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

HOUSE COMMERCE COMMITTEE OF REFERENCE

Report of Interim Meeting
Tuesday, January 11, 2022
House Hearing Room 3 - UPON REC. OR ADJ. OF REG. COMMERCE MEETING

Convened 2:53 P.M.
Adjourned 4:20 P.M.

Members Present
Representative Carter
Representative Chávez
Representative Cook
Representative Espinoza
Representative Kaiser
Representative Liguori
Representative Meza
Representative Wilmeth
Representative Chaplik, Vice Chairman
Representative Weninger, Chairman

Members Absent

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Presentations
Name
Marc Owen
Rosa Ellis

Organization
Office of the Auditor General
Office of the Auditor General

Committee Action
Action
Continue Dept of Real Estate for 8 years
Continue Dept of Tourism for 8 years
Continue Board of Funeral Directors 2 years
Continue Commission of the Arts 8 years

Vote
9-0-0-1
9-0-0-1
10-0-0-0
10-0-0-0

Attachments
4, 5, 6
7, 8, 9
10, 11
12, 13, 14

Jacqueline Denlinger, Committee Secretary
January 14, 2022

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

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

HOUSE COMMERCE COMMITTEE OF REFERENCE

Date: Tuesday, January 11, 2022
Time: Upon Rec. or Adj. of Reg. Commerce Meeting
Place: HHR 3

AGENDA

1. Call to Order
2. Sunset Review of the Arizona Department of Real Estate
   - Presentation by the Arizona Office of the Auditor General
   - Presentation by the Arizona Department of Real Estate
   - Public Testimony
   - Discussion and Recommendation

3. Sunset Review of the Arizona Office of Tourism
   - Presentation by the Arizona Office of the Auditor General
   - Presentation by the Arizona Office of Tourism
   - Public Testimony
   - Discussion and Recommendation

4. Sunset Review of the Arizona Board of Funeral Directors and Embalmers
   - Presentation by the Arizona Office of the Auditor General
   - Presentation by the Arizona Board of Funeral Directors and Embalmers
   - Public Testimony
   - Discussion and Recommendation

5. Sunset Review of the Arizona Commission on the Arts
   - Presentation by the Arizona Commission on the Arts
   - Public Testimony
   - Discussion and Recommendation

6. Adjourn

Members:
Representative Jeff Weninger, Chair
Representative Joseph Chaplik, Vice-Chair
Representative Neal Carter
Representative César Chávez
Representative David L. Cook

Representative Diego Espinoza
Representative Steve Kaiser
Representative Sarah Liguori
Representative Robert Meza
Representative Justin Wilmeth

01/04/2022

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 or through Arizona Relay Service 7-1-1.
Information Registered on the Request to Speak System

House Commerce Committee of Reference (1/11/2022)

2, Sunset Review of the Arizona Department of Real Estate

Support:
Louis Dettorre, Legislative Liaison, Arizona Department of Real Estate, AZ DEPT OF REAL ESTATE; victoria martinez, representing self; Tom Farley, Arizona Association Of Realtors; Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ; James Knupp, AZ DEPT OF REAL ESTATE

All Comments:
victoria martinez, Self: ON JANUARY 23,2020 THERE WAS JURY DEMAND DEFENDANT GOVERNMENT DOUG DUCEY TERMINATED FROM BEING UNITED STATES GOVERNMENT IN ARIZONA STATE OR IN A UNITED STATES. THE BUREAU INDIAN AFFAIRS TERMINATED 01/21/2020. GOERGE BUSH TERMINATED 01/21/20; Tom Farley, Arizona Association Of Realtors: On behalf of the AZ Assoc of Realtors, we support the continuance of the department of real estate.

3, Sunset Review of the Arizona Office of Tourism

4, Sunset Review of the Arizona Board of Funeral Directors and Embalmers

5, Sunset Review of the Arizona Commission on the Arts

Support:
Dianne McCallister, AZ CITIZENS FOR THE ARTS; Drew Trojanowski, representing self; April Salomon, representing self; Brandy Petrone, ARIZONA COMMUNITY FOUNDATION; Jaime Molera, GREATER PHOENIX LEADERSHIP INC; Russell Jones, representing self; Rusty Foley, representing self; Lorna Romero, representing self; Shelley Cohn, representing self; Patrick McWhortor, representing self

All Comments:
Brandy Petrone, ARIZONA COMMUNITY FOUNDATION: ACF support continuation of the Arizona Commission on the Arts; Russell Jones, Self: As a former State Representative for Yuma County, I appreciate the importance to rural Arizona of the Commission and the grants to support the arts around the State, especially those areas that lack wealthy donors to support the creative activities o; Rusty Foley, Self: I am a lifelong Arizonan and arts patron, contributor and advocate. I know firsthand the remarkable work the arts commission does with arts groups, esp. for the economy, youth, veterans care, seniors and others. It is critical to our state.; Lorna Romero, Self: As a Board Member of Arizona Citizens for the Arts, I encourage the committee to support the reauthorization of the Arts Commission.; Shelley Cohn, Self: As a former executive director of the agency and having participated in three
sunset audits, I have seen the quality community work done by the agency and believe they have documented the value to the services and programs that they provide; Patrick McWhortor, Self: As CEO of Arizona Citizens for the Arts, I am privy to the impact of artists and arts organizations on our economy and quality of life. Arts Commission funds are the lifeblood for that impact and thus I urge you to recommend continuation.
ARIZONA STATE LEGISLATURE
Fifty-fifth Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON HOUSE COMMITTEE OF REFERENCE – Sunset Reviews

CHAIRMAN: Jeff Weninger  VICE-CHAIRMAN: Joseph Chaplik

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MEMBERS

- Carter
- Chávez
- Cook
- Espinoza
- Kaiser
- Liguori
- Meza
- Wilmeth
- Chaplik, Vice-Chairman
- Weninger, Chairman

✓ Present  --- Absent  exc Excused
### ROLL CALL VOTE

**COMMITTEE ON**
Commerce - Committee of Reference

**DATE** January 11, 2022

**RECOMMENDATION:** continued for 8 years

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**APPROVED:**

JEFF WENINGER, Chairman
JOSEPH CHAPLIK, Vice-Chairman
140 audits
Auditing brokerages

584 complaints
Complaint handling

89,000 total licensees
Licensing of salespersons, brokers, and brokerages
Problems Identified

- Selection criteria were not documented.
- Selection criteria were met if reported selection criteria did not meet.
- Department audited some brokerages that did not were audited.
- Selection process did not ensure high-risk brokerages.
Established an ongoing review of selection process

Documented risk factors

Developed new audit selection process
Evaluate selection process

Use risk-based approaches for selecting brokerages

Key Recommendations
Did not use disciplinary matrix

Did not consistently administer discipline

No supervisory review

Policies and procedures policies and procedures in accordance with its

Additional problems identified
Key Recommendations

- Modify policies and procedures to ensure supervisory matrix review of all complaints and that staff use disciplinary
- Resolve complaints according to policy and procedure
Other Recommendations

- Conflict-of-Interest Policies and Procedures
- Confirm Validity of Inquire Print Clearance Cards
- Fee Collection for Subdivision Inspections
Overview
Arizona Department of Real Estate
The Department also receives applications for the issuance of subdivision approvals and regulates the sale of subdivisions, unsubdivided lands, timeshares, condominiums, membership campuses and cemeteries.

The Department oversees the activities of licensees, investigates complaints, and administers the Homeowners Association Dispute Process.

The materials being taught, the competence of their instructors, and the quality and timeliness of courses, the competence of their instructors, and the quality of their content, do not ensure the quality of their pre-licensing instruction, examinations, and continuing education courses. It reviews and monitors membership campuses, brokers and salespersons, it approves and monitors the Department of Real Estate, licenses and regulates real estate, cemetery and funeral businesses.
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**AVG. Field ETE**

Revenue - GF

Appropriation

TBD

$2,997,000

$2,997,600

$2,909,500

$2,911,700

$2,922,100

$3,028,000

$3,028,000

$3,028,000

$3,948,850

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ADRE OVERVIEW
Online Services Usage
The Department of Real Estate will continue to:

- Amend Public Report
- Subdivision Public Report
- Entity
- Renewal License
- Original License

**Timestable**

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

ROLL CALL VOTE  

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<th>COMMITTEE ON</th>
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DATE January 11, 2022  
RECOMMENDATION: continue for 8 years  

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APPROVED:

JEFF WENINGER, Chairman  
JOSEPH CHAPLIK, Vice-Chairman  

COMMITTEE SECRETARY  

ATTACHMENT 7
Promote tourism in a designated city, town, or region. Example: Destination Marketing Organizations (DMOs)

Promotion the State for advertising, marketing, and tourism Distributing monies to other tourism organizations in Promoting tourism State-wide

Key Responsibilities
Did the Office’s spending on joint tourism promotion projects comply with State requirements?
Problem identified

- Did not comply with State requirements when spending more than $81,000 on sponsorships, trade shows, and journalist travel.
- Did not complete required cost-benefit analyses, obtain legal counsel review, and/or maintain detailed receipts.
• State travel and food and beverage reimbursement rates are not exceeded

• Help ensure that public monies are used for valid public purposes

**Why this matters**
Supervisory review processes
Consult ADOA-GAO and implement policies and
Comply with State requirements for spending public
monies for promotional projects

Key Recommendation
Required?

Tourism revenues, as distributed, as Maricopa County Hotel and Bed Tax

Did the Office Monitor and Account for

Maricopa County Tourism Promotion Revenue Distributions
Program Requirements
Maricopa County Tourism Promotion

- DMOs required to submit spending plans changes for review and approval
- DMOs required to apply annually and submit proposed spending plans for review and approval
- Office distributes Maricopa County hotel and bed tax revenues for Maricopa County tourism promotion
Year 2020 as required

Did not review spending during or at the end of fiscal

Reviewed and approved as required

Nearly $47,000 in DMO spending plan changes not

Problem Identified
unaccounted for public money
Organizations at risk of overspending or having
or their
Public monies Office distributed at risk of misuse, loss,

Why this matters
• Standardize reporting templates
• Formalize change request process
• Monies it distributes
• Comply with State requirements for accounting for

Key Recommendations
Selecting major cities and metro areas to focus its advertising campaigns

Measuring effectiveness of its advertising and marketing campaigns

Distributing tourism monies to rural DMOS

Related to statutory objectives Office has established processes
Procurement process

Impacts in its existing strategic planning process

Incorporating long-term economic and environmental

Conflict-of-interest process

Office processes

Recommended improvements to
Our Pillars:

- Wellness
- Heritage & Culture
- Outdoor Adventure
- Culinary

Our Mission: We stabilize and strengthen local economies, protect extraordinary adventure and natural wonders.

Our Vision: Create an Arizona experience that captures and nurtures the hearts and minds of people who call it home and travelers in search of it.

Arizona Office of Tourism - Who We Are
Arizona Office of Tourism

Travel Spending
$15 Billion

Overnight Visitors
32.1 Million

Arizona Tourism in 2020
OFFICE OF TOURISM
ARIZONA

$02 Revenues
Maricopa Co. Prop

Revenues
Tribal Gaming

General Fund

Typical Funding Categories

Arizona Office of Tourism - Funding
Audit Findings & AOT Response

- Sunset Factor 1
  - Recommendation 1 Complete
- Sunset Factor 2
  - Recommendation 2 In Progress
- Finding 3
  - Recommendation 3 Complete
- Finding 2
  - Recommendation 2 Complete
- Finding 1
  - Recommendation 1 Complete
ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-fifth Legislature - Second Regular Session

ROLL CALL VOTE

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DATE January 11, 2022
RECOMMENDATION: continue agency for 2 years

APPROVED:

JEFF WENINGER, Chairman
JOSEPH CHAPLIK, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 10
Providing information to the public

Investigating and adjudicating complaints

Inspecting funeral establishments and crematories

Licensing and registering funeral professionals and businesses

Board's key regulatory responsibilities
requirements

- Did not verify that some applicants met experience
- Did not inspect all businesses before licensure
- Did not always perform criminal history records check

Board did not ensure applicants met all
Purchased a product difference

- Prearranged funeral agreements
  - Surety bonds protect customers who have purchased services before death
  - Prearranged funeral agreements involve payment for amounts met statutory requirements
  - Approved funeral establishments may sell prearranged

Board did not verify surety bond
review process

Lacked comprehensive guidance and supervisory

Applications did not include all requirements

Misinterpreted licensing requirements

Causes for these problems
- Implement a supervisory review process
- Revise applications and develop policies that address all requirements
• Inspections inaccurately documented

• Some requirements not assessed during inspections

Board did not properly perform inspections
Some inspections not conducted timely

- 3 of these businesses had not been inspected for more than 7 years
- 5 of 30 businesses we reviewed were overdue for an inspection
Develop policies and procedures

Accurately document inspections

Conduct timely inspections that address all requirements

Key Recommendations
Other Recommendations

- Review fee amounts
- Continue to implement new conflict-of-interest policies
- Continue to implement new procedures
ARIZONA HOUSE OF REPRESENTATIVES
Fifty-fifth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON

Commerce – Committee of Reference

Commission on the Arts

DATE January 11, 2022

RECOMMENDATION: continue for 8 years

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APPROVED:

JEFF WENINGER, Chairman
JOSEPH CHAPLIK, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 12
ARIZONA COMMISSION ON THE ARTS

One of 56 state and jurisdictional arts agencies across the United States, the Arizona Commission on the Arts is a 54-year-old agency of the State of Arizona and a leading force in the creative and professional development of Arizona's arts sector. Through robust programs, research initiatives and strategic grantmaking, the Arts Commission catalyzes arts-based partnerships that strengthen Arizona communities through the arts.

BACKGROUND
Established in 1967

GOVERNANCE
15-member board of non-salaried, Governor-appointed commissioners.

PURPOSE & FUNCTION
Statutorily required duties
- Encourage the study and presentation of the arts
- Encourage public participation in and appreciation of the arts
- Encourage public interest in Arizona's cultural heritage
- Expand Arizona's cultural resources

Primary Functions
- Provide Leadership
- Administer programs and services
- Award grants
- Compete for, receive, and disburse federal funding

ARIZONA'S ARTS & CULTURE SECTOR
The chart below measures the economic impact of Arizona's arts and cultural production, both commercial and nonprofit, in comparison to other industries in the state.

ARIZONA'S ARTS AND CULTURE INDUSTRIES CONTRIBUTE
$10.9 BILLION
TO THE STATE'S ECONOMY,
EMPLOYING
89,033
ARIZONANS WHO EARN A
COMBINED TOTAL OF
$5.6 BILLION
ANNUALLY

SINCE 1967, THE ARTS COMMISSION HAS
RECEIVED AND ADMINISTERED OVER
$40 MILLION
IN FEDERAL ARTS FUNDING
INCREASED EFFICIENCY AMIDST DIMINISHED RESOURCES

AGENCY BUDGET
Legislative appropriations, FY2008-FY2021
The graph below presents legislative appropriations and pandemic-era relief funds to the Arizona Commission on the Arts since the recession.

FY2021 Per Capita Funding: A Comparison
This graphic reports per capita legislative appropriations to the arts for each state in the southwestern United States.

* While the agency did not receive a legislative appropriation in FY2021, $2 million in emergency relief funding was allocated to the agency, reflected here in parentheses.
Emergency relief funding is not included in the other state totals.

AGENCY GRANTMAKING

IN FY2021
497 GRANTS
TOTALING
$2,910,501
WERE AWARDED THROUGHOUT THE STATE
GRANT PROGRAMS

Community Investment Grants
General operating support for nonprofit arts and cultural organizations

Festival Grants
Funding for community arts festivals

Youth Arts Engagement
& Lifelong Arts Engagement Grants
Funding for high quality arts programs for learners across the aging spectrum

Research and Development Grants
Funding support for Arizona artists as they work to advance their artistic practice and expand their creative horizons

Artist Opportunity Grants
Professional development support for creative workers and entrepreneurs

PUBLIC PRIVATE PARTNERSHIPS

PUBLIC VERSUS PRIVATE FUNDING

PUBLIC FUNDING VALUES

Fairness
Public funding should reach all communities; we have a particular responsibility to rural, remote, and otherwise underserved communities.

Access
All Arizonans should have meaningful opportunities to participate in and experience the arts and public funding helps remove barriers to public engagement, such as those linked to socio-economic status, geographic isolation, disability, and age.

Transparency
Public funds should be distributed transparently and in accordance with the public interest.
GRANT DOLLARS DISTRIBUTION, RURAL/METRO FY2019 - FY2021
The pie charts below illustrate how the Arts Commission has strategically adjusted its grantmaking in the past three years to ensure fairer distribution throughout the state. In FY2021, 27% of grant dollars were directed to communities outside Arizona’s major metros.

PUBLIC OPINION ON THE ARTS
Recent polling reveals that a vast majority of Americans consider the arts a vital resource, contributing to personal well-being, professional success, and societal health. This overwhelmingly positive attitude toward the arts is especially evident in Arizona, where survey results exceeded national averages in all categories.

"The arts have a social impact, improving the quality and livability of my community."
"The arts help students perform better academically."
"The arts industry is good for the economy and supports jobs."
January 7, 2022

Arizona House Commerce Committees
Arizona State Capitol Complex
1700 W Washington St
Phoenix, AZ 85007

To the membership of the Arizona House Commerce Committee:

I am writing in support of the reauthorization of the Arizona Commission on the Arts.

In my role as executive director of Prescott Meals On Wheels I am able to state from experience the positive role the Arts Commission has played in the wellbeing of the adults we serve through our program.

One of the greatest challenges our program, and others like ours in rural communities, face are those posed by social isolation. Social isolation is associated with adverse health consequences including depression, poor sleep quality, impaired executive function, accelerated cognitive decline, poor cardiovascular function and impaired immunity at every stage of life.\(^1\) Additionally, loneliness and social isolation can be as damaging to health as smoking 15 cigarettes a day\(^2\) and the senior suicide rate in Yavapai County trends higher than the national average.\(^3\)

For several years, and in numerous ways, we have used creativity and the arts as an intervention for social isolation. Our efforts would not have been possible without the expertise, guidance and resources of the Arizona Commission on the Arts. The Arts Commission has been instrumental in initial funding, introductions to critical stakeholders and providing us with the guidance to imagine what is possible. Without the agency I doubt that we would have gotten our various creative aging programs off the ground.

These programs utilize visual arts, movement, dance, writing and poetry to engage homebound seniors, improving their quality of life through connection and creativity.

As one participant shared, they felt more engaged with others through the program:

\(^1\) https://www.apa.org/monitor/2019/05/ce-corner-isolation
\(^2\) https://www.hrsa.gov/enews/past-issues/2019/january-17/loneliness-epidemic
\(^3\) https://sedona.blz/suicides-in-yavapai-county-significantly-higher-than-national-average/
“It means the world to me that someone cared about what I had to say. It had been at least 10 years, since when I was working as a social worker, that that had happened. I was overwhelmed with joy and felt very connected to my peers.”

From another participant, Bill, a veteran diagnosed with end-stage emphysema and COPD who chose to work with a writer/poet:

“I absolutely loved it. I had been writing my own eulogy and I completed it. I redid the whole thing with help from my arts mentor. I am really happy with it. This program is just wonderful and I hope they continue it.”

The arts have never been discretionary. The arts are critical to the vitality and wellbeing of us as individuals, as communities, as regions and states.

The mission of the Arizona Commission on the Arts is bold, relevant and necessary; create opportunities for all Arizonans to participate in and experience the arts. Without the Arts Commission’s hand of encouragement, resources and support for every single Arizonan who has a desire to participate in artistic engagement, programs like ours that reach vulnerable populations would be diminished.

In addition to the cultural richness the arts provide, it is very important to consider the economic impact the arts contribute in our state. The arts – concerts, museums, festivals, theatrical productions - are destination drivers that generate significant revenue for the communities in which they reside and the state as a whole. We see this especially in our rural Prescott community and the Arizona Commission on the Arts is a multi-faceted resource for many, if not most, of these endeavors.

As you consider the history, contributions and accomplishments of the Arizona Commission on the Arts, my hope is that you will reauthorize the agency to continue their work with the same dedication, high standards and vision that they have successfully demonstrated since 1967.

In the spirit of creativity,

Bert Elizabeth Ijams
Executive Director