



# Children's Action Alliance

*A Voice for Arizona's Children since 1988*

## **OPINION: Digging the Hole Deeper: Too Many Tax Cuts are Hurting Arizona**

By Dana Wolfe Naimark, President and CEO

October 22, 2009

As our legislature debates proposals to raise taxes and proposals to cut taxes, how many Arizonans know that state taxes have been cut over and over again during the past two decades to the point that now our the state budget loses \$1.5 billion a year? Too many tax cuts have not only lead to shrinking services that Arizona families and business value – like education, health, public safety, and infrastructure – they have also added to the boom-and-bust roller coaster of our state budget. The result is tax policy and state services that are unstable and unpredictable.

Children's Action Alliance recently looked into the tax cuts passed over the last two decades. What we found was disturbing.

Since 1989, tax cuts have been passed every year except one (2003). Even as lawmakers have struggled unsuccessfully to close the ever-increasing deficits, more tax cuts have been proposed, passed and phased in. Tax cuts that won't go into effect until January 2010 and beyond total \$1.0 billion over a five-year period.

Based on the years of tax cuts, Arizona is coming up short when it comes to the public assets families and businesses need to prosper. Arizona suffers from high class sizes in public schools, low proficiency in basic reading and math skills, and a lack of options for quality, affordable child care and preschool. We rank near the bottom of the nation in the performance of our child health system and the rate of children with health care coverage. In rankings of business climate, Arizona fares the worst in the categories of education and quality of life.

We're already living through the additional threats to children's health, education, and security caused by budget cuts passed this year. Now, we're seeing how much worse the future can be as state agencies are identifying how they would cut an additional 15% out of their already decimated budgets.

We are looking at eliminating KidsCare health coverage for 45,000 children and turning thousands of parents and children away from food, shelter, health services, counseling, and support that strengthen families and build our future.

Children's Action Alliance has identified the top ten reasons to freeze and reverse Arizona's tax cuts. We've also made eight recommendations for policymakers, which include placing a moratorium on tax law changes, putting a sunset date on all tax credits

(more)

and deductions, and making permanent changes to our revenue system that update the tax code. For details, see *Digging the Hole Deeper*, available at [www.azchildren.org](http://www.azchildren.org).

Arizona can rebuild our common assets and plan for our future. We need lawmakers who will step up to responsible fiscal policies and stop digging the hole deeper. We can match Arizona's tax policies to our expectations for outstanding education, health and safety for children, and the excellent infrastructure needed for a 21<sup>st</sup> century economy. Now is the time.

###