



OFFICE OF THE
ARIZONA STATE TREASURER



HON. DEAN MARTIN
TREASURER

November 24, 2008

Mary O'Grady
Solicitor General
Attorney General's Office

Dear Mary,

I'm writing to confirm our phone conversation from last week regarding the lawsuit filed by the Arizona League of Cities and Towns against myself in my official capacity as Arizona State Treasurer.

First, I agree with both points raised in the lawsuit by the plaintiffs. The law enacted by the Legislature requiring \$30 million to be deposited into the General Fund by cities and towns in Arizona violates the Arizona Constitution because it failed to receive a two-thirds vote required by the Proposition 108 clause of the Constitution. The law also violated the Constitution since it was "log-rolled" into the General Appropriations act. All motions and filings on my behalf shall be in agreement and support of these positions.

As my attorney, I am directing you to file a brief in this case that is in agreement with the charges filed by the plaintiffs and request that the court should strike down the act as unconstitutional.

In addition, I would like to also ask the court to expand the case to strike down the following similar provisions that are also unconstitutional due to violations of the Proposition 108 clause of the Constitution:

- Section 17 of Laws 2008 Chapter 286, related to a surcharge for \$45 on defensive driving school for deposit into the general fund, (a tax increase without a two-thirds vote).
- Section 23 of the same bill, related to a \$165 surcharge to be deposited into the general fund, (a tax increase without a two-thirds vote).
- Section 12 of Chapter 291 also violates Proposition 108 since it allows state agencies to raise fees, but caps the totality of what those fees are, which Proposition 108 does not allow without a two-thirds vote.

Time is of the essence in this case and I urge you to file the brief promptly.

Sincerely,

Dean Martin