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2024 Arizona Legislative Session Glendale Chamber of Commerce Public Affairs Committee

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Welcome!



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2024 Arizona Legislative Session Business Wins



2024 Legislative Wrap Up

- Highest Number of Bills Introduced
- Only 17% Passed out of the Legislature
- Decrease from 2023 when 20% Passed and Went to the Governor's Desk

Legislative Session by the Numbers

- Legislation 2024
- 1,760 Bills Introduced, Including Memorials and Resolutions
 - House Bills: 975
 - Senate Bills: 785
 - Bills Passed: 262
 - Bills Signed: 201
 - Bills Vetoed: 59



Bad Business Bills that Failed in 2024 Would Have Cost Billions

Discontinuing
Arizona
Commerce
Authority

Elimination
Single Tax
Factor Corp
Income

\$1,000 Minimum
Corp. Income
Tax

SCR Prohibition
on New Taxes or
Fees on Vehicle
Miles Driven

Impact of Bad Business Bills

- 72 bills introduced during the 2024 legislative session that would have significantly harmed the state's business climate and economic growth if enacted.
- Of those, 20 would have quantifiable impacts on the Arizona economy based on experience with similar legislation elsewhere.

Key Findings

- \$37.2 billion+: Estimated economic if all potential "job killers" considered this year were enacted. Because of the narrow scope of the econometric analysis, this is a conservative estimate.
- 540,000 jobs: Potential jobs lost due to that \$37.2+ billion in new costs and burdens that could be imposed by these rules and regulations.
- 16 enacted "job killers": Of the 72 bills tracked in this report, Colorado has enacted just a slice over the past five years. But growth there has slowed dramatically since.
- \$9.5 billion: Economic growth Arizona would have missed out on over the past five years if it had followed Colorado's policy direction instead of following a pro-growth, light touch regulatory approach.

Labor Cost Increases Died

- Labor Cost Increases in twelve bills Including Repeal of Right to Work Statute.
- CSI estimates the total economic cost of these new labor regulations would exceed \$26 billion.
- Four bills had the potential to be particularly destructive to the Arizona economy, including the return of a particularly dangerous change.
- Repeal of right-to-work, which has been Arizona law since 1947 and protects the rights of both employers and employees when it comes to union relationships.



POTENTIAL CHANGES TO BALANCE OF POWER AT THE CAPITOL



Arizona Legislature Today One Member R Majority Leadership

House of
Representatives

Republicans 31

Democrats 29

Senate

Republicans 16

Democrats 14

Upcoming Election 2024

- State Senate Election: Will the Democrats Win or Split the Majority in a chamber and Become the Majority?
- Democrats Held Majority from 1991-1992 (Senate President Pete Rios) Lessons learned
- The Democratic/Republican split in 1999-1001 (Senate President Gnant) Lessons learned

2025 Potential Changes to Balance of Power at Capitol

- Potential Split Government First Time in 26 Years
- Democratic Governor Hobbs
- Senate Split Republican and Democrat with Senate President Elected by both Parties
- Possibly Slim Republican Majority Again in House of Representatives
- Impact on Business Community Difficult to Pass Important Bills

Senate Districts that Will Determine 2025 Balance of Power

- Districts that will determine whether the Republican Majority Continues in the House and Senate.
- If Arizona Democrats pick up one seat in the H or S, the result is a divided government like Washington DC.
- Senate:
 - Senator Shauna Bolick (R) v. Rep. Judy Schwiebert (D) (LD 2))
(\$164,386 Cash on hand) (\$327,518)
 - Former Senator Vince Leach (R) v. John McClury (D) (LD 17)
 - Senator Christine Marsh v. Carine Warner (LD 4)

House Legislative Races Determining 2025 Majority Leadership

House:

Rep. Matt Gress (R) and Carine Warner (R) v.

Former Representative Kelly Butler (D) and Karen Gresham (LD 4)

Rep. Cory McGarr (R) and Rep. Jones v. Kevin Volk (LD 17) (He is a single shot Democrat) District includes parts of Tucson and northern suburbs

Rep. Michele Pena (R) v. 3 Democrats (LD 23). Mariana Sandoval from Yuma (D) is a strong opponent. Mostly democratic District. Pena won by very slim margin. D's are expected to pick up a seat in that district.

2024 General Election Ballot Propositions



PROP 133: Requires Partisan Primaries and Prohibits Primaries Where they Compete Regardless of Party Affiliation

- Requires that the direct primary election for any private partisan office to allow each political party that is qualified for the ballot to nominate the same number of candidates for the office as the number of positions to be filled for that office in the next general election.
- Prohibits ranked choice voting.

PROP 134: Initiative: Referendum: Signatures: Legislative Districts

- Initiative/referendum process for gathering signatures.
- This requires signatures from every single legislative district.
- The concern is that initiatives are difficult to modify or remove. This initiative is intended to increase the threshold and consensus required to pass major changes to Arizona law.
 - Arizona is seen as a good test ground for outside interests.
 - The goal is to limit that practice.
 - There is no comprehensive stakeholder, transparent process for initiatives the way there is at the legislature. Most petition signatures are gathered from Maricopa and Pima. Voters in other counties would like a voice.

Prop 135 Governor; Emergency Powers

- During a state of emergency, the governor has complete authority, within the designated area, over all state agencies and the right to exercise all police power vested in the state by law.
- Amendment would provide for the legislature to terminate a state of emergency or alter the emergency power of the governor during the state of emergency. The legislature would need to provide a petition containing the signatures of at least one third of the members of the state House and Senate to the governor to request a special session to terminate or alter the powers of a governor during a state of emergency. The governor would have to call a special session on the date specified.
- If the Legislature does not extend the Governor's emergency powers, the Legislature would be allowed to alter or limit powers by concurrent resolution. If the Legislature does not extend the Governor's emergency powers, the Governor may not declare another state of emergency arising from the same conditions for which the initial state of emergency was declared.
- The emergency powers also terminate if the Governor issues a proclamation terminating the state of emergency.
- The goal of the measure is to allow the legislature to decide policies that are enacted after 30 days following the declaration of a state of emergency.

Prop 135 Cont'd.

- During the Pandemic, the legislature was unable to change or modify any of the regulations related to it. This is an effort to gain legislative oversight of gubernatorial emergency power authority 30 days after the emergency is declared.
- Since 2020, nine states have enacted bills to increase legislative oversight of gubernatorial emergency powers, including Arkansas, Colorado, Indiana, Kansas, Kentucky, New York, Ohio, Pennsylvania and Utah.

Prop 136 Legal Challenges to Constitutionality of Initiatives Amendment

- Permits challenges to an initiative measure or constitutional amendment after the filing of the measure with the AZ Secretary of State on the basis that it violates the U.S. or state constitution.
- Allows any person to file a suit in superior court challenging the constitutionality of a proposed constitutional amendment or initiative measure at least 100 days before the date of the election where the amendment or measure is scheduled for a vote. Either party can appeal the decision within five calendar days.
- For measures on the November general election ballot, suits could be filed until the end of July.
- The objective is to prevent the expenditure of millions of dollars on ballot measures that ultimately might be found unconstitutional.
- Opponents claim it is another hurdle and is an additional cost to defend a lawsuit that a measure is unconstitutional.

PROP 137: Judicial Retention

- Eliminates term limits for state supreme court justices. Their terms would last during good behavior.
- Justices would only be subject to a retention vote if they were convicted of a felony or a crime involving fraud or dishonesty; were a debtor in a bankruptcy proceeding; held a mortgage under foreclosure or did not meet performance standards according to the Commission on Judicial Performance Review.
- Interesting part of the initiative is the retroactivity clause. If the measure passes, then the SC justices up for retention would be retained even if they lose their retention election on the November ballot.
- Voters must choose retention of the current justices or change the current retention system.

PROP 138: Wages for Tipped Workers Amendment

- Like other states, AZ has a business exemption for tipped workers, who must be paid minimum wage, which allows employers to reduce their workers wages by 25% as long as the tips received by the employee were not less than the minimum wage plus \$2.00 for all hours worked.
- If the tips earned were over that amount, the employee receives them.
- AZ businesses can pay tipped workers \$11.35, which is \$3 less than the current minimum wage of \$14.35 provided their take-home pay, including tips, amounts to the minimum wage.
- Under the proposition, the current exemption would continue and businesses would be able to pay workers \$3.58 (25% less) than the current minimum wage of \$14.35, which is \$10.77, provided that the take-home pay of each workers is at least the hourly minimum wage plus \$3 for each hour worked.
- Both candidates running for President have pledged to create a federal tipped worker exemption for businesses. Unless a state already has an exemption, they would then choose to pass a state income tax business exemption.

PROP 139: Right to Abortion Initiative

- Democratic side of the abortion measure.
- It will pass.
 - The number of signatures was “jaw-dropping.”
 - The numbers show that this has overwhelming support.
- Read the language, because there are some provisions that are too far or not far enough for some.
- Everything voted on is virtually impossible to change.

PROP 140: Make Elections Fair Arizona Creating Ranked Choice Voting at all Elections in State

- Prop allows the use of ranked-choice voting.
- Single Primary for All Candidates and Possible RCV General Election Initiative.
- Prop allows the use of the use of ranked-choice voting.
- Proposition aims to prohibit ranked-choice voting in the state.
- Requires partisan primaries for partisan offices where members of political parties nominate their own candidates at primaries for general elections.
- Top 2 people with highest votes in primary election advance to general election.
- Allows candidates to compete against each other regardless of party.
- Two people on a ballot for the general election can both be on the same ballot with no candidates from the opposing party.

Prop 311 Death benefit; assault; first responders

- This proposition would establish a \$20 fee for every conviction of a criminal offense, which would go to pay a death benefit of \$250,000 to the family of a first responder who is killed in the line of duty.
- If the benefit fund exceeds \$2 million dollars, the state legislature may appropriate those funds to officer training, equipment and other uses.

Prop 312 Property Tax; Refund; Nuisance Enforcement

- This is largely in response to the issue of the homelessness in the Zone near the capitol.
- Allows property tax owners to apply for a property tax refund in certain circumstances, including if the city or locality where the property is located does not enforce laws regarding illegal camping, loitering, obstructing public thoroughfares, panhandling, public urination or defecation, public consumption of alcoholic beverages, and possession or use of illegal substances.
- For cities that have the resources to enforce those laws, the taxpayers will have an opportunity for mitigation of the costs and damage that they incur when homeless people move to a location outside their business. Cities that do not have sufficient resources will have to reallocate funds to address the homelessness issue and cut other services.

Prop 313 Imprisonment for Sex Trafficking a Child

- The proposition would require anyone convicted of child sex trafficking, a class 2 felony, must receive a sentence of life imprisonment.
- The law defines sex trafficking of a child as using a minor for the purposes of prostitution, or causing a minor to be used in prostitution, including transporting, recruiting, or providing a minor to engage in prostitution or any sexually explicit performance.
- Currently, anyone found guilty of sex trafficking who is 15, 16 or 17 years old can receive up to 10 to 24 years for a first-time offense. A person who is found guilty of sex trafficking a child under 15 is punished under the dangerous crimes against children sentencing statute, ARS 13-705. A first-time offender will receive a minimum of 13 years in prison.
- The large sporting and other events in AZ makes the state one of the top states for sex trafficking. The stiff penalty is designed to prevent sex trafficking in the state.
- Opponents argue that those who are underage and have been sex trafficked, but participate in sex trafficking will be sentenced for a very long time when they were victims of that crime.

PROP 314: Immigration and Border Law Enforcement Measure

- Immigration: referred by legislature.
- Modeled after Texas law.
- Current law requires E-Verify for all employees.
- This contains multiple provisions related to verifying eligibility for other benefits/service, law enforcement initiatives, and other efforts to tackle immigration.
- Ultimately this is a tension point between lack of action by the feds and state's desire for something to be done.

PROP 314 (Cont'd): Immigration and Border Law Enforcement Measure

- Economic impact: the requirement to arrest any illegal entrants would more than fill existing jails. The cost of building sufficient infrastructure could be hundreds of millions of dollars.
- If SCOTUS allows this: there will likely be a 1070-like impact on the community.
 - The impact on the state (either by protests or reputational injury) caused a loss in economic activity such as lost conferences.
 - A lot of work was done to rehabilitate Arizona image since then.
 - The question is how will this effect the State's national perception and how it will impact business relocation, conferences, etc.
 - It could impact major sporting events (super bowl, NBA finals, etc.)

Prop 315 Rulemaking, Legislative Ratification; Regulatory Costs

- Any regulatory agency rule that is projected to increase the regulatory costs in the state by over \$100,000 within five years of implementation would be submitted to the Office of Economic Opportunity (“OED”) for review. The legislature or any person who is regulated by an agency proposing a rule, may request the proposed rules be sent to the OED for review.
- If the OED finds that a proposed rule will increase regulatory costs by more than \$500,000 within five years, the rule could not become effective unless ratified by the legislature through specific legislation.
- The OED would be required to submit the qualifying proposed rules to the Administrative Rules Oversight Committee at least 30 days before the next regular session and the proposals must be submitted to the Legislature.
- This does not apply to emergency rulemaking, when an agency makes a rule that it finds necessary as an emergency measure that is approved by the Attorney General and filed with the Secretary of state. The changes would also not apply to the Arizona Corporation Commission, which regulates public utilities.

PROP 479: Relating to County Transportation Excise (Sales) Taxes

- Maricopa county: extension of 0.50 cent transportation tax. Funds transportation projects, extensions, etc.
- If it fails to pass, huge blow to transportation infrastructure.
- Funding stream for long-term collaborative planning efforts by many regional stakeholders.
- Needed to maintain current growth.
- \$15 billion in economic impact over next 15 years.

PROP 479 (Cont'd): Relating to County Transportation Excise (Sales) Taxes

- Commute time is important factor in attracting business: generally employers want average commutes under 30 minutes.
- If emissions are not controlled, new EPA enforcement requirements. Have to keep emissions low by reducing commute times and drive time.
- Risk is in the initiative not passing. Yes, it's a tax increase but the lack of revenue would stop improvement and transportation services and projects.
 - The impact would be worse w/o it than continuation of 40-years of sales taxes
 - The controversial part is light rail
 - None of the money from this tax will go to light rail. A small part goes to capital rehabilitation (replace broken cars), but no money to expand

PROP 486 - Relating to Whether Limits for Maricopa Community Colleges (“MCC”) Should Be Increased

- Seeks to increase the MCC expenditure limit from \$52 million to roughly \$105 million.
- Allows MCC to use these funds without penalty.
- MCCC district, like other counties, are under an expenditure limit. This is an effort to get authority to spend money the colleges have in their budgets.
- The CC system is a huge pipeline for workforce development. The impact of losing these programs would be detrimental to the business community.
- Nursing shortage is an example of a problem that will likely get worse if this does not pass.
- CCs are funded by property taxes. The MCCC district has over \$105 million available that they cannot spend without authority from the initiative.

PROP 486 – (Cont'd.) Community College Expenditure Limits

Community colleges expenditure limits.

- Not seen as controversial.
- MCCC district like most things in Arizona are under an expenditure limit. This is one of the efforts to get authority to spend money the colleges have in their budgets.
- The CC system is a huge pipeline for workforce development. The impact of losing these programs would be detrimental to the business community.
- Nursing shortage is an example of something that will likely get worse if this does not pass.
- CCs are funded by property taxes. The CCs now have more money than they can spend without authority from the initiative.

Prop 499: Only on Glendale City Ballot: Glendale Hotel and Event Center Minimum Wage Protection Act

- Labor advocacy group Worker Power seeking to raise hourly pay for hotel and event center employees.
- Arizona's minimum wage is \$14.35.
- Increases minimum wage to hotel and event center employees to \$20.
- Bill includes limitation on how many square feet in combined guest rooms an employee can work in an 8-hour shift without receiving a higher wage per hour.
- All service charges charged by hotels and event centers must be distributed to hotel employees.
- Often these service charges are used for expenses hotels incur and is a critical source of revenue.
- Similar measure in Los Angeles recently passed, but failed when it became law as union workers made less after their union dues than hotel workers at non-union hotels.
- Similar initiative was introduced in Anaheim, CA and defeated last year.

Potential Impact on Voters from Large Number of Ballot Props

- Maricopa County will have a two-page ballot. The length and confusion creates a problem. It is unclear how far down the ballot people go. There is a huge drop-off of participation the further down the ballot an item appears.



QUESTIONS?