



LEGISLATIVE BULLETIN

Issue No. 7 – February 23rd, 2018

Legislative Overview

Today is the 27th day of the legislative session and the conclusion of “crossover week,” where bills successfully voted out of their chamber of origin are then referred to committees in the opposite chamber.

To date, 284 of the 705 bills, resolutions, and memorials, filed in the House have been sent to the Senate. Some bills are still in the pipeline, according to Speaker Mesnard, but the vast majorities have been sent.

In the coming weeks, we will be monitoring budget discussion in the legislature as debate begins on appropriations. We will be monitoring these discussions for any potential impact on cities & towns, and we will continue to monitor existing bills as they are assigned to new committees.

Statewide Cable Licensing

This week League staff participated in a stakeholder meeting on HB 2579; video service; certificates of authority, sponsored by Rep. Jill Norgaard (R-Phoenix). This was the first opportunity to discuss in depth the concerns regarding the legislation with both the sponsor and the industry. The bill passed the House the same day as the stakeholder meeting with a vote of 37-18.

The League presented a document that outlines the inconsistencies of the legislation and highlights the issues, including that it removes protections for residential and business subscribers such as maintaining a level or quality of video services provided by the cable operator; requiring that a cable operator give a 30-day prior notice to customers of any changes in rates, programming, services or channel positions; and requiring buildout of the network so that all residents and businesses will have access to video services.

In addition, the bill contains provisions that would effectively remove local authority over rights-of-way. It will shift the costs of some street repair, restoration and undergrounding of facilities to the taxpayers who have already made investments to maintain public streets and roads within their communities and should not have to bear the costs associated with repairing and maintaining the integrity of the street system

that was diminished as a result of the cable operator's street cuts. The bill also does not protect residents because there is no ability for local or state government to effectively enforce the Cable Act provisions regulating cable operators.

We remain deeply concerned about having the time to adequately review and address these issues, among many others, within the constraints of this legislative session and do not understand the proponents' need to make this policy change without the opportunity to grasp the potential consequences.

We look forward to seeing the industry's response to our concerns and have also committed to working on this issue in the interim if we are unable to reach an agreement this session.

Retirement; Assumed Rate of Return

Last week the Senate Finance Committee heard SB 1262; retirement; assumed rate of return sponsored by Representative Warren Petersen (R-Gilbert). This bill would force all plans under PSPRS administration – PSPRS, CORP, and EORP – to adjust their assumed rate of return from the current 7.4% to approximately 4.7%.

Senator Petersen believes future market returns will fall well below 7.4% and lowering the assumed rate of return would ensure the plan is meeting its expectations and paying down the unfunded liabilities. However, most economists and actuaries believe a diversified portfolio like that of PSPRS currently, has a reasonable expectation to meet future return assumptions.

If this bill is enacted, the decrease in the assumed rate of return would result in an approximately 27% increase in contribution rates, translating to \$587 million per year across the three plans. Of the \$587 million in increased contributions, \$292 million will be absorbed by cities.

The League spoke in opposition to SB 1262, indicating the historical returns of PSPRS as well as the future projected returns identified by actuaries and economists does not support a reduction in the assumed rate of return. Despite the League's opposition the bill passed through the Senate Finance Committee 4-2.

Occupational Licensing continued...

HB 2532 occupational regulation; municipalities; counties; prohibition, sponsored by Rep. Kevin Payne (R-Peoria), passed out of the House by a vote of 34-22. The bill, which creates a list of occupations that cities/towns cannot license, was amended to delete most occupations, but left in 4 occupations: window washer, florist, interior designer, and photographer. The bill now goes to the Senate.

SB 1404 occupational regulation; municipalities; counties, sponsored by Sen. Steve Smith (R-Maricopa), also moved this week through the Rules Committee and Caucus and is now awaiting placement on the COW calendar. This bill would preempt cities and towns from adopting *any* new occupational licenses or fees.

Local occupational licensing has been an effective and efficient tool for managing local public safety and consumer protection issues. It has not created barriers to business but has helped keep regulation limited and responsive to local needs. In fact, no one has testified that local licensing has been cause for concern for any business interests in Arizona.

Neither bill solves an existing problem and both are unnecessary. The League will continue to oppose both bills as they move through the process, and we ask you to request that your legislators vote no.

Post-Traumatic Stress Disorders; Presumption

On Friday, February 16 a stakeholder meeting was held to discuss concerns and alternative options for HB 2501; PTSD; workers' compensation; presumption sponsored by Representative Paul Boyer (R-Phoenix). The League offered a proposal that continues to be reviewed by the participants. This week HB 2501 was voted out of the House 57-2-1.

The passed language in HB2501: 1) extends the time to file a workers' compensation claim by tolling the deadline to one year after the last counseling session, 2) creates a presumption of PTSD for the public safety employee unless the employer can prove through a preponderance of evidence the employee's job did not create the PTSD, 3) prohibits the employer from requesting an Independent Medical Exam (IME), 4) increases the number of visits from a minimum of 12 to a total of 48 visits (an additional 36), 5) and requires the employer to pay 100% of the employee's salary during the period of visits if the counselor says the employee is unfit for duty.

The League had calculated cost for the PTSD program at approximately \$86M per year for all employers under PSPRS and CORP. After a fiscal note was requested by a House member the Joint Legislative Budget Committee (JLBC) released their [projections](#) indicating the cost to the state would range between \$1.8-17.5 million per year with the cost to local governments ranging between \$9.7-90 million per year, based on the number of public safety employees who utilize the program.

We continue to participate in discussions and negotiations on HB2501 as the bill continues through the process in the Senate.

Real Estate Signs; Cities; Counties

This week the House of Representatives considered HB 2500; real estate signs; cities; counties sponsored by Representative Travis Grantham (R-Gilbert). The language in HB 2500 requires counties and cities to allow real estate signs in the right of way. The League has voiced opposition to the bill. Since the US Supreme Court decision in *Reed vs. the Town of Gilbert*, cities and towns are prohibited from adopting any content-related ordinances with respect to temporary signs. In other words, we are now required to treat all temporary signs the same.

Temporary signage is a topic that generates many complaints from our residents. If cities and towns are statutorily required to give special treatment to one industry, then temporary signage from all industries would have to be allowed – leading to a huge increase of signage in the right of way. Therefore, we are very wary of any legislation that will lead to the proliferation of signs.

The bill was voted out of House Third Read 39-20 on Wednesday and is headed to the Senate. Please contact your Senators to let them know about the concerns you have with this bill.

Legislative Bill Monitoring

Due to changes on the legislature's website this year, you will need to take an extra step to see the details of each bill. To see the bills we are tracking, go to the League's [Legislative Bill Monitoring](#) (LBM) page. To see our position and a brief summary, click on the bill number. In the new page, click on the bill number to be redirected to the legislative web site where you can enter the bill number to see all its current status, versions and vote count.