



LEGISLATIVE BULLETIN

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Legislative Overview

Today is the 89th day of session. The focus of the legislature this week was to take action on companion bills in the House and Senate seeking to expand eligibility for the Empowerment Scholarship Account program. The bills were approved by the legislature Thursday evening and submitted to the governor following intense and lengthy floor debates in both chambers. The House and Senate prepared to take action on other measures on Thursday as well but had postponed for a later day.

Tuesday, April 18 will mark the 100th day of session but it is unlikely the legislature will adjourn sine die by this date as there are still a number of bills working through the process and no official action has been taken on an FY '18 budget. As of today, 152 bills have been approved by the legislature; the governor has signed 138 bills into law and vetoed three measures.

State Budget

So far, there has been little support at the legislature for the universities' bonding proposal mechanism that was included in the Executive Budget. Even those members who would like to see the universities get additional funding are concerned about the concept of recapturing transaction privilege taxes (TPT).

University representatives have said they don't believe they should have to pay TPT because they are part of state government. They go on to say that government entities are exempt from taxes in most other states. This is misleading. Most other states impose sales taxes rather than transaction privilege taxes. Under our state's tax structure, all entities, including public bodies, are required to remit taxes. Many members legitimately believe allowing the universities to escape this responsibility will undermine our existing tax system and lead school districts, municipalities, community colleges and even the federal government to want similar treatment in order to keep these funds for their own use.

We are also starting to hear concerns from members as they learn about the long term costs of the proposal. Universities already have an existing bonding program in statute that runs through FY 2030-31. The new bonding proposal would add to these current obligations and significantly increase the state's debt. It would also shift monies from the general fund to the universities' operations without the legislative oversight of the annual appropriations process.

It is unfortunate we are being pitted against universities in this funding discussion, particularly since municipalities all around the state have successfully partnered with higher education. There are a number of ways universities could receive the long term funding commitment they want without negatively impacting the policies relating to TPT or revenue sharing. Many cities and towns would like our state universities to receive additional resources. However, until there is a proposal that doesn't undermine these critical systems, they are unable to express their support.

We ask that you continue to communicate with your members about these concerns.

CALL TO ACTION

As you will recall from previous Bulletin articles, HB 2419 (Now: municipal and county occupational licenses) would only allow cities and towns to license those professions they current regulate. Municipalities could not license any new professions without first seeking permission from the state legislature. Additionally, the bill caps fees for existing licenses indefinitely at their current level.

Local licensing typically addresses areas which are not regulated by the state but that have been raised as concerns by our residents. These include professions such as street vending, secondhand dealing and adult-oriented occupations. Having a flexible local licensing system is vital to maintaining some control over professions that can quickly devolve into illegal or dangerous activities if they are completely unregulated.

We understand the proponents may agree to amend the bill to address some of the technical issues with the legislation and may also allow cities and towns to continue to regulate adult-oriented businesses. However, this does not resolve concerns about other professions that operate strictly at the local level and pose risks to our resident nor does it take into consideration new professions that may emerge over time.

In addition to our concerns about the content of the proposal, we are deeply concerned with the manner in which this legislation has come about. Senator Steve Smith, R-Maricopa, LD 11, introduced the concept as a last minute strike-everything amendment that was heard during the final Senate Finance committee of the session. There has been no committee or floor discussion on the issue whatsoever in the House. There was no stakeholder process either before the amendment was posted or after it was adopted in committee. It is our understanding the idea came from an out of state

organization and that there is no local constituency (other than the lobbying firm who was hired to push the legislation) who wants the bill.

We have always been willing to work with organizations on issues impacting businesses and local governments to find compromise when possible. However, if we are not invited to the table to work out concerns and to alleviate unintended consequences, we should oppose attempts to preempt local governments.

The bill is ready to be heard in the Senate Committee of the Whole. Please reach out to your legislators to raise the concerns about the substance of the bill and about the lack of process in making this public policy.

EcoATMs

This week a stakeholder meeting was convened with representatives of EcoATM, cities and towns and law enforcement associations to discuss HB 2030 S/E: automated kiosks; operations, sponsored by Rep. Heather Carter, R-Phoenix, LD 15. During the meeting, EcoATM representatives provided an overview of the kiosk's technology that allows consumers to exchange used mobile devices for cash using software that tracks and reports the transaction to local law enforcement and explained how the industry cooperates with law enforcement to return stolen devices that are sold at the kiosk.

During the meeting law enforcement representatives shared concerns regarding the potential for increased theft and sale of stolen mobile devices at these kiosks as they provide the opportunity for criminals to obtain quick cash. They explained the legislation as drafted is problematic as it allows for items sold to be transported out of state during the 20-day hold period, which will make it difficult for law enforcement to retrieve the device for an investigation. The bill does not provide the resources needed by police departments to track down and return stolen property.

The stakeholder meeting concluded with no commitment from EcoATM to amend the bill to address the concerns raised by law enforcement. We have requested the bill be held from further consideration this session to allow stakeholders to meet in the interim and discuss the issue; however, EcoATM has not committed to do this either. The legislation was offered as a strike-everything amendment on the last week to hear bills in a standing committee with no input from cities and towns or law enforcement. Our concern is there is insufficient time left in the legislative session to allow for further discussion on this issue.

The bill has been scheduled for a Rules Committee hearing in the Senate for next week.

Legislative Bill Monitoring

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