STATE OF ARIZONA

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April 16, 2008

The Honorable Jim Weiers
Speaker of the House
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Re: House Bill 2220; State Equalization Property Tax Repeal

Dear Speaker Weiers:

Today I vetoed House Bill 2220. The bill would have permanently repealed the state equalization property tax, the county-level property tax that funds local schools.

As you know, I approved a temporary three-year suspension of this tax in 2006. Consequently, Arizonans paid no state equalization property tax for tax years 2006 and 2007 and will pay no such tax for tax year 2008. The suspension was a fair and reasonable action in 2006, when the national economy was strong, our rainy-day fund was full and our tax revenues were sufficient to meet our State budget requirements. Today we find ourselves in a very different fiscal situation. As Representative Tom Boone and Senator Thayer Verschoor said in their letter to me of April 4, 2008, Arizona is facing a "budget shortfall approaching 20% of the budget in fiscal year 2009 . . . the largest proportional budget deficit of any state in the nation." Permanently repealing a tax that supports such basic needs as schools and education during a time of severe budgetary deficits would be the height of fiscal irresponsibility.

For these and other reasons, I have vetoed House Bill 2220. Let us continue our work developing a comprehensive, bi-partisan budget using all the fiscal tools available to us. Arizonans deserve our protection of basic needs like education.

Yours very truly,

Janet Napolitano
Governor

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cc: The Honorable Timothy S. Bee