

THE ARIZONA REPUBLIC

At last, a brake on giveaways

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In the face of stiff municipal opposition, Arizona lawmakers finally took a gutsy stand against city sales tax incentives.

The legislation, passed in the final hours of the session, would impose penalties where it hurts cities the most - in their pocketbooks - if they trade public money for retail projects. Under the bill, there would be a mandatory dollar-for-dollar loss of state-shared revenues for metropolitan-area cities that offer developers sales tax rebates for malls, auto dealerships and retail centers.

The concept is not new, but past attempts to pass similar laws have fizzled.

Now, it's up to Gov. Janet Napolitano to put this form of corporate welfare to rest by signing House Bill 2515 into law.

With her signature, Napolitano can bring to an end years of destructive competition among communities that use sales taxes to outbid each other. She can ensure that municipal leaders rein in their wasteful practices and remind them that public money should not so carelessly be tossed to deep-pocketed developers.

It's been crystal clear that city leaders don't have the resolve to do it on their own.

Phoenix Mayor Phil Gordon and Tempe Mayor Hugh Hallman recognized this, and at least had the sense to sit on the sidelines and not fight the bill.

But even as the opposition from auto dealers and developers died down, Goodyear, Surprise, Yuma, Avondale, Apache Junction and Glendale continued to resist.

Sen. Ken Chevront, D-Phoenix, said that in the end, city leaders like Glendale Mayor Elaine Scruggs were among the staunchest opponents of the bill. She was unavailable for comment.

But the lawmakers' tenacity paid off, and for that they deserve a standing ovation.

Unfortunately, their success came too late to save the hundreds of millions of dollars squandered over the past few years. It's been nothing short of obscene:

Glendale gave up \$10.5 million to Lund Cadillac and \$10 million to Cabela's to coax

them into the city. Gilbert agreed about three years ago to pay \$60 million in sales-tax rebates to reel in Arizona's largest auto mall.

Scottsdale's largest tax rebate was for \$28.7 million to help land Nordstrom at Scottsdale Fashion Square in 1996. Mesa voters approved an \$84 million deal in 2005 for the Riverview project, a shopping and mixed-use area at Dobson Road and Loop 202.

Surprise plans to give about \$10 million to a couple of auto dealerships. Goodyear is set to reimburse \$78 million to Westcor for Estrella Falls, a regional mall.

But the real tipping point - as if the previous giveaways weren't outrageous enough - came when Phoenix agreed to a \$100 million deal for CityNorth, a luxury development in the wealthiest part of the city; and Surprise committed \$240 million for Prasada, another Westcor mall.

The legislation, we hope, will go a long way toward ending this expensive competitive spiral. These giveaways are not in the public interest, and it's up to the governor to do the right thing and sign the bill into law.

- **Wednesday**