



## **Introduction**

Welcome to the *2018 New Laws Report of the League of Arizona Cities and Towns*. The Report is designed to serve as a guide to those enactments of the second regular session of the 53<sup>rd</sup> Arizona Legislature that have demonstrable impacts on municipalities.

During the past session, 1,206 bills were introduced in the House and Senate. Of these, 370 passed the legislature (369 in Regular Session and one enacted in a Special Session) and were sent to the Governor, and 346 were signed into law. Almost 23% of these enactments affect cities and towns and are summarized in the Report.

## **Scope and Use**

This Report is intended only to identify and summarize those new laws with significant impacts on Arizona municipalities. It does not describe every provision of every law in detail, but it does provide a hyperlink to the chaptered version of each law summarized. To gain a better understanding of the new laws, readers are encouraged to review the exact language of their provisions as well as relevant legislative history. For those new enactments that modify current law, the Report makes no effort to describe the underlying law other than to provide sufficient context for an understanding of the statutory modification. Furthermore, the Report focuses on only those new laws that have broad statewide applicability to cities and towns.

## **Effective Dates**

Unless otherwise noted, the effective date of the new laws described in the Report is August 3, 2018. This date – 90 days after the conclusion of the legislative session – is the general effective date for all enactments that are passed without an emergency clause or alternative effective date. The Report does endeavor to identify effective dates that vary from the general effective date. Where appropriate, it also includes other statutory dates, such as repeal dates, implementation dates and deadlines.

## **Disclaimers**

The Report, published as a service to the members of the League of Arizona Cities and Towns, does not necessarily identify every law with impacts on municipalities. It is neither designed nor intended to provide legal advice or counsel. It should be relied upon only as a reference tool and not as a comprehensive guidance document. In certain limited instances, the Report does highlight action items that should be considered by cities and towns. In no case, however, should the Report substitute for the independent judgment of your city or town manager or attorney.

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Content is listed in numerical order by bill number within each category and includes the short title attached to the legislation.



## **Part One** **Courts, Civil and Criminal Justice and Law Enforcement**

### **SB 1041 (residency restrictions; sex offenders; victims)** [\(Chapter 186\)](#)

Prohibits a person who is required to register as a sex offender to knowingly establish a residence within 1,000 feet of where the person's former victim lives. A violation of this statute is a class 1 misdemeanor and a second or subsequent violation is a class 6 felony.

### **SB 1110 (photo radar; review; penalty)** [\(Chapter 123\)](#)

Requires a law enforcement agency, prior to issuing a traffic citation, to review evidence recorded by a photo enforcement system to verify that a violation or failure to obey a traffic control device or speed restriction occurred. Prohibits a photo enforcement company from making the determination of whether a violation occurred. Establishes violations of these requirements as a class 1 misdemeanor.

### **SB 1117 (liquor establishments; peace officers; firearms)** [\(Chapter 159\)](#)

Allows on- or off-duty peace officers to possess a firearm on the premises of a licensed liquor establishment.

### **SB 1296 (government communications; emergency response interpreters)** [\(Chapter 339\)](#)

Requires local governments to take *reasonable* steps to secure an American Sign Language interpreter for emergency communications, with preference given to those who have completed the Emergency Response Interpreter Credentialing program through the Arizona Department of Emergency and Military Affairs. Specifies that local governments are not prevented from communicating with the public in an emergency if an interpreter is not available and codifies existing federal law regarding the Americans with Disabilities Act.

### **SB 1455 (civil traffic violations; procedures; penalties)** [\(Chapter 224\)](#)

Allows a court to waive a citation for parking in a space designated for persons with physical disabilities if the driver was not present when the citation was issued and the vehicle owner produces in court a placard that was valid on the date of the violation. Prohibits a department or agency of the state from considering biking violations when determining whether to suspend or revoke a person's driver's license and prohibits an insurer from considering a biking violation when establishing motor vehicle liability rates, determining insurance eligibility or refusing to renew a policy.

## **SB 1465 (sober living homes; certification)**

[\(Chapter 194\)](#)

Requires the Arizona Department of Health Services (ADHS) to annually license all sober living homes and to establish a licensing fee. It allows ADHS to use standards adopted by a nationally recognized organization (i.e. National Association of Recovery Residences) as guidelines, exempts ADHS from rulemaking requirements for two years, and requires ADHS to notify every city and town when their rules are finalized. Prohibits a person from operating a sober living home without a license and imposes a \$1,000 fine for failure to obtain or maintain a license. Allows ADHS to enter any sober living home, with reasonable cause, to determine compliance and allows ADHS to suspend or revoke licenses or impose a \$500 per violation penalty for each day a violation occurs. Allows ADHS to contract with a third party for licensing and inspections. Beginning January 1, 2019, only a licensed or certified sober living home may receive referrals from any agency that receives state or federal funding or from a health professional that is licensed in this state and the courts must give first consideration to a certified or licensed sober living home when making housing recommendations to individuals under their supervision. Specifies that a sober living home may seek certification through the National Association of Recovery Residences in lieu of an ADHS license but must apply for a state license within 90 days of ADHS's rules becoming final. Finally, the bill directs 90% of sober home licensing fees to the Health Services Licensing Fund and 10% to the state General Fund and requires ADHS to submit an annual report that includes the number of licensed homes in each city, town and county, the number of homes licensed each year, the number of complaints investigated, and the number of enforcement actions taken.

## **HB 2038 (drug overdose review teams; records)**

[\(Chapter 28\)](#)

Requires all law enforcement agencies to provide unredacted reports to the chair of the local drug overdose fatality review team on request. Specifies that any information or records obtained by the team are not subject to subpoena, discovery, or introduction as evidence in any civil or criminal proceeding or disciplinary action and defends anyone who presents information to a team from being questioned about the information that was presented.

## **HB 2053 (sexual acts; theft by extortion)**

[\(Chapter 76\)](#)

Establishes the crime of sexual extortion and defines it as knowingly communicating a threat with the intent to coerce another person to engage in specified sexual acts. Sexual extortion is a class 3 felony, unless the victim is under 15 years of age in which case it is a class 2 felony punishable as a dangerous crime against children. A person convicted of sexual extortion, where the victim is less than 15 year of age, is required to register as a sex offender. A person who is at least 18 years of age or who has been tried as an adult and is convicted of a dangerous crime against children involving sexual extortion is subject to specified sentencing provisions, including a presumptive sentence of 10 years and ineligibility for release from confinement on any basis.

**HB 2196 (certificates of necessity; hearings; duration)**  
([Chapter 92](#))

Prohibits a certificate of necessity hearing from lasting more than 10 days unless the administrative law judge determines, in writing, on the final day of the hearing that there is an extraordinary need for additional hearing days.

**HB 2244 (dangerous crimes; children; fictitious age)**  
([Chapter 181](#))

Clarifies that it is not a defense to a dangerous crime against children that the minor victim is a person posing as a minor or is otherwise fictitious if the defendant knew or had reason to know the purported minor was under 15 years of age.

**HB 2312 (setting aside conviction; requirements)**  
([Chapter 83](#))

Establishes a list of factors a court must consider when determining whether to set aside a conviction. Specifies a conviction that is set aside may be alleged as an element of an offense or used as a prior conviction. Requires the clerk of the court to notify the Department of Public Safety (DPS) if a conviction is set aside and DPS is required to update the person's criminal record with an annotation that the conviction has been set aside. Prohibits the clerk of the court from charging a filing fee for an application to have a judgment of guilt set aside.

**HB 2313 (sentencing; monetary obligations; fine mitigation)**  
([Chapter 237](#))

Allows a court to sentence a defendant to community restitution in lieu of a fine or incarceration for all misdemeanor and all monetary obligations at the time of sentencing and allows a court to mitigate all or part of certain assessments and surcharges if a defendant can demonstrate that it will create an undue financial hardship. Allows the court to consider the defendant's ability to pay other restitution, the extent of the hardship on the defendant's family and whether the defendant is seeking/maintaining employment, attending school or has a medical condition. Prohibits a court from mitigating or waiving assessments and surcharges for family offenses, the address confidentiality program, dangerous crimes against children, sexual assaults, victims' rights enforcement and the Victim's Rights Fund. Allows the court or the Board of Executive Clemency to revoke probation or community supervision and sentence or return the defendant to prison if a defendant willfully fails to pay or refuses to make a good faith effort to obtain money for payment. Specifies that failure to pay may constitute contempt and result in garnishment of wages. Requires all probationers to be in compliance with their nonmonetary obligations to be eligible for early release from probation. Reduces the Criminal Justice Enhancement Fund (CJEF) surcharge from 47% to 42% and establishes a new \$9 assessment on every fine, penalty and forfeiture for all criminal, traffic and Game and Fish violations for the Victims' Rights Fund and Victim Compensation and Assistance Fund.

**Effective date: January 1, 2019**

## **HB 2334 (liquor omnibus)**

[\(Chapter 240\)](#)

Makes various changes to statutes in Title 4 related to liquor laws, including:

- Authorizes the Department of Liquor License and Control (DLLC) to issue new licenses to replace licenses that have been revoked or reverted back to the state, up to 20 percent per year.
- Prohibits DLLC from issuing a license to a person or entity with an existing tax lien on a license that has been revoked or reverted back to the state.
- Allows DLLC to issue special event liquor licenses to government entities.
- Allows city/town clerks to approve special event liquor licenses if authorized by their council.
- Requires any denial of a special event liquor license by a city/town to be filed with DLLC within 60 days of the application being submitted, unless more time is requested by the applicant.
- Adds farm winery and craft distillery festivals to the special events that are exempt from the 300-foot distance rule from schools and churches.
- Allows written protests of liquor licenses by residents to be filed with DLLC by email.
- After January 1, 2019, requires security guards at bars to complete training that includes monitoring admission, interacting with patrons, calling law enforcement, use of force, and de-escalation.
- Allows DLLC to consider a licensee's request for police intervention during an "act of violence" as a mitigating factor during a hearing.
- Adds to the definition of "act of violence" an incident in which a licensee, or their agent, fails to follow a clear and direct order from a police officer or fire marshal.

## **HB 2384 (unlawful flight; vehicle impoundment)**

[\(Chapter 303\)](#)

Specifies that a driver commits unlawful flight from an unmarked police vehicle only if the driver admits to knowing, or evidence shows that the driver knew, that the pursuing vehicle was an official law enforcement vehicle. Grants an officer the authority to remove a vehicle from the road if the driver engages in unlawful flight from police, including on foot.

## **HB 2522 (traffic violations; penalties)**

[\(Chapter 310\)](#)

Increases the penalty for causing serious injury or death by use of a vehicle from a class 3 to a class 1 misdemeanor and increases the penalty for the same act while driving on a suspended license for DUI from a class 4 to a class 3 felony. Stipulates that any sentence imposed for causing death by a vehicle runs consecutively to any sentence related to the accident. Doubles the driver license suspension periods for causing serious injury by a vehicle and specifies that these periods also run consecutively. Requires restitution to be awarded for causing death by a vehicle and eliminates the cap on these types of restitution awards.

## **HB 2527 (ticket surcharge; public safety equipment)** **([Chapter 312](#))**

Increases the surcharge on all civil and criminal traffic violations from \$5 to \$9 and directs the new \$4 to the non-lapsing Peace Officer Training Equipment Fund. Requires the new assessment to be transmitted to the treasurer of the city, town or county that issued the ticket and then transmitted to the State Treasurer with a remittance report. Requires the State Treasurer to invest and divest monies in the fund and credit any monies earned to the fund. Allows a court to mitigate or waive the assessment if a defendant demonstrates that it would create an undue hardship on them or their family.

Requires the monies deposited into the fund to be appropriated as follows until the appropriations have been fulfilled:

- The first \$500,000 to the Department of Public Safety (DPS) for employee overtime pay;
- The next \$2.3 million to DPS for 10 virtual firing ranges and three virtual training simulators for the Tucson Police Department, Pinal County Sheriff's Office and Yavapai County Sheriff's Office;
- The next \$203,000 to DPS to maintain the state's existing virtual training simulators;
- The next \$50,000 to the Governor's Office of Highway Safety for public service announcements to educate drivers about traffic stops; and
- The next \$20,000 to the Arizona Supreme Court for one-time programming costs.

Establishes an advisory commission to make recommendations to the legislature on how to appropriate the fund annually that will consist of one Senator appointed by the Senate President, one Representative appointed by the Speaker of the House, the director of DPS, one member appointed by Arizona Association of Chiefs of Police, one member appointed by the Arizona Sheriff's Association, one member appointed by the Arizona State Troopers Association, and one member appointed by the Arizona Police Association.

**Effective date: January 1, 2019.**

## **Part Two** **Campaigns, Elections and Recordkeeping**

### **SB 1043 (county recorder; recording fees)** ([Chapter 143](#))

Modifies the statutory fee structure the county recorder receives for recording, preparing and issuing various documents. Among other changes, it establishes a \$30 fee for recording papers required or authorized by law, instead of \$5 for the first five pages plus \$1 for each additional page. Establishes a \$15 fee for recording papers to which a government entity is the requesting party, instead of \$3 for the first five pages plus 50 cents for each additional page.

**Effective date: July 1, 2019.**

### **SB 1249 (campaign finance violations; appeals)** ([Chapter 56](#))

Allows the imposition of a penalty for campaign finance violations to be appealed to the superior court instead of to the Office of Administrative Hearings as an appealable agency action. Requires the superior court to conduct a trial de novo and the enforcement officer has the burden of proving any alleged violation by a preponderance of the evidence.

### **SB 1437 (elections; equipment; amendments)** ([Chapter 261](#))

Removes and repeals outdated and antiquated language from the election statutes relating to lever voting equipment, ballot cards and ballot labels, punch cards, tally boards, rubber stamps, stubs, and electromechanical voting devices. Updates ballot instructions to voters, defines “e-pollbook,” outlines how an electronic voting system must accommodate the ballot layout and removes the election marshal’s authority to act with the powers of a constable. Removes the requirement that a person at the end of the line when polls close to vote in the presence of the election board or official, removes the five-minute limit for a voter in the voting booth, allows the voter to directly deposit the ballot in the ballot box and allows a voter who has voted to reenter the voting area as an official observer or to assist another voter.

**Effective date: January 1, 2019.**

### **HB 2078 (political subdivisions; candidate committee)** ([Chapter 77](#))

Requires a candidate for city and town elections or retention to register as a candidate committee if the candidate receives contributions or makes expenditures, in any combination, of at least \$500 in connection with that candidacy, instead of at least \$1,100, and exempts the \$500 threshold from biennial increases. Removes the payment requirement by a filing officer to opt in to the secretary of state's electronic filing system.



## **HB 2153 (campaign finance; nonprofits; disclosure)** ([Chapter 134](#))

Prohibits a city or town election official from requiring an entity that claims tax exempt status under section 501(a) of the federal Internal Revenue Code and is in good status with the Internal Revenue Service to register or file as a political action committee. It also prohibits the entity from having to disclose personally identifying information of individuals who have contributed to the entity, disclose a specified form that provides information on contributions to the entity, or submit to an audit or subpoena regarding a potential campaign finance violation. These restrictions do not apply if the entity satisfies the committee registration criteria. For the purpose of campaign finance statutes, a tax exempt entity's standing with the Corporation Commission is no longer a factor when considering whether the entity has to register as a political action committee.

## **HB 2173 (notice of participation; jurisdictional elections)** ([Chapter 154](#))

Requires elections held by school districts, cities or towns that are not held concurrently with the general election to be called no later than 120 days before the date of holding the election.

## **HB 2184 (secretary of state; rulemaking)** ([Chapter 178](#))

Makes numerous changes to the administrative function of the secretary of state's office regarding rulemaking. Of interest to cities and towns is a new provision related to public records management: it repeals the requirement that a city or town must submit to the State Library a list of public records that the city or town does not need for current business transactions that do not have sufficient administrative, legal or fiscal value to include in established disposal schedules.

## **HB 2604 (consolidated elections; voter turnout)** ([Chapter 247](#))

Requires cities and towns to conduct their candidate elections on a statewide date if they hold their election on a non-statewide election date and it resulted in a significant decrease in voter turnout. A significant decrease to voter turnout is defined as at least 25% less than voter turnout in that same political subdivision for the most recent election in which the office of the governor appeared on the ballot in that city or town. County boards of supervisors must require the officer in charge of elections to calculate voter turnout for candidate races and are required to determine whether this legislation requires a political subdivision to consolidate its elections dates and announce the determination and implementation date at a public meeting. For any political subdivision whose alternative expenditure limitation is scheduled to expire at any time after the year in which the political subdivision is required to comply or voluntarily complies with the election consolidation requirements of this legislation, the existing voter-approved alternative expenditure limitation continues as established before its expiration and the statutory penalties do not apply if the political subdivision seeks voter approval of an alternative expenditure limitation at the next eligible regular election following consolidation.

## Part Three

### Taxes, Budget and Finance

#### **SB 1120 (tax exemption; special events; nonprofits)**

([Chapter 249](#))

Specifies that the TPT and use tax exemptions for nonprofit organizations associated with an MLB team or the PGA do not apply to organizations owned, managed or controlled by an MLB team, MLB association or the PGA unless the organization operated exhibition events before January 1, 2018 that were exempt from TPT under the Amusement classification. The applicable tax exemptions include State and local TPT on Retail, Commercial lease/Rental of Real Property, Amusements, Restaurants and bars, as well as State and local Use tax.

**Effective retroactive to January 1, 2018.**

#### **SB 1281 (street light improvement districts; consolidation)**

([Chapter 187](#))

Allows cities and towns to consolidate two or more existing street lighting improvement districts upon receipt of a petition signed by the majority property owners in each of the districts that are proposed to be consolidated. Specifies the districts proposed to be consolidated must be contiguous and prohibits new territory to be included during the consolidation process. Establishes public notice and public hearing requirements and specifies that approved consolidations take effect on July 1 immediately following the timely filing of notice of the consolidation with the Department of Revenue (DOR). Requires municipalities to notify DOR, the county assessor and the county treasurer of the district consolidation no later than June 1 immediately preceding the effective date of the consolidation to be eligible to levy a tax within a consolidated district.

#### **SB 1293 (department of revenue; administrative efficiency)**

([Chapter 338](#))

Modifies numerous statutory requirements related to tax collection and administration in an effort to modernize and improve various procedures of the Department of Revenue. Includes provisions for expanded use of secure email for taxpayer contacts in cases of assessment and collection; allowing the ADOT/MVD to collect both State and local Use tax upon the registration of vehicles purchased out of state; and simplification of provisions related to penalties and interest when using electronic filing and payment of tax, among other provisions.

#### **SB 1294 (tax corrections act of 2018)**

([Chapter 104](#))

This bill is an annual exercise where corrections to the state tax code are recommended by the Department of Revenue and Legislative Council. Of specific interest to cities and towns is the clarification that property management companies are not assessed a TPT license fee.

## **SB 1382 (TPT; online lodging marketplace; registration)**

[\(Chapter 189\)](#)

Requires all online lodging marketplaces to register with the Arizona Department of Revenue for state and local tax collection and remittance purposes. Specifically excludes properties that are subject to property tax under Class 1, meaning the requirement to be licensed and collect the tax only applies to companies providing a platform for the short-term lease of vacation home properties such as AirBnB and HomeAway, but it does not apply to online travel companies offering regular hotel rooms such as Expedia.

Prohibits, upon enactment of HB 2456 (see below) related to the extension of the Rio Nuevo Multipurpose Facility District, the use of TPT funds to pay debt service on bonds issued after January 1, 2009 or to meet contractual obligations incurred after June 1, 2009.

**Effective date: January 1, 2019.**

## **SB 1385 (tax appeals; administrative hearings; confidentiality)**

[\(Chapter 218\)](#)

Makes various changes to expedite audit appeals procedures and makes related changes to disclosures of confidential taxpayer information. As a result, under certain conditions a taxpayer that wishes to protest an audit assessment (other than income tax) may choose to bypass the Office of Administrative Hearings (OAH) and proceed directly to either the Board of Tax Appeals (BOTA) or Tax Court. The intent is to move cases through the process more quickly particularly when the position of the State is clearly known but the taxpayer wishes to challenge that position in the courts. Certain sections of the bill are effective retroactive to January 1, 2017, allowing cases currently awaiting action before OAH to be removed and sent directly to BOTA or Tax Court.

## **SB 1390 (TPT; additional rate; education)**

[\(Chapter 74\)](#)

Continues the additional statewide TPT rate for education (0.60%) approved by the voters as Proposition 301 in November 2000 and set to expire on June 30, 2021, for an additional 20 years, with some modifications to the distribution formula.

## **SB 1405 (corporate income tax allocation; sales)**

[\(Chapter 106\)](#)

Allows credit card companies to use a *sales factor* to determine income tax liability. This change will have a slight negative affect on income tax collection but the amount is negligible as it relates to Urban Revenue Sharing.

**Effective date: January 1, 2020.**

## **SB 1409 (TPT; prime contracting; alteration; replacement)** ([Chapter 341](#))

Clarifies that handymen are not subject to TPT on their activity and simplifies the application of the Maintenance, Repair, Replacement, Alteration (MRRA) exemption under Prime Contracting. Provides that any person that is not required to obtain a license from the Registrar of Contractors by reason of qualifying for its handyman exemption (all jobs are less than \$1,000) is not considered subject to Prime Contracting and does not need a TPT license. Simplifies the Alteration portion of the MRRA definition by removing two of the three criteria to qualify for the exemption on a Commercial project: scope of the project must impact no more than 40% of the existing square footage; and any addition of square footage cannot exceed 10% of the original measurement. This leaves the Alteration definition as applying to any Residential project if the contract is less than 25% of the Full Cash Value (FCV), and any Commercial project if the contract is less than \$750,000. Leaves unchanged allowances for ultimately exceeding those limits due to change orders and constraints against splitting contracts to qualify as an Alteration project.

**Effective date: January 1, 2019.**

**Note that all contracts for Commercial alterations entered into prior to January 1, 2019 remain fully subject to all of the current limitations, including any change orders related to such existing contracts that are approved subsequent to January 1, 2019.**

## **SB 1522 (capital outlay; appropriations; 2018-2019)** ([Chapter 277](#))

One of the budget reconciliation bills that make up the 2018 state budget package. Of special interest to cities and towns is that it includes \$18.8 million from the State Aviation Fund to plan, construct, develop and improve state, county, city or town airports as determined by the State Aviation Board.

## **SB 1523 (criminal justice; budget reconciliation; 2018-2019)** ([Chapter 278](#))

One of the budget reconciliation bills that make up the 2018 state budget package. Of special interest to cities and towns is that it allows the Concealed Weapons Permit Fund to be used for the Arizona Peace Officers Standards and Training Board.

## **SB 1529 (revenues; budget reconciliation; 2018-2019)** ([Chapter 283](#))

One of the budget reconciliation bills that make up the 2018 state budget package. Of special interest to cities and towns are the following two provisions:

- **HURF** – The bill takes revenue from the Highway Safety Fee that is estimated to generate \$91 million in VLT for FY19 to fund DPS. The HURF sweep drops from \$99M in FY18 to \$15M in FY19 (see [SB 1520, page 54](#)). Of the \$84 million dollars that is freed up in HURF by using money from the Highway Safety Fee to fund DPS, \$42 million goes to cities, towns and counties and \$42 million to the State Highway Fund. Of the \$42 million that is distributed to cities, towns and counties, \$30 million goes to cities, towns and counties with

the same one-time formula used last year (\$14.4 million to cities distributed the same as one-time HURF last year). The additional \$12 million is distributed to cities, towns and counties through the existing HURF formula.

- **DOR Operations Fee** - Cities and towns continue to pay their proportionate share of \$20.8 million to fund the Department of Revenue operations.

**HB 2166 (vehicle fees; alternative fuel VLT)**  
([Chapter 265](#))

Provides the Department of Public Safety (DPS) a dedicated funding source, in lieu of sweeping the Highway User Revenue Fund, by permitting the director of the Arizona Department of Transportation (ADOT) to establish a highway safety fee to fund 110% of the highway patrol budget. On January 1, 2020, the bill permits the director of ADOT to establish the rate at which alternative fuel vehicles will pay for annual vehicle registration. Alternative fuel vehicles currently receive a near exemption for registration fees, only requiring owners to pay basic registration processing charges to ADOT.

**HB 2416 (appropriation; study; prime contracting classification)**  
([Chapter 305](#))

Appropriates \$75,000 in FY19 from the residential contractors' recovery fund to the Arizona Department of Revenue for an independent study of noncompliance rates by persons who are subject to the prime contracting classification of the transaction privilege tax.

**HB 2456 (stadium district; extension; Rio Nuevo)**  
([Chapter 138](#))

Extends the distribution of multipurpose facility transaction privilege tax revenues to the Rio Nuevo District for 10 years, until July 1, 2035, or until all authorized debt service payments are completed, whichever is later. Extends the timeframe that public monies received by the district may be used for debt service on bonds and for contractual obligations incurred by the district from January 1, 2009 to January 1, 2025. Clarifies that on the termination of the Rio Nuevo District, the board of directors is required to dispose of the district's real property and improvements according to a specified process and adds that if the property is not conveyed within six months after the board of directors offers it for disposal, the property escheats to the State Land Trust for the benefit of the Permanent State School Fund.

**HB 2484 (local food tax; equality)**  
([Chapter 17](#))

Requires cities and towns that impose a TPT, Use tax or other similar tax or fee on the retail sale of food, including any non-alcoholic beverages or the sale of food for consumption on the premises, to be applied uniformly with respect to all food and non-alcoholic beverage items, and an additional tax or fee differential cannot be assessed or applied with respect to any specific food or non-alcoholic beverage item. Prohibits cities and towns from levying a TPT, Use tax or other similar tax or fee on the manufacture, wholesale or distribution to or among wholesalers, distributors or retailers of food, including any non-alcoholic beverages, and on any container or packaging used exclusively for transporting, protecting or consuming food, including any non-alcoholic beverages.

## Part Four

### General Government

#### **SB 1042 (backflow prevention; state fire code)**

([Chapter 19](#))

Requires backflow prevention equipment on class 1 or class 2 fire protection systems to be approved, inspected and maintained in accordance with the state fire code, instead of a National Fire Protection Association publication or the uniform fire code.

#### **SB 1111 (workers' compensation; opioids; dispensed medications)**

([Chapter 101](#))

Requires a physician that prescribes a narcotic or opium-based controlled substance listed in Schedule II or a prescription of any opioid medication that is given to an employee to include in the report to the Industrial Commission documentation that a physical examination of the employee was conducted, that a substance use risk assessment of the employee was completed and that the employee gave informed consent for any opioid treatment. Requires the treatment plan for these medications to include face-to-face follow up visits to reevaluate the employee's continued use of opioids, criteria and procedures for tapering and discontinuing opioid prescription or administration and criteria and procedures for offering or referring the employee for treatment for dependence on or addiction to opioids. Requires the physician to obtain a patient utilization report regarding the employee from the controlled substances prescription monitoring program's central database tracking system before prescribing an opioid analgesic or benzodiazepine controlled substance that is listed in schedule II, III or IV and at least quarterly while that prescription remains a part of the treatment. Requires the Industrial Commission to review information and data, consult with stakeholders and hold at least one public hearing by July 1, 2019 in considering whether to adopt additional reimbursement guidelines for medications dispensed in settings that are not accessible to the general public.

#### **SB 1140 (certificates of authority; video service)**

([Chapter 331](#))

Establishes a uniform video service license, issued by cities, towns and counties, and allows cable companies to terminate existing cable franchise license agreements for the uniform license after January 1, 2020. Requires cities and towns to adopt a standard uniform video service license agreement and application for the uniform license by July 1, 2019. Prohibits local regulation of video service providers or their networks beyond requirements related to license issuance and right-of-way management; build-out, line extension or other requirements related to infrastructure, facilities and deployment of equipment are also prohibited. Requires the Office of Administrative Hearings to oversee license-related disputes, including disputes regarding under or overpayment of license fees. Specifies requirements for license fee audits and allocation of bundling discounts and requirements for video service providers to add or terminate service territories and extend or transfer a video service license. PEG channel capacity is limited to four - two channels in the basic tier and two channels in the digital tier; or two lines of programming in standard definition and two in switched digital. Cities and towns are prohibited from charging a filing or processing fee for and from taking any official action on the application to receive a video service license.

## **SB 1144 (conservation easements; notice; valuation)**

[\(Chapter 52\)](#)

Requires the holder of a conservation easement to provide for the easement's recording and acceptance and provide the information required for the registry of real property with conservation easements to the county assessor for each county in which any portion of the real property is located. Expands the information that must be included in the registry for each parcel to include the name of the holder of the conservation easement, the name of any governmental body or charitable corporation with a third-party right of enforcement and the value of the real property as determined by an independent appraisal prior to the creation and recording of the conservation easement.

## **SB 1209 (scrap metal dealers; DPS report)**

[\(Chapter 40\)](#)

Repeals the requirement that the Department of Public Safety submit a biennial report about scrap metal dealers to the legislature.

## **SB 1274 (public monies; recovery; illegal payments)**

[\(Chapter 253\)](#)

Expands the parties that the attorney general may bring an action against to recover public monies disbursed without authorization of law (illegal payments), including: a) any person who received the illegal payment; b) the public body or supervisor of the person who ordered the illegal payment; or c) the public official, employee or agent who ordered the illegal payment if the person knew or should have known that it was an illegal payment. The action must be brought within five years of the payment and is subject to the standard requirements for actions against public entities (e.g. notice of claim). The bill also specifies that all parties to the payment are jointly and severally liable for the amount of the payment, with legal interest, plus an additional 20%.

## **SB 1247 (health insurance; mandated provision prohibited)**

[\(Chapter 165\)](#)

Prohibits cities and towns from regulating or requiring employers to provide health insurance to their employees.

## **SB 1499 (community facilities districts; directors)**

[\(Chapter 108\)](#)

An emergency measure that requires a resolution ordering the formation of a district state whether it will be governed by a district board consisting of members of the governing body of the city, town or county with two additional members who are initially designated by the owner who owns the largest amount of privately owned acreage in the district and who are appointed by the governing body; or, at the option of the governing body, five directors appointed by the governing body. Specifies that the two additional members designated by the owner serve for a term of six years and establishes a process for the board to appoint a person to fill a vacancy or on the expiration of a term of office.

**Effective date: March 29, 2018**

## **HB 2065 (public meetings; definition; penalties)** ([Chapter 229](#))

Allows the attorney general to commence a suit against an *individual* of a public body who *knowingly* violates open meeting law. Removes the civil penalty for a first violation, maintains the \$500 penalty for a second violation, and increases the penalty for a third or subsequent violation to as much as \$2,500. Allows a court to exempt a person who objected to any unlawful action taken by the public body from a civil penalty if the objection was noted on a public record. Prohibits a public body from paying a civil penalty on behalf of, or reimbursing, an individual against whom a civil penalty has been imposed. Expands the definition of *meeting* to include electronic communications that proposes legal action, including *one-way communications from one member to a quorum* of members of a public body or an exchange of electronic communications *among a quorum* of members of a public body.

## **HB 2126 (government property; abatement; slum and blight)** ([Chapter 231](#))

Restricts the size of a central business district (CBD) for a city or town to the greatest of the existing total land area of the CBD as of January 1, 2018, 2.5% of the total land area of the city or town, or 960 acres. Defines the term *geographically compact* and grandfathers existing CBDs and existing projects. Provides for the automatic termination of a slum or blight designation within a CBD within 10 years after October 1, 2018 unless the designation is formally renewed or modified by the city or town and then requires re-designation of a slum or blighted area within a CBD every 10 years thereafter. Stipulates that any slum or blighted area that is not re-designated terminates either on October 1, 2025 or five years after any subsequent review.

## **HB 2154 (personal information; data security breaches)** ([Chapter 177](#))

Makes numerous changes to statutes relating to data security breaches, adds a new article to Title 18 (Information Technology) regulating data security breaches and transfers several sections of current statute to the new article. Requires a person that conducts business in Arizona and owns, maintains or licenses unencrypted and unredacted computerized personal information that becomes aware of a *security system breach*, to notify the individuals affected within 45 days. Requires the person to notify the three largest nationwide consumer reporting agencies and the attorney general in writing if the breach affected more than 1,000 individuals. Provides a list of information that must be included in the notification to individuals affected by a breach. Specifies that a knowing and willful violation of these requirements is an unlawful practice and only the attorney general may enforce the violation by investigation and taking appropriate action. Authorizes the attorney general to impose a civil penalty for violations of the lesser of \$10,000 per affected individual or the total amount of economic loss sustained by affected individuals and the maximum civil penalty from a breach or series of related breaches cannot exceed \$500,000.

## **HB 2178 (secretary of state; notary public)** ([Chapter 13](#))

Makes numerous changes to the statute regarding the secretary of state's office (SOS) and notaries public that are of interest to cities and towns with employees offering notary public services. Requires a notary public who resigns to submit their resignation in writing to the SOS,



rather than the governor. Removes language permitting a notary to perform a notarial act on a document that is a translation of a document that is in a language that the notary does not understand if the translator signs an affidavit containing an oath of affirmation that the translation is accurate and complete. Requires the official seal of a notary to include their notarial commission number; and requires a notary public whose official journal or seal is compromised to deliver a signed notice of the compromise to the SOS within 10 days and stipulates that any notary that fails notify the SOS has failed to discharge their duties. Permits the SOS to impose a civil penalty of \$25 on any notary that fails to notify the SOS if the journal or seal is compromised and specifies that any notary whose journal or seal is lost or stolen that fails to notify the SOS within 10 days may be assessed a civil penalty. Permits notarial commission, duties and acts to be performed electronically and allows notaries to accept documents signed with an electronic signature. Requires a notary public that is appointed after the effective date of the bill to use an official seal imprinted with their commission number and if appointed before the effective date to replace their official seal on reappointment with an official seal imprinted with their notarial commission number. Makes several other changes to the definition of a notarial act or notarization and adds to the list of acceptable identification that can be presented to a notary public.

**HB 2304 (public buildings; omnibus)**  
([Chapter 155](#))

Makes various changes to statutes related to procurement of professional services for public buildings. Extends to June 30, 2025 authorization for a procurement agent to procure construction-manager-at-risk construction services for horizontal construction. Eliminates separate contract amount limits for professional services from an architect.

**Effective retroactive to June 30, 2018.**

**HB 2311 (limited liability; employers; ex-offenders)**  
([Chapter 137](#))

States that an employer is not liable for hiring an employee or contracting with an independent contractor who has previously been convicted of a criminal offense. Clarifies that this liability exemption does not preclude an existing cause of action for failure to provide supervision of an employee or contractor and provides for exceptions to this liability exemption.

**HB 2371 (mobile food vendors; state licensure)**  
([Chapter 286](#))

Requires the Department of Health Services (DHS) to adopt rules establishing statewide health and safety licensing and inspection standards for *mobile food vendors* and *mobile food units* that include three categories of mobile food units that are based on the type of food dispensed and the amount of handling and preparation required. Adds the business of operating a mobile food unit to the restaurant classification of TPT and eliminates the TPT exemption for sales of food by a street or sidewalk vendor that uses a mobile facility, motor vehicle or other such conveyance. Provides cities, towns and counties authority to establish certain restrictions on mobile food vendors and prohibits other types of restrictions. Requires cities and towns with a population of more than 50,000 persons to make available all applicable mobile food vendor license applications online and prohibits requiring a mobile food vendor to apply in person.

## **HB 2412 (leave of absence; day; definition)**

[\(Chapter 95\)](#)

Clarifies that *day* means a shift of work for the purpose of the statutes regulating a leave of absence from employment for military service or required federal training.

## **HB 2421 (national guard; employment rights)**

[\(Chapter 118\)](#)

Extends the employment protections for absences from employment for military duty to members of the National Guard and Armed Forces Reserves of any other state in addition to Arizona.

## **HB 2461 (zoning regulations; private schools)**

[\(Chapter 86\)](#)

Prohibits cities, towns and counties from adopting or enforcing a land use regulation that requires the property on which a nongovernmental primary or secondary school operates to be larger than one acre.

## **HB 2532 (occupational regulation; municipalities; counties; hearings)**

[\(Chapter 314\)](#)

Requires local governments adopting new or renewing existing occupational licensing requirements to demonstrate that it is necessary to protect the health, safety or welfare of the public and to provide notice and hold a public hearing prior to its implementation. Requires any existing occupational licensing requirement to sunset five years after the effective date of the legislation unless the local government demonstrates its necessity at least three months prior to its expiration and requires review every five years thereafter to demonstrate their continued necessity. Defines an occupational licensing requirement as any rule, regulation, practice or policy that allows an individual to use an occupational title or to work in a lawful occupation, trade or profession or that prevents an individual from using an occupational title or that requires a fee or tax to be paid to work in a lawful occupation. Provides exemptions from these requirements for certain occupations.

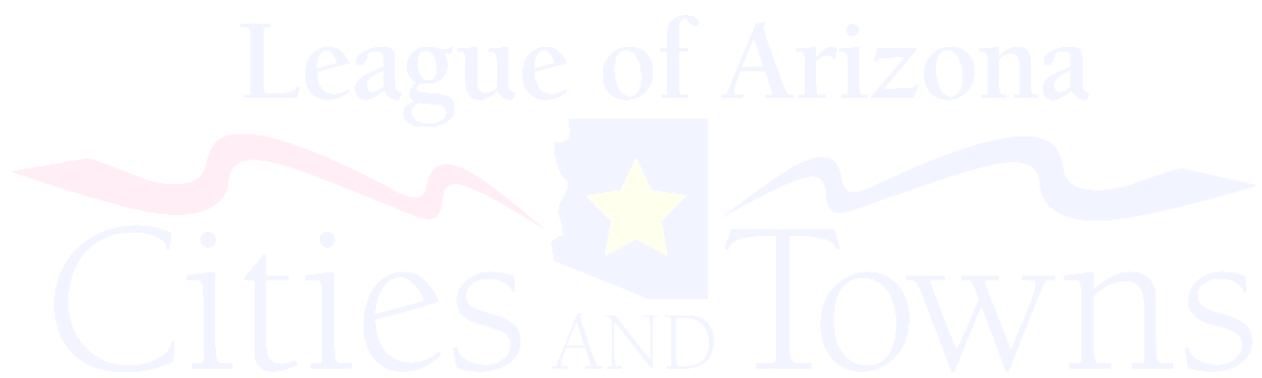
## **HB 2558 (drug disposal; education)**

[\(Chapter 245\)](#)

Requires the Arizona Department of Health Services to enter into a public-private partnership to develop an education and awareness program, funded by private donations and contributions, regarding the disposal of prescription and nonprescription drugs, controlled substances and drug paraphernalia. Prohibits cities and towns from requiring business owners to pay for or operate a drug disposal program and are prohibited from imposing a tax, fee, assessment or charge on consumers or business owners to pay for or support a drug disposal program. Allows cities and towns to continue using general fund monies to operate a drug disposal program.

**HB 2602 (running nodes; blockchain; regulation prohibition)**  
([Chapter 208](#))

Declares the regulation of running a node on blockchain technology is a statewide concern and prohibits cities and towns from regulating this activity.



## Part Five

### Transportation and Traffic Enforcement

#### **SB 1207 (lease authority; airports; air terminals)**

([Chapter 26](#))

Increases the lease period and the lease extension period for airport or airport terminal purposes from 40 years to up to 50 years. Allows extensions to be granted on the affirmative vote of at least 2/3 of the members of the governing body, instead of after bidding. Specifies the reimbursement to a city, town or county for an executed lease extension cannot be less than the appraised rental value of the real property, except that the city, town or county is allowed to consider any capital improvements by the lessee in determining the final reimbursement rate of the lease.

#### **SB 1208 (ATVs; off-highway vehicles)**

([Chapter 163](#))

Modifies the specifications for a recreational off-highway vehicle to qualify as an all-terrain vehicle to allow the vehicle to be up to 80 inches in width, increased from 65 inches, and to require the vehicle to have a steering wheel for steering control, a rollover protection structure and an occupant retention system.

#### **HB 2169 (driving violations; restricted licenses; penalties)**

([Chapter 113](#))

Allows a limit to be placed on a person's privilege to drive to and from specified locations during specified periods of time if there is a restriction on a person's driver license as a result of a conviction for a violation of traffic law. Expands sentencing options for various transportation-related violations to include that the court may order the person's driving privilege be restricted. Allows a person who is convicted of driving on a suspended class D or M license before January 1, 2011 to apply for a restricted privilege to drive if the person meets specified requirements. Allows a judge to mitigate any civil penalty required by Title 28 if the person ordered to pay the penalty demonstrates the payment would be a hardship on the person or immediate family. Applies the provisions of this legislation to all cases in which, as of the effective date of this legislation, the defendant or violator has not been sentenced or assessed a civil penalty, and applies to any offense committed on or after the effective date of this legislation.

**Effective date: January 1, 2019.**

#### **HB 2272 (unmanned aircraft; emergencies; immunity)**

([Chapter 116](#))

Extends statutory immunity to the state, cities, towns and counties for a claim related to operating an *unmanned aircraft* or *public unmanned aircraft* while engaged in or supporting emergency management activities or emergency functions except in cases of willful misconduct, gross negligence or bad faith.

## **HB 2342 (off-highway vehicles; definition; user indicia)**

([Chapter 184](#))

Creates an off-highway vehicle (OHV) user indicia (registration) program for nonresidents and prohibits a person from allowing the operation of an all-terrain vehicle (ATV) or OHV without the required resident or nonresident OHV user registration. Excludes applicants for a non-resident OHV user registration from eligibility for motor vehicle registration for highway use. Exempts ATV and OHV users from the registration requirements if the vehicle displays a valid dealer license plate issued by ADOT or is used exclusively for mining exploration purposes.

## **HB 2413 (public roads maintenance; primitive designation)**

([Chapter 16](#))

Allows a county, city or town to designate a road opened between June 13, 1975 and June 13, 1990 as a primitive road if it was not constructed in accordance with county standards. Specifies that if a county spends public monies for maintenance of public roads and streets that have been designated as primitive roads, the road must be constructed in accordance with standard engineering road specifications adopted by the county or completed pursuant to a plat approved by the county, instead of requiring the road to meet both those requirements.

## **HB 2422 (personal delivery devices)**

([Chapter 306](#))

Authorizes a *personal delivery device* to operate on sidewalks and crosswalks and on roadways with a posted speed of no greater than 25 miles per hour. Specifies that such a device has all the rights and duties applicable to pedestrians except those that by their nature can have no application. Exempts personal delivery devices from motor vehicle registration and insurance requirements and requires owners and operators of personal delivery devices to maintain an insurance policy with general liability coverage of at least \$100,000 for damages arising from the operations of the device. Allows cities and towns to adopt reasonable restrictions for the safe operation of personal delivery devices.

**Delayed repeal of September 1, 2020.**

## **HB 2521 (vehicle size, weight and load)**

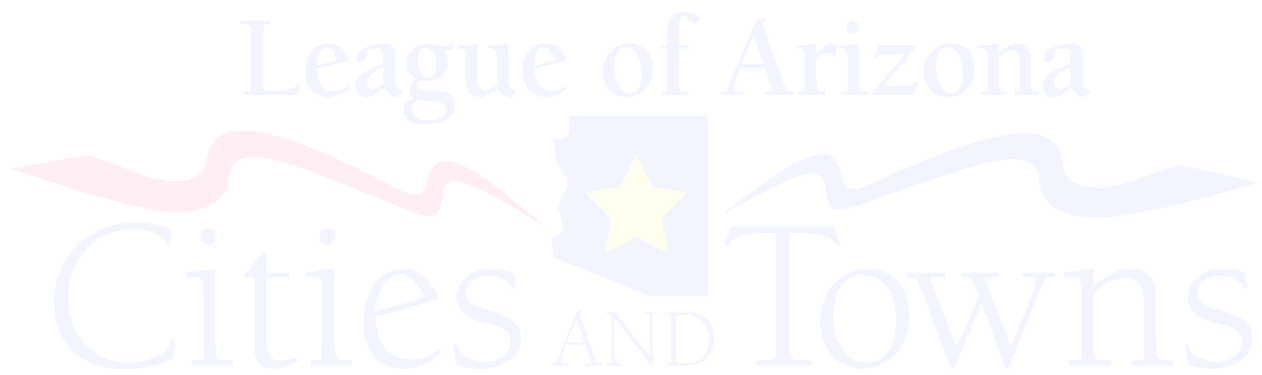
([Chapter 242](#))

Requires cities, towns and counties to provide reasonable access beyond one road mile of the national network on routes within its jurisdiction following a demonstration that vehicles of legal size can travel safely on the route. Establishes a process for local overdimensional and overweight vehicle ordinances to be approved by ADOT prior to adoption and enforcement and requires public posting requirements of ordinances and rules.

**Effective retroactive to July 1, 2017.**

**HB 2652 (electric bicycles; definition; use)**  
([Chapter 324](#))

Establishes a three-tiered classification of electric bicycles (E-bikes) equipped with either pedal-assist or muscle-assist features. Allows cities and towns to restrict or prohibit the use of E-bikes on bicycle or multiuse paths under certain conditions.



## Part Six

### Labor, Employment, Retirement and Benefits

#### **SB 1054 (ASRS; nonparticipating employers)**

([Chapter 210](#))

Provides protections for all employers in the Arizona State Retirement System (ASRS) in the event the legislature allows any employer to remove themselves from ASRS by ensuring the non-participating employer is responsible for the liabilities created by that employer. Requires the ASRS actuary calculate the unfunded liabilities attributed to the non-participating employer. Bills the employer annually for their annual share of the unfunded liability.

#### **SB 1251 (PSPRS; CORP; modifications)**

([Chapter 42](#))

Makes various changes relating to the Public Safety Personnel Retirement System (PSPRS) and the Corrections Officer Retirement Plan (CORP). Permits a participant in the PSPRS Defined Contribution Retirement Plan to make a rollover contribution from a *qualified plan* or an *IRA* that must be deposited in a separate rollover account and made immediately available for the participant to either withdraw all or any portion of the lump sum deposit or directly transfer all or any portion of the lump sum deposit to an eligible retirement plan. Prohibits a participant in the PSPRS Defined Contribution Retirement Plan and their employer from making any contributions on the participant's behalf during the period the participant is covered by the federal Old Age and Survivors Insurance system. If an employee hired on or after July 1, 2018 who is eligible to participate in CORP or PSPRS, depending on the employee's election, is killed in the line of duty or dies from injuries suffered in the line of duty during the first 90 days of employment, the employee is considered as having been enrolled in CORP and the surviving spouse of the deceased employee is eligible for survivor benefits.

#### **SB 1478 (employer contributions; EORP)**

([Chapter 343](#))

Removes the employer contribution rate cap of 23.5% from the Elected Officials Retirement Plan and requires that the rate be determined by the actuary that adequately funds the plan. For FY19, employers will see the contribution rate increase from 23.5% to 61.5% of an employee's salary.

#### **HB 2097 (pension funding policy; employers)**

([Chapter 112](#))

Requires the governing body of all employers participating in the Public Safety Personnel Retirement System (PSPRS) to adopt an annual pension funding policy acknowledging their assets and liabilities in PSPRS and identifying: 1) how they will meeting the annual contribution requirements, 2) the target funded ratio for the employer and when that funding target will be met. Requires the governing body to post the pension funding policy on their website.

## **HB 2502 (traumatic event counseling; public safety)** ([Chapter 259](#))

Adds several new provisions in existing law expanding the traumatic event counseling program for public safety employees and first responders:

- Expands the number of traumatic event counseling visits provided by the employer from 12 to 36;
- Includes the drowning or near drowning of a child as a qualifying event eligible for counseling;
- Prohibits an employer from requiring the employee to use sick or vacation leave during the time period of the employees counseling visit;
- Limits the types of doctors in this program to only those who can provide the best treatment, psychologists and psychiatrists with training in treating trauma;
- If a psychologist/psychiatrist determines an employee is not fit for duty, requires the employee to use all alternative options provided by the employer to maintain pay and benefits and ONLY if those are exhausted requires the employer to ensure there is no loss of pay and benefits from no more than 30 days after the psychologist/psychiatrist makes their determination;
- Requires employers to provide data about the utilization of the program to the Arizona Department of Administration on an annual basis.

For a more detailed outline of the provisions please click [here](#).

## **HB 2545 (EORP; cost-of-living adjustment)** ([Chapter 140](#))

Proposes to remove the contingent Permanent Benefit Increase (PBI) formula from the Elected Officials Retirement System (EORP) in exchange for the guaranteed cost-of-living adjustment (COLA) which will allow the PSPRS actuary to prefund future COLAs by building a more predictable future liability into the contribution rate formula. Contains a conditional enactment requiring the voters to approve HCR 2032 that will amend the Arizona Constitution to allow for the switch from the PBI to the COLA. Mirrors legislation passed for the Public Safety Personnel Retirement System (PSPRS) in 2016 and for the Correctional Officers Retirement Plan (CORP) in 2017.

## **HB 2564 (court fees; EORP; state contribution)** ([Chapter 317](#))

Increases superior court fees and requires the county treasurer to distribute the fees to various entities. Requires that 6% of the total fees collected be distributed to the Elected Officials Retirement Funds to help pay down the unfunded liabilities of the plan.

## **HCR 2032 (public retirement systems)** ([As sent to Secretary of State](#))

Companion bill to HB 2545 whereby the Elected Officials Retirement Plan (EORP) will no longer offer a contingent Permanent Benefit Increase (PBI) but instead offer a guaranteed Cost of Living Adjustment (COLA) for elected officials. The HCR sends to the ballot a request to modify Article 29 of the Arizona Constitution to allow for a modification of benefits to the retirement system solely for this provision.