



LEGISLATIVE BULLETIN

Issue 4 – February 1, 2019

Legislative Overview

Today is the 18th day of the legislative session. To date, 967 bills and 61 memorials have been introduced. Committee and floor activity this week were at a moderate pace, but we are likely to see full agendas in the coming weeks as the session reaches some key deadlines. The legislature has already passed and submitted to the governor three measures that have been the topic of much discussion - the Drought Contingency Plan and legislation conforming Arizona's tax code to federal law while also reducing income tax rates by .11% to offset new revenues to the state's coffers. The drought bills passed nearly unanimously, but the tax conformity bills passed with only a one-vote majority in both chambers, not enough to trigger an emergency clause. However, the governor on Friday vetoed the tax conformity bill, calling it "bad public policy."

Governor Ducey held a signing ceremony on Thursday for SJR 1001 and SB1227, the two bills that complete the package for Arizona's plan to address future Colorado River water reductions due to declining water levels in Lake Mead. The legislature passed these measures by the deadline imposed by the Bureau of Reclamation, ensuring the federal government will not develop and implement its own plan for Arizona. The governor joined Secretary of State Katie Hobbs, legislative leaders, and numerous stakeholders that helped to craft the plan that, among many provisions, appropriates funds and reallocates during projected Colorado River water shortage years (2020-2026) a pump tax paid for by Pinal County farmers to finance the construction and rehabilitation of wells and infrastructure for groundwater delivery, and allows the director of the Department of Water Resources to sign the multi-state agreements to implement the plan. The signing of the plan was deemed a historic day for Arizona water management, reminiscent to the signing of the state's Groundwater Management Act in 1980.

Short-Term Rentals

In 2016 the legislature passed SB1350 online lodging; administration; definitions, which preempted cities and towns from regulating short-term residential rentals. The proponents of the bill argued that short-term rentals would mostly be offered by a few homeowners with an extra bedroom looking to generate extra income by renting to 1-2 travelers. Those predictions have proven to be completely off the mark. Short-term rentals have become incredibly popular, and in many communities has led to a shortage of available long-term rentals, and most rentals are of the entire home, not just a single bedroom. With limited oversight, some of these rentals have become problematic for cities and their residents. Problems include excessive noise, increased traffic (particularly in smaller communities that are designed to accommodate heavier traffic in hotel and commercial areas, not residential areas), special event or "party houses," strain on local infrastructure, and most frustratingly, a lack of a legally accountable person when a violation, conflict or emergency arises.

This year, Rep. John Kavanagh (R-Fountain Hills) and the League are working together to provide cities and towns an enforcement tool to control the problems caused by short-term rentals. Under the proposed bill, cities and towns would have access to contact information for privately-owned and commercially-owned short term rentals to identify, cite, and hold responsible owners that are allowing their transient renters to be a nuisance for the community. With that information, cities will be able to use their current code enforcement system and, if the problem persists, report the repeated violations to the Department of Revenue, which would have the authority to suspend or revoke the owner's license to rent on a short-term basis.

A draft of Rep. Kavanagh's bill has been shared with your intergovernmental affairs staff. Please have your various departments review it and provide feedback to the League. We will be discussing the language of the bill on an on-going basis through a working group as the bill progresses through the legislative process. Please have your intergovernmental staff notify us if your city would like to be part of the working group. The League has been working on this issue since last summer when it was the subject of a League Resolution and we are hopeful this legislation will provide substantial relief to the problems created by a lack of local control. We expect the bill to be formally introduced in the coming days and we will provide regular updates. When the time comes we may ask that you reach out to your legislative delegation to encourage support for the bill.

Landlord-Tenant Issues

On Thursday, the House Government committee heard HB 2115 landlord tenant; state preemption, sponsored by Rep. Gail Griffin (R-Hereford). The bill is a broad preemption

of city and town authority to enact or enforce any regulations related to landlord-tenant issues. The problem the bill is attempting to fix was not made clear during committee, but as written it would void existing regulations and preempt any future efforts by communities to enact local ordinances to address landlord-tenant issues. The bill was amended in committee to “grandfather” existing regulations, but even that language is vague and may not actually accomplish its stated purpose.

Cities and towns have been the go-to authority for resolving landlord-tenant issues for decades, as the state has no agency tasked with addressing such problems. Arizona’s Landlord-Tenant Act provides a minimum amount of protections for tenants, mostly related to evictions and only addressed through court proceedings. Even if existing regulations could stay in effect, the bill would remove a community’s ability to adopt regulations in the future that they have not already adopted, even if a neighboring community has. This not only creates permanent unequal protections, but it would solidify the existing “patchwork” of regulations, which one proponent claimed was the reason the bill was necessary in the first place. While the committee and proponents of the bill could not identify even a single specific problem with the current laws that would necessitate such a sudden, drastic, and broad preemption, the bill was voted out along party lines.

We ask that you reach out to your legislative delegation and request that they vote against this unnecessary preemption that would undercut landlord-tenant protections and the local government’s ability to ensure future consumer protection in landlord-tenant issues.

Legislative Bill Monitoring

All bills being actively monitored by the League [can be found here](#).