

ARIZONA HOUSE OF REPRESENTATIVES  
Forty-ninth Legislature – Second Regular Session

**COMMITTEE ON COMMERCE**

Minutes of Meeting  
Wednesday, January 20, 2010  
House Hearing Room 5 -- 9:00 a.m.

Chairman Reagan called the meeting to order at 9:01 a.m. and attendance was noted by the secretary.

**Members Present**

Ms. Cajero Bedford  
Mr. Campbell CH  
Mr. Crandall

Mr. Konopnicki  
Mr. Meza  
Mr. Pratt

Mr. Hendrix, Vice-Chairman  
Ms. Reagan, Chairman

**Members Absent**

none

**Committee Action**

HB2037 – DPA (7-0-0-1)  
HB2051 – DPA (7-0-0-1)  
HB2138 – DP (7-0-0-1)

HB2143 – DPA (8-0-0-0)  
HB2209 – DPA (8-0-0-0)

Chairman Reagan welcomed everyone to the meeting.

Diana O’Dell, House Deputy Research Staff Director, introduced new Committee staff members.

**CONSIDERATION OF BILLS**

**HB2051 - corporation commission; contractors; regulation – DO PASS AMENDED**

**Vice-Chairman Hendrix moved that HB2051 do pass.**

Jason Horton, House Majority Intern, explained that HB2051 prohibits the Arizona Corporation Commission from placing additional requirements on contractors already licensed by the Registrar of Contractors (Attachment 1).

**Vice-Chairman Hendrix moved that the Hendrix 11-line amendment dated 1/15/10 (Attachment 2) be adopted.**

Mr. Horton explained that the amendment provides clarifying language.

Barry Aarons, Construction Trades Coalition (CTC), addressed the Committee in favor of HB2051, explaining the financial burden that additional requirements would place on already-licensed contractors.

Vice-Chairman Hendrix announced the names of those who signed up in support of HB2051 but did not speak:

Yvonne Hunter, Pinnacle West Capital Corp./Arizona Public Service  
Thomas Palmer, Air Conditioning Contractors of America Board Member  
Kevin B. DeMenna, Arizona State Contractors Coalition  
Debra Margraf, Arizona Chapter, National Electrical Contractors Association

Vice-Chairman Hendrix announced the names of those who signed up in opposition to HB2051 but did not speak:

Jeff Schlegel, SWEEP - Southwest Energy Efficiency Project

Vice-Chairman Hendrix announced the names of those who signed up as neutral on HB2051 but did not speak:

Amy Love, Legislative Liaison, Arizona Corporation Commission

**Question was called on the motion that the Hendrix 11-line amendment dated 1/15/10 (Attachment 2) be adopted. The motion carried.**

**Vice-Chairman Hendrix moved that HB2051 as amended do pass. The motion carried by a roll call vote of 7-0-0-1 (Attachment 3).**

**HB2037 - secretary of state; business services – DO PASS AMENDED**

**Vice-Chairman Hendrix moved that HB2037 do pass.**

Diana O’Dell, House Deputy Research Staff Director, explained that HB2037 amends various processes and programs under the regulation of the Arizona Office of the Secretary of State (Attachment 4).

**Vice-Chairman Hendrix moved that the Reagan 19-line amendment dated 1/15/10 (Attachment 5) be adopted.**

Ms. O’Dell explained that the amendment makes technical and conforming changes.

Chairman Reagan explained that this bill is intended to update and change existing statutes.

Jim Drake, Assistant Secretary of State, testified in favor of the legislation, which will streamline various business services.

Vice-Chairman Hendrix announced the names of those who signed up in support of HB2037 but did not speak:

Joann Cota, Assistant Director of Business Services, Secretary of State  
Brant Nyhart, Assistant Director of Business Services, Secretary of State

**Question was called on the motion that the Reagan 19-line amendment dated 1/15/10 (Attachment 5) be adopted. The motion carried.**

**Vice-Chairman Hendrix moved that HB2037 as amended do pass. The motion carried by a roll call vote of 7-0-0-1 (Attachment 6).**

**HB2138 - state compensation fund; continuation – DO PASS**

**Vice-Chairman Hendrix moved that HB2138 do pass.**

Brooke Olguin, Assistant Research Analyst, explained that HB2138 continues the State Compensation Fund for 10 years (Attachment 7).

Vice-Chairman Hendrix announced the names of those who signed up in support of HB2138 but did not speak:

Farrell Quinlan, National Federation of Independent Business - Arizona

Richard Degraw, Senior Vice President, SCF Arizona

Lanny Hair, Executive Vice President, Independent Insurance Agents & Brokers of Arizona

Mike Vespoli, Director of Community Affairs, Vespoli Consulting Group

Jeff Gray, Legislative Liaison, AZ Manufacturers Council and AZ Self Insurers Association

Lori Lustig, Tucson Metropolitan Chamber of Commerce

David Jones, President/CEO, Arizona Contractors Association, Inc.

**Question was called on the motion that HB2138 do pass. The motion carried by a roll call vote of 7-0-0-1 (Attachment 8).**

**HB2143 - department of liquor licenses; continuation – DO PASS AMENDED**

**Vice-Chairman Hendrix moved that HB2143 do pass.**

Brooke Olguin, Assistant Research Analyst, explained that HB2143 continues the Arizona Department of Liquor Licenses and Control (DLLC) for one year (Attachment 9).

Ms. Cajero Bedford inquired why this continuation is for only one year.

Vice-Chairman Hendrix explained that there were a number of issues that arose in the Auditor General's report and during the Committee of Reference Sunset Review in November, and the consensus was to extend DLLC for a shorter time period. He stressed that the Committee of Reference never considered discontinuing DLLC.

Mr. Meza asked what specifically was in the Auditor General's report. Vice-Chairman Hendrix replied that there were a number of issues, many of which were recurring from reports 20 and 10 years prior.

Mr. Crandall stated that the issues concerning him were the lack of efficiency in doing the oversight inspections and the lack of uniform fines and penalties among similar findings. He also noted record-keeping issues that included proprietors not being informed of the results of inspections.

Mr. Crandall then asked if there is a clear understanding of what is expected of DLLC during this one-year period. Vice-Chairman Hendrix replied in the affirmative, explaining that all of the Auditor General's recommendations must be acted upon and that some were already completed. As an example, he cited that 20 and 10 years ago, a recommendation was made to create guidelines for inspectors, but that there were still no written guidelines. He added that DLLC is working on this now.

Don Isaacson, Arizona Licensed Beverage Association, testified in support of HB2143 but added that he would like the extension to be for the typical 10 years. He admitted that DLLC is a weakened agency, but that a working group should be formed to study the situation.

In response to questions from Mr. Campbell and Mr. Konopnicki, Mr. Isaacson explained that his recommendation would be to pass this bill, but with a five- or 10-year renewal date. He added that a working group could be formed to address programmatically or legislatively the changes that must be made.

Jerry Oliver, Director, Arizona Department of Liquor Licenses and Control (DLLC), addressed the Members to explain that all of the Auditor General's issues have been addressed, including defining efficient inspection routes and using data systems properly.

Discussion ensued between Vice-Chairman Hendrix and Mr. Oliver about past and current Auditor General reports and the response of DLLC to these recommendations. DLLC use of internet websites was discussed.

Ms. Cajero Bedford inquired about the number of investigators. Mr. Oliver explained that there are only nine investigators and over 10,000 liquor establishments to be monitored. He added that the DLLC budget has been reduced from \$4 million to \$2.8 million and staffing is down to 30 employees.

In response to a question from Mr. Konopnicki, Mr. Oliver stated that about \$5 million has been swept from special funds.

Mr. Oliver distributed a report documenting the changes and fixes implemented by DLLC (Attachment 10). Vice-Chairman Hendrix reiterated that he hopes these issues are resolved and that he believes this agency is critical and should not be discontinued.

Discussion ensued about a three- or a five-year continuation. The decision was to extend for five years.

**Mr. Crandall moved that HB2143 be amended as follows:**

**Page 1, line 9, strike "2011" and insert "2015"**

**Page 1, line 10, strike "2012" and insert "2016"**

**The motion carried.**

**Vice-Chairman Hendrix moved that HB2143 as amended do pass.**

Steve Barclay, Beer and Wine Distributors of Arizona, addressed the Committee in support of HB2143 as amended, stating his belief that an effective system for the regulation of alcohol is needed. He stated his willingness to work with the Legislature on efforts to make the DLLC as efficient and focused as possible, understanding that it is reeling from budget cut after budget cut.

Mr. Barclay stated that there has been some talk of folding the DLLC into the Department of Public Safety (DPS), but that what the DLLC needs right now is stability to allow it to stand on its own. Vice-Chairman Hendrix stated that he had not heard about any suggestion to fold DLLC into DPS.

Vice-Chairman Hendrix announced the names of those who signed up in support of HB2143 but did not speak:

John Mangum, Arizona Food Marketing Alliance

Brian Livingston, Arizona Police Association

William Weigele, Arizona Licensed Beverage Association

**Question was called on the motion that HB2143 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 11).**

#### **HB2209 - public meetings; notices – DO PASS AMENDED**

**Vice-Chairman Hendrix moved that HB2209 do pass.**

Brooke Olguin, Assistant Research Analyst, explained that HB2209 requires public bodies to post all public meeting notices online (Attachment 12).

**Vice-Chairman Hendrix moved that the Reagan five-line amendment dated 1/19/10 (Attachment 13) be adopted.**

Ms. Olguin explained that the amendment gives cities and towns the option of posting on their own website or on a website of an association of cities and towns.

Vice-Chairman Hendrix announced the names of those who signed up in support of HB2209 but did not speak:

Dale Wiebusch, Legislative Associate, League of Arizona Cities and Towns

Scott Cancelosi, Director, Public Services Division, Arizona Secretary of State

Seth Apfel, Volunteer, representing self

Jim Drake, Assistant Secretary of State

Chairman Reagan explained that this bill will allow the Secretary of State to post meetings on its website, as well as on cities' and counties' websites. In response to a question from Mr. Crandall, she added that contact information is required to provide transparency in the process.

**Question was called on the motion that the Reagan five-line amendment dated 1/19/10 (Attachment 13) be adopted. The motion carried.**

**Vice-Chairman Hendrix moved that HB2209 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 14).**

Without objection, the meeting adjourned at 10:12 a.m.

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Jane Dooley, Committee Secretary  
January 22, 2010

(Original minutes, attachments and audio on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)