404 would have greatly simplified prime contracting by eliminating the thresholds under alteration projects and allow alteration projects to remain subject to tax under retail (MRRA) if the contract doesn't involve adding or expanding square footage. Doing so would greatly reduce the noncompliance in this complex area of the state's TPT system. Despite the fiscal note from the Joint Legislative Budget Committee (JLBC) fairly noting that the fiscal impact could not be determined without knowing how many alteration projects involve the addition of square footage, the Arizona League of Cities & Towns opposed the bill in the House Ways & Means Committee. The League has continued to argue that any improvements that simplify our administratively burdensome prime contracting law must hold them harmless. *HB2404 was held in the House.*

<u>Bad Bills</u>

SB1280 pensions; unfunded liability; expenditure limits (Mesnard)

SB1280 would have amended statute to define any public pension unfunded accrued liability as a long-term debt obligation as it pertains to the constitutional expenditure limits of cities, towns and counties. This change would have allowed local jurisdictions to exclude the unfunded accrued pension liability of ASRS, PSPRS, EORP, and CORP from their expenditure limits. ATRA opposed the bill in Senate Finance since it would allow an exclusion for payment of unfunded liability that government is required to pay on an annual basis, which is only about circumventing the constitutional expenditure limits (*See ATRA February 2020 Newsletter*). Sponsor Sen. Mesnard agreed with ATRAs position and explained to the proponents that he would only allow the bill to move forward if the relief was limited to lump-sum payments that reduce the total unfunded liabilities and not the required annual payment. Rather than amend the bill, proponents made the decision not to move forward. *SB1280 was held in the Senate.*

HB2814 rural economic development; project certification (Dunn)

HB2814 would have allowed economic development improvement programs to be established in unincorporated areas of counties (less than 800,000 population) and municipalities with specific capital investments and employment. Qualified property would be classified under class 6, which is assessed at 5%, for ten years or when the development costs of the project are recouped. ATRA opposed the bill in the House Ways & Means Committee due to the constitutional concerns with providing tax breaks to similarly situated property in which the only distinguishing factor is the amount and location of the capital investment, rather than property use. Furthermore, ATRA has consistently opposed any effort to expand targeted tax breaks to businesses under class 6 that exacerbates the inequity inherent in Arizona's property tax system. *HB2814 was held in House Rules.*

FY 2021 Taxable Property Values Up 5.7%

Prop 117 continues to stabilize Arizona's property tax system. Prior to the passage of Prop 117 in 2012, property was taxed on both the Full Cash Value (FCV) and Limited Property Value (LPV). The FCV was unlimited since it reflected a property's market value and the LPV could increase by the greater of 10% over the previous year or 25% of the difference between the current year FCV and previous year LPV. Voters' approval of Prop 117 eliminated the FCV as a taxable value and limited the annual growth in the LPV to 5%. Although the FCV is no longer taxable, the county assessor must continue to determine the FCV every year since the LPV tracks the FCV.

ATRA predicted Prop 117 would increase the stability of Arizona's property tax system and provide both government and taxpayers with greater predictability. As market values skyrocketed during the early 2000's, many taxpayers saw their property taxes grow at or near the same rate as the increase in market values as many local taxing jurisdictions chose to keep their tax rates the same. It became clear that the answer to preventing future dramatic increases in property taxes was to control the volatility in taxable values since most local governments are reluctant to adjust their tax rates.

In FY 2021, taxable values across the state increased 5.7% to $69.9 billion. Of the total increase, 2.5% ($1.7 billion) is the result of new construction added to the tax rolls and 3.2% ($2.1 billion) is an increase to the current value of existing property (CVEP). The growth in preliminary statewide FCV in FY 2021 reflects a growth rate of 8.8%, with total FCV now reaching $90 billion. Over the last five years, the statewide FCV value growth of 43.7% far outpaced the 27.5% growth in LPV over that same time.

On a percentage basis, the counties with the largest growth occurred in Greenlee (14.4%) and Graham (13.6%) counties as a result of increased growth in centrally valued property (mines). The largest percentage increases in new construction occurred in Greenlee (4.1%) and Gila (3.8%).

The swift rise and collapse in the real estate market in the first decade of 2000 exposed the flaws in our property tax system and prompted ATRA to advocate for Prop 117. With the stabilizing features of Prop 117 now in place, Arizona's property tax system will fare better through future shocks that disrupt the market.

-Jennifer Stielow

COUNTY	FY 2020 NAV	FY 2021 CVEP	FY 2020 NAV to FY 2021 CVEP	FY 2021 NAV	New Construction	N/C as % of total chg	FY 2020 NAV to FY 2021 NAV	FY 2021 Max Tax Rate
Apache	$461,587,670	$460,845,527	-0.2%	$468,553,759	$7,708,232	1.7%	1.5%	0.6310
Cochise	$941,485,649	$960,913,583	2.1%	$973,084,452	$12,170,869	1.3%	3.4%	4.0276
Coconino	$1,831,089,260	$1,910,232,943	4.3%	$1,929,724,114	$19,491,171	1.1%	5.4%	0.5293
Gila	$519,905,408	$529,766,827	1.9%	$549,382,397	$19,615,570	3.8%	5.7%	6.7231
Graham	$193,896,044	$220,214,806	13.6%	$223,857,864	$3,643,058	1.9%	15.5%	2.7727
Greenlee	$435,233,182	$497,884,274	14.4%	$515,942,447	$18,058,173	4.1%	18.5%	1.0202
La Paz	$214,375,703	$216,612,801	1.0%	$220,005,082	$3,392,281	1.6%	2.6%	2.6135
Maricopa	$43,194,326,395	$44,521,062,593	3.1%	$45,704,969,813	$1,183,907,220	2.7%	5.8%	1.7083
Mohave	$1,908,201,470	$1,963,287,866	2.9%	$2,010,693,378	$47,405,512	2.5%	5.4%	2.4453
Navajo	$852,640,245	$868,731,700	1.9%	$882,158,116	$13,426,416	1.6%	3.5%	0.9187
Pima	$8,729,964,923	$8,990,999,121	3.0%	$9,140,425,898	$149,426,777	1.7%	4.7%	5.0770
Pinal	$2,521,252,051	$2,601,151,533	3.2%	$2,689,422,170	$88,270,637	3.5%	6.7%	5.8874
Santa Cruz	$344,280,485	$354,721,587	3.0%	$362,266,916	$7,545,329	2.2%	5.2%	4.9493
Yavapai	$2,765,677,073	$2,894,596,407	4.7%	$2,957,724,707	$63,128,300	2.3%	6.9%	2.1212
Yuma	$1,243,308,079	$1,265,623,969	1.8%	$1,286,552,350	$20,928,381	1.7%	3.5%	2.6984
TOTAL	$66,157,223,637	$68,256,645,537	**3.2%**	$69,914,763,463	$1,658,117,926	**2.5%**	**5.7%**	2.9415

Source: FY 2021 Levy Limit Worksheets; Tax Year 2019 county adopted rates & levies.

FY 2016 - FY 2021 Net Assessed Values (NAV)

COUNTY	FY 2016 LPV	FY 2021 LPV	5-YR % CHG	FY 2016 FCV	FY 2021 FCV	5-YR % CHG
Apache	$489,723,731	$468,553,759	-4.3%	$497,475,550	$515,291,360	3.6%
Cochise	$920,583,366	$973,084,452	5.7%	$924,708,480	$992,335,054	7.3%
Coconino	$1,537,418,218	$1,929,724,114	25.5%	$1,602,339,912	$2,258,179,008	40.9%
Gila	$482,515,161	$549,382,397	13.9%	$506,352,407	$650,177,524	28.4%
Graham	$203,987,445	$223,857,864	9.7%	$211,792,207	$242,089,374	14.3%
Greenlee	$465,533,779	$515,942,447	10.8%	$471,372,389	$518,198,026	9.9%
La Paz	$201,755,860	$220,005,082	9.0%	$41,125,604,014	$61,824,712,434	50.3%
Maricopa	$34,623,670,323	$45,704,969,813	32.0%	$1,833,104,261	$2,515,842,680	37.2%
Mohave	$1,685,788,538	$2,010,693,378	19.3%	$843,037,680	$987,306,973	17.1%
Navajo	$832,770,173	$882,158,116	5.9%	$7,906,190,139	$10,226,394,964	29.3%
Pima	$7,620,360,873	$9,140,425,898	19.9%	$2,450,252,357	$3,351,117,497	36.8%
Pinal	$2,057,547,528	$2,689,422,170	30.7%	$322,650,126	$407,488,558	26.3%
Santa Cruz	$317,370,907	$362,266,916	14.1%	$2,553,473,159	$3,810,753,690	49.2%
Yavapai	$2,279,183,448	$2,957,724,707	29.8%	$1,168,492,470	$1,462,859,936	25.2%
Yuma	$1,120,339,479	$1,286,552,350	14.8%	$214,926,823	$244,558,348	13.8%
TOTAL	**$54,838,548,829**	**$69,914,763,463**	**27.5%**	**$62,631,771,974**	**$90,007,305,426**	**43.7%**

ADOR Extends Income Tax Deadline to July 15, 2020

The Arizona Department of Revenue (ADOR) has announced it has moved the deadline for filing and paying state income taxes from April 15 to July 15, 2020 following direction today by Governor Doug Ducey.

This is consistent with Treasury Secretary Steve Mnuchin's announcement that the Internal Revenue Service (IRS) has moved the deadline for 2019 federal tax returns to July 15, 2020.

The announcement by ADOR includes individual, corporate and fiduciary tax returns.

The new deadline means taxpayers filing state tax returns or submitting payments after the previous April 15 deadline will not be assessed late filing or late payment penalties.

Taxpayers anticipating they will need more time beyond the new July 15 deadline to file state income taxes should consider filing for an extension by submitting Arizona Form 204 by July 15. Taxpayers do not need to submit Arizona Form 204 if they have already received a federal extension from the IRS.

Individuals should ensure to file accurate tax returns. Here are some key tips:

- E-file. Electronic filing is more accurate, secure and faster.
- Ensure all the necessary lines and forms are filled out correctly. Avoid math errors or miscalculations.
- Don't misspell names or use two different names.
- Make sure key information like tax ID number, Social Security number, routing number or account number are correct in all the appropriate boxes.
- If filing a paper return, use black ink and print on white paper.
- Do not staple or attach anything to paper returns.
- Don't forget to sign and date the return.

The Department of Revenue encourages taxpayers file electronically, as e-filing is more efficient, more secure and refunds are processed faster than refunds from paper tax returns.

Check out the Arizona Department of Revenue's website at www.azdor.gov for information.