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ARIZONA TAX RESEARCH ASSOCIATION

ATRA SUPPORTS HB2158/SB1390
Extend the Prop 301 Sales Tax for Education

HB2158 and SB1390 would legislatively extend the 0.6% transaction privilege tax (TPT) for education as originally approved by the voters in 2000 and implemented in June 2001. Through a distribution formula, the tax provided \$667.4 million to education in FY2017, divided amongst K-12 schools, community colleges and universities. There are several advantages to legislatively continuing this tax.

A critical feature in public finance systems is stability for both taxpayers and government. Public education certainly depends on the significant revenues deriving from the Prop 301 tax. It is rather unimaginable that these dollars would not be appropriated in any scenario. Subjecting these dollars to a fiscal cliff with a referral vote in 2020 creates uncertainty for public education as well as taxpayers. If a ballot measure were to fail, it's certain the Legislature would immediately begin looking for revenue from other sources in order to avoid a fiscal crisis. That is an untenable situation for both taxpayers and public schools.

As elected representatives of the people of Arizona, the Legislature is the primary decision maker on how taxes are imposed for public services. While Prop 108 certainly increases the difficulty for lawmakers to exercise their authority on taxation, it should not result in a scenario where every tax question, no matter how obvious, needs to be referred to the ballot. Removing the threat of these funds going away relieves tension and refocuses the ongoing discussion over public education funding to future issues.

ATRA ASKS LAWMAKERS TO VOTE YES ON HB2158 & SB1390!