

Week of February 22 - 26, 2016



Legislative Update

General Issues

February 26th, 2016 is the 47th day of the 52st Legislature, Second Regular Session. At the end of Monday's bill introduction deadline, 1219 bills and 105 memorials or resolutions had been introduced. Four bills have passed both legislative bodies and have been signed by the Governor (this includes three-bill PSPRS reform package).

The deadlines to hear bills in their primary committees have passed. Any bills which did not receive a hearing are essentially dead for the year – barring introduction through the strike-everything amendment process which allows the introduction of new legislation throughout most of the legislative process. The surviving bills are in the process of receiving their final votes and will be moving to the other legislative chamber for the committee process.

New Updates

HB 2402 - Bonds; Disclosure Notice - HB 2402 specifies information that must be included in county and municipal bond election pamphlets and ballots.

More specifically HB 2402 requires the following information to appear on bond election pamphlets distributed by a county or municipality:

- The estimated tax impact of debt service for the bond, at the *maximum* interest rate authorized by the voters.
- The estimated total cost of the bond, including principal and interest at the *maximum* interest rate authorized by the voters.
- A disclosure that the expenditure authorized by the bond is governed by the general purposes of the bond and not the proposed projects listed in the pamphlet.

Status: *HB 2402 was introduced by Representative Vince Leach (Tucson) and passed the House on February 18 with a vote of 34-23. It will be heard in the Senate Government Committee on Wednesday March 2.*

Recommendation: *OPPOSE. Requiring only the maximum interest rate and maximum debt that a bond may be authorized does not give voters an accurate portrayal of the standard rates cities and towns receive on their bond initiatives.*

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HB 2618 – Medical Marijuana Dispensaries; Location Change - HB 2618 permits a nonprofit medical marijuana dispensary (dispensary) to change locations provided the new location is within the same community health analysis area (CHAA).

Status: *HB 2618 was introduced by Representative Vince Leach (Tucson) and passed the House Judiciary Committee on February 17th with a vote of 5-0. It is scheduled for a vote on the House floor this coming week.*

Recommendation: *SUPPORT.*

SB 1523 – Truth in Taxation; Levy Increases – SB 1523 requires a community college district governing board and the governing body of a county, city or town to approve, by unanimous roll call, proposed property tax levies in their respective jurisdictions if those levies constitute an increase over the preceding tax year's levies by 15 percent or more.

Status: *SB 1523 was introduced by Senator Steve Smith (Maricopa) and passed the Senate on February 25 with a vote of 17-11.*

Recommendation: *OPPOSE. Requiring an action of a city council to be approved only by a unanimous vote would set a dangerous precedent for future actions by city councils.*

Updates on Introduced Legislation

HB 2549 – Public Construction Piping Materials; Prohibition – HB 2549 would prohibit a municipality from preferring one type of "suitable piping material" (defined) over another in constructing, developing, maintaining, repairing or operating a water, wastewater or storm water drainage project that is funded in whole or in part with state monies, unless sound engineering practices suggest that one type of suitable piping material is more appropriate for a particular project.

Status: *DEAD. HB 2549 was introduced by Representative Vince Leach (Tucson) and will be heard in the House Government and Higher Education Committee on Wednesday February 17th.*

Recommendation: *OPPOSE. The Legislature does not possess the technical expertise to be deciding what types of piping materials should or shouldn't be used in municipal water systems.*

SB 1061- Process Servers; Motor Vehicle Records – SB 1061 would allow the Arizona Department of Transportation/Motor Vehicle Division to disclose personal information to a certified process server pursuant to a court order for use in connection with a court proceeding.

Status: *SB 1061 was introduced by Senator John Kavanagh (Fountain Hills) and passed the Senate Judiciary Committee on Thursday February 18th.*

Recommendation: *SUPPORT*

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HB 2107 – Substance Abuse Recovery Homes – HB 2107 permits a city, town or county to adopt ordinances regulating health and safety standards and enforcement mechanisms for a structured sober living home. The bill provides specified provisions, including mandatory registration, supervision requirements, and qualifications of the house manager.

Status: *HB 2107 was introduced by Representative Noel Campbell (Prescott) and is schedule for a final vote in the House Monday February 29th.*

Recommendation: *SUPPORT. The bill does not contain mandatory provisions and provides municipalities with an option to create an ordinance related to recovery homes.*

SB 1290 – School Buildings; Airports – SB 1290 would give municipalities the authority to enact and enforce zoning and land use regulations that prohibit schools operated by school districts and charter schools from locating within an airport's published 60 day-night average decibel level contour area or a comparable airport established zone. Under current state law, a municipality has not zoning authority over charter and public schools. This bill would grant an exception to the current state law for areas around an airport.

Status: *DEAD. SB 1290 was introduced by Senator Bob Worsley (Mesa) and has not been assigned to a committee.*

Recommendation: *SUPPORT. However, because the bill has not been assigned to a committee at this stage in the legislative process, it is likely the issue may be dead for the year.*

SB 1449 – Strike-Everything Amendment - Unmanned Aircraft; Prohibited Operations –

The strike-everything amendment to SB 1449 establishes violations and penalties relating to unmanned aircraft (drones) and prohibits political subdivisions from regulation of unmanned aircraft.

Status: *SB 1449 was introduced by Senator John Kavanagh (Fountain Hills) and passed the Senate Judiciary Committee on February 18th. The bill has not yet been scheduled for a vote on the Senate floor.*

Recommendation: *OPPOSE until City of Scottsdale concerns are alleviated.*

HB 2026 – Strike-Everything; Municipal Tax Exemption; Residential Lease – A Strike-Everything amendment was offered to HB 2026 that will prohibit a municipality from collecting a transaction privilege tax on a person who owns three or few residential rental units. The bill in its original version had received substantial opposition from municipalities and multifamily organizations. **The Committee Chairman, Darin Mitchell, agreed to amend the bill further on the House floor to lower the taxing threshold from three residential units to two. This agreement was enough to get Representative Michelle Ugenti to vote yes for the bill – allowing the bill to pass on a 5-4 vote.**

Status: *DEAD. HB 2026 and the Strike-everything amendment to HB 2026 were introduced by Representative Darin Mitchell (Litchfield Park) and passed the House Ways and Means Committee on Monday February 8th with a vote of 5-4.*

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Position: *OPPOSE. Even at a two-unit taxing threshold, there will be a financial impact to Scottsdale. In addition, the Committee Chairman, Darin Mitchell stated in his comments that he will work vigorously to completely eliminate the residential rental tax.*

SB 1487 – State Law; Local Violations; Penalties – SB 1487 would allow any member of the Legislature to require the Arizona Attorney General to investigate any official action taken by the governing body of a county or municipality that the member alleges violates state law or the state Constitution.

If the Attorney General concludes that there is a violation, the Attorney General is required to notify the county or municipality of the violation and provide 30 days to resolve the violation. If the county or municipality fails to resolve the violation, the Attorney General is required to notify the State Treasurer, who must withhold and redistribute state shared monies from the county or municipality.

The Attorney General is required to continue to monitor the response of the governing body, and when the violation is resolved, is required to notify the Governor and the Legislature and notify the State Treasurer to restore the distribution of state shared revenues.

If the Attorney General concludes that there may be a violation, the Attorney General is required to file a special action in Supreme Court to resolve the issue, and the Supreme Court is required to give the action precedence over all other cases. The Court must require the county or municipality to post a bond equal to the amount of state shared revenue paid to the county or municipality in the preceding six months.

Status: *SB 1487 was introduced by Senate President Andy Biggs (Gilbert) and passed the Senate February 24th with a vote of 17-12.*

Position: *OPPOSE*

SB 1524 – Regulatory Actions; Limitation – SB 1524 states that unless specifically authorized by statute, a state agency, county or municipality is prohibited from taking any action that increases the regulatory burdens on a person unless there is a critical or urgent need that has not been addressed by legislation or self-regulation within the proposed regulated field. The bill also prohibits state agencies, counties and municipalities from imposing a regulation on a business that provides a mechanism for individuals to offer goods or services to each other if that regulation is designed to regulate a business that provides goods or services directly to the customer.

Status: *SB 1524 was introduced by Senator Steve Smith (Maricopa) and passed the Senate Government Committee on February 17th with a vote of 6-0. It is schedule for a final vote in the Senate on Monday February 29th.*

Position: *SUPPORT.*

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HB 2517 – Business Professionals; Regulation Restrictions – HB 2517 would require state agencies, counties and municipalities to limit all "entry regulations" and "public service restrictions" (both defined) applicable to businesses and professions to those that are demonstrably necessary and carefully tailored to fulfill legitimate public health, safety or welfare objectives.

Within one year after the effective date of this legislation, each agency, county and municipality is required to conduct a comprehensive review of all entry regulations, and if any regulation conflicts with this requirement the agency, county or municipality must either repeal or modify it, or recommend legislation actions to repeal or amend it.

Any person is authorized to petition an agency, county or municipality to repeal or modify any entry regulation or public service restriction within their jurisdiction. The bill establishes procedures for enforcement.

Status: *HB 2517 was introduced by Representative Warren Petersen (Gilbert) and passed the House Commerce Committee on February 27th (vote of 5-3) and passed the House Committee of the Whole on February 11th. Passed the House on February 24th with a vote of 33-24.*

Position: *OPPOSE*

HB 2538 – Municipal Bonds; Tax Levy – HB 2538 would expand the list of expenses that an annual tax levy for bond payments may be used. More specifically, the bill adds each of the following to the list of expenses that an annual levy for bond or refunded bond payments may not exceed:

- a. Projected payments of principal and interest on new debt for the ensuing year.
- b. Amounts used for early defeasance of existing debt.
- c. Amounts necessary to correct prior year shortages in the levy.

Status: *HB 2538 was introduced by Representative J.D. Mesnard (Chandler) and passed the House on February 25th with a vote of 59-0.*

Position: *SUPPORT*

HB 2200 – Mobile Home Parks; Use Exchange – HB 2200 proposed several changes to the mobile home park landlord – tenant statutes.

Status: *DEAD. HB 2200 was introduced by Representative Jay Lawrence (Scottsdale) but has not been assigned to a committee for a hearing.*

Recommendation: *A stakeholders group has met to work on an amendment to lessen opposition to the bill and to address concerns stated by the Council on February 1st, however, the bill has not been assigned to committee for a hearing. Because the bill has not been assigned to a committee at this stage in the legislative process, it is likely the issue may be dead for the year.*

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HB 2497 – Local Governments; Permits; Equipment – HB 2497 would require municipalities to allow specific companies to install and operate “microcell equipment” in a municipality’s public highways.

The bill requires that application and permit fees must be levied on a competitively neutral and nondiscriminatory basis and must be directly related to the costs incurred by the municipality in providing services relating to the permits. Recurring fees and rent for the use of microcell equipment are prohibited.

A municipal licensing authority is required to issue to a cable operator that applies a permit to attach "permitted wi-fi radio equipment" to the cable television system in public streets, roads and alleys in the area of jurisdiction.

Status: *HB 2497 was introduced by Representative Darin Mitchell (Litchfield Park) and will be heard in the County and Municipal Affairs Committee on Monday, February 15th.*

Position: ***OPPOSE until stakeholder amendments are accepted. Scottsdale has been participating with a stakeholder’s group to work on an amendment to alleviate several major concerns to the City. The bill’s proponents have tentatively agreed to include most of the recommended changes to the bill. There are still negotiations occurring on a couple of remaining issues. If there is an agreement, the City will change its position to Neutral.***

HB 2540 – Prohibition; Photo Radar – HB 2540 would prohibit state agencies and local authorities from using a photo enforcement system to identify violators of traffic control devices and speed regulations.

Status: *HB 2540 was introduced by Representative Kelly Townsend (Mesa) and passed the House Transportation and Infrastructure Committee on February 16th.*

Position: *OPPOSE. A City Council should be the decider of whether or not to utilize photo enforcement.*

SB 1118 – Office of Tourism Continuation – SB 1118 will extend the statutory life of the Arizona Office of Tourism for eight years, ending on to July 1, 2024. The Office is currently set to sunset on July 1, 2016.

Status: *SB 1118 was introduced by Senator Kimberly Yee (Phoenix) and passed the Senate on February 11th with a vote of 27-2. It has been assigned to the House Commerce Committee*

Position: *SUPPORT*

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HB 2391 – Municipalities; Water Rates; Requirements – HB 2391 proposes several changes to municipal water and wastewater rate structuring and requirements to ensure that water service fee revenues are used only for direct water and wastewater functions. However, the bill also contains language that would prohibit a municipality from using water service fees to acquire a private water business or company.

Status: *HB 2391 was introduced by Representative Rusty Bowers (Mesa) and passed the House Energy, Environment, and Natural Resources Committee on Monday February 8th with a vote of 7-0 with the agreement there will be an amendment to alleviate a majority of municipal concerns.*

Position: *OPPOSE (until adoption of stakeholder amendment). As a result of stakeholder negotiations and municipal lobbying, it appears an amendment that is satisfactory to both the proponents and opponents of the bill will be offered on the House floor. Once adopted, the City's position will change from opposed to neutral.*

HB 2483 – Municipal Population Estimates; Use – HB 2483 is a city-sponsored bill that would give cities and towns the option to use either the results of a special census (performed by the U.S. Census Bureau and paid by the requesting city or town) or use “population estimates” from the U.S. Census Bureau to determine their annual population. This consensus legislation is an attempt to provide current population data to cities and towns without the expense and aggravation that can be incurred from the current special census process.

Status: *HB 2483 was introduced by Representative Justin Olson (Mesa) and passed the House Appropriations Committee on February 4th with a unanimous vote. It is scheduled for a final vote in the House on Monday February 29th.*

Position: *SUPPORT. This is consensus legislation and is also supported by a League of Arizona Cities and Towns Resolution.*

HB 2486 – Telecommunications; Utilities; Relocation Reimbursement – HB 2486 would require municipalities to reimburse telecommunications utility companies for the costs of relocating the utilities' infrastructure if a municipality is to initiate a construction project that was the result of a voter-approved bond election. The legislation provides the methodology and additional requirements for the reimbursement.

Status: *HB 2486 was introduced by Representative Justin Olson (Mesa) and will pass the House on February 18th with a vote of 57-0.*

Position: *NEUTRAL*