



REPORT

Office of the Sedona City Attorney

TO: Mayor and City Council

CC: Karen Osburn, City Manager

FROM: Kurt Christianson, City Attorney

DATE: January 22, 2024

SUBJECT: Arizona Legislative Update

On Monday, January 8, 2024, the Second Regular Session of the Fifty-Sixth Legislature of Arizona commenced. As of January 22, 2024, 662 House Bills and 205 Senate Bills have been introduced.

Session Deadlines:

January

Thursday 1/11: House 7-bill Introduction Limit Begins (5:00 p.m.)

Tuesday 1/16: Senate Bill Request Deadline (5:00 p.m.)

Monday 1/29: Senate Bill Introduction Deadline (5:00 p.m.)

February

Friday 2/2: House Bill Request Deadline (5:00 p.m.)

Monday 2/5: House Bill Introduction Deadline (5:00 p.m.)

Friday 2/16: Last Day to Hear SBs in Senate Committees and HBs in House Committees

March

Friday 3/22: Last Day to Hear SBs in House Committees and HBs in Senate Committees

April

Friday 4/12: Last Day for Conference Committees

Tuesday 4/16: 100th Day of Session

State Budget:

The Governor released the Fiscal Year (FY) 2025 Executive Budget on Friday, January 12, 2024.

FY2025 Executive Budget Proposals:

- Preserves local government revenue-sharing agreements; formula funding; and the Budget Stabilization Fund (rainy day fund) (p. 9)
- Total of \$10.6M in spending on local government (p. 44)

Cuts

- \$418.6M recovered from 24 one-time appropriations for transportation projects made between FY2021 and FY2024 (p. 8)
- \$352M in claw-backs of unexpended FY2024 one-time appropriations to state agencies (\$121M), capital and IT projects (\$201M), and prior year unexpended funds (\$30M) (p. 8)
- \$244M in Basic State Aid savings via ESA reform: 100-day public school attendance (p. 8)

Appropriations

- Public Safety
 - - \$9.3M appropriation to DPS for grants to local jurisdictions for victims of crime (VOCA) (p. 10)
 - \$5M appropriation to DPS for drug interdiction efforts in border communities (p. 10)
 - \$1M appropriation to Border Coordination Office for improvements in local emergency management (p. 10)
 - \$500K appropriation to DEMA's Emergency Management Mutual Aid Fund (p. 11)
 - \$67.8K one-time matching funds for the federal State and Local Cybersecurity Grant Program (p. 11)
 - \$10M in state and federal revolving loan funds to provide hazard mitigation assistance to local governments (p. 12)
- Housing
 - Extend the State LIHTC through FY2034, with \$8M in tax credits each year (p. 17)
 - \$13M one-time appropriation for Arizona Is Home – Mortgage Assistance Program (\$3M GF and \$10M to HTF) (p. 17)
 - Prioritize preservation of FY2024 housing investments (p. 17):
 - \$150M one-time Housing Trust Fund deposit
 - \$40M one-time Homeless Shelter and Services Fund deposit
 - \$5M one-time Mobile Home Relocation Fund deposit
 - \$1.9M one-time Military Transitional Housing Fund deposit
- Other
 - \$19.5M appropriation to DOR for the Integrated Tax System Modernization Project (STARS) (p. 63)

No tax/budget omnibus bill from Senate and House Appropriation Committees, yet.

LEAGUE RESOLUTIONS:

HB2489/SB1205 - Short-term rentals; ordinance; limits.

Sponsor

Rep. Selina Bliss (R); Sen. Kavanagh (R)

Legislative History

No assignment.

Summary

Allows cities to limit the number of STRs within the City by adopting an ordinance:

- (a) Setting a maximum number of STRs

- (b) Requiring specific distances between STRs
- (c) Setting a maximum number of STRs within a specified area

Properties with STR permits/licenses in good standing in existence at the time of adoption of the ordinance are exempt.

HB2132 - Municipal land sales; public notice

Sponsor

Rep. Gail Griffin (R)

Legislative History

Assigned to the House Government (DP 8-0).

Summary

Places restrictions on a town or city selling property worth more than \$1,500,000 and less than \$15,000,000, including mandating at least one public hearing after publishing an invitation for bids at least 30 days before scheduled approval of a purchase agreement. Requires the Notice of the public hearing to include a description of the property proposed for sale and the reasons for the sale, and information on how to submit written and verbal public comment. Requires a vote by members of the governing body and the adoption of a resolution approving the sale and the terms of the sale to be published on the town or city website upon completion of the sale. Mandates that any real property sold under this provision must be sold at the appraised value of the property or higher. Sales greater than \$15 million still requires voter approval.

HB2162 - Municipal general plan; adoption

Sponsor

Rep. Selina Bliss (R)

Legislative History

Assigned to the House Government Committee for Jan 24, 2024 (9am).

Summary

Permits a governing body of a municipality that has more than 2,500 but less than 10,000 people whose population rate did not exceed an average of two percent for the ten-year period prior to the most recent United States decennial census and whose previous general plan was ratified by voters to submit general plan to voters for ratification at the next regularly scheduled election or special election.

BILLS OF INTEREST:

HB2488 - Vacation rentals; short-term rentals; restrictions

Sponsor

Rep. Selina Bliss (R)

Legislative History

No assignment.

Summary

Permits a city to limit the number of STRs based on a percentage of residentially zoned buildings and regulate STRs in the same manner as transient lodging activities.

HB2219 - Vacation rentals; regulation; location

Sponsor

Rep. Laura Terech (D)

Legislative History

No assignment.

Summary

Permits a county, city or town to require a “vacation rental” (defined) or “short-term rental” (defined) be located at least 400 linear feet from another vacation rental or short-term rental. Changes the term “fines” to “civil penalties” and repeals references to an “owner’s designee” as it pertains to suspension of permits or licenses.

HB2220 - Vacation rentals; number; population; cap

Sponsor

Rep. Laura Terech (D)

Legislative History

No assignment.

Summary

Requires a county, city or town seeking to limit the number of short-term or vacation rentals within the city or town to create a limit based on the total population of the county, city or town or a cap on the total number of short-term or vacation rentals located within the county, city or town limits.

HB2236 - State law; local violation; repeal

Sponsor

Rep. Jennifer L. Longdon (D)

Legislative History

Assigned to the House Judiciary Committee; no action

Summary

Repeals SB1487 and all language requiring the Treasurer to withhold tax or fee monies from counties, cities or towns for violating, per the Attorney General, state law or the Constitution of Arizona.

HB2382 - TPT; sourcing; validation

Sponsor

Rep. Neal Carter (R)

Legislative History

Assigned to the House Ways & Means Committee; no action.

Summary

Provides that retail sales of tangible personal property be sourced to the seller's business location if the seller receives the order at a business location in Arizona (A.R.S. § 42-5040). Requires the Department of Revenue (DOR) to establish and maintain a taxpayer assistance team (Team) to ensure taxpayers are sourcing the transaction to the correct jurisdiction, levying the correct transaction privilege tax (TPT) rate.

SCR1003/HCR 2014/HCR2033 - Short-term rentals; vacation rentals

Sponsor

Sen. Christine Marsh (D); Rep. Laura Terech (D); Rep. Judy Schwiebert (D)

Legislative History

Assigned to Senate Government Committee; no date. No assignment in House.

Summary

The 2024 general election ballot is to carry a proposal to repeals A.R.S. 9-500.39 (SB1350) and the limitations on the ability of political subdivisions to regulate vacation and short-term rentals and amending Private Property Rights Protection Act as it applies to land use law criteria and vacation and short-term rentals.

HB2125 - Annexation; notice; approval**Sponsor**

Rep. Austin Smith (R)

Legislative History

Assigned to House Government Committee; no date.

Summary

Increased the percentage of required value and persons needed to circulate a petition and record it in the Office of the County Recorder from 50 percent to 60%. Stipulates that property owners, whether they sign a petition or not, are calculated in the sixty percent of value and persons needed for the petition.

HB2120 - Law enforcement; defunding; prohibition**Sponsor**

Rep. David Marshall, Sr. (R)

Legislative History

Assigned to House Military Affairs & Public Safety Committee; Held 1/22/24.

Summary

Prohibits a city or town from reducing the annual operating budget below the prior year's level of funding for any law enforcement agency and stipulates that when a city or town does reduce the funding level in that manner, the Arizona State Treasurer shall withhold state shared funds equal to the amount of the reduction, until the city or town has notified the State Treasurer's office that the funds have been restored. Exempts municipalities that lack the funds to cover the cost of the prior year's level of funding for the police department. Exempts payments for debt-service, bonds or other long-term obligations in the police department budget incurred before the funding reduction from being withheld by the State Treasurer. Effective January 1, 2025.

HB2261 - Minimum parking requirements; prohibition**Sponsor**

Rep. Analise Ortiz (D)

Legislative History

Assigned to House Government Committee; no action.

Summary

Prohibits a county, city or town from adopting any requirement that mandates more than one motor vehicle parking space per “residential dwelling unit” (defined) if the residential dwelling unit is located within an “urbanized area” (as defined by U.S. Census Bureau: 2,000 housing units or 5,000 people with at least one one high-density nucleus of at least 1,275 housing units per square mile required for qualification) as a requirement for approving a building or use permit.

HB2275 - Settlement agreements; report; approval

Sponsor

Rep. David Marshall, Sr. (R)

Legislative History

Assigned to House Government Committee; no action.

Summary

Requires a county, city or town to submit a “settlement agreement report” (defined) to the legislature and Attorney General describing the settlement terms when the agreement costs more than \$500,000 to implement at least 90 days before entering into the agreement. Requires a city or town to submit a “settlement agreement” (define) larger than \$1,000,000 to the Governor for approval before the agreement is considered legally binding, and, if the Governor approves the agreement, the city or town must submit the agreement to the Joint Legislative Audit Committee, which may recommend that the agreement be finalized or amended. Requires a city or town to notify the General Counsel of the Senate and House of Representatives upon initiation of any settlement agreement negotiations and update the General Counsels of developments in the negotiation process. Require the Attorney General to submit a settlement agreement report to the legislature describing the terms of the settlement at least 90 days before entering into the agreement.

HB2303 - Middle housing; residential zoning

Sponsor

Rep. Lorena Austin (D)

Legislative History

Assigned to House Commerce Committee; no action.

Summary

Requires a county or municipality to allow development for “middle housing” (defined as duplexes, triplexes, quadplexes, cottage clusters (4 or more detached units of less than 900sq ft), and townhouses) in all areas zoned residential. Permits a municipality to regulate the design of middle housing to ensure compliance with land use planning goals if the governing regulations do not prohibit or discourage middle housing designs.

HB2570/SB1112 - Planning; home design; restrictions; prohibition

Sponsor

Rep. Leo Biasiucci (R); Sen. Sonny Borrelli (R)

Legislative History

Assigned to Senate Finance and Commerce Committee; no action. Assigned to House Government Committee; no action.

Summary

Prohibits a municipality from interfering with a home builder's right to choose the features, amenities, structure, floor plan and interior and exterior design of a home or to require screening, walls, or fences. Further prohibits municipalities of more than 50,000 from establishing minimum lot sizes, square footage, lot coverage, setbacks greater than 5 feet and design or aesthetic elements for single-family homes.

HB2593 - Public records; time frame

Sponsor

Rep. Michael Carbone (R)

Legislative History

Assigned to House Government Committee; no action.

Summary

Removes the requirement to "promptly" comply with public records requests and instead requires cities to acknowledge receipt of public records request within 5 days and provide the expected date the request will be processed. Intentional refusals to comply with public records requests will result in a civil penalty of at least \$500 but not more than \$5,000.

HCR2023/SCR1006 - Property tax; refund; nuisance enforcement.

Sponsor

Rep. Ben Toma (R)

Legislative History

Assigned to the House Ways & Means Committee; no action.

Summary

The 2024 general election ballot is to carry the question to amend Title 42, Chapter 17 by adding Article 9, to allow a owner to apply for a primary property tax refund for taxes paid to a city, town or county if the receiving entity adopts a pattern or policies declining to enforce existing laws, ordinances or other legislation prohibiting illegal camping, obstructing public thoroughfares, loitering, panhandling, public urination or defecation, public consumption of alcoholic beverages or possession of illegal substances, or maintains a public nuisance, and the property in question is reduced in fair market value because of those actions, or the property owner incurs expenses because of said actions. The amount of any refund shall be the reduction in fair market value because of the entity's actions or the expenses incurred by the property owner that were reasonably necessary to mitigate the issue, or both. Further, this ballot is to carry the question of whether the State Treasurer shall withhold payments to the city, town or county in question the amount of refunds claimed under this section until the entire amount of the refund is collected and if the city, town or county elect to challenge the refund allowed.

SB1005 - Public monies; ideology training; prohibition

Sponsor

Sen. Jake Hoffman (R)

Legislative History

Assigned to Senate Government Committee; no action.

Summary

Prohibits a public entity from requiring an employee to participate in "diversity, equity and inclusion" (DEI) programs (defined), spending public funds on DEI contracts, programs, technology, supplies, services, or employment, and promoting any DEI oriented theories as that public entity's official

position. Allows for employees forced to do any of the above to bring an action against the public entity.

SB1052 - All-terrain vehicles; definition

Sponsor

Sen. Carroll (R)

Legislative History

Assigned to Senate Transportation & Technology Committee; Passed 6-1 on 1/22/24.

Summary

Increases the weight of OHVs from 2,500lbs to 3,500lbs.

SB1056 - Municipalities; counties; fee increases; vote

Sponsor

Sen. Warren Petersen (R)

Legislative History

Assigned to Senate Government Committee; no action.

Summary

Prohibits a common council of a municipality from levying or imposing an increase in any assessment, tax or fee without approval by two-thirds vote of the common council of the municipality. Prohibits the Board of Supervisors of a County from levying or imposing an increase in any assessment, tax or fee without approval by two-thirds vote of the Board of Supervisors of the county. Essentially applies the 1992 Prop 108 that applies to Arizona Legislature to cities and counties.

Please contact me if you have any questions or if you are aware of proposed legislation that should be added to this list.