



# 2012 NEW LAWS REPORT

## ***Introduction***

Welcome to the *New Laws Report* of the League of Arizona Cities and Towns for 2012. The *Report* is designed to serve as a guide to those enactments of the second regular session of the 50th Arizona Legislature that have demonstrable impacts on municipalities.

During the past session, 1,395 bills were introduced in the House and Senate. Of these, 387 passed the Legislature and were sent to the Governor, and 362 were signed into law. More than one-fourth of these enactments affect cities and towns and are summarized in the *Report*.

## ***Scope and Use***

This digest is intended only to identify and summarize those new laws with significant impacts on Arizona municipalities. It does not describe every provision of every law in detail, but it does provide a hyperlink to the chaptered version of each bill summarized. For a fuller understanding of new laws, readers are encouraged to review the exact language of their provisions, as well as relevant legislative history.

For those new enactments that modify current law, the *Report* makes no effort to describe the underlying law, other than to provide sufficient context for an understanding of the statutory modification. Furthermore, the *Report* focuses on only those new laws that have broad statewide applicability to cities and towns.

## ***Effective Dates***

Unless otherwise noted, the effective date of the new laws described in the *Report* is August 2, 2012. This date – 90 days after the conclusion of the legislative session – is the general effective date for all enactments that are passed without an emergency clause or alternative effective date.

The *Report* does endeavor to identify effective dates that vary from the general effective date. Where appropriate, it also includes other statutory dates, such as repeal dates, implementation dates and deadlines.

## ***Disclaimers***

The *Report*, published as a service to the members of the League of Arizona Cities and Towns, does not necessarily identify every law with impacts on municipalities. It is neither designed nor intended to provide legal advice or counsel. It should be relied upon only as a reference tool and not as a comprehensive guidance document. In certain limited instances, the *Report* does highlight action items that should be considered by cities and towns. In no case, however, should the *Report* substitute for the independent judgment of your city or town manager or attorney.

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## Part 1 – Courts, Civil and Criminal Justice, Law Enforcement and Public Safety

### HB 2356 (drugs; definition)

[Chapter 1](#)

Certain chemicals that compose substituted cathinones, or “bath salts”, are added to the list of dangerous drugs subject to control under the Arizona Uniform Controlled Substances Act.

**Effective Date:** [February 16, 2012](#)

### HB 2130 (disease testing; public safety employees)

[Chapter 25](#)

This law authorizes a public safety employee, volunteer, or an employing agency to petition the court to have a person tested for specified diseases if there is probable cause to believe that the person bit, scratched, spat upon or transferred blood or other bodily fluid to a public safety employee or volunteer who was performing an official duty.

**Effective Date:** [August 2, 2012](#)

### SB 1184 (prohibited restraints; pregnant prisoners)

[Chapter 43](#)

A correctional institution must not use restraints on a prisoner or detainee being transported for delivery or during labor, delivery and postpartum recovery unless the attending medical staff requests the use of restraints or a corrections official makes an individualized decision that the prisoner or detainee presents an extraordinary circumstance. If a restraint is used pursuant to the foregoing, the type of restraint applied and the application of that restraint must be done in the least restrictive manner possible. All correctional institutions must adopt rules or policies pursuant to this section within 30 days after the effective date of this section.

**Effective Date:** [August 2, 2012](#)

### SB 1225 (superior court clerk; arbitration; records)

[Chapter 44](#)

The principal purpose of this law is to modify the manner in which an appellant’s deposit for appeal is disposed of or refunded. One provision of the law, however, prohibits all law enforcement agencies and courts from providing access to court records, police records or any other agency records relating to the arrest or indictment of a person who has been cleared, except on court order.

**Effective Date:** [August 2, 2012](#)

## **HB 2462 (animals; seizure; hearing; forfeiture)**

[Chapter 73](#)

This law establishes procedures related to the seizure of animals that are cruelly mistreated or cruelly neglected. There are exemptions for equine seizures and agricultural activities. There is also an exemption for cities, towns, or counties that adopt a bonding and forfeiture ordinance for animals suffering from cruel mistreatment, cruel neglect, or abandonment that is at least as stringent as the new law.

**Effective Date:** [August 2, 2012](#)

## **HB 2605 (law enforcement dogs; biting)**

[Chapter 74](#)

All law enforcement dogs are exempted from statutory protocols regarding dog bites as long as the bite occurred while the dog was under proper law enforcement supervision and the care of a licensed veterinarian. A law enforcement agency is required to: 1) notify the county enforcement agent after a dog bite if the dog behaves abnormally and 2) make the dog available for examination.

**Effective Date:** [August 2, 2012](#)

## **HB 2034 (hookah use; minors; prohibition)**

[Chapter 89](#)

This law expands the list of items that are prohibited from being sold to or possessed by a minor to include a hookah or water pipe. There is an exemption related to the use of such an instrument for religious or ceremonial purposes. There is also a gift exemption that applies if the instrument is not used or intended to be used by a minor to smoke or ingest tobacco or shisha (defined as any mixture of tobacco leaf and honey, molasses or dried fruit). Any violation is classified as a petty offense. A minor who possesses or buys the instrument or paraphernalia is subject to a fine of not less than \$100 or thirty hours of community restitution.

**Effective Date:** [August 2, 2012](#)

## **HB 2390 (home detention programs)**

[Chapter 97](#)

This law removes employment requirements for prisoners who are selected for the home detention program. It also transforms several elements of the program from requirements to permissible activities. For example, the law permits, rather than requires, a city or town with a home detention program (or a prisoner work or community restitution program) to appoint a community restitution work committee to recommend to the city or town appropriate community restitution work projects for home detention prisoners. The law also permits (rather than requires) a court to order a prisoner placed on electronic monitoring to pay the electronic monitoring fee.

**Effective Date:** [August 2, 2012](#)

## **HB 2558 (victim restitution; civil actions)**

[Chapter 102](#)

This law clarifies that a person who is the victim of a crime may bring a civil action for damages in excess of the restitution order actually paid by the defendant.

**Effective Date:** August 2, 2012

## **HB 2319 (notice; claim; private property rights)**

[Chapter 110](#)

This law exempts claims made for just compensation pursuant to the Private Property Protection Act (commonly known as Proposition 207) from the pre-suit requirements relating to actions against public entities. Generally, lawsuits against public entities or public employees require a “notice of claim” to be filed within 180 days after the cause of action occurs. If an entity files a claim under Proposition 207, it no longer has to comply with the 180-day notice of claim requirement.

**Effective Date:** August 2, 2012

## **HB 2446 (liquefied petroleum gas; emergency aid)**

[Chapter 121](#)

In an emergency situation involving liquefied petroleum gas, a person who has knowledge and training in the storage, handling, transportation, operation and utilization of liquefied petroleum gas is not liable for any damages that occur as a result of providing assistance, if the assistance occurs without payment and at the request of a peace officer, fire company or department, first aid, rescue or emergency squad or other governmental agency or entity.

**Effective Date:** August 2, 2012

## **SB 1197 (law enforcement; overtime compensation)**

[Chapter 144](#)

Pursuant to this law, persons engaged in law enforcement activities may work in excess of 40 hours per work week without overtime compensation if such work is performed under an agreement with the employer. The law also stipulates that when a person engaged in law enforcement activities has an agreement regarding an alternate work period and takes a new position with the employer, the person may terminate the existing agreement. It also specifies that agreements (including existing agreements between the employer and the law enforcement officer or the officer’s lawful representative association) supplanting, revising, or altering the provisions of this law are not preempted.

**Effective Date:** August 2, 2012

## **SB 1369 (crime victim advocates; privileged communications)**

[Chapter 153](#)

Under this law, crime victim advocates are prohibited from disclosing any communication made by or with the victim (or any information regarding compensation or restitution) unless the victim provides written consent. A victim may provide written or verbal consent to allow the crime victim advocate to disclose any communication to a prosecutor or law enforcement agency. When information is so disclosed, a prosecutor or law enforcement agent is required to disclose only exculpatory (as opposed to discoverable) information to the accused's attorney.

**Effective Date:** August 2, 2012

## **SB 1410 (limited liability; trespassers)**

[Chapter 154](#)

A landowner's duty of care to trespassers is abolished except in cases of intentional, willful or wanton injury, with certain provisos.

**Effective Date:** August 2, 2012

## **SB 1241 (forfeiture of weapons and explosives)**

[Chapter 173](#)

Pursuant to this law, courts must order the sale of a seized firearm to a business authorized to receive and dispose of firearms for public resale, unless the firearm is prohibited from being sold under federal and state law. Law enforcement agencies may trade a seized firearm to a federally licensed firearms business for ammunition, weapons, equipment, and other materials to be used for law enforcement purposes. Courts have one year to order the sale of a forfeited deadly weapon, dangerous instrument, or explosive to an authorized business. Local jurisdictions are constrained from establishing laws pertaining to the sale of forfeited deadly weapons, dangerous instruments, or explosives.

**Effective Date:** August 2, 2012

## **SB 1152 (homeless court; establishment; jurisdiction.)**

[Chapter 180](#)

The presiding judge of the superior court in each county may establish a homeless court, as well as eligibility criteria for referral of cases to the homeless court. A justice of the peace or municipal court judge who has jurisdiction over a case that meets the homeless court criteria may refer cases to homeless court, with the approval of the prosecutor. Any judicial officer in the county where the offense occurred may adjudicate a case referred to the homeless court.

**Effective Date:** August 2, 2012

## **HB 2376 (court fees; payment method)**

[Chapter 185](#)

The law expands the methods of acceptable payment for fees due to courts. These methods include credit cards, charge cards, debit cards and electronic funds transfers. A court may impose a convenience fee when accepting such alternative methods.

**Effective Date:** August 2, 2012

## **HB 2753 (notice; claim; public entity; employee)**

[Chapter 215](#)

With respect to lawsuits against public entities or public employees, a “notice of claim” must generally be filed within 180 days after the cause of action occurs. Under the provisions of this law, if a genuine issue of material fact exists as to whether a claimant complied with the notice of claim requirement, then that question must be resolved before a trial on the merits of the claim and at the earliest possible time.

**Effective Date:** August 2, 2012

## **HB 2559 (victims’ rights; courtroom posting)**

[Chapter 243](#)

A statement of victims’ rights accorded by Arizona law (A.R.S. §13-4438) is required to be prominently posted in each superior, justice of the peace and municipal court in Arizona.

**Effective Date:** August 2, 2012

## **HB 2780 (animal cruelty; ranching dogs)**

[Chapter 258](#)

It is impermissible to adopt an ordinance to prohibit or restrict any activity involving a dog, whether the dog is restrained or not, if the activity is directly related to the business of shepherding or herding livestock and the activity is necessary for the safety of a human, the dog or livestock or is permitted by or pursuant to title 3 (agriculture).

**Effective Date:** August 2, 2012

## **HB 2071 (resisting arrest; classification)**

[Chapter 265](#)

Passive resistance, defined as a nonviolent physical act or failure to act that is intended to impede, hinder or delay the effecting of an arrest, is classified by this law as resisting arrest and is categorized as a class 1 misdemeanor.

**Effective Date:** August 2, 2012

## **HB 2550 (victims' rights; criminal offense; interviews)**

[Chapter 268](#)

This law specifies that a peace officer may not be compelled to submit to an interview on certain matters and, with respect to such matters, has a victim's right to refuse an interview. Previously, this victims' right did not apply to peace officers if the act that would have made the officer a victim occurred in the course of the officer's official duties. For victims' rights purposes, the definition of "criminal offense" is expanded to include petty offenses and violations of local criminal ordinances.

**Effective Date:** August 2, 2012

## **HB 2556 (criminal restitution order)**

[Chapter 269](#)

This law expands a trial court's subject matter jurisdiction relating to criminal restitution orders. Specifically, trial courts are required to retain jurisdiction of cases for the purpose of ordering and enforcing the method in which court ordered payments are made. The enactment stipulates that a criminal restitution order must be recorded and enforced as any civil judgment. It also specifies that a criminal restitution order does not affect any other monetary obligation (e.g., fines, fees or penalties) imposed on a defendant pursuant to law.

**Effective Date:** March 31, 2013

## **HB 2723 (law enforcement officer; discipline; information)**

[Chapter 276](#)

All parties involved in a law enforcement officer's disciplinary appeal hearing must provide the following information no later than 10 business days before the hearing: the name of each witness who may be called to testify and a description of the potential testimony's subject matter; the name and contact information of each person who has given a statement relevant to the notice of discipline and the custodian of the copies of those statements; and copies of any previously undisclosed documents that may be introduced.

**Effective Date:** August 2, 2012

## **HB 2643 (duty related injury; police officer)**

[Chapter 287](#)

This new law requires the state and its political subdivisions to establish a Supplemental Benefits Plan (SBP) for public safety employees injured while on duty. The SBP is for the purpose of providing benefits for such employees for the period they are unable to work. To qualify for assistance under the SBP, the employee must be receiving workers' compensation. The SBP must be designed to ensure that the employee is receiving approximately the same pay he would receive if he were still working. Under an SBP, the state or political subdivision continues

to pay its portion of the employee's selected healthcare program, and the state or political subdivision pays both the subdivision's and employee's portion of the employee's retirement payments.

The SBP program is a pilot program to be offered for an initial six-month period. The state or political subdivision is allowed to determine if the plan shall be extended an additional six months to a maximum of one year. The governmental entity has the right to determine if the employee is eligible for the plan.

**Effective Date:** August 2, 2012  
**Delayed Repeal Date:** September 30, 2014

## **HB 2544 (recovery of attorney fees)**

[Chapter 305](#)

This new law removes the section of statute that requires the court to award reasonable attorney fees in any action that, by clear and convincing evidence, demonstrates a claim or defense constitutes harassment, is groundless and is not made in good faith. The enactment retains a provision of law establishing that attorney fees may be awarded in civil actions, including to cities and towns, if a court finds the claim is filed without "substantial justification."

**Effective Date:** December 31, 2012

## **HB 2794 (CPS; review teams)**

[Chapter 320](#)

Among other things, this law requires that a peace officer, when responding to a domestic violence call, determine whether a minor is present at the scene of alleged violence. If a minor is present, the peace officer must conduct a child welfare check to assess the child's safety and whether the child might be a victim of domestic violence or abuse.

**Effective Date:** August 2, 2012

## **SB 1438 (drug lab remediation; investigators)**

[Chapter 327](#)

This law establishes an additional assessment of \$15 for all drug offenses to be deposited in the Technical Registration Fund and used to pay expenses of the State Board of Technical Registration associated with investigations and enforcement of drug remediation regulations. Municipalities and counties may apply to the Fund if they remediate real property that was contaminated by illicit drug manufacture. Owners of property where a clandestine drug lab is discovered are prohibited from knowingly allowing the posted notice of removal required by

A.R.S. section 12-1000 to be disturbed. Violations of this prohibition are subject to a civil penalty of up to \$2,000 for a first offense and criminal prosecution for a class 5 felony for a second or subsequent offense.

**Effective Date:** August 2, 2012

## **HB 2676 (government entities; attorney fees)**

[Chapter 339](#)

This law requires the court to award reasonable attorney fees to the successful party in any action filed against the state, and other governmental entities and instrumentalities, by a governmental entity, agency, or political subdivision.

**Effective Date:** August 2, 2012

## **SB 1186 (law enforcement officers; omnibus)**

[Chapter 355](#)

Among other things, this law restricts the authority of law enforcement agencies to require fitness for duty examinations. The law also clarifies that a peace officer may bring action in a superior court for a hearing *de novo* regarding his termination if the finding of the civil service board or merit commission states there was no just cause for the termination (as opposed to the officer's belief there was no just cause). The law also allows a public safety employee, volunteer or agency to petition for an order authorizing disease testing of another person to be submitted to a court if that other person is arrested, charged, or in custody and a public safety employee or volunteer alleges, by affidavit, that the person interfered with the official duties of the public safety employee or volunteer by biting, scratching, spitting, or transferring blood or other bodily fluids on or through the skin or membranes of the employee or volunteer.

**Effective Date:** August 2, 2012

## **SB 1212 (law enforcement officers; just cause)**

[Chapter 356](#)

This law mandates that the same "just cause" process required for the termination of law enforcement officers be applied to demotions. It requires a hearing officer, administrative law judge, or appeals board to state in every finding of disciplinary action whether just cause exists for the disciplinary action. If the superior court finds that just cause for a demotion does not exist, the court shall order the officer reinstated to the officer's previous position with the law enforcement agency. The law also permits the superior court to award to the law enforcement officer monetary damages not to exceed the officer's combined total of wages and benefits that was lost as a result of the demotion during the period of imposed disciplinary action.

**Effective Date:** August 2, 2012

## HB 2549 (electronic; digital devices; stalking; threatening)

[Chapter 359](#)

This law updates Arizona's harassment and stalking statutes to make unlawful any use of electronic or digital devices to terrify, intimidate, threaten, or harass another person.

**Effective Date:** August 2, 2012

## Part 2 – Campaigns and Elections

### **SB 1210 (right of intervention; initiative; referendum)**

[Chapter 84](#)

This new law confers upon the official proponents of an initiative the unconditional right to intervene in any proceeding in which the constitutionality, legality or application of a law which was enacted pursuant to the initiative is at issue. [Accordingly, it is advisable for city and town clerks to retain copies of records, including campaign finance documents, associated with groups and individuals filing initiative efforts.]

**Effective Date:** August 2, 2012

### **HB 2612 (political action committee; solicitation; clarification)**

[Chapter 125](#)

Under state statute, neither a corporation nor its segregated funds is permitted to solicit political contributions from any persons other than its stockholders and their families and the corporation's executive or administrative personnel and their families. This new law expands the scope of individuals from which a corporation may solicit political contributions to include employees of the corporation's subsidiaries, branches, divisions and affiliates. The law defines *affiliate* of a corporation as any organization that controls, is controlled by, or is under common control with, the corporation. It also defines *control* as possessing, directly or indirectly, the power to direct, or cause the direction of, the management or policies of another organization, whether through the ability to exercise voting power, by ownership or contract, or otherwise.

**Effective Date:** March 29, 2012

### **HB 2760 (publicity pamphlets; bond elections)**

[Chapter 129](#)

This law requires a city or town that is holding a bond authorization election to set a deadline to submit arguments for and against the authorization of one or more of the bond propositions at a public meeting. That deadline must be published in a newspaper of general circulation in the city or town.

**Effective Date:** August 2, 2012

### **SB 1198 (town elections; signature requirements)**

[Chapter 145](#)

This law permits a town to establish the minimum number of signatures required on a nomination petition for an at-large candidate as one thousand signatures or five percent of the vote in the town, whichever is less, but not more than

ten percent of the vote in the town. It also permits a city with non-partisan elections (and that elects candidates from districts) to establish the minimum number of signatures required on a nomination petition as two hundred fifty signatures or five percent of the vote in the district, whichever is less, but not more than ten percent of the vote in the district.

**Effective Date:** August 2, 2012

## **SB 1230 (ballot appearance; general elections; write-ins)**

[Chapter 148](#)

This law clarifies that, in order for a person who appeared on the primary election ballot as a write-in candidate to have his name printed on the official ballot as a candidate in the general election, that candidate must have fully complied with the provisions of law applicable to primary elections, including those governing campaign finance and the filing of nomination papers.

**Effective Date:** August 2, 2012

## **HB 2282 (campaign finance; reporting; contributions)**

[Chapter 204](#)

This law raises the monetary threshold of a campaign contribution (from \$25 to \$50) that triggers a requirement that the contributor be separately identified in campaign finance reports. Contributions of less than \$50 from individuals can be reported in an aggregate amount.

**Effective Date:** August 2, 2012

## **HB 2722 (elections; polling places; electioneering)**

[Chapter 275](#)

This new law provides that a representative of a political party who has been appointed by the party's county chairman, or a challenger who is authorized by law to be within the seventy-five foot limit of a polling place, shall not wear, carry or display materials that identify or express support for (or opposition to) a candidate, a political party or organization, a ballot question or any other political issue and shall not electioneer within the seventy-five foot limit of a polling place. A violation will constitute a class 2 misdemeanor. "Electioneering" is defined as occurring when an individual knowingly, intentionally, by verbal expression and in order to induce or compel another person to vote in a particular manner (or to refrain from voting), expresses support for (or opposition to) a candidate who appears on the ballot in that election, a ballot question that appears on the ballot in that election or a political party with one or more candidates who appear on the ballot in that election. The law repeals the statutory definition of "electioneering materials" and removes the prohibition against their display within the seventy-five foot limit of a polling place.

**Effective Date:** August 2, 2012

## **SB 1137 (candidate; eligibility; fines; penalties)**

[Chapter 289](#)

This new law prohibits a filing officer (such as a city or town clerk) from accepting nomination papers from someone who is liable for \$1000 or more in fines, penalties, late fees or administrative or civil judgments resulting from a violation of campaign finance laws. There is an exception for cases in which the fines, penalties or fees are being appealed. The law also requires that the candidate affidavit of qualification include a statement that the candidate has satisfied in full any monetary penalties, fines or judgments arising from a violation of campaign finance laws.

**Effective Date:** May 7, 2012

## **SB 1138 (clean elections; trigger reports; repeal)**

[Chapter 290](#)

This new law makes several changes to the state statute concerning “clean elections” campaign reporting. Among other things, the law modifies the timeframe within which a pre-election report must be filed and completed. Such a report must be filed not less than four days before any election (as opposed to twelve previously) and must be complete through the twelfth day (as opposed to the twentieth) before the election.

**Effective Date:** May 7, 2012

## **HB 2826 (consolidated election dates; political subdivisions)**

[Chapter 353](#)

This measure requires that, beginning in 2014, cities and towns must hold all candidate elections (except recall elections and special elections to fill a vacancy) in the fall election cycle of even-numbered years. A county election officer is permitted to use a unified ballot format in all-mail ballot elections. [Note: Because alternative expenditure limitation elections, also known as home rule elections, must be held at the same time as candidate elections, all home rule elections will be on the ballot in the fall of even-numbered years beginning in 2014.]

**Effective Date:** Provisions are applicable beginning with the 2014 elections.

## **HB 2033 (public electronic posting; government bodies)**

[Chapter 361](#)

This measure makes numerous changes to state elections statutes. Of particular interest to cities and towns are the following provisions:

- Nomination petitions must now be 8.5” X 11” and have ten lines spaced ½” apart.
- Early voters must now be notified of candidate withdrawal by providing, in early ballot instructions, a website address at which prompt updates to information regarding write-in and withdrawn candidates is available. Withdrawals must also be posted at early voting locations.

- The law restores language that allows a voter to be assisted by a precinct committeeman or someone who has been employed by or volunteered for a candidate, campaign, political organization or political party in that election.
- Candidates or organizations that intend to receive or spend more than \$250 but less than \$500 must file a \$500 exemption statement. Candidates or organizations that intend to receive or spend less than \$250 do not need to file a \$500 exemption statement. If such a candidate or organization then receives or expends more than \$500, the candidate or organization must file a Statement of Organization.
- Committees in support of (or opposition to) a recall election are added to the list of committees that must report contributions.
- A corporation, LLC or labor organization that makes an independent expenditure for literature or an advertisement must notify each candidate named in the literature or advertisement within 24 hours.
- An expenditure made by a corporation, LLC or labor organization that does not meet the definition of an independent expenditure is an in-kind contribution to the candidate and a corresponding expenditure by the candidate.
- The identification requirements pertaining to a person who delivers more than 10 early ballots to an election official are repealed.
- A court is now allowed to award the officer in charge of elections the reasonable expenses incurred in signature verification in any challenge where: the officer in charge of elections is required to conduct signature verification; the officer is a party to the challenge; and the court determines that the challenge was without substantial justification or was primarily or solely for the purpose of delay.
- Triplicate copies of the poll list are no longer required in precincts where electronic poll book systems are not used.
- For cities and towns over 2500 in population, the names of candidates who have filed a \$500 threshold exemption statement must be posted online. This posting can be done on the League's website for those cities and towns without a website.
- The Secretary of State is required to develop an electronic database system for financial disclosures and lobbyist reporting required by statute. The database must allow a county, city or town to elect to use the Secretary of State's system subject to the approval of the city or town council. Cities and towns wishing to use the new online system must conform their financial disclosure requirements and lobbyist disclosure requirements to the state requirements.

**Effective Date:**

August 2, 2012

## Part 3 – Taxes, Budget and Finance

### **SB 1046 (corporate tax allocation; sales factor)**

#### Chapter 2

For state income tax purposes, a corporation that conducts business both in-state and out-of-state must apportion its income from business activity based on the ratio of property, payroll, and sales in Arizona compared to the corporation's property, payroll, and sales everywhere. Currently, the apportionment allowed by law is 10% property, 10% payroll and 80% sales. This law allows a multistate service provider to elect to treat sales as "in-state" based on a combination of "income producing activity sales" and "market sales", beginning in tax year 2014. It prescribes the determination of in-state sales as follows:

- 15 percent of *income producing activity sales* and 85 percent of *market sales* in tax year 2014;
- 10 percent of *income producing activity sales* and 90 percent of *market sales* in tax year 2015;
- 5 percent of *income producing activity sales* and 95 percent of *market sales* in tax year 2016;
- 100 percent of *market sales* in tax year 2017 and beyond.

The law further specifies that the election must be made on the taxpayer's income tax return and is:

- Effective retroactively for the full taxable year in which the election is made.
- Binding on the taxpayer for at least five consecutive taxable years.

**Effective Date:** December 31, 2013

### **SB 1366 (state treasurer; investment)**

#### Chapter 21

This law eliminates the restriction that the state treasurer may only invest in bonds, debentures and notes issued by companies organized and doing business in the United States. It further identifies bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars as items in which the Treasurer is permitted to invest and reinvest trust and treasury monies.

**Effective Date:** August 2, 2012

### **SB 1135 (government deposits)**

#### Chapter 64

The conditions applying to the deposit of government funds are revised. The practical effect of the revisions is to authorize municipalities to invest government and public money into federally insured savings deposit accounts through the use of the Insured Cash Sweep, a resource for deposit placement services.

**Effective Date:** August 2, 2012

## **HB 2123 (transaction privilege tax reform committee)**

### [Chapter 114](#)

This new law establishes the Transaction Privilege Tax Reform Committee and prescribes the committee membership as follows:

- The Director of the Arizona Department of Revenue.
- Six appointees, selected by the President of the Senate, as follows:
  - Three members of the Senate, consisting of not more than two members of the same political party, with one member designated to serve as the committee's co-chairperson;
  - One member representing an Arizona taxpayer association;
  - One member representing Arizona municipalities; and
  - One member representing an Arizona corporate business;
- Six appointees selected by the Speaker of the House of Representatives, as follows:
  - Three members of the House of Representatives, consisting of not more than two members of the same political party, with one member designated to serve as the committee's co-chairperson;
  - One member representing Arizona municipalities;
  - One member representing Arizona counties; and
  - One member representing an Arizona small business.

The committee is charged with exploring and providing recommendations related to individual and corporate income taxes; the transaction privilege tax; and mitigation of fiscal impact to counties and municipalities. The committee must report its findings and recommendations to the Governor, President of the Senate, and Speaker of the House of Representatives no later than October 31, 2012. Additionally, the committee must provide a copy of the report to the Secretary of State.

**Effective Date:** March 29, 2012

**Repeal Date:** October 31, 2013

## **HB 2621 (local government budgets; posting; contents)**

### [Chapter 126](#)

This law clarifies that, beginning in FY 2014, the annual estimate of expenses for cities and towns must include, by fund, estimated numbers of full-time employees. It must also include an estimate of total personnel compensation. This estimate must separately include employee salaries and employee related expenses for retirement costs and health care costs. The law also directs the governing body of each county, city, town, community college district and school district to fix and assess the amount to be raised from primary and secondary property taxation, adding restricted and unrestricted unencumbered balances from the preceding fiscal year to equal the total amount proposed to be spent in the budget for the current fiscal year.

**Effective Date:** Provisions of the law are effective beginning in fiscal year 2013-2014

## **HB 2094 (prepaid wireless E911 excise tax)**

[Chapter 198](#)

The legislation levies a tax of .8 percent on the retail sale of prepaid cell phone services to assist governmental entities with maintenance, operation and capital costs associated with the 9-1-1 emergency system.

**Effective Date:** August 2, 2012

## **HB 2358 (theme park districts)**

[Chapter 206](#)

This law modifies both the composition of Theme Park and Vehicle Support Facilities Districts and the types of revenue bonds that may be issued by such districts. Notably, the law removes the Vehicle Support Facilities component of the law governing theme park districts. It also expands the allowable locations for theme park sites within a District, and allows for their segregation for financing purposes and revenue bond issuance. The new law lowers the requisite private financial contribution from 50 percent to 20 percent of the principal amount of the bond issue and clarifies that the private financial contribution can be composed of the sale of federally issued New Markets Tax Credits. The law also allows the District Board (Board) to issue taxable bonds. The new law requires the Auditor General to conduct performance audits of the District and its operations within 300 months of the initial issuance of bonds and requires that the audit be submitted to the Board and the Joint Legislative Audit Committee. The statute specifies procedures for District dissolution and extends the District's statutory sunset by seven years, to December 31, 2020.

**Effective Date:** August 2, 2012

## **SB 1229 (tax exemption; residential solar electricity)**

[Chapter 232](#)

Arizona's major electric utilities (Arizona Public Service, Salt River Project and Tucson Electric Power) offer buyback programs to individuals possessing solar energy technologies. Under these programs, the electrical utility company redistributes excess electricity generated by an individual's solar energy system, and then credits the value of the redistributed electricity against the individual's future energy consumption. This new law exempts that activity from sales and use tax in the state. It also exempts the sales of renewable energy credits from the sales and use tax.

**Effective Date:** Applies retroactively to taxable periods beginning January 1, 2007

## **SB 1523 (general appropriations; 2012-2013.)**

[Chapter 294](#)

This law is the enactment of the general appropriations or "feed" bill. It specifies amounts appropriated to individual state agencies and programs, as well as the revenue sources for those appropriations. Of direct and

substantial impact to municipalities is the elimination of the diversion of Highway User Revenue Fund (HURF) monies to fund the Motor Vehicle Division of the Arizona Department of Transportation. In last year's state budget, the diversion resulted in a loss of \$23.6 million to the portion of HURF funding dedicated to cities and towns.

**Effective Date:** May 7, 2012

## **SB 1526 (revenue; budget reconciliation; 2012-2013.)**

[Chapter 297](#)

This budget reconciliation law includes numerous statutory changes and session law provisions related to execution of the state budget. The law includes language to authorize counties to meet fiscal obligations from any source of county revenue, including the funds of any countywide special taxing jurisdiction where the board of supervisors serves as the taxing district's board. Counties utilizing this provision must report on or before October 1, 2012 to the director of the Joint Legislative Budget Committee on the source and amount of revenue used.

**Effective Date:** May 7, 2012

## **SB 1532 (environment; budget reconciliation; 2012-2013.)**

[Chapter 303](#)

The environment budget reconciliation law contains statutory changes and session law provisions related to execution of the FY 2013 state budget for agencies with jurisdiction over natural resource programs. Notable among the provisions is a repeal of the statutory authority of the Arizona Department of Water Resources to impose an assessment on municipalities in order to fund departmental operations. The assessment authority is replaced by a general fund appropriation of \$6.3 million, which is included in SB 1523 (general appropriations; 2012-2013.).

**Effective Date:** May 7, 2012

## **SB 1442 (prime contracting; manufacturing facilities; infrastructure)**

[Chapter 328](#)

This law requires the State Treasurer to pay prime contracting transaction privilege tax (TPT) revenues to a municipality or county in order to fund up to 80 percent of the cost of "public infrastructure" and "associated improvements" necessary to support the activities of a qualifying "manufacturing facility". (This includes some TPT revenue that would normally be distributed to all cities, towns and counties as well as the state general fund.) To qualify, the subject manufacturing facility must meet the following capital investment thresholds:

- \$500 million if located in a county with a population exceeding 800,000.
- \$50 million if located in a county with a population of less than 800,000.

A qualifying manufacturing facility must file a sworn statement of certification with the Arizona Commerce Authority related to the requisite capital investments and provide the applicable municipality or county with a copy

of the certification prior to the commencement of construction. The applicable municipality or county must enter into a written agreement with the Arizona Department of Revenue (DOR) upon receipt of certification and agree to do the following:

- Identify prospective public infrastructure improvements and their associated costs;
- Use TPT monies exclusively for public infrastructure improvements necessary to support the manufacturing facility's activities;
- Pay at least 20 percent of the total cost of public infrastructure improvements from municipal, county or manufacturing facility monies;
- Immediately notify DOR when TPT monies exceed 80 percent of costs and return excess monies to the Treasurer;
- Stipulate the actual amount of construction funding that will be derived from other sources;
- Identify the prime contractors on the construction of buildings and associated improvements for the benefit of a manufacturing facility and state that each prime contractor has been notified as to which portion of the contractor's income shall be separately identified to the department; and
- Agree that DOR shall recover amounts paid to a prime contractor as a result of an audit adjustment, claim for credit or refund of taxes from the applicable municipality or county portion of state shared sales tax revenues.

DOR must separately account for TPT revenues for any contractor constructing buildings and associated improvements that benefit a manufacturing facility. The law authorizes DOR to disclose information relating to TPT distributions to the applicable municipality or county and prescribes restrictions on the locality's use of that information. The law sets a 10-year limit for the payment of TPT revenues (from September 30, 2013 to September 30, 2023) and limits the aggregate amount of payments to \$50,000,000. It further limits Fiscal Year 2014-15 payments to \$5,000,000. The State Treasurer cannot make payments under this program prior to June 30, 2014 and until 25 percent of the certified capital investment has been made. The state treasurer is directed to cease payments when either the aggregate limit has been reached or when the municipality or county has received monies equal to 80 percent of the cost of the public infrastructure improvements.

**Effective Date:** August 2, 2012

## **HB 2466 (payments; local sales tax)** [Chapter 332](#)

This new law allows taxpayers who are required to pay local sales and affiliated use taxes to non-program (self-collecting) cities to pay the required tax through an online portal. Procurement of the online portal must be carried out by the Arizona Department of Administration (DOA) via a public-private partnership in accordance with the Arizona Procurement Code. The portal must provide for access to a single point of filing and payment for all self-collecting cities and towns and include security measures to protect taxpayer information. The new law allows taxpayers to be charged a fee for using the online portal and requires that the online portal be fully operational by January 1, 2015.

**Effective Date:** August 2, 2012

## **HB 2815 (employment; incentives; regulatory tax credit)**

[Chapter 343](#)

This new law establishes individual and corporate income tax credits for capital investments and employment in new or expanded commercial headquarters, and manufacturing and research facilities. The Renewable Energy Credit is extended by 5 years. The cap on the number of net new employees for which a company may annually claim the New Employment Tax Credit is eliminated. Of particular interest to cities and towns is the reduction of taxation on individual long-term net capital gains and the income tax subtraction equal to 10 percent of the federal bonus depreciation allowance. (Both of these items will affect state shared income tax beginning in FY 2016.) The law extends the net operating loss carryover timeframe, amends the calculation for determining the business personal property exemption amount, and establishes the Employer-Funded Job Training Program Study Committee.

**Effective Date:** August 2, 2012

## Part 4 – General Government

### **HB 2640 (hunting; firearm magazine capacity)**

[Chapter 75](#)

This law eliminates limitations and restrictions on the magazine capacity of any authorized firearm for the use of taking wildlife. Last year a law was enacted that permits hunting within city limits, per regulations set forth by the Game and Fish Commission (Laws 2011, Chapter 349).

**Effective Date:** August 2, 2012

### **HB 2261 (emergency medical services)**

[Chapter 94](#)

This law authorizes additional recertification options for Emergency Medical Technicians (EMTs) and repeals the requirement that EMTs must provide to patients a list of alternative care delivery sites. Among other things, the law states that an ambulance service must notify the Arizona Department of Health Services within 30 days after the ambulance service makes a change in the number or location of its sub-operation stations (rather than at least 30 days before).

**Effective Date:** August 2, 2012

### **HB 2363 (harvested water; committee)**

[Chapter 95](#)

This law establishes a Joint Legislative Study Committee on Macro-Harvested Water to study, analyze and evaluate issues arising from the collection and recovery of macro-harvested water. The committee consists of 29 members (appointed jointly by the President of the Senate and the Speaker of the House of Representatives), including one representative from each of the following: the City of Phoenix; the City of Tucson; a city or town in Maricopa County other than Phoenix; the City of Prescott or the Town of Prescott Valley; a city or town not covered by the previous four descriptions; the Southern Arizona Municipal Water Users Association; and an association of municipal water users in a rural area of this state.

**Effective Date:** March 27, 2012

### **HB 2020 (honor and remember flag; half-staff)**

[Chapter 111](#)

The Honor and Remember flag is required to be flown at a city or town hall on days when the United States flag is flown at half-staff because of the death of a member of the armed forces. The Honor and Remember flag is to be

flown beneath the POW/MIA flag when the POW/MIA flag and the United States flag are on a single staff. [Note: 3' x 5' Honor and Remember flags can be purchased for \$35 to \$50.]

**Effective Date:** August 2, 2012

## **HB 2561 (building code; exception)**

[Chapter 123](#)

Buildings owned by public school districts in Pima County are exempt from local building codes. These buildings, however, must still comply with fire codes and are subject to fire code fees. The law does not prohibit a public school district from submitting, at its discretion, to the building design or construction permitting process of the city or town for any project. If the school district chooses to utilize the exemption, it must adopt requirements to be followed by licensed or registered contractors or employees in order to ensure that construction projects are in compliance with applicable codes.

**Effective Date:** August 2, 2012

## **HB 2728 (firearms; sound suppressors; hunting)**

[Chapter 128](#)

This enactment provides that a person may now lawfully possess any firearm silencing, muffling, or report-minimizing device while hunting.

**Effective Date:** August 2, 2012

## **SB 1075 (state forester; wildfire resource deployment)**

[Chapter 135](#)

This law requires the state forester to annually develop and implement a comprehensive plan for the development of state, county, municipal, fire district and volunteer association and private fire service provider contract resources for wildfire suppression activities. It further requires the state forester to consult with federal land management firefighting agencies, state and county emergency agencies, municipal fire departments, and other specified entities to: 1) develop a comprehensive wildfire development plan, and 2) implement standards for training and certification for all classes of wildland fire personnel.

**Effective Date:** August 2, 2012

## **HB 2438 (government land; private land; study)**

[Chapter 176](#)

The law establishes a six-member Joint Legislative Study Committee on Government and Private Lands. The committee is tasked with studying the consequences of governmental acquisition of private land and is required to submit a report of its findings and recommendations to the Legislature, the Governor, and the Secretary of

State by January 1, 2014. Additionally, the Department of Revenue is tasked with contracting with the county assessors to accumulate data on land ownership in the state.

**Effective Date:** August 2, 2012  
**Delayed Repeal Date:** January 1, 2014

## **HB 2350 (cities; counties; regulations)**

[Chapter 205](#)

This law requires a municipality to post its capital improvement plan (CIP) on its website. Furthermore, a utility is entitled to receive, upon request, copies of the CIP, along with information on any new or accelerated projects.

**Effective Date:** August 2, 2012

## **HB 2457 (hunting; possession of unauthorized weapons)**

[Chapter 225](#)

This law states that the possession of legal weapons, devices, ammunition or magazines, which are not authorized to take wildlife, is not prohibited while hunting if the weapon or device is not used to take wildlife. The law further assesses a class 1 misdemeanor (6 months jail/up to \$2,500 fine) for taking wildlife using unauthorized ammunition or an unauthorized weapon, device or magazine.

**Effective Date:** August 2, 2012

## **HB 2658 (flood control authority; relinquishment; districts)**

[Chapter 228](#)

This law imposes certain stipulations upon any city or town that, by passage of a resolution, either relinquishes or assumes floodplain management responsibilities. For example, the law provides that, in the case of a town or city relinquishing its floodplain management responsibilities, neither the flood control district nor county is liable for any project that was approved, permitted, initiated, or fully or partially constructed while under the floodplain authority of the city or town (including any obligation to complete, operate, maintain or repair the project).

**Effective Date:** August 2, 2012

## **HB 2830 (energy and water savings account)**

[Chapter 230](#)

This law authorizes cities, towns, counties and school districts to establish energy and water savings accounts to fund energy and water projects designed to generate energy cost savings. Such an account may be used to pay for the incremental costs of energy or water savings measures in facilities owned by the city, town, county or school district.

**Effective Date:** August 2, 2012

## **HB 2070 (license eligibility; authorized presence)**

[Chapter 234](#)

This new law expands the list of acceptable documents for verifying a person's citizenship or alien status for purposes of license issuance. The law provides that any license issued by the federal government, any other state government, and any agency or political subdivision of Arizona requiring proof of citizenship or lawful alien status before it was issued, is an acceptable form of identification for receiving an Arizona license.

**Effective Date:** August 2, 2012

## **SB 1001 (military preservation; land exchanges)**

[Chapter 278](#)

This law permits state land to be exchanged for other public land within Arizona to improve the management of the state lands for the purpose of sale or lease or conversion to public use, subject to proper application, analysis and approval by the State Land Commissioner and the voters of Arizona.

**Effective Date:** The law would become effective upon passage of SCR 1001 (military preservation; land exchanges) by Arizona voters in the November 2012 election.

## **HB 2800 (public funding; family planning; prohibition)**

[Chapter 288](#)

This law outlines the priority for distribution of public funds for family planning services. It further prohibits the state or any political subdivision from entering into a contract with or making a grant to any person who performs non-federally qualified abortions or maintains a facility where non-federally qualified abortions are performed.

**Effective Date:** August 2, 2012

## **HB 2798 (air quality; dust plan; reports)**

[Chapter 308](#)

This law requires governmental units operating in "Area A" (as defined by section 49-541 of the Arizona Revised Statutes) to submit to the Department of Environmental Quality an annual report regarding specified air particulate reduction activities. The report must be submitted on or before March 30 of each year. Area A includes the greater Phoenix metropolitan area, a portion of Apache Junction and a portion of Yavapai County.

**Effective Date:** August 2, 2012

## **HB 2263 (methamphetamine precursor logging system)**

[Chapter 330](#)

Pursuant to this law, the sale and purchase of ephedrine and pseudoephedrine-based products are to be regulated on a statewide basis. Consumer purchases are subject to quantitative limits. Retailers must electronically submit to a national database certain information related to the sale of these products. Political subdivisions are preempted from further regulating sales of these products.

**Effective Date:** August 2, 2012

## **HB 2606 (liquor; omnibus)**

[Chapter 336](#)

This law effects numerous changes to the liquor control statutes. Though it continues to permit the State Liquor Board to consider municipal tax delinquencies in liquor license suspension and revocation proceedings, the law increases, from 90 to 120 days, the amount of time it takes before a licensed business is considered delinquent (at a threshold delinquency amount of \$250). The law prohibits a city or town from increasing fees for hospitality businesses in any year by an amount greater than the increase in the average of the last five years' consumer price index. The law establishes that if no recommendation is made by the appropriate governing body regarding approval of a license application, then no hearing by the Liquor Board is required.

**Effective Date:** August 2, 2012

## **HB 2748 (alarm business; alarm agent; certification)**

[Chapter 341](#)

This law provides for the establishment of a statewide certification requirement for alarm businesses and alarm agents through the Registrar of Contractors and the Board of Technical Registration. Accordingly, local regulation of alarm businesses and alarm installation is preempted. Alarm businesses cannot be required to provide subscriber information without a court order. For violations by local jurisdictions, the law authorizes the court to award the prevailing party reimbursement of fees and expenses and to assess civil penalties.

**Effective Date:** August 2, 2012

## Part 5 – Transportation, Motor Vehicles and Traffic Enforcement

### **HB 2241 (statute of limitations; moving violation)**

#### [Chapter 29](#)

The statute of limitations for a criminal offense arising from a serious physical injury caused by a moving violation is increased from one year to two years.

**Effective Date:** August 2, 2012

### **SB 1131 (transportation project advancement notes)**

#### [Chapter 41](#)

This new law allows counties, municipalities and regional public transportation authorities to enter into transportation project advance agreements with, and to advance monies to, the following entities for the acceleration of certain transportation projects:

- Arizona Department of Transportation (ADOT);
- Regional planning agencies;
- Metropolitan planning organizations or councils of government; and
- Designated grant recipients.

The law further authorizes the aforementioned entities to enter into agreements with political subdivisions and each other. The agreements allow eligible entities to make an advance to ADOT from any available monies, prescribe repayment procedures and subject advanced monies to the accrual of interest. The law specifies that any advance constitutes an eligible investment for sinking funds (or other funds) of the political subdivision.

The law authorizes political subdivisions to issue and sell Transportation Project Advance Notes and establishes requirements for their issuance and sale.

**Effective Date:** August 2, 2012

### **HB 2477 (farm implements; vehicle equipment; inspections)**

#### [Chapter 100](#)

Current law exempts implements of husbandry from various vehicle equipment requirements. The new law clarifies that the exemption covers an implement of husbandry only when the implement (whether a trailer or a self-propelled unit) is being used to travel between a farm and another part of the same farm; from one farm to another farm; or between farm and a place of repair, supply or storage.

**Effective Date:** August 2, 2012

## **HB 2677 (vehicle insurance; proof shown electronically)**

[Chapter 105](#)

This law provides that an image of an insurance identification card on a wireless communication device is satisfactory evidence of proof of insurance. A court, however, may still require a person to produce an actual insurance card as evidence in a hearing for a violation of motor vehicle financial responsibility. By displaying the evidence of a wireless communication device to prove insurance coverage, a person is not consenting to law enforcement to access other contents of the wireless communication device.

**Effective Date:** August 2, 2012

## **SB 1232 (vehicle permit fees; excess weight)**

[Chapter 192](#)

This law modifies the distribution of fees for a special single trip excess weight permit for commercial vehicles traveling through an international port of entry. Prior to the law's effective date, the entirety of the fee is deposited into the State Highway Fund (SHF). The new enactment requires the Arizona Department of Transportation to allocate, on a monthly basis, 50% of the fee to the SHF, 25% to counties located in the 25-mile commercial border zone identified on the permit and 25% to cities and towns located in the 25-mile commercial border zone identified on the permit. In addition, the new law requires that the money allocated to cities and towns within the border zone be distributed based on population.

**Effective Date:** August 2, 2012

## **HB 2087 (batteries; catalytic converters; reporting; dealers)**

[Chapter 196](#)

This law outlines procedures for the maintenance, reporting and inspection of records pertaining to the receipt and sale of lead acid batteries. The law also prohibits the purchase or sale of a used catalytic converter by a scrap metal dealer. A used automotive components dealer's business premises, inventory and records related to lead acid battery transactions must be open to inspection by a peace officer during regular business hours.

**Effective Date:** August 2, 2012

## **HB 2284 (DUI; jury trial)**

[Chapter 236](#)

Courts are now required to offer a defendant in a DUI case the option of a jury trial.

**Effective Date:** Retroactively effective from December 31, 2011

## **HB 2286 (driver license violations; suspensions)**

[Chapter 252](#)

This new law permits a court to dismiss a charge of driving with a suspended license if the suspension is a result of a failure to pay a civil traffic violation and the person's privilege to drive has been reinstated. In addition, a peace officer is prohibited from causing the removal and immobilization or impoundment of a vehicle for a suspended driver license if the person has a valid driver license or permit.

**Effective Date:** August 2, 2012

## **HB 2154 (child restraint systems)**

[Chapter 314](#)

This law expands the requirement that child passengers of motor vehicles be fastened in child restraint systems to include children between the ages of five and eight who are not more than four feet nine inches tall. The requirement previously applied only to children under five years of age. A violation carries a civil penalty of \$50, assessed against the operator of the motor vehicle.

**Effective Date:** August 2, 2012

## **HB 2543 (state highway; signage; nonprofit museum)**

[Chapter 316](#)

This law establishes standards for the use of electronic outdoor advertising (EOD). EOD must comply with certain criteria, including brightness standards based on the time of day and proximity to certain observatories. The legislation stipulates that its provisions do not prohibit a city, town or county from enacting and enforcing ordinances for EOD (including lighting), provided the ordinance is at least as restrictive as the state law.

The law also authorizes the Arizona Department of Transportation to install directional signage to nonprofit museums that meet specified requirements.

**Effective Date:** May 9, 2012

## Part 6 – Labor, Employment, Retirement and Benefits

### **HB 2248 (employer reporting requirements; new employees)**

[Chapter 49](#)

Employers are required to report the date an employee first performed services for pay to the Department of Economic Security.

**Effective Date:** August 2, 2012

### **SB 1194 (ASRS; nonparticipatory employer; liabilities)**

[Chapter 79](#)

This law requires the Arizona State Retirement System (ASRS) to assign a liability to employers that cease participation in ASRS for specified reasons. ASRS determines the manner of payment for the liability and the law specifies the method for calculating the employer liability.

**Effective Date:** The law's provisions are to be implemented beginning January 1, 2013.

### **SB 1117 (ASRS; administration)**

[Chapter 87](#)

This law establishes that a debtor who fails to pay any monies owed to the Arizona State Retirement System (ASRS) is liable for all costs and expenses incurred by ASRS to collect monies owed. ASRS is further empowered to recover monies owed and debt collection costs through: cash and cash equivalent property at financial institutions; and the accrued salary or wages of the debtor by serving notice of levy on the chief disbursing officer of the debtor's employer.

**Effective Date:** August 2, 2012

### **SB 1116 (PSPRS; CORP; EORP amendments)**

[Chapter 136](#)

This new law makes a number of changes to the Public Safety Personnel Retirement System (PSPRS), Correctional Officer Retirement Plan (CORP) and the Elected Official Retirement Plan (EORP). Among other things, the law:

- Requires employers in PSPRS to immediately notify the local board of the hiring of a return to work member;
- Requires employers to transmit to the local board any materials it requests regarding a return to work member; and
- Increases the period of time, from 60 days to one year, during which pension payments to return to work members are prohibited. Certain members are exempt from this one-year prohibition.

**Effective Date:** August 2, 2012

## **HB 2155 (controlled substances; workers' compensation)**

[Chapter 156](#)

This law provides that, if an independent medical examiner (IME) performs an examination pursuant to a workers' compensation claim and is provided data from the Arizona State Board of Pharmacy, the IME may disclose the information to the employee, employer, insurance carrier and the Industrial Commission.

**Effective Date:** December 31, 2012

## **HB 2165 (veterans; employment preference)**

[Chapter 157](#)

This law requires the state and its political subdivisions with employment merit systems to give five points of preference to veterans who are eligible for (or would be eligible but for age) non-regular service retirement pay. To be accorded the preference, the veteran/employee must earn a passing grade on an employment test without the preference points.

**Effective Date:** August 2, 2012

## **HB 2519 (unemployment insurance; omnibus)**

[Chapter 162](#)

This law makes a number of changes to the statutes governing unemployment insurance. Among other things, the enactment increases the timeframe for issuing a terminated employee's final check from three to seven working days or the end of the next regular pay period, whichever is sooner.

**Effective Date:** August 2, 2012

## **HB 2601 (filing; wage claims)**

[Chapter 227](#)

The maximum amount of unpaid wages for which an employee may file a written claim with the Industrial Commission is increased from \$2,500 to \$5,000.

**Effective Date:** August 2, 2012

## **HB 2428 (veteran benefits; reservists)**

[Chapter 241](#)

This new enactment makes a number of changes to state law regarding veterans' benefits in Arizona. Among other things, the law provides that Arizona and its political subdivisions are no longer required to grant a leave

of absence without loss of time or pay to auxiliary forces of the United States military for certain federal training activities.

**Effective Date:** August 2, 2012

## **HB 2662 (ASRS; employees; election; enrollment)**

[Chapter 273](#)

Until July 1, 2015, employees of Arizona State Retirement System (ASRS)-participating employers may opt out of ASRS if they are over age 65 at the time of hiring and have never been a part of ASRS. Decisions to opt out are irrevocable for the duration of their employment.

**Effective Date:** August 2, 2012

## **HB 2264 (ASRS; employee; employer contributions; rate)**

[Chapter 304](#)

With respect to the Arizona State Retirement System (ASRS), this measure retroactively restores the 50/50 split between employers and employees that applies to contributions to ASRS for retirement and long-term disability. Before September 30, 2012, employers must return employee contributions made in excess of the required employer contributions that were in effect as of July 1, 2011, except that a return of contributions is not required to an employee who has forfeited his right to benefits or otherwise received the value of the excess contribution as a distribution from ASRS.

**Effective Date:** May 7, 2012

## **SB 1036 (eye care services; health insurance)**

[Chapter 344](#)

This law modifies the requirements by which eye care services are offered under group disability and blanket disability insurance contracts. Specifically, it clarifies that a subscriber has the freedom to choose either an optometrist or physician and surgeon skilled in diseases of the eye to provide the examination, care or treatment for which the subscriber is eligible if any group disability or blanket disability contract provides eye medical care, whether by a network of health care providers or by the selection of a health care provider. It further prohibits any specific optometrist or physician, or number or percentage of optometrists or physicians, from being included on an insurers' provider panel.

**Effective Date:** August 2, 2012

## **HB 2745 (PSPRS; employer contributions)**

[Chapter 362](#)

This law changes the Alternate Contribution Rate (ACR) requirements of the Public Safety Personnel Retirement System (PSPRS). The change precludes employers from paying the PSPRS ACR on a PSPRS-eligible position if the retired person was hired before the effective date of last year's pension reform bill, SB 1609 (retirement systems; plans; plan design), and the individual is enrolled in another state retirement system.

Additionally, the law effects numerous changes to the Arizona State Retirement System with respect to administration, service purchases, investments and other issues surrounding operation of the system.

**Effective Date:** August 2, 2012