

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-first Legislature – First Regular Session

**COMMITTEE ON COMMERCE**

Minutes of Meeting  
Wednesday, February 13, 2013  
House Hearing Room 5 -- 10:00 a.m.

Chairman Forese called the meeting to order at 10:01 a.m. and attendance was noted by the secretary.

**Members Present**

Mr. Kwasman  
Ms. Mach  
Ms. McCune Davis

Mr. Mesnard  
Ms. Miranda  
Mr. Montenegro

Mr. Petersen  
Mr. Shope, Vice-Chairman  
Mr. Forese, Chairman

**Members Absent**

None

**Committee Action**

HB2176 – HELD  
HB2185 – DPA (6-3-0-0)  
HB2404 – DPA (6-2-1-0)

HB2525 – DP (9-0-0-0)  
HB2532 – DPA (8-1-0-0)

**CONSIDERATION OF BILLS**

**HB2176 - registrar of contractors – HELD**

**Chairman Forese announced that HB2176 will be held.**

**HB2185 - alarm businesses; alarm agents – DO PASS AMENDED**

**Vice-Chairman Shope moved that HB2185 do pass.**

Dillon Diffie, Majority Intern, explained that HB2185 amends the alarm business and alarm agent certification requirements within the Board of Technical Registration (BTR) (Attachment 1).

Mr. Diffie explained that the Forese 19-line amendment dated 2/12/13 (Attachment 2) allows BTR, accounting, or a political subdivision to obtain information needed for police to respond to an alarm.

**Vice-Chairman Shope moved that the Forese 19-line amendment dated 2/12/13 (Attachment 2) be adopted. The motion carried.**

Representative Karen Fann, sponsor, explained that HB2185 amends a bill passed last year which allows alarm companies to do business in multiple municipalities with a single license with the BTR. This will allow the police to have access to certain information when responding to an alarm. HB2185 will allow background checks on alarm company employees who have access to security information. She addressed a question about regulating fingerprinting requirements.

Meghaen Duger, Arizona Alarm Association, explained her support for HB2185 which is a technical correction bill and ensures that only the people who go onto premises have a fingerprint background check. It also addresses licensing for multiple municipalities.

Maria Malice, Arizona Alarm Association, explained her support for HB2185 and the background checks. She stated that without these changes it will be hard for the police to do their job.

Guy T. Eggebrecht, representing self, appeared in support of HB2185, stating that installers must have a background check.

Michael Bradley, Safeguard Security, explained his support for the legislation, reiterating that the underlying law has been very helpful in consolidating licensing. He stated that he supports giving information to the police and added that this bill will streamline the implementation of last year's law.

Jerry Fuentes, President, AT&T Arizona, stated his support for HB2185 which will clarify current law.

Susan Brenton, Executive Director, Arizona Alarm Association, explained her support for HB2185 which clarifies the jurisdiction of the cities and allows alarm companies to provide information to law enforcement.

Elise Souter, Lieutenant, Tucson Police Department, explained her support for the bill which will protect officers and provide them the information needed to respond safely to an alarm call.

Ms. Mach asked if there were any concerns that the background check does not extend to those who do not actually enter the home. Lieutenant Souter replied in the negative.

Ms. McCune Davis stated that alarm company office employees are also privy to information, such as a customer leaving on an extended vacation, and as such might also require background checks. Lieutenant Souter replied that there is validity in that and she would support it, but the main concern is the installers who enter the home and deal with the family and the property.

Greg Rice, representing self, appeared in opposition to HB2185. He owns an alarm company and believes that these changes are not minor. He explained that last year's law exempted all alarm contractors from registering with the BTR and being governed by the BTR. He stated that he wishes to remain under the Registrar of Contractors (ROC) which has a recovery fund and will deal directly with a homeowner on a claim, which the BTR cannot do. HB2185 removes the exemption and makes the companies deal with the BTR.

Ms. McCune Davis asked if the monitoring function is separate from the installation function that his company performs. Mr. Rice answered in the affirmative. Discussion ensued about this legislation being applied to the monitoring function and why the installation function is being taken away from the ROC.

Representative Fann clarified that HB2185 will put installers under both the ROC and the BTR.

Roger Score, Arizona Alarm Dealers Association, stated his opposition to HB2185 and explained that monitors have access to all the codes and contact information.

Levi Bolton, Phoenix Law Enforcement Association, Arizona Police Association, explained that he is against this legislation, which needs more work. In response to a question, he stated that this bill will allow information to be disseminated which currently requires a court order.

Russell Roberts, representing self, stated his opposition to HB2185, reiterating that the central station which monitors the system holds all the information. He stated that the focus on the installers is wrong as they typically do not have access to information.

Michael Stull, Government Affairs, Cox Communications, explained his support for HB2185, stating that telecommunications companies, by federal and state regulations, ensure that their employees are screened.

Meg Leal, City of Phoenix, explained her support for HB2185 which will allow information to be given to police who cannot take the time to get a court order before they act on a request from the alarm company to respond to an alarm activation. In response to questions, Ms. Leal explained that exigent circumstances apply relevant to the Fourth Amendment and that the customer has contracted for this service.

Vice-Chairman Shope announced the names of those who signed up in support of HB2185 but did not speak:

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

Adriana Martinez, Intergovernmental Relations, City of Tucson

Sarah Wharton, Lobbyist, Cox Communications

Paul Brooke, representing self

Joseph Brown, representing self

Rich Cowan, representing self

Trisha DeWolf, representing self

Rod Parrish, representing self

Karena Silva, representing self

Gary Pollack, representing self

Julia Bogen, representing self

Scott Butler, City of Mesa

Leah Hubbard, Intergovernmental Relations Coordinator, Town of Gilbert

John MacDonald, Comcast/NBC Universal

Joseph Abate, AT&T

Vice-Chairman Shope announced the names of those who signed up as neutral on HB2185 but did not speak:

Leonard Clark, representing self  
Dave Kopp, Manager, Arizona Citizens Defense League

Vice-Chairman Shope announced the names of those who signed up in opposition to HB2185 but did not speak:

John Wentling, Vice President, Arizona Citizens Defense League  
Tim Staring, TRS Custom Homes

**Vice-Chairman Shope moved that HB2185 as amended do pass. The motion carried by a roll call vote of 6-3-0-0 (Attachment 3).**

**HB2404 - property managers; records; storage – DO PASS AMENDED**

**Mr. Mesnard moved that HB2404 do pass.**

Diana Clay, Deputy Director, Majority Research, explained that HB2404 specifies requirements for storing records by real estate property managers (Attachment 4).

Ms. Clay explained that the Forese five-line amendment dated 2/8/13 (Attachment 5) allows records to be kept electronically and all records to be kept at the broker's office.

Courtney Gilstrap LeVinus, Arizona Multihousing Association, explained her support for HB2404 which will allow documents to be kept in the leasing office.

Mr. Mesnard announced the names of those who signed up in support of HB2404 but did not speak:

Daniel Romm, Legislative Liaison, Arizona Department of Housing  
Leonard Clark, representing self

Louis Dettorre, Legislative Liaison, Arizona Department of Real Estate, appeared as neutral on the legislation.

Ms. McCune Davis asked if records can be duplicated. Mr. Dettorre stated that the preference of the Arizona Department of Real Estate is to keep the records in one location and that copies are typically not stored in another location.

**Mr. Mesnard moved that the Forese five-line amendment dated 2/8/13 (Attachment 5) be adopted. The motion carried.**

**Mr. Mesnard moved that HB2404 as amended do pass. The motion carried by a roll call vote of 6-2-1-0 (Attachment 6).**

**HB2525 - real estate licenses; cancellation. – DO PASS**

**Vice-Chairman Shope moved that HB2525 do pass.**

Diana Clay, Deputy Director, Majority Research, explained that HB2525 allows the Arizona Department of Real Estate to cancel a person's real estate license upon request of the licensee (Attachment 7).

Mr. Petersen, sponsor, stated that this bill will allow inactive licensees to be cancelled.

Vice-Chairman Shope announced the names of those who signed up in support of HB2525 but did not speak:

Tom Farley, Arizona Association of REALTORS®

Vice-Chairman Shope announced the names of those who signed up as neutral on HB2525 but did not speak:

Louis Dettorre, Legislative Liaison, Arizona Department of Real Estate

Leonard Clark, representing self

**Question was called on the motion that HB2525 do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 8).**

### **HB2532 - corporation commission; internet services – DO PASS AMENDED**

**Vice-Chairman Shope moved that HB2532 do pass.**

Stephanie Johnson, Assistant Majority Research Analyst, explained that HB2532 prohibits the Arizona Corporation Commission (Commission) from regulating the entry, exit, rates, terms or conditions of voiceover internet protocol (VOIP) service or internet protocol enabled service (Attachment 9).

Ms. Johnson explained that the Mesnard eight-line amendment dated 02/12/2013 (Attachment 10) clarifies that this bill, with respect to voiceover internet protocol service, does not affect the Commission's authority under federal law.

Mr. Mesnard, sponsor, stated that he is proposing this legislation on behalf of Verizon; the goal is to create regulatory certainty into the future.

Ms. Mach asked why it will prevent the Commission from regulating. Mr. Mesnard replied that the internet services are not under the purview of the Commission which does not have jurisdiction.

Mike Gardner, Microsoft, stated his support for HB2532 and stressed that the telecommunications industry is changing dramatically and Arizona is attracting high-tech companies. There are 24 other states which have said that they will not regulate the internet; state-by-state regulation would be even worse. He listed examples of internet companies whose reach spans the globe and should not be regulated by the Commission; he urged the Members to plan for tomorrow's technology.

Don Isaacson, Sprint, explained his opposition to HB2532, saying that there is no need for it because the internet should not be over-regulated. He stated that some providers do not have a

land network and rely on competitors' existing infrastructure to provide connectivity. He stated that the Commission should deal with interconnection issues.

Mr. Mesnard stated that he does not see the possible harm in this reliance. Mr. Isaacson replied that the owners of the infrastructure could charge exorbitant interconnection fees to competitors.

John Mangum, T-Mobile, explained his opposition to this legislation which will inject regulatory uncertainty into the market and will increase the expense of interconnectivity. He clarified that Verizon and AT&T own the landlines and all other cell phone providers must route through those landlines.

Mr. Mesnard stated that this bill leaves untouched something that is undetermined at this time. Discussion ensued.

Lori Lustig, Arizona Corporation Commission, stated her neutrality on HB2532, explaining that the Commission has no formal position yet but has concerns that the bill raises serious constitutional issues. Article 15, Section 2, of the Arizona State Constitution grants the Commission authority over public service corporations, such as those which transmit messages or furnish public telephone services.

Mr. Mesnard stated that the constitutionality will be assessed by the Rules Committee.

Leonard Clark, representing self, stated that he is neutral on HB2532.

Rudolph Reyes, Assistant General Counsel, Verizon, explained his support for HB2532 which will provide certainty for investors and VOIP will not be subject to legacy legislation for phone carriers in Arizona. He reminded the Members that Verizon has invested much in Arizona, with over 2.5 million customers and 2,300 employees. Verizon has spent over a billion dollars building and upgrading its wireless infrastructure and has no intention to intrude on the Commission's constitutional responsibilities.

Vice-Chairman Shope announced the names of those who signed up in support of HB2532 but did not speak:

Barbara Meaney, eBay  
John MacDonald, Comcast/NBC Universal

Vice-Chairman Shope announced the names of those who signed up in opposition to HB2532 but did not speak:

Norman Moore, Sprint

Vice-Chairman Shope announced the names of those who signed up as neutral on HB2532 but did not speak:

Michelle Bolton, Public Affairs, Cox Communications  
Michael DiMaria, Director of Legislative Affairs, CenturyLink

Ms. Lustig stated that the Commission will continue to meet with Verizon.

**Vice-Chairman Shope moved that the Mesnard eight-line amendment dated 02/12/2013 (Attachment 10) be adopted. The motion carried.**

**Vice-Chairman Shope moved that HB2532 as amended do pass. The motion carried by a roll call vote of 8-1-0-0 (Attachment 11).**

Without objection, the meeting adjourned at 11:50 a.m.

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Jane Dooley, Committee Secretary  
February 27, 2013

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