



**CITY OF TEMPE
2008 STATE LEGISLATIVE PROGRAM**

THE 48TH LEGISLATURE

The 48th Legislature's second Regular Session is set to begin on Monday, January 14, 2008. The Governor will give her State of the State Address on this day. The Senate consists of 17 Republicans and 13 Democrats. Tim Bee (R - Dist.30) will continue to serve as the Senate President. The House consists of 33 Republicans and 27 Democrats. Jim Weiers (R- Dist. 10) will continue to serve as Speaker.

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 112 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. In 2006 the State approved income tax cuts that will impact state shared revenues beginning in fiscal year (FY) 2008-09. In an effort to mitigate that impact, the budget agreement between the Legislature and Governor included a *one-time appropriation* of approximately \$717 million to the urban revenue sharing fund in FY 2008-09, a major departure from the formula adopted by State voters in 1972 to allocate funds to cities and towns. Staff recommends that the City oppose State action that would

reduce state shared revenues and support efforts to restore revenue distribution that holds cities and towns harmless against these and any future state tax cuts.

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.

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.

Tattoo & Body Piercing Regulation

Currently, there is no health and safety regulation of the tattoo and body piercing trade in Arizona. Several Tempe tattoo parlors have initiated discussions on state regulation. Staff seeks direction from the Mayor and Council to work with the tattoo and body piercing businesses, State and County agencies to draft legislation to address minimum health and safety standards.

OTHER STATE LEGISLATIVE ISSUES

ECONOMIC DEVELOPMENT & REDEVELOPMENT

Support Bio-Tech & other High-Tech Investments

ASU, the Flinn Foundation Greater Phoenix Economic Council (GPEC) and other organizations are making strategic investments in the university and the state that directly relate to the City of Tempe's economic development efforts. Staff seeks Council direction to support legislative efforts for bio-tech and other high-tech investments, including tax credits for research and development in new industries.

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.

Land Use Authority

Attempts may be made to preempt the City's ability to require certain environmental standards be met before requested zoning is granted. Staff requests Mayor and Council approval to preserve local authority for environmental reviews associated with zoning decisions.

Arizona Department of Commerce

Continue to support the Arizona Department of Commerce. The Department continually comes under question by the legislature and staff will continue to monitor the status of the Department of Commerce since it is critical for economic development. Staff seeks direction from the Mayor and Council to continue to support the Arizona Department of Commerce.

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.

TRANSPORTATION

On November 2, 2004, Maricopa County voters approved Proposition 400 that funds the Regional Transportation Plan for the next 20 years. This Regional Transportation Plan will extend the half-cent sales tax which would have expired on December 31, 2005 for another 20 years. The tax will now expire on 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.

Proposition 400 gives the Maricopa Association of Governments (MAG) the responsibility of implementing the Regional Transportation Plan. The Transportation Policy Committee (TPC) which is a part of MAG, will be 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.

Proposition 400 also gave Regional Public Transportation Authority (RPTA) and the Arizona Department of Transportation (ADOT) a major role in working together with MAG on the Regional Transportation Plan. On January 1, 2006, MAG, RPTA and ADOT started receiving specific funds for all projects which were included in the Regional Transportation Plan, however since the voters have approved the 20 year funding source, many of these projects

can start early since a 20 year source of funding will allow for the sale of bonds and construction as soon as the TPC approves the schedule as provided in the plan.

At the direction of the Mayor and Council, city staff will work very closely with MAG, ADOT RPTA and the legislature in monitoring the progress of the Regional Transportation Plan.

WATER

During this current drought, Tempe has been able to manage its available water supplies to meet the community's water demands. However, this record-setting drought is a warning. Given that we could experience another 10 or more years of drought, we all need to become more aware about the facts of drought and what the future possibilities and impacts from drought could be. 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.

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 Funding for ASU

Growth

Nine out of ten students choosing to attend Arizona's university system select Arizona State University. Staff seeks Council direction to support ASU's request for enrollment growth from the legislature for additional faculty and staff positions in order to meet the demands resulting from student enrollment increases and maintain academic quality.

Student Success

ASU is seeking a \$15 million investment to continue qualitative improvements in undergraduate learning. The investment supports increasing student retention, enhancing the quality of curriculum, promoting a learner centered agenda and improving graduation rates. Investing in student success will provide for the following: additional instructional faculty; increase course offerings and availability; reduce class sizes; and the use of technology to facilitate and improve student advising. Staff is seeking Council direction to support ASU's request.

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 Public and Private Schools

The Arizona Legislature passed a tax credit of \$5 million for private school tuition with an equal amount going to public schools. Staff seeks Council direction to have a tax credit that goes to both private and public schools. A tax credit that could not only be used for tuition, but also for any additional needs the school might have.

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 support and promote public safety and improve air and water quality, as well as 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 2008 State Legislative agenda.