

## STATE BUDGET IMPASSE CONTINUES WHILE HOLE DEEPENS

### HOWIE'S TAKE ON THE 5<sup>TH</sup>, IF ANY

According to a story by Howie Fisher in the Tucson Star, the plan to ask voters to hike the state sales tax has been thrown into doubt because of a dispute between House and Senate Republicans. If accurate, this means no vote on March 9, 2010 for a temporary hike in state sales taxes.

House Majority Leader John McComish told Fisher that there doesn't appear to be the necessary votes in his chamber to put the proposal for a one-cent increase in the state's 5.6 percent sales tax rate on the ballot. McComish said House Republicans will vote to refer the issue to the ballot only if they also get to approve tax cuts. Those cuts would not take effect until at least 2012 but backers want them approved now.

Senate President Bob Burns, R-Peoria, said that that is a nonstarter in his chamber because he'll need some Democratic votes for the tax referral plan. He knows that some of his members are balking at asking voters for a temporary tax hike.

That stalemate has killed the goal of putting the question before voters on March 9, the same day local and school district elections already are scheduled around the state.

At this point, the earliest a special legislative session could convene is Wednesday, December 16, assuming a deal can be worked out.

Secretary of State Ken Bennett said Friday he needs a minimum of 85 days to jump through all the legal and procedural hoops to put anything on a statewide ballot. **A vote this Wednesday, he said, comes too late.**

Burns said that would be unfortunate, and not only because of how voters might feel having just decided on things like higher taxes for school district overrides.

He said each delay in enacting the tax hike — assuming voters actually approve it — means less time to actually collect the revenues to balance the budget for the current fiscal year that ends June 30. A one-cent increase would generate about \$80 million a month.

At this point, Brewer is siding with the Senate in the fight over what issues to take up next week. She said lawmakers should focus on doing what is politically possible.

The priority right now, said Brewer, is to bring in some additional cash, and quickly, to limit how much more spending needs to be cut to balance the budget.

Aside from the tax hike, the special session also is expected to deal with two other issues. One is a plan to make further spending cuts.

Last month's special session trimmed about \$300 million in expenses and found ways to save another \$160 million. But that still leaves the budget for the current fiscal year about \$1.6 billion in the red.

The other proposal would put another measure on the ballot, this one asking permission to let lawmakers divert funds from programs that were enacted by voters.

A 1998 constitutional amendment currently prohibits such tinkering. But some legislators contend that, given the size of the deficit, they need the flexibility to cut spending for voter-approved programs they believe have a lower priority than the services they are being forced to cut to balance the budget.

One program some legislators hope to target is First Things First.

That measure approved in 2006, hiked cigarette taxes by 80 cents a pack to fund early childhood education and development. At the same time, lawmakers have had to cut other programs like subsidies for childcare for low-income families.

Some lawmakers want to use the approximately \$150 million a year the cigarette tax brings in for other priorities. But the plan will get a fight from the First Things First organization. It contends voters specifically approved the tax to create new programs, not to help pay for existing programs that are state government's responsibility.

Two other issues that had been discussed as possible special session subjects have fallen off the table. One would ask voters to extend the life of the Arizona Lottery that needs to be done sometime before next June. The other is a move by some Republicans to ask voters to repeal public financing of elections. That issue is expected to resurface during the regular session.

## **BILLS**

The House has prefilled 30 bills and one HCR. HCR2001 ( sovereignty; tenth amendment ).

The Senate is doing it differently having prefilled 3 bills and 5 concurrent resolutions. They will include one requiring judges to get Senate confirmation every 4 years. Two of the others include a Cold War Victory Day and a Ronald Reagan Day.

Bob Burns has also dissolved Sen. Ron Gould's Retirement and Rural Development Committee in a disciplinary move. Gould says this will not affect him. He will continue to oppose the sales tax increase. Burns says that Gould is not being a team player. You may recall Burns earlier took disciplinary action against Pamela Gorman and Jay Tibshraeny.

## **MORE BAD NEWS FOR ARIZONA**

State Treasurer Martin told legislators that by the end of January the state will have borrowed about \$1.1 billion to pay its bills. The total amount Martin has available, both internally and from Bank of America, is \$1.2 billion.

Martin also pointed out that the state is supposed to sell — at least in title — a dozen state buildings in exchange for at least \$737 million. That, Martin said, would provide enough to keep the state running and ensure that the payroll checks and bill payments that are sent out are good.

If that doesn't happen then the state will have to issue I.O.U.s to the state and university employees.