

October 02, 2009 |

4:24 pm | [88°](#)

VALLEY & STATE

[Valley & State](#)

• Type Size: [A](#) [A](#) [A](#)

•  [Print](#)

Cities may sue state over budget

League could challenge bill that includes impact-fee freeze

•  [Email](#)

•  [Retweet](#)

by [Edythe Jensen](#) - Oct. 2, 2009 12:00 AM
The Arizona Republic

•  [Digg this](#)

Arizona cities are considering a lawsuit against the state to undo parts of a [budget](#) bill that many say have nothing to do with the state budget, including a two-year freeze on municipal development-impact fees.

An executive committee of the League of Arizona Cities and Towns will make the decision Nov. 7, said Executive Director Ken Strobeck. A legal opinion sent to the league's president, [Chandler Mayor Boyd Dunn](#), said the municipalities have a strong case because the budget bill that includes the freeze appears to be unconstitutional.

Dunn said the impact-fee freeze caters to the powerful home-building industry lobby and will be a hardship for fast-growing and rural cities. It could force [tax](#)- and utility-rate increases as municipalities struggle to pay for the demands of growth, he said.

Home builders have said eliminating or freezing impact fees would help them to sell houses competitively and create jobs at a time when real-estate prices have dropped but government fees haven't.

Impact fees are levied by cities on construction as a way to pay for the demands of growth: new water and sewer lines, treatment plants, parks, roads, and fire and police stations. Some municipalities, such as Chandler, have [borrowed money](#)

to build these projects and depend on impact fees to repay the debt, Dunn said.

Depending on the wording of a potential lawsuit, the outcome also could eliminate other non-budgetary provisions in House Bill 2008 that require cities to verify citizenship status before providing services and put a two-year ban on municipal building-code changes.

Even though the legal opinion said the league has a good case, a lawsuit isn't a sure thing, Dunn said.

"We're affected, but it could have been a lot worse, and right now there's not a whole lot of construction happening," he said. "If we irritate enough members of the Legislature, they'll be looking at our state-shared revenues again."

Cities were relieved that the governor vetoed some of what they considered the most onerous budget proposals, such as a temporary halt to all impact-fee collections and the transfer of some of the cities' tax revenues to the state, Dunn said.

According to the legal opinion, municipalities have a strong case because several provisions in the bill do not directly address the state budget or Gov. Jan Brewer's request for a temporary state sales-tax increase - the reasons she called the special session.

Arizona's Constitution limits the scope of special sessions to issues specified in the governor's call, according to the opinion from attorneys Paul Eckstein and Steven Monde, who were retained by the league.

Strobeck said the legal opinion was supposed to be confidential and for board members only. However, Strobeck e-mailed it to Dunn in his city mailbox which is open to public inspection.

In his e-mail, Strobeck told Dunn that another law firm turned down the league's request for an opinion because it represents home builders.

• Type Size: [A](#) [A](#) [A](#)

•  [Print](#)

More on this topic









2009 Arizona state legislature

• [Retweet](#)

• [SHARE](#)

Multimedia




• [Digq this](#)

-  [Brewer sues legislatures over budget](#)
-  [Legislatures put together budget plan](#)
-  [Profile: Governor Jan Brewer](#)
-  [Students protest proposed education cuts](#)
-  [Updated budget plan | Proposed budget cuts](#)
-  [Budget-cutting options from GOP team](#)


Stories

- [Senate chief hopes to avoid same mistakes](#)
- [Analysis: Missteps doomed sales tax](#)
- [Lawmakers return to work during special session](#)
- [Next round in state's budget battle begins](#)
- [State services uncertain if government shuts down](#)
- [Flat-tax compromise adds to budget logjam](#)
- [Lawmakers tackle flurry of bills](#)
- [Read more political news](#)




Special election

- [Brewer to lawmakers: Put tax-hike plan to vote](#)
- [Reaction to her speech](#)
-  [Photos](#) |  [Video](#) |  [Read speech](#)

Brewer inauguration

- [Jan Brewer takes oath as new Arizona governor](#)
-  [Brewer's inauguration speech](#)

State of the State

-  [Montini: The irrelevant governor](#)
-  [Governor gives final State of State](#)
-  [State of the State photos](#)



LATEST NEWS HEADLINES

- [Police: No evidence yet to substantiate girl's abduction claim](#)
- [Mom gets life for starving daughter to death](#)
- [Schools under scrutiny for financing private school with taxpayer dollars](#)
- [Concern grows as search for Tenn. infant continues](#)
- [Weekend freeway closures and restrictions](#)
- [Phoenix man accused of false report over 'kidnapped' girlfriend](#)
- [QC man, 61, accused of molesting 2 of his grandchildren](#)
- [White House blog: Fox News 'lies'](#)
- [Stunned silence in city of failed Olympic bid](#)
- [Elizabeth Smart says she was raped daily](#)



[**Going back to school could boost your career**](#)



[**Get free money for school with Pell Grants**](#)



[**Get cash for old, unused gold jewelry**](#)

