

YELLOW SHEET REPORT

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Tuesday, May 18, 2021

NEWS NOTES AND GOSSIP

AMAZING WHAT A CUT IN PER DIEM CAN DO

The Governor's Office and legislative leaders agreed to offer nearly \$3 billion in tax cuts over three years as part of a roughly \$13 billion annual spending agreement. The tax plan's biggest component – nearly \$2.6 billion over three years – cuts the individual income tax rates down to 2.5 percent by 2023. The budget plan also seeks to negate the effects of Prop 208 by instituting a top marginal tax rate of 4.5 percent. Income tax cuts would start to take effect in Tax Year 22, cutting an estimated \$1 billion in state revenue in FY23 and \$1.5 billion in FY24. The plan calls for reducing tax brackets from four to two brackets – at 2.55 percent and 2.98 percent – in Tax Year 2022 and then settling at a flat 2.5 percent rate in 2023. Some taxpayers may end up paying more than 2.5 percent, but not more than 4.5 percent, of their taxable income because of the 3.5 percent surcharge created by Prop 208. The state expects to spend an additional \$35.7 million to \$48.3 million in each of the next three years by making veteran pensions exempt from income taxes. And property owners would receive additional tax breaks, as the state plans to reduce commercial property assessment ratios from 18 percent to 17 percent over two years and increase a rebate for homeowners from 47.2 percent to 50 percent. A copy of the budget spreadsheet is available in our “documents” section ([LINK](#)).



GO TWIST THOSE ARMS, LOBBYISTS, WE ALL NEED A VACATION



The plan doesn't yet have the votes to pass in either chamber, sources told our reporter, but with a little arm-twisting and horse-trading, some lawmakers were hopeful they could adjourn by Memorial Day. The areas of contention will likely include funding for higher education, and individual priorities, such as funding for I-10 widening. The proposed budget only allocates \$35 million in ongoing operating funding and another \$30 million in one-time operating funding for the universities. That's nowhere near the \$160 million that Boyer demanded in exchange for his

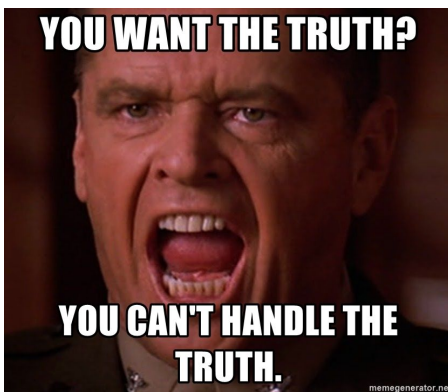
support of the budget. Mesnard is also skeptical of several changes to the tax code, notably adding new tax credits for affordable housing and dependents, which to him will make the tax code more complicated. Cook wants to know more about whether the state is using its available funds to meet state needs, notably repairing or demolishing decrepit state buildings. He pointed to the school for the deaf and blind in Tucson, which he said needs \$600,000 to fix a broken fence and the school's kitchen. Cook said he expects he will vote for the budget in the end. Shope, meanwhile, won't support the budget unless it includes funding to widen I-10. He noted that Ducey previously paid to redo the Gila River bridge with federal funds, but that the entire highway still needs widening for about 25 miles of road south of the Valley. Dunn was all-in on the package, calling it “a historic chance to move our state forward,” while Grantham said he appreciated the tax cut and the balanced bottom line, though he still had some questions about the specifics. His best guess is lawmakers could vote on it and adjourn by the “end of next week,” he told our reporter. Shope said he couldn't tell if this was the real proposal or a chance for a false start, but it's progress. “There was some heartburn about spending from some nonspenders, but I've definitely seen worse,” he said.

ANY FINANCIAL PRO WILL TELL YOU – PAY YOURSELF FIRST

The budget plan includes a one-time, \$5 million increase for each the House and Senate, a proposal that could be tied to the Legislature’s attempts to beef up security around the building following the Jan 6 attacks on the US Capitol and threats to the Arizona Capitol. Budget documents show each chamber is seeking an additional infusion of \$5 million this year, along with \$1 million for Legislative Council IT improvements. One railbird noted that Bowers had been shopping a security plan earlier this year that would include additional permanent barriers around the Capitol complex “that don’t make it look like a prison,” parking lot security, and an elevated pathway from both the House and Senate to the Old Capitol building. ADOA Director and former Speaker Andy Tobin previously told our reporter that some sort of upgraded security plan was in the works ([YS, 1/11](#)) after Jan 6 sparked additional security measures ([YS, 1/7](#)). House GOP spokesman Andrew Wilder today confirmed that upgrading security “continues to be a discussion” but wouldn’t confirm or deny that’s why the House and Senate are requesting an additional \$10 million combined. The House and Senate have voted to balloon their own budgets in recent years, including a \$4 million increase for the Senate in 2019 which the Senate refused to explain ([YS, 5/8/19](#)). Two different sources today cited Daniel McCarthy and “QAnon shaman” Jake Angeli’s “dry-run at insurrection,” when the duo stood in the House lobby screaming for “Rusty Cowers” to come down and face them ([YS, 12/3/20](#)), as part of the impetus for the new measures. “We have two ways out of the building front and back,” one source said. “Jake Angeli and Demand Daniel showed how vulnerable we were when they followed a pizza delivery through the front door.” Unlike most government agencies, the House and Senate receive non-lapsing appropriations, meaning they’re already squirrelling away stockpiles of money ([LINK](#)).



SOME REAL HARDBALL QUESTIONS FROM THE SENATE



Fann and Petersen praised their auditors and repeated their questions to the county today in what was billed as a streamed meeting with the board of supervisors, but turned out to be a glitchy meeting between senators and auditors. The main takeaway from that meeting was that auditors have found the files that they accused the county of illegally deleting. The claim, which had been pinned to the audit’s Twitter account, was unpinned today, though the audit didn’t delete the tweet. That accusation led to former President Trump declaring that there was “probably fraud” and claiming that Brnovich would be looking into it ([YS, 5/13](#)). Fann noted that auditors are way behind schedule, asking what the plan is now. Cyber Ninjas CEO Doug Logan pledged the recount,

which was originally slated to be completed by last week, would now be completed by the end of June. But senators and their subcontractors mostly spent their time bemoaning the fact that the county isn’t turning over all the hardware Senators have requested – the county maintains it has – as they made the case that auditors are competent enough to handle the information. On some of the other issues – such as is it OK for the county to put ballots inside bags inside boxes – Cyber Ninjas acknowledged the county did in fact answer its questions. “I don’t think there’s anything wrong with the way Maricopa County is doing it, but getting an explanation is helpful to the auditors,” Bennett said.

FANN IS SAD THE FRIENDS SHE TRIED TO ARREST ARE UPSET

Even though the audit isn't complete and hasn't found anything of note, Petersen said the audit shows the Legislature should change election laws, and Fann offered that other state legislative leaders are already calling to ask her advice on how to conduct their own audit. "95 percent of this stuff so far has been a matter of communication... 5 percent of it though I think is stuff where, you know what, I believe the legislature needs to implement some laws to make the process more secure," Petersen said, adding that when the "next forensic audit is done, it will be a completely smooth process." Fann said more audits are likely coming, as she has heard from other Senate presidents and speakers. "They've said this is what's going to lay the groundwork of the future of how we audit our elections, and how do we make sure that we're following every best practice," she said. (Of course, auditing elections is not usually a legislative function.) Despite voting to hold supervisors in contempt of a subpoena which could include a jail sentence (Fann this week claimed that she never wanted to jail them and doesn't even have the authority), Fann said it's nothing personal. She said she was hurt that supervisors, some of whom have been among her longtime friends, took personal shots at her and the Senate yesterday. "I'm hopeful that from here on out they'll want to be a part of this," she said. The county wasn't buying Fann's claim that this wasn't personal. "The Senate President says the dispute over elections isn't personal. The subpoena, the attempt to hold the Board in contempt w/ possible jail time, and the @ArizonaAudit lie that the county deleted files all suggest otherwise," it tweeted.



FORGET THE FUNDING, WE WANNA KNOW ABOUT THE SWORD

The county, meanwhile, used its Twitter feed to troll the auditors and dispute auditors' points in real time. Before the audit hearing got started, the county outlined a handful of questions it would like to ask Senators and auditors ([LINK](#)). "Is the Senate in charge of this audit or not? If not, why not? They authorized it and taxpayers are paying \$150K. If so, why are private donations being funneled straight to Cyber Ninjas? How much money is coming from outside sources? How does the Senate justify bypassing ARS Sec. 35-149 which requires them to publicly account for funding sources for government-sponsored projects?" the county's Twitter account posted. It also asked the question we've all been wondering: "Do the cyber ninjas have swords?"

CDC: ONLY DEMOCRATS AND REPORTERS ARE CONTAGIOUS NOW

Fann and Petersen refused to let reporters in the meeting and wouldn't answer questions after, saying through a spokesman that the building was still closed. Senate Democratic leaders were also kicked out of the hearing. Quezada told our reporter Dems were informed that it was a closed meeting, it wasn't safe for them to be there because of Covid and there was a livestream available for them to watch. Quezada said he took it as a sign Fann has no confidence in her auditors. "If I were in her shoes, I can't imagine I'd ever lock elected members of the Senate out of this process unless I had absolutely zero confidence in the legitimacy of the process I had started, the people I hired to administer it, or my ability to respond to whatever legitimate questions were asked of me in that hearing. It seems pretty pathetic to me," Quezada texted. The livestream, however, was extremely glitchy – the entire azleg.gov website went down shortly after 1 pm, and legislative broadcasters set up a new site with the stream and started replying to every tweet they could find with a new link. In contrast, Maricopa County invited local media to watch their livestreamed meeting from a county building yesterday, then all county elected officials held a press conference and took questions.

SUPREME COURT IS THE BEST STEPPING STONE

Ducey is one step closer to appointing an unprecedented sixth Supreme Court justice now that the Commission on Appellate Court Appointments forwarded him seven candidates to interview. Ducey will interview four Republicans, one Libertarian and two independent candidates and make his appointment within the next 60 days. He will get to choose from a pool that includes several appellate and trial court judges, his former deputy counsel and an attorney at the Pima County Public Defender's Office. Those who made the cut are: Court of Appeals judges Cynthia Bailey, Jennifer Perkins (both Republican) and David Weinzwieg (an independent); Maricopa County Superior Court judges Adele Ponce (a Republican); and Patricia Starr (an independent); Pima County public defender David Euchner (a Libertarian) and Ducey's former deputy counsel Kathryn King (a Republican). Sources have speculated Ducey will appoint a woman to the court to replace Andrew Gould, who retired in April so he could run for AG ([YS, 4/14](#)). Those same sources believe either King or Bailey, who Ducey appointed to the appellate court last year, are the most likely choices. Ducey is the only governor to consistently receive more than three or four names when only three are required (with no more than two coming from the same party). ASU law professor Paul Bender previously told our reporter that when CACA sends so many names, it's a poor reflection of the body whose sole job is to send the most qualified candidates to the governor and the more names they send, the better chance Ducey has to appoint who he wants all along. Bender said Ducey did that when he appointed Bill Montgomery in 2019, a vacancy for which CACA also sent seven finalists. Former gov's Janet Napolitano and Jan Brewer never received more than four candidates.

•WAKE UP CALL•

Booze to go gets House approval

Arizona Capitol Times

Restaurants will be able to sell mixed drinks to-go under a law the Arizona House passed overwhelmingly Monday.

Regent to seek governor's office

Capitol Media Services

A member of the Arizona Board of Regents wants to try her hand at politics.

Yee to push Trump platform in run for governor

Capitol Media Services

State Treasurer Kimberly Yee is hoping to ride the same political path as the current governor.

County: Senate making 'mockery' of audit

Capitol Media Services

Maricopa County supervisors on Monday accused Senate President Karen Fann, of allowing a "mockery" to be made of the election process with her audit.

Arizona's aquifers remain at risk from 'unsustainable' pumping

Arizona Daily Star

The state's groundwater supplies are threatened by overpumping that's legal in localized areas, Arizona State University study finds.

Arizona sheriff's immigration patrols to cost public \$200M

Associated Press

The costs to taxpayers from a racial profiling lawsuit stemming from former Sheriff Joe Arpaio's immigration patrols in metro Phoenix a decade ago are expected to reach \$202 million by summer 2022.

Anti-LGBT legislation gaining traction in the US, again*The Hill (Opinion, Manos Antoninis)*

2021 is set to become “the worst year” for state legislative attacks against LGBTQ people in history.

Did QAnon sneak in (or get invited) to Arizona’s sham election audit?*Arizona Republic (Opinion, EJ Montini)*

A report by Media Matters says even more partisan political pranksters have hopped out of the clown car rolling around the fairgrounds with our ballots in the trunk.

Grow a spine, Gov. Doug Ducey, and pick a side in the election audit*Arizona Republic (Opinion, EJ Montini)*

The Maricopa County supervisors debunked the sham election audit. Will the governor stand with them?

Maricopa County just made Karen Fann and her Senate ninja auditors look like fools*Arizona Republic (Opinion, Laurie Roberts)*

The Maricopa County Board of Supervisors proves that not all Republicans have lost their ever-living minds. They called for an end to the Senate audit that has made Arizona a ‘laughingstock.’

·PRESS RELEASES·

Superintendent Hoffman Statement on Proposed Budget

PHOENIX – “One of the greatest indicators of student academic success is the income level of their families. The regressive flat tax cut scheme being concocted by the majority party in the state legislature will shift a greater share of the tax burden to middle and working-class families and jeopardize their children’s future, all to benefit those at the top.

Let’s be as clear as we can: shredding the social safety net families rely on and defunding the public schools their students attend simultaneously, all to score political points with the top earners, is both out of touch and downright cruel.

You cannot claim to be concerned about the achievement gap among low-income students—especially low-income Black and Brown students — and then fight for a policy that would hurt middle and working-class families, widen that gap, and further strain the ability of schools to meet the needs of the students they serve.

The pandemic has emphasized the vital role our public schools play in our communities. Whether it’s support services, extracurriculars, or access to technology, students and their families have reiterated these vital programs—usually, the first to be cut in a budget crisis—are what students need to thrive. I cannot imagine going through this past year and thinking our public schools deserve less funding. Arizona ranks at the bottom of the nation in per-pupil spending – we need sustained investments in our education system, not tax cuts for the wealthiest Arizonans. Defunding public schools after a pandemic and an election where a majority of voters voted to increase taxes for the top earners to pay for public education is so breathtakingly out of touch; I can hardly believe the audacity of those proposing it.

We need a bipartisan budget that invests in our state’s children and families. Arizonans deserve to have their voices respected, not ignored. And every student deserves a high-quality, properly funded education. A flat tax will ensure we get none of that.”

Governors Ducey, Pavlovich Sign Water, Air Quality Agreement

Final Meeting For Leaders Of Arizona And Sonora

PHOENIX — Governor Doug Ducey and Sonora Governor Claudia Pavlovich capped their close, six-year professional relationship today by signing an agreement to secure the neighboring states’ water future and expand collaboration to monitor air quality.

Meeting for the last time before Governor Pavlovich leaves office in September, the Governors also participated in a “fireside chat” where they discussed economic growth, public safety and the importance of maintaining strong binational ties between Arizona and Sonora.

“It has been my honor to work with Governor Pavlovich over the past six years, and I’m glad to call her a friend and a partner,” Governor Ducey said. “Thanks to her leadership, Arizona and Sonora have shown what can be achieved when you chart a course and lead with vision.”

The agreement signed by the Governors is the result of extensive negotiations between representatives of Arizona and Sonora serving on the Arizona-Mexico Commission (AMC), a cross-border non-profit organization aimed at strengthening the relationship between the neighboring states. Known as a Memorandum of Understanding, the agreement includes studying opportunities for desalination, the process to remove salt and other minerals from water so it can be made drinkable.

The professional partnership forged between Governors Ducey and Pavlovich stretches back to their first meeting in July 2015, and has remained solid through multiple changes in leadership at the national level in both Washington and Mexico City.

“It’s well known that opportunities are open and growing in the Arizona-Sonora region, and it’s thanks to the strong cross-border relationship and our common goal of economic prosperity,” said Governor Ducey. “It’s our duty to lay groundwork for the generations of people that will live here after us. I’m proud to sign a Memorandum of Understanding with Governor Pavlovich today to do just that by protecting our water and air quality future.”

Governor Pavlovich, the first woman to serve as the leader of Sonora, echoed those sentiments.

“The strong relationship between Arizona and Sonora has created jobs, enhanced trade and improved public safety,” said Governor Pavlovich. “I am grateful to Governor Ducey for prioritizing this partnership, and for focusing on key issues that benefit both Arizona and Sonora.”

During today’s meeting, the Governors also met with members of the AMC and its 16 binational committees to discuss innovative measures to tackle issues facing the region and upcoming projects.

NOMINEES FOR ARIZONA SUPREME COURT ANNOUNCED

The Commission on Appellate Court Appointments has recommended seven nominees to Governor Doug Ducey for an opening on the Arizona Supreme Court.

The nominees for the opening created by the retirement of Justice Andrew W. Gould are:

- **Cynthia J. Bailey**, an Arizona Court of Appeals Judge – Division I.
- **David J. Euchner**, of the Pima County Public Defender’s Office.
- **Kathryn H. King**, of BurnsBarton, PLC.
- **Jennifer M. Perkins**, an Arizona Court of Appeals Judge – Division I.
- **Adele G. Ponce**, a Superior Court Judge in Maricopa County.
- **Patricia A. Starr**, a Superior Court Judge in Maricopa County.
- **David D. Weinzwieg**, an Arizona Court of Appeals Judge – Division I

Governor Ducey will appoint the new justice.

Democrat Governors Association: Yee Staunch Ally of Donald Trump

Phoenix, AZ – Today, Kimberly Yee’s campaign responded to the Democrat Governors Association attack on Kimberly Yee as a “staunch ally...of Donald Trump” who “defended Trump.”

“Kimberly is proud to have spoken in support of President Trump’s nomination at the Republican National Convention in 2016, when many Arizona Republicans refused to attend, and she campaigned hard as a National Co-Chair of Asian Pacific Americans for Trump for the Donald Trump’s re-election,” said Eric Hollander, Yee’s campaign manager. “At a time when Arizonans are endangered by the Biden administration’s rejection of President Trump’s common sense border security policies and our economy is threatened by their harmful regulations, increased taxes, and inflation, the DGA’s belief that being President Trump’s ally is an attack shows just how out of touch they are with Arizonans lives.”

PRESS CALL: Arizona Secretary of State Katie Hobbs, Arizona Election Observers Join States United Democracy Center to Share Latest on Arizona “Audit”

JOIN: Video press briefing Wednesday, May 19th at 1:00pm ET/ 10:00am PT, RSVP Required

What: To provide updates on the latest dynamics on the ground in the so-called “audit” of the Maricopa County 2020 Presidential Election results, States United Democracy Center is convening a press briefing with States United CEO

Joanna Lydgate, Arizona Secretary of State Katie Hobbs, and election experts who were granted access to observe the “audit.” They will discuss observations from last week’s packing-up of the ballots and this week’s pause in the “audit,” and answer questions from reporters on the line.

When: Wednesday, May 19, 2021 | 1:00pm ET/10:00am PT

RSVP: If you are interested in joining the call, please RSVP to claire.connolly@berlinrosen.com.

Who:

- **Katie Hobbs**, Arizona Secretary of State
- **Ryan Macias**, former acting director of certification and testing for U.S. election assistance commission, Arizona Election Observer
- **Jennifer Morrell**, former local election official and recognized expert in election audits, partner at The Elections Group, Arizona Election Observer
- **Elizabeth Howard**, an attorney with the Brennan Center for Justice at NYU Law, Arizona Election Observer
- **Joanna Lydgate**, CEO of States United Democracy Center

Tucson City Court Expands Public Access by Live-Streaming Initial Appearances on YouTube

On May 3, Tucson City Court began streaming first criminal appearance proceedings live on YouTube. First appearances are held every day of the year at 9 a.m. and 8 p.m. All in-custody defendants are required by Arizona law to be seen by a judicial officer within 24 hours of arrest. During an initial appearance hearing, the accused is advised of the charges, their right to an attorney, their release conditions, and their next hearing date. The court has no plans to record the video streams. Digital audio recordings are available by contacting City Court. For many years, [Tucson City Court](#) has effectively collaborated with Pima County Superior Court, Pima County Consolidated Justice Court, other justice and municipal courts in Pima County, and local justice agencies to connect remotely with the jail and conduct first appearance hearings twice each day. This program is known as “2XIA” (*Twice-A-Day Initial Appearances*).

In 2020, it became evident that the court’s limited video capability was insufficient to meet the remote hearing demands presented by the pandemic. In response, City Court initiated a major upgrade of its remote hearing capability.

Remote hearing platforms such as Teams and Zoom enhance service by expanding the number of court participants who can appear and observe proceedings remotely. Pre-Covid, first appearances were the only hearings City Court heard by remote video technology. Now, the court relies upon Teams and Zoom to conduct more than a third of all hearings remotely.

Tucson City Court Presiding Judge Antonio Riojas, Jr. noted, “in light of the pandemic lessons, the use of remote hearings will continue, and they make the court more accessible to the public.”

City Court magistrates have conducted first appearances by video for all Pima County cases for many years. However, the existing video technology only allowed a video connection between two locations; both of these locations were at the jail. The public still had to go to the jail to observe the proceedings.

Judge Riojas stated, “the new remote hearing platforms are simpler, have more robust features, and are more stable than the technology they replace.”

To connect to a live first appearance proceeding, go to [tcc crt15 – YouTube](#).

Emerging American Majorities Releases 2020 State Legislative Demographic Report

WASHINGTON — The state legislatures that convened at the beginning of 2021 are the most diverse in history, according to statistics compiled in the newly updated [Emerging American Majorities State Legislative Demographic Report](#). While there’s still a way to go before achieving fully representative legislatures, we’ve made great strides over the last few election cycles and there are more women, people of color, and members of the LGBTQ community serving in statehouses than ever before. When our elected representatives reflect the communities they serve, the result is better policy and engagement with the political system — all of which are essential components of a strong, functioning democracy.

[Read the full report here.](#)

“For far too long, our state legislatures have not reflected the diversity of their constituents,” said Emerging American Majorities President Jessica Post. “But we’re making progress and will continue working to make sure every

American can see themselves in their elected officials. That's the only way to build an effective and responsive democracy.”

Achieving full parity in state legislatures will require efforts from both parties. The analysis shows that currently Democratic caucuses are approaching gender balance and are far more racially diverse while the GOP remains overwhelmingly white and male, even in highly diverse states. Similar patterns are found in an analysis of legislators in leadership positions.

The full report details the breakdown of 2020 legislative candidates and winners by state and expands on the national representation of women, people of color, and the LGBTQ community.

Emerging American Majorities is a 501(c)4 group affiliated with the Democratic Legislative Campaign Committee.

“QUOTE OF THE DAY”

“Do the cyber ninjas have swords?”

- *Maricopa County’s official Twitter account, in a string of otherwise serious questions for senators*