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*A research and advocacy association, supporting  
efficient, responsive county government in Arizona.*



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## CSA 12<sup>th</sup> Annual Legislative Summit



Thank you Coconino County for hosting an outstanding 12<sup>th</sup> Annual CSA Legislative Summit, led by CSA President and Coconino County Supervisor Mandy Metzger!

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## CSA Board Adopts Budget Priorities and Legislative Proposals

This week Coconino County hosted the Twelfth Annual CSA Legislative Summit at the High Country Conference Center at Northern Arizona University in Flagstaff, Arizona. At the event, county supervisors, representing all 15 Arizona counties, established CSA's policy agenda for the 2017 state legislative session.

"It was truly an honor to host this year's Legislative Summit in Coconino," said CSA President and Coconino County Supervisor Mandy Metzger. "Our

work sessions were very productive and produced some meaningful legislative policy items that we believe will



save taxpayer dollars and increase investment in our local roads and highways. CSA stands ready to roll up our sleeves and get to work at the Capitol.”

At the Summit, Arizona county supervisors unanimously agreed that the state must stop diverting county tax dollars to fund state agency obligations. Current state law contains several problematic cost shifts and policies that create financial burdens on the local county taxpayers. Respecting that the state will have limited capacity to address all these issues in the next state budget, county officials worked to prioritize requests to provide meaningful relief to all counties while promoting good government and proper stewardship of taxpayer resources. To that end, county supervisors will ask the Governor and state legislature to accomplish the following in the FY2017-2018 budget:



- Eliminate the mandated county payments to support the state operated and managed Arizona Department of Juvenile Corrections (ADJC) - Beginning in FY2016, as a way to manage the state revenue shortfall, state law was changed to require these payments. In FY2018, absent legislative action this mandate will cost county taxpayers approximately \$11 million.

- Fully Restore Highway User Revenue Funds (HURF) - Since 2009, \$140.6 million of county HURF has been diverted to fund state obligations. In FY2018, absent legislative action current law would divert an additional \$12 million from the county share of HURF.

In addition to requesting the elimination of the mandated county payments to support ADJC and fully funding HURF, counties are seeking to reestablish their in-lieu lottery appropriation and extend the county “Flexibility Language” to allow for the use of existing tax dollars, to meet county fiscal obligations.

CSA also adopted 9 county-submitted statutory proposals for CSA's agenda for the 2017 legislative session, including proposals to extend the state's Waste Tire Fund Program and ensure adequate legal counsel for juvenile dependency cases.

CSA staff will begin briefing legislators on these matters in preparation for the 2017 session.

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## Senator Flake Brings Federal Perspective to CSA Legislative Summit

The County Supervisors Association was honored to have U.S. Senator Jeff Flake address the Legislative Summit attendees as the keynote speaker.

During his remarks, Senator Flake discussed the challenges facing the next presidential administration and the U.S. Congress, include rising healthcare costs, the economic effects of EPA regulations and the federal deficit.

He went on to discuss his work protecting Arizona's water supply, promoting healthy forests and securing a long term commitment of Payment In Lieu of Taxes (PILT).

Senator Flake stressed the importance of Congress, “returning to regular order,” where the appropriate committees work on major policy and funding items which allows greater congressional oversight of executive agencies.

Senator Jeff Flake was elected to the U.S. Senate after serving in the U.S. House of Representatives from 2001-2013, where he represented the East Valley. As a member of the U.S. Senate, Senator Flake sits on the Judiciary Committee, the Energy and Natural Resources Committee, and the Foreign Relations Committee where he also serves as chairman of Subcommittee on African Affairs.

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## Legislative Panel Paints State Picture for 2017

On Wednesday, Senator Katie Hobbs, Representative Sonny Borrelli, Representative Doug Coleman and Representative Bob Thorpe participated in a legislative panel discussion at the CSA Legislative Summit.

They explored a variety of issues including the one-time county cost shift relief, the ongoing challenges with the state budget, transportation resources, the upcoming election and legislative leadership changes and the importance of the state county partnership.



CSA appreciates these leaders making the time to join us this week.

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## CSA Board Calls On State to Increase Investment in Transportation



The CSA Board of Directors unanimously passed Resolution Number 1-16 requesting that State Leaders take action to increase state and local investment in transportation infrastructure.

Supervisors and staff discussed the deteriorating condition of county transportation infrastructure as their number one constituent complaint. The weakening ability of existing resources to meet local needs is detrimental for economic development, public safety and quality of life in communities across the state. The consensus of the CSA Board of Directors is that the existing transportation model is inadequately resourced, and, absent action, will continue to degrade without new funding mechanisms.

The main problem with the existing funding model is that it relies heavily on an 18-cent gas tax, established in 1990 and was never indexed for inflation. 18-cents in the early 1990's is worth less than a nickel today due to the tremendous inflation of the cost of materials for road building and maintenance, as a result the purchasing power of HURF has atrophied. The effects of inflation, increased vehicle fuel efficiency, and other changes in commuting behavior make it clear that the current HURF funding model is not sustainable and will fall short of meeting infrastructure needs.

The immediate restoration of HURF to local governments will help, but only addresses a fraction of infrastructure demands. Recognizing a growing crisis that will impede economic development and threaten public safety on roadways, county supervisors endorsed a policy statement urging state lawmakers to work with transportation stakeholders to identify and enact revenue enhancements for the existing HURF distribution system and to pursue policies that improve efficient utilization of transportation resources.

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## CSA Presents to Ad-hoc Committee on Prosperity Districts

An Ad-hoc Committee of the Arizona Legislature met this week for the second time to explore "Prosperity Districts," which proponents propose as a regulatory reset for property owners within areas of one square mile or more to encourage greater economic development in the state. Related legislation on Prosperity Districts failed at the Legislature during the 2016 session, so an Ad-hoc Committee was appointed by the Speaker of the House of Representatives and the President of the State Senate to discuss the concerns raised by interested parties in preparation for the upcoming 2017 session.

CSA's Executive Director, Craig Sullivan, shared the county perspective "The proposal is asking the legislature to carve out certain areas from state law, creating significant confusion about what laws counties most enforce in the district. Just as problematically, counties are not consulted when a district is formed, tax revenues from the district are frozen regardless of service demands, and the district likely shifts the tax burden to other residents in the areas."

Prosperity Districts as a concept are being pushed by a trio of libertarian organizations including Compact for America and Federalism in Action. Some of the details are still being discussed, but the basic principle is that 100% of the property owners must agree to form the district and the end result is an area in which all state law

above the baseline of the constitution, common law and criminal law are eliminated. While some see this as a new type of political subdivision created by the state, proponents don't see it that way. Rather, they feel as this is a way to reset the Arizona economy and also see an Arizona Prosperity District as being part of a compact of prosperity zones in other states.

The Ad-hoc Committee's task is as follows:

- Identify and evaluate current legal and regulatory structures to determine whether those structures impede economic growth in Arizona
- Assess the legal and practical feasibility of creating Prosperity Districts in Arizona
- Examine the potential investments and competitive advantage Arizona may garner from the creation of Prosperity Districts
- Explore the impact Prosperity Districts may have on Arizona residents including the role of local governments and how any negative impacts may be minimized.

A summary of findings is due to the Governor, the President of the Senate and the Speaker of the House of Representatives on or before December 31, 2016.

To view the Ad-hoc Committee's charge and membership, please [click here](#).

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## Surface Transportation Funding Task Force Holds Fourth Meeting

On Wednesday morning, the Surface Transportation Funding Task Force (Task Force) held their fourth meeting.

The Rural Transportation Advocacy Council and the Central Yavapai Metropolitan Planning Organization discussed options for funding local city, town and county roads. Additionally, the Transportation Business Partners and the Arizona Trucking Association presented on finding options for dedicated funding sources for principal interest highways.

Senate Bill 1490, sponsored by Senator Worsley, established the 9-member Task Force to review transportation needs and revenue sources in Arizona and recommend specific revenue proposals for dedicated funding sources for specified transportation-related items.

The Task Force is required to cooperate with the Department of Administration to conduct a statewide study to identify vacant or underused buildings owned by the state that could be sold to provide funding for transportation projects. Additionally, they are required to issue progress reports every three months to the Governor and the Legislature and to submit a final report of its findings and recommendations to the Governor and the Legislature by December 31, 2016. The Task Force will meet every two weeks and CSA plans to offer a county perspective at an upcoming hearing.

Committee members include: Alan Maguire; Jim Rounds (Rounds Consulting); Kevin McCarthy (ATRA), Mary Peters (Mary Peters Consulting Group); Grant Nulle (Arizona Department of Revenue); Julie Pastrick (Flagstaff Chamber of Commerce); John Ragan (AZ Chamber of Commerce and Industry); Michael Tully; David Williams.

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## Learning More about Coconino County

On Tuesday, October 25, County Supervisors, officials and staff toured the Flagstaff Watershed Protection Project and Schultz Fire/Flood Impact Area to see the efforts Coconino County has been making to protect these areas and mitigate the effects of wildfire and flooding on the surrounding areas.

The Flagstaff Watershed Protection Project began in 2012 with a voter-approved \$10 million bond to support a project that was intended to protect Coconino National Forest and areas within Flagstaff, including the downtown area and Northern Arizona University, that were in danger of wildfire and floodwater destruction. The Project aims to mitigate this risk through technology and prudent timber harvesting practices. The Project is a collaborative effort between the U.S. Forest Service, the City of Flagstaff and the State of Arizona.



The Schultz Fire/Flood Impact Area was created in the wake of 2010's devastating Schultz Fire, which forced local residents to evacuate their homes and led to severe flooding in the aftermath of the fire. Because of the area's sloping topography, seasonal flooding is still a concern. As with the Flagstaff Watershed Protection Project, participants were able to see the benefits of a collaborative, integrated effort between federal, state and local entities.

These tours showed participants the challenges of combating wildfire in the high desert southwest, and also demonstrated how the focused application of technology, effort and knowledge can make a significant difference in environmental and public safety outcomes.

For more information about the Flagstaff Watershed Protection Project, please [click here](#).

For more information about the Schultz Fire/Flood Area, please [click here](#) and [here](#).

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## This Week in Arizona History...

On October 26, 1881, the famous American Wild West shootout known as the Gunfight at the O.K. Corral took place in Tombstone, Arizona (Arizona Territory).

The gun battle between Wyatt, Virgil and Morgan Earp along with Doc Holliday against the Clantons and McLowrys lasted for less than a minute; however, three men were killed and two were wounded.



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## County Supervisors Association of Arizona

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