

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

MAJORITY CAUCUS CALENDAR

February 17, 2009, 10:00 AM

Bill Number	Short Title	Committee	Date	Action	
Committee on Commerce					
Analyst: Diana Clay O'Dell Assistant Analyst: Brooke Olguin Intern: Maureen Howell					
HB 2240	rule making; state agencies; moratorium				
SPONSOR:	TOBIN	COM	2/4	DPA	(8-0-0-0-0)
HB 2259	Local Development Fees; Procedures				
SPONSOR:	BIGGS	COM	2/4	DP	(7-1-0-0-0)
Committee on Education					
Analyst: Jennifer Anderson Intern: Cassandra Warney					
HB 2108	WICHE student loans; repayment				
SPONSOR:	ABLESER	ED	2/2	DP	(9-0-0-1-0)
Committee on Government					
Analyst: Michelle Hindman Assistant Analyst: Zach Tretton Intern: Laurel Johnson					
HB 2236	county offices; business periods (GOV S/E: county operation; management)				
SPONSOR:	TOBIN	GOV	2/10	DPA/SE	(9-0-0-0-0)
HB 2267	municipalities; counties; fire sprinklers; codes				
SPONSOR:	CRUMP	GOV	1/27	DPA	(6-1-0-1-0)
HB 2274	paycheck deductions; political purposes; limitation				
SPONSOR:	CRUMP	GOV	2/10	DPA	(6-3-0-0-0)
Committee on Health and Human Services					
Analyst: Dan Brown Intern: Thomas Desmaris					
HB 2283	certified nursing assistants; pilot program				
SPONSOR:	GOODALE	HHS	2/11	DPA	(7-0-0-2-0)
Committee on Military Affairs and Public Safety					
Analyst: Thomas Adkins Intern: Scott Handler					
HB 2134	prison contraband; wireless communication device				
SPONSOR:	WEIERS JP	MAPS	2/4	DP	(6-2-0-0-0)
Committee on Natural Resources and Rural Affairs					
Analyst: Ralene Whitmer Intern: Sabrina Mericle					
HB 2178	equine rescue registry				
SPONSOR:	KONOPNICKI	NRRA	2/9	DPA	(7-0-0-1-0)

Committee on Public Employees, Retirement and Entitlement Reform

Analyst: Stacy Weltsch Intern: Azra Hafizovic

HB 2325	EORP; omnibus amendments				
SPONSOR:	BOONE PERER	2/10	DP	(8-0-0-0-0)	
HB 2327	PSPRS; omnibus amendments				
SPONSOR:	BOONE PERER	2/10	DP	(8-0-0-0-0)	

Committee on Transportation and Infrastructure

Analyst: Ingrid Garvey Intern: Laureen Stadle

HB 2106	prohibit photo radar; state highways				
SPONSOR:	CRUMP TI	1/22	DP	(5-2-0-1-0)	
HB 2123	license plate commission repeal				
SPONSOR:	BIGGS TI	2/5	DPA	(8-0-0-0-0)	
HB 2215	traffic citations; payments; reinstatement fees (TI S/E: traffic citations; payments; fees)				
SPONSOR:	MIRANDA B TI	2/5	DPA/SE	(8-0-0-0-0)	

Committee on Ways and Means

Analyst: Kitty Decker Intern: Matt Stone

HB 2126	tax refund checkoff boxes				
SPONSOR:	LESKO WM	1/22	DP	(6-0-0-2-0)	
HB 2155	hospital districts; elections				
SPONSOR:	MASON WM	2/2	DP	(7-0-0-1-0)	
HB 2286	tax credit; charitable organizations				
SPONSOR:	YARBROUGH WM	1/26	DP	(6-0-0-2-0)	
HB 2287	tax credits; withholding tax reduction				
SPONSOR:	YARBROUGH WM	1/26	DP	(5-1-0-2-0)	
HB 2314	property valuation; telecommunications companies				
SPONSOR:	DRIGGS WM	1/26	DPA	(6-0-0-2-0)	



HOUSE OF REPRESENTATIVES

HB 2106

prohibit photo radar; state highways

Sponsor: Representative Crump

DP Committee on Transportation and Infrastructure

X Caucus and COW

House Engrossed

HB 2106 prohibits a state or local authority from using photo enforcement systems to detect speeding violations on state highways. In addition, HB 2106 repeals the state photo enforcement system and the photo enforcement fund established in 2008.

History

Laws 2008, Chapter 286 established a statewide photo enforcement system that currently provides automated speed enforcement on the state's highways. The legislation also created the Photo Enforcement Fund (PEF), into which revenues from state highway photo enforcement Notices of Violation (NOVs) and citations are deposited. NOVs and citations issued under the program carry a penalty of \$165 and a 10 percent clean elections surcharge (for a total penalty of \$181.50). The law prohibits NOVs and citations detected by the state photo enforcement from being reported by the court to the state Motor Vehicle Division (MVD), and further prohibits the MVD from using these offenses for sanctioning drivers and assessing points. This prohibition has created a conflict with federal laws governing violations by Commercial Motor Vehicle operators and masks the violations for the purpose of rating drivers by insurance companies.

The Joint Legislative Budget Committee (JLBC) reports that the Department of Public Safety (DPS) funding for the system includes \$2,173,000 for the DPS staff expenses and \$20,361,300 for the DPS payment of private vendor contracts related to the operation of the photo cameras and processing NOVs and citations. In addition to these monies, \$4,056,600 is included in the Supreme Court budget for processing of photo enforcement NOVs and citations. After payment of expenses, the PEF is allowed to retain \$250,000 as a balance at the end of each calendar quarter. All fund balances over that amount are transferred to the General Fund (GF). Due to uncertainty in collections, the JLBC does not include a specific estimate of photo radar fines being deposited to the GF in FY 2010.

In accordance with A.R.S. § 41-1722, the DPS entered into a fixed price contract ("Contract") with Redflex to provide Statewide Traffic Photo Speed and Intersection Enforcement Systems, Mobile and Fixed, and related services for a two year term, commencing July 16, 2008.

The DPS plans to oversee 100 speed cameras statewide, including 60 stationary cameras and 40 mobile van systems. According to statements in a number of media sources, the DPS has 69 mobile and stationary cameras in operation. At the time the legislation was enacted, the Executive projected that the state would realize \$90 million in the GF revenues the first year of camera operation.

The Insurance Institute for Highway Safety reports photo enforcement bans in the following states:

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1. Arkansas – use prohibited by county or state government.
2. Nevada – prohibited unless handheld by officer, or installed in law enforcement vehicle.
3. New Hampshire – prohibited.
4. New Jersey – prohibited.
5. Texas –may not be used for speed enforcement.
6. West Virginia – prohibited.
7. Wisconsin – prohibited.

Earlier this month, a group called "camerafraud.com", began collecting signatures to put in a proposal that would ban photo radar on the November 2010 ballot. The group needs to collect more than 153,000 valid signatures by July 2010 to qualify for the ballot.

Provisions

- Prohibits a state or local authority from using photo enforcement systems to detect speeding violations on state highways.
- Repeals the state photo enforcement system and the photo enforcement fund.



HOUSE OF REPRESENTATIVES

HB 2108

WICHE student loans; repayment

Sponsor: Representative Ableser

DP Committee on Education

DP Committee on Appropriations

X Caucus and COW

House Engrossed

HB 2108 changes the repayment provision for university students participating in the Professional Student Exchange Program (PSEP) under the Western Interstate Commission for Higher Education (WICHE) from 50 percent of the sum to 100 percent of the sum, plus interest.

History

WICHE, a regional organization that began in 1953, consists of 15 western states. WICHE is authorized to enter into agreements with institutions in the region offering undergraduate, graduate, or professional education or with compacting states or territories to provide adequate services and facilities of undergraduate, graduate, and professional education for the citizens of Arizona. Applicants to WICHE programs receive preferential consideration at WICHE schools, substantially reduced tuition costs, and the opportunity to participate in programs not available at Arizona's public universities.

Under the PSEP, Arizona pays fees to the admitting school to help support students from Arizona in one of six fields of study: dentistry, occupational therapy, optometry, osteopathy, physician assistant, and veterinary medicine. WICHE allows each state to establish its own terms for PSEP participants. In Arizona, a PSEP student must sign a contract with the Arizona Board of Regents that requires the student to begin practicing his or her profession in Arizona within one year after completing his or her education. The student is required to continue practice in Arizona for a duration of one year for each year of academic support provided, with certain exceptions. If the student does not complete the required service, the student is required to repay one-half of the sums expended by the state, plus interest (A.R.S. § 15-1745).

According to WICHE, five states require students who fail to complete their contract to repay the full amount expended or more: Alaska, Colorado, Hawaii, New Mexico, and Washington. Another five states have no penalty for students who fail to complete their contract: Idaho, Montana, North Dakota, Utah and Wyoming. Between 2001 and 2005, Arizona had the highest return rate among PSEP states, with 76 percent of graduates returning to practice within the state.

For FY 08 and 09, \$4,115,000 was allocated for the PSEP from the state General Fund. Currently, 186 Arizona students are participating in PSEP and approximately \$22,000 is funded per student to cover the associated fees.

Provisions

- Increases the PSEP repayment provision to require the participating student to repay the entire sum expended by the state on his or her behalf plus interest if the obligations of the contract are not met.



HOUSE OF REPRESENTATIVES

HB 2123

license plate commission repeal

Sponsor: Representative Biggs

DPA Committee on Transportation and Infrastructure

X Caucus and COW

House Engrossed

HB 2123 repeals the License Plate Commission.

History

The seven member License Plate Commission (LPC) was established in 1992 and was charged with determining the color and design of all regular license plates, as well as deciding whether or not to authorize special organization plates. The Arizona Department of Transportation (ADOT) Director or the Director's designee is the Chairman of the LPC and is charged with presiding at meetings, coordinating LPC activities, and staff implementation of LPC recommendations. All official action of the LPC shall be decided by a majority vote of the LPC.

The desert scenic background license plate that most people currently have on their vehicles was created by the LPC. Special license plates approved by the LPC are subject to the \$25 special plate fee, and the sponsoring organization receives \$17 of that fee while \$8 is deposited in the State Highway Fund for department related costs. LPC approved special license plates contain the generic license plate desert scenic background along with a specialized emblem of the organization. In order for a special license plate to be approved by the LPC, the requesting organization must either submit 200 paid applications prior to plate manufacture or submit the entire production cost of \$32,000.

Due to a lawsuit filed against the LPC by the Arizona Life Coalition in 2003, the LPC had suspended its operations until the U.S. Supreme Court in October 2008 ruled in favor of the Arizona Life Coalition's petition that the LPC approve the *Choose Life* license plate application filed by the Coalition in 2002. As a result of the Supreme Court's action, the LPC met in January 2009, and approved the *Choose Life* plate. The plate is currently in production, but not yet available to the public.

Provisions

- Repeals the seven member LPC
- Requires MVD to issue license plates for taxis.
- Retains special organization plates approved by the LPC prior to the effective date of the act.

Amendments

Committee on Transportation and Infrastructure

- Eliminates the requirement for the MVD to issue license plates for taxis.
- Mandates that the MVD continue to issue special organization plates authorized by the LPC before the effective date of the act.
- Allows nonmembers of organizations to purchase special organization license plates upon receipt of a written resolution authorizing such an action from the benefiting organization.



HOUSE OF REPRESENTATIVES

HB 2126

tax refund checkoff boxes

Sponsors: Representatives Lesko, Ash, Chabin, et al

DP Committee on Ways & Means

X Caucus and COW

House Engrossed

HB 2126 eliminates the requirement that check-off box for donations to various funds be located on the front page of the individual income tax form.

History

Currently, 5 out of 9 statutes allowing a contribution require the check-off box for that contribution be located on the front page of the return. The removal of the check-off boxes gives the DOR the ability to design a form that could be processed with data capture technology. This technology includes imaging and OCR/ICR (Optical Character Recognition/Intelligent Character Recognition). The use of this technology would improve the efficiency of processing the forms, because the forms/returns could be scanned when received and the tax data captured electronically. Capturing data electronically improves work processes in other areas of DOR such as Taxpayer Services, Collections and Audit because taxpayer information would be readily available to multiple employees at the same time.

There are over 25 states that have the flexibility to design a form that can be scanned with electronic data capture technology. The majority of these states also offer taxpayers the ability to donate their refund or part of their refund to an organization. In most of the cases, the state makes sure that the 'check-off' is located near the refund amount.

Below is an example of the check-off box section of the 2006 individual income tax return.

37 TAX DUE. If line 30 is larger than line 36, subtract line 36 from line 30 and enter amount of tax due. Skip lines 38, 39 and 40.....	37	00			
38 OVERPAYMENT. If line 36 is larger than line 30, subtract line 30 from line 36 and enter amount of overpayment.....	38	00			
39 Amount of line 38 to be applied to 2007 estimated tax.....	39	00			
40 Balance of overpayment. Subtract line 39 from line 38.....	40	00			
41 - 49 Voluntary Gifts to:					
AID TO EDUCATION (entire refund only)..... 41	00	ARIZONA WILDLIFE 42	00	CITIZENS CLEAN ELECTIONS..... 43	00
CHILD ABUSE PREVENTION..... 44	00	DOMESTIC VIOLENCE SHELTER..... 45	00	NATIONAL GUARD RELIEF FUND..... 46	00
NEIGHBORS HELPING NEIGHBORS..... 47	00	SPECIAL OLYMPICS..... 48	00	POLITICAL GIFT..... 49	00
50 Check only one if making a political gift: <input type="checkbox"/> 501 Democratic <input type="checkbox"/> 502 Libertarian <input type="checkbox"/> 503 Republican					
51 Estimated payment penalty and MSA withdrawal penalty..... 51					
52 Check applicable boxes: <input type="checkbox"/> 521 Annualized/Other <input type="checkbox"/> 522 Farmer or Fisherman <input type="checkbox"/> 523 Form 221 attached <input type="checkbox"/> 524 MSA Penalty					
53 Total of lines 41, 42, 43, 44, 45, 46, 47, 48, 49, and 51..... 53					
54 REFUND. Subtract line 53 from line 40. If less than zero, enter amount owed on line 55..... 54					
Direct Deposit of Refund: See Instructions.					
ROUTING NUMBER: 98					
ACCOUNT NUMBER: C <input type="checkbox"/> Checking or S <input type="checkbox"/> Savings					
55 AMOUNT OWED. Add lines 37 and 53. Make check payable to Arizona Department of Revenue; include SSN on payment. <input type="checkbox"/> Payment enclosed. Check the box and attach payment. 55					

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The funds that are included in the removal are in lines 41-49 on this sample form. They include: Aid to Education, Arizona Wildlife, Citizens Clean Elections, Child Abuse Prevention, Domestic Violence Shelter, National Guard Relief Fund, Neighbors Helping Neighbors, Special Olympics, and Political Gift.

The exact location of the check-off boxes has not been determined but it is DOR's intent to place the boxes near the refund line as is currently done.

Provisions

- Eliminates the requirement that the first page of individual income tax return contain an optional check-off box or space for contributions to various funds.
- Removes obsolete language.
- Contains a Prop 105 requirement that a three-fourths affirmative vote of the House and Senate is required for passage. This requirement is related to the check-off for clean elections.
- Contains technical and conforming changes.
- Establishes an effective date beginning from and after December 31, 2009.



HOUSE OF REPRESENTATIVES

HB 2134

prison contraband; wireless communication device Sponsors Representative Weiers JP

DP Committee on Military Affairs and Public Safety

X Caucus and COW

House Engrossed

HB 2134 modifies the definition of *contraband* to include wireless communication devices and electronic storage devices.

History

Pursuant to A.R.S. § 13-2505, promoting prison contraband is a crime ranging from a class 2 felony, for weapons or drugs, to a class 5 felony for all other cases. Promoting prison contraband includes:

- Taking contraband into a correctional or juvenile facility or the grounds of such facility.
- Conveying contraband to any person confined in a correctional or juvenile facility.
- Making, obtaining or possessing contraband while being confined in a correctional or juvenile facility or while being lawfully transported or moved incident to correctional facility confinement.

Persons convicted of promoting contraband are prohibited from employment by the state or political subdivisions until the person's civil rights have been restored.

A.R.S. 13-2501 defines *contraband* as any dangerous drug, narcotic drug, marijuana, intoxicating liquor of any kind, deadly weapon, dangerous instrument, explosive or other article whose use or possession would endanger the safety, security or preservation of order in a correctional facility or a juvenile secure care facility, or of any person within a correctional or juvenile secure care facility.

Provisions

- Expands the definition of *contraband* to include wireless communication devices and multimedia storage devices.
- Makes technical and conforming changes.



HOUSE OF REPRESENTATIVES

HB 2155

hospital districts; elections

Sponsor: Representative Mason

DP Committee on Ways & Means

DP Committee on Health and Human Services

X Caucus and COW

House Engrossed

HB 2155 grants a hospital district a one time election to reauthorize the existing secondary property tax funding the hospital's operations.

History

Laws 2006, Chapter 354 required that beginning July 1, 2007, any secondary property taxes for bonds, overrides, and special districts, only be conducted at the November general election. The Williams Hospital District (District) authorized a secondary property tax in 1994 to help fund the Williams Health Care Center. Current law required the District to hold an election every five years to re-authorize the tax. They have followed this law and carried out elections every five years, however, the election has been held in the spring.

When preparing for a spring 2009 election, the District learned of Chapter 354 which eliminated the spring election dates for special taxing districts' tax authorizations and required these elections to be held on the second Tuesday of November. The District missed the November 2008 election and must wait until November 2009 to re-authorize the tax. Due to the District's required fiscal year of July 1, and the Arizona property tax calendar, the tax would not be collected until September 2010. Williams Hospital District's taxing authority expires on June 30, 2009.

The District provides nearly \$1.4 Million to the Williams Health Care Center to pay for operating and capital expenditures. HB 2155 would allow the District to hold a special one-time election to re-authorize the tax before June 20, 2009 when their current taxing authority ends.

Provisions

- Allows for an election for a hospital district with less than ten thousand people to reauthorize an existing secondary property tax that supports the operations of a hospital.
- Requires the following terms for the election:
 - It must be held on any Tuesday prior to June 30, 2009.
 - It must be held between 30 to 120 days from the call of the election.
 - The notice of the election must be published in a newspaper once a week at least two weeks before the election.
- Allows the hospital district the option to hold a mail ballot election without the approval of the county board of supervisors.
- Contains an emergency clause.



HOUSE OF REPRESENTATIVES

HB 2178

equine rescue registry

Sponsor: Representative Konopnicki

DPA Committee on Natural Resources and Rural Affairs

X Caucus and COW

House Engrossed

House Bill 2178 directs the Department of Agriculture to create and maintain a registry and public list of equine rescue facilities.

History

The Department of Agriculture (Department) is divided into three main divisions; Animal Services, Plant Services and Environmental Services. The Animal Services Division protects consumers from diseases in livestock, commercially raised fish, poultry, eggs, meat and dairy. The Animal Service Division also oversees the sale, transport and theft of livestock.

A.R.S. § 3-1721 provides that upon seizing an equine in poor condition because of suspicion of neglect or abuse, the Department can house and care for the equine if there are sufficient funds available in the Livestock Custody Fund. The equine is in the care of the Department for up to 15 days. Within the 15 day period, a hearing is held to determine the circumstances surrounding the animal. The hearing will find whether the animal was found in poor physical condition at the time the equine was seized. If the hearing finds the equine was in good health, it is then returned to the owner free of charge. If the equine was found to be in poor health, it is sold to cover expenses incurred in care of the animal or destroyed in a humane manner.

Provisions

- Changes the article heading of Title 3, Chapter 12, Article 2, to “Rescue of Equine in Poor Physical Condition”.
- Requires the Department to establish and maintain a registry of equine rescue facilities.
- Directs the Department to have a list of the registered equine rescue facilities for the public at its offices and website.
- Outlines the requirements for registering an equine rescue facility:
 - A non-profit organization.
 - Maintains minimum physical conditions of the facility and equine care and treatment.
- Specifies that an equine rescue facility’s length of registration is for one year and can be renewed annually with the Department with the following documentation:
 - Letter from a veterinarian, testifying the minimum standards of the Department are being met, dated within 15 days of filing.
 - Documentation verifying non-profit status.
- Ensures that registration documents will be available to the public.
- Allows the Director to adopt rules and fees for the registration of the rescue equine facilities.
- Makes technical and conforming changes.

Amendments

- Strikes the change to the article heading of Title 3, Chapter 12, Article 2.
- Moves the new section into Chapter 11, Article 5 of Title 3.



HOUSE OF REPRESENTATIVES

HB 2215

traffic citations; payments; reinstatement fees

Sponsor: Representative Miranda B

DPA

S/E Committee on Transportation and Infrastructure

X Caucus and COW

House Engrossed

HB 2215 requires the Arizona Department of Transportation (Department) Motor Vehicle Division (MVD) to notify a person whose driver's license has been suspended that the person is subject to reinstatement and the amount of the reinstatement fee.

The strike-everything amendment creates a system in which the court will collect fees for suspended driver's licenses and will notify the Department to end the suspension.

History

Current statute (A.R.S. § 28-1601) requires a person to pay all civil penalties within thirty days from entry of judgment, unless due to an economic hardship, the court authorizes a payment plan. If the penalty is not paid within thirty days or if the person misses an installment payment, the court has the option of declaring the entire penalty due, and notifying the MVD to suspend the person's driver's license until the civil penalty is paid.

The statute requires the court to immediately notify the MVD if the person satisfies the civil penalty imposed by the court. However, there is no statutory requirement for the court or the MVD to notify a person to fully reinstate their driving privilege following a suspension, the person must pay a reinstatement fee to the MVD. Until reapplication is made and the fees paid, the MVD record will continue to show the person's license as "suspended" even though the person satisfied the civil penalty with the court.

Provisions

- Requires the court to notify the MVD when a civil penalty is fully satisfied with the court.
- Mandates that, following notification from the court, the MVD must notify the person in writing whether their driving privileges are subject to reinstatement, or the reason(s) the driving privileges are not subject to reinstatement.
- States that if a person's driving privileges are subject to reinstatement the MVD shall send the person a notice of the reinstatement fee.
- Requires the MVD to terminate a suspension within five days following receipt of payment.

Provisions of proposed strike-everything amendment

- Requires the court to notify the Department of full satisfaction of a civil penalty.
- Allows the court to charge an additional administrative fee, determined by the Supreme Court, to cover administrative costs for collecting reinstatement fees.

- Mandates that the court must transmit the reinstatement fee to either the county or city treasurer for transmission to the Department.
- Requires the Department to terminate a driver's license suspension upon receipt of notice of payment of civil penalties and reinstatement fees from the court.



HOUSE OF REPRESENTATIVES

HB 2236

county offices; business periods

Sponsor: Representative Tobin

DPA

S/E Committee on Government

X Caucus and COW

House Engrossed

HB 2236 modifies the statutes pertaining to county officer mandated office hours.

Proposed Strike-Everything Amendment

The proposed strike-everything amendment to HB 2236 makes multiple changes to the statutes governing Arizona counties.

History

County Retiree Health Insurance

Statute authorizes a county board of supervisors (Board) to contract for health, life, accident and disability insurance for county elected officials, employees and their dependents, from any insurer licensed to do business in Arizona. When counties procure their own health care plan for retirees, they are allowed to use public funds to pay all or part of the premiums. The Board is also allowed to contract for group health and accident insurance for retired county employees and their dependents. Current statute prohibits counties with a population of 300,000 persons or less from using public funds to pay all or any part of the insurance premiums for retired county employees when their Board has an agreement with a retirement system (A.R.S. § 11-263).

County Merit System; Hearing Officers

The County Employee Merit System Commission (Commission) is a five-member Commission established to assist in administering the county merit system, which is the county equivalent of the State Personnel Board. Members of the Commission are selected from among the qualified electors of the county and no more than three may be from the same political party. A covered officer or employee may be dismissed, suspended, or reduced in rank or compensation only by written order, specifically stating the reasons for the action. The order must be filed with the clerk of the Board and then furnished to the person being dismissed, suspended or reduced. Within ten days of being presented with the order, the officer or employee may appeal the order through the clerk of the Commission and ask for a hearing. The Commission is then required to commence a hearing within twenty days to affirm, modify or revoke the order. The findings and the decisions of the Commission shall be final, and are subject to judicial review of administrative decisions (A.R.S. §§ 11-353 & 11-356). The State Personnel Board is allowed to appoint a hearing officer to conduct a hearing and take evidence, issue subpoenas, compel attendance of witnesses and cause depositions to be taken in a like manner as in civil actions in the superior court (A.R.S. §§ 41-785 & 12-2212).

County Offices; Business Periods

Current statute requires every county officer – except for the sheriff – to keep their office open for business from 9:00 a.m. to 5:00 p.m. Monday through Friday, and 9:00 a.m. to 1:00 p.m. on Saturdays. However, the Board in any county may adopt a resolution requiring county offices to be open each day Monday through Friday only if the Board determines that service to the general public will not be impaired by eliminating Saturday office hours. The resolution adopted by the Board shall establish a nine-hour work day between 8:00 a.m. and 6:00 p.m., Monday through Friday (A.R.S. §§ 11-413 & 11-416.01). Statute further prescribes legal holidays, and allows for certain holidays that fall on a Saturday or Sunday to be observed during the preceding Friday or the following Monday (A.R.S. § 1-301).

Mental Health Services; Court Costs

Any responsible individual may apply for a court-ordered evaluation of a person who is alleged to be a danger to themselves or others, persistently or acutely disabled, gravely disabled and unwilling or unable to undergo a voluntary evaluation as a result of a mental disorder (A.R.S. § 36-520). This evaluation shall be completed as soon as possible after ordered by the court. A person receiving an inpatient evaluation will remain in a facility during the evaluation which must be completed within 72 hours while a person receiving an outpatient evaluation will not remain in a facility overnight but will be examined during usual outpatient working hours. If a person scheduled for an outpatient evaluation fails to appear, the court may order the patient to be taken into custody for an inpatient evaluation (A.R.S. § 36-530). Current statute states that the costs of court proceedings and the costs of court-ordered evaluations are a charge against the county in which the patient resided or was found before hospitalization. It is the responsibility of the clerk of the superior court in the county where the proceedings are held to certify to the Board that the proceedings were held and the amount of the balance of the incurred costs. If a physician, psychologist or social worker is not otherwise compensated for a court-ordered evaluation, testifying at a hearing, or both, they shall be paid an amount (by the county) deemed reasonable by the court (A.R.S. § 36-545.04).

Provisions

County Retiree Health Insurance

- Removes the statutory restriction that prohibits Boards in counties with a population of 300,000 or less from expending public funds on group health and accident insurance premiums for retired county employees.
- Clarifies that state public funds shall not pay for all or any part of group health and accident insurance premiums for retired county employees.
- Allows county public funds to be used to pay all or any part of the group health and accident insurance premiums for retired county employees.

County Merit System; Hearing Officers

- Allows the Commission to appoint hearing officers to conduct hearings and take evidence on behalf of the Commission.
- Requires the Commission to set a date for a hearing of an appeal after receiving a written order and an appeal within twenty days of receiving a filed appeal, rather than requiring the actual hearing to commence within twenty days of receiving the filed appeal.
- Gives the appointed hearing officer the ability to issue subpoenas, compel attendance of witnesses, administer oaths to witnesses and cause depositions to be taken in a like manner as in civil actions in superior court.

- Requires the appointed hearing officer to submit proposed findings of fact, conclusions of law and a recommendation to the Commission upon conclusion of the hearing.
- Allows the officer or employee to request a change of hearing officer in any appeal of a dismissal, suspension or reduction in rank in which a single hearing officer has been appointed to conduct the appeal hearing.
- Requires the Commission to grant the request for a new hearing officer upon the first request, all other requests may only be granted upon a showing that a fair and impartial hearing cannot be obtained due to the prejudice of the assigned hearing officer; a decision made by the chairperson of the Commission.
- Mandates that the Commission affirm, modify or revoke the order following a hearing of the Commission or upon receipt of a hearing officer's proposed findings of fact, conclusions of law and recommendation.

County Offices; Business Periods

- Deletes statutory requirements that county officers keep their office open from 9:00 a.m. to 5:00 p.m. Monday through Friday and from 9:00 a.m. to 1:00 p.m. on Saturday.
- Requires county officers (except the county sheriff) to keep their offices open for not less than 40 hours each week.
- Allows county officers (except the county sheriff) to keep their offices open for 32 hours for weeks that contain a day that is a legal holiday.
- Allows the Board to adopt a resolution designating the 4th Friday in November (Black Friday) as a legal holiday in place of the 2nd Monday in October (Columbus Day).
- Requires county officers (except the county sheriff) to keep their office open for not less than 24 hours for the week in November designating Black Friday as a legal holiday, if the Board has adopted the above resolution.
- Repeals statutes allowing counties to operate under a permissive 5-day work week.

Mental Health Services; Court Costs

- Stipulates that counties are not responsible for court-ordered mental health evaluations for persons who are eligible to receive behavioral health services from other federal, state or private payers.

Miscellaneous

- Contains an emergency clause.
- Makes technical and conforming changes.

Amendments

Committee on Government

- The proposed strike-everything amendment was adopted.



HOUSE OF REPRESENTATIVES

HB 2240

rule making; state agencies; moratorium

Sponsor: Representative Tobin

DPA Committee on Commerce

X Caucus and COW

As Engrossed and As Passed the House

HB 2240 is an Emergency measure placing a moratorium on rule making activity that results in monetary or regulatory cost increases, except as noted.

History

Title 41, Chapter 6, Article 3, outlines the statutory requirements for agency, board and commission rule making authority. Rule making as currently described in A.R.S. § 41-1001, *means the process for formulation and finalization of a rule*. Statute defines a *rule* to mean a State agency's *statement of general applicability that implements, interprets or prescribes law or policy, or describes the procedure or practice requirements of an agency*. Rule also includes prescribing fees, or amending or repealing a prior rule.

The Arizona Administrative Register (Register) is an official document of the State of Arizona and is published by the Secretary of State (SOS). The Register contains all rule making activity, tracks and publishes a rule each step of the process, from idea to proposed rule, public participation, final rule, and final certification or approval. Additionally, the Register publishes all emergency and exempt rules. Although the rule making process can be very lengthy, the Register is the venue by which the public may track a rule through the process, and the Register is published on a weekly basis.

After certification by the Attorney General or upon approval of the Governor's Regulatory Review Council, all rules are filed with the SOS. The Arizona Administrative Code is the official compilation of all final rules of state agencies, boards and commissions, and consists of 10-volume sets divided into 20 Titles and 230 Chapters.

Provisions

- Prohibits any State agency from adopting rules that result in monetary or regulatory cost increases to other agencies, political subdivisions, or Arizona citizens.
- Makes exceptions to the rule making provision as follows:
 - To avoid a violation of federal law or any court order.
 - To prevent an *imminent threat to public health or safety*. Defines the term.
- Contains a delayed repeal date of July 1, 2010.
- Contains an Emergency clause that preserves the public health and safety and is effective immediately upon signature of the Governor.

Amendments

- Stipulates a State agency cannot adopt any rule unless it reduces the regulatory burden on those it regulates.
- Clarifies an increase in monetary or regulatory costs does not include rules adopted by certain specific health-related 90/10 Boards if the monetary benefits substantially outweigh the costs of the proposed rule.



HOUSE OF REPRESENTATIVES

HB 2267

municipalities; counties; fire sprinklers; codes

Sponsor: Representative Crump

DPA Committee on Government

X Caucus and COW

House Engrossed

HB 2267 prohibits a city, town or county from adopting an ordinance that mandates the installation of fire sprinklers in single family homes.

History

Arizona Revised Statutes (A.R.S.) § 9-801 defines a *code* as a published compilation of rules or regulations prepared by a technical trade association, including any building code, health or sanitation code, fire prevention code or other code which embraces rules and regulations pertinent to a subject which is a proper subject of municipal legislation. Arizona cities, towns and counties are required to use a public, open process for the adoption of city codes and ordinances. They do this through public meeting notices and making proposed ordinances and resolutions available for review and comment prior to adoption.

The International Code Council (ICC) is a membership association dedicated to building safety and fire prevention, and they develop model codes used by local governments to regulate construction of residential and commercial buildings. The ICC publishes several model codes including the International Building Code, the International Fire Code and the International Residential Code (IRC). These model codes are on a rotating revision schedule, and are constantly being amended and updated. In fall of 2008, the ICC amended the IRC to require fire sprinklers in all new one and two family residences (including townhomes) as of January 1, 2011.

According to the International Code Council, 79 of Arizona cities and counties have adopted a version of the IRC.

Provisions

- Prohibits cities, towns, and county board of supervisors from adopting an ordinance that prevents a person or entity from choosing whether to install or not install fire sprinklers in a single family detached residence.
- Forbids cities, towns, and county board of supervisors from imposing fines or any other penalty on any person or entity choosing to install or not install fire sprinklers in a single family residence.
- Clarifies that this does not apply to any ordinance that requires residential sprinklers and that was adopted prior to December 31, 2007.
- Make technical and conforming changes.

Amendments

Committee on Government

- Changes the date in the bill such that this act would not apply to any ordinance that requires residential fire sprinklers and that was adopted prior to December 31, 2008.



HOUSE OF REPRESENTATIVES

HB 2274

paycheck deductions; political purposes; limitation
Sponsors: Representatives Crump, Barto, Murphy, et al

DPA Committee on Government

X Caucus and COW

House Engrossed

HB 2274 prohibits an employer from making an unauthorized paycheck deduction from an employee for political purposes.

History

Arizona Revised Statutes (A.R.S) § 23-352 prohibits an employer from withholding or diverting any portion of an employee's wages unless authorized by state or federal law or if the employee provides written authorization. If an employer fails to pay wages due to an employee, the employee may file a civil action against his or her employer for three times the amount of unpaid wages or file a wage claim through the Labor Department of the Industrial Commission of Arizona (ICA). If an employee chooses to file a wage claim through the ICA, he or she may do so only if the amount of unpaid wages does not exceed \$2,500 and the claim is filed within one year of the accrual of unpaid wages. Employers who are independent contractors are not eligible to file a wage claim through the ICA (A.R.S. § 23-355 & 356).

A corporation, limited liability company or labor organization that makes a contribution for the purposes of influencing an *election* – defined as any election to any political office, any election to any political convention or caucus, or any primary election held for the purpose of selecting any candidate, political committee or other person for any political office, convention or caucus – is guilty of a class 2 misdemeanor (A.R.S. § 16-919). However, specific expenditures including the solicitation of voluntary contributions from employees to a separate segregated fund to be utilized for political purposes by a corporation, labor organization, membership organization, or trade association are allowed by statute. Additionally, current law allows the establishment, administration and solicitation of voluntary contributions from employees of a corporation or limited liability company. This includes contributions made by payroll deduction directly into a separate, segregated fund that is used for political purposes of which the employing corporation or limited liability company is a member (A.R.S. § 16-920). Corporations, labor organizations or separate segregated funds are prohibited from soliciting contributions from persons who are not stockholders in the corporation or members of the labor organization. Further, these groups are prohibited from making more than two written solicitations during the calendar year and any method of soliciting voluntary contributions permitted by law to corporations with regard to stockholders shall also be permitted to labor organizations with regard to their members (A.R.S. § 16-921).

Provisions

- Prohibits a private or public employer from making a paycheck deduction for political purposes from an employee, unless that employee provides written authorization to the employer for the deduction on an annual basis.
- Requires a written statement from each entity receiving employee paycheck deductions that states that the payment is either:
 - Not being used for political purposes, OR
 - Indicates the maximum percentage of the payment that is issued for political purposes.
- Forbids the employer from deducting any amount in excess of the paycheck deduction specific for nonpolitical purposes without the annual written permission of the employee.
- Requires the Attorney General to adopt rules that describe the acceptable forms of employee authorization and entity statements.
- Mandates that an employer is subject to a civil penalty of at least \$10,000 for each violation of improperly deducting payments from an employee's paycheck for political purposes.
- States that an entity is subject to a civil penalty of at least \$10,000 for each violation of providing an inaccurate written statement.
- Stipulates that the Attorney General shall impose and collect the civil penalties in accordance with this statute and this act, and all civil penalties collected shall be deposited into the state general fund.
- States that this section does not apply to any paycheck deductions made for the following:
 - Savings.
 - Charitable contributions.
 - Employee retiree benefits.
 - Employee welfare benefits.
- States that if an employee who has authorized a paycheck deduction in accordance with this act and resigns membership in the association or organization for which the deduction was authorized, the employee's authorization for the deduction immediately becomes void.
- Clarifies that this act does not preempt any federal law.
- Defines *political purposes* as supporting or opposing any candidate for public office, political party, referendum, initiative, political issue advocacy, political action committee or other similar group.
- Names this act the "Protect Arizona Employees' Paychecks from Politics Act."
- Contains a severability clause.

Amendments

Committee on Government

- Adds the following to the exemptions provided in this act:
 - Single deductions for non-political purposes.
 - Deductions for savings or charitable contributions.
 - Deductions for employee retiree, healthcare or welfare benefits.
 - Deductions for state, local or federal taxes.
 - Deductions for contributions to a separate segregated fund as defined by federal statute or a similar state law.
 - Any deduction otherwise required by law.



HOUSE OF REPRESENTATIVES

HB 2283

certified nursing assistants; pilot program

Sponsor: Representative Goodale

DPA Committee on Health and Human Services

X Caucus and COW

House Engrossed

HB 2283 delays the repeal date of the Medication Technician Pilot Program (Program), which allowed certified nursing assistants to administer certain medications.

History

Laws 2004, Chapter 121 created the Program which allowed certified nursing assistants to act as medication technicians in six skilled nursing facilities. The certified nursing assistants in these facilities were not allowed to administer medications or fluids by needle and were not allowed to administer medications to patients classified as either acute or sub-acute. The program was overseen by the Arizona Board of Nursing (Board) and was funded by an assessment charged by the Board to the Program's participants. The pilot program was scheduled to end and a written report was to be submitted on or before December 1, 2008.

The written report submitted by the Board recommends that:

- Legislation be pursued to extend the role of the medication technician state-wide;
- All features of the pilot study remain including protocols, education, setting, and testing;
- The time frame for the training be paced so students can better comprehend the material;
- The role of the registered nurse in delegation and medication management be specifically addressed;
- That the Board collaborates with the Department of Health Services and other licensing boards in crafting legislation.

Laws 2004, Chapter 121, Section 2 repeals the Program from and after September 30, 2009.

Provisions

- Delays the repeal date for the Program until September 30, 2011.

Amendment

Committee on Health and Human Services:

- Makes technical changes.



HOUSE OF REPRESENTATIVES

HB 2286

tax credit; charitable organizations
Sponsors: Representative Yarbrough

DP Committee on Ways & Means

X Caucus and COW

House Engrossed

HB 2286 makes several modifications to the eligibility for the individual income tax credit for donations to charitable organization for the working poor.

History

Currently, taxpayers are eligible to make voluntary cash contributions of \$200 for an individual, and \$400 for married filing jointly. The tax credit is non-refundable, and the excess amount donated may be carried forward up to five years. Taxpayers are only eligible for a tax credit for any contributions that are above the total amount deducted in their baseline year. The baseline year is the first year after 1995 in which they made charitable contributions.

Charities that qualify to receive donations have to provide the Department of Revenue (DOR) with written certification that they meet the criteria. The criteria requires that they must be tax exempt from federal income tax under section 501(c)(3), or is a designated community action agency that receives community services block grant program monies. They must also spend at least 50% of their budget on services to residents of Arizona who receive temporary assistance for needy families (TANF) or qualify as low income.

Presently, the charitable organizations are able to send a letter of self-certification to the DOR with no further documentation to prove eligibility under current laws. There are over 600 self-certified organizations now. With the proposed verification process in this bill, it is anticipated that many charitable organizations may not qualify in the future. This bill will specifically allow donations for charitable organizations that serve chronically ill or physically disabled children to be eligible for the income tax credit.

The Joint Income Tax Credit Review Committee recommended in 2005 that the baseline year requirement to qualify for the credit is removed, and that DOR verify the qualifications and eligibility of charitable organizations.

HB 2286 proposes to incorporate these recommendations, expand the charities eligible to receive donations for purposes of the credit, but also restrict the credit to those who itemize deductions.

Provisions

- Expands the income tax credit to charitable organizations that provide services to chronically ill or disabled children.
- Restricts the credit to only those taxpayers that itemize deductions.
- Eliminates the requirement to establish a baseline year for taxpayers before they can take the credit.
- Requires that the organization's written certification must be signed by an officer of the organization under the penalty of perjury, and must include the following:
 - Verification of its status that it is a 501(c)(3) or a designated community action agency
 - Financial data indicating that the prior, current, and future budgets projects 50% or more spent on services to residents of Arizona that:
 - Receive TANF
 - Qualify as low income residents
 - Are chronically ill or disabled children
- Establishes a recertification process where the DOR will review each written certification and make a determination based on the aforementioned criteria.
- Requires the DOR to remove a charitable organization from its published list if it no longer qualifies as a qualifying charitable organization.
- Allows the DOR to reinstate the charitable organization to its published list at a later date if the organization resubmits the written certification required.
- Defines *chronically ill or physically disabled children* to mean children under twenty-one whose primary diagnosis is a severe physical condition which may require ongoing, medical or surgical intervention.
- Makes technical and conforming changes.
- Contains a retroeffective date from and after December 31, 2008.



HOUSE OF REPRESENTATIVES

HB 2287

tax credits; withholding tax reduction

Sponsors: Representative Yarbrough

DP Committee on Ways & Means

X Caucus and COW

House Engrossed

HB 2287 allows employers to reduce withholding tax amounts for employees who plan to make contributions to public schools, school tuition organization, or charitable organizations.

History

Withholding Tax

To simplify payment of the individual income tax, a portion of the tax is paid through a system of withholding. Under Arizona law, a percentage of each employee's federal withholding is deducted and withheld by the employer for state income tax purposes at the time wages are paid. If the employee's annual wage is less than \$15,000, he can elect to withhold 0, 10, 19, 23, 25, 31, or 37 percent of federal withholding. If the employee's annual wage is \$15,000 or more, he can elect to withhold 0, 19, 23, 25, 31, or 37 percent of federal withholding. A taxpayer may only claim 0% if they had no state tax liability in the prior taxable year and expect to have no state tax liability for the current taxable year.

Public School and Charitable Organizations

A taxpayer whose filing status is single or head of household may take an individual income tax credit up to \$200 per year for contributions made to a public school for extracurricular activities and character education programs. Married couples filing joint may take an individual income tax credit up to \$400.

School Tuition Organizations (STO)

A taxpayer whose filing status is single or head of household may take an individual income tax credit up to \$500 per year for donations to a STO for educational scholarships or tuition grants for students to attend private school. Married couples filing joint may take an individual income tax credit up to \$1000.

HB 2287 would give employees the option to request a reduced withholding amount and allow the employer to reduce the withholding by the amount of the individual income tax credit to public schools, STOs or charitable organizations. A reduction in a taxpayer's withholding amount does not reduce the taxpayer's state tax liability. This bill will have a one-time fiscal impact because it will shift revenues from one fiscal year to the next fiscal year.

Provisions

- Allows an employer the option to reduce the withholding amount of an employee by the amount of the individual income tax credit for donations to public schools, STOs, or charitable organizations.
- Expands the definition of confidential to include information supplied by an employee to an employer regarding the amount withheld for contributions.
- Requires the employee to request that the employer reduce the withholding amount. The request must be in writing and contain the name and address of the school, STO or charitable organization receiving the donation.
- Stipulates that the withholding amount may be reduced by the amount of credit that the employee would qualify for and be entitled to, but the withholding amount may not go below zero and will be prorated according to the number of pay periods remaining in the taxable year.
- Requires the employer to make the donation to the public school, STO or charitable organization on behalf of the employee within 15 days after the end of each calendar quarter.
- Provides that the employee responsible for the accuracy of the amount of reduction.
- Provides that the employer responsible for making the payments to the charitable organization, STOs, or public school within 15 days after the end of each calendar quarter.
- Requires the employer within 30 days of the end of each calendar year or within 15 days of termination, to give a statement to the employee and DOR that provides the amount withheld and paid on behalf of the employee during that year.
- Defines any fraudulent appropriations on the part of the employer as a class 1 misdemeanor which is punishable by up to six months in jail, \$2,500 in fines (person), and \$20,000 in fines (enterprise).
- Makes technical and conforming changes.
- Contains an effective date of January 1, 2010.



HOUSE OF REPRESENTATIVES

HB 2314

property valuation; telecommunications companies

Sponsors: Representative Driggs

DPA Committee on Ways and Means

X Caucus and COW

House Engrossed

HB 2314 reduces the minimum value of personal property for telecommunications companies.

History

All businesses pay a personal property tax. Personal property includes all types of property considered to be movable and not permanently attached to real estate. The Department of Revenue (DOR) values telecommunications, utilities, airlines, railroads, mines and other geographically dispersed properties often located in more than one county. These properties are typically valued through statutory valuation formulas and their value is used for both primary and secondary purposes. These properties are referred to as centrally valued properties (CVP). The values are determined for the entire system and apportioned to the appropriate taxing jurisdictions.

HB 2314 changes the statutory valuation method that DOR will use for the valuation of telecommunications companies. The bill will maintain the current practice of providing a minimum value for buildings of 20% of original cost. However, the requirement for telecommunications personal property, such as cables, equipment, etc. to be reduced to 10% of the original cost is a change from current practice.

Provisions

- Eliminates the requirement for DOR to use 1993 depreciation schedules for telecommunications property and requires this property to be depreciated using a straight line basis.
- Provides that the depreciation computation for telecommunications property to have a minimum value of:
 - 20% of original cost for buildings with a 25 year life.
 - 10% of original cost for cable with a 15 year life; equipment with a 5 year life and other telecommunications property with a 7 year life.
- Replaces the term *historical cost* with *cost*.
- Defines *cost* as the original cost as reported by the company.
- Contains a retroactivity clause to taxable years beginning in 2009.

Amendments

Ways and Means

Changes retroactivity clause to apply to valuation years, instead of taxable years.



HOUSE OF REPRESENTATIVES

HB 2325

EORP; omnibus amendments
Sponsor: Representative Boone

DP Committee on Public Employees, Retirement and Entitlement Reform

X Caucus and COW

House Engrossed

HB 2325 provides omnibus revisions and clarifications to the EORP retirement plan.

History

The Elected Officials' Retirement Plan (EORP) was established in 1985 as a division of the Public Safety Personnel Retirement System (PSPRS). EORP provides coverage for every elected official of this state and each country, every justice of the Supreme Court and judge of the court of appeals and superior court, every full-time superior court commissioner, and the administrator of the fund manager. Also, the members include each elected person of an incorporated city or town whose employer has a joinder agreement for coverage of its elected officials. Since 1989, all EORP retirement benefits in excess of \$2500 annually are subject to the Arizona state tax.

Each member contributes 7% of salary to EORP on pre-tax basis. An elected member may retire at the age of 65 with 5 or more years of credited service, or at the age of 62 with 10 or more years of credited service, or if the member has 20+ years of credited service regardless of age. Since 1989, all EORP retirement benefits in excess of \$2500 annually are subject to the Arizona state tax.

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

- Explains that EORP members are not eligible to receive credited service for periods of service that are uncompensated and for which no contributions to the retirement plan are made.
- Clarifies that EORP is a legal entity that can sue and be sued.
- Stipulates that no more than 12 months of credited service can be credited on account of all service rendered by a member in any one year.
- Limits the payment of a survivor pension to a surviving spouse who was married to a retired member for at least two years. Any surviving spouse of a deceased active or inactive member shall be paid a surviving spouse's pension if married on the date of the member's death.

- Requires a surviving spouse to file a written application with the plan to receive a survivor benefit.
- Limits a member's entitlement to benefits in the event of fraud or embezzlement and subjects a member to a class 6 felony if convicted. Any convicted member is entitled to receive a lump sum payment of that member's accumulated contributions, but forfeits any other benefit that would otherwise accrue.
- Subjects the member to restitution and fines imposed by a court, if convicted. Fines may be paid from any payments otherwise payable to the member from the plan.
- Strikes provisions of statute relating to the rural healthcare subsidy provided by the plan.
- Contains a retroactivity provision relating to the definition of *employer* in the statutes dealing with member health insurance.
- Defines *eligible child*.
- Contains clarifying, conforming and technical changes.



HOUSE OF REPRESENTATIVES

HB 2326

CORP; omnibus amendments
Sponsor: Representative Boone

DP Committee on Public Employees, Retirement and Entitlement Reform

X Caucus and COW

House Engrossed

HB 2326 provides omnibus revisions and clarifications to the CORP retirement plan.

History

Created by the legislature in 1986, the Corrections Officer Retirement Plan's (CORP) is one of three plans administered by the Public Safety Personnel Retirement System designed to meet the special needs of personnel engaged in the prison environment. Normal retirement commences after the member completes 20 years of service, the member attains age 62 with 10 or more years of service or the sum of the member's age and years of credited service equals at least 80 points. The monthly pension amount is determined by years of credited service multiplied by a factor of 2.5 percent multiplied by the average monthly salary.

Provisions

- Explains that a pension does not include a deferred annuity. Clarifies that CORP is a legal entity that can sue and be sued.
- Requires employers who reemploy retired members to notify CORP within 10 days of re-employment if that member has been re-employed in a designated position.
- Specifies that members who retire with a disability pension may not concurrently participate in a reverse DROP program.
- Limits the payment of a survivor pension to a surviving spouse who was married to a retired member for at least two years. Any surviving spouse of a deceased active or inactive member shall be paid a surviving spouse's pension if married on the date of the member's death.
- Compels a surviving spouse or guardian or conservator to file a written application with the plan to receive a survivor benefit.
- Mandates that local boards be full constituted within 60 days after the employer's effective date of participation in the system. If this deadline is not met, the fund manager may appoint all vacancies and designate the terms of the appointive position.
- Permits the fund manager to refuse to grant relief to a claimant to a benefit or invalidate a decision by the local board if the fund manager believes granting the relief or adhering to the decision will violate the internal revenue code or threaten to impair the system's status as a qualified plan under the internal revenue code.
- Makes the fund manager's refusal to grant relief subject to judicial review.
- Permits the local board to:
 - Prescribe procedures to be followed by claimants in filing applications for benefits.
 - Receive and review the actuarial valuation of the plan for its group of members.

- Receive and review reports of the financial condition and of the receipts and disbursements of the fund from the fund manager.
- Requires the local board to report information to the fund manager regarding any action taken by the board within 20 business days after taking the action.
- Removes any limitations period that may preclude the fund manager from contesting a local board decision the fund manager believes violates the internal revenue code or threatens to impair the tax qualified status of the plan.
- Allows members with at least ten years of credited service to elect to receive a deferred annuity benefit.
- States that a member forfeits his or her right to a deferred annuity if the person withdraws his or her contributions from the plan.
- Explains that a deferred annuity consists of the annuitant's accumulated contributions plus an equal amount paid by the employer, and is not a retirement benefit.
- Asserts that a person who defrauds or steals from the plan is subject to civil suit by the plan.
- Requires a person who is found to have defrauded or stolen from the plan to pay all of the expenses, costs and fees the plan incurred.
- Mandates that the court place a judicial lien on all of the non-exempt property of the person against whom judgment is entered in an amount equal to all amounts awarded to the plan, plus interest.
- Limits a member's entitlement to benefits in the event of fraud or embezzlement and subjects a member to a class 6 felony if convicted. Any convicted member is entitled to receive a lump sum payment of that member's accumulated contributions, but forfeits any other benefit that would otherwise accrue.
- Subjects the member to restitution and fines imposed by a court, if convicted. Fines may be paid from any payments otherwise payable to the member from the plan.
- Defines *annuitant*, *eligible child* and *ordinary disability*.
- Contains a conditional enactment relating to a previous dual enactment.
- Contains clarifying, conforming and technical changes.



HOUSE OF REPRESENTATIVES

HB 2327

PSPRS; omnibus amendments Sponsor: Representative Boone

DP Committee on Public Employees, Retirement and Entitlement Reform

X Caucus and COW

House Engrossed

HB 2327 provides omnibus revisions and clarifications to the PSPRS retirement plan.

History

Established in 1968, the Public Safety Personnel Retirement System administers three statewide retirement plans for state, county, and municipal personnel comprised of the Public Safety Personnel Retirement System (PSPRS) plan; the Corrections Officers Retirement Plan (CORP); and the Elected Officials Retirement Plan (EORP). Governed by statute, the plans are managed by a five-member board of trustees who are statutorily charged "...to invest and reinvest, alter and change monies accumulated under the system." Pursuant to this charge, employer and employee contributions are invested in various portfolios, including international equity portfolios. Of the \$6.9 billion of the fund's current assets, approximately 3% is invested in non-U.S. equities.

Provisions

- Clarifies that PSPRS is a legal entity that can sue and be sued.
- Specifies that members who retire with a disability pension may not concurrently participate in the reverse DROP program.
- Stipulates that members who retire with a disability pension or who have elected to participate in reverse DROP program may not concurrently participate in the DROP program.
- Stipulates that no more than 12 months of credited service can be credited on account of all service rendered by a member in any one year.
- Limits the payment of a survivor pension to a surviving spouse who was married to a retired member for at least two years. Any surviving spouse of a deceased active or inactive member shall be paid a surviving spouse's pension if married on the date of the member's death.
- Compels a surviving spouse to file a written application with the plan to receive a survivor benefit.
- Requires employers who reemploy retired members to notify PSPRS if that member has been re-employed in the same position.
- Limits a member's entitlement to benefits in the event of fraud or embezzlement and subjects a member to a class 6 felony if convicted. Any convicted member is entitled to receive a lump sum payment of that member's accumulated contributions, but forfeits any other benefit that would otherwise accrue.
- Subjects the member to restitution and fines imposed by a court, if convicted. Fines may be paid from any payments otherwise payable to the member from the plan.

- Mandates that local boards be full constituted within 60 days after the employer's effective date of participation in the system. If this deadline is not met, the fund manager may appoint all vacancies and designate the terms of the appointive position.
- Permits the fund manager to refuse to grant relief to a claimant to a benefit or invalidate a decision by the local board if the fund manager believes granting the relief or adhering to the decision will violate the internal revenue code or threaten to impair the system's status as a qualified plan under the internal revenue code.
- Makes the fund manager's refusal to grant relief subject to judicial review.
- Requires the local board to report information to the fund manager regarding any action taken by the board within 20 business days after taking the action.
- Authorizes the fund manager to commingle the assets of the fund and the assets of all other plans entrusted to its management in one or more group trusts.
- Removes any limitations period that may preclude the fund manager from contesting a local board decision the fund manager believes violates the internal revenue code or threatens to impair the tax qualified status of the plan.
- Allows the fund manager to settle threatened or actual law suits against any system or plan the fund manager administers.
- Exempts investment contracts made by the fund manager from the requirements of state-held contracts prescribed in statute.
- Clarifies that both fire districts and municipalities are required to file the annual pension fund report to receive the annual fire insurance premium tax refund.
- Clarifies that fire districts and municipalities must submit certain information for the Fund Manager to conduct the required annual actuarial valuation and reallocation.
- Explains the legislative intent of the bill.
- Defines *eligible child*.
- Contains clarifying, conforming and technical changes.



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.

HB 2259

- 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.