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2019 State Legislative Update

This report provides information regarding the status of current state legislative issues.

THIS ITEM IS FOR INFORMATION ONLY.

Summary
April 3, 2019, is the 80th day of the First Regular Session of the 54th Legislature. Attachment A provides current status of legislation as of April 2, 2019. To date 1,289 bills have been introduced and staff continues to review these measures and proposed amendments to identify potential impacts.

Responsible Department
This item is submitted by Assistant City Manager Deanna Jonovich and the Office of Government Relations.
The Office of Government Relations is guided by the principles endorsed by the Mayor and Council. Our highest priorities are maintaining and preserving shared revenues, opposing unfunded mandates, protecting local authority, and involvement in water resource matters.

This Legislative Report provides information about bills that could impact the City. April 3, 2019 is the 80th day of the First Regular Session of the 54th Legislature. The information provided in this report regarding status of legislation is current as of April 2, 2019. To date, 1,289 bills have been introduced and staff continues to review these measures and proposed amendments to identify potential impacts.

Please note the highlighted sections represent bills newly added to this report.

Bills that staff has identified as negatively impacting the City’s core principles:

- **HB 2026: Public Resources; Influencing Elections; Penalties (Rep. Kavanagh; Fountain Hills)** The bill authorizes any resident of a jurisdiction that is alleged to have used county, municipal, school district, or charter school resources or employees to influence elections to initiate a suit in the superior court for the purpose of enforcing compliance. The bill requires civil penalties paid for violations to be paid to the Attorney General or County Attorney in actions filed by those officers and must be paid to the resident in an action filed by a resident.

  Staff is expressing opposition to this bill as it has the potential to increase lawsuits against the city if a resident believes the city used resources or employees to influence elections.

  **HB 2026 passed the Senate Appropriations Committee on April 2, 2019 with a strike everything amendment unrelated to the underlying bill. HB 2026 will be removed from future Council Reports.**

- **HB 2043: Municipal Judges; Terms; Retention Election (Rep. Kavanagh; Fountain Hills)** The bill would limit municipal court judges to a four-year term and would make them subject to election for retention or rejection at a general election in
the same manner as superior court, appellate court judges, and supreme court justices. The bill would require a municipal magistrate to file a declaration of desire to be retained in office at least 60 days before the general election following the expiration of the magistrate's term of office. The bill contains session law that stipulates that a municipal magistrate currently holding office continues to serve for the respective term she or he was appointed or elected to but following that term must be appointed or retained in office as provided by this legislation.

Staff is expressing opposition as it would violate the City’s Charter, which requires municipal court judges to be appointed directly by the City Council.

**HB 2043 passed the House Rules Committee on March 6, 2019.**

- **HB 2115: Landlord Tenant; State Preemption (Rep. Griffin; Hereford)** The bill asserts that regulation of the rights, obligations and remedies of landlords and tenants is a matter of statewide concern and is not subject to further regulation by a county, municipality or other political subdivision. Furthermore, the bill stipulates that any ordinance or code adopted by a county, city, town, or other political subdivision of this state before December 31, 2018 is still enforceable.

Staff is expressing concern as the bill represents significant preemption on behalf of the state and could remove local rights to regulate landlords.

**HB 2115 passed the Senate Rules Committee on March 26, 2019.**

- **HB 2146: Contracts; Licensure Requirements; Waiver; Applicability (Rep. Rivero; Peoria)** The bill authorizes private parties to agree to waive any state, county, or municipal laws, through a signed contract, relating to licensure, certification, registration or other authorization as specified. The bill includes some exceptions for health professions and other regulated occupations.

Staff is expressing concern as the bill provides some conditions that contracting parties must meet for this proposed statute to apply, but they are not clearly defined and thus are open to broad interpretation. This bill has the potential to impact the applicability and enforceability of a wide variety of state and local laws.

**HB 2146 passed the Senate Judiciary Committee on March 21, 2019.**

- **HB 2201: Partisan Offices; Cities; Towns (Rep. Carroll; Sun City West)** Municipalities are required to print on the ballot the party designation for all candidates for the office of mayor or city or town council, and statutes authorizing municipalities to provide for nonpartisan primary election victories are deleted. The bill applies to elections held on or after January 1, 2020.

Staff is expressing opposition to this bill as the City Charter contains a voter-approved provision providing for nonpartisan elections.

**HB 2201 was stricken from the House Consent Calendar on Feb. 19, 2019.**
• **HB 2240: Limitations of Actions; Dedicated Property (Rep. Kern; Glendale)** The bill prohibits a municipality or county in some circumstances from bringing an action or arbitration against certain people involved with the development or construction of real property or real property improvements more than eight years after the improvements are finally completed. The bill excludes from the limitations period actions or arbitrations based on a claim of a willful, reckless, or concealed violation of a municipal or county requirement.

Staff is expressing opposition to this bill as the bill would effectively reverse court decisions that were in the City’s favor. Furthermore, the bill limits the City’s ability to recover damages, fees, and costs that may arise after the proposed eight-year statute of limitations.

**HB 2240 passed the Senate on March 26, 2019. HB 2240 is returning to the House for action on Senate amendments.**

• **HB 2311: Incorrect Arrest; Record Clearance (Rep. Chavez; Phoenix)** The bill permits a person subject to wrongful arrest, indictment, or charge to petition for a notation on related records and to, upon court order, deny that the arrest, indictment, or charge ever occurred.

Staff is expressing concerns as the bill may go too far in the clearing of records which may be of value to law enforcement.

**HB 2311 was referred to the Senate Judiciary Committee on March 5, 2019.**

• **HB 2357: Reconstruction Contracting; Local Tax; Exemption (Rep. Toma; Peoria)** This bill expands the list of items that municipalities and special taxing districts are prohibited from levying a transaction privilege or use tax on to include gross proceeds of sales or gross income derived from "reconstruction contracting," unless the "gross building area" increases by more than 15 percent in the 24 month period before the sale of the real property and the property is sold within 24 months after substantial completion. If a tax is assessed on reconstruction contracting, the speculative builder is authorized to exclude from gross income the "prior value" allowed for reconstruction contracting in determining taxable gross income.

Staff is expressing opposition to the bill as the preemption will potentially have a negative fiscal impact. The bill would limit the ability of the City to impose taxes on reconstruction contracting.

**HB 2357 passed the Senate Finance Committee on March 27, 2019 with a strike everything amendment unrelated to the underlying bill. HB 2357 will be removed from future Council Reports.**

• **HB 2476: Surface Water Forfeiture; Repeal (Rep. Bowers; Mesa)** The bill repeals statutes governing future water rights acquired through appropriation and forfeiture or reversion of water rights due to nonuse.
Staff is expressing opposition to this bill as introduced as it has the potential to impact the agreements made on the Lower Basin Drought Contingency Plan.

**HB 2476 was referred to the House Natural Resources, Energy and Water Committee on Feb. 13, 2019.**

- **HB 2559: Peer-to-Peer Car Sharing (Rep. Grantham; Gilbert)** As amended, the bill establishes guidelines for insurance requirements, safety and taxation of vehicle sharing transactions that occur on a peer-to-peer car sharing program. The bill allows a municipality to impose a tax on peer-to-peer car sharing companies and shared vehicles. Exempts a peer-to-peer car sharing program, shared vehicle driver and owner from car rental surcharges levied pursuant to vehicle license tax replacement, the Arizona Sports and Tourism Authority and stadium districts. Requires transaction privilege tax collected from a peer-to-peer program, after distributions have been made to cities and counties, to be distributed as follows: 1) 3.5 percent of TPT collected from program transactions sourced to a county in which a sports and tourism authority is established to that authority’s GF; 2) 3.5 percent of TPT collected from program transactions sourced to a county with less than 2 million persons, and an established stadium district, to the County Stadium District Fund; and 3) all remaining monies to the State General Fund. The bill stipulates that a public airport is not restricted from implementing rules or licensing requirements, or assessing fees or charges on car sharing transactions that are conducted at the public airport.

  Staff expressed opposition to the bill as introduced because the bill preempted cities from imposing taxes on peer-to-peer car sharing programs. In its current form, staff still has concerns with the bill but is working to address them.

**HB 2559 passed the Senate Finance Committee on March 27, 2019.**

- **HB 2586: Groundwater Replenishment; Water Supply; Credits (Rep. Cook; Globe)** The bill as amended in committee, stipulates that the initial term of an analysis in the Pinal Active Management Area (AMA) is 10 years. It allows an analysis to be extended, upon application. The bill requires the Director of the Arizona Department of Water Resources (ADWR) to extend the analysis for an additional five years if material progress in the land development described in the analysis has occurred during the current analysis period. Furthermore, the bill requires the Director of ADWR to extend the analysis for an additional 15 years as specified. Additionally, the bill removes the requirement for the Director of ADWR to consider the existing rate of decline when determining depth of water. Instead, the bill requires the following to be considered: projected withdrawals by existing groundwater users, including expected changes in future withdrawal patterns caused by specified factors and in the Phoenix, Pinal or Tucson AMAs, the effects of expected groundwater replenishment by a conservation district within the AMA. The bill prohibits the Director of ADWR from considering the expected groundwater replenishment when determining whether to designate or maintain the designation of assured water supply for a city, town or private water company, and the service area does not qualify as a conservation district's member service area. Lastly, the bill requires the Central Arizona Water Conservation District to calculate the reserve
target by adding together the projected replenishment obligation for each of the 100 years following submission of the plan of operation.

Staff is expressing opposition as the bill makes numerous wide-ranging changes to statutes that govern the Central Arizona Groundwater Replenishment District and its obligations to meet the requirements of the Groundwater Management Act. The impact of these changes weakens the Groundwater Management Act and Arizona water policy. The result would build houses in areas with far fewer consumer protections and threaten economic sustainability in the region.

HB 2586 was retained on the Committee of the Whole calendar on March 4, 2019.

- **HB 2587: Photo Radar; Speeding (Rep. Kavanagh; Fountain Hills)** The bill allows an excessive speed violation detected by a photo enforcement system to result in a traffic ticket or complaint only if a biannual speed test is conducted. Municipalities are required to conduct a speed test on the street where the photo enforcement system is operating to determine the speed limit at which at least 85 percent of the vehicles are traveling. Furthermore, the bill requires local authorities to submit the test results to the Department of Transportation for review.

Staff is expressing opposition to the bill as it would ban photo radar enforcement, unless the City has conducted a speed test on the area where the photo radar is used as specified. The broadness in the language could eliminate photo radar enforcement in school zones along a busy road. Furthermore, the bill would allow the drivers to decide what the speed of a given area would be.

HB 2587 failed in the House Transportation Committee on Feb. 13, 2019.

- **HB 2636: Mobile Food Vendors; Municipalities (Rep. Payne; Peoria)** The bill allows a mobile food vendor to operate on private property in a residential area if the mobile food vendor obtains a separate written agreement with the property owner. The bill prohibits municipalities from requiring a mobile food vendor to pay more than one fee per year to operate on private property within that municipality and from requiring a mobile food vendor to be fingerprinted.

Staff is expressing opposition to this bill. The bill removes the fingerprinting requirement which was established by City Council for public safety. It would impact the City’s ability to protect children and other vulnerable populations.

HB 2636 passed the Senate Rules Committee March 25, 2019.

- **HB 2699: S/E Vulnerability Assessment; School Buildings (Rep. Carroll; Sun City West)** The bill requires all school districts and charter schools to conduct a vulnerability assessment. The information gathered by the assessment must be submitted to a statewide critical information system. The assessment must be conducted by an AZPOST certified officer. In addition, the bill requires each law enforcement agency to have at least one peace officer complete an AZPOST approved threat vulnerability assessment training by December 15, 2019.
Staff is expressing opposition to this bill as the timelines are not feasible. The City currently works with schools on vulnerability assessments and makes recommendations. However, this is voluntary for schools that would like the assessments done. Staff also has concerns about the liability the proposal could create for law enforcement.

**HB 2699** passed the House Public Safety Committee on Feb. 20, 2019.

- **SB 1147: Municipal Economic Development; Sale; Lease (Rep. Leach; Tucson)**
The bill authorizes the governing body of a municipality to sell or lease for "economic development activities" land or buildings owned by the municipality only pursuant to the requirements of the legislation. The bill requires the governing body of the municipality to appoint an experienced, independent appraiser to determine the sale or lease valuation of any land or building valued at more than $50,000. Furthermore, the bill requires the governing body to give notice of a proposed sale or lease by publication, once each week for four consecutive weeks before executing any sale or lease, in a newspaper of general circulation or on the governing body’s website.

Staff is expressing opposition as the bill, if passed into law, would add time and expense to the sale or lease process for City-owned land, while at the same time inhibiting our ability to negotiate the best possible return for taxpayers. Additionally, the bill would also pose a challenge to any Government Property Lease Excise Tax (GPLET) lease that is brought forward.

**SB 1147** passed the House Health and Human Services Committee on March 28, 2019 with a strike everything amendment unrelated to the underlying bill. **SB 1147** will be removed from future Council Reports.

- **SB 1285: Construction Contracts; Public Works; Payments (Sen. Borrelli; Lake Havasu)**
The bill revises requirements for public construction contracts. The bill makes significant changes to Title 34, Title 28, and Title 41. The bill also allows a contractor or subcontractor to suspend performance or terminate a construction contract if the project owner fails to make a timely payment.

Staff is expressing opposition to the bill as written due to the impact it could have on the City’s $5.6 billion capital improvement program. The bill would require significant administrative efforts to conform all contracts to the new language, result in potential litigation, and increase the liability of government bodies. The language allowing a contractor or subcontractor to halt work for late payment could result in operational issues and could leave project sites temporarily unsafe. This is especially problematic when considering critical infrastructure projects.

**SB 1285** was retained on the House Committee of the Whole calendar on March 21, 2019.

- **SB 1366: Commerce Authority; Data Centers (Sen. Mesnard; Chandler)**
The list of deductions from the tax base for the personal property rental classification of transaction privilege taxes is expanded to include "computer data center equipment"
leased or rented to the owner, operator, or "qualified colocation tenant" of a "computer data center" that is certified by the Arizona Commerce Authority during the "qualification period" for use in the qualified computer data center. The bill is retroactive to September 13, 2013.

Staff is expressing opposition to the bill as it would have a negative fiscal impact to the City if the incentive is expanded to exempt additional items from taxation.

**SB 1366 passed the House Ways and Means Committee on March 27, 2019.**

- **SB 1460: TPT; Digital Goods and Services (Sen. Ugenti-Rita; Scottsdale)** The bill excludes “digital services” from taxation for the purpose of transaction privilege and use taxes and local excise taxes, the gross income, gross receipts, gross proceeds, purchase price or sales price. The bill establishes the digital goods classification of transaction privilege taxes, which is comprised of the business of selling, leasing or licensing the use of "prewritten computer software" or providing "specified digital goods." The bill establishes a list of exemptions from the digital goods classification. Furthermore, the bill levies an excise tax on using or consuming prewritten computer software and specified digital goods in Arizona as a percentage of the acquisition price, which applies to any purchaser that purchases these items for resale but that subsequently uses or consumes the items. Prewritten computer software and specified digital goods must be sourced to the seller's business location if the seller receives the order at a business location in Arizona and the items are to be used in Arizona, and to the purchaser's location in Arizona if the seller receives the order at a business location outside Arizona but the items are to be used in Arizona. This bill contains a legislative intent section and applies to taxable periods beginning on or after the first day of the month following the effective date of this legislation.

Staff is expressing opposition as the bill would have a negative fiscal impact because it would exempt from taxation the gross receipts from selling, leasing, licensing, purchasing or using prewritten computer software or providing digital services.

**SB 1460 passed the House Rules Committee on Feb. 26, 2019.**

**Bills that staff has identified as beneficial to the City:**

- **SJR 1001/ HJR 2002: Colorado River Drought Contingency Plan (Sen. Fann; Prescott and Rep. Bowers; Mesa)** The State of Arizona, through the Director of the Department of Water Resources (ADWR), is authorized to forbear its rights and claims by entering agreements in substantial conformance with the draft Agreement Concerning Colorado River Drought Contingency Management and Operations and the draft Lower Basin Drought Contingency Plan Agreement if federal legislation is enacted directing the U.S. Secretary of the Interior to execute and implement the agreements and all parties other than the U.S. and the State of Arizona have authorized the execution of the agreements. The State of Arizona, through ADWR, is further authorized to enter into an agreement in substantial conformance with the draft Drought Contingency Plan Contributions and Intentionally Created Surplus Accumulation Limits Sharing Agreement. The authority granted to the ADWR does
not extend to any future agreements for sharing of Drought Contingency Plan contributions and separate resolutions are required. The ADWR is required to promptly notify the Legislature and the Governor and provide a written report to specified legislative committees on any agreement entered under the authority granted by this joint resolution. The authority granted to the ADWR to enter into any agreement under this joint resolution expires on August 31, 2019. This bill contains an emergency clause.

HJR 2002 was signed by the Governor on Jan. 31, 2019.

- **SB 1227/ HB 2545: Colorado River Drought Contingency Amendments (Sen. Fann; Prescott and Rep. Bowers; Mesa)** The bill establishes the Arizona System Conservation Fund to be administered by the Director of ADWR and appropriates $30 million from the general fund in FY2019-20 to the Fund. The ADWR is authorized to spend monies from the Fund to contract with Colorado River water users in Arizona that hold entitlements to Colorado River water under the decree in Arizona v. California to forgo water deliveries or diversions for the purpose of creating system conservation. System conservation created through the use of the Fund is required to provide for Colorado River water to be conserved in Lake Mead through a verified reduction in existing consumptive use, in order to decrease the likelihood of lake elevations dropping to levels that could result in reductions to Arizona’s Colorado River allocation. Beginning July 1, 2021 and each July 1 after, the ADWR is required to submit a report to the Governor and the Legislature on expenditures from the Fund during the previous fiscal year and the volume of water that was conserved in Lake Mead. The Fund self-repeals April 1, 2027. The bill further prohibits a water banking fee from being levied in the Pinal Active Management Area (AMA) during calendar years 2020 through 2026. In the Pinal AMA during calendar years 2020 through 2026, the ADWR is required to set the annual groundwater withdrawal fee in an amount of up to $2.50 per acre-foot per year for groundwater and irrigation efficiency projects. Monies from this fee are required to be used only to finance projects for construction and rehabilitation of wells and related infrastructure for withdrawal and efficient delivery of groundwater by irrigation districts in the Pinal AMA. Monies from this fee are deposited in the newly established Temporary Groundwater and Irrigation Efficiency Projects Fund (TGIEP Fund), and requirements for the TGIEP Fund are established. The bill appropriates $5 million from the general fund in FY2018-19 to the TGIEP Fund. The TGIEP Fund self-repeals April 1, 2028. The bill further establishes requirements for recovery of water that was effluent stored at a managed underground storage facility that qualifies as an "existing effluent managed underground storage facility" (defined). Long-term water storage credits may be used to demonstrate an assured water supply or an adequate water supply only if the managed underground storage facility qualifies as an existing effluent managed underground storage facility and the long-term storage credits were accrued after the effective date of this legislation. The bill contains a legislative intent section, severability clause, and emergency clause.

SB 1227 was signed by the Governor on Jan. 31, 2019.

- **HB 2318: Texting While Driving; Prohibition; Enforcement (Rep. Campbell; Prescott)** The bill as amended, prohibits a person from operating a motor vehicle on a street or highway while physically holding or supporting a portable wireless
communication device or stand-alone electronic device or while writing, sending, or reading any text-based communication, including text messages, instant messages, emails, or internet data on a portable wireless communication device or stand-alone electronic device. The bill specifies that a person may engage in the actions listed above if the motor vehicle is parked or stopped at a red light or railroad crossing. The bill provides several exemptions. Violations are subject to a civil penalty of $75 to $149 for a first violation and $150 to $250 for a subsequent violation. The bill requires the Arizona Department of Transportation (ADOT) to post signs on highways indicating that it is prohibited to use a portable wireless communication device while driving. The bill also prohibits peace officers from taking possession of the portable wireless communication device and prohibits insurers from considering violations for the purposes of establishing insurance rates. In addition, the bill stipulates that regulation and use of a portable wireless communication device is a matter of statewide concern and preempts local jurisdictions from further regulation. The bill has a delayed effective date of January 1, 2021.

HB 2318 passed the Senate Transportation and Public Safety Committee on March 27, 2019.

- **HB 2319: HURF Transfers; Highway Patrol; Repeal** (Rep. Campbell; Prescott) This bill repeals statute requiring ADOT to allocate and transfer $10 million from revenues of the Arizona Highway User Revenue Fund (HURF) to the Arizona Department of Public Safety (DPS) for funding a portion of highway patrol costs.

HB 2319 was held in the Senate Appropriations Committee on April 2, 2019.

- **HB 2473: State Liquor Board; Membership** (Rep. Kern; Glendale) The bill requires one member of the Board who is not financially interested in a licensed business to be appointed after an association representing cities and towns forwards three nominations to the governor. Session law allows current Board members to continue to serve until the expiration of their normal terms. The bill was amended by the House Commerce Committee to specify that the nominees must be made up of current or former elected municipal officials.

HB 2473 passed the Senate Caucus on April 2, 2019.


HB 2477 passed the Senate Rules Committee on March 19, 2019.

- **HB 2531: S/E Driving; Hands-Free Wireless Communication Devices** (Rep. Chavez; Phoenix) With some exceptions, a motor vehicle operator is prohibited from using a portable wireless communication device unless the vehicle is parked or stopped. Violations are subject to a civil penalty of $75 to $149 for a first violation and $150 to $250 for a subsequent violation. The bill requires ADOT to post signs on highways indicating that it is prohibited to use a portable wireless communication device while driving. The bill also prohibits peace officers from taking...
possession of the portable wireless communication device and prohibits insurers from considering violations for the purposes of establishing insurance rates. In addition, the bill stipulates that regulation and use of a portable wireless communication device is a matter of statewide concern and preempts local jurisdictions from further regulation. The bill has a delayed effective date of January 7, 2021.

HB 2531 passed the House Transportation Committee on Feb. 21, 2019.

• **HB 2536: Fuel; Electric Cars; Hybrids; Taxes (Rep. Campbell; Prescott)** The tax on motor vehicle fuel possessed, used, or consumed in Arizona is increased to 28 cents per gallon in FY2019-20, 38 cents per gallon in FY2020-21, and 43 cents per gallon in FY2021-22 from 18 cents per gallon. The bill imposes a tax on natural gas used in the propulsion of any vehicle at a rate of 19 cents per gallon in FY2019-20, 25 cents per gallon in FY2020-21, and 28 cents per gallon in FY2021-22. The bill further imposes a tax on propane used in the propulsion of any vehicle at a rate of 23 cents per gallon in FY2019-20, 30 cents per gallon in FY2020-21, and 34 cents per gallon in FY2021-22. In addition, the bill imposes use fuel taxes on natural gas and propane used in the propulsion of a light class motor vehicle and establishes use fuel tax rates. The bill imposes a tax on a vehicle that accesses a street or highway and that is propelled by electricity of $130 per year for FY2019-20, $175 per year for FY2020-21, and $198 per year for FY2021-22. The bill further imposes a tax on a vehicle that accesses a street or highway and that is propelled by a combination of electricity and other fuels of $52 per year for FY2019-20, $70 per year for FY2020-21, and $80 per year for FY2021-22. For FY2022-23 and each year after, each of these tax rates is required to be adjusted to reflect the change in the gross domestic product implicit price deflator reported by the U.S. Department of Commerce from January 1 to December 31 of the prior year. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least two-thirds of the members of each house of the Legislature for passage and becomes effective on signature of the Governor.

HB 2536 passed the House Ways and Means Committee on Feb. 20, 2019.

• **HB 2580: Grants; Invasive Vegetation Eradication (Rep. Osborne; Goodyear)** The bill establishes the Nonnative Vegetative Species Eradication Fund (Fund) for purposes of funding specific wildlife habitat restoration and enhancement and nonnative vegetative invasive species eradication projects. It also appropriates $15 million from the state General Fund to the Fund in FY 2020.

HB 2580 passed the Senate Appropriations Committee on March 19, 2019.

• **HB 2591: WQARF; Appropriation (Rep. Gabaldon; Green Valley)** The bill makes a supplemental appropriation of $20 million from the general fund in FY 2019-20 to the Water Quality Assurance Revolving Fund.

HB 2591 failed the House Appropriations Committee on Feb. 25, 2019.
HB 2620: S/E Law Enforcement; Towing; Suspended License (Rep. Kern; Glendale) The bill allows for the removal of a vehicle that is driven by a person with a suspended driver license, with certain exceptions, and subsequently requires the immobilization or impoundment of such vehicle for 20 days. The vehicle may not be removed if the person's license is suspended due to a failure to pay a civil traffic violation penalty or a failure to appear in court for a traffic violation.

HB 2620 passed the Senate Transportation and Public Safety Committee on March 20, 2019.

HB 2688: S/E Taxation; Peer-to-Peer Car Sharing (Rep. Thorpe; Flagstaff) The bill establishes guidelines for insurance requirements, safety and taxation of vehicle sharing transactions that occur on a peer-to-peer car sharing program. The bill stipulates that a broker as defined under the Model City Tax Code engaged in the renting or leasing of tangible personal property is subject to transaction privilege tax licensure through the Arizona Department of Revenue, all the requirements relating to tax returns and all the current tax rates imposed by a city, town or other jurisdiction. The bill stipulates that a vehicle sharing transaction facilitated by a peer-to-peer program is subject to all laws imposing taxes and fees for private passenger motor rental vehicles, including rental surcharges levied by the Arizona Sports and Tourism Authority and stadium districts, which are to be collected and remitted by the peer-to-peer program. The bill stipulates that a public airport is not restricted from implementing rules or licensing requirements or assessing fees or charges on car sharing transactions that are conducted at the public airport. The bill has an effective date of January 1, 2020.

HB 2688 passed the Senate Transportation and Public Safety Committee on March 27, 2019.

HB 2701: State Parks; Lottery; Heritage Fund (Rep. Osborne; Goodyear) The bill establishes the Arizona State Parks Board (ASPB) Heritage Fund (Fund) and requires $10 million to be deposited to the Fund from the monies remaining in the State Lottery Fund each fiscal year after statutory appropriations and deposits, and after the $10 million deposit into the Game and Fish Commission Heritage Fund. Requires the ASPB to spend monies in the ASPB Heritage Fund for specified purposes. Furthermore, the Auditor General is required to conduct a performance audit of the Fund at the same time any agency performance audit of the ASPB is conducted.

HB 2701 was referred to the Senate Rules Committee on March 7, 2019.

SB 1165: S/E Wireless Communication Device; Driving; Prohibition (Sen. Brophy McGee; Phoenix) With some exceptions, a motor vehicle operator is prohibited from using a portable wireless communication device unless the vehicle is parked or stopped. Violations are subject to a civil penalty of $75 to $149 for a first violation and $150 to $250 for a subsequent violation. The bill requires ADOT to post signs on highways indicating that it is prohibited to use a portable wireless communication device while driving. The bill also prohibits peace officers from taking possession of the portable wireless communication device and prohibits insurers
from considering violations for the purposes of establishing insurance rates. In addition, the bill stipulates that regulation and use of a portable wireless communication device is a matter of statewide concern and preempts local jurisdictions from further regulation. The bill has a delayed effective date of January 1, 2021.

**SB 1165 passed the House Transportation Committee on March 13, 2019.**

- **SB 1241: State Parks Board; Heritage Fund (Sen. Brophy McGee; Phoenix)**
  This bill establishes the Arizona State Parks Heritage Fund to be administered by the Arizona State Parks Board. The Board is required to establish criteria for use of monies in the Fund and monies in the Fund are required to be used for specified purposes in specified percentages. By December 31st of each year, the Board is required to submit a report to the Legislature that includes specified information on Fund expenditures. The Auditor General is required to conduct a performance audit of the Fund at the same time any agency performance audit of the Board is conducted. The bill contains a legislative intent section.

  **SB 1241 passed the House Natural Resources, Energy, and Water Committee on March 19, 2019.**

- **SB 1424: S/E 2020 Census; Outreach; Appropriation (Sen. Quezada; Glendale)**
  The bill appropriates $5 million from the state General Fund (GF) to the Arizona Department of Administration (ADOA) in FY 2020 to award a statewide contract to a vendor to conduct a communication and outreach effort before the 2020 United States decennial census.

  **SB 1424 is scheduled to be heard by the House Appropriations Committee on April 3, 2019.**

- **SB 1450: S/E Nonnative Vegetation Eradication; Grants (Sen. Kerr; Buckeye)**
  The bill appropriates $15 million from the General Fund (GF) in FY 2020 to the Nonnative Vegetative Species Eradication Fund. The fund will be administered by the Arizona Department of Forestry and Fire Management to provide grants to counties, municipalities, Indian tribes and other political subdivisions for nonnative vegetative invasive species eradication projects that will assist in preventing fire and flooding, conserving water, and restoring habitat and wildlife.

  **SB 1450 is scheduled to be heard by the House Land and Agriculture on March 28, 2019.**

Bills staff are monitoring:

- **HB 2027: Online Lodging Marketplace; Local Taxation (Rep. Kavanagh; Fountain Hills)** The bill authorizes municipalities and other taxing jurisdictions to levy a transaction privilege or other similar tax or fee on the gross receipts of an online lodging marketplace, whether acting on its own behalf or as a broker, from any activity subject to tax under the model city tax code, subject to specified...
conditions, including that the tax imposed on online lodging marketplaces and online lodging operators must be uniform with all other taxpayers engaging in the same activity within the jurisdictional boundaries. Previously, municipalities and other taxing jurisdictions were authorized to levy a transaction privilege or other similar tax or fee "as provided by" the model city tax code, subject to specified conditions, including that the tax imposed was required to be uniform on online lodging marketplaces, online lodging operators, and other taxpayers "of the same class" within the jurisdictional boundaries.

**HB 2027 passed the Senate Committee of Whole on March 26, 2019.**

- **HB 2047: HURF Distribution: Cities, Towns, Counties (Rep. Cook; Globe)** The bill appropriates $60,000,000 from the state General Fund (GF) in FY 2020 to the Arizona Department of Transportation (ADOT) to be distributed to counties, cities and towns for infrastructure. ADOT would distribute the $60 million as follows: $30,000,000 to counties to be allocated with $1,500,000 to each individual county and the remainder of monies distributed based on each county's population. The other $30,000,000 would be distributed to cities and towns with each individual city or town receiving $150,000 and the remainder of monies distributed based on each city’s or town’s population. It is expected that the City of Phoenix would receive approximately an additional $4.8 million in infrastructure funding if this bill were to pass.

**HB 2047 passed the Senate Appropriations Committee on March 19, 2019.**

- **HB 2069: Text Messaging While Driving; Prohibition (Rep. Kavanagh; Fountain Hills)** With some exceptions, it is a nonmoving civil traffic violation to use a wireless communication device to manually write or send a written message while operating a motor vehicle on a highway. Violations are subject to a civil penalty of $100 for a first violation and $300 for a second or subsequent violation. If a person in violation is involved in a motor vehicle accident, the person is subject to a civil penalty of $500, except that if the accident results in the death of another person, the civil penalty is $10,000.

**HB 2069 passed the Public Safety Committee on Feb. 21, 2019.**

- **HB 2081: Traumatic Event Counseling (Rep. Blackman; Snowflake)** If a licensed mental health professional determines that a peace officer or firefighter needs additional visits of licensed counseling beyond the 12 visits currently authorized in the traumatic event counseling program, the employer is required to pay for up to an additional 36 visits, increased from an additional 24 visits, within one year after the first visit.

**HB 2081 was referred to the House Government Committee and House Public Safety Committees on Jan. 23, 2019.**

- **HB 2087: Investor-Owned Short-Term Rentals; Local Regulation (Rep. Kavanagh; Fountain Hills)** The list of purposes for which municipalities and counties may regulate vacation rentals or short-term rentals is expanded to include
ensuring that "investor-owned" (defined) vacation rentals or short-term rentals comply with residential use and zoning ordinances if the ordinances are applied in the same manner as other property classified as class 3 or class 4 property for property tax purposes.

**HB 2087 was referred to the House Government Committee and House Regulatory Affairs Committee on Jan. 23, 2019.**

- **HB 2107: Municipalities; Parking; Public Vehicles (Rep. Grantham; Gilbert)**
  Municipalities cannot prohibit a resident from parking a motor vehicle on a street or driveway in the municipality if the vehicle is required to be available at designated periods at the person's residence as a condition of the person's employment and the resident is employed by either a public service corporation or a public safety agency. The bill stipulates that local jurisdictions can enforce public health, safety, and welfare requirements

**HB 2107 passed the Senate Committee of the Whole on March 26, 2019.**

- **HB 2158: Food; Municipal Tax Exemption (Rep. Bolick; Phoenix)**
  The bill prohibits municipalities and other taxing jurisdictions from levying a transaction privilege, sales, use, or other similar tax or fee on the sale of food items intended for human consumption in the home as defined by Arizona Department of Revenue rules.

**HB 2158 has not been assigned to a committee as of April 3, 2019.**

- **HB 2165: Distracted Driving; Reckless Driving (Rep. Townsend; Mesa)**
  A person who drives a vehicle while participating in an activity that willfully distracts the person from safely operating the vehicle is guilty of reckless driving, a class 2 misdemeanor.

**HB 2165 was referred to the House Transportation and Public Safety Committee on Feb. 5, 2019.**

- **HB 2179: Video Service Providers (Rep. Weninger; Chandler)**
  A video service provider is included in the definition of "cable operator" for purpose of the transaction privilege taxes. Various statutes regulating and relating to cable operators and licensed cable television systems are expanded to include video service providers and licensed video service networks, including various public utility regulations, use of public streets for utility right of ways, utility relocation cost reimbursement, and the prohibition against fraudulently obtaining video services.

**HB 2179 passed the Senate Rules Committee on March 19, 2019.**

- **HB 2192: Budget Cycle; Police Associations; Meeting (Rep. Payne; Peoria)**
  County boards of supervisors and municipal governing bodies are required to meet with police associations serving the peace officers of that county or municipality during the budget cycle to discuss the allocation of monies for public safety services.
HB 2192 was referred to the Government Committee and Public Safety Committee on Jan. 28, 2019.

- **HB 2229: Cable Licensing; Video Service Providers (Rep. Allen; Scottsdale)**
  The bill establishes a new chapter in Title 11 (Counties) relating to "video service" regulation by counties and declares that the licensing of video service providers and regulation and use of video service are matters of statewide concern and not subject to further regulation by a county except as specified in this legislation. Beginning January 1, 2020, this legislation preempts and limits the ability of a county to regulate or enforce any local law and any agreement with the county that contains specified provisions relating to video service providers. Beginning January 1, 2020, a county has the exclusive authority to issue a uniform video service license to a person to provide video service and to construct and operate a video service network in any service area within its boundaries. Counties are required to adopt a standard form of uniform video service license agreement, which must include a list of specified provisions and is limited to those provisions. The bill establishes a process for obtaining a uniform video service license, specifies the authority granted by the license, and provides for amendment or transfer of a license. The bill establishes duties of video service providers, including reporting requirements and nondiscrimination requirements, and establishes regulations relating to county management of highways as it relates to video service provider equipment. The bill also places limits on license fees and other license requirements.

  **HB 2229 passed the Senate Committee of the Whole on March 26, 2019.**

- **HB 2281: Liquor Omnibus (Rep. Weninger; Chandler)**
  The bill makes various changes to liquor statutes. The proposal would allow one or more on-sale spirituous liquor licensees with the same type of bar, beer and wine bar, restaurant, or farm winery license to apply to the Department of Liquor Licenses and Control for a joint premises permit. The bill was amended by the House Commerce Committee to define “biometric identification devise.” The amendment also clarified an appeals and review process for businesses seeking a liquor license.

  **HB 2281 passed the Senate Caucus on April 2, 2019.**

- **HB 2382: Driving on Suspended License; Towing (Rep. Kern; Glendale)**
  The bill allows a peace officer to cause the removal and either immobilization or impoundment of a vehicle if a person is driving while their driving privilege is suspended and if it is the person’s second or subsequent violation of driving on a suspended license.

  **HB 2382 failed to pass the House with a vote of 29-30 on Feb. 26, 2019. The House voted to reconsider HB 2382 on Feb. 26, 2019.**

- **HB 2406: Public Works Contracts; Prohibited Agreements (Rep. Shope; Coolidge)**
  The list of prohibited provisions in a public works contract is modified to remove statute requiring a contractor to participate in or contribute to an apprenticeship program that is registered with the U.S. Department of Labor and requiring a contractor to become a party to any project labor agreement.
HB 2406 was withdrawn from the House Commerce Committee and referred to the House Appropriations Committee on Feb. 21, 2019.

- **HB 2463: Occupational Regulations; Licenses; Communications; Notice** (Rep. Petersen; Gilbert) This bill requires an agency to post a notice stating that occupational regulations are limited to those that are necessary to fulfill a public health, safety, or welfare concern. The notice must also state that individuals have the right to petition an agency to repeal or modify an occupational regulation or bring court action. The bill requires the notice to be posted on a license application, on any license denial documentation, and a cease and desist order.

  **HB 2463 was signed by the Governor on March 22, 2019.**

- **HB 2484: Irrigation Grandfathered Right; Containerized Plants** (Rep. Griffin; Hereford) The use of groundwater to water plants in containers on or above the surface of the ground is a non-irrigation use in an Active Management Area (AMA). In an initial AMA, a person who holds a certificate of irrigation grandfathered right is permitted to withdraw groundwater and use it to water plants in containers on or above the surface of the "certificated acres" if the plants are grown for sale or human consumption or for use as feed for livestock, range livestock, or poultry. The bill establishes requirements for the use of groundwater under these conditions.

  **HB 2484 was signed by the Governor on Feb. 20, 2019.**

- **HB 2515: Mobile Home Parks; Abandonment** (Rep. Biasiucci; Peoria) The bill, as amended in committee, preempts a building code or local enforcement agency from citing or requiring a mobile home park owner to correct violations relating to a mobile home of which they are not the owner of record. The bill specifies any citation of a violation may be issued only to the owner of record of the mobile home as shown in the records of the Department of Transportation.

  **HB 2515 passed the House Government Committee on Feb. 21, 2019.**

- **HB 2533: Municipal Tax Exemption; Speculative Builders** (Rep. Rivero; Peoria) The bill requires municipalities, in computing the tax base for transaction privilege and other use taxes for a speculative builder, to exclude from the gross proceeds of sales or gross income the price of any lease on real property or other intangible or personal property included in determining the total selling price of the improved real property to the extent allocated in the affidavit of legal value for the sale. The resulting tax may not be less than the tax that would have been paid under the prime contracting classification for the improvements that were constructed or reconstructed. If approved, the bill would be applied retroactive to February 1, 2019.

  **HB 2533 was referred to the House Ways and Means Committee on Feb. 4, 2019.**

- **HB 2569: Occupational Licensing; Reciprocity** (Rep. Petersen; Gilbert) The bill applies the requirements for occupational or professional licensure that are currently
provided to military spouses to individuals who establish residency in this state. The changes include the following: the person is currently licensed or certified in at least one other state and is in good standing; the person has been certified or licensed by another state for at least a year; the other state verifies that the individual met the requirements relating to education, work experience and clinical supervision; the person previously passed the required examination; the person has not had a license or certificate revoked or voluntarily surrendered a license or certificate while under investigation for unprofessional conduct; the person has not been disciplined by another regulating entity, unless the matter was resolved; the person does not have a pending complaint, allegation or investigation relating to unprofessional conduct; and the person pays all applicable fees.

HB 2569 passed the Senate Rules Committee on March 26, 2019.

- **HB 2590: Appropriation; Water Districts; Infrastructure; DCP (Rep. Cook; Globe)** The bill appropriates $20 million from the state General Fund in FY 2020 to the Temporary Groundwater and Irrigation Efficiency Projects Fund and reverts the unencumbered monies to the state General Fund after two years.

HB 2590 failed the House Appropriations Committee on Feb. 25, 2019.

- **HB 2594: Appropriation; Arizona Trail Fund (Rep. Gabaldon; Green Valley)** The bill appropriates $250,000 from the general fund in FY2019-20 to the Arizona Trail Fund.

HB 2594 passed the House Land and Agriculture Committee on Feb. 21, 2019.

- **HB 2638: Municipal Tax; Exemption; Food (Rep. Bolick; Phoenix)** The bill prohibits municipalities and other taxing jurisdictions with a population of 625,000 persons or more from levying a transaction privilege, sales, use, or other similar tax or fee on the sale of food items intended for human consumption in the home as defined by Department of Revenue rules.

HB 2638 was stricken from the House Consent Calendar on Feb. 25, 2019.

- **HB 2660: Occupational Regulation; Prior Conviction; Applicability (Rep. Allen; Phoenix)** In addition to the requirement that the offense has a reasonable relationship to job functions, a person may be denied employment by the state, state agencies, or political subdivisions due to a prior conviction for a felony or misdemeanor only if the conviction occurred within seven years before the date of the employment application or if the person was convicted of a subsequent offense, whether or not the conviction has a reasonable relationship to the job functions. An agency is permitted to disqualify a person from obtaining a license, permit, certificate, or other state recognition for a specified offense only if the conviction occurred within seven years before the date of the petition.

HB 2660 passed the Senate Caucus on April 2, 2019.
HB 2672: Vacation Rentals; Short-Term Rentals; Regulation (Rep. Kavanagh; Fountain Hills) The bill allows municipalities to regulate short-term rentals on the following: the maximum number of adult occupants allowed on the property at any one time to no more than two adults per sleeping room plus two adults, restricting the maximum number of guests, requiring the installation of safety and monitoring equipment that monitors and detects the level of noise and number of occupants on the property and transmittal of that information to the property owner or manager. Furthermore, the bill requires the owner to provide contact information for the person responsible for responding to complaints at any time of day. The bill prohibits vacation rentals and short-term rentals from being used for nonresidential uses, including a retail, restaurant, banquet space, event center, or other similar use.

**HB 2672 passed the Senate Caucus on April 2, 2019.**

HB 2679: Domestic Violence; Households; Treatment Programs (Rep. DeGrazia; Tucson) The bill declassifies domestic violence offenses committed between people in the same household unless they are or were in a familial, sexual, or romantic relationship. A judge must order a treatment program for a person convicted of misdemeanor domestic violence only if the offender and victim meet the previously stated relationships. The bill moves the domestic violence program approval process from Arizona Department of Health Services to the Arizona Supreme Court.

**HB 2679 was referred to the Senate Judiciary Committee on March 12, 2019.**

HB 2702: TPT; Marketplace Facilitators; Nexus (Rep. Toma; Peoria) The bill establishes the marketplace facilitator classification of transaction privilege taxes (TPT), which consists of the business facilitating retail sales as a "marketplace facilitator." The tax base for the marketplace facilitator classification is the gross proceeds of sales or gross income from all sales the marketplace facilitator facilitates on behalf of "marketplace sellers" sourced to Arizona if the marketplace seller is not an affiliate of the marketplace facilitator. All sales that a marketplace facilitator facilitates on behalf of a marketplace seller must be sourced to the purchaser's location in Arizona. A marketplace facilitator is required to pay TPT on all sales facilitated by the marketplace facilitator and sourced to Arizona regardless of whether the marketplace seller for whom sales are facilitated is required to be registered with the Arizona Department of Revenue or would have been required to pay TPT had the sale not been facilitated by the marketplace facilitator. Any person that conducts business in an activity classified under TPT classifications with purchasers in Arizona, and/or engaging or continuing business in Arizona is subject to and is required to pay TPT if the person meets any of the following criteria in the previous or current calendar year: the gross proceeds of sales or gross income derived from the person's transactions with purchasers in Arizona is more than $100,000; the person engages in at least 200 separate transactions with purchasers in Arizona; the gross proceeds of sales or gross income derived from a marketplace facilitator's transactions with purchasers in Arizona on its own behalf or on behalf of at least one marketplace seller is more than $100,000; or the marketplace facilitator engages in at least 200 separate transactions with purchasers in Arizona on its own behalf or on behalf of at least one marketplace seller. For the purposes of
determining whether a person meets any of these criteria, all members of a person's affiliated group must be aggregated. The bill establishes provisions governing a marketplace facilitator's liability for transaction privilege taxes and allows for liability relief in specified percentages, which are phased out between 2019 and 2026. The list of exemptions from the retail classification of TPT is expanded to include sales of tangible personal property by a marketplace seller, if the sale is facilitated by a marketplace facilitator and the marketplace seller has received documentation from the marketplace facilitator that the marketplace facilitator has paid the applicable tax and will remit the tax to the Department of Revenue.

**HB 2702 passed the House Ways and Means Committee on Feb. 20, 2019.**

- **HB 2704: Underground Storage Tanks; Process (Rep. Toma; Peoria)** The bill outlines various changes relating to corrective and noncorrective actions for Underground Storage Tanks.

**HB 2704 passed the Senate Caucus on April 2, 2019.**

- **HB 2721: Town Elected Officials; Term Limits (Rep. Lawrence; Scottsdale)** The bill establishes that by majority vote of the qualified electors of the town voting on the initiative, the qualified electors are authorized by initiative to enact, enforce, or repeal limits on the number of terms a member of the common council or mayor may serve. Any enactment, enforcement, or repeal of a term limit under this authorization applies to any common council member or any mayor elected after the date that the majority of the qualified electors vote to enact, enforce or repeal the term limit.

**HB 2721 passed the Senate Committee of the Whole on March 26, 2019.**

- **HB 2734: TPT; Contractors; Reform (Rep. Cobb; Kingman)** The bill, for the purpose of transaction privilege and other excise taxes, defines “contracting” as engaging in business as a "contractor," which is defined as any person or organization that undertakes to, offers to undertake to, or submits a bid to modify any building, highway, road, railroad, excavation or other structure, project, development or improvement, or to do any part of such a project, including the erection of scaffolding or another structure or works in connection with such a project and includes subcontractors and specialty contractors. For all purposes of taxation or deduction, this definition governs without regard to whether the contractor is acting in fulfillment of a contract. The sale of tangible personal property to a contractor, regardless of whether the property will be incorporated into a building or structure, is considered to be a sale at retail and is subject to transaction privilege taxes and use taxes (TPT), with some exceptions. The bill eliminates the prime contracting classification of TPT and establishes a highway, street, or bridge construction classification and a manufactured building dealer classification. The tax base for the highway, street, or bridge construction classification and for the manufactured building dealer classification is 65 percent of the gross proceeds of sales or gross income derived from the business and lists of deductions from the tax base for each classification are established. The list of exemptions from the retail classification of TPT is modified to include tangible personal property sold to a contractor and incorporated into any highway, street, or bridge construction project.
or into a manufactured building, and to eliminate the exemption for tangible personal property sold to a contractor and incorporated into any real property, structure, project, development or improvement as part of the business. The list of exemptions from the retail classification of TPT is also modified to include tangible personal property sold to a qualified business if the property sold is to be incorporated into a building, project, development, or improvement owned by the qualified business for harvesting or processing qualifying forest products. Beginning January 1, 2020, the Department of Revenue (DOR) is required to establish and maintain a municipal revenue sharing pool consisting of a portion of municipal TPT revenues. DOR is required to deposit a percentage, as determined by a specified formula, of the monthly retail TPT revenues from each municipality in the pool. Each municipality is required to report to DOR the value of building permits issued and canceled by the municipality during the preceding month. Each month, DOR is required to compile the net value of the building permits averaged over the preceding 36 months and allocate and pay the monies in the pool among the municipalities in proportion to each municipality’s 36-month average net value of building permits. Session law provides for the application of taxes to preexisting and subsequent contracts. Due to voter protection, some sections of this legislation require the affirmative vote of at least 3/4 of the members of each house of the Legislature for passage. This bill becomes effective January 1, 2020.

HB 2734 passed the House with a vote of 60-0 on Feb. 28, 2019.

- **SB 1001: Highway Safety Fee; Repeal (Sen. Ugenti-Rita; Scottsdale)** This bill repeals the highway safety fee that was previously required to be in an amount established by the Director of ADOT annually in order to fund 110 percent of the DPS Highway Patrol budget for each fiscal year. The bill further repeals changes to the valuation formula for the separate vehicle license tax classification for motor vehicles powered by alternative fuels that are purchased on or after January 1, 2020, which would have become effective January 1, 2020.

**SB 1001 passed the House Transportation Committee on March 27, 2019.**

- **SB 1019: S/E TPT; Over the Top (Sen. Allen; Snowflake)** The bill excludes over-the-top (OTT) audio or video programming services from the telecommunications classification and exempts them from municipal taxation. Additionally, the bill specifies the sourcing of any taxation in the absence of a delivery address.

**SB 1019 is scheduled to be heard in the House Appropriations Committee on April 3, 2019.**

- **SB 1141: Distracted Driving (Sen. Mesnard; Chandler)** A person is prohibited from driving a motor vehicle while distracted. A person commits distracted driving if, while operating a motor vehicle in the presence of or within the view of a peace officer, the person engages in any activity that is not related to the operation of the vehicle in a manner that interferes with the safe operation of the vehicle, and operates the vehicle in a manner that is an immediate hazard to another person, a motor vehicle or property or does not exercise reasonable control of the vehicle.
SB 1141 passed the House Transportation Committee on March 27, 2019.

- **SB 1146: PSPRS; EORP; CORP; Modifications (Sen. Livingston; Peoria)** This bill makes various changes to statutes governing the Elected Officials Retirement Plan (EORP), the Corrections Officer Retirement Plan (CORP), and the Public Safety Personnel Retirement System (PSPRS). Retroactive to July 20, 2011, an active elected official who became a member of EORP before January 1, 2012, or an active member who became a member of PSPRS or CORP before January 1, 2012, is permitted to redeem any amount of eligible prior service without having to have accrued any minimum amount of credited service in the plan. Retroactive to July 1, 2017, for PSPRS or CORP members enrolled before July 1, 2017, the discount rate is the assumed rate of return that is prescribed by the PSPRS Board. By June 30, 2019, the PSPRS Board is authorized to choose to require interest to be paid on monies returned to members of a retirement plan or system under the jurisdiction of the board for the period of time between the transaction until a date to be determined by the PSPRS Board but not later than the effective date of this legislation. This bill contains an emergency clause.

SB 1146 was signed by the Governor on April 1, 2019.

- **SB 1153: Vehicle Towing Storage Fees (Sen. Gowan; Sierra Vista)** The $15 per day storage charge for an impounded vehicle must be adjusted to reflect the average change in the metropolitan Phoenix consumer price index published by the U.S. Department of Labor between August 25, 2004 and the effective date of this legislation, and the storage charge must be adjusted annually thereafter according to the average change in the metropolitan Phoenix consumer price index.

SB 1153 is scheduled to be heard in the House Appropriations Committee on April 3, 2019.

- **SB 1154: Primary Date; First August Tuesday (Sen. Gowan; Sierra Vista)** The bill, beginning in 2020, moves the deadline for filing candidate nomination petitions to no less than 120 and no more than 150 days before the primary election or nonpartisan election, instead of no less than 90 and no more than 120 days before the election. The bill would also require candidate elections in August to be called by the 150th day before the election.

SB 1154 passed the House Rules Committee on March 26, 2019.

- **SB 1155: S/E Remote Sellers; Taxation; Study Committee (Sen. Leach; Tucson)** The bill establishes a Taxation of Remote Sellers Study Committee to study the financial impact of the U.S. Supreme Court ruling in *South Dakota v. Wayfair, Inc.* The bill also outlines the powers, duties, and make-up of the committee.

SB 1155 failed the Senate with a vote of 11-19 on Feb. 28, 2019. The Senate voted to reconsider SB 1155 on March 4, 2019.
• **SB 1305: S/E Peer-to-Peer Car Sharing; Taxation (Sen. Livingston; Peoria)** A vehicle rental transaction that is facilitated by a "peer-to-peer car sharing" is subject to all laws for private passenger motor vehicle rental vehicles, transactions, and companies. A peer-to-peer car rental program provider is required to be licensed as either an insurance producer with a property and/or casualty line of authority or as a rental car agent. A provider is required to register with the Arizona Department of Revenue for a license for the payment of transaction privilege taxes levied by the state and one or more counties, municipalities, or special taxing districts for the taxes due from a peer-to-peer car rental owner for any vehicle rental transaction facilitated by the provider. A licensed provider is required to electronically remit to the Department the applicable surcharges and taxes, to electronically report the taxes monthly, and to remit the aggregate total amounts for each of the respective taxing jurisdictions. A peer-to-peer car rental owner is entitled to an exclusion from any applicable taxes for any vehicle rental transaction that is facilitated by a provider and for which the owner has obtained from the provider written notice that the provider is licensed with the Department to collect applicable taxes for all vehicle rental transactions that are facilitated by the provider and transaction history documenting tax collected by the provider. This bill also establishes requirements for the sourcing of peer-to-peer car rental transactions. This bill would become effective January 1, 2020.

| SB 1305 failed the House Commerce Committee on March 26, 2019. |

• **SB 1398: Miniature Scooters; Electric Standup Scooters (Sen. Pace; Mesa)** An operator of an "electric miniature scooter" (defined as a device with a floorboard, two or three wheels and handlebars that is powered by an electric motor and/or human power, weighs less than 30 pounds with a maximum speed that does not exceed 10 miles per hour) or an "electric standup scooter" (defined as a device with a floorboard, two or three wheels and handlebars that is powered by an electric motor and/or human power, weighs less than 75 pounds with a maximum speed that does not exceed 20 miles per hour, excluding an electric miniature scooter) is granted all the rights and privileges and is subject to all of the duties of a person riding a bicycle. An electric miniature scooter or an electric standup scooter is subject to the same statutory provisions as a bicycle and is not subject to motor vehicle title, registration, vehicle license tax, driver licenses or vehicle insurance requirements. An electric standup scooter is required to have a unique identification that consists of both letters and numbers and that is visible from a distance of at least five feet.

| SB 1398 passed the House Regulatory Affairs Committee on March 25, 2019. |

• **SB 1519: Flood Control Districts; Procedures (Sen. Kerr; Buckeye)** The bill makes various changes to statutes for flood control districts. The bill modifies procedures for the adoption and enforcement of flood control district rules. Districts are prohibited from submitting a rule to the district board of directors that is substantially different from the proposed rule contained in the notice of proposed rulemaking, and factors that must be considered in determining a substantial difference are specified. Establishes requirements for incorporation by reference in district rules. Any person is authorized to petition the district to make, amend or
repeal a rule or review an existing district practice or policy statement, and a process for responding to the petition is specified. Any person who is or may be affected by a rule may obtain a judicial declaration of the validity of the rule by filing an action for declaratory relief in the superior court. A district is prohibited from adopting any new rule that would increase existing regulatory restraints or burdens on the free exercise of property rights or the freedom to engage in an otherwise lawful business or occupation, with some exceptions. Also, for any floodplain use permit considered by a district, the district is required to consider any "adverse impact" (defined), except that the district cannot consider an adverse impact on private property unless that adverse impact has a direct impact on a district-owned property or is an imminent threat to public health and safety.

SB 1519 passed the Senate Water and Agriculture Committee on Feb. 25, 2019.

- **SB 1526: S/E Firefighting Foam; Prohibited Uses (Sen. Carter; Cave Creek)** This bill prohibits the discharge or use of class B firefighting foam that contains intentionally added perfluoroalkyl and polyfluoroalkyl substances (PFAS) for training or testing purposes.

SB 1526 passed the House Public Safety Committee on March 27, 2019.

- **SB 1528: Video Service Providers; License (Sen. Carter; Phoenix)** Various changes relating to video service provider licenses issued by local governments. The deadline for a local government to issue a uniform video service license is extended to 45 days, from 30 days, after the application filing date. Local governments are authorized to assess additional video service provider license fees due at any time within four years after the date on which the fees were required to be paid. A complaint for a violation of license fee obligations is required to be filed three years after a written demand is made, increased from two years, and no sooner than six months, increased from four months, after the written demand.

SB 1528 was scheduled on the House Consent Calendar on March 20, 2019.

- **SB 1535: AHCCCS; Opioid Treatment Programs; Requirements (Sen. Brophy McGee; Phoenix)** The Arizona Health Care Cost Containment System (AHCCCS) and its contractors may only reimburse opioid treatment program providers for enrolled members that manage an average daily census of not more than 250 patients per day for every 5,000 square feet of facility space. Opioid treatment program providers that receive reimbursement from AHCCCS Administration or its contractors are required to submit an annual report that contains a list of specified information, including a detailed security plan, neighborhood engagement plan, comprehensive care plan, and treatment information. The AHCCCS Administration is required to post the annual reports on its public website. By January 15 of each year, AHCCCS is required to submit a report to the Governor and the Legislature that summarizes the reports.

SB 1535 passed the House Health and Human Services Committee on March 21, 2019.