



2010 STATE LEGISLATIVE FINAL REPORT

OFFICE OF GOVERNMENT RELATIONS
CITY OF PHOENIX

The 49th Arizona Legislature – Second Regular Session

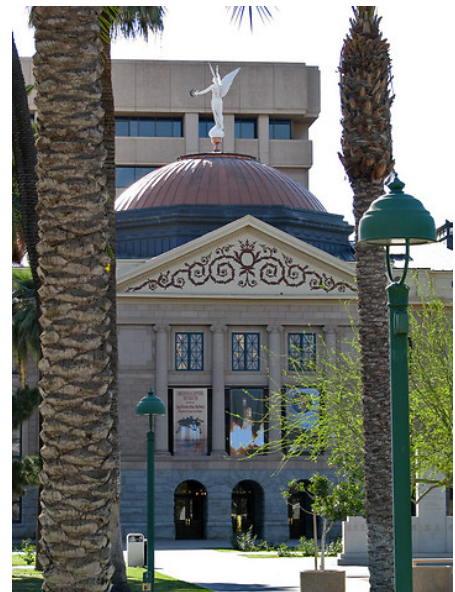
After a series of special sessions last summer and fall to make incremental adjustments to state expenditures and authorize significant borrowing, the Second Regular Session began in January with legislators still having to bring into line a budget that had an estimated \$1.45 billion deficit for FY 2010 and \$2.59 billion shortfall for FY 2011.

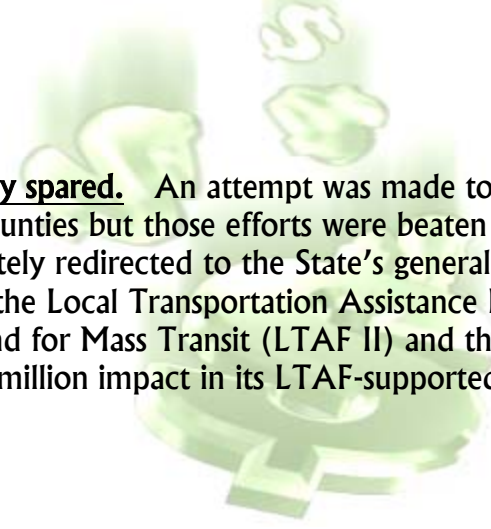
On January 15, 2010, Governor Brewer released her blueprint on how to grapple with the state's fiscal calamity. Her plan not only included large cuts to K-12 and university funding, AHCCCS and the Department of Juvenile Corrections, but also a temporary one-cent increase in the state sales tax; a contentious proposal for legislators.

Unlike the previous year in which a budget was not adopted until July, agreement was reached in March, just three months into the session, on a package including:

- \$450 million rollover of K – 12 and university funding
- \$435 million cut to AHCCCS
- \$292 million reduction to the Arizona Department of Education
- \$100 million across the board cuts to state agencies
- \$37 million in fund sweeps
- Five-percent state employee salary reduction
- Diverting state lottery revenues to state's General Fund
- Sale and leaseback of state buildings

The approved budget also anticipated voter approval of a temporary one-cent sales tax – Proposition 100, which is pegged to raise \$918 million in new annual revenue – as well as \$508 million from the proposed voter repeal of the First Things First program and proposed voter approval of a fund transfer from the Land Conservation Fund. While Proposition 100 passed by a nearly 2-to-1 margin in May, there is nothing currently in place to adjust the budget in the event that voters reject the other two budget-related ballot measures that will be considered in November. Proposition 100 was overwhelmingly approved at the May 18, 2010 election, avoiding over \$850 million in “contingency cuts” included in the approved budget.





Revenue sharing was ultimately spared. An attempt was made to transfer a percentage of city-shared sales tax revenue to counties but those efforts were beaten back. Unfortunately, state lottery revenues were completely redirected to the State's general fund, permanently eliminating programs such as the Local Transportation Assistance Fund (LTAF), Local Transportation Assistance Fund for Mass Transit (LTAF II) and the Heritage Fund. As a result, the City is experiencing a \$9 million impact in its LTAF-supported programs.



There was great progress on the Downtown Phoenix Biomedical Campus. For close to a year, the Joint Committee on Capital Review (JCCR) had refused to review funding allocated for the next phase of construction, a prerequisite to financing. Expansion is needed to increase the number of medical students at the campus, build a new school of pharmacy, and increase capacity for the nursing school. With the help of many stakeholders the logjam was broken and on March 23, JCCR approved \$172.9 million in bonds to proceed with the project. The project will break ground shortly.

Given the uncertainty surrounding the state's budget structure, Government Relations remains vigilant to protect the voter-approved revenue sharing system which is critical to the city's ability to provide residents with much-needed programs and services.



STATE LEGISLATION OF INTEREST



The Second Regular Session of the 49th Legislature adjourned on April 29, 2010 at 11:07 p.m. (109 days of session). 1402 bills, memorials, and resolutions were introduced. Three hundred and thirty-eight bills have been signed, 33 memorials and resolutions were approved, and 14 bills have been vetoed. Bills with an emergency clause take effect upon signature of the Governor; all other legislation takes effect on either the date specified in the bill or the “general” effective date, which this year is July 29, 2010.

 = Bills That Were Supported By The City



Revenue & Taxes

New Laws

HB 2257: Municipalities; Counties; Taxes; Fees; Notice (Rep. Frank Antenori, R-Tucson) requires municipalities to give written notice at least 60 days before any new or additional taxes or fees on commercial entities become effective. This bill was signed by the Governor on May 11, 2010. (Laws 2010, Chapter 316)



HB 2489: Bonding; Net Premiums (Rep. Steve Yarbrough, R-Chandler) increases the amount of net premium associated with a local government bond issue or refunding bond issue from 2% to 10% of par value. Premium can be used to pay costs and placed in a debt service reserve to pay only interest. This bill was signed by the Governor on May 3, 2010. (Laws 2010, Chapter 215)

Bills Not Enacted

SB 1239: City Sales Tax; Residential Rental (Sen. Barbara Leff, R-Paradise Valley) would have prohibited cities from increasing transaction privilege taxes on residential rental properties above the nominal rate without a citywide vote. The measure failed on third reading in the House by a vote of 25-23.

HB 2250: Arizona's Job Recovery Act (Rep. Kirk Adams, R-Mesa) would have expanded the eligibility criteria for businesses seeking enterprise zone incentives, established a new jobs training program, lowered the corporate income tax rate from 6.968% to 5%, increased the corporate sales factor from 80% to 100%, made cuts to individual income tax rates, and reduced the commercial property assessment ratio from 20% to 15%. Although HB 2250 moved quickly through the House on a 34-25 vote in late January, the bill ran into stiff opposition in the Senate. While many concessions (many favorable to the City) were made by the bill sponsor, the measure never made it to the Senate Floor for a final vote.

HB 2407: Municipal Sales Tax; Utilities (Rep. Frank Antenori, R-Tucson) would have prohibited municipalities that charge a transaction privilege tax, sales or use tax from increasing the rate of taxation on any business classification or other class of taxpayers unless the rate increase applied equally to all classes of taxpayers subject to the tax. This bill never received a vote in the House Committee of the Whole.

HB 2512: Municipal Taxes; Auditors and Collectors (Rep. Rick Murphy, R-Glendale) would have prohibited municipalities from employing private tax auditors on a contingent fee basis. This bill failed in the House by a vote of 26-31.

HB 2515: Prime Contracting; Sales Tax (Rep. Rick Murphy, R-Glendale) as amended, would have eliminated the requirement for contractors to pay transaction privilege tax (TPT) under the prime contracting classification based on the gross proceeds of sales or gross income derived from their business and required contractors to pay TPT under the retail classification on the materials purchased for construction projects. HB 2515 failed in the Senate Finance Committee by a vote of 1-6.

Planning & Zoning

New Laws

HB 2478: Development Fees; Moratorium (Rep. Bill Konopnicki, R-Safford) as amended, includes language negotiated by the League of Arizona Cities and Towns to address the negative effects on certain cities of a "freeze" on impact fees that was enacted in HB 2008 of the Third Special Session. HB 2478 also extends the current impact fee moratorium to June 30, 2012. The bill was signed by the Governor on April 26, 2010. (Laws 2010, Chapter 153)

HB 2596: Free Exercise of Religion (Rep. Steve Yarbrough, R-Chandler) prohibits governmental entities from imposing an "unreasonable burden" on a person's exercise of religion. "Unreasonable burden" is defined as "a person is prevented from using the person's property in a manner that the person finds satisfactory to fulfill the person's religious mission." In addition, the bill permits cities to approve exemptions from the liquor licensing distance requirements for a church of charter school that is located in a defined entertainment district. This bill was signed by the Governor on May 11, 2010. (Laws 2010, Chapter 323)

Bills Not Enacted

SB 1240: Municipalities; Counties; Land Use Planning (Sen. Sylvia Allen, R-Snowflake) required cities, in preparing or updating their general plans, to identify mineral deposits that could be extracted. This bill never received a hearing in the Senate Natural Resources, Infrastructure and Public Debt Committee.

HB 2249: Municipal Development Fees; Refunds (Rep. Andy Biggs, R-Gilbert) required that a city must refund impact fees if the monies were not spent within seven years after the fee was collected. HB 2249 failed to garner a hearing in the Senate Government Committee.

HB 2259: Development Fees; Proportional Share (Rep. Andy Biggs, R-Gilbert) prohibited cities from charging an impact fee greater than what an existing resident is paying for infrastructure costs. The bill never received a House Third Read vote.

HB 2605: Subdivisions; Acting In Concert (Rep. Judy Burges, R-Skull Valley) loosened the subdivision process for county property within city boundaries. The bill also permitted these properties to request a reduction of infrastructure and services. This bill never received a hearing in the Senate Government Committee.



Economic Development

On The City's Agenda



SB 1409: Motion Picture Tax Credits (Sen. John Nelson, R-Litchfield Park)

Description: SB 1409 would have extended and expanded the current motion picture tax credit program to include filming in Arizona or at a qualified movie studio located in the state. The bill also provided tax credits for infrastructure investments at qualified movie studios.

Action: Given the numerous parties involved with this issue (movie studio companies, local film producers, tourism officials, municipalities), much time was spent by stakeholders to craft language agreeable to the diverse special interests. Final agreements came very late in the session. Once the bill began to move, a number of key legislators were concerned over the tax credits in the bill. In fact, the bill failed on the Senate Floor by a vote of 11-16 before it was reconsidered and passed 16-13. The tax credit concern followed it to the House, where it died just before sine die.

Outcome: SB 1409 failed to receive House Committee of the Whole action.


New Laws

SB 1201: Renewable Energy Tax Revisions (Sen. Barbara Leff, R–Paradise Valley) makes various changes to tax credits on income and property taxes for corporations that expand or locate qualified renewable energy operations in the state. The changes include requiring a post-approval process and shortening to 5 years from 10 years the time that the operation must continue in business. The maximum annual amount of the tax income tax credits allowed is also revised to \$69,700,000. This bill was signed by the Governor on May 10, 2010. (Laws 2010, Chapter 303)

HB 2003: Revitalization Districts (Rep. Michelle Reagan, R–Scottsdale) authorizes creation of a revitalization district for the purpose of infrastructure development in one or more cities or towns, including a Tribal community. However, it prohibits a district from financing or facilitating the acquisition, operation or construction of a sports stadium or related sports facility. This bill was signed by the Governor on May 11, 2010. (Laws 2010, Chapter 310)

HB 2504: GPLET; Lease Records and Reporting (Rep. Rick Murphy, R-Glendale) makes numerous changes to the government property lease excise tax, including increasing tax rates for all leased properties effective June 1, 2010 (grandfathering leases and development agreements authorized before that date), limiting the term of leases to 25 years, and requiring that the government lessor convey the property to the lessee at the end of the 25-year term. This bill was signed by the Governor on May 11, 2010. (Laws 2010, Chapter 321)

Bills Not Enacted

 **HB 2631: State Capitol Restoration Recapture District** (Rep. David Gowan, R-Sierra Vista) allowed cities to establish an economic restoration recapture district in which fifty percent of the increase of sales tax revenues within the area could have been used to relieve bonding debt associated with capital construction. The other half of the new revenues would have been directed to the State. This bill failed to receive a House Third Read vote.

Public Safety

On the City's Agenda**SB 1135: Aggravated Assault; Classification; Definition (Sen. John Nelson, R-Litchfield Park)**

Description: Elevates the crimes of assaulting a code enforcement officer or state/city park ranger to the current list of aggravated assaults.

Action: As originally introduced on HB 2141 by Representative Steve Montenegro (R-Litchfield Park) the bill only focused on park rangers. Although the measure sailed out of the House of Representatives on a 56-0 vote, the bill was held by Senate Judiciary Chairman Chuck Gray (R-Mesa). Senator Gray opposed adding a new group to the aggravated assault statutes. The City was able to amend SB 1135, a bill that provided similar protections to code enforcement officers, with our park ranger language.

Outcome: This bill was signed by the Governor on May 6, 2010. (Laws 2010, Chapter 241)

**SB 1144: Drug Offenses; Definitions (Sen. John Huppenthal, R-Chandler)**

Description: Adds a number of new drugs to the "dangerous drugs" list in the criminal code.

Action: Representatives from the pharmaceutical industry expressed concern with some of the drugs contained in the bill. After working with the interested parties, language was added to alleviate concerns. Afterward, the bill moved through the legislative process with much support.

Outcome: This bill was signed by the Governor on April 28, 2010. (Laws 2010, Chapter 203)

**HB 2431: Written Accident Reports; Motor Vehicles (Rep. Adam Driggs, R-Phoenix)**

Description: Changed the non-injury vehicle collision reporting threshold from \$1000 to \$2500

Action: After the legislation was introduced, Government Relations and Police staff met with a number of stakeholders and learned that the Department of Motor Vehicles is preparing changes to the injury-accident forms and general processes. As such, the City requested that the bill be held until the subject can be revisited in time for the 2011 legislative session.

Outcome: HB 2431 never received a hearing in the House Transportation and Infrastructure Committee.

New Laws

SB 1056: Sentencing; Guilty Except Insane (Sen. Jonathan Paton, R-Tucson) requires an individual that has been sentenced "guilty except insane" to register as a sex offender if the verdict involved a sexual offense. This bill was signed by the Governor on May 6, 2010. (Laws 2010, Chapter 234)

SB 1108: Concealed Weapons; Permit (Sen. Russell Pearce, R-Mesa) provides that a person can carry a concealed weapon without a permit. The bill was signed by the Governor on April 16, 2010. (Laws 2010, Chapter 59)

SB 1153: State Preemption; Knives (Sen. Chuck Gray, R-Mesa) prohibits local governments from regulating possession or sale of knives. This bill was signed by the Governor on April 28, 2010. (Laws 2010, Chapter 59)

HB 2246: Regulation of Fireworks (Rep. Andy Biggs, R-Gilbert) permits sale of consumer and display fireworks. Local governments may prohibit use of such pyrotechnic devices within their jurisdiction if a wildfire threat has been determined. The bill was signed by the Governor on May 10, 2010. (Laws 2010, Chapter 286)


HB 2338: Yellow Lights; Duration; Photo Enforcement (Rep. Frank Antenori, R-Tucson) calls for the Arizona Department of Transportation to establish a yellow light duration standard for those intersections that have photo red-light systems. This bill was signed by the Governor on May 3, 2010. (Laws 2010, Chapter 213)

HB 2543: Firearms; Regulation; State Preemption (Rep. David Gowan, R-Sierra Vista) prohibits cities from enacting ordinances regarding firearms that carry a penalty greater than state law. The bill was signed by the Governor on May 3, 2010. (Laws 2010, Chapter 19)

HB 2307: Arizona Manufactured Firearms; Regulation (Rep. Nancy Mcclain, R-Bullhead City) exempts firearms that are manufactured and sold within the state from federal regulation and registration laws. This bill was signed by the Governor on April 5, 2010. (Laws 2010, Chapter 18)


Bills Not Enacted

SB 1015: Liquor Establishments; Weapons (Sen. Jack Harper, R-Peoria) changed the posting requirements for signs prohibiting weapons in establishments that serve alcohol. Signs would have had to be posted within 20 feet of a cash register, at every entrance, and behind the bar. SB 1015 never received a hearing in the Senate Commerce and Economic Development Committee. A similar measure (HB 2406) was introduced in the House but never received a committee hearing.

 **SB 1053: Minors; Electronic Cigarettes; Prohibition** (Sen. Carolyn Allen, R-Scottsdale) prohibited the sale of electronic cigarettes to minors. The bill never received a hearing in the House Judiciary Committee.


SB 1165: DUI; License Suspension (Sen. Linda Gray, R-Glendale) permitted suspension of drivers licenses for those convicted of driving under the influence of an illegal drug. This bill was changed via a “strike everything” amendment on the subject of third-party liability for the AHCCCS program. The measure failed in Senate Final Read action by a vote of 14-12.

SB 1330: Regulation of Fireworks (Sen. Thayer Verschoor, R-Gilbert) permitted sale of consumer and display fireworks. SB 1330 never received action in the Senate Committee of the Whole.

 **SB 1352: Theft; Catalytic Converter** (Sen. Debbie McCune Davis, D-Phoenix) made theft of a catalytic converter a class 4 felony, regardless of catalytic converter's value. This bill failed a Senate Third Read by a vote of 13-16.

HB 2042: Unlawful Roadside Solicitation of Employment (Rep. John Kavanagh, R-Fountain Hills) established a class 3 misdemeanor for both the driver and occupant of a vehicle if the driver stopped on a roadway to hire someone for work. The bill was held in the Senate Judiciary Committee.

HB 2327: Juveniles; Interrogations; Electronic Recording (Rep. Cecil Ash, R-Mesa) required a law enforcement agency to record any statement made by a juvenile during interrogation in its entirety and keep without alteration until final disposition of the juvenile's case. The bill was not heard in the House Judiciary Committee.

 **HB 2646: Scrap Metal Dealers; Requirements; Penalties** (Rep. Jerry Weiers, R-Glendale) required that dealers store records electronically for items that were valued at \$25 or more, prohibited the purchase of industrial grade transformers, and increased the penalty for non-compliance by dealers to a class 1 misdemeanor. This bill never received a hearing in the House Commerce Committee.

Human Resources

New Laws

SB 1029: Law Enforcement Officers; Disciplinary Actions (Sen. Russell Pearce, R-Mesa) codifies causes that can trigger disciplinary action toward a law enforcement officer. The bill was signed by the Governor on April 16, 2010. (Laws 2010, Chapter 75)

HB 2166: Law Enforcement, Officer, Representation (Rep. Andy Biggs, R-Gilbert) changes the disciplinary hearing process to allow a law enforcement officer who is the focus of a hearing process to challenge the admissibility of his or her statements without any advance notice if he or she claims that the process was not conducted properly. HB 2166 was signed by the Governor on April 27, 2010. (Laws 2010, Chapter 177)

Bills Not Enacted

SB 1109: Annexation; City or Town (Sen. Russell Pearce, R-Mesa) exempted written and verbal warnings from being used against a police officer during an investigation that may have lead to a suspension or revocation of the officer's certification. The bill was later used as a “strike everything” amendment on municipal annexation. The bill never received final approval in the Senate.

HB 2043: Law Enforcement; Duty Fitness Examination (Rep. John Kavanagh, R-Fountain Hills) established new procedures as to when and how a law enforcement officer may have received the results of a failed medical or psychiatric exam. HB 2043 was vetoed by the Governor on April 23, 2010.



Neighborhoods

On the City's Agenda

HB 2161: Payday Loans; Regulation (Rep. Andy Tobin, R-Paulden)

Description: HB 2161 introduced additional regulations of the payday loan industry and authorized its continued operations beyond the current 2010 sunset date. The City was on record to oppose any extension of this industry.

Action: Although the bill was assigned to the House Banking and Insurance Committee, the legislation never received a hearing. The bill sponsor declared that he misunderstood the bill and decided to hold it. The issue later resurfaced via a “strike everything” amendment to HB 2370 by the Senate Appropriations Committee Chairman, Russell Pearce (R–Mesa). After a few hours of testimony, mostly in opposition, the bill failed to garner enough support for passage.

Outcome: The measure failed in the Senate Appropriations Committee by a vote of 3-5.



HB 2479: Foreclosure Deeds; Buyer Identification (Rep. Bill Konopnicki, R-Safford)

Description: Requires that foreclosure documentation contain a name and contact information of the person responsible for the property. This information will assist cities in contacting the appropriate person to address problems that may be associated with a foreclosed home (e.g. graffiti, weeds, broken windows).

Action: After the bill passed its first committee (House Government), the Maricopa County Sheriff’s Office offered language to enhance the legislation. Once the new language was adopted in the House Committee of the Whole, the measure moved through the process with no opposition.

Outcome: This bill was signed by the Governor on April 19, 2010. (Laws 2010, Chapter 91)



HB 2738: Criminal Damage; Classification (Rep. Anna Tovar, D–Tolleson)

Description: The measure increased the penalty for damaging property to a class 1 misdemeanor. This bill was aimed at deterring graffiti vandals.

Action: While the measure passed its original committee with little debate, Representative John Kavanagh (R–Fountain Hills) voiced strong opposition on the House Floor during Third Read action, declaring that increasing the penalties for minor property damage could have unintended consequences. The bill failed by an initial vote of 30-24 (31 “yes” votes are needed to approve a simple measure in the House). After the Government Relations team helped educate House members on the actual impacts the bill would have if approved, the bill was reconsidered and passed 45-11. The bill was assigned to the Senate Judiciary Committee where Senator Chuck Gray (R–Mesa) refused to add it to a calendar for deliberation and a vote.

Outcome: HB 2738 failed to receive a hearing in the Senate Judiciary Committee.

Bills Not Enacted

SB 1166: Property Tax Classification; Historic Residences (Sen. Linda Gray, R-Glendale) repealed the reduced property tax classification for historic residential property. Under current law, qualifying historic residences are assessed at 5 percent rather than the 10 percent assessment ratio that applies to other homes. This bill never received a vote in the Senate Finance Committee.

Immigration*New Laws*

SB 1070: Safe Neighborhoods; Immigration; Law Enforcement (Sen. Russell Pearce, R-Mesa) makes numerous changes to laws dealing with immigration. These changes include:

- prohibits local governments from adopting policies that restrict or limit their law enforcement officers from enforcing federal immigration law;
- establishes a crime for willful failure to carry/complete an alien registration document;
- requires law enforcement officers to reasonably attempt to confirm the immigration status of a person they come in contact with whom they reasonably believe is an alien who is unlawfully in the United States; and
- makes it a class one misdemeanor for a driver to impede traffic while in the act of offering work to a nearby pedestrian, or for the pedestrian to enter the vehicle.

SB 1070 was signed by the Governor on April 23, 2010. (Laws 2010, Chapter 113)

HB 2162: Immigration; Border Security (Rep. Warde Nichols, R-Gilbert) makes numerous changes to SB 1070, including:

- requires that a law enforcement officer may ask a person to confirm their immigration status only after a lawful stop, detention or arrest;
- race, color or national origin can not be used at all in a law enforcement officer's reason to make a lawful stop;
- lowers the low end of the range for the fine for violating this law from \$500 to \$100 per day;
- places the maximum jail time for convicted persons at 20 days; and
- clarifies that only Immigration and Customs Enforcement or law enforcement officials with 287(g) training may determine a person's immigration status.

The bill also creates a Joint Border Security Advisory Committee to study and propose border security measures, excludes government services available to the general public from the list of public benefits that require immigration status verification, and clarifies that the prevailing party may receive attorney's fees in lawsuits on purported public benefit violations. HB 2162 was signed by the Governor on April 30, 2010. (Laws 2010, Chapter 211)

Water & Environment

On The City's Agenda



SB 1196: Illegal Dumping; Penalties (Sen. Sylvia Allen, R-Snowflake)

Description: The bill established new penalties for those found guilty of illegal dumping and sets new procedures for affected landowners.

Action: Government Relations staff has worked on this issue for the last three legislative sessions. This bill appeared to be on its way until strong opposition surfaced from the State Land Department. Given this unexpected turn of events, the bill failed to advance out of the Senate before the deadline. Representative Barbara McGuire (D-Kearny) ran similar legislation via HB 2392, but it also failed to advance.

Outcome: SB 1196 never received a hearing in the House Environment Committee.

New Laws



SB 1141: CAGRD Revenue Bonding; Sustainability Policies (Sen. John Nelson, R-Litchfield Park) allows the Central Arizona Groundwater Replenishment District (CAGRD) to issue revenue bonds to help pay for water supplies to meet its replenishment obligation. This bill was signed by the Governor on May 10, 2010. (Laws 2010, Chapter 300)



SB 1359: Department of Water Resources; Fund (Sen. Steve Pierce, R-Prescott) redirects application fees and other revenues the Department of Water Resources currently receives to a new "Water Resources Fund" to help fund the Department. This bill was signed by the Governor on May 7, 2010. (Laws 2010, Chapter 282)



HB 2081: Department of Water Resources; Continuation (Rep. Lucy Mason, R-Prescott) extends the Department of Water Resources to July 1, 2020. This bill was signed by the Governor on May 7, 2010. (Laws 2010, Chapter 15)



HB 2083: Drought Emergency Groundwater Transfers (Rep. Lucy Mason, R-Prescott) allows for transfers between groundwater basins due to drought and eliminates water from McMullen Valley to be used as a sustainability source. HB 2083 was signed by the Governor on May 7, 2010. (Laws 2010, Chapter 15)



HB 2152: Voluntary Remediation Program; Continuation (Rep. Ray Barnes, R-Phoenix) extends the Arizona Department of Environmental Quality's Voluntary Remediation Program for an additional ten years. HB 2152 was signed by the Governor on May 7, 2010. (Laws 2010, Chapter 45)

HB 2617: Mining Amendments; Water; Permits; Fees (Rep. Russ Jones, R-Yuma) makes various changes regarding the regulatory authority of the Department of Environmental Quality and Department of Water Resources related to the mining industry. This bill was signed by the Governor on May 11, 2010. (Laws 2010, Chapter 45)



HB 2661: Statewide Water Augmentation Authority; Study (Rep. Andy Tobin, R-Paulden) establishes a Water Resources Development Study Committee to look at Arizona's current and future water needs. The bill was signed by the Governor on May 11, 2010. (Laws 2010, Chapter 329)

Bills Not Enacted

SB 1355: Water Use Assessment (Sen. Steve Pierce, R-Prescott) established a water fee for municipal users. Monies would have gone to the Department of Water Resources for any purpose. This bill never received a hearing in the Senate Natural Resources, Infrastructure, and Public Debt Committee.

HB 2063: Solar Energy; Permit Fees (Rep. Tom Boone, R-Peoria) capped the city permit fee for solar energy panels and for solar water heating systems. HB 2063 never received a hearing in the House Water and Energy Committee.

HB 2701: Electric Utilities; Renewable Energy Standards (Rep. Debbie Lesko, R-Glendale) granted the legislature exclusive authority to set energy policy. The bill also made numerous changes to the current renewable energy goals established by the Arizona Corporation Commission. The bill never received a hearing in the House Rules Committee.



Miscellaneous

On The City's Agenda



SB 1406: Procurement; Construction; Specialized Services (Sen. Tibshraeny, R-Chandler)

Description: SB 1406 requires that a contractor for heavy rail systems must perform at least 30% of the work with its own personnel. The measure also adds definitions for "two-step design-build", "one-step design-build" and "construction-manager-at-risk," as well as prescribing new procedures for bid evaluation.

Action: The Arizona General Contractors Association shepherded this measure, leading a coalition of construction companies and municipalities, resulting in little to no obstacles during the legislative process.

Outcome: This bill was signed by the Governor on May 7, 2010. (Laws 2010, Chapter 283)



HB 2067: PSPRS; Omnibus Amendments (Rep. Tom Boone, R-Peoria)

Description: HB 2067 makes numerous changes to the Public Safety Personnel Retirement System, including a provision that would allow the head of the merit system to designate another member of the merit system to serve as board member in his or her place.

Action: The bill was introduced by request of the City's Retirement Department. The issue was originally introduced on HB 2478 by Representative Bill Konopnicki. The language was later amended to HB 2067 when HB 2478 was used as a vehicle on another issue.


Outcome: This bill was signed by the Governor on April 23, 2010. (Laws 2010, Chapter 118)

New Laws




SB 1063: Public Transportation; Regional Planning (Sen. John Nelson, R-Litchfield Park) requires the regional public transportation authority in Maricopa County to cooperate with state and local public transportation operators to develop the regional public transportation system. This bill was signed by the Governor on April 28, 2010. (Laws 2010, Chapter 201)

SB 1305: Public Monies; Insurance; Abortion; Prohibition (Sen. Linda Gray, R-Glendale) prohibits state and local government entities from using public monies to pay for abortion coverage in employee medical health insurance plans. This bill was signed by the Governor on April 24, 2010. (Laws 2010, Chapter 114)


 SB 1315: Child Care Programs; Fees (Sen. Carolyn Allen, R-Scottsdale) establishes new rules and procedures for the Department of Health Services when administering child care licensure programs and fees. This bill was signed by the Governor on May 6, 2010. (Laws 2010, Chapter 248)

SB 1366: Eminent Domain; Relocation Assistance (Sen. Chuck Gray, R-Mesa) establishes new relocation procedures for properties that are being acquired via eminent domain, including language that would require relocation benefits to mirror federal law. This bill was signed by the Governor on May 6, 2010. (Laws 2010, Chapter 308)

SB 1398: Federal Regulations; Local Coordination (Sen. Sylvia Allen, R-Snowflake) requires a local government body with a law, regulation or policy that is less restrictive than a federal regulation or policy to demand that the federal government coordinate with the local government before implementing or enforcing the federal requirement within the local jurisdiction's boundaries. If the federal government declines to coordinate, the local government body must hold a hearing and vote on whether to bring suit to enforce coordination rights. This bill was signed by the Governor on April 28, 2010. (Laws 2010, Chapter 189)

 HB 2050: ASLAPR; Continuation (Rep. Steve Montenegro, R-Litchfield Park) extends the Arizona State Library, Archives and Public Records (ASLAPR) to July 1, 2010. HB 2050 was signed by the Governor on May 10, 2010. (Laws 2010, Chapter 29)

HB 2282: Political Subdivisions; Government Transparency (Rep. Steve Montenegro, R-Litchfield Park) requires local governments to create and maintain a website containing a comprehensive database of all receipts and expenditures over \$5000. This bill was signed by the Governor on May 10, 2010. (Laws 2010, Chapter 29)

 HB 2491: City Elections; Majority Vote (Rep. Steve Yarbrough, R-Chandler) clarifies the authority of cities to include in the count of ballots cast only the votes tabulated for an office for purposes of determining whether a candidate received the required majority to be elected in a primary. HB 2491 was signed by the Governor on May 14, 2010. (Laws 2010, Chapter 51)

HB 2684: POW/MIA Flag; Display (Rep. David Gowan, R-Sierra Vista) requires that the POW/MIA flag be flown at the state capitol, superior court building in each county, every city or town hall, and at each county administration building on the days that the U.S. flag is displayed. This bill was signed by the Governor on May 3, 2010. (Laws 2010, Chapter 217)

Bills Not Enacted

SB 1064: Construction Sales Tax; Design-Build (Sen. John Nelson, R-Litchfield Park) changed the amount of a design-build construction contract that is exempt from sales tax to the actual direct costs of design phase services or professional services. SB 1064 was held in the Senate Finance Committee.

SB 1110: Restricted Driver Licenses; DUI (Sen. Linda Gray, R-Glendale) was changed via a "strike-everything" amendment to require city candidate elections to be held only in even-numbered years. The bill never received House Committee of the Whole action.

SB 1264: Comprehensive Reporting Of Governmental Information (Sen. Jonathan Paton, R-Tucson) would have required local governments to create and maintain a website that displayed a myriad of information, including receipts and expenditures of all monies, as well as crime statistics. Information would be required to include funding source, type of transaction, date, amount, name of the person or entity receiving payment as well as their address. Personal taxpayer information would have to have been redacted. The website would have needed to be searchable, intuitive, and each item of data would have to be made available for a minimum of ten years. The bill also established civil penalties if the information was found to not be current. SB 1264 was held in the Senate Rules Committee.



SB 1347: Improvement Districts; Financing (Sen. Thayer Verschoor, R-Gilbert) amended improvement district statutes to allow the governing body to create a reserve fund. This fund may have only been used to cure deficits in the principal and interest funds or to pay interest and principal upon final maturity of the bonds. This bill never received a hearing in the Senate Rules Committee.

SB 1362: Eminent Domain; Attorney Fees; Interest (Sen. Chuck Gray, R-Mesa) mandated that the court award the owner reasonable attorney, appraisal and engineering fees actually incurred because of the condemnation proceeding if, after trial, the final judgment for compensation to the defendant was ten percent more than the plaintiff's last best written offer for compensation to that defendant. This bill never received House Third Read action.

SB 1363: Eminent Domain; Attorney Fees; Interest (Sen. Chuck Gray, R-Mesa) prescribed new procedural requirements that must have been met before a property is taken by condemnation. This bill failed upon a House Third Read action.

SB 1364: Slum Clearance (Sen. Chuck Gray, R-Mesa) made numerous changes relating to slum clearance, including the deletion of the definition of "blighted area." This bill never received a hearing in the Senate Judiciary Committee.

SB 1365: Eminent Domain; Disclosure; Violation (Sen. Chuck Gray, R-Mesa) moved the deadline to deliver a written offer to purchase property to 120 days prior to filing an action for condemnation using eminent domain from 20 days prior; defined "just compensation" for the purposes of the offer to purchase the property; and required full disclosure in writing regarding the final project to be included with the offer to purchase. This bill never received a hearing in the House Government Committee.



SB 1373: County Library Districts; Cities; Taxes (Sen. Al Melvin, R-Tucson) allowed cities in Maricopa and Pima Counties, whose residents pay a county library tax, to receive 75% of those monies for their own municipal library services. Although SB 1373 was never heard in the Senate Finance Committee the Senate Public Safety and Human Services Committee did hold an informational hearing on this subject in April.

HB 2154: Private Easements; Maintenance (Rep. Nancy Barto, R-Phoenix) clarified the responsibilities between local governments and private land owners over maintenance of property in private easements located in the public right-of-way. This bill never received a Senate Third Read vote.

HB 2285: City Building Permit Fees (Rep. Steve Montenegro, R-Litchfield Park) required that fees assessed by cities and towns for building permits or plans must have been attributed to and cover the expense of the service for which the fee was assessed. This bill never received a Senate Third Read vote.

HB 2340: Government; Grant of Public Monies (Rep. Frank Antenori, R-Tucson) mandated that political subdivisions must follow the state's procurement code when purchasing goods or services. The bill never received a hearing in the House Government Committee.

HB 2342: Municipal Elections; Recount Threshold (Rep. Frank Antenori, R-Tucson) amended state law to increase the margin of vote that triggered an automatic recount of the votes in a City election from the lesser of 1/10 of 1% or ten votes, to 1/4 of 1% of the total votes cast for the two candidates. HB 2342 never received a hearing in the House Judiciary Committee.

HB 2452: Cities; Towns; Urbanized Areas; Incorporation (Rep. Frank Antenori, R-Tucson) permitted a county board of supervisors to proceed with incorporation of an urbanized area without any input from impacted cities. This bill never received a House Third Read vote.

HB 2542: Political Signs; Public Right-of-Way (Rep. David Gowan, R-Sierra Vista) prohibited local governments from removing political signs placed in public rights-of-way 60 days before and 15 days after an election. Rights-of-way included roadways, sidewalks, traffic medians, and often visibility triangles at intersections. This bill never received a House Third Read vote.

HB 2736: Sports Authority; Surcharges (Rep. John McComish, R-Phoenix) levied a car rental surcharge in Maricopa County in addition to a surcharge on the price of admission to major league baseball spring training sporting events held in Maricopa County. Surcharges were to be deposited into a newly created Cactus League Development Account and used to acquire land and construct new major league baseball spring training facilities, or renovate existing facilities. The bill never received a committee hearing in the Senate.



BALLOT MEASURES

The following measures were approved by the legislature and referred to voters for consideration in November's General Election on Tuesday, November 2, 2010. Other measures may make their way to the ballot via initiative if they receive and submit enough qualified signatures by 5 p.m. on Thursday, July 1, 2010. Measures seeking changes to state law require 153,365 qualified signatures; 230,047 qualified signatures are needed for state constitutional amendments.

First Regular Session Referrals

SCR 1026: Secret Ballot; Fundamental Right (Sen. Jonathan Paton, R–Tucson) would guarantee the right for persons to vote via secret ballot on elections of public officials, ballot measures and union representation. SCR 1026 was transmitted to the Secretary of State on July 1, 2009.

HCR 2014: Health Care Services; Direct Purchase (Rep. Nancy Barto, R–Phoenix) prohibits the establishment of any law or rule requiring persons to participate in any health care system. HCR 2014 was transmitted to the Secretary of State on July 1, 2009.

HCR 2019: Discrimination; Preferential Treatment; Prohibition (Rep. Steven Montenegro, R – Litchfield Park) prohibits preferential treatment based on race, gender, color, ethnicity, and national origin in the areas of public employment, public education and public contracting. HCR 2019 was transmitted to the Secretary of State on July 1, 2009.

Second Regular Session Referrals

SCR 1013: Lieutenant Governor; Secretary of State (Sen. Jonathan Paton, R–Tucson) renames the Secretary of State’s Office to that of Lieutenant Governor. If approved, the change would take place in the 2014 state election cycle. The measure also has the gubernatorial and lieutenant gubernatorial candidates of the same party run on the same ticket after a primary election. SCR 1013 was transmitted to the Secretary of State on April 29, 2010.

SCR 1047: State Lands; Military Installation Preservation (Sen. John Nelson, R–Litchfield Park) authorizes disposition or exchange of state trust land for the purposes of protecting and preserving military installations. This measure was transmitted to the Secretary of State on April 26, 2010.

HCR 2008: Hunting and Fishing, Constitutional Rights (Rep. Jerry Weiers, R–Glendale) affirms that hunting, fishing, and harvesting wildlife is a constitutional right. The measure also prohibits approval of any laws or rules that would restrict these activities. HCR 2008 was transmitted to the Secretary of State on April 26, 2010.

HCR 2018: Initiatives; Filing Deadline (Rep. John McComish, R–Phoenix) requires that initiative petitions be filed no less than six months before a General Election. Currently, the timeframe is four months. This measure was transmitted to the Secretary of State on April 29, 2010.

Seventh Special Session Referrals

HCR 2001: Early Childhood Development; Health; Repeal (Rep. Kirk Adams, R–Mesa) repeals Proposition 203 (2006), a measure that funds early childhood development programs. HCR 2001 was transmitted to the Secretary of State on March 16, 2010.

HCR 2002: Land Conservation Fund; Reversion (Rep. Kirk Adams, R–Mesa) sweeps monies in the Land Conservation Fund into the state's general fund (an estimated \$123 million). This measure was transmitted to the Secretary of State on March 15, 2010.

Governor's Letter on a Bill of Interest to the City



JANICE K. BREWER
GOVERNOR

STATE OF ARIZONA

April 23, 2010

EXECUTIVE OFFICE

The Honorable Kirk Adams
Speaker of the House
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

Re: House Bill 2043 - Law Enforcement; Duty Fitness Examination

Dear Speaker Adams:

Today I vetoed House Bill 2043. This bill was introduced to establish requirements for employers of law enforcement and probation officers regarding final reports and preexamination materials related to fitness for duty examinations. Employers may require officers to submit to a fitness for duty examination to assess whether an officer is able to perform the essential functions of his or her position due to a possible physical or mental condition.

House Bill 2043 requires that if an officer is determined to be unable to perform the essential functions of their job because of a physical condition, the employer shall provide the officer with the final report of the fitness for duty examination, as well as any pre-examination materials. I am concerned that this legislation does not allow for the redaction of sensitive information from those reports. Arizona's law enforcement officers are critical to maintaining the safety of the public. If an officer notices a colleague is unable to perform his or her duties, that officer *must* report those concerns. This is an appropriate requirement. An officer that is unfit for duty could pose a serious safety risk not only to his fellow officers, but also to the public. I am concerned, however, that the requirement that the reporting officer's name be disclosed may cause him to refrain from reporting until it is too late and someone may become seriously injured.

I am also concerned that this legislation will apply across the board to all fitness for duty examinations within law enforcement and probationary employment. Employers of law enforcement officers and probation officers have the ability to establish policies and procedures for fitness for duty examinations within their organizations. This legislation would force agencies that already have efficient policies and procedures in place to eventually change those processes.

For these reasons I have chosen to veto House Bill 2043.

Sincerely,

A handwritten signature in cursive script, reading "Janice K. Brewer".

Janice K. Brewer
Governor

cc: The Honorable Bob Burns
The Honorable John Kavanagh
1700 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007
602-542-4331 • FAX 602-542-7602

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Government Relations represents the city in contacts with the federal government, the state of Arizona, other cities, tribal communities, Maricopa County and regional agencies, while building partnerships between the city and the community at large.

Additionally, Government Relations provides citywide grant coordination and coordinates special projects assigned by the City Manager.



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