



## **Introduction**

Welcome to the 2017 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 first regular session of the 53<sup>rd</sup> Arizona Legislature that have demonstrable impacts on municipalities. During the past session, 1,079 bills were introduced in the House and Senate. Of these, 355 passed the Legislature and were sent to the governor, and 344 were signed into law. More than 25% of these enactments affect cities and towns and are summarized in the Report.

## **Scope and Use**

This digest 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. For a fuller understanding of 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 9, 2017. 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 New Laws 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 used 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.

## TABLE OF CONTENTS

Part 1	<a href="#"><u>Courts, Criminal and Civil Justice, and Law Enforcement</u></a>
Part 2	<a href="#"><u>Campaigns, Elections and Recordkeeping</u></a>
Part 3	<a href="#"><u>Taxes, Budget and Finance</u></a>
Part 4	<a href="#"><u>General Government</u></a>
Part 5	<a href="#"><u>Transportation and Traffic Enforcement</u></a>
Part 6	<a href="#"><u>Labor, Employment, Retirement and Benefits</u></a>

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



## Part 1

### Courts, Criminal and Civil Justice, and Law Enforcement

#### **HB 2033 (controlled substances; definition)**

[\(Chapter 53\)](#)

The measure updates definitions in the controlled substances section of the criminal code to include new chemical analogues of the designer drugs “bath salts” and “spice” and adds a new synthetic opioid known as “Pink,” “pinky” or “U4” to the list of schedule I narcotics.

#### **HB 2044 (metal dealer licensure; local authority)**

[\(Chapter 140\)](#)

This bill clarifies that the state prohibition against local regulation of auxiliary containers (i.e. plastic bags) does not apply to scrap metal containers or scrap metal dealer licensing regulations.

#### **HB 2085 (sentencing document; fingerprint; misdemeanor offenses)**

[\(Chapter 27\)](#)

This bill requires all courts to fingerprint persons found guilty of theft or shoplifting by affixing their fingerprint to the judgment of guilt and sentencing documents.

#### **HB 2133 (correctional facilities; community notification)**

[\(Chapter 314\)](#)

The bill requires the Arizona Department of Corrections (ADC), when establishing or changing the use of a correctional facility, to hold a public hearing and give public notice as well as provide 45-day written notice to each property owner within two miles of the site, each charter school and child care facility within 5 miles of the site, the local governing body, the local school board and county superintendent, and designated members of the state legislature. It further requires that the notice include information about the facility such as the number of prisoners or parolees to be housed there, the security level of the population(s), and the date, time and place

of the public hearing. Finally, the bill requires ADC to collect and post all public comments from the hearing on its website.

### **HB 2196 (residential care institutions; employment)**

[\(Chapter 134\)](#)

The bill allows adult residential care institutions that provide recidivism reduction services to employ adults that have successfully completed their recidivism reduction treatment to provide these same services to other adult residents if they pass background/screening evaluation that demonstrates they are not a threat to other staff or residents. The bill exempts these employees from the fingerprinting requirements for other healthcare professionals but limits their scope to other adults referred for recidivism reduction services. The bill also defines *recidivism reduction services* and specifies that only those charged with or convicted of a crime, referred by a court, prosecutor or probation officer, or that have been approved for placement by an appropriate healthcare professional may be referred for recidivism reduction services.

### **HB 2200 (community notification; form of notice)**

[\(Chapter 135\)](#)

This bill allows local law enforcement agencies responsible for notifying their communities when a sex offender has moved into the area to provide written notice to the community by using something other than a *flyer*. The bill also allows local law enforcement agencies to establish and use an opt-in, electronic notification system, in addition to providing written notification.

### **HB 2216 (prohibited firearm tracking; classification)**

[\(Chapter 165\)](#)

Under this bill it a class 6 felony to require a person to use or be subject to *electronic firearm tracking technology* unless the person consents in writing. The bill sponsor's stated intent was to prohibit the mandated use of "smart guns." The bill defines *electronic firearm tracking technology* broadly but was amended to include exceptions for specific law enforcement and court personnel and firearm databases.

### **HB 2238 (child sex trafficking; violations)**

[\(Chapter 167\)](#)

The act consolidates the criminal offenses of *child prostitution* and *sex trafficking of a minor* into a single offense: *child sex trafficking*. The bill also allows these offenders to be placed on lifetime probation at sentencing in addition to any prison term.

### **HB 2239 (incompetent, nonrestorable defendants; involuntary commitment)**

[\(Chapter 59\)](#)

The measure establishes procedures for prosecuting agencies and courts to track incompetent defendants through the civil commitment process. The bill also provides an exception to the doctor-patient privilege granted to defendants during mental health examinations by permitting statements or other evidence from the examination to be used by any party in hearings to determine whether a defendant is eligible for court-ordered treatment or is a sexually violent person.

### **HB 2268 (sexual assault evidence; submission; reports)**

[\(Chapter 38\)](#)

The bill requires healthcare facilities to notify the law enforcement agency with jurisdiction in their area within 48 hours after obtaining written consent to release sexual assault kit evidence.

The bill then requires local law enforcement agencies to:

1. take possession of kits within five business days of notification;
2. submit all kits for analysis as soon as practicable and within 15 business days in cases where a victim reports a crime; and
3. annually report to DPS the number of kits taken in, the number of kits submitted for analysis, the number of kits not submitted, and the reasons those kits were not submitted.

The bill further requires that public crime labs (city/state):

1. upload all valid DNA profiles to specified federal, state, and municipal crime databases;
2. annually report to DPS the number of kits received, the number of kits not analyzed; and
3. the reasons those kits were not analyzed.

The bill also requires DPS to annually report on and make recommendations for compliance to the governor, the Senate president, and the speaker of the House, as well as post every law enforcement agency's report on the DPS website.

Finally, the act allows public crime labs to contract out for analyses, but only subject to quality assurance review by the public lab, and clarifies that failure to submit a request for analysis within 15 days does not constitute grounds to challenge the validity of DNA evidence in any court proceeding or establish a right to make a claim or take action against a law enforcement agency or contractor.

## **HB 2477 (civil forfeiture; report information; remedies)**

[\(Chapter 149\)](#)

This act increases the standard of proof necessary for prosecuting agencies to seize property by civil forfeiture to *clear and convincing evidence*; permits evidence in forfeiture hearings to be suppressed on 4th amendment grounds (illegal search and seizure); expands county RICO reporting requirements; and allows courts to award reasonable attorney's fees and damages to defendants that prevail in forfeiture hearings.

## **HB 2514 (ambulance operation; certificate of necessity)**

[\(Chapter 143\)](#)

This bill clarifies that merging or consolidating two or more fire districts does not expand the service area of an existing *certificate of necessity* for ambulance services and specifies that the director of DHS is to determine the need for an expansion of the service area for any merged or consolidated political subdivisions, except for municipalities, until October 1, 2018.

## **SB 1025 (public entities; defenses)**

[\(Chapter 253\)](#)

Under existing law, an affirmative defense for public entities and public employees exists in the case of an injury arising from a plan or design for construction, maintenance or improvement to transportation facilities, provided that: a) The plan or design was prepared in conformance with accepted engineering or design standards in effect at the time; and b) A reasonably adequate warning is provided by the entity or employee of any unreasonably dangerous hazards, which

would allow the public to take precautions. This bill adds that if a genuine issue of material fact exists as to whether the public entity or public employee has met the above requirements, the issue shall be resolved by a trial before and separate and apart from a trial on damages.

## **SB 1099 (school safety program)**

[\(Chapter 158\)](#)

This bill is an emergency measure that shifts administration of the *School Safety Program* to the Arizona Department of Education (ADE) and requires ADE to use local crime statistics to assess need and select grant winners. The bill also requires school districts and charter schools with prior experience to include information about the success, compliance, and implementation of any previous grant and allows ADE to prioritize applicants that have a cost sharing agreement with a local law enforcement agency or a court. Finally, the bill requires ADE to annually evaluate and report on the effectiveness and activities of the program and requires the Auditor General to conduct a sunset review. The program terminates on July 1, 2025 if not continued.

**Effective Date:** April 17, 2017

## **SB 1157 (competency hearing; jurisdiction; referral)**

[\(Chapter 14\)](#)

This measure allows municipal courts to exercise jurisdiction over competency hearings arising from municipal cases with permission from the presiding superior court judge. It also allows municipal judges to refer competency hearings to another justice or municipal court located in the same county with the approval of the presiding superior court judge and the receiving court judge or justice.

## **SB 1186 (alarm industry; fingerprint requirements)**

[\(Chapter 219\)](#)

The measure requires alarm agents and alarm business controlling persons to obtain fingerprint clearance cards from the Department of Public Safety. Previously such professional required a fingerprint *background check* but not a fingerprint *clearance card*.

**SB 1253 (law enforcement officers; administrative investigations)**

[\(Chapter 260\)](#)

This bill allows local law enforcement agencies to adopt policies and rules relating to the review of officers' recorded video (body cam footage) but stipulates that if an officer recorded video of a use of force incident resulting in the death or injury of another person, the administrative investigation into that incident is not complete until the officer has had an opportunity to review the video and provide additional contextual information. It also requires the officer be read a notice about the nature of video evidence before reviewing the footage.

**SB 1342 (search warrants; tracking; simulator devices)**

[\(Chapter 187\)](#)

This act establishes procedures for the issuance, execution, and extension of search warrants involving GPS tracking devices and cellphone site simulators. The bill also allows a court to extend the deadline for serving the receipt for a search warrant to the subject of that warrant for a "reasonable period of time" instead of in 10-day increments if the court finds that the delay is necessary to protect any person's safety or prevent the investigation from being jeopardized.

**SB 1344 (firearms; state preemption; employees)**

[\(Chapter 148\)](#)

This bill prohibits a political subdivision from regulating an employee or independent contractor's lawful possession, carrying, transportation or storage of a firearm or other weapon when the employee or contractor is on real property owned or controlled by them, in or on a vehicle or craft owned or controlled by them, or pursuant to the state statute regulating the transportation and storage of firearms in vehicles. The bill further specifies that the new statute does not preempt other state or federal firearms laws or regulations.

**SB 1366 (peace officer; victim; aggravating factor)**

[\(Chapter 162\)](#)

This bill allows the courts to consider assault of an off-duty peace officer as an aggravating factor for the purposes of sentencing a defendant if there is evidence that the assault was committed out of malice toward the victim because of their employment as a peace officer.

## **SB 1422 (vacating conviction; trafficking; local offenses)**

### [\(Chapter 87\)](#)

This bill requires municipal courts to vacate convictions for violations of local prostitution ordinances if the convicted person applies to the court and the court finds by clear and convincing evidence that the person's participation in the offense was a direct result of being the victim of sex trafficking.



**Part 2****Campaigns, Elections and Recordkeeping****HB 2026 (secretary of state; omnibus)**

[\(Chapter 223\)](#)

This measure makes numerous changes to administrative processes for the Secretary of State's Office (SOS) including the removal of two reports filed with the SOS by local governments: 1) Cities no longer have to file a duplicate of the approved charter or charter amendment with the SOS; and 2) the Board of Trustees (which may include local elected officials) for the Firefighter's Relief and Pension Fund is not required to file a copy of the annual audit and report with the State Library.

**HB 2404 (initiatives; circulators; signature collection; contests)**

[\(Chapter 52\)](#)

This bill allows any political committee that supports or opposes an initiative or referendum petition to submit the measure's text to Legislative Council after the application is filed. This measure allows any person to file an action challenging compliance with initiative and referendum laws, contest the validity of an initiative or referendum, and seek to enjoin the secretary of state or other officer from certifying or printing the official ballot that will include the proposed measure (multiple actions must be consolidated). The bill expands the amount of time to challenge the lawful registration of circulators from five days to 10 business days after the filing of petitions and prohibits a circulator from being paid by signature on a *statewide* initiative or referendum petition and any signatures collected in this manner are void and shall not be counted. The bill includes legislative findings and a severability clause.

**HB 2486 (candidate committee names; office)**

[\(Chapter 233\)](#)

This measure redefines "election cycle" for cities and towns to mean the two-year period beginning on the first day of the calendar quarter after the quarter in which the city or town's second, runoff or general election is scheduled and ending on the last day of the calendar quarter in which the city or town's immediately following second, runoff or general election is

scheduled. The definition is also expanded to include that a special election “election cycle” means the period between the date of issuance of a proclamation or order calling the special election and the last day of the calendar quarter in which the special election is held. The legislation requires a candidate to list the office sought on the statement of organization if the candidate is seeking more than one office. This measure is retroactive to November 5, 2016, the day after the 2016 general election date, and contains an emergency clause.

**Effective Date: November 5, 2016**

### **SB 1094 (ballots; digital images; electronic data)**

[\(Chapter 114\)](#)

This measure requires election officials to ensure that electronic data and electronic or digital images of ballots are protected from physical and electronic access, including unauthorized copying or transfer, and that all security measures are as protective as those required for paper ballots.

### **SB 1152 (tax authorization; consolidated election dates)**

[\(Chapter 332\)](#)

This bill requires that elections to authorize the assessment of TPT by counties, cities or towns be held only on the first Tuesday after the first Monday in November of an even-numbered year.

**Effective date: January 1, 2018**

### **SB 1200 (elections; candidates; requirements)**

[\(Chapter 161\)](#)

This measure specifies that a write-in candidate is not eligible for filing to run in the primary election if the candidate withdrew from the primary election after a challenge was filed, or was removed from or was otherwise determined by the court to be ineligible for the primary election ballot. The legislation also requires a partisan candidate to be continuously registered with the political party from the date of the first petition signature on the candidate’s petition until the general election, and limits when a vacancy on the ballot can be filled for partisan candidates. The bill prohibits a person from being eligible to run as a candidate for two federal offices simultaneously unless the person is running for the offices of president or vice president.

## **SB 1238 (early ballot envelopes)**

[\(Chapter 115\)](#)

This measure requires that early ballot envelopes do not reveal the voter's selections.

## **SB 1307 (voter registration; presidential elector deadlines)**

[\(Chapter 262\)](#)

This legislation specifies that if the voter registration deadline falls on a weekend or legal holiday, any voter registrations received on the next business day following the weekend or legal holiday are deemed to have been timely received for purpose of voting in that election.

## **SB 1370 (elections; unlawful voting; residence)**

[\(Chapter 264\)](#)

This measure expands the classification of illegal voting to include if a person 1) knowingly votes in two or more jurisdictions in Arizona for which residency is required and the person is not a resident of all jurisdictions in which the person voted; or 2) knowingly votes in Arizona and in another state in an election in which a federal office appears on the ballot and the election day for both states is the same date. Both classifications are Class 5 felonies. The measure contains a legislative intent clause that clarifies the purpose of the legislation is to prevent the dilution of votes and to overrule *State v. Hannah*, a case where the court did not find a person had illegally voted despite the person voting in Arizona and Colorado on the same election date.

**Part 3****Taxes, Budget and Finance****HB 2011 (bonds; levy; net of cash)**

([Chapter 212](#))

This bill requires the secondary property tax levy of a city or town to be net of all cash remaining from the prior year, except for 10% of the annual payments of principal and interest in the current fiscal year. The bill does allow a governing body that has cash reserves in excess of 10% in FY 2018 to reduce the excess reserves in equal amounts in FY 2018 and FY 2019. However, a city with a population of at least 500,000 may reduce the excess reserves in FY 2018 through FY 2023.

**HB 2064 (municipal jet fuel; excise tax)**

([Chapter 50](#))

This law places limitations on municipal imposition of the tax on Jet Fuel. It provides an exemption for sales in excess of 10 million gallons by a single purchaser per calendar year. Effective December 1, 2017, requires all revenue generated by this tax to be segregated in separate accounts for the exclusive expenditure for capital or operating costs at the airport, the airport system, or other local airport facilities owned or operated by the municipality. The current option in the MCTC will be changed to conform to this law.

**HB 2073 (government deposits; investments; financial institutions)**

([Chapter 26](#))

This law enables the following funds to be invested with an eligible depository in accordance with A.R.S. § 35-323.01: police and firefighter pension board funds; proceeds from grant and revenue anticipatory notes; county water authority revenues; electrical district funds; and hospital district funds. The law also allows a trust company's liquid capital to be invested with a single depository where excess deposit insurance is provided through reciprocal arrangements by participating banks. This allows a bank to swap the portion of the deposit in excess of \$250,000 with another bank to ensure the full initial deposit amount is FDIC insured.

**HB 2213 (GPLET reform; K-12 taxes)****[\(Chapter 120\)](#)**

This bill makes numerous amendments to the Government Property Lease Excise Tax (GPLET) statute. It limits the length of a lease for a property with an abated GPLET, approved by a governing body through a development agreement, ordinance or resolution after December 31, 2010, to eight years. It requires the government property lessor to calculate the GPLET for each prime lessee, establishes a delinquency interest rate of 16% per year and eliminates the requirement that a county treasurer submit a report to each government property lessor regarding returns and payments received by the lessor in the preceding calendar year. The bill also eliminates the GPLET tax abatement amount designated for school districts, stipulates that lease rates for leases effective after January 1, 2017 are no longer “grandfathered” at the lower amounts provided in current statute and significantly redefines a slum or blighted area.

**HB 2280 (department of revenue; electronic filing)****[\(Chapter 60\)](#)**

This law modifies filing requirements related to several tax types including individual income tax returns filed by a paid preparer and TPT. It also clarifies that certain compliance activities do not constitute audit actions and makes changes to penalties and a variety of other administrative tax provisions. Regarding TPT filing, current law requires any business with more than one location in the State to file their TPT return online using AZTAXES.GOV. The new law incrementally increases the number of taxpayers required to file online by adding taxpayers with a single location if their tax liability exceeds a given dollar limit. Beginning in 2018, any taxpayer with an annual total tax liability for combined State, County and City/Town taxes in excess of \$20,000 is required to file online. The threshold is then lowered to \$10,000 beginning in 2019, \$5,000 beginning in 2020, and settles at \$500 beginning in 2021. Taxpayers may request an annual waiver from the director of the DOR if they do not have a computer, Internet access, or any other circumstance deemed worthy by the director. Waivers are not required if the DOR instructs the taxpayer to file by paper.

**HB 2286 (truth-in-taxation; increase; notice)**

[\(Chapter 198\)](#)

This bill requires a truth in taxation (TNT) notice to include both the tax levy amount with the proposed tax increase on a \$100,000 home and the property tax amount without the tax increase on a \$100,000 home. It also requires the Property Tax Oversight Council (PTOC) to review the secondary property tax levies and to collect TNT information from some special taxing districts including county free library districts. The bill also requires those special taxing districts to mail a copy of the TNT notice to the PTOC as a statement of its publication or mailing and the result of the vote within three days of the TNT hearing.

**HB 2367 (administration department; reporting; public debt)**

[\(Chapter 156\)](#)

This bill requires cities and towns to file their bonded indebtedness report with the Arizona Department of Administration instead of the State Treasurer's Office. The reporting requirements are unchanged.

**HB 2452 (bonding; amortized premium; segregated fund)**

[\(Chapter 99\)](#)

This bill makes clarifying changes to the general obligation bonds statutes for cities and towns and other political subdivisions. It clarifies the secondary property tax levy for general obligation bonds that voters approve may only be used for paying principal and interest on the bonds and not for any other purpose. The second change defines how bond premium is amortized for purposes of the constitutional and statutory debt limitations.

## **H.B. 2528 (index exemptions; unused tax credits)**

[\(Chapter 299\)](#)

This law repeals a number of income tax credits that were found to be seldom used or entirely unused. Going forward it also requires the director of the DOR to identify and take steps to eliminate any other tax credit that is found to be unused for four years. Additionally, this law increases the Tax Year 2017 personal exemption from State individual income tax by \$50 for an individual (making it worth \$2,150), \$100 for married filing jointly (\$4,200), and \$150 for married filing jointly with at least one dependent (\$6,450). The exemptions are increased again by the same amounts beginning for Tax Year 2018, bringing them to \$2,200, \$4,400 and \$6,600, respectively. The personal exemption changes in A.R.S. § 43-1043 are effective on the general effective date, while the rest of the bill is effective on January 1, 2018.

## **HB 2540 (criminal justice; BRB; 2017-2018)**

[\(Chapter 303\)](#)

This bill is one of the budget reconciliation bills that make up the 2017 state budget package. Of special interest to cities and towns is that, effective July 1, 2018, the bill establishes the DPS Forensics Fund consisting of deposits from court surcharges, the Criminal Justice Enhancement Fund, defensive driving school surcharges, and any other contributions. The fund is administered by DPS, but cities and towns are eligible to receive distributions for the purchase of forensic lab equipment, operations, or training.

The bill requires DPS to make various initial distributions and then distribute the remainder as follows:

- a) 22% to the Phoenix Police Department;
- b) 12% to the Tucson Police Department;
- c) 7% to the Mesa Police Department; and
- d) 4% to the Scottsdale Police Department.

The bill further allows these distributions to be adjusted annually based on the services provided and the percentage of the state's population served by each lab, as long as each lab receives a minimum distribution of four percent and the changes are unanimously agreed upon by the directors of the labs.

## **SB 1058 (repeal; regional attraction districts)**

[\(Chapter 7\)](#)

This bill repeals state statute related to the authorization, definition, operation and taxation of regional attraction districts.

## **SB 1122 (personal property transfer; limitations prohibited)**

[\(Chapter 238\)](#)

The bill prohibits cities and towns from requiring any individual to search, or facilitate the search of, any federal or state database before selling, gifting, donating, or otherwise transferring personal property, such as firearms, to another.

## **SB 1161 (improvement districts; retention; detention basins)**

[\(Chapter 300\)](#)

This bill allows improvement districts to be formed for the purpose of operating, maintaining, repairing and improving retention and detention basins.

## **SB 1211 (ADOT omnibus)**

[\(Chapter 44\)](#)

This legislation makes numerous changes to statutes regarding transportation-related procurement, environmental review for state highway projects, driver's license reinstatement and local transportation revenue budgeting and distribution. The bill also repeals the HURF maintenance of effort requirements and the penalties for failure to comply.

## **SB 1291 (tax correction act of 2017)**

[\(Chapter 178\)](#)

This law is an annual item that corrects errors, removes obsolete language, addresses blending problems when multiple new laws in prior sessions altered the same statute, and adds clarifying changes to the State tax statutes, as suggested by the Arizona Department of Revenue and

Legislative Council. Notably, this law added a provision to A.R.S. § 42-6053 allowing the DOR to submit proposals for changes to the Model City Tax Code to the Municipal Tax Code Commission.

**SB 1416 (quality jobs incentives; tax credits)**

[\(Chapter 340\)](#)

This law makes several modifications to the Quality Jobs Tax Credit, continuing the program through FY 2025, changing requirements for capital investments and new job creation, and clarifying the definitions of “rural” and “urban” locations for purposes of determining the appropriate threshold to qualify for the credit. It continues the current R & D Tax Credit amount through Tax Year 2021 rather than allowing the scheduled decreases set to begin next year, and also increases the percentages of qualifying costs eligible for the credit.

The law reduces the required minimum capital investment from 25% to 10% before related State prime contracting tax revenues can begin being distributed for the purpose of related public infrastructure costs. The law changes the current requirement that 80% of local Contracting TPT revenues from the project must be dedicated to public infrastructure for the project, increasing it to 100% of local TPT revenues from the project. Beginning with tax year 2018, the law allows accelerated depreciation of personal property located in a foreign trade zone or military reuse zone if it was acquired during or after Tax Year 2017. The law adds private jet fractional ownership programs that meet certain FAA requirements to the existing State TPT and Use tax exemptions provided for commercial air carriers.

**Effective Date: January 1, 2018**

**SB 1448 (state treasurer; public monies; procedures)**

[\(Chapter 277\)](#)

This bill permits the state treasurer to invest and reinvest trust and treasury monies in repurchase agreements collateralized with securities that are authorized for investment and purchased from authorized sources that have adequate capital and liquidity, rather than from only dealers in obligations guaranteed by the United States or any of its agencies, corporations or instrumentalities. The bill also allows the state treasurer to invest or reinvest in commercial paper whose issuer is investment grade, rather than the two highest rating categories, for short-term obligations by any two nationally recognized rating organizations. The bill requires collateral

posted in the form of securities by borrowers of securities loaned by the state treasurer to be in an amount of at least 102% of the market value of the loaned securities, rather than in an amount no more than 110% of the market value. The bill also deals with the process that state agencies must pursue in order to charge service fees for acceptance of credit cards for payment.

## **SB 1480 (revisions; community facilities districts)**

### [\(Chapter 208\)](#)

SB 1480 specifies the process for the application and approval of a community facilities district.

The governing body is required to hold a public hearing within 60 days of receiving a petition signed by the owners of at least 25% of the land owners to consider the application for the formation of the district. However, the submittal of a petition does not establish a presumption of the formation of a district. If the municipality or county agrees to the formation, it must adopt a resolution immediately after the hearing declaring its intent to form a district. If the governing body does not adopt a resolution to form the district, it must publicly indicate the reason for denial and identify any changes needed for the application to be approved.

The district board will be made up of the governing body plus two members nominated by the largest land holder in the proposed district and appointed by the governing body. The application fee assessed for the formation of the district is limited to \$15,000 and other charges for the administration of the district may not exceed their actual costs.

The governing body is prohibited from increasing the infrastructure elements, debt limit or duration of the district beyond those set forth in the petition and associated documents submitted when the district is formed.

The bill establishes a process and timeline for the acceptance of public infrastructure. It creates disclosure requirements that must be made to prospective buyers. It also requires the district to maintain a website and establishes the data that is required to be posted.

## **SB 1522 (general appropriations act; 2017-2018)**

### [\(Chapter 305\)](#)

This bill is the “feed” bill of the 2017 state budget package. Of special interest to cities and towns is that we will continue to pay our proportionate share of \$20.8 million to fund the Department of Revenue operations. This year, that share is expected to be \$11.6 million, a slight

increase over last year. The bill also provides for an increase in Additional State Aid related to the 1% cap on property tax.

## **SB 1523 (capital outlay; appropriations; 2017-2018)**

[\(Chapter 306\)](#)

This bill is one of the budget reconciliation bills that make up the 2017 state budget package. Of special interest to cities and towns is that it provides the mechanism for backfilling the \$3 million from the additional HURF sweep, as noted below in SB 1531. Also, the State Aviation Fund will receive \$24.6 million for the planning, construction, development and improvement of state, county, city and town airports.

## **SB 1526 (environment; BRB; 2017-2018)**

[\(Chapter 308\)](#)

This bill is one of the budget reconciliation bills that make up the 2017 state budget package. Of special interest to cities and towns is that it provides an appropriation of \$6.5 million to the Underground Storage Tank Revolving Fund.

## **SB 1531 (revenues; BRB; 2017-2018)**

[\(Chapter 312\)](#)

This bill is one of the budget reconciliation bills that make up the 2017 state budget package. Of special interest to cities and towns is the HURF distribution and small change to Jet Fuel Tax summarized below:

### HURF:

- For FY 2017-2018, a one-time appropriation of \$14.4 million is included for cities and towns. The HURF sweep to fund DPS is continued and is increasing from \$96 million to \$99 million. However the additional \$3 million is backfilled through a separate appropriation in SB 1523.
- For FY 2018-2019, cities and towns will receive \$14.4 million from HURF before the regular distribution, with no change in the HURF shift to DPS.

- For FY 2019-2020, cities and towns will receive \$28.8 million from HURF before the regular distribution. The legislature's intent is to begin reducing the HURF sweep in FY 2019-2020 by appropriating \$30 million to DPS from the state General Fund.

## Jet Fuel Tax:

- State Jet Fuel Tax is removed from the shared-revenue distribution base and redirected to the State Aviation Fund to comply with FAA regulations. Last year cities and towns collectively received approximately \$420,000 from this source. Going forward cities and towns will receive 5.5% of all aircraft registration fees collected by ADOT to replace this revenue shift.



## Part 4

### General Government

#### **HB 2047 (liquor; serving age; reduction)**

[\(Chapter 54\)](#)

This bill reduces the age to handle alcohol in various establishments from 19 to 18 years of age.

#### **HB 2088 (incorporation; urbanized areas)**

[\(Chapter 1\)](#)

This bill allows an area with at least 15,000 people to incorporate without seeking the consent of surrounding communities if the area that is incorporating has a larger population than a nearby community protesting the incorporation. The area known as San Tan Valley will be most likely to make use of this provision.

#### **HB 2116 (municipal zoning; rezoning protests)**

[\(Chapter 290\)](#)

This new bill redefines how property owners are determined to be eligible to file a written protest against a proposed zoning amendment. The calculation is made by determining if the owners of 20% or more of the property by area and number of lots, tracts and condominium units within the zoning area of the affected property protest the new amendment. This zoning area is defined as both: the area within 150 feet of the affected property, including all rights-of-way; and the area of the proposed amendment. The bill also stipulates that if the city or town council holds a vote to override a written protest, the vote must be rounded to the nearest whole number.

#### **HB 2157 (private property access; rights-of-way)**

[\(Chapter 214\)](#)

This bill requires the state or a political subdivision of the state to grant a nonexclusive right-of-way for a term of at least 30 years to provide legal access to the owner's private property if land

owned by the state or a political subdivision of the state surrounds the private property and the private property owner requests the right-of-way.

### **HB 2176 (mobile home relocation; long-term RVs)**

[\(Chapter 91\)](#)

Among other provisions, the bill increases the amount a tenant of a mobile home park may recover from the Mobile Home Relocation Fund if required to move due to a change in use or redevelopment. The bill requires the owners of park trailers or park models located in a park who do not own the land on which it is located to pay an annual assessment of 0.5% of the assessed valuation of the park trailer or park model.

The bill requires the landlord of the mobile home park to notify all tenants in writing of a change in use of a mobile home park at least 180 days prior to the change in use and is required to pay \$250 to the fund for each park trailer or park model relocated. The bill allows a tenant that is required to move to collect payment from the fund or abandon the park trailer or park model and collect 1/4 of the maximum allowable moving expense from the fund.

### **HB 2262 (municipal zoning; rezoning protest requirements)**

[\(Chapter 93\)](#)

This bill requires a zoning protest to be signed by the property owners opposing the proposed amendment and filed in the office of the city or town clerk by 12:00 p.m. one business day before the governing body will vote on the proposed change. The bill allows municipalities to require a protest be filed at an earlier time and date than prescribed by the bill.

### **HB 2337 (liquor omnibus)**

[\(Chapter 168\)](#)

Included in this year's liquor omnibus is a prohibition against a municipality charging the same entity more than one fee for review of multiple applications for *acquisition of control* that are submitted at the same time. The bill also temporarily increases the rate at which new beer and wine bar licenses (series 7) are made available in each county per year by lowering the county population growth trigger for a new license from 10,000 to 5,000 new residents until January 1, 2022 when it reverts back to 10,000 new residents.

**HB 2365 (wireless facilities; rights-of-way)****[\(Chapter 124\)](#)**

This bill allows wireless providers to install, operate and maintain small cell equipment in city and town rights-of-way. Among many other provisions, the bill limits the fees cities and towns may charge for the use of the rights-of-way and for applications to install or modify small cells and related equipment. Rates and fees are also limited to the direct and actual cost of managing the right-of-way and are required to be competitively neutral.

A new, replacement or modified utility pole that is associated with the collocation of small wireless facilities that is installed in the right-of-way is not subject to zoning review or approval if it does not exceed 10 feet in height above the tallest existing utility pole or 40 feet above ground level, whichever is greater. Applications for the modification of existing or the installation of new monopoles and utility poles that exceed these heights and the installation or collocation of wireless facilities are subject to all of the zoning codes, regulations and regulatory processes governing the rights-of-way of a city or town.

Cities and towns may require an application for the installation of new, replacement or modified utility poles associated with the collocation of small wireless facilities and are required to approve the application unless the utility pole fails to comply with applicable codes, public safety regulations, objective design standards, reasonable stealth and concealment requirements and undergrounding requirements.

Cities and towns are required to take action on applications within specified periods of time and, if the city or town takes no action during the time frame, the application is deemed complete and approved. If the application is denied, the city or town must document and provide the basis for denial to the wireless provider, including citing the specific code provisions, regulations or requirements on which the denial was based.

Cities and towns are required to establish and make available rates, fees and terms for the deployment of small cells, monopoles, utility poles and related equipment that is consistent with HB 2365 by February of 2018 or three months after receiving the first request by a wireless provider, whichever is later.

## **HB 2389 (governmental entities; diplomas; transcripts; recognition)**

[\(Chapter 169\)](#)

The bill requires the state and all state agencies, political subdivisions, and governmental entities to recognize and treat all diplomas and transcripts for public, private, charter, and homeschool education the same.

## **HB 2406 (counties; municipal land acquisition; limitation)**

[\(Chapter 296\)](#)

This bill prohibits a county from acquiring land within a city or town, unless the acquisition is part of a management agreement with the municipality or is for public safety, health care, or court purposes.

## **SB 1056 (municipal codes; publication; online)**

[\(Chapter 144\)](#)

This bill allows the online, electronic reproduction of “technical” municipal codes, (building codes, electric codes, etc.) to fulfill statutory requirements for publishing of the code.

## **SB 1084 (electronic records; retention; storage)**

[\(Chapter 11\)](#)

This statute allows electronic documents to legally satisfy retention requirements set by law. Governmental agencies must now allow the use of electronic records or electronic signatures. The new law removes retention exemption for information with the sole purpose of enabling a record to be sent, communicated or received and prohibits a governmental agency to adopt additional retention policies.

**SB 1114 (outdoor advertising)**

[\(Chapter 237\)](#)

Allows the placement of up to 35 electronic billboards in a specified area in Mohave County near Bullhead City and Kingman; limits the luminance level of the billboards from sunset to 11 p.m.; and contains legislative intent.

**SB 1202 (forestry and fire management; conformity)**

[\(Chapter 258\)](#)

Makes conforming changes to statute consistent with legislation passed during the 52<sup>nd</sup> Legislature, second regular session that established the Department of Forestry and Fire Management and modified the duties of the state forester. Among other changes, the bill removes the statute limiting the state forester to only prevent and suppress wildfires on lands covered by cooperative fire agreements.

**SB 1214 (microcell equipment; local governments)**

[\(Chapter 205\)](#)

This bill aligns small cells deployed on cable-owned assets with the microcell regulatory scheme in state statute including that if a permit is required, no offsets for deployment of small cell on existing cable-owned assets will be taken against a cable operator's license. Reinforces federal and state law that licensed cable operators are permitted to provide front and backhaul support on their network infrastructure using existing right of way agreements with cities and towns. The bill states the provisions do not affect or limit a municipality's authority to establish competitively neutral and nondiscriminatory requirements for telecommunications corporations, manage the public highways, and exercise police and land use powers.

**SJR 1002/HJR 2001 (Phoenix-Goodyear airport; reuse zone)**

[\(Transmitted to Governor\)](#)

Renews the Phoenix-Goodyear Airport and specified surrounding property as a military reuse zone and sets the termination date for the zone at ten years from December 3, 2017.

## Part 5

### Transportation and Traffic Enforcement

#### **HB 2159 (vehicle impoundment; release of vehicles)**

[\(Chapter 249\)](#)

This bill allows the owner of a commercial vehicle, street sweeper or other heavy equipment that has been impounded or immobilized to recover the vehicle/equipment if they were not the operator at the time of the impoundment or immobilization.

#### **HB 2251 (ADOT; Meridian road extension)**

[\(Chapter 142\)](#)

This bill requires ADOT to work with interested stakeholders on extending Meridian Road across state trust land in southeast Maricopa County.

#### **HB 2371 (oversize commercial vehicles; local authority)**

[\(Chapter 47\)](#)

This bill requires cities and towns to adopt and enforce ordinances that are substantially identical to rules adopted by ADOT relating to oversize and overweight commercial vehicles but allows for those same cities or towns to adopt ordinances relating to infrastructure, route and time of day restrictions. ADOT must notify the Overdimensional Permit Council of these ordinances and rules in a timely manner.

#### **SB 1073 (license plate covers; prohibition)**

[\(Chapter 83\)](#)

The bill makes obscuring information on a vehicle license plate by any means a petty offense.

## **SB 1080 (teenage drivers; communication devices prohibited)**

[\(Chapter 209\)](#)

The bill makes it a secondary offense for a minor with a learner's permit, within the first six months of holding the license, to use a wireless communication device while operating a motor vehicle, with some exceptions (e.g. using a hands-free navigation system).

**Effective date: July 1, 2018**

## **SB 1216 (towing firms; assets; definition)**

[\(Chapter 177\)](#)

This bill requires municipalities to determine if a towing firm has more than one contract to provide towing services to the same geographic area (i.e. under different company names) in violation of state law and review any complaints about such a violation if supporting documentation is provided.

## **SB 1239 (parking violation; disabilities; access aisles)**

[\(Chapter 85\)](#)

This bill makes it a civil traffic violation for a person to stop, stand, or park a vehicle in the *access aisle* of a parking space designated for persons with physical disabilities. The bill also defines *access aisle* as “the area adjacent to a parking space marked by spaced, crosshatched, or diagonal stripes or a distinctive change in color or material that leads to an accessible route of travel.”

## **SB 1413 (municipalities; annexation; roadway maintenance)**

[\(Chapter 86\)](#)

This bill requires that a petition to annex an area into a municipality specify which entity (city, county, state, private, etc.) will be responsible for maintaining the existing rights-of-way and roadways that are within or contiguous to the exterior boundaries of the proposed annexation area.

**Part 6****Labor, Employment, Retirement and Benefits****HB 2161 (occupational diseases; workers' compensation; presumptions)**

[\(Chapter 318\)](#)

This bill expands the list of cancers that are presumed to arise from firefighting, for the purposes of filing a Workers' Compensation claim, to include 13 additional cancers (buccal cavity, pharynx, esophageal, lung, skin, stomach, large intestine, kidney, prostate, and testicular, as well as malignant melanoma, multiple myeloma, and non-Hodgkin's lymphoma). To qualify for the new presumptions a firefighter must have received a physical examination that was reasonably aligned with the National Fire Protection Association Program Standards (NFPA-1582). The bill allows the new presumptions to be rebutted by a preponderance of the evidence that a specific cause other than an occupational exposure led to the cancer. The act also limits both the new and existing cancer presumptions to conditions diagnosed within 15 years of a firefighter or peace officer's last date of employment.

**HB 2166 (ASRS; return to work)**

[\(Chapter 227\)](#)

This bill requires an employer to pay the alternate contribution rate (ACR) on behalf of a retired member who returns to work with an Arizona State Retirement System employer in a position that is similar in duties and responsibilities to that of a position ordinarily filled by an employee of the employer.

**HB 2167 (ASRS; contributions; adjustments)**

[\(Chapter 291\)](#)

This bill stipulates requirements for return of overpaid contributions to employers and methods of payment for underpaid contributions by members of the Arizona State Retirement System (ASRS).

ASRS is required to refund excess employer or member contributions made through a mistake of fact through an employer credit or, if requested by the employer within one year after the date of overpayment, by check. If the overpayment is due to a mistake of law, ASRS must return excess

employer or member contributions through an employer credit. Inactive, retired or long-term disability members who have paid less than the correct amount of contributions must make payments using after-tax income with a personal check, cashier's check or money order. A member who previously received a return of contributions may receive an adjustment of employer contributions or service credits only for the member's most recent qualifying employment and compensation.

## **HB 2168 (ASRS; reinstatement; contribution amount)**

[\(Chapter 292\)](#)

Allows an Arizona State Retirement System (ASRS) member, upon reinstatement to state service, to redeposit contributions that ASRS paid, rather than that the member received, at the time of the member's separation from service.

## **HB 2410 (workers' compensation; firefighters; heart-related cases)**

[\(Chapter 325\)](#)

The bill establishes a presumption of compensability for Workers' Compensation claims involving heart-related, perivascular or pulmonary injuries, illnesses or death among firefighters. The act limits the presumption to injuries, illnesses, or deaths that occur within 24 hours of exposure to a "known event" (not defined in statute but presumed to be a documented, work-related incident). To qualify, a firefighter must have passed a pre-employment physical examination that showed no evidence of heart-related, perivascular or pulmonary injury or illness and a physical examination that was reasonably aligned with the National Fire Protection Association Program Standards (NFPA-1582). Finally, the act allows for the presumption to be rebutted by a preponderance of the evidence that a specific cause other than an occupational exposure led to the illness, injury, or death.

## **HB 2485 (EORP; PSPRS; CORP; modifications)**

[\(Chapter 269\)](#)

This bill is an emergency measure that makes various modifications to the Elected Officials' Retirement Plan (EORP), Correction Officers' Retirement Plan (CORP) and the Public Safety Personnel Retirement Plan (PSPRS). Of primary interest to cities and towns are new components of the PSPRS including:

## PSPRS

A PSPRS employer may make a one-time election to request that the Board use a closed period of not more than 30 years to amortize their unfunded liability of Tier I and Tier II if the employer both: a) adopts a resolution requesting the longer amortization period and specifies the actuarial valuation date for which the new amortization period is to begin; and b) submits a written request for the longer amortization period along with the adopted resolution to the administrator of the Board.

An employee that is killed in the line of duty or dies from injuries suffered in the line of duty within the first 90 days of employment shall be considered as having been enrolled in PSPRS and the surviving spouse of the deceased employee is eligible for survivor benefits. An employee that experiences a catastrophic or accidental disability within the first 90 days of employment is eligible for a disability pension.

## PSPRS Defined Contribution (DC) Plan

Any participant-specific advice and counseling offered by the Board is required to be administered by a federally registered investment advisor. The employer contributions are immediately fully vested for a participant in the PSPRS DC Plan that dies before completing ten years of service.

## PSPRS DC Disability

If a participant in the PSPRS DC plan is killed in the line of duty or dies from injuries suffered in the line of duty, a local board must follow PSPRS DB procedures to determine eligibility for and continuation of a death benefit to a surviving spouse or any eligible child. A surviving spouse or child shall receive a monthly death benefit equal to a monthly death pension that would be provided to a PSPRS member who is hired on or after July 1, 2017, reduced by the amount of the monthly annuitized value of the participant's annuity account.

See the chaptered language for more details on additional changes to PSPRS and EORP.

**Effective date: May 3, 2017**

**SB 1052 (ASRS; optional retirement benefits; overpayment)**

[\(Chapter 104\)](#)

This bill allows the Arizona State Retirement System (ASRS) to not allow payment of a distribution amount through a partial lump sum rollover if a member has received an overpayment, and instead allow direct payment to the member. Most city and town staff are members of ASRS.

**SB 1053 (ASRS; board powers)**

[\(Chapter 105\)](#)

This bill allows the Arizona State Retirement System (ASRS) Board to determine long term disability and transfer rights in addition to retirement benefits. Under current law, a person who is unsatisfied with a decision may request a hearing within 30 days after receiving the decision.

**SB 1063 (PSPRS; risk pool)**

[\(Chapter 235\)](#)

This bill is an emergency measure that establishes the Public Safety Employer Risk Pool for members of the Public Safety Personnel Retirement System (PSPRS) hired on or after July 1, 2017, which consists of any PSPRS employer of an eligible group that has, as of the effective date of this legislation, 250 or fewer active members who were hired before July 1, 2017, and any new employer in the PSPRS that has 250 or fewer employees on the effective date of participation in PSPRS. If any individual employer in the Risk Pool experiences a deviation in reported active member payroll of greater than 20% of the average of all participating employers in the Risk Pool in a 24-month period, the PSPRS actuary is required to prepare a financial impact report to determine whether the deviation created an increased or decreased unfunded liability within the Risk Pool. If it created an increased unfunded liability, the responsible employer is required to pay 100% of the cost of the increase in the unfunded liability. If it created a decreased unfunded liability, the PSPRS is required to credit the responsible employer 100% of the cost of the decrease.

Each employer in the Risk Pool is required to make contributions sufficient under the PSPRS consolidated actuarial valuation to pay 50% of both the normal cost plus the actuarially determined amount required to amortize the total unfunded accrued liability within the Risk

Pool, and the remaining 50% must be divided by the total number of PSPRS members in the Risk Pool so that each member contributed an equal percentage of the member's compensation.

Establishes the Retiree Pool Account in the PSPRS Fund for the purpose of sharing the actuarial liability attributable to uncontrollable costs for employers of members hired on or after July 1, 2017, and establishes calculations for amounts that must be transferred from employer accounts to the Account for members who are determined eligible for retirement, disability or death benefits. The Account must remain 100% funded. In any fiscal year that the Account is not 100% funded as of June 30, the amount necessary to adjust the account must be transferred from or to the investment earnings of the Fund before those earnings are distributed to each employer's account.

**Effective date: May 1, 2017**

#### **SB 1190 (public safety; supplemental benefits; continuation)**

([Chapter 113](#))

Current law requires the state and political subdivisions that employ public safety employees on a full-time basis to establish a plan for employees who are injured while on duty and cannot perform functions of their position. The public safety employee must be receiving workers' compensation benefits in order to be eligible for the plan. Plans must be designed so that, while receiving the plan benefits, the public safety employee receives approximately the identical base salary received prior to the injury less the amount of taxes the employee was paying. SB 1190 continues this program for another eight years to October 1, 2025.