



Date: December 18, 2008

To: Santa Fe Anti-Transfer Tax Campaign

From: Joe Goode

**Re: Beating the Transfer Tax: Major Findings From December Poll**

Turnout will be the key to defeating the proposed transfer tax in Santa Fe. If the electorate consists of the small pool of “usual suspects” who vote in each and every election, the proposal is likely to pass. But the likely low turnout provides openings for the anti-transfer tax campaign. There is little energy behind support for the initiative, and the survey shows that the campaign can generate the intensity and motivation needed to beat the new tax.

The primary task for the campaign will be to identify and mobilize opponents (primarily registered Republicans) without energizing supporters of the proposition. Since there are not enough Republicans in Santa Fe to beat the tax, the campaign will also need “no” votes from independents and registered Democrats – many of who are persuadable or already opposed to the proposition.

Thematically, we need to personalize the campaign by convincing voters that the tax will have no effect on the affordable housing problem and will eventually result in higher housing costs for all Santa Fe citizens. Currently, the proposition is popular because voters believe something needs to be done about affordable housing, and the proposition seems to address the problem without asking for any contribution from most citizens. Our communications must show the opposite:

- 1) There is no evidence that the tax as written will generate enough revenue to have any impact on affordable housing.
- 2) The council will have to include more homes or raise the tax later to have an impact on affordable housing, meaning most citizens will eventually pay an increased tax.

Driving these two points home addresses the personal motivations that are likely to influence turnout. It is obviously easier to generate energy and a “no” vote on a tax when voters see the government reaching into their pockets (yet again). On the “yes” side, by showing that the tax really does not address the problem and may open the door to

increased taxes, we should be able to persuade (or suppress) enough Democrats to win – especially since most voters have minimal confidence in the city when it comes to handling tax revenue.

We should not, however, underestimate the difficulty of the task ahead. Santa Fe is arguably the most progressive and Democratic city in the southwest. The proposition as worded seems fair and doable to voters, and does not ask for individual sacrifice. A strong majority (56 percent) currently supports the new tax, and nearly two-thirds have a favorable opinion of the tax when they learn more details. After hearing arguments for and against the proposition, the margin narrows but a majority remains in favor. Even after hearing numerous arguments against the tax with no positive counter positioning, the proposition still wins (albeit by just 50 to 45 percent). A win is possible, but the margin will be small.

## **Mood**

Voters are relatively bullish on Santa Fe. Most (56 percent) say the city is going in the right direction with nearly as many (52 percent) giving the City Council a positive job rating. The housing issue, however, is not top in the mind to most voters. Growth and infrastructure (30 percent), water issues (29 percent) and jobs and the economy (28 percent) rank as the top priorities.

Taxes barely register as a concern, with just five percent naming taxes as a priority. When asked directly about the local tax burden, nearly two-thirds say local taxes are “about right.” Still, to the extent that there is energy around taxes, many more voters say local taxes are “too high” (33 percent) than “too low” (just 3 percent). These tax-sensitive voters are a large part of our base and persuadable voters.

Voters here are much more informed about the transfer tax issue than we have seen in other municipalities and states. Most (59 percent) have seen, read or heard something about real estate transfer taxes, and virtually everyone (87 percent) is familiar with the affordable housing issue. Importantly, those who have heard “a lot” about transfer taxes are much more likely to be opposed to the initiative (49 percent in favor, 50 percent oppose). By the end of the survey, opposition among this group grows to nine points, showing that we can make inroads among this highly educated electorate.

## **The Ballot**

The proposition currently enjoys strong support, with 56 percent in favor and just 40 percent opposed. The margin is about the same among those most likely to vote on Election Day (+12 points, 54 percent in favor, 42 percent opposed). When read a more easily understood description of the tax, even more voters (63 percent) had a favorable opinion, suggesting that support for the proposition has room to grow (without an aggressive education campaign against the proposal).

- **Support is strongest** among post graduates (+29 points), registered Democrats (+28 points), seniors (+21), and in Districts 1 and 3 (+22). There is a tremendous income divide, with those making less than \$60,000 a year overwhelmingly supportive.
- **Opposition is strongest** among registered Republicans (-41 points), households making more than \$100,000 per year (-11) and non-college women (-4 points). Support for the proposition is weakest in District 2 (+6 points).

There is little intensity in support of the proposition, with just 34 percent saying they will definitely vote “yes.” The lack of intensity is encouraging, given that the proposition is the **ONLY** item on the March ballot. Voters have no other rationale to go the polls, and the more the campaign can raise doubts about the proposition, the more likely it is that supporters will stay home.

Neither of the thematic arguments we tested against the proposition was strong enough to overcome a positive profile in support of the new tax. Indeed, the balanced profile statements did little to change the initial contours of the race, with opposition growing only to 41 percent. The rationale voters gave for their support is instructive: the need to help the poor and middle class (24 percent); that the wealthy can afford it (14 percent); fairness and impact, i.e. fairness that the wealthy should pay and that the middle class is not affected (21 percent).

### **Raising Doubts**

As noted above, the campaign can raise doubts about the proposition by focusing on issues of bracket creep and the actual impact of the tax. Underscoring the City Council’s participation is also important. Half of voters have serious doubts about the tax once they learn that the City Council can change the tax to include lower price homes. Doubts are also raised by the Council’s not knowing how much revenue the tax will actually raise and its ability to have any real impact on affordable housing.

The three strongest concerns are as follows (emphasis added):

*1) The city says the tax will only be one percent on sales of \$750,000 dollars or more, but they just want to get the tax on the books so that they can include more homes or raise the tax later. **Once approved, the City Council can change the tax to include lower-priced homes.***

*2) The city is just looking for new revenue. They have not done any research on the economic effect of the new tax, and there is no evidence that the tax will generate enough revenue to have any impact on affordable housing. **The City Council is not being clear on what they really intend to do.***

*3) The City Council has not done their homework on this issue. They already had to change the proposition once to try to meet state laws, but even that wording may be illegal and is still under review. It's a waste of tax payer dollars.*

Each argument brings the issue back to the City Council and raises questions about their intent and ability to solve the problem. Moving the debate from the theory of doing something about affordable housing (taxing the wealthy) to the actual process of implementing a tax, raises red flags for voters. It is not hard for them to see how the tax could easily be changed to include upper-middle and middle-class voters (i.e., themselves), and with no actual resolution of the problem.

Arguments about the effect of the tax on the housing market and home prices are less successful. Home costs are already so high in Santa Fe that voters do not believe that a one percent tax on the most expensive homes is really going to have much impact on the decision to buy a home. The tremendous growth, development and popularity of the city overcome any doubts that the tax may result in fewer sales or have any adverse effect on the local economy.

Overall, 11 percent of voters move against the proposition over the course of the survey. More importantly, the number of strong opponents increases nine points (to 34 percent) while strong supporters drop three points (to 31 percent). Movement is strongest among Republicans (22 percent shift towards opposition), those who had not heard much about the tax (19 percent), younger men (16 percent) and non-college graduates (15 percent).

## **Targeting**

The most likely electorate for the March election is overwhelmingly Democratic (74 percent), older (77 percent over 50) and well educated (70 percent). The poll clearly shows that the campaign needs to turn out as many registered Republicans as possible. Upper income voters are also an important target. However, we need to conduct further analysis before making final conclusions about registered Democratic targets as there is little actionable variance between the major demographic sub-groups. In addition we need to acquire the most recent voter file to finalize turnout projections.