



Legislative Update

General Issues

February 6th is the 26th day of the 52st Legislature, First Regular Session. To date, 1089 bills have been introduced and one bill has been signed by the Governor. The deadline to introduce bills was reached in the House of Representatives on Monday February 2nd. The Senate's bill introduction deadline is on Monday, February 9th. Last year, a total of 1205 bills were introduced, with 278 becoming new law by signature of the Governor.

Currently, the three issues rising to the top in terms of urgency and lobbying efforts are:

1. [Tesla](#) – HB 2216 would allow vehicles to be sold directly to the consumer.
2. [Microbreweries](#) – SB 1030 would raise the production cap for Arizona microbreweries
3. [Uber/Rideshare](#) – Legislation would give rideshare companies, such as Uber, legal authority to operate in Arizona.

Key Legislation

HB 2254 – Municipal Tax Exemption; Residential Rental – HB 2254 would prohibit municipalities from levying a TPT on businesses who rent or lease real property for residential purposes. The bill would require municipalities to completely phase-out their residential rental tax over a four-year period. **This legislation has an estimated \$87 million impact to all cities and towns. Scottsdale collected \$5.1 million in residential rental tax (December 2013 to November 2014).**

Status:

HB 2245 was introduced by Representative Darin Mitchell (R-Litchfield Park) and passed the House Ways & Means Committee on Monday, February 2nd with a vote of 5-4.

Recommended Action:

OPPOSE

Scottsdale Votes:

Representative Michelle Ugenti, NO

SB 1069 – Ordinances; Businesses; Prohibited Security Requirements – SB 1069 would prohibit municipalities and counties from adopting an ordinance requiring a retail business to comply with specified security requirements. Provisions of the bill exempt bars and restaurants from the security measure prohibition. An amendment to the bill would further exempt businesses which provide live entertainment from the security measure prohibition. The amendment also adds preemptive language prohibiting municipalities from regulating businesses for security purposes.

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Status: *SB 1069 was introduced by Senator Steve Smith (R-Maricopa) and passed the Public Safety, Military and Technology committee with a vote of 6-0. The amendment was offered by Senator John Kavanagh (R-Fountain Hills). **SB 1069 will receive its final vote in the Senate no Monday February 9th.***

Recommended Action: **OPPOSE**

Scottsdale Votes: *Senator John Kavanagh, Yes*

SB 1433 – Utilities; Facilities Relocation; Cost Reimbursement – SB 1433 would require municipalities to reimburse “impacted utilities” (defined in bill) all costs to relocate utility lines incurred as a result of a public works project.

Status: *SB 1433 was introduced by Senator Debbie Lesko (R-Peoria) and has been assigned to the Senate Finance Committee.*

Recommended Action: **Oppose. Scottsdale staff has indicated this would be very problematic, costly, and in conflict with the city’s current franchise agreements.**

HB 2212 – Licensing; Accountability; Enforcement; Exceeding Regulation – HB 2212 would prohibit municipalities, counties, and state agencies from basing licensing decisions on requirements or conditions that are not specifically authorized by statute, rule, ordinance, or code. Enforcement is provided by a private right of action and relief may be awarded against a municipality, county, or state agency. The court is required to award attorney fees, costs, damages and license application fees to a party that prevails in an action. The bill also requires that the language of these statutes must be prominently printed on all license applications. A similar bill was vetoed last year by Governor Brewer. **Scottsdale and other cities have been successful in working with the bill sponsor to tone down the more egregious portions of the bill. The bill sponsor has tentatively agreed to amend the bill to address our concerns.**

Status: *HB 2212 was introduced by Representative Warren Petersen (R-Gilbert) and passed to the Judiciary Committee on January 28 (Vote 5-1) and will next be heard in the Committee on Government and Higher Education.*

Recommended Action: **Neutral with amendments. Oppose without amendments**

Scottsdale Votes: **Scottsdale legislators have yet to vote on this bill.**

Tax Reform

SB 1446/HB 2590 – TPT Reform; Contractors – These identical bills are “clean up” bills to fix problems created by the TPT simplification legislation from 2013 and 2014. The bills will clarify the tax liability of contractors and subcontractors when working under the prime contracting category or the service repair category. The bills also will put into place a procedure for determining when a construction project can be considered a repair vs. a major remodel. Additionally the bills clarify the tax liability for construction materials purchased during the tax

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simplification implementation timeframe. These bills are the result of months of stakeholder review and negotiations.

Status: *SB 1446 was introduced by Senator Debbie Lesko (R-Peoria). HB 2590 was introduced by Representative Karen Fann (R-Prescott). SB 1446 will be heard in the Senate Finance Committee on Wednesday, February 11th.*

Recommended Action: *Support (pending Scottsdale staff review).*

Public Safety Bills

SB 1064 – Service of Process; Regulation – SB 1064 stipulates that a service of process may only be attempted on the same person and for the same matter one time each day. Alternative or substitute service of process must be sent by registered or certified mail and a notice must be posted on the front door of the business or residence and, if present and accessible, a residence's garage door. The bill will be amended to apply to service of process relating only to photo-enforcement violations.

Status: *SB 1064 was introduced by Senator John Kavanagh (R- Fountain Hills) and passed the Senate Government Committee on January 22 with a vote of 6-1. The bill awaits a hearing in the Judiciary Committee.*

Recommended Action: *Support with amendments.*

HB 2441– Taxing Districts; Boundary Changes; Procedures – HB 2441 alters the process for changing specific special taxing district (District) boundaries by adding additional notice provisions and limiting expansion into city or town planning areas. This bill was introduced to make the process of a fire district expanding its boundaries into a municipal planning more transparent and puts into place addition notification and qualification procedures. The City of Scottsdale supported similar legislation (HB2152) which was introduced last year.

Status: *HB 2441 was introduced by Representative David Livingston (R-Peoria) and passed the Rural Affairs and Environment Committee with a vote of 7-1.*

Recommended Action: *Support*

HB 2517 – Internet Crimes Against Children – HB 2517 directs \$4.5 million of unencumbered remaining lottery funds to be deposited in the newly established *Internet Crimes Against Children Enforcement Fund* and \$500,000 to be deposited in the *Victims' Rights Enforcement Fund*. Allows the Attorney General to enter into intergovernmental agreements to continue the operation of the Internet Crimes Against Children Task Force Program in investigations, forensic examinations and prosecutions relating to technology-facilitated sexual exploitation of children. The bill provides that if a law enforcement agency receives information

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that a communication service provider is hosting a website containing an alleged violation of crimes of sexual exploitation of children, the agency is required to serve a notice of the alleged violation on the statutory agent of the communication service provider. In any prosecution for a violation of crimes of sexual exploitation of children, the defendant or any person assisting the defendant is prohibited from removing any visual depiction or any computer or other device that contains a visual depiction that is alleged to be in violation and that is in the possession of a law enforcement agency or the prosecutor

Status: *HB 2517 was introduced by Representative Paul Boyer (R-Phoenix) and was cosponsored by 78 of the remaining 89 legislators in the House and Senate. HB 2517 passed the House Judiciary Committee on January 28 with a vote of 6-0.*

Recommended Action: *Support*

Elections

HB 2543 – Municipal Elections; Majority Vote Calculation – Establishes a formula for determining the majority of votes cast in municipal elections for the office of mayor or city council. If more candidates receive a majority of votes cast than there are seats to be filled for that office, the candidates who receive the highest number of votes shall be declared elected to that office. If no candidates or not enough candidates receive the majority of votes cast, the number of candidates who advance to the general or runoff election must be equal to twice the number of seats to be filled.

Status: *HB 2543 was introduced by Representative Michelle Ugenti (R-Scottsdale) at the request of the League of Arizona Cities and Towns. It passed the House Elections Committee on February 2nd with a vote of 6-0.*

Recommended Action: *SUPPORT*

Municipal Operations

SB 1066 – Political Subdivisions; Financial Audit Reports – SB 1066 would require municipalities, counties, and community college districts to post financial statements on their websites for at least 5 years. Governing bodies that fail to file financial statements within 18 months after the close of the fiscal year would be prohibited from adopting a general fund budget in the subsequent fiscal year that exceeds the amount budgeted in the current fiscal year.

Status: *SB 1066 was introduced by Senator Steve Pierce (R-Prescott) and passed the Senate Government Committee on February 5th with a vote of 7-0.*

Recommended Action: *Neutral*

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[HB 2480 – Municipalities; Pawnbrokers; Gold; Prohibited Fees](#) – HB 2480 would prohibit a municipality from imposing a fee, tax, or assessment on a pawnbroker or a person is in the business of buying gold in connection with any reportable transaction.

Status: *HB 2480 was introduced by Representative Warren Petersen (R-Gilbert) and will be heard in the Government and Higher Education Committee on Thursday, February 12.*

Recommended Action: **OPPOSE.** *This would eliminate licensing fee requirements on pawn shops and gold purchasing businesses. These fees are used to track transactions at pawn shops to ensure legality.*