

# 2019 NEW LAWS REPORT

Published annually by the League of Arizona Cities & Towns

June 12, 2019

## Introduction

The 2019 New Laws Report of the League of Arizona Cities and Towns is designed to serve as a guide to those enactments of the first regular session of the 54th Arizona Legislature that have demonstrable impacts to municipalities.

During the past session, 1,318 bills were introduced in the House and Senate. Of these, 331 passed the Legislature and were sent to the governor, and 320 were signed into law. Almost 30% of these enactments affect cities and towns and are summarized in the Report.

## Scope and Use

This report is intended only to identify and summarize 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 information and 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 27, 2019**. 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. This report identifies 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

This 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 relied upon only as a reference tool and not as a comprehensive guidance document. In certain limited instances, this report does highlight action items that should be considered by cities and towns. In no case, however, should this report substitute for the independent judgment of your city or town manager or attorney.

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## Part One

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

#### **HB 2008 duty to report; supervisor; administrator**

[\(Chapter 70\)](#)

Expands the list of persons required to report suspected child abuse to include the immediate or next higher-level administrator/supervisor of a current mandated reporter (e.g. doctor, teacher, police officer, case worker, etc.), if the administrator/supervisor has a reasonable belief that a minor is or has been the victim of abuse and that a report has not already been made.

#### **HB 2076 virtual training simulators; location**

[\(Chapter 283\)](#)

Transfers one virtual training simulator from the Yuma County Sheriff's Office to the Glendale Regional Training Academy and allows the Department of Public Safety to accept delivery of the virtual training equipment and software before enough monies are available from the Peace Officer Training Equipment Fund, under certain conditions.

#### **HB 2421 animal cruelty; working animal; harassment**

[\(Chapter 32\)](#)

Expands the offense of *cruelty to animals* to include intentionally or knowingly harassing a working animal in a law enforcement vehicle and makes it a class 1 misdemeanor.

#### **HB 2366 motor vehicle accidents; restricted license**

[\(Chapter 153\)](#)

Requires all courts to direct the Arizona Department of Transportation to suspend or restrict a person's driving privilege upon a first conviction for causing serious physical injury or death during a moving violation (currently optional) and specifies that the suspension or restriction must be for at least 90 days for causing physical injury and at least 180 days for causing a death.

#### **HB 2532 critical health information; emergency responders**

[\(Chapter 292\)](#)

Allows cities and towns to establish a critical health information program that allows participants to voluntarily provide their health information to first responders in motor vehicle emergencies. It outlines the program requirements for municipalities that opt-in to the program, including design of program materials, to maximize uniformity. Program participants may provide emergency contact information, physicians' names and contact information, medical conditions, or other information relevant to first responders in an emergency, which will be placed in the glove compartment of the vehicle and a yellow decal placed on the rear window of the vehicle notifying first responders of participation in the program. It allows municipalities to charge participants a nominal fee for costs to manage the program.

#### **HB 2671 animal cruelty; domestic animals; classification**

[\(Chapter 188\)](#)

Makes it a class 5 felony to intentionally or knowingly subject a domestic animal to cruel mistreatment or kill the animal without legal privilege or consent of the animal's owner or handler (currently a class 1 misdemeanor for any animal). Defines *domestic animal* as a mammal, that is not regulated by Title 3 of the Arizona Revised Statutes (agriculture statutes), that is kept primarily as a pet or companion or that is bred to be a pet or companion.

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## **HB 2634 peace officers; discipline; hearings; discovery**

[\(Chapter 110\)](#)

Expands the application of the 'Police Bill of Rights' to any dismissal, demotion, or suspension that results from misconduct or unsatisfactory performance (previously limited to discipline authorized by statute, charter or ordinance and subject to a hearing or other procedure by a local merit board, a civil service board, an administrative law judge or a hearing officer). Requires employers to provide a copy of the "Notice of Investigation" to officers for their records and any relevant and readily available materials in written, audio, or video format. Allows officers to record their own interview during an administrative investigation but specifies that the recording is not an official record. Specifies that the duty to disclose continues throughout the appeals process. Requires employers to provide a written explanation when an administrative investigation continues beyond 180 days before the 180th day. Expands the definition of *investigative file* to include complaints, audio recordings, video recordings, photographs, witness statements and exculpatory and mitigating evidence.

## **HB 2676 public officers; records; confidentiality**

[\(Chapter 256\)](#)

Expands protections to block public access to county records for certain eligible persons to include all identifying information, instead of only their address and telephone number. The list of eligible persons is outlined in existing statute. The protected records include any documents recorded by a county recorder, maintained by a county assessor or county treasurer, kept by ADOT, or related to voter registration.

## **SB 1064 court security officers; certification; powers**

[\(Chapter 300\)](#)

Allows courts to employ security officers that are certified by the Supreme Court to ensure safety of court facilities and employees. It defines the duties of the security officer, including detaining persons, refusing weapons or unlawful material in judicial branch facilities, among others. The bill stipulates the security officers are not eligible for PSPRS or CORP retirement benefits.

## **SB 1223 written vehicle accident reports; threshold**

[\(Chapter 168\)](#)

Increases the property damage threshold to \$2,000 at which law enforcement officers are required to complete a written report of a vehicle accident resulting in bodily injury, death or damage to property. It also increases a similar threshold for accidents requiring a partial written accident report for accidents that did not cause the issuance of a citation, bodily injury or death.

## **SB 1231 public safety; residency requirements; prohibition**

[\(Chapter 95\)](#)

Prohibits cities and towns from imposing residency requirements on peace officers and firefighters as a condition of employment except for executive-level firefighters and peace officers. The bill does not apply to cities or towns with a population of 5,000 or less.

## **SB 1250 protective orders; sexual assault**

[\(Chapter 118\)](#)

Allows a person to petition for an injunction against harassment for alleging one or more acts of sexual violence (currently limited to "a series of acts") and exempts a victim of sexual violence from being required to pay any fees for service of process for the injunction.

**Effective date: January 1, 2020.**

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## **SB 1317 bodily fluids exposure; testing**

[\(Chapter 21\)](#)

Allows public safety employees and volunteers to petition the court for an order for a blood test of another person if the employee or volunteer was exposed to blood or bodily fluids while rendering aid to the person as a result of a medical emergency.

## **SB 1348 fireworks; retail sales; enforcement**

[\(Chapter 260\)](#)

Expands the definition of and the dates for sales and use of permissible consumer fireworks in Maricopa and Pima Counties. The dates for permissible sales are expanded to include April 25 through May 6 and, until December 31, 2020, five days before and through the third day of Diwali. The additional days for use of fireworks include May 4 through May 6 and, until December 31, 2020, the second and third days of Diwali. It allows cities, towns and counties to prohibit fireworks within a one-mile radius of a mountain preserve, desert or regional park, national forest or wilderness area during a stage one or higher fire restriction. It permits local fire marshals to seize fireworks and impose fines under certain conditions.

## **SB 1494 marijuana; testing; advisory council; library**

[\(Chapter 318\)](#)

Establishes testing requirements for nonprofit medical marijuana dispensaries to test medical marijuana and medical marijuana products beginning November 1, 2020 and establishes laboratory and new dispensary certification and regulation under the purview of the Department of Health Services (DHS). It prohibits a laboratory from being located within 500 feet of a public or private school that existed before the laboratory applied to be certified by DHS and requires compliance with local zoning as a condition for dispensary and laboratory certification. DHS employees and independent third-party laboratory agents may not be charged with or prosecuted for possession of marijuana cultivated for medical use if they are following DHS rule and statute.

## **SB 1526 firefighting foam; prohibited uses**

[\(Chapter 222\)](#)

Prohibits local governments from using class B firefighting foam that contains intentionally added PFAS chemicals for training or testing purposes unless required by law or done in a facility with proper containment, treatment, and disposal measures.

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## Part Two

### Campaigns, Elections and Recordkeeping

#### **HB 2023 political signs; ballot measures; tampering**

[\(Chapter 27\)](#)

Expands the political sign tampering classification to include ballot measures. A person authorized by the committee in support or opposition of the ballot measure, question, or issue is not subject to this classification. The bill specifies the restriction on a person tampering with a *candidate* sign ends seven days after the primary election if the candidate does not advance from the primary to general election.

#### **HB 2039 elections; federal form; emergency voting**

[\(Chapter 282\)](#)

Requires the county recorder to report to the secretary of state and post on the recorder's website the number of registered voters (using either the federal or state voter registration form) who have not provided proof of citizenship and after each general election, the number of ballots cast by those persons who voted a ballot containing only federal offices. The bill clarifies that a person who becomes ill or disabled prior to an election who requests a ballot to be delivered by a special election board must sign a statement that the person is experiencing an emergency that began as early as the second Friday, rather than the first Friday, immediately before the election.

#### **HB 2133 voter registration; updates; internet address**

[\(Chapter 242\)](#)

When an elector's nonforwardable election mail is returned, HB2133 requires the county recorder to include in the follow-up notice that the elector can revise the voter registration information online and failure to update the registration form in print or online may result in an inactive registration status. The online registration information must also be included on a change of address form. If the elector's new address is in a new county, the recorder must forward the information to the appropriate county.

#### **HB 2134 municipal elections; write-in candidates**

[\(Chapter 284\)](#)

Requires a write-in candidate in a nonpartisan election to receive at least the same number of votes as the number of signatures required for nominating petitions for the same office in order to advance to the runoff election or obtain a certificate of election.

#### **HB 2236 county recorder; candidate petition**

[\(Chapter 127\)](#)

For candidate challenges, the bill requires the county recorder or other election officer to perform petition signature verifications for nomination petition challenges and provide testimony and other evidence on request of any of the parties to the challenge.

#### **HB 2238 election procedures; manual**

[\(Chapter 99\)](#)

Requires the secretary of state to submit for review the State's Instruction and Procedures Manual to the governor and attorney general by October 1 of the year prior to the general election instead of ninety days before the election. The manual must be issued by December 31 of each odd-numbered year immediately preceding the general election instead of thirty days prior to the election.

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## **HB 2721 town elected officials; term limits**

[\(Chapter 80\)](#)

Allows the voters of a town to enact, enforce or repeal by initiative term limits for the mayor and council and specifies it applies to any mayor or council member elected after the date the voters approved the initiative.

## **SB 1030 remote online notarization; registration**

[\(Chapter 56\)](#)

Establishes remote online notarization with rules to be adopted by the secretary of state by July 1, 2020. It outlines the parameters for remote online notarization including electronic record-keeping requirements and the use of the notary's electronic signature and seal. For electronic transactions, a perceivable image of a notary's seal may be included on an electronic record instead of an imprint of the seal if other requirements are satisfied. Additionally, the bill establishes that a denial of a notary application is an appealable agency action and a person cannot submit a new application while the appeal is pending. Under certain circumstances, the secretary of state may require that a notary public attend a notary training course instead of or in addition to a suspension. If the notary commission has been revoked, the person is prohibited from submitting a new application for a notary commission for one year after the date of the revocation. If only one notary public journal is kept, it is presumed to be a public record.

Effective date: July 1, 2020.

## **SB 1054 early ballots; deficiencies; cure period**

[\(Chapter 39\)](#)

Establishes a five-day cure period for an election that includes a federal election, or a three-day cure period for other elections, for a voter to correct or confirm the signature on an early ballot affidavit if notified by the county recorder or election officer of an inconsistency. The cure period for corrections does not apply to special taxing districts or special district mail ballot elections. The bill expands the time to begin tabulation of early ballots to 14 days before the election and makes conforming changes relating to submission of the computer program and software for tabulating devices to the secretary of state and observers in the counting center.

## **SB 1072 early voting centers; identification required**

[\(Chapter 15\)](#)

Requires voting centers to allow voters to receive a ballot on election day after presenting identification. It requires voters to present identification at early voting locations before receiving a ballot. It also allows the county recorder or an elections officer to provide for voter registration updates pursuant to the secretary of state's instructions and procedures manual.

## **SB 1090 emergency voting procedures; board action**

[\(Chapter 107\)](#)

For emergency voting, the bill requires a person experiencing an emergency to provide identification and sign a statement under penalty of perjury regarding the emergency that would prevent the person from voting on election day. Signed statements are not subject to inspection under public records law. The bill allows a board of supervisors to authorize an election officer to use emergency voting centers if certain conditions are met. In the event an approved emergency voting center becomes unavailable and there is insufficient time for the board of supervisors to approve an alternate location, the county recorder or the election officer may make changes to an approved emergency voting center location and notify the public and board as soon as practicable. The alternate emergency voting center shall be as close to the previous location as possible.

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## **SB 1154 primary date; first August Tuesday**

[\(Chapter 246\)](#)

Beginning in 2020, the bill moves the primary election date to the first Tuesday in August and the candidate nomination filing period to 120-150 days prior to the election. The bill requires cities and towns with an election not held concurrently with the general election to be called no later than 150 days (currently 120 days) before the date of holding the election. This requirement does not apply to recall elections. Charter cities with charter provisions that conflict with the new primary date or nomination filing period are authorized to call an election in August or November 2019 with only a 90-day notice to the counties. The 2020 candidates who are collecting signatures on a nomination petition form before the general effective date of this bill may lawfully submit those signatures even if the petition form includes the former primary election date. Those signatures cannot be ruled invalid due solely to the changed date of the primary election.

## **SB 1261 lobbyists; filings; attestations**

[\(Chapter 218\)](#)

Requires lobbyist registration of a principal or public body and filing of expenditure or other reports to be filed under the penalty of perjury rather than under oath, which will allow the electronic filing of registration.

## **SB 1451 procedures; nomination petitions; registered circulators**

[\(Chapter 315\)](#)

Prior to collecting a signature on a nomination petition, SB1451 requires a candidate to file a Statement of Interest, which contains the name of the person, the political party, if any, and the name of the office that may be sought. Any signatures collected prior to the filing of the Statement are invalid and subject to challenge except candidates who are currently circulating must file the Statement by January 2, 2020 to maintain the validity of the signatures. The Statement is not required for certain candidates for special taxing districts, precinct committeeman and President and Vice President of the United States. The bill makes several changes to the circulator requirements for statewide initiative and referendum measures.

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## Part Three

### Taxes, Budget and Finance

#### **HB 2027 online lodging marketplace; local taxation**

[\(Chapter 124\)](#)

Makes technical changes to statutes to ensure DOR has the authority to collect on behalf of cities and towns local taxes on online lodging marketplace transactions.

#### **HB 2074 treatment and education facilities; exemption**

[\(Chapter 208\)](#)

Retroactive to January 1, 2019, exempts a residential treatment and education facility from property taxes beginning on the date a nonprofit organization acquires ownership of the property and buildings if the property and buildings are used for education and not used or held for profit. Property, buildings and fixtures that are leased to a nonprofit residential treatment and education facility and that are used for education instruction in any grade or program through grade 12 are classified as class 9 property for property tax purposes.

#### **HB 2109 county transportation excise tax.**

[\(Chapter 50\)](#)

Allows a regional transportation authority to levy a county transportation excise tax of up to 20%, increased from 10%, of the transaction privilege tax rate in effect on January 1, 1990 (5%) or of the jet fuel excise and use tax rate prescribed by statute (currently \$3.05 per gallon).

#### **HB 2275 TPT exemptions; propagative materials**

[\(Chapter 288\)](#)

Exempts propagative materials from the retail sales tax base. Defines propagative materials as seeds, seedlings, roots, bulbs, cuttings, soil and plant additives, fertilizers, insecticides, herbicides, fungicides, soil fumigants, plant nutrients, plant growth regulators, and more.

**Effective date: December 1, 2019.**

#### **HB 2360 TPT; estimated payments; liability threshold**

[\(Chapter 290\)](#)

Increases the threshold after which a business entity is required to file an estimated transaction privilege tax payment in June to an annual total tax liability of \$1.6M or more in 2020, \$2.3M or more in 2021, \$3.1M or more in 2022, and \$4.1M or more in 2023 and each year after, from \$1M or more.

#### **HB 2373 tax corrections act of 2019**

[\(Chapter 203\)](#)

Makes various changes and corrections to the state's tax code as proposed by DOR and Legislative Council.

#### **HB 2445 TPT; residential rentals; notice**

[\(Chapter 53\)](#)

Requires cities and towns that levy a residential rental tax to notify by first class mail each licensee of a new or increased rate at least 60 days prior to its effective date.

#### **HB 2454 municipal band tax; authorization; repeal**

[\(Chapter 230\)](#)

Repeals statute authorizing cities and towns to levy a municipal band tax.

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## **HB 2464 water infrastructure finance; municipal approval**

[\(Chapter 33\)](#)

Removes the requirement for cities under 150,000 to seek voter approval of Water Infrastructure Finance Authority financed projects if the project is only financed using utility customer revenues.

## **HB 2747 general appropriations act; 2019-2020.**

[\(Chapter 263\)](#)

The general appropriations or “feed” bill of the FY20 state budget includes the following appropriations that are of interest to cities and towns:

- \$271,000 for a Sierra Vista public safety communications project
- \$15M (\$3.5M for seriously mentally ill) for the Housing Trust Fund
- \$761,700 for the Border Strike Force local law enforcement
- \$3M for rural broadband
- \$15M for aviation programs at Pima Community College
- \$2,569,300 for the Nogales International Wastewater project
- \$1M each year in FYs 20-29 for deposit in the Non-native Vegetation Species Eradication Fund, and an additional \$1M in FY20 for one-time funds for eradication of non-native vegetation
- \$900,000 for Benson and \$600,000 for Willcox (managed by DHS) for critical access hospitals
- \$700,000 for community-based primary care for Colorado City
- \$1M appropriated to DHS for distribution to rural hospitals for the purchase of equipment for pregnant women
- \$1M per year in FYs 20-26 for Prescott PSPRS

## **HB 2748 capital outlay; appropriations; 2019-2020.**

[\(Chapter 264\)](#)

The FY20 capital outlay budget reconciliation bill (BRB) makes the following appropriations that are of interest to cities and towns:

- \$18M divided equally among each of the 91 cities and towns (\$197,802 ea.) to be spent and accounted for as if they were HURF dollars.
- \$2,810,000 for the Jesse Hayes Road bridge in Globe
- \$700,000 for the Nogales/Mariposa port of entry
- \$3,875,000 to construct a readiness center for the Department of Emergency and Military Affairs
- \$130M over three years (\$40M in FY20, \$45M in FY21, and \$45 in FY22) for I-17 widening between Anthem and Black Canyon City
- \$6.5M for State Route 24 bridge near Mesa Gateway Airport
- \$10M for I-10 widening study from Phoenix to Casa Grande
- \$10M for State Aviation Fund
- \$20M for construction of two traffic interchanges in Kingman
- \$20M for expansion of US Route 95 in Yuma

## **HB 2751 budget procedures; budget reconciliation; 2019-2020.**

[\(Chapter 267\)](#)

The FY20 budget procedures BRB makes the following statutory and session law changes that are of interest to cities and towns:

- Requires ADOA to provide JLBC with a budget plan for the emergency telecommunication services revolving fund as well as the status of the ADOA's implementation of improvements to the 911 emergency system.

## **HB 2752 criminal justice; budget reconciliation; 2019-2020.**

[\(Chapter 268\)](#)

The FY20 criminal justice BRB includes the phase out of the Highway Safety Fee which was included in last year's budget to provide funding for the DPS highway patrol and end sweeps of HURF monies. From and after FY22, the highway patrol will be funded exclusively by the state general fund.

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## HB 2753 environment; appropriation; 2019-2020.

[\(Chapter 269\)](#)

The FY20 environment BRB establishes the Non-native Vegetation Species Eradication Fund to, among other objectives, provide cities and towns grants for local projects that remove non-native plant species to assist in water conservation, fire hazard mitigation and flood prevention. Section 132 of the general appropriations act appropriates \$1M to the fund each FY between FYs 20 through 29, with an additional \$1M appropriation in FY20.

It also suspends the \$15M appropriation from the state general fund to the Water Quality Assurance Revolving Fund (WQARF). It appropriates in FY20 \$2.8M from the Vehicle Emissions Inspection Fund, \$2.6M from the Air Quality Fund, \$5M from the Underground Storage Tank Fund, \$1M from the Permit Administration Fund, and \$2.152M from the Recycling Fund to the WQARF, for a total of \$13,552,000. WQARF funding in FY20 includes \$2,000,000 of non-appropriated funds, for a combined total of \$15,552,000.

## HB 2755 human services; budget reconciliation; 2019-2020.

[\(Chapter 271\)](#)

The FY20 human services BRB makes the following statutory and session law changes that are of interest to cities and towns:

- Allows Housing Trust Fund monies to be spent on constructing or renovating facilities and on housing assistance, including support services, for persons who have been determined to be seriously mentally ill and to be chronically resistant to treatment.

## HB 2756 revenue; budget reconciliation; 2019-2020.

[\(Chapter 272\)](#)

The FY20 revenue BRB makes statutory and session law changes, including a provision requiring DOA to include in its state budget report a detailed estimate of the cost to the state in the next fiscal year attributable to the establishment of a minimum wage in a county or municipality that exceeds the state minimum wage. If the legislature allocates it, DOA is required to collect from a county or municipality an amount to reimburse the state for the cost attributable to the county's or municipality's establishment of a minimum wage that exceeds the state minimum wage. If the county or municipality fails to pay, DOA is required to notify the state treasurer, who is required to withhold the amount from any payments of state-shared revenues to that county or municipality. Monies collected from counties and municipalities to reimburse the state for the costs of a minimum wage that exceeds the state minimum wage are required to be credited to the funds in the amounts prescribed in the budget estimate.

Amends statute to define *closed construction* as any manufactured building, building component, system or assembly where concealed parts or process of manufacture cannot be inspected without disassembly, damage or destruction. It includes commercial closed construction in the definition of *factory-built building*, excluding open and closed single-family residential and commercial open construction, placing the regulation and inspection of commercial closed construction under the Arizona Department of Housing's factory-built building program.

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## **HB 2757 tax provisions; omnibus.**

[\(Chapter 273\)](#)

HB2757 includes provisions to implement the US Supreme Court decision in *Wayfair v. South Dakota*. Of the provisions in HB2757, the bill:

- Places the Retail classification of the Model City Tax Code "in state statute" by requiring it to maintain the same exemptions as the State, with certain allowed optional exceptions
- Allows cities and towns to maintain local taxes using allowed "options/toggles" on:
  - o Food for home consumption
  - o College textbooks sold by a bookstore
  - o Animal feed, salts, vitamins and additives for livestock and poultry consumption
  - o Through June 30, 2021, for cities and towns with a population less than 50K (December 31, 2019 for cities over 50K):
    - fertilizer and other propagative materials for commercial agriculture, etc.;
    - growth promotants and injectable medicines for livestock production; and
    - neat animals, horses, asses, sheep, raites, swine or goats used for breeding or production
  - o Nonmetalliferous mined materials sold at retail
  - o Fine art sold at an auction house to a nonresident for use out of state if delivered out of state
  - o Vehicles sold to nonresidents or Native Americans living on their reservation if the buyer drives the vehicle off the car lot
  - o Exemption for art sold by an original artist
  - o Beginning 10/01/2019, requires out of state remote sellers who exceed a sales threshold (more than \$200K in revenue in 2019, \$150K in 2020, and \$100K in 2021) to collect and remit taxes on all purchases
- Beginning 10/01/2019, requires all marketplaces (Amazon, eBay, Etsy, Walmart, etc.) to collect and remit taxes on the first dollar of sales into Arizona.

## **SB 1019 TPT; over the top**

[\(Chapter 189\)](#)

Exempts over-the-top services from state and local transaction privilege taxes. Over-the-top services are defined as audio and video programming accessed over the Internet, including linear, live, and free on-demand programming. The bill also specifies that the sourcing of transactions involving tangible personal property where there is no delivery address for a purchaser or a lessee is the billing address of the purchaser or lessee.

## **SB 1024 medical marijuana; sales data; enforcement**

[\(Chapter 142\)](#)

Requires DHS to disclose licensee information to DOR for determination if a medical marijuana dispensary is following transaction privilege tax requirements.

## **SB 1182 fire insurance; premium tax proceeds**

[\(Chapter 237\)](#)

Extends the date DOR is required to certify to the state treasurer the full cash value of real property for the previous year in areas served by a fire department or fire district to June 15 and extends the date the state treasurer must distribute the fire insurance premium tax to cities and towns to July 31.

## **SB 1214 rental car surcharge; exception**

[\(Chapter 206\)](#)

Exempts vehicles owned by a governmental entity from the 5% vehicle license surcharge imposed on rental car transactions.

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## **SB 1235 possessory improvements; government property; assessment** [\(Chapter 249\)](#)

Makes numerous changes relating to *possessory improvements*. The county assessor is required to use standard appraisal methods and techniques to value possessory improvements. The limited property value of possessory improvements must be calculated using the statutory limitation on valuation increases and is not subject to the exemption for personal property. Ownership of improvements on government property is considered sufficient security for the payment of taxes and may be placed on the real property roll. If the tax on any possessory improvement remains unpaid at the date set for selling the real property tax liens, the assessment and any interest, penalties and costs is subject to procedures for delinquent taxes as real property. Repeals statute exempting a dwelling on possessory rights that is taxed as personal property from seizure or sale for delinquent taxes as personal property. It does not alter the definition of or the characteristics used to determine ownership under applicable law.

## **SB 1248 property taxes; valuation; property modifications** [\(Chapter 306\)](#)

Changes the threshold for applying Rule B when applying the limited property value (LPV) for modified properties from a 10% change in full cash value to 15%. DOR has established guidelines for applying LPV with two rules: Rule A and Rule B. Rule A applies to properties that have not had significant modifications made and caps the LPV increase at 5% of the previous year's LPV. Rule B applies to properties that have changed in value significantly after structural or use modifications permitting the county assessors to establish the LPV at a level or percentage of full cash value. By increasing the threshold to 15%, it is expected that Rule B will be applied in a more uniform manner, albeit less frequently, across all counties. The practical effect on a city/town's assessed property value may be a temporary delay in recognition of increased value for those properties whose estimated change in value falls between 10% and 15% each year, but this delay should normalize over time.

## **SB 1300 low-income housing; tax exemption** [\(Chapter 308\)](#)

Modifies the requirements for property used exclusively for affordable rental housing to qualify for an exemption from taxation. The list of entities that may own and operate the property is expanded to include a single purpose entity that is wholly owned by one or more *eligible nonprofit corporations*. The amount of rent for the occupants cannot exceed the amount prescribed by deed restrictions or by regulatory agreements pursuant to the financing or financial assistance terms. The property cannot exceed 200 units.

## **SB 1332 alternative fuel vehicles; VLT** [\(Chapter 313\)](#)

For the separate vehicle license tax classification for alternative fuel vehicles, the motor vehicle value for the first 12 months of a vehicle registered in Arizona before January 1, 2022 is 1% of the manufacturer's base retail price, and the motor vehicle value for the first 12 months of a vehicle initially registered in Arizona between January 1, 2022 and December 31, 2022 is 20% of the manufacturer's base retail price. For alternative fuel vehicles that are purchased beginning January 1, 2023, the vehicle license tax is the same as the tax for non-alternative fuel vehicles.

**Effective date: January 1, 2020.**

## **SB 1347 luxury tax; tobacco products** [\(Chapter 65\)](#)

Allows cigar distributors to store their product at a residential location if the total weight of the cigars does not exceed 500 pounds and the distributor provides written consent to allow DOR to inspect their stocks and all sales records. Allows tobacco distributors to carry and store tobacco products in a vehicle if the distributor provides written consent to allow DOR to inspect their stocks and all records.

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## Part Four General Government

### **HB 2113 public restrooms; changing stations**

[\(Chapter 176\)](#)

Requires new construction of or total renovations to existing restrooms in public buildings that are accessible to both men, women and the public to include at least one restroom with a changing station that can serve both a baby and an adult. The bill establishes exceptions for this accommodation, including for renovations that are less than \$50,000 and that do not remove all interior walls, floor and ceiling finishes, and for situations where installation of a changing station is not feasible, would threaten or destroy the historical significance of a historic property, among others.

### **HB 2146 contracts; licensure requirements; exemption**

[\(Chapter 285\)](#)

Exempts persons from state laws relating to licensure, certification, registration or authorization to act, including laws in Title 9, only if the person is a party to a contract between private parties that specifically outlines the licensing or certification requirements that do not apply and the subject of the contract is: 1) substantially delivered by electronic means; 2) does not exceed certain dollar or revenue thresholds; and 3) does not clearly harm or damage public health or safety, among other requirements. It specifies requirements for persons to become licensed or certified or to cure a contract that is in violation of the law within six months of being notified by a state agency of the violation and allows the attorney general to investigate and act on violations.

### **HB 2179 video service providers**

[\(Chapter 163\)](#)

Adds video service provider to various sections of statute pertaining to cable services and cable operators.

### **HB 2229 cable licensing; video service providers**

[\(Chapter 76\)](#)

Adds a new chapter of statute in Title 11 (counties) to establish regulations and licensure for video service providers in unincorporated areas. The new law is substantially identical to Laws 2018, Chapter 331 (SB1140). The bill also makes technical and conforming changes to statute and removes references to small cell and microcell statutes as it relates to authority granted to a video service provider by the issuance of a uniform video service license.

### **HB 2240 limitations of actions; dedicated property**

[\(Chapter 51\)](#)

Prohibits municipalities from instituting or maintaining an action or arbitration based on a permit, code or ordinance requirement against a developer that is related to construction or improvements to real property dedicated to the municipality more than eight years after its completion. The bill specifies the limitations in the Act do not apply to willful, reckless or concealed violations of a developer or limit any immunity or defense available to a city or town.

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## HB 2241 JLAC; political subdivisions; investigation

[\(Chapter 209\)](#)

Clarifies that the governing body of the political subdivision must provide the required expenditure limitation report and each political subdivision must comply with the uniform reporting system and prescribed forms from the auditor general. The auditor general may notify the attorney general if there is a lack of compliance and the attorney general may file a petition for special action to compel compliance and may seek injunctive relief to enjoin the political subdivision from violating these laws.

## HB 2281 liquor omnibus

[\(Chapter 136\)](#)

Makes various changes to liquor laws including:

- Allowing DOR to contest cases on behalf of the Department of Liquor License and Control (DLLC) in administrative appeal hearings where a liquor license has been revoked, suspended or refused renewal due to unpaid taxes or penalties.
- Allowing the use of biometric identity verification devices to establish age for alcohol sales or entrance to a licensed premise and closing the loophole that exempted a person over 18 but under 21 years of age from the "hosting law" (allowing two or more under age persons to drink alcohol).
- Establishing a joint premises permit, which allows two or more on-sale licensees to establish a shared patio that is adjacent and fully contiguous with each other's premises. Requires the proposed joint premises to be limited to common areas that are pedestrian only and that are not immediately adjacent to roads, driveways or parking areas. Requires a joint premises application to contain an operating schedule and plans that show the physical arrangement of the proposed joint premises and the security measures, including temporary or permanent physical barriers, necessary to ensure underage persons do not purchase, possess or consume alcohol and that prevent the removal of alcohol from the premises. Requires an applicant to submit a copy of the application and security plan to the local governing body before submitting it to the DLLC and allows the local government to provide advisory recommendations. Allows DLLC to approve or deny all or part of the application, to hold each joint licensee liable for any violation of a liquor law that occurs on the shared premises and to limit or revoke a joint premises license for any violation.
- Allowing DLLC to establish guidelines for a pilot program and issue up to 10 licenses that allow regional shopping centers, of at least 400,000 sq. ft., to establish pedestrian areas where patrons can consume alcohol by designating one retail licensee to apply for such an extension of premises. Requires an applicant to submit a copy of the application with the local governing body before submitting it to DLLC and allows the local government to provide advisory recommendations. Limits extended premises to pedestrian-only areas and prohibits the extended premises from including or being adjacent to a roadway unless it is blocked to vehicular traffic. Allows DLLC to set day and time limits on the use of the extended premises and establish security requirements as a condition for approval. Allows DLLC to cancel or suspend the extension of premises at any time for good cause. Sunsets the Pilot Program on January 1, 2023 and reverts any extended premises back to their original form.

## HB 2453 land use plans; contents; aggregates

[\(Chapter 212\)](#)

Requires city and town general plans to include information on how to locate existing aggregate mines from the Arizona Geological Survey (AGS), consideration of existing mining operations, and suitable geologic resources. It also requires the AGS to annually update their database relating to existing mines for cities and towns to implement this requirement.

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## **HB 2467 committees; west basin water users**

[\(Chapter 243\)](#)

Establishes the Mohave County West Basin Water Users Study Committee and the La Paz County West Basin Water Users Study Committee, each consisting of 11 members, including city and town elected officials as members of the committee, to study the rate of groundwater depletion in each of the basins and make recommendations to the Arizona Department of Water Resources, the governor and the legislature by December 31, 2021.

## **HB 2469 fire district consolidation, merger**

[\(Chapter 130\)](#)

Changes certain requirements for fire districts to merge or consolidate. Among its provisions, it removes the requirement for a city or town to endorse the creation of any consolidated district that includes property located in the city or town and instead requires the newly-consolidated district to provide notice of the proposed consolidation to the city or town and consider comments of the council concerning the proposed district consolidation at a public hearing.

## **HB 2501 electronic records; state library**

[\(Chapter 275\)](#)

Requires the Arizona State Library, Archives and Public Records to establish an electronic records repository to maintain any electronic documents and public records received from state agencies, counties, and cities and towns.

## **HB 2646 commerce authority; application review**

[\(Chapter 295\)](#)

An emergency measure that authorizes a person that is eligible for the rural e-connectivity pilot program to request the Arizona Commerce Authority to review the person's application for accuracy.

**Effective date: June 7, 2019.**

## **HB 2662 zoning hearing; annexation; petition; testimony**

[\(Chapter 205\)](#)

Authorizes a city or town council to hear testimony in zoning proceedings of any *aggrieved party*, which is a property owner in or within 300 feet of a proposed rezoned area. It also specifies that in annexations, only interested parties within the territory to be annexed may question the validity of the annexation.

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## **HB 2672 vacation rentals; short-term rentals; regulation**

[\(Chapter 240\)](#)

Prohibits a short-term/vacation rental (STR) operator (owner) from offering for rent or renting a lodging accommodation without a Transaction Privilege Tax (TPT) license and requires the license number to be posted on any advertisements for the accommodation. Requires DOR to impose a penalty of \$250 for a first offense and \$1,000 for a second and any subsequent offenses for failing to comply with the TPT licensing and posting requirements.

Prohibits an STR from being used for nonresidential purposes, including for special events that would require a permit or license or for a retail, restaurant, banquet space or other similar use. Allows local governments to require the owner of an STR to provide contact information for someone who is responsible for responding to complaints before offering for rent or renting the STR.

Allows a local government tax official to share specific information from an STR's TPT license report with other departments to enforce local ordinances. Limits disclosure to nonelected officials in other units within the local government, prohibits disclosure to an elected official or their staff, and subjects sharing of TPT license information to DOR's confidentiality standards for public disclosure.

Requires DOR to impose a civil penalty on an STR owner who has a citation for a violation of a local ordinance at their STR property verified by the local jurisdiction (i.e. is fully adjudicated in favor of the local government through the violator either paying the citation or being found responsible by the court). Specifies that the DOR penalty for a first verified violation is \$500, for a second verified violation within 12-months is \$1,000, and for a third and any subsequent verified violations within 12-months is \$1,500 or 50% of the gross monthly revenues from the STR at which the violations occurred.

Requires local governments that issue a citation at an STR to make a reasonable attempt to notify the owner, or their designee, within seven business days of the citation being issued, but only if contact information has been provided pursuant to a local requirement. Requires local governments to notify DOR within 30 days of a violation being verified and, if the penalty was imposed on the owner instead of the renter, include the amount of the penalty so DOR can lower the state penalty by that amount. Specifies that if multiple verified violations arise out of the same response to an incident, those violations are considered one violation for the DOR penalties. If the owner appeals a DOR penalty, the state hearing officer may waive or lower the penalty for a first violation based on the owner's diligence in attempting to prohibit renters from violating state or local laws. Allows DOR to impose penalties on operators/owners of STRs offered through means other than an online lodging marketplace (i.e. Airbnb, VRBO).

## **SB 1003 industrial hemp; licensing; effective date**

[\(Chapter 5\)](#)

An emergency measure directing the Arizona Department of Agriculture to adopt rules for the regulation of industrial hemp by May 31, 2019.

**Effective date: February 20, 2019.**

## **SB 1039 pain management clinics; regulation**

[\(Chapter 184\)](#)

Requires pain management clinics in private offices or clinics of licensed health care providers to be licensed, supervised and regulated by DHS. It also allows dispensaries and first aid stations as outlined to be under the supervision of a registered nurse practitioner.

## **SB 1241 state parks board; heritage fund**

[\(Chapter 304\)](#)

Restores the Heritage Fund that is dedicated to state parks, outdoor recreation, trails and historic preservation, and outdoor and environmental education.

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## **SB 1443 bullhead city; state land transfer**

[\(Chapter 146\)](#)

Transfers specified parcels of state land from the State Land Department to Bullhead City to provide public recreation and access to and enjoyment of the Colorado River.

## **SB 1448 alarm systems; low-voltage electric fences**

[\(Chapter 67\)](#)

Preempts counties, cities, towns and other political subdivisions from regulating low-voltage electric fence alarm systems.

## **SB 1474 POW/MIA flag; display**

[\(Chapter 23\)](#)

Allows the POW/MIA flag to be displayed on or in front of municipal court buildings, justice court buildings and regional justice court centers on any day when the U.S. flag is displayed.

## **SB 1528 video service providers; license**

[\(Chapter 319\)](#)

Makes changes to the video service provider license statutes that will extend the time for cities and towns to issue uniform video service licenses, increase the timeframe for reviewing license fee audits and require a video service provider to post a letter of credit for conducting work in local rights-of-way.

## **SB 1535 AHCCCS; opioid treatment programs; requirements**

[\(Chapter 224\)](#)

Establishes annual reporting requirements for opioid treatment programs that receive reimbursement from the Arizona Health Care Cost Containment System. It requires the annual reporting to include, among others, a neighborhood engagement plan where the treatment program is located, that is comprised of city or town elected officials, law enforcement, HOA's, businesses and community organizations. The plan must contain information about ensuring consideration of and response to reasonable safety, security, trash removal, and parking concerns. It also establishes the Arizona Opioid Use Disorder Review Council.

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## Part Five

### Transportation and Traffic Enforcement

#### **HB 2107 municipalities; parking; public vehicles**

[\(Chapter 73\)](#)

Prohibits a city or town from restricting residents from parking vehicles of a certain size on a street or in their driveway if they are employed by a public service corporation or a public safety agency and the vehicle is required to be at the residence as a condition of their employment.

#### **HB 2132 personal mobile cargo carrying devices**

[\(Chapter 89\)](#)

Defines *personal mobile cargo carrying device* and allows the operation on sidewalks and crosswalks at a maximum speed of 12 miles per hour. The device must be less than 80 lbs. without cargo, equipped with active monitoring technology and designed to remain within 25 feet of the owner, and be equipped with a braking system.

Effective date: September 1, 2020.

#### **HB 2318 texting while driving; prohibition; enforcement**

[\(Chapter 112\)](#)

An emergency measure that prohibits drivers from holding or supporting with any part of their body a cell-phone or electronic device to write, send, or read any text-based communications unless the driver uses voice-to-text features. It also prohibits talking on a wireless device unless the driver is using an earpiece, headphone device or a device worn on a wrist.

Exemptions in the bill include using a cellphone to call 9-1-1, swiping or tapping a device to activate a feature, among others. Beginning January 1, 2021, violations of the law will be civil penalties, subject to fines ranging between \$75 and \$149 for a first offense and between \$150 and \$250 for second or subsequent offenses. A violation causing serious injury or death is a class 1 misdemeanor. After the effective date of the legislation and before January 1, 2021, law enforcement is limited to issuing warnings to allow for drivers to become aware of the new state law; however, cities and towns with a current ordinance may continue enforcement and assess penalties for violation.

Effective date: April 22, 2019.

#### **SB 1398 miniature scooters; electric standup scooters**

[\(Chapter 120\)](#)

Defines *electric standup scooter* and excludes it from the definitions of *moped*, *motorized skateboard*, *motorcycle*, *motor-driven cycle*, *motor vehicle* and *vehicle*. Grants operators of electric standup scooters the same rights as operators of bicycles, except where further regulated by the local government. Under current statute a person riding a bicycle in a bike lane, or when there is no bike lane on a roadway's shoulder, is granted all of the rights and privileges of the driver of a vehicle (e.g. right of way) and is subject to all of the same duties (e.g. signaling turns, avoiding pedestrians, etc.) except for certificate of title, registration, vehicle license tax, emissions inspection, driver license, vehicle insurance, and safety equipment for motorcycles (i.e. helmet) requirements. Allows local authorities to adopt ordinances further regulating or prohibiting the operation of electric standup scooters except for requiring registration and licensing such as with motor vehicles. Allows electric standup scooters to be used on multiuse paths pursuant to permission from the local authority.

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## Part Six

### Labor, Employment, Retirement and Benefits

#### **HB 2007 ASRS; political subdivision plans; adjustments**

[\(Chapter 25\)](#)

Clarifies that an employee of the ASRS that was enrolled in another retirement system cannot receive credited service for the same period of service from the ASRS. It also clarifies that if an employer makes a contribution error, corrections can be made through the employer's payroll reporting if the adjustment is made in the same fiscal year that the error occurred.

#### **HB 2078 local government investment pool**

[\(Chapter 35\)](#)

Defines which governmental entities are eligible to participate in the local government investment pool administered by the state treasurer. It includes cities and towns in the definition of *political subdivisions* and notes that the governing body of any political subdivision, by adopting a resolution of continuing effect, may authorize and request the state treasurer to invest monies for the governing body.

#### **HB 2137 workers' compensation; excess insurance policies**

[\(Chapter 74\)](#)

The Industrial Commission of Arizona (ICA) regulates the workers' compensation insurance industry. Pursuant to A.R.S. § 23-966, the Special Fund assumes liability for all workers' compensation claims against self-insured employers who fail to pay a workers' compensation claim. The Special Fund will pay medical and compensation benefits to the injured employee. The ICA may levy an assessment on workers' compensation insurance premiums at a rate that is no more than is necessary to keep the Special Fund actuarially sound (A.R.S. § 23-1065). According to the ICA the current rate is 0%. HB 2137 asserts the Special Fund is the successor in interest to all excess insurance policies in effect at the time of an assignment that insure any part of the self-insured employer's financial obligations and requires the excess insurer to directly pay the Special Fund for any covered amounts spent.

#### **HB 2190 CORP; accidental disability; definition**

[\(Chapter 286\)](#)

Amends the definition of *accidental disability* for the purposes of an accidental disability retirement in the Corrections Officer Retirement Plan (CORP, which also covers Detention Officers). The new definition only requires that the disability be incurred in the performance of the employee's duties, rather than being limited to disabilities that result from: 1) physical contact with inmates, parolees or probationers; 2) responding to a confrontational situation by such persons; or 3) a job-related motor vehicle accident.

#### **HB 2422 public retirement systems**

[\(Chapter 36\)](#)

Makes technical and clarifying changes to the Public Safety Personnel Retirement System (PSPRS), Elected Officials Retirement Plan (EORP), Corrections Officers Retirement Plan (CORP), and the defined contribution plans for both elected officials (EODCP) and public safety personnel (PSPRSDCP).

#### **SB 1016 ASRS; ineligible contributions; unfunded liability**

[\(Chapter 158\)](#)

Requires an ASRS employer to pay the cost of the unfunded liability created by contributions on compensation that are ineligible contributions by statute.

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## **SB 1017 ASRS; paying interest; authorization**

[\(Chapter 37\)](#)

Prohibits the ASRS from paying interest on any amount paid to a member, alternate payee or an employer unless authorized by statute.

## **SB 1018 ASRS; compensation; definition**

[\(Chapter 181\)](#)

Alters the definition of compensation for all employees whose membership begins on or after January 1, 2020. It limits contributions to gross salary and wages paid by an employer for services rendered but does not include: payments of accrued leave, payments made on termination of employment, employer contributions, fringe benefits or allowances (car, clothing, etc.), reimbursements for personal or business expenses, etc. The ASRS will be preparing information on what is eligible for contributions and we would encourage employers to obtain a copy of that information and participate in any seminars discussing compensation.

## **SB 1186 municipalities; pension fund; transfer**

[\(Chapter 186\)](#)

Allows cities and towns with an existing part-time or volunteer firefighter retirement account(s) with unencumbered monies to use those monies to pay down unfunded liabilities in the PSPRS fund.

## **SB 1213 ASRS; return to work**

[\(Chapter 302\)](#)

Establishes a new policy related to ASRS retirees who later return to work for an ASRS employer. Previously, when an employer hired an ASRS retiree in a position previously filled by an employee of the employer, the employer was required to collect and remit an Alternate Contribution Rate (ACR) to the ASRS. Under this new provision, if the ASRS retiree who has returned to work is replacing an employee who is actively contributing to the ASRS (an employee using vacation or sick leave) an ACR is not required. (NOTE: This largely applies to school districts but could potentially impact all political subdivisions.)

## **SB 1146 PSPRS; EORP; CORP; modifications**

[\(Chapter 38\)](#)

An emergency measure that requires the plan to credit contributions in the DROP at the assumed rate of return of the plan, consistent with *Pendergast v. ASRS*, and adjusts the service purchase language for employees who became members prior to January 1, 2012, and other technical provisions.

**Effective date: April 1, 2019.**