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Attorneys for Plaintiffs

**IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA**

KAREN FANN, an individual; RUSSELL
"RUSTY" BOWERS, an individual;
DAVID GOWAN, an individual; VENDEN
LEACH, an individual; REGINA COBB,
an individual; JOHN KAVANAUGH, an
individual; MONTIE LEE, an individual;
STEVE PIERCE, an individual; FRANCIS
SURDAKOWSKI, M.D., an individual;
NO ON 208, an Arizona political action
committee; ARIZONA FREE
ENTERPRISE CLUB, an Arizona non-
profit corporation,

Plaintiffs,

v.

STATE OF ARIZONA; KIMBERLY YEE,
in her official capacity as Arizona State
Treasurer; CARLTON WOODRUFF,
Director of the Arizona Department of
Revenue; ARIZONA DEPARTMENT OF
REVENUE, an agency of the State of
Arizona,

Defendants.

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No. CV2020-015495

**MOTION FOR TEMPORARY
RESTRAINING ORDER (WITH
NOTICE) AND PRELIMINARY
INJUNCTIVE RELIEF**

EXPEDITED RULING REQUESTED

1 Pursuant to Rule 65 of the Arizona Rules of Civil Procedure, Plaintiffs move for
2 issuance of a temporary restraining order (“TRO”) prohibiting Defendants from taking any
3 action to enforce Proposition 208, codified as A.R.S. §§ 15-1281 through 15-1285, 15-1655,
4 and 43-1013 (collectively, “Proposition 208”), levying any surcharge, or appropriating
5 general fund public monies originating from the general fund to pay for costs associated
6 with Proposition 208. Plaintiffs further move this Court for an order setting a hearing on
7 their request for a preliminary injunction.

8 **MEMORANDUM OF POINTS AND AUTHORITIES**

9 Proposition 208 transgresses one of the most basic principles of Arizona’s initiative
10 process, expressed in the Arizona Constitution: “Any law which may not be enacted by the
11 Legislature under this Constitution shall not be enacted by the people.” Ariz. Const. art.
12 XXII, § 14. Proposition 208 violates this rule in several ways: it purports to declare article
13 IX, section 21 of the Arizona Constitution inapplicable, A.R.S. § 15-1285; it ignores the
14 rules for raising taxes set forth in article IX, section 22; it seeks to rewrite and bypass the
15 Revenue Source Rule set forth in article IX, section 23, A.R.S. § 15-1284; and it attempts
16 to deprive the legislature of powers vested by article IV of the Constitution, A.R.S. § 15-
17 1284. But Proposition 208 is statutory. It cannot override the Constitution. This Court
18 should enjoin Proposition 208’s implementation and prevent ordinary legislation from
19 eroding Arizona’s constitutional foundations.

20 **I. BACKGROUND**

21 In the 2020 general election, 51.75% of the Arizona electorate approved an initiative
22 titled the “Invest in Education Act,” commonly known as Proposition 208.¹ The Proposition
23 is a statutory initiative (not a constitutional one) that amends A.R.S. Title 15 (Education)
24 and Title 43 (Taxation of Income). *See* Compl. Ex. A (copy of Proposition 208).

25 More specifically, Proposition 208 creates a new income tax surcharge of 3.5% on
26 taxable income over \$250,000 (if a taxpayer is filing individually) or \$500,000 (if a taxpayer
27

28 ¹ *See State of Arizona: 2020 General Election*, Katie Hobbs Secretary of State (Nov. 24, 2020), <https://results.arizona.vote/#/ballotmeasure/18/0>.

1 files as head of household or jointly). A.R.S. § 43-1013(A). The new tax is completely
2 separate from other state taxes and cannot be reduced, even if income tax in Arizona were
3 eliminated. *Id.* § 43-1013(C)). The income from the new tax is designated for four
4 education-related purposes. A.R.S. § 15-1281.

5 The initiative also mandates new spending of hundreds of millions of dollars, *id.*,
6 blowing through the school districts' expenditure limitations established in article IX,
7 section 21 of the Constitution. To address this, Proposition 208 includes a provision
8 declaring the funds it directs to school districts "are not considered local revenues" under
9 article IX, section 21. A.R.S. § 15-1285. The Arizona Legislative Council advised
10 Proposition 208's drafters on February 10, 2020 that this attempt to *statutorily* exempt the
11 initiative from the Constitution was "likely invalid," but they chose to proceed as is. *See*
12 Exhibit 1 (Legislative Council Analysis).

13 Proposition 208 includes other fatal constitutional flaws. It attempts to raise taxes
14 without a supermajority vote of both houses of the legislature (as required by article IX,
15 section 22) or a constitutional amendment by the people. It includes no other revenue source
16 to finance the mandate that general-fund education spending hold constant at 2020 levels,
17 as required by article IX, section 23. And, it includes a so-called "No Supplant Clause" that
18 would restrict the legislature's constitutional authority to allocate resources from the state's
19 general fund, *see* A.R.S. § 15-1284(E), in violation of article I, part 1 sections 1(1) and 6(D)
20 and article IV, part 2, section 20 of the Constitution.

21 **II. ARGUMENT**

22 A party seeking a TRO and preliminary injunction must show: (1) a likelihood of
23 success on the merits; (2) the possibility of irreparable harm if relief is not granted; (3) a
24 balance of hardships favoring the moving party; and (4) public policy weighing in favor of
25 injunctive relief. *Shoen v. Shoen*, 167 Ariz. 58, 63 (App. 1990). Courts apply a sliding
26 scale to assess these factors. *Smith v. Ariz. Citizens Clean Elections Comm'n*, 212 Ariz.
27 407, 410-11 ¶¶ 9-10 (2006). This requires "either 1) probable success on the merits and
28 the possibility of irreparable injury; or 2) the presence of serious questions and the balance

1 of hardships tips sharply in his favor.” *TP Racing, L.L.P. v. Simms*, 232 Ariz. 489, 495
2 ¶ 21 (App. 2013) (internal quotation marks omitted). Under this sliding scale, the stronger
3 the likelihood of success on the merits, the less irreparable harm is necessary (and vice
4 versa). *Smith*, 212 Ariz. at 411 ¶ 10. All four factors weigh in favor of granting injunctive
5 relief here.

6 **A. PLAINTIFFS ARE LIKELY TO SUCCEED ON THE MERITS.**

7 **1. Proposition 208’s Spending Provisions Violate Article IX, Section**
8 **21 of the Arizona Constitution.**

9 No legislation can exempt itself from provisions of the Arizona Constitution. Yet
10 Proposition 208 attempts to do just that. It declares that the monies it allocates “are exempt
11 from any budgetary, expenditure or revenue control limit,” and that the revenues its new
12 tax yields “are not considered local revenues for the purposes of article IX section 21,
13 Arizona Constitution.” A.R.S. §15-1285. This statute thereby seeks to exempt itself from
14 the Constitution’s spending caps. If the organizations behind Proposition 208 wanted to
15 amend article IX, section 21, they could have done so. Instead, they chose to pursue a new
16 *statute*, which must comply with the Constitution—as the Constitution itself says in article
17 XXII, section 14. This Court should issue an injunction to vindicate constitutional
18 supremacy and the rule of law.

19 **a. Proposition 208 Cannot Exempt Its Spending from Constitutional**
20 **Limitations.**

21 Article IX, section 21 regulates the expenditure of “local revenues” by school
22 districts. The constitutional definition of “local revenues” could hardly be more sweeping:
23 “all monies, revenues, funds, property and receipts of *any kind whatsoever* received by or
24 for the account of a school district.” Ariz. Const. art. IX, § 21(4)(c) (emphasis added).
25 Precisely because the money amassed by Proposition 208 would fall within this definition,
26 its drafters sought to fashion a workaround by declaring that the funds the initiative would
27 raise “are not considered local revenues for purposes of article IX, section 21, Arizona
28 Constitution.” A.R.S. § 15-1285. Without this “opt out” provision, the constitutional text

1 is clear.

2 “[O]f course, statutes must conform with the mandates of our state constitution.”
3 *State v. Fell*, 249 Ariz. 1, 279 ¶ 6 (App. 2020). Where a statute does not comply with the
4 Constitution, courts enjoin its application. *See, e.g., Brush & Nib Studio, LC v. City of*
5 *Phoenix*, 247 Ariz. 269, 305 ¶¶ 164–67 (2019) (reversing denial of injunctive relief where
6 law was incompatible with the state Constitution).

7 It makes no difference that Proposition 208 was enacted by voter initiative. The
8 people’s right to legislate is no greater than that of the legislature. Ariz. Const. art. XXII,
9 § 14. And, indeed, the spending caps that Proposition 208 targets were *themselves* adopted
10 by popular vote: article IX, section 21 began its life as a part of a series of constitutional
11 amendments in 1980. Because that proposition actually amended the Constitution, *it*—not
12 Proposition 208—takes precedence as the true will of the people. *McBride v. Kerby*, 32
13 Ariz. 515, 531 (1927), *overruled in part and on other grounds by Adams v. Bolin*, 74 Ariz.
14 269 (1952).

15 If the Arizona Constitution is to serve its purpose as the supreme state law,
16 legislation—whether adopted by the elected legislature or the people acting as legislature—
17 cannot statutorily “opt out” of its restrictions. This Court would never tolerate a statute that,
18 say, created a new state park where only demonstrations complimentary of public officials
19 were permitted, and where constitutional protections for free speech were statutorily
20 overridden. It is no more permissible for Proposition 208 to declare that the spending limits
21 in article IX, section 21 do not apply.

22 **b. The Unconstitutional Spending Provisions at Proposition 208’s**
23 **Core Are Not Severable.**

24 Because the spending provisions discussed above are unconstitutional and
25 unenforceable, the Court must address the question of severability. Here, severability is
26 complicated by two factors. *First*, as in all severability cases, a “serious separation of
27 powers question[.]” emerges when courts attempt to discern whether lawmakers would have
28 enacted a law without the invalid provision. *Barr v. Am. Ass’n of Political Consultants*,

1 *Inc.*, 140 S. Ct. 2335, 2366 (2020) (Gorsuch, J., concurring in part and dissenting in part);
2 *see also Seila Law LLC v. Consumer Fin. Prot. Bureau*, 140 S. Ct. 2183, 2219–24 (2020)
3 (Thomas, J., concurring in part and dissenting in part). *Second*, in Arizona after the 1998
4 adoption of the Voter Protection Act (“VPA”), *see* Ariz. Const. art. I, pt. 1, § 1(6), the issue
5 is even more fraught because elected lawmakers cannot correct whatever flaws exist in what
6 remains of an initiative after striking its unconstitutional provisions. The risk that severing
7 one provision will result in “impos[ing] on [Arizona], by the Court’s decree, its own new
8 statutory regime, consisting of policies, risks, and duties that [voters] did not enact” is
9 particularly extreme when any errors in the court’s analysis cannot be corrected by the
10 ordinary legislative process. *NFIB v. Sebelius*, 567 U.S. 519, 692 (2012) (four-justice
11 dissent). This Court should therefore decline to apply severability *at all* where a post-VPA
12 initiative is involved.

13 The spending provision in this case, however, is not severable. In the initiative
14 context, courts first ask “whether the valid portion can operate without the unconstitutional
15 provision.” *Citizens Clean Elections v. Myers*, 196 Ariz. 516, 522 ¶ 23 (2000). If so, the
16 court “uphold[s] it unless the result is so absurd or irrational that one would not have been
17 adopted without the other.” *Id.* In *Myers*, the Arizona Supreme Court concluded that a
18 provision expanding the role of the Commission on Appellate Court Appointments was
19 unconstitutional—but that it played only a tiny role in the initiative. *Id.* at 523–24 ¶¶ 24–
20 25. A decade later, that same initiative met a different severability fate in *McComish v.*
21 *Brewer*, No. CV-08-1550-PHX-ROS, 2010 WL 2292213 (D. Ariz. Jan. 20, 2010), *rev’d on*
22 *other grounds by McComish v. Bennett*, 611 F.3d 510 (9th Cir. 2010). There, the court
23 examined a provision that created a matching-fund program for political campaigns and
24 applied the following analysis concerning the centrality of the provision: “Were this Court
25 to sever certain portions of the matching funds provision, Defendants concede various
26 regulatory changes would be required. . . . The Act, after a limited severance, is not
27 workable absent further action.” *Id.* at *11. The court distinguished this provision from the
28

1 one at issue in *Myers* because the latter “did not materially impact the operation of the Act.”
2 *Id.*

3 Applying that analysis here, the spending provisions in Proposition 208 are not
4 severable. Spending additional resources on public education was Proposition 208’s single
5 purpose. Its other provisions only make sense in terms of facilitating that goal. Those
6 provisions include a segregated fund for revenues generated by the initiative, specified
7 percentages for spending the money, a prohibition on appropriators supplanting funds
8 generated by the initiative, and the largest permanent tax hike in Arizona history. But it
9 would be “absurd or irrational” for voters to adopt a new tax (and restrict the allocation of
10 its revenues) if that money cannot be spent. *Myers*, 196 Ariz. at 522 ¶ 23.

11 No rational voter would approve a tax that funds nothing. Certainly, the voters were
12 not presented with that prospect in any of the material promoting Proposition 208. In that
13 vein, Arizona courts conducting severability analysis regularly look to legislative intent.
14 *See, e.g., State Comp. Fund v. Symington*, 174 Ariz. 188, 195 (1993). For initiatives, that
15 task is more complicated, but takes guidance from the measure’s description on the ballot.
16 *See, e.g., Randolph v. Groscost*, 195 Ariz. 423, 427–28 ¶¶ 16–17 (1999). Here, Proposition
17 208’s ballot summary made clear that the tax hike was solely in service of the spending
18 provisions: “The law would impose a 3.5% tax surcharge . . . to increase funding for public
19 education.” Exhibit 2 (Proposition 208 Excerpt of 2020 General Election Publicity
20 Pamphlet). Indeed, every ballot statement in support of the initiative lauded the increased
21 spending, and, to the extent they discussed the tax increase, presented it as a tolerable cost
22 in order to secure more spending. *Id.* Applying the methodology from *State Compensation*
23 *Fund* and *Randolph* confirms that the voters who cast ballots in favor of Proposition 208 did
24 so to achieve increased *spending*, not merely to create a new tax that could not be spent as
25 advertised or reallocated to other priorities.

26 Thus, under the *McComish* analysis, “further action” would be necessary to revive
27 the initiative’s purpose once the unconstitutional attempt at sidestepping article IX, section
28 21 is invalidated. 2010 WL 2292213, at *11. And those further measures would be far

1 more serious than the administrative remedies that would have been required in *McComish*.
2 *Id.* Here, given the VPA, an entirely new initiative would be necessary. The only
3 alternative would be that article IX, section 21(3) of the Arizona Constitution would allow
4 a two-thirds majority of both houses of the legislature could vote for a concurrent resolution
5 to lift the spending caps, but only “for a single fiscal year.” Follow-on initiatives and
6 bicameral super-majority legislation (for just one year) are not the hallmarks of a law that
7 functions just as well when the unconstitutional provision is severed.

8 Proposition 208’s drafters chose to set up a self-contained intricate system of taxing
9 and spending. This approach might have its advantages, but it precludes severability.
10 Without the ability to spend the revenues Proposition 208 would generate, the remaining
11 tax is irrational and differs from the bargain presented to Arizona voters. Plaintiffs are
12 likely to prevail on the merits of this claim.

13 **2. Article IX, Section 22 of the Arizona Constitution Prevents the**
14 **Imposition of a New Tax by Statutory Initiative.**

15 When the people act in a legislative capacity through the initiative process, they have
16 the same powers as the legislature, but *only* the same powers. In particular, their lawmaking
17 authority is subject to the same constitutional limits that apply to the legislature. Ariz.
18 Const. art. XXII, § 14. The Constitution requires that “*any act* that provides for a net
19 increase in state revenues” must receive a two-thirds vote in “each house of *the legislature*”
20 before it becomes law. *Id.* art. IX, § 22 (emphasis added). Proposition 208 imposes a new
21 tax on Arizona residents, but it did not receive a vote in the legislature at all. Moreover,
22 even if the people are viewed as functioning *as* the legislature, Proposition 208 did not
23 obtain a two-thirds vote among the people. When the voters act in their legislative capacity
24 through the statutory initiative process, they are limited by the same constitutional
25 provisions that govern acts of the elected legislature. *State ex rel. Conway v. Superior*
26 *Court*, 60 Ariz. 69, 78 (1942), *overruled in part and on other grounds by Adams v. Bolin*,
27 74 Ariz. 269 (1952). If the voters were stepping into the shoes of the legislature in adopting
28 this tax, then article IX, section 22 must also apply.

1 **a. The Arizona Constitution Requires that a New Tax be Passed by**
2 **a Two-Thirds Vote in the Legislature, or by a *Constitutional***
3 **Rather than a *Statutory Initiative*.**

4 Legislative authority is vested in both the legislature and the people through the
5 initiative process. Ariz. Const. art. IV, pt. 1, § 1. “The legislative power of the people is
6 as great as that of the legislature.” *Tilson v. Mofford*, 153 Ariz. 468, 470 (1987) (emphasis
7 added). But, absent an express constitutional exception, it is *no greater* than that of the
8 legislature. This principle appears explicitly in the Arizona Constitution: “Any law which
9 may not be enacted by the Legislature under this Constitution shall not be enacted by the
10 people.” Ariz. Const. art. XXII, § 14. Thus, when “[a]cting in their capacity as lawmakers,
11 the people are bound by the Constitution, the same as the Legislature.” *Tillotson v.*
12 *Frohmler*, 34 Ariz. 394, 401–02 (1928). Among the Constitution’s limitations are
13 different rules for statutes and constitutional amendments. Some actions require the latter,
14 while others are achievable through the former.

15 Article IX, section 22 of the Constitution imposes an unequivocal requirement for
16 *statutory* tax increases in Arizona: “any act that provides for a net increase in state revenues”
17 must be approved by a two-thirds vote of “the members of each house the legislature.”
18 Section 22 is not limited to acts of the elected legislature, but applies to “*any act* that
19 provides a net increase in state revenue.” (emphasis added). Thus, the Constitution limits
20 the statutory imposition of new taxes to those that are (1) passed by the legislature and
21 (2) obtain a two-thirds majority. And, again, article XXII, section 14 makes this explicit by
22 providing that statutes that cannot be adopted by the legislature lie beyond the initiative
23 power as well.

24 Here, it is indisputable that Proposition 208 is an “act” and that it provides “for a net
25 increase in state revenue” through “[t]he imposition of [a] new tax.” Ariz. Const. art. IX,
26 § 22; Compl. Ex. A § 1; A.R.S. § 43-1013. Thus, the Proposition imposes a new tax without
27 satisfying article IX, section 22’s “requirement[.]” of “the affirmative vote of two-thirds of
28 the members of each house of the legislature.”

1 Like the spending caps discussed above, the supermajority requirement in article IX,
2 section 22 was added to the Constitution by a voter initiative—Proposition 108 in 1992. *See*
3 Exhibit 3 (Proposition 108 Excerpt of 1992 General Election Publicity Pamphlet). It
4 therefore expresses the will of the people. *Barlow v. Blackburn*, 165 Ariz. 351, 354 (App.
5 1990). The 1992 voter pamphlet accompanying Proposition 108 supports the conclusion
6 that statutory tax increases in Arizona can only be accomplished by a two-thirds majority
7 of the legislature. *See* Exhibit 3. In that voter pamphlet, Legislative Council’s Arguments
8 Favoring Proposition 108 read as follows:

9 **LEGISLATIVE COUNCIL ARGUMENTS FAVORING**
10 **PROPOSITION 108**

11 Proposition 108 will make it more difficult to raise taxes and will end the string of almost annual tax
12 increases during the past decade.

13 Some analyses rank Arizona as one of the highest taxed states in the nation. This reputation hinders
14 economic development, discourages businesses from moving to this state, promotes migration of businesses
15 from this state and places a competitive disadvantage on businesses remaining here. Growing government
16 draws economic resources away from productive enterprises. Proposition 108 will help restrain growth in
17 state government.

18 Tax increases are such a threat to taxpayers that they should be approved only with the agreement of
19 two-thirds of our elected representatives. Proposition 108 ensures a board consensus on the necessity of any
20 future tax increases.

21 *Id.* The ballot language confirms that article IX, section 22 limits tax increases to measures
22 enjoying “board consensus” among “our elected representatives.” *Id.*

23 The Legislative Council’s Arguments Opposing Proposition 108 that appeared in the
24 same pamphlet also support the argument that only a constitutional amendment, *not* a
25 statutory initiative or referendum, could alter a tax adopted pursuant to article IX, section
26 22. *See* Exhibit 3. According to Legislative Council, “If the Legislature enacts a tax
27 increase with a two-thirds vote, Proposition 108 would not allow the voters the right to
28 submit the act to a referendum. Instead, it would become effective immediately with no
recourse for citizens.” *See id.* In other words, when article IX, section 22 was on the ballot,
voters were informed that tax increases in Arizona are governed by the Constitution, and
only a constitutional amendment, *not* a statutory change—even a statutory referendum
submitted to the voters—could supersede its requirements.

1 Of course, the proponents of Proposition 208 could have proposed the measure as a
2 constitutional amendment, in which case article IX, section 22 would not have applied.
3 *Conway*, 60 Ariz. at 78. But they did not do so. Instead, Proposition 208 is statutory—
4 which means it must comply with article IX, section 22 and the rest of the Constitution.
5 What the U.S. Supreme Court said of the federal Constitution’s rules governing lawmaking
6 is equally true of those in the Arizona Constitution: the state’s fundamental law establishes
7 a “single, finely wrought and exhaustively considered, procedure” for “enact[ing] statutes,”
8 *Clinton v. City of New York*, 524 U.S. 417, 439–40 (1998) (quoting *INS v. Chadha*, 462
9 U.S. 919, 951 (1983)), and no other method is permitted. In that case, the Court found a
10 federal line-item veto was unconstitutional because the United States Constitution specified
11 only one procedure for lawmaking—and that procedure did not include a line-item veto.
12 *Id.* This, the Court said, was “equivalent to an express prohibition” on the line-item veto.
13 *Id.* at 439. Similarly here, any statutory effort to bypass the set procedures laid out in the
14 Arizona Constitution is prohibited.

15 **b. To the Extent the Voters Acted as the Legislature in Passing**
16 **Proposition 208, the Act Fails Because It Did Not Pass with a Two-**
17 **Thirds Vote.**

18 In the alternative, even if voters could stand in the legislature’s shoes when voting
19 on a statutory tax increase, they would have to comply with the supermajority requirement.
20 As the Arizona Supreme Court explained in *Conway*, “[w]hen the people act in their
21 legislative capacity through an initiated measure, they have only the same powers which
22 the legislature would have, and *any act so passed is limited by constitutional provisions to*
23 *the same extent as an act of the legislature.*” 60 Ariz. at 78 (emphasis added). Article IX,
24 section 22 provides that when the legislature raises taxes, it must do so by a two-thirds
25 majority. And if the people are acting *as the legislature* for purposes of a statutory initiative,
26 then the people must comply with the same restrictions on the legislature’s lawmaking
27 power; in this case, a supermajority vote to raise taxes.

28 In *Arizona State Legislature v. Arizona Independent Redistricting Commission*, 576
U.S. 787, 823–14 (2015), the U.S. Supreme Court held that the term “legislature” in the

1 federal Constitution referred not exclusively to the elected legislature, but also to Arizona
2 voters acting through the initiative process. But even if the voters are viewed as standing
3 in the shoes of the legislature for purposes of the Arizona Constitution, then the same
4 supermajority requirement that applies to the elected legislature must also apply to the
5 voters. *See Winkle v. City of Tucson*, 190 Ariz. 413, 415 (1997); *Conway*, 60 Ariz. at 78;
6 *Molera v. Reagan*, 245 Ariz. 291, 294 ¶¶ 9–11 (2018). This is not only required by the
7 logic of these provisions, but by the express language of the Constitution, which provides
8 that the people “shall not” adopt “[a]ny law which may not be enacted by the Legislature.”
9 Ariz. Const. art. XXII, § 14.

10 In the redistricting case, voters adopted an initiative that removed redistricting
11 authority from the Arizona legislature. *Ariz. State Legislature v. Ariz. Indep. Redistricting*
12 *Comm’n*, 576 U.S. at 792. In upholding the initiative, the Court held that “it would be
13 perverse to interpret the term ‘Legislature’ in the Elections Clause . . . to exclude lawmaking
14 by the people.” *Id.* at 820. In this case, article IX, section 22 requires “the affirmative vote
15 of two-thirds of the members of each house of the legislature” before a new tax statute may
16 become law. As the word “legislature” includes the people via the initiative process,
17 Proposition 208 did not meet, or even approach, the supermajority threshold. It instead
18 passed by only 51.75%.²

19 **3. Proposition 208 Violates the Revenue Source Rule.**

20 The Revenue Source Rule states:

21 An initiative . . . that proposes a mandatory expenditure of state revenues for
22 any purpose, establishes a fund for any specific purpose or allocates funding
23 for any specific purpose must also provide for an increased source of revenues
24 sufficient to cover the entire immediate and future costs of the proposal. The
25 increased revenues may not be derived from the state general fund or reduce
26 or cause a reduction in general fund revenues.

27
28 ² *See State of Arizona: 2020 General Election*, Katie Hobbs Secretary of State (Nov. 24, 2020), <https://results.arizona.vote/#/ballotmeasure/18/0>.

1 Ariz. Const. art. IX, § 23(A). Proposition 208’s mandatory expenditure of state revenues
2 fails to adhere to the plain meaning of the Revenue Source Rule for at least two reasons.

3 *First*, the Revenue Source Rule does not allow for imposition of *new* taxes, such as
4 an “income tax surcharge,” via initiative. It only discusses an “*increased* source of
5 revenues.” *Id.* “Increased” implies a change to something already in existence. But
6 Proposition 208 does not increase an existing tax; it creates a new “surcharge” in addition
7 to existing taxes. Indeed, it requires that “[t]he income tax surcharge levied by this section
8 must be collected regardless of whether the income tax rate brackets in this chapter are
9 changed, replaced or eliminated by an act of the legislature.” A.R.S. § 43-1013. This is
10 expressly not an increase, but a new tax.

11 *Second*, even assuming a new tax is authorized by the Revenue Source Rule,
12 Proposition 208 fails to provide funding for the *entirety* of its provisions. *See Ariz. Chamber*
13 *of Commerce & Indus. v. Kiley*, 242 Ariz. 533, 539 ¶¶ 16–20 (2017). Under the Revenue
14 Source Rule, “any initiative or referendum requiring a ‘mandatory expenditure of state
15 revenues for any purpose . . . or [that] allocates funding for any specific purpose’ must also
16 include a dedicated funding source *other than the general fund*.” *Cave Creek Unified Sch.*
17 *Dist. v. Ducey*, 231 Ariz. 342, 349 n.8 ¶ 19 (2013) (emphasis added). Here, Proposition
18 208’s “No Supplant Clause” mandates expenditure of general funds by forbidding the
19 legislature from “caus[ing] a reduction” in “other funding sources.” A.R.S. § 15-1284(E);
20 *see also Kiley*, 242 Ariz. at 537 ¶ 10. By creating a floor on *all* such appropriations,
21 Proposition 208 was constitutionally obligated to specify an increased revenue source,
22 *separate from the general fund*, to cover its appropriation mandates.³ Proposition 208 does
23

24 ³ Unlike *Kiley*, 242 Ariz. at 538 ¶ 12, where “it [was] implausible that qualified electors
25 who seek to propose an initiative measure could successfully scour the state’s innumerable
26 dealings to anticipate and provide a funding source for any conceivable expenditures of
27 state revenues that a ballot measure might indirectly cause,” Proposition 208 specifically
28 references “any other appropriation, transfer, or allocation of public or private monies from
any other source.” A.R.S. § 15-1284(E). Therefore, the Proposition “directs state action
that itself inherently requires” such a “non-discretionary expenditure” for which a revenue
source is not provided. *Kiley*, 242 Ariz. at 538 ¶ 13. When “budgeting discretion” is taken
out of the hands of government officials, the Revenue Source Rule is implicated and a
“revenue generating provision” is mandated. *Id.* ¶ 14.

1 not do this and, thus, violates the Revenue Source Rule.

2 Because Proposition 208 violates the Revenue Source Rule, the entire initiative is
3 rendered “unconstitutional as a whole unless valid parts of the measure could be upheld
4 under the severability doctrine.” *Kiley*, 242 Ariz. at 537 ¶ 8. As discussed above, and
5 applying *State Compensation Fund* and *Randolf*, the inability to achieve increased spending
6 due to the unconstitutionality of the revenue-generating provision makes clear the
7 provisions are so intertwined to such a degree that severability is not possible.

8 **4. Proposition 208 Violates Article IV of the Arizona Constitution.**

9 Fearful that lawmakers would respond to Proposition 208’s tax increase by
10 redirecting existing appropriations to non-education priorities, the initiative’s drafters
11 attempted to tie the legislature’s hands. To that end, the initiative provides that the new
12 revenue it generates “may not supplant, replace or cause a reduction in other funding
13 sources.” A.R.S. § 15-1284(E). The operative word in the so-called “No Supplant Clause”
14 is “*other*.” *Id.* (emphasis added).

15 The “No Supplant Clause” governs not only the use of monies that Proposition 208
16 itself generates, but it also purports to restrict the legislature’s constitutional authority over
17 unrelated taxes and spending. It declares that the revenues of the new tax created by
18 Proposition 208 shall be “in addition to any other [existing] appropriation,” and prohibits
19 the legislature from “caus[ing] a reduction in other funding sources.” *Id.* This means that
20 the already-enacted 2020 general appropriations bill becomes an appropriations *mandate*,
21 one the legislature may not reduce. It also bars the legislature from taking *any* action that
22 might “cause a reduction in *other* funding sources,” including, for example, increasing an
23 existing tax deduction, creating a new tax rebate, or allocating funds in ways that would
24 create have the effect of “reducing” currently-allocated revenues. *Id.* (emphasis added).
25 This is unconstitutional for three reasons.

26 *First*, the Arizona Constitution expressly grants the legislature “the power of the
27 purse.” *Rios v. Symington*, 172 Ariz. 3, 5–6 (1992) (collecting constitutional provisions);
28 *id.* at 10 (“the power to appropriate funds is exclusively a legislative function”). In fact, the

1 Constitution specifically commands that the legislature’s “general appropriation bill shall
2 embrace . . . public schools.” Ariz. Const. art. IV, pt. 2, § 20. And the appropriation power
3 doubtless includes the ability to expend an “amount . . . less than had been appropriated for
4 these purposes by previous Legislatures.” *Wiggins v. Kerby*, 44 Ariz. 418, 424 (1934).
5 Curtailing the legislature’s authority over the state’s purse can only be done by a
6 constitutional amendment. Proposition 208, however, is statutory.

7 *Second*, the Constitution *expressly authorizes* the legislature to divert funds created
8 by an initiative, under certain circumstances. *See* Ariz. Const. art. IV, pt. 1, § 6(D). That
9 provision allows the legislature, on a supermajority vote, “to appropriate or divert funds
10 created or allocated to a specific purpose by an initiative measure.” *Id.* Yet the “No
11 Supplant Clause” attempts to nullify this power. A statute cannot deprive the legislature of
12 powers expressly given to it by the Constitution. “Only by means of an initiative
13 constitutional amendment may the people modify or impinge upon the freedom of the
14 Legislature to exercise its constitutionally granted powers.” *People’s Advocate, Inc. v.*
15 *Superior Court*, 226 Cal. Rptr. 640, 646 (Ct. App. 1986).

16 *Third*, the Constitution requires that any initiative “that proposes a mandatory
17 expenditure . . . must also provide for an increased source of revenues,” and these “*may not*
18 be derived from the state general fund.” Ariz. Const. art. IX, § 23(A) (emphasis added).
19 Thus, although Proposition 208 is within constitutional bounds in earmarking the uses for
20 the funds that *its own* tax generates, it cannot limit the legislature’s appropriation power
21 over the state’s *general fund*. By attempting to bar the legislature from reducing the current
22 allocation of general fund revenues to school districts, Proposition 208 violates the
23 constitutional prohibition on funding initiative spending mandates from the general fund,
24 as described *supra* in Section 3.

25 **B. PLAINTIFFS WILL SUFFER IRREPARABLE HARM WITHOUT AN**
26 **INJUNCTION.**

27 There is a high likelihood of irreparable injury if Defendants enforce Proposition 208
28 because Plaintiffs cannot be adequately compensated at law for violations of their

1 constitutional rights and duties.⁴ *See Elrod v. Burns*, 427 U.S. 347, 373 (1976) (the
2 deprivation of a constitutional right “unquestionably constitutes irreparable injury”); *Am.*
3 *Trucking Ass’n, Inc. v. City of Los Angeles*, 559 F.3d 1046, 1059 (9th Cir. 2009)
4 (“[C]onstitutional violations cannot be adequately remedied through damages and therefore
5 generally constitute irreparable harm.” (citation omitted)); *Bd. of Educ. of Cent. Sch. Dist.*
6 *No. 1 v. Allen*, 392 U.S. 236, 241 n.5 (1968) (officials were injured by being forced “to
7 choose between violating their oath [of office] and . . . refus[ing] to comply with [the
8 challenged law].”).

9 Moreover, Plaintiffs Boyle, Lee, and Pierce cannot be adequately compensated for
10 the irreversible and detrimental impact that the surcharge will have on their businesses.⁵
11 Likewise, Plaintiff Surdakowski cannot be adequately compensated for the impact that
12 Proposition 208 will have on his ability to practice medicine in Arizona.⁶ Because the full
13 extent of these harms are not remediable by damages, they are irreparable. *IB Property*
14 *Holdings, LLC v. Rancho Del Mar Apartments Ltd.*, 228 Ariz. 61, 65 ¶¶ 10–11 (App. 2011).

15 **C. THE BALANCE OF HARDSHIPS AND PUBLIC INTEREST TIPS**
16 **SHARPLY IN PLAINTIFFS’ FAVOR.**

17 When a government entity is a party to a lawsuit, it is appropriate to “consider the
18 balance of equities and the public interest together.” *California v. Azar*, 911 F.3d 558, 581
19
20

21 ⁴ *See also* Exhibit 4 (D. Gowan & R. Cobb Declaration) (detailing Proposition 208’s impact
22 on their ability to fulfill individual legislative duties, including the chaos that Proposition
208’s effective date injects into the already finalized 2021 state budget).

23 ⁵ Exhibit 5 (M. Boyle Declaration) (stating that the surcharge, which is projected to cost his
24 small business \$3.5 million in taxes by 2023, will force his drug and alcohol rehabilitation
company to relocate its headquarters and at least 100 employees to Tennessee to survive);
25 Exhibit 6 (M. Lee Declaration) (stating that the surcharge will prevent him from being able
26 to reinvest money into his farm for next season’s crops, endangering the food supply to
Arizonans, Americans, and citizens across the world that are dependent on his crops);
27 Exhibit 7 (S. Pierce Declaration) (stating that implementation of the surcharge will place
his ranch, which provides important commodities, and real estate ventures in serious
jeopardy for survival).

28 ⁶ Exhibit 8 (F. Surdakowski Declaration) (stating that the surcharge will impact his
profession because it will prevent top-flight specialty physicians from coming to or
remaining in Arizona, in turn lowering the caliber of the medical services available to
Arizonans as a whole and rural Arizona’s access to reliable medicine).

1 (9th Cir. 2018).⁷ Here, however, it is not even necessary for this Court to address these
2 factors because Plaintiffs have a strong likelihood of success on the merits. Any violation
3 of the Constitution is a hardship that tips the balance in favor of the plaintiffs. *See, e.g.,*
4 *Melendres v. Arpaio*, 695 F.3d 990, 1002 (9th Cir. 2012) (“[I]t is always in the public
5 interest to prevent the violation of a party’s constitutional rights.” (citation omitted)).

6 Any hardship to Defendants would be minimal or non-existent. A preliminary
7 injunction would relieve them of their duty to enforce Proposition 208 and maintain the
8 status quo pending full legal review. Any alleged hardship to Proposition 208’s
9 beneficiaries has been offset by increased legislative funding for education purposes over
10 the last several years (including for, among other things, teacher salaries). COVID-19 has
11 also significantly changed the manner in which students are educated, with uncertain
12 implications for staffing needs. This weighs in favor of maintaining the status quo.

13 If Proposition 208’s mandated surcharge took effect, it would be extremely difficult
14 to unwind the tax collection. Moreover, Arizona’s neutral budget officials have estimated
15 that, if enacted, they would not distribute Proposition 208 revenues to school districts until
16 July 2022 (after fiscal year 2021 returns are received) at the earliest. Exhibit 9 (November
17 2020 JLBC Presentation); *see also* Exhibit 4, at ¶ 32. As such, there is no temporal
18 justification to prematurely implement a surcharge on January 1, 2021 that may never be
19 utilized. Furthermore, it is in the interest of public policy to determine the constitutionality
20 of Proposition 208 before allowing it to take effect, especially because it would have such
21 a dramatic impact on the state’s general fund. The legislature will convene on January 11
22 to begin drafting a new budget that must take into account all the consequences of COVID-
23 19. A.R.S. § 41-1101(A). It is also imperative for businesses and medical practice groups
24 to have certainty as they begin to recover from COVID-19 and work towards recruiting and
25 retaining qualified personnel to meet the needs of a vibrant Arizona. The economic and

26 ⁷ *Flynn v. Campbell*, 243 Ariz. 76, 80 ¶ 9 (2017) (“Although a federal court’s interpretation
27 of a federal procedural rule is ‘not binding in the construction of our rule,’ we recognize its
28 instructive and persuasive value and that ‘uniformity in interpretation of our rules and the
federal rules is highly desirable.’” (quoting *Orme Sch. v. Reeves*, 166 Ariz. 301, 304
(1990))).

1 general revenue impact of Proposition 208, Exhibits 4–8, will continue to cause uncertainty
2 unless the status quo is maintained. *See* Compl. Ex. B (Joint Legislative Budget Committee
3 Fiscal Analysis, Proposition 208). Therefore, it is critical that all stakeholders know what
4 the law is on January 1, 2021.

5 **III. ADDITIONAL REQUIREMENTS FOR PRELIMINARY RELIEF**

6 **A. NOTIFICATION TO OPPOSING COUNSEL.**

7 Pursuant to Ariz. R. Civ. P. 65(a)(1), (d)(2), undersigned counsel certifies that they
8 have provided an electronic copy of the Verified Complaint and this Motion to counsel for
9 the Defendants concomitantly with its filing with the Court.

10 **B. A BOND SHOULD NOT BE REQUIRED.**

11 Under Rule 65(c), a plaintiff seeking preliminary relief must generally post a bond
12 “in such amount as the court considers proper to pay” Any bond necessary should be
13 nominal because Plaintiffs are seeking to enjoin a violation of the Arizona Constitution, and
14 anything more than a nominal bond will have a chilling effect on efforts to ensure legal
15 compliance.

16 **IV. CONCLUSION**

17 This Court should enter temporary restraining order, set a preliminary injunction
18 hearing on this matter as promptly as possible, and enjoin the law to prevent its
19 unconstitutional provisions from taking effect.

1 DATED this 30th day of November, 2020.

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EXHIBIT 1

ARIZONA LEGISLATIVE COUNCIL

MEMO

February 10, 2020

TO: Andrew Gaona
Roopali H. Desai

FROM: Michael E. Braun
Executive Director

RE: Text review; Invest in Education Act (I-27-2020)

Pursuant to section 19-111.01, Arizona Revised Statutes, the staff of the Arizona Legislative Council has reviewed the text of the above-referenced initiative. We have limited our consideration to potential errors in the drafting of the text of the proposed language, confusing, conflicting or inconsistent provisions within the text of the proposed language and conflicts between the text of the proposed language and other state or federal laws. This review is predicated on the form and style used by our office in preparing bills and other legislative proposals for members of the Arizona Legislature and contained in the Arizona Legislative Bill Drafting Manual 2019-2020 [available electronically at: www.azleg.gov]. We have not reviewed the form of the proposed measure to determine if it complies with the required form for initiative petitions.

The information contained in this review does not constitute legal advice and no attorney/client relationship is created by providing this statutory review. We have not undertaken to perform a comprehensive analysis of the potential legal issues presented by the measure. Pursuant to section 19-111.01, subsection C, Arizona Revised Statutes, you may accept, modify or reject any recommendations contained in this review in your sole discretion.

Comments

1. The short title and findings sections are moved to the end of the measure pursuant to our drafting style. Accordingly, the marked-up copy shows the sections as they would be numbered in a properly arranged measure.
2. In sections 15-1281 and 15-1282, we suggest removing ", DO NOT REVERT TO THE STATE GENERAL FUND," since this language is redundant and unnecessary in light of the specific exemption from section 35-190, A.R.S.
3. 15-1281. Referencing the name of an act is discouraged and does not conform with our drafting style; accordingly, in subsection B, paragraph 5 we have deleted this language in the marked-up copy. In subsection D, paragraph 3, second sentence, it is not clear to us whether the "except that" phrase regarding a full-time mentor is a limit or an affirmative obligation, or both.

4. 15-1283. In subsection B, paragraph 3, subdivision (b), we believe additional language is needed after the "(b)" designation to indicate the use or uses of grants received from the career training and workforce fund relative to "school counselors." In subsection B, paragraph 3, subdivision (d), item (ii), we are unclear whether the reference to "post-high school career school" is intended to be to a postsecondary educational institution.

5. 15-1284. In subsection D, we note that, pursuant to section 15-271, A.R.S., the auditor general is already vested with the authority to determine the accounting system for school districts. Accordingly, we question whether "AND" is intended instead of "IN CONJUNCTION WITH" if the intent is to have the approval of both entities.

6. 15-1285. Paragraph 1 attempts to exempt the additional support for education prescribed by the initiative from the aggregate expenditure limitation in Constitution of Arizona, article IX, section 21, by excluding it from local revenues. However, article IX, section 21, broadly defines local revenues and prescribes limited exceptions to the broad definition. The additional support for education comes within the broad definition of local revenues and, except for any private grant monies, does not qualify for any of the exceptions. Therefore, paragraph 1 is likely invalid.

7. 15-1655. In subsection F, first sentence, after the first "of" we suggest adding "MONIES DEPOSITED PURSUANT TO SECTION 15-1281, SUBSECTION D, PARAGRAPH 5 AND" to reflect the additional transfer of monies to the Arizona teachers academy fund pursuant to that section.

8. 43-1013. We note that the language in subsection B is inconsistent with the process outlined in section 42-1116, A.R.S., which provides that the state treasurer does not have access to the tax monies until after they are deposited by the Department of Revenue. Accordingly, we suggest having the Department separately account for the surcharge revenues and depositing the monies in the Student Support and Safety Fund.

9. Section 6. This provision, drafted in the initiative as temporary session law, appears to have ongoing application. Consider building its requirements into a corresponding A.R.S. section.

10. Please see the attached edited, marked-up copy of the submitted text for our additional recommendations, which include:

















a. Adding recommended statutory improvements that are suggested in the Annual Report on Defects in the Arizona Revised Statutes and State Constitution compiled by our office. These comments are marked in existing statutory text and are indicated with an encircled "AR".

b. Revising section headings as needed to more clearly reflect the content of the sections.


c. Omitting serial commas in conformity with our drafting style.


d. Placing definitions subsections at the end of a section and adding "; definitions" to the respective section heading.


Editing Key


-  Delete; take language out as it is incorrect or unnecessary language
-  Close up; print as one word
-  Caret; insert here or as shown  something
-  Insert a space 
-  Transpose; change order the
-  Move text to the left
-  Move text to the right
-  Center text
-  Run text together;
No new line
-  Begin a new paragraph (paragraph ends.  A new idea...)
-  capitalize the word or letter indicated
-  Set in Lowercase
-  Show existing text as stricken


Add where shown:


Comma 


Apostrophe 

Period 

Colon 

Hyphen 

Quotation marks 

Parentheses (add)  {delete}

A.R.S. sections can be divided into the following division units, designated as:

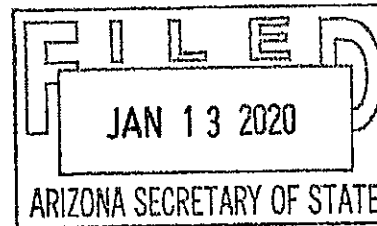
A. Subsection (capital letter followed by a period)

1. Paragraph (Arabic numeral followed by a period)

(a) Subdivision (lowercase letter in parentheses)

(i) Item (lowercase Roman numeral in parentheses)

The proper citation of an A.R.S. section that contains all of these division units is, for example, "section 15-957, subsection C, paragraph 2, subdivision (a), item (ii)".



OFFICIAL TITLE
AN INITIATIVE MEASURE

AMENDING TITLE 15, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 10.1; AMENDING SECTION 15-1655, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1013; RELATING TO EDUCATION FUNDING.

Be it enacted by the People of the State of Arizona:

~~Section 1.~~ ⁹ Short title

~~Sec. 9.~~

This act may be cited as the "Invest in Education Act".

~~Section 2.~~ Findings and declaration of purpose

~~Sec. 8.~~

The People of the State of Arizona find and declare as follows:

1. ~~All~~ ^{Every} Arizona student ~~deserves~~ ^{is} certified, qualified teacher ^s in their classroom ^s and to learn in the safest possible environment.
2. Years of underfunding by the Arizona Legislature led to crisis-level teacher shortages and woefully inadequate support services.
3. Additional permanent funding is needed to recruit and retain qualified teachers, hire counselors, close the achievement gap, improve career and vocational education for Arizona students, prepare Arizona students for good jobs and careers, and meet Arizona employers' need for a skilled workforce.

~~Section 6.~~ ⁸ Title 15, Arizona Revised Statutes, is amended by adding Chapter 10.1, to read:

¹

CHAPTER 10.1

ADDITIONAL SUPPORT FOR PUBLIC EDUCATION

~~Article 1. General Provisions~~

15-1281.

~~Student support and safety fund; exemption; distribution~~ ^{definitions}

A. THE STUDENT SUPPORT AND SAFETY FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTION 43-1013, PRIVATE DONATIONS AND INTEREST EARNED ON THOSE MONIES. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. MONIES IN THE FUND AND ITS ACCOUNTS MAY NOT BE TRANSFERRED TO ANY OTHER FUND EXCEPT AS PROVIDED IN THIS SECTION. ~~DO NOT REVERT TO THE STATE GENERAL FUND, AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO THE LAPSE OF APPROPRIATIONS. THE STATE TREASURER SHALL ADMINISTER THE FUND.~~

B. ALL MONIES IN THE STUDENT SUPPORT AND SAFETY FUND MUST FIRST BE SPENT, AND THE STATE TREASURER SHALL TRANSFER MONIES FROM THE FUND, TO PAY:

1. THE ACTUAL REASONABLE COSTS INCURRED BY THE STATE TREASURER TO ADMINISTER THE FUND.
2. THE ACTUAL REASONABLE COSTS INCURRED BY THE AUDITOR GENERAL AND DEPARTMENT OF EDUCATION TO IMPLEMENT SECTION 15-1284.
3. THE ACTUAL REASONABLE COSTS INCURRED BY THE DEPARTMENT OF REVENUE TO IMPLEMENT AND ENFORCE SECTION 43-1013.
4. THE ACTUAL REASONABLE COSTS INCURRED BY THE STATE BOARD OF EDUCATION TO IMPLEMENT SUBSECTION D, PARAGRAPH 3 OF THIS SECTION.
5. ANY OTHER MANDATORY EXPENDITURE OF STATE REVENUES REQUIRED TO IMPLEMENT THIS CHAPTER ~~AND THE INVEST IN EDUCATION ACT.~~

C. THE STATE TREASURER MAY PRESCRIBE FORMS NECESSARY TO MAKE TRANSFERS FROM THE STUDENT SUPPORT AND SAFETY FUND PURSUANT TO SUBSECTION B OF THIS SECTION.

D. ON OR BEFORE JUNE 30 AND DECEMBER 31 OF EACH YEAR, THE STATE TREASURER SHALL TRANSFER ALL MONIES IN THE STUDENT SUPPORT AND SAFETY FUND IN EXCESS OF THE AMOUNTS PAID PURSUANT TO SUBSECTION B OF THIS SECTION AS FOLLOWS:

1. FIFTY PERCENT AS GRANTS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS, IN PROPORTION TO THE AVERAGE DAILY MEMBERSHIP FOR THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR THE PRIOR FISCAL YEAR, FOR THE PURPOSE OF HIRING TEACHERS AND CLASSROOM SUPPORT PERSONNEL AND INCREASING BASE COMPENSATION FOR TEACHERS AND CLASSROOM SUPPORT PERSONNEL.

2. TWENTY-FIVE PERCENT AS GRANTS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS, IN PROPORTION TO THE AVERAGE DAILY MEMBERSHIP FOR THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR THE PRIOR FISCAL YEAR, FOR THE PURPOSE OF HIRING STUDENT SUPPORT SERVICES PERSONNEL AND INCREASING BASE COMPENSATION FOR STUDENT SUPPORT SERVICES PERSONNEL.

3. TEN PERCENT AS GRANTS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS, IN PROPORTION TO THE AVERAGE DAILY MEMBERSHIP FOR THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR THE PRIOR FISCAL YEAR, FOR THE PURPOSE OF PROVIDING MENTORING AND RETENTION PROGRAMMING FOR NEW CLASSROOM TEACHERS TO INCREASE RETENTION. THE STATE BOARD OF EDUCATION SHALL PRESCRIBE THE FORM AND FORMAT OF MENTORING AND RETENTION PROGRAMMING SUPPORTED BY MONIES TRANSFERRED PURSUANT TO THIS PARAGRAPH, EXCEPT THAT THE EQUIVALENT OF ONE FULL-TIME MENTOR SHALL BE ASSIGNED TO NOT MORE THAN FIFTEEN NEW CLASSROOM TEACHERS EMPLOYED BY THE SCHOOL DISTRICT OR CHARTER SCHOOL. IF A SCHOOL DISTRICT OR CHARTER SCHOOL RECEIVES MONIES PURSUANT TO THIS PARAGRAPH IN EXCESS OF ITS NEEDS FOR MENTORING AND RETENTION PROGRAMMING, THOSE EXCESS MONIES MAY BE USED FOR TEACHER RETENTION. THE STATE BOARD OF EDUCATION SHALL ADOPT RULES TO IMPLEMENT THIS PARAGRAPH NOT LATER THAN SIX MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION.

4. TWELVE PERCENT TO THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282.

5. THREE PERCENT TO THE ARIZONA TEACHERS ACADEMY FUND ESTABLISHED BY SECTION 15-1655.

E. GRANTS MADE PURSUANT TO THIS SECTION ARE EXEMPT FROM TITLE 41, CHAPTERS 23 AND 24.

F. FOR THE PURPOSES OF THIS SECTION:

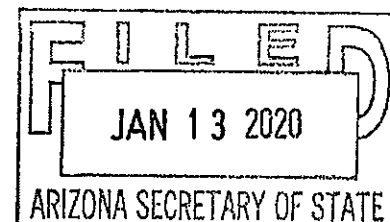
1. "CLASSROOM SUPPORT PERSONNEL" MEANS ANY CERTIFIED, NON-ADMINISTRATIVE SCHOOL PERSONNEL WHO PROVIDE CLASSROOM SUPPORT AND INSTRUCTIONAL SUPPORT SERVICES AS DEFINED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY, INCLUDING LIBRARIANS, NURSES, COUNSELORS, SOCIAL WORKERS, SPEECH PATHOLOGISTS, BEHAVIORAL COACHES AND PSYCHOLOGISTS.

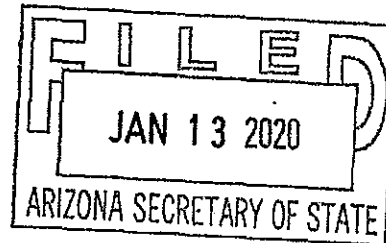
2. "MENTORING AND RETENTION PROGRAMMING" MEANS REGULAR, JOB-EMBEDDED, IN-PERSON, ONE-ON-ONE FEEDBACK FOCUSED ON INSTRUCTION, AND THAT IS FOCUSED ON ENSURING NEW CLASSROOM TEACHER QUALITY, SUCCESS AND RETENTION.

3. "NEW CLASSROOM TEACHER" MEANS A CLASSROOM TEACHER IN THEIR FIRST, SECOND OR THIRD YEAR OF TEACHING.

4. "STUDENT SUPPORT SERVICES PERSONNEL" MEANS ANY CLASSIFIED, NON-ADMINISTRATIVE SCHOOL PERSONNEL WHO PROVIDE STUDENT SUPPORT SERVICES AS DEFINED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY, INCLUDING CLASSROOM AIDES, MEDIA SPECIALISTS, HEALTH ASSISTANTS, SECURITY PERSONNEL, STUDENT FOOD SERVICE, STUDENT TRANSPORTATION AND SCHOOL SITE PLANT OPERATIONS.

5. "TEACHER" MEANS ANY CERTIFIED, NON-ADMINISTRATIVE PERSONNEL WHO TEACH STUDENTS OR SUPPORT STUDENT ACADEMIC ACHIEVEMENT AS DEFINED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY, INCLUDING CLASSROOM TEACHERS, MENTOR TEACHERS, INSTRUCTIONAL COACHES AND ACADEMIC INTERVENTIONISTS.





15-1282. Career training and workforce fund; exemption; distribution

A. THE CAREER TRAINING AND WORKFORCE FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTION 15-1281, PRIVATE DONATIONS AND INTEREST EARNED ON THOSE MONIES. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. MONIES IN THE FUND AND ITS ACCOUNTS MAY NOT BE TRANSFERRED TO ANY OTHER FUND EXCEPT AS PROVIDED IN THIS SECTION. ~~DO NOT REVERT TO THE STATE GENERAL FUND~~ AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO THE LAPSE OF APPROPRIATIONS. THE STATE TREASURER SHALL ADMINISTER THE FUND.

B. ALL MONIES IN THE CAREER TRAINING AND WORKFORCE FUND MUST FIRST BE SPENT, AND THE STATE TREASURER SHALL TRANSFER MONIES FROM THE FUND, TO PAY:

1. THE ACTUAL REASONABLE COSTS INCURRED BY THE STATE TREASURER TO ADMINISTER THE FUND.
2. THE ACTUAL REASONABLE COSTS INCURRED BY THE DEPARTMENT OF EDUCATION TO IMPLEMENT AND ADMINISTER SECTION 15-1283.
3. ANY OTHER MANDATORY EXPENDITURE OF STATE REVENUES REQUIRED TO IMPLEMENT THIS SECTION AND SECTION 15-1283.

C. THE STATE TREASURER MAY PRESCRIBE FORMS NECESSARY TO ~~MAKE~~ TRANSFER ^{of} ~~monies~~ ^{monies} FROM THE CAREER TRAINING AND WORKFORCE FUND PURSUANT TO SUBSECTION B OF THIS SECTION.

D. THE STATE TREASURER SHALL TRANSFER MONIES IN THE CAREER TRAINING AND WORKFORCE FUND IN EXCESS OF THE AMOUNTS PAID PURSUANT TO SUBSECTION B OF THIS SECTION AT THE DIRECTION OF THE DEPARTMENT OF EDUCATION IN ACCORDANCE WITH SECTION 15-1283.

15-1283. Career training and workforce program; grants; rules

A. THE DEPARTMENT OF EDUCATION SHALL ESTABLISH A CAREER TRAINING AND WORKFORCE PROGRAM TO DO ALL OF THE FOLLOWING:

1. PROVIDE GRANTS TO SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 FOR THE PURPOSE OF PROVIDING SERVICES TO STUDENTS IN GRADES NINE THROUGH TWELVE.

2. PROVIDE SUPPORT TO SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS THAT RECEIVE GRANTS FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282.

✓ B. ~~NOT~~ LATER THAN NINE MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION, THE DEPARTMENT OF EDUCATION SHALL ADOPT RULES TO IMPLEMENT THIS SECTION. THE RULES SHALL INCLUDE:

1. PROCEDURES AND REQUIREMENTS FOR SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS TO APPLY FOR, RECEIVE AND RENEW GRANTS FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282, INCLUDING:

(a) REQUIRING THAT GRANT APPLICATIONS BE APPROVED BY THE GOVERNING BOARD OF THE SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT.

(b) PROVIDING REAL-TIME, ACCESSIBLY FORMATTED DATA REGARDING STUDENT GRADES, ATTENDANCE AND BEHAVIOR TO GRADE NINE TEACHERS AND SUPPORT STAFF.

(c) COMMITTING TO ALLOCATE TIME FOR GRADE NINE TEACHERS AND SUPPORT STAFF TO MEET TO REVIEW DATA AND DEVELOP STRATEGIES TO INTERVENE WITH AT-RISK STUDENTS IN GRADE NINE, KEEPING RECORDS OF SUCH MEETINGS AND PROVIDING THOSE RECORDS TO THE DEPARTMENT ~~UPON REQUEST~~.

^{allowed} (d) ^{monies} USING GRANT ~~FUNDS~~ TO ESTABLISH AND EXPAND PROGRAMS, OPPORTUNITIES AND STRATEGIES ~~PERMITTED~~ UNDER THIS SECTION, AND NOT USING GRANT ~~FUNDS~~ TO MAINTAIN PROGRAMS, OPPORTUNITIES AND STRATEGIES ESTABLISHED ~~PRIOR TO~~ ^{before} THE EFFECTIVE DATE OF

or governing body

THIS SECTION, EXCEPT WHEN A USE IS NECESSARY TO REPLACE THE LOSS OR EXPIRATION OF TIME-LIMITED GRANTS AND FEDERAL ~~FUNDS~~ monies

2. PROCEDURES FOR THE DEPARTMENT'S EVALUATION OF GRANT APPLICATIONS RECEIVED PURSUANT TO THIS SECTION.

3. ~~PERMITTED~~ ALLOWABLE USES OF GRANTS RECEIVED FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282, INCLUDING:

(a) DEVELOPING OR EXPANDING CAREER AND TECHNICAL EDUCATION PROGRAMS THAT ARE TIED TO MEDIUM TO HIGH-WAGE, HIGH-DEMAND CAREERS THAT RESULT IN ONE OR MORE OF DIRECT WORK EXPERIENCE, INDUSTRY CERTIFICATION OR POST-SECONDARY CREDITS.

(b) ? SCHOOL COUNSELORS.

(c) DEVELOPING AND IMPLEMENTING ACADEMIC ACCELERATION PROGRAMS UNDER WHICH OBJECTIVE MEASURES ARE USED TO ENROLL STUDENTS WHO HAVE REACHED PROFICIENCY INTO THE NEXT MORE RIGOROUS COURSE IN THAT CONTENT AREA.

(d) EXPANDING COLLEGE-LEVEL EDUCATIONAL OPPORTUNITIES, INCLUDING:

(i) ADVANCED PLACEMENT, INTERNATIONAL BACCALAUREATE OR COMPARABLE COLLEGE-LEVEL COURSES.

(ii) DUAL CREDIT, CO-ENROLLMENT PROGRAMS OR EXTENDED CO-ENROLLMENT PROGRAMS OFFERED IN CONJUNCTION WITH AN ARIZONA COMMUNITY COLLEGE, PUBLIC UNIVERSITY OR OTHER ACCREDITED INSTITUTION OF HIGHER LEARNING OR POST-HIGH SCHOOL CAREER SCHOOL.

(iii) ~~THE~~ RECRUITMENT, LICENSING, EMPLOYMENT AND TRAINING OF PERSONNEL TO PROVIDE COLLEGE-LEVEL EDUCATIONAL OPPORTUNITIES FOR HIGH SCHOOL STUDENTS.

(e) ASSISTING STUDENTS IN COMPLETING GRADE NINE WITH SUFFICIENT CREDITS TO BE ON TRACK TO ON-TIME GRADUATION, INCLUDING:

(i) EXPANDING COUNSELING SERVICES TO STUDENTS IN GRADE NINE AND PROVIDING SUMMER BRIDGE PROGRAMS FOR AT-RISK, INCOMING NINTH GRADERS.

(ii) IMPLEMENTING EVIDENCE-BASED STRATEGIES AND PROGRAMS TO COMBAT CHRONIC ABSENTEEISM.

(iii) PROVIDING TUTORING AND MENTORING SERVICES.

(f) EXPANDING TUTORING, MENTORING, COUNSELING, MENTAL HEALTH AND WRAP-AROUND SERVICES THAT MEET HIGH SCHOOL STUDENTS' IMMEDIATE NEEDS.

4. PROCEDURES THAT WILL ALLOW THE DEPARTMENT TO PROVIDE ONGOING SUPPORT TO SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS THAT RECEIVE GRANTS PURSUANT TO THIS SECTION.

C. THE DEPARTMENT OF EDUCATION SHALL:

1. BEGIN ACCEPTING APPLICATIONS FOR GRANTS PURSUANT TO THIS SECTION NOT LATER THAN ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION.

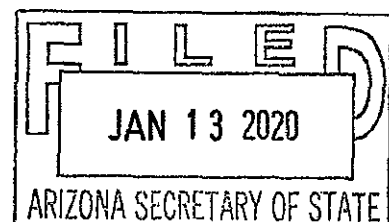
2. NOTIFY THE STATE TREASURER WHEN GRANTS ARE AWARDED UNDER THIS SECTION AND DIRECT THE STATE TREASURER TO TRANSFER MONIES FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 TO GRANTEEES.

D. GRANTS MADE PURSUANT TO THIS SECTION ARE EXEMPT FROM TITLE 41, CHAPTERS 23 AND 24.

15-1284. Separate funds; annual reporting

A. SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT RECEIVE MONIES FROM THE STUDENT SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281 SHALL ESTABLISH A SEPARATE LOCAL-LEVEL FUND TO RECEIVE GRANTS FROM THAT FUND.

B. SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS THAT RECEIVE MONIES FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 SHALL ESTABLISH A SEPARATE LOCAL-LEVEL FUND TO RECEIVE GRANTS FROM THAT FUND.



either

C. SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS THAT RECEIVE MONIES FROM THE STUDENT SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281 OR THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 SHALL PROVIDE:

1. AN ACCOUNTING OF MONIES RECEIVED FROM THOSE FUNDS EACH FISCAL YEAR THROUGH THE UNIFORM SYSTEM OF FINANCIAL RECORDS.
2. INFORMATION REGARDING CLASSROOM TEACHER SALARIES FOR EACH FISCAL YEAR THROUGH THE UNIFORM SYSTEM OF FINANCIAL RECORDS, INCLUDING THE AVERAGE CLASSROOM TEACHER SALARY, THE AVERAGE SALARY FOR A FIRST-YEAR CLASSROOM TEACHER, AND THE AVERAGE SALARIES FOR CLASSROOM TEACHERS IN THEIR FIFTH, TENTH, FIFTEENTH, AND TWENTIETH YEARS OF TEACHING IN THE SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT.

allow

D. THE DEPARTMENT OF EDUCATION IN CONJUNCTION WITH THE AUDITOR GENERAL SHALL ~~PERMIT~~ THE ADDITIONAL REPORTING REQUIRED BY SUBSECTION C OF THIS SECTION THROUGH THE UNIFORM SYSTEM OF FINANCIAL RECORDS.

15-1285. Exemption from local revenues and revenue control limitations

NOTWITHSTANDING ANY OTHER LAW, MONIES RECEIVED BY SCHOOL DISTRICTS AND CAREER TECHNICAL EDUCATION DISTRICTS PURSUANT TO THIS CHAPTER:

1. ARE NOT CONSIDERED LOCAL REVENUES FOR THE PURPOSES OF ARTICLE IX, SECTION 21, ARIZONA CONSTITUTION.
2. ARE EXEMPT FROM ANY BUDGETARY, EXPENDITURE OR REVENUE CONTROL LIMIT THAT WOULD LIMIT THE ABILITY OF SCHOOL DISTRICTS OR CAREER TECHNICAL EDUCATION DISTRICTS TO ACCEPT OR EXPEND THOSE MONIES.

Section 4 Section 15-1655, Arizona Revised Statutes, is amended to read:

Sec. 2

15-1655. Arizona teachers academy; tuition and fees scholarships; fund; annual report; definitions

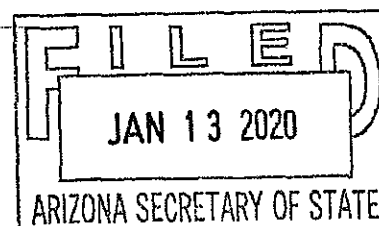
A. Eligible postsecondary institutions shall implement an Arizona teachers academy to incentivize students to enter the teaching profession and to commit to teach in Arizona public schools. The Arizona board of regents, in consultation with eligible postsecondary institutions, shall develop and implement centralized administrative processes for the academy, including:

1. A marketing and promotion plan to recruit students for the academy.
2. Data collection and reporting.
3. Tracking postgraduation service requirements.
4. Coordinating induction services.
5. Distributing monies in the Arizona teachers academy fund between eligible postsecondary institutions.
6. Collecting reimbursement from individuals who fail to meet service obligations.

B. The Arizona teachers academy may include new or existing teacher preparation program pathways that are student-focused and that employ proven, research-based models of best practices already being implemented. Each eligible postsecondary institution may develop a portfolio of teacher preparation programs to offer as part of the academy. Programs offered as part of the academy shall include accelerated models for:

1. High-demand teacher specializations, including special education, science, technology, engineering and mathematics.
2. Critical need areas, including low-income public schools, public schools located on Indian reservations and rural public schools.
3. Individuals seeking postbaccalaureate coursework that results in professional certification.

C. Each eligible postsecondary institution shall develop formalized partnerships with public schools in this state to build commitments for teacher employment on completion of the Arizona teachers academy. The targeted deployment of teachers who have completed the academy shall be based on the needs of each school system and the community that is being served as well as the individual skills of each teacher.



D. Each eligible postsecondary institution shall provide to each full-time student who is enrolled in the Arizona teachers academy an annual scholarship of \$10,000 per year for a maximum of two academic years or four semesters for graduate university students, ~~\$5,000~~ \$10,000 per year for a maximum of four academic years or eight semesters for undergraduate university students, \$3,000 per year for a maximum of two academic years or four semesters for community college students for tuition and fees associated with the student's program of study and ~~\$2,500~~ \$3,000 onetime for teachers seeking national board certification, after all other financial gifts, aid or grants received by that student or teacher. Scholarships under this subsection are subject to all of the following:

1. If the student does not successfully complete the academic year in good academic standing, the student shall reimburse the Arizona board of regents for the total amount of the scholarship for tuition and fees the student received for that year.

2. For each academic year that the student successfully completes and for which the student receives a scholarship for all tuition and fees, the student must agree to teach for one full school year in a public school in this state. For students ^{who are} teaching and receiving the scholarship concurrently, the commitment period begins after graduation from the Arizona teachers academy. For teachers seeking a national board certification, the teaching commitment is one additional year after completing the requirements of the national board certification program.

3. If the scholarship does not cover remaining tuition and fee costs after other aid received, the eligible postsecondary institution may not charge students the remaining difference. If the scholarship amount exceeds tuition and fee costs at an eligible postsecondary institution, the institution may use the remaining amount to support Arizona teachers academy costs.

4. If the student does not fulfill the student's obligation to teach in a public school, the student must reimburse the Arizona board of regents for the proportional amount of the scholarship for tuition and fees that the student received that corresponds to the number of school years the student agreed to teach but did not teach in a public school in this state.

5. If the student is physically or mentally unable to fulfill the requirements of the Arizona teachers academy, the Arizona board of regents shall establish a process for assessing the student's ability to repay the financial assistance received and shall make a determination on any terms of repayment. ^{determine}

6. The Arizona board of regents shall establish a process for deferring service or repayment based on factors adopted by the board.

E. Students enrolled in a noneducation program in the Arizona teachers academy must complete one or more teacher preparation courses to ensure the likelihood that the student will transition into a postbaccalaureate program to receive a teaching certification following graduation.

F. The Arizona teachers academy fund is established consisting of legislative appropriations made for the purpose of administering the Arizona teachers academy. Monies in the fund are continuously appropriated and are exempt from the provisions of section 35-190 relating to the lapsing of appropriations. The Arizona board of regents shall administer the fund and shall establish criteria for distributing monies in the fund to eligible postsecondary institutions each fiscal year to fund the costs of the academy. Monies in the fund may be used only for:

1. Reimbursing Arizona teachers academy scholarships that cover the balance of tuition and fees for undergraduate, graduate and postbaccalaureate students enrolled in the Arizona teachers academy after all other gifts and aid received.

2. Support for teachers who are currently employed in a public school in this state and who are seeking a national board certification.

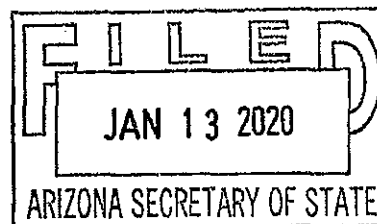
3. Induction services for Arizona teachers academy graduates.

4. Implementing a marketing and promotion plan to recruit and retain students in the Arizona teachers academy and administering the Arizona teachers academy. Annual expenditures for marketing, promoting and ^{administering} the Arizona teachers academy may not exceed three percent of the monies in the fund each fiscal year.

5. PERFORMING RESEARCH AND DEVELOPING PROGRAMS TO PREPARE TEACHERS IN THIS STATE WHO REFLECT THE DIVERSITY OF THIS STATE'S STUDENT POPULATION.

G. Monies remaining in the Arizona teachers academy fund at the end of each fiscal year may be used by eligible postsecondary institutions for Arizona teachers academy costs in the next fiscal year.

H. ~~On or before August 1 of each fiscal year, the state general fund appropriation for the Arizona teachers academy for the current fiscal year shall be reduced by the amount of monies remaining in the Arizona teachers academy fund at the end of the prior fiscal year.~~



I. H. On or before March 1, 2020 and each year thereafter, the Arizona board of regents shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on all of the following:

1. The total number of students enrolled in the Arizona teachers academy by eligible postsecondary institution in the current academic year.
2. The number of Arizona teachers academy graduates receiving induction services in the current academic year.
3. The estimated amount of monies committed from the Arizona teachers academy fund in the current fiscal year.

J. I. On or before September 1, 2019 and each year thereafter, the Arizona board of regents shall report to the governor, the president of the senate and the speaker of the house of representatives, and shall submit a copy to the secretary of state, on all of the following:

1. The total number of students enrolled in the Arizona teachers academy at each eligible postsecondary institution by year of college enrollment and the number of teachers receiving a scholarship through the Arizona teachers academy for national board certification.
2. The percentage of students who completed each year of the academy and who plan to continue to the subsequent year, delineated by each teacher preparation program offered by each eligible postsecondary institution as part of the Arizona teachers academy.
3. The number of teachers who completed a program of study through the Arizona teachers academy by each eligible postsecondary institution.
4. The number of teachers currently teaching in a public school in this state as part of an agreement for receiving an Arizona teachers academy scholarship.
5. The number of graduates receiving induction services.
6. The number of students who have defaulted on their obligation and who are in repayment agreements.
7. The number of students who have deferred repayment agreements.
8. The number of students who have completed repayment agreements.
9. The methodology for distributing any monies appropriated for the Arizona teachers academy to each eligible postsecondary institution and the amounts distributed to each.
10. The amount of unused monies in the Arizona teachers academy fund from the prior fiscal year.

K. J. For the purposes of this section:

1. "Eligible postsecondary institutions" means universities under the jurisdiction of the Arizona board of regents and community colleges in this state that offer postbaccalaureate programs that lead to teacher certification and that have entered into an agreement with the Arizona board of regents relative to these postbaccalaureate programs.
2. "Tuition and fees" means tuition, mandatory fees and program fees that are associated with a program in the Arizona teachers academy leading to teacher certification and that are charged by an eligible postsecondary institution.

~~Section 5.~~ Title 43, chapter 10, article 2, Arizona Revised Statutes, is amended by adding section 41-1013 to read:

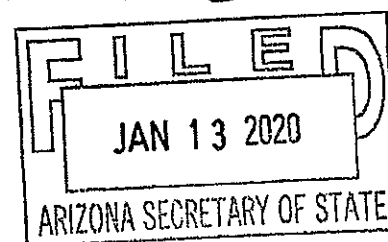
Sec. 3.

43-1013. Income tax surcharge for public education

A. IN ADDITION TO ANY OTHER TAX IMPOSED BY THIS CHAPTER, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2020, THERE SHALL BE LEVIED, COLLECTED AND PAID AN INCOME TAX SURCHARGE TO ADVANCE PUBLIC EDUCATION IN THIS STATE AS FOLLOWS:

1. IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY, A SURCHARGE AT THE RATE OF THREE AND ONE-HALF PERCENT OF TAXABLE INCOME IN EXCESS OF \$250,000.
2. IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF HOUSEHOLD, A SURCHARGE AT THE RATE OF THREE AND ONE-HALF PERCENT OF TAXABLE INCOME IN EXCESS OF \$500,000.

B. NOTWITHSTANDING SECTIONS ~~43-206~~ AND ~~42-1116~~, THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR REVENUES COLLECTED PURSUANT TO THE INCOME TAX SURCHARGE IMPOSED BY THIS SECTION, AND THE STATE TREASURER SHALL DEPOSIT THOSE REVENUES INTO THE STUDENT SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281.



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C. THE INCOME TAX SURCHARGE LEVIED BY THIS SECTION MUST BE COLLECTED REGARDLESS OF WHETHER THE INCOME TAX BRACKETS IN THIS CHAPTER ARE CHANGED, REPLACED OR ELIMINATED BY AN ACT OF THE LEGISLATURE.

Section 6. Prohibition on supplanting

Sec. 4.

Notwithstanding any other law, the additional revenue to support public education generated by this act is in addition to any other appropriation, transfer or other allocation of public or private monies from any other source and may not supplant, replace or cause a reduction in other funding sources.

Section 7. Severability

Sec. 5.

If any provision of this act or its application to any person or circumstance is declared invalid by a court of competent jurisdiction, such invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provision or application. The invalidated provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of this act and, to the fullest extent possible, the provisions of this act, including each portion of any section of this act containing any invalidated provision that is not itself invalid, shall be construed so as to give effect to the intent thereof.

Section 8. Exemption from rulemaking

Sec. 6.

For the purposes of adopting rules to implement this act, and for twenty-four months after the effective date of this act, the department of education, the state board of education and the department of revenue are exempt from (a) any executive order or other directive purporting to limit or restrict their ability to adopt new rules and (b) the rulemaking requirements of title 41, chapters 6 and 6.1, Arizona Revised Statutes, except that each department shall provide the public with a reasonable opportunity to comment on proposed rules and shall publish otherwise-exempted rules.

of the department of education, the state board of education and the department of revenue

Section 9. Standing and fee shifting

Sec. 7.

A. The People of the State of Arizona desire that this act, if approved by the voters and thereafter challenged in court, be defended by the State of Arizona. If the Attorney General fails to defend or enforce this act or fails to appeal an adverse judgment against its validity or application, in whole or in part, any resident of this state shall have standing to initiate or intervene in any action or proceeding to enforce or defend this act.

both of the following: 41.1.

B. The court shall award fees and expenses to any resident who initiates or intervenes in, and prevails on the merits of, any action or proceeding to enforce or defend this act pursuant to subsection A of this section. For the purposes of this section, "fees and expenses" includes the reasonable expenses of expert witnesses, the reasonable cost of any study, analysis, report, test or project found by the court to be necessary to prepare the party's case, and reasonable attorneys' fees.

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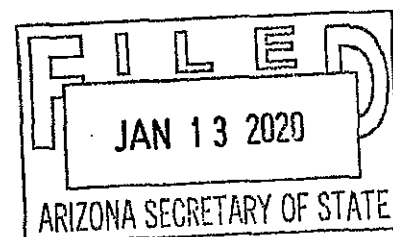
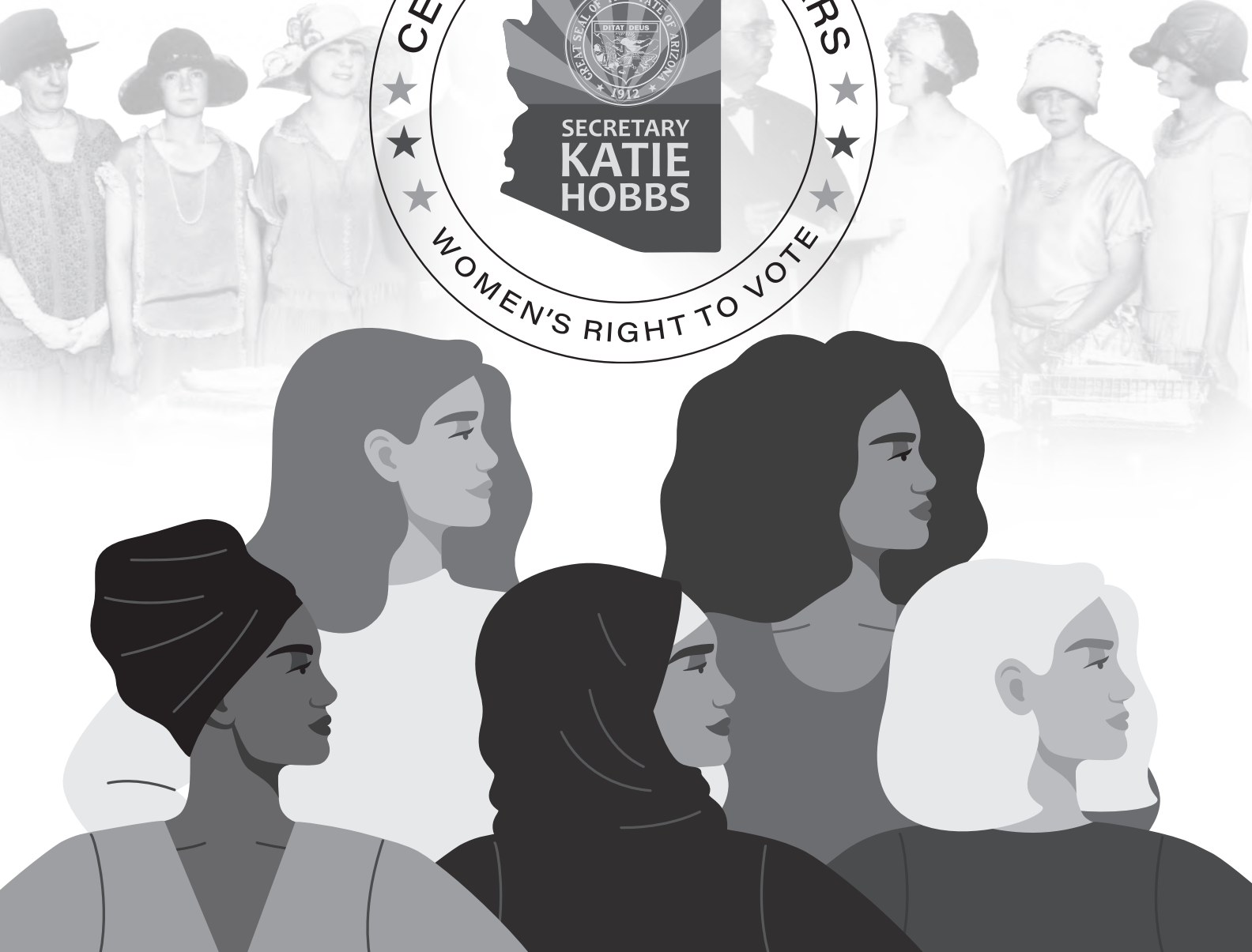


EXHIBIT 2



★ ARIZONA 2020 GENERAL ELECTION PUBLICITY PAMPHLET ★
NOVEMBER 3, 2020

WHAT'S ON MY BALLOT?



PROPOSITION 208

OFFICIAL TITLE

AN INITIATIVE MEASURE

AMENDING TITLE 15, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 10.1; AMENDING SECTION 15-1655, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1013; RELATING TO EDUCATION FUNDING.

Be it enacted by the People of the State of Arizona:

Section 1. Short title

This act may be cited as the “Invest in Education Act”.

Section 2. Findings and declaration of purpose

The People of the State of Arizona find and declare as follows:

1. All Arizona students deserve a certified, qualified teacher in their classrooms and to learn in the safest possible environment.
2. Years of underfunding by the Arizona Legislature have led to crisis-level teacher shortages and woefully inadequate support services.
3. Additional permanent funding is needed to develop, recruit and retain qualified teachers, hire counselors, close the achievement gap, improve career and vocational education for Arizona students, prepare Arizona students for good jobs and careers and meet Arizona employers’ need for a skilled workforce.

Section 3. Title 15, Arizona Revised Statutes, is amended by adding chapter 10.1, to read:

CHAPTER 10.1 ADDITIONAL SUPPORT FOR PUBLIC EDUCATION

ARTICLE I. GENERAL PROVISIONS

15-1281. Student support and safety fund; exemption; distribution; definitions

A. THE STUDENT SUPPORT AND SAFETY FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTION 43-1013, PRIVATE DONATIONS AND INTEREST EARNED ON THOSE MONIES. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. MONIES IN THE FUND AND ITS ACCOUNTS MAY NOT BE TRANSFERRED TO ANY OTHER FUND EXCEPT AS PROVIDED IN THIS SECTION, DO NOT REVERT TO THE STATE GENERAL FUND, AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS. THE STATE TREASURER SHALL ADMINISTER THE FUND.

B. ALL MONIES IN THE STUDENT SUPPORT AND SAFETY FUND MUST FIRST BE SPENT, AND THE STATE TREASURER SHALL TRANSFER MONIES FROM THE FUND, TO PAY:

1. THE ACTUAL REASONABLE COSTS INCURRED BY THE STATE TREASURER TO ADMINISTER THE FUND.
2. THE ACTUAL REASONABLE COSTS INCURRED BY THE AUDITOR GENERAL AND DEPARTMENT OF EDUCATION TO IMPLEMENT SECTION 15-1284.
3. THE ACTUAL REASONABLE COSTS INCURRED BY THE DEPARTMENT OF REVENUE TO IMPLEMENT AND ENFORCE SECTION 43-1013.

4. THE ACTUAL REASONABLE COSTS INCURRED BY THE STATE BOARD OF EDUCATION TO IMPLEMENT SUBSECTION D, PARAGRAPH 3 OF THIS SECTION.

5. ANY OTHER MANDATORY EXPENDITURE OF STATE REVENUES REQUIRED TO IMPLEMENT THIS CHAPTER AND THE INVEST IN EDUCATION ACT.

C. THE STATE TREASURER MAY PRESCRIBE FORMS NECESSARY TO MAKE TRANSFERS FROM THE STUDENT SUPPORT AND SAFETY FUND PURSUANT TO SUBSECTION B OF THIS SECTION.

D. ON OR BEFORE JUNE 30 AND DECEMBER 31 OF EACH YEAR, THE STATE TREASURER SHALL TRANSFER ALL MONIES IN THE STUDENT SUPPORT AND SAFETY FUND IN EXCESS OF THE AMOUNTS PAID PURSUANT TO SUBSECTION B OF THIS SECTION AS FOLLOWS:

1. FIFTY PERCENT AS GRANTS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS, IN PROPORTION TO THE WEIGHTED STUDENT COUNT PURSUANT TO SECTION 15-943, PARAGRAPH 2, FOR THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR THE PRIOR FISCAL YEAR, FOR THE PURPOSE OF HIRING TEACHERS AND CLASSROOM SUPPORT PERSONNEL AND INCREASING BASE COMPENSATION FOR TEACHERS AND CLASSROOM SUPPORT PERSONNEL. FOR THE PURPOSES OF THIS PARAGRAPH, THE STATE EDUCATION SYSTEM FOR COMMITTED YOUTH AND THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND SHALL RECEIVE GRANT FUNDS IN THE SAME MANNER AS SCHOOL DISTRICTS AND CHARTER SCHOOLS.

2. TWENTY-FIVE PERCENT AS GRANTS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS, IN PROPORTION TO THE WEIGHTED STUDENT COUNT PURSUANT TO SECTION 15-943, PARAGRAPH 2, FOR THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR THE PRIOR FISCAL YEAR, FOR THE PURPOSE OF HIRING STUDENT SUPPORT SERVICES PERSONNEL AND INCREASING BASE COMPENSATION FOR STUDENT SUPPORT SERVICES PERSONNEL. FOR THE PURPOSES OF THIS PARAGRAPH, THE STATE EDUCATION SYSTEM FOR COMMITTED YOUTH AND THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND SHALL RECEIVE GRANT FUNDS IN THE SAME MANNER AS SCHOOL DISTRICTS AND CHARTER SCHOOLS.

3. TEN PERCENT AS GRANTS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS, IN PROPORTION TO THE WEIGHTED STUDENT COUNT PURSUANT TO SECTION 15-943, PARAGRAPH 2, FOR THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR THE PRIOR FISCAL YEAR, FOR THE PURPOSE OF PROVIDING MENTORING AND RETENTION PROGRAMMING FOR NEW CLASSROOM TEACHERS TO INCREASE RETENTION. THE STATE BOARD OF EDUCATION SHALL PRESCRIBE THE FORM AND FORMAT OF MENTORING AND RETENTION PROGRAMMING SUPPORTED BY MONIES TRANSFERRED PURSUANT TO THIS PARAGRAPH, EXCEPT THAT THE EQUIVALENT OF ONE FULL-TIME MENTOR MAY BE ASSIGNED TO NOT MORE THAN FIFTEEN NEW CLASSROOM TEACHERS EMPLOYED BY THE SCHOOL DISTRICT OR CHARTER SCHOOL. IF A SCHOOL DISTRICT OR CHARTER SCHOOL RECEIVES MONIES PURSUANT TO THIS PARAGRAPH IN EXCESS OF ITS NEEDS FOR MENTORING AND RETENTION PROGRAMMING, THOSE EXCESS MONIES MAY BE USED FOR TEACHER RETENTION. THE STATE BOARD OF EDUCATION SHALL ADOPT RULES TO IMPLEMENT THIS PARAGRAPH NOT LATER THAN SIX MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION. FOR THE PURPOSES OF THIS PARAGRAPH, THE STATE EDUCATION SYSTEM FOR COMMITTED YOUTH AND THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND SHALL RECEIVE GRANT FUNDS IN THE SAME MANNER AS SCHOOL DISTRICTS AND CHARTER SCHOOLS.

4. TWELVE PERCENT TO THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282.

5. THREE PERCENT TO THE ARIZONA TEACHERS ACADEMY FUND ESTABLISHED BY SECTION 15-1655.

E. GRANTS MADE PURSUANT TO THIS SECTION ARE EXEMPT FROM TITLE 41, CHAPTERS 23 AND 24.

F. FOR THE PURPOSES OF THIS SECTION:

1. "CLASSROOM SUPPORT PERSONNEL" MEANS ANY NONADMINISTRATIVE SCHOOL PERSONNEL, INCLUDING CERTIFIED PERSONNEL, WHO PROVIDE CLASSROOM SUPPORT AND INSTRUCTIONAL SUPPORT SERVICES AS PRESCRIBED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY, INCLUDING LIBRARIANS, NURSES, COUNSELORS, SOCIAL WORKERS, SPEECH PATHOLOGISTS, BEHAVIORAL COACHES AND PSYCHOLOGISTS.

2. "MENTORING AND RETENTION PROGRAMMING" MEANS REGULAR, JOB-EMBEDDED, IN-

PERSON, ONE-ON-ONE FEEDBACK THAT IS FOCUSED ON INSTRUCTION AND ENSURING NEW CLASSROOM TEACHER QUALITY, SUCCESS AND RETENTION.

3. “NEW CLASSROOM TEACHER” MEANS A CLASSROOM TEACHER WHO IS IN THE TEACHER’S FIRST, SECOND OR THIRD YEAR OF TEACHING.

4. “STUDENT SUPPORT SERVICES PERSONNEL” MEANS ANY CLASSIFIED, NONADMINISTRATIVE SCHOOL PERSONNEL WHO PROVIDE STUDENT SUPPORT SERVICES AS DEFINED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY, INCLUDING CLASSROOM AIDES, MEDIA SPECIALISTS, HEALTH ASSISTANTS, SECURITY PERSONNEL, STUDENT FOOD SERVICE PERSONNEL, CLERICAL STAFF, STUDENT TRANSPORTATION PERSONNEL AND SCHOOL SITE PLANT OPERATORS.

5. “TEACHER” MEANS ANY NONADMINISTRATIVE PERSONNEL, INCLUDING CERTIFIED TEACHERS, WHO INSTRUCT STUDENTS OR SUPPORT STUDENT ACADEMIC ACHIEVEMENT AS PRESCRIBED BY THE SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY, INCLUDING CLASSROOM TEACHERS, EARLY CHILDHOOD TEACHERS, MENTOR TEACHERS, INSTRUCTIONAL COACHES AND ACADEMIC INTERVENTIONISTS.

15-1282. Career training and workforce fund; exemption; distribution

A. THE CAREER TRAINING AND WORKFORCE FUND IS ESTABLISHED CONSISTING OF MONIES DEPOSITED PURSUANT TO SECTION 15-1281, PRIVATE DONATIONS AND INTEREST EARNED ON THOSE MONIES. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. MONIES IN THE FUND AND ITS ACCOUNTS MAY NOT BE TRANSFERRED TO ANY OTHER FUND EXCEPT AS PROVIDED IN THIS SECTION, DO NOT REVERT TO THE STATE GENERAL FUND, AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS. THE STATE TREASURER SHALL ADMINISTER THE FUND.

B. ALL MONIES IN THE CAREER TRAINING AND WORKFORCE FUND MUST FIRST BE SPENT, AND THE STATE TREASURER SHALL TRANSFER MONIES FROM THE FUND, TO PAY:

1. THE ACTUAL REASONABLE COSTS INCURRED BY THE STATE TREASURER TO ADMINISTER THE FUND.

2. THE ACTUAL REASONABLE COSTS INCURRED BY THE DEPARTMENT OF EDUCATION TO IMPLEMENT AND ADMINISTER SECTION 15-1283.

3. ANY OTHER MANDATORY EXPENDITURE OF STATE REVENUES REQUIRED TO IMPLEMENT THIS SECTION AND SECTION 15-1283.

C. THE STATE TREASURER MAY PRESCRIBE FORMS NECESSARY TO TRANSFER MONIES FROM THE CAREER TRAINING AND WORKFORCE FUND PURSUANT TO SUBSECTION B OF THIS SECTION.

D. THE STATE TREASURER SHALL TRANSFER MONIES IN THE CAREER TRAINING AND WORKFORCE FUND IN EXCESS OF THE AMOUNTS PAID PURSUANT TO SUBSECTION B OF THIS SECTION AT THE DIRECTION OF THE DEPARTMENT OF EDUCATION IN ACCORDANCE WITH SECTION 15-1283.

15-1283. Career training and workforce program; grants; rules

A. THE DEPARTMENT OF EDUCATION SHALL ESTABLISH A CAREER TRAINING AND WORKFORCE PROGRAM TO DO ALL OF THE FOLLOWING :

1. PROVIDE MULTI-YEAR GRANTS OF UP TO FIVE YEARS TO SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 FOR THE PURPOSE OF PROVIDING SERVICES TO STUDENTS IN GRADES NINE THROUGH TWELVE.

2. PROVIDE SUPPORT TO SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS THAT RECEIVE GRANTS FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282.

B. NOT LATER THAN NINE MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION, THE DEPARTMENT OF EDUCATION SHALL ADOPT RULES TO IMPLEMENT THIS SECTION. THE RULES SHALL INCLUDE:

1. PROCEDURES AND REQUIREMENTS FOR SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS TO APPLY FOR, RECEIVE AND RENEW GRANTS FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282, INCLUDING:

(a) REQUIRING THAT GRANT APPLICATIONS BE APPROVED BY THE GOVERNING BOARD OR GOVERNING BODY OF THE SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT.

(b) PROVIDING REAL-TIME, ACCESSIBLY FORMATTED DATA REGARDING STUDENT GRADES, ATTENDANCE AND BEHAVIOR TO GRADE NINE TEACHERS AND SUPPORT STAFF.

(c) COMMITTING TO ALLOCATE TIME FOR GRADE NINE TEACHERS AND SUPPORT STAFF TO MEET DURING THE SCHOOL DAY TO REVIEW DATA AND DEVELOP STRATEGIES TO INTERVENE WITH AT-RISK STUDENTS IN GRADE NINE, KEEPING RECORDS OF SUCH MEETINGS AND PROVIDING THOSE RECORDS TO THE DEPARTMENT ON REQUEST.

(d) USING GRANT MONIES TO ESTABLISH AND EXPAND PROGRAMS, OPPORTUNITIES AND STRATEGIES ALLOWED UNDER THIS SECTION AND NOT USING GRANT MONIES TO MAINTAIN PROGRAMS, OPPORTUNITIES AND STRATEGIES ESTABLISHED BEFORE THE EFFECTIVE DATE OF THIS SECTION, EXCEPT WHEN A USE IS NECESSARY TO REPLACE THE LOSS OR EXPIRATION OF TIME-LIMITED GRANTS AND FEDERAL MONIES.

2. PROCEDURES FOR THE DEPARTMENT'S EVALUATION OF GRANT APPLICATIONS RECEIVED PURSUANT TO THIS SECTION.

3. ALLOWABLE USES OF GRANTS RECEIVED FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282, INCLUDING:

(a) DEVELOPING OR EXPANDING CAREER AND TECHNICAL EDUCATION PROGRAMS THAT ARE TIED TO MEDIUM TO HIGH-WAGE, HIGH-DEMAND CAREERS THAT RESULT IN ONE OR MORE OF DIRECT WORK EXPERIENCE, INDUSTRY CERTIFICATION OR POSTSECONDARY CREDITS.

(b) DEVELOPING OR EXPANDING CAREER AND TECHNICAL EDUCATION PROGRAMS THAT INSPIRE AND PREPARE STUDENTS TO BECOME CLASSROOM TEACHERS.

(c) HIRING SCHOOL COUNSELORS.

(d) DEVELOPING AND IMPLEMENTING ACADEMIC ACCELERATION PROGRAMS UNDER WHICH OBJECTIVE MEASURES ARE USED TO ENROLL STUDENTS WHO HAVE REACHED PROFICIENCY INTO THE NEXT MORE RIGOROUS COURSE IN THAT CONTENT AREA.

(e) EXPANDING COLLEGE-LEVEL EDUCATIONAL OPPORTUNITIES, INCLUDING:

(i) ADVANCED PLACEMENT, INTERNATIONAL BACCALAUREATE OR COMPARABLE COLLEGE-LEVEL COURSES.

(ii) DUAL CREDIT, CO-ENROLLMENT PROGRAMS OR EXTENDED CO-ENROLLMENT PROGRAMS OFFERED IN CONJUNCTION WITH AN ARIZONA COMMUNITY COLLEGE, PUBLIC UNIVERSITY OR OTHER ACCREDITED INSTITUTION OF HIGHER LEARNING OR POSTSECONDARY EDUCATIONAL INSTITUTION.

(iii) RECRUITING, LICENSING, EMPLOYING AND TRAINING PERSONNEL TO PROVIDE COLLEGE-LEVEL EDUCATIONAL OPPORTUNITIES FOR HIGH SCHOOL STUDENTS.

(f) ASSISTING STUDENTS IN COMPLETING GRADE NINE WITH SUFFICIENT CREDITS TO BE ON TRACK TO ON-TIME GRADUATION, INCLUDING:

(i) EXPANDING COUNSELING SERVICES TO STUDENTS IN GRADE NINE AND PROVIDING SUMMER BRIDGE PROGRAMS FOR AT-RISK, INCOMING NINTH GRADERS.

(ii) IMPLEMENTING EVIDENCE-BASED STRATEGIES AND PROGRAMS TO COMBAT CHRONIC ABSENTEEISM.

(iii) PROVIDING TUTORING AND MENTORING SERVICES.

(iv) PROVIDING REAL-TIME, ACCESSIBLY-FORMATTED DATA REGARDING STUDENT GRADES, ATTENDANCE AND BEHAVIOR TO GRADE NINE TEACHERS AND SUPPORT STAFF.

(v) ALLOWING GRADE NINE TEACHERS AND SUPPORT STAFF TO MEET DURING THE SCHOOL DAY TO REVIEW DATA AND DEVELOP STRATEGIES TO INTERVENE WITH AT-RISK STUDENTS IN GRADE NINE, KEEPING RECORDS OF SUCH MEETINGS AND PROVIDING THOSE RECORDS TO THE DEPARTMENT UPON REQUEST.

(g) EXPANDING TUTORING, MENTORING, COUNSELING, MENTAL HEALTH AND WRAP-AROUND

SERVICES THAT MEET HIGH SCHOOL STUDENTS' IMMEDIATE NEEDS.

(h) FUNDING TO OFFSET THE COSTS OF STUDENTS ENROLLED IN NINTH GRADE AND WHO PERSIST TO COMPLETE FOUR YEAR CAREER AND TECHNICAL EDUCATION PROGRAMS OFFERED PURSUANT TO SECTION 15-393.

4. PROCEDURES THAT WILL ALLOW THE DEPARTMENT TO PROVIDE ONGOING SUPPORT TO SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS THAT RECEIVE GRANTS PURSUANT TO THIS SECTION.

C. THE DEPARTMENT OF EDUCATION SHALL:

1. BEGIN ACCEPTING APPLICATIONS FOR GRANTS PURSUANT TO THIS SECTION NOT LATER THAN ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION.

2. NOTIFY THE STATE TREASURER WHEN GRANTS ARE AWARDED UNDER THIS SECTION AND DIRECT THE STATE TREASURER TO TRANSFER MONIES FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 TO GRANTEES.

D. GRANTS MADE PURSUANT TO THIS SECTION ARE EXEMPT FROM TITLE 41, CHAPTERS 23 AND 24.

15-1284. Separate local-level funds; annual reporting; no supplanting

A. EACH SCHOOL DISTRICT AND CHARTER SCHOOL THAT RECEIVES MONIES FROM THE STUDENT SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281 SHALL ESTABLISH A SEPARATE LOCAL LEVEL FUND TO RECEIVE MONIES FROM THAT FUND. THIS SUBSECTION APPLIES TO THE STATE EDUCATION SYSTEM FOR COMMITTED YOUTH AND THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND.

B. EACH SCHOOL DISTRICT, CHARTER SCHOOL AND CAREER TECHNICAL EDUCATION DISTRICT THAT RECEIVES MONIES FROM THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 SHALL ESTABLISH A SEPARATE LOCAL-LEVEL FUND TO RECEIVE MONIES FROM THAT FUND.

C. SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS THAT RECEIVE MONIES FROM EITHER THE STUDENT SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281 OR THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 SHALL PROVIDE:

1. AN ACCOUNTING OF MONIES RECEIVED FROM THOSE FUNDS EACH FISCAL YEAR THROUGH THE UNIFORM SYSTEM OF FINANCIAL RECORDS.

2. INFORMATION REGARDING CLASSROOM TEACHER SALARIES FOR EACH FISCAL YEAR THROUGH THE UNIFORM SYSTEM OF FINANCIAL RECORDS, INCLUDING THE AVERAGE CLASSROOM TEACHER SALARY, THE AVERAGE SALARY FOR A FIRST-YEAR CLASSROOM TEACHER, AND THE AVERAGE SALARIES FOR CLASSROOM TEACHERS IN THEIR FIFTH, TENTH, FIFTEENTH, AND TWENTIETH YEARS OF TEACHING IN THE SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT.

D. THE DEPARTMENT OF EDUCATION AND THE AUDITOR GENERAL SHALL ALLOW THE ADDITIONAL REPORTING REQUIRED BY SUBSECTION C OF THIS SECTION THROUGH THE UNIFORM SYSTEM OF FINANCIAL RECORDS AND THE ARIZONA CHART OF ACCOUNTS.

E. NOTWITHSTANDING ANY OTHER LAW, THE ADDITIONAL MONIES RECEIVED BY SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS FROM THE STUDENT SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281 AND THE CAREER TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 ARE IN ADDITION TO ANY OTHER APPROPRIATION, TRANSFER OR ALLOCATION OF PUBLIC OR PRIVATE MONIES FROM ANY OTHER SOURCE AND MAY NOT SUPPLANT, REPLACE OR CAUSE A REDUCTION IN OTHER FUNDING SOURCES.

15-1285. Local revenues and revenue control limitations; exemption

NOTWITHSTANDING ANY OTHER LAW, MONIES RECEIVED BY SCHOOL DISTRICTS AND CAREER TECHNICAL EDUCATION DISTRICTS PURSUANT TO THIS CHAPTER:

1. ARE NOT CONSIDERED LOCAL REVENUES FOR THE PURPOSES OF ARTICLE IX, SECTION 21, ARIZONA CONSTITUTION.
2. ARE EXEMPT FROM ANY BUDGETARY, EXPENDITURE OR REVENUE CONTROL LIMIT THAT WOULD LIMIT THE ABILITY OF SCHOOL DISTRICTS OR CAREER TECHNICAL EDUCATION DISTRICTS TO ACCEPT OR EXPEND THOSE MONIES.

Section 4. Section 15-1655, Arizona Revised Statutes, is amended to read:

15-1655. Arizona teachers academy; tuition and fees scholarships; fund; annual report; definitions

A. Eligible postsecondary institutions shall implement an Arizona teachers academy to incentivize students to enter the teaching profession and to commit to teach in Arizona public schools. The Arizona board of regents, in consultation with eligible postsecondary institutions, shall develop and implement centralized administrative processes for the academy, including:

1. A marketing and promotion plan to recruit students for the academy.
2. Data collection and reporting.
3. Tracking postgraduation service requirements.
4. Coordinating induction services.
5. Distributing monies in the Arizona teachers academy fund between eligible postsecondary institutions.
6. Collecting reimbursement from individuals who fail to meet service obligations.

B. The Arizona teachers academy may include new or existing teacher preparation program pathways that are student-focused and that employ proven, research-based models of best practices already being implemented. Each eligible postsecondary institution may develop a portfolio of teacher preparation programs to offer as part of the academy. Programs offered as part of the academy shall include accelerated models for:

1. High-demand teacher specializations, including special education, science, technology, engineering and mathematics.
2. Critical need areas, including low-income public schools, public schools located on Indian reservations and rural public schools.

3. Individuals seeking postbaccalaureate coursework that results in professional certification.

C. Each eligible postsecondary institution shall develop formalized partnerships with public schools in this state to build commitments for teacher employment on completion of the Arizona teachers academy. The targeted deployment of teachers who have completed the academy shall be based on the needs of each school system and the community that is being served as well as the individual skills of each teacher.

D. Each eligible postsecondary institution shall provide to each full-time student who is enrolled in the Arizona teachers academy an annual scholarship of ~~\$10,000 per year~~ UP TO THE ACTUAL COST OF TUITION AND FEES for a maximum of two academic years or four semesters for graduate university students, ~~\$5,000 per year~~ UP TO THE ACTUAL COST OF TUITION AND FEES for a maximum of four academic years or eight semesters for undergraduate university students, ~~\$3,000 per year~~ UP TO THE ACTUAL COST OF TUITION AND FEES for a maximum of two academic years or four semesters for community college students for tuition and fees associated with the student's program of study, and ~~\$2,500 onetime for teachers seeking~~ UP TO THE ACTUAL COST OF OBTAINING national board certification AND RENEWAL, AND UP TO THE ACTUAL COST OF OBTAINING A TEACHING CERTIFICATE INCLUDING THE ACTUAL COST OF THE EXAM, after all other financial gifts, aid or grants received by that student or teacher. Scholarships under this subsection are subject to all of the following:

1. If the student does not successfully complete the academic year in good academic standing, the student shall reimburse the Arizona board of regents for the total amount of the scholarship for tuition and fees the student received for that year.
2. For each academic year that the student successfully completes and for which the student receives a scholarship for all tuition and fees, the student must agree to teach for one full school year in a public school in this state. For students teaching and receiving the scholarship concurrently, the commitment period begins after graduation from the Arizona teachers academy. For teachers seeking a national board certification, the teaching commitment is one additional year after completing the requirements of the national board certification program.
3. If the scholarship does not cover remaining tuition and fee costs after other aid received, the eligible postsecondary institution may not charge students the remaining difference. If the scholarship amount exceeds tuition and

fee costs at an eligible postsecondary institution, the institution may use the remaining amount to support Arizona teachers academy costs.

4. If the student does not fulfill the student's obligation to teach in a public school, the student must reimburse the Arizona board of regents for the proportional amount of the scholarship for tuition and fees that the student received that corresponds to the number of school years the student agreed to teach but did not teach in a public school in this state.

5. If the student is physically or mentally unable to fulfill the requirements of the Arizona teachers academy, the Arizona board of regents shall establish a process for assessing the student's ability to repay the financial assistance received and shall make a determination on any terms of repayment.

6. The Arizona board of regents shall establish a process for deferring service or repayment based on factors adopted by the board.

E. Students enrolled in a noneducation program in the Arizona teachers academy must complete one or more teacher preparation courses to ensure the likelihood that the student will transition into a postbaccalaureate program to receive a teaching certification following graduation.

F. The Arizona teachers academy fund is established consisting of MONIES DEPOSITED PURSUANT TO SECTION 15-1281, SUBSECTION D, PARAGRAPH 5 AND legislative appropriations made for the purpose of administering the Arizona teachers academy. Monies in the fund are continuously appropriated and are exempt from the provisions of section 35-190 relating to the lapsing of appropriations. The Arizona board of regents shall administer the fund and shall establish criteria for distributing monies in the fund to eligible postsecondary institutions each fiscal year to fund the costs of the academy. Monies in the fund may be used only for:

1. Reimbursing Arizona teachers academy scholarships that cover the balance of tuition and fees for undergraduate, graduate and postbaccalaureate students enrolled in the Arizona teachers academy after all other gifts and aid received.

2. Support for teachers who are currently employed in a public school in this state and who are seeking a national board certification.

3. Induction services for Arizona teachers academy graduates.

4. Implementing a marketing and promotion plan to recruit and retain students in the Arizona teachers academy WITH PARTICULAR EMPHASIS ON ENSURING PARTICIPANTS REFLECT THE DIVERSITY OF THE STATE'S STUDENT POPULATION and administering the Arizona teachers academy. Annual expenditures for marketing, promoting and administrating the Arizona teachers academy may not exceed three percent of the monies in the fund each fiscal year.

G. Monies remaining in the Arizona teachers academy fund at the end of each fiscal year may be used by eligible postsecondary institutions for Arizona teachers academy costs in the next fiscal year.

H. ~~On or before August 1 of each fiscal year, the state general fund appropriation for the Arizona teachers academy for the current fiscal year shall be reduced by the amount of monies remaining in the Arizona teachers academy fund at the end of the prior fiscal year.~~

I. H. On or before March 1, 2020 and each year thereafter, the Arizona board of regents shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on all of the following:

1. The total number of students enrolled in the Arizona teachers academy by eligible postsecondary institution in the current academic year.

2. The number of Arizona teachers academy graduates receiving induction services in the current academic year.

3. The estimated amount of monies committed from the Arizona teachers academy fund in the current fiscal year.

J. I. On or before September 1, 2019 and each year thereafter, the Arizona board of regents shall report to the governor, the president of the senate and the speaker of the house of representatives, and shall submit a copy to the secretary of state, on all of the following:

1. The total number of students enrolled in the Arizona teachers academy at each eligible postsecondary institution by year of college enrollment and the number of teachers receiving a scholarship through the Arizona teachers academy for national board certification.

2. The percentage of students who completed each year of the academy and who plan to continue to the subsequent year, delineated by each teacher preparation program offered by each eligible postsecondary institution as part of the Arizona teachers academy.

3. The number of teachers who completed a program of study through the Arizona teachers academy by each eligible postsecondary institution.
 4. The number of teachers currently teaching in a public school in this state as part of an agreement for receiving an Arizona teachers academy scholarship.
 5. The number of graduates receiving induction services.
 6. The number of students who have defaulted on their obligation and who are in repayment agreements.
 7. The number of students who have deferred repayment agreements.
 8. The number of students who have completed repayment agreements.
 9. The methodology for distributing any monies appropriated for the Arizona teachers academy to each eligible postsecondary institution and the amounts distributed to each.
 10. The amount of unused monies in the Arizona teachers academy fund from the prior fiscal year.
- K. J.** For the purposes of this section:
1. “Eligible postsecondary institutions” means universities under the jurisdiction of the Arizona board of regents and community colleges in this state that offer postbaccalaureate programs that lead to teacher certification and that have entered into an agreement with the Arizona board of regents relative to these postbaccalaureate programs.
 2. “Tuition and fees” means tuition, mandatory fees and program fees that are associated with a program in the Arizona teachers academy leading to teacher certification and that are charged by an eligible postsecondary institution.

Section 5. Title 43, chapter 10, article 2, Arizona Revised Statutes, is amended by adding section 41-1013 to read:

43-1013. Income tax surcharge for public education

A. IN ADDITION TO ANY OTHER TAX IMPOSED BY THIS CHAPTER, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2020, THERE SHALL BE LEVIED, COLLECTED AND PAID AN INCOME TAX SURCHARGE TO ADVANCE PUBLIC EDUCATION IN THIS STATE AS FOLLOWS:

1. IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY, A SURCHARGE AT THE RATE OF THREE AND ONE-HALF PERCENT OF TAXABLE INCOME IN EXCESS OF \$250,000.
2. IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF HOUSEHOLD, A SURCHARGE AT THE RATE OF THREE AND ONE-HALF PERCENT OF TAXABLE INCOME IN EXCESS OF \$500,000.

B. NOTWITHSTANDING SECTIONS 42-1116 AND 43-206, THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR REVENUES COLLECTED PURSUANT TO THE INCOME TAX SURCHARGE IMPOSED BY THIS SECTION, AND SHALL DEPOSIT THOSE REVENUES IN THE STUDENT SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281.

C. THE INCOME TAX SURCHARGE LEVIED BY THIS SECTION MUST BE COLLECTED REGARDLESS OF WHETHER THE INCOME TAX RATE BRACKETS IN THIS CHAPTER ARE CHANGED, REPLACED OR ELIMINATED BY AN ACT OF THE LEGISLATURE.

Section 6. Severability

If any provision of this act or its application to any person or circumstance is declared invalid by a court of competent jurisdiction, such invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provision or application. The invalidated provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of this act and, to the fullest extent possible, the provisions of this act, including each portion of any section of this act containing any invalidated provision that is not itself invalid, shall be construed so as to give effect to the intent thereof.

Section 7. Exemption from rulemaking

For the purposes of adopting rules to implement this act, and for twenty-four months after the effective date of this act, the department of education, the state board of education and the department of revenue are exempt from both of the

following:

1. Any executive order or other directive purporting to limit or restrict the ability of the department of education, the state board of education and the department of revenue to adopt new rules.
2. The rulemaking requirements of title 41, chapters 6 and 6.1, Arizona Revised Statutes, except that each department shall provide the public with a reasonable opportunity to comment on proposed rules and shall publish otherwise-exempted rules.

Section 8. Standing and fee shifting

A. The People of the State of Arizona desire that this act, if approved by the voters and thereafter challenged in court, be defended by the State of Arizona. If the Attorney General fails to defend or enforce this act or fails to appeal an adverse judgment against its validity or application, in whole or in part, any resident of this state shall have standing to initiate or intervene in any action or proceeding to enforce or defend this act.

B. The court shall award fees and expenses to any resident who initiates or intervenes in, and prevails on the merits of, any action or proceeding to enforce or defend this act pursuant to subsection A of this section. For the purposes of this section, “fees and expenses” includes the reasonable expenses of expert witnesses, the reasonable cost of any study, analysis, report, test or project found by the court to be necessary to prepare the party’s case, and reasonable attorneys’ fees.

ANALYSIS BY LEGISLATIVE COUNCIL

Beginning January 1, 2021, Proposition 208 would impose a 3.5% income tax surcharge on taxable individual income (including pass-through income from sole proprietorships, partnerships, limited liability companies and subchapter S corporations) over:

1. \$250,000 for a single person or a married person filing separately.
2. \$500,000 for a married couple or a single person who is a head of household.

The current tax rate of 4.5% on taxable income over the above-stated amounts, combined with the new 3.5% surcharge would result in a total tax of 8% on taxable income over the above-stated amounts.

The new revenue generated by the income tax surcharge would be placed in the student support and safety fund, to be used first to pay the administrative costs of implementing, administering and enforcing the measure, and then as follows:

1. 50% for grants to school districts, charter schools, the state education system for committed youth and the state schools for the deaf and blind for teacher and classroom support personnel hiring and base salary increases. (Proposition 208 would define "teacher" as any nonadministrative personnel who instruct students or support student academic achievement, as determined by the school district or charter school governing body, including instructional coaches and academic interventionists and would define "classroom support personnel" as any nonadministrative personnel who provide classroom support and instructional support services, as determined by the school district or charter school governing body, including librarians, nurses, counselors, social workers, speech pathologists, behavioral coaches and psychologists.)

2. 25% for grants to school districts, charter schools, the state education system for committed youth and the state schools for the deaf and blind for student support services personnel hiring and base salary increases. (Proposition 208 would define "student support services personnel" as any classified, nonadministrative personnel who provide student support services, as defined by the school district or charter school governing body, including classroom aides, media specialists, health assistants, security personnel, clerical staff, student food service personnel, student transportation personnel and school site plant operators.)

3. 10% for grants to school districts, charter schools, the state education system for committed youth and the state schools for the deaf and blind for mentoring and retaining new classroom teachers in their first, second or third year of teaching. A mentor hired with these monies could not be assigned to mentor more than 15 new classroom teachers.

4. 12% for grants to school districts, charter schools and career technical education districts for a career training and workforce program for students in grades 9-12. The grant monies could be used for a variety of purposes, including developing new or expanded programs tied to medium-to-high wage/high-demand careers, developing new or expanded programs that inspire and prepare students to become classroom teachers, hiring school counselors, expanding college-level educational opportunities (including advanced placement, international baccalaureate and dual credit courses), assisting students completing

the ninth grade to be on track for on-time graduation, expanding tutoring, mentoring, counseling and mental health services and funding students in career and technical education programs.

5. 3% for the Arizona teachers academy, which incentivizes college students to enter the teaching profession and to commit to teach in Arizona. The measure would eliminate the current caps on the scholarship amount that each student enrolled in the academy may receive and allow each enrolled student to receive up to the actual cost of tuition and fees for the student's program of study. Also, the marketing plan for the academy would have a particular emphasis on ensuring that the academy participants reflect the diversity of the state's student population.

The new revenue generated by the income tax surcharge could not replace, reduce or supplant other school district, charter school or career technical education district funding.

The Arizona Constitution limits the ability of the Legislature to amend an approved initiative measure or to appropriate or divert monies created or allocated by an approved initiative measure. Any future legislative changes to the initiative measure may be made only if they are approved by at least three-fourths of the members of each house of the Legislature and the changes further the purposes of the initiative measure, or if they are approved by the voters through referendum or initiative.

JOINT LEGISLATIVE BUDGET COMMITTEE FISCAL ANALYSIS

PROPOSITION 208

A.R.S. § 19-123E requires the Joint Legislative Budget Committee Staff to prepare a summary of 300 words or less on the fiscal impact of voter-initiated ballot measures. Proposition 208 would establish a 3.5% income tax surcharge for single taxpayers on their taxable income in excess of \$250,000 and for married persons on their taxable income in excess of \$500,000.

The income tax surcharge is projected to generate \$827 million in revenue, which will be deposited into the Student Support and Safety Fund (SSSF), in the first full year of implementation. SSSF monies would first be used to pay administrative costs of certain agencies. The remainder of these monies would be primarily distributed to school districts, charter schools, and career technical education districts. The state education system for committed youth and the Arizona State Schools for the Deaf and the Blind would receive monies in the same manner as school districts and charter schools.

The actual deposit will depend on a variety of factors, including:

- Whether high-income taxpayers leave or shift income out of the state because of the new tax surcharge.
- Whether higher tax rates will reduce business investment. Some high-income taxpayers pay individual income taxes on the “pass-through” income from their businesses.

Given this uncertainty, our revenue estimate is speculative and subject to change.

The proposition may also have other impacts on state tax collections. For example, increasing salaries for school employees may result in higher General Fund income and sales tax collections. Any shift of income outside the state or decline in business investment may also reduce existing tax collections.



ARGUMENTS “FOR” PROPOSITION 208

Arizona students, parents, retirees, business owners, teachers, and many others have been battling for better education with little help from elected leaders. So, we fixed it ourselves.

Hundreds of thousands of you helped put Prop 208, the Invest in Education Act, on the ballot. We know there are questions and misinformation out there, so we’d like to address them now.

1. If you and your spouse earn between \$1 and \$500,000 in combined personal income, how much more will you pay?

Answer : Zero. \$0.00. Nothing.

2. If you, as an individual, earn between \$1 and \$250,000 in personal income, how much more will you pay?

Answer: Zero. \$0.00. Nothing.

3. If your household makes \$501,000 in personal income, how much more will you pay?

Answer: \$35 per year. Yes. That’s right. You’ll pay a 3.5 percent surcharge only on the income above \$500,000. Taxes on the first half-million dollars of earnings do not change!

4. How much does this tax small businesses?

Answer: Zero. \$0.00. Nothing. This initiative ONLY applies to personal income, not business income. This is worth repeating: There are no business-tax increases. This surcharge only applies to personal income.

5. Why should Arizona voters support Prop. 208?

Answer: Invest in Education restores the annual funding Arizona’s students, teachers, and educators have been promised since 2008 – funding that was cut during the last recession.

Our schools need this stability now.

Our teachers need job security and a wage that allows them to focus on teaching, not worrying about their basics like groceries and rent. Our state needs an education system that will provide opportunity to every student. And our economy needs a strong public school system.

This is the right policy for Arizona at the right time for our state.

Join me in voting yes.

Andrea Nemecek, State Director, Invest in Education, Phoenix
Sponsored by AEA and Stand for Children

The Invest in Education Act is an initiative that will help our children and educators have the resources they need to succeed and is needed now more than ever.

We need to pass the Invest in Education Act to protect school funding because a decade of cuts to education funding have hit the hardest on our state’s most vulnerable population- our children. Arizona spends \$800M less on education than it did

a decade ago. With cuts to school funding, we've seen the worst teacher shortage in history, rising class sizes, and valuable school programs and services eliminated. This measure is right for the times- it both restores and past cuts and protects future funding.

Arizonans are in unprecedented times and now, voters have a chance to take action for students and teachers with the Invest in Education initiative, which adds dedicated resources for our public schools that politicians can't cut. These resources will help our schools hire more certified teachers, reduce class sizes and hire social workers and counselors to help keep our schools safe and our students learning. The funding will also allow us to purchase resources for social emotional learning, updated resources and materials, and more technology and resources for today's virtual learning environment.

Now it is time to take the responsibility for funding schools into our own hands because our children deserve better and this will ensure that our children's schools are adequately funded. Our communities and our students deserve great schools. These are the children of our future.

I urge you to vote YES on the Invest in Education Act.

Jodi Hekter, President FlorenceEA, Ashleigh Muhme, Vice President FlorenceEA, Heather Hellmich, Secretary FlorenceEA
Sponsored by Florence Education Association

Jodi Hekter, President, Florence Education Association, Mesa

What does it take to educate a student? People are the main component to provide a high, quality public education experience. Despite recent increases of funding, Arizona still spends \$800 M less on education than it did a decade ago leaving per pupil spending at 49th in the nation. This has left districts without enough resources to hire and retain all the employees needed to run a school: bus drivers, food service workers, custodians, counselors, office assistants, grounds keepers, classroom aids and of course, teachers. Each staff member is integral to the education community created at individual schools where students spend quality time learning, growing and becoming their best selves.

Voting yes on Prop 208 INVESTinED would restore our districts ability to hire and retain teachers and support staff with competitive wages and attract the best people for each job. Our district has struggled to hire and retain bus drivers. We have continuously unfilled job openings for classroom aids. With competitive salaries on offer, students will get access to computer coding, additional Advanced Placement classes, auto-diesel and elementary music. Because we recognize the diversity of our student population, the district's mission is to ensure that students complete their school experience ready for college and career and are prepared to contribute to Arizona's 21st century economy.

Yes on INVESTinED means Yes for our students and Yes for their future.

Lisa Millerd Amphitheater Education Association President
Rebecca Green Amphitheater Education Association Vice-President, Certified

Lisa Millerd, President, Amphitheater Education Association, Tucson and Rebecca Green, Tucson

Sunnyside Education Association supports the Invest in Education Act which seeks to rectify the legislature's cuts over the last decade. The Sunnyside community has felt the direct impact of these cuts on our students. The legislature's refusal to fully restore public education funding has harmed our students and families through cuts to essential programs and services. The Invest in Education Act protects funding by asking those in Arizona with the highest 1% of personal incomes to pay a little more (3.5% on individual earnings over \$250,000 or joint earnings over \$500,000) to invest in our communities and the future of our state. We know our kids are worth it and ask the voters to approve this initiative.

Within our district, the Invest in Ed Act will help better fund art, music, and library programs in our elementary schools to give students a well-rounded education. Invest In Ed will guarantee funding for Career and Technical Education programs to equip students with the skills necessary for established and developing career fields. The act ensures the funding necessary to

help decrease the teacher shortage and retain the high-quality education support professionals who are imperative to student success. Sunnyside Education Association strongly encourages all Arizonans to vote YES on the Invest In Ed Act.

Victoria Schroeder, President, Sunnyside Education Association, Tucson

On November 3, we have a once-in-a-generation chance to make a positive change for public education in Arizona. Voting YES on Proposition-208 will invest almost \$1-billion into our classrooms across Arizona. Right here in Tucson Unified, Proposition-208 will invest over \$17-million into teacher pay, almost \$9-million for support professionals and over \$3-million for teacher retention. Beyond the investment in pay, Proposition-208 will increase funding for Career and Technical Education (CTE) programs, which ensure Arizona graduates are ready for the careers of tomorrow. Supporting Proposition-208 is good for students, educators and our economy. As both a classroom teacher and a candidate for the TUSD Governing Board, I urge you to vote YES on Proposition-208.

Let's be clear: Arizona ranks dead last for pay and per-pupil spending. We have over 2,000 classrooms without a certified teacher. Every year across the state, my colleagues are making the decision to leave the profession. Businesses are choosing not to locate in Arizona because our education system is collapsing. We must make this investment in our kids. The funds brought into TUSD will ensure we can retain top educators for our kids and that our CTE programs are funded. Support professionals are some of the most underpaid folks in education yet they are vitally necessary to making the classroom a learning environment. Proposition-208 will invest millions into our schools, and local economies, without raising taxes on 99% of Arizonans. When educators have more money to spend locally, local businesses benefit. By ensuring we have highly-qualified teachers in our classrooms, we know our kids learn more. Proposition-208 is our chance to do something big for every kid in Arizona. We can't wait any longer for this investment. Please vote YES on Proposition-208. Adam Ragan, teacher and candidate for Tucson Unified School District Governing Board.

Adam Ragan, Candidate, Tucson Unified School District Governing Board, Tucson

All Arizona children are entitled to a quality public education. Over a decade of funding cuts to public education have hurt our most vital resource: Arizona's children. These cuts have led to large class sizes, teacher and support staff shortages, and reductions in educator salaries. Now, as a community, we are faced with a new crisis, COVID19, which is causing our economy to slow down and will likely lead to even greater reduction in education funding. Passing the Invest in Education Act will restore past cuts and protect future funding, ensuring that all Arizona children have access to the quality public education they deserve. Invest in Education will put an estimated 940 million voter protected dollars into Arizona's public schools, preventing the legislature from diverting the funds to causes other than what voters intended when approved. It contains strong accountability measures to ensure that funding is directed toward its intended purposes. These funds will be used for teacher mentoring programs, paying support staff a livable wage, and attracting and retaining high-quality teachers for Arizona's children.

As Arizona emerges from this crisis, what has been true for Arizona students will remain true: every single student deserves a qualified, certified teacher, every campus should be safe, and career readiness and vocational training are essential. When Invest in Education is approved by voters, the status of public education in Arizona will be one step closer to being what our children deserve.

Vote Yes on Prop 208.

Becky Williams, President, Scottsdale Education Association, Scottsdale

Support Arizona's future – a well-educated populace – by voting for the citizens' initiative Invest in Education. As retired educators, we have seen our children, grandchildren, and professional colleagues struggling to succeed with the nation's poorest funding, the worst teacher shortage in history, rising class sizes, and having valuable school programs and services eliminated.

The COVID19 pandemic has created unique, unprecedented demands for teachers, their curriculum and delivery, health and safety, students, and families. Yet school staff and facilities had already been critically underfunded for decades before the pandemic. Some technology that could have mitigated the effects of quarantines for many students and their families has been rendered impossible by decades of underfunding.

When many of our retired members were active educators, reasonable funding for public schools meant that quality education was the presumed expectation. The pandemic has not eliminated that expectation. Rather, it is decades of underfunding in Arizona that has made that expectation more and more of a struggle each year. The pandemic simply added many more layers of hurdles to an already Herculean task for schools, students, and families.

The Invest in Education Act will protect education funding, giving all students the opportunity to succeed in schools that continue their struggle against the severe cuts of the past and that struggle now to overcome unique, unprecedented hurdles such as COVID19.

Dr. Janie Hydrick, President
Arizona Education Association -Retired

Janie Hydrick, President, Arizona Education Association-Retired, Chandler

The citizens of Arizona have the ability to help right the wrongs of previous cuts to education funding. Prop 208, also known as Invest in Ed, will provide voter-protected education funding that includes tough accountability requirements to ensure the funds are used as intended. Arizona spends close to \$1 billion less on education than it did a decade ago. Teachers and education professionals have endured cuts, furloughs and larger class sizes. This measure will help reduce the teacher shortage and reduce class sizes that Arizona's students have suffer through for year.

Invest in Ed will protect education funding for years to come and will prevent further cuts to education due to the economic impact of COVID-19. Only Arizonans making more than \$250k will see a tax increase in the form of an income tax surcharge.

Arizona's students and teachers are worth every penny that Invest in Ed will secure for education funding. The possibilities and successes our students will have with proper education funding and resources are limitless!

Vote YES on voter-protected, permanent education funding. Vote YES on Invest in Ed.

June Blaine, President, Higley Education Association, Queen Creek

Like so many of you, I was inspired and filled with hope when thousands of teachers and public-school supporters in the Red for Ed movement stood up and said "enough!" As the parent of a teacher, and as a lawmaker pushing for change, I've seen the chronic defunding of education, the crowded classrooms and the disrespect of our educators up close. The politicians in the majority have prioritized tax cuts over kids for too long. They have failed to fix our teacher-shortage crisis and have not fully restored the billions cut from education after the Great Recession.

As voters, you can change that. You can direct the investment to our schools that our kids need to succeed in a competitive 21st century economy, pay our educators what they deserve, and pull Arizona out of the national basement in per-pupil funding. And, most importantly, your yes vote on Invest in Ed means this money is protected and can't be taken away.

The educators who marched on the Capitol never gave up. Now we have a once-in-a-life time chance to invest in Arizona, attract jobs, and even the playing field for all kids. Vote yes on Invest in Ed.

Charlene Fernandez, Democratic Leader, Arizona House of Representatives, Yuma

Arizona's top business leaders have consistently said that the keys to improving Arizona's business climate and economy are increased funding for Arizona's K-12 public education system and developing a more skilled workforce. It is not surprising

that they view those two issues as the greatest needs considering Arizona's public schools are 48th in the nation in per pupil funding. More than a decade of underfunding the institutions that are responsible for educating our future workforce have resulted in one of the worst teacher-shortage crises in the nation, overcrowded classrooms and students learning from insufficient and outdated learning materials and supplies.

The Invest in Education Act will raise millions of new dollars in annual, sustainable funding that will go directly to schools. This new funding for public schools will be especially important as Arizona grapples with significant budget shortfalls caused by the COVID economic crisis. During the Great Recession, no state cut more from public education than Arizona, but the new revenue from the Invest in Education Act cannot be touched by the legislature and will be protected from cuts.

In challenging economic times, a tax on the wealthiest Arizonans makes the most sense because it will NOT raise taxes on people struggling to put food on the table or struggling small business owners. This measure will only tax those who are earning more than \$500,000 (married filers) or \$250,000 (single filers), and even with this additional surcharge, these wealthy Arizona taxpayers will still pay a lower effective tax rate than in the majority of other states. More importantly, it will give our public schools the resources they will need to give every child the education they deserve, it will strengthen our workforce, lead to more jobs, and will enable Arizona to emerge from this economic crisis stronger than before.

David Lujan, Director, Arizona Center for Economic Progress, Phoenix

Children's Action Alliance supports the Invest in Education Act because it will produce millions of new, sustainable dollars annually for public schools so that every Arizona child will have the opportunity to receive the quality education they deserve. Arizona has one of the worst teacher shortages and some of the largest class sizes in the nation. This measure will enable us to provide meaningful pay raises for teachers, classroom aides, and other student support staff. This will also enable schools to hire more counselors, school nurses, and other staff who keep students healthy and safe. Investing in public education now is especially important so school staff and administrators can help students recover the learning losses caused by the COVID-19 crisis.

A quality public school in every neighborhood is one of the most effective ways to create more jobs and economic growth. Proposition 208 is a reasonable solution to produce the revenue our public schools need because working- and middle-class families and small business owners will not see any increase to their taxes. The wealthiest Arizonans, who continue to do well even during this crisis, will be asked to pay a little more so that every child can have the opportunity to learn and succeed. Business leaders support strong schools because they know that our future workforce must be prepared to meet the demands of the future economy.

A "yes" vote for Proposition 208 is a vote to put thousands of Arizona children living in poverty on the path toward opportunity and prosperity. A "yes" vote for Proposition 208 is a vote to give every Arizona student the opportunity to learn from a qualified, certified teacher in the classroom that is not overcrowded. A "yes" vote for Proposition 208 is a vote for a brighter future for all Arizona children.

Siman Qaasim, President and CEO, Children's Action Alliance, Phoenix

As Arizona realizes all the effects of the Covid-19 crisis, one thing is very clear: We will rebuild stronger if we find the courage to increase school funding.

When students are successful, the economy is boosted. Career readiness and vocational education are essential. Businesses want to operate (and relocate!) to areas with good schools, graduating qualified students, and skilled workers.

Before the coronavirus, Arizona suffered from a debilitating teacher shortage and class sizes pushing 40 students per classroom. The Invest in Education measure (Proposition 208) was the right solution then. And now, it's even more imperative.

It's imperative that we keep current teachers and recruit more to ensure that every child has a qualified teacher – whether in a classroom, or in front of a computer.

It's imperative that schools have the technology they need to ensure that every child receives a meaningful education that leads to future success.

It's imperative that we protect education from any economic downturn caused by the virus.

Prop 208 is the right solution at the right time - it restores past cuts, protects against future cuts, helps recruit new teachers and pay current teachers what they deserve. It gives students and their teachers the tools they need to be successful.

It's time to Invest in Education. Please vote Yes on Prop 208.

Rebecca Gau
Stand for Children AZ Executive Director

Rebecca Gau, Executive Director, Stand for Children Arizona, Mesa

The Invest in Education Act is essential now more than ever. This Act helps to restore funding that has been cut over the last 10 years. It is an even distribution of the funds, so it is not based on your zip code area. The funds are not taken from the most vulnerable, but from the wealthiest, ensuring they pay their fair share.

In these times, due to COVID-19, so many of us are struggling. Cuts to education make it impossible for schools to run the programs that are needed for our students. We need Invest in Ed to provide support for our students now and in the future. Education is a lifeline for most. It provides stability, food, friends, and an all-important education so that students have future opportunities to attend college or decide on a career. We need to fund education through #InvestInEd because our beautiful state has failed in doing that.

Vote Yes on Invest in Ed!

Christina Bergeron, Teacher, Surprise

A strong education is important to the families in our rural communities. I am both a parent and a Career and Technical Education teacher in rural Douglas. We need to protect school funding so that all children in my community can receive a quality education.

This measure is especially crucial for the working-class families in my community. We know that strong schools create better opportunities for students to go to college or trade schools so they may gain meaningful employment. This, in turn, creates a quality, well-trained workforce for our communities and country.

My CTE curriculum changed drastically when several years ago, the legislature cut funding to CTE and were no longer going to fund freshmen. This meant that the quality of Career and Technical Education for freshmen took a nose-dive. It is next to impossible to provide high quality, hands-on training to freshmen with zero funding. Prop 208 will help ensure that educators have the resources they need to prepare students to be career ready at all grade levels.

I urge you to vote YES on Prop 208 the Invest in Education Act.

Brita Kimble, Parent, CTE Teacher, Douglas

This November we have an opportunity to support Arizona's children by voting YES on the Invest in Education Act. This permanent and protected funding stream will help ensure that we are able to attract and retain the best and brightest teachers for our students. Arizona will be able to reduce our very large class sizes, and provide the resources, such as counselors, that

our students need. With the recent economic downturn we are experiencing, it's imperative we protect education funding now, and in the future. We can do that through the Invest in Education Act, which affects only those individuals making over \$250,000, or \$500,000 married a year.

Better educational opportunities will create more job opportunities in the future, strengthening our economy for years to come. Business want to go where they have a school system that will graduate skilled workers and a YES vote will help Arizona move in that direction.

We encourage you to help restore and protect education funding this November and vote YES on the Invest in Education Act.

Trina Berg

President, Peoria Education Association

Trina Berg, President, Peoria Education Association, Phoenix

Invest in education, of course we should. That's what Proposition 208 will allow us to do. The time is now because here in Arizona we have slashed teacher pay, allowed classroom sizes to grow to record levels and not provided our schools the technology to function in this environment. Arizona continues to be at the bottom for school funding and teachers continue to leave Arizona in record numbers.

Invest In Ed will restore, increase and protect school funding so that every child has the opportunity to learn, in a safe environment and pursue better opportunities. We can do this if everyone is willing to pay their fair share, no one person making less than \$250,000 per year will see a tax increase, and only if you are a couple making more than \$500,000 per year would you pay an additional \$35 per year!

This is not a partisan issue, it's common sense economics. An investment in our students, teachers and our educational system is an investment in our future!

Vote YES on Prop 208, for better schools and a better Arizona!

Fred Yamashita

Executive Director

AZ AFL-CIO

Fred Yamashita, Executive Director, Arizona AFL-CIO, Phoenix

Arizona's per-pupil funding is one of the lowest in the nation and remains lower than it was before the Great Recession.

Our counselor-to-student ratio is the worst in the country.

Average class sizes in our state are at record high levels.

There were more than 1,800 unfilled teaching positions at the start of the 2019-2020 school year, and many remained vacant throughout that time.

Arizona spends \$800M less on education than it did a decade ago.

These facts are unacceptable, and they must change.

Please join the Alhambra School District Education Association (ADEA) in fully supporting the Invest in Education Act. This initiative will create a permanent and sustainable revenue stream for our schools, and help our children and educators have the resources they need to succeed.

It's time for the voters to do what our legislators would not: Fully Fund Our Public Schools. The children of Arizona deserve no less.

Sunny Martin, PAC Chair, Alhambra School District Education Association, Scottsdale and Lisa Elliot, President, Alhambra School District Education Association, Surprise
Sponsored by Alhambra School District Education Association

Quality education is important to the families in our communities. We want a quality education for our children because we know they are the future of our community.

This measure supports children by providing a stable funding source for our public schools. Our state legislature has made over a generation of cuts to school funding, as we have seen the worst teacher shortage in history, rising class sizes, and valuable school programs and services eliminated. The Invest in Education Act will help to restore education funding and protect education funding for the future and give all students the opportunity to succeed in school. Specifically, this will help Flowing Wells attract new teachers and retain successful teachers, provide more technology and counseling resources, and address the needs of our Special Education student population.

This measure will bring in millions of valuable dollars to local school districts and ensure that our children's schools are adequately funded. With this measure, we can give our local school districts the resources to succeed and we can provide a quality public education to our children.

I urge you to vote YES on the Invest in Education Act.

Mario Ruiz, President, Flowing Wells Education Association, Tucson

I'm well over retirement age and I have never yet seen money voted for education go to the teachers. They way the bill was drafted there is no accountability on how the money will be spent by each district and no guarantee that any teacher or peripheral staff will ever see any of this money in a paycheck. Ask yourself, "How many times have I voted for an education bill?" Then why are our teachers so poorly paid?

Pat Lister, Mesa
Sponsored by Arizona Free Enterprise Club

The students of Arizona deserve the best education possible. You can support those students and the future of Arizona by supporting the Invest in Education Act. A decade of cuts to education funding have hit hardest on our state's most vulnerable population – our children.

Students succeed when class sizes are lower, when they have one-on-one support from a dedicated certified educator in the classroom, and when they have dedicated support staff in their schools. With cuts to school funding, we've seen the worst teacher shortage in history, rising class sizes, and valuable school programs and services eliminated. The Invest in Education Act will protect education funding giving all students the opportunity to succeed in school.

This initiative will help our children and educators have the resources they need to succeed.

We urge you to vote YES on the Invest in Education Act.

The Mesa Education Association

Joshua Buckley, President, Mesa Education Association, Gilbert

Support our students in Arizona by supporting the Invest in Education Act. For years Arizona has continued to cut funding for our schools. Educators, and education advocates, have been on the front lines fighting for our students. It's time Arizona invests in our kids. We need to make sure that there is protected money, so our kids can thrive during their educational journey.

Arizona has experienced a negative impact on our education system. We are experiencing teacher shortages, cuts in the arts programs, less support help like nurses, counselors, and paraprofessionals, all things which hurt our children. We have run down buildings, outdated textbooks, and technology.

This initiative will greatly help our students. I urge you to vote Yes on the Invest in Education Act

Heather Ayres, President of the Isaac District Education Association, Isaac District Education Association, Phoenix

The Invest in Education Act will restore critical funding for education so that our children can be provided with the quality education they need and deserve.

With cuts to school funding, class sizes have increased and valuable school programs and services have been eliminated. Over 1,000 classrooms do not have a qualified certified teacher.

The Invest in Education Act will help our children have the resources they need to succeed. There will be money to lower class sizes and have certified teachers in all our classrooms. There will be money to hire school nurses, counselors, and other specialists to address students' particular needs.

An investment in education is an investment in the future. Quality education is critical to producing a skilled workforce. Moreover, increased educational attainment will permit students to move up the economic ladder, resulting in increased spending and economic growth.

We must invest in our children now for a strong, vibrant Arizona.

Show our students that we value them by protecting the funding needed for the quality education they deserve.

We urge you to vote YES on the Invest in Education Act.

Patrick H Castro, President, Roosevelt Education Association, Chandler

Sponsored by Roosevelt Education Association

The Arizona Interfaith Network (AIN) urges your support for Proposition 208: The Invest in Education Act. It provides an enduring investment in Arizona's students, our most valuable asset.

Now more than ever, our public schools, a cornerstone for our communities, need our support. Our Arizona students, parents, and teachers have become all too familiar with overcrowded classrooms, decrepit buildings, outdated textbooks, lack of classroom materials, and the loss of art, music and other enrichment programs. Especially alarming are the numbers of teachers moving to other states or leaving teaching altogether because they could not support themselves and their own families. Metrics from a myriad of sources confirm Arizona's low standing in educational investment.

Proposition 208 changes the trajectory after years of frustratingly incremental measures that have failed to adequately repair the damage done to Arizona's schools over decades. Arizona did not restore education spending during the economic recovery, directing spending toward unproven and inequitable ventures and leaving both critical supplies and the support staff that teachers need unfunded.

With "Invest in Education," voters can establish a sustainable stream of funds, from an income tax surcharge, helping to bring balance to the patchwork of taxes that fund education. The money raised would be used only for teacher salaries, salaries for the personnel who support students and teachers, teacher mentoring and retention programs, career and technical education and Arizona Teachers Academy scholarships.

Arizonans understand the importance of well-funded public education, and they know the value of investing in the state's future. This initiative allows voters to act on those convictions. AIN encourages a YES vote on the Invest in Education Act.

Monica Dorcey, President, Arizona Interfaith Network, El Mirage; The Rev. Martha Seaman, Boardmember, Arizona Interfaith Network, Scottsdale; and The Rev. Leah Sandwell-Weiss, Boardmember, Arizona Interfaith Network, Scottsdale
Sponsored by Smart and Safe Arizona

As a kindergarten teacher heading into her 23rd year in an Arizona classroom, I understand without question the importance of Invest in Education. Due to continued cuts to education over the past 12 years, Arizona has one of the highest class size averages in the nation. In fact, in my kindergarten classroom, I can have up to 29 students before I receive any assistance. When faced with large class sizes like mine, it is difficult to provide individualized instruction and build relationships with students, which is unacceptable.

Not only can Invest in Education give school districts like mine an opportunity to lower class sizes so all students have individual needs met, it will provide the opportunity to have a certified teacher in every classroom. Arizona currently has over 1,800 classrooms without a certified teacher, our students deserve better than a revolving door of substitutes; they deserve a quality education. We have been facing a teacher shortage for the past several years due to abysmal pay for years; Invest in Education will provide the funding to pay educators the salary they deserve and fill those empty classroom for our students so they all have the opportunity to learn and succeed.

My students have incurred cut after cut to their classrooms for decades. My students, and every student in this state, deserves better. Students not only deserve a certified teacher in every classroom, they deserve access to counselors, social workers, specialists of every type, nurses, bus drivers, librarians, a maintenance staff on every campus so students can learn in a clean and safe environment. My students, and every student across Arizona DESERVES BETTER.

Arizona students and schools deserve a YES vote on Invest in Education.

Kelley Fisher, Kindergarten Teacher, Deer Valley Unified School District

Kelley Fisher, Kindergarten Teacher Deer Valley Unified School, Sun City

I urge you to vote YES on Proposition 208 - the Invest in Education Act.

Arizona is facing unprecedented times. We have watched as our way of life has fluctuated to meet the new needs of our changing economy and societal values. The recent events that began as a crisis are now becoming an opportunity to rebuild our society, including our public education system.

The Stay Healthy, Return Smarter, Return Stronger message from our Governor applies to our public schools. This recent Arizona crisis comes at a time when public schools have already been in financial crisis since 2008; recent events are making the funding crisis even more devastating. The legislature, while making some adjustments to public school funding, has been unable to meet the needs of Arizona's children and future workforce.

In most business sectors, the adaptation to new business models have received government funding and assistance, while public schools have not. They remain underfunded and struggling to find ways to financially adapt to meet public education's previous needs, and now must look at how to fund new needs addressing safety and learning. Proposition 208 will help meet those needs of Arizona's children by creating protected, dedicated funding for public schools. The projected \$690M that will go into public education funding certified, paraprofessional and teacher mentoring will allow us, the professional educators of Arizona, to do the work of providing every child with the education they need and deserve.

Amber Franco, President, Gilbert Education Association, Mesa

The Invest in Education citizen's initiative will make sure everyone pays their fair share so that Arizona students have the schools they deserve. This initiative will protect \$940 million new dollars for public education funding. This permanent and sustainable revenue will be used for teacher salary increases, reducing class size, and making sure students have access to nurses, counselors, and other support staff who are critical to student success.

Since 1892, Arizona Education Association has been the voice and advocate for public school students, staff, and teachers throughout the state.

As educators, Arizona's students are at the center of everything we do. As trained professionals, we always do what is best for our students and schools. We know that our students need one-on-one attention, up-to-date textbooks, and well-maintained buildings with working air conditioning.

We know that to succeed, students need to have the schools they deserve.

A look inside Arizona's schools reveals legislative neglect years in the making—outdated textbooks held together by rubber bands, rodent-infested classrooms, broken down technology, and more. Class sizes are increasing, classrooms are stocked with obsolete resources, and school conditions have deteriorated.

The COVID-19 crisis has devastated Arizona's working families and widened the inequities. Now, more than ever, we must protect school funding so that every child has the opportunity to learn in a safe and healthy school.

The path forward is to take matters into our own hands. That's why hundreds of educators hit the streets during the hot summer months to collect enough signatures to get the Invest in Education initiative on the ballot.

The AEA requests that you stand with our students and educators and vote yes on the Invest in Education Initiative.

Joe Thomas, President, Arizona Education Association, Gilbert; Marisol Garcia, Vice President, Arizona Education Association, Phoenix; and Angela Philpot, Treasurer, Arizona Education Association, Mesa
Sponsored by Arizona Education Association

I strongly support the Invest in Education Act. By improving the quality, accessibility and diversity of education for our students, we empower their lives and create positive outcomes for our entire community.

As a public school employee for more than 30 years and leader of the Mesa Education Support Professionals Association, I've witnessed how the lack of school funding adversely impacts learning. Today, Arizona's per-pupil funding remains the lowest in the nation, and state class sizes are at record levels. The Invest in Education Act bridges the gap created when the legislature made permanent cuts during a temporary recession. The most effective way to reduce poverty and crime while improving prosperity for our economy and workforce is through robust public education.

Please vote yes on the Invest in Education Act. Give our students and the professionals who support them the funding needed to accomplish our mission and serve our students.

Frank Hunter, President, Mesa Education Support Professional Association, Tempe

As a teacher in the great state of Arizona, I strongly urge you to support the Invest in Education Act.

Education is important to the families in our communities. We want a strong, quality education for our children because we know they are the future of our community.

This measure supports working class families by providing a stable funding source for our public schools. We know that a quality education means a better chance for our children to go to college and thrive in a fruitful workforce.

Our state legislature has been cutting funds to public education year after year and it has to stop now. This measure is a way for the people to take responsibility for funding schools into our own hands and ensuring that our children's schools are adequately funded.

I'm tired of my students receiving the short end of the stick. I'm tired of seeing my colleagues leaving the profession. I'm tired of education not being properly funded in our state.

It's time to change the narrative. It's time to support Arizona's future.

It's time to Invest in Education.

Vote YES for the Invest in Education Act.

Jay Barbuto, Teacher and Co-President, Phoenix Elementary Classroom Teachers Association (PECTA), Tempe

While we cannot guarantee what the future will hold, we can stabilize public education funding for the children of Arizona by restoring past cuts and protecting future funding. It is imperative that we restore public education funding. Our students cannot wait.

In Chandler, Proposition 208 (the Invest in Education Act) will allow for the hiring of more specialized educators to provide necessary interventions at an early age. These early interventions will promote greater academic success and save thousands of dollars over the course of a student's career.

The time is right for just such a measure. School closures and the shift to distance learning during the COVID-19 outbreak laid bare the inadequacies and inequities of our current public education funding system. We have the opportunity to rebuild a stronger Arizona if we have the courage to make this small, fair change and protect school funding. In the process, we will secure future jobs by preparing our students for the workforce. We will create opportunities in career and technical education, a field that has long been underfunded and undervalued. During these difficult times, we have seen the need for the restoration of these programs.

We urge you to vote YES on Prop 208 to protect our current students and generations of Arizona students to come.

Chandler Education Association Executive Board

Katie Nash, President, Chandler Education Association, San Tan Valley

The Invest in Education Act is just that... an investment in education funding. Students in Arizona's schools today, across all grade levels, have never experienced a fully funded classroom.

The success of the Invest in Education Act will be a game changer for our students because it will ensure that we can retain qualified educators. Data supports that the most effective tool in the classroom is not technology, materials, or programs, it is our educators. These professionals working with our students every day need to stay in our schools in our diverse Marana community.

Teacher retention in Arizona ranks among some of the lowest in the country. They are leaving the profession daily due to inadequate pay and lack of resources, including competitive salary for education support professionals. In addition, class sizes in Arizona are the largest in the nation. This leaves many teachers with class sizes in the thirties and higher.

This act will address these needs and more. The Invest in Education Act is an investment in our students, our teachers, and the future of Arizona.

We urge you to vote YES on the Invest in Education Act!!

Sandra Faulk
President - Marana Education Association

Sandra Faulk, President, Marana Education Association, Tucson

The Arizona Interfaith Network (AIN) urges your support for Proposition 208: The Invest in Education Act. It provides an enduring investment in Arizona's students, our most valuable asset.

Now more than ever, our public schools, a cornerstone for our communities, need our support. Our Arizona students, parents, and teachers have become all too familiar with overcrowded classrooms, decrepit buildings, outdated textbooks, lack of classroom materials, and the loss of art, music and other enrichment programs. Especially alarming are the numbers of teachers moving to other states or leaving teaching altogether because they could not support themselves and their own families. Metrics from a myriad of sources confirm Arizona's low standing in educational investment.

Proposition 208 changes the trajectory after years of frustratingly incremental measures that have failed to adequately repair the damage done to Arizona's schools over decades. Arizona did not restore education spending during the economic recovery, directing spending toward unproven and inequitable ventures and leaving both critical supplies and the support staff that teachers need unfunded.

With "Invest in Education," voters can establish a sustainable stream of funds, from an income tax surcharge, helping to bring balance to the patchwork of taxes that fund education. The money raised would be used only for teacher salaries, salaries for the personnel who support students and teachers, teacher mentoring and retention programs, career and technical education and Arizona Teachers Academy scholarships.

Arizonans understand the importance of well-funded public education, and they know the value of investing in the state's future. This initiative allows voters to act on those convictions.

AIN encourages a YES vote on the Invest in Education Act.

The Rev. Martha Seaman
The Rev. Leah Sandwell-Weiss
Monica Dorcey, President

Monica Dorcey, President, Arizona Interfaith Network, El Mirage; The Rev. Martha Seaman, Director, Arizona Interfaith Network, Scottsdale; and The Rev. Leah Sandwell-Weiss, Member, Arizona Interfaith Network, Tucson
Sponsored by Arizona Interfaith Network

Everybody benefits from an educated society. That is why it is so important that we make an early investment in our future by funding education for our children through the Invest in Education Act.

For more than a decade, Arizona has seen drastic cuts to K-12 education funding. It is time we restore that funding so that all children can succeed in the classroom. Additional funding would allow for smaller class sizes and increased teacher retention. It would also allow for dedicated school nurses, counselors, and support staff at each school so that every child can access the services they need.

As a community, we have the chance to provide this education for our students now. It is time to restore funding to our classrooms.

A vote for the Invest in Education Act is a vote for a better Arizona.

Lisa Love, Vice President, Washington District Education Association, Phoenix

In the twelve years since the great recession of 2008, Educators in Arizona have been working with our state lawmakers and the governor's office to bring back the funding that was cut. It took a teacher walk out after waiting for a decade to push this issue to the forefront and make some progress in 2018. However, we have not restored all funding to at least 2008 levels. Arizona's CURRENT students are FUNDED LESS THAN the students of 12 YEARS AGO.

Tempe Union needs a dedicated source of funding that is immune to tinkering by the state legislature. The Invest in Education Act, Prop 208 is that funding source. It will provide Tempe Union High Schools with much needed revenue to reduce class sizes, restore resources that provide social-emotional support for our students, and bring back vital support positions that have disappeared over the last decade.

An entire generation of Arizona students suffered through funding cuts and we just can't afford to wait any longer. NOW is the time for smaller class sizes. NOW is the time to pay certified teachers a professional salary. NOW is the time for all Arizona students to have access to a qualified school nurse, counselor, librarian, and support staff who keep them safe and healthy. NOW is the time to fully restore education funding. NOW is the time for INVESTinEd.

The Tempe Secondary Education Association urges you to vote YES for the Invest in Education Act.

Steve Adams, TSEA co-president, Tempe Secondary Education Association, Phoenix and Kim McElwain, TSEA co-president, Tempe Secondary Education Association, Chandler

Now more than ever, Arizona students need our help to restore and protect education funding. Invest in Education is a solution that will provide permanent funding for K-12 public education. It will expand programs for high school students looking to pursue career and technical education avenues, bring more highly qualified teachers to Arizona classrooms and help keep them there, and canNOT be subjected to supplanting or reduction by the Arizona Legislature.

In early March, 1,800 yard signs decorated the lawn outside the Capitol to represent the 1,800 classrooms in Arizona that are without highly qualified teachers. Our students deserve better!

Moreover, schools cannot safely function without nurses, counselors, bus drivers, instructional aids, and nutritional service workers. It is not too much to ask that we offer our professional wages for them, so they can afford to feed their families while they take care of ours.

Arizona needs to be economically competitive, and this means ensuring that our students - our future workforce - are highly educated. Invest in our students' future and vote YES on Invest in Education!

Carrie Wolf, President, Tempe Elementary Education Association, Tempe
Sponsored by Tempe Elementary Education Association

Deer Valley Education Association supports a YES vote on Invest in Education. We believe that every student must have the opportunity to learn from a certified educator. There were 1,845 unfilled teaching positions at the start of this year across Arizona. Arizona students are walking into classrooms with substitute after substitute, which means a lack of quality education, sometimes for an entire school year. This is unacceptable for our students.

We also firmly believe that students must have access to counselors, social workers, nurses, support staff, vocational education, special education programs and other critical services for our students. The counselor-to-student ratio in Arizona is the highest in the nation and many schools are without counselors at all, especially at the elementary level. Class sizes are at record levels, with averages that are some of the highest in the nation. In Deer Valley, for example, classes from 3rd grade through high school typically have more than 30 students, and frequently, no room to seat them all. Invest in Education would allow districts like Deer Valley to lower class size, which in turn allows educators to more adeptly meet the individual needs of every student in the classroom; it would allow for schools to expand their counselor and other support systems as well, and provide students with every outlet for success. We know the public schools within Deer Valley, and across the state, are the cornerstones of our communities. The members of those communities want strong schools that provide quality education, meet the needs of every student, and prepare them for the future. Invest in Education will do that for our communities. The Deer Valley Education Association urges everyone to support Arizona students by voting YES on Invest in Education.

Kelley Fisher, Vice President, Deer Valley Education Association, Sun City; Harley Killman, President, Deer Valley Education Association, Peoria; Cheryl Heath, Treasurer, Deer Valley Education Association, Peoria; and Hannah Ball, Secretary, Deer Valley Education Association, Peoria

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

Support Arizona’s children and educators, support the Invest in Education Act. After withstanding a decade of deep education cuts, Kyrene’s children and educators are left holding the burden of underfunded schools alongside children and educators across the state.

We have seen teacher shortages and some of the largest class sizes in the last 10 years. We are losing our newest teachers faster than we can recruit and retain new teachers. When funding to education was cut, Kyrene had to cut back on the amount of time our students received for PE, Art, Music, and Library each week. In the last decade, we have lost valuable resources that our children need to achieve academic and social/emotional success. The Invest in Education Act will protect education funding giving Kyrene students the opportunity to succeed in school.

Currently, Kyrene is taking part in equity work for all educators in the district. The funding obtained from the Invest in Education Act would allow Kyrene to continue this important work without the hindrance of inadequate funding. This permanent funding would also positively impact our students with special needs by increasing funding directly related to our instructional assistants allowing for increased staffing.

This initiative will help Kyrene’s children and educators get what they need to succeed in Arizona’s schools. By voting YES, you are strengthening our schools and communities.

Kyrene Education Association urges you to vote YES for our children and educators, vote YES for Arizona, vote YES on the Invest in Education Act.

Kinora Hernandez, President, Kyrene Education Association, Chandler

We all know by now that strong public schools are the backbone of our communities. The COVID pandemic has taught us all a valuable lesson. Times have certainly changed but public school funding has not. During this historic period, we all discovered the depth of the inequities among our districts, sites, and student populations. District responses to try to open access to all students at all levels was exceptional, considering they were working with 4th quarter funding alone. Educators have worked hard to feed and protect our students, recognize and address their trauma from the perils of the ordinary world and now, “during these unprecedented times” we have struggled to keep up with those demands and are forging new paths to deliver education to students with little or no access to technology, switching up lessons to fit the various platforms and still show calm and collected even when we are scared for our own families and colleagues.

Through it all we are asked to “make do” with less and less and of course, being the profession we are, we have summoned up our creativity and courage and done just that. However, everything has a limit and this pandemic has demonstrated to everyone that the continued stretching of public education funding has reached its limit. Our politicians still haven’t restored more than \$800 million in cuts from the last ten years, and thousands of skilled educators can’t afford to stay in the classroom because of low salaries. Through the Invest in ED ONLY the wealthiest making more than \$250k and households making \$501,000, who are still doing well during this crisis, will see a tax increase, and can afford an additional \$35 per year. Our children deserve better and this ballot measure assures their future

Margaret Chaney, President, Tucson Education Association, Tucson

Sierra Vista’s children deserve more! Please support Arizona’s rural children by supporting #InvestinEd, the Invest in Education Act. A decade of cuts to education funding have hit hardest on our state’s most vulnerable population – our children.

Sierra Vista has seen the worst teacher shortage in history, our students have suffered without having qualified teachers in all grade levels. Furthermore, classroom sizes have increased, allowing many of our most vulnerable students to fall through the cracks. Also troubling is the lack of funding for our second language learners which impacts all students. The Invest in Education Act will protect education funding, giving all students the opportunity to succeed in school.

Sierra Vista’s children deserve instruction from a caring and certified teacher in the classroom. They deserve a school nurse, counselor, librarian, and educational school support staff to keep them safe and healthy.

This initiative will help Sierra Vista’s children and educators to have the resources they need to be successful and competitive nationwide.

I urge you to vote YES on the Invest in Education Act.

Brenda Kilmurray, President, Sierra Vista Unified School District, Sierra Vista
Sponsored by Sierra Vista Unified Education Association

I support Invest in Ed because having strong neighborhood public schools is key to building stronger communities and an economy that works for all Arizonans. A strong public education system empowers more Arizonans with the skills they need to move up the economic ladder. No state in the country cut more from public education between 2008 and 2014 than Arizona -- and our schools are feeling the impact through teacher shortages, overcrowded classrooms, outdated classroom resources, and unsafe school buildings.

Invest in Ed will put \$940 million in new funding into Arizona classrooms each year – and it’s funding the legislature can’t touch! The revenue will be raised by increasing the state income taxes on the wealthiest 4 percent in Arizona. It is a solution that makes sense, especially when you consider that the wealthiest 1 percent received 27% of all of the Trump federal tax cuts (an average of \$47,940). If we pass Invest in Ed, Arizona students will get the resources they need to succeed in the classroom and we’ll have paid for it in a fair way. Join me in voting YES on Prop 208!

Ruben Gallego, Congressman, Gallego for Arizona, Phoenix

If Arizona hopes to compete in the regional and national marketplace of the future, a dramatic investment in our public education system is long overdue. Strong public schools are the centerpiece of safe and desirable neighborhoods, the foundation of local entrepreneurship, small business and corporate growth. No fewer than 95% of Arizona students attend public schools and yet as of 2020, our state is in the bottom five nationally for teacher pay and per-pupil investment with the nation’s second-largest class sizes. These are all issues that make Arizona students and communities less competitive compared to our regional neighbors. In a state that has spent nearly \$200 million to date subsidizing private schools, it is long past time for us to invest in the public schools producing the vast majority of our future nurses, mechanics, artists, business owners, engineers and more. Arizona needs a significant investment in our public schools and the Invest in Education act is the first impactful step towards making that investment - for our schools, our communities, our economy and our state.

Beth Lewis, Cofounder and director, Save Our Schools Arizona, Chandler and Dawn Penich-Thacker, Cofounder and spokesperson, Save Our Schools Arizona, Tempe

The Osborn Education Association (OEA) is asking you to vote YES on proposition 208 Invest in Education! OEA aims to improve learning and working conditions in our local public schools. Arizona ranks amongst the worst for overcrowded classrooms, is last in counselor to teacher ratio, and ended the school year with over 1,800 teacher positions unfilled. The coronavirus pandemic only exacerbates the urgent need to solve the teacher retention crisis, lower class sizes, and offer the social emotional support our children need.

We are urging you to vote YES on Invest in Education because it will restore the funding our students and educators have missed out on for over 10 years. Educators, parents and students have written, called and met with lawmakers to share our stories: classrooms lacking basic supplies, schools without nurses and teachers who feel they have no choice but to walk away from a profession they love. Since there has not been enough political will to restore funds to our public schools, educators have worked tirelessly the past two years to get Invest in Education on the ballot. Educators have spent evenings, weekends and summers knocking on doors, collecting signatures and hearing from you: parents, voters and community members. Education is your priority, too!

Help us Invest in Education by voting YES on Proposition 208, so we can provide the quality education every Arizona

child deserves, but don't stop there! Continue to be an advocate for our public schools by attending your local school board meetings and commenting on education bills proposed at the legislature. Together, we can create a public education system worthy of our students and educators.

Alexis Aguirre, OEA Political Chair, Osborn Education Association, Phoenix

Arizona spends \$800M less on education than it did a decade ago. As a result, our schools are experiencing teacher shortages, historically high class sizes, the worst counselor to student ratio in the country and lack of access to infrastructure and one to one technology. All of these issues adversely affect our rural schools more severely because of the inequitable funding formula for Arizona schools.

Every child in Arizona deserves a certified, highly qualified teacher and fairly compensated paraprofessionals. Invest In Ed creates new, voter-protected funds that can only be spent on education and can't be touched by politicians. This measure will improve schools by investing in teachers, support staff, vocational education and job training.

We must do all that we can to create schools that our kids deserve. We urge a YES vote for Invest In Ed.

Amy Bowser, Teacher and President, Humboldt Education Association, Prescott Valley; Katie Taylor, Teacher and Vice President, Humboldt Education Association, Prescott Valley; Marissa Busk, Teacher and Secretary, Humboldt Education Association, Prescott Valley; and Lisa Groves, Teacher and Treasurer, Humboldt Education Association, Dewey

I'm graduating high school in 2021 and I have spent my entire life in one of the worst funded educational systems in the country. Here's what that means:

In elementary school, we would have one teacher start the school year and another teacher would finish it. Sometimes it got to the point of having three teachers in the same year. We had going away parties often.

In middle school, we would only be able to use a certain amount of tissues or pieces of paper from the teacher. And when I got to high school, it got a lot worse.

It is not normal that bringing in supplies for teachers will get us 100 extra credit points.

It is not normal that when our teacher runs out of dry erase markers, we have to stop class and ask the teacher next door to spare one.

It is not normal to have teachers tell us that they spend countless hours and pennies buying supplies themselves, so they don't run out. This is not normal.

The money that our teachers are spending to keep supplies in their classrooms, is coming from the money they work for.

They aren't getting repaid for it. And teachers aren't being paid enough to begin with. Nobody I know is going to college to be a teacher. Everyone is aware how little they get paid.

The work teachers are doing is some of the most important work in the world. Teachers create adults and we are failing to pay them for the hours of effort they are putting in to create the best, most well-rounded, and smartest adults they can. Voters have to fix this. Please vote yes on Invest In Education.

Jocelynn Pearson, Student, Arcadia High School, Phoenix



ARGUMENTS “AGAINST” PROPOSITION 208

Proposition 208: Invest in Education Act

CREED OPPOSED TO PROP 208

Commercial Real-estate Executives for Economic Development (CREED) which is a consortium of property owners across multiple sectors that represent 5,000+ small business tenants and 70M+ square feet of Arizona property, is OPPOSED to the so-called “Invest in Education” Proposition for the following key reasons:

1. It would significantly increase Arizona’s income tax burden which would place our State’s top bracket with the surcharge in the top ten in the country and be among the LARGEST permanent tax increases in Arizona history which will HARM our continued economic recovery in the throes of COVID19;
2. The tax increase is UNFAIR for small business owners who file as individuals as the top rate plus the surcharge is much higher than the top corporate income tax rate. This will harm small business job creation and drive these jobs and capital investments to other states like Texas; and
3. Will NOT accomplish getting more money in the classroom as the proposition includes little to NO reforms or accountability on how YOUR tax money will be spent.

PLEASE OPPOSE THE SO-CALLED “INVEST IN EDUCATION ACT” AS IT DOES NOT ACCOMPLISH EFFECTIVE INVESTMENT; IS UNFAIR TO SMALL BUSINESSES; AND WILL HARM OUR STATE ECONOMY ALONG WITH JOB CREATION AS WE ARE STRUGGLING WITH THE PANDEMIC.

Timothy Lawless, President, CREED, Phoenix

Timothy Lawless, President, CREED, Phoenix

//////////ATRA OPPOSES MASSIVE INCOME TAX HIKE//////////

This Increase Damages an Effective Tax

Arizona’s low individual income tax rates have served Arizona well. Our rates are low enough to be both regionally and nationally competitive, encouraging economic growth in Arizona as well as attracting new residents and businesses. Correspondingly, Arizona’s income tax produces a massive sum of tax revenue, roughly \$5 billion per year, which fund necessary government services. It provides 1/3 of state general fund revenues alone! Upturning this effective system with an 80% increase to the top marginal rate permanently changes Arizona’s framework from “low cost, high growth” to “high tax, steer clear.” In one shot, it crushes Arizona’s reputation as friendly to small business. It signals to businesses everywhere that Arizona has an unreliable tax climate and is not suitable for investment.

Rolling Arizona Back to a High Tax State Will Reverse Economic Progress

Arizona’s income tax produced 185% more revenue in 2019 than it did in 1991, adjusted for inflation, roughly double Arizona’s population growth. This occurred despite lowering rates 35%.

This is NOT How You Fund Schools

If the policy goal is to increase money for K-12, this is not a prudent path. Strong economic growth has produced the revenue to fund the 20% teacher pay increase (\$600M+ alone) and other K-12 increases. Damaging Arizona’s economy will not help K-12 in the long run. Moreover, the top tax bracket is the most volatile, as it depends on business profits and capital gains. During recessions, this fund will plummet, shorting teachers and creating pressure for tax increases elsewhere.

Funding public schools is a mandatory requirement of the State and the financial burden should be an obligation of all Arizonans. Isolating K-12 pay increases on less than 2% of filers is awful public policy and should be rejected.

Kevin McCarthy, President, Arizona Tax Research Association, Gilbert

The effort to destroy Arizona's increasingly fragile economy is in full force with the so-called "Invest in Education Act." Funded almost exclusively by out-of-state interests, the measure's primary purpose seems to be nothing more than to make Arizona as unpleasant of a place to live as California. And it does so by relying on the most volatile and regressive of revenue streams: the income tax.

In fact, the act not only DOUBLES the income tax on tens of thousands of Arizona families, but also on our small businesses. Considering the massive hit businesses have already taken during the coronavirus pandemic, it is simply unconscionable to turn around now and impose the largest tax increase in Arizona's history.

While it purports to be helping our teachers, the reality is that very little of the taxpayer funds raised by this measure will end up in the pockets of educators. Rather, the bulk of the funds go to "support personnel" and new programs that have little to do with educating students. In fact, there is literally nothing in the measure to ensure that the funds are spent in a way to actually improve education in our state.

The passage of this act would result in Arizona having one of the least competitive tax codes in the country. It would also cause irreparable damage to our economy, driving people to more family-friendly states.

During these difficult times, our focus should be on building our economy back up and ensuring Arizona's students get the best education possible. This measure, designed and funded by people who don't even live in our state, fails badly on both of those counts. Vote NO on Prop 208

Victor Riches, President & CEO, Goldwater Institute, Phoenix

The Arizona Chamber of Commerce and Industry strongly urges you to vote no on Proposition 208.

Arizona's economy is not immune to the consequences of the pandemic. As the state begins its safe reopening, we face a double-digit unemployment rate and record-level jobless claims. If Proposition 208 passes, it will do tremendous damage to our economic recovery, and especially to our small businesses.

Many small business owners file their business taxes through pass-through entities accounted for in the personal income tax code; they'll be hit hard. Arizona has boasted high rates of entrepreneurial activity for years compared to other states. But this initiative will mean reduced growth for existing small businesses, and fewer new small businesses. The opportunity for small businesses to grow from within will be severely jeopardized.

The proponents of the initiative claim their plan will help teachers. It won't. By tying teacher pay to highly volatile tax revenues, we would be placing their funding at tremendous risk. Teachers and staff would have no assurance that compensation from this source would be available year to year or business cycle to business cycle.

Arizona businesses value teachers. They are preparing our most precious resource for our shared future. They have earned the 20% raise that takes full effect with the start of the new school year. We all want to improve teacher pay, but this attempt is dangerous.

If it were to pass, the highest income tax rate for the affected taxpayers would increase by a whopping 78%, dramatically undermining Arizona's ability to grow jobs when we need them most. Arizona's economy can thrive again, but we'll need policies to spur job growth.

We urge you to vote no on Proposition 208. It will hurt teachers and it will hurt small businesses.

Glenn Hamer, President & CEO, Arizona Chamber of Commerce and Industry, Scottsdale

Sponsored by Arizona Chamber of Commerce and Industry

This ballot measure represents a near doubling of Arizona’s income tax rate. Worse, it especially hits small businesses, who will bear an unfair burden from it.

Right now, Arizona’s small businesses are recovering from the economic harm done by the COVID pandemic. And yet this tax increase would have small businesses – many of which pay based on personal tax rates – paying substantially more than Arizona’s largest corporations, which pay a lower corporate rate. How does that make sense?

It doesn’t.

This tax increase is estimated to cost taxpayers around \$1 billion annually. That’s a whopping amount, especially considering that our economy is recovering from recession and high unemployment.

There’s no guarantee how much of this money will actually reach teachers. Normally when there’s a huge tax increase we know for certain what the money will be spent on. In this case, most of the money can be spent outside the classroom, which would be terribly wasteful.

Arizona’s K-12 education needs more money. There is little debate about that. The key is to ensure it is spent in ways that benefit children and teachers, and not bureaucracy and overhead.

This ballot measure isn’t the answer. It will do more harm than good to small businesses; will raise less money than promised; and will result in more waste in our education system, not less.

Arizona’s small business owners have sacrificed a lot this year. They have fought through the challenges of COVID-19, working hard to keep their doors open and protect the health and safety of their employees and their customers. They deserve our thanks, not a massive tax increase.

We can do better than this ballot measure. Please join me in voting “NO” on this crippling tax increase.

Doug Ducey, Governor, State of Arizona, Phoenix

Sponsored by Arizonans for Strong Leadership

Education is the top priority for the Southern Arizona Leadership Council. As a business organization we believe that by supporting our entire P-20 education system we could create a world-class workforce, build a vibrant economy, and increase prosperity for all. However, SALC cannot support Prop 208. Prop 208 is too narrow in scope to make an impact while using a tax scheme that will thwart economic development.

This initiative fails to provide funding for early childhood education, our community colleges, and our universities. According to the Arizona Education Progress Meter seventy-nine percent of Arizona’s three and four-year old children are not in quality early learning settings. Investing in early childhood education increases educational attainment which is the key to a skilled workforce that attracts new businesses and jobs to our state and leads to greater economic growth. This proposal ignores our higher education institutions, our universities and community colleges, and does not address their funding shortfall at such a critical juncture while facing challenges posed by the pandemic.

The districts in Arizona have many different and varying needs. Some need teachers, some need to invest in the classrooms and others require capital. The funds from Prop 208 will not be under local control to invest. The funding goes almost entirely to salaries, regardless of the needs of the schools or their students.

Raising income taxes on a small portion of Arizona’s taxpayers is not a fair, balanced way to fund education which is a shared responsibility. Additionally, it will hamper Arizona’s ability to grow our economy. While advocates of this measure present it as a pro-business strategy, their plan to tax the most mobile taxpayers who can easily take their business and taxes elsewhere will backfire on our state. SALC strongly urges you to vote No on Prop 208.

Edward Maxwell, President/CEO, Southern Arizona Leadership Council, Tucson

NAIOP Arizona, the commercial real estate association, strongly supports ensuring our public schools have the resources they need to improve academic outcomes and increase the number of highly-skilled individuals. Our industry relies on economic growth, and a strong education system is an important factor in attracting new businesses to Arizona.

However, NAIOP Arizona opposes the proposed “Invest in Education Act” because it would damage the competitive tax and economic environment Arizona has worked so hard to build.

Of particular concern is the impact this initiative would have on small businesses, most of which file taxes under the individual income tax code. The proponents of this initiative assert that wealthy individuals will be the ones paying this tax. The reality is that small businesses will bear a heavy share of the increased tax payments.

Small businesses are still struggling to recover from the devastating impact of COVID-19 related closures. Many small businesses laid off employees and incurred unanticipated expenses to reengineer their operations to protect the health of customers and remaining workers. The last thing they need now is an increase in taxes.

The benefits of a well-educated workforce are broadly shared by our entire community. Unfortunately, the funding mechanism used by this initiative is the exact opposite. It singles out a small sliver of taxpayers under the pretense that most Arizonans will be unaffected. This is misleading. Small businesses are the backbone of our economy and have suffered unprecedented losses due to the COVID-19 pandemic.

Simply put, this is not the right time for a tax increase. Instead, this is the time to focus on regrowth. Arizona was among the leading states in the nation for job growth before the pandemic. Recovery and growth should be our focus. This will lead to improved state revenues and resources for our schools.

Suzanne Kinney, President and CEO, Arizona Chapter of NAIOP, Phoenix

The Greater Phoenix Chamber opposes the “Invest in Education Act.”

The proposed initiative would enact a 3.5% surcharge on incomes over \$250,000 (individuals) and \$500,000 (households). As we battle the COVID-19 pandemic, there is a critical need to grow Arizona’s economy and remain competitive in business attraction and economic development. This initiative will significantly harm this ability and pose serious threats to the business community’s recovery.

Proponents of the measure developed the initiative without serious consultation from businesses. Even with additional drafting from the previous cycle’s initiative and guidance suggested by the business community, details are lacking on several items including:

- Negative repercussions on small business
- Revenue projections and volatility of the tax collections
- Rationale for doubling the income tax rates
- Exclusion of higher education

The business community’s largest concern is that this intended “tax the rich” proposal will result in significant tax hikes for small businesses that pay taxes through the individual income tax. Small businesses are Arizona’s core DNA, creating hundreds of thousands of jobs. Arizona’s small businesses are already struggling in the wake of the COVID-19 pandemic; this tax increase will further hinder their efforts to stabilize and will significantly harm efforts to grow our economy.

The business community recognizes the importance of education funding, however we need to look at a holistic P-20 approach to funding. This initiative excludes community colleges and universities which are drivers of workforce development and economic activity in communities across the state. The conversation of increased education funding is not over, however, this initiative does not evaluate education funding in a holistic manner that will move us forward.

On behalf of our 2,400 business members and their hard-working employees, we urge you to join us in voting NO.

Todd Sanders, President & CEO, Greater Phoenix Chamber, Phoenix

Sponsored by Greater Phoenix Chamber

Arizona's small business owners urge you to vote 'no' on Proposition 208.

Raising taxes on small businesses during an economic recession is just wrongheaded. While Proposition 208 asks you to raise income taxes on individuals, the people this proposition will really hurt are small businesses. Small businesses employ nearly one half of all working Arizonans. For most of these mom-and-pop shops, employee payroll is the largest expense. When faced with an 80% tax increase on their business income, owners will have no other choice but to cut staff to make ends meet. This increased tax will be on top of the losses many businesses incurred from government-imposed COVID-19 lockdowns. Arizona is a small business state. A place where new businesses startup and other businesses aspire to locate. Our state's competitive tax rates help attract business investment. Investments that include jobs for working Arizonans. The drastic tax increase in Prop 208 will reduce opportunity for Arizonans by cutting off the flow of new businesses and better jobs. Further, supporters of this measure claim to want a reliable source of revenue for school funding. That's not what you will get if you vote for this proposition. This proposition seeks to impose a new top tax bracket. History proves that this source of revenue is the most unreliable. It is the first revenue source to decrease during any economic downturn. So instead of helping teachers during times of economic need, the dollars will disappear—leaving Arizona's schools hanging out to dry.

Arizona's small business owners rely on a good education system to educate tomorrow's workers. We don't need an education system funded by a flimsy, wrongheaded policy that will kill jobs and destabilize our schools at the same time. Vote 'no' on Prop 208.

Chad Heinrich, State Director, National Federation of Independent Business, Phoenix

Sponsored by National Federation of Independent Business

INVEST IN EDUCATION (Proposition 208)

Vote NO on Proposition 208. It will make our economic recovery more difficult, and it won't help teachers.

The Arizona Small Business Association recognizes the importance of education and even supported the Red of Ed movement and the 20% pay raise by 2020 initiative from Governor Ducey. However, the Invest in Ed initiative puts all the burden squarely on the backs of individuals and small businesses while giving a free pass to corporations.

Because small businesses file taxes on the individual portion of the tax code, Proposition 208 will increase taxes by nearly 80% and create a huge burden for small businesses who are already struggling in the wake of the COVID-19 pandemic. If Proposition 208 passes, it will be the nail in the coffin for many of us. No more hiring, no expansion, no recovery, and less tax dollars for Arizona's teachers.

The greatest beneficiary to a properly funded educational system are corporations who recruit employees to Arizona because of high performing schools and the quality of life. Creating a tax that targets only a portion of the taxpayers is patently unfair and creates a slippery slope for future initiatives.

This is not the time to be implementing a tax increase as Arizona attempts to emerge from the COVID-19 pandemic where we have experienced double-digit unemployment and record-high jobless claims.

Arizona has prided itself on being highly competitive on a national stage because of our business-friendly environment. This

initiative will make Arizona less competitive with other states and significantly harm the ability to grow our economy.

This small business tax is a tax on the state's recovery. It won't help teachers. Vote NO on Proposition 208.

Jess Roman, Chief Executive Officer, Arizona Small Business Association (ASBA), Phoenix

I wish to voice opposition to the proposed Proposition 208.

Upon review of the proposed proposition I find it lacks accountability on how the additional tax dollars will be spent. Resulting in none of the proposed tax money being required to be spent in the classroom.

Todd Hoffman, Phoenix

Sponsored by Arizona Free Enterprise Club

The Arizona Lodging & Tourism Association represents a diverse and broad alliance of businesses across the state – more than 95,000 guest rooms statewide and members, inclusive of world-class resorts, hotels, sports teams and tourism venues, airlines, attractions, arts, culture, culinary and hundreds of businesses that supply goods and services to these entities – and we stand united in opposition to Proposition 208.

A growing economy has delivered increased business activity and visitor volume to our state, resulting in new and sustained job growth and a stronger operating environment. The proposal to double Arizona's top income tax rate would be detrimental to Arizona's economy and is disastrous public policy.

Our industry is known to embrace competition and innovation, and we recognize how much damage this initiative would do by taking Arizona's top income tax rate to the top 10 highest in the nation. It will diminish our ability to compete to attract vital businesses and travelers.

Becoming a high-tax state would severely harm our industry and the residents and visitors who rely on our properties, attractions, and destinations for jobs and tax revenues. Many of our lodging and tourism small businesses would end up paying higher tax rates than larger corporations.

It is common to hear stories of visitors moving to Arizona or investing in our state after experiencing our quality of life, business-friendly environment, and welcoming climate. That will change if the only state in our region with a higher top income tax rate is California.

Revenues from the tax brackets targeted by this initiative are volatile. Teachers deserve pay that they can count on. We must continue the course of strengthening teacher and staff pay with reliable, sustainable sources.

This proposal is bad for Arizona and bad for tourism. We urge you to vote NO on Proposition 208.

Kim Sabow, President & CEO, Arizona Lodging & Tourism Association, Phoenix

Prop 208 is a radical attempt to impose a new \$1Billion income tax increase by charging a 3.5 percent surcharge on Arizona's small businesses and top income earners. This would have the effect of nearly doubling the top individual income tax bracket. This radical increase would give Arizona the 5th highest income tax rate in the nation, trailing only California, Hawaii, Oregon and Minnesota.

Joining the ranks of the high-income tax states would be a decision that Arizona would quickly come to regret. The evidence is overwhelming—states with a low or no income tax have consistently outperformed high tax states in job creation and economic growth.

It is why for decades Americans have been voting with their feet and moving to states like Arizona with a favorable tax

climate. On net, nearly 1,000 people a day are migrating to low income tax states, while the same number is exiting high tax states. If this initiative passes, we should expect entrepreneurs, high earners and employers to take their jobs and investments elsewhere.

They are also selling their plan on the idea that only the “rich” will pay the tax increase. In reality, small business owners and entrepreneurs will be hammered by the increase since they pay their taxes through the individual tax code.

The impact of the largest tax increase in Arizona history would be catastrophic. It will kill jobs, punish small business owners and send families fleeing to other states. The proponents of this measure might think they are being clever by linking two politically attractive targets—school funding and taxing the “rich”—but we are confident that voters will see through their ploy and reject this divisive initiative if it reaches the ballot.

Scot Mussi, President, Arizona Free Enterprise Club, Gilbert

Invest in Ed Act

The Arizona Manufacturers Council urges you to vote no on Proposition 208.

Manufacturers understand the importance of preparing today’s students for tomorrow’s jobs and have long supported policies that improve school funding and teacher pay. Our modern manufacturing workplaces are becoming more technologically advanced every day. The cutting-edge products we design and produce require a workforce equipped with the ability to keep pace with rapid change and innovation as we compete globally. Arizona’s teachers and schools are essential to preparing our next-generation workforce.

Manufacturing jobs are the kind of desirable, high-paying jobs states compete to attract. Manufacturers in Arizona account for 8.61% of the total output in the state, employing 5.96% of the workforce. Total output from manufacturing was \$29.86 billion in 2018. In addition, there were an average of 170,000 manufacturing employees in Arizona in 2018, with an average annual compensation of \$83,107.09 – nearly double Arizona’s average wage for all other positions.

Many Arizona small businesses and manufacturers are “S Corporations” where the income and losses of the business are reflected on the owners’ individual tax returns. Proposition 208’s dramatic surtax would hit these manufacturers very hard, making other states with lower tax rates more apt to steal these burgeoning job creators away from Arizona. Arizona’s educators can’t afford to lose to other states the funds these businesses provide.

Higher taxes on small businesses would mean slower job growth, a weaker economy, and fewer resources for teachers. A healthier economy is better for manufacturers and better for teachers.

Please join the Arizona Manufacturers Council in voting NO on Proposition 208.

Allison Gilbreath, Executive Director, Arizona Manufacturers Council

Allison Gilbreath, Executive Director, Arizona Manufacturers Council, Phoenix

Sponsored by Arizona Chamber of Commerce and Industry

Taxes are too high now! I want new businesses and companies to move to Arizona to help provide jobs and spread out the tax burden. This initiative will do just the opposite. People are moving out of high-tax states and they won’t be coming to Arizona. Only California, Oregon, Minnesota and Hawaii will have a higher tax rate and they are losing population as we will be.

Jean McGrath, Sun City

Sponsored by Arizona Free Enterprise Club

Once again, the voters are being asked to support a ballot initiative that ostensibly provides money to improve education for Arizona school children. However, nothing in this poorly drafted measure actually provides reforms to improve the level of student performance.

From an economic standpoint, essentially doubling Arizona's income tax rate to 9% by adding a 3.5% surcharge on higher-income individuals and small businesses will stifle Arizona's on-going recovery and drive potential investors to other states with lower rates. Additionally, if passed Prop 208 will permanently lock in this onerous rate, making it virtually impossible to rescind in the future.

In conclusion, this ill-advised proposal is poorly crafted and written, full of loopholes regarding how the money is spent and imposes an undue tax burden on Arizona's successful individuals and small business owners. All in all, this proposed initiative deserves to be soundly rejected by voters. The power to tax is the power to destroy!

Paul Rowe, Scottsdale

Sponsored by Arizona Free Enterprise Club

The main proponents of this reform is the National Education Association.

Seven states have no state income tax at all.

Highly skilled people are leaving states with high-taxes for low-tax states.

Since the NEA has failed in its mission and have been surpassed by many local charter schools, they should not be catered to.

For these reasons I am against Prop 208.

Robert DeSio, Phoenix

Sponsored by Arizona Free Enterprise Club

ARGUMENT AGAINST INVEST IN EDUCATION (Proposition 208)

On behalf of invisionAZ, a non-profit organization dedicated to supporting Arizona's tech and innovation community, we strongly urge you to vote no on Proposition 208.

invisionAZ is committed to supporting public policy that allows technology, innovation and capital investment to flourish in Arizona. We support a robust education system that will help technology to grow in Arizona. And we support putting more resources into our state's education system. However, we strongly believe that Proposition 208 is not the right way to accomplish this goal.

We believe that the passage of Proposition 208 will have a disastrous and negative impact on the state and will negatively impact technology companies and entrepreneurs. We believe this proposition will severely limit opportunities for future growth. It will put us at a competitive disadvantage for business attraction and severely hurt our recovery as we continue to rebuild from the impacts of the pandemic.

Arizona's thriving tech economy is no accident. It is the result of sound public policy decisions, the passage of innovation-friendly regulations and an entrepreneurial spirit that has led to sustained job growth.

If Proposition 208 passes, it will have a negative impact on our economy, effectively rolling back years of advancement and economic gain.

We urge you to Vote NO on Proposition 208.

Sincerely,

John Ragan, Chief Executive Officer, invisionAZ, Phoenix

John Ragan, CEO, invisionAZ, Phoenix

This initiative is just as dishonest as the “20% increase for teachers” scam. Do you want to double your tax load? Just move to California--don’t saddle the rest of us with this socialist scheme. This was drafted by radical special interest groups and labor unions. Just look at what California has turned into. The trailer rental companies are having a hard time getting California migrants’ trailers back to CA for the next wave. It’s poorly written, full of loopholes and empty promises. It’s a blank check with our names on the bottom line.

Robert Stannard II, Phoenix

Sponsored by Arizona Free Enterprise Club

Be careful what you wish for! On the surface this proposition may sound reasonable but stripping away the surface we see the devastation it will cause. Prop 208 will double the income tax rate which can never be changed, and its main victim is Small Business. Small businesses are mainly L.L.C.s which means their income is passed through to the owners whose tax rate will go from 4.9% to a whopping 9% by adding a 3.5% surcharge and making Arizona the fifth highest income tax rate in the country. It will kill Small Businesses in our state. This is a very bad idea. Vote NO on Prop 208.

Wesley Harris, Phoenix

Sponsored by Arizona Free Enterprise Club

The teachers just had a 30 percent salary increase the state said they will pay. If this additional money is collected it will just be spent by the school bureaucrats who have a history of high grade in spending money and a low grade in seeing that kids get a good education.

Let’s see results of the 30 percent before we invest in the same group.

Frank Listner, Mesa

Sponsored by Arizona Free Enterprise Club

It is frustrating that this push for a historic income tax increase relies on voters not being informed about what they’re voting for. Prop 208 takes a complex problem and makes it more complex by committing future taxpayers in perpetuity to fund education without a corresponding commitment to results and accountability.

Is it too much to ask that the people pushing this initiative would at least try to address the concerns raised by small business owners and K-12 supporters about Prop 208? Instead, what we get is a complicated nine-page initiative that will do nothing to improve our educational system.

Before locking Arizona into a permanent tax increase that cannot be changed, please read the fine print. The backers of Prop 208 hope that their campaign of emotional appeals and class warfare soundbites will carry the day. I urge everyone to educate themselves about Prop 208 and vote NO.

Steve Hetsler, Gold Canyon

Sponsored by Arizona Free Enterprise Club

By passing this would create major business problems for our state. It will put many small businesses that thrive in the state out of business. By locking in the income tax at this high rate is insane. This would also put a stop for new small business coming into our state. We are known as a state that welcomes new small business to come here. This would put that to a halt. This is backed by secret and radical special groups and labor unions and not by the people. This is not well thought out or written. There is no accountability on the spending of the money. This is not for the good of the people of Arizona

Steven Julian, Avondale

Sponsored by Arizona Free Enterprise Club

I am submitting this argument against Proposition 208 and requesting it be included in the Secretary of State's forthcoming publicity pamphlet. The proposed initiative does not fully disclose the disbursement of the funds nor does it address reforms or accountability from the proposed tax increase. In addition to not requiring that funds be spent in the classroom, it also earmarks funds for non-teacher positions and changes the definition of teachers to include non-teaching staff. While education is important, proposing measures to improve it that adversely affect small business will send the Arizona economy spiraling.

As a small business owner, the proposed tax increase from this initiative could potentially result in employee layoffs since many small businesses such as mine are not in a position to absorb such a costly hit. The gradual recovery from the economic recession will be derailed if this initiative is not stopped or, at the very least, fairly amended. In conclusion, any initiative suggesting that only targeted populations be required to be taxed can be deemed discriminatory and, thus, unconstitutional.

Rachel Leffall, Maricopa

Sponsored by Arizona Free Enterprise Club

I don't mind the idea of more money going to what the initiative says - teachers and students. The problem is it won't go to the ones that need it. The unions and the administration will be the ones who receive it. If the teachers want more money let them get it from their administration or unions. I will not be voting for this initiative.

Catherine Guglielmo, Phoenix

Sponsored by Arizona Free Enterprise Club

I am opposed to the initiative 208 because it will make Arizona income tax the 5th highest in the nation behind California, Hawaii, Oregon and Minnesota. This will cripple small business and drive businesses and families out of the state.

Edna Haws, Mesa

Sponsored by Arizona Free Enterprise Club

Increasing the income tax will have a serious negative impact on individuals and small businesses that cannot afford to pay more in taxes.

We can see that additional taxes are driving people out of California, New York, and other locations. This increase in taxes could even cause a reduction in the amount of taxes collected here in Arizona.

Henry Haws, Mesa

Sponsored by Arizona Free Enterprise Club

I am completely in favor of better funding for our AZ teachers and AZ classrooms. However, Prop 208 does not guarantee that the new tax increases will go to fund teachers and classrooms.

As for these tax increases there is no way to know where the money will go. Because of the wording in the proposition, the money can be diverted to administrators pay increases, school bus drivers or even new furniture in the school offices. There is

no way to track the new tax money or keep the school districts accountable until after the money is wasted.

This new tax increase would make Arizona the 5th most expensive place to locate. For example, higher than New York and higher than Oregon. Also, this tax increase will double the tax rate for Arizonians. This will effectively raise the rate from about 4.6 percent to 9 percent by adding a 3.5% surcharge on high income earners and small businesses. As Arizona leaders are working hard to bring new high paying jobs to Arizona, this new tax will chase away established businesses from staying and new businesses from coming here.

A solution is needed – Prop 208 is not the answer. VOTE NO ON PROP 208.

Patrick Tucker, Mesa

Sponsored by Arizona Free Enterprise Club

I moved here from New York to escape high taxes, I don't want Arizona to have the highest tax rate in the country as it will chase residents to states like Texas and Florida where there is no income tax which gives residents more of their money to spend in the community. It will also deeply affect small businesses in our State who are still struggling with COVID-19. Additionally, there is no guarantee how the money will be spent. I hope Arizonans do not move forward with this initiative!

Gayla Coletto, Scottsdale

Sponsored by Arizona Free Enterprise Club

I've lived in Arizona 15 years and am an active voter in support of education. I come from a state with one of the highest ratings in public school education and which has a relatively low tax rate. Arizona is indeed behind in public education; but we've seen over and over again that whenever we vote for more dollars for education; the money magically disappears and is never available for classrooms.

When you read this ballot initiative take note that there is no specific direction as to who and where the money goes Once again, we the citizens will pay for another pot of money which will be spent heaven knows where and the kids will still be left behind. Our schools, teachers and kids deserve accountability! Demand better and don't fall for this Tax increase. The governor has promised a 20% raise to teachers, I think we should see just how the Governor's current promise plays out before we grant access to our pocketbooks for additional money. Take note that this initiative is for a permanent tax increase.

Dave Kuenzi, Mesa and Sandy Kuenzi, Mesa

Sponsored by Arizona Free Enterprise Club

This tax will put small businesses out of business or leaving the state. Why? Small businesses pay personal income tax rates on profits, as AZ is a "passed through" state, it passes through to the individual side. This means they have less to reinvest in their businesses, hire employees, expand, etc. Whereas larger corporations are paying almost half the rate, resulting in a huge competitive advantage. Furthermore, if this proposition gets passed, it is permanent, only changeable by a ¾ majority vote of the legislature, which makes any change in the law virtually impossible. Therefore, if proven true and small businesses start to disappear in AZ, it will be too late.

Eileen Danko, Fountain Hills

Sponsored by Arizona Free Enterprise Club

Keep Arizona Growing! – Vote Against Prop 208

Proposition 208 will drive small business owners out of Arizona and keep larger corporations from setting up headquarters/operations in our great state.

As a former corporate executive, I have been part of the decision-making process on where to set up new operations and service centers. A key variable in selecting a location was the current and future tax environment.

States with high taxes or recent tax activism on individuals or businesses

are to be avoided. Why? Tax activism creates future cost uncertainties which are beyond the control of the company. This risk affects the companies' competitiveness with firms in low tax states and makes it difficult to attract hi-tech/skill talent.

Four years ago, I left my corporate role to start up a consulting company in Arizona. As a small, locally owned, two-person LLC I find it incredible that I may have to pay 5% more taxes than large out of state consulting firms (9% versus 4.6%). This will impact my ability to compete and reduce my incentive to hire Arizona staff.

Why would anyone in a professional services role (ie attorneys, doctors, accountants) or new entrepreneurs want to set up a business in Arizona if they get punished for growing and success makes them less competitive to big corporations based outside of our state.

The path to addressing our education issues is not a punitive tax that hurts our citizens and handicaps my (our) children's ability to work and thrive in Arizona.

Bill Luhrs, Scottsdale

Sponsored by Arizona Free Enterprise Club

I was born and raised in Arizona, attended our public schools and am the daughter of a retired public school teacher. As Arizona State Treasurer, I will distribute \$358 million to K-12 public schools this year from land endowment investments. That's up from the \$342 million distributed last year, on top of state general funds. Increasing education funding is one of my highest priorities, but we don't need to raise taxes to accomplish this goal, particularly now.

Arizona must get back to an economic road to recovery from a global pandemic that has affected small business owners who are contemplating closing their doors. Proponents will try to paint those who will pay this new tax as faceless big box businesses. However, those most negatively impacted by this tax increase are "Mom and Pop" store owners, many of whom opened their shops to achieve the American Dream. These small business owners are the backbone of Arizona's economy.

Small businesses have led Arizona's economy as one of the strongest in the nation. If this initiative passes, many small businesses will see an increase in taxes of 3.5%, severely impacting their ability to recover from the pandemic and limiting future growth. I come from a family line of "Mom and Pop" shop owners, so I know how hard they work to succeed, and the negative impact this tax would have on them. Arizona would become a substantially less friendly place to locate a business and create jobs.

Increasing education funding is critical, and I'm proud to be doing my part, but to significantly increase taxes on small businesses in a time when they are just beginning to recover is not part of a long-term, successful strategy to improve education in Arizona.

Kimberly Yee, Treasurer, State of Arizona, Phoenix

Sponsored by Arizonans for Great Schools and a Strong Economy

Take it from an economist and small businessperson: Vote NO on Proposition 208.

I'm an economist who has documented numerous policy reforms over the last decade that have resulted in Arizona having one of the nation's strongest economies. I've seen how Arizona has taken smart, prudent steps to attract new jobs and meet its core responsibilities like K-12 education. Thanks to Arizona's economic growth, average statewide teacher pay increased 20% over the last three years.

I'm also a small businessperson. I've seen how the pandemic has hurt job creation, caused unemployment to spike, and put our economy into a coma.

If Proposition 208 passes, things will go from bad to worse.

Proposition 208 establishes a new tax surcharge on small businesses. It's a tax on productivity and on our recovery.

Proposition 208's proponents claim that only big earners will get hit with the tax. What they don't say is that small businesses pay their taxes on the individual portion of the tax code. It's the little guy who gets hurt when income taxes jump a whopping 77.7%.

With an economy already struggling, a massive tax increase will only depress our recovery. When the economy is healthy, there are more resources for public services, cops and firefighters, and teachers. But when we harm our economy with policies like

Proposition 208, future teacher pay raises become less likely.

If Proposition 208 passes, state law makes changing it nearly impossible, risking permanent damage.

We should work to help the Arizona economy rebound and do more for teachers. But Proposition 208 is the wrong answer. Let's come back stronger, not weaker. I urge you to vote NO.

Jim Rounds, President, Rounds Consulting Group, Tempe
Sponsored by Arizonans for Great Schools and a Strong Economy

Vote NO on Proposition 208: It will hurt schools and our economy.

Some of my proudest votes during my time as a state senator have been for budgets that increased funding for our K-12 education system, including an average statewide pay increase for teachers of 20%. In fact, since 2015 I've supported budgets and policies that have increased K-12 education funding by a cumulative \$6.4 billion.

How has such a significant investment in K-12 been possible? A thriving economy has produced the revenues necessary to meet Arizona's core responsibilities, including preparing its young people for tomorrow's jobs.

If Proposition 208 passes, however, all that progress will be lost, and growing our economy—already hamstrung by a global pandemic—will become even more difficult.

That's because Proposition 208 targets small businesses through nearly doubling an income tax rate. Small businesses, many of which have seen their operations dramatically disrupted due to the pandemic and are struggling just to survive, now will be slapped with a huge tax increase. The timing couldn't be worse. When employers should be reopening and bringing workers back on to the job, they will instead be paying the tax man.

We've made tremendous progress to adequately fund K-12 and raise teacher pay, but we know more needs to be done. We'll need a healthy economy to do it.

Proposition 208 will result in a huge drag on the overall economy. If we can't grow the economy, we can't invest in schools and raise teacher pay.

I urge Arizona voters to reject this risky plan and vote NO on Proposition 208.

Vince Leach, Senator, Arizona Senate, Tucson
Sponsored by Arizonans for Great Schools and a Strong Economy

As legislators, education funding has been our top priority. Since 2015, the Legislature has authorized \$6.4 billion in cumulative new funding for K-12 education, including a 20% pay increase for Arizona's teachers. We recognize the importance of preparing Arizona students for their future and have taken action to implement policies and funding to improve Arizona's education system and increase teacher pay.

In March, as the pandemic hit, we took swift action to pass a responsible state budget that continued our strong commitment to K-12 education funding, which, for this year alone included:

- \$175 million for the third installment for the 20% teacher pay increase, bringing the total commitment to \$645 million in permanent funding for a 20% increase for average teacher pay.
- \$67 million in accelerated flexible funding for schools
- \$118 million in school building renewal for repairs and maintenance

But we're also small business owners. We know firsthand the challenges the COVID-19 pandemic has had on businesses and the devastating impact Prop 208 will have, if passed. Prop 208, will impact tens of thousands of Arizona small businesses, through a near doubling of Arizona's income tax rate.

The billions of dollars for K-12 education funding was possible because of Arizona's strong economy. We are committed to policies that aim to rebuild Arizona's strong economy and prioritize education funding. Prop 208 will significantly hurt our ability to grow Arizona's economy and further cripple small business owners already struggling because of the pandemic.

We know more is needed, but this is not the right solution.

We urge you to vote no on Prop 208.

Karen Fann, President, Arizona Senate, Prescott; Sine Kerr, Senator, Arizona Senate, Buckeye; and Thomas J. Shope, Representative, Arizona House of Representatives, Coolidge
Sponsored by Arizonans for Great Schools and a Strong Economy

The Green Valley Sahuarita Chamber of Commerce opposes Proposition 208. This failed reboot from two years ago could not come at a worse time as businesses are struggling from the COVID-19 pandemic and shutdown.

The drafters of the proposal have not taken the following into consideration:

- Most small businesses are structured in a way that their business income is a pass-through and declared as personal income.
- Higher tax rates change behavior. Moving Arizona into the top 10 highest income tax rate states in the country, and taxing successful small businesses, will discourage economic growth and those considering starting a new businesses or moving existing ones here.
- As corporate tax rates are not affected, small businesses that fall into these new tax brackets could pay a tax rate twice that of large corporations.
- The Prop 105 Voter Protection Act, passed in 1998, will prevent Arizona's legislature from making any changes to the new tax brackets. Absent flexibility to deal with economic changes, this dangerous aspect of the proposal is a terrible way to set public policy.

It is the Board's contention that if this measure passes and Arizona becomes a state with high personal income tax rates, our economy will suffer as will revenues to support education spending.

Our Board recognizes and supports the need for quality education and the funding required to deliver it. Additionally, the Green Valley Sahuarita Chamber Foundation provides higher education scholarships for local deserving students as one way in which we are supporting our local education community.

Our membership, 400 members strong, and the entire community prospers with a strong education system and we are committed to working with our local school districts to make that happen. We are committed to doing more for education, but Prop 208 is not the answer.

Randy Graf, President & CEO, Green Valley Sahuarita Chamber of Commerce, Green Valley
Sponsored by Arizonans for Great Schools and a Strong Economy

A quality education is a critical mechanism for socioeconomic advancement among aspiring individuals and an important driver for upper economic mobility in our society. In addition, a well-educated workforce is vital to the state's long term economic health. Arizona companies both large and small are demanding a highly skilled workforce to meet the demands of today's increasingly competitive global economy.

For decades, technologic advances have increasingly allowed simpler, repetitive tasks to be done more cheaply and safely by machines. And like the technological change, globalization has reinforced the shift away from lower-skilled jobs that require less education to higher-skilled jobs that require a technical and/or college degree. The jobs that globalization creates in Arizona, serving a global economy, are more likely to be filled by those who have secured a quality education.

With the demand for a highly skilled and highly educated workforce at an all-time high, it is now more critical than ever that Arizona invest in its educational institutions. As the global community begins the process of repairing the massive labor market damage caused by the novel coronavirus, Arizona policymakers must develop a successful plan that bolsters the productivity and resilience of our economy. Arizona must commit to a big pragmatic forward looking investment in our educational institutions and foster a workforce that has the skills to be innovators, entrepreneurs, and job creators.

Unfortunately, Prop 208 is neither a sustainable nor a wise path for Arizona. Imposing an uncompetitive personal income tax on high-wage earners would severely hamper the innovative spirit and the Arizona's economic dynamism and more importantly would put Arizona at a severe disadvantage in trying to attract job creators.

The Arizona Bankers Association strongly urges you to vote NO on Prop. 208

Paul Hickman, President & CEO, Arizona Bankers Association, Phoenix

BALLOT FORMAT

PROPOSITION 208

PROPOSED BY INITIATIVE PETITION RELATING TO EDUCATION FUNDING

OFFICIAL TITLE

AMENDING TITLE 15, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 10.1; AMENDING SECTION 15-1655, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1013; RELATING TO EDUCATION FUNDING.

DESCRIPTIVE TITLE

THE LAW WOULD IMPOSE A 3.5% TAX SURCHARGE ON TAXABLE ANNUAL INCOME OVER \$250,000 FOR SINGLE PERSONS OR MARRIED PERSONS FILING SEPARATELY, OR \$500,000 FOR MARRIED PERSONS FILING JOINTLY OR HEADS OF HOUSEHOLDS, TO INCREASE FUNDING FOR PUBLIC EDUCATION.

A “YES” vote shall have the effect of imposing a 3.5% income tax surcharge, in addition to existing income tax rates, on taxable annual income over \$250,000 for single persons or married persons filing separately, or \$500,000 for married persons filing jointly or heads of households, to provide additional funds for public education; creating a new fund to direct the additional revenue to hiring and increasing salaries for teachers and other non-administrative support personnel, career training and higher education pathway programs for high school students, and the Arizona Teachers Academy; and increasing the dollar amount of scholarships available through the Arizona Teachers Academy.

YES ☐

A “NO” vote shall have the effect of retaining existing law on income tax rates and funding for public education.

NO ☐

208

BALLOT FORMAT PROPOSITION 208

EXHIBIT 3

VOTERS:



Check this out!

STATE OF ARIZONA



**GENERAL ELECTION
NOVEMBER 3, 1992**

Compiled by the Secretary of State

PROPOSITION 108

OFFICIAL TITLE

AN INITIATIVE MEASURE

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTION 22; RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

The following amendment of Article IX, Constitution of Arizona, by adding Section 22, is proposed to become valid when approved by a majority of the qualified electors voting thereon and on proclamation of the Governor:

Section 22. Vote required to increase state revenues; application; exceptions

(A) An act that provides for a net increase in state revenues, as described in Subsection B is effective on the affirmative vote of two-thirds of the members of each house of the legislature. If the act receives such an affirmative vote, it becomes effective immediately on the signature of the governor as provided by Article IV, Part 1, Section 1. If the governor vetoes the measure, it shall not become effective unless it is approved by an affirmative vote of three-fourths of the members of each house of the legislature.

(B) The requirements of this section apply to any act that provides for a net increase in state revenues in the form of:

1. The imposition of any new tax.
2. An increase in a tax rate or rates.
3. A reduction or elimination of a tax deduction, exemption, exclusion, credit or other tax exemption feature in computing tax liability.
4. An increase in a statutorily prescribed state fee or assessment or an increase in a statutorily prescribed maximum limit for an administratively set fee.
5. The imposition of any new state fee or assessment or the authorization of any new administrative set fee.
6. The elimination of an exemption from a statutorily prescribed state fee or assessment.
7. A change in the allocation among the state, counties or cities of Arizona transaction privilege, severance, jet fuel and use, rental occupancy, or other taxes.
8. Any combination of the elements described in paragraphs 1 through 7.

(C) This section does not apply to:

1. The effects of inflation, increasing assessed valuation or any other similar effect that increases state revenue but is not caused by an affirmative act of the legislature.
2. Fees and assessments that are authorized by statute, but are not prescribed by formula, amount or limit, and are set by a state officer or agency.
3. Taxes, fees or assessments that are imposed by counties, cities, towns and other political subdivisions of this state.

(D) Each act to which this section applies shall include a separate provision describing the requirements for enactment prescribed by this section.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Proposition 108 would amend the State Constitution to require a two-thirds vote in each House of the Legislature to enact a net increase in state revenue through (1) enacting any new or increased tax or statutory fee, (2) reducing or eliminating any exemption or credit on a tax or fee or (3) making any change in the allocation of tax revenues among the state, counties and cities. If such a measure were passed and signed by

Proposition 108

the Governor, it would be effective immediately. If the governor vetoes a measure increasing state revenues, it would not become effective unless the Legislature overrides the veto by at least a three-fourths vote in each House of the Legislature. Currently it is possible to enact these measures on a simple majority vote, with a two-thirds vote required to override a Governor's veto.

Under this proposition revenue measures would have to be enacted by the same process currently required for "emergency" laws, with the same supermajority requirements, becoming effective immediately on enactment and without the opportunity for a referendum on the revenue measure.

This proposition would not affect (1) increased revenues resulting purely from economic effects, such as inflation or increasing assessed valuations, (2) authorized fees and assessments that are not set or limited by law, such as university tuition, or (3) local taxes, fees or assessments.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 108

Proposition 108 will make it more difficult to raise taxes and will end the string of almost annual tax increases during the past decade.

Some analyses rank Arizona as one of the highest taxed states in the nation. This reputation hinders economic development, discourages businesses from moving to this state, promotes migration of businesses from this state and places a competitive disadvantage on businesses remaining here. Growing government draws economic resources away from productive enterprises. Proposition 108 will help restrain growth in state government.

Tax increases are such a threat to taxpayers that they should be approved only with the agreement of two-thirds of our elected representatives. Proposition 108 ensures a board consensus on the necessity of any future tax increases.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 108

Ideally, taxes are increased only as a last resort in the face of an actual necessity. This proposition will make it extremely difficult for elected representatives to respond to emergency situations, court directives and federal requirements.

Also, when faced with a budget shortfall the Legislature could choose to shift costs to local governments by a simple majority vote. Such shifting could result in increased taxes at the local level.

Requiring a two-thirds vote would reduce the likelihood of meaningful tax reform or equalization among taxpayers because almost any tax reform measure requires raising some taxes while reducing or eliminating others.

Proposition 108 could greatly increase the power of a few legislators who would withhold their support for a tax increase until their own spending priorities are addressed. The more votes that are necessary, the higher the ultimate tax increase. Rather than holding the line on new government revenue, Proposition 108 could result in increased government spending.

If the Legislature enacts a tax increase with a two-thirds vote, Proposition 108 would not allow the voters the right to submit the act to a referendum. Instead, it would become effective immediately with no recourse for citizens.

ARGUMENT "FOR" PROPOSITION 108

The price Arizona farmers and ranchers receive for their agricultural products is determined by agricultural production around the world. We compete for markets with Australia on beef, Brazil on citrus and Europe on milk products. Arizona farmers and ranchers cannot automatically include increased costs, such as taxes, in the price of their product.

The state budget has mushroomed in the past 10 years, from \$1.9 billion to over \$3.6 billion. When the state's economy began to slow down, lawmakers continued increasing taxes on Arizonans — eight tax increases in the last 10 years.

Farmers and ranchers have had to tighten their belt as agricultural commodity prices continue to be depressed because of increasing world agricultural competition. It is time state government tightens its belt too. Requiring a 2/3 majority vote to increase taxes and fees will make the legislature prioritize spending as the first alternative rather than raising taxes.

Please vote yes on Proposition 108.

Cecil H. Miller, Jr.

President

Arizona Farm Bureau Federation

Phoenix

Andy Kurtz

Executive Secretary

Arizona Farm Bureau Federation

Phoenix

ARGUMENT "FOR" PROPOSITION 108

During the decade of the 1980's, the Arizona legislature enacted a series of tax increases that have moved our state from the position of having a favorable tax climate for growing businesses to one of the highest tax burden states in the nation.

The result of these tax increases is evident in higher unemployment, the loss of jobs to other states and the overall slowing in our state's growth rate.

Often these damaging tax increases were enacted by a slim majority, composed of tax and spend politicians, over the objections of fiscal conservatives and representatives of the business community in our legislature.

Proposition 108 would amend the Arizona Constitution to require a two-thirds majority vote of both houses of the Legislature to enact a net increase in state revenues. Future tax increases will only be possible when there is a clear consensus among all Arizonans of the need for the proposed change.

Although it does not undo the damage of the 1980's and fails to address the companion issue of increasing government spending, Proposition 108 is an important step toward preventing further damage to our state's competitive position.

I urge your support of Proposition 108.

Phil MacDonnell

Candidate for Congress

District 6

Mesa, Arizona

ARGUMENT "FOR" PROPOSITION 108

"For a conservative electorate, the realization comes hard: Arizona has become one of the premier tax and spend states in the nation."

These are the editorial words of Washington Times Insight Magazine, and unfortunately, the new national reputation of Arizona. Arizona has moved from 40th in the nation in the rate of taxation in 1980 to tied for 6th in the nation by 1990. This is the result of eight tax increases in nine years.

Now Arizona voters have a chance to do something about never ending tax increases.

The *It's TIME!* initiative will require a 2/3rds vote in the Legislature before taxes can be raised. This "super-majority" for tax increases idea has been implemented in eight other states, from California to Florida. In each instance taxes have remained lower as a percentage of income than in Arizona.

Some Legislators, who have voted for tax increases, argue that requiring a 2/3rds vote would cause higher taxes or say that defining a "tax increase" is too hard. Clearly they are out of touch with the facts in other states, and with their constituents.

To control never ending tax increases, please vote "YES" on Proposition #108 – the *It's TIME!* initiative.

Brad Gietz

Phoenix

Tim Mooney

Phoenix

It's TIME! Committee: John Shadegg, Chairman; Terry Sarvas, Treasurer

ARGUMENT "FOR" PROPOSITION 108

Nothing has as much of an impact on small business and families as government's ability to tax. In Arizona that power to tax has been liberally exercised to the point where Arizona is not tied for 6th highest in the nation, eclipsing even Massachusetts.

The National Federal of Independent Business/Arizona strongly supports the It's TIME! initiative to require a 2/3rds vote in the Legislature before taxes and fees can be raised again.

NFIB/Arizona's 7,000 plus small business members which employ over 80,000 Arizonans overwhelmingly support the super-majority requirement. When asked, over 87% of our members supported the It's TIME! initiative, and hundreds gathered signatures to place this measure before the voters.

They know that taxes should be raised only after wasteful spending habits are trimmed, and then only if there is a greater consensus of a dire need.

NFIB/Arizona urges support for Proposition 108, the It's TIME! initiative.

Timothy F. Mooney

State Director

National Federation of Independent

Business/Arizona

Phoenix, Arizona

Monica Eberhardt

Assistant State Director

National Federation of Independent

Business/Arizona

Phoenix, Arizona

ARGUMENT "FOR" PROPOSITION 108

On the heels of seven straight tax increases in a row, the Arizona legislature in 1990 passed the largest tax increase in state history, billing it as a "soak the rich" move that would not affect lower and middle income Arizonans.

Everyone knows that this was not the case. The increase was devastating to the elderly and the middle class and it wreaked havoc on the Arizona economy. A decade of unchecked spending and taxation has transformed our state from what was known as a fiscally sound state, to one of the leading tax and spend states in the nation.

Arizona now ranks number five nationally in total tax bite and third in the nation in rate of tax and spending INCREASES over the last ten years.

Because of this, we are locked in a struggle with neighboring states to attract new jobs to Arizona, and we are losing.

For this reason, the Lincoln Caucus has supported the It's TIME! initiative from the very beginning as a way to bring some fiscal sanity back to Arizona. Raising taxes must be looked at as a last resort -- not the first.

The It's TIME! initiative has enabled the people of Arizona to draw the line. It will require a two thirds supermajority in the state legislature for tax increases, making it tougher to raise taxes. By voting yes, we will begin to take back control from a run-away tax and spend state legislature. It's time to take a stand. It's high noon in Arizona. Vote yes!

Tracy Thomas

Chairman

The Lincoln Caucus

Paradise Valley

Sydney Hoff

President

The Lincoln Caucus

Scottsdale

ARGUMENT "FOR" PROPOSITION 108

IT'S TIME! FOR 2/3 MAJORITIES

Requiring 2/3 majorities before the State Legislature can raise taxes or assess a fee is not a cure all. But it sure is a good start.

Our state has had eight tax increases in the last nine years. We have been rated seventh in the nation in taxes, higher than Massachusetts. When Arizona, the home of Barry Goldwater has higher taxes than Massachusetts, the land of Ted Kennedy, something is wrong.

Some of the good legislators at the State Capitol tried to pass the 2/3 majorities. They were blocked in committee. Over 250,000 fellow Arizonans signed the petition. The citizens of our state are saying enough is enough.

Our state is competing with others for jobs. Seven other states already have similar laws. When large companies plan they look ten to fifteen years down the road. This measure will show them that Arizona is a good place to invest since we've put an end to excessive tax increases.

This measure doesn't handcuff government. If there is a crisis or emergency, a great need for the poor or education, then a super-majority can be found. What this measure would do is change the emphasis in government. Rather than looking at where can we raise taxes, the legislature will now have to look at where we can cut spending.

The initiative drive was called "IT'S TIME!" as in "It's Time to limit taxes." A quarter of a million of our states residents felt it was a good idea. Now, it's time to bring fiscal responsibility back to our State government. Vote in favor on 2/3 majorities.

Doug Wead
Former Chairman
IT'S TIME!
Scottsdale

ARGUMENT "FOR" PROPOSITION 108

Dear Arizona Taxpayers:

I have been working at the grass roots level for years trying to play defense against the onslaught of higher taxation.

It's Time to go on the offense.

Yes, the demands for public spending are great. The intentions of most who argue for increased spending in education, health, job training and law enforcement are noble and genuine. But there is nothing noble about targeting the senior citizen or the working family to pay for ever increasing inefficiency and bureaucracy.

Government has a vital role to play in private life. It takes money for government to meet this role. But it takes human beings and families and businesses to produce the revenue that government desperately needs to find. We can no longer kill the goose that lays the golden egg. Economic growth, incentive to work, and governmental restraint are the only ways to efficiently fund the essential departments of government.

The taxpayer, the retiree, and the small business are not the enemy. Never again should their income be ravaged as a result of a single vote majority in the Legislature. It's Time will require a two thirds supermajority for new taxes.

Government will never look in earnest at its own inefficiencies or its own spending priorities until the taxpayer cries "ENOUGH!" It's Time we begin the cry.

Tom McGovern
Former Chairman
ENOUGH! Repeal the Tax Increase
Phoenix

BALLOT FORMAT

PROPOSITION 108	
PROPOSED AMENDMENT TO THE CONSTITUTION BY THE INITIATIVE	
<u>OFFICIAL TITLE</u>	
PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTION 22; RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION.	
<u>DESCRIPTIVE TITLE</u>	
AMENDING ARIZONA CONSTITUTION TO REQUIRE A TWO-THIRDS VOTE OF THE LEGISLATURE FOR PASSAGE, AND A THREE-FOURTHS VOTE TO OVERRIDE A GOVERNOR'S VETO, OF ANY LEGISLATION THAT WOULD PROVIDE A NET INCREASE IN STATE REVENUES THROUGH CERTAIN CHANGES IN TAXES, TAX RATES, TAX DEDUCTIONS, FEES OR ASSESSMENTS.	
PROPOSITION 108	
A "yes" vote shall have the effect of requiring a greater number of votes in the Legislature to pass legislation providing for a net increase in state revenues.	YES ➔
A "no" vote shall have the effect of continuing to permit the Legislature to increase state revenues by a simple majority vote.	NO ➔

EXHIBIT 4

1 **JOINT DECLARATION OF DAVID GOWAN AND REGINA COBB**

2 Pursuant to Rule 80(i), Arizona Rules of Civil Procedure, we, David Gowan and
3 Regina Cobb, declare as follows:

4 1. We are over the age of 18 and have personal knowledge of the information
5 set forth in this declaration.

6 2. We are members of the Arizona Legislature and serve as the Chairman of the
7 Senate Appropriations Committee and Chairwoman of the House Appropriations
8 Committee. By virtue of these positions, we are well-versed with the State of Arizona's
9 budget and appropriations process and the constitutional authority of the Arizona State
10 Legislature ("Legislature") to appropriate and divert general funds.

11 3. Budgets are established for each fiscal year. *See* Joint Legislative Budget
12 Committee Staff Report – Arizona' Budget Process, at 1 (Aug. 7, 2018). The fiscal year
13 for the state is a 12-month period that begins on July 1 and ends on June 30 of the following
14 year. *Id.* However, the process to formulate a budget begins much earlier. *Id.* State
15 agencies are required to provide agency operating plans to the Governor's Office of
16 Strategic Planning and Budgeting ("OSPB") by September 1 for the following fiscal year.
17 *Id.* That means agency budget requests for Fiscal Year 2020-2021 ("FY 2021") were due
18 by September 1, 2019. *Id.* Similarly, budget requests for Fiscal Year 2021-2022 ("FY
19 2022") were due by September 1, 2020. *Id.*

20 4. In providing their budget requests, state agencies are required to develop two
21 types of operating plans. The first is a comprehensive operating and budgeting plan for the
22 agency. The second are individual operating and budget plans for each program in the
23 agency. Even though state agencies provide two types of operating plans, they only receive
24 a single, annual budget.

25 5. OSPB reviews the operating plans and budget requests and provides copies
26 to the Joint Legislative Budget Committee ("JLBC") staff. *See* Joint Legislative Budget
27 Committee Staff Report – Arizona' Budget Process (Aug. 7, 2018). Next, JLBC staff and
28

1 the Governor's Office review the budget requests. *Id.* This bilateral review occurs every
2 Fall. *Id.*

3 6. In addition to reviewing the state agencies' operating plans and budgets,
4 JLBC staff and the OSPB each produce independent revenue estimates. *Id.*

5 7. JLBC staff also consults with the Legislature's Financial Advisory
6 Committee ("FAC"), which is a 14-member committee that consists of public and private
7 sector economists and which meets publicly three times a year. *Id.* Similar to the JLBC,
8 the FAC produces its own revenue estimate. *Id.* The JLBC and FAC revenue estimates
9 (along with two estimates from econometric models created by the University of Arizona)
10 are then equally weighted to produce a "4-sector consensus revenue estimate" for the
11 current and upcoming fiscal years. *Id.*

12 8. The state agency budgets and the revenue estimates are then provided to the
13 Governor's Office, which may rely on the forecasts or may use its own estimates to develop
14 an executive budget for the fiscal year. *Id.*

15 9. The Governor is required by law to produce within 5 days after the start of
16 each regular session of the Legislature a budget for the upcoming year (and any adjustments
17 to the current fiscal year) to the State Legislature. *See* A.R.S. § 35-111. The Governor's
18 executive budget may include items such as discretionary spending and revenue changes to
19 ensure a balanced budget. *See* Joint Legislative Budget Committee Staff Report – Arizona'
20 Budget Process, at 1 (Aug. 7, 2018).

21 10. While the Governor is preparing the executive budget, JLBC staff also creates
22 a "Baseline" document that reflects the 4-sector consensus revenue estimate and the
23 spending estimates provided by the agencies. *Id.* The purpose of the Baseline document is
24 not to provide a projected balanced budget, but rather to provide the Legislature with one
25 more tool of guidance on what the size of a projected balanced budget would look like. *Id.*

26 11. Next, the Legislature conducts public budget hearings in January and
27 February. *Id.* After these hearings, the Legislature produces the primary budget bill (the
28 "General Appropriation Act"). *Id.* The General Appropriation Act includes appropriations

1 of the General Fund and other dedicated funds to state agencies for the upcoming fiscal
2 year, as well as supplement appropriations and ex-appropriations for the current fiscal year.
3 *Id.* The Legislature may also produce a Capital Outlay Bill (which appropriates money for
4 state agency capital projects) and Budget Reconciliation Bills (which group, by subject
5 matter, statutory changes required to enact the budget). *Id.* at 1–2.

6 12. After the budget bills are approved by both chambers of the Legislature, they
7 are sent to the Governor, who may sign the bills, let them go into effect without signature,
8 or veto the bills. *Id.* at 2. The Governor may line-item veto appropriations as well. *Id.* But
9 if he chooses the line-item veto option, the Legislature may override the veto with a two-
10 third’s vote of each chamber. *Id.*

11 13. In terms of appropriation timing, the General Appropriation Act takes effect
12 immediately. *Id.* Thus, those state resources are allocated right away. *Id.* On the other
13 hand, the Budget Reconciliation Bill usually does not take effect until ninety days after the
14 end of the session in which the Bill was passed. *Id.*

15 14. Proposition 208 is troubling because, by its very terms, it seeks to subvert this
16 budget and appropriations process, and more fundamentally, the Legislature’s
17 constitutional authority to appropriate general funds.

18 15. Proposition 208 amends certain Arizona statutes by implementing an “income
19 tax surcharge to advance public education” “for taxable years beginning from and after
20 December 31, 2020.” *See* A.R.S. § 41-1013.

21 16. With such an effective date, Proposition 208 immediately interjects chaos and
22 instability into the budgeting and appropriations process. As stated above, budgets are
23 created well in advance of their fiscal years. State agencies are required to provide detailed
24 operating plans to the OSBP by September 1 for the following fiscal year. That means they
25 begin their budgeting process typically two months before that in July (or a full year before
26 the relevant fiscal year begins). Fiscal years run from July 1 to June 30 of the following
27 year. A detailed, multi-step process then follows with the OSBP, the JLBC, the FAC, and
28 two econometric University of Arizona models all creating budgets and/or revenue

1 estimates for the upcoming year. These budgets and/or revenue estimates are next presented
2 to the Governor and the State Legislature who then begin their portion of the budgetary
3 process. A January 1, 2021 effective date for Proposition 208 completely usurps this
4 process for the upcoming fiscal year (FY 2022).

5 17. First, if the Proposition 208 tax takes immediate effect, there will be major
6 restrictions on the Legislature's ability to develop a comprehensive state budget. That is
7 because there will be an immediate impact on taxpayers, and thus on state revenues, during
8 FY 2022. These restrictions are then compounded further because we will not know the
9 revenue impact of Proposition 208 until long after the legislature adopts the state budget.
10 This concern was even noted in the JLBC's report, which stated that the fiscal estimates of
11 Proposition 208 were speculative and could change significantly based on the actual
12 behaviors of high-income earners in reaction to the measure's message.

13 18. Second, since Arizona's fiscal year begins on July 1, the process for
14 budgeting for FY 2022 must, by necessity, continue on the same track that was set in motion
15 months ago. JLBC and the OSPB must be able to rely on the Baseline budget numbers as a
16 starting point in order to develop the state budget. If Proposition 208 were permitted to go
17 into effect, all the work already done and all the work that needs to be performed by the
18 Legislature the next two months would be rendered meaningless. That is because we would
19 need to make certain assumptions regarding the impacts of Proposition 208. Consequently,
20 no matter how one looks at it, Proposition 208 deeply distorts the budgeting process in such
21 a way that it renders the entire process futile.

22 19. Third, the Legislative sub-appropriations process begins in January and is
23 designed to flesh out and finalize the budgetary needs of state agencies and other
24 government programs. This process will have to be significantly delayed—or else will be
25 severely and adversely impacted—if Proposition 208 takes effect on January 1, 2021.

26 20. Fourth, if Proposition 208 were enacted immediately, it will further
27 jeopardize the Legislature and Executive branches' ability to ensure that the emergency
28 one-year enrollment relief funding that was granted to schools in FY 2021 remains a

1 temporary appropriation. In other words, if Proposition 208 takes effect, the \$270 million
2 in relief that was granted on a single year basis will have the potential to be turned into a
3 permanently-mandated supplement. This is contrary to the Legislature and Governor's
4 intent.

5 21. Fifth, if Proposition 208 revenues would likely not even be distributed to
6 schools until FY 2023 (that is, not before July 2022), meaning there is little justification to
7 insist on implementing it immediately on the basis that it might be upheld or that schools
8 would be harmed by any delay. In contrast, however, the premature implementation of the
9 tax increase will immediately—and assuming Prop 208 is overturned, unnecessarily--affect
10 the small business investment decisions of Arizona taxpayers and damage the state's ability
11 to continue attracting high net taxpayers from other states.

12 22. Schools districts and charter schools in Arizona are experiencing an estimated
13 decrease in enrollment of roughly 50,000 students this year as a result of the COVID-19
14 pandemic. Such an enrollment drop means a decrease of hundreds of millions of dollars in
15 funding under the state's K-12 base funding formula. As stated above, the Governor
16 directed \$270 million to schools in a "one-time" hold-harmless relief funding for the FY
17 2021 to shield schools from the associated reduction in funding that they would otherwise
18 experience due to enrollment declines under the state formula. Given that these enrollment
19 declines are likely to substantially persist in FY 2020 and beyond (as students permanently
20 exit those systems for other options), it is virtually a foregone conclusion that schools will
21 seek the continuation of this funding in the FY 2020 budget.

22 23. As detailed more fully below, Proposition 208's apparent solution to the
23 chaos that it creates is to strip the Legislature of its constitutional authority, particularly as
24 it relates to K-12 public schools.

25 24. Proposition 208 instructs the Arizona Department of Revenue to take the
26 revenue acquired from this income tax surcharge and deposit it into a student support and
27 safety fund. *Id.* Proposition 208 designates how the student support and safety fund will
28 be allocated:

- a. 50% to school districts and charter schools (proportionate to the weighted student count) “for the purpose of hiring teachers and classroom support personnel and increasing base compensation for teachers and classroom support personnel”;
- b. 25% to school districts and charter schools (proportionate to the weighted student count) “for the purpose of hiring student support services personnel and increasing base compensation for student support services personnel”;
- c. 10% to school districts and charter schools (proportionate to the weighted student count) “for the purpose of providing mentoring and retention programming for new classroom teachers to increase retention”;
- d. 12% “to the career training and workforce fund”; and
- e. 3% “to the Arizona teachers academy fund.”

A.R.S. § 15-1281.

25. Additionally, Proposition 208 creates a career training and workforce fund. *Id.* This fund is to be used and allocated “at the direction of the Department of Education in accordance with Section 15-1283.” *Id.*

26. Lastly, Proposition 208 requires that school districts and charter schools that receive grants from these various “funds” (*i.e.*, the student support and safety fund and the career training and workforce fund) establish another separate local level fund to manage those monies. *See* A.R.S. § 15-1284. According to Proposition 208, these monies “are in addition to any other appropriation, transfer or allocation of public or private monies from any other source and may not supplant, replace or cause a reduction in *other* funding sources.” *Id.* (emphasis added).

27. In other words, Proposition 208 contains the Supplant Clause that directly restricts the Legislature’s constitutional authority to allocate state resources—and accept or reject an agency’s budget—as it deems appropriate. That outcome cannot be reconciled with the Arizona Constitution, which gives the Legislature the constitutional authority (and

1 duty) to appropriate general funds, including those associated with public schools funding.
2 *See* Ariz. Const. Art. IV, pt. 2, § 20.

3 28. Proposition 208's attempt to avoid expenditure cap is important when the
4 calculation of the Aggregate Expenditure Limit ("EDL") for school districts is considered.
5 The Arizona Department of Education is required to report the EDL to the Legislature and
6 the JLBC. *See* A.R.S. § 15-911(B). This information is then taken to create a balanced
7 budget. If the EDL is never considered for budgeting purposes, then the financials will
8 simply not work on a statewide level and the constitutional limit will be violated. For
9 example, even without Proposition 208, the JLBC noted in its FY 2020 Report:

10 Pursuant to A.R.S. § 15-911(B), the Department of Education
11 computed in November 2018 that budgeted expenditures for school
12 districts collectively for FY 2019 were \$(317.3) million below the
13 AEL. The difference for FY 2018 was \$(672.6) million. The gap
14 between school district's budgeted spending and the AEL decreased
15 in FY 2019 because funding for teacher pay raises and Additional
16 Assistance restorations caused district spending statewide to grow
faster than enrollment and inflation combined for that year. This is
expected to occur again in FY 2020 due to additional pay raises and
additional assistance restorations budgeted for FY 2020.

17 *See* FY 2020 Joint Legislative Budget Committee Appropriations Report.

18 29. Proposition 208 does not take into consideration that teacher pay raises and
19 the Additional Assistance restorations are growing faster than enrollment and inflation. As
20 recently as FY 2020, the constitutional limit was nearly surpassed. For the same FY 2020
21 that the JLBC references above, the constitutional limit was \$6,202,831, 559 and the local
22 revenues covered by the limit were \$6,153,498,027. That is a mere difference of
23 \$49,333,532. As Dr. Chuck Essigs (Director of Government Relations for the Arizona
24 Association of School Business Officials) noted: "it is highly likely that the state would
25 surpass the same limit by FY 2021 unless action was taken by the Legislature." *See* Yavapai
26 County Education Service Agency, at 1 (Dec. 2019).

1 30. Moreover, the Arizona Legislative Council informed the proponents of
2 Proposition 208 that their proposed A.R.S. § 15-1285 Paragraph 1, which attempted to
3 exempt the Proposition from the AEL in the Constitution, was “likely invalid” for attempted
4 to usurp the constitutional spending limits. *See* Ariz. Leg. Council Memo at 2 (Feb. 10,
5 2020).

6 31. Proposition 208 is also troubling from a legislative viewpoint because it lacks
7 a revenue source. Under Arizona Constitution Article IX, Section 23(A), “[a]n initiative . .
8 . measure that proposes a mandatory expenditure of state revenues for any purpose,
9 establishes a fund for any specific purpose or allocates funding for any specific purpose
10 must also provide for an increase source of revenues sufficient to cover the entire immediate
11 and future costs of the purpose. The increased revenues may not be derived from the state
12 general fund *or reduce or cause a reduction in general fund revenues.*” *See* Ariz. Const.
13 Art. IX, § 23(A) (emphasis added).

14 32. The text of the Revenue Source Rule (Ariz. Const. Art. IX, § 23(A)) requires
15 that a current source of revenue (not a new one) be increased. But Proposition 208’s income
16 tax surcharge creates a new tax, separate from existing tax rates. This is important because
17 it does not constitute an “increased source of revenues.” *Id.*

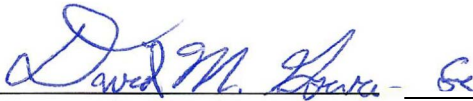
18 33. Proposition 208’s mandate under A.R.S. § 15-1284(E) that no existing
19 education funding be challenged creates a *de facto* floor on *all* school district
20 appropriations. By creating this floor, Proposition 208 seeks to usurp the Legislature’s
21 constitutionally appropriation authority as it pertains to public school funding. In effect,
22 Proposition 208 is mandating that spending be done outside the Legislature’s control and
23 approval.

24 34. Accordingly, Proposition 208 by its plain terms subverts the State of
25 Arizona’s budget and appropriations process and the Legislature’s constitutional authority
26 to appropriate general funds. This subversion has subsequently created chaos and
27 uncertainty for the Legislature as FY 2022’s budgetary process is well underway. Moreover,
28

1 this subversion has completely invaded appropriations authority from the Legislature not
2 by constitutional amendment, but rather through an improper statutory process.

3 I declare under penalty of perjury that the foregoing is true and correct.

4
5 DATED this 30th day of November, 2020.

6
7 By: 
8 Senator David Gowan
Chairman, Senate Appropriations Committee

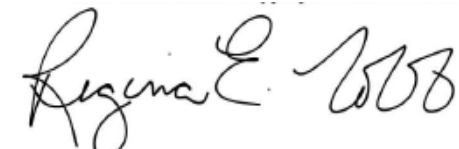
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11 By: _____
12 Representative Regina Cobb
13 Chairwoman, House Appropriations Committee
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EXHIBIT 5

DECLARATION OF MATT BOYLE

Pursuant to Rule 80(i), Arizona Rules of Civil Procedure, I, Matt Boyle, declare as follows:

1. I am over the age of 18 and have personal knowledge of the information set forth in this declaration.

2. I am the Chief Executive Officer ("CEO") for Landmark Recovery of Louisville LLC, which is a rapidly growing drug and alcohol rehabilitation company that offers a variety of inpatient and outpatient services to assist each patient develop a lifestyle that is permanently free of all mind and mood-altering substances and that promotes the patient's well-being across mind, body, and spirit.

3. Landmark Recovery achieves these goals by performing a comprehensive medical and psychosocial assessment that typically lasts between three and five days to determine the existence of a chemical dependency. At the end of this testing period, Landmark's professional staff meets with the patient and his or her family members, reviews the findings, and recommends appropriate treatment and care. Such treatment and care may include medical detoxification treatment at Landmark's facilities, outpatient treatment with a trusted local partner, or other appropriate medical treatment and protocols.

4. Landmark Recovery has over ten locations throughout the country, and its headquarters for the past 8 years has been Phoenix, Arizona.

5. Unfortunately, Landmark Recovery has preliminarily made the decision to relocate its headquarters, along with its roughly 100 employees, to Nashville, Tennessee.

6. The decision to relocate was difficult. My employees and I love Arizona and our Scottsdale location. But, the passing of Proposition 208 has given us no other financial choice. We must relocate if we are to continue to thrive.

7. Every year for the past 3 years, Landmark Recovery has doubled its number of employees. In less than two years, we are projected to have over 250 employees with a total annual payroll of over \$20 million.

1 8. But even then, Landmark Recovery is still just a small business. As a small
2 business, Landmark Recovery is especially targeted by Proposition 208's tax hike.
3 Landmark Recovery has projected, as a pass-through entity, that by 2023, the management
4 and owners of Landmark Recovery will pay roughly an additional \$3.5 million in taxes due
5 to Proposition 208. In reality, this is \$3.5 million that Landmark Recovery cannot reinvest
6 in saving lives and treating people with addiction.

7 9. Landmark Recovery's decision to move its headquarters to Tennessee, which
8 does not tax income, may have an additional impact on Arizonans working to recover from
9 addiction. Namely, because of the now unfriendly tax environment for small-businesses, it
10 is not economically feasible for Landmark Recovery to expand operations (or retain the
11 company's headquarters) in Arizona. This is regrettable because from June 15, 2017 to
12 November 20, 2020, there were over 55,000 suspected opioid overdoses and approximately
13 7,700 deaths—each of them a victim with a name, family, and story.

14 10. Unfortunately, there is already a lack of treatment providers to care for the
15 number of Arizonans suffering from addictions (opioid or otherwise). When this shortage
16 is coupled with the low reimbursement rates for recovery services and Proposition 208's
17 untenable income surcharge, treatment options for Arizonans in need will become
18 dangerously scarce.

19 I declare under penalty of perjury that the foregoing is true and correct.

20
21 DATED this 30th day of November, 2020.

22
23 By: 

24 Matt Boyle
25 Chief Executive Officer
26 Landmark Recovery
27
28

EXHIBIT 6

DECLARATION OF MONTIE LEE

Pursuant to Rule 80(i), Arizona Rules of Civil Procedure, I, Montie Lee, declare as follows:

1. I am over the age of 18 and have personal knowledge of the information set forth in this declaration.

2. I am the owner of Lee Farms, which is an approximately 4,000-acre and third-generation family farm in Arizona's Yuma Valley.

3. I am the sole owner of Lee Farms, and therefore, I file my taxes on behalf of the farm under the individual tax code.

4. The farm's annual income is in excess of \$500,000. Thus, my farm and I will be subject to Proposition 208's income tax surcharge of three and one-half percent.

5. Even though the farm's income is in excess of \$500,000, that does not mean that I put that income directly into the bank or spend it on leisurely items. Rather, as a farmer that produces broccoli, cauliflower, mix leaf lettuce, romaine lettuce, and iceberg lettuce year round, and then alfalfa, cotton, and durum wheat in the Summer, the money that the farm makes is invested right back into the farm to buy seeds and update necessary farm equipment if possible. In essence, the farm only persists based on the revenue generated in the previous year. In a bad income year, there is no bailout by the government. Instead, I need to take out a loan to make ends meet.

6. As the owner of a family farm that employs roughly 150 employees during peak season, Proposition 208 will have detrimental effects on me, my family, my business, and those employees who work for me. The money that I will be taxed to support Proposition 208 means I will have less money that I can reinvest in my farm to keep it going. If my farm falters, the consequences will be felt by the entire community due to increased food costs. That is because my farm's crops support not only Arizonans, but also people across the United States and around the world. For example, ninety percent of the United States' winter vegetables come from the Yuma Valley, our sudan is shipped to Japan, our durum wheat is sent to Italy, and our cotton is distributed to China.

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I declare under penalty of perjury that the foregoing is true and correct.

DATED this 27th day of November, 2020.

By: Montie Lee
Montie Lee

EXHIBIT 7

1
2
3 **DECLARATION OF STEVE PIERCE**

4 Pursuant to Rule 80(i), Arizona Rules of Civil Procedure, I, Steve Pierce, declare as
5 follows:

6 1. I am over the age of 18 and have personal knowledge of the information set
7 forth in this declaration.

8 2. I am the owner of a 5,000-deeded acre ranch that has approximately 200
9 cattle.

10 3. I am the third generation of my family to live, work, and raise cattle on my
11 family's ranch.

12 4. I file my taxes as a married person and our joint annual income is in excess
13 of \$500,000. Thus, we are subject to Proposition 208's income tax surcharge of
14 three and one-half percent.

15 5. This surcharge is a direct threat and burden on my livelihood because it
16 means that money that I would otherwise reinvest into my livestock, machinery,
17 and other agribusiness will now be taxed and redistributed away from me, the
18 ranch operations, and the ranch employees. Essentially, it maybe appears on paper
19 that I have a large income. But, my income is immediately plowed back into the
20 ranch operations. I am not able to keep a buffer in my ranch accounts as some
21 corporate agribusiness do to save for capital expenses or hard years. Whatever
22 income at the end of the year is taxed, regardless of my intended ranch operational
23 expenses the next year. This is an unequal hardship on me, compared to large
24 agribusinesses, and is especially hard on those that I employ.

25 6. My hardship will also affect those who purchase my cattle for meatpacking
26 purposes. That is because if I am unable to raise cattle for cost concerns, there will
27 be less beef commodity in the market. I often sell my cattle to meatpackers in
28 Oklahoma and elsewhere.

7. I also derive my income from certain commercial real estate that I own.

1
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3 8. The Proposition 208 income tax surcharge negatively affects this business
4 interest of mine as well. This negativity is only compounded by the unknown
5 impacts related to COVID-19 and the potential shrinking of the commercial real
6 property market as more people work out of their homes or otherwise centralize
7 business operations.

8 9. By taxing me, a small business owner at a three and one-half percent rate, I
9 will undoubtedly have to raise rents on my tenants to cover the additional costs
10 related to maintaining the commercial properties. In turn, this will create vacancies
11 on-top of what the commercial market is already experiencing due to COVID-19.

12 10. By taxing me and other small business owners like me in the real estate
13 market, the market will stagnate and the return on our investment will be minimal.
14 If our return is minimal, it will disincentive the desire to want to participate in the
15 economy's growth and quite possibly force me and other individual investors to no
16 longer want to participate in the real estate market altogether. Similar to the large
17 agribusiness corporations that are going to be taxed lower than me, only the large
18 commercial real estate firms, which have minimal to no real ties to the community,
19 will prevail as they maximize their competitive advantages at being able to operate
20 on a lower tax rate.

21 11. I have served in the Arizona Legislature for approximately ten years. First, I
22 served as a State Senator from January 5, 2009 to January 9, 2017, where I was
23 elected Majority Whip and President of the Arizona Senate. Second, I served as a
24 State Representative from April 3, 2019 until January 2021. My time in politics and
25 as a rancher has taught me that instituting surcharge taxes like the one Proposition
26 208 proposes is a really bad idea. It will not promote growth in Arizona and it will
27 not allow us to recover from the pandemic that we are currently experiencing. In
28 fact, I know of one agriculture family that are actively looking to move their
business out of state to avoid this very tax, which targets one group/class of
taxpayer.

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3 12. Furthermore, the Proposition 208 provisions attempting to exempt monies
4 from expenditure caps and mandating base educational funding overall will
5 significantly negatively impact the ability of future legislators to manage the
6 budget and be able to respond to other unanticipated events – such as we saw
7 during the Great Recession, are now seeing due to COVID-19, and we always see
8 due to the devastating fire seasons and drought facing Arizona.

9 13. On a national level, we know that one out of every seven small businesses
10 are gone for good. Proposition 208's tax places my ranch and my real estate
11 ventures in jeopardy of following that trend.

12 I declare under penalty of perjury that the foregoing is true and correct.

13 DATED this 27th day of November, 2020.

14
15 By: 

16 Steve Pierce
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EXHIBIT 8

1 **DECLARATION OF FRANCIS P. SURDAKOWSKI, M.D.**

2 Pursuant to Rule 80(i), Arizona Rules of Civil Procedure, I, Francis P. Surdakowski,
3 declare as follows:

4 1. I am over the age of 18 and have personal knowledge of the information set
5 forth in this declaration.

6 2. I am a Board Certified cardiac physician that has been practicing cardiac
7 medicine in Phoenix, Arizona since 1980.

8 3. I am also Board Certified in internal medicine.

9 4. I obtained my Bachelor of Science from Boston College in 1969.

10 5. I obtained my Medical Doctorate from the University of Bologna, Italy in
11 1975.

12 6. I performed my internship, residency, and fellowship at Coney Island
13 Hospital in Brooklyn, New York from 1975 through 1980.

14 7. I began as a solo cardiac practitioner in 1980, then formed a large group over
15 the ensuing years, and now have been with Cardiovascular Consultants, LTD for the past
16 ten years.

17 8. I file my taxes as a married person and our joint annual income is in excess
18 of \$500,000. Thus, I am subject to Proposition 208's income tax surcharge of three and one-
19 half percent.

20 9. As a cardiac specialist, I can attest that Proposition 208 will be a negative
21 factor that prevents cardiac specialists from coming to Arizona. I can also attest that
22 Proposition 208 will have a negative impact on the retention of top-flight niche specialty
23 physicians in Arizona. That is because niche specialists, such as neurosurgeons,
24 cardiologists, neurologists, emergency room physicians, pulmonologists, oncologists,
25 immunologists, among others, have the option to practice medicine anywhere in the country
26 (if not the world) that they choose. Based on interactions with other specialty medical
27 practitioners, I am well aware that these practitioners will choose locations that enable them
28 to maximize the earnings.

1 10. I know this because I was a top-flight cardiac physician that had his pick of
2 locations after I finished my residency. I was born in New York, went to undergraduate
3 school in Boston, attended medical school in Italy, and completed my internship, residency
4 and fellowship in New York City. Many believe that after medical school and during
5 residency, doctors make large salaries. This is not the case. Current medical students
6 endure large debts while going through medical schools. After medical schools, these young
7 physicians work at hospitals or clinics for low salaries. Once a student graduates, they then
8 go on to complete several years of training depending on the specialty that they choose.
9 During this on-going training, where these doctors are caring for patients, the practitioner
10 works long hours for low pay.

11 11. I could have chosen positions in California, Colorado, or elsewhere, but I
12 chose Arizona in 1980 because of the opportunities it presented me. Unfortunately, current
13 medical students, who are saddled with very high student debt, will not see the current
14 Arizona medical employment opportunities in the same way that I did in 1980. Proposition
15 208 contributes significantly to this problem. Other issues include low insurance
16 reimbursable rates and significant risk associated with civil legal liabilities when working
17 diligently to ensure the best medical care possible for patients.

18 12. In my previous partnership, our group practiced cardiac care in rural areas. In
19 Arizona and elsewhere, it is extremely difficult to recruit any medical practitioner, let alone
20 medical specialists, to practice in rural areas, including Native American tribal areas.
21 Simply, these rural areas do not generate the necessary income to attract medical specialists.
22 Instead, Arizonans living in rural areas already have to travel long distances to obtain
23 necessary care. Many individuals living in rural areas and other people who rely on
24 government assistance for healthcare (*i.e.*, the poor, elderly, and veterans) already have long
25 waits to be able to be able to schedule appointments with necessary specialists.

26 13. Because of student debt and increased taxes, in particular Proposition 208,
27 recruiting and maintaining physicians (and most especially specialists) that are willing to
28 practice in rural Arizona areas or work for government healthcare facilities will be difficult.

14. Practicing specialize medicine like cardiac care has also changed in the time of Covid-19. People are scared to attend necessary medical appointments. Elective and essential surgeries have been stopped temporarily due to the Covid-19 virus. This already has a significant impact on multiple medical specialty areas due to decreased revenue. With the rising COVID-19 numbers across the state, that fear has increased. If people stop attending necessary specialist appointments or other restrictions are put in place, my and other necessary medical specialty practices profitability will suffer. Proposition 208 and its exorbitant tax surcharge will only further diminish my and other earnings.

15. If my (and other physician specialists like me) have diminished earnings or if less physician specialists choose to reside in Arizona because of Proposition 208, there will be less taxable income overall for other necessary state-sponsored benefits such as maintaining the Arizona Health Care Cost Containment System and responding to state emergencies like the Covid-19 crisis.

I declare under penalty of perjury that the foregoing is true and correct.

DATED this 29 day of November, 2020.

By: Francis P. Surdakowski M.D.
Francis P. Surdakowski, M.D.

EXHIBIT 9

Arizona Tax Research Association

Revenue and Budget Update

November 19, 2020

JLBC

Key Points

- ❑ Since the pandemic began, revenue collections have been much higher than anticipated
- ❑ Based on October FAC, the projected ending balance is \$411 M in '21 and \$93 M in '22
- ❑ Due to surprising revenue trends, we expect the balance projections to grow in our January update
- ❑ The course of COVID and federal policy responses could also have a significant impact

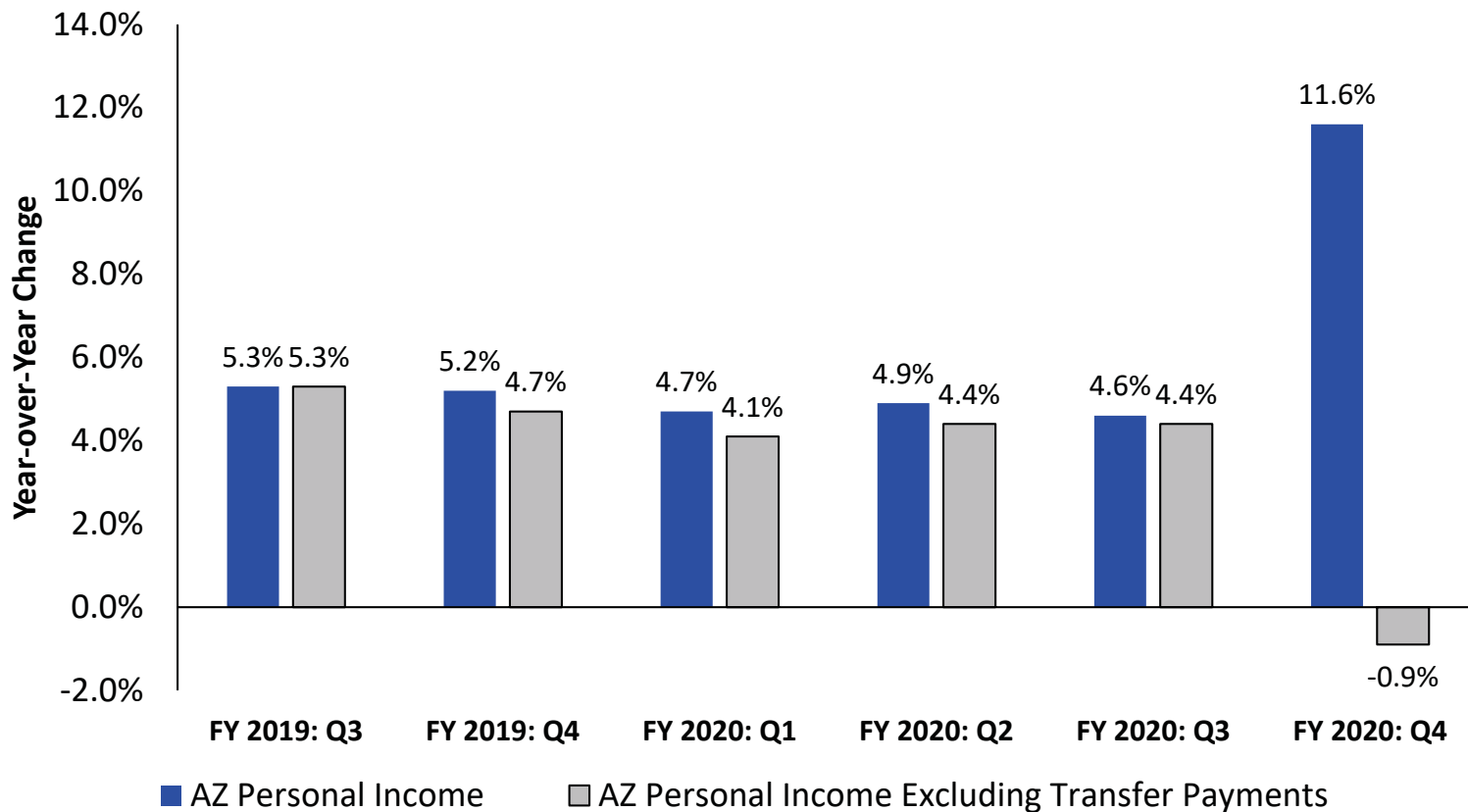
Caveats

- ❑ The October estimates are predicated on no long-term spike in COVID and no wide-scale business shutdowns
- ❑ While federal COVID aid has propped up our economy, that assistance is quickly being depleted
- ❑ A new federal aid package could significantly change the October projections
- ❑ For example, extending the current enhanced Federal Medicaid match could save \$500 M in '22

Personal Income Grew 11.6% in 4th Quarter

- Due to \$32 B in Federal CARES Act Assistance to Arizona

Arizona Personal Income



Arizonans Received \$32 B in Direct Pandemic Aid

- Another \$6 B Went to State/Local Governments

<u>Major Sources of Direct Aid</u>	<u>\$ in B</u>
Paycheck Protection/Other Business Aid	13
Unemployment Insurance	10
\$1,200/\$2,400 Stimulus Checks	6
Hospitals/Health Care Providers	2

- ☐ Paycheck Protection Loans forgiven if any layoffs rehired by 12/20
- ☐ Other Business Aid includes Economic Injury Disaster Loans for 60,000 Arizona businesses
- ☐ Business Aid also includes Employee Retention Credit for 50% of wages up to \$10,000 per employee

'21 YTD General Fund Revenues Up 20%

- Gain Aided by Deferred Tax Filing

	% Growth <u>'21 YTD</u>	+/- October <u>Forecast (\$ M)</u>
Sales	12.3%	\$ 67
Individual Income	31.0	14
Corporate Income	9.8	11
Insurance Premium	6.0	7
Other	<u>(10.8)</u>	<u>3</u>
Overall *	19.6	\$ 102

* Revenues exclude beginning balance, fund transfers and Urban Revenue Sharing
YTD = Year to Date through October.

Forecasting State Revenues

October 4-Sector Forecast

October Consensus Forecast

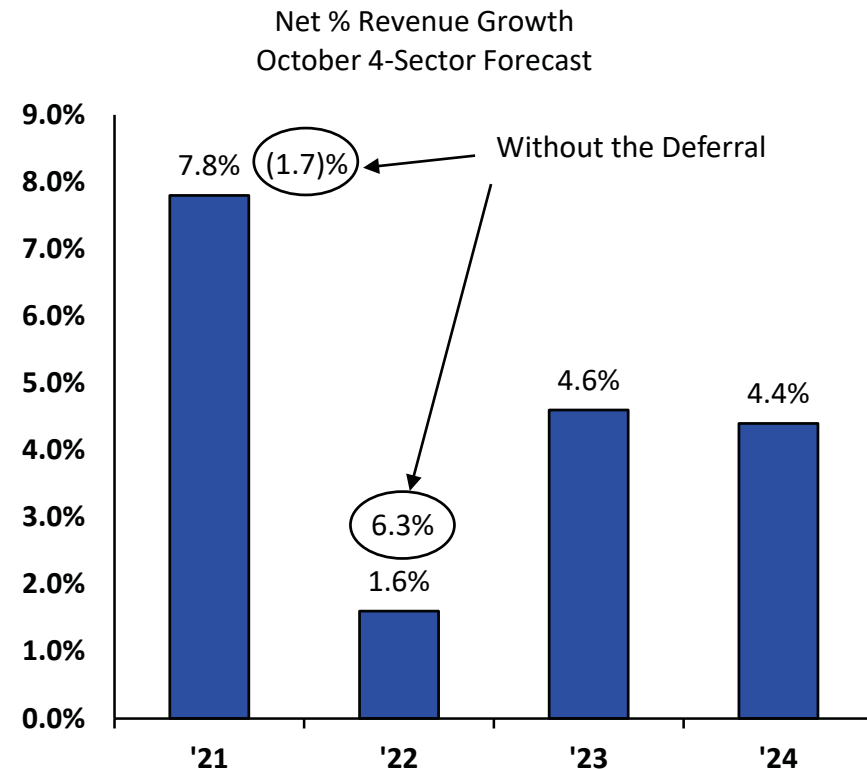
- ❑ Finance Advisory Committee
- ❑ UA model – base
- ❑ UA model – low
- ❑ JLBC Staff

Represents Net Growth

- ❑ Includes enacted law changes

Long Run Average Growth

- ❑ 4.2%



Excludes balance forward, one-time transfers and
urban revenue sharing

See Appendix A

Is the Sales Tax Collection Bubble About to Burst?

- \$145 M First Quarter Growth over Prior Year

	% Change over Prior Year	
	4 th Qtr <u>FY 20</u>	1 st Qtr <u>FY 21</u>
Retail/Remote Sales	5%	19%
Contracting	18	19
Restaurant/Bar	(32)	(12)
Lodging	(67)	(34)

❑ US durable goods spending up 15% in September

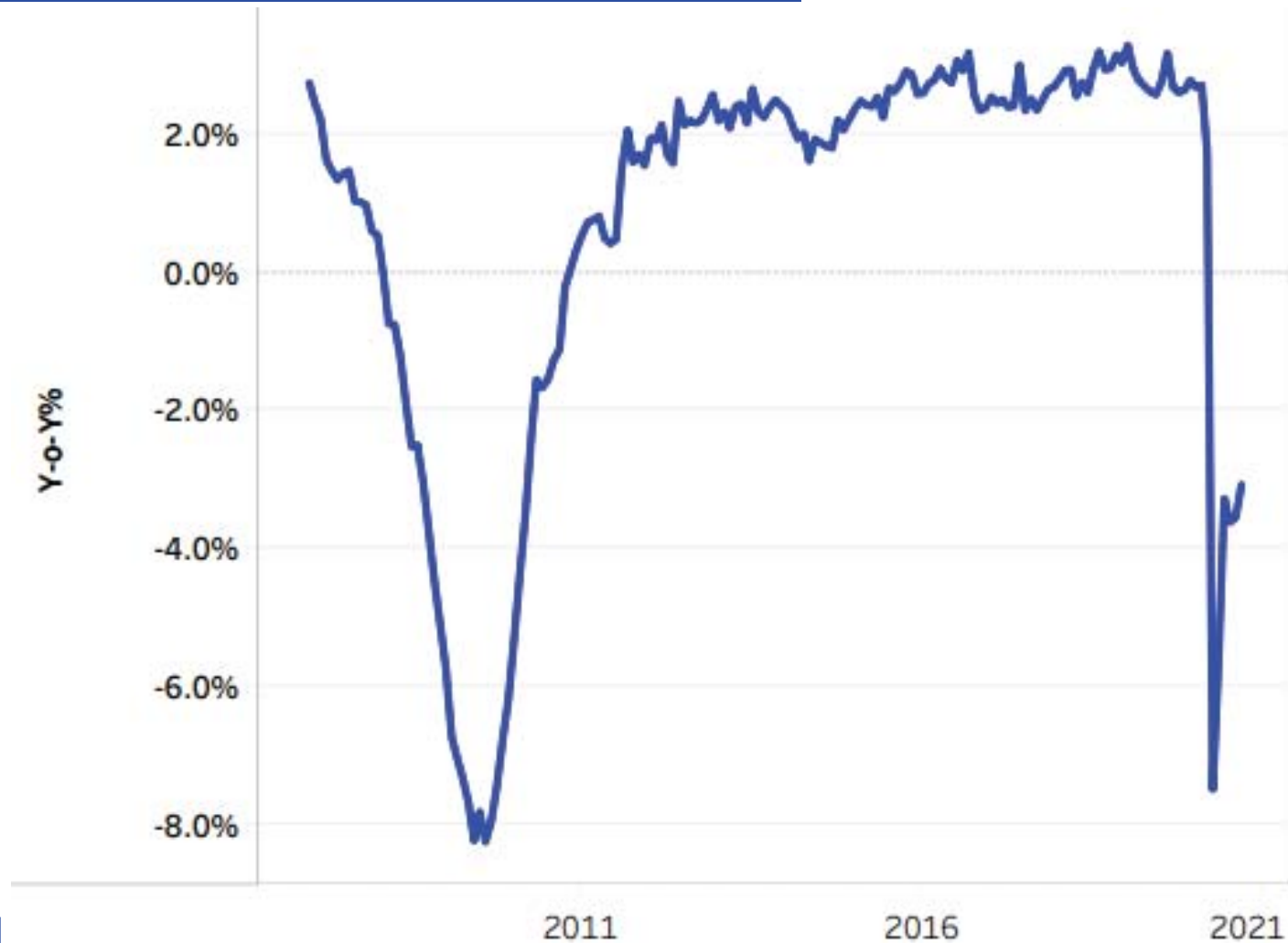
❑ US services spending down 5%

❑ In Az retail, auto sales up 12%; building materials gained 23%

❑ Wayfair/Remote stronger than expected

AZ Employment (3.1)% Less than a Year Ago

- But Withholding Up 0.6% in the 1st FY '21 Trimester



Spending Adjustments

Baseline Spending Projected To Increase by \$564 M

'22 Ongoing Spending Changes

	<u>\$ in M</u>
AHCCCS – Medicaid Formula	305
ADE – K-12 Formula	203
DPS – Highway Safety Fee Backfill	161
DES – Medicaid Formula	54
Other	<u>4</u>
Total	727

Total Spending Changes	\$564 M
Total Spending	\$12,326 M
% Change	4.8%

'22 One-Time Spending Additions/Deletions

	<u>\$ in M</u>
Reduce K-12 Rollover (Enacted)	30
University 27 th Payroll (Enacted)	20
FY 21 State Agency 27th Payroll	(43)
SFB – Building Renewal Grants	(91)
SFB – Fewer New Buildings	(18)
State Employee Health Insurance	(22)
Other Agency Spending	(28)
ADC Capital Projects	<u>(11)</u>
Total	(163)

Projected Ending Balances

Excludes \$970 M in Budget Stabilization Fund

October FAC: \$411 M '21 Ending Balance

- Will Likely Increase in the January Update

- ❑ Unless there is an economic downturn, revenue growth will be adjusted upward
 - Only need 1.5% Nov-June growth to match October forecast
- ❑ Oct Baseline does not reflect \$190 M in '21 General Fund savings from enhanced federal Medicaid match rate
 - Net savings will depend on AHCCCS provider rate increases
- ❑ State may also generate K-12 General Fund savings due greater use of online programs and lower enrollment

K-12 General Fund Loss Offset by Fed Funds

- Paid from \$1.8 B in Coronavirus Relief Fund

<u>Current CRF Allocations</u>	<u>\$ in M</u>	
Local Funding (Non-Big 5)	\$441	<input type="checkbox"/> K-12 grants backfill loss of student count
Agency Spending Backfills	396	
K12 Enrollment Stability	370	<input type="checkbox"/> Agency backfills allowed reduced GF spending; created larger ending balance
FEMA Bridge Loan	150	
DHS COVID Costs	70	
SOS Elections	9	<input type="checkbox"/> Exec will use some unallocated \$ for UI balance
University Testing/Surveillance	8	
2020 Census	5	
Virtual Teacher Institute	2	<input type="checkbox"/> Will any new federal stimulus provide more \$?
Other	8	
Total	\$1,459	

Projected '22 Balance of \$93 M

- By January, Estimate More Likely to Increase than Decrease

Factors that would increase the '22 Balance

- ☐ Higher '21 balance than projected \$411 M
- ☐ Higher revenue base than October forecast
- ☐ Extension of enhanced Medicaid match into '22
- ☐ More federal stimulus – both direct and indirect

Factors that would decrease the '22 Balance

- ☐ Extended COVID spike and business shutdown
- ☐ Continuing 1-time '21 initiatives in '22

Prop 207 Recreational Marijuana

- Ongoing Funded from 16% Excise Tax

Ongoing Distributions		One-Time Distribution from the Medical Marijuana Fund	
	Estimate (\$ in M)		Amount (\$ in M)
Community Colleges (33%)	\$53	Teachers Academy	\$15
Local Public Safety (31%)	51	Highway Safety	10
Transportation (25%)	41	Health Services	20
Public Health (10%)	16	TOTAL	\$45
TOTAL	\$161		

- ❑ Ongoing \$ based on 3rd year of program – but difficult to gauge ramp up. Could reach these levels more quickly, but need to see 6-12 months of actuals first
- ❑ Assumes \$5 M “off the top” for admin – agencies self-determine needs
- ❑ TPT also applies to marijuana sales – projected \$38 M GF collection in 3rd year

Prop 208 Education Spending

Revenue Distribution	
	Estimate <u>(\$ in M)</u>
Teacher/Classroom Support (50%)	\$413
School Support Services (25%)	207
Teacher Retention (10%)	83
Career Training (12%)	99
Teachers Academy (3%)	<u>25</u>
TOTAL	\$827

- ❑ Awaiting DOR guidance, but \$ probably not available until FY '23
- ❑ Surcharge is based on TY '21 liability – returns filed in spring '22

Appendix A: October 4-Sector Forecast

	<u>2021 *</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Sales Tax				
JLBC Forecast	4.9%	5.3%	5.3%	3.9%
UA – Low	2.0%	5.2%	4.3%	4.1%
UA – Base	5.6%	6.4%	4.7%	4.6%
FAC	1.6%	5.4%	4.8%	5.1%
Average:	3.5%	5.6%	4.8%	4.4%
Individual Income Tax with Deferral				
JLBC Forecast	19.9%	-5.4%	5.1%	4.8%
UA – Low	15.3%	-3.1%	4.2%	3.4%
UA – Base	21.4%	-1.3%	5.3%	4.7%
FAC	14.2%	0.9%	6.0%	6.1%
Average:	17.7%	-2.2%	5.2%	4.8%
Corporate Income Tax				
JLBC Forecast	-4.7%	5.9%	4.7%	4.2%
UA – Low	-24.6%	6.0%	4.4%	6.4%
UA – Base	-15.8%	13.8%	6.4%	7.4%
FAC	5.5%	0.5%	4.9%	4.9%
Average:	-9.9%	6.2%	5.1%	5.7%
Insurance Premium Tax				
JLBC Forecast	1.3%	1.2%	0.7%	0.6%
UA – Low	-2.8%	4.1%	2.3%	0.7%
UA – Base	-2.6%	4.4%	4.5%	2.4%
FAC	-0.5%	2.0%	2.3%	2.0%
Average:	-1.2%	2.9%	2.4%	1.4%

JLBC Weighted Average	10.5%	0.3%	5.0%	4.2%
UA Low Weighted Average	6.0%	1.4%	4.2%	3.7%
UA Base Weighted Average	10.7%	3.1%	5.0%	4.7%
FAC Consensus Weighted Average	6.9%	3.0%	5.2%	5.4%
"Big-4" Weighted Average	8.5%	2.0%	4.8%	4.5%
Consensus Weighted Average*	7.8%	1.6%	4.6%	4.4%

* Represents ongoing revenue adjusted for small revenue categories.