



COUNTY SUPERVISORS ASSOCIATION

Cochise County Board Briefing

55th Legislature, Second Regular Session

Craig Sullivan, Executive Director

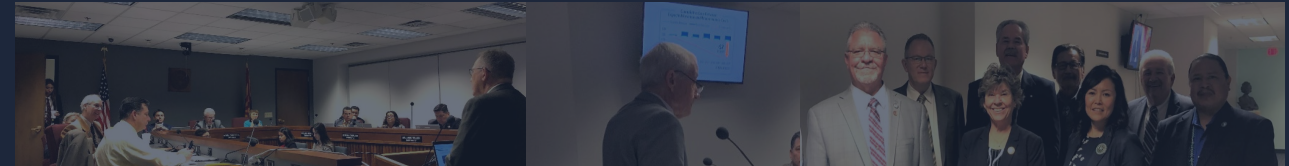
09.20.22



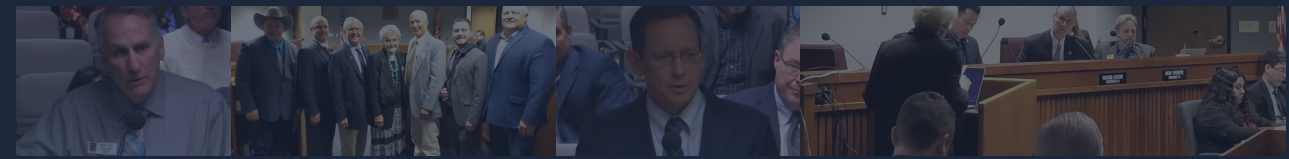
CSA's Core Goals

CSA's Purpose

A non-partisan forum for Arizona's 61 county supervisors to address important issues facing local constituents, providing a mechanism to share information and to advance a state and federal policy agenda.



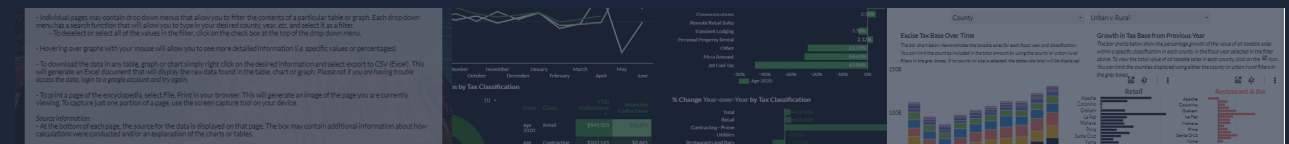
Protect and enhance county authorities and resources in order to promote efficient, responsive constituent services.



Develop and disseminate information to assist state and local decision-making.



Empower supervisors and professional staff to influence policy decision-makers at the state and federal level.





Strengthening Intergovernmental Engagement





CSA Board of Directors

All 61 County Supervisors from Arizona's 15 counties

Executive Committee



President

Hon. Jean Bishop
Mohave County



President Elect

Hon. Jason Whiting
Navajo County



First Vice President

Hon. Steve Miller
Pinal County



Second Vice President

Hon. Lynne Pancrazi
Yuma County



Third Vice President

Hon. Danny Smith
Graham County



Immediate Past President

Hon. Steve Gallardo
Maricopa County

Legislative Policy Committee

Apache County – Alton Shepherd
Cochise County – Ann English
Coconino County - Matt Ryan (*Alt. Patrice Horstman*)
Gila County – Steve Christensen
Graham County – Danny Smith

Greenlee County – Richard Lunt
La Paz County – Duce Minor
Maricopa County – Steve Gallardo
Mohave County – Hildy Angius (*Alt. Jean Bishop*)
Navajo County – Jason Whiting

Pima County – Rex Scott
Pinal County – Stephen Miller
Santa Cruz County – Rudy Molera
Yavapai County – Mary Mallory (*Alt. Harry Oberg*)
Yuma County – Lynne Pancrazi (*Alt. Jonathan Lines*)



Capacity Development & Information Sharing

Speakers

- Senator Kyrsten Sinema
- Andy Tobin, Director, ADOA
- John Halikowski, Director, ADOT
- Jami Snyder, Director, AHCCCS
- Clint Chandler, Deputy Director, ADWR
- Scott McCarty, Chairman, PSPRS Board of Trustees
- Paul Matson, Director, ASRS
- Edward Gilligan, Director of Adult Probation Services, AOC
- Andy LeFevre, Executive Director, ACJC
- Tom Simplot, Director, ADOH
- Luis Heredia, Arizona State Director, Office of U.S. Senator Mark Kelly
- Jocelyn Gibbon, Freshwater Policy Consulting
- Haley Paul, Audubon Southwest
- Mark Ritacco, Chief Government Affairs Officer, NACo
- Eryn Hurley, Director of Government Affairs, NACo
- Jonathan Shuffield, Legislative Director for Public Lands, NACo
- Jessica Jennings, Legislative Director for Transportation, NACo
- Marshal Trimble, AZ Official State Historian
- Tami Ryall, Pinal County

County Roundtable Topics

- Affordable Housing Challenges
- Short-term Vacation Rentals
- ARPA Allocation/Funding Plans
- Groundwater Conservation
- Opioid Litigation Funds
- Changing Workforce Environment
- County Employee Compensation
- Local Retention/Recruitment Strategies
- Broadband Planning & Development
- Court Funding
- State & Federal Holiday Recognition

Affiliate Organizations

- County Managers Association
- County Planning Directors & Code Enforcement Officials
- County Finance Officers Organization
- Association of County Engineers
- County Directors of Environment Health Services Association
- Civil Deputy Attorneys Association
- County Clerks Association
- Local Health Officers Association
- Arizona Association of Counties

County Encyclopedia

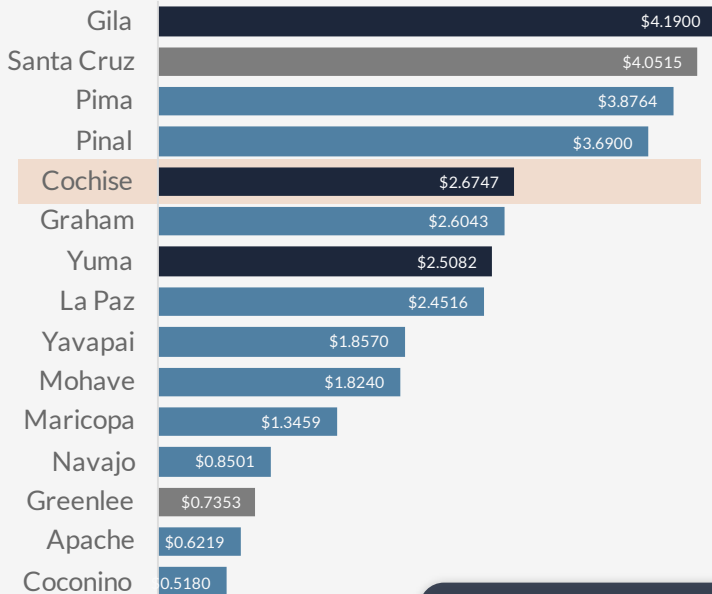
Current & historic property tax rates

Primary Property Tax Rates
FY 2022

Rate Decreased

Rate Increased

No Change in Rate



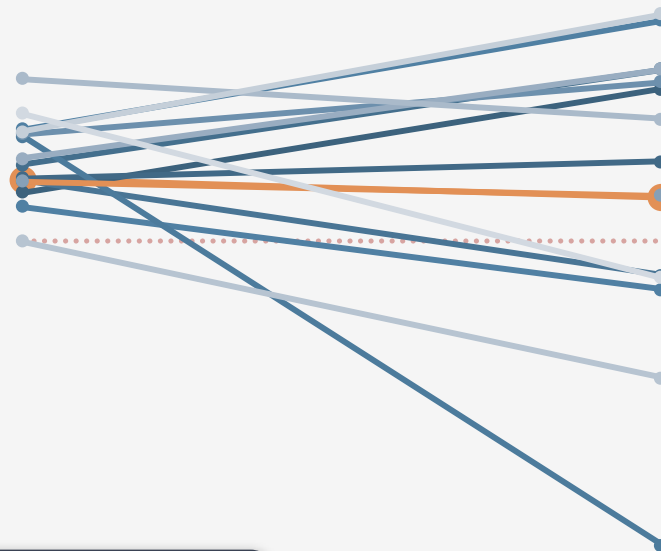
County Encyclopedia

Expenditure limit changes

% Change in Expenditure Limits from FY 2020
FY 2022 and FY 2023

All Other Counties

Cochise County



County Data Initiative in Action Quick County Comparisons

Revenue Dashboard

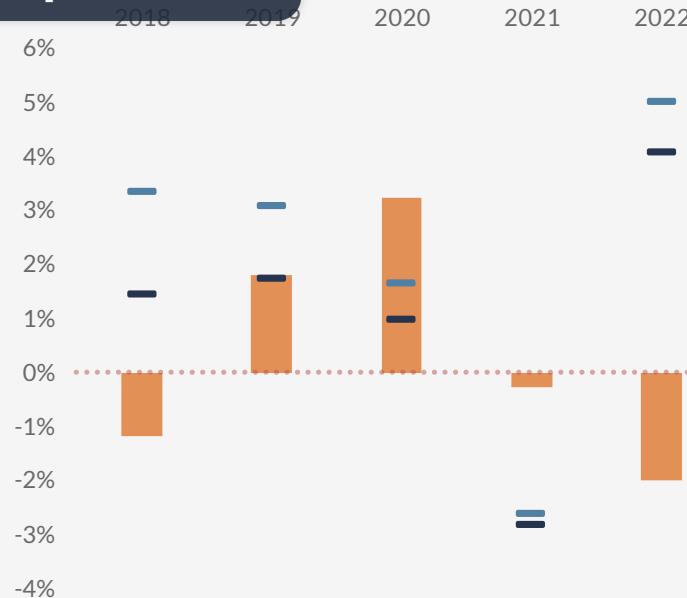
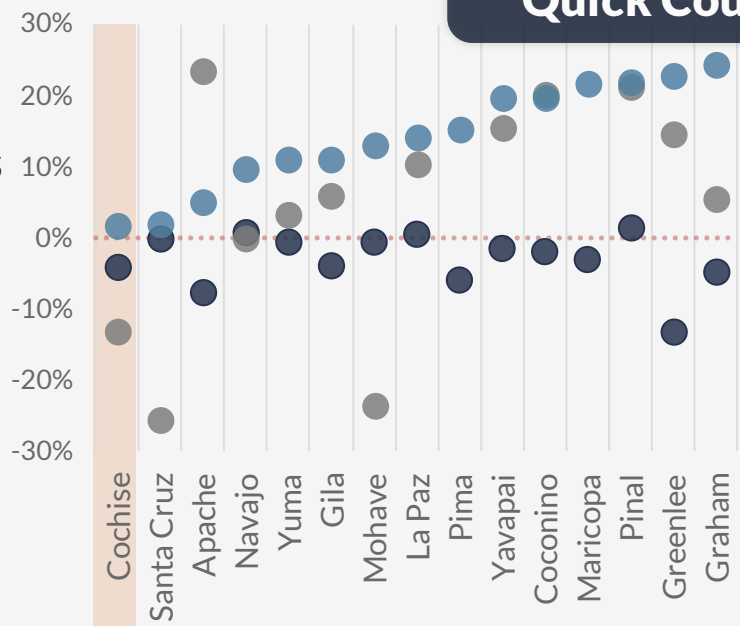
Real-time changes in major revenues

Year-to-date Revenue Growth Rates
FY 2022, through April 2022

Shared TPT

Local Excise Tax

GF VLT



Employment Dashboard

Most recent employment stats

Annual % Change in Total Nonfarm Jobs
March

Urban Counties

Cochise County

Rural Counties

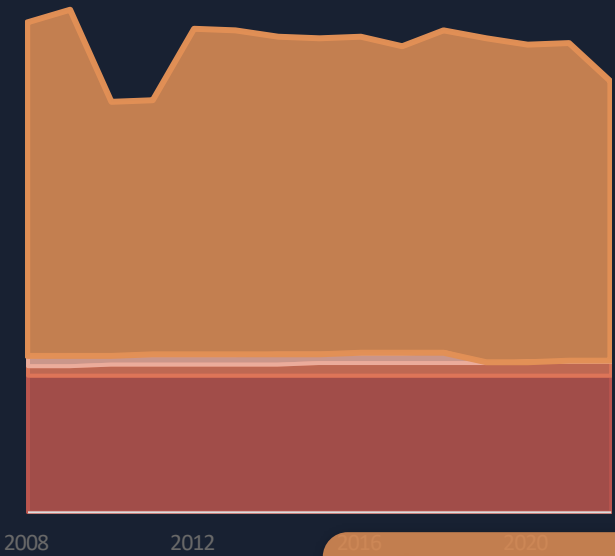


County Encyclopedia

Mandated Healthcare Payments

County ALTCS, Acute, BNCF, DUC Payments
FY 2008 to FY 2022

- ALTCS
- Acute Care
- BNCF
- DUC

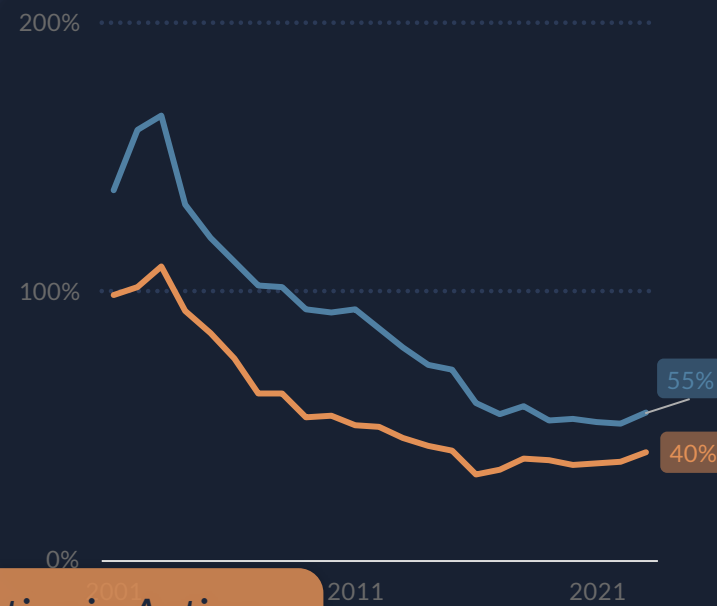


County Encyclopedia

Pension Health

PSPRS & CORP Tier 1&2 Funded Status
FY 2001 to FY 2023

- Detention CORP
- Sheriff PSPRS



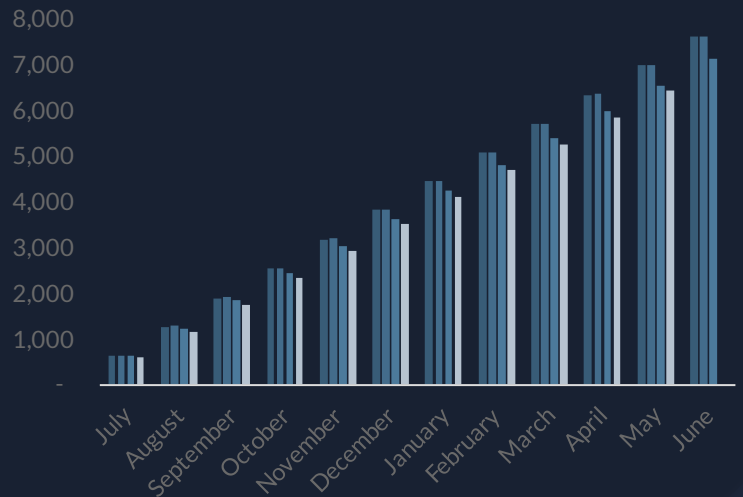
County Data Initiative in Action Trends Over Time

Revenue Dashboard

Tracking Cost Drivers

ALTCS EPD Member Months
Fiscal-year-to-date
FY 2019 to FY 2022

- FY 2019
- FY 2020
- FY 2021
- FY 2022



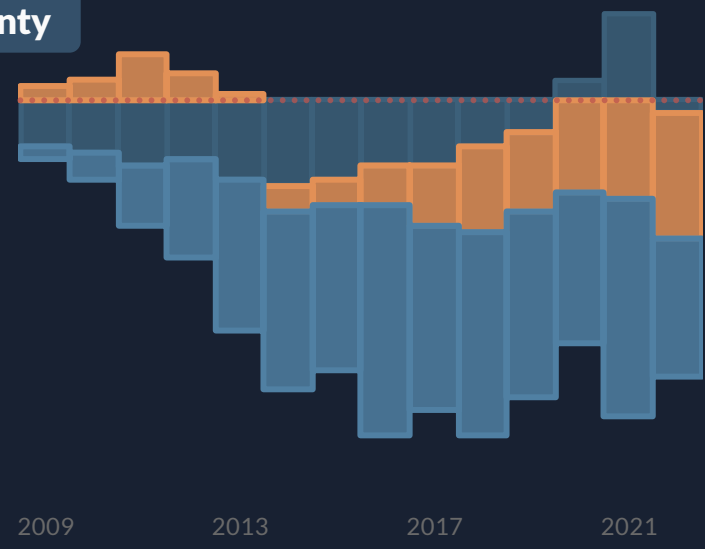
Cochise County

Employment Dashboard

Growing or Declining Industries

Change in # jobs since 2008
March of each year

- Private Sector
- Public Sector





2022 Session *by the Numbers*

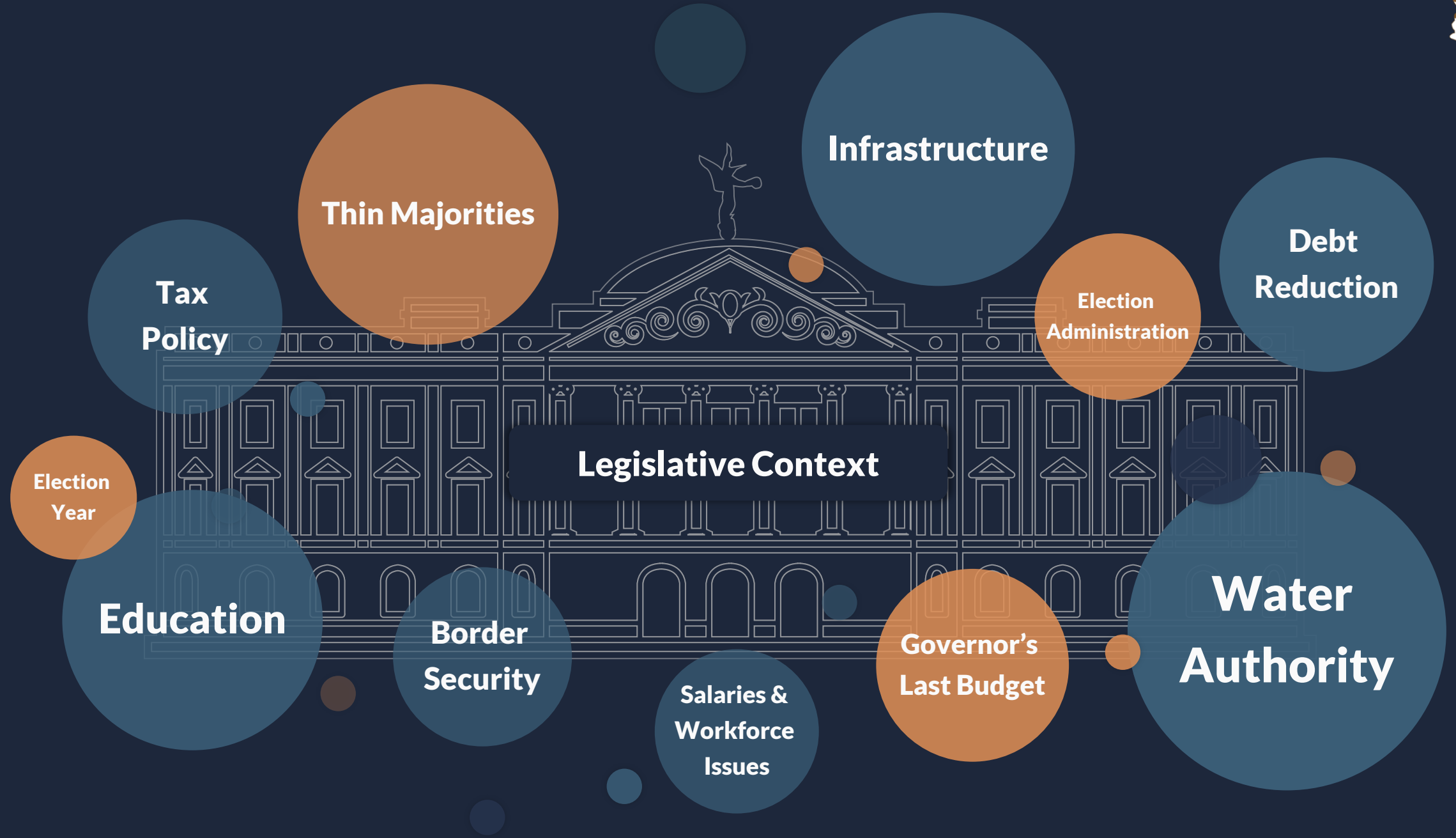
General effective date for bills:
Saturday, September 24, 2022
90 days after Sine Die

Bills

Introduced	1,851
Passed	392
County Relevant	208
Vetoed	4
Line Item Veto	1
Signed	388
Enacted rate	21%

As of:

Thursday, July 7, 2022



Legislative Context

Infrastructure

Thin Majorities

Debt Reduction

Election Administration

Tax Policy

Election Year

Water Authority

Education

Border Security

Governor's Last Budget

Salaries & Workforce Issues



Key Numbers

\$337M in additional ongoing revenue reductions

\$5.4B in new one-time spending from FY 2022 to FY 2025

\$1.6B in new ongoing spending from FY 2023 forward

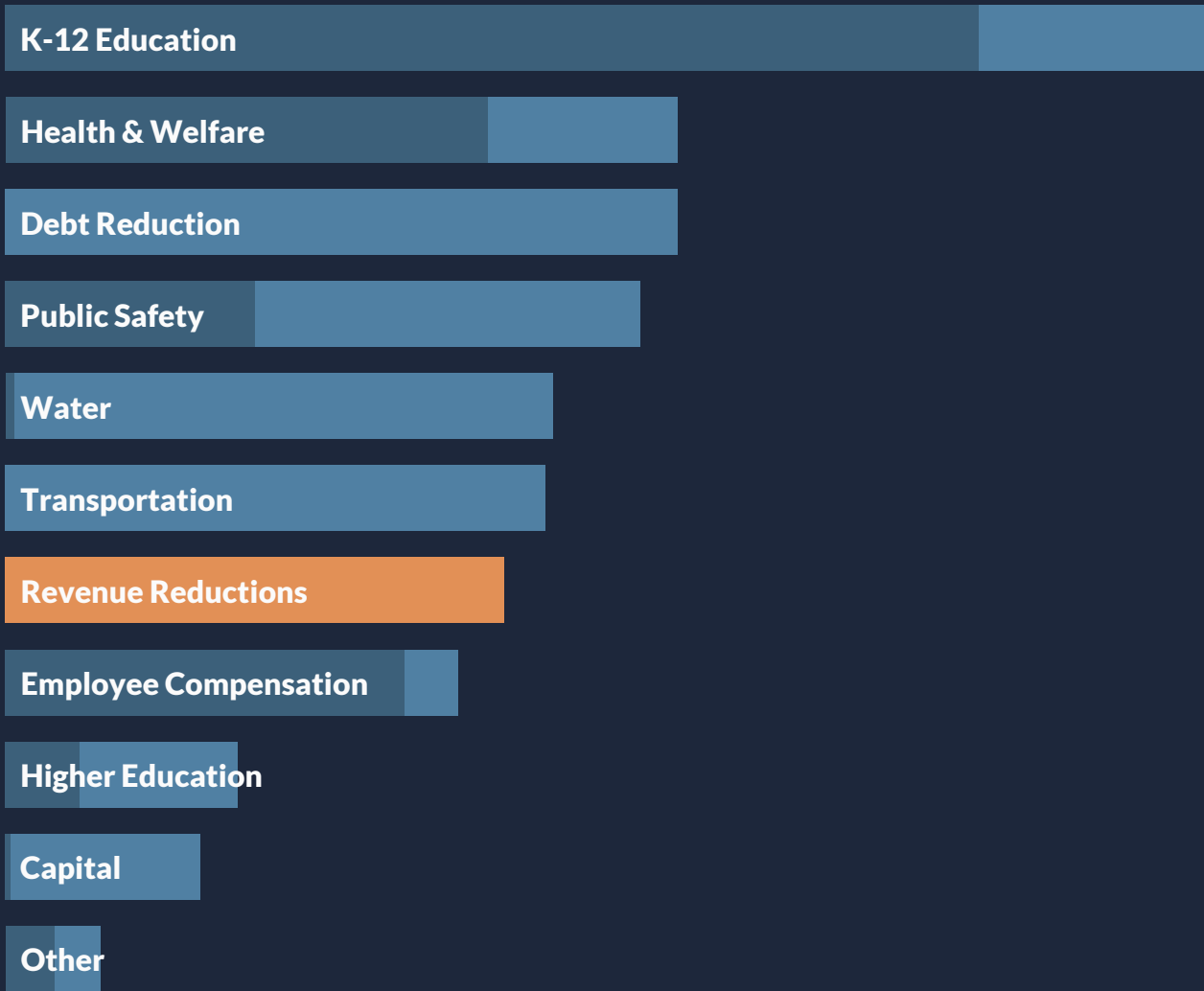
Structural and ending balances are very small in FY 2025, if all revenue forecasts are met

<i>Dollars in millions</i>	FY2022	FY2023	FY2024	FY2025
Beginning Balance	\$894.6	\$4,509.0	\$1,022.2	\$555.6
Total Revenues	17,948.8	16,830.4	15,801.3	15,893.6
Total Expenditures	13,439.8	15,808.2	15,245.7	15,867.2
Ending Balance	4,509.0	1,022.2	555.6	26.4
Ongoing Revenues	16,399.2	14,662.4	14,779.1	15,338.0
Ongoing Expenditures	11,956.8	14,156.3	14,675.4	15,289.1
Structural Balance	4,442.4	506.1	103.7	48.9



State made major outlays several policy areas from FY 2023 to FY 2025.

■ Ongoing Total ■ One-Time Total



\$- \$500 \$1,000 \$1,500 \$2,000 \$2,500

In millions. Total expenditures & revenue reductions by category; ongoing items accounted for all years of expenditures. All line items from JLBC spreadsheet dated 06.23.22.



FY 2023 STATE BUDGET

Total Expenditures & Revenue Reductions

Above JLBC Baseline
by category
FY 2022 to FY 2025

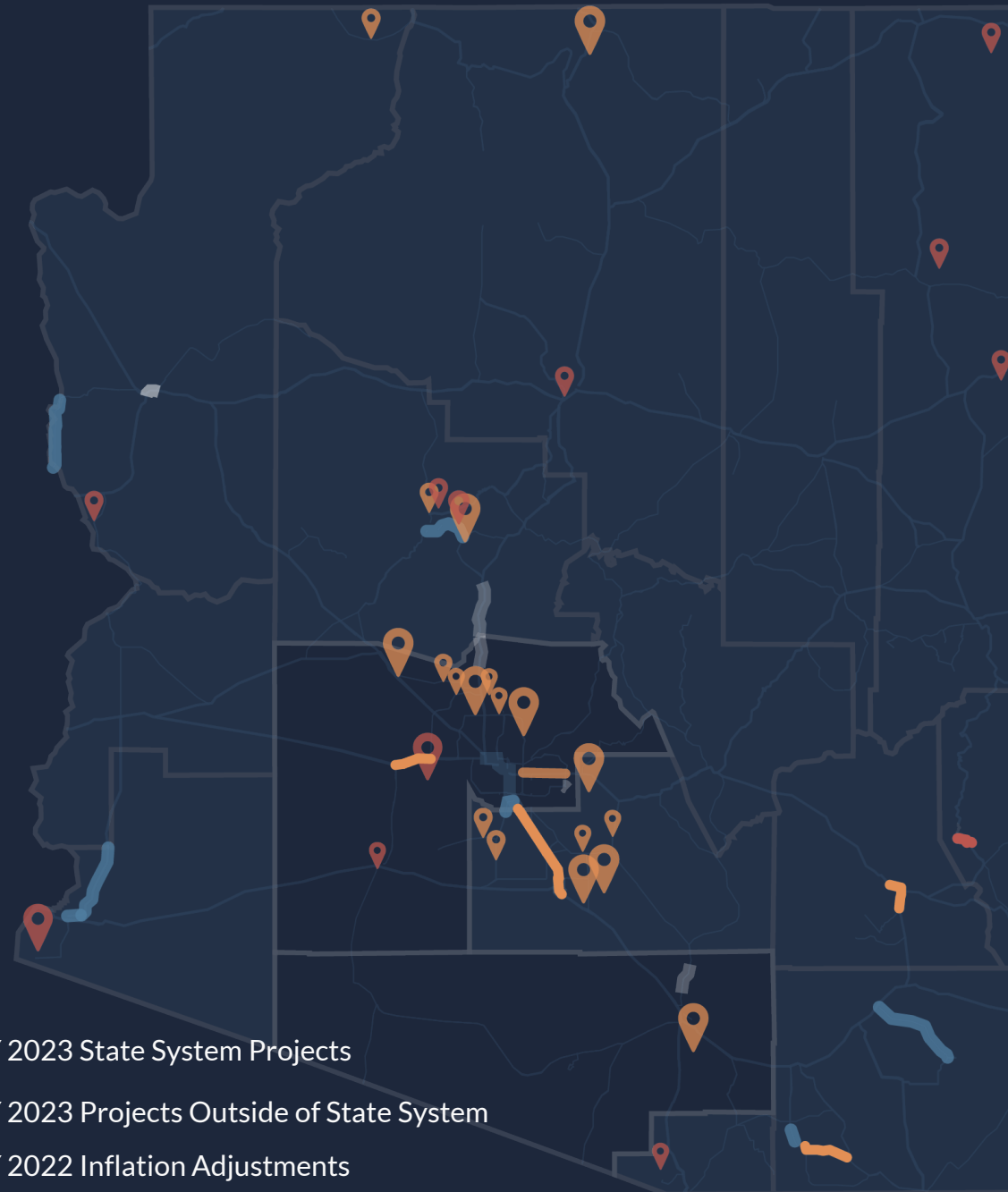


FY 2023 STATE BUDGET

Transportation Infrastructure

\$1.0B one-time total FY 2022 to FY 2023

- Majority of funding for state projects in Maricopa and Pinal Counties
- **\$50.0M** for SMART grants for rural counties
- **\$20.0M** for airport improvements
- **\$123.7M** in inflation adjustments for prior projects



- FY 2023 State System Projects
- FY 2023 Projects Outside of State System
- FY 2022 Inflation Adjustments
- Other FY 2022 Projects



FY 2023 STATE BUDGET

County Touchpoints

CSA Priorities

ADJC Cost Shift – continued, ***\$8.5M cost*** to counties

State Aid for Juvenile Dependency - ***\$2M ongoing***

Probation Officer Salaries

- 2.5% increase for FY 2023 funded, \$1.2M ongoing
- Funding responsibility language maintained from FY 2022

Flexibility Language – ***continued for FY 2023***

State Mandate Relief

- JP Salary Cost Share – returned to 60/40 cost share, ***\$1.4M savings*** to counties
- BNCF – payment continued
- Acute Care – payment continued

FY 2023 State Budget

Removal of enhanced federal support and higher provider rates driving recent increases in county costs for ALTCS.



Change in ALTCS Costs from FY 2008 to FY 2023

Major County Cost Drivers

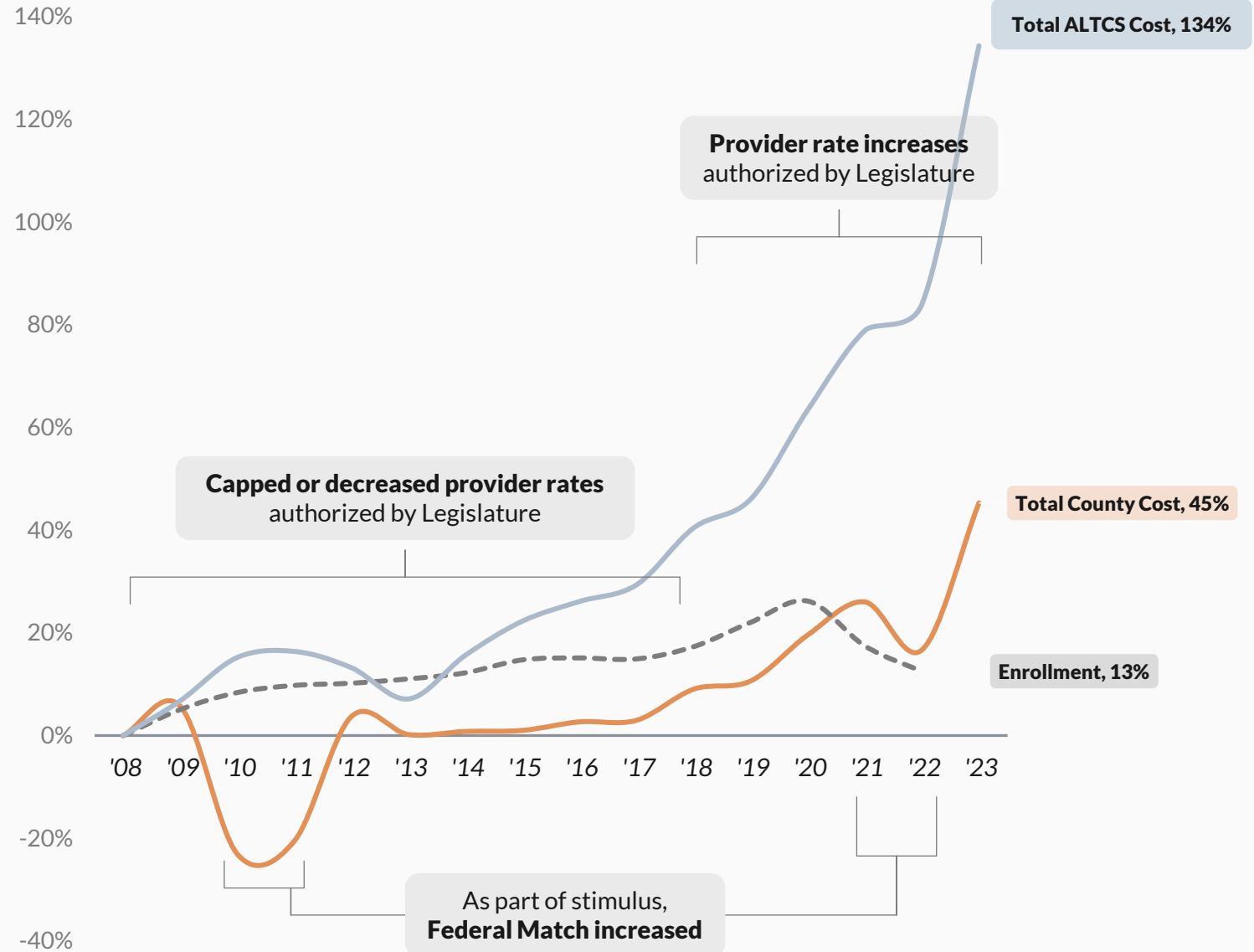
Cochise County Impacts

ALTCS contribution increase **\$1.8M**

- Baseline increase \$1.4M
- Provider rate increase \$429K

20% Superior Court judges' salary phased-in increase approx. **\$156K**
(FY 2025 first year of full impact)

New ADOR tax system fee approx. **\$19K**
FY 2023 to FY 2028

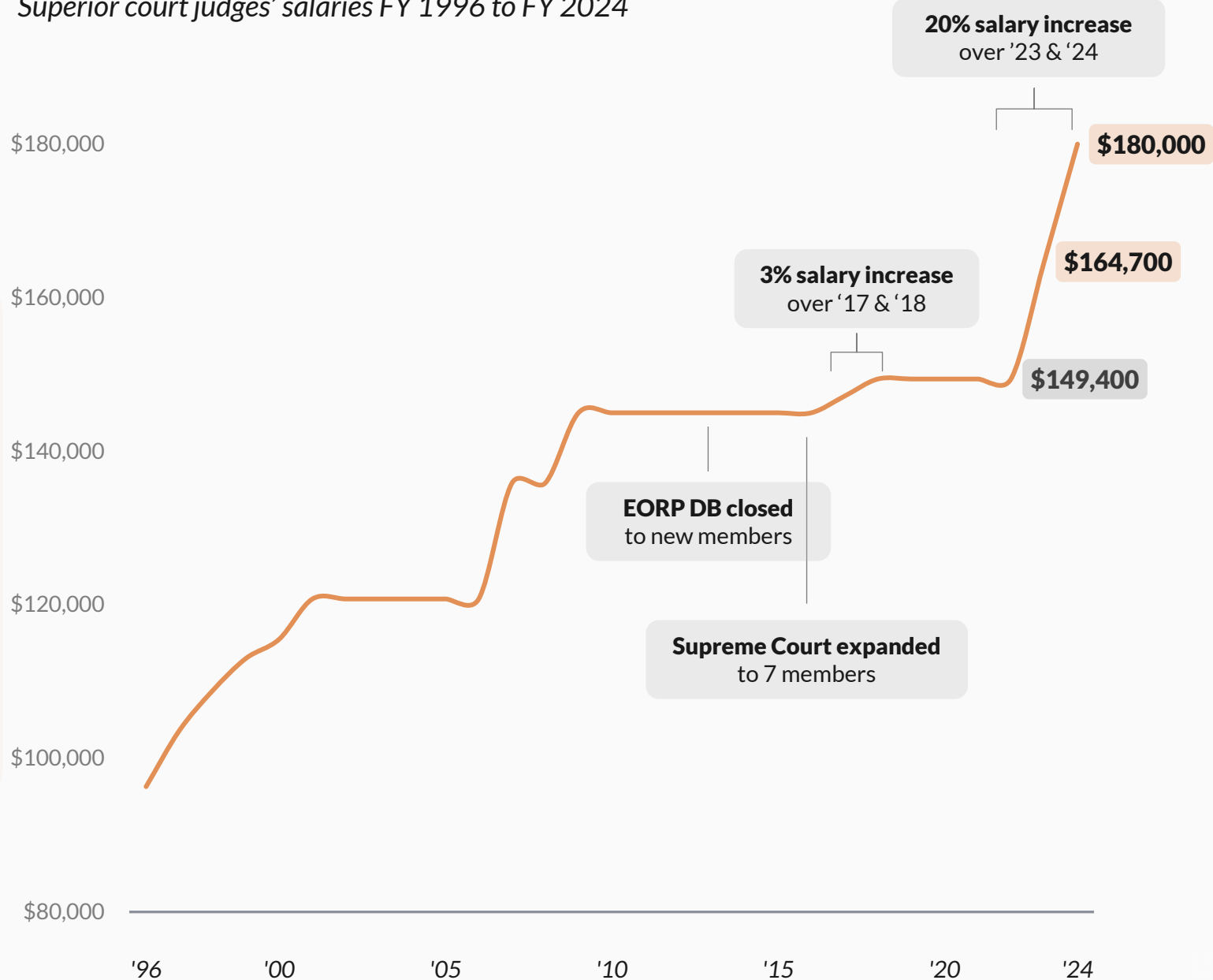


FY 2023 State Budget

Substantial judicial salary adjustment to address recruitment concerns.



Superior court judges' salaries FY 1996 to FY 2024



Major County Cost Drivers

Cochise County Impacts

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FY 2023 to FY 2028



FY 2023 State Budget: County Touchpoints

Other County Appropriations

Sheriff stipend **\$53.4M** one-time

Rural county attorney diversion program grants
\$10.0M one-time

\$7.0M for coordinated reentry planning services

Jail education programs **\$114,000** one-time

SMART grants for rural local governments -
\$50.0M one-time

\$20.0M for 20% state match for Cochise County
Jail

Election-Related Appropriations

County voter registration roll accuracy - **\$6.0M** one-time to county recorders in counties above 200,000

Ballot paper testing, tracking; secure ballot boxes - **\$1.5M** one-time

Ballot paper funding - **\$5.0M** in FY24, **\$6.0M** in FY25 to county recorders for ballot paper with specific security features.

Other Touchpoints

Local Government Cyber Security Grants - **\$10.0M** ongoing

DPS Border Strike Force - **\$11.0M** in additional local support

Local Government Border Security Grants -

- **\$15.0M** for local law enforcement
- **\$30.0M** for local prosecution one-time

Dangerous incompetent defendants - **\$25.0M** one-time, plus
\$10.0M ongoing

Various appropriations for forestry & fire management -
\$70.8M



CSA Introduced Bills

HB 2012 county improvement districts; formation (Kavanagh) **Ch. 92**

HB 2044 juvenile dependency; state aid; appropriation (Biasiucci) **Budget (HB 2860)**

HB 2067 county improvement districts; recreation; governance (Blackman) **Ch. 93**

HB 2197 medical examiner; pathologist assistant; autopsies (Osborne) **Ch. 82**

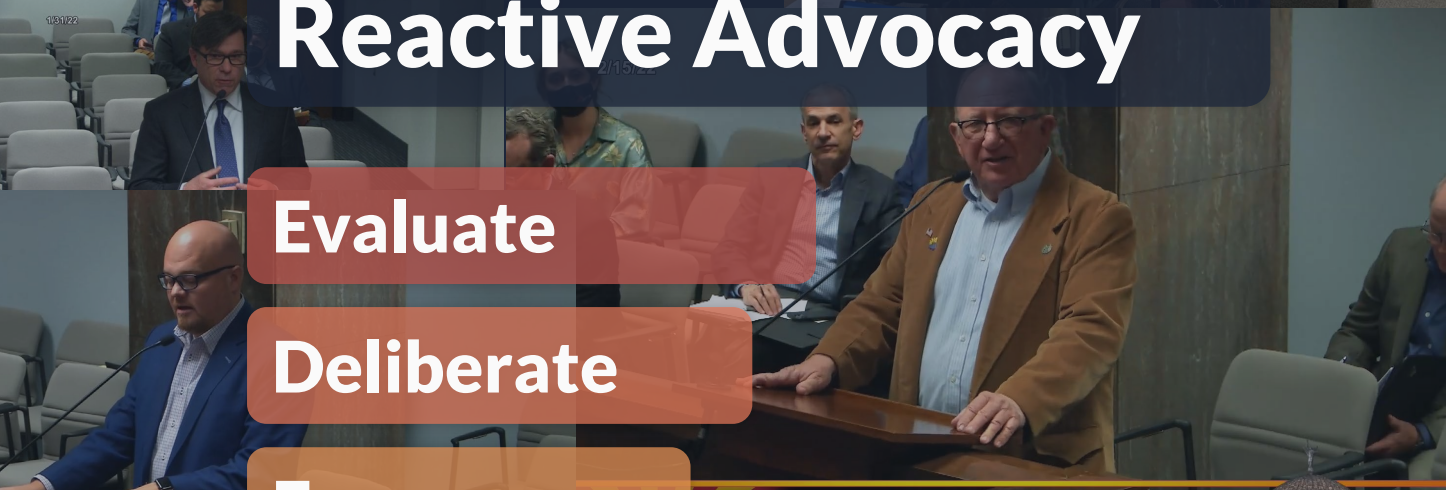
SB 1188 unincorporated areas; transient lodging assessment (Gabaldon)

Procurement Contract Modifications



2/9/22
HB 2470 appropriation; Ganado School Loop Road.

House Transportation Committee



11/31/22
Evaluate

Deliberate

Engage

Water Committee

ACTV



16/22
B 2389 S/E: River Water Transfer

705 bills tracked

85 processed via LPC

20 supported

13 favorably amended

40+ defeated



General Government

- Emergency powers
- Lobbying regulation
- Board size
- Open meeting violations
- Public records
- Employee benefits & compensation

Retirement & Tax Policy

- ABOR optional retirement plans
- Smart and safe fund distribution
- VLT reductions
- Commercial property tax rate
- Personal property tax exemptions
- Accelerated depreciation

Courts & Criminal Justice

- Jury trial requirements
- Law enforcement salaries
- Minimum law enforcement budget requirements
- Public building weapon possession
- DNA collection; felony arrests

Public Health & Environment

- Off-highway vehicles
- Mask prohibitions
- Fire district funding
- Fireworks restricted use and exemptions
- Forensic examination expenses

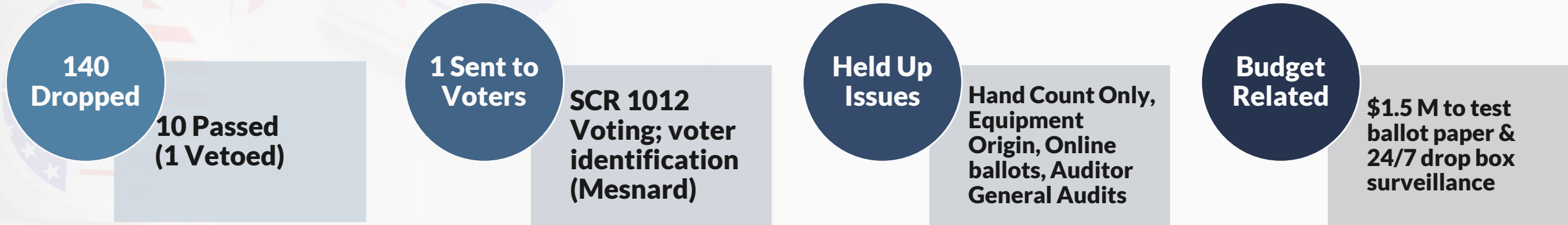
Planning & Zoning

- Land divisions
- County formation/division
- Park model trailers
- Annexation changes
- Short-term vacation rentals
- State lands rights-of-way
- Video streaming fees

Elections

- Prohibition on electronic counting
- Machine Requirements
- Voter identification requirements
- Mail in ballot requirements
- Same day counting
- Emergency voting
- Special paper

Select Bills: Elections



Chaptered Bills

- **HB 2243** voter registration; state residency; cancellation (Hoffman) Ch. 370
- **HB 2492** voter registration; verification; citizenship (Hoffman) Ch. 99
- **HB 2839** candidate nominations; signatures; redistricting. (Bowers) Ch. 3
- **SB 1008** elections; recount margin (Ugenti-Rita) Ch. 230

Chaptered Bills

- **SB 1362** early ballot on-site tabulation (Mesnard) Ch. 271
- **SB 1411** early ballots; tracking system (Mesnard) Ch. 358
 - \$250K for the SOS to establish tracking system in the Arizona voter information database.
- **SB 1460** election law amendments (Shope) Ch. 277
- **SB 1477** voter registration; felonies; clerk; database (Townsend) Ch. 251



Select Bills:

COVID-19 & Emergency Response



Limiting Authority

- BOS Authority - Business Closures (HB 2107)
- Executive Power - State of Emergency (SB 1009)
- Declaration of Emergency - Shared Revenue Requirements (SB 1592) Vetoed



Vaccines

- School Immunizations Requirements (HB 2086)
- COVID vaccine requirements prohibition (HB 2371)
- Expanding pharmacists' ability to administer vaccines (SB 1374)
- Unemployment insurance denial prohibition (SB 1494)



Masks

- Parental consent mask mandates (HB 2616)
- Onsite COVID mask mandate prohibition (HB 2453)



Held Issues

- Vaccine exemptions for antibodies
- Elimination of Governors authority to mandate treatment in emergency
- Employer liability for vaccine requirements
- Employee termination compensation COVID-19 vaccine

Select Bills

General Government

SB 1136 public works; contracts; payments (Gray) Ch. 31

SB 1275 fireworks; use; overnight hours; prohibition (Mesnard) Ch. 18

SB 1596 off-highway vehicle study cmte. (Kerr) Ch. 148

SB 1710 sports; tourism; film authority; appropriation (Gowan) Ch. 364

Water

HB 2037 NOW: counties; powers; water supply projects (Cook) Ch. 164

SB 1740 water infrastructure financing; supply; augmentation (Kerr) Ch. 366

Criminal Justice

SB 1310 incompetent defendants; dangerous; involuntary commitment (Barto) Ch. 352

SB 1593 sexual offenses; forensic examination; expenses (Kerr) Ch. 117

Planning & Zoning

HB 2579 residential zoning; park model trailers (Cook) Ch. 182

SB 1168 vacation rentals; short-term rentals; enforcement (Mesnard) Ch. 343

Select Bills

Tax Policy

In addition to eliminating the state's last major property tax (\$0.4128), legislature made several major changes to the property tax base:

- Accelerates depreciation for locally assessed business personal property.
HB 2822 (Weninger) Ch. 103
- Reduces commercial assessment ratio from 16% to 15%. *SB 1093 (Mesnard) Ch. 171*
- SB 1095 / SCR 1011 constitutional property tax exemptions (*Mesnard*)

Pensions

Employers, including state, are prioritizing pension debt repayment:

- \$60M into EORP, short window for early retirement. *SB 1002 (Leach) Ch. 323*
- New tool to prepay ASRS unfunded liability. *SB 1082 (Livingston) Ch. 324*

Several attempts to expand public safety benefits, one enacted to extend DROP by 2 years. *SB 1268 (Livingston) Ch. 351*

2022 Legislative Ballot Referrals

HCR 2015 initiatives; supermajority vote; requirement (Dunn)

- 60% majority to pass an initiative or referendum that approves a tax

SCR 1011 constitutional property tax exemptions (Mesnard)

- Fixes veteran property tax exemption & moves personal property tax exemptions to be set in statute

SCR 1012 voting; voter identification (Mesnard)

- Early ballots would need AZ drivers license number or non-operating ID, the last 4 of SSN or unique ID in addition to having the voter identification number, date of birth and signature

SCR 1024 lieutenant governor; joint ticket (Mesnard)

- Starting in 2027 establish Office of Lieutenant Governor

SCR 1049 fire districts; funding; TPT Increment (Boyer)

- Establishes a 0.1 percent TPT tax for 20 years for Fire Districts



Upcoming Events

2022 Session Recap

55th Legislature Session Virtual Wrap-up Meeting

- June 30, 2022 ✓

55th Legislature Session Recap Documents

- Legislative Summary
- CFO Guide
- Affiliate briefings

2023 Policy Development

2023 Legislative Proposals

- Due on August 15, 2022
- County legislative proposals should be submitted to be considered by the Board at the CSA Summit.

Scheduled Meetings

Managers Meetings

- June 10, 2022 ✓
- August 19, 2022

CSA Board Meeting

- September 15, 2022

2023 CSA Legislative Policy Summit Hosted by Pima & Santa Cruz Counties



County Supervisors Association of Arizona

Craig Sullivan, Executive Director

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County Supervisors Association of Arizona



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