

## 2022 Public Policy Agenda

**Guiding Principles: Support policies that drive demand for commercial real estate in Greater Phoenix and throughout Arizona. Promote legislation that positions our state to be the preferred choice for corporate locations and expansions. Support organic business growth through public policies that encourage entrepreneurship and new business formation.**

### **PRIORITY ISSUES:**

- **REDUCE AND OPPOSE TAXES, FEES AND REGULATIONS THAT INCREASE COSTS FOR THE COMMERCIAL REAL ESTATE INDUSTRY**
  - Oppose efforts to overturn income tax reductions signed into law in 2021.
  - Support the elimination of the municipal spec builder tax or continued action to reform the application of the tax.
  - Oppose excessive increases to municipal impact fees.
  - Oppose a regressive utility usage fee for electricity.
  - Support maintaining existing tax credits and exemptions that are necessary to keep costs in check.
  - Oppose the application of state sales tax on commercial leases.
  - Oppose the imposition of environmental audit or utility/energy consumption reporting for commercial buildings.
  
- **SUPPORT FURTHER PROPERTY TAX REFORMS TO MAKE ARIZONA MORE ECONOMICALLY COMPETITIVE**
  - Maintain the assessment ratio reduction for commercial property passed into law in 2021 and support further movement towards equity with residential property taxpayers.
  - Oppose any new statewide property tax or an increase in the State Qualifying Tax Rate (QTR) especially if it does not include a reduction in the assessment ratio or secondary taxes for bonding.
  - Support the elimination of the state equalization property tax.
  - Oppose measures to shift valuation increases or to apply a lower assessment ratio to selected commercial taxpayers which further shifts property taxes to the entire commercial real estate community.
  - Support measures to bolster “Truth in Taxation” to put public pressure on all local taxing units to keep their levies in line by disclosing the specific burden of each entity upon all taxpayers.

- RETAIN AND SUPPORT EXISTING ECONOMIC DEVELOPMENT TOOLS
  - Provide legal certainty to developers and investors in light of the *Schires v Carlat* court ruling which limited incentives available for projects that aid in municipal economic development.
  - Support the creation of viable economic development tools without the loss of existing tools.
  - Protect authority for and ensure the appropriate use of the Government Property Lease Excise Tax (GPLET) as an important tool for high-value urban development.
- RESTORE INTEGRITY TO THE BALLOT INITIATIVE PROCESS
  - Support reforms that prevent Arizona from being used as a testing ground for policy proposals by out-of-state special interests.
  - Support raising the threshold required for passage, modifying requirements for petition signatures needed to qualify for the ballot, adding a sunset provision, and increasing the ability for the state legislature to address unintended consequences of ballot initiatives.

## **FEDERAL POLICY**

- SUPPORT RESPONSIBLE BUDGETING AND TAX POLICY AT THE FEDERAL LEVEL
  - Oppose increases to the corporate income tax, top individual income tax rate (which is paid by most small businesses), and capital gains tax rate.
  - Oppose elimination of or further restrictions on 1031 like-kind exchanges.
  - Oppose taxing carried interest at the ordinary income rate rather than as capital gains/equity.
  - Maintain stepped-up basis for inherited assets.
  - Maintain deductions for qualified income of pass-through entities.
  - Oppose the creation of new entitlement programs that will result in unsustainable levels of debt for the United States or lead to tax increases that will slow the economy.

## **ADDITIONAL STATE & CITY LEVEL ISSUES**

- OPPOSE PROPOSALS THAT INFRINGE ON EMPLOYERS' RIGHTS TO DIRECTLY NEGOTIATE WAGES AND CONTRACT TERMS WITH EMPLOYEES, CONTRACTORS AND BUSINESS PARTNERS
  - Support state legislation to strengthen prohibitions on city level prevailing wage ordinances and project labor agreements.
  - Oppose higher minimum wage requirements for specific industries.
  - Oppose legislation that unduly interferes with the right to contract in commercial construction

- STREAMLINE THE CONSTRUCTION SALES TAX SYSTEM
  - Support change in the prime contracting law from taxation at the point of construction to the point of sale.
  - Support efforts to reform the definition of Maintenance, Repair, Replacement or Alteration (MRRRA) without increasing the cost or complexity of construction.
  
- MONITOR PROPOSALS THAT IMPACT USAGE OF UNIVERSITY PROPERTY AND ASSETS IN REAL ESTATE DEVELOPMENT PROJECTS
  - Support developments that benefit the greater community
  
- SUPPORT THE MODERNIZATION OF TRANSPORTATION INFRASTRUCTURE
  - Support a fiscally responsible and modern method for funding highway and other transportation infrastructure to facilitate the movement of goods and people.
  
- ADVANCE EDUCATIONAL OUTCOMES AND WORKFORCE PREPAREDNESS
  - Support providing K-12, post-secondary and Career and Technical Education (CTE) systems with the resources they need to improve academic outcomes without damaging Arizona’s competitive tax and economic environment.
  - Support measures that address labor shortages in construction and the skilled trades by supporting CTE and apprentice programs and efforts to inform students and young adults about careers in construction and commercial real estate.
  
- RETAIN ARIZONA’S COMPETITIVE EDGE AS AN AFFORDABLE HOUSING MARKET
  - Support policies that encourage and facilitate the development of a range of affordable housing units, which helps attract businesses that prioritize affordable housing for their workforce.
  - Encourage the private sector and local governments to work together to eliminate barriers to affordable housing development, such as rezoning of under-utilized office, retail and hospitality assets to multi-housing.
  - Oppose policies that add unnecessary costs to the development of multi-housing or other residential housing projects, thus driving up per unit costs for renters and buyers.
  - Oppose mandates and overly restrictive approaches that have failed in other markets.
  - Support efforts to address the growing problem of homelessness in our communities.