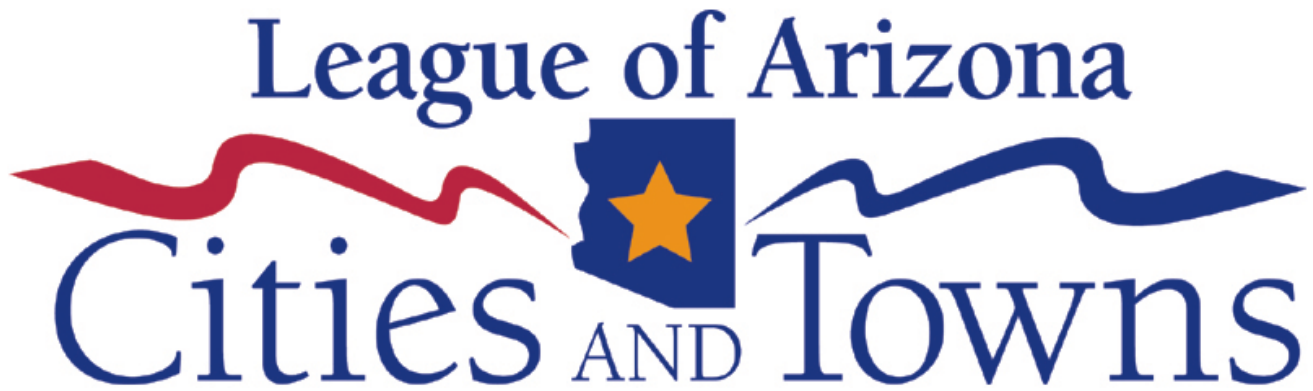


League of Arizona Cities AND Towns



Bulletin Issue 13 – April 3, 2009

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LEGISLATIVE UPDATE

The Legislature continues to see little action as leaders from both chambers focus on the budget. No House committees are scheduled to meet next week, though the Senate will have informational hearings and executive nominations.

League staff continues to monitor budget proposals as they become available. We are always looking for any potential threats to revenue sharing or potentially problematic items such as severe restrictions on impact fees. We'll let you know if we see anything.

RUMORS ABOUND ON MORATORIUMS

While **House Bill 2259 – local development fees; procedures**, awaits floor action in the House, there still have not been any clarifications about the anticipated amendments. There are many proposals and rumors about additional attacks on impact fees, construction sales tax, and building codes.

Talk of a moratorium on impact fees has slowed, though it clearly would be an option if there is support for such a measure. While each city or town will be impacted differently by the concept, everyone will be in the situation of deciding how existing residents will pay for growth's impact on the community. For some, that will be tax increases, others will reduce services, and others will not be able to provide the infrastructure under either scenario and simply will not issue permits at all. Please continue to talk with your legislators about how such a proposal would affect your community.

New proposals by the **Homebuilders Association of Central Arizona (HBACA)** include a five-year moratorium on increases in local construction sales tax rates (if the rate will be higher than your general sales tax rate); and "impact fee reform" that includes no real details, only shallow platitudes. The League is currently working on a rebuttal to the information in this presentation, much of which is misleading or inaccurate. It is very important that Legislators get the correct information and know both sides of the story before any such proposal goes to a vote. If you would like a copy

of the presentation or to discuss your city's response, please contact Cheyenne at cwalsh@azleague.org.

Finally, HBACA was slated to present a proposal today to the Arizona Chamber of Commerce asking them to support a five-year moratorium on new building codes for residential construction. Arguing that codes are needless government regulation that increases the cost of housing, HBACA fails to acknowledge that building codes are an integral part of public safety. A five-year moratorium would mean that in 2015, your codes will still be at 2010 standards, and possibly later for cities and towns that have not adopted the 2009 codes. In this era of advancing technologies, particularly in energy efficiency, frozen codes will mean that Arizona falls way behind other states in safety and efficiency.

Rumors Abound On Moratoriums (contd.)

In addition, much of the federal stimulus grant funding for energy projects is tied to current energy code standards, making Arizona cities and towns ineligible for millions of dollars in grant funding if such a proposal is enacted.

IRC CONFORMITY DECOUPLES STATE, FEDERAL WITHHOLDING RATES

The Legislature acted with surprising speed on Thursday to fix a cash-flow problem that the state faced. **House Bill 2082** and **Senate Bill 1185** both contain identical provisions that conform the Arizona income tax statutes to the 2009 Internal Revenue Code (IRC), but also make temporary adjustments to the Arizona withholding tax rates and permanently decouple Arizona's withholding rates from federal withholding rates.

Several federal acts signed into law recently modified the IRC definitions for 2009, including the American Recovery and Reinvestment Act (ARRA) of 2009, which provided for an income tax credit through a reduction in the federal withholding rates. Because Arizona is currently coupled with the federal withholding rates, this would result in less income tax collections in the current fiscal year, further exacerbating the state's budget deficit. The bills are designed to change the state withholding rates to prevent the cash crunch from taking effect in the state during the current 2008-09 fiscal year. This change does not affect state tax liability. The federal act will result in less income tax collected in Arizona.

The bills moved simultaneously through both chambers of the Legislature with S.B. 1185 becoming the bill that will be sent to the Governor's Office next week. Since it contains an emergency clause, the change in withholding rates can take effect immediately upon signature of the Governor.

ECONOMIC PANEL SEES FURTHER DECLINES, SOME IMPROVEMENT

The Finance Advisory Committee (FAC), a group of public and private economists including the Joint Legislative Budget Committee (JLBC), met in the state Senate this week to review the latest economic trends. The panel forecasted sales tax collections, individual income tax collections and corporate income tax collections to suffer double-digit declines in 2009, lesser declines in 2010 and finally some improvement in 2011. Overall, the panel expects a revenue decline of 13 to 14.3 percent in the current fiscal year that ends June 30,

2009. For FY 2009-10, the experts see a more moderate decline of 2.1 percent.

The panel cautioned that current economic instability makes forecasting over the next 15 months especially challenging and that the impact of the Federal stimulus is difficult to gauge.

ECONOMIC STIMULUS UPDATE

The League's "City and Town Funding Book" on the American Recovery and Reinvestment Act of 2009 (ARRA) continues to be updated as new information is available. To access the latest version, click on this [link](#).

If your community is thinking about applying for grants under the COPS Hiring Recovery Program (CHRP), be aware the deadline for submitting applications is April 14. Details on the grant program can be found by pointing your browser [here](#). Remember that cities and towns must commit to keeping additional officers on the payroll after the grant funds are exhausted.

The Arizona Department of Transportation has launched a website to track the use of stimulus money on various projects. It is located at: <http://www.azdot.gov/recovery/>.

Earlier this week **Vice President Joe Biden** and **Agriculture Secretary Tom Vilsack** announced that the U.S. Department of Agriculture has begun disbursing the first wave of the \$10 billion in guaranteed housing loans provided in the ARRA to help spur economic and home ownership opportunities in rural America. Arizona is slated to receive a total of \$98 million in this program. The news release is available [here](#).

On Wednesday, **Janet Napolitano, Secretary of Homeland Security** and former Governor of Arizona, announced some more details of the economic stimulus money for border security and ports of entry, including investments in Arizona. Click [here](#) for a link to the news release. Additional details on the projects in Arizona can be found in this article from the *Phoenix Business Journal*: http://phoenix.bizjournals.com/phoenix/stories/2009/03/30/daily61.html?ed=2009-04-02&ana=e_du_pub

Arizona is receiving more than \$63 million in ARRA funds for local energy efficiency improvements. To see a list of the cities and towns receiving direct formula grants, visit: <http://www.energy.gov/7104.htm> Cities and towns not on the formula list will have to apply for competitive grants. Details on that program have not yet been released.

GOVERNOR'S LOCAL GOVERNMENT POLICY ADVISOR

As mentioned in the March 20th edition of the *Legislative Bulletin*, **Page Gonzales** has been appointed as Governor Brewer's policy advisor on local government. Ms. Gonzales has a wealth of political experience, having worked at the House of Representatives and in a government relations capacity for Maricopa County, the Administrative Office of the Courts and the Maricopa Community Colleges. She can be reached at 602-542-1428 or pgonzales@az.gov.

The Weekly Spotlight - Representative Eric Meyer



This week we focus on **Representative Eric Meyer (D – Paradise Valley)**. Dr. Meyer moved to Arizona when he was seven years old, attending Cocopah Elementary School and Chaparral High School. He earned a degree in Economics from the University of Southern California and a medical degree from the University of Arizona Medical School. His post-

graduate training was in the specialty of emergency medicine at Portland's Providence Emergency Department, eventually becoming director of that department.

Dr. Meyer returned to Arizona 11 years ago with his wife, Sarah Snell, also a physician, and their two children. While his wife concentrates on her practice, Dr. Meyer serves on the Scottsdale School District Governing Board.

A member of the Children's Museum of Phoenix Board of Directors and the Scottsdale Unified School District All-City Athlete Banquet Board, Dr. Meyer is a dedicated advocate for children. He has also served as a Legislative Liaison for the Scottsdale Parent Council, PTO President for Arcadia Neighborhood Learning Center, and Scottsdale Unified School District Budget Committee member.

Dr. Meyer believes strong public schools are the bedrock of Arizona's future. As a school board member for the past four years, he has gained intimate knowledge of our school's needs, and has developed a plan to make our schools great. He has improved academic achievement and rigor district-wide, increased

graduation requirements and expanded class offerings. He has also increased teachers' salaries every year and is leading efforts to ensure every student is prepared for success in college and in life.

Dr. Meyer's background in economics and medicine give him the tools to address the growing problem of access to quality, affordable health care, especially for our children, and to identify ways to diversify and strengthen our economy.

He is a member of the Education and Transportation and Infrastructure committee.

What prompted you to seek legislative office?

As a school board member and physician, I am a strong supporter of public education and quality healthcare. I was re-elected to the Scottsdale School Board for a second term at the same time I was elected to the legislature. I ran for the District 11 legislative seat so that I could be a sensible voice who could advocate for improving Arizona's schools and healthcare system.

What's your proudest legislative achievement? For new members, what do you hope to accomplish?

I hope to be able to work in a bipartisan way to solve the state's budget crisis without negatively impacting our educational and healthcare services.

How can the state government and local governments be better partners?

The key to a working partnership is communication. Legislators need to understand the challenges that our local governments face and work in a collaborative way to address the issues.

What kinds of things do you do to relax-favorite music, books, etc?

I am an avid cyclist, and I love to travel and read.

Thank you for your time.

You're welcome.