

## 2012 BUDGET PRINCIPLES

### Establish Best Practices (Continued...)

- **State Retirement System Review:** The state should further reform the retirement system in ways that will ensure the system is financially sound and will not cause unexpected and excessive costs to the state or the employees.
- **Taxes:** There is recognition that lawmakers must strike a balance between taxes and revenues with necessary government programs and services.
  - Before entertaining 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.
  - All areas of the tax code should be evaluated for impact to the economy and the stability of future revenue with an understanding that business property tax is the most onerous tax on businesses in Arizona.
- **Fees:** Policy makers should treat fee increases with the same careful consideration as taxes, recognizing the impact on the economy of any fee increases.
- **Hidden Taxes:** Policy makers should treat cost shifts with the same careful consideration as a tax increase.
- **Fund Sweeps:** All efforts should be made to eliminate fund sweeps as a budget balancing tool.
- **Rollovers:** All efforts should be made to eliminate the use of rollovers as a budget balancing tool.
- **Debt:** Lawmakers must exercise fiscal discipline to limit the state's ongoing exposure to debt and adhere to existing constitutional requirements.

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2012 Public Policy Guide is Generously Sponsored by:



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## 2012 PUBLIC POLICY GUIDE



## Public Affairs Committee

**Chair:** Susan Anable, Cox Communications

### A message from Susan...

The decisions of lawmakers on the city and state level have a significant impact on every facet of the business community. They regularly enact legislation impacting taxes, insurance, permits and licenses, and a multitude of other subjects which affect employers and their employees. Since 2009 and leading up to present day, Arizona's economic situation has presented elected officials and the business community with significant challenges, often requiring tough decisions to be made. As such, we want to thank the issue committee co-chairs and the GPCC members who serve on the Public Affairs and issue committees for their time, issue and practical expertise, and commitment to developing the Chamber's 2012 Public Policy Guide and Budgeting Principles.

The process by which the Chamber builds consensus on its guiding principles and issue priorities begins with the six issue committees. It is that starting point where members leverage their expertise to develop the suggested policy principles for Chamber positions. Next, the Public Affairs Committee reviews issue committee recommendations, discusses and debates the issues, fine-tunes recommendations and determines the final state of issues to send to the Board of Directors for review and approval.

But, the work doesn't end with the completion of the Public Policy Guide or issue priorities. Throughout the year, members meet to review bills and ordinances, hear presentations on various legislative matters impacting the business community, and unite to support or oppose legislation impacting jobs, business retention, employees, and economic stability.

In sum, the Chamber's Public Affairs and issue committees can be one of the most effective ways to obtain a greater understanding of the issues, influence regulatory and legislative policy, align with other Chamber members, and engaged with elected officials. If you are not a current member of the Public Affairs or six issue committees, please consider participating. For more information, please contact the Chamber's Public Affairs Department by calling 602-495-2195. We look forward to seeing you at our next meeting!

## 2012 GUIDING PRINCIPLES

### Agriculture, Environment & Water

**Chair:** Ann Becker, Pinnacle West Capital

**Vice Chair:** Dave Roberts, Salt River Project

- Advocate for policies that protect public health and enhance Arizona's natural resources and environment, while recognizing Arizona's current economic condition, protecting the rights of the regulated community and encouraging economic development.

- Advocate for legislation and regulation that:
  - a. Provides for streamlining government processes;
  - b. Recognizes Arizona's unique environment;
  - c. Is based on sound science;
  - d. Is cost-effective;
  - e. Is technologically feasible;
  - f. Provides regulatory certainty;
  - g. Minimizes and fairly allocates compliance costs;
  - h. Is consistent with and not duplicative of existing federal, state and local legislation and regulation;
  - i. Promotes innovation and market-based strategies;
  - j. Is based on clear statutory authority;
  - k. Promotes and preserves administration by the state of Arizona; and
  - l. Results in fair fees balanced with the continuing viability of the regulatory agencies.

### Budget & Tax

**Chair:** Gretchen Kitchel, Salt River Project

**Vice Chair:** Janna Day, Brownstein Hyatt Farber & Schreck

- 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 economic growth when considering tax reform proposals.

- Oppose fund sweeps as a budget-balancing mechanism.

- Any unanticipated and unencumbered funds that come to the state General Fund shall be placed in the Budget Stabilization Fund unless identified as absolutely essential to the well being of the state.

### Economic Development

**Chair:** Jill Kusy-Hegardt, DMB & Associates Inc.

**Vice Chair:** Jeffrey Fairman, Sundt Construction

- In partnership with the Greater Phoenix Economic Council (GPEC), Greater Phoenix Leadership (GPL), Arizona Commerce Authority, City of Phoenix, Arizona Office of Tourism, Arizona Chamber of Commerce, and other key organizations, support initiatives to increase Arizona's competitiveness, including changes to tax structure, recruitment and incentive programs, and legislative and operational changes.

- Support policies at all levels of government to ensure the retention and expansion of businesses in the Greater Phoenix Metropolitan area, with particular emphasis on wealth building employers.<sup>1</sup>

- Support efforts to increase the visibility of Greater Phoenix Metropolitan area economic development opportunities.

- Support initiatives to recruit leisure and business travel to Arizona and, in particular, the Phoenix metropolitan region.

### Health Care

**Chair:** Barbara Meaney, Triadvocates

**Vice Chair:** Kathi Beranek, Blue Cross Blue Shield of Arizona

- Advocate for a health care system that offers affordable, cost-effective and quality health care options to businesses and individuals.

- Support policies that sustain the long term viability of Arizona's Health Care Cost Containment System (AHCCCS) and the Arizona health care economy.

- Oppose cost increases brought about by unnecessary state regulation, cost-shifting and coverage requirements.

- Support health care policies that preserve flexibility, encourage competition, and are in the best interest of Arizona.

- Support measures that reduce uncompensated care and the number of uninsured.

### Transportation

**Chair:** Kevin Olson, Steptoe and Johnson

**Vice Chair:** Deborah Ostreicher, Phoenix Sky Harbor Airport

A quality, multimodal transportation system that allows people and goods to move quickly, conveniently, and reliably around the region is necessary to preserve and improve quality of life, economic growth and environmental quality. In order to help build and maintain a quality transportation system the Chamber will:

- Support efforts to enhance all modes of transportation that move people and goods efficiently while contributing to a sustainable and healthy economy.

- Support transportation investments that will improve mobility and contribute to economic development, environmental quality, jobs and sources of revenue for the region.

- Support efforts to enhance the regional air transportation system, including Phoenix Sky Harbor International Airport's continuing role as the region's premier airport. Advocate for maintenance and improvement of the competitive air transportation environment,

## 2012 BUDGET PRINCIPLES

### Plan Strategically

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 budget principles document to help guide its comprehensive policy recommendations.

### Enhance Arizona's Economy

Given Arizona's current budgetary and economic conditions, GPCC makes the following recommendations:

- Promote pro-business tax policies that maximize the creation and retention of jobs and return on investment to the state.

- Advance responsible financial and academic reforms to Arizona's K-12 education system that provides sufficient resources for pupils that result in improved student academic outcomes. Strengthen Arizona's public and private higher education system to produce a well educated and highly skilled workforce that stimulates Arizona's expanding economy.

- Plan for 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 healthcare industry to ensure that public healthcare insurance programs are reasonably funded so providers do not shift costs onto the private sector.

including quality service, and affordable, efficient and safe passenger and cargo operations for the region.

### Workforce

**Chair:** Mark Osborn, R&R Partners

**Vice Chair:** Virgil Renzulli, Arizona State University

- Advocate for employment policies that encourage job retention, job creation and continued business expansion.

- Support the rights of employers to determine appropriate employment policies and procedures to meet the unique needs of their business or organization, as well as reduce costs and administrative burdens. Key areas include labor issues, workers' compensation, unemployment insurance, job training and safety in the workplace and educational institutions.

- Encourage and support a system of public and private educational institutions, elementary, secondary and post-secondary, that develops a quality workforce, encourages innovation and fosters entrepreneurship. Educational institutions shall be held accountable for producing high quality outcomes, sufficiently funded, and provided reasonable flexibility.

- Advocate for educational curricula policies that provide meaningful levels of training and education for quality employment and continued pursuit of higher education. Areas of focus include decreasing the high school drop-out rate, providing the needed skills in STEM areas, preparing students for higher education, and increasing career and technical education opportunities.

- Demand high expectations of all students and education institutions, and eliminate the achievement gap.

### Establish Best Practices

- **Long term Planning:** Construct proactive strategic budgets that provide sensible short-term solutions combined with long-term opportunities.

- **Major Policy Shifts:** Any decisions to increase taxes, borrow or shift costs should be done with a full understanding of the consequences to taxpayers, the state, and other stakeholders. Policy makers should establish a process whereby stakeholders have the opportunity to provide input and assistance where possible and appropriate.

- **Budget forecasting:** Best practices should include a thoughtful assessment of the dynamic impacts of policy and budget proposals, augmenting the traditional static analysis. The Executive and Legislative leaders should work together to formulate a comprehensive revenue forecast.

- **Fiscal early alert system:** The Executive and Legislative leaders should establish a budget triage process triggered upon a substantial decline in state revenues, a natural disaster or national emergency.

- **Federal Funds:** Federal dollars play a significant role in state financing. Recognize the interplay between federal and state funds and plan for the impact of inevitable changes to federal funds.

- **Initiative/ Referendum Reform:** All voter-approved measures should be re-referred periodically. If a voter-approved initiative cannot be implemented due to unintended consequences, lawmakers should have the flexibility to make the corrections necessary to carry out the will of the people. Establish a transparent process for the public and legislators to review proposed initiatives and provide input, prior to actually getting on the ballot.

<sup>1</sup> In general, wealth building employers attract non-local dollars to an economy and possess one or more of the following characteristics: A. Produce products and/or services that are exported out of the region; B. Produce something tangible or intangible (manufacturing or research) that brings non-local dollars into the region (wealth-building); C. Distribute products out of the region; and/or D. Encourage leisure and business visitation and tourism.