

# **Finance Committee**

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# FINANCE COMMITTEE

## LEGISLATION ENACTED

### ASRS; nonparticipating employers (S.B. 1054) – Chapter 210

Requires the Arizona State Retirement System (ASRS) to establish a separate fund for an employer other than a charter school that is no longer participating in ASRS and a separate fund for purposes of nonparticipating employer liability allocation as a result of any of the following circumstances: 1) the dissolution of an employer other than the State of Arizona; 2) through legislative action, an employer no longer enrolls new employees in ASRS and no longer contributes to ASRS on behalf of new employees; or 3) a reduction in the number of actively contributing employees by 30 percent or more over a three-year period or by 50 percent or more over any period. This reduction must be the result of hiring leased employees.

The nonparticipating employer and employee who are enrolled in ASRS continue to have contribution requirements in the separate fund based on the normal contribution rate.

### ~~technical correction; estates~~ (NOW: insurers; health providers; claim arbitration) (S.B. 1064) – Chapter 272

Laws 2017, Chapter 190 created a dispute resolution process for an enrollee of a health insurance plan who receives a *surprise out-of-network bill* (bill), beginning January 1, 2019. The process consists of an informal settlement teleconference (teleconference) between the enrollee, the healthcare insurer (insurer) and the healthcare provider (provider), followed by an independent arbitration if no settlement to the disputed bill is reached.

S.B. 1064 makes various clarifying changes relating to the dispute resolution process. Adds the absence of a civil lawsuit or other legal action against an insurer or provider as a requirement for the bill dispute resolution process. A bill dispute resolution request must be filed with the Department of Insurance (DOI) no later than one year after the date of the service. Outlines procedures for an arbitration request and for determination of arbitration qualification. An enrollee may request to reschedule a missed teleconference within 14 days, or otherwise forfeits the right to arbitrate the bill. Restricts the use of pricing information provided during the arbitration to only the resolution of a bill. All information received in connection with an arbitration is confidential. A DOI-determination of whether a bill qualifies for arbitration is solely an administrative remedy and does not bar any private right or cause of action for or on behalf of any enrollee, provider or other person. An enrollee who is aggrieved by an arbitration decision may file a civil action in superior court no later than one year after the date of the disputed decision.

### unclaimed property; notice; publication; claims (S.B. 1097) – Chapter 50

Retroactive to January 1, 2018, establishes a 35-year time limit to file an unclaimed property claim, beginning the fiscal year following receipt of the property by the Arizona Department of Revenue (ADOR). Requires ADOR to publish its semiannual notice of unclaimed property on social media, broadcast the notice on the radio or communicate the notice by other means. Requires ADOR to annually publish on its website the estimated total dollar amount of unclaimed property.

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property tax appeals; court findings (NOW: captive insurers; licensing) (S.B. 1101) – Chapter 273

Subject to the approval of the Director of the Department of Insurance, allows an agency captive insurer to directly insure certain life or disability insurance risks and prescribes requirements and restrictions.

insurance; surplus lines; exemption (S.B. 1112) – Chapter 158

Exempts insurance for federally-recognized Indian tribes and tribal members from state surplus lines insurance laws, if the subjects of insurance are located in, reside in or services are to be performed wholly within the boundaries of a federally-recognized Indian reservation.

tax exemption; special events; nonprofits (S.B. 1120) – Chapter 249

Retroactive to January 1, 2018, specifies that a tax-exempt nonprofit organization that is owned, managed or controlled by a major league baseball team or association, or by a professional golfing association, is not exempt from certain state and municipal taxes, unless the organization conducted exhibition events in Arizona prior to January 1, 2018, that were exempt from transaction privilege tax under the amusement classification.

application fees; financial institutions department (S.B. 1150) – Chapter 214

Reduces the application fee for: 1) a banking permit, from \$5,000 to \$1,000; 2) a trust company license, from \$5,000 to \$1,000; 3) a commercial mortgage banker, mortgage banker, escrow agent or consumer lender license, from \$1,500 to \$1,000; 4) a mortgage broker, commercial mortgage broker, sales finance company or debt management company license, from \$800 to \$500; 5) conversion from a national bank or federal savings and loan charter to a state-chartered institution, from \$5,000 to \$1,000; 6) conversion from a federal credit union to a state-chartered credit union, from \$1,000 to \$500; and 7) establishment of a financial institution, if fees are not otherwise specified, from \$2,500 to \$1,000.

credit security freezes; fees; prohibition (S.B. 1163) – Chapter 125

Prohibits a consumer reporting agency from charging a fee for: 1) placing, removing or temporarily lifting a credit security freeze; or 2) reissuing or generating a personal identification number or password for a customer.

insurance; small employers; continuation coverage (S.B. 1217) – Chapter 164

Beginning January 1, 2019, requires a small group health benefit plan (plan) to provide an enrollee who is covered under an employer's plan for at least three months prior to a qualifying event, and any qualified dependent, with the option to continue coverage under the plan. Under continuation coverage, the enrollee pays the full cost of the coverage and an administrative fee. The employer must notify the enrollee within 30 days of a qualifying event that the enrollee is eligible for continuation coverage under the plan. When an insurance renewal occurs during the period of eligibility for continuation coverage, the employer must notify the enrollee of any change in the premium at least 30 days before the change becomes effective. Continuation coverage ends upon the earliest of: 1) 18 months after continuation coverage begins; 2) the date coverage ceases

as a result of failure to pay the premium in a timely matter; 3) the date the enrollee or a qualified dependent becomes eligible for Medicare or Medicaid, or obtains any other healthcare coverage; 4) the date the employer terminates coverage for all employees; or 5) the date a dependent child loses coverage due to reaching a certain age. An additional 11 months of disability extension is permitted under certain conditions, charged at up to 150 percent of the group rate. A qualified dependent may extend coverage for an additional 18 months under certain circumstances.

If an enrollee who is in the military reserve or the National Guard is called to active duty and terminates employment, the termination qualifies as a separate qualifying event.

An enrollee or qualified dependent who is eligible for continuation coverage under the federal Consolidated Omnibus Budget Reconciliation Act or who qualifies for Medicare is not eligible for continuation coverage under this law.

PSPRS; CORP; modifications (S.B. 1251) – Chapter 42

Provides full vesting for a Public Safety Personnel Retirement System (PSPRS) or Corrections Officers' Retirement Plan (CORP) defined contribution plan member who is determined to be eligible for a catastrophic disability pension before completing 10 years of service. A CORP employee killed in the line of duty within the first 90 days of employment is considered a member and the surviving spouse is eligible for survivor benefits. S.B. 1251 also expands the participants eligible to rollover funds into a separate account within the defined contribution plan. Required lump sum distributions of reverse deferred retirement option plans are deposited in a separate PSPRS rollover account. Includes clarifying changes to PSPRS and CORP statutes that are needed for Internal Revenue Service compliance.

~~bank deposits; technical correction~~ (NOW: gift cards; dormancy fee; prohibition) (S.B. 1264) – Chapter 252

Prohibits the issuance or sale of a gift card that: 1) is subject to fees after a period of inactivity; or 2) subjects the underlying monetary value to expiration. A fee may be charged for an electronic funds transfer card, a bank-issued debit, or a general purpose reloadable prepaid card that is not a gift card or gift certificate.

Arizona Department of Revenue; administrative efficiency (S.B. 1293) – Chapter 338

Effective January 1, 2019, conforms Arizona statutes exempting certain organizations from state income tax with section 501 of the Internal Revenue Code, with exceptions, and makes conforming changes to 501(c) state tax exemptions where necessary. Makes changes to annual return filing requirements for certain tax-exempt organizations.

Allows the Arizona Department of Revenue (ADOR) to destroy submitted return documents that are not required and are determined to be less than de minimis in value.

ADOR may request a hard copy of a document used to file a return electronically at any time without the request being considered an audit. Allows ADOR to issue a notice of a deficiency through an electronic portal instead of mail, except in cases involving individual income tax. Allows ADOR to use an electronic portal on the later of January 1, 2019, or when the electronic portal is complete. Allows ADOR to send certain notices by electronic means.

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### tax corrections act of 2018 (S.B. 1294) – Chapter 104

Corrects errors and obsolete language, addresses blending problems and makes clarifying changes to state tax statutes.

***Tobacco Products*** – Clarifies that a tobacco distributor license may not be renewed if the licensee violates any state tax requirement more than twice within a three-year period or fails to maintain conditions of licensure. Clarifies, for the purposes of providing proof in support of a tobacco tax refund or rebate request, that an uncooperative retailer of tobacco products purchased from a tobacco distributor includes a nonresponsive retailer of such products. Clarifies monthly Arizona Department of Revenue reporting requirements for persons selling, shipping, or transferring cigarettes and roll-your-own tobacco products.

***Other Tax Provisions*** – Clarifies how assessment percentages should be applied by a county assessor in preparing property tax rolls. Repeals duplicative statute pertaining to income tax liability and tax accounting addressed under federal law. Taxable income for both federal and state tax purposes must be computed on the basis of the same taxable year. Modifies statutes for returns for accounting periods of less than 12 months.

***Miscellaneous*** – Clarifies that there is no license fee for property management companies.

### ~~animal cruelty; domestic animals; classification~~ (NOW: producer fees; insurance) (S.B. 1295) – Chapter 255

Removes the prohibition on the ability of an insurance producer to charge or receive any fee or service charge for life, annuity and long-term care insurance.

### TPT; online lodging marketplace; registration (S.B. 1382) – Chapter 189

Beginning in Tax Year 2019, requires an online lodging marketplace to register with the Arizona Department of Revenue for a transaction privilege tax (TPT) payment license to pay the taxes due from affiliated online lodging operators. Gross income derived from charges to a transient in a class one property are exempt from the online lodging marketplace TPT classification.

Prohibits the Rio Nuevo Multipurpose Facilities District from using diverted TPT funds to pay debt service on bonds issued after January 1, 2009, or to meet contractual obligations incurred after June 1, 2009.

### tax appeals; administrative hearings; confidentiality (S.B. 1385) – Chapter 218

Retroactive to January 1, 2017, allows a taxpayer who files a state tax appeal to bypass the Office of Administrative Hearings hearing process under certain circumstances, and either: 1) appeal directly to the State Board of Tax Appeals; or 2) bring action in tax court.

### high-tech tax fraud (S.B. 1386) – Chapter 190

Classifies the purchase, installation, use, sale, license, transfer, manufacture, development, or possession of any automated sales suppression device, service, zapper, or phantom-ware for the purpose of defeating or evading tax liability as a class 5 felony, except that a first-time offense

may be designated as a class 1 misdemeanor. A violation is subject to: 1) a fine of up to \$100,000 for an individual and up to \$500,000 for a corporation; 2) liability for all taxes, fees, penalties and interest due; and 3) forfeiture of all associated profits.

Establishes the Arizona Department of Revenue Tax Fraud Interdiction Fund (Fund) consisting of the fines for violations relating to automated sales suppression products. Subject to legislative appropriation, 50 percent of Fund monies are to be used by the Arizona Department of Revenue to detect violations and enhance analytics used to detect violations, and 50 percent for the Attorney General to prosecute violations.

TPT; additional rate; education. (S.B. 1390/H.B. 2158) – Chapter 74 RFE

SEE THE EDUCATION COMMITTEE.

corporate income tax allocation; sales (S.B. 1405) – Chapter 106

Beginning January 1, 2020, includes sales from *intangibles* in calculation of the 85 percent threshold that a taxpayer must meet in sales derived outside Arizona in order to be classified as a *multistate service provider*. *Intangibles* include sales derived from credit and charge card receivables including fees, merchant discounts, interchanges, interest and related revenue.

TPT; prime contracting; alteration; replacement (S.B. 1409) – Chapter 341

Removes stipulations that the scope of work for alteration projects must not exceed 40 percent of the existing square footage of the property and must not expand the square footage of an existing property by more than 10 percent in order for projects to be exempt from the prime contracting tax classification.

unclaimed property; electric cooperatives; credits (S.B. 1412) – Chapter 59

Allows a nonprofit electric cooperative to use unclaimed capital credits for any lawful purpose that is consistent with the cooperative's bylaws and authorized by the cooperative's Board of Directors. Capital credits are deemed unclaimed after two years. Further prohibits an individual, corporation, business association or other organization from diverting personal property to circumvent the unclaimed property process.

retirement systems; member information; confidentiality (NOW: employer contributions; EORP) (S.B. 1478) – Chapter 343 E

An emergency measure effective May 16, 2018, that requires each Elected Officials' Retirement Plan (EORP) employer to make contributions, as determined by actuarial valuations, on a level percent of compensation basis for all employees. Removes the specific EORP employer contribution rate of 23.5 percent of compensation. Requires contributions to be sufficient to meet the normal cost plus the amount required to amortize the unfunded accrued liability over a closed period established by the Public Safety Personnel Retirement System Board of Trustees. An employer's EORP contribution in combination with member contributions may not be less than the actuarially-determined normal cost for the fiscal year.

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revenues; budget reconciliation; 2018-2019 (S.B. 1529/H.B. 2664) – Chapter 283

SEE THE [APPROPRIATIONS COMMITTEE](#).

coal mining; TPT; repeal (H.B. 2003) – Chapter 263

Exempts the sale of coal from retail and transaction privilege tax (TPT) and municipal taxes. Establishes a 0.5 percent county excise tax on the sale of coal that is extracted from within the boundaries of a particular county. The excise tax is subject to the same statutory requirements as coal mining under the mining TPT classification. Removes certain duplicative tax exemptions currently in statute. Conditions enactment on the transfer of ownership of the Navajo Generating Station by December 31, 2022.

trust companies; liquid capital; definition (H.B. 2013) – Chapter 3

Permits trust companies to include legal tender as *liquid capital*. *Legal tender* is a medium of exchange, including coins with precious metal content, that is federally authorized for payment.

social security; state agency designation (H.B. 2034) – Chapter 75

Authorizes the Governor to designate an agency as Arizona's Social Security Administrator (Administrator) under the federal Old Age and Survivors Insurance System. Retains all rules implemented by the Arizona State Retirement System Board until amended by the successor Administrator agency.

deferred compensation plans; governing committee (H.B. 2035) – Chapter 90

Removes the option for state employees to participate in tax-deferred annuities and removes references to tax-deferred annuities throughout statute. Renames the *Governing Committee for Tax Deferred Annuity and Deferred Compensation Plans* as the *Governing Committee for Deferred Compensation Plans* (Committee). Allows the Governor to appoint both deferred compensation plan participants as well as non-participants who have at least 10 years of relevant experience in either finance, investment management, pension or retirement plans to the Committee. Subjects Committee members to conflict of interest statutes, and grants the Committee rule-making authority. The Committee must meet at least quarterly, rather than monthly, and arrange for a performance review of the deferred compensation plans at least every five years.

insurance coverage; telemedicine; urology (H.B. 2042) – Chapter 174

SEE THE [HEALTH & HUMAN SERVICES COMMITTEE](#).

financial institutions department; superintendent duties (H.B. 2061) – Chapter 8

Removes mandatory examination time periods for any financial enterprise, consumer lender or premium finance company, allowing the Arizona Department of Financial Institutions Superintendent to inspect them on a discretionary basis.

insurance adjusters; application of laws (H.B. 2081) – Chapter 195

Requires an insurance adjuster to keep all records of transactions at the adjuster's place of business for three years after the transaction is complete. All records must be made available to, and open to inspection by, the Director of the Department of Insurance at any time within the three-year period.

insurance producers; convictions; reporting (H.B. 2082) – Chapter 31

Requires an insurance provider to report any criminal conviction, rather than any criminal prosecution, within 30 days after the filing date. The report must include a copy of the initial indictment or pertinent information and the final judgement entered by the court.

~~insurance contracts~~ (NOW: insurance contracts; construction) (H.B. 2083) – Chapter 196

Provides that provisions of an insurance policy are not amplified, extended or modified when translated into a language other than English if a specified disclaimer is prominently displayed on the cover page in the relevant language.

pension funding policies; employers (H.B. 2097) – Chapter 112

Beginning on or before July 1, 2019, requires each governing body of a Public Safety Personnel Retirement System (PSPRS) employer to annually adopt a pension funding policy for PSPRS for Tier 1 and Tier 2 employees. The governing body must formally accept the employer's share of the assets and liabilities based on the PSPRS actuarial valuation report, and post the policy on the body's public website.

insurance; inducements (H.B. 2098) – Chapter 10

Increases, from \$25 to \$100, the maximum aggregate value of permissible inducements offered by an insurer in connection with any insurance transaction.

insurance department; director; residency (H.B. 2123) – Chapter 32

Repeals the requirement that a prospective Director of the Department of Insurance have at least three years of Arizona residency immediately prior to appointment.

life and disability insurance; insolvencies (H.B. 2124) – Chapter 64

Beginning January 1, 2019, adds healthcare services organizations under the Arizona Life and Disability Insurance Guaranty Fund (Guaranty Fund) membership and coverage statutes for financial insolvency purposes. Expands the Guaranty Fund Board from 9 to 11 members.

Requires approval from the Director of the Department of Insurance and actuarial justification for terminated coverages reissued by the Guaranty Fund and alternative policies or contracts issued by the Guaranty Fund. The Guaranty Fund may apply for actuarially-justified rate or premium increases for any policies or contracts it covers. Removes the requirement that a court approve issuance of substitute coverage for policies or contracts. Requires, for insolvent long-term

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care insurance policies, 50 percent of the Guaranty Fund assessment to come from accident and disability member insurers and 50 percent from life and annuity member insurers.

### government property; abatement; slum; blight (H.B. 2126) – Chapter 231

Restricts, for government property lease excise tax (GPLET) abatement purposes, the size of a central business district for a municipality to the greatest of: 1) the existing total land area of the central business district as of January 1, 2018; 2) two and one-half percent of the total land area within the exterior boundaries of the municipality; or 3) 960 acres.

Automatically terminates the designation of a slum or blighted area in a central business district that is designated on or after October 1, 2018, 10 years after designation, unless formally renewed or modified by the municipality. Prior to the termination and every 10 years, the municipality must review the area and either renew, modify or terminate the designation. If the designation is not modified or renewed, automatic termination occurs 5 years after review. For designations made prior to September 30, 2018, municipalities must renew, modify or terminate designations before October 1, 2020. Designations not reviewed will automatically terminate on October 1, 2025, or 5 years after subsequent review.

Exempts certain grandfathered government property leases or lease development agreements from termination requirements. Termination requirements do not affect certain educational institutions.

### property tax; delinquent tax list (H.B. 2198) – Chapter 114

Requires a notice of the sale of a tax lien on property with delinquent taxes to include the property account number and the parcel number, if available, rather than a full legal description of the property.

### mobile food vendors; state licensure (H.B. 2371) – Chapter 286

Establishes statewide licensure for mobile food vendors.

**Taxation** – Includes mobile food units under the transaction privilege tax (TPT) restaurant classification for food and beverages, and under the retail classification for incidental retail items. Repeals the TPT exemption for food sold by a mobile retailer. Allows a municipality to levy an excise tax on mobile food vendors, collected by the Arizona Department of Revenue (ADOR), that is consistent with the treatment of restaurants and applies to transactions that occur within its jurisdiction. Requires a mobile food vendor to maintain sales records that show sales in each taxing jurisdiction separately. Authorizes ADOR to assess a tax based on the total receipts, applying the highest tax rate levied by any taxing jurisdiction, for mobile food vendors who do not maintain separate sales records.

**Local Governments** – Permits a municipality to restrict operation of a mobile food unit in specified public and residential areas, and continue to issue regulations and zoning codes that are not otherwise prohibited. Prohibits a municipality from: 1) requiring mobile food vendors or the owners or lessees of property on which the mobile food vendor is operating to receive a special permit that is not otherwise required; 2) limiting operation of a mobile food vendor within a specific distance of an existing restaurant or commercial establishment, except as required by building, street, sidewalk and fire codes; 3) restricting a mobile food vendor from using a parking

space, with certain exceptions; 4) requiring inspection by a municipal fire department if the mobile food vendor provides evidence of passing another municipality's fire inspection within a year; and 5) requiring a mobile food vendor to list the municipality as an additional insured on an insurance policy, unless the vendor is attending a municipality-sponsored event or operating on public property.

Allows a county Board of Supervisors (BOS) to: 1) impose operating hours on mobile food vendors that are consistent with operating hours imposed on restaurants; 2) restrict the use of noisemaking devices during specific hours; 3) restrict operation of a mobile food unit in a residentially-zoned area or at a public airport; 4) prohibit a mobile food unit from blocking ingress and egress to private property, public sidewalks, and vehicular traffic on public roads; 5) require a mobile food vendor to obtain consent from the owner or lessee of private property before beginning operations on that property; 6) require a mobile food vendor with a state license not issued by the county to apply for a permit, if the permit is available electronically and does not require inspection; and 7) prohibit or restrict a mobile food vendor from operating at a county public park.

Prohibits a BOS from: 1) restricting the length of time a mobile food vendor may operate on private property, unless the period of time exceeds 96 hours; 2) limiting operation of a mobile food vendor within a specific distance of an existing restaurant or commercial establishment, except as required for public safety purposes; 3) restricting a mobile food vendor from using a parking space; 4) requiring a mobile food vendor to list the county as an additional insured on an insurance policy, unless the vendor is attending a county-sponsored event or operating on public property; and 5) requiring a mobile food vendor to be fingerprinted.

Requires a municipality with a population of greater than 50,000 persons and a county with a population of greater than 500,000 persons to provide license applications in an electronic, online format.

***Statewide Regulation*** – Requires the Arizona Department of Health Services (DHS) to adopt rules that: 1) enact health and safety licensing standards; 2) create statewide inspection standards based on objective factors; and 3) establish a licensing process that requires separate, conspicuously-displayed licenses for each mobile food unit that must be renewed annually.

Delegates statewide licensing and health and safety inspection authority to the county health department of the county in which the mobile food vendor's commissary is located. Establishes statewide reciprocity for licenses. Any county may enforce inspection standards regardless of where the license is issued. Restricts DHS from issuing rules that: 1) require a mobile food vendor to operate at a specific distance from an existing restaurant; or 2) address the hours of operation for a mobile food unit. DHS may adopt current mobile food establishment regulations that are substantively identical to those issued by Maricopa County. Permits a municipality or county to require a mobile food vendor license if the licensing system includes a background check or identification and fingerprinting of the owner of the mobile food vending operation.

property tax appeals; court findings. (H.B. 2385) – Chapter 73 E

An emergency measure effective March 23, 2018, retroactive to January 1, 2017, that prohibits the full cash value of real property from being greater, due to an appeal by a county assessor, than the full cash value that was initially appealed by the taxpayer.

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appropriation; study; prime contracting classification (H.B. 2416) – Chapter 305

Appropriates \$75,000 in FY 2019 to the Arizona Department of Revenue from the Residential Contractors' Recovery Fund to conduct an independent study of the rate of noncompliance with statutory tax remittance requirements for prime contracting.

financial products; regulatory exemption program (H.B. 2434) – Chapter 44

Creates the Regulatory Sandbox Program (RSP) under the oversight of the Attorney General (AG), to allow businesses to obtain limited access to the Arizona market for innovative financial products or services without licensure or other required authorization. Establishes RSP application procedures for businesses and residents, and requires AG approval. The RSP terminates on July 1, 2028.

An innovative financial product must be tested within 24 months of approval. During the 24-month period, no more than 10,000 consumers may use the innovation. If the RSP participant demonstrates adequate financial capitalization, risk management and management oversight, up to 17,500 consumers may use the innovation. RSP participants are limited in the amount of credit offered to a consumer and the rates charged.

Outlines disclosure, record-keeping and reporting requirements for RSP participants. Grants the AG discretion over RSP participants and outlines exit requirements and extension procedures. The AG must annually report the results of the RSP.

stadium district; extension; Rio Nuevo (H.B. 2456) – Chapter 138

Extends the date for the termination of the Rio Nuevo Tax Increment Financing (TIF) District from July 1, 2025, to July 1, 2035. On termination of the Rio Nuevo TIF District, a lessee has first right to acquire title at its appraised value. The Rio Nuevo TIF District Board (Board) shall transmit all proceeds from the title transfer to the State Treasurer for deposit in the Public Safety Personnel Retirement System Fund to pay down unfunded accrued liability. The Board is required to present to the Joint Committee on Capital Review each project for the construction or reconstruction of any facility, structure, infrastructure or other improvement in an amount that exceeds \$500,000.

Laws 2018, Chapter 189 amended language in H.B. 2456 by limiting the payment of debt service and contractual obligations with TIF monies to those incurred before 2009.

local food tax; equality (H.B. 2484) – Chapter 17

Requires a taxing jurisdiction that imposes a transaction privilege tax, or a similar tax or fee on food, to apply the tax uniformly to all food items.

EORP; cost-of-living adjustment. (H.B. 2545) – Chapter 140

Repeals all existing statutes relating to the permanent benefit increase for members of the Elected Officials' Retirement Plan (EORP), and instead entitles each retired EORP member to receive a compounding cost of living allowance (COLA) in the member's base benefit. The COLA is based on the Phoenix-Mesa Consumer Price Index. Requires the actuary to include the COLA

in the calculation of normal cost and accrued liability. Conditions the enactment on voter approval of H.C.R. 2032 at the 2018 general election.

court fees; EORP; state contribution (H.B. 2564) – Chapter 317 RFE

SEE THE JUDICIARY COMMITTEE.

~~natural resource conservation districts; administration.~~ (NOW: property taxes; procedures; abatement) (H.B. 2596) – Chapter 319

Allows a county treasurer, if agreed to by the county assessor, to abate tax and remove tax liens if: 1) the amount of the personal property taxes owed, including penalties and interest, is de minimis; and 2) the personal property taxes are six or more years past due. Allows a real property tax lien to be redeemed by any person that wants to pay on behalf of the property owner by making a charitable gift.

securities; crowdfunding; virtual coin offerings (H.B. 2601) – Chapter 207

Increases, from \$1 million or \$2.5 million to \$5 million, the maximum sum of all receipts in a 12-month period under the intrastate crowdfunding exemption. Requires dollar-denominated receipts from an intrastate offering to be deposited in an authorized financial institution and used in accordance with representations made to investors. Parties involved in an intrastate offering may privately arbitrate a controversy arising from the offering.

Includes *virtual coin offerings* under the intrastate crowdfunding exemption, subject to anti-fraud provisions. Excludes a seller of virtual coins from the *dealer* designation if the seller has a reasonable and good faith belief that the exchange is not a virtual coin offering and terminates the exchange once determining the exchange is a virtual coin offering. Allows an Arizona-based internet protocol address to serve as proof of residence and prohibits a broader definition of a *security* for virtual coins than is required under federal law.

Permits the Arizona Corporation Commission Director of Securities to enter into agreements with federal, state or foreign regulators for the reciprocal sale of securities sold in other jurisdictions.

internal revenue code conformity (H.B. 2647) – Chapter 142

Updates the statutory definition of the *Internal Revenue Code* to include all federal provisions in effect: 1) for non-income tax purposes, on January 1, 2018; and 2) for income tax purposes, on January 1, 2017.

public retirement systems. (H.C.R. 2032)

Subject to voter approval, amends the pension clause of the Arizona Constitution to provide an exception for certain adjustments to the Elected Officials' Retirement Plan and the Corrections Officer Retirement Plan. Requests that the Secretary of State return S.C.R. 1023, Fifty-third Legislature, First Regular Session, relating to the Corrections Officer Retirement Plan, to the Legislature.

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### LEGISLATION VETOED

#### income tax payments; bitcoin (S.B. 1091) – VETOED

Permits the Arizona Department of Revenue (ADOR) to develop, adopt and use a payment system for immediate transaction privilege tax (TPT) remittance that enables collection of tax in real time at the point of sale. ADOR may develop trial demonstrations of voluntary technology applications enabling immediate remittance and collection of TPT payments and contract with private vendors for implementation. Requires ADOR to report its findings and experiences during the trial demonstration on or before January 1, 2021.

The Governor indicates in his [veto message](#) that he is concerned about the unintended consequences that this legislation could have on private industry.

#### ASRS; waiting period; repeal (H.B. 2004) – VETOED

Repeals the restriction that a state employee who is initially hired on or after July 20, 2011, may not become an Arizona State Retirement System member before the 27th week of employment.

The Governor indicates in his [veto message](#) that he is concerned about the fiscal impact that this legislation will have on the state General Fund.

#### ~~public meetings; audiovisual recordings; posting~~ (NOW: public meetings; recordings; posting; definition) (H.B. 2207) – VETOED

SEE THE [GOVERNMENT COMMITTEE](#).

#### sports authority districts; extension (H.B. 2478) – VETOED

SEE THE [COMMERCE & PUBLIC SAFETY COMMITTEE](#).