

## LEGISLATIVE UPDATE– APRIL 4, 2011

The Legislature passed a budget last Friday, and sent it to the Governor. She has 10 days to sign, veto, or allow it to become law without her signature. Since the budget was a "negotiated deal" between the Legislature and the Governor's office, I don't expect many, if any, changes by her. With the budget out of the way, the Legislature will be in a hurry to finish up considering other bills, so they can adjourn for the year and go home.

### **Budget Overview:**

The Legislature passed an \$8.3 billion state budget for fiscal year 2011-2012, which is projected to end with a \$5.2 million surplus on June 30, 2012. The budget is touted as the first truly balanced budget in over ten years, which has brought expenditures in line with revenues, and eliminated the so-called "structural deficit". The budget is a reduction by \$1.3 billion from last year's \$9.6 billion budget.

The budget does rely on projected revenues of \$886 million from the "temporary" 1-cent sales tax enacted by the voters last spring. In addition, several agencies have been allowed to increase fees. The trend I see developing is a "user-fee" based model for some state agencies (including the Office of Pest Management and the Radiation Regulatory Agency). The best example is the Department of Water Resources, which has been authorized in statute to charge fees to municipalities, not to exceed \$7 million in FY 2012.

For the first time in recent memory, several agencies within state government have been consolidated into others. As we have discussed before, the Department of Commerce has been eliminated, and most functions are now to be performed by the Arizona Commerce Authority, a private entity. The Department of Mines and Minerals has been merged into the Arizona Geological Survey. The Capitol Police have been merged into the DPS. The Government Information and Technology Agency has been rolled into ADOA. The Biomedical Research Commission is transferred into the Department of Health Services.

The budget requires several counties to pay the state into the general fund (totaling \$38.6 million):

Maricopa	\$26,384,500
Mohave	\$1,383,700
Pima	\$ 6,775,700
Pinal	\$ 2,597,400
Yavapai	\$1,458,700

ADOT is required to distribute additional monies to the following rural counties from the State Highway Fund:

Apache	\$485,900
Cochise	\$578,900
Coconino	\$686,400
Gila	\$274,000
Graham	\$176,900
Greenlee	\$58,800
La Paz	\$270,300
Navajo	\$584,900
Santa Cruz	\$213,500
Yuma	\$760,400

Of most importance to those engineering firms doing transportation engineering, it appears that the total "hit" to our industry will be in the range of \$225 million, broken up various ways, but generally \$120 million from HURF and \$105 million from the VLT to fund DPS operations. Some specifics are:

- Takes \$105 million of the Vehicle License Tax (VLT) revenues and transfers them to the state general fund, instead of to the State Highway Fund (SHF), in fiscal year 2011-2012.
- Takes \$448,000 from the Safety Enforcement and Transportation Infrastructure Fund and transfers into the SHF, to make up for an identical amount transferred from the SHF into the General Fund.
- Takes \$1 million from the SHF and \$50,000 from the State Aviation Fund, and allows ADOT to use that money for major repairs and maintenance to state buildings.
- Removes (for one year) the caps placed in law last year on transfers from the Highway User Revenue Fund (HURF) and SHF made available to fund DPS Highway Patrol costs.
- Shifts funds from ADOT to DPS totaling \$51,588,500 for FY 2011-12.
- Transfers the following amounts from Various ADOT funds to the State general fund:
  - Air Quality Fund \$ 1,100
  - Economic Strength Project Fund \$ 100,000
  - State Aviation Fund \$ 717,700
  - Transportation Dept. Equipment Fund \$2,552,600

For a detailed spreadsheet analysis of the impact of the new state budget on the various state agencies, go to <http://www.azleg.gov/jlbc/mar31budgethouseeng.pdf>

These are the bills ACEC has been tracking this year. For the full text of the bills, or their status, go to [www.azleg.gov](http://www.azleg.gov).

### **House Bills:**

**HB 2005 Subdivisions; acting in concert.** Same bill as the past few years. Changes the definition in state statute of "acting in concert", having to do with relatives, friends and/or business associates working in collusion to circumvent subdivision regulations. Also would eliminate preliminary plat requirement for Counties for splits less than 10 lots. Exempts lots that are older than five years from being counted as a part of the overall number of splits that trigger the subdivision requirements. Passed the House 39 ayes to 20 nays. Has passed committee consideration in the Senate. Awaiting floor vote in the Senate.

**HB 2153 Municipalities; counties; fire sprinklers; codes.** Prohibits counties and municipalities from adopting an ordinance requiring fire sprinklers be installed in new home construction. Apparently is not retroactive for those agencies that adopted said ordinances prior to December 31, 2009. Passed the House 38 ayes to 21 nays, the Senate 19 ayes to 11 nays. Signed into law by the Governor on March 9.

**HB 2264 Home sales; water supply disclosure.** Same bill as last year. Requires a "subdivider" who sells one or more lots in an area outside of an AMA to record a statement of water adequacy or inadequacy with the county recorder, and furnish this statement to all prospective buyers. Passed the House 41 ayes to 18 nays but was not considered by the Senate in committee, so bill is dead.

**HB 2318 Regional and public transportation authorities.** Would allow a county of four hundred thousand and fewer population to establish a regional transportation authority, which is currently allowed only for larger counties. Passed the House 34 ayes to 25 nays. Awaiting Rules committee in Senate.

**HB 2319 Primitive roads; county maintenance.** Would allow counties to maintain primitive roads if the road was opened before June 13, 1975. Passed the House 58 ayes to 0 nays. Awaiting floor vote in the Senate.

**HB 2362 Drug lab remediation; investigators.** Adds a fine of \$100 for meth lab convictions, and the fine will go to the SBTR. Also adds a "criminal investigations unit" inside the SBTR, and provides for the director to "investigate any criminal act prohibited by this chapter or A.R.S. Titles 12 and 13". Passed the House 60 ayes to 0 nays. Was subject to a "strike-everything" amendment in the Senate Appropriations committee, so now HB2362 is dead. However, the bill was brought back to life in the House as a "strike-everything amendment on SB1575, so now awaits consideration by the House Rules committee.

**HB 2458 County infill; Renewable energy districts.** Bill deletes some of the steps a county board of supervisors must take in order to designate an area as an infill incentive district or a renewable energy incentive district. Passed the House 41 ayes to 16 nays. Awaiting floor vote in Senate.

**HB 2473 State contracts; participation goals; veterans.** Similar to bill from last year. Would require the state DOA to establish a goal of awarding up to three per cent of all state contracts to Veteran-owned businesses. Defines what qualifies as a veteran-owned business. Was never voted on in House third reading.

**HB 2527 Well ownership; sale; registration.** Upon sale of a property with a well, requires the new owner of a well to file information with the Director of the DWR and to record a document at the county recorders office of the information regarding the well. Passed Agriculture and Water committee 9 ayes to 0 nays, but died in House awaiting Rules committee consideration.

**HB 2593 Water salinity study committee.** Creates a twenty-person joint legislative study committee to study and report on water salinity problems, its affect on water conservation, groundwater quality, suitability for use on golf courses, the financial impact and necessity of water treatment for salinity issues, and an examination of sources of excess salinity and responses from other states. Passed the House by a vote of 59 ayes to 0 nays. Awaiting consideration by Rules committee in the Senate.

#### **Senate Bills:**

**SB 1110 Navigable Stream Adjudication Commission; extension.** Bill would extend the life of this existing state commission from 2012 to 2014. Passed the Senate by a vote of 29 ayes to 0 nays. Awaiting floor vote in the House.

**SB 1133 Approaching Stationary Vehicles; Yield right-of-way.** Bill would require drivers to make a lane change to avoid vehicles stopped on the highway shoulder. Passed the Senate by a vote of 28 ayes and 1 nay. Awaiting Rules committee vote in the House.

**SB 1171 Cities; Acquisition of Wastewater utility.** Establishes a process for a city or town to acquire all or part of a sanitary sewer system owned by a County, and sets up specific requirements on how to do so. Currently, Pima County is the only county that owns and operates a wastewater system. Passed the Senate by a vote of 23 ayes and 6 nays. Awaiting floor vote in the Senate.

**SB 1172 Energy and Water savings accounts.** Allows the State or political subdivision of the state such as a City, County, or municipal district to create a fund for use in developing energy or water savings. Failed in Senate WLRD committee on a 3-3 vote.

**SB 1277 Alarm businesses; alarm agents.** Bill would add alarm companies and alarm installers to the registrants overseen by the State Board of Technical Registration. Bill has been drafted to fit into the Board without any dramatic changes to Board operations. Would **not** add an alarm installer as an additional Board member. Passed the Senate by a vote of 19 ayes and 10 nays. Awaiting Rules Committee vote in the House.

**SB 1293 Dams; Affidavit; recording.** Requires that an affidavit be recorded at the County Recorder, by the owner, when a new dam is completed. Currently, the affidavit is submitted to the ADWR Director. Has passed the Senate 29 ayes to 0 nays. Was subject to a "strike-everything" amendment in the House, so bill is dead.

**SB 1362 Flood Control Structures.** For Counties under three million in population, adds "bridges over watercourses that are impassable to emergency vehicles for fourteen or more days a year" to the list of things that County Flood Control Districts can construct. Passed the Senate 29 ayes to 0 nays. Awaiting Floor vote in the House.

**SB 1458 Professional licensure; out-of-state residents.** This bill would allow reciprocity for out-of-state licensees, without having to take a separate in-state exam. Opposed by ACEC. Passed the Senate by a vote of 30 ayes and 0 nays. Awaiting Rules Committee in the House.

**SB 1470 County water authority; repeal.** Repeals the existing statutes allowing formation of a county water authority for counties with a population of between 90,000 and 120,000 population. Passed the Senate by a vote of 16 ayes and 14 nays. Was not heard in the House, so is dead.

**SB1522 Harvested water; recharge.** Would allow the recovery of harvested water as determined by ADWR. Harvested water is defined as rainfall that is captured before reaching a natural channel. Was subject to a "strike-everything" amendment in the House to create a Legislative study committee to study the issue of "macro-harvested" water. Awaiting Rules committee in the House.

**SB 1525 City; Town; development fees.** Revises the ways that development fess are calculated and what they can be used for. Passed the Senate by a vote of 16 ayes to 14 nays. Awaiting floor vote in the House.

**SB 1566 Exempt wells; emergency use.** Allows ranchers to have wells to be used only in cases of emergency, to water their herds. Was amended in House to include emergency groundwater transfers. Passed the Senate by a vote of 26 ayes and 0 nays. Awaiting Rules committee in the House.

**SB 1605 RFP; advertising in newspapers; repeal.** Eliminates the current statute that requires RFP's to be advertised in newspapers. Allows the advertisement to be done on the internet. Died on third reading in the Senate by a vote of 14 ayes and 16 nays.