LOOMING BUDGET DEFICIT DOMINATES AS LEGISLATIVE LEADERS ADDRESS OUTLOOK CONFERENCE

Leadership from both the House and the Senate addressed attendees of ATRA’s November 16th Outlook Conference Luncheon. The state’s looming budget deficit highlighted the remarks of House Speaker Jim Weiers, Senate Minority Leader Marsha Arzberger, and Senate President Tim Bee.

Speaker Weiers led off providing his assessment of the budget situation. The Speaker began his address with a warning that the fiscal year (FY) 2008 deficit will likely reach $1 billion. He then cautioned against proposals to bridge the budget deficit with new debt or new taxes; instead, the Speaker argued for reductions in spending. To express his distaste for wasteful government spending, the Speaker took issue with a common cliché: “People say the government spends money like a drunken sailor,” the Speaker said. “It doesn’t. A drunken sailor spends his own money.”

Following the Speaker, Senator Arzberger addressed the conference attendees. With comparisons to lessons she learned as a Midwestern farmer, the Minority Leader articulated her approval of debt financing for school construction and of repealing recent tax cuts in order to bridge the deficit. She suggested potentially postponing the second half of a two-phase income tax cut and possibly allowing the temporary repeal of the state equalization rate to expire.

Senator Bee concluded the state leadership presentations by providing his outlook on the budget and the upcoming session. The Senate President began by describing some of the underlying factors that compound the problems associated with lower-than-expected revenues. President Bee, like Speaker Weiers, also emphasized the need to pass a permanent repeal of the state equalization rate—a proposal ATRA continues to strongly advocate.

CONGRESSMAN SHADEGG RECEIVES ATRA’S WATCHDOG AWARD

Several years ago, ATRA instituted its Watchdog Award as a way of honoring an Arizona elected official for the often thankless work of opposing frivolous and wasteful spending of taxpayers’ dollars. ATRA was honored to present the 2007 Watchdog Award to Congressman John Shadegg in recognition of his tireless advocacy of taxpayers’ rights and his principled stands against wasteful spending in our nation’s capital.

ATRA Chairman Gretchen Kitchel presented Shadegg with the award at ATRA’s Outlook luncheon. “While fighting in the trenches for taxpayers is difficult work,” Kitchel said, highlighting some of Shadegg’s accomplishments, “it has bolstered Congressman Shadegg’s reputation in Washington where he is one of the leading Republicans in the House of Representatives. From 2000 to 2002, he was the Chairman of the Republican Study Committee (RSC)—the largest conservative organization in the House of Representatives. Under his leadership, the

See Congressman Shadegg, page 2
A TRA Alum, Chris Kelling, is the Recipient of the 2007 ATRA Outstanding Member Award

On behalf of the ATRA Board of Directors, Chairman of the Board Gretchen Kitchel presented Chris Kelling with the 2007 Outstanding Member Award at the Outlook Luncheon. Gretchen noted that Chris is unique from previous winners because he is the first former ATRA staffer to be recognized.

Chris Kelling served as a Senior Research Analyst for ATRA from 1992 to 1997 before joining the accounting firm of Arthur Anderson. He is currently the lead state and local tax analyst for Tucson Electric Power. Since the moment Chris left the ATRA staff, he has maintained a constant presence with ATRA and is a dedicated participant in the ATRA Tax Practitioner’s Committee. An expert in state and local taxation, Chris dedicates countless hours every year assisting ATRA staff and the Tax Practitioner’s Committee in their pursuit of sound tax policy for Arizona. Chris also faithfully attends many of the local government budget meetings with ATRA staff and helps new ATRA staff learn the myriad of Arizona budget and tax laws. In presenting the award to Chris, Gretchen said, “Chris, we still don’t know what we would do without you and we are very grateful that we haven’t had to learn.”

Congressman Shadegg, Continued from page 1

organization grew from 40 to more than 70 members and became the most influential and respected force in the U.S. House. In 2005, he served as the Chairman of the House Republican Policy Committee—the fifth-ranking position in the House leadership. He resigned that position in 2006 and gained a national profile when he ran for House Majority Leader in 2006.”

Recognizing the Congressman’s efforts to reduce the taxpayer’s burden, Chairman Kitchel described the important role Shadegg played in the passage of the Economic Growth and Tax Relief Act of 2001 and the Jobs and Tax Relief Act of 2003. Explaining that these efforts—along with his leadership toward permanently lowering dividend and capital gains rates, making individual tax rate reductions permanent, and eliminating the death tax—have not only garnered ATRA’s recognition, Kitchel said, “[Shadegg] is consistently rated among the most fiscally responsible and taxpayer friendly members of Congress. The National Taxpayers Union named Congressman Shadegg ‘A Taxpayer Friend.’ He also received a 100% ranking from the Americans for Tax Reform. This year, Citizens Against Government Waste named him a ‘Taxpayer Hero.’ Similarly, Congressman Shadegg won a 100% rating from the National Federation of Independent Business and earned the prominent ‘Guardian of Small Business’ award.”

In accepting the award, the Congressman expressed appreciation to ATRA and the sponsors of the event for their support of efforts to reduce wasteful spending and to protect taxpayer dollars. Rep. Shadegg praised ATRA for the technical expertise that it brings to the policy debate at the state capitol and noted that the nation’s capitol needs an organization similar to ATRA. Shadegg went on to highlight specific instances of egregious government spending at the federal level and discussed the effect of Congress’s addiction to earmarking funds for members’ pet projects. Shadegg said the earmarking problem has gotten so bad that in some instances members have a personal financial interest in projects for which they advocate earmarked funds. In conclusion, the Congressman emphasized the positive effects of reducing the tax burden and empowering individuals with more control of their income.
Prior to the luncheon, Corinne Burford and Gaylord Gagnon of APS visit with Rudy Hernandez of SRP.

Arzberger, Bee, and Shadegg, together with ATRA Chairman Gretchen Kitchel, look on as Speaker Weiers offers the first of the legislative panel’s perspectives on the upcoming session.

Guests enjoy the luncheon in the conference room of the Hyatt Regency Phoenix Hotel.

Newly elected ATRA Chairman Dick Foreman recognizes outgoing Chairman Gretchen Kitchel for her years of dedicated service to the organization.

Prior to Congressman Shadegg’s address regarding national issues, President Bee concludes the panel’s analysis of the budget deficit and the upcoming legislative session.

ATRA members Chris Smith, Michael Stull, Susan Anable, and Jamie Boyett stand for a photo with Congressman Shadegg—recipient of ATRA’s 2007 Watchdog Award.
DICK FOREMAN ELECTED
ATRA CHAIRMAN

Dick Foreman, the Director of Corporate Public Affairs for Southwest Gas Corporation, was elected as the Chairman of Arizona Tax Research Association’s Board of Directors at the 67th Annual Meeting. Mr. Foreman’s election was accompanied by the election of Larry Lucero, Tucson Electric Power, first vice-chair; Samantha Omej, Honeywell, second vice-chair; and Barb Dickerson, Deloitte Tax LLP, third vice-chair.

The following members were elected to seats on the ATRA Board of Directors for terms expiring in 2012: Ray Aka, Freescale Semiconductor; Michael Green, Fennemore Craig; Kevin Kinsall, Freeport McMoRan Copper & Gold; Dave Minard, Individual; Marty Shultz, Arizona Public Service; Mark Bare, Motorola; Jeff Dodson, Boeing; Dave Howell, Wells Fargo Bank; Sammy Khnanisho, Tax Recovery Consultants; and Glenn Bridges, Southern California Edison.

In accepting his nomination as the new ATRA Chairman, Dick Foreman said “I’m honored to serve as the chair of Arizona’s leading tax policy organization. 2008 will present many challenges for Arizona taxpayers, and, as always, ATRA will provide the leadership to meet those challenges.”