

NO ON 208

Since 2015, Arizona has invested \$6.4B of new money towards K-12 education & we should do more. **But, Prop 208 is the WRONG approach** & will shutter our already fragile economy.

- ✗ Will devastate small businesses who will be subject to higher taxes than large corporations at an economically vulnerable time.
- ✗ No accountability for heavily weighted administrative spending & no guarantees on money for teachers.
- ✗ Greatly diminish the attractiveness of doing business in Arizona.

A Top 10 List AZ **DOES NOT** Want To Be On: **THE PROPOSED 8% TAX RATE WILL CATAPULT ARIZONA INTO THE TOP 10 HIGHEST IN THE COUNTRY!**

WHAT DOES IT DO?

THE FACTS:

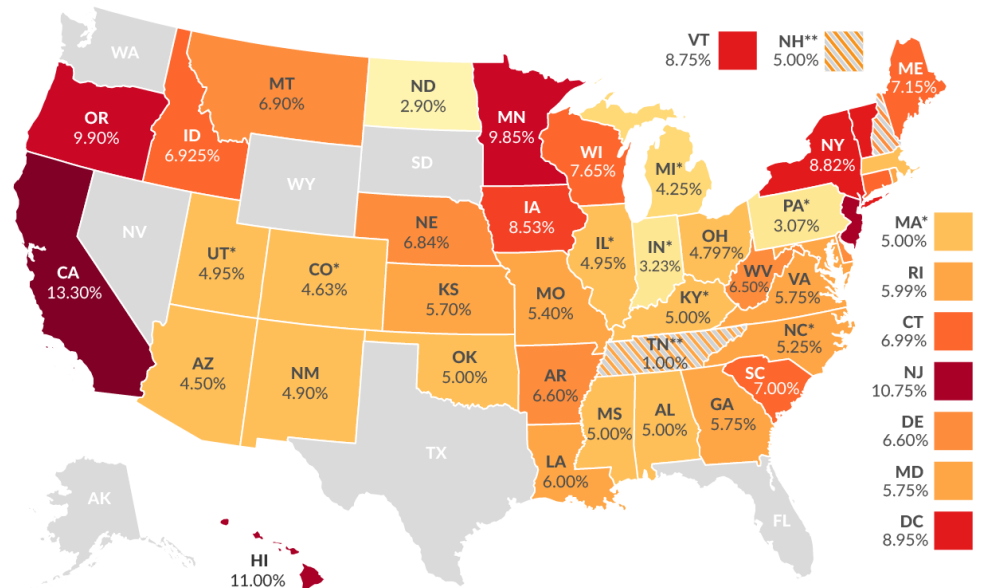
↑ **Raises the income tax rate by 77.7% from 4.5% to 8%** for individuals, including small business, who earn over \$250,000 or households earning more than \$500,000.

Of the filers impacted by this initiative **more than 50% will be small businesses.**

Small businesses will pay a higher tax rate than large corporations **(8% vs. 4.9%)**

How High are Individual Income Tax Rates in Your State?

Top State Marginal Individual Income Tax Rates, 2020



Note: Map shows top marginal rates: the maximum statutory rate in each state. This map does not show effective marginal tax rates, which would include the effects of phase-outs of various tax preferences. Local income taxes are not included.

(*) State has a flat income tax.

(**) State only taxes interest and dividends income.

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg BNA.

Top State Marginal Individual Income Tax Rates



NO limit on administrative spending, **NO** accountability, **NO** guarantees for teachers!

- The key is to ensure that education dollars are spent in ways that benefit the children and teachers, and NOT bureaucracy and overhead.
- Of the dollars collected, funding is first allocated for administrative costs to the Treasurer, Auditor General, Arizona Department of Education, Arizona Department of Revenue, and State Board of Education.
- The expansive and flexible definitions in this initiative means there are no guarantees how much funding will be dedicated to traditional teacher pay since dollars will be stretched thin among thousands of employees.

NO ON 208

Proposition 208 Falls Short on Funds

PERSONAL INCOME TAX VOLATILITY: UPPER TAX BRACKETS ANNUAL % CHANGE IN TAX COLLECTIONS
(SOURCE: ADOR; ROUNDS CONSULTING GROUP)



Proponents claim to raise \$1B, but this initiative uses the least stable taxing method to fund their ambiguous wish list. Income tax is highly volatile and will not net what they claim it will, meaning there will be **no guarantee on funding from year to year.**

BURDEN ON SMALL BUSINESS

Of the filers impacted by this massive tax increase **more than 50% will be small businesses.** Small businesses that will pay nearly double what big corporations pay for income tax.

JOB & ECONOMIC LOSS

If passed, in the first ten years the combined economic impact will result in a **loss of 124,000 jobs and \$2.4 B in state & local tax revenue.**

DESTABILIZES TEACHER PAY

No guarantees for teachers pay. Teacher compensation is tied to a highly volatile funding source, while spreading funding thin among thousands of non-certified teacher personnel.

IGNORES HIGHER EDUCATION

Does not include any meaningful funding for higher education including community colleges and universities that are critical partners in our workforce development pipeline.

NO STRINGS ATTACHED

Voters want transparency and accountability of what their taxpayer dollars are funding. This act contains no such provisions. **It is administratively heavy and unaccountable.**

ECONOMIC COMPETITIVENESS

Prop 208 will make economic recovery more difficult, depress expansion, **restrict growth of small business and severely hinder our ability to attract new businesses to Arizona.**