STATE OF ARIZONA

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March 21, 2005

The Honorable Ken Bennett
Senate President
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

Re: Senate Bill 1095: Budget Reconciliation; Taxation; Corporations; Property

Dear President Bennett:

I am returning with my veto Senate Bill 1095, along with each of the other 15 bills that are part of the FY 2006 budget submitted to me today by the legislature. I will, however, sign the three bills sent to me today to supplement the FY 2005 budget.

In January, I gave the legislature a fiscally responsible balanced budget that moved Arizona forward by investing in education (from kindergarten to our community colleges and universities), health care, public safety, and our natural resources, without raising taxes or draining the rainy day fund. My budget expanded voluntary full day kindergarten so that 10,000 more Arizona children could enter first grade ready to learn. It invested in a new medical school to increase the number of doctors serving our ever-growing population. It also restored the Department of Water Resources to allow it to deal effectively with water conservation and drought planning as we enter the ninth year of the drought.

In fact, if the legislature had adopted my budget with the revised revenue forecasts we all agree are appropriate, the state would be anticipating a more than $300 million surplus at the end of FY 06.

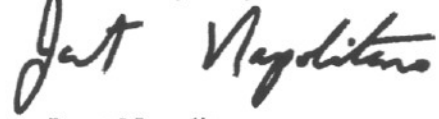
Unfortunately, the budget you have sent me does not do these things. Instead, it offers a host of false choices: between paying teachers better and expanding all-day kindergarten; between tax cuts for businesses and a new medical school to generate the doctors we will need to accommodate the state's growth; and between protecting Arizona's children and paying immediate cash for long term capital expenses, like school construction. In truth, we can pay our teachers better ***and*** offer more children all-day kindergarten. We can build a new medical school ***and*** provide economically beneficial tax relief to our businesses. And we can invest in both the safety of our children ***and*** the fiscally prudent construction of new schools.

As has become all too familiar, the legislature's budget is balanced on the backs of Arizona children through per capita reductions in childcare, child protective services, children's services, and juvenile corrections. It hurts public safety by failing to fund needed corrections officer salary increases or the recommendations of the Blue Ribbon Panel; and rather than ending with a surplus, it raids the rainy day fund. We did not have to make cuts or false choices of this nature two years ago when we had a billion dollar deficit, and we certainly should not make them today.

Despite this budget's shortcomings, I recognize and appreciate the work that the legislature has devoted to produce it. I am confidant that with continued work and better cooperation, a budget can be reached that not only invests responsibly in our future, but also provides sensible and economically beneficial tax relief.

Working together, we can create a comprehensive package of budget bills for FY 2006 that will move Arizona forward. Until such a complete package of bills is ready, however, I am unwilling to sign any of the individual FY 2006 budget bills you have submitted.

Yours very truly,



Janet Napolitano
Governor

JN:TN/jm

cc: The Honorable Jim Weiers