



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

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September CSA Board of Directors Meeting

After a short summer break, the CSA Board of Directors met on September 20, 2018 to discuss important issues facing counties and the state including water, internet sales taxation implications, and county transportation needs.

ADWR, CAP Shepherding Major Water Talks

Beginning on July 26, the Arizona Department of Water Resources (ADWR) and the Central Arizona Project (CAP) have been convening regular, public meetings of the Arizona Lower Basin Drought Contingency Plan (LBDCP) Steering Committee. The 38 member committee is charged with developing a roadmap to mitigate harm associated with imminent reductions to Arizona's Colorado River entitlement flowing down the CAP. Mohave County Supervisor Lois Wakimoto serves on the committee and during this week's CSA Board of Directors Meeting she and Mohave's consultant on water policy, Patrick Cunningham, briefed county supervisors on the critical work of the committee.

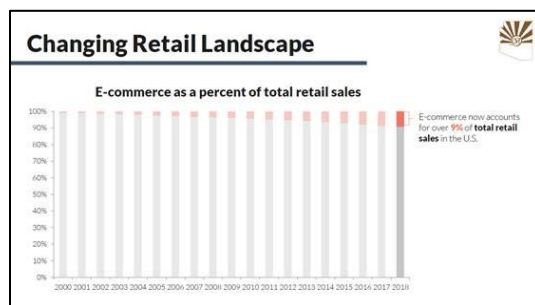
Severe drought on the Colorado River demands action by the United States, Mexico, and all basin states to reduce risk to the millions of people who depend on the river. However, Arizona is particularly threatened because in order to secure Congressional authorization of the CAP our state had to agree to absorb the first reductions when shortage is declared on the river. Current estimates suggest a shortage declaration could come as early as 2020.



The steering committee set an ambitious goal of developing a LBDCP by mid-November that addresses critical issues in a way that is acceptable to Arizona water users. The LBDCP will require legislative approval and is expected to be introduced in the 2019 session.

More information on the steering committee and meeting schedule can be found at azwater.gov or cap-az.com.

Update on Internet Sales Tax Revenue Implications

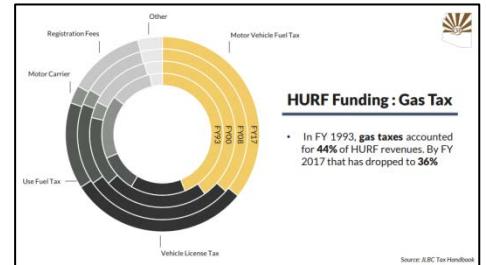


A joint presentation by Brandon Nee and Mark Barnes was made on Internet Sales Taxation. Nee began with a segment on the county revenue implications from the lack of consistency in application of online sales taxes. Barnes then shared information about the result the *South Dakota v. Wayfair, Inc.* case decided by the U.S. Supreme Court in June and its affect nationwide on how states tax online purchases. Arizona will face decisions now in how to best shape their sales tax and business license processes as well as how to define the nexus of tax for online retailers.

To view the presentations and a webinar on the topic, please click [here](#).

CSA Transportation System Update

Vanessa Fielder presented an update that covered current and future trends in transportation funding, including revenues from the Highway User Revenue Fund (HURF) and Vehicle License Tax (VLT), and the current status of the HURF shift to the Department of Public Safety (DPS). Fielder noted that the primary funding sources for HURF, gas tax and VLT, are vulnerable to the ongoing shift away from traditionally powered and low miles per gallon (MPG) vehicles towards alternative fuel and higher MPG vehicles. Gas tax revenues are particularly impacted by these trends, as well as inflationary pressures since the statewide gas tax has not increased since 1990.



The presentation also covered the recent County Roadway Needs Study conducted by the Arizona Association of County Engineers (AACE). AACE found that 35 percent of county roads are in poor or very poor condition, and estimated that over the next 10 years the funding available for the county transportation system would fall short by \$2.2 billion from the amount needed to bring roads up to standard and maintain them.

To view the entire presentation, please click [here](#).

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JLBC Monthly Fiscal Highlights

The Joint Legislative Budget Committee (JLBC) released their Monthly Fiscal Highlights for August 2018 with monthly state General Fund returns of \$801.6 million, an increase of 13.2 percent above the prior year. The revenue growth was spread across the major revenue categories, with sales and use taxes up 8.6 percent and individual income tax up 9.4 percent. August revenues are also up due to \$12.7 million in budget transfers into the state General Fund, compared to none in August 2017. Total YTD state General Fund revenue collections are now \$1.7 billion, which is \$43.4 million above the enacted budget forecast.

Highway User Revenue Fund (HURF) collections were \$120.7 million for the month, a 5.6 percent increase compared to August 2017, and YTD collections of \$242.1 million are up 3.7 percent over the prior year. The August HURF collections are down from the budgeted forecast by (0.3) percent, and YTD collections are down (0.7) percent from forecast.

August state General Fund spending totaled \$651.4 million with YTD spending at \$3.28 billion. This represents a \$(134.5) million decrease compared with August 2017 and a \$127.9 million YTD increase from FY 2018.

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NACo Webinar: County and State Collaboration in Criminal Justice Planning

On Thursday, September 27, 2018, from 11:00 pm – 12:15 pm MST, the National Association of Counties (NACo) is hosting a webinar titled, [County-State Collaboration in Criminal Justice Planning](#).

The webinar will focus on best practices for intergovernmental coordination between the counties and state justice system. NACo and the National Criminal Justice Association will share how identifying issues and opportunities and developing solutions can improve criminal justice at both levels of government.

To register for the webinar, please [click here](#).

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