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# ARIZONA TAX RESEARCH ASSOCIATION NEWSLETTER VOLUME 78 NUMBER 6 OCTOBER 2018

## Supremes Strike Massive Tax Increase From Ballot

The Invest In Ed ballot initiative to roughly double income taxes on earnings over \$250,000 ended before it began with an “own-goal” scored by the proponents. The Arizona Supreme Court agreed with the opposition that the initiative petition’s 100-word description was misleading and omitted key information.

The court order indicated they agreed with two of the three challenges, both related to the petitions compliance with A.R.S. §19-102 (A) which requires these 100-word summaries to explain the “principal provisions of the proposed measure or constitutional amendment.” Challengers argued the description was misleading when it said the tax increase was a 3.46% and 4.46% increase on amounts over \$250,000 and \$500,000, respectively. In reality, it would be a 76% increase and 98% tax increase on those amounts. Challengers showed opinion poll data that

See Prop 207 Removed From Ballot, Page 7

**ATRA Golf Tournament: Nov 2, 12:00pm**  
Stonecreek GC

**ATRA Outlook Conference: Nov 15,**  
8:00am Embassy Suites Scottsdale  
**Contact the ATRA office to register**

**Inside: Top 25**  
***Highest Property***  
***Tax Jurisdictions***

## Rising Pension Costs Erode County Budgets

Arizona county budgets continue to rebound in FY 2019 as revenues are expected to grow by a healthy clip. The virtual elimination of state cost shifts provided counties with additional relief as well. However, any benefits the counties may have realized were diminished this year as pension costs for the Public Safety Personnel Retirement System (PSPRS) and the Elected Officials Retirement Plan (EORP) continue to erode county budgets.

### ***State Cost Shifts***

The state costs that were shifted to counties since the Recession were mostly eliminated in the FY 2019 state budget. Those previously shared costs consisted of \$2.6 million in Disproportionate Uncompensated Care (DUC) pool payments, the 31% share of costs for treatment of Sexually Violent Persons (SVP), and a one-year suspension

Continued on Page 2

of the \$11.26 million to the Arizona Department of Juvenile Corrections (ADJC). The state continues to split costs with its local governments to fund the Arizona Department of Revenue’s administration of taxes, with the county share amounting to \$5.1 million.

Although the state has reversed most of the cost shifts to counties, the “flex” language that allows counties to transfer revenues from their special taxing districts to offset those cost shifts remain. For the last eleven years, this provision has provided counties the broad authority to shift property taxes generated through countywide special taxing districts, such as flood control and libraries, to pay for county services not at all associated with the purpose

Table 1: Employee Compensation

County	General Fund Compensation				Total Funds Compensation			
	FY 2018	FY 2019	% Chg.	Comp/FTE	FY 2018	FY 2019	% Chg.	Comp/FTE
Apache	\$10,452,726	\$11,286,349	8.0%	\$68,444	\$21,405,984	\$23,746,687	10.9%	\$60,424
Cochise	\$35,583,825	\$41,868,363	17.7%	\$66,776	\$49,215,010	\$59,697,690	21.3%	\$63,172
Coconino	\$42,875,980	\$47,577,745	11.0%	\$86,979	\$81,176,004	\$88,525,282	9.1%	\$80,041
Gila	\$24,766,415	\$26,528,451	7.1%	\$71,893	\$38,593,636	\$39,961,681	3.5%	\$67,847
Graham	\$9,502,244	\$9,277,038	-2.4%	\$69,963	\$16,375,091	\$16,929,110	3.4%	\$64,862
Greenlee	\$7,592,586	\$8,514,643	12.1%	\$77,406	\$11,530,088	\$12,621,584	9.5%	\$72,123
La Paz	\$7,494,724	\$11,217,307	49.7%	\$100,604	\$13,505,236	\$18,061,058	33.7%	\$79,180
Maricopa	\$589,624,994	\$619,837,085	5.1%	\$77,014	\$1,162,230,902	\$1,210,069,342	4.1%	\$80,700
Mohave	\$46,993,965	\$48,194,119	2.6%	\$67,174	\$80,818,127	\$82,800,262	2.5%	\$65,146
Navajo	\$25,408,114	\$26,730,180	5.2%	\$72,636	\$40,820,811	\$43,174,112	5.8%	\$70,202
Pima	\$331,253,479	\$342,642,998	3.4%	\$73,867	\$498,042,494	\$508,064,987	2.0%	\$71,262
Pinal	\$105,428,957	\$113,103,177	7.3%	\$79,093	\$149,237,976	\$157,302,964	5.4%	\$77,072
Santa Cruz	\$14,511,773	\$14,905,780	2.7%	\$72,889	\$25,965,265	\$26,785,446	3.2%	\$67,470
Yavapai	\$66,511,381	\$71,486,478	7.5%	\$68,147	\$110,866,445	\$125,431,377	13.1%	\$71,349
Yuma	\$46,890,888	\$49,540,780	5.7%	\$74,294	\$95,450,154	\$100,290,069	5.1%	\$69,783
<b>TOTALS</b>	<b>\$1,364,892,051</b>	<b>\$1,442,710,493</b>	<b>5.7%</b>	<b>\$75,201</b>	<b>\$2,395,233,223</b>	<b>\$2,513,461,651</b>	<b>4.9%</b>	<b>\$75,388</b>

Source: County FY 2019 adopted budgets.

billions in total employee compensation costs in FY 2019, which account for nearly half of the TF budgeted expenditures (Tables 1 & 3). Employee salaries consume 70% of total employee compensation on average. Most of the counties budgeted for employee pay raises in FY 2019. The combination of increased salaries and employee benefits bumped County GF compensation up 5.7% and TF budgets by 4.9%. On average, GF employee compensation amounts to \$75,201 per Full Time Equivalent (FTE). The budgeted compensation in La Paz County of \$100,604 is the highest of all the counties, followed by Coconino (\$86,979) and Pinal (\$79,093).

Pension costs associated with PSPRS and EORP continue to apply pressure on county budgets, with system-wide employer contribution rates well in excess of 50%. According to the most recent actuarial reports, the average PSPRS employer contribution rate is 52.10% and the system is only 46.6% funded. Legislation enacted in 2017 provided local governments a one-time option to amortize their PSPRS unfunded liability over a 30-year

for which the taxes were levied. In FY 2019, only two counties, Apache and Navajo, have continued its use. ATRA has argued that since the original intent of the flex provision was to offset cost shifts, it stands to reason that once the shifts are eliminated, the flex authority should no longer be tolerated.

**Personnel Costs**

Counties budgeted \$2.5

Table 2: PSPRS Contribution Rates

County	Normal Cost	Unfunded Liability	Contribution Rate
Apache	13.75%	45.46%	59.21%
Cochise	12.94%	40.06%	53.00%
Coconino	11.97%	54.51%	66.48%
Gila	12.35%	41.04%	53.39%
Graham	12.36%	19.59%	31.95%
Greenlee	11.60%	27.65%	39.25%
La Paz	11.76%	52.25%	64.01%
Maricopa	15.10%	42.59%	57.69%
Mohave	12.11%	40.29%	52.40%
Navajo	11.66%	37.48%	49.14%
Pima	14.21%	49.26%	63.47%
Pinal	12.70%	29.90%	42.60%
Santa Cruz	12.28%	37.75%	50.03%
Yavapai	12.44%	39.56%	52.00%
Yuma	12.09%	25.76%	37.85%

Source: PSPRS financials.

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period instead of 20 years. Unfortunately two counties— Cochise and Graham— both opted for the 30-year period. Ten of the 15 counties have employer contribution rates in excess of 50% and the other five counties are trailing closely behind (Table 2).

Due to EORPs dramatically underfunded status of 32.6%, the Legislature enacted an emergency measure this year that increased the employer contribution rate from 23.5% to the actuarially-determined rate of 61.5%.

While lengthening the amortization period may have provided some short-term relief for a few employers, these ballooning pension costs are not going away any time soon.

### ***FY 2019 County Budgets***

County General Fund (GF) budgeted expenditures grew by 5.3% in FY 2019 to over \$2.6 billion. Budgeted Total Funds (TF), which include the GF, special revenue funds, capital projects, debt service funds and enterprise funds, grew at nearly half that rate to nearly \$6 billion. Over \$2.3 billion in fund balances provide a significant cushion for county budgets, accounting for 39% of TF budgeted expenditures (Table 3).

**Table 3: FY 2019 County Budgeted Expenditures**

County	GENERAL FUND (GF)					TOTAL FUNDS (TF)				
	FY 2018	FY 2019	% Chg.	FUND BALANCE	% of Budget	FY 2018	FY 2019	% Chg.	FUND BALANCE	% of Budget
Apache	\$21,668,684	\$22,079,848	1.9%	\$5,000,000	22.6%	\$57,855,043	\$53,893,714	-6.8%	\$7,008,763	13.0%
Cochise	\$79,617,954	\$83,408,179	4.8%	\$28,030,859	33.6%	\$161,345,460	\$174,910,431	8.4%	\$66,822,700	38.2%
Coconino	\$86,241,123	\$78,259,755	-9.3%	\$22,262,121	28.4%	\$192,652,346	\$182,427,366	-5.3%	\$88,623,393	48.6%
Gila	\$49,538,752	\$52,396,195	5.8%	\$17,680,441	33.7%	\$98,859,359	\$109,315,426	10.6%	\$33,629,900	30.8%
Graham	\$17,437,207	\$18,523,476	6.2%	\$1,065,952	5.8%	\$37,229,976	\$39,882,384	7.1%	\$7,736,568	19.4%
Greenlee	\$12,860,629	\$13,999,314	8.9%	\$7,507,125	53.6%	\$25,455,960	\$24,887,239	-2.2%	\$13,052,873	52.4%
La Paz*	\$11,896,676	\$17,027,740	43.1%	\$1,899,278	11.2%	\$27,955,668	\$31,123,148	11.3%	\$4,514,748	14.5%
Maricopa	\$1,123,964,835	\$1,184,116,922	5.4%	\$184,441,837	15.6%	\$2,608,236,099	\$2,583,181,341	-1.0%	\$1,299,076,427	50.3%
Mohave	\$84,542,728	\$88,240,801	4.4%	\$25,325,956	28.7%	\$273,126,997	\$276,107,402	1.1%	\$131,708,518	47.7%
Navajo	\$40,275,535	\$43,907,188	9.0%	\$4,944,191	11.3%	\$115,978,668	\$120,287,425	3.7%	\$28,904,144	24.0%
Pima	\$576,235,452	\$585,335,097	1.6%	\$90,674,735	15.5%	\$1,267,072,355	\$1,334,100,609	5.3%	\$356,920,886	26.8%
Pinal	\$183,446,121	\$221,656,795	20.8%	\$26,582,428	12.0%	\$406,072,603	\$451,709,402	11.2%	\$132,864,603	29.4%
Santa Cruz	\$27,938,246	\$28,177,834	0.9%	\$8,365,664	29.7%	\$75,536,534	\$78,063,338	3.3%	\$24,632,184	31.6%
Yavapai	\$103,106,022	\$107,047,412	3.8%	\$8,534,044	8.0%	\$227,935,668	\$218,549,046	-4.1%	\$50,669,142	23.2%
Yuma	\$84,758,261	\$91,432,342	7.9%	\$17,184,708	18.8%	\$255,150,383	\$271,870,710	6.6%	\$83,624,600	30.8%
<b>TOTALS</b>	<b>\$2,503,528,225</b>	<b>\$2,635,608,898</b>	<b>5.3%</b>	<b>\$449,499,339</b>	<b>17.1%</b>	<b>\$5,830,463,119</b>	<b>\$5,950,308,981</b>	<b>2.1%</b>	<b>\$2,329,789,449</b>	<b>39.2%</b>

\*La Paz FY 2019 budget adjusted to include Jail District budgeted revenues and expenditures.

The adopted La Paz County GF budget reflects the largest increase of 43.1% when compared to last year's adopted GF budget. However, when considering the county's *revised* budgeted expenditures from last year, the actual increase is approximately 20%, most of which occurred in the sheriff's department and court administration services. The County was able to increase its expenditures since voters approved a temporary increase to the county's constitutional expenditure limit last May and voters will have another opportunity to vote on a permanent adjustment this November. Pinal County also experienced significant growth of nearly 21% this year. The major expenditure driving the Pinal GF budget included a placeholder for a \$32 million land acquisition for a possible agreement with Lucid Motors that the Board of Supervisors has yet to approve.

### ***Fund Balances***

Arizona counties follow the Government Finance Officers Association (GFOA) guidelines that recommend counties maintain fund balances at levels sufficient to fund no less than two months of GF operating expenditures



(15%-20%). On average, the counties hold 17.1% in fund balances to support their GF budgeted expenditures. Aside from Graham and Yavapai Counties, most of the counties carry significant GF fund balances, particularly Greenlee (53.6%), Gila (33.7%), and Cochise (33.6%). Most counties carry significant fund balances to support their TF budgets. In fact, all but three counties carry

fund balances greater than 20% of their TF budgeted expenditures. Greenlee, Maricopa, Coconino, and Mohave Counties hold the largest reserves, in percentage terms, with fund balances hovering around 50% of total budgeted expenditures. The majority of reserves are held in capital projects (\$1 billion) and special revenue funds (\$601 million). Of the \$1.3 billion fund balance in Maricopa County, \$905 million is held in the capital projects fund.

**Property Values**

Since its implementation in tax year 2015, Prop 117 has performed as expected. Limiting taxation of property to only the Limited Property Value (LPV), coupled with capping its annual growth to no more than 5% has provided the stability as intended. In fact, the data shows that despite the 38% growth in market values (FCV) over the last four years, taxable values (LPV) have grown less than half that at 16.5% (see graph).

Over the last year, statewide LPV grew by 4.9% (Table 4). Graham and Greenlee Counties experienced reductions of 1.4% and 0.6%, respectively. Although the NAV published for La Paz County shows an increase of 6.6%, that number was based on an assessor error. In actuality, the NAV dropped 0.8% to approximately \$203 million according to information provided to the Property Tax Oversight Commission (PTOC). The counties with the largest NAV growth included Maricopa (5.7%), Yavapai (5.5%), and Pinal (5.2%).

**Primary Tax Rates**

Counties are subject to the Truth in Taxation (TNT) law that requires them to publish a notice and hold a public hearing when proposing to increase primary property taxes or secondary property taxes levied for certain countywide special taxing districts.

In FY 2019, nine of the 15 counties were subject to the TNT requirements as a result of proposed increases to their primary taxes (Table 5). Of the six counties that levied at or below TNT, Pima County had the largest drop of 39 cents in its primary tax rate, which was mainly due to the Board of Supervisors’ decision not to reapprove the 25-cent tax rate for transportation.

Table 4. Net Assessed Values

County	FY 2018	FY 2019	% Chg.
Apache	\$461,828,178	\$468,804,350	1.5%
Cochise	\$913,002,927	\$928,290,436	1.7%
Coconino	\$1,648,531,053	\$1,726,579,756	4.7%
Gila	\$481,991,319	\$493,540,928	2.4%
Graham	\$192,589,663	\$189,842,079	-1.4%
Greenlee	\$441,126,755	\$438,419,322	-0.6%
La Paz	\$204,579,026	\$218,120,242	6.6%
Maricopa	\$38,251,891,249	\$40,423,232,423	5.7%
Mohave	\$1,739,751,600	\$1,811,189,489	4.1%
Navajo	\$821,107,756	\$828,848,133	0.9%
Pima	\$8,074,957,717	\$8,333,892,906	3.2%
Pinal	\$2,239,027,256	\$2,355,433,455	5.2%
Santa Cruz	\$318,632,496	\$329,645,579	3.5%
Yavapai	\$2,463,150,036	\$2,599,537,841	5.5%
Yuma	\$1,154,112,442	\$1,183,062,653	2.5%
<b>Total</b>	<b>\$59,406,279,473</b>	<b>\$62,328,439,592</b>	<b>4.9%</b>

Source: County adopted rate & levy sheets.

Graham County increased its primary tax rate to \$2.9920 (\$0.1891 over the TNT rate), followed by Santa Cruz (\$0.0879), Yuma (\$0.0496), Maricopa (\$0.0466), and Mohave (\$0.0413). In FY 2019, Apache and Coconino were the only two counties that levied to their constitutional maximum tax rate.

**Property Taxes and Select Sales Taxes**

Property taxes are the largest revenue source supporting county budgets. Primary taxes are levied to fund county general operations and secondary taxes are levied to fund a variety of countywide special taxing districts, such as flood, library, jails, and voter-approved general obligation bonds. Counties also have the option to levy a sales tax instead of a property tax to fund their Jail Districts and Public Health Services Districts (PHSD). In FY 2019, the combination of primary and secondary property taxes and sales taxes that fund countywide

**Table 5: Primary Property Tax Rates/TNT**

County	FY 2018	FY 2019	\$ Chg.	% Chg.	Max Tax Rate	TNT	\$ over TNT
Apache	\$0.5857	<b>\$0.5922</b>	<b>\$0.0065</b>	1.1%	<b>\$0.5922</b>	\$0.5806	<b>\$0.0116</b>
Cochise	\$2.6747	\$2.6747	\$0.0000	0.0%	\$3.9491	\$2.6540	<b>\$0.0207</b>
Coconino	\$0.5678	<b>\$0.5589</b>	-\$0.0089	-1.6%	<b>\$0.5589</b>	\$0.5479	<b>\$0.0110</b>
Gila	\$4.1900	\$4.1900	\$0.0000	0.0%	\$6.7136	\$4.2014	-\$0.0114
Graham	\$2.6439	\$2.9920	<b>\$0.3481</b>	13.2%	\$3.0550	\$2.8029	<b>\$0.1891</b>
Greenlee	\$0.6941	\$0.7026	<b>\$0.0085</b>	1.2%	\$1.0747	\$0.7026	\$0.0000
La Paz	\$2.4900	\$2.3607	-\$0.1293	-5.2%	\$2.4080	\$2.3607	\$0.0000
Maricopa	\$1.4009	\$1.4009	\$0.0000	0.0%	\$1.7635	\$1.3543	<b>\$0.0466</b>
Mohave	\$1.9696	\$1.9696	\$0.0000	0.0%	\$2.4957	\$1.9283	<b>\$0.0413</b>
Navajo	\$0.8903	\$0.8951	<b>\$0.0048</b>	0.5%	\$0.9130	\$0.8951	\$0.0000
Pima	\$4.4596	\$4.0696	-\$0.3900	-8.7%	\$5.2101	\$4.4014	-\$0.3318
Pinal	\$3.8699	\$3.8300	-\$0.0399	-1.0%	\$6.0996	\$3.7721	<b>\$0.0579</b>
Santa Cruz	\$3.8315	\$3.8815	<b>\$0.0500</b>	1.3%	\$4.9737	\$3.7936	<b>\$0.0879</b>
Yavapai	\$1.8395	\$1.7788	-\$0.0607	-3.3%	\$2.2224	\$1.7788	\$0.0000
Yuma	\$2.5016	\$2.5288	<b>\$0.0272</b>	1.1%	\$2.7058	\$2.4792	<b>\$0.0496</b>
<b>Averages</b>	<b>\$2.3073</b>	<b>\$2.2950</b>	<b>-\$0.0122</b>	<b>-0.5%</b>	<b>\$2.9824</b>	<b>\$2.2835</b>	<b>\$0.0115</b>

Source: County adopted rate & levy sheets.

special taxing districts increased 2.4% to \$1.7 billion. The sales taxes levied for Jails and PHSDs are expected to see significant growth of 4% and 7.2%, respectively. Of the \$1.5 billion levied in property taxes, secondary

**Table 6: FY 2019 County Property Taxes & Special District Sales Taxes**

County	Property Taxes			Special District Sales Taxes		FY 2019 TOTALS
	Primary	Secondary	Total Taxes	Jail	PHSD	
Apache	\$2,776,259	\$7,031,517	\$9,807,776			\$9,807,776
Cochise	\$24,828,984	\$3,381,250	\$28,210,234			\$28,210,234
Coconino	\$9,649,854	\$11,440,460	\$21,090,314	\$18,020,046		\$39,110,360
Gila	\$20,679,365	\$1,196,837	\$21,876,202			\$21,876,202
Graham	\$5,680,075	\$203,169	\$5,883,244	\$2,003,500		\$7,886,744
Greenlee	\$3,080,334	\$1,217,853	\$4,298,187			\$4,298,187
La Paz	\$5,149,165	\$0	\$5,149,165	\$1,300,000		\$6,449,165
Maricopa	\$566,289,063	\$88,785,888	\$655,074,951	\$162,941,929		\$818,016,880
Mohave	\$35,673,188	\$13,325,946	\$48,999,134			\$48,999,134
Navajo	\$7,419,020	\$4,643,102	\$12,062,122			\$12,062,122
Pima	\$339,156,105	\$125,714,865	\$464,870,970			\$464,870,970
Pinal	\$90,213,101	\$5,711,486	\$95,924,587		\$3,149,077	\$99,073,664
Santa Cruz	\$12,795,193	\$2,326,197	\$15,121,390	\$3,958,437		\$19,079,827
Yavapai	\$46,240,578	\$9,562,000	\$55,802,578	\$9,602,201		\$65,404,779
Yuma	\$29,917,290	\$13,144,439	\$43,061,729	\$13,126,462	\$2,927,174	\$59,115,365
<b>TOTALS</b>	<b>\$1,199,547,574</b>	<b>\$287,685,009</b>	<b>\$1,487,232,583</b>	<b>\$210,952,575</b>	<b>\$6,076,251</b>	<b>\$1,704,261,409</b>
<b>FY 2018 TOTALS</b>	<b>\$1,180,524,040</b>	<b>\$275,131,887</b>	<b>\$1,455,655,927</b>	<b>\$202,894,816</b>	<b>\$5,670,524</b>	<b>\$1,664,221,267</b>
<b>% Change</b>	<b>1.6%</b>	<b>4.6%</b>	<b>2.2%</b>	<b>4.0%</b>	<b>7.2%</b>	<b>2.4%</b>

Source: County FY 2018 & 2019 adopted budgets.

property taxes outpaced primary property tax growth with a 4.6% boost (Table 6).

**Other Revenues**

Other revenues, such as state-shared sales taxes, Vehicle License Taxes (VLT), and Highway User Revenue Funds (HURF) are expected to grow approximately 6%, and as such, will greatly assist in stabilizing county budgets this year. The \$1.6 billion in revenues the counties expect to receive over the next

-Jennifer Stielow

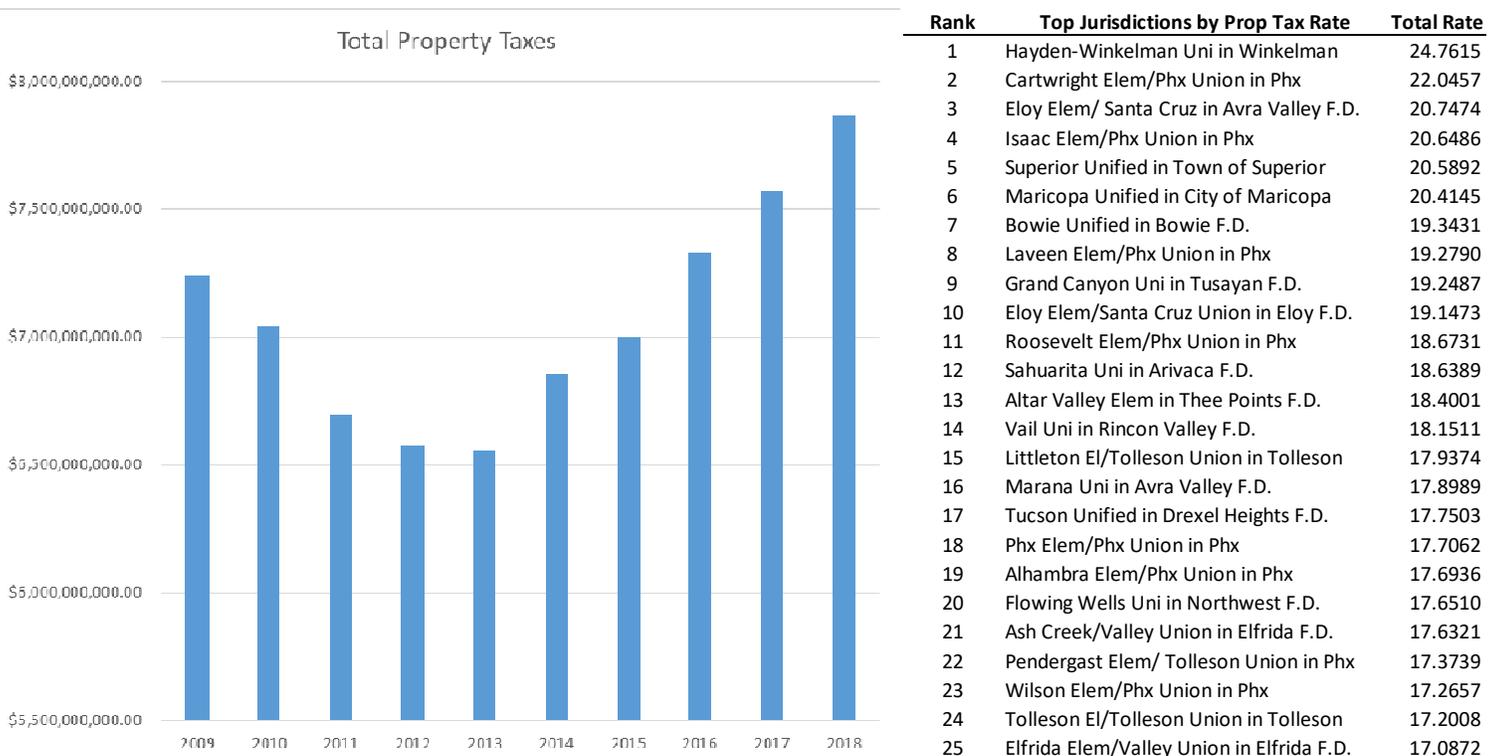
# Top 25 Highest Property Tax Jurisdictions

FY 2019 statewide property taxes are up \$291 million, a 3.85% increase for a total of \$7.86 billion. The increase this year is in keeping with recent trends whereas levy growth did not outpace the valuation growth of 4.9%. All locally assessed property is limited to just 5% growth in its taxable value, known as the Limited Property Value. The full cash value of property in Arizona rose 6.6% last year.

Primary property taxes actually dropped a bit as a result of moving \$209 million in desegregation taxes to the secondary. Secondary property taxes increased overall by roughly \$300 million.\*\* Increases came largely as a result of increased K-12 spending. The baseline K-12 formula grew by 7.5% in FY19, which means the cost of K-12 M&O overrides increase by the same amount, which totaled roughly \$35 million in secondary taxes. New voter-approved K-12 bonds added another \$31.5 million and newly approved overrides added \$19 million.

Total tax rates vary widely statewide. The following chart is a list of the top 25 in the state by total property tax rate. High taxes tend to be in areas with a combination of high county taxes, nonformula K-12 programs like desegregation or small school adjustment and select areas with high city or fire district property tax rates as witnessed in Pinal and Pima.

\*\*These are the numbers reported by the Department of Revenue. In actuality, Pima County levied the TUSD desegregation tax as a primary property tax this year, meaning \$64 million in K-12 taxes are incorrectly reported as secondary taxes this year. Technically, primary property taxes are higher than reported by roughly \$54 million and secondary taxes are lower by \$64 million (the state used to pay the difference; TUSD has declared their intent to sue the state for the remainder).



**Prop 207 Removed From Ballot**, *Continued from Page 1*

indicated support for the initiative plummeted when the actual percentage changes were made known to voters, which demonstrated the material difference.

Additionally, the courts agreed the lack of any information related to the removal of bracket indexing for inflation, which amounts to an immediate and ongoing tax increase on all Arizonans, was a material omission. Despite three separate courts, the state's nonpartisan Legislative Council and the Department of Revenue all agreeing the initiative removed tax bracket indexing for inflation, initiative supporters continue to argue the initiative didn't have that effect.

Though the full ruling isn't yet available, the court order stated "A majority of the Court finds the proposition's description of the change in tax rate combined with the omission of any discussion of changes in indexing for inflation collectively "creates a significant danger of confusion or unfairness," *Save Our Vote, Opposing C-03-2012 v. Bennett*, 231 Ariz. 145, 152 ¶ 26 (2013), and concludes that the description is inadequate under the statute."

The Invest in Ed's responses to the Superior Court Judge during oral arguments were illuminating. When asked why the measure summary didn't accurately explain the 3.46% and 4.46% as *percentage points*, which would have been accurate, they responded: "The voters don't need such precise data." When asked if it was relevant whether the description had the effect of being misleading, they answered: "The description does not have to be neutral or impartial."

When asked about bracket indexing removal, the initiative's lawyers scoffed at the tax increase, which is estimated to be \$1,200 for a typical family over 10 years (\$60 in year one). They suggested: "Even if indexing goes away, the tax increase is immaterial." This was quite the admission when the fundamental argument of the campaign and their 100-word summary is that this should be approved because it *only* taxes the rich.

Columnist Bob Robb put the issue of bracket indexing succinctly in an August op-ed: "A judge should give great weight to legislative intent. But not if it requires rewriting the law. Which is what a judge would have to do to rescue the proponents of Invest in Ed from their inept draftsmanship."

The Supreme Court ruling sets an important precedent for future ballot Initiatives. For too long courts have winked at blatant violations of the law in order to allow initiatives to proceed. If this would have been approved, the message sent would be the 100-word summary does not need to be accurate or a complete summary of major changes. Thankfully, future efforts will carefully consider their ballot summary and will likely have their language reviewed by Legislative Council to ensure their intent matches their drafting.

In a separate lawsuit, the Invest In Ed campaign challenged the state's Legislative Council ballot analysis, which among other controversies, pointed out the initiative removed bracket indexing. ATRA submitted an amicus brief and a lawyer representing ATRA testified in court defending the state's position. ATRA felt compelled to defend the state, as the precedent associated with the courts rewriting statutes because they are unfortunate to someone's campaign argument is an awful precedent. Thankfully, the Superior Court agreed with the state on the issue and the campaign did not appeal the issue.

-Sean McCarthy