

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

MAJORITY CAUCUS CALENDAR #17

March 21, 2016

Bill Number	Short Title	Committee	Date	Action
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BLUE SHEET #5 (concur/refuse)

Committee on Appropriations

Chairman: Justin Olson, LD25

Analyst: Jennifer Thomsen

Vice Chairman: Vince Leach, LD11

Intern: Brett Galley

HB 2559

eligibility verification; public programs

SPONSOR: KERN, LD20 HOUSE
APPROP 2/24 DP (7-5-0-2-0)
(No: FERNANDEZ,MEYER,ALSTON,CARDENAS,MACH; Abs:
STEVENS,UGENTI-RITA)

Committee on Banking and Financial Services

Chairman: Kate Brophy McGee, LD28

Analyst: Paul Benny

Vice Chairman: Jeff Weninger, LD17

Intern: Jon Rudolph

SB 1425

securities; salesmen; registration exemptions

SPONSOR: FARNSWORTH D, LD16
SENATE 2/11/2016 (28-0-2-0)
(NV: BEGAY,LESKO)
BFS 3/8 DP (8-0-0-0-0)

Committee on Children and Family Affairs

Chairman: John M. Allen, LD15

Analyst: Ingrid Garvey

Vice Chairman: Kate Brophy McGee, LD28

Intern: Alexandra Erickson

SB 1102

guardians; duties; access to ward
(CFA S/E: DCS; dependent children; foster homes)

SPONSOR: BARTO, LD15
SENATE 2/29/2016 (29-0-1-0)
(NV: PANCRAZI)
CFA 3/14 DPA/SE (9-0-0-0-0)

Committee on Federalism and States' Rights

Chairman: Kelly Townsend, LD16

Analyst: Justin Riches

Vice Chairman: Noel W. Campbell, LD1

Intern: John Oyas

HB 2370

sovereign authority; refugees

SPONSOR: THORPE, LD6 HOUSE
FSR 2/17 DP (5-3-0-0-0)
(No: WHEELER,VELASQUEZ,RIOS)

Committee on Government and Higher Education

Chairman: Bob Thorpe, LD6

Vice Chairman: J. Christopher Ackerley, LD2

Analyst: Sharon Carpenter

Intern: Taylor McGrew

[HB 2417](#) public monies; prohibited expenditure
SPONSOR: KERN, LD20 HOUSE
GHE 2/11 DP (5-3-0-1-0)
(No: ALSTON,SALDATE,LARKIN; Abs: TOWNSEND)

[HB 2682](#) refugees; facilities; licensure
SPONSOR: THORPE, LD6 HOUSE
GHE 2/18 DPA (5-2-0-2-0)
(No: ALSTON,SALDATE; Abs: PETERSEN,LARKIN)

Committee on Insurance

Chairman: Karen Fann, LD1

Vice Chairman: David Livingston, LD22

Analyst: Paul Benny

Intern: Jon Rudolph

[SB 1494](#) insurance; prohibited inducements; exceptions
SPONSOR: FARNSWORTH D, LD16
SENATE 2/18/2016 (29-0-1-0)
(NV: MCGUIRE)
INS 3/9 DPA (5-0-0-3-0)
(Abs: ROBSON,OTONDO,MCCUNE DAVIS)

Committee on Judiciary

Chairman: Eddie Farnsworth, LD12

Vice Chairman: Sonny Borrelli, LD5

Analyst: Katy Proctor

Intern: Meagan Anglin

[HB 2385](#) incorporation; urbanized areas
SPONSOR: FARNSWORTH E, LD12 HOUSE
JUD 2/17 DP (6-0-0-0-0)

Committee on Transportation and Infrastructure

Chairman: Rick Gray, LD21

Vice Chairman: David W. Stevens, LD14

Analyst: Amanda Barnes

Intern: Caitlynn Kestler

[HB 2493](#) use fuel taxes; adjustment
SPONSOR: BOWERS, LD25 HOUSE
TI 2/16 DP (6-2-1-0-0)
(No: FERNANDEZ,FANN; Present: KOPEC)

[SB 1490](#) transportation funding; task force
SPONSOR: WORSLEY, LD25
SENATE 2/18/2016 (29-0-1-0)
(NV: MCGUIRE)
TI 3/8 DPA (8-1-0-0-0)
(No: FERNANDEZ)



HOUSE OF REPRESENTATIVES

HB 2559

eligibility verification; public programs

Prime Sponsor: Representative Kern, LD 20

W/D Committee on Children and Family Affairs

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2559 requires the Department of Economic Security (DES) to contract with a vendor or vendors to establish a computerized eligibility verification system for public assistance programs.

PROVISIONS

Enhanced Eligibility Verification System

1. Requires DES to establish a computerized income, asset and identity eligibility verification system in order to verify eligibility, eliminate the duplication of assistance and deter waste, fraud and abuse within each respective assistance program administered by DES.
2. Requires, before the distribution of benefits, periodically between eligibility redeterminations and during eligibility redeterminations and reviews, DES to contract with a third-party vendor for the purposes of developing a system to verify applicant income, asset and identity information to prevent fraud, misrepresentation and inadequate documentation when determining an applicant's eligibility for assistance.
3. Allows DES to also contract with a vendor to provide information to facilitate recipient eligibility reviews.
4. Requires the contract with a third-party vendor to:
 - a. Require that the vendor, in partnership with DES, establish annualized savings from the implementation of the eligibility verification system with savings exceeding the total yearly cost for implementing the verification system.
 - b. Have a payment structure that is based on a per applicant rate and may include a performance bonus for achieving above a predetermined rate of success of identifying waste, fraud and abuse.
5. Stipulates that a primary vendor may not currently and is not allowed to bid on or be awarded a state contract to run enrollment services in order to avoid any conflict of interest.
6. Stipulates that DES is not precluded from continuing to conduct additional eligibility verification processes that are currently in practice.

Verification of Identity

7. Requires applicants for benefits to be processed within the minimum period of time required by federal law.
8. Requires DES, before awarding assistance and on a quarterly basis thereafter, to verify identity information of each respective applicant and recipient of assistance against all of the following:
 - a. Earned and unearned income information maintained by the Internal Revenue Service.
 - b. Employer weekly, monthly or quarterly reports of income and unemployment insurance payment information maintained by the Industrial Commission of Arizona.
 - c. Earned income information maintained by the US Social Security Administration (SSA).
 - d. Immigration status information maintained by the US Citizenship and Immigration Services.
 - e. Death register information maintained by the SSA.
 - f. Prisoner information maintained by the SSA.
 - g. Public housing and Section 8 housing assistance payment information maintained by the US Department of Housing and Urban Development.

- h. National fleeing felon information maintained by the Federal Bureau of Investigation.
 - i. Wage reporting and similar information maintained by states contiguous to Arizona.
 - j. Beneficiary records and earnings information maintained by the SSA in its beneficiary and earnings data exchange database.
 - k. Earnings and pension information maintained by the SSA in its beneficiary and earnings data exchange database.
 - l. Employment information maintained by Arizona.
 - m. Employment information maintained by the US Department of Health and Human Services (HHS) in its national directory of new hires database.
 - n. Supplemental security income information maintained by the SSA in its state data exchange database.
 - o. Veterans' benefits information maintained by the US HHS, in coordination with the Department of Health Services and the Department of Veterans' Services, in the federal public assistance reporting information system database.
 - p. Child care services information maintained by DES.
 - q. Utility payments information maintained by this state under any low income home energy assistance program.
 - r. Emergency utility payment information maintained by this state or local governments.
 - s. A database of all persons who currently hold a license, permit or certificate from any state agency, the cost of which exceeds \$500.
 - t. Income and employment information maintained by DES and the US HHS' Office of Child Support Enforcement.
 - u. Earnings and pension information maintained by the Arizona State Retirement System and the Public Safety Personnel Retirement System.
 - v. Any existing real-time database of persons currently receiving benefits in other states, such as the National Accuracy Clearinghouse.
 - w. A database that is substantially similar to the enhanced eligibility verification system established in this legislation.
9. Requires DES, before awarding assistance and on a quarterly basis, to match identity information of each respective applicant and recipient of assistance against, at a minimum, the following public records:
- a. A nationwide public records data source of physical asset ownership, including real property, automobiles, watercraft, aircraft and luxury vehicles or any other vehicle owned by the applicant and recipient.
 - b. A nationwide public records data source of incarcerated individuals.
 - c. A nationwide best-address and driver license data source to verify that the individuals are residents of this state.
 - d. A comprehensive public records database that identifies potential identity fraud or identity theft and that can closely associate name, social security number, date of birth, telephone and address information.
 - e. National and local financial institutions, in order to locate undisclosed depository accounts or verify account balances of disclosed accounts.
 - f. Outstanding default or arrest warrant information maintained by the criminal history systems board, the criminal justice information system and the warrant management system.
 - g. A database that is substantially similar to the enhanced eligibility verification system established in this legislation.

Authentication Process

10. Requires, before awarding assistance, applicants for benefits to complete a computerized identity authentication process that confirms the applicant owns the identity presented in the application.
11. Requires DES to review the individual's identity ownership using the following procedures:
- a. Provide a knowledge-based quiz consisting of financial or personal questions. Requires the quiz to attempt to accommodate non-banked or under-banked applicants who do not have an established credit history.
 - b. Requires that the quiz for applications be available for submission through all channels, including online, in person and by telephone.

Discrepancies

12. Requires, if a discrepancy results from an individual's identity information and one or more of the databases or information tools, DES to review the individual's case using the following procedures:
- a. Requires DES to take no further action if the information discovered does not result in DES finding a discrepancy or change in an individual's circumstances that may affect eligibility.
 - b. Requires DES to promptly redetermine eligibility after receiving information if the information discovered results in DES finding a discrepancy or change in individual's circumstances that may affect eligibility.
 - c. Requires the applicant or recipient to be given an opportunity to explain the discrepancy if the information discovered results in DES finding a discrepancy or change in the individual's circumstances that may affect eligibility. Prohibits self-

declarations by applicants or recipients from being accepted as verification of categorical and financial eligibility during eligibility evaluation, reviews and redeterminations.

13. Requires DES to provide written notice to the applicant or recipient that describes the circumstances of the discrepancy or change, the manner in which the individual may respond and the consequences of failing to take action.
14. Requires the applicant or recipient to respond within 10 business days, or the minimum required by state or federal law, in an attempt to resolve the discrepancy or change. Requires the explanation to be in writing.
15. Allows DES to request additional documentation after receiving the explanation if it determines that there is risk of fraud, misrepresentation or inadequate documentation.
16. Requires DES to deny or discontinue assistance for failure to cooperate if the applicant or recipient does not respond to the notice. DES must provide notice of intent to deny or discontinue assistance.
17. Prohibits eligibility for assistance from being established or reestablished until the discrepancy or change has been resolved.
18. Requires DES to reinvestigate if an applicant or recipient disagrees with the findings of the match between the identity information and one or more databases or information tools. Requires DES to take immediate action to correct it and no further action to be taken if DES finds that there has been an error.
19. Requires, if after an investigation DES determines that there is no error, DES to determine the effect on the case and take appropriate action. Requires DES to give written notice of its action to the applicant or recipient.
20. Requires DES to determine the effect on the case and take appropriate action if the applicant or recipient agrees with the findings of the match between the identity information and one or more databases or information tools. Requires DES to give written notice of its action to the applicant or recipient.
21. Prohibits DES from discontinuing assistance on finding a discrepancy or change in circumstances until the applicant or recipient has been given notice of the discrepancy and the opportunity to respond.
22. Requires DES to adopt necessary rules in order to implement provisions.

Referrals

23. Requires DES, after reviewing changes or discrepancies that may affect program eligibility, to:
 - a. Refer suspected cases of fraud to the Attorney General (AG) for investigation and possible criminal prosecution, recovery of improper payments and collection of civil penalties.
 - b. Refer suspected cases of identity fraud to the AG for criminal prosecution.
 - c. Refer suspected cases of fraud, misrepresentation or inadequate documentation to appropriate agencies, divisions or departments for review of eligibility discrepancies in other state public programs.
14. Requires the state to review, on conviction, all legal options to remove recipients from other public programs and to garnish wages or state income tax refunds until the state recovers an amount equal to the amount of benefits fraudulently received.

Miscellaneous

15. Requires DES to provide a written report to the President of the Senate, Speaker of the House of Representatives and the Governor by July 1 of each year, starting in 2017. Details report requirements and requires a copy to be provided to the Secretary of State.
16. Defines *department* and *identity information*.
17. Contains an effective date of January 1, 2017.

CURRENT LAW

Not currently addressed in statute.

ADDITIONAL INFORMATION

A [fiscal note](#) is available for this bill.



HOUSE OF REPRESENTATIVES

SB 1425

securities; salesmen; registration exemptions

Prime Sponsor: Senator Farnsworth D, LD 16

DP Committee on Banking and Financial Services

X Caucus and COW

House Engrossed

OVERVIEW

SB 1425 exempts offerings of securities of less than \$1 million or the limit established under federal regulations from statutory registration requirements provided certain criteria are met.

PROVISIONS

1. Exempts from statutory registration requirements securities transactions involving offerings of securities of not more than \$1 million or the established limit under federal regulations provided the following:
 - a. An unlimited number of sophisticated purchasers may be involved.
 - b. Written offering documents are provided to each purchaser which state full and adequate disclosure of material facts.
 - c. Advertising is not allowed without a waiver from the director (Director) of the Securities Division of the Arizona Corporation Commission (Commission).
 - d. The sum of the following amount cannot exceed \$1 million or the limited established under federal regulations, which is greater:
 - i. The dollar value for the amount of securities being offered.
 - ii. The aggregate offering price of all securities of the issuer sold within the 12 months before the date of the offering.
 - iii. The aggregate offering price of all securities of the issuer sold during the course of the offering if the securities were sold in reliance on or in violation of certain federal laws.
 - e. The following criteria are met regarding offerings to sophisticated purchasers:
 - i. Allows sales to either an accredited investor or a person, acting alone or with a purchaser representative, who the dealer reasonably believes has the knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the proposed investment.
 - ii. The issuer must display a specified notice on the cover page of the disclosure document.
 - f. A copy of a the notice that is filed with the SEC must be filed with the Commission within 15 days after the first sale of securities in or from this state
 - g. Offerings to purchasers must allow all of the following:
 - i. Sales must only be made by a dealer who is not the issuer and who is registered in this state.
 - ii. The dealer conducting the sales if the dealer reasonably believes that adequate diligence and review has been applied.
 - iii. Sales if the dealer reasonably believes that the security is suitable for the purchaser.
 - h. The exemption may not be utilized if the issuer or the offering is subject to specified disqualifications.
 - i. Allows the Commission to set aside the disqualification under certain conditions.
2. Permits the Director to adopt and revise rules to maintain conformity with federal law regarding exemption for limited offerings and sales of securities.

ADDITIONAL INFORMATION

Federal [law](#) allows an exemption from SEC registration for offers and sales of securities that satisfies certain conditions which include the following:

- a. The issuer of the securities is not: 1) subject to SEC reporting requirements, 2) an investment company, or 3) a developing company that does not have a business plan, purpose, or is engaging in a merger or acquisition with an unidentified company.
- b. The aggregate offering price does not exceed \$1 million for all securities sold within 12 months before the start of another transaction.



HOUSE OF REPRESENTATIVES

SB 1102

guardians; duties; access to ward

Prime Sponsor: Senator Barto, LD 15

DPA S/E Committee on Children and Family Affairs

X Caucus and COW

House Engrossed

STRIKE-EVERYTHING SUMMARY

The strike-everything amendment to SB 1102 permits an entity contracted by the Department of Child Safety (DCS) to perform a preadoption certification investigation and home study of a prospective adoptive parent and permits a licensed foster parent to complete 12 hours of required training over a two-year period, rather than six hours of training in a one year period. Prohibits a child from being committed to the Department of Juvenile Corrections if they are only adjudicated dependent or incorrigible.

PROVISIONS

1. Allows an entity contracted by DCS to conduct an investigation and home study for foster home licensing or preadoption certification of any prospective adoptive parent before that parent can become certified to adopt a child.
2. Permits a written application for adoption certification to be sent to an entity contracted by DCS in the form and content required by that entity.
3. Requires an entity contracted by DCS, upon receiving and accepting a written application of the prospective adoptive parent or parents, to conduct or cause to be conducted an investigation of the prospective parent
4. Requires an entity contracted by DCS to submit a report to the juvenile court within 90 days of the original application, containing all relevant and material facts of the prospective parent's fitness to adopt children, including statutorily required information, and a definite recommendation for certifying the applicant.
5. Prohibits an applicant deemed nonacceptable to reapply for certification to an entity contracted by DCS for one year.
6. Stipulates that an entity contracted by DCS must only submit an updated report if an applicant has adopted a child within the preceding three years before the current application, and may only submit an updated report if the applicant has adopted another child more than three years before the current application.
7. Exempts the spouse of the child's deceased great-uncle or great-aunt from statutory requirements relating to preadoption certification investigations and home studies if the great-uncle or great-aunt had legal and physical custody of the child and the child resided primarily with the spouse of that great-uncle or great-aunt in the 24 months leading up to their death.
8. Exempts an applicant from statutory preadoption certification requirements if the applicant is a licensed foster parent who:
 - a. Is petitioning to adopt a child currently placed by DCS in the foster parent's home; and
 - b. DCS recommends adopt the child.
9. Prohibits a child from being committed to the Department of Juvenile Corrections if they are only adjudicated dependent or incorrigible.
10. Modifies the foster parent training requirements for a license renewal from six hours per year to 12 hours over the two year period of licensure.
11. Makes technical changes.

AMENDMENT OF THE CHILDREN AND FAMILY AFFAIRS COMMITTEE

The strike-everything amendment was adopted.

CURRENT LAW

[A.R.S. § 8-105](#) requires that any prospective adoptive parent be investigated by an officer of the court, an agency or DCS before they can become certified as acceptable to adopt children. Written applications for certification are required to be sent to the court, an agency, or DCS.

[A.R.S. § 8-509](#) requires a foster home licensee to provide proof of completion of six hours of foster parent training per year and each foster parent and adult member of the house to have a valid fingerprint clearance card. DCS is prohibited from renewing a license without satisfactory proof that the foster parent or parents have completed six actual hours of approved ongoing foster training per year.

[A.R.S. § 8-341](#) permits the court to an incorrigible child to: the care of the child's parents, the protective supervision of a probation department, a reputable citizen of good moral character, a public or private agency or maternal or paternal relatives.



HOUSE OF REPRESENTATIVES

HB 2370

sovereign authority; refugees

Prime Sponsor: Representative Thorpe, LD 6

DP Committee on Federalism and States' Rights

X Caucus and COW

House Engrossed

OVERVIEW

HB 2370 prohibits Arizona from using its personnel and financial resources to enforce, administer, or cooperate with any action of the United States government to relocate within this State any refugee, unaccompanied alien child or a non-citizen of the United States.

PROVISIONS

1. Prohibits the State of Arizona from using its personnel or financial resources to enforce, administer or cooperate with any action of the United States government that places within this State any refugee, unaccompanied alien child, or any other person who is not a citizen of the United States unless:
 - a. The individual has undergone a thorough criminal history, terrorism, and health background check and has been approved for placement by this State.
 - b. The United States government has agreed to fully compensate this State and its political subdivisions for the ongoing costs of the placement that are incurred.
2. Requires the Arizona Attorney General to notify the Speaker of the United States House of Representatives, Majority Leader of the United States Senate, and the United States Department of Justice of the provisions enumerated in this bill.
3. Contains a legislative findings provision.

CURRENT LAW

[Arizona Constitution, Article 2, Section 3](#) provides that Arizona may exercise its sovereign authority to limit actions in the usage of its personnel and financial resources to purposes that are consistent with the U.S. Constitution in order to protect its people's freedom and preserve the checks and balances of the U.S. Constitution.

The Refugee Act of 1980 (Act) standardized the resettlement services for all refugees admitted into the U.S. The Act currently provides the legal framework for today's process of admitting refugees into the country. The Bureau of Population, Refugees, and Migration, Department of Human and Health Services and the Department of Homeland Security work together in executing United States' humanitarian efforts through the [U.S. Refugee Resettlement Program](#)(Program). Under 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 22, Chapter 36, Section 2601](#) provides that whenever the President determines it to be important to the national interest, he has the power to determine aid for the purpose of meeting unforeseen urgent refugee and migration needs. Additionally, the United States Emergency Refugee and Migration Assistance Fund has been established to execute federal policies pertaining to refugee and migration needs.



HOUSE OF REPRESENTATIVES

HB 2417

public monies; prohibited expenditure

Prime Sponsor: Representative Kern, LD 20

DP Committee on Government and Higher Education

X Caucus and COW

House Engrossed

OVERVIEW

HB 2417 prohibits the Arizona Department of Administration (ADOA) from spending public monies to pay specified federal excise taxes imposed.

PROVISIONS

1. Prohibits the ADOA from spending any public monies to pay all or part of federal excise taxes imposed by high cost employer-sponsored health coverage.
2. Makes technical changes.

CURRENT LAW

ADOA may expend public monies appropriated to procure health and accident coverage for department and agency full-time officers, employees and their dependents ([A.R.S. § 38-651](#)).

If an employee is covered under any applicable employer-sponsored coverage of an employer at any time during a taxable period and there is any excess benefit with respect to the coverage, there is a tax imposed to equal to 40% of the excess benefit ([26 U.S.C. 4980I](#)).



HOUSE OF REPRESENTATIVES

HB 2682

refugees; facilities; licensure

Prime Sponsor: Representative Thorpe, LD 6

DPA Committee on Government and Higher Education

X Caucus and COW

House Engrossed

OVERVIEW

Requires licensure of a refugee facility (facility) by the Arizona Department of Health Services (DHS).

PROVISIONS

1. Prohibits a person from operating a facility in Arizona unless licensed by DHS.
2. Requires the person to:
 - a. apply in writing to the Director of DHS (Director);
 - b. include all required information; and
 - c. pay an annual licensing fee of \$1,000 in addition to any other fees prescribed.
3. Requires DHS to inspect each facility monthly.
4. Specifies that licenses are valid for one year and must be renewed annually.
5. Instructs the person to file an application for renewal at least 30 days before expiration of the current license.
6. Requires the facility to provide DHS with biometric information on each refugee assigned to the facility.
7. Instructs the Director to adopt rules for the licensure and inspection of facilities.
8. Allows the Director to sanction, impose civil penalties, suspend or revoke the facility license if any person who is an owner, officer, agent or employee is or continues to be in violation of rules adopted by DHS.
9. Stipulates that the Auditor General must contract with an independent financial auditor to audit each refugee facility annually.
10. Deposits all licensure and renewal facilities fees collected into the [Health Services Licensing Fund](#).
11. Contains a Proposition 108 Clause.
12. Makes conforming changes.

AMENDMENTS IN GOVERNMENT AND HIGHER EDUCATION COMMITTEE

1. Removes the requirement that the Auditor General contract to conduct the annual audit and instead requires DHS to conduct the annual audit.
2. Requires any person that takes legal responsibility for a refugee to submit a full set of fingerprints to the Department of Economic Security to obtain a state and federal criminal records check.
3. Prohibits a person convicted of specified offenses from taking legal responsibility of a refugee.

CURRENT LAW

Not currently addressed in statute.



HOUSE OF REPRESENTATIVES

SB 1494

insurance; prohibited inducements; exceptions

Prime Sponsor: Senator Farnsworth D, LD 16

DPA Committee on Insurance

X Caucus and COW

House Engrossed

OVERVIEW

SB 1494 allows a life or disability insurer to offer an incentive to a policyholder to participate in a feedback effort conducted by a third party.

PROVISIONS

1. Allows an insurer to retain an independent third party to conduct a customer feedback effort for the purpose of improving the quality of the insurer's products or services.
2. Permits an insurer to offer a reasonable incentive of up to \$200 to an insured business or individual for participation in the feedback effort.
3. Prohibits an insurer from offering, referencing, or promoting an incentive or feedback effort that is connected with an application for or renewal of insurance coverage.
4. Defines *feedback effort* as activities that are designed to elicit customer perceptions on predetermined set of topics that are related to the insurer's products or services, including in person, telephonic or online surveys, polls, focus groups, interviews, questionnaires and other recognized opinion gather mechanisms.

AMENDMENTS BY INSURANCE COMMITTEE

1. Permits insurers, other than life or disability, to offer a feedback effort.

CURRENT LAW

An insurer is prohibited from paying or giving, or offering to pay or give, directly or indirectly, any rebate of premiums, or any special favor or advantage in the dividends or other benefits as an inducement to such insurance policy or annuity contract ([A.R.S. § 20-449](#) and [A.R.S. § 20-451](#)).

Pursuant to [A.R.S. § 20-452](#), an insurer or insurance producer cannot offer, sell, buy, or give any of the following as an inducement to insurance or in connection with any insurance transaction:

- a. Employment,
- b. Shares of stocks or other securities,
- c. Any contract providing or promising any special profits, or
- d. Any prizes, goods, or tangible property of an aggregate value of more than \$25.



HOUSE OF REPRESENTATIVES

HB 2385

incorporation; urbanized areas

Prime Sponsor: Representative Farnsworth E, LD 12

DP Committee on Judiciary

X Caucus and COW

House Engrossed

OVERVIEW

HB 2385 provides an alternative process for the incorporation of urbanized areas that meet specific criteria.

PROVISIONS

1. Requires the board of supervisors (BOS) to proceed with the incorporation of an urbanized area without a resolution that approves the proposed incorporation, if the area has a population that is:
 - a. 15,000 persons or more, and
 - b. Greater than the city or town that opposes the incorporation.
2. Makes technical and conforming changes.

CURRENT LAW

[A.R.S. 9-101](#) provides the general process for incorporating a community into a city or town. Generally, a community may file a petition for incorporation with the BOS when the petition meets specific signature thresholds, depending on the size or geographic characteristics of the community. If the community is able to get 2/3 of the community to sign the petition, the BOS declares the community incorporated. With 10% of the community signing the petition, the BOS will call an election on the incorporation. If a majority of the community votes in support, the BOS declares the community incorporated. The statute defines *community* and prohibits the incorporation of:

- Large areas that are uninhabited, farm or rural; proposed incorporation space must be urban in nature;
- Territory that would result in unincorporated territory being completely surrounded by incorporated territory;
- Territory that excludes interior county streets and roads, unless approved by the BOS; or
- Any territory included in an annexation ordinance adopted by a city or town after the filing of the incorporation petition.

[A.R.S. 9-101.01](#) states that territory becomes an urbanized area when it is:

- Within six miles of an incorporated city or town with a population of 5,000 or more; or
- Within three miles of an incorporated city or town with a population of less than 5,000.

In order to consider the incorporation of an urbanized area, the BOS must receive either:

- A submitted petition that includes a resolution approving the proposed incorporation from the city or town causing the urbanized area; or
- An affidavit stating that the petition was submitted to the city or town causing the urbanized area and that it was not approved within 120 days.

This statute also provides an alternative process for an urbanized area that meets additional criteria related to the percentage of county residents residing in incorporated cities or towns. Another alternative process is provided in [A.R.S. § 9-101.02](#).



HOUSE OF REPRESENTATIVES

HB 2493

use fuel taxes; adjustment

Prime Sponsor: Representative Bowers, LD 25

DP Committee on Transportation and Infrastructure

X Caucus and COW

House Engrossed

OVERVIEW

HB 2493 makes various adjustments to the use fuel tax system to create a one-tier tax from the current two-tier tax.

PROVISIONS

1. Removes the requirement for which the University of Arizona chemistry department is to analyze motor fuel vehicle samples and supply a report to the director for the purpose of motor fuel testing per the Arizona Department of Transportation (ADOT).
2. Repeals standards regarding the collection of use fuel taxes and fuel dispenser labels.
3. Enforces a use fuel tax of \$0.26 on a use class motor vehicle or a light class motor vehicle.
4. Entitles the owner of a light class motor vehicle or a use class motor vehicle exempted from the weight fee that is driven by use fuel to collect a use fuel tax adjustment of \$70 at the time of registration, per registration year.
 - a. Requires ADOT to deduct from the refund, if an owner of such a vehicle requests a refund, in the computed amount as follows:
 - i. For a vehicle registered for a one year period, 1/12 for each full month of the registration period that has not yet expired.
 - ii. For a vehicle registered for a two year period, 1/24 for each full month of the registration period that has not yet expired.
 - iii. For a vehicle registered for a five year period, 1/60 for each full month of the registration period that has not yet expired.
5. Removes the requirement that a use class vehicle is to pay the use fuel tax for a light class motor vehicle if the vehicle is a truck that is at least 25 years old, has been issued a historic vehicle license plate, and is not used as a commercial vehicle.
6. Strikes language that allows a vendor to apply for a refund of the difference between the amount of the use class motor vehicle use fuel tax paid and the amount of the light class motor vehicle use fuel tax on the same number of gallons purchased.
 - a. Removes the conditions for which a vendor may file a refund application.
 - b. Deletes the presumption that if a vendor's dealings in use fuel primarily involves delivery of use fuel into fuel tanks of motor vehicles, then that vendor's total use fuel purchases have been delivered into the fuel tanks of motor vehicles on a public highway.
7. Repeals language regarding requirements and conditions of vendor receipts.
8. Repeals civil penalty language pertaining to a fraudulent use fuel purchaser.
9. Removes the requirement that an individual who sells use fuel for delivery into a vehicle fuel tank to be licensed as a vendor and keep separate records.
10. Strikes the requirement that sales and transfers of use fuel must be recorded and include receipts.
11. Makes technical and conforming changes.

CURRENT LAW

The use fuel tax applies to diesel fuel, and not to gasoline and alternative fuels. The tax is \$0.18/gallon for vehicles that weigh less than 26,000 pounds, and \$0.26/gallon for vehicles that weigh more than 26,000 pounds. Revenues from this tax are deposited into the Highway User Revenue Fund (HURF). The use fuel tax is collected and paid to the ADOT by a supplier. The supplier adds the tax to the price of the use fuel in order to recover the tax from the consumer (A.R.S. § 28-5606).



HOUSE OF REPRESENTATIVES

SB 1490

transportation funding; task force

Prime Sponsor: Senator Worsley, LD 25

DPA Committee on Transportation and Infrastructure

X Caucus and COW

House Engrossed

OVERVIEW

SB 1490 establishes the Surface Transportation Funding Task Force.

PROVISIONS

1. Creates the Surface Transportation Funding Task Force (task force) consisting of seven members:
 - a. three members appointed by the Governor,
 - b. two members appointed by the President of the Senate, and
 - c. two members appointed by the Speaker of the House of Representatives.
2. Requires the appointment of members to be made within 30 days after the effective date.
 - a. Stipulates if 40 days after the effective date all members have not been appointed the appointing authorities shall jointly fill the remaining unfilled positions.
3. Requires each member appointed to have at least 10 years of experience in:
 - a. State or local taxation,
 - b. revenue forecasting,
 - c. economic forecasting,
 - d. municipal debt issuance, or
 - e. state or local government finances in this state.
4. Specifies that a member may not hold elected public office or be employed by a transportation planning agency during the time served on the task force or for five years after the time they were appointed.
5. States no more than four members can reside in any one county and the remaining members must be residents of at least three different counties.
6. Requires the Governor, in consultation with the President of the Senate and the Speaker of the House of Representatives, to designate a task force chairperson and vice-chairperson.
7. Mandates the task force to:
 - a. review the existing reports and analyses regarding transportation needs and revenue sources in Arizona;
 - b. recommend specific revenue proposals for dedicated funding sources for principal interstate highways in Arizona that are sufficient to meet projected interstate freight capacity needs for twenty years;
 - c. recommend specific revenue proposals for dedicated incremental funding sources for the highway user revenue fund (HURF) that are sufficient to meet the statewide needs of the state highway system and associated proportionate funding for local government recipients of highway user revenues based on the highway user revenue distribution requirements;
 - d. recommend specific revenue proposals for dedicated funding sources for the entire Department of Public Safety Highway Patrol costs excluding any monies from HURF;
 - e. recommend specific revenue proposals for dedicated funding options for regional state highway system and highway capacity needs for 20 years;
 - f. recommend specific revenue proposals for dedicated funding options for local city, town and county roads and streets;
 - g. conduct a statewide study in consultation with the Department of Administration (ADOA) to identify vacant or underused buildings owned by the state and determine if selling them could provide funding for transportation projects;
 - h. prioritize the recommendations if the task force recommends more than one proposal;
 - i. engage in any other related duties as determined by the task force members.

8. Requires the task force to meet at least monthly at the state capital in a hearing room at either the Senate or the House of Representatives.
9. Stipulates a task force member's position will be considered vacant after:
 - a. a member misses two consecutive meetings and a new member is appointed by the appointing authority within 20 days after the second missed meeting; or
 - b. a member misses at least three meetings and a new member is appointed by the appointing authority within 20 days after the third missed meeting.
10. Mandates the task force to provide a progress report every three months and submit a final report of its findings and recommendations before December 31, 2016 to the Governor, the President of the Senate, the Speaker of the House of Representatives and the Secretary of State.
11. Requires any that staff support the task force requests to be from any of the following:
 - a. the Department of Administration,
 - b. the Department of Transportation,
 - c. the Department of Revenue,
 - d. the Arizona Commerce Authority,
 - e. other executive branch personnel,
 - f. staff of the Joint Legislative Budget Committee,
 - g. any municipal planning organization in this state,
 - h. staff of the Senate, or
 - i. staff of the House of Representatives.
12. Appropriates \$250,000 from the state General Fund in fiscal year 2015-2016 to ADOA to conduct the statewide study to identify vacant or underused buildings owned by the state.
13. Requires ADOA to conduct the study in consultation and cooperation with the task force.
14. States the appropriation is exempt from lapsing of appropriations.
15. Contains a delayed repeal date from and after June 30, 2017.
16. Contains an emergency clause.

AMENDMENTS BY THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

Adds two members to the taskforce that will be appointed by the Governor; one who has at least ten years of transportation experience who is employed by a trucking company based in Arizona, and one who has at least ten years of transportation experience who represents a credible highway user group that represents the motoring public.

CURRENT LAW

Not currently addressed in statute.