

From: [REDACTED]

Date: Sat, Feb 15, 2025 at 1:55 PM

Subject: Recap: February 14th CSA LPC

To: [REDACTED]

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Good afternoon, County Supervisors, Managers, Administrators, and professional staff,

I hope you are all doing well, and that you had a great week!

Below, please find the bills we discussed at today's LPC, as well as their summaries, notes on the discussion, and the ultimate position of the LPC.

BILLS PROCESSED IN TODAY'S LPC (February 14th, 2025):

SB 1065: appropriation; reduction; courts (*Finchem*)

Context: To address the state's budget deficit in FY 2025, the FY 2025 budget reduced agency appropriations statewide.

Summary: Increases the FY 2025 appropriation reduction to the Supreme Court (reduced by an additional \$10,013,700), the Court of Appeals (reduced by an additional \$3,706,600), and Superior Court budgets (reduced by an additional \$19,048,300).

Discussion: Staff summarized the bill, noting that the reduction of state funding to the courts has a direct impact on the counties, with the county burden for funding growing from 54% of total court funding in FY 2000 to almost 70% in FY 2023. Staff also noted the Court Funding Resolution passed by the Board of Directors at the Legislative Policy Committee in October, encouraging state lawmakers to find sustainable funding solutions for the judiciary that works for the counties, the state, and the courts. One Supervisor asked if advocacy on this issue could be limited to the Superior Courts, as those are the only Courts – in contrast with the County of Appeals and Supreme Court – that have a substantial nexus to the Counties. Staff shared that this would be the Association's perspective in dialogue with members.

Disposition: The Association voted to **OPPOSE** SB 1065.

SCR 1004: prohibit tax; monitoring; vehicle mileage (*Hoffman*)

Summary: Via a voter referral that amends Arizona's Constitution, prohibits a political subdivision from (a) imposing a tax or fee on any person based on their miles traveled in a motor vehicle, or (b) enact any rule or law to monitor or limit the vehicle miles traveled by a person. Excludes motor vehicles owned and operated by a political subdivision.

Discussion: Staff summarized the bill, noting that after the amendment presented by the sponsor of the bill, the concerns relating to county fleet management were addressed, however, Maricopa County's concerns regarding the concurrent resolution's impact on their ability to use Rule 205 remains. One Supervisor noted that, while they understood the motivation for this legislation, the bill still contained provisions that would make it more difficult for Maricopa County to keep their air quality standards from being federalized. They asked for the chance to work on further amendments with the sponsor. Another Supervisor noted that vehicle manufacturers already make a number of vehicle improvements to address air quality concerns, and that they believed an individual's freedom to move should have priority over EPA rule. This Supervisor also mentioned that they believed that the new federal administration would rescind some of the regulation. The initial Supervisor noted, while they agreed, that the language as written is inartful and that – as they were facing increased federal involvement in air quality – they would appreciate assistance in letting counties manage their own affairs. The responding Supervisor noted that they would assist in outreach to federal officials, but they believed that the Association needed to change its position to reflect the sponsor's changes. The supporting Supervisor committed to work further with the sponsor to address remaining air quality concerns.

Disposition: The Association voted to **SUPPORT SCR 1004.**

HB 2704: tax; distribution; county stadium district (*Weninger*)

Summary: Requires all State TPT, city/municipal TPT or excise tax revenues, and county excise tax revenues derived from persons conducting business under the retail, amusement, restaurant, and prime contracting classifications at, or with respect to events at the Major League Baseball facility owned and operated by the Maricopa County Stadium District (Chase Field) to be taken off the top of the distribution base for deposit into the County Stadium District Fund for reconstructing, equipping, repairing, maintaining, or improving the stadium. Also includes the income tax revenues collected from professional baseball athletes and employees of the Diamondbacks to be deposited into the County Stadium District Fund. Requires the State Treasurer to assess a penalty on the team if they leave the state before 2050 and allows for DOR to stop separately accounting for and remitting TPT revenues into the fund and return any unencumbered and unexpended monies back to the appropriate taxing jurisdiction. One Supervisor noted that they appreciated the sponsor's responsiveness to Maricopa County, but that the County's excise tax needed to be taken out of this.

Discussion: Staff summarized the bill, noting concerns with the change in the TPT distribution mechanisms and the lack of a sunset.

Disposition: The Association voted to **OPPOSE** HB 2704.

HB 2763: state government; federal contracts; applicability (*Volk*)

Summary: Revokes the ability of the state, a political subdivision of the state or any department or agency of the state to cancel any contract made by the respective entities on the grounds that any persons significantly involved in initiating, securing, negotiating, securing, drafting, or creating the contract on behalf of the respective entities is at any time during the contract or extensions of the contract is an employee or agent of the federal government or any federal agency.

Discussion: Staff summarized the bill, noting the federal governments hesitancy to enter into contracts if the contract can be canceled for the reasons outlined in the bill.

Disposition: The Association voted to **SUPPORT** HB 2763.

HB 2918: tax rates; reduction (*Olson*)

Summary: Reduces the State's TPT rate from 5% to 4.93%. This effectively reduces the county statutory excise tax rate cap, which is defined as a percentage of the State's TPT rate. Reduces the State's income tax rate from 2.5% to 2.47% beginning in tax year 2026. Reduces the tax rate imposed on estates and trusts from 2.5% to 2.47% and reduces the tax rate imposed on small businesses from 2.5% to 2.47% beginning in tax year 2026. After adjusting the Qualifying Tax Rate (QTR) for the current fiscal year, requires JLBC to further reduce the QTR by 1.2015%.

Discussion: Staff summarized the bill, noting concerns that this bill will reduce the county excise tax rate cap, which would have a negative impact on county general funds. Supervisors noted concerns that this reduction is a step in the wrong direction. One county noted that this is probably part of a nationwide effort to increase efficiency, but that it comes at the expense of the counties and takes our budget away. One Supervisor noted that they were frustrated by continual Legislative actions to take revenues away and mandate costs. One Supervisor noted that, often, Legislatures don't have to take a close look at all of the services that are necessary, and so it is easier to cut taxes without having to consider downstream impacts.

Disposition: The Association voted to **OPPOSE** HB 2918.

HB 2926: TPT reimbursement; residential development (*Carbone*)

Summary: Redirects prime contracting revenues from contracts related to constructing buildings and associated improvements for a residential development. These revenues are taken off the top of the distribution base and remitted to a city, town, or county to fund public infrastructure improvements for the residential development, provided the required improvements cost at least \$3,000,000. The total amount remitted shall be the lesser of either the TPT revenues collected from the contracts, or eighty percent of the total cost of the public infrastructure improvements. Requires the city, town, or county to enter into a written agreement with the residential development that identifies the cost of constructing the public infrastructure improvements and identifies the sources of funds used to pay for the public infrastructure improvements. Upon receipt of the written agreement the residential development shall submit a sworn certification to the Arizona Commerce Authority. Upon receipt of the sworn certification, the city, town, or county shall enter into a written agreement with the Department. The agreement requires the city, town, or county to allocate all received revenues exclusively for public infrastructure improvements benefitting residential development, and to return any excess funds to the state.

Discussion: Staff summarized the bill, noting that it is more likely that this redistribution of TPT would benefit the cities than the counties (as the cities are where most residential development is occurring). One Supervisor asked why this bill was being introduced. Staff noted that this was meant to spur residential development. The Supervisor then asked if this would bring more affordable residential housing to market. Staff noted that this was the stance of the proponents, but that there is nothing in the bill that requires more affordable – or even more residential – structures to be built. One Supervisor noted that this might harm rural counties who will see a redirection of tax revenues generated in urban counties that would otherwise trickle down to them through distribution.

Disposition: The Association voted to **OPPOSE** HB 2926.

HB 2927: public meeting; records; requirements; penalties (*Carbone*)

Summary: Requires the minutes *or* recordings of a public body's meeting (a) to be made available online within three working days, and (b) remain available online for at least five years. Requires, at least once during a month that a public body regularly meets, the public body to hold an open call to the public. Specifies that this call to the public must occur within the first 30 minutes of the meeting's start, and that it must remain open for thirty minutes unless all individuals who wish to speak have spoken. With respect to written complaints regarding public meetings, requires the Attorney General or County Attorney – whoever received the complaint – to respond to the complaint within 120 days and publish the comment online. States that the only permissible charges for electronic public records are material costs. Regarding public records, requires the court to review “*de novo*” any question of law arising under statute, including when an officer or public body makes a withholding or redaction decision “*based on the application of an exception to the disclosure.*” Requires the required response within five days to any public records request include (a) the date received, (b) the contact information for the employee or department able to provide the information requested, and (c) the expected date the request will be processed. States that the section does not prohibit an entity from subsequently notifying the individual that the request was delayed. States that an entity that willfully or intentionally refuses to comply with the public records response, or acts in bad faith, is subject to a civil penalty.

Discussion: Staff summarized the bill, noting that it would combine portions of two bills seen previously: a *call to the public* bill, which places additional requirements on how a public body – city, town, county, or otherwise – must conduct their *call to the public*. It also contains elements of a bill that would require public bodies, within five days of receiving a public records request, to respond to the requestor with a projection of when their request will be fulfilled. Counties have responded that in addition to this being potentially unhelpful – such an early projection may not be accurate and may actually cause more frustration from the public – and that it is not accompanied by language that would help counties manage compliance (such as providing for when requests span several departments or are unclear). One Supervisor noted that they had seen an increase in frivolous requests.

Disposition: The Association voted to **OPPOSE HB 2927**.

HB 2928: accessory dwelling units; requirements (*Carbone*)

Summary: Requires the county to adopt development regulations as outlined on or before January 1, 2026, otherwise the accessory dwelling units SHALL be allowed on lots or parcels zoned for residential use in the county WITHOUT LIMITS. Requires counties to adopt regulations that allow, on any lot or parcel where a single-family dwelling is allowed, to allow as a permitted use **(a)** at least one attached and one detached accessory dwelling unit, **(b)** a minimum of one additional detached accessory dwelling unit on a lot or parcel that is one acre or more in size if at least one accessory dwelling unit is a restricted-affordable dwelling unit, and **(c)** an accessory dwelling unit that is 75% of the gross floor area of the single-family dwelling on the same lot or parcel or 1,000 square feet, whichever is less. Prohibits a county from **(a)** prohibiting the use or advertisement of the accessory dwelling or the single-family dwelling on the same lot or parcel as separately leased long-term rental housing, **(b)** requiring a preexisting relationship between the owner and occupant of a single-family dwelling or accessory dwelling on the same lot or parcel, **(c)** requiring additional parking or the payment of fees instead of additional parking for the accessory dwelling, **(d)** requiring the accessory dwelling unit to exterior design elements of the single-family dwelling on the same lot or parcel, **(e)** setting restriction for the accessory dwelling that are more restrictive than those for single-family dwellings in the same zoning area in regard to **i)** height, **ii)** setbacks, **iii)** lot size coverage, or **iv)** building coverage, **(f)** setting rear or side setbacks at more than five feet from the property line for an accessory dwelling unit, **(g)** requiring improvements to public streets as a condition of allowing the accessory dwelling unit, except as necessary to reconstruct/repair a public street that was disturbed as a result of the construction of the accessory dwelling unit, and **(h)** requiring restrictive covenants concerning accessory dwelling units. Stipulates that these provisions do not supersede existing building, fire, or public health and safety codes, except that the accessory dwelling units are not required to comply with commercial building code or contain fire sprinklers. Prohibits the construction of accessory dwelling units on utility easements unless the property owner receives written consent from the owner of the utility easement for use. Excludes certain lands from the provisions of this section. Defines relevant terms.

Discussion: Staff summarized the bill, noting a variety of county concerns relating to separate metering, the need for additional septic or sewer, parking, and how this could be used for short-term rentals. One Supervisor asked whether staff had requested a meeting. Staff responded that they typically did so after getting a position. One Supervisor noted concerns about how this could impact water or septic. One Supervisor noted concerns about local control.

Disposition: The Association voted to **OPPOSE** HB 2928.

SB 1352: rezoning; administrative act; referral (*Gowan*)

Summary: States that an approved application for rezoning is not subject to the filing of a referendum petition.

Discussion: Staff summarized this bill, noting that it came from a very specific rezoning – and subsequent referendum – in the city of Scottsdale.

Disposition: The Association brought this forward for **INFORMATION ONLY**.

SB 1148: CORP; defined contribution; membership election (*Payne*)

Summary: Open CORP Tier 3 defined benefit (DB) plan to detention and corrections officers hired after July 1, 2018. Provides existing employees a one-time opt-in to the DB plan, and provides employees hired after July 1, 2026, the opportunity to choose between a DB and a defined contribution (DC) plan within 90 days of hire. All elections are irrevocable and generally cannot be changed.

Discussion: Staff summarized the bill, noting that there are continued discussions on this issue.

Disposition: The Association brought this forward for **INFORMATION ONLY**.

BILLS PROCESSED IN PRIOR LPCs:

AWAITING GOVERNOR ACTION

- **SB 1011:** early voting; ballot deadlines; certificates (*Petersen*) & **HB 2703:** early voting; tabulation; ballot deadlines (*Hendrix*) [*SB 1011 Mirror-Bill*]

Awaiting Committee (*Second Chamber*):

- **SB 1013:** municipalities; counties; fee increases; vote (*Petersen*)
- **HB 2065:** counties; indigent deceased persons; cremation (*Gress*)
- **HB 2017:** voting centers ban; precinct size (*Keshel*)
- **HCR 2002:** voting centers; precinct voting (*Keshel*)

Awaiting Floor (*First Chamber*):

- **SB 1036:** public resources; influencing elections (*Kavanagh*)
- **SB 1053:** wildlife; firearms discharge; structures; distance (*Rogers*)
- **SB 1100:** Maricopa County; division; new counties (*Hoffman*)
- **SB 1101:** Maricopa County; new counties; division (*Hoffman*)
- **SB 1144:** jail facilities excise tax ; extension (*Payne*)
- **SB 1199:** jury; termination of parental rights (*Payne*) (**JURY TRIAL**)
- **SB 1243:** open meetings; call to the public (*Kavanagh*)
- **SB 1286:** county board; administrative review; approval (*Gowan*)
- **SB 1308:** sober living homes (*Carroll*)
- **SCR 1004:** prohibit tax; monitoring; vehicle mileage (*Hoffman*)/
- **SCR 1008:** municipalities; counties; vote; fee increases (*Petersen*)
- **HB 2049:** administrative decisions; security proceedings; hearings (*Kolodin*) (**JURY TRIAL**)
- **HB 2152:** right to jury; domestic relations (*Keshel*) (**JURY TRIAL**)
- **HB 2223:** wind farm; construction; policies; procedures (*Marshall*)
- **HB 2368:** auditor general; records; financial institutions (*Gress*)
- **HB 2369:** auditor general; county treasurer; review (*Gress*)
- **HB 2433:** county treasurers; continuing education (*Gress*)

Awaiting Rules/Caucus (*First Chamber*):

- **HB 2043:** harassment; intent; defense (*Kolodin*)
- **HB 2389:** business; personal property; exemption (*Carter*)
- **HB 2606:** appropriation; local border support (*Nguyen*)
- **SB 1442:** appropriation; secure behavioral health facilities (*Werner*)
- **SB 1434:** attorney discipline; jury trial (*Finchem*) (**JURY TRIAL**)

Awaiting Committee (*First Chamber*):

- **SB 1145:** community facilities districts; prompt pay (*Carroll*) **Scheduled for committee next week.**
- **SB 1148:** CORP; defined contribution; membership election (*Payne*) **Scheduled for committee next week.**
- **SB 1223:** ACJC; continuation (*Kavanagh*)
- **SB 1231:** newly elected constables; training (*Payne*)
- **SB 1241:** animal bites; owner contact information (*Kavanagh*)
- **SB 1273:** deputy sheriff; detention officer; salary (*Payne*)
- **SB 1284:** fireworks; aerials; licensure; penalties (*Gowan*)
- **SB 1288:** police vehicles; inspection; requirements (*Gowan*) **Scheduled for committee next week.**
- **SB 1365:** PSPRS; member contributions (*Kavanagh*) **Scheduled for committee next week.**
- **SB 1712:** retirement; judges; elected officials (*Gowan*)
- **HB 2044:** corporation commission; securities; jury trial (*Kolodin*) (**JURY TRIAL**)
- **HB 2061:** administrative proceedings; jury trial (*Fink*) (**JURY TRIAL**)
- **HB 2191:** religious institutions; development; allowed use (*Livingston*) **Scheduled for committee next week.**
- **HB 2222:** settlement agreements; report; approval (*Marshall*) **Scheduled for committee next week.**
- **HB 2416:** unlawful act; government official; challenge (*Kolodin*)
- **HB 2599:** condominiums; construction defects; action (*Blackman*)
- **HB 2713:** homeowners' association dwelling actions (*Blackman*)
- **HB 2660:** affordable housing tax credits; extension (*Wilmeth*)
- **HB 2708:** trial by jury; regulatory proceedings (*Kolodin*) (**JURY TRIAL**)

As always, please reach out if there's any question I can answer about the aforementioned bills.

[REDACTED]

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Legislative Liaison

County Supervisors Association of Arizona

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