



Children's Action Alliance

A Voice for Arizona's Children since 1988

FACT SHEET

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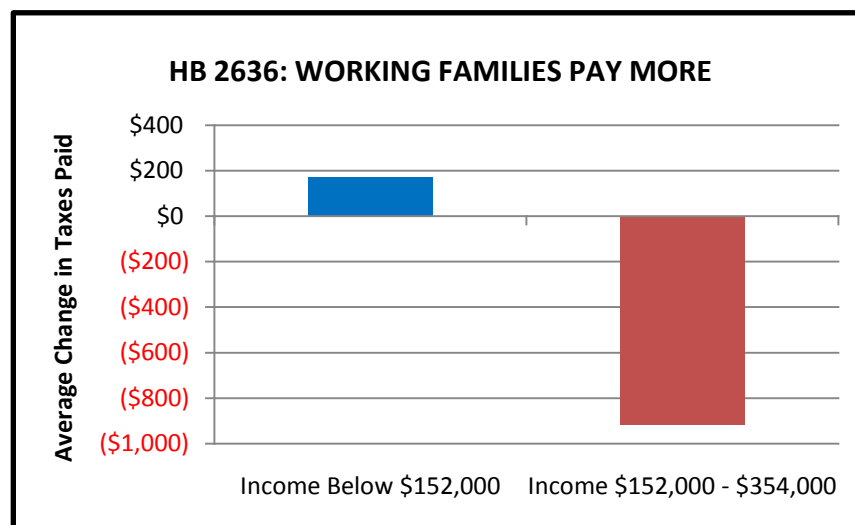
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The Flat Tax Proposal – Winners and Losers - Which One Are You?

Arizona families need a budget that works for them. HB 2636 doesn't do that. Instead, it provides significant tax breaks to those at higher income levels at the expense of low- and middle-income Arizonans.

- The losers – middle-income families. Most middle class taxpayers will see their state taxes increase under the flat tax.
 - More than 80% of taxpayers earning less than \$78,000 will see tax increases.
 - Middle income taxpayers will pay \$179 to \$247 more in taxes.
- The winners – high-income families. The higher the income, the bigger your tax cut.
 - More than 80% of taxpayers earning more than \$152,000 will see their taxes decrease.
 - The average tax cut for taxpayers making between \$152,000 and \$354,000 would be \$918; taxpayers making over \$354,000 would see an average tax cut of \$11,676.
- It masquerades as tax simplification but still requires multiple steps and calculations. HB 2636 does not create a one-step tax calculation. The bill lists out 10 adjustments taxpayers will need to make to their federal adjusted gross income before their state tax can be computed.
- It retains 27 of the current 28 tax credits. Most tax credits require that at least one, and in many cases two, forms be completed. Only one tax credit is being eliminated - the Family Tax Credit which was created to offset the impact of the sales tax on lower income taxpayers.



Source: Institute on Taxation and Economic Policy using 2011 income levels, March 2011.