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ARIZONA TAX RESEARCH ASSOCIATION

NO: Taxation by ballot box is bad policy

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My Turn

Sept. 29, 2006

The process of "ballot-box budgeting," where special-interest groups sidestep the state budget process to earmark taxes for their pet projects, has been much abused in Arizona.

This year's effort comes in the form of Proposition 203, an initiative that calls for a dramatic 68 percent increase in tobacco taxes.

The continued efforts of special-interest groups to use the initiative process to receive guaranteed and permanent funding for their programs is bad public policy and should be rejected.

The new taxes, estimated at more than \$150 million annually, would be turned over to a nine-member board appointed by the governor.

This board would exercise sole authority to appropriate monies to "regional partnership councils" that also are appointed and ultimately not accountable to the taxpayers.

The board, as well as each of the regional councils, is given the authority to create a new bureaucracy through the hiring of full-time staff.

Proponents explain that they targeted tobacco for a huge tax increase to fund early childhood programs because it polled well. It is doubtful those polls explained that any new funding for child care would come at the expense of funding for health care, education, prisons and tobacco education.

How do higher taxes reduce funds for existing programs? Simple. Arizonans are smoking less each year, and tobacco tax collections from the current \$1.18 tax rate are already declining.

In fact, state General Fund receipts from tobacco taxes have declined 20 percent in the last decade. A huge tax increase will further decrease taxable cigarette sales, leaving current programs with less and less money.

Nationally, increased taxes have led to an increase in tax avoidance through purchases on the Internet or Indian reservations. The Joint Legislative Budget Committee conservatively estimates the loss in health care, prison and education funding at \$23 million in the first full year.

Proponents hope the unpopularity of smoking and a slick campaign will cover up a measure that is poorly planned and will damage existing programs.

Show them that you're paying attention and that good public policy development deserves better than a simple poll.

Vote "no" on Proposition 203.