

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

## MAJORITY CAUCUS CALENDAR #7

February 23, 2016

Bill Number	Short Title	Committee	Date	Action	
<b>Committee on Banking and Financial Services</b>					
<b>Chairman: Kate Brophy McGee, LD28</b>		<b>Vice Chairman: Jeff Weninger, LD17</b>			
<b>Analyst: Paul Benny</b>		<b>Intern: Jon Rudolph</b>			
<a href="#">HB 2467</a>	fiduciary access to digital assets				
SPONSOR:	BROPHY MCGEE, LD28	HOUSE			
	BFS		2/16	DPA	(7-1-0-0-0)
	(No: FARNSWORTH E)				
<a href="#">HB 2555</a>	judgment liens; recorded information statement				
SPONSOR:	WENINGER, LD17	HOUSE			
	BFS		2/16	DPA	(8-0-0-0-0)
<b>Committee on Children and Family Affairs</b>					
<b>Chairman: John M. Allen, LD15</b>		<b>Vice Chairman: Kate Brophy McGee, LD28</b>			
<b>Analyst: Ingrid Garvey</b>		<b>Intern: Alexandra Erickson</b>			
<a href="#">HB 2103</a>	technical correction; contact with relatives (CFA S/E: service providers; domestic violence)				
SPONSOR:	ALLEN J, LD15	HOUSE			
	CFA		2/15	DPA/SE	(9-0-0-0-0)
<a href="#">HB 2388</a>	qualified disability expenses; eligible individuals				
SPONSOR:	ALLEN J, LD15	HOUSE			
	CFA		1/25	DPA	(8-0-0-1-0)
	(Abs: BROPHY MCGEE)				
	APPROP		2/10	DP	(13-1-0-0-0)
	(No: PETERSEN)				
<a href="#">HB 2427</a>	child removal; uniform criteria				
SPONSOR:	TOWNSEND, LD16	HOUSE			
	CFA		2/15	DPA	(9-0-0-0-0)
<a href="#">HB 2442</a>	behavioral health; urgent need; children				
SPONSOR:	FARNSWORTH E, LD12	HOUSE			
	CFA		2/15	DPA	(9-0-0-0-0)
<a href="#">HB 2458</a>	child protection registry; prohibited communications				
SPONSOR:	BROPHY MCGEE, LD28	HOUSE			
	CFA		2/8	DP	(8-0-0-1-0)
	(Abs: RIOS)				
<a href="#">HB 2552</a>	delegation of powers; parent; custodian				
SPONSOR:	ALLEN J, LD15	HOUSE			
	CFA		2/15	DPA	(6-2-1-0-0)
	(No: GONZALES, MENDEZ; Present: RIOS)				

[HB 2586](#) dependency; households; felony reports  
SPONSOR: BROPHY MCGEE, LD28 HOUSE  
CFA 2/15 DPA (9-0-0-0-0)

**Committee on County and Municipal Affairs**

**Chairman: Doug Coleman, LD16**

**Vice Chairman: Tony Rivero, LD21**

**Analyst: Amanda Barnes**

**Intern: Caitlynn Kestler**

[HB 2107](#) substance abuse recovery homes  
SPONSOR: CAMPBELL, LD1 HOUSE  
CMA 1/25 DPA (5-3-0-0-0)  
(No: ALSTON,GABALDÓN,PLUMLEE)

[HB 2497](#) local governments; permits; equipment  
SPONSOR: MITCHELL, LD13 HOUSE  
CMA 2/15 DPA (5-3-0-0-0)  
(No: ALSTON,GABALDÓN,PLUMLEE)

[HB 2612](#) rental properties; prohibited penalties  
SPONSOR: PLUMLEE, LD26 HOUSE  
CMA 2/15 DP (6-2-0-0-0)  
(No: GRAY,FANN)

[HB 2635](#) municipalities; taxes and fees; notification  
SPONSOR: WENINGER, LD17 HOUSE  
CMA 2/15 DP (8-0-0-0-0)

**Committee on Commerce**

**Chairman: Warren H. Petersen, LD12**

**Vice Chairman: Jill Norgaard, LD18**

**Analyst: Diana Clay**

**Intern: Kris Beecher**

[HB 2113](#) employment security; time frames; appeals  
SPONSOR: PETERSEN, LD12 HOUSE  
COM 2/3 DPA (4-3-0-1-0)  
(No: ESPINOZA,MACH,PLUMLEE; Abs: RIVERO)

[HB 2191](#) real estate; fund; prosecutor  
(COM S/E: employee scheduling; preemption)  
SPONSOR: FINCHEM, LD11 HOUSE  
COM 2/17 DPA/SE (5-2-0-1-0)  
(No: MACH,PLUMLEE; Abs: LAWRENCE)

[HB 2215](#) trade or commerce; technical correction  
(COM S/E: alcohol; director duties; surcharge reports)  
SPONSOR: KERN, LD20 HOUSE  
COM 2/17 DPA/SE (5-2-0-1-0)  
(No: ESPINOZA,MACH; Abs: LAWRENCE)

[HB 2690](#) pawnbroker licensure; DPS  
SPONSOR: GOWAN, LD14 HOUSE  
COM 2/17 DP (6-2-0-0-0)  
(No: MACH,PLUMLEE)

**Committee on Education**

**Chairman: Paul Boyer, LD20**

**Vice Chairman: Jay Lawrence, LD23**

**Analyst: Aaron Wonders**

**Intern: Ellen Hill**

[HB 2437](#) department of education; technology; reports  
SPONSOR: STEVENS, LD14 HOUSE  
ED 2/10 DP (7-0-0-0-0)

**Committee on Energy, Environment and Natural Resources**

**Chairman: Franklin M. Pratt, LD8**

**Vice Chairman: Russell "Rusty" Bowers, LD25**

**Analyst: Tom Savage**

**Intern: Shirley Springer**

[HB 2075](#)

state trust land; technical correction  
(EENR S/E: desalinization; study committee)

SPONSOR: LEACH, LD11 HOUSE  
EENR 2/15 DPA/SE (8-0-0-1-0)  
(Abs: BARTON)

**Committee on Elections**

**Chairman: Michelle B. Ugenti-Rita, LD23**

**Vice Chairman: Javan D. "J.D." Mesnard, LD17**

**Analyst: Sharon Carpenter**

**Intern: Taylor McGrew**

[HB 2296](#)

charitable organizations; campaign finance disclosure

SPONSOR: MESNARD, LD17 HOUSE  
ELECT 2/15 DP (4-1-0-1-0)  
(No: CLARK; Abs: LARKIN)

[HB 2297](#)

political advertisements; contributors; disclosure

SPONSOR: MESNARD, LD17 HOUSE  
ELECT 2/15 DP (4-2-0-0-0)  
(No: CLARK,LARKIN)

[HCR 2043](#)

initiative, referendum; vote percentage requirements

SPONSOR: MESNARD, LD17 HOUSE  
ELECT 2/15 DP (4-2-0-0-0)  
(No: CLARK,LARKIN)

**Committee on Federalism and States' Rights**

**Chairman: Kelly Townsend, LD16**

**Vice Chairman: Noel W. Campbell, LD1**

**Analyst: Justin Riches**

**Intern: John Oyas**

[HB 2024](#)

sovereign authority; federal actions  
(FSR S/E: immigration laws; attorney fees)

SPONSOR: FINCHEM, LD11 HOUSE  
FSR 2/17 DPA/SE (5-2-0-1-0)  
(No: WHEELER,RIOS; Abs: VELASQUEZ)

[HB 2340](#)

wild horses; management; prohibition

SPONSOR: TOWNSEND, LD16 HOUSE  
FSR 2/17 DPA (5-2-0-1-0)  
(No: MITCHELL,VELASQUEZ; Abs: RIOS)

[HB 2572](#)

study committee; Salt River horses

SPONSOR: TOWNSEND, LD16 HOUSE  
FSR 2/17 DP (7-0-0-1-0)  
(Abs: RIOS)

[HB 2691](#)

refugee resettlement; procedures; audit

SPONSOR: GOWAN, LD14 HOUSE  
FSR 2/17 DP (5-3-0-0-0)  
(No: WHEELER,VELASQUEZ,RIOS)

[HCM 2010](#)

Robert Levinson; release from Iran

SPONSOR: ALLEN J, LD15 HOUSE  
FSR 2/17 DP (8-0-0-0-0)

**Committee on Government and Higher Education****Chairman: Bob Thorpe, LD6****Vice Chairman: J. Christopher Ackerley, LD2****Analyst: Sharon Carpenter****Intern: Taylor McGrew**

- [HB 2197](#) fire districts; merger; consolidation  
 SPONSOR: COLEMAN, LD16 HOUSE  
 GHE 2/4 DPA (7-0-0-2-0)  
 (Abs: LOVAS,OLSON)
- [HB 2403](#) tax lien deeds; aggregate fees  
 SPONSOR: LEACH, LD11 HOUSE  
 GHE 2/11 DP (6-2-1-0-0)  
 (No: ALSTON,SALDATE; Present: ACKERLEY)
- [HB 2438](#) personal identifiable information  
 SPONSOR: STEVENS, LD14 HOUSE  
 GHE 2/18 DPA/SE (7-0-0-2-0)  
 (Abs: LOVAS,LARKIN)
- [HB 2479](#) ABOR; terms  
 SPONSOR: PETERSEN, LD12 HOUSE  
 GHE 2/11 DP (5-3-0-1-0)  
 (No: ALSTON,SALDATE,LARKIN; Abs: TOWNSEND)
- [HB 2535](#) community college boards; terms; duration  
 SPONSOR: SHOPE, LD8 HOUSE  
 GHE 2/11 DP (8-0-0-1-0)  
 (Abs: TOWNSEND)
- [HB 2547](#) universities; in-state tuition; AmeriCorps.  
 SPONSOR: BOWERS, LD25 HOUSE  
 GHE 2/11 DP (7-0-0-2-0)  
 (Abs: TOWNSEND,LOVAS)
- [HB 2550](#) software; budget units; sharing  
 SPONSOR: STEVENS, LD14 HOUSE  
 GHE 2/18 DP (7-0-0-2-0)  
 (Abs: LOVAS,LARKIN)
- [HB 2583](#) open meetings; audiovisual recordings  
 SPONSOR: STEVENS, LD14 HOUSE  
 GHE 2/18 DPA (5-3-0-1-0)  
 (No: ALSTON,SALDATE,LARKIN; Abs: LOVAS)
- [HCR 2031](#) personal property tax; exemption  
 SPONSOR: MESNARD, LD17 HOUSE  
 GHE 1/28 DP (6-3-0-0-0)  
 (No: ALSTON,SALDATE,LARKIN)  
 APPROP 2/10 DP (9-5-0-0-0)  
 (No: FERNANDEZ,MEYER,ALSTON,CARDENAS,MACH)
- [HCR 2035](#) clean elections; lobbying; rulemaking  
 SPONSOR: PETERSEN, LD12 HOUSE  
 GHE 2/11 DPA (5-3-0-1-0)  
 (No: ALSTON,SALDATE,LARKIN; Abs: TOWNSEND)
- [HCR 2040](#) state monies; prohibited investments; terrorism  
 SPONSOR: MONTENEGRO, LD13 HOUSE  
 GHE 2/11 DP (6-3-0-0-0)  
 (No: ALSTON,SALDATE,LARKIN)

**Committee on Health****Chairman: Heather Carter, LD15****Vice Chairman: Regina Cobb, LD5****Analyst: Ingrid Garvey****Intern: Alexandra Erickson**

<a href="#">HB 2061</a>	medical marijuana; pregnancy exclusion (HEALTH S/E: medical marijuana; pregnancy; signage)				
SPONSOR:	TOWNSEND, LD16	HOUSE			
		HEALTH	2/16	DPA/SE	(6-0-0-0-0)
<a href="#">HB 2307</a>	anatomical gifts; procurement organizations; licensure				
SPONSOR:	COBB, LD5	HOUSE			
		HEALTH	2/16	DPA	(6-0-0-0-0)
<a href="#">HB 2312</a>	advisory council; Indian health care.				
SPONSOR:	HALE, LD7	HOUSE			
		HEALTH	2/16	DP	(6-0-0-0-0)
<a href="#">HB 2667</a>	dental care; treatment; volunteer care				
SPONSOR:	COBB, LD5	HOUSE			
		HEALTH	2/16	DP	(6-0-0-0-0)
<a href="#">HCR 2039</a>	multiple sclerosis awareness week				
SPONSOR:	BROPHY MCGEE, LD28	HOUSE			
		HEALTH	2/16	DP	(6-0-0-0-0)

**Committee on Insurance**

**Chairman: Karen Fann, LD1**  
**Analyst: Paul Benny**

**Vice Chairman: David Livingston, LD22**  
**Intern: Jon Rudolph**

<a href="#">HB 2239</a>	technical correction; insurance; uniform plans (INS S/E: premium tax credit; reciprocal insurer)				
SPONSOR:	FANN, LD1	HOUSE			
		INS	2/10	DPA/SE	(7-0-1-0-0)
		(Present: LARKIN)			
<a href="#">HB 2553</a>	insurance; risk retention groups				
SPONSOR:	FANN, LD1	HOUSE			
		INS	2/17	DP	(8-0-0-0-0)
<a href="#">HB 2692</a>	insurance; pharmacy benefits; audits; pricing				
SPONSOR:	LIVINGSTON, LD22	HOUSE			
		INS	2/17	DPA/SE	(8-0-0-0-0)

**Committee on Judiciary**

**Chairman: Eddie Farnsworth, LD12**  
**Analyst: Katy Proctor**

**Vice Chairman: Sonny Borrelli, LD5**  
**Intern: Meagan Anglin**

<a href="#">HB 2032</a>	speed limits; local authority				
SPONSOR:	BORRELLI, LD5	HOUSE			
		JUD	2/17	DP	(5-0-0-1-0)
		(Abs: MESNARD)			
<a href="#">HB 2219</a>	supreme court; attorney licensing				
SPONSOR:	KERN, LD20	HOUSE			
		JUD	2/10	DP	(4-1-0-1-0)
		(No: FRIESE; Abs: HALE)			
<a href="#">HB 2221</a>	attorney regulation; assessments; membership dues				
SPONSOR:	KERN, LD20	HOUSE			
		JUD	2/10	DPA	(4-1-0-1-0)
		(No: FRIESE; Abs: HALE)			
<a href="#">HB 2300</a>	firearms; prohibited governmental activities				
SPONSOR:	KERN, LD20	HOUSE			
		JUD	2/17	DPA	(4-2-0-0-0)
		(No: FRIESE,HALE)			

[HB 2338](#) educational institutions; firearms; rights-of-way  
SPONSOR: TOWNSEND, LD16 HOUSE  
JUD 2/17 DP (3-2-0-1-0)  
(No: FRIESE,HALE; Abs: MESNARD)

[HB 2384](#) probation performance; annual reporting  
SPONSOR: FARNSWORTH E, LD12 HOUSE  
JUD 2/17 DP (5-0-0-1-0)  
(Abs: MESNARD)

[HB 2594](#) tobacco master settlement; sales data  
SPONSOR: MITCHELL, LD13 HOUSE  
JUD 2/17 DP (5-0-0-1-0)  
(Abs: MESNARD)

[HB 2618](#) medical marijuana dispensaries; location change  
SPONSOR: LEACH, LD11 HOUSE  
JUD 2/17 DP (5-0-0-1-0)  
(Abs: MESNARD)

#### **Committee on Military Affairs and Public Safety**

**Chairman: Sonny Borrelli, LD5** **Vice Chairman: Mark Finchem, LD11**  
**Analyst: Rick Hazelton** **Intern: Thomas Lane**

[HB 2233](#) public buildings; applicable fire codes  
SPONSOR: BOYER, LD20 HOUSE  
MAPS 2/11 DPA (7-0-0-1-0)  
(Abs: FARNSWORTH E)

[HCM 2009](#) urging Congress; American Legion; membership  
SPONSOR: BORRELLI, LD5 HOUSE  
MAPS 2/11 DP (7-0-0-1-0)  
(Abs: FARNSWORTH E)

[HCR 2016](#) superior court jurisdiction; technical correction  
(MAPS S/E: veterans education benefits awareness)  
SPONSOR: LEACH, LD11 HOUSE  
MAPS 2/11 DPA/SE (7-0-0-1-0)  
(Abs: FARNSWORTH E)

#### **Committee on Rural and Economic Development**

**Chairman: Thomas "T.J." Shope, LD8** **Vice Chairman: Russell "Rusty" Bowers, LD25**  
**Analyst: Michael Madden** **Intern: Kaitlyn Yanes**

[HB 2614](#) cooperative associations  
SPONSOR: GRAY, LD21 HOUSE  
RED 2/16 DPA (7-0-0-1-0)  
(Abs: GONZALES)

#### **Committee on Transportation and Infrastructure**

**Chairman: Rick Gray, LD21** **Vice Chairman: David W. Stevens, LD14**  
**Analyst: Amanda Barnes** **Intern: Caitlynn Kestler**

[HB 2507](#) outdoor advertising  
SPONSOR: BORRELLI, LD5 HOUSE  
TI 2/9 DP (5-3-1-0-0)  
(No: FERNANDEZ,ANDRADE,KOPEC; Present: ACKERLEY)

[HB 2509](#) vehicle equipment; lighting  
 SPONSOR: GRAY, LD21 HOUSE  
 TI 2/16 DP (8-0-0-1-0)  
 (Abs: STEVENS)

[HB 2543](#) national motor vehicle title system  
 SPONSOR: GRAY, LD21 HOUSE  
 TI 2/16 DPA (9-0-0-0-0)

[HR 2002](#) Taiwan; United States; trade; support  
 SPONSOR: GRAY, LD21 HOUSE  
 TI 2/16 DPA (9-0-0-0-0)

**Committee on Ways and Means**

**Chairman: Darin Mitchell, LD13**

**Analyst: Michael Madden**

**Vice Chairman: Anthony Kern, LD20**

**Intern: Kaitlyn Yanas**

[HB 2018](#) optional individual flat income tax  
 SPONSOR: STEVENS, LD14 HOUSE  
 WM 2/15 DP (6-2-1-0-0)  
 (No: CARDENAS,WHEELER; Present: BOLDING)

[HB 2043](#) legal tender exchange; tax exclusion  
 SPONSOR: FINCHEM, LD11 HOUSE  
 WM 2/15 DP (6-3-0-0-0)  
 (No: BOLDING,CARDENAS,WHEELER)

[HB 2151](#) tax credit; teachers' school supplies  
 SPONSOR: WENINGER, LD17 HOUSE  
 WM 2/1 DPA (6-2-0-1-0)  
 (No: WHEELER,OLSON; Abs: UGENTI-RITA)

[HB 2301](#) bonding; sale; premiums; refunding; refinance  
 SPONSOR: WENINGER, LD17 HOUSE  
 WM 2/15 DP (9-0-0-0-0)

[HB 2308](#) special health care districts; treasurer  
 SPONSOR: COBB, LD5 HOUSE  
 WM 2/15 DPA (7-0-0-2-0)  
 (Abs: CARDENAS,WHEELER)

[HB 2387](#) racing; hardship tax credit; elimination  
 SPONSOR: FARNSWORTH E, LD12 HOUSE  
 WM 2/15 DP (8-1-0-0-0)  
 (No: OLSON)

[HB 2401](#) schools; desegregation funding; phase-down.  
 SPONSOR: LEACH, LD11 HOUSE  
 WM 2/15 DP (5-4-0-0-0)  
 (No: BOLDING,CARDENAS,WHEELER,UGENTI-RITA)

[HB 2480](#) regents; officers; technical correction  
 (WM S/E: additional state aid; maximum amount)  
 SPONSOR: OLSON, LD25 HOUSE  
 WM 2/15 DPA/SE (7-2-0-0-0)  
 (No: BOLDING,WHEELER)

[HB 2482](#) empowerment scholarships; expansion; phase-in.  
 SPONSOR: OLSON, LD25 HOUSE  
 WM 2/1 DP (5-3-0-1-0)  
 (No: BOLDING,CARDENAS,WHEELER; Abs: UGENTI-RITA)

[HB 2561](#) sanitary district refunding bonds  
 SPONSOR: CAMPBELL, LD1 HOUSE  
 WM 2/15 DPA (9-0-0-0-0)

<a href="#">HB 2568</a>	community facilities districts; formation; governance				
SPONSOR:	GOWAN, LD14	HOUSE			
		WM	2/15	DPA	(8-0-1-0-0)
		(Present: UGENTI-RITA)			
<a href="#">HB 2597</a>	delinquent property taxes; interest; reduction				
SPONSOR:	OLSON, LD25	HOUSE			
		WM	2/15	DP	(9-0-0-0-0)
<a href="#">HB 2669</a>	TPT exemptions; health sciences institutions				
SPONSOR:	LIVINGSTON, LD22	HOUSE			
		WM	2/15	DP	(6-3-0-0-0)
	(No: BOLDING,CARDENAS,WHEELER)				
<a href="#">HB 2674</a>	TPT exemption; amateur races				
SPONSOR:	RIVERO, LD21	HOUSE			
		WM	2/15	DP	(8-1-0-0-0)
	(No: WHEELER)				
<a href="#">HB 2676</a>	tax credit; title I schools				
SPONSOR:	RIVERO, LD21	HOUSE			
		WM	2/15	DP	(8-1-0-0-0)
	(No: WHEELER)				



# HOUSE OF REPRESENTATIVES

HB 2467

fiduciary access to digital assets

Prime Sponsor: Representative Brophy McGee, LD 28

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**DPA** Committee on Banking and Financial Services

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2467 adopts the Revised Uniform Fiduciary Access to Digital Assets Act (Act) as developed by the Nation Conference of Commissioners on Uniform State Laws which governs the disclosure of certain types of digital assets.

## PROVISIONS

### *Applicability*

1. Applies the Act, after the date of enactment, to the following:
  - a. A fiduciary acting under a will or power of attorney,
  - b. A personal representative acting for a decedent who is deceased,
  - c. A conservatorship proceeding,
  - d. A trustee acting under a trust, and
  - e. A custodian, if the user resides or has resided in this state at the time of the user's death.
2. Exempts a digital asset of an employer used by an employee in the ordinary course of the employer's business from the Act.

### *User Direction for Disclosure*

3. Allows a user to use an online tool to direct the custodian to disclose some or all of the user's digital assets.
4. Stipulates that a direction regarding disclosure using an online tool overrides a contrary direction by the user in a will, trust, or other record, if the online tool allows the user to modify a direction at all times.
5. States the user may allow or prohibit disclosure to a fiduciary of some or all of the user's digital assets, if the user has not used or if the custodian has not provided an online tool.
6. Asserts the user's direction overrides a contrary provision in a terms-of-service agreement that does not require the user to act affirmatively and distinctly from the user's assent.

### *Procedure for Disclosure*

7. Authorizes a custodian, when disclosing digital assets, to do any of the following:
  - a. Grant a fiduciary full access to the user's account or partial access sufficient enough to perform any charged tasks.
  - b. Provide a fiduciary a copy in a record of any digital asset that the user could have accessed if the user were alive and had full access to the account.
8. Allows a custodian to charge a reasonable fee for the cost of disclosing digital assets.
9. Specifies a custodian does not need to disclose a deleted digital access.
10. Stipulates that if a direction or request to disclose some of the user's digital assets would impose an undue burden on the custodian in the segregation of the assets, the custodian does not need to disclose the assets:
  - a. The custodian or fiduciary may seek a court order to disclose any of the following:
    - i. A subset limited by date of the user's digital assets,
    - ii. All of the user's digital assets to the fiduciary,
    - iii. None of the user's digital assets, or
    - iv. All of the user's digital assets to the court for review in camera.

### *Disclosure of Digital Assets*

11. Stipulates that, if a deceased user consented or a court directs disclosure of the contents of electronic communications of the user, the custodian must disclose the content to the personal representative of the user provided the representative gives the custodian certain specified information relating to the user.
12. Requires a custodian to disclose, unless the user prohibited disclosure or the court directs otherwise, a catalogue of electronic communications by the user and digital assets, other than the content of electronic communications of the user, if the representative gives the custodian certain specified information relating to the user.
13. Requires a custodian to disclose the content, to the extent a power of attorney grants an agent authority over the content of electronic communications by the principal and unless directed otherwise by the principal or the court, to the agent provided the agent gives the custodian certain specified information.
14. Requires a custodian to disclose, unless otherwise ordered by the court, directed by the principal to an agent with specific authority over digital assets or general authority to act on behalf of a principal a catalogue of electronic communications by the principal and digital assets, other than the content of electronic communications, of the principal provided the agent gives the custodian certain specified information.
15. Stipulates that a custodian must disclose any digital asset of the account held in trust to a trustee that is an original user of an account, unless otherwise ordered by the court or provided in a trust.
16. Requires a custodian to disclose, unless ordered or directed otherwise, the content of an electronic communication by an original or successor user and carried, maintained, processed, received or stored by the custodian in the account of the trust to a trustee that is not an original user of an account, if the trustee gives the custodian certain specified information.
17. Requires a custodian to disclose, unless ordered or directed otherwise, a catalogue of electronic communications by an original or successor user and stored, carried, or maintained by the custodian in an account of the trust and any digital assets, other than the content of electronic communications, in which the trust has a right or interest to a trustee that is not an original user of an account, if the trustee gives the custodian certain specified information.
18. Authorizes a conservator access to the digital assets of a protected person after a court hearing.
19. Stipulates that a custodian must disclose, unless ordered or directed otherwise, the catalogue of electronic communications by a protected person and any digital assets, other than the content of electronic communications, which the protected person has a right or interest to a conservator provided that the conservator gives the custodian certain specified information.
20. Allows a conservator to request a custodian of the digital assets of a protected person to suspend or terminate an account of the protected person for good cause.

#### *Fiduciary Authority*

21. Asserts the legal duties imposed on a fiduciary apply to the management of digital assets.
22. States a fiduciary's authority with respect to a digital asset of a user: 1) is subject to the applicable terms of service, 2) is subject to other applicable laws, 3) is limited by the scope of the fiduciary's duties, and 4) cannot be used to impersonate the user.
23. Asserts a fiduciary has the right to access any digital asset of a decedent, protected person, principal or settlor in which the fiduciary has the authority over.
24. Specifies a fiduciary acting within the scope of their duties is an authorized user of property for the purpose of applicable computer-fraud laws.
25. Specifies a fiduciary with authority over the tangible, personal property of a decedent, protected person, principal or settlor:
  - a. Has the right to access the property, and
  - b. Is an authorized user for the purpose of computer-fraud laws.
26. Allows a custodian to disclose information in an account to a fiduciary of the user when the information is required to terminate an account used to access digital assets licensed to the user.
27. Allows a fiduciary to request a custodian to terminate the user's account.
  - a. The request must be in writing and be accompanied by certain specified information.

#### *Miscellaneous*

28. Asserts the Act:
  - a. Does not change or impair a right of a custodian or a user under an agreement to access and use digital assets of the user.
  - b. Does not give a fiduciary any new or expanded rights other than those held by the user for whom the fiduciary represents.

29. States the fiduciary's access to digital assets may be modified by a user, federal law, or a terms-of-service agreement, if the user has not provided direction.
30. Requires a custodian to comply with a request under the Act from a fiduciary to disclose digital assets or terminate an account within 60 days.
  - a. A fiduciary may apply for a court order for noncompliance.
  - b. The court order must contain a finding stating the compliance is violating federal law regarding voluntary disclosure of customer communications or records.
31. Authorizes a custodian to notify the user that a request for disclosure or to terminate an account was made under the Act.
32. Allows a custodian to deny a request from a fiduciary for disclosure of digital assets or to terminate an account if the custodian is aware of any lawful access to the account.
33. States the Act does not limit a custodian's ability to obtain a court order that:
  - a. Specifies that an account belongs to the protected person or principal.
  - b. Specifies that there is sufficient consent from the protected person or principal to support the requested disclosure.
  - c. Contains a finding required by another law.
34. Exempts a custodian and its officers, employees and agents from liability for an act or omission done in good faith.
35. Acknowledges that uniformity must be considered in the application and construction of this Act.
36. Asserts the Act supersedes federal law only as applicable.
37. Defines pertinent terms.

#### **AMENDMENTS BY BANKING AND FINANCIAL SERVICES COMMITTEE**

1. Makes clarifying changes.

#### **ADDITIONAL INFORMATION**

The [Uniform Law Commission](#) (ULC, also known as the National Conference of Commissioners on Uniform State Laws), established in 1892, provides states with non-partisan, well-conceived and well-drafted legislation that brings clarity and stability to critical areas of state statutory law.

In 2015, the ULC developed the Revised Uniform Fiduciary Access to Digital Assets [Act](#), which extends the traditional power of a fiduciary to manage tangible property to include management of a person's digital assets. To date, 18 other states have introduced version of the Act.



# HOUSE OF REPRESENTATIVES

HB2555

judgment liens; recorded information statement  
Prime Sponsor: Representative Weninger, LD 17

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**DPA** Committee on Banking and Financial Services

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2555 prescribes the requirements to perfect a lien against real property.

## PROVISIONS

1. Stipulates that a certified copy of a judgment requiring the payment of money and a separate information statement must be recorded with the county recorder in order for the judgment to become a lien on the real property of the judgment debtor.
2. Clarifies that a judgment requiring the payment of money does not become a lien on real property until the separate information statement is attached to the judgment being recorded.
  - a. States the current required items in the information statement are the minimum requirements.
3. Clarifies that a judgment that does not have the information statement attached does not become a lien on real property until the judgment creditor records an amendment to the recorded judgment containing the information statement.
4. Removes the provision relating to the priority of the judgment.

## AMENDMENTS BY BANKING AND FINANCIAL SERVICES COMMITTEE

1. Exempts civil judgments in favor of the state from the requirement to record an information statement in order for the judgment to become a lien on real property.

## CURRENT LAW

A judgment creditor may file and record a certified copy of a court judgment in the office of the county recorder in each county where the judgment creditor desires the judgment to become a lien on the real property of the judgment debtor. On recording, the judgment becomes a lien for a period of five years from the date it is given ([A.R.S. § 33-961](#)).

Additionally, a judgment or any renewal that requires the payment of money and that is recorded must be attached to a separate information statement that contains:

- 1) The correct name and last known address of each judgment debtor;
- 2) The name and address of the judgment creditor;
- 3) The amount of the judgment or decree as entered or as most recently renewed;
- 4) If the judgment debtor is a natural person, the judgment debtor's social security number, date of birth and driver license number; and
- 5) Whether a stay of enforcement has been ordered by the court and the date the stay expires.



# HOUSE OF REPRESENTATIVES

## HB 2103

technical correction; contact with relatives

Prime Sponsor: Representative Allen J, LD 15

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**DPA S/E** Committee on Children and Family Affairs

**X** Caucus and COW

House Engrossed

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### STRIKE-EVERYTHING SUMMARY

The strike everything amendment to HB 2103 renames the Domestic Violence Shelter Fund and changes requirements for Fund eligibility.

### PROVISIONS

1. Changes the name of the Domestic Violence Shelter Fund to the *Domestic Violence Services Fund* (Fund).
2. Changes the heading for Title 36, Chapter 3, Arizona Revised Statutes from *Shelters for Domestic Violence Victims* to *Domestic Violence Services*.
3. Stipulates that domestic violence service providers, rather than shelters for victims of domestic violence, are eligible to receive Fund monies.
4. Removes Fund eligibility requirements for shelters and requires domestic violence service providers to adhere to statewide service standards for domestic violence programs that are approved by the Department of Economic Security (DES) in collaboration with a state coalition against domestic violence in order for these providers to be eligible to receive Fund monies.
5. States that a domestic violence service provider does not qualify for Fund monies if it discriminates in its admissions on the basis of disability.
6. Strikes the requirement that Fund requests in excess of the amount of Fund monies available be allocated based on priorities established by DES and a state coalition against domestic violence.
7. Requires DES to file a copy of the annual report relating to Fund money allocation to the Secretary of State.
8. Repeals statute relating to acceptance of grants and gifts by the program administrator ([A.R.S. § 36-3003](#)) and relating to application by shelters for Fund monies and grants, eligibility, payments, limitations, and evaluations ([A.R.S. § 36-3004](#)).
9. Defines *domestic violence service provider*.

### AMENDMENT OF THE CHILDREN AND FAMILY AFFAIRS COMMITTEE

The strike-everything amendment was adopted.

### CURRENT LAW

A.R.S. § 36-3002 establishes the Fund to provide financial assistance to shelters for victims of domestic violence through contracts for shelter services. Any person who is convicted of a harassment, aggravated harassment, stalking or family offense violation must pay a \$50 assessment that is deposited into the domestic violence shelter fund (A.R.S. § 12-116.06). The Fund is also comprised of 8.87% from statutory filing and copy fees paid to the clerk of the superior court and 8.87% of notary bond fees and other fees paid to the Secretary of State (A.R.S. §§ 12-284.03 and 41-178).



# HOUSE OF REPRESENTATIVES

## HB 2388

qualified disability expenses; eligible individuals  
Prime Sponsor: Representative Allen J, et al., LD 15

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**DPA** Committee on Children & Family Affairs

**DP** Committee on Appropriations

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2388 establishes the Achieving a Better Life Experience (ABLE) Program within the Department of Economic Security (DES), to be administered and managed by a financial institution chosen by DES. Establishes the seven-member Achieving a Better Life Experience Act Oversight Committee (Committee) to assist in the implementation, regulation and oversight of the ABLE program (program).

### PROVISIONS

#### *The Achieving a Better Life Experience Program*

1. Requires DES to:
  - a. Develop and implement the program by adopting rules, guidelines, and procedures in consultation with the Committee.
  - b. Retain professional services, including: accountants, auditors, consultants and other experts.
  - c. Seek rulings and guidance relating to the program from the U.S. Department of the Treasury (Treasury) and the Internal Revenue Service (IRS).
  - d. Make changes to the program, as necessary, to comply with United States Code regarding qualified ABLE programs.
  - e. Notify the chairpersons of the Senate Health and Human Services Committee and the House Children and Family Affairs Committee of any changes to the federal program that would require rule or statute changes.
  - f. Receive proposals and consult with the Committee to select and contract with a financial institution or institutions to act as the depository of the ABLE program fund (fund) and manager of the program and ensure that the financial institution is in the best interest of the designated beneficiaries and demonstrates the most advantageous combination of:
    - i. Financial stability and integrity.
    - ii. Investment safety.
    - iii. Record keeping and reporting requirements.
    - iv. Plan for promoting the program.
    - v. Fees, if any, charged to eligible individuals for maintaining accounts.
    - vi. The minimum initial deposit required by the financial institution for the investment of fund monies and the willingness of the financial institution to accept contributions through payroll deduction plans and other deposit plans.
    - vii. Any other benefits to the state or its residents, including an account opening fee payable to the account by the designated beneficiary and an additional fee from the financial institution for statewide program marketing by DES.
  - g. Negotiate a fee with the financial institution or institutions.
  - h. Maintain the program on behalf of the state.
  - i. Develop requirements for disbursement from qualified disability expense accounts in consultation with the Committee.
  - j. Provide for separate accounting for each designated beneficiary of the designated beneficiaries account.
  - k. Develop procedures for educating account owners about nonqualified expenses, if any such expenses were made by the account, and work with the financial institution to ensure that such nonqualified expenses are not approved in the future.
  - l. Develop and provide educational materials on the program, qualified disability expenses and requirements for being a designated beneficiary.
  - m. Submit an annual report for the first five years of the program to the Speaker of the House of Representatives, the President of the Senate and the Governor, which must include:
    - i. The number of accounts.

- ii. The number of designated beneficiaries.
  - iii. A description of the types of disabilities the designated beneficiaries have.
  - iv. A summary of the qualified disability expenses that disbursements from the accounts are being used for.
- n. Submit the first annual report on or before December 31, 2017, and the final four reports on or before December 31 of each year.
2. Appropriates \$240,000 from the state general fund to DES in fiscal year 2016-17 to implement and administer the program and exempts the appropriation from lapsing.
  3. Allows persons to submit applications for enrollment into the program and establish accounts in the fund at the financial institution.
  4. Excludes DES from procurement when contracting with the financial institution to act as depository of the fund and manager of the program.
  5. Requires the financial institution to receive all fund monies from account owners and deposit them into the fund.
  6. Requires that proposals submitted by financial institutions to DES must detail the financial instruments that will be held in accounts.
  7. Requires the contract entered into by DES and the financial institution to be between three to seven years in length and to provide the terms and conditions of the interests sold, the investment of monies and management of the fund.
  8. Requires the financial institution or financial institutions to:
    - a. Take all action to ensure that the program is in compliance with statute and federal code.
    - b. Keep adequate records of each of the funds accounts, keep each account and any subsequent records or accounting separate from one another, and provide DES with the information necessary to send electronic distribution statements and other notices to the Commissioner of Social Security as required by federal code.
    - c. Allow access of the program manager's books to representatives of DES and other state agencies in order to ensure compliance with the contract.
    - d. Hold all operating monies in the fund in the name of and for the benefit of the fund and the state.
  9. Allows DES to terminate a contract with a financial institution at any time for good cause on the recommendation of the committee.
  10. Requires DES to take custody of accounts held at a financial institution if the contract is terminated and seek to promptly transfer the accounts to another financial institution and into investment instruments as similar to the original investments as possible.
  11. Stipulates that if an eligible individual is a minor or an incapacitated adult, the account may be opened and managed by:
    - a. An agent under power of attorney signed by the eligible individual at a time when they had capacity to execute the power.
    - b. A parent of a minor child.
    - c. A court-appointed conservator of the estate.
    - d. A court-appointed guardian with express authorization.
  12. Allows a court to waive any requirements of further accounting or inclusion in any bond in a case where the conservator or guardian of an eligible individual opened and manages the account.
  13. Requires that a designated beneficiary may have only one account and must direct the investment of any contributions or earnings no more than two times a year.
  14. Stipulates that contributions to accounts must be made in cash and that any excess contributions be promptly withdrawn in a nonqualified withdrawal or rolled over into another account.
  15. Prohibits contributions and earnings on a designated beneficiaries account from being counted as income or resources for the purposes of eligibility for any welfare programs or the Arizona Health Care Cost Containment System (AHCCCS).
  16. Allows the state to file a claim for payment of all remaining amounts in the account, subject to any outstanding payments due for qualified disability expenses, which is not to be in excess of the amount equal to the total medical assistance paid for the designated beneficiary.
  17. Stipulates that accounts may be opened by filling out an application form provided by DES.
  18. Prohibits a designated beneficiary from using an interest in an account as security for a loan.

19. Requires the financial institution to provide yearly statements to the designated beneficiary summarizing contributions made within the last year, total contributions made through the end of the period, the total amount in the account, distributions made during this period and any other matters that DES requires to be reported.
20. Provides that statements and information returns must be prepared and filed as required by statute and federal code.
21. Prohibits DES from sharing any social security numbers, addresses, or telephone numbers of designated beneficiaries.
22. Clarifies that this article does not:
  - a. Give any designated beneficiary rights or legal interests in an account, unless they are the account owner.
  - b. Guarantee an eligible individual will receive services from a state agency or department related to the eligible individual's disability.
  - c. Guarantee that the amounts deposited or earned in an eligible individual's account will be sufficient to cover any qualified disability expense.
  - d. Establish any obligation by the state or any state agency to guarantee the benefit of any eligible individual to: the return on amounts contributed, the rate of interest or other return, or the payment of interest or other return on any account.
23. Stipulates that every contract, application, deposit slip or other document used in connection with an account must clearly state that the account is not insured by this state and that neither the deposited nor the investment return is guaranteed by the state.
24. Excludes DES from rulemaking requirements for the first year of this program.
25. Stipulates that DES must provide a 30-day public comment period when drafting the rules and hold at least one public hearing before adoption.
26. Strikes the amount of any deduction that is claimed in computing federal adjusted gross income for health insurance premiums or contributions to a health savings account from being added to Arizona gross income.
27. Stipulates that the amount of a withdrawal that is a qualified disability expense in the ABLE program shall not be added in calculation the Arizona gross income.
28. Clarifies that any amount of qualified disability expenses that are distributed from a qualified program must be subtracted in computing Arizona adjusted gross income.
29. Terminates the program on July 1, 2026.
30. Defines *ABLE*, *account*, *committee*, *department*, *designated beneficiary*, *eligible individual*, *financial institution*, *fund*, *program*, and *qualified disability expenses*.

### ***The Achieving a Better Life Experience Act Oversight Committee***

31. Establishes the seven-member ABLE Act Oversight Committee (Committee) within DES, comprised of:
  - a. The Director of DES (Director) or the Director's designee.
  - b. The State Treasurer or the State Treasurer's designee.
  - c. One member who has knowledge, skill, or experience in investment, asset management or financial related experience.
  - d. One member who is a state attorney who has knowledge, skill, or experience in special needs trusts and disability issues.
  - e. One member who is an eligible individual.
  - f. One member who is a family member of an eligible individual.
  - g. One representative of a community-based organization that supports or advocates for individuals with disabilities.
32. Enables the governor to appoint every committee member other than the Director, State Treasurer or their designees.
33. Specifies that the Committee must appoint a chairperson from among their membership and meet once per calendar quarter.
34. Allows committee members to receive compensation not to exceed \$30 per each day in the service of the Committee.
35. Requires the Committee to:
  - a. Make recommendations and provide guidance for the establishment, implementation and improvement of the program.
  - b. Make recommendations regarding the selection of one or more financial institutions to act as depositories and managers of the accounts.
  - c. Review regulations adopted by the United States Secretary of the Treasury and identify changes necessary for the compliance.
  - d. Provide advice regarding requirements for disbursements from accounts for qualified disability expenses.

- e. Monitor the use and effectiveness of the program, including: the number of accounts, the number of designated beneficiaries, a description of the types of disabilities which the designated beneficiaries have and the types of expenses for which disbursements have been made.
- 36. Exempts committee members from personal liability with respect to all action that are taken in good faith and within the scope of Committee actions.
- 37. Restricts committee membership to four year terms and prohibits committee members from serving more than two terms.
- 38. Specifies that three committee members serve terms ending January 31, 2018 and that two committee members serve terms ending January 31, 2020, with no limitations placed on the terms of the Director, State Treasurer, or their designees.
- 39. Directs DES to consult with the Committee to establish rules necessary to implement the program on or before July 1, 2017.
- 40. Terminates the Committee on July 1, 2024.
- 41. Makes technical and conforming changes.

#### **AMENDMENT OF THE CHILDREN & FAMILY AFFAIRS COMMITTEE**

Makes additions and subtractions to Arizona gross income, as related to this bill, retroactive to the taxable year beginning from and after December 31<sup>st</sup>, 2015. The amendment also makes technical changes.

#### **CURRENT LAW**

The federal Achieving a Better Life Act of 2014 (ABLE Act) was enacted on December 19, 2014 as part of the Tax Increase Prevention Act of 2014 (Public Law 113-295). The ABLE Act amends the Internal Revenue Code to exempt a qualified ABLE program from taxation. A *qualified ABLE program* is defined as “a program established by a state, or agency or instrumentality thereof under which a person may make contributions for a taxable year, for the benefit of an individual...to an ABLE account which is established for the purpose of meeting the qualified disability expenses of the designated beneficiary of the account” (Public Law 113-295).

#### **ADDITIONAL INFORMATION**

As of April, 2015, 14 states have passed the ABLE Act or a Study Committee.



# HOUSE OF REPRESENTATIVES

HB 2427

child removal; uniform criteria

Prime Sponsor: Representative Townsend, LD 16

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**DPA** Committee on Children and Family Affairs

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2427 states that the Department of Child Safety (DCS) must apply the rules adopted and the policies established uniformly across the state.

## PROVISIONS

1. Requires DCS to apply the rules adopted and the policies established uniformly across the state.
2. Makes conforming changes.

## Amendments

### **Committee on Children and Family Affairs**

1. Modifies language to require the Department of Child Safety to apply its rules, policies and safety and risk assessment tools uniformly across this state.

## CURRENT LAW

A.R.S § 8-822 states that DCS must adopt rules and establish clear policies and procedures, where appropriate to:

1. Determine when it is appropriate to remove a child from the custody of the child's parents, guardian or custodian; and
2. Ensure the immediate notification of the child's parents, guardian or custodian regarding the removal of the child from home, school or child care and the timely interview of the child and the child's parent, guardian or custodian.

Except in the case of an emergency, DCS may not remove a child from the custody of the child's parents, guardian or custodian unless both of the following occur before the removal:

1. The child safety worker who is recommending the removal submits the reasons for removal and supporting information to the workers supervisor; and
2. The workers supervisor reviews the reasons and supporting information and approves removal.

If an emergency exists affecting the health or safety of a child, a child safety worker may remove the child before notifying the worker's supervisor. The child safety worker must submit the reasons for removal and supporting information to the worker's supervisor for the supervisor's review and approval within two hours after the removal of the child or, if the removal occurs after regular working hours, by 8:30 a.m. the next day. For the purposes of this section, *supervisor* includes the permanent supervisor of a child safety worker and a temporary supervisor assigned to the child safety worker in the absence of the permanent supervisor.



# HOUSE OF REPRESENTATIVES

HB 2442

behavioral health; urgent need; children

Prime Sponsor: Representative Farnsworth E, et al., LD 12

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**DPA** Committee on Children and Family Affairs

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2442 outlines procedures for a foster or adoptive parent to obtain urgent behavioral health services for a child in need of such services.

## PROVISIONS

1. Provides that if a foster parent of a dependent child who is in the legal custody of the Department of Child Safety (DCS) or the adoptive parent of a child who is eligible under Title XIX or XXI of the Social Security Act, identifies an urgent need for the child to receive behavioral health services, the foster or adoptive parent may directly contact a Regional Behavioral Health Authority (RBHA) for a screening and evaluation of the child.
2. States that after the screening and evaluation if it is determined that the child is in need of behavioral health services, the RBHA must provide an appointment within 21 days after the screening and evaluation.
3. Specifies that if the initial appointment is not provided, the foster or adoptive parent may petition the Arizona Health Care Cost Containment System (AHCCCS) to authorize the child to receive services by a provider who is not contracted with the RBHA.

## Amendments

### **Committee on Children and Family Affairs**

1. Removes the provision that the foster or adoptive parent may petition AHCCCS to authorize the child to receive services by a provider who is not contracted with the RBHA.
2. Provides that if a child who is in the legal custody of DCS is placed in foster care, the foster parent must receive from DCS: contact information for the caseworker; the RBHA's designated point of contact for the child; the number to AHCCCS' customer service line; a list of AHCCCS' registered providers; and information regarding the foster parent's rights.
3. Specifies that if the initial service is not provided within 21 days the foster or adoptive parent must call the RBHA designated point of contact and AHCCCS' customer service line to document the failure to receive services.
4. Allows the foster or adoptive parent to access services directly from any AHCCCS registered provider regardless of whether the provider is contracted with the RBHA. If the provider is not contracted with the RBHA, the provider must submit their claim to the RBHA and accept AHCCCS' fee schedule rates.
5. Permits the foster or adoptive parent to contact the child's RBHA designated point of contact to coordinate crisis services, if the parent recognizes that the child is in need of crisis services and the crisis network in that county is not being responsive.
6. Requires AHCCCS to track and report annually on the number of times the RBHA coordinated crisis services because the crisis network was unresponsive, the number of times services were not provided within 21 days, the amount of services accessed directly by foster or adoptive parents that were provided by noncontracted providers and the amount AHCCCS spent on services.
7. Requires AHCCCS to complete a network adequacy study for the RBHAs on or before July 1, 2017.
8. Provides that AHCCCS must adopt corrective action plans, sanctions or other measures to address noncompliance by the RBHA, including compliance with the timely pay requirements.

## CURRENT LAW

A.R.S. § 8-512 addresses provisions related to the Comprehensive Medical and Dental Care (CMDP) Program, which is provided by DCS for each child who is placed in voluntary placement, in the custody of DCS in an out-of-home placement and in the custody of the probation department and placed in foster care.



# HOUSE OF REPRESENTATIVES

## HB 2458

child protection registry; prohibited communications  
Prime Sponsor: Representative Brophy McGee, LD 28

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**DP** Committee on Children and Family Affairs

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2458 allows a person to register a contact point with the Secretary of State (SOS) if that contact point belongs to, or may be accessed by a minor. Prohibits a person from sending a communication to a registered contact point if the communication advertises or promotes material that is harmful or prohibited from being purchased by a minor.

### PROVISIONS

1. Allows this act to be cited as the “Child Protection Registry Act”.
2. Requires the SOS to:
  - a. Establish and maintain a child protection registry (Registry) to compile and secure a list of contact points;
  - b. Implement the Registry with respect to instant message identities and telephone numbers;
  - c. Promote the Registry on the SOS website; and,
  - d. Adopt administrative rules.
3. Prohibits a person from sending a communication to a contact point or domain name that has been registered for more than 30 days, if the material or communication:
  - a. Has the primary purpose of advertising or promoting a product or service that a minor is prohibited from purchasing; or
  - b. Contains, advertises or promotes material that is harmful to minors.
4. Allows the SOS to contract with a third party to establish the Registry and implement a program to offer discounted compliance fees to senders who meet enhanced security conditions.
5. Permits a person to register a contact point with the SOS, if:
  - a. The contact point belongs to a child;
  - b. A child has access to the contact point; or
  - c. The contact point is used in a household with a minor.
6. Allows a school or other institution that primarily serves minors to register their domain name with the SOS.
7. Stipulates that the Registry and any complaint filed against a sender as a result of a violation are not subject to public disclosure.
8. States that the consent of a minor does not permit the sending of prohibited material to a registered contact point.
9. States that an internet service provider does not violate this section for solely transmitting a message across the network.
10. Allows a person to send communications to a contact point or domain name if they first receive consent from an adult who controls the contact point or domain name and if they:
  - a. Verify the age of the adult who controls the contact point or domain name by inspecting their government-issued identification in a face-to-face transaction;
  - b. Obtain a signed written record that indicates the adults consent;
  - c. Include, in each message, a notice that the adult may rescind the consent and information that allows the adult to opt-out of future communications;
  - d. Notify the SOS that the person intends to send communications;
  - e. Use a mechanism established by the SOS; and
  - f. Pay a fee determined by the SOS.

11. Classifies the first violation of sending prohibited communications to a minor as a class 2 Misdemeanor (maximum 4 months jail time and up to \$750 fine per person, plus surcharges).
12. Classifies the second violation of sending prohibited communications to a minor or the first violation of sending prohibited communications to a school or other institution as a class 1 Misdemeanor (maximum of 6 months jail time and up to \$2,500 fine per person, plus surcharges).
13. Prescribes a class 2 Felony (presumptive 5 year sentence and up to \$150,000 fine per person, plus surcharges) for the use of information obtained by the SOS to violate the prohibition of communication or for improperly obtaining contact points from the Registry, attempting to obtain contact points from the Registry or transferring information from the Registry to a third party for use to send a solicitation.
14. States that each communication sent in violation of the prohibition is a separate offense and that a criminal conviction does not relieve a person from civil liability.
15. Stipulates that a civil action may be brought by the user or legal guardian of a contact point or domain name against a violator of the prohibition.
16. Prescribes that a person bringing a civil action may recover actual damages or \$1,000 for each prohibited communication, whichever is greater.
17. Requires the prevailing party in a civil action to be awarded costs and reasonable attorney fees.
18. Asserts that it is a defense to a civil action that a person reasonably relied on the Registry established by the SOS and took reasonable measures to comply with this chapter.
19. Defines *contact point* and *registry*.

**CURRENT LAW**

Not currently addressed in statute.



# HOUSE OF REPRESENTATIVES

## HB 2552

delegation of powers; parent; custodian

Prime Sponsor: Representative Allen J, LD 15

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**DPA** Committee on Children and Family Affairs

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2552 allows a parent or custodian to delegate to an attorney-in-fact, through a validly executed power of attorney (POA), powers regarding the care and custody of a child.

### PROVISIONS

1. Provides that if an investigation does not result in an out-of-home placement, DCS must provide information to the parent or guardian about community service programs that provide respite care, voluntary guardianship or other support services for families in crisis.
2. Updates the delegation of powers by a guardian (A.R.S. § 14-5104) to include only adults.
3. Adds a new Article in Title 14 for the Delegation of Parental or Custodial Authority.
4. Allows a parent or custodian to delegate to an attorney-in-fact any of the powers regarding the care and custody of the child, except the power to consent to marriage or the adoption of the child, the performance or inducement of an abortion on or for the child, or the termination of parental rights to the child, under a validly executed power of attorney. A delegation of powers under this section:
  - a. Does not modify any parental or legal rights, obligations or authority established by an existing court order or deprive the parent or custodian of any parental or legal rights, obligations or authority regarding the custody, visitation or support of the child; and
  - b. May not be effective for a period in excess of one year, except as provided.
5. Permits the parent or custodian of the child to revoke or withdraw the POA at any time. Except, the parent or custodian of the child must execute a new POA for each additional year that the parent or custodian wants to extend the delegation. If a parent or custodian revokes or withdraws the POA or the POA expires, the child must be returned to the custody of the parent or custodian as soon as reasonably possible.
6. States unless the POA is revoked, withdrawn or expires, the attorney-in-fact must exercise parental or legal authority on a continuous basis without compensation for the duration of the POA.
7. Stipulates that the execution of a POA by a parent or custodian does not constitute abandonment, abuse or neglect, unless the parent or custodian fails to take custody of the child or execute a new POA after the expiration of a POA.
8. Provides in the exercise of authority pursuant to a POA:
  - a. The attorney-in-fact is not subject to regulation or licensing as a child welfare agency or foster home; and
  - b. A private, nonprofit organization that does not accept public monies and that assists parents with the process of delegating parental and legal custodial powers of their children, including assistance with identifying appropriate placements for their children, or that provides services and resources to support children, parents, legal guardians and persons designated as attorney-in-fact is not subject to regulation or licensing as a child welfare agency; and
  - c. Specifies that a child who is the subject to the POA is not in an out-of-home placement.
9. Asserts that a serving parent may execute a POA for a term longer than one year if the serving parent is on active duty service. The term of a POA executed for more than one year may not exceed the term of the active duty plus 30 days.
10. Outlines the form for the POA and provides that a POA is legally sufficient if the wording of the form complies substantially with the outlined form and the form is properly completed and the signatures of the parties are acknowledged.
11. Defines *attorney-in-fact*, *custodian*, *power of attorney* and *serving parent*.

**Amendments**

**Committee on Children and Family Affairs**

1. Requires the attorney-in-fact to submit a full set of fingerprints to the parent or custodian for submission to the Department of Public Safety for the purpose of obtaining a state and federal criminal records check.
2. Allows private, nonprofit organizations to receive public monies to assist parents with the process of delegating parental and legal custodial authority.

**CURRENT LAW**

Not currently addressed in statute.



# HOUSE OF REPRESENTATIVES

## HB 2586

dependency; households; felony reports

Prime Sponsor: Representative Brophy McGee, et al., LD 28

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**DPA** Committee on Children and Family Affairs

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2586 requires the Department of Child Safety (DCS) to adopt rules relating to and establishes requirements regarding the return of a child to a home in situations in which a person in the home or with access to the child has been arrested for, charged with or convicted of a felony offense that involved conduct that poses an imminent threat to a child.

### PROVISIONS

1. Requires a DCS investigator, before returning a child, to conduct a criminal background check of any member of the household to which the child will be returned or any person who has access to the home and the child on a continual basis, if the investigator has credible information or a reasonable suspicion that the member or person has been arrested for, charged with or convicted of an offense that involved conduct that poses an imminent threat of danger to a child.
2. Requires the Department of Child Safety (DCS) to adopt rules regarding the return of a child after a determination of dependency that include:
  - a. A requirement that DCS conduct a criminal background check of any member of the household to which the child will be returned, of any person who has access to the home and the child on a continual basis and of a biological parent of the child whose parental rights have not been terminated, if DCS has credible information or a reasonable suspicion that the member, person or parent has been arrested for, charged with or convicted of an offense described below; and
  - b. If any criminal background check performed indicates that a person has been arrested for, charged with or convicted of a felony offense that involved conduct that poses an imminent threat of danger to the child, a requirement that the child not be returned if there is significant evidence that the alleged or convicted perpetrator's imminent threat to children cannot be reasonably mitigated by planning and action taken by DCS in partnership with the non-offending parent, familial resources or providers. The imminent threat of danger shall:
    - i. Be determined based on the alleged or convicted perpetrator's pattern of behavior, the difficulty in controlling this behavior and the alleged or convicted perpetrator's violence against or threats to a partner or child, or both; and
    - ii. Not be based on the residence, location or relationship status of the alleged or convicted perpetrator.
3. Stipulates that in determining the existence of an imminent threat, DCS must consider:
  - a. The nature of the felony offense, the relative time frame of the occurrence, the alleged or convicted perpetrator's history of behavior and any other relevant factors involved in the offense, including the protective capacity of the non-offending parent; and
  - b. Information provided by the foster family, the guardian ad litem, a domestic violence victim advocate, a service provider or any other person deemed necessary and with knowledge of the felony offense or the family.
4. Requires that while a case remains open, the child's parent, guardian or custodian who is seeking the return of the child to the child's home or to whom a child has been returned must notify DCS of:
  - a. Any changes in the household members or persons who have access to home on a continual basis; and
  - b. If, to the knowledge of the child's parent, guardian or custodian, any member of the child's household, a biological parent whose parental rights have not been terminated or any person who has access to the home and the child on a continual basis is arrested for, charged with or convicted of a felony offense that involved conduct that poses an imminent threat of danger to the child. The inability of a parent, guardian or custodian who is seeking the return of the child to provide this information is not a bar to the child being returned to the parent, guardian or custodian if there is no imminent threat of danger to the child in being returned.
5. A person who knowingly violates the provisions noted above is guilty of a petty offense.
6. Defines *domestic violence victim advocate*

### **AMENDMENT OF THE CHILDREN & FAMILY AFFAIRS COMMITTEE**

- Stipulates that the criminal background checks that the DCS investigator is required to conduct after an investigation, must occur within 10 days of the return to the child pursuant to a court order;
- Clarifies that the requirements of this bill apply to persons who have access to the home and unsupervised access to the child on a regular basis;
- Clarifies that unless the child is returned pursuant to a court order, the child must not be returned if there is significant evidence that the alleged or convicted perpetrators imminent threat to children cannot be reasonably mitigated; and
- Makes further clarifying changes

### **CURRENT LAW**

A.R.S. § 8-841 allows any interested party to file a petition to commence proceedings in a juvenile court alleging that the child is a dependent. Statute requires the court to set the initial dependency hearing within 21 days after the petition is filed and states that the court's primary consideration in any dependency hearing must be the protection of the child from abuse or neglect (A.R.S. §§ 8-842 and 8-843). After receiving and considering the evidence, the court awards dependency to the child's parents, family members, a suitable institution, or other statutorily approved parties (A.R.S. § 8-845).



# HOUSE OF REPRESENTATIVES

## HB 2107

substance abuse recovery homes

Prime Sponsor: Representative Campbell, et al., LD 1

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**DPA** Committee on County and Municipal Affairs

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2107 permits a city, town or county to adopt ordinances regulating health and safety standards and enforcement mechanisms for a structured sober living home.

### PROVISIONS

1. Allows a city, town or county to implement by ordinance health and safety standards and enforcement mechanisms for a structured sober living home.
2. Requires an ordinance regarding the regulation of structured sober living homes to include the following:
  - a. A mandatory registration of the structured sober living home which may include (1) the name and address of the structured sober living home; and (2) the owners name, address and telephone number, if the property is owned, or a copy of the lease which states that the property will be used as a structured sober living home.
  - b. Fire safety requirements.
  - c. Square footage and location requirements of the residents' bedrooms.
  - d. Supervision requirements, including that each structured sober living home have a qualified manager on site. The qualified manager must meet all of the following requirements:
    - i. Possess high school or general equivalency diploma.
    - ii. Be at least 21-years-old.
    - iii. Demonstrate the ability to understand the disease model of addiction.
    - iv. Successfully complete training which includes (1) first aid and CPR training and certification, (2) infectious disease control and prevention, (3) crisis prevention and intervention, and (4) assisted self-administration of medication certification.
  - e. Establishment and maintenance of discharge plans, including those who do not comply with house rules.
  - f. Transportation of residents.
3. Excludes a structured sober living home which is already subject to adequate oversight by another governmental entity from a city, town or county ordinance.
4. States that a structured sober living home that is not registered or does not meet health and safety standards is in violation of this section and is declared a nuisance detrimental to public health and safety.
  - a. Allows a city, town or county to bring an order to restrain such a violation or to instruct the future operation and maintenance of the structured sober living home until there is substantial compliance with the ordinance.
5. Defines *structured sober living homes*.

### AMENDMENTS IN COUNTY AND MUNICIPAL AFFAIRS COMMITTEE

1. Permits, rather than requires, a city, town or county ordinance addressing a structured sober living home to address prescribed health and safety standards and enforcement mechanisms.
2. Modifies the definition of a *structured sober living home* to have at least 35%, rather than 25%, of patients living in a structured sober living home must be receiving outpatient behavioral health services for substance abuse or addiction treatment.

### CURRENT LAW

Not currently addressed in statute.

### ADDITIONAL INFORMATION

The House Ad Hoc Committee on Drug Rehab Recovery Homes (Committee) was established to conduct a review of drug rehab recovery homes to examine how to best provide oversight through exploring the benefits and feasibility of licensing, regulating, registering or certifying drug rehab recovery homes.

The Committee held four public hearings during the 2015 interim. As a matter of statewide concern, the Committee determined that there have been a growing number of unregulated structured sober living homes operating in Arizona. Based on this finding, the Committee recommended that legislation be drafted to allow cities, towns and counties to regulate the health, safety and personnel standards for structured sober living homes and to adopt ordinances to require registration for structured sober living homes.



# HOUSE OF REPRESENTATIVES

## HB 2497

local governments; permits; equipment

Prime Sponsor: Representative Mitchell, LD 13

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**DPA** Committee on County and Municipal Affairs

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2497 requires a political subdivision to allow specified persons to install, operate and maintain microcell equipment in the public highways within the municipality's boundaries and prohibits recurring fees, tax, rent or other charges from the services provided from microcell or Wi-Fi radio equipment.

### PROVISIONS

1. Mandates the licensing authority of a political subdivision to issue a permit to a cable operator that applies to attach allowable Wi-Fi radio equipment to a cable television system in public streets, roads and alleys within the area of jurisdiction.
  - a. Authorizes a licensing authority to require all of the permitted Wi-Fi radio equipment, at a single location, to fit within a 15 inch cube and be contained within a ground-mounted pedestal, or be directly connected to and mounted at the same height as one of the cable operator's aerial horizontal conductors
2. Prohibits a political subdivision's imposition of a tax, rent, fee or charge on revenue from the service provided by such Wi-Fi radio equipment
3. Requires a political subdivision to allow (1) a telecommunications corporation within the licensed area of a licensed issued by the municipality; (2) a telecommunications corporation that provides interstate services; or (3) a cable operator in the area of jurisdiction licensed by the municipality.
4. Stipulates that a political subdivision must issue a permit for installation, operation and maintenance of microcell equipment in the public highways within the political subdivision's boundaries on a competitively neutral and nondiscriminatory basis.
5. Specifies that all application fees, permit fees and charges levied by a political subdivision must be levied on a competitively neutral and nondiscriminatory basis; must be directly related to the costs acquired by the political subdivision in providing services related to the granting or administration of applications or permits; and must be reasonably related in time to the occurrence of the costs.
6. Prohibits a political subdivision from charging a recurring fee, rent or other charge for the use of the microcell equipment in the political subdivision's public highway or on revenue from the services provided through the microcell equipment.
  - a. Clarifies that a political subdivision may charge a competitively neutral and nondiscriminatory rent, fee or other charge for the use of the political subdivision's pole.
  - b. Specifies that only a qualified service provider is allowed to use microcell equipment to provide commercial mobile services.
7. Limits the following, unless the political subdivision agrees in its sole discretion, at each microcell equipment site:
  - a. No more than two strand-mounted antennae and radio pairs which are owned by a telecommunications corporation, cable operator or qualified service provider and are used to provide commercial mobile service; and
  - b. Any related devices owned by a telecommunication corporation or cable operator that are mounted on a strand between utility poles (including power supplies, housings, cables and similar supporting furnishings and improvements).
8. Defines *microcell equipment*, *permitted Wi-Fi radio equipment*, and *qualified service provider*.
9. Contains a legislative findings clause.
10. Contains the following retroactive dates:
  - a. Prohibiting a licensing authority from levying a tax, rent, fee or charge for certain use of public streets, roads and alleys for permitted Wi-Fi equipment applies from and after December 31, 2015.

- b. Allowing a licensed cable operator to attach to the cable television system and operate and maintain permitted Wi-Fi radio equipment in public streets, roads and alleys applies to all licenses issued before the general effective date of this act.
- c. Allowing certain persons to install, operate and maintain microcell equipment in the public highways within a political subdivision applies to all persons specified in this act that took effect or were issued before the general effective date of this act.

11. Makes technical and conforming changes.

**AMENDMENTS BY COUNTY AND MUNICIPAL AFFAIRS COMMITTEE**

- 1. Provides that this subsection does not affect any authority of a political subdivision (including an agricultural improvement district and other special taxing district), the licensing authority or any other person managing utility poles in the public streets, roads and alleys to deny, limit, restrict or determine the terms and conditions for the use of, or attachment to, the poles of the political subdivision, licensing authority or other person by a cable operator.
- 2. Clarifies that a *political subdivision* does not include an agricultural improvement district or any other special taxing district that controls utility poles.
- 3. Defines *utility poles*.

**CURRENT LAW**

[A.R.S. § 9-506](#) states that a city, town or county, either individually or jointly by an intergovernmental contract, may issue a license to an individual to use public streets, roads and alleys for the purpose of construction, operation and maintenance of cable television systems and must impose conditions, restrictions and limitations on the use of the street, roads and alleys. The licensing authority of a city, town or county is allowed to adopt a resolution or ordinance that implements and controls the license, issue a license containing other terms and conditions and impose a license fee on gross revenues.

Other than the license fee on gross revenues and transaction privilege taxes, a licensing authority of a political subdivision may not levy a tax, rent, fee or charge on a cable operator for the use of public streets, roads or alleys to provide cable service or on the privilege of engaging in business of providing the service. A tax, rent, fee or charge includes all access channel support (except for in-kind services or payments) and all rental, application, construction, permit, inspection, inconvenience and other fees and charges related to a cable operator's use of public streets, roads and alleys.



# HOUSE OF REPRESENTATIVES

HB 2612

rental properties; prohibited penalties

Prime Sponsor: Representative Plumlee, LD 26

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**DP** Committee on County and Municipal Affairs

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2612 prohibits associations from imposing penalties on unit owners, managing agents or members for communicating with law enforcement or emergency services to prevent or stop domestic violence, sexual violence or to help a disabled individual.

## PROVISIONS

1. Prohibits a city, town or board of supervisors from adopting or enforcing any ordinance that penalizes tenants or landlords based on the following:
  - a. Communication with law enforcement or other emergency services by a tenant, landlord, guest, neighbor or other individual for the purpose of:
    - i. Intending to prevent or respond to domestic violence or sexual violence.
    - ii. Intervention of or providing emergency assistance to prevent or respond to domestic violence or sexual violence.
    - iii. Providing communication for services by or on behalf of an individual with a disability with the reason for contact relating to the individual's disability.
  - b. An incident of actual or threatened domestic violence or sexual violence against a tenant, household member or guest that occurs in the dwelling unit or on the premises.
  - c. A criminal activity or local ordinance violation that is directly related to domestic violence and occurs in the dwelling unit or on the premises that is engaged by a tenant, household member, or other party and is against a tenant, household member, guest or other party.
2. Clarifies it will not (1) prohibit a city, town or board of supervisors from adopting or enforcing ordinances to impose penalties on the basis of the underlying criminal activity or a local ordinance violation, not covered in the section, to the extent allowed by state or federal law, and (2) prohibit or limit the eviction of penalties against the perpetrator of the domestic violence, sexual violence or other criminal activity.
3. Prohibits an association from imposing on a unit owner, managing agent, or member (1) a fee, assessment or other charge, (2) a requirement for the termination or non-renewal of a lease agreement, or (3) a prohibition for renting a unit out based on the following:
  - a. Communication with law enforcement or other emergency services by a unit owner, managing agent, tenant, guest, neighbor or other individual for the purpose of:
    - i. Intending to prevent or respond to domestic violence or sexual violence.
    - ii. Providing emergency assistance or intervention to prevent or respond to domestic violence or sexual violence.
    - iii. Providing communication by, or on behalf of, or concerning an individual with a disability with the purpose of contact relating to the individual's disability.
  - b. Any incident of actual or threatened domestic violence or sexual violence against a tenant, household member or guest, that occurs in the dwelling unit or on the premises.
  - c. A criminal activity or local ordinance violation that is directly related to domestic violence and occurs in the dwelling unit or on the premises that is engaged by a tenant, household member, or other party and is against a tenant, household member, guest or other party.
4. Clarifies it will not (1) prohibit an association from adopting or enforcing a provision in the condominium documents to impose penalties on the basis of underlying criminal activity to the extent allowed by state or federal law, and (2) prohibit or limit the eviction of or imposition of penalties against the perpetrator of the domestic violence, sexual violence or other criminal activity.
5. States the protection of victims of domestic violence and sexual violence is a statewide concern and it preempts all local laws, ordinances, charter provisions and resolutions to the contrary.

6. Defines *disability, domestic violence, dwelling unit, landlord, penalizes, sexual violence and tenant.*

**CURRENT LAW**

Not currently addressed in statute.



# HOUSE OF REPRESENTATIVES

## HB 2635

municipalities; taxes and fees; notification

Prime Sponsor: Representative Weninger, LD 17

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**DP** Committee on County and Municipal Affairs

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2635 requires a municipality to prepare a schedule and written report if proposing to levy or assess a tax or fee.

### PROVISIONS

1. Mandates a municipality to adhere to the following requirements if proposing to levy or assess a tax or fee:
  - a. Prepare a schedule of the proposed new or increased tax or fee that includes the amount of the tax or fee and a written report or data that supports the new or increased tax or fee. A copy of that report or data must be filed in the office of the clerk of the municipality;
  - b. Provide a schedule of the proposed new charge and the written report or data that supports the new charge or increase in the rate of an existing tax or fee to be posted on the municipality's website at least sixty days before the date the proposed new tax or fee is approved or disapproved by the governing body;
  - c. Prepare a notice of intent to establish or increase a tax or fee; the notice must include:
    - i. The time and place of the meeting of the municipality's governing body in which the proposed new or increased tax or fee will be considered;
    - ii. A statement that includes the amount of the proposed new or increased tax or fee; and
    - iii. A written report or data that supports the new or increased tax or fee and is available on the municipality's website.
  - d. Post the notice of intent on the municipality's website at least fifteen days before the date the proposed new or increased tax or fee will be approved or disapproved by the governing body; and
  - e. Distribute the notice of intent through the municipality's social media accounts or other electronic communication tools, if available.
2. Requires all departments, boards or other subdivisions of a municipality, that are authorized to establish or modify taxes or fees, to follow the notice requirements noted above before the date of the entity's consideration of the new or increased tax or fee.
3. Specifies that any technological issues that prevent the posting of the notice on the municipality's website or distribution of the notice through social media or other electronic communication tools do not preclude the municipality's governing body from approving or disapproving the new or increased tax or fee at the meeting provided on the notice of intent.
4. Exempts the following fees from being levied or taxed:
  - a. Water and wastewater rates or rate components;
  - b. Fees for registration-based classes, programs or activities provided by the municipality;
  - c. Court fees established pursuant to state law;
  - d. Fees or charges established pursuant to federal law for public housing or other federally funded programs; and
  - e. Other fees whose amounts are set by state or federal law.
5. Requires the above fee information, if made available, to be posted on the municipality's website and distributed through social media or other electronic communication tools.
6. Makes technical and conforming changes.

### CURRENT LAW

A.R.S. §9-499.15 states a municipality may not levy or assess any new taxes or fees or increase existing taxes or fees pursuant to statute on a business without complying with this section.

A municipality that proposes to levy or assess a tax or fee shall provide written notice of the proposed charge on the home page of the municipality's website at least sixty days before the date the proposed new tax or fee is approved or disapproved by the governing body of the municipality, if the imposition of the proposed tax or fee is a new charge. If the municipality proposes to increase the rate of an existing tax or fee on a business, provide written notice of the proposed increase on the home page of the municipality's website at least sixty days before the date the proposed new rate is approved or disapproved by the governing body of the municipality.

This section does not apply to any development fees that offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services. (A.R.S. §9-463.05) In addition to any other limitation that may be imposed by law, a municipality shall not levy or impose an assessment, fee or tax on hospital revenues, discharges, beds or services for the purpose of receiving services or payments.



# HOUSE OF REPRESENTATIVES

## HB 2113

employment security; time frames; appeals

Prime Sponsor: Representative Petersen, LD 12

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**DPA** Committee on Commerce

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2113 adds time frames and further specificity to the reviews by the Arizona Department of Economic Security (DES), Unemployment Compensation (UI) Appeals Board decisions.

### PROVISIONS

#### *Appeals Board and Review of Board Decision*

1. Instructs the Appeals Board to affirm, modify, reverse its decision or order additional testimony within 90 days after a party files a request for review.
2. Requires a finding in favor of an employing unit, if a request for review is timely made, but the Appeals Board fails to issue a timely decision.
3. Directs DES to make refunds or adjustments to the employer's UI account and associated contribution rates as provided by law.
4. Stipulates the written notice's effective date/time is when postmarked, faxed or hand-delivered to DES.
5. States that any action taken by DES or the Appeals Board after receipt of the written notice is considered as untimely.
6. Contains technical changes.

#### *Employer Liability Determination and Review*

7. States that DES must issue a reconsideration determination within one year after the filing date if an employing unit files a timely request regarding its liability status.
8. Requires the Appeals Board to conduct the hearing within 90 days after a petition for hearing or review is timely filed by the employing unit.
9. Finds in favor of an employer's request for reconsideration, petition for hearing/review or request for review when an employer files a timely request, but the Appeals Board fails to issue a timely decision.
10. Directs DES to make refunds or adjustments to the employer's UI account and associated contribution rates.
11. Stipulates the written notice's effective date/time is when postmarked, faxed or hand-delivered to DES.
12. Contains technical and conforming changes.

### AMENDMENTS IN COMMERCE COMMITTEE

1. Establishes that any decision in favor of the employing unit does not affect the right of a claimant to apply for or receive unemployment benefits.
2. States that the employer retains the right to respond to the claimant's application for benefits, or contest any claim.

### CURRENT LAW

The Appeals Board within DES consists of four members appointed by the Director to review Unemployment Insurance (UI) cases (A.R.S. § 23-672). A party to a case may petition for review either in writing or electronically and every corresponding decision must be given in writing. The Appeals Board may remand the case to a hearing officer or appeal tribunal for further proceedings, review the record, take additional evidence, rehear the matter, and affirm, reverse, modify or set-aside the decision of the hearing officer or appeal tribunal. All parties must be notified of the decision, the reasons for the decision, the process to request a review and the final

date to file for a review. A party dissatisfied with the decision may file a written or electronic *request for review* any time within 30 days after the decision, stating why the Appeals Board erred, citing the record, rules and other appropriate authority. The Appeals Board then notifies all affected parties, giving them 15 days to respond. The Appeals Board may either affirm, modify or reverse its decision or take additional testimony. Written notice of the Appeals Board decision on review is given by mail to all parties.



# HOUSE OF REPRESENTATIVES

## HB 2191

real estate; fund; prosecutor

Prime Sponsor: Representative Finchem, LD 11

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**DPA/SE** Committee on Commerce

**X** Caucus and COW

House Engrossed

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### **STRIKE-EVERYTHING SUMMARY**

The strike-everything amendment to HB 2191 restricts a city, town or county (municipality) from adopting any kind of regulation that requires an adjustment to an employee's schedule.

### **PROVISIONS**

1. Prohibits a municipality from adopting any ordinance, resolution or other regulation that requires an employer to adjust an employee's schedule, unless the change is required by state or federal law.
2. Deems the regulation of employee scheduling to be a matter of statewide concern that is not subject to further regulation by any municipality.
3. Clarifies the legislation does not affect a municipality's ability to alter its own employee schedules.

### **AMENDMENTS IN COMMERCE COMMITTEE**

Adopted the strike-everything amendment.

### **CURRENT LAW**

A.R.S. § 23-204 prescribes the employment practices and working conditions for Arizona's employees. The statute declares that employee benefits, including compensation, paid and unpaid leave, other absences, meal breaks, rest periods and their regulation are of statewide concern. Any further regulation of employee benefits is not subject to further regulation by a city, town or other political subdivision of this state; however, the provisions of law do not apply to a municipality's own employees.



# HOUSE OF REPRESENTATIVES

HB 2215

trade or commerce; technical correction

Prime Sponsor: Representative Kern, LD 20

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**DPA/SE** Committee on Commerce

**X** Caucus and COW

House Engrossed

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## **STRIKE-EVERYTHING SUMMARY**

HB 2215 instructs the Director of the Department of Liquor Licenses and Control (Director) to report the use of monies collected through surcharges to the Arizona State Liquor Board (Board).

## **PROVISIONS**

1. Requires the Director to report the use of monies collected through enforcement surcharges on license renewals to the Board.
2. Makes technical changes.

## **AMENDMENTS IN COMMERCE COMMITTEE**

Adopted the strike-everything amendment.

## **CURRENT LAW**

[Title 4, Chapter 2, Article 1](#) regulates the issuance of liquor licenses and instructs the Director to report the activities of the neighborhood association interaction and liquor enforcement management unit to the Board. A \$35 surcharge on liquor license renewals provides monies to the Enforcement Unit Fund, which covers the costs of the enforcement program.

The Arizona Department of Liquor Licenses and Control (Department) licenses, investigates and regulates the production, distribution and sale of alcoholic beverages in order to meet its mission to protect public safety and support economic growth through the responsible sale and consumption of liquor, and to efficiently license qualified applicants. The Department consists of three divisions: the Administration Division, the Licensing Division and the Investigations Division.

The Board operates independently from the Department and consists of seven members appointed by the Governor and confirmed by the Senate to serve three-year terms. An executive director administers the daily functions. The Board is responsible for hearing all liquor license applications that are protested by the public, governing body of a city, town or county or the Department's director. The Board may also protest an application and review appeals made against a decision made by the director. As of August 2014, there were 11,914 active licenses under the Department.



# HOUSE OF REPRESENTATIVES

HB 2690

pawnbroker licensure; DPS

Prime Sponsor: Representative Gowan, LD 14

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**DP** Committee on Commerce

**X** Caucus and COW

House Engrossed

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## **OVERVIEW**

HB 2690 makes the Department of Public Safety (DPS), the responsible agency for licensing and regulating the pawnbroker industry, rather than the local county sheriff.

## **PROVISIONS**

1. Requires pawnbrokers to obtain and maintain licensure through DPS. Directs pawnbrokers to report transactions and pay penalties and fees to the DPS.
2. Establishes the DPS Pawnbroker Licensing Fund that is administered by the Director of DPS and monies in the fund are continuously appropriated for operational and equipment costs to regulate the pawnbroker industry.
3. Makes technical and conforming changes.

## **CURRENT LAW**

[Title 44, Chapter 11, Article 3](#) designates a county sheriff as the administrator and issuer of a pawnbroker license within the sheriff's county. Pawnbrokers are required to transmit reportable transactions to the sheriff or a designee within two business days of the transaction. The reported list must include an accurate description of each pledged item and the full name, permanent address, telephone number, physical description and fingerprint of the pledgor or seller. Pawnbrokers may not engage in business without a license issued by the sheriff in the county in which regular business is conducted. The interest rate a pawnbroker can charge cannot exceed 13% for the first two months and not more than 11% per month thereafter.

[A.R.S. § 44-1629](#) requires an applicant for a new pawnbroker's license to pay an application fee of \$1,000 to the local county sheriff where the pawnbroker is to be licensed, and an annual renewal fee of \$500, which is due not later than January 31. Failure to timely renew a license within 30 days after payment is due is subject to a penalty of 10%, and payable with the license fee.

[A.R.S. § 44-1621](#) defines a *pawnbroker* as a person engaged in the business of advancing money on the security of pledged goods or engaged in the business of purchasing tangible personal property on the condition that it may be redeemed by the seller for a fixed or variable price within a fixed or variable period of time.



# HOUSE OF REPRESENTATIVES

## HB 2437

department of education; technology; reports

Prime Sponsor: Representative Stevens, LD 14

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**DP** Committee on Education

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2437 removes specified Education Learning and Accountability System (ELAS) reporting requirements.

### PROVISIONS

1. Eliminates the requirement for the Arizona Department of Education (ADE) to submit ELAS reports to the Arizona State Board of Education (SBE) on a quarterly basis.
2. Removes the requirement for SBE to approve ELAS reports.
3. Removes the requirement for ELAS reports to include expenditures and cost.
4. Removes the requirement for the Data Governance Commission (Commission) to provide recommendations on technology spending.
5. Makes technical and conforming changes.

### CURRENT LAW

ADE, in coordination with the Commission, is required to develop a plan to develop and implement ELAS ([A.R.S. § 15-249](#)). ADE is required to present the plan to the SBE for review and approval and continue to provide reports on the development and implementation of ELAS quarterly or by request. All reports provided are required to be approved by SBE and include progress and expenditures to date, timelines and cost estimates for completion. The Commission is charged with identifying, examining, and evaluating the needs of public instruction in grades P-12, including establishing guidelines related to technology and providing recommendations on technology spending ([A.R.S. § 15-249.01](#)).



# HOUSE OF REPRESENTATIVES

## HB 2075

state trust land; technical correction

Prime Sponsor: Representative Leach, LD 11

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**DPA/SE** Committee on Energy, Environment and Natural Resources

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2075 makes a technical change to statute.

### Summary of the Proposed Strike-Everything Amendment to HB 2075

The proposed strike-everything amendment to HB 2075 establishes a desalinization study committee, outlines membership and the duties of the Committee.

### PROVISIONS

1. Establishes the Committee consisting of the following members:
  - a. Two members of different political parties from the House of Representatives, appointed by the Speaker;
  - b. Two members of different political parties from the Senate, appointed by the President;
  - c. One member appointed by the Speaker who has experience with the Yuma desalting plant;
  - d. One member appointed by the President who has experience with other desalinization projects; and
  - e. Three members, one faculty member each from Northern Arizona University, University of Arizona and Arizona State University, with experience in hydrology, desalinization or another relevant field.
2. Stipulates that the Speaker and the President are to appoint two co-chairs of different political parties.
3. Requires the Committee to:
  - a. Meet at the call of the co-chairs;
  - b. Collect information on the history and development of desalination in this state;
  - c. Review data collected during the Yuma desalting plant demonstration run; and
  - d. Study opportunities for other desalinization projects.
4. Allows the Committee to:
  - a. Request information from any county or state agency or political subdivision of this state; and
  - b. Hold hearings, conduct fact-finding tours and take testimony from witnesses who may assist the Committee in fulfilling its responsibilities.
5. Requires state agencies to provide services, equipment, documents, personnel and facilities to the Committee to the extent possible without cost to the Committee.
6. Requires the Legislature to provide staff support services to the Committee.
7. Stipulates that the Committee will meet at the state Capitol or at other locations as the co-chairs deem necessary and all meetings are open to the public.
8. Allows the members of the Committee to be reimbursed for travel expenses.
9. Requires the Committee to submit a report on its findings to the Governor, the Legislature and the Secretary of State prior to January 1, 2017.
10. Sunsets the Committee on September 30, 2017.

### AMENDMENTS IN ENERGY, ENVIRONMENT AND NATURAL RESOURCES

1. The strike-everything amendment was adopted.



# HOUSE OF REPRESENTATIVES

## HB 2296

charitable organizations; campaign finance disclosure  
Prime Sponsor: Representative Mesnard, LD 17

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**DP** Committee on Elections

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2296 prohibits 501(c)(3) entities from being required to register as a political committee or file specified reports.

### PROVISIONS

1. Prohibits this state, any agency or political subdivision from requiring an entity with a charitable tax exemption that does not spend a substantial amount of time or assets on influencing any federal, state or local legislation, referendum, initiative or constitutional amendment to register as a political committee or file statements of contributions and expenditures.

### CURRENT LAW

Arizona, any agency or political subdivision is prohibited from requiring a person to register as a political committee if the person is a religious assembly or institution that does not spend a [substantial](#) amount of time or assets within the meaning of the [Internal Revenue Code](#), on influencing any federal, state or local legislation, referendum, initiative or constitutional amendment ([A.R.S. § 16-922](#)).

*Political committee* means any of the following: 1) a candidate or a candidate's campaign committee; 2) a separate, segregated fund; 3) an association or combination of persons circulating petitions in support of the qualification of a ballot measure, question or proposition; 4) an association or combination of persons that circulates a petition to recall a public officer; 5) a political party; 6) an association or combination of persons organized, conducted or combined for the primary purpose of influencing the result of any election in this state, county, city, town or other political subdivision that knowingly receives contributions or makes expenditures of more than \$500 in connection with any election during a calendar year; or 7) a political organization; or 8) an exploratory committee ([A.R.S. § 16-901](#)).

Under the Internal Revenue Code, all 501(c)(3) organizations are prohibited from directly or indirectly participating in any political campaign on behalf of or in opposition to any candidate for elective public office. A violation of this prohibition may result in denial or revocation of tax-exempt status and the imposition of certain excise taxes. In general, no organization may qualify for 501(c)(3) status if a substantial part of its activities is attempting to influence [legislation](#).



# HOUSE OF REPRESENTATIVES

## HB 2297

political advertisements; contributors; disclosure

Prime Sponsor: Representative Mesnard, LD 17

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**DP** Committee on Elections

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2297 modifies sponsor disclosure requirements for an independent expenditure made for campaign literature or advertisements by a political committee.

### PROVISIONS

1. Requires literature or advertisements to include the names and telephone numbers of up to three political committees making the largest contributions that, in the aggregate for that political committee, constitutes 20% or more of the total amount of contributions to the political committee making the independent expenditure.
2. Makes technical changes.

### CURRENT LAW

A political committee that makes an expenditure for campaign literature or advertisements expressly advocating the election or defeat of any candidate or makes any solicitation of contributions to any political committee must include the words “paid for by” followed by the name of the political committee appearing on the statement of organization or exemption statement. Bumper stickers, pins, buttons, pens and similar small items that cannot conveniently contain the required printed statements or signs paid for by a candidate as specified are exempt from the “paid for” requirement.

Additionally, if the expenditure for the literature or advertisement is an *independent expenditure*, the political committee must disclose the names and telephone numbers of the three political committees making the largest contribution to the political committee. Only those contributions made during the calendar year the independent expenditure is made are used for determining the disclosure of the three contributors.

*Independent expenditure* is defined as an expenditure by a person or committee, other than a candidate's campaign committee, that expressly advocates the election or defeat of a clearly identified candidate made without cooperation, consultation or in concert with, or at the request or suggestion of a candidate, committee or agent of the candidate ([A.R.S. § 16-901](#)).



# HOUSE OF REPRESENTATIVES

## HCR 2043

initiative, referendum; vote percentage requirements

Prime Sponsor: Representative Mesnard, LD 17

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**DP** Committee on Elections

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HCR 2043, upon voter approval, modifies the Legislature's power to amend, divert funds or supersede (revise) a voter-approved ballot initiative or referendum measure.

### PROVISIONS

1. Allows the Legislature to revise a ballot initiative or referendum measure approved 2016 or later if:
  - a. the Legislature approves the revision by a greater percentage than the percentage of voters that approved the initiative or referendum; and
  - b. for measures approved by two-thirds of the votes cast, the revision must further the purpose.
2. Requires the SOS to submit this proposition to the voters at the next general election.

### CURRENT LAW

In 1998, voters [passed Proposition 105](#) that amended the Arizona Constitution relating to initiative and referendum measures. The Legislature does not have the power to repeal an initiative or referendum measure decided or approved by a majority of the votes cast; however, the Legislature may amend, supersede or transfer funds designated by the initiative or referendum if: 1) the amending legislation furthers the purpose of the measure; and 2) receives at least three-fourths vote of the members of each house of the Legislature by a roll call vote ([Arizona Constitution, Article IV, Part 1, § 1](#)).

### ADDITIONAL INFORMATION

In the House of Representatives, three-fourths equals 45 members. In the Senate, three-fourths equals 23 members.



# HOUSE OF REPRESENTATIVES

HB 2024

sovereign authority; federal actions

Prime Sponsor: Representative Finchem, LD 11

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**DPA/SE** Committee on Federalism and States' Rights

**X** Caucus and COW

House Engrossed

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## **STRIKE EVERYTHING SUMMARY**

The proposed strike-everything amendment to HB 2024 removes a provision in current law that allows courts to award court costs and attorney fees to any person, official, agency or any political subdivision of this State that prevails by adjudication in proceedings to enforce immigration laws.

## **PROVISIONS**

1. Removes a provision in current law that allows courts to award costs and reasonable attorney fees to any official or agency of this State or a county, city, town or other political subdivision of this State that prevails by adjudication on the merits in a proceeding brought to enforce federal laws regarding immigration.
2. Makes conforming changes.

## **AMMENDMENTS IN FEDERALISM AND STATES' RIGHTS COMMITTEE**

The strike-everything amendment was adopted.

## **CURRENT LAW**

Arizona Revised Statutes Title 11, Chapter 7, Article 8 outlines protocols and procedures in enforcing federal immigration laws in Arizona. This article also specifies that a legal resident of Arizona may challenge in superior court any official, agency, county, city, town, or any other political subdivision of the state that limits the execution of federal immigration laws. If there is a judicial finding that a public entity has enforced the federal immigration law to less than the full extent, the court shall order that the entity to pay a civil penalty of not less than five hundred dollars and not more than five thousand dollars for each day that the policy has remained in effect after the filing.

Currently, Arizona law allows for the recovery of costs and reasonable attorney fees to the prevailing party.



# HOUSE OF REPRESENTATIVES

HB 2340

wild horses; management; prohibition

Prime Sponsor: Representative Townsend, LD 16

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**DPA** Committee on Federalism and States' Rights

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2340 establishes that the Salt River horse herd (herd) is property of the State of Arizona under the jurisdiction of the Animal Services Division (Division) within the Arizona Department of Agriculture (Department).

## PROVISIONS

1. Establishes that the herd is property of Arizona under the jurisdiction of the Division within the Department.
2. Allows the Division to enter into an agreement with a private entity for the active management of the herd and the United States Forest Service for collaborative management of the herd.
3. Prohibits persons from actively managing, taking, slaughtering or euthanizing a horse that is part of the Salt River herd without written authorization from the Division.
4. Stipulates that Arizona is not obligated to pay for the management of the Salt River wild horse herd.
5. Specifies that a person who violates any of these provisions is guilty of a Class 1 misdemeanor.
6. Contains an Emergency Clause.

## AMENDMENTS IN FEDERALISM AND STATES' RIGHTS COMMITTEE

1. Stipulates that this State will hold the horses in trust for the people of Arizona.
2. Requires the Division to establish a designated area along the Salt River for the herd that includes enough area to allow the horses to maintain migratory patterns.
3. Prohibits the Division from auctioning a horse that is part of the herd to a person that slaughters or provides horses for slaughter.
4. Prohibits the Division from managing the size of the herd by gelding or ovariectomy.
5. Establishes that the horses are not stray animals and are not subject to Title 3 relating to stray animals.
6. Specifies that cutting, destroying, or vandalizing fencing used to protect the herd as a Class 1 misdemeanor.
7. Defines *management* to include efforts put forth for the betterment, health and well-being of the herd.
8. Classifies it as a Class 1 misdemeanor to release a domesticated horse into the wild.
9. Removes the Emergency Clause in the bill.
10. Exempts the Department from rulemaking requirements enumerated in Title 41, Chapter 6, for one year after the effective date of the act.

## CURRENT LAW

[Arizona Revised Statutes, Title 3, Chapter 11](#) authorizes the Division of the Department to supervise over the livestock interests of the state, protect the livestock industry from theft and protect the welfare of the public in relation to disease that may come with livestock in Arizona. The Division, with the advice of the State Veterinarian, makes decisions on importation of animals and poultry into the state, the slaughter of animals and poultry disposition of carcasses, and the importation, manufacture, sale, distribution or use within the state of serums, vaccines and other biologics intended for diagnostic or therapeutic treatment of animals and poultry.



# HOUSE OF REPRESENTATIVES

HB 2572

study committee; Salt River horses

Prime Sponsor: Representative Townsend, LD 16

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**DP** Committee on Federalism and States' Rights

**X** Caucus and COW

House Engrossed

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## **OVERVIEW**

HB 2572 establishes a Salt River Wild Horse Herd Study Committee (Committee) to research the environmental and fiscal impact of the Salt River wild horse herd, and the feasibility and action necessary to actively manage the Salt River wild horse herd.

## **PROVISIONS**

1. Establishes a Committee to research the environmental and fiscal impact of the Salt River wild horse herd, and the feasibility and action necessary to actively manage the Salt River wild horse herd.
2. Requires the Committee to submit a report regarding the Committee's findings and recommendation on or before December 31, 2016 to the Governor, the President of the Senate and the Speaker of the House of Representatives, and the Secretary of State.
3. Specifies that the Chairman of the Federalism and States' Rights Committee appoints two members of the Senate, two members of the House of Representatives, one member who represents a university under the jurisdiction of the Arizona Board of Regents and who has experience in veterinary medicine and one member who represents the College of Veterinary Medicine at Midwestern University.

## **CURRENT LAW**

Currently not addressed in the Arizona Revised Statutes.



# HOUSE OF REPRESENTATIVES

HB 2691

refugee resettlement; procedures; audit

Prime Sponsor: Representative Gowan, LD 14

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**DP** Committee on Federalism and States' Rights

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2691 requires the Auditor General to conduct a special audit regarding the refugee resettlement process in this State under the Federal Refugee Resettlement Program (Program).

## PROVISIONS

1. Requires the Auditor General to conduct a special audit regarding the refugee resettlement process in this State under the Program.
2. Requires the audit to review the following information:
  - a. The number of refugees that have been resettled in this State in the last thirty-six months pursuant to the Program.
  - b. The amount of state monies that have been spent on refugee resettlement pursuant to the Program.
  - c. The amount of federal monies that this State has received pursuant to the Program.
3. Requires the Auditor General to submit copies of the special audit to the Governor, the President of the Senate and the Speaker of the House of Representatives and provide a copy of this report to the Secretary of State of Arizona on or before December 1, 2016.
4. Stipulates that the provisions enumerated in this bill are repealed on October 1, 2017.

## CURRENT LAW

[Arizona Revised Statutes § 41-1279.03](#), the Auditor may perform special research requests, special audits and related assignments as designated by the Joint Legislative Audit Committee (Committee) and conduct performance audits, special audits, special research requests and investigations of any state agency, whether created by the constitution or otherwise, as may be requested by the Committee. The Auditor General reports to the Committee the results of each audit and investigation and other reviews conducted.

The Refugee Act of 1980 outlines protocols and procedures regarding the resettlement services for all refugees admitted to the U.S. Through the [Program](#), the Bureau of Population, Refugees, and Migration, the Department of Human and Health Services and the Department of Homeland Security work together to deliver United States' humanitarian efforts. While going through this Program, refugees will be screened, relocated and provided with services and monetary assistance to help them transition into their new environment and achieve self-sufficiency.

United States Code Title 8, Chapter 12, Subchapter IV states that the Director of the Program is authorized to provide assistance, reimbursement to states, and grants to public or private nonprofit agencies for 100 percent of the cash assistance and medical assistance provided to any refugee during the thirty-six month period beginning with the first month in which such refugee has entered the United States, and for the identifiable and reasonable administrative costs of providing this assistance.



# HOUSE OF REPRESENTATIVES

HCM 2010

Robert Levinson; release from Iran

Prime Sponsor: Representative Allen J, LD 15

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**DP** Committee on Federalism and States' Rights

**X** Caucus and COW

House Engrossed

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## **OVERVIEW**

HCM 2010 urges the United States President, Congress, the Secretary of State and all public officials under their charge to follow the policy of the United States related to the release of Robert Levinson.

## **PROVISIONS**

1. Urges the President of the United States, Congress, the United States Secretary of State and all public officials under their charge to follow the policy of the United States as stated in United States Senate Concurrent Resolution 16.
2. Urges the government of the Islamic Republic of Iran to immediately cooperate with the United States government to locate and return Robert Levinson.
3. Urges the United States government to undertake every effort using every diplomatic tool at its disposal to secure Robert Levinson's immediate release.
4. Requires the Arizona Secretary of State to transmit copies of this memorial to the President of the United States, the Secretary of State, the Speaker of the House, the President of the Senate and each member of Congress from the State of Arizona.

## **CURRENT LAW**

[United States Senate Concurrent Resolution 16](#) establishes that it is U.S. policy that the government of the Islamic Republic of Iran should cooperate with the U.S. government to locate and return Robert Levinson and the U.S. government should undertake every effort using every diplomatic tool at its disposal to secure his release.

## **ADDITIONAL INFORMATION**

Robert Levinson served as a law enforcement officer in both the United States Drug Enforcement Agency and the Federal Bureau of Investigation. He was taken captive on the Kish Island in Iran on March 9, 2007.



# HOUSE OF REPRESENTATIVES

## HB 2197

fire districts; merger; consolidation

Prime Sponsor: Representative Coleman, LD 16

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**DPA** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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### **OVERVIEW**

HB 2197 allows merging or consolidating fire districts (districts) to retain the amount of Fire District Assistance Tax (FDAT) each district received at the time of the merger or consolidation.

### **PROVISIONS**

1. Allows merged or consolidated districts to continue to receive monies in an amount not to exceed the allowable amount each district received at the time of the merger or consolidation.
2. Prohibits, beginning in Fiscal Year (FY) 2017, a consolidated district from receiving more than the maximum allowed, rather than the current FDAT cap of \$400,000.
3. Contains a retroactive effective date of July 1, 2016.

### **AMENDMENTS IN GOVERNMENT AND HIGHER EDUCATION COMMITTEE**

1. Specifies the FDAT for any merged or consolidated districts formed in FY 2014 or later is the sum of the average amount received in the five years immediately preceding the merger or consolidation.
2. Requires the county treasurer to pay a consolidated district formed in FY 2014 or later an amount equal to 20% of the property levy if the total amount of FDAT paid to all districts in the county is less than the amount of monies raised by the \$0.10 levy per \$100 of assessed valuation.
3. Makes technical and conforming changes.

### **CURRENT LAW**

The county board of supervisors is required to levy a FDAT not to exceed \$0.10 per \$100 of assessed valuation on the taxable property in the county. The county treasurer must pay each district an amount equal to 20% of the property tax levy adopted by the district for the FY. Beginning FY 2013, a consolidated district is prohibited from receiving more than \$400,000 in FDAT monies. If two or more districts merge to form a consolidated district and the total amount of FDAT received by each district is less than \$400,000, the consolidated district may continue to receive monies until it reaches \$400,000 ([A.R.S. § 48-807](#)).



# HOUSE OF REPRESENTATIVES

HB 2403

tax lien deeds; aggregate fees

Prime Sponsor: Representative Leach, LD 11

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**DP** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2403 caps the amount a county treasurer may charge on a foreclosure right to redeem property deeds.

## PROVISIONS

1. Stipulates the aggregate fee cannot exceed \$500 for any judgment foreclosing the right to redeem 10 or more individual parcels.
2. Applies retroactively to any judgement that is entered before the effective date and for any deed that has not been applied or issued.

## CURRENT LAW

If a lien is not redeemed, the purchaser, may bring an action to foreclose the right to redeem at any time between 3 years after the tax lien sale and 10 years after the last day of the month in which the lien was acquired. The action to foreclose the right to redeem must be filed in the county superior court in which the real property is located and must name the county treasurer as a party of the action ([A.R.S. § 42-18201](#)). Upon receiving a certified copy of a judgement foreclosing the right to redeem; and a fee of \$50 dollars per parcel, the county treasurer must execute and deliver to the party a deed conveying the property ([A.R.S. § 42-18205](#)).



# HOUSE OF REPRESENTATIVES

HB 2438

personal identifiable information

Prime Sponsor: Representative Stevens, LD 14

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**DPA/SE** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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## **STRIKE-EVERYTHING SUMMARY**

The strike-everything amendment to HB 2438 specifies the transmission of an individual's social security number.

## **PROVISIONS**

1. Allows a government agency to transmit material containing both an individual's social security number and bank, savings and loan association or credit union number if the social security number is in a *redacted* or *encrypted* form.
2. Allows a government agency to transmit personal information that is not a social security number.
3. Makes technical and conforming changes.

## **AMENDMENTS IN GOVERNMENT AND HIGHER EDUCATION COMMITTEE**

Adopted the strike-everything amendment.

## **CURRENT LAW**

A person or entity is prohibited from requiring the transmission of an individual's social security number over the internet unless the connection is secure or the social security number is encrypted. A government agency is prohibited from transmitting to an individual material that contains both an individual's social security number and bank, savings, and loan association or credit union account number, unless these documents are part of an application or enrollment process or to establish, amend or terminate an account, construct or policy, or to confirm accuracy of that information. An *individual* is defined as an Arizona resident ([A.R.S. § 44-1373](#)).

*Encrypted* means the use of an algorithmic process to transform data into a form in which the data is rendered unreadable or unusable without a confidential process or key. *Redact* means alter or truncate data such that no more than the last four digits of a social security number, driver license number, non-operating identification license number, financial account number or credit or debit card number is accessible as part of the personal information ([A.R.S. § 44-7501](#)).



# HOUSE OF REPRESENTATIVES

HB 2479

ABOR; terms

Prime Sponsor: Representative Petersen, LD 12

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**DP** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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## **OVERVIEW**

HB 2479 reduces the term for appointed members to the Arizona Board of Regents (ABOR) from eight to four years.

## **PROVISIONS**

1. Reduces the term of ABOR members from eight to four years.
2. Permits, as session law, existing ABOR members to serve the remainder of their term.
3. Makes technical and conforming changes.

## **CURRENT LAW**

ABOR is charged with the oversight of Arizona's public universities and is composed of the following:

- a. Ten members, appointed by the Governor.
  - i. Two of which are student members, serving staggered two-year terms.
  - ii. Two of which must reside in a county with a population of less than 800,000 people.
- b. The Governor, an ex-officio member.
- c. The Superintendent of Public Instruction, an ex-officio member.

Appointed members serve eight-year terms, except the student members ([A.R.S. § 15-1621](#)).

## **ADDITIONAL INFORMATION**

Current board membership may be found [here](#).



# HOUSE OF REPRESENTATIVES

## HB 2535

community college boards; terms; duration  
Prime Sponsor: Representative Shope, LD 8

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**DP** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2535 reduces the term for community college district board (Board) members from six to four years.

### PROVISIONS

1. Reduces the term for Board members, from six to four years.
2. Reduces the initial term for Board members to:
  - a. Four years for the two members receiving the most votes.
  - b. Three years for the two members receiving the next highest votes.
3. Permits, as session law, existing Board members to serve their remaining term.
4. Makes technical and conforming changes.

### CURRENT LAW

Community college districts are composed of five precincts from which Board members are elected. At the first general election held for a community college district, the Board members are elected from the established precincts to serve staggered terms. The two members receiving the highest number of votes serve a six-year term, the two members with the next highest votes serve four-year terms and the one elected member with the lowest votes serves a two-year term. After an initial election each member's term is six years, except that for in counties with a population of at least three million the term is four years ([A.R.S. § 15-1441](#)).



# HOUSE OF REPRESENTATIVES

## HB 2547

universities; in-state tuition; AmeriCorps.

Prime Sponsor: Representative Bowers, LD 25

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**DP** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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### **OVERVIEW**

HB 2547 permits students who have participated in the AmeriCorps program or the Volunteers in Service to America program to be eligible for in-state tuition.

### **PROVISIONS**

1. Permits students who have participated in the AmeriCorps program or the Volunteers in Service to America program in Arizona for at least one year to be eligible for in-state tuition at Arizona public universities.
2. Makes technical changes.

### **CURRENT LAW**

The Arizona Board of Regents (ABOR) is charged with administering Arizona's public universities. Included in ABOR's duties is the mandate to set tuition rates for residents, nonresidents, undergraduate students, graduate students, students from foreign countries and students who have earned credit hours in excess of the 145 credit hour threshold ([A.R.S. § 15-626](#)). For the purpose of resident or in-state student status, statute states that a person is generally eligible if they have lived in Arizona for at least one year, with several exceptions ([A.R.S. § 15-1802](#)).

### **ADDITIONAL INFORMATION**

ABOR approved base tuition for categories stated above may be found [here](#).



# HOUSE OF REPRESENTATIVES

## HB 2550

software; budget units; sharing

Prime Sponsor: Representative Stevens, LD 14

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**DP** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2550 allows a budget unit (BU) to produce government off-the-shelf software for other BUs.

### PROVISIONS

1. Permits a BU or a private entity with funding, specifications and oversight from a BU to produce and provide government off-the-shelf software to other BUs with no cost or warranty.
2. Defines *government off-the-shelf software*.

### CURRENT LAW

*Budget unit* is defined as a department, commission, board, institution or other agency of the state receiving, expending or disbursing state funds or incurring obligations of the state including the Arizona board of regents (ABOR) but excluding the universities under the jurisdiction of ABOR, the community college districts and the legislative or judicial branches ([A.R.S. § 41-3501](#)).



# HOUSE OF REPRESENTATIVES

## HB 2583

open meetings; audiovisual recordings

Prime Sponsor: Representative Stevens, LD 14

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**DPA** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2583 requires all public bodies to provide a complete audiovisual recording of all meetings.

### PROVISIONS

1. Requires all public bodies to provide a complete audiovisual recording for all meetings including executive sessions, in addition to taking written minutes.
2. Requires all public bodies to post the audiovisual recording on its website within 24 hours after the meeting, regardless of population threshold.
3. Permits the court, in any action challenging the validity of an executive session, to:
  - a. review in camera the audiovisual recording; and
  - b. disclose to the parties or admit in evidence part or all of the audiovisual recording.
4. Makes technical and conforming changes.

### AMENDMENTS IN GOVERNMENT AND HIGHER EDUCATION COMMITTEE

1. Exempts certain special taxing districts from completing an audiovisual recording for public meetings.
2. Stipulates audiovisual recordings of executive sessions are confidential.

### CURRENT LAW

All [public bodies](#) are required to provide written minutes or a recording of all meetings, including executive sessions. For all meetings, excluding executive sessions, the minutes or recording must include: 1) the date, time and place of the meeting; 2) the attendance of members of the public body; 3) a general description of the matters considered; 4) an accurate description of all legal matters proposed, discussed or taken and the names of the members proposing each motion; and 5) the name of any person making statements and presenting materials to the public body. The minutes or a recording must be available for public inspection three working days after the meeting, unless otherwise specified ([A.R.S. § 38-431.01](#)).

In any action challenging the validity of an executive session, the court may review in camera the minutes of the executive session, and if the court determines in its discretion that the minutes are relevant, the court may disclose to the parties or admit in evidence part or all of the minutes ([A.R.S. § 38-431.07](#)).



# HOUSE OF REPRESENTATIVES

## HCR 2031

personal property tax; exemption

Prime Sponsor: Representative Mesnard, LD 17

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**DP** Committee on Government and Higher Education

**DP** Committee on Appropriations

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HCR 2031 increases the full cash value exemption for qualifying personal property, upon voter approval.

### PROVISIONS

1. Prohibits levying a tax on the first \$2.4 million of full cash value of personal property initially acquired during or after Tax Year 2016 that is used for agricultural purposes or in a trade or business.
2. Permits the Legislature to increase the exemption amount.
3. Declares the measure as the “Small Business Job Creation Act”.
4. Requires the Secretary of State to submit this proposition to the voters at the next general election.
5. Makes technical and conforming changes.

### CURRENT LAW

The first \$50,000 of full cash value of a taxpayer’s personal property used for agricultural purposes or in a trade or business is exempt from taxation. The Department of Revenue is required to annually increase the maximum amount of exemption for the following tax year based on the percentage increase, if any, in the *employment cost index* for total compensation for private industry workers in the two most recent complete state fiscal years ([A.R.S. § 42-11127](#)). *Full cash value* is synonymous with market value which means the estimate of value that is derived annually by using standard appraisal methods and techniques. The full cash value is prohibited from being greater than market value regardless of the method prescribed to determine value for property tax purposes. *Personal property* is defined as property of every kind, both tangible and intangible, not included in real estate ([A.R.S. § 42-11001](#)).



# HOUSE OF REPRESENTATIVES

## HCR 2035

clean elections; lobbying; rulemaking

Prime Sponsor: Representative Petersen, LD 12

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**DPA** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HCR 2035, upon voter approval, prohibits the Clean Elections Commission (Commission) from lobbying and eliminates the Commission's rulemaking exemption.

### PROVISIONS

1. Prohibits the Clean Elections Commission and any official or employee acting on behalf of the Commission from:
  - a. entering into a contract with a person or entity for lobbying; and
  - b. spending monies for any person or entity outside of the Commission to lobby.
2. Removes the Commission's rulemaking exemption and instead requires the Commission to follow the Administrative Procedures Act (APA) to conduct rulemaking.
3. Defines *lobbying*.
4. Requires the Secretary of State to submit this proposition to the voters at the next general election.
5. Makes technical and conforming changes.

### AMENDMENTS IN GOVERNMENT AND HIGHER EDUCATION

Removes the proposed prohibition relating to lobbying.

### CURRENT LAW

The Commission consists of five members, no more than two of whom are members of the same political party or residents of the same county ([A.R.S. § 16-955](#)). The Commission may adopt rules to carry out its purpose and govern procedures. The Commission is exempt from the [rulemaking process](#) but is required to propose and adopt rules in public meetings allowing at least 60 days for interested parties to comment.

The primary purpose of [rulemaking](#) is to give notice to the public of the substantive or procedural requirements that an [agency](#) has established for activities falling within its statutory authority. The APA provides procedures for agency rulemaking and for appealing agency decisions. An agency may make rules only if the Legislature has given it authority to do so. Unless exempt from rulemaking, a rule is valid only if it is made in substantial compliance with the APA or other applicable statutory procedures.



# HOUSE OF REPRESENTATIVES

## HCR 2040

state monies; prohibited investments; terrorism

Prime Sponsor: Representative Montenegro, LD 13

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**DP** Committee on Government and Higher Education

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HCR 2040, upon voter approval, prohibits investment of state monies with another country's government designated by the U.S. Department of State (State Department) as a state sponsor of terrorism.

### PROVISIONS

1. Prohibits Arizona, a public retirement system, a county, city, town or other political subdivision from contracting with or investing in any individual, partnership, corporation or other legal entity invested in or doing business with another country's government designated by the State Department as a state sponsor of terrorism on or after January 1, 2015.
2. Stipulates any contract or investment in effect that is in violation may not be renewed and must be cancelled or divested at the earliest prudent opportunity or by December 31, 2018.
3. Provides an exemption if both of the following occur:
  - a. the State Department removes the country's designation as a state sponsor of terrorism; and
  - b. a measure removing the prohibition is passed by the Legislature and approved by the Governor.
4. Requires the Secretary of State to submit this proposition to the voters at the next general election.

### CURRENT LAW

Not currently addressed in statute.



# HOUSE OF REPRESENTATIVES

## HB 2061

medical marijuana; pregnancy exclusion

Prime Sponsor: Representative Townsend, et al., LD 16

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**DPA/SE** Committee on Health

**X** Caucus and COW

House Engrossed

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### **SUMMARY OF PROPOSED STRIKE-EVERYTHING AMENDMENT TO HB 2061**

HB 2061 mandates the Arizona Department of Health Services (ADHS) to adopt rules requiring all non-profit medical marijuana dispensaries to display signs warning women about the dangers of smoking or ingesting marijuana during pregnancy.

### **PROVISIONS**

1. Requires ADHS to adopt rules requiring each non-profit medical marijuana dispensary to display, in a conspicuous location, a sign that warns pregnant women about the dangers to fetuses caused by smoking or ingesting marijuana while pregnant and the risk of being reported to the Department of Child Safety during pregnancy or at the birth of the child by persons who are required to report.
2. Specifies the rules must include the specific warning language required on the sign.
3. States the costs and display of the sign required by rule must be borne by the non-profit medical marijuana dispensary.
4. Contains a Prop 105 clause.
5. Makes technical and conforming changes.

### **AMENDMENTS**

#### **COMMITTEE ON HEALTH**

1. The strike-everything amendment was adopted.
2. Adds that the sign must warn women about the potential dangers to fetuses caused by smoking or ingesting marijuana while breastfeeding.

### **CURRENT LAW**

Contained within Title 36, Chapter 28.1 are laws relating to the Arizona medical marijuana act. Included therein are requirements by which a person may receive a medical marijuana identification card. Registration and certification requirements are provided for the purpose of operating a nonprofit medical marijuana dispensary. Rulemaking requirements for the Arizona Department of Health Services are also provided.



# HOUSE OF REPRESENTATIVES

## HB 2307

anatomical gifts; procurement organizations; licensure  
Prime Sponsor: Representative Cobb, et al., LD 5

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**DPA** Committee on Health

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2307 requires procurement organizations for anatomical gifts to be licensed by the Arizona Department of Health Services (ADHS).

### PROVISIONS

1. Allows monies to be placed in the Health Services Licensing Fund (Fund) from licensing fees collected pursuant to § 36-851.01 (procurement organizations; licensure; renewal; fees; penalties).
2. Requires the procurement organization to refer the gift and all relevant donation information to another procurement organization in a manner that ensures the gift is recovered for transplantation if an anatomical gift is suitable for transplantation and the procurement organization is unable or unwilling to recover the tissue.
3. Prohibits a person from acting as a procurement organization in this state unless the person is licensed by ADHS as a procurement organization. The person must apply in writing to the Director of ADHS on a form specified by the Director, must include all information requested in the application and must pay the prescribed fees.
4. Requires the Director to grant a procurement organization license to a person if the organization either is registered or regulated by the federal government and is subject to inspection or meets the prescribed requirements and the rules adopted by ADHS.
5. States a license is valid for two years and must be renewed every two years. A person must file an application for renewal at least 30 days before the expiration of the current license.
6. Stipulates that each procurement organization applying for licensure or renewal must pay all applicable fees. All fees collected for the licensure or renewal of procurement organizations must be deposited into the Fund.
7. Allows the Director to sanction, impose civil penalties, suspend or revoke, in whole or in part, the license of any procurement organization if any person who is an owner, officer, agent or employee of the procurement organization is in or continues to be in violation of this article or the rules of ADHS.
8. Requires each procurement organization to do all of the following:
  - a. Designate a medical director who is a licensed physician and who provides medical guidance to determine donor eligibility;
  - b. Employ a director who holds at least a bachelor's degree in a related science from an accredited university and who is responsible for all licensed activities of the organization; and
  - c. Implement and maintain all of the following:
    - i. Standard operating procedures for all licensed functions of the organization;
    - ii. A safety awareness and blood-borne pathogen training program that complies with state and federal law; and
    - iii. A cleaning program that mitigates potential cross-contamination between donors.
  - d. Provide a designated area for tissue recovery that:
    - i. Is open to inspection by ADHS with or without notice; and
    - ii. Does not operate in a funeral establishment for the recovery of whole bodies for medical research and education.
  - e. Properly track donors and label tissue by doing both of the following:
    - i. Assigning a unique identifying number to each donor and using this number for all tissue from that donor that is recovered and distributed; and
    - ii. Affixing labels with the following information on all non-transplant tissue specimens:
      - A statement that universal precautions will be used;

- A statement that the specimen is not for transplant or clinical use;
  - Any condition or limitation regarding the use of the specimen; and
  - Contact information for the procurement organization.
- iii. Maintain the following records for ten years after the last date of tissue distribution:
- A copy or recorded consent of the donation authorization;
  - A copy of the donor's death certificate and transit permit issued by the state where the death occurred;
  - A copy of the donor's physical assessment and risk assessment questionnaire;
  - A copy of the donor's serological results, when applicable; and
  - A copy of all documentation relating to tissue recovery, storage and distribution activities.
9. Mandates that a procurement organization must be allowed direct access to all of the information in the records of the donor registry to determine if an individual who is at or near death is a donor.
10. Requires each hospital in this state to enter into a contract with all procurement organizations in this state that request a contract for the coordination of procurement and use of anatomical gifts to ensure that all donation opportunities are recovered.
11. Stipulates that each county medical examiner must enter into a contract with all procurement organizations that request a contract for the coordination of procurement and use of anatomical gifts to ensure that all donation opportunity are recovered.
12. States for purposes of this act, ADHS must adopt rules relating to the licensure of procurement organizations and enforcement of those provisions. Exempts ADHS from the rule making requirements.
13. Amends the definitions of *eye bank*, *organ procurement organization*, *procurement organization*, *tissue*, and *tissue bank*.

#### **Amendments**

##### **Committee on Health**

1. Removes the following requirements:
  - a. That a procurement organization refers all gifts and relevant donation information to another procurement organization;
  - b. That a procurement organization be allowed direct access to all information in the records of a donor registry;
  - c. That each hospital enter into a contract with all procurement organizations; and
  - d. That each county medical examiner enter into a contract with all procurement organizations.
2. Restores the current definition of *eye bank*, *organ procurement organization*, *procurement organization*, *tissue* and *eye bank*.
3. Allows the Director grant a procurement organization license to a person if the organization is accredited by a nationally recognized accreditation agency approved by ADHS.
4. Exempts from state licensure, an organization described in 42 USC § 1320b-8 (organ transplantation) and a procurement organization that is regulated by United States Food and Drug Administration pursuant to 21 CFR part 1270 (tissue transplantation).

#### **CURRENT LAW**

A.R.S. § 36-850 specifies that an anatomical gift may be made to the following named in the document of gift: an organ procurement organization, a hospital, accredited medical school, dental school, college, university, procurement organization or any other appropriate person for research or education; an individual designated by the person making the donation; and an eye bank or a tissue bank.

A.R.S. § 36-852 outlines the rights and duties of procurement organizations and others. When a hospital refers an individual at or near death to an organ procurement organization, the organization must make a reasonable search of the records of any donor registry that it knows exists to determine if the individual has made an anatomical gift. A procurement organization must be allowed reasonable access to information in the records of the donor registry to determine if an individual at or near death is a donor.

A.R.S. § 36-853 states each hospital in this state must enter into one or one or more agreements or affiliations with procurement organizations for coordination or procurement and use of anatomical gifts. If there has been an anatomical gift, the institution where the removal of any donated body parts occurs must notify the funeral director or the person acting in that capacity who first assumes custody of the body about removal of the body parts.



# HOUSE OF REPRESENTATIVES

HB 2312

advisory council; Indian health care.

Prime Sponsor: Representative Hale, LD 7

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**DP** Committee on Health

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2312 updates the Arizona Advisory Council (Council) on Indian health care's membership and duties.

## PROVISIONS

1. Includes a purpose statement for the Council.
2. Outlines Council membership as follows:
  - a. Twenty-two representatives of the federally recognized American Indian tribes in Arizona who are appointed by the Governor. Each federally recognized American Indian tribe in Arizona must recommend to the Governor the names of persons to represent the tribe on and for appointment to the Council. Recommendations must be submitted by the tribe. Recommended representatives may have experience serving the elderly, youth, children or families or persons with disabilities.
  - b. One representative from the Inter-tribal Council of Arizona who is recommended by the President of the Inter-tribal Council of Arizona and who is appointed by the Governor.
  - c. One representative from an urban Indian health organization in Arizona that receives Indian health services funding who is recommended jointly by the urban Indian health organizations and who is appointed by the Governor.
  - d. One representative from the Arizona Health Care Cost Containment System (AHCCCS) who is appointed by the Director of AHCCCS (existing member).
  - e. One representative from the Arizona Department of Health Services (ADHS) who is appointed by the Director of ADHS (existing member).
  - f. One representative from the Arizona Department of Economic Security (ADES) who is appointed by the Director of ADES (existing member).
  - g. One representative from the Arizona Early Childhood Development and Health Board (Board) who is appointed by the Executive Director of the Board.
3. Requires a majority of the Council members to be members of federally recognized American Indian tribes in Arizona.
4. Requires the Council to invite federal representatives of the Centers for Medicare and Medicaid Services, the Indian Health Service, the United States Social Security Administration and the United States Department of Veterans Affairs to serve as technical advisors to the Council. These representatives must be ex-officio members and may serve a three year term on the Council.
5. Prohibits a member of the Council from being an employee of the state, except the representatives from AHCCCS, ADHS, ADES and the Board.
6. Clarifies that members are not eligible to receive compensation, but are eligible for reimbursement of expenses.
7. Changes the term of appointed members from two years to three years.
8. Requires the Council to elect a Chairperson and Vice Chairperson from the persons appointed from:
  - a. The federally recognized American Indian tribe in Arizona;
  - b. The Inter-tribal Council of Arizona; and
  - c. An urban Indian health organization.
9. Changes the election from the first Monday in October every year to the second Monday in July every other year.
10. Modifies the term of office from one year to two years.

11. Requires the Council to:

- a. Assist tribes and urban Indian health organizations to develop comprehensive medical and public health care delivery and financing systems to meet the needs of American Indian tribes in Arizona. In doing so the Council must:
  - i. Recommend new Title XIX and XXI programs, services, funding options, policies and demonstration projects to meet the needs of American Indian tribes and urban Indian health organizations;
  - ii. Facilitate communications, planning, advocacy and discussion among tribes and urban Indian health organizations in Arizona and with state and federal agencies regarding operations, financing, policy and legislation relating to Indian medical and public health care;
  - iii. Recommend and advocate tribal, state and federal policy and legislation that support the design and implementation of medical and public health care delivery and financing systems for tribes and urban Indian health organizations in Arizona;
  - iv. Conduct and commission studies and research to further the purpose of the Council and to address identified Indian health care disparities in Arizona;
  - v. Conduct periodic public hearings to gather input and recommendations from tribal populations on their health care issues and concerns;
  - vi. Apply for and seek grants, contracts and funding to further the purpose of the Council. Funding shall supplement and not diminish annual appropriations for the council; and
  - vii. States that in conjunction with AHCCCS and a tribe that operates a Temporary Assistance for Needy Families (TANF) program, request a federal waiver from the United States Department of Health and Human Services that allows tribal governments that perform eligibility determinations for TANF programs to perform the Medicaid eligibility determinations.

12. States that all members currently serving on the Council may continue to do so until the expiration of their normal terms.

13. Makes technical and conforming changes.

#### **CURRENT LAW**

A.R.S. §§ 36-2902.01 and 36-2902.02 outline the current membership and duties of the Council.



# HOUSE OF REPRESENTATIVES

## HB 2667

dental care; treatment; volunteer care  
Prime Sponsor: Representative Cobb, LD 5

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**DP** Committee on Health

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2667 allows a dental professional whose license or certification in this state is in good standing to donate dental care and treatment services for indigent and needy persons or persons living in medically underserved areas of this state.

### PROVISIONS

1. Includes a dental professional's private office or the patient's place of residence as a nonprofit clinic.
2. Permits a dental professional whose license or certification in this state is in good standing to donate the person's expertise to provide dental care and treatment services for indigent and needy persons or persons living in medically underserved areas of this state pursuant to a written agreement with the Arizona Department of Health Services (ADHS) or ADHS's contractor.
3. Allows ADHS to contract with county health departments or nonprofit clinics with expertise and experience in providing free or charitable dental care and treatment services to indigent and needy persons or persons located in medically underserved areas of this state to administer the services.
4. Requires the agreement between the dental professional and ADHS or their contractor to provide:
  - a. That the agreement only applies to volunteer dental care and treatment services delivered by the dental professional to indigent and needy persons or persons located in medically underserved areas of this state.
  - b. The identity of the parties to the agreement, including the dental professional's license or certification number.
  - c. That the dental professional agrees to not receive any payment or compensation, either direct or indirect, or have the expectation of payment or compensation, for any dental care and treatment services provided to indigent or needy persons or persons located in medically underserved areas of this state under the agreement.
  - d. That the dental professional will submit annual reports to ADHS or their contractor regarding the dental care and treatment services delivered to indigent or needy persons or persons located in medically underserved areas of this state. Under the agreement, ADHS and their contractor must have access to the medical records of any patient served by the dental professional. All patient medical records and identifying information contained in the annual reports submitted to ADHS or their contractor are confidential.
  - e. That ADHS or their contractor may terminate the agreement with the dental professional for appropriate cause. When terminating an agreement under this section, ADHS or their contractor must provide the dental professional with written notice of intent to terminate the agreement and the reasons for the termination at least five business days before the termination date. If the termination date is during the treatment of a patient, the termination date must be moved to the date the treatment of the patient is completed.
  - f. That the dental professional is subject to regular supervision and inspection by ADHS or their contractor with respect to dental care and treatment services provided under the agreement.
5. Requires the dental professional to report any adverse incident and information relating to treatment outcomes pertaining to a patient to ADHS or their contractor and to the State Board of Dental Examiners (Board). The Board must review the incident and determine whether it involved conduct by the dental professional that is subject to disciplinary action.
6. States that all patient medical records and identifying information contained in adverse incident reports and treatment outcomes obtained by ADHS, their contractor or the Board are confidential.
7. Prohibits a dental professional from submitting a claim for uncompensated care for volunteer dental care and treatment services.
8. Defines *adverse incident*, *dental professional* and *medically underserved area*.

### CURRENT LAW

A.R.S § 12-571 states that a health professional who provides medical, optometric or dental treatment, care or screening within the scope of the health professional's certificate or license at a nonprofit clinic where neither the professional nor the nonprofit clinic

receives compensation for any treatment, care or screening provided at the nonprofit clinic is not liable in a medical malpractice action, unless the health professional was grossly negligent. A health professional who provides previously owned prescription eyeglasses free of charge within the professional's scope of practice through a charitable, nonprofit or fraternal organization is not liable for an injury to the recipient if the recipient or the recipient's parent or legal guardian has signed a medical malpractice release form and the injury is not a direct result of the health professional's intentional misconduct or gross negligence. Statute also defines *nonprofit clinic* and *medical malpractice release form*.



# HOUSE OF REPRESENTATIVES

## HCR 2039

multiple sclerosis awareness week

Prime Sponsor: Representative Brophy McGee, LD 28

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**DP** Committee on Health

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HCR 2039 urges members of the legislature of the State of Arizona to recognize and support individuals and their families who have been impacted by Multiple Sclerosis (MS) and to proclaim March 7 through 13, 2016 as Multiple Sclerosis Awareness Week in Arizona.

### PROVISIONS

1. Urges the members of the legislature to:
  - a. Recognize the individuals and their families who have been impacted by MS and acknowledge that they are great assets to this state.
  - b. Support the men, women and families of all people who have been diagnosed with MS and other neurological diseases.
  - c. Recognize the importance of finding the cause of and cure for MS and express their appreciation for the dedication that the Arizona Chapter of the National Multiple Sclerosis Society and its members have shown toward a MS-free future.
  - d. Proclaim March 7 through 13, 2016 as Multiple Sclerosis Awareness Week in Arizona and encourage all citizens to learn more about MS and what they can do to support individuals with the disease and their families.

### CURRENT LAW

Not currently addressed in statute.

### ADDITIONAL INFORMATION

Multiple Sclerosis (MS) is a chronic and often devastating neurological disease of the central nervous system with an unknown cause and cure that affects at least 2.3 million people worldwide. MS generally strikes people between the ages of 20 and 50, and generally causes unpredictable effects. In addition, the progression, severity and specific symptoms of each case cannot be foreseen. The Arizona Chapter of the National Multiple Sclerosis Society reports that Arizona serves more than 8,000 individuals who have been diagnosed with MS, affecting 40,000 family members. For over 65 years the Arizona Chapter of the National Multiple Sclerosis Society has been heightening public knowledge about the disease while mobilizing people and resources. Since 1946, the National Multiple Sclerosis Society has been relentlessly pursuing prevention, treatment and a cure and has invested more than \$920 million in groundbreaking research. Monies raised through the National Multiple Sclerosis Society, totaling nearly \$54 million annually, fuel the efforts of more than 380 research projects globally at the best medical centers and universities and at other institutions throughout the United States and abroad.



# HOUSE OF REPRESENTATIVES

## HB 2239

technical correction; insurance; uniform plans  
Prime Sponsor: Representative Fann, LD 1

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**DPA** Committee on Insurance

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2239 makes a technical correction relating to uniform plans.

### Summary of Strike-Everything Amendment

The strike-everything amendment to HB 2239 states a reciprocal insurer and its attorney-in-fact are considered as the same entity for the purposes of calculating the premium tax credit for new employment.

### PROVISIONS

1. Assigns a reciprocal insurer and its attorney-in-fact as the same entity for the purposes of calculating the premium tax credit for new employment.
2. Removes the premium tax credit sunset date.
3. Applies retroactively to January 1, 2016.

### AMENDMENT BY INSURANCE COMMITTEE

1. Adopted the strike everything amendment.

### CURRENT LAW

Pursuant to [A.R.S. § 20-224.03](#), a credit is allowed against the premium tax liability for net increases in full-time employees hired in qualified employment positions in the state. The amount of the credit is equal to: \$3,000 for each full-time employee hired in a qualified employment position in the first year or partial year of employment, \$3,000 for each employee in a qualified employment position in the second year of continuous employment, and \$3,000 for each employee in a qualified employment position in the third year of continuous employment.

To qualify for the tax credit the business must: be located in this state before July 2017, and invest at least \$5 million of capital investment and create at least 25 new qualified employment positions in a year in an urban area or \$1 million of capital investment and create at least 5 new qualified positions in a rural area. A new qualified position must consist of at least 1,750 hours per year of employment, health insurance coverage for the employee provided by the employer, and pay at least minimum wage.



# HOUSE OF REPRESENTATIVES

HB 2553

insurance; risk retention groups

Prime Sponsor: Representative Fann, LD 1

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**DP** Committee on Insurance

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2553 establishes the rules and regulations for state-licensed risk retention groups.

## PROVISIONS

1. Requires the board of directors (BOD) of a risk retention group to have a majority of independent board directors.
2. Stipulates if a risk retention group is a reciprocal risk retention group:
  - a. The attorney-in-fact must adhere to the independence of operation and governance standards, and
  - b. Services providers must contract with the group and not the attorney-in-fact.
3. Specifies the BOD must affirmatively determine the board director has no material relationship with the risk retention group in order for the director to qualify as independent.
  - a. The BOD must annually inform its domestic regulator of the determination.
4. Asserts any person that is an owner of or a subscriber in the group, or is an officer, director or employee of an owner is considered independent unless some other position constitutes as a material relationship.
5. States that a material service provider's contract with the group is limited to five years.
  - a. Any contract or renewal requires the majority approval of the independent board directors.
6. Authorizes the BOD to cancel any service provider, audit or actuarial contracts at any time for cause after providing adequate notice pursuant to the contract.
7. Deems the service provider contract material if the amount is to be paid for that contract is greater than or equal to 5% of the group's annual gross written premium or 2% of its surplus, whichever is greater.
8. Outlines the process to enter into a service provider contract that is a material relationship.
9. Instructs the BOD to adopt a written policy in the plan of operation as approved by the board that prescribes the BOD's duties.
10. Requires each group to have an audit committee composed of at least three independent board members.
11. Allows a non-independent board member to participate in the committee if invited by a member but is not considered a member of the committee.
12. Requires the audit committee to have a written charter that defines the committee's purpose and provides a list of minimum duties.
13. Authorizes the director of the Department of Insurance (DOI) to waive the requirement to establish an audit committee provided the group shows that it is impracticable and the BOD is able to fulfill the requirements of the audit committee.
14. Directs the BOD to adopt and disclose governance standards and make the information available by electronic means and available to members and insureds on request.
  - a. Outlines the contents to be included in the information.
15. Instructs the BOD to adopt and disclose a code of business conduct and ethics for board directors, officer and employees, and disclosure of any waivers to the code under specified reasons.

16. Requires the captive manager, president or chief executive officer of the group to immediately notify the domestic regulator, in writing, of any material noncompliance with the group's governance standards.
17. Defines pertinent terms.
18. Makes technical changes.

### **CURRENT LAW**

[Statute](#) defines *risk retention group* as a corporation or other limited liability association formed in any state whose primary activity consists of assuming and spreading all or any portion of the liability of its group members.

[Pursuant to A.R.S. § 20-2402](#) a risk retention group who is licensed and chartered in this state must submit an acceptable feasibility study to DOI before offering any kind of liability insurance in this state or in any other state. Any application for a risk retention group received by DOI must be provided to the National Association of Insurance Commissioners.

[Pursuant to A.R.S. § 20-2403](#) before offering insurance in this state, risk retention groups not chartered and licensed in Arizona must provide a statement identifying the state or states in which the group is chartered and licensed as a liability insurance company and make available any required information and documentation to DOI. Additionally, the risk retention group must provide a statement of registration which designates the director as its agent for the purpose of receiving service of legal documents.



# HOUSE OF REPRESENTATIVES

HB 2692

insurance; pharmacy benefits; audits; pricing

Prime Sponsor: Representative Livingston, LD 22

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**DPA/SE** Committee on Insurance

**X** Caucus and COW

House Engrossed

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## STRIKE-EVERYTHING SUMMARY

The strike-everything amendment to HB 2692 establishes procedures and reporting requirements for pharmacy audits.

## PROVISIONS

1. Requires an auditing entity who is conducting an in-pharmacy audit to:
  - a. Give a pharmacy at least 14 days' written notice,
  - b. Not conduct an audit during the first five days of the month unless the pharmacy otherwise consents.
  - c. Provide the pharmacy a list of items, as identified by prescription number or date range, to be audited.
  - d. Limit the audit to claims with an adjudicated date of less than two years.
2. Specifies an in-pharmacy or desktop audit which involves clinical or professional judgment must be conducted by or in consultation with a pharmacist.
3. Allows a pharmacy to use hospital or other authorized practitioner records to validate the pharmacy records.
4. Requires each pharmacy audit to be under the same standards and parameters as other similarly situated pharmacies in this state.
5. Requires an auditing entity who is conducting an in-pharmacy or desktop audit to comply with the following:
  - a. The entity must base a finding of overpayment or underpayment on the actual overpayment or underpayment, unless directed by federal or state law.
  - b. The entity is prohibited from recouping monies for any clerical errors identified in the audit.
  - c. The dispensing fee amount cannot be included in any finding of an overpayment unless certain criteria are met.
6. Prohibits interest from accruing during the audit period.
7. Directs the auditing entity to:
  - a. Deliver a preliminary audit report to the pharmacy within 60 days of completion.
  - b. Establish and make available to network pharmacies a written appeals process.
    - i. The process must allow a pharmacy to appeal an unfavorable audit report at least 30 days from the delivery of the final audit report.
  - c. Provide a telephone number for which a pharmacy could contact the individual responsible for processing appeals.
  - d. Deliver a final audit report to the pharmacy within 90 days after receiving the preliminary audit report or final appeal.
8. Authorizes the pharmacy to provide documentation to address any discrepancies in the audit at least 30 days from receiving the report.
9. Requires all contracts between a pharmacy benefits manager and a pharmacy must include a process to appeal, investigate and resolve disputes regarding final audit findings.
10. Prevents chargebacks, recoupment or other penalties from being assessed until the appeals process has been completed and the final audit report has been issued.
11. Asserts audit information cannot be shared, unless required by federal or state law.
  - a. Allows auditors access to previous reports that were conducted by that auditor.
12. Applies the auditing requirements to audits conducted of pharmacies located in this state.

13. States the auditing requirements do not apply to:
  - a. Claims reviews that are initiated within three business days after transmission of a claim which no chargeback or recoupment is demanded, and
  - b. Audits conducted due to suspicion of fraudulent activity.
    - i. Audits must be documented and made available on request.
14. Contains an applicability clause.



# HOUSE OF REPRESENTATIVES

HB 2032

speed limits; local authority

Prime Sponsor: Representative Borrelli, LD 5

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**DP** Committee on Judiciary

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2032 allows a local authority to modify the speed limit in an area adjacent to or surrounding school grounds or public parks.

## PROVISIONS

1. Permits a local authority to increase or decrease the maximum speed limit on streets adjacent to or surrounding school grounds or public parks.

## CURRENT LAW

A.R.S. Title 28, Chapter 3, Article 6 governs speed restrictions on roads. [A.R.S. § 28-703](#) allows a local authority, on the basis of an engineering and traffic investigation, to determine and declare a reasonable and safe maximum speed limit that is different than the limit that would otherwise be imposed under Article 6. Currently, a local authority may increase or decrease the speed limit on streets adjacent to school grounds. [A.R.S. 28-701\(B\)\(1\)](#) generally establishes a speed limit of 15 miles per hour approaching a school crossing and 25 miles per hour in a business or residential district. Maximum speeds are reduced to the speed that is reasonable and prudent under the conditions with regard to actual and potential hazards. The statute also prohibits a person from driving at a speed less than reasonable or prudent under existing conditions.



# HOUSE OF REPRESENTATIVES

HB 2219

supreme court; attorney licensing

Prime Sponsor: Representative Kern, LD 20

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**DP** Committee on Judiciary

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2219 requires the Arizona Supreme Court (Court) to license attorneys.

## PROVISIONS

1. Requires the Court to license attorneys for the practice of law in Arizona.
2. States that the Court must adopt rules to carry out licensure that include:
  - a. Minimum qualifications;
  - b. Testing requirements;
  - c. Requirements for background investigations;
  - d. Attorney discipline; and
  - e. Disbarring attorneys.
3. States that an attorney shall not be required to be a member of any organization to become or remain a licensed attorney in Arizona.

## CURRENT LAW

The State Bar of Arizona (SBA) was officially created by the Legislature in 1933 through the State Bar Act, which made membership in the SBA mandatory for lawyers practicing in Arizona. In 1973, the Supreme Court adopted rules concerning the governance of the SBA. From 1973 until the State Bar Act was allowed to sunset in 1984, the regulation of attorneys was accomplished through both court rules and statutes. Since the sunset, the Supreme Court has held through Rule the authority to regulate attorneys and exercise oversight over the SBA. Specifically, [Rules 31-74](#) of the Arizona Supreme Court outline the authority of the Court, the organization of the SBA, attorney licensure, requirements for attorneys and the discipline process.

## ADDITIONAL INFORMATION

According to the SBA, the first statewide bar association was created in 1895. The Arizona Bar Association was later incorporated in 1906 and in 1912 it began admission procedures for the practice of law. The SBA currently oversees 18,250 attorneys ([SBA](#)).



# HOUSE OF REPRESENTATIVES

## HB 2221

attorney regulation; assessments; membership dues  
Prime Sponsor: Representative Kern, LD 20

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**DPA** Committee on Judiciary

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2221 makes changes to the regulation of attorneys in Arizona.

### PROVISIONS

1. Affirms that to the extent provided in the Arizona Constitution, the Supreme Court has authority over regulatory functions relating to the practice of law, including the regulation of attorneys.
2. Permits the Supreme Court to charge a mandatory assessment from each attorney for purposes of supporting the Court's regulatory functions.
3. Limits the use of the mandatory assessment collected by the Supreme Court to the following regulatory functions for attorneys under active Supreme Court supervision:
  - a. Admitting an attorney to the practice of law;
  - b. Maintaining attorney records;
  - c. Enforcing the ethical rules that govern attorneys;
  - d. Regulating continuing legal education;
  - e. Maintaining attorney trust accounts; and
  - f. Preventing the unauthorized practice of law.
4. Allows the State Bar of Arizona (SBA) to collect and use voluntary membership dues for activities not outlined above.
5. Mandates that the collection of voluntary dues be separate from mandatory assessments.
6. Requires the Supreme Court to incorporate mandatory assessment monies into its budget.
7. Prohibits any other entity in Arizona from collecting mandatory assessment from an attorney.
8. States that if the SBA accepts any mandatory assessment monies collected by the Supreme Court to carry out any of the mandatory functions listed above, it must:
  - a. Comply with the open records law ([A.R.S. Title 39, Ch. 1](#));
  - b. Make a list of all expenditures made with mandatory assessment monies available to the public; and
  - c. Provide an independent audit of the expenditures.

### JUDICIARY COMMITTEE AMENDMENT

1. Removes the reference to A.R.S. Title 39, Ch. 1.
2. Provides that any person may request to examine or receive copies of records.
3. Allows the SBA to require a person requesting a copy of a record to pay in advance for copying and postage.
4. Requires the SBA to promptly furnish copies.
5. States that if requested, the SBA must provide an index of records or categories of records that have been withheld, along with an explanation as to why the records have been withheld.
6. Prohibits the SBA from including in the index any information that is confidential or privileged.

7. Allows a person who is denied access to records to appeal the denial through a special action in the superior court.
8. Allows the court to award attorney fees to the party seeking the records, if the party substantially prevails. States that any person who is wrongfully denied access to records has a cause of action against the SBA for any damages resulting from the denial.
9. Defines *record*.

### **CURRENT LAW**

The SBA was officially created by the Legislature in 1933 through the State Bar Act, which made membership in the SBA mandatory for lawyers practicing in Arizona. In 1973, the Supreme Court adopted rules concerning the governance of the SBA. From 1973 until the State Bar Act was allowed to sunset in 1984, the regulation of attorneys was accomplished through both court rules and statutes. Since the sunset, the Supreme Court has held through Rule the authority to regulate attorneys and exercise oversight over the SBA. Specifically, [Rules 31-74](#) of the Arizona Supreme Court outline the authority of the Court, the organization of the SBA, attorney licensure, requirements for attorneys and the discipline process.

### **ADDITIONAL INFORMATION**

According to the SBA, the first statewide bar association was created in 1895. The Arizona Bar Association was later incorporated in 1906 and in 1912 it began admission procedures for the practice of law. The SBA is governed by a Board of Governors comprised of 30 individuals: four public members (non-attorney), three at-large members appointed by the Supreme Court; 19 attorney members elected by SBA members (by district) and four ex-officio members who are the immediate past president and the three deans of Arizona law schools. The SBA currently oversees 18,250 attorneys ([SBA](#)).

Pursuant to [Administrative order 2014-79](#), in 2014 the Supreme Court created the Task Force on the Review of the Role and Governance Structure of the State Bar of Arizona to examine the rules of the Supreme Court on the mission and governance of the SBA. The Task Force's final report can be found [here](#).

The House Ad-Hoc Committee on Mandatory Bar Associations (Ad-Hoc Committee) met during the 2015 interim and adopted the following recommendations at its final meeting on December 7, 2015:

- The process to determine how SBA member dues are spent in reference to political activity should be more transparent.
- The SBA should adopt an opt-in policy for attorneys who wish to have any portion of their dues used beyond attorney regulation and discipline.
- The Ad-Hoc Committee noted that the Legislature created the SBA with the State Bar Act of 1933. In 1973, the Supreme Court adopted its own rules concerning the governance of the SBA. From 1973 until the State Bar Act was allowed to sunset in 1984, the regulation of attorneys was accomplished through both court rules and the statutory framework. Since that time, the Arizona Supreme Court has asserted a claim to exclusive authority over the regulation of attorneys and the governance of the SBA.
- That legislation be drafted to call on the Arizona Supreme Court to:
  - Modify its rules related to the SBA to further respect and protect the First Amendment freedoms of Arizona attorneys; and
  - Establish improved transparency measures with relation to SBA practices and policies.



# HOUSE OF REPRESENTATIVES

## HB 2300

firearms; prohibited governmental activities

Prime Sponsor: Representative Kern, LD 20

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**DPA** Committee on Judiciary

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2300 prohibits state or local governments from enforcing or using resources to aid in the enforcement of federal laws related to personal firearms.

### PROVISIONS

1. Prohibits an agency or political subdivision, or an employee of either while acting in the employee's official capacity, from:
  - a. Knowingly and willingly participating in the enforcement of any federal act, law, order, rule or regulation that is:
    - i. Issued after the effective date of this bill, and
    - ii. Related to a personal firearm, accessory or ammunition.
  - b. Using assets, state monies or monies allocated by the state to political subdivisions after the effective date of this bill to engage in activity that:
    - i. Aids a federal agency, agent, or corporation providing services to the federal government in the investigation or enforcement of any federal act, law, order, rule or regulation that is:
      - Issued after the effective date of this bill, and
      - Related to a personal firearm, accessory or ammunition.
2. Permits the action if it is required by a court order.
3. Prohibits the Treasurer from transferring monies to a political subdivision in the fiscal year after a final determination that the political subdivision adopted a rule, order, ordinance or policy that violates the prohibition.
4. Subjects any agent or employee who knowingly violates this prohibition to the following penalties:
  - a. For a first violation, a civil penalty of not more than \$3,000 (plus surcharges);
  - b. For a second or subsequent violation, a Class 1 misdemeanor (up to 6 months in jail/\$2,500 fine (plus surcharges)).
5. Contains a statement of legislative findings.

### JUDICIARY COMMITTEE AMENDMENT

1. Applies to acts that:
  - a. Infringe on the right to keep and bear arms guaranteed under the 2<sup>nd</sup> Amendment of the US Constitution; or
  - b. Impair that right in violation of Article 2, § 26 of the Arizona Constitution.

### CURRENT LAW

[A.R.S. § 13-3108](#) prohibits any political subdivision of the state from:

- Enacting any ordinance, rule or tax relating to the sale, transfer, purchase, acquisition or gift of firearms, ammunition, related components or accessories;
- Requiring the licensing or registration of firearms, ammunition, components or accessories;
- Prohibiting the ownership, sale, purchase or transfer of firearms, ammunition, components or accessories;
- Requiring or maintaining a record of:
  - Identifying information of a person who leaves a weapon in temporary storage at a public establishment or public event,
  - A person who owns, possesses, purchases, sells or transfers a firearm, except in the course of a law enforcement investigation,
  - A description of a weapon left in temporary storage, including the serial number.

- Enacting a rule or ordinance related to firearms that is more prohibitive than or has a greater penalty than state law.

This statute also includes several exceptions. Additionally, [A.R.S. § 13-3118](#) prohibits any state agency or political subdivision from enacting or implementing any law, rule or ordinance relating to the possession, transfer or storage of firearms that isn't provided for in statute, with specific exemptions.



# HOUSE OF REPRESENTATIVES

## HB 2338

educational institutions; firearms; rights-of-way

Prime Sponsor: Representative Townsend, LD 16

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**DP** Committee on Judiciary

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2338 states that the governing board of an *educational institution* may not prohibit a person from possessing or carrying a concealed weapon in a person's vehicle on a *public right-of-way*.

### PROVISIONS

1. Prohibits the governing board of an *educational institution* from adopting or enforcing any policy or rule that prohibits a person from lawfully possessing or carrying a concealed weapon in a person's vehicle on a *public right-of-way*.
2. Provides that a deadly weapon, dangerous instrument or explosive that is used, possessed or displayed in violation of a rule established by an *educational institution's* governing board is no longer subject to being destroyed. Allows it to be forfeited and sold or disposed of as outlined in the forfeiture of weapons statute ([A.R.S. § 13-3105](#)).
3. Defines *public right-of-way* as any highway, street, road, thoroughfare, path, alley or other right-of-way that is publicly accessible and established by a governmental entity.
4. Makes technical and conforming changes.

### CURRENT LAW

[A.R.S. § 13-2911](#) outlines the offense of *interference or disruption* of an educational institution as follows:

- Intentionally, knowingly or recklessly interfering with or disrupting the operations of an educational institution by:
  - Threatening to cause physical injury to an employee, student or any person on the property;
  - Threatening to cause damage;
    - Class 6 felony (up to one year presumptive sentence; fine up to \$150,000 plus surcharges).
- Intentionally or knowingly entering or remaining on the educational institution's property to interfere with use of the property;
  - Class 1 misdemeanor (up to six months in jail; fine up to \$2,500 plus surcharges).
- Intentionally or knowingly refusing to obey a lawful order to leave the property.
  - Class 1 misdemeanor.

The statute defines *interference with or disruption of* as any act that might reasonably lead to the evacuation or closure of any property of the institution or the postponement, cancellation or suspension of any class or activity. An evacuation, closure, postponement, cancellation or suspension is not required.

All public educational institutions (unless ineligible to receive state aid) are required to develop rules for the maintenance of public order and to govern the conduct of faculty, students, staff and the public while on the property. Penalties for rule violations must be clearly outlined and provide for the removal of the person from the property. Any deadly weapon, dangerous instrument or explosive that is used, displayed or possessed in violation of a rule must be forfeited and sold, destroyed or disposed of as outlined in the forfeiture statutes. Additionally, [A.R.S. § 15-341](#) requires the governing board of a K-12 school to prescribe and enforce policies and procedures to prohibit a person from carrying or possessing a weapon on school grounds, unless the person is a peace officer or has special authorization from the school administrator.

The statute defines an *educational institution* as any university, college, community college, high school or common school in the state.

[A.R.S. § 13-3102\(A\)\(12\)](#) makes it a Class 1 misdemeanor to possess a deadly weapon on school grounds. The following exceptions are provided:

- If the firearm is not loaded and it is carried in a vehicle controlled by an adult. If the adult leaves the car, the firearm must not be visible from the outside and the car must be locked;
- If the firearm is used in a school-approved program; or
- If the firearm is possessed by a retired law enforcement officer with a certificate of firearms proficiency ([LEOSA](#)).

The offense is a Class 6 felony if committed in the furtherance of specific crimes. *School* is defined as any public or nonpublic kindergarten, common or high school.

Federal law ([18 USC §§ 922\(q\)\(2\) and 922\(q\)\(3\)](#)) makes it unlawful for any person to knowingly possess or discharge a firearm that has moved in/otherwise affects interstate or foreign commerce in a school zone. Exceptions are provided for:

- Private property that is not part of the school grounds;
- Persons who are licensed by the state to possess a firearm;
- Firearms that are:
  - Not loaded and locked in either a container or firearms rack on the vehicle, by a person who is:
    - Using the firearm in a program approved by a school;
    - In accordance with a contract entered into between the school and the individual or individual's employer; or
    - A law enforcement officer acting in official capacity
  - Not loaded and possessed by a person traversing the premises to gain access to public or private lands for hunting, if authorized.



# HOUSE OF REPRESENTATIVES

HB 2384

probation performance; annual reporting

Prime Sponsor: Representative Farnsworth E, LD 12

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**DP** Committee on Judiciary

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2384 requires online posting of probation reports.

## PROVISIONS

1. Requires probation reports currently provided by Maricopa County and the Arizona Supreme Court to be posted on their respective websites.
2. Changes the date when counties must annually report on probation performance from October 1<sup>st</sup> to December 1<sup>st</sup>.

## CURRENT LAW

[A.R.S. § 12-269](#) outlines requirements for probation programs in counties with populations of 2,000,000 or more persons. Counties must maintain appropriate ratios of officers to probationers consistent with evidence based practices in differentiated case management. Counties must report their performance to the Chief Justice, Speaker of the House of Representatives and President of the Senate by October 1<sup>st</sup> of every year. The annual report must include:

- a. The rate of successful completion of probation;
- b. The rate of new felony convictions; and
- c. The rate of commitment to the Department of Corrections or the Department of Juvenile Corrections.



# HOUSE OF REPRESENTATIVES

## HB 2594

tobacco master settlement; sales data

Prime Sponsor: Representative Mitchell, LD 13

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**DP** Committee on Judiciary

**X** Caucus and COW

House Engrossed

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### **OVERVIEW**

HB 2594 requires tobacco sales data provided to the Attorney General (AG) or Department of Revenue (DOR) to remain confidential.

### **PROVISIONS**

1. Makes all tobacco sales data that is provided to the AG or DOR for purposes of the master settlement agreement (MSA) confidential.
2. Makes a technical change.

### **CURRENT LAW**

[A.R.S. § 44-7101](#) outlines definitions, requirements, and specific provisions relating to the MSA.

[A.R.S. § 44-7111](#) details the enforcement of the MSA and contains specific requirements for Non-Participating Manufacturers. Section 5 requires each distributor to submit to DOR specific information, including:

- A list by *brand family* of the total number of cigarettes;
- Invoices and documentation of sale of all nonparticipating manufacturer cigarettes;
- Any other information relied upon in reporting.

DOR is required to disclose all information received under A.R.S § 44-7111 to the AG.

*Brand family* means all styles of cigarettes sold under the same trade mark and differentiated from one another by means of additional modifiers or descriptors.

### **ADDITIONAL INFORMATION**

On November 23, 1998, Arizona entered into the MSA with various tobacco companies due to serious health and financial concerns that arose as a result of cigarette smoking (A.R.S. § 44-7101). The MSA requires manufactures participating in the agreement (Participating Manufacturers, or PMs) to:

- Pay monies to the state (tied in part to the volume of sales);
- Fund a national foundation devoted to the interests of public health; and
- Make changes to advertising and marketing practices and corporate culture, with the intention of reducing underage smoking.

In exchange for participating in this agreement, the state exempts PMs from past, present, and future legal claims.



# HOUSE OF REPRESENTATIVES

## HB 2618

medical marijuana dispensaries; location change  
Prime Sponsor: Representative Leach, LD 11

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**DP** Committee on Judiciary

**X** Caucus and COW

House Engrossed

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### **OVERVIEW**

HB 2618 permits a nonprofit medical marijuana dispensary (dispensary) to change locations if the new location is within the same community health analysis area (CHAA).

### **PROVISIONS**

1. Allows a dispensary to change its location or cultivation site provided the new location is in the same CHAA at the time that the original registration certificate was issued.
2. Stipulates that the new dispensary is subject to the other requirements required for a new dispensary.
3. Contains a Prop 105 clause.
4. Makes technical and conforming changes.

### **CURRENT LAW**

[A.R.S. § 36-2804](#) outlines registration and certification requirements for new dispensaries. To register for a dispensary, a person must apply with the Arizona Department of Health Services (DHS).

A.R.S. § 36-2804(C) states that DHS may not issue more than one dispensary registration certificate for every 10 pharmacies that:

- Have registered under [A.R.S. § 32-1929](#);
- Have obtained a pharmacy permit from the Arizona State Board of Pharmacy; and
- Operate within the state.

DHS may issue excess dispensary registration certificates if necessary to ensure that DHS issues at least one dispensary registration certificate in each county where an application has been approved.

### **ADDITIONAL INFORMATION**

In 2010, Arizona voters passed Proposition 203, an initiative measure regarding the legalization of medical marijuana. Proposition 203 created several statutes that outline requirements for medical marijuana (A.R.S. Title 36, Chapter 28.1). [A.R.S. § 36-2803](#) required DHS to adopt rules for implementation.

The [Arizona Medical Marijuana Rules](#) (AMMR) provide specific rules and requirements in regards to medical marijuana. R9-17-306 of the AMMR states that a dispensary may change its location:

- Within the first three years after DHS issues the dispensary's registration certificate, to another location in the CHAA where the dispensary is located;
- After the first three years after issuance of the registration certificate, to another location in the state.

A dispensary may change the location of its cultivation site to another location in the state.

A dispensary or its cultivation site is prohibited from cultivating, manufacturing, distributing, or selling medical marijuana at a new location until the dispensary submits an application for a change in dispensary location.



# HOUSE OF REPRESENTATIVES

## HB 2233

public buildings; applicable fire codes

Prime Sponsor: Representative Boyer, LD 20

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**DPA** Committee on Military Affairs and Public Safety

**X** Caucus and COW

House Engrossed

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### **OVERVIEW**

HB 2233 allows a local fire code to apply to a public building, by the local body that adopted the code, if the State Fire Marshal authorizes it through an intergovernmental agreement (IGA).

### **PROVISIONS**

1. Allows the State Fire Marshal to enter into an IGA with a local governing body in order to utilize a local fire code on a public building located within the jurisdiction of the local governing body.
2. Strikes preemption language that specifies that cities with a population of 100,000 or more that have adopted a nationally recognized fire code do not have authority to supersede the state's fire code in state or county buildings and public schools.
3. Makes technical and conforming changes.

### **MILITARY AFFAIRS AND PUBLIC SAFETY COMMITTEE AMENDMENT**

1. Exempts properties or buildings owned by the Arizona Board of Regents (ABOR), or any university under its jurisdiction, from a local fire code in the absence of an IGA between ABOR and a local governing body.
2. Makes technical and conforming changes.

### **CURRENT LAW**

[A.R.S. § 34-461](#) stipulates that all public buildings must comply with the state fire code, unless the local governing body where the public building is located has already adopted a fire code. Statute also establishes state preemption relating to fire codes, in which a city with a population of 100,000 or more people who have adopted a nationally recognized fire code does not have authority to supersede the state's fire code, nor are they exempt from the state fire code in state or county buildings and public schools.



# HOUSE OF REPRESENTATIVES

## HCM 2009

urging Congress; American Legion; membership  
Prime Sponsor: Representative Borrelli, LD 5

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**DP** Committee on Military Affairs and Public Safety

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HCM 2009 urges Congress to direct the American Legion to expand its membership eligibility.

### PROVISIONS

1. Urges Congress to:
  - a. Direct the American Legion to expand its membership eligibility to include all honorably discharged military veterans; and
  - b. Requests that the Arizona Secretary of State transmit copies of this Memorial to the President of the United States (U.S.), the Speaker of the U.S. House of Representatives, the President of the U.S. Senate and each Member of Congress from this state.

### CURRENT LAW

Not currently addressed in statute.

### ADDITIONAL INFORMATION

The American Legion is a veterans organization formed by Congress in 1919 that focuses on service to veterans, servicemembers and communities. The American Legion limits membership eligibility to those who have served federal active duty in the U.S. Armed Forces during the eras of World War I, World War II, the Korean War, the Vietnam War, Lebanon/Grenada, Panama or the Persian Gulf War and who have been honorably discharged or are still serving.



# HOUSE OF REPRESENTATIVES

## HCR 2016

superior court jurisdiction; technical correction

Prime Sponsor: Representative Leach, LD 11

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**DPA**

**S/E**

Committee on Military Affairs and Public Safety

**X**

Caucus and COW

House Engrossed

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### **STRIKE-EVERYTHING SUMMARY**

The strike-everything amendment to HCR 2016 asserts that Arizona supports the provision of education benefit information to all service members at least one year before their separation from military service.

### **PROVISIONS**

1. Asserts that Arizona supports the provision of education benefit information to all service members at least one year before their separation from military service.

### **MILITARY AFFAIRS AND PUBLIC SAFETY COMMITTEE AMENDMENT**

The strike-everything amendment was adopted.

### **CURRENT LAW**

Not currently addressed in statute.

### **ADDITIONAL INFORMATION**

In FY 2012, Arizona veterans were fourth in the U.S. in usage of education programs. In 2010, a survey of veterans showed that 41% to 59% of veterans have little to no understanding of the education benefits available to them.



# HOUSE OF REPRESENTATIVES

HB 2614

cooperative associations

Prime Sponsor: Representative Gray, LD 21

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**DPA** Committee on Rural and Economic Development

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2614 makes changes relating to the establishment, authority, membership and definitions of cooperative marketing associations (Associations).

## PROVISIONS

1. Allows each of the following to form an association with or without capital stock:
  - a. Five or more persons engaged in the production of agricultural products.
  - b. Five or more small businesses, individuals or entities engaged in the marketing and distribution of manufactured goods for import and export purposes.
  - c. Five or more persons for the purpose of producing, manufacturing and selling hydroponic greenhouses or for the purpose of growing food.
2. Permits an investor to be a member of an Association established by five or more persons for the purpose of producing, manufacturing and selling hydroponic greenhouses or for the purpose of growing food.
3. Allows Associations to make profits for themselves or for their members.
4. Permits an Association to engage in specified activities in connection with:
  - a. The marketing or distribution of manufactured goods for import and export purposes or the providing of labor.
  - b. The harvesting, processing, storing, handling or use of products for the production, manufacturing and sale of hydroponic greenhouses.
5. Allows an Association to raise equity from nonprofit investors and patron members.
6. Prohibits an Association from dealing nonmember products in an amount greater in value than the products handled for members.
7. Adds that the Association may make and execute marketing contracts to sell their manufactured goods for import and export purposes or their hydroponic greenhouses exclusively through the Association or its facilities.
8. Adds to the initial members of a domestic cooperative association for the purpose of a merger, conversion, domestication or a division:
  - a. Five or more small businesses, individuals or entities engaged in the marketing or distribution of manufactured goods for import and export purposes.
  - b. Five or more persons for the purpose of producing, manufacturing and selling hydroponic greenhouses or for the purpose of growing food.
9. Expands the definitions of active member, marketing agreement, and member.
10. Makes technical and conforming changes.

## AMENDMENTS IN RURAL AND ECONOMIC DEVELOPMENT COMMITTEE

1. Allows an Association to be formed for the purpose of producing, manufacturing, marketing, distributing or selling and products or services.
2. Removes the ability to form an Association consisting of five members for the purposes of producing, manufacturing and selling hydroponic greenhouses or growing food.
3. Makes further conforming changes.

## CURRENT LAW

A.R.S. Title 10, Chapter 19, Article, 1 governs Associations. A.R.S. § 10-2003 outlines the requirements for the formation of an Association. The formation of an Association requires five or more persons engaged in the production of agriculture products without

capital stock. Associations organized under this Article may not make profits for themselves or for their members, but may make profits for their members as producers. A.R.S. § 10-2005 outlines the powers of Associations, which include the ability to engage in marketing, harvesting, processing, storing, handling or utilization of agriculture products.



# HOUSE OF REPRESENTATIVES

HB 2507

outdoor advertising

Prime Sponsor: Representative Borrelli, et al., LD 5

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**DP** Committee on Transportation and Infrastructure

**X** Caucus and COW

House Engrossed

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## **OVERVIEW**

HB 2507 increases the area in which electronic outdoor advertising is permitted.

## **PROVISIONS**

1. Expands the coordinates in which electronic outdoor advertising is permitted.
2. Makes technical changes.

## **CURRENT LAW**

[A.R.S. § 28-7901](#) defines *electronic outdoor advertising* as signs, displays and devices with sign faces that are comprised of matrices of light or light emitting devices that are static or capable of changing messages electronically or by remote. [A.R.S. § 28-7902](#) requires electronic outdoor advertising to contain no animation, remain static for at least eight seconds and comply with certain lighting requirements. In addition, statute prohibits electronic outdoor advertising to be located outside of specified coordinates.



# HOUSE OF REPRESENTATIVES

## HB 2509

vehicle equipment; lighting

Prime Sponsor: Representative Gray, LD 21

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**DP** Committee on Transportation and Infrastructure

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2509 requires each lamp on a vehicle to meet statutory requirements.

### PROVISIONS

1. Stipulates that each tail, stop and signal lamp on a motor vehicle must meet statutory requirements.

### CURRENT LAW

A.R.S. § 28-925 requires a vehicle to be equipped with at least one tail lamp mounted on the rear of the vehicle and states that the tail lamp must emit a red light plainly visible from a distance of 500 feet to the rear. A.R.S. § 28-939 requires a stop lamp and a signal lamp or lamps to be visible in daytime and nighttime from a distance of 100 feet. Furthermore, a vehicle with a stop lamp or other signal lamp must be maintained in good working condition, not project a glaring or dazzling light, and a mechanical signal device must be self-illuminating when in use from sunset to sunrise (A.R.S. § 28-922). A.R.S. § 28-927 states that a person may not sell a new motor vehicle or drive a vehicle on the highway unless it is equipped with a stop lamp that meets statutory requirements.



# HOUSE OF REPRESENTATIVES

HB 2543

national motor vehicle title system

Prime Sponsor: Representative Gray, LD 21

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**DPA** Committee on Transportation and Infrastructure

**X** Caucus and COW

House Engrossed

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## **OVERVIEW**

HB 2543 requires the Department of Transportation (ADOT) and local authorities to adopt rules to enforce the National Motor Vehicle Title Information System (NMVTIS).

## **PROVISIONS**

1. Mandates ADOT and local authorities to adopt rules to enforce NMVTIS.

## **AMENDMENTS IN TRANSPORTATION AND INFRASTRUCTURE COMMITTEE**

Makes the adoption of rules to enforce NMVTIS permissive and includes the Department of Public Safety as a department who may adopt the rules.

## **CURRENT LAW**

Not currently addressed in statute.

## **ADDITIONAL INFORMATION**

[NMVTIS](#) is a federal system that is operated and managed by the U.S. Department of Justice (DOJ) and the American Association of Motor Vehicle Administrators (AAMVA) and was created for the purpose of providing information between states on motor vehicle titles. The Vehicle History Reports provide information on vehicle (1) title issue date, (2) theft history (if any), (3) salvage history (if any), (4) brand assigned to a vehicle and date applied (if any), (5) latest odometer data and (6) current and previous state title data. The reports can be obtained by contacting the individual's current state motor vehicle titling agency and paying a fee.



# HOUSE OF REPRESENTATIVES

HR 2002

Taiwan; United States; trade; support

Prime Sponsor: Representative Gray, LD 21

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**DPA** Committee on Transportation and Infrastructure

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HR 2002 resolves the House of Representatives of the State of Arizona supports the negotiation of a United States-Taiwan bilateral investment agreement (BIA) and free-trade agreement (FTA), as well as Taiwan's participation in the Trans-Pacific Partnership (TPP) and in international organizations.

## PROVISIONS

1. States the House of Representatives of the State of Arizona is in support of the negotiation of a United States-Taiwan BIA and FTA, and Taiwan's participation in the TPP and other international organizations, as well as applauds Taiwan for its deepening democratization.
2. Asks the Secretary of State to transmit a copy of this Resolution to the President of the United States, each Member of Congress from the State of Arizona, the United States Secretary of State and the United States Trade Representative.

## AMENDMENTS IN TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

Removes the statement describing Taiwan's involvement in the Trans-Pacific Partnership (TPP) and removes Free Trade Agreements (FTA) from the list of agreements between the United States-Taiwan that Arizona supports.

## CURRENT LAW

Not currently addressed in statute.

## ADDITIONAL INFORMATION

Arizona's ninth largest export market and eighth largest import market is Taiwan. More than 56% of total exports to Taiwan come from Arizona's industries and include machinery, and computer and electronic products.

Taiwan is also the tenth largest trading partner of the United States and the second largest buyer of United States agricultural products.

The trade in services between the United States and Taiwan in 2012 totaled \$19 billion, and a \$4 billion surplus in services exports to Taiwan.



# HOUSE OF REPRESENTATIVES

HB 2018

optional individual flat income tax

Prime Sponsor: Representative Stevens, LD 14

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2018 establishes an optional individual flat income tax.

## PROVISIONS

1. Allows a taxpayer to elect to pay a flat income tax rate between Tax Year (TY) 2016 and TY 2021 if the taxpayer:
  - a. is an Arizona resident for the full tax year;
  - b. files as a single person; and
  - c. has an Arizona gross income not exceeding \$25,000 annually.
2. Sets the flat income tax rate at 1% of the taxpayer's state taxable income.
3. States that a taxpayer that pays the flat income tax may not make any additions or claim any subtractions, exemptions, deductions or credit, except those prescribed under this Act.
4. Allows a taxpayer to qualify for refunds in the case of overpayment of taxes and may contribute all or part of the refund.
5. Requires a taxpayer that elects to pay the flat income tax to do so on the return form established by this Act.
6. Requires a taxpayer that elects to pay the flat income tax to add each of the following to their Arizona gross income:
  - a. Amounts withdrawn from a medical savings account.
  - b. Amount of interest income received on obligations of any state, territory, or possession of the United States, reduced by the amount of any interest on indebtedness that was incurred and that are not otherwise deducted in computing Arizona gross income.
7. Requires a taxpayer that elects to pay the flat income tax to subtract each of the following from their Arizona gross income:
  - a. A standard personal exemption of \$10,000.
  - b. Interest income received on obligations of the United States minus any debt interest deducted in computing Arizona gross income.
  - c. An amount received by an enrolled member of an American Indian tribe for which Arizona is not authorized or permitted to impose a tax.
  - d. Any monies from social security and railroad retirement benefits.
8. Requires DOR to provide adjustments to Arizona gross income to prevent double tax benefits or double tax detriments relating to the same item of income or expense.
9. Directs DOR to administer and collect the optional flat income tax in the same manner as other individual income taxes.
10. Requires the Department of Revenue (DOR) to provide a simplified return form for individual taxpayers who:
  - a. are eligible and elect to pay the optional individual flat tax established by this Act;
  - b. are residents for the full tax year;
  - c. file as single individuals;
  - d. claim no subtractions, exemptions, deductions or credits, except for those prescribed in this Act; and
  - e. are not required to add any income to their Arizona gross income, except for additions provided by this Act.
11. Defines *state taxable income* as an individual's Arizona gross income after making the additions, subtractions and adjustments required by this Act.

12. Contains an effective date of January 1, 2017.

13. Makes technical and conforming changes.

**CURRENT LAW**

The individual income tax is levied on the personal income of full-time residents and pro-rated for part-time residents of Arizona. Income tax revenue is collected from wage and salary based income, as well as final payments and refunds after state tax returns have been filed. Arizona uses a graduated rate structure, which currently ranges between 2.59% and 4.54% depending on the individual's income level (A.R.S. § 43-1011).



# HOUSE OF REPRESENTATIVES

## HB 2043

legal tender exchange; tax exclusion

Prime Sponsor: Representative Finchem, LD 11

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2043 permits a tax deduction on income derived from the exchange of legal tender.

### PROVISIONS

1. Allows a tax deduction on income derived from the exchange of one kind of legal tender for another.
2. Defines *legal tender* as a medium of exchange, including specie, that is authorized by the United States Constitution or Congress for the payment of debts, public charges, taxes and dues.
3. Defines *specie* as coins having precious metal content.
4. Makes technical changes.

### CURRENT LAW

A.R.S. § 43-1001 defines Arizona Gross Income as an "...individual's federal adjusted gross income for the taxable year, computed pursuant to the internal revenue code," and Arizona Adjusted Gross Income as an "...individual's Arizona gross income subject to modifications specified in sections 43-1021 and 43-1022." A.R.S. §43-1021 specifies what additions can increase the Arizona Adjusted Gross Income, and A.R.S. §43-1022 specifies what deductions can decrease the Arizona Adjusted Gross Income.



# HOUSE OF REPRESENTATIVES

## HB 2151

tax credit; teachers' school supplies

Prime Sponsor: Representative Weninger, et al., LD 17

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**DPA** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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### **OVERVIEW**

HB 2151 allows a qualified school teacher (teacher) to claim a tax credit for purchased school supplies and materials beginning Tax Year 2016.

### **PROVISIONS**

1. Allows a teacher to receive a tax credit for educational supplies and materials purchased by the teacher and used in the teacher's classroom.
2. Stipulates the credit is the retail price of the supplies and materials and cannot exceed \$400.
  - a. If both a husband and wife are both teachers and filing a joint return they are authorized to include expenses incurred by both spouses but no more than \$400 of expenses per spouse.
3. Permits a five year carryforward of the credit.
4. Adds the tax credit to the Joint Legislative Income Tax Credit Review Committee review schedule.
5. Defines *qualified school teacher*.
6. Contains a retroactive effective date of January 1, 2016.
7. Makes a conforming change.

### **AMENDMENT OF WAYS AND MEANS COMMITTEE**

1. Adds any expenses of elementary and secondary school teachers for school supplies deducted from their federal adjusted gross income as an addition to their Arizona gross income.

### **CURRENT LAW**

Not currently addressed in statute.



# HOUSE OF REPRESENTATIVES

## HB 2301

bonding; sale; premiums; refunding; refinance

Prime Sponsor: Representative Weninger, LD 17

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2301 modifies procedures for the issuance of bonds and refunding bonds in various political subdivisions.

### PROVISIONS

#### *General Obligation Bond Liens*

1. Requires all general obligation bonds to be secured by a lien.
2. Specifies that the lien arises automatically with no need for action or authorization by the governing body and is valid from the time the bond is issued.
3. Stipulates that all tax levy revenues are subject to the lien.
4. Specifies that the lien is enforceable against the political subdivision, its successors, transferees, creditors and all other parties asserting rights in the revenues, regardless of whether the parties were given notice of the lien.

#### *Net Premium Use*

5. Removes the bond and refunding bond net premium caps.
6. Allows net premium to be used for any purpose if all of the following apply:
  - a. Use of the net premium was approved by the voters.
  - b. Available capacity exists under the political subdivision's debt limitations.
  - c. The net premium will reduce the available aggregate debt capacity and the principal amount authorized by the voters.
7. Stipulates that, if a refunding bond net premium is used to fund the escrow account to pay the bonds and the principal amount of the refunding bond is less than the principal amount of the bond being refunded, the difference must be used to reduce the available aggregate debt capacity of the political subdivision.
  - a. Prohibits the difference in principal of the refunding bond and the bond being refunded from exceeding the available aggregate debt capacity of the political subdivision.
  - b. Specifies that the difference in principal amounts will not cause any increase or decrease in the original principal amount authorized at the bond election.

#### *Issuance of Refunding Bonds*

8. Stipulates that the holder of any refunding bonds issued after August 31, 2016 and before the bond date of maturity must rely on the sufficiency of the funds or securities held in trust for the payment of the refunding bonds.
9. Clarifies that a holder of refunding bonds may rely on a tax levy for the payment of principal and interest on the refunding bonds if the investments in the redemption funds are insufficient.
10. Limits the aggregate taxes levied to pay the principal and interest on refunding bonds to the aggregate principal and interest accrued on the bonds from the issuance date to the final date of maturity.
11. Requires the following taxes to be levied, with the proceeds kept in a special fund and used only for the purpose for which it was collected:
  - a. Taxes in an amount sufficient to pay:
    - i. The interest on all outstanding refunding bonds issued;
    - ii. The installments of the principal due in the ensuing year; and

iii. The annual portion of a sinking fund set up for retirement of the bonds.

***Refunding Municipal Improvement District Bonds***

12. Repeals and replaces A.R.S. Title 48, Chapter 4, Article 4 relating to municipal improvement district refunding bonds.
13. Authorizes the issuance of municipal improvement district refunding bonds.
14. Requires interest on refunding bonds to be paid semiannually on January 1<sup>st</sup> and July 1<sup>st</sup>.
15. Prohibits refunding bonds from being exchanged for less than a like principal amount of bonds to be refunded.
16. Allows refunding bonds to be sold at, above or below par at a negotiated or public sale or to be exchanged or sold in part.
17. Stipulates that, if a bond is sold, the proceeds, monies in the debt service fund, amounts in any reserve fund and any other amounts may be invested, as long as the investment will mature with interest to provide funds to pay the refunding bond when due or called for redemption.
  - a. Requires investments to be deposited in trust with a national bank that is a member of the Federal Deposit Insurance Corporation and is authorized to do business in this state.
  - b. After a deposit, the refunding bonds are deemed paid and have no further interest in the assessments for the bonds being refunded.
18. Allows the Treasurer to enter into trust agreements with banks for the handling, safekeeping and administration of the amounts and investments that are derived from the refunding bond.
  - a. Requires the investments to be obligations issued by the U.S. government or fully guaranteed by the U.S. government for principal and interest.
19. Stipulates that refunding bonds may only be issued if the total amount of principal and interest on the refunding bonds does not exceed the total amount of remaining principal and interest on the bonds to be refunded.
20. Requires the superintendent to file a modified assessment reflecting any reduction after the issuance of a refunding bond.
  - a. Authorizes the governing body to approve the modified assessment without providing notice or a hearing to the owners of affected parcels, as long as no parcels' assessments are increased.
  - b. Requires the governing body to notice and call a hearing if the modified assessment is an increase.
21. Requires refunding bonds to be secured by the assessments levied to pay for the refunding bonds.
22. Requires, upon issuance of a refunding bond, the remaining unpaid installments of the assessments to be recalculated and modified so that the collected amount equals the amount necessary to repay the refunding bonds.
23. Specifies that payments for a bond being refunded remain in effect, securing the refunding bonds, until the refunding bond is paid in full.
24. Stipulates that refunding bonds may only be paid out of a special fund and that the monies in the fund may only be used for the payment of refunding bonds.
25. Specifies that the refunding bond assessments are the liens for the bonds being refunded.
26. Allows the city treasurer to enter into an agreement with the county treasurer for the county treasurer to collect the special assessments for the refunding bonds.
  - a. The agreement may include payment for expenses of collection by the county treasurer, as well as additional compensation.]
27. Specifies that the determination by the board of directors that the limitations and conditions prescribed by this Act have been met is conclusive in the absence of fraud or arbitrary and gross abuse of discretion.

***Miscellaneous***

28. Removes the requirement that any bond sold in a public offering must receive one of the four highest investment grade ratings by a nationally recognized board or agency.
29. Allows county, municipal and special taxing district bonds to be sold by a negotiated sale.
30. Defines terms.
31. Makes technical and conforming changes.

### **ADDITIONAL INFORMATION**

A bond is a debt security that borrowers issue to raise money from investors willing to lend them money for a certain amount of time. A purchaser of a bond is essentially providing a loan to the issuer, which may be a government, municipality or corporation. In return, the issuer is required to pay a specified rate of interest during the life of the bond and to repay the principal when it matures or comes due after a set period of time (U.S. Securities and Exchange Commission).



# HOUSE OF REPRESENTATIVES

## HB 2308

special health care districts; treasurer

Prime Sponsor: Representative Cobb, LD 5

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**DPA** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2308 stipulates that all special health care district monies are to be paid out as directed by the district's board of directors.

### PROVISIONS

1. Requires special health care district monies to be paid out as directed by the district's board of directors.
2. Removes statutory regulations for special health care district monies.

### AMENDMENTS IN WAYS AND MEANS

1. Reinserts stricken language that:
  - a. Specifies that district monies will be paid out only by warrants approved by the district's board of directors.
  - b. Prohibits private investment of the district's monies and the issuance of warrants for investment purposes.
  - c. Establishes lawful uses of warrants.
  - d. Requires the district to use the same bank as that of the county treasurer.
2. Allows monies to be included in the county treasurer's investment pool.
3. Requires all monies transferred to the county treasurer to be transferred within 45 days of the effective date of this Act.
4. Stipulates that the county and county treasurer are not liable for any special health care district monies not disbursed, pursuant to this Act, unless and until the monies are transferred to the county treasurer.

### CURRENT LAW

A.R.S. § 48-5561 requires all special health care district monies from any source to be deposited with the county treasurer and to be paid out only on warrants approved by the district's board of directors. Warrants may be issued to pay for necessary operational expenses such as lawful claims against the district, district employee payroll and contractual obligations of the district. However, warrants may not be issued for investment purposes.

The district board of directors may appoint a treasurer other than the county treasurer to hold, deposit, withdraw and invest all district monies other than payments made to or on behalf of a county operated hospital. The appointed treasurer may also enter into contracts with servicing banks other than the treasurer's servicing bank if specified conditions are met.



# HOUSE OF REPRESENTATIVES

## HB 2387

racing; hardship tax credit; elimination

Prime Sponsor: Representative Farnsworth E, LD 12

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2387 repeals the dog racing hardship tax credit.

### PROVISIONS

1. Repeals the hardship tax credit for permittees authorized to conduct dog racing.
2. Contains an Application clause.
3. Contains a Proposition 108 clause.
4. Makes technical and conforming changes.

### CURRENT LAW

A.R.S. § 5-111 authorizes a pari-mutuel hardship tax credit each year, for an eligible dog racing facility permittee. The credit amount is determined as follows:

- Determine the percentage decrease in pari-mutuel wagering in the previous fiscal year compared to the base year. The base year is defined as the highest total pari-mutuel wagering at the racetrack and all additional wagering facilities owned by the permittee for FY 1990 through FY 1994.
- Multiply the total pari-mutuel tax liability for the current year by the percentage decrease determined above, and multiplying the result by 3.
- Reduce the permittee's pari-mutuel tax due for the current period, and all future periods, by the result.



# HOUSE OF REPRESENTATIVES

## HB 2401

schools; desegregation funding; phase-down.

Prime Sponsor: Representative Leach, LD 11

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2401 outlines procedures for school districts to phase-out desegregation funding.

### PROVISIONS

1. Requires school districts with an existing or previous administrative agreement with the United States Department of Education Office of Civil Rights (OCR) to reduce desegregation expenses by 15% of the amount levied in FY 2010 for five consecutive years starting in FY 2018.
  - a. Prohibits the school district from budgeting desegregation expenses after FY 2022.
2. Requires a school district subject to a previous court order of desegregation to reduce desegregation expenses by at least 7% of the amount levied in FY 2010 for 10 consecutive years starting in FY 2018.
  - a. Prohibits the school district from budgeting desegregation expenses after FY 2027.
3. Requires a school district subject to a previous court order of desegregation to reduce desegregation expenses by at least 7% of the amount levied in FY 2010 for 10 consecutive years, beginning in the FY after the district was declared to be in unitary status.
  - a. Prohibits the school district from budgeting for desegregation expenses after 10 years of being declared in unitary status.

### CURRENT LAW

A governing body of a school district may budget for desegregation expenses due to a court order or an administrative agreement with the OCR. Statute allows a school district to budget and levy a tax outside the regular maintenance and operations expenses for any measures designed to make the school district in compliance with a court order or an OCR agreement concerning racial discrimination.

Funds for desegregation expenses are directed to remediate alleged or proven racial discrimination and are exempted from being part of the district's Revenue Control Limit or Additional Assistance. If the school district budgets the desegregation expenses they must ensure the funds will: 1) be educationally justifiable; 2) result in equal education opportunities for all students in the district; 3) be used to promote systemic and organizational changes within the school district; 4) be used in accordance with academic standards adopted by the State Board of Education; 5) be used to accomplish specific actions to remediate proven discrimination; and 6) be used in accordance with a plan submitted to ADE outlining an estimate of the amount of monies needed to bring the district in compliance with the court order or administrative agreement.



# HOUSE OF REPRESENTATIVES

HB 2480

regents; officers; technical correction

Prime Sponsor: Representative Olson, LD 25

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DPA/SE Committee on Ways and Means

X Caucus and COW

House Engrossed

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## **STRIKE-EVERYTHING SUMMARY**

The proposed strike-everything amendment to HB 2480 specifies the maximum amount of Additional State Aid for education that may be funded by this state

## **PROVISIONS**

1. Caps, beginning in FY 2017, the maximum amount of Additional State Aid for education that may be funded by this state for a FY at \$1 million per county.
2. Requires the Property Tax Oversight Commission (PTOC) to determine the proportion of the violation of the Arizona Constitution for a FY that is attributable to each taxing jurisdiction, other than this state, within and including the affected school districts for any county in excess of the \$1 million cap.
3. Requires PTOC to compute an amount, based on the determined proportions and after deducting the amount of Additional State Aid that the state would continue to pay, that each taxing jurisdiction must transfer to the affected school districts during the FY to compensate the affected school districts for the taxing jurisdiction's pro rata share of the reduction in Additional State Aid. Directs PTOC to notify taxing jurisdictions of the amount by December 31.
4. Requires PTOC to compute the amount of Additional State Aid that the affected school districts will forego as the districts pro rata share of the overall required reduction.
5. Requires PTOC to assume, when computing the proportion of the violation of the Arizona Constitution, a proportion of zero for any taxing jurisdiction that has a primary property tax rate for the FY that is less than or equal to the average primary property tax rate for peer jurisdictions.
6. Prescribes that the primary property tax rates for school districts that are used to determine the amount of violation of the Arizona Constitution are the net effective rates that exist after the adjustment is applied.
7. Requires, beginning in FY 2017, a taxing jurisdiction to transfer the amount computed by the PTOC to the school districts by January 31.
8. Requires the districts to notify the State Treasurer of the amount owed if a county, city or town does not make the transfer by January 31. Requires the State Treasurer to withhold the amount, after confirmation of nontransfer, from any transaction privilege tax revenues that would otherwise be distributed to the county, city or town.
9. Requires the State Treasurer to transfer the amount of withheld revenues to the affected school districts in a timely manner.
10. Excludes county, city, town and community college district transfers from the county, city town and community college expenditure limitations.
11. Prohibits, beginning in FY 2017, a taxing jurisdiction from levying a primary property tax rate that exceeds the primary property tax rate levied in the prior FY if PTOC computed a proportion in violation of the Arizona Constitution greater than zero for the prior FY.
12. Requires, for FY 2017, PTOC to determine whether each school district, county, city, town or community college district would have had a proportion of the violation of the Arizona Constitution of greater than zero for FY 2016 if new regulations were in place for FY 2016. Requires PTOC to notify each district, county, city, town or community college district of the determination by July 15, 2016.
13. Requires the maximum \$1 million to be distributed first to districts in the county that have the smallest Additional State Aid for education costs in order to fully fund Additional State Aid for as many of those school districts as possible.

14. Requires any remaining amount of the Additional State Aid to be allocated to the remaining affected school districts on a pro rata basis based on the amount of Additional State Aid that they will forego for the FY.
15. Subtracts, beginning in FY 2017, an amount equal to the amount of Additional State Aid that the school district is expected to forego, if any, from the base support level.
16. Repeals conflicting statute language.
17. Defines *peer jurisdictions*.
18. Makes technical and conforming changes.

#### **AMENDMENTS IN WAYS AND MEANS COMMITTEE**

1. The strike-everything amendment was adopted.

#### **CURRENT LAW**

Article IX, Section 18 of the Arizona Constitution caps class 3 primary property taxes at no more than 1% of a home's full cash value. The "1% cap" applies any time a homeowner's net combined property tax rate for all taxing jurisdictions combined exceeds \$10 per \$100 of net assessed value, even after the Homeowner's Rebate is applied.

The Arizona Constitution does not specify a mechanism for enforcing the 1% cap. In practice, the 1% cap has been implemented by having the state backfill any primary property tax costs for homeowners that exceed the 1% cap through Additional State Aid.



# HOUSE OF REPRESENTATIVES

## HB 2482

empowerment scholarships; expansion; phase-in.  
Prime Sponsor: Representative Olson, et al., LD 25

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2482 expands the definition of *qualified student* under the Empowerment Scholarship Account (ESA) program.

### PROVISIONS

1. Expands the definition of an ESA *qualified student* to include:
  - a. Beginning in School Year (SY) 2017, any child in grades K-5 attending a public school who meets certain requirements.
  - b. Beginning in SY 2018, any child in grades K-8 attending a public school who meets certain requirements.
  - c. Beginning in SY 2019, any child in grades K-12 attending a public school who meets certain requirements.
2. Makes conforming changes.

### CURRENT LAW

Laws 2011, Chapter 75, established the ESA program. Arizona Revised Statutes § 15-2401 defines an ESA qualified student as an Arizona resident who is any of the following:

- Identified as having a disability,
- Attends or is eligible to attend kindergarten at a D or F school or school district,
- A previous scholarship recipient of the ESA program or the Arizona Scholarships for Pupils with Disabilities Program,
- A child whose parent or guardian is a member of the armed forces and on active duty or was killed in the line of duty (these students are exempt from any further requirements for qualification),
- A child who is a ward of the juvenile court, or
- A child who is a sibling of a current or previous ESA recipient.

The qualifying student must also meet at least one of the following requirements:

- Attended a governmental primary or secondary school as a full-time student for at least 100 days of the prior fiscal year and who transferred under a contract to participate in an ESA,
- Previously participated in the ESA program,
- Received a scholarship from a School Tuition Organization and continues to attend a qualified school,
- Was eligible for an Arizona Scholarship for Pupils with Disabilities, or
- Has not previously attended a governmental primary or secondary school but is currently eligible to enroll in a kindergarten or preschool children with disabilities program.

Laws 2013, Chapter 250, enacted session law that caps new ESAs through 2019 at 0.5% of the total number of students enrolled in school districts and charters schools during the previous school year



# HOUSE OF REPRESENTATIVES

HB 2561

sanitary district refunding bonds

Prime Sponsor: Representative Campbell, LD 1

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**DPA** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2561 authorizes sanitary districts to issue refunding bonds.

## PROVISIONS

1. Authorizes the board of directors of a sanitary district to issue refunding bonds.
2. Stipulates that refunding bonds may only be issued if the total amount of principal and interest on the refunding bonds does not exceed the total amount of remaining principal and interest on the bonds to be refunded.
3. Specifies that refunding bonds are issued and sold as prescribed by the district board of directors.
4. States that interest on refunding bonds is to be paid on January 1<sup>st</sup> and July 1<sup>st</sup> of each year and the due dates of refunding bonds are January 1<sup>st</sup> and July 1<sup>st</sup> in the years they are due.
5. Allows sanitary district refunding bonds to be:
  - a. exchanged for bonds of at least the same principal amount;
  - b. sold above or below par at a negotiated or public sale; and
  - c. exchanged in part and sold in part.
6. Stipulates that, if a bond is sold, the proceeds, monies in the debt service fund, amounts in any reserve fund and any other amounts may be invested, as long as the investment will mature with interest to provide funds to pay the refunding bond when due or called for redemption.
  - a. Requires any investments to be deposited to be deposited in trust with a national bank authorized to do business in this state and that is a member of the Federal Deposit Insurance Corporation or a successor agency.
  - b. Clarifies that after a deposit, the refunding bonds are deemed paid and have no further interest in the assessments for the bonds being refunded.
7. Allows the sanitary district treasurer to enter into trust agreements with banks for the handling, safekeeping and administration of the amounts and investments that are derived from the refunding bond.
  - a. Requires the investments to be obligations issued by the U.S. government or fully guaranteed by the U.S. government for principal and interest
8. Requires the board of directors to file a modified assessment reflecting the reduction after the issuance of a refunding bond.
  - a. Authorizes the board of directors to approve a modified assessment without providing notice or a hearing to the owners of affected parcels if no parcels' assessments are increased.
  - b. Requires the board of directors to notice and call a hearing if the modified assessment is an increase.
9. Requires refunding bonds to be secured by the assessments levied to pay for the refunding bonds.
10. Requires, upon issuance of a refunding bond, the remaining unpaid installments of the assessments to be recalculated and modified so that the collected amount equals the amount necessary to repay the refunding bonds.
11. Stipulates that parcel owners do not have the ability to request a correction or modification to an assessment modified after issuance of a refunding bond.
12. Specifies that payments for a bond being refunded remain in effect, securing the refunding bonds, until they paid in full.

13. States that the lien of the special assessments has the same priority with respect to refunding bonds as with the bonds being refunded and that the full faith and diligence of the district are irrevocably pledged for the assessment, collection and payment of the special assessments.
14. Stipulates that refunding bonds may only be paid out of a special fund and that the monies in the fund may only be used for the payment of refunding bonds.
15. Allows the sanitary district treasurer to enter into an agreement with the county treasurer for the county treasurer to collect the special assessments for the refunding bonds in the same manner as property taxes.
  - a. The agreement may include monies paid to the county treasurer for compensation.
16. Specifies that the determination by the board of directors that the limitations and conditions prescribed by this Act have been met is conclusive in the absence of fraud or arbitrary and gross abuse of discretion.
17. Defines terms.

#### **AMENDMENTS IN WAYS AND MEANS COMMITTEE**

1. Requires a sanitary district treasurer to enter into trust agreements with banks for the handling, safekeeping and administration of the amounts and investments that are derived from a refunding bond.
2. Removes language specifying that a lien for special assessments has the same priority with respect to refunding bonds as with the bonds being refunded and that the full faith and diligence of the district are irrevocably pledged for the assessment, collection and payment of the special assessments.

#### **CURRENT LAW**

A sanitary district is a special taxing district formed for the purposes of regulating, purchasing, constructing and operating a sewerage system or a by-product processing and disposal system and for purchasing, establishing, constructing and operating a garbage disposal and treatment system. An established sanitary district maintains the same powers, privileges and immunities as that of a municipality of the state. Each district is governed by, either, a board of directors or the county board of supervisors in which the district is located, acting as a board of directors, dependent on the size of the district.

The board of directors of a sanitary district may issue improvement bonds to cover the costs and expenses associated with improvements to the district. All improvement bonds must be repaid with monies from a special fund, consisting of special assessments levied and assessed on the lots fronting on and benefiting from the improvement or, if an assessment district has been created, on the lots included in the assessment district. Sanitary district improvement bonds are currently limited to a maturity period of 25 years and 3 months and a maturity period of 40 years and 3 months for bonds purchased by the U.S. or any department, division or agency thereof. (A.R.S. Title 48, Chapter 14)



# HOUSE OF REPRESENTATIVES

## HB 2568

community facilities districts; formation; governance  
Prime Sponsor: Representative Gowan, LD 14

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**DPA** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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### OVERVIEW

HB 2568 modifies procedures to form a community facilities district and the makeup of the district board.

### PROVISIONS

1. Requires the governing body of a municipality or county, upon receipt of a petition from all owners of land in a district that exceeds 600 acres, to adopt a resolution declaring its intention to form a community facilities district to include contiguous and noncontiguous land that is completely within the corporate boundaries of the municipality or county.
2. Establishes the membership of the district board of directors to include two members selected by the governing body, two members selected by landowner's who own at least 25 acres in the district and one member selected by the governing body from a list provided by the landowners.
3. Prohibits districts from levying a tax that exceeds \$0.50/\$100 of assessed valuation of all real and personal property in the district, unless a higher rate is approved by the voters.
4. Permits a member of community facilities district board directors to be a director for more than one district.
5. Applies only to districts formed after the effective date of this Act.
6. Makes technical and conforming changes.

### AMENDMENTS IN WAYS AND MEANS COMMITTEE

1. Removes language prohibiting a district from levying a tax that exceeds \$0.50/\$100 of assessed valuation of all real and personal property in the district.

### CURRENT LAW

A.R.S. Title 48, Chapter 4, Article 6 establishes community facilities districts for the purposes of entering into contracts and expending monies for any public infrastructure purpose within the district. To form a community facilities district a petition must be signed by 25% of the land area proposed to be included in the district. Upon receipt of a petition the governing body of the county or municipality may adopt a resolution declaring its intention to form the district. A resolution ordering formation of the district must state whether the district will be governed by a district board comprised of members of the governing body, ex officio or for districts that exceed 600 acres five directors appointed by the governing body.



# HOUSE OF REPRESENTATIVES

HB 2597

delinquent property taxes; interest; reduction  
Prime Sponsor: Representative Olson, LD 25

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2597 reduces the annual interest rate on delinquent property taxes from 16% to 10%.

## PROVISIONS

1. Reduces the annual interest rate on delinquent property taxes from 16% to 10%.

## CURRENT LAW

A.R.S. Title 42, Chapter 18, Article 2 specifies that all taxes have an interest rate from the time of delinquency at a rate of 16% per year until paid. However, interest will not be collected if the delinquency is the result of an error by the county assessor or county treasurer or if the full year tax for the year is paid on or before December 31 of that tax year. The date in which a tax becomes delinquent depends on whether the taxpayer is paying his/her liability in one payment or splitting it between two.



# HOUSE OF REPRESENTATIVES

HB 2669

TPT exemptions; health sciences institutions

Prime Sponsor: Representative Livingston, LD 22

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2669 exempts sales to a qualifying health sciences educational institution from transaction privilege tax (TPT).

## PROVISIONS

1. Exempts sales to a qualifying health sciences institution from the utilities classification and restaurant classification of TPT.
2. Makes technical and conforming changes.

## CURRENT LAW

TPT is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax. There are 16 classifications of TPT including a restaurant classification and utilities classification. The restaurant classification is comprised of the business of operating restaurants, dining cars, dining rooms, lunchrooms, lunch stands, soda fountains, catering services or similar establishments where food or drink are sold. The utilities classification is comprised of businesses that produce services involving natural or artificial gas and water (A.R.S. §§ 42-5063 42-5074).

*Qualifying health sciences educational institution* is defined in statute as an entity that is recognized as nonprofit and that solely provides graduate and postgraduate education in the health sciences (A.R.S. § 42-5001).



# HOUSE OF REPRESENTATIVES

HB 2674

TPT exemption; amateur races

Prime Sponsor: Representative Rivero, LD 21

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2674 exempts noncompetitive races sponsored by nonprofit organizations from transaction privilege tax (TPT).

## PROVISIONS

1. Exempts events sponsored by nonprofit organizations consisting of a noncompetitive run, walk, swim, bicycle ride or other similar event from the amusement classification of TPT.
2. Stipulates that the event may only allow amateurs to participate.
  - a. Professionals competing for a prize or special recognition may participate if they make up no more than 2% of all participants.

### *Retroactivity*

3. Applies retroactively to any qualified event that took place before the effective date of this Act if the sponsor did not collect additional monies for TPT from the participants;
4. Specifies that any amount assessed to an operator or sponsor as a tax, interest or penalty before the effective date is remitted and forgiven
5. Stipulates that if a lien was filed against the sponsor's property due to unpaid TPT, the Department of Revenue must release the property from the lien, withdraw any recorded notice of the lien and upon request of the sponsor, issue a certificate of the release of the lien.
6. Contains a delayed effective date of February 1, 2017.
7. Makes technical changes.

## CURRENT LAW

TPT is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax. TPT is broken down into 16 different classifications, one of which is the amusement classification. The amusement classification is comprised of businesses that charge admission or user fees for exhibition, amusement or entertainment.



# HOUSE OF REPRESENTATIVES

HB 2676

tax credit; title I schools

Prime Sponsor: Representative Rivero, LD 21

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**DP** Committee on Ways and Means

**X** Caucus and COW

House Engrossed

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## OVERVIEW

HB 2676 establishes a tax credit for donations to Title I schools and establishes the Arizona Title I School Matching Grant Fund (Fund).

## PROVISIONS

### *Arizona Title I School Matching Grant Fund*

1. Establishes the Fund consisting of legislative appropriations, gifts, grants and donations and designates the Arizona Department of Education as the Fund's administrator.
2. Specifies that monies in the fund are continuously appropriated and exempts the fund from appropriation lapsing restrictions.
3. Allows schools that received a donation for the purposes of the Title I School Tax Credit to apply to ADE for a grant in the amount of four times the amount of the donations received in the preceding fiscal year (FY).
4. Prohibits ADE from matching donations over \$250,000.
5. Requires ADE to distribute grants as follows:
  - a. If, on July 1 of the FY, applications for donation matches exceed the donation matching limit, ADE will distribute monies proportionately to qualifying Title I schools that have applied as of that date.
  - b. If, on July 1 of the FY, applications do not exceed the donation matching limit, ADE will distribute monies on a first-come, first-served basis.
6. Allows qualifying Title I schools to use grant monies for any purpose allowed for federal Title I financial assistance.
7. Defines *qualifying Title I school* as a school that qualifies to receive financial assistance from the U.S. Government pursuant to Title I, Part A of the Elementary and Secondary Education Act of 1965 and that further qualifies because at least 70% of the pupils enrolled in that school are from low-income families.

### *Title I School Donation Tax Credit*

8. Allows a tax credit for voluntary donations by a taxpayer to a Title I school.
9. Caps the tax credit at \$200 per taxpayer.
  - a. A married couple filing a joint return may each claim up to \$200.
10. Permits a five year carryforward of the credit.
11. Defines *Title I school* as a school that qualifies to receive financial assistance from the U.S. Government pursuant to Title I, Part A of the Elementary and Secondary Education Act of 1965 because of high numbers or high percentages of children enrolled in that school from low-income families.
12. Adds the tax credit to the Joint Legislative Income Tax Credit Review Committee review schedule.

### *Miscellaneous*

13. Contains a purpose clause.
14. Contains a retroactive effective date of January 1, 2016.

**ADDITIONAL INFORMATION**

Title I, Part A of the Elementary and Secondary Education Act provides financial assistance to local educational agencies and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards. (U.S. Department of Education) As of the 2014-2015 School Year, there are 1,284 Title I schools in Arizona.