



LEGISLATIVE BULLETIN

Issue 3 – January 31, 2020

Legislative Overview

Today is the 19th day of the legislative session. To date, 1,273 bills have been introduced, a 32% increase in bill introductions at this time last year. Monday is the deadline for the Senate to introduce legislation, while the House deadline is February 10. The last day for committees to hear bills in the chamber or origin is February 21.

Civil Penalty Restitution

Representative Leo Biasiucci (R-Lake Havasu City) introduced HB 2055 civil traffic violations; community restitution, which allows a person who receives a civil traffic violation to perform court-approved community restitution instead of paying a civil penalty. It was scheduled for a hearing in the House Judiciary Committee but was held from consideration so that an amendment could be drafted to satisfy concerns raised from stakeholders.

The bill models the existing restitution process for criminal penalties. However, the bill would preclude the assessment of time payment fees. Typically, a portion of the fee is retained by the court issuing the ticket for administrative costs. It also does not provide guidelines for determining the appropriate rate of community restitution to satisfy the penalty. The amendment will address these concerns and will be offered in committee next week.

State Liquor Board Membership

HB2144 state liquor board; membership, sponsored by Representative Anthony Kern (R-Glendale), requires one member of the State Liquor Board to be appointed based on recommendations provided by the League to ensure there is a local perspective on Board decisions. This legislation is a League resolution that was adopted at the 2018 League conference.

It passed the House Commerce Committee unanimously and now proceeds to the Rules Committee.

Residential Rental Tax

Representative César Chávez (D-Phoenix) introduced HB2348 municipal TPT; residential rentals; limit which caps the municipal residential tax at 5%. Currently, 75 municipalities tax residential rental with none exceeding 4%, meaning there would be no immediate fiscal impact. However, the League is always skeptical about placing rate caps in statute because those figures can be easily adjusted downward resulting in substantial financial impacts to cities and towns. Additionally, the League feels strongly that placing a cap in one classification of tax would likely lead to caps in other classifications.

During testimony in the House Ways & Means Committee on Wednesday, Representative Chávez indicated the impetus behind this bill was that Arizona has an affordable housing shortage and he was looking to address that issue. The League opposed HB2348 in committee and our testimony centered on the 2011 bill, SB1160, requiring a municipality to hold a vote if they were to ever increase their residential rental tax rate. Additionally, the League testified that we care strongly about affordable housing and supporting efforts to increase affordable housing was a 2019 League Resolution. We committed a willingness to work with Representative Chávez on issues that truly addressed the root cause of lack of affordable housing.

HB2348 passed out of House Ways & Means on an 8-2 vote.

Expenditure Limits

SB1280, sponsored by J.D. Mesnard (R-Chandler) clarifies that Article XX of the Arizona Constitution excludes pension obligations for unfunded liabilities (debt) from the expenditure limit calculations. The League testified in support of the language the bill because we believe strongly that those obligations are debt and that we should be encouraging employers to use cash to pay off unfunded liabilities rather than going into debt to do so.

The bill passed out of Senate Finance (5-3). The League expects there to be ongoing discussions with the Arizona Tax Research Association (ATRA), who is in opposition to the bill, next week.

Transportation

During this week's House Transportation Committee, Mayors and representatives from the Town of Camp Verde, Cottonwood, Kingman, and Yuma made presentations to the committee on the transportation needs in their respective communities.

"Since 1991 when the gasoline tax passed, the purchasing power of revenues derived therefrom has dropped more than 70% and the advent of improved vehicle technology has put new stresses to find a solution" emphasized Mayor Charles German of the Town of Camp Verde.

Mayor Tim Elinski of Cottonwood spoke about the partnerships in the Verde Valley to attract tourism and become the heart of Arizona wine country. Cottonwood relies solely on sales tax and despite the booming wine industry, the city has \$42 million in unmet infrastructure need.

Vice-Mayor Travis Lingenfelter of Kingman stated that "50% of local roads have less than five year estimated service life" citing that Kingman has a backlog of \$60 million in deferred maintenance.

Councilmember Gary Knight, of Yuma thanked the committee for the Legislature's restoration of HURF funds. Despite this infusion of new dollars, "\$8 million annually in rehabilitation is required just to maintain the current status, that's not to fix any of the failed roads, just maintain current status..."

In the next few weeks, the committee will hear from the transportation authorities from Pima and Maricopa county.

Executive Session

HB 2053 executive sessions; security plans., sponsored by Rep. Espinoza (D-Tolleson) passed the House Government committee this week with unanimous support. The bill adds the discussion or consultation of security plans, procedures, assessments, measures or systems related to the security or safety of buildings or facilities and IT maintained by the public body as an allowable purpose to hold an executive session.

The bill has now cleared two House committees and is pending House Rules, where the measure will be evaluated on its constitutionality. SB 1042 a mirror bill to HB 2053, sponsored by Senator Borrelli (R-Lake Havasu) is scheduled for a hearing on Monday in the Senate Government Committee.

Legislative Bill Monitoring

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

Legislative Bulletin is published by the League of Arizona Cities and Towns.
Forward your comments or suggestions to league@azleague.org.