

CSA Weekly Update

October 9, 2018



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

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CSA 14th Annual Legislative Summit

Thank you, Yuma County, for hosting an outstanding 14^{th} Annual CSA Legislative Summit!

Your leadership and hospitality created an excellent forum for you and your colleagues across the state to exchange ideas, build relationships, and forge a focused coalition agenda for the next legislative session.



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County Supervisors Welcome Governor Doug Ducey



The CSA was honored to welcome Arizona Governor Doug Ducey to deliver the keynote address at the Summit luncheon on Thursday, October 4, 2018.

During his remarks, Governor Ducey expressed the importance of the strong state and county partnership that has developed. He was pleased with the work done over the last legislative

session to bring counties over \$20 million dollars in relief from cost shifts as the state's budget and economy continue to improve. He reiterated his commitment to eliminating diversions from the Highway User Revenue Funds (HURF) and his intention to fully fund HURF going forward.

Governor Ducey also highlighted some of the important work of his administration, including his commitment to education and the critical work being done on the Arizona Lower Basin Drought Contingency Plan to protect Lake Mead's water elevations and Arizona's water allocation.





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Legislative Panel Previews State Picture for 2019

On Thursday, Senator Otondo, Representative Cobb, Representative Fernandez and Representative Dunn previewed the upcoming 2019 Legislative Session during the 14th Annual CSA Legislative Summit.

They explored a variety of issues including the competitive environment in the state budget, internet sales tax fairness, transportation resources, water policy, 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 Adopts Budget Priorities and Legislative Proposals

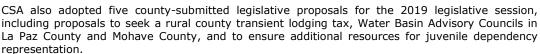


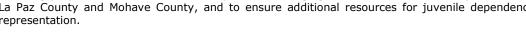
This week Yuma County hosted the Fourteenth Annual CSA Legislative Summit at the Pivot Point Conference Center in Yuma, Arizona. At the event, county supervisors, representing all 15 Arizona counties, established CSA's policy agenda for the 2019 legislative session.

"It was wonderful to visit Yuma County and I'm grateful to them for hosting such an enjoyable summit," said CSA President and Pinal County Supervisor Anthony Smith. "Our work sessions were very productive and produced some meaningful legislative policy items that we believe will save local 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 in 2019."

At the summit, Arizona county supervisors unanimously agreed to call on state lawmakers to permanently eliminate the county payments to the Arizona Department of Juvenile Corrections

(ADJC), provide permanent relief to rural counties for the increased Elected Officials Retirement Plan (EORP) liability, take the necessary legislative and regulatory steps to allow for sales tax to be collected on online remote purchases, and increase ongoing investment in state and local transportation systems. These funding priorities drive transparency and efficiency in governance and help ensure out-of-state online retailers do not have an artificial competitive advantage over local brick and mortar stores.







CSA staff will begin briefing legislators on these matters in preparation for the 2019 session.

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CSA Board of Directors Recognize Arizona County Clerks Association

The Arizona County Clerks Association (ACCA) created a Certified Professional County Clerk Certification Program to provide education in topics related to the clerk of the board's functions. The certification, accredited through the International Institute of Municipal Clerks, is awarded based on a combination of required experience and participation in a three-day training program. CSA would like to recognize the ACCA for their hard work in putting together this program and the clerks of the board on completion of their certification.



Please join CSA in recognizing:

- Beth Bond, CPCC, Apache County
- Arlethe Rios, CPCC, Cochise County *
- Kim Lemons, CPCC, Cochise County
- Marian Sheppard, CPCC, Gila County
- * Melissa Henderson, CPCC, Gila County
- * Diane Green, CPCC, La Paz County
- Fran McCarroll, CPCC, Maricopa County
- * Debra Schaffer, CPCC, Maricopa County
- * Ginny Anderson, CPCC, Mohave County
- * Melissa W. Buckley, CPCC, Navajo County
- Donna Hurstrom, CPCC, Navajo County Natasha Kennedy, CPCC, Pinal County *
- *
- AmberLee Taylor, CPCC, Pinal County *
- Kim Kapin, CPCC, Yavapai County
- Christina Isbell, CPCC, Yuma County

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County Supervisors Urge State Leaders to Allow for the Taxation of Online Sales

On Friday, county supervisors voted to pass <u>Resolution 1-18</u> urging the Governor, the Department of Revenue and the Legislature to make the necessary changes to allow for sales made over the internet to be treated the same as purchases made in Arizona stores for Transaction Priveledge Tax (TPT) purposes.

Supervisors and staff discussed the implications of the U.S. Supreme Court decision in the *South Dakota v. Wayfair, Inc.* case made earlier this year, and noted that the main issue facing the state is how to best shape Arizona's sales tax and business license processes, and how to define economic nexus. Supervisors also discussed the importance of aligning the tax base to fit with the changing economy, while ensuring the small businesses are not unduly burdened.

Currently, consumers are required to remit a use tax on purchases made over the internet, although compliance is estimated to be low. The decision in *Wayfair* allows states to require sellers that have an economic nexus to remit TPT on transactions made into the state. The end effect is that compliance with current tax laws will increase, and brick and mortar stores will no longer be at a tax disadvantage compared to online sellers.

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CSA Board Calls On State to Increase Investment in Transportation

The CSA Board of Directors unanimously passed <u>Resolution 2-18</u> requesting that state leaders take action to increase state and local investment in transportation infrastructure.

Supervisors and staff discussed the recent Arizona Association of County Engineers (AACE) findings that 35% of county roadways are in poor or very poor condition, and 64% of county engineers say their primary constitutent complaints come from the deteriorating condition of roadways. 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 never indexed for inflation. The effects of inflation, increased vehicle fuel efficiency, shifts towards alternative fuel vehicles and other changes in commuting behavior make it clear that the current HURF funding model is not sustainable and will continue to fall short of meeting infrastructure needs.

The action taken by the legislature during the 2018 session to halt the shift of HURF resources away from transportation will help, but only addresses a fraction of infrastructure demands. AACE estimates that an additional \$2.2 billion in funding will need to be put into the county transportation system over the next 10 years. 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 provide local jurisdictions additional authority to increase funding for transportation.

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Summit Participant Tour Local Economic Drivers

CSA Summit participants attended one of two informative tours planned by Visit Yuma. We would like to give a warm thank you to the Marine Corps Air Station Yuma, the University of Arizona's Yuma Center of Excellence for Desert Agriculture (YCEDA) and Visit Yuma for creating these memorable experiences.

The Marine Corps Air Station Yuma demonstrated the importance of community engagement and the role the air station plays in the local economy. The tour included a demonstration of the K-9 unit's capabilities and a chance to view a MV 22 Osprey up close.

The YCEDA connected supervisors and staff with the importance of the innovative work with water management, food safety and crop yield maximization being developed within the desert agricultural industry.



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October is Domestic Violence Awareness Month



The Arizona Department of Economic Security (DES) and the Governor's Office of Youth, Faith and Family kicked off Domestic Violence Awareness Month by lighting the State Capitol dome purple—the signature color of Domestic Violence Awareness Month. The agencies work with the community to provide support for survivors of domestic abuse.

The DES <u>Domestic Violence Program</u> works with the Arizona Coalition to End Sexual and Domestic Violence to coordinate services for domestic violence victims. They coordinate with shelters, community partners and other state agencies to provide support services and funding.

Please visit the Governor's Office of Youth, Faith and Family's website for more information.

Sources: Arizona Department of Economic Security & the Governor's Office of Youth, Faith and Family

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County Supervisors Association of Arizona

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