



LEGISLATIVE BULLETIN

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Legislative Overview

This was the last week for all committees to hear bills – with the exception of Appropriations, which will meet in both the House and Senate next week. This week saw increased floor activity as legislators took final action on bills before transmitting them to the Governor. We're expecting this accelerated pace to continue into next week, particularly since lawmakers passed an extension of Prop. 301, the .6 cent education sales tax.

An abundance of strike-everything amendments were introduced, which is typical for this part of the legislative session. Several of these strikers found their way onto committee agendas this week, as well as next week's Appropriations agendas.

Now, the Legislature will begin work on the state budget in earnest. All indications at this point are that there will be no surprises for cities and towns in this year's budget. We expect some amount of HURF sweep to continue as well as the payment to DOR for collection of TPT. Once the budget bills are released, the League will do a full analysis of any impacts to municipal revenues or programs.

Today is the 75th day of the legislative session. To date, 1165 bills have been posted, 97 have passed, and 44 have been signed by the Governor.

COX Cable License

HB2579 video service; certificates of authority, sponsored by Rep. Jill Norgaard (R-Phoenix) was heard this week in the Senate Commerce and Public Safety Committee on Monday but did not get a required hearing in the Senate Government Committee. Consequently, HB2579 will not move forward this session. We thank Senator Sonny Borrelli (R-Lake Havasu City) for holding the bill from consideration. Cox is already working on a strike-everything amendment that will be offered in House Appropriations next week.

During the Commerce and Public Safety Hearing, Senators voiced concerns regarding the licensing authority not being assigned to the Corporation Commission that oversees

other monopoly utilities in the state. The underlying bill would have assigned the duty to issue cable licenses to the Secretary of State, an office with no oversight of or experience with utilities. A strike everything amendment would have been offered in the Senate Government Committee to require the Registrar of Contractors (ROC) to issue cable licenses, an agency that licenses trades such as dry wall installers, painters, handymen, plumbers, carpenters, pool installers; it is abundantly clear the ROC is not an appropriate agency to assign licensing and oversight of cable companies.

A revised version of the bill will be offered in the House Appropriations Committee next Wednesday on SB 1140, sponsored by Senator Gail Griffin (R-Hereford). This version will keep the licensing at the local level; however, we will need to do a thorough analysis of the amendment to ensure it will not negatively impact consumers or taxpayers, much like what we expected to happen with HB2579.

Digital Goods

The debate continues over the impact to state and local budgets of SB 1392; TPT, digital goods and services and its companion bill in the House, HB 2479 sponsored by Sen. David Farnsworth (R-Mesa) and Rep. Michelle Ugenti-Rita (R-Scottsdale) respectively. Since the League released our fiscal [analysis](#) showing an expected impact of \$120 million to the state budget, \$48 million to cities and towns and \$14 million to schools, the Senate bill has failed to advance. The House already passed HB 2479.

While various groups question the specific numbers, there is now general agreement that the eight new exemptions included in these bills will have a negative impact on state and local tax revenues. And that impact is likely to only continue to grow as more and more transactions occur online. These bills go far beyond the consensus of the interim task force that their intent was to simply codify existing tax practices.

Please continue to let your Senators know that this set of bills is unacceptable in their current form.

HURF Distribution; Cities, Towns, Counties

This week the Senate Transportation and Technology Committee considered HB 2514; HURF distributions; cities, towns, counties sponsored by Representative Cook (R-Globe). The amended language in HB 2514 changes the distribution of HURF funds by directing an initial \$18M to rural counties and cities before calculating the additional funds based on the traditional formula according to the Casa Grande Accord.

The League signed in and spoke in opposition to HB 2514 indicating we do not believe it is useful to pit rural cities versus urban cities and rural counties versus urban counties. Rather, we believe the root cause of the HURF funding problem is that the

available pool of money is too small since the gas tax has not been raised since 1991. The current gas tax of 18¢ has the purchasing power of approximately 6¢ in today's economy. Additionally, the League identified that while the purchasing power of the pool of HURF funds continues to decline, the state has swept HURF funds every year since 1982 to fund the portions of the budget because DPS does not have a dedicated funding source. Since 2001 the state has swept \$1.1B from HURF resulting in degrading roads and fewer road projects.

We believe our time is better suited addressing the lack of overall funds in HURF and finding DPS a dedicated funding source such as HB 2166 and SB 1146. If we were to do each of those things, the root cause of the problem would be addressed and rural and urban cities and counties would be better capable of servicing the needs of their citizens. Also, there is always potential danger in changing a longstanding distribution formula. If it can be changed to advantage someone one year, it can be changed to advantage someone else in future years.

The bill was voted out of Transportation and Technology 4-3 on 03/20/18 and is scheduled to be heard in Senate Appropriations on 03/27/18.

Legislative Bill Monitoring

Our Legislative Bill Monitoring system has been upgraded! The issue with linking directly to a specific bill's information page on the Arizona Legislature website has been resolved. We have also implemented a self-updating list through Arizona Capitol Reports, providing you with the most up-to-date information possible! [Click here to browse through our Legislative Bill Monitoring page!](#)