

# Taxing matters: Business lobby torn on cuts

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**T**he business lobby is unified behind one possible tax cut that would benefit small businesses by reducing the tax on equipment purchases, but disappointed when it comes to proposals related to corporate property levies.

There is increasing support and bipartisan interest in reducing the tax on business equipment next year at the state Capitol. That would help small and midsize firms on purchases of everything from computers and fax machines to construction equipment and generators.

The conservative National Federation of Independent Business wants to eliminate business equipment taxes entirely.

"Our members hate that tax," said NFIB state Director Michelle Bolton.

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**Tom Dorn**

Dorn Policy Group Inc.

Democratic Gov. Janet Napolitano also is looking at the issue. Napolitano proposed a cut in business equipment taxes for small businesses earlier this year and could push for the move again in 2006.

However, there is disagreement in the business community when it comes to business property tax cuts. Arizona's rates are higher than most

other states, and they are seen as a competitive disadvantage and major hindrance to small businesses.

Earlier this year, state government approved a 5 percent cut to business property taxes over the next 10 years. The rate cut (from 25 percent to 20 percent) was supported by business groups, chambers of commerce and Republican lawmakers.

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was spread out over 10 years.

Now, some business advocates want to bring back the five-year phase-in of the property tax reductions.

Other business leaders fear the move will face major political opposition at the state Capitol and prefer focusing on alternative tax strategies, including reductions on equipment, capital gains and personal income taxes.

There also are business-backed proposals offering tax credits to help small businesses offer health benefits to uninsured employees. And Napolitano's office is studying a number of health care tax credit plans and a possible back-to-school sales tax holiday.

Tom Dorn, lobbyist for the East Valley Chambers of Commerce Alliance, supports fast tracking business property tax cuts.

"We would like to see the business property reductions from last year accelerated," said Dorn, whose alliance group represents chambers from Mesa, Gilbert, Chandler, Tempe and other East Valley communities.

Some other business groups and economic leaders argue it is unrealistic to push for accelerated property cuts when they were just enacted last year, and there are other tax and fiscal issues.

Jack Lunsford, chief executive and president of the economic development group Western Maricopa Coalition, or Westmarc, said accelerating business tax cuts a year after they were enacted faces an uphill climb.

"I don't think that's going to get any legs," said Lunsford.

**Tom Dorn, lobbyist for the East Valley Chambers of Commerce Alliance, wants to accelerate business property taxes passed earlier this year. Dorn wants business property rates lowered 5 per-**

