



Tell Gov. Brewer, NO NEW TAXES!

- Gov. Jan Brewer wants the Legislature to send a tax hike to the ballot. The proposal would increase state taxes (probably sales taxes) by a billion dollars a year for three years. That's over \$300 per household per year--in the middle of a recession, when families and businesses are already struggling.
- Taxpayers know that referring a tax increase to the ballot is the same thing as voting to raise taxes. The spending lobbies stand to gain billions, so they will spend millions on round-the-clock radio and TV ads, and send millions of glossy mailers to voters. If the Big Spenders want to put a tax hike on the ballot, they should use their own money and collect their own signatures.
- Part of Gov. Brewer's plan includes referring a "package" of two referenda to voters in a special election. One would be the billion-dollar-a-year tax increase. The other (which AFP Arizona supports) would allow the Legislature to make reductions to voter-mandated spending programs. But the reform to voter-mandated spending is not nearly good enough to outweigh the negative effects of the tax increase.
- Legislative leaders already have detailed budget plans that do not raise taxes, and that have only marginally more spending cuts than Gov. Brewer's (unspecific) "plan." The current House and Senate plans are heavy on fund sweeps and other gimmicks—but that is due to the failure of some members of the majority to make the necessary budget cuts. (For \$5 billion in options that do not involve raising taxes, see the back of this flyer.)
- In her defense, Brewer has invoked Ronald Reagan's 1967 decision to raise taxes, when he was governor of California. But Reagan didn't raise taxes during a recession. Herbert Hoover did that. So did George H.W. Bush.
- A tax increase in Arizona would be a defeat for conservatives around the country, as they struggle against Big Government in the Age of Obama. The (supposedly) conservative state of Arizona, with a GOP governor and legislature, must take a stand. We need to serve the country as an example of how to survive a budget deficit crisis that was caused by over-spending. We need to do it by cutting spending and holding the line on taxes.
- Please contact Gov. Brewer and tell her to stop listening to the political consultants who have given her such bad advice. Here are contacts for Gov. Brewer's communications office: ksabow@az.gov (602) 542-4331 <http://azgovernor.gov/Contact.asp>

AFP Arizona's \$6 billion in options for fixing AZ's \$3.5 billion FY10 deficit (5/21/9)

- 1) Start by trying to do the \$2 billion in spending cuts from the Pearce-Kavanagh options budget for FY2010, and by sweeping non-GF funds, for \$400 million. (**\$1B done by House-Senate**)
- 2) Use \$1B in federal stimulus funds that do not require maintenance-of-effort spending (**done**).
- 3) Look for at least \$1 billion in state assets that could be sold through open, competitive bidding, or state GF functions that could be bid out to long-term private concessions. We came up with over \$1 billion of sales and concessions in one afternoon, including \$250 million from selling the Santa Rita Experimental Range east of Green Valley for residential development. As of November 2008, the state universities had \$240 million in liquid real estate assets. AFP Arizona is proposing actual asset *sales*, not sell-leaseback schemes. In looking at asset sales, we recommend that the state offer potential buyers very wide latitude in the use of the acquired assets—including preemption of existing local zoning and land-use ordinances. Further privatization of prisons could save the state \$100 million (**done**)—and increase prison safety.
- 4) Greatly expand the corporate tuition tax credits. Every child who leaves the government system via STOs saves the state/local ed system more than \$5,000 (net of the lost revenue). If we move 10,000 more kids through aggressive promotion of the credits in FY10, that saves the state \$50 million. In FY11, we could accelerate the movement of kids to independent schools.
- 5) Begin voucherizing higher ed. The Goldwater Institute's high-end estimates of savings give us \$6,000 per student. We don't think the actual savings, short term, will be that much. But if we move 2,500 students in the first year with savings of \$4,000 each, the state saves \$10 million. In FY11, we could accelerate the movement of students into private higher ed programs.
- 6) The Goldwater Institute suggests moving state employees to Health Savings Accounts with high deductibles. By doing so, we could keep DOA health expenditures from going up \$100 million in FY10—like they did last year. Assume \$10 million in savings for FY10.
- 7) Outsource civil law enforcement. The Goldwater Institute projects that outsourcing in this area could yield at least \$20 million in savings.
- 8) Collateralize future state lottery and tobacco settlement receipts. Gov. Napolitano thought she could get \$1.4 billion. A realistic estimate for lottery securitization alone is \$400 million. The total for both could be \$700 million.
- 9) Utilize new private-sector data systems to reduce duplication-of-effort and fraud in Arizona's entitlement systems, especially in the health sector. For FY10, the House and Senate have scored savings at \$50 million. (**Done.**)
- 10) Suspend or eliminate all tax credits that do not serve to introduce competition into sectors of the economy dominated by government provision of services. For example, the state could restore \$40 million by eliminating the Extra Curricular Activities tax credit. That's just the beginning.
- 11) Have school districts spend an estimated \$800 million in unencumbered FY2009 balances carried forward into FY2010 (balances they cannot legally spend), and reduce state aid proportionally.

Total deficit reduction options: Over \$6.08 billion Remaining undone: Over \$3.93 billion