

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

CAUCUS AGENDA #11

March 10, 2020

Bill Number	Short Title	Committee	Date	Action	
Committee on Regulatory Affairs					
Chairman:	Travis W. Grantham, LD 12		Vice Chairman:	Bret Roberts, LD 11	
Analyst:	Jon Rudolph		Intern:	Loren Breen	
<u>SB 1038</u> ^(BSI)	insurance policies; transfers; affiliated insurers				
SPONSOR:	LIVINGSTON, LD 22	RA	3/2/2020	DP	(7-0-0-0)
<u>SB 1040</u> ^(BSI)	insurers; notices; methods of delivery				
SPONSOR:	LIVINGSTON, LD 22	RA	3/2/2020	DPA	(7-0-0-0)
<u>SB 1041</u> ^(BSI)	travel insurance				
SPONSOR:	LIVINGSTON, LD 22	RA	3/2/2020	DP	(7-0-0-0)
<u>SB 1062</u> ^(BSI)	insurance transactions; discrimination; exceptions				
SPONSOR:	LIVINGSTON, LD 22	RA	3/2/2020	DP	(7-0-0-0)
<u>SB 1090</u> ^(BSI)	insurance adjusters; claims certificate				
SPONSOR:	LIVINGSTON, LD 22	RA	3/2/2020	DP	(7-0-0-0)
<u>SB 1091</u> ^(BSI)	insurance producer licensing; surrender; application				
SPONSOR:	LIVINGSTON, LD 22	RA	3/2/2020	DP	(7-0-0-0)
<u>SB 1131</u> ^(BSI)	certified public accountants				
SPONSOR:	GRAY, LD 21	RA	3/2/2020	DP	(7-0-0-0)
<u>SB 1294</u> ^(BSI)	insurance and financial institutions; continuation				
SPONSOR:	MESNARD, LD 17	RA	3/2/2020	DP	(7-0-0-0)
<u>SB 1557</u> ^(BSI)	annuity transactions; requirements				
SPONSOR:	LIVINGSTON, LD 22	RA	3/2/2020	DP	(5-2-0-0)
		(No: POWERS HANNLEY, TERÁN)			

Committee on Land & Agriculture

Chairman: Timothy M. Dunn, LD 13

Analyst: Paul Bergelin

Vice Chairman: Travis W. Grantham, LD 12

Intern: Mackenzie Nintzel

[HB 2811](#)^(BSI) racing; pari-mutuel wagering
SPONSOR: PIERCE, LD 1 HOUSE
LAG 2/20/2020 DP (4-3-0-0)
(No: CHÁVEZ, PETEN, TELLER)

Committee on Education

Chairman: Michelle Udall, LD 25

Analyst: Chase Houser

Vice Chairman: John Fillmore, LD 16

Intern: Trisha Romero

[HB 2500](#)^(BSI) SFB; procurement; building renewal grants
SPONSOR: WENINGER, LD 17 HOUSE
ED 2/17/2020 DP (10-1-0-2)
(No: COBB Abs: TOWNSEND, LIEBERMAN)

[SB 1036](#)^(BSI) empowerment scholarships; third-party administrator; repeal
SPONSOR: ALLEN S, LD 6
ED 3/2/2020 DP (11-0-0-2)
(Abs: COBB, SHOPE)

[SB 1061](#)^(BSI) schools; parental rights; posting
SPONSOR: ALLEN S, LD 6
ED 3/2/2020 DP (10-0-0-3)
(Abs: COBB, SHOPE, BARTO)

[SB 1444](#)^(BSI) schools; excused absences; mental health
SPONSOR: BOWIE, LD 18
ED 3/2/2020 DP (11-0-0-2)
(Abs: COBB, SHOPE)

Committee on Appropriations

Chairman: Regina E. Cobb, LD 5

Analyst: Tim Grubbs

Vice Chairman: John Kavanagh, LD 23

Intern: Jake Sonnenburg

[HB 2806](#)^(BSI) appropriations; preschool development grants
SPONSOR: SIERRA, LD 19 HOUSE
APPROP 2/19/2020 DP (10-1-0-0)
(No: KERN)

Committee on Ways & Means

Chairman: Ben Toma, LD 22

Analyst: Vince Perez

Vice Chairman: Shawna LM Bolick, LD 20

Intern: Blake Gephart

[HB 2290](#)^(BSI) renewable energy production; tax credits
SPONSOR: DUNN, LD 13 HOUSE
WM 2/19/2020 DP (6-2-0-2)
(No: POWERS HANNLEY, EPSTEIN Abs: GRANTHAM, BOLICK)
APPROP 2/24/2020 DP (7-3-0-1)
(No: UDALL, FILLMORE, KAVANAGH Abs: KERN)



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DP 9-0-1-0 | 3rd Read 30-0-0-0

House: RA DP 7-0-0-0

SB 1038: insurance policies; transfers; affiliated insurers

Sponsor: Senator Livingston, LD 22

Caucus & Cow

Overview

States that an insurer can transfer any of its insurance policies, without it being considered a nonrenewal, to an affiliated insurer.

History

For an insurance policy renewal, or a new policy that has been in effect for sixty days, a notice of cancellation must be based on specified occurrences that transpire after the effective date of the policy. If an occurrence meets the outlined conditions and an insurer does not renew a policy, the insured must be given 30 days' notice to remedy the identified conditions. If remedied, coverage must be renewed; If not remedied, the insured may pay the premium and be given an additional 30 days to meet satisfactory conditions ([A.R.S. § 20-1652](#)).

If an insurer does not mail or deliver a notice of its intention to not renew a policy to the named insured at the address shown in the policy, the insurer must renew the policy on the effective date of the renewal, upon payment of the premium. ([A.R.S. § 20-1654](#))

Provisions

1. States that nonrenewal does not include the issuance and delivery of a new policy within the same insurer or an insurer under the same ownership or management as the original insurer. (Sec. 1, 2)
2. Allows an insurer to transfer any of its policies to an affiliated insurer. (Sec. 1, 2)
3. Restricts an insurer from transferring a policyholder on the basis of the policyholder's location of residence, age, race, color, religion, sex, national origin or ancestry. (Sec. 1, 2)
4. States that in the occurrence of a transfer, this insurer is not allowed to apply a new unrestricted 60-day period for cancellation or nonrenewal. (Sec. 1, 2)
5. Makes technical and conforming changes. (Sec. 1, 2)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DPA 9-0-1-0 | 3rd Read 30-0-0-0

House: RA DPA 7-0-0-0

SB 1040: insurers; notices; methods of delivery

Sponsor: Senator Livingston, LD 22
Caucus & COW

Overview

Clarifies that an insurer can *send* correspondence by means other than mail.

History

All required insurance transaction notices or documents (Notice) that serve as evidence of insurance coverage may be delivered, stored and presented by electronic means. An insurer must obtain distinct advanced electronic consent before delivering a Notice by electronic means to a party ([A.R.S. § 20-239](#)).

Every insurer writing automobile liability or motor vehicle liability policies must make available to the named insured uninsured and underinsured motorist coverage. The offer must be made to the named insured or applicant at the time of the application ([A.R.S. § 20-259.01](#)).

A notice of cancellation, nonrenewal or reduction of limits of liability or coverage for reasons other than nonpayment by the insurer to the policy holder must be mailed, and the insurer must obtain proof of United States Post Office (USPS) shipping method using intelligent mail barcode or another similar, approved USPS tracking method ([A.R.S. § 20-1632](#)) & ([A.R.S. § 20-1676](#)).

Provisions

1. States that if a notice or correspondence is *sent* by mail or electronic means, the insurer must send the notice or correspondence to the recipients last known mailing address or email address. (Sec. 2)
2. Replaces the requirement that a communication, notice or correspondence be *sent* rather than mailed. (Sec. 3, 4, 6-30)
3. Removes the requirement that every insurer writing automobile or motor vehicle liability policies must offer uninsured and underinsured motorist coverage to an insured or applicant at the time of the application. (Sec. 5)
4. Removes the requirement that a specified insurer obtain proof of mailing by U.S. certified mail, U.S. post office certificate of mailing, first class mail or another similar tracking method when a notice of cancellation or reduction in specified insurance is mailed to the insured. (Sec. 12, 18)
5. Removes the requirement that a specified insurer mail a notice of cancellation or nonrenewal at the policyholder's last address on record with the insurer by first class mail. (Sec. 13, 14, 15)
6. States that any method of proof retained by the specified insurer for sending a notice of cancellation by any method other than by mail is sufficient. (Sec. 16, 20)
7. Requires a health care insurer to provide a member access to a copy of their information packet on its website. (Sec. 24)
8. Defines *send*, *sending* or *sent* means to deliver by the U.S. mail, personal delivery, fax or by electronic means. (Sec. 1)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note

9. Makes a conforming change. (Sec. 1)

10. Makes technical changes. (Sec. 3, 4, 8, 10- 25, 27, 29)

Amendments

Committee of Regulatory Affairs

1. Makes a technical change. (Sec. 3)



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DP 8-1-1-0 | 3rd Read 27-2-1-0

House: RA DP 7-0-0-0

SB 1041: travel insurance

Sponsor: Senator Livingston, LD 22
Caucus & COW

Overview

Adds Chapter 28 (Travel Insurance) to Title 20 (Insurance) statutes. Outlines the following regarding the "Travel Insurance Model Act" (Act): premium tax, travel protection plans, sales practices, travel administrators and travel insurance classification.

History

Travel insurance (TI) means insurance coverage for personal risks incident to planned travel including:

- 1) Interruption or cancellation of a trip or event;
- 2) Loss of baggage or personal effects;
- 3) Damages to accommodations or rental vehicles; and
- 4) Sickness, accident, disability or death occurring during travel.

TI does not include major medical plans, which provide comprehensive medical protection for travelers with trips lasting six months or longer, including those working overseas as expatriates or military personnel being deployed ([A.R.S. § 20-333](#)).

A travel retailer (Retailer) may offer and issue TI under a limited lines travel insurance producer (Producer) business entity license if the Producer meets the statutory requirements. Producers and those registered under the Producer's license are exempt from the examination requirements and continuing education requirements ([A.R.S. § 20-333](#)).

Provisions

Premium Tax (Sec. 4)

1. States that a travel insurer must pay premium tax on TI premiums paid by the following who reside in this state:
 - a) An individual primary policy holder;
 - b) A primary certificate holder who elects coverage under a group TI policy; and
 - c) A blanket TI policy holder that meets certain specified conditions.
2. Requires a travel insurer to:
 - a) Document the state of residence or principal place of business of the policy or certificate holder (PCH); and
 - b) Report only the premium amount allocable to TI and not the amounts received for travel assistance services or cancellation fee waivers.

Travel Protection Plans (Sec. 4)

3. States that travel protection plans (Plan) can be offered for one price for the combined features if both:

- a) The Plan clearly discloses, at or before the time of purchase, that it includes travel insurance, travel assistance services and cancellation fee waivers (Features);
 - i. Additional information regarding the Features and pricing of each Plan must also be included; and
- b) The fulfillment materials (FM) both;
 - i. Describe and delineate the Features in the Plan; and
 - ii. Include the TI disclosures and the contact information for persons providing travel assistance services and cancellation fee waivers.

Sales Practices (Sec. 4)

4. States that all persons offering TI in this state are subject to unfair trade practices (UTP) and fraud.
 - a) States that if a conflict exists between the Act and another provision under the Insurance statutes regarding the sale of TI, the Act controls.
5. States that offering or selling a TI policy that could never result in payment of any claims is a UTP.
6. Requires all documents provided to consumers before the purchase of TI to be consistent with the TI policy.
7. Requires TI policies that contain preexisting condition exclusions to provide information regarding the preexisting condition exclusions before the time of purchase and in the coverages FM.
8. Requires the FM and specified information to be provided to a PCH as soon as practicable following the purchase of a Plan, unless the insured has either started a covered trip or filed a claim.
9. States that a PCH may cancel a policy or certificate for a full refund of the Plan price from the date of purchase of the Plan until at least either:
 - a) 15 days after the date of delivery of the Plan's FM by postal mail; or
 - b) 10 days after the date of delivery of the Plan's FM by means other than postal mail.
10. Requires the policy documentation and the FM to disclose whether the travel insurance is primary or secondary to other applicable coverage.
11. States that if TI is marketed directly on an insurer's website or through an aggregator website, it is not a UTP or violation of law, if an accurate summary or description of the coverage is provided and the full provisions of the policy are available for the consumer through electronic means.
12. Prohibits a person from offering, soliciting or negotiating TI or Plans on an individual or group basis by using an opt out option that requires a consumer to deselect coverage, such as unchecking a box on an electronic form, when the consumer purchases a trip.
13. States that it is a UTP to market blanket TI coverage as free.
14. States that if a consumer's destination requires insurance coverage, it is not a UTP to require a consumer to choose between the following options as a condition of purchasing a trip or travel package:
 - a) Purchasing the coverage through the Retailer or limited lines Producer supplying the trip or travel package; or

<input type="checkbox"/> Prop 105 (45 votes) <input type="checkbox"/> Prop 108 (40 votes) <input type="checkbox"/> Emergency (40 votes) <input type="checkbox"/> Fiscal Note
--

- b) Agreeing to obtain and provide proof of coverage that meets the destination's requirements before departure.

Travel Administrators (Sec. 4)

- 15. Prohibits a person from acting or representing itself as a travel administrator (TA) for TI in this state unless the person either:
 - a) Is a licensed property and casualty insurance producer for activities allowed under that producer license; or
 - b) Holds a valid managing general agent license in this state.
- 16. Exempts a TA and its employees from the licensing requirements for travel it administers.
- 17. States that an insurer that underwrites TI is responsible for the acts of the TA administering the TI.
 - a) States that the insurer must ensure that the TA maintains all books and records relevant to the insurer and make the books and records available to the Director of the Department of Insurance upon request.

Classification (Sec. 4)

- 18. States that TI is classified and filed under an inland marine line of insurance for purposes of rate and forms.
- 19. States that a TI that provides coverage for sickness, accident, disability or death occurring during travel, either exclusively or in conjunction with related coverages, may be filed under either:
 - a) An accident and health line of insurance; or
 - b) An inline marine line of insurance.
- 20. States that TI may be an individual, group or blanket policy.
- 21. States that eligibility and underwriting standards for TI may be developed based on Plans that are designed for individual or identified marketing or distribution channels, if those standards also meet the state underwriting standards for inland marine.

Miscellaneous

- 22. Transfers existing statute relating to Producer licensing to the Act. (Sec. 3)
- 23. States that this act may be cited as the "Travel Insurance Model Act" (Sec. 5)
- 24. Contains a purpose and applicability clause. (Sec. 2)
- 25. Defines pertinent terms. (Sec. 2)
- 26. Makes conforming changes. (Sec. 1, 3)



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DPA 10-0-0-0 | 3rd Read 30-0-0-0

House: RA DP 7-0-0-0

SB 1062: insurance transactions; discrimination; exceptions

**Sponsor: Senator Livingston, LD 22
Caucus & COW**

Overview

Allows a life insurer (Insurer) to offset expenses that a group policyholder or employer incurs using implementation credits under certain conditions.

History

Statute does not include in the definitions of discrimination or rebates on life or disability insurance the following practices:

- 1) Paying bonuses to life insurance or life annuity policy holders or premium abatements out of surplus accumulated from nonparticipating insurance, provided such bonuses and abatements are in the best interests of the Insurer and its policyholders;
- 2) Paying allowance to policyholders, who have made consistent premium payments directly to an office of the Insurer for a specified period, concerning life insurance policies issued on the industrial debit plan;
- 3) Readjustment of a group insurance policy premium rate due to loss or expense at the end of a policy year, which may be retroactive only for that policy year; and
- 4) Issuing life or disability policies on a salary savings or payroll deduction plan at a reduced rate proportionate with the savings of the plan ([A.R.S. § 20-450](#)).

Statute does not prohibit providing:

- 1) Rewards or incentives under a wellness program permitted under the [Health Insurance Portability and Accountability Act of 1996](#) for group disability insurance and individual disability insurance; or
- 2) Products or services that supplement a life or disability insurance policy and are intended to minimize or prevent claims-related losses or expenses, to deter injury or death or to improve health of the insured ([A.R.S. § 20-450](#)).

Provisions

1. Allows the payments of implementation credits an Insurer makes to offset expenses that a group policyholder or employer incurs when the Insurer changes new or existing group coverage to do either of the following:
 - a) Include implementation credits in the premium and then reimburse the policy holder;
 - i. The life insurer must disclose to the policy holder whether implementation credits were included in the premium; or
 - b) Pay for the implementation credits and provide appropriate disclosure in the group policy. (Sec. 1)
2. Adds to the list of products and services not prohibited to include those that enhance the financial wellness of the insured. (Sec. 1)
3. Defines *Life Insurance* to include disability income policies and supplemental benefits policies. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DPA 10-0-0-0 | 3rd Read 30-0-0-0

House: RA DP 7-0-0-0

SB 1090: insurance adjusters; claims certificate

Sponsor: Senator Livingston, LD 22

Caucus & COW

Overview

Waives the examination requirement for adjuster license applicants who hold a claims certificate that meets outlined criteria.

History

Adjuster is defined to include any person who adjusts, investigates or negotiates settlement of claims concerning property and casualty contracts on behalf of either the insured or the insurer, for compensation, fee or commission ([A.R.S. § 20-321](#)).

To be licensed as an Adjuster, a person must take and pass an examination that is given by or under the supervision of the Director of the Department of Insurance (DOI) and that reasonably tests the applicant's knowledge of insurance and legal responsibilities ([A.R.S. § 20-321.01](#)).

Provisions

1. Excludes from the definition of an adjuster an employee of a third-party administrator or self-insured employer who adjusts, investigates or negotiates settlement of only workers' compensations claims. (Sec. 1)
2. Removes the requirement for an adjuster license applicant to take and pass a DOI examination if the applicant holds a national or state-based claims certificate that consists of at least 40 hours of preexamination course work, a proctored examination of sufficient length to adequately determine the competency of the applicant and at least 24 hours of continuing education required for certification renewals on a biennial basis. (Sec. 2)
3. Makes technical and conforming changes. (Sec. 1, 2)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DP 8-2-0-0 | 3rd Read 18-12-0-0

House: RA DP 7-0-0-0

SB 1091: insurance producer licensing; surrender; application

**Sponsor: Senator Livingston, LD 22
Caucus & COW**

Overview

Allows a person who voluntarily surrenders their insurance producer license (License) to reapply for the same License within one year if the applicant complies with the same requirements.

History

A person who applies for a License must apply to the Director of the Department of Insurance (Director) and provide information concerning the applicant's identity, personal history, business record, experience in insurance and any document deemed necessary by the Director. The applicant must pay all required fees and pass examinations for the lines of authority for which the individual is applying ([A.R.S. § 20-285](#)).

A License continues until suspended, terminated or revoked by the Director, or it expires. A License that is issued or renewed expires every four years. A licensee may submit a written request to the Director to voluntarily surrender the licensee's authority to transact one or more lines of insurance, or their entire license. The licensee may not reapply for the same authority or license for at least one year after the date of the surrender ([A.R.S. § 20-289](#)).

Provisions

1. Removes the one-year wait period for a previous licensee to reapply for an authority or License that was previously surrendered. (Sec. 1)
2. States that a person who voluntarily surrenders their License can obtain the same License if the person complies with the requirements that apply to an initial license applicant. (Sec. 1)
3. Makes technical changes. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

SENATE: COM DP 5-0-3-0 | 3rd Read 29-0-1-0

House: RA DP 7-0-0-0

SB 1131: certified public accountants

Sponsor: Senator Gray, LD 21

Caucus & COW

Overview

Modifies Certified Public Accountants (CPA) requirements regarding firm registration, registration expiration and reinstatement.

History

Certified public accountant (CPA) means an individual who has been issued a certificate of authority by the board to practice as a certified public accountant or who meets the limited reciprocity privilege requirements ([A.R.S. § 32-701](#)).

An individual whose certificate status expires or is relinquished or revoked can request for the certificate to be reinstated if the individual meets specified requirements, including at least thirty semester hours of accounting-related courses ([A.R.S. § 32-732](#)).

The Arizona Board of Accountancy (Board) can employ an Executive Director (Director) to administer and enforce statute governing a CPA ([A.R.S. § 32-703](#)).

A partnership, corporation or other entity formed under the laws of another jurisdiction relating to the practice of accounting in that jurisdiction may use the CPA designation in this state and may engage in the practice of accounting in this state ([A.R.S. § 32-725](#)).

A registrant's certificate or registration is expired if the registrant fails to reinstate the certificate or registration within twelve months after it has been suspended or has been on inactive status for more than six years ([A.R.S. § 32-730-03](#)).

Provisions

1. Modifies the definition of *related courses* to include other courses that are closely related to the subject of accounting or that are satisfactory to the Board. (Sec. 1)
2. Allows the Board to delegate to the Director the authority to approve a request for continuing professional education reciprocity. (Sec. 2)
3. Allows a business organization, rather than just a partnership or corporation, of another jurisdiction to use the CPA designation in this state and engage in the practice of accounting without having to register as a firm provided certain criteria are met. (Sec. 3)
4. States that a CPA's certificate or registration is expired if the CPA fails to meet registration requirements for a firm and is not granted or exhausts an extension of time to comply with firm registration requirements. (Sec. 5)
5. Adds to the criteria regarding firm registration fees to include an individual who uses a CPA designation, unless the name used is the name of the individual as registered with the Board. (Sec. 7)
6. Removes language relating to the Board revoking a firm's registration if the firm is not qualified and has not been granted a time extension to comply with the requirements. (Sec. 9)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note

7. States that a registrant, individual or firm that qualifies for the limited reciprocity privilege must be known as a CPA or a CPA firm and can use the CPA designation with the exact name as registered with the Board. (Sec. 10)
8. Makes technical and conforming changes. (Sec. 1, 3-10)



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DP 9-0-1-0 | 3rd Read 26-0-4-0

House: RA DP 7-0-0-0

SB 1294: insurance and financial institutions; continuation

Sponsor: Senator Mesnard, LD 17

Caucus & COW

Overview

Continues the Arizona Department of Insurance and Financial Institutions (DIFI) for five years.

History

Pursuant to [A.R.S. § 41-2953](#), the Joint Legislative Audit Committee assigned the sunset review of the Arizona Department of Insurance (Department) to the Senate Finance and the House of Representatives Regulatory Affairs Committee of Reference (COR). [The Senate Commerce COR](#) met on December 17, 2019 and recommended that DIFI be continued for five years, until July 1, 2025. [The House Regulatory Affairs COR](#) met on January 16, 2020 and recommended that DOI be continued for five years.

[Laws 2019, Chapter 252](#) merged the Arizona Department of Financial Institutions and the Automobile Theft Authority as divisions within the Department. The Department was also renamed the Arizona Department of Insurance and Financial Institutions, effective July 1, 2020.

The Department was most recently continued for 10 years pursuant to [Laws 2010, Chapter 13](#).

Provisions

1. Continues DIFI until July 1, 2025. (Sec. 2)
2. Repeals, subject to voter approval, DIFI on January 1, 2026. (Sec. 2)
3. Contains a purpose clause. (Sec. 3)
4. Contains a retroactivity clause of July 1, 2020. (Sec. 4)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DPA 9-0-1-0 | 3rd Read 26-0-4-0

House: RA DP 5-2-0-0

SB 1557: annuity transactions; requirements

Sponsor: **Senator Livingston, LD 22**
Caucus & COW

Overview

Amends statutes relating to the duties of an insurer who recommends an annuity to a consumer.

History

In recommending the purchase or exchange of an annuity to a consumer that results in a transaction, an insurance producer (Producer) or insurer must have reasonable grounds for believing that the recommendation is suitable for the consumer based on the facts disclosed by the consumer as to the consumer's investments and other insurance products and as to the consumer's financial situation and needs. The Producer or insurer must make reasonable efforts to obtain information concerning the consumer's financial status, tax status, investment objectives and any other pertinent information. The Insurer does not have any obligation to the consumer if the consumer:

- 1) Refuses or fails to provide complete or accurate information; or
- 2) Decides to enter into an insurance transaction that is not based on the insurer's recommendation ([A.R.S. § 20-1243.03](#)).

The Director of the Department of Insurance (Director) may order a business entity that employs or contracts with a Producer to take reasonable corrective action for any consumer who is harmed by a violation on the part of the Producer ([A.R.S. § 20-1243](#)).

Before selling, soliciting or negotiating an annuity, a Producer with a life insurance line of authority must complete an approved four credit-hour training course. Annuity training courses may be conducted and completed by classroom or self-study methods in accordance with continuing education statute and rules of DOI. Completion of substantially similar training requirements of another state satisfy the requirements ([A.R.S. § 20-1243.07](#)).

Provisions

Duties of Insurers and Producers (Sec. 4)

1. States that when a Producer recommends an annuity (Recommendation), the Producer must act in the interest of the consumer under the circumstances known at the time of recommendation is made and without placing the Producer's financial interest ahead of the consumers.
2. Stipulates that the Producer has acted in the best interest of the consumer if the Producer has satisfied the obligations regarding care, disclosure, conflict of interest and documentation.
3. States that to satisfy the care obligation in making a Recommendation, the Producer must exercise reasonable diligence, care and skill to do all of the following:
 - a) Know the consumer's financial situation, insurance needs and financial objectives (Situation);
 - b) Understand the available recommended options;
 - c) Have a reasonable basis to believe both of the following:
 - i. The recommended option effectively addresses the consumer's Situation over the life of the product;

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------

- ii. The consumer would benefit from features of an annuity, such as annuitization, death or living benefits or other insurance-related features.
- d) Communicate the basis of the recommendation;
- e) Make a reasonable effort to obtain consumer profile information from the consumer before recommending an annuity;
- f) Consider the types of products the Producer is authorized and licensed to recommend or sell that address the consumer's Situation and the Producer:
 - i. Is not required to consider any products outside the Producer's license or other products available at the time of the recommendation;
 - ii. Must be held to standards that apply to Producers with similar authority and licensure.
- g) In the case of an exchange or replacement of an annuity, the Producer must consider whether:
 - i. The consumer will incur a surrender charge, be subject to a new surrender period, lose existing benefits or be subject to increased fees;
 - ii. The replacement product would substantially benefit the consumer in comparison to the current product over the life of the product;
 - iii. The consumer has had another exchange or replacement of an annuity, in particular, within the preceding sixty months.
- 4. States that the requirements under the best interest and care obligations do not create a fiduciary obligation or relationship and only create a regulatory obligation.
- 5. Outlines the circumstances in which care obligation requirements are applicable.
- 6. States that under the care obligation, the consumer profile information, characteristics of the insurer and product costs, rates, benefits are the relevant factors in deciding whether an annuity addresses the consumer's Situation.
 - a) States that the importance of factors may vary by case and each factor may not be considered in isolation.
- 7. Outlines the information required to satisfy the disclosure obligation that the Producer must provide to a consumer on a form before making a Recommendation.
 - a) The disclosure obligation form must be substantially similar to the "Insurance Agent (Producer) Disclosure for Annuities" form from the 2020 National Association of Insurance Commissioners Suitability in Annuity Transactions Model Regulation.
- 8. States that under the disclosure obligation, the Producer must have a reasonable basis to believe that the consumer has been informed of the specified features, potential charges or tax penalties, fees, interest returns and market risk of the annuity.
- 9. States that to satisfy the conflict of interest obligation, the Producer must identify and avoid or reasonably manage and disclose material conflicts of interest, including ownership interest.
- 10. Outlines the requirements to satisfy the documentation obligation that must be completed by the Producer at the time of the Recommendation or sale.

11. States that the aforementioned provisions apply to every Producer who has exercised material control or influence in the making of a Recommendation and has received direct compensation as a result of the Recommendation, regardless of whether the Producer has had any direct contact with the consumer.
12. Outlines activities that do not constitute material control or influence.
13. States that an insurer's issuance of an annuity must be reasonable under all the known circumstances at the time.
14. States that a Producer has no other obligation under the aforementioned provisions to a consumer relating to an annuity transaction if:
 - a) No Recommendation is made;
 - b) A Recommendation was made based on materially inaccurate information provided by the consumer;
 - c) The consumer refuses to provide relevant profile information and the annuity transaction is not recommended; or
 - d) The consumer decides to enter into an annuity transaction that is not based on a Recommendation.
15. Outlines the requirements of each insurer to establish and maintain a supervision system (System) that is designed to achieve the insurer's and its Producers' compliance with the aforementioned provisions.
16. States that an insurer may contract for performance of a function, including maintenance of procedures, but is responsible for taking appropriate corrective action and may be subject to sanctions and penalties pursuant to specified statute.
17. Outlines what an insurer's System must include for supervision of contractual performance.
18. Outlines what an insurer is not required to include in its System.
19. States that a Producer or an insurer, can not dissuade, or attempt to dissuade, a consumer from:
 - a) Truthfully responding to an insurer's request for confirmation of the consumer profile information;
 - b) Filing a complaint; or
 - c) Cooperating in the investigation of a complaint.
20. States that the Recommendations and sales of annuities made by financial professionals that comply with comparable standards satisfy the requirements of the aforementioned provisions.
 - a) The Recommendations and sales of annuities made by financial professionals does not limit the Director's ability to enforce pertinent statute.
21. States that the insurer can base its analysis on a consumers Situation in information received from either a financial professional or the entity supervising a financial professional.
22. Outlines the criteria insurers must follow to comply with Recommendations and sales of annuities made by financial professionals.

Compliance, Enforcement & Penalties (Sec. 5)

23. States that an insurer is responsible for compliance and if a violation occurs, either because of the action or inaction of the insurer or its Producer, the director can order:
 - a) The insurer to contract an entity to perform the insurer's supervisory duties;

- b) A general agency or independent agency to take reasonably appropriate corrective action; and
 - c) Appropriate penalties and sanctions.
24. Removes a business entity that employs or contracts with a Producer for annuities sales from taking reasonably appropriate corrective action.
25. Authorizes the Director to reduce or eliminate any applicable penalty if the violation was not part of a pattern or practice.
26. States that the authority to enforce compliance is vested exclusively with the Director.

Miscellaneous

27. States that the provisions do not create or imply a private cause of action for a violation or subject a Producer to civil liability under the best interest standard of care or under standards of a fiduciary or fiduciary relationship. (Sec. 2)
28. Adds independent agencies to the list of entities that are able to make Recommendation records available to the Director. (Sec. 6)
29. States that completion of any course or courses with components that are substantially similar satisfy the Producer training requirements. (Sec. 7)
30. Requires a Producer who has completed an annuity training course, to complete the following within six months after the effective date:
- a) A new four credit hour annuity training course approved by the Director; and
 - b) An additional one credit hour annuity training course approved by the Department of Insurance and Financial Institutions on appropriate sales practices, replacement and disclosure requirements. (Sec. 8)
31. Defines pertinent terms. (Sec. 1, 4)
32. Contains a delayed effective date of January 1, 2021. (Sec. 9)



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

House: LAG DP 4-3-0-0-0

HB 2811: racing; pari-mutuel wagering
Sponsor: Representative Pierce, LD 1
Caucus & COW

Overview

Allows advance deposit wagers on previously held races, repeals restrictions on when advance deposit wagering can occur, and allows advance deposit wagering account owners to make wagers using technologies approved by the Arizona Racing Commission (Commission).

History

Pari-mutuel wagering is a system of betting that distributes the total amount wagered (less the amount withheld under state law) to the winning patrons. *Advance deposit wagering* is a type of pari-mutuel wagering that allows someone to deposit monies in an account with an advance deposit provider (provider) ahead of time and use those monies for pari-mutuel wagering on live or simulcast racing that an advance deposit pari-mutuel wagering permittee accepts or makes ([A.R.S. § 5-101](#)).

The Commission regulates advance deposit racing through a permitting process and must follow statutorily established requirements for approving permits ([A.R.S. § 5-112\(N\)](#)).

Statute allows *advance deposit wagering* for commercial live-racing permittees and commercial dog racing permittees that held live dog racing in 2016. Additionally, a provider can conduct this wagering if it secures approval from the racing authority in the state where it is located. Further, for horse racing, a provider must annually secure approval from both:

- 1) Commercial live horse racing permittees in a county where the provider or commercial live-racing permittee accepts this type of wager for horse racing; and
- 2) The organization that represents the majority of owners and trainers at each of the commercial live horse racing enclosures in each county.

Providers must pay source market fees on wagers placed on Arizona horse races to commercial live horse racing permittees in this state. Statute also directs the provider on how it should divide these fees on wagers ([A.R.S. § 5-112\(M\)](#)).

Provisions

1. Amends the definition of *advance deposit wagering* to include using monies deposited in advance for pari-mutuel wagering on previously held races. (Sec. 1)
2. Repeals restrictions on advance deposit wagering so that a commercial live-racing permittee or a commercial dog racing permittee may conduct advance deposit wagering as approved by the Commission. (Sec. 2)
3. Deletes requirements that providers pay source market fees on wagers placed on Arizona horse races and that dictate how providers should divide these fees on wagers. (Sec. 2)
4. Directs the Commission to issue permits to authorize providers to accept advance deposit wagers from persons in Arizona subject to certain statutory requirements. (Sec. 2)
5. Clarifies that a provider can accept advance deposit pari-mutuel wagers from those in Arizona if the commercial live-racing permittee in Arizona is either:
 - a) A racetrack enclosure in a county where live horse or live dog racing has been conducted for at least 40 days annually for at least 12 consecutive years starting after 1992;

b) A new racetrack enclosure in the same county that either:

- i. Replaced the previously existing racetrack enclosure on which the advance deposit wagering is acceptable; or
- ii. Conducts a racing program with the same type of racing in which advance deposit wagering is accepted and enters into an agreement with the provider for the payment of a source market fee. (Sec. 2)

6. Allows the advance deposit wagering account owner to make advance deposit pari-mutuel wagers by using technologies approved by the Commission, instead of just by telephone. (Sec. 2)

7. Makes technical changes. (Sec. 2)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

House: ED DP 10-1-0-2

HB2500: SFB; procurement; building renewal grants

Sponsor: Representative Weninger, LD 17

Caucus & COW

Overview

Relating to procurement rules and procedures adopted by the School Facilities Board (SFB) and Building Renewal Grant (BRG) Fund reimbursements.

History

The BRG Fund consists of monies appropriated by the Legislature and is administered by SFB. Monies from the BRG Fund are distributed based on grant requests from school districts for the purposes of funding primary building renewal projects. Statute requires SFB to prioritize project requests, with priority given to school districts that have provided routine preventative maintenance on the facility ([A.R.S. § 15-2032\(A\)\(B\)](#)).

BRG Fund monies may only be used on: 1.) major renovations and repairs to a building that is used for student instruction or other academic purposes; 2.) upgrading systems and areas that will maintain or extend the useful life of the building; and 3.) infrastructure costs. Projects that are eligible for funding are required to be designated as critical or noncritical by SFB. If a project is designated as noncritical, SFB must inform the school district that monies will be distributed from the BRG Fund only if the Legislature appropriates sufficient monies ([A.R.S. § 15-2032\(C\)\(G\)](#)).

The Legislature [appropriated](#) \$16,667,900 in ongoing monies and \$62,790,900 in onetime monies in FY 2020 to the BRG Fund.

Provisions

Procurement

1. Stipulates that any project that a school district undertakes and that is authorized by SFB is subject to the procurement rules adopted by State Board of Education (SBE) and specifies that SFB may not adopt any procurement policy or procedure that alters, supplements or subtracts from SBE's procurement rules. (Sec. 1)

BRG Fund Monies and Minimum Adequacy Guidelines

2. Specifies that school districts that receive monies from the BRG Fund may use the monies for major renovations and repairs to a building that is required to meet minimum school facilities adequacy guidelines. (Sec. 1)

School District Monies and BRG Fund Reimbursements

3. Allows a school district to use legally available district monies to execute an SFB-approved noncritical project if the school district is notified that monies will be distributed from the BRG Fund for the project only if the Legislature appropriates sufficient monies. (Sec. 2)
4. States that a school district may reimburse district monies at a later date with BRG Fund monies if a distribution is made from the BRG Fund. (Sec. 2)
5. Specifies that if a school district uses district monies to execute a project, the school district must follow standard SFB processes, terms and conditions. (Sec. 2)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------

6. Clarifies that there is no guarantee of reimbursement for a school district that uses district monies to execute a project. (Sec. 2)
7. Prohibits SFB from altering the priority of BRG Fund distributions based on whether a school district has used district monies to execute a project. (Sec. 2)



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: ED DP 9-0-0-0 | 3rd Read 30-0-0-0

House: ED DP 11-0-0-2

SB1036: empowerment scholarships; third-party administrator; repeal

Sponsor: Senator Allen S, LD 6

Caucus & COW

Overview

Repeals the requirement that the Arizona Department of Education (ADE) contract with a third-party administrator to assist in the financial administration of Arizona Empowerment Scholarship Accounts (ESA).

History

The ESA program is administered by ADE, with the State Treasurer responsible for the financial management of the program. *Qualified students*, as defined by statute, may use an ESA to pay for specified educational costs when attending a nongovernmental primary or secondary school or a preschool for pupils with disabilities that is located in Arizona and that does not discriminate on the basis of race, color or national origin ([A.R.S. § 15-2401](#)).

Statute allows the State Treasurer to contract with private financial management firms to manage ESAs ([A.R.S. § 15-2403](#)). [Laws 2019, Chapter 265](#) requires ADE to contract with a third-party administrator to assist ADE in the financial administration of ESAs.

Provisions

1. Repeals the requirement that ADE contract with a third-party administrator to assist in the financial administration of ESA accounts. (Sec. 1)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: ED DP 9-0-0-0 | 3rd Read 30-0-0-0

House: ED DP 10-0-0-3

SB 1061: schools; parental rights; posting

Sponsor: Senator Allen S, LD 6

Caucus & Cow

Overview

Requires the Arizona Department of Education (ADE) to establish and post, on its website, a statutory handbook of parental rights and requires each school district and charter school to post a link to the handbook on its website.

History

The parents' bill of rights is outlined in statute and includes: 1) the right to direct the education of a minor child; 2) the right to direct the moral or religious training of a minor child; 3) the right to make health care decisions for a minor child; and 4) the right to consent, in writing, before the state makes a video or voice recording of a minor child (A.R.S. §§ [1-601](#) and [1-602](#)).

School district governing boards, in consultation with parents, teachers and administrators, are required to develop a policy to promote the involvement of parents that includes: 1) a plan to improve parent and teacher cooperation; 2) procedures by which parents may learn about the course of study and review learning materials; and 3) procedures by which parents may learn about parental rights and responsibilities ([A.R.S. § 15-102](#)).

A public school may not discriminate against students or parents based on a religious viewpoint or expression. Students in public schools may pray or engage in religious activities or expression to the same extent that students may engage in nonreligious activities or expression. Additionally, students in public institutions may wear clothing, accessories and jewelry that display religious messages or symbols to the same extent that other types of clothing, accessories and jewelry that display messages or symbols are permitted ([A.R.S. § 15-110](#)).

The parent of a student in a public school has the right to review learning materials and activities in advance. Statute allows a parent who objects to any learning material or activity to withdraw that student from the activity or class and request an alternative assignment ([A.R.S. § 15-113](#)).

Statute requires public schools to obtain written informed consent from the parent of a student before administering any survey that solicits personal information ([A.R.S. § 15-117](#)).

Each public school is required to establish a school council consisting of parents, teachers, noncertified employees, community members, students (if the school is a high school) and the principal of the school. The school district governing board may delegate to a school council the responsibility to develop curriculum and any other reasonably necessary powers ([A.R.S. § 15-351](#)).

The governing board of a common school or high school is required to approve the course of study, the basic textbook for each course and all units recommended for credit prior to implementation of the course. Statute requires designated school personnel to allow parents access to instructional materials currently used by or being considered for use by the school district (A.R.S. §§ [15-721](#), [15-722](#) and [15-730](#)).

Provisions

1. Requires ADE to establish and post, on its website, a statutory handbook of parental rights that consist of the following statutes relating to:
 - a) Parental rights;
 - b) Parental involvement in school;

- c) Parental and student rights at public educational institutions;
 - d) Parental permission and informed consent;
 - e) Duties and membership of school councils;
 - f) Common school course of study;
 - g) High school course of study; and
 - h) Parental access to instructional materials. (Sec. 1)
2. Requires each school district and charter school to prominently post on a publicly accessible portion of its website a link to the statutory handbook of parental rights. (Sec. 1)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: ED DP 9-0-0-0 | 3rd Read 26-0-4-0

House: ED DP 11-0-0-2

SB1444: schools; excused absences; mental health

Sponsor: Senator Bowie, LD 18

Caucus & COW

Overview

Requires the Arizona Department of Education (ADE) to identify an absence due to the mental or behavioral health of a student as an excused absence.

History

Statute requires school district governing boards and charter school governing bodies to adopt policies that allow students to be excused for religious purposes ([A.R.S. § 15-806](#)). Additionally, parents or custodians of public school students are required to authorize any school absence of the student in advance or at the time of absence ([A.R.S. § 15-807](#)).

As defined by [ADE guidelines](#), an excused absence includes an absence due to illness, doctor appointment, bereavement, family emergencies and out-of-school suspensions. In order to be excused, these absences must be authorized by a parent if the child is under 16 years of age. ADE guidelines delegate the decision of whether an absence due to family vacation is an excused absence to school districts and charter schools.

Provisions

1. Requires ADE to identify an absence due to the mental or behavioral health of a student as an excused absence. (Sec. 1)
2. Allows ADE to adopt guidelines and rules to determine what constitutes an excused absence due to a student's mental or behavioral health. (Sec. 1)
3. Makes technical changes. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

House: APPROP DP 10-1-0-0

HB 2806: appropriations; preschool development grants

Sponsor: Representative Sierra, LD 19

Caucus & COW

Overview

Appropriates \$7,500,000 in FY 2021, \$15,000,000 in FY 2022 and \$22,500,000 from the state General Fund in FY 2023 to the Arizona Department of Education (ADE) to distribute preschool development grants to eligible providers.

History

ADE is led by the Superintendent of Public Instruction, an elected position. ADE plays a key role in overseeing and supporting school districts, vocational districts, accommodation districts and charter schools, including providing and executing educational guidelines and standards.

The federal Preschool Development Grants Program (PDG) provided \$976,698,263 in grant funding to expand access to quality preschool programs for children of families with incomes below 200% of the federal poverty guidelines. PDG Development grants went to states without a state preschool program or those with a preschool program serving less than 10% of the state's population of four-year olds. Arizona received \$81,375,127 in PDG grant awards between 2014 and 2018 ([Preschool Development Grants Program Summary Report](#)). Grants were awarded to subgrantee school districts, preschools, day cares and other organizations involved in early childhood education and the performance period for these grants ended in December 2019.

Provisions

1. Appropriates \$7,500,000 in FY 2021, \$15,000,000 in FY 2022 and \$22,500,000 in FY 2023 from the state General Fund in FY 2023 to the Arizona Department of Education (ADE) to distribute preschool development grants to eligible providers.
2. Requires eligible providers to use an evidence-based curriculum that has a clear scope and sequence and an explicit focus on coaching to assist teachers with curriculum implementation.
3. Requires ADE to evaluate the use of the preschool development grant monies beginning January 1, 2022.
4. Stipulates that the evaluation must include an analysis of child outcome gains associated with preschool development grants.
5. Requires ADE to submit the final evaluation to the Governor, Speaker of the House, President of the Senate and Secretary of State by January 31, 2023.
6. Contains a legislative intent clause. (Sec. 1)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note



HB 2290: renewable energy production; tax credits

Sponsor: Representative Dunn, LD 13

Caucus and COW

Overview

Extends the renewable energy production tax credit 10 years and allows tax credits of \$.04 per kilowatt-hour for the first 200,000 megawatt-hours of electricity produced by a qualified energy generator derived from wind, biomass, solar light or solar heat beginning January 1, 2021. Limits tax credits to \$200,000 per facility beginning January 1, 2021.

History

Current statute allows for a maximum of \$2,000,000 in tax credits per facility that uses qualified energy generators and a total of \$20,000,000 in tax credits statewide on a first come, first serve purpose. For calendar years through December 31, 2020 the amount of credit is:

- 1) \$.04 per kilowatt-hour in the first calendar year;
- 2) \$.04 per kilowatt-hour in the second calendar year;
- 3) \$.035 per kilowatt-hour in the third calendar year;
- 4) \$.035 per kilowatt-hour in the fourth calendar year;
- 5) \$.03 per kilowatt-hour in the fifth calendar year;
- 6) \$.03 per kilowatt-hour in the sixth calendar year;
- 7) \$.02 per kilowatt-hour in the seventh calendar year;
- 8) \$.02 per kilowatt-hour in the eighth calendar year;
- 9) \$.015 per kilowatt-hour in the ninth calendar year;
- 10) \$.01 per kilowatt-hour in the tenth calendar year ([A.R.S § 43-1083.02](#)).

Provisions

1. Extends renewable energy production tax credits 10 years. (Sec. 1, 2)
2. Allows a tax credit of \$.04 per kilowatt-hour for the first 200,000 megawatt-hours of electricity produced through a qualified energy generator derived from wind, biomass, solar light or solar heat. (Sec. 1, 2)
3. Limits tax credits for renewable energy production to \$200,000 per facility. (Sec. 1, 2)
4. Contains technical changes. (Sec. 1, 2)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DP 9-0-1-0 | 3rd Read: 30-0-0-0

House: WM DPA 10-0-0-0

SB 1099: tax deed land sales; proceeds

Sponsor: Senator Mesnard, LD 17

Caucus & COW

Overview

Requires county treasurers to pay any excess proceeds from a tax deeded real property sale to the former property owner.

History

Current statute directs each county board of supervisors to annually prepare a list of tax deeded real property in the respective county. The list must include:

- 1) A full description of each parcel;
- 2) The name of the former owner, if known; and
- 3) The total amount of taxes, interest, penalties, fees and costs, including the unpaid charges of a county treasurer and recorder ([A.R.S. § 42-18301](#)).

Each county board of supervisors must advertise tax deeded real property prior to a public sale ([A.R.S. § 42-18302](#)).

A county board of supervisors may sell tax deeded real property to the highest bidder for cash, with exceptions. County treasurers receive all proceeds from tax deeded real property sales. After deduction and distribution of interest, penalties, fees and costs against the parcel, county treasurers must allocate all remaining proceeds to various taxing authorities based on their proportionate share of taxes charged against real property ([A.R.S. § 42-18303](#)).

Provisions

1. Requires county treasurers to pay any balance remaining, from a tax deeded real property sale after payment of taxes, interest, penalties, fees and costs, to the property owner who was dispossessed by the sale. (Sec. 1)
2. Makes technical changes. (Sec. 1)

Amendments

1. Includes affordable housing in the list of public purposes a board of supervisors may accept and offer from and sell real property held by the state by tax deed.

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DP 8-0-2-0 | 3rd Read 30-0-0-0

House: WM DP 10-0-0-0

SB 1100: STO report; DOR; posting deadline

**Sponsor: Senator Mesnard, LD 17
Caucus & Cow**

Overview

Requires the Arizona Department of Revenue (DOR) to post on its website a report of the information it receives from each student tuition organization (STO) regarding corporate and individual contributions.

History

On or before September 30 of each year, each STO is required to separately report to DOR the following information regarding corporate and individual contributions: 1) the name, address and contact person of the STO; 2) the total number of contributions received during the previous fiscal year; 3) the total dollar amount of contributions received during the previous fiscal year; 4) the total number of children awarded educational scholarships or tuition grants during the previous fiscal year; 5) the total dollar amount of educational scholarships and tuition grants distributed during the previous fiscal year and the monies being held for identified students' scholarships and tuition grants in future years; 6) the cost of audits paid during the fiscal year; 7) the percentage and total dollar amount of educational scholarships and tuition grants awarded during the previous fiscal year to students who receive free and reduced price lunches; 8) specific information for each school that received educational scholarships or tuition grants; and 9) the names, job titles and annual salaries of the three employees who receive the highest salaries from the STO (A.R.S. §§ [43-1506](#) and [43-1604](#)).

Provisions

1. Requires DOR to post on its website a report of the information it receives from each STO regarding corporate and individual contributions on or before March 21 of the calendar year following the year in which the information was received. (Sec. 1, 3)
2. Makes technical and conforming changes. (Sec. 1-3)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: FIN DP 8-2-0-0 | 3rd Read 30-0-0-0

House: WM DP 10-0-0-0

SB 1113: mortgaged property; tax statements; information

Sponsor: Senator Leach, LD 11

Caucus & Cow

Overview

Specifies what information must be included in a tax statement that is sent by a county treasurer to a mortgagor of a property.

History

Statute provides that if property that is taxed by the county assessor is mortgaged and the mortgagee pays the property tax on behalf of the mortgager, the county treasurer is required to mail a statement of taxes that are due on a property to a mortgagor at the mortgagor's last known address. A tax statement must be a written document and may be in any form established by the county treasurer ([A.R.S. § 42-18054](#)).

Class Three property, for property tax purposes, is defined as the primary residence of the owner or the owner's relative ([A.R.S. § 42-12003](#)).

Provisions

1. Requires a tax statement from a county treasurer to separately list the following for the current and previous tax years for the property:
 - a) The amount of primary and secondary taxes applicable to the property that is due to each taxing jurisdiction; and
 - b) If applicable, the amount of additional state aid to school districts provided to Class Three property. (Sec. 1)
2. Removes the provision that a tax statement may be in any form established by the county treasurer. (Sec. 1)
3. Requires a tax statement to be mailed before November 1. (Sec. 1)
4. Makes a conforming change. (Sec. 1)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: Fin DP 8-2-0-0 | 3rd Read 29-0-1-0

House: WM DP 10-0-0-0

SB1121: model city tax code; procedures

Sponsor: Senator Leach, LD 11

Caucus & COW

Overview

Modifies the notice, review and hearing process that the Municipal Tax Code Commission (MTCC) and the Department of Revenue (DOR) use to amend the Model City Tax Code (MCTC).

History

The imposition of Arizona city transaction privilege taxes is separate and distinct from the imposition of state TPT. Instead, cities in Arizona use the MCTC as the basis for imposing their privilege taxes. The MCTC is a uniform sales and use tax act that has been adopted by most cities in Arizona. Although the MCTC is intended to facilitate tax base uniformity among cities, the code authorizes cities to exempt or tax certain items that are not part of the standard or “model” language of the code. ([JLBC 2019 Tax Handbook](#))

The MTCC is a commission made up of nine members and the director of DOR or the Director's representative, as an ex-officio member. The members are appointed by the Governor, President of the Senate and Speaker of the House. The MTCC approves changes to the MCTC and can recommend changes to model or local options contained in the MCTC. A city or town cannot adopt a modification or amendment of any provision of the MCTC unless it has been approved by the MTCC. The official copy of the MCTC is maintained by DOR and posted on the DOR website. ([A.R.S. §§ 42-6052 and 42-6053](#))

Provisions

1. Requires the MTCC to meet on the call of the chairman, in response to any proposed amendment to the MCTC. (Sec. 1)
2. Requires DOR to maintain and post to their official website the official copy of the MCTC. (Sec. 1)
3. Requires a city, town, taxpayer or DOR, at least 60 days before the MTCC adopts any amendment, to submit the proposed amendment to the MTCC for review, consideration and adoption. (Sec. 1)
4. Requires DOR to post the proposed amendment, meeting notice and agenda on their official website at least 30 days before the informational public hearing and at least 60 before the public hearing. (Sec. 1)
5. Requires the MTCC to hold an informational public hearing, at the request of a city, town, taxpayer or DOR, to review and receive comments on the proposed amendment. (Sec. 1)
6. Requires DOR to provide a legal analysis of the proposed amendment to the MTCC. (Sec. 1)
7. Requires the MTCC to consider the information and testimony presented. (Sec. 1)
8. Requires DOR to post the proposed amendment with any required changes to their official website no later than five days after the informational public hearing. (Sec. 1)
9. Requires the MTCC, at least 60 days after receiving a proposed amendment, to hold a public hearing to consider any information and testimony presented at the informational public hearing, if one was requested, and to consider adopting the proposed amendment. (Sec. 1)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note

10. Requires DOR to update the official copy of the MCTC within 10 days if the MTCC adopts a proposed amendment. (Sec. 1)
11. Provides that changes to the MCTC not reflected on DOR's official website are void and have no effect. (Sec. 1)
12. Requires all cities and towns to adopt the MCTC changes approved by the MTCC. (Sec. 1)
13. Provides that the MTCC is not prohibited from recommending changes to model or local option changes to the MCTC. (Sec. 1)
14. Prohibits a city or town from adopting an amendment to any provision of the MCTC unless the MTCC has adopted the amendment. (Sec. 1)
15. Provides that changes in tax rates are not subject to review. (Sec. 1)
16. Requires a city or town that imposes a new or different tax rate to notify the MTCC and DOR within 10 days after passage and that failure to do so renders the new or different rate void. (Sec. 1)
17. Defines *new or different tax rate*. (Sec. 1)
18. Requires the new or different tax rate to be reflected on the official copy of the MCTC within 10 days after passage and failure to do so renders the new or different rate void. (Sec. 1)
19. Requires the MTCC to prepare and deliver a report to the Governor, President of the Senate and Speaker of the House before January 1 of each year. (Sec. 1)
20. Repeals the section of law that addresses the official copy, review and comment on proposed changes to the MCTC. (Sec. 2)
21. Makes technical and conforming changes. (Sec. 1)



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

House: TRANS DP 8-0-0-1 | APPROP DP 7-3-0-1

HB 2750: appropriation; Loop 101 slip ramp
Sponsor: Representative Espinoza, LD 19
Caucus & COW

Overview

Provides funding to the Arizona Department of Transportation (ADOT) to distribute to the City of Tolleson for the Loop 101 slip ramp access project.

History

[Laws 1973, Chapter 146](#) established ADOT to provide for an integrated and balanced state transportation system with a director responsible for the department's administration ([A.R.S. § 28-331](#)). ADOT has exclusive control and jurisdiction over state highways, state routes, state owned airports and all state- owned transportation systems or modes are vested in ADOT.

The duties of ADOT are as follows: 1) register motor vehicles and aircraft, license drivers, collect revenues, enforce motor vehicle and aviation statutes and perform related functions; 2) do multimodal state transportation planning, cooperate and coordinate transportation planning with local governments and establish an annually updated priority program of capital improvements for all transportation modes; 3) design and construct transportation facilities in accordance with a priority plan and maintain and operate state highways, state owned airports and state public transportation systems; 4) investigate new transportation systems and cooperate with and advise local governments concerning the development and operation of public transit systems; and 5) have administrative jurisdiction of transportation safety programs and implement them in accordance with applicable law ([A.R.S. § 28-332](#)).

Provisions

1. Appropriates \$5,000,000 from the General Fund in FY 2021 to ADOT to distribute to the City of Tolleson for the Loop 101 slip ramp access project. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

House: HHS DPA 7-1-1-0

HB 2049: medical conditions; medical marijuana

Sponsor: Representative Espinoza, LD 19
Caucus & COW

Overview

Adds opioid use disorder and autism spectrum disorder to the definition of *debilitating medical condition* in the Arizona Medical Marijuana Act (AMMA).

History

In 2010, the AMMA was established through [Proposition 203](#), a voter-approved initiative measure. Statute requires the Arizona Department of Health Services to regulate the AMMA through rulemaking, registration and certification of medical marijuana dispensaries, registration of qualifying patients and designated caregivers, issuing or denying registry identification cards and establishing a verification system. Statute also outlines limitations of the AMMA, requirements for dispensaries and definitions of terms relating to the AMMA. ([A.R.S. Title 36, Chapter 28.1](#))

Provisions

1. Adds opioid use disorder and autism spectrum disorder to the definition of *debilitating medical condition* in the statutes relating to the Arizona Medical Marijuana Act. (Sec. 1)
2. Contains a Proposition 105 clause. (Sec. 2)

Amendments

Committee on Health and Human Services

1. Removes opioid use disorder from the definition of *debilitating medical condition*.

<input checked="" type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
---	--	---	--------------------------------------



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

House: HHS DP 9-0-0-0

HB 2052: AHCCCS; chiropractic care; report.

Sponsor: Representative Barto, LD 15

Committee on Health & Human Services

Overview

Includes chiropractic services, performed by a chiropractor and ordered by a primary care physician or practitioner, as an Arizona Health Care Cost Containment System (AHCCCS) covered service.

History

Established in 1981, AHCCCS is Arizona's Medicaid program that oversees contracted health plans for the delivery of health care to individuals and families who qualify for Medicaid and other medical assistance programs. Through contracted health plans across the state, AHCCCS delivers health care to qualifying individuals including low-income adults, their children or people with certain disabilities.

Arizona statute outlines covered health and medical services offered to AHCCCS members. (A.R.S. § [36-2907](#))

Provisions

1. Includes chiropractic services, performed by a chiropractor, and ordered by a primary care physician or primary care practitioner as an AHCCCS covered service. (Sec. 1)
2. Allows the primary care physician or practitioner to initially order up to 20 visits annually and may provide for additional services in the same year if it is determined to be medically necessary. (Sec. 1)
3. Requires AHCCCS to adopt rules to implement the above. (Sec. 1)
4. Prohibits the use of monies from the Hospital Assessment Fund to provide chiropractic services. (Sec. 1)
5. Upon approval by the Centers for Medicare and Medicaid Services (CMS), AHCCCS and its contractors may provide medically necessary chiropractic services. (Sec. 2)
6. Requires AHCCCS to prescribe qualifying conditions under which chiropractic services may be used, prescribe provider qualifications for chiropractic services and require contractors to report to AHCCCS on the use of the services. (Sec. 2)
7. On or before January 1, 2025, AHCCCS must submit a report to the governor, legislature and a copy to the secretary of state, on the cost savings determinations. (Sec. 2)
8. Repeals the section relating to approval by CMS, AHCCCS prescribing conditions and the report on July 1, 2026. (Sec. 2)
9. Makes technical and conforming changes. (Sec. 1)

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

House: HHS DPA 9-0-0-0

HB 2848: AHCCCS; eligibility determination

Sponsor: Representative Longdon, LD 24

Caucus & COW

Overview

Requires AHCCCS to use the average of six months of income to determine a person's eligibility.

History

Established in 1981, AHCCCS is Arizona's Medicaid program that oversees contracted health plans for the delivery of health care to individuals and families who qualify for Medicaid and other medical assistance programs. Through contracted health plans across the state, AHCCCS delivers health care to qualifying individuals including low-income adults, their children or people with certain disabilities. AHCCCS publishes on their website a [medical assistance eligibility policy manual](#).

Provisions

1. Requires AHCCCS to use the average of six months of income to determine a person's eligibility. (Sec. 1)

Amendments

Health & Human Services

1. Subject to approval by the Centers for Medicare and Medicaid Services.

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

House: COM DP 5-2-0-2 | Approp DPA 6-5-0-0

HB 2813: sports betting; historic racing; revenue

**Sponsor: Representative Pierce, LD 1
Caucus & COW**

Overview

Allows for historic racing and sports betting to be conducted in this state.

History

The Arizona Department of Gaming (Department) was established in 1995 to monitor tribal gaming activities in accordance with the Arizona tribal-state gaming compacts required by federal law and as authorized by statute.

Federal law requires an Indian tribe and the state to negotiate for a tribal-state compact governing the conduct of class III gaming activities on tribal lands ([25 U.S.C. 2710](#)). The tribal-state gaming compacts between Arizona and the 22 federally-recognized Indian tribes in the state are substantially identical and outline the regulatory framework governing class III gaming. The Department's duties prescribed by statute and tribal-state gaming compacts include: 1) monitoring gaming operations; 2) investigating suspected compact violations; 3) conducting compact compliance reviews of gaming operations, facilities and activities of facility operators; 4) certifying gaming employees who are not enrolled tribal members; 5) certifying management contractors, financiers, manufacturers and suppliers of gaming devices, providers of gaming services and management officials; 6) administering the transfer of unused gaming device allocations; 7) providing problem gambling prevention, treatment and education; and 8) administering and allocating Indian tribes' state contributions through the Arizona Benefits Fund as outlined ([A.R.S. Title 5, Chapter 6](#)).

Class III gaming, as defined by [federal law](#), includes:

1. Any house banking game including, cards games and casino games;
2. Any slot machines and electronic or electromechanical facsimiles of any game of chance;
3. Any sports betting and pari-mutuel wagering including, wagering on horse racing, dog racing, or jai alai; or
4. Lotteries.

Provisions

Historic Racing (Sec. 1)

1. Requires the Department to adopt rules to allow historic racing to be conducted as regulated gambling at racetrack enclosures and additional wagering facilities.
 - a. Requires the rules to include license application procedures and approval, issuance, renewal and revocation criteria.
2. Specifies the systems for wagering may be both manual and electronic forms of wagering.
 - a. Requires the wagering to be on a closed-loop system located within a racetrack enclosure or additional wagering facility.
3. Instructs the Director (Director) of the Department to establish application, issuance and renewal licensing fees.
4. Defines *historic racing* as a form of racing that establishes pari-mutuel pools from wagers placed on previously conducted races and that is conduct by a commercial live-racing permittee or additional wagering facility.

Tribal-State Gaming Compact (Sec. 2)

5. Removes statutory language that is incorporated into a tribal-state gaming compact that stipulates tribal actions that maybe taken if, after May 2, 2002, state law changes to permit a person or entity other than an Indian tribe to operate

<input checked="" type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
---	--	---	--------------------------------------

a gaming device, any form of class

III gaming or poker.

Sports Betting (Sec. 3)

6. Instructs the Department to adopt rules to allow sports betting to be conducted as regulated gambling at pari-mutuel racetrack, additional wagering facilities and casinos.
 - a. Specifies the rules must include licensure requirement; and
 - b. Adds the Director must establish licensing fees.
7. Allows the betting systems to be both manual and electronic forms on a closed-loop system.
8. Requires the Department to regulate sports betting in a manner that is consistent with the regulation of tribal gaming.
9. Allows an Indian tribe to operate sports betting through a tribal gaming operator who is subject to licensure.
10. Specifies the licensure of the owner, partner, shareholder of the tribal gaming operator does not include the members or government officials of an Indian tribe.
11. Directs the Department to impose and collect an unspecified percent amount of the licensee's adjusted gross sports betting receipts.
12. Establishes the racing purse enhancement fund consisting of monies collected from sports betting receipts.
 - a. Requires the Department to administer the fund; and
 - b. Outlines the distribution of monies.
13. Defines pertinent terms.

Miscellaneous

14. Includes sports betting and historic racing that is conducted pursuant to statute as lawful regulated gambling. (Sec. 5)
15. Exempts sports betting and historic racing from statute relating to prohibited betting and wagering. (Sec. 6)
16. Subjects sports betting that is conducted outside a racetrack enclosure, additional wagering facility or tribal casino to the amusement tax classification. (Sec. 7)
17. Allows certain revenues collected by an Indian tribe for sports betting to be deducted from the amusement classification tax base. (Sec. 7)
18. Limits amounts subject to state and local taxes to 6.75% of the adjusted gross receipts. (Sec. 7)
19. Specifies *gross income* and *gross proceeds of sale* means the receipts remaining after deducting the monies paid for winnings from gross receipts. (Sec. 7)
20. Exempts the Department from rulemaking for one year. (Sec. 8)
21. Contains a Prop 105 clause. (Sec. 9)
22. Makes conforming changes. (Sec. 2, 4)

Amendments

Committee on Appropriations

1. Sets the percentage amount collected for deposit into the Racing Purse Enhancement Fund as 8.8% of the licensee's adjusted gross sports betting receipts.
 - a) Specifies from the monies collected:
 - i. 92% is deposited into the state General Fund; and
 - ii. 8% is transferred to a recognized organization representing horsemen to be held in trust for racing purses.