



LEGISLATIVE BULLETIN

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Legislative Overview

This week the Appropriations Committees in both chambers wrapped up and will reconvene at a later date to take action on the FY '18 budget package when it is introduced. Both committees had a number of bills and strike-everything amendments to take action on, including one League resolution that was unanimously approved. Now that standing committee action is completed, the remaining weeks of session will consist of budget discussions, floor action and conference committees. Once the budget is adopted, the legislature will be well on their way to concluding the legislative session.

Today is the 82nd day of session and to date 141 bills have been approved by the legislature; 121 have been signed into law and 21 are awaiting action by the governor. The governor has issued the first veto of the session on HB 2162 regarding residency requirements for justices of the peace.

State Budget

Work on the state budget continues to accelerate. This week the House of Representatives released their preliminary budget proposal. Notably, it includes the restoration of \$30 million in Highway User Revenue Funds (HURF). While there are few details available, it is likely they will use the same mechanism that was used last year and restore these funds as a one-time appropriation.

Absent from the House spending plan is the \$36 million to support the Arizona Board of Regents' (ABOR) bonding program for universities. Instead, the House plan contains \$15 million in one-time university spending.

We have also heard that the Senate is close to releasing their budget priorities. The information we have received is that it will probably include a university bonding proposal, but will hold cities and counties harmless. No other information about the Senate budget plan is available at this time.

This is good news for the moment. However, we know this is just the start of negotiations and the provisions related to the ABOR bonding proposal will continue to change.

We have told legislators that we will strongly oppose this proposal as long as it takes shared revenues. If the state legislature determines this is a policy they want to pursue, there are a number of ways to provide the universities with a stable funding mechanism without undermining our transaction privilege tax and shared revenue systems or undermining the appropriations process.

Please continue to contact your legislators to express your concerns about this issue.

CALL TO ACTION – Wastewater Fees

Two weeks ago the House Local and International Affairs Committee approved SB 1430 municipalities; wastewater fees; vacant land, sponsored by Senator David Farnsworth, R-Mesa, LD 16. A strike-everything amendment was adopted in the Senate, sponsored by Senator Warren Petersen, R-Gilbert, LD 12, that would prohibit cities and towns from charging vacant land owners a standby fee to recover the cost of maintaining and repairing sewer infrastructure available to the property and repaying outstanding bonds. As a result, this will require cities and towns to restructure existing debt obligations incurred to construct wastewater facilities and force some property owners to pay for sewer capacity and infrastructure available to and on behalf of undeveloped property owners that are receiving benefits from the availability of wastewater infrastructure.

Shifting the cost of infrastructure maintenance and debt obligations to other customers is patently inequitable and will significantly increase utility bills paid by some citizens. Please call your representatives and ask them to vote **NO** on SB 1430.

Bonding Legislation

A League-supported bill sponsored by Rep. Jill Norgaard, R-Phoenix, LD 18 unanimously passed both chambers of the legislature and this week was signed by the governor. HB 2452 bonding; amortized premium; segregated fund makes clarifying changes to the general obligation bonds statutes for cities and towns and other political subdivisions.

As a result of Rep. Norgaard's efforts to champion this important change to statute, bond-rating agencies, such as Moody's, Standard & Poor's and Fitch ratings services, have indicated that our local governments may realize an upgrade in their bond ratings because of these clarifications and this will lead to lower costs to property taxpayers.

Please reach out to Rep. Norgaard and thank her for all of her hard work to support local government.

Detention and Retention Basins

The last bill of the session to be heard in a standing committee was a League resolution regarding detention and retention basins. The House Appropriations Committee adopted a strike-everything amendment to SB 1161 S/E retention basin; improvement district, sponsored by Senator Sonny Borrelli, R-Lake Havasu City, LD 5. Representative Don Shooter, R-Yuma, LD 13, sponsored the amendment that allows for improvement district funds to be used for maintenance, improvement and repair costs for retention and detention basins.

The bill will provide a uniform process to more fairly distribute the perpetual maintenance costs of these flood control basins, provide long-term cumulative savings, and facilitate ease of payment for homeowners. The League appreciates the support of Rep. Shooter and Sen. Borrelli to provide a long-term solution for funding the maintenance and improvements of this critical infrastructure.

Fire Safety

After municipalities and counties expressed significant concerns about SB 1329 fire flow requirements; rural applicability, sponsored by Sen. Sylvia Allen, R-Snowflake, LD 6, stakeholders were invited to a meeting on Thursday. SB 1329 would allow developers to apply to the state, a county, a fire district, or a municipality for a complete waiver of the water flow requirements in the fire code. After the stakeholder group discussed the bill and was unable to find consensus, Sen. Allen agreed to hold the bill and work on the issue during the interim.

The League appreciates the sponsor's willingness to allow more time for the issue to be thoroughly vetted and looks forward to working on this issue going forward to ensure that any changes meant to facilitate development in rural Arizona do not endanger public safety.

Occupational Licensing (Update)

HB 2419 S/E: municipal and county occupational licenses, which was offered as a strike-everything amendment sponsored by Sen. Steve Smith, R-Maricopa, LD 11, was held this week in Republican Caucus after several members in the majority caucus expressed concerns. The bill as amended locks in all existing occupational licensing and fees at the local level, and preempts local bodies from adopting any new occupational licenses going forward.

Just one of the many problems with the bill is that it would create a disparity between communities that currently license an occupation and other communities that would be

preempted from ever doing so because of their current status. The proponents of the bill are attempting to address that particular issue through a floor amendment but the bill would still prevent communities from licensing new occupations that emerge and pose new risks to the public.

Local licensing has served the public well by regulating occupations that impact public health, safety, and welfare but which are not regulated by the state, such as street vending, secondhand dealing and adult-oriented professions. Having a flexible local licensing system is vital to maintaining local control over professions that can quickly devolve into illegal or dangerous activities if not properly regulated. We urge our members to continue reaching out to legislators to express concerns about preempting communities from addressing local problems through local licensing. Please ask that they vote **NO** on this bill.

Legislative Bill Monitoring

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