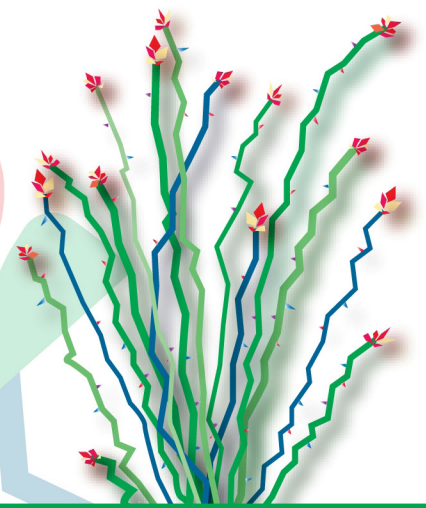




Ocotillo

Weekly Update



“Ocotillo District - Focused on the future, guided by the past.”

June 24, 2009 - Special Bulletin

SPECIAL BULLETIN: CITY COUNCIL PUBLICLY ENDORSES GOVERNOR BREWER’S STATE BUDGET PROPOSAL

The Glendale City Council unanimously passed a resolution at its meeting Tuesday (June 23) in support of Gov. Jan Brewer’s budget proposal that balances the state’s budget without shifting the financial burden to cities and towns.

The Council decided to take an official position on the state’s upcoming 2009-10 budget, which begins July 1, because the Arizona State Legislature’s budget bill will severely impact municipalities. The budget bill still needs to be presented to the governor for approval.

Meanwhile, the governor’s budget plan, which was released earlier this month, recognizes the critical role of local governments and the current difficulties being faced by cities and towns in addressing the needs of their own residents during these challenging economic times.

“We don’t think it’s fair to balance the state’s budget on the backs of cities and towns,” said Glendale Mayor Elaine Scruggs, who is urging residents to contact their legislators to voice their opposition to the Legislature’s budget bill.

“We support the governor’s budget proposal as a fiscally responsible and realistic plan that does not rely on raiding funds already allocated to cities and towns in order to balance the state budget shortfall.”

Three provisions contained in the Legislature’s adopted budget will divert millions of dollars that Glendale and other municipalities receive and rely on annually to help cover the cost of providing basic public services to residents living in cities and towns in Arizona.

The Legislature’s budget would take revenues generated by the Vehicle License Tax away from cities and towns and redirect them to state-funded programs. This proposed action will result in a \$2.5 million loss in revenues to Glendale annually. Revenues generated from this tax have been distributed to cities for more than 50 years as required by the state constitution.

In addition to this action of diverting municipal funds to pay for state expenses, there are two major policy issues included in the Legislature’s adopted budget bill. Neither provides revenue or budget relief to the state, but will cause extreme harm to all Arizona’s cities and towns and their residents. The two policy issues would:

- Eliminate local development impact fees for three years that are paid to cities by builders and developers. Impact fees are used to offset the cost for construction of necessary infrastructure such as streets, sewers, police and fire stations, parks and other items needed to serve new developments. The long-standing practice of charging impact fees, which already have many statutory limits and rules for implementation, is based on the principal that “growth pays for itself.” The fees cannot be used for salaries or general operations; only to pay for infrastructure projects that support new developments. Without impact fees, which ultimately are paid by the buyers of new homes, infrastructure to serve those new residents would have to be borne solely by the people already living in the community.
- Immediately lower the business property tax assessment ratio from 22 percent to 10 percent annually. This proposed action will redistribute a substantial portion of the current tax burden from commercial and vacant land property owners and place it on residential property owners.

When combined, the financial impact of these three provisions will cost Glendale and its residents millions of dollars annually and result in residents having to pay higher taxes and fees. In addition, city services and amenities may be drastically reduced or eliminated.

None of the policy changes discussed above were publicly discussed in legislative committees, nor was the public given an opportunity to give input to either State Representatives or State Senators.

Glendale is not alone in its opposition to the recently-adopted legislative budget package. During this month, cities across the state have passed similar resolutions to the one the Glendale City Council passed on Tuesday that endorse the governor's state budget proposal. Also, the League of Arizona Cities and Towns strongly opposes the legislative budget package because of its harmful impacts to municipal finances and the local authority of cities and towns.

In addition, the 15 county assessors from throughout the state, who make up the Arizona Association of Assessing Officers, issued an open letter to the citizens of Arizona last Friday expressing their concerns about the closed process the Legislature used to develop its proposed tax policy changes.

Since the beginning of the economic downturn nearly two years ago, cities and towns across the state have decreased spending by reducing or eliminating programs, reducing operating hours and furloughing or laying off employees. The city of Glendale's fiscal year 2009-10 total budget, which begins July 1, is \$150 million or 16.2% less than the city's 2008-09 total budget.

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