

Bond Case Briefs

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REFERENDA - ARIZONA

Molera v. Reagan

Supreme Court of Arizona - October 26, 2018 - 245 Ariz. 291 - 428 P.3d 490 - 802 Ariz. Adv. Rep. 15

Objectors brought special action seeking to invalidate initiative that would have increased K-12 education funding and raise certain income tax rates to support it, and committee that filed the proposed initiative filed a cross-complaint challenging the constitutionality of statute that required strict compliance with constitutional and statutory requirements for statewide initiatives.

The Superior Court ruled the statute unconstitutional, and concluded the initiative was eligible for the ballot. Objectors appealed.

The Supreme Court of Arizona held that:

- Tax indexing changes omitted from ballot initiative constituted “principal” provisions, and thus, their omission rendered the initiative invalid, and
- Petition’s description of the tax increase on wealthy taxpayers created a significant danger of confusion, rendering the initiative invalid.

Tax indexing changes omitted from ballot initiative description that would have increased K-12 education funding and raised certain income tax rates to support it constituted “principal” provisions, and thus, their omission rendered the initiative invalid, and disqualified the measure from the ballot; the change indexing would have imposed tax increases on most Arizona taxpayers rather than only the state’s wealthiest taxpayers, as the description suggested, which created a significant risk of confusion or unfairness, and could materially impact whether a person would have signed the petition.

With regard to initiative petition to increase K-12 education funding and raise certain income tax rates to support it, the petition’s description of the tax increase on wealthy taxpayers created a significant danger of confusion, rendering the initiative invalid; the petition description stated that the measure would increase taxes on wealthy Arizonans by 3.46% and 4.46%, which on its face seemed modest, but the affected tax rates would actually increase by 76% and 98% respectively, a difference that would materially affect whether a person would be willing to sign the petition.