

2010 Joint Democratic Comprehensive Budget Solution

Glossary

Stimulus

Stimulus – Fiscal Stabilization: Make use of every federal stimulus dollar available to Arizona for education and for discretionary use.

Stimulus – Enhanced FMAP: Make use of every federal stimulus dollar available to Arizona for Medicaid to fund AHCCCS.

Stimulus – Appropriation of Child Care Development Fund: Make use of every federal stimulus dollar available for child care subsidies for working families.

Cuts

Transfers to General Fund: Transfer certain state agency fund balances to the general fund. For example, the House of Representatives has a \$3 million slush fund. This budget item would give up the \$3 million and apply it to balance the state budget.

Lump Sum Reductions: Reduce state agencies' budgets by an average of 1.5 percent, except for Department of Health Services, which would receive a ½ percent cut and AHCCCS, which would receive a 0.1 percent cut. Department of Economic Security would receive no cut due to the deep cuts in 2009, several very small agencies have no cut in order to keep their doors open and operations running and the Judiciary sustains no lump sum cut because its suggested itemized cuts are reflected in this budget. *No personnel or salary reductions across state agencies are included in this budget.*

Other Spending: Reduce line-item spending in various state agency programs to achieve savings.

Restorations

Rainy Day Fund Deposit/Repay K-12 Raid: Use up to \$300 million of this rainy day fund deposit to repay K-12 schools for the funding Republican lawmakers raided from them in the form of a rollover on May 13.

Agency Changes: Implement restorations of funding to specific state agency programs.

Revenue

Department of Revenue Collections: Restore cuts and add funding to the Department of Revenue to increase staff to collect millions in delinquent taxes owed to the state.

Department of Revenue Unclaimed Property: Accelerate the time frames by which unclaimed property like traveler's checks and life insurance policies are claimed by the state as revenue.

Education Equalization: Keep the education equalization tax at the current rate, which directly funds education.

Qualifying Tax Rate: Directly fund education by increasing the current rate of local property tax.

Business Personal Property Tax Exemption: Increase the tax exemption for businesses for up to \$150,000 worth of personal property. According to Arizona's Constitution, businesses must pay personal property taxes yearly on items such as computers, phones and supplies.

Continue Decrease of Assessment Ratio: Allows the rate at which business property is assessed and taxed to continue to decrease.

TPT – Lower State Sales Tax/Expand Base: Lower the state sales tax rate (Transaction Privilege Tax – TPT) from 5 percent to 3.4 percent and broaden the sales tax base to apply to all current items and services like spa treatments and maid services that currently enjoy tax exemptions. This proposal would not tax food and health services. See related fact sheet for more details.

TPT – Local Share Suspension: In Arizona, 20 percent of our state sales tax goes to cities and counties as shared revenue. This budget item allocates this 20 percent to the state general fund for a period of two years. The funds from the local share suspension would be repaid to the cities with interest. The expansion of the sales tax base (above) would generate some revenue to offset the local share suspension. Together with cities and counties, we are exploring additional ways to bridge this gap to hold them harmless during the loss of local share dollars.

Fund balances – GIITEM Transfer to Sheriff: In the 2009 budget, Republicans took \$1.6 million from the Gang and Immigration Intelligence Team Enforcement Mission under the Department of Public Safety and gave it to Maricopa County Sheriff Joe Arpaio. This budget item would restore that funding to the Department of Public Safety and aid in balancing the state budget.

Department of Health Services Federal Draw Down: By adopting a maneuver proposed by the Department of Health Services, the State would both fulfill federal requirements to fully fund FY09 behavioral health program expenses and transfer unused funds to the State's General Fund.