

PROPOSITION 301
OFFICIAL TITLE
SENATE BILL 1007

AN ACT... AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.01; AMENDING SECTION ...15-910, ARIZONA REVISED STATUTES; ... AMENDING SECTION 41-1276, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 187, SECTION 8; AMENDING SECTION... 42-5010, ARIZONA REVISED STATUTES; AMENDING SECTION 42-5029, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 167, SECTION 2; AMENDING SECTION... 42-5155 ... ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1072.01....

TEXT OF PROPOSED AMENDMENT

Sec. 11. Title 15, chapter 9, article 1, Arizona Revised Statutes, is amended by adding section 15-901.01, to read:
15-901.01. Inflation adjustments

IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION, FOR FISCAL YEARS 2001-2002 THROUGH 2005-2006, THE LEGISLATURE SHALL INCREASE THE BASE LEVEL OR OTHER COMPONENTS OF THE REVENUE CONTROL LIMIT BY TWO PER CENT. FOR FISCAL YEAR 2006-2007 AND EACH FISCAL YEAR THEREAFTER, THE LEGISLATURE SHALL INCREASE THE BASE LEVEL OR OTHER COMPONENTS OF THE REVENUE CONTROL LIMIT BY A MINIMUM GROWTH RATE OF EITHER TWO PER CENT OR THE CHANGE IN THE GDP PRICE DEFLATOR, AS DEFINED IN SECTION 41-563, FROM THE SECOND PRECEDING CALENDAR YEAR TO THE CALENDAR YEAR IMMEDIATELY PRECEDING THE BUDGET YEAR, WHICHEVER IS LESS, EXCEPT THAT THE BASE LEVEL SHALL NEVER BE REDUCED BELOW THE BASE LEVEL ESTABLISHED FOR FISCAL YEAR 2001-2002.

Sec. 13. Section 15-910, Arizona Revised Statutes, is amended to read:

15-910. School district budgets: excess utility costs: desegregation costs: tuition costs for bond issues: costs for registering warrants

A. The governing board may budget for THE DISTRICT'S excess utility costs which are specifically exempt from the DISTRICT'S revenue control limit ~~for the school district~~. IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION, THE EXEMPTION FROM THE REVENUE CONTROL LIMIT UNDER THIS SUBSECTION EXPIRES AT THE END OF THE 2008-2009 BUDGET YEAR. The uniform system of financial records shall specify expenditure items allowable as excess utility costs, which are limited to direct operational costs of heating, cooling, water and electricity, telephone communications and sanitational fees. The department of education and the auditor general shall include in the maintenance and operation section of the budget format, as provided in section 15-903, a separate line for utility expenditures and a special excess utility cost category. The special excess utility cost category shall contain budgeted expenditures for excess utility costs, determined as follows:

1. Determine the lesser of the total budgeted or total actual utility expenditures for fiscal year 1984-1985.

2. Multiply the amount in paragraph 1 of this subsection by the total percentage increase or decrease in the revenue control limit and the capital outlay revenue limit for the budget year over the revenue control limit and the capital outlay revenue limit for fiscal year 1984-1985 excluding monies available from a career ladder program or a teacher compensation program provided for in section 15-952.

3. The sum of the amounts in ~~paragraph~~ PARAGRAPHS 1 and ~~paragraph~~ 2 of this subsection is the amount budgeted in the utility expenditure line.

4. Additional expenditures for utilities are budgeted in the excess utility cost category.

Sec. 35. Section 41-1276, Arizona Revised Statutes, as amended by Laws 2000, chapter 187, section 8, is amended to read:

41-1276. Truth in taxation levy for equalization assistance to school districts

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H. NOTWITHSTANDING SUBSECTION C OF THIS SECTION AND IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION, THE LEGISLATURE SHALL NOT SET A QUALIFYING TAX RATE THAT EXCEEDS \$2.1265 FOR A COMMON OR HIGH SCHOOL DISTRICT OR \$4.253 FOR A UNIFIED SCHOOL DISTRICT. THE LEGISLATURE SHALL NOT SET A COUNTY EQUALIZATION ASSISTANCE FOR EDUCATION RATE THAT EXCEEDS \$0.5123.

Sec. 37. Section 42-5010, Arizona Revised Statutes, is amended to read:

42-5010. Rates: distribution base

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G. IN ADDITION TO THE RATES PRESCRIBED BY SUBSECTION A OF THIS SECTION, IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION, AN ADDITIONAL RATE INCREMENT IS IMPOSED AND SHALL BE COLLECTED THROUGH JUNE 30, 2021. THE TAXPAYER SHALL PAY TAXES PURSUANT TO THIS SUBSECTION AT THE SAME TIME AND IN THE SAME MANNER AS UNDER SUBSECTION A OF THIS SECTION. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR THE REVENUES COLLECTED WITH RESPECT TO THE RATES IMPOSED PURSUANT TO THIS SUBSECTION AND THE STATE TREASURER SHALL DISTRIBUTE ALL OF THOSE REVENUES IN THE MANNER PRESCRIBED BY SECTION 42-5029, SUBSECTION E. THE RATES IMPOSED PURSUANT TO THIS SUBSECTION SHALL NOT BE CONSIDERED LOCAL REVENUES FOR PURPOSES OF ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA. THE ADDITIONAL TAX RATE INCREMENT IS LEVIED AT THE RATE OF SIX-TENTHS OF ONE PER CENT OF THE TAX BASE OF EVERY PERSON ENGAGING OR CONTINUING IN THIS STATE IN A BUSINESS CLASSIFICATION LISTED IN SUBSECTION A, PARAGRAPH 1 OF THIS SECTION.

Sec. 38. Section 42-5029, Arizona Revised Statutes, as amended by Laws 2000, chapter 167, section 2, is amended to read:

42-5029. Remission and distribution of monies

A. The department shall transmit all revenues collected under this article and articles 4, 5, 8 and 9 of this chapter to the state treasurer pursuant to section 42- 1116, separately accounting for:

1. Payments of estimated tax under section 42-5014, subsection D.

2. Revenues collected pursuant to section 42-5070.

3. Revenues collected under this article and article 5 of this chapter from and after June 30, 2000 from sources located on Indian reservations in this state.

4. REVENUES COLLECTED PURSUANT TO SECTION 42-5010, SUBSECTION G AND SECTION 42- 5155, SUBSECTION D.

B. The state treasurer shall credit payments of estimated tax to an estimated tax clearing account and each month shall transfer all monies in the estimated tax clearing account to a fund designated as the transaction privilege and severance tax clearing account on notification by the department of the allocation of monies. The state treasurer shall credit all other payments to the transaction privilege and severance tax clearing account, separately accounting for the monies designated as distribution base under sections 42-5010, 42-5164,

42-5205, 42-5353 and 42-5409. Each month the department shall report to the state treasurer the amount of monies collected pursuant to this article and articles 4, 5, 8 and 9 of this chapter.

C. Each month the state treasurer shall distribute the monies deposited in the transaction privilege and severance tax clearing account in the manner prescribed by this section and by sections 42-5164, 42-5205, 42-5353 and 42-5409, after deducting warrants drawn against the account pursuant to sections 42-1118 and 42-1254.

D. Of the monies designated as distribution base the state treasurer shall:

1. Pay twenty-five per cent to the various incorporated municipalities in this state in proportion to their population as shown by the last United States decennial or special census, or revisions to the decennial or special census certified by the United States bureau of the census, to be used by the municipalities for any municipal purpose.

2. Pay 38.08 per cent to the counties in this state by averaging the following proportions:

(a) The proportion that the population of each county bears to the total state population, as shown by the most recent United States decennial or special census, or revisions to the decennial or special census certified by the United States bureau of the census.

(b) The proportion that the distribution base monies collected during the calendar month in each county under this article, section 42-5164, subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409 bear to the total distribution base monies collected under this article, section 42-5164, subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409 throughout the state for the calendar month.

3. Pay an additional 2.43 per cent to the counties in this state as follows:

(a) Average the following proportions:

(i) The proportion that the assessed valuation used to determine secondary property taxes of each county, after deducting that part of the assessed valuation that is exempt from taxation at the beginning of the month for which the amount is to be paid, bears to the total assessed valuations used to determine secondary property taxes of all the counties after deducting that portion of the assessed valuations that is exempt from taxation at the beginning of the month for which the amount is to be paid. Property of a city or town that is not within or contiguous to the municipal corporate boundaries and from which water is or may be withdrawn or diverted and transported for use on other property is considered to be taxable property in the county for purposes of determining assessed valuation in the county under this item.

(ii) The proportion that the distribution base monies collected during the calendar month in each county under this article, section 42-5164, subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409 bear to the total distribution base monies collected under this article, section 42-5164, subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409 throughout the state for the calendar month.

(b) If the proportion computed under subdivision (a) of this paragraph for any county is greater than the proportion computed under paragraph 2 of this subsection, the state treasurer shall compute the difference between the amount distributed to that county under paragraph 2 of this subsection and the amount that would have been distributed under paragraph 2 of this subsection using the proportion computed under subdivi-

sion (a) of this paragraph and shall pay that difference to the county from the amount available for distribution under this paragraph. Any monies remaining after all payments under this subdivision shall be distributed among the counties according to the proportions computed under paragraph 2 of this subsection.

4. After any distributions required by sections 42-5030, 42-5030.01, 42-5031 and 42-5032, and after making any transfer to the water quality assurance revolving fund as required by section 49-282, subsection B, credit the remainder of the monies designated as distribution base to the state general fund. From this amount the legislature shall annually appropriate to:

(a) The department of revenue sufficient monies to administer and enforce this article and articles 5, 8 and 9 of this chapter.

(b) The department of economic security monies to be used for the purposes stated in title 46, chapter 1.

(c) The tourism fund an amount equal to the sum of the following:

(i) Two million dollars.

(ii) Seventy-five per cent of the amount by which revenues derived from a one-half percentage rate portion of the total tax rate imposed on the transient lodging classification for the current fiscal year exceed the revenues derived from a one-half percentage rate portion of that tax in the previous fiscal year.

(d) The Arizona arts endowment fund established by section 41-986, the full amount by which revenues derived from the amusement classification pursuant to section 42-5073 for the current fiscal year exceed the revenues that were derived from that classification in fiscal year 1993-1994, except that this amount shall not exceed two million dollars in any fiscal year. This subdivision applies for fiscal years through June 30, 2007.

(e) The firearms safety and ranges fund established by section 17-273, fifty thousand dollars derived from the taxes collected from the retail classification pursuant to section 42-5061 for the current fiscal year.

E. IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION, ALL MONIES COLLECTED PURSUANT TO SECTION 42-5010, SUBSECTION G AND SECTION 42-5155, SUBSECTION D SHALL BE DISTRIBUTED EACH FISCAL YEAR PURSUANT TO THIS SUBSECTION. THE MONIES DISTRIBUTED PURSUANT TO THIS SUBSECTION ARE IN ADDITION TO ANY OTHER APPROPRIATION, TRANSFER OR OTHER ALLOCATION OF PUBLIC OR PRIVATE MONIES FROM ANY OTHER SOURCE AND SHALL NOT SUPPLANT, REPLACE OR CAUSE A REDUCTION IN OTHER SCHOOL DISTRICT, CHARTER SCHOOL, UNIVERSITY OR COMMUNITY COLLEGE FUNDING SOURCES. THE MONIES SHALL BE DISTRIBUTED AS FOLLOWS:

1. IF THERE ARE OUTSTANDING STATE SCHOOL FACILITIES REVENUE BONDS PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 7, EACH MONTH ONE-TWELFTH OF THE AMOUNT THAT IS NECESSARY TO PAY THE FISCAL YEAR'S DEBT SERVICE ON OUTSTANDING STATE SCHOOL IMPROVEMENT REVENUE BONDS FOR THE CURRENT FISCAL YEAR SHALL BE TRANSFERRED EACH MONTH TO THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE FUND ESTABLISHED BY SECTION 15-2084. THE TOTAL AMOUNT OF BONDS FOR WHICH THESE MONIES MAY BE ALLOCATED FOR THE PAYMENT OF DEBT SERVICE SHALL NOT EXCEED A PRINCIPAL AMOUNT OF EIGHT HUNDRED MILLION DOLLARS EXCLUSIVE OF REFUNDING BONDS AND OTHER REFINANCING OBLIGATIONS.

2. AFTER ANY TRANSFER OF MONIES PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION, TWELVE PER CENT OF THE REMAINING MONIES COLLECTED DURING THE

PRECEDING MONTH SHALL BE TRANSFERRED TO THE TECHNOLOGY AND RESEARCH INITIATIVE FUND ESTABLISHED BY SECTION 15-1648 TO BE DISTRIBUTED AMONG THE UNIVERSITIES FOR THE PURPOSE OF INVESTMENT IN TECHNOLOGY AND RESEARCH-BASED INITIATIVES.

3. AFTER THE TRANSFER OF MONIES PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION, THREE PER CENT OF THE REMAINING MONIES COLLECTED DURING THE PRECEDING MONTH SHALL BE TRANSFERRED TO THE WORKFORCE DEVELOPMENT ACCOUNT ESTABLISHED IN EACH COMMUNITY COLLEGE DISTRICT PURSUANT TO SECTION 15-1472 FOR THE PURPOSE OF INVESTMENT IN WORKFORCE DEVELOPMENT PROGRAMS.

4. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION, ONE-TWELFTH OF THE AMOUNT A COMMUNITY COLLEGE THAT IS OWNED, OPERATED OR CHARTERED BY A QUALIFYING INDIAN TRIBE ON ITS OWN INDIAN RESERVATION WOULD RECEIVE PURSUANT TO SECTION 15-1472, SUBSECTION D, PARAGRAPH 2 IF IT WERE A COMMUNITY COLLEGE DISTRICT UNDER THE JURISDICTION OF THE STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES SHALL BE DISTRIBUTED EACH MONTH TO THE TREASURER OR OTHER DESIGNATED DEPOSITORY OF A QUALIFYING INDIAN TRIBE. MONIES DISTRIBUTED PURSUANT TO THIS PARAGRAPH ARE FOR THE EXCLUSIVE PURPOSE OF PROVIDING SUPPORT TO ONE OR MORE COMMUNITY COLLEGES OWNED, OPERATED OR CHARTERED BY A QUALIFYING INDIAN TRIBE AND SHALL BE USED IN A MANNER CONSISTENT WITH SECTION 15-1472, SUBSECTION B. FOR PURPOSES OF THIS PARAGRAPH, "QUALIFYING INDIAN TRIBE" HAS THE SAME MEANING AS DEFINED IN SECTION 42-5031.01, SUBSECTION D.

5. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION, ONE-TWELFTH OF THE FOLLOWING AMOUNTS SHALL BE TRANSFERRED EACH MONTH TO THE DEPARTMENT OF EDUCATION FOR THE INCREASED COST OF BASIC STATE AID UNDER SECTION 15- 971 DUE TO ADDED SCHOOL DAYS AND ASSOCIATED TEACHER SALARY INCREASES ENACTED IN 2000:

- (a) IN FISCAL YEAR 2001-2002, \$15,305,900.
- (b) IN FISCAL YEAR 2002-2003, \$31,530,100.
- (c) IN FISCAL YEAR 2003-2004, \$48,727,700.
- (d) IN FISCAL YEAR 2004-2005, \$66,957,200.
- (e) IN FISCAL YEAR 2005-2006 AND EACH FISCAL YEAR THEREAFTER, \$86,280,500.

6. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION, SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS IS APPROPRIATED EACH FISCAL YEAR, TO BE PAID IN MONTHLY INSTALLMENTS, TO THE DEPARTMENT OF EDUCATION TO BE USED FOR SCHOOL SAFETY AS PROVIDED IN SECTION 15-154 AND TWO HUNDRED THOUSAND DOLLARS IS APPROPRIATED EACH FISCAL YEAR, TO BE PAID IN MONTHLY INSTALLMENTS TO THE DEPARTMENT OF EDUCATION TO BE USED FOR THE CHARACTER EDUCATION MATCHING GRANT PROGRAM AS PROVIDED IN SECTION 15-154.01.

7. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION, NO MORE THAN SEVEN MILLION DOLLARS MAY BE APPROPRIATED BY THE LEGISLATURE EACH FISCAL YEAR TO THE DEPARTMENT OF EDUCATION TO BE USED FOR ACCOUNTABILITY PURPOSES AS DESCRIBED IN SECTION 15-241 AND TITLE 15, CHAPTER 9, ARTICLE 8.

8. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION, ONE MILLION FIVE HUNDRED THOUSAND DOLLARS IS APPROPRIATED EACH FISCAL YEAR, TO BE PAID IN MONTHLY INSTALLMENTS, TO THE FAILING SCHOOLS TUTORING FUND ESTABLISHED BY SECTION 15-241.

9. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION, TWENTY-FIVE MILLION DOLLARS SHALL BE TRANSFERRED EACH FISCAL YEAR TO THE STATE GENERAL FUND TO REIMBURSE THE GENERAL FUND FOR THE COST OF THE INCOME TAX CREDIT ALLOWED BY SECTION 43-1072.01.

10. AFTER THE PAYMENT OF MONIES PURSUANT TO PARAGRAPHS 1 THROUGH 9 OF THIS SUBSECTION, THE REMAINING MONIES COLLECTED DURING THE PRECEDING MONTH SHALL BE TRANSFERRED TO THE CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977. THE MONIES SHALL BE ALLOCATED AS FOLLOWS IN THE MANNER PRESCRIBED BY SECTION 15-977:

(a) FORTY PER CENT SHALL BE ALLOCATED FOR TEACHER COMPENSATION BASED ON PERFORMANCE.

(b) TWENTY PER CENT SHALL BE ALLOCATED FOR INCREASES IN TEACHER BASE COMPENSATION AND EMPLOYEE RELATED EXPENSES.

(c) FORTY PER CENT SHALL BE ALLOCATED FOR MAINTENANCE AND OPERATION PURPOSES.

~~E.~~ F. The state treasurer shall credit the remainder of the monies in the transaction privilege and severance tax clearing account to the state general fund, subject to any distribution required by section 42-5030.01.

F. G. Notwithstanding subsection D of this section, if a court of competent jurisdiction finally determines that tax monies distributed under this section were illegally collected under this article or articles 5, 8 and 9 of this chapter and orders the monies to be refunded to the taxpayer, the department shall compute the amount of such monies that was distributed to each city, town and county under this section. The department shall notify the state treasurer of that amount plus the proportionate share of additional allocated costs required to be paid to the taxpayer. Each city's, town's and county's proportionate share of the costs shall be based on the amount of the original tax payment each municipality and county received. Each month the state treasurer shall reduce the amount otherwise distributable to the city, town and county under this section by one thirty-sixth of the total amount to be recovered from the city, town or county until the total amount has been recovered, but the monthly reduction for any city, town or county shall not exceed ten per cent of the full monthly distribution to that entity. The reduction shall begin for the first calendar month after the final disposition of the case and shall continue until the total amount, including interest and costs, has been recovered.

~~G.~~ H. On receiving a certificate of default from the greater Arizona development authority pursuant to section 41-1554.06 or 41-1554.07 and to the extent not otherwise expressly prohibited by law, the state treasurer shall withhold from the next succeeding distribution of monies pursuant to this section due to the defaulting political subdivision the amount specified in the certificate of default and immediately deposit the amount withheld in the greater Arizona development authority revolving fund. The state treasurer shall continue to withhold and deposit the monies until the greater Arizona development authority certifies to the state treasurer that the default has been cured. In no event may the state treasurer withhold any amount that the defaulting political subdivision certifies to the state treasurer and the authority as being necessary to make any required deposits then due for the payment of principal and interest on bonds of the political subdivision that were issued before the date of the loan repayment agreement or bonds and that have been secured by a pledge of distributions made pursuant to this section.

Sec. 40. Section 42-5155, Arizona Revised Statutes, is amended to read:

42-5155. Levy of tax; tax rate; purchaser's liability

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D. IN ADDITION TO THE RATE PRESCRIBED BY SUBSECTION C OF THIS SECTION, IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION, AN ADDITIONAL RATE INCREMENT OF SIX-TENTHS OF ONE PER CENT IS IMPOSED AND SHALL BE COLLECTED THROUGH JUNE 30, 2021. THE TAXPAYER SHALL PAY TAXES PURSUANT TO THIS SUBSECTION AT THE SAME TIME AND IN THE SAME MANNER AS UNDER SUBSECTION C OF THIS SECTION. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR THE REVENUES COLLECTED WITH RESPECT TO THE RATE IMPOSED PURSUANT TO THIS SUBSECTION, AND THE STATE TREASURER SHALL PAY ALL OF THOSE REVENUES IN THE MANNER PRESCRIBED BY SECTION 42-5029, SUBSECTION E.

Sec. 48. Title 43, chapter 10, article 5, Arizona Revised Statutes, is amended by adding section 43-1072.01, to read:

43-1072.01. Credit for increased excise taxes paid

A. SUBJECT TO THE CONDITIONS PRESCRIBED BY THIS SECTION AND IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION, FOR TAX YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2000 A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS CHAPTER FOR A TAXABLE YEAR FOR A TAXPAYER WHO IS NOT CLAIMED AS A DEPENDENT BY ANY OTHER TAXPAYER AND WHOSE FEDERAL ADJUSTED GROSS INCOME IS:

1. TWENTY-FIVE THOUSAND DOLLARS OR LESS FOR A MARRIED COUPLE OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD.

2. TWELVE THOUSAND FIVE HUNDRED DOLLARS OR LESS FOR A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY.

B. THE CREDIT IS CONSIDERED TO BE IN MITIGATION OF INCREASED TAX RATES PURSUANT TO SECTION 42-5010, SUBSECTION G AND SECTION 42-5155, SUBSECTION D.

C. THE AMOUNT OF THE CREDIT SHALL NOT EXCEED TWENTY-FIVE DOLLARS FOR EACH PERSON WHO IS A RESIDENT OF THIS STATE AND FOR WHOM A PERSONAL OR DEPENDENT EXEMPTION IS ALLOWED WITH RESPECT TO THE TAXPAYER PURSUANT TO SECTION 43-1023, SUBSECTION B, PARAGRAPH 1 AND SECTION 43-1043, BUT NOT MORE THAN ONE HUNDRED DOLLARS FOR ALL PERSONS IN THE TAXPAYER'S HOUSEHOLD, AS DEFINED IN SECTION 43-1072.

D. IF THE ALLOWABLE AMOUNT OF THE CREDIT EXCEEDS THE INCOME TAXES OTHERWISE DUE ON THE CLAIMANT'S INCOME, THE AMOUNT OF THE CLAIM NOT USED AS AN OFFSET AGAINST INCOME TAXES SHALL BE PAID IN THE SAME MANNER AS A REFUND GRANTED UNDER SECTION 42-1118. REFUNDS MADE PURSUANT TO THIS SUBSECTION ARE SUBJECT TO SETOFF UNDER SECTION 42-1122.

E. THE DEPARTMENT SHALL MAKE AVAILABLE SUITABLE FORMS WITH INSTRUCTIONS FOR CLAIMANTS. CLAIMANTS WHO CERTIFY ON THE PRESCRIBED FORM THAT THEY HAVE NO INCOME TAX LIABILITY FOR THE TAXABLE YEAR AND WHO DO NOT MEET THE FILING REQUIREMENTS OF SECTION 43-301 ARE NOT REQUIRED TO FILE AN INDIVIDUAL INCOME TAX RETURN. THE CLAIM SHALL BE IN A FORM PRESCRIBED BY THE DEPARTMENT.

ANALYSIS BY LEGISLATIVE COUNCIL

Proposition 301 provides for:

1. An increase of six-tenths of one per cent in the rate of state transaction privilege (sales) tax, and an increase of six-tenths of one per cent in the state use tax for twenty years. An increase of six-tenths of one per cent changes the state's current rate from 5.0% to 5.6%. This equates to an increase of 12% to the state's rate. If Proposition 301 passes, state general fund expenditures would be an additional \$94.5 million in 2002, increasing annually thereafter. These additional expenditures would not be paid for from the increase in the sales tax. The uses of the new revenue are for the following purposes:

- (a) To authorize and pay for issuance of up to \$800 million of new school improvement revenue bonds to correct existing deficiencies in school buildings. At 6% interest total principal and debt service will be approximately \$1.4 billion over the next 20 years.
 - (b) For universities to invest in technology and research-based initiatives.
 - (c) For community college districts to invest in workforce development programs.
 - (d) For community colleges that are owned, operated or chartered by an Indian tribe for workforce development and job training.
 - (e) For distribution to the state department of education for the phase-in of five additional school days and associated teacher salary increases resulting from an increased number of school days.
 - (f) For distribution to the state department of education for school safety and character education.
 - (g) For distribution to the state department of education for:
 - (1) Developing a system to measure school performance based on student achievement, including student performance on the AIMS test.
 - (2) Developing a statewide computerized database of information on individual students including student attendance and academic performance. Data items collected on individual students will be developed at the discretion of the Department of Education.
 - (h) For distribution to the failing schools tutoring fund.
 - (i) For reimbursement of the state general fund for the cost of income tax credits in mitigation of increased transaction privilege and use taxes for families with an annual income of less than \$25,000 and individuals with an annual income of less than \$12,500.
 - (j) For increases in teacher base level compensation, teacher compensation based on performance, and maintenance and operation purposes.
2. Automatic inflation adjustments in the state aid to education base level or other components of a school district's revenue control limit.
3. The inclusion of school district excess utility costs within the revenue control limit, beginning in fiscal year 2009-2010.
4. A limitation on the school district qualifying tax rates and the county equalization assistance for education tax rate.

ARGUMENTS "FOR" PROPOSITION 301

Please join me in supporting Proposition 301, EDUCATION 2000. It is time to lift Arizona up and recommit to our children's education. Make no mistake, Arizona has fallen behind. In 1980 Arizona ranked 34th in education funding; in 1990 we ranked 40th. In 2000, Arizona is at the bottom. This must change! A "YES" vote will ensure our schools can attract and retain quality teachers, as well as have smaller class sizes. This money will go directly to the classroom where it will help our kids; not one cent will be used for administration.

EDUCATION 2000 asks every Arizonan to make an investment in our schools, colleges and universities by dedicating an additional 0.6¢ sales tax for education -- this equals 6 cents for every 10 dollars you spend on taxable items. I see it as an investment in Arizona's children and our future.

Spelling, grammar, and punctuation were reproduced as submitted in the "for" and "against" arguments.

EDUCATION 2000 will build on our strong record of reforms, such as school choice, rigorous academic standards and meaningful student testing mechanisms. EDUCATION 2000 demands accountability in exchange for these additional resources. The proposition will ensure that dollars are tracked down to the school level so you can see exactly how money is allocated. We will audit every school on a regular schedule, and we will identify failing schools so that you, the parents and taxpayers, will know if your neighborhood school is making the grade.

EDUCATION 2000 also enriches our higher education system. It gives our community colleges the resources to expand workforce development programs, and it targets funds for university "New Economy" research that will help Arizona become a hi-tech oasis, not a minimum wage desert.

Invest in our children and in our future. VOTE YES ON PROPOSITION 301.

Jane Dee Hull, Governor, Phoenix

Proposition 301 makes a critically important investment in education and includes specific financial and academic accountability measures to improve Arizona's K-12 system. I strongly urge you to vote Yes.

Over the past decade, Arizona has made fundamental education reforms. Ten years ago, we did not have open enrollment, financial equity, academic standards, annual testing, or school choice. We could not measure the academic progress of students or track the money we spent on education. With these reforms now in place, it is time to put the resources behind them.

Arizona lags behind most states when it comes to investing in education. There can be no denying that a certain amount of money is necessary to properly educate children. With your approval, we will add nearly \$350 per pupil to our K-12 system, raising per pupil expenditures to over \$5,000. This money is *required* to go directly to classrooms.

The plan contains strong financial and academic accountability measures. For the first time, parents will know exactly how much money is generated and spent at their local school. Monies will be accounted for at the student level, ensuring that taxpayers and policymakers know precisely how many students are actually in classrooms and how many students are moving in and out of the K-12 system. This plan guarantees that Arizona will have the most up-to-date academic achievement analysis. Parents and grandparents will know with certainty which schools are performing well, which ones are not, and whether all students are making progress every school year.

If we truly believe that every child deserves the opportunity to learn, and if we truly believe that a quality education is essential to a child's success in life, we owe it to our children to vote Yes on Proposition 301.

Lisa Graham Keegan, Arizona Superintendent of Public Instruction, Peoria

The East Valley Chambers of Commerce Alliance supports Proposition 301. The Alliance comprises more than 4,200 businesses in the communities of Ahwatukee Foothills, Apache Junction, Chandler, Gilbert, Mesa and Tempe as well as the East Valley Partnership.

Members of the Alliance believe that a strong education system is the cornerstone of a sound regional economy. The combination of increased accountability and additional financial resources found in Proposition 301 provide a good starting point to improve our state's public education system. The Alliance supports this measure because it meets four criteria important to our members:

- Dollars are directed to the students in the classrooms.
- Teachers' salary increases shall have a performance evaluation component.
- A system for tracking new dollars is established.
- Funding is directed to the university system for research and technology.

Developing a qualified workforce for the future is critical to our continued economic growth and vitality. This measure is a positive step toward ensuring a skilled and educated workforce for years to come.

The Alliance urges a **YES** vote on Proposition 301.

Tony Hyland, Chairman, East Valley Chambers of Commerce Alliance, Gilbert

Craig Ahlstrom, Chairman-Elect, East Valley Chambers of Commerce Alliance, Mesa

Paid for by East Valley Chambers of Commerce

I am writing in support of Proposition 301, Education 2000. After spending 26 years in the business of education at both the state and local district levels, it is the most significant bill regarding per student funding and accountability measures in the last 20 years.

There has been much newsprint regarding the amount of school funding that reaches the classrooms of this State. The inference is that whatever is not spent in the classroom is spent on "administration." That percentage was quoted as high as 43% of the total. Our Arizona accounting system uses function codes to budget and track expenditures. The types of expenditures included in this 43% are some administration as well as direct services to students such as bussing services, nurse services, librarians, counselors, psychologists, social workers, speech pathologists, occupational therapists, physical therapists, and any of their clerical staff. Another large cost not coded to the classroom is that of utilities. This can amount to over 6% of some district budgets that clearly can be related to the classroom. One cannot instruct without lights, heat and air conditioning.

Voters in our State should be comforted with the fact that all the funds from this ballot proposition will be dedicated to the classroom in the K-12 portion. Therefore, support of this measure will surely increase the percentage of funds to the classroom from the amount previously discussed.

In conclusion, this is an opportunity that will cost only six cents on each ten dollar purchase that is subject to sales tax, to make a much needed impact on education for all the children of Arizona. I urge your positive vote on this important issue.

Jim DiCello, CPA, Scottsdale

Governor Hull has worked with the Legislature to develop a plan to improve public schools in Arizona. Governor Hull's plan addresses the classroom needs of Arizona's students and teachers. Under this plan the new money is required to go into the classroom. In addition, the plan increases the number of days that students attend school from 175 to 180 days. The plan leads to more money in the classroom and increased instructional days for students. Additional resources for the preparation of new teachers and the retraining of existing teachers in rural areas are included. Increased funding is also made available for both community colleges and universities. The Governor's courage and leadership and the support of legislators have placed this critical proposal on the ballot. We now have the opportunity to vote "YES" for improved educational opportunities for all of Arizona's students from kindergarten through the university level.

Sam Polito, Tucson

Spelling, grammar, and punctuation were reproduced as submitted in the "for" and "against" arguments.

I have worked for over 20 years on issues related to the funding of Arizona's public schools. The citizens of Arizona are now at a crossroads and are being presented with the opportunity to bring about significant improvements to our schools. Due to the vision and efforts of Governor Hull and the support of the Arizona Legislature, the vehicle to improve funding and performance of public schools is now available. However, voters need to vote "YES" to move forward. A "YES" vote means an increased sales tax of \$0.06 on every \$10. A "YES" vote also means that financial resources and accountability measures will be available to improve elementary, secondary, community college and university programs for all students. We need to support our students and teachers. We need to make Governor Hull's vision a reality. We need to vote "YES" on Education 2000.

Chuck Essigs, Mesa

As a former member of the Flagstaff Unified School District governing board I urge you to join me in supporting Proposition 301, EDUCATION 2000, to direct more funding into our classrooms. As mayor of the City of Flagstaff, educating our children and providing a diverse, skilled and qualified workforce for our businesses are vital to our community. Proposition 301 is a small investment on the part of each individual which will provide a large return for the future of our children.

It is important to continue to attract quality teachers to really improve the education environment. Proposition 301 assists this effort by increasing base pay for teachers and encouraging maximum use of each teacher's potential through performance pay incentives.

It is the responsibility of school systems to ensure that each student achieves his or her learning potential. This proposition will fund the resources necessary to accomplish positive academic results.

Joseph C. Donaldson, Mayor, City of Flagstaff

Paid for by Christine Anderson

I ask all Arizonans to support Proposition 301, EDUCATION 2000.

The time has come for strong leadership to provide the highest quality education for our children.

We must lift Arizona from the bottom of the educational funding list. There is no other option at this point in time.

Robert E. Walkup, Mayor of Tucson, Tucson

A "YES" vote on Proposition 301 heightens the potential for citizens throughout Arizona to **access higher education** at a community college and to **increase their earnings**.

A "YES" vote on Proposition 301 also better positions community colleges to **assist Arizona's business and industry** in meeting their specialized training needs and workforce demands.

Our state's community colleges are Arizona's workforce development engine. Arizona's 10 community college districts offer semi-professional and advanced technical preparation in more than 250 career areas, including agribusiness, high-tech, healthcare, and the environment. This diversified portfolio of instructional programs:

- Offers our citizens accessible courses and programs for job enhancement and/or job advancement—in both rural and urban areas.
- Plays a strategic and pivotal role in Arizona's ability to deliver a qualified workforce for our state's expanding business and economic development plans.

Statistics show that a community college graduate **will earn almost a quarter of a million dollars (\$242,000) more** than an individual with only a high school diploma over the course of a career. And students who receive an associate's degree or a program certificate from a community college, as compared to those with only a high school diploma, **increase their wages between 62.8% to 65.4%**.

In 1999, **Arizona's community colleges educated 320,697 students**, with many enrolled in occupational programs. Courses are offered at a variety of times and places in local communities, as well as online, to provide both geographical and affordable access to quality higher education.

With strong links to their communities and industry bases, all 10 of Arizona's community college districts continually re-engineer their programs and delivery systems to meet the dynamic demands of workforce development and the new economy. A "YES" vote on Proposition 301 will allow them to do even more—for individual students as well as for the state's economy.

Carol Hughes, Executive Director, Arizona Community College Association, Phoenix

The Greater Tucson Economic Council is pleased to endorse Governor Jane Dee Hull's proposal to improve education in Arizona. Proposition 301, Education 2000, addresses the shortcomings of our state's education system and, if passed, will strengthen Arizona's competitive advantage for leadership in the "New Economy". Education is the basic foundation for economic development.

Robert L. Gonzales, President and CEO, Tucson

Lawrence J. Aldrich, Chairman of the Board, Tucson

Paid for by Greater Tucson Economic Council

The Arizona Association of Industries (AAI) encourages a "yes" vote for Education 2000. AAI is composed of more than 400 manufacturers and their suppliers across the state. It represents more than a quarter of a million employees of companies and related industries that manufacture, mine, move, assemble, distribute, and warehouse products in Arizona.

Our membership supports Education 2000 because we believe that a strong education system is critical to the success of the private-sector economy of Arizona.

Arizona's education system directly impacts the economic prosperity of our state and communities. Arizona's manufacturers understand that failing to produce students who are prepared to handle the fundamental and complex requirements demanded by many of our member companies means hiring decisions will favor another state's graduates.

We believe funding is a key element of reform, but must be coupled with the assurance that appropriated dollars are targeted directly to the classroom. Proposition 301 assures that the monies will be targeted to the classroom and teachers will be rewarded based upon performance.

Spelling, grammar, and punctuation were reproduced as submitted in the "for" and "against" arguments.

We support Education 2000 for the following reasons:

- New monies will be directed to the classroom to provide increases in teachers' salaries and more class time for student instruction and learning.
- Salary increases for educators will be based on performance.
- The ability for schools to spend outside of their budget limits will be reduced creating more fair and equitable funding between districts.
- Funding for the Universities and Community colleges will be increased for targeted investments to assure the Arizona students have access to a continuum of quality education.

We believe that Education 2000 is the right approach to the problems in our educational system and our members believe that passage of Education 2000 will begin to produce results for the students and communities in Arizona.

We urge your support of Proposition 301.

Judith Allen, President/CEO, Arizona Association of Industries, Phoenix Chuck White, Chairman, Board of Directors, Arizona Association of Industries, Phoenix

Paid for by Arizona Association of Industries

WORKFORCE DEVELOPMENT TO RECEIVE BOOST WITH SALES TAX INCREASE

We in Maricopa County have a real opportunity in Proposition 301 to have a very positive impact on the county's economy! Proposition 301 will provide expanded workforce development and training opportunities for employers and employees, businesses and taxpayers.

What will Proposition 301 provide for workforce development and job training in Maricopa County? Proposition 301 will provide a dedicated funding source of more than \$5 million/year annually to The Maricopa Community Colleges for specific workforce development and job training activities. The Maricopa Community Colleges are the largest provider of education and training in the state, and one of the most innovative community college districts in the nation. They respond to the demands of business and to the needs of students. They are the engine that helps drive the improved and expanded workforce in the county.

How will The Maricopa Community Colleges spend the additional funds? The district by law must spend its share of sales tax revenues specifically on workforce development/job training programs: in partnerships with businesses and educational institutions, for new/improved equipment/technology for students, and for additional student support services, including assessment, advisement, and counseling.

What accountability is required of The Maricopa Community Colleges? The elected governing board of The Maricopa Community Colleges must 1) submit an annual workforce development plan to the state department of commerce and community college board, 2) approve expenditures according to the plan, and 3) provide annual reports to the governor and legislature.

Support Proposition 301! 1) Dedicated additional funds, 2) for specific workforce development and job training programs, 3) with mandated accountability! With your vote The Maricopa Community Colleges will continue its vital role in developing and maintaining a strong, skilled workforce in Maricopa County. And that's good for economic development!

Jack W. Lunsford, Director of Government Relations and External Affairs, The Maricopa Community Colleges, Phoenix

For more than a decade, education funding in Arizona has slipped dangerously. We're 50th in the nation in per pupil funding, due to inadequate resources provided by the legislature. Despite heroic efforts by teachers and other public school employees, this has caused our children to have to attend schools with some of the highest class sizes in the nation, and in school facilities badly in need of repair. Our dropout rate is one of the highest in the nation. Sixty percent of Arizona high school graduates don't meet university requirements. This failure to invest in our children's schools earned Arizona an "F" from Education Week's "Quality Counts" report. Getting a bad grade on a national report is one thing. Limiting the lives and ruining the futures of our children is another.

Proposition 301 provides the opportunity for the public to correct the many inadequacies in public education, and provide for the future of our children and Arizona. An increase in sales tax of a little more than half a penny—six tenths of a cent—will go a long way to providing a better education for our children. Proposition 301 addresses the inadequacies in a substantive manner, and targets the funds to the classroom, where the impact will be felt most immediately.

On behalf of the 30,000 teachers and school employees who are our members, and work with Arizona students daily, I urge you to vote in favor of Proposition 301.

Penny Kotterman, President, Arizona Education Association, Phoenix Charles Lentz, Executive Director, Arizona Education Association, Phoenix
Paid for by Arizona Education Association

Valley Business Council Supports Proposition 301

The Valley Business Council firmly believes that a quality educational system is the foundation for maintaining a high quality of life and a progressive economy and, therefore, offers its unanimous support for Proposition 301, the education improvement initiative. The Valley Business Council is a partnership among representatives from twenty-two Chambers of Commerce and other key business groups in Maricopa County.

While the Council recognizes that education issues are complex, its members believe strongly that if Arizona's schools and universities are to keep pace with the increasingly sophisticated skills required in the marketplace, then the business community must support comprehensive improvement, including increases in funding for education.

Arizona's businesses seek an educated workforce, armed with the skills to contribute to the economic vitality of a growing state. The Valley Business Council believes that new resources to reduce class size and to increase salaries for teachers are an integral step toward systemic improvement and accountability and congratulates the Governor and the Legislature for developing an aggressive starting point on behalf of Arizona's children.

Bill Post, Chairman, Valley Business Council, Mesa Valerie Manning, Secretary, Valley Business Council, Phoenix
Paid for by Valley Business Council

Greater Phoenix Chamber Supports Proposition 301

The Greater Phoenix Chamber of Commerce, representing more than 4,000 individual business members throughout metropolitan Phoenix, believes that a quality educational system provides the foundation for a strong economy and therefore, strongly supports Proposition 301.

Spelling, grammar, and punctuation were reproduced as submitted in the "for" and "against" arguments.

One of the biggest complaints from businesses these days is the lack of a skilled workforce. Ironically, many businesses pay twice for education. First through millions of dollars in business property and income taxes that pay for our schools and second through training done in the workplace because many employees lack necessary skills.

While the Chamber recognizes that education issues are complex, our individual business member members believe strongly that if Arizona's schools and universities are to keep pace with the new economy, then the business community must support comprehensive improvement, including increases in funding for education and more accountability.

Arizona's businesses seek an educated workforce, armed with the skills to contribute to the economic vitality of Arizona. The Chamber believes that new resources to reduce class size and to increase salaries for teachers are an integral step toward improvement and accountability and congratulates the Governor and the Legislature for developing an aggressive starting point on behalf of Arizona's children.

Mary Pahissa Upchurch, Chairman, Greater Phoenix Chamber of Commerce, Mesa Valerie Manning, President & CEO, Greater Phoenix Chamber of Commerce, Phoenix

Paid for by Greater Phoenix Chamber of Commerce

The State Board of Directors for Community Colleges of Arizona early and consistently endorsed the Governor's Education 2000 initiative, which has led to Proposition 301. We strongly urge that the citizens of Arizona approve this critically important measure. Education at all levels in Arizona must be supported at a higher level than in the recent past if the state is to meet the challenges posed by new economic realities. This is our one best opportunity to meet this need.

Donald E. Puyear, Executive Director, State Board of Directors for Community Colleges, Phoenix

Please vote "YES" on Proposition 301, Education 2000, for it is essential that we fund our children's education at an appropriate level. In 1980 we were 34th in education funding and by 1990 we have dropped to the 40th rank and now Arizona ranks at the bottom.

We have made great strides in educational reforms – open enrollment, academic standards and school choice. Every child should have the opportunity for an education which is vital for success in life, therefore, it is now critical for us to finance our K-12 schools, colleges and universities.

Proposition 301 contains strong financial and accountability measures. Parents will know exactly how much is generated and spent on their children. In other words, it is crucial for us to adequately finance education by voting "YES" on Proposition 301

Dorothy H. Finley, Tucson

The Southern Arizona Leadership Council strongly supports Governor Hull's Education 2000 as an investment in the future of Arizona. By making such a commitment to increase funding for education at all levels, we will position ourselves to become economically competitive with other states as we meet the challenges and capitalize on the opportunities of the "New Economy". Our return on investment translates to a vibrant economy and a higher quality of life for the citizens of Arizona. SALC endorses a "Yes" vote on Proposition 301.

Joe Coyle, Chairman, Tucson Bruce Beach, Treasurer, Tucson
Paid for by Southern Arizona Leadership Council, Inc.

Vote YES Proposition 301

Proposition 301 will provide Arizona's children with the resources they need to be successful now and in the future. For every \$10.00 you spend, your additional six cents sales tax will help provide the funding necessary to ensure a better educational system for our children. A strong public education system is the backbone of a free society. With our thriving state economy, Arizona has the opportunity to invest its financial resources in its children. This investment in our children will ensure continued economic growth.

Proposition 301 will address specific areas of importance that meet the needs of Arizona's children by providing funds for:

- **Reduced class size**
- **School safety programs**
- **Modernization and new construction of school facilities**
- **Before and after school programs**
- **Increased teacher salaries and staff development programs**

Schools face the enormous challenges of record-high enrollments, new demands for education technology, the need for school based before and after school programs, and the hazards of deteriorating facilities. By voting yes on Proposition 301 you will help to solve the obstacles that face our future generations. Be a part of the solution, **Vote YES on Proposition 301.**

Terrie Minnick, President, Arizona PTA, Phoenix Lucy Ranus, Legislative Issues Chair, Arizona PTA, Phoenix
Paid for by Lucy Ranus

One of the most important things we can do to improve student achievement is to reduce class sizes. Studies show that reducing class size in the primary grades improves reading and math skills. Children who are in smaller classes stay in school longer and are more likely to graduate from high school. Smaller classes enable teachers to spend more time with each child. Arizona currently has some of the largest class sizes in the nation.

With proposition 301, Arizona citizens have a chance to turn things around for children across the state.

Under the K-12 allocation of Proposition 301, sixty percent is allocated to increasing teacher salaries. School districts can choose how to spend the remaining 40% from the following menu: reducing class sizes, decreasing the drop-out rate, implementing programs to improve AIMS scores, providing additional teacher training or additional teacher salary increases.

On behalf of Arizona Children First, a parent based effort to improve public education across the state, we urge you to vote "Yes" on Prop 301, and ensure the right of all Arizona's children to a first rate education.

Mimi Gray, Board Secretary, Arizona Children First, Tucson Robin Hiller, Executive Director, Arizona Children First, Tucson
Paid for by Arizona Children First

Spelling, grammar, and punctuation were reproduced as submitted in the "for" and "against" arguments.

A fully funded Arizona university program is absolutely essential to support a strong economy and to become more responsive to the social and educational needs of our rapidly growing state. To help achieve this goal, the Tucson 30, an organization of business and community leaders in southern Arizona, strongly encourages your support of Proposition 301, Education 2000. Under this plan, Higher Education will receive 15% of the new Education Sales Tax. This will generate an estimated \$56 million per year for the next 20 years for Arizona's universities and community colleges.

We believe that our three universities have made significant gains in efficiencies, reduced operating costs and decreased overhead. We support their efforts for continued improvement in these areas, and believe that these activities, combined with increased funding, will produce the greatest return to Arizona.

Education 2000 will improve the economic well-being of all Arizona residents by strengthening our universities. We encourage you to vote yes on Proposition 301.

Jack Jewett, Director, Tucson 30, Inc., Tucson Jan Leshner, Secretary, Tucson 30, Inc., Tucson
Paid for by Tucson 30, Inc.

As a retired teacher and administrator who spent 36 years fighting to provide the necessary ingredients for a first class educational system I see Education 2000 as a God send. I hope to see our State vote enmasse to say we are no longer content with being on the bottom rungs of the educational ladder. The six tenths of one percent sales tax can provide the fuel and momentum to bring Arizona up to eye level with out sister states. No one I know likes taxes but how do you put a price on ignorance. Arizona is facing the greatest teacher shortage in many years. To provide the best educational system you must provide the necessary ingredients. I see voting for this tax increase like having birthdays. When you reach my age, birthdays may not be much fun, but when you consider the alternative they suddenly take on a new appreciation. To have a great educational system you have to aim for the stars. That takes dollars. Please Arizona lets give it our best shot. Vote yes on Education 2000.

Jim Boles, Teacher and Administrator Retired, Mayor, City of Winslow, Winslow

The Arizona Chamber of Commerce supports Proposition 301 which will provide the opportunity for increased funding for spending in the classroom and for necessary capital improvements under the Student's First program.

We believe that upon approval of this proposition it will be essential to consider and implement principles of market driven competition and changes to the current funding mechanism for schools to ensure that the following goals may be achieved:

1. Teacher salary increases should be based on performance, not on tenure or educational degree as measured by student achievement.
2. School districts should be limited to one capital override in effect at one time.
3. Inequities in spending and taxation should be minimized through elimination of spending in excess of revenue control limits to ensure equal educational opportunity for all of Arizona's children.

We believe that a commitment to the principles proposed herein will give the public and taxpayers confidence that the desired result of increased educational spending can in fact provide greater accountability through better performing students and better paid teachers in a fair, equitable and competitive public education system. We look forward to working with our state's leaders to ensure that any new infusion of monies is accompanied by full accountability measures and needed reforms for the betterment of our children and the future of Arizona. **We urge you to support Proposition 301.**

Greg Denk, Chairman of the Board, Arizona Chamber of Commerce, Phoenix Samantha A. Fearn, VP of Public Affairs, Arizona Chamber of Commerce, Phoenix
Paid for by Arizona Chamber of Commerce

The Community College Governing Board and administration fully endorse passage of Senate Bill 1007. The increased sales tax will raise sales tax will raise \$445 million a year of new funds to support improving elementary and secondary schools, community colleges and universities.

Senate Bill 1007 will use revenue bonding to satisfy capital needs, along with systematic accountability to increase academic achievement and to increase teacher pay based on a performance-based system.

The new sources of funding will increase the general expenditures per student. National comparisons indicate Arizona's elementary and secondary schools are ranked 50th and Arizona's community colleges are ranked 45th in the nation. New funding from the sales tax increase will improve the learning process, student academic achievement, address growth in enrollments and prepare a workforce to better meet the demands of the new economy

John J. Klein, Ed.D. President, Central Arizona College, Board of Governors, Casa Grande Cheryl L. Foster, MA, Associate Vice President of College Development, Tempe
Paid for by Central Arizona College

Greater Phoenix Leadership firmly believes that a quality education is the essential foundation for a high quality of life, economic prosperity and safe, healthy communities. Governor Hull's Education 2000 plan is the key to improving Arizona's education system now. We believe Education 2000 resources invested at school sites, targeted to resolve specific core issues and coupled with substantial accountability, will benefit each and every citizen, business and institution in Arizona. GPL strongly supports a "Yes" vote on Proposition 301.

Jack A. Henry, Chairman, Greater Phoenix Leadership, Phoenix Richard H. Silverman, Vice Chairman, Greater Phoenix Leadership, Phoenix
Paid for by Greater Phoenix Leadership

The people of Arizona deserve the right to prepare themselves in every way possible for this new, knowledge-based global economy. In order to do that, we must have superior schools, from preschool through post-graduate school.

We are very proud of Arizona State University, Northern Arizona University and the University of Arizona. In the last ten years, higher education in Arizona has grown stronger, boasting improvements in the quality of faculty, students, diversity and education overall. However, it will not be possible to sustain, much less enhance, the institutional quality without a significant new investment by the state.

We know that smart investments result in significant returns for years to come. A major part of Arizona’s current economic prosperity is the result of clear and forceful state investment in our educational infrastructure in the 1970s and 1980s. Major companies currently in Arizona make it clear they would not be here if it were not for the kind of university infrastructure developed through engineering, science, technology, medical and agricultural initiatives funded by the state.

We are in danger of losing the competitive battle for the next generation of economic development. Government leaders in other states, including California, Colorado, Michigan and Illinois already have committed millions and, in some cases, billions of dollars to the promise of what the New Economy holds for their states. They know that investing in their brightest minds and in technological innovation at their universities today will result in substantial returns to their states in the future.

The time is now for us to make a strong commitment to education in Arizona. Vote “YES” on Proposition 301 and position Arizona for the future.

Clara M. Lovett, President, Northern Arizona University, Flagstaff	Lattie F. Coor, Office of the President, Arizona State University, Tempe
Peter Likins, President, The University of Arizona, Tucson	Philip G. May, Phoenix
Paid for by Philip G. May	

Proposition 301 gives Arizona voters the chance to support funding for public education. It’s about time!

For years, the Arizona Legislature has been draining dollars from the public education system, kindergarten through 12th grade and colleges and universities, until Arizona ranks last among the 50 states in per-student spending for education!

At the same time, Arizona voters have said again and again that they want their tax dollars to support education.

Proposition 301 will put 6 cents sales tax for every \$10 spent into elementary, high school and college and university classrooms. It also contains accountability provisions to assure that the funding is directed into the classroom, where it is needed most.

Please vote to stop short-changing our future by cutting corners on MY education.

Please vote YES on Proposition 301.

Sara Presler, ASNAU President, Flagstaff

Paid for by Northern Arizona University Foundation

Arizona is facing a critical decision that will affect the prosperity of our state and the future of our children. That is the decision to meet the competition head-on and invest in our state universities.

Arizona State University, Northern Arizona University and the University of Arizona are essential to Arizona’s success in the new, high-tech economy. The universities prepare our students for jobs and careers in existing and emerging fields. They offer expertise and knowledge for small, medium and large businesses across the state.

In addition, the universities create and develop scientific innovations that spawn new enterprise. In the new economy – more so than ever before – the development and application of knowledge are critical to economic growth. That growth creates better-paying jobs, improved lifestyles and family security and stability. Arizona’s public universities are leaders in the development and application of new knowledge, from environmental and tourism programs to software, engineering, biomedical and optical sciences. In addition, university innovations make the farming, ranching and mining industries more productive and profitable.

Investment in the universities must be accelerated if Arizona is going to compete successfully in the New Economy. The resources to recruit and retain top faculty in key fields must be available; the universities are falling behind on computer and telecommunications technology; their buildings and facilities require much renovation or replacement to serve the needs of Arizona students.

That’s why the Board of Regents endorses Proposition 301 as a means to secure dedicated funding for university participation in the New Economy. Investment in Arizona’s state universities is simply good business. We ask you to join us in voting “YES” on Proposition 301.

Gary L. Stuart, Phoenix	Chris Herstam, Phoenix
Paid for by ASU Foundation	

What can we do to insure the future success of our children? Vote YES for a .6 cents sales tax increase. Why is this necessary? Because Arizona ranks 50th in the nation in per pupil funding, we have the 4th largest class size, we rank 34th out of 50 in teachers pay, and we have the nation’s highest dropout rate. It seems the list goes on and on. Proposition 301 addresses these issues and more. Teacher salaries would increase both in base rate and with a performance reward. New funds would reduce class sizes, keep kids in school, and implement programs for additional teacher training. The additional money would include programs to improve state standard test scores, add an additional 5 days to the school calendar and have emergency help for struggling schools. School accountability is also built into Proposition 301. How long can we stand by and hope others will fund our schools? We now have the opportunity to directly invest in our children’s success, 6 cents sales tax paid for every \$10. My children, your children and the state’s children are surely worth it! Vote Yes!

Cindy Kenna-Parent, Phoenix	Frances Jamison-Parent, Phoenix
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Arizona is dead last – 50th out of 50 states– in the amount of resources it allocates to support public education. That dire national ranking has real consequences; Arizona’s schoolchildren face what many would term a “hostile learning environment.”

Arizona’s failure to fund education leads to:

- poorly paid teachers (34th out of 50), resulting in high teacher turnover and teachers teaching in areas outside their expertise (especially in math and science areas);
- among the largest class sizes in the nation (4th highest), giving teachers less time to devote to individual student learning and resulting in greater student discipline problems with less time on task;
- substandard school facilities that, too often, are literally crumbling before the children’s eyes.

Proposition 301 addresses these problems in a comprehensive manner. The 6 cents sales tax paid for every \$10 spent MUST be put into the classroom in the following manner:

Spelling, grammar, and punctuation were reproduced as submitted in the “for” and “against” arguments.

- teacher salary increases both across the board (to address the teacher shortage problem) and based on performance (to reward excellent teachers);
- new funds to reduce class sizes, keep kids in school, improve state standards test scores and provide additional teacher training;
- more student time on task including five additional school days;
- assistance for struggling schools to bolster student achievement;
- funds to help repair school facilities and bring all schools in Arizona at least up to acceptable state facility standards.

Arizona voters face two basic questions with Proposition 301: do Arizona's children deserve to have an educational system that is better than the worst in the nation? Are we going to make a greater investment in public education and give our students the tools they need to achieve? We urge Arizona voters to answer YES to these questions. Vote YES on Proposition 301.

Linda Lopez, President-Elect, Arizona School Boards Association, Phoenix

Joel Wirth, President-Elect, Arizona Association of School Business Officials, Phoenix

Harry Garewal, Vice President, Arizona School Boards Association, Phoenix

Brian Mee, Immediate Past President, Arizona Association of School Business Officials, Phoenix

Paid for by Arizona School Boards Association, Inc.

As basketball coach I know that most of my job is getting my team ready to play before the game starts – a team is not a winning team unless it is properly prepared. I believe Proposition 301 helps put Arizona's students in a position to win.

The 6 cents sales tax for every \$10 spent is a small price to pay for higher teacher salaries, smaller class sizes, dropout prevention programs and additional resources to assist higher education in educating a New Economy workforce. I am especially pleased that the money generated from Proposition 301 would be put directly into the classroom where it will have its maximum benefit

Education in a lifelong process. This has always been the case but it has never been truer than it is today. The 21st Century economy will demand a workforce that is well-skilled in the traditional "basics" as well as the new essentials of the information technology age. Proposition 301 strengthens our public education system, from kindergarten to the post-college graduate level. And the skilled workforce and research-based information will allow our state to successfully compete in the New Global Economy.

Arizona's funding support of public education is currently the worst in the nation –50th place of out 50 states. This great state deserves much better than that. With Proposition 301 we have a chance to give the students of this state the public education system they deserve and prepare them to win in the game of life.

I urge you to vote YES on Proposition 301.

Lute Olson, Tucson

Paid for by Ted Hinderaker

You are probably aware of the recently released national statistics that place Arizona at the bottom for funding of public education. While our state has enjoyed strong economic growth, this strength has not translated to a better educational system. In fact, we believe that Arizona is in an educational crisis. Fortunately, we have been given an opportunity to make an investment and greatly improve public education in Arizona.

An improved education system – from preschool through post-graduate – is essential to Arizona's future. In order to be competitive in the "New Economy," we must invest in science, technology and business research. We can't afford to wait, because the New Economy is already here and we're lagging behind other states that are making significant investments. In the New Economy, knowledge and people power are invaluable tools to success, and universities are key. Arizona decision makers must encourage and support research, technology transfer, workforce development and entrepreneurial activities at our higher education institutions.

The General Election provides Arizonans with the opportunity to increase the state's investment in education and make up for lost ground from years of inadequate funding. We have the opportunity to vote on Proposition 301, an initiative that will raise the state sales tax by \$0.06 for every \$10 of goods purchased. The new dollars are earmarked for schools and teachers, with the bulk going to primary and secondary education. Universities also would benefit, with more money to expand and improve their New Economy programs, including those that will attract the best of the emerging high-tech industries to Arizona.

Investing in technological innovation, workforce development, and science, technology and business research today will result in substantial returns to our state in the future.

Proposition 301 is good for Arizona's future. We urge you to vote "YES" on it.

William W. Hochgraef, Chair, ASU Alumni Association, Board of Directors, Mesa

Timothy McShane, President, NAU Alumni Association, Board of Directors, Prescott

Philip G. May, Chair, U of A Alumni Association, Board of Directors, Phoenix

Jeffrey B. Patrick, Immed. Past Chair, ASU Alumni Association, Board of Directors, Gilbert

Ellie Cañez, Immed. Past President, NAU Alumni Association, Board of Directors, Chandler

David Areghini, Chair-elect, U of A Alumni Association, Board of Directors, Phoenix

Paid for by ASU Alumni Association

ARGUMENTS "AGAINST" PROPOSITION 301

Education: Coercion or Competition?

At the same time Californians are voting on a new school voucher plan, Arizonans are presented a proposal to pour an additional \$400 million tax dollars per year into public education. This tax increase is ill-suited to address the problems of our education system.

There is little reason to believe that inadequate resources are the reason for the poor performance of public schools. We spend more on public education now than we did when student performances were better. We spend more per pupil than countries whose students out-distance ours in international comparisons. Home-schooled children, who receive no public funding, are disproportionately represented among the winners of academic competitions.

Every child should have an opportunity for the best possible education. This doesn't mean the government ought to own and operate the schools. After all, we don't think any American should be allowed to starve, yet we wisely do not insist that the government ought to own and operate all the farms. It was the former Soviet Union that attempted to have the government own and operate all the farms. Chronic shortages resulted from this approach.

What we need to improve education is more meaningful competition. Vouchers offer the best way to combine the competition that promotes continuous improvement with ensuring that all children get an opportunity for the best possible education. Instead of handing more tax money to an ineffective public school bureaucracy, the state could be awarding a voucher to each student. To earn these vouchers, schools would have a powerful incentive to offer a quality product. Students and parents would have the choice and purchasing power that would enable them to demand a quality product.

Until we have the more meaningful competition offered by vouchers we should say NO to higher taxes.

John Semmens, Chandler

What education needs in Arizona is not more tax money. It is innovation, choice, creativity and competition. No tax increase is necessary to add any of these ingredients. I urge you to vote no on Proposition 301 and, instead, donate the money you would have paid in additional taxes to some worthy educational endeavor like the Arizona School Choice Trust.

Roy Miller, Past member, Arizona State Board for Charter Schools, Phoenix

Do you want politicians teaching your kids "character" in the public schools? It might seem like a good idea to some, but considering that the basics aren't being taught effectively to many of our children, it seems unlikely that something as complex as "character" could be! Let's face it. Character education is a job for parents, not politicians.

Under the terms of the proposition, schools can qualify for matching funds from the state if they adopt a character education curriculum that covers five of the following "character attributes":.

- | | |
|-------------------|---------------------|
| (a) ATTENTIVENESS | (j) INITIATIVE |
| (b) CARING | (k) ORDERLINESS |
| (c) CITIZENSHIP | (l) RESPECT |
| (d) COMPASSION | (m) RESPONSIBILITY |
| (e) DILIGENCE | (n) SINCERITY |
| (f) DISCERNMENT | (o) TRUSTWORTHINESS |
| (g) FORGIVENESS | (p) VIRTUE |
| (h) GENEROSITY | (q) WISDOM |
| (i) GRATEFULNESS | |

That means, for example, that your child could be subjected to "character education" focused solely on:

- (c) CITIZENSHIP
- (g) FORGIVENESS
- (i) GRATEFULNESS
- (l) RESPECT
- (k) ORDERLINESS

Or perhaps

- (a) ATTENTIVENESS
- (j) INITIATIVE
- (e) DILIGENCE
- (f) DISCERNMENT
- (m) RESPONSIBILITY

Do you feel comfortable with this? Don't you think that this curriculum will inevitably become politicized? And what about other attributes like INDEPENDENCE, INVENTIVENESS, COURAGE, and CREATIVITY?

Let's face it. Government schools are a monopoly that you pay for whether you send your kids there or not. And to get this character education (or indoctrination program) implemented in Arizona schools will require an increase in the "state transaction privilege" tax rates. In fact, in dollar terms, this act includes the BIGGEST single tax increase in the history of the state!

I say, "No thanks!" Let parents keep their money, and raise their kids with the values and character that they want, not the politicians. Vote NO on Proposition 301.

Jon Burroughs, Libertarian Candidate for U.S. Congress, District 1, Chandler

Vote NO on this increase in state sales tax for education. The State Education establishment is a huge suction pump that swallows up our tax dollars and spits out poorly educated children. More money will not solve the problem.

The solution is to break up large school districts and large universities and, instead, create small school districts and small colleges with local control, merit pay for teachers and administrators and a basic curriculum with minimum standards for promotion and graduation. At the

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same time, we must foster educational competition using charter schools, tuition tax credits and/or vouchers for children attending private schools to give government schools a run for their money.

For more details about this proposition and the Libertarian Party's views on education, please visit our website at www.azlp.org.

Vote NO on Proposition 301.

Peter G. Schmerl, Chair, Arizona Libertarian Party, Inc., Green Valley Katherine "Kat" Gallant, Maricopa County Committee, Arizona Libertarian Party, Inc., Phoenix

Robert J. Bushkin, Chairman, Pima County Committee, Arizona Libertarian Party, Inc., Tucson Paid for by Arizona Libertarian Party, Inc.

PROPOSITION 301 THREATENS FAMILY PRIVACY BIG BROTHER IN THE SCHOOLS

As parents, we are frightened by Proposition 301, and we urge other parents who care about their children to vote **NO**. It is literally **Big Brother in the schools**. Parents need to be aware that hidden within Proposition 301 is a requirement for the Department of Education to create a statewide comprehensive database of information on individual students. For the first time, the state will have **personal information** on the identity, attendance and academic performance of every child in public schools in this state.

With Proposition 301, the **Department of Education has the sole discretion to determine what data will be collected on your children. There are no laws to govern what questions they can ask about your children, and there is no process to have your children exempted from the program. The state will now have the right to demand whatever information they want:** names, addresses, dates and reasons for school absences, family income and welfare status, ethnicity, languages spoken in the home, illnesses, disabilities, etc. Even worse, all of this personal data will be transmitted electronically to the state *every day*, with no assurance that the system will be safe from computer hackers, anyone could get access to precious data on our school children and their families.

This program, called the "Student Accountability Information System or SAIS", is the latest brainchild of Superintendent Lisa Graham Keegan. Isn't she the same person who created the AIMS test? How many taxpayer dollars have been wasted waiting for her to figure out how to make that test work? And now we're going to trust her with reams of personal information about our children?

SAIS has failed repeatedly in the Legislature, for good reason. Vote **NO** to protect your family's privacy.

David and Tawna Petersen, Higley, Arizona Janie Thom, Mesa, Arizona Warde V. Nichols, Gilbert, Arizona

Paid for by David Petersen

SHOW ME THE REFORM NOT THE MONEY!

ONLY 57 CENTS OF EVERY DOLLAR GOES INTO THE CLASSROOM!

While we favor giving more money to schools if they need it, it is not clear that our schools are in need at this time. Instead, **we believe more of the money we currently spend should be directed to the classroom.**

Everyone cites the statistics on student spending and says that Arizona ranks low among other states. What no one mentions is that in those same national reports, data show that **only 57 cents of every dollar spent on education in Arizona ever makes it into the classroom! Even Utah, which spends less than us per-pupil, sends 66 cents of every dollar to the classroom.**

So where is our other 43 cents going? To pay the high salaries of our school administrators, of course. **In fact, in Arizona, overall salary for "instructional staff" (read administrators) is highest in the nation.** By sending so few dollars to the classroom, there is plenty of money to pay for the high salaries of our school administrators (now commonly over \$100,000), not to mention car allowances and other perks. And if they don't do a good job, we give them "golden parachute" packages and buy out their contracts. All of that comes from the dollars we're taxed to spend on our kids' learning.

We don't want the state to take any more of my dollars to "improve" education until more of the dollars we already send are being spent on the classroom! For that reason, we plan to vote **NO on Proposition 301.**

David and Tawna Petersen, Higley, Arizona

WHERE'S THE CRISIS? VOTE NO ON PROPOSITION 301

Proponents for Proposition 301 claim we need to raise sales taxes by 12% to fix the crisis in education. A crisis? Consider the following myths and realities:

Myth: Arizona teacher pay is rock bottom.

Reality: Arizona educator pay is tops in the nation. Our average teacher pay is \$34,411 annually for 180 days of work, which ranks 31st nationally. Arizona's overall instructional salaries (i.e., includes administrators' pay) rank 11th nationally at \$44,819. When adjusted for differences in states' per-capita personal income, average teacher pay climbs to 24th and overall instructional staff salaries rank 1st in the nation.

Myth: Arizona per-pupil funding lowest in the nation.

Reality: Arizona ranks among the top-spending states. Widely cited national statistics do not consider capital spending in their rankings. When taking capital expenditures into account, Arizona ranks 3rd in per-pupil spending when adjusted per capita. Even just on M&O, Arizona ranks 23rd when data is adjusted by income.

Myth: Arizona has shortchanged education over the past ten years.

Reality: Even after adjusting for inflation, Arizona taxpayer dollars going into the K-12 system have increased over 10% in the past ten years.

Myth: Arizona schools need more money.

Reality: More of the money we spend needs to get into the classroom. Only 57 cents of every dollar sent to the schools actually makes it into the classroom.

Myth: More state spending yield higher performance.

Reality: There is no evidence to suggest that spending more makes kids smarter. If so, everyone would send their kids to school in New Jersey.

Myth: There is a crisis in Arizona's public education system.

Reality: This is a manufactured crisis. Proposition 301 will only separate you from your hard-earned dollars and will not produce better results. Save your money. Vote **NO**.

Julie Ann Shaw

Eugene Labut

Spelling, grammar, and punctuation were reproduced as submitted in the "for" and "against" arguments.

Big Corporations Get Tax Cuts While Families Pay More

All Arizona families should vote NO on Proposition 301. The proposition raises sales taxes on families by 12% at the same time that Arizona's big corporations that support this measure are having their corporate income taxes cut by over 12% as their tax rate is lowered from 8% to 7% this year. The same big businesses that want to raise your taxes refused to even delay their own tax cut to help out education. Big corporations insisted that their taxes are too high and Arizona families don't pay enough!

The hard working families of this state need to wake up. The same companies that are getting big tax cuts while they lay off workers are telling you that you have to pay more to educate your children. Every time you go to the store for school supplies, children's clothing, books, and for everything you will pay 12% more in taxes. Families already pay enough for their children's education, both directly and indirectly. You should already be entitled to a good education for your children.

So who is paying for the ads in support of this Proposition? Big business and school labor unions. The labor unions are also tax exempt. So they tell you what's best for your children, but won't offer a dime to pay for it. They should put their money where their mouth is and help support education.

End the ruse now! Don't let big corporations convince you that you don't pay enough taxes for your child to go to a good school while they say they pay too much. Make the corporations pay their fair share of taxes! **Vote NO on Proposition 301!**

Stephen Batura, A concerned Arizona taxpayer

PROPOSITION 301 IS BAD TAX POLICY

Proposition 301 proposes a 12% increase in the state sales tax. While raising sales tax rates is an easy way to raise revenues, for several reasons, this is bad tax policy.

1. The sales tax increase is regressive. Individuals with low incomes see more of their paychecks go to pay sales taxes than individuals with high incomes.

2. The sales tax increase is bad for small business. Unlike the corporate income tax which taxes business profits, an increase to the sales tax rate increases business costs. This is particularly true of new start-up businesses that have a lot of expenses but owe little or no corporate income tax because they are not yet profitable. Many of these start-up businesses are vital to the "New Economy" and will be hurt by increases to their fixed operating expenses.

3. The sales tax increase hides the true cost of the tax. The main reason given by proponents for raising the sales tax is that it is easier than raising other taxes - voters never realize how much they are paying because they pay sales taxes a little at a time. Hidden taxes are poor policy. Voters should know exactly how much they pay in taxes and what they get for those taxes.

4. The sales tax increase actually increases the cost of government. Government at all levels will have to pay the 12% tax increase on all its purchases. Since cities and counties don't share in the revenues raised by this tax, these government entities will either have to absorb the added costs or raise local taxes.

The VBO "*Promoting truth in government and the overall economic well-being of the community*" urges you to read *all 89 pages of this legislation and then vote "NO."*

David Molina, President, Mesa

Jan Hibbard, Secretary/Treasurer, Mesa

Fred Phillis, Vice President, Gilbert

Rick Floyd, Vice President, Gilbert

Leo Mahoney, Director, Mesa

John DeShetler, Director, Mesa

Paid for by Valley Business Owners (and Concerned Citizens), Inc.

Improve Education, Without a Record High Tax Increase

As leaders of the House of Representatives, we witnessed historic recognition by most all members of the need to improve the public education system and to provide more funding to public schools. Unfortunately, in the rush to pass through a funding increase, many sought the quickest and easiest route - a huge tax increase. We sought to provide additional funding through a variety of means that would not result in a large tax increase, while still providing the same amount of new funding for schools.

We do **NOT** believe that Arizona families pay too little in taxes. We believe that our state deserves a high quality, affordable public school system for our children. **RAISING YOUR TAXES DOES NOT HELP MEET THAT GOAL.** We prefer to postpone some tax cuts for business, reprioritizing existing tax dollars, eliminating some tax loopholes, and other reasonable measures to avoid imposing a huge tax increase on hard-working families. We also favor accountability measures to make sure that new spending actually makes it into the classroom. These measures take time to work out and require difficult choices, choices that you elected us to make. Others would not wait for reasonable alternatives, they insisted on little accountability and a sales tax increase of 12%. Nearly \$1/2 billion a year in new taxes, the largest ever.

You shouldn't be forced to choose between the largest tax increase in state history or increased funding for public schools. **WE URGE YOU TO VOTE NO ON PROPOSITION 301.**

Should Proposition 301 fail, we will immediately promote a prompt and organized special session to provide a better package of new funding for education without raising your taxes by 12%. **ALTERNATIVES DO EXIST**, and dollars can be moving to classrooms at least one year sooner.

Jeff Groscoast, Speaker and on behalf of Majority Leadership (Majority Leader Lori Daniels)

Arizona House of Representatives, Mesa

Paid for by Jeff Groscoast

BALLOT FORMAT

PROPOSITION 301

REFERRED TO THE PEOPLE BY THE LEGISLATURE

<p><u>OFFICIAL TITLE</u></p> <p>SENATE BILL 1007</p> <p>AN ACT... AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.01; AMENDING SECTION ...15-910, ARIZONA REVISED STATUTES; ... AMENDING SECTION 41-1276, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 187, SECTION 8; AMENDING SECTION... 42-5010, ARIZONA REVISED STATUTES; AMENDING SECTION 42-5029, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 167, SECTION 2; AMENDING SECTION... 42-5155 ... ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1072.01....</p>
<p><u>DESCRIPTIVE TITLE</u></p> <p>INCREASES EDUCATION FUNDING WITH 6/10ths OF A CENT STATE SALES AND USE TAX INCREASE; FOR K-12: FUNDS TEACHER PAY, LOWER CLASS SIZE, 5 MORE SCHOOL DAYS, BUILDING IMPROVEMENT BOND ISSUANCE; FOR HIGHER EDUCATION: FUNDS WORKFORCE DEVELOPMENT, TECHNOLOGY, RESEARCH; LIMITS CERTAIN SCHOOL-RELATED PROPERTY TAX RATES; PROVIDES LOW INCOME HOUSEHOLD TAX CREDIT.</p>

PROPOSITION 301

<p>A “yes” vote has the effect of approving an increase in the state transaction privilege (sales) tax and the state use tax of six-tenths of one per cent to raise revenues in support of education, a state income tax credit in mitigation of those tax increases, inflation adjustments in state aid for education, a termination of an exemption from education funding revenue control limits for excess utility costs and a limitation on the school district qualifying tax rates and the county equalization assistance for education rate.</p>	<p>YES <input type="checkbox"/></p>
<p>A “no” vote has the effect of rejecting the proposed increase in state taxes and the other proposed tax mitigations and education budgetary controls.</p>	<p>NO <input type="checkbox"/></p>