

**ARIZONA**

# School advocates turn in petitions to overturn Arizona's \$1 billion tax cut

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Critics of Arizona's historic \$1 billion tax cut say they have gathered enough voter signatures to put the matter on hold and send it to the 2022 ballot to let voters decide its fate.

But before that can happen, the petitions — delivered Tuesday to the Arizona Secretary of State's Office via two moving vans — must first get vetted. The referral drive also must survive a court challenge.

The petition drive is a response to tax cuts championed by Gov. Doug Ducey that members of Invest in Arizona fear will cripple state spending, especially for public education.

Benefits of the tax cut, the largest in state history, would fall mostly to those with the highest incomes in Arizona.

## A \$1 billion permanent cut in revenue

At a rally, before they delivered the petitions, supporters said they're tired of constant battles to boost school funding.

"Parents, teachers and citizens should not have to pound the pavement to fund our schools," said Beth Lewis, a teacher and director of Save Our Schools.

Lawmakers collapsed five income-tax brackets down to two and lowered the top 4.5% rate to 2.98% in creating a so-called flat tax. The new tax scheme is estimated to permanently

cut \$1 billion a year from state revenues.

The measure approved by the GOP-controlled Legislature also blunted the impact of Proposition 208, a voter-approved tax increase on higher incomes intended to support education.

Joe Thomas, president of the Arizona Education Association, thanked the volunteers who worked on the Invest in Arizona campaign for "working diligently, again, to refer bad policy to the voters so they can reject it."

The coalition of education, civic and religious groups said they gathered 215,787 signatures over the past 90 days to refer the so-called "flat tax" to the ballot. That's 82% more than the required 118,823 signatures.

They also submitted 123,531 signatures to put on hold Senate Bill 1783, which created a new income-tax category as a way to avoid the 3.5% education surcharge voters approved last November.

Lewis said she's "extremely confident" the petition drive will send the flat tax to the ballot.

The referral in the new tax category has less of a cushion for signatures. If it fails, it would not affect the impact of the flat-tax referral, however.

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## Not so fast, say flat-tax fans

Supporters of the tax changes cautioned against a premature celebration.

"The tax increase proponents shouldn't pop the champagne quite yet," Danny Seiden, president and CEO of the Arizona Chamber of Commerce & Industry said in a statement.

"They'll have to prove both quantity and quality of the signatures, convince a judge their attempted referral is legal, and then run a pro-tax-increase campaign against stiff political headwinds."

C.J. Karamargin, a spokesman for Ducey, also advised caution on the fate of the petition drive, while touting the benefits the governor sees in the flat tax.

"It implements the lowest flat tax in the country," he said. "It keeps Arizona competitive. We are returning tax dollars to the citizens of Arizona."

The flat tax is a signature achievement for Ducey, who after years of limited and modest tax cuts was able to sign legislation that made huge strides toward his goal of lowering the income tax to "as close to zero as possible."

## **Other referendum drives failed**

A referendum on a third tax-related matter, a new cap of the top income rate at 4.5%, failed to meet the signature threshold.

And another coalition, called Arizona Deserves Better, announced early Tuesday their supporters did not gather enough signatures to refer three bills related to changes in election procedures to the ballot.

But the campaign said it takes some solace in the fact that one of the laws they hoped to repeal, Senate Bill 1891, was ruled unconstitutional in a Monday decision from the Maricopa County Superior Court.

## **What the road ahead looks like**

The signature verification process could take up to a month. After the Secretary of State's Office does a check, it separates the petitions by county and sends them to the respective county recorder to verify that the signatures match those of registered voters.

In the meantime, a lawsuit filed this summer asks a court to reject the petition drives as unconstitutional. The suit, filed by the Free Enterprise Club, argues that citizens can't refer to tax measures that are "immediately necessary ... for the support and maintenance of the departments of the state government and state institutions."

Members of the Invest in Arizona coalition, such as Stand for Children, have called the suit frivolous, noting the referral drive attempts to keep money in the state budget, not reduce it through a permanent \$1 billion tax cut.

The matter is set for a Nov. 5 hearing in Maricopa County Superior Court.

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