



Prop. 208 Breakdown: The Pros and Cons

As voters head to the polls on Tuesday, Nov. 3rd, they will be faced with the question of whether to vote yes or no on Proposition 208. This is a tax measure otherwise known as the “Invest in Ed” initiative.

Proponents' Arguments	Opponents' Arguments
<ul style="list-style-type: none">• Would raise more than \$800 million more in revenue annually for Arizona education• New monies allocated would “have strict accountability that the politicians at the state Capitol cannot touch and will be used for very specific purposes like increasing teacher salaries and reducing class sizes.”	<ul style="list-style-type: none">• Would cost Arizona 124,000 jobs, \$2.4 billion in state and local revenues, and hurt the career market and small business environment.• Hurts workers and middle-income Arizonans at a time which necessitates economic expansion, not costly tax regimes.

The facts:

- Prop 208 raises individual income taxes by 77.7% for single filers on income above \$250,000 (\$500,000 for joint-filers).
- Tax raise would apply to pass-through entities, which is primarily how Arizona small businesses are organized under law.
- A Goldwater Institute analysis claims that Prop 208 would cost Arizona 124,000 jobs minimum as well as at least \$2,400 million in state and local revenues.¹
- More funds would be annually allocated towards the education budget, but only 50% of said funds would go directly towards classrooms.
- There is no easy course for amendment of Prop 208 should voters pass it and subsequently dislike its real-world consequences (Voter Protection Act prohibits legislative remedy after passage).

Notable quotations:

- Elliot D. Pollack, economist and business owner: “If passed, the tax increase initiative would result in Arizona having the country’s ninth-highest income tax rate...”²
- David Lujan, director of the Arizona Center for Economic Progress: “[monies allocated by Proposition 208] have strict accountability that the politicians at the state capital cannot touch and will be used for very specific purposes like increasing teacher salaries and reducing class sizes...”³
- Analysis prepared for the Arizona Chamber Foundation by economists A. Laffer, S. Moore, and E. Antoni: “50% of the tax would be borne by small business owners and operators and these businesses typically generate from half to two-thirds of the jobs in a state...”⁴

1. <https://goldwaterinstitute.org/article/new-report-prop-208-would-cause-massive-job-loss-and-cuts-to-critical-services/>

2. <https://chamberbusinessnews.com/2020/10/26/economist-calls-proposition-208-a-disaster-waiting-to-happen/>

3. <https://kvoa.com/news/local-news/2020/10/27/decision-2020-breakdown-of-prop-208-invest-in-education-act/>

4. <https://static1.squarespace.com/static/5f47e743a0d5362e8970af42/t/5f86791339e5dd37971973cb/1602648340245/Prop+208+Study+Moore+Laffer+Antoni+Oct2020.pdf>