County Supervisors
ASSOCIATION
of arizona

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COUNTY SUPERVISORS ASSOCIATION
LEGISLATIVE POLICY COMMITTEE
AGENDA
February 15, 2013
Teleconference 1-866-228-9900
Access Code 326208#
Web Link
County Supervisors Association
1905 W. Washington St.
Phoenix, AZ

9:00 a.m. Call to Order ~ *President Lenore Stuart*

A) Approval of the Minutes of the Legislative Policy Committee Meeting of February 8, 2013

B) State Budget Update

C) TPT Proposal
HB 2657 transaction privilege tax changes (*Lesko*)

D) Legislative Bills / Issues for Discussion and Possible Consideration
Fire Districts
1. HB 2200 county fire department; authorization (*Borrelli*)
2. HB 2572 fire districts; financial standards (*Coleman*)
3. SB 1282 countywide fire districts (*Crandell*)

Regulatory Reform
4. HB 2443 cities; counties; regulatory review (*Olson*)

Courts & Criminal Justice
5. HB 2158 court-ordered evaluations (*Kavanagh*)
6. SB 1273 alcohol; drug abuse; courts; treatment (*Crandell*)
7. SB 1413 appeals; postconviction relief (*Murphy*)

General
8. HB 2338 regional water augmentation authorities (*Tobin*)
9. HB 2608 EORP; closure; defined contribution (*Lovas*)
10. SB 1266 illegal dumping; penalties (*McGuire*)

E) Update of CSA-sponsored Bills
1. HB 2124 fire districts reorganization elections (*Ugenti*)
2. HB 2138 municipalities; rights-of-way; transfer (*Pratt*)
3. SB 1098 medical marijuana; zoning authority (*Pierce*)
4. HB 2175 special districts; use fees (*Fann*)
5. SB 1284 county general excise tax rate (*Crandell*)

F) Other Business

G) Next Meeting Date and Time (*Thursday, February 21, at 10:00 a.m.; then Friday, March 1, at 9:00 a.m.*) PLEASE NOTE THE NEXT LPC WILL BE HELD IN CONJUNCTION WITH THE CSA BOARD OF DIRECTORS MEETING

H) Adjourn

LPC Report

51st Legislature - 1st Regular Session, 2013 Wednesday, Feb 13 2013 4:02 PM

Bills of Interest

TPT Report

Bill Summaries

H2657: TRANSACTION PRIVILEGE TAX CHANGES

Numerous changes related to transaction privilege taxes (TPT) and affiliated excise taxes. Requirements for the sourcing of transactions are established, effective January 1, 2014. Retail sales of tangible personal property must be sourced to the seller's business location if the seller receives the order at a business location in Arizona, or to the purchaser's location in Arizona if the seller receives the order at a business location outside of Arizona. For the purposes of municipal excise taxes, the jurisdiction with the right to tax a sale of tangible personal property is the municipality where the order is received (defined), or where the stock is located from which the property is taken, or where the transfer of title or possession of the property occurred. The gross receipts from leasing or renting tangible personal property must be sourced to the lessor's business location in Arizona or to the lesee's address if the lessor does not have a business location in Arizona. The list of exemptions from the retail TPT classification is modified to remove sales to nonresidents for use outside the state if the vendor ships or delivers the property out of the state, and sales of property that is shipped or delivered directly to a destination outside the U.S. for use in a foreign country. Effective January 1, 2015, the prime contracting and owner builder sales transaction privilege tax classifications are eliminated and replaced with a manufactured building dealer classification. The sale of tangible personal property to a "contractor" (defined), regardless of whether it will be incorporated into a building or structure, is considered to be a retail sale and is subject to retail TPT unless otherwise exempt. Prime contracting TPT distributions to political subdivisions are deleted. Tangible personal property sold to a manufactured building dealer is only exempt from the retail TPT classification only if the property is to be incorporated or fabricated into a manufactured building. Numerous items are removed from the list of deductions from the tax base for the manufactured building dealer classification (formerly prime contracting). Once the distribution of revenues for municipal or county infrastructure improvements related to manufacturing facilities has reached the maximum amount, 40 percent of the remaining TPT revenues from the retail classification are designated as the distribution base for state shared revenues, increased from 20 percent. The Department of Revenue is required, rather than permitted, to collect and administer TPT and use taxes imposed by municipalities and to enter into intergovernmental agreements with municipalities to provide a uniform method of administration, collection, audit and licensing of TPT and affiliated excise taxes. Municipalities are prohibited from employing auditors and entering into contracts with a party other than the state for the collection, administration and processing of TPT or affiliated taxes. Municipalities are prohibited from levying a TPT or use tax on construction contracting, owner builder sales or speculative building. Municipalities are no longer prohibited from levying a TPT or use tax on sales of motor vehicles to nonresidents for use outside the state or on any amount attributable to development fees incurred in relation to construction. Effective January 1, 2014, if a county or special taxing district levies one or more excise taxes on the effective date of this legislation, and if approved by the voters at a county-wide or district-wide election, a county or district is authorized to levy an excise tax on the storage, use or consumption in the county of tangible personal property purchased from a retailer, as a percentage of the sales price. The tax must be at a rate equal to the sum of the rates of all the excise taxes levied on the effective date. The Department of Revenue is required to collect the tax. Session law provides that this legislation does not apply to or affect the tax liability of contracts entered into before January 1, 2015 by a person engaged in business under the prime contracting classification or the construction contracting, owner builder or speculative builder classification of the model city tax code, or to the sale of tangible personal property to a contractor for incorporation into a project that was subject to a tax deduction.

First sponsor: Rep. Lesko
Others: Sen. Ableser, Rep. Allen, Sen. Barto, Rep. Barton, Sen. Biggs, Rep. Boyer, Rep. Brophy McGee, Sen. Burges, Rep. Cardenas, Rep. Carter, Rep. Coleman, Sen. Crandall, Sen. Crandell, Sen. Driggs, Rep. Fann, Sen. Farley, Rep. Forese, Rep. Gallego, Rep. Gowan, Rep. Gray, Rep. Kwasman, Rep. Livingston, Rep. Lovas, Sen. McComish, Rep. Mesnard, Sen. Meza, Rep. Miranda, Rep. Mitchell, Rep. Montenegro, Sen. Murphy, Rep. Olson, Rep. Orr, Rep. Petersen, Rep. J. Pierce, Sen. S. Pierce, Rep. Pratt, Sen. Reagan, Sen. Shooter, Rep. Shope, Rep. Thorpe, Rep. Tobin, Rep. Townsend, Sen. Ward, Rep. Wheeler, Sen. Worsley, Sen. Yarbrough, Sen. Yee

H2657 Daily History	Date	Action
TRANSACTION PRIVILEGE TAX CHANGES	*2/12*	referred to House ways-means, appro.

Fire Districts

Bill Summaries

H2200: COUNTY FIRE DEPARTMENT; AUTHORIZATION

County boards of supervisors are authorized to establish a county fire department by resolution. If a fire district within that county dissolves, the board may assume all the powers and duties of the fire district. The board may direct the county to provide emergency fire services, enter into an intergovernmental agreement with a municipality to provide services, or enter into an agreement with a private fire company to provide services.

First sponsor: Rep. Borrelli
Others: Rep. Barton, Rep. Boyer, Rep. Cardenas, Sen. Crandell, Rep. Fann, Rep. Goodale, Rep. Gowan, Rep. Livingston, Rep. Mesnard, Rep. Mitchell, Rep. Montenegro, Rep. Olson, Rep. Orr, Rep. Petersen, Rep. Shope, Rep. Smith, Rep. Stevens, Rep. Thorpe, Rep. Townsend

H2200 Daily History	Date	Action
COUNTY FIRE DEPARTMENT; AUTHORIZATION	*1/22*	referred to House gov.

H2572: FIRE DISTRICTS; FINANCIAL STANDARDS

Fire districts are required to reconcile all fund accounts for each calendar month within 30 days after the end of the month, and the fire district board must review the accounts monthly. Fire districts are required to produce monthly financial reports in accordance with generally accepted accounting principles to include cash flow projections for each fiscal year, and the fire district board must review the updated cash flow projections each month. Any financial report or cash flow projection that indicates an adverse impact on ongoing operations or liquidity must be reported to the county treasurer and the county board of supervisors within 10 days after the discovery.

First sponsor: Rep. Coleman
Others: Rep. Borrelli, Rep. Dial, Sen. Driggs, Sen. Reagan, Rep. Robson

H2572 Daily History	Date	Action
FIRE DISTRICTS; FINANCIAL STANDARDS	*2/12*	referred to House gov.

S1282: COUNTYWIDE FIRE DISTRICTS

Beginning July 1, 2016, each county shall contain a single, countywide fire district that is governed by the county board of supervisors. Countywide fire districts are authorized to levy a secondary property tax and issue and sell bonds, and assume all of the powers and duties of fire districts except for the power to levy or collect a fire district assistance tax. Beginning January 1, 2014, each fire district in a county must provide the board of supervisors with full access to its records. On July 1, 2016, all assets and liabilities of each fire district in a county are transferred to the board of supervisors. Municipal fire districts are exempt from this legislation.

First sponsor: Sen. Crandell

Others: Rep. Barton, Rep. Borrelli, Sen. Burges

S1282 Daily History	Date	Action
COUNTYWIDE FIRE DISTRICTS	*1/30*	referred to Senate gov-env.

Regulatory Reform

Bill Summaries

H2443: CITIES; COUNTIES; REGULATORY REVIEW

When establishing licensing time frames, municipalities and counties are required to consider whether the time frames do not include the time required for an applicant to obtain other licenses or to participate in required meetings. Municipalities and counties are required to make two comprehensive written or electronic requests for revisions to license applications. If an applicant fails to resolve an issue identified in a request for revisions, the municipality or county may make supplemental requests limited to issues previously identified in the request. If an applicant requests changes or amendments to an application, a municipality or county may make one additional comprehensive request for revisions. More.

First sponsor: Rep. Olson

H2443 Daily History	Date	Action
CITIES; COUNTIES; REGULATORY REVIEW	*2/6*	from House gov with amend #4053.
CITIES; COUNTIES; REGULATORY REVIEW	*1/23*	referred to House gov.

Courts & Criminal Justice

Bill Summaries

H2158: COURT-ORDERED EVALUATIONS

A person taken into custody for emergency admission cannot be detained longer than 48 hours, increased from 24 hours, excluding weekends and holidays, unless a petition for court-ordered evaluation is filed. Emergency clause.

First sponsor: Rep. Kavanagh

H2158 Daily History	Date	Action
COURT-ORDERED EVALUATIONS	*2/6*	from House pub-mil-reg do pass.
COURT-ORDERED EVALUATIONS	*1/23*	referred to House pub-mil-reg.

S1273: ALCOHOL; DRUG ABUSE; COURTS; TREATMENT

Establishes the Alcohol and Drug Abuse Pilot Project Fund to be used for the establishment or expansion of the drug court program in Coconino, Navajo and Apache Counties. The Pilot Project Fund self-repeals July 1, 2018. For fiscal years 2013-14 through 2017-18, 1.68 percent of the luxury tax on sealed containers of spirituous liquor and 4.32 percent of the luxury tax on vinous liquor or malt liquor is deposited in the Pilot Project Fund up to a maximum of $2 million in a FY. For fiscal years 2013-14 through 2017-18, 5.32 percent of the luxury tax on sealed containers of spirituous liquor and 13.68 percent of the luxury tax on vinous liquor or malt liquor is deposited in the Drug Treatment and Education Fund. Also, peace officers are permitted to transport a person who is intoxicated in a public place and who may be a danger to self or others to the nearest available approved treatment facility if there is no local alcoholism reception center available.

First sponsor: Sen. Crandell
Others: Rep. Barton, Rep. Boyer, Sen. Burges, Rep. Fann, Sen. Farley, Sen. Gallardo, Rep. Gray, Sen. Hobbs, Sen. Jackson, Jr., Sen. Pancrazi, Sen. Tovar, Sen. Ward

S1273 Daily History	Date	Action
ALCOHOL; DRUG ABUSE; COURTS; TREATMENT	*2/13*	Senate hel-hu ser amended; report awaited.
ALCOHOL; DRUG ABUSE; COURTS; TREATMENT	*1/30*	referred to Senate hel-hu ser, appro.

S1413: APPEALS; POSTCONVICTION RELIEF

The list of grounds on which a person convicted of a criminal offense may institute a proceeding to secure appropriate relief is expanded to include that the defendant demonstrates by clear and convincing evidence that the facts underlying the claim would be sufficient to establish that a reasonable fact finder would not have found the defendant guilty beyond a reasonable doubt. In capital cases, a defendant's direct appeal is to the Supreme Court. Following a notice of appeal, the Supreme Court must immediately appoint qualified appellate counsel. The maximum hourly pay rate for counsel appointed to represent a capital defendant in state postconviction relief proceedings is increased to $175 per hour, from $100 per hour. The state is no longer required to reimburse a county for 50 percent of fees incurred by the county for the appointment of postconviction relief counsel.

First sponsor: Sen. Murphy
Others: Sen. Driggs

S1413 Daily History	Date	Action
APPEALS; POSTCONVICTION RELIEF	*2/12*	from Senate jud do pass.
APPEALS; POSTCONVICTION RELIEF	*2/5*	referred to Senate jud.

General

Bill Summaries

H2338: REGIONAL WATER AUGMENTATION AUTHORITIES

Adds a new chapter to article 45 (Waters) regulating regional water augmentation authorities. Two or more specified entities, one of which must be a public agency, may form a regional water augmentation authority. Establishes the processes for formation and dissolution of the authority. Powers and duties of a board of directors are specified, including to lawfully acquire or sell property, easements and rights-of-way for water supplies and projects, acquire or assign water rights, acquire and sell water, treat water, charge fees for services and water sales, issue revenue bonds, and exercise the power of eminent domain in specified circumstances. Authority boards are also authorized to apply for and receive financial assistance from the water supply development revolving trust fund. Establishes regulations for revenue bonds issued by an authority, including bond authorization, obligation for the bonds, issuance and sale of the bonds, authorized investments of bond proceeds, and payment of bonds. Appropriates $30 million from the general fund in FY2013-14 to the water supply development revolving trust fund for the purposes of this legislation.

First sponsor: Rep. Tobin
Others: Rep. Barton

H2338 Daily History	Date	Action
REGIONAL WATER AUGMENTATION AUTHORITIES	*2/12*	House agri-water held.
REGIONAL WATER AUGMENTATION AUTHORITIES	*1/22*	referred to House agri-water, appro.

H2608: EORP; CLOSURE; DEFINED CONTRIBUTION

Establishes an Elected Officials' Defined Contribution Retirement System (EODCRS) for elected officials who are elected or appointed on or after July 1, 2013 and who were not a member of the plan on June 30, 2013. Elected officials are enrolled in the defined contribution plan established by the Arizona State Retirement System (ASRS). Elected officials who are members of the EODCRS must contribute eight percent of the member's gross compensation, and each employer must annually make a contribution equal to five percent of each member's gross compensation. The ASRS Board is responsible for the administration of the EODCRS. Members of the EODCRS are added to the definition of "member" for the ASRS long-term disability program, and retired members of the EODCRS may elect to obtain group health insurance coverage through the ASRS, but must pay the premium for the coverage selected and is not eligible for premium assistance benefits. The Elected Officials' Retirement Plan (EORP) is available only to elected officials who were a member of the plan before July 1, 2013. An elected official who is elected or appointed on or after July 1, 2013 and who was not a member of the plan on June 30, 2013 is not eligible for EORP. Beginning July 1, 2013 through June 30, 2043, each EORP employer is required to make level percent compensation contributions of 23.5 percent of the compensation of all employees who are members of EORP or the EODCRS to meet the normal cost plus an amount to amortize the unfunded accrued liability. This employer contribution cannot be used to pay for an increase in benefits to members. Appropriates $121,400 and 1 FTE position for personal services and $325,000 for professional services from the ASRS Administration Account Fund in FY2013-14 to the ASRS for implementation. Emergency clause.

First sponsor: Rep. Lovas
Others: Rep. Allen, Sen. Barto, Sen. Biggs, Rep. Borrelli, Rep. Boyer, Rep. Brophy McGee, Sen. Burges, Sen. Crandell, Rep. Fann, Rep. Forese, Rep. Gray, Sen. Griffin, Rep. Kwasman, Rep. Lesko, Rep. Livingston, Sen. McComish, Sen. Melvin, Rep. Mesnard, Rep. Mitchell, Rep. Montenegro, Sen. Murphy, Rep. Olson, Rep. Petersen, Rep. J. Pierce, Sen. S. Pierce, Sen. Reagan, Rep. Robson, Sen. Shooter, Rep. Shope, Rep. Smith, Rep. Thorpe, Rep. Tobin, Rep. Townsend, Rep. Ugenti, Sen. Ward, Sen. Worsley, Sen. Yarbrough, Sen. Yee

H2608 Daily History	Date	Action
EORP; CLOSURE; DEFINED CONTRIBUTION	*2/12*	referred to House ins-ret, appro.

S1266: ILLEGAL DUMPING; PENALTIES

Establishes a minimum fine or civil penalty for illegal dumping of $1,800, which cannot be waived or suspended. A person guilty of illegal dumping is also liable for all costs assessed for removing or abating the trash or debris. Establishes a minimum fine for certain types of criminal littering or polluting of $2,500, which cannot be waived or suspended.

First sponsor: Sen. McGuire
Others: Sen. Bradley, Sen. Cajero Bedford, Sen. Crandell, Sen. Driggs, Sen. Gallardo, Sen. Griffin, Sen. Jackson, Jr., Sen. Landrum Taylor, Sen. Lopez, Sen. Melvin, Sen. Pancrazi, Sen. Tovar, Sen. Yarbrough, Sen. Yee

S1266 Daily History	Date	Action
ILLEGAL DUMPING; PENALTIES	*1/30*	referred to Senate gov-env, pub safety.