



County Supervisors Association of Arizona

November 17, 2014

The Honorable Sharon Bronson
Pima County Board of Supervisors, Chairwoman
130 W. Congress, 11th Floor
Tucson, Arizona 85701

Dear Chairwoman Bronson,

It is my pleasure to report to you and the Pima County Board of Supervisors the adopted agenda of the County Supervisors Association for the 2015 legislative session.

As you know, on October 9-10, county supervisors and professional staff from all 15 counties convened to discuss the political and fiscal environment facing state lawmakers, evaluate the transportation challenges confronting Arizona and its counties, and deliberate a number of proposals to bring to the state capitol for the 2015 legislative session. The attached document reflects the adopted policy statements and proposals.

Importantly, the county supervisors reached firm agreement that the Association's top legislative priorities for the 2015 legislative session are the following:

- Prevent any new shifts of the costs of state programs to the county taxpayer.
- Fully fund Highway Users Revenue Fund (HURF) resources for local governments, which are currently redirected to obligations of the state general fund.
- Advocate the need for enhancing revenues for transportation. Adopted policy statement: Urge state leaders 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.
- Secure the county share of Lottery revenues to support county operations.
- Eliminate county payments for Sexually Violent Persons (SVP) patients at the Arizona State Hospital.

CSA staff is currently reaching out to state lawmakers to advocate action on these priorities, and I will report out regularly as we pursue these objectives.

We are very proud to work on behalf of Pima County and its constituents. If there is anything we can do for you or your colleague supervisors, please do not hesitate to contact me.

Sincerely,


Craig A. Sullivan
Executive Director

Enclosures

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County Supervisors Association 2015 Budget Priorities

Increase Investment in Transportation Infrastructure

County officials are alarmed by the deteriorating condition of transportation infrastructure and the weakening ability of **Highway User Revenue Fund (HURF)** resources to meet local needs.

- Stagnant gas tax revenue collections, coupled with inflation of costs for building materials and maintenance has atrophied HURF's purchasing power.

Absent action, statewide infrastructure continues to degrade:

- County roadways are critical for economic development, public safety and quality of life in Arizona;
- County road construction has largely ceased and maintenance levels have been reduced substantially;
- Lack of resources and liability concerns forced counties to designate more roads as "primitive;" and,
- Reduced and limited maintenance leads to:
 - Dangerous road conditions, damaged vehicles
 - More costly road rehabilitation and reconstruction.

Transportation Policy: Immediate Needs

Stop Diversions of Local Government HURF:

- Since FY09, state action has diverted more than **\$714.7 million** from state, municipal and county road building and maintenance resources to fund two state agencies. This removed **\$131 million** from county transportation activities.
- In the FY15 state budget, **\$30 million** of HURF was restored to local governments, providing **\$10 million** to counties. **\$90 million** of HURF continued to be diverted from road work to fund state obligations at DPS.

Identify and Enact Enhanced Revenues and Efficiencies:

- Restoration of HURF to local governments provides immediate relief, but only addresses a fraction of infrastructure needs.

★ ACTION NEEDED: ★

In addition to the restoration of HURF, CSA urges the legislature to work with stakeholders to identify and enact revenue enhancements for the existing HURF distribution system, and to pursue policies that improve efficient utilization of transportation resources.

Secure the County Share of Lottery Revenues

For more than 20 years, all 15 counties received a share of lottery revenues to partially compensate for performing state mandated functions.

- The county share was eliminated in FY11.
- A partial "in-lieu" appropriation restored some of these funds in FY14 and again in FY15, appropriating for one year \$7.15 million to be split among the 13 rural counties (\$550,000 each).
- It is critical that this appropriation be continued in FY16.

Counties have no flexible taxing authority to make up the revenue loss; authorities are capped or formulaic.

- Adding to the problem, multiple changes to state policy forced counties to pick up the tab for state responsibilities.

Counties need financial stability. A continued distribution would reflect a commitment to provide these resources annually, and provide some budgeting stability for the counties.

Eliminate Payments to ASH for SVP Population

"Sexually Violent Persons" (SVP's) are offenders who served their time with the AZ Dept. of Corrections but are not yet ready to re-enter society. The state's SVP program, housed at the AZ State Hospital (ASH), provides treatment in a high security setting.

- The program is entirely operated by the state with no county consultation or fiscal oversight.

For the first time, in FY10, the state budget required counties to pay a portion of SVP costs.

- As of June 2014, this shift has cost county taxpayers **\$20.4 million**.
- In FY15, counties are required to pay approximately 34 percent which amounts to an estimated **\$3.4 million**.

It is bad policy to force counties to fund a state agency, over which they have no control. The state should again take full responsibility for this public safety program.



County Supervisors Association 2015 Legislative Priorities

County Budgeting Tools

- **Flexibility Language:** Extend the budgetary “Flexibility Language” to use any source of county revenue to meet a county fiscal obligation for FY16.
- **Supermajority to Levy County Excise Taxes:** Change the existing ½ cent sales tax authority to allow counties with a five member board to lower or raise the tax with a super-majority, rather than a unanimous, vote.
- **DUC Pool Payments:** Eliminate the county payments to the Disproportionate Uncompensated Care (DUC) Pool.
 - Since Prop. 204 implementation, in 2000, the DUC Pool was never implemented and has become simply a resource transfer from the county to the state general fund.
 - Counties should be able to retain resources to fund state mandates at a local level, instead of continuing to pay for a state program.

Criminal Justice Costs

- **Resources for Juvenile Dependency Representation:** Allocate financial resources to the counties to assist with providing mandated attorney services in juvenile dependency matters.
 - Arizona’s child safety system was overhauled this past session and some Arizona counties have seen an increase in the number of juvenile dependency cases as a result. This has highlighted the already overburdened and financially strapped county indigent defense system. Additional resources would ensure that there are no further delays in providing for the safety of Arizona’s children.
- **Pretrial Inmate Healthcare Cost Containment:** Permit counties to charge insurance carriers for certain healthcare costs incurred by insured inmates in a jail facility.
 - Individuals with active health insurance policies should utilize that insurance to cover any healthcare costs incurred while they await trial.
- **Restoration to Competency (RTC) for Post-Conviction/Pre-Sentenced Populations:** Seek to clarify that the state be held responsible for the costs associated with RTC treatment for an inmate in post-conviction proceedings awaiting sentencing or re-sentencing.
 - Repairs a loophole in statute revealed by a former death row inmate, whose death sentence was vacated due to an intellectual disability, forcing the court to remand the inmate to RTC. Due to the existing intellectual disability, the inmate cannot be restored to competency and cannot be resentenced, therefore, remaining in RTC indefinitely, at a significant cost to the county.

Administrative Improvements

- **Flood Control District Enforcement:** Amend certain flood control district (FCD) enforcement procedures to account for unique conditions and to streamline processes in counties.
- **County Abatements and Property Liens:** Preserve nuisance abatement liens and dangerous property abatement liens from extinguishing on foreclosure of property taxes by investors.
 - Taxpayer dollars are being lost to investors, who benefit from county-funded public safety remediation on foreclosed properties.