AGENDA ITEM IRS#5

DATE 01-08-09

Memorandum

Tempe

Community Relations

DATE: **December 30, 2008**

TO: **Mayor and Council**

FROM: **Amber Wakeman, Government Relations Director (x8824)**

THROUGH: **Shelley Hearn, Community Relations Manager (x8906)**

SUBJECT: **2009 State Legislative Priorities**

At the December 11 Council Issue Review Session, staff was directed to obtain the Council's top three priorities for the upcoming state legislative session. Attached please find a copy of the 2009 State Legislative Program and let me know by January 7 your top three priorities.

This item will be on the January 8 Council Issue Review Session.

Thank you.

Attachment

Tempe

CITY OF TEMPE
2009 STATE LEGISLATIVE PROGRAM

THE 49TH LEGISLATURE

The 49th Legislature's First Regular Session is set to begin on Monday, January 12, 2009. The Republican's increased their margins in both chambers; 35 – 25 in the House, and 18 – 12 in the Senate. Leadership teams are finalized: the Senate Republican caucus elected Bob Burns (Peoria) as President, Chuck Gray (Mesa) as Majority Leader and Pamela Gorman (Anthem) as Majority Whip. Senate Democrats elected Jorge Garcia (Tucson) as Minority Leader, Rebecca Rios (Apache Junction) as Assistant Minority Leader and Linda Lopez (Tucson) as Minority Whip. House Republicans chose Kirk Adams (Mesa) as the new Speaker, John McComish (Tempe/Ahwatukee) as Majority Leader and Andy Tobin (Prescott) as Majority Whip. The House Democrats selected David Lujan (Phoenix) as Minority Leader, Kyrsten Sinema (Phoenix) as Assistant Minority Leader and Chad Campbell (Phoenix) as Minority Whip. As of this writing, Governor Janet Napolitano has accepted an offer from President-elect Barack Obama to become Secretary of the United States Department of Homeland Security. Secretary of State Jan Brewer will take over the challenging job as Arizona's governor.

Cities and towns are established voluntarily by people living in communities in order to foster economic activity and deliver services that protect public health, safety and quality of life. Tempe was incorporated in 1894, eighteen years prior to Arizona statehood, and has enjoyed 114 years of uninterrupted growth and community involvement. The City's Charter, adopted in 1964, empowers Tempe residents to determine the structure and authority of city government in our unique community. ***Staff will continue to work to protect the ability to set policy at the local level and oppose legislation that preempts local authority.***

KEY PRIORITIES

Each year the State Legislature considers thousands of bills and amendments, many of which impact municipal operations. Staff will brief the Mayor and Council throughout the session and seek direction regarding important bills and amendments; however, in order to prioritize and guide staff's lobbying efforts, we recommend that the Mayor and Council endorse the following key legislative issues as our highest priorities.

State Shared Revenues

The City's budget includes revenues from a number of State sources, most notably "state shared revenues" derived from state income, sales, and vehicle license taxes. State shared revenues comprise about one-third of the City's general fund, helping to pay for police, fire, streets, parks and other critical City services.

The State's FY 2009 budget signed by the Governor in late June 2008 included an unfortunate surprise – an unprecedented, mandatory "contribution" from cities, towns and counties of over $29 million. The Tempe share of that "contribution" is $516,098.00 according to the Joint Legislative Budget Committee (JLBC). The League of Arizona Cites and Towns retained attorneys to analyze the mandate; they have prepared a written opinion that it is unconstitutional because it increases state revenues but was not passed with the required two-thirds majority vote. At this time it is unclear how this issue might be resolved, but staff recommends that the City work to reverse it and prevent any similar action in future budgets. The two-thirds threshold for altering formula funding for cities and towns such as shared revenue and HURF was confirmed in a January 2008 opinion by the Arizona Legislative Council requested by Rep. Steve Farley (D – Tucson).

Staff recommends that the City oppose State action that would reduce state shared revenues.

In addition, staff recommends that the City work to maintain its other existing state revenue sources such as Highway User Revenue Fund (HURF), Local Transportation Assistance Fund (LTAF), and the Heritage Fund. Staff further recommends that the City work to maintain local taxing authority and oppose unfunded mandates to local governments.

Public Safety

Adequate Funding for the Statewide 9-1-1 Emergency System is needed. New communication technology has increased the burden on public safety answering points (PSAPs). In order for 9-1-1 operators to receive important information such as wireless phone locations and callback numbers when users dial 9-1-1, computer networks need upgrades. Exacerbating this challenge is the anticipated shortfall in funding, due to legislative 9-1-1 fund sweeps and reductions to the telecommunications public safety tax. Last year, the City supported legislation that would address the shortfall in the emergency 9-1-1 system by adjusting administrative fees that the Arizona Department of Administration receives and transferring a portion of these funds to the regional 9-1-1 network. Unfortunately, this legislation did not pass and the Maricopa Region 9-1-1 office was forced to cut one staff position. Staff requests Mayor and Council approval to seek legislative solutions to address 9-1-1 service/funding needs.

OTHER STATE LEGISLATIVE ISSUES

ECONOMIC DEVELOPMENT & REDEVELOPMENT

University Infrastructure

Currently, municipalities are obligated to provide basic infrastructure within their borders, which typically include streets, sidewalks, traffic control, water and sewer lines, public parking

areas and similar basic improvements. When the state causes the construction of University projects within a municipality, typically the resulting improvements are not included on property tax roles and the activities within them do not typically generate sales tax, the usual sources for a municipality's recovery of the cost of supplying infrastructure. This legislation seeks to provide a state-city partnership for the construction of infrastructure associated with University improvements. The legislation proposes a split of the cost with the state share of such costs up to eighty percent of the total with a municipal share of no less than twenty percent. This proposition appropriates the relative share of construction sales tax received by the state and municipalities. State shared revenues are not affected by this legislation.

Protection of Local Redevelopment Authority

During the last few legislative sessions and with the passage of Proposition 207, municipalities are severely restricted in their redevelopment authority. Local decision making is critical to revitalizing and redeveloping challenged areas of the community. Redevelopment authority allows cities to eliminate slum and blight conditions, promote infill development, and revitalize older portions of the community. Should more legislation be introduced, staff requests permission from the Mayor and Council to oppose attempts to further limit local government's authority.

Establishment of a Renewable Energy Business Tax Credit Program

The Greater Phoenix Economic Council (GPEC) is advocating a renewable energy business tax credit with hopes of stimulating new investments in manufacturing and headquartering operations of in-state and out-of-state renewable energy companies. Potential legislation would establish a 5-year program that would create a tax credit equal to 10% of new capital investment. Staff requests approval to support GPEC's efforts in pursuing this type of legislation.

Heritage Fund

The Heritage Fund provides grants for historic preservation, parks and trails. Tempe has benefited greatly from these funds (Tempe Town Lake and Kiwanis Park) in the past. It is funded by the lottery, but the legislature tries to divert funding every year. Staff will continue to monitor this issue.

SUSTAINABLE ENVIRONMENT

Community Sustainability

Staff seeks Council direction to support legislation that promotes environmentally sustainable programs, including recycling programs, resource conservation and waste reduction programs.

Water

During the past year Tempe staff have been working with staff from other member cities of the Arizona Municipal Water Users Association (AMWUA) and other water interests to develop legislative priorities for water issues during the 2009 state legislative session. Mayor Hallman currently chairs the AMWUA Board. General consensus was reached on two legislative priorities to pursue during the 2009 state legislative session:

- Legislation that furthers Sustainability Policies as adopted by the AMWUA Board; and

- Legislation that seeks bonding authority for the Central Arizona Groundwater Replenishment District (CAGRD).

Staff requests Mayor and Council approval to coordinate with the Arizona Municipal Water Users Association (AMWUA), other water interests, key legislators and the Governor on legislation that involves statewide water issues that will benefit the city.

TRANSPORTATION

With the passage of Proposition 400 in 2004, the half cent sales tax for regional transportation was extended until December 31, 2025. The Regional Transportation Plan includes money for freeways, transit and light rail projects along with money for continuing the rubberized asphalt program, money to provide for litter control on the freeways and money for arterial street improvements throughout Maricopa County. Maricopa Association of Governments (MAG) has the responsibility of implementing the Regional Transportation Plan. The Transportation Policy Committee (TPC) which is a part of MAG, is the primary committee to work on the plan. Mayor Hugh Hallman serves as the City of Tempe representative on the TPC. The TPC will be responsible for approving any substantial changes in the Regional Transportation Plan, however all changes and funding decisions will have to be approved by the MAG Regional Council before implementation.

The legislature's role in the Regional Transportation Plan is to provide a performance audit every five years of all aspects of the plan. This first audit will occur in 2010. The legislation is very specific in providing that the audit must be done by a nationally recognized firm and the results of the audit will be presented to the legislature and the TPC for any action to make changes in the plan.

Further, establish partnerships with other jurisdictions for potential commuter rail implementation along the Tempe Industrial Lead. Work with MAG, railroad organizations, Arizona Department of Transportation and other key stakeholders to develop a corridor implementation plan along the Tempe Industrial Lead and other potential commuter rail corridors in the MAG region.

At the direction of the Mayor and Council, city staff will work closely with MAG, Arizona Department of Transportation, other key stakeholders and legislators on the above issues.

EDUCATION ISSUES

Improve and increase our educational partnerships with the Tempe school districts and Arizona State University. The City of Tempe has long-standing educational partnerships with the Tempe school districts. These partnerships are invaluable and promote a unified approach to educating our children. In addition, Arizona State University is an invaluable resource to the Tempe community and the City of Tempe supports the University's mission to establish itself as a top-tier public education institution.

Support ASU's Proposed University Stadium District

ASU will propose legislation that would permit the formation of one or more "University Stadium Districts" (District) and permit the District to issue negotiable revenue bonds to fund

the renovation of stadium facilities on State Universities. Currently the University property is not generating Property Taxes; under this concept, commercial development, within designated University owned property, would be required contractually to pay an in-lieu payment, equivalent to the current Property Tax rate on private property, directly into a Stadium Fund. The Stadium Fund would be used to fund the renovation of University owned stadium facilities within the District.

Technology in the Classroom

Technology can be used to enhance the learning experience at all levels. Technological programs available today are vital and effective resources to students and teachers as educational tools and aids. Staff requests Mayor and Council approval to support initiatives that encourage quality education by supporting the use of technology in the classroom.

Tax Credits for Schools

Currently tax payers may claim a credit of up to $400 for a married couple filing jointly when making a donation to public school for extra-curricular activities. Staff seeks Council direction to support the continuation of this tax credit.

Protect Medicaid in Public Schools (MIPS)

Protection of the Medicaid in Public Schools (MIPS) federal monies has growing importance as AHCCCS eligibility requirements change and enrollment continues to increase. These changes in AHCCCS transfer directly into increased utilization of the MIPS program. In previous sessions it has been unsuccessfully proposed that portions of the federal MIPS monies be withheld and reallocated to the general fund. It is necessary to remain cognizant of the amount of funding allocated for MIPS and that it not be cut or capped for the next budgetary cycle. Permission of the Mayor and Council is requested to safeguard all federal MIPS monies received by the state.

SAFE & SOUND NEIGHBORHOODS & SOCIAL SERVICES

Neighborhoods

Preserve and strengthen the desirable characteristics of our neighborhoods. Continue to monitor rental housing legislation. Support and promote public safety, improve air and water quality and limit the adverse effects of noise pollution.

Liquor Establishments

Staff requests approval to support legislation that would enhance the ability of municipalities to address community-related problems associated with liquor establishments.

Aviation

Support legislation that facilitates communication between aviation interests, Sky Harbor Airport and Tempe community members.

Self-Sufficient Families

Support legislation that assists families in becoming financially self-sufficient - with an emphasis on transportation, childcare, healthcare, education and training. Support the

provision of high quality health care to our senior citizens and legislation that provides quality childcare and after school care programs for our children.

Affordable Housing

Support legislation that assists the City's efforts to increase the supply of high quality, safe and affordable and accessible housing for owners and renters throughout Tempe.

Homelessness

Advocate a comprehensive approach to alleviate the problem of homelessness. Specifically, support the Homeless Continuum of Care, a regional program that helps homeless individuals to achieve self-sufficiency.

RECOMMENDATION

Staff requests Mayor and Council direction and approval on the proposed 2009 State Legislative agenda.