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Rocky Mountain Poll

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BUSINESS PEOPLE UNDERWHELMED BY NEW TAX POLICIES

Phoenix, Arizona, March 18, 2005. As government at nearly all levels in the United States struggles with efforts to reform tax codes and reduce taxes, small business executives here in Arizona are underwhelmed by the impact new tax policies are having on the financial health of their companies. When asked to evaluate the extent to which federal, state, county or city taxes had impacted their companies, from 60 to 70 percent say the new tax policies have had little or no impact.

Additionally, among those business executives who believe they have felt the impact of new policies, the mild consensus view is that only federal tax policies have thus far been helpful. When it comes to state, county and city tax policies, executives are more likely to opine that new tax policies have hurt rather than helped them.

The findings outlined in this report are based on a survey of 400 owners and managers of private businesses in Maricopa County. The **BusinessTRACK™** studies were initiated in January of 1990 and are completed twice a year in the public interest and are co-sponsored by the ASU College of Business Center for the Advancement of Small Business and by Behavior Research Center. The estimated margin of error for this study is plus or minus five percent at a .95 confidence interval.

Overall, the results raise significant questions as to whether the much touted efforts to reduce taxes on businesses at all levels have in fact made more money available for reinvestment in jobs, equipment and technology.

Federal Tax Policies: Just over a fifth (22%) of businesses say that new federal tax policies have helped their company's financial situation, but nearly as many (18%) believe they have been hurt by new tax policies at the federal level. Companies in manufacturing, and in the F.I.R.E sector are the most likely to assess new federal policies as helpful.

State Tax Policies: Business views of recent changes in Arizona State tax policies tip toward the negative. Most (71%) say they have felt no impacts at all, but by 17 percent to 12 percent, the balance say new policies in Arizona have been damaging to their companies. Most critical are companies in construction, retailing and in the food and accommodations sectors. At the same time, companies in health and social services and those in F.I.R.E. are inclined to see new state tax policies as having benefitted them.

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County and City Tax Policies: Business assessments on the impact of new city and county tax policies are very similar, with roughly 70 to 75 percent saying new policies have had little or no impact on them. Those who think otherwise, however, are more likely to see harm rather than benefit coming from new policies. This is especially true within the construction industry, where 25 to 32 percent say new city and county tax policies have hurt their businesses, while fewer than ten percent report benefits to their businesses.

Finally, although view of tax policy impacts does not vary significantly between smaller and large companies as regards state, and local government, the same is not true of federal tax policies. Here, larger companies are far more likely than their smaller brethren to praise the federal government for its new tax policies.

The general pattern of businesses being positive about federal tax policies but critical of state and local policies may prove to be a bellwether of the future if federal taxation and spending policies continue to shift the burden of paying for services to the state and local level.

To qualify for this study a respondent must be an owner or manager of the company, employ between three and 100 employees and not be a subsidiary of a larger company that employs more than 100 employees. The survey was completed during February of 2005, by the Behavior Research Center of Arizona as part of the Center's independent and non-partisan Rocky Mountain Poll series. For more information you may visit www.brcpolls.com.

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EDITOR'S NOTE: This Rocky Mountain Poll Arizona (2005-I-07) is based on 400 telephone interviews conducted in February 2005 with owners or managers of businesses in the metropolitan Phoenix area which have from three to 100 employees and which are not subsidiaries of larger corporations. In a sample of this size, one may say with 95 percent certainty that the results have a statistical precision of plus or minus 5.0 percent of what they would have been had the entire population of owners and managers of such small businesses been surveyed. **BusinessTRACK™** Arizona is co-sponsored by the ASU College of Business Center for the Advancement of Small Business and Behavior Research Center.

This statement conforms to the principles of disclosure of the National Council on Public Polls.

STATISTICAL DATA

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For this and other polls, see www.brcpolls.com/results.

“Would you say that the new tax policies of the following governments have had a positive, negative or no impact on your company’s financial situation?”

NEW TAX POLICIES OF	IMPACT HAS BEEN				Net Positive to Negative
	No Impact	Not Yet Sure	Positive	Negative	
Federal government	46%	14%	22%	18%	+4
Arizona policies	58	13	12	17	-5
Your county	60	15	9	16	-7
Your city	58	14	10	18	-8

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