

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

MINUTES RECEIVED  
CHIEF CLERK'S OFFICE

3-17-16

**COMMITTEE ON COMMERCE**

Report of Regular Meeting  
Wednesday, March 16, 2016  
House Hearing Room 1 -- 9:30 a.m.

**Convened** 9:35 a.m.

**Recessed**

**Reconvened**

**Adjourned** 11:15 a.m.

**Members Present**

Mr. Espinoza  
Mr. Lawrence  
Ms. Mach  
Ms. Plumlee  
Mr. Rivero  
Mr. Shope  
Mrs. Norgaard, Vice-Chairman  
Mr. Petersen, Chairman

**Members Absent**

**Agenda**

Original Agenda – Attachment 1

**Request to Speak**

Report – Attachment 2

**Committee Action**

<b><u>Bill</u></b>	<b><u>Action</u></b>	<b><u>Vote</u></b>	<b><u>Attachments</u></b> <b><u>(Summaries,</u></b> <b><u>Amendments, Roll Call,</u></b> <b><u>Attendance)</u></b>
SB1306	DP	7-1-0-0	3, 4, 5
SB1501	DP	8-0-0-0	6, 7
SB1118	DP	4-3-0-1	8, 9
SB1119	DP	6-2-0-0	10, 11
SB1373	DPA	8-0-0-0	12, 13, 14
SB1411	DP	8-0-0-0	15, 16
Committee Attendance			17



Heather Covert, Chairman Assistant  
March 17, 2016

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

Conv: 9:35 AM  
Adj: 11:5 AM

REVISED - 03/10/16

REVISED - 03/10/16

REVISED - 03/10/16

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - Second Regular Session

REGULAR MEETING AGENDA

**COMMITTEE ON COMMERCE**

DATE Wednesday, March 16, 2016

ROOM HHR 1

TIME 9:30 A.M. NOTE TIME  
CHANGE  
~~9:00 A.M.~~

Members:

Mr. Espinoza  
Mr. Lawrence  
Ms. Mach

Ms. Plumlee  
Mr. Rivero  
Mr. Shope

Mrs. Norgaard, Vice-Chairman  
Mr. Petersen, Chairman

Bills	Short Title	Strike Everything Title
SB1118	<u>DP</u> office of tourism; continuation (Yee)	
	<u>43-01</u> COM, RULES	
SB1119	<u>DP</u> board of technical registration; continuation (Yee)	
	<u>6-200</u> COM, RULES	
SB1373	<u>DPA</u> liquor omnibus (Kavanagh)	
	<u>8000</u> COM, RULES	
SB1411	<u>DP</u> industries for blind; repeal; successor (Driggs, Biggs, Brophy McGee, et al)	
	<u>8000</u> COM, RULES	
*SB1501	<u>DP</u> Arizona commerce authority; continuation; report (Yee, Worsley, Petersen, et al)	
	<u>8000</u> COM held 0-0-0-0, RULES	

Bills

Short Title

Strike Everything Title

**ADDENDUM #1 - 03/10/16**

SB1306 DD county development fees

(Griffin)

7-10-0 COM, RULES

\* On previous agenda

**ORDER OF BILLS TO BE SET BY THE CHAIRMAN**

HC  
3/10/16

**People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.**

# Information Registered on the Request to Speak System

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*House Commerce (3/16/2016)*

## **SB1118, office of tourism; continuation**

### **Support:**

Marcus Dell'Artino, ARIZONA LODGING AND TOURISM ASSOCIATION; Jaime Molera, AZ SPORTS AND TOURISM AUTHORITY (AZSTA); Barry Aarons, GREATER PHOENIX CONVENTION & VISITOR'S BUREAU, TUCSON CONVENTION & VISITORS BUREAU, VISIT MESA; Stephanie Dowling, representing self

### **All Comments:**

Stephanie Dowling, Self: As the Deputy Director of the Arizona Office of Tourism. I wish to speak on behalf and support of SB1118. Thank you.

## **SB1119, board of technical registration; continuation**

### **Support:**

Robert Shuler, Arizona Chapter Of The American Society Of Landscape Architects; Don Isaacson, AMERICAN COUNCIL OF ENGINEERING COMPANIES OF AZ (ACEC/AZ); Galen Drake, representing self; Karen Cesare, representing self; Steven Moortel, AZ STATE BOARD OF TECHNICAL REGISTRATION

## **SB1373, liquor omnibus**

### **Support:**

Trish Hart, AZ FOOD MARKETING ALLIANCE; Don Isaacson, AZ LICENSED BEVERAGE ASSN; Rob Fullmer, ARIZONA CRAFT BREWERS GUILD; Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA; Camila Alarcon, ARIZONA CRAFT BREWERS GUILD; Chianne Hewer, AZ RESTAURANT AND HOSPITALITY ASSN; Rob Fullmer, ARIZONA CRAFT BREWERS GUILD

### **All Comments:**

Rob Fullmer, ARIZONA CRAFT BREWERS GUILD: This bill removes bureaucratic restrictions and is consumer and business friendly. It enjoys wide industry support. Thank you.

## **SB1411, industries for blind; repeal; successor**

### **Support:**

Donna Kruck, Ability360; Jay Gittrich, representing self

### **Neutral:**

Kathy Ber, DES Director of Legislative Services, Arizona Department Of Economic Security

## **SB1501, Arizona commerce authority; continuation; report**

### **Support:**

Farrell Quinlan, State Director, NATIONAL FEDERATION OF INDEPENDENT BUSINESS; Eric Emmert, Arizona Association For Economic Development ; Chad Guzman, AZ PUBLIC SERVICE COMPANY (APS); Jason Baran, SR. Govt Relations Rep, SALT RIVER PROJECT (SRP); Chad Heinrich, APOLLO GROUP INC; Garrick Taylor, Arizona Chamber Of Commerce And Industry; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Shaun Rieve, Arizona Commerce Authority; Sandra Watson, Arizona Commerce Authority; Russell Smoldon, Arizona Data Center Coalition (ADCC); Steven Zylstra, representing self; Dianne McCallister, Arizona Technology Council; Robert Dalager, GREATER PHOENIX ECONOMIC COUNCIL

### **Neutral:**

Scot Mussi, Arizona Free Enterprise Club

## **SB1306, county development fees**

### **Testified in support:**

Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ

### **Testified as opposed:**

DONALD BEGALKE, representing self

### **Support:**

Cheryl Lombard, VALLEY PARTNERSHIP; Emily Ryan, SOUTHERN AZ HOMEBUILDERS ASSN; Jeff Sandquist, NAIOP; Jeff Sandquist, ROBSON COMMUNITIES; Jason Barraza, Associate Director, ROBSON COMMUNITIES; Timothy Lawless, representing self; Garrick Taylor, Arizona Chamber Of Commerce And Industry; Courtney Gilstrap LeVinus, Arizona Multihousing Association

### **Neutral:**

Mark Barnes, PINAL COUNTY

### **Oppose:**

Alisa McMahon, representing self; Peter Bengtson, representing self; Michael Fiffis, representing self; Sandy Bahr, Sierra Club - Grand Canyon Chapter

### **All Comments:**

Peter Bengtson, Self: Counties must be able to assess full development fees to cover the additional costs of serving all development. These services cost the counties money. The developers should pay.; DONALD BEGALKE, Self: PLEASE, READ COMMENT: SB1306 WRONGLY WOULD REDUCE COUNTY IMPACT FEES WHEN COUNTIES ARE IN NEED OF REVENUE. WITHOUT FUNDS COUNTIES WILL END SERVICES TO BUILDERS WITH GOOD CAUSE. VOTE NO ON SB1306! THANK YOU!



# HOUSE OF REPRESENTATIVES

## SB 1306

county development fees

Prime Sponsor: Senator Griffin, LD 14

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X Committee on Commerce

Caucus and COW

House Engrossed

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### OVERVIEW

SB 1306 modifies the development fees that counties can charge to offset capital costs.

### PROVISIONS

1. Authorizes a county to assess development fees for providing necessary public services to a development including the costs to prepare or revise a development fee.
2. Requires the county to calculate the development fee based on the infrastructure improvements plan (Plan).
3. States that, based on service units, development fees must reflect a proportionate share of the cost to provide necessary public services to the development.
4. Stipulates that the costs for new developments must be based on the same level of service for existing developments in the service area at the time of the adopted infrastructure improvement plan.
5. Prohibits the use of development fees for:
  - a. Funding a level of service higher than the existing development when the Plan is adopted.
  - b. Construction, acquisition or expansion of facilities or assets except as listed in the Plan.
  - c. Repair, operation or maintenance of new or existing services or facilities.
  - d. Updating, expanding, replacing or correcting existing public services that serve or create a higher standard to existing development or to meet stricter safety, regulatory or environmental standards.
  - e. Paying county administrative or maintenance and operations costs.
6. Outlines the entitlements when development fees are paid, including the immediate service from an existing facility that has the available capacity to serve the new homes, if not already reserved for new construction or financing the facility.
7. Permits counties to collect development fees as follows:
  - a. To pay for necessary public service or facility expansion identified in the Plan and when the county completes construction and the service is available within the stated time period.
  - b. To reserve capacity for future development or according to the adopted Plan.
  - c. The owner of a development constructs or finances the necessary public service or facility expansion and any of the following applies:

**SB 1306**

1. The costs or monies advanced are credited against or reimbursed from the development fees otherwise due and the credits must equal the costs associated with the construction of the services.
2. The county reimburses the owner for the development fees paid from all developments that will use the public service or facility expansions.
3. In both cases, requires the county to allow the owner to assign reimbursement rights to other developments for the same category of public services in the same service area.
8. Permits finance charges to be included in the formula for determining the development fees only if the monies are used for paying principal and interest on bonds issued to finance construction of public services or facility expansion in the Plan.
9. Provides clarifying language regarding the development fees and the actual assessed costs.
10. Outlines the process for reimbursing the developer, rather than providing a credit toward the payment of development fees.
11. Specifies the timeliness for paying the development fees later than at the time the construction permits are issued. Outlines requirements for deferred development fees, which must be paid no later than 15 days after a certificate of occupancy is issued. Requires the development agreement to include appropriate security for deferment, including a surety bond, letter of credit or cash bond.
12. Requires the county to amend the Plan to include any facilities that were not previously adopted, but were a condition of development approval for the construction, improvement, contribution to or dedication of any facilities. Credits any development fees for such construction or improvement to the extent that the facilities will either reduce the need or substitute for facilities for which development fees were already assessed.
13. Directs the county to issue a credit toward any development fees identified in a Plan that requires a set-aside for open space for public park facilities or their expansion and permits reimbursement as outlined.
14. Requires the county to forecast the future contribution in cash, taxes, fees, assessments and all other sources of revenue derived from the property owner towards capital costs of the necessary public services covered by development fees.
15. States that if county development fees are assessed for residential development, they must also be assessed for commercial and industrial development. Permits the county to distinguish between the various developments, but prohibits any assessment made on the basis of home size or number of bedrooms.
16. Requires reimbursement to the development fees account for any fees the county agrees to waive.
17. Stipulates that any development fee waivers must be reported to the Advisory Committee.
18. Requires the written report of the Plan to be posted on the county's website.
19. Decreases the time in which to hold the public hearing, from 120 days after the notice of intention to assess development fees and at least 14 days before the scheduled date of adoption, to 30 days for each timeframe. The county must approve or disapprove imposing the development fees within 60 days after the public hearing.

20. Prohibits a county from adopting an ordinance, order or resolution to approve development fees as an emergency measure.
21. Prescribes the duty of the board of supervisors to adopt or update the Plan and the land use assumptions for the designated area before the county can adopt or amend its development fees or change the service area. Outlines the requirements for the public hearing, notice and posting of pertinent information on the county's website. Specifies timeframes for the county to approve or disapprove the Plan and land use assumptions. Prohibits adopting an emergency measure to approve the Plan or land use assumptions.
22. Requires the Plan to be developed by qualified professionals using generally accepted engineering and planning practices.
23. Mandates a five-year update for each Plan and county land use assumptions, and states that the initial period begins on the day the Plan is adopted. The county must review and evaluate its current land use assumptions and update their Plan accordingly.
24. Outlines the requirements for the county with regard to updating the Plan and land use assumptions, specifies timeframes and public notice and specifies alternatives to updating the Plan.
25. Details the requirements to amend a Plan without a public hearing, if the amendments only address necessary public services in the existing Plan. The changes will not increase the level of service in the area or cause an increase in development fees that is more than 5% when new or modified fees are assessed. The county must post notice of the amendment on the county's website at least 30 days before adoption and provide notice to the Advisory Committee.
26. States that for each necessary public service, the Plan must include all detailed items.
27. Stipulates that a county's Plan may identify expanded services that the county will construct beyond the noted time period and may not include those costs in the calculation of development fees.
28. Requires the county's development fees ordinance to provide:
  - a. New development fees or increased fees cannot be assessed against a development for 24 months after the date the county issues the final approval for a commercial, industrial or multifamily development or the date that the first residential building permit is issued for a residential development as outlined. Requires the county to issue a written statement of the fee schedule for the development, upon request. If the county reduces the development fees after its final approval, the reduction applies to the entire development.
  - b. A process for requesting an alternative development fee calculation as outlined.
29. Requires a county to do one of the following before adopting proposed or updated land use assumptions, development fees or Plan:
  - a. Appoint an *Infrastructure Improvements Advisory Committee*, consisting of five members appointed by the board of supervisors, with a minimum 50% representative of the real estate, development or home building industry. Members may not be county employees or officials, and at least one member must represent the home builders. Outlines duties and responsibilities while serving in an advisory capacity.
  - b. Provide for a biennial certified audit of the land use assumptions, development fees and Plan, conducted by qualified disinterested professionals who are not county employees or

officials. Outlines the audit review and evaluation. The county must post the audit on its website and conduct a public hearing within 60 days after its release to the public.

30. States that on written request, a real property owner for which development fees were paid after January 1, 2021, is entitled to a refund if:
  - a. Existing facilities are available and service is not provided.
  - b. The county, after collecting the fees to construct a facility when service is not available has failed to complete construction within the time period identified in the Plan, but in no event later than the 10-year period.
  - c. Any part of the development fee is not spent as authorized by statute within 10 years, or for water and wastewater facilities, any part of the development fee is not spent as authorized within 15 years after the development fees have been paid.
31. Authorizes a refund of the development fees to the current owner, for the difference between the forecast cost and the actual cost of the construction of infrastructure, if greater than 10%
32. States that a refund includes any interest earned by the county from the date of the development fee collection to the date of the refund.
33. Allows development fees adopted before January 1, 2017, to continue to be collected for the purpose of providing a public service. Replaces the requirements for development fees with provisions outlined in this bill by January 1, 2021.
34. Outlines the uses of the development fees remaining in an account after January 1, 2017.
35. Prohibits a moratorium from being placed on development solely to adopt, update or develop the requirements for development fees.
36. Directs the courts to narrowly construe the powers of the county while interpreting the provisions of this legislation to ensure that new residents do not bear the burden that all county taxpayers should bear.
37. Requires the county's annual report on development fees to include the repayment amount for any debt service obligations on each facility, including any expansion to projects, the total amount advanced by the county, the source of monies and terms of repayment. The report must be posted on the county's website.
38. Changes the term *capital improvement project* to *necessary public service*.
39. Specifies a two year time period for any action to collect development fees.
40. Grandfathers existing development fee assessments that were adopted for facilities financed before June 1, 2016, as outlined.
41. States that through January 1, 2018, development fees adopted before January 1, 2017 may be used to finance construction of a facility and may be used to repay debt service obligations of *necessary public service* as noted.
42. Defines pertinent terms.
43. Makes technical and conforming changes.

**CURRENT LAW**

A.R.S. § 11-1102 stipulates that a county with a capital improvements plan can charge development fees to offset capital costs for water, sewer, streets, parks and public facilities

determined by the Plan to be necessary for public services provided by the county to the development in the planning area. Statute subjects the development fees to the following:

1. Must be of beneficial use to the development and assessed in a nondiscriminatory way.
2. Fund monies must be placed in a separate account and used only for the stated purposes authorized by development fees.
3. The county provides a credit toward the fee for public sites and improvements provided by the developer for the fee that is assessed. The developer of residential dwelling units (Homes) is required to pay the fees when construction permits for the Homes are issued.
4. The development fees must correlate to the burden of capital costs for additional necessary public services to the development. The county must consider the current and future contributions for taxes, fees or assessments by the property owner when determining the extent of the burden.
5. In determining a development fee for land in a *community facilities district* the county must consider all public infrastructure and capital costs paid by the district for necessary public services and cannot assess a portion of the development fee based on the infrastructure or costs. Also, the county cannot collect development fees from a school district or charter school, other than fees assessed for streets, water and sewer utility functions.
6. The county must do all of the following before assessing or increasing a development fee:
  - a. Give at least 120 days' advance notice of intention to assess a new or increased development fee.
  - b. Provide a public report with documentation to support the new or increased fee.
  - c. Hold a public hearing on the issue after the expiration of the 120 days.

Statute permits a development fee to be effective 90 days after formal adoption by the board of supervisors and requires counties to submit an annual report of the collection and use of the fees. Furthermore, counties must make the reports available to the public, submit a copy to the board of supervisors and cannot continue to collect development fees until the report is filed.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1306

(Reference to Senate engrossed bill)

- 1 Page 9, line 14, strike "AT LEAST"
- 2 Line 15, after the period strike remainder of the line and insert "TWO"
- 3 Line 18, after the period insert "THREE MEMBERS OF THE ADVISORY COMMITTEE MUST
- 4 BE FROM THE GENERAL PUBLIC."
- 5 Amend title to conform

STEFANIE MACH

1306MACH  
03/14/2016  
12:30 PM  
H: bf/js

Adopted \_\_\_\_\_ # of Verbals \_\_\_\_\_  
Failed  Withdrawn \_\_\_\_\_  
Not Offered \_\_\_\_\_ Analysts Initials \_\_\_\_\_

Attachment 4





# HOUSE OF REPRESENTATIVES

## SB 1501

Arizona commerce authority; continuation; report  
Prime Sponsor: Senator Yee, LD 20

X Committee on Commerce

Caucus and COW

House Engrossed

### OVERVIEW

SB 1501 continues the Arizona Commerce Authority (ACA) and implements the recommendations of the Office of the Auditor General resulting from the Performance Audit and Sunset Review process.

### PROVISIONS

1. Continues the ACA for two years, until July 1, 2018.
2. Requires the ACA to annually report all of the following information on its website:
  - a. The progress made toward its goals for job creation, capital investment and higher average wages.
  - b. Information regarding each approved application, including the amount of the incentive either approved or awarded and the projected or awarded activity to qualify for the incentive.
3. Directs the ACA to develop and implement written procedures for grants from the Arizona Competes Fund that manage the following:
  - a. Document grantee selection.
  - b. The verification of information that is submitted by the grantees.
  - c. The evaluation of requests to amend grant terms and document decisions relating to the requests.
4. Makes technical and conforming changes.

### CURRENT LAW

The ACA is the state's economic development organization, with a mission to grow and strengthen the economy. The ACA uses various monetary incentives to attract, expand and retain businesses. The ACA is exempt from rulemaking, the state procurement process, the personnel system, and general accounting practices. A board of directors consisting of public and private sector business, professional and elected policy leaders provides direction to the ACA. The Governor serves as chairman, and the board includes the ACA Chief Executive Officer and 17 private sector members. There are also 12 ex officio, non-voting members and 8 agency directors/commissioners serving as advisory members.

The financial entity through which the ACA administers grants is the Arizona Competes Fund (ACF). A.R.S. § 41-1545.02 permits the ACF to award grants to attract, expand or retain businesses in Arizona. Preference must be given to job training and infrastructure activities that create private sector jobs. Furthermore, the statutes authorize projects that support and advance rural and small businesses and economic development. Applicants must be in good standing on

## SB 1501

all necessary licenses and taxes, qualify as an Arizona basic industry, pay compensation that exceeds the median county wage and pay at least 65% of the employees' premium for health insurance. Additionally, applicants prove through third party verification that estimated income, property and TPT plus government fee revenues will exceed the state incentives. Before awarding grants, the ACA details the benefits, including the direct economic impact of the grants. A.R.S. § 41-1545.04 requires an annual report outlining the ACF's activities, including a summary of the direct jobs and economic impact of the awards.

### ADDITIONAL INFORMATION

The ACA's mission is to grow and strengthen the state's economy and to attract, expand and retain businesses, with a focus on aerospace and defense, semiconductors and renewable energy. The ACA's five-year plan, through 2017 is:

- 1) to create 75,000 higher-wage jobs;
- 2) to increase the average wages of jobs created; and
- 3) to increase capital investment by \$6 billion.

The Committee of Reference consisting of the Senate Commerce and Workforce Development and the House of Representatives Commerce Committee recommended that the Legislature continue the ACA for two years, and the ACA implement reforms that increase transparency, place an emphasis on identifying and eliminating regulatory burdens and provide annual data on job creation and revenue growth to the state.





# HOUSE OF REPRESENTATIVES

SB 1118

office of tourism; continuation  
Prime Sponsor: Senator Yee, LD 20

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X Committee on Commerce  
Caucus and COW  
House Engrossed

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## OVERVIEW

SB 1118 continues the Arizona Office of Tourism (AOT) for eight years.

## PROVISIONS

1. Continues the AOT for eight years, until July 1, 2024
2. Applies retroactively to July 1, 2016.

## CURRENT LAW

Title 41, Ch. 19, Article 1 establishes the AOT, a director, an assistant director and a 15 member advisory council appointed by the governor. The advisory council includes representatives from recreational and tourist attractions, lodging, restaurant, food and transportation industries, other tourism businesses and the general public. The council must have one member from each of the six geographical planning areas of Arizona and the 15 members must serve staggered terms of five years. Additionally, the council assists and advises the director in preparation of the budget and in the establishment of policies and programs which promote and develop tourism in Arizona.

A.R.S. § 41-2305 directs the AOT to engage in tourism promotion, tourism development and research on behalf of the state of Arizona residents.

## ADDITIONAL INFORMATION

In August 2015, the Sunset Review of the AOT by the Senate Commerce and Workforce Development and the House of Representatives Commerce Committee of Reference recommended that AOT be continued for eight years. The FY 2017 baseline includes \$7,110,400 and 28 FTE Positions from the General Fund.

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON \_\_\_\_\_ COMMERCE \_\_\_\_\_ BILL NO. SB 1118

DATE March 16, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Espinoza		✓			
Mr. Lawrence		✓			
Ms. Mach		✓			
Ms. Plumlee		✓			
Mr. Rivero			✓		
Mr. Shope					✓
Mrs. Norgaard, Vice-Chairman			✓		
Mr. Petersen, Chairman			✓		
		4	3	0	1

*Heather Couvert*  
 COMMITTEE SECRETARY

APPROVED:

  
 \_\_\_\_\_  
 WARREN H. PETERSEN, Chairman  
 JILL NORGAARD, Vice-Chairman

ATTACHMENT 9



# HOUSE OF REPRESENTATIVES

SB 1119

board of technical registration; continuation  
Prime Sponsor: Senator Yee, LD 20

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X Committee on Commerce  
Caucus and COW  
House Engrossed

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## OVERVIEW

SB 1119 continues the Board of Technical Registration (BTR) for eight years.

## PROVISIONS

1. Continues the BTR for eight years, until July 1, 2024.
2. Applies retroactively to July 1, 2016.

## CURRENT LAW

A.R.S. § 32-102 states that the BTR consists of nine members who serve three year terms and are appointed by the governor. The members are limited to two consecutive terms and the composition of the BTR is as follows:

1. Two architects,
2. Three professional engineers; two are representatives of branches of engineering other than civil engineering and are registered in those branches pursuant to this chapter,
3. One public member,
4. One landscape architect,
5. One geologist or assayer,
6. One land surveyor.

Members of the BTR must be at least 25 years old and any member who is an architect, geologist, assayer, landscape architect, professional engineer or land surveyor must have had at least five years' active professional experience. Additionally, the member must have been a resident of the state for at least three years immediately preceding an appointment as a member. The BTR reviews applications for engineers, architects, geologists, assayers, land surveyors, land architects, home inspectors, alarm agents and remediation specialists and determines if the applicants are qualified for licensure or certification. The BTR also accepts complaints from the public, alleging violations of the standards of practice for these fields and creates policy statements for public guidance on health, safety and welfare issues related to the practice of these professions.

A.R.S. § 41-2955, subsection B authorizes the legislature to continue any agency for up to 10 years. It also states that at the end of that period the agency will be subject to a sunset review.

## ADDITIONAL INFORMATION

In December 2015, the Sunset Review of the BTR by the Senate Commerce and Workforce Development and the House of Representatives Commerce Committee of Reference recommended that the BTR be continued for eight years. The FY 2017 baseline includes \$2,122,600 and 25 FTE positions from the Technical Registration Fund.





# HOUSE OF REPRESENTATIVES

SB 1373

liquor omnibus

Prime Sponsor: Senator Kavanagh, LD 23

X Committee on Commerce

Caucus and COW

House Engrossed

### OVERVIEW

SB 1373 makes changes to laws that regulate the liquor industry and the Arizona Department of Liquor Licenses and Control (DLLC).

### PROVISIONS

1. States that a person can rebut any provisions of law relating to the definition of *control*.
2. Changes the definition of *repeated acts of violence* to include permanent occupancy of the business, to be calculated as follows:

Number of Acts of Violence	Licensed Premises W/Permanent Occupancy
2 or more within 7 days	up to 200 people
3 or more within 30 days	up to 200 people
4 or more within 30 days	201 to 400 people
5 or more within 30 days	401 to 650 people
6 or more within 30 days	651 to 1050 people
7 or more within 30 days	1051 or more people

- a. Determines the number of acts of violence based on the permanent occupancy rather than the current set number.
- b. Defines *permanent occupancy* as the maximum occupancy of the building or facility set by the fire marshal for the jurisdiction in which it is located.
3. Requires a change of *agent* notice to be filed with the Director of DLLC within 30 days after the change.
4. Permits a restaurant applicant or licensee to apply for a permit to dispense beer in approved refillable containers for off-premises consumption as follows:
  - a. The licensee meets the current statutory restrictions and cannot be located in the vicinity of a church or school.
  - b. The Director determines that the public's best interest will be served by issuing the permit to a licensee that meets all of the criteria for an Arizona restaurant license.
  - c. Limits the maximum amount of permitted beer sales to 10% of the gross revenue of spirituous liquor sales.

## SB 1373

- d. The permit is noted on the license and in DLLC records after it is issued.
  - e. The Director may charge fees for the initial application and renewals.
5. States that 50 ounces of beer (now 32 ounces), four ounces of distilled spirits and one liter of wine are the maximum amounts that can be served on a boat at one time.
  6. Limits wine making activities in the common, alternating premises to only one farm winery at a time. Applies to the farm wineries that group two or more licenses at one location under a plan of alternating proprietorships.
  7. Stipulates that the farm winery that receives a custom crush arrangement will not be allocated the gallonage if the supplying farm winery has an active basic permit issued by the U.S. Alcohol and Tobacco Tax and Trade Bureau.
  8. Allows law enforcement to utilize the funds from seized liquor for investigation purposes (currently used for training).
  9. Requires the spirituous liquor to be sold under the channel that represents the primary use of the premises when an establishment has multiple licenses at the same location from different channels.
  10. Directs the producer or wholesaler to notify DLLC of the date, time and location of the sampling no less than 10 days (currently 5 days) before the sampling.
  11. Permits off-sale retailers to provide up to three hours of sampling at the licensed location and is limited to two wholesalers or producers (currently one).
  12. Exempts a passenger of a transportation network company vehicle from the laws pertaining to unlawful consumption of spirituous liquor while in a vehicle.
  13. Adds a refillable container made of material approved by a national sanitation organization with a maximum one gallon capacity (*Growler*) to the list of items that qualify as an *open container*.
  14. Eliminates the reporting requirement by DLLC relating to the effects of utilizing refillable Growler containers.

### CURRENT LAW

A.R.S. § 4-101 defines *repeated acts of violence* as two or more acts of violence within a seven day period, three or more within 30 days or those occurring with similar frequency as determined by the Director of DLLC to be unusual or deserving review.

A.R.S. § 4-244 outlines the unlawful acts that pertain to the regulated spirituous liquor industry. Paragraph 32 makes it unlawful for a licensee or employee to knowingly permit spirituous liquor to be removed from the licensed premise unless it is in the original unbroken package. Exceptions to paragraph 32 include licensees that dispense beer in a *Growler* and is not intended for consumption on-premises if:

- 1) the licensee fills the container at the tap at the time of sale;
- 2) the container is sealed with a plastic adhesive and has a government warning label;
- 3) dispensing is not done through a drive-up window.

The TTB is a bureau under the Department of the Treasury. The TTB's main responsibilities are protecting the public and collecting the revenue by developing regulations, analyzing products, and ensuring tax and trade compliance with the Federal Alcohol Administration Act (FAA Act) and the Internal Revenue Code. The TTB protects the public by enforcing the provisions of the

**SB 1373**

FAA Act to ensure that only qualified persons engage in the alcohol beverage industry. They are responsible for enforcing the laws regulating alcohol production, importation, and wholesale businesses; tobacco manufacturing and importing businesses; and alcohol labeling and advertising.

**ADDITIONAL INFORMATION**

The DLLC FY 2017 baseline includes \$2,955,300 and 45.2 FTE Positions from the Liquor Licenses Fund for the operating budget.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1373

(Reference to Senate engrossed bill)

1 Page 5, line 5, strike "OF" insert "OR"

2 Amend title to conform

JILL NORGAARD

1373NORGAARD.doc

03/15/2016

02:14 PM

C: tdb

Adopted  # of Verbals \_\_\_\_\_  
Failed \_\_\_\_\_ Withdrawn \_\_\_\_\_  
Not Offered \_\_\_\_\_ Analysts Initials \_\_\_\_\_

Attachment 13





# HOUSE OF REPRESENTATIVES

SB 1411

industries for blind; repeal; successor  
Prime Sponsor: Senator Driggs, LD 28

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X Committee on Commerce

Caucus and COW

House Engrossed

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## OVERVIEW

SB 1411 repeals the Arizona Industries for the Blind (AIB) and establishes a successor private nonprofit corporation to accept the transfer of responsibilities and liabilities.

## PROVISIONS

1. Repeals the AIB beginning on July 1, 2017.
2. Mandates that the AIB establish a successor private nonprofit corporation to establish, sustain and improve employment opportunities for people who are blind or visually impaired before July 1, 2017.
3. Allows the established nonprofit corporation to use the name "Arizona Industries for the Blind" in or as its name.
4. Transfers liability for contractual obligations to the successor private nonprofit corporation instead of the AIB of the State of Arizona.
5. Transfers all assets, unencumbered monies from the industries for the blind fund and liabilities from the Department of Economic Security's (DES) AIB to the nonprofit successor, except for the real property which will be leased to the successor.
6. Stipulates that the nonprofit successor is not an agency or public entity of this state.
7. Prohibits the State of Arizona from acting in a manner that may have any adverse material impact or effect on the business, assets or financial condition of the program during the transition period of AIB from DES to the nonprofit and delegates all necessary authority to complete the transition to the successor nonprofit corporation.
8. Repeals A.R.S. § 41-2501 as amended by Laws 2015, chapter 195, section 82 (version 2) beginning July 1, 2017.
9. Exempts Arizona Health Care Cost Containment System (AHCCCS) administration from the Arizona Procurement Code (Title 41, chapter 23 of the Arizona Revised Statutes) for provider contracts with regional behavioral health authorities pursuant to Title 36, chapter 34 of the Arizona Revised Statutes.
10. Prohibits the Department of Health Services (DHS) from requiring that persons, with whom it contracts, adhere to the Arizona Procurement Code for the purpose of subcontracts to provide domestic violence services.

**SB 1411**

11. Prohibits AHCCCS from requiring providers, with whom it contracts, to adhere to the Arizona Procurement Code for the purpose of subcontracts to provide mental health services or drug and alcohol services (currently the entire DHS is prohibited).
12. Contains an effective beginning July 1, 2017.
13. Contains technical and conforming changes.

**CURRENT LAW**

Title 41, Chapter 14, Article 1.1 establishes the AIB under DES and authorizes DES to equip and operate training centers, workshops, a business enterprise program and a home industries program for training and employment of adaptable blind people. DES can also facilitate the sale, distribution and marketing of the products of the training centers, workshops and home industries and help an individual or group of blind people to become self-supporting by supplying materials, equipment or machinery to them. DES may also help blind people in the sale and distribution of their products. The article also defines the term legally blind, outlines labor and fund requirement pertaining to the AIB and prohibits the labeling, marketing, and selling of products made by blind people without a permit from DES.

**ADDITIONAL INFORMATION**

According to the AIB's website:

“AIB provides employment and training opportunities for Arizonans who are blind. Most individuals of working age who are blind can compete successfully for jobs if they are given the opportunity to develop skills and increase their self-confidence. AIB was established in 1952 with a mission to inspire individuals who are blind to pursue their maximum potential through creating, sustaining and improving employment while providing the highest quality products and services.”

The AIB Fund is non-appropriated and the FY 2016 estimate of the fund is \$19,400,800.



**ARIZONA STATE LEGISLATURE**  
 Fifty-second Legislature - Second Regular Session  
**COMMITTEE ATTENDANCE RECORD**

COMMITTEE ON \_\_\_\_\_ **COMMERCE** \_\_\_\_\_

CHAIRMAN: Warren H. Petersen VICE-CHAIRMAN: Jill Norgaard

DATE	3/10/16	/16	/16	/16	/16
CONVENED	9:35 AM	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	11:55 AM				
MEMBERS					
Mr. Espinoza	✓				
Mr. Lawrence	✓				
Ms. Mach	✓				
Ms. Plumlee	✓				
Mr. Rivero	✓				
Mr. Shope	✓				
Mrs. Norgaard, Vice-Chairman	✓				
Mr. Petersen, Chairman	✓				

√ Present      --- Absent      exc Excused