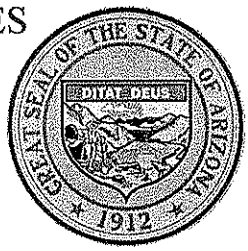
ARIZONA STATE HOUSE OF REPRESENTATIVES
RESEARCH STAFF



Paul Benny
Committee on Commerce
Telephone: (602) 926-3848

TO: JOINT LEGISLATIVE AUDIT COMMITTEE

DATE: January 11, 2023

SUBJECT: Sunset Review of the
Arizona State Board of Accountancy

Attached is the final report of the sunset review of the Arizona State Board of Accountancy, which was conducted by the Senate Commerce and House Commerce Committee of Reference.

This report has been distributed to the following individuals and agencies:

Governor of the State of Arizona
The Honorable Katie Hobbs

President of the Senate
Senator Warren Petersen

Speaker of the House of Representatives
Representative Ben Toma

Senate Members
Senator Steve Kaiser, Co-Chair
Senator Frank Carroll
Senator Theresa Hatathlie
Senator Anna Hernandez
Senator Anthony Kern
Senator J.D. Mesnard
Senator Catherine Miranda

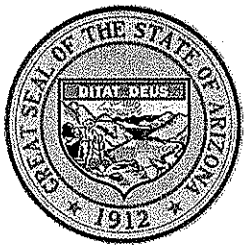
House Members
Representative Justin Wilmeth, Co-Chair
Representative Michael Carbone
Representative Cesar Aguilar
Representative Lorena Austin
Representative Neal Carter
Representative Matt Gress
Representative Justin Heap
Representative Laurin Hendrix
Representative Analise Ortiz
Representative Judy Schwiebert

Arizona State Board of Accountancy
Arizona State Library, Archives and Public Records

Senate Resource Center
Senate Republican Staff
Senate Democratic Staff
Senate Research Staff

Office of the Chief Clerk
House Republican Staff
House Democratic Staff
House Research Staff

Senate Commerce and House Commerce Committee of Reference Sunset Review of the Arizona State Board of Accountancy



Final Report
January 2023

Senate Members
Senator Steve Kaiser, Co-Chair
Senator Frank Carroll
Senator Theresa Hatathlie
Senator Anna Hernandez
Senator Anthony Kern
Senator J.D. Mesnard
Senator Catherine Miranda

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Representative Laurin Hendrix
Representative Analise Ortiz
Representative Judy Schwiebert

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COR Report 2023

Background

Pursuant to A.R.S. § 41-2953, the Joint Legislative Audit Committee assigned the sunset review of the Arizona State Board of Accountancy (Board) to the Senate Commerce and House Commerce Committee of Reference.

The Board is statutorily required to protect the public from unlawful, incompetent, unqualified, or unprofessional certified public accountants (CPA) through certification, regulation, and rehabilitation. Furthermore, the Accountancy Board is authorized to: 1) investigate complaints; 2) establish and maintain high standards of competence, independence, and integrity in practice of accounting; 3) establish reporting requirements for registrants; 4) establish basic requirements for continuing professional education for CPAs; 5) adopt procedures for disciplinary actions, administrative hearings, and consent decisions; 6) issue certificates to qualified applicants; and 7) delegate certain authorities to the executive director (A.R.S. § 32-703).

The Board is comprised of seven members who are appointed by the Governor and who must be residents of Arizona. Five members must be CPAs, three of which must be in active public practice. No more than one of these members may be from the same firm. Two public members who are not CPAs but have professional or practical experience in using accounting services and financial statements. Board members serve five-year terms (A.R.S. § 32-702).

The Board is statutorily set to terminate on July 1, 2023, unless legislation is enacted for its continuation (A.R.S. § 41-3023.02).

Summary of Committee Activity

Pursuant to A.R.S. § 41-2954, the Senate Commerce and House Commerce Committee of Reference met on Tuesday, January 10, 2023, to consider the Board's responses to the statutorily-outlined sunset factors and receive public testimony.

Committee of Reference Recommendation

The Senate Commerce and House Commerce Committee of Reference recommended that the Board be continued for eight years.

Appendix A:

January 10, 2023 Senate Commerce and House Commerce Committee of Reference Minutes and Reference Materials

CORRECTED – 1/6/23 CORRECTED – 1/6/23 CORRECTED – 1/6/23

REVISED - 1/09/23 **REVISED - 1/09/23** **REVISED - 1/09/23**

Interim agendas can be obtained via the Internet at http://www.azleg.gov /Interim-Committees

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

SENATE COMMERCE AND HOUSE COMMERCE JOINT COMMITTEE OF REFERENCE

Date: **Tuesday, January 10, 2023**

Time: **~~2:00~~ 2:30 P.M. or upon adjournment of the Senate Committees on Appropriations and Health and Human Services**

Place: **HHR 1**

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2023011008

AGENDA

1. Call to Order
2. Opening Remarks
3. Sunset Review of the Arizona Department of Liquor Licenses and Control
   - Presentation by the Arizona Office of the Auditor General
   - Presentation by the Department of Liquor Licenses and Control
   - Public Testimony
   - Discussion and Recommendation

4. Sunset Review of the Arizona Office of Economic Opportunity
   - Presentation by the Arizona Office of the Auditor General
   - Presentation by the Office of Economic Opportunity
   - Public Testimony
   - Discussion and Recommendation

5. Sunset Review of the Arizona State Board of Accountancy
   - Presentation by the State Board of Accountancy
   - Public Testimony
   - Discussion and Recommendation

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

7. Adjournment

Members:*

Senator Steve Kaiser, Co-Chair
Senator Frank Carroll
Senator Theresa Hatathlie
Senator Anna Hernandez
Senator Anthony Kern
Senator J.D. Mesnard
Senator Catherine Miranda

Representative Justin Wilmeth, Co-Chair
Representative Michael Carbone
Representative Cesar Aguilar
Representative Lorena Austin
Representative Neal Carter
Representative Matt Gress
Representative Justin Heap
Representative Laurin Hendrix
Representative Analise Ortiz
Representative Leezah Elsa Sun

*Pending committee assignment

~~01/04/2023~~
~~01/06/2023~~
01/09/2023
RA

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.

ARIZONA STATE LEGISLATURE

SENATE COMMERCE AND HOUSE COMMERCE
JOINT COMMITTEE OF REFERENCE

Minutes of the Meeting
January 10, 2023
2:30 P.M., HHR 1

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2023011008

Members Present:

Senator Steve Kaiser, Co-Chair
Senator Frank Carroll
Senator Anna Hernandez
Senator J.D. Mesnard
Senator Catherine Miranda

Representative Justin Wilmeth, Co-Chair
Representative Cesar Aguilar
Representative Lorena Austin
Representative Neal Carter
Representative Matt Gress
Representative Justin Heap
Representative Laurin Hendrix
Representative Analise Ortiz
~~Representative Leezah Elsa Sun~~ *
*Representative Judy Schwiebert temporarily replaced Representative Sun

Members Excused:

Senator Theresa Hatathlie

Members Absent:

Senator Anthony Kern

Representative Michael Carbone

Staff:

Paul Benny, House Research Analyst
Jason Theodorou, Senate Research Analyst

Co-Chairman Wilmeth called the meeting to order at 3:00 p.m. and attendance was noted.

SUNSET REVIEW OF THE ARIZONA DEPARTMENT OF LIQUOR LICENSES AND CONTROL

Presentation by the Arizona Office of the Auditor General

Jeff Gove, Performance Audit Manager, Office of the Auditor General, distributed and explained a PowerPoint presentation entitled "Arizona Department of Liquor Licenses and Control" (Attachment A).

Ashley Bjurstrom, Office of the Auditor General, distributed and explained a PowerPoint presentation entitled "Department of Liquor Licenses and Control Performance audit and sunset review" (Attachment B). Ms. Bjurstrom answered questions posed by the Committee.

Mr. Gove and Ms. Bjurstrom answered additional questions posed by the Committee.

Monette Kiepke, Audit Manager, Office of the Auditor General, answered questions posed by the Committee.

Presentation by the Department of Liquor Licenses and Control

Wes Kuhl, Chief of Investigations, Arizona Department of Liquor Licenses and Control, gave a response to the Auditor General's report and answered questions posed by the Committee.

Tom Atteberry, Deputy Director, Arizona Department of Liquor Licenses and Control, gave an overview of the department, changes made in the department in the last 12 months and answered questions posed by the Committee.

Mr. Atteberry and Mr. Kuhl answered additional questions posed by the Committee.

Public Testimony

No public testimony took place.

Discussion and Recommendation

> **Co-Chairman Kaiser moved that the Senate Commerce and House Commerce Committee of Reference make the recommendation that the Arizona Department of Liquor Licenses and Control be continued for eight years. The motion CARRIED with a roll call vote of 11-2-4 (Attachment 1).**

Representatives Ortiz, Schwiebert, Carter and Wilmeth explained their vote.

SUNSET REVIEW OF THE ARIZONA OFFICE OF ECONOMIC OPPORTUNITY

Presentation by the Arizona Office of the Auditor General

Scott Swagerty, Office of the Auditor General, distributed and explained a PowerPoint presentation entitled "Arizona Office of Economic Opportunity" (Attachment C) and answered questions posed by the Committee.

Presentation by the Office of Economic Opportunity

Sandra Watson, Interim Director, Office of Economic Opportunity, distributed and explained a PowerPoint presentation entitled "January 10, 2023, Office of Economic Opportunity Sunset Review" (Attachment D) and answered questions posed by the Committee.

Dirk Swift, Executive Director, Arizona Finance Authority, answered questions posed by the Committee.

Ms. Watson and Mr. Swift answered questions posed by the Committee.

Public Testimony

No public testimony took place.

Discussion and Recommendation

> **Co-Chairman Kaiser moved that the Senate Commerce and House Commerce Committee of Reference make the recommendation that the Arizona Office of Economic Opportunity continue for eight years. The motion CARRIED with a roll call vote of 9-5-3 (Attachment 2).**

Representatives Aguilar, Austin, Gress, Ortiz, Schwiebert, Wilmeth and Senator Kaiser explained their vote.

SUNSET REVIEW OF THE ARIZONA STATE BOARD OF ACCOUNTANCY

Presentation by the State Board of Accountancy

Monica Petersen, Executive Director, Arizona State Board of Accountancy, distributed and explained a PowerPoint presentation entitled "Arizona State Board of Accountancy, Sunset Audit Review, Commerce Committee of Reference" (Attachment E) and answered questions posed by the Committee.

Public Testimony

No public testimony took place.

Discussion and Recommendation

Co-Chairman Kaiser moved that the Senate Commerce and House Commerce Committee of Reference make the recommendation that the Arizona State Board of Accountancy continue for eight years. The motion CARRIED with a roll call vote of 13-0-4 (Attachment 3).

SUNSET REVIEW OF THE ARIZONA STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS

Presentation by the Arizona Office of the Auditor General

Marc Owen, Performance Audit Manager, Office of the Auditor General, distributed and explained a PowerPoint presentation entitled "Arizona Board of Funeral Directors and Embalmers" (Attachment F).

The Committee discussed the history and future of the Arizona State Board of Funeral Directors and Embalmers and legislation that is being proposed.

Presentation by the Arizona State Board of Funeral Directors and Embalmers

Natasha Culbertson, Executive Director, Arizona State Board of Funeral Directors and Embalmers, introduced herself and gave an overview of the outreach efforts she has made to governmental agencies for information on the continuation of the Board.

The Committee discussed the issues of the Board.

Public Testimony

Jake Hinman, Arizona Funeral, Cemetery & Cremation Association, testified as neutral to the continuation of the Arizona State Board of Funeral Directors and Embalmers and answered questions posed by the Committee.

Presentation by the Arizona State Board of Funeral Directors and Embalmers (continued)

Tracie Smith, Investigations Manager, Arizona State Board of Funeral Directors and Embalmers, gave a response to the Board's issues, spoke in support of the continuation and answered questions posed by the Committee.

Samuel Bueler, Chairman of the Board, Arizona State Board of Funeral Directors and Embalmers, spoke in support of the continuation of the Arizona State Board of Funeral Directors and Embalmers and answered questions posed by the Committee.

The Committee discussed future options for the direction of the Board.

Lemuel Cannon, Public Member of the Board, Arizona State Board of Funeral Directors and Embalmers, gave a response to the Board's issues and answered questions posed by the Committee.

Ms. Culbertson distributed and explained a presentation entitled "The Arizona State Board of Funeral Directors and Embalmers" (Attachment G) and answered questions posed by the Committee.

Discussion and Recommendation

> **Co-Chairman Kaiser moved that the Senate Commerce and House Commerce Committee of Reference recommends that the Arizona State Board of Funeral Directors and Embalmers be terminated and that the powers and duties be transferred to the Department of Health Services.**
>
> **Representative Schwiebert made a substitute motion to continue the Arizona State Board of Funeral Directors and Embalmers for two years and conduct another review at that time. The motion FAILED with a roll call vote of 6-8-3 (Attachment 4).**

Senators Miranda, Hernandez, Kaiser and Representatives Aguilar, Austin, Ortiz and Schwiebert explained their vote.

> **Co-Chairman Kaiser's original motion CARRIED with a roll call vote of 8-6-3 (Attachment 5).**

Senator Mesnard and Representatives Aguilar and Gress explained their vote.

Attached is a list noting the individuals who registered their position on the agenda items (Attachment H).

There being no further business, the meeting was adjourned at 7:38 p.m.

Respectfully submitted,

Tracey Gardner
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)

Secretary

Arizona Department of Liquor Licenses and Control

Presenters: Jeff Gove and Ashley Bjurstrom
Date: January 10, 2023

ARIZONA Auditor General

Senate Commerce: Chair, Sen. Steve Kaiser
House Commerce: Chair, Rep. Justin Wilmeth

Mr. Co-Chairs, Members of the Committee:

My name is Jeff Gove, and I'm with the Arizona Auditor General. Before my colleague Ashley Bjurstrom provides information on the Department of Liquor Licenses and Control, I'd like to present information about our Office and the sunset review process for the benefit of the committee members.

Who we are

- Legislative agency
- Overseen by the Joint Legislative Audit Committee (JLAC)
  - Approves audit schedule
  - Appoints Auditor General

ARIZONA Auditor General

The Auditor General is a legislative agency that is overseen by the Joint Legislative Audit Committee, or JLAC. This is a bipartisan committee composed of 5 senators and 5 representatives.

JLAC's duties include approving our audit schedule and appointing an Auditor General who serves a 5-year term.

ATTACHMENT A

Who we are

- Independent, nonpartisan audit function to provide unbiased, objective information
- Similar functions to federal GAO

The Auditor General's Office was established as an independent, nonpartisan audit function to provide unbiased and objective information about government agencies to legislators and the public. For context, most states have an agency with a similar function to ours—a legislative oversight agency that reviews the finances and/or performance of executive branch agencies. If you are familiar with the federal Government Accountability Office, or GAO, the agency that works for the U.S. Congress, their work would be considered a federal equivalent to the work we do on a state level. Our ultimate goal is to improve the quality and accountability of government.

Sunset review process

- Established by Legislature
- Systematic agency and program review
- Generally every 8 years prior to termination date

Although our Office has audit responsibility for State agencies, counties, universities, community college districts, and school districts, today's Committee of Reference hearing is related to the sunset reviews of State agencies and programs. The **Legislature** established the sunset review process in 1978 to provide a systematic evaluation of State agencies and programs to determine if the merits of the agency or program justify its continuation rather than termination. Statute requires most agencies to undergo a sunset review at least once every 8 years.

Sunset reviews assigned by JLAC

- Reviews conducted by
  - Auditor General
  - Committee of Reference
- 2-year audit cycle approved by JLAC
  - Audits generally due by October 1

Our Office does not have sufficient resources to conduct all sunset reviews; therefore, JLAC determines which agencies we will review and which agencies will conduct self-reviews for the Committees of Reference. In 2020, JLAC approved the 2-year audit cycle for audits due in 2022 and 2023. Audits are generally due by October 1 of the year preceding the agency's termination date.

Sunset reviews we conduct

- Include 1 or more performance audits
- Sunset factor analysis, including:
  - Agency objective and purpose
  - Extent the agency serves the entire State
  - Harm to public if terminated

Our sunset reviews always include one or more **performance audits** that focus on whether an agency is performing key statutory objectives effectively, efficiently, and/or in compliance with requirements.

In addition to the performance audit, we also research and report answers to 12 statutory sunset factor questions to help the Committee of Reference determine the need for continuation or termination of an agency. These include questions about the agency's objective and purpose, the extent to which it serves the interests of the entire State, and whether terminating the agency would significantly harm the public's health, safety, or welfare.

Committee of Reference hearing

- Committee of Reference must hold hearings to
  - Determine if statutory requirements are necessary and being met
  - Recommend continuation, including time frame, or termination
- Prepare and introduce legislation related to recommendations for termination/continuation

Regardless of whether our Office or the agency conducts a sunset review, statute requires a Committee of Reference such as yourselves to hold a hearing to determine the extent to which the agency's statutory requirements are necessary and are being met and consider whether to continue the agency, and if so, for how long. Statute also requires each Committee of Reference to oversee the preparation of any proposed legislation to implement the that Committee of Reference's recommendations and is responsible for introducing such legislation.

Following up

- Follow-up requirements
  - Time frame: 6 and 18 months or beyond

Finally, after we issue a sunset review or related performance audit, JLAC requires us to follow up on the agency's efforts to implement our recommendations at 6 and 18 months after the report is published, and we often conduct additional followups to ensure the agency is making adequate progress toward implementing the recommendations.

Mr. Co-Chairs, Members of the Committee:

That concludes my presentation, and I am available to answer any questions. (answer questions

Thank you. Now my colleague Ashley will provide information on the Department of Liquor Licenses and Control.

Department of Liquor Licenses and Control

Performance audit and sunset review

Mr. Co-Chairs, Members of the Committee:

My name is Ashley Bjurstrom, and I'm with the Arizona Auditor General. Today I will be presenting key information from our performance audit and sunset review of the Arizona Department of Liquor Licenses and Control.

Although I will not cover everything in our report, I am available to answer any questions you have about the information in the report at the end of my presentation.

Department of Liquor Licenses and Control

- Established in 1939
- Mission: To protect public safety and support economic growth through the responsible sale and consumption of liquor, and to efficiently license qualified applicants
- Last sunset review conducted by Committee of Reference in 2014, we last reviewed in 2009

The Department was established in 1939, and its mission is to protect public safety and support economic growth through the responsible sale and consumption of liquor, and to efficiently license qualified applicants.

The Department's last sunset review was conducted by the Committee of Reference in 2014, and our Office last conducted its sunset review in 2009.

ATTACHMENT B

Department comprises Office of Director and State Liquor Board

- Department responsible for regulatory activities
- Board operates independently from Department
  - Hears appeals of Board or Department director decisions and adopts rules
  - Grants and denies liquor license applications
  - 7 Governor-appointed members, 6 filled and 1 vacancy as of May 2022

The Department consists of the Office of the Director and the State Liquor Board (Board). I will refer to the Office of the Director as the Department throughout my presentation. The Department is generally responsible for carrying out regulatory activities, including issuing licenses and enforcing liquor laws. Meanwhile the Board, which operates independently from the Department, is responsible for hearing appeals of Board and Department decisions and adopting rules, such as license evaluation criteria. The Board is also responsible for granting and denying liquor license applications in cases where a local governing board and/or the Department opposes granting the license or a member of the public has submitted a written protest related to the application.

According to statute, the Board comprises 7 Governor-appointed members. As of May 2022, the Board had 6 members and 1 vacancy.

Department regulates the liquor industry

- Issues liquor licenses and privileges
- Enforces liquor laws by:
  - Investigating and resolving licensee complaints
  - Conducting licensee inspections and restaurant audits
- 15,609 active licenses and privileges as of February 2022

The Department is statutorily responsible for regulating the liquor industry in Arizona by:

- Issuing liquor licenses and privileges for the production, distribution, and sale of spirituous liquors.
- Enforcing liquor laws by
  - Investigating and resolving licensee complaints.
  - Conducting licensee inspections and performing restaurant audits to determine if at least 40 percent of revenue is derived from food sales, as required by statute.

As of February 2022, there were over 15,600 active licenses and privileges.

- Page 14 of your handout includes a table from our report, labeled Appendix A, that shows the number of active licenses and privileges across the various license types, including their associated licensing fees.
- It's important to note that licensees can have more than 1 license type and/or privilege. For example, an entity could obtain and hold both a beer and wine store license and a sampling privilege.

Department processes to help meet responsibility

- Issued and renewed licenses to applicants we reviewed who met applicable requirements
- Generally issued licenses in accordance with time frames for licenses we reviewed

We found that the Department had established processes to help meet its statutory responsibility to process applications and issue licenses to qualified applicants. Specifically, we found that the Department issued and renewed licenses to applicants for the applications we reviewed who met all applicable licensure requirements and generally issued licenses within time frames established in statute and rule.

Problems identified

- Did not log or properly log cash received in the mail
- Did not timely record and deposit all cash received
- Mail log not reconciled to amounts recorded and deposited
  - 305 checks totaling more than $62,000 held in safe for up to 5 months
  - $5,000 in cash in safe for unknown time because it was not logged

We also found some areas for improvement. For example, the Department is responsible for collecting licensing fees, fines, and penalties, an amount estimated to be $11.6 million in 2022. However, our review of the Department's cash-handling procedures found that the Department did not protect the public monies it collects. Specifically:

- The Department did not log or properly log the cash it received in the mail, timely record and deposit all cash received, or reconcile the mail log to amounts recorded and deposited, as required by the State of Arizona Accounting Manual, or SAAM.
- For example, our review of the Department's safe in February 2022 identified 305 checks totaling more than $62,000, some of which had been in the safe for as long as 5 months. The safe also contained more than $5,000 in cash; however, it is unknown how long the Department held this cash in its safe because the receipt of most of these cash payments had not been logged.

Why this matters

Public monies are at increased risk of loss or theft and were unavailable for the State's timely use

Although our review did not identify any improper transactions or loss, the Department's noncompliance with the SAAM requirements for protecting public monies increased the risk of loss or theft of public monies and made them unavailable for the State's timely use.

Key recommendations

- Continue to develop and implement an accurate mail log
- Reconcile mail log to amounts recorded and deposited and maintain documentation of reconciliations
- Develop and implement written policies and procedures for cash-handling

To address these issues, we recommended that the Department:

- Continue its efforts to develop a mail log that contains all required elements, and to use the mail log to ensure that all cash received in the mail is properly logged
- Reconcile its mail log to amounts recorded and deposited to ensure that all cash is accounted for, and to maintain a record of its reconciliations for future reference
- Develop written policies and procedures for cash-handling, and ensure that Department staff are following the policies and procedures

Problems identified

Did not comply with some State and Department-specific conflict-of-interest requirements

- Did not require employees to complete a disclosure form upon hire
- Used a disclosure form for Board members that did not address all statutorily required disclosures
- Lacked a special disclosure file to store disclosures of substantial interest for public inspection

A second issue we identified was related to the Department's processes for identifying and addressing conflicts of interest. Arizona law requires all employees of public agencies and public officers to avoid conflicts of interest that might influence or affect their official conduct. Additionally, according to statute, most members of the Board, the Department director, and all Department employees are prohibited from being financially interested in any business that is licensed to deal in spirituous liquors. This statute has been in place since at least 1967. Other State agencies also have statutes that impose specific conflict-of-interest prohibitions in addition to the general conflict of interest statutes, such as the Department of Agriculture, the Department of Gaming and the Arizona Racing Commission, and the Department of Insurance and Financial Institutions.

Although we did not identify any specific instances where Department employees or Board members had not disclosed substantial interests that might influence or affect their official conduct, we found that the Department did not comply with some conflict-of-interest requirements. Specifically:

- The Department did not require employees to complete a disclosure form upon hire
- The Department used a disclosure form for Board members that did not specifically require disclosures of substantial financial or decision-making interests in contracts, sales, purchases, and services of the Board
- The Department did not maintain a special disclosure file to store employees' and Board members' disclosures of substantial interest for public inspection

Why this matters

Increased the risk that Department employees and Board members would not disclose substantial interests that might influence or affect their official conduct

The Department's noncompliance with State and Department-specific conflict-of-interest requirements, such as ensuring that employees and Board members are not financially interested in businesses licensed to deal in spirituous liquors, increased the risk that Department employees and Board members would not disclose substantial interests that might influence or affect their official conduct.

Key recommendations

- Update conflict-of-interest disclosure form
- Develop and implement conflict-of-interest policies and procedures
- Develop and provide periodic conflict-of-interest training

As of April 2022, the Department had collected completed conflict-of-interest forms from all its employees. However, the Department's communication to employees about the form did not include information about the Department's specific conflict-of-interest statute, nor did the Department account for this additional requirement on its disclosure form. Therefore, we recommended that the Department update its conflict-of-interest disclosure form to include the Department-specific statute and ensure the form addresses both financial and decision-making conflicts.

Additionally, we recommended the Department develop conflict-of-interest policies and procedures, as well as develop and provide periodic conflict-of-interest training.

Cocktails and alcohol to-go questions and answers

- When was the cocktails and alcohol to-go State law passed?
  - Law became effective September 2021
  - Sales first began during COVID-19 pandemic after Executive Order

Our report also includes a questions and answers section related to the cocktails and alcohol to-go programs that became effective in September 2021. This section provides information on when the law was passed, including explaining that the sale of cocktails and alcohol-to go first began following a March 2020 Executive Order to limit the spread of COVID-19.

Cocktails and alcohol to-go questions and answers

- What are the provisions of the cocktails and alcohol to-go State law?
  - Allows certain licensees to sell cocktails to-go or to be randomly selected to lease authorization to restaurants through 2025
  - Authorizes certain licensees to sell and deliver spirituous liquor

The section also explains several provisions of the cocktails and alcohol to-go law. For example, the law allows certain licensees to sell cocktails to-go or to be randomly selected to lease this authorization to restaurants through the end of 2025.

The law also authorizes certain licensees to sell and deliver spirituous liquor.

Cocktails and alcohol to-go questions and answers

- How many licensees are participating in the cocktails and alcohol to-go programs?
  - 132 leases for cocktails and alcohol to-go as of May 2022
  - Department reported interest was declining, and some licensees expressed concerns with liability and insurance costs by being randomly selected to lease cocktails to go privilege
  - 21% of licensees opted out of program as of May 2022, and some had returned lease payments to Department

Additionally, the questions and answers section provides information on licensee participation in the programs. As of May 2022, there were 132 leases for the cocktails and alcohol to-go programs. The Department reported that interest in the programs were declining and that some licensees expressed concerns with liability and insurance costs by being randomly selected to lease their cocktails to go privilege with a restaurant. We found that 21 percent of these licensees opted out of the program as of May 2022, and some selected licensees had returned lease payments to the Department.

Problems identified

- Had not registered any alcohol delivery contractors or established registration requirements
- Had not evaluated the appropriateness of additional $1 million and 6 positions it received to administer programs

We also found issues with the Department's implementation of the cocktails and alcohol to-go State law. Specifically, the Department is statutorily authorized to register alcohol delivery contractors, and during the audit, it had developed an application form for alcohol delivery contractors and received 1 registration application. However, it had not registered any alcohol delivery contractors or established the registration requirements, such as submitting fingerprints for a criminal history records check to verify that the applicants do not have a felony conviction–a statutory requirement to be registered.

Additionally, although the Department received more that $1 million and 6 FTE positions for implementing these programs, we found that the Department had not evaluated the appropriateness of its funding for administering these programs.

Key recommendations

- Establish alcohol delivery contractor registration requirements
- Conduct workload analysis for administering cocktails and alcohol to-go programs

We recommended that the Department establish alcohol delivery contractor registration requirements and develop and implement rules, policies, and procedures outlining these requirements; and that the Department should conduct a workload/cost analysis to evaluate whether its funding and staffing level is appropriate for administering the cocktails and alcohol to-go programs and work with the Legislature to revise the appropriations, as needed.

Other recommendations

- Require staff to identify and monitor complaint investigations that may exceed its 35-day time frame
- Develop and implement time frames for resolving complaints that were forwarded for disciplinary action

Our report also included recommendations in other areas, including that the Department should revise its complaint-handling policies and procedures to require staff to identify and monitor investigations that may need to exceed the Department's 35-day investigation time frame, such as those that involve serious injuries or death, or require the receipt of additional subpoenaed information or reports.

We also found that, although the Department requires complaint investigations to be completed within 35 days, it had not established time frames for imposing disciplinary actions and resolving complaints once they are forwarded for disciplinary action. For example, one complaint we reviewed took 231 days to resolve. We recommended that the Department develop and implement time frames for resolving complaints that are forwarded for disciplinary action.

Arizona Department of Liquor Licenses and Control

Presenters: Jeff Gove and Ashley Bjurstrom
Date: January 10, 2023

We made a total of 23 recommendations to the Department, and it agreed with and plans to implement all 23 recommendations.

We will begin our initial followup later this month.

Mr. Co-Chairs, Members of the Committee, that concludes my presentation. I am available to answer questions.

APPENDIX A

Active liquor licenses and privileges, descriptions, and associated fees and surcharges

Table 5
Department-issued liquor license and privilege descriptions, number of active licenses and privileges, and associated licensing fees and surcharges
As of February 2022
(Unaudited)

	Number of active licenses as of February 2022	Initial fee	Annual license fee and applicable surcharges
Quota licenses			
Liquor store—Allows licensees to sell spirituous liquors in the original, unbroken package for consumption off premises.	1,439	$1,550	$120
Bar—Allows licensees to sell and serve spirituous liquors, primarily by individual portions, for consumption on premises and in the original, unopened container for consumption off premises.	1,310	$1,650	$250
Beer and wine bar—Allows licensees to sell and serve only beer and wine, primarily by individual portions, for consumption on premises and in the original, unopened container for consumption off premises.	848	$1,575	$175
Nonquota licenses			
Restaurant—Allows licensed establishments serving food to also serve spirituous liquors for consumption on premises, but these establishments must generate at least 40 percent of their revenue from food sales.	4,208	$2,000	$585
Beer and wine store—Allows licensees to sell and serve beer and wine in original, unopened containers for consumption off premises.	2,338	$1,550	$120
Out-of-state producer—Allows out-of-state licensees to produce, export, import, or rectify spirituous liquor produced in other states and ship the spirituous liquor to Department-licensed wholesalers.[4]	1,834	$50-$600[5]	$95-$370
Direct shipment wine—Allows licensed producers of wine from any U.S. state to ship limited amounts of wine produced at their wineries to Arizona residents.[6]	1,142	$225	$175
Private club—Allows licensees to sell and serve spirituous liquor for consumption at the club to only bona fide members of the club and their guests.	261	$1,150	$220

Table 5 continued

	Number of active licenses as of February 2022	Initial fee	Annual license fee and applicable surcharges
Interim permits—Conditional permit that allows the holder to temporarily sell and/or serve spirituous liquor while awaiting license approval.	259	$100	--
Hotel/Motel—Allows licensed hotels/motels that have a restaurant to sell spirituous liquors for consumption on premises of the hotel/motel or by means of a mini-bar located in guest rooms.[7]	213	$2,000	$555
Special events—Allows licensees to temporarily sell spirituous liquor during special events.	138	$25 per day	--
Wholesaler—Allows licensees to warehouse, sell, and distribute spirituous liquor to Department-licensed retailers or other Department-licensed wholesalers.	135	$1,750	$320
Farm winery—Allows licensees to sell and deliver wine produced on premises to other businesses licensed to sell wine, and to serve wine produced on premises for on and off-site consumption, including sampling.	123	$200	$170
Microbrewery—Allows licensees to sell and serve beer produced or manufactured on premises for on and off-site consumption, including sampling.[8]	118	$600	$370
Government—Allows licensees to serve and sell spirituous liquor on specified premises available only to a government entity.[9]	104	$200	$170
Fairs and festivals—Allows licensed farm wineries and craft distilleries to temporarily serve samples of their products or individual portions for consumption at the fair/festival or in original, unopened containers for consumption off premises.	50	$15 per day	--
Remote tasting room—Allows licensed out-of-state or in-state farm wineries and craft distilleries to operate up to 2 tasting rooms to sell wine/distilled spirits to a consumer physically present on the premises for consumption on or off premises.	42	$200	$170
In-state craft distillery—Allows licensees to sell and serve distilled spirits produced or manufactured on premises for either consumption, including sampling, on premises, and in the original, sealed container for consumption off premises.	27	$600	$370
In-state producer—Allows licensees to produce or manufacture spirituous liquors in Arizona and sell/deliver these products to Department-licensed wholesalers.	23	$1,850	$420
Conveyance—Allows the owner or lessee of an operating airplane, train, or boat to sell spirituous liquors for consumption on the airplane, train, or boat.	22	$1,725	$295

Table 5 continued

	Number of active licenses as of February 2022	Initial fee[1]	Annual license fee and applicable surcharges[2]
Alternating proprietorship—Allows 2 or more licensed farm wineries, producers, craft distillers, or microbreweries to operate on 1 licensed premise.	15	$200	$100
Custom crush—Allows a licensed farm winery to supply grapes or other fruit to another licensed farm winery for the purposes of producing or manufacturing wine.[10]	12	$100	$100
Privileges			
Liquor store and beer and wine store sampling—Allows licensed liquor stores and beer and wine stores to offer limited amounts of distilled spirits, beer, or wine at no cost for the purposes of customer sampling.	466	$100	$60
Restaurant growler—Allows licensed restaurants to dispense beer from the tap and sell for consumption off premises.[11]	235	$225	$150
Bring-your-own-bottle (BYOB)—Provides unlicensed businesses a statutorily authorized exemption to allow customers to possess and consume limited amounts of spirituous liquor while at the business obtaining goods or services regularly offered to all customers.[12]	135	$50	--
Cocktails and alcohol to-go—Allows licensed restaurants to enter a lease with a licensed bar or liquor store to sell and deliver mixed cocktails, or with a licensed bar, liquor store, or beer and wine bar to sell and deliver spirituous liquor or beer and wine for consumption off premises.[13]	112	$200[14]	--
Total active licenses and privileges	15,609		

[1] The Department's initial fee consists of a 1-time issuance fee plus an annual license fee. However, A.R.S. §4-209(C) and AAC R19-1-102(B) state that if a license is issued less than 6 months before the scheduled renewal date of the license, only half of the annual license fee shall be charged. After license issuance, licensees pay the annual license fee each year at renewal.

[2] A.R.S. §4-209 authorizes the Department to assess 3 separate surcharges in addition to annual license fees, ranging from $20 to $35. These surcharges are applicable to different license types and may be combined for some licenses. For example, bars and beer and wine bars are required to pay all 3 surcharges—totaling $100. A.R.S. §4-209 also authorizes the Department to charge a $150 late fee for licensees who fail to renew their licenses on or before the annual renewal date.

[3] Pursuant to A.R.S. §4-206.01(D), in addition to the fees listed in the table, applicants for new quota liquor licenses must pay an additional issuance fee equal to the license's fair market value, which is required to be remitted to the State General Fund. The Department's quota license issuance fees ranged between $7,050 and $288,600 in December 2021, depending on the license type and the county in which the quota license was located.

[4] Out-of-state producers also include craft distillers, limited wineries, farm wineries, and microbreweries.

[5] The initial fee for out-of-state producer licenses varies by license type, with amounts ranging from $50 to $600. For example, the fee for limited wineries is $50, whereas the fee for distilleries and microbreweries is $600.

[6] According to A.R.S §4-203.04, direct shipment licensees must hold a federal basic permit issued by the United States Alcohol and Tobacco Tax and Trade Bureau and a current license to produce wine issued by Arizona or any other state.

[7] Hotel and motel restaurants are subject to the same restaurant requirements as outlined in A.R.S. §4-205.02 and AAC R19-1-206.

[8] A.R.S. §4-205.08 requires microbreweries to produce at least 5,000 gallons of beer following its first year of operation and not more than 6.2

Table 5 continued

million gallons of beer annually. Additionally, microbreweries may sell beer from other microbreweries, but those sales may not exceed 20 percent of the licensee's annual sales of beer by volume at the premises.

[9] A.R.S. §4-101(18) defines a government license as 1 issued to a State agency, State board, State commission, county, city, town, community college or State university, the National Guard, or Arizona Coliseum and Exposition Center.

[10] According to A.R.S. §4-205.04(E), the winery receiving the fruit shall be licensed by the United States Alcohol and Tobacco Tax and Trade Bureau and the Department. The winery producing the fruit must be licensed by the Department.

[11] According to A.R.S. §4-244(32)(C), a restaurant with a growler privilege is authorized to dispense beer, not to exceed 1 gallon, for consumption off premises if the container is filled by a licensee's employee at the tap at the time of sale, is sealed, and displays a government warning label.

[12] Pursuant to A.R.S. §4-244.05, unlicensed establishments are not permitted to allow the consumption of spirituous liquor in the establishment or on the premises. However, statute authorizes establishments to seek an exemption to allow for the possession or consumption of spirituous liquor only as an incidental convenience to customers. AAC R19-1-324 requires unlicensed businesses to apply for this exemption, referred to by the Department as a "BYOB privilege."

[13] For more information on cocktails and alcohol to-go, including privileges added in statute for licensed bars, liquor stores, and beer and wine bars, see Questions and Answers, pages 30 through 35.

[14] As discussed in the Questions and Answers (see pages 31 through 33), in addition to the $200 application fee that is paid to the Department, licensed restaurants are required to provide payment to the licensed bar, liquor store, or beer and wine bar for the lease.

Source: Auditor General staff review of A.R.S. Title 4, AAC, Title 19, Ch. 1, and the Department's February 2022 licensing data, December 2021 fee schedule, and licensing guidance.

(1)

SENATE COMMERCE AND HOUSE COMMERCE JOINT COMMITTEE OF REFERENCE

Recommendation: The Arizona Department of Liquor Licenses and Control be Continued for eight years.

MEMBER	AYE	NO	NOT VOTING	OTHER	
Senator Carroll	X				
Senator Hatathlie			X		
Senator Hernandez	X				
Senator Kern			X		
Senator Mesnard			X		
Senator Miranda	X				
Representative Aguilar	X				
Representative Austin	X				
Representative Carbone			X		
Representative Carter		X			
Representative Gress	X				
Representative Heap	X				
Representative Hendrix		X			
Representative Ortiz	X				
Representative Schwiebert	X				
Senator Kaiser, Co-Chair	X				
Representative Wilmeth, Co-Chair	X				
TOTAL	11	2	4		

Committee Secretary Tracey Gardner **Date** January 10, 2023

Attachment 1

secretary

Arizona Office of Economic Opportunity

Presenter: Scott Swagerty
Date: January 10, 2023

ARIZONA Auditor General

Senate Commerce (Sen. Kaiser – Co-Chair)
House Commerce (Rep. Wilmeth – Co-Chair)

Mr. Co-Chairs, Members of the Committee:

My name is Scott Swagerty, and I'm with the Arizona Auditor General. Today, I'll present key information from our performance audit and sunset review of the Arizona Office of Economic Opportunity. Although I will not cover everything in our report, I am available to answer questions about our report at the end of my presentation.

ATTACHMENT C

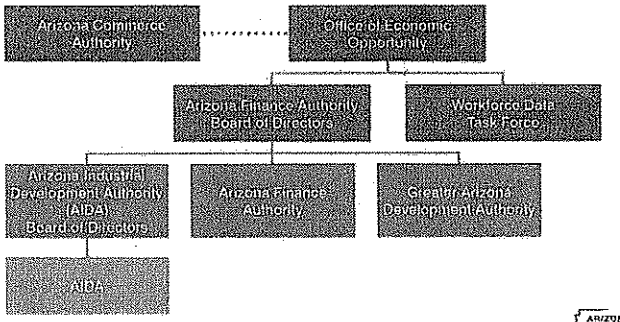
Office's key responsibilities

Providing economic, demographic, and tax research and analysis for the State, including:

- Reporting on workforce and labor market information
- Producing the State's population estimates
- Monitoring the State's tax and regulatory competitiveness

The Office is responsible for providing economic, demographic, and tax research and analysis for the State, including reporting on workforce and labor market information, producing the State's population estimates, and monitoring the State's tax and regulatory competitiveness.

Office's related entities



As seen on the slide, the Office also has various related entities that assist it in performing its responsibilities. For example, the Office has a Governor-appointed Executive Director who, at the time of the audit, was also President and CEO of the Arizona Commerce Authority. Additionally, Commerce Authority executive staff oversee various office functions, including its research and workforce responsibilities and its accounting and procurement.

The Arizona Finance Authority, or Finance Authority, is also statutorily established within the Office and the Finance Authority is governed by a board of directors consisting of 5 Governor-appointed members.

Statute further required the Finance Authority Board to establish the Arizona Industrial Development Authority, or AIDA, as a nonprofit corporation and political subdivision of the State, and it did so in 2016.

Finally, Statute requires the Finance Authority Board to serve as the board for the AIDA and the Greater Arizona Development Authority, and the AIDA's corporate bylaws specify that its Board of Directors shall comprise the same 5 members of the Finance Authority Board.

Key Finance Authority and AIDA activities

- Finance Authority allocates State's annual private activity bond volume cap
- AIDA provides access to conduit bond financing for statutorily-authorized projects and operates State-wide home buyer down payment assistance program

The Finance Authority is responsible for allocating the State's private activity bond volume cap to borrowers, which is limit set by federal law on the amount of certain tax-exempt bonds that may be issued within a state during a calendar year to finance private activities.

Meanwhile, the AIDA provides access to financing for statutorily-authorized projects through its conduit bond program, including commercial projects such as multifamily residential developments, charter schools, healthcare facilities, and manufacturing facilities. The AIDA also operates a State-wide down payment assistance program for Arizona homebuyers.

AIDA's conduit bond program questions and answers

- What is AIDA's conduit bond program?
- What types of projects is AIDA statutorily authorized to finance through this program?
- How does a borrower apply for and receive project financing through AIDA's conduit bond program?
- What information does AIDA Board use when approving projects for conduit bond financing?

Our report includes a questions and answers section that provides information about the AIDA's conduit bond program, including a description of the conduit bond program, which the AIDA operates through a private contractor; the types of projects authorized by statute; the process for applying for and receiving financing through the conduit bond program; and the information the AIDA Board of Directors uses when deciding whether to approve projects for financing. For example,

AIDA's conduit bond program activity Fiscal year 2022

Project type	Projects	Dollar amount
Education	13	$671,356,900
Multifamily Residential	6	241,813,000
Healthcare	5	875,570,000
Manufacturing	1	199,691,759
Total	25	$1,988,431,659

The questions and answers section also provides information on the types, number, and dollar amounts of projects funded through the AIDA's conduit bond program. For example, as shown on this slide, in fiscal year 2022, the AIDA issued nearly $2 billion in conduit bonds to finance 25 projects. 24 of the 25 projects were education, multifamily residential, or healthcare facilities.

AIDA's conduit bond program questions and answers

- What is impact to State when borrowers default on conduit bond repayment obligations?
  - Bonds issued by AIDA are not debts of State, Office, Finance Authority, or AIDA
  - Private lenders bear risk of any financial losses from defaults

Further, the questions and answers section describes the impact to the State when conduit bond borrowers default. Specifically, the bonds issued by the AIDA are not debts of the State, the Office, the Finance Authority, or AIDA. Instead, borrowers are solely responsible for meeting their bond repayment obligations, and when a borrower defaults, private lenders bear the risk of any financial losses.

AIDA's conduit bond program questions and answers

- How does conduit bond program generate revenue for AIDA and how does it use these revenues?
- How do AIDA's activities compare to conduit issuer entities in Arizona and other states?

Finally, the questions and answers section provides information about conduit bond program revenues and the uses of the revenues, and compares the activities of AIDA's conduit bond program to the activities of other conduit issuer entities.

Office activities to help meet responsibilities

- Provided staff support to the Workforce Arizona Council and collected labor market data used in the State's workforce plan
- Produced population estimates and projections for the State, counties, and municipalities
- Prepared informational briefs comparing Arizona's tax environment to competitor states

Our report also includes information on various activities the Office performed to help meet its statutory responsibilities.

For example, the Office provided staff support to the Workforce Arizona Council and collected labor market information used in the State's workforce plan, such as the number of individuals employed and average annual wages for in-demand industries.

Additionally, the State Demographer, which is within the Office, produced constitutionally-required population estimates for the State, counties, and municipalities.

The Office also worked with the Arizona Commerce Authority to research and monitor the State's tax competitiveness as compared to other states, and prepared informational briefs that Commerce Authority officials reported using in its efforts to attract businesses to the State.

Problem identified

Lacked documentation to support the benefits and services it received in exchange for nearly $800,000 it paid to Commerce Authority in fiscal years 2020 through 2022

However, we also identified some issues and made recommendations for improving the Office's and its related entities' operations.

First, we found that the Office lacked documentation to support that it received services and benefits from the Commerce Authority in exchange for nearly $800,000 it paid to the Commerce Authority in fiscal years 2020 through 2022.

Why this matters

- Office lacks evidence to demonstrate that the monies it paid to Commerce Authority did not exceed the benefits it received
- Office may have allocated up to $330,000 of these costs to 3 federal programs inconsistent with federal requirements

Without documentation to support the services and benefits the Office received in exchange for its payments to the Commerce Authority, the Office lacks evidence to demonstrate that public monies it paid to the Commerce Authority did not exceed the value of the benefits it received, as required by the State of Arizona Accounting Manual.

Additionally, due to the Office's lack of documentation, we could not determine if the Office's allocation of costs to its federal programs was consistent with federal requirements. As a result, the Office risks that at least some of the approximately $330,000 it allocated to its federal programs between July 2019 and March 2022 may be unallowable costs for which the federal government may seek repayment.

Key recommendations

- Develop processes to document and monitor benefits and services received in exchange for payments to Commerce Authority
- Comply with federal requirements for allocating costs to federal programs

ARIZONA Auditor General

To address these concerns, we recommended that the Office:

Develop and implement processes to document and monitor the benefits and services that the Commerce Authority provides to the Office, and ensure it complies with federal requirements for allocating costs to its federal programs.

Problem identified

- Finance Authority Board had not implemented internal controls to manage and oversee some AIDA activities
- Lack of controls included inadequate separation of duties, such as:
  - Authorizing 1 board member to review and approve contracts
  - Assigning conduit bond program contractor sole responsibility for paying AIDA vendors

ARIZONA Auditor General

As I previously mentioned, the Finance Authority Board members serve as the Board of Directors for the AIDA. We, found that the Finance Authority Board, acting in its capacity as the AIDA Board of Directors, did not implement key internal controls for managing and overseeing AIDA activities, including not adequately separating duties so that no one person has control over specific transactions and decisions. For example, the Board authorized a single board member to review and approve all contracts, and the AIDA's conduit bond program contractor was solely responsible for reviewing, approving, and executing payment to other AIDA vendors with no secondary review by anyone from the AIDA.

Why this matters

- AIDA Executive Director's contract contained apparent conflict of interest
- Lack of controls increases risk for improper payments, errors, and fraud

This lack of controls led to the AIDA Executive Director's employment contract containing an apparent conflict of interest. Specifically, the AIDA's conduit bond program contractor was contractually required to pay a portion of the AIDA Executive Director's annual compensation – creating a financial interest in the contractor for the executive director. At the same time, the executive director was required by his contract to approve payments to the contractor, thus participating in matters related to a financial interest.

Additionally, although our review did not identify any instance of fraud, by not developing and implementing internal controls consistent with recommended practices for some AIDA activities, the Finance Authority Board increases the risk for improper payments, errors and fraud.

Problem identified

Finance Authority Board had not implemented internal controls to manage the Finance Authority's private activity bond volume cap allocation process

We similarly found that the Finance Authority Board had not implemented internal controls to ensure that monies received as part of the State's private activity bond volume cap process, such as security deposits and fees from borrowers, were properly handled and accounted for consistent with State of Arizona Accounting Manual requirements, such as by separating cash-handling duties.

Why this matters

Finance Authority's lack of controls increases the risk for loss or misuse of public monies, and resulted in the Finance Authority's failure to make statutorily required transfers

This lack of separation of duties increases the risk for the loss or misuse of public monies and resulted in the Finance Authority failing to make statutorily required transfers of an estimated total of $1 million to the Office in fiscal years 2021 and 2022.

Key recommendations

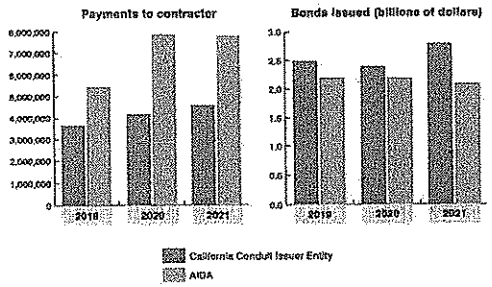
Develop and implement internal controls for the AIDA and the Finance Authority's private activity bond volume cap allocation process consistent with recommended practices, including separating duties for key activities

To address these 2 concerns, we recommended that the Finance Authority Board:

Develop and implement internal controls consistent with recommended practices for AIDA activities and the Finance Authority's private activity bond volume cap allocation process, including separating duties for key activities and implementing processes to oversee the activities of the AIDA's conduit bond program contractor.

Additional problem identified

AIDA's operating costs were at least 70% higher than other conduit issuers we reviewed



Our review also found that the AIDA's cost to operate its conduit bond program were at least 70 percent higher than other conduit issuer entities we reviewed. For example, in fiscal year 2021, the AIDA paid its conduit bond contractor approximately $7.8 million whereas a conduit issuer entity in California that issued a similar amount of bonds and also contracts for its conduit bond program operations paid its contractor approximately $4.6 million.

Why this matters

Lower operating costs could result in AIDA providing additional monies to support State's economic development and affordable housing initiatives.

Although the AIDA is not operated with State monies, it is required to transfer its excess monies to the Office and the Housing Trust Fund annually and if its operating costs were similar to other conduit issuer entities we reviewed, the AIDA may have been able to transfer additional monies to support the State's economic development and affordable housing initiatives.

Key recommendations

- Conduct analysis of conduit bond program's operational costs to identify potential cost savings
- Use results of cost analysis to ensure AIDA's conduit bond program operates at lowest possible cost

ARIZONA Auditor General

To address these concerns, we recommended that the Finance Authority Board ensure the AIDA conducts an analysis of the conduit bond program's operational costs to identify potential cost savings and use the results of the cost analysis to take steps to ensure that the AIDA's conduit bond program is operating at the lowest possible cost.

Arizona Office of Economic Opportunity

Presenter: Scott Swagerty
Date: January 10, 2023

ARIZONA Auditor General

The Office and the Finance Authority Board agreed with our findings and indicated they would implement all our recommendations. We plan to begin the initial followup on the Office's and Finance Authority Board's efforts to implement our recommendations in March 2023.

Mr. Chair, members of the committee, that concludes my presentation, and I am available to answer questions.

JANUARY 10, 2023

OFFICE OF ECONOMIC OPPORTUNITY

SUNSET REVIEW

ARIZONA

ATTACHMENT D

ESTABLISHMENT OF OEO

HB 2666

On May 19, 2016, Governor Doug Ducey signed HB 2666 into law, establishing the Office of Economic Opportunity.

OEO monitors Arizona's tax structure, assesses monetary incentives and serves as the workforce, employment, economic development, data and labor market information office.

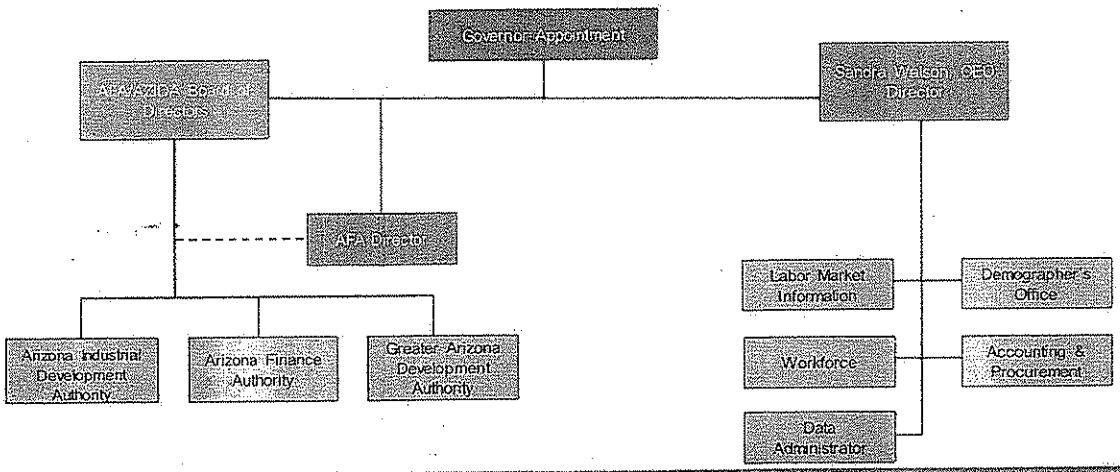
ESTABLISHMENT OF ACA

HB 2001

On February 17, 2011, Governor Jan Brewer signed HB 2001 "*Arizona Competitiveness Package*", establishing the Arizona Commerce Authority.

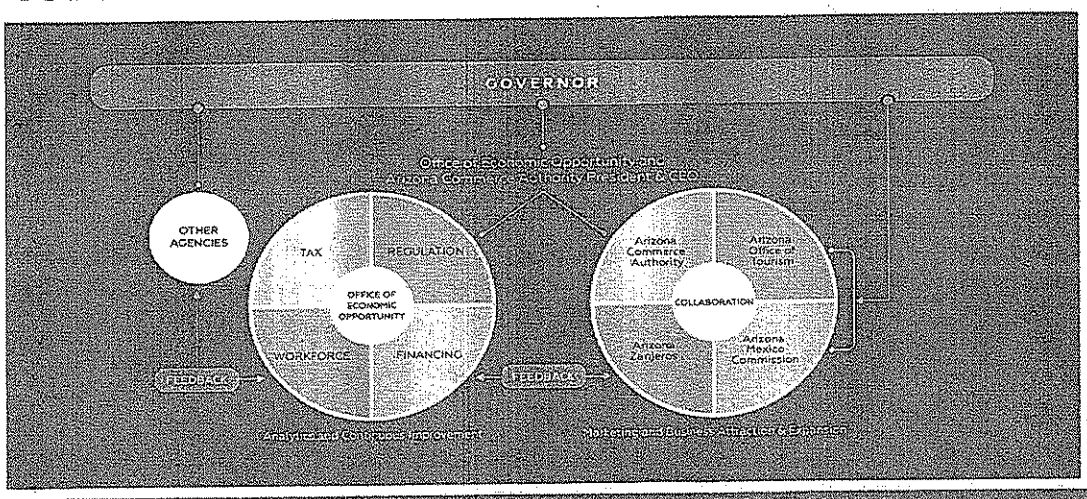
The mission of the authority is to provide private sector leadership in growing and diversifying the economy of this state, creating high quality employment in this state through expansion, attraction and retention of businesses and marketing this state for the purpose of expansion, attraction and retention of businesses.

OEO MAKEUP



ARIZONA

ACA 2.0

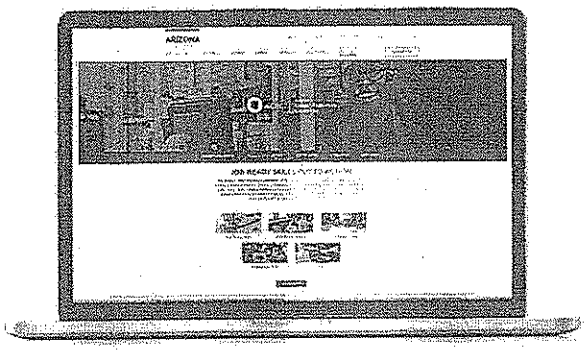


ARIZONA

ARIZONA CAREER READINESS CREDENTIAL

PROGRAM LAUNCHED 2018

12,000+ WORKERS ENROLLED	80,000+ E-LEARNING HOURS LOGGED
12,000+ SKILL SPECIFIC ASSESSMENTS COMPLETED	3,000+ WORKERS EARNING CREDENTIALS TO DATE



ARIZONA

AzIDA SUCESSES

36K+
NEW HOMEBUYERS SUPPORTED

134
CONDUIT REVENUE BOND PROJECTS FOR SCHOOLS, HEALTHCARE, HOUSING AND MORE

$67M
SURPLUS FUNDS TRANSFERRED TO THE STATE

ARIZONA

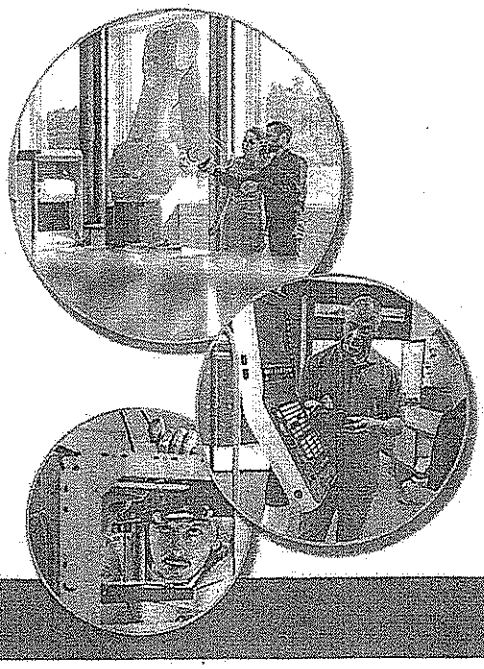
ADVANCED MANUFACTURING BOOTCAMPS

2-6 week, quick-start, boot camp training programs in the areas of **wire-harnesses**, **composites**, and **semiconductor technology**

APRIL 2020
PROGRAM LAUNCH

608 GRADUATES
TO DATE

ARIZONA OFFICE OF ECONOMIC OPPORTUNITY · BOEING · intel · MARICOPA COMMUNITY COLLEGES



ARIZONA

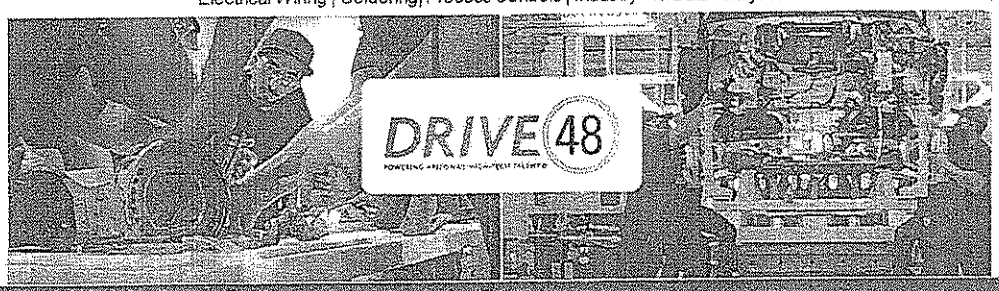
ARIZONA ADVANCED TECHNOLOGY NETWORK

MARICOPA COMMUNITY COLLEGES · Central Arizona College · PimaCommunityCollege

LUCID · Raytheon · ARIZONA COMMERCE AUTHORITY · BOEING

SKILLS AND CERTIFICATIONS

Mechanical Systems | Electrical Systems | Electrical Controls | Hydraulics | Pneumatics Robotics | Electrical Wiring | Soldering| Process Controls | Industry 4.0 Data Analytics



ARIZONA

TOP TALENT RANKINGS

#1 MARICOPA COUNTY #1 AGAIN FOR TALENT ATTRACTION AND RETENTION

TOP COUNTY FOR SKILLED WORKERS 5 OUT OF 6 YEARS

3RD-HIGHEST JOB GROWTH

AT 6.6%, ARIZONA SAW THE THIRD-HIGHEST PERCENTAGE JOB GROWTH

4TH-HIGHEST GROWTH IN EDUCATION ATTAINMENT*

MEASURES THE NUMBER OF ADULTS OVER 25 WITH AT LEAST AN ASSOCIATE DEGREE

5TH HIGHEST GROWTH IN SKILLED JOBS*

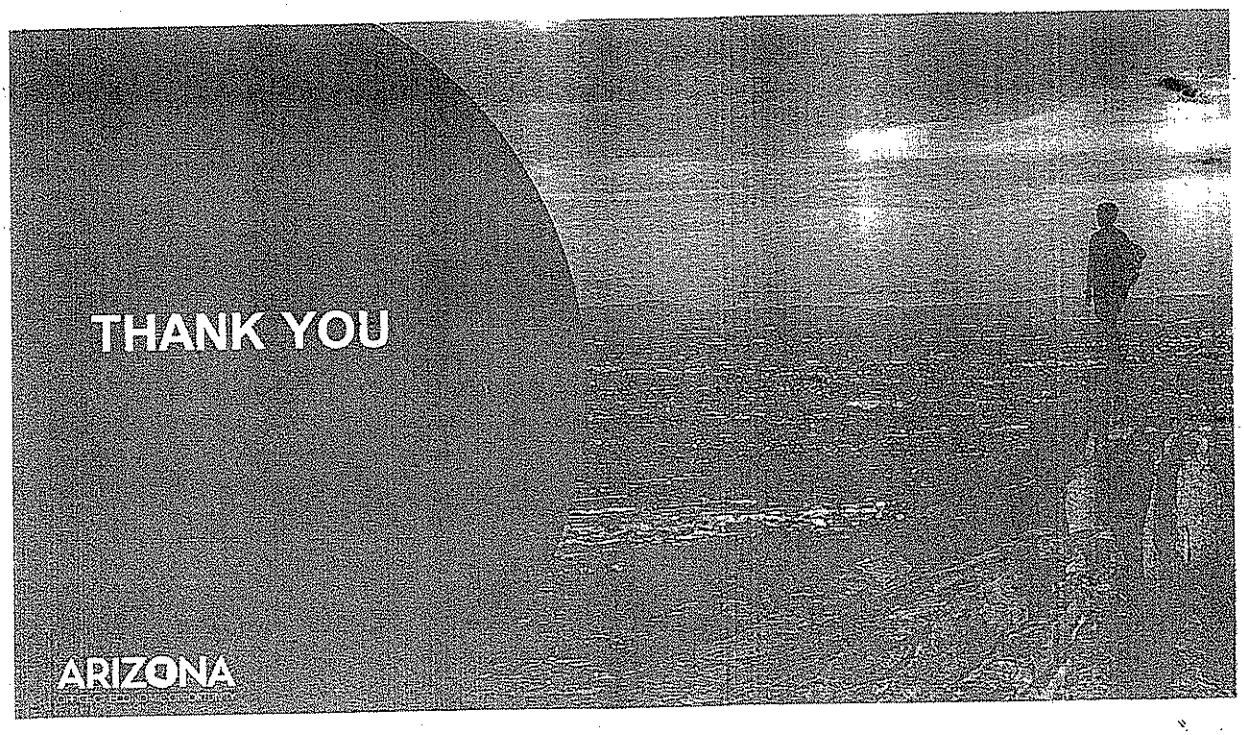
JOBS THAT REQUIRE MORE FORMAL EDUCATION OR ADVANCED TRAINING

ARIZONA

INTEGRATED DATA SYSTEM

UNDERSTAND THE IMPACT OF THE
EDUCATION SYSTEM AND WORKFORCE SYSTEM
ON ARIZONANS

ARIZONA


THANK YOU
ARIZONA

SENATE COMMERCE AND HOUSE COMMERCE JOINT COMMITTEE OF REFERENCE

Recommendation: The Arizona Office of Economic Opportunity be Continued for eight years.

MEMBER	AYE	NO	NOT VOTING	OTHER	
Senator Carroll	X				
Senator Hatathlie			X		
Senator Hernandez	X				
Senator Kern			X		
Senator Mesnard	X				
Senator Miranda	X				
Representative Aguilar	X				
Representative Austin	X				
Representative Carbone			X		
Representative Carter		X			
Representative Gress		X			
Representative Heap		X			
Representative Hendrix		X			
Representative Ortiz		X			
Representative Schwiebert	X				
Senator Kaiser, Co-Chair	X				
Representative Wilmeth, Co-Chair	X				
TOTAL	9	5	3		

Committee Secretary Tracey Gardner **Date** January 10, 2023

Attachment 2

Arizona State Board of Accountancy

SUNSET AUDIT REVIEW

COMMERCE COMMITTEE OF REFERENCE

ATTACHMENT E

Mission

- **Arizona State Board of Accountancy – founded in 1919**
  - The primary duty of the board is to protect the public from unlawful, incompetent, unqualified or unprofessional certified public accountants through certification, regulation, and rehabilitation.
- **National Association of State Boards of Accountancy (NASBA) – founded in 1908**
  - To enhance the effectiveness of state boards of accountancy
  - NASBA provides a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession
- **American Institute of Certified Public Accountants (AICPA) – founded in 1887**
  - The AICPA's mission is powering the success of global business, CPAs, CGMAs and specialty credentials by providing the most relevant knowledge, resources and advocacy, and protecting the evolving public interest. In fulfilling its mission, the AICPA works with state CPA organizations like the Arizona Society of CPAs and gives priority to those areas where public reliance on CPA skills is most significant.

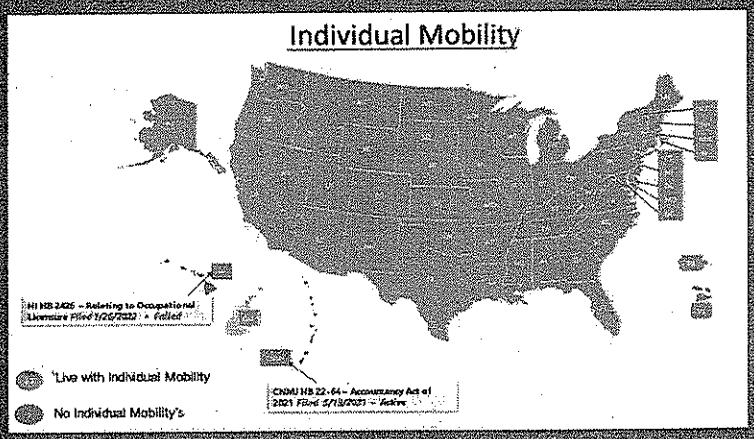
CPA vs. Accountant

- While all CPAs are accountants, not all accountants are CPAs
- A CPA is not the same as an accountant
- While CPAs and accountants perform similar tasks there are multiple differences in the functions they perform
- Professional oversight is one of the key differences between accountants and CPAs
- CPAs are recognized by the government as experts in the field and are seen as better qualified to perform accounting functions and are allowed to execute other duties that accountants cannot
  - **Preparing audited financial statements**. This is required for reports filed with the Securities and Exchange Commission (SEC), which is a requirement for all publicly held companies
  - **Acting as a representative in front of the IRS**. A CPA can represent taxpayers and companies in the event of an audit. While accountants can prepare tax returns, only a CPA can defend a return if the IRS or state tax authorities have questions or concerns.
  - **Conducting company audits**. While in-house audits may be completed by an accountant, external audits or auditing of public companies is always handled by a CPA

Why are we the leader?

- **Uniform Accountancy Act (UAA)**
  - The AICPA and NASBA UAA is an "evergreen" model licensing law developed to provide a uniform approach to regulation of the accounting profession
  - Model bill was first published in 1916 by the American Institute of Accountants, the predecessor of the AICPA
  - In 1984, the AICPA and NASBA published the first joint model bill, later renamed the Uniform Accountancy Act
- **Substantial Equivalency**
  - The concept of Substantial Equivalency was developed to allow licensed CPAs to practice across jurisdictions more readily.
  - A CPA with a CPA license in good standing from a jurisdiction with CPA licensing requirements that are essentially equivalent to those outlined in the UAA (degree with 150 hours, minimum one year experience and successful completion of the Uniform CPA Examination) may be granted a privilege to practice in another jurisdiction that is not the CPA's principal place of business
  - All 55 accountancy board jurisdictions are substantially equivalent

Mobility



Individual CPA mobility statutes have been approved in 53 of 55 jurisdictions or 96% with active legislation in Commonwealth of the Northern Mariana Islands (CNMI).

Why are we the leader?

- **Uniform Exam**
  - In its nearly 100-year history, the Uniform CPA Examination has undergone many changes. Until the end of 2003, it was a paper-and-pencil exam administered twice each year. In April 2004, the computer-based CPA exam was launched and the paper-and-pencil exam was discontinued.
  - Today, the Uniform CPA exam is a state-of-the-art licensure examination: technologically advanced and psychometrically sound.
  - Testing centers all over the United States and beginning in 2011 the exam was offered internationally and is now offered in 18 different countries.
- **Mutual Recognition Agreements**
  - The NASBA/AICPA International Qualifications Appraisal Board (IQAB) is the link between the U.S. accounting profession and that of other General Agreement on Trade in Services (GATS) signatory countries. Through a mutual recognition agreement (MRA), qualified professional accountants from another country can practice in the United States without having to completely re-credential. Similar recognition is given to U.S. CPAs who wish to practice in that same country.

Rulemaking Improvements

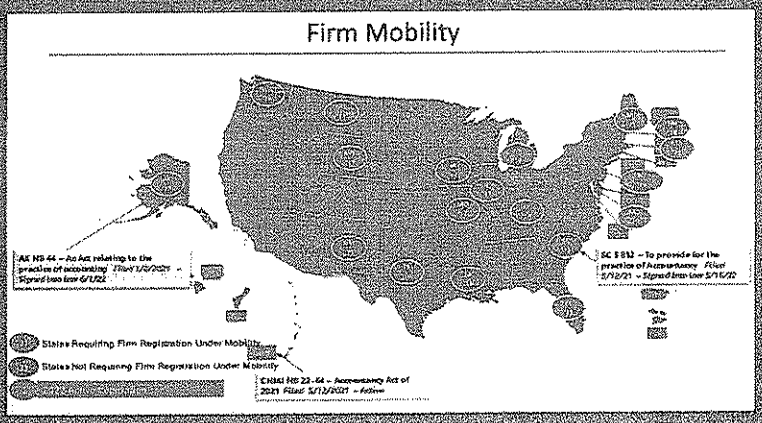
- Temporary registration fee reduction
  - Saved registrants and reduced fund balance by $239,700 between FY 2020 and FY 2022
  - This temporary fee reduction was extended for another two years between FY 2023 and FY 2024. From July – December 2022, we've saved registrants $60,950. Over the next two years, we estimate the saving to be approximately $250,000
- CPE Reciprocity
  - Reciprocity allows non-resident CPAs renewing their Arizona CPA certificate to meet CPE requirements in Arizona if they meet the CPE requirements in the jurisdiction where the nonresident CPA's principal place of business is located.
- Incorporation by reference of the American Institute of Certified Public Accountants (AICPA) Code of Conduct and Professional Standards and of the Standards for Performing and Reporting
- Allowing CPE credit for one-fifth hour, nano-learning, and writing or development of online course curriculum
- Removed unnecessary regulatory requirements

Mobility

Approved in 33 of 55 or 60% with active legislation in Commonwealth of the Northern Mariana Islands (CNMI).

Mobility has become a reality for CPAs and CPA accounting firms from coast to coast.

Mobility is a practice privilege that generally permits a licensed CPA in good standing, from a substantially equivalent state, to practice outside of his/her principal place of business without obtaining another license.



Statutory Improvements

- Laws 2018, Chapter 268 (SB 1443)
  - Reduced firm regulation, and fostered lean government and improved customer service through ED delegated authority, and focused the Board's mission to protect the public
- Laws 2020, Ch 72 (SB 1131)
  - Board expanded its ability to delegate to its Executive Director to approve a request for Continuing Professional Education (CPE) Reciprocity
  - The bill provided that a CPA firm's registration will be expired rather than revoked, for failure to meet firm registration requirements
    - The prior law mandated that the Board revoke a firm's registration. Revocation requires both a notice and a hearing, which is neither efficient nor cost effective for the registrant or the Board. Expiring a registration, instead of revoking, removes the implication that disciplinary action was taken while still providing sufficient protection for the public from working with an unregulated firm

Statutory Improvements

- Laws 2013, Chapter 136 (HB 2260)
  - Made necessary improvements to better serve exam and certification applicants and registrants and to ensure an understandable regulatory framework
- Laws 2014, Chapter 136 (HB 2263)
  - Technical clean up trailer bill to Laws 2013, Chapter 136, HB 2260
- Laws 2015, Chapter 207 (HB 2213)
  - Consolidated and clarified statutes related to firm registration, established a process for firm reinstatement from cancelled or expired status, created a new path whereby a firm may relinquish its registration pending or in lieu of an investigation or a disciplinary proceeding or while under a disciplinary order, and other technical and clarifying changes

Questions?

Modernization Efforts

- Online Renewal
- Document Management System
- Webforms
  - Initial Exam and Reexam
  - Certification
  - CPA Cancellation
  - CPA Firm Cancellation
  - Change of Address
  - License Verifications
  - NTS Extensions
  - Conditional Credit Extensions

SENATE COMMERCE AND HOUSE COMMERCE JOINT COMMITTEE OF REFERENCE

Recommendation: The Arizona State Board of Accountancy be Continued for eight years.

MEMBER	AYE	NO	NOT VOTING	OTHER	
Senator Carroll	X				
Senator Hatathlie			X		
Senator Hernandez	X				
Senator Kern			X		
Senator Mesnard	X				
Senator Miranda	X				
Representative Aguilar	X				
Representative Austin	X				
Representative Carbone			X		
Representative Carter	X				
Representative Gress			X		
Representative Heap	X				
Representative Hendrix	X				
Representative Ortiz	X				
Representative Schwiebert	X				
Senator Kaiser, Co-Chair	X				
Representative Wilmeth, Co-Chair	X				
TOTAL	13	0	4		

Committee Secretary Tracey Gardner **Date** January 10, 2023

Attachment 3

Secretary

Arizona Board of Funeral Directors and Embalmers

Presenter: Marc Owen
Date: January 10, 2023

Mr. Co-Chairs, Members of the Committee:

My name is Marc Owen and I'm with the Arizona Auditor General. Today I'll recap key information from our November 2020 performance audit and sunset review of the Arizona Board of Funeral Directors and Embalmers and provide you an update on our most recent follow-up work related to that review. For your information, we originally presented our performance audit and sunset review to the House and Senate Commerce Committees of Reference in January 2022. Additionally, in November 2022, the Joint Legislative Audit Committee assigned the Board's current sunset review to be conducted by this Committee of Reference.

Board's key regulatory responsibilities

- Licensing and registering funeral professionals and businesses
- Inspecting funeral establishments and crematories
- Investigating and adjudicating complaints
- Providing information to the public

The Board's key responsibilities include licensing and registering professionals and businesses in the funeral industry, such as funeral directors, embalmers, cremationists, and funeral establishments.

The Board is also required to conduct inspections of funeral establishments and crematories before initial licensure and every 5 years thereafter.

Finally, the Board is responsible for investigating and adjudicating complaints and for providing information to the public about licensees.

Our findings focused on problems with the Board's licensing and inspections practices, and we made several recommendations to address the deficiencies we found.

ATTACHMENT F

Board did not ensure applicants met all requirements

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

First, we found that the Board approved some licenses and registrations without ensuring that applicants met all requirements.

For example, the Board did not perform a required fingerprint-based criminal history records check for more than half of the applicants we reviewed, nor did the Board consistently conduct inspections before issuing licenses to businesses, as required by statute.

We also found that the Board did not ensure that all the funeral director applicants we reviewed met all the experience requirements prior to licensure, such as assisting in arranging 25 funerals.

Board did not verify surety bond requirement met

- Approved funeral establishments to sell prearranged funeral agreements **without** ensuring surety bond amounts met statutory requirements
- Prearranged funeral agreement involves payment for services before death
- Surety bonds protect customers who have purchased prearranged funeral agreements

The Board also approved funeral establishments to sell prearranged funeral agreements without ensuring they had surety bonds in required amounts.

A prearranged funeral agreement is when payment for funeral goods or services is made before the intended beneficiary's death.

Surety bonds protect customers who have purchased prearranged funeral agreements from financial loss if the funeral establishment does not or cannot fulfill a prearranged funeral agreement.

Causes for these problems

- Misinterpreted licensing requirements
- Applications did not include all requirements
- Lacked comprehensive guidance and supervisory review process

We identified various factors that contributed these problems.

For example, the Board misinterpreted or was not aware of some licensing requirements, such as the requirement to inspect a business after a change in ownership.

Additionally, the Board's licensing and registration applications did not address all requirements, nor had the Board developed comprehensive guidance or a supervisory review process to ensure that applicants met all requirements.

Key recommendations

- Revise applications and develop policies that address all requirements
- Implement a supervisory review process

Therefore, we recommended that the Board:

Ensure that applicants meet all requirements before issuing licenses and registrations by revising its applications and developing policies and procedures that address all requirements. We also recommended that the Board implement a supervisory review process.

Board did not properly perform inspections

- Some requirements not assessed during inspections
- Inspections inaccurately documented

We also found problems with the Board's inspection practices.

For example, the Board did not inspect for some requirements during inspections we observed, such as reviewing a crematory's written procedures. Crematory procedures are important because they help ensure a crematory appropriately handles cremated remains.

We also found that Board staff documented some items as compliant on inspection checklists, such as maintaining cremation records for the required 5 years, despite not checking for these items during an inspection.

Some inspections not conducted timely

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

Finally, we found that the Board had not inspected some businesses every 5 years, as required by statute.

From our review of a sample of 30 businesses, the Board had not inspected 5 businesses in a timely manner, including 3 that had not been inspected by the Board in more than 7 years.

Key recommendations

- Conduct timely inspections that address all requirements
- Accurately document inspections
- Develop policies and procedures

Therefore, we recommended that the Board:

Conduct inspections in a timely manner that assess compliance with all requirements in statute and rule, including by accurately documenting inspections, tracking inspections, and developing policies and procedures.

Other recommendations

- Continue to implement new conflict-of-interest policies and procedures
- Review fee amounts

Finally, as part of our sunset review we made recommendations in other areas, including recommendations that the Board continue to implement its new conflict-of-interest policies and procedures and that the Board review the appropriateness of its fee amounts.

Status of recommendations

- Board had implemented 17 of 24 recommendations as of August 2022

Our most recent follow-up report on the Board's efforts to implement our recommendations issued in August 2022 found that the Board had implemented 17 of our 24 recommendations, including key recommendations to improve its licensing and inspection practices. For most of the remaining 7 recommendations, the Board had taken some steps to implement them, but we found that additional work was needed for them to be fully implemented.

Arizona Board of Funeral Directors and Embalmers

Presenter: Marc Owen
Date: January 10, 2023

Mr. Co-Chairs, Members of the Committee: that concludes my presentation, I am available to answer questions.

The Arizona State Board of Funeral Directors and Embalmers

Joint Committee of Reference Hearing

Tuesday, January 10, 2023

ATTACHMENT B

Board History

- 1909 - The Arizona State Board of Embalmers was established.
- 1945 - The Board's jurisdiction was expanded to include additional funeral industry occupations when the Legislature created the Arizona State Board of Funeral Directors and Embalmers ("Board").
- The Board is not considered to be a Health Board pursuant to Arizona Revised Statutes (A.R.S.) § 32-3218.
- The Board is a 90/10 Agency, which means:
  - The Board is fully self-funded from the revenue it acquires through application, licensure and exam fees.
  - The Board operates off of 90% of it's revenue and deposits 10% into the General Fund.

Board Members & Staff

Arizona State Board of Funeral Directors and Embalmers

01/05/2023

Katie Hobbs, Governor

Board Staff

- Natasha Culbertson, Executive Director
- Tracie Smith, Investigations Manager
- Marisa Zavala, Licensing Administrator
- Theresa Rink, Administrative Assistant III

- Samuel Bueler, Chairman/Industry Member, Appointment Expires 01/01/2026
- Amie Gazda, Secretary/Industry Member, Appointment Expires 01/01/2026
- Robin Moon Sherman, Industry Member, Appointment Expires 01/01/2024
- Joe Hornat, Public Member, Appointment Expires 01/01/2025
- Lemuel D. Cannon, Public Member, Appointment Expires 01/01/2025
- Helene Bergeon, Public Member, Appointment Expires 01/01/2024
- Vacant, Public Member

Seven Board members, appointed by the Governor, to serve four-year terms. Three members are licensed Funeral Directors/Embalmers and four are public members.

Sunset Review & Key Findings

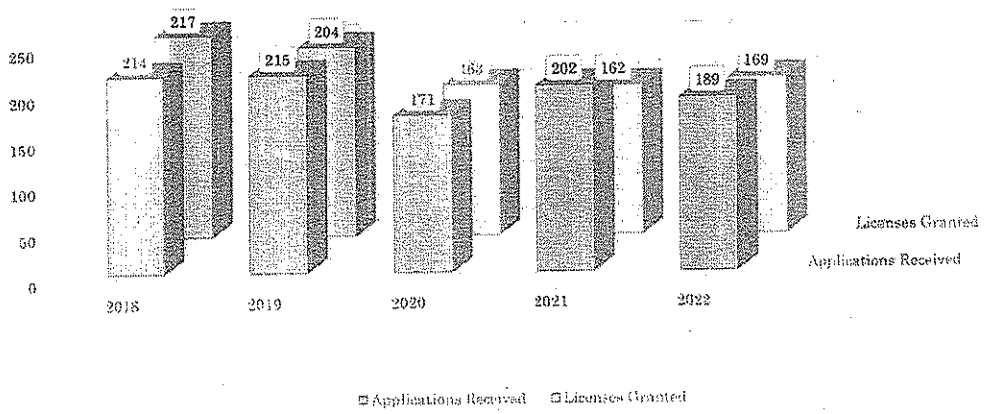
- **2019** - The Board began its Sunset Review with the Auditor General's Office.
- **November 2020** - The Findings from the review were published by the Auditor General (Report 20-110) with 24 Findings.
  - Additionally, a 6-Month and 18-Month follow-up report have been published documenting the Board's efforts to fully implement the Recommendations.
- Main concerns listed in Report 20-110:
  - The completion of background checks for licensure applications.
  - Conducting and documenting required establishment and crematory inspections.
  - Ensuring that surety bonds were maintained by funeral establishments that sell prearranged funeral agreements funded by Trust.

Types of Licensure & Licensee Numbers

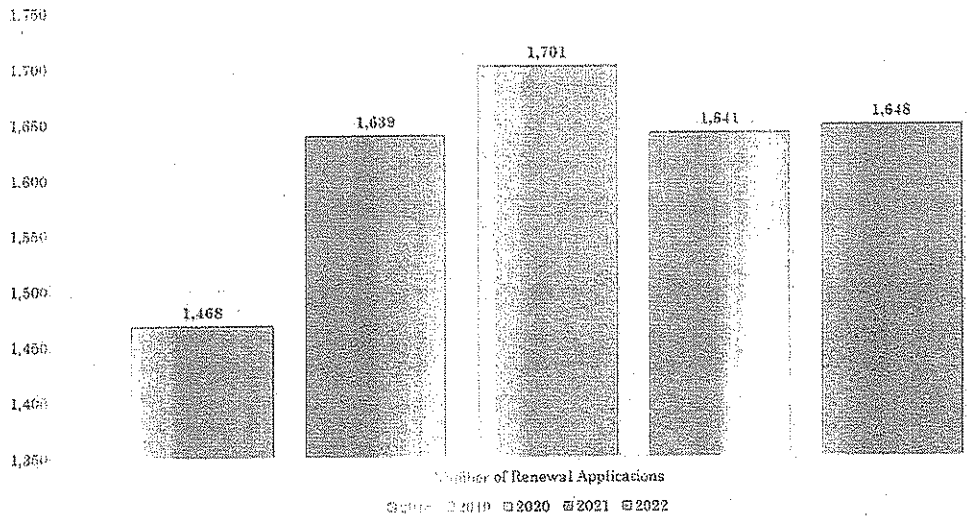
- The Board has ten (10) license types that it issues and/or renews. As of January 5, 2023, the number of licensed/registered individuals was 1,705. Below is a breakdown of the current license numbers by type of licensure/registration:

License Type	Active Licenses
Intern	43
Funeral Director	453
Multiple Funeral Director	21
Embalmer	449
Embalmer Assistant (Registration)	7
Salesperson (Registration)	122
Cremationist	340
Funeral Establishment	176 (This does not account for establishments currently operating on Interim Permits)
Funeral Establishment Sales Endorsement	37
Crematory	57

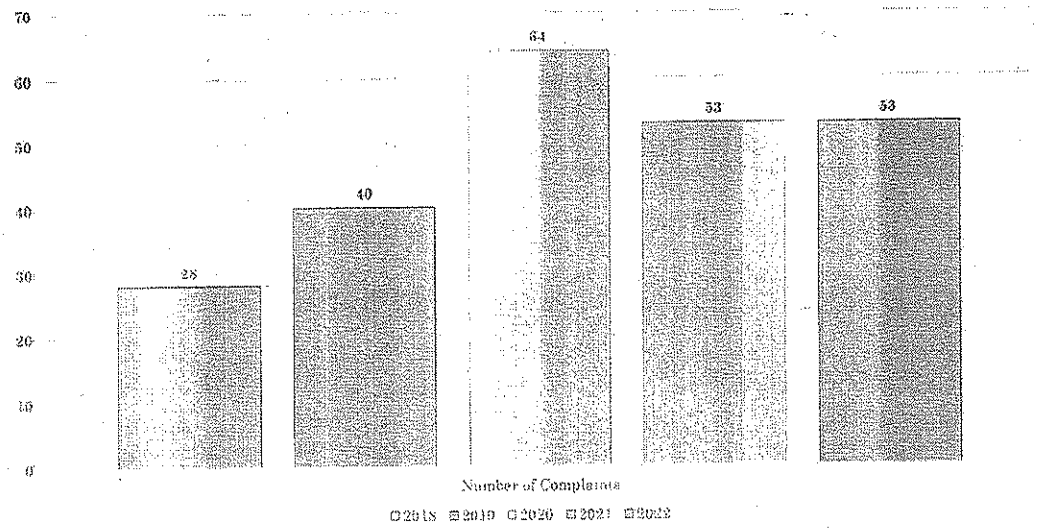
Initial Applications & Granted Licenses



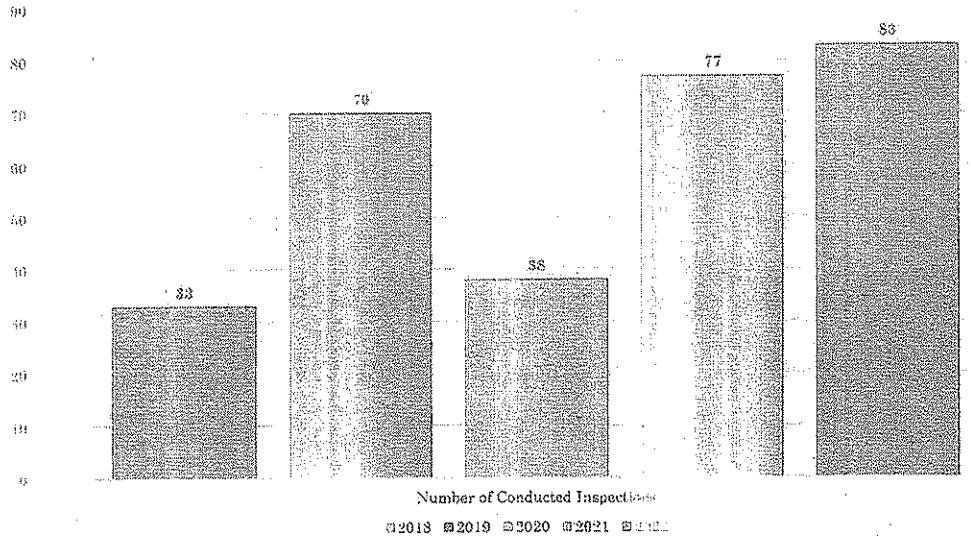
Renewal Applications



Complaints Received



Conducted Inspections



5 Year Rule Review

- **2022** - The Board completed its 5 Year Rule Review of Arizona Administrative Code, Title 4, Chapter 12, Articles 1 – 6.
- The Board established a Rule Review Subcommittee which publically met three times between June and July of 2022. It was determined by the Board that the following regulation should be amended:
  - Continuing Education Hours
  - Required Work Hours for Licensed Interns
  - Clarification and Drafting of Rule Requirements for Alkaline Hydrolysis and Crematory Operations

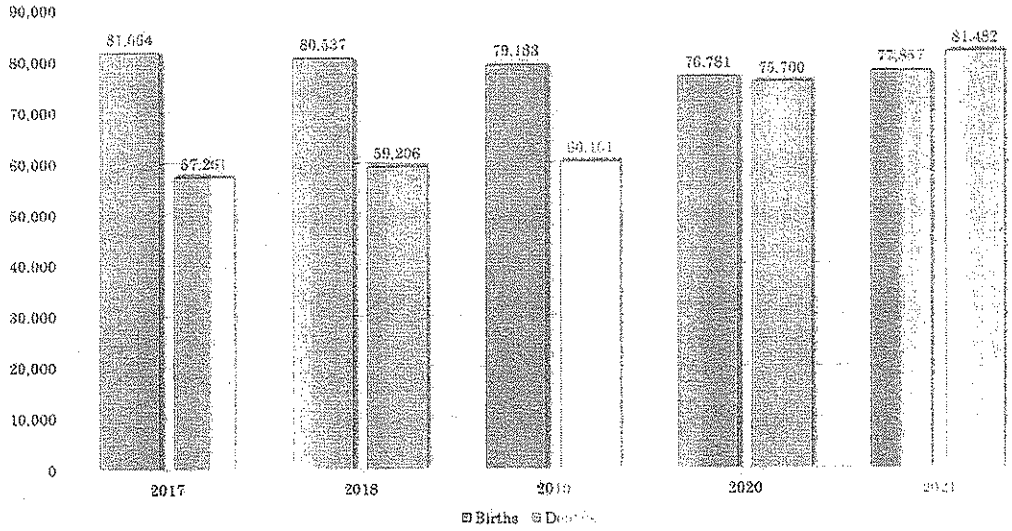
Statutory Amendments

- There has not been an increase to the Board's fees since 1998.
- The Board intends to run legislation to request an increase of no more than $15.00 to the renewal fees for establishments.
  - This increase is in line with fees charged by the Office of the Medical Examiner for cremations and the Bureau of Vital Records for Certified Death Certificates.
- This increase is required to assist the Board in financially covering the increases it is experiencing in its operation budget and to hire additional staff that is needed to maintain the daily functions and responsibilities of the Board.

Statutory Amendments

- Request a change to the requirement of each funeral home location being equipped with a prep-room used for embalming.
  - The preparation of decedents is not always done "in-house" and several establishments have moved to a care center format of preparation.
    - Body storage, embalming, funeral service preparation and cremation are all done at a centralized location.
    - Streamlined process and safer for the public.
    - Funeral establishment owners have expressed an interest in moving to this format.
  - If the Agency's statutes could be updated to reflect this change in the funeral industry, more locations could be opened to serve the families of Arizona.

Arizona Birth and Death Rates



Questions?

Natasha Culbertson, Executive Director
602-542-8152
Natasha.Culbertson@funeralboard.az.gov

Tracie Smith, Investigations Manager
602-542-8153
Tracie.Smith@funeralboard.az.gov

Marisa Zavala, Licensing Administrator
602-542-8157
Marisa.Zavala@funeralboard.az.gov

Theresa Rink, Administrative Assistant
602-542-8165
Theresa.Rink@funeralboard.az.gov

SENATE COMMERCE AND HOUSE COMMERCE JOINT COMMITTEE OF REFERENCE

Recommendation: **Substitute Motion** –A Continuation of the Arizona State Board of Funeral Directors and Embalmers for two years and a review be conducted at that time – Made by Representative Schwiebert.

MEMBER	AYE	NO	NOT VOTING	OTHER	
Senator Carroll		X			
Senator Hatathlie			X		
Senator Hernandez	X				
Senator Kern			X		
Senator Mesnard		X			
Senator Miranda	X				
Representative Aguilar	X				
Representative Austin	X				
Representative Carbone			X		
Representative Carter		X			
Representative Gress		X			
Representative Heap		X			
Representative Hendrix		X			
Representative Ortiz		X			
Representative Schwiebert	X				
Senator Kaiser, Co-Chair	X				
Representative Wilmeth, Co-Chair		X			
TOTAL	**6**	**8**	**3**		

Committee Secretary Tracey Gardner **Date** January 10, 2023

Attachment 4

SENATE COMMERCE AND HOUSE COMMERCE JOINT COMMITTEE OF REFERENCE

Recommendation: The Termination of the Arizona State Board of Funeral Directors and Embalmers and the powers and duties be transferred to the Department of Health Services.

MEMBER	AYE	NO	NOT VOTING	OTHER	
Senator Carroll	X				
Senator Hatathlie			X		
Senator Hernandez		X			
Senator Kern			X		
Senator Mesnard	X				
Senator Miranda		X			
Representative Aguilar		X			
Representative Austin		X			
Representative Carbone			X		
Representative Carter	X				
Representative Gress	X				
Representative Heap	X				
Representative Hendrix	X				
Representative Ortiz		X			
Representative Schwiebert		X			
Senator Kaiser, Co-Chair	X				
Representative Wilmeth, Co-Chair	X				
TOTAL	**8**	**6**	**3**		

Committee Secretary Tracey Gardner **Date** January 10, 2023

Attachment 5

Information Registered on the Request to Speak System

House Commerce Committee of Reference (1/10/2023)

3. Sunset Review of the Arizona Department of Liquor Licenses and Control

Support:

Don Isaacson, Arizona Licensed Beverage Association; Stuart Goodman, Southern Glazer's Wine And Spirits; Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA; Marie Isaacson, AZ LICENSED BEVERAGE ASSN; Tom Farley, Wine Spirits Wholesalers Association Of Arizona

All Comments:

Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA: DLLC's leadership has meaningfully addressed internal operational problems, enhanced enforcement, speeded up licensing decisions, and improved staff morale. The DLLC is vital to ensuring alcohol is sold/served responsibly. Please renew this agency.; Tom Farley, Wine Spirits Wholesalers Association Of Arizona: The Wine and Spirits Wholesalers Association of Arizona supports the continuation of the Arizona Department of Liquor License and Control.

4. Sunset Review of the Arizona Office of Economic Opportunity

5. Sunset Review of the Arizona State Board of Accountancy

6. Sunset Review of the Arizona State Board of Funeral Directors and Embalmers

Neutral:

Jake Hinman, ARIZONA FUNERAL, CEMETERY & CREMATION ASSOCIATION

ATTACHMENT H