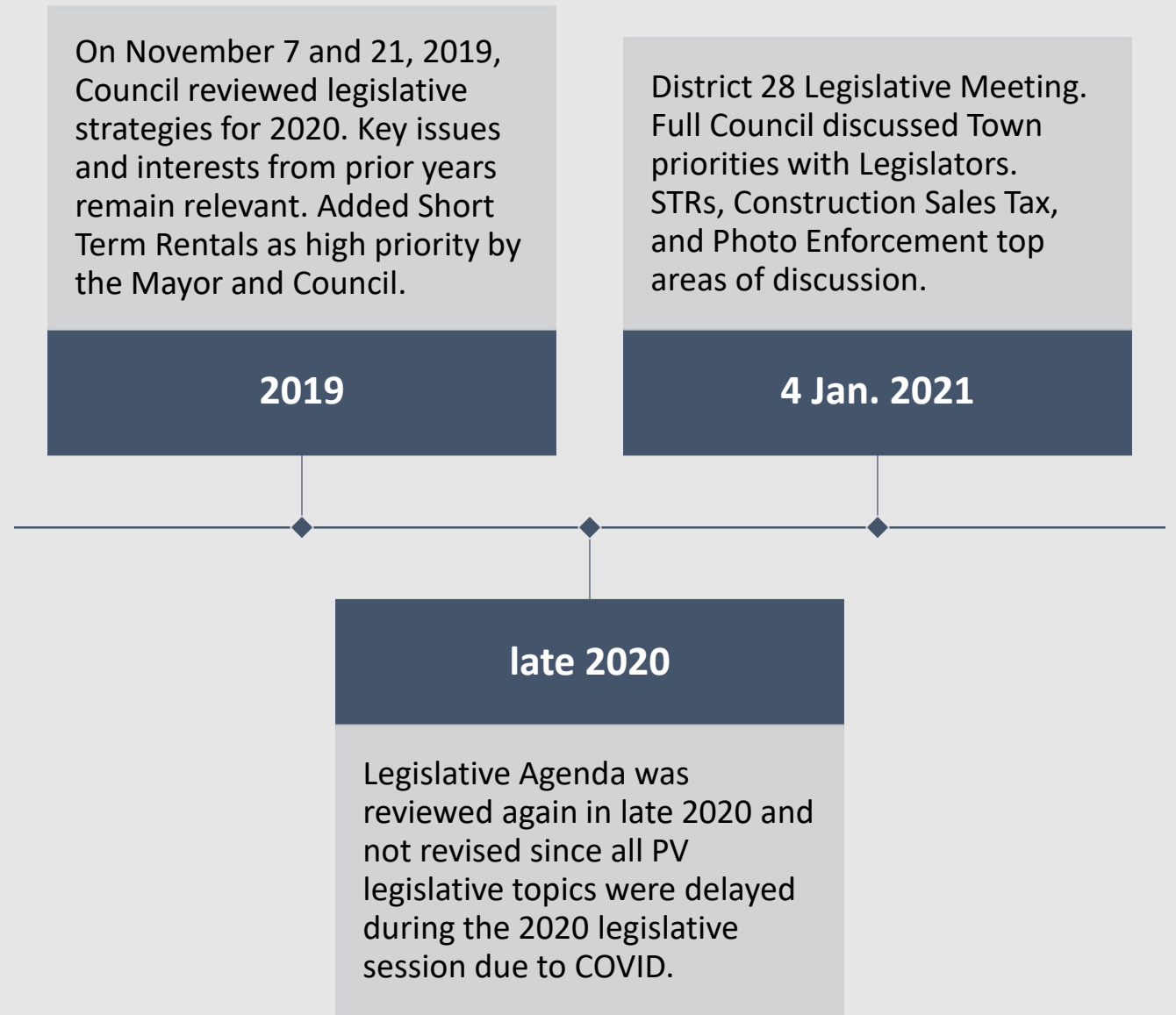


# Study Session on Pending Legislation

February 11, 2021

# Bills being followed consistent with PV Legislative Agenda



# 2020-21 Legislative Agenda Action Items

- Quality of Life and Public Safety Concerns to Preserve Neighborhoods
  - **Short-term rental impact on neighborhoods**
    - Reform State law to return local ability to regulate impacts
- Local Financial Stability
  - Sales Tax Extension (Prop 400)
  - Work to ensure local share does not decrease or obligations increase (i.e. State obligation for maintenance)
  - **Transaction Privilege Tax (TPT) Construction Sales Tax**
    - Amend MRRA to cap maximum project amount or remove alterations
    - Work with all interested parties on reform provided revenues held harmless

# 2020-21 Legislative Agenda Action Items

- Public Safety/Traffic Enforcement/Smart Technology
  - Essential tool to efficiently provide public safety within limited resources
  - Education, outreach, and signage = behavior modification/traffic safety
  - Protect ability of local government to maintain safety through all tools, especially photo enforcement areas
  - Evaluating contract options for effective and consistent service

# Short-Term Rentals

## **HB 2285 Online Home Sharing: Repeal** (Rep. Lieberman)

Full Repeal of 2016 SB1350. Repeals statutes prohibiting municipalities and counties from prohibiting vacation rentals or short-term rentals and limiting the restrictions that municipalities and counties may place on those rentals to a list of specified purposes.

*Recommend Support*

## **HB 2481 Short-Term Rentals; Enforcement; Penalties** (Rep. Kavanagh)

Sen. Kate Brophy McGee's SB 1554 that passed Senate 23-5. Modifies the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-terms rentals to include requiring the owner of a vacation rental or short-term rental to license or register with the county or municipality, and restricting the occupancy of a vacation rental or short-term rental to the lesser of the occupancy limit of the county or municipality or 2 adults per bedroom plus 2 additional adults. Vacation rentals and short-term rentals cannot advertise to exceed the occupancy limit of the dwelling or for any nonresidential use. Counties and municipalities are authorized to impose a civil penalty for each day a property is in violation of this advertisement prohibition.

*Recommend Support*

# Short-Term Rentals

## **HB 2482 Regulation; Short-Term Rentals** (Rep. Kavanagh)

Last year's Rep. Kavanagh's HB 2875 that failed on the House floor 25-35 . Modifies the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-terms rentals to include: requiring contact information for the owner of the rental to be posted on the front door or in another location on the property that is visible and accessible to the public; restricting the maximum number of adult occupants allowed on the property at one time to the lesser of the occupancy limit established by the county or municipality or no more than 2 adults per bedroom, up to 4 bedrooms, plus 2 additional adults per 1,000 square feet of livable space in excess of 3,000 square feet of livable space; requiring the installation of safety and monitoring equipment that monitors and detects noise and notifies the owner if noise is unreasonable or in violation of a noise ordinance; prohibiting smoking outside within 100 feet of a residential structure; restricting occupants from checking in without the presence of the owner or the owner's designee; and prohibiting occupants from parking on public or private streets if on-property parking is available. Vacation rentals and short-term rentals cannot advertise to exceed the occupancy limit of the dwelling or for any nonresidential use, and are required to display the transaction privilege tax license in any online advertisement for rental of the unit. Establishes penalties for violations.

*Recommend Oppose*

# Short-Term Rentals

## **HCR 2011 Short-Term Rentals; Vacation Rentals** (Rep. Lieberman)

Full Repeal of 2016 SB1350 to be sent to the 2022 ballot and by-passing the Governor. The 2022 general election ballot is to carry the question of whether to amend the state Constitution to repeal statutes prohibiting municipalities and counties from prohibiting vacation rentals or short-term rentals and limiting the restrictions that municipalities and counties may place on those rentals to a list of specified purposes. Land use laws that regulate a vacation rental or short-term rental are excluded from statute entitling a property owner to just compensation if existing rights to use private real property are reduced by the enactment of any land use law enacted after the date the property is transferred to the owner and the action reduces the fair market value of the property.

*Recommend Support*

# Short-Term Rentals

## **SB1379 Relating to Short-Term Rentals, Enforcement** (Sen. Mesnard)

Allows a City or Town to adopt and enforce ordinances, related to public health and safety, traffic control and nuisance related to noise, protection of welfare, nuisance in same manner as other homes. Restricts the maximum number of adult occupants at any one time to no more than 2/bedroom up to 4 bedrooms plus 2 per 1,000 sf over 3,000 sf of home. Allows local civil penalties of \$1,000 every 30 days for not providing contact information. Requires liability insurance.

*Recommend Partial Oppose, Doesn't go far enough*



# Transaction Privilege Tax (TPT) Construction Sales Tax

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## **HB 2211 TPT; Prime Contracting; Exemptions; Certificates** (Rep. Cobb)

Various changes to statutes relating to transaction privilege taxes (TPT) for prime contracting. The definitions of "modification" and "alteration" for the purpose of computing the tax base for the prime contracting classification of TPT are modified. A certificate that a contractor provides to a person stating that the contractor is liable for any amount of transaction privilege taxes due is valid for a period of up to one year. After the certificate expires, the contractor is allowed to execute and provide to the person a new certificate. The Department of Revenue (DOR) is required to prescribe a form for a certificate to be used by a prime contractor that is subject to TPT for purchasing tangible personal property, the purchase price of which was excluded from the tax base under the retail classification of TPT. The prime contractor is required to obtain the certificate from DOR, and the certificate is valid for up to one year. After the certificate expires, the contractor is allowed to obtain a new certificate. Applies to contracts entered into beginning January 1, 2022.

*Recommend Oppose*

# Transaction Privilege Tax (TPT) Construction Sales Tax

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## **SB 1721 TPT: Prime Contracting Classification (Sen. Fann)**

The gross proceeds of sales or gross income derived from a construction contract with an owner of real property or the improvements to real property that does not exceed \$100,000 per unit for a "residential project" (defined) or \$1 million for a nonresidential project is not subject to tax under the prime contracting classification of transaction privilege taxes, and is required to be exempt from municipal transaction privilege and use taxes. Only the contract price is used to determine whether a contract exceeds the threshold amount with no subtractions for amounts paid to subcontractors or any deductions or exemptions allowed. Project elements cannot be artificially separated from a contract to cause a project to qualify for this exemption. The Department of Revenue has the burden of proving that project elements have been artificially separated from a contract. A contract that primarily involves construction of any electricity generating facility is not subject to tax under the prime contracting classification of transaction privilege taxes. Retroactive to contracts entered into beginning July 1, 2021. Establishes provisions for application to contracts that were bid or entered into from January 1, 2015 through July 1, 2021.

*Recommend Support*

# Public Safety/Electronic Traffic Enforcement

## **SB 1419 Highway Video Surveillance; Prohibition** (Sen. Rogers)

The state and political subdivisions are prohibited from conducting "highway video surveillance" (defined) on a controlled access highway or on a sidewalk. A person who suffers an injury as a result of a violation of this prohibition is entitled to damages of at least \$1,000 for each violation, plus costs and reasonable attorney fees. Statutes authorizing and regulating photo enforcement are repealed.

*Recommend Oppose*

# Public Safety/Preempt Police Funding “Reform”

## **HB 2310**

Triggered by a reduction of a Police Dept budget by 10%. Requires AG to conduct an investigation within 30 days to determine if the 10% reduction was completed. If determined, AG would require municipality restore budget within 30 days. If the municipality fails to restore, AG would notify the state treasurer who would redistribute state shared monies in an equal amount to the reduction. The bill has 26 sponsors in the House.

## **HB2410**

This is a budget certification by the state of a county or municipality Police Dept budget. The reduction must be tied to reduced revenues or be subject to state shared revenue withholding.

## **SB1333**

Similar to HB2310, but triggered at any level of reduction in PD budget. State treasurer would withhold same amount from municipality's state shared revenues. A 25% reduction would see a withholding of the entire police department budget by the state treasurer until restoration. This bill provides exemptions for employee related expenses (health care or pension). It does authorize a county sheriff to assume law enforcement functions if the municipality's budget is reduced by 25%. Funds withheld by the treasurer available to county sheriff in grants.

*Recommend Oppose: Paradise Valley reflects the PSPRS deficit payments in the Police Department budget. When the PSPRS deficit payments are complete, there will be a large reduction in the bottom line of the PD budget. Capital expenditures reflected in the PD budget could also be problematic with these bills.*

# Discussion