

Bipartisan bill to spur local infrastructure development heads to Gov. Hobbs

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A bill to spur the development of public infrastructure is headed to Gov. Katie Hobbs' desk after it passed the Arizona state House on Tuesday with a bipartisan 38-20 vote.

HB 2809, sponsored by state Rep. Michael Carbone, R-Buckeye, updates a law originally adopted in 2012 that directs construction sales tax dollars generated by major manufacturing construction projects into the project city's surface roads, water, and wastewater infrastructure to enable the city to utilize the private business investment effectively.

The bill originally passed the House in March without opposition and received subsequent unanimous support from the Senate Commerce and Appropriations Committees before receiving a vote of the full Senate on Monday, which passed it with bipartisan support 21-9.

The Senate amended the bill to increase the current program cap by $100 million to ensure cities' ability to continue to build public infrastructure with construction sales tax revenues generated by manufacturing projects, requiring the House to take another vote on the amended version Tuesday.

The original 2012 law capped the amount that could be recaptured by cities across the state at $50 million total. The Legislature in 2022 raised the cap to $100 million, but economic developers say that limit will soon be reached, which could chill the state's ability to honor current agreements and attract more large manufacturers and the high-paying jobs they create as local governments would struggle to develop the infrastructure necessary to support such large investments.

The bill was backed by a coalition of municipalities and business groups led by the Arizona Chamber of Commerce & Industry.

“We applaud the House and Senate for their bipartisan votes to continue a proven, self-funded economic development tool to improve local infrastructure and to ensure the state remains attractive to major manufacturers looking to invest here,” Chamber Vice President of Government Relations Courtney Coolidge said. “We are hopeful that Gov. Hobbs will sign it into law.”

The bill was opposed vigorously by Senate Minority Leader Mitzi Epstein, D-Phoenix, but her arguments, outlined in a barrage of social media posts made during the weekend preceding the vote, failed to persuade her Democratic colleagues to support her position, with seven of the 14Senate Democrats voting in favor of the bill.

The cities of Phoenix and Chandler, which fall in Epstein’s district strongly supported the bill, as did those communities’ chambers of commerce and the East Valley Chambers of Commerce Alliance. Intel, the largest employer in Epstein’s district, also strongly supported the legislation.