Introduction

Each year, members of the League of Arizona Cities and Towns may recommend items for the League's legislative program by submitting a resolution. Those resolutions are reviewed in the summer by the Resolutions Subcommittee and are then advanced to the Resolutions Committee for a formal recommendation. The resolutions are then formally adopted at the League's Annual Business Meeting, which is held at the end of August.

The adopted resolutions, which are outlined below, inform the creation of the annual Municipal Policy Statement which serves as the principal guide for the League's legislative program for the upcoming session.

Resolution Overview

No.	Summary
1	Develop and pass legislation to make the requirements for annexation a more simple and flexible process.
3	Prohibit fire districts from annexing areas inside a municipal planning area without the consent of the municipality, unless the municipality does not operate a municipal fire department.
6	Authorize street light improvement districts (SLIDs) to levy and expend money to repair, maintain and replace lighting facilities.
9	Amend A.R.S. Title 13 (Criminal Code) to ensure that restitution for graffiti includes all costs of a victim associated with graffiti abatement.
11	Stop future sweeps of Highway User Revenue Funds (HURF) allocated to Arizona cities and towns and restore HURF funding to FY2008 levels.
12	Develop and pass legislation to ensure the viability of Arizona state parks and to restore the Arizona state park heritage fund.
16	Include one representative from a large city along with one representative from a small non-metropolitan city on the Public Safety Personnel Retirement System Board of Trustees.
19	Pass legislation or engage in other activities that support and advocate for resources to improve Arizona's ports of entry with Mexico and related infrastructure.
20	Support the long-term retention of Arizona's military installations.

League Staff Resolutions

No.	Summary
1	Preserve the tax exempt status of municipal bonds.
2	Pass the Marketplace Fairness Act.

Resolution #1

Develop and pass legislation to make the requirements for annexation a more simple and flexible process.

Submitted by: Town of Oro Valley, City of Bullhead City, Town of Marana, City of Yuma, Town of Wickenburg

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A. Purpose and Effect of Resolution

The annexation process is cumbersome and needs examination. This resolution proposes to advocate for reasonable solutions to the annexation dilemma.

Certain problems arise in the process of annexation. Excessive signature requirements are a deterrent. Cities and towns are required to obtain signatures from utility companies, and other entities, that do not own real property in the proposed annexation area. Cities and towns are also required to meet an assessed valuation threshold; but when they do not levy a property tax, the value of the property is irrelevant.

In addition, over time cities created county islands by annexing around the areas that did not meet the minimum signature requirements to become part of a city. The result is that there are pockets of non-incorporated areas dotted throughout cities. The unintended consequence of this action is that these county islands do not receive the same level of public services as property as close as next door. Property owners should receive services for taxes paid, and unincorporated area residents buy goods and services in cities and towns but do not receive police protection and other basic urban services. County services address the needs of largely rural areas and do not generally meet the needs of these urban areas.

The League, interested members and other stakeholders should convene to discuss these problematic areas and design legislation that will enhance the annexation process without undue burden to any one party.

B. Relevance to Municipal Policy

Statutes regarding municipal annexation have become more complicated over time. Simplifying the annexation process is good policy, allowing cities and towns to provide important urban services within their boundaries. Annexation also fosters civic engagement in the democratic process and a sense of shared responsibility for our communities. Residents living in unincorporated areas are affected by decisions made by cities and towns, yet they have no voice in the governing process.

C. Fiscal Impact to Cities and Towns

Reducing the unincorporated population is a key strategy for cities and counties to maintain fiscal stability. Annexation allows cities and towns a way to expand their retail sales tax base, providing greater fiscal stability. This increased governance capacity ensures that cities and towns are able to provide adequate services to all Arizona citizens.

If legislation moves forward that allows greater flexibility in annexing county islands, it would be up to cities and towns themselves to determine when and if they annex these areas. Those communities that choose to move forward will need to extend their services to newly annexed areas. Those costs would be different for each community. But nothing in the legislation should require a city or town to annex county islands if they feel they cannot provide services.

D. Fiscal Impact to the State

There is no fiscal impact to the state when it comes to which local government provides local services. Minor adjustments in state-shared revenues would be made based on population changes, but it would be a reshuffling of the total allocation, not an increase in state revenues to local government. Eliminating barriers to annexation would also encourage economic development, which would ultimately result in increased revenue to the state.

E. Contact Information

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Name: Connie S. Scoggins Title: Assistant City Attorney
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Resolution #3

Resolves that the Arizona State Legislature should amend Title 48 to prohibit fire districts from annexing areas inside a municipal planning area without the consent of the municipality unless the municipality does not operate a municipal fire department.

Submitted by: City of Peoria, City of Surprise

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A. Purpose and Effect of Resolution

Fire district annexations in municipal planning areas that occur without the consent of the municipality result in duplicity of services and facilities. Cities and towns engage in long-term capital planning to serve their entire planning area and are required to do so by state law. Fire districts may seek to annex such areas without regard for the city or town's plan, solely to obtain revenue. Taxpayers are left paying for facilities they may not need.

B. Relevance to Municipal Policy

This is a problem in rapidly growing cities, primarily in those located in the urban areas of the state. When fire districts annex without regard to municipal plans, a city or town and its residents occur additional costs. The proposed legislation treats these annexations as other intergovernmental annexations, which require that governments consult and agree.

C. Fiscal Impact to Cities and Towns

This change would reduce wasteful spending caused by duplicative facilities.

D. Fiscal Impact to the State

None is anticipated.

E. Contact Information

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Resolution #6

Amends statute to authorize street light improvement districts (SLIDs) to levy and expend money to repair, maintain and replace lighting facilities. Changes in statute should also allow a municipality the option to accept the infrastructure and maintenance responsibilities of county-operated SLIDs that are located within the municipality's corporate boundaries and authorize the municipality to assume jurisdiction over fully annexed county street light improvement districts.

Submitted by: City of Scottsdale, City of Apache Junction, City of Casa Grande

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A. Purpose and Effect of Resolution

A street light improvement district (SLID) is a special taxing district created by the legislature in 1971 as a mechanism for residents to integrate street lights and pay the energy costs of street lights in their neighborhoods (§48-960).

Operation and Maintenance – Under current state law, SLIDs are only authorized to levy for payment of street light energy costs — *operation and maintenance* costs are not included. As a result, SLID operation and maintenance costs are paid by all municipal taxpayers — rather than by those who directly benefit from the street light infrastructure in their districts. Legislation should seek changes to current law to allow operation and maintenance costs to be included in the levy in addition to energy costs. In addition, municipalities should be allowed to create master repair and replacement funds for SLIDs.

Consolidation – The current process for a municipality to absorb a non-municipal SLID is a piecemeal process that is costly and time consuming. Changes to statute will facilitate a simple one-time process that will allow a municipality to consolidate all of the SLIDs that exist within its corporate boundaries. These provisions would apply statewide — allowing other cities and towns to facilitate consolidation if they so choose.

B. Relevance to Municipal Policy

SLIDs are prevalent across the state. A uniform process that allows cities and towns to recoup maintenance costs for maintaining these districts and allow for the consolidation of the districts will provide long-term financial benefits and better cost forecasting to municipalities.

C. Fiscal Impact to Cities and Towns

Cities and towns that currently provide maintenance of SLID streetlight infrastructure (rather than the utility) would realize general fund savings as reimbursement of those maintenance costs become available.

D. Fiscal Impact to the State

There would be no fiscal impact to the state.

E. Contact Information

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Resolution #9

Amends A.R.S. Title 13 (Criminal Code) to ensure that restitution for graffiti includes all costs of a victim associated with graffiti abatement.

Submitted by: City of Yuma, Town of Wickenburg, City of Apache Junction, City of Flagstaff

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A. Purpose and Effect of Resolution

Graffiti is a continuing and fast-growing problem for cities and towns. The level of punishment for individuals committing illegal acts of graffiti is a difficult and complex issue. Abatement of graffiti and apprehension and prosecution of the perpetrator is costly to cities and towns, and these costs are seldom, if ever, recovered. Arizona statutes allow prosecution of graffiti under the criminal code as criminal damage. Because graffiti is such an immediate and growing problem on both public and private property, it needs to be addressed in statutes setting forth stricter penalties for graffiti.

Restitution ordered by the court for graffiti offenses should include the full amount of damages to the victim. This means a victim, as a matter of law, would be entitled to the full, reasonable reimbursement for the amount paid to a third-party contractor to abate graffiti damage to his or her property, or, alternatively, if the victim abates the graffiti damage without retaining a third-party contractor, the victim should be entitled to full, reasonable compensation for his or her time spent abating the graffiti, for reimbursement of the costs of all materials used to abate the graffiti and for vehicle mileage or vehicle rental fee for vehicles the victim used to abate the graffiti.

As it stands now, some courts have been reluctant to award the full amount of damages as restitution when the victim is a private company, a municipality or other government agency that uses its own employees and equipment to abate graffiti damage. Additionally, a community service component could be added to the penalty, as done in New Mexico and California, which would provide even greater disincentives, especially if the community service involved cleaning up graffiti.

B. Relevance to Municipal Policy

The physical appearance of communities is a source of pride for Arizona cities and towns. It is one of the factors that attract people to visit or relocate to an area. While graffiti was once limited to older and deteriorating communities or facilities, it has become prevalent in all areas of cities, regardless of age, appearance, use or value. Despite the penalties for selling instruments of graffiti to minors enacted in the last few years, the number of incidents and the extent of damages have continued to increase. Stiffer penalties are needed to deter the rising tide of this vandalism.

C. Fiscal Impact to Cities and Towns

Graffiti abatement in fiscal year 2012-2013 has so far cost the city of Yuma $117,645, despite a policy to aggressively pursue restitution from the courts. The costs to Yuma are high. Therefore, it would follow that statewide costs may be in the millions of dollars. Increasing the penalties for criminal damage may deter graffiti vandals and reduce the number of incidents and the extent of damages, thereby reducing costs of abatement. Any additional revenue generated from the stronger penalties could be directed to reduce the costs to cities and towns for abatement. Also, if violators are required to perform community service, they would be able to witness the consequences their actions have on the community.

D. Fiscal Impact to the State

Because graffiti may also occur on state-owned properties, abatement costs to the state could be reduced.

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Resolution #11

Urges the Arizona State Legislature to stop future sweeps of Highway User Revenue Funds (HURF) allocated to Arizona cities and towns and to restore HURF funding to FY2008 levels.

Submitted by: City of Yuma, Town of Wickenburg, City of Sedona, City of Kingman, City of Lake Havasu City, City of Apache Junction, Town of Fountain Hills, City of Flagstaff, City of Sierra Vista

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A. Purpose and Effect of Resolution

HURF funds come from a number of sources, including use fuel taxes, motor carrier fees, vehicle license taxes and motor vehicle registration fees. Statutes provide a method of distributing these funds among the state, counties and municipalities for the purpose of construction, improvements and maintenance of streets and roadways within their jurisdictions. The state has swept portions of these revenues each year since FY2008, mainly to support the Arizona Department of Public Safety (DPS). These sweeps affect every municipality and county in the state. As a result of these sweeps, more than 38 percent of Yuma's major roadways are in poor or below average condition. Delayed maintenance on streets has caused many streets to now need total replacement, at a much greater cost. The poor condition of transportation infrastructure is a detriment to attracting new commerce and industry.

In addition to the direct impact on cities and towns' streets and roadways, this slowdown and halt of street construction and maintenance has cost jobs. The Arizona chapter of the Associated General Contractors estimated in 2011 that an estimated 42,000 jobs have been lost due to the lack of highway construction. This loss has had a negative impact on the economic viability of the state.

B. Relevance to Municipal Policy

The longer the attention to street maintenance is neglected, the more costly it becomes to bring streets up to even average condition. Many Arizona counties, cities and towns experience a significant rise in population during the winter months. The declining street infrastructure negatively affects the state's tourism industry and makes other warm states more attractive to these visitors.

C. Fiscal Impact to Cities and Towns

The sweeps have touched every county, city and town in Arizona. There are no replacement revenues for cities to tap. As maintenance is delayed, the cost rises. Restoring full HURF funding to local jurisdictions will allow much needed street replacement, repair and maintenance.

D. Fiscal Impact to the State

Reinstating the statutory distribution of HURF monies, including the funds to be allocated to DPS pursuant to statute, may require the state find other sources of revenue for DPS.

E. Contact Information

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Resolution #13

Urges the authorization of expenditure and full appropriations through the reenactment of repealed A.R.S. § 41-501, 503 and 504 to restore the Arizona State Park Heritage Fund.

Submitted by: City of Sedona, City of Kingman, Town of Camp Verde, Town of Jerome**,** City of Somerton, Town of Oro Valley, City of Sierra Vista, City of Cottonwood, City of Flagstaff, Town of Clarkdale

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A. Purpose and Effect of Resolution

The Arizona State Parks (ASP) Board Heritage Fund, established in November 1990 by voter initiative, provided up to $10 million annually to Arizona State Parks from Arizona Lottery proceeds (A.R.S. § 41-503). There were three competitive grant programs offered annually from the Heritage Fund dollars to provide opportunities for the public to enjoy parks and outdoor recreation and to help preserve natural and cultural resources. Seventeen percent of the State Parks Heritage Fund revenues were available annually (up to $1.7 million) through the Historic Preservation Grant Program. Thirty-five percent of the revenues (up to $3.5 million) were available through the Local, Regional and State Parks (LRSP) Grant Program, and five percent of the revenues (up to $500,000) went to the Trails Heritage Fund, of which 95 percent was available through the competitive grant program.

Since 2009, sweeps of the Heritage Fund resulted in the discontinuation of the Heritage Fund Grant Programs due to lack of funding. The Heritage Fund Grant Programs were an important source of funding, through the LRSP in particular, to cities and towns for their ability to enhance and expand local park sites. The sweep of Heritage Funds directly impacts the ability of cities and towns to provide funds to conserve our state's natural, cultural and historic resources and shifts costs to cities and towns that are the burden of the state and which benefit the state.

Not only were the remaining Heritage Funds eliminated — funds that were used for capital improvements to Arizona State Parks — but the legislature fully repealed the funding mechanism for Heritage Funds through the repeal of authorizing statutes A.R.S. § 41-501, 503 and 504 effective on July 1, 2011. The FY12 state budget swept the remaining $2,090,000 of the Enhancement Fund, which eliminated the amount available for capital programs and left ASP with no capital funds available to repair structural emergencies. Without reauthorization of the related statutes, there is no vehicle to appropriate funds, and the future of not only local funding but the entirety of Arizona State Parks hangs in the balance. The inability to fund needed capital improvements, or even emergency repairs, puts ASP at a dangerous financial precipice.

B. Relevance to Municipal Policy

Approval of this resolution and resulting policy changes would provide a vehicle for funding to continue the ability of municipalities and the state to provide and enhance the conservation of ou

r state's natural, cultural and historic resources. It would shift the responsibility for these programs back to the state and reinforce the voter-approved initiative that originally placed the burden on the state.

C. Fiscal Impact to Cities and Towns

Reenactment of Arizona Heritage Fund appropriations would have a significant positive impact on recreational opportunities, environmental education for the K-12 curriculum and enrichment for educators, grants and research, and response to and help with ameliorating human-wildlife conflicts in urban areas. It also positively impacts the viability of state parks as the sweep of funds has left ASP without funds for capital improvements or for any structural emergency. The loss of Heritage Funds has a direct impact on cities and towns due to the economic impact of state parks, as evidenced in "The Economic Impact of Arizona State Parks 2007" study prepared by the Arizona Hospitality Research & Resource Center, Center for Business Outreach and The W. A. Franke College of Business, Northern Arizona University, in February 2009.

D. Fiscal Impact to the State

Reenactment of Arizona Heritage Fund appropriations would have a fiscal impact to the state of up to $10 million annually.

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Resolution #16

Requests that A.R.S § 38-848.3 and A.R.S § 38-713, subsection A, paragraph 1, subdivision (b) be amended so that the Public Safety Personnel Retirement System Board of Trustees as well as the Arizona State Retirement Board include one representative from a large city along with one representative from a small non-metropolitan city.

Submitted by: City of Sierra Vista, Town of Wickenburg, City of Bisbee

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A. Purpose and Effect of Resolution

This resolution seeks to ensure that both large and small cities have a representative on the Public Safety Personnel Retirement System (PSPRS) Board of Trustees as well as the Arizona State Retirement System (ASRS) Board. Small municipalities in the state are being impacted by the decisions being made to reform PSRS and ASRS. Including members from a large and a small city on the boards will allow a boarder perspective on discussions as they relate to proposed changes to the systems.

B. Relevance to Municipal Policy

This resolution's impact to cities and towns is that it would improve the discussion and ensure representation on the PSPRS Board of Trustees as well as the ASRS Board.

C. Fiscal Impact to Cities and Towns

This resolution has no fiscal impact to cities and towns.

D. Fiscal Impact to the State

This resolution has no fiscal impact to the state.

E. Contact Information

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Resolution #19

Urges the Governor and the Arizona State Legislature to develop and pass legislation or engage in other activities that support and advocate for resources to improve Arizona's ports of entry with Mexico and related infrastructure in order to enhance international trade and improve the global competitiveness for Arizona with Mexico.

Submitted by: City of Sierra Vista, City of Yuma, City of Bisbee

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A. Purpose and Effect of Resolution

Mexico is Arizona's top trading partner. Our shared border is the gateway for $26 billion worth of imports and exports and 44 million people (crossings) each year. Mexican visitors spend approximately $7.3 million each day in Arizona, providing an annual impact of $2.3 billion. Trade with Mexico supports six million jobs in the U.S. and tens of thousands jobs in Arizona. In addition, Mexico is now the third-ranked commercial partner of the U.S. and the second largest market for U.S. exports.

Despite this wealth of opportunity, recent studies show that competing border states such as Texas are far outpacing Arizona when it comes to developing trade relations with Mexico. While Arizona exports to Mexico totaled about $5.7 billion in 2011, in Texas the total was $87 billion. Mexico is the 13th largest economy in the world, and in 2010, Mexico invested an unprecedented five percent of its Gross Domestic Product (GDP) in infrastructure.

Arizona's ports of entry face significant challenges, including aging infrastructure and an often inadequate number of customs and border protection agents needed to staff them. A heavy focus on security has impacted the tourism industry by diverting investments from needed improvements and leaving a multibillion dollar deficit in border infrastructure. For example, while investments of $200 million into the expansion to the Nogales port of entry are progressing, no funding is allocated at this time (pending completion of appropriate studies and reviews) toward improving Arizona State Route 189, which connects the Mariposa Land Port of Entry to I-19. The U.S. General Services Administration (GSA) describes the Mariposa Land Port of Entry as "… one of the United States' busiest land ports … serving as the main entry point for fresh produce entering from Mexico …"

With 23 million northbound visitor border crossings and 373,000 northbound truck crossings, long waits at the border and congestion north of our ports of entry suppress economic development. In addition, greater emphasis is needed to upgrading southbound passenger vehicle and pedestrian crossings. And with significant public safety concerns arising from the 602 train crossings annually, there is clearly a need to develop an alternative to Arizona's sole rail port of entry in Nogales in order to respond to increasing manufacturing and sea port expansions in Mexico. According to the Arizona State University North American Center for Transborder Studies, needed enhancements include staffing, technology, infrastructure and communications.

Through the League of Arizona Cities and Towns, Arizona's cities and towns should unite in support of legislation or other policies that will enhance international trade and improve the global competitiveness for Arizona with Mexico, which is the 13th largest economy in the world and the state's number one trading partner.

B. Relevance to Municipal Policy

The vast majority of the economic benefit generated by trade passing through Arizona's ports of entry is realized within the state's cities and towns. For example, nearly half (43%) of all of the winter produce consumed in the United States comes through the Nogales port of entry. Along with produce, which makes up 28 percent of Arizona imports from Mexico, other major commodities include electrical machinery and equipment (18%); machinery and mechanisms (12%); edible fruits and nuts (11%); vehicles (6%); and optical, photographic and cinemagraphic equipment (4%).

The logistics centers, warehousing and distribution facilities, and value-added manufacturing facilities for these commodities are located primarily within the state's cities and towns, along with the associated sustainable wage jobs that are created as a result of this economic activity. The economic multiplier effect that these jobs create adds to the prosperity in these communities and enhances tax revenue at a time when every dollar of local revenue is even more precious to cities and towns. Enhancing trade opportunities with Mexico will only further stimulate the economies in Arizona's cities and towns.

C. Fiscal Impact to Cities and Towns

As described above, enhancing international trade and improving the global competitiveness for Arizona with Mexico will have a positive fiscal impact to cities and towns.

D. Fiscal Impact to the State

Similarly, supporting the requested legislation and policies will have a positive fiscal impact to the state and will further diversify our economic base. Failure to do so will sustain the advantage that other border states currently enjoy over Arizona.

E. Contact Information

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Resolution #20

Urges the Governor and the Arizona State Legislature to develop and pass legislation that supports the long-term retention of Arizona's military installations and provides opportunities to use the synergies connected to the military operations in the attraction of new or expanded governmental and non-governmental missions or businesses.

Submitted by: City of Sierra Vista, City of Yuma, City of Bisbee

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A. Purpose and Effect of Resolution

Arizona's military sector is an essential component of the state economy and most local economies within the state. There are five major military installations in Arizona, plus four principal National Guard operations. According to a 2008 report by the Maguire Group, commissioned by the Arizona Department of Commerce at the time, it is conservatively estimated that this sector produces over 96,000 direct, indirect and induced jobs in the state, with over $9.1 billion in economic impact.

The Maguire report further quantified the amount of revenue Arizona's military installations contribute directly to state and local governments at just over $400 million annually, split nearly evenly between the two. In general, jobs connected to the military are especially valuable to the Arizona economy because they are largely unaffected by routine economic cycles, which means revenues associated with their presence are more stable.

The Maguire report noted "Arizona would do well to guard this economic asset and preserve its viability." It further stated, "Maintaining these operations and the jobs and economic output they support should be a priority of state and local government."

Support from Arizona's local governments, through the League of Arizona Cities and Towns, for legislation that could enhance military effectiveness or protect against efforts to erode military missions is critical in the state's long term success retaining Luke AFB, Davis-Monthan AFB, Fort Huachuca, Marine Corp Air Station Yuma and the Yuma Army Proving Ground.

Arizona's cities and towns must be unified in their support for the military, working together to identify opportunities to demonstrate that support through such things as encouraging officials from state and local government to elevate needs identified by military installations for legislative action; supporting the continued activity and existence of the Governor's Military Affairs Commission; supporting funding for economic development efforts at the state level to attract new/expanded military and military-connected missions and businesses; encouraging the use and continued funding of the Military Installation Funds (MIF) to help mitigate encroachment; and supporting legislative proposals regarding state land transfers to reduce potential encroachment around military installations.

B. Relevance to Municipal Policy

At a time in which every dollar of local revenue is even more precious to cities and towns, municipalities must guard against inadvertent or blatant measures that could jeopardize existing military installations and the over $200 million it directly contributes to local government. Encroachment is a major issue across the state, and is not only associated with new subdivisions. Water use, electromagnetic interference, lighting, airspace and other issues can ultimately affect military missions, or could result in the state's five major bases not being considered for realigned missions in the future.

The Maguire study excluded military-related businesses such as Raytheon, Boeing and those associated with the redeveloped Williams Center in Gilbert, which take advantage of synergies with the state's military community but separately add hundreds of millions more in economic impact to the state and local economies. But if the military missions are not retained, then opportunities to grow or expand these types of businesses, and the resulting impact on the state and local economy, could be missed.

C. Fiscal Impact to Cities and Towns

Failure to protect such a valuable asset to the state will have a direct and potentially devastating effect on local government. The military industry directly contributes approximately $200 million in tax revenues annually to local government alone.

D. Fiscal Impact to the State

Similarly, Arizona's military installations contribute about $200 million in revenue annually to the state government. Any loss of missions could erode that revenue, as well as impact future expansion opportunities for both military and non-military missions.

E. Contact Information

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League Staff Resolution #1

Urges the United States Congress to reject any proposal limiting the value of the tax-exemption for municipal bonds.

Submitted by: League Staff

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A. Purpose and Effect of Resolution

This resolution seeks to preserve the tax exemption for municipal bonds. Since these bonds are the primary source of infrastructure development funding in cities and towns, the elimination of the tax exemption would imperil the development of crucial projects within Arizona's municipalities.

B. Relevance to Municipal Policy

Municipal bonds finance infrastructure projects that directly impact the citizens and businesses of our communities – roads, water and wastewater systems, fire and police stations, etc. Fewer infrastructure projects would diminish a city's ability to serve its citizens and to attract new businesses or retain current ones.

C. Fiscal Impact to Cities and Towns

Exempting municipal bond interest from federal taxation reduces the cost of infrastructure financing by local governments. An average of 25 to 30 percent is saved on interest costs with tax-exempt municipal bonds as compared to taxable bonds. These savings arise because investors are willing to accept lower interest on tax-exempt bonds in conjunction with the tax benefit.

D. Fiscal Impact to the State

If the federal income tax exemption is eliminated or limited, states and localities will pay more to finance projects, leading to less infrastructure investment, fewer jobs and greater burdens on citizens who will have to pay higher taxes and fees.

E. Contact Information

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League Staff Resolution #2

Urges the United States Congress to pass the Marketplace Fairness Act.

Submitted by: League Staff

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A. Purpose and Effect of Resolution

The Marketplace Fairness Act (MFA) is designed to collect sales tax regardless of the location of the seller. The League supports the MFA as a mechanism to appropriately increase revenue to support critical municipal services such as police, fire and infrastructure development. Collecting sales tax from remote sellers and online sales would level the playing field for brick and mortar local stores and would significantly increase revenues for municipalities throughout the state.

B. Relevance to Municipal Policy

By collecting taxes from sources outside the state, municipal government would be able to enhance their constituent services without burdening local businesses. This new source of revenue may also alleviate any strains on other sources of taxation.

C. Fiscal Impact to Cities and Towns

There can be a significant positive impact to cities and towns, although the precise amount will be difficult to ascertain. Estimates have been in the hundreds of millions of dollars statewide.

D. Fiscal Impact to the State

The state should also see a gain in sales tax revenue from the passage of the MFA.

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