



AMERICANS FOR PROSPERITY
ARIZONA



CONCERNED VETERANS FOR AMERICA™

May 26, 2021

Dear Governor Ducey and Members of the Arizona Legislature:

On behalf of the undersigned organizations representing Arizonans who support the interests of the taxpayers, we ask that you support lowering Arizona's income taxes to one flat rate. Now, more than ever, hardworking Arizonans need to keep more of hard-earned dollars in their pockets.

We support State Representative Ben Toma and State Senator J.D. Mesnard's tax plan to lower all state income taxes to a 2.5% rate with a 4.5% cap for all taxpayers, while still funding essential programs.

We support this proposal because:

- Arizona's revenue collections have remained strong and the projected ending balance for Fiscal Year 2022 are estimated to be \$3.9 billion.[1] This budget surplus is best used if returned to hardworking Arizona families.
- Arizona passed Proposition 208 this past November, nearly doubling the income tax for many small business owners. The so-called 3.5 percent Prop. 208 “surcharge” will discourage small business owners and wealthy individuals from moving into the state, which will hurt Arizona’s economy long term.
- According to research published by the CATO Institute, taxation does impact where businesses locate and where individuals move. In 2016, 24 of the 25 highest taxed states saw net out-migration. Likewise, the lowest taxed states, particularly those without income taxes such as Florida, saw the largest net in-migration.[2]
- By lowering the rate, we can lessen the tax burden for all Arizonans and provide real, long-term relief that our families desperately need and deserve in these challenging times. This reform will make a real difference for individuals, families, and businesses who have struggled because of the effects of the COVID-19 pandemic over the last year.

Everyone benefits from being able to keep more of their paycheck, ensuring Arizonans can better meet the needs of their families and businesses. Arizona can be a model for the nation by adopting bold tax and spending reforms that will help individuals, families, and businesses thrive.

It is for all of these reasons we ask you to support income tax relief that goes down to one rate.

[1] <https://www.azleg.gov/jlbc/facag041521.pdf>

[1] <https://www.cato.org/publications/tax-budget-bulletin/tax-reform-interstate-migration>

Sincerely,

Stephen Shadegg, State Director
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Victor Riches, President & CEO
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