



**STATE OF ARIZONA**  
**Arizona Department of Revenue**

*Douglas A. Ducey*  
**Governor**

*David Raber*  
**Director**

**INVOICE**

Ketie St. Louis  
Finance Director  
PO Box 1170  
San Luis, AZ 85349

**Invoice No.** 2016-164  
**Date:** 7/31/2015  
**Due By:** 9/30/2015

Description	Assessment Amount
Administration and Collections Assessment Fee	\$60,617.35
<b>FOR YOUR RECORDS</b>	
Fees assessed pursuant to Laws 2015, Chapter 323, HB2617.	
<b>Total Due</b>	<b>\$60,617.35</b>

**Remit payment to:**  
Arizona Department of Revenue  
PO Box 29099  
Phoenix, Arizona 85038-9099

**Make checks payable to:** Arizona Department of Revenue

**Please return this invoice with payment using the enclosed envelope.**  
**For questions, please contact Elaine Smith at**  
**ESmith@azdor.gov or 602-716-6924.**

## Ketie St. Louis

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**From:** Lee Grafstrom <lgrafstrom@azleague.org>  
**Sent:** Friday, July 31, 2015 1:11 PM  
**Subject:** Payments to ADOR per the State Budget and MOU/IGA Questions

**Importance:** High

**Follow Up Flag:** Flag for follow up  
**Flag Status:** Flagged

Greetings City/Town Managers, Finance Directors, Intergovs, and UAC members,

Today the Department of Revenue is sending out the invoices required by the State budget to each city and town. All cities and towns will be charged an amount that goes to DOR for the Department's operation funding. The 15 non-program cities will also be separately invoiced \$0.76 per population which goes to the DOR fund that supports their IT costs.

As we have discussed in the past, these amounts are due and payable not later than September 30, 2016, and the payments need to be sent to the DOR address provided with the invoice. Any amount that is not paid by September 30 will be taken out of the city or town's next Shared Revenue payment from DOR. The League strongly urges you to pay the invoices in full on or before September 30 and DO NOT allow it to be taken from Shared Revenue.

We are trying to maintain a clear separation between these payments for DOR services and our Shared Revenues. We DO NOT want to create any precedent or even give the impression that in some cases we are willing to let the State take ANY amount from Shared Revenues. If we let it go here, the next one is just that much harder to defend and eventually it gets harder to argue against reducing the shared percentages.

If you have questions regarding the payment, please let me know.

Turning to the MOU, based on the early questions I've been receiving, I'd like to take a moment to expand on and hopefully clarify some of the changes that are taking place, particularly for the Program cities that may not have been as closely in touch with the changes needed for DOR to take over administration for the current Non-program cities.

First, the MOU has nothing to do with the IGA. They are two separate agreements that address two different issues. You should not be combining them into a single document. One does not override the other or make the other one meaningless.

The IGA with DOR has always been required by statute for all cities. In the 2013 bill that created TPT Simplification, certain issues were required to be included in the IGA that were never in the previous agreements, so all cities needed a new IGA. In early 2014, the League and some city representatives began negotiating a new deal with DOR, which actually turned out much better for all cities and towns than any of the old IGAs. This agreement covers the big issues like audit, taxpayer confidentiality and the exchange of information between the State and the cities and towns. What DOR would not agree to include in the IGA were any standards or minimum performance measures we could use to hold DOR responsible for improving their service level to the cities and towns.

Earlier this year when the State budget called for local jurisdictions to reimburse DOR for the services they provide, one of the conditions we required was that DOR had to agree to an MOU that covered performance expectations. In this way, the payment being coupled with the MOU further indicated a vendor/customer relationship between DOR and

cities and towns, where each side receives something - a critical factor to avoid a Prop 108 issue. Granted, the MOU does not impose penalties for failing to meet the minimum requirements, however it does make DOR track their performance and regularly report the statistics to cities and towns. In the event DOR doesn't meet the expectations, we believe we can use those reports to support increasing resources for the Department to bring them up to the standards, or as a means of demonstrating that we should not continue paying for DOR's services going forward.

Hopefully, this information helps with everyone's understanding of the many changes that are in the works. AS always, if you any question about any of this transition, please do not hesitate to contact me. I will happily go over these issues to the extent necessary for everyone to be comfortable with all of the things that are happening.

Thank you,  
Lee Grafstrom  
Tax Policy Analyst  
League of Arizona Cities and Towns  
1820 W Washington St.  
Phoenix, AZ 85007-3208  
602-258-5786 Office  
480-510-4392 Cell  
[www.azleague.org](http://www.azleague.org)