



Issue 21 – June 11, 2021

Legislative Update

Today is the 152nd day of the legislative session. After taking a hiatus following the Memorial Day holiday, the legislature reconvened earlier this week to pass the proposed FY22 state budget. However, those efforts were met with continued pushback from some lawmakers despite amendments offered to address legislators' concerns. Both the Senate and House will reconvene on Monday afternoon.

On Thursday, Governor Ducey visited Globe, AZ, to express support for the Gila and Pinal region in their fight to keep communities safe from the Telegraph and Mescal fires. Following the visit, the governor called for the legislature to convene in a special session next week to address Arizona's wildfires and prepare for the fire season ahead. The announcement came one day after the governor issued [emergency declarations](#) for both fires. The emergency designation makes \$400,000 available for response actions. The special session can convene concurrently with the ongoing regular session as lawmakers continue negotiations on the FY22 budget.

State Budget

Before the House's return, documents circulated over the weekend outlining proposed amendments to the budget bills leadership planned to offer in Committee of the Whole (COW). The House reconvened on Monday morning to move the proposed budget bills through COW and Third Read. However, House Democrats and Representative David Cook (R-Globe) blocked the proposed measures from moving forward.

One of the proposed amendments to the tax omnibus (HB2900) would have increased the urban revenue sharing distribution to cities and towns from the current 15% to 17%. House leadership offered this increase to bring legislators on board with the budget package who had concerns with a flat tax's impact on municipalities. Unfortunately, the 2% increase to shared revenue proposal was not discussed or negotiated with the League. As a result, the League remains opposed to the budget, as the proposed hold-harmless fails to keep local budgets whole and is insufficient to maintain municipal

obligations. In addition, the 17% distribution share would still leave local governments with a 21% cut to income tax revenues that they currently rely on to fund essential services.

The Senate returned to the floor on Thursday morning. However, with no agreement on a budget and a bill moratorium issued by the governor, floor action was limited to introducing the 22 measures previously vetoed by Governor Ducey. The House followed suit and introduced mirror bills as well.

With the start of the new fiscal year looming just 20 days away, Capitol media outlets have speculated about the possibility of a government shutdown if no budget is adopted by July 1. There are also rumors that the legislature could pass a "skinny" budget to continue government functions if the legislature and the governor cannot reach a broader agreement on spending priorities before the deadline. The League will continue our work to ensure that any budget agreement does not harm cities and towns. We appreciate all the outreach from local leaders to lawmakers during the past few months on this topic. Your outreach has been invaluable.

League Policy Committees

Thank you to all mayors, councilmembers, and municipal staff participating in the League's policy committee process this year. Proposals that moved forward as resolutions will be considered at the Resolutions committee scheduled for August 31st during the League's annual conference.

Legislative Bill Monitoring

All bills being actively monitored by the League can be found [here](#).