



## **Arizona Business Community's "Fairness in Fee Principles" (FFP)**

*The Greater Phoenix Chamber of Commerce supports HB 2136*

During these difficult economic times, many state agencies have suffered from dramatic budget cuts over the last 2-3 years. In an effort to address the loss of revenues and appropriated dollars, many agencies are seeking the authority to implement or raise fees from the business community. Arizona's businesses require the acquisition of necessary permits/approvals according to regulations provided under state statute. If the principles of Accountability, Transparency, Fairness/Certainty, and Flexibility are contained in fee proposals, the business community may support new fee authority and new "fee for service" authority. These principles are outlined below:

### **1. Accountability**

All new fee authority must contain "held in trust" language to protect fees and funds from use for anything other than the mission for which they were established. During difficult financial times, these fees and funds have been viewed as "excess" and their balances have been swept or utilized for other purposes. Establishing new burdens on Arizona's businesses must contain this accountability measure.

### **2. Transparency**

Any new fee proposal must go through the complete administrative rule process to provide for open hearings, comments, and a review by the public and regulated community. No emergency rule process should be utilized to "ram" through an agency's proposal for increasing fees.

### **3. Fairness/Certainty**

All fee schedules must contain boundaries. Arizona's businesses need to have some sort of certainty as it relates to the charges and costs of doing business or obtaining necessary permits. All fee proposals must outline a range of fees for the various categories. For instance: Permit X - \$100 to \$500; Permit Y - \$500 to \$1,000. In addition, the calculation for fee costs must include only direct costs related to the service or permit.

### **4. Flexibility**

All state agency personnel funded out of "fee for service" funds should be exempt from the State Personnel System. This is to ensure downsizing when workload is reduced due to unpredictable economic times. Specific authority should be given to agencies to contract

out for any “fee for service” to ensure proper service and response to the regulated community.

Also, the members of the Greater Phoenix Chamber of Commerce are advocating for the extended life of the Fee Commission. Passed and signed into law in 2010, the Fee Commission (HB2586) was created to 1. Review the existing state agencies’ fee authority; 2. Review the state agency fiscal needs and appropriate fee levels; 3. Study the equality of the impact of state agency fees on business and industry; and 4. Propose recommendations on an appropriate legal procedure to raise or lower existing agency fees. The Commission, which is set to expire September 30, 2011, was required to meet and submit a report of its findings by December 31, 2010. Unfortunately, the Fee Commission never met to fulfill its duties.

This legislative session, the Chamber is supporting HB2136, a bill that would extend the life of the current Fee Commission by 10 years, with a sunset date of September 30, 2021). This bill would also allow the Commission to evaluate the current fee structure for various state agencies, determine if the fee revenue model is sustainable, and review the impacts of fund sweeps on agencies and the regulated community.

Please join the Chamber and its members in support of HB2136 by contacting your lawmakers. The bill, sponsored by Rep. Amanda Reeve, is scheduled for a House of Representatives vote the week of March 7, 2011.