

Week of January 27-31, 2014



Legislative Update

General Issues

January 31st marks the 19th day of the 51st Legislature, Second Regular Session. 864 bills have been introduced. Four bills have passed and are awaiting the Governor's signature.

Child Protective Services Update

One of the first bills to pass the Legislature, [SB 1224](#), makes supplemental appropriations to the Department of Economic Security in FY2013-14 of \$5,748,000 to add 192 FTE positions for child safety and family services positions. The bill also requires monthly reports to the Governor and Legislature on the progress made from the additional revenue to the Department.

Manufacturing; Electricity Sales Tax Elimination

The League of Cities and Towns received an advanced copy of draft legislation that proposes to eliminate the transaction privilege tax (TPT) on electricity used in manufacturing and mining. The bill, being advocated by Governor Brewer, would eliminate the State's TPT as well as the municipal TPT portion. This bill was initially rumored to be applicable only to a few very large manufacturing plants and it did not include the mining industry. This version would eliminate the electricity TPT tax on every manufacturer in the state, regardless of size. The Governor has indicated in her budget that the anticipated impact the State General Fund would be \$20 million. It is unknown how the Governor's staff arrived at this number.

It will be very difficult to estimate the financial impact to Scottsdale and other cities from this legislation. To our knowledge at this time, the utilities are the only entities that have the capability to track electricity tax revenues from specific manufacturers. The League of Cities and Towns will be sending the Governor a letter requesting the methodology her staff used to estimate the financial impact.

Scottsdale Legislation

SB 1152 – Transportation Safety Zones; Passenger Areas – SB 1152 will allow a city or town to establish two Transportation Safety Zones for the purpose of relieving traffic congestion. Inside a Transportation Safety Zone, a city or town council may establish dedicated traffic lanes for use by taxis, limousines, passenger carts, and other for-hire vehicles for the express purpose of picking up and dropping off passengers. Additionally, a city or town council may establish Passenger Convenience Areas where for-hire vehicles may temporarily park to wait for passengers. The Chairman of the Senate Public Safety Committee, Senator Chester Crandell (Heber) has agreed to be the sponsor of the bill.

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Status: *SB 1552 was introduced by Senator Chester Crandell and will be heard in the Senate Transportation Committee on Tuesday, February 4th.*

HB 2387 - Street Light Improvement Districts – This legislation will allow for the transfer of jurisdiction of county operated Street Light Improvement Districts (SLIDs) to a municipal SLID by a public vote of a city or town council. This will facilitate the transfer of approximately 40 SLIDs that are in Scottsdale’s boundaries but are still being operated and maintained by Maricopa County. Representative Michelle Ugenti has agreed to sponsor the bill.

Status: *HB 2387 was introduced by Representative Ugenti and passed unanimously out of the House Government Committee on Tuesday, January 28th.*

Economic Vitality

HB 2288 – Sales Tax; Reduced Reporting Requirements – HB 2288 would allow taxpayers with annual transaction privilege tax liability between \$2,000 and \$8,000 to pay their taxes on a quarterly basis (instead of a monthly basis), and taxpayers with annual TPT liability of less than \$2,000 to pay on an annual basis. Previously, taxpayers with less than \$500 annual TPT liability were permitted to pay annually, and taxpayers with between \$500 and \$1,250 annual TPT liability were permitted to pay quarterly.

Status: *HB 2288 was introduced by Representative Debbie Lesko (Peoria) and passed the House Ways & Means Committee on January 28th.*

Recommended Action: *Support*

HB 2317 – Sales Tax Holiday; School Supplies – HB 2317 would create a transaction privilege and use tax holiday on the last consecutive Friday, Saturday and Sunday in July of each year. The Holiday would allow exempt sales tax on a clothing item or school supply item with a sales price of less than \$100.

Status: *HB 2317 was introduced by Representative Justin Pierce (Mesa) and has been referred to the House Ways & Means Committee.*

Recommended Action: *Neutral.*

Local Governance

HB 2528 – Municipalities; Regulations; Sign Walkers – HB 2528 would prohibit a municipality from adopting any regulation that would restrict a sign walker from using public sidewalks, walkways, or pedestrian thoroughfares. The bill also provides for enforcement by private civil action against a municipality that violates these provisions.

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Status: *HB 2528 was introduced by Representative Warren Petersen (Gilbert) and is cosponsored by Representative Bob Robson (Chandler).*

Recommended Action: *Pending*

HB 2153 – Exercise of Religion; State Action – HB 2153 revises the definition of *exercise of religion* and *person* and extends the prohibition on substantially burdening a person's exercise of religion to applications of the law by nongovernmental persons. More specifically, HB 2153 expands the definition of *exercise of religion* by including the practice and observance of religion and expands the definition of *person* to include any individual, association, partnership, corporation, church, estate, trust, foundation or other legal entity. The bill also specifies that a person whose religious exercise is burdened may assert that violation as a claim or defense in a judicial proceeding, regardless of whether the government is a party to the proceeding.

Status: *HB 2193 was introduced by Representative Eddie Farnsworth (Gilbert) and was Held in the House Judiciary Committee on January 28th. However, the bill has been reassigned to the House Government Committee.*

Recommended Action: *Watch. There may be some unforeseen impacts to local government which may get clarified if the bill continues to move through the process.*

SB 1161- Municipal Policies; Authority – SB 1161 would allow municipalities to adopt a specified set of "streamlined local government policies" through municipal legislation, charter amendment or local initiative. The bill establishes specific policies for property rights, criminal law enforcement and fiscal provisions.

Status: *SB 1161 was introduced by Senator Gail Griffin (Hereford) and was Held in the Senate Government and Environment Committee on January 27.*

Recommended Action: *None. Bill was Held in committee.*

SB 1227 – Municipalities; Counties; Energy Efficiency Codes – SB 1227 would prohibit municipalities and counties from adopting any mandatory building code, ordinance or other legal requirement that is related to energy efficiency, energy conservation or green construction in new construction. It would also prohibit a city or county from denying any license or building permit or imposing a fine on a person for failure to comply with energy efficiency requirements. The bill provides a grandfather clause for any legal requirement that was adopted and effective before the effective date of this bill.

Status: *SB 1227 was introduced by Senator Chester Crandell (Heber) and is assigned to the Senate Government and Environment Committee.*

Recommended Action: *Oppose. Municipal building codes are a matter of local control. Every community should be afforded the opportunity to decide for*

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themselves if they want or don't want specific codes or ordinances that suit the residents of that community. In addition, there is substantial data that shows long-term financial benefits to homeowners when certain energy efficient construction materials are utilized.

Forest Management

HB 2106 – Wildland-Urban Interface Study Committee – HB 2106 would establish a five-member Wildland-Urban Interface Committee to develop legislative recommendations relating to creating defensible space in and around wildland-urban interface areas and other matters relating to wildland-urban fire prevention and control. The Committee is required to report to the Governor and the Legislature by December 31, 2014. The Committee would sunset on October 1, 2015.

Status: *HB 2106 was introduced by Representative John Kavanagh (Fountain Hills) and has been referred to the House Energy and Environment Committee.*

Recommended Action: *Support (element of 2014 State Legislative Agenda).*

SCR 1007 - Wildfires; Forest Management – SCR 1007 would send a notice to the U.S. Congress that the Arizona Legislature recognizes the impacts of unhealthy forest and supports further efforts to restore healthy conditions to Arizona's forests.

Status: *SCR 1007 was introduced by Senator Gail Griffin (Hereford) but has not yet been assigned to a committee for action.*

Recommended Action: *Support (element of 2014 State Legislative Agenda)*

Public Retirement

HCR 2001 – Public Retirement Systems – HCR 2001 place a question on the 2014 general election ballot as to whether to amend the Arizona Constitution to allow changes to member contributions or reductions and member benefits to provide for greater financial stability of the State's public retirement systems.

Status: *HCR 2001 was introduced by Representative John Kavanagh (Fountain Hills) and has been assigned to the House Insurance and Retirement Committee.*

Recommended Action: *None. This bill would establish a vote of the public on this issue.*