



## COMMUNITY DISCUSSION SUMMARY STATEMENTS

### From Community Outreach Programs following the 109<sup>th</sup> Arizona Town Hall

*In programs held around the state to follow up on the fall 2016 Town Hall titled “Financing Arizona’s Future,” audience members were asked to participate in a Town Hall-style discussion on priorities and action items. Statements prepared from the discussions at the outreach programs are set forth below.*

#### **PHOENIX – SOROPTIMIST (March 2, 2017)**

The single most important recommendation is to restore a viable level of funding to achieve specific, measurable outcomes for preK-12, community colleges, vocational programs, JTEDs and universities, even if taxes need to be increased. The funding should not necessarily be tied to the outcomes at the outset because we need to get the funding up from where it is.

Until the current tax structure is transformed, however, it will be difficult to get appropriate funding for anything. Our taxes are simply too low and do not reflect modern realities. We must consider expanding local control by reviewing state-imposed caps on counties, cities, and special districts including the half-cent limitation on sales tax increases and allow counties and special districts to tax on the primary property valuation rate.

While looking to modernize our tax structure, we have to balance the state’s revenue sources to ensure both vertical and horizontal equity considering the growth of the service economy, the regressive nature of the sales tax and the small contribution of property taxes to total revenue.

It will only take a swing of two republicans to equal the vote out in the state Senate. By focusing on getting a small number of legislatures on board, we can make an enormous difference. Targeting senators in swing districts may be the easiest way to achieve this. We have a population ready to increase funding for education due to the current deficit from where we once were and funding level compared to other states. We can send an immediate message by calling for a continuation of Prop 301 and carrying the vote with a strong majority.

#### **TUCSON (March 15, 2017)**

The highest priority recommendations from the Town Hall concern changes that are needed to allow implementation of solutions to Arizona’s revenue challenges.

First, we must address either the composition or the mindset of the legislature, who presently seem uninterested in considering the full breadth of revenue solutions, including raising taxes. Arizona needs leadership that is forward thinking and a political culture that allows solutions to be implanted that require longer than a single political term. One way to do this is through adopting a multi-year strategic plan that will facilitate the state’s implementation of a set of overarching, guiding principles. Longer term limits for legislators, and potentially higher legislator pay, would also be helpful by allowing a broader base of the populace to run for office and to stay in office for long enough to implement solutions.

In addition, Arizona must eliminate structural limitations on improving public investment such as repealing Proposition 108, which effectively blocks tax increases from being considered as part of Arizona’s revenue solution. Another important recommendation is to increase local control. Problems across the state are not uniform and local communities need the flexibility to craft and implement solutions to their specific problems.

Lastly, once funding solutions are implemented, that revenue must not be diverted. Structuring dedicated funding sources for fundamental areas of common concern, such as education and transportation, is one possible method to accomplish this goal.

### **SIERRA VISTA (March 16, 2017)**

The recommendations from the Town Hall that should receive the highest priority include improving openness and transparency in the budgeting process. We need term limits to be extended to improve institutional knowledge and legislator pay to be increased to encourage broader participation in politics, but we also need corresponding limits on outside influence. We need increased local control over revenue, particularly for education finance. We need to ensure that the current tax credits for education are in fact the best way to fund education and that we have adequate funding to attract and retain good teachers. One way to improve funding for education is to reallocate funds from criminal justice, as education system improvements are strongly correlated to reductions in the demands on the criminal justice system. Lastly, the electorate needs to be educated on the importance of the budgeting process and the implications of budgeting decisions that need to be made.

### **DOUGLAS (March 16, 2017)**

One of the highest priority recommendations from the Town Hall is the adoption of an open and transparent budgeting process. For instance, the City of Douglas has a finance committee comprised of ordinary citizens and the City makes publicly available the Mayor and Council's budget package to allow the electorate to be informed and involved in the budget process. These types of open-government approaches should be considered for statewide adoption. Another priority recommendation is that the state must stop sweeping funds from local communities and imposing unfunded mandates on local government. In addition, the state must support the infrastructure needed to promote cross border trade, which is crucial to the state. Lastly, local communities must consistently and proactively demand that state government implement these priority recommendations.

### **PRESCOTT – EMBRY-RIDDLE AERONAUTICAL UNIVERSITY (April 4, 2017)**

We need to do a better job of educating our legislators and the public about the long-term impact of tax cuts, as well as the long-term impacts of initiatives that have large future expenses.

We should look to other states as models of how to better balance our government revenue streams.

We can increase government revenue by growing our economy and bringing in revenue from sources outside the state. Embry-Riddle is one local example of how a private entity can help grow a local economy by attracting outside revenue sources.

We should strategically look at ways to grow our economy through smart growth opportunities.

We need to have more transparency with how government funds are used, especially as it relates to charter schools and private prisons. The auditor general should be charged with auditing these entities in the same manner as district and public prison systems.

Arizona's low property taxes were initially created to attract population to the state. We have continued to lower property and income taxes for years, trying to spur economic growth, and it is not working. Instead those regions that invest in education, like Northern California, appear to be the regions that are having the greatest economic growth in high wage jobs.

## **VERDE VALLEY (April 6, 2017)**

Our state legislature is killing us with their lack of funding for education and the restrictions and costs they are placing on local communities. By failing to support our school systems and our cities, they are destroying the sources of our future economic viability.

We must increase education funding. The lack of funding has meant low salaries for our teachers and has created a challenge with recruiting and retaining teachers who are challenged to make a living with the low pay. This has also created a high teacher to student ratio which impacts quality.

There is a direct connection between our education system and our justice system. Being able to read by the end of third grade is one of the best indicators of someone who will not end up in the correctional system and who will not create a greater cost to the state budget and to our community.

The League of Women Voters is holding boot camps for people who are interested in running for office and dispersing legislative alerts. We should support programs like this. We need to elect legislators who will support the investment needed in our school systems and in our local communities. We also need to let our legislators know how we feel about their efforts to defund public education. We need to make our voice heard.

There is no one “fix all” solution. We need to make efforts wherever we can to reverse this trend that is bad for our state. It all comes down to money. Where are we going to get more money to fund our education system? Do we raise taxes or do we continue to believe that increased business will be enough to bring in the needed funds?

We need to change the mindset currently dominant in the legislature--that raising taxes is never the answer. Some of the most fiscally conservative states are beginning to raise taxes to fund their education systems. We need to look at structural changes that encourage school districts across the state to work together to recruit teachers instead of competing for them. We should look for creative ways to fund our schools including supplemental funding from penalties for traffic safety issues. We should also celebrate those schools that are doing great work despite the many challenges. We should also volunteer our time with our schools and use our voices whenever we can to support them.

## **YUMA (April 18, 2017)**

We should look at how best to efficiently use government funds to accomplish the goals we want. This starts with looking at what we want the government to fund. How much does the government need to be involved in education and transportation? What is the best and most efficient way to accomplish the goals we want?

We need to have an open and transparent process that allows for citizen input and feedback about how funds are raised and how they are spent. We need to consider an update to the state tax structure to reflect today's environment, which includes the impact of internet sales and fuel efficient vehicles--both of which have reduced our tax revenues.

We may also want to consider sunseting tax breaks, removing restrictions on education funding, broadening the tax base, taxing internet services, allowing for more local decisions on taxes, and putting a stop to unfunded mandates and sweeps.

To make the changes needed, we need to educate voters about the impact of our budget and the financial planning issues that need to be addressed. We need to find the stories and examples that will communicate this complicated information best.

We also need to encourage citizens to voice their opinions to elected leaders and to vote.

As citizens, we need to speak up earlier in the process and more frequently. We also need to encourage our younger citizens to become more involved and include them in the use of social media to promote grassroots efforts.

## **FLAGSTAFF (May 16, 2017)**

Arizona education, transportation, and criminal justice investments rely on our statewide system of finance. Arizona needs to develop a multi-year strategic plan that will establish direction and guide the budgeting process. Because of two-year terms and term limits, many times legislators are not familiar with the history of the important issues they face. We need to find ways of educating them and bring them up to speed. We should also consider initiatives such as ranked choice to improve the representativeness of the state legislature. Many of our citizens do not have the civic education that would help them understand the role and processes of government. We need to educate citizens to help them think differently.

Local infrastructure supported by statewide funding such as airports and highways need to be maintained and not swept into other areas. Local governments should be given more latitude with economic development tools such as tax increment financing. Legislation should be considered to increase public-private partnerships in delivering services to citizens.

Tax breaks have reduced state revenue by nearly \$4 billion in recent years and there has not been a resultant increase in economic development. We should look at other initiatives that are more targeted and more likely to actually create jobs and generate economic velocity. We should also look at other opportunities to generate public revenue such as taxing the energy we sell to other states.

There is a lack of uniformity in property taxes around the state because the state set the baseline at what counties were assessing and it makes it very challenging for counties that are undergoing more urbanization or were very frugal in the past and now face tight constraints on increasing rates. Fees and fines are not always associated with their source. For example, DUI fines go to state prison funding instead of county criminal justice where the directly related expenses are incurred.

Coconino County has taken a lead role in developing and implementing criminal justice reforms including diversion programs. These kinds of reforms will reduce crime, recidivism and save millions of dollars and need to be adopted and expanded by the state legislature.