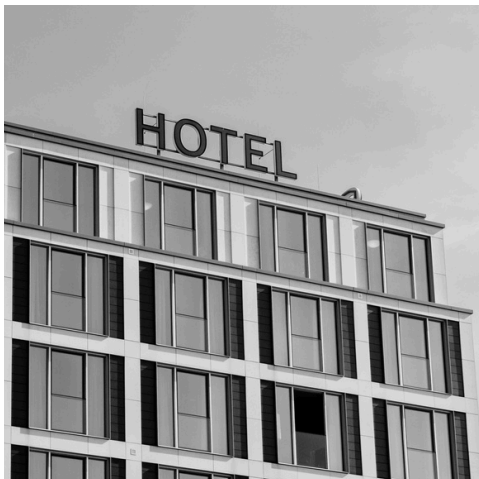




2024

BALLOT GUIDE

COMMONSENSEINSTITUTEUS.ORG/ARIZONA



Welcome to the Common Sense Institute 2024 Arizona Ballot Guide!

The Common Sense Institute Arizona 2024 Ballot Guide outlines key measures including **Scottsdale's Proposition 490**, which introduces a 0.15% sales tax for parks and preserves, expected to raise \$46 million annually. **Proposition 499** seeks to establish a \$20 minimum wage for certain workers, which could significantly impact local jobs and GDP. **Proposition 138** proposes increasing the minimum wage credit for tipped workers to 25%, protecting more jobs in Arizona's restaurant industry. **Proposition 312** would allow property owners to apply for a tax refund for documented mitigation costs if the city does not enforce its public nuisance laws.

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Scottsdale Proposition 490

A Sales Tax for Parks & Preserves

Summary

Proposition 490 would enact a new transaction privilege and use tax at a rate of 0.15% to fund city parks and preserves.

Key Facts

- **Proposition 490 would increase city revenue for Scottsdale by between \$30 and \$70 million/year over the next 30 years, or roughly 1% of its current budget.** This new revenue would be earmarked for the maintenance, protection and improvement of its parks and nature preserves.
- **City sales tax revenues would increase by an estimated and cumulative \$1.4 billion over the next thirty years, if this tax is enacted.**
- **Each Scottsdale households share of the annual tax liability would come to about \$245.** Some portion of this tax liability would be paid by out-of-city residents and businesses, however.



Given the local nature, small size, and offsetting public spending of the proposed tax, its economic impacts are difficult to model and probably small. Given clarification that this is a new tax, city voters must decide whether a new \$30 million annual sales tax is needed to maintain and protect its popular parks and preserves within the larger context of the total city budget.

Proposition 499

Glendale Hotel and Event Center Minimum Wage Protection Act

Summary

This initiative measure would enact a \$20 minimum wage for certain hotel and event center workers, set limitations on the amount of square feet a room attendant can clean before earning twice the hourly wage rate, require service charges to be distributed directly to the person performing the service, and establish a new City Department of Labor Standards.

Key Facts

- **Glendale has heavily invested in developing its tourism industry.** Though it is only about 3% of the state's overall economy, CSI estimates Glendale hosts about 13% of the state's entire sports and tourism sector and it comprises about 8% of the City's economy.
- **Passage of the Wage Protection Act would reduce Gross Domestic Product (GDP) in Glendale by between \$120 million and \$1.9 billion.** The city's events and accommodation sectors would be hit hardest. Why the big range? This Act targets a sector Glendale is heavily invested in, but also only in Glendale – creating significant risk affected economic activity leaves the city for jurisdictions not subject to it.
- **Depending on how the industry responds to the new policies, between 1,700 and 32,000 Glendale jobs could be impacted.** Impacts will range from the elimination of existing jobs subject to the new rules, to reduced work hours, to the movement of jobs outside the city. The Act could also increase union representation in the city – curiously, it allows union workers to opt out of the \$20 wage in their collective bargaining agreements.



BOTTOM LINE

Ultimately, if enacted, the Act would have dramatic implications for the city of Glendale and its economy. Though the implications would play out over time, rather than immediately, the results would be stark. Glendale is long, thin, and surrounded by the state's urban core. The assets it has invested in – like State Farm Stadium – may be fixed, but other event and accommodation facilities could easily relocate outside of Glendale and still be within a mile or two of major landmarks.

Proposition 138

25% Minimum Wage Credit for Tipped Workers

Summary

Proposition 138 will modify the minimum wage credit for tipped workers in the state through a constitutional amendment from \$3/hr to 25% of the current state-wide minimum wage amount so long as the individual makes at least \$2 above the state-wide minimum in wages and tips combined. CSI estimates the 25% offset in Prop 138 would be \$3.69/hr in 2025.

Key Facts

- Arizona's fixed tipped worker credit has been falling in relative value over time – from nearly half of the legal minimum wage in 2007 to just 20.9% as of 2024. And it will continue to decline in relative value under current law (if Prop 138 is not enacted). Based on data from the Bureau of Labor Statistics, CSI estimates that approximately 30% of those employed in the food services sector benefit from it.
- Proposition 138 would elevate the 25% tipped worker credit to the state constitution, protecting it from legislative changes in the future. The current \$3/hr minimum wage offset for tipped workers is a statutory allowance under A.R.S. § 23-363. Though subject to “voter protection”, statutes are relatively easier to modify than constitutional provisions.
- The tipped offset is critical for certain employers like restaurants and bars. CSI estimates that the current tipped offset supports approximately 6,200-13,500 more jobs in the Arizona economy, including 1,500-9,000 jobs in the restaurant and bar industry alone. The employment benefits from the tipped worker offset translate into upwards of 500 additional restaurant establishments in the state.
- Based on BLS data, CSI estimates that most tipped restaurant workers are making significantly more than the state minimum wage, after tips and other salary supplements.



BOTTOM LINE

By lowering labor costs for certain tipped workers in the Arizona economy, the state's minimum wage tipped worker credit supports a higher overall level of employment in these industries than would happen otherwise. The current fixed dollar credit both declines in relative value over time (when the minimum wage is increased) and is vulnerable to changes when the minimum wage itself is changed (since it is a part of state law).

Proposition 312

Property Tax Relief for Non-Enforcement of Public Nuisance Laws

Summary

Proposition 312, if passed, would allow property owners in the state to apply for a property tax refund if the city or locality in which the property is located does not enforce laws or ordinances regarding illegal camping, loitering, obstructing public thoroughfares, panhandling, public urination or defecation, public consumption of alcoholic beverages, and possession or use of illegal substances.

Key Facts

- **Homelessness in Arizona, especially unsheltered and chronic homelessness, has risen dramatically.** Since 2017 the homeless population in Arizona has increased 60%; in the Phoenix area it has nearly doubled.
- **This rise in homelessness has coincided with local officials failing to enforce laws** prohibiting public camping, open drug use, and other illegal public nuisances that can have adverse effects on property values and force property owners to take mitigating steps (like paying for cleanup and security).
- **Homelessness on the street affects businesses and residents through increased crime.** Based on data from the City of Phoenix and the Maricopa Association of Governments as well as detailed commercial property data available through COSTAR, areas where homelessness and property crime are more prevalent experienced over 5 times the number of reported drug crimes, 12 times the number of burglaries, and 26 times the number of reported robberies.
- **CSI estimates the prevalence of property crimes and unmitigated public nuisances in certain areas of the Phoenix metro has reduced their relative commercial property values by up to \$2.1 billion since 2019,** compared to the change in commercial property value in the city overall. Specifically, these high-impact properties saw 50% slower valuation-rise over the past five years compared to all commercial property in Phoenix.



BOTTOM LINE

Property crime, illegal camping, the public use of drugs and alcohol, and other public nuisances are on the rise in Arizona. The impact of this is disproportionate, however – the problem is often isolated to specific areas. While this can limit the exposure of the city as a whole to the issue, for property owners in these areas, the impacts can be significant if the issue isn't mitigated.



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"In a year where many Arizonans will face the longest ballot in recent history, CSI is pleased to provide this resource on some of the statewide and local ballot questions that have economic implications. CSI strives to be a go-to resource for voters looking for just the facts, data, and impact on jobs. We hope this resource will be helpful to voters in making informed decisions in 2024."

A handwritten signature in white ink, appearing to be "K. R.", positioned to the left of a vertical yellow line.

EXECUTIVE DIRECTOR

