

Week of January 28 to February 1, 2019



Legislative Update

Friday, February 1st is the 19th day of the legislative session. 1012 bills have been introduced at this point. The Governor has signed one bill and vetoed one bill.

The City of Scottsdale is currently tracking 115 bills that have potential impact to municipal functions.

Legislative Calendar:

- **February 8** – Last day for House members to submit bill requests.
- **February 11** – Last day for Senate members to submit bill requests.

Key Topics

Drought Contingency Plan (DCP) Signed by the Governor

The Legislature approved a series of bills this week and sent the DCP lynchpin bill, [SJR 1001](#) to the Governor for his signature. The final legislative votes and the Governor's signature occurred on the last day of the federal deadline to approve the State's plan. The bill received a near unanimous vote by both chambers, with Senator Juan Mendez being the only person to vote no.

Bureau of Reclamation Commissioner Brenda Burman praised the Governor and the Legislature but said that Arizona and California have not yet completed all the necessary steps to complete a Drought Contingency Plan. She said that there are still several agreements between tribes, water districts, and the other states that will all need to be completed and signed. It is believed that with the passage of the DCP legislation a series of agreements related to the intrastate drought plan can now be finalized.

Tax Conformity

Each year the Legislature passes legislation to conform the state tax provisions with those of the federal government. The conforming legislation is typically noncontroversial and passes without much fanfare. However, due to the significant changes to the federal tax code this year "tax conformity" has become somewhat of a lightning rod this year and has created a divide between the Governor's Office and several key lawmakers. The State general fund could see drop, rise,

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or maintenance of current levels of revenue depending on how the State conforms to the federal tax code changes.

Senator J.D. Mesnard and Representative Ben Toma each sponsored identical bills with hopes of quickly passing one of two plans. SB 1143 passed on January 31st and was sent to the Governor. Senator Mesnard said the passage of SB 1143 would have reduced state tax collections by approximately \$150 million. The Governor vetoed that bill on February 1st

In his Veto message, the Governor said, *“This legislation is the wrong policy, and any bill with a fiscal impact should be considered as part of budget discussions agreed to by the Legislature and Executive, just as every budget bill is considered, every session. Let’s conform, secure Arizona’s future by investing in our rainy day fund, and let’s get to work on a fiscally conservative balanced budget.”*

The Legislature will continue to work on a conformity plan that can succeed without another veto from the Governor. It is unlikely the Legislature could create a plan that would garner enough support from legislators to override the Governor’s veto.

New Legislation

SB 1249 – Antidiscrimination; Employment; Housing; Public Accommodation – SB 1249 would prohibit discrimination in employment, housing, and public accommodations based on sexual orientation and gender identity.

Status: *Introduced by Senator Kate Brophy McGee (Paradise Valley, Scottsdale) and is awaiting assignment to a committee.*

Recommendation: *Support. This is one of the Key Priorities from the 2019 State Legislative Agenda.*

HB 2043 – Municipal Judges; Terms; Retention Election – HB 2043 would limit municipal court magistrates to a four-year term and establishes a system to retain the judges at a general election – in the same manner as superior court, appellate court judges and supreme court justices. The name of a municipal magistrate must be placed on the appropriate official ballot under a nonpartisan designation. The bill provides that a municipal magistrate currently holding office continues to serve for the respective term for which s/he was appointed or elected but following that term must be appointed or retained in office as provided by this legislation

Status: *Introduced by Representative John Kavanagh (Scottsdale) and will be heard in the House Elections Committee on Tuesday February 5th.*

Recommendation: *Pending*

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Updates on Previous Legislation

SB 1398 – E-Scooters – SB 1398 creates two classes of electric scooters: “electric miniature scooters”, and “electric standup scooters.” The bill provides definitions of the scooters and provisions relating to how each class will be considered by state law. The bill currently retains the ability of local governments to further regulate their use and location, however there are still some needed refinements needed to ensure Scottsdale e-scooter ordinance is not impacted.

Status: *Introduced by Senator Tyler Pace (Mesa) and is awaiting assignment to a committee.*

Recommendation: *Pending the acceptance of amendments by the bill’s sponsor.*

SB 1165 – Prohibition; Texting While Driving – SB 1165 would make it illegal to use a hand-held portable wireless communication device when operating a vehicle on public roads. There are exceptions for public safety personnel and person reporting an emergency. There are also exceptions for dash/window mounted devices. Penalties include a petty offense and a fine of up to \$149 for the first offense and a fine of up to \$250 for subsequent offenses.

Status: *Introduced by Senator Kate Brophy McGee (Paradise Valley, Scottsdale) and has been assigned to the Transportation & Public Safety Committee.*

Recommendation: *Support*

HB 2533 - Municipal Tax Exemption; Speculative Builders – In computing the tax base for TPT and other use taxes for a speculative builder, municipalities would be required to exclude from the gross proceeds of sales or gross income the price of any lease on real property or other intangible or personal property included in determining the total selling price of the improved real property to the extent allocated in the affidavit of legal value for the sale. The resulting tax may not be less than the tax that would have been paid under the prime contracting classification for the improvements that were constructed or reconstructed. The provisions of HB 2533 would be retroactive to February 1, 2019.

Status: *Introduced by Representative Tony Rivero (Peoria) and is awaiting assignment to a committee.*

Recommendation: *Scottsdale staff is evaluating the impact of this legislation.*

HB 2158 – Food; Municipal Tax Exemption – HB 2158 would prohibit municipalities from levying a transaction privilege, sales, use or other similar tax or fee on the sale of food items intended for human consumption in the home as defined by Department of Revenue rules.

Status: *Introduced by freshman Representative Shawwna Bolick (Phoenix), and is waiting to be assigned to a committee.*

Position: *Oppose*

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HB 2069 – Text Messaging While Driving; Prohibition – HB 2069 would make it a nonmoving civil traffic violation to use a wireless communication device to manually write or send a written message while operating a motor vehicle on a highway. Person violating the law would be subject to a civil penalty of \$100 for a first violation and \$300 for a second or subsequent violation. If a person in violation is involved in a motor vehicle accident, the person is subject to a civil penalty of \$500, except that if the accident results in the death of another person, the civil penalty is \$10,000.

Status: *Introduced by Representative John Kavanagh. HB 2019 is awaiting assignment to a committee.*

Recommendation: *Support*

HB 2165 – Distracted Driving; Reckless Driving – HB 2165 states that a person who drives a vehicle while participating in an activity that willfully distracts the person from safely operating the vehicle is guilty of reckless driving, a class 2 misdemeanor.

Status: *Introduced by Representative Kelly Townsend (Mesa). HB 2165 is waiting to be assigned to a committee.*

Recommendation: *Support*

HB 2108 – Real Estate Signs; Cities; Counties – HB 2108 would prohibit municipalities and counties from placing restrictions on real estate signs in the public right-of-way. The bill provides further description of the size and types of signs realtors may use.

Status: *Introduced by Representative Travis Grantham (Gilbert). HB 2108 was scheduled for a hearing in the House Regulatory Affairs Committee on Monday February 4th. However, the bill was removed from the Committee agenda within hours of the original posting.*

Recommendation: *Oppose. A similar bill was introduced last year which the City opposed. That bill died in the Senate.*

Short Term Rentals

Representative John Kavanagh released a draft of his legislation on Friday (1/31/19). The bill is designed to address the negative impacts of short-term rental properties in residential areas. He has already released two bills (HB 2027 and HB 2087) that provide taxing clarity and oversight of investor-owned properties. Staff is reviewing the draft and will report on it in the near future.