

2015 Legislative Agenda Summary

The following paragraphs provide a summary of key elements of the 2015 Legislative Agenda. Although the legislative agenda should remain flexible due to the unknown nature of bills introduced in the State Legislature, the general concepts and direction are provided here for your discussion and approval.

Local Control

Decentralized government at the local level represents a fundamental principle of American democracy, recognizing that when it comes to community governance, one size does not fit all. It is in the Town's best interest to preserve its own local control on issues that affect its citizens and therefore, the Town will endorse legislation that supports and sustains this principle and oppose legislation that conflicts with the autonomy of cities and towns.

State Shared Revenues, Highway User Revenue Fund (HURF) & Transaction Privilege Tax Reform

Possible reductions in state-shared revenues remain a major concern for cities and towns. The revenue sharing system was created through the voter initiative process in order to allow local jurisdictions to fund essential services such as public safety and infrastructure without interference from the State. Protection of the revenue sharing system that has been in place since 1972 is a core principle of the League of Arizona Cities and Towns, and remains a top priority of the Town's legislative agenda.

Last year, the Legislature passed SB 1487 (revenue; budget reconciliation; 2014-2015), which authorized the allocation of \$30M for FY 2014/15, \$30M for FY 2015/16 and \$60M for FY 2016/17 to the HURF utilizing a calculation set forth within the statute. Since cities and towns have experienced significant reductions in the HURF during previous legislative sessions, it is a concern that the revenues authorized within SB 1487 will be discontinued due to the State's current budget deficit projections. As a result, the Town supports legislative efforts to restore or maintain HURF funding and identify permanent, designated funding sources for transportation infrastructure and transit that do not impact other state-shared revenues.

In 2013, the 51st Legislature passed HB 2111 (investments; public monies), which included a number of provisions reforming the transaction privilege tax system. The final version of the bill generally reflects negotiated compromises regarding TPT administration and auditing, and keeps in place the 65% tax on prime contracting, except as it applies to service contractors (plumbers, HVAC technicians, etc.). However, the Legislature will review and clean-up the verbiage of this law during the upcoming session, so the Town will continue to monitor the situation, as we do not support further efforts that result in a decrease of construction sales tax revenue for municipalities.

Education & Economic Development

Although the Town is not directly involved in education issues, public education is important to the long-term health and vitality of our community, and is a fundamental component of economic development. The University of Arizona, Pima Community College, Amphitheater School District, and public charter schools provide the foundation for our future success. The Town does not support efforts to reduce funding for public education.

Economic development that creates high-wage jobs and builds on our success as a hub for high-tech and bio-medical research, development and manufacturing is a top priority of the Town. The Town supports state economic development efforts through the Arizona Commerce Authority and efforts to develop the film industry through a tax incentive program.

With statewide growing interest in developing Interstate 11 as a major transportation route between Mexico and Canada, the Town supports the passage of legislation or engagement in other activities that support and advocate for resources to improve Arizona's ports of entry with Mexico and related infrastructure. However, the Town's top priority is for the southern extension of I-11 to be aligned through the Tucson-metro area.

Annexation

State statutes regarding municipal annexation have become overly complex and are a barrier to regional development and fiscal sustainability. As a result, the Town supports reforms that remove barriers to

annexation and reduce the need for counties to provide municipal services such as public safety, roadway maintenance, and development services.

Because the state-shared revenue system is based on the population of incorporated areas, the Tucson metro areas loses out on tens of millions of dollars in sales tax, income tax and highway tax revenue each year. Sensible reforms that facilitate annexation of unincorporated areas and county islands by towns like Oro Valley, Marana and Sahuarita will result in enhanced services to residents and businesses and will bring additional state-shared revenue to the region. The Town supports reforms that remove barriers to annexation and reduce the need for counties to provide municipal services.

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