



Citizens Tax Committee

Guardians of the Tax Payer's Money



Newsletter

JULY 2009

The Americans for Prosperity and the Citizens Tax Committee recently co-sponsored a Taxpayer Town Hall meeting in Prescott. Two of the featured speakers, Dr. Matthew Ladner and Nick Dranias, are on the staff of the Goldwater Institute. Brief summaries of their respective presentations follow: Reported by John Danforth PhD.

Presentation by Matthew Ladner, Ph.D., Vice President of Research, Goldwater Institute

Dr. Ladner addressed claims that underfunding of Arizona's K-12 education system and the State's demographics imply Arizona's students are destined to increasingly underperform their peers outside of the Southwestern United States.

First, he debunked some frequently heard claims regarding how Arizona compares with other states in terms of per pupil funding of education. He provided data showing per pupil spending in the State is approximately \$9,000, and he emphasized that this level of spending provides ample funds for core education functions. For instance, this expenditure level corresponds to total spending of \$252,000 for a class of 28 students. Consequently, even if the average classroom teacher's salary and benefits totaled \$72,000 per year, \$180,000 would remain for other expenses.

Ladner then presented compelling evidence from the State of Florida supporting the contention that per pupil spending and demographics are not the primary drivers of a state's educational system. Citing data and analysis contained in a study he prepared jointly with his Goldwater Institute colleague Dan Lips, Ladner reviewed dramatic

changes made to Florida's educational system following the election of Jeb Bush as that state's governor in 1998. Governor Bush pushed through major reforms directed toward raising standards and accountability at the State's public schools and increasing choice options for dissatisfied parents. The practice of promoting students who were unable to read was stopped; alternative tracks for highly trained professionals to go into teaching were adopted, and; a system providing meaningful merit pay increases for the best teachers was implemented.

The results were startling. With very limited impact on education expenditures, student performance improved dramatically. In 1999, just before the reforms were enacted, nearly half of Florida fourth-graders could not read at a basic level. By 2007, 70 percent of the State's fourth-graders were reading at a basic level or above. Significantly improved test scores occurred at every grade level examined and for every demographic group.

Dr. Ladner acknowledged that some politically powerful groups, such as the State's teachers union, are likely to resist efforts to emulate Florida's reforms in Arizona. Yet the payoff of these sweeping reforms promises to be huge.

For those interested in reading more about Florida's educational revolution, the report prepared by Dr. Ladner and his colleague Dan Lips, entitled "Demography Defeated: Florida's K-12 Reforms and Their Lessons for the Nation", may be accessed at the Goldwater Institute website at <http://www.goldwaterinstitute.org/AboutUs/ArticleView.aspx?id=2363>.

Presentation by Nick Dranias, Director, Center for Constitutional Government, Goldwater Institute

Mr. Dranias' presentation highlighted the financial condition and some disquieting trends in the activities of local governments in the State of Arizona and nationally. He documented the rapid growth of local governments and documented examples of local governments bestowing subsidies on influential groups at the expense of the average taxpayer.

A central focus of his remarks was the ineffectiveness of the Arizona Constitution's limits on local spending growth. These constitutional limits track the sum of inflation and population growth with the intent of controlling inflation-adjusted per capita spending by local governments. Mr. Dranias described how these constraints have been effectively circumvented. For example, many cities have adopted home rules providing for less restrictive spending growth limits and other municipal and county governments have managed to avoid constitutional restrictions on expenditure growth by shifting responsibility for providing certain government services to special tax and overlay districts not subject to those constitutional limits.

Mr. Dranias presented data showing the number of Arizona special tax districts has skyrocketed during the past decade and demonstrating that the rate of growth of local government payrolls and revenues has significantly outpaced the sum of population growth and inflation in our state.

Fortunately for those who missed his presentation at the Taxpayer Town Hall, much of what Mr. Dranias presented is contained in his recently published study entitled "New Charter for American Cities: 10 Rights to Restrain Government and Protect Freedom", which is available for downloading from the Goldwater Institute website at: <http://www.goldwaterinstitute.org/AboutUs/ArticleView.aspx?id=2566>.

For more information please contact;
Americans for Prosperity: www.aztaxpayers.org
or www.americansforprosperity.org

Goldwater Institute: www.goldwaterinstitute.org

Arizona Free Enterprise: www.azfec.org

Listed below are the email addresses to contact your State legislators:

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HISTORY CAN SOMETIMES OPEN OUR EYES

In this season, when we celebrate the birth of our nation with fireworks and picnics I thought it would be appropriate to take a moment and look at how far our current **politicians** have fallen. The 56 men that signed the Declaration of Independence were **statesmen** and signed for **Life, liberty** and the **Pursuit of Happiness**; not for their liberty, as they already had it. They were wealthy, educated, influential, and powerful – **they had all of that to loose**. The reason they signed that treasonous document was for us.

- Five signers were captured by the British as traitors, and tortured before being killed.
- Twelve had their homes ransacked and burned.
- Two lost their sons serving in the Revolutionary Army; another had two sons captured and tortured.
- Nine of the 56 fought and died from wounds or hardships of the Revolutionary War.

What kind of men were they?

- Twenty-four were lawyers and jurists.
- Eleven were merchants, nine were farmers and large plantation owners; men of means, well educated, but they signed the Declaration of Independence anyway knowing full well that the penalty would be death if they were captured.
- Carter Braxton of Virginia, a wealthy planter and trader, saw his ships swept from the seas by the British Navy. He sold his home and properties to pay his debts, and died in rags.
- Thomas McKeam was so hounded by the British that he was forced to move his family almost constantly. He served in the Congress without pay, and his family was kept in hiding. His possessions were taken from him, and poverty was his reward.

- Vandals or soldiers looted the properties of Dillery, Hall, Clymer, Walton, Gwinnett, Heyward, Rutledge, and Middleton.
- At the battle of Yorktown, Thomas Nelson, Jr., noted that the British General Cornwallis had taken over the Nelson home for his headquarters. He quietly urged General George Washington to open fire. The home was destroyed, and Nelson died bankrupt.
- Francis Lewis had his home and properties destroyed. The enemy jailed his wife, and she died within a few months.
- John Hart was driven from his wife's bedside as she was dying. Their 13 children fled for their lives. His fields and his gristmill were laid to waste. For more than a year he lived in forests and caves, returning home to find his

wife dead and his children vanished.

- What about George Washington? His home and plantation were not disturbed after those seven years of war. Before the war, Washington had been one of, if not the richest man, in the colonies; so why did he die broke and the bank allowing him to live in his house until he died. After his death Martha had to leave.

As President he used his vast fortune to pay off the Federal Dept. Because of that, by 1794 the United States had the highest credit rating of any European nation.

The signers all **pledged their lives, their fortunes, and their sacred honor.** What do you think our current representatives would pledge?

Answers to the Road questionnaire

Last Newsletter we included a questionnaire asking for your options concerning the proposed extension of the street improvement and maintenance tax. Your response was far better than we expected. Below are the results.

1. Would you support an extension of the existing 1% sales tax beyond its current expiration date of 2015 to any of the following:

- 38% a) ¾% for roads only.
- 41% b) 1% for roads only.
- 3% c) A combination of roads and open space. If so, what ratio?
- 14% d) None of the above.
- 3% e) Other, please state.

2. Would you support such an extension to last either: (Rank our preference)

- 28% a) 15 years
- 39% b) 20 years
- 14% c) 25 years
- 18% d) Other, please state

3. Would you support an extension of ¼% for

open Space only?

- 31% Yes
- 60% No

4. Over a 10 year period, that % of income derived from City sales tax on food has been approximately 15% of the total sales tax collected. Would you support the concept of raising the overall tax rate for an equivalent % (.015) if food tax was eliminated?

- 44% Yes
- 56% No

5. Would you support the concept of bond issues affed5ing your property tax for capital improvements, including rod projects in lieu of sales tax.

- 25% Yes
- 64% No
- 11% Maybe

the input, and encourage us all to maintain that contact.

On May 12, your board sent a letter to the Prescott Mayor and City Council, based upon your answers, recommending the 1 cent tax, they settled for ¾%, we recommended 20 years, they settled for 15.

Your Citizens Tax Committee has been working for you this year. After we put the City Business Tax to bed five years ago, the City of Prescott tried to put it through again this year. In our meeting with Mayor Wilson shortly after his election he said "we are going to get a Business Tax through this time" well, it has been indefinitely postponed - do to lack of interest by the Council. When first proposed to the council most of the member were for it. We met with some council people and the Chamber of Commerce and it looks like we won again!

Dues are Due

Annual dues were due in January, If you have not paid please do. They pay for these newsletters, small operating expenses. We have been lucky recently and have not had the expenses of a full campaign against tax heights but we need to have the funds available for a strong campaign when it is necessary to protect our pocket books.

CHAIRMAN:
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MEMBERSHIP CHAIRMAN:
Vacant

BOARD MEMBER:
Vacant

PLEASE REMIT MEMBERSHIP DUES FOR 2009 NOW!

CITIZENS TAX COMMITTEE
2009* MEMBERSHIP / RENEWAL APPLICATION

Renewal New Membership

Name _____ Address _____
City _____ State _____ Zip _____ Phone _____
Email _____ Date _____

Dues \$15.00 yearly Contributions: \$5 \$10 \$20 \$50 or what lower taxes are worth to you _____

Send this form and check to: Citizens Tax Committee, Inc., P.O. Box 11408, Prescott, AZ 86304

CTC is a non-profit Arizona Corporation established in 1977 and committed to seeing that our tax dollars are spent in the most effective way possible.

**Dues are payable on January first of the current year, and become delinquent on March 1st of that same year.*

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