

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

**COMMITTEE ON GOVERNMENT**

Minutes of Meeting  
Tuesday, February 18, 2014  
House Hearing Room 4 -- 2:00 p.m.

Chairman Ugenti called the meeting to order at 3:23 p.m. and attendance was noted by the secretary.

**Members Present**

Mr. Borrelli	Mr. Forese	Mr. Quezada
Mr. Clinco	Ms. Hernández	Mr. Petersen, Vice-Chairman
Mr. Coleman	Mr. Kavanagh	Mrs. Ugenti, Chairman

**Members Absent**

None

**Committee Action**

HB2044 – DP (8-0-0-1)	HB2477 – DPA (9-0-0-0)
HB2061 – HELD AT REQUEST OF SPONSOR	HB2528 – DP (9-0-0-0)
HB2152 – DP (8-0-1-0)	HB2594 – <del>DP</del> FAILED (3-6-0-0)
HB2179 – DPA S/E (8-1-0-0)	HB2596 – DPA S/E (8-0-0-1)
HB2218 – DP (8-0-0-1)	HB2615 – DP (7-1-0-1)
HB2220 – DP (8-1-0-0)	HB2640 – DP (6-3-0-0)
HB2273 – DPA S/E (9-0-0-0)	HB2651 – DPA (7-1-1-0)
HB2310 – DPA (9-0-0-0)	HB2695 – DPA (9-0-0-0)
HB2386 – HELD AT REQUEST OF SPONSOR	HB2696 – DP (6-2-1-0)
HB2476 – HELD	HCR2030 – DP (7-1-0-1)

**CONSIDERATION OF BILLS**

**HB2061 – constables' work logs; filing – HELD AT REQUEST OF SPONSOR**

**Chairman Ugenti announced that, at the request of the sponsor, HB2061 will be held.**

**HB2386 – special districts; elections; financing; limits – HELD AT REQUEST OF SPONSOR S/E**  
**S/E: same subject**

Chairman Ugenti announced that, at the request of the sponsor, HB2386 will be held.

**HB2179 – trampoline courts; safety – DO PASS AMENDED S/E**  
**S/E: same subject**

Victoria Pacheco, Majority Research Intern, explained that the Coleman four-page strike-everything amendment dated 02/13/14 to HB2179 (Attachment 1) is an emergency measure that establishes regulations for trampoline courts under the Arizona Department of Fire Building and Life Safety (Attachment 2).

Chairman Ugenti reminded the Committee that this bill was extensively discussed and held in a prior meeting.

Holly Textor, Lobbyist, Arizona Department of Fire Building and Life Safety, testified as neutral on the strike-everything amendment to HB2179 and stated that she believes there may be a financial impact to the Department.

Chairman Ugenti questioned the cause of the financial impact. Ms. Textor responded that she is uncertain because the Department's fiscal analyst is still reviewing the impact of the bill.

Rob Dalager, Lobbyist, on behalf of Maureen Kerley and Gary Thomasson, spoke in support of the strike-everything amendment to HB2179 and stated that the responsibility of the Department is to simply act as a registry and maintain a few documents for nine trampoline courts. The Department is also permitted to establish fees for the initial registration and renewal of registration in amounts determined by the Director.

Vice-Chairman Petersen announced the names of those who signed up in support of the strike-everything amendment to HB2179 but did not speak:

Mike Williams, representing self

Deb Gullett, Gallagher and Kennedy

**Vice-Chairman Petersen moved that HB2179 do pass.**

**Vice-Chairman Petersen moved that the Coleman four-page strike-everything amendment dated 02/13/14 to HB2179 (Attachment 1) be adopted. The motion carried.**

**Vice-Chairman Petersen moved that HB2179 as amended do pass. The motion carried by a roll call vote of 8-1-0-0 (Attachment 3).**

**HB2273 – ride-sharing networks; registration – DO PASS AMENDED S/E**  
**S/E: same subject**

Tom Savage, Majority Research Assistant Analyst, advised that the Ugenti nine-page strike-everything amendment dated 02/14/14 to HB2273 (Attachment 4) establishes regulations and requirements for ridesharing networks in the state (Attachment 5).

Wendy Briggs, Lobbyist, Uber Technologies, Inc., testified in support of the strike-everything amendment to HB2273. She advised that Uber is a technology company that developed a software application (app) which allows anyone interested in transportation services to connect with drivers that provide transportation services. She related that in Arizona, Uber has been in business for around two years and has been offering the rideshare option since October 2013. Ms. Briggs stated that the goal of this bill is to set the regulatory framework for ridesharing as current definitions in statutes do not pertain to these unique ridesharing networks. In response to Members' questions, Ms. Briggs provided a transportation industry comparison handout (Attachment 6) and addressed the following areas of concern:

- Arizona Corporation Commission registration
- Vehicle inspections
- Insurance requirements
- Driver background checks – independent contractors
- Arizona Department of Weights and Measures role
- Driver requirements
- Independent transportation providers – pizza delivery drivers
- Ridesharing networks and taxi cab differences
- Uber mobile app usages
- Ridesharing trip definitions
- Pending California lawsuit – fatal accident
- Absence of drug policies
- Driver complaint measures
- Uber accountability and registration

Vice-Chairman Petersen assumed the Chair.

Joseph Okpaku, Lobbyist, Lyft, Inc., spoke in favor of the strike-everything amendment to HB2273 and provided an overview of the smartphone-based ridesharing service. He stated the importance of ridesharing to the transportation/transit system and related that the Lyft system will help unlock the 80 percent of all seats, in cars on the roadways, which go empty during trips. Lyft works to ensure the trust and safety of the drivers and passengers and encourages everyone to share their empty seats to make transportation more affordable, safe and sustainable. Mr. Okpaku addressed the differences between Lyft and Uber with regard to insurance and medical coverage and reiterated that drivers are independent contractors.

Cheryl Murray, representing self, testified in favor of the strike-everything amendment to HB2273. She advised the Committee of her positive experiences while partnering with Lyft and stated that she believes Arizona roadways are safer on the weekends because of the much-needed service of the ridesharing network.

Steve Thompson, General Manager, Uber Technologies, Inc., testified in support of the strike-everything amendment to HB2273 and said that the bill aims to define ridesharing networks. Ridesharing services increase riders' options, provide a safer mode of transportation for passengers and benefit the lives of thousands of drivers by offering flexible employment opportunities. Driver partners take home 80 percent of their fares and do not pay dispatching or licensing fees. Services are scheduled through a mobile app, riders are sent information on the driver and the car, and the driver quickly arrives at the destination. Mr. Thompson submitted letters of support (Attachment 7) and cited comments on how Uber is benefiting the state and the communities, i.e., fewer college students are driving under the influence and are scheduling ridesharing services.

Chairman Ugenti resumed the Chair.

In response to Members' questions, Mr. Thompson reviewed Uber's mobile app usage, the payment structure for drivers and passengers and the tax responsibilities of independent contractors.

Ms. Briggs returned to the podium to clarify the differences between an employee and an independent contractor. She related that independent contractors are issued an Internal Revenue Service Form 1099 and that their earnings are reported to the federal and state government.

Alberto Gutier, Director, Governor's Office on Highway Safety, testified in opposition to the strike-everything amendment to HB2273. He provided background on previous legislative efforts to regulate the transportation industry and expressed concern about the inability to monitor the insurance coverage of those providing ridesharing services.

John Farry, Government Relations Officer, Valley Metro Regional Public Transportation Authority (Valley Metro), testified in opposition to the strike-everything amendment to HB2273. He explained that the purpose of rideshare is to manage congestion, reduce pollution and conserve energy. The transportation control measures are part of the federally-adopted air quality plan. The Federal Transit Administration (FTA) requires an oversight function within the state to implement the guidelines and regulations from the federal government to maintain air quality standards and federal funding. Mr. Farry stated that he believes this legislation could have a negative impact on the vanpool program, which saved 58.3 million travel miles and 2 million gallons of fuel in 2013. He said that the state has to make sure that ridesharing service regulations do not impact the existing rideshare programs, such as carpooling and vanpooling.

Chairman Ugenti commented that the bill is not intended to impact any of the existing rideshare programs.

Mr. Forese, sponsor, agreed and advised the Committee that a series of stakeholder meetings will be held to address issues.

John MacDonald, Lobbyist, Discount Cab, a Division of Total Transit, Inc., testified in strong opposition to the strike-everything amendment to HB2273. He advised that this bill shifts liability to the drivers and the public to give ridesharing service companies a competitive advantage. Mr. MacDonald stated that he believes that Uber and Lyft do not own a unique

business model or technology; Discount Cab has been using a similar smartphone app for the past two years. Ridesharing network companies do the exact same thing as taxi companies: provide paid transportation for hire. The methods may be different but the outcome is the same. Mr. MacDonald stated that this bill does not open the state up to technology and innovation. He advised that last year, the Fifty-First Legislature, First Regular Session adopted SB1384 – taxis; prearranged ground transportation service, to address the issues and legally allow Uber and Lyft to operate in the state’s marketplace. This bill merely shifts the insurance risk and liability to the drivers and the public.

Vice-Chairman Petersen assumed the Chair.

Mr. MacDonald deferred all questions relating to taxi operations to Michael Pinckard.

Michael Pinckard, President, Total Transit, Parent Company of Discount Cab, testified in opposition to the strike-everything amendment to HB2273. In reply to a question, he advised that the taxi industry has an annual employee turnover rate of 100 percent.

Mr. Forese questioned the turnover rate for Uber. Mr. Thompson returned to the podium and responded that he is unaware but will be forthcoming with the information.

Mr. Pinckard advised that Arizona has the most fully deregulated taxi market in the country. He said that he welcomes the competition that the ridesharing companies bring; however, they should be held to the same standards as all transportation services. The main concern is that passengers, drivers and the public are equally protected and insured regardless of the vehicle that transports them. Uber currently insures drivers with \$1 million policies but only from the time the driver picks up the passenger to the time the passenger is dropped off. Mr. Pinckard stated that he believes the companies should be required to provide drivers with insurance the entire time they are on the road and not rely on the driver’s personal policy for the times a passenger is not in route.

In response to Mr. Borrelli’s question, Mr. Pinckard related that Total Transit does not take any portion of the driver’s gratuity.

Anton Dowls, representing self, spoke in opposition to the strike-everything amendment to HB2273 and provided background on his professional driving career. He stated concern for the exploitation of individuals wanting to supplement their income by companies that are passing the insurance liability to the driver. He said that the practice is unfair and could cause long-term financial damage to the driver.

Chairman Ugenti resumed the Chair.

In response to Mr. Borrelli’s question, Mr. Dowls explained the fare rates for taxi cab drivers.

David Childers, Lobbyist, Farmers Insurance Group of Companies; Nationwide Mutual Insurance Company; Property Casualty Insurers Association of America, testified in opposition to the strike-everything amendment to HB2273 and addressed the following concerns:

- Gap in insurance coverage

- Lack of clarity in legislation
- Disclosure to the drivers for their exposure

Mr. Childers stated that rideshare drivers are not just sitting at home waiting for ride requests. They are out on the streets in high-traffic areas and are readily available when rides are requested. He said that rideshare companies have a responsibility to provide coverage for the drivers.

In answer to Members' questions, Mr. Childers explained the differences in insurance policies and the importance of commercial and hybrid insurance policies. He related that all the concerns can be worked on and resolved.

Mr. Forese reiterated that the issues will be addressed in a series of stakeholder meetings.

Don Isaacson, Lobbyist, State Farm Insurance Companies, testified in opposition to the strike-everything amendment to HB2273. He advised that he is not opposed to the underlying principle of the bill but has concerns with the lack of insurance being provided to the independent contractors when driving Uber or Lyft clients. Mr. Isaacson stated that the easiest solution is to require ridesharing companies to purchase commercial liability policies to ensure that the drivers and the public are protected from accidental injuries to avoid the risk of constant litigation and denied insurance claims.

Barry Beall, President, Arizona Limousine Association (ALA), in opposition to the strike-everything amendment to HB2273, stated that all transportation services should be held to the same standards. He said that the Association voted against this legislation and echoes the same concerns of Discount Cab.

Chairman Ugenti questioned if ALA voted on the underlying bill or the proposed strike-everything amendment to HB2273. Mr. Beall responded that the Association voted on the underlying bill but is against the strike-everything amendment as well.

Mike Brown, Insurance Agent, Mahoney Group; Member, Arizona Limousine Association, testified against the strike-everything amendment to HB2273. He said that he has sold commercial livery insurance since 1997 and explained that the reason the Arizona Department of Weights and Measures requires proof of insurance is because their computer systems are linked to the Arizona Department of Public Safety (DPS). The DPS can easily detect persons operating illegitimate transportation services. Mr. Brown advised that he does not sell insurance for the taxi cab industry but stated that he believes the annual cost for a liability insurance policy is \$5,000.

Mr. Kavanagh asked if the price of the policy remains the same if a person only works 16 hours a week. Mr. Brown answered in the affirmative.

Kevin Tyne, Director, Arizona Department of Weights and Measures (Department), appeared as neutral on the strike-everything amendment to HB2273 and expressed concern with the unintended consequences of removing the Department from the equation. He said that over the past fifteen years, the Department has worked diligently with DPS to make sure the industry is

properly, honestly and fairly operating. In 2013, 750 consumer complaints, such as identity thefts by drivers, were fielded by the Department to help ensure safety and protection.

Mr. Kavanagh queried the cost of the licensing fee. Mr. Tyne responded that the cost is zero dollars.

Mr. Borrelli questioned the burden of the licensing process. Mr. Tyne responded that the annual process takes around five minutes to complete.

Mr. Tyne advised that the Department has a strong record of ensuring the public safety of Arizona citizens and continuing to successfully protect honest businesses. He quipped that this industry hauls human beings, not pumpkins. Mr. Tyne stated that the bill does not require drug testing for the drivers which contradicts prior legislation imposed on the transportation service industry. He said that this legislation could return unsafe, unregulated and rogue vehicles operating in the state with little enforcement similar to fifteen years ago.

Discussion ensued on the requirements of the independent contractors and the ridesharing networks.

David Decker, representing self, testified in support of the strike-everything amendment to HB2273 and stated appreciation for having another choice in his transportation needs.

Kathleen Noble, representing self, testified in support of the strike-everything amendment to HB2273. She stated that she has been a rideshare partner with Uber and Lyft since September 2013 and that trying to stop the future of ridesharing is like trying to stop Facebook to protect the phone book.

Diane Linnell, representing self, testified in favor of the strike-everything amendment to HB2273 and stated that the rideshare network is a completely different concept than livery, cabs or limousines and provides a much needed service due to a lack of taxi cabs in the area she serves. Ms. Linnell said that she cannot provide rideshare services at a reasonable price if she is required to purchase commercial liability insurance.

Sarah Ntiappiah, Business Development Executive Director, vRide, testified in opposition to the strike-everything amendment to HB2273 and advised of vRide's current vanpool contracts:

- 385 vanpools with Valley Metro in Phoenix
- 62 vanpools in Tucson with Pima Association of Governments
- 21 vanpools in Yuma with the Yuma County Area Transit
- 117 vanpools in the rural and urban parts of the state

She explained that all vanpool drivers are volunteers that are part of the commuting group. They are not paid and do not profit from vanpooling and, through contracts, vRide provides the insurance and public safety services as outlined in statute. Ms. Ntiappiah stated that she believes that Uber and Lyft do not meet the accepted definition of ridesharing which is a volunteer-driven, shared-expense model. She said that true ridesharing efforts reduce emissions, ease roadway congestion and conserve energy. Ms. Ntiappiah stated that vRide strongly objects to

the use of the term *ridesharing* in this legislation and suggested using *transportation network activities*.

Harry Garewal, Elite Taxi Cab, representing self, testified in opposition to the strike-everything amendment to HB2273 and stated concern for the lack of state-regulation, accountability, required experience for drivers, drug testing, licensing and certification requirements. In response to a question, Mr. Garewal related that Elite Taxi Cab requires drivers to have at least two years of experience.

Abbas Naini, Apache Taxi, representing self, testified in opposition to the strike-everything amendment to HB2273. He said that ridesharing networks provide the same service as taxi cabs and should be held to the same standards.

Theodore Schultz, Ted J. Schultz Insurance, representing self, testified against the strike-everything amendment to HB2273. He questioned the point of changing the rules for the ridesharing networks instead of requiring them to comply and reviewed the consequences of allowing private passenger vehicles to drive commercially.

Chairman Ugenti resumed the Chair.

Andrew Carlson, Executive Assistant for Policy Affairs, Arizona Department of Insurance, appeared as neutral on the strike-everything amendment to HB2273 and offered to answer any questions.

Mr. Forese provided closing remarks and stated that ridesharing networks are a new concept in providing transportation services. He committed to finding a solution to the issues and reiterated that a series of stakeholder meetings will be held.

Discussion ensued among Members on the various concerns and possible solutions.

Names of those who signed up in support of the strike-everything amendment to HB2273 but did not speak:

Sharon Lanzer, representing self  
John Kelly, Lobbyist, Lyft, Inc.  
Adam Burkhalter, representing self  
Louise Foster, representing self  
Nicole Sartain, representing self  
Michael Hwan, representing self  
Ronda Barnes, representing self  
Fred Flory, representing self  
Jeff Kootswatewa, representing self  
Mark Sanford, representing self  
Eric Williams, representing self  
Ryan Sandberg, representing self  
Fernando Garcia, representing self  
Bella Livshiz, representing self  
Jenni Oneski, representing self  
Kristen Atkinson, representing self

Carlos Suarez, representing self  
Larry Horzon, representing self  
Moath Awawdeh, representing self  
Gabe Williams, representing self  
Thanas Gjinopulli, representing self  
Nain Arturo, representing self  
Mohamad Alawneh, representing self  
Marwan Alsayegh, representing self  
David Cline, representing self  
Blaine Light, representing self  
Jamie Saragosa, representing self  
Charles McGarvie, representing self  
Ali Juma, representing self  
Matt Johnson, representing self  
Charles Cannon, representing self  
Zbigniew Wlodyka, representing self  
Tiffany Newey, representing self  
Kevin Wade, representing self  
Jay Tong, representing self  
Almahal Awadalla, representing self  
Jason Focken, representing self  
Besnik Bakolli, representing self  
Boris Durdevic, representing self  
Justin Spiegel, representing self  
Oluwasegun Okunola, representing self  
John Bruff, representing self  
Vincent Walker, representing self  
Joshua Horblit, representing self  
Ronald Bell, representing self  
Kenny Holmes, representing self  
Steven Adelson, representing self  
Amin Farah, representing self  
Eddie Gonzalez, representing self  
Ahmed Salad, representing self  
Sam Raies, representing self  
Jamal Omar, representing self  
Brandon Gessel, representing self  
Ali Alkaissy, representing self  
Aqeel Muhammad, representing self  
Andrew Schawl, representing self  
Jayson Wilkinson, representing self  
Justin Aldecoa, representing self  
Lawrence Lassiter, representing self  
Omar Alqaysi, representing self  
Evangeline Doctor, representing self  
Rashid Bashir, representing self  
John Hamby, representing self  
David Faraji, representing self

Brad Loan, representing self  
Cristina Vancini, representing self  
Sandra Frunza, representing self  
Patrice Stevens, representing self  
T. Pepe Uhatafe, representing self  
Gabriel Priore, representing self  
Michael Ketchum, representing self  
Gordon Diebler, representing self  
Joy Bennett, representing self  
Safet Pasjaqa, representing self  
Nader Atoufi, representing self  
Khalid Elsayed, representing self  
Amir Azin, representing self  
Samuel Kitchell, representing self  
Ryan Torres, representing self  
Mohamednoor Ibrahim, representing self  
Patrice McDaniel, representing self  
Nizar Younis, representing self  
Amor Dulatahu, representing self  
Rocio Barraza, representing self  
Gideon Hod, representing self  
David Decker, representing self  
Jose Escalante, representing self  
Wayto Reed, representing self  
Marilyn Purvis, Lobbyist, Uber Technologies, Inc.  
Jason Barraza, Associate Director, Uber Technologies, Inc.  
Dianne McCallister, Lobbyist, Arizona Technology Council  
Steven Zylstra, representing self  
Ronald Joseph Schott, representing self  
Amir Azin, representing self  
Ageel Muhammad, representing self  
Ioan Brad, representing self  
Mohamed Abera, representing self

Names of those who signed up in opposition to the strike-everything amendment to HB2273 but did not speak:

Lee Miller, Lobbyist, VIP Taxi  
Karen Kruse, Lobbyist, Regional Public Transportation Authority  
Sean McMahon, representing self  
Michael Bushell, representing self  
Breadmond Rhodes, representing self  
Noel Young, Allstate Insurance Company  
Gary Warner, representing self  
Phillip Tanvas, representing self  
Morgan Blitz, representing self  
Gregg Petersen, representing self  
George Colbert, representing self  
Jill Tyree, representing self

Carlos Hernandez, representing self  
Cliff Harrington, representing self  
Lance Youngclaus, representing self  
Rebecca Sanchez, representing self  
Anne Hamilton, Valley Metro  
Kerry L. Hayden, Lobbyist, Farmers Insurance Group of Companies  
Stuart Goodman, CSAA Insurance Group  
Douglas Cole, Lobbyist, Discount Cab a Division of Total Transit Inc.  
Norman Moore, Attorney, State Farm Insurance Companies  
Ellen Poole, Executive Director, Southwest Region Government Relations, United Services  
Automobile Association  
J. Michael Low, Attorney, American Family & Allstate  
Marc Osborn, Property Casualty Insurers Association of America  
William Kennard, representing self  
Eric Wilson, representing self  
Marshawn Mitchell, representing self  
James Sutherland, representing self  
Alison Tait, representing self  
Joseph Pietsch, representing self  
Scott Williams, representing self  
David Mosher, representing self  
Marvin Heron, representing self  
Christopher Harsted, representing self  
Cole Seethaler, representing self  
Daniel Anderson, representing self  
Yong Stauber, representing self  
Santiago Alegre, representing self  
Robert Michalka, representing self  
James Summers, representing self  
Eddie Bryant, representing self  
Stephen Diddy, representing self  
Danny Krausnick, representing self  
Abdel Jabbar, representing self

Names of those who signed up as neutral on the strike-everything amendment to HB2273 but did not speak:

Janice Goldstein, Arizona Trial Lawyers Association  
Lanny Hair, Lobbyist, Independent Insurance Agents & Brokers of Arizona  
Amy Cronkhite, Lobbyist, Independent Insurance Agents & Brokers of Arizona  
Kelsey Lundy, Lobbyist, Enterprise Rent-A-Car  
Kevin Tyne, representing self  
Barry Aarons, Lobbyist, Arizona Trial Lawyers Association; City of Phoenix

**Vice-Chairman Petersen moved that HB2273 do pass.**

**Vice-Chairman Petersen moved that the Ugenti nine-page strike-everything amendment dated 02/14/14 to HB2273 (Attachment 4) be adopted. The motion carried.**

**Vice-Chairman Petersen moved that HB2273 as amended do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 8).**

**HB2477 – homeowners' associations; transfer fees; exemption – DO PASS AMENDED**

Virginia Carico, Majority Research Analyst, explained that HB2477 restricts a homeowners' association from charging a transfer fee under certain conditions (Attachment 9). The Petersen 21-line amendment dated 02/13/14 to HB2477 reorganizes statute and clarifies that if a party records a deed that bears an exemption pursuant to statute they are exempt from being subject to an HOA's disclosure statements as well as any fees relating to services for resale disclosure, lien estoppel and other services related to the transfer or use of the property (Attachment 10).

Vice-Chairman Petersen, sponsor, stated that the purpose of the bill is to codify practices that reputable HOAs currently observe. The amendment clarifies that the HOA is not required to provide any documentation.

Ryan DeMenna, Lobbyist, Community Associations Institute, appeared as neutral on HB2477 and the amendment. He offered to answer any questions.

Carol Perkinson, representing self, testified against HB2477 and the amendment. She stated that the bill makes relatives special classes of people who do not have to pay the fees that nonrelatives have to pay when obtaining property.

Jeff Sandquist, Arizona Association of Community Managers (AACM), testified in support of HB2477 and the amendment and thanked Mr. Petersen for his work on the bill.

Kenneth Dowlin, representing self, testified in opposition to HB2477 and the amendment. He reiterated previous concerns that the bill allows relatives to forego paying fees when there is a cost to the HOA.

Vice-Chairman Petersen explained that a deed transfer is not the responsibility of the HOA but that of the property owner.

Vice-Chairman Petersen announced the names of those who signed up in support of HB2477 but did not speak:

Mary Arnold, representing self

Fran Noe, representing self

Jeff Sandquist, Arizona Association of Community Managers

Vice-Chairman Petersen announced the names of those who signed up in opposition to HB2477 but did not speak:

Jack Brownson, representing self

Lois Brownson, representing self

Janice Dowlin, representing self

Vice-Chairman Petersen announced the names of those who signed up as neutral on HB2477 but did not speak:

Kevin DeMenna, Community Associations Institute  
Leonard Clark, representing self

**Vice-Chairman Petersen moved that HB2477 do pass.**

**Vice-Chairman Petersen moved that the Petersen 21-line amendment dated 02/13/14 to HB2477 (Attachment 10) be adopted. The motion carried.**

**Vice-Chairman Petersen moved that HB2477 as amended do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 11).**

**HB2594 – public construction; business losses; compensation – DO-PASS FAILED**

Victoria Pacheco, Majority Research Intern, explained that HB2594 outlines the process for a business owner to recover damages if public construction projects result in business losses (Attachment 12).

Representative John Allen, sponsor, related that the bill addresses private property rights and public interest. He gave an account of a small business owner that, after a two-year construction project in front of his restaurant, was forced to close his business. This bill provides a remedy for business owners to recover damages if a project goes more than ten months and the business is lost.

Vice-Chairman Petersen assumed the Chair.

In response to questions, Representative Allen explained that if the construction project is shorter than ten months, there is not an issue.

Discussion ensued on determining when a project is no longer negatively affecting a business, municipalities' potential liability, the party responsible for the burden of the cost and the risks associated with purchasing or renting a property near a right of way.

Chairman Ugenti resumed the Chair.

Representative Allen stated that he is agreeable to an amendment and that the principal of the bill is addressing the private sector's rights compared to the state's rights.

Kevin Biesty, Lobbyist, Arizona Department of Transportation (ADOT), said that he is neutral on the bill and stated that ADOT goes to great lengths to provide access to businesses and minimize the impact to the community when roadway improvements are being made.

Vice-Chairman Petersen announced the names of those who signed up in opposition to HB2594 but did not speak:

Karen Kruse, Lobbyist, Regional Public Transportation Authority  
John Farry, Valley Metro  
Matthew Ligouri, Lobbyist, City of Goodyear

Michael Celaya, representing self  
Rene Guillen, Lobbyist, League of Arizona Cities and Towns  
Sara Sparman, Lobbyist, Town of Queen Creek

**Vice-Chairman Petersen moved that HB2594 do pass. The motion failed by a roll call vote of 3-6-0-0 (Attachment 13).**

**HB2218 – fire district reorganization elections – DO PASS**

Tom Savage, Majority Research Assistant Analyst, advised that HB2218 requires candidates in a fire district reorganizing election to follow statutory nomination procedures, modifies time frames for canvassing election returns and removes the ability to reorganize a fire district board to be administered by an elected chief (Attachment 14).

Vice-Chairman Petersen assumed the Chair.

Representative Karen Fann, sponsor, stated that HB2218 is a technical correction that will save time and money for fire districts that want to increase the number of board members from three to five members.

Vice-Chairman Petersen announced the names of those who signed up in support of HB2218 but did not speak:

Johnathan Roes, Lobbyist, Election Officials of Arizona  
Jen Sweeney Marson, Lobbyist, Arizona Association of Counties  
John Flynn, Arizona Fire District Association  
Todd Madeksza, Director of Legislative Affairs, County Supervisors Association of Arizona  
Daniel Bogert, County Supervisors Association of Arizona

**Mr. Kavanagh moved that HB2218 do pass. The motion carried by a roll call vote of 8-0-0-1 (Attachment 15).**

**HB2220 – improvement districts; municipal services – DO PASS**

Virginia Carico, Majority Research Analyst, explained that HB2220 removes the stipulation that districts may only be formed *within a designated area* when providing public service in a district at a higher level or greater degree than provided in the remainder of the community (Attachment 16).

Representative Karen Fann, sponsor, related that this bill was brought forward by the League of Arizona Cities and Towns and on behalf of Lake Havasu City. She explained that the only way a group of business leaders can get together to improve a property is if the property has been declared a slum or blighted area. This bill changes language to allow for property improvements before the areas are declared as slum or blighted.

Mr. Kavanagh inquired if the governing body will vote on the improvements. Representative Fann responded that 100 percent of the property owners that want to be involved in the process will vote on improvements.

Mr. Coleman questioned if the bill applies to redevelopment districts. Representative Fann answered in the negative.

Mr. Clinco asked if the “slum and blighted” language is parroting federal language. Representative Fann concurred.

Rene Guillen, Lobbyist, League of Arizona Cities and Towns, testified in support of HB2220 and explained the process to improve designated areas. He said that businesses do not want to get to a slum and blight level before improvements can be made. This legislation will aid their efforts and allow for improvements under certain conditions.

Chairman Ugenti resumed the Chair.

Vice-Chairman Petersen stated concern for the purpose of this bill.

Vice-Chairman Petersen announced the names of those who signed up in support of HB2220 but did not speak:

Nicholas Gioello, representing self  
Paul Jepson, Lobbyist, City of Maricopa  
Ryan Harper, Lobbyist, City of Sierra Vista  
Brian Tassinari, Lobbyist, Lake Havasu City  
Adriana Marinez, Lobbyist, City of Tucson  
Sara Sparman, Lobbyist, Town of Queen Creek

Vice-Chairman Petersen announced the names of those who signed up as neutral on HB2220 but did not speak:

Leonard Clark, representing self

**Vice-Chairman Petersen moved that HB2220 do pass. The motion carried by a roll call vote of 8-1-0-0 (Attachment 17).**

### **HCR2030 – legislature; four-year terms; two terms – DO PASS**

Virginia Carico, Majority Research Analyst, explained that HCR2030 modifies terms of office for Members of the Arizona State Legislature (Attachment 18).

Representative Lupe Contreras, sponsor, stated that the intention of the bill is to increase terms of office for Members of the Arizona Senate and the Arizona House of Representatives from two years to four-year terms to reduce the amount of time Members spend campaigning. The bill will not allow Members to exceed the current eight-year limitation in the office being held.

Mr. Kavanagh questioned the remedy for Members who have served three two-year terms. Representative Contreras responded that the issue will be looked into but said the intention is not to exceed the constitutional limitation of eight years as set by voters.

Discussion ensued on different term scenarios and election cycles.

Vice-Chairman Petersen announced the names of those who signed up in support of HCR2030 but did not speak:

Leonard Clark, representing self

Vice-Chairman Petersen announced the names of those who signed up in opposition to HCR2030 but did not speak:

John Wentling, representing self

**Vice-Chairman Petersen moved that HCR2030 do pass. The motion carried by a roll call vote of 7-1-0-1 (Attachment 19).**

**HB2640 – government investigations; independent third party – DO PASS**

Victoria Pacheco, Majority Research Intern, explained that HB2640 requires municipalities, counties and the state to contract with an independent third party investigator if an investigation is called for any of their own departments, agencies, boards or commissions (Attachment 20).

Vice-Chairman Petersen assumed the Chair.

Mr. Kavanagh queried if the Auditor General is responsible for conducting the investigations. Ms. Carico replied that statute is currently silent on who must conduct these investigations.

Vice-Chairman Petersen announced the names of those who signed up in opposition to HB2640 but did not speak:

Michael Gardner, Lobbyist, City of Sierra Vista

Leonard Clark, representing self

Paul Jepson, Lobbyist, City of Maricopa

Bob Leuck, representing self

Mr. Coleman questioned the reason for opposition by the League of Arizona Cities and Towns.

Rene Guillen, Lobbyist, League of Arizona Cities and Towns, in opposition to HB2640 and in response to the question, related concerns with the liability of abiding by the findings of a third-party investigator and how the bill will impact the reciprocal agreements of existing agencies that currently handle internal investigations.

Representative Kelly Townsend, sponsor, advised that this bill originates from a 2011 issue in the Town of Quartzsite when 11 police officers filed a complaint against the Police Chief and an internal investigation became necessary. She said that there was a direct conflict of interest when the town hired the Jackson Lewis Law Firm to perform an investigation on the personal matters of the Police Chief and then represent the town on the issue brought forward by the officers who made the original complaint. Representative Townsend stated that a third-party investigator is necessary because an entity cannot perform an investigation on itself.

Mr. Quezada inquired if the Auditor General's Office is in agreement with this legislation. Representative Townsend responded that she has not heard any opposition from the agency. Mr. Quezada asked if Representative Townsend is aware that just because a law firm represents two different parties, does not always mean that there is a conflict of interest.

Representative Townsend stated that the possibility of malfeasance is still involved in certain situations; this bill is intended to close the gap and prevent the occurrence.

Discussion ensued on the bill requirements of the state, municipalities and towns.

**Mr. Kavanagh moved that HB2640 do pass. The motion carried by a roll call vote of 6-3-0-0 (Attachment 21).**

**HB2695 – homeowners' associations amendments; omnibus. – DO PASS AMENDED**

Virginia Carico, Majority Research Analyst, explained that Laws 2013, Chapter 254, modified statutes relating to election law and made omnibus changes to homeowner association (HOA) statutes. Two individuals filed suit alleging that the law violated the Arizona State Constitution. The court-approved settlement agreement between the plaintiffs and the Attorney General's Office provided that most of the provisions in the bill that related to HOAs were void and unenforceable. HB2695 makes numerous changes to the homeowners' association statutes (Attachment 22). Ms. Carico advised that the Ugenti eight-line amendment dated 02/17/14 to HB2695 adds a severability clause (Attachment 23).

Chairman Ugenti, sponsor, stated that this bill addresses previous litigation.

Jeff Sandquist, Arizona Association of Community Managers, testified in favor of HB2695 and offered to answer any questions.

Tom Farley, Lobbyist, Arizona Association of REALTORS®, testified in support of HB2695 and clarified that there was not a policy issue in the bill that caused the actual lawsuit but that the language was attached to another bill and violated the single subject rule.

Vice-Chairman Petersen announced the names of those who signed up in support of HB2695 but did not speak:

Nicole Laslavic, Lobbyist, Arizona Association of REALTORS®  
Linda Lang, Lobbyist, Arizona Association of Community Managers  
Spencer Kamps, Lobbyist, Home Builders Association of Central Arizona  
Paul Senseman, Lobbyist, City Property Management  
Todd Baughman, Lobbyist, City Property Management  
Jason Barraza, Associate Director, Arizona Association of Community Managers  
Michael Haener, Partner, Arizona Association of REALTORS®  
Kevin DeMenna, Lobbyist, Community Associations Institute  
Ryan DeMenna, Lobbyist, Community Associations Institute  
Courtney Gilstrap LeVinus, Arizona Multihousing Association  
Jeff Sandquist, Arizona Association of Community Managers

Vice-Chairman Petersen announced the names of those who signed up in opposition to HB2695 but did not speak:

Mary Arnold, representing self  
Fran Noe, representing self

Vice-Chairman Petersen announced the names of those who signed up as neutral on HB2695 but did not speak:

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

**Vice-Chairman Petersen moved that HB2695 do pass.**

**Vice-Chairman Petersen moved that the Ugenti eight-line amendment dated 02/17/14 to HB2695 (Attachment 23) be adopted. The motion carried.**

**Vice-Chairman Petersen moved that HB2695 as amended do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 24).**

### **HB2528 – municipalities; regulation; sign walkers – DO PASS**

Virginia Carico, Majority Research Analyst, advised that state statute defines a *sign walker* as a person who wears, holds or balances a sign. HB2528 prohibits municipalities from restricting a sign walker from using a public sidewalk, walkway or pedestrian thoroughfare (Attachment 25).

Vice-Chairman Petersen, sponsor, stated that this bill is a constituent bill that clarifies that current law addressing sign walkers applies to all municipalities.

James Torgeson, representing self, testified in support of HB2528 and provided background on the legislation that was passed five years ago to address the issue. He related that the City of Scottsdale continues to pass municipal codes that abuse and ignore state law. Mr. Torgeson gave an account of the many instances of harassment and abuse that his sign walkers have experienced from the Scottsdale Police Department. He stated that recently, four sign walkers were arrested and cited with class 1 misdemeanors for violating the city's new definition of reasonable. The employees received a \$150 fine and three years of probation. Mr. Torgeson stated that multiple information requests for the new definition of reasonable have been ignored and stressed the difficulty in operating a business when the rules constantly change and are unreasonable.

Chairman Ugenti questioned the amount of employees. Mr. Torgeson replied that he employs 50 sign walkers. Chairman Ugenti asked if he was keeping employees apprised of the appropriate places to stand without obstructing the view. Mr. Torgeson answered in the affirmative and stated that when employees requested lawful direction, the response received was to walk to the west side of Scottsdale Road and do not come back, which is several miles away and in the City of Phoenix.

Mr. Kavanagh related that he received a message from the City of Scottsdale stating that they are not taking a position on the bill.

Vice-Chairman Petersen questioned how long the City shut down his business. Mr. Torgeson explained that he has not put any sign walkers out since the Martin Luther King, Jr. weekend because he does not want to jeopardize his employees.

Representative Bob Robson, co-sponsor, in support of HB2528, stated that this has been a perplexing issue over his years at the Arizona State Legislature and is a total abuse of First Amendment rights. He advised that in 2007, legislation was passed specifically to address the

abuses of free speech by the City of Scottsdale and, even though laws have not changed since then, serious abuse has resumed.

Discussion ensued on First Amendment rights and current court cases.

Vice-Chairman Petersen announced the names of those who signed up in support of HB2528 but did not speak:

Lisa Rigler, Lobbyist, Gilbert Small Business Alliance  
Farrell Quinlan, Lobbyist, National Federation of Independent Business  
Aimee Rigler, Lobbyist, Gilbert Small Business Alliance  
William Cleaveland, Lobbyist, Gilbert Small Business Alliance  
Lamont Davis, representing self

Vice-Chairman Petersen announced the names of those who signed up in opposition to HB2528 but did not speak:

Peter Bengtson, representing self

Vice-Chairman Petersen announced the names of those who signed up as neutral on HB2528 but did not speak:

Leonard Clark, representing self  
Bryan Sanchez, representing self

**Vice-Chairman Petersen moved that HB2528 do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 26).**

### **HB2615 – officeholder expense accounts; surplus monies – DO PASS**

Victoria Pacheco, Majority Research Intern, advised that HB2615 adds that monies leftover in the officeholder expense account (Account) may be used for donation to a political committee, other than a person's exploratory committee or a candidate's campaign committee, or to a nonprofit organization (Attachment 27).

Ms. Carico advised that Mr. Kavanagh's HB2651 will conflict with this bill if they were to both pass. HB2651 gives money in the expense account to the control of the Clean Elections Commission and will direct any monies left in the fund back to the Commission two months after the primary election so the option in HB2615 to donate to a nonprofit organization will no longer be possible.

Mr. Kavanagh asked if a Floor amendment can segregate the monies so that the money collected from individuals that are in an officeholder expense account can be disposed of in the manner outlined in HB2615 and the monies that Members receive from the Clean Elections Fund will follow the provisions in HB2651. Ms. Carico stated that she will work with Legislative Council to address the issue.

Chairman Ugenti questioned where the monies can currently be transferred. Ms. Carico referred to Attachment 27 and advised that current monies remaining in the Account beginning April 30, may only be used to pay to the state General Fund or to a person who continues to hold office, carried forward to an Account for another office or term of office.

**Vice-Chairman Petersen moved that HB2615 do pass. The motion carried by a roll call vote of 7-1-0-1 (Attachment 28).**

**HB2651 – clean elections funding – DO PASS AMENDED**

Virginia Carico, Majority Research Analyst, reviewed the provisions of HB2651 and advised that the bill is an emergency measure that modifies clean elections funding and officeholder expense accounts statutes (Attachment 29). The Kavanagh two-line amendment dated 02/17/14 to HB2651 (Attachment 30) makes a technical change and the Kavanagh seven-line amendment dated 02/17/14 to HB2651 (Attachment 31) stipulates that any person who violates this section and whose officeholder expense accounts are funded by the Clean Election Commission (Commission) is subject to a civil penalty of three times any amount improperly received, spent or reported assessed pursuant to the Commission's enforcement procedures outlined in statute.

Mr. Kavanagh, sponsor, advised that this bill modifies clean elections funding and outlines the uses of officeholder accounts, e.g., supplies, transportation to events, newspapers, journals, training/conference, etc. The Commission will give officeholders set amounts in the expense account annually, instead of every election cycle. In return, the Commission will receive the restoration of the \$1 check box on the ballot for contributions, will be permitted to promote Clean Elections and purchase new election equipment for county recorders and will be able to spend money to promote voting participation.

In response to a question, Mr. Kavanagh explained that this bill has nothing to do with clean elections money and only addresses officeholder accounts to pay for office-related expenses.

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

Daniel Ruiz II, Arizona Citizens Clean Elections Commission  
Thomas Collins, Arizona Citizens Clean Elections Commission  
Karen Osborne, representing self  
Helen Purcell, representing self  
Rebekah Friend, Arizona State AFL-CIO  
Sam Wercinski, Lobbyist, Arizona Advocacy Network  
Jen Sweeney Marson, Lobbyist, Arizona Association of Counties  
Eleanor Eisenberg, League of Women Voters of Arizona  
Jerry Landau, Arizona Judicial Council  
Johnathan Roes, Lobbyist, Election Officials of Arizona

Vice-Chairman Petersen announced the names of those who signed up in opposition to HB2651 but did not speak:

Leonard Clark, representing self

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

Sean Laux, Lobbyist, Arizona Department of Revenue

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

**Vice-Chairman Petersen moved that the Kavanagh two-line amendment dated 02/17/14 to HB2651 (Attachment 30) be adopted. The motion carried.**

**Vice-Chairman Petersen moved that the Kavanagh seven-line amendment dated 02/17/14 to HB2651 (Attachment 31) be adopted. The motion carried.**

**Vice-Chairman Petersen moved that HB2651 as amended do pass. The motion carried by a roll call vote of 7-1-1-0 (Attachment 32).**

**HB2596 – office of pest management; reports – DO PASS AMENDED S/E**  
**S/E: election day; teacher in-service day**

Victoria Pacheco, Majority Research Intern, explained that the Quezada 27-line strike-everything amendment dated 02/14/14 to HB2596 (Attachment 33) requires teacher in-service training days to be conducted on election days (Attachment 34).

Mr. Coleman queried the purpose of the bill. Chairman Ugenti advised that this bill is a joint effort with Mr. Quezada and that she believes it makes sense because schools are at well-known locations. Polling places are at many different sites, e.g., churches, clubs, recreation centers, etc., during elections. This bill asserts that if a school district has five or more teacher in-service training days during a school year, two of those in-service training days must be conducted on days that correspond to the August and November election dates prescribed in statute.

Mr. Quezada, sponsor, explained that the purpose of the strike-everything amendment to HB2596 is to assist in making polls more accessible. He stated that the Presidential Commission on Election Administration report, released in January 2014, had the purpose of identifying best practices in election administration and to make recommendations to improve the voting experience. One of the main recommendations in the report dealt with access to the polls; specifically, one recommendation is for the use of schools as polling places for the reasons of location and design, management and flow of voters, and poll worker recruitment and training.

Vice-Chairman Petersen announced the names of those who signed up in support of the strike-everything amendment to HB2596 but did not speak:  
Johnathan Roes, representing self

Vice-Chairman Petersen announced the names of those who signed up in opposition to the strike-everything amendment to HB2596 but did not speak:  
Janice Palmer, Arizona School Boards Association  
Sabrina Vazquez, Arizona School Administrators Association  
Janice Shelton, representing self

**Vice-Chairman Petersen moved that HB2596 do pass.**

**Vice-Chairman Petersen moved that the Quezada 27-line strike-everything amendment dated 02/14/14 to HB2596 (Attachment 33) be adopted. The motion carried.**

Mr. Borrelli stated concern that elections are held on Tuesdays and teacher in-service training days are typically on a Friday. Chairman Ugenti stated that she will look into the issue but believes that teacher in-service days can be on any work day.

**Vice-Chairman Petersen moved that HB2596 as amended do pass. The motion carried by a roll call vote of 8-0-0-1 (Attachment 35).**

**HB2044 – municipal improvement districts; sale certificate – DO PASS**

Victoria Pacheco, Majority Research Intern, advised that HB2044 requires street superintendents to include a *legal* description of property sold when executing a certificate of sale and allows the description to include the parcel number or the street address, if any (Attachment 36).

Mr. Borrelli, sponsor, explained that this bill clearly defines language in statute for improvement districts when executing a certificate of sale.

Vice-Chairman Petersen announced the names of those who signed up as neutral on HB2044 but did not speak:

Leonard Clark, representing self

**Vice-Chairman Petersen moved that HB2044 do pass. The motion carried by a roll call vote of 8-0-0-1 (Attachment 37).**

**HB2152 – fire district boundary changes – DO PASS**

Tom Savage, Majority Research Assistant Analyst, advised that HB2152 specifies required actions for changing fire district, community park maintenance district and sanitary district boundaries that may affect or include a portion of a municipality (Attachment 38).

Steve Kemp, City Attorney, City of Peoria, spoke in support of HB2152, stating that the underlying principal of the bill is that government does not impose taxes to make a profit; taxes are imposed to pay for a service. When a city annexes property, the city is required by law to serve the areas that have been annexed. The city cannot have someone else pay the bill and planning areas must be developed on how the areas are going to be served. Fire districts are exempt from the same standards and have, in the past, stated that they do not intend to provide the service, but rather intend to use an intergovernmental agreement or a mutual aid agreement to have someone else pay the bill. This procedure is fundamentally unfair to property owners and the residents of the city that is providing the service because those property owners are not receiving any tax revenue and are footing the expense. Mr. Kemp stated that municipalities want to work cooperatively to make certain that taxpayers get the best deal for their dollar, entities are not taxing for profit and that services are being provided by the taxing entity.

Lee Miller, Lobbyist, Arizona Fire District Association, testified in opposition to HB2152 and stated that this bill reopens an issue the Arizona State Legislature settled five years ago on the question of county islands and how county residents can secure their own safety by obtaining fire services from a fire district. He explained that county residents, living in a municipal planning area, are not subject to the jurisdiction of the city because the county is the primary regulator of the property owners. This bill states that because the property owner lives in the municipal planning area, the city can second guess the property owner's decision to annex into a fire district. Mr. Miller said that the City of Peoria wants to reopen the "annex or die" argument which was the premise of the prior battle over county island fire districts. If a property owner cannot annex into a fire district then the property owner has no other choice but to annex into the city. Mr. Miller related that, for the past three years, Sun City West has been ready, able and willing to work alongside the City of Peoria to find a solution. This bill was introduced to address the "spat" between the City of Peoria and Sun City West; however, it elevates the fire district verses municipal issue statewide and creates a significant property rights issue.

Bobby Ruiz, Fire Chief, City of Peoria, testified in support of HB2152 and explained that the automatic aid system benefits everyone involved when jurisdictions cross boundaries to provide services. These agreements ensure that every jurisdiction that is a member has adequate fire and emergency medical service (EMS) protection. In the agreement, it specifically states that one jurisdiction will not benefit on the backs of another jurisdiction. One jurisdiction cannot provide inadequate fire and EMS protection and expect the other departments to provide that service, which is happening in a county island in Peoria.

Vice-Chairman Petersen announced the names of those who signed up in opposition to HB2152 but did not speak:

John Flynn, Executive Director, Arizona Fire District Association

Vice-Chairman Petersen announced the names of those who signed up in support of HB2152 but did not speak:

Nick Simmonetta, Lobbyist, Pivotal Policy

Jim Buster, representing self

Michael Celaya, representing self

Spencer Kamps, Lobbyist, Home Builders Association of Central Arizona

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

Kevin McCarthy, Arizona Tax Research Association

**Vice-Chairman Petersen moved that HB2152 do pass. The motion carried by a roll call vote of 8-0-1-0 (Attachment 39).**

### **HB2476 – labor organizations; withholding of wages – HELD**

**Chairman Ugenti announced that HB2476 will be held.**

### **HB2310 – criminal justice information; court reporting – DO PASS AMENDED**

Virginia Carico, Majority Research Analyst, advised that HB2310 requires the Superior Court to be given access to criminal justice information from the Central State Repository (Repository) for the purpose of determining an individual's eligibility for court programs (Attachment 40).

The Ugenti four-line amendment dated 02/17/14 to HB2310 (Attachment 41) removes the provision in the bill that requires the courts to furnish court dispositions of arrests for driving under the influence (DUI) to the Arizona Department of Public Safety (DPS) and specifies that information exchanged with the Repository and the Superior Court is for the purposes of determining an individual's eligibility for substance abuse and treatment courts in a family or juvenile case.

Jerry Landau, Government Affairs Director, Arizona Supreme Court, testified in support of HB2310 and the amendment. He explained that DUI's are currently reported to DPS and will continue to be reported. The amendment is for clarification purposes only. Mr. Landau provided background on the role of drug courts in criminal cases and stated that drug courts are a cooperative effort between prosecution, defense and probation courts in dealing with defendants with substance abuse problems. He spoke of the success of the drug courts and advised that the programs have expanded into the juvenile delinquency area and family law cases. Mr. Landau stated that, because of the expansion, this bill is necessary to allow the Superior Court to access criminal justice information for the purposes of determining an individual's eligibility for substance abuse and treatment courts in a family or juvenile case.

Vice-Chairman Petersen announced the names of those who signed up as neutral on HB2310 but did not speak:

Colleen McNally, representing self

Leonard Clark, representing self

**Vice-Chairman Petersen moved that HB2310 do pass.**

**Vice-Chairman Petersen moved that the Ugenti four-line amendment dated 02/17/14 to HB2310 (Attachment 41) be adopted. The motion carried.**

**Vice-Chairman Petersen moved that HB2310 as amended do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 42).**

### **HB2696 – procurement; Arizona bidder; preference – DO PASS**

Victoria Pacheco, Majority Research Intern, advised that HB2696 requires Arizona bidders to be given preference for procurement contract awards over nonresident bidders and directs the Arizona Department of Administration (ADOA) to publish a list, on or before January 1 of each year, of the states that give preference to in-state bidders with the percent increase applied in each state (Attachment 43).

Mr. Clinco, sponsor, stated the importance of supporting local business. The intent of the bill is to focus on small businesses and to level the playing field in the bid process. He advised that for every \$100 spent locally, \$73 remains in-state versus \$43 for out-of-state businesses. Mr. Clinco related that many of the surrounding states give preference to in-state contract awards; however, Arizona does not.

Mr. Kavanagh asked if the preference only applies when a resident business and a nonresident business are tied in their bids. Mr. Clinco responded in the affirmative.

Barbara Corella, Acting State Procurement Officer, Arizona Department of Administration, neutral on HB2696 and in response to a question, advised that ADOA will have some challenges to work out such as developing procedures and adding staff hours. She related that 36 states already have some form of preference and that she believes there are ways for ADOA to accommodate the process.

Mr. Borrelli questioned if there is a preference for the disabled. Ms. Corella responded that there is a set-aside preference in statute that allows ADOA to do contracts with Arizona Correctional Industries, other nonprofit industries that serve the disabled and Arizona Industries for the Blind. She said that the process to allow contracts requires the industries to go through a committee presenting products for contracts that have to be verified and awarded. Mr. Borrelli questioned if the process is cumbersome. Ms. Corella responded that the process is not quick.

Vice-Chairman Petersen announced the names of those who signed up in support of HB2696 but did not speak:

Rebekah Friend, Arizona State AFL-CIO

Vice-Chairman Petersen announced the names of those who signed up in opposition to HB2696 but did not speak:

Michelle Bolton, Lobbyist, Cox Communications Arizona, LLC

John Moody, Lobbyist, Waste Management of Arizona, Inc.

Chad Heinrich, Lobbyist, Greater Phoenix Chamber of Commerce

Scot Mussi, Arizona Free Enterprise Club

Vice-Chairman Petersen announced the names of those who signed up as neutral on HB2696 but did not speak:

Leonard Clark, representing self

Carly Fleege, Lobbyist, Arizona Department of Administration

**Vice-Chairman Petersen moved that HB2696 do pass. The motion carried by a roll call vote of 6-2-1-0 (Attachment 44).**

Without objection, the meeting adjourned at 9:01 p.m.

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Abby Selvey, Committee Secretary

April 3, 2014

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