ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

COMMITTEE ON RURAL ECONOMIC DEVELOPMENT

Report of Regular Meeting
Thursday, February 12, 2026
House Hearing Room 4 -- 9:00 A.M.

RECEIVED
CHIEF CLERKS OFFICE

FEB 16 2026

Convened 9:04 A.M.
Recessed
Reconvened
Adjourned 9:57 A.M.

Members Present	**Members Not Present**
Representative Biasiucci	
Representative Blackman	
Representative Hernandez	
Representative Peshlakai	
Representative Volk	
Representative Lopez, Vice-Chairman	
Representative Martinez, Chairman	

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Presentations

Name	Organization	Attachments (Handouts)
Modernization of DeConcini Port of Entry	Josh Rubin, Chairman of the Greater Nogales Santa Cruz Port Authority	4

Committee Action

Bill	Action	Vote	Attachments
HB2237	DP	4-2-0-1	5,6
HB2926	DPA	6-1-0-0	7,8,9
HB2113	DP	5-1-1-0	10,11,12
HB2824	DP	7-0-0-0	13,14
HB2939	DP	7-0-0-0	15,16
HB2950	HELD		

Veronica Graham

Veronica Graham, Committee Secretary
February 16, 2026

(Original attachments on file in the Office of the Chief Clerk; video archives available at http://www.azleg.gov)

Convened 9:04
Adjourned 9:57

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

REGULAR MEETING AGENDA

COMMITTEE ON RURAL ECONOMIC DEVELOPMENT

DATE Thursday, February 12, 2026 ROOM HHR 4 TIME 9:00 A.M.

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2026021073

Members:

Representative Biasiucci	Representative Hernandez C	Representative Lopez, Vice-Chairman
Representative Blackman	Representative Peshlakai	Representative Martinez, Chairman
~~Representative Bliss~~	Representative Volk	

- Presentation:
  - *Modernization of the DeConcini Port of Entry*, Josh Rubin, Chairman of the Greater Nogales Santa Cruz County Port Authority

Bills		Short Title	Strike Everything Title
HB2113	DP 5-1-1-0	public service corporation; rates; intervenor (Martinez: Carter N, Hendrix, et al) NREW w/d, RED, RULES	
*HB2237	DP 4-2-0-1	appropriation; Apache Junction; tourism; recreation (Blackman) RED held 0-0-0-0-0, APPROP, RULES	
HB2824	DP 7-0-0-0	capital improvement; financing program (Lopez: Liguori, Martinez, et al) RED, RULES	
*HB2926	DPA 6-1-0-0	housing; contractors; bonds; taxes (Bliss) RED held 0-0-0-0-0, RULES	
HB2939	DP 7-0-0-0	qualified facilities; tax credit; amount (Martinez: Lopez, Shope) RED, RULES	

Attachment 1

Bills		Short Title	Strike Everything Title
HB2950	Held	tourism improvement areas; municipalities; counties	
		(Wilmeth: Diaz, Hernandez C, et al)	
		RED, RULES	

* On previous agenda

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

RA
VC
02/05/2026

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Information Registered on the Request to Speak System

House Rural Economic Development (2/12/2026)

HB2113, public service corporation; rates; intervenor

Support:

Onita Davis, representing self; Shirley Dye, representing self; Ed Davis, representing self; Darlene Younker, representing self; Cathy Schwanke, representing self; Mike Sullivan, representing self; Vicki Bendau, representing self; Shirley Lamonna, representing self; Patrick Smith, representing self; Randal Scott, representing self; Arthur Fesler-Butts, representing self; Greg Kistler, representing self; Stephen Harris, representing self; Corinne Haynes, representing self; Leslie White, representing self; Buffalo Rick Galeener, representing self; Ute Edge, representing self; Susan Bolt, representing self; Linda Busam, representing self; William & Mary Jurica, representing self; Dianna Gates, representing self; Bridget Nelke, representing self; Carole Challoner, representing self; Melanie Hutchings, representing self; James McFadzean, representing self; Jana Reible, representing self; April Smith, representing self; Jean Ferguson, representing self; Christi Sourk, representing self; Sue Unverricht, representing self; Cherie Anello, representing self; Peter Anello, representing self; Pam Reinke, representing self; Mozelle Ault, representing self; Charlyce Knight, representing self; Vicky D'Ascoli, representing self; Starr Costa, representing self; Carol Kliewer, representing self; Thomas Simacek, representing self; Carol Stines, representing self; Donna Booth, representing self; Levi Medina, representing self; Merl Nielsen, representing self; Kathryn Farkas, representing self; karen enns, representing self; Jane Breakiron, representing self; Connie Wright, representing self; Jeffrey Luft, representing self; Barb Hinderland, representing self; Mary Jamsa, representing self; Roy Scott Lassell, representing self; Barton Anderson, representing self; Pam Throw, representing self; Sandee McKinlay, representing self; Margaret Barnes, representing self; brenda simon, representing self; James Reggin, representing self; Douglas Simon, representing self; Cornel Choskey, representing self; Patricia Keitel, representing self; Barbara Carter, representing self; Bill Harenburg, representing self; Jane Evans, representing self; Laurel Lynn Scott, representing self; Lydia Choskey, representing self; conrad tolson, representing self; Barbara Scott, representing self; Patricia Phillips, representing self; Donalda Bond, representing self; James Roth, representing self; George Duffield, representing self; Lynda Patrick-Hayes, LD10STRONG!, representing self; Clare Goldsberry, representing self; Shay Cardell, representing self; Nancy Kolter, representing self; Lynda Brady, representing self; Dayle Hartgerink, representing self; Ryan Larson, representing self; Anne Fesler-Butts, representing self; Steve Kolter, representing self; Joelene Williamson, representing self; Valerie Berger, representing self; Gary Zimmerman, representing self; Renee Yarbrough, representing self; Valerie Starr, representing self; Cheryl Pardini, representing self; Donald Koeppen, representing self; LEE YARBROUGH, representing self; Peggy Lien, representing self

Neutral:

Cynthia Zwick, representing self

All Comments:

Shirley Dye, Self: I am assuming that a 100% increase is like doubling a rate like from 7% to 14%. If that is it, then I think there needs to be some consideration about why such a big jump. Is it really necessary, Justifiable increase? Rate payers understand?; Darlene Younker, Self: Utility rates are sky high already. The ratepayers have little to no say about rate hikes. How dare they even consider a 100% or more increase? We taxpayers are already drowning in taxes, fees, etc. Help us by voting YES.; Randal Scott, Self: Good; Arthur Fesler-Butts, Self: Retired vet, '07 ASU

Attachment 2

Honors Grad: Life member; NCOA, NRA, DAV, American Legion, ASU Alumni, AZCDL, Kiwanis member & 20+yrs PC I urge you to support this Bill. RUCO should be intervening for all utilities customers from wrongful rate hikes.; Dianna Gates, Self: All ratepayers should be protected!; Bridget Nelke, Self: I support this bill to bring more tools for opposing utility rate increases; James McFadzean, Self: Good measure to minimize the incidence of huge rate increases to residential consumers.; Sue Unverricht, Self: Intervene in any case where the rate increase is greater than 100%. Defend rate payers please.; Mozelle Ault, Self: Need to intervene in smaller corporations as well; Starr Costa, Self: Rate hicks, intervention in a public service corporation rates if the proposed rate increase to residential customers is 100% or more, really should be 50% or more, but I'll settle for this if it's the best we can do to pass a ceiling.; Mary Jamsa, Self: Transparency for all ratepayers should be the ultimate goal.; Roy Scott Lassell, Self: I fully support this bill. It makes sense and expands and improves notification to the impacted pool.; Barton Anderson, Self: All cities, including the smaller cities, should be equality protected by rate overseers.; James Roth, Self: This bill would provide consumer protection to ratepayers in smaller utilities. Theses ratepayers need this protection from large rate increases.; George Duffield, Self: I support this bill.; Lynda Brady, Self: Why only intervene for the more populated sections of Arizona. We actually NEED people living in the rural areas. This also screams of preferential, unfair treatment . Please vote YES, Thank You; Dayle Hartgerink, Self: RUCO should also intervene with smaller utilities requesting rate increases LD28; Anne Fesler-Butts, Self: As a retired M.D., USAR LTC, Life member: NCOA Aux, DAV, AZCDL, NRA, American Legion, Kiwanis member, I urge you to support this Bill. The RUCO should be required to intervene for customers of smaller utilities to protect from wrongful rate hikes.; Joelene Williamson, Self: I support because all taxpayers deserve RUCO intervention when their utility companies request huge rate increases.; Gary Zimmerman, Self: Helps prevent extreme rate increases that are a financial burden to citizens. If rates must increase - and they must - do it gradually and organically, rather than hiding it until a necessary increase is so high it becomes burdensome.; Donald Koeppen, Self: Maybe reduce the 100% increase to 75%. Controlling expenses is just part of good business!

HB2237, appropriation; Apache Junction; tourism; recreation

HB2824, capital improvement; financing program

Support:

Cole Libera, WALTON GLOBAL; Alex Hosmar, representing self; Michael Racy, Lobbyist, PIMA COUNTY; Marcus Dell'Artino, The Chamber Of Southern Arizona; Courtney Gilstrap LeVinus, Arizona Multihousing Association; Tom Savage, LEAGUE OF ARIZONA CITIES & TOWNS; Kevin O'Reilly, representing self; Louis Woofenden, representing self; Mike Gardner, AZ SOLAR ENERGY INDUSTRIES ASSOCIATION; Clark Princell, VALLEY PARTNERSHIP; John Baumer, ARIZONA CHAPTER OF NAIOP

Oppose:

John Allen, representing self; Kevin McCarthy, ARIZONA TAX RESEARCH ASSOCIATION (ATRA)

All Comments:

Kevin O'Reilly, Self: This is excellent legislation that will help the state of Arizona.

HB2926, housing; contractors; bonds; taxes

Support:

Steve Kaiser, HABITAT FOR HUMANITY OF CENTRAL ARIZONA; Carol Maas, representing self

Oppose:

Luke Smith, SAHUARITA, TOWN OF

HB2939, qualified facilities; tax credit; amount

Support:

Michael Cruz, ATIEVA USA, INC. DBA LUCID MOTORS, LUCID USA, INC; Robert Aldous, CASA GRANDE, CITY OF; Brian Murray, LUCID USA, INC

Oppose:

Onita Davis, representing self; Shirley Dye, representing self; Darlene Younker, representing self; Cathy Schwanke, representing self; Mike Sullivan, representing self; Vicki Bendau, representing self; Shirley Lamonna, representing self; Randal Scott, representing self; Elizabeth King, representing self; C D Tavares, representing self; Arthur Fesler-Butts, representing self; Michael Steffens, representing self; Jeanne Tavares, representing self; Bonnie Kistler, representing self; Greg Kistler, representing self; Deanna Schreckler, representing self; Stephen Harris, representing self; Corinne Haynes, representing self; Leslie White, representing self; Buffalo Rick Galeener, representing self; Ute Edge, representing self; Susan Bolt, representing self; Jeffrey Scott Christopher, representing self; Linda Busam, representing self; William & Mary Jurica, representing self; Debbie Joy, representing self; Dianna Gates, representing self; Bridget Nelke, representing self; Carole Challoner, representing self; Randy Brown, representing self; Sydney Brown, representing self; Melanie Hutchings, representing self; James McFadzean, representing self; Jana Reible, representing self; April Smith, representing self; Jean Ferguson, representing self; Christi Sourk, representing self; Jamie Alford, representing self; Sue Unverricht, representing self; Carmela Barna, representing self; Cherie Anello, representing self; Peter Anello, representing self; K Webster, representing self; Lisa Stuessel, representing self; Lorraine S, representing self; Pam Reinke, representing self; Thomas Reiner, representing self; Jane Waypa, representing self; Mozelle Ault, representing self; Charlyce Knight, representing self; Vicky D'Ascoli, representing self; Earl Taylor, representing self; Starr Costa, representing self; Carol Kliewer, representing self; Colleen Ryan, representing self; Thomas Simacek, representing self; Donna Booth, representing self; Roy Scott Lassell, representing self; Bill Harenburg, representing self; Jane Evans, representing self; Sarah Rowse, representing self; patricia wheeler, representing self; Laurel Lynn Scott, representing self; Connie Wright, representing self; Lydia Choskey, representing self; Jeffrey Luft, representing self; Cornel Choskey, representing self; conrad tolson, representing self; Barbara Scott, representing self; MARY PRIEBE, representing self; Jean Rice, representing self; Barbara Carter, representing self; Shuron Harvey, representing self; Patricia Phillips, representing self; Lorene Anderson, representing self; James Reggin, representing self; Ronald Pardini, representing self; Kate Cusumano, representing self; Steve Kolter, representing self; Carolyn Davidson, representing self; eileen acosta, representing self; Sandee McKinlay, representing self; Daniel Spencer, representing self; Donalda Bond, representing self; Danielle Ramos, representing self; James Roth, representing self; Anne Girdler, representing self; Bonnie Lund, representing self; George Duffield, representing self; Patricia Keitel, representing self; Barton Anderson, representing self; Lynda Patrick-Hayes, LD10STRONG!, representing self; Clare Goldsberry, representing self; Eric Lovelis, representing self; Dennis Liles, representing self; Shay Cardell, representing self; Katherine Cabianca, representing self; Mary Jamsa, representing self; Lynda Brady, representing self; Chandrasekhar

Doniparthi, representing self; Dayle Hartgerink, representing self; Anne Fesler-Butts, representing self; Ryan Larson, representing self; Merl Nielsen, representing self; Helen Fong, representing self; Joelene Williamson, representing self; Gary Zimmerman, representing self; Margaret Barnes, representing self; Renee Yarbrough, representing self; Roberta Ravella, representing self; Valerie Starr, representing self; Barb Hinderland, representing self; Cheryl Pardini, representing self; Jenny Hallstrom, representing self; Kathryn Farkas, representing self; Tony Dudzinski, representing self; brenda simon, representing self; Douglas Simon, representing self; Doris Mills, representing self; karen enns, representing self; Donald Koeppen, representing self; Marlene Leatherwood, representing self; louise liggett, representing self; Wayne Sapp, representing self; LEE YARBROUGH, representing self; Leo Brown, representing self

All Comments:

Shirley Dye, Self: No more corporate give a ways from tax payers. A company or industry should get their own investors to support the construction and start up costs. Taxpayers struggle already with their own issues to survive.; Darlene Younker, Self: NO! NO! NO! This bill is shocking. Greed in the rawest form. Giving tax incentives to companies that relocate here and provide jobs is fine BUT a quarter million for ONE job. ONE job!! NO! A thousand times NO!; Randal Scott, Self: Nope; Arthur Fesler-Butts, Self: Retired vet, '07 ASU Honors Grad; Life member: NCOA, DAV, ASU Alumni, NRA, AZCDL, American Legion, Kiwanis member & 20+yrs PC, I urge you to oppose this Bill. Unconstitutional tax credit. Must be repealed and not extended.; Stephen Harris, Self: say no to unconstitutional tax credits! This program should be repealed, not expanded; Linda Busam, Self: Say no to unconstitutional tax credits! This program should be repealed, not expanded.; Dianna Gates, Self: No tax credits! They are unconstitutional. This program should be repealed not expanded.; Bridget Nelke, Self: I OPPOSE THIS BILL TAX CREDITS INCREASE COSTS TO TAXPAYERS; Randy Brown, Self: If AZ would just STOP handing out credits and subsidies like they were "FREE", we wouldn't have a budget issue. Limit state spending to REAL issues, not partisan handouts.; Sydney Brown, Self: I say no to unconstitutional tax credits! This program definitely should be repealed, certainly not expanded.; James McFadzean, Self: Bad bill. Unneeded corporate welfare at its worse.; April Smith, Self: I am against unconstitutional tax credits. This program should be repealed and not extended.; Sue Unverricht, Self: Refundable tax credits are simply a gift to politically connected contractors. Unconstitutional; Lisa Stuessel, Self: Vote NO!; Mozelle Ault, Self: NO tax credits; Roy Scott Lassell, Self: I do not support this bill. This program should be repealed, not expanded. This is a bad bill for AZ citizens.; Sarah Rowse, Self: Appears to be unconstitutional; patricia wheeler, Self: I oppose unconstitutional taxes; Laurel Lynn Scott, Self: Giveaway Fools; conrad tolson, Self: This is corporate welfare. Tax payers should not have to subsidize; Barbara Carter, Self: Unconstitutional; James Roth, Self: Vote no to unconstitutional tax credits! This program should be repealed, not expanded.; Bonnie Lund, Self: An unconstitutional refundable tax credit.; George Duffield, Self: This is a bad bill!; Patricia Keitel, Self: say no to unconstitutional tax credits! This program should be repealed, not expanded.; Barton Anderson, Self: I say no to unconstitutional tax credits! This program should be repealed, not expanded.; Mary Jamsa, Self: Say no to unconstitutional tax credits! This program should be repealed, not expanded.; Lynda Brady, Self: Good Day! This is an unconstitutional tax credit. Please consider repealing and not expanding a BAD IDEA. Thank You; Dayle Hartgerink, Self: NO to unconstitutional tax credits! Repeal thi proram, don't expand it! LD28; Anne Fesler-Butts, Self: As a retired M.D., USAR LTC, Life member: NCOA Aux, DAV, NRA, AZCDL, American Legion, member of Kiwanis, I urge you to oppose this Bill. This is an unconstitutional tax credit but not for the regular tax payer. Must be repealed not expanded.; Joelene Williamson, Self: I do not support. Reject unconstitutional tax credits. Scrap this program instead of growing it.; Gary Zimmerman, Self: Not necessary. Allow our market capitalism system to function. This encourages waste to obtain favorable tax treatment.; Margaret Barnes, Self: No to unconstitutional tax credits.; Kathryn Farkas, Self: Say no to unconstitutional taxes. This program should be repealed, not expanded; Tony Dudzinski, Self: Please vote no on HB2939. Thank you.; Douglas Simon, Self: Repeal the tax credit.; karen enns, Self: From what I have seen in the past, It seems to me to give certain facilities tax credits is another opening for more waste and fraud. Please vote no,; Donald Koeppen, Self: Where do these stupid proposals come from? Repeal it, say no please.; louise liggett, Self: CHOMP-CHOMP-CHOMP. Another stinky UNCONSTITUTIONAL TAX FOR Pacman!

HB2950, tourism improvement areas; municipalities; counties

Support:

Kim Sabow, Arizona Lodging & Tourism Association; Eric Paschal, representing self; Andrew Chippindall, representing self; Marcus Carney, representing self; Ron Price, representing self; Jane Vukovich, representing self; Michael Racy, Lobbyist, PIMA COUNTY; Jason Baran, SR. Govt Relations Rep, SALT RIVER PROJECT (SRP); James Hamilton, NASCAR; Todd Baughman, ARIZONA LODGING AND TOURISM ASSOCIATION; Marcus Dell'Artino, Phoenix Suns; Dana Paschke, VISIT PHOENIX; Donna Davis, representing self; Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA; Dan Bogert, AZ RESTAURANT ASSOCIATION; Lauren King, ARIZONA WINE GROWERS ASSOCIATION (AWGA); Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Maegan Johnson , PHOENIX, CITY OF; Neil Giuliano, GREATER PHOENIX LEADERSHIP INC; Stephanie Pressler, representing self; Amilyn Pierce, AZ DIAMONDBACKS; Laura Magnus, EXPERIENCE SCOTTSDALE, VISIT MESA; Michael Hutchinson, EAST VALLEY PARTNERSHIP; John Holdsworth, representing self; Rachel Pearson, representing self; Eric Kerr, representing self; Carol Stines, representing self; Bridget Binsbacher, representing self; Karl Shaddock, ORO VALLEY, TOWN OF; Patrick McDaniel, PHOENIX COMMUNITY ALLIANCE; Clark Princell, VALLEY PARTNERSHIP; John Raeder, BUCKEYE, CITY OF; Steve Kaiser, VISIT MESA; Tim Beaubien, Arizona Association Of Realtors; Michael Martin, representing self; Dennis Kavanaugh, representing self; Leigh Marino, City Of Cottonwood; John Maxwell, representing self; Michael Pearson, representing self; Anna Mineer, representing self; Ronen Aviram, representing self; Gracie Noel, representing self; Steven Totten, representing self; Raquel Bigman, representing self; Ashley Akright Colon, representing self; Lily Presson, representing self; Chris Robertson, representing self; Sarai Case, representing self; Maria Delgado, representing self; Lorne Edwards, representing self; Tiffany Nelson-Thorne, representing self; Monica Lerch, representing self; Kelli Blubaum, representing self; Erika Pumphrey, representing self; Tracy Kossel, representing self; Christina LaPorte, representing self; MacKenzie Brower, representing self; Alleson Dunaway, representing self; Michelle Myers, representing self; Adam Haught, representing self; Lorenzo Gonzalez, representing self; Daniel Pressler, representing self; Liz Adriano, representing self; Maureen Cox, representing self; Rachel Sacco, representing self; Gigi Fitzgerald, representing self; Win Holden, representing self; Kathryn Carlton, representing self; Diane Regan, representing self; Samuel Richard, Arizona Citizens For The Arts; Deanne Boynton Grupp, representing self; Angelica Petrov, representing self; Donn Oswald, representing self; Heather Oswald, representing self; Sarah Doyle, representing self; Brian Horner, representing self; Michael Chirichillo, representing self; Lauren Jobe, representing self; Paul Gray, representing self; Erica Rietmann, representing self; Stefanie Boe, representing self; Richard Romane, representing self; Ada Walker, representing self; Alyssa Flink, representing self; Megan Tully, representing self; Rebecca Kedzie, representing self; Amy Nicole, representing self; Brice Erausquin, representing self

Oppose:

Roy Scott Lassell, representing self; Sue Unverricht, representing self; Cathy Schwanke, representing self; Leslie White, representing self; Jane Evans, representing self; patricia wheeler, representing self; Patrick Smith, representing self; Mozelle Ault, representing self; Connie Wright, representing self; Jeffrey Luft, representing self; Lydia Choskey, representing self; Cornel Choskey, representing self; Thomas Simacek, representing self; conrad tolson, representing self; Randal Scott, representing self; Thomas Reiner, representing self; Elizabeth King, representing self; Jean Rice, representing self; Shuron Harvey, representing self; Patricia Phillips, representing self;

James Reggin, representing self; Lorene Anderson, representing self; Kate Cusumano, representing self; Jane Waypa, representing self; Earl Taylor, representing self; Carolyn Davidson, representing self; Sandee McKinlay, representing self; eileen acosta, representing self; Daniel Spencer, representing self; Bonnie Kistler, representing self; Greg Kistler, representing self; Debbie Joy, representing self; K Webster, representing self; Donalda Bond, representing self; Pam Throw, representing self; Carmela Barna, representing self; Pam Reinke, representing self; Colleen Ryan, representing self; Randy Brown, representing self; Danielle Ramos, representing self; Bonnie Lund, representing self; Linda Busam, representing self; C D Tavares, representing self; Jeanne Tavares, representing self; George Duffield, representing self; Patricia Keitel, representing self; Carole Challoner, representing self; Jean Ferguson, representing self; Barton Anderson, representing self; Cherie Anello, representing self; Peter Anello, representing self; Lynda Patrick-Hayes, LD10STRONG!, representing self; Eric Lovelis, representing self; Dianna Gates, representing self; Mary Jamsa, representing self; Sydney Brown, representing self; Ute Edge, representing self; Stephen Harris, representing self; Jeffrey Scott Christopher, representing self; Corinne Haynes, representing self; Arthur Fesler-Butts, representing self; Jane Breakiron, representing self; Jana Reible, representing self; Susan Bolt, representing self; Merl Nielsen, representing self; Joelene Williamson, representing self; Michael Steffens, representing self; Margaret Barnes, representing self; William & Mary Jurica, representing self; April Smith, representing self; Christi Sourk, representing self; Jamie Alford, representing self; Lisa Stuessel, representing self; Nada Dee, representing self; James McFadzean, representing self; Cheryl Pardini, representing self; Bridget Nelke, representing self; Kathryn Farkas, representing self; brenda simon, representing self; Douglas Simon, representing self; Lorraine S, representing self; karen enns, representing self; Kevin McCarthy, ARIZONA TAX RESEARCH ASSOCIATION (ATRA); Donna Booth, representing self; Doris Mills, representing self; Carol Kliewer, representing self; Donald Koeppen, representing self; louise liggett, representing self; Joe Galli, Flagstaff Chamber of Commerce, Greater Flagstaff Chamber Of Commerce; Wayne Sapp, representing self; Vicky D'Ascoli, representing self; Aimee Yentes, AZ FREE ENTERPRISE CLUB; Bill Harenburg, representing self; Sarah Rowse, representing self; Darla Gonzalez, representing self; Laurel Lynn Scott, representing self; Barbara Scott, representing self; MARY PRIEBE, representing self; Barbara Carter, representing self; Ronald Pardini, representing self; Steve Kolter, representing self; Anne Girdler, representing self; Clare Goldsberry, representing self; Shay Cardell, representing self; Katherine Cabianca, representing self; Lynda Brady, representing self; Chandrasekhar Doniparthi, representing self; Dayle Hartgerink, representing self; Anne Fesler-Butts, representing self; Helen Fong, representing self; Renee Yarbrough, representing self; Roberta Ravella, representing self; Jenny Hallstrom, representing self; Tony Dudzinski, representing self; Vickie Parks, representing self; Marlene Leatherwood, representing self; LEE YARBROUGH, representing self; Leo Brown, representing self

All Comments:

Eric Paschal, Self: TIAs have been successful in 25 states and 220 destinations, all without burdening local taxpayers.; Andrew Chippindall, Self: As General Manager of Mountain Shadows Resort located in Paradise Valley I am very much in favor of this bill. It is vital for our Tourism Community. Andrew Chippindall Mountain Shadows General Manager; Ron Price, Self: request opportunity to speak; Jane Vukovich, Self: This Bill is vitally important to the tourism industry in Phoenix. We have a unique and wonderful destination to share with our visitors and meeting attendees we need the funds to remain front and center when they are deciding where to go.; Donna Davis, Self: Looks like a great way to market our state which could generate more tax revenue!; Stephanie Pressler, Self: TIAs are proven to increase hotel room demand, boost revenue, and drive millions in additional economic impact — all without burdening local taxpayers. By voting YES, you are ensuring continued economic growth for communities across the state.; Rachel Pearson, Self: This is a critical bill for the tourism industry, one of the largest industries in the state generating new revenue for the economy. Please vote YES!; Carol Stines, Self: Why do politicians loves taxes?! Pass this to stop more taxes.; Bridget Binsbacher, Self: On behalf of the Cactus League Baseball Association, we support HB2950.; Michael Martin, Self: I am in support of the TIA legislation. It will provide rural and urban communities a funding structure that can be used, if desired, to increase local funding for tourism marketing efforts. This will help our communities to compete for business.; Dennis Kavanaugh, Self: I am the current chair for the Visit Mesa Board of Directors and also a former Vice Mayor of the City of Mesa; Anna Mineer, Self: Please support this bill. It is incredibly important to our tourism industry.; Ronen Aviram, Self: This is a crucial form of legislation to allow our state to compete for tourism vs 23 states that already possess this tool. This is vital for the long term success of leveling the playing field in the tourism industry with no cost to AZ residents.; Ashley Akright Colon, Self: We need this tool as a state to build a resilient tourism community. Tourism is a large economic driver that supports jobs and drives small businesses.; Lily Presson, Self: A TIA would be a massive win for Phoenicians! Phoenix needs this to properly compete among other top destinations.; Chris Robertson, Self: This bill will allow Arizona to continue attracting important conventions, special events and meetings to our cities.; Lorne Edwards, Self: I am in support of this enabling legislation that helps us create a sustainable mechanism that would allow Greater Phoenix and all of Arizona to compete, strengthen our economy and create good paying jobs for all our residents; Roy Scott Lassell, Self: I do not support this bill. We do not need or want added useless taxes.; Sue Unverricht, Self: Unconstitutional tax on hotels and bad policy.; Mozelle Ault, Self: No more taxes. Unconstitutional!; Connie Wright, Self: Unconstitutional; Jeffrey Luft, Self: Slush fund folly. Stop this nonsense now!,,; Randal Scott, Self: No good; Sandee McKinlay, Self: No more unconstitutional taxes on consumers.; Randy Brown, Self: If a business wants to promote tourism in its area, there is nothing stopping it from writing checks. They DON'T need to be writing those checks with OTHER PEOPLES MONEY! This is unneeded garbage legislation and needs to STOP being reintroduced.; Bonnie Lund, Self: This tax is unconstitutional.; Linda Busam, Self: I say no to unconstitutional taxes!; George Duffield, Self: This bill comes up every year and is bad for AZ. Defeat it!; Patricia Keitel, Self: say no to unconstitutional taxes!; Barton Anderson, Self: No unconstitutional taxes; Eric Lovelis, Self: Forcing business owners to "join" an association and pay a tax to promote tourism is absurd. Who sets the rates? What if they can't or won't pay? Don't we already have a state tourism board? If passed, I foresee a lawsuit as this is unconstitutional.; Dianna Gates, Self: Say no to unconstitutional taxes!; Mary Jamsa, Self: Say no to unconstitutional taxes!; Sydney Brown, Self: This unconstitutional tax legislation needs to STOP being re-introduced! Defeat it!; Stephen Harris, Self: So no to this unconstitutional tax!; Jeffrey Scott Christopher, Self: Establishes an unconstitutional tax.; Arthur Fesler-Butts, Self: Retired vet, '07 ASU Honors Grad: Life member; NCOA, NRA, American Legion, AZCDL, DAV, ASU Alumni, Kiwanis member, 20+yrs PC, I urge you oppose this bill. This is an unconstitutional tax.; Joelene Williamson, Self: I do not support. Defend the Constitution — oppose illegal taxes.; April Smith, Self: Please stop with the unconstitutional taxes.; Lisa Stuessel, Self: We must follow the constitution, this does NOT! VOTE NO!; James McFadzean, Self: This bill would establish an unconstitutional tax.; Bridget Nelke, Self: I OPPOSE THIS BILL VOTE NO; Kathryn Farkas, Self: Say no to unconstitutional taxes.; karen enns, Self: Seems to me that this is an area that private businesses should be doing and not funded by the taxpayer. As all things governmental, there would be waste of our money due to fraud and ineptness of government. Please vote no.; Donald Koeppen, Self: This is not fair and not constitutional!; Lorenzo Gonzalez, Self: Tourism is the new backbone of Arizona, replacing agriculture. Working in hospitality, I get to talk to tourists who rave about our state with some considering moving here. Lets Nothing beats our tax revenue being supplemented by tourists!; Liz Adriano, Self: Having this Arizona TIA legislation passed is critical to my small business. I rely on business travelers coming to Arizona for my experiential neuroscience based wellness company to thrive. We are losing business to other states using TIA strategy.; louise liggett, Self: Where is PACMAN when you need him. Chomp up the UNCONSTITUTIONAL TAXES.; Maureen Cox, Self: This bill is crucial to the tourism industry and the economy of Greater Phoenix! I urge you to pass this bill!; Gigi Fitzgerald, Self: 100% support this bill and the city of Phoenix needs to increase tourisum.; Donn Oswald, Self: Please provide us with the resources to help fuel the Arizona tourism economic engine.; Stefanie Boe, Self: DISCOVER MARANA supports this important legislation.; Richard Romane, Self: Approving this bill would be beneficial the JW Camelback Inn, all hotels and resorts in the state, and would help us compete with other states that have similar funding. Thank you; Amy

Nicole, Self: This will strengthen our community; I strongly support.; Brice Erausquin, Self: Our destination desperately needs this funding mechanism in order to remain competitive within the tourism industry.; Sarah Rowse, Self: Appears to be unconstitutional; Darla Gonzalez, Self: This is an unconstitutional tax on hotels.; Laurel Lynn Scott, Self: How do you sleep at night?; Barbara Carter, Self: Unconstitutional; Clare Goldsberry, Self: This tax on hotels is unconstitutional and would mean hotels would be supporting their competition!; Lynda Brady, Self: Sir, this is clearly unconstitutional! I request a NO vote. Thank You; Dayle Hartgerink, Self: NO to unconstitutional taxes! LD28; Anne Fesler-Butts, Self: As a retired M.D., USAR LTC, Life member: NCOA Aux, NRA, DAV, AZCDL. American Legion, member of Kiwanis, I urge you to oppose this bill. It is an unconstitutional tax.; Renee Yarbrough, Self: This bill is unconstitutional; Tony Dudzinski, Self: Please vote note on HB2950. Thank you.

COMPLETE FORM FOR PUBLIC RECORD

STATE OF ARIZONA

HOUSE OF REPRESENTATIVES

REQUEST TO SPEAK

Committee on RED Date: 02. 12 Bill Number: 2824

Name: Shane Doherty ☑ Support ☐ Oppose ☐ Neutral Need to Speak: ☑ Yes ☐ No

Representing: Walton Global Registered Lobbyist ☐ Yes ☐ No

Address: 8800 N. Gainey Center Dr City/State: Scottsdale, AZ Zip Code: ~~8~~85258

Email Address: shdoherty@walton.com Phone Number: 813.450.4721

Comments:

SPEAKING TIME DETERMINED BY THE CHAIRMAN

ARIZONA STATE LEGISLATURE
Fifty-seventh Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **RURAL ECONOMIC DEVELOPMENT**

CHAIRMAN: Teresa Martinez VICE-CHAIRMAN: Chris Lopez

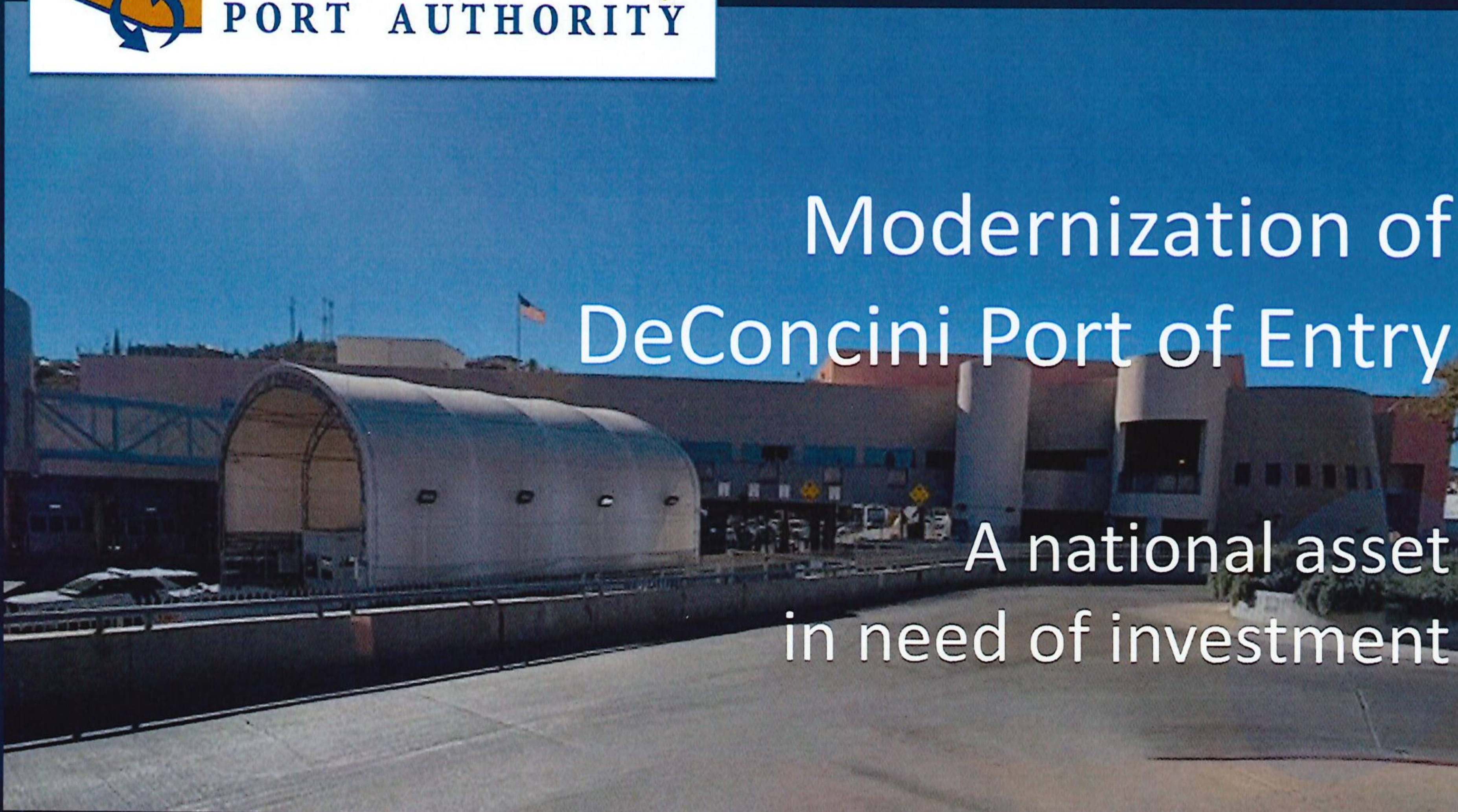
DATE	02/12/26
CONVENED	9:04
RECESSED	
RECONVENED	
ADJOURNED	9:57

MEMBERS	PRESENT	NOT PRESENT
Biasiucci	✓	
Blackman	✓	
Hernandez C	✓	
Peshlakai	✓	
Volk	✓	
Lopez, Vice-Chairman	✓	
Martinez, Chairman	✓	
TOTAL	7	

Attachment 3

Greater Nogales Santa Cruz County PORT AUTHORITY

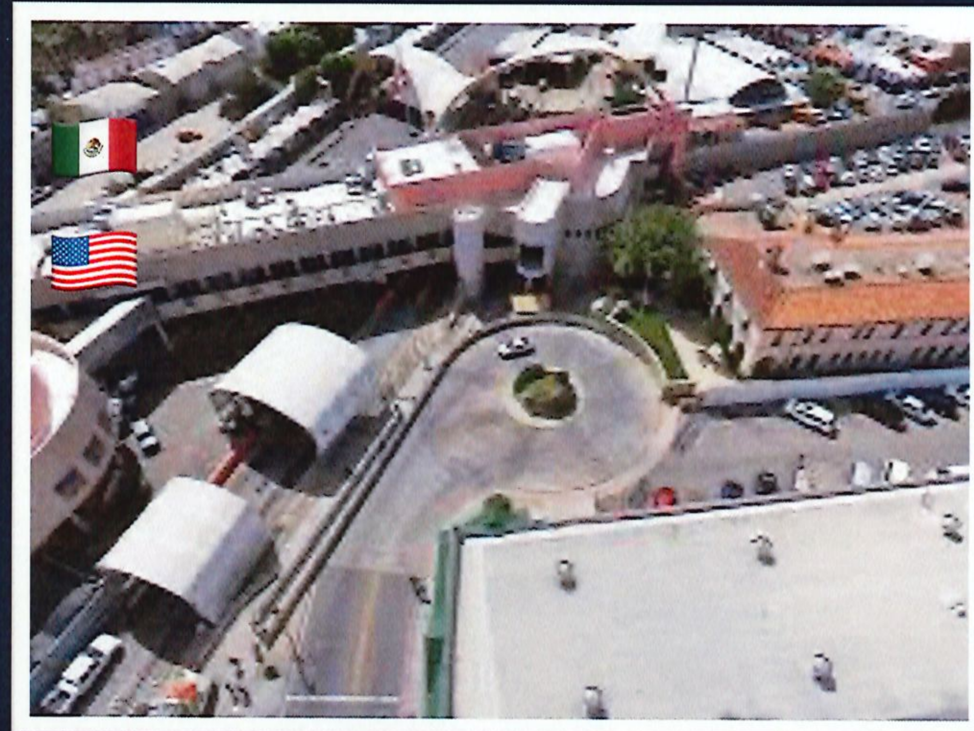
Modernization of DeConcini Port of Entry



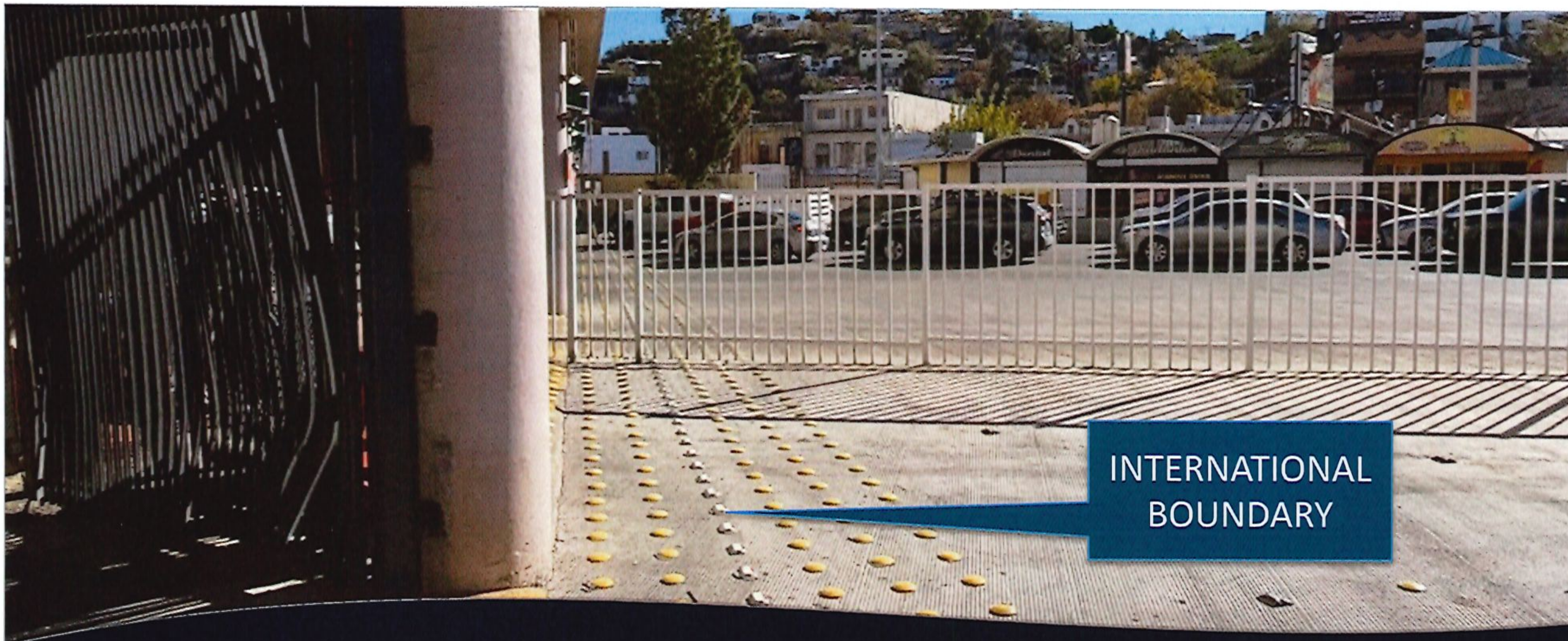
A national asset in need of investment

Attachment 4

DeConcini is:



- Arizona's <u>oldest port of entry</u>, last modernized in the 1990's
- Iin the <u>heart of downtown</u> Nogales
- A national asset for processing people, cars, pedestrians, buses and home to <u>Arizona's only rail crossing</u> with Mexico
- <u>Prone to flo</u>oding during monsoon season
- Subject to <u>hours-long wait</u> times
- <u>Missing</u> a truly <u>dedicated SENTRI</u> lane
- Sitting <u>on top of stormwater tunnels</u> that flow underneath
- <u>Essential</u> to <u>downtown merchants</u>, local and regional retail and hospitality sectors, and the largest enabler of local sales tax revenues

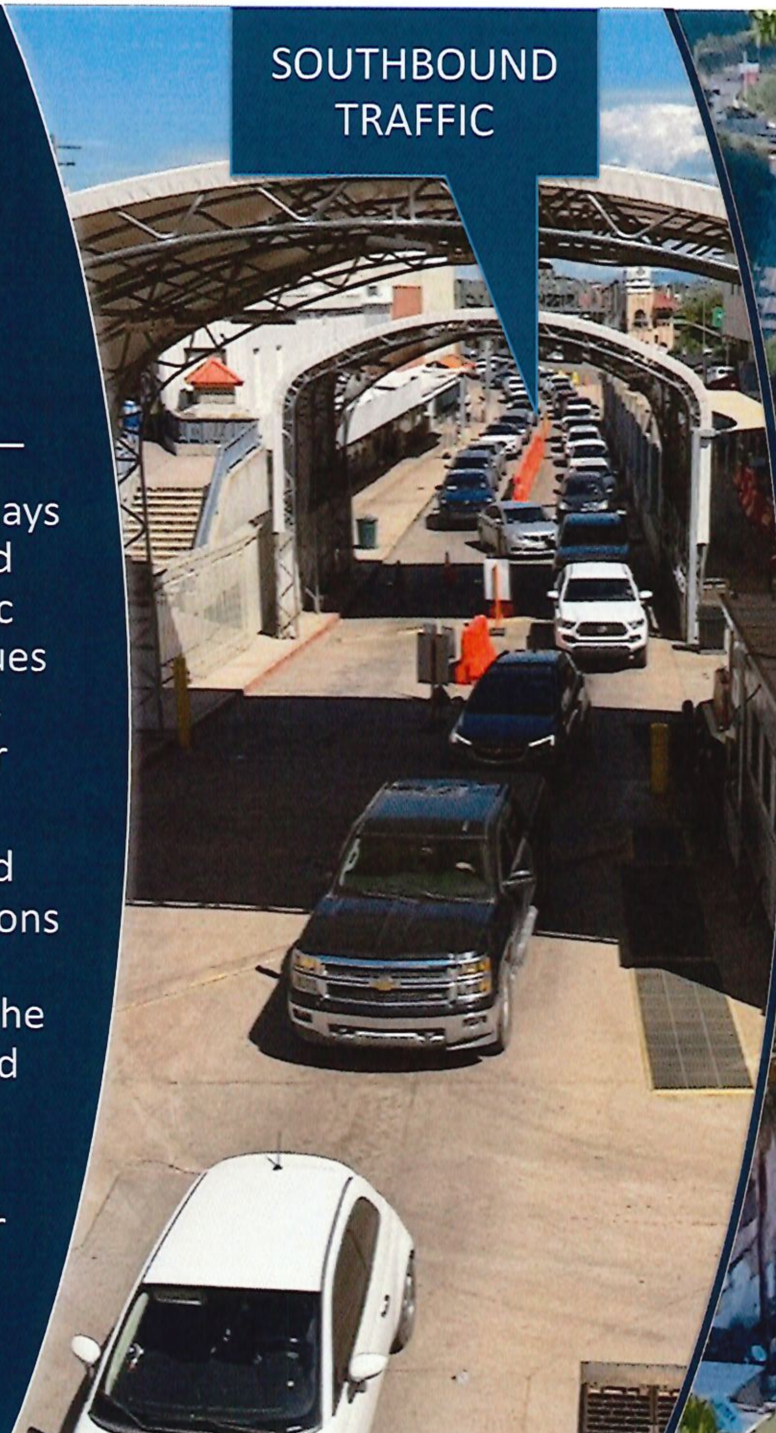


No Longer Meets Mission Requirements

- Customs and Border Protection has determined that the port no longer meets mission requirements
- Port is outdated, congested, and presents security risks for officers and traveling public
- Vehicular primary sits directly on international boundary, restricting the deployment of any pre-clearance programs, identification and threat assessment technology

No Longer Meets Mission Requirements (contd.)

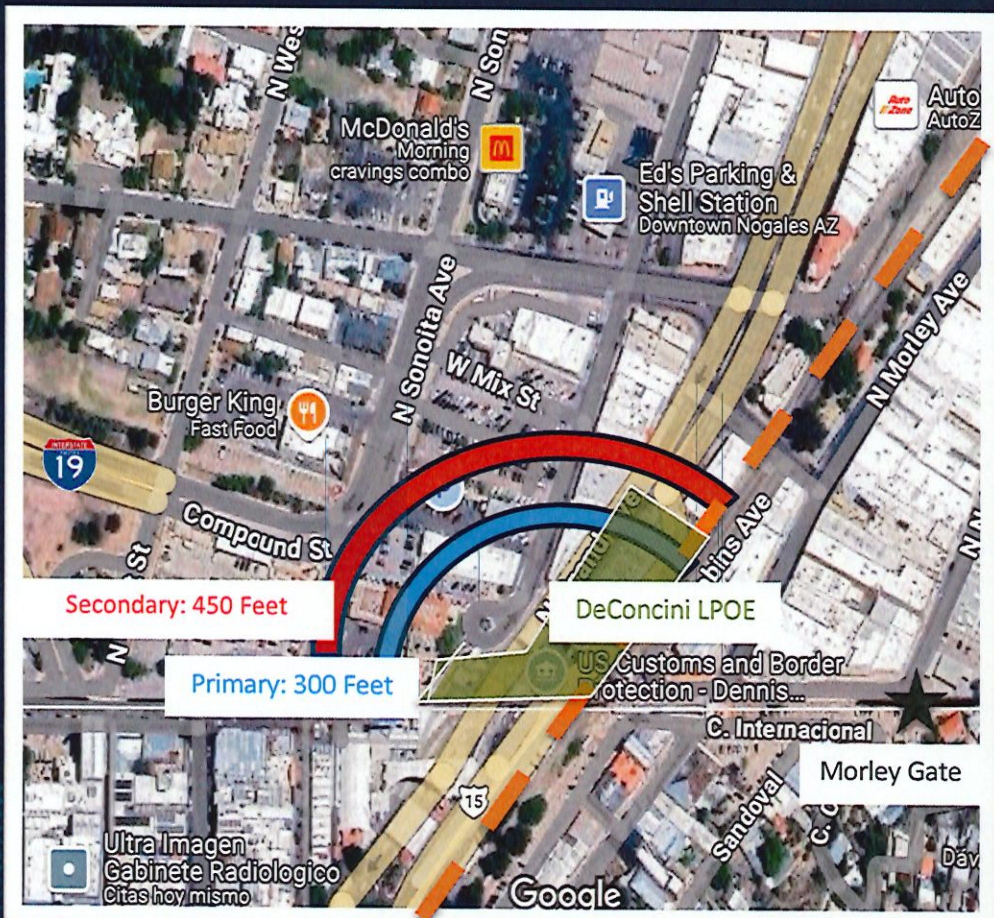
- Prone to major delays for both north- and south-bound traffic creating safety issues for traveling public and a deterrent for visitors
- CBP processing and data/communications equipment sits directly on top of the primary booths and the international boundary
- Limited options for multimodal alternatives



Status today

- Thanks to the leadership of Senator Mark Kelly, funding was secured to conduct Feasibility Study
  - General Services Administration has completed the study, and it includes a conceptual design, dimensions of new footprint, and estimated cost for design and construction
- GSA has awarded contract for NEPA compliance, estimated to take 18-24 months
  - Expansion of footprint expected to have major repercussions for traffic (vehicular and pedestrian), retail sector that will have to be relocated, and possible impacts to residents in proximity to the port.

What we know

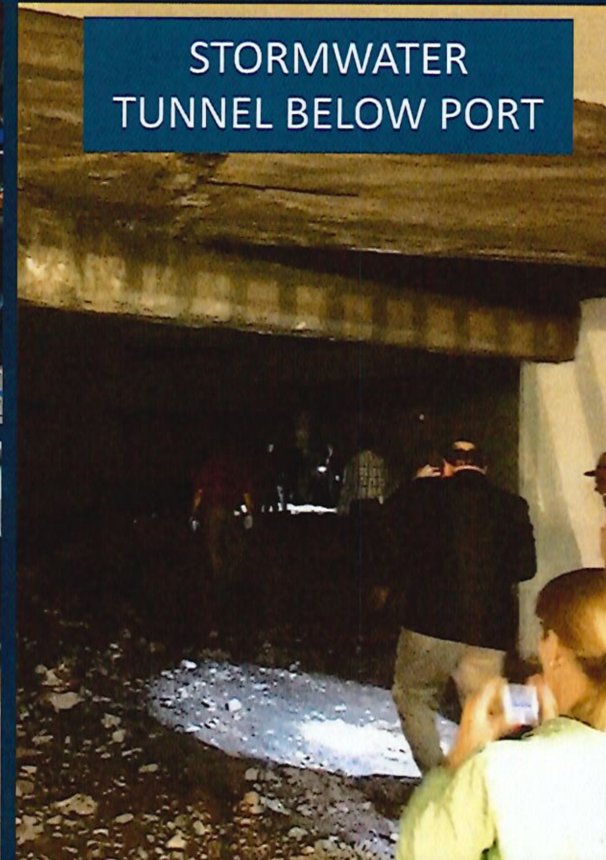


- Primary 300’ from border
- Secondary 450’
- Footprint will be 2x-3x current size
- Will impact access to I-19
- Concern over access to retailers
- Dislocates all pay-parking
- Impacts to pedestrians
- Requires new approach to stormwater management

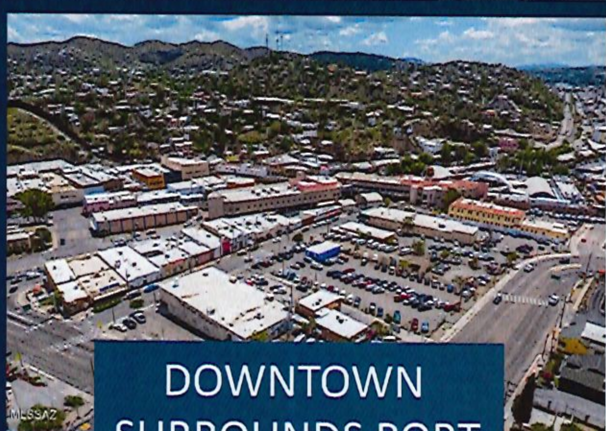
Images


CONGESTION


PEDESTRIAN


STORMWATER
TUNNEL BELOW PORT


2
1
FLOODING AT PRIMARY


DOWNTOWN
SURROUNDS PORT

What we are doing

- Assisting GSA conduct Environmental Impact Study
  - Facilitate community outreach meetings
  - Disseminate information on process
- Community working with stakeholders to address ancillary projects, including:
  - ADOT on access to and from I-19 and Grand Avenue
  - ADEQ and NADBank on stormwater issues
  - GSA, EPA and downtown merchants on downtown revitalization

Strategy for Success

- Status Quo is not an option
- Message: Project is critical to national security, integral to regional economic future, essential to supply chains, and foundational for retail and hospitality sectors
- Working with governor and congressional delegation to garner unanimous support for the modernization
  - Requesting letters of support
  - Scheduling visits to Washington, D.C. for visits
    - Tentative trips in March/April and September/October
    - Congressional offices and strategic committees
    - Customs and Border Protection
    - General Services Administration
    - Department of Transportation (Federal Highways Administration
    - Department of State

Regional Consensus

- Critical that we embrace a harmonized message and the focus must be DeConcini as it will be the catalyst for other investments and funding opportunities
- Work with key stakeholders:
  - PA Board
  - UETA
  - Downtown Merchants
  - Southern Arizona Leadership Council
  - State Agencies (ADOT, ADEQ, AOT)
  - Regional Planning Organizations
    - MAG
    - PAG
    - SEAGO
    - RTAC

2026

- Project funding is in question due to its size
- Need to convey united front by all stakeholders if we are to be successful
- Request letters of support from the Committee to be sent to Arizona Congressional Delegation

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB 2237: appropriation; Apache Junction; tourism; recreation
Sponsor: Representative Blackman, LD 7
Committee on Rural Economic Development

Overview

Appropriates $4,500,000 from the state General Fund (GF) in Fiscal Year (FY) 2027 to the State Treasurer to distribute to the City of Apache Junction to fund the development and construction of enhancements to Superstition trails and a visitor gateway.

History

The Office of the State Treasurer Arizona is responsible for the banking and investment management duties for the state, provides investment services to local governments, and exclusively manages the Permanent Land Endowment.

Provisions

1. Appropriates $4,500,000 from the state General Fund (GF) in Fiscal Year (FY) 2027 to the State Treasurer to distribute to the City of Apache Junction for development and construction of enhancements to Superstition trails and a visitor gateway.

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 5

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Rural Economic Development BILL NO. HB 2237

DATE February 12, 2026 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci					✓
Blackman		✓			
Hernandez C		✓			
Peshlakai			✓		
Volk			✓		
Lopez, Vice-Chairman		✓			
Martinez, Chairman		✓			
		4	2	0	1

APPROVED:

TERESA MARTINEZ, Chairman
CHRIS LOPEZ, Vice-Chairman

Veronica Graham
COMMITTEE SECRETARY

ATTACHMENT 6

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB 2926: housing; contractors; bonds; taxes
Sponsor: Representative Bliss, LD 1
Committee on Rural Economic Development

Overview

Directs each municipality to administer a workforce housing project expedited plan and permitting process, certified by the Arizona Department of Housing (ADOH), and authorizes the Registrar of Contractors (ROC) to waive the license examination for qualified applicants in rural areas. Creates a tax exemption for workforce housing builders.

History

ADOH and the Arizona Finance Authority (AFA) were established in 2001 to fulfill separate duties in addressing housing stock and affordability. ADOH administers several programs and establishes policies and procedures to address housing issues of low- and moderate-income families, populations with special needs, housing affordability, and decaying housing stock.

Alternatively, AFA serves as the bonding authority and supports affordable housing programs. It is governed by a 7-member board of directors, appointed by the Governor to 7-year terms. AFA's main responsibilities include: 1) administering funds or property from federal agencies or others; 2) enter into agreements, contract with, or act as guarantor with any federal, state, or local government agency in connection with its responsibilities related to housing; and 3) inspect housing facility financed through its resources (Arizona State Library).

Furthermore, the AFA must authorize any corporation that seeks to act as an authority in the issuance of bonds and is responsible for overseeing the greater Arizona development authority. Bonds are issued mainly by the Arizona Industrial Development Authority (IDA), with uses for bonds ranging from residential rental to manufacturing and infrastructure projects (Title 41, Chapter 53; Title 35, Chapter 5, Art. 1 & 2 A.R.S).

Prime contractors are those who supervise, perform or coordinate the modification of any modification of any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement, including the contracting, if any, with any subcontractors or specialty contractors and who is responsible for the completion of the contract (A.R.S § 42-5075).

Provisions

Workforce Housing Authorization

1. Requires municipalities to allow a workforce housing builder to commence vertical construction on any residential structure as part of a workforce housing project

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 7

concurrently with the completion of the horizontal improvements to the project if all specified conditions are fulfilled. (Sec. 1)

2. Prohibits, if essential infrastructure utility services are operational, a municipality from withholding necessary building permits or certificates of occupancy for workforce housing projects solely due to the associated horizontal construction being incomplete. (Sec. 1)
3. Directs municipalities to establish and maintain a workforce housing project expedited plan review and permitting process that is certified by ADOH within 12 months of the effective date. (Sec. 1)
4. Outlines the minimum information and objectives required to be included in municipalities' workforce housing project expedited plan review and permitting process. (Sec. 1)
5. Allows municipalities to enter into agreements with ADOH to coordinate certification and permit tracking. (Sec. 1)
6. Defines *workforce housing builder* and *workforce housing.* (Sec. 1)

Rural Area Contractors Licensure

7. Outlines specified eligibility requirements that, if all are met by an applicant, allow the ROC to waive the examination requirements and issue a license to the applicant. (Sec. 2)
8. Directs the ROC to approve or deny an application for a license within 60 days after receiving the completed application. (Sec. 2)
9. Prohibits a licensee from performing any work that is not in a rural area of Arizona. (Sec. 2)
10. Specifies the license expires on December 31, 2029. (Sec. 2)
11. Instructs the ROC to adopt rules to implement the licensure requirements. (Sec. 2)
12. Defines *rural area.* (Sec. 2)

IDA Bond Issuance

13. Lowers the minimum population threshold, from 7% to 3% of the total state population, that a governing body of a county or municipality must have in order to issue bonds to finance a qualified project. (Sec. 3)
14. Expands one of the types of qualified projects that may be financed through a bond issuance from an IDA, to include all residential rental projects instead of solely multifamily residential rental projects. (Sec. 3)

Departmental Rules Establishment

15. Directs ADOH to establish a process to certify workforce housing builders and maintain a public registry of certified workforce housing builders (public registry). (Sec. 4)
16. Directs ADOH and the Arizona Department of Revenue (DOR) to adopt rules and prescribe forms and procedures as necessary for the workforce housing builders certification process and public registry. (Sec. 4)
17. Directs ADOH and DOR to collaborate in adopting rules as necessary to avoid the duplication and inconsistencies of rules. (Sec. 4)

18. Grants ADOH exclusive authority over issues related to certification of workforce housing builders and the development of a public registry, and grants DOR exclusive authority over the administration of tax relief. (Sec. 4)

19. Authorizes ADOH to enter into agreements with a municipality to coordinate certification and permit tracking for workforce housing projects. (Sec. 4)

Tax Exemption

20. Exempts the gross proceeds of sales or gross income attributable to the development of workforce housing projects from the prime contracting classification tax if the contractor is classified as a workforce housing builder, regardless of whether services are provided sequential to or concurrent with prime contracting activities that are subject to tax. (Sec. 5)

Miscellaneous

21. Contain legislative findings. (Sec. 6)

22. Establishes the effective date of this act to be 12 months after the general effective date. (Sec. 7)

23. Cites the act as the *Workforce Housing Incentive Act*. (Sec. 8)

24. Makes technical and conforming changes. (Sec. 3, 4, 5)

Fifty-seventh Legislature
Second Regular Session

Rural Economic Development
H.B. 2926

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2926
(Reference to printed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[~~GREEN STRIKEOUT IN BRACKETS~~] indicates new text removed from statute or previously enacted session law.
[~~Green strikeout in brackets~~] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<~~Green strikeout in carets~~>> indicates a section removed from the bill.

The bill as proposed to be amended is reprinted as follows:

Section 1. Title 9, chapter 4, article 6, Arizona Revised Statutes, is amended by adding section 9-461.21, to read:

9-461.21. Workforce housing projects; residential structures; plan review and permitting process; definitions

[~~A. NOTWITHSTANDING ANY OTHER LAW, A MUNICIPALITY SHALL ALLOW A WORKFORCE HOUSING BUILDER TO COMMENCE VERTICAL CONSTRUCTION ON ANY RESIDENTIAL STRUCTURE AS PART OF A WORKFORCE HOUSING PROJECT CONCURRENTLY WITH THE COMPLETION OF THE HORIZONTAL IMPROVEMENTS TO THE WORKFORCE HOUSING PROJECT IF ALL OF THE FOLLOWING APPLY:~~

~~1. ALL REQUIRED IMPROVEMENT PLANS HAVE RECEIVED THE REQUIRED PRELIMINARY APPROVAL FROM THE MUNICIPALITY.~~

~~2. ALL NECESSARY PUBLIC INFRASTRUCTURE EASEMENTS, BONDS OR ASSURANCES ARE COMPLETED.~~

~~3. AN ENGINEER WHO IS REGISTERED PURSUANT TO TITLE 32, CHAPTER 1 HAS CERTIFIED THAT THE COMMENCEMENT OF VERTICAL CONSTRUCTION CONCURRENTLY WITH THE COMPLETION OF HORIZONTAL CONSTRUCTION DOES NOT CONSTITUTE A PUBLIC SAFETY CONCERN.~~

~~B. A MUNICIPALITY MAY NOT WITHHOLD NECESSARY BUILDING PERMITS OR CERTIFICATES OF OCCUPANCY FOR WORKFORCE HOUSING PROJECTS SOLELY BECAUSE THE HORIZONTAL CONSTRUCTION ASSOCIATED WITH THE WORKFORCE HOUSING PROJECT IS NOT FULLY COMPLETE AS LONG AS ESSENTIAL INFRASTRUCTURE UTILITY SERVICES ARE COMPLETED AND FUNCTIONAL.~~

Attachment 8

Adopted ✓ # of Verbals ______
Failed ______ Withdrawn ______
Not Offered ____ Analysts Initials ____

~~C.~~] [A.] EACH MUNICIPALITY [~~SHALL~~] [MAY] ESTABLISH AND MAINTAIN A WORKFORCE HOUSING PROJECT EXPEDITED PLAN REVIEW AND PERMITTING PROCESS [~~THAT IS CERTIFIED BY THE ARIZONA DEPARTMENT OF HOUSING WITHIN TWELVE MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION~~]. THE WORKFORCE HOUSING PROJECT EXPEDITED PLAN REVIEW AND PERMITTING PROCESS SHALL INCLUDE [~~AT LEAST~~] ALL OF THE FOLLOWING:

1. A DEDICATED POINT OF CONTACT FOR AFFORDABLE HOUSING APPLICANTS.

2. INITIAL PLAN REVIEW WITHIN TWENTY BUSINESS DAYS AFTER THE SUBMISSION OF THE PLAN APPLICATION.

3. [~~PRIORITY SCHEDULING OF~~] INSPECTIONS [BEING GIVEN PRIORITY SCHEDULING OR BEING SCHEDULED WITHIN SEVENTY-TWO HOURS].

[~~4. REDUCED OR DEFERRED PLAN REVIEW FEES.~~

~~D.~~] [B.] A MUNICIPALITY MAY ENTER INTO AGREEMENTS WITH THE ARIZONA DEPARTMENT OF HOUSING TO COORDINATE CERTIFICATION AND PERMIT TRACKING.

[~~E.~~] [C.] FOR THE PURPOSES OF THIS SECTION:

[~~2.~~] [1.] "WORKFORCE HOUSING" MEANS NEW DWELLING UNITS THAT ARE:

(a) FOR SALE OR RENT AT A SALES OR RENTAL PRICE THAT IS AFFORDABLE TO HOUSEHOLDS EARNING NOT MORE THAN ONE HUNDRED [~~TWENTY~~] [FIFTY] PERCENT OF THE AREA MEDIAN INCOME AS DETERMINED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

(b) SUBJECT TO A RECORDED AFFORDABILITY COVENANT OR OTHER BINDING RESTRICTION THAT ENSURES THAT THE SALES OR RENTAL PRICE OF THE DWELLING UNIT IS AFFORDABLE AS PRESCRIBED IN SUBDIVISION (a) OF THIS PARAGRAPH FOR AT LEAST TWENTY YEARS.

[~~1.~~] [2.] "WORKFORCE HOUSING [~~BUILDER~~] [PROJECT]" MEANS A RESIDENTIAL [~~CONTRACTOR THAT IS LICENSED PURSUANT TO TITLE 32, CHAPTER 10 AND~~] [PROJECT] THAT DOES ALL OF THE FOLLOWING:

(a) CONSTRUCTS NEW DWELLING UNITS FOR SALE OR RENT AT A SALES OR RENTAL PRICE THAT IS AFFORDABLE TO HOUSEHOLDS EARNING NOT MORE THAN ONE HUNDRED [~~TWENTY~~] [FIFTY] PERCENT OF THE AREA MEDIAN INCOME AS DETERMINED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

(b) RECORDS AN AFFORDABILITY COVENANT OR OTHER BINDING RESTRICTION THAT ENSURES THAT THE SALES OR RENTAL PRICE OF THE DWELLING UNIT IS AFFORDABLE AS PRESCRIBED IN SUBDIVISION (a) OF THIS PARAGRAPH FOR AT LEAST TWENTY YEARS FOR WORKFORCE HOUSING RENTAL PROJECTS OR INITIAL SALE PRICE AFFORDABILITY FOR OWNERSHIP UNITS.

[~~(c) IS CERTIFIED BY THE ARIZONA DEPARTMENT OF HOUSING PURSUANT TO SECTION 41-3953.~~]

[(c) OFFERS ONE HUNDRED PERCENT OF THE NEW DWELLING UNITS IN THE PROJECT FOR SALE OR RENT AT A SALES OR RENTAL PRICE THAT IS AFFORDABLE TO HOUSEHOLDS EARNING NOT MORE THAN ONE HUNDRED FIFTY PERCENT OF THE AREA MEDIAN INCOME AS DETERMINED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.]

<<~~Sec. 2. Title 32, chapter 10, article 2, Arizona Revised Statutes, is amended by adding section 32-1130, to read:~~

~~32-1130. Rural contractors; licensing; requirements; examination waiver; restriction; license expiration; rule; definition~~

~~A. NOTWITHSTANDING ANY OTHER LAW, THE REGISTRAR MAY WAIVE THE EXAMINATION REQUIREMENTS OF SECTION 32-1122 AND ISSUE A LICENSE TO AN APPLICANT WHO MEETS ALL OF THE FOLLOWING REQUIREMENTS:~~

~~1. HAS SUBMITTED TO THE REGISTRAR PROOF OF ONE OF THE FOLLOWING:~~

~~(a) EMPLOYMENT IN A RURAL AREA.~~

~~(b) A BUSINESS PRESENCE IN A RURAL AREA.~~

~~(c) A CONTRACTUAL AGREEMENT TO PERFORM WORK IN A RURAL AREA FOR WHICH A LICENSE IS REQUIRED.~~

~~2. HOLDS A VALID AND UNRESTRICTED CONTRACTOR'S LICENSE IN ANY STATE OR TERRITORY OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA AND THE REGISTRAR DETERMINES THAT THE QUALIFICATIONS FOR THE LICENSE ISSUED IN ANOTHER STATE OR TERRITORY OF THE UNITED STATES OR DISTRICT OF COLUMBIA ARE SUBSTANTIALLY THE SAME AS THE REQUIREMENT FOR THE ISSUANCE OF A LICENSE IN THIS STATE AND HAS HELD THE LICENSE FOR AT LEAST FOUR CONSECUTIVE YEARS.~~

~~3. HAS NOT BEEN DISCIPLINED BY THE AGENCY RESPONSIBLE FOR ISSUING THE CONTRACTOR'S CURRENT LICENSE THAT WAS ISSUED BY ANOTHER STATE OR TERRITORY OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA.~~

~~4. DOES NOT HAVE ANY PENDING DISCIPLINARY ACTIONS AGAINST THE CONTRACTOR'S CURRENT LICENSE THAT WAS ISSUED BY ANOTHER STATE OR TERRITORY OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA.~~

~~5. HAS SUBMITTED TO THE REGISTRAR A COMPLETE SET OF FINGERPRINTS OR WRITTEN AUTHORIZATION FOR THE AGENCY THAT ISSUED THE CONTRACTOR'S CURRENT LICENSE THAT WAS ISSUED BY ANOTHER STATE OR TERRITORY OF THE UNITED STATES OR DISTRICT OF COLUMBIA TO FORWARD A COPY OF THE APPLICANT'S FINGERPRINTS TO THE DEPARTMENT OF PUBLIC SAFETY.~~

~~B. THE REGISTRAR SHALL APPROVE OR DENY AN APPLICATION FOR A LICENSE SUBMITTED PURSUANT TO THIS SECTION WITHIN SIXTY DAYS AFTER THE RECEIPT OF A COMPLETED APPLICATION.~~

~~C. A PERSON WHO IS ISSUED A LICENSE PURSUANT TO THIS SECTION MAY NOT PERFORM ANY WORK THAT IS NOT IN A RURAL AREA OF THIS STATE.~~

~~D. A LICENSE ISSUED PURSUANT TO THIS SECTION EXPIRES ON DECEMBER 31, 2029.~~

~~E. THE REGISTRAR SHALL ADOPT RULES NECESSARY TO IMPLEMENT THIS SECTION.~~

~~F. FOR THE PURPOSES OF THIS SECTION, "RURAL AREA" MEANS EITHER:~~

~~1. ANY COUNTY WITH A POPULATION OF LESS THAN [one] [eight] HUNDRED THOUSAND PERSONS.~~

~~2. ANY MUNICIPALITY THAT IS LOCATED IN A COUNTY THAT HAS A POPULATION OF LESS THAN [one] [eight] HUNDRED THOUSAND PERSONS.~~>>

Sec. 2. Section 35-726, Arizona Revised Statutes, is amended to read:

35-726. Approval of general plan before issuing bonds; fee; exceptions; definition

A. Bonds shall not be issued by a corporation ~~for the purpose of financing~~ TO FINANCE single family dwelling units pursuant to section 35-706, subsection A, paragraph 11 or 12 without approval of a general plan by its governing body. The corporation shall submit TO THE GOVERNING BODY a general plan for each respective series of bonds ~~to its governing body~~. The general plan shall briefly describe:

1. The amount of the proposed bonds.

2. The maximum term of the bonds.

3. The maximum interest rate on the bonds.

4. The need for the bond issue.

5. The terms and conditions for originating or purchasing mortgage loans or making loans to lenders.

6. The area in which the single family dwelling units to be financed may be located.

7. The proposed fees, charges and expenditures to be paid for originators, servicers, trustees, custodians, mortgage administrators and others.

8. All insurance requirements with respect to mortgage loans, mortgaged property, mortgagors, originators, servicers and trustees.

9. The anticipated date of issuance of the bonds.

B. The governing body shall review general plans submitted by corporations pursuant to subsection A of this section. In reviewing the plans the governing body shall consider:

1. Whether the amount of the mortgage monies proposed to be made available is reasonably related to the demand for the mortgage monies.

2. Whether the terms of the general plan are justifiable in the context of the transaction and in the context of similar transactions.

3. Whether the fees, costs and expenditures as set forth in the general plan are reasonably related to the services provided.

4. For projects of owner-occupied single family dwelling units to be occupied by persons of low and moderate income and financed pursuant to section 35-706, subsection A, paragraphs 11 and 12, whether the proposed mortgage monies to be made available will fulfill a public purpose by providing housing for persons of low and moderate income or by encouraging single family developments in all participating jurisdictions, including such jurisdictions' slum or blighted areas as defined in section 36-1471.

C. The governing body shall approve or disapprove the general plan not later than thirty days after receipt of the plan. If the governing body does not act on the general plan within thirty days after the date of receipt, the general plan shall be deemed approved. If a general plan is approved, the corporation may issue the series of bonds covered by the general plan with a total principal amount, maximum term and maximum interest rate ~~no~~ NOT greater than that which is set forth in the general plan. The origination and servicing fees pertaining to mortgage loans to be financed in accordance with the general plan shall not exceed those proposed in the general plan. The corporation may vary other items in the general plan on a finding that the variation is minor and that the variations will not impair the security for the bonds or substantially increase the cost of financing the single family dwelling units and the findings of the corporation shall be conclusive.

D. The governing body may charge any corporation submitting a general plan for review a fee of not ~~to exceed ten thousand dollars~~ MORE THAN $10,000 together with reimbursement of its actual costs and expenses incurred in reviewing the general plan.

E. Except for a corporation THAT IS approved by the Arizona finance authority or a governing body of a county or a municipality having a population of more than ~~seven~~ THREE percent of the total state population, a corporation shall not issue bonds, other than refunding bonds the proceeds of which are used exclusively to refund a prior bond issue, to finance a ~~multifamily~~ residential rental project, sanitarium, clinic, medical hotel, rest home, nursing home, skilled nursing facility or life care facility as prescribed in section 20-1801, unless the department approves the project. The department, with or without a hearing, shall review the project and consider at least the following factors:

1. The demand for and feasibility of the project in the area set forth in the application to the corporation.

2. The terms and conditions of the proposed bonds.

3. The proposed use of bond proceeds.

4. The benefit to the public if the project provides rental housing for persons of low and moderate income or encourages rental housing in slum or blighted areas as defined in section 36-1471.

5. If the project consists of a nursing home, or a life care facility as prescribed in section 20-1801, the benefit to the public of the project, including the proposed rent, fees and other charges of the project in relation to the level of services to be offered.

F. Subsection E of this section does not apply to bonds issued to finance:

1. A sanitarium, clinic, medical hotel, rest home, nursing home, skilled nursing facility, or life care facility as prescribed in section 20-1801, if the facility is to be owned and operated by this state or a political subdivision or agency of this state.

2. A nursing home, rest home, skilled nursing facility, life care facility or senior residential facility providing on-site medical and support services if the facility is owned and operated by a nonprofit organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code.

G. Except for a corporation that is exempt under subsection E of this section, the department with or without a hearing shall approve or disapprove the project not later than thirty days after receipt of the request for approval. If the project is approved the corporation may issue the bonds described in the approval request with the total principal amount, maximum term and maximum interest rate ~~no~~ NOT greater than as set forth in the request. The department shall charge each applicant submitting a project approval request pursuant to this subsection a fee of not ~~to exceed five thousand dollars~~ MORE THAN $5,000 together with reimbursement of its actual costs and expenses incurred in reviewing the project. The department shall remit the fees to the state treasurer for deposit in the Arizona department of housing program fund established by section 41-3957.

H. For the purposes of this section, "department" means the Arizona department of housing.

~~<<Sec. 3. Section 41-3953, Arizona Revised Statutes, is amended to read:~~

~~41-3953. Department powers and duties; definition~~

~~A. The department is responsible for establishing policies, procedures and programs that the department is authorized to conduct to address the affordable housing issues confronting this state, including housing issues of low-income families, moderate-income families, housing affordability, special needs populations and decaying housing stock. Among other things, the department shall provide to qualified housing participants and political subdivisions of this state financial, advisory, consultative, planning, training and educational assistance for the development of safe, decent and affordable housing, including housing for low and moderate income households. The department is responsible for maintaining and enforcing standards of quality and safety for manufactured homes, mobile homes and factory-built buildings.~~

~~B. Under the direction of the director, the department shall:~~

~~1. Establish guidelines applicable to the programs and activities of the department for the construction and financing of affordable housing and housing for low and moderate income households in this state. These guidelines shall meet or exceed all applicable state or local building and health and safety code requirements and, if applicable, the national manufactured home construction and safety standards act of 1974 and title VI of the housing and community development act of 1974 (P.L. 96-399 93-383, as amended by P.L. 95-128, 96-153 and 96-339 96-399). Guidelines established pursuant to this paragraph do not apply to the department's activities prescribed in section 35-726, subsection E.~~

~~2. Accept and allocate any monies as from time to time may be appropriated by the legislature for the purposes set forth in this article.~~

~~3. Perform other duties necessary to administer this chapter.~~

~~4. Perform the duties prescribed in sections 35-726 and 35-728.~~

~~5. Stimulate and encourage all local, state, regional and federal governmental agencies and all private persons and enterprises that have similar and related objectives and purposes, cooperate with the agencies, persons and enterprises and correlate department plans, programs and operations with those of the agencies, persons and enterprises.~~

~~6. Conduct research on its own initiative or at the request of the governor, the legislature or state or local agencies pertaining to any department objectives.~~

~~7. Provide information and advice on request of any local, state or federal agencies, private persons and business enterprises on matters within the scope of department activities.~~

~~8. Consult with and make recommendations to the governor and the legislature on all matters concerning department objectives.~~

~~9. Make annual reports to the governor and the legislature on its activities, including the geographic location of its activities, its finances and the scope of its operations. The annual reports submitted pursuant to this paragraph shall also include all of the following outcome-based metrics for department-funded projects and initiatives:~~

~~(a) The number of affordable housing units developed in this state.~~

~~(b) The number of individuals housed in permanent supportive housing environments in the past year and related housing outcomes for those exiting permanent supportive housing for which the department has conveyed funding.~~

~~(c) Any improvements in housing accessibility for underserved and rural populations in this state.~~

~~10. Maintain and enforce standards of quality and safety for manufactured homes, mobile homes and factory-built buildings and enforce rules adopted by the board pursuant to section 41-4010.~~

~~11. As a condition of funding for emergency shelter and transitional housing programs that receive grants or other sources of funding from the department, adopt policies and procedures concerning responding to an alleged sale, manufacture or possession of dangerous drugs and narcotic drugs as defined in section 13-3401. These policies shall include clear signage on the facilities denoting a drug-free zone.~~

~~12. ESTABLISH A PROCESS TO CERTIFY WORKFORCE HOUSING BUILDERS AS DEFINED IN SECTION 9-461.21 AND MAINTAIN A PUBLIC REGISTRY OF CERTIFIED WORKFORCE HOUSING BUILDERS. THE ARIZONA DEPARTMENT OF HOUSING AND THE DEPARTMENT OF REVENUE SHALL ADOPT RULES AND PRESCRIBE FORMS AND PROCEDURES AS NECESSARY FOR THE PURPOSES OF THIS SUBSECTION. THE ARIZONA DEPARTMENT OF HOUSING AND THE DEPARTMENT OF REVENUE SHALL COLLABORATE IN ADOPTING RULES AS NECESSARY TO AVOID DUPLICATION AND INCONSISTENCIES WHILE ACCOMPLISHING THE PURPOSES OF THIS SUBSECTION. THE ARIZONA DEPARTMENT OF HOUSING HAS EXCLUSIVE AUTHORITY OVER ISSUES RELATED TO CERTIFICATION OF WORKFORCE HOUSING BUILDERS AND DEVELOPMENT AND MAINTENANCE OF A PUBLIC REGISTRY OF CERTIFIED WORKFORCE HOUSING BUILDERS. THE DEPARTMENT OF REVENUE HAS EXCLUSIVE AUTHORITY OVER THE ADMINISTRATION OF TAX RELIEF.~~

~~C. Under the direction of the director, the department may:~~

~~1. Assist in securing construction and mortgage financing from public and private sector sources.~~

~~2. Assist mortgage financing programs established by industrial development authorities and political subdivisions of this state.~~

~~3. Assist in the acquisition and use of federal housing assistance programs pertinent to enhance the economic feasibility of a proposed residential development.~~

~~4. Assist in the compliance of a proposed residential development with applicable federal, state and local codes and ordinances.~~

~~5. Prepare and publish planning and development guidelines for the establishment and delivery of housing assistance programs.~~

~~6. Contract with a federal agency to carry out financial work on the federal agency's behalf and accept payment for the work.~~

~~7. Subcontract for the financial work prescribed in paragraph 6 of this subsection and make payments for that subcontracted work based on the expectation that the federal agency will pay for that work.~~

~~8. Accept payment from a federal agency for work prescribed in paragraph 6 of this subsection and deposit those payments in the Arizona department of housing program fund established by section 41-3957.~~

~~9. Contract for the services of outside advisers, consultants and aides reasonably necessary or desirable to enable the department to adequately perform its duties.~~

~~10. Contract for and incur obligations reasonably necessary or desirable within the general scope of department activities and operations to enable the department to adequately perform its duties.~~

~~11. Use any media of communication, publication and exhibition in the dissemination of information, advertising and publicity in any field of its purposes, objectives or duties.~~

~~12. Adopt rules deemed necessary or desirable to govern its procedures and business.~~

~~13. Contract with other agencies in furtherance of any department program.~~

~~14. Use monies, facilities or services to provide contributions under federal or other programs that further the objectives and programs of the department.~~

~~15. Accept gifts, grants, matching monies or direct payments from public or private agencies or private persons and enterprises for the conduct of programs that are consistent with the general purposes and objectives of this article and deposit these monies in the Arizona department of housing program fund established by section 41-3957.~~

~~16. Establish and collect fees and receive reimbursement of costs in connection with any programs or duties performed by the department and deposit the fees and cost reimbursements in the Arizona department of housing program fund established by section 41-3957.~~

~~17. Provide staff support to the board of manufactured housing.~~

~~18. ENTER INTO AGREEMENTS WITH A MUNICIPALITY TO COORDINATE CERTIFICATION AND PERMIT TRACKING FOR WORKFORCE HOUSING PROJECTS PURSUANT TO SECTION 9-461.21.~~

~~D. For the purposes of this section, the department is exempt from chapter 23 of this title.~~

~~E. The department is the designated state public housing agency as defined in the United States housing act of 1937 (42 United States Code sections 1401 through 1440) for the purpose of accepting federal housing assistance monies and may participate in the housing assistance payments program. Federal monies may be secured for all areas of this state subject only to the limitations prescribed in subsection F of this section.~~

~~F. For areas of this state where an existing public housing authority has not been established pursuant to section 36-1404, subsection A, the department acting as a public housing agency may undertake all activities under the section 8 tenant-based rental housing assistance payment program, except that the department shall not undertake a section 8 tenant-based rental housing assistance payment program within the boundaries of a city, town or county unless authorized by resolution of the governing body of the city, town or county. If the department accepts monies for a section 8 tenant-based rental housing assistance payment program for areas of this state where an existing public housing authority has been established pursuant to section 36-1404, subsection A, the department shall only accept and secure federal monies to provide housing for the seriously mentally ill or other populations with disabilities. The department may accept and secure federal monies for undertaking all contract administrator activities authorized under a section 8 project-based rental housing assistance payment program in all areas of this state and this participation does not require the authorization of any local governing body.~~

~~G. The department shall not itself directly own, construct, operate or rehabilitate any housing units, except as may be necessary to protect the department's collateral or security interest arising out of any department programs.~~

~~H. Notwithstanding any other provision of this section, the department may obligate monies as loans or grants applicable to programs and activities of the department for the purpose of providing TO PROVIDE housing opportunities for low or moderate income households or for housing affordability or to prevent or combat decaying housing stock. Unless otherwise required by federal or state law, any loan repayments shall be deposited in the Arizona department of housing program fund established by section 41-3957.~~

~~I. For any construction project financed by the department pursuant to subsection C of this section, except for contract administration activities in connection with the project-based section 8 program, the department shall notify a city, town, county or tribal government that a project is planned for its jurisdiction and, before proceeding, shall seek comment from the governing body of the city, town, county or tribal government or an official authorized by the governing body of the city, town, county or tribal government. The department shall not interfere with or attempt to override the local jurisdiction's planning, zoning or land use regulations.~~

~~J. The department has the administrative responsibility through its hearing officer function concerning alleged violations of the Arizona mobile home parks residential landlord and tenant act under title 33, chapter 11.~~

~~K. The Arizona department of housing shall act consistently with the minimum standards of the United States department of housing and urban development so as to be designated the state inspector for manufactured homes and related industries. The Arizona department of housing shall implement all existing laws and regulations established by the federal government, its agencies and this state for that purpose.~~

~~L. For the purposes of this section, "permanent supportive housing" means long-term housing assistance paired with supportive services that are aimed at individuals experiencing homelessness or individuals with special needs.~~>>

Sec. 3. Section 42-5075, Arizona Revised Statutes, is amended to read:

42-5075. Prime contracting classification; exemptions; definitions

A. The prime contracting classification is comprised of the business of prime contracting and the business of manufactured building dealer. Sales for resale to another manufactured building dealer are not subject to tax. Sales for resale do not include sales to a lessor of manufactured buildings. The sale of a used manufactured building is not taxable under this chapter. The prime contracting classification does not include any work or operation performed by a person that is not required to be licensed by the registrar of contractors pursuant to section 32-1121.

B. The tax base for the prime contracting classification is sixty-five percent of the gross proceeds of sales or gross income derived from the business. The following amounts shall be deducted from the gross proceeds of sales or gross income before computing the tax base:

1. The sales price of land, which shall not exceed the fair market value.

2. Sales and installation of groundwater measuring devices required under section 45-604 and groundwater monitoring wells required by law, including monitoring wells installed for acquiring information for a permit required by law.

3. The sales price of furniture, furnishings, fixtures, appliances and attachments that are not incorporated as component parts of or attached to a manufactured building or the setup site. The sale of such items may be subject to the taxes imposed by article 1 of this chapter separately and distinctly from the sale of the manufactured building.

4. The gross proceeds of sales or gross income received from a contract entered into for the modification of any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement located in a military reuse zone for providing aviation or aerospace services or for a manufacturer, assembler or

fabricator of aviation or aerospace products within an active military reuse zone after the zone is initially established or renewed under section 42-1301. To be eligible to qualify for this deduction, before beginning work under the contract, the prime contractor must have applied for a letter of qualification from the department of revenue.

5. The gross proceeds of sales or gross income derived from a contract to construct a qualified environmental technology manufacturing, producing or processing facility, as described in section 41-1514.02, and from subsequent construction and installation contracts that begin within ten years after the start of initial construction. To qualify for this deduction, before beginning work under the contract, the prime contractor must obtain a letter of qualification from the department of revenue. This paragraph shall apply for ten full consecutive calendar or fiscal years after the start of initial construction.

6. The gross proceeds of sales or gross income from a contract to provide for one or more of the following actions, or a contract for site preparation, constructing, furnishing or installing machinery, equipment or other tangible personal property, including structures necessary to protect exempt incorporated materials or installed machinery or equipment, and tangible personal property incorporated into the project, to perform one or more of the following actions in response to a release or suspected release of a hazardous substance, pollutant or contaminant from a facility to the environment, unless the release was authorized by a permit issued by a governmental authority:

(a) Actions to monitor, assess and evaluate such a release or a suspected release.

(b) Excavation, removal and transportation of contaminated soil and its treatment or disposal.

(c) Treatment of contaminated soil by vapor extraction, chemical or physical stabilization, soil washing or biological treatment to reduce the concentration, toxicity or mobility of a contaminant.

(d) Pumping and treatment or in situ treatment of contaminated groundwater or surface water to reduce the concentration or toxicity of a contaminant.

(e) The installation of structures, such as cutoff walls or caps, to contain contaminants present in groundwater or soil and prevent them from reaching a location where they could threaten human health or welfare or the environment.

This paragraph does not include asbestos removal or the construction or use of ancillary structures such as maintenance sheds, offices or storage facilities for unattached equipment, pollution control equipment, facilities or other control items required or to be used by a person to prevent or control contamination before it reaches the environment.

7. The gross proceeds of sales or gross income that is derived from a contract for the installation, assembly, repair or maintenance of machinery, equipment or other tangible personal property that is either deducted from the tax base of the retail classification under section

42-5061, subsection B or that is exempt from use tax under section 42-5159, subsection B and that has independent functional utility, pursuant to the following provisions:

(a) The deduction provided in this paragraph includes the gross proceeds of sales or gross income derived from all of the following:

(i) Any activity performed on machinery, equipment or other tangible personal property with independent functional utility.

(ii) Any activity performed on any tangible personal property relating to machinery, equipment or other tangible personal property with independent functional utility in furtherance of any of the purposes provided for under subdivision (d) of this paragraph.

(iii) Any activity that is related to the activities described in items (i) and (ii) of this subdivision, including inspecting the installation of or testing the machinery, equipment or other tangible personal property.

(b) The deduction provided in this paragraph does not include gross proceeds of sales or gross income from the portion of any contracting activity that consists of the development of, or modification to, real property in order to facilitate the installation, assembly, repair, maintenance or removal of machinery, equipment or other tangible personal property that is either deducted from the tax base of the retail classification under section 42-5061, subsection B or exempt from use tax under section 42-5159, subsection B.

(c) The deduction provided in this paragraph shall be determined without regard to the size or useful life of the machinery, equipment or other tangible personal property.

(d) For the purposes of this paragraph, "independent functional utility" means that the machinery, equipment or other tangible personal property can independently perform its function without attachment to real property, other than attachment for any of the following purposes:

(i) Assembling the machinery, equipment or other tangible personal property.

(ii) Connecting items of machinery, equipment or other tangible personal property to each other.

(iii) Connecting the machinery, equipment or other tangible personal property, whether as an individual item or as a system of items, to water, power, gas, communication or other services.

(iv) Stabilizing or protecting the machinery, equipment or other tangible personal property during operation by bolting, burying or performing other similar nonpermanent connections to either real property or real property improvements.

8. The gross proceeds of sales or gross income attributable to the purchase of machinery, equipment or other tangible personal property that is exempt from or deductible from transaction privilege and use tax under:

(a) Section 42-5061, subsection A, paragraph 25, 29 or 58.

(b) Section 42-5061, subsection B.

(c) Section 42-5159, subsection A, paragraph 13, subdivision (a), (b), (c), (d), (e), (f), (j), (k), (m) or (n) or paragraph 55.

(d) Section 42-5159, subsection B.

9. The gross proceeds of sales or gross income received from a contract for the construction of an environmentally controlled facility for the raising of poultry for the production of eggs and the sorting, cooling and packaging of eggs.

10. The gross proceeds of sales or gross income that is derived from a contract entered into with a person who is engaged in the commercial production of livestock, livestock products or agricultural, horticultural, viticultural or floricultural crops or products in this state for the modification of any building, highway, road, excavation, manufactured building or other structure, project, development or improvement used directly and primarily to prevent, monitor, control or reduce air, water or land pollution.

11. The gross proceeds of sales or gross income that is derived from the installation, assembly, repair or maintenance of clean rooms that are deducted from the tax base of the retail classification pursuant to section 42-5061, subsection B, paragraph 17.

12. For taxable periods beginning from and after June 30, 2001, the gross proceeds of sales or gross income derived from a contract entered into for the construction of a residential apartment housing facility that qualifies for a federal housing subsidy for low-income persons over sixty-two years of age and that is owned by a nonprofit charitable organization that has qualified under section 501(c)(3) of the internal revenue code.

13. For taxable periods beginning from and after December 31, 1996 and ending before January 1, 2017, the gross proceeds of sales or gross income derived from a contract to provide and install a solar energy device. The contractor shall register with the department as a solar energy contractor. By registering, the contractor acknowledges that it will make its books and records relating to sales of solar energy devices available to the department for examination.

14. The gross proceeds of sales or gross income derived from a contract entered into for the construction of a launch site, as defined in 14 Code of Federal Regulations section 401.5.

15. The gross proceeds of sales or gross income derived from a contract entered into for the construction of a domestic violence shelter that is owned and operated by a nonprofit charitable organization that has qualified under section 501(c)(3) of the internal revenue code.

16. The gross proceeds of sales or gross income derived from contracts to perform postconstruction treatment of real property for termite and general pest control, including wood-destroying organisms.

17. The gross proceeds of sales or gross income received from contracts entered into before July 1, 2006 for constructing a state university research infrastructure project if the project has been reviewed by the joint committee on capital review before the university

enters into the construction contract for the project. For the purposes of this paragraph, "research infrastructure" has the same meaning prescribed in section 15-1670.

18. The gross proceeds of sales or gross income received from a contract for the construction of any building, or other structure, project, development or improvement owned by a qualified business under section 41-1516 for harvesting or processing qualifying forest products removed from qualifying projects as defined in section 41-1516 if actual construction begins before January 1, 2024. To qualify for this deduction, the prime contractor must obtain a letter of qualification from the Arizona commerce authority before beginning work under the contract.

19. Any amount of the gross proceeds of sales or gross income attributable to development fees that are incurred in relation to a contract for construction, development or improvement of real property and that are paid by a prime contractor or subcontractor. For the purposes of this paragraph:

(a) The attributable amount shall not exceed the value of the development fees actually imposed.

(b) The attributable amount is equal to the total amount of development fees paid by the prime contractor or subcontractor, and the total development fees credited in exchange for the construction of, contribution to or dedication of real property for providing public infrastructure, public safety or other public services necessary to the development. The real property must be the subject of the development fees.

(c) "Development fees" means fees imposed to offset capital costs of providing public infrastructure, public safety or other public services to a development and authorized pursuant to section 9-463.05, section 11-1102 or title 48 regardless of the jurisdiction to which the fees are paid.

20. The gross proceeds of sales or gross income derived from a contract entered into for the construction of a mixed waste processing facility that is located on a municipal solid waste landfill and that is constructed for the purpose of recycling solid waste or producing renewable energy from landfill waste. For the purposes of this paragraph:

(a) "Mixed waste processing facility" means a solid waste facility that is owned, operated or used for the treatment, processing or disposal of solid waste, recyclable solid waste, very small quantity generator waste or household hazardous waste. For the purposes of this subdivision, "very small quantity generator waste", "household hazardous waste" and "solid waste facility" have the same meanings prescribed in section 49-701, except that solid waste facility does include a site that stores, treats or processes paper, glass, wood, cardboard, household textiles, scrap metal, plastic, vegetative waste, aluminum, steel or other recyclable material.

(b) "Municipal solid waste landfill" has the same meaning prescribed in section 49-701.

(c) "Recycling" means collecting, separating, cleansing, treating and reconstituting recyclable solid waste that would otherwise become solid waste, but does not include incineration or other similar processes.

(d) "Renewable energy" means usable energy, including electricity, fuels, gas and heat, produced through the conversion of energy provided by sunlight, water, wind, geothermal, heat, biomass, biogas, landfill gas or another nonfossil renewable resource.

21. The gross proceeds of sales or gross income derived from a contract to install containment structures. For the purposes of this paragraph, "containment structure" means a structure that prevents, monitors, controls or reduces noxious or harmful discharge into the environment.

C. Entitlement to the deduction pursuant to subsection B, paragraph 7 of this section is subject to the following provisions:

1. A prime contractor may establish entitlement to the deduction by both:

(a) Marking the invoice for the transaction to indicate that the gross proceeds of sales or gross income derived from the transaction was deducted from the base.

(b) Obtaining a certificate executed by the purchaser indicating the name and address of the purchaser, the precise nature of the business of the purchaser, the purpose for which the purchase was made, the necessary facts to establish the deductibility of the property under section 42-5061, subsection B, and a certification that the person executing the certificate is authorized to do so on behalf of the purchaser. The certificate may be disregarded if the prime contractor has reason to believe that the information contained in the certificate is not accurate or complete.

2. A person who does not comply with paragraph 1 of this subsection may establish entitlement to the deduction by presenting facts necessary to support the entitlement, but the burden of proof is on that person.

3. The department may prescribe a form for the certificate described in paragraph 1, subdivision (b) of this subsection. The department may also adopt rules that describe the transactions with respect to which a person is not entitled to rely solely on the information contained in the certificate provided in paragraph 1, subdivision (b) of this subsection but must instead obtain such additional information as required in order to be entitled to the deduction.

4. If a prime contractor is entitled to a deduction by complying with paragraph 1 of this subsection, the department may require the purchaser who caused the execution of the certificate to establish the accuracy and completeness of the information required to be contained in the certificate that would entitle the prime contractor to the deduction. If the purchaser cannot establish the accuracy and completeness of the information, the purchaser is liable in an amount equal to any tax, penalty and interest that the prime contractor would have been required to pay under article 1 of this chapter if the prime contractor had not

complied with paragraph 1 of this subsection. Payment of the amount under this paragraph exempts the purchaser from liability for any tax imposed under article 4 of this chapter. The amount shall be treated as a transaction privilege tax to the purchaser and as tax revenues collected from the prime contractor in order to designate the distribution base for purposes of section 42-5029.

D. Subcontractors or others who perform modification activities are not subject to tax if they can demonstrate that the job was within the control of a prime contractor or contractors or a dealership of manufactured buildings and that the prime contractor or dealership is liable for the tax on the gross income, gross proceeds of sales or gross receipts attributable to the job and from which the subcontractors or others were paid.

E. Amounts received by a contractor for a project are excluded from the contractor's gross proceeds of sales or gross income derived from the business if the person who hired the contractor executes and provides a certificate to the contractor stating that the person providing the certificate is a prime contractor and is liable for the tax under article 1 of this chapter. The department shall prescribe the form of the certificate. If the contractor has reason to believe that the information contained on the certificate is erroneous or incomplete, the department may disregard the certificate. If the person who provides the certificate is not liable for the tax as a prime contractor, that person is nevertheless deemed to be the prime contractor in lieu of the contractor and is subject to the tax under this section on the gross receipts or gross proceeds received by the contractor.

F. Every person engaging or continuing in this state in the business of prime contracting or dealership of manufactured buildings shall present to the purchaser of such prime contracting or manufactured building a written receipt of the gross income or gross proceeds of sales from such activity and shall separately state the taxes to be paid pursuant to this section.

G. For the purposes of section 42-5032.01, the department shall separately account for revenues collected under the prime contracting classification from any prime contractor engaged in the preparation or construction of a multipurpose facility, and related infrastructure, that is owned, operated or leased by the tourism and sports authority pursuant to title 5, chapter 8.

H. For the purposes of section 42-5032.02, from and after September 30, 2013, the department shall separately account for revenues reported and collected under the prime contracting classification from any prime contractor engaged in the construction of any buildings and associated improvements that are for the benefit of a manufacturing facility. For the purposes of this subsection, "associated improvements" and "manufacturing facility" have the same meanings prescribed in section 42-5032.02.

I. For the purposes of section 42-5032.03 and subject to section 48-4238, beginning October 1, 2025 and each month thereafter through December 31, 2055, the department shall separately account for revenues reported and collected under the prime contracting classification from any prime contractor engaged in the construction of any buildings and associated improvements that are for the benefit of a major league baseball facility or an adjacent building that is owned by a county stadium district pursuant to title 48, chapter 26 and operated by the county stadium district or the professional baseball franchise organization that occupies the major league baseball facility or adjacent building. For the purposes of this subsection, "adjacent building" and "major league baseball facility" have the same meanings prescribed in section 48-4201.

J. The gross proceeds of sales or gross income derived from a contract for lawn maintenance services is not subject to tax under this section if the contract does not include landscaping activities. Lawn maintenance service is a service pursuant to section 42-5061, subsection A, paragraph 1, and includes lawn mowing and edging, weeding, repairing sprinkler heads or drip irrigation heads, seasonal replacement of flowers, refreshing gravel, lawn dethatching, seeding winter lawns, leaf and debris collection and removal, tree or shrub pruning or clipping, garden and gravel raking and applying pesticides, as defined in section 3-361, and fertilizer materials, as defined in section 3-262.

K. Except as provided in subsection P of this section, the gross proceeds of sales or gross income derived from landscaping activities is subject to tax under this section. Landscaping includes installing lawns, grading or leveling ground, installing gravel or boulders, planting trees and other plants, felling trees, removing or mulching tree stumps, removing other imbedded plants, building irrigation berms, installing railroad ties and installing underground sprinkler or watering systems.

L. The portion of gross proceeds of sales or gross income attributable to the actual direct costs of providing architectural or engineering services that are incorporated in a contract is not subject to tax under this section. For the purposes of this subsection, "direct costs" means the portion of the actual costs that are directly expended in providing architectural or engineering services.

M. Operating a landfill or a solid waste disposal facility is not subject to taxation under this section, including filling, compacting and creating vehicle access to and from cell sites within the landfill. Constructing roads to a landfill or solid waste disposal facility and constructing cells within a landfill or solid waste disposal facility may be deemed prime contracting under this section.

N. The following apply in determining the taxable situs of sales of manufactured buildings:

1. For sales in this state where the manufactured building dealer contracts to deliver the building to a setup site or to perform the setup in this state, the taxable situs is the setup site.

2. For sales in this state where the manufactured building dealer does not contract to deliver the building to a setup site or does not perform the setup, the taxable situs is the location of the dealership where the building is delivered to the buyer.

3. For sales in this state where the manufactured building dealer contracts to deliver the building to a setup site that is outside this state, the situs is outside this state and the transaction is excluded from tax.

O. The gross proceeds of sales or gross income attributable to a written contract for design phase services or professional services, executed before modification begins and with terms, conditions and pricing of all of these services separately stated in the contract from those for construction phase services, is not subject to tax under this section, regardless of whether the services are provided sequential to or concurrent with prime contracting activities that are subject to tax under this section. This subsection does not include the gross proceeds of sales or gross income attributable to construction phase services. For the purposes of this subsection:

1. "Construction phase services" means services for the execution and completion of any modification, including the following:

(a) Administration or supervision of any modification performed on the project, including team management and coordination, scheduling, cost controls, submittal process management, field management, safety program, close-out process and warranty period services.

(b) Administration or supervision of any modification performed pursuant to a punch list. For the purposes of this subdivision, "punch list" means minor items of modification work performed after substantial completion and before final completion of the project.

(c) Administration or supervision of any modification performed pursuant to change orders. For the purposes of this subdivision, "change order" means a written instrument issued after execution of a contract for modification work, providing for all of the following:

(i) The scope of a change in the modification work, contract for modification work or other contract documents.

(ii) The amount of an adjustment, if any, to the guaranteed maximum price as set in the contract for modification work. For the purposes of this item, "guaranteed maximum price" means the amount guaranteed to be the maximum amount due to a prime contractor for the performance of all modification work for the project.

(iii) The extent of an adjustment, if any, to the contract time of performance set forth in the contract.

(d) Administration or supervision of any modification performed pursuant to change directives. For the purposes of this subdivision, "change directive" means a written order directing a change in modification work before agreement on an adjustment of the guaranteed maximum price or contract time.

(e) Inspection to determine the dates of substantial completion or final completion.

(f) Preparation of any manuals, warranties, as-built drawings, spares or other items the prime contractor must furnish pursuant to the contract for modification work. For the purposes of this subdivision, "as-built drawing" means a drawing that indicates field changes made to adapt to field conditions, field changes resulting from change orders or buried and concealed installation of piping, conduit and utility services.

(g) Preparation of status reports after modification work has begun detailing the progress of work performed, including preparation of any of the following:

(i) Master schedule updates.

(ii) Modification work cash flow projection updates.

(iii) Site reports made on a periodic basis.

(iv) Identification of discrepancies, conflicts or ambiguities in modification work documents that require resolution.

(v) Identification of any health and safety issues that have arisen in connection with the modification work.

(h) Preparation of daily logs of modification work, including documentation of personnel, weather conditions and on-site occurrences.

(i) Preparation of any submittals or shop drawings used by the prime contractor to illustrate details of the modification work performed.

(j) Administration or supervision of any other activities for which a prime contractor receives a certificate for payment or certificate for final payment based on the progress of modification work performed on the project.

2. "Design phase services" means services for developing and completing a design for a project that are not construction phase services, including the following:

(a) Evaluating surveys, reports, test results or any other information on-site conditions for the project, including physical characteristics, legal limitations and utility locations for the site.

(b) Evaluating any criteria or programming objectives for the project to ascertain requirements for the project, such as physical requirements affecting cost or projected utilization of the project.

(c) Preparing drawings and specifications for architectural program documents, schematic design documents, design development documents, modification work documents or documents that identify the scope of or materials for the project.

(d) Preparing an initial schedule for the project, excluding the preparation of updates to the master schedule after modification work has begun.

(e) Preparing preliminary estimates of costs of modification work before completion of the final design of the project, including an estimate or schedule of values for any of the following:

(i) Labor, materials, machinery and equipment, tools, water, heat, utilities, transportation and other facilities and services used in the execution and completion of modification work, regardless of whether they are temporary or permanent or whether they are incorporated in the modifications.

(ii) The cost of labor and materials to be furnished by the owner of the real property.

(iii) The cost of any equipment of the owner of the real property to be assigned by the owner to the prime contractor.

(iv) The cost of any labor for installation of equipment separately provided by the owner of the real property that has been designed, specified, selected or specifically provided for in any design document for the project.

(v) Any fee paid by the owner of the real property to the prime contractor pursuant to the contract for modification work.

(vi) Any bond and insurance premiums.

(vii) Any applicable taxes.

(viii) Any contingency fees for the prime contractor that may be used before final completion of the project.

(f) Reviewing and evaluating cost estimates and project documents to prepare recommendations on site use, site improvements, selection of materials, building systems and equipment, modification feasibility, availability of materials and labor, local modification activity as related to schedules and time requirements for modification work.

(g) Preparing the plan and procedures for selection of subcontractors, including any prequalification of subcontractor candidates.

3. "Professional services" means architect services, engineer services, geologist services, land surveying services or landscape architect services that are within the scope of those services as provided in title 32, chapter 1 and for which gross proceeds of sales or gross income has not otherwise been deducted under subsection L of this section.

P. The gross proceeds of sales or gross income derived from a contract with the owner of real property or improvements to real property for the maintenance, repair, replacement or alteration of existing property is not subject to tax under this section if the contract does not include modification activities, except as specified in this subsection. The gross proceeds of sales or gross income derived from a de minimis amount of modification activity does not subject the contract or any part of the contract to tax under this section. For the purposes of this subsection:

1. Tangible personal property that is incorporated or fabricated into a project described in this subsection may be subject to the amount prescribed in section 42-5008.01.

2. Each contract is independent of any other contract, except that any change order that directly relates to the scope of work of the original contract shall be treated the same as the original contract under this chapter, regardless of the amount of modification activities included in the change order. If a change order does not directly relate to the

scope of work of the original contract, the change order shall be treated as a new contract, with the tax treatment of any subsequent change order to follow the tax treatment of the contract to which the scope of work of the subsequent change order directly relates.

Q. Notwithstanding subsection P of this section, a contract that primarily involves surface or subsurface improvements to land and that is subject to title 28, chapter 19, 20 or 22 or title 34, chapter 2 or 6 is taxable under this section, even if the contract also includes vertical improvements. Agencies that are subject to procurement processes under those provisions shall include in the request for proposals a notice to bidders when those projects are subject to this section. This subsection does not apply to contracts with:

1. Community facilities districts, fire districts, county television improvement districts, community park maintenance districts, cotton pest control districts, hospital districts, pest abatement districts, health service districts, agricultural improvement districts, county free library districts, county jail districts, county stadium districts, special health care districts, public health services districts, theme park districts or revitalization districts.

2. Any special taxing district not specified in paragraph 1 of this subsection if the district does not substantially engage in the modification, maintenance, repair, replacement or alteration of surface or subsurface improvements to land.

R. THE GROSS PROCEEDS OF SALES OR GROSS INCOME ATTRIBUTABLE TO THE DEVELOPMENT OF WORKFORCE HOUSING PROJECTS [AS DEFINED IN SECTION 9-461.21] IF THE WORKFORCE HOUSING [~~BUILDER AS DEFINED IN SECTION 9-461.21~~] [PROJECT] IS NOT SUBJECT TO [THE STATE'S PORTION OF THE PRIME CONTRACTING SALES] TAX UNDER THIS SECTION, REGARDLESS OF WHETHER THE SERVICES ARE PROVIDED SEQUENTIAL TO OR CONCURRENT WITH PRIME CONTRACTING ACTIVITIES THAT ARE SUBJECT TO TAX UNDER THIS SECTION.

~~R.~~ S. Notwithstanding subsection ~~S~~ T, paragraph 10 of this section, a person owning real property who enters into a contract for sale of the real property, who is responsible to the new owner of the property for modifications made to the property in the period subsequent to the transfer of title and who receives a consideration for the modifications is considered a prime contractor solely for purposes of taxing the gross proceeds of sale or gross income received for the modifications made subsequent to the transfer of title. The original owner's gross proceeds of sale or gross income received for the modifications shall be determined according to the following methodology:

1. If any part of the contract for sale of the property specifies amounts to be paid to the original owner for the modifications to be made in the period subsequent to the transfer of title, the amounts are included in the original owner's gross proceeds of sale or gross income under this section. Proceeds from the sale of the property that are received after transfer of title and that are unrelated to the

modifications made subsequent to the transfer of title are not considered gross proceeds of sale or gross income from the modifications.

2. If the original owner enters into an agreement separate from the contract for sale of the real property providing for amounts to be paid to the original owner for the modifications to be made in the period subsequent to the transfer of title to the property, the amounts are included in the original owner's gross proceeds of sale or gross income received for the modifications made subsequent to the transfer of title.

3. If the original owner is responsible to the new owner for modifications made to the property in the period subsequent to the transfer of title and derives any gross proceeds of sale or gross income from the project subsequent to the transfer of title other than a delayed disbursement from escrow unrelated to the modifications, it is presumed that the amounts are received for the modifications made subsequent to the transfer of title unless the contrary is established by the owner through its books, records and papers kept in the regular course of business.

4. The tax base of the original owner is computed in the same manner as a prime contractor under this section.

~~S.~~ T. For the purposes of this section:

1. "Alteration" means an activity or action that causes a direct physical change to existing property. For the purposes of this paragraph:

(a) For existing property that is properly classified as class two property under section 42-12002, paragraph 1, subdivision (c) or paragraph 2, subdivision (c) and that is used for residential purposes, class three property under section 42-12003 or class four property under section 42-12004, this paragraph does not apply if the contract amount is more than twenty-five percent of the most recent full cash value established under chapter 13, article 2 of this title as of the date of any bid for the work or the date of the contract, whichever value is higher.

(b) For all existing property other than existing property described in subdivision (a) of this paragraph, this paragraph does not apply if the contract amount is more than $750,000.

(c) Project elements may not be artificially separated from a contract to cause a project to qualify as an alteration. The department has the burden of proof that project elements have been artificially separated from a contract.

(d) If a project for which the owner and the person performing the work reasonably believed, at the inception of the contract, would be treated as an alteration under this paragraph and, on completion of the project, the project exceeded the applicable threshold described in either subdivision (a) or (b) of this paragraph by not more than twenty-five percent of the applicable threshold for any reason, the work performed under the contract qualifies as an alteration.

(e) A change order that directly relates to the scope of work of the original contract shall be treated as part of the original contract, and the contract amount shall include any amount attributable to a change order that directly relates to the scope of work of the original contract.

(f) Alteration does not include maintenance, repair or replacement.

2. "Contracting" means engaging in business as a contractor.

3. "Contractor" is synonymous with the term "builder" and means any person or organization that undertakes to or offers to undertake to, or purports to have the capacity to undertake to, or submits a bid to, or does personally or by or through others, modify any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement, or to do any part of such a project, including the erection of scaffolding or other structure or works in connection with such a project, and includes subcontractors and specialty contractors. For all purposes of taxation or deduction, this definition shall govern without regard to whether or not such a contractor is acting in fulfillment of a contract.

4. "Manufactured building" means a manufactured home, mobile home or factory-built building, as defined in section 41-4001.

5. "Manufactured building dealer" means a dealer who either:

(a) Is licensed pursuant to title 41, chapter 37, article 4 and who sells manufactured buildings to the final consumer.

(b) Supervises, performs or coordinates the excavation and completion of site improvements or the setup of a manufactured building, including the contracting, if any, with any subcontractor or specialty contractor for the completion of the contract.

6. "Modification" means construction, grading and leveling ground, wreckage or demolition. Modification does not include:

(a) Any project described in subsection P of this section.

(b) Any wreckage or demolition of existing property, or any other activity that is a necessary component of a project described in subsection P of this section.

(c) Any mobilization or demobilization related to a project described in subsection P of this section, such as the erection or removal of temporary facilities to be used by those persons working on the project.

7. "Modify" means to make a modification or cause a modification to be made.

8. "Owner" means the person that holds title to the real property or improvements to real property that is the subject of the work, as well as an agent of the title holder and any person with the authority to perform or authorize work on the real property or improvements, including a tenant and a property manager. For the purposes of subsection P of this section, a person who is hired by a general contractor that is hired by an owner, or a subcontractor of a general contractor that is hired by an owner, is considered to be hired by the owner.

9. "Prime contracting" means engaging in business as a prime contractor.

10. "Prime contractor" means a contractor who supervises, performs or coordinates the modification of any building, highway, road, railroad, excavation, manufactured building or other structure, project, development or improvement, including the contracting, if any, with any subcontractors or specialty contractors and who is responsible for the completion of the contract. Except as provided in subsections E and ~~R~~ S of this section, a person who owns real property, who engages one or more contractors to modify that real property and who does not itself modify that real property is not a prime contractor within the meaning of this paragraph regardless of the existence of a contract for sale or the subsequent sale of that real property.

11. "Replacement" means the removal from service of one component or system of existing property or tangible personal property installed in existing property, including machinery or equipment, and the installation of a new component or system or new tangible personal property, including machinery or equipment, that provides the same, a similar or an upgraded design or functionality, regardless of the contract amount and regardless of whether the existing component or system or existing tangible personal property is physically removed from the existing property.

12. "Sale of a used manufactured building" does not include a lease of a used manufactured building.

Sec. 4. Legislative findings

A. The legislature finds that:

1. Arizona faces an acute shortage of attainable and workforce housing across income levels.

2. The cost and timing of housing production are significantly affected by state and local fees, taxation and approval delays.

3. Providing targeted tax relief and streamlined processes for builders of affordable housing will directly increase the number of units produced and lower costs for Arizona families.

B. The legislature intends to incentivize the production of affordable housing by:

1. Exempting qualifying affordable housing builders from the states' prime contracting sales tax.

2. Allowing qualified builders to begin vertical construction and home sales while horizontal infrastructure work continues under approved plans.

3. Requiring cities and towns to implement expedited permitting for affordable housing projects and creating a pathway for more contractors in rural Arizona.

Sec. 5. Effective date

[~~Sections~~] [Section] 9-461.21 [~~and 32-1130~~], Arizona Revised Statutes, as added by this act, and sections 35-726[~~, 41-3953~~] and 42-5075, Arizona Revised Statutes, as amended by this act, are effective twelve months from and after the general effective date.

Sec. 6. Short title

This act may be cited as the "Workforce Housing Incentive Act".

Enroll and engross to conform

Amend title to conform

CHRIS LOPEZ

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Rural Economic Development BILL NO. HB 2926

DATE February 12, 2026 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Blackman		✓			
Hernandez C		✓			
Peshlakai			✓		
Volk		✓			
Lopez, Vice-Chairman		✓			
Martinez, Chairman		✓			
		6	1	0	0

APPROVED:

TERESA MARTINEZ, Chairman
CHRIS LOPEZ, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 9

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB 2113: public service corporation; rates; intervenor
Sponsor: Representative Martinez, LD 16
Committee on Rural Economic Development

Overview

Instructs the Director of the Residential Utility Consumer Office (Director) to intervene in a public service corporation rate case if the proposed rate increase to residential customers is 100% or more.

History

The Residential Utility Consumer Office (RUCO) represents the interests of residential utility consumers in regulatory proceedings involving public service corporations before the Arizona Corporation Commission (ACC). The Director may prepare and present briefs, arguments, proposed rates or orders and intervene or appear on behalf of residential utility consumers before hearing officers and the ACC as a party in interest and also participate as a party in interest in proceedings relating to rate making or rate design and involving public service corporations, as long as the proceedings do not involve a member-owned nonprofit cooperative corporation (A.R.S. § 40-464).

Provisions

1. Requires the Director to intervene in a public service corporation rate case if the impact of the public service corporation's proposed rate increase to residential customers is 100% or more. (Sec. 1)
2. Makes technical changes. (Sec. 1)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 10

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Rural Economic Development BILL NO. HB 2113

DATE February 12, 2026 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Blackman		✓			
Hernandez C		✓			
Peshlakai			✓		
Volk				✓	
Lopez, Vice-Chairman		✓			
Martinez, Chairman		✓			
		5	1	1	0

Veronica Graham
COMMITTEE SECRETARY

APPROVED:

TERESA MARTINEZ, Chairman
CHRIS LOPEZ, Vice-Chairman

ATTACHMENT 11

Company	Docket No	Case Type	Matter No	Date Filed	Calendar Year	Industry	Section	Category	Proposed increase	RUCO intervene	Class
Arizona Public Service Company	E-01345A	Rates	25-0105	5/15/2025	2025	Electric	T&E	Rate case	15.05%	Yes	A
Bermuda Water Company, Inc.	W-01812A	Rates	25-0166	8/11/2025	2025	Water	FRA	Rate case	5.31%	No	B
Global Water - Santa Cruz Water Comp	W-20446A	Rates	25-0022	2/5/2025	2025	Water	FRA	Rate case	19.12%	Yes	A
Global Water-Palo Verde Utilities Com	SW-20445A	Rates	25-0023	2/5/2025	2025	Sewer	FRA	Rate case	12.11%	Yes	A
Granite Oaks Water Users Association	W-02539A	Rates	25-0224	10/20/2025	2025	Water	FRA	Rate case	49.67%	No	D
Lago Del Oro Water Company	W-01944A	Rates	25-0194	8/29/2025	2025	Water	FRA	Rate case	28.03%	No	B
Liberty Utilities (Litchfield Park Water	W-01427A	Notice of Intent to I	25-0126	6/13/2025	2025	Water	FRA	Rate case	38.40%	Yes	A
Liberty Utilities (Litchfield Park Water	SW-01428A	Notice of Intent to I	25-0127	6/13/2025	2025	Water	FRA	Rate case	53.76%	Yes	A
Management Systems, LLC	W-20935A	Rates	25-0267	12/23/2025	2025	Water	FRA	Rate case	208.70%	No	E
Monte Vista Water Company, L.L.C.	W-02703A	Rates	25-0189	8/28/2025	2025	Water	FRA	Rate case	82.16%	No	E
Picacho Sewer Company	SW-03709A	Rates	25-0057	3/19/2025	2025	Sewer	FRA	Rate case	190.50%	No	C
Picacho Water Company	W-03528A	Rates	25-0056	3/19/2025	2025	Water	FRA	Rate case	142.68%	No	C
Pima Utility Company	W-02199A	Rates	25-0269	12/24/2025	2025	Water	FRA	Rate case	86.94%	No	B
Pima Utility Company	SW-02199A	Rates	25-0270	12/24/2025	2025	Water	FRA	Rate case	57.55%	No	B
Pine Valley Water Company	W-02181A	Rates	25-0199	9/5/2025	2025	Water	FRA	Rate case	37.89%	No	E
Ponderosa Utility Corporation	W-01717A	Rates	25-0184	8/22/2025	2025	Water	FRA	Rate case	15.10%	No	D
Quail Creek Water Co., Inc.	W-02514A	Rates	25-0192	8/29/2025	2025	Water	FRA	Rate case	36.52%	No	C
Ridgeview Utility Company	W-03861A	Rates	25-0193	8/29/2025	2025	Water	FRA	Rate case	132.41%	No	D
Salome Water	W-01084A	Rates	25-0118	5/30/2025	2025	Water	FRA	Rate case	237.90%	No	E
Thim Utility Co	W-03293A	Rates	23-0296	11/3/2023	2023	Water	FRA	Rate case	25.79%	No	D
Thim Water Corporation	W-02594A	Rates	25-0024	2/5/2025	2025	Water	FRA	Rate case	25.79%	No	D
Tonto Creek Water Company, LLC	W-20682A	Rates	25-0272	12/31/2025	2025	Water	FRA	Rate case	83.62%	No	
Tucson Electric Power Company	E-01933A	Rates	25-0103	5/15/2025	2025	Electric	T&E	Rate case	18.44%	Yes	A
UNS Gas, Inc.	G-04204A	Rates	24-0237	10/15/2024	2024	Gas	T&E	Rate case	20.26%	Yes	A
Voyager at White Mountain Lakes Wat	W-01983A	Rates	25-0268	12/24/2025	2025	Water	FRA	Rate case	5.39%	No	D
Walden Meadows Community Co-Op	W-02369A	Rates	25-0264	12/19/2025	2025	Water	FRA	Rate case	39.00%	No	D

19.23% of total pending cases have a proposed increase of 100% or more

Attachment 12

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB 2824: capital improvement; financing program
Sponsor: Representative Lopez, LD 16
Committee on Rural Economic Development

Overview

Enables a governing body to adopt a resolution or ordinance to establish a C-Pace Program (Program) which provides commercial property assessed capital expenditure financing for eligible improvements.

History

Statute authorizes municipalities to adopt zoning ordinances and codes to conserve and promote the public health, safety and general welfare and outlines zoning guidelines and requirements. Municipalities must adopt, by ordinance, a citizen review process that applies to all rezoning and specific plan applications that require a public hearing (A.R.S. §§ 9-462.01 and 9-462.03).

Provisions

C-Pace Program Establishment

1. Authorizes a local government to allow the construction, installation or modification of critical capital expenditure improvements on qualifying property by establishing a C-Pace Program. (Sec. 1, 2)
2. Prohibits a local government from entering into a financing agreement for the direct financing of a qualifying improvement. (Sec. 1, 2)
3. Grants counties the ability to levy and collect non-ad valorem assessments, in addition to taxes. (Sec. 2)
4. Allows a governing body to adopt a resolution or ordinance to establish a Program. (Sec. 3)
5. Requires a governing body to hold a public hearing to consider a Program's establishment, prior to adopting a resolution or ordinance that establishes a Program. (Sec. 3)
6. Outlines the contents that are required to be included in a resolution or ordinance that establishes a Program. (Sec. 3)
7. Allows a Program to be amended in accordance with the resolution or ordinance that established the Program. (Sec. 3)

Intergovernmental Agreements

8. Stipulates that an authorized local government may to enter into an intergovernmental agreement with another authorized local government to administer a program (Sec. 3)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 13

9. Exempts any intergovernmental agreement entered into by an authorized local government from the Arizona Procurement Code. (Sec. 3)

Special Assessment Agreements

10. Authorizes local program authorities to enter special assessment agreements with property owners to secure special assessment financing provided the property owner submits a project application to the program administrator on a form prescribed by the program guidebook. (Sec. 3)
11. Outlines the contents of the project application. (Sec. 3)
12. Requires the local program authority receive consent and certification from specified parties prior to entering a special assessment agreement. (Sec. 3)
13. Directs capital providers to provide and directly disburse special assessment financing to fund qualifying improvements subject to a financing agreement. (Sec. 3)
14. Requires a financing agreement to specify that the local government is not:
    a. liable for the debt of the property owner;
    b. a third-party obligor; and
    c. pledging or lending credit to the property owner or the capital provider. (Sec. 3)
15. Specifies that a capital provider does not have any right or cause of action against the local government for nonpayment of the special assessment financing and to look solely to the property owner for recourse. (Sec. 3)
16. Establishes costs that may be included into the special assessment financing principal amount. (Sec. 3)
17. Allows a financing agreement to authorize the property owner to directly purchase through lease, power purchase agreement or other service contract, the related equipment and materials for installing or modifying a qualified improvement or contract. (Sec. 3)
18. Caps the program administrative fees that a local program authority or program administrator may charge a property owner at the lesser of:
    a. 1% of the principal amount of the special assessment financing; or
    b. $50,000. (Sec. 3)

Imposition of Special Assessment

19. Instructs the local program authority, upon entering into a special assessment agreement, to record a notice of special assessment lien on the subject property in the recorder's office of the county in which the property is located. (Sec. 3)
20. Outlines specified information that the recording of the notice of special assessment lien is required to include. (Sec. 3)
21. Establishes that a special assessment lien is effective from the date that the special assessment is imposed until the date it is paid in full. (Sec. 3)
22. Grants special assessment liens priority superior to all liens, claims and titles, excluding general property taxes and prior special assessments. (Sec. 3)
23. Maintains that a special assessment lien is bound to the property and not its current owner, and that if the special assessment lien, any lien for taxes or other assessments or

the property is foreclosed, the portion of the special assessment lien that has not become due, does not suddenly become due upon foreclosure. (Sec. 3)

24. Requires the local program authority to execute and record a notice of assignment of special assessment lien from the local government to the applicable capital provider on the subject property, at the same time the special assessment lien is recorded. (Sec. 3)

25. Outlines the information required to be provided in the notice of assignment of special assessment lien. (Sec. 3)

26. Grants the applicable capital provider the possession of the same delegable powers and rights at law or in equity as the local government, but only regarding:
    a. the precedence and priority of the special assessment lien;
    b. the proceeds of special assessment installments; and
    c. the accrual of penalties and fees related to the special assessment. (Sec. 3)

27. Asserts that the assignee of a special assessment enforced by the local government, has the right to enforce the special assessment and special assessment lien regarding foreclosure. (Sec. 3)

28. Instructs the applicable capital provider to notify the local program authority when the underlying special assessment financing is complete to allow the local program authority to record a release of the special assessment lien by the local government. (Sec. 3)

Collection of Special Assessment Installments

29. Requires special assessments to be collected in installments pursuant to the terms of the special assessment agreement and outlines the manner that installments are to be billed and collected. (Sec. 3)

30. Authorizes a local program authority that is billing and collecting special assessment installments, to collect a delinquent special assessment installment, in the event of a nonpayment and within one year after the installment became delinquent. (Sec. 3)

31. Authorizes the capital provider to initiate a suit for foreclosure against the property owner following one year after the date of delinquency of an unpaid special assessment installment, if the local program authority fails to collect the delinquent installment or has executed a notice of delegation of authority to the capital provider. (Sec. 3)

Delinquent Installments

32. Directs the local program authority to prepare, within 20 days after the date of delinquency, a list containing specified information of the special assessments on which any installment is delinquent. (Sec. 3)

33. Requires the local program authority to notify the property owner, unless all delinquencies due are paid, 10 days prior to the public auction sale of the qualifying property on which the special assessment is a lien. (Sec. 3)

34. Prohibits the time of the sale from being less than 10 days after the notice is mailed to the property owner and requires the public auction to take place in front of the office of the local program authority or at a place otherwise designated in the notice. (Sec. 3)

35. Permits the delinquent special assessment installment and associated penalties of any qualifying property to be paid for by any party that has an interest in the qualifying property, prior to its sale in auction. (Sec. 3)

36. Requires the local program authority to note in the record the date, names, and the amount associated with the qualifying property's sale that took place prior to its auction. (Sec. 3)

Notice to Lien Claimants

37. Instructs local program authorities to obtain a record search showing the names and addresses of all lien claimants on, and other persons with interest in, all properties or parcels with delinquent special assessment installments, before the date of the sale. (Sec. 3)
38. Allows the cost of a record search to be added to the special assessment and deems it to be a portion of the delinquent special assessment installment. (Sec. 3)
39. Provides the information that must be included in the notice of sale that is required to be mailed, at least 10 days before the sale date, to the property owner and to each of the lien claimants and other persons with an interest as shown by the record search. (Sec. 3)
40. Prohibits a final sale from being held unless the local program authority notifies all lien claimants and other persons with an interest found in the records search by mail before the sale date. (Sec. 3)

Sale Procedure

41. Directs the local program authority to begin the sale of the delinquent special assessment installment of the advertised property no sooner than 10 a.m. on the date set for the sale and allows the authority to postpone or continue the sale from day to day until all the property is sold. (Sec. 3)
42. Requires each property to be sold separately if they are separately assessed. (Sec. 3)
43. Provides a sale procedure for qualifying properties for sale that do not have a purchaser. (Sec. 3)
44. Mandates the local program authority to remit all proceeds of a sale of the qualifying property or purchase of a deed related to a delinquent special assessment installment to the applicable capital provider, except for the actual and reasonable costs incurred to enforce a delinquent special installment. (Sec. 3)
45. Requires the local program authority to duplicate the certificate of sale after making the sale, with specified descriptions and information of the sale of the qualifying property for a delinquent special assessment installment, to file one copy within the authority's office while delivering the other to the purchaser. (Sec. 3)
46. Transfers ownership of the lien of the delinquent special assessment installment to the purchaser when the local program authority files the copy of the certificate and is only divested by a redemption of the qualifying property. (Sec. 3)
47. Prohibits the transfer of ownership and condition for divestment from extinguishing or changing the lien for the remaining special assessment installments. (Sec. 3)

Redemption

48. Permits redemption to be made by any party with an interest in the qualifying property prior to the execution and delivery of a deed for the property by paying to the local program authority the sale price of the qualifying property with an additional:
    a. 5% if paid within 3 months from the date of the sale;

b. 10% if paid within 6 months;
c. 12% if paid within 9 months;
d. 15% if paid within 12 months; or
e. 20% if paid at any time after 12 months from the date of the sale. (Sec. 3)

49. Directs the local program authority to note the redemption on their filed duplicate certificate and deposit the amount paid with the capital provider, who is required to credit the purchaser named in the certificate of sale with the amount paid and pay the sum to the purchaser on the surrender of the certificate of sale. (Sec. 3)

50. Instructs the local program authority to execute a deed to the qualifying property sold to the purchaser after 12 months from the date of sale, which is to recite the matters contained in the certificate of sale and that a person has not redeemed the property and can only receive $1 in fees to make the deed. (Sec. 3)

51. Lists the required process for notifying the appropriate parties that the qualifying property has been sold for a delinquent special assessment installment, and directs the purchaser begin the process at least 30 days before applying for a deed. (Sec. 3)

52. Requires the applicant for the deed to file an affidavit with the local program authority showing that notice of the application has been given, and that if the mailed notice was returned to the sender, that due diligence was used to find the owner. (Sec. 3)

53. Specifies that a $10 payment for the service of notice and creation of the affidavit is required to be paid by the person making the redemption to the purchaser if redemption is made after the affidavit is filed and more than a year past the sale date. (Sec. 3)

54. Qualifies the deed of the local program authority as prima facie evidence that all proceedings prior to the issuance of the deed and the information provided within the deed is factual. (Sec. 3)

55. Outlines the information required to be conveyed to the purchaser through the deed of the local program authority. (Sec. 3)

56. Asserts that an affidavit of the person required to mail, publish or post notices of sale of a delinquent installment, is prima facie evidence of the mailing, and lists the information required to be included in the affidavit. (Sec. 3)

57. Prohibits a person's failure to receive a mailed notice from affecting the validity of any notice that was mailed, and the failure to mail a notice to one or more person from affecting the validity of notices already mailed. (Sec. 3)

58. Makes the costs of mailing and publishing a valid incidental expense. (Sec. 3)

59. Specifies a notice served on:
    a. a married person is deemed a notice on the person's spouse;
    b. Guardians and administrators constitute notice to heirs and wards; and
    c. An attorney-in-fact constitutes notice to the attorney's principal. (Sec. 3)

Miscellaneous

60. Defines pertinent terms. (Sec. 1, 2, 3)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Rural Economic Development BILL NO. HB 2824

DATE February 12, 2026 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Blackman		✓			
Hernandez C		✓			
Peshlakai		✓			
Volk		✓			
Lopez, Vice-Chairman		✓			
Martinez, Chairman		✓			
		7	0	0	0

APPROVED:

x [signature]

TERESA MARTINEZ, Chairman
CHRIS LOPEZ, Vice-Chairman

Veronica Graham
COMMITTEE SECRETARY

ATTACHMENT 14

ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session
Majority Research Staff

HB 2939: qualified facilities; tax credit; amount
Sponsor: Representative Martinez, LD 16
Committee on Rural Economic Development

Overview

Includes an additional amount of the Qualified Facility tax credit (QFTC) that a taxpayer may receive for investments in a qualified facility.

History

The QFTC promotes the location and expansion of headquarters or manufacturing facilities, including manufacturing-related research and development in Arizona. The program provides a refundable income tax credit to taxpayers who are expanding or locating a Qualified Facility in Arizona.

To qualify for the QFTC, a taxpayer must invest in a new qualified facility in Arizona or expand an existing qualified facility in Arizona and produce new full-time employment positions where the job duties are performed at the location of the qualifying investment. Only capital investments in a qualified facility that are made within 36 months before submitting an application for preapproval are included in the computation of the Credit.

The QFTC must be preapproved by the ACA and is equal to 10% of the lesser of: 1) the amount the applicant has projected in total qualifying investment in the qualified facility; or 2) either $200,000 for each net new full-time employment position projected by the applicant that has job duties associated with a qualified facility, if the total qualifying investment is less than $2,000,000,000; or $300,000 for each net new full-time employment position projected by the applicant that has job duties associated with a qualified facility, if the total qualifying investment is $2,000,000,000 or more. The QFTC must be claimed in five equal annual installments in five consecutive taxable years.

Statute defines *rural location* as a location that is within the boundaries of tribal lands or a city or town with a population of less than 50,000 persons or a county with a population of less than 800,000 persons (A.R.S §§ 41-1512, 43-1083.03, 43-1164.04).

Provisions

1. Adds an additional QFTC amount that a taxpayer can qualify for based on the amount of the total qualifying investment, to be 10% of $250,000 for each net new full-time employment position projected by the applicant that has job duties associated with a qualified facility that is in a rural location, if the total qualifying investment is $2,000,000,000 or more. (Sec. 1, 2, 3)
2. Applies the new credit amount to taxable years beginning January 1, 2027. (Sec. 4)

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note

Attachment 15

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Rural Economic Development BILL NO. HB 2939

DATE February 12, 2026 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Blackman		✓			
Hernandez C		✓			
Peshlakai		✓			
Volk		✓			
Lopez, Vice-Chairman		✓			
Martinez, Chairman		✓			
		7	0	0	0

APPROVED:

X

TERESA MARTINEZ, Chairman
CHRIS LOPEZ, Vice-Chairman

Veronica Graham
COMMITTEE SECRETARY

ATTACHMENT 16