



“Students continue to excel in and out of the classroom as they recover from the effects of the pandemic and distance learning, and we will continue to put our resources toward helping them succeed.”

— Gov. Doug Ducey, August 17, announcing state education investments of \$20.1 drawn from federal COVID rescue funds

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Arizona

Pop. (2021): 7,426,164
Median household income (2021): \$61,580
Credit Rating: AA / Stable

Pop. growth 2021–2026: 1.34%
Median age (2021): 37.7
Right-to-work state: Yes

LEGISLATIVE UPDATE

Gov. Ducey signed massive tax cut legislation June 30. The three-year, \$1.7 billion tax cut establishes a 2.5% flat rate for all Arizonans by the third year. Through a complicated formula, it shields the top-paying bracket from what would have been a 3.5 % tax increase triggered by Proposition 208, a school funding initiative. In addition, the legislation eliminates income taxes on veterans' military pensions and increases the charitable contribution deduction to 100%.

Separately, Ducey signed SB 1783, which shields small businesses from the Prop 208 surcharge. SB 1783 is to cut some \$292 million from the originally projected \$836 million schools would have received.

In May, Gov. Ducey cancelled the \$300 per week federal supplement to unemployed workers in favor of bonus payments to Arizonans who return to work. The \$2,000 “Return-to-Work Bonuses” are funded through federal emergency resources. Those who return to work part-time can receive \$1,000 under the program.



23rd
Business Tax Climate Rank Change 2021–2022: +1



18th
Higher Ed. R&D Expenditure in \$000s: 1,284,772



33rd
Number of NCRCs: 9,110 | Percent Improvement 2020–2021: 4.04%



43rd
2021 Workers' Comp Index Rate: 1.05



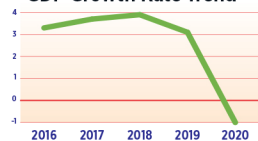
28th
Industrial power cost per kWh: \$7.56



15th
Total Revenue as Share of Total Expenses, FY 2004–2019: 104.5%

GDP
19th

GDP Growth Rate Trend



2020 GDP
(In millions of current US\$)
\$320,551

PROJECT WATCH



Intel's Ocotillo campus in Chandler, Arizona
Photo courtesy Intel

Intel, in March, announced plans to build two new leading-edge chip factories at its Ocotillo campus in Chandler, Arizona. The new factories will support growing demand for Intel's products and provide committed capacity for Intel Foundry Services customers. The \$20 billion price tag on the factories, dubbed Fab 52 and Fab 62, constitutes the largest private sector investment in Arizona's history.

The company says buildout of Fab 52 and Fab 62 will create more than 3,000 permanent tech jobs and more than 3,000 construction jobs and result in the indirect creation of 15,000 long-term local jobs in unspecified areas.

“Hundreds of local companies stand to benefit from our announcement,” said Intel CEO Pat Gelsinger.

Encompassing some 250,000 sq. ft. (23,225 sq. m.) the 70-foot tall (21 m.) fabs are to produce millions of computer chips hourly. The approximate size of a fingernail, the chips are among the most complex products known. Intel's Ocotillo campus in Chandler, covering some 700 acres (280 hectares), is the company's largest manufacturing site with four “fabs” already in operation.

In late August, Intel announced the award of a Defense Department contract to support leading-edge semiconductor manufacturing in the United States. Intel Foundry Services, established in March, is to lead the \$100 million project from the Ocotillo campus with support from IBM, Cadence and Synopsys.

“As the largest U.S.-owned semiconductor manufacturer, Intel is the only leading-edge U.S. semiconductor company that both develops and fabricates its own technology,” said Gelsinger. “We are also the only company that has built leading-edge fabs in the U.S. during the last five years. Unlike many companies, Intel's intellectual property still resides here at home.”

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