



REPORT

Office of the City Manager

TO: Mayor and City Council

CC: Karen Osburn, City Manager

FROM: Joanne Keene, Deputy City Manager

DATE: February 27, 2023

SUBJECT: Arizona Legislative Update

The following is a summary of legislative activity occurring in the Arizona State Legislature that may have an impact on the City of Sedona. This is not an exhaustive list.

General Information:

The 1st Regular Session of the 56th Arizona State Legislature began on January 9, 2023. The Senate Bill introduction deadline was Monday, January 30, 2023. The House Bill introduction deadline was Monday, February 6, 2023.

The week of February 13, 2023, was the last week to hear bills in their own Chamber (unless it's the Appropriations Committees). The week of March 20, 2023, is the last week to hear bills in a committee of the opposite chamber.

BILLS OF INTEREST

HB 2044 municipal general plan; adoption (Bliss) (SUPPORT) (SUPPORT)

This legislation was introduced on behalf of the City of Sedona. The legislation would authorize a city or town of less than 10,000 to take their general plan to the voters for adoption. Currently, communities who have lost population do not have the authority to continue to take their general plan to the voters.

Passed out of House Government by a vote of 9-0 on January 25, 2023. Passed out of Rules on February 13, 2023, by a vote of 8-0. Passed the House floor by a vote of 56-0.

HB 2061 food; municipal tax; exemption (Biasiucci) (OPPOSE) (OPPOSE)

Prohibits a city, town or other taxing jurisdiction from imposing a municipal transaction privilege tax on the sale of food items intended for human consumption.

While Sedona does not currently have a food tax, this legislation has a significant impact on cities and towns statewide. It's estimated that the impact statewide will be \$182 million in the first year. The League is asking cities to oppose this legislation.

Passed out of House Ways and Means by a vote of 6-4 on January 17, 2023. Passed out of Rules by a vote of 8-0 on February 13, 2023.

HB 2067 residential leases; municipal tax exemption (Carter) (OPPOSE) (OPPOSE)
SB 1184 residential leases; municipal tax exemption (Kaiser) (OPPOSE) (OPPOSE)

Prohibits cities and towns from levying a residential rental tax. This bill will result in a \$190 million fiscal impact statewide to cities and towns.

While Sedona does not currently levy a residential rental tax, the League of Cities and Towns is asking cities to oppose this legislation. The City of Sedona opposed this legislation last session.

Passed out of House Ways and Means on January 17, 2023, by a vote of 6-4. Passed out of Rules by a vote of 5-3 on January 13, 2023.

SB 1184 passed both the Senate and the House and transmitted to the Governor on January 20. The Governor vetoed the legislation on February 23, 2023.

SB 1006 municipal notices and ordinance; posting (Kavanaugh) (SUPPORT) (SUPPORT)

Current statute requires that municipal notices and ordinances issued by the governing body of any city or town to be published in a newspaper that is either printed and published within the city or town or printed and published within the county in which the city or town is located and has a greater circulation to residents.

SB 1006 changes statute to allow a city or town's websites as a statutorily authorized location for publishing notices of election, invitations for bids, notices for letting contracts, laws and ordinances and other notices. The legislation also requires a link to all current notices and ordinances to be listed on the website's home page.

SB 1006 passed out of Senate Government by a vote of 5-2-1. Passed out of Rules on February 7, 2023.

SB 1011 municipalities; partisan elections (Kavanaugh) (NEUTRAL)

Allows candidate elections for a city or town held on or after January 1, 2024, to indicate a candidate's political party registration on the ballot.

Passed out of Senate Government by a vote of 6-1-1. Passed out of Rules on February 7, 2023. Passed Senate Third Read on February 8, 2023, by a vote of 18-12.

SB 1100 all-terrain vehicles; definition (Carroll) (OPPOSE)

Changes the weight limits for an all-terrain vehicle from 2,500 pounds or less to 3,500 pounds or less. The result would be heavier recreational off-highway vehicles.

Passed out of House Transportation and Technology by a vote of 6-1. Passed out of Rules on February 7, 2023. Passed out of the Senate by a vote of 19-10.

SB 1393 off-highway vehicle user fees (Kerr)

Establishes the Off-highway Vehicle Law Enforcement Safety fund and establishes a distribution formula for County Sheriffs' offices in each county. There is no estimated financial impact of the legislation.

Hearing in Senate Transportation and Technology on February 13, 2023. Sponsor held the legislation to allow the committee established last session to complete their work.

SB 1170 ballot drop boxes; prohibition (Hoffman) (OPPOSE) (OPPOSE)

Prohibits a county recorder or other officer in charge of elections from using an unmonitored drop-box for receipt of voted ballots or from allowing a voter to receive a ballot and vote from a vehicle, unless otherwise required by law for elderly voters or voters with disabilities.

Passed out of Senate Elections by a vote of 5-3. Passed out of Rules on February 13, 2023.

HB 2307 elections; hand counting; machines; prohibition (McGarr) (OPPOSE) (OPPOSE)

Requires all votes be tabulated by hand in city, town and county elections. Counties and cities are prohibited from using a tabulating machine to count votes.

Passed out of House Municipal Oversight and Elections on February 1, 2023, by a vote of 6-4. Assigned to Rules. No movement on legislation.

HB 2256 housing trust fund; appropriation (Cano) (SUPPORT) (SUPPORT)

Appropriates \$150 million from the general fund in FY2023-24 to the Housing Trust Fund.

Assigned to House Commerce and House Appropriations. No movement on legislation.

HB 2756 law enforcement; defunding; prohibition (Marshall) (OPPOSE) (OPPOSE)

Municipalities are prohibited from reducing the annual operating budget for the municipal police department by any amount below the previous year's budget.

Passed out of House Military Affairs and Public Safety on February 13 by a vote of 8-7.

SB 1245 VLT; cities and towns; counties (Farnsworth) (OPPOSE)

Requires those receiving VLT monies to solely be used for transportation purposes.

Bill is dead for now. Did not pass out of Senate Transportation on February 13, 2023.

SB 1189 relating to municipal tax code commission; continuation (Mesnard) (SUPPORT)

Continues the Municipal Tax Code Commission (MTCC) for four years and allows a city or town to adopt an amendment to the Model City Tax Code (MCTC) if the amendment is a result of a statutory change.

Passed out of Senate Finance on February 13, 2023, by a vote of 7-0. Passed on third read in the Senate 28-1.

HB 2808 public records; time frame (Carbone) (OPPOSE)

Changes requirement to comply with a public records request within five business days of request. Currently law requires acknowledgment of receipt of a public records request within five business days.

Passed House Government on February 15, 2023 by a vote of 9-0. Amendment adopted that changed five business days to fifteen business days.

SB 1117 housing; infrastructure (Kaiser) (OPPOSE) (OPPOSE)

Legislation that would remove local authority over zoning. Introduced as a pro-housing bill, the legislation guts a local government's authority. While several components of the bill apply to communities over 25,000 in population, there are several provisions including changing requirements on density and setbacks apply to all cities and towns.

Passed out of Senate Commerce on February 8, 2023 by a vote of 5-2. Passed out of Rules by a vote of 4-3 on February 13, 2023. Stakeholder meetings continuing on the legislation.

HB 2418 law enforcement; response times; requirements (Gress) (OPPOSE)

Requires cities and towns (municipalities) to provide sufficient law enforcement officers to have a law enforcement emergency response time (response time) of no more than 5 minutes. The bill was amended and is now a study committee to look at police response times.

Passed House on third read by a vote of 41-19.

HB 2019 licensing; permitting; criteria; clarity (Grantham) (OPPOSE)

If a county or municipality requires a license or permit for any constitutionally protected activity or any activity that changes the use, appearance, or density of a structure or land, the county or municipality is required to state in clear and unambiguous language the criteria for granting the license or permit. Counties and municipalities are required to grant or deny an application for such a license or permit within 30 days. This bill is being supported by the Goldwater Institute.

Passed House Commerce by a vote of 7-3 on January 31, 2023. Passed the House by a vote of 55-4 on February 27, 2023.

SB 1413 homeless encampment; removal (Wadsack) (OPPOSE)

When a county or municipality receives a receipt of a report of the existence of a "homeless encampment" (defined in the legislation), a county or municipality is required to immediately remove the encampment, discard any materials located at the encampment, and clean the area in which the encampment was located. Persons living at the encampment are required to be charged with trespassing if the encampment is located on private property. Persons living at the encampment who are engaging in illegal drug use are required to be charged with the appropriate drug-related offense.

Passed out of Senate Judiciary by a vote of 4-3 on February 16, 2023. Passed out of Rules on February 20, 2023, by a vote of 4-3.

HB 2284 homelessness; housing; facilities (Livingston) (OPPOSE)

Requires enforcement of anti-camping ordinances and is contradictory to Ninth Circuit rulings in *Martin v. City of Boise* and more recently in *Johnson v. City of Grants Pass*. (Fact Sheet of legislation attached)

Approved by the House Appropriations Committee on February 20, 2023, by a vote of 8-6-1.

SB 1162 - home-based businesses; restrictions; prohibition (Kaiser) (OPPOSE)

A home-based business must be allowed as a use by right if the home-based business does not supersede any deed restriction, covenant or agreement restricting the use of land, a master deed or any other document applicable to a common interest ownership community. Counties and municipalities cannot prohibit a "no-impact home-based business" (defined) or require a person to apply for, register, or obtain a permit, license, variance or other type of prior municipal approval to operate a no-impact home-based business. Counties and municipalities are authorized to establish reasonable regulations on a home-based business if the regulations are narrowly tailored for specified purposes, including protecting public health and safety and ensuring that the business activity is compatible with residential use of the property.

Passed the Senate on February 22, 2023 by a vote of 16-13. Transmitted to the House.

HB 2098 appropriation; Clarkdale bridge (Bliss) (SUPPORT)

SB 1169 appropriation; Clarkdale bridge (Bennett) (SUPPORT)

Appropriates \$6,321,360 from the state General Fund (GF) in FY 2024 to the Arizona Department of Transportation (ADOT) to distribute to Clarkdale to replace the current bridge over Bitter Creek Wash with one suitable for vehicular traffic and to convert the current bridge for pedestrian and bicycle traffic.

Passed the House on third read on February 22, 2023, by a vote of 34-36.

HB 2543 appropriations; greater Arizona transportation projects (Dunn)

Appropriates approximately \$300,000,000 from the state General Fund (GF) in Fiscal Year (FY) 2024 to the Arizona Department of Transportation (ADOT) for distribution to various state entities for specified highway and road projects. Sedona specific project included:

- q) \$5,016,000 to Sedona for roundabout construction and improvements at intersection of State Route 89A, Forest Road and Ranger Road;

SCR 1023 charter cities; repeal (Wadsack) (OPPOSE)

Subject to voter approval, constitutionally removes the authority of a city to form as a charter city. While Sedona is not a charter city, this would erode local decision-making. Passed out of Senate Government by a vote of 5-3 on February 2, 2023.

HB 2136 homeless; restrooms; water; statewide preemption (Salman)

Requires a municipality to provide twenty four hour daily access to municipality-maintained public restrooms and potable water for use by homeless individuals.

Legislation has not moved this session.

HB 2653 restaurants; water; straws; hotels; laundry (Contreras)

Restaurants and other food service establishments in Arizona may not serve water and disposable straws to costumers on request. Hotels and motels must provide customers with the option to choose not to have towels and linens laundered daily.

HB 2438 board of supervisors; powers; water (Griffin)

Authorizes a county board of supervisors to participate in water reuse and recycling programs and regional wastewater recharge projects and related infrastructure. Legislation brought by Pinal County who did not believe they had authority in current statute. This bill is being supported by NAMWUA.

SHORT-TERM RENTAL LEGISLATION

HB 2047 vacation rentals; short-term rentals; restrictions (Bliss) (SUPPORT)

This is the same legislation Representative Barton introduced last session (HB 2711).

The bill allows a city or town with a population of less than 17,000:

- To require an STR owner to maintain a permit or license issued by the city or town.
- To limit the number of STRs based on a percentage of total residentially zoned buildings or structures in the city/town (no specific % referenced).
- Regulate STRs in the same manner as transient lodging activities.

Hearing was scheduled in House Government on February 15, 2023 at 9:00 am, but the bill has not been assigned to the Committe. Neogitations are continuing on how best to move this legislation forward.

HCR 2011 vacation rentals; short-term rentals (Schweibert) (SUPPORT)

The 2024 general election ballot is to carry the question of whether to repeal statutes prohibiting municipalities and counties from prohibiting vacation rentals or short-term rentals and restricting the types of regulations that municipalities and counties may impose on vacation rentals or short-term rentals.

SB 1497 vacation rentals; diminution in value (Marsh) (SUPPORT)

Repeals statutes prohibiting municipalities and counties from prohibiting vacation or short-term rentals and limiting the restrictions that municipalities and counties may place.

SCR 1032 short-term rentals; vacation rentals (Teran) (SUPPORT)

The 2024 general election is to carry the question of whether to repeal statutes prohibiting municipalities and counties from prohibiting vacation rentals or short-term and restricting the types of regulations that municipalities and counties may impose on vacation rentals or short-term rentals.

SB1193 Online home sharing; repeal (Marsh)

Repeals statutes prohibiting municipalities and counties from prohibiting vacation rentals or short-term rentals and limiting the restrictions that municipalities and counties may place on those rentals to a list of specified purposes.