STATE OF ARIZONA

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July 2, 2007

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

Re: House Bill 2515: municipal sales tax incentives; prohibition

Dear Speaker Weiers:

Today, I signed House Bill 2515, which will put an end to the practice of some cities in Maricopa County of giving huge tax breaks to retail businesses for locating within their municipalities. These tax breaks have gotten out of control and been offered to a host of businesses, many of whom were likely to locate in Arizona regardless of whether they were offered a tax incentive. The use of tax incentives to pit Maricopa County towns and cities against each other is not in the interest of Arizona or its taxpayers.

I note, however, that the bill appears to contain an inadvertent loophole exempting cities whose boundaries are not entirely within the exterior boundary of a metropolitan statistical area having a population of more than 2 million persons. This could exempt at least the City of Peoria and could put that city at an unfair competitive advantage. I understand that this was not the intent of the legislature, and I call upon the legislature to fix this provision of the bill at its earliest opportunity.

Yours very truly,

Janet Napolitano
Governor

JN:TAN/jm

cc: The Honorable Timothy Bee
The Honorable Rick Murphy