

ARIZONA STATE SENATE

45TH LEGISLATURE FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON APPROPRIATIONS

DATE: March 27, 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. 2008	DPA
Senator Cirillo	X			H.B. 2019	DPA
Senator Guenther	X			H.B. 2029	HELD
Senator Hamilton	X			H.B. 2164	DPA
Senator Hellon	X			H.B. 2251	DPA
Senator Martin	X			H.B. 2269	HELD
Senator Mitchell	X			H.B. 2284	HELD
Senator Nichols	X			H.B. 2333	DP
Senator Rios	X			H.B. 2339	DP
Senator Verkamp	X			H.B. 2360	DP
Senator Bee, Vice Chairman	X			H.B. 2381	DPA
Senator Solomon, Chairman	X			H.B. 2385	DP
				H.B. 2468	DPA
				H.B. 2535	DPA
				H.B. 2552	DISCUSSION/HELD
				S.R. 1001	DPA/SE

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

There were no minutes for approval.

CONSIDERATION OF BILLS

H.B. 2269 - appropriation; criminal justice records - HELD

H.B. 2029 - maintenance and operations task force - HELD

Chairman Solomon announced H.B. 2269 and H.B. 2029 would be HELD.

S.R. 1001 - senate; composition of statutory committees - DO PASS AMENDED/STRIKE- EVERYTHING

Debbie Johnston, Appropriations Analyst, explained the strike-everything amendment being offered to S.R. 1001 disapproves all of the Governor's salary recommendations for elected officials. The 3-line Arzberger amendment dated March 23, 2001, 8:44 a.m., to the strike-everything amendment exempts the Governor's recommendations pertaining to clerks of superior courts from the disapproval.

Ron Reinstein, Judge of the Superior Court of Arizona, representing Arizona Judiciary, in opposition to the bill, stated that he has been asked by the Arizona Judges Association to speak on behalf of the Judiciary this morning. Normally he would much rather be before the Committee giving information about sex offenders, Deoxyribonucleic Acid (DNA) and criminal sentencing, but this is very important for the Judiciary. It calls for a 3 percent raise that was approved by the Governor. The Salary Commission had recommended a raise of 8.5 percent. If this increase is disapproved, the judges are not eligible for consideration of a raise until the year 2004. Currently, a superior court judge's salary is \$120,000, and this would be an increase to \$124,000. The biggest problem they are having right now in the Judiciary, especially in Maricopa County, is that only public lawyers are applying for the bench. Judge Reinstein indicated that 32 of the last set of 40 applicants were public lawyers. Only eight were from private practice, most of those from small firms. They are not attracting any more applicants from medium and large firms because of the economic impact and because judges will not be eligible for a raise consideration until the year 2004. They are asking the Committee for their support to not pass the disapproval as it has already been defeated in the House.

Chairman Solomon said she empathizes with Judge Reinstein but the Legislature's salary is \$24,000 a year, and they are not getting a raise. They are public servants just as the judges are, and she would like to think that they have as much trouble attracting high caliber individuals to public service as the judges do. She said the Legislature has a number of people who would like to serve the public, but because of the salary constraints they are unable to serve. The Legislature is very fortunate to have such high caliber individuals serving in its body and appreciates their willingness to serve the public at some sacrifice. Chairman Solomon is not suggesting that the judges should serve the public and sacrifice at the same time. She recognizes that judges have a

great deal of earning capacity as attorneys. She noted that she receives about 50 requests a year from individuals who would like for her to write letters of recommendation on their behalf because they are interested in serving in the Judiciary. She would presume those individuals also have some earning capacity, but they would like the prestige of public service. She pointed out that salaries for direct care providers, who have not had a salary increase in ten years, are similar to what a person would make at McDonalds. The State's employees are so far below market rate that its turnover is outrageous. She does not know what the judge's turnover rate is, but she would presume it is less.

Senator Cirillo said he has mixed feelings on this. He expressed his concern that the Legislature set up a salary commission to do a job and the Legislature is pulling the rug out. But when he looks at what the commission has opposed, he is beginning to question the reasonableness of the salary commission. They were proposing what he considers massive increases not only for judges, but for other elected officials as well.

Senator Hellon appreciates what Judge Reinstein is saying and understands that public service is a sacrifice, particularly in the field he is talking about. She said she served on the Pima County Trial Court Commission for eight years and knows how hard they work. However, within those eight years, she observed that there were always people willing to make that sacrifice because there was never a shortage of people applying for the available positions. If the Legislature cannot pass it this time, she hopes the Judiciary will understand.

Judge Reinstein does not believe that there is a problem in any other county except for Maricopa County. He stated the other day Justice Bartone of the Supreme Court introduced him to his law clerk. She was one year out of law school and had just received an offer to leave her position at the end of her one-year requirement with a salary of \$105,000. That was pretty surprising to many of them who have been doing their job for 27 years. Judge Reinstein said that is the reality in Maricopa County. Because of this the judicial system is not receiving applicants from private practice.

Chairman Solomon thanked Judge Reinstein for his testimony and wished he were present under different circumstances.

Senator Bee moved S.R. 1001 be returned with a DO PASS recommendation.

Senator Bee moved the 9-line Solomon strike-everything amendment dated 3/21/01; 2:37 p.m. be ADOPTED (Attachment B).

Senator Arzberger moved her 3-line amendment dated 3/23/01; 8:44 a.m. to the 9-line strike-everything amendment be ADOPTED (Attachment C).

Senator Cirillo said he would have to speak against the amendment. If the Legislature is going to take this action and is going to inflict this on all of the pay proposals, he does not want the Legislature to make an exception by pulling one group of people out.

Senator Arzberger said that the President of the Clerks Association is from one of her counties this year. When the Association asked her to offer this, they explained to her that the clerks have a different pay structure than the judges. They are technically state officers, but are paid by the county. It is her understanding that the counties approve their salary and not the State, which would put them in a different situation.

Tonia Garrett, Government Affairs Manager, Arizona Association of Counties, said Senator Arzberger is correct. While the clerks of the superior court are technically put in a salary commission, they are actually county employees and are paid entirely by the counties. Therefore, their salary would have no impact on the state general fund. So the counties are asking that they be exempt. Indeed every other county elected official in the last election cycle received a raise and the clerks are the only elected officials that did not. She said if this bill did pass, then the clerks would not receive a raise for eight years. So to keep parity with the other county elected officials, the Counties have felt that it is appropriate that they receive their raise. Therefore, they urge the Committee to support the Arzberger amendment.

Senator Cirillo said he hopes the counties are not going to come back and ask to be held harmless because the Committee passed the increase.

Senator Martin said he supports the Arzberger amendment because the clerks' pay comes out of the county general fund, not the state general fund.

The motion to ADOPT the 3-line Arzberger amendment CARRIED by voice vote.

Senator Bee moved the 9-line strike-everything amendment AS AMENDED, be ADOPTED. The motion CARRIED by voice vote.

Chairman Solomon announced that **Pete Dunn, Attorney, representing the Arizona Judges Association,** was present in opposition to the strike-everything amendment.

Senator Bee moved S.R. 1001 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 9-3-0 (Attachment 1).

Senator Cirillo explained his vote. As he stated, he was conflicted, but he really thinks that the State is not saving a tremendous amount of money by doing this. He is not happy with the recommendations the salary commission made and suggested that the Committee should look at that whole procedure, but at this point he cannot support it, he votes "no."

Senator Nichols explained his vote. He said he realizes how hard Chairman Solomon has worked to try to come up with a just budget this year. There are many injustices in our state and one of those injustices is in the way the State pays its judges. He pointed out that the Attorney General's Office is having difficulty recruiting lawyers because they do not have the money to pay them competitive salaries. There are problems throughout the State's salary structure and he will be the first to come back and try to right this wrong when the time comes. But he feels the need to support Chairman Solomon in what is a very difficult decision for her, therefore he will vote "aye."

H.B. 2008 - PSPRS; membership; park rangers - DO PASS AMENDED

Debbie Johnston, Appropriations Analyst, said the bill allows Arizona State Parks Board and county park rangers who are certified peace officers to join the Public Safety Personnel Retirement System (PSPRS). Ms. Johnston explained the 5-line Solomon amendment dated March 22, 2001, 4:31 p.m. The amendment corrects a drafting problem. The bill appropriates \$209,400 from the state parks enhancement fund in fiscal year 2002 and every fiscal year thereafter. The 5-line

Solomon amendment appropriates this amount just in fiscal year 2002 and 2003, and in the next biennium the Joint Legislative Budget Committee (JLBC) will have to determine the appropriate amount. The amendment also strikes section 5 of the bill, which is not necessary with the appropriation on it.

Senator Martin said he is aware of another bill that will allow people to move between systems. It would allow people who at one time had been on another program to go back to it, for example the 20-year retirement. Ms. Johnston said she would have to look at the applicability of the other legislation. Without looking at the two intertwined it would be hard to answer his question. Senator Martin asked if these people are already in a different retirement system. Ms. Johnston said she believes it is the Arizona State Retirement System (ASRS).

Senator Cirillo stated that there are some criteria for getting in the PSPRS system. Not everyone could jump into the public safety system. The person would have to have a public safety job, because then everyone would be moving into the PSPRS because of the 20-year retirement.

Jay Ziemann, Assistant Director, Legislative Liaison, Arizona State Parks, stated that he was in support of the bill, and noted that fewer than 20 percent of their field staff would be eligible under this bill to join the PSPRS system. Those park rangers must go through the same training that any city police officer would and are responsible to complete the same annual training that a city police officer would. These personnel are stationed at state parks where they have overnight camping or where other law enforcement is so far removed from the park that they are really necessary. These law enforcement personnel have the same training as other police officers and unfortunately deal with many of the same types of felony arrests. Mr. Ziemann said the Department feels the bill is very important. He is happy the bill was amended and that an appropriation was included in the House. The appropriation would come from the state parks enhancement fund, so it would not impact the state general fund. He explained that all of the park revenues are from the state parks enhancement fund, so when a person pays a camping, entrance, or Kartchner Caverns State Park tour fee it goes in this fund. Half of that fund is used for operations to pay salaries, so this is a consistent use of that fund. The other half of the enhancement fund is used for capital development at the State parks. Until this point in time, it has been used exclusively to develop Kartchner Caverns State Park; a small part has been used for the lease/purchase payment at Tonto Natural Bridge State Park. They are now eager to take that capital half of the state parks enhancement fund and apply it to other parks around the state.

Senator Bee moved H.B. 2008 be returned with a DO PASS recommendation.

Senator Bee moved the 5-line Solomon amendment dated 3/22/01; 4:31 p.m. be ADOPTED. The motion CARRIED by voice vote (Attachment D).

Senator Bee moved H.B. 2008 be returned with an AS AMENDED, DO PASS recommendation.

Representative Gray, sponsor of the bill, thanked Chairman Solomon for hearing the bill and informed the Committee that she was available to answer questions.

Senator Cirillo said he had this bill last year, which easily passed out of the Senate, but never made it out of the House. This year with the bill starting in the House, he said he could assure Representative Gray that the bill would get out of the Senate.

Chairman Solomon announced the following people present in support of the bill: **Alan Ecker, Program Associate, County Supervisors Association; Lee Miller, Lobbyist, representing the Maricopa County; and Thom Valencia, Deputy Chief Park Police, Maricopa County.**

The motion to return H.B. 2008 with an AS AMENDED, DO PASS recommendation CARRIED by a roll call vote of 12-0-0 (Attachment 2).

H.B. 2284 - restitution; work programs; education - HELD

Chairman Solomon stated that an amendment is being worked on with the bill's sponsor, therefore, H.B. 2284 would be HELD and heard next week.

H.B. 2381 - appropriation; developmentally disabled; mentoring - DO PASS AMENDED

Barbara Guenther, Family Services Analyst, said the bill appropriates \$100,000 in each year of the biennium to establish a mentoring program for the developmentally disabled. The mentors must receive ten hours of training. In addition, the bill broadens the definition of developmental disabilities to include persons over the age of five with a mental or physical impairment that is likely to continue indefinitely and results in substantial functional limitation in three or more areas of major life activity, which is in conformity with the federal definition. The 3-line Solomon amendment dated March 26, 2001, 11:05 a.m., corrects the title of the last section of the bill and removes the exemption from the lapsing clause.

Senator Bee moved H.B. 2381 be returned with a DO PASS recommendation.

Senator Bee moved the 3-line Solomon amendment dated 3/26/01; 11:05 a.m. be ADOPTED. The motion CARRIED by voice vote (Attachment E).

Chairman Solomon said there was no one present in support or opposition to the bill.

Senator Bee moved H.B. 2381 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED by a roll call vote of 11-0-1 (Attachment 3).

H.B. 2535 - appropriations; government building defibrillators - DO PASS AMENDED

Jason Bezozo, Health Analyst, explained H.B. 2535 appropriates \$50,000 in each year of the biennium from the state general fund to the Department of Administration (DOA) for the placement of automated external defibrillators (AEDs) in state and local government buildings. The bill also requires DOA to analyze the selection of buildings for placement of the AEDs, to train responders to use the AEDs and submit a report of its analysis to the Governor and the Legislature by November 1, 2001. In addition, the legislation prohibits DOA from spending the monies until the report has been submitted. The 5-line Solomon amendment dated March 26, 2001, 11:10 a.m. reverts to the general fund all unexpended and unencumbered monies on June 30, 2004.

Chairman Solomon said she thinks it is very important to have these defibrillators in all government buildings because she knows that they do save lives. She asked if there was a plan to train people to use the defibrillators. Mr. Bezozo said he is not sure if DOA currently has a plan in place, but the legislation does require DOA to analyze it and train responders who are using this equipment in the government buildings.

Senator Martin said he was one of the co-sponsors on a different piece of legislation that does the same thing in the House, but he does not know why this bill ended up coming over as a strike-everything amendment. He explained the piece of equipment has an electrocardiogram (EKG) monitor in it and will not fire unless it is needed.

To answer Senator Nichols' question about the usage and success of the defibrillators on airplanes, Senator Hamilton stated that several of the airlines are carrying the equipment. The equipment is designed for trained personnel, but the training is very minimal noting that flight attendants are also trained to use them. Defibrillators are also used on business aircraft. The company he works for has several business aircraft and they do carry them. The equipment is becoming quite commonly used. He thinks it is good to see that they are going to be in places where they could save lives.

Senator Nichols said this is an important move that the Committee is taking and he supports it. He questioned whether the equipment is being given to the State at cost. Mr. Bezozo said he does not have that information, but he will get back to him on this.

Senator Nichols commented that it would be a nice touch if manufacturers would give the equipment at no profit to the State of Arizona. The State will pay the cost, but he does not think the Legislature should pay much more than that.

Chairman Solomon agrees with Senator Nichols' comments. She said it is probably unlikely, but she thinks it would be a nice touch.

Senator Bee moved H.B. 2535 be returned with a DO PASS recommendation.

Senator Bee moved the 5-line Solomon amendment dated 3/26/01; 11:10 a.m. be ADOPTED. The motion CARRIED by voice vote (Attachment F).

Senator Bee moved H.B. 2535 be returned with an AS AMENDED, DO PASS recommendation.

Kevin DeMenna, Lobbyist, representing the American Heart Association, said on behalf of the American Heart Association, which he represents, the organization has studiously avoided any linkage or relationship with the manufacturer of these devices. Their goal is to make sure that the demand is there and that it is met through placement.

The motion to return H.B. 2535 with an AS AMENDED, DO PASS recommendation CARRIED by a roll call vote of 12-0-0 (Attachment 4).

Senator Martin explained his vote. This is the bill that he co-sponsored and that it was another bill that came over as a strike-everything, so he votes "aye."

H.B. 2385 - eviction prevention program (now: program; eviction prevention) - DO PASS

Julie Szperling, Commerce Analyst, explained H.B. 2385 establishes Eviction Prevention, an emergency homeless housing services program and fund to provide financial assistance and services to assist in preventing eviction and foreclosure and to provide homeless housing services on a needs basis. The bill also transfers an additional \$1 million of proceeds from unclaimed

property sales to the housing trust fund for use by the program. Ms. Szperling noted that this would have an impact on the state general fund. An amendment was adopted in the Commerce Committee, which carries forward the changes in H.B. 2385 after the effective dates of S.B. 1517 and H.B. 2615, which relate to the Arizona Department of Housing.

Senator Cirillo said the objective of this bill is in most cases very good but asked if there was anything in the bill to protect the owner of the property. He said there might be very legitimate reasons for evicting someone, such as not paying their rent for six months, doing tremendous damage to the property or having animals they are not supposed to have in the apartment. Ms. Szperling said there is nothing like that in the bill.

Senator Cirillo expressed his concern that the Legislature might be tying the hands of the landlord by not being able to evict an undesirable person on their premises

To answer Senator Martin's question about the \$1 million in unclaimed property process, Ms. Szperling said the \$1 million is going into the state general fund and the bill is diverting it by transferring \$1 million to the housing trust fund for use by the program. This would cause a negative impact to the state general fund.

Chairman Solomon asked what is the balance of the housing trust fund. Ms. Szperling said she did not know what the balance is in the housing trust fund, noting that the money is not taken from the housing trust fund. Chairman Solomon is curious to know the balance of that particular fund because \$1 million in general fund monies is being transferred into that fund.

Senator Nichols reads in the original bill that it may include the following, "prevention rental assistance." He thought one of the purposes of this bill was to enable them to pay their rent. Ms. Szperling said that there is someone from the Coalition to End Homelessness who would be able to answer those questions specifically.

Senator Cirillo said he could see the purpose of the program and he supports the purpose, but he does not want to tie the hands of the landlord because there may be very valid reasons why somebody should be evicted. If this is going to help a good tenant who just has a financial problem to pay their rent, then that is fine; the landlord is happy and the person is happy. He just wants to make sure that the Legislature is not tying the hands of the landlord who wants to get rid of the bad tenants.

Ryan Balch, Executive Director, The Arizona Coalition to End Homelessness, said Senator Cirillo is absolutely right and she understands his concern. This bill in no way ties the hands of the landlord. This bill allows for payment of rent or other things that would result in the eviction of somebody that the landlord does not want to evict. The landlord has every right not to accept the rent payment. It is completely the landlord's choice to keep a tenant.

Ms. Balch said the reason this is such an important bill is because rural providers around the State of Arizona and many urban providers have identified within the past years eviction prevention as their number one need. Churches, community action programs and food banks all have people in record numbers come to them and say they had a certain crisis, and they cannot pay their rent. She said when someone cannot pay their rent and loses their housing, this not only creates extreme barriers for the person in the family, but also costs the taxpayers in the State a great deal of money. Once the person is evicted and hits the shelter system, they also have to access the court and food system and a number of other systems and it costs a great deal of money. Putting

up a person in a shelter for a month costs seven times more the amount it would take to pay that one rent payment for a month, keep them in their home and keep them self-sufficient. Ms. Balch said the funding comes from the unclaimed property revenues and that fund is not a stable fund, it fluctuates every year. Sometimes it is very high and sometimes it is very low, but it is always in the millions of dollars. Currently, some of that money already goes to the housing trust fund for other housing related purposes. The Coalition is asking for an additional \$1 million, specifically for the purpose of eviction prevention. She urged the Committee to support the program.

Senator Nichols asked if this impacts low income housing, which is subsidized housing or only free market housing. Ms. Balch said she believes this type of payment could be made to any housing.

Chairman Solomon said she would presume it is based on financial need. If someone is in Section 8 housing or in other housing, it would make no difference just as long as the financial need is present, to keep them in their home rather than on the street.

Chairman Solomon said for the Committee's information, the housing trust fund is depleting very quickly. The 2001 balance is \$17.2 million, the 2002 balance is projected to be \$10.5 million, and the 2003 balance is projected to be \$8.6 million, so this would prop up that fund and allow programs to continue.

Senator Martin asked if this was going to be a box bill. Chairman Solomon said yes.

To answer Senator Arzberger's question, Ms. Balch said this money is different than DES money. Unfortunately the DES money is gone very quickly, very limited and with quite a few restrictions. Generally that money, as a former DES worker herself, is gone by the third day of any month. She said this money is much more flexible and is administered through the Department of Commerce, which has more flexibility with their funding. This money fills in the gap where DES money misses.

**Senator Bee moved H.B. 2385 be returned with a DO PASS recommendation.
The motion CARRIED by a roll call vote of 10-0-2 (Attachment 5).**

Chairman Solomon announced the following people were present in support of the bill: **Allison Bones, Policy Advocate, representing the Arizona Coalition Against Domestic Violence; Lynne DiGiralamo, Family Challenge; Karen Novachek, Director, Lutheran Advocacy Ministry in Arizona; Tara Plese, Legislative Liaison, Arizona Catholic Conference; Timothy Schmaltz, Director of Program Development, Foundation for Senior Living; and Eddie Sissons, Executive Director, Morris Institute for Justice.**

H.B. 2360 - state forester; wildfire emergency enhancement - DO PASS

Ethan Shaner, Assistant Research Analyst, explained H.B. 2360 modifies wildfire prevention in suppressant procedures regarding the administration of funds and reporting timelines to more accurately reflect the needs in the procedures of the State forester.

Representative Flake, sponsor of the bill, said he was happy to run this bill for the State Land Department this year. He said this is an annual bill to release the federal funds that are necessary to work in cooperation with the State and the federal agencies to provide equipment and monies to some of the small towns to help with the wildfire problem. This bill is probably one of the more important bills for the State Land Department this year with the problems that the State is going to have with wildfires.

Kenneth Rozen, Legislative Liaison, Arizona State Land Department, said that this bill deals with two funds, the fire suppression fund and the cooperative forestry fund. The cooperative forestry fund is funded almost exclusively by federal dollars that come to the State from Region 3 in Albuquerque. Last session, this statute was amended to make the monies in the fund subject to legislative appropriation beginning fiscal year 2001-2002. Mr. Rozen said the Department seeks to eliminate the requirement that the monies in the cooperative forestry fund be subject to legislative appropriation so that they can take advantage of federal money given its volatility. He indicated that there are at least three major areas where cooperative forestry funds do not fit with the appropriations. Probably the most important area is fuel treatment funds that come to the State. These are projects that are designed to remove a small diameter of fuels from the urban forest interface and thus reduce the risk of fire. The Department has no idea how much the federal government is going to be disbursing to the Land Department for re-disbursement to the local communities for that purpose. The Department anticipates an average of \$1 million, but there is indication that they might be seeing as much as \$2 million this year. The point is that this cooperative forestry fund remains subject to legislative appropriation. The Department is likely to have to turn back in excess of \$1 million that would otherwise be available to the local communities for fuels treatment. There is also a program involving equipment and supplies. As Representative Flake mentioned, the Department also has an urban forestry tree program funded through grants out of the cooperative forestry fund, which the Department would not be able to grant because those are one to three year projects.

**Senator Bee moved H.B. 2360 be returned with a DO PASS recommendation.
The motion CARRIED by a roll call vote of 10-0-2 (Attachment 6).**

Chairman Solomon announced the following people were present in support of the bill: **Lynn Larson, Director of Administrative Services, Arizona State Land Department**, and **Jim Skelly, representing Rural/Metro**.

H.B. 2339 - department of veterans' services - DO PASS

Jim Keane, Government Analyst, explained H.B. 2339 does a variety of things for the Department of Veteran's Services (DVS). It diverts monies from the state home for veterans trust fund to the veteran's donations fund. In addition it increases the Veterans' Service Advisory Commission membership by two. It allows the Director of the Department to appoint advisory committees and allows those members to receive reimbursement for expenses. It requires the Department to approve or disapprove organizations that wish to raise monies in Arizona in support of Arizona's veterans. It allows the Department to settle debts owed to the veteran's home by collecting 75 percent or more of the account balance. In addition it requires the Department to refer unpaid debts to the Attorney General for collection. Mr. Keane said this legislation allows the veteran's home to sell their surplus property and exempts the Department from the procurement code for purchasing food and gift shop items for the veteran's home. The potential fiscal impact of this legislation may arise from travel reimbursement of the veteran's service advisory commission.

Senator Nichols questioned the diversion from the state home for veterans trust fund and asked what the impacts of that are going to be. Mr. Keane said the trust fund is used specifically for running the veteran's home, whereas the veterans' donations fund is used at the discretion of the Director of DVS for the benefit of veterans throughout the State of Arizona.

Senator Nichols stated he is very supportive of this bill and wants to make sure that there was no adverse impact from the diversion of those funds and perhaps someone could speak to that.

Patrick Chorpenning, Director, Arizona Department of Veterans Services, complimented the Senate staff for putting together the fact sheet for this bill, stating that every major point was included. The issue that Senator Nichols raised is at the time that the license plate for the funds was created, the only fund that existed was the veteran's home trust fund. As a result of legislation over the past two years, DVS has also created the veteran's donation fund. The veteran's home trust fund is a restricted fund and the veteran's donation fund is not a restricted fund; it is DVS's intention to be able to use those monies in any way necessary.

Ronald C. Murphy, State Legislative Committee, The American Legion, said the Legion strongly supports this legislation. He asked the members to commend the veterans in their community who participate in this license because it is an increasingly helpful thing to save those veterans' homes who might not have the ability to pay the entire cost. Beyond that the use of the donation fund allows a certain degree of flexibility. He commended the Committee for supporting the veterans of this State and appreciates any support the Committee could give them.

Representative Wes Marsh, sponsor of the bill, commended the Department, in particular Mr. Chorpenning's leadership in pulling everyone together. Representative Marsh said this legislation would give the Department the flexibility to do what is necessary to help all the veterans throughout the State of Arizona.

Senator Bee moved H.B. 2339 be returned with a DO PASS recommendation.

Tape 1, Side B

Chairman Solomon announced the following people were present in support of the bill: **John Aldecoa, State Adjutant, The American Legion; Fred Carpenter, State Commander of Post 48 for the Scottish-American Military Society; Fred Ferguson, Veteran, Congressional Medal of Honor Society; Paul Griffin, Legislative Chairman, The American Legion; and Wes Stapleton, State Commander, Korean War Veterans.**

The motion to return H.B. 2339 with a DO PASS recommendation CARRIED with a roll call vote of 9-0-3 (Attachment 7).

Mr. Chorpenning said that on behalf of the veterans in this State he would like to thank the Committee for their support over the past years. He pointed out that there are 150 living recipients of the Congressional Medal of Honor in this country, recognizing that Mr. Fred Ferguson in the audience is one those 150 recipients.

Chairman Solomon recognized Mr. Ferguson and expressed her appreciation for his service including the services of all the veterans who have put their lives on the line for us.

H.B. 2333 - retirees' health insurance; tax equity (now: community college funding; study committee - DO PASS

Kristina Boone, Education Intern, explained H.B. 2333 establishes a joint legislative study committee to address community college funding.

Representative Wes Marsh, sponsor of the bill, said he had others present to testify if they wished to speak.

Chairman Solomon announced the following people were present in support of the bill indicating to speak if necessary: **Kristen Boilini, representing the Arizona Community Colleges Association; Art Chapa, representing the Pima Community College District; and Ronald C. Murphy, Chairman, State Legislative Committee, All Arizona School Retirees Association.**

Senator Bee moved H.B. 2333 be returned with a DO PASS recommendation. The motion to return H.B. 2333 with a DO PASS recommendation CARRIED by a roll call vote of 8-1-3 (Attachment 8).

Senator Hellon explained her vote. She said she cannot support putting study committees into statute and wished there was another way to study these issues. Based on that fact, she is going to vote "no."

H.B. 2468 - appropriation; Mule Gulch floodway - DO PASS AMENDED

Natalie Bahill, Government Intern, said the Mule Gulch floodway is the main flood protection system in Bisbee. In 1989, an Army Corps of Engineers' report determined that current channel deterioration could result in structural failure. The Gulch was designated as a federal project making it eligible for matching funds up to 75 percent of the estimated \$5 million repair cost. Ms. Bahill explained that H.B. 2468 appropriates \$920,000 in fiscal year 2001-2002 from the state general fund to the Department of Emergency and Military Affairs (DEMA), division of emergency services for the cost of engineering, design and construction of the Mule Gulch Floodway Channel. The bill specifies that the appropriation must be distributed between Cochise County and the City of Bisbee. The 4-line Solomon amendment dated March 26, 2001, 11:55 a.m., reverts to the general fund all unexpended and unencumbered monies on June 30, 2004.

Senator Bee moved H.B. 2468 be returned with a DO PASS recommendation.

Senator Bee moved the 4-line Solomon amendment dated 3/26/01; 11:55 a.m. be ADOPTED. The motion CARRIED by voice vote (Attachment G).

Senator Bee moved H.B. 2468 be returned with an AS AMENDED, DO PASS recommendation.

Representative Bobby Lugo, sponsor of the bill, said he knows the Committee has been listening to this for the last 20 years. Hopefully this time the City of Bisbee and Cochise County will get the money. He distributed a handout entitled *Mule Gulch Scope of Work* (Attachment H) prepared by the City of Bisbee, noting that the Mayor of Bisbee was present in the audience. Representative Lugo thanked Senator Arzberger for her support, stating that the Arzberger name has worked hard for this legislation.

Dan Beauchamp, Mayor of Bisbee, said last year the Legislature appropriated monies for one-tenth of the Mule Gulch channel, which has flooded many times over their district. They are grateful for the State's support. This year they are requesting the remaining nine-tenths of the channel that includes one section behind Commerce Street, which is tied into their main buildings on Main Street. It is a critical need and the City of Bisbee is undergoing a momentous change. In six weeks there are going to be voting on a \$26 million sewer overhaul bill. The City has many

projects ahead of them, however, this falls under the category of emergency need and they are grateful for the State's support. He thanked Senator Arzberger for her interest and support in this project over the past several weeks and Representative Lugo has been wonderful as well.

Senator Arzberger reminded the Committee that some years ago the mines in Bisbee provided a lot of income to the State, but today the mines are gone and Bisbee has become a tourism center with beautiful historic buildings whose walls are being threatened by this channel falling down. She said Bisbee has helped and will continue to help the State, but they just need a little help right now.

Chairman Solomon appreciated Senator Arzberger's comments stating that she was reminded earlier this week that Bisbee does not make a habit of coming to the State and asking for assistance.

The motion to return H.B. 2468 with an AS AMENDED, DO PASS recommendation CARRIED by a roll call vote of 10-0-2 (Attachment 9).

Senator Hellon asked Mayor Beauchamp to give her regards to former Mayor Lavern Williams and with that she will vote "aye."

Senator Martin commented that with a family that comes from Texas, he would like to tell the Mayor that he learned, "you can tell a Texan, but you cannot tell him much," and with that he votes "aye."

H.B. 2552 - school facilities board; monitoring; leases - DISCUSSION/HELD

Kimberly Yee, Education Analyst, explained H.B. 2552 establishes a school maintenance program to be administered by the School Facilities Board (SFB), and changes the inspection of all school buildings in the state from at least once every five years to at least once every two years. It also allows school districts to lease facilities for new schools rather than construct new facilities.

Senator Bee moved H.B. 2552 be returned with a DO PASS recommendation.

Phil MacDonnell, Attorney, representing the Madison, Osborn & Phoenix Elementary and Phoenix Union High School Districts, said he had not planned to be here in opposition to the bill until he attended the Education Committee hearing last week when the bill was discussed. Although the bill passed that Committee with a good vote, there were a lot of concerns raised by Committee members and the more he looked at the bill the more concerned he was. We are going down a road to central control rather than local control, an incremental process that he is concerned about. Under the current statutes, the SFB inspects every five years, which keeps the State informed of what is going on. He said the inspection is now going to be every two years. He asked if this was really necessary for the State to give that function to a central organization. "Whatever happened to local control?" The school districts, elected officials and professional staff understand their responsibilities. He asked if the State needs to go down this road where the SFB will inspect thousands of buildings every two years and tell the schools what to do. If the schools do not do it, then they have a penalty system. He asked why the schools and their officials could not be treated like grown-ups rather than a group that cannot be trusted. This is too much central control and that is not needed. He feels the system should be given a chance to work with the five-year inspections. He has no problems with the lease provisions, but it is the inspection system that he objects to.

Senator Mitchell said he tends to agree with Mr. MacDonnell. As he looks at the fact sheet, he is appalled that the Legislature is telling schools what they must do to maintain their buildings. Of all organizations, just take a look at what the Legislature has done as a State in preventing maintenance of the state buildings. It is interesting to know that this is going to be required of schools when this is not being done by the State.

Senator Nichols asked Chairman Solomon why this bill is before the Committee when there is no appropriation. Chairman Solomon said she does not assign the bills and that he would need to ask President Gnant.

Senator Nichols asked about the various school-related organizations' positions on the bill. Chairman Solomon said that a representative from the Arizona School Board Association (ASBA) was present to speak, but does not see anyone from the other two organizations and has not heard any opposition from them. Mr. MacDonnell said the bill started out with an annual inspection. One percent of the building renewal would be lost if the standard was not met. He presumes the school groups compromised.

Senator Nichols said he shares Mr. MacDonnell's concern about control of local school districts and Senator Mitchell's concern that the State should clean up its own act before it gets into other situations and tells others how to maintain their buildings. He asked Mr. MacDonnell if there would be any loss in his judgement if the State did not do this this year. Mr. MacDonnell said that would be a great idea. For example the State shares monies with cities, towns and counties for highways, but the State does not tell them how to build and inspect the roads.

Janice Palmer, Governmental Relations Analyst, ASBA, said what the Committee has in front of them is the product of working with Representative Knaperek. ASBA and the Superintendent's Association came to a compromise on this. As Mr. MacDonnell mentioned, the first bill was not workable, so they came back to together to find something that would be. ASBA feels this is the first step to a collaborative responsibility between the State and school districts. A policy decision has been made that the State will bring all school buildings up to standard. He said the question now is "who retains the responsibility for the maintenance and upkeep as we move forward?" Two things that are very important in this bill are: 1) SFB will have to determine standards of what proper maintenance will be so that school districts will know ahead of time the standard they would be held to. 2) The SFB will have to determine what the proper monies would be for schools to be properly maintained, so that school districts will know the standard they will be held to. Ms. Palmer said it still allows local control and that school districts have six months to bring them up to standards. If that does not happen, a portion of those monies that have been set forth will have to be set aside in school district budgets so schools are properly maintained.

Chairman Solomon said there was an issue that was raised this morning that gives a number of us some pause. She thinks there should be more time to work with the bill's sponsor on some of the provisions that were added to the bill after it was originally drafted. Therefore, she would ask Senator Bee to move a substitute motion.

Senator Bee moved a substitute motion to HOLD H.B. 2552. The motion CARRIED by voice vote.

H.B. 2019 - department of revenue; confidentiality - DO PASS AMENDED

Denisse Gee, Finance Analyst, explained H.B. 2019 enables the state of Arizona to participate in the Federal Refund Offset Program, and eases restrictions on the release of confidential taxpayer information. The bill appropriates \$146,250 in each of FY 2001-2002 and FY 2002-2003 from the state general fund to the Department of Revenue (DOR) in order to administer the federal refund offset program. Ms. Gee noted that DOR and the Joint Legislature Budget Committee (JLBC) estimate that the refund offset program will generate about \$1.4 million each fiscal year, thereby creating a net general fund savings. The 3-line Solomon amendment dated March 26, 2001, 11:16 a.m., removes the exemption from lapsing clause.

Senator Bee moved H.B. 2019 be returned with a DO PASS recommendation.

Senator Bee moved the 3-line Solomon amendment dated 3/26/01; 11:16 a.m. be ADOPTED. The motion CARRIED by voice vote (Attachment I).

Senator Bee moved H.B. 2019 be returned with an AS AMENDED, DO PASS recommendation.

Jeff Kros, Legislative Liaison, Department of Revenue, stated that it is DORs understanding that this bill will make money for the State.

Senator Nichols asked how this would ease restrictions on release of confidential taxpayer information. Mr. Kros said there is a problem right now with the fact that DOR cannot release how much particular tax credits are reducing income tax revenues. It is the intent of Representative May to allow the Department to disclose how much those credits may be reducing income tax revenues without releasing the name of the taxpayer taking the credit.

Senator Nichols said he thinks this is something that the Legislature needed to know when it enacted the \$500 and \$200 tax credit for example for the schools. There were various predictions made as to what this would cost the State. He gathers that answer is not yet known to what it actually has cost. He thinks that might not be a bad thing.

The motion to return H.B. 2019 with an AS AMENDED, DO PASS recommendation CARRIED by a roll call vote of 10-0-2 (Attachment 10).

H.B. 2164 - retirees; health insurance subsidies - DO PASS AMENDED

Gail Hicks, Assistant Research Analyst, explained H.B. 2164 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 all geographic areas. The bill also provides for an additional temporary increase in areas where no managed care program is available. The 12-line Solomon amendment dated March 26, 2001, 11:22 a.m., appropriates \$524,000 from the state retirement fund to ASRS in fiscal year 2002 to cover the administrative cost of implementing the proposed increases. It also reverts unobligated funds on June 30, 2004.

Chairman Solomon asked if this amendment was brought by ASRS. Ms. Hicks said that is correct.

Senator Nichols said as he looks at the fiscal note he gets the impression that it also essentially brings all the health systems into parity. He asked if all four of the retirement systems health benefits would be equivalent. Ms. Hicks said that is correct.

Senator Nichols said he supports this bill as he has worked on these provisions for years. For some reason, his bill was not heard in the Finance Committee of the Senate, but he is delighted that Representative Brimhall's bill is here and looks forward to seeing the bill move ahead. He thanked Representative Brimhall for bringing forth this fine legislation.

Chairman Solomon said that indeed the Committee does look forward to seeing this bill move forward and she is equally delighted to welcome Representative Brimhall to the Appropriations Committee.

Representative Debra Brimhall, sponsor of the bill, said she would like to thank Senator Nichols for the opportunity she had working with him in the House; the understanding and the passion he has given her for this subject and to give him the credit that is due in this bill.

Senator Bee moved H.B. 2164 be returned with a DO PASS recommendation.

Senator Bee moved the 12-line Solomon amendment dated 3/26/01; 11:22 a.m. be ADOPTED. The motion CARRIED by voice vote (Attachment J).

Senator Bee moved H.B. 2164 be returned with an AS AMENDED, DO PASS recommendation.

Chairman Solomon announced the following people were present in support of the bill: **Ronald C. Murphy, State Legislative Chairman, All Arizona School Retirees Association; Bill Cook, Arizona ASRS; Andy Swan, Legislative Liaison, Arizona Highway Patrol Association; Don Isaacson, Legislative Counsel, Fraternal Order of Police (FOP); Robert Mings, Emeritus Professor, Arizona State University (ASU) Retirees Association; Mike Petchel, Arizona Police Association; Alan P. Johnson, Professor Emeritus, ASU Retirees Association; Zeke Prust, ASU Retirees Association; Hugh J. Phillips, Emeritus Professor, Maricopa Community College District Retirees Association; Conrad D. Powell, Mr. Emeritus, Maricopa Community College District Retirees Association.**

Senator Cirillo asked if the increases would put the State over its limit on the amount of subsidy it can give. He expressed his concern of not wanting the Legislature to jeopardize the tax free status of the fund.

Tom Finnerty, Legislative Liaison, ASRS, neutral on the bill, said ASRS worked with the House staff to keep the total of H.B. 2164 under the 52 basis points, which would bring the State over the Internal Revenue Service (IRS) limit for a tax free benefit. ASRS is making sure that the State will not exceed its limit and they will let the Committee know that ASRS can adjust that if they need to.

The motion to return H.B. 2164 with an AS AMENDED, DO PASS recommendation CARRIED by a roll call vote of 11-0-1 (Attachment 11).

Senator Verkamp explained his vote. He said that this bill has been worked on for several years as Senator Nichols and Representative Brimhall know, and he is strongly in favor of this bill, he votes "aye."

H.B. 2251 - state budget reform; omnibus - DO PASS AMENDED

Julie Myers, Appropriations Intern, explained H.B. 2251 strengthens legislative oversight of state agencies and their budgets and programs. It requires state budget units to submit a quarterly report to JLBC on any federal monies expended. It also requires the reporting of money transfers between the expenditure classes or programs. It reduces from ten to eight years, both the default sunset cycle and the program expiration cycle. In addition, it requires the Joint Legislative Audit Committee to order emergency special audits of agencies and programs and report to JLBC. Thus, the bill appropriates \$308,000 in fiscal year 2001-2002 from the state general fund to the Auditor General for four full-time employees (FTEs) and related expenses. Ms. Myers added that the bill requires specified performance measures be included in the biennial budget reports and also requires the master list of state programs to be consistent with the 1997 master list for specified agencies.

Ms. Myers explained the two amendments being offered to the bill. The 7-line Solomon amendment dated March 22, 2001, 4:34 p.m., adds fiscal year 2003 funding for the FTEs and removes the exemption from lapsing clause. The 3-page Solomon amendment dated March 22, 2001, 2:52 p.m. adds provisions of H.B. 2248, which requires the Auditor General to biennially, rather than annually, review the healthy families and family literacy programs. It also adds the health start program to this list and repeals the July 1, 2004 termination of the health start program. Ms. Myers noted that the two amendments do not conflict.

Chairman Solomon announced that **Bill Thomson, Deputy Auditor General, Auditor General's Office**, was present to speak if necessary.

Monica Klaschka, Deputy Director, Office of Strategic Planning & Budgeting (OSPB), stated that OSPB is not in opposition to the entire bill, but to a couple of specific provisions in the bill. OSPB is not concerned with any of the amendments that are being proposed today. The first technical issue relates to the requirement for state budget units to submit to JLBC on a quarterly basis on their federal funds. She would like to work with somebody to do a floor amendment to simply clarify that state agencies report the month after the quarter ends, so it is a timing issue to comply with that request.

The second technical issue is with respect to specified performance measurements that would be included in the biennial budget or any enabling legislation that creates a new program. The legislation requires that performance measurements at a minimum include a relevant and significant input output efficiency outcome and quality and customer satisfaction measure. This is consistent with what the Executive Office has done since the passage of the budget reform act with respect to defining performance measurements in state government. She said the one technical concern, however, is the requirement to submit both a quality and a customer satisfaction measurement. Most agencies that report strategic planning measurements typically use customer satisfaction type data as quality type measurement, so those are redundant. Ms. Klaschka said the more substantive comments or concerns that OSPB has are with respect to requiring, referring to provision 4 on the fact sheet, that the master list be consistent with the 1997 master list. Currently, the law allows the Executive to modify the program structure in consultation with JLBC; so there are some legislative inconsistencies in terms of who is actually responsible. As Legislative Council always has to do clean-up bills in the following year, OSPB would like to prevent that from happening in the future.

Ms. Klaschka stated that the other concern is with respect to going back to the 1997 master list for these programs. State agencies have been modifying their program structure since that point in time. She stated that OSPB would like to see the study committee move forward, develop its findings, and have a collaborative executive and legislative approach as to how they would remedy these issues. They would basically eliminate requirements on page 4 of the bill from lines 4 through line 15. Other than that OSPB is okay with the basic provisions of the balance of the bill, but would rather study the issue further before putting some of these provisions in statutes.

Senator Bee moved H.B. 2251 be returned with a DO PASS recommendation.

Senator Bee moved the 7-line Solomon amendment dated 3/22/01; 4:34 p.m. be ADOPTED. The motion CARRIED by voice vote (Attachment K).

Senator Bee moved the 3-page Solomon amendment dated 3/22/01; 2:52 p.m. be ADOPTED. The motion CARRIED by voice vote (Attachment L).

Senator Bee moved H.B. 2251 be returned with an AS AMENDED, DO PASS recommendation.

Chairman Solomon said the Committee is committed to working with the Executive Office on issues.

The motion CARRIED by a roll call vote of 10-1-1 (Attachment 12).

Chairman Solomon thanked the Members for a remarkable morning's work.

There being no further business, the meeting was adjourned at 9:55 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.)