

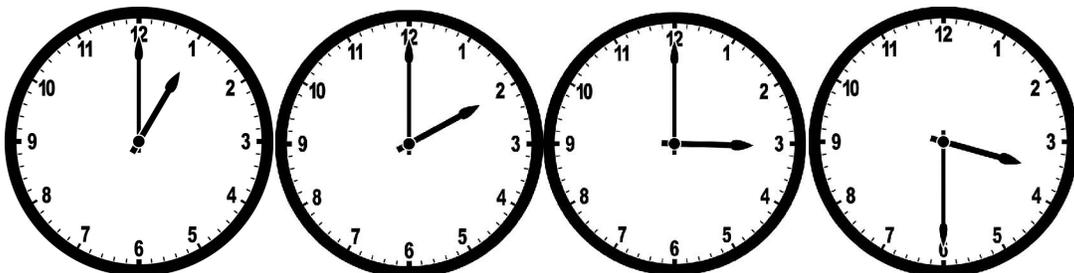
## **New Vehicle Registration Fee Drives Up the Burden on Those Who Earn Less**

Beginning December 1, Arizona motorists will see a new \$32 Public Safety Fee on their vehicle registration renewals. Governor Ducey and the legislature approved the new fee during the 2018 legislative session to free up dollars that were being used to fund the Highway Patrol. The Highway Patrol's budget will now be supported by this new fee, but in a state that already has one of the most regressive state tax codes, the new fee hits low- and middle-income Arizonans the hardest. It is yet another example of how those who can least afford it are being asked to pay a larger portion of their income in state taxes and fees compared to wealthier Arizonans to support the services that we all benefit from.

### **Low Tax for Whom?**

Arizona is a “low tax state” overall, but a recent report using data from the Census Bureau finds that the lowest-income 20 percent of Arizona taxpayers pay the sixth highest state and local tax bill for this income group in the country. Meanwhile, the top 1 percent of income earners in Arizona pay the 12<sup>th</sup> lowest state and local tax bill for their income group in the country.

**An Arizonan who is paid minimum wage will need to work 3 ½ hours to earn enough to pay the new vehicle registration fee.**



The new vehicle registration fee is reflective of the larger problem of Arizona's regressive tax code that relies too much on the sales tax and other consumption taxes and fees that ask all Arizonans to pay the same rate regardless of what they make.

The owner of this, has to pay the same new fee....



...as the owner of this.



There are other ways to raise the revenue needed to support state priorities that will lead to a fairer, more balanced tax code, including:

- Raising income tax rates on the wealthy and corporations;
- Eliminating tax credits that are not delivering the promised return on investment; and
- Eliminating sales tax loopholes like those for purchases of private jets and fine art

*Stay informed on what our lawmakers are doing or not doing at the State Capitol to enact policies that will help all Arizonans move up the economic ladder. Sign up to receive alerts from the Arizona Center for Economic Progress at [www.azeconcenter.org](http://www.azeconcenter.org).*