

ARIZONA STATE SENATE

45TH LEGISLATURE FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON APPROPRIATIONS

DATE: March 20, 2001

TIME: 8:00 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			H.B. 2052	DP
Senator Cirillo	X			H.B. 2055	DP
Senator Guenther		X		H.B. 2250	DPA
Senator Hamilton	X			H.B. 2354	HELD
Senator Hellon	X			H.B. 2360	HELD
Senator Martin	X				
Senator Mitchell	X				
Senator Nichols	X				
Senator Rios	X				
Senator Verkamp		X			
Senator Bee, Vice Chairman	X				
Senator Solomon, Chairman	X				

GOVERNOR'S APPOINTMENTS

Tape 1, Side A

Chairman Solomon called the meeting to order at 8:05 a.m. and attendance was noted. For additional attendees, see Sign-in Sheet (Attachment A).

APPROVAL OF MINUTES

Without objection, the minutes for February 27, 2001 were approved as distributed.

Chairman Solomon said she has not seen an accounting of appropriation bills that were sent to the House commenting that the Committee used much greater constraint than their House colleagues have across the mall. She asked the members to exercise that same fiscal constraint as they review House appropriation bills. Chairman Solomon informed the Committee that Richard Stavneak, Director of the Joint Legislative Budget Committee (JLBC) would be presenting JLBC's projection recommendations, as requested by both Appropriations Committee Chairmen. The Chairmen both agree that receiving the information prior to their caucuses would give them the opportunity to review the material. JLBC staff was asked to make some recommendations based on various levels (1 to 4). Items on levels 1 and 2 would relate to discretionary spending, items that might have less complaint about eliminating them from the budget. Levels 3 and 4 are items that members have mentioned are of greater importance to them with regard to budget issues. She said issues on levels 1 and 2 might be of importance to some caucus members, and those items could be moved up or down in the levels. Negotiations went very well last night as she met with Representative Knaperek, Speaker Weiers, and President Gnant.

In response to Senator Nichols' questions, Chairman Solomon said the House has not been as careful as the Senate has been with regard to a tax cut. She said if things run smoothly this week there is a possibility that the special session on the budget might occur next week.

CONSIDERATION OF BILLS

H.B. 2052 - vehicles; title and registration - DO PASS

Nadine Sapien, Transportation Analyst, said the bill makes Arizona a title holding state by requiring the Arizona Department of Transportation (ADOT) to issue a title to the lienholder rather than the vehicle owner until that lien has been satisfied. Once the lien is satisfied the lienholder is required to deliver a clear title to the vehicle owner. It also creates an electronic certificate of title system that would allow the exchange of vehicle title information through electronic means. It appropriates \$280,000 in fiscal year 2002 and \$60,000 in fiscal year 2003 from the state highway fund to ADOT for this system. Ms. Sapien said the certificate of title system and the title holding requirements begin in 2003.

Chairman Solomon was informed that **Representative Cooley, sponsor of the bill**, was present but he had to go to the Ways and Means Committee. Chairman Solomon expressed her apology that he could not be here to testify.

Senator Nichols asked about the concept behind the bill.

Kevin Biesty, Legislative Liaison, ADOTA/MVD, responded to Senator Nichols that currently a person who buys a vehicle has the title of the vehicle. The bill would now turn the title over to the

lienholder, the person who lent the money. He said this is done in 42 or 46 other states. Mr. Biesty said they want to make Arizona a lienholder state, so that one title is issued when the vehicle is free and clear. The bill would also help facilitate the amount of paperwork to an electronic means.

Senator Nichols said in order for him to get a clear title to his vehicle, the lienholder has to give him a piece of paper stating that this lien has been satisfied. Mr. Biesty said that is correct. Senator Nichols asked if this would also be the same for a house. Does the owner or mortgage company hold title of the house? Mr. Biesty said he does not know. Senator Nichols said he would think that the owner would have the title and not the mortgage company. He said there are 42 to 46 states that probably make it very easy for insurance companies to cancel automobile insurance policies, and Arizona has been one of the few states to hold out. Mr. Biesty said there has been no opposition to this bill. They have worked with the banking community, dealership companies, and all the stakeholders involved and they support it. He said this bill has been around for several years, but because other issues have become involved it never made it through. He said this is a good bill for the citizens of this state and it would help the agency become more efficient.

Senator Cirillo asked Mr. Biesty if he thinks one of the advantages of doing this is the ability to cut down on potential fraud. Mr. Biesty responded that the agency is trying to keep the piece of paper with the person who owns the vehicle and cut down on a lot of paperwork that goes back and forth.

Senator Rios said if the owners still have their vehicle registration forms, that would be all they need to prove ownership or almost ownership of the vehicle. Mr. Biesty said that is correct.

**Senator Bee moved H.B. 2052 be returned with a DO PASS recommendation.
The motion CARRIED by a roll call vote of 6-3-3. (Attachment 1)**

Senator Hellon explained her vote. She said in a year that we are potentially so tight fiscally, she will vote "no" based on the fiscal impact. This has nothing to do with the merit of the bill.

H.B. 2055 - MVD; third party reimbursement - DO PASS

Nadine Sapien, Transportation Analyst, said the bill expands the number and types of services, for which third parties may receive reimbursement from the Arizona Department of Transportation (ADOT). These payments are paid from the state highway fund and the highway users revenue fund (HURF). Ms. Sapien said a fiscal note has been requested and should be available later this week. Ms. Sapien clarified that the bill has been heard and passed out of the Transportation Committee last week.

Senator Rios said he is curious about the third parties that ADOT would contract with. Would they be allowed to charge more than MVD would for services that they provide to the public? Ms. Sapien said the third parties are allowed to charge a convenience fee that should be reasonable.

Senator Rios asked how much it would cost to change a title or register a vehicle at MVD as opposed to a third party that would provide that same service. Ms. Sapien said that someone here could possibly answer that question better than she could.

In response to Senator Rios' question, **Lenor Montemayor, Deputy Assistant Director, MVD**, said the third party participants could charge what is called a convenience fee that is reasonable and commensurate. For example, a title could cost \$4 for transfer and a third party could charge a

convenience fee. The average is about \$5 to \$10 in addition to the \$4 fee. She said the third parties are required to post their fees by having a sign in their office identifying themselves as a service provider for MVD and what the convenience fee will be for each transaction.

Senator Rios asked if the public is aware of the difference in costs of MVD and a third party. Ms. Montemayor said the public is not informed of the charges prior to them visiting a third party office. Once they are at the third party office there are signs posted that clearly identify the fee MVD would charge. Senator Rios said that a lot of people might not have a problem paying for the additional convenience, but people in the poorer neighborhoods will go the extra mile to find the nearest MVD so they could save \$8. Ms. Montemayor said some of the offices might post both signs, the MVD fee and the third party fee, but they are not required to do so. They are required to post their convenience fee and clearly state that the fee is a convenience fee above what MVD would charge.

Terry Smalley, Executive Vice President, Arizona Motor Transport Association & IBM, said in 1993 they started this as a pilot program before it became law. At that time Maricopa County still did their own transactions. After the pilot program was over they started to give money to third parties to cut down the lines at MVD. He said additional things were added such as the issuance of permits and drivers' licenses that would help MVD. He said this is truly a partnership of privatization among about 60 third parties. He said their office charges about \$6 over the counter and due to the 40 percent reduction in the vehicle license tax (VLT), they need about \$6 to break even, \$4 is a minimum, \$1 is for the registration fee and another \$1 for titling. In regards to the posting of signs, he said his office has about three signs posted, at the door, at the counter, and on the wall. In addition, flyers are sent out to the public, which include the difference of fees.

Senator Cirillo said the bill is trying to recover the loss of the VLT. If this is not done, he asked Mr. Smalley if some of the third party providers would be lost. Mr. Smalley said yes, in fact some of the third parties went to him and suggested that they raise the percentage while this is being done. Mr. Smalley's said he did not think that was fair this year since everyone already met with the State and agreed on what is in the bill. Perhaps they would approach that next year. He added that the bill has no appropriations.

Chairman Solomon announced the following were present in support of the bill: **Bobbi Sparrow, Director of Government Relations, Arizona Auto Dealers Association**, and **Larry Richmond, Lawyer, representing the Arizona Automobile Dealers Association**.

**Senator Bee moved H.B. 2055 be returned with a DO PASS recommendation.
The motion CARRIED by a roll call vote of 9-0-3. (Attachment 2)**

H.B. 2354 - technological education districts; attendance; retroactivity (now: tax rolls; tribal land settlement) - HELD

H.B. 2360 - state forester; wildfire emergency enhancement - HELD

Chairman Solomon announced that H.B. 2354 and H.B. 2360 would be HELD.

H.B. 2250 - rural telemedicine; appropriation - DO PASS AMENDED

Jason Bezozo, Health Analyst, said the bill appropriates \$375,000 in each year of the biennium from the state general fund to the University of Arizona (U of A) to provide telemedicine behavioral

health services to rural areas. The 25-line Solomon amendment dated March 14, 2001, 2:18 p.m., establishes a telemedicine pilot project by appropriating \$100,000 in fiscal year 2001-2002 from the state general fund to the U of A telemedicine program to determine the efficiency of using telemedicine technology in school health clinics.

Chairman Solomon said her 25-line amendment is identical to another Knaperek bill that came over from the House, and she is proposing her amendment on behalf of Representative Knaperek.

Senator Nichols asked Mr. Bezozo if he could review the current status of various telemedicine bills. Mr. Bezozo said a bill, medically needy account for telemedicine pilot project, was passed out by the Health Committee in the amount of about \$250,000. He said there was another telemedicine related appropriation bill that went through the Banking and Insurance Committee. Senator Nichols asked about legislation for nursing. Mr. Bezozo said there is a bill for the College of Nursing, but he does not know the status of it. He informed Senator Nichols that he could follow-up with him after the meeting.

Senator Rios asked if the behavioral health services to rural areas would be providing classes to people who want to be therapists or people wanting to provide therapy through telemedicine. Mr. Bezozo said this is for direct services and not for educational purposes. Senator Rios asked how the services would be provided. Senator Nichols said that there is a spokesperson from the Northern Arizona Regional Behavioral Health (NARBHA) who could speak to that issue.

Chairman Solomon said perhaps either the representative from NARBHA or **Judy Bernas, Associate Director of Public Affairs, U of A Health Sciences Center**, could provide the Committee more information.

Ms. Bernas explained that people in the community sometimes are not able to see a specialist or cannot get into another area due to lack of transportation. They can then go to a clinic in a rural area and be hooked up through the links to a psychiatrist either at the university or through NARBHA's system. Ms. Bernas informed the Committee that NARBHA does have a presentation (Attachment B) that gives in-depth information. She said U of A would administer the grant programs. She noted that U of A already does a lot of the tele-psychiatry, but NARBHA might use other healthcare service providers as well.

Senator Rios asked if surveys were conducted to find that the therapy is effective for the patient. Ms. Bernas said the patients are very happy with the therapy service. They have said "in your face not in your place" meaning that they really enjoy the one-on-one with the healthcare provider, but not actually being there in their space. Senator Rios found this type of healthcare service interesting.

Senator Bee moved H.B. 2250 be returned with a DO PASS recommendation.

Senator Bee moved the 25-line Solomon amendment dated 3/14/01, 2:18 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment C)

Senator Bee moved H.B. 2250 be returned with as AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 8-1-3. (Attachment 3)

Chairman Solomon explained her vote. She said the program is remarkable and saves the taxpayers a whole lot of money. In addition it provides wonderful client services, she votes "aye."

Chairman Solomon announced the following people were present in support of the bill: **David Miller, CEO, Arizona Council of Human Services Providers; Michael Puthoff, President/CEO, the EXCEL group RBHA/Provider; and Donald Vance, Designated Lobbyist representing American Association of Retired Persons (AARP).** Chairman Solomon asked **Maurice W. Miller, CEO, Northern Arizona Regional Behavioral Health Authority (NARBHA),** if he wished to speak as he had indicated. Mr. Miller said he could answer questions if needed.

PRESENTATION BY THE JOINT LEGISLATIVE BUDGET COMMITTEE

Chairman Solomon said this is a presentation that staff put together. She would like the members to take some time with the information and will ask them to see them in small groups. Chairman Solomon expressed her appreciation to Mr. Stavneak for staying late yesterday to prepare the material requested.

Mr. Stavneak said the Governor's revised revenue number is about \$650 million below the original JLBC revenue and the handout (Attachment D) details four levels of options with regard to how the Committee might achieve that level if they so desire.

Chairman Solomon informed the members that these are suggestions if the Committee wants to go with the Governor's revenue estimates; these are not JLBC's revenue projections.

Mr. Stavneak stated that all four levels of options generate a revised ending balance prior to revenue adjustment of about \$653 million. He said \$140 million was added to the good when they started off the calculations. The Governor's revenue reduction was about \$647 million, subtracting this amount from \$653 million leaves an ending balance of \$6 million.

Senator Nichols asked Mr. Stavneak how comfortable he was today with his revenue projections. Mr. Stavneak said when a revenue forecast is done, it is important to be aware of current events by taking a longer view of the overall economic situation. JLBC continues to remain comfortable with the numbers. He said the numbers are without any policy connotation, with regard to the kind of cushion members may or may not want to have in the numbers. Clearly the Governor has stated a preference to have a cushion in her numbers. JLBC originally estimated a range between \$200 to \$300 million. He is getting a bit more comfortable with \$300 million at this point and their prognosis from that perspective remains about the same.

Senator Nichols asked Mr. Stavneak what his personal recommendation would be to the Committee. Mr. Stavneak said reaching the \$300 million level one does need to look beyond the subcommittee actions and the add-backs that were done because at that point, they are only at \$141 million. He said in order to be in the vicinity of \$300 million, one would have to bring on to the table some of the items in level 1 as well as selective items in level 2. He said this relates to what Senator Rios referred to as mixing and matching items and not viewing these as "clump" options.

Chairman Solomon said she, Representative Knaperek and leadership from both houses met with the Governor yesterday as they discussed one-year budgeting and triggers. She said the Governor's preference is to do a one-year budget, but it is not the House preference. The House's preference is to do triggers. She said the Senate is fine with either and is ready to do the job.

Senator Nichols said he is hearing Mr. Stavneak say that in order to reach accommodation with the Governor and if the Committee is going with the biennial budget, they may have to look at many of the items in level 1. He hopes the Committee does not have to consider going below level 1.

Chairman Solomon said she would like to remind the members that the Governor is the one who holds the "x."

There being no further business, the meeting was adjourned at 10:02 a.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.)