Early Childhood Development and Health Services (Prop 302)

The Arizona Tax Research Association (ATRA), Arizona's only statewide taxpayer organization, supports Proposition 302. As all Arizonans are now painfully aware, the recession has had a devastating effect on the Arizona economy. Almost 300,000 Arizonans have lost jobs in recent years. The recession has also created historic budget challenges at the state level. Since the high-water mark in Fiscal Year 2007, state general fund revenues have fallen $3.6 billion or 37%. The state's current structural budget deficit is $1.7 billion.

In struggling to close state budget deficits over the last three years, state policymakers have faced a myriad of difficult decisions. Taxes have been increased over $1.2 billion. On-going state spending has been reduced $1.1 billion. However, despite the progress that has been made, Arizona will continue to be faced with major budget deficits for the foreseeable future.

If there is any silver lining with budget deficits, it is that policymakers are forced to re-prioritize spending within available revenues. However, in Arizona, those budget decisions are complicated by a series of voter initiatives that handcuffed lawmaker's budget authority. Those initiatives have mandated expenditures for education, low income health care, early childhood programs, and land conservation. Each has played a role in increasing the deficit.

Proposition 302 would redirect 80 cents of our current tobacco taxes that are earmarked for the Early Childhood Development and Health fund to the state general fund to be appropriated for health and human services for children. If passed, Proposition 302 will plug a $324 million hole in the current state budget. Failure will result in further reductions in the programs that receive state support: K-12 schools, universities, low income health care, and prison spending. Or worse, taxpayers will once again be looked upon to close this chronic budget deficit.

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