

ARIZONA HOUSE OF REPRESENTATIVES  
Fiftieth Legislature – Second Regular Session

**COMMITTEE ON COMMERCE**

Minutes of Meeting  
Wednesday, February 15, 2012  
House Hearing Room 5 -- 9:00 a.m.

Vice-Chairman Mesnard called the meeting to order at 9:04 a.m. and attendance was noted by the secretary.

**Members Present**

Ms. Alston  
Mr. Gray R  
Ms. McCune Davis

Ms. Miranda C  
Mr. Pratt  
Mr. Robson

Mr. Mesnard, Vice-Chairman  
Mr. Weiers J, Chairman

**Members Absent**

None

**Committee Action**

HB2157 – DP (5-3-0-0)  
HB2357 – DPA (8-0-0-0)  
HB2395 – DPA (7-1-0-0)  
HB2585 – DISCUSSED AND HELD  
HB2603 – DPA S/E (8-0-0-0)  
HB2611 – DPA S/E (7-1-0-0)  
HB2612 – DPA S/E (8-0-0-0)  
HB2691 – DPA (5-2-1-0)  
HB2717 – DPA (5-3-0-0)

HB2748 – DP (8-0-0-0)  
HB2762 – NOT ASSIGNED  
HB2793 – DISCUSSED AND HELD  
HB2815 – DPA (5-3-0-0)  
HB2825 – DPA (8-0-0-0)  
HB2835 – DP (8-0-0-0)  
HB2837 – HELD  
HCR2056 – DPA (5-3-0-0)

**CONSIDERATION OF BILLS**

**HB2395 - scrap metal dealers; prohibited transactions – DO PASS AMENDED**

Kate Sommerville, House Majority Intern, advised that HB2395 restricts scrap metal dealers from knowingly purchasing residential and commercial air conditioning components, excluding those from an industrial account (Attachment 1). Ms. Sommerville explained that the Mesnard four-page amendment dated 2/14/12 (Attachment 2) creates a joint legislative study committee on scrap metal dealers, stipulates that the committee will research current state and local rules governing scrap metal in Arizona, the impact of copper theft on Arizona businesses and regulations of the scrap metal industry in other states.

Representative Tom Forese, sponsor, stated that HB2395 limits the sale of copper to scrap metal dealers to persons with an industrial account. He cited an example of abuse and said that with greater restrictions the bill should limit the theft of copper.

Ms. McCune Davis questioned the purpose of the amendment beyond creating a study committee. Vice-Chairman Mesnard explained that the amendment will narrow the language of HB2395 to include commercial air conditioning units and exclude residential air conditioning units. Ms. McCune Davis asked if the theft only occurs with commercial units and not residential. Vice-Chairman Mesnard stated that the amendment is a compromise with stakeholders.

Tom Horne, Arizona Attorney General, testified in support of HB2395 and in opposition to the Mesnard amendment and cited a personal experience of copper theft. He advised that last year in the City of Phoenix, the damage for metal theft totaled \$30 million and statewide, damages were \$120 million. He expressed his opposition to the amendment stating that copper thieves would shift their focus to residential properties.

Attorney General Horne addressed the following areas of concern:

- Scrap metal dealers' responsibility
- Scrap metal dealers - over-regulation
- Copper thieves - prosecuting
- Copper market - profitability
- Residential properties – targeted theft

Meyer Turken, representing self, testified in favor of HB2395 and in opposition to the Mesnard amendment. Mr. Turken advised that it is impossible to tell the difference between residential and commercial components in air conditioning units. Thieves target the copper components in the unit, not the entire unit. He stated that replacement air conditioning units cost up to \$30,000 per unit and must be completely replaced when the coil is stolen. He expressed opposition to the amendment stating that no one entity is immune from this theft.

Robert Stinger, Air Conditioning Contractors of America (ACCA), testified in support of HB2395 and in opposition to the Mesnard amendment, stating that the same components are in residential air conditioning units as commercial units and scrap metal dealers will not be able to differentiate between the two. Mr. Stinger advised that over 3,000 air conditioning units were stolen last year and anticipated that the insurance companies will exclude coverage. He said that the amendment is of no value and will not curb copper theft.

Nick Simonetta, Arizona Scrap Recyclers Association, testified in support of HB2395 and the Mesnard amendment. Mr. Simonetta expressed concern with over-regulating the scrap metal industry and elaborated on the history of regulations to the industry in the past five years. He said that past legislation required a reporting system, which has only been online for four weeks; not enough time to see a difference in theft.

Michael Pollack, representing self, testified in support of HB2395 and cited personal examples of the cost and effect of copper theft at schools, churches, construction sites and commercial properties in his 21 years in real estate.

Chairman Weiers questioned Mr. Pollack's position on the Mesnard amendment. Mr. Pollack responded that he would prefer the bill without the amendment but would accept HB2395 with the amendment.

Discussion ensued on methods to deter criminals from theft, regulations on the scrap metal industry and the impact to residential copper theft victims.

The names of those who signed up in support of HB2395 but did not speak:

Tom Jones, Grand Canyon State Electric Cooperative Association  
James Mann, Arizona Fraternal Order of Police  
John Ortolano, Arizona Fraternal Order of Police  
Richard Hubbard, President/CEO Valley Partnership  
Courtney Gilstrap LeVinus, Arizona Multihousing Association  
Don Isaacson, Arizona Fraternal Order of Police  
Chris Udall, Executive Director, Agri-Business Council of Arizona  
Blake Dawson, President, Reliance Management  
Daryl Burton, President, Presson Corporation  
Kelley Graham, Property Manager, Reliance Management  
Phyllis Minzer, Property Manager, Reliance Management  
Suzan Manson, Property Manager, Reliance Management  
Shari Guilfoyle, Assistant Property Manager, Reliance Management  
Antonia Rice, Property Manager, Reliance Management  
Darcy Knudtson, Property Manager, Reliance Management  
Christy Cole, Assistant Property Manager, Reliance Management  
Laura Szoltysik, Assistant Property Manager, Reliance Management  
Diane Taddeo, Property Manager, Reliance Management  
Karen Bestone, Presson Corporation  
Lyn White, Manager, Government Relations, Arizona Mining Association  
Zach Tretton, Freeport-McMoRan Copper & Gold Inc.  
Kimberly Mac Eachern, Arizona Prosecuting Attorneys' Advisory Council (APAAC)  
Karlene Wenz, Liberty Mutual Insurance  
Irwin Sheinbein, Arizona Scrap Recycling Association  
Rodney Groen, representing self  
Jeff Sandquist, National Association of Industrial and Office Properties (NAIOP)  
Layla Ressler, Arizona Automotive Recyclers Association  
Jerry Fuentes, President, AT&T Arizona  
Tim Lawless, National Association of Industrial and Office Properties (NAIOP)  
Chad Heinrich, Government Relations Coordinator, City of Tempe  
Eric Blumsack, representing self  
Genevra Richardson, ASARCO

The names of those who signed up as neutral on HB2395 but did not speak:

Theresa Clark, Police Sergeant, City of Phoenix

**Mr. Robson moved that HB2395 do pass.**

**Mr. Robson moved that the Mesnard four-page amendment dated 2/14/12 (Attachment 2) be adopted.**

**Ms. Alston moved that the Mesnard four-page amendment dated 2/14/12 (Attachment 2) be amended as follows:**

**Strike Pages 1 and 2**

**Page 3, strike lines 3 through 25**

Discussion ensued regarding the Committee Rules.

**Question was called on the motion that the verbal amendment to the Mesnard four-page amendment dated 2/14/12 be adopted. The motion failed.**

**Question was called on the motion that the Mesnard four-page amendment dated 2/14/12 (Attachment 2) be adopted. The motion carried.**

**Chairman Weiers moved that HB2395 as amended do pass. The motion carried by a roll call vote of 7-1-0-0 (Attachment 3).**

**HCR2056 - minimum wage; younger workers – DO PASS AMENDED**

Diana Clay, Majority Deputy Director of Research, explained that HCR2056 refers to the voters, a proposition to pay less than the minimum wage to younger, part-time or temporary workers (Attachment 4). Ms. Clay advised that the Mesnard 16-line amendment dated 2/13/12 (Attachment 5) eliminates the increase in minimum wage according to the consumer price index, and modifies the formula for calculating minimum wage as follows:

- For employees, the greater of \$7.65 per hour or the federal minimum wage plus \$.40.
- For tipped employees, the greater of \$2.13 per hour or the federal minimum wage plus \$.40, as long as tips plus wages equals the stated minimum wage.

Representative Steve Court, sponsor, provided a brief history of the 2006, Proposition 202 concerning minimum wage, which removed Arizona from the federal standard and creates a higher minimum wage. He stated that the restaurant industry approached him and explained the dilemma between paying the higher wage and affording additional staff.

Sherry Gillespie, Government Relations Manager, Arizona Restaurant Association (ARA), testified in support of HCR2056, stating concern with higher prices for consumers and job cuts for employees in the current economy. She expressed the importance of job growth and provided a handout (Attachment 6) showing the impact on over 100 Burger King Franchise restaurants in Arizona.

Ms. McCune Davis questioned the percentage of college students that fall into the category of minimum wage. Ms. Gillespie responded that the majority of workers making minimum wage

are between the ages of 18 to 24, but she did not have the percentage that are college students. Ms. Gillespie advised Ms. McCune Davis that she would obtain the statistics for her.

Louis Basile, Wildflower Bread Company, representing self, testified in support of HCR2056, advising that the restaurant industry operates on minimal profit margins as low as 4%, to as high as 15%. He said that the current structure of minimum wage in Arizona is causing harm to employers and employees in the restaurant business.

Chairman Weiers commented that minimum wage is meant to be a starting point for workers and not a wage to raise a family on.

Bobby Fitzgerald, Owner, White Chocolate Grill, representing self, testified in favor of HCR2056, stated the importance of minimum wage jobs and the hardships incurred to restaurants and employees since 2006 when Proposition 202 started raising the wage annually.

Matt McMahon, Outback Steakhouse, representing self, testified in support of HCR2056. Mr. McMahon cited examples of restaurants that went out of business or had to scale back on the number of restaurants in Arizona. He stated that he believes the state mandated minimum wage is not capitalistic.

Rose McCaffrey, Séamus McCaffrey's Irish Pub and Restaurant, representing self, testified in support of HCR2056. Ms. McCaffrey stated that in 2006 when the minimum wage increased, it was a direct hit to the profitability of her small business.

Vice-Chairman Mesnard announced the names of those who signed up in support of HCR2056 but did not speak:

Nick Dranias, Director, Center for Constitutional Government, Goldwater Institute

Steve Chucuri, President, Arizona Restaurant Association (ARA)

Robert Shuler, Western Growers

Michelle Ahlmer, Executive Director, Arizona Retailers Association

Farrell Quinlan, State Director, National Federation of Independent Business (NFIB)

Vice-Chairman Mesnard announced the names of those who signed up in opposition to HCR2056 but did not speak:

Seth Apfel, representing self

**Chairman Weiers moved that HCR2056 do pass.**

**Chairman Weiers moved that the Mesnard 16-line amendment dated 2/13/12 (Attachment 5) be adopted. The motion carried.**

**Chairman Weiers moved that HCR2056 as amended do pass. The motion carried by a roll call vote of 5-3-0-0 (Attachment 7).**

### **HB2825 - telephone solicitations; business opportunities – DO PASS AMENDED**

Diana Clay, Majority Deputy Director of Research, explained that HB2825 regulates business opportunity companies, places restrictions on sellers and requires registration with the Office of

the Secretary of State (SOS) (Attachment 8). Ms. Clay advised that there are three proposed amendments to HB2825.

Ms. Clay explained that the Mesnard 11-line amendment dated 2/14/12 (Attachment 9) revises the definition of *business opportunity* to mean selling or leasing goods or services to consumers for a start-up business, the cost of which exceeds \$500, with an initial payment of \$500 or more.

Ms. Clay advised that the Mesnard three-line amendment dated 2/14/12 (Attachment 10) requires the SOS to provide the Attorney General with a copy of the registration statements upon referral, rather than within 10 days after receiving them.

Ms. Clay explained that the McCune Davis six-line amendment dated 2/14/12 (Attachment 11) requires a solicitor to accurately identify themselves when making a telephone solicitation to a residential or mobile telephone in Arizona.

Representative Brophy McGee, sponsor expressed that HB2825 originated from the recommendations of the Taskforce on Senior Abuse and stated that the intent of the bill is to prevent scam telephone solicitations.

Vice-Chairman Mesnard questioned the sponsor on the McCune Davis amendment (Attachment 10). Representative Brophy McGee stated that she did not see the amendment and will confer with the Attorney General's Office on the acceptability of the amendment.

Chairman Weiers queried the problem HB2825 is attempting to solve. Representative Brophy McGee responded with an example of a scam telephone solicitor that took money from an elderly person.

Nancy Anger, Assistant Attorney General, Attorney General's Office, testified in favor of HB2825, stating that in 2010 there were 2,100 fraud complaints and in 2011 there were 2,700 fraud complaints filed with the Attorney General's Office at a cost of approximately \$5,000 to \$10,000 per consumer.

Joan King, representing self, testified in support of HB2825 and cited her experience with losing a large amount of money to scam telephone operators in, what she thought, was a legitimate business investment.

John Miller, representing self, testified in support of HB2825. He expressed the deceptiveness of the scam telephone operators and stated the extent that the scammers will go to make a business appear genuine. He said the business he invested in even had, what appeared to be, a website for potential customers.

Matthew Fehling, representing self, testified as neutral to HB2825, stating that the 112 Better Business Bureaus (BBB) in the United States and Canada believe in self regulation; however, the BBB handles nearly 60% of all business opportunity complaints. He stated that he concurs with the sponsor on the extent of the problem.

Representative Brophy McGee returned to the podium to offer final comments and requested that Ms. McCune Davis withdraw her proposed amendment to allow the stakeholders an opportunity to review. Ms. McCune Davis agreed not to offer her amendment (Attachment 11).

The names of those who signed up in support of HB2825 but did not speak:

Michelle Ahlmer, Executive Director, Arizona Retailers Association

Jim Drake, Assistant Secretary of State, Secretary of State's office

Stephen Jennings, Associate State Director, Association of American Retired Persons (AARP)  
Arizona

Dena Benjamin, Consumer Protection Section Chief Counsel, Attorney General's Office

**Mr. Robson moved that HB2825 do pass.**

**Mr. Robson moved that the Mesnard three-line amendment dated 2/14/12 (Attachment 10) be adopted. The motion carried.**

**Mr. Robson moved that the Mesnard 11-line amendment dated 2/14/12 (Attachment 9) be adopted. The motion carried.**

**Mr. Robson moved that HB2825 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 12).**

#### **HB2717 - cigarette manufacturers – DO PASS AMENDED**

Diana Clay, Majority Deputy Director of Research, explained that HB2717 makes retailers that allow individuals to make their own cigarettes, subject to the laws and regulations of cigarette manufacturers and payment of all necessary taxes (Attachment 13). Ms. Clay advised that the Mesnard two-page amendment dated 2/14/12 (Attachment 14) adds definitions, contains a severability clause and an effective date from and after August 1, 2012.

Chairman Weiers, sponsor explained the difference in state sales tax when buying cigarettes in pack form versus buying tobacco in loose form.

John Mangum, Altria, expressed support for HB2717 and the Mesnard amendment, stating that the roll your own cigarette machines create a manufacturing environment within the cigarette store and deprives the state and federal governments of sales tax.

Jeffrey Burd, General Counsel, RYO Machine, LLC, testified in opposition to HB2717 and distributed signed petitions (Attachment 15). He stated that, according to a ruling from two years ago, a Federal Court judge determined that retailers providing the use of cigarette rolling machines are not manufacturers. Mr. Burd stated that HB2717 is based on the following falsehoods:

- Retailers are selling cartons of cigarettes – the cigarettes are not sold in cartons, the cigarettes are loose.
- Tax loophole for persons rolling their own cigarettes– there is sales tax on the machine rental, on the tubes, on the tobacco and an excise tax to make cigarettes.

Robert Mizer, small business owner, representing self, testified in opposition to HB2717 and stated that if the purpose of the bill is to level the playing field then the cigarette rolling machines do that for tobacco shops because the shops have to compete with Reservation stores and large retailers.

Chairman Weiers questioned the different tax rates on tobacco. Mr. Mizer replied that the bill creates a double standard; microbreweries do most of the work to formulate the beer but are not taxed or treated like a manufacturer.

John Mangum returned to the podium to comment that microbrewers pay the same tax as large beer manufacturers. Mr. Mizer reiterated that microbreweries are not considered manufacturers, even though most of the work to formulate the beer is done by the microbrewer.

David Selander, representing self, testified in opposition to HB2717. He advised of his experience with opening a small business and expressed the positive difference in sale revenues that the cigarette rolling machines produced.

Ramey Sweis, representing self, testified in opposition to HB2717, explaining the consequences of the past price hikes to cigarettes, which caused smokers to quit, buy at Reservations, order online or roll cigarettes at home with a hand roller.

Mr. Robson inquired the origination of the tobacco. Mr. Burd returned to the podium and stated that the tobacco is sold to wholesalers from North Carolina, Kentucky and Tennessee and then sold to retailers in Arizona.

Hamid Kazi, representing self, testified in opposition to HB2717, explaining the different kinds of cigarette rolling machines and the profitability of tobacco sales.

Art Harding, Legislative Affairs Director, Attorney General's Office, testified as neutral on HB2717 and stated that the Attorney General's Office is willing to work with the sponsor and the stakeholders on this issue.

Vice-Chairman Mesnard posed a question for Mr. Mangum on the fairness of classifying retailers as manufacturers. Mr. Mangum explained the price difference in purchasing a pack of cigarettes at a convenience store versus a loose pack at a tobacco store.

**Chairman Weiers moved that HB2717 do pass.**

**Chairman Weiers moved that the Mesnard two-page amendment dated 2/14/12 (Attachment 14) be adopted. The motion carried.**

**Chairman Weiers moved that HB2717 as amended do pass. The motion carried by a roll call vote of 5-3-0-0 (Attachment 16).**

The names of those who signed up in support of HB2717 but did not speak:

Norman Moore, Attorney, Reynolds American, Inc.

Mike Williams, Altria Client Services

Michelle Ahlmer, Executive Director, Arizona Retailers Association



Steve Barclay, Cigar Association of America  
Tom Dorn, McLane Company  
John Flynn, Arizona Fire District Association

The names of those who signed up in opposition to HB2717 but did not speak:

James Hamilton, RYO Machine  
Kirby Consier, RYO Machine  
Dick Garrick, representing self  
Jerry Marinella, representing self  
Rachel Lange, representing self  
Brady Barger, representing self  
Fawn Barger, representing self  
Nick Dranias, Director, Center for Constitutional Government, Goldwater Institute

The names of those who signed up as neutral on HB2717 but did not speak:

Sean Laux, Legislative Liaison, Department of Revenue

**HB2815 - employment; incentives; regulatory tax credit – DO PASS AMENDED**  
**(CONTINUED BELOW)**

Daniel Gonzalez-Plumhoff, House Majority Intern, explained that HB2815 expands the uses of Arizona Job Training Fund monies; establishes individual and corporate universal regulatory income tax credits; phases out individual and corporate taxation of net capital gains; and extends the net operating loss carryover timeframe (Attachment 17). Mr. Gonzalez-Plumhoff advised that the Mesnard two-page amendment dated 2/13/12 (Attachment 18) makes several changes to the tax credit component of the bill to include the following:

- Clarifies that the taxpayer is allowed only one credit in a taxable year.
- Limits the credit's carry forward period to five, rather than ten taxable years.
- Decreases the individual taxpayer and aggregate credit caps to the following amounts:
  - \$1000 per taxpayer in tax years (TY) 2014-15, with an annual aggregate cap of \$100,000 for claims against state agencies, counties, municipalities and special taxing districts (\$25,000 for each).
  - \$1000 per taxpayer beginning in TY 2016, with an annual aggregate cap of \$200,000 for claims against state agencies, counties, municipalities and special taxing districts (\$50,000 for each).
- Decreases the corporate taxpayer cap and increases the aggregate credit cap to the following amounts:
  - \$3000 per taxpayer in TYs 2014-15, with an annual aggregate cap of \$300,000 for claims against state agencies, counties, municipalities and special taxing districts (\$75,000 for each).
  - \$3000 per taxpayer beginning in TY 2016, with an annual aggregate cap of \$600,000 for claims against state agencies, counties, municipalities and special taxing districts (\$150,000 for each).
- Extends the time frame in which the Treasurer makes a determination on an appeal from 45 to 60 days.

- Requires DOR to issue a credit certificate stating the amount of the approved claim, and for the taxpayer to submit a copy of the certificate with their income tax returns in order to claim the credit.

Mr. Gonzalez-Plumhoff informed that there will be a verbal amendment to the Mesnard two-page amendment dated 2/13/12 (Attachment 18) making a technical clarification for engrossing purposes and will read as follows:

Page 2, line 12, after "after" insert "the second"

Ms. McCune Davis requested the background for the fiscal note to HB2815. Mr. Gonzalez-Plumhoff stated that the expanded use of the Arizona Job Training Fund does not have an impact to the state General Fund (GF) and according to a fiscal note prepared by the Joint Legislative Budget Committee (JLBC), the tax provisions of HB 2815 are estimated to result in a direct state GF cost of \$62,000,000 beginning in FY 2014; \$315,000,000 in FY 2017, when individual and corporate capital gains taxes are fully phased out; and \$399,600,000 by FY 2020 when all components are fully implemented. At the request of Ms. McCune Davis, he went on to explain the different phases and impact to local governments.

Garrick Taylor, Arizona Chamber of Commerce and Industry, testified in support of HB2815. Mr. Taylor advised that the two key components to the Arizona Chamber of Commerce and Industry are the capital gains tax and the extension of the net operating loss carry forward and explained his reasoning.

Patricia Hill, Maricopa Community Colleges, testified in support of HB2815 and made reference to the Community College Job Training Program established in the bill. She stated that HB2815 will provide better leverage and coordination for some of the existing resources and will enhance business and community partnerships.

Alisa Lyons, Arizona Community College Presidents' Council, testified in support of HB2815, stating that the bill creates a greater impact for workforce development through the community colleges.

Nick Dranias, Director, Center for Constitutional Government, Goldwater Institute, testified in support of HB2815 and provided a handout (Attachment 19) explaining the regulatory tax portion of the bill. He stated that the most powerful components of the bill, which will draw interest from competing states, are the regulatory tax reform, the capital gains reform and the government transparency portion of HB2815.

Ken Strobeck, Executive Director, League of Arizona Cities and Towns, testified in opposition to HB2815, stating concerns with the capital gains tax cut and the policy implications of the regulatory tax credit. He said that he believes that HB2815 will not have an impact in creating jobs.

Bill Simms, General Council, LaSota & Peters, PLC, testified in opposition to HB2815 and cited examples of possible unintended consequences concerning the excessive regulation components and the appeals process of the bill.

Ms. McCune Davis questioned if the bill erodes local control. Mr. Simms responded in the affirmative.

Sean Laux, Department of Revenue (DOR), testified as neutral on HB2815, stating concerns with creating an unfunded mandate that does not allow for the resources to establish a searchable database. He explained that the bill requires the DOR to determine excessive regulation on all forms of government.

Scott Powell, Arizona Association for Economic Development, testified as neutral on HB2815. Mr. Powell pointed out the positive features of HB2815 and expressed concern with the regulatory tax credit segment of the bill.

The names of those who signed up in support of HB2815 but did not speak:

John Mangum, Arizona Private Schools Association  
Lyn White, Freeport-McMoRan Copper & Gold  
Steve Voeller, President, Arizona Free Enterprise Club  
Kevin DeMenna, The Maricopa County Community College District  
Ryan DeMenna, The Maricopa County Community College District  
Eric Emmert, East Valley Chambers of Commerce Alliance  
Tim Lawless, National Association of Industrial and Office Properties (NAIOP)  
Donna Davis, Arizona Small Business Association  
Stacey Langford, Arizona Bankers Association  
Tom Dorn, East Valley Chambers of Commerce Alliance

The names of those who signed up in opposition to HB2815 but did not speak:

Benjamin Bitter, Management Analyst, City Manager's Office, City of Casa Grande  
Kevin Burke, Assistant to the Town Manager, Town of Oro Valley  
Jacqueline Walker, City of Kingman  
Shirley Gunther, Intergovernmental Affairs Manager, City of Avondale  
Ed Muder, City Manager, City of Show Low  
Paul Jepson, Assistant to the City Manager, City of Maricopa  
Bob Rivera, Mayor, Town of Thatcher  
Debra Galbraith, Town Manager, Town of Payson  
Steve Moore, City Attorney, City of Yuma  
Connie Scoggins, Assistant City Attorney, City of Yuma  
Terry Hinton, Town Manager, Town of Thatcher  
Jack Hakim, Mayor, City of Bullhead City  
Chad Heinrich, Government Relations Coordinator, City of Tempe  
Lisa Estrada, Intergovernmental Affairs Coordinator, City of Peoria  
Kelly Udall, Town Manager, Town of Pinetop-Lakeside  
Mark Hannah, Projects, Programs and Grants Manager, Town of Youngtown  
Richard Travis, City of Flagstaff  
Ryan Peters, Intergovernmental Programs Coordinator, City of Glendale  
Ryan Harper, City of Sierra Vista  
Seth Apfel, representing self  
Diane Joens, Mayor/Council Member, City of Cottonwood  
Patrice Kraus, Intergovernmental Affairs Coordinator, City of Chandler  
John Wayne Gonzales, Legislative Liaison, The City of Phoenix

Scott Butler, City of Mesa  
Todd Madeksza, representing self  
Beth Lewallen, Maricopa County Board of Supervisors  
Michael Racy, Pima County  
Leah Hubbard, Intergovernmental Relations Coordinator, Town of Gilbert  
Shane Dille, City Manager, City of Nogales  
Jenn Daniels, representing self  
Gayle Mabery, Town Manager, Town of Clarkdale  
Lana Mook, Mayor, City of El Mirage  
John Lewis, representing self  
Greg Bryan, Mayor, Town of Tusayan

Vice-Chairman Mesnard announced that the vote on HB2815 will be taken at a later time.

**HB2157 - salon managers; requirements – DO PASS**

Kate Sommerville, House Majority Intern, advised that HB2157 permits a person to manage a cosmetology salon without having a license (Attachment 20).

Representative John Kavanagh, sponsor, stated the intent of HB2157 is to remove the requirement to be a licensed cosmetologist or manicurist to manage a hair salon. He stated that a constituent brought the matter to his attention and that the Arizona State Board of Cosmetology is neutral on the issue.

The names of those who signed up as neutral to HB2157 but did not speak:  
Nick Simonetta, Arizona State Board of Cosmetology

**Mr. Gray moved that HB2157 do pass. The motion carried by a roll call vote of 5-3-0-0 (Attachment 21).**

**HB2815 - employment; incentives; regulatory tax credit – DO PASS AMENDED (CONTINUED FROM ABOVE)**

**Chairman Weiers moved that HB2815 do pass.**

**Chairman Weiers moved that the Mesnard two-page amendment dated 2/13/12 (Attachment 18) be adopted. The motion carried.**

**Chairman Weiers moved that the Mesnard two-page amendment dated 2/13/12 (Attachment 18) be amended as follows:  
Page 2, line 12, after "after" insert "the second"  
The motion carried.**

**Chairman Weiers moved that the Mesnard two-page amendment dated 2/13/12 (Attachment 18) as amended be adopted. The motion carried.**

**Chairman Weiers moved that HB2815 as amended do pass. The motion carried by a roll call vote of 5-3-0-0 (Attachment 21).**

### **HB2357 - real estate brokers; education – DO PASS AMENDED**

Diana Clay, Majority Deputy Director of Research, explained that HB2357 increases the real estate broker continuing education hours and modifies the necessary course requirements (Attachment 23). Ms. Clay advised that the Mesnard 26-line amendment dated 2/14/12 (Attachment 24) stipulates that effective January 1, 2013 continuing education hours will increase to 30 hours for designated brokers and associate brokers working for the designated brokers and specifies broker management clinics must consist of three courses that last three hours each.

Representative Karen Fann, sponsor, stated that the purpose of HB2357 is to extend the training hours for real estate brokers and associate brokers at the request of the REALTORS®.

The names of those who signed up in support of HB2357 but did not speak:

Holly Eslinger, representing self

Daniel Shaw, representing self

Kim Horn, representing self

Frank Dickens, President, Arizona Association of REALTORS®, representing self

The names of those who signed up as neutral to HB2357 but did not speak:

Tom Farley, Arizona Association of REALTORS®

**Chairman Weiers moved that HB2357 do pass.**

**Chairman Weiers moved that the Mesnard 26-line amendment dated 2/14/12 (Attachment 24) be adopted. The motion carried.**

**Chairman Weiers moved that HB2357 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 25).**

### **HB2585 - municipal residential rental tax; election – DISCUSSED AND HELD**

Diana Clay, Majority Deputy Director of Research, explained that HB2585 makes technical corrections to statutes governing municipal transaction privilege tax (TPT) imposed on residential rental properties (Attachment 26). Ms. Clay informed that the Weiers 27-line amendment dated 2/13/12 (Attachment 27) considers a license or permit approved if the governmental unit fails to grant or deny the license or permit within a 45-day time period. If there is a denial within the 45 days, the amendment requires the governmental unit to provide written notice and justification, including the statutory citations or rules that were used for the grounds. There is an appeals process that allows the applicant, within 45 days after the denial, to appeal the decision and present evidence and other information to correct any deficiencies. The license or permit must be issued within five days after receiving the corrected application.

Mr. Weiers, sponsor, stated that HB2585 conveys stability to the populace that creates jobs and keep the economy going by changing how a government unit responds to applicants.

Ken Strobeck, Executive Director, League of Arizona Cities and Towns, in opposition to HB2585, expressed concern with the 45-day limit to review or deny a license or permit, stating that some applications are complex and take longer to review. He stated that he believes the bill is unfair and burdensome.

Discussion ensued regarding application processes and areas of concern.

**Vice-Chairman Mesnard announced HB2585 will be held.**

**HB2691 - automotive recyclers; lead acid batteries – DO PASS AMENDED**

Kate Sommerville, House Majority Intern, advised that HB2691 outlines the procedures and requirements for automotive recyclers and sellers of lead acid batteries (Attachment 28). Ms. Sommerville explained that the Mesnard two-page amendment dated 2/10/12 (Attachment 29) conforms an *automotive recycler* to also include *used automotive components dealer* and defines peace officer and used automotive components dealer.

Greg Ensell, Cox Communications, testified in support of HB2691, explaining the recent increase of battery theft, particularly from telecommunication providers that are required by federal law to maintain a reserve power supply. He said that in 2011, over 2,000 batteries were stolen from Cox Communications resulting in a loss of over \$500,000.

Mr. Ensell answered Members' questions pertaining to the different types of batteries, the ability to recover stolen batteries and ways to impede theft and resale.

Layla Ressler, Pick A Part, testified in opposition to HB2691, stating that the bill unduly targets auto recyclers, which have requested the telecommunication industry mark their batteries for recognition. She said that the telecommunication industry is requesting the auto recyclers to bear the burden without doing anything on their own behalf.

Dan Rush, JSL Management, testified in opposition to HB2691, stating concern with the undue burden of tracking the telecommunication industry's batteries.

Mr. Ensell returned to the podium to clarify that in recovering the stolen batteries, only one was at a scrap dealer and the rest were found at auto parts dealers.

The names of those who signed up in support of HB2691 but did not speak:

Ken Quartemain, Arizona Technology Council

Susan Bitter Smith, Arizona-New Mexico Cable Communications Association

Michael DiMaria, Director of Legislative Affairs, CenturyLink

Tom Horne, Attorney General, Office of the Attorney General

Ronald Schott, President, Arizona Technology Council

Ryan Harper, Verizon Wireless

Steve Zylstra, President/CEO, Arizona Technology Council

Chris Udall, Executive Director, Agri-Business Council of Arizona

Joseph Abate, AT&T

Jerry Fuentes, President, AT&T Arizona

The names of those who signed up as neutral on HB2691 but did not speak:  
John Fischl, Arizona Automotive Recyclers Association, representing self

**Mr. Robson moved that HB2691 do pass.**

**Mr. Robson moved that the Mesnard two-page amendment dated 2/10/12 (Attachment 29) be adopted. The motion carried.**

**Mr. Robson moved that HB2691 as amended do pass. The motion carried by a roll call vote of 5-2-1-0 (Attachment 30).**

**THE MEETING RECESSED AT 2:10 P.M.**

**THE MEETING RECONVENED AT 5:33 P.M. All Members were present except Mr. Weiers.**

**During the Floor Session on 2/15/12 Speaker Tobin appointed Representative Mesnard as Chairman and Representative Gray as Vice-Chairman.**

**HB2611 - technical correction; valuation; personal property – DO PASS AMENDED S/E**  
**S/E: real estate; public reports**

Diana Clay, Majority Deputy Director of Research, explained that the proposed Mesnard 18-page strike-everything amendment to HB2611 dated 2/13/12 (Attachment 31) specifies disclosure requirements for subdivision public reports, clarifies its distribution and permits subdivision inspections by private entities (Attachment 32).

Chairman Mesnard announced the names of those who signed up in support of the strike-everything amendment to HB2611 but did not speak:  
Stan Barnes, Southern Arizona Home Builders Association

Chairman Mesnard announced the names of those who signed up as neutral on the strike-everything amendment to HB2611 but did not speak:  
Tom Farley, Lobbyist, Arizona Association of REALTORS®

Spencer Kamps, Deputy Director, Home Builders Association of Central Arizona, testified in support of the proposed Mesnard 18-page strike-everything amendment to HB2611. Mr. Kamps explained that the bill permits the Arizona Department of Real Estate (ADRE) to privatize subdivision inspections, clarifies the distribution of public reports and specifies disclosure requirements for the subdivision public reports.

In response to a question, Mr. Kamps explained current practices for the public report requirements regarding the Palo Verde Nuclear Power Plant, commercial and military airports, and military training grounds. He expressed the importance of clarifying the requirements.

**Mr. Weiers moved that HB2611 do pass.**

**Mr. Weiers moved that the Mesnard 18-page strike-everything amendment to HB2611 dated 2/13/12 (Attachment 31) be adopted. The motion carried.**

**Mr. Weiers moved that HB2611 as amended do pass. The motion carried by a roll call vote of 7-1-0-0 (Attachment 33).**

**HB2603 - financial disclosures; elected officials – DO PASS AMENDED S/E**  
**S/E: same subject**

Magdalena Jorquez, Majority Analyst, explained that the proposed Mesnard ten-page strike-everything amendment to HB2603 (Attachment 34) dated 2/13/12 makes numerous changes to the financial disclosure requirements (Attachment 35). Ms. Jorquez made reference to the following provisions:

- Prohibits a public officer or employee from using nonpublic information derived from that person's position for any personal benefit.
- Requires a candidate for public office to file a financial disclosure containing all prior mentioned information or containing the information required pursuant to an ordinance, rule, resolution or regulation adopted at the time of filing nomination papers.
- Deems a violation of the provisions punishable according to current election law.
- Requires every incorporated city or town or county to adopt standards of financial disclosure consistent with these provisions.
- Directs the Secretary of State (SOS) to revise the existing financial disclosure forms and handbook to conform to these changes.
- Expands the definition of *gift* to include loan forgiveness or discharge.
- Eliminates a groundwater replenishment district from the definition of *local public officer*.
- Broadens the definition of *member of the public officer's household* to include any other person who resides with the public officer (officer), other than a person who is subject to a written lease agreement.
- Strikes definitions of *controlled business* and *dependent business*.
- Prohibits a public officer or employee from using nonpublic information derived from that person's position for any personal benefit.
- Requires a candidate for public office to file a financial disclosure containing all prior mentioned information or containing the information required pursuant to an ordinance, rule, resolution or regulation adopted at the time of filing nomination papers.
- Deems a violation of the provisions punishable according to current election law.
- Requires every incorporated city or town or county to adopt standards of financial disclosure consistent with these provisions.
- Directs the SOS to revise the existing financial disclosure forms and handbook to conform to these changes.
- Expands the definition of *gift* to include loan forgiveness or discharge.
- Eliminates a groundwater replenishment district from the definition of *local public officer*.
- Broadens the definition of *member of the public officer's household* to include any other person who resides with the public officer (officer), other than a person who is subject to a written lease agreement.
- Strikes definitions of *controlled business* and *dependent business*.
- Makes technical and conforming changes.



Ms. Jorquez explained that the McCune Davis four-line amendment dated 2/14/12 (Attachment 36) to the Mesnard ten-page strike-everything amendment to HB2603 (Attachment 34) dated 2/13/12 amends the definition of *gift* to include honorariums and removes the provision of proposed language that exempts a public officer, completing the term of office in January from filing a financial disclosure statement for the calendar year in which the term of office is completed.

Amy Chan, State Election Director, Arizona Secretary of State's Office (SOS), testified in support of the proposed Mesnard strike-everything amendment to HB2603 explaining the intent of the bill as an attempt to construct a balance between transparency and personal privacy in financial disclosure requirements.

Discussion ensued relating to the definitions of residency, gift and personal information.

Ms. McCune Davis expressed concerns and the reasoning for her amendment to HB2603.

Jim Drake, Assistant Secretary of State, Secretary of State's Office (SOS), testified in favor of the proposed Mesnard strike-everything amendment to HB2603 and stated that the SOS is open to a Floor amendment if necessary.

Chairman Mesnard announced the names of those who signed up in support of the strike-everything amendment to HB2603 but did not speak:

Rob Dalager, representing self

Chairman Mesnard announced the names of those who signed up in opposition to the strike-everything amendment to HB2603 but did not speak:

Seth Apfel, representing self

**Mr. Weiers moved that HB2603 do pass.**

**Mr. Weiers moved that the Mesnard ten-page strike-everything amendment to HB2603 dated 2/13/12 (Attachment 34) be adopted. The motion carried.**

Ms. McCune Davis informed Chairman Mesnard she would not offer her amendment.

**Mr. Weiers moved that HB2603 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 37).**

### **HB2748 - cities; alarm licenses; reciprocity – DO PASS**

Kate Sommerville, House Majority Intern, advised that HB2748 provides reciprocity for a licensed alarm installer from one city or town to another (Attachment 38).

Representative Amanda Reeve, sponsor, explained that HB2748 streamlines the process for licensing an alarm installer.

Representative Reeve answered Members' questions concerning the different standards for cities and towns and the substantially equivalent requirements to license an alarm installer.

Meghaen Duger, Arizona Alarm Association, testified in support of HB2748, stating that the purpose of the bill is to allow reciprocity between the cities and towns. Ms. Duger advised that 22 cities have ordinances for alarm installers, with 13 of the cities requiring a background check and a fingerprint. She cited an example where a company with 40 employees would have to have each employee do a background check and fingerprint 13 times in order to work in certain cities.

Mr. Gray questioned if the business owner would still need to be licensed in each city. Ms. Duger agreed.

Michael Bradley, representing self, testified in support of HB2748, stated that the bill provides efficiency in licensing requirements for alarm installers and saves businesses an expense for multiple background checks on employees.

Chairman Mesnard announced the names of those who signed up in support of HB2748 but did not speak:

Maria Malice, COPS Monitoring, representing self, Arizona Alarm Association  
Susan Brenton, Executive Director, Arizona Alarm Association  
Michael Stull, Manager, Government Affairs, Cox Communications  
Guy T. Eggebrecht, Owner, Bonds Alarm Company, Inc.  
Steve Abrill, Owner, Guard Pro Protection Systems  
Derric Roof, Central Alarm  
Jenny Abill, Owner, Guard Pro Protection Systems  
Kevin Campbell, Owner, FDC Security  
Ben Wilson, Owner, Safeguard Security  
Kristi Gove, Owner, Gove Security  
Dickey Lee, Owner, Central Alarm  
Kristine Mershon, representing self  
Paul Brooke, Director of Public Relations, Titan Alarm

Chairman Mesnard announced the names of those who signed up in opposition to HB2748 but did not speak:

Bob Rivera, Mayor, Town of Thatcher  
Roger Score, representing self  
Greg Rice, representing self

**Mr. Weiers moved that HB2748 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 39).**

#### **HB2835 - Arizona commerce authority; statutory conformity – DO PASS**

Kate Sommerville, House Majority Intern, explained that HB2835 amends the Arizona Revised Statutes to conform to the law that created the Arizona Commerce Authority (Attachment 40).

**Mr. Weiers moved that HB2835 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 41).**

**HB2612 - technical correction; delinquent property; sale – DO PASS AMENDED S/E**  
**S/E: political action committee; solicitation; clarification**

Magdalena Jorquez, Majority Analyst, explained that the proposed Mesnard four-page strike everything amendment to HB2612 (Attachment 42) is an emergency measure that expands the scope of individuals that a corporation may solicit contributions to include the employees of the corporation's subsidiaries, branches, division and affiliates; it also defines *affiliate* as well as *control* (Attachment 43).

Meghaen Duger, Cox Communications, testified in support of the proposed strike-everything amendment to HB2612, expressing that the intent of the bill is to clearly define, in the state statute, that a subsidiary is permitted to solicit their parent company which will match federal law.

Chairman Mesnard announced the names of those who signed up in support of the strike-everything amendment to HB2612 but did not speak:

Susan Anable, Government Relations, Cox Communications  
Allison Bell, Senior Government Affairs Representative, APS  
Molly Greene, SRP  
Garrick Taylor, Arizona Chamber of Commerce and Industry

Chairman Mesnard announced the names of those who signed up in opposition to the strike-everything amendment to HB2612 but did not speak:

Seth Apfel, Volunteer, representing self

**Mr. Weiers moved that HB2612 do pass.**

**Mr. Weiers moved that the Mesnard four-page strike everything amendment to HB2612 (Attachment 42) dated 2/13/12 be adopted. The motion carried.**

**Mr. Weiers moved that HB2612 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 44).**

**HB2837 - consumer lawsuit loans; prohibition – HELD**

**Chairman Mesnard announced that HB2837 will be held.**

**HB2793 - print advertisements; postproduction techniques prohibited – DISCUSSED AND HELD**

**Chairman Mesnard announced that HB2793 will be discussed and held.**

Kate Sommerville, House Majority Intern, explained that HB2793 mandates that altered or enhanced printed media advertisements are not to be displayed or distributed in the state and advertisements that have used postproduction techniques must display a disclaimer (Attachment 45).

Jeremy Browning, Young Women's Christian Association – Maricopa County (YWCA), testified in favor of HB2793. He expressed appreciation for the informational hearing on the bill.

Dana Saylor, Young Women's Christian Association - Maricopa County (YWCA), testified in support of HB2793, stating that statistics show a young girl's self image is affected adversely by advertising and the media. She said that young girls, on average, see 400 images and ten hours of media per day on what it means to be beautiful and what beautiful is. Due to fictitious ideas on beauty, the following statistics are a result:

- 70% of middle school-aged girls do not think that they are good enough
- 81% of ten-year-old girls think they are fat
- Botox® is being marketed to girls of high school age
- Advertisers are selling the myth that girls can and should achieve physical perfection to have value in the American culture
- Rates of depression in women and girls have doubled in the past ten years
- 65% of American women and girls have an eating disorder
- Cosmetic surgery procedures performed on girls aged 18 and younger have more than tripled in the last ten years

Ms. Saylor stated that HB2793 addresses the issues American women and girls are facing in modern culture. She said that an individual's brain does not fully develop until the age of 24, which means children and young adults are the most vulnerable group of citizens on the topic. Through the media, young girls are being sold on the concept that their value lies in their youth, beauty and sexuality and not in their capabilities. Ms. Saylor stated the necessity in requiring disclaimers or disclosures on persons that are airbrushed or digitized to promote honesty in advertising.

Representative Katie Hobbs, sponsor, expressed gratitude for Chairman Mesnard for hearing HB2793, which brings awareness to the issues facing young women and girls.

The names of those who signed up in support of HB2793 but did not speak:

Samuel Richard, Young Women's Christian Association - Maricopa County (YWCA)

Genevra Richardson, Young Women's Christian Association - Maricopa County (YWCA)

Jodi Liggett, Arizona Foundation for Women

The names of those who signed up in opposition to HB2793 but did not speak:

Seth Apfel, Volunteer, representing self

Without objection, the meeting adjourned at 6:25 p.m.

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Abby Selvey, Committee Secretary  
March 13, 2012

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