

ARIZONA HOUSE OF REPRESENTATIVES  
Fiftieth Legislature – First Regular Session

**COMMITTEE ON APPROPRIATIONS**

Minutes of Meeting  
Wednesday, February 23, 2011  
House Hearing Room 1 -- 2:00 p.m.

Chairman Kavanagh called the meeting to order at 2:42 p.m. and attendance was noted by the secretary.

**Members Present**

Ms. Alston	Mr. Jones	Mrs. Ugenti
Mr. Campbell	Mrs. McLain	Mr. Williams
Mr. Fillmore	Mr. Olson	Mr. Court, Vice-Chairman
Mr. Forese	Mrs. Tovar	Mr. Kavanagh, Chairman
Mr. Heinz		

**Members Absent**

None

**Committee Action**

HB2070 - DPA S/E (9-4-0-0)	HB2314 - DPA S/E (12-0-0-1)
HB2136 - DPA S/E (13-0-0-0)	HB2619 - DP (12-0-0-1)
HB2229 - DPA S/E (12-0-0-1)	HB2651 - DP (12-0-0-1)
HB2277 - DISCUSSED & HELD	HB2718 - DPA (13-0-0-0)
HB2301 - DPA (9-3-0-1)	

**CONSIDERATION OF BILLS**

**HB2136 - technical correction; water quality fund - DO PASS AMENDED S/E**  
**S/E: state agency fee commission**

**Vice-Chairman Court moved that HB2136 do pass.**

**Vice-Chairman Court moved that the Kavanagh two-page strike-everything amendment to HB2136 dated 2/17/11 (Attachment 1) be adopted.**

**Vice-Chairman Court moved that the Kavanagh 13-line amendment to the two-page strike-everything amendment to HB2136 dated 2/23/11 (Attachment 2) be adopted.**

Mike Huckins, Majority Research Analyst, explained that the strike-everything amendment to HB2136 (Attachment 1) reestablishes the State Agency Fee Commission in permanent statute,

makes changes to its required duties and extends its sunset date (Attachment 3). The 13-line amendment to the two-page strike-everything amendment to HB2136 contains the following provisions (Attachment 2):

- States that of the six Governor-appointed members, three shall be private sector professionals who represent licensed entities, two state agency executives and one person who represents a licensing board.
- Requires the Commission to review all state agencies at least once every five years or whenever the Commission deems necessary or is petitioned by the regulated community.
- Includes in the annual report an analysis of the impact recent budget reductions and fund transfers have had on agencies.

Mr. Huckins related that the six-line Heinz amendment to the two-page strike-everything amendment to HB2136 states that if the Legislature has swept funds from an agency during the previous two fiscal years, the Commission must provide an analysis of what the agency's fees would have been if the funds had not been swept (Attachment 4).

In response to whether the previous Commission submitted a written report by December 31, 2010, Mr. Huckins indicated that he does not believe the previous Commission ever met. In response to further questions, Mr. Huckins conveyed that the two-page strike-everything amendment to HB2136 does not reference the Auditor General's Office, which regularly reviews agencies; it just states that the agencies must comply with information requests from the Commission. It also does not reference the different entities that agencies involve in their fee-making process; however, he speculated, when an agency is before the Commission, input from the entities will be welcomed and heard.

Representative Amanda Reeve, sponsor, stated that this measure requires a review and analysis of state agency fees to make sure the fees are assessed fairly and comparable to fees assessed in other states. She added that she worked on the bill with the Director of the Governor's Office of Strategic Planning and Budgeting and the chambers of commerce.

Mr. Jones asked if Representative Reeve will entertain discussions about whether there are any adverse or unintended consequences with regard to other funds for an amendment on the Floor or in another Committee. Representative Reeve answered that the bill came to fruition only recently as a concession to another bill she is working on, so she has not had time to vet it properly. She said she is willing to work with him on improving the bill.

Michelle Bolton, Vice President of Public Affairs, Greater Phoenix Chamber of Commerce, spoke in favor of the strike-everything amendment to HB2136. She indicated that it is a work in progress as it has been determined that some other issues may need to be addressed. Last year, the Executive Branch encouraged agencies to be more reliant on fees collected from issuance of licenses and permits and recommended limiting or eliminating some agency appropriations. Part of the discussion was to institute a Fee Commission so the fees supporting agencies are fairly assessed. The Fee Commission did not meet last year as there was some discrepancy over who should be appointed, so this bill clarifies membership. It also extends the life of the Commission to 10 years since it was established for only one year previously. She added that the sponsor intends for evaluations to occur once every five years, disbursed over a period of time, so not all agencies are evaluated at once.

Vice-Chairman Court announced the names of those who signed up in support of the strike-everything amendment to HB2136 but did not speak:

Heather Bernacki, Government Relations Associate, East Valley Chambers of Commerce Alliance

Molly Greene, Lobbyist, Salt River Project

**Question was called on the motion that the Kavanagh 13-line amendment to the strike-everything amendment to HB2136 dated 2/23/11 (Attachment 2) be adopted. The motion carried.**

Mr. Heinz commented that the last provision in the Kavanagh 13-line amendment takes care of the intent of the Heinz six-line amendment (Attachment 4); therefore, it will not be offered.

**Vice-Chairman Court moved that the Kavanagh two-page strike-everything amendment to HB2136 dated 2/17/11 (Attachment 1) as amended be adopted. The motion carried.**

**Vice-Chairman Court moved that HB2136 as amended do pass. The motion carried by a roll call vote of 13-0-0-0 (Attachment 5).**

**HB2070 - homeland security; committee; force - DO PASS AMENDED S/E**  
**S/E: Arizona state guard; establishment**

**Vice-Chairman Court moved that HB2070 do pass.**

**Vice-Chairman Court moved that the Kavanagh 21-line strike-everything amendment to HB2070 dated 2/17/11 (Attachment 6) be adopted.**

Amanda Farmer, Majority Staff Intern, explained that the strike-everything amendment to HB2070 (Attachment 6) allows the Governor of Arizona to establish the Arizona State Guard for any reason the Governor considers necessary for the safety of lives and property of the citizens of this state (Attachment 7).

Representative Jack Harper, sponsor, stated that state statute allows the Governor to establish the Arizona State Guard should there be a massive deployment of the National Guard out of state; the strike-everything amendment to HB2070 removes the stipulation that there has to be a massive deployment. He advised that 23 other states and Puerto Rico have a state defense force to augment the National Guard. The intent is to have a mechanism for citizens to volunteer to aid the state, if it is necessary. Some people may point out that the Arizona Constitution already gives the Governor the ability to call up the unorganized militia; however, there is an age limit from 18 to 45 when many people who will want to volunteer will be above the age of 45. The Governor will decide which emergencies require establishment of the Arizona State Guard to augment the National Guard.

In response to a query, Representative Harper related that the Governor has not taken a position on this legislation. He indicated that Senator Sylvia Allen is forwarding SB1495; this measure mirrors that language, and he intends to switch on Third Read to send SB1495 to the Governor.

Representative Harper responded to further questions concerning funding, situations that could trigger formation of the State Guard and selection of individuals for the State Guard.

Chairman Kavanagh commented that this measure will save the state money and keep highly skilled people in service, such as National Guard veterans who want to serve the state but do not want to put their families through a third or fourth deployment, or an individual with a National Guard pension who would like to continue serving but for less hours.

Mr. Heinz asked for the existing threshold in statute that constitutes a massive deployment at which point the State Guard is established. Representative Harper answered that he does not know, but there are currently over 7,000 authorized slots for the Arizona Army National Guard, which he understands are filled.

Charles Yuditsky, Arizona Guard, spoke in favor of the strike-everything amendment to HB2070. He related that the Arizona Guard is a group of civilian volunteers in training in anticipation of the formation of an Arizona State Guard. Armed intruders are accompanying or carrying drug smuggling loads, which has resulted in law enforcement shootings and crimes against property and persons. More than 300 Mexican nationals and nationals from other countries are crossing the border and dying in the desert from dehydration and other causes of exposure. Mounds of trash are building up that are not being cleaned up, impacting the environment and animal habitats in southern Arizona. There are also natural disasters, times of civil disturbance and times when state, city and even federal resources are overwhelmed by events, such as Hurricane Katrina. The Arizona State Guard is needed to assist agencies like the Department of Public Safety, the Border Patrol and the National Guard.

He responded to questions concerning training, oversight, participation in the Arizona State Guard rather than the National Guard and the purpose of the Arizona State Guard.

Discussion followed about training of the Arizona State Guard in correlation with the National Guard.

Mr. Campbell commented that the Arizona State Guard should be given a more defined mission, including monetary resources, to do the job it needs to do, which he does not see in current statute or this legislation.

Tim Guiney, representing self, spoke in favor of the strike-everything amendment to HB2070. He indicated that there are approximately 200 small groups of citizen soldiers working the border to interdict the drug trade that is poisoning Arizona schools and neighborhoods; some are veterans and some are not. The Arizona Guard, in which he participates, has approximately 21 men and women who have been training for 15 weeks in various skill sets, such as firearm safety, marksmanship, search and rescue techniques, etc. It is a voluntary force that is not asking for money, although it would like some transportation and other issues solved, but the group basically wants to become legitimate and will provide its own ammunition, etc. By moving this legislation forward, a dedicated group of people will do the work at no cost.

Discussion followed about the potential cost to the state and possible liability if members of the Arizona State Guard are not properly trained.

Mr. Guiney stated that the volunteers are taking Red Cross courses and there are three medics in the group, so he does not believe liability is an issue.

Vice-Chairman Court announced the names of those who signed up in support of the strike-everything amendment to HB2070 but did not speak:

Dave Kopp, Manager, Arizona Citizens Defense League, Inc.

Vice-Chairman Court announced the names of those who signed up in opposition to the strike-everything amendment to HB2070 but did not speak:

Kay Martin, Chaplain, representing self

Jaime Farrant, Policy Director, Border Action Network, spoke in opposition to the strike-everything amendment to HB2070. He submitted that this measure will cost the state to train and certify individuals, to organize the State Guard framework, and to address cases of liability if one of the individuals in the Arizona State Guard makes an illegal arrest, abuses power or physically assaults someone. The legislation undermines democracy by giving open-ended authority to any Governor of Arizona to activate a military group for whatever reason he/she deems necessary, which should not be handed over lightly to anyone. He said it also promotes vigilantism, noting that criminal acts have been committed by people who came to Arizona as part of vigilante groups. He is concerned that some quasi-vigilante group will be given the authority to further terrorize border communities if the participants are not adequately trained and given sufficient oversight and accountability mechanisms.

Mr. Farrant responded to questions about the impact of people crossing the border on citizens who live in southern Arizona, human smuggling and the drug trade.

Discussion followed between Mr. Williams and Mr. Campbell about the potential for the legislation to augment efforts to secure the border and a \$600 million reduction in border security funding by the U.S. Congress.

Representative Carl Seel, stated that having been to the border several times, it is his opinion that local law enforcement will appreciate the state moving in this direction to provide additional support to deal with what Sheriff Paul Babeu's Office has indicated is one of the largest corridors of drug trafficking in the entire nation. With the federal government reduction, there is even more reason for border states to start to plan to fill the gap.

**Question was called on the motion that the Kavanagh 21-line strike-everything amendment to HB2070 dated 2/17/11 (Attachment 6) be adopted. The motion carried.**

**Vice-Chairman Court moved that HB2070 as amended do pass. The motion carried by a roll call vote of 9-4-0-0 (Attachment 8).**

### **HB2718 - public safety equipment fund; appropriation - DO PASS AMENDED**

**Vice-Chairman Court moved that HB2718 do pass.**

**Vice-Chairman Court moved that the Kavanagh 20-line amendment to HB2718 dated 02/22/2011 (Attachment 9) be adopted.**

Mike Huckins, Majority Research Analyst, explained that HB2718 requires the Department of Public Safety (DPS) to enter into a memorandum of understanding (MOU) with a county of more than 250,000 but less than 800,000 to purchase equipment and supplies for deputies in the county for border security and designates funding sources for the equipment (Attachment 10). The amendment to HB2718 transfers the appropriation from the Public Safety Equipment Fund to the state General Fund for the current fiscal year and includes a source of monies statement (Attachment 9). In response to a question, he said the only county that currently falls within the population requirement is Pinal County.

Representative Steve Montenegro, sponsor, related that HB2718 provides an appropriation of \$5 million that originates from photo enforcement funds to purchase equipment and supplies, which the Pinal County Sheriff's Department needs to mitigate illegal drug trafficking. All major roads that run north and south go through Pinal County and are being used by drug traffickers and cartels, which places sheriffs' and deputies' lives in peril.

In response to a query, he related that the bill only applies to Pinal County because other counties received funds from Homeland Security grants; even though Pinal County has a problem, it received no funds.

Mr. Fillmore stated that border counties receiving additional funds have not been able to fully stop the onslaught of border crossings, and a good portion of the Tohono O'odham Nation is a unique funnel to Pinal County. Representative Montenegro agreed.

Discussion followed about funding provided to Maricopa County and other counties.

Mr. Huckins, in response to a question, advised that the original source of funding was the Public Safety Equipment Fund, which had money transferred to it from the Photo Enforcement Fund from last year. Under the amendment, the new source of funding will be the General Fund. Currently, year-to-date, the Photo Enforcement Fund transferred about \$7.2 million to the General Fund and probably a little more will be transferred later in the fiscal year.

Mrs. Tovar remarked that the remaining \$2.2 million would be an excellent funding source for organ transplants.

Paul Babeu, Sheriff, Pinal County, representing self, spoke in favor of HB2718. He stated that all roads in the counties south of Pinal County (Santa Cruz, Cochise and Pima), according to Border Patrol, lead to Pinal County. According to Homeland Security, Yuma County is one sector of nine along the border that is under operational control. Half of all the illegal immigrants that cross the border go through those three counties to Pinal County and remain in metropolitan Phoenix or go to other parts of America, many of which already have criminal records in America. Pinal County needs help because foreign-born criminals, as many as 75 to 100, mostly from Mexico, are positioned in high-terrain areas through the Tohono O'odham Nation and Pinal County acting as lookouts. They are often resupplied with food and water and supply safe passage. He related two recent enforcement actions performed by numerous agencies in which stolen vehicles, semi-automatic and high-powered weapons and over 10,000

pounds of marijuana were taken from the individuals. He stated that this bill will help to aggressively enforce the law; the money provided will be used to purchase ground-based radar, additional weapons, and needed equipment and supplies.

Sheriff Babeu responded to questions concerning the following:

- Effectiveness of ground-based radar
- Resources of drug smugglers and cartels
- The Tohono O'odham Nation
- Deportations
- Equipment that will be purchased with the funds
- Impact of the \$600 million reduction from the federal government on traffic across the border
- Resources in the 10-point security plan sponsored by U.S. Senators Jon Kyl and John McCain to prosecute illegal immigrants
- Grants, contributions and funding to Pinal County to combat illegal immigration
- Pinal County Justice Foundation
- Collaboration with other border counties
- Whether there will be an impact on funding from the Pinal County Board of Supervisors if the bill passes.

Vice-Chairman Court announced the names of those who signed up as neutral on HB2718 but did not speak:

Kelsey Lundy, Lobbyist, Arizona Highway Patrol Association

Vice-Chairman Court announced the names of those who signed up in support of HB2718 but did not speak:

Jim Hartdegen, representing self

Representative Montenegro stated that Sheriff Babeu went to House Leadership about the bill; he offered to sponsor it, which is why it was not sponsored by legislators from Pinal County.

**Question was called on the motion that the Kavanagh 20-line amendment to HB2718 02/22/2011 (Attachment 9) be adopted. The motion carried.**

**Vice-Chairman Court moved that HB2718 as amended do pass. The motion carried by a roll call vote of 13-0-0-0 (Attachment 11).**

**HB2277 - community colleges; baccalaureate degrees - DISCUSSED & HELD**  
**S/E: same subject**

**Vice-Chairman Court moved that HB2277 do pass.**

**Vice-Chairman Court moved that the Court six-page strike-everything amendment to HB2277 dated 2/21/11 (Attachment 12) be adopted.**

**Vice-Chairman Court moved that the Court two-line amendment to the six-page strike-everything amendment to HB2277 dated 2/22/11 (Attachment 13) be adopted.**

Jennifer Anderson, Majority Research Analyst, Education Committee, explained that the strike-everything amendment to HB2277 (Attachment 12) allows Central Arizona College (CAC) and Eastern Arizona College (EAC) to offer four-year baccalaureate degrees in nursing, elementary and secondary education, business and mining technology through FY2017-2018 (Attachment 14). The amendment to the six-page strike-everything amendment to HB2277 specifies that the community college districts cannot offer more than three of the four programs listed in the six-page strike-everything amendment, and that would be based on demonstrated need in the community (Attachment 13).

Representative Frank Pratt, sponsor, said this strike-everything amendment to HB2277 establishes a pilot program to allow two rural community colleges to explore the possibility of having baccalaureate degrees for students. There is a need for individuals in these areas to obtain a four-year degree to move forward in life, but because of the geographical location, financial situation or family issues, it is difficult for students to attend one of the three universities and cost-prohibitive to attend private schools. This is meant to be a companion for those institutions and to further education in the state.

Mrs. McLain noted that the bill states that funding will be provided through tuition or secondary property taxes, or a combination, but she pointed out that the area in which EAC is located has a very low tax base. Representative Pratt stated that EAC did not ask for that; it was requested by someone as an alternative in the event there is any question regarding state funding. He said this will require a two-year accreditation process so it will not happen quickly.

Chairman Kavanagh commented that a large chunk of the funding could be provided through tuition, and the students would be still be far ahead by obtaining a four-year degree.

Mr. Jones asked if a comprehensive financial feasibility analysis was done, particularly on the population of EAC, and whether a 2+2 program with one of the universities was explored as an alternative. Mr. Pratt answered that was considered and 2+2 programs are available in certain areas, but those are not meeting the needs of the students. He is hearing in many community meetings that there is a need for more affordable education where students can live at home and obtain a four-year degree, which is not possible with 2+2 or 3+1 programs.

Vice-Chairman Court stated that he asked for the alternative language regarding funding because with the limited amount of state monies available, he does not want funding to be diluted for the core mission of the community college portion of the program, and he wants to allow the communities to show support by utilizing the secondary property tax or students paying tuition.

Don Isaacson, Independent Colleges and Universities of Arizona, opposed the strike-everything amendment to HB2277. He contended that as soon as this bill passes, other community colleges in other counties will want to do the same. The Governor's P20 Council looked at this and voted against EAC having baccalaureate authority. There is no analysis or plan to fit with the Arizona Board of Regents' long-range plans. EAC is the most expensive community college in the state and receives more than half of all the state aid from the General Fund for community colleges,

partly because there is no property tax. He opined that if the state is going to pick this new mode to provide a new method of postsecondary education, this is an expensive road to go down. A plan should be done first.

Chairman Kavanagh asked if any of the colleges Mr. Isaacson represents grant four-year degrees in mining technology, to which Mr. Isaacson responded in the negative. He said the objection to students in the area being able to have a mining technology degree is that there was a 2+2 program being worked on between the community college and the University of Arizona (UA) school of mines, but he does not know what happened to it. Also, many colleges have transfer agreements in which the first two years of basic courses are taken that lead to automatic enrollment into the higher program.

Mr. Jones remarked that program is offered through UA, but in his district where agriculture is king, degrees were needed in agriculture, which Northern Arizona University (NAU) did not offer. UA does, so in Yuma County, through the 2+2 program, lower division classes are taken at Arizona Western, upper division, non-agriculture courses are taken at NAU, and the UA provides the rest at campuses in Yuma. People graduate with Bachelor of Science degrees through that combination and the program is fully articulated; students enroll in all three at the same time.

Barry Aarons, Lobbyist, Greenlee County, spoke in favor of the strike-everything amendment to HB2277. He submitted that this bill does not state that all community colleges, EAC or any institution has to offer this, and 2+2 programs can continue; however, Greenlee County has a gap in rural delivery of higher education. He asked for the opportunity to try this for a time period, which, he believes, will prove to be an additional, valuable opportunity for specified areas of the state to be able to supply four-year degrees to citizens.

Mr. Jones stated that Yuma wanted to have a four-year college or university many years ago, but a feasibility study was done, which showed that with the current formulas, it would be better to remain with the 2+2 program, which has been very successful. Mr. Aarons stated the Board of Supervisors and EAC explored some of those opportunities and determined that in this particular area, there is a need for the college to be allowed to provide its own locally- controlled 2+2 four-year baccalaureate program.

Mr. Olson asked why a state college should not be under the jurisdiction of the ABOR, but governed locally. Mr. Aarons answered that decision will emerge as the pilot occurs. If there is an appropriate way to intermingle the community college four-year program with the ABOR, he has no objection.

Mike Gardner, Eastern Arizona College (EAC), stated that he is in favor of the strike-everything amendment to HB2277, which gives people in rural Arizona the opportunity to obtain select four-year degrees. Seventeen states already allow this. Many of the students are place-bound, returning students, or cannot afford to move to areas where universities are located. There are many options for students to obtain four-year degrees in Maricopa County, but in some rural counties, there are no options. It is time to find a new way to develop a cheaper, better, more efficient way to deliver higher education to the rest of the state, and this is a path in the right direction.

In response to a question from Mr. Olson, Mr. Gardner indicated that he was not part of the funding dialogue, which needs to continue. He is not sure if the financing model will work for EAC because of the low secondary property tax, but it may work for CAC. Discussion followed.

Doris Helmich, Vice President, Student Services, Central Arizona College (CAC), spoke in favor of the strike-everything amendment to HB2277. She stated that there is much pressure from the community to offer four-year degrees, primarily because the students are older, go to school part-time and cannot relocate to Phoenix, Tucson or Flagstaff. In addition, in order to help economic development in the county, educated students are needed to attract industry. If students go to other cities to attend college, they do not return. Regarding the 2+2 programs, she stated that CAC is partnering with the universities; however, the universities have a high overhead, and if there is low enrollment in classes, which tends to occur in rural counties, the classes cannot meet. Community colleges do not have the high overhead of the universities. She added that CAC would not consider offering a Bachelor's program unless it was deemed feasible. In relation to EAC not having a tax base to support the proposal, if the workforce in the area is educated, more industry can be attracted to the area.

Vice-Chairman Court announced the names of those who signed up in opposition to HB2277 but did not speak:

Christy Farley, Executive Director, Northern Arizona University

Norman Moore, Attorney, Independent Colleges and Universities of Arizona; The University of Phoenix

Steve Miller, Deputy Vice President, Public Affairs, Arizona State University

Michael Haener, Director of Legislative Affairs, Arizona State University

Greg Fahey, Associate Vice President, University of Arizona

Matt Salmon, Lobbyist, Arizona State University; Grand Canyon University

Christine Thompson, Assistant Executive Director for Government Affairs, Arizona Board of Regents

Vice-Chairman Court announced the names of those who signed up in support of HB2277 but did not speak:

Donna Kruck, Director of Advocacy Programs, Voting Citizen

Alisa Lyons, Arizona Community College Presidents' Council

Donald Pearl, Vice President of Instruction, Central Arizona College

Kristen Boilini, Lobbyist, Northland Pioneer College

Chairman Kavanagh remarked that he was privileged to grow up in New York City where there is a cornucopia of colleges and the competition is so great that tuition is not much different among the institutions. In Arizona, because the university system has maintained unbelievably low tuition rates, the proliferation of private colleges has been prevented because they cannot compete when college degrees are nearly given away at the state level. That led to the situation where large parts of the state do not have four-year college opportunities. Some of the 2+2 programs are great, but some are not. He said it is unfortunate that private colleges and community colleges are fighting over this.

**Chairman Kavanagh announced that there are still some issues with HB2277, so the sponsor requested that he hold the bill.**

Representative Pratt opined that this bill addresses a sincere need in rural Arizona. He said he hopes to work with people and bring it forward in the future.

**Vice-Chairman Court withdrew the motion that the Court two-line amendment to the six-page strike-everything amendment to HB2277 dated 2/22/11 (Attachment 13) be adopted.**

**Vice-Chairman Court withdrew the motion that the Court six-page strike-everything amendment to HB2277 dated 2/21/11 (Attachment 12) be adopted.**

**Vice-Chairman Court withdrew the motion that HB2277 do pass.**

**HB2229 - vehicle emissions testing; diagnostic code - DO PASS AMENDED S/E S/E: lottery; instant ticket games; commission**

**Vice-Chairman Court moved that HB2229 do pass.**

**Vice-Chairman Court moved that the Kavanagh four-page strike-everything amendment to HB2229 dated 2/21/11 (Attachment 15) be adopted.**

Mike Huckins, Majority Research Analyst, explained that the strike-everything amendment to HB2229 (Attachment 15) makes retailer commission and Arizona Lottery administration expense changes relating to the sale of special instant ticket games (Attachment 16). In response to a question, he advised that the Department currently withholds 15 percent for an administration fee on the sale of the tickets and has to pay a 20 percent commission to the retailers that sell the tickets out of the 15 percent. The strike-everything amendment increases that to 35 percent so the Department can retain 15 percent and give the retailers 20 percent.

Chairman Kavanagh remarked that was the intention all along.

Jeff Hatch-Miller, Executive Director, Arizona Lottery, spoke in favor of the strike-everything amendment to HB2229. He indicated that last year, the Governor and Legislative Leadership were asked by the American Legion, Veterans of Foreign Wars and others to develop a lottery ticket that can be sold in their clubhouses with a higher commission than is currently paid to Fry's, Safeway, etc., so a product was developed. For these organizations, this is a fundraising effort and 20 percent raises an adequate amount for their purposes. He displayed one of the tickets and noted that 65 cents on the dollar will go back to the players, 20 percent will be kept by the charitable organization and 15 percent will be used for the process of administering the program and printing the tickets.

**Question was called on the motion that that the Kavanagh four-page strike-everything amendment to HB2229 dated 2/21/11 (Attachment 15) be adopted. The motion carried.**

**Vice-Chairman Court moved that HB2229 as amended do pass. The motion carried by a roll call vote of 12-0-0-1 (Attachment 17).**

**HB2314 - lake improvement; boating safety; funds. - DO PASS AMENDED S/E**  
**S/E: same subject**

**Vice-Chairman Court moved that HB2314 do pass.**

**Vice-Chairman Court moved that the Jones nine-page strike-everything amendment to HB2314 dated 2/21/11 (Attachment 18) be adopted.**

Mike Huckins, Majority Research Analyst, explained that the strike-everything amendment to HB2314 (Attachment 18) transfers administration of the Law Enforcement and Boating Safety Fund (LEBSF) and directs the State Treasurer to distribute the monies to eligible counties based on a formula established by the Arizona Game and Fish Commission (Attachment 19).

Mr. Jones, sponsor, said a number of stakeholder meetings were held and he is not aware of any opposition.

Vice-Chairman Court announced the names of those who signed up in support of the strike-everything amendment to HB2314 but did not speak:

Kevin Bergersen, Boating Law Administrator, Arizona Game and Fish  
Ron Anderson, Lieutenant, Coconino County Sheriff's Office  
Alan Nelson, Lieutenant, La Paz County Sheriff's Office  
Darren Simmons, Lieutenant, Yuma County Sheriff's Office  
Doug Schuster, Sergeant, Mohave County  
Heather Bernacki, Government Relations Associate, Yuma County  
Joanne Keene, Government Relations Director, Coconino County  
Jen Sweeney, Government Affairs Director, Arizona Association of Counties  
Bret Axlund, Deputy Sheriff, Coconino County Sheriff's Office

Vice-Chairman Court announced the names of those who signed up as neutral on the strike-everything amendment to HB2314 but did not speak:

Jay Ziemann, Assistant Director, Arizona State Parks

**Question was called on the motion that the Jones nine-page strike-everything amendment to HB2314 dated 2/21/11 (Attachment 18) be adopted. The motion carried.**

**Vice-Chairman Court moved that HB2314 as amended do pass. The motion carried by a roll call vote of 12-0-0-1 (Attachment 20).**

**HB2619 - fund transfer; Arizona historical society - DO PASS**

**Vice-Chairman Court moved that HB2619 do pass.**

Amber Morin, Majority Intern, Appropriations Committee, explained that HB2619 allows the monies in the Mines and Mineral Resources Fund to be transferred to the Arizona Historical Society (AHS) for the maintenance of the Mining and Mineral Museum (Attachment 21).

Mr. Jones, sponsor, stated that last Session the Museum was moved to the AHS and redesignated the Centennial Museum; it will be a major proponent of the Centennial celebration. By an oversight, the Fund was not moved at the same time. He said he believes the AHS has been paying any costs.

**Question was called on the motion that HB2619 do pass. The motion carried by a roll call vote of 12-0-0-1 (Attachment 22).**

**HB2651 - AHCCCS; veterans - DO PASS**

**Vice-Chairman Court moved that HB2651 do pass.**

Amber Morin, Majority Intern, Appropriations Committee, explained that HB2651 requires the Arizona Health Care Cost Containment System (AHCCCS) screening agency to confirm if an applicant has served in the military, and if so, transmit the applicant's name to the Department of Veterans' Services (DVS) to determine if the individual is eligible for veterans' assistance benefits (Attachment 23).

Vice-Chairman Court announced the names of those who signed up in support of HB2651 but did not speak:

Eddie Sissons, Executive Director, Arizona Foundation for Behavioral Health  
James Gates, representing self

Vice-Chairman Court announced the names of those who signed up as neutral on HB2651 but did not speak:

Jennifer Carusetta, Chief Legislative Liaison, Arizona Health Care Cost Containment System (AHCCCS)  
Stephanie Seigla, representing self

**Question was called on the motion that HB2651 do pass. The motion carried by a roll call vote of 12-0-0-1 (Attachment 24).**

**HB2301 - schools; instructional salaries; soft capital - DO PASS AMENDED**

**Vice-Chairman Court moved that HB2301 do pass.**

**Vice-Chairman Court moved that the Kavanagh 23-line amendment to HB2301 dated 2/22/11 (Attachment 25) be adopted.**

Chris Stapley, Majority Assistant Research Analyst, explained that HB2301 as amended contains the following provisions (Attachment 26):

- Requires school districts to establish an Instructional Salaries Fund, with the exception of Joint Technological Education Districts (JTEDs) and transportation districts, to be cash controlled by the Uniform System of Financial Records.
- Beginning in FY2013, school districts will be required to deposit at least 50 percent of the base support level (BSL) in the Fund.

- Specifies that monies in the Fund shall be used only to pay for salaries and benefits of teachers, teacher aids and paraprofessionals.
- Permits the continued use of Soft Capital Allocation monies for any lawful purpose and makes current direct uses of Soft Capital monies permissive.
- Directs Legislative Council to make conforming changes for consideration in the 50<sup>th</sup> Legislature, Second Regular Session.
- Makes technical and conforming changes.

Representative J.D. Mesnard, sponsor, indicated that this bill is an attempt to make sure that the chief function of the education system, teaching, is protected. Fifty percent of the BSL is not unreasonable, especially when factoring in benefits and salaries of not only teachers, but teacher aides and paraprofessionals. It also unrestricts Soft Capital, something school districts have wanted for a number of years, which was done on a temporary basis for the last few years.

In response to a query as to where education dollars are spent, Representative Mesnard answered that an Auditor General's report showed that 56.9 cents of every dollar is going to the classroom. There are other categories like transportation, student services, food services, etc., and there is a specific category for administration in which Arizona does relatively well compared to other parts of the country. It is the other services in which Arizona does not do so well that uses up a lot of funding, which is why less is spent in the classroom today than before a dedicated revenue source was passed in Proposition 301 ten years ago, which was supposed to be supplemental and not supplanting.

Mr. Olson expressed the hope that this bill will lead to addressing the reason so much money is spent on transportation and other areas like student services. He discussed issues with the transportation funding formula. When asked if the bill is enforceable, Representative Mesnard responded that it does not include consequences or repercussions; it is more of a policy statement than anything else, but he would entertain that at some future date. He added that the transportation formula is the worst component in the school finance formula and definitely needs to be reformed, which he would be glad to work on with Mr. Olson.

Mrs. Ugenti stated that money plays a big part in obtaining quality teachers, but competition plays a bigger part; mandating this does not increase competition between teachers to obtain the best. Representative Mesnard agreed that competition is one component of pursuing excellence and increasing quality; however, he said, having quality teachers is also critical in order to encourage competition, while at the same time, encourage greater focus on teachers. There is a multi-pronged approach to increasing quality overall.

In response to a query, Representative Mesnard stated that the provisions do not apply to charter schools, JTEDs or transporting school districts because those entities operate differently; he tried to reach the bulk of what is a more uniform system. When asked if he discussed the bill with school boards and school districts, he stated that school districts do not appreciate the Legislature telling them how to spend money, although the Soft Capital restriction and the amendment with the delayed implementation date are appreciated by the school districts.

**Question was called on the motion that the Kavanagh 23-line amendment to HB2301 dated 2/22/11 (Attachment 25) be adopted. The motion carried.**

**Vice-Chairman Court moved that HB2301 as amended do pass.**

Vice-Chairman Court announced the names of those who signed up in support of HB2301 but did not speak:

Tom Jenney, Arizona Director, Americans for Prosperity

Vice-Chairman Court announced the names of those who signed up in opposition to HB2301 but did not speak:

Jim DiCello, Certified Public Accountant, Paradise Valley School District

Charles Essigs, Director of Government Relations, Arizona Association of School Business Officials

Sam Polito, Tucson Area School Districts

Janice Palmer, Governmental Relations Analyst, Arizona School Boards Association

Jerry Spreitzer, Arizona Federation of Teachers

**Question was called on the motion that HB2301 as amended do pass. The motion carried by a roll call vote of 9-3-0-1 (Attachment 27).**

Without objection, the meeting adjourned at 6:56 p.m.

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Linda Taylor, Committee Secretary  
March 18, 2011

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