



## ***Introduction***

Welcome to the *2015 New Laws Report* of the League of Arizona Cities and Towns. The *Report* is designed to serve as a guide to those enactments of the first regular session of the 52<sup>nd</sup> Arizona Legislature that have direct impacts on municipalities.

During the past session, 1,163 bills and 89 memorials/resolutions were introduced in the House and Senate. Of these, 344 passed the Legislature and were sent to the Governor, and 324 were signed into law. There were no ballot referrals. More than one-fourth of these enactments affect cities and towns and are summarized in the *Report*.

## ***Scope and Use***

This digest is intended only to identify and summarize new laws with significant impact on Arizona municipalities. It does not describe every provision of every law in detail, but it does provide a hyperlink to the chaptered version of each law summarized. For a fuller understanding of new laws, readers are encouraged to review the exact language of their provisions, as well as relevant legislative history.

For new enactments that modify current law, the *Report* makes no effort to describe the underlying law, other than to provide sufficient context for an understanding of the statutory modification.

Furthermore, the *Report* focuses only on new laws that have broad statewide applicability to cities and towns.

## ***Effective Dates***

**Unless otherwise noted, the effective date of the new laws described in the *Report* is July 3, 2015.** This date – 90 days after the conclusion of the legislative session – is the general effective date for all enactments that are passed without an emergency clause or alternative effective date.

The *Report* does endeavor to identify effective dates that vary from the general effective date. Where appropriate, it also includes other statutory dates, such as repeal dates, implementation dates and deadlines.

## ***Disclaimers***

The *Report*, published as a service to the members of the League of Arizona Cities and Towns, does not necessarily identify every law with impacts on municipalities. It is neither designed nor intended to provide legal advice or counsel. It should be relied upon only as a reference tool and not as a comprehensive guidance document. In certain limited instances, the *Report* does highlight action items that should be considered by cities and towns. In no case, however, should the *Report* substitute the independent judgment of your city or town manager or attorney.



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## **Part 1 – Courts, Criminal and Civil Justice, and Law Enforcement**

### **HB 2013 (courts; days; transaction of business)**

#### **[Chapter 28](#)**

HB 2013 permits municipal courts, upon approval of the presiding judge, to transact business on Columbus Day if the city or town is open for the transaction of business on that day.

### **SB 1179 (criminal damage; gangs; criminal syndicates)**

#### **[Chapter 41](#)**

Criminal damage that is associated with a criminal gang or syndicate is now a Class 5 felony, or a Class 4 felony if 1) the damage is \$10,000 or more; 2) the damage to a utility is \$5000 or more; 3) or if the damage to the utility causes an imminent safety hazard to a person.

### **HB2300 (firearms; prosecutors; law enforcement officers)**

#### **[Chapter 52](#)**

HB 2300 authorizes a former or active prosecutor to carry a concealed firearm in any jurisdiction, and expands the definition of peace officer to include a municipal, county, or state prosecutor who has passed an AZPOST-approved pistol qualifying exam conducted by an AZPOST-recognized or National Rifle Association-certified firearms instructor each year.

### **SB 1048 (vexatious litigants; fees; costs; designation)**

#### **[Chapter 61](#)**

The measure prohibits the court from waiving fees and costs for civil actions filed by a pro se vexatious litigant, except in domestic relation actions. A pro se litigant is one who represents themselves. Vexatious litigant is defined in statute as (1) one who repeatedly files actions for the purposes of harassment; (2) unreasonably delays court proceedings; (3) brings court actions without substantial justification; makes unreasonable and repetitive requests for information; and, (4) repeatedly requests items that have already been ruled on.

**Effective Date:** **January 1, 2016**

### **HB 2294 (courts; approved screening, treatment facilities)**

#### **[Chapter 73](#)**

HB 2294 allows the United States Department of Veterans Affairs to approve a treatment facility for court ordered treatment for convictions relating to domestic violence and driving under the influence. Cases and convictions related to domestic violence and driving under the influence may fall within the criminal jurisdiction of municipal courts.



**HB 2089 (aggravated assault; judicial officers)**

**[Chapter 95](#)**

HB 2089 specifies that a person commits aggravated assault on a judicial officer while the victim is engaged in the execution of any official duties or if the assault is the result of the execution of the person's official duties.

**HB 2164 (release; bailable offenses; evidence)**

**[Chapter 100](#)**

HB 2164 requires the court when setting bail to take into account whether the accused has prior arrests or convictions for a serious offense or a violent or aggravated felony or other evidence that the accused poses a danger to others in the community.

**HB 2272 (law enforcement officers; firearm purchase)**

**[Chapter 107](#)**

HB 2272 allows an officer who is a member of ASRS, PSPRS, CORP, or EORP, upon retirement, to purchase firearms issued by his or her employer during the course of employment at a price set by the administrator of the employer agency. The bill also defines officer.

**HB2304 (aggravated assault; simulated deadly weapon)**

**[Chapter 109](#)**

Using a simulated deadly weapon, such as a toy gun, knowingly or intentionally to cause harm or to cause the victim to fear harm will be induced, is now considered aggravated assault and is classified as a Class 3 felony.

**HB 2322 (misbranded drugs; counterfeit marks; offense)**

**[Chapter 113](#)**

HB 2322 expands the definition of racketeering to include manufacturing, selling or distributing misbranded drugs and prescribes a Class 4 felony for violations. The measure also prescribes a Class 2 misdemeanor for possession or use of a misbranded drug.

**HB2527 (prohibited laws; rules; ordinances; firearms)**

**[Chapter 126](#)**

The measure prohibits the state, state agencies, and political subdivisions, with the exception of the Legislature, from enacting or implementing any law, rule, or ordinance relating to the transfer of firearms.



**SB 1063 (obstructing a highway; public thoroughfare)**

**[Chapter 137](#)**

SB 1063 makes it a Class 3 misdemeanor for pedestrians to intentionally activate the pedestrian signal button on a highway or public thoroughfare if the person's reason is to both stop the passage of traffic and solicit money or a donation.

**SB 1064 (service of process; regulation)**

**[Chapter 138](#)**

SB 1064 transfers the section of law relating to private process servers from Title 11 to Title 12. The measure requires alternative or substitute service of process of a photo enforcement notice of violation be sent by certified and regular mail and posted on the front door of the business or residence of the person to be served and a residence's garage door if present and accessible.

**SB 1069 (ordinances; business; prohibited security requirements)**

**[Chapter 139](#)**

SB 1069 prohibits political subdivisions from requiring security equipment of businesses, except for bars, hotels, restaurants, or a business that has live entertainment, dispenses or cultivates medical marijuana, or that requires age verification for admission.

**SB1094 (aggressive solicitation; offense)**

**[Chapter 146](#)**

The bill classifies aggressive solicitation to be a petty offense if a person engages in asking for money or another exchange for goods or services with certain requirements, such as being within 15 feet of a bank entrance/exit, ATM, or continuing to harass, make intentional contact with or obstructing passage. The measure also states that this is not intended to restrict a person's right to picket or protest.

**SB 1295 (fingerprinting; judgment of guilt; records)**

**[Chapter 160](#)**

SB 1295 specifies that a person arrested for a misdemeanor offense involving domestic violence, sex crimes or DUI offenses shall not be released until the person provides fingerprints to the arresting agency.

**SB 1300 (law enforcement body cameras; committee)**

**[Chapter 161](#)**

SB 1300 creates a study committee to assist in developing standards for the use of police body cameras. The bill mandates a report by the end of 2015 and is repealed July 1, 2016.



**SB 1035 (domestic violence treatment programs; providers)**

**[Chapter 194](#)**

SB 1035 allows the courts to approve a domestic violence treatment provider pursuant to rules adopted by the Supreme Court.

**Effective Date:** **January 1, 2016**

**HB 2377 (law enforcement merit system; determinations)**

**[Chapter 213](#)**

HB 2377 requires a basis of just cause in disciplinary actions taken against Department of Public Safety (DPS) or Arizona Peace Officer Standards and Training Board (AZPOST) employees or peace officers employed by certain state agencies.

**HB 2378 (peace officers; unlawful sexual conduct)**

**[Chapter 214](#)**

The measure establishes the criteria for determining unlawful sexual conduct by a peace officer, including but not limited to sexual conduct with a person who is in the officer's custody or a person who the officer knows or has reason to know is the subject of an investigation.

**HB 2553 (sex trafficking victim; vacating conviction)**

**[Chapter 219](#)**

HB 2553 allows a conviction of prostitution to be vacated if the person's offense is found to be the result of sex trafficking.

**HB 2162 (rural fire district study committee)**

**[Chapter 236](#)**

This law establishes a 13 member Joint Legislative Study Committee on Rural Area Fire District Funding and Taxation. The committee will consider the level of fire safety services provided to rural areas by fire districts and fire departments, review taxation levels in various counties, and review the frequency of mergers and consolidations of fire districts in rural areas. The President of the Senate is directed to appoint one city or town representative whose city or town fire and emergency medical services are provided by a fire district. The Committee shall submit a report of its findings and recommendations to the Governor and the Legislature by **December 15, 2015** and self-repeals on January 1, 2016. Another section of statute was modified to permit the governing body of a newly merged fire district to adopt a nationally recognized fire code with the approval of the state fire marshal. If a fire district consolidation is approved, the adopted fire code of the district into which the consolidation was requested must apply to the entirety of the newly consolidated district. This section is retroactive to **January 1, 2014**.



**HB 2205 (emergency service providers; civil liability)**

**[Chapter 239](#)**

Except in cases of wanton or willful misconduct, HB 2205 shields a person, service provider or public entity of emergency services from liability in a civil action.

**HB 2603 (personal injury action; asbestos; requirements)**

**[Chapter 246](#)**

HB 2603 sets out required disclosures for asbestos exposure actions and provides guidance for adjudicating asbestos claims. This law features a retroactivity clause meaning it applies to future cases, pending cases, and those which have not reached final disposition.

**HB 2088 (magistrates; municipal courts)**

**[Chapter 276](#)**

HB 2088 replaces statutory references to police magistrates and police courts with judge(s) and municipal court(s).

**SB 1046 (criminal trespass; first degree; classification)**

**[Chapter 298](#)**

As a result of SB 1046, the penalty for the offense of criminal trespass in the first degree by knowingly entering or remaining unlawfully in or on a critical public service facility increases from a Class 6 felony to a Class 5 felony.





## **Part 2 – Campaigns, Elections and Recordkeeping**

### **HB 2109 (Ballot; form; secondary property taxes)**

#### **[Chapter 48](#)**

The ballot format requirements for bond elections are expanded to include new language on the effect of a “yes” or “no” vote if secondary property taxes are to be used to pay off the bonds.

### **SB 1073 (public records; redaction; former judges)**

#### **[Chapter 79](#)**

SB 1073 allows former judges and United States Immigration Court judges to request that their personal information be kept confidential by removal from public records.

### **SB 1184 (municipal elections; ballot; disclosure)**

#### **[Chapter 83](#)**

Publicity pamphlets for elections to approve a bond, sales tax or property tax are required to include an estimate of the annual levy of property taxes sufficient to pay the debt on any bond measure; the amount of the tax increase for an election on sales tax and for a property tax levy an estimate of the impact of the tax on a single family residence valued at \$100,000, commercial property valued at \$250,000 and vacant land valued at \$100,000. This new law declares that these publicity pamphlet requirements are of statewide concern preempting any local law on the format of the pamphlets. These new requirements are in addition to previously passed requirements for informational pamphlets for bond elections.

### **HB 2214 (majority vote calculation; municipal elections)**

#### **[Chapter 105](#)**

In 2014 the Legislature passed a session law which applied to 2014 and 2015 elections on how a majority vote is calculated for purposes of determining those candidates in city/town elections who are elected at the primary. This law codifies that change so that it is permanent. Instead of basing the calculation on the number of valid ballots cast, the actual votes cast for candidates are tallied and the calculation is based on that number. The reason for the bill is to base the calculation on voters who actually vote in the city/town portion of the ballot. A municipal candidate who receives an outright majority is considered elected and does not have to stand for another elections at the General Election date.





**HB 2589 (campaign finance; electronic filing system)**

**[Chapter 291](#)**

The Secretary of State is authorized, subject to legislative appropriation, to develop an electronic filing system for campaign finance reports that could be used by any political subdivision at the subdivision's option. No appropriation was made during the 2015 session, but it is understood that the Secretary of State's office will proceed with studying what would be involved in expanding its system.

**HB 2608 (elections; active registered voters)**

**[Chapter 293](#)**

Only active registered voters would be counted in calculating a variety of election related percentages. For cities and towns, the change will impact who will receive publicity pamphlets for initiative and referendum elections and how many ballots have to be printed if the city or town is holding its own election.

**HB 2613 (political activity; public resources; limitation)**

**[Chapter 296](#)**

Current law prohibiting the use of public resources or employees to influence elections is expanded to include the use of public resources to influence the outcome of bond, budget override and other tax related elections by the use of city or town focused promotional expenditures that occur after an election is called and through Election Day. Routine city or town communications are exempted from the prohibition, and they are defined as messages or advertisements that are germane to the functions of the city or town and that maintain the frequency, scope and distributions consistent with past practices or are necessary for public safety. Similar prohibitions are provided for counties, school districts, community college districts, and special taxing districts.

**SB 1287 (ballot contents disclosure; prohibition)**

**[Chapter 187](#)**

There is an additional prohibition on what cannot occur within the 75 foot limit of a polling place. A person is now prohibited from taking photographs or videos while within the 75 foot limit. In addition, the new law clarifies the prohibition of "showing a voted ballot" to only apply when a person is showing someone else's ballot to an unauthorized person. Posting an image of the voter's own ballot is legal under the law.

**HB 2407 (referendum and recall provisions)**

**[Chapter 285](#)**

A legislative finding that both referendum and recall elections must strictly conform to constitutional and statutory requirements is included in statute. There is a current finding by the courts that



referendum provisions must be strictly construed. Changes are also made to what constitutes the “full and correct copy” of a referendum, and a prohibition on modifying a petition affidavit is included. Out of state circulators must now register with the Secretary of State regardless of whether the recall, referendum or initiative is a statewide effort. A new requirement is imposed on proponents of a local referendum or initiative to organize the signature sheets by circulator. In determining the validity of petitions, any signed before the date the political committee is formed or any signed after the circulator affidavit is completed are to be invalidated. The election officer is to retain the original signature sheets if the signature count is less than the number required until all litigation (if any) is concluded or the time for any litigation has expired. Also specifies what constitutes the official language on the recall petition and the consequences if wording is changed.

#### **HB 2415 (campaign finance; contribution limitations)**

##### **[Chapter 286](#)**

This law eliminates the separate accounting requirements for primary and general election accounts and increases contribution limits based on an election cycle, rather than each election. For legislative, local and statewide candidates, contributions increase from \$2,500 *per election* to \$6,250 *per election cycle* from an individual or single political committee, and from \$5,000 *per election* to \$12,500 *per election cycle* from a certified political committee (Super PAC). Additional changes include contributions relating to partnerships and revocable trusts and the transfer of surplus monies for existing candidates seeking office in 2016 and 2018. All contribution changes are retroactive to November 4, 2014.

#### **HB 2595 (late filings; campaign finance reports)**

##### **[Chapter 292](#)**

This law increases by one day when early ballots are mailed to voters, to 27 days before the election, and changes when fees accrue on late campaign finance reports. A new time line is established for a filing officer who refers for enforcement a political committee that fails to file a report or pay a late fee or civil penalty.

#### **HB 2649 (campaign finance; political committee; definition)**

##### **[Chapter 297](#)**

In *Galassini v. Town of Fountain Hills, et al.*, (2014) the U.S. District Court found the definition of a “political committee” unconstitutional. This law redefines “political committee,” specifies when a threshold exemption statement is triggered, and changes registration requirements for a specific type of political committee.



## **Part 3 – Taxes, Budget and Finance**

### **SB 1446 (TPT reform; contractors)**

#### **Chapter 4**

This law makes various changes necessary to effectively implement TPT simplification for the construction contracting classification. These changes clarify and correct various parts of the TPT simplification effort that originally passed in HB 2111 in 2013 or was amended by HB 2389 in 2014. This bill was passed with an emergency clause, so all of these changes are effective immediately and they are all retroactive to January 1, 2015. The changes include:

- Prohibits a city or town from requiring a state TPT license (tax license) or a city or town’s business license as a condition for receiving an approved building permit (this does not preclude a city from asking for the tax license number, it just cannot require it);
- Allows a city or town to require a contractor to apply for a city or town’s business license within 30 days of receiving a building permit;
- Eliminates the Registrar of Contractor requirement that a contractor must hold a state TPT license in order to receive an ROC license;
- Creates the mechanisms and requirements for certain contractors to pay the city where the job occurs an amount that is equal to the retail tax rate where the job occurs on the purchase price of materials used in a “maintenance, repair, replacement, alteration” (MRRRA) project, rather than to the vendor who sold them the materials (and the city where the vendor is located);
- Makes various changes to the Retail and Use Tax exemptions clarifying that any materials currently exempt from tax if used in contracting or if sold to a particular customer, are also exempt if used or sold in conjunction with an MRRRA project;
- Replaces “construction, alteration, repair, improvement, movement, wrecking, demolition, addition to or subtraction from” in various statutes regarding prime contracting with “modification” and provides a definition for that term;
- Defines “replacement” as, generally, the exchange of one component or system for another of similar functionality;
- Defines “alteration” as a change to existing property where the contract price and scope of work meets stated maximum criteria:
  - Residential Property:  $\leq 25\%$  of the Full Cash Value per the County Assessor
  - Non-Residential must meet all three of the following:
    - Price less than \$750,000
    - Modification of less than 40% of existing square footage
    - Addition of new square footage that is less than 10% of the existing property
- Treats change orders that are reasonably within the scope of the original contract the same as the original contract;
- Provides that a qualifying original MRRRA contract can exceed the original limits by no more than 25% when all change orders are included without being reclassified as prime contracting;
- Prohibits structuring contracts to purposefully avoid classification as prime contracting;



- Provides an exemption for the first \$10,000 worth of inventory that was purchased without paying tax that is held by anyone that cancels their TPT license not later May 31, 2015, and allows persons with inventory over \$10,000 to pay the amount owed in any one of three ways;
- Provides a “hold harmless” clause for any contract that is bid, contracted or otherwise obligated as to price before May 31, 2015, as follows:
  - Any contract treated as prime contracting will not be changed under audit;
  - Any contract that in good faith was treated as an MRRA job shall not be subject to any additional tax, interest or penalty if an audit determines the contract should have been prime contracting.

**Effective Date:** **January 1, 2015**

**HB 2670 (international operations centers)**

**[Chapter 6](#)**

This law extends the exemption from the utilities classification for electricity and natural gas sold to a manufacturer to also include an “international operation center” as defined in A.R.S. Section 41-1520. Generally speaking, an “international operations center” is a facility certified by the Commerce Authority that meets minimum investments of at least \$100 million per year for a 10 year period (including carryovers if they exceed \$100M in a given year) and a total of \$1.25 billion over the 10 year period. The facility must also meet certain criteria for self-consumption of renewable energy under A.R.S. Sections 43-1083.04 or 43-1164.05. Meeting these criteria allows the facility to qualify for certain income tax credits, as well as allows them to purchase electricity or natural gas without paying state TPT or use tax. This change also includes city and town taxes in the same manner as the rest of this exemption, meaning there will be additional equivalent language to match MCTC Local Option #PP.

**Effective Date:** **August 1, 2015**

**SB 1469 (general appropriations; 2015-2016)**

**[Chapter 8](#)**

In this budget related bill \$15 million is transferred from the State Aviation Fund to the General Fund and \$20 million is transferred from the HELP Fund to the General Fund.

**SB 1471 (revenue; budget reconciliation; 2015-2016)**

**[Chapter 10](#)**

The budget related bill contains a variety of provisions of municipal concern:

- Changes the state’s payment of debt service on the Phoenix Convention Center to match the actual debt service schedule.
- Requires DOR, effective July 1, 2015, to assess and collect fees from local governments for costs incurred in providing administrative services.
- Reduces FY 2017 transfer of DPS costs back to HURF from \$60M to \$30M.



SB 1471 was altered by the passage of HB 2617, which is described later in this section.

**SB 1475 (health; budget reconciliation; 2015-2016)**

**[Chapter 14](#)**

The AHCCCS ambulance remuneration is reduced from 80% to 68.59%. Additionally, cities, towns and counties must now pay 100% of competency restoration.

**HB 2129 (municipal tax code commission; continuation)**

**[Chapter 24](#)**

This measure officially extends the termination date for the Municipal Tax Code Commission (MTCC) for another 8 years, through July 1, 2023. It also repeals A.R.S. Section 42-6052, which details the responsibilities of the MTCC, effective January 1, 2024.

**Effective Date:** **July 1, 2015**

**HB 2109 (ballot; form; secondary property taxes)**

**[Chapter 40](#)**

This measure requires that when bonds to be repaid with secondary property taxes are placed on a ballot, that the ballot must contain the words “bond approval, yes” and “bond approval, no” and a statement that a “yes” vote will authorize the governing body to issue and sell the bonds and that a “no” vote will not authorize the governing body to issue and sell the bonds.

**HB 2128 (leased religious property; class nine)**

**[Chapter 49](#)**

This measure classifies property, buildings and fixtures, or any portion thereof, that are leased to a nonprofit church, religious assembly or religious institution and that are primarily used for religious worship as a class nine property for property tax purposes. The church, religious assembly or institution must annually file with the county assessor an affidavit with specified information in order to qualify for this classification. Property, buildings and fixtures owned by an educational, religious or charitable organization that are leased to a nonprofit church, religious assembly or institution and used primarily for religious worship are exempt from taxation.

**HB 2147 (TPT; municipal tax; pole attachment)**

**[Chapter 72](#)**

This law exempts the leasing of space to make attachments to utility poles from the state tax under the Tangible Personal Property (TPP) rental and utilities classifications when the lessee and lessor are both in the business of providing utilities or telecommunications services, including cable operators. This law



also preempts cities and towns from imposing their taxes; however, with the exception of adding cable operators, this activity was already exempt under the Model City Tax Code.

In addition, the law changes the definition of “replacement” under A.R.S. 62-5075, to clarify that an original component only needs to be removed from service, as opposed to requiring that it be physically removed, to qualify as a replacement project that is taxable on materials cost only.

The Model City Tax Code will be amended to conform to each of these changes.

**Effective Date:** **January 1, 2015**

**SB 1465 (distributed energy generation systems; disclosure)**

**[Chapter 90](#)**

This measure establishes requirements for agreements governing the financing, sale or lease of a "distributed energy generation system" to any person or a political subdivision including a city or a town. The agreement must be dated and signed by the buyer or lessee, must include a provision granting the buyer or lessee the right to rescind the agreement within three business days after signing and before the system is installed, and must contain specified information about the system. The agreement must set forth the total cost to the buyer or lessee for the system over the life of the agreement, including interest and fees, and must identify all current tax incentives and rebates for which the buyer or lessee may be eligible. The agreement must identify potential tax obligations related to the system, disclose any restrictions or other impacts the agreement may have on the ability to modify or transfer ownership of a system, and provide a full and accurate summary of the total costs of maintaining and operating the system over the life of the system.

**Effective Date:** **January 1, 2016**

**HB 2110 (taxing district boundaries; deadline extensions)**

**[Chapter 98](#)**

This law changes the deadline for municipal, school district, community college district and other special taxing district governing bodies to file information relating to changes in boundaries and the boundaries of newly created taxing jurisdictions to December 20 of the year preceding the year in which assessments or taxes are to be levied, instead of February 15 of the year in which the assessments or taxes are to be levied. The governing body is required to request the extension by November 30, instead of by December 31, of the year preceding.





**HB 2538 (special districts; truth in taxation)**

**[Chapter 128](#)**

This measure requires the county assessor to transmit and certify to the governing body of each county flood control district, county free library district, county jail district and public health services district the total net assessed values that are required to compute the property tax levy for that district by February 10 of each year. If the proposed secondary property tax levy of the district, excluding amounts attributable to new construction, is greater than the amount levied by the district in the preceding year, the governing body is required to publish a notice that meets specified requirements and must hold a truth in taxation hearing concurrently with the adoption of the county budget. (In lieu of the notice, the district may mail the notice to each registered voter in the district.) The governing body is also allowed a motion to levy the increased property taxes by roll call vote.

**HB 2615 (illegal tax levies; review; notice)**

**[Chapter 221](#)**

This law requires the Property Tax Oversight Commission to review the secondary property tax levy of each county, municipality, and community college district to identify violations of constitutional and statutory requirements. If the Commission determines that a secondary property tax levy is in violation of law, the Commission is required to notify the affected entity and the Attorney General by December 31. The law also transfers administration of the Debt Oversight Commission from the Department of Revenue to the State Treasurer.

**Effective Date:** **January 1, 2016**

**HB 2617 (NOW: counties; municipalities; budgets)**

**[Chapter 323](#)**

This law makes various changes to city financial reporting requirements, including:

- Requires four copies of the annual audit report to be signed by the auditor;
- Requires one copy of the audit report to be filed with the Auditor General within nine months after the close of each fiscal year (extended from four months, eliminates AG's authority to grant an extension); requires one copy to be submitted to the Secretary of State (in lieu of depositing one with the Arizona state library, archives and public records);
- Requires all cities and towns to publish the audit report on their official website within seven business days of filing it with the Auditor General, where it must be maintained for not less than five years;
- If the financial statements are not filed on time, the city shall post a form prescribed by the Auditor General stating the financial statements are pending, the reasons for the delay, and estimated date of completion; this form must also be filed with the Auditor General, Speaker of the House, and President of the Senate.





- Eliminates the option for cities and towns without a website to post their estimates of revenues and expenses and subsequently approved budgets on the League's website, requiring instead that they must be posted on each municipality's own official website.

In addition, HB 2617 also amended SB 1471 (revenue; budget reconciliation; 2015-2016) regarding how cities, counties, MAG and PAG would share in an ongoing partial assessment of DOR operating costs. Under this law, the total of selected local government revenues collected by DOR in FY14 were identified as the denominator and the revenues collected on behalf of each group were identified as the numerator to calculate each group's share of the \$20,755,835 in required total funding. For cities, once the total required funding was determined (\$10,912,910), the amount due for any particular city or town was allocated based on the 2010 decennial census population figures, in the same way that State Shared TPT revenues are allocated. Additionally, each self-collecting city was assessed a one-time fee of \$0.76 per population to fund software development of DOR's Tax Accounting System necessary to accommodate State administration for those cities.

Session law requires the Department of Revenue to issue a bill for the amount due from each jurisdiction not later than July 31, 2015, with payment due not later than September 30, 2015. Payment can be made using any funds the city or town chooses, however, any balance that remains due after September 30, 2015 will be deducted from the city or town's next state shared TPT payment.

#### **HB 2131 (tax adjudications; attorney fees)**

##### **[Chapter 234](#)**

This law increases maximum amount of attorney fees and expenses that may be awarded by the court to a party that prevails by adjudication on the merits in an action brought by that party against the state, a county or municipality challenging the assessment of taxes or the denial of a tax refund. At each level of hearing or court adjudication, reimbursement shall not exceed \$75,000 or actual monies spent and the reimbursable attorney or other representative fees shall not exceed \$350 per hour. Beginning in 2016, the Attorney General is required to adjust the maximum amounts for awards of fees and expenses according to the average annual change in the metropolitan Phoenix Consumer Price Index. The change cannot be revised below the amounts prescribed in a prior calendar year.

#### **HB 2142 (water infrastructure finance authority; prepayment)**

##### **[Chapter 260](#)**

This law prohibits the Water Infrastructure Finance Authority (WIFA) from unilaterally amending the financial assistance agreement, loan or bond after its execution for financial assistance from the Clean Water Revolving Fund. The law also prohibits WIFA from implementing any policy that modifies terms and conditions or affects a previously executed financial agreement, loan or bond. WIFA is also prohibited from imposing a redemption premium or interest payment beyond the date the principal is paid as a condition of refinancing or receiving prepayment on a financial assistance agreement, loan, or bond if the agreement, loan or bond did not contain a redemption premium or interest payment beyond



the date the principal is paid. The same restrictions apply for financial assistance made from the Drinking Water Revolving Fund. This law applies to all financial assistance agreements, loans or bonds issued or executed by WIFA before or after the effective date of this legislation.

**HB 2636 (contract progress payments; design professionals)**

**[Chapter 247](#)**

This law adds design professionals and design professional service contracts to current statute regulating contracts and requiring prompt payment for employment of contractors for public buildings and improvements. Session law specifies that changes relating to contracts with public agencies do not apply to design professional service contracts entered into before the effective date of this legislation.



## **Part 4 – General Government**

### **SB 1335 (fire access roads; limitation; enforcement)**

#### **[Chapter 88](#)**

This law amends statute prohibiting counties and municipalities from adopting a fire code or other legal requirement for an approved fire apparatus access road that directly or indirectly requires the installation of fire sprinklers to include enforcement provisions and allow relief to be awarded against the county or municipality. The new law also includes a legislative determination that property rights are a matter of statewide concern, and this statutory prohibition preempts any regulation adopted by a county or municipality regarding an approved fire apparatus access road. HB 2003 followed this bill to clarify that the new law is not intended to restrict municipal fire road programs.

### **HB 2212 (licensing; accountability; enforcement; exceeding regulation)**

#### **[Chapter 104](#)**

This law allows prohibited acts regarding licensing decisions made by an employee of the state or a political subdivision to be enforced in a private civil action. The law clarifies that if an employee intentionally or knowingly violates this section of statute then it is cause for disciplinary action or dismissal pursuant to the adopted personnel policies. The law maintains immunity protections contained in sections 12-820.01 and 12-820.02.

### **SB1072 (local planning; residential housing; prohibition)**

#### **[Chapter 140](#)**

The measure prohibits the practice of setting aside a portion of a new multi-family housing project as low income housing, and is effective retroactively to January 1, 2015.

**Effective Date:** **January 1, 2015**

### **SB 1079 (solid waste collection; multifamily housing)**

#### **[Chapter 142](#)**

SB 1079 classifies multi-family housing as commercial property for the sake of waste collection, thereby allowing for private haulers to service such housing. The bill contains a delayed effective date.

**Effective Date:** **July 1, 2016**



**SB 1090 (neutrality agreement; apprenticeship agreement; prohibition)**

**[Chapter 144](#)**

SB 1090 prohibits government entities from requiring contractors to enter into neutrality agreements or participate in United States Department of Labor (USDOL) apprenticeship programs in conjunction with contracts for public works and utility construction projects.

**SB 1169 (fire code requirements; fire watch)**

**[Chapter 152](#)**

SB 1169 allows an employee to serve as a fire watch in the building where the employee works if a municipality's fire code requires the use of a fire watch. A person serving as a fire watch must be provided a means to contact the fire department, must constantly patrol the premises in search of fire as his or her only duty, and must be provided with printed instructions from the state fire marshal. Furthermore, school facilities with an aggregate area of less than 5,000 square feet are subject to inspection and permitting by the local fire marshal, unless the municipality does not employ one.

**SB 1187 (services outside municipal boundaries; requirements)**

**[Chapter 153](#)**

The measure provides requirements for cities or towns that provide landfill services and recycling collection or processing services outside of their boundaries. These requirements are current law for waste collection outside of municipal boundaries.

**SB 1342 (responsibility of payment; utility services)**

**[Chapter 166](#)**

SB 1342 prohibits charging anyone for services such as waste collection other than the person who contracted for the service, and also prohibits liens against a homeowner for an assessment imposed for the removal of rubbish, trash, filth or debris if the property has four units or less, was serving as a rental and had a tenant at the time of the assessment.

**SB 1368 (municipalities; additional business licenses; prohibition)**

**[Chapter 189](#)**

This law prohibits municipalities from requiring additional business licenses for real estate brokers or salespersons already licensed in the city or town in which their primary place of business is located.



**HB 2003 (fire sprinklers; permits; regulation)**

**[Chapter 191](#)**

Current law prohibits municipalities and counties that did not require fire sprinklers prior to December 31<sup>st</sup>, 2009 from adopting any code or ordinance that requires citizens or entities to install fire sprinklers in a single family detached residence or any residential building that contains no more than two units. HB 2003 amended current law to require municipalities and counties to include the language of these statutes on fire sprinkler application forms. The law also clarifies that statutes prohibiting municipalities and counties from requiring fire apparatus access roads and a direct or indirect means of requiring fire sprinklers do not prohibit municipals from requiring fire access roads that ensure public health and safety.

**HB 2557 (codes; adoption by reference; copies)**

**[Chapter 193](#)**

Under this law, municipalities are permitted to file one paper copy and one electronic copy of an adopted ordinance in the office of the municipal clerk. Previous law required at least three paper copies.

**SB 1316 (subpoena compliance; copying; clerical costs)**

**[Chapter 232](#)**

SB 1316 increases the per page cost to 25 cents and clerical costs to \$25 per hour within the definition of reasonable costs relating to non-party witness costs for the production of documentary evidence to comply with a subpoena.

**HB 2383 (invalid annexation; return procedure)**

**[Chapter 284](#)**

This law creates an alternative method for de-annexing property located in a county with a population of more than 2 million people if certain conditions are met. The territory seeking severance from a municipality and returned to the county is required, within 10 years after the territory's initial annexation, to file with the clerk of the county board of supervisors a petition signed by the owners of 1/2 or more in value of the real and personal property and more than 1/2 of the persons owning real and personal property of the territory. The filing must also include: a description and map of the territory to be severed, an affidavit stating that the municipality failed to comply with statutory requirements for annexation, and an affidavit stating that the developer did not complete the municipality's subdivision regulations. The law requires the county board of supervisors to set a public hearing and notify the governing body of the municipality in which the territory to be severed is located and each owner of real property in the territory. If owners of at least 51 percent of the land area protest the action or if the municipality demonstrates compliance with annexation statutes, the board of supervisors cannot declare the initial annexation void. After the public hearing, the law requires the board of supervisors to order the territory to be severed from the municipality and returned to the



county if the requirements are met. The law prohibits the municipality from requiring the owner of property that is not located in the municipal boundaries to improve the owner's property unless there is a substantial nexus to water or wastewater service that is provided to the owner's property by the municipality. The provisions self-repeal on July 1, 2017.

**SB 1241 (auxiliary containers; regulatory prohibition; reporting)**

**[Chapter 271](#)**

SB 1241 prohibits cities, towns and counties from enacting regulations regarding energy measuring or reporting or auxiliary containers. Auxiliary containers are defined as reusable bags, disposable bags, boxes, beverage cans, bottles, cups and containers that are made out of cloth, plastic, extruded polystyrene, glass, aluminum, cardboard or other materials that are used for transporting merchandise to or from a business or multifamily housing property.



## **Part 5 – Transportation and Traffic Enforcement**

### **SB 1051 (autocycles; Class M license; exemption)**

#### **[Chapter 33](#)**

SB 1051 defines autocycle as a three-wheeled motorcycle on which the driver and passengers ride in a completely enclosed seating area that is equipped with a roll cage, safety belts for each occupant and antilock brakes, and is designed to be controlled with a steering wheel and pedals. It also stipulates that a class M driver license is not necessary to operate an autocycle.

### **HB 2523 (towed vehicles; local authority)**

#### **[Chapter 176](#)**

HB 2523 allows a person to choose any towing company or operator of a towing vehicle to transport a motor vehicle from a towing company's storage lot to a vehicle repair facility.

### **HB 2211 (autocycles; motorized quadricycles)**

#### **[Chapter 279](#)**

HB 2211 defines a motorized quadricycle as a self-propelled motor vehicle featuring (a) an emissions-free electric motor, (b) at least four wheels, (c) seating for eight passengers, and (d) operability on a flat surface using solely the electric motor. Furthermore, the vehicle must fall under the definition of a commercial motor vehicle, be licensed to operate as a limousine, and comply with the definitions and standards for low-speed vehicles.

### **HB 2422 (vehicle towing)**

#### **[Chapter 307](#)**

HB 2422 removes bond requirements for tow truck operators and provides that if a towing firm has a contractual agreement with DPS or a county, city or town for towing and/or storage services and that towing firm acquires another firm with a contractual agreement, both agreements remain valid for one year or until the end of the agreement, whichever is shorter.





## **Part 6 – Labor, Employment, Retirement and Benefits**

### **SB 1097 (ASRS; health insurance benefits)**

#### **[Chapter 37](#)**

This measure states that if a member of the Arizona State Retirement System who is eligible for health insurance premium assistance benefits forfeits the member's interest in the account before the termination of ASRS, an amount equal to the forfeiture must be applied as soon as possible to reduce employer contributions to fund the premium assistance benefits. Contains a retroactive effective date.

**Effective Date:** **July 1, 2013**

### **SB 1119 (ASRS; purchase of credited service)**

#### **[Chapter 38](#)**

This measure places a 60-month limit on credited service that may be purchased in the Arizona State Retirement System for previous employment with other governmental entities or for active military service for those members with membership dates on or after July 20, 2011. The measure also changes the requirement for ASRS members to have at least five years of credited service in ASRS before electing to purchase credited service applies only to members with a membership date that is on or after July 1, 2010.

### **SB 1054 (CORP; health benefits; retirement benefits)**

#### **[Chapter 62](#)**

This measure makes numerous changes to the Corrections Officer Retirement Plan that aimed at ensuring the non-profit tax status of the plan by complying with new IRS requirements. Section 5 of this measure, which affects A.R.S 38-906, is effective retroactively from September 26, 1990.

### **SB 1055 (EORP; health benefits; retirement benefits)**

#### **[Chapter 63](#)**

This measure makes numerous changes to the Elected Officials Retirement Plan that are aimed at ensuring the non-profit tax status of the plan by complying with new IRS requirements.

### **SB 1057 (PSPRS; health benefits; retirement benefits)**

#### **[Chapter 64](#)**

This measure makes numerous changes to the Public Safety Personnel Retirement System that are aimed at ensuring the non-profit tax status of the plan by complying with new IRS requirements.



**SB 1096 (ASRS; actuarial valuation method)**

**[Chapter 65](#)**

This law requires the Arizona State Retirement System (ASRS) Board to determine which generally accepted actuarial cost method it will use in the annual actuarial valuation and for calculating employer contribution rates.

**Effective Date:** **June 30, 2016**

**HB 2168 (public agency pooling; unemployment insurance)**

**[Chapter 101](#)**

HB 2168 expands the types of service that an insurance pool, as an agent of the participants, can offer to its participants, including the option to make payments in lieu of contributions on behalf of pool participants that participate in the unemployment insurance program administered by the Department of Economic Security.

**HB 2331 (workers' compensation; fraudulent claims; forfeiture)**

**[Chapter 115](#)**

HB 2331 requires a claimant for workers' compensation to sign a document acknowledging that by knowingly making a false statement or representation in order to obtain any compensation, the claimant forfeits all rights to any future temporary or permanent disability compensation for the claim on which the false statement or representation was made after conviction of the offense. It also requires a claimant for compensation to sign any monthly or annual income status report which states employment status or earnings to the insurance carrier or self-insured employer.

**SB 1121 (ASRS; participation opt out; continuation)**

**[Chapter 148](#)**

This measure requires the Arizona State Retirement System to allow members meeting specified requirements to elect to opt out of the system at any time, instead of only until July 1, 2015. The bill contains an emergency clause. Contains a retroactive effective date.

**Effective Date:** **April 1, 2015**

**HB 2338 (ASRS; disability program)**

**[Chapter 174](#)**

This measure clarifies that participation in the Arizona State Retirement System Long-Term Disability Program requires that a member must develop a disability, instead of a "total" disability. (Does not change any of the eligibility criteria.)



**HB 2339 (ASRS; rules)**

**[Chapter 175](#)**

This measure requires the Arizona State Retirement System to make information concerning a member's account accessible to the member in written or electronic form. This information includes the member's current account balance, contact information, beneficiary election, estimated retirement date and estimated benefit amount.