

ARIZONA HOUSE OF REPRESENTATIVES
Forty-ninth Legislature - First Regular Session

MAJORITY CAUCUS CALENDAR

February 10, 2009

Bill Number	Short Title	Committee	Date	Action	
Committee on Banking and Insurance Analyst: Stacy Weltsch					
HB 2057	workers' compensation; deposit premiums				
SPONSOR:	REAGAN	BI	2/2	DPA	(6-0-0-2-0)
HB 2145	insurance; network plan; definition				
SPONSOR:	MCLAIN	BI	1/26	DP	(7-0-0-1-0)
HB 2146	insurance; rate filing date				
SPONSOR:	MCLAIN	BI	2/2	DP	(6-0-0-2-0)
Committee on Commerce Analyst: Diana O'Dell					
HB 2173	notification; complaint; registrar of contractors				
SPONSOR:	ANTENORI	COM	2/4	DP	(7-0-0-1-0)
HB 2259	local development fees; procedures				
SPONSOR:	BIGGS	COM	2/4	DP	(7-1-0-0-0)
Committee on Education Analyst: Jennifer Anderson					
HB 2006	schools; juvenile probation officers				
SPONSOR:	KONOPNICKI	ED	2/2	DPA	(9-0-0-1-0)
HB 2284	charter schools; enrollment preference				
SPONSOR:	GOODALE	ED	1/22	DPA	(10-0-0-0-0)
Committee on Government Analyst: Michelle Hindman					
HB 2001	state monuments; repair fund; purpose.				
SPONSOR:	KAVANAGH	GOV	1/20	DP	(8-0-0-0-0)
HB 2004	inmates; tobacco use				
SPONSOR:	KONOPNICKI	GOV	1/20	DP	(8-0-0-0-0)
Committee on Health and Human Services Analyst: Dan Brown					

[HB 2400](#) partial-birth abortions; definition
SPONSOR: BARTO HHS 1/21 DP (6-0-0-3-0)

Committee on Judiciary
Analyst: Kristine Stoddard

[HB 2045](#) constables; jurisdiction
SPONSOR: KONOPNICKI JUD 1/22 DP (7-0-0-0-0)

Committee on Public Employees, Retirement and Entitlement Reform
Analyst: Stacy Weltsch

[HB 2109](#) retirement systems and plans; amendments
SPONSOR: BOONE PERER 1/20 DP (6-0-0-2-0)

[HB 2110](#) public retirement plans; federal changes
SPONSOR: BOONE PERER 1/27 DPA (8-0-0-0-0)

[HB 2118](#) ASRS; LTD amendments
SPONSOR: BOONE PERER 1/20 DP (6-0-0-2-0)

[HB 2119](#) ASRS; service credit transfers
SPONSOR: BOONE PERER 1/20 DP (6-0-0-2-0)

Committee on Ways and Means
Analyst: Kitty Decker

[HB 2081](#) income tax credit review schedule
SPONSOR: LESKO WM 1/22 DP (5-0-0-3-0)

[HB 2083](#) 2009 tax corrections act
SPONSOR: LESKO WM 1/22 DP (6-0-0-2-0)

[HB 2285](#) fire district assistance tax; mergers
(WM S/E: merger; fire district assistance tax)
SPONSOR: YARBROUGH WM 2/2 DPA/SE (6-0-0-2-0)

[HB 2288](#) premium tax credit; STO contribution
SPONSOR: YARBROUGH WM 1/26 DP (5-1-0-2-0)

[HB 2311](#) car rental surcharge; exception
SPONSOR: DRIGGS WM 2/2 DP (6-0-0-2-0)

[HB 2365](#) county board of equalization; petitions
SPONSOR: MURPHY WM 2/2 DP (6-0-0-2-0)

[HB 2366](#) property tax liens; redemption; foreclosure
SPONSOR: MURPHY WM 2/2 DP (5-0-0-3-0)

[HB 2367](#) property tax valuation; government actions
SPONSOR: MURPHY WM 2/2 DP (5-0-0-3-0)



HOUSE OF REPRESENTATIVES

HB 2057

workers' compensation; deposit premiums

Sponsor: Representative Reagan

DPA Committee on Banking and Insurance

X Caucus and COW

House Engrossed

HB 2057 allows employers to pay workers' compensation premiums for workers' compensation insurance in semi-annual, quarterly or monthly installments. It also sets out a schedule for the payment of deposit premiums.

History

A.R.S. § 20-357 requires all insurers to file with the Director of the Department of Insurance (Director) the rating systems the insurer proposes to use. It also requires workers' compensation insurers to satisfy their obligations to make filings by becoming members of a licensed rating organization that makes filings and by authorizing the Director to accept on its behalf filings made by the rating organization. Rating organizations establish internal rules that the insurers must comply with to remain members of the rating organization.

The National Council on Compensation Insurance, Inc. (NCCI) is a licensed rating organization. It also manages the nation's largest database of workers compensation insurance information. NCCI analyzes industry trends, prepares workers compensation insurance rate recommendations and determines the cost of proposed legislation.

NCCI has established a rule that allows for the payment of workers compensation premiums on the installment basis. The rule also requires employers to pay a premium deposit to the insurance company if they make installment payments. Arizona is one of five states that have this rule. This bill would put the NCCI rule in statute, while making the premium deposit optional for accounts with total premium of no more than \$25,000.

Provisions

- Allows an employer to choose to pay workers' compensation premiums for workers' compensation insurance in semi-annual, quarterly or monthly installments.
- Permits an insurer to charge a deposit premium.
- Requires the deposit premiums to be paid as follows:
 - If the premium is paid semi-annually, the deposit premium must equal at least 60 percent of the total estimated annual premium.
 - If the premium is paid quarterly, the deposit premium must equal at least 30 percent of the total estimated annual premium.
 - If the premium is paid monthly, the deposit premium must be equal at least 10 percent of the total estimated annual premium.
- Makes the deposit premium payable at the inception of the policy term.

- States that the deposit premium cannot be less than the minimum premium stated in the policy.
- Mandates that the deposit premium be credited to the final earned premium or renewal policy.
- Prohibits the deposit premium from being credited to an interim premium adjustment.
- Specifies that deposit premiums for periodic payment policies are not required if the total estimated annual premium does not exceed \$25,000.
- Stipulates that the deposit premium requirements do not apply to Arizona's governmental units or political subdivisions.
- Defines *deposit premium*.

Amendments

Committee on Banking and Insurance

- Clarifies that an employer may choose to pay premiums for workers' compensation insurance on semiannual, quarterly or monthly basis if the insurer makes such a payment plan available.
- Stipulates the total estimated annual premium that is applicable to an individual policy issued by an employer does not require a collection of a deposit premium if it does not exceed \$25,000.



HOUSE OF REPRESENTATIVES

HB 2145

insurance; network plan; definition

Sponsor: Representative McLain

X Committee on Banking and Insurance

Caucus and COW

House Engrossed

Redefines *network plan* under the disability insurance statutes to include a health care plan provided by a health care insurer under which the financing and delivery of health care services are provided, in whole or in part, through a defined set of providers under contract with a hospital, medical, dental or optometric service corporation.

History

Blue Cross Blue Shield (Blue Cross) of Arizona is an independent licensee and member of the Blue Cross Blue Shield Association. Blue Cross is permitted to do business only in Arizona; otherwise, it would be in violation of the association's licensing rules. Therefore, when a member moves out of Arizona, Blue Cross cannot renew an individual policy. Blue Cross does not immediately cancel the existing coverage, but once the plan is up for renewal, Blue Cross cannot renew the plan.

However, as a hospital, medical, dental or optometric service corporation, Blue Cross is not included in the statutes that allow nonrenewal of a policy when an insured person moves out of a network area. Arizona Revised Statutes (A.R.S) § 20-1380 explains the reasons an insurer may nonrenew an individual policy. One of the stipulations is that the insurer must be a network plan. Currently, the definition of a *network plan* under A.R.S. § 20-1379 does not apply to hospital, medical, dental or optometric services corporations.

Provisions

- Redefines *network plan* under the disability insurance statutes to include a health care plan provided by a health care insurer under which the financing and delivery of health care services are provided, in whole or in part, through a defined set of providers under contract with a hospital, medical, dental or optometric service corporation.



HOUSE OF REPRESENTATIVES

HB 2146

insurance; rate filing date

Sponsor: Representative McLain

DP Committee on Banking and Insurance

X Caucus and COW

House Engrossed

HB 2146 changes the rate filing date.

History

Currently, every insurer must annually file the rating systems the insurer proposes to use with the director. According to statute, "rating systems" include every manual of classifications, rules and rates, every rating plan and every modification. Every filing shall include the character and extent of the coverage proposed.

A workers' compensation insurer is required to become a member of a licensed rating organization that makes filings. Currently, the rating organization must annually file rates with the director by October 1, effective until September 30. Each filing is on file for a waiting period of at least 30 days before it becomes effective (A.R.S. § 20-357).

Provisions

- Changes the annual filing date with the director to be effective on January 1 until December 31.



HOUSE OF REPRESENTATIVES

HB 2173

notification; complaint; registrar of contractors

Sponsor: Representative Antenori

DP Committee on Commerce

X Caucus and COW

House Engrossed

HB 2173 clarifies the timeframe for filing a written complaint with the Arizona Registrar of Contractors.

History

The Arizona Registrar of Contractors (ROC) was established in 1931 by the Arizona State Legislature and serves as the regulatory body to issue licenses, inspect for quality workmanship, investigate complaints of statutory violations and hold administrative hearings. The ROC provides information regarding licensed contractor complaint histories and administers the Residential Contractor's Recovery Fund to reimburse financially harmed homeowners. The ROC is a 90/10 self-funded agency, with 90 percent of the license fees reserved for agency operations and the remaining 10 percent deposited into the State General Fund. The ROC's mission is to promote quality construction through a licensing and regulatory system that protects the health, safety and welfare of the public.

A.R.S. § 32-1158 outlines the minimum elements of a contract entered into by a construction contractor and the owner of property to be improved when the job has a monetary value greater than \$1000. The contract must disclose such pertinent information as: the contractor's contact information; a description of the work to be performed and estimated date of completion; the dollar amount of advance, progress and final payments and when they may be collected; and prominently display in 10-point bold type the homeowner's right to file a written complaint with the ROC against the contractor for any alleged violation of statute. Laws 2007, Chapter 224, clarified the timeframe for filing the complaint by amending A.R.S. § 32-1155, Subsection A, to stipulate the two-year period must commence "*the earlier of the close of escrow or actual occupancy for new home or other new building construction and otherwise shall commence on completion of the specific project.*"

HB 2173 conforms Title 12 (Courts and Civil Proceedings) statutes to Title 32, Chapter 10 relating to filing a complaint within the two-year timeframe. (Laws 2007, Chapter 224).

Provisions

- Specifies the timeframe for a new home buyer to file a written complaint with the ROC as the earlier of two years after the close of escrow, or actual occupancy.
- Conforms the language of the Arizona Revised Statutes in Title 12 to Title 32 relating to new-home construction and the timeframe to file a complaint with the ROC.



HOUSE OF REPRESENTATIVES

HB 2259

local development fees; procedures

Sponsor: Representative Biggs

DP Committee on Commerce

X Caucus and COW

House Engrossed

HB 2259 amends the procedures for the implementation of municipal and county development fees, prohibits new municipal development fees for 24-months after final approval of the development and prohibits counties from assessing development fees to schools, except for street, water and sewer utilities improvements.

History

A.R.S. § 9-463.05 requires the governing body of a municipality to adopt or amend an infrastructure improvements plan (Plan) before the assessment of a new or modified development fee. Currently, the Plan is required to estimate future necessary public services that will be required as a result of new development and the basis for the estimate. In addition, the Plan is required to forecast the costs of infrastructure, improvements, real property, financing, other capital costs and associated appurtenances, equipment, vehicles and furnishings that will be associated with meeting those future needs for necessary public services.

Pursuant to A.R.S. § 11-1102, counties that have adopted a capital improvements plan can assess development fees within the covered planning area. Such fees are assessed to offset the capital costs for water, sewer, streets, parks and public safety facilities determined by the plan to be necessary for public services provided by the county to a development in the planning area.

A.R.S. § 9-500.18 prohibits a city or town from assessing or collecting any development fees or costs from a school district or charter school. This prohibition does not include fees assessed or collected for streets, water and sewer utility functions.

Provisions

- Requires monies received from a development fee identified in a Plan to be used for the benefit of the same area within which the development fee was assessed.
- Mandates that the municipal credit provided toward the payment of a development fee be based on the cost identified in the Plan.
- Requires municipalities to forecast, rather than consider, the contribution to be made in the future, in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner, towards the capital costs of the necessary public service covered by the development fee. Municipalities must include the contributions in determining the extent of the burden imposed by the development.

- Specifies that the Plan's estimate of future necessary public services that result from new development must be in the area within which the development fee will be assessed. A comparison of the necessary public services provided to existing and new developments must be included in this forecast.
- Requires the Plan to forecast the revenue sources that will be available to fund the necessary public services.
- Requires municipal development fee ordinances to prohibit new development fees or increased portions of modified development fees against a development for 24 months after the date of the municipality's final approval of the development unless material changes are made to the site plan or subdivision plat that was the subject of the final approval.
- Prohibits the extension of the 24 month period by renewal or amendment of the site plan or the final subdivision plat that was the subject of the final approval.
- Requires municipalities to issue, on request, a written statement of the development fee schedule applicable to a development.
- Prohibits counties from assessing or collecting development fees from a school district or charter school, other than fees assessed or collected for streets, water and sewer utility functions.
- Exempts developments that received their final approval before January 1, 2010 from changes to the procedures for municipal development fees.
- Defines the term *final approval*.
- Contains a delayed effective date of January 1, 2010 for changes in the statutes related to municipal development fees.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2006

schools; juvenile probation officers
Sponsor: Representative Konopnicki

DPA Committee on Education

X Caucus and COW

House Engrossed

HB 2006 allows school districts to enter into an Intergovernmental Agreement (IGA) for hiring Juvenile Probation Officers (JPOs) for law-related education programs.

History

The School Safety Program (Program) was originally established in session law in 1994 to address school safety needs in order to prevent juvenile referrals and detention in state facilities. Participating schools use trained School Resource Officers (SROs) or JPOs to teach law-related education programs to students. As defined in statute, a *law-related education program* is designed to provide children and youth with knowledge, skills, and activities pertaining to the law and legal process, and to promote law-abiding behavior with the purpose of preventing children and youth from engaging in delinquency or violence and enabling them to become productive citizens (A.R.S. § 15-154).

Prior to 2007, school districts were allowed to apply to participate in the Program and, if accepted, submit a request for continuation in subsequent years. Under this process, new applicants to the Program were restricted to unencumbered monies appropriated in previous fiscal years or monies appropriated to expand the program. The process was changed in 2007 to require school districts to re-apply every year, beginning with applications for the 2008-2009 school year. Before applications for the 2008-2009 school year were due, the application process was amended to allow school districts to apply for three years at a time.

The Program receives funding from the State General Fund and Proposition 301 monies. The Arizona Department of Education (ADE) administers the distributions of monies among the districts approved to participate in the Program by the School Safety Oversight Committee (Committee). The Committee approved 83 school districts for participation in the program in the 2007-2008 school year. The Committee approved 74 school districts in the 2008-2009 school year under the new application process. Once approved for the program, ADE works with local law enforcement agencies or juvenile court to assign a Peace Officer or JPO to the participating schools. Currently, school districts not accepted by the Program do not have the statutory authority to directly contract with a juvenile court for the purpose of employing a JPO outside of the Program.

Provisions

- Enables schools districts to enter into an IGA to hire JPO's for law-related education programs. Costs associated with the IGA are the responsibility of the school district.
- Makes technical changes.

Amendments

- Allows charter schools to enter into an IGA with a juvenile court for the purpose of having a JPO participate in a law-related education program at the charter school. Charter schools are responsible for the costs associated with the IGA.
- Makes conforming and technical changes.



HOUSE OF REPRESENTATIVES

HB 2284

charter schools; enrollment preference

Sponsors: Representative Goodale

DPA Committee on Education

X Caucus and COW

House Engrossed

HB 2284 allows charter schools to give enrollment preference to children of employees.

History

Charter schools are required to accept all eligible pupils who submit a timely application. However, if there is not adequate capacity for all applicants, the charter school must give enrollment preference to returning students and their siblings. If a charter school is sponsored by a school district, students who live within the boundaries of the school district have enrollment preference. The selection process used by the charter school to fill the remaining capacity must be equitable to all applicants, such as a lottery, except enrollment preference must be given to siblings of students selected during this process (A.R.S. § 15-184).

School districts are required to establish and implement open enrollment policies without charging tuition. The policies must address admission criteria, application procedures, and transportation provisions. Copies of the open enrollment policies must be submitted to the Arizona Department of Education. A review of current school district open enrollment policies showed that some school districts currently give enrollment preference to the children of school district employees (A.R.S. § 15-816.01).

Provisions

- Permits a charter school to give enrollment preference to and reserve capacity for children of the school's employees.

Amendments

Education

- Expands enrollment preference to include the children of employees of the charter holders.



HOUSE OF REPRESENTATIVES

HB 2001

state monuments; repair fund; purpose.

Sponsor: Representative Kavanagh

DP Committee on Government

X Caucus and COW

House Engrossed

HB 2001 states that monies deposited into the State Monument and Memorial Repair Fund are designated for specific monuments or memorials.

History

The Legislative Governmental Mall Commission (Commission) was established by Laws 1985, Chapter 23 to promote the interest and welfare of the state by providing for the orderly and beneficial growth and development of the Governmental Mall (Mall). The Mall is bounded on the north by Van Buren Street, on the south by the Harrison Street alignment, on the east by 7th Avenue and on the west by 19th Avenue.

All proposed monuments and memorials follow a prescribed process for approval by the Commission. The Arizona Department of Administration (ADOA) is responsible for making recommendations regarding proposals before the Commission, and is additionally responsible for maintaining the monument or memorial. Costs associated with maintenance are currently taken out of the general maintenance operating budget of ADOA.

Laws 2007, Chapter 25 § 2 established the State Monument and Memorial Repair Fund (Fund) consisting of donations, grants and legislative appropriations. ADOA is required to administer the Fund, submit an annual report to the Commission and use the monies for the maintenance, repair, reconditioning or relocation of monuments or memorials located in the Mall. Monies in the Fund are subject to legislative appropriation and are exempt from lapsing. Current statute does not require ADOA to separately account for or designate monies in the Fund to a specific monument or memorial unless a donation was made for a specific monument or memorial.

Provisions

- Stipulates that monies deposited into the Fund by the proponents are to be used for their specific monument or memorial.
- Requires ADOA to separately account for monies dedicated to a specific monument or memorial as follows:
 - Monies that are donated for the benefit of a specific monument or memorial.
 - Monies derived from fundraising activities collected for a specific monument or memorial.
 - Monies deposited by the proponents for a specific monument or memorial.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2004

inmates; tobacco use

Sponsor: Representative Konopnicki

DP Committee on Government

X Caucus and COW

House Engrossed

HB 2004 prohibits inmates from possessing tobacco products and bans the sale of such products in State correctional facilities.

History

Currently, the Department of Corrections (Department) establishes smoking and tobacco regulations in order to provide healthier and safer environments for inmates, employees, and for members of the public visiting Department facilities. Department Order 109 restricts inmates from smoking inside any building and prohibits smoking and the possession of tobacco from inmates assigned to minor, medical, detention, special management, and maximum-security units. Inmates assigned to general population cellblocks may possess smoking-related materials.

The 1976 United States Supreme Court ruling in *Estelle v. Gamble* in conjunction with Arizona Revised Statutes § 13-201.01 requires the Department to provide health care services to the approximately 40,000 inmates in the 10 State correctional facilities. Inmate treatment is provided either on-site at the correctional facility or off-site with health care providers or hospitals. The Department contracts with 10 outside health care facilities and each provider serves a distinct geographic region. Constituting 70% of Arizona inmate hospital admissions, St. Mary's hospital in Tucson is the largest off-site provider of inmate hospital services. The other contracted health care facilities are used primarily for emergency needs and short-term hospital stays.

The Joint Legislative Budget Committee reported in September 2008 that inmate health care costs will be approximately \$87 million in Fiscal Year (FY) 2009. In FY 2008, the Department spent \$4,136 per inmate for health care services.

Provisions

- Requires the Director of the State Department of Corrections to adopt a rule prohibiting inmates from possessing tobacco products.
- Forbids the sale of tobacco products as an item for purchase in inmate stores.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2400

partial-birth abortions; definition

Sponsors: Representatives Barto, Antenori, Ash, et al.

DP Committee on Health and Human Services

X Caucus and COW

House Engrossed

HB 2400 makes several clarifying and substantive changes to the partial-birth abortion section of statute including specifying a term of imprisonment for a physician shall not exceed two years for a violation of this statute, allowing defendants to appear before the Arizona Medical Board or Osteopathic Board for an assessment of the medical necessity of the procedure, and changing the definition of *partial-birth abortion*.

History

Laws 1997, Chapter 83, § 1 added § 13-3603.01 to Arizona Revised Statutes (A.R.S.) which states that a person who knowingly performs a partial-birth abortion and who kills a human fetus is guilty of a class 6 felony. It includes an exemption for partial-birth abortions that are necessary to save the life of a mother if no other medical procedure would save the mother's life. In it, *partial-birth abortion* is defined as an abortion in which the person performing the abortion partially vaginally delivers a living fetus before killing the fetus and completing the delivery.

On October 27, 1997, an Arizona federal district court found A.R.S. § 13-3603.01 to be unconstitutional. See *Planned Parenthood v. Woods*, 982 F.Supp. 1369. In 2003, the United States Congress passed the Partial Birth Abortion Ban Act (Act) which prohibited the procedure. On April 18, 2007, the United States Supreme Court upheld the constitutionality of the Act. See *Gonzales v. Carhart*, 127 S.Ct. 1610.

Provisions

- Specifies that a physician found to have knowingly performed a partial-birth abortion shall be fined or imprisoned not more than two years, or both.
- Clarifies that the partial-birth abortion prohibition does not apply to cases when the procedure is necessary to save the life of a mother whose life is endangered by a physical condition.
- Clarifies that a civil action brought pursuant to the partial-birth abortion section of statute may seek relief for psychological and physical injuries.
- Allows a defendant accused of violating the partial-birth abortion section of statute to seek a hearing before the Arizona Medical Board or the Arizona Board of Osteopathic Examiners to determine whether the defendant's conduct was necessary to save the life of a mother who was in physical danger.
 - Stipulates that the findings on that issue are admissible on that issue at the trial of the defendant.
 - Requires the court to delay the beginning of a trial for not more than thirty days, on a motion of the defendant, to allow a hearing to take place.

- Modifies the definition of *partial-birth abortion*.
- Eliminates the definition of *person*, and replaces it with a modified definition of *physician*.
- Includes a severability clause.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2045

constables; jurisdiction

Sponsor: Representative Konopnicki

DP Committee on the Judiciary

X Caucus and COW

House Engrossed

HB 2045 allows constables to serve processes and notices in adjoining precincts which lie across county lines.

History

The boards of supervisors divide each county in Arizona into Justice of the Peace (JP) districts. Within each such JP district, an elected justice of the peace presides, and most such districts additionally elect a constable. Constables execute, serve, and return processes or notices as directed by the court, and constables may do so in any precinct of the county from which they were elected. Currently, constables cannot cross county lines to serve processes or notices, no matter how physically close the location may be.

There are currently 74 constables serving throughout Arizona and 10 vacant constable positions, corresponding to the total of 84 justice precincts within the state.

Provisions

- Permits constables to execute, serve, and return processes and notices in neighboring precincts of other counties.



HOUSE OF REPRESENTATIVES

HB 2109

Retirement systems and plans; amendments

Sponsor: Representative Boone

DP Committee on Public Employees, Retirement and Entitlement Reform

X Caucus and COW

House Engrossed

HB 2109 updates protocol for current address notification of alternative payee.

History

The Public Safety Personnel Retirement System (PSPRS) is the statewide retirement system for public safety personnel, including police officers, fire fighters and certain certified peace officers. It was established to provide state employees who are regularly assigned hazardous duty a modified retirement structure. PSPRS investments are managed by the Fund Manager, a five-member board appointed by the Governor. The Fund Manager has the power and sole discretion to invest and reinvest, alter and change the monies accumulated under the system. The Fund Manager may also delegate its authority to an administrator and assistant administrators that the Fund Manager employs.

The Fund Manager also has the duty to administer, operate and manage Elected Officials Retirement Plan (EORP) and Corrections Officer Retirement Plan (CORP). While the Fund Manager is responsible for administering and managing each plan, the Fund Manager must hold separate and distinct accounts for each plan.

An alternate payee is usually a spouse or former spouse that is designated to receive funds. In case of a divorce or separation, a court of Arizona may issue a domestic relations order under the Internal Revenue Code, which recognizes or assigns an alternate payee's right to receive all or a portion of the benefits the participant would otherwise receive. A personal representative is someone who is designated to demand the alternative payee's portion, if the alternative payee dies.

The proposed changes of HB 2109 are already within the A.R.S sections 9-956, 38-860, and 38-910. HB 2109 relocates the latter provisions into alternative subsections of the aforementioned sections.

Provisions

- Requires both fire districts and municipalities to file annual reports with the state fire marshal in order to receive fire insurance premium tax proceeds.
- Requires that the personal representative maintain a current mailing address on file with the plan.

- Explains that once the system identifies the alternate payee's address, the appropriate portion will be paid to the alternate payee.
- Exempts the plan from the responsibility of locating any personal representative.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2110

public retirement plans; federal changes

Sponsor: Representative Boone

DPA Committee on Public Employees Retirement and Entitlement Reform

X Caucus and COW

House Engrossed

HB 2110 makes various technical changes to EORP, CORP, and PSPRS to conform the plans to federal law.

History

PSPRS was created in 1968 to provide a uniform and consistent statewide retirement program for public safety personnel throughout the state. EORP was established in 1985 to cover state and county elected officials, some city elected officials and judges. CORP was created in 1986 to provide retirement benefits for prison and jail personnel of certain state, county and local governments. All three systems were established to administer retirement benefits as well as survivor, disability, and health benefits for eligible members and their beneficiaries.

The Fund Manager is a five member board responsible for the administration and investment activities of PSPRS, EORP and CORP. The Fund Manager develops investment guidelines, investment policies and funding objectives with the assistance of independent investment counsel. A fund Administrator is responsible for collecting and refunding contributions from members and employers, disbursing benefits to qualified members in a timely manner and investing monies as the Fund Manager determines necessary and prudent to meet investment objectives and accruing benefit obligations.

Provisions

- Mandates that the plan make payments under the regulations of the Internal Revenue Code (IRC).
- Instructs that payments of benefits shall not begin any later than April 1, following the year which the member reaches 70.5 years of age or the date the member terminates employment.
- Caps member compensation at \$150,000 from January 1, 1996 through December 31, 2001.
- Caps member compensation at \$200,000 beginning January 1, 2002.
- States that if the compensation is established for a time less than 12 months, the compensation limit for that period of time will equal the dollar limit for the calendar year during which the period of time begins multiplied by time served.
- Authorizes the fund manager to adjust annual compensation limits under IRC regulation.
- Sets forth a maximum annual pension of the lesser of \$90,000 or 100% percent of the member's annual salary for years beginning before 1995.
- Sets forth a maximum annual pension of \$90,000 for years beginning in 1995 and ending before 2002.
- Sets forth a maximum annual pension of \$160,000 for years ending in and after 2002.

- States that the maximum annual pensions will be determined by section 415 of the IRC, and allows the pensions to be reduced to prevent disqualification under this federal law.
- Allows members to redeem services through a lump-sum payment, trustee-trustee transfer, direct rollover, an eligible rollover distribution from an individual retirement account, or annuity.
- Determines that lump-sum payments are eligible for direct rollover distribution.
- Validates service credits for active military service occurring before the member's current employment if:
 - The member was honorably discharged from the military,
 - The active military service does not exceed 48 months
 - The period of service for which the member receives credited service is not on account with another retirement system, unless provided by 10 U.S.C. §12736.
 - The member pays to purchase the previous active military service.
- States that an active member who volunteers or is ordered by the military may not receive more than 60 months of military service under the Uniformed Services Employment and Reemployment Rights Act.
- Requires employer and employee contributions to continue if:
 - The employee was an active member of the plan the day prior to beginning military service.
 - The employee entered into the armed forces or is a member of the National Guard.
 - The employee complies with the notice and return to work requirements of 38 U.S.C. §4312.
- Mandates that contributions made as a result of an active member volunteering or being ordered into military service must be for the period of time beginning on the date the member began military service and ending on the later of:
 - The date the member is separated from military service.
 - The date the member is released from service-related hospitalization or two years after the start of service-related hospitalization, whichever is earlier.
 - The date the member dies as a result of military service.
- Stipulates that a member may not receive credit for any military service in excess of 60 months.
- Instructs the employer and member contributions to be based on the contributions the member would have received but for the military service, and if that rate is indeterminate the contribution rate is based on the member's average rate of compensation during the 12-month period immediately preceding the military service.
- Allows the member to make contributions up to three times the length of military service so long as that time does not exceed 60 months.
- Requires the employer to make their contributions in a lump sum after the member has made his or her contributions, or upon receipt of the member's death certificate.
- Directs the employer to make contributions to the plan for any military differential wage pay the employer would have paid to members serving in the military.
- Includes the time of military service in the computation of the member's total credited service.
- Mandates that make the employer and member contributions on the member's return to employment if the member performs military service due to a presidential call-up, not to exceed 48 months.
- States that the statute must be interpreted in a manner consistent with section 414(u) of the IRC.

- Clarifies that a deferred annuity is not a retirement benefit and that annuitants are not permitted to receive a tax-equity benefit allowance, death benefits, benefit increases or group health and accident coverage for retirees.
- States that a retired member of PSPRS is not eligible for pension payments of he or she becomes employed by the employer from which the member retired earlier than 12 months after the member's retirement.
- Stipulates that the statues relating to deferred retirement under PSPRS apply to new members and current members who have not already applied for and begun receiving benefits.
- Defines *actuarial equivalent, annuitant, direct rollover, distributee, eligible retirement plan* and *eligible rollover distribution*.
- Strikes that a member of PSPRS has to be employed by the age of 50 to be considered a member, retroactive to from and after December 31, 1993.
- Contains a conditional enactment clause.
- Makes technical and conforming changes.

Amendments

Committee on Public Employment, Retirement, and Entitlement Reform

- Stipulates that military member and employer contributions are pursuant to subsection C of ARS 38-820, 38-858, and 38-97.



HOUSE OF REPRESENTATIVES

HB 2118

ASRS; LTD amendments

Sponsor: Representative Boone

DP Committee on Public Employees, Retirement and Entitlement Reform

X Caucus and COW

House Engrossed

HB 2118 makes technical, clarifying and conforming changes to the Long Term Disability Program statutes.

History

The Arizona State Retirement System (ASRS) manages retirement, health and long-term disability (LTD) benefits for state, county and municipal employees. ASRS benefits are funded by member and employer contributions and by earnings on investments. The ASRS has three funds, Retirement, Health Benefit, and Long Term Disability, to which the employee and employer contributions are distributed according to actuarially determined contribution rates. Actuaries are appointed by the board of directors of ASRS, and must make assessments according to statutory actuarial standards.

The ASRS Long Term Disability (LTD) Income Plan became effective July 1, 1988. It is funded by separate and equal employee and employer contributions to the LTD Trust Fund. The LTD Plan is designed to partially replace income (66.67%) lost during periods of total disability resulting from illness or injury. A member must be totally disabled for six consecutive months before LTD payments begin. LTD benefits cease at the earliest of the following:

- The date the member is no longer disabled,
- The date the member is no longer under the care of a physician or refuses to undergo any medical care,
- The date the member withdraws pension contributions from the ASRS Defined Benefit Plan, or
- The earliest normal retirement date for which the member qualifies.

Currently under section 38-797.06, the board consults with an actuary to determine the contribution rate biennially based on the LTD experience of the employers and administration of the LTD program. The 'biennial period' means a two-year period beginning on July 1 of an odd-numbered year and ends on June 30 of the next odd-numbered year. HB 2118 would repeal this section.

Provisions

- Cross-references the LTD Program definitions with the ASRS Defined Benefit (DB) Plan statutes.
- Repeals the current LTD contribution rate calculation and replaces it with the following provisions:

- Designates an actuary to make an annual valuation to determine employee compensation and employer contributions to ASRS.
- Mandates that the annual actuarial assessment done as of June 30 of a calendar year will determine the compensation for the following year beginning July 1.
- States that all contributions made by employers into the LTD Trust Fund are irrevocable and shall be used as benefits under Article 2.1 or to pay LTD expenses.
- Explains that total employer contributions shall amount to the normal cost plus the amount required to repay the past contribution requirement.
- Instructs ASRS to have a preliminary report before November 30 of the assessment year.
- Instructs ASRS to provide a final report by January 15 of the contribution rate for the next fiscal year to the Governor, President of the Senate and Speaker of the House of Representatives.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2119

ASRS; service credit transfers
Sponsor: Representative Boone

DP Committee on Public Employees, Retirement and Entitlement Reform

X Caucus and COW

House Engrossed

HB2119 modifies members' retirement system rights after member transfer.

History

Employees that opt to purchase their service credit must do so through one of the prescribed methods of payment, which includes a Payroll Deduction Authorization (PDA). A PDA is a method of payment by which the employee irrevocably agrees to purchase a specified amount of service credit through payroll deductions over an agreed period of time, but not to exceed a twenty year period. Current law also permits employees to make an intersystem transfer of service credits when transferring from ASRS to another state defined benefit retirement plan. However, in the event that an unfunded liability is created by the transfer of service credits from one retirement system to another, current law requires that the employee either pay the difference or accept a reduced transfer of credits.

Provisions

- Stipulates that when an employee of a charter city who later becomes an ASRS member elects to have the employee's service transferred, the service is not credited in the new retirement system until full payment is made for the service credit.
- States that once a transfer is completed a member's rights in the former retirement system are terminated.



HOUSE OF REPRESENTATIVES

HB 2081

income tax credit review schedule

Sponsor: Representative Lesko

DP Committee on Ways & Means

X Caucus and COW

House Engrossed

HB 2081 Income Tax Credit Review requires that the income tax credits be put back on schedule, and rewrites the review schedule so that the bill is no longer necessary unless to eliminate a tax credit.

History

The Joint Legislative Income Tax Credit Review Committee (Committee) is comprised of five members of the House Ways and Means Committee, and five members of the Senate Finance Committee. The Chairmen of the House Ways and Means Committee and the Senate Finance Committee serve as Co-chairs for this Committee.

The Committee was created to determine the original purpose of existing income tax credits, establish a standard for evaluating and measuring the success or failure of income tax credits, and review the individual and corporate tax credits pursuant to the statutory schedule. After the review process, the Committee determines whether the credit should be amended, repealed or retained. If it is amended or retained, the next review will be in the fifth full calendar year following the date the credit was reviewed.

The Committee met on December 9, 2008, and reviewed information provided by the Joint Legislative Budget Committee staff. The credits reviewed this year were: Individual and corporate income tax credit for research and development, individual and corporate tax credit for pollution control equipment, and corporate income tax credit for taxes paid for coal consumed in generating electrical power. All three income tax credits were continued and placed on the Income Tax Credit Review Schedule for 2013.

Provisions

- Repeals the current Income Tax Credit Review Schedule.
- Establishes a new Income Tax Credit Review schedule so income tax credits will automatically be reviewed in five year intervals. Credits will be reviewed in years ending in 0 and 5; 1 and 6; 2 and 7; 3 and 8; and 4 and 9.
- Retains the credits on the review schedule that were reviewed the previous year: individual and corporate income tax credit for research and development, individual and corporate tax credit for pollution control equipment, and corporate income tax credit for taxes paid for coal consumed in generating electrical power.



HOUSE OF REPRESENTATIVES

HB 2083

2009 tax corrections act

Sponsors: Representatives Lesko, Ash, Murphy

DP Committee on Ways & Means

X Caucus and COW

House Engrossed

HB 2083 is the annual tax correction act for 2009.

History

Every year the Department of Revenue (DOR) and Legislative Council review the tax statutes for errors, obsolete language and blending problems. They take these findings and compile them into a bill to correct the tax statutes.

Provisions

- Sections 1, 2, 7 through 22, and 24: Clarifies that the legal classification of property may be appealed, not just the valuation of property, and codifies current practice.
- Section 3: Updates the outdated reference to subsection 12 in Title 42 Article 1, for a person who purchases property that is listed as class one. These subsections were renumbered in 2000; however the reference has never been updated to reflect the changes.
- Section 4: Corrects punctuation and replaces the word “or” with “of” to eliminate confusion.
- Section 5: Repeals obsolete language in relation to 1980 values.
- Section 6: Clarifies that owner-occupied homeowner property limitations apply to all mobile homes.
- Section 23: Updates a reference regarding extending the tax roll and limitations on residential property tax.
- Section 25: Clarifies that a personal property appeal to the State Board of Equalization should be done in the same manner as real property appeals. This is consistent with current policy.
- Section 26, 27, 28, and 29: Clarifies that the increases to the R&D tax credit approved in the '08 session apply to taxable years, rather than calendar years.
- Section 30: Repeals obsolete session law.



HOUSE OF REPRESENTATIVES

HB 2285

fire district assistance tax; mergers
Sponsor: Representative Yarbrough

X Committee on Ways and Means

Caucus and COW

*** REVISED ***

House Engrossed

HB 2285 eliminates provisions for consolidated fire districts to exceed funding caps from the Fire District Assistance Tax (FDAT). **There is a proposed strike-everything amendment on the same subject.**

History

County fire districts receive funding from two sources of revenue, both generated from secondary property taxes. First, county fire districts receive funding from the county through the FDAT. The FDAT is levied by the county on all taxpayers and the rate is limited to no more than ten cents per one hundred dollars of assessed valuation. The amount of funding from this source is equal to 20% of the district's levy, but is capped at \$300,000 each fiscal year. If the FDAT does not raise sufficient revenue to cover 20% of each fire district's budget, then the amount is prorated among the county fire districts. In addition to the FDAT, the fire district may levy a secondary property tax to fund the remainder its budget and that tax rate is capped at \$3.25. There is no levy limit for these districts. Additional taxes may also be levied for any voter-approved bonds.

Current statute provides that when two or more county fire districts merge, the last amount received by each fire district from the FDAT prior to the merger may be continued, even if the combined amount exceeds the \$300,000 cap. If the combined amount is less than \$300,000, the consolidated district may receive up to \$300,000, as provided in current law.

Three county fire districts in Pima County merged in October 2008. They are Heritage Hills, North Ranch Linda Vista and La Canada. In the written agreement of the merger, each fire district was required to increase its local levy in August of 2008 to no less than \$1.8 million so that each district receives the maximum \$300,000 in FDAT revenues for the current year. As a result, the merged district will now receive \$900,000. The amount of FDAT in 2007 for all three separate districts was approximately \$350,000.

This bill will eliminate the FDAT funding provisions relating to merged districts, thus putting these districts on equal funding with existing districts.

Provisions

- Eliminates the provision for consolidated county fire districts to receive funding in excess of the \$300,000 cap from the FDAT.
- Eliminates redundant provisions regarding consolidated county fire districts that receive less than the \$300,000 capped amount from FDAT.
- Contains a retroactivity clause to January 1, 2009.

Provisions of the proposed strike-everything amendment

- Modifies the amount of FDAT revenues a consolidated fire district can receive. Instead of receiving the total of the amounts that each district received in the year prior to the merger, the amount of FDAT for the consolidated district will be the sum of the average of the last three years of FDAT received by each fire district.
- Applies retroactively to fire districts that consolidated after December 31, 2007.



HOUSE OF REPRESENTATIVES

HB 2288

premium tax credit; STO contribution

Sponsors: Representative Yarbrough

DP Committee on Ways & Means

X Caucus and COW

House Engrossed

HB 2288 allows insurers to take a credit against their insurance premium tax liability for donations to a school tuition organization, and repeals the sunset date for the corporate credit for donations to school tuition organizations (STOs).

History

Laws 2006, Chapter 14 established a new corporate income tax credit for contributions to school tuition organizations (STOs). The credit began July 1, 2006 and will expire on June 30, 2011. The total amount of credits approved by the Department of Revenue (DOR) is capped at \$10 million with a 20% annual increase in the cap beginning in 2007. Currently the cap is \$12M in FY 08. DOR must approve credits on a first come, first serve basis.

The STO that receives the contributions must use the funds for scholarships or grants for students of low-income families. The students must have transferred from a public school in the previous year to a qualified private school, enrolled in a private school kindergarten program or received a grant or scholarship from the STO in the previous year. The original maximum amount of scholarship a STO can award with these contributions is \$4,200 for grades K-8 and \$5,500 for grades 9-12. Each year after 2006, this amount can be raised by \$100.

This legislation will expand the corporate credit program by allowing insurers to claim a credit against their insurance premium tax liability for similar donations. There is no fiscal impact associated with this legislation since the cap for corporate donations remains unchanged. The insurance premium tax credits will be counted against the same cap.

Provisions

- Allows a credit for donations to STOs against the premium tax that is incurred by insurance companies.
- Stipulates the same guidelines for insurers that are required for STO contributions made by corporate taxpayers.
- Allows the credit to be carried forward up to five years.
- Restricts the credit from being claimed if the insurer designates the contribution to a specific student.
- Permits the Department of Insurance (DOI) to adopt rules and procedures in conjunction with DOR to administer the credit.
- Eliminates the sunset date of June 30, 2011 for the corporate income tax credit for contributions to STOs.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2311

car rental surcharge; exception
Sponsor: Representatives Driggs

DP Committee on Ways & Means

X Caucus and COW

House Engrossed

HB 2311 provides an exemption from the car rental surcharge for vans used for vanpools of 14 passengers or less.

History

Currently the Sports and Tourism Authority (STA) may levy a car rental surcharge. The current rates are 3.25 percent of gross proceeds or income, or \$2.50 on each lease, whichever is more. Of this amount \$2.50 goes to the Cactus league in Maricopa County. In Pima County the amount shall not exceed \$3.50. The surcharge is not taxable, and meant for visitors to help finance the cactus league projects, and multipurpose stadium districts.

The surcharge does not apply to any person or company who provides a vehicle to a person at no charge whose own vehicle is being repaired, adjusted, or serviced. At this time the surcharge is not applied to vans rented for vanpools. These are vehicles that are rented for less than 15 passengers, whose drivers are not paid, and use the vehicle to transport passengers to and from their place of employment.

According to Valley Metro, this surcharge is not currently collected for any type of vanpools. HB 2311 seeks to clarify that this would continue.

Provisions

- Provides an exemption from the surcharge for the STA and Cactus League for vanpools with less than 15 passengers, whose driver is not being paid, and uses the van to transport passengers to and from their place of employment.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2365

county board of equalization; petitions

Sponsor: Representative Murphy

DP Committee on Ways and Means

X Caucus and COW

House Engrossed

HB 2365 allows the State Board of Equalization to issue final decisions when they have a contract to replace the County Board of Equalization.

History

Each year, property owners receive a Notice of Value (Notice) from the county assessor stating the full cash value of their property. If the owner believes the value or classification is in error or excessive, they may file an appeal with the county assessor within 60 days of receiving the Notice. The property owner can request a meeting with the assessor or submit written evidence to support the appeal. If the appeal is denied by the assessor, the property owner can appeal to the State Board of Equalization (SBOE) or the County Board of Equalization (CBOE), depending on where the property is located. For properties in Maricopa and Pima Counties, the appeal is to the SBOE. For all other counties, the appeal is to the CBOE. The county Board of Supervisors sits as the CBOE.

For those counties with a CBOE, the county Board of Supervisors may currently contract with the SBOE to provide the hearings. However, any decision made by the SBOE under contract must be given final approval by CBOE.

HB 2365 will allow the SBOE decisions to be final without a need for the county Board of Supervisors to vote on the decision.

Provisions

- Allows the county Board of Supervisors to contract with the SBOE to perform hearings and make final decisions regarding property appeals.



HOUSE OF REPRESENTATIVES

HB 2366

property tax liens; redemption; foreclosure

Sponsor: Representative Murphy

DP Committee on Ways and Means

X Caucus and COW

House Engrossed

HB 2366 preserves the right of a tax lien holder to recover attorney's fees after public notice is given when a property has a lawsuit pending.

History

Currently tax lien holders can recover reasonable attorney fees during the foreclosure process. However, when a property is sold to another after legal proceedings have begun on an action to foreclose the right to redeem a tax lien; the new owner can correctly claim they were never served with proper notice of the lawsuit. The tax lien holder that has begun the foreclosure process then has to absorb the cost of attorney fees.

According to the Association of Counties, this is causing an undue financial burden to the tax lien purchasers. Some individuals are taking advantage of this situation by having owners under a foreclosure sell their property for minimal amounts. The new owner is exempt from paying any attorney's fees to the tax lien holder and the tax lien holder loses the property in which they invested. If the statute is not changed, the county Treasurer's ability to sell tax liens and collect delinquent taxes will be impeded.

Provisions

- Allows a tax lien holder the right to collect reasonable attorney fees in cases where public notice is recorded in the county recorder's office for a notice of pendency of action or defense regarding a particular property.



HOUSE OF REPRESENTATIVES

HB 2367

property tax valuation; government actions

Sponsor: Representative Murphy

DP Committee on Ways & Means

X Caucus and COW

House Engrossed

HB 2367 clarifies how the limited value of properties that are split or combined as a result of a government action are determined.

History

Current law states that the primary value also known as the limited value cannot exceed the full cash value. Limited property values are determined by using one of the following methods:

For parcels in existence in the previous year that did not undergo any modifications for any reason, the limited value may not increase by more than 10%, or 25% of the difference between the past year's primary value and the new secondary value, whichever is greater.

For parcels that were modified because of construction, destruction, change in use or new parcels resulting from a split or combination, the limited value is established by applying a ratio of full cash to limited property values of existing properties of the same use or classification.

Laws 2007, Chapter 104 addressed how limited values are calculated in cases where property is split, subdivided or consolidated as a result of an action by a governmental entity. The intent of the legislation was that the limited value of properties that are split or combined due to a governmental action will remain unchanged. Due to wording that has proved to be unclear there are various interpretations of the procedure for calculating the limited value on these properties. HB 2367 will clarify the procedures, resolving these multiple interpretations.

Provisions

- Clarifies that the limited value of a property that is split, subdivided or consolidated as a result of an action by a government entity is:
 - For properties valued from January 1 through September 30, the lower of:
 - Comparable properties of similar use or classification.
 - The same as the original value as determined in current law, and in the following valuation year the valuation is determined by current law.
 - For properties valued from October 1 through December 31, the same as the original value as determined under current law. For the following valuation year, the limited value is the lower of:
 - Comparable properties of similar use or classification.
 - The value determined under current law.
- Deletes obsolete language and makes technical and conforming changes.