

Minutes of the Work Session held July 1, 2013 at 6:30 p.m. in the Council Chambers.

MEMBERS PRESENT

Mayor Lopez Rogers and Council Members

Frank Scott, Vice Mayor
Jim Buster
Stephanie Karlin
Jim McDonald
Ken Weise

ABSENCE EXCUSED

Charles Vierhout

ALSO PRESENT

Charlie McClendon, City Manager
Shirley Gunther, Intergovernmental Affairs Manager
Andrew McGuire, City Attorney

1) ROLL CALL BY THE CITY CLERK

2) ARIZONA 51ST LEGISLATURE – 1ST REGULAR SESSION WRAP UP

Shirley Gunther, Intergovernmental Affairs Manager, provided an overview of the recently concluded session of the Arizona 51st Legislature. Following the 2012 elections, the City of Avondale invited all incumbents and newly elected officials from the West Valley to join area mayors in a breakfast event designed to develop relationships and convey the message that the region's cities work well together. The legislature was in session for 151 days. Over a thousand bills were introduced; 282 bills passed; 26 were vetoed; and 256 bills were signed. The effective date on most of this legislation will be September 13, 2013. The budget bill became effective immediately after passage, while some bills have delayed effective dates.

Ms. Gunther said the Governor's top three priorities drove this session: the State budget, tax simplification, and Medicaid expansion. The State budget is in pretty good shape. The Department of Education, Universities, Community Colleges and Department of Economic Security saw budget increases. The Rainy Day Fund has over \$450 million. In terms of the Medicaid expansion, hospitals agreed to be taxed in order to match federal funding. This allows 300,000 people to be added back into the Arizona Health Care Cost Containment System (AHCCCS) without costing the State additional money. Despite much opposition from conservatives, the bill eventually passed, though the amount of effort required to do so meant that many other bills failed to progress.

Ms. Gunther said HB 2111, the TPT bill, passed after months of negotiation, thus simplifying the transaction privilege tax collection process. Avondale opposed a number of recommendations made by the Tax Simplification Task Force, but all of them ended up in the bill. There are three main pieces to this legislation, the online portal, the prime contracting classifications, and audits. By January 1, 2015, the Department of Revenue must modify the online portal to allow for identification of the correct taxing jurisdiction and rate based on where the transaction is sourced. The portal must also provide a single point for licensing, filing a tax return, and paying TPT.

Ms. Gunther said the prime contracting modification contained in HB 2111 requires the DOR to issue a retail classification for certain construction projects completed in a city in order to simplify the requirements for small trade contractors. The bill initially contained a much more complicated system that was eventually removed.

The audit portion of HB 2111 was important for Avondale because the State wanted to take auditing authority away from cities. A provision was added to the bill, granting cities the authority to conduct single business audits. The DOR will handle multi-city jurisdictional audits. The Joint Legislative Budget Committee was tasked with reporting on the impact that this bill will have on the state and cities. HB 2111 was stalled for a long time, and only passed due to the persistence of Arizona's mayors.

Ms. Gunther stated that a number of gun bills were introduced this year, but only a couple made it through. HB 2362 prohibits states, cities and dealers from keeping a database of gun owners. HB 2455 forbids law enforcement officials from destroying unclaimed firearms and requires them to be sold. A Safe Schools bill would have appropriated \$250 million for the education and training of gun owners, but that did not pass. HB 2389 makes changes to allow families of deceased public safety officials to keep their phone numbers and addresses out of public records. HB 2204 would allow dependents of law enforcement officers who die in the line of duty to receive payment for health insurance coverage for as long as they qualify as dependents. Definitions of dependent status are included in the bill. HB 2562 addresses a broad ruling regarding employees ASRS believed were in the wrong plan or ineligible for ASRS. Moratorium language was included in the bill until a ruling is obtained from the Social Security Administration. HB 2156 prohibits state and political subdivisions from spending or using public resources to influence an election. SB 1266 makes illegal dumping a Class 1 misdemeanor. HB 1454 contains a provision prohibiting cities from requiring that home owners associations to be formed or operated other than for the maintenance of a common area or community-owned property.

Ms. Gunther reviewed some of the vetoed bills that would have affected the City. HB 2591 would have required state and local governments to post their previous actual budgets online. Avondale already does this. HB 2342 would have increased the annual cap on refundable research and development from \$5 million to \$10 million, and would have adjusted the state's income tax brackets to reflect inflation increases. JBLC estimated that if passed, the law would have reduced the City's portion of state income tax revenue.

Mayor Lopez Rogers said Avondale's legislators played key roles in the negotiation of some of these bills and worked very hard to protect cities. Council Member Buster commended the effort that went into making sure the TPT ended up being a bill that cities could support.

3) ADJOURNMENT

With no further business before the Council, Council Member Weise moved to adjourn the work session. Council Member Vierhout seconded the motion. The motion carried unanimously.

Meeting adjourned at 7:01 p.m.


Mayor Lopez Rogers


Carmen Martinez, CMC
City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the Council of the City of Avondale held on the 1st day of July 2013. I further certify that the meeting was duly called and held and that the quorum was present.


City Clerk