Meeting Agenda

Budget and Tax Committee Meeting
Monday, September 11, 2017
10-11 a.m.

I. Welcome – Ms. Gretchen Kitchel and Ms. Heidi Thomas, Co-chairs

II. Self Introductions

III. Overview of Issue Committee Process
   A. Information & Discussion

IV. Review of Public Affairs Process
   A. Information & Discussion

V. Budget & Tax Issue Committee 2018 Guiding Principles & Purpose Statement
   A. Information, Discussion & Possible Action

VI. 2018 Local Government Principles
   A. Information, Discussion & Possible Action

VII. 2018 State Fiscal Principles
   A. Information, Discussion & Possible Action

VIII. Adjourn

NEXT BUDGET & TAX COMMITTEE MEETINGS:

- Monday, Oct. 2, 2017 | 10 a.m.
- Monday, Nov. 6, 2017 | 10 a.m.
- Tuesday, Jan. 16, 2018 | 10 a.m.

NEXT PUBLIC AFFAIRS MEETING:

- Friday, Oct. 13, 2017 | Noon
- Thursday, Nov. 2, 2017 | Noon
- Friday, Dec. 8, 2017 | Noon

DISCLAIMER: Because meetings can be cancelled or changed from time to time, please watch for meeting notices, updates and cancellations by e-mail. To confirm a meeting, please call the Chamber’s main line at 602-495-2195 or the Public Affairs Coordinator Jen Springman directly at 602-495-6497.
GREATER PHOENIX CHAMBER OF COMMERCE
Budget and Tax

Purpose

Works to promote tax and budget policies that support the retention of businesses, attract new investment and create employment in the greater Phoenix region and Arizona. Serves as a partner with other Chamber issue committees in evaluating policies that have a tax and/or fiscal impact.

Guiding Principles, 2018

- Support equitable tax and fiscal policies that will attract new investment and bring jobs to Greater Phoenix and Arizona while allowing existing businesses to flourish.
- Support budget policies that balance the collection of revenues to maintain essential services and constitutionally mandated requirements while ensuring continued economic vitality of business and industry.
- Place priority on efforts to create jobs and facilitate growth when considering tax reform proposals.
- Oppose fund sweeps as a budget-balancing mechanism.

Local Government

- Continue to support efforts to reform public pension systems including reforms in public safety pensions.
- Advocate for cities to establish stability indicators including a set of criteria to determine the financial well-being of their organization.
- Support local government efforts to link all employee compensation to both personal and organizational performance.
- Advocate for local government to strive for fiscal prudence and maintenance of top bond ratings through preserving appropriate but not excessive levels of contingency funds.
- Encourage cities and counties to conduct frequent citizen reviews of their quality and delivery of current services and compare the results to other local governments in the state and, when possible, against available benchmarks.
- Encourage local governments to pursue or continue greater use of alternative health care plans, such as health savings accounts, which control costs and promote consumer choice.

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State Fiscal Principles

The Greater Phoenix Chamber of Commerce (GPCC) urges lawmakers to adopt and follow a fiscal model that is fair, sound, balanced, and promotes job creation and economic vitality. Because the budget impacts all aspects of state government, GPCC has developed this fiscal principles document to help guide its comprehensive policy recommendations.

Enhance Arizona’s Economy

- Promote pro-business tax policies and tax reform proposals that maximize the creation and retention of jobs and return on investment to the state while prioritizing job creation that facilitates economic growth.

- Promote and support the expansion of Arizona’s comprehensive statewide transportation system to accommodate future population growth and the needs of the private sector to move people, goods, and services in an efficient manner. Make immediate and strategic investments in transportation that can be supported by current federal, state, and local budgets.

- Support Arizona’s health care industry to ensure that state-managed health insurance programs are reasonably funded so providers do not shift costs onto the private sector.

- Advance responsible financial and academic reforms to Arizona’s K-12 education system that result in improved student academic outcomes and yield a strong prepared workforce, placing emphasis on proven achievement and transparent use of funds.

- Support Arizona’s students and the state’s public and private higher education systems so that they produce a well-educated and highly-skilled workforce that meets the demands of Arizona’s expanding economy.

Establish Best Practices

- **Multi-year budget forecasting:** Budgets should include a thoughtful assessment of the dynamic impacts of policy and fiscal proposals, augmenting the traditional static analysis on a multi-year basis (3 to 5 years).

- **Transparency for Major Policy Shifts:** All decisions to increase or decrease taxes, borrow or shift costs should be done through the standard public hearing process with a full understanding of the consequences to taxpayers, the state, and other stakeholders.

- **Budget Crisis Response:** The Executive and Legislative leaders should timely intervene to address a substantial decline in state revenues, natural disasters, or other emergencies.

- **Federal Funds:** Because federal dollars play a significant role in state financing, policymakers and stakeholders should recognize the interplay between federal and state funds and plan for the impact of inevitable changes to those funds.
- **Initiative/ Referendum Reform:** All voter-approved measures should be re-referred periodically or sunsetted. Lawmakers should have the flexibility to carry out the will of the people and make the corrections necessary due to unintended consequences. Prior to actually getting on the ballot, a transparent process for the public and legislators should be established to review proposed initiatives and provide input. In addition, lawmakers should accelerate the filing date for initiatives.

- **State Retirement Systems Review:** Lawmakers should further reform the state retirement systems, legislatively and constitutionally, in ways that will ensure the systems are financially and actuarially sound and will not cause unexpected and excessive costs to the state or its employees.

- **Debt:** Lawmakers must exercise fiscal discipline to reduce the state’s ongoing exposure to debt and adhere to existing constitutional requirements.

- **Taxes:**
  - When considering changes to the tax code, *all* areas of the tax code should be evaluated for impact to the economy and the stability of future revenue.
  - Support the continued implementation of adopted tax reductions, reforms and simplification.
  - Policymakers should look to create a more simplified tax system that promotes equity, ease of administration, and increased compliance.
  - Every effort should be made to create more uniformity in state and city tax codes.
  - Lawmakers should scrutinize efforts that circumvent the appropriation process through earmarking or other means.
  - Recognizing there is a need to strike a balance between taxes and revenues, before considering a tax increase, every effort should be made to first identify and implement thoughtful, permanent reductions in state spending, leaving no options off the negotiating table.
    - Support the establishment of clear and fair rules for taxation of digital goods and cloud services.

- **Fee Reform :**
  - Encourage a process to identify agencies that have state wide obligations and develop recommendations to fund those state wide obligations with state General Fund appropriations.

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Policymakers should treat fee increases, hidden taxes, fund sweeps, rollovers, and cost shifting with the same careful consideration as tax increases, recognizing the impact each of these practices has on the economy.

- **State Infrastructure**: Support improvements in state information technology infrastructure to ensure efficient and effective government operations.