

*Week of February 3 - 7, 2014*



# Legislative Update

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## General Issues

February 7<sup>th</sup> was the 19<sup>th</sup> day of the 51st Legislature, Second Regular Session. 1098 bills have been introduced. Legislators appear to be moving at a pace indicative of completing this Session in approximately 100 days. However, failure to reach agreement on several of the large policy issues pending before the legislative body could extend the Session well beyond 100 days.

### Medicaid Expansion; Repeal

Representative Adam Kwasman (Oro Valley) was successful in getting [HB 2234](#) introduced and through its first committee this week. HB 2234 would repeal the provisions of Governor Brewer's Medicaid expansion legislation from last year. Representative Kwasman is running against Speaker Andy Tobin (Prescott Valley) in a race for Congressional District 1. There is speculation that this bill is advancing in order to diffuse the differences between these two candidates.

## 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:*** Mayor Lane provided testimony in the Senate Transportation Committee on Tuesday. The bill passed unanimously with one Senator absent for the vote.

***Status:*** *SB 1152 was introduced by Senator Chester Crandell and passed the Senate Transportation Committee on Tuesday, February 4<sup>th</sup> with a vote of 6-0-1.*

**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.

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**Status:** *HB 2387 was introduced by Representative Ugenti and passed unanimously out of the House Government Committee on Tuesday, January 28<sup>th</sup>.*

## **Transaction Privilege Tax**

**SB 1413 – Taxes; Manufacturers’ Electricity Sales** – SB 1413 is the foreseen bill from Governor Brewer 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 will be heard in the Senate Finance Committee on Wednesday.*

**Recommended Action:** *Prepare to oppose in the event there is a substantial fiscal impact to the City.*

## **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 Superbowl. 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 is waiting to be assigned to committee.*

**Recommended Status:** *Neutral*

**SB 1134– Sales Tax; Reduced Reporting Requirements** – SB 1134 (identical to HB 2288) would allow taxpayers with annual transaction privilege tax liability between \$2,000 and \$8,000 to pay their taxes on a quarterly basis (instead of a monthly basis), and taxpayers with annual TPT liability of less than \$2,000 to pay on an annual basis. Previously, taxpayers with less than

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\$500 annual TPT liability were permitted to pay annually, and taxpayers with between \$500 and \$1,250 annual TPT liability were permitted to pay quarterly.

**Status:** *SB 1134 was introduced by Senator Steve Farley (Tucson) and passed the Senate Finance Committee on February 6<sup>th</sup>.*

**Recommended Action:** *Support*

**HB 2317 – Sales Tax Holiday; School Supplies** – HB 2317 would create a transaction privilege and use tax holiday on the last consecutive Friday, Saturday and Sunday in July of each year.

The Holiday would allow exempt sales tax on a clothing item or school supply item with a sales price of less than \$100. **Update:** *HB 2317 was HELD in the Ways & Means Committee.*

**Status:** *HB 2317 was introduced by Representative Justin Pierce (Mesa) and was HELD in the House Ways & Means Committee.*

**Recommended Action:** *Neutral.*

## Local Governance

**HB 2408 - Financial Disclosures; Electronic Filing** – HB 2408 would require public officers to *electronically* file a verified financial disclosure statements with the Secretary of State (SOS).

At the municipal level, this would require city or town council members to file their financial disclosure statements with the Secretary of State rather than the city or town clerk.

**Status:** *HB 2408 was introduced by Representative David Stevens (Sierra Vista) and will be heard in the House Judiciary Committee on February 13<sup>th</sup>.*

**Recommended Action:** *Neutral with amendment. The Secretary of State's Office is opposing the bill in its original form. An amendment will be offered to require state officials to file electronically and make it optional for city and town officials to file electronically.*

**SB 1227 – Municipalities; Counties; Energy Efficiency Codes** – SB 1227 would prohibit municipalities and counties from adopting any mandatory building code, ordinance or other legal requirement that is related to energy efficiency, energy conservation or green construction in new construction. It would also prohibit a city or county from denying any license or building permit or imposing a fine on a person for failure to comply with energy efficiency requirements. The bill provides a grandfather clause for any legal requirement that was adopted and effective before the effective date of this bill.

**Status:** *SB 1227 was introduced by Senator Chester Crandell (Heber) and will be heard in the Senate Government and Environment Committee on February 10<sup>th</sup>.*

**Recommended Action:** *Oppose. Municipal building codes are a matter of local control. Every community should be afforded the opportunity to decide for themselves if they want or don't want specific codes or ordinances that suit the residents of that community. In addition, there is*

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*substantial data that shows long-term financial benefits to homeowners when certain energy efficient construction materials are utilized.*

## **Forest Management**

**HB 2106 – Wildland-Urban Interface Study Committee** – HB 2106 would establish a five-member Wildland-Urban Interface Committee to develop legislative recommendations relating to creating defensible space in and around wildland-urban interface areas and other matters relating to wildland-urban fire prevention and control. The Committee is required to report to the Governor and the Legislature by December 31, 2014. The Committee would sunset on October 1, 2015.

**Status:** *HB 2106 was introduced by Representative John Kavanagh (Fountain Hills) and will be heard in the House Energy and Environment Committee on February 10<sup>th</sup>.*

**Recommended Action:** *Support (element of 2014 State Legislative Agenda).*

**SCR 1007 - Wildfires; Forest Management** – SCR 1007 would send a notice to the U.S. Congress that the Arizona Legislature recognizes the impacts of unhealthy forest and supports furthered efforts to restore healthy conditions to Arizona's forests.

**Status:** *SCR 1007 was introduced by Senator Gail Griffin (Hereford) and will be heard in the Senate Natural Resources Committee on February 12<sup>th</sup>.*

**Recommended Action:** *Support (element of 2014 State Legislative Agenda)*