

CREED OPPOSED TO PROP XXX

Commercial Real-estate Executives for Economic Development (CREED) which is a consortium of property owners across multiple sectors that represent 5,000+ small business tenants and 70M+ square feet of Arizona property, is OPPOSED to the so-called "Invest in Education" Proposition for the following key reasons:

1. It would significantly increase Arizona's income tax burden which would place our State's top bracket with the surcharge in the top ten in the country and be among the LARGEST permanent tax increases in Arizona history which will HARM our continued economic recovery in the throes of COVID19;
2. The tax increase is UNFAIR for small business owners who file as individuals as the top rate plus the surcharge is much higher than the top corporate income tax rate. This will harm small business job creation and drive these jobs and capital investments to other states like Texas; and
3. Will NOT accomplish getting more money in the classroom as the proposition includes little to NO reforms or accountability on how YOUR tax money will be spent.

PLEASE OPPOSE THE SO-CALLED "INVEST IN EDUCATION ACT" AS IT DOES NOT ACCOMPLISH EFFECTIVE INVESTMENT; IS UNFAIR TO SMALL BUSINESSES; AND WILL HARM OUR STATE ECONOMY ALONG WITH JOB CREATION AS WE ARE STRUGGLING WITH THE PANDEMIC.

Timothy Lawless, President, CREED, Phoenix

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//////////ATRA OPPOSES MASSIVE INCOME TAX HIKE////////////////////////////////////

This Increase Damages an Effective Tax

Arizona's low individual income tax rates have served Arizona well. Our rates are low enough to be both regionally and nationally competitive, encouraging economic growth in Arizona as well as attracting new residents and businesses. Correspondingly, Arizona's income tax produces a massive sum of tax revenue, roughly \$5 billion per year, which fund necessary government services. It provides 1/3 of state general fund revenues alone! Upturning this effective system with an 80% increase to the top marginal rate permanently changes Arizona's framework from "low cost, high growth" to "high tax, steer clear." In one shot, it crushes Arizona's reputation as friendly to small business. It signals to businesses everywhere that Arizona has an unreliable tax climate and is not suitable for investment.

Rolling Arizona Back to a High Tax State Will Reverse Economic Progress

Arizona's income tax produced 185% more revenue in 2019 than it did in 1991, adjusted for inflation, roughly double Arizona's population growth. This occurred despite lowering rates 35%.

This is NOT How You Fund Schools

If the policy goal is to increase money for K-12, this is not a prudent path. Strong economic growth has produced the revenue to fund the 20% teacher pay increase (\$600M+ alone) and other K-12 increases. Damaging Arizona's economy will not help K-12 in the long run. Moreover, the top tax bracket is the most volatile, as it depends on business profits and capital gains. During recessions, this fund will plummet, shorting teachers and creating pressure for tax increases elsewhere.

Funding public schools is a mandatory requirement of the State and the financial burden should be an obligation of all Arizonans. Isolating K-12 pay increases on less than 2% of filers is awful public policy and should be rejected.

Kevin McCarthy, President, Arizona Tax Research Association, Gilbert

The effort to destroy Arizona's increasingly fragile economy is in full force with the so-called "Invest in Education Act." Funded almost exclusively by out-of-state interests, the measure's primary purpose seems to be nothing more than to make Arizona as unpleasant of a place to live as California. And it does so by relying on the most volatile and regressive of revenue streams: the income tax.

In fact, the act not only **DOUBLES** the income tax on tens of thousands of Arizona families, but also on our small businesses. Considering the massive hit businesses have already taken during the coronavirus pandemic, it is simply unconscionable to turn around now and impose the largest tax increase in Arizona's history.

While it purports to be helping our teachers, the reality is that very little of the taxpayer funds raised by this measure will end up in the pockets of educators. Rather, the bulk of the funds go to "support personnel" and new programs that have little to do with educating students. In fact, there is literally nothing in the measure to ensure that the funds are spent in a way to actually improve education in our state.

The passage of this act would result in Arizona having one of the least competitive tax codes in the country. It would also cause irreparable damage to our economy, driving people to more family-friendly states.

During these difficult times, our focus should be on building our economy back up and ensuring Arizona's students get the best education possible. This measure, designed and funded by people who don't even live in our state, fails badly on both of those counts. Vote NO on Prop XXX

Victor Riches, President & CEO, Goldwater Institute, Phoenix

The Arizona Chamber of Commerce and Industry strongly urges you to vote no on Proposition XXX.

Arizona's economy is not immune to the consequences of the pandemic. As the state begins its safe reopening, we face a double-digit unemployment rate and record-level jobless claims. If Proposition XXX passes, it will do tremendous damage to our economic recovery, and especially to our small businesses.

Many small business owners file their business taxes through pass-through entities accounted for in the personal income tax code; they'll be hit hard. Arizona has boasted high rates of entrepreneurial activity for years compared to other states. But this initiative will mean reduced growth for existing small businesses, and fewer new small businesses. The opportunity for small businesses to grow from within will be severely jeopardized.

The proponents of the initiative claim their plan will help teachers. It won't. By tying teacher pay to highly volatile tax revenues, we would be placing their funding at tremendous risk. Teachers and staff would have no assurance that compensation from this source would be available year to year or business cycle to business cycle.

Arizona businesses value teachers. They are preparing our most precious resource for our shared future. They have earned the 20% raise that takes full effect with the start of the new school year. We all want to improve teacher pay, but this attempt is dangerous.

If it were to pass, the highest income tax rate for the affected taxpayers would increase by a whopping 78%, dramatically undermining Arizona's ability to grow jobs when we need them most. Arizona's economy can thrive again, but we'll need policies to spur job growth.

We urge you to vote no on Proposition XXX. It will hurt teachers and it will hurt small businesses.

Glenn Hamer, President & CEO, Arizona Chamber of Commerce and Industry, Scottsdale
Sponsored by Arizona Chamber of Commerce and Industry

This ballot measure represents a near doubling of Arizona's income tax rate. Worse, it especially hits small businesses, who will bear an unfair burden from it.

Right now, Arizona's small businesses are recovering from the economic harm done by the COVID pandemic. And yet this tax increase would have small businesses – many of which pay based on personal tax rates – paying substantially more than Arizona's largest corporations, which pay a lower corporate rate. How does that make sense?

It doesn't.

This tax increase is estimated to cost taxpayers around \$1 billion annually. That's a whopping amount, especially considering that our economy is recovering from recession and high unemployment.

There's no guarantee how much of this money will actually reach teachers. Normally when there's a huge tax increase we know for certain what the money will be spent on. In this case, most of the money can be spent outside the classroom, which would be terribly wasteful.

Arizona's K-12 education needs more money. There is little debate about that. The key is to ensure it is spent in ways that benefit children and teachers, and not bureaucracy and overhead.

This ballot measure isn't the answer. It will do more harm than good to small businesses; will raise less money than promised; and will result in more waste in our education system, not less.

Arizona's small business owners have sacrificed a lot this year. They have fought through the challenges of COVID-19, working hard to keep their doors open and protect the health and safety of their employees and their customers. They deserve our thanks, not a massive tax increase.

We can do better than this ballot measure. Please join me in voting "NO" on this crippling tax increase.

Doug Ducey, Governor, State of Arizona, Phoenix
Sponsored by Arizonans for Strong Leadership

Education is the top priority for the Southern Arizona Leadership Council. As a business organization we believe that by supporting our entire P-20 education system we could create a world-class workforce, build a vibrant economy, and increase prosperity for all. However, SALC cannot support Prop XXX. Prop XXX is too narrow in scope to make an impact while using a tax scheme that will thwart economic development.

This initiative fails to provide funding for early childhood education, our community colleges, and our universities. According to the Arizona Education Progress Meter seventy-nine percent of Arizona's three and four-year old children are not in quality early learning settings. Investing in early childhood education increases educational attainment which is the key to a skilled workforce that attracts new businesses and jobs to our state and leads to greater economic growth. This proposal ignores our higher education institutions, our universities and community colleges, and does not address their funding shortfall at such a critical juncture while facing challenges posed by the pandemic.

The districts in Arizona have many different and varying needs. Some need teachers, some need to invest in the classrooms and others require capital. The funds from Prop XXX will not be under local control to invest. The funding goes almost entirely to salaries, regardless of the needs of the schools or their students.

Raising income taxes on a small portion of Arizona's taxpayers is not a fair, balanced way to fund education which is a shared responsibility. Additionally, it will hamper Arizona's ability to grow our economy. While advocates of this measure present it as a pro-business strategy, their

plan to tax the most mobile taxpayers who can easily take their business and taxes elsewhere will backfire on our state. SALC strongly urges you to vote No on Prop XXX.

Edward Maxwell, President/CEO, Southern Arizona Leadership Council, Tucson

NAIOP Arizona, the commercial real estate association, strongly supports ensuring our public schools have the resources they need to improve academic outcomes and increase the number of highly-skilled individuals. Our industry relies on economic growth, and a strong education system is an important factor in attracting new businesses to Arizona.

However, NAIOP Arizona opposes the proposed “Invest in Education Act” because it would damage the competitive tax and economic environment Arizona has worked so hard to build.

Of particular concern is the impact this initiative would have on small businesses, most of which file taxes under the individual income tax code. The proponents of this initiative assert that wealthy individuals will be the ones paying this tax. The reality is that small businesses will bear a heavy share of the increased tax payments.

Small businesses are still struggling to recover from the devastating impact of COVID-19 related closures. Many small businesses laid off employees and incurred unanticipated expenses to reengineer their operations to protect the health of customers and remaining workers. The last thing they need now is an increase in taxes.

The benefits of a well-educated workforce are broadly shared by our entire community. Unfortunately, the funding mechanism used by this initiative is the exact opposite. It singles out a small sliver of taxpayers under the pretense that most Arizonans will be unaffected. This is misleading. Small businesses are the backbone of our economy and have suffered unprecedented losses due to the COVID-19 pandemic.

Simply put, this is not the right time for a tax increase. Instead, this is the time to focus on regrowth. Arizona was among the leading states in the nation for job growth before the pandemic. Recovery and growth should be our focus. This will lead to improved state revenues and resources for our schools.

Suzanne Kinney, President and CEO, Arizona Chapter of NAIOP, Phoenix

The Greater Phoenix Chamber opposes the “Invest in Education Act.”

The proposed initiative would enact a 3.5% surcharge on incomes over \$250,000 (individuals) and \$500,000 (households). As we battle the COVID-19 pandemic, there is a critical need to grow Arizona’s economy and remain competitive in business attraction and economic development. This initiative will significantly harm this ability and pose serious threats to the business community’s recovery.

Proponents of the measure developed the initiative without serious consultation from businesses. Even with additional drafting from the previous cycle's initiative and guidance suggested by the business community, details are lacking on several items including:

- Negative repercussions on small business
- Revenue projections and volatility of the tax collections
- Rationale for doubling the income tax rates
- Exclusion of higher education

The business community's largest concern is that this intended "tax the rich" proposal will result in significant tax hikes for small businesses that pay taxes through the individual income tax. Small businesses are Arizona's core DNA, creating hundreds of thousands of jobs. Arizona's small businesses are already struggling in the wake of the COVID-19 pandemic; this tax increase will further hinder their efforts to stabilize and will significantly harm efforts to grow our economy.

The business community recognizes the importance of education funding, however we need to look at a holistic P-20 approach to funding. This initiative excludes community colleges and universities which are drivers of workforce development and economic activity in communities across the state. The conversation of increased education funding is not over, however, this initiative does not evaluate education funding in a holistic manner that will move us forward.

On behalf of our 2,400 business members and their hard-working employees, we urge you to join us in voting NO.

Todd Sanders, President & CEO, Greater Phoenix Chamber, Phoenix
Sponsored by Greater Phoenix Chamber

Arizona's small business owners urge you to vote 'no' on Proposition XXX.

Raising taxes on small businesses during an economic recession is just wrongheaded. While Proposition XXX asks you to raise income taxes on individuals, the people this proposition will really hurt are small businesses. Small businesses employ nearly one half of all working Arizonans. For most of these mom-and-pop shops, employee payroll is the largest expense. When faced with an 80% tax increase on their business income, owners will have no other choice but to cut staff to make ends meet. This increased tax will be on top of the losses many businesses incurred from government-imposed COVID-19 lockdowns.

Arizona is a small business state. A place where new businesses startup and other businesses aspire to locate. Our state's competitive tax rates help attract business investment. Investments that include jobs for working Arizonans. The drastic tax increase in Prop XXX will reduce opportunity for Arizonans by cutting off the flow of new businesses and better jobs. Further, supporters of this measure claim to want a reliable source of revenue for school funding. That's not what you will get if you vote for this proposition. This proposition seeks to impose a new top tax bracket. History proves that this source of revenue is the most unreliable. It is the first revenue source to decrease during any economic downturn. So instead of helping teachers during times of economic need, the dollars will disappear—leaving Arizona's schools hanging out to dry.

Arizona's small business owners rely on a good education system to educate tomorrow's

workers. We don't need an education system funded by a flimsy, wrongheaded policy that will kill jobs and destabilize our schools at the same time. Vote 'no' on Prop XXX.

Chad Heinrich, State Director, National Federation of Independent Business, Phoenix
Sponsored by National Federation of Independent Business

INVEST IN EDUCATION (I-31-2020)

Vote NO on Proposition XXX. It will make our economic recovery more difficult, and it won't help teachers.

The Arizona Small Business Association recognizes the importance of education and even supported the Red of Ed movement and the 20% pay raise by 2020 initiative from Governor Ducey. However, the Invest in Ed initiative puts all the burden squarely on the backs of individuals and small businesses while giving a free pass to corporations.

Because small businesses file taxes on the individual portion of the tax code, Proposition XXX will increase taxes by nearly 80% and create a huge burden for small businesses who are already struggling in the wake of the COVID-19 pandemic. If Proposition XXX passes, it will be the nail in the coffin for many of us. No more hiring, no expansion, no recovery, and less tax dollars for Arizona's teachers.

The greatest beneficiary to a properly funded educational system are corporations who recruit employees to Arizona because of high performing schools and the quality of life. Creating a tax that targets only a portion of the taxpayers is patently unfair and creates a slippery slope for future initiatives.

This is not the time to be implementing a tax increase as Arizona attempts to emerge from the COVID-19 pandemic where we have experienced double-digit unemployment and record-high jobless claims.

Arizona has prided itself on being highly competitive on a national stage because of our business-friendly environment. This initiative will make Arizona less competitive with other states and significantly harm the ability to grow our economy.

This small business tax is a tax on the state's recovery. It won't help teachers. Vote NO on Proposition XXX.

Jess Roman, Chief Executive Officer, Arizona Small Business Association (ASBA), Phoenix

I wish to voice opposition to the proposed Proposition XXX.

Upon review of the proposed proposition I find it lacks accountability on how the additional tax dollars will be spent.

Resulting in none of the proposed tax money being required to be spent in the classroom.

Todd Hoffman, Phoenix
Sponsored by Arizona Free Enterprise Club

The Arizona Lodging & Tourism Association represents a diverse and broad alliance of businesses across the state – more than 95,000 guest rooms statewide and members, inclusive of world-class resorts, hotels, sports teams and tourism venues, airlines, attractions, arts, culture, culinary and hundreds of businesses that supply goods and services to these entities – and we stand united in opposition to Proposition XXX.

A growing economy has delivered increased business activity and visitor volume to our state, resulting in new and sustained job growth and a stronger operating environment. The proposal to double Arizona's top income tax rate would be detrimental to Arizona's economy and is disastrous public policy.

Our industry is known to embrace competition and innovation, and we recognize how much damage this initiative would do by taking Arizona's top income tax rate to the top 10 highest in the nation. It will diminish our ability to compete to attract vital businesses and travelers.

Becoming a high-tax state would severely harm our industry and the residents and visitors who rely on our properties, attractions, and destinations for jobs and tax revenues. Many of our lodging and tourism small businesses would end up paying higher tax rates than larger corporations.

It is common to hear stories of visitors moving to Arizona or investing in our state after experiencing our quality of life, business-friendly environment, and welcoming climate. That will change if the only state in our region with a higher top income tax rate is California.

Revenues from the tax brackets targeted by this initiative are volatile. Teachers deserve pay that they can count on. We must continue the course of strengthening teacher and staff pay with reliable, sustainable sources.

This proposal is bad for Arizona and bad for tourism. We urge you to vote NO on Proposition XXX.

Kim Sabow, President & CEO, Arizona Lodging & Tourism Association, Phoenix

Prop XXX is a radical attempt to impose a new \$1Billion income tax increase by charging a 3.5 percent surcharge on Arizona's small businesses and top income earners. This would have the effect of nearly doubling the top individual income tax bracket. This radical increase would give Arizona the 5th highest income tax rate in the nation, trailing only California, Hawaii, Oregon and Minnesota.

Joining the ranks of the high-income tax states would be a decision that Arizona would quickly

come to regret. The evidence is overwhelming—states with a low or no income tax have consistently outperformed high tax states in job creation and economic growth.

It is why for decades Americans have been voting with their feet and moving to states like Arizona with a favorable tax climate. On net, nearly 1,000 people a day are migrating to low income tax states, while the same number is exiting high tax states. If this initiative passes, we should expect entrepreneurs, high earners and employers to take their jobs and investments elsewhere.

They are also selling their plan on the idea that only the “rich” will pay the tax increase. In reality, small business owners and entrepreneurs will be hammered by the increase since they pay their taxes through the individual tax code.

The impact of the largest tax increase in Arizona history would be catastrophic. It will kill jobs, punish small business owners and send families fleeing to other states. The proponents of this measure might think they are being clever by linking two politically attractive targets—school funding and taxing the “rich”—but we are confident that voters will see through their ploy and reject this divisive initiative if it reaches the ballot.

Scot Mussi, President, Arizona Free Enterprise Club, Gilbert

Invest in Ed Act

The Arizona Manufacturers Council urges you to vote no on Proposition XXX.

Manufacturers understand the importance of preparing today’s students for tomorrow’s jobs and have long supported policies that improve school funding and teacher pay. Our modern manufacturing workplaces are becoming more technologically advanced every day. The cutting-edge products we design and produce require a workforce equipped with the ability to keep pace with rapid change and innovation as we compete globally. Arizona’s teachers and schools are essential to preparing our next-generation workforce.

Manufacturing jobs are the kind of desirable, high-paying jobs states compete to attract. Manufacturers in Arizona account for 8.61% of the total output in the state, employing 5.96% of the workforce. Total output from manufacturing was \$29.86 billion in 2018. In addition, there were an average of 170,000 manufacturing employees in Arizona in 2018, with an average annual compensation of \$83,107.09 – nearly double Arizona’s average wage for all other positions.

Many Arizona small businesses and manufacturers are “S Corporations” where the income and losses of the business are reflected on the owners’ individual tax returns. Proposition XXX’s dramatic surtax would hit these manufacturers very hard, making other states with lower tax rates more apt to steal these burgeoning job creators away from Arizona. Arizona’s educators can’t afford to lose to other states the funds these businesses provide.

Higher taxes on small businesses would mean slower job growth, a weaker economy, and fewer resources for teachers. A healthier economy is better for manufacturers and better for teachers.

Please join the Arizona Manufacturers Council in voting NO on Proposition XXX.

Allison Gilbreath, Executive Director, Arizona Manufacturers Council

Allison Gilbreath, Executive Director, Arizona Manufacturers Council, Phoenix
Sponsored by Arizona Chamber of Commerce and Industry

Taxes are too high now! I want new businesses and companies to move to Arizona to help provide jobs and spread out the tax burden. This initiative will do just the opposite. People are moving out of high-tax states and they won't be coming to Arizona. Only California, Oregon, Minnesota and Hawaii will have a higher tax rate and they are losing population as we will be.

Jean McGrath, Sun City
Sponsored by Arizona Free Enterprise Club

Once again, the voters are being asked to support a ballot initiative that ostensibly provides money to improve education for Arizona school children. However, nothing in this poorly drafted measure actually provides reforms to improve the level of student performance.

From an economic standpoint, essentially doubling Arizona's income tax rate to 9% by adding a 3.5% surcharge on higher-income individuals and small businesses will stifle Arizona's on-going recovery and drive potential investors to other states with lower rates. Additionally, if passed Prop XXX will permanently lock in this onerous rate, making it virtually impossible to rescind in the future.

In conclusion, this ill-advised proposal is poorly crafted and written, full of loopholes regarding how the money is spent and imposes an undue tax burden on Arizona's successful individuals and small business owners. All in all, this proposed initiative deserves to be soundly rejected by voters. The power to tax is the power to destroy!

Paul Rowe, Scottsdale
Sponsored by Arizona Free Enterprise Club

The main proponents of this reform is the National Education Association.

Seven states have no state income tax at all.

Highly skilled people are leaving states with high-taxes for low-tax states.

Since the NEA has failed in its mission and have been surpassed by many local charter schools,

they should not be catered to.

For these reasons I am against Prop XXX.

Robert DeSio, Phoenix

Sponsored by Arizona Free Enterprise Club

ARGUMENT AGAINST INVEST IN EDUCATION (I-31-2020)

On behalf of invisionAZ, a non-profit organization dedicated to supporting Arizona's tech and innovation community, we strongly urge you to vote no on Proposition XXX.

invisionAZ is committed to supporting public policy that allows technology, innovation and capital investment to flourish in Arizona. We support a robust education system that will help technology to grow in Arizona. And we support putting more resources into our state's education system. However, we strongly believe that Proposition XXX is not the right way to accomplish this goal.

We believe that the passage of Proposition XXX will have a disastrous and negative impact on the state and will negatively impact technology companies and entrepreneurs. We believe this proposition will severely limit opportunities for future growth. It will put us at a competitive disadvantage for business attraction and severely hurt our recovery as we continue to rebuild from the impacts of the pandemic.

Arizona's thriving tech economy is no accident. It is the result of sound public policy decisions, the passage of innovation-friendly regulations and an entrepreneurial spirit that has led to sustained job growth.

If Proposition XXX passes, it will have a negative impact on our economy, effectively rolling back years of advancement and economic gain.

We urge you to Vote NO on Proposition XXX.

Sincerely,

John Ragan, Chief Executive Officer, invisionAZ, Phoenix

John Ragan, CEO, invisionAZ, Phoenix

This initiative is just as dishonest as the "20% increase for teachers" scam. Do you want to double your tax load? Just move to California--don't saddle the rest of us with this socialist scheme. This was drafted by radical special interest groups and labor unions. Just look at what California has turned into. The trailer rental companies are having a hard time getting California

migrants' trailers back to CA for the next wave. It's poorly written, full of loopholes and empty promises. It's a blank check with our names on the bottom line.

Robert Stannard II, Phoenix

Sponsored by Arizona Free Enterprise Club

Be careful what you wish for! On the surface this proposition may sound reasonable but stripping away the surface we see the devastation it will cause. Prop XXX will double the income tax rate which can never be changed, and its main victim is Small Business. Small businesses are mainly L.L.C.s which means their income is passed through to the owners whose tax rate will go from 4.9% to a whopping 9% by adding a 3.5% surcharge and making Arizona the fifth highest income tax rate in the country. It will kill Small Businesses in our state. This is a very bad idea. Vote NO on Prop XXX.

Wesley Harris, Phoenix

Sponsored by Arizona Free Enterprise Club

The teachers just had a 30 percent salary increase the state said they will pay. If this additional money is collected it will just be spent by the school bureaucrats who have a history of high grade in spending money and a low grade in seeing that kids get a good education. Let's see results of the 30 percent before we invest in the same group.

Frank Listner, Mesa

Sponsored by Arizona Free Enterprise Club

It is frustrating that this push for a historic income tax increase relies on voters not being informed about what they're voting for. Prop XXX takes a complex problem and makes it more complex by committing future taxpayers in perpetuity to fund education without a corresponding commitment to results and accountability.

Is it too much to ask that the people pushing this initiative would at least try to address the concerns raised by small business owners and K-12 supporters about Prop XXX? Instead, what we get is a complicated nine-page initiative that will do nothing to improve our educational system.

Before locking Arizona into a permanent tax increase that cannot be changed, please read the fine print. The backers of Prop XXX hope that their campaign of emotional appeals and class warfare soundbites will carry the day. I urge everyone to educate themselves about Prop XXX and vote NO.

Steve Hetsler, Gold Canyon

Sponsored by Arizona Free Enterprise Club

By passing this would create major business problems for our state. It will put many small businesses that thrive in the state out of business. By locking in the income tax at this high rate is insane. This would also put a stop for new small business coming into our state. We are known as a state that welcomes new small business to come here. This would put that to a halt. This is backed by secret and radical special groups and labor unions and not by the people. This is not well thought out or written. There is no accountability on the spending of the money. This is not for the good of the people of Arizona

Steven Julian, Avondale

Sponsored by Arizona Free Enterprise Club

I am submitting this argument against Proposition XXX and requesting it be included in the Secretary of State's forthcoming publicity pamphlet. The proposed initiative does not fully disclose the disbursement of the funds nor does it address reforms or accountability from the proposed tax increase. In addition to not requiring that funds be spent in the classroom, it also earmarks funds for non-teacher positions and changes the definition of teachers to include non-teaching staff. While education is important, proposing measures to improve it that adversely affect small business will send the Arizona economy spiraling.

As a small business owner, the proposed tax increase from this initiative could potentially result in employee layoffs since many small businesses such as mine are not in a position to absorb such a costly hit. The gradual recovery from the economic recession will be derailed if this initiative is not stopped or, at the very least, fairly amended. In conclusion, any initiative suggesting that only targeted populations be required to be taxed can be deemed discriminatory and, thus, unconstitutional.

Rachel Leffall, Maricopa

Sponsored by Arizona Free Enterprise Club

I don't mind the idea of more money going to what the initiative says - teachers and students. The problem is it won't go to the ones that need it. The unions and the administration will be the ones who receive it. If the teachers want more money let them get it from their administration or unions. I will not be voting for this initiative.

Catherine Guglielmo, Phoenix

Sponsored by Arizona Free Enterprise Club

I am opposed to the initiative XXX because it will make Arizona income tax the 5th highest in the nation behind California, Hawaii, Oregon and Minnesota. This will cripple small business and drive businesses and families out of the state.

Edna Haws, Mesa

Sponsored by Arizona Free Enterprise Club

Increasing the income tax will have a serious negative impact on individuals and small businesses that cannot afford to pay more in taxes.

We can see that additional taxes are driving people out of California, New York, and other locations. This increase in taxes could even cause a reduction in the amount of taxes collected here in Arizona.

Henry Haws, Mesa

Sponsored by Arizona Free Enterprise Club

I am completely in favor of better funding for our AZ teachers and AZ classrooms. However, Prop XXX does not guarantee that the new tax increases will go to fund teachers and classrooms.

As for these tax increases there is no way to know where the money will go. Because of the wording in the proposition, the money can be diverted to administrators pay increases, school bus drivers or even new furniture in the school offices. There is no way to track the new tax money or keep the school districts accountable until after the money is wasted.

This new tax increase would make Arizona the 5th most expensive place to locate. For example, higher than New York and higher than Oregon. Also, this tax increase will double the tax rate for Arizonians. This will effectively raise the rate from about 4.6 percent to 9 percent by adding a 3.5% surcharge on high income earners and small businesses. As Arizona leaders are working hard to bring new high paying jobs to Arizona, this new tax will chase away established businesses from staying and new businesses from coming here.

A solution is needed – Prop XXX is not the answer. VOTE NO ON PROP XXX.

Patrick Tucker, Mesa

Sponsored by Arizona Free Enterprise Club

I moved here from New York to escape high taxes, I don't want Arizona to have the highest tax rate in the country as it will chase residents to states like Texas and Florida where there is no income tax which gives residents more of their money to spend in the community. It will also deeply affect small businesses in our State who are still struggling with COVID-19. Additionally, there is no guarantee how the money will be spent. I hope Arizonans do not move forward with this initiative!

Gayla Coletto, Scottsdale

Sponsored by Arizona Free Enterprise Club

I've lived in Arizona 15 years and am an active voter in support of education. I come from a state with one of the highest ratings in public school education and which has a relatively low tax rate. Arizona is indeed behind in public education; but we've seen over and over again that whenever we vote for more dollars for education; the money magically disappears and is never available

for classrooms.

When you read this ballot initiative take note that there is no specific direction as to who and where the money goes Once again, we the citizens will pay for another pot of money which will be spent heaven knows where and the kids will still be left behind. Our schools, teachers and kids deserve accountability! Demand better and don't fall for this Tax increase. The governor has promised a 20% raise to teachers, I think we should see just how the Governor's current promise plays out before we grant access to our pocketbooks for additional money. Take note that this initiative is for a permanent tax increase.

Dave Kuenzi, Mesa and Sandy Kuenzi, Mesa
Sponsored by Arizona Free Enterprise Club

This tax will put small businesses out of business or leaving the state. Why? Small businesses pay personal income tax rates on profits, as AZ is a "passed through" state, it passes through to the individual side. This means they have less to reinvest in their businesses, hire employees, expand, etc. Whereas larger corporations are paying almost half the rate, resulting in a huge competitive advantage. Furthermore, if this proposition gets passed, it is permanent, only changeable by a ¾ majority vote of the legislature, which makes any change in the law virtually impossible. Therefore, if proven true and small businesses start to disappear in AZ, it will be too late.

Eileen Danko, Fountain Hills
Sponsored by Arizona Free Enterprise Club

Keep Arizona Growing! – Vote Against Prop XXX

Proposition XXX will drive small business owners out of Arizona and keep larger corporations from setting up headquarters/operations in our great state.

As a former corporate executive, I have been part of the decision-making process on where to set up new operations and service centers. A key variable in selecting a location was the current and future tax environment.

States with high taxes or recent tax activism on individuals or businesses are to be avoided. Why? Tax activism creates future cost uncertainties which are beyond the control of the company. This risk affects the companies' competitiveness with firms in low tax states and makes it difficult to attract hi-tech/skill talent.

Four years ago, I left my corporate role to start up a consulting company in Arizona. As a small, locally owned, two-person LLC I find it incredible that I may have to pay 5% more taxes than large out of state consulting firms (9% versus 4.6%). This will impact my ability to compete and reduce my incentive to hire Arizona staff.

Why would anyone in a professional services role (ie attorneys, doctors, accountants) or new entrepreneurs want to set up a business in Arizona if they get punished for growing and success makes them less competitive to big corporations based outside of our state.

The path to addressing our education issues is not a punitive tax that hurts our citizens and handicaps my (our) children's' ability to work and thrive in Arizona.

Bill Luhrs, Scottsdale
Sponsored by Arizona Free Enterprise Club

I was born and raised in Arizona, attended our public schools and am the daughter of a retired public school teacher. As Arizona State Treasurer, I will distribute \$358 million to K-12 public schools this year from land endowment investments. That's up from the \$342 million distributed last year, on top of state general funds. Increasing education funding is one of my highest priorities, but we don't need to raise taxes to accomplish this goal, particularly now.

Arizona must get back to an economic road to recovery from a global pandemic that has affected small business owners who are contemplating closing their doors. Proponents will try to paint those who will pay this new tax as faceless big box businesses. However, those most negatively impacted by this tax increase are "Mom and Pop" store owners, many of whom opened their shops to achieve the American Dream. These small business owners are the backbone of Arizona's economy.

Small businesses have led Arizona's economy as one of the strongest in the nation. If this initiative passes, many small businesses will see an increase in taxes of 3.5%, severely impacting their ability to recover from the pandemic and limiting future growth. I come from a family line of "Mom and Pop" shop owners, so I know how hard they work to succeed, and the negative impact this tax would have on them. Arizona would become a substantially less friendly place to locate a business and create jobs.

Increasing education funding is critical, and I'm proud to be doing my part, but to significantly increase taxes on small businesses in a time when they are just beginning to recover is not part of a long-term, successful strategy to improve education in Arizona.

Kimberly Yee, Treasurer, State of Arizona, Phoenix
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Take it from an economist and small businessperson: Vote NO on Proposition XXX.

I'm an economist who has documented numerous policy reforms over the last decade that have resulted in Arizona having one of the nation's strongest economies. I've seen how Arizona has taken smart, prudent steps to attract new jobs and meet its core responsibilities like K-12 education. Thanks to Arizona's economic growth, average statewide teacher pay increased 20% over the last three years.

I'm also a small businessperson. I've seen how the pandemic has hurt job creation, caused unemployment to spike, and put our economy into a coma.

If Proposition XXX passes, things will go from bad to worse.

Proposition XXX establishes a new tax surcharge on small businesses. It's a tax on productivity

and on our recovery.

Proposition XXX's proponents claim that only big earners will get hit with the tax. What they don't say is that small businesses pay their taxes on the individual portion of the tax code. It's the little guy who gets hurt when income taxes jump a whopping 77.7%.

With an economy already struggling, a massive tax increase will only depress our recovery. When the economy is healthy, there are more resources for public services, cops and firefighters, and teachers. But when we harm our economy with policies like

Proposition XXX, future teacher pay raises become less likely.

If Proposition XXX passes, state law makes changing it nearly impossible, risking permanent damage.

We should work to help the Arizona economy rebound and do more for teachers. But Proposition XXX is the wrong answer. Let's come back stronger, not weaker. I urge you to vote NO.

Jim Rounds, President, Rounds Consulting Group, Tempe
Sponsored by Arizonans for Great Schools and a Strong Economy

Vote NO on Proposition XXX: It will hurt schools and our economy.

Some of my proudest votes during my time as a state senator have been for budgets that increased funding for our K-12 education system, including an average statewide pay increase for teachers of 20%. In fact, since 2015 I've supported budgets and policies that have increased K-12 education funding by a cumulative \$6.4 billion.

How has such a significant investment in K-12 been possible? A thriving economy has produced the revenues necessary to meet Arizona's core responsibilities, including preparing its young people for tomorrow's jobs.

If Proposition XXX passes, however, all that progress will be lost, and growing our economy—already hamstrung by a global pandemic—will become even more difficult.

That's because Proposition XXX targets small businesses through nearly doubling an income tax rate. Small businesses, many of which have seen their operations dramatically disrupted due to the pandemic and are struggling just to survive, now will be slapped with a huge tax increase. The timing couldn't be worse. When employers should be reopening and bringing workers back on to the job, they will instead be paying the tax man.

We've made tremendous progress to adequately fund K-12 and raise teacher pay, but we know more needs to be done. We'll need a healthy economy to do it.

Proposition XXX will result in a huge drag on the overall economy. If we can't grow the

economy, we can't invest in schools and raise teacher pay.

I urge Arizona voters to reject this risky plan and vote NO on Proposition XXX.

Vince Leach, Senator, Arizona Senate, Tucson
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As legislators, education funding has been our top priority. Since 2015, the Legislature has authorized \$6.4 billion in cumulative new funding for K-12 education, including a 20% pay increase for Arizona's teachers. We recognize the importance of preparing Arizona students for their future and have taken action to implement policies and funding to improve Arizona's education system and increase teacher pay.

In March, as the pandemic hit, we took swift action to pass a responsible state budget that continued our strong commitment to K-12 education funding, which, for this year alone included:

- \$175 million for the third installment for the 20% teacher pay increase, bringing the total commitment to \$645 million in permanent funding for a 20% increase for average teacher pay.
- \$67 million in accelerated flexible funding for schools
- \$118 million in school building renewal for repairs and maintenance

But we're also small business owners. We know firsthand the challenges the COVID-19 pandemic has had on businesses and the devastating impact Prop XXX will have, if passed. Prop XXX, will impact tens of thousands of Arizona small businesses, through a near doubling of Arizona's income tax rate.

The billions of dollars for K-12 education funding was possible because of Arizona's strong economy. We are committed to policies that aim to rebuild Arizona's strong economy and prioritize education funding. Prop XXX will significantly hurt our ability to grow Arizona's economy and further cripple small business owners already struggling because of the pandemic.

We know more is needed, but this is not the right solution.

We urge you to vote no on Prop XXX.

Karen Fann, President, Arizona Senate, Prescott; Sine Kerr, Senator, Arizona Senate, Buckeye; and Thomas J. Shope, Representative, Arizona House of Representatives, Coolidge
Sponsored by Arizonans for Great Schools and a Strong Economy

The Green Valley Sahuarita Chamber of Commerce opposes Proposition XXX. This failed reboot from two years ago could not come at a worse time as businesses are struggling from the COVID-19 pandemic and shutdown.

The drafters of the proposal have not taken the following into consideration:

- Most small businesses are structured in a way that their business income is a pass-through and declared as personal income.
- Higher tax rates change behavior. Moving Arizona into the top 10 highest income tax rate states in the country, and taxing successful small businesses, will discourage economic growth and those considering starting a new businesses or moving existing ones here.
- As corporate tax rates are not affected, small businesses that fall into these new tax brackets could pay a tax rate twice that of large corporations.
- The Prop 105 Voter Protection Act, passed in 1998, will prevent Arizona's legislature from making any changes to the new tax brackets. Absent flexibility to deal with economic changes, this dangerous aspect of the proposal is a terrible way to set public policy.

It is the Board's contention that if this measure passes and Arizona becomes a state with high personal income tax rates, our economy will suffer as will revenues to support education spending.

Our Board recognizes and supports the need for quality education and the funding required to deliver it. Additionally, the Green Valley Sahuarita Chamber Foundation provides higher education scholarships for local deserving students as one way in which we are supporting our local education community.

Our membership, 400 members strong, and the entire community prospers with a strong education system and we are committed to working with our local school districts to make that happen. We are committed to doing more for education, but Prop XXX is not the answer.

Randy Graf, President & CEO, Green Valley Sahuarita Chamber of Commerce, Green Valley

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A quality education is a critical mechanism for socioeconomic advancement among aspiring individuals and an important driver for upper economic mobility in our society. In addition, a well-educated workforce is vital to the state's long term economic health. Arizona companies both large and small are demanding a highly skilled workforce to meet the demands of today's increasingly competitive global economy.

For decades, technologic advances have increasingly allowed simpler, repetitive tasks to be done more cheaply and safely by machines. And like the technological change, globalization has reinforced the shift away from lower-skilled jobs that require less education to higher-skilled jobs that require a technical and/or college degree. The jobs that globalization creates in Arizona, serving a global economy, are more likely to be filled by those who have secured a quality education.

With the demand for a highly skilled and highly educated workforce at an all-time high, it is now more critical than ever that Arizona invest in its educational institutions. As the global community begins the process of repairing the massive labor market damage caused by the novel coronavirus, Arizona policymakers must develop a successful plan that bolsters the productivity and resilience of our economy. Arizona must commit to a big pragmatic forward looking investment in our educational institutions and foster a workforce that has the skills to be innovators, entrepreneurs, and job creators.

Unfortunately, Prop XXX is neither a sustainable nor a wise path for Arizona. Imposing an uncompetitive personal income tax on high-wage earners would severely hamper the innovative spirit and the Arizona's economic dynamism and more importantly would put Arizona at a severe disadvantage in trying to attract job creators.

The Arizona Bankers Association strongly urges you to vote NO on Prop. XXX

Paul Hickman, President & CEO, Arizona Bankers Association, Phoenix