

An aerial photograph of a city skyline at sunset. The foreground shows a dense urban area with various buildings, including a prominent skyscraper with a glass facade. The background shows a vast expanse of the city stretching towards the horizon, with a warm, golden light from the setting sun illuminating the scene.

2021 Legislative Wrap-up

League of Arizona
Cities AND Towns



SESSION AT A GLANCE

- Adjourned *sine die* on June 30 – 171 days!!!!
- Bills are effective on September 29
- 1774 bills introduced – two in special session
- 473 passed
- 446 signed
- 28 vetoed
- League staff tracked about 450+ bills!!!!

Newsworthy Events of the Session

- Senate election audit of Maricopa County's 2.1 million ballots
- Election reform legislation – early voting list, ban on private election funding
- Bill to override electoral college vote
- Anti Defund the Police legislation
- Bills restricting governor's emergency powers
- Law enforcement officer investigation bills
- Failed recall efforts against lawmakers (Bowers, Finchem, Boyer)
- Contentious abortion legislation
- LONG budget process, including attempt by House Democrats to deprive quorum to pass income tax package
- Simmering tensions between lawmakers with slim margins in both chambers
- Special session to address wildfires
- COVID-19 restrictions and security measures at the Capitol following January 6 protests
- Bills to circumvent the Prop 208 education surcharge
- Critical race theory legislation
- ESA expansion
- Several legislators announced campaigns for higher office
- Sports betting, expanded gaming compacts, and cocktails-to-go





MAJOR LEGISLATIVE ISSUES

- Income tax reduction
- State budget impacts to cities and towns and targeted transportation projects
- Election law amendments
- Criminal justice reform and civil asset forfeiture
- COVID-19/pandemic-related legislation
- SB1487 expansion
- Repurpose DOR fee to pay firefighter cancer claims
- Street racing
- Law enforcement officer investigations
- Tobacco/Vape regulation
- League resolutions





MAJOR ISSUES:

INCOME TAX REDUCTION

- Governor Ducey's long-time campaign priority to make Arizona on par with Utah, Nevada, Texas, Florida to attract investment from other states.
- The original plan would have reduced income tax collections by up to \$600M annually.
- Legislative leaders decided on a more aggressive income tax reduction, including a proposed flat tax that would yield an annual \$1.5B decline in revenues.
- Directly impacts Voter-Approved Local Revenue (VALR) with 15% shared percentage consistent with 1970s voter-approved measure.





MAJOR ISSUES:

INCOME TAX REDUCTION

- Primary reason for the protracted legislative session.
- A few Republican holdouts and strong opposition from Democrats made passing the proposal very challenging.
- Republican holdouts were concerned about impacts to local law enforcement budgets, pension and general debt obligations, implications to state government functions, among others.
- The League worked with top economists to provide the Legislature data to make an informed decision on long-term impacts.
- Budget negotiators dismissed data-driven projections for their unproven analysis of revenue projections.
- Democrats and education groups fiercely opposed the plan as it undercut the recently passed Prop 208 and didn't meet other priorities.
- House Democrats temporarily deprived a quorum to vote on the budget, further delaying passage.
- Expecting referendum effort in the next few months to put the proposal on the ballot.



MAJOR ISSUES:

INCOME TAX REDUCTION

- After lengthy negotiations and compromise, the Legislature succeeded in passing the tax package with the budget.
- Beginning in 2022, it reduces the income tax rates to 2.55% up to \$27,272, and 2.98% above this amount, up to 4.5% for income above \$250,000.
- In 2024, the new flat tax rate will take effect if certain revenue benchmarks are met.
- It will include a 2.5% on all income, with a 4.5% rate over \$250,000





MAJOR ISSUES:

BUDGET IMPACTS TO CITIES AND TOWNS →

- Budget reconciliation process used to pass non-budget policy, some to the detriment of local government.
- \$61M appropriated for local transportation projects throughout the state.
- \$50M earmarked for I-10 widening between Chandler and Casa Grande.
- \$18M for local airport projects.
- \$4.3M for homeless and hunger services.
- \$300K appropriation and directive to the National Guard to prevent and respond to cyber attacks to the state and political subdivisions.



MAJOR ISSUES: ELECTION LAW AMENDMENTS

- Several bills were introduced this year to address perceived election problems both in Arizona and nationally.
- The bills considered include:
 - Prohibition on local and state election officials accepting private and non-profit funding for administering elections, referred to in the media as “Zuckerbucks” (**HB2569**).
 - A controversial modification to the state’s permanent early voting list, now called the “Active Early Voter List” requires the removal of voters who fail to return a ballot for two consecutive election cycles (**SB1485**).
 - Prohibiting election officials from delivering early ballots that were not requested by voters (**HB2905**).
 - Removing the authority of the secretary of state to defend state election laws and assign this function solely to the attorney general (**SB1819**).
 - Requiring ballots to be printed on specified paper that contains watermarks, holographic foil, and complex security background designs, among other requirements (**SB1819**).



MAJOR ISSUES:

CRIMINAL JUSTICE REFORM AND CIVIL ASSET FORFEITURE

- Over the past few years, the Legislature has attempted criminal justice reform measures, including allowing nonviolent offenders early release.
- This year's measure, **HB2713/SB1064**, failed to receive a final vote in the Senate, and is expected to be reintroduced next session.
- The Legislature overwhelmingly passed civil asset forfeiture reform legislation, despite strong opposition from law enforcement and county attorneys.
- **HB2810** requires a conviction of an offense where forfeiture applies before property is subject to forfeiture or seizure.



MAJOR ISSUES:

COVID-19/PANDEMIC LEGISLATION

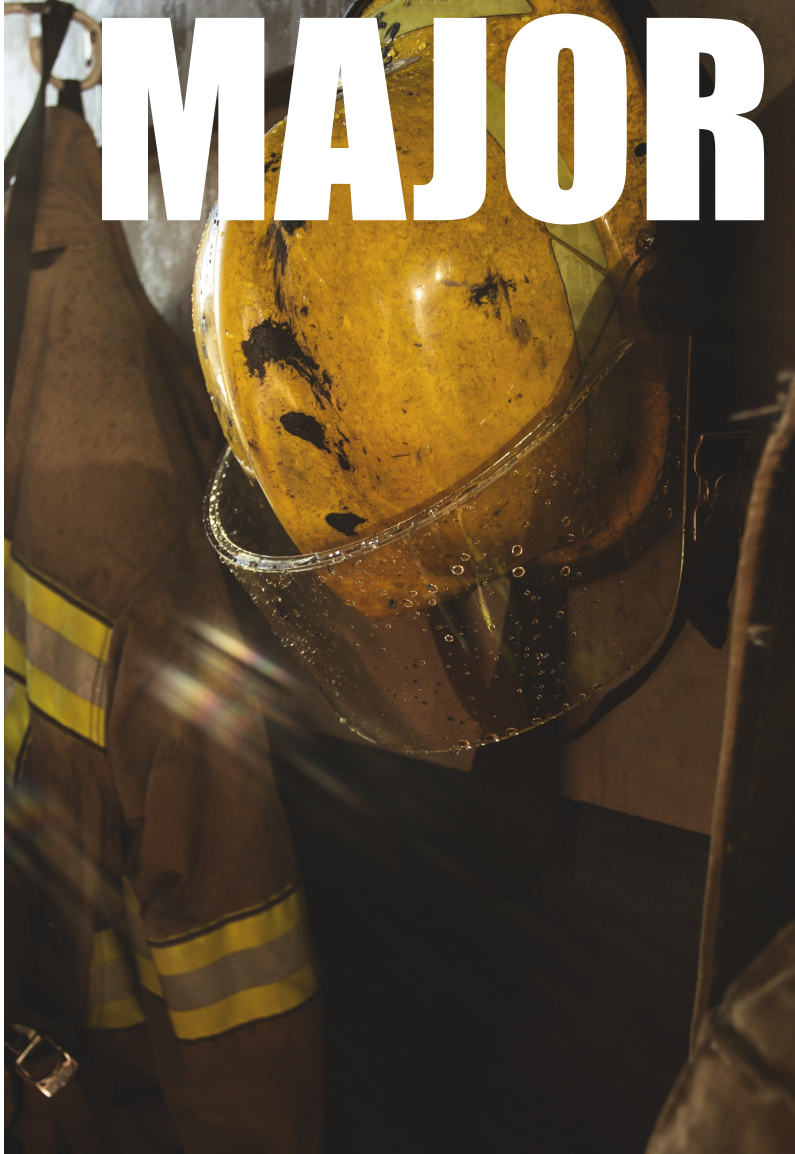
- Several bills were introduced related to COVID-19.
 - **SB1819** prohibits local mask mandates, business shutdowns, curfews, or any other mandate that impacts businesses, schools, or churches.
 - **SB1819** also limits the governor's emergency authority by restricting the duration of emergency proclamations, instituting automatic termination, and requiring legislative approval for an extension.
 - **SB1824** prohibits vaccine passports, local vaccine mandates, and business verification of customer's vaccine status.
 - **SB1377** provides businesses and local and state governments a defense from tort claims related to public health pandemics if they acted in good faith to protect the public and reasonably followed policies and guidance.
 - **HB2570** prohibits local governments from permanently revoking any business license for failure to comply with state-issued emergency orders.
 - **HB2770** exempts businesses from enforcing a mask mandates on their customers.

MAJOR ISSUES:

SB1487 EXPANSION

- Last minute policy addition to the budget that expands legislative authority to file SB1487 claims against cities, towns, and counties.
- **HB2893** includes a provision allowing a state legislator to file a complaint regarding local administrative actions, including written policies, rules, and regulations.
- This is a significant expansion of the law that previously limited complaints to council adopted ordinances, rules, and regulations.





MAJOR ISSUES:

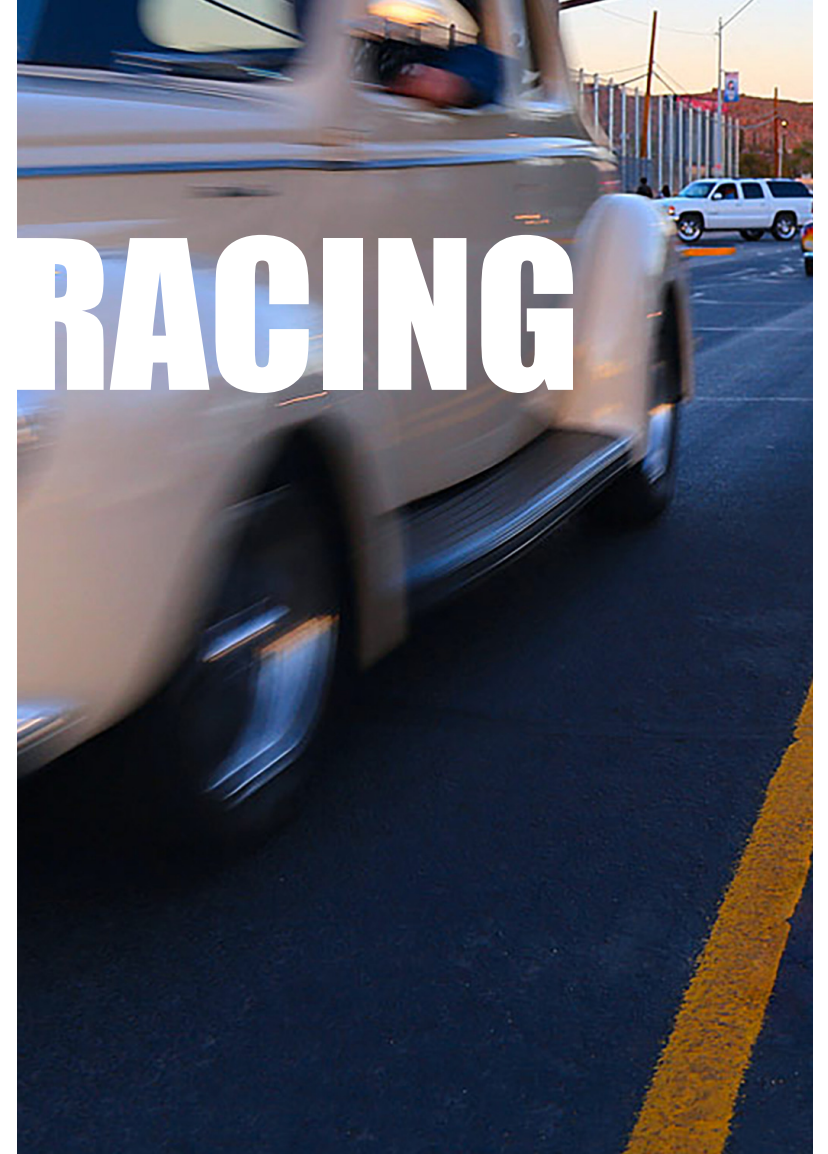
DOR FEE AND FIREFIGHTER CANCER CLAIMS

- League staff worked closely with legislative leaders to repeal the state's long-standing fee imposed on local governments to fund Department of Revenue operations.
- **SB1827** repeals the annual DOR assessment and establishes a new assessment based on population, overseen by the Industrial Commission, and deposited into a new fund dedicated to paying firefighter disability, death, and medical claims.
- **SB1823** appropriates state monies to the ICA to manage the fund.



MAJOR ISSUES: STREET RACING

- Major issue for urban cities where street racing and “drifting” car meet-up activities have increased substantially in recent years.
- These events have caused accidents, injuries, and sometimes fatalities and have been common constituent complaints.
- **SB1533** will require law enforcement to impound or immobilize vehicles used in these events and levy a \$1,000 fine for racing on streets and highways.
- Establishes a Class 2 misdemeanor (up to four months jail and up to \$750 fine) for aiding or abetting a street racing event.



MAJOR ISSUES:

LAW ENFORCEMENT OFFICER INVESTIGATIONS

- Civilian Review Boards
 - HB 2462 retroactively requires specific training for individuals serving on civilian review boards. HB 2567 requires that any government committee or board that investigates officer misconduct, that 2/3 of the voting members be AZPOST certified.
- Police reform efforts spearheaded by Democrats received committee hearings but were not ultimately successful in passing.
- Discussions on body cameras resulted in an ongoing appropriation to DPS for body cameras (equipment & storage for future FYs).
 - Provisions limiting release of footage apply to DPS only, not local LE.



MAJOR ISSUES:

TOBACCO/VAPE REGULATION

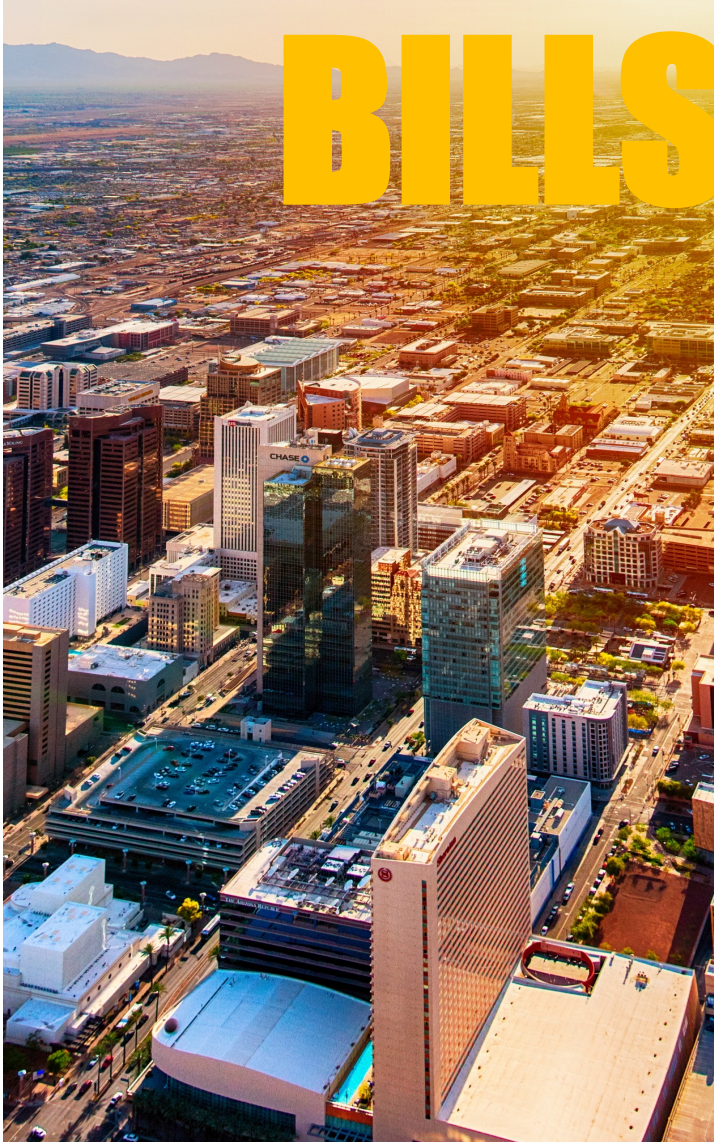
- On-going issue concerning how the state should regulate sales and marketing of tobacco and vapor products.
- Tobacco industry continues to seek legislation to preempt local governments from regulating the proximity of tobacco and vape shops and advertising to schools. They also want to prohibit local retail licensing and store inspection requirements.
- Health advocates proposed state tobacco retail licensing and reaffirm existing local zoning and regulatory authorities.
- 12 bills introduced this session – none passed.
- This issue will likely come back next session.



- **Affordable housing tax credit**
 - Attached to SB1124; passed
- **Short-term rentals**
 - HB2481 held in House Rules
 - SB1379 (industry bill) died on House 3rd read
- **Blight – abandoned buildings**
 - SB1493 no hearing
- **Newspaper public notices**
 - SB1645 passed
- **Ordinance public notice posting**
 - HB2400 passed
- **Liquor board membership**
 - SB1257 passed
- **Consular ID cards**
 - SB1420 passed

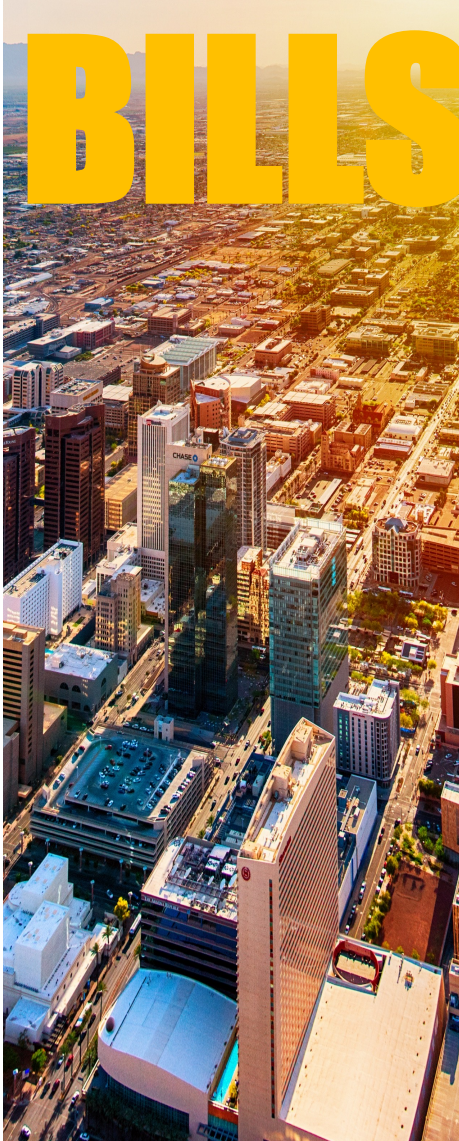


LEAGUE RESOLUTIONS



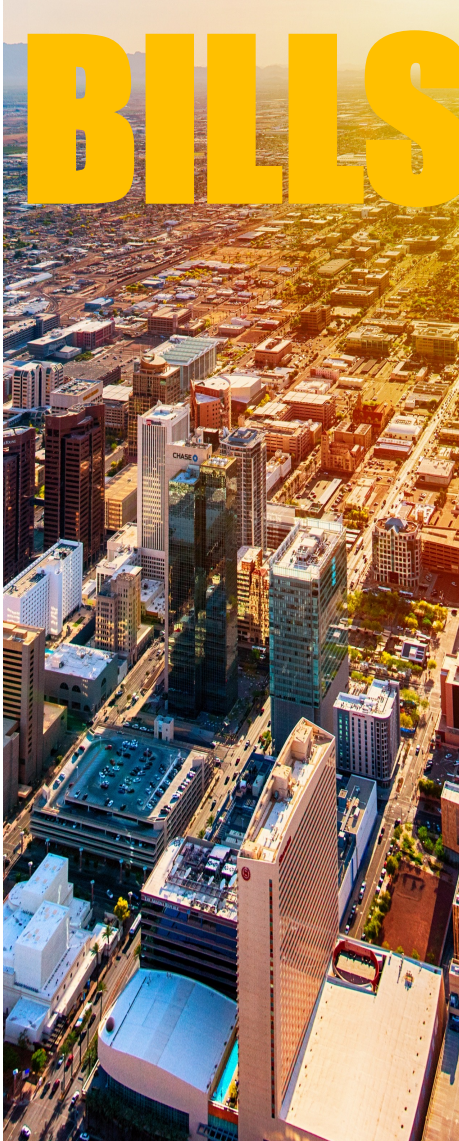
BILLS **WE** **FIXED**

- **HB2110 civil penalties; mitigation; restitution**
- **SB1258 state of emergency; tolling; permits**
- **SB1448 agricultural operations; nuisance; costs; damages**
- **SB1429 solid waste services; private provider**
- **SB1409 zoning ordinances; property rights; costs**



WE DEFEATED

- **HB 2049 eminent domain; existing contracts**
- **HB2108 telecommunications; public highways; fees**
- **HB2211 TPT; prime contracting; exemptions; certificates**
- **HB2618 public nuisance; noise; evidence**
- **HB2668 homelessness; grants**
- **HB2682 tobacco; vapor; alternative nicotine; regulation**
- **HB2716 licensing; building permits; temporary permits**
- **HB2804 public meetings; executive sessions**
- **HB2861 building permits; fees**



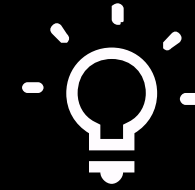
WE DEFEATED

- **SB1146 motor vehicle dealers; TPT exemption**
- **SB1333 law enforcement; budget reduction; prohibition**
- **SB1334 fireworks; aerial devices**
- **SB1406 aircraft registration fees; taxation; repeal**
- **SB1419 highway video surveillance; prohibition (photo radar)**
- **SB1487 private attorney retention; municipalities; counties**
- **SB1496 e-liquids; tobacco products; vapor products**
- **SB1643 attorney fees; costs; recovery**
- **SB1687 governmental entities; social media; prohibition**



SESSION

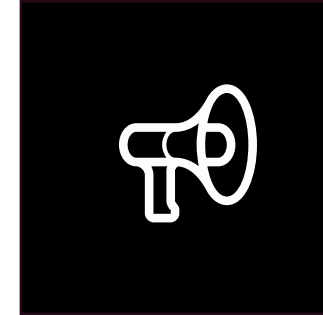
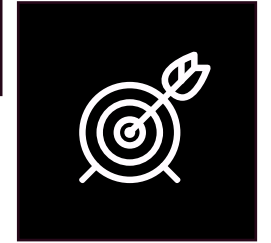
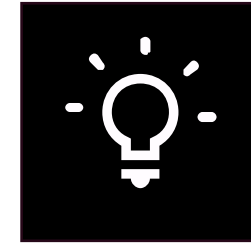
- Homelessness
- Short-term rentals
- Public utility condemnation
- Tobacco/Vape Regulation
- Criminal justice reform
- Telecom ROW fees
- More Preemptions
- Election Year



Other Bills of the Interest

- HB2111 2nd amendment; unenforceable federal laws
- HB2168 use of force; reports; analysis
- HB2295 law enforcement officers; database; rules
- HB2317 community facilities districts
- HB2462 civilian review board members; training
- HB2550 complaints against peace officers; notification
- HB2567 peace officers; investigator membership; requirements
- SB1720 peer-to-peer car sharing





QUESTIONS?

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