

ARIZONA STATE SENATE

45TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON APPROPRIATIONS

DATE: March 9, 2001

TIME: 9:30 a.m.

ROOM: 109

CHAIRMAN: Senator Solomon

VICE CHAIRMAN: Senator Bee

ANALYST: Deborah Johnston

COMMITTEE

SECRETARY: Melissa C. Upshaw

INTERNS: Timothy Bowers and Julie Myers

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			S.B. 1018	DPA/SE
Senator Cirillo	X			S.B. 1107	DP
Senator Guenther	X			S.B. 1110	DPA/SE
Senator Hamilton	X			S.B. 1166	HELD
Senator Hellon		X		S.B. 1169	DP
Senator Martin	X			S.B. 1171	DPA
Senator Mitchell	X			S.B. 1190	WITHDRAWN
Senator Nichols	X			S.B. 1234	HELD
Senator Rios	X			S.B. 1274	HELD
Senator Verkamp	X			S.B. 1347	DPA
Senator Bee, Vice Chairman	X			S.B. 1372	DPA
Senator Solomon, Chairman	X			S.B. 1384	DPA

BILLS (Continued)

<u>Bill Number</u>	<u>Disposition</u>	<u>Bill Number</u>	<u>Disposition</u>
S.B. 1390	DPA	S.B. 1509	DPA
S.B. 1393	DPA	S.B. 1516	DP
S.B. 1402	DP	S.B. 1529	DP
S.B. 1463	DP	S.B. 1531	DP
S.B. 1469	DPA	S.B. 1539	DPA
S.B. 1485	DP	S.B. 1554	HELD
S.B. 1486	DPA/SE	S.B. 1557	DPA
S.B. 1503	DP	S.B. 1568	DPA/SE

Tape 1, Side A

Chairman Solomon called the meeting to order at 9:35 a.m. and attendance was noted. For additional attendees, see Sign-in Sheet (Attachment A).

CONSIDERATION OF BILLS

Chairman Solomon announced the following bills would be HELD:

S.B. 1166 - appropriations; new economy cluster; infrastructure - HELD

S.B. 1554 - graduate medical education; payment methodology - HELD

Chairman Solomon said the following three bills have been added to today's agenda by unanimous consent: S.B. 1390, S.B. 1503 and S.B. 1557.

S.B. 1107 - retirees; health insurance; subsidies - DO PASS

Gail Hicks, Assistant Research Analyst, explained S.B. 1107 increases the health care premium subsidy for members of the Arizona State Retirement System (ASRS), Public Safety Personnel Retirement System (PSPRS), Corrections Officer Retirement Plan (CORP) and Elected Officials Retirement Plan (EORP) in areas where no managed care programs are available. The subsidy amount differs for single or for family coverage and takes into account Medicare eligibility. Ms. Hicks noted that there were two amendments adopted in the Finance Committee. The period during which the subsidy would be offered was shortened from five years to three years. The provision that allowed individuals to receive the subsidy as a temporary increase to the retirement benefits was also eliminated. Instead, a retired member or survivor may purchase health care coverage and receive a payment equal to the subsidy through the retired member's employer if the employer assumes the administrative functions associated with that payment. The 2-page Nichols amendment, dated March 8, 2001, 3:20 p.m., equalizes the PSPRS and EORP medical retirement benefits to the ASRS level, effective fiscal year 2003.

Senator Nichols said health benefits in the four retirement systems of this State are quite variable and the time has come to equalize them. In talking to Senator Arzberger and others last night, he has concluded that this is not the time. Instead, Senator Nichols and Senator Arzberger will wait for one of the friendly bills from the House. With the Chairman's permission, Senator Nichols said he would not offer his amendment.

Senator Arzberger moved S.B. 1107 be returned with a DO PASS recommendation.

Chairman Solomon said there is no one in opposition to the bill and unless those who are present in support of the bill feel compelled to speak, she will read the names into the record.

Chairman Solomon announced the following were present in support of the bill: **Joe Carter, representing the Arizona Retiree's Healthcare Consortium; Art Chapa, representing Arizona Retiree's Healthcare Consortium; Terry Cooper, County Manager, Graham County; Alan Ecker, County Supervisors Association; Jody Kline, County Manager, Cochise County; Dennis Miller, Government Relations Director, Santa Cruz County; Hugh J. Phillips, Retired Faculty, Maricopa County Community College Retirees Association; Conrad D. Powell, Retired Faculty, Maricopa County Community College Retirees Association; Larry**

Richmond, Attorney, Arizona Retirees Healthcare Consortium; and Donald Vance, Designated Lobbyist, American Association of Retired Persons (AARP).

Tom Finnerty, Legislative Liaison, Arizona State Retirement System, neutral on the bill, was present to speak if necessary.

Senator Arzberger said this bill would equalize a great disparity that happened in the last contract period for health care insurance for retirees under the ASRS. This is a temporary three-year increase to equalize the premium cost across the board, particularly those who are State retirees, but live in areas in which the HMOs have pulled out. The President of the Senate has also committed to appoint a study committee to look at how health care is contracted, providers, better networks, cheaper systems of delivering, including telemedicine, home doctor visits and a number of other issues. The three-year period will allow the study committee to work during the present contract period and come back with some possible solutions.

The motion to return S.B. 1107 with a DO PASS recommendation CARRIED by a roll call vote of 10-0-2 (Attachment 1).

S.B. 1171 - DNA testing; felony offenders - DO PASS AMENDED

Sheryl Rabin, Judiciary Analyst, explained S.B. 1171 phases in the types of felony offenders who require deoxyribonucleic acid (DNA) testing and requires that on January 1, 2003 the testing of all felony offenders will begin. The bill appropriates \$3.1 million from the state general fund in each of the next two fiscal years to the Department of Public Safety (DPS) and the Arizona Criminal Justice Commission (ACJC) for costs associated with the changed requirements. Additional funding is appropriated to the Department of Corrections (DOC), the Department of Juvenile Corrections and the Administrative Office of the Courts for the collection of blood samples. The 2-page Solomon amendment, dated March 8, 2001, 9:33 a.m., eliminates all appropriations except to DPS, decreases the DPS appropriation to \$550,000 in fiscal year 2002 and \$780,000 in fiscal year 2003 and matches felony offenses with this appropriation.

Senator Bee moved S.B. 1171 be returned with a DO PASS recommendation.

Senator Bee moved the 2-page Solomon amendment dated 3/8/01; 9:33 a.m. be ADOPTED. The motion CARRIED by voice vote (Attachment B).

Senator Bee moved S.B. 1171 be returned with an AS AMENDED, DO PASS recommendation.

Jerry G. Landau, Special Assistant County Attorney, Maricopa County Attorney's Office, in support of the bill, was present to speak if necessary.

Chairman Solomon announced the following were present in support of the bill: **John A. Blackburn, Special Assistant, Maricopa County Attorney's Office/Arizona Sheriff's Association; John A. Blackburn, Jr., Lobbyist, Arizona Criminal Justice Commission; and Edwin Cook, Executive Director, Arizona Prosecuting Attorneys' Advisory Council.**

The following were present in support of the bill with the amendment: **Todd Griffith, Scientific Analysis Superintendent, Arizona Department of Public Safety, and Rick Knight, Lieutenant, Arizona Department of Public Safety.**

Senator Nichols said that last year a 25-year holding requirement was inserted on DNA samples. He asked if this had taken effect with law enforcement officials. Mr. Landau said it is 35 years and it has taken effect as of January 1, 2001. Senator Nichols said excellent he feels good about that.

The motion to return S.B. 1171 with an AS AMENDED, DO PASS recommendation CARRIED by a roll call vote of 11-0-1 (Attachment 2).

S.B. 1486 - capital indigent defense; appropriations - DO PASS AMENDED/STRIKE-EVERYTHING

Sheryl Rabin, Judiciary Analyst, said the 12-page Solomon strike-everything amendment is identical to the same subject strike-everything amendment that was adopted in the Judiciary Committee. The amendment creates the offices of the State Capital Trial Public Defender (SCTPD) and a State Capital Post-conviction Public Defender (SCPPD), and appropriates funding to each office. The strike-everything amendment also appropriates funding from the state general fund to provide litigation and financial assistance to counties with a population under 500,000 that are prosecuting capital cases. The amendment also creates a seven-member Nomination, Retention and Standards Commission, which nominates qualified attorneys to head up the two new offices and report its recommendations on the delivery of services to indigent clients. There were three proposed amendments. The 3-line Solomon amendment, dated March 8, 2001, 10:48 a.m., to the strike-everything amendment, makes a technical change. The 8-line Solomon amendment, dated March 8, 2001, 11:10 a.m., reduces the appropriation to \$850,000 and makes a technical change. The 13-line Bee amendment, dated March 8, 2001, 1:03 p.m., appropriates \$150,000 from the state general fund in fiscal years 2002-2003 to the Arizona Criminal Justice Commission for distribution to Pima County to assist with capital trial, public defense and prosecution.

Senator Bee moved S.B. 1486 be returned with a DO PASS recommendation.

Senator Bee moved the 12-page Solomon strike-everything amendment dated 3/7/01; 9:43 a.m. be ADOPTED (Attachment C).

Senator Bee moved the 3-line Solomon amendment dated 3/8/01; 10:48 a.m. to the strike-everything amendment be ADOPTED. The motion CARRIED by voice vote (Attachment D).

Chairman Solomon noted that her 8-line amendment reduces the appropriation down to \$850,000 for rural counties, and it eliminates the urban counties.

Senator Bee moved the 8-line Solomon amendment dated 3/8/01; 11:10 a.m. to the strike-everything amendment be ADOPTED. The motion CARRIED by voice vote (Attachment E).

Senator Bee moved his 13-line amendment dated 3/8/01; 1:03 p.m. to the strike-everything amendment be ADOPTED. The motion CARRIED by voice vote (Attachment F).

Senator Bee moved the Solomon strike-everything amendment AS AMENDED be ADOPTED. The motion CARRIED by voice vote.

Senator Bee moved S.B. 1486 be returned with an AS AMENDED, DO PASS recommendation.

Chairman Solomon announced the following people were present in support of the bill: **Michael Haener, Director of Legislative Affairs, Attorney General's Office; Ron Johnson, Government Relations Director, State Bar of Arizona; and Larry Richmond, Attorney, representing the Apache, Gila, Pinal and Santa Cruz Counties. Alan Ecker, representing the County Supervisors Association,** was present in support of the bill with the amendment, and **Art Chapa, representing the Pima County Board of Supervisors,** supports the bill with the Pima County amendment.

The motion CARRIED by a roll call vote of 11-0-1 (Attachment 3).

S.B. 1384 - universities; financial aid trust fund - DO PASS AMENDED

Kimberly Yee, Education Analyst, explained there is currently a 1:1 match of state monies and S.B. 1384 increases that match to 2:1. Ms. Yee said the Joint Legislative Budget Committee (JLBC) staff estimates that approximately \$2.4 million will be raised by the surcharge in fiscal year 2001-2002 requiring a state match of that same amount. Over the biennium, the impact to the state general fund of this legislation is approximately \$4.8 million. The one-page Solomon amendment, dated March 7, 2001; 10:01 a.m., reduces the state match ratio from 2:1 to 1.25:1.

Chairman Solomon announced the following were present in support of the bill: **Charlene Ledet, Special Assistant of State Relations, University of Arizona (U of A), and Matt Ortega, representing the Arizona Board of Regents.**

Joshua Chace, Arizona State University (ASU) student, said he supports the bill because it will help fulfill two very important roles of government. It will not only further benefit our State, and in turn, our country, but it will help those who otherwise may not be able to help themselves. Education is a fundamental cog in the wheel for a bright future for our State.

Oubie Shahbandar, ASU student, representing Arizona Students Association, urged the Committee to support the bill for the relief that it will give to low income working families and their ability to afford a quality, higher education for their children. Coming from an immigrant family, he knows the importance of an affordable, quality higher education and what it can afford for families in securing a future for their children.

Shaun Alexander Kenneth Bainbridge, ASU Student Body President, representing ASU and Arizona Students Association, in support of the bill, said he hopes the Committee Members look at increasing the match ratio back to the 2:1 ratio. He thanked the Committee for their support.

Senator Bee moved S.B. 1384 be returned with a DO PASS recommendation.

Senator Bee moved the 2-line Solomon amendment dated 3/7/01; 10:01 a.m. be ADOPTED.

Senator Cirillo expressed his concern about not seeing an amendment relating to the resident and non-resident students. He suggested that the bill be amended in a fair way because he does not see why the State should be subsidizing the non-resident students.

Debbie Johnston, Appropriations Analyst, said there is a provision in current law, which states that, "monies appropriated by the state shall not be used to provide assistance to students who are not residents of this State." The Board of Regents states that non-resident portion is not coming from the legislative appropriation section of the fund. There is a surcharge on the students and that portion is used to pay for the non-residents.

Senator Cirillo still feels the State would have more money in this program for resident students if it were not made available to non-resident students.

Senator Nichols said the Members had raised the question of fairness. If it is to be taken from a fund to which all students contribute, then all students should benefit.

The motion to ADOPT the 2-line Solomon amendment CARRIED by voice vote (Attachment G).

Senator Bee moved S.B. 1384 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 11-0-1 (Attachment 4).

S.B. 1485 - school facilities board; space requirements - DO PASS

Kimberly Yee, Education Analyst, explained S.B. 1485 increases the square footage requirements for middle schools, authorizes the School Facilities Board (SFB) to deny specified requests for building a new high school, and transfers monies and payments from the school capital equity fund to the deficiencies correction fund. She noted that there are no amendments to this bill.

Senator Cirillo asked if the standards that were established by the SFB are being changed. Ms. Yee said the square footage requirements are being changed for the seventh and eighth grades. Senator Cirillo asked if this was a recommendation by the SFB. Ms. Yee said yes, this issue was brought forward by the SFB.

Senator Cirillo said there would have to be a fiscal impact because the construction cost is going to go up, from 84 to 92 square feet, about 9.5 percent. Chairman Solomon said a fiscal note has been requested.

Dr. Philip E. Geiger, Director, School Facilities Board, said currently any unified school district, upon request automatically, will receive a high school. There are many school districts that were unified for 20 years or more that never had a high school built and did not feel the need to have one. For example, they received a request for a small high school for 56 pupils. This would remove a substantial number of children from existing high schools, leaving those partially empty. Dr. Geiger said the SFB is not trying to deny anyone the right to a high school if they need one, but they also do not want to destroy a district nearby. The SFB is trying to be prudent on their expenditure of funds.

Senator Bee asked how this would affect the Tanque Verde School District and their plans for a high school. Dr. Geiger said Tanque Verde has been approved already. They have been given to July 1, 2001 to make an ultimate decision if they want the high school. They have had the high school approved for a year and a half and nothing has happened, but in the meantime, the State has reserved \$8 million for that school. SFB just needs a decision. If the District asks for an

extension, Dr. Geiger said SFB would not deny them a brief extension. The problem is that the SFB does not want to continue holding \$30 million aside while they spend years in debate. Meanwhile other districts may need those funds.

Senator Cirillo asked if a portion of this bill might be enough to offset the increase that will be seen for the increase of square feet for the seventh and eighth grades. Dr. Geiger said it more than offsets that because this is a fairly small allocation. But the seventh and eighth grade issue is really not one of new money, it is an acceleration of approval. They are not receiving more money, they will just simply be qualifying sooner. He said that is because some districts have schools that are not being built fast enough for the middle school level, due to the amount of square feet SFB provided them. The only additional cost would be the cost of providing funds a year or two earlier than they would have normally received them.

Senator Bee moved S.B. 1485 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 10-0-2 (Attachment 5).

S.B. 1274 - school facilities board; space requirements - HELD

Chairman Solomon announced that S.B. 1274 would be HELD.

S.B. 1402 - appropriation; conservation program - DO PASS

Ethan Shaner, Assistant Research Analyst, explained S.B. 1402 appropriates \$165,000 from the state general fund to the State Treasurer in fiscal year 2001-2002 for the Lower Colorado River Multi-Species Conservation Program planning. This appropriation constitutes Arizona's portion of the final year funding for the program planning.

Senator Guenther said there are actually 102 species that either are in some form of endangerment or they could become endangered or threatened. The State needs to stay ahead of the curve so that it can continue to use the water and power resources in normal operations. They have been at it for six years and hopefully this will be the last year of planning, then the Legislature will have to choose whether or not to implement the plan.

Chairman Solomon announced the following people were present in support of the bill: **Molly Greene, Senior Government Relations Representative, Salt River Project**, and **Robert S. Lynch, Attorney, Irrigation and Electrical Districts' Association**.

Senator Guenther moved S.B. 1402 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-3 (Attachment 6).

S.B. 1018 - unemployment insurance; waiting week - DO PASS AMENDED/STRIKE-EVERYTHING

Todd Madeksza, Banking & insurance Analyst, said the 3-page Solomon strike-everything amendment is identical to the same subject strike-everything amendment that was adopted in the Banking & Insurance Committee. It moves the new language of S.B. 1018 to a more appropriate section of the statute and allows employees engaging in unpaid training to be eligible for unemployment benefits. Under current law, individuals seeking unemployment benefits are required to meet different criteria including having been unemployed for a waiting period of one week. In many situations workers are required to receive uncompensated training as a condition

of keeping their employment. This bill eliminates the one-week waiting requirement for eligibility for unemployment benefits for those individuals.

Senator Cirillo moved S.B. 1018 be returned with a DO PASS recommendation.

Senator Cirillo moved his strike-everything amendment dated 2/22/01; 8:20 a.m. be ADOPTED. The motion CARRIED by voice vote (Attachment H).

Senator Cirillo moved S.B. 1018 be returned with an AS AMENDED, DO PASS recommendation.

Chairman Solomon announced the following people were present in support of the bill: **Charles Huggins, Secretary/Treasurer, Arizona State AFL-CIO; David Mendoza, Legislative Director, American Federation of State, County, and Municipal Employees (AFSCME) Council 97; and Thomas Quine, Director, Arizona Carpenters Apprenticeship.**

The motion CARRIED by a roll call vote of 8-2-2 (Attachment 7).

S.B. 1509 - alcoholic beverages; revisions - DO PASS AMENDED

Julie Szperling, Commerce Analyst, explained S.B. 1509 makes several changes to Title 4 on alcoholic beverages to update, facilitate and clarify the enforcement process and procedures of the Department of Liquor Licenses and Control. The bill contains a Proposition 108 clause. The 15-line Solomon amendment, dated March 7, 2001, 4:30 p.m., incorporates technical amendments from the Commerce Committee amendment and eliminates the state general fund impact. It keeps fees at the current level and eliminates the special investigators at the request of the Department.

Chairman Solomon asked the members if they would be willing to entertain a verbal amendment for a simple drafting error. There were no objections. Ms. Szperling explained the verbal amendment to the 15-line Solomon amendment, Page 1, line 12, strike "6" insert "4."

Senator Rios asked about the donation of spirituous liquor up to \$100 in a calendar year being made to a tax-exempt organization for charitable fundraising activities. He asked if the \$100 was per calendar total or \$100 to each charitable organization. Ms. Szperling said she understands it is \$100 total per calendar year. She informed Senator Rios that Myron Musfeldt from the Department of Liquor was here just in case she did not answer his question.

Chairman Solomon announced the following people were present in support of the bill: **Jack Braddock, Vice President, Golden Eagle Distributors; Don Isaacson, Legislative Counsel, Arizona Licensed Beverage Association; and Phil MacDonnell, Attorney, Arizona Wholesale Beer and Liquor Association.**

The following were present in opposition to the bill, indicating they did not wish to speak: **Dave Delos, Owner, Tony's Cocktail Lounge; Rich Jennings, President, Arizona Food Marketing Alliance; and Tony Marino, Owner, Dave's Place.**

Senator Bee moved S.B. 1509 be returned with a DO PASS recommendation.

Senator Bee moved the 15-line Solomon amendment dated 3/7/01; 4:30 p.m. be ADOPTED (Attachment I).

Senator Bee moved the verbal amendment to the 15-line Solomon amendment, Page 1, line 12, strike "6" insert "4" be ADOPTED. The motion CARRIED by voice vote (Attachment J).

Senator Bee moved the 15-line Solomon amendment AS AMENDED, be ADOPTED. The motion CARRIED by voice vote.

Senator Bee moved S.B. 1509 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 10-0-2 (Attachment 8).

S.B. 1557 - appropriation; Parkinson's disease research - DO PASS AMENDED

Kathy Seeglitz, Assistant Research Analyst, explained S.B. 1557 appropriates \$1 million in FY 2001-2002 from the state general fund to the Department of Health Services (DHS) to establish a Parkinson's disease research grant through the procurement process. It exempts the appropriation from lapsing until July 1, 2003. There were two amendments proposed to S.B. 1557. The 2-line Solomon amendment, dated March 8, 2001, 2:22 p.m., reduces the appropriation to \$100,000. The Nichols amendment, dated March 3, 2001, 9:05 a.m., reduces the appropriation to \$500,000. Ms. Seeglitz noted that the two amendments conflict.

With the Chairman's permission, Senator Nichols said he would not offer his amendment.

Senator Nichols moved S.B. 1557 be returned with a DO PASS recommendation.

Senator Nichols moved the 2-line Solomon amendment dated 3/8/01; 2:22 p.m. be ADOPTED. The motion CARRIED by voice vote (Attachment K).

Senator Nichols moved S.B. 1557 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-3 (Attachment 9).

Chairman Solomon noted that **Jim Vieregg, Partner, Quarles & Brady Streich Lang, representing himself**, was present in support of the bill.

S.B. 1110 - AHCCCS; prescription drugs - DO PASS AMENDED/STRIKE-EVERYTHING

Kathy Seeglitz, Assistant Research Analyst, explained the Nichols strike-everything amendment to S.B. 1110 adds subsidy provisions of S.B. 1234 with a tobacco tax allocation of \$3 million in fiscal year 2002 and \$5 million in fiscal year 2003. The 2-line Nichols amendment to the strike-everything amendment, dated March 8, 2001, 8:41 a.m., reduces the tobacco tax allocation for the discount program from \$4.5 million to \$4 million.

Tape 1, Side B

Senator Nichols moved S.B. 1110 be returned with a DO PASS recommendation.

Senator Nichols moved his strike-everything amendment dated 3/5/01; 1:46 p.m. be ADOPTED (Attachment L).

Senator Nichols said the bill attempts to do two things: 1) it draws upon the experience of two states that successfully managed to expand their Medicaid program for prescription drugs and did not cost the state or the federal government anything. 2) It attempts to deal specifically with rural areas, where some people are not able to get Medicare with wrap-around coverage. The bill broadens the availability of prescription drugs to everyone in this State below 300 percent of the federal poverty level (FPL) through the rebate program, and it provides a small subsidy to people in rural areas. Savings found in the tobacco tax accounts have been used as offsets against what is required in this bill, noting that the amendment uses tobacco tax monies and not state general fund monies.

Chairman Solomon said \$16 million of the tobacco tax monies has been used for psychotropic drugs for the indigent serious mentally ill (SMI) population. Due to Proposition 204, the money in that account will not be needed, it has been reduced to \$8 million, leaving \$8 million of the \$16 million originally appropriated in tobacco tax for psychotropics unallocated. There is still a decision to be made with regard to the tobacco tax and the solvency of the fund, but this would give the members one more option to consider.

Joe Abate, Attorney, Pharmaceutical Research and Manufacturers of America (PhRMA), said PhRMA, which represents the country's leading research base, pharmaceutical and bio-technology companies, opposes the first part of the bill. Mr. Abate said that part of the bill would provide Medicaid discounts on the price of the prescription drugs, but does not pay for the purchase of these prescriptions. According to the figures of the National Pharmaceutical Council, the average Medicaid discount is 18.3 percent. But for someone on a limited or fixed income, if a \$100 drug is now priced at \$82, is that really close to the reach of that needy individual? The research-based companies are opposed to this particular portion of this bill because they are being ordered by the state to provide a discount on drugs that the state is not purchasing. In essence, this bill has a state mandated form of price control. In many areas of the country, their companies are voluntarily giving their best price to those states that are providing Medicaid benefits to its senior citizens. In this case, however, the State of Arizona is mandating price controls without contributing to the State's obligation to provide any benefits to its citizens. As a consequence, PhRMA has taken legal action in federal court against the same initiative in Vermont. He would be happy to provide written information on the litigation at the Committee's request. In conclusion, PhRMA believes that price controls only harm patients by curtailing the investment the industry makes on developing new medicines. They believe that the Bush Administration is committed to working with Congress on providing a drug component to the Medicare program.

In response to Mr. Abate's comments, Senator Nichols said this is in no way a price control bill. It simply is taking advantage of a negotiated rate that has been established voluntarily by companies with the Health Care Financial Administration (HCFA) for Medicaid patients throughout the country. They have a choice not to participate but have chosen to participate, so this is not price control.

Chairman Solomon announced the following were present in support of the bill: **David Carey, Citizen Advocate, representing people with disabilities; Lou and Margaret Grannis, representing Shepherd of the Hills Congregational UCP; Karen Novachek, Director, Lutheran Advocacy Ministry in Arizona; Tara Plese, Legislative Liaison, Arizona Catholic Conference; Donna Redford, Advocacy Director, Arizona Bridge to Independent Living (ABIL); and Timothy Schmaltz, Director of Program Development, Foundation for Senior Living.**

Donald Vance, Designated Lobbyist, Arizona AARP, said AARP is very supportive of the first part of the program because they believe that all three of the participants are engaged here. The consumer is in this game to a significant extent because they will still be paying about two-thirds of the retail cost of this medication. So they think this is a very good approach to the situation. They are sad to lose Senator Cummiskey's original bill, but they understand the reason and know well that this is a federal problem and not a state problem. So they appreciate any "stop gap" measures that the Committee can take to assist in this project.

Senator Nichols moved his 2-line amendment dated 3/8/01; 8:41 a.m. to the strike-everything amendment be ADOPTED. The motion CARRIED by voice vote (Attachment M).

Senator Nichols moved his strike-everything amendment AS AMENDED, be ADOPTED. The motion CARRIED by voice vote.

Senator Nichols moved S.B. 1110 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 7-3-2 (Attachment 10).

S.B. 1169 - biennial budget; second regular session - DO PASS

Timothy Bowers, Appropriations Intern, explained S.B. 1169 moves, from the first regular session of each Legislature to the second regular session, the enactment of the State's biennial budget. The legislation also makes conforming changes to the strategic program area review process.

Senator Nichols asked how the budget is taken care of in the first year of the next biennium. Mr. Bowers said the bill specifies that the budget for fiscal year 2004 shall be prepared and enacted as an annual budget, with the next biennial budget cycle beginning in 2004 for the fiscal year 2005-2006 biennium.

Senator Bee moved S.B. 1169 be returned with a DO PASS recommendation.

President Gnant, congratulated them on their work so far and wished them luck as they move forward. President Gnant said the Committee operates, however, for all of the talents that they have, under a disadvantage. Whether a Member is a freshman or a veteran serving on the Appropriations Committee, they immediately begin working on a two-year budget for the State. They are faced with a bewildering variety of acronyms, terms, programs, and inter-relationships between appropriated funds, non-appropriated funds, general funds and other funds that can absolutely boggle the mind. But they operate under a severe disadvantage in terms of the knowledge that they have. Suppose this was the first year for serving on the Committee, where their main charge is to learn as much as possible about the budget process, mechanics about the budget process and about the agencies that will be coming to them for a budget. They would have the entire session, the interim, and the fall months to explore areas of interest to them and learn about the State's agencies. So, when they met in the second year of their term on this Committee, they would come with a full year's worth of knowledge in order to put together a two-year budget for this State. It would seem to him that it should be intuitively obvious that the more information the members have the better job they can do in putting out a budget. When the Legislature decided to do biennial budgeting, he made the argument then that the Legislature should do the budget in the second year.

President Gnant said the argument against having the budget in the second year was if a two-year budget is put out in the second year members will spend more money because it is an election year. They will want to spend money to curry votes in their district. He asked Richard Stavneak to do an analysis of the last 20 years of the State's annual budgets. They found that in election years, the budget actually increased by a lesser rate, almost a full percentage point less than in non-election years. So it was actually true that in the election years, the Members were more conservative and more reasoned in their approach to the budgets than they were in the non-elections years. If he were King, he would pass this bill with an emergency clause that made it take effect this year having the Committee prepare a one-year budget this year. He thinks it is even more important given the uncertain economic times that we find ourselves in this year, and he also thinks there is a more practical aspect to it.

Senator Nichols asked President Gnant if it was philosophically sound to have one body make a budget for a period when another body will be responsible. For example, if the Clinton budget had been continued in this year and adopted last year by the Congress and approved by the President, we would be in a very different situation than we are in right now. He asked if a similar situation would arise in the State and people would feel about it.

President Gnant said the turnover in this body is somewhere in the range of 20 to 30 percent, so indeed 70 percent of the body would be passing the budget that they would be living under. He would ask the Members to think about this, "if we were to do a two-year budget in the second year, wouldn't we have a new Governor come in?" Instead of the Governor being elected on November 8th or 10th and then having to immediately put forth a budget in January, he or she would now have that same year to become acquainted with state operations before putting out the budget. Yes, they would complete their last year under an old budget. They would always have the opportunity to do supplementals, but they too would have the opportunity to gain the knowledge, experience and expertise they need before putting out their first budget.

Chairman Solomon noted that **Rip Wilson, representing Fiscal Accounting and Reform Committee (FARE)**, was present in support of the bill indicating to speak if necessary.

The motion to return S.B. 1169 CARRIED by a roll call vote of 11-0-1 (Attachment 11).

Senator Martin explained his vote. He said as one of the co-sponsors of the bill he is obviously going to vote in favor of this bill, and as a freshman who had to come in and be inundated with all this information it does seem like a very good idea, he votes "aye."

Chairman Solomon explained her vote. She said when she and Representative Knaperek sat down with the staff of JLBC to begin to prepare the budget that they laid before the Committee in January, it was a shock to them. With all of their experience, they were not prepared for what faced them. She said this is an important bill and a good idea, she votes "aye. "

S.B. 1234 - prescription medication program - HELD

Chairman Solomon said that S.B. 1234 was incorporated into S.B. 1110.

S.B. 1503 - appropriation; long term care ombudsman - DO PASS

Jason Bezozo, Health Analyst, said the Health Committee adopted a strike-everything amendment, but the underlying bill is almost identical to another bill that has already moved through the process in the Senate. Mr. Bezozo explained the Health Committee amendment distributes \$500,000 in fiscal year 2002-2003 from the medically needy account to primary care services program for primary care and urgent care services during weekend and evening hours. The amendment is attempting to help divert patients from emergency departments in hospitals due to overcrowding, staff shortages and other issues at hospitals. He pointed out that the monies in the strike-everything amendment come out of an existing medically needy account program, so, this is not a new appropriation from the medically needy account.

In response to Senator Martin's question, Mr. Bezozo said currently there is a program in the medically needy account that allocates \$6 million for primary care services. The strike-everything amendment that the Health Committee adopted specifies that \$500,000 out of the \$6 million shall go to after-hour urgent care and primary care services.

Senator Bee moved S.B. 1503 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 11-0-1 (Attachment 12).

Chairman Solomon noted that **Madeline A. Wood, representing the National Association of Retired Federal Employees (NARFE)**, was present in support of the bill.

S.B. 1393 - county health departments - DO PASS AMENDED

Kathy Seeglitz, Assistant Research Analyst, explained S.B. 1393 replaces the authority of the Department of Health Services (DHS) to use certain funds for local health department services with a requirement for DHS to use funds not otherwise designated by the Legislature to match county funds for local health department services for any city, county or public health district. It establishes a reimbursement rate of \$3 per capita in fiscal year 2001-2002, and requires DHS to annually adjust the reimbursement rate for inflation as measured by the percentage change in the prior year's medical consumer price index. The 2-page Guenther amendment, dated March 8, 2001, 12:45 p.m., changes the \$3/capita allocation to 53¢/capita in rural counties. Pima and Maricopa counties get a \$25,000 flat increase. It appropriates \$400,000 in general fund monies in fiscal year 2002 and fiscal year 2003 for the adjustment.

Senator Guenther moved S.B. 1393 be returned with a DO PASS recommendation.

Senator Guenther moved his 2-page amendment dated 3/8/01; 12:45 p.m. be ADOPTED.

Michael Racy, representing Pima County, said the County is in opposition to the amendment as it is drafted as this time. When the bill was originally drafted, it increased the appropriation to all 15 counties. They were in support of that. The 2-page Guenther amendment puts in statute a new funding formula for 13 of the counties, but puts in a proportionally much lower fixed dollar amount for two counties, Pima and Maricopa counties. Pima County thinks that is a fundamentally flawed approach. They would request that this be done as a simple appropriation of fixed dollar amounts to each of the counties for each of the next two years rather than placing in statute once again, a flawed inequitable formula right from the beginning. The proponents of this have told him they know it is flawed and inequitable. This makes the disparity even greater but they will be back and help them next year or the year after to fix this formula. On behalf of Pima County he has been trying to fix that situation on the county acute care contribution, which has existed for 20 years. Mr.

Racy said when those factors were put in statute this body said this is just to get the program started and in a year or two they will come back and address it. Even this year it appears it will not be addressed. They have been making progress in moving away from the kinds of formulas that put fixed dollar amounts for some counties. He would request the Committee resist the urge to place just one more ineffective formula in statute.

Senator Cirillo said he thinks the Legislature is sometimes resistant to changing formulas because the three counties who would end up paying more under that new formula want to be held harmless. He said he is tired of hearing those words because it stops the Legislature from making necessary reforms in a lot of these formulas.

Senator Nichols said when the Legislature does tax reductions in the future and tries to hold some corporations harmless and not others, he hopes Senator Cirillo will be opposed to that on the same principal. Senator Nichols asked if Pima County was simply a more generous county prior to Medicaid AHCCCS coming into this State. Mr. Racy said that is absolutely the case.

Senator Guenther has spoken briefly to Mr. Racy and understands his concerns. He did tell him that he would work with him as this is taken to the floor to either put together a more equitable formula or do that in dollar amounts also for the other counties.

Mr. Racy said they may conclude that in the rural counties there is some basis for that fixed dollar amount being greater. That is the Legislature's policy decision.

Mike Williams, representing Mohave and Yuma County, said they started off with a bill that would have given all counties a per capita rate. But there is not enough money to do that. There is also a disparity between Maricopa and Pima counties and the rural counties. The rural counties, like Yuma County and the border towns, have a much smaller population. Maricopa County agreed to the same appropriation that Pima County would get. Even though they have a much higher per capita, they understand the situation. The \$50,000 that Pima County would get is a 30 percent increase in the next two years. When the Legislature passed a bill last year allowing cities to opt out of the co-mingling of funds with the County to pay for county health care, it put at least five counties into a serious situation.

Senator Nichols asked if it were 15¢/capita in Pima County, how much that would add up to. Mr. Williams said even if the Legislature were to go up 10¢/capita for Maricopa and Pima counties that would be an increase of about \$375,925. They were trying to get the cost of this bill under a million dollars because they understand the amount of money they have to work with.

Senator Nichols said Senator Guenther's suggestion was to hold harmless Greenlee County, which is currently 31¢/capita; bring the other counties up to 30¢/capita and bring Maricopa and Pima County up to 15¢/capita. Mr. Williams said yes, we are far away from that. The problems in the rural areas cannot be equated to the problems in Maricopa and Pima counties. We have a higher percentage than are listed in Maricopa and Pima counties.

Kelsey Lundy, representing Yuma County, said bringing everyone up to Greenlee County's 31¢/capita would cost about \$1.2 million. They wanted to ensure that the biennium appropriation for all the counties was going to be under \$1 million.

Chairman Solomon noted that **Diane Sikokis, Lobbyist, representing Maricopa County**, was present in support of the bill as amended, and **Kerri Waggener, representing the County Supervisors Association**, supports the bill as introduced.

Senator Nichols said he is going to oppose the amendment because it departs rather substantially from what he discussed with the sponsors.

The motion to ADOPT 2-page Guenther amendment CARRIED by voice vote (Attachment N).

Senator Guenther moved S.B. 1393 be returned with an AS AMENDED, DO PASS recommendation.

Senator Nichols explained his vote. He intends to come back on the floor to make an effort to get better equity. His current vote is "aye" and he is going to request his county people to work with him to come up with an amendment.

The motion to return S.B. 1393 with an AS AMENDED, DO PASS recommendation CARRIED by a roll call vote of 9-2-1 (Attachment 13).

S.B. 1516 - appropriations; DES; child support - DO PASS

Barbara Guenther, Family Services Analyst, explained S.B. 1516 appropriates approximately \$1.5 million in each of fiscal year 2001-2002 and fiscal year 2002-2003 from the state general fund to the Department of Economic Security (DES) for distribution to six counties providing child support enforcement services. There are seven counties that use DES and the Attorney General's Office on a statewide level to handle child support enforcement. Six counties have opted to run their own programs and two counties are privatized. Ms. Guenther said last year the shortfall within the Department was covered by a fund shift, but the six counties contributed \$2.2 million in local funds in order to help pay for the cost of the county programs that were not covered by federal and state dollars. She noted that the appropriations are specified in the bill in dollar amounts for each of the next two fiscal years.

Senator Cirillo asked if the six counties were mandated to provide this service on their own or was it a voluntary decision on their part. Ms. Guenther said the counties have the first right to choose to conduct their own child support.

Senator Verkamp asked Ms. Guenther if she had any statistics as to the counties that are running their own program versus the ones that DES runs. Ms. Guenther requested that information from the Department and has not received a response.

Chairman Solomon said Pima County Attorney's Office Child Support Division collected \$36,660,000 in child support surpassing DES's projection by \$600,000. She could not speak for the other counties.

Senator Verkamp thinks the counties could do a much better job than DES and that is why he would be supportive of the bill.

Ms. Guenther said to that point the funds go to DES for distribution directly to the counties. Because they are the state agency that has been mandated for child support collection, the money still has to go to DES and then pass through to the counties.

Chairman Solomon announced the following people were present in support of the bill: **Bryan Chambers, Deputy Gila County Attorney; Lynn Farmer, Child Support Administrator, La Paz County;** and **Bianca Varelas, Operations Administrator, Pima County Attorney's Office. Todd Bright, Deputy Assistant Director, DES - Child Support Enforcement,** neutral on the bill, was present to speak if necessary (technical assistance).

Michael Racy, representing Pima County, in support of the bill, said counties do have the first right of refusal to run this program. As Senator Cirillo pointed out, counties are not required to do this. Six counties have elected to do this. There are a number of performance measures maintained by DES and the Auditor General's Office. If those six counties were to return this program to DES, the cost to the State would be more than double the supplemental appropriation they are asking for in this bill. This bill simply creates parity with the additional appropriation that was given to DES when changes in the federal program reduced the reimbursement that the State receives for this program. But on all those performance measures, the local counties equal or exceed DES's performance. Pima County's costs of collection is dramatically less and rate of collection is significantly higher. To answer Senator Verkamp's question, Mr. Racy said this is a direct pass through from DES to those six counties that perform that service.

Senator Verkamp said that Mr. Racy's testimony supports what he was saying earlier about the effectiveness of the county run programs versus the DES run programs. Mr. Racy said all the counties that do this either equal or exceed the performance of DES.

Senator Bee moved S.B. 1516 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-3 (Attachment 14).

Senator Cirillo explained his vote. He would suggest that the Committee look at delegating this responsibility to all the counties because the State could save some money. He votes "aye."

Senator Verkamp explained his "aye" vote. He said two years ago he ran a bill that failed by one vote in the Senate to do exactly what Senator Cirillo was talking about, not just for child support, but for every function that DES performs. All of those programs would be better run if they were run at a county level.

**S.B. 1568 - southern Arizona; state building; transfer - DO PASS AMENDED/STRIKE-
EVERYTHING**

Debbie Johnston, Appropriations Analyst, said the underlying bill transfers two buildings in southern Arizona to the Southern Arizona Mental Health Corporation (SAMHC). She has been told one of the buildings has been sold. The strike-everything amendment being proposed by Chairman Solomon to S.B. 1568 takes the building renewal fund that DHS administers, which is used to maintain these buildings, and turns it into a non-appropriated fund. DHS would have access to all the monies in the fund on a continuous basis and do the upkeep on the facilities. It also removes the requirement that the maintenance has to be major, so that minor maintenance could be addressed with the building renewal funds. The reason for the transfer was that the buildings were not being properly maintained. Only \$58,000 on the building renewal formula was being allocated to maintain the facilities.

Senator Nichols said several years ago the SAMHC, which was a part of the Arizona DHS, was urged to privatize its services, which they did. However, the building in which they were operating was maintained by the State. He had the opportunity to visit the facility and look at pictures, stating that it did not take a lot to see poor conditions of those buildings. It is his understanding that the Solomon amendment makes it possible for that fund to be used more freely. He said the advocates for this bill would like to explore the possibility of a lease/purchase, however, they do support the Solomon amendment.

Tape 2, Side A

Chairman Solomon announced the following people were present in support of the bill: **Curt Bissonette, Clinical Specialist, SAMHC; Patricia Lynn Mayer, Director, Risk Management/Quality/Improvement - SAMHC; Sandy Moreno, representing SAMHC; Larry Onate M.D., Medical Director, SAMHC; James E. Phillips Jr., Facilities Manager; and Fred Veltri, Psychologist/Clinical Trainer and Supervisor, SAMHC.**

Laura J. Waterman, PhD, Clinical Director, SAMHC, expressed SAMHC's appreciation to Senator Nichols and the other Members who have signed onto the bill. SAMHC supported the amendment wholeheartedly although they would like, at some future point, to explore the possibility of a lease/purchase arrangement, which would be mutually beneficial.

Senator Nichols moved S.B. 1568 be returned with a DO PASS recommendation.

Senator Nichols moved the 17-line Solomon strike-everything amendment dated 3/6/01; 1:33 p.m. be ADOPTED. The motion CARRIED by voice vote (Attachment O).

Senator Nichols moved S.B. 1568 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-3 (Attachment 15).

S.B. 1390 - appropriation; TANF; health services - DO PASS AMENDED

Barbara Guenther, Family Services Analyst, explained S.B. 1390 appropriates monies from the federal temporary assistance for needy families (TANF) block grant to the Department of Health Services (DHS) for a variety of outreach education, research, provider training and family planning programs. It also conditionally appropriates money to the Department of Education (DOE) for teen pregnancy and parenting programs. Ms. Guenther explained the amendment that was passed in the Family Services Committee. The 2-page Solomon amendment, dated March 8, 2001; 1:16 p.m., reduces the TANF appropriation to \$3.1 million. There is a verbal amendment to the 2-page Solomon amendment.

Chairman Solomon said TANF is a fund that has been used well, but there is a portion of the fund that has not been used well. Chairman Solomon said it will be part of the Senate Appropriations Committee's responsibility to determine which bills are going to become part of the ongoing TANF appropriation. She did reduce the amount of the appropriations greatly, but she reminded Members that, in the end, all TANF bills will be placed on the table and negotiations will convene with regard to those TANF funds.

Senator Bee moved S.B. 1390 be returned with a DO PASS recommendation.

Senator Bee moved the 2-page Solomon amendment dated 3/8/01; 1:16 p.m. be ADOPTED (Attachment P).

Senator Bee moved the verbal amendment to the 2-page Solomon amendment, Page 1, between lines 17 and 18 insert "Renumber to conform;" Between lines 22 and 23, insert "Reletter to conform" be ADOPTED. The motion CARRIED by voice vote (Attachment Q).

Senator Bee moved the 2-page Solomon amendment AS AMENDED, be ADOPTED.

Patty Jo Angelini, Director, Arizona Coalition on Adolescent Pregnancy and Parenting, thanked the Committee for hearing this bill. They have learned from research that 30 percent of teens who get a negative pregnancy test are pregnant within one year. They are looking to do an outreach effort that will help these young women see that they have a life beyond pregnancy. Nationally, 60 percent of teens who become pregnant have or will dropout of school. The Teenage Pregnancy and Parenting (TAPP) programs in some schools are used to keep pregnant/parenting teens in school and they also reduce pregnancy rates. Ms. Angelini said that Phoenix Union High School program has closed their TAPP program, and Tempe Union High School District and Dysart are both considering closing their TAPP programs due to lack of funds. She pointed out that 80 percent of women on welfare are teen parents, and if the State can keep these young mothers and fathers in school until graduation, it will help prevent them from being on welfare in the first place.

Chairman Solomon said it is important for Ms. Angelini to know why she asked the analyst to prepare the amendment striking that portion. The question of whether or not TANF was an appropriate use of funds for TAPP programs in the high schools had been raised.

The motion CARRIED by voice vote.

Senator Bee moved S.B. 1390 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 9-0-3 (Attachment 16).

S.B. 1190 - appropriations; spousal maintenance - WITHDRAWN

Chairman Solomon announced that S.B. 1190 has been withdrawn from the Appropriations Committee.

S.B. 1469 - TANF; eligibility requirements - DO PASS

Barbara Guenther, Family Services Analyst, explained S.B. 1469 restores eligibility for TANF to children born during specified time periods. The first year the program would cost approximately \$3.3 million and the second year approximately \$3.4 million. The 8-line Solomon amendment, dated March 5, 2001, 2:13 p.m., appropriates the amounts mentioned, approximately \$3.3 million in fiscal year 2002 and \$3.4 million in fiscal year 2003 to DES for the purposes of removing the family cap.

Senator Bee moved S.B. 1469 be returned with a DO PASS recommendation.

Senator Bee moved the 8-line Solomon amendment dated 3/5/01; 2:13 p.m. be ADOPTED.

Chairman Solomon said the sponsor of the bill was not present.

Chairman Solomon announced the following people were present in support of the bill: **Riann Balch, Executive Director, Arizona Coalition to End Homelessness; Danae Dotolo, Public Policy Advocate, Arizona Coalition Against Domestic Violence; Lou & Margaret Grannis, representing the Shepherd of the Hills Congregational UCC; Sandra Junck, representing the Children's Action Alliance; Karen S. Novachek, Director, Lutheran Advocacy Ministry in Arizona; and Eddie Sissons, Executive Director, William E. Morris Institute for Justice. Patty Jo Angelini, Director, Arizona Coalition on Adolescent Pregnancy and Parenting, and Timothy Schmaltz, Director of Program, Foundation for Senior Living, noted they support the bill as amended.**

Tara Plese, Legislative Liaison, Arizona Catholic Conference, spoke with many members over the past few years about the family cap issue. The original intent was to discourage women from having children, but there have been 17,000 children born since 1976 when the cap was put in place. The purpose of TANF is to stabilize families as they are being moved into self-sufficiency by promoting the good working conditions and enabling them to make a living. However, many of them are still struggling to support their families. Of the average family on TANF, 97 percent of them are single-parent mothers with children, and the average number of children per family is 1.3. They are expecting these people to support their families on \$347 per month, while being job trained, working on their GED and meeting a number of requirements under TANF. They are now looking at shifting TANF funds to cover administrative costs for DES, for enlarging the faith-based office and fingerprinting. Personally, Ms. Plese feels this is a good use of taxpayers' money to bring children out of abject poverty and hopefully move their families where the parents are making a living wage, able to support their children and not depending on the state or government to raise their children.

The motion to ADOPT the 8-line Solomon amendment CARRIED by voice vote (Attachment R).

Senator Bee moved S.B. 1469 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 11-0-1 (Attachment 17).

S.B. 1347 - neighborhood preservation and improvement act - DO PASS AMENDED

Jim Keane, Government Analyst, said S.B. 1347 provides a process for cleaning up drug properties, provides different powers to the Director of Liquor Licensing Control and alters the procedures and policies for liquor establishment. It appropriates monies to the Arizona neighborhood preservation and investment fund for the purpose of providing grants for the improvement of declining areas in cities and towns. Mr. Keane explained the proposed amendments to S.B. 1347. The 6-page Mitchell amendment, dated March 7, 2001, 11:30 a.m., requested by the Attorney General (AG), makes various changes to the drug property clean-up language and adds provisions related to the development of standards of practice. The amendment appropriates \$200,000 from the general fund in fiscal year 2002 for ADEQ to contract for an independent study to develop standards of practice and remediation levels. It also appropriates \$160,000 from the general fund in fiscal year 2002-2003 for ADEQ to implement provisions of the bill. The 7-line Guenther amendment to the Mitchell amendment prohibits WQARF monies from being used for costs associated with drug property cleanup, except as currently prescribed by law. The 7-line Solomon amendment, dated March 8, 2001, 10:29 a.m.,

eliminates the \$10 million general fund appropriation to the Arizona neighborhood preservation and investment fund, but keeps in the funding for the Liquor Department investigators. The 3-line Solomon amendment to the 7-line Solomon amendment appropriates \$25,000 to the neighborhood preservation investment fund, rather than eliminating all general fund appropriations.

Senator Cummiskey, sponsor of the bill, said the Neighborhood Preservation and Improvement Act is a major piece of legislation that has a lot of moving parts. Meth lab and liquor licensing are the two major tenants of the proposal. If there is drug dealing, prostitution or illegal drinking happening in a designated parking lot, the police should be called. That is what the neighborhoods are really looking for in terms of responsibility. The sponsors have worked closely with Mr. Isaacson and Mr. MacDonnell to come to a consensus, noting that there are some technical changes to be made on the floor in order to make the language match the agreement. The amendment that Senator Mitchell is bringing is the consensus amendment that incorporates the concerns of those who have been mentioned. He believes this is a good package, which takes care of the issues that the members would like to use to improve their neighborhoods around the state.

Senator Martin said a lot of time was spent in the Government Committee going over this bill. A couple of constituents brought up some minor changes on the Mitchell amendment, but unfortunately they did not get them to him in time to create an amendment. He said ADEQ must send a letter to the property owner when they have properly completed their treatment. Under the Mitchell amendment it is ten business days. They were concerned that was a long time and were asking for three business days. He asked Senator Cummiskey if he would be willing to verbally amend it to five business days to split the difference with them. Senator Cummiskey said since this has been negotiated with ADEQ, Governor's Office, and AG's Office he would prefer to have one of them respond to that.

Donna Neill, Director of Neighborhood Activists Inter-linked Empowerment Movement (NAILEM), said this has been a really hard journey and a lot of hard work. She pointed out that this has taken them three years. They take time to travel throughout the state to talk to people to empower them and give them back some spark into their neighborhoods. Therefore, they need the support of the Committee to be able to continue to move forward. She thanked all of those who have worked on this legislation.

Bill Weigele, President, Arizona Licensed Beverage Association, deferred to **Don Isaacson, Legislative Counsel, Arizona License Beverage Association**. Mr. Isaacson said they had opposed the bill as introduced. Having worked with Senator Cummiskey, they have moved from opposition to neutral on the bill. He said there are still some issues, but they are confident that those can be resolved. Some of the individual members still have concerns about parking lot signs and the liability that they create, but they have agreed to work with Glenn Davis on language.

Kevin DeMenna, Lobbyist, City of Phoenix, expressed the City's support for this legislation. This has become a good piece of legislation and he encourages the Committee's support in favor of this bill.

Senator Martin, referring to the requirement section, asked Senator Cummiskey if the word "remove" could be replaced with the word "treat," giving them the option to treat it if it can be treated.

Senator Cummiskey said he would like to sit down with Senator Martin before they go to the floor on his two concerns with ADEQ and see if they could get a consensus on two amendments that could be offered.

Jim Buster, Legislative Liaison, ADEQ, neutral on the bill, replied to Senator Martin's suggestion about a five-day turnaround time ADEQ feels that five days is quite a bit of time. He understands the other side's desire to free up their property. But he thinks on septic tank permits, a thirty-day turnaround is their quickest time. He noted that there is a ninety-day turnaround in big permits. He said there is a local option issue in the Mitchell amendment whereby a local government, county health department or the city, could try to speed up that turnaround time by being involved.

Senator Guenther announced the following people were present in support of the bill: **Paul Barnes, President, Neighborhood Coalition of Greater Phoenix; Art Chapa, Pima County Board of Supervisors; Norris Nordvold, Intergovernmental Affairs Director, City of Phoenix; Emily Nottingham, Assistant Director, Community Services Department, City of Tucson; and Byron Smith, Member Services Coordinator, League of Arizona Cities and Towns.**

Fred Mallaire, Owner, The Click, was present in opposition to the amendment relating to the signs. **David Kimball, Chairman, Environment Committee, Arizona Chamber of Commerce and Greater Phoenix Chamber**, supports the bill with the Guenther amendment. **Michael Haener, Director of Legislative Affairs, Attorney General's Office**, and **Karen Peters, Attorney, City of Phoenix**, were both present in support of the bill with the Mitchell amendment.

Phil MacDonnell, representing the Arizona Wholesale Beer & Liquor Association, was neutral on the bill. **Mara Kelly, Government Relations Consultant, representing the Valley Partnership**, was neutral on the bill with further amendments. **Mara Kelly, representing the International Council of Shopping Centers**, was neutral on the bill with more amendments. **Jack LaSota, Lawyer, representing Maricopa County**, did not indicate whether he was in support or in opposition to the bill, but he was present to speak if necessary.

The following were present in opposition to the bill: **Dave Delos, Owner, Tony's Cocktail Lounge; John K. Mangum, representing Arizona Food Marketing Alliance; Tony Marino, Owner, Dave's Place; and Lou Polous, self, representing Arizona Licensed Beverage Association.**

Senator Bee moved S.B. 1347 be returned with a DO PASS recommendation.

Senator Bee moved the 6-page Mitchell amendment dated 3/7/01; 11:30 a.m. be ADOPTED (Attachment S).

Senator Bee moved the 7-line Guenther amendment dated 3/8/01; 9:41 a.m. to the 6-page Mitchell amendment be ADOPTED. The motion CARRIED by voice vote (Attachment T).

Senator Bee moved the 6-page Mitchell amendment AS AMENDED, be ADOPTED. The motion CARRIED by voice vote.

Senator Bee moved the 7-line Solomon amendment dated 3/8/01; 10:29 p.m. be ADOPTED (Attachment U).

Senator Bee moved the 3-line Solomon amendment dated 3/8/01; 4:21 p.m. to the 7-line Solomon amendment be ADOPTED. The motion CARRIED by voice vote (Attachment V).

Senator Bee moved the 7-line Solomon amendment AS AMENDED, be ADOPTED. The motion CARRIED by voice vote.

Senator Bee moved S.B. 1347 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 11-0-1 (Attachment 18).

Senator Martin explained his vote. He thanked Senator Cummiskey and Donna Neill by stating that this has been a long process and the bill was held up many times in the Government Committee so that when they got here the testimony was a lot shorter and less confusing. With that, he votes "aye."

S.B. 1372 - appropriations; border counties; criminal justice - DO PASS AMENDED

Natalie Bahill, Government Intern, explained S.B. 1372 appropriates \$8,000,000 in both fiscal year 2001-2002 and fiscal year 2002-2003 from the state general fund to the Arizona Criminal Justice Commission (ACJC) for distribution to the boards of supervisors of border counties in order to offset the criminal justice and emergency medical costs associated with the undocumented immigrant population. The 4-line Solomon amendment dated, March 7, 2001, 2:51 p.m., reduces the appropriation to \$900,000 in each fiscal year.

Senator Guenther, sponsor of the bill, said there are significant costs associated with Immigration and Naturalization Service (INS) or border patrol apprehensions. These include court costs, the criminal justice system and the emergency medical costs associated with undocumented immigrants. This is an attempt to soften that impact on those counties.

Senator Guenther moved S.B. 1372 be returned with a DO PASS recommendation.

Senator Guenther moved the 4-line Solomon amendment dated 3/7/01; 2:51 p.m. be ADOPTED. The motion CARRIED by voice vote (Attachment W).

Senator Guenther moved S.B. 1372 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 11-0-1 (Attachment 19).

Chairman Solomon announced the following people were present in support of the bill: **John A. Blackburn, Special Assistant, Maricopa County Attorney's Office/Arizona Sheriff's Association; John A. Blackburn, Jr., Lobbyist, Arizona Criminal Justice Commission; Art Chapa, Pima County Board of Supervisors; Jody Klein, County Manager, Cochise County; Kelsey Lundy, representing Yuma County; Dennis L. Miller, Director of Government Relations, representing Santa Cruz County; and Larry Richmond, Attorney, representing Santa Cruz County.**

S.B. 1463 -state employees' mental health coverage - DO PASS

Chairman Solomon informed the members that a fiscal note has been requested for this bill and is being prepared awaiting the Department of Administration (DOA) who put out an amended request for proposal (RFP) to get numbers from the insurance companies who have responded. She

recognizes that the Members do not move bills out of Committee without fiscal notes, but today is the last day to hear Senate bills. If the fiscal note should come back to the Committee in an amount that is not affordable, she will ask the President to not move this bill forward on the floor.

Natalie Bahill, Government Intern, explained S.B. 1463 requires DOA to include mental health coverage within its health and accident coverage to full-time state employees and their dependents, at a level equal to physical health coverage. Ms. Bahill said while a fiscal note has been requested and providers are currently calculating cost estimates, the fiscal note probably will not be available for about two weeks.

Chairman Solomon said the members should be receiving the information by the end of this week or, at the latest, early next week.

Senator Nichols said they always hear numbers that sound fearful, and yet, all the experience data from around the country indicates that this is not a budget buster.

Senator Bee moved S.B. 1463 be returned with a DO PASS recommendation.

Betty Kjellberg, Coordinator, Partners for Parity - Mental Health Association of Arizona, said they view this bill as one piece of the puzzle for improving access to mental health benefits for all Arizonans. They are also concerned that the cost data has not come in. Kansas is currently considering providing parity for their employees, noting their estimates have come in at 1.5 percent increase cost. They are aware of ten states that have been declining since they implemented parity for their employees.

Cheryl Collier, Executive Director, Mental Health Association of Arizona, said the Association has been working on this for about ten years. This is a step forward that would give them some concrete data for Arizona.

Chairman Solomon was delighted that Senator Nichols put his bill forward for full parity and there was an opportunity for discussion. Until there is some state specific data the Legislature is probably not going to get far with regard to recognizing that an illness of the brain is no different than an illness of the heart, lung or kidney.

Chairman Solomon announced the following people were present in support of the bill: **Joe Abate, Attorney, Arizona Council of Human Service Providers, Arizona Osteopathic Medical Association, and Arizona Psychiatric Society; Joyce Chancellor; Max Dine, Director, Consumers in Action; Lou & Margaret Grannis, representing Shepherd of the Hills Congregational UCC; Jack Harvey, Board President, Mental Health Advocates Coalition of Arizona; Li-Su Javedan, Director, Government Affairs and Policy, Arizona Hospital & Healthcare Association; David Landrith, Vice President, Arizona Medical Association; David Miller, CEO, Arizona Council of Human Service Providers; Maurice W. Miller, CEO, Northern Arizona Regional Behavioral Health (NARBHA); Timothy Schmaltz, Director of Program Development, Foundation for Senior Living; Julie Scott, Community Outreach Manager, Mental Health Association of Arizona; Lynn Trimble, representing self; and Donald Vance, Designated Lobbyist, AARP Arizona.**

Tape 2, Side B

Senator Martin said it does not matter what is estimated, it only matters what the insurance companies decide they are going to charge. The next step is to offer or mandate that employers offer or provide this coverage. He said Senator Gerard has stated in the Banking & Insurance Committee that as long as we do not require employers to cover their employees, every time we increase the coverage fewer employees are covered.

The motion to return S.B. 1463 with a DO PASS recommendation CARRIED by a roll call vote of 9-2-1 (Attachment 20).

S.B. 1529 - elections task force amendments - DO PASS

Jim Keane, Government Analyst, explained S.B. 1529 provides powers of the Secretary of State and procedures for election hardware, software and upgrades. It also requires county recorders to mail early ballot request forms to every registered voter and appropriates \$2.2 million over fiscal year 2001-2002, fiscal year 2002-2003 and fiscal year 2003-2004 from the state general fund for election related expenses. Mr. Keane said JLBC has come back with a fiscal year 2003 impact of \$782,400, which somewhat matches the Government amendment that increases the appropriation from \$400,000 to \$702,000.

Senator Martin said an amendment was added to S.B. 1309 that dealt with the mailing of early ballots and says that the county recorders do not have to mail them if the appropriation does not meet the cost. This is supposed to be a fully funded mandate, not a partially funded mandate.

Senator Cummiskey, sponsor of the bill, said the original bill is the result of Senator Petersen, Representatives Weason and Hatch-Miller and himself getting together with the Secretary of State, the AG, the county recorders and many of the good government groups, like the League of Women Voters to talk about how the systems in Arizona can be improved. He commented that Arizona is certainly not Florida, but there are some areas where things can be improved. He thinks they have a good consensus bill that gives the ten counties the ability to upgrade their systems to optical scan and the resources to do so.

Chairman Solomon noted that **Bart Turner, Designated Lobbyist, League of Women Voters of Arizona**, in support of the bill, was present to speak if necessary.

Senator Bee moved S.B. 1529 be returned with a DO PASS recommendation. The motion CARRIED by a roll call vote of 8-3-1 (Attachment 21).

S.B. 1539 - trespassing vehicles; relocation - DO PASS AMENDED

Nadine Sapien, Transportation Analyst, explained S.B. 1539 requires the Arizona Department of Transportation (ADOT) to regulate licensing, practices and rates of vehicle relocators. Establishes a vehicle relocator fund consisting of licensing, towing and sign inspection fees and appropriates an unspecified amount from the state general fund in fiscal year 2001-2002 to ADOT for the start-up and operating costs associated with the regulation. The 3-page Rios amendment, dated March 8, 2001, 12:29 p.m., appropriates \$30,000 from the state highway fund in fiscal year 2002 and \$187,000 in fiscal year 2003 to ADOT as seed money for the program. Establishes a repayment mechanism out of fees collected once the program is initiated.

Senator Bee moved S.B. 1539 be returned with a DO PASS recommendation.

Senator Rios moved his 3-page amendment dated 3/8/01; 12:29 p.m. be ADOPTED. The motion CARRIED by voice vote (Attachment X).

Senator Bee moved S.B. 1539 be returned with an AS AMENDED, DO PASS recommendation.

Chairman Solomon announced the following people were present in support of the bill: **Hal Borhsuer, Arizona Professional Towing & Recovery Association; Jack LaSota, Attorney, United Road Service; and Lorraine Brown, representing the Motor Vehicle Division**, indicated on her speaker slip that she looks forward to working with the industry on revisions.

The motion CARRIED by a roll call vote of 11-0-1 (Attachment 22).

S.B. 1531 - driver licenses not citizenship proof - DO PASS

Gabriel Aragon, Transportation Intern, explained S.B. 1531 removes the requirement that proof of legal citizenship in the United States is needed to apply for a driver license. He said there is also a revised fiscal note that JLBC will be putting out shortly.

Bob Hull, JLBC staff, said the revised fiscal note (Attachment Y), estimates range from \$90,200 to no cost at all if 6.3 percent of the undocumented people are currently going into MVD offices or a possible increase revenue savings if more than 6.3 percent are doing it. JLBC does not have the hard data to indicate what that percentage is.

Senator Lopez, sponsor of the bill, said he is sorry this bill is before the Committee as he feels there is sufficient evidence suggesting that this bill did not need to be before the Appropriations Committee. He does not think that those people who are opposed to this piece of legislation are going to be swayed by the cost of the legislation. It is largely an issue of public safety on the highways. In 1996 a law was passed that required proof of citizenship in order to get a driver license. This was done in order to curtail the movement of illegal immigrants into our state. Everyone knows this has not happened, as there has been a dramatic increase since that time. Perhaps there are tens or even a hundred thousand in this state that are driving without a driver's license and cannot get insurance. If they cannot get a driver's license, they will not know the rules and regulations of our state roads, and municipalities and may create a safety hazard to citizens and legal immigrants of this state. That is the primary purpose of this piece of legislation.

Senator Lopez added that many people believe there is a person standing at the border handing out driver licenses to these people who are coming across. Nothing is further from the truth stating that in order to get a drivers license a person is required to pass the driving test and a written test. There are people who have been in this state for a number of years and have not gained their legal residency, have bought homes, have educated their kids here, and now they cannot get their drivers license. He does not see any benefit to the state, instead he sees a lot of damage to the state if legislation such as this is not passed.

Karen Novachek, Director, Lutheran Advocacy Ministry of Arizona, is not only representing her own organization but also Arizona Interfaith Network that is made up of 200 organizations. Those organizations include churches, schools and labor organizations from across the state. They feel this legislation deals with dignity, fairness and respect. She urged the Committee for their support in favor of this bill.

Senator Bee moved S.B. 1531 be returned with a DO PASS recommendation.

Chairman Solomon announced the following people were present in support of the bill: **Tom Donovan, retired, Arizona Interfaith; Marcie Escobedo; Margaret and Lou Grannis, representing Shepherd of the Hills Congregational UCC; Luis Heredia, Yuma County Interfaith; Amy Lawless; Louis Olivas; Tara Plese, Legislative Liaison, Arizona Catholic Conference; Edward J. Ryle, Monsignor, Arizona Catholic Conference; and Billy T. Soza, Valley Interfaith Leader.**

The motion CARRIED by a roll call vote of 7-4-1 (Attachment 23).

Senator Hamilton explained his vote. He said he was a "no" vote last year when this bill appeared before the Transportation Committee and this year the bill seems to have picked up a little bit of support. He believes the bill was a "dumb" idea then and still believes it is this year, he votes "no."

Senator Nichols explained his vote. He thinks this is a very important bill. He could almost go into any country in the world and exercise his right to drive a car with an international driver's license. He finds it strange that there is a significant group of people living in our state who are not allowed to drive. It is to our disadvantage as well as theirs, he votes "aye."

Senator Rios explained his vote. He hopes people will understand that the issue before the Committee has nothing to do with whether or not these people are recognized as legal or not legal in this country. These people are here because businesses have attracted them here; because their labor and services are needed. Once a lot of the emotion is put aside and the practicality of the bill is looked at, then people will see it for its merit and not the emotion. He gladly votes "aye" for the bill.

Chairman Solomon explained her vote. We all need to be reminded that it is those who look like her who came to this country last. She said it is wonderful that the English language has been accepted in such a broad way, she votes "aye."

There being no further business, the meeting was adjourned at 1:10 p.m.

Respectfully submitted,

Melissa C. Upshaw, Committee Secretary

(Tapes and attachments on file in the Secretary of the Senate's Office/Resource Center, Room 115.)