

State raid on city funds could force higher fees, officials say

8 comments by **Edythe Jensen** - Apr. 28, 2009 01:51 PM
The Arizona Republic

Chandler and Gilbert officials are angry and worried that Arizona lawmakers might raid municipal treasuries to balance the **state budget**. The move could force cities to raise rates and fees for residents and cut services even more in lean budget times, leaders in the two communities said.

A joint draft budget proposal that was supposed to have been discussed during committee hearings in the state Legislature on Tuesday called for \$210 million in “municipal rebates to the general fund.” The hearings were cancelled at the last minute.

Patrice Kraus, Chandler intergovernmental affairs coordinator, said she heard those rebates could come from municipal impact fee accounts — money collected by cities on construction projects to fund growth-related infrastructure like roads, parks and water plants.

“We just finished building a joint water treatment plant and sold bonds to pay for the plant,” Gilbert Town Manager George Pettit said.

A state raid on the town's impact fees could force Gilbert to raise water and sewer rates again; the town is set to raise those rates next month.

“The state wants to come and steal from those of us who manage growth responsibly. This is insane; it makes no sense at all,” he said.

Some state lawmakers have said the budget draft proposals are a way to avoid raising taxes.

“Just because we don't call water rates taxes doesn't mean we're not raising taxes,” Pettit said.

Dennis Strachota, Chandler management services director, said the recent construction slowdown has depleted his city's impact fee funds and has required general fund loans to pay **bond debt**.

“This would be the equivalent of the biggest political gimmick the state has come up with,” he said of the state's rumored plan to take impact fee money from cities. “But it's not all that surprising. When things get really desperate fiscally, you see these things play out.”