

*Week of February 18<sup>th</sup> to 22<sup>nd</sup>, 2019*



# Legislative Update

---

Friday, February 22<sup>nd</sup> is the 40<sup>th</sup> day of the legislative session. 1289 bills have been introduced. Seven bills have passed and have been sent to the Governor. The Governor has signed six of the bills and vetoed one.

The City of Scottsdale is currently tracking 144 bills that have potential impact to municipal functions.

This week marks the deadline to hear bills in the House and Senate committees. Although the Appropriations Committees of both houses will meet next week to hear a few remaining bills, a bill that did not receive a hearing by the end of this week is likely dead for the year.

## Bills of Note

**[HB 2672](#) – Vacation Rentals; Short-Term Rentals; Regulation** – HB 2672 is the much anticipated short-term rental bill introduced by Representative John Kavanagh. The bill has 55 cosponsors from each house and both parties. However, the bill received a very bumpy start and was much debated in the House Government Committee on Thursday. Opposition came from current short-term rental owners who do not like the restrictions on the amount of “guests” in the bill and from the Goldwater Institute and Arizona Free Enterprise Club who see it as government overreach. The bill sponsor has said he will continue to modify the bill to try and alleviate concerns while still keeping teeth in the bill to take care of the problem rentals.

HB 2672 will:

- Allow cities to place restrictions on the number of adult occupants in a short-term rental (STR).
- Allow cities to obtain information from the Arizona Department of Revenue to determine who the ownership of the STR.
- Establish a penalty system with fines that increase with continued offenses.
- Allow the suspension or revocation of the STR’s TPT license if the owner receives five or more violations within a year.
- Specifically prohibit an STR from being used for nonresidential uses, including retail, restaurant, banquet space, event center, or similar uses.

# Legislative Update

---

**Status:** *Introduced by Representative John Kavanagh (R Fountain Hills) and passed the House Government Committee on February 21<sup>st</sup> with a vote of 8-2.*

**Recommendation:** *Support. This was a Key Issue in the 2019 City of Scottsdale Legislative Agenda.*

**HB 2115 – Landlord Tenant Act; State Preemption** - HB 2115 declares that matters of disputes between landlords and tenants will now be a matter of statewide concern and will prohibit local governments from enforcing any of the provisions of the Arizona Residential Landlord and Tenant Act.

**Status:** *Introduced by Representative Gail Griffin (R- Herford) and passed the House Rules Committee on February 18<sup>th</sup> with a vote of 5-3.*

**Recommendation:** *Oppose*

**HB 2005 – Moving Violations; Defensive Driving School** – HB 2005 would require municipal courts to allow a person who is found guilty by the court for a civil traffic moving violation to attend a defensive driving school. The bill also allows a person who is convicted of a violation of excessive speeds to attend a defensive driving school. If an eligible individual successfully completes the course at a defensive driving school, the court is required to dismiss the finding of responsibility or conviction for the civil or criminal traffic citation.

**Status:** *Introduced by Representative John Kavanagh (R- Fountain Hills) and passed the House Public Safety Committee on February 13 with amendments and a vote of 5-2.*

**Recommendation:** *Oppose.*

## **Updates on Previous Legislation**

**SB 1460 - TPT; Digital Goods and Services** – SB 1460 would prohibit the collection of transaction privilege and use taxes and local excise taxes from the purchase or lease of "digital services." Does not apply to an online lodging marketplace. Establishes the digital goods classification of transaction privilege taxes, which is comprised of the business of selling, leasing or licensing the use of "prewritten computer software" or providing "specified digital goods." Establishes a list of exemptions from the digital goods classification.

**Status:** *Introduced by Senator Michelle Ugenti-Rita (R-Scottsdale). SB 1460 passed the Senate Finance Committee on Wednesday, February 13<sup>th</sup> with a vote of 6-4.*

# Legislative Update

---

**Recommendation:** *Oppose. Last year's version of the "digital goods" bill would have had an estimated negative \$3.5Million impact to the City. While this year's digital goods bill contains less TPT exemption than last year's bill, the negative fiscal impact would still be substantial and increase as more software is delivered to the consumer digitally.*

## **Peer to Peer Car Sharing**

There are currently two bills pending to address "peer to peer" car rentals. Those bills are **SB 1305** and **HB 2559**. An off-shoot of the car-sharing concept, peer-to-peer (P2P) car renting, allows a vehicle owner to rent his or her car when it is not in use. P2P agreements typically include gas, insurance and the ability to drive a certain number of miles per day. People who want to rent a car can surf a P2P website to find cars available at differing locations, sizes and prices. P2P systems offer the advantage of operating anywhere a willing car owner lives.

**SB 1305 – Peer-to-Peer Car Rentals** – SB 1305 would define that a vehicle rental transaction that is facilitated by a "peer-to-peer car rental program provider" is subject to all laws for private passenger motor vehicle rental vehicles, transactions and companies. Provisions of the bill would require insurance, registration with the Arizona Department of Revenue, and payment of all state and local transaction privilege taxes.

**Status:** *Introduced by Senator David Livingston (R-Peoria) and passed the Senate Transportation & Public Safety Committee on February 13<sup>th</sup> with a vote of 7-1.*

**Recommendation:** *Support.*

**HB 2559 – Peer to Peer Car Sharing** – HB 2559 would define that a vehicle rental transaction that is facilitated by a "peer-to-peer car rental program provider" is subject to all laws for private passenger motor vehicle rental vehicles, transactions and companies. Provisions of the bill would require insurance and defined safety measures. The bill specifies that a peer-to-peer car rental company is exempt from transaction privilege tax on income derived from transactions.

**Status:** *Introduced by Representative Travis Grantham (R-Gilbert) and passed the House Commerce Committee with a vote of 9-0.*

**Recommendation:** *Oppose. The bill prohibits the assessment of TPT for peer-to-peer business transactions.*

**HB 2635 – Photo Radar; Prohibition** – HB 2635 is the perennial legislation that would ban the use of photo detection equipment for speeding (including school zones) and red lights.

**Status:** *DEAD. Introduced by Representative Kevin Payne (R-Peoria) and did not receive a hearing in Committee.*

# Legislative Update

---

**Recommendation:** *Oppose*

**HB 2587 – Photo Radar; Speeding** – HB 2587 would require that a speeding violation that is detected by a photo enforcement system is permitted to result in a traffic ticket and complaint only if, within 60 days after the effective date of this legislation and at least every two years after, the state or local authority conducts a speed test on the street where the photo enforcement system is operating to determine the speed limit at which at least 85 percent of the vehicles are traveling, the posted speed limit on the street where the violation occurs is the same as or greater than the speed limit determined by the test, and the local authority submits the test results to the Department of Transportation for review.

**Status:** *DEAD. Introduced by Representative John Kavanagh (R-Fountain Hills). The bill failed the House Transportation Committee on Wednesday, February 13<sup>th</sup> with a vote of 1-6.*

**Recommendation:** *Oppose*

**HB 2636 – Mobile Food Trucks; Municipalities** – HB 2636 would allow a mobile food truck to operate on private property in a residential area if the mobile food vendor obtains a separate written agreement with the property owner. Municipalities would be prohibited from requiring a mobile food vendor to pay more than one fee per year to operate on private property within that municipality, and from requiring a mobile food vendor to be fingerprinted.

**Status:** *Introduced by Representative Kevin Payne (R-Peoria) and passed the House Regulatory Affairs Committee on February 18<sup>th</sup> with a vote of 6-1.*

**Recommendation:** *Neutral. The bill sponsor accepted amendment language offered by the City of Scottsdale .*

**SB 1535 -- AHCCCS; Opioid Treatment Programs; Requirements** – SB 1535 provides that the Arizona Health Care Cost Containment System (AHCCCS) Administration and its contractors may only reimburse opioid treatment program providers for enrolled members that manage an average daily census of not more than 250 patients per day for every 5,000 square feet of facility space. Opioid treatment program providers that receive reimbursement from the AHCCCS Administration or its contractors are required to submit an annual report that contains a list of specified information, including a detailed security plan, neighborhood engagement plan, comprehensive care plan, and treatment information.

**Status:** *Introduced by Senator Kate Brophy McGee (R-Phoenix, Scottsdale) and passed the Senate Health & Human Services Committee on February 20<sup>th</sup> with a vote of 8-0.*

**Recommendation:** *Support. This legislation is an attempt to place parameters on opioid treatment centers (“methadone clinics”) and their impact on residential neighborhoods.*

# Legislative Update

---

**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 (R-Mesa) and passed the Senate Transportation & Public Safety Committee on Wednesday, February 13th.*

**Recommendation:** *Neutral. The City’s is working with the bill sponsor to alleviate our concerns with the bill. The sponsor has indicated he will hold the bill if there is not consensus from the cities on the bill’s provisions.*

**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 (R-Phoenix, Scottsdale) and passed the Transportation & Public Safety Committee on February 20<sup>th</sup> with a vote of 7-1.*

**Recommendation:** *Support*

**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:** *DEAD Introduced by Senator Kate Brophy McGee (Phoenix). SB 1249 did not receive a hearing in committee prior to the hearing deadline.*

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

**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:** *DEAD. Introduced by Representative Tony Rivero (Peoria) and did not receive a hearing in a committee prior to the hearing deadline.*

# Legislative Update

---

**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:** *DEAD. Introduced by freshman Representative Shawwna Bolick (Phoenix), and did not receive a hearing in a committee prior to the hearing deadline.*

**Position:** *Oppose*

**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 (R-Fountain Hills) and passed the House Elections Committee on February 20 with a vote of 6-4.*

**Recommendation:** *Oppose*

**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 (R-Fountain Hills) HB 2019 will be heard in the House Public Safety Committee on February 20<sup>th</sup> with a vote of 4-3..*

**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:** *DEAD. Introduced by Representative Kelly Townsend (Mesa). HB 2165 did not receive a hearing prior to the committee hearing deadline.*

**Recommendation:** *Support*

# Legislative Update

---

**[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:** *DEAD. Introduced by Representative Travis Grantham (Gilbert). HB 2108 was used as a Strike-Everything amendment for a bill relating to jury duty requirements for state correctional officers.*

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