



Education advocates file signatures to force vote on Ducey's tax cuts in 2022

BY: LAURA GÓMEZ - SEPTEMBER 28, 2021 4:49 PM

Education advocacy groups on Tuesday filed hundreds of thousands of signatures to block Gov. Doug Ducey's sweeping income tax cuts, the largest in state history, from going into effect and forcing a public vote on them.

For that to actually happen, at least 118,823 of the 215,787 signatures the Invest in Arizona coalition submitted on one of the measures must be deemed valid by elections officials. If they are, Arizona voters will decide the fate of the tax cuts in November 2022.

The coalition of education advocacy, public school teachers and faith leaders that came together under Invest in Arizona are part of the network of community groups that advocated and helped pass Proposition 208 in 2020. The groups fell short of gathering an

overwhelming amount of signatures to block three laws they set out to stop, but seems headed to successfully challenge one that will drastically reduce Arizona's income tax rates.

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– Rev. Jeff Procter-Murphy

Ducey's income tax cuts, which serve as his legacy policy achievement during his two terms as governor, dramatically reform Arizona's tax system. Instead of a progressively graduated system with a maximum rate of 4.5%, Arizona will shift to two income tax rates: 2.55% for people who earn \$27,272 annually and 2.98% for those who earn more than that, under SB1828. That law, which Invest in Arizona is challenging and hoping to hand to the voters in 2022 for approval, will also create a single 2.5% rate as soon as 2023 if state revenues hit certain triggers.

Legislative budget analysts estimate those cuts coupled with other tax law changes will cost the state about \$1 billion in revenue. The median household income in Arizona is about \$62,000, which will realize a tax savings of \$42 under the new proposal. The benefit of the tax cut skyrockets as income increases: Households making at least \$500,000 will save \$10,000; those making at least \$1 million

save nearly \$45,000; those making more than \$5 million will save nearly \$350,000 a year.

The referendum is a reaction to the tax cuts Ducey championed. The tax cuts themselves came in response to, and were designed to blunt the effect of, the Invest in Education Act on wealthy Arizonans. That measure, which voters approved in 2020, imposes a 3.5% surcharge on income greater than \$250,000 for individuals and \$500,000 for couples, with the money directed to public schools to increase teacher pay and boost overall funding.

The end of the signature gathering phase marks the likely start of legal challenges. Teachers, students, parents and community leaders said Tuesday that Republican lawmakers and Ducey are giving massive tax cuts to the rich at the expense of Arizona's children.

“This is an affront to the voters of the state, an insult to our teachers, and it's a direct attack on people that all of us people of faith are instructed to protect: children, the vulnerable, those who live in the margins and have suffered the most in the pandemic,” said Rev. Jeff Procter-Murphy, a member of the Valley Interfaith Project.

Procter-Murphy highlighted one of the points the Invest in Arizona coalition has made since the launch of its referendum campaigns in

July: The planned tax cuts won't just affect education, but the overall state budget.

“The utter lack of political will to invest in future generations has to stop,” he said.

“We see how this rushed tax code will handcuff our state in coming budget cycles, we see how it shortchanges our most vulnerable families for generations to come. We see how these expanded tax cuts will cripple our state government beyond education, health and human services and public safety will also be impacted affecting everyone. Today we are standing up for those whom our elected officials have refused to defend: the poor, the vulnerable, and our children.”

Behind him, white boxes were stacked, some with a red sticker on it with a message in white letters: “The people of Arizona gave Senate Bill 1828 an F.” Next to him were school-aged children holding white poster boards with different messages on them. Some read, “Governor, your handout to the wealthy is in time-out!” “\$1 Billion to the wealthy at the expense of my classroom? Not today Governor!” and “Invest in AZ now.”

The work Republican legislators and Ducey did to protect the wealthy from last year's voter-approved tax increase motivated

voters to sign the petitions the Invest in Arizona coalition sought to gather, said Beth Lewis, president of Save Our Schools.

In 2022, she said, it'll also motivate voters to choose a governor and legislators that fund public schools instead of undermining teachers and classroom resources.

Initially, the Invest in Arizona campaign sought to stop three laws from taking effect later this month: Senate Bill 1827, which caps the tax rate at 4.5% for those with incomes greater than \$250,000 for individuals or \$500,000 for joint filers; Senate Bill 1828, which changes Arizona's income tax system to only two brackets, and creates a single 2.5% rate as soon as 2023 if state revenues hit certain triggers; and Senate Bill 1783, which creates a new business individual income tax with a 4.5% flat rate that some taxpayers can opt into — and any taxpayers who do so would be exempt from the Invest in Education surcharge.

Rebecca Gau, executive director of Stand for Children, said the coalition submitted 215,787 signatures to stop the income tax cuts, and 123,531 to block SB1783 on Tuesday. The groups stopped the effort to block SB1827, the coalition announced on Tuesday.

Because the referendum to block SB1783 gathered only 5,000 more than the minimum, there is virtually no chance it will survive the signature review process.

Besides the monumental task of gathering over 118,000 signatures in just 90 days, the Invest in Arizona coalition is likely to face challenges in court.

On July 21, shortly after Invest in Arizona campaigns launched, the Arizona Free Enterprise Club filed a lawsuit seeking to make the groups' leaders, volunteers and paid circulators time and efforts futile.

The conservative group, which supported the tax cuts, argues that the new tax laws are exempt from the ballot referral process under Arizona's Constitution.

The coalition called the legal arguments "farfetched, unfounded, and untested, merely for the purpose of eroding the rights of Arizona citizens and voters."

An oral argument in that case is scheduled for Nov. 5.

For the teachers, parents and students who gathered on Tuesday, yet another year of Arizona voters looking to challenge, or correct, the work of state legislators was part of a historical trend.

Raquel Mamani, a member of Save Our Schools Arizona, teacher and mom, spoke Tuesday about the stakes of the Invest in Arizona effort — and why that motivated her to gather signatures after her school day ended. For her, this is a fight to give Arizona children a “fully-funded future” and lift Arizona out of its second-to-last place nationwide in per pupil spending. She said state leaders were “passing tax handouts for the wealthy at the expense of our children.”

“Arizona teachers, parents and community members are never ... ever going to allow that to happen,” Mamami said. “We will continue to fight together every single year until our leaders invest in our children.”

Jazmin Castro, a freshman student at Apollo High School in Glendale, shared her experience with underfunded schools. In 7th grade, she said, she didn’t have a teacher for half of the year because the school couldn’t permanently fill the position, setting her and her classmates back. Later, the journalism program she participated in was only in place because of fundraising by school staff.

“Growing up, we are always told to invest in our education,” the 14-year-old said. “We constantly hear that we need to dedicate ourselves to our studies because it’s our future. If my education is my future, why isn’t anyone investing in it?”

She said these experiences have an impact on her motivation. And the possibilities she and her classmates can imagine for themselves in the future.

“Constantly hearing stories like mine discourages me and my peers, it makes us feel like no one truly cares about our education and would rather dedicate it to needed funds elsewhere. Elsewhere seems to be the pockets of the governor’s friends,” she said.