



CITY OF FLAGSTAFF

FLAGSTAFF CITY COUNCIL

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March 6, 2026

Arizona House of Representatives
1700 W Washington St
Phoenix, AZ 85007

RE: Please oppose HB4030/HCR2052

Dear Honorable Representatives

I write on behalf of the City of Flagstaff to express strong opposition to HB4030 and HCR2052, which would prohibit cities, towns, and counties from adopting, imposing, or collecting increased fees, transaction privilege taxes, and utility rates through June 30, 2030, unless approved on a statewide ballot by at least 60 percent of voters.

Many municipal utilities operate as enterprise funds designed to pay for themselves through rates, not the general fund. Freezing routine adjustments will create rate shocks later as cities attempt to catch up on deferred maintenance and critical projects. Flagstaff has already conducted water rate studies for its water, wastewater, reclaimed water, and stormwater utilities and has implemented phased rate increases in a way that least impacts our community. HB4030 and HCR2052 would result in a loss of \$15.5M in projected revenue, destabilizing the City's utilities and forcing drastic and unphased rate increases after FY30 to make up for this loss.

The City of Flagstaff is also considering raising revenues for public safety through a sales tax, which would require local voter approval. HB4030 and HCR2052 would preempt Flagstaff residents' potential vote in support of funding our community's public safety needs. Requiring statewide approval for local actions also invites voters hundreds of miles away to influence our budget choices even though they will not experience the impacts of those decisions. Local ratepayers and taxpayers bear the costs and benefits of local services and accordingly, decision-making should remain close to them.

Costs continue to rise due to inflation, labor, and supply-chain impacts and annual proposals such as Tax Conformity (SB1106) and Remote Seller Sourcing (HB2290) threaten local revenues. All of this underscores our need to adapt quickly, maintain core services, and honor financial obligations.

Flagstaff manages aging infrastructure, compliance mandates, and unavoidable cost escalations with prudence, and we need the ability to make incremental adjustments when facts on the ground demand them. For these reasons, I respectfully urge you to vote NO on HB4030 and HCR2052 and to work with cities on solutions that strengthen transparency without stripping the tools required to maintain essential services.

Respectfully,

Becky Daggett,
Mayor, City of Flagstaff, on behalf of the Flagstaff City Council