



# Arizona Restaurant Association

## 2022 LEGISLATIVE SUMMARY

*Your Guide to New Industry Related Laws*



ARA Government Affairs Committee

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## Your Guide to New Industry Related Laws

The Arizona Restaurant Association (ARA) monitors and engages legislation each year during the Arizona Legislative Session. During the 2022 Legislative Session 1,851 bills were introduced and 398 were signed into law, marking one of the highest number of bills introduced and signed. Of the 1,851 bills introduced, the ARA tracked nearly 1,000 bills with some sort of relation to the restaurant industry and actively engaged on 20. Throughout this process, the ARA Board of Directors' Government Affairs Committee (GAC) was instrumental in helping to identify harmful and helpful legislation for the ARA staff to engage.

When legislation that will impact the restaurant industry is identified, the ARA Government Affairs team meets with the GAC to analyze the bill and to determine what level of involvement is needed by the association. From those determinations, ARA staff will engage with lawmakers, staff, and other stakeholder groups to develop an effective strategy. ARA staff and members will also engage a bill or issue by testifying in front of numerous legislative committees.

In this document, you will find summaries of all ARA supported and opposed legislation along with their outcomes. We have also provided you summaries of bills that have passed and could have an impact on the restaurant industry, but the ARA did not take a formal position on. The title of each of the bills links directly to the final bill language.

All laws outlined in this document have a general effective date (when they become enforceable) of September 24, 2022, unless otherwise stated.



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Information contained in this document is derived from the Arizona Capitol Reports, Arizona House of Representatives Summaries, and Arizona Senate Fact Sheets.



## 2022 KEY LEGISLATION

Legislation proposed or supported by the Arizona Restaurant Association.

### **HCR 2031 employee benefits; compensation; state preemption** (Cobb)

Asks voters whether to amend the Arizona Constitution to declare that the regulation of employee benefits is of statewide concern and not subject to regulation by cities and counties.

***Outcome: Held in Senate***

***Why it matters:*** After a 2019 court ruling, cities and counties were given the authority to pass any and all regulations related to labor. This includes paid family leave, hours worked, PTO, first right of refusal, and predictive scheduling, among others. HCR 2031 would have given voters a chance to create a uniform labor policy for the State and avoid the danger of having each of the 91 cities and towns, and 15 counties creating their own labor regulations.

### **HB 2107 emergency powers; business closure; repeal** (Biasiucci)

Removes the ability of mayors and county chairmen to order the closing of businesses. Under a declaration of emergency, business closures may no longer be unilaterally ordered by municipal executive officers. The Governor still retains this ability under his emergency powers, and county boards of supervisors may still have the ability to require certain businesses to close under their Title 36 authority (health).

***Outcome: Signed by the Governor***

***Why it matters:*** In the beginning of the COVID-19 pandemic, we saw several cities move to close restaurants for public health reasons. Importantly, these cities do not have any public health expertise. This bill ensures that the ability to impact commerce is reserved for agencies with expertise in the public health field.

### **HCR 2015 initiatives; supermajority vote; requirement** (Dunn)

Asks voters whether to amend the state Constitution to require approval by 60 percent of the votes cast on the measure for an initiative or referendum measure to become law, instead of a majority of the votes cast.

***Outcome: Passed – will appear on the 2022 General Election Ballot***

***Why it matters:*** Arizona allows any individual or organization to bring forward proposed laws directly to the ballot through a signature gathering process. These “initiatives” can contain multiple subjects, be incredibly complex, and may address any subject matter in the state. Because of the Voter Protection Act, any law passed by the voters is unable to be amended by the Legislature. This has led to many laws being passed with unintended consequences and no ability for the people’s elected representatives to fix those problems. We have seen several



of these targeting the restaurant industry as well. If passed by the voters, HCR 2015 will ensure any law given this type of protection is approved by a super majority of voters.

**HB 2714 office of tourism; continuation** (*Kaiser*)

The Office of Tourism is continued until July 1, 2030.

***Outcome: Signed by the Governor***

***Why it matters:*** The Arizona Officer of Tourism is instrumental in increasing visitors to Arizona and attracting events, such as the Super Bowl and other national championships. The Arizona restaurant industry is a direct beneficiary of increased tourism in the state.



## GENERAL BUSINESS OPERATIONS

This section contains bills that may have an impact on your general business operations.

### **HB 2107 emergency powers; business closure; repeal** (Biasiucci)

Removes the ability of mayors and county chairmen to order the closing of businesses. Under a declaration of emergency, business closures may no longer be unilaterally ordered by municipal executive officers. The Governor still retains this ability under his emergency powers, and county boards of supervisors may still have the ability to require certain businesses to close under their Title 36 authority (health).

### **HCR 2015 initiatives; supermajority vote; requirement** (Dunn)

Asks voters whether to amend the state Constitution to require approval by 60 percent of the votes cast on the measure for an initiative or referendum measure to become law, instead of a majority of the votes cast.

### **HB 2103 trademarks; service marks; trade names** (Griffin)

An application for trademark registration must now include a statement that the applicant has conducted a search and found that the trademark does not consist of or comprise a mark that resembles a mark already registered in Arizona or previously used in Arizona and not abandoned and that when applied to the goods or services of the applicant is likely to cause confusion or mistake or to deceive. Additionally, the applicant must state whether they have previously sought to register the trademark with the U.S. Patent and Trademark Office, if the registration was denied, and the reasons for the denial. The information required on an application for a trade name registration is expanded to include a statement that the applicant had conducted a search and found that the trade name is distinguishable on the record from any other name previously filed or an existing or an existing corporation name or reserved corporate name.

### **HB 2204 taxation; subtraction; virtual currency** (Weninger)

Includes the ability to subtract the value of virtual currency and NFTs received pursuant to an “Airdrop” (defined in the bill), at the time of the airdrop, when calculating adjusted gross income.

### **SB 1376 codes; ordinances; use of refrigerants** (Gray)

Prohibits cities and counties from adopting any code or ordinance that prohibits the use of refrigerants that are listed as acceptable in the federal Clean Air Act.



## TAXATION

This section contains laws that may impact your tax bill or the way you file your taxes.

### **HB 2693 tax credit; charitable organizations; adjustment** (Toma)

Beginning in Tax Year 2023, the tax credit for contributions to qualifying charitable organizations is adjusted upwards according to the change in the metropolitan Phoenix CPI.

### **HB 2822 personal property; additional depreciation** (Weninger)

For personal property classified during and after Tax Year 2022 as Class 1, Class two(p), or Class 6, the valuation factor is 2.5 percent. This is a change from the previous rule that used 25% of the scheduled depreciation in the first year to 89% in the fifth tax year.

### **SB 1093 property tax; class one; equalization assistance** (Mesnard)

Reduces the assessed valuation of Class 1 property to 15.5% in 2026 and 15% in 2027, down from 16%.



## LABOR

This section contains changes to Arizona labor laws

### **HB 2120 workers' compensation; injury reports** (Kaiser)

Employers are only required to report injuries requiring medical treatment. Medical treatment does not include any onetime, short-term treatment administered by nonmedical staff and that requires little technology or training to administer. Requires that any rating adjustment resulting from a “medical-only loss” (defined in the bill) must be applied to reduce the impact of loss in the employer’s experience modification calculation. Penalties for employers that violate workers' compensation requirements are limited to the maximum civil penalty for those violations as adopted by OSHA.

### **HB 2679 employment discrimination; sexual harassment; definition** (Wilmeth)

Clarifies that a person is considered an employer under the law if the person has one or more employees in the current or preceding calendar year and the person, or any agent of that person is alleged to have:

- Committed any act of sexual harassment.
- Discriminated against anyone for opposing sexual harassment or making a charge, testifying, assisting, or participating in any manner in an investigation, proceeding or hearing arising from sexual harassment.

### **SB 1278 labor benefits organization; damages; definitions** (Mesnard)

Under current law, unions that collect benefit monies or union dues are subject to certain fiduciary guidelines. SB 1278 entitles employees and employers to recover triple the calculated damages from a third-party benefits organization (unions) for benefits paid by the employee or employer. Outlines the level of monies paid for benefits that is considered excessive and the calculated damages. An Employee is allowed to recover damages for monies paid by an employer for that employee’s benefits if the employee notifies the employer of their intent to pursue such a claim and the employer does not object within 90 days.

### **SB 1403 industrial commission; workers' compensation claim** (Gowan)

Makes various changes and clarifications for notification of claims under statute, including:

- Requires workers' compensation insurance carriers and self-insured employers to forward any notification of an injury and intended claim from employee to the Industrial Commission of Arizona.
- Requires the worker’s compensation insurance carrier or self-insured employer to notify the injured employee of the employee’s requirement to file a claim with the Commission.
- Stipulates that the one-year post injury period during which the employee is required to file a claim is suspended from the date the carrier or self-insured employer receives the notification of injury and intended claim and until the date the notification is forwarded to the Commission.





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**SB 1494 COVID-19 vaccine; unemployment insurance** (*Mesnard*)

An unemployment insurance claim may not be disqualified on the basis of the individual's separation from employment if the individual was terminated for not receiving a COVID-19 vaccine or booster shot as required by the employer. No benefits paid to an individual under these circumstances may be charged against an employer's account if the employer's requirement that employees receive the COVID-19 vaccine or booster shot is in response to a requirement under the law.



## LIQUOR REGULATIONS

This section contains laws that impact liquor laws and regulations.

### **HB 2660 liquor licensing; processes; procedures** (*Weninger*)

Makes various changes to statutes relating to liquor licenses and liquor regulations. The following are a selection of provisions with the greatest nexus to the restaurant industry:

- Allows commercial office or retail centers, together with one or more licensees to apply for an extension of premises allowing alcohol to be consumed in a shared area.
- Removes the prohibition of issuing certain licenses to a premises located **within** 300 feet of a church.
- Clarifies that a licensee's duty to protect a customer does not prohibit them from using reasonable interventions, restraints, or removal of a person to prevent them from injuring others.
- Allows wholesalers to provide dispensing or tapping machines or equipment to retailers.
- Allows the Governor to extend liquor service to 3:00am in connection with a **professional** or collegiate national sporting event held in Arizona.

### **SB 1248 beer shipments; coercion; prohibition** (*Gowan*)

Makes it unlawful for a liquor producer to coerce or attempt to coerce a wholesaler to accept delivery of beer or any other commodity that has not been ordered by the wholesaler. A producer is allowed to impose inventory requirements on a wholesaler if the requirements are made in good faith and are generally applied to other wholesalers.



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