

KATIE HOBBS' PLAN FOR AN AFFORDABLE ARIZONA: **ECONOMIC RELIEF FOR WORKING FAMILIES**



INTRODUCTION

Katie Hobbs is running for governor to deliver accountability, transparency, and results for every Arizonan. This state faces its share of challenges, and as our next governor, Katie will get to work to make Arizona the best place to live, work, and raise a family.

Katie knows what's possible when leaders work together to improve the lives of those they represent. In the legislature, she worked across the aisle to expand Medicaid so that hundreds of thousands of Arizonans could finally have access to health care. And as Secretary of State, Katie took a wasteful and mismanaged office and worked with Democrats and Republicans to streamline operations, fix broken systems, and made the office more accountable to the people. And in 2020, in the middle of a pandemic, Katie ensured that no voter had to choose between their freedom to vote and their health and safety.

Unfortunately, our leaders are not working in the best interests of Arizonans. Right now, working families face ongoing economic uncertainties. We aren't training our workforce for the sustainable jobs that we know are growing Arizona's economy. And we aren't taking the necessary steps to make sure Arizonans can look out for the well-being of themselves and their children. Whether it's rising prices brought on by inflation, or the worsening of long-standing economic and racial disparities, our leaders need to come together and provide urgent relief for those who need it most.

Governor Ducey and our legislature can act right now — today — to put more money in pockets and provide meaningful relief for so many working families in Arizona. Katie calls on them to come together to:

Lower costs for families with children

- **Establish a state level child tax credit**, which has been shown to reduce poverty and go towards affording the basics for raising a child.
- **Exempt diapers and baby formula from sales taxes**, making these expensive supplies more affordable for new parents.
- **Implement a sales tax holiday for school supplies**, so that our children can be equipped to learn in the classroom.

Help Arizonans get back to work in good-paying jobs

- **Create a refundable tax credit for career and technical education opportunities**, so Arizonans can upskill to better-paying jobs.
- **Permanently expand child care assistance**, to ease the burden on parents who must work and take care of their children at home, and for those hoping to re-enter the workforce with the flexibility needed to have a full-time job.

Protect the health and well-being of Arizona families

- **Exempt over-the-counter medicines from sales taxes**, so that Arizonans of all ages can better take care of their health.
- **Exempt feminine hygiene products from sales taxes**, and put an end to what has been, for too long, an unfair tax on women.

By providing much-needed relief to Arizona families, we can also grow our economy and set our state up for long-term prosperity. When more Arizonans are able to afford school supplies, medications, and get the training they need for a good-paying job, they become part of a healthier and more dependable workforce. And when more businesses are able to grow, they make our state more competitive and attractive to workers.

LOWERING COSTS FOR FAMILIES AND CHILDREN

MAKING IT MORE AFFORDABLE TO RAISE CHILDREN

The American Rescue Plan, passed by Congress and signed into law by President Biden, made a generational investment in America's working families with the most comprehensive Child Tax Credit (CTC) in history.

Here in Arizona, the federal CTC expansion impacted nearly 800,000 families, including uplifting more than 100,000 families out of poverty. With the historic investment in our children, 9 in 10 lower-income Arizonans were able to afford basic needs such as food and clothing, 1 in 4 families with young children were able to cover basic child care costs, and nearly 1 in 3 families spent the expanded child tax credit on school expenses.

As the federal government failed to take action to strengthen the child tax credit, Arizona families are wondering how they can afford the cost of raising their children, and they're looking for leadership on this issue. Our leaders should learn from the success of the federal Child Tax Credit, and do their part to make sure more families can better afford the resources and services they need.

That's why Katie Hobbs is calling on Gov. Ducey and the Legislature to:

- **Create a \$250 state-level Child Tax Credit, to be phased out by a \$100,000 household income cap.**

We need to help Arizona's working families better afford diapers, school supplies, and clothing. And more families should finally be able to invest in their children without worrying whether they can afford to do so.

MAKING DIAPERS AND BABY FORMULA TAX-FREE

Arizona families know all too well just how expensive it can be to afford the necessary items to care for their young children. And when these items become unaffordable, parents and caregivers are left with some difficult choices. Studies have shown that children of color are disproportionately represented among children in poverty, and that children younger than age 5 experience higher poverty rates than other children.

According to a recent study, 3 in 10 families end up reusing diapers to make ends meet. Children as young as five months go through nearly 250 diapers a month. And in the first year of a child's life, baby formula costs can be as high as \$1,500. All too often, deciding to buy diapers or formula can come at the expense of buying groceries or paying the electricity bill.

That's why Katie Hobbs is calling on Gov. Ducey and the Legislature to:

- **Make diapers and baby formula exempt from sales and use taxes.**

While the legislature has considered bills to guarantee that diapers and baby formulas are exempt from sales taxes, these proposals have never been signed into law or implemented. It's time that our government finally does what's right for Arizona families.

ENSURING KIDS HAVE CRITICAL SCHOOL SUPPLIES

Next school year, parents will have to purchase new or additional school supplies. And as families are held back by inflation, families will have to balance purchasing expensive school supplies along with other critical necessities to give children the resources they need to succeed. In fact, some families with school-age children will spend nearly \$850 on school supplies in a year.

That's why Katie Hobbs is calling on Gov. Ducey and the Legislature to:

- **Implement a sales and use tax holiday for school supplies.**

In addition to being the best place in the country to live, work and raise a family, Arizona should be the best place in the country to receive an education. As a member of the legislature, robust education funding was one of Katie's top priorities, and she's calling on our leaders to act with those same values today on behalf of Arizona's working families.

STRENGTHENING TRAINING FOR GOOD-PAYING JOBS

EXPANDING OPPORTUNITIES IN CAREER AND TECHNICAL EDUCATION

Any conversation around creating sustainable, good-paying jobs must come back to education. Until our children are receiving a world-class education, we will not be able to satisfy the ever-growing needs of Arizona's employers. But it also works in the other direction — prospective employers will not commit to Arizona if they do not believe their workforce's children will have quality local schools to choose from.

Every single Arizonan deserves access to quality education, no matter where they live in our state. For many families, a certificate that leads to a good-paying job means just as much as any four-year degree. High school students should be exposed to different career opportunities as well as the paths they can follow to get there. Many of the in-demand and good-paying jobs are accessible to students who have an Associate's degree, a specialized program certificate, or completion of an apprenticeship program.

And Arizona can be a national leader in the innovation economy by creating jobs in good-paying industries such as health care and advanced manufacturing. To meet that goal, we need to empower everyday Arizonans to pursue the education that best suits their needs and Arizonans deserve

assistance to up-skill into jobs that provide better pay and robust benefits, especially as they appreciate the unprecedented ability to so readily change jobs. It's time for our leaders to prioritize additional resources for Arizonans to earn certifications through community colleges, technological educational districts, trade schools and apprenticeship programs.

That's why Katie Hobbs is calling on Gov. Ducey and the Legislature to:

- **Implement a refundable tax credit for Arizonans who are pursuing career and technical education opportunities.**

Implementing this policy will provide relief for working families, grow our economy, and train our workforce not just for the jobs of today, but the opportunities of tomorrow as well. Arizona, and the United States, will be more competitive if we make this investment.

HELPING ARIZONANS GET BACK TO WORK

Arizona's working families are the backbone of our economy. They have faced compounding challenges long before the pandemic, but COVID laid bare just how invisible and underappreciated child care efforts can be for so many families.

As Arizonans benefit from the ability to readily change jobs, Katie wants to help ease the burden of child care. The high cost of child care continues to hold everyday families back, costing them \$1.8 billion in economic output per year. Women especially have been burdened by child care needs, too often working full-time while taking care of children at home or simply choosing to not re-enter the workforce. Unfortunately, child care assistance was gutted nearly a decade ago and is temporarily being held up using short-term federal funds and has experienced large waitlists. In addition to dedicating new resources to expand the number of child care providers, we need to lower the cost of childcare for everyday families.

That's why Katie Hobbs is calling on Gov. Ducey and the Legislature to:

- **Permanently expand child care assistance for Arizona's working families.**

Working families deserve the support and dedication from their leaders that they have given to their communities and their state.

PROTECTING THE HEALTH AND WELL-BEING OF ARIZONA FAMILIES

MAKING OVER-THE-COUNTER MEDICATION MORE AFFORDABLE

From cold and flu medicines to fever and allergy relievers, over-the-counter (OTC) drugs play a key role in our health and well-being. In fact, they are our primary method of treating illnesses. According to one study, nearly 70 percent of parents rely on OTC medicines to treat a late-night medical issue for their children, and more than 80 percent of adults' first attempts to treat minor ailments are these medicines. And while Americans go to their doctor an average of three times a year, they buy OTC medicines more than 25 times a year.

Americans spent a record \$36.5 billion purchasing over-the-counter drugs in 2020. An average household spends nearly \$350 per year on these medicines. And the ability to afford these drugs could mean the difference between managing a mild cold and being hospitalized — which, for traditionally underserved populations, could mean depending more heavily on more expensive options for medical care.

That's why Katie Hobbs is calling on Gov. Ducey and the Legislature to:

- **Exempt over-the-counter medicines from sales and use taxes.**

Arizona's 1.3 million seniors, in particular, would benefit from implementing this policy. About 1 in 6 Americans over 65 report taking five or more over-the-counter medications, and they deserve to have more money in their pockets to afford the care they need.

Nine states currently exempt over-the-counter drugs from sales tax. Arizona is not among those nine states. It's time for our state to make it easier for working families and seniors to take care of their own health, so that they don't have to worry about missing work, or whether their kids need to stay home from school.

ENDING UNFAIR TAXES ON WOMEN

In 30 states, including Arizona, menstrual products are not exempt from sales taxes. A mother and two daughters can spend up to \$50 per month on tampons and pads. And women of color are more likely to have difficulty paying for feminine hygiene products compared to white women.

According to a recent study:

Students do not think schools foster an environment in which they feel comfortable discussing periods or even attending class while they are on their periods. This stigma and lack of access can have a very real impact on a student's education, especially for students of color and lower-income students who tend to be more impacted by lack of access to products.

Simply put, this is an unfair tax on women, and it's time that Arizona joined the growing list of states that have moved away from this discriminatory practice.

That's why Katie Hobbs is calling on Gov. Ducey and the Legislature to:

- **Exempt feminine hygiene products from sales and use taxes.**

Legislation to exempt these products from state sales and use tax was introduced in January 2021, but it stalled in committee. Previously, this proposal has had bipartisan support. It's time to bring this idea back. More than a dozen countries have taken this step. It's time Arizona became a leader here at home on ending these discriminatory fees.

CONCLUSION

The steps laid out in this plan would make a noticeable difference for all working families in Arizona. Too many are caught between paying their bills and affording the necessities for their children and their health. Our leaders can and should act immediately to make sure Arizonans can put more money back into their pockets. But we know that this isn't enough.

That's why in the coming weeks and months, Katie will be unveiling additional economic policy proposals to address the needs of all Arizonans. She has a track record of working across the aisle and getting the job done. The bottom line is Arizonans deserve a government that works for them.