ARIZONA HOUSE OF REPRESENTATIVES
Fiftieth Legislature – First Regular Session

COMMITTEE ON COMMERCE

Minutes of Meeting
Wednesday, March 23, 2011
House Hearing Room 5 -- 9:15 a.m.

Vice-Chairman Mesnard called the meeting to order at 9:22 a.m. and attendance was noted by the secretary.

Members Present

Ms. Alston	Ms. Miranda C	Mr. Mesnard, Vice Chairman
Mr. Gray R	Mr. Pratt	Mr. Weiers J, Chairman
Ms. McCune Davis	Mr. Robson	

Members Absent

None

Committee Action

SB1039 - ~~DPA~~ FAILED (2-6-0-0)
SB1041 - DPA S/E (7-1-0-0)
SB1222 - DP (4-3-0-1)
SB1277 - DPA (7-1-0-0)
SB1284 - DP (8-0-0-0)
SB1292 - DP (8-0-0-0)
SB1365 - DP (5-3-0-0)
SB1460 - DPA (7-0-0-1)
SB1474 - DPA (5-3-0-0)
SB1503 - ~~DPA~~ FAILED (2-5-0-1)

CONSIDERATION OF BILLS

SB1222 - public benefits; eligibility; required proof - DO PASS

Diana Clay, Majority Research Analyst, stated that SB1222 requires an applicant for public housing to provide verification of United States (U.S.) citizenship or qualified alien status (Attachment 1). She related the following provisions:

- Requires a Public Housing Authority (PHA), city, town or county to require an applicant for public housing to provide verification of U.S. citizenship or verification of alien status.
- Forbids a PHA from offering public housing to a person who cannot provide the verification.
- Directs a PHA to evict all residents of a dwelling unit in rental housing that is owned, operated, managed or contracted by the PHA if a resident allows a person who is in this country illegally to reside inside the unit.
- Classifies violating the legal status requirements for public housing as a class 1 misdemeanor (6 months jail/up to $2,500 fine).

- Strikes a requirement for purposes of administering Arizona Health Care Cost Containment System (AHCCCS), documentation of citizenship and legal residence must conform to federal law.
- Eliminates a provision of law that state agencies or political subdivisions may permit Tribal members, the elderly and persons with disabilities or incapacity of mind or body to provide citizenship documentation as required by federal law in lieu of the documentation outlined.

Senator Andy Biggs, sponsor, stated that a Floor amendment will be offered to align SB1222 with HB2102 that was heard previously.

Ms. Miranda stated that the bill requires a PHA to evict all persons living in a house or rental unit that do not have resident status. She asked, if a citizen is married and has applied for residential status for their spouse, would the PHA be required to evict the spouse. Senator Biggs stated that, if the person is housing someone illegally, yes, the spouse would be evicted. Ms. Miranda asked if the wife would be evicted and the husband remain. Senator Biggs stated that if a person is found to be illegally housing a person that does not have resident status, both individuals will be evicted.

Mr. Robson clarified Ms. Miranda's question, stating that if a husband is a U.S. citizen and the wife has applied for legal status, would the wife be evicted. Ms. Miranda confirmed that was her question. Mr. Robson stated that if an individual has applied for legal status, that individual is present in the U.S. legally.

Senator Biggs stated that he misunderstood the question. Ms. Miranda restated her question. Senator Biggs stated that if a person is in the U.S. illegally and is attempting to correct that by applying for legal status, that person would still be evicted.

Mr. Robson stated that once a person has applied for legal status, under federal law, that person is present in the U.S. legally. Senator Biggs stated that he is not sure if the application provides interim coverage, but if it does, that person would not be evicted; discussion ensued.

Chairman Weiers stated that he believes that a person currently in the application process for citizenship is still considered illegally present in the U.S. until the application is approved. Senator Biggs stated that is his understanding as well.

Ms. McCune Davis stated that a large majority of individuals living in subsidized housing are elderly and may have entered the U.S. with a green card for employment purposes. She explained that many of these individuals are no longer eligible for work and have not renewed their green cards and asked if those individuals will be deported. Senator Biggs asked Ms. McCune Davis if she is suggesting that not renewing a work visa qualifies as legal presence in the U.S. Ms. McCune Davis stated that many circumstances exist as a result of changes in various laws and restated her original question. Senator Biggs stated that SB1222 has nothing to do with deportation but speaks to legal presence. He further stated Ms. McCune Davis is suggesting that a violation of U.S. laws is permissible depending upon circumstances. Discussion ensued.

Ms. Miranda stated that federal laws clearly provide benefits to all persons born in the U.S. and asked if education is a public benefit.

Vice-Chairman Mesnard stated that Ms. Miranda's question does not pertain to the bill and requested that discussion remain relevant to the current bill. Ms. Miranda stated that she believes that her question does pertain to the bill because SB1222 relates to public benefits. She restated her question.

Senator Biggs stated that he does believe that publically funded education funded through taxpayers who are compelled to pay taxes is filtered through the state's system is a public benefit.

Chairman Weiers moved that SB1222 do pass.

Jaime Farrant, Policy Director, Border Action Network, testified in opposition to SB1222, stating that it seeks to have Arizona enforce federal immigration laws which is federal jurisdiction. He explained that the bill potentially violates the constitutional rights of privacy and protection against illegal search and seizures, the right to free assembly and the right to due process. He explained that the bill will further depress the economy and real estate market by increasing the number of empty homes due to evictions, which would increase criminal activity. Mr. Farrant stated that SB1222 is an unfunded mandate. He stated that the bill could open up the state to litigation and offered examples of other cities that have passed similar laws.

Ellen Katz, Litigation Director, William E. Morris Institute for Justice, testified in opposition to SB1222 and provided a copy of a letter from the U.S. Department of Housing and Urban Development (HUD) to the U.S. Attorney General concerning the current Arizona Revised Statutes Section 1-501 and HUD's Housing Assistance Program (Attachment 2). She stated that currently under federal law, mixed eligibility households are legal. She explained that what SB1222 attempts to stop, federal law permits. Ms. Katz stated that if SB1222 is passed, Arizona risks losing millions of dollars in federal funding.

Mr. Pratt asked if a fiscal note is available for SB1222. Vice-Chairman Mesnard stated that he believes there is a fiscal note and will look for it while Ms. Abraham gives her testimony.

Anjali Abraham, Public Policy Director, American Civil Liberties Union of Arizona, testified in opposition to SB1222, stating that large portions of the bill will be preempted by federal law. She explained that another concern is the increased criminal penalty on PHAs who are trying to do their jobs. She stated that the provision that requires the PHA to evict all residents of a unit due to the presence of a person of illegal status who resides in the property is problematic because there is not a concrete definition of "reside" in the bill.

Vice-Chairman Mesnard announced the names of those who signed up in support of SB1222 but did not speak:
Tom Jenney, Director, Americans for Prosperity, Arizona
Dave Kopp, Manager, Americans for Prosperity

Vice-Chairman Mesnard announced the names of those who signed up in opposition to SB1222 but did not speak:
Lorna Romero, Director of Government Relations, Arizona Chamber of Commerce and Industry
Rivko Knox, representing self
Michelle Bolton, Vice President of Public Affairs, Greater Phoenix Chamber of Commerce
Rebekah Friend, Lobbyist, Arizona AFL-CIO
Lisa A. Atkins, Vice President for Public Policy, Greater Phoenix Leadership (GPL)
Lindsay Simmons, Systems Advocacy Coordinator, Arizona Coalition Against Domestic Violence

Question was called on the motion that SB1222 do pass. The motion carried by a roll call vote of 4-3-0-1 (Attachment 3).

SB1039 - technical correction; barber licenses; display(now: home certificate program) - ~~DO PASS AMENDED~~ FAILED

Amy Asta, Majority Intern, stated that SB1039 authorizes the Arizona Housing Finance Authority (AHFA) to establish a Home Certificate Program and administer housing certificates (Attachment 4). She related the following provisions:

- Authorizes the AHFA to establish a Home Certificate Program (Program) and to administer housing certificates under this Program.
- Requires the Program to execute and issue timeout deeds of trust and notes to eligible homeowners in exchange for lien rights on the property in favor of AHFA.
  - Stipulates that no other lien rights accrue on the real property.
- Requires the Program to issue home certificates representing the financial interests of the original borrower, original lender, insurer or guarantor, subsequent investors or lenders and the financial interest of the Program administrator and the Program insurance fund (Fund).
- Directs the assessment of a fee to be placed on the amount of the home certificate, which will be divided between the Fund and the Program administrator for administrative purposes.
- Requires the Program to make exchanges of home certificates for managing the monthly payment on existing or new timeout deeds of trust and other related instruments.
- Requires the Auditor General to audit the Program and the Fund after five years from the effective date of the bill.
- Specifies the Fund consists of fees paid by users of the Program, as well as gifts, grants and donations.
- States that all monies in the Fund will be held in trust for the sole benefit of lenders, borrowers and homeowners who are participating in the Program, and also purchasers of securities issued by the AHFA.
- Prohibits the state or any state agencies from having a claim on assets or proceeds from the Fund for the duration of the Program.
- Requires the Program to terminate upon redemption of all certificates issued by AHFA, and directs all proceeds remaining after payment of debts and liabilities of the Program to be transferred directly into the General Fund after termination of the Program.
- Directs the AHFA to:
  - Administer the Program directly or through the use of a program administrator.
  - Adopt rules to implement and carry out the Program.

    - Issue the timeout deeds of trust and notes and other debts and securities reasonably necessary for the operation of the Program.
- Limits eligible homeowners to those who are current on their existing mortgage or deed of trust at the time of application for the Program.
- Mandates the AHFA to provide, at a minimum:
    - Qualifications for eligible homeowners.
    - Terms for the timeout deeds of trust and any related notes, as follows:
        a) To include a requirement that the deed of trust and note are recourse obligations of the homeowner, and the personal liability and a deficiency obligation may lawfully accrue and are enforceable against the homeowner for failure to pay.
        b) May include a requirement that any second or subsequent lienholders under the original obligations waive their lien rights by operation of law and by the issuance of the timeout deed of trust and note.
    - Provisions in the timeout deeds of trust that permit the Authority to act as trustee or to delegate a trustee with a power of sale.
- Requires a deed of trust to include that the deed of trust and note are recourse obligations of the homeowner, and that personal liability and a deficiency obligation may lawfully accrue and be enforceable against the homeowner for failure to pay.
    - Allows a deed of trust and note to also require that any second or subsequent lienholders under the original obligations waive their lien rights by operation of law and by the issuance of the timeout deed of trust and note.

Ms. Asta explained that the Mesnard 10-line amendment dated 3/22/11 (Attachment 5) requires all parties involved in the mortgage agreement to agree that participation in the Home Certificate Program is the best viable option for the homeowner.

Senator Michelle Reagan, sponsor, stated that SB1039 is an opportunity to eliminate some of the houses that have been sitting on the market by helping individuals purchase homes who have great credit scores but cannot afford payments and cannot obtain financing. She related her disapproval of the programs that only aid the individuals who are behind in paying their mortgages but will not help those who are paying their bills but are still struggling. SB1039 connects homeowners directly with the investors and provides the opportunity to achieve a much lower interest rate and payments because it bypasses the middlemen. She stated that, through the Program, a person would be bidding a payment they would like to pay and investors would be bidding a payment they would like to receive until those two amounts match to pay off the existing loan. She stated that there are five Floor amendments being drafted to the bill. She stated that this Program will also be available to individuals who are interested in purchasing homes, not just individuals with existing mortgages.

Ms. McCune Davis stated that she shares Senator Reagan's concerns regarding the high number of foreclosures that lower home values. She stated that Senator Reagan's bill is the only serious proposal to address the issue that she has seen and asked how big the Program is. Senator Reagan stated that the Program could be as large or small as the market dictates. She explained that the program is private but is housed under the supervision of the Finance Housing Authority. Ms. McCune Davis asked how the value of the homes is determined for the Program. Senator Reagan stated that the Program does not base transactions upon home values. She stated that the loan transaction is based on the ability to make a profit on the interest of the loan. She further explained an insurance fund built into the system paid into by all parties that after a period of five years reverts back into the state's General Fund.

In response to questions, Senator Reagan provided the following information:

- Only seven percent of Americans have been able to obtain mortgage relief assistance.
- Legislation is required because the home certificates will be issued like bonds, which raises a security matter. Having governmental support bypasses securities regulations that apply to traditional mortgages.
- The investor holds the five-year certificate with the intention that in five years the market will rebound and the investee will be able to refinance through a traditional bank. A five-year extension of the certificate may be granted by the investor depending upon market conditions.
- The investee maintains ownership of their home while the certificate is held in the Program and Insurance Fund.
- The investor will be investing a dollar amount into a pool of money, not a specific loan.

Mr. Gray stated that, currently, when a person walks away from their home, they walk away with no liability to repay the loan and the bank cannot pursue them. He related his concern that if that person enters into this Program, the investor can pursue the homeowner for defaulting and the situation becomes worse for them. Senator Reagan stated that because of timing and the remaining work that needs to be done on the bill, the Members of the Committee are only seeing half of the bill. She restated that there are five amendments that will address many of the remaining concerns with the bill. She stated that the Program is entirely voluntary and does have more risks than a traditional mortgage.

Discussion ensued regarding the insurance portion of the bill that protects both the investor and investee as well as other portions of the Program.

Chairman Weiers asked what the rate of return would be to potential investors. Senator Reagan stated that she did not ask the prospectus of the Program for that information.

<u>Wendy Briggs, Lobbyist, Arizona Banking Association</u>, testified as neutral on SB1039 with the adoption of the Mesnard amendment to ensure that lienholders are paid off as part of the Program.

Ms. McCune Davis stated that the August 2010 issue of *Money Magazine* shows a chart of the amount of homes "under water" per area. She stated that although Arizona does not hold the highest percentage, the magazine suggests that Arizona's recovery will not occur until 2034. She asked if Ms. Briggs has seen any other bills during the current Session that could potentially mitigate the problem; Ms. Briggs answered in the negative.

Chairman Weiers announced the names of those who signed up in opposition to SB1039 but did not speak:
Roger Score, representing self
Steve Voeller, President, Arizona Free Enterprise Club

Chairman Weiers announced the names of those who signed up as neutral on SB1039 but did not speak:
Jay Kaprosy, Senior Government Relations Advisor, Arizona Bankers Association

Mr. Robson moved that SB1039 do pass.

Mr. Robson moved that the Mesnard 10-line amendment dated 3/22/11 (Attachment 5) be adopted. The motion carried.

Mr. Robson moved that SB1039 as amended do pass. The motion failed by a roll call vote of 2-6-0-0 (Attachment 6).

<u>SB1460 - liquor licensees; records(now: liquor omnibus) - DO PASS AMENDED</u>

<u>M.J. Bildner, Assistant Majority Research Analyst</u>, stated that SB1460 makes numerous changes related to liquor license and the Arizona Department of Liquor License and Control (DLLC) (Attachment 7). He explained the bill's following provisions:

Fingerprinting and Electronic Signatures
- Allows the Director of DLLC (Director) to procure fingerprint scanning equipment and provide fingerprint services to applicants and licensees.
- Allows DLLC to charge a fee to provide fingerprint services until January 1, 2015.
- Stipulates that the Director may adopt requirements that would require facsimile signatures be followed by original signatures within a specified time period.

Records
- Requires each on-sale retailer to maintain a copy of all records at the licensed premises for two years.

Proposed Liquor Licenses
- Specifies that any *natural* persons with a residence or business within a one mile radius of a premise where a liquor license is being proposed must file written arguments for or against the license with a town clerk.
- Requires the written arguments and protests to contain the *natural* person's complete name, address and signature.
- Stipulates that if the written arguments or protests are filed by a person on behalf of an association, they must be accompanied with written minutes of an association meeting that shows the number of members present and the date of the meeting in order for the arguments to be valid.
- Stipulates that if disproval is recommended for an application the disproval be based on one or more criteria in the State Liquor Board's (Board) rules governing need and convenience of a license.
- Allows the Board to cancel a hearing on a proposed license if the reason for protest against the license is clearly removed or is satisfied at any time.
- Stipulates that if a formal written order by a city, town or county is not entered within *15* days after a hearing where the Board approved a license, the decision of the Board is deemed entered *30* days after the hearing.

Public Convenience

- Exempts a person who transfers a transferable license for use at the *same location* from having to be shown by the applicant that the public convenience requires and that the best interest of the community will be substantially served by the issuance of that license.
- Exempts wholesaler, producer or government licensees from having to show that the public convenience requires and that the best interest of the community will be substantially served by the issuance of the license.
- States that if an application is for the issuance of a nontransferable license for a location that has already a valid license of the same series, it must be presumed that the public convenience and best interest of the community was established at the time the location was previously licensed.
- Allows the presumption to be rebutted by competent contrary evidence and excludes microbrewery and domestic farm winery licenses from the presumption.

Liquor License Transfer and Acquisition

- Stipulates that a spirituous liquor license may be transferred to a person qualified to be a licensee if the transfer is pursuant to the sale of the license.
- Increases, from 15 to 30, the amount of days a person must notify the Director after assigning, transferring or selling control of a business with a spirituous liquor license.
- Increases, from 15 to 30, the number of days a person must notify the Director after acquiring control over a license or licensee.

Disposal of Seized Liquor

- Authorizes the Director, rather than the Board, to issue a temporary permit authorizing the disposal of spirituous liquor at public auction.
- Prohibits spirituous liquor with a stated expiration date on the label from being offered for sale at public auction.
- Stipulates that the liquor be destroyed or returned to the licensed wholesaler that distributes that liquor brand in that sales territory.
- Allows the Director to dispose of seized spirituous liquor by providing it to law enforcement for training purposes only.

Minibar Regulation

- Allows a key to a minibar at a hotel or motel to be furnished to a guest at any time.
- Stipulates that the minibar cannot be restocked between the hours of 2:00 a.m. and 6:00 a.m. (current law does not allow for restocking between 1:00 a.m. and 6:00 a.m.).

Bar, Beer and Wine Bar or Liquor Store Licenses

- Specifies that for license purposes, the population of a county is deemed to be the estimated population issued by the Arizona Department of Commerce rather than the Arizona Department of Economic Security, as of July 1 of each year.
- Prohibits a bar license or a beer and wine bar license from being issued or used if the associated off-sale use, by total retail spirituous liquor sales, exceeds *30 percent*, rather than 10 percent of the sales price of on-sale spirituous liquor by the licensee.

- Stipulates that the Director may issue a beer and wine store license to the holder of a bar license simultaneously at the same premises. Allows the application for both licenses to be consolidated and applied for at the same time.
- Stipulates that for the purposes of reporting liquor purchases under each license, all off-sale beer and wine sales are presumed to be purchased under the beer and wine store license.
- Stipulates that these provisions relating to bar, beer and wine bar or liquor store licenses are retroactive to January 1, 2011.

Sampling Privileges
- Specifies that an applicant or licensee of a beer and wine store license may apply for sampling privileges.
- Requires the premises of the beer and wine store license to contain at least 5,000 square feet in order to be eligible for sampling privileges.
- Requires beer and wine store licenses to note the sampling privileges on the license and in the DLLC's records.
- Stipulates that the Director may charge a fee for processing initial and renewal applications for sampling privileges until January 1, 2015.
- Prohibits a city or town from charging any fee relating to the issuance or renewal of a sampling privilege.
- Specifies that these provisions relating to sampling privileges are retroactive to January 1, 2011.

Restrictions on Licensing Premises
- Allows the issuance of a beer and wine store license on premises which have a liquor store license validly issued if the premises, on the date of the filing of the application, are within 300 horizontal feet of a church, a school or a recreation area adjacent to that school building.
- Allows the Director to charge a fee to review floor plans and diagrams submitted by a licensee until January 1, 2015.

Complaint Settlement
- Specifies that the Director may conduct a client settlement conference with a licensee to develop an agreed-upon settlement of a complaint.
- Stipulates that the settlement may provide for restrictions in the payments of fines and allows the Director to authorize installment payments for the fines.

Identification
- Removes the requirement that the signature of the person purchasing liquor be on an electronic file or printed document that is used as identification that reads the person's age.
- Removes the requirement that a photocopy of the person's identification be signed and dated.

Military Personnel
- Allows, to the extent permitted by federal law, a member of the Arizona National Guard, the U.S. Armed Forces Reserves or the U.S. Armed Forces to import more than one liter of spirituous liquor for personal use into Arizona if the importation coincides with that person's return from a tour of duty in a foreign country.

- Stipulates that if a military member imports more than the duty-free amount (one liter), the individual will be responsible for the payment of any federal taxes on the quantity that exceeds the duty-free amount.
- Allows the Director to issue letters of exemption to allow military personnel to import spirituous liquor.

Cities and Towns

- Prohibits a city, town or county from limiting any right granted by a license or specified in statute.
- Prohibits all cities and towns from discriminating against hospitality industry businesses in the collection of fees for liquor licenses.
- Establishes that a city or town that collects a fee or tax contrary to laws that prohibit the discrimination against hospitality industry businesses is void and unlawful.
- Requires a city or town to repay any fee or tax that was collected unlawfully to a hospitality industry business that demands the repayment.
- Requires the city or town to reimburse the hospitality industry business for any reasonable expense incurred from the unlawfully collected fees or tax.

Miscellaneous

- Allows the Director to charge a fee for site inspections conducted before issuing a restaurant license until January 1, 2015.
- Stipulates that the Director may charge a fee for the inspection of unlicensed premises to review an application for exemption until January 1, 2015.
- Stipulates that a licensee may post additional signs that prohibit the possession of weapons on the premises at one or more other locations on the premises.
- Makes technical and conforming changes.

Session Law

- Extends the timeframe a licensee may surrender a bar license in exchange for a liquor store license from January 1, 2011 to January 1, 2012.
- Specifies that the licensee of a beer and wine store license shall have all the rights outlined in current law.
- Stipulates that DLLC shall identify on the license and in their records, that the new license has sampling privileges without any further application by the licensee and without any further approval by DLLC.
- Stipulates that the sampling rights are not transferable and apply automatically only for the benefit of the licensee.
- Stipulates that a city or town may not collect any fee associated with the issuance or replacement licenses, supplemental licenses and sampling privileges issued.
- Allows monies received from the newly created fees to be appropriated to DLLC.
- Exempts DLLC from rulemaking for the purpose of establishing new fees until July 1, 2015. Furthermore, DLLC must provide public notice and an opportunity for public comment on proposed rules at least 30 days prior to rules being adopted or amended.

Mr. Bildner explained that the Mesnard 16-page amendment dated 3/22/11 (Attachment 8) clarifies what must be in a written argument for a person protesting the proposal of a new liquor license. He explained the following changes made by the amendment:

Special event licenses

- Stipulates that a licensed wholesaler may donate spirituous liquor directly to an organization that is issued a license and the licensed wholesaler must issue a net zero cost billing invoice in the name of the special event licensee.
- Stipulates that a licensed wholesaler may temporarily leave a delivery vehicle and other equipment on the premises of a licensed special event for the duration of the event and up to one business day before and after the event.
- States that a licensed wholesaler may leave spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice.
- Allows a licensed wholesaler up to 5 *business days* after the special event ends to make necessary billing adjustments.

Wine auction license, issuance, and regulatory provisions

- Allows the Director to issue an auction license for the purpose of selling private wine collections until January 1, 2015.
- States that the licensee may not transfer wine auction licenses from person to person or from location to location.
- Stipulates that an applicant for a wine auction license must pay a fee at the time of application or renewal.
- Allows a person licensed to auction wine to sell private collections if all of the following apply:
  - The wine is for personal use and not for resale.
  - The licensee must verify that the wine collection is from a private collection.
- Requires the wine license to meet the requirements for transaction privilege taxes.
- Requires the auction to take place on licensed premises.
- Allows the wine auction licensee to apply for sampling privileges.
- States that the wine purchased must only be done if the purchaser is physically present at the auction. The purchaser must also provide proof of age.
- Requires the wine auction licensee to report to the Director at least *14 days* prior to the auction the estimated amount of wine for auction, the date, time, location and any other requirements prescribed by the Director.
- States that an individual holding a wine auction license may also hold other on-sale and off-sale licenses as long as they comply with the following:
  - Wine that is to be sold during the auction must be stored in a separate location from the spirituous liquor that will be sold pursuant to the on-sale and off-sale retail license.
  - The wine auction licenses must maintain separate inventory and account for the private collection of wine for two years.
- Stipulates that the holder of a wine auction license must not hold more than 12 auctions per license year.
- Allow DLLC to adopt rules as it determines to be necessary to implement and administer the provisions of the wine auction license.

Authority to impose civil penalty

- Allows the Director to establish a payment of the civil penalty in the form of a single payment or installment payments.
- Allows a city or town to enforce lawful zoning requirements.

Miscellaneous

- Requires all *retail licensees* to display the liquor license in readily accessible area for inspection by a peace officer or members of the public.
- Stipulates that for a five year period following the unlawful collection of a fee, a city or town must reimburse a hospitality business for any reasonable expense incurred.
- Stipulates that a city or town may not collect any fee associated with the original placement license.
- Allows a distiller, wholesaler or brewer to donate up to *$500* worth of spirituous liquor rather than *$100* in a calendar year.

Chairman Weiers moved that SB1460 do pass.

Senator Michelle Reagan, sponsor, stated that SB1460 makes various technical changes that the DLLC needs.

Don Isaacson, Arizona Licensed Beverage Association, testified in support of SB1460 and the proposed Mesnard amendment (Attachment 8), stating that the changes being made were sought by the DLLC as well as the industry. He reviewed various provisions of the bill and explained that the DLLC and the industry are in agreement of the changes. He stated that the neighborhoods have voiced concerns and have submitted three pages of disagreements with the provisions in the bill as well as some of the language. He explained that after stakeholder meetings and the resulting changes, there are two areas of continued disagreement regarding whether or not a person can protest a liquor license for a business on behalf of an organization or homeowners association rather than a protest made by an individual.

Chairman Weiers asked, if a liquor license is a state license, how a city and town can bifurcate the law that is not its license. Mr. Isaacson stated that cities regularly charge a fee to get onto the sales tax roll and charge a renewal fee. Chairman Weiers clarified that cities charge a fee to pay taxes; Mr. Isaacson stated that is correct and that a law was passed years ago that ensures that a city cannot charge a business with a liquor license more than a department store to be on the sales tax roll. He stated that SB1460 strengthens that protection to the businesses with liquor licenses. Chairman Weiers asked what the procedure is to correct a potential discrimination by the city regarding the fee structure. Mr. Isaacson stated that the City of Scottsdale has done that twice and with the threat of a lawsuit, the city backed off. Discussion ensued regarding a penalty to the city for discriminatory charging of businesses with liquor licenses.

Mr. Isaacson stated that a liquor license is a state license but the cities control the zoning. He explained the process of allowing a license within any particular area and that once the state has issued a license, the city cannot limit any right granted by the license.

Discussion ensued between Chairman Weiers and Mr. Isaacson regarding the transferring of a liquor license upon the sale of a business as well as other provisions of the bill.

Paul Barnes, Lobbyist, representing self, testified in opposition to SB1460, stating that he is supportive of the amendment and thanked Mr. Isaacson for his work with the neighborhoods to resolve outstanding disagreements. He referred to page 6, lines 34 and 41, stating that it no longer allows a neighborhood to use the history of a problem with a liquor license. He explained that with this provision, the neighborhoods will have to create a new history to base the deferment of the license on. He stated that with the exception of two provisions, he supports the rest of the bill.

Chairman Weiers asked why a neighborhood should be allowed to use the history of a previous license holder against a new license holder simply because the same location is involved. Mr. Barnes stated that the license history of a particular location can be used to illustrate a neighborhood's case against approving the new license. Discussion ensued regarding holding a new licensee accountable for the actions of a previous licensee.

Lawrie Fitzhugh, representing self, testified in opposition to SB1460 and provided the Members with a copy of three handouts referencing the neighborhood's aforementioned outstanding disagreements with the bill (Attachments 9, 10, 11). She provided an example of the importance of liquor licensing location histories being applicable to the application for a new license, stating that, if a license becomes "dirty" with violations, another family member of the person who currently holds the license may apply for a new license for the same location. She stated that the license then becomes clean but the original element that has become a danger to the neighborhood remains. She reiterated her concerns and thanked Mr. Isaacson for cooperating and working with the neighborhoods.

Alan Everett, Director, Arizona Department of Liquor Licenses and Control (DLLC), testified in support of SB1460, stating that the DLLC has been working with a number of industry leaders for months regarding the bill and has taken input from many neighborhoods in Arizona's cities and towns. He stated that SB1460 modernizes some of the actions of the DLLC and helps to create some new businesses.

Ms. McCune Davis stated that neighborhoods have raised concerns about the burden of proving that a licensee is not qualified to hold the license being shifted to them; she asked if Mr. Everett is comfortable with that burden shifting. Mr. Everett stated that neighborhoods maintain their ability to file a protest and present evidence against an individual and a location. Ms. McCune Davis stated that the industry has funding and neighborhoods are voluntary and asked if there is an unbalance of resources. Mr. Everett stated that the DLLC looks very closely at the individual applying for the license through background checks and the cities also have the ability to look at the location in addition to the neighborhood association. He stated that the city will take input from the neighborhood association but uses its resources as well. Ms. McCune Davis commended Mr. Isaacson for his work with the neighborhoods and reiterated her concerns with the two outstanding issues in the bill.

Chairman Weiers commented that he agrees with the concerns being voiced but that a presumption of innocence exists on behalf of the licensee who should not be presumed guilty until proven innocent. Ms. McCune Davis stated that she does not understand the reason for the bill. She stated that many illegal acts are taking place that put neighborhoods at risk and the burden has been shifted drastically onto the neighborhoods with limited resources to maintain a safe environment. Discussion ensued.

Mr. Everett explained that the DLLC has a group of investigators that investigate every tip received about a potential violation of a license. He stated that the DLLC is currently investigating a money laundering violation.

Steve Barclay, Lobbyist, Beer and Wine Distributors of Arizona, testified in support of SB1460 and the Mesnard amendment.

Sherry Gillespie, Government Relations Manager, Arizona Restaurant Association, stated that the Arizona Restaurant Association is in support of SB1460 with the adoption of the Mesnard amendment.

Vice-Chairman Mesnard announced the names of those who signed up in support of SB1460 but did not speak:
Norman Moore, Attorney, Arizona Licensed Beverage Association
Lorna Romero, Director of Government Relations, Arizona Chamber of Commerce and Industry
Myron Musfeldt, Deputy Director, Southern Wine & Spirits of Arizona
Barry Aarons, Lobbyist, Arizona Tourism Alliance
Susie Stevens, Lobbyist, Alliance Beverage Distributing
Michelle Ahlmer, Executive Director, Arizona Retailers Association
Wendy Briggs, Lobbyist, Diageo
Jim Norton, President, Republic National Distributing Company
John Mangum, Arizona Food Marketing Alliance; MillerCoors
Pearlette Ramos, Assistant Director of Administration, Arizona Department of Liquor Licenses and Control
Steve Chucri, President, Arizona Restaurant Association
Gregory Harris, Lobbyist, Southern Wine and Spirits

Vice-Chairman Mesnard announced the names of those who signed up in opposition to SB1460 but did not speak:
Mark Mayer, Designated Lobbyist, Neighborhood Coalition of Greater Tucson
Diane Harris, representing self

Vice-Chairman Mesnard announced the names of those who signed up as neutral on SB1460 but did not speak:
Dale Wiebusch, Legislative Associate, League of Arizona Cities and Towns
Rob Dalager, City of Phoenix

Chairman Weiers moved that the Mesnard 16-page amendment dated 3/22/11 (Attachment 8) be adopted. The motion carried.

Chairman Weiers moved that SB1460 as amended do pass. The motion carried by a roll call vote of 7-0-0-1 (Attachment 12).

SB1503 - low-profit limited liability companies - ~~DO PASS AMENDED~~ FAILED

M.J. Bildner, Assistant Majority Research Analyst, stated that SB1503 establishes requirements and regulations for a low-profit limited liability company (L3C) (Attachment 13). He explained the following provisions:

- Establishes a *low-profit limited liability company* (L3C) as a new limited liability company designation and adds the L3C definition to the Arizona Limited Liability Company Act. [A.R.S. Title 29, Chapter 4]
- Creates a new Article in statute to define and stipulate requirements for the L3C, including a requirement to use the L3C in the company name.
- Defines an *L3C* as a company that is organized and exists pursuant to A.R.S. Title 29, Chapter 4, and that does not have a significant purpose for the production of income or the appreciation of property.
- Requires a low-profit limited liability company (L3C) to significantly further the accomplishment of at least one charitable or educational purpose and stipulates the purpose is the reason the L3C was formed.
- Stipulates that in order to qualify as a L3C, a company must state its intention in its articles of organization and state both of the following:
  - That income or property appreciation is not the significant purpose of the company, and increased income or capital is not conclusive evidence of a significant purpose involving the production of income or appreciated property.
  - That political or legislative accomplishment is not the purpose of the company.
- Requires a Limited Liability Company (LLC) that no longer satisfies L3C requirements to promptly amend their articles, which will indicate the LLC is no longer under the low-profit classification. Furthermore, failure to amend the articles of organization to reflect this change is considered an unlawful practice and the Attorney General may investigate and take the appropriate action under the consumer fraud statutes (Title 44, Chapter 10, Article 7).
- Stipulates that any L3C operated, held or formed in this state and any chief operating officer, director, or manager is a *trustee*.
- Clarifies that an LLC is not prohibited from electing a charitable or educational purpose for whole or partial business.
- Permits an LLC operating agreement to specify the number or percentage of members permitted to authorize or ratify an act or transaction that would otherwise violate the fiduciary duties of the members.
- Makes conforming changes.

Mr. Bildner explained that the Mesnard 16-line amendment dated 03/22/2011 (Attachment 14) replaces section four of the bill with a new section regarding legislative findings.

Chairman Weiers moved that SB1503 do pass.

Carolyn Sechler, representing self, testified in support of SB1503, stating that she is a Certified Public Accountant (CPA) who represents nonprofit organizations. She stated that the opportunity to have an L3C as a designation for social enterprises is valuable and will aid the community in understanding that an L3C organization's mission is about social good as opposed to profit being the primary motivation.

Chairman Weiers asked why this cannot be done under current designations for LLCs. Ms. Sechler stated that an LLC can contain dialogue that allows for that kind of activity but there is no distinction to the community. Chairman Weiers offered that advertising is available to make communities aware of an organization's motivations and that a separate tax distinction will not create that kind of awareness. He suggested that the name of the organization should incorporate the organization's mission to be conveyed to the community.

Senator Adam Driggs, sponsor, stated that through fruitful conversation during stakeholder meetings, the concerns of opposition to the bill have been resolved. He requested that Pouria Paknejad be allowed to speak as well as Ellis Carter to bring a more complete perspective of the bill.

Chairman Weiers asked the difference between nonprofit and low-profit organizations. Senator Driggs stated that, currently, Arizona does not have a low-profit designation. He stated that SB1503 is a hybrid between the nonprofit and LLC designations; currently, the difference between the two organizations is the way taxes are applied by the federal government.

Vice-Chairman Mesard asked if SB1503 will create a different taxing qualification through the federal government. Senator Driggs introduced Pouria Paknejad for questions.

Ms. McCune Davis asked why SB1503 is necessary.

Pouria Paknejad, Esq., Attorney, representing self, testified in support of SB1503, explaining that SB1503 is necessary because various foundations in Arizona are required to give five percent of their asset bases to maintain a nonprofit status. He stated that, currently, those foundations can give that money away, but should be allowed to invest it into private ventures in Arizona. He stated that the L3C designation allows foundations to invest that five percent rather than make a straight donation. He explained a brief history of the bill to illustrate the need for the L3C designation.

Chairman Weiers asked the requirements to qualify for the L3C designation. Mr. Paknejad explained that the requirements to establish an L3C include having a company with a socially beneficial mission put forth ahead of profit making. Chairman Weiers asked who determines if a company's mission is socially beneficial and if that mission is subject to approval. Mr. Paknejad explained that if the L3C designation is given, foundations will still need to capitalize that business and may not, depending on the mission of the L3C. Chairman Weiers stated that those investing foundations will be tax exempt; Mr. Paknejad concurred.

Ms. McCune Davis requested Mr. Paknejad's credentials. Mr. Paknejad explained that he is an attorney in Moon Valley practicing in the areas of commercial litigation and business counsel. Ms. McCune Davis stated that her understanding of how foundations work is different than his testimony.

Ms. Alston asked who determines if there is a social benefit provided by the L3C. Mr. Paknejad stated that a business is free to decide its own social benefit and whether or not capitalization can be obtained determines the viability of that L3C. He explained that an amendment added to the bill addresses companies that deviate from their socially beneficial aim.

Chairman Weiers stated that no social mission could ever be disputed in court as long as one person agrees that the mission is socially beneficial. Mr. Paknejad stated that can be done under existing law under the LLC designation. Chairman Weiers stated that an LLC is nothing more than protection back to the ownership while the L3C is treated differently regarding taxation. Mr. Paknejad deferred to Ellis Carter.

Ellis Carter, Attorney, representing self, testified in support of SB1503 and provided her credentials to the Committee. She stated that the L3C currently does not have special taxing status but that there is a movement to seek the Internal Revenue Service (IRS) to qualify the L3Cs for a special type of investments from foundations. She stated that interest is building regarding the L3C status and if Arizona does not have this tool in its tool box for entrepreneurs, those L3Cs will be formed out of state and Arizona will lose those businesses.

Chairman Weiers asked Ms. Carter's experience with new entities wanting to form the L3Cs. Ms. Carter explained that the people she has been in communication with are brand new nonprofit organizations with subsidiaries that have workforce development programs for people with special needs. She provided other examples of businesses seeking the L3C status.

Vice-Chairman Mesnard re-announced to the audience the order of the bills.

Ms. McCune Davis asked what happens to the other 95 percent of nonprofit monies that are not donated to maintain the nonprofit status. Ms. Carter stated that private foundations must spend five percent of monies to maintain the nonprofit status, but most of the foundations have large endowments that are invested for typical risk and return objectives. She explained that it has become popular to take a portion of that endowment and invest it in things that have accomplished something related to the mission. She stated that currently, nonprofits are restricted from making investments that pose a higher risk but SB1503 would allow those investments to be made as long as there is a connection to achieving the L3C's mission. Discussion ensued.

Ms. Miranda asked if the American Bar Association is opposed to SB1503. Ms. Carter stated that she believes the LLC section of the American Bar Association is opposed but the Exempt Organization Committee has not taken a position.

Ms. Alston asked the difference between the nonprofit, low-profit and not-for-profit designations. Ms. Carter explained that in Arizona the nonprofit and not-for-profit are essentially the same. Discussion ensued.

Vice-Chairman Mesnard announced the names of those who signed up in support of SB1503 but did not speak:
Pat Gilbert, Chief Administrative Officer, representing self

Chairman Weiers moved that the Mesnard 16-line amendment dated 03/22/2011 (Attachment 14) be adopted. The motion carried.

Chairman Weiers moved that SB1503 as amended do pass. The motion failed by a roll call vote of 2-5-0-1 (Attachment 15).

SB1041 - technical correction; conservation easements; applicability(now: invest Arizona) - DO PASS AMENDED S/E
S/E: Arizona quality jobs incentives

Diana Clay, Majority Research Analyst, explained that the proposed Mesnard 20-page strike-everything amendment dated 03/21/2011 (Attachment 16) to SB1041 assesses as Class 6 property, the personal property and real property improvements that are constructed or renovated and owned or used by a qualifying business that meets *capital investment* and minimum hiring requirements (Attachment 17).

- Defines *location* as a single parcel or contiguous parcels of land owned or leased in Arizona, including the structures or personal property contained on the land or any part of the structures occupied by the owner.
- Through July 1, 2017, directs the Arizona Commerce Authority (ACA) to annually certify eligible businesses that qualify for *property tax incentives*. The business must meet the statutory *capital investment* and stated employment numbers in the first taxable year it claims a tax credit.
- Requires the business to submit to the ACA, a Resolution from the appropriate city/town governing board or county board of supervisors, which acknowledges the business intent to abide by these provisions and consents to the reduced assessed valuation of the property.
- Declares that certification is valid for 10 years, subject to annual recertification if the business meets all eligibility requirements and submits required documentation as outlined.
- Directs a business that applies for annual recertification to submit to ACA the following:
  - Business name, mailing address and other contact information as requested.
  - Business location, gross receipts, gross payroll and average hourly wage paid to employees the previous tax year.
  - Assessor's parcel number/account to which Class 6 property tax assessment will apply.
  - Statement of ownership and description of business operations.
  - Documentation of all required investments and business activity.
  - Changes to the business location, owners and operations in the immediate preceding year.
  - Average number of FTEs at the location for the preceding year.
  - Ownership and full cash value of real/personal property to be certified.
  - Other necessary information for the management of the property tax incentives.
- Requires the qualified business to submit a copy of the ACA initial certification, each annual recertification, and a written request for Class 6 property tax designation to the appropriate county assessor by December 10 each year.
- Specifies October 1 each year as the date in which each business must submit application to ACA for initial certification or recertification. Requires the ACA to send a list of qualifying businesses to each county assessor by December 1 each year.
- Mandates the business lose its certification if it moves from its original certified location, unless it applies for recertification at the new location in a timely manner and meets all eligibility requirements at the new location.
- Prescribes that a business purchased or changing by more than 20 percent of its original ownership through reorganization, stock purchase or merger, terminates the certification. Permits the new business to apply for certification if it meets eligibility requirements.
- Requires the ACA to notify the Department of Revenue (DOR) and the appropriate county assessor if a business closes, moves or fails to maintain eligibility. Directs the assessor to make necessary tax roll changes.

- Permits the ACA to make site visits to a taxpayer's business if it is necessary to further document or clarify information as reported. Requires the taxpayer to provide ready access.
- Requires a sworn statement or certification signed by an officer of the corporation, under penalty of perjury, affirming the information is true and correct.
- Outlines requirements if the document is determined to contain materially false information, makes the taxpayer ineligible for future tax credits, and subjects tax incentives to recapture. Specifies computation of the recapture, including penalties and interest.
- Permits the ACA to adopt administrative rules that prescribe additional reporting requirements for persons who claim a tax benefit.
- Outlines the duties of the ACA to administer the program, which include:
    - Monitor the Program and evaluate the progress in attracting new business to Arizona.
    - Assist an existing or prospective employer to obtain the incentives and benefits.
    - Conduct instructional seminars and training regarding the business incentives.
    - Adopt necessary administrative rules.
    - Submit an annual evaluation report to the governor by March 1 each year that assesses the incentives and suggests improvements.
- Prescribes the content of, and requires the ACA and DOR to submit an annual report by October 1 each year to the Governor, Legislature, and chairmen of the Senate Finance and House of Representatives Ways and Means Committees and give a copy to the Secretary of State.
- Assesses as Class 6 property, the personal property and real property improvements that are constructed or renovated as of January 1, 2012 through July 1, 2017 and that are owned or used by the qualifying business certified by the ACA. This classification is limited to a 10-year period.
- Removes statutory references to Enterprise Zones.
- Contains technical and conforming changes.

Ms. Clay explained that the Mesnard five-line amendment dated 03/22/2011 (Attachment 18) includes trusts and beneficiaries of a trust in the provisions of the Mesnard strike-everything amendment.

Senator Michelle Reagan, sponsor, stated her excitement regarding the strike-everything amendment to SB104. She explained that it is an opportunity for new and existing businesses in Arizona that does not pick winners and losers based on the type of company or location. She stated that it is a complement to the "jobs bill".

Barry Broome, Greater Phoenix Economic Council (GPEC), testified in support of the Mesnard strike-everything amendment to SB1041, stating that the one thing that will revive the housing market is jobs. He stated that the economic recession will potentially last another four to five years. He explained that the unemployment rate in Arizona is 50 percent higher than the national average and Yuma's unemployment rate is over 20 percent. Mr. Broome stated that when property taxes are reclassified to Class 6, property taxes are reduced by 80 percent for a period of 10 years. He stated that SB1041 takes Arizona from ninth place to third place in the mountain west region immediately and to first place in 2018.

Chairman Weiers stated that, in a conversation with an appraiser, he was asked why the Legislature does not do away with the classes and just appraise based upon a single value per square foot. He opined that the simplest system is the strongest.

Kevin McCarthy, President, Arizona Tax Research Association, testified in opposition to the Mesnard strike-everything amendment to SB1041, stating that it cannot solve systemic problems in the property tax system and provides tax breaks to some, but not all, businesses. He stated that Arizona has nine classes of property, the highest being Class 1. He stated that SB1041 further fractures the existing system and will build opponents and undermines the very problem that it is trying to address. Mr. McCarthy also stated he challenges the constitutionality of the bill and the Legislature's ability to make any classification without meaningful difference and a rational basis for doing so. He provided the example of a higher tax being applied to America West Airlines for the use of the exact same property as a smaller airline and stated that America West Airlines challenged the taxation and won. He stated that SB1041 does the same thing and will be litigated if passed.

Vice-Chairman Mesnard asked if Mr. McCarthy has any reason to believe that the strike-everything amendment to SB1041 will be litigated. Mr. McCarthy sited the Intel case that was litigated with a far narrower use for one taxpayer whereas SB1041 will be widely used.
Vice-Chairman Mesnard stated that the intent of the bill is to make Arizona competitive with other states and provide an opportunity during the current economic downturn to bring businesses into Arizona. Mr. McCarthy stated that in the early part of the decade, Arizona ranked third highest nationally for business property taxes. He agreed that Arizona needs to promote job growth but SB1041 will create dependency. He offered that Arizona should focus on solving the systemic problems within the existing tax structure.

Mr. Robson stated that this is simply a difference of opinion. Mr. McCarthy stated that the bill undermines the need for systemic changes to the classification system. Mr. Robson asked who brought the foreign trade zone lawsuit. Mr. McCarthy replied that the foreign trade zone lawsuit was brought by Sandy Bahr on behalf of Tim Hogan. Mr. Robson asked if the courts upheld the foreign trade lawsuit; Mr. McCarthy replied in the affirmative. Discussion ensued.

Mr. Broome returned to the podium to address comments made by Mr. McCarthy explaining that he has a legal opinion that he can provide to the Committee which states that this tax classification meets the Uniformity Clause because the taxing authority treats similarly situated persons equally. He stated that all companies, after receiving the benefit of the temporary Class 6 classification return to Class 1. He spoke to the example of the Intel case stating that Intel did win the case and has contributed a $6 million investment into Chandler.

Steve Voeller, President, Arizona Free Enterprise Club, testified in opposition to the Mesnard strike-everything amendment to SB1041, stating that the tax code should be neutral. He stated that if a $5 million investment is made today, there may be a new classification tomorrow that would not apply to that investment; SB1041 excludes businesses established prior to the enactment of its provisions. Mr. Voeller opined that there will always be someone who does not receive the benefit and it is not government's place to make that distinction.

Chairman Weiers stated that the "Cash for Clunkers" program failed but did incentivize people to buy cars, which temporarily caused prices to increase. He opined that in the current economy, Arizona has to be able to compete and have an advantage to attract companies to the state, which is what the strike-everything amendment to SB1041 will accomplish.

In response to a question from Ms. McCune Davis, Mr. Voeller stated that he would factor in both sides of the argument prior to making his decision, but would want the tax code to apply equally to everyone.

Bill Honsaker, Managing Director, Jones Lang LaSalle, testified in support of the Mesnard strike-everything amendment to SB1041, stating that it will enhance job creation activity by providing a tool that helps make Arizona competitive. He stated that Arizona's business property tax rates are much higher on large capital intensive projects than competing states like California, Colorado and Utah. The property tax reduction process for Arizona in SB1041 could be a decision-making factor as it could improve short- and long-term costs.

Farrell Quinlan, State Director, National Federation of Independent Business (NFIB), testified in opposition to the Mesnard strike-everything amendment to SB1041, stating that the NFIB represents 7,500 "Peters" that SB1041 is seeking to rob to pay "Paul." He stated that his members are classified at Class 1 and giving their competitors a 75- to 80-percent abatement of their tax for 10 years, is a large tax shift to the existing businesses that have been members of the community for decades and have been investing in Arizona's workforce and schools, etc. He stated that SB1041 tells these businesses that their successes need to pay for the company from California that is shopping around for the best subsidy.

Vice-Chairman Mesnard asked how SB1041 is a tax shift. Mr. Quinlan explained that if a California business comes to Arizona and receives a 5 percent assessment ratio, the homeowners receive a 10 percent assessment ratio and Class 1 businesses receive a 20 percent assessment ratio. Vice-Chairman Mesnard stated that he still is not seeing the shift. Mr. Quinlan stated that the tax threshold for small businesses is very high and they do not have the extra finances to invest in the economy to qualify. He stated that Arizona's small business base will be asked to take on a heavier burden. Discussion ensued regarding the potential for Arizona's unemployment rate to decrease and potentially lower the tax base due to the resulting incoming revenue.

Steve Barclay, Lobbyist, Cancer Treatment Centers of America, testified in support of the Mesnard strike-everything amendment to SB1041, stating that the "jobs bill" omitted the type of legal entity that is the ownership interest of Cancer Treatment Centers of America, which is a business trust. He explained the circumstances surrounding the inadvertent omission and stated that the Mesnard 5-line amendment (Attachment 18) adds that correction to the language of the underlying "jobs bill."

Jim Norton, President, City of Goodyear; Arizona Manufacturers Council, testified in support of the strike-everything amendment to SB1041, stating that it is beneficial and important to Arizona to lower Class 1 properties as an incentive to investors.

Vice-Chairman Mesnard announced the names of those who signed up in support of the strike-everything amendment to SB1041 but did not speak:
Heather Bernacki, Government Relations Associate, East Valley Chambers of Commerce Alliance

Richard Hubbard, President/CEO, Valley Partnership
Paul Jepson, Assistant to the City Manager, City of Maricopa
Lorna Romero, Director of Government Relations, Arizona Chamber of Commerce and Industry
Brad Lundahl, Government Relations, City of Scottsdale
Brett Jones, Vice President of Operations, The Arizona Contractors Association, Inc. (ACA)
Lisa Estrada, Intergovernmental Affairs Coordinator, City of Peoria
Ken Strobeck, Executive Director, League of Arizona Cities and Towns
Patricia Hill, Legislative Liaison, Maricopa Community Colleges
Shirley Gunther, Intergovernmental Affairs Manager, City of Avondale
Stacey Langford, Vice President Member Services, Arizona Bankers Association
Michelle Bolton, Vice President of Public Affairs, Greater Phoenix Chamber of Commerce
Rob Dalager, Greater Phoenix Economic Council
Jeff Cooledge, CB Richard Ellis
Teri Radosevich, Avnet
Laura Davis, Target Commercial Interiors
Kassy Scrivner, representing self
Sindi Major-Martinez, Sindel Technologies
MacKenzie Fitz-Gerald, representing self
Greg White, representing self
Brian McAchran, Council Person, Town of Buckeye
Michael Patterson, representing self
Julie Engel, Greater Yuma Economic Development Corporation
Don Helton, Self, Layton Construction, Greater Phoenix Economic Council, Arizona Association for Economic Development
Mitchel Allen-Rivera, representing self
Harry Paxton, City of Goodyear
Courtney Klein Johnson, representing self
Janet Labar, representing self
Seth Shenfeld, Business Development Manager, representing self
Shelley Parnell, representing self
Michael Hawksworth, representing self
Barbara Miller, representing self
Stephen Hulston, Howard S. Wright Constructors
Scott Henderson, representing self
Matthew Miller, representing self
Fernando Velasco, representing self
Georgia Lord, Mayor, City of Goodyear
Rebecca Timmer, Corporate Relations, Dibble Engineering
Sarah Duncan, representing self
Joe Dipastena, representing self
Elizabeth Scarano, Director, representing self
Chris Petroff, representing self
Brad Smidt, representing self
Karen DeCarlo, representing self
Angela Talbot, representing self
Kathleen Fitzpatrick, representing self
Heather Jimenez, representing self
Chelsea Hughes, representing self

Melissa Delaney, representing self
Chris Camacho, representing self
Heather Rodriguez, representing self
Donna Timmerman, On Q Financial, Inc.
Lou Finocchiaro, Cassidy Turley BRE Commercial
Anthony Lydon, Jones Lang LaSalle
Clayton Wells, Director-Business Development, representing self
Jeffrey Kros, Legislative Director, Arizona Association of Economic Development
Les Olson, President, Coe & Van Loo Consultants, representing self

Vice-Chairman Mesnard announced the names of those who signed up in opposition to the strike-everything amendment to SB1041 but did not speak:
Tom Jenney, Director, Americans for Prosperity, Arizona
Dave Kopp, Manager, Americans for Prosperity
Rebekah Friend, Lobbyist, Arizona AFL-CIO

Chairman Weiers moved that SB1041 do pass.

Chairman Weiers moved that Mesnard 20-page strike-everything amendment dated 03/21/2011 (Attachment 16) be adopted.

Chairman Weiers moved that the Mesnard 5-line amendment dated 03/22/2011 (Attachment 18) to the Mesnard 20-page strike-everything amendment be adopted. The motion carried.

Chairman Weiers moved that the Mesnard 20-page strike-everything amendment dated 03/21/2011 (Attachment 16) as amended be adopted. The motion carried.

Chairman Weiers moved that SB1041 as amended do pass. The motion carried by a roll call vote of 7-1-0-0 (Attachment 19).

SB1284 - registrar of contractors; arbitration - DO PASS

Diana Clay, Majority Research Analyst, stated that SB1284 permits certain cases to be referred by the Registrar of Contractors to Arbitration (Attachment 20). She explained the bill's provisions:

- Requires claims from the Recovery Fund to be paid on a pro rata share of the common liability, rather than by the date the Registrar or court makes the entry. A person assigns all rights for recovery to the Registrar upon receiving payment from the Recovery Fund.
- If any party involved in a formal complaint disputes the Registrar's order for repairs, permits a complaint case to be referred to Arbitration within 30 days after the Registrar issues the corrective work order. A referral is at the discretion of the Registrar, and the costs of repair must be $5,000 or less.
- Permits Arbitration in complaint cases involving more than $5,000 in repairs if all parties to the dispute agree. This opt-in provision must be within 30 days after the Registrar issues the corrective work order.

- Stipulates the estimated cost of repairs must be determined at the time of investigation by the Registrar. If either party disputes the cost, the objecting party must submit to the Registrar within 10 calendar days, two separate bids from qualified contractors. Failure to submit the bids results in the party waiving the right to object to mandatory Arbitration.
- Requires the Registrar to serve all parties with notice regarding Arbitration within 10 days after receiving the request. If the matter is referred to Arbitration, the bill mandates the notice state the Arbitrator's name, who must be a member of the Construction Law Section, Arizona State Bar. Notice must be served by personal service or certified mail (effective five days after mailing).
- Outlines specific requirements to remove an Arbitrator, and requires the Registrar to notify the parties within seven days.
- Allows the licensed contractor to post bond in the amount of the estimated repairs (within 14 days after service of notice). Prohibits the Registrar from suspending or revoking any license of the contractor who posts bond relative to Arbitration.
- Governs the Arbitration process as currently outlined in A.R.S. § 12-3015.
- Directs the Arbitration hearing to be held within 60 days after the Registrar's notice of referral and permits an additional 30-day extension on agreement of all parties or *good cause.*
- Prohibits the Arbitrator from awarding any monetary damages, legal fees or costs, assessing civil penalties or ordering the suspension or revocation of any license.
- Requires the Arbitrator to issue a recommended order with findings of fact and conclusions of law, including any necessary repairs, no later than 15 days after the hearing. The Arbitrator must serve a copy of the order to each party and the Registrar by personal service or certified mail.
- Makes the Arbitrator's recommended order an order of the Registrar, which may be accepted, modified or rejected by the Registrar within 20 days from the date of the Arbitrator's order. The Registrar's order becomes final 30 days after the date of an order by the Registrar. Prohibits the Arbitrator or Registrar from granting re-hearings.
- States a party waives any objection that an order was not timely made unless the party gives notice of the objection to the Registrar before receiving notice of the order.
- Prescribes that before an order of the Registrar becomes final, if a contractor fails to comply with the order:
  - The Registrar may order the cash bond be discharged within 25 days; the complainant is ineligible to receive any additional award from the Recovery Fund, and may not seek the same award, claim or remedy through civil court.
  - If the licensee does not post bond, the Registrar may suspend or revoke the license and order payment from the Recovery Fund for eligible claimants. Compliance with the order is determined as outlined.
- Stipulates all references to timeframes are *calendar* days and service by certified mail is deemed received five calendar days after mailing.
- Applies the Act to all complaints filed with the Registrar as of the effective date.

Ms. Clay explained that the Alston seven-line amendment dated 3/22/11 (Attachment 21) prohibits the Legislature from sweeping the Registrar’s Fund.

<u>Senator Michelle Reagan, sponsor</u>, stated that SB1284 allows the Registrar of Contractors to create an arbitration process for disputes. She stated that currently, disputes go through the

Office of Administrative Hearings which takes longer and is more expensive; SB1284 is about efficiency, it saves the state money and is better for the consumer.

Chairman Weiers asked if the arbitration system is binding and accepted by both parties; Senator Reagan replied in the affirmative. Chairman Weiers asked if an additional penalty is applied if a business loses Arbitration and then loses again in the final disposition. Senator Reagan deferred to Tyler Palmer.

Tyler Palmer, Legislative Liaison, Registrar of Contractors, stated a position of support for SB1284. He stated that there are no costs for Arbitration and cited page 3, lines 2-3, stating that neither the Arbitrator nor the Registrar can grant a request for a rehearing. He stated that as with all Arbitration, there is an opportunity to appeal to Superior Court.

Chairman Weiers asked who the Arbitrators are. Mr. Palmer stated that SB1284 dictates that the Arbitrator must be a bar certified attorney and a member of the Construction Law Section. Chairman Weiers asked who pays the $75 fee. Mr. Palmer stated that amount comes from the Arizona State Bar and is not part of the Registrar. Mr. Palmer corrected his last statement; the Arbitration is pro bono and will fulfill Arbitration hours.

Mr. Palmer stated that SB1284 will serve homeowners and contractors by shortening the process resulting in saved time and money for the agency which is funded by contractors.

Scot Mussi, Deputy Director of Legislative Affairs, Home Builders Association of Central Arizona, testified in support of SB1284, stating that, currently, after a complaint is inspected by the Registrar, after it issues its finding all cases go to the Office of Administrative Hearing (OAH). He stated that SB1284 provides an alternative for smaller claims to go to Arbitration rather than the OAH because those hearings are more costly.

Chairman Weiers asked if there is an option for an Arbitrator to go through the Office of Administrative Hearing or if Arbitration is automatic. Mr. Mussi stated that if the case is less than $5,000, it would go directly to Arbitration. If the case is over $5,000 both parties would have to agree to enter into Arbitration.

Mr. Mussi stated a position of support for the Alston amendment.

Ms. McCune Davis asked if the language relating to the distribution of funds from the Recovery Fund is distributed by pro rata. Mr. Mussi stated that language is currently included in the bill by request of the Registrar. Ms. McCune Davis asked if Mr. Mussi is concerned that the contractors may not be satisfied with a pro rata share of their entitlement and may not be willing to settle. Mr. Mussi stated the amount is capped on how much can be obtained from each contracting license, which is $20,000 per license on a first-come first-served basis. Ms. McCune Davis related her concern that sufficient recovery will not be obtained for what was done improperly. Discussion ensued.

Vice-Chairman Mesnard announced the names of those who signed up in support of SB1284 but did not speak:
Brett Jones, Vice President of Operations, The Arizona Contractors Association, Inc. (ACA)

Chairman Weiers moved that SB1284 do pass.

Ms. Alston moved that the Alston seven-line amendment dated 3/22/11 (Attachment 21) be adopted.

Ms. Alston stated that her amendment allows the Recovery Fund to remain whole and protects it against legislative sweeps.

Mr. Pratt asked if the Alston amendment will cause SB1284 to be held in the House Rules Committee.

Ms. McCune Davis asked if Mr. Pratt's question was a legal or political question.

Senator Reagan returned to the podium, stating that she is in agreement with the Alston amendment but that she is unsure of the Majority Leadership's opinion on the amendment.

Chairman Weiers stated that he agrees with Ms. Alston's amendment, but that it isolates one particular agency and stated that he will not support the amendment.

Ms. Alston stated that she is willing to offer the amendment on all similar funds.

Mr. Gray echoed Chairman Weiers statements and requested that Ms. Alston hold her amendment for the Floor to maintain the credibility of the bill. Ms. Alston agreed to withdrawal her amendment stating her concern that sweeps have damaged the ability of many entities to do their jobs.

Without objection, Ms. Alston moved to withdraw the motion that the Alston seven-line amendment dated 3/22/11 (Attachment 21) be adopted.

Chairman Weiers moved that SB1284 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 22).

SB1292 - real estate; education; broker requirements - DO PASS

Amy Asta, Majority Intern, stated that SB1292 allows real estate brokers 10 business days to review a listing agreement, purchase or non-residential lease agreement from the date of execution of the document (Attachment 23). She explained that the bill defines *business day* as any day excluding Saturday, Sunday and any other holiday deemed as such by the State of Arizona.

Senator Gail Griffin, sponsor, stated that SB1292 changes the number of days a broker is allowed to initial contracts from five to ten business days. She stated that the bill also defines *business day*.

Ms. McCune Davis asked the reason for the change. Senator Griffin stated that there has been confusion regarding the current legislation that allows five days. She stated that SB1292 specifies that it is ten business days.

John Mangum, Arizona Association of REALTORS®, testified in support of SB1292, stating that the change from five to ten business days results from the number of foreclosures on the market and that realtors need a few more days to adequately review all incoming contracts.

Vice-Chairman Mesnard announced the names of those who signed up as neutral on SB1292 but did not speak:
Gretchen Conger, Legislative Liaison, Arizona Department of Real Estate

Chairman Weiers moved that SB1292 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 24).

SB1474 - landlord; tenant; fit and habitable - DO PASS AMENDED

Diana Clay, Majority Research Analyst, stated that SB1474 modifies the provisions of the Arizona Residential Landlord and Tenant Act that relate to the requirement for the rental premises to be kept in fit condition (Attachment 25). She explained the bill's provisions:

- Revises current law that directs the landlord to maintain the rental premises in a *fit and habitable* condition and instead stipulates the landlord must make all repairs necessary to keep and maintain the premises in compliance with all applicable local building codes that materially affect health and safety.
- Requires the tenant to *promptly* notify the landlord *in writing* when there is any situation that requires the landlord to take action and provide maintenance or repair.
- Under the *self-help for minor defects* provisions of current law, prohibits the tenant from repairing the premises at the landlord's expense if the repair does not constitute a breach of the rental agreement that materially affects health and safety.

Ms. Clay explained that the Mesnard nine-line amendment dated 3/22/11 (Attachment 26) reinserts current statutory language regarding making repairs. The amendment also stipulates that repairs cannot be made at the landlord's expense if the repairs do not constitute a breach of the rental agreement that affects the home's fit and habitable condition.

Senator Ron Gould, sponsor, stated that SB1474 is the result of an issue with one of his tenants who was advised by a tenants' rights attorney that the tenant could purchase a new range oven and "short" the rent to pay for that range. He stated that he was never able to obtain access to the property to assess the problem with the range because the tenant would never schedule an appointment. He stated that he reviewed the statute and wanted to clarify it to apply to health and safety reasons only.

Mr. Robson asked if Senator Gould purchased a new range for that particular rental property. Senator Gould stated that he did purchase a new range after obtaining access to the property.

Ms. McCune Davis asked if SB1474 was based solely on Senator Gould's encounter with his tenant. Senator Gould explained that was not his sole purpose, but that it prompted him to review current statutes. He realized that the statute is vague and if tenants' rights attorneys are advising tenants that they can do as his tenant did and purchase a range and "short" the rent, there is a problem that should be clarified. Brief discussion ensued.

Tyler Palmer, Legislative Liaison, Registrar of Contractors, stated a position of neutrality on SB1474.

Ellen Katz, Litigation Director, William E. Morris Institute for Justice (Institute), testified in opposition to SB1474, although the Mesnard nine-line amendment resolved the Institute's primary concern with the bill. She continued that the provision that amends the self-help for minor repairs be limited to $300 or half of the rent is unnecessary. She stated that Senator Gould's experience with his tenant should not be a reason to change statute. She stated that the requirement that prompt, written notice be given to the landlord is not a small change and allows the landlord to not be required to make the repair if the notice is not given in writing.

Chairman Weiers asked for clarification regarding the Institute's position on the bill. Ms. Katz stated that the Institute does not believe the two provisions she mentioned in testimony are necessary. Brief discussion ensued.

Vice-Chairman Mesnard announced the names of those who signed up in support of SB1474 but did not speak:
Courtney Gilstrap LeVinus, Arizona Multihousing Association

Chairman Weiers moved that SB1474 do pass.

Chairman Weiers moved that the Mesnard nine-line amendment dated 3/22/11 (Attachment 26) be adopted. The motion carried.

Chairman Weiers moved that SB1474 as amended do pass. The motion carried by a roll call vote of 5-3-0-0 (Attachment 27).

SB1277 - alarm businesses; alarm agents - DO PASS AMENDED

M.J. Bildner, Assistant Majority Research Analyst, stated that SB1277 authorizes the Arizona State Board of Technical Registration (Board) to regulate alarm businesses and alarm agents until July 1, 2021 (Attachment 28).

Mr. Bildner explained that the Robson five-page amendment dated 3/22/11 (Attachment 29) stipulates that an applicant for either an alarm business certification or an alarm agent certification must either have a valid fingerprint clearance card or must obtain a fingerprint clearance card. If the application for a fingerprint clearance card is denied, the applicant's certification will be immediately revoked by the Board.

Senator Michelle Reagan, sponsor, clarified that SB1277 is not a new license but is a consolidation of current licensing requirements. She stated that currently, an alarm company may have to go to 22 cities and towns to obtain all of the required licenses needed to do business in all of those municipalities. She stated that this requirement is a hardship on businesses and the Department of Public Safety that processes all of the fingerprint clearance cards for each municipality for the same person.

Chairman Weiers moved that SB1277 do pass.

Mr. Robson moved that the Robson five-page amendment dated 3/22/11 (Attachment 29) be adopted. The motion carried.

Chairman Weiers moved that SB1277 as amended do pass.

Paul Brooke, Director of Public Relations, Titan Alarm, Inc., testified in support of SB1277, stating that it is a win for all parties impacted by the bill. He stated that it provides enhanced protection from unscrupulous service providers, and eliminates redundant and inefficient licensing processes. He stated that it also levels the playing field for small businesses operating in multiple jurisdictions.

Roger Score, representing self, testified in opposition to SB1277, stating that the bill will hurt many businesses and that many dealers cannot afford to purchase multiple licenses. He stated that many alarm specialists contract in many areas and cannot afford another license.

Chairman Weiers referenced a phone conversation with Mr. Score stating that he agrees that fingerprinting the same individual every six years is unnecessary. He stated that if a driver's license can be issued for many years and a person's face changes and fingerprints do not, that does not make sense.

Mr. Score stated that no one will lose jobs if the process is left as is, but if the process is changed, many will lose their jobs.

Vice-Chairman Mesnard announced the names of those who signed up in support of SB1277 but did not speak:
Maria Malice, Vice President, COPS Monitoring, representing self
Susan Brenton , Executive Director, Arizona Alarm Association
Brett Jones, Vice President of Operation, The Arizona Contractors Association, Inc. (ACA)
John Jennings, CEO, representing self
Mark Bolton, Attorney, Brownstein Hyatt Farber Schreck, Arizona Alarm Association
Dr. Guy T. Eggebrecht, representing self
Jennifer Henson, Operations Manager, ADT Security

Vice-Chairman Mesnard announced the names of those who signed up in opposition to SB1277 but did not speak:
Josh Score, representing self
Fredrick Gradillas, representing self
Debra Malits-Score, Tucson Alarm Company
Rob Leblanc, representing self
Amanda Gradillas, representing self
Lori Eichhorn, representing self
Greg Rice, representing self
Eric Aultman, owner, representing self
Doug Eichhorn, owner, BDS Security
Wayne Score, representing self
Elmer Malits, representing self
Phil Stevens, Owner, PR Communications

Vice-Chairman Mesnard announced the names of those who signed up as neutral to SB1277 but did not speak:
Tyler Palmer, Legislative Liaison, Registrar of Contractors

Question was called on the motion that SB1277 as amended do pass. The motion carried by a roll call vote of 7-1-0-0 (Attachment 30).

SB1365 - paycheck deductions; political purposes - DO PASS

Diana Clay, Majority Research Analyst, stated that SB1365 prohibits any public or private employer from making a payroll deduction for political purposes without first obtaining specific authorization from the affected employees (Attachment 31). She explained the bill's following provisions:

- Prohibits a public or private employer from deducting a payment from an employee's paycheck for political purposes unless the employee gives written or electronic authorization on a yearly basis.
- For a deduction made for multiple purposes, requires the employer to obtain from each entity, a statement confirming that none of the monies is used for political purposes, or an affirmation that a certain percentage is used for political purposes. Specifically prohibits the employer from deducting anything exceeding the authorized amount for nonpolitical purposes, without annual written or electronic permission.
- Directs the Attorney General to adopt administrative rules for the acceptable forms for employee authorization and entity statements.
- Assesses a minimum $10,000 civil penalty for each violation when an employer improperly deducts payments from an employee's paycheck for political purposes, or when an entity submits an inaccurate statement.
- Requires the Attorney General to collect and deposit each civil penalty for deposit in the State General Fund.
- Exempts a single deduction for nonpolitical purposes from the provisions of the bill, as well as all of the following payroll deductions:
  - Savings or charitable contributions.
  - Employee healthcare, retiree or welfare benefits.
  - State, local and federal taxes.
  - Contributions to a separate segregated fund pursuant to federal or state law that are not considered to be for political purposes.
  - Any deduction required by law.
- Voids an authorization for payroll deduction immediately when an employee resigns membership in an organization for which previous authorization was given for payroll deduction.
- Excludes public safety employees who are employed by the state or any political subdivision from these provisions, including a peace officer, fire fighter, corrections officer, probation officer or surveillance officer.
- Defines pertinent terms.
- Cites the Act as the *Protect Arizona Employees' Paycheck from Politics Act.*
- Contains a severability clause.

Chairman Weiers moved that SB1365 do pass.

Marcus Osborn, Manager of Government and Public Affairs, Arizona Manufacturers Council, Arizona Chamber, testified in support of SB1365, stating that the bill allows members of organized labor to protect their paychecks. He requested the support of the Committee.

Jerry Spreitzer, Arizona Federation of Teachers, testified in opposition to SB1365, stating that professional organization dues deductions are just one of several voluntary deductions authorized by governing board policy in Arizona school districts as is the case with all voluntary deductions. He stated that authorization can be withdrawn any time and donations to political parties, action committees or candidates are voluntary contributions that come from a separate fund. He stated that SB1365 places an unnecessary burden on unions to solicit participation each year.

Ms. McCune Davis asked Mr. Osborn if there is an exemption for public safety and why; Mr. Osborn returned to the podium stating that the exemption is present at the discretion of Senator Antenori, the sponsor. Ms. McCune Davis asked if the Arizona Chamber of Commerce believes that some organizations are entitled to deductions while others are not. Mr. Osborn stated that the Arizona Chamber of Commerce supports the bill.

Vice-Chairman Mesnard announced the names of those who signed up in support of SB1365 but did not speak:
Jose Borrajero, representing self
Heather Bernacki, Government Relations Associate, East Valley Chambers of Commerce Alliance
Jason Bagley, Government Affairs Manager, Intel Corporation
Susan Anable, Manager Government Relations, Cox Communications
Rebecca Mahan, representing self
Lorna Romero, Director of Government Relations, Arizona Chamber of Commerce and Industry
Scot Mussi, Deputy Director of Legislative Affairs, Home Builders Association of Central Arizona
Eric Emmert, East Valley Chambers of Commerce Alliance

Vice-Chairman Mesnard announced the names of those who signed up in opposition to SB1365 but did not speak:
Greg Hynes, Director, United Transportation Union
Chris Todd, United Transportation Union
Michael Branson, United Transportation Union
Rebekah Friend, Lobbyist, Arizona AFL-CIO
John Murray, representing self
Jennifer Loredo, Arizona Education Association
Mitzi Epstein, representing self
Abraham Chaparro, representing self
Richard Murillo, representing self
William Higgins, representing self
David Juhasz, representing self
Joseph Medina, representing self
David Barr, representing self
Josh Higgins, representing self

David Bates, representing self
Rufino Uribe, representing self
Albert Hinkle, representing self
Richard Salcido, representing self
Lola Bishop, representing self
Mary Anne Reed, representing self
Michael Pierce, representing self
Frank Schultz, representing self
Dianna Manning, representing self
Arthur Savage, representing self
Jason Stokes, representing self
Arthur Perkins, representing self
Richard Benitez, representing self
Adriana Gullion, representing self
Roy Gullion, representing self
Valentina Imig, representing self
James Bolger, representing self
Fernando Lovett, representing self
Mario Chavez, representing self
Luis Arevalo, representing self
Rudy Rangel, representing self
Julian Sanchez III, representing self
Paul Beachley, representing self
Stephanie Sanchez, representing self
Caris Martinez, representing self
Marshall Riegel, representing self
Jesse Martinez, representing self
Sergio Gonzalez, representing self
Noe Asencio, representing self
Cecil Conrad, representing self
Michael Mosqueda, representing self
Mary Alvarado, representing self
Jimmy Esparza, representing self
Jim Winningham, representing self
James Hardy, representing self
John Aspetia, representing self
Octavio Aguirre, representing self
Anastacio Madrigal, representing self
Anna Saucedo, representing self
Roman Feher, representing self
Antonio Rodriquez, representing self
Richard Lopez, representing self
Mike Liggins, representing self
Cynthia Coffey, representing self
Mitch Garner, representing self
Richard Raney, representing self
John Coffey, representing self
Jose Gutierrez, representing self

Daniel Aguayo, representing self
Julio Sesmas, representing self
Phillip Smith, representing self
Sabrina Snow, representing self
Ryan Snow, representing self
Arturo Estrella, representing self
Ephrain Estrella, representing self
Jack Alvarez, representing self
Rudy Verdugo, representing self
Leonard Madrid, representing self
Christina Hernandez, representing self
Albert Hernandez, representing self
Henry Cruz, representing self
Frank Sanchez, representing self
Oscar Sandoval, representing self
David Lewis, representing self
Georgios Asimakopoulos, representing self
Gerri Murray, representing self
Yolanda Encinas, representing self
Rene Savalle, representing self
Leticia Coreas, representing self
Raymond Almanzar, representing self
Beverly Russell, representing self
David Nieto, representing self
Lucas Riley, representing self
Tim Bailey, representing self
Charles Shell, representing self
Stuart Casey, representing self
Elizabeth Mendoza, representing self
Robert Dingfield, representing self

Vice-Chairman Mesnard announced the names of those who signed up as neutral on SB1365 but did not speak:
Farrell Quinlan, State Director, National Federation of Independent Business

Question was called on the motion that SB1365 do pass. The motion carried by a roll call vote of 5-3-0-0 (Attachment 32).

Without objection, the meeting adjourned at 2:09 p.m.

Charly Laube, Committee Secretary
July 14, 2011

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