

Arguments Submitted “Against” C-05-2018

The Grand Canyon Institute (GCI), a nonprofit, centrist think tank that aims to improve educational and economic outcomes for all Arizonans urges a NO on Prop. XXX for the following reasons:

1. The Arizona legislature has reduced taxes by more than \$4 billion over the last 25 years leading to higher K-12 class sizes, rising challenges to recruit and retain teachers, underfunding services for our most vulnerable children, and preventing investments in children before they reach school age and beyond so we can increase our high school graduation rate from 78% to 90%, where the top performing states are. The state has a significant revenue challenge and removing options is a bad idea.
2. We already have adequate safeguards to prevent a rush to impose sales taxes on services. Either a two-thirds vote from both chambers of the legislature and the governor’s signature OR a legislative referral or citizen initiative to voters where voters decide is necessary.
3. The portion of the economy that is “goods” (as opposed to “services”) is declining. This shrinking base undermines the ability of the current sales tax to generate revenue and creates pressure to raise the sales tax on “goods” even higher.
4. Tax policy belongs in statute not as an amendment to the state Constitution

Currently the state foregoes about \$12 billion by exempting services from taxation. GCI does not advocate applying sales taxes broadly to services, but Prop. XXX would prevent consideration of possibly taxing select services, say advertising, at even a rate as low as 1%. It would also prevent consideration of broadening the sales tax base and simultaneously lowering the sales tax rate on “goods.”

Policymakers need the flexibility to evaluate revenue options. Enough safeguards exist. Vote No on Prop. XXX.

Dave Wells, Research Director, Grand Canyon Institute, Mesa; George Cunningham, Board Chair and former Democratic State Senator, Grand Canyon Institute, Tucson; and Susan Gerard, Board Vice Chair and former Republican State Senator, Grand Canyon Institute, Phoenix

The ability of state and local governments to wisely invest public funds — collected via a fairly distributed revenue collection system that does not reward connected insiders — must be developed and improved, not destroyed. This is a core value to me.

I lived through Proposition 13 in California in 1978, a shortsighted populist tax revolt that had the effect of slashing public schools and punishing young families just starting out their lives who now have to pay dramatically higher taxes.

This is an even more damaging replay in Arizona which will devastate our state's ability to invest in transportation, police, and fire, and public schools — along with everything else that creates great neighborhoods and increasing property values. It is unbelievable to me that the Arizona Association of Realtors could support something so corrosive to our people as well as the entire real estate industry.

This will protect the rich and harm the poor; guaranteeing ever-increasing sales taxes on life's necessities while services for middle class and working families are cut. As in the past, spared will be those who can afford lobbyists to buy their own personal loopholes.

I will do everything I can to stop this horribly misguided and dangerous threat to our future wellbeing as a state. I encourage you to do the same.

Steve Farley, Candidate for Governor, Farley for Governor, Tucson
Sponsored by Farley for Governor

The proposed constitutional amendment to block our legislature from ever taxing any service transactions is a terrible idea. The Arizona Association of Realtors, who have a selfish interest in blocking sales taxes on any of their services, sponsored and funded this initiative.

Our modern economy is becoming a service-based economy. The Arizona Department of Revenue estimates that the value of services sold already exceeds the value of goods sold in this state. If we started a sales tax on some of those transactions (let's say for advertising or for securities brokerage services), it would be possible to lower the state's sales tax rate, currently 5.6%, while bringing in even more revenue for all the government services we rely on, from public safety to highway rest stops.

If there are some services that we think should remain exempt from a sales tax, for example child care services or even the commissions paid to realtors, then let's debate and vote on them one by one. But a constitutional amendment to block possible sales taxes on any and all service transactions forever would be a foolish mistake.

Michael Shelton, Retired, Foreign Service Officer, Tempe

Arizona is best served when businesses compete on their own merits and when the government is unable to pick winners and losers. Our free market economy allows you and I as consumers to decide the value of the goods and services others produce and to use our money to reward those people who provide the most value in our lives.

When the government decides that certain businesses don't need to pay taxes for any reason, they pick winner and losers based not on the merits of the product or service they provide, but on their political power and influence. That's not a system we should support.

This proposal would exempt certain kinds of businesses in the service industry from paying taxes. That means that other kinds of business will have to pay more taxes to compensate for this special treatment. This is a system that rewards lobbyists and the politically well-connected at the expense of you and me.

What we should instead advocate for is a system where every business pays the same, lower tax rate. No more corporate welfare for the well-connected. No favors or exemptions for corporations who can afford effective political operatives running campaigns like this one. Instead we need a flat, low rate that treats every business the same way and allows us as consumers to be in charge. That's the system we need and that system won't be possible if this proposal passes.

We urge you to work with us to end the rigged economy that uses the government to pick winners and losers. Please join me and the Arizona chapter of Americans for Prosperity in voting NO on Prop XXX.

Andrew Clark, State Director, Americans for Prosperity, Phoenix
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