



2016 NEW LAWS REPORT

Introduction

Welcome to the *2016 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 52nd Arizona Legislature that have demonstrable impacts on municipalities.

During the past session, 1,247 bills were introduced in the House and Senate. Of these, 388 passed the Legislature and were sent to the Governor, and 374 were signed into law. Almost 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 6, 2016. 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.

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



Part One

Courts, Civil and Criminal Justice and Law Enforcement

HB 2001 (unlawful distribution of private images)

[\(Chapter 6\)](#)

HB 2001 states that intentionally disclosing an image of another person in a state of nudity or engaged in sexual activities without consent is now a class 5 felony or, if the image is disclosed electronically it is now a class 4 felony. The legislation contained an emergency clause.

Effective Date: March 11, 2016

HB 2030 (liquor premises; firearms; retired officers)

[\(Chapter 285\)](#)

The measure allows a retired peace officer to carry firearms in a liquor establishment, but continues the law that prohibits consumption of liquor by that officer. It also allows the state liquor department to award a temporary permit to trustees in bankruptcy cases for the purposes of disposing of spirituous liquors.

HB 2154 (failure to appear; arrest; fingerprinting)

[\(Chapter 95\)](#)

Delineates which criminal justice agency is responsible for fingerprinting, and consolidates statutes related to failing to appear. The measure also contains a delayed effective date.

Effective Date: January 1, 2017

HB 2224 (private firearm transactions; prohibited encumbrances)

[\(Chapter 84\)](#)

HB 2224 states that political subdivisions are prohibited from assessing any tax or fee on the transaction of a firearm between two private parties.

HB 2259 (mobile home removal; licensure; noncompliance)

[\(Chapter 236\)](#)

HB 2259 states that a person must have the permission of the landlord in order to remove a mobile home from a mobile home park, and if not, they are to be charged with criminal trespass.

HB 2261 (electronic benefit transfers; prohibition; violations)

[\(Chapter 290\)](#)

HB 2261 makes it a Class 1 misdemeanor for liquor stores, racetracks or adult oriented businesses to allow an ATM on their premises to dispense cash when a person uses an electronic benefits card. The bill also removes municipalities from overseeing this requirement.

HB 2338 (educational institutions; firearms; rights-of-way)

[\(Chapter 131\)](#)

This measure prohibits an educational institution from banning the lawful possession of a firearm on public rights-of-way.

HB 2350 (public safety employees; counseling)

[\(Chapter 240\)](#)

The bill requires the state or a political subdivision to offer at least 12 counseling sessions in a year to public safety employees who have witnessed traumatic events. The government employer must pay for the visits and there is no automatic presumption that the employee suffers from Post-Traumatic Stress Disorder. From the effective date of the law to July 1, 2017 the unit of government shall offer at least six such sessions. The law is repealed January 1, 2023.

HB 2375 (crime victims' rights; facility dog)

[\(Chapter 135\)](#)

Crime victims now have the right to have a facility dog with them in court. The measure also allows for judges to instruct the jury on the role of the animal.

HB 2376 (victim restitution, stipulated amount; hearings)

[\(Chapter 8\)](#)

This measure grants a victim or the victim's counsel the right at any restitution proceeding to present information or evidence or make an argument to the court.

HB 2383 (public records; law enforcement)

[\(Chapter 194\)](#)

HB 2383 restricts access to crime victims' or witnesses' personal information in crime records for the purpose of protecting privacy, and outlines methods to release those records.

HB 2419 (stalking; offense; definitions)

[\(Chapter 44\)](#)

HB 2419 alters the definition of stalking to include intentionally engaging in a "course of conduct" that causes a victim to suffer "emotional distress." Additionally, the measure redefines stalking to include reasonable fear of harm to person or property or fear of death.

HB 2446 (prohibited weapon; definition; exclusions)

[\(Chapter 297\)](#)

HB 2446 changes the definition of a prohibited weapon from "if registered in the National Firearms Registry and Transfer Record" to "if prohibited by federal law." This change will allow for certain weapons to now be obtained legally if the purchaser is legally capable of such a purchase.

HB 2548 (public forums; activities; postsecondary campuses)

[\(Chapter 249\)](#)

HB 2548 prescribes penalties for a university or community college unlawfully restricting a student's right to speak.

HB 2677 (peace officer employment; study committee)

[\(Chapter 324\)](#)

This measure establishes the Peace Officer Employment Study Committee which will examine recruitment and retention issues related to peace officers, and will report to the Governor, the

Speaker of the House of Representatives and the President of the Senate and provide a copy of its report to the Secretary of State. The law is repealed October 1, 2017.

SB 1018 (aid; execution of process; injury)

[\(Chapter 139\)](#)

This new law allows for a person to refuse assisting public officers in the service of process if the person has a reasonable fear of injury.

SB 1211 (victim compensation fund; allocations)

[\(Chapter 307\)](#)

SB 1211 strikes the cap on monies available for distribution for victim compensation from the Arizona Criminal Justice Commission.

SB 1214 (criminal trials; location)

[\(Chapter 25\)](#)

SB 1214 states that a criminal trial may be held in any county in which an offense in transit occurred.

SB 1228 (DUI; ignition interlock requirement)

[\(Chapter 57\)](#)

A person who is convicted of a DUI must have an ignition interlock device only if the DUI involved intoxicating alcohol. An ignition interlock device is not required if the conviction was the result of driving under the influence of a drug or vapor substance.

SB 1240 (peace officers; appointment; training)

[\(Chapter 310\)](#)

The measure allows for private postsecondary institutions to appoint peace officers for the purpose of campus safety. The bill also requires airports and railroads to report their peace officer hiring to the Arizona Peace Officers Standards and Training Board instead of the Department of Public Safety.

SB 1266 (firearms; state preemption; penalties)

[\(Chapter 132\)](#)

SB 1266 provides various penalties to political subdivisions that adopt ordinances, rules or regulations that are contrary to the state law on firearms.

SB 1295 (DUI; watercraft; medical practitioner; authorization)

[\(Chapter 339\)](#)

The measure changes statutory language related to the authority for prescription medicine. It clarifies that a person using a drug prescribed by a licensed medical practitioner "who is authorized to prescribe the drug," instead of who is "licensed" under specified chapters of statute, is not guilty of violating the prohibition on operating a motorized watercraft or vehicle while there is any drug or its metabolite in the person's body.

SB 1373 (liquor omnibus)

[\(Chapter 161\)](#)

SB 1373 changes the thresholds for license suspension for liquor establishments for repeated acts of violence to be based on the number of incidents per permanent occupancy of the establishment. The measure also allows for law enforcement to use funds from seized liquor for investigation purposes instead of just for training.

SB 1449 (unmanned aircraft; prohibited operations)

[\(Chapter 170\)](#)

The measure preempts local governments from enacting their own ordinances for unmanned aircraft, or "drones," with the exception of allowing restrictions in parks or preserves, as long as one park or preserve is available to drone users if the city or town has more than one park or preserve. The bill also prescribes various requirements for drone operators related to federal law, public safety purposes and careless and reckless use.

Part Two

Campaigns, Elections and Recordkeeping

HB 2015 (publicity pamphlets; counties; municipalities)

[\(Chapter 60\)](#)

This measure requires any county or municipality contract for an initiative or referendum publicity pamphlet publication to include a late penalty of \$0.01 per household for each day of mailing that occurs on or after the earliest date for receipt of requested early ballots.

Effective Date: January 1, 2017

HB 2023 (delivery; early ballots; limitation)

[\(Chapter 5\)](#)

This measure requires that a person cannot knowingly collect a voted or un-voted ballot from another person unless a person is collecting a ballot for a family member, caregiver, household member, or an election official or postal worker is collecting ballots in their official duties.

HB 2049 municipal, precinct office; online signatures

[\(Chapter 82\)](#)

HB 2049 permits candidates for county, municipal and precinct committeemen to gather nomination petition signatures through the Secretary of State's (SOS) online system beginning January 1, 2017.

HB 2146 (municipalities; property sale threshold; election)

[\(Chapter 62\)](#)

A special election for the sale of municipal property is required if the real value of the property is over \$1.5 million; previously this amount was \$500,000. The legislation also dissolves the requirement for a board of trustees after the disincorporation of a municipality.

HB 2296 (charitable organizations; campaign finance disclosure)

[\(Chapter 346\)](#)

All tax-exempt organizations that meet specific IRS criteria and are in good standing with the Arizona Corporation Commission now do not have to register as a political committee.

Effective June 1, 2016.

HB 2297 (political advertisements; contributors; disclosure)

[\(Chapter 347\)](#)

This measure changes the disclosure requirements for an independent expenditure advertisement from the top three contributors to a percentage based calculation.

HB 2428 (publicity pamphlets; arguments; electronic submittal)

[\(Chapter 296\)](#)

The bill changes the filing officer's process for initiative and referendum petition signature sheets by revising requirements for marking signatures during the review process and the random sample selection, and when transmitting petition sheets to the county recorder for verification. The Secretary of State may change the page width and length of the petition sheet and may prescribe an electronic filing method for petitions. The filing officer may issue the initial receipt and accept publicity pamphlet arguments electronically and a ballot measure argument must also be submitted in an electronic format. Ballot measure arguments no longer have to be notarized but must contain a sworn statement. The bill requires the filing officer to post the publicity pamphlet online as soon as practicable and to post ballot measure filing deadlines and the election date.

HB 2429 (local financial disclosure; electronic filings)

[\(Chapter 196\)](#)

This measure allows all local public officers to file financial disclosure statements in an electronic format as prescribed by the Secretary of State. A travel-related expense is exempted from the definition of "gift" if the public officer's travel-related expenses are associated with a meeting, conference or event in the officer's official capacity and reported on the financial disclosure statement. Public officers do not have to identify the names of their spouse or children on the statement.

Effective Date: January 1, 2017

HB 2440 (municipal improvement districts; formation election)

[\(Chapter 9\)](#)

In order to form a municipal improvement district, a petition signed by the owners of more than one-half of the taxable property must be completed. Additionally, a separate petition signed by the owners of more than one-half of the assessed valuation of the property must also be completed. These petitions must be submitted to the municipal clerk within 120 days of the council decision to form the district. The measure includes a retroactive effective date.

Effective Date: January 1, 2016

SB 1516 (campaign finance amendments) (as amended by HBs 2296 & 2297)

[\(Chapter 79\)](#)

This repeals and rewrites campaign finance laws in their entirety and should be reviewed along with HB2296 and HB2297 that amended SB1516 as originally passed. The bill requires a candidate nomination paper to include a declaration instead of a notarized affidavit. Candidate committee registration is only required if the candidate receives or expends \$1,000 or more. A candidate may only have one candidate campaign committee open for the same office in the same election cycle and local candidates are prohibited from transferring candidate monies to state or legislative committees. The definitions of contribution, expenditure and election cycle have been changed, which allows a local candidate to collect the maximum contribution of \$6,250 every two years regardless of the length of the term. A candidate committee may not contribute to another candidate, but when a candidate terminates the committee, the outgoing candidate may provide the committee's surplus monies to another candidate if specific conditions are met. Threshold exemption statements, exploratory committees, and most political committee types are eliminated. Political committees must register and file only under certain circumstances. All campaign finance reporting is changed to quarterly filing periods. Also, the measure requires all cities and towns to provide an electronic option for committees to register as a committee and file campaign finance reports. A city or town may comply by opting into the State's new system at no cost until 2019.

Effective November 5, 2016.

Part Three

Taxes, Budget and Finance

HB 2025 (utilities TPT; sales of propane)

[\(Chapter 359\)](#)

This law expands the state TPT exemption for electricity or natural gas utility charges to a business engaged in manufacturing or smelting operations by adding an exemption for liquefied petroleum gas. This law also changes A.R.S. 42-6012 governing city and town TPT imposition or exemption in this area, requiring cities and towns to choose to either tax or exempt this issue in its entirety. The current option in the Model City Tax Code (MCTC) will be changed to conform to this law.

Effective Date: September 1, 2016

HB 2133 (TPT; exemption; aerial applicators)

[\(Chapter 181\)](#)

This law adds agricultural aircraft (e.g., crop dusters) to the current Retail and Use tax exemptions covering most farm equipment used for commercial production of crops, wine grapes, livestock and flowers at the State level. It applies retroactively to April 18, 1985, and includes provisions to limit all potential refund claims to no more than \$10,000 collectively. While the law does not preempt cities and towns, given the limited scope this will likely be added to the MCTC.

Effective Date: April 18, 1985

HB 2301 (bonding; sale; premiums; refunding; refinance)

[\(Chapter 177\)](#)

This measure makes several changes to statutes related to bond sales with the goal of lowering costs of issuance and costs to taxpayers. It clarifies that general obligation bonds have a first lien on the property taxes that secure the bonds, similar to the laws in many other states. Eliminates the percentage limitation on premiums while continuing to limit what any premium dollars can be used for so that the desired legislative limitation on using premium dollars for project costs is met. Eliminates the current statutory provision of lower-rated and non-rated general obligation bonds of community facilities districts to non-public sales and instead allows issuer restrictions, market regulatory requirements and dictates the investors who can purchase such bonds. The measure creates the ability to refinance assessment district and improvement district bonds, similar to other bond and debt instruments. Allows certain utility revenue bonds for water, sewer and airport

improvements and street improvement bonds paid from highway user revenues distributed to local governments to be sold via negotiated sales, on-line bidding and other approaches as well as being sold via public sale or accelerated bidding.

HB 2326 (agricultural feed; sales; tax exemption)

[\(Chapter 361\)](#)

This law extends the State TPT and Use tax exemptions to include sales of livestock and poultry feed to anyone who will use it to feed their own livestock, or livestock that being boarded non-commercially, by including animal feed grown by a producer in the definition of “food product.” This in effect allows one farmer to sell their feed crop to another without the activity being classified as a Retail sale. It does not impact city and town taxes imposed on sales by commercial feed stores.

HB 2483 (municipal population estimates; use)

[\(Chapter 258\)](#)

This measure allows a city or town to use either the most recent annual population estimates from the U.S. Census Bureau or the results of a mid-decade special census (if they have conducted one) as the basis for distribution of state shared revenues. A city or town may only use the results of the special census for the current year, and beginning on July 1 in the second year after the special census, requires the city or town to use the most recent annual population estimates from the U.S. Census Bureau as the basis for distribution of state shared revenues. The most recent annual population estimates of the U.S. Census Bureau will be used by all cities and towns for distribution of state shared tax revenues thereafter until the next decennial census. The bill contained an emergency clause.

Effective Date: May 6, 2016

HB 2486 (telecommunications utilities; relocation; reimbursement)

[\(Chapter 259\)](#)

This measure requires a municipality to reimburse a telecommunications utility for facility relocation costs incurred on facilities located within the municipal boundaries if all of the following conditions are met: (1) any construction project in the municipality is undertaken individually or jointly by an intergovernmental contract; (2) the contract is funded in whole or in part by voter-approved municipal bond proceeds; and (3) the construction project requires the telecommunications utility to adjust or relocate facilities. The reimbursement amount for paid claims for facilities with no existing land rights is capped at 2% of the total project monies and stipulates that total project monies are the

total dollar amount of all voter-approved bond proceeds that fund a construction project. However, if the telecommunications utility has existing land rights, the municipality must provide the telecommunications utility with equal land rights in the new location of the relocated facilities at the municipality's expense. If the telecommunications utility's existing facilities are located in the right-of-way under a permit, the municipality must provide rights in the new location of the relocated facilities equivalent to the existing permit at the municipality's expense. In order to be reimbursed, the telecommunications utility must submit a verified itemized claim for reimbursement to the municipality within 180 days after each calendar quarter in which the telecommunications utility incurs relocation costs. The municipality must review each submitted claim and allows the review to include an audit. The municipality must reimburse the telecommunications utility for the relocation costs within 90 days after receipt of the claim and reimburse claims from all affected telecommunications utilities in the order of receipt. If a claim causes the total amount of all claims to exceed the 2% limitation, that claim must be reduced so that the total amount of reimbursement paid for all claims equals the limitation. After the previous limitation is exhausted, the municipality must resume processing previously submitted and new claims within 30 days after the limitation is increased if the dollar amount of the limitation increases as a result of an increase in total project funds. The reimbursement does not apply to a construction project funded in whole or in part with voter-approved municipal bonds if approval of the bonds was referred to the voters before January 1, 2017.

HB 2533 (charter aircraft; tax exemption)

[\(Chapter 367\)](#)

This law expands the current exemption for sales of aircraft and aircraft equipment sold to a person who holds a certificate of public convenience to include persons who are exempt from obtaining such a certificate; who are licensed to transport persons; who operate aircraft to transport persons for compensation; or who lease or transfer operational control to one of the above. There is no matching city and town level provision, so we will examine the issue and determine whether this will be added to the MCTC in the future. The law itself becomes effective on July 1, 2017, but it contains a retroactivity clause that extends back to June 1, 1998 but does not extend the statute of limitations; allows for refund claims to be filed not later than December 31, 2016, and limits the aggregate total of all refund claims to not more than \$1,000; and contains a non-severability clause meaning if any section is adjudicated to be invalid, the entire act is invalid. Although this is largely a State issue, further examination will be needed to determine whether it is a provision that will be added to the MCTC.

Effective Date: July 1, 2017

HB 2536 (fine art; TPT exemption)

[\(Chapter 368\)](#)

This law provides a State exemption for the sale of fine art at an auction or a gallery to any non-resident for use outside the state. This allows a non-resident to make a purchase of fine art in a local store and avoid the State tax simply by having the vendor ship it to their home state. Under the MCTC, all sales made in the store or during an auction occurring in the State are subject to the Retail tax, regardless of whether the buyer is a tourist or non-resident having the product shipped out of state.

Effective Date: September 1, 2016

HB 2538 (municipal bonds; tax levy)

[\(Chapter 334\)](#)

This measure allows the annual levy for a secondary property tax to include projected payments of principal and interest on new debt planned for the ensuing year as well as principal and interest for current obligations, a reasonable delinquency factor and an amount necessary to correct prior year errors or shortages in the levy.

HB 2584 (data center tax relief; qualification)

[\(Chapter 369\)](#)

This law changes and clarifies numerous requirements and qualifications for the tax relief for a certified computer data center and modifies certification revocation procedures by the Arizona Commerce Authority (ACA) and the Department of Revenue (DOR). Clarifies that ACA is the sole arbiter of whether a project is qualified, and shifts the protest process from the DOR/tax court process and places it in the Office of Administrative Hearings, with ACA as the responsible agency. Clarifies that leased property and equipment is also exempt from TPT and eliminates the requirement to present exemption certificates to vendors in order to receive the exemptions.

Effective Date: September 12, 2013

HB 2635 (municipalities; taxes and fees; notification)

[\(Chapter 335\)](#)

This law requires a municipality to prepare a schedule and written report if proposing to levy or assess any new or increased tax or fee, with specific exceptions for water and wastewater rates, registration based classes and programs, court fees established per law, fees for public housing, and

other fees set by State or Federal law. Requires the municipality to post the report on its website and utilize social media to advertise proposed changes.

HB 2674 (TPT exemption; amateur races)

[\(Chapter 373\)](#)

This law exempts the gross proceeds of sales or gross income derived from entry fees from noncompetitive races that consist of a run, walk, swim, bicycle ride, or any combination thereof sponsored by nonprofit organizations from transaction privilege tax (TPT) under the Amusements classification. This law is effective retroactively without limit if the sponsor failed to collect the TPT from the participants, and extends up until March 1, 2017. Also provides relief from any tax liens or assessments imposed by the State or any city or town.

HB 2676 (utilities; manufacturing; smelting; TPT)

[\(Chapter 374\)](#)

This law changes the requirements to qualify for exemption from TPT and Use tax on electricity or natural gas to qualified manufacturing or smelting businesses. It removes the requirement that at least 51% of the energy must actually be used in the manufacturing process, replacing it with several other measures that can exceed 51% to qualify including: 51% of the products are exported; 51% of gross income comes from the manufacturing or smelting operations; uses 51% of its total square footage for manufacturing; employs at least 51% of its workforce in the manufacturing or smelting operation; or uses at least 51% of its capital assets in this state in manufacturing or smelting. This change will broadly increase the number of qualified operations that will be exempt from the State and County tax on their electricity, natural gas, propane gas, gas transportation services. This law also changes A.R.S. 42-6012 governing city and town TPT imposition or exemption in this area, requiring cities and towns to choose to either tax or exempt this issue in its entirety. The current option in the Model City Tax Code will be changed to conform to this law.

Effective Date: January 1, 2017

HB 2695: general appropriations act; 2016-2017

[\(Chapter 117\)](#)

In the general appropriations bill there is a \$96 million sweep from HURF (the same amount swept last year). There is a one-time appropriation of approximately \$1.3 million for border strike task force local support, \$761,700 of which is to be used for local law enforcement officer positions within the task force. Access to these funds requires a 25% local match. The remaining \$500,000 is

to be used for grants to cities, towns and counties for costs associated with the prosecution and incarceration of crimes related to illegal immigration and other border-related crimes. There is also an appropriation of \$1 million from the Automation Projects Fund to ADOA for a feasibility study to replace the tax accounting system at the Department of Revenue.

HB 2708: revenue; budget reconciliation; 2016-2017

[\(Chapter 125\)](#)

There is a one-time appropriation of \$30 million to local governments from the General Fund to cities, towns and counties to be distributed in a manner similar to the HURF formula for FY2017. After applying the formula specified in the bill, this results in an increase of approximately \$16 million in new funds to cities and towns. This same distribution is scheduled to occur in FY2018 as well. Also included in this bill is the DOR assessment for TPT administration for local governments, of which approximately \$11 million is assessed to cities and towns. The one-time special assessment imposed last year on self-collecting cities has lapsed.

SB 1008 (VLT; fee exemptions; first responders)

[\(Chapter 12\)](#)

SB 1008 states that one vehicle owned by a surviving spouse of a deceased first responder killed in the line of duty on or after April 5, 1933 is exempt from the vehicle license tax and registration fees. The measure contains a retroactive effective date.

Effective Date: January 1, 2016

SB 1289 (2016 tax correction act)

[\(Chapter 156\)](#)

This law is an annual item that corrects errors and 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 sentence to A.R.S. 42-6002, Administration; procedures for levy, collection and enforcement applicable to cities and towns; definition, which says: for the purposes of State administration, the taxes covered by this statute are those imposed under the Model City Tax Code. (Municipal taxes imposed outside of the MCTC, such as Bed taxes or Public Utility taxes that are currently collected by the cities on their TPT returns, will be collected by the ADOR when they take over full TPT administration.)

SB 1310 (TPT exemption; billboard rentals)

[\(Chapter 223\)](#)

This law adopts a recent court decision stating the leasing of billboards for advertising purposes is not subject to tax under the personal property rental classification, because this activity is in fact advertising – a classification the State no longer taxes. (The Model City Tax Code already addresses this issue by taxing Advertising, so no changes to the MCTC are planned.)

SB 1350, online lodging; administration; definitions

[\(Chapter 208\)](#)

The measure creates a new State TPT classification for businesses to voluntarily pay the standard state and local Hotel and Transient Lodging TPT on the business of operating an online lodging marketplace (OLM) such as Airbnb, limited to transactions that do NOT include Class One property (hotels, resorts, etc.) Anyone in this field can enter into an agreement with DOR to collect on all transactions they handle on their platform, while the property owners in all cases remain liable for being licensed and filing their own tax return each month, taking a deduction for any amounts paid by the OLM on their behalf. The bill prohibits municipalities from banning this type of short-term housing rental, but provides authority for cities to deal with nuisance properties in the same manner they would handle similar issues involving an owner-occupied or residential rental property. The bill also requires DOR to create an electronic means not later than December 2017 for property managers of residential rental properties to file a single tax return that includes all the detailed owner information (owner license number) along with the gross receipts, deductions and tax due separately stated by each business location (Owner's location numbers). Finally, the bill establishes a Hospitalities Studies Scholarship Fund for use at any State university, and creates a joint legislative study committee to consider current State and local laws and regulations on transient lodging businesses.

SB 1492 (taxis, limousines, livery vehicles)

[\(Chapter 171\)](#)

This law represents an effort to develop consistencies in laws between traditional taxi and limo services and the laws adopted last year relating to ride sharing companies such as Uber and Lyft. In addition to numerous changes to laws governing the transportation of persons for hire, it includes a new series of preemptions under A.R.S. 42-6004 that prohibits a city or town from imposing TPT on a Transportation Network Company or on drivers engaging in Transportation Network Services if

they hold a permit specified in Title 28. (This language will be added to the MCTC to maintain consistency with this statute, but there is no expected revenue impact.)

Effective Date: September 1, 2016

SB 1505 (tax exemption; natural gas delivery)

[\(Chapter 357\)](#)

This law expands the state exemption for electricity or natural gas utility charges to a business engaged in manufacturing or smelting operations by adding an exemption for gas transportation services, which had been specifically excluded from the exemption previously. These are charges incurred when gas is acquired from an entity that is not a utility. This law also changes A.R.S. 42-6012 governing city and town TPT imposition or exemption in this area, requiring cities and towns to choose to either tax or exempt this issue in its entirety. (The current option in the MCTC will be changed to conform to this law.)

SB 1527: appropriations; capital outlay; 2016-2017

[\(Chapter 126\)](#)

This budget related bill contains a \$66 million one-time general fund appropriation to the State Highway Fund to offset the remainder of the HURF sweeps. Included in these funds is \$25 million to ADOT for acceleration of the SR 189 construction project. This was a League Resolution. The bill also includes an appropriation of \$19 million from the State Aviation Fund for planning, construction, development and improvement of state, county, city or town airports.

Part Four

General Government

HB 2019 (credited service; military service purchase)

[\(Chapter 90\)](#)

Members of the Elected Officials Retirement Plan, Public Safety Personnel Retirement System and Corrections Officer Retirement Plan may purchase credited service for periods of active military service if the member has at least 5 years of credited service with the applicable plan. Current law stipulates that there be 10 years. The measure also modifies the discount rate for service purchases or transfers of service credit.

HB 2076 (annexation; single property owner; exception)

[\(Chapter 93\)](#)

This measure modifies the annexation statute so that a territory is considered contiguous if the real property within the territory is owned by one person, the city or town and the owner of the property agree to the annexation and the territory adjoins the exterior boundary of the annexing city or town for at least 300 feet. This was a League Resolution.

HB 2107 (structured sober living homes)

[\(Chapter 287\)](#)

The bill allows municipalities to enact regulations related to structured sober living homes, which are defined in the measure. This was a League Resolution.

HB 2130 (municipalities; counties; energy use; reporting)

[\(Chapter 27\)](#)

Counties and municipalities are no longer allowed to require energy use reports from the private sector. This legislation repeals two sets of prohibitions from last year that were in the same bill and reinserts each into two separate bills (see HB2131).

HB 2131 (municipalities; counties; auxiliary containers; prohibitions)

[\(Chapter 28\)](#)

Counties and municipalities are no longer allowed to prohibit the sale, use or disposition of auxiliary containers, e.g., plastic grocery bags. This legislation repeals two sets of prohibitions from last year that were in the same bill and reinserts each into two separate bills (see HB2130).

HB 2182 (liquor; sampling; eligibility; square footage)

[\(Chapter 345\)](#)

HB 2182 removes the requirement that a liquor store be at least 5000 square feet to be eligible for sampling privileges, and states that a liquor store less than 5000 square feet must have at least 75% of its square footage dedicated to liquor products to be eligible for sampling.

HB 2197 (fire districts; merger. consolidation)

[\(Chapter 183\)](#)

HB 2197 allows merging or consolidating fire districts to retain the amount of Fire District Assistance Tax each district received at the time of the merger or consolidation.

HB 2233 (public buildings; applicable fire codes)

[\(Chapter 234\)](#)

A school district or a charter school may request their local government to conduct fire inspections with the State Fire Marshal when entering into an IGA with the local government to conduct said inspections.

HB 2391 (municipalities; water rates; requirements)

[\(Chapter 195\)](#)

A municipality is prohibited from assessing or collecting fees on new water or wastewater service for the purpose of recovering the cost of acquiring a public or private water or wastewater utility. The written report required when increasing water or wastewater fees must include cash flow projections showing anticipated revenues from residential and nonresidential customers and the overall expenses for providing the services. This report and the cash flow projections must be posted on the municipality's website or that of an association of cities and towns if the municipality

has no website. The public hearing on the proposed rate increase must occur at least 60 days after the notice of intent is adopted, rather than the current 30 days.

HB 2497 (equipment; permits; local government)

[\(Chapter 260\)](#)

This lengthy measure requires cities and towns to issue a permit to a cable operator to attach Wi-Fi radio equipment to a cable television system and for the installation, operation and maintenance of microcell equipment in public highways. It also specifies the conditions in which a political subdivision may charge fees. The measure contains a retroactivity clause of December 31, 2015.

SB 1047 (county attorney; powers and duties)

[\(Chapter 16\)](#)

This law allows a county attorney to provide civil legal services to another public agency at the request of that political subdivision's general counsel.

SB 1060 (Arizona Power Authority; continuation)

[\(Chapter 107\)](#)

This measure continues the Arizona Power Authority (APA) for eight years until July 1, 2024. Allows the APA to continue in existence past the sunset date if there are any remaining debts or obligations related to Boulder Canyon Project facilities. This measure also instructs the Office of Administrative Hearings to conduct hearings on appeals of proceedings, orders or actions of the APA with the exception of appeals arising from the post-2017 Hoover power allocation process as defined in the bill. Requires the Auditor General to conduct a performance audit of the APA and submit the report to the Legislature by December 31, 2016. The measure includes an emergency clause.

Effective Date: May 6, 2016

SB 1089 (county property; wireless communication facilities)

[\(Chapter 18\)](#)

SB 1089 states that counties may purchase or lease real property outside of their territorial limits for the purpose of maintaining or operating wireless communication facilities.

SB 1163 (underground facility; damage; notice)

[\(Chapter 23\)](#)

The measure requires the person responsible for damage to an underground facility caused by an excavation activity to notify the facility operator and 911 or other emergency response agencies if the damage results in the release of natural gas, liquefied petroleum gas, liquefied natural gas, petroleum products or other hazardous gases.

SB 1235 (consideration of property rights; zoning)

[\(Chapter 111\)](#)

SB 1235 requires municipalities to consider property rights and personal liberty before enacting zoning ordinances.

SB 1248 (pet store operators; dealers; regulations)

[\(Chapter 351\)](#)

SB 1248 prohibits pet stores and dealers from acquiring dogs and cats from sources that are not licensed by the USDA or have violated animal welfare regulations, and restricts political subdivisions from enacting ordinances on such sales unless the stores and dealers have violated those provisions.

SB 1487 (state law; local violations; penalties)

[\(Chapter 35\)](#)

SB 1487 allows a member of the State Legislature to order the Attorney General to investigate a city or town for a potential violation of state law. If the Attorney General concludes a municipality has violated a state law, the municipality has 30 days to correct the violation. However, if the violation is not resolved, the State Treasurer will be ordered to withhold and redistribute shared revenue from that municipality until the violation is resolved. If the Attorney General determines a municipality may have violated a state law, a special action must be filed with the Supreme Court to resolve the issue. The special action takes precedence over all other cases. The Supreme Court then must order the municipality to post a bond equal to the amount of shared revenue for the preceding six months.

SB 1504 (drop box; private property; consent)

[\(Chapter 59\)](#)

The measure delineates various requirements for donation bins, or “drop boxes” on private property, including getting the property owner’s permission.

SB 1523 (truth in taxation; levy increases)

[\(Chapter 173\)](#)

Requires a proposed city, town, community college district, or county primary property tax levy that is being increased by 15% or more from the previous year, excluding increases due to new construction, be approved by a unanimous roll call vote of the jurisdiction’s governing body.

SB 1524 (regulatory actions; limitation)

[\(Chapter 209\)](#)

A municipality is prohibited from adopting new regulations related to a Qualified Marketplace Contractor or Qualified Marketplace Platform unless there is a critical or urgent need that has not been addressed through other legislation or through self-regulation. A Qualified Marketplace Contractor is defined as anyone who offers goods and services through a digital platform and a Qualified Marketplace Platform is defined as a business that facilitates the provision of goods and services to a third party through a digital platform.

Part Five

Transportation and Traffic Enforcement

HB 2032 (speed limits; local authority)

[\(Chapter 175\)](#)

Local governments are now allowed to increase or decrease speed limits by public parks. Current law did not define that ability.

HB 2373 (regional transportation authority; membership; election)

[\(Chapter 295\)](#)

The requirements for establishing a Regional Transportation Authority (RTA) are modified to require the members to be from the county that established the RTA. HB 2373 clarifies that when a substantial change to a regional transportation plan is rejected by the voters, the previously approved transportation plan remains in place. Additionally, if a new regional transportation plan passes but the funding source is rejected by the voters, the Board of the RTA has five years to submit a subsequent measure to fund the plan to the voters. The time period for the levy and collection of a tax to fund a regional transportation plan is limited to 20 years. The RTA Board is required to deposit the greater of \$300,000 or 1% of the revenues collected from the transportation tax in the construction account of the Regional Transportation Fund. These provisions are retroactive to December 31, 2015.

Effective Date: January 1, 2016

HB 2514 (restricted vehicle use; DUI; repeal)

[\(Chapter 73\)](#)

Exempts members of certain professions from the prohibition that a person convicted of or awaiting trial for a DUI within five years of applying for a fingerprint clearance card, may not drive any vehicle to transport employees or clients as part of their employment: Applies to Real estate brokers and salespersons; Cemetery brokers and salespersons; and Membership camping brokers and salespersons.

HB 2591 (civil traffic violations; alternative service)

[\(Chapter 370\)](#)

HB 2591 prohibits the use of alternative service for photo enforcement violations, and also precludes suspension or revocation of a person's driving privileges as a result of a citation served by an alternative service of process.

SB 1241 (photo radar prohibition; state highways)

[\(Chapter 55\)](#)

SB 1241 eliminates the use of photo radar on state highways. (This bill only affects the two municipalities that had placed photo radar on a portion of state highway that passed through their communities.)

SB 1490 (transportation funding; task force)

[\(Chapter 228\)](#)

An emergency measure establishing a nine member task force to review existing reports and analyses regarding transportation needs and revenue sources; recommend revenue proposals for interstate highways; recommend revenue sources for the highway user revenue fund sufficient to meet statewide and local needs and Department of Public Safety needs; recommend revenue sources for the regional state highway system; recommend revenue options for city, town and county roads and streets; identify vacant or underused buildings owned by the state to determine if these could be sold to provide funding for transportation projects; and prioritize the recommendations of the task force.

Effective date: May 12, 2016

Part Six

Labor, Employment, Retirement and Benefits

HB 2074 (public safety employees; omnibus)

[\(Chapter 178\)](#)

HB 2074 expands qualified immunity to include any act or omission rendered at the site of an emergency that resulted in an injury. It also expands eligibility for the Public Safety Cancer Insurance Policy Program to include probation officers, dispatchers and various other members of the Correctional Officer Retirement Plan.

HB 2104 (ASRS; retention of credited service)

[\(Chapter 320\)](#)

An emergency measure that clarifies a person who was not covered under a Social Security 218 Agreement and who was eligible to be a member of ASRS is able to retain their credited service for the period that their employer remitted contributions on the employee's behalf. Also, clarifies that a retiree may collect benefits while serving as an elected official without violating the return to work requirements.

Effective date: May 17, 2016

HB 2160 (ASRS; eligible rollovers)

[\(Chapter 96\)](#)

This measure allows a direct transfer from a member's Individual Retirement Account (IRA) or Individual Retirement Annuity to their Arizona State Retirement System account.

HB 2188 (insurance; risk management; solvency assessment)

[\(Chapter 51\)](#)

HB 2188 states that insurers are required to maintain a risk management framework that is comparable to an Own Risk and Solvency Assessment (ORSA). An insurer who fails to submit such a report is required to pay a penalty of \$500 per day.

HB 2191 (employee scheduling; state preemption)

[\(Chapter 233\)](#)

A municipality is prohibited from adopting any ordinance or other regulation requiring an employer to adjust an employee's schedule unless the change is required by state or federal law; however, a municipality may modify the schedules of its own employees. Additionally, a municipality can alter the schedule of its security personnel in accordance with any public safety plan ordinance that was adopted prior to January 1, 2016. These provisions are retroactive to December 31, 2015.

HB 2579 (nonwage compensation; minimum wage)

[\(Chapter 203\)](#)

HB 2579 creates a definition of nonwage compensation that includes all benefits other than the minimum compensation given to an employee as wages and adds these to a list of employee regulations that are of a statewide concern.

HB 2643 (PSPRS; CORP; EORP; administration changes)

[\(Chapter 323\)](#)

This measure clarifies how the alternate contribution rate (ACR) is calculated for members of the Public Safety Personnel Retirement System (PSPRS) or the Corrections Officer Retirement Plan (CORP) who return to work. The ACR paid by the employer on behalf of the retired member who returns to work is equal to the portion of the individual employer's total required contribution applied to the amortization of the unfunded actuarial accrued liability for the fiscal year. Also clarifies that a PSPRS or CORP member who retires and who subsequently becomes an elected official is not consider reemployed.

SB 1323 (vexatious litigants; workers' compensation)

[\(Chapter 26\)](#)

SB 1323 states that vexatious litigants as defined, are prohibited from filing a new request for hearing, pleading or motion without prior approval of the administrative law judge.

SB 1428 (PSPRS modifications)

[\(Chapter 2\)](#)

SB 1428 prescribes changes to benefits for new hires in the public safety personnel retirement system. Employers and employees will equally contribute to the pension. Employees also have a choice between a defined benefit and defined contribution plan. Additionally, the minimum benefit age is increased to 55 years. Finally the pensionable salary is capped at \$110,000 annually. This legislation is a companion to SB1429 and SCR1019. This is a League Resolution.

SB 1429 (public retirement systems; special election)

[\(Chapter 3\)](#)

SB 1429 allows for the proposed amendments to the state Constitution described in SCR 1019 to be on the special election ballot.

