



STATE OF ARIZONA

May 14, 2012

JANICE K. BREWER  
GOVERNOR

EXECUTIVE OFFICE

The Honorable Ken Bennett  
Secretary of State  
Capitol Executive Tower, 7<sup>th</sup> Floor  
1700 W. Washington Street  
Phoenix, AZ 85007

Re: Senate Bill 1275 (state budget; appropriation limitation; hearing)

Dear Secretary Bennett,

Today I vetoed Senate Bill 1275 relating to spending limits.

Senate Bill 1275 requires the Legislative budget office to calculate a spending level based on inflation and population growth. Further, if the proposed budget is greater than the calculated limit, the bill would *allow* the appropriation committees to hold a public hearing on the proposed budget. These provisions are all within current Legislative authority. The appropriation chairs can ask the Legislative budget office for these calculations and the appropriation committees routinely have public hearings on the budget.

As I have stated over the last several years, an effective spending limit would provide a long-term benefit to the State's budget. However, as I have also said, a limit based on population and inflation with an annual rebase does not qualify as effective. That type of limit is too restrictive and has been tried and rejected in other states. An effective spending limit would eliminate the State's ability to spend one-time or bubble revenues while allowing future Legislatures and Governors to manage normal revenue growth. House Bill 2815, which limits our use of one of the key generators of bubble revenues, capital gains, is a more effective approach to combating this problem than calculations and hearings. For these reasons, I have vetoed Senate Bill 1275.

Sincerely,

A handwritten signature in black ink that reads "Janice K. Brewer".

Janice K. Brewer  
Governor

cc: The Honorable Andy Tobin  
The Honorable Steve Pierce  
The Honorable Steve Smith