



State of Arizona

Janice K. Brewer
Governor

Office of the Governor
1700 West Washington Street, Phoenix, AZ 85007

Main Phone: 602-542-4331
Facsimile: 602-542-7601

FOR IMMEDIATE RELEASE
March 4, 2009

CONTACT: Paul Senseman
(602) 542-1342
psenseman@az.gov

Governor Jan Brewer Lays Out Path to Prosperity – Building a Better Arizona

*Calls Arizona's Financial Condition a Crisis and
Lays out Comprehensive 5 Point Long-Term Solution*

PHOENIX – Arizona Governor Jan Brewer today addressed a rare joint session of the 49th Arizona State Legislature at which time she laid out a comprehensive 5-point long-term solution to the state's current fiscal condition. The Governor called upon Arizona's elected Representatives and Senators to join her in building a long-term recovery plan that is equally supported by five essential proposals.

"The ability and the courage to speak the truth is imperative and Arizonans can't only handle the truth, they demand it," stated Brewer. "They also demand that we tell it to them straight, and the truth is that Arizona is in a financial crisis." The Governor stated further, "The truth is, we cannot afford the size of government we now have and even a slowly recovering economy will not fix the problem."

The Governor's 5 Point long-term recovery plan calls for the following:

1) Structural Budget Reform

Components of the Governor's proposed structural budget reform include; an increase in size and a formula-driven restricted use of the state's Rainy Day Fund, restriction and limits on the routine utilization of "fund sweeps," and a commitment to a fair and honest revenue estimation process.

"It's astonishing that our latest budgets were built on the most optimistic revenue projections at a time when nearly every economic forecaster was predicting a downturn," stated Brewer. "The FY2009 revenues needed to grow by 8 percent to meet the budget, but instead declined by 12 percent."

2) Improve Proposition 105 – The Voter Protection Act

This proposal provides fiscal flexibility during extraordinary times of crisis. It would allow for the maintenance of core services during times of crisis instead of banking funds for future enhancements.

“In times of true crisis, it is unacceptable to leave core public safety, education and health services as the last ones bearing all the weight,” exclaimed Brewer.

3) Additional spending cuts – an accumulated \$1 billion reduction in the General Fund

The Governor has directed that the 2010 deficit, estimated to be about \$3 billion, be addressed responsibly. She has directed her Cabinet and their budget staffs to evaluate the impacts of possible additional spending cuts in 5% increments up to 20%, with the goal of reducing General Fund obligations by \$1 billion by 2010.

“Together, we have already reduced government spending by over \$500 million in my first days in office, the largest spending cuts by any Governor – ever.”

4) Reform and modernization of Arizona’s state tax structure

The Governor’s 4th point calls for a state tax reduction that would begin in 2012 and progressively build a more friendly tax code to create high wage, sustainable jobs in the state and attract investment capital.

“We need a tax structure that promotes job growth, job sustainability, investment in Arizona and revenue stability,” stated Brewer. “I have no greater focus than to grow jobs in Arizona, and if you give us the tools we will deliver.”

5) Temporary Tax Increase – Increase state revenues by \$1 billion per year

The goal of the temporary tax increase would be to bridge the gap in the massive budget shortfall inherited from the previous administration. The Governor proposes the increase via approval by the legislature and signed by the Governor or via a special election sent directly to Arizona voters.

“This is a multi-year problem, and these five proposals focus our state on the long-term,” stated Brewer. “We must stop considering only a 2010 budget deal, and we must start considering a multi-year fix that secures our future.”

The Governor also spoke of the necessity that the House and Senate send to her legislation by March 14, 2009 authorizing approximately \$20 million in federal childcare dollars. This federal money would provide assistance for working parents of 20,000 children who won’t be working without childcare.

Governor Brewer concluded her address to the joint Legislative Session by directing legislators to refrain from sending to her any bills that do not provide a long-term fix to Arizona’s budget crisis in accordance with her 5-point long-term solution to Arizona’s current budget crisis.

###