



2013 City of Glendale State Legislative Update

**City Council Workshop
April 2, 2013**



2013 Legislative Session

- First Regular Session of the 51st Arizona Legislature
 - Session began Monday, January 14th
 - Today marks the 79th day of session
- 1,215 bills, memorials, and resolutions introduced
 - To date 51 bills passed, 24 signed, 0 vetoed
- Large Outstanding Items
 - FY14 Budget
 - Medicaid Expansion
 - TPT Reform



FY 2013-2014 Budget

- FY 2013 Budget Surplus
 - Estimated FY 13 Ending Balance of \$650-\$750 M
- Temporary 1¢ sales tax expiring June 1st
 - Loss of \$924 M in revenue
- Ongoing FY 14 revenues estimated to decrease by \$600 M
 - With fund balance, lawmakers will have \$400 M less available than in FY 13
- **Awaiting Legislative budget proposal**

Other Major Topics

- Governor's Proposed Medicaid Expansion
- Tax Simplification/Reform
 - HB 2111/2657
 - Compliance with Marketplace Fairness Act
 - State Administration/Portal
 - Auditing
 - Prime Contracting Changes



TPT Reform – HB 2657

- State Administration/Portal
 - Requires DOR to take over tax collection from the 18 cities that currently collect their own local sales tax (known as self collecting or non-program cities)
 - Does NOT provide any additional resources to DOR to allow for increased staffing and workload
 - No process or technological improvements



TPT Reform – Cities’ Proposal

- State Administration/Portal
 - Creates “one-stop shop” for taxpayers through a third-party website managed by the Arizona Department of Revenue (DOR)
 - Compatible with most commonly used software
 - Expedites and expands the online portal to:
 - Create a single point of payment
 - Create a single point of licensing
 - Include all TPT taxing jurisdictions
 - Makes necessary changes to comply with federal Marketplace Fairness Act for online sales



TPT Reform – HB 2657

- Auditing

- Makes DOR the sole entity with auditing authority
 - Eliminates local auditing programs and cities' ability to employ their own auditors
 - Does NOT provide any additional resources to DOR to accommodate this increased responsibility
 - DOR's limited resources are focused on large, corporate taxpayers, not local businesses
 - All businesses should have the same chance of being audited to ensure a level playing field



TPT Reform – Cities’ Proposal

- Auditing

- Provides taxpayers with a single audit managed and organized by DOR
 - Multi-City Taxpayer: City may request DOR conduct an audit and DOR will initiate audit within a specified timeframe
 - Single-City Taxpayer: City will notify DOR of their intent to audit and audit will be conducted (under an IGA) by city staff
 - All audits cover and bind all jurisdictions for the audited period
- DOR and Unified Audit Committee (UAC) will develop and publish binding standards for auditing procedures to ensure uniformity

TPT Reform – HB 2657

- Prime Contracting Changes
 - Eliminates the construction sales tax (prime contracting) at both the state and local level
 - Materials will be taxed at regular retail rates at the point of sale
 - No connection to the location of the construction activity
 - JLBC Fiscal Note estimates impact of \$20M - \$(137) M to the state and \$15 M - \$(42) M to cities and towns annually



TPT Reform – Cities’ Proposal

- Prime Contracting Changes
 - Lack of reliable, up-to-date information
 - Potential loss of tens of millions of dollars to cities and towns annually
 - Statewide collections of approx. \$168 M in FY 12
 - Reduced amount because of sluggish economy – likely to increase as economy rebounds
 - Proposing a study to have accurate information before making such sweeping changes



Fiscal Sustainability & Economic Development

- SB 1210 would have required State Treasurer to withhold 10% of a city's shared revenue if a city is found to have violated its personnel or purchasing policies (failed Senate 12-16 on Feb 25th)
- HB 2331 would have included any debt issued by a special taxing district or industrial development authority in a city's debt limit calculation (awaiting consideration by House Rules, House Reform & Human Services 5-3 on Feb 7th)
- HB 2456 would allow the formation of Revenue Allocation Districts (RADs) (awaiting Senate Rules consideration)



Land Use Planning

- SB 1321/HB 2404 establishes a statewide energy efficiency standard and prohibits cities from further regulating energy consumption and efficiency in homes (awaiting Senate COW consideration)
- HB 2319 would have allowed a property owner to claim a tax credit for any city land use action that reduces the market value of the property and requires the State Treasurer to withhold an amount equal to the claimed tax credits from a city's state shared revenue and deposit it into the state's General Fund (never heard by House Ways & Means)



Neighborhoods

- SB 1365/HB 2292 prohibits a municipality from requiring a developer to establish an HOA except for the maintenance of community-owned property (awaiting Senate COW consideration)
- SB 1278 prohibits an HOA formed after 2014 from regulating roadways and parking within the community (awaiting House Rules consideration)



Public Safety

- HB 2187 would have allowed municipalities to regulate both the sale and use of consumer fireworks (never heard by House Public Safety, Military, & Regulatory Affairs)
- HB 2481 makes a violation relating to the use of permissible consumer fireworks within a county or municipality a petty offense (awaiting Senate COW consideration)
- HB 2204 would extend a surviving spouse's eligibility for the employer's health insurance for the spouse of any police officer or firefighter killed in the line of duty beyond the 1 year timeframe currently required by statute (awaiting Senate 3rd Read)



Legislative Resources

- Intergovernmental Programs Website

<http://www.glendaleaz.com/intergovernmental/>

- Legislative Link Updates posted online and emailed weekly
 - Email List - Deanne Burt 623-930-2813
- Find your State Legislator and Congressman
- Glendale District Boundaries
- Contact information for Legislators
- State Legislative Agenda
- Staff contact information for residence support



Comments

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Questions

