



STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

September 4, 2009

The Honorable Robert Burns
President
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007

Re: Senate Bill 1025 (general revenues; budget reconciliation)

Dear President Burns:

The recently concluded regular and special sessions have been a challenging struggle for all parties involved. These are unprecedented times in Arizona, and as we know all too well from our efforts so far, there are no easy solutions. I sincerely appreciate the hard work and dedicated commitment put forth by you, Speaker Adams and other legislators, who endeavored to responsibly address the State's financial crisis. However, I must veto Senate Bill 1025, due to the lack of a comprehensive state revenue strategy for FY2010 and future fiscal years.

With regard to the equalization tax, I am willing to support its permanent repeal as part of a comprehensive proposal that addresses the State's massive revenue shortfall, while promoting future economic prosperity. I look forward to working with you, Speaker Adams and other legislators to develop a package in the near future.

I have consistently opposed sweeping Vehicle License Tax ("VLT") monies from the cities to help balance the state budget deficit as provided in this bill. For that reason, a provision was added to the budget to allow for this sweep to be repaid with monies from a successful passage of the sales tax referral. Without the referral, the trigger is ineffective and I cannot support the VLT sweep.

Unfortunately, critical agency provisions relating to implementation of the FY 2010 budget were combined with the tax provisions. Since I am precluded from line item vetoing the tax provisions, I must veto the entire bill. My action on SB 1025 will impact the State agencies delineated below, as well as their stakeholders, in the very near future.

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Arizona Lottery
Corporation Commission
GITA
Department of Agriculture
Department of Housing
Department of Insurance

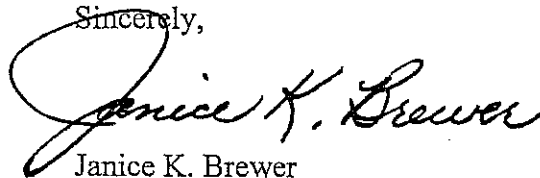
Department of Racing
Department of Revenue
Department of Transportation
Office of Pest Management
Registrar of Contractors
Other State Agency Fee Issues

In addition, there are other non-tax issues relating to county fund transfers and Rio Nuevo reforms that should be included in any such bill. We must act swiftly and collaboratively to remedy this situation independent of any revenue proposals. So that we may avoid any interruption in the delivery of services, I ask that you return the exact provisions of SB 1025 relating to the aforementioned items to me as soon as possible and by no means later than September 30, 2009. I am committed to working with you and Speaker Adams to schedule a special session to fix these agreed-to issues in a simple fashion.

I still support a referral to the voters of a temporary sales tax increase to mitigate reductions in education and services for our vulnerable populations and public safety. I believe that the people of Arizona deserve the right to be heard on this critical matter and we should trust and follow the will of the voters.

Again, these are unprecedented times in Arizona, and I appreciate the hard work and dedication put forth by you and many of your fellow lawmakers. Let us expand on those efforts and continue the work necessary to address the many challenges that remain.

Sincerely,



Janice K. Brewer
Governor

cc: The Honorable Kirk Adams, Speaker, Arizona House of Representatives
The Honorable Russell Pearce, Arizona State Senate
The Honorable John Kavanagh, Arizona House of Representatives
The Honorable Ken Bennett, Secretary of State