



Arizona Supreme Court To Hear Prop. 208

The Arizona Supreme Court has agreed to hear an expedited challenge to Proposition 208, Invest in Education, which was approved by voters at the 2020 Election.

In December 2020, the Goldwater Institute filed suit based on **Article 22** of the Arizona Constitution (click for link), which provides that "the people shall not enact any law which may not be enacted by the Legislature under this Constitution." The suit alleged that Prop. 208 exempted its provisions from expenditure limits, that new taxes imposed by statute under Prop. 208 could only be imposed by a two-thirds majority of each House of the Legislature, and that Prop 208 restricted the Legislature's ability to appropriate general funds.

Maricopa County Superior Court Judge John Hannah Jr. denied a preliminary injunction request from the plaintiffs, who wanted to stop implementation of the proposition. Judge Hannah ruled that while the constitutionality of the proposition will likely be decided as the case develops, it was not appropriate to grant an injunction. The court also found that the Article 22 arguments have little chance of success and that enacting the tax surcharge likely does not conflict with the constitutional aggregate cap on total spending on education.

The Goldwater Institute filed an appeal with the Arizona Supreme Court and asked for expedited processing. The Supreme Court agreed to accept the appeal. Oral argument has been scheduled for April 20, 2021.

To read the Maricopa County Superior Court Decision, click [here](#).

Governor Ducey Issues New Executive Order For Businesses

Governor Ducey issued a new executive order which will allow some businesses statewide to open at full capacity. It applies to restaurants, gyms, theaters, water parks, bowling alleys, and bars providing dine-in services.

Businesses are still required to enforce social distancing, mask requirements, and increased cleanings, and continue to follow CDC-recommended guidelines. Mayors and Councils are still precluded from implementing local measures that might shut down businesses. Spring Training (Cactus League) and Major League Baseball will have the ability to operate upon submission of plans and approval by the Arizona Department of Health Services (AZDHS) that demonstrate the implementation of safety precautions and physical distancing.

To read the new Executive Order, click [here](#).

55th Session Legislative Update

Forty-two bills have been signed by the Governor. Lawmakers introduced a

record 1,821 bills this session, of which more than 800 were passed out of their House of origin.

Here are a few of the bills signed by the Governor:

SB1420 (Chapter 42):

Sponsored by Senator Paul Boyer (R, LD20), the state and its political subdivisions are required to accept a consular identification card as a valid form of identification.

HB2043 (Chapter 37):

Sponsored by Representative Gail Griffin (R, LD14), this increases the required ratio of installation of new piping connected to an underground storage tank (UST) and replaces federal standards for UST compliance

HB2832:

Sponsored by Senator Michelle Udall (R, LD25), makes multiple changes to the Arizona Teachers Academy. Provisions include expanding eligible post-secondary institutions, scholarship eligibility, and altering service commitments.

Senate Passes Optional Income Tax Treatment For Small Business Owners

The Senate on a party-line (16-14) vote passed SB1783 which creates a new chapter for small business income. Sponsored by Senator JD Mesnard (R,LD17), the bill levies an Arizona small business income tax of 4.5% and establishes tax credits for qualifying Arizona small businesses.

Many Arizona small businesses are pass-through entities where the owners pay tax on the business income on their individual tax returns. SB1783 would give taxpayers the option of paying taxes on small business income and potentially shield business owners from an income tax increase if Prop. 208, Invest in Education, is ruled constitutional by the Arizona Supreme Court.

Approved by voters in November 2020, Prop. 208, imposed a 3.5% surcharge on adjusted personal income of more than \$250,000 for individuals and \$500,000 for married couples filing jointly to raise an estimated \$827M annually for K-12 Education.

Joint Legislative Budget Committee (JLBC) analysts interpret SB1783 as creating an individual taxpayer option that would not be subject to Prop. 208 and estimate this would substantially impact revenue raised by the measure, reducing it by \$527.7M annually. To read the JLBC fiscal note on SB1783, click [here](#).

To read SB1783, click [here](#).

COVID-19 Stimulus Approved by Congress

Congress approved and President Biden signed a \$1.9 Trillion COVID-19 relief package. The third round of COVID-19 stimulus, this package pairs new funds for public-health measures with additional economic aid, offering a \$1,400 check to many Americans and an extension of a \$300 weekly unemployment benefit supplement. Joint Legislative Budget Council (JLBC) analysts have estimated that Arizona will receive \$12.3B in state aid and local governments, \$2.6B.

According to JLBC, the package effects the following Arizona sectors:

Education:

- **\$2.6B** to the Arizona Department of Education (ADE) for the Elementary and Secondary School Emergency Relief Fund (ESSERF). These monies will be available through September 30, 2024.
- **\$54M** for the Individuals with Disabilities Education Act. Approximately \$46M will be received by ADE for special education formula grants.
- **\$792M** to the Higher Education Emergency Relief Fund (HEERF) for Universities and Community Colleges.

Health:

- **\$150M** to the Center for Disease Control (CDC) for vaccination grants,

- some of which will be distributed to AZDHS.
- **\$960M** to Arizona Department of Health Services (AZDHS) for COVID-19 testing, contract tracing, and mitigation.
- **\$153M** to state and local public health departments for recruiting, hiring, and training of public health workers

Housing:

- **\$374M** to Arizona Department of Economic Security (AZDES) for Emergency Rental Assistance.
- **\$100M** to Arizona Department of Housing (ADOH) for tenant-based rental assistance, affordable housing development, and supportive services.
- **\$2M** to AZDES for emergency assistance for rural housing.

Business Aid:

- **\$200M** to support small business financing.
- **\$145M** to provide additional Paycheck Protection Program (PPP) aid.
- **\$500M** to restaurants for additional assistance.

Other:

- Single filers who have an Adjusted Gross Income of \$75K or less will receive an economic impact payment of **\$1400**.
- Expansion of the Child Tax Credit Benefit to as much as **\$3,600** per child.
- An additional **\$300 per week** will be provided in Federal Pandemic Unemployment Compensation through September 6, 2021.

To review the full JLBC analysis, click [here](#).

AZDHS Issues COVID-19 Update

Arizona Department of Health Services (AZDHS) reported that the state's COVID-19 rate of spread (Rt) is below 1 at .72 (the average number of people a COVID-positive individual will infect). Of known test results from last week, AZDHS reported that 5% have come back positive. A positivity rate of 5% or less is considered a good indicator that the spread is being controlled.

According to the AZDHS dashboard, 15% of the state's ICU beds are readily available, or approximately 269 beds for COVID and non-COVID patients alike.

To view the AZDHS dashboard, click [here](#).

For more information on free COVID-19 testing sites click [here](#).

AZDHS COVID-19 Vaccination Update

Arizona Department of Health Services (AZDHS) announced that the state has administered more than 2 million COVID-19 vaccines. More than 1,312,000 Arizonans have received at least one dose of the COVID-19, while more than 711,000 Arizonans have been fully vaccinated.

AZDHS has opened vaccine eligibility to anyone 55 years of age and older at two of its state-run vaccination sites. This change will expand eligibility to between 56% and 66% of Arizonans with medical conditions. According to AZDHS Director Christ, once 55% of the targeted age group's population is vaccinated in each jurisdiction, vaccine doses will open to those who are between the ages of 45 to 54.

For information on each county's vaccination phase and vaccination locations, click [here](#).

Registration to receive a vaccine is available [here](#) or by calling 844-542-8201.

Capitol Events Held This Week

Event: Early Childhood Day

Date: February 9

Time: 8:00 AM - 12:00 PM

Location: Senate Lawn

Event: Special Education Day

Date: February 11

Time: 8:00 AM - 4:00 PM

Location: Senate Lawn



[Click here to find COVID-19 resources and volunteer opportunities](#)

Legislators' Birthdays



**Happy Birthday Rep.
Jeff Weninger
Wednesday, March 10th**

Representing LD17, Representative Jeff Weninger was first elected to the Legislature in 2014 and previously served as Vice Mayor of Chandler.

A Kansas native, Weninger graduated from the University of Wichita and moved to Arizona in 1993. He is the co-owner of two local restaurants, Floridino's Pizza & Pasta in Chandler and Dilly's Deli, with several locations throughout the valley.

Weninger serves as Chairman of the House Commerce Committee. A legislative priority for Weninger this session is HB2813, which establishes a new chapter in Title 28 (Transportation) for regulating autonomous vehicles. The bill recently passed the House and awaits access by the Senate.

To wish Representative Weninger happy birthday: jweninger@azleg.gov

Arizona Governmental Affairs

Address:
99 E. Virginia Avenue, #180
Phoenix, AZ 85004
602.296.5966

[E-mail AZ Governmental](#)