

Week of February 10 - 14, 2014



Legislative Update

General Issues

February 14th was the 33rd day of the 51st Legislature, Second Regular Session. 1184 bills have been introduced.

The coming week will be busy as it is the last week to hear House bills in House committees and Senate bills in Senate committees. Bills that do not get a hearing this week are essentially dead for the session. However, much like zombies, bills can come back to life at almost any time during the session through the amendment process.

Manufacturing; Electricity Sale Tax Exemption

Several mayors met with Governor Brewer this week to discuss her legislation (SB 1413) that would eliminate sales tax on electricity used in manufacturing. The mayors were generally supportive of the Governor's desire for economic growth and creating more jobs, however they did caution her about the fiscal impact to local governments if the municipal sales tax language was not removed from the bill. The Governor committed to providing local governments with more financial data, but did not agree to remove the onerous local sales tax provisions.

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. ***Update:*** I am working on an amendment that was requested by the Arizona Department of Transportation.

Status: *SB 1152 was introduced by Senator Chester Crandell and passed the Senate Transportation Committee on Tuesday, February 4th with a vote of 6-0-1. The bill is awaiting a hearing in the Senate Rules Committee.*

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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. The bill will be heard in the House Rules Committee on Monday February 17th.*

Transaction Privilege Tax

SB 1413 – Taxes; Manufacturers’ Electricity Sales – SB 1413 is Governor Brewer’s bill that would eliminate Transaction Privilege Tax on gross proceeds of sales or gross income derived from sales of electricity for use in manufacturing or smelting operations. The bill eliminates use taxes on the purchase price of electricity for use in manufacturing or smelting operations. Additionally, municipalities would be prohibited from levying a transaction privilege or other similar tax or fee on the gross proceeds of sales or gross income derived from sales of electricity for use in manufacturing or smelting operations. Governor Brewer has estimated that there will be a negative \$20 million impact to the State General Fund from this legislation. The League of Arizona Cities and Towns has provided a letter to Governor Brewer (attached) citing concerns over the difficulty estimating the fiscal impact to cities and towns and requested to see the methodology the Governor used to make her estimate.

Status: *SB 1413 was introduced by Senator Steve Yarbrough and passed unanimously out of the Senate Finance Committee on February 12th.*

Recommended Action: *Oppose the bill unless the local sales tax provisions are removed from the bill.*

Economic Vitality

HB 2547- Major Event Public Safety Reimbursement – HB 2547 would establish the *Major Event Public Safety Reimbursement Fund* to reimburse the host community for the extra expense of providing public safety personnel and equipment that is directly attributable to a major Arizona event such as the Super Bowl. The bill would transfer up to \$4 million from the State General Fund to the Public Safety Reimbursement Fund. Only public safety personnel and equipment costs directly associated with the major event are eligible for reimbursement. The bill provides a narrow definition of “major event” that states the event must exceed 14,000 attendees and must be bid upon and awarded through a formalized competitive process.

Status: *HB 2547 was introduced by Majority Leader David Gowan (Sierra Vista) and was HELD in the Public Safety and Military Affairs Committee on February 12th.*

Recommended Action: *Neutral*

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HB 2627 – Aviation Registration; Taxation – HB 2627 makes numerous changes to aircraft registration and taxes. Advocates of the bill see it as a mechanism to boost economic activities for the aviation industry and related businesses.

Status: *HB 2627 was introduced by Representative Tom Forese (Chandler and was assigned to the House Ways & Means Committee.*

Recommended Action: *Watch. The bill still has many undetermined changes to taxes and fees which are expected to be negotiated by stakeholders if the bill continues in the process.*

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.

Status: *HB 2528 was introduced by Representative Warren Petersen (Gilbert) and is cosponsored by Representative Bob Robson (Chandler). **HB 2528 will be heard in the House Government Committee on February 18th.***

Recommended Action: *Pending*

Public Safety

SB 1158 – (Strike-everything; Fireworks; Permissible Use) – A strike-everything amendment will be offered to SB 1158 regarding fireworks. The advocate of this amendment has described the provisions to require cities and towns in Maricopa and Pima counties to allow the sale *and the use* of fireworks. The bill would prohibit the sale and use of fireworks in the remaining 13 counties. The language of the strike-everything amendment has not yet been made public.

Status: *The strike-everything amendment to SB 1158 will be heard in the Senate Public Safety Committee on Wednesday, February 19th.*

Recommended Action: *Oppose*

Water Resources

HB 2117- (Strike-everything; Water Softeners; Salinity) – The strike-everything amendment to HB 2117 would place new standards on the sale and installation of water softeners. More specifically the bill stipulates that all regenerated ion exchange water softeners installed in this state must be installed to operate at maximum levels of efficiency for their design and prohibits the sale or installation of time-clock regenerated ion exchange water softeners. The bill also prohibits a person from installing an ion exchange water softener that is connected to a water

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supply that has total dissolved solids of 750 milligrams per liter or less unless the softener meets specified salinity performance standards.

Status: *The Strike-everything amendment to HB 2117 was introduced by Representative Karen Fann (Prescott) and will be heard in the Energy, Environment, and Natural Resource Committee on February 17th.*

Recommended Action: *Neutral.*