

YELLOW SHEET REPORT

·NEWS NOTES AND GOSSIP·

HOSPITALS GET ACTIVE



Health care industry leaders are coalescing behind McComish, Lewis, Crandall, Worsley and Pierce. And it's all tied to the race for Senate president, one Capitol railbird told our reporter. The source said health care industry leaders in August attended a joint fundraiser in Phoenix for the candidates. From the hospitals' perspective, it would be best if Pierce kept his job as Senate president, the source said, adding, "The four others [who] were selected ... would be supportive of the president's re-election as president of the state Senate." In addition, all five are considered to be pragmatic and sympathetic to the hospitals' issues, the source said. There are two big healthcare-related decisions that lawmakers will face next year – whether to expand Medicaid and whether

to establish a state-run insurance exchange. Many don't anticipate that lawmakers would expand Medicaid, but hospitals would view the restoration of the Prop 204 population as a "significant improvement," the source said.

VOTES LINING UP FOR PIERCE

Speaking of the leadership race, Driggs and Reagan yesterday declared their support for Pierce. In doing so, they joined McComish, Crandall and Lewis, who have publicly pledged their votes to the Prescott rancher. A close confidant of Worsley also has said the political newcomer is expected to vote for the Senate president. The latest round of support solidly puts the momentum behind Pierce's bid, although he has already been regarded as the early favorite in a theoretical matchup against Biggs. The person most stung by Pierce's growing support is the potential third candidate: Yarbrough. The Chandler Republican has vied for the presidency before, and he told our reporter he's considering running again. Even before Reagan and Driggs made their decisions public, Yarbrough had acknowledged his difficulty in gaining traction. ([YS, 9/17](#))



HINGES ON THE GENERAL

Even so, the race for president remains competitive. Several Republicans who are known to be supporters of either Pierce or Biggs face tough general election challenges this November, and their losses or victories could swing the momentum to either side. Two Pierce devotees face stiff competition in the general: Lewis,

is running in the Democratic-leaning LD26, and McComish is facing a serious challenge from Democrat Janie Hydrick. In Biggs' corner is Antenori, who is running in a Democratic-leaning district against David Bradley. Antenori downplayed Driggs' and Reagan's endorsements of Pierce, telling our reporter that the leadership race depends on the results of the general election. But bids for leadership also involve a lot of lobbying and horse trading, and there's a lot of time left to court and switch votes, he said. Additionally, many of those who pledged their votes to Pierce were expected to support him, Antenori said. "They all voted for him before. So there's no surprise there," he said.

WAITED BY THE PHONE



Reagan told our reporter yesterday that she decided to support Pierce partly because she got tired of waiting for Biggs to reach out to her. While many assumed that Reagan would back Pierce, Reagan said she always kept an open mind and told everybody who asked that she wasn't committed to Pierce. But Biggs never courted her vote. "He never called me and I was surprised. I gave him plenty of time," Reagan told our reporter. "So today, I thought, you know, I've waited enough for Andy Biggs. He doesn't seem interested in even asking where I'm at, so I thought, well, I like the answers I got from Steve Pierce and so why would I keep sitting on the fence?" Reagan said there are two things that are important to her: One is keeping the Senate staff intact; the other is keeping the

practice of the president allowing bills with a majority of support in the caucus to reach the floor – even if the president does not personally support them. Reagan said her public declaration of support – combined with others who have made endorsements – gives the candidates, particularly Pierce, more of a sense of certainty. "I think the change would be that perhaps other people will feel more comfortable saying whether they support Pierce or whether they support Biggs. Let's put all our cards on the table."

COUNTY GOP RACE TAKES SHAPE

Lisa Gray, the chairwoman of LD21 and wife of R Gray is making a serious bid to become the chairwoman of the Maricopa County Republican Committee. The position will be open next year, since Rob Haney, the current chairman, isn't seeking reelection. Gray will face former LD17 Chairman A.J. LaFaro, who was recruited by Haney to run for the position. LaFaro told our reporter that he'd love to talk about his race for chairman — but not until the Nov. 6 elections are over. Every Republican should be focused on the general election, he said, adding he believes it's the most important election in the country's history. Both LaFaro and Gray are longtime activists. He currently chairs the GOP's Statewide Voter and PEVL Registration Committee and also heads Arizona Citizens Tired of Public Employee Unions and is a member of the Tempe Tea Party. Gray is a state committeeman and president of the Sun City Republican Club. She also was president of the Greater Phoenix Tea Party Patriots. In a statement, Gray and her team said they have put together a plan to build the party's image, increase GOP voter registration and provide training to district chairpersons and officers. And on her website ([LINK](#)), Gray promised to work toward bringing the party together so it can focus on the "90% of the Party ideals we all agree on and end the infighting over the other 10%." "We need to really fix our infrastructure, and when I say 'fix,' I just mean that we need to make it stronger," she told our reporter this afternoon. A lobbyist who knows Gray said her chances look very good. The source said Gray is a good organizer, isn't a lightning rod and is promising to focus on the basics – propping up the party organization and increasing participation. "I don't see her getting bogged down in a lot of those petty politics that the party has been kind of stuck in the mud on," the lobbyist said,

adding, "I almost really think she should have been the one to run for the Legislature instead of her husband, Rick, and I love them both."

PREACHING TO THE PROP 115 CHOIR

Following the Commission on Appellate Court Appointments' selection of three nominees to replace Andrew Hurwitz on the Arizona Supreme Court, Center for Arizona Policy President Cathi Herrod, County Attorney Bill Montgomery and longtime GOP operative Steve Twist wrote a letter to Brewer to complain about the commission's conduct. The Sept. 5 letter was largely a broadside against the commission and the current merit selection system in general. The trio decried the commission's decision to send only the minimum of three nominees to the governor, criticized the questions asked of the applicants and questioned why only nine of the 14 applicants were interviewed. "We write to give voice to the frustrations of many with the recent process of the Commission on Appellate Court Appointments," reads the opening of the letter. They especially took umbrage at Commissioner Tom Taylor's comments at the Aug. 20 meeting that there was no need to send more candidates to Brewer because it was the commission's job to "do the heavy lifting" for the governor. "If we don't do the screening, then somebody on the governor's staff does because I can't imagine the governor is going to spend the time it takes to do what we've done today," Taylor said. "The insult to you and your staff was unconscionable and out of line," Herrod, Montgomery and Twist wrote. Brewer spokesman Matthew Benson said the governor, too, was offended by the comment made by Taylor, whom Brewer appointed to the commission in 2010. "Certainly that comment is an affront to the governor's role in this process, and her role is most important. She has ultimate discretion in making this choice and she takes it very seriously. This is one of the most critical decisions that any governor can make because the appointment to the Arizona Supreme Court is so long lasting," Benson told our reporter. The letter's writers didn't make an outright pitch for Prop 115, which CAP helped craft, but said the current merit selection process is "defective and, at the very least, has failed to make merit the primary consideration." If they were trying to convince Brewer to support the measure, they were preaching to the choir. Benson said Brewer fully agrees that she should have more choices of candidates, and in July wrote a ballot argument in favor of Prop 115, which she referred to as a "common sense reform measure." A copy of the letter can be viewed in the "documents" section.

MORE CASH FLOWING TO ANTI-204

The anti-Prop 204 campaign got some extra help on Wednesday with a \$25,000 check from the National Association of Industrial and Office Properties' Arizona chapter. The latest check brought the anti-sales-tax effort's fundraising total to at least \$575,000. NAIOP Arizona President Tim Lawless predicted that the days of the yes-on-204 campaign's fundraising advantage are gone. "I'm quite confident the 'no' campaign is going to match penny for penny what the 'yes' effort brings in from here on out. Therefore, I think it's going to be a very competitive campaign," Lawless said. He also expects other groups to join the fight, and said if the "no" campaign can raise \$1 million, it will be a tough but winnable campaign. "My own opinion is if they can get about \$1 million, which I'm extremely confident they will, that it will be a dice roll, but that would be sufficient in making this a fair fight. And I'm pretty confident that they're almost there already," he said. The Quality Education and Jobs committee's campaign finance report isn't due until next Thursday, but according to records on the Secretary of State's Office website, the campaign has raised at least \$177,000 and spent at least \$187,000 since the last fundraising period ended on Aug. 16. Prior to the last reporting deadline, Quality Education and Jobs had raised about \$843,000 and spent about \$800,000 getting the initiative on the ballot. In response to Lawless' predictions, Robbie Sherwood, a spokesman for the Prop 204 campaign, told our reporter via email, "The choice for voters is becoming more clear every day. Standing with teachers and parents by voting Yes on 204 or with the legislature and special interest lobbyist who cut more from education in Arizona than any other state."

THE REASON BEHIND THE MONEY

The Americans for Responsible Leadership's \$500,000 contribution to the campaign opposing Prop 204 is so far the single-biggest spending by any group that is involved in a ballot campaign. Yesterday, one of its leaders provided some answers and context about the group's intentions. Robert Graham, the CEO of RG Capital and one of the independent expenditure group's three co-directors, said the 1-cent sales tax initiative upends the premise of a republican government, where lawmakers decide how and where to allocate government revenues. "Today, legislators have control of a small percentage of our entire budget," he told our reporter. "And when you take away the freedoms of those lawmakers to do what's in the best interest of their constituents... You're basically limiting their ability to make a choice." He also reiterated the argument that continuing the 1-cent tax makes Arizona's sales tax among the highest in the nation and puts the state at a competitive disadvantage. Taxes create "migratory behaviors" and people move away from places with higher tax burdens, he said. "Where Arizona has struggled to really diversify its economy, we're giving it one more... obstacle to make our state competitive," Graham said, calling the proposal a "toxic tax." He also said businesses and individuals plan around changes to tax policy. That is, if impending tax changes are unfavorable, they could delay action and wait for a better tax environment. Soon after the Prop 204 opposition camp filed its trigger reports showing the contributions from Graham's group and two other sources, supporters of the 1-cent tax strongly suggested that the "no" campaign is not transparent about who's funding it. "Unlike the anti-education legislators and special-interest lobbyists who oppose Prop. 204, we know where our support comes from," said Ann-Eve Pedersen, the "yes" campaign's chairwoman, referring to the fact that Americans for Responsible Leadership is taking advantage of *Citizens United* to engage in electioneering without having to disclose who its funders are. Graham acknowledged the criticism, but he argued that groups like his provide for some balance by allowing businesses and others who are passionate about an issue to engage in a political debate without having to worry about being targeted for backlash. "It's not because they're being shady... It's because they're trying to maintain stability in their lives," he said, adding people are trying to avoid the "thuggery" and "bullying" they may encounter if they made their political views public.

·PRESS RELEASES AND NEWS CLIPS·

AZ STATE TREASURER DOUG DUCEY: PRESIDENT OBAMA ACKNOWLEDGED HE FAILED

Boston, MA – Arizona State Treasurer and Former CEO & Chairman of Cold Stone Creamery, Inc., Doug Ducey today made the following statement on President Obama's comments about not being able to change Washington:

"Mitt Romney is right that Barack Obama has raised 'the white flag of surrender.' When President Obama tells the country that he can't change Washington from the inside, he's acknowledging that he's failed. But we didn't need his acknowledgement to know that. Just look at Washington. We find abundant evidence that President Obama has not only failed to change Washington, he's made it worse. He's coarsened the tone of political discourse. He's run up trillion-dollar deficits. He's presided over 43 months of unemployment over 8 percent. It's on the basis of this record that he's asking for a second term. And it's on the basis of this record that I am doing everything I can to see that Mitt Romney, not Barack Obama, is America's President over the next four years."

*Company/business names are provided for identification purposes only.

To View This Press Release Online, Click Here: <http://mi.tt/OM4AK9>

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Children's Action Alliance Statement by Dana Wolfe Naimark, President and CEO: Who Really Pays Arizona Taxes?

By now, it's clear that Governor Romney's statements about the 47% of American households who don't pay federal income taxes missed some key points – about Americans and about tax policy. We often hear similar false assumptions about who pays their fair share of state taxes here in Arizona.

The facts show that the Arizona legislature has created numerous methods that profitable corporations and taxpayers of all incomes use to shrink their income taxes. People who don't owe state income taxes include unemployed Arizonans, working families earning low incomes, seniors receiving social security benefits, and families claiming tax credits. Arizona households who do not pay state income taxes are still paying to support schools, roads, and other public assets. They pay state sales taxes when they go to the store. They pay property taxes through their rent or mortgage. If they own a car they pay taxes when they renew their registration and fill the tank with gas.

When all state and local taxes are combined, low-income households have the most "skin in the game" – the lowest income households pay more than two times the richest 1% as a share of their income.

Arizona needs a budget and tax system that fuels our goals for a vibrant economy and strong families. Taxpayers deserve an honest analysis of who pays taxes and the reforms that will make our communities healthier and more secure. Consider:

- For tax year 2009, three out of four corporations that filed income taxes in Arizona paid the minimum tax of \$50. (Arizona Department of Revenue, *Tax Year 2009 Corporate Statistics*, 12/11.)
- In 2010, corporations reduced their Arizona income tax liability by \$72.7 million through the use of tax credits. Another \$265 million in tax savings was carried forward to apply in future years. (Arizona Department of Revenue, *Arizona Income Tax Credits*, June 2012.)
- There are 31 tax credits available to individuals and families on Arizona state income taxes. In 2009, 115,000 taxpayers in Arizona wiped out their personal state income tax bill through tax credits. A family with adjusted gross income of more than \$130,000 can end up paying nothing in state income taxes through the use of five common tax credits. (Arizona Department of Revenue, *Arizona Income Tax Credits*, June 2012; email information from Office of Economic Research and Analysis, 12/9/11; example calculation based on laws for tax year 2011)
- In 2009, 460,000 taxpayers wiped out their state income tax bill through the standard or itemized deductions. They had high medical expenses, large amounts of mortgage interest, or other deductions. (Arizona Department of Revenue, email information from Office of Economic Research and Analysis, 12/9/11)
- Taxpayers don't pay state income taxes on some types of income, including social security retirement benefits, and active duty military pay.
- 8 out of 10 Arizonans pay more in state and local sales taxes than in state income taxes. (Institute on Taxation and Economic Policy, *Who Pays?* November 2009)
- Many families with very low incomes still owe and pay state income taxes. In 2010, a family with two parents and two children owed state income taxes in Arizona if their total income was \$23,600 – just \$1,300 out of poverty. (Center on Budget and Policy Priorities, *The Impact of State Income Taxes on Low-Income Families in 2010*, November 2011)
- The richest 1% of families in Arizona pay \$5.60 in state and local taxes for every \$100 in income. The poorest 20% pay \$12.50. (Institute on Taxation and Economic Policy, *Who Pays?* November 2009)

Chart: [Taxpayers with Lowest Incomes Pay Highest Percentage in State and Local Taxes](#)

For a more complete analysis, see [Skin in the Game: Who really pays Arizona taxes?](#)

LISA GRAY ANNOUNCES HER CANDIDACY FOR MARICOPA COUNTY REPUBLICAN COMMITTEE (MCRC) CHAIRMAN

September 20, 2012 - Lisa Gray, an active and proven leader in the Republican Party, has announced her intention to run for Chairman of the Maricopa County Republican Committee. She is passionate about the Republican Party's principles and values, and is determined to build the Party and strengthen it. Lisa has been recognized for her hard work and effectiveness by the MCRC and AZGOP with awards such as "Outstanding Party Worker," and "Outstanding Precinct Committeeman." In 2010 and 2011, her district was recognized for being an "Outstanding District." In 2011, she was also recognized for her performance as a District Chairman by being presented with an "Outstanding District Chairman" award.

Lisa has served in various leadership positions:

- District Chairman, LD21
- President, Sun City Republican Club
- MCRC Executive Guidance Committee Member
- Ex-officio Arizona State Republican Party Executive Committee
- State Committeeman
- Precinct Committeeman
- Former District Chairman and Second Vice-Chairman of LD9
- Former Leadership Team Member, Northwest Valley Tea Party Group
- Former President, Greater Phoenix Tea Party Patriots

"I have an ambitious plan to build our County Party, and I know that a leader is only as good as their team. So with that in mind, I have recruited a strong and experienced team who will work together to advance our Party and prepare it for future elections," Gray said.

The team represents a broad cross section of Maricopa County Precinct Committeemen and consists of:

Paul Brierley (LD12) - Candidate for First Vice-Chairman

- Current CD5 Member at Large, AZGOP Executive Committee
- Former District Chairman of LD21 and Chairman of Graham County

Rene Lopez (LD17) - Candidate for Second Vice-Chairman

- Current District Chairman of LD17 and MCRC Second Vice-Chairman
- Former First Vice-Chairman and Second Vice-Chairman of LD21

Colleen Lombard (LD20) - Candidate for Secretary

- Former First Vice-Chairman of LD6

Walter Dudley (LD28) - Candidate for Treasurer

- Former First Vice-Chairman, Second Vice-Chairman, and Treasurer of LD7
- Campaign Treasurer for a number of Legislative Candidates
- President and charter member, Arizona Society of Practicing Accountants

“I am blessed to have these four individuals running with me. We have a great plan that we are super excited about sharing with Precinct Committeemen and fellow Republicans. It’s an ambitious plan, but a plan that my team is committed to,” Gray said.

The plan consists of:

1. Building the Party’s image and effectiveness.
2. Building strong voter registration and Get Out The Vote (GOVT) programs.
3. Providing resources and training for Precinct Committeemen.
4. Providing resources and training for District Chairmen and officers.
5. Focusing on recruiting and training candidates for all elected offices.

To learn more about the candidates and details of their plan, please visit www.AZPartyBuilders.com

Also, follow the team on Facebook and Twitter: AZPartyBuilders

The Maricopa County Republican Committee (MCRC) statutory meeting will take place on Saturday, January 12, 2013. Lisa Gray and her team ask for your support and your vote on January 12. For additional information contact Lisa at 623-340-8173 or lisa@lisagray.com

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Congressman Flake Successfully Offers Amendment to Stop the EPA from Implementing Costly Haze-Controlling Burdens on Coal-Fired Power Plants

Regulatory Authority Over Regional Haze Programs Should Rest With Individual States

Washington, D.C. - Republican Congressman Jeff Flake, who represents Arizona’s Sixth District, today along with Congressmen Rick Berg of South Dakota, Paul Gosar of Arizona, and James Lankford of Oklahoma offered an amendment to H.R. 3409, the Stop the War on Coal Act of 2012. The amendment would reassert that the states – not the Environmental Protection Agency (EPA) – are and ought to be the primary regulatory authorities with regard to regional haze programs. The amendment passed, 228 to 183.

The amendment is necessitated by Arizona’s particular and acute problems as a result of EPA usurping the state’s authority to regulate regional haze, a federal program meant to address visibility at National Parks and wilderness areas. In early 2011, the Arizona Department of Environmental Quality submitted a regional haze plan for approval. EPA ignored the state submitted plan and was subsequently sued by environmentalists. Unfortunately for Arizona residents, EPA agreed via consent decree to usurp the state’s role and finalize a draconian federal regional haze plan in Arizona. As a result of EPA’s plan, Arizona’s coal-fired power plant units are facing unprecedented and costly emissions limits that reportedly will do little to improve visibility.

“The EPA has been superseding states’ authority and setting regional haze controls that cost millions to implement but actually do very little to improve air visibility,” said Flake. **“States like Arizona ought to have primary regulatory authority when it comes to controlling regional haze. We’ve got to keep the EPA in check on this.”**

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”QUOTE
OF THE DAY”

“He never called me and I was surprised. I gave him plenty of time.”

- Reagan on why she chose Pierce over Biggs for the Senate presidency race.



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