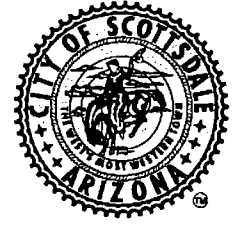


CITY COUNCIL REPORT



Meeting Date: December 2, 2015
 Charter Provision: *Provide for the orderly government and administration of the affairs of the City.*
 Objective: *Determine Policies*

ACTION

Consider the approval of the City of Scottsdale's 2016 State Legislative Agenda.

BACKGROUND

Each year the Government Relations Office, in concurrence with the City Council, staff, and the City Manager, develops a State Legislative Agenda (Agenda) based on priorities and needs of the City and community. Once approved by the City Council, the Agenda provides guidance for activities occurring at the Arizona State Legislature during the Legislature's annual session. This year, the Second Regular Session of the 52nd Legislature will convene on Monday, January 11, 2016.

The Government Relations Office staff will provide updates to the Scottsdale City Council on a regular basis throughout the session and seek additional direction as needed.

ANALYSIS & ASSESSMENT

Significant Issues to be Addressed

The 2016 State Legislative Agenda features a *Mission Statement* and two sections: *Core Principles and Policy Statements*. The *Core Principles* give general direction on issues of significant overall importance to the City. The *Policy Statements* section identifies requests to support or oppose legislation or legislative concepts, should they arise during the Session. If approved, the Agenda will serve to guide the lobbying activities of the Government Relations Office in regard to issues that arise under their purview.

In the development of the Agenda, the Government Relations Office is attempting to integrate elements contained in the City of Scottsdale's General Plan with the provisions of the Legislative Agenda. The General Plan provides a declaration of the City's policies and is used by the City Council to evaluate policy changes and to make funding and budget decisions. The current General Plan contains twelve elements that prescribe the City's policies on character and design, land use, economic vitality, community involvement, housing, neighborhoods, open spaces and recreation, preservation and environmental planning, cost of development, growth areas, public services and

facilities, and community mobility. The requests contained in the Agenda's *Policy Items* section are listed under the heading of one of the twelve elements of the General Plan.

RESOURCE IMPACTS

Future Budget Implications

Adoption of the 2016 State Legislative Agenda does not require funding. However, actions by the Legislature can have an impact on the City's budget. For example, the City Council adopted FY 2015/16 General Fund revenues that include \$55.5M in state shared revenues (\$20.8M Sales Tax, \$26.2M Income Tax and \$8.6M Auto Lieu Tax) or 21% of General Fund Revenues and Cash Transfers In. These state-shared revenues represent 23% of the City's General Fund Operating Budget of approximately \$245.7M.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Approve 2016 State Legislative Agenda with any changes supported by the Council.

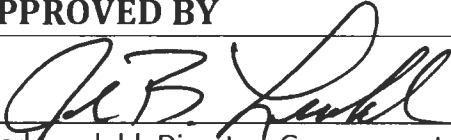
RESPONSIBLE DEPARTMENT

Government Relations


STAFF CONTACTS

Brad Lundahl, Government Relations Director, blundahl@scottsdaleaz.gov

APPROVED BY


Brad Lundahl, Director, Government Relations
(480) 312-2683, blundahl@scottsdaleaz.gov

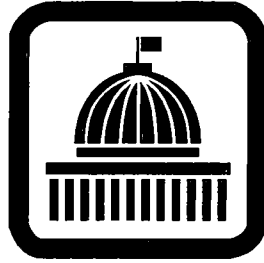
11-17-15
Date


Brian K. Biesemeyer, Acting City Manager
(480) 312-2811, bbiesemeyer@scottsdaleaz.gov

11-17-15
Date

ATTACHMENTS

1. Proposed 2016 State Legislative Agenda



City of Scottsdale
2016 State Legislative Agenda

52nd Arizona Legislature
Second Regular Session
2016

Attachment 1

City of Scottsdale 2016 State Legislative Agenda



MISSION

“Simply Better Service for a World-Class Community”

SCOTTSDALE CITY COUNCIL PRIORITIES

- Continue working with residents, businesses and SkySong to revitalize the McDowell Road corridor.
- Provide strategic support of tourism and visitor events.
- Carry out the comprehensive economic development strategy.
- Develop a transportation strategy that anticipates future needs.
- Prepare and adopt fiscally sustainable operating and capital budgets.
- Reinvest in a high performance organization and work culture.

CORE PRINCIPLES

Value Scottsdale’s Unique Lifestyle and Character

Protect those attributes that make Scottsdale unique and desirable. These may include: safe neighborhoods; a Sonoran Desert lifestyle; arts and culture; land preservation and open space; a vibrant and diverse economy; efficient transportation; and high standards of aesthetics, public amenities and levels of service.

Preserve Local Funding

Protect existing funding and authorities that bring revenue to the City of Scottsdale, which support the quality of life for its residents. Such areas may include: the protection of state-shared revenues; the ability to collect compensation for the use of a public right-of-way; and opposition to the imposition of new fees by other levels of government that would increase costs to the City.

State-Shared Revenues – Arizona voters chose, through a series of initiatives, to return a portion of tax revenues back to local communities through revenue sharing. This was provided to municipalities in exchange for losses in local taxing authority such as income and luxury taxes. The City Council adopted FY

2015/16 General Fund revenues that include \$55.5M in state-shared revenues (\$20.8M Sales Tax, \$26.2M Income Tax and \$8.6M Auto Lieu Tax) or 21% of General Fund Revenues and Cash Transfers In. These state-shared revenues represent 23% of the City's General Fund Operating Budget of approximately \$245.7M.

Oppose Preemption of Local Authority

Support the retention of local decision-making authority. Scottsdale was voluntarily created by the residents of this community to provide local self-government and to allow the Scottsdale City Council to make decisions at a local level that best meet the needs of the community. Scottsdale has unique needs and characteristics that are best met by policies set by its own local governing body. Unfunded mandates and preemptive efforts to remove the ability to set policy at the local level should be opposed.

POLICY STATEMENTS

TAXES and REVENUE

- ***OPPOSE legislation that would eliminate current statutory transaction privilege tax (TPT) requirement related to local taxpayer location data and when the Arizona Department of Revenue can begin processing TPT functions for non-program cities.***
- ***SUPPORT efforts to offset the potential loss of rental-car surcharge revenues that may result from the rulings on Saban v. Arizona. These revenues are collected by the Arizona Department of Revenue and managed by the Arizona Sports and Tourism Authority for debt service on the Cardinals stadium and Cactus League facilities as well as tourism promotion.***
- ***OPPOSE legislation that would prohibit or eliminate the transaction privilege tax on the renting or leasing real property for residential purposes. The negative impact to the City of Scottsdale from the loss of these funds would be in excess of \$5M annually.***
- ***OPPOSE the elimination of the Prime Contracting sales tax category on construction projects.***

ECONOMIC VITALITY

A strong and vibrant economy is essential to Arizona and to the quality of life for the city's residents, businesses, and visitors. Proper and sustainable economic vitality is one of the primary goals of the City of Scottsdale.

SUPPORT Reauthorization of a Statewide Commerce Authority -- Support for the continuation of a statewide entity, such as the Arizona Commerce Authority, and the Arizona Competes Fund, both set to expire in 2016. Support the work of the Arizona Commerce Authority to lead statewide economic development activities, make Arizona a more competitive business location, be a magnet for foreign direct investment, enhance the innovation ecosystem, retain and expand existing businesses and attract new businesses.

SUPPORT Recapitalization of the Angel Investment Tax Credit Program – In the 2014, the Legislature extended the sunset date of the Angel Investment Tax Credit from 2016 to 2021. However, there were no additional funds allocated to the program. The program has depleted the initial \$20 million authorized when the program was created. The principal objective of the Angel Investment program is to expand early stage investments in targeted Arizona small businesses by eliminating capital gains tax liabilities associated with the disposition of investments with oversight and certification from the Arizona Commerce Authority (ACA).

SUPPORT Extension of the Refundable Research and Development Tax Credit – Support continuance of the Refundable Research and Development (R&D) Tax Credit as an inducement to Arizona companies raising early-stage capital. The credit is currently capped at \$5 million per year..

TRANSPORTATION

HURF – The Highway User Revenue Fund (HURF) is comprised of motor fuel taxes, vehicle license taxes, and other fees. It is designated for highway construction and transportation infrastructure improvements at the State and local level. The City of Scottsdale uses its HURF allocation for street maintenance and planning of future transportation infrastructure projects.

- ***SUPPORT the continued viability of HURF funding to cities and towns and support phasing down the percentage of HURF revenues being used to fund the Arizona Department of Public Safety.***

TOURISM

Tourism - Tourism encompasses transportation, catering, accommodations, recreation, and other services for travelers. It is one of the State's largest industries and job creators. In 2013, Scottsdale hosted an estimated 9.1 million visitors with an economic impact of a little over \$4.04 billion. Tourists to the Scottsdale area have a tremendous impact on revenue for the City. Transaction privilege tax collections attributable to visitors for FY13/14 totaled an estimated \$38 million impact.

- ***SUPPORT a sustainable, long-term funding mechanism for state tourism promotion. Increase awareness of the positive economic***

impact of Arizona tourism to business and community leaders. Position Arizona to be able to consistently attract and host major events in the state. In particular, support policies that enhance Arizona's reputation as a world-class destination for cutting-edge health care facilities and services.

- ***SUPPORT efforts to increase the visibility of Arizona, Scottsdale and other Arizona cities and towns as being tourism destinations.***
- ***SUPPORT collaborative efforts between the Arizona Office of Tourism and the Arizona Commerce Authority.***

NEIGHBORHOODS AND PUBLIC SAFETY

Fire Code – The primary purpose of a fire code is the prevention of fires, reducing the impact of fire incidents that do occur, ensuring that necessary training and equipment will be on hand and that the original design basis of a home or building does not compromise the safety of its occupants.

- ***OPPOSE legislation that negatively impacts the city's fire code or its ability to enforce its fire code provisions.***
- ***OPPOSE legislation that will restrict the city's ability to pass or enact local community risk reduction measures.***

PRESERVATION AND ENVIRONMENTAL PLANNING

Native Plants Ordinance -- The City of Scottsdale adopted its Native Plant ordinance in 1981. Its purpose was to protect the slow-growing cactus and native trees that make the Sonoran Desert a special place.

- ***OPPOSE legislation that would negatively alter or remove the City of Scottsdale's important and long-established ordinances regarding native plants and how development occurs in the natural Sonoran desert environment.***

Salinity – Water is a scarce resource in the arid Southwest and the availability of good quality water resources is approaching full utilization in many Arizona communities. Rising levels of salinity in Arizona's water systems, if left unchecked, will lead to increased treatment costs and possible shortages of usable water. Salinity is the total amount of minerals (also known as salts) that are dissolved in water. Salts can be made of sodium chloride (regular table salt) or other minerals such as potassium, calcium, or magnesium.

- ***SUPPORT efforts to mitigate salinity accumulation, including collaborative measures to minimize or eliminate sodium chloride from water softeners.***

Forest Restoration/Watershed Management – There are millions of acres of diseased, dying, and overgrown forests that have created a widespread forest health problem. The poor condition of these forests has dramatically increased the effects of insect infestation, understory overgrowth, and unnatural fire conditions. The forest health problem is widespread and is affecting wildlife habitat, watershed management, and increasing the dangers to human life and property.

- ***SUPPORT legislative efforts to bring about changes in forest management with the goal of enacting effective and large-scale forest restoration efforts for Arizona and other western forests to improve forest health, increase water yield, and reduce the risks from catastrophic wildfires.***

PUBLIC SERVICES AND FACILITIES

Water Service – It is essential to ensure the protection and enhancement of the city’s ability to provide safe, sustainable, and reliable water and wastewater services to the citizens of Scottsdale at a reasonable cost.

- ***SUPPORT legislation to protect and maintain the city’s established surface and ground water supplies.***
- ***SUPPORT legislation to ensure the city’s role in the management and continued use of reclaimed and remediated waters.***
- ***SUPPORT the Governor’s FY2016/17 budget request for funding of the Arizona Department of Water Resources.***

PROPOSED LEGISLATION

Right-of-Way Acquisition; Proportional Tax Payments – It is common for state and local governments to acquire right-of-way from property owners to be used for various governmental purposes such as development and road construction.

Currently, there is some degree of ambiguity in the interpretation of state statute for instances where local governments are seeking to acquire right-of-way easements or fee interests on properties where the property owner is delinquent in the payment of property taxes on that parcel.

Most parties believe state statute requires the purchaser of the right-of-way to pay the delinquent taxes *only* on the amount of land represented in the right-of-way. Because the statutes are not clear, there are some parties who believe that an entity acquiring a right-of-way must pay the delinquent taxes for the entire parcel – regardless of the size of the right-of-way acquisition.

- ***SEEK legislation that would clarify that the payment of delinquent property taxes during the acquisition of right-of-way is only proportional to the amount of land being acquired.***

***Proposed 2016 State
Legislative Program***

**City of Scottsdale
Government Relations Office
December 2, 2015**

2016 State Legislative Program

- Second Regular Session of the 52nd Legislature begins January 11, 2016
- Senate President Andy Biggs (R- Gilbert)
- Speaker of the House David Gowan (R-Sierra Vista)

2016 State Legislative Agenda

- Input from City Leadership
- Two Sections
 - Core Principles
 - Policy Statements
- Incorporation of General Plan Elements
 - 12 Elements

2016 State Legislative Program

- For consideration tonight:
 1. Add, subtract, or amend Legislative Agenda.
 2. Consider approval of 2016 State Legislative Agenda.

Core Principles

- Value Scottsdale's Unique Lifestyle and Character
- Preserve Local Funding
- Oppose Preemption of Local Authority

Taxes & Revenue

- OPPOSE legislation that would eliminate current statutory transaction privilege tax (TPT) requirement related to local taxpayer location data and when the Arizona Department of Revenue can begin processing TPT functions for non-program cities.
- SUPPORT efforts to offset the potential loss of rental-car surcharge revenues that may result from the rulings on *Saban v. Arizona*.

Taxes & Revenue

- OPPOSE legislation that would prohibit or eliminate the transaction privilege tax on the renting or leasing real property for residential purposes.
- OPPOSE the elimination of the Prime Contracting sales tax category on construction projects.

Economic Vitality

- SUPPORT for the continuation of a statewide entity, such as the Arizona Commerce Authority, and the Arizona Competes Fund, both set to expire in 2016.
- SUPPORT for the recapitalization of the Angel Investment Tax Credit Program.
- SUPPORT for the extension of the Refundable Research and Development Tax Credit.

Tourism

- **SUPPORT a sustainable, long-term funding mechanism for state tourism promotion. Increase awareness of the positive economic impact of Arizona tourism to business and community leaders. Position Arizona to be able to consistently attract and host major events in the state. In particular, support policies that enhance Arizona's reputation as a world-class destination for cutting-edge health care facilities and services.**

Preservation & Environmental Planning

- **Native Plants Ordinance**
 - OPPOSE legislation that would negatively alter or remove the City of Scottsdale's important and long-established ordinances regarding native plants and how development occurs in the natural Sonoran desert environment.

Preservation & Environmental Planning

- **Forest Restoration**
 - SUPPORT legislative efforts to bring about changes in forest management with the goal of enacting effective and large-scale forest restoration efforts to improve forest health, increase water yield, and reduce the risks from catastrophic wildfires.

Public Services & Facilities

- **Scottsdale Water Service –**
 - SUPPORT legislation to protect and maintain the city's established surface and ground water supplies.
 - SUPPORT legislation to ensure the city's role in the management and continued use of reclaimed and remediated waters.
 - SUPPORT the Governor's FY2016/17 budget request for funding of the Arizona Department of Water Resources.

Proposed Legislation

- **Right-of-Way Acquisition; Proportional Tax Payments –**
 - SEEK legislation that would clarify that the payment of delinquent property taxes during the acquisition of right-of-way is only proportional to the amount of land being acquired.

Any Questions?

- For more information, contact the City of Scottsdale Government Relations Office

Item 33

***Proposed 2016 State
Legislative Program***

City of Scottsdale
Government Relations Office
December 2, 2015

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 - SUPPORT the Governor's FY2016/17 budget request for funding of the Arizona Department of Water Resources.

Proposed Legislation

- **Right-of-Way Acquisition; Fair Market Value Tax Payments –**
 - SEEK legislation that would clarify that a city will not be required to pay outstanding property taxes above the fair market value of the property being acquired for a public purpose.

Any Questions?

- For more information, contact the City of Scottsdale Government Relations Office