



Proposition 207 Removed From Ballot

August 31, 2018

By: [Steven T. Moortel](#)

On August 29, 2018, Chief Justice Scott Bales signed an order stating that a majority of the justices ruled that Proposition 207's description of the campaign's proposed tax hike on those making \$250,000 or more, did not include language describing how the law would affect the tax brackets at every income level. The Justices determined that the drafting and the substance of the description made "the description . . . inadequate." As a result, the Arizona Supreme Court removed Proposition 207 from the ballot because petitions did not state that the measure would eliminate indexing tax brackets to changes in the Consumer Price Index.

Proposition 207 would have increased taxes on income above \$250,000 and allocated that revenue to teacher salaries as well as school operations and maintenance purposes.

Intended effect of Proposition 207 on taxes and education

Proposition 207 would have created two new state income tax brackets and increased the tax rate for individual filers as follows:

- from 4.54 percent to 8.0 percent on income between \$250,001 and \$500,000
- from 4.54 percent to 9.0 percent on income above \$500,000

Proposition 207 additionally would have increased the tax rate for married, joint filers as follows:

- from 4.54 percent to 8.0 percent on income between \$500,001 and \$1.0 million
- from 4.54 percent to 9.0 percent on income above \$1.0 million

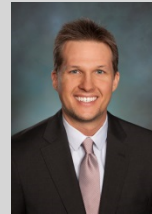
As of 2018, the highest bracket for individual filers is \$150,001 or more at 4.54 percent and the highest bracket for joint filers is \$300,001 or more at 4.54 percent.

Revenue from Proposition 207's proposed tax brackets, above the existing 4.54 percent, would have added compensation increases for student support personnel and full-day kindergarten to the list of school operations and maintenance purposes and would have been distributed as follows:

- 60 percent to teacher salaries
- 40 percent to school operations and maintenance

Discussion about proposed tax brackets and indexing to inflation

As of 2018, the state's personal income tax brackets are indexed to annual changes in the metropolitan Phoenix Consumer Price Index (CPI). David Lujan, treasurer of the Invest in Education PAC, said Proposition 207's tax brackets also would be indexed to changes in the CPI.



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Mike Braun, director of the Arizona Legislative Council, disagreed with Lujan, saying the initiative's tax brackets would not be indexed and adjusted to future changes in the CPI. Braun said, "It might be that the drafters of the initiative intended that the dollar amounts in the new tax brackets be adjusted for inflation. The language of the initiative does not accomplish this purpose, however."

In its August 29th order, the court determined that the challenge to Proposition 207 could be resolved by analyzing the 100-word description included with the measure to determine if the description complied with the mandates of A.R.S. § 19-102(A), and failing that standard would bar the measure from the ballot. The court found that the description failed to meet the demands of the statute because the description both did not accurately represent the increased tax burden on the affected classes of taxpayers and failed to reference the elimination of bracket inflation indexing. The court found that allowing the measure to remain on the ballot "creates a significant danger of confusion or unfairness."