



ITEM P2
DATE 2-8-10
STUDY SESSION

Date: January 25, 2010
To: Mayor and Council
Through: Christopher J. Brady, City Manager ^{COB}
From: Scott Butler, Government Relations Director
Subject: 2010 State Legislative Agenda

Purpose and Recommendation

- This is a request for City Council to review and provide direction on the 2010 state legislative agenda.
- The Council approved legislative agenda defines the City of Mesa's priorities for the upcoming legislative session and will guide the City's lobbying activities at the Arizona State Legislature. The Government Relations staff recommends prioritizing the legislative agenda to key guiding principles to allow the City to have a stronger, more consistent message on the items of greatest priority. The proposed guiding principles for consideration are described in this report.
- The Government Relations staff will provide written updates on a regular basis throughout the session in order to keep the Council informed of bills and amendments.
- The City's legislative agenda is a flexible document and may change based on activities at the Legislature and with Council direction.

Background

The Second Regular Session of the 49th Legislature convened on Monday, January 11, 2010. Governor Brewer delivered her State of the State Address the same day. Republicans continue to hold a majority in both chambers. The Senate will consist of 18 Republicans and 12 Democrats. The House will consist of 35 Republicans and 25 Democrats.

Mesa legislators in leadership positions include: Kirk Adams (R-19), Speaker of the House; Chuck Gray (R-19), Senate Majority Leader, and Steve Yarbrough (R-21), Speaker Pro Tempore.

Legislative Guiding Principles

Fiscal Sustainability

The City supports the preservation of state shared revenue including state transaction privilege tax (sales) and urban revenue (income) tax revenue at the voter approved distribution levels and opposes any reduction or cap in the distribution of these revenues.

The City supports the funding of existing revenue streams including Heritage Funds, Highway User Revenue Fund (HURF), Vehicle License Tax (VLT), and the Local Transportation Assistance Funds (LTAF). The City opposes attempts to redirect funds away from these accounts by the Legislature.

Local Control

Citizens voluntarily created the City of Mesa in 1883 to provide local self-government and vital services. The City must be allowed the freedom to make decisions at a local level that best meet the needs of the community. The City supports the protection of local control and decision-making authority and opposes any attempts to erode this control through preemptions or mandates.

Economic Development

The City of Mesa relies on numerous tools to support, promote, retain, expand and attract economic development. The City supports efforts to maintain and enhance the economic development mechanisms available to create future economic sustainability, including increasing tools for private sector revitalization. The City opposes any attempts to limit or prohibit economic development.

Neighborhoods

The City of Mesa has strived to preserve and enhance the quality of life in its communities and to provide the necessary protections to keep neighborhoods safe. The City supports appropriate initiatives to preserve the safety and security of neighborhoods.

Public Safety

The City supports efforts to maintain and improve its ability to strategically plan for and respond to the public safety needs of the community.

Transportation

The City supports regional transportation planning and the continuation of revenue streams dedicated to the region. The City opposes attempts to place restrictions on the implementation or funding of transportation projects.

Water

The City supports efforts to ensure the sustainability of water resources and sustainable development.

Legislative Priorities

FISCAL SUSTAINABILITY

State Shared Revenue

The State's FY 2010 budget signed by the Governor continues to run a deficit of \$1.5 billion. The FY 2011 budget deficit is expected to be \$3.4 billion. This figure equates to 51% of the anticipated general fund revenues in FY 2011. These staggering numbers mean that the State will be looking to raid every fund at their disposal, potentially including voter-approved shared revenues. Some legislators may now be looking for creative ways to bypass the two-thirds majority needed. Staff will continue to vigorously defend against any attempts to reduce shared revenue.

Position: *It is recommended that the City Council **oppose** any attempts to reduce State Shared Revenue.*

PUBLIC SAFETY

Photo Enforcement

With ADOT's decision to institute freeway photo enforcement throughout the State, there continues to be interest at the Legislature to re-examining photo enforcement as a public safety tool. Mesa will work with stakeholders to ensure that our local arterial photo enforcement programs are not affected by any new legislation.

Position: *It is recommended that the City Council **oppose** efforts that would have a negative effect on Mesa's ability to make its own local decisions regarding our arterial photo enforcement program.*

ECONOMIC DEVELOPMENT

Motion Picture Production Incentive Program

With promises of hour-long flights and short drives from Los Angeles, Mesa has been selected as the next home for a proposed Hollywood-style studio complex called Gateway Studios. The plans call for a \$70 million motion picture production complex whose design would center on green building practices. The site will be a 55-acre parcel designed to include four soundstages ranging in size, facilities for feature production and post production, storage, auditorium and a large back-lot production area for street-size sets. The development of the facility is contingent on the continuation of the State Motion Picture Tax Incentive Program which may be in danger because of the State budget crisis.

Position: *It is recommended that the City Council **support** efforts to continue the program.*

Government Property Lease Excise Tax (GPLET)

The State Legislature created GPLET as a tool to develop commercial property in areas that have challenging public infrastructure needs. This tool has been used in central business districts and redevelopment areas throughout the State. The City of Mesa has recently explored opportunities to utilize GPLET in the area surrounding Phoenix-Mesa Gateway Airport. For decades the city did everything in its power to keep infrastructure away from the area when it was operating as the Williams Air Force base. GPLET is one tool that allows the city to now address the resulting lack of infrastructure. Attempts to reform GPLET could have a significant consequence on current economic development deals throughout the State as well as be a detriment to utilizing this tool in the future.

Position: *It is recommended that the City Council **oppose** any reforms to GPLET that would result in a less effective economic development tool.*

NEIGHBORHOODS

Payday Lending Sunset

In Mesa there are over 95 payday lenders who charge up to 459% annual percentage rate (APR) for a two-week loan. Overall, payday lending costs Arizona families nearly \$149 million each year. These lending locations bring along crime and other community related problems. The State granted authority for Payday lenders to do business in Arizona for 10 years back in 2000. That authority will be automatically revoked in 2010 through a sunset of the statutes unless the sunset is

continued or removed by the Legislature, (Proposition 200 was a failed attempt by the payday industry to remove the sunset which would have allowed payday lending to continue indefinitely).

Position: *It is recommended that the City Council monitor attempts by the Legislature to eliminate the 2010 sunset provision tied to payday lending.*