

# ARIZONA STATE SENATE

## 44TH LEGISLATURE SECOND REGULAR SESSION

### MINUTES OF COMMITTEE ON APPROPRIATIONS

**DATE:** March 10, 2000

**TIME:** 9:00 a.m.

**ROOM:** 109

**CHAIRMAN:** Senator Gnant

**VICE CHAIRMAN:** Senator Cirillo

**ANALYST:** Deborah Johnston

**COMMITTEE**

**SECRETARY:** Melissa C. Upshaw

**ASST. ANALYST:** Ethan Shaner

**INTERN:** Michelle Thornham

#### ATTENDANCE

#### BILLS

<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Arzberger	X			H.B. 2050	DP
Senator Bennett	X			H.B. 2068	DP
Senator Grace		X		H.B. 2073	DP
Senator Guenther	X			H.B. 2104	DP
Senator Hamilton	X			H.B. 2161	HELD
Senator Huppenthal		X		H.B. 2200	DP
Senator Jackson	X			H.B. 2210	DP
Senator Lopez	X			H.B. 2215	DPA/SE
Senator Rios	X			H.B. 2233	DP
Senator Smith	X			H.B. 2266	DPA
Senator Solomon	X			H.B. 2284	DP
Senator Wettaw	X			H.B. 2285	DP
Senator Cirillo, Vice Chairman	X			H.B. 2291	DPA
Senator Gnant, Chairman	X			H.B. 2319	DP

<u>Bill #</u>	<u>Disposition</u>	<u>Bill #</u>	<u>Disposition</u>	<u>Bill #</u>	<u>Disposition</u>
H.B. 2405	DP	H.B. 2563	DPA	H.B. 2659	DPA
H.B. 2431	DP	H.B. 2578	DP	H.B. 2681	DP
H.B. 2497	DP	H.B. 2595	HELD	H.B. 2685	DP
H.B. 2498	FAILED	H.B. 2609	DP	H.B. 2703	DP
H.B. 2502	DP	H.B. 2620	DP	H.C.R. 2016	FAILED
H.B. 2527	DPA	H.B. 2626	DPA/SE		

#### SPECIAL PRESENTATIONS

#### GOVERNOR'S APPOINTMENTS

<u>Name</u>	<u>Position</u>	<u>Recommendation</u>
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## Attendees Sign-in Sheet (Attachment A)

Chairman Gnant called the meeting to order at 9:30 a.m., and attendance was noted.

Chairman Gnant welcomed everyone to the final Appropriations Committee Meeting of the 44<sup>th</sup> Legislature. For those present, he said in a sense it is extremely gratifying to see many people present on issues that are of importance to them, and certainly their presence and testimony may be more important to them than they might think it is to the members in making their decisions. Yet, in another sense, it is very disappointing because many of them, despite repeated warnings, may leave here, having seen their bill pass this Committee, with higher expectations that they should have, thinking that their appropriations will actually go through the entire process. Of all the bills heard this morning, the Chair said he would not be surprised if considerably less than ten percent of them ever make it through the rest of the process. He asked that they do not leave here thinking that they have covered a major hurdle because the bill still has a very steep up hill climb before it can become law, and not to become disillusioned if that happens. Therefore, he encouraged their continued participation in these types of meetings.

The Chair indicated that this is probably the first time in recent history that an Appropriations Committee has held its last meeting and still does not know how much it has available to spend. To him, he said that is unconscionable. He emphasized the Committee's hard work over the past two years in taking upon them the responsibility to make some hard and tough decisions and the least they should be able to do is to know what framework they are working in when they want to do those. Speaking to the members, the Chair said a real part of him thinks that the entire agenda should be moved as a block and be done with. However, he said they have all been around here long enough to know that the box, whatever the box, is largely determined by relatively a few number of people, although they will say with consultation with the members. Therefore, the actions that they take here can restrict the options available to those few people who decide what is in the box. He encouraged the members to continue the work they have done so far in passing those bills that are worthy and refraining from doing so for those they think should not go any further.

In response to Senator Solomon's inquiry about the total appropriations from Wednesday's and today's meeting, the Chair indicated he has not mentioned the total amount for those days, but the total is "a lot."

Senator Solomon queried whether the Chair could confirm two rumors she heard yesterday relating to the amount of the box. 1) total amount being \$10 million, and 2) the Office of Strategic Planning & Budgeting (OSPB) belief that a \$10 million box is "too large of a box." The Chair confirmed he has heard both of these rumors as well.

Senator Smith said it is interesting to know \$1.7 billion worth of requests were received during this non-budget year. As Chair of the Education and Natural Resources Subcommittee, approximately \$1 billion in requests were received in that subcommittee. With the number of bills being heard today, he pointed out there are about twenty-two money bills that were held in the Rules Committee for the same reason, as explained by the Chair, they do not know how much money there will be to appropriate.

Senator Cirillo stated some people might think this is more frustrating than in other years probably because we are now in a biennial budget cycle. He commented the sad lesson of being in the second year of a biennial budget cycle is, it is not the year when a lot of money is available for anything. He thinks that this is one message that should be taken back. He pointed out that the

budget year is the year to come in with requests and expressed hope that everyone will learn this and not make the same mistake in the next biennial cycle.

Senator Solomon emphasized the need to recognize the Arizona income tax revenues when they come in April and May along with the Legislature adjourning Sine Die prior to those revenues coming into the State of Arizona. She explained that when the budget is being discussed, State agencies and obligations they have as a State are being talked about. She said she would not want them to confuse in any way the budget with the issues and the appropriations that might be necessary to address issues facing the people of Arizona.

Senator Arzberger indicated he has not been a great fan of the biennial budget for large agencies because the revenue stream coming in cannot be projected two years ahead of time, especially for the large agencies. He believes if they could have stayed with what they were doing with some of the small agencies on a biennial budget cycle that would be fine. Then they would have known what their revenue was to fund those obligations and they would have known the revenue stream that was to go to other appropriation bills that are important to those people present and to the other areas of the State.

Chairman Gnant commented there were some good ideas floating around this body in terms of reforming the budget process and while they work on some of those through the summer months hopefully they will have a chance to implement them next year.

## **CONSIDERATION OF BILLS**

In response to the Chair's clarification, Senator Lopez clarified he does have a suggestion and that is to consider moving a block of bills as the Committee has done during the last meetings. He noted these bills have gone through their respective standing committees, have no appropriations or amendments, and appear to have consent from the members. He noted there are bills that are majority member bills, which means that 98.7 of these would go anyway.

**Senator Lopez moved the following bills be returned with a DO PASS recommendation: H.B. 2050, 2068, 2073, 2200, 2285, 2319, 2431, 2497, 2502, 2578, 2595, 2620, 2703 be returned with a DO PASS recommendation.**

The Chair said he would accept Senator Lopez's motion with the suggestion that H.B. 2595 is WITHDRAWN because it has been withdrawn from the Senate Appropriations Committee.

**Without objection, Senator Lopez WITHDREW H.B. 2595 from his motion.**

Senator Rios said to that motion, like last time, he would ask that the short titles be read for those present who may not know their bill by number.

Senator Solomon said she would also like to have the amount of the appropriations included in the motion.

Senator Wettaw indicated H.B. 2233, the small schools, has no general fund impact and that was included by unanimous consent.

Chairman Gnant read the bills that were put on the agenda by unanimous consents: H.B. 2210, H.B. 2233, H.B. 2284, H.B. 2609, H.B. 2685, and S.C.R. 2016

Senator Wettaw asked Senator Lopez if H.B. 2233 could be added to his motion.

Senator Lopez stated that H.B. 2233 and some of the bills read by the Chair were purposely left off his motion because they were by unanimous consent, and the members did not have an opportunity to know whether or not the bill(s) had gone through a standing committee. But if there are bills, not mentioned, he did not object to adding one or more as long as they do not have any amendments.

**Without objection, Senator Lopez ADDED H.B. 2233 to his motion.**

Referring to a voting list from the House, Senator Rios asked if H.B. 2233 was a striker in some committee because there was a 32-26 vote.

In response to Senator Rios' question, Senator Wettaw indicated there was no striker added, however, it was amended to its original intent in the House.

While a bill or two is being heard, the Chair said, Senate staff would work on the appropriation numbers for each of the unanimous consent bills, and he will then read the short titles including the amount of the appropriations for each bill included in the block of bills.

The Chair accepted Senator Solomon's request to have H.B. 2285 withdrawn from the block of bills to be moved.

**Without objection, H.B. 2285 was WITHDRAWN from Senator Lopez's motion.**

**Chairman Gnant said Senator Lopez's motion is WITHDRAWN with his permission. Senator Lopez nodded his head a yes.**

Referencing bills on the agenda that are dually assigned to the Family Services Committee, Senator Jackson asked the Chair if these bills could be considered so that they would not interfere with having them heard in that Committee, which would be meeting upon adjournment of this Committee. The Chair answered yes.

**H.B. 2405 – university deposits; technical correction (now: AIMS; intervention; dropout prevention) – DO PASS**

**Susan Rich, Senate Education Intern**, explained H.B. 2405 appropriates \$2 million from the State General Fund to the Department of Education in fiscal year 2000-2001 for the establishment of an AIMS intervention and dropout prevention program.

The Chair indicated there were a number of people present, who would like to speak on this bill.

**Fernando Molina**, student, briefed the Committee on how the Jobs for Arizona's Graduates (JAG) program has helped him. Mr. Molina introduced himself as an ex-gang member, considered the leader, who was given the opportunity to set his goal to become a machinist because of JAG. Some of the ways the program has helped the students is by: helping them with their careers and homework, teaching them maturity, keeping them out of trouble, and helping their community more. One way of helping their community was selling water for the Every Kid Counts, which made \$800. Mr. Molina added if this program were in place when he was a freshman he would not have been caught up with gangs and would have had more opportunities.

Chairman Gnant expressed his appreciation to Mr. Molina for his presence and testimony.

Referencing the annual report on Jobs of America's Graduates, Inc. (Attachment B), the Chair informed the members as they review the report they will see pictures of important people involved with this program. He noted some of the chairmen listed were honorary chairmen and others who actually do work, participate, and believe in the program. He said he would like to apologize to all his Senate colleagues for monopolizing the time of **The Honorable Marc Racicot, Governor of the State of Montana**, who spent the day at the capitol yesterday. In doing this, he said it denied them the ability to meet Governor Racicot, to hear him talk and to hear some of things he believes in.

Governor Mark Racicot thanked the Chair for his introduction. He said he would not be here were it not a matter of extraordinary, grave and urgent importance to the people of this great State. As Chair of Jobs for America's Graduates, Inc., Governor Racicot pointed out that the program is spread out across the country to 28 states including Arizona, which has ten high schools that have this program available to them. There are 900 high schools around the country with 65,000 young men and women involved in this program, grades 9-12. In an effort to try and address the issue of dropout prevention, he said, JAG raises an incredible amount of money from the private sector and they partner with public schools and private entities.

Governor Racicot indicated the State of Montana has had a 90 percent graduation rate with this program, and they want to be measured by standards of accountability. With a year out of high school, 85 percent of those young people are either employed, in the military, or in postsecondary education. He said that it is very difficult, if they might imagine, for Mr. Molina to appear before the Committee and courageously let them know through his eyes what it is that the JAG program has meant to him. He said he has seen this impact over and over again in the lives of young people.

Governor Racicot emphasized that Arizona does have a high dropout rate in comparison to the rest of the country, and yet, Arizona has an exploding economy. He said if that is considered for a minute that could be a formula for great difficulty. If you have an exploding economy, and a high dropout rate, it seems to him, without a skilled labor force you cannot expect the prosperity to continue. He said that is not only going to impact the individual laws of Arizona, it is going to impact the quality of life for everyone. He stressed his strongest recommendation to the Committee is to see the urgency of this issue and to make this very modest investment that he will guarantee will produce results.

Governor Racicot added that Montana also has a lot of native populations. He indicated that the Blackfeet Reservation in Northern Montana instituted this program as an experiment. Within the first three years, the Reservation went from a 50 percent dropout rate to a 100 percent graduation rate with all of the young people participating in this program. Since that point in time, the School Board has mandated that this program be available to every young person and now they are on all reservations within their State. In spite of their lack in prosperity and the hard choices they had to make, he has decided with their Legislature's approval to triple the size of the program in the State of Montana. Next year, they will be in fifty-four high schools that will touch between sixty to seventy percent of their population within the State of Montana. He said as one could tell his enthusiasm and not wanting to overstay his welcome, he thanked the Committee for the privilege of appearing before them.

Senator Lopez responded to the Chair's comments by saying the Governor's time was not completely monopolized by him because he had the opportunity to welcome and to thank Governor Racicot during the Education Committee meeting for the work that he is doing on this issue. He said

Mr. Molina's stories can be replicated by five hundred to one thousand students just like him that are in the same situation and this type of legislation gives a school the opportunity to provide a little bit more individualized attention to the kids. Once their imagination is captured, he said, a lot of success stories can be found and he is greatly supportive of this program. Even though he has an amendment, he said, he would urge everyone to vote for the concept that the Governor brings forth, and that Mr. Molina talked about.

Chairman Gnant thanked Governor Racicot for taking time out of his schedule to come down to the Capitol. On behalf of the Committee, the Chair wished the Governor a safe trip back with hopes that they will run across him in the future. In return, the Governor thanked the Committee for their time and wishes.

The Chair noted the following were present in support of the bill: **Alex Cano, student, Jobs for Arizona's Graduates Program; David Howell, Senior Vice President, Bank of America; Jay Kaprozy, Legislative Liaison, Arizona Department of Education; Martin Schultz, Vice President of Governmental Affairs, Pinnacle West Capital Corporation; and Anne Wendell, Director of Government Relations, Motorola.**

**Senator Cirillo moved H.B. 2405 be returned with a DO PASS recommendation.**

**Senator Lopez moved his eight-line amendment dated 3/9/00, 12:36 p.m. be ADOPTED. (Attachment C)**

Senator Lopez explained his amendment does not take away the appropriation or destroy the program in any way. The amendment takes out reference to AIMS intervention and keeps the program in effect just as the Governor and the sponsor has proposed. He said the bill has AIMS intervention, and clearly, he wanted to leave out the reference to AIMS intervention because there is a lawsuit pending about the State not providing enough AIMS intervention monies.

**Representative Laura Knaperek, sponsor of the bill,** said although she understands what Senator Lopez is saying, she does not agree. She thinks the title should be kept on. In meeting with the Superintendent of Public Instruction, Representative Knaperek said Ms. Keegan feels so strongly about dropout prevent that she has a plan to put some money into intervention and wants to transfer some of those dollars from her plan into this program. Senator Lopez is exactly right, Representative Knaperek said, this is high school dropout prevention, but as everyone knows there is an AIMS test that "folks" have to take. The JAG program or any other program would be helpful to meet the criteria in this bill and will have to help kids pass the AIMS test. She expressed hope to keep the amendment off, and to have the bill continue through the process so that it would not have to go back to the House. She informed the Committee, **Judith Schilling, President, Jobs for Arizona Graduates Program,** was present if they would like to hear her say some words about the program.

Ms. Schilling emphasized the need to get the State's kids through the AIMS test in order to get them through graduation. The legislation as written, Ms. Schilling said, proposes that remediation and tutoring be provided for the most at risk kids so that they do not dropout of school. That is really where the AIMS intervention title came into play along with Ms. Keegan agreeing to reduce her appropriations request for the \$2 million.

Chairman Gnant said, on the other hand, he tends to agree with Senator Lopez that there is a difference between dropout prevention and AIMS intervention.

Senator Solomon said having not seen Senator Lopez's amendment before today she understands his concern and the intent of the amendment. She said if this is called AIMS remediation, the State will not have any other money appropriated in the future for AIMS remediation. On the other hand, the State has to recognize the need for AIMS remediation. She stated that the State does have this high stakes test and as she reads the bill, this is AIMS remediation and dropout prevention. She commented points made by Senator Lopez and Ms. Schilling were both well taken, but feels the need for AIMS remediation should be recognized as well.

**The motion to ADOPT the eight-line Lopez amendment FAILED by a division vote. (The Chair indicated there were not enough votes in favor, therefore, the Lopez amendment fails.)**

**The motion to return H.B. 2405 with a DO PASS recommendation CARRIED by a roll call vote of 12-0-2. (Attachment #1)**

Senator Solomon stated she would like to thank Representative Knaperek for bringing this legislation forward. She votes aye.

**H.B. 2050 – air quality; Indian lands – DO PASS**

**H.B. 2068 – appropriation; national law center – DO PASS**

**H.B. 2073 – state land; emergency management – DO PASS**

**H.B. 2200 – water protection fund; appropriation – DO PASS**

**H.B. 2233 – small and rural school districts – DO PASS**

**H.B. 2319 – appropriation; Hopi senior center – DO PASS**

**H.B. 2431 – tobacco tax; dental services (now: tobacco tax allocations) – DO PASS**

**H.B. 2497 – appropriation; juvenile detention centers – DO PASS**

**H.B. 2502 – counties; emergency room services**

**(now: counties; hospital costs; appropriation; extension) – DO PASS**

**H.B. 2578 – appropriation; Navajo senior centers – DO PASS**

**H.B. 2609 – appropriation; motor vehicle division projects – DO PASS**

**H.B. 2620 – appropriation; Ganado school district – DO PASS**

**H.B. 2703 – salary commission; review; report date – DO PASS**

The Chair read the short titles and appropriation amounts of Senator Lopez's previous motion to the block of bills moved.

Senator Lopez indicated there was another bill brought to his attention, **H.B. 2609**, MVD appropriations bill, on the unanimous consent listing, which has gained wide support and there are no problems associated with it. The Chair noted there are **no appropriations on this bill**.

**Without objection, the Chair stated Senator Lopez has moved all the bills indicated: H.B. 2050, H.B. 2068, H.B. 2073, H.B. 2200, H.B. 2233, H.B. 2319, H.B. 2431, H.B. 2497, H.B. 2502, H.B. 2578, H.B. 2609, H.B. 2620, and H.B. 2703. The motion CARRIED by a roll call vote of 12-0-2. (Attachment #2)**

Senator Jackson explained his vote by saying he is happy to vote aye on these bills and with the large delegation from the Navajo Nation they can now go home.

In response to Senator Jackson's explanation of his vote, Senator Lopez said he would invite the delegation to stay if they want to, but he votes aye.

Senator Solomon stated she votes aye, but by a rough estimate of \$23-24 million, that is being picked up without discussing them. She said the Chair has mentioned earlier that once that is done, they lose any opportunity to have any say as to what bills come out of the box. She expressed her hope that the Committee recognizes that it is not a way to set policy.

The Chair expressed his appreciation to those who may have traveled a great distance for their participation. He commented that about half of them have had their bills satisfied at least for today.

**Donald Vance, State Legislative Committee Chairperson, AARP**, was present in support of H.B. 2050 with the strike-everything amendment.

**Kevin J. O'Shea, Deputy Director, National Law Center for Inter-American Free Trade**, was present in support of H.B. 2068.

Those present in support of H.B. 2073 were: **Mike Anable, Commissioner, Arizona State Land Department; Brad Lundahl, Legislative Liaison, Arizona State Land Department; and Lee Miller, Lobbyist, Arizona Fire District Association.**

Those present in support of H.B. 2200 were: **Kelly J. Barr, Manager, Regulatory Affairs, Salt River Project (SRP); Michael Curtis, Arizona Municipal Power Users Association (AMPUA); Bob McCain, Program Manager, Arizona Municipal Water Users Association (AMWUA); and Jim Walsh, The Nature Conservancy.**

**James Hall, District Administrator, McNary Elementary School, and Guillermo Zamudio, Superintendent, St. David Unified School District**, were both present in support of H.B. 2233.

**Tom Dorn, representing the Hopi Tribe**, was present in support of H.B. 2319.

**Kristin Greene, representing the Arizona Association of Community Health Centers**, was present in support of H.B. 2431.

Those present in support of H.B. 2497 were: **The Honorable Marc Spitzer, State Senator District 18; Marc Barnes, County Supervisors Association; Clarence Bigelow, Apache County Manager; Frank Carmen, Division Director, Juvenile Justice, Arizona Supreme Court; Ed Cook, Executive Director, Arizona Prosecuting Attorneys' Advisory Council; George Diaz, Legislative Specialist, Arizona Supreme Court; Mike DiMarco, Budget Director, Arizona Judicial Council; Greg Ferguson, Yuma County Supervisor; Tim Hardy, Court Director, Yuma County Juvenile Court Center; Eddie Koury, Navajo County Manager; Leo Mendez, Deputy Director, Yuma County Juvenile Court Center; Larry Richmond, Attorney, Gila County; Jim Sawyer, Executive Director, Arizona Association of Counties; Lewis Tenney, Navajo County Supervisor; and George Weisz, Executive Assistant/Law Enforcement & Criminal Justice, Governor's Office.**

Those present in support of H.B. 2502 were: **Eddie Koury, Navajo County Manager, representing Navajo & Apache Counties; Peter Solie, Executive Director, County Supervisors Association; Lewis Tenney, Navajo County Supervisor; and Kerri Waggener, County Supervisors Association.**

Those present in support of H.B. 2578 were: **Representative Tom Gordon, District 3; Ruth Denny, Community Services Coordinator, Dennehotso Chapter; Nellie Begay, Teesto Senior Center; Betty Nez, Teesto Senior Center; Emma Bahe, Teesto Senior Center; William Begay Sr., Local Senior Council President, Teesto Senior Center; Elizabeth K. Keedah, Ft. Defiance Senior Center; Ruth Benally, Ft. Defiance Senior Center; Rita Clark, Teesto Senior Center; Leo Gishie, Teesto Chapter/Navajo Nation Council Delegate; Paul A. Beyal, President, Senior Center Counsel; Helen Wauneka; Dennis Williams, Vice President, Senior Center Counsel, Katherine Benally, Director, Ft. Defiance Agency on Aging; Mary Sage, Supervisor, Indian Wells Senior Center; Vicki Johnson; Melvin Gatewood; Elanor Barton, Dilkon Chapter; Jennie Parker, Dilkon Chapter; Stella Chase, Dilkon Chapter; Mary Ann Begay, Dilkon Senior Center; Eula D. Foster, Dilkon Chapter; Mary Yazzie, Vice President, Local Senior Council, LeChee Senior Center; Pearl Begay, LeChee Senior Center; Juanita Tadytin, President, LeChee Senior Center; Betty Thompson; Diana R. Slowtalker, Supervisor, LeChee Senior Center; Alice Lister, LeChee Senior Center; Edgar Reed, LeChee Senior Center; Ella Reed, LeChee Senior Center; Herbert Manygoats, Indian Wells Community; Donald Bitsilly, Local Council President, Lower Greasewood Community; Alice Lee, Lower Greasewood Community; Mary Joe Yazzie, Lower Greasewood Community; Mary S. Chee, Greasewood Community; Harry Nez, Jr.; Freddie Howard, Birdspring Chapter; Mary Lou Begay, Senior Council Secretary, Birdspring Chapter; Jane Manygoats, Birdspring Senior Center; Vida Charley, Vice President Local Senior Council, Birdspring Chapter; Sadie Curley, President Local Senior Council, Birdspring Chapter; Donna Begay, Birdspring Chapter; Bobby Begay Jr.; Hank Moore, Birdspring Chapter; Dr. Peter M. Belletto, Superintendent, Ganado Unified School District; Larry Noble, Governing Board President, Ganado Unified School District/Navajo Nation Council; and Ambrose Shepherd, Governing Board Member, Ganado Unified School District.**

**Kevin Biesty, Legislative Liaison, Motor Vehicle Division (MVD)/Arizona Department of Transportation,** was present in support of H.B. 2609.

Those present in support of H.B. 2620 were: **Representative Tom Gordon, District 3; Dr. Peter M. Belletto, Superintendent, Ganado Unified School District; James Henderson, Jr., Ganado Unified School District; Larry Noble, Governing Board President/Navajo Nation Council, representing Ganado School & the Navajo Nation; and Ambrose Shepherd, Governing Board Member, Ganado Unified School District.**

**Ken Countryman, Deputy General Counsel, Governor's Office,** was present in support of H.B. 2703.

**The Chair RECESSED the meeting at 9:45 a.m. until the sound of the gavel.**

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**The Chair RECONVENED the meeting at 9:52 a.m.**

**H.B. 2626 – supplemental appropriation; veterans' cemetery – DO PASS AMENDED/STRIKE EVERYTHING**

**Debbie Johnston, Senate Appropriations Analyst,** stated a strike-everything amendment is being offered to H.B. 2626. The amendment makes several general fund appropriations in both fiscal years 2000 and 2001 to the Department of Veterans Services. \$252,000 is appropriated in fiscal

year 2001 for reimbursable requirements associated with the Southern Arizona Veterans' Cemetery, but roughly \$38,000 is appropriated in each of fiscal years 2000 and 2001 for rent payments for the fiduciary division. \$85,000 is appropriated in fiscal year 2001 for 1.4 full time employees (FTE). She explained that the Department wishes to transfer these positions from other funds to the State General Fund. The bill also creates a study committee to review the feasibility of establishing another veterans' home in Tucson and a cemetery in Northern Arizona.

The Chair indicated there were a large number of people present, all of them in support. He asked if any of the members would like to hear from anyone of them.

**Patrick Chorpenning, Director, Arizona Department of Veterans Services (DVS)**, clarified that this particular bill in reference to Senator Smith's strike-everything amendment incorporates three bills into one bill. He indicated that H.B. 2606 as passed out of the House appropriates \$37,800 for fiscal year 2000 and 2001. Mr. Chorpenning explained the costs associated for rent payments for DVS fiduciary division at the Veterans' Home and emphasized the need to have the cost of \$37,800 paid, otherwise, the veterans who pay their own bills at the State home would actually be paying that cost. As stated under ARS 41-608, he said, those particular services provided by the home should be paid for by the home. Additionally, DVS is asking to take individual services such as the Human Resource Department, Purchasing, Information Technology (IT) area and they allocated a portion of that across to every division with the Department, which generates another \$84,700.

**Senator Cirillo moved H.B. 2626 be returned with a DO PASS recommendation.**

**Senator Smith moved his three-page strike-everything amendment dated 3/2/00, 11:30 a.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment D)**

**Senator Cirillo moved H.B. 2626 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 11-0-3. (Attachment #3)**

Senator Arzberger stated he is a glad to see the State of Arizona do something small for their veterans. In the past years, the State of Arizona did not really do as much for their veterans as some of the others states did. He noted there are Vietnam and Korean veterans, however, not too many World War II veterans around. In fact, in the Legislature there is Senator Smith and himself. He votes aye.

Senator Lopez said he believes this bill gives him the opportunity to say aye to a lot of friends. Even though he is not a veteran, he said he does avail himself with some of the places that they have and the entertainment that they provide. And so, he said, he is glad to vote aye.

Senator Smith said he is fortunate enough to be a World War II veteran. He votes aye.

Senator Solomon said her husband, a Korean veteran, who spent two years there was always bothered that the Korean War was called "a conflict" and not a war. She votes aye.

The Chair expressed his appreciation for those who have served our country in the armed forces. He said what the Legislature has done in moving this bill forward, is small compared to that which the veterans have done.

The following were present in support of H.B. 2626: **Neal S. Sundeen, Commissioner, The American Legion; Jeff Johnson, Commander, The American Legion; Fred Carpenter, Scottish American Military Society/Korean War Veterans; Robert O. Dunstan, The American Legion; Richard E. Kiernan, District 11 Commander, The American Legion; Mary Ellen Piotrowski, Vice Commander 98-99, The American Legion; Bill Bingham, The American Legion; John Ron Degonzague, Post Commander; Robert T. Smith, The American Legion; Norma Degonzague, Past Post Commander; Paul Griffin, Senior Vice Commander, District 12, The American Legion; Ray Martinez, Past State Commander, The American Legion; Andy Nagy; Daniel M. Conway, Legislative Chairperson, Retired Officers Association; S. Lee Borgen, Secretary, Disabled American Veterans; Ronald C. Murphy, State Legislative Chairperson, The American Legion and All Arizona School Retirees Association; Fred Ferguson, Deputy Director, Arizona Department of Veterans Services; John Aldecoa, State Adjutant, The American Legion; and Lencho Othon, Education Chairperson, The American Legion.**

**H.B. 2215 – maintenance and operations task force – DO PASS AMENDED/STRIKE EVERYTHING**

The Chair noted this is the digital TV bill.

**Debbie Johnston, Senate Appropriations Analyst**, stated a strike-everything amendment is being offered to H.B. 2215. \$1.5 million is appropriated to the Arizona State University (ASU), and \$2.5 million is appropriated to the University of Arizona (U of A).

Senator Solomon said when she saw this bill before, in this Committee, she thought there was a \$2 million appropriation. She asked the Chair if that was correct. The Chair replied Senator Wettaw raised the exact same point.

Ms. Johnston explained the original bill of \$4 million was taken, and there was an amendment offered to the bill in Committee, which decreased the amount. She said if anyone would like to amend the striker, she would be happy to work something up.

Senator Solomon said as she recalls the discussion to reduce the appropriations by \$2 million, she thought it was understood by everyone that was the amount of money that U of A and ASU needed to start moving forward. Since then, she said, no one has come to her with regard to any other information.

Ms. Johnston explained that staff drafted the amendment to reflect the original bill, and no one from the universities directed them to put the \$4 million in it, therefore, accepts the responsibility of having the \$4 million in it.

The Chair said that was not a problem. He commented as John Wayne said, “never say you are sorry, it is a sign of weakness.” The Chair pointed out there is a \$10 million box, he asked Blake Anderson, Director of State Relations, ASU, to make the call; if he wanted this amendment to pass with the \$4 million or \$2 million. Mr. Anderson stated ASU is fine with the million dollars because they need to match their \$1 million federal grant.

**Senator Cirillo moved H.B. 2215 be returned with a DO PASS recommendation.**

**Senator Cirillo moved the Gnant strike-everything amendment dated 3/6/00, 11:38 a.m. be ADOPTED. (Attachment E)**

**Senator Solomon moved a verbal amendment to the Gnant strike-everything amendment be ADOPTED. The verbal amendment as explained by Ms. Johnston. Line 3 strike “\$4,000,000” insert “\$2,000,000.” Line 4 strike “\$1,500,000” insert “\$1,000,000.” Line 5 strike “2,500,000” insert “\$1,000,000.” The motion CARRIED by voice vote.**

**The motion to ADOPT the verbal amendment to the Gnant strike-everything amendment CARRIED by voice vote.**

**Senator Cirillo moved the Gnant strike-everything amendment as AMENDED be ADOPTED. The motion CARRIED by voice vote.**

**Senator Cirillo moved H.B. 2215 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 10-1-3. (Attachment #4)**

**Charlene Ledet, Special Assistant/State Relations, U of A, and Kathy Hancock, representing KAET Advisory Council, were both present in support of H.B. 2215.**

**H.B. 2266 – premium sharing; permanent statewide program – DO PASS AMENDED**

**Jason Bezozo, Senate Health Analyst,** explained H.B. 2266 continues and expands the premium sharing demonstration project on a permanent and statewide basis as of September 30, 2000. The legislation also increases the income eligibility threshold for persons who do not have a specific chronic disease for 200 percent of the federal poverty level (FPL) to 250 percent of the federal poverty level. The bill also increases the appropriation to \$28 million annually from the Medically Needy Account. Under the Demonstration Project, the Legislature approved \$28 million in each of the three years of the program. He noted there are two amendments being offered to this bill.

Senator Solomon asked if the money is to sustain the program statewide, and how quickly can the program be expanded statewide to use these monies.

Mr. Bezozo said that perhaps **Leigh Cheatham, Executive Director, Premium Sharing HealthCare Group,** could answer Senator Solomon’s questions regarding how much monies they have.

Ms. Cheatham said the Premium Sharing program is currently funded through October 2001 and they do have reserves. The program did not come up for full enrollment, in fact, she said that they still are not at full enrollment for what they believe they can carry. So yes, they could go statewide. Currently, the program serves Maricopa and Pima County, Pinal and Cochise are their two outlying counties. Approximately 19 percent of their enrollment is from the outlying counties, which is more than what was projected. She said originally there was much concentration on Maricopa and Pima Counties. She said there are other programs that seem to pick many of the people in those counties and the Premium Sharing does believe they can carry those counties. They have services in all, but Greenlee County with their providers, they would have to look at another AHCCCS provider to pick up that county.

In response to Senator Solomon’s inquiry, Ms. Cheatham indicated that 250 percent of the FPL for a family of four is \$3,479.00 per month. However, the children in Premium Sharing that are at 200

percent or lower are enrolled in the KidsCare program, so Premium Sharing would only be enrolling those children between 200 to 250 percent into the program.

Senator Cirillo said as he calculates the figures given, it seems strange that it is significantly higher than the average wage within the State of Arizona. Ms. Cheatham indicated \$1,392.00 per month is the gross income for a family of four at 100 percent of the FPL, and \$3,479.00 is at 250 percent.

Senator Cirillo expressed his concern that the program was supposed to help low income people and people that have just transited from welfare to low income jobs. He said he did not think it was ever intended for the program to help people that were fairly well exceeding the average wage in the State of Arizona.

Ms. Cheatham said the average FPL in her program, at this point, is 104 percent so their current enrollment does not basically get to 250 percent. In the last eight months, she said Premium Sharing turned down 819 people, who were between 200 and 250 percent and could have enrolled. She said statements were sent to legislators to increase the FPL because as the economy has gotten better, some people have just barely missed the 200 percent, and so, Representative Knaperek put in the 250 percent. In fact, Ms. Cheatham said, most of the program is below 150 percent.

**Senator Cirillo moved H.B. 2266 be returned with a DO PASS recommendation.**

**Senator Lopez moved his five-line amendment dated 3/7/00, 11:54 a.m. be ADOPTED. (Attachment F)**

Senator Lopez explained his amendment only guarantees that the counties into which they are expanding get a fair share of these monies.

Senator Cirillo said he does not think dollar amounts should be set for different counties because the need may not be there. With the program becoming a statewide program, he said, it should be treated on a statewide basis with statewide criteria.

In response to Senator Cirillo's statement, Senator Lopez replied he was sure that if they are allowed to, the two counties in which this program is initiated could certainly meet the demand. He said if there is not something such as he is proposing, there is no guarantee that the other counties will be getting a share of the monies. He said the members from rural communities could best speak to this issue if they wanted to. If they want to follow a policy where most of the services would be going to these two counties, he said, then so be it.

Senator Solomon said if at least \$8 million was set aside for the rural counties and there was not that much enrollment, and the urban counties have enrollment that exceed the amount of money that is available to them, then those people would not receive services.

**The motion CARRIED by a division vote of 5 in favor and 4 opposed.**

**Senator Rios moved his two-line amendment dated 3/8/00, 7:55 a.m. be ADOPTED. (Attachment G)**

Senator Rios said people with chronic conditions who are enrolled in this program come under a cap. Currently, the cap is that of 200 persons and if they develop a chronic disease and were

already at the cap, then they are put on a waiting list. He said the program is being expanded to include 11 additional counties, with support of the Committee, to increase the cap of persons that develop chronic diseases from 200 to 250 persons so a few more people could be taken care of.

**The motion to ADOPT the two-line Rios amendment CARRIED by voice vote.**

**Senator Cirillo moved H.B. 2266 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 7-5-2. (Attachment #5)**

**H.B. 2291- appropriation; domestic violence programs (now: domestic violence; federal funds; appropriation) – DO PASS AMENDED**

**Barbara Guenther, Senate Family Services Analyst**, explained H.B. 2291 subjects domestic violence federal grant monies to legislative appropriations. It designates three departments to receive the grant funds, they are currently receiving those funds and it appropriates \$3 million in federal fiscal year 2000-2001 from the State General Fund. She noted there are two amendments being offered to this bill.

**Senator Cirillo moved H.B. 2291 be returned with a DO PASS recommendation.**

Staff informed the Chair to hold his three-line amendment dated 3/9/00, 10:23 a.m. (Attachment H)

**Senator Solomon moved her seven-page amendment dated 3/9/00, 12:01 p.m. be ADOPTED. (Attachment I)**

Ms. Guenther explained the Solomon seven-page amendment reduces the overall appropriation to \$2 million and splits it between the State General Fund and the Temporary Assistance to Needy Families (TANF). It also makes a few changes to TANF provisions, one of which is the Wheels to Work program. It would allow recipients and former recipients to continue qualifying for the Wheels to Work program plus it would allow families with a household income below 150 percent of the federal poverty level to be eligible for this program. It also requires the Department of Economic Security (DES) to provide two years of transportation and post employment education and training to individuals who are eligible for TANF. It requires DES to fund cash assistance for people whose cash assistance is \$100 or less per month from state maintenance of effort funds only and exempts them from those funds being considered part of the 60 month maximum lifetime cap for TANF.

**The motion CARRIED by voice vote.**

**Senator Solomon moved her three-line amendment dated 3/9/00, 2:28 p.m. be ADOPTED. (Attachment J)**

Ms. Guenther explained the three-line amendment does make a technical correction to the wording to further clarify that \$1 million is from the State General Fund and \$1 million is from the TANF fund.

**The motion CARRIED by voice vote.**

**Senator Cirillo moved H.B. 2291 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 12-0-2. (Attachment #6)**

Chairman Gnant commented that the “usual cast of characters” was present in support of this bill. He thanked all of them for their continued good work, commenting that this is one of his favorite causes here at the Legislature.

Senator Solomon explained her vote. She said she would be offering a floor amendment to make it very clear that legal advocacy for victims of domestic violence is also an acceptable crisis bill.

Those present in support of H.B. 2291 were: **Hank Barnes, Director, Office for Domestic Violence Prevention, Governor’s Office; Kelly Carmody, Legal Services Director, Arizona Bar Foundation; Bahney Dedolph, Director of Public Policy, Arizona Coalition Against Domestic Violence; Jennie Gorrell, representing Business & Professional Women; Michael Haener, Legislative Liaison, Attorney General’s Office; Ron Johnson, State Bar of Arizona; Connie Phillips, Executive Director, Sojourner Center; and Eddie Sissons, Executive Director, Arizona Justice Institute.**

### **H.B. 2498 – appropriation; elk study - FAILED**

**Debbie Johnston, Senate Appropriations Analyst**, apologized to the Committee for not having a fact sheet on this bill. She said staff understood this bill was going to be held, but she believes Senator Lopez will be offering an amendment to the bill, so it is being heard today. Ms. Johnston explained the bill appropriates \$500,000 from the State General Fund in fiscal year 2001 to Legislative Council to conduct an ongoing comprehensive study and evaluation relating to the elk population habitat in this State.

**Senator Cirillo moved H.B. 2498 be returned with a DO PASS recommendation.**

**Senator Lopez moved his 10-line amendment dated 3/6/00, 10:02 a.m. be ADOPTED. (Attachment K)**

Senator Lopez stated his amendment is primarily a technical amendment to this bill and along with its defeat he said he would hope the full bill is defeated.

**The motion FAILED by voice vote.**

**The motion to return H.B. 2498 with a DO PASS recommendation FAILED by a roll call vote of 2-10-2. (Attachment #7)**

As a member of the ASPCS, Senator Cirillo said he is “shocked” at Senator Lopez for having an amendment that is going to strike all the elk in the State. He commented that it was a very bad thing to run and strike elk. He votes no.

### **H.B. 2104 – vehicle emissions program –DO PASS**

**Susan Anable, Senate Research Staff Director**, said she did not have anything to add to the Committee other than what is contained in H.B. 2104. It has cleared the GES Committee. It is a bill that changes some of the eligibility criteria for the Volunteer Vehicle Repair Retrofit (VRRR) program and changes some of the statutory provisions relating to the Vehicle Emissions Inspection (VEI) contract. The fiscal provision is a \$1 million general fund appropriation in fiscal year 2000-2001 for the VRRR program, which is run in both Maricopa and Pima Counties. Additionally, there is a

transfer of \$116,000 from the emissions inspection fund to the VVRR program in that same fiscal year. The reason for that appropriation or for that transfer of that money is that the bill eliminates the existing repair grant assistant program administered by the Arizona Department of Environmental Quality (ADEQ) as well as the catalytic converter replacement program and those are basically being milled in concept into the VVRR program. She noted there is an amendment being offered to this bill.

Senator Rios said there are some areas of Pinal County that are being brought under this program, starting next year. He asked Ms. Anable if the bill as drafted, would make Pinal County eligible to participate in this program. Ms. Anable answered that the program, currently, applies broadly across Area A, which primarily is Maricopa County, but includes the portions of Pinal County he alluded to. However, with changes in the bill, she would need to take a look at the bill to clarify his inquiry.

Senator Rios said he would be offering a floor amendment to try and include those areas.

**Senator Cirillo moved H.B. 2104 be returned with a DO PASS recommendation.**

**Senator Lopez moved his three-page amendment dated 3/6/00, 3:40 p.m. be ADOPTED. (Attachment L)**

Senator Lopez stated that many members from both sides of the Mall want to continue the trend of having a tax reduction this year. He said this is the only piece of legislation with his amendment that would do that. It reduces taxes both in Maricopa and Pima Counties by allowing the money that now goes into the clean air fund, to go to reducing the amount of money that people pay to have their cars tested. He said this money is now being used supposedly and probably correctly, to subsidize a purchase of a car to people that can already probably purchase these automobiles. It does nothing to help the general populous. He indicated the prices would go up \$25 in Maricopa County and \$8 in Pima County where the program is initiated, if not, \$31.50 will still be paid in Maricopa County. He said this a very serious amendment, and hopes the Committee will approve of his amendment.

**Representative Carolyn Allen, sponsor of the bill**, thanked the Committee for hearing this bill and said she would have to respectfully stand in opposition to the Lopez amendment. She said the same amendment was proposed in the House. And although she has some questions herself about how the clean air fund is administered, she could not stand in support of this particular amendment.

In response to the Chair, Representative Allen said the amendment will just get stripped off in Conference Committee due to the Speaker of House, this is his favorite. She said being direct, everyone knows this is his "slush fund" and it is not going any place. In response to his second question, she said in absence of her first reply, she could not support the amendment.

Representative Allen informed Senator Rios that Pinal County would be covered, as the bill is written. She said anybody that has to take the test is going to be covered in this. Representative Allen added that this is the most cost effective, air quality legislation that they have been able to do, and so she would appreciate their support. Although, she said, she had walked in when there were a whole string of no's, she would hope that is not the "temper mode" of this Committee today.

With Representative Allen's reply of not counting any elk in her bill, Chairman Gnant commented that her chances are improved.

**The motion to ADOPT the three-page Lopez amendment FAILED by a division vote of 4 in favor and 5 opposed.**

**The motion to return H.B. 2104 be returned with a DO PASS recommendation CARRIED with a roll call vote of 12-0-2. (Attachment #8)**

Representative Allen expressed her appreciation to the Committee for their support.

**Larry Hawke, Manager, Inter Governmental Relations, and Bill Kicksey, Manager, Community Services, Maricopa County, were both present in support of H.B. 2104.**

**H.B. 2285 – appropriation; vocational technical funding – DO PASS**

**Senator Cirillo moved H.B. 2285 be returned with a DO PASS recommendation.**

Senator Solomon thanked the Chair for allowing her to withdraw this bill from the block of bills being moved earlier. She said the only reason she asked to do that was to make a comment that it is a very good bill and intends to vote for it. She asked the members to remember when they vote aye on this bill today, that she will carry a bill next year that will do the same thing for Pima Community College and Pima County and would appreciate their votes.

**The motion CARRIED by a roll call vote of 11-1-2. (Attachment #9)**

**Dr. James O. Howard, Superintendent, Agua Fria Union High School District, and Diane McCarthy, President, Westmarc, were both present in support of H.B. 2285.**

**H.B. 2527 – technical correction; workers' compensation (now: department of public safety; appropriation) – DO PASS AMENDED**

**Andrea Hoeffler, Senate Judiciary Intern, explained H.B. 2527 appropriates a total of \$156,300 to the Department of Public Safety (DPS) from the Criminal Justice Enhancement Fund in fiscal year 2000-2001 for personnel and operating expenses related to processing school bus driver licenses and firearms clearance applications. She explained the Grant 12-line amendment appropriates \$1,915,900 to DPS in fiscal year 2000-2001 from the State General Fund for an additional 19 nineteen officers, and 3 sergeants to serve in Pima and Maricopa Counties, and exempts these funds from lapsing.**

Senator Wettaw expressed his concern that there are literally thousands of miles of roads in this State that are not covered eight hours a day that is not mentioned, but DPS would know which ones they are. He wanted to know how DPS felt about this.

**George Weisz, Executive Assistant/Law Enforcement & Criminal Justice, Governor's Office, thanked the Chair for hearing this bill and proposing the amendment. In response to Senator Wettaw's point, Mr. Weisz stated when they had officers that were appropriated to DPS several years ago, they went to the rural counties, and that was what it was for; outside the Maricopa and Pima Counties. He said the idea behind this is that DPS had an increase in population throughout the State of Arizona and they have not increased the number of officers in the area where they had some of the biggest growth. As freeway miles are expanded, he said, mainly in Maricopa County and some areas around Pima County, and just like a city that grows, there are a number of new**

constituents and there is the need to have police officers if that city grows. Mr. Weisz continued that DPS jurisdiction is now expanded along these highway miles that have grown, and they have not kept up with the pace of adding the enforcement for both preventive use and patrolling those highways.

The Chair asked why the money could not just be appropriated to DPS for the 19 Officers and 3 Sergeants and not say how it is going to be done and just do it that way rather than saying to all the rural districts “incoming to you.” Mr. Weisz replied that he would not want to do that.

In response to the Chair’s suggestion, **Philip Case, Comptroller, Arizona Department of Public Safety (DPS)**, stated that DPS would be very supportive of that approach. He said this amendment, influenced by Representative Laura Knaperek with DPS accommodating her in terms of the language, is consistent with the Legislature’s approach to funding officers for DPS over the past decade where they have indicated which part of the State the officers would go to.

As this amendment was being crafted, the Chair asked **Lieutenant Rick Knight, DPS**, if he did not take into consideration that he would be “ticking off” some of the rural folks. Lt. Knight said he would defer that to Mr. Case to answer because there are some figures that explain those numbers.

The Chair responded that he would like to get to the policy point, and that Lt. Knight was saying that it was done before and they are just doing it again.

Answering for Lt. Knight, Mr. Case said the bottom line is that through the nineties DPS received 81 officer positions but they were mandated to go to rural Arizona, and they have not received any new officer positions in Phoenix or Tucson. Per DPS’ staffing model, which they use to indicate staffing in the State, he indicated that the deficit for Phoenix is 40 percent, Tucson 35 percent and rural Arizona 10 percent. Mr. Case said DPS does feel that additional officers are needed in rural areas, but their emphasis, at this point, would be on the metro areas.

Mr. Weisz said he would have no problem if there were an amendment saying those officers should be appropriated as they should according to the needs of the State of Arizona.

Senator Wettaw commented this is “stumped” either way, it just makes DPS feel better. He said he would like to get the number of officers per district, from 1980 to the current time, because he knows “full well” that when they put that in for the rural areas, a bunch of them went to Maricopa County. He says he would like this all laid out.

In response to Senator Wettaw’s comments, Mr. Weisz said he does not think DPS took those officers from rural areas to put them in the metro areas, that is why they have been really struggling and that they were mandated for the rural areas when they did that. If that is not correct, he said he would be glad to look into that and find that out for him.

Chairman Gnant informed the members, Senator Cirillo will be offering a verbal amendment, on his behalf, to the Gnant 12-line amendment that puts a period after the word sergeants, strikes the remainder of line 4, and strikes all of lines 5 and 6.

Senator Rios asked Mr. Weisz if he was testifying here on behalf of the Governor’s Office for this legislation. Mr. Weisz answered that he was.

Senator Rios replied that pretty much ensures that if this bill gets to her, it will be approved. He said his reason for asking is that he read or heard somewhere that the Governor is not approving any appropriations bills. He asked Mr. Weisz if that would mean she is moved from that position.

Mr. Weisz said as he listened to the Committee's discussion before bills were heard this morning, there are a lot of things that a lot of members were not sure what funds, if any at all, were going to be there. He said the idea as discussed and approved this morning about so many bills going through the process, especially those that deal with Public Safety which on an emergency basis might be something that should be considered this year. He said that is the reason why we want to keep this going until those discussions are had.

Senator Rios said he was just glad to see the Governor's staff participation in the appropriations process by advocating for bills because that gives them at least some light at the end of the tunnel.

**Senator Cirillo moved H.B. 2527 be returned with a DO PASS recommendation.**

**Senator Cirillo moved the 12-line Gnant amendment dated 3/9/00, 11:42 a.m., be ADOPTED. (Attachment M)**

**Senator Cirillo moved the verbal amendment to the 12-line Gnant amendment, after the word "sergeant" in line 4, insert a "." and delete the balance of lines 4, 5 and 6. The motion CARRIED by voice vote.**

**Senator Cirillo moved the 12-line Gnant amendment AS AMENDED. The motion CARRIED by voice vote.**

**Senator Cirillo moved H.B. 2527 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 12-0-2. (Attachment #10)**

Those present in support of H.B. 2527 were: **Major Dusten Coleman, and Andy Swann, Legislative Liaison, Associated Highway Patrolman of Arizona.**

**The Chair RECESSED the meeting at 10:50 a.m. until the sound of the gavel.**

\* \* \* \* \*

**The Chair RECONVENED the meeting at 11:02 a.m.**

**H.B. 2563 – initiative petition; coercion; technical correction (now: county expenditure limits; disproportionate share) – DO PASS AMENDED**

**Senator Cirillo moved H.B. 2563 be returned with a DO PASS recommendation.**

**Senator Bennett moved his two-page amendment dated 3/9/00, 11:56 a.m. be ADOPTED. (Attachment N)**

**Debbie Johnston, Senate Appropriations Analyst,** explained the Bennett amendment allows cities, towns and counties to exceed their expenditure limit in fiscal year 2001 up to a specified level without penalty. She said the rationale is that the newly adjusted GDP price deflator, which is the

index used to adjust the limit each year, has had the effect of calculating the fiscal year 2001 limits that are actually lower than the fiscal year 2000 limits. In some instances lower than several years previously. The amendment requires the Economics Estimate Commission (EEC) to work with the counties and cities to possibly develop a new index. Ms. Johnston said she believes there are representatives from the League of Cities and Towns and the County Supervisors Association that can address questions for the Committee.

In all the years the State has had high inflation, Senator Cirillo said everybody was very happy to use that index. Now, when the State has periods without high inflation, everybody wants to jump off that "band wagon."

In response to Senator Cirillo, Ms. Johnston stated she did not want to speculate as to what the intent of the League of Cities and Towns is, which brought the amendment forth in the County Supervisors Association and that they could perhaps address that question better than she could.

Ms. Johnston clarified Senator Arzberger's inquiry that the Bennett amendment is the one that they both discussed.

**The motion to ADOPT the two-page Bennett amendment CARRIED by voice vote.**

**Senator Cirillo moved H.B. 2563 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 9-2-3. (Attachment #11)**

The following were present in support of H.B. 2563 as amended: **Lenore Lancaster, Management Services Director, Town of Paradise Valley; Diane Sikokis, Legislative Liaison, Maricopa County Board of Supervisors; Byron Smith, Legislative Coordinator, League of Arizona Cities and Towns; and Kerri Waggener, County Supervisors Association.**

**H.B. 2659 – competitive – government; costs; direct; indirect – DO PASS AMENDED**

**Jim Keane, Senate Government & Environmental Stewardship Analyst,** explained the bill requires the Office of Excellence in Government (OEG) to form a study committee on definitions for direct costs and indirect costs and to utilize those definitions in the OEG's costing model. The Gnant amendment clarifies the bill, and the Lopez amendment adds a member representing a state employee organization to the Committee.

Senator Smith said the agency had no idea of the costs or indirect costs, which became a problem. The agency could not identify where the appropriations were coming from because they integrated all the funding.

Senator Gnant asked why the agency did not just make this change, and why it came before the Legislature.

Senator Cirillo said they were criticized every year for giving a fixed amount to M&O budgets for every new student. The Legislature assumed all costs are fixed, which they are not. When the schools with higher populations got the money, they were making out well. That does not help the school district that is flat or going down in population. He asked if this would help in that area.

Mr. Keane stated OEG is determining projects that could be out-sourced through government competitive programs. He said he does not know if that affects the schools, but he will find out.

**Senator Cirillo moved H.B. 2659 be returned with a DO PASS recommendation.**

**Senator Cirillo moved the Gnant five-line amendment dated 3/9/00, 1:57 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment O)**

**Senator Lopez moved his four-line amendment dated 3/3/00, 5:08 p.m. be ADOPTED. (Attachment P)**

Senator Lopez stated the amendment was approved unanimously on the floor, but there needs to be a verbal amendment to insert the word "state" after "of".

**Senator Lopez moved the following verbal amendment to his amendment: line 3, after "of" insert "state" The verbal amendment was ADOPTED by voice vote.**

**Senator Lopez moved his amendment, AS AMENDED, be ADOPTED. The motion CARRIED by voice vote.**

**Senator Cirillo moved H.B. 2659 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 12-0-2. (Attachment #12)**

**Rae Bivin, Executive Director, Fiscal Accountability & Reform Efforts Committee, and Henry W. Bried, Chairperson, Private Enterprise Review Board (PERB), were both present in support of H.B. 2659.**

#### **H.B. 2681 – assault; sports officials (now: BOMEX; appropriation) – DO PASS**

**Brian Townsend, Senate Commerce, Agriculture, and Natural Resources Analyst, explained H.B. 2681 increases, from \$3,949,600 to \$4,677,100 in fiscal year 2000-2001, the total appropriation to the State Board of Medical Examiners (Board) from the Board fund, and increases the number of Board FTE positions from 50.5 to 52.5.**

**Senator Cirillo moved H.B. 2681 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 10-2-2. (Attachment #13)**

**Claudia Foutz, Executive Director, BOMEX, was present in support of H.B. 2681.**

#### **H.B. 2210 – appropriation; community college operations – DO PASS**

**Kathy Seeglitz, Senate Assistant Research Analyst, explained the bill appropriates \$3 million in fiscal year 2000-2001 from the State General Fund to the State Board of Directors for Community Colleges for the operation of community colleges.**

**Senator Cirillo moved H.B. 2210 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 11-1-2. (Attachment #14)**

Those present in support of H.B. 2210 were: **Kristen Boilini, Arizona Community College Association; Art Chapa, Legislative Counsel; Michael Kidd, Legislative Assistant, Maricopa Community College District, and Jack Lunsford, Director of Government Relations & External Affairs, Maricopa Community College District.**

**H.B. 2685 – supplemental appropriation; community college board – DO PASS**

**Michelle Thornham, Senate Appropriations Intern,** explained the bill makes a supplemental appropriation of \$129,800 in fiscal year 1999-2000 from the certification fund to the State Board of Directors for Community Colleges for a variety of programs.

**Senator Cirillo moved H.B. 2685 be returned with a DO PASS recommendation. The motion CARRIED with a roll call vote of 11-1-2. (Attachment #15)**

Those present in support of the bill were: **Kristen Boilini, Arizona Community College Association, and Dr. Donald Puyear, Executive Director, State Board of Directors for Community Colleges.**

**H.C.R. 2016 – secretary of state; corporation commissioners - FAILED**

**Ethan Shaner, Senate Assistant Research Analyst,** explained the bill.

**Dean Miller, Legislative Liaison, Arizona Corporation Commission (ACC),** stated the Senate passed out a resolution, S.C.R. 1005, expanding the ACC from three to five members. The ACC has not taken a formal position on this resolution due to consideration of the Senate resolution. However, the Commissioners are opposed to moving the Corporation Division to the Secretary of State's Office, and do not understand the reasoning for it. Mr. Miller said the Division is largely handles administrative functions, and has improved service considerably. He added the Division recently won an award for improved customer service. Mr. Miller said the Division has been a part of the ACC since statehood and the public is accustomed to dealing with them.

Senator Wettaw stated that a number of states have their secretary of state handling the corporations. He said it is a more efficient way to do it. He has checked states run by both Democrats and Republicans, and it is a totally nonpartisan issue in that context. He said that the Committee could talk to Mr. Whitney, Deputy Secretary of State, and he will advise them that there is a problem with people "scurrying around" from the Capitol to the ACC. He said this is a less bureaucratic way to handle it, and combining it into the Secretary of State's Office is more efficient.

Senator Solomon said the information she received is that the Secretary of State's Office is unprepared to assume the responsibility, and it needs space. If the employees move from the ACC, there is no space for them.

Mr. Miller said he would not speak on behalf of the Secretary of State. However, he said one-stop shopping does work in this situation. He added the only thing that would change would be the jurisdiction; the letterhead would change. The Secretary of State has run out of space, and the Corporation Division would remain housed in the ACC building.

Senator Wettaw asked about other states, which use the Secretary of State for corporation filings.

Mr. Miller said there were two different commissions in New Mexico, and in 1996 they abolished one, and combined everything into one commission. He noted that has been a disaster. He wondered why Arizona's system should be changed when it is working as is.

Senator Solomon clarified that the office and its computers would remain in the ACC building. Mr. Miller agreed, and said there are two types of computer systems that would have to be integrated. He thought that would cost a lot of money, but said he could not speak to that.

**Representative Roberta Voss, sponsor of the bill,** brought some information and a handout on corporation filings. She stated the Secretary of State is prepared to incorporate the Corporations Division. The Secretary has asked that the move be postponed until 2001 to give them time to prepare for whatever changes need to be made. She said she has talked with them many times. The Secretary did not bring forward this bill, and they are not "chomping at the bit" to do this. Representative Voss said it is her idea, which she has considered for the last 15 years, but the Secretary of State's Office said it would be prepared to take this on; but they would have to have sufficient space and time to prepare.

With regard to New Mexico, Ms. Voss said she hoped Arizona would not follow in those footsteps, and would have the corporate files consolidated at the Secretary of State's level. She said there has been much e-mail and phone calls received from businesses that want to come here and add to Arizona's economic development. They call the Secretary of State's Office first for incorporation, and have to be forwarded to the ACC. There are many who have called and asked to be "walked through" the rules.

Representative Voss said the computers need to be integrated now; they do not "talk" well now. When an entity comes to the ACC to file and reserve a corporate name, then they go to the Secretary of State's Office and find they cannot use that name for copyrighting because it was not cross-checked sufficiently.

Representative Voss stated another reason for the change is that limited liability corporation filings are sent to the ACC. The partnership filings are sent to the Secretary of State. She has heard that some small businesses give up with all the "going back and forth between the two entities," because they cannot figure out what type of organization to pick. Representative Voss asserted the "State should get its act together." She said that is basically why she brought the bill.

Representative Voss said she has gone to the ACC to see the work being done as it relates to the Corporation Division. The job is being done well, and it will continue on.

Senator Guenther said he does not have a problem with what Representative Voss said, but he does not see the public clamoring for a change, and there has been only one complaint. The ACC does not think it is necessary, and the Secretary of State does not think it is necessary. He said this has not been presented as something that would improve the efficiency of government. Senator Guenther said he understands the structure and the need to build consensus. He said there needs to be more than just the legislation saying this is a good idea.

Representative Voss said she would be happy to bring all the e-mails from businesses in other states, which are frustrated with two different processes of filing businesses. They dislike the difficulty with two separate offices. She reiterated it is something she has considered for 15 years while she has been in the business community, and it is time to fix this. She said there may not be an outpouring from the people, but she still thinks this is important. She thinks it would be for the

betterment of Arizona. Representative Voss added the Committee might be surprised if they talked to attorneys who file these papers.

Senator Guenther said the opportunity is here to bring in the ACC and have the Office of the Secretary of State along to say the idea is acceptable and present how it will be done.

Representative Voss reiterated the Secretary of State did not request the bill; she herself brought it forward. It would be inappropriate for one entity to "grab after someone else's pride and joy." She stated she has worked with the Governor on this, and it is not something meant to get all the different branches together to go against the ACC. It appears that is what this is doing. This is strictly about effectively getting business done.

Senator Cirillo suggested another avenue would be for Representative Voss to get in touch with the Government Information Technology Agency (GITA) to design a common data base so that ACC and the Secretary of State would have a common computer system, and eliminate the problem.

Representative Voss replied there is an existing IGA (intergovernmental agreement) which is directed by ACC, and which allows very limited access by the Secretary of State's Office. She said she imagines the IGA could be improved. GITA could be the arbitrator. It seems if Arizona is going to encourage economic development, it should explore every avenue to become more efficient.

Senator Cirillo commented it is still a subject to explore with GITA.

Senator Solomon clarified that by 2001 the Secretary of State would be prepared to take over this function and will have space available. She wondered where that space would be found.

Representative Voss said there is no doubt the Secretary of State can reorganize her office and find space. There may be need for one more full-time employee. She said she did not ask for an appropriation on this bill because the Secretary of State should be able to come and ask for that money during an appropriation year. Representative Voss said she has talked to the Department of Revenue, and this is something, which needs to be started, otherwise they will not be able to make a request in future years.

**Senator Cirillo moved H.C.R. 2016 be returned with a DO PASS recommendation. The motion FAILED with a roll call vote of 6-6-2. (Attachment #16)**

Senator Guenther stated that with more planning he could support such a bill. Next year is the year to ask for money, and the Secretary of State should come in and ask for it. He voted no.

Senator Hamilton said he spoke to Carl Kunasek, the Chairman at ACC, and he is against the bill. Mostly, Senator Hamilton said, because he thinks changing from three to five members is a pretty big move, and more study is needed on this. He said that next year he may be in favor, but for now he votes no.

Senator Solomon said it is a good idea, and she would like to work with Representative Voss if the bill should move forward. It seems there are still many questions about appropriations, space and full time employees, and there are a lot of answers to be found. Currently, she said she does not feel comfortable with this, she votes no.

## **H.B. 2284 – appropriation; ASU campuses; lease-purchase. – DO PASS**

Chairman Gnant said he was not going to hear this bill because this legislation, with a \$10 million box, takes a “big chunk” of that box. If something is done for the universities, he said, there is an obligation to do the same for the community colleges, and he did not want to have half or more of the box taken up by one bill. He said having been ordered to hear this bill, he will hear this bill and that his guess is the merits or demerits of this are well known. Nonetheless, if members of the Committee want to hear from people who he is sure will put out a good case or making these investments are welcomed to do that. He said he would like to remind the members, the Governor currently has a Task Force on Higher Education, which is supposed to be developing a long-term strategic plan for higher education. He reminded the members that there is a major capital issue with regards to all the State’s universities that is on-going, he said in his opinion this should be done in context with that total on-going effort not done in a “piece-meal” fashion.

The Chair indicated there is no one in opposition to this bill.

**Senator Cirillo moved H.B. 2284 be returned with a DO PASS recommendation.  
The motion CARRIED with a roll call vote of 10-2-2. (Attachment #17)**

Senator Smith explained his vote. He stated the whole box could be used, he did not care whether it is \$10 million or more all for the university and community colleges, but he would like for them to get their request into that box and see what happens. He votes aye.

Senator Wettaw said he votes aye, but he will have an amendment for it in a NAU West.

Those present in support of H.B. 2284 were: **Blake Anderson, Director of State Relations, ASU; Chuck Backus, Provost, ASU/East; John Collins, Vice President, ASU/West; Tom Dorn, East Valley Chambers of Commerce Alliance; Joannie Flatt, East Valley Partnership; Dr. James Howard, Superintendent, Agua Fria Union High School District; Mrs. Evelyn Wetzler Lucking; Elaine Maimon, Provost, ASU/West; Bobbi Magdaleno; Diane McCarthy, President, Westmarc; Anne Wendell, Government Relations Director, Motorola, and Jim Zaharis, Assistant to the President, Mesa Community College.**

Before adjourning, the Chair conveyed his thanks to each of the members. At the last break, he said, someone who is very familiar with the legislative process came by and said “there is something wrong with your Committee Senator, I can’t tell by listening what’s going on, who are the members of the majority and who are the members of the minority.” Over the past two years, he said indeed the Committee has worked extraordinarily well together in brokering the differences that they had. With some high goals set for the Committee, he said quite frankly all those goals were not achieved. But he does think the Committee has signaled that there are members of this body who are willing to take the appropriations role seriously, and willing to take on the responsibility of making hard decisions when they need to be made. He said it is unfortunate that the circumstances did not exist for them to do that to the extent that they wanted to. But hopefully the next Legislature will have members who will continue that tradition and for those members who are coming back, he sincerely hopes they will agree to serve on the Appropriations Committee. He said they have had solid contributions from every member and he hopes whoever the Chairman of that Committee is will continue the tradition that hopefully they have begun this year.

Senator Solomon said she thinks she can speak for all the Committee Members when she says they appreciate the way the Chair ran this Committee even though they have rested control from him,

from time to time. But, the fact that he has been inclusive, and that he has made this an open process, they thank him.

Senator Wettaw commented with the policy in play the Chair has started, the chain advances to how appropriations should work, everyone has had a fair say, sometimes you win and sometimes you lose. Everyone has felt a part of the Committee for a change.

Chairman Gnant thanked Senators Solomon and Wettaw for their comments.

There being no further business, the final Senate Appropriations Committee of the 44<sup>th</sup> Legislature, 2<sup>nd</sup> Regular Session adjourned at 11:45 a.m.

Respectfully submitted,

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Melissa C. Upshaw, Committee Secretary

(Tapes and attachments on file with the Secretary of the Senate's Office at the Resource Center.)