Chairman Kavanagh called the meeting to order at 2:44 p.m. and attendance was noted by the secretary.

**Members Present**

Ms. Alston  Mr. Gray  Mrs. Ugenti  
Mr. Boyer  Mr. Kwasman  Mr. Olson, Vice-Chairman  
Mr. Campbell  Ms. Mach  Mr. Kavanagh, Chairman  
Mr. Forese  Mr. Sherwood

**Members Absent**

None

**Committee Action**

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Chairman Kavanagh announced that during testimony in the March 20, 2013 Appropriations Committee meeting, A. J. LaFaro, Chairman of the Maricopa County Republican Committee, made a statement concerning the Governor that he wishes to apologize for. His letter will be read into the record upon receipt.

**CONSIDERATION OF BILLS**

**HB2334 – pool pump energy standards; repeal – DO PASS**

Vice-Chairman Olson moved that HB2334 do pass.

Paul Benny, Majority Assistant Research Analyst, explained that in 2009, the Legislature added and prescribed energy standards for portable electric spas, residential pool pumps and residential
pool pump motors. HB2334 is an emergency measure that removes and repeals the energy standards for these devices (Attachment 1).

Vice-Chairman Olson questioned if a consumer will continue to be able to purchase the more energy-efficient models. Mr. Benny answered in the affirmative.

Representative Steve Montenegro, sponsor, advised that HB2334 addresses constituent complaints with past legislation requiring a consumer to purchase certain types of pool pumps and pool motors. He said that the requirement to purchase these expensive energy-efficient devices started pricing people out of repairing their pools and spas. Representative Montenegro stated that this bill removes and repeals a bad law and urged Members to support the bill.

Vice-Chairman Olson asked the difference in costs for the pool pumps and motors. Representative Montenegro replied that it is his understanding that the price of the mandated pool pumps skyrocketed to more than 100 percent of the price of traditional pumps; choosing a pool pump should be the consumer’s choice and at a level the pool owner can afford.

Mr. Campbell inquired the reason the bill focuses solely on pool pumps and motors. Representative Montenegro responded that constituents requested the change and that this legislation is an honest effort to address the issues affecting Arizona families.

Discussion ensued on energy efficiency, consumers’ choice and limiting government by reducing burdensome regulations on the people.

Bruce Temple, representing self, testified in support of HB2334, stating that his lifetime pool warranty was rescinded by Shasta Pools and Spas due to the 2009 legislation that mandated specific pool pumps and motors. He described the costs associated with installing the required variable speed pumps and provided a handout of the notice sent to him by Shasta Pool Repair (Attachment 2). Mr. Temple urged Members to pass this legislation for hardworking Arizona citizens.

In response to questions, Mr. Temple advised the Committee that his energy savings are negative because of the costs associated with replacing the pump; he was told that the savings will be about $30 monthly.

LETTER OF APOLOGY

Chairman Kavanagh advised the Committee that he received the letter of apology from A. J. LaFaro and read the following into the record (Attachment 3):

“Dear Representative Kavanagh:

I have been reflecting on the events and comments I made yesterday in your Wednesday, March 20, 2013, Arizona House Appropriations Committee Hearing. I want to apologize to you, your committee members and the Governor concerning my closing comment about Governor Brewer.

COMMITTEE ON APPROPRIATIONS
March 27, 2013
The Governor’s Obamacare Medicaid Expansion proposal is a terrible expansion of federal government control over our lives. Less government in our lives is important to ALL citizens throughout our state, across America, and personally to me. To quote Ronald Reagan, “One of the traditional methods of imposing socialism on a people has been by way of medicine. It’s very easy to disguise a medical program as a humanitarian project.”

Because of the proposed Medicaid Expansion, Common Core Implementation etc., I have spent countless hours over the last two weeks considering our Constitution, our Founders, our Republican Party, and the more than two centuries of constant battles fought on behalf of freedom. Governor Brewer escalated the rhetoric when she said “I don’t want dead people in the streets.” Yesterday, I reacted with sincere and passionate opposition to the Governor’s Obamacare Medicaid Expansion proposal. My intentions were not to offend anyone, but to clearly sound a warning about the consequences of approving this future unsustainable burden on taxpayers.

I am a conservative in the mold of Barry Goldwater, who said “Extremism in the defense of liberty is no vice.” Rhetoric can sometimes become overheated, but it was not my intention to disrespect Jan Brewer of the Office of the Governor of Arizona. My responsibility is to remain faithful to my Oath of Office to protect and defend the Constitution of the United States.

I hope Arizonans can find true conservative common ground to solve the problems facing our citizens. The parameters of this proposal will not enable that conclusion.

Respectfully yours,

A. J. LaFaro
Chairman, Maricopa County Republican Committee”

CONSIDERATION OF BILLS (Continued)

HB2334 – pool pump energy standards; repeal – DO PASS

Gretchen Kitchel, Senior Public Affairs Representative, Salt River Project (SRP), testified in opposition to HB2334, stating that pool pumps are the second largest power users in residential homes. She explained the importance of efficiency measures in reducing power needs and additional power plant facilities. Ms. Kitchel described the rebate program and the impact to SRP if this legislation is successful.

In response to questions, Ms. Kitchel stated the following:

- The mandate is beneficial to SRP because it allows for certainty in power use.
- The mandate is only on pool pumps that are over 1 horse power (hp).
- The average cost savings is around $200.
- The variable speed pump costs an additional $370 after the $200 rebate.
Steve Barnes, Pentair; Association for Pool and Spa Professionals, testified against HB2334. He said that this is an area where business, private entities and government have worked together to make a big difference and repealing the mandates will be a mistake. He said that having 2 hp pool pumps on a residential pool is the equivalent of putting a diesel tractor motor in a car. Mr. Barnes explained the appropriate pool pump sizes and options for residential pools and said that this law is working to reduce unnecessary power consumption.

For clarification, Vice-Chairman Olson questioned if the industry oversold residential pool pumps before the consumer prohibition. Mr. Barnes answered in the affirmative stating that current law protects homeowners.

Mike Long, representing self, testified against HB2334 and explained that homeowners typically replace pool pumps with the same sized motor because the homeowner thinks it is the necessary size for the pool.

Vice-Chairman Olson inquired about the lifespan of a pool pump. Mr. Long advised that a pool pump lasts, on average, ten years with two motor replacements.

Jeff Schlegel, representing self, Southwest Energy Efficiency Project (SWEEP), testified in opposition to HB2334, stating that this legislation will raise energy bills and increase costs for consumers. He said that the typical customer will see a 600 percent return on investment by investing in an efficient fuel pump with energy savings that are six times more than the cost of the pool pump. The average energy-efficient pool pump saves $130 annually, costs $130 to $200 more and has a payback on return within 18 months of purchase.

Vice-Chairman Olson questioned the necessity of the law if the product saves consumers money. Mr. Schlegel responded that the 2009 legislation set the standard for the industry that permitted for a quicker transition in using energy-efficient pumps. The mandate ensures the certainty and continuity; without the mandate, vendors will continue to sell products that are not efficient.

Mr. Campbell asked if current law allows utility companies to plan for their energy efficiency portfolios. Mr. Schlegel answered in the affirmative.

Sandy Bahr, Conservation Director, Sierra Club, Grand Canyon Chapter, Arizona, testified against HB2334, stating the benefits of the current standards such as reducing energy consumption, pollution and saving water.

Vice-Chairman Olson announced the names of those who signed up in opposition to HB2334 but did not speak:
Michael Dennis, X-Pools, LLC
Diane Brown, representing self
Rick Chafey, Red Rock Contractors
Jennifer Hatfield, Association of Pool and Spa Professionals
Haryaksha Knauer, representing self
Chuck Schoch, Pool Corporation
Stormy Rose, representing self
Tiffany Sprague, representing self
Joni Bosh, representing self
Richard Bitner, representing self

Question was called on the motion that HB2344 do pass. The motion carried by a roll call vote of 6-5-0-0 (Attachment 4).

SB1099 – electronic records; state library – DO PASS

Vice-Chairman Olson moved that SB1099 do pass.

Miranda Cain, Majority Research Intern, advised that SB1099 appropriates $482,700 from the General Fund for fiscal year (FY) 2013-14 to the Library, Archives, and Public Records (LAPR) Division of the Secretary of State’s Office for an electronic repository system (Attachment 5).

Jim Drake, Assistant Secretary of State, Secretary of State's Office, testified in support of SB1099 and presented examples of the records sent to the LAPR such as floppy disks, compact discs (CD), eight track tapes and reel-to-reel film. Mr. Drake explained documentation degradation and showed an image of a land survey record kept on a CD specifically purchased for the 500-year guarantee. The record was kept in a controlled environment and is barely readable after five years. Mr. Drake stressed the necessity of migrating records to the next format and said that this legislation will provide mechanisms to allow the LAPR to create an electronic records program that will preserve materials well into the future. He explained the legal ramifications and cost of losing one paper record and urged Members to support SB1099.

In response to questions, Mr. Drake said that the submitted eight-track tape contains a transcript of a judicial case and that the program will be an ongoing project with future funding needs.

Vice-Chairman Olson announced the names of those who signed up in support of SB1099 but did not speak:
- Linda Reib, Electronic Records Archivist, State Library, Archives and Public Records
- Joan Clark, State Librarian and Director, Arizona State Library
- Melanie Sturgeon, Director, State Archives, Arizona State Library, Archives and Public Records
- Jessica Stall, Arizona Library Association

Question was called on the motion that SB1099 do pass. The motion carried by a roll call vote of 11-0-0-0 (Attachment 6).

SB1062 – technical correction; boating rules(NOW: adoption subsidy; behavioral health services) – DO PASS AMENDED

Vice-Chairman Olson moved that SB1062 do pass.

Vice-Chairman Olson moved that the Kavanagh five-line amendment to SB1062 dated 3/22/13 (Attachment 7) be adopted.

Mike Huckins, Majority Research Analyst, explained that SB1062 stipulates that a child who is in the custody of Arizona Department of Economic Security (DES) and a ward of the court at the time of adoption is eligible to receive behavioral health services as though the services are
specifically authorized in the adoption subsidiary agreement or if an agreement is not in force for that child (Attachment 8).

Mr. Huckins advised that the amendment (Attachment 7), requested by DES for clarification, states that the child will be eligible for behavioral health services even if the adoption subsidiary agreement does not specify behavioral health conditions.

Senator Rick Murphy, sponsor, offered to answer any questions.

Vice-Chairman Olson announced the names of those who signed up as neutral on SB1062 but did not speak:
Kathy Ber, Director of Legislative Services, Arizona Department of Economic Security (DES)

Vice-Chairman Olson announced the names of those who signed up in support of SB1062 but did not speak:
Bahney Dedolph, Arizona Council of Human Service Providers

**Question was called on the motion that the Kavanagh five-line amendment to SB1062 dated 3/22/13 (Attachment 7) be adopted. The motion carried.**

**Vice-Chairman Olson moved that SB1062 as amended be adopted. The motion carried by a roll call vote of 11-0-0-0 (Attachment 9).**

Chairman Kavanagh called a recess to hear SB1363 in a Special Meeting of the Appropriations Committee. THE MEETING RECESSED AT 3:49 P.M.

THE MEETING RECONVENED AT 3:59 P.M. ALL MEMBERS WERE PRESENT.

**SB1317 – tribal airports; state aviation fund – DO PASS**

**Vice-Chairman Olson moved that SB1317 do pass.**

Mike Huckins, Majority Research Analyst, advised that SB1317 adds Indian Reservations as eligible entities for the State Aviation Fund (Fund) for planning, designing, developing, acquiring of interests in land, construction and improvement of publicly owned and operated airport facilities (Attachment 10).

**Senator Jack Jackson, Jr., sponsor, stated that this bill will permit the 14 tribally-owned airports to be eligible for the State Aviation Fund and allow the tribes to compete for the funding for airport improvements.**

Mrs. Ugenti questioned the amount of appropriation the tribally-owned airports will be eligible for. Senator Jackson, Jr. deferred the question to the aviation community.

**Corinne Nystrom, President, Arizona Airports Association, testified in support of SB1317, stating that the maximum amount any individual airport is eligible for on an annual basis is 10 percent of what is currently in the State Aviation Fund. She said that over the past few years**
Chairman Kavanagh related that airports have to request the funds; the funds are evaluated on an as-needed basis. Ms. Nystrom concurred and said that airports compete for the Funds based on the type of project and priority is given to the projects dealing with aviation safety. Chairman Kavanagh questioned the source of funding. Ms. Nystrom responded that funding is paid by the aircraft users through an aircraft registration fee and an aviation fuel tax. Chairman Kavanagh asked if the collected fees include the tribal airports. Ms. Nystrom answered in the affirmative.

Mrs. Ugenti questioned the reason Indian Reservations are not currently eligible. Ms. Nystrom stated that, to her knowledge, the original legislation did not include the Indian Reservations because the request was not to include them, but suggested that another speaker could expound upon that further.

Representative Jamestica Peshlakai, representing self, testified in favor of SB1317, stating that the exclusion of the Indian Reservations was an oversight. She gave a brief history on the contributions Native Americans have made, described their relationship with the government and requested the correction of the state’s oversight.

Arlondo Teller, Program Manager, Navajo Nation Division of Transportation, representing self, testified in support of SB1317 and provided a handout entitled Navajo Nation Airports Destination Beauty (Attachment 11). Mr. Teller advised that the Navajo Nation is taking advantage of programs to improve roadways, railways and good movement, and the infrastructure of its seven airports. He said prior funding for the Navajo Nation airports came from federal and tribal funds; this bill will allow the Navajo Nation to compete with its aviation neighbors statewide.

Paulson Chaco, Division Director, Navajo Nation Division of Transportation, testified in support of SB1317, stating the necessity for improved regional mobility and airport safety. He advised the Committee that the Navajo Nation is currently assisting the Arizona State Department of Transportation to provide an alternative route into Flagstaff and Page and said that SB1317 is another extension of improving mobility.

Eric Deschenee, Director of Government Relations, Navajo County Board of Supervisors, testified in favor of SB1317 and read a letter of support by the Navajo County Board of Supervisors (Attachment 12). He stressed the importance of emergency preparedness and having airports that are adequate and safe.

Mrs. Ugenti asked how long the fund has been in existence. Mr. Huckins stated that he was unsure but would look into the matter.

Vice-Chairman Olson announced the names of those who signed up in support of SB1317 but did not speak:
Albert A. Hale, State Representative, representing self
Mike Bielecki, Consultant, Navajo Nation
Jesse Thompson, County Supervisor, Navajo County Board of Supervisors, representing self
Question was called on the motion that SB1317 do pass. The motion carried by a roll call vote of 11-0-0-0 (Attachment 13).

**SB1320 – schools; corrections; repayment plans – DO PASS FAILED**

Vice-Chairman Olson moved that SB1320 do pass.

Morgan Cicinelli, Majority Intern, explained that SB1320 outlines the process for school districts to correct state aid or budget limit errors when there is a hardship to the district (Attachment 14). Ms. Cicinelli made reference to the following provisions:

- Stipulates that when there is a hardship to a school district where the required over expenditure correction is more than 14 percent of the school district’s current year aggregate budget limit, the following apply:
  - If the State Board of Education (SBE) approves, the Superintendent may authorize the correction to be made in equal installments over a period of time up to seven years.
  - The installments must be equal to at least 5 percent of the school district’s current aggregate budget limit.
  - Arizona Department of Education (ADE) must issue a written notification to the Joint Legislative Budget Committee each time the Superintendent authorizes a budget correction that exceeds two budget years.

- Requires ADE to review school districts’ submitted annual financial reports.
- Specifies that if ADE determines that a school district has exceeded its budget limit or received excess state aid for the previous fiscal year, ADE shall notify the district that the error must be corrected as outlined above.

Vice-Chairman Olson asked if a school district can deliberately spend more than the budget limit allows. Ms. Cicinelli deferred to the sponsor.

Senator Jack Jackson, Jr., sponsor, stated that he does not know why a school district would want to purposely overspend the budget. When a mistake is made in the budgeting process, a school district must pay the state back within two years. The smaller school districts are unable to meet the requirements and must go to the Legislature to file for an extension. The intention of this bill is to extend the time a school district has to pay up to seven years when the expenditure correction is over 14 percent of the school district’s current year aggregate budget limit.

Vice-Chairman Olson stated concern with potential abuse and explained the school district budget process.

Senator Jackson stated that the bill will put a procedure in place to allow school districts better control over excess budget expenditures.
Mr. Gray questioned the origination of the 14 percent figure and said that in the business world the amount seems excessive. Senator Jackson deferred the question to the Arizona Department of Education.

Chris Kotterman, Deputy Director Government Relations, Arizona Department of Education, testified as neutral on SB1320, addressing the issue of purposeful over-expenditure. He said that school districts have to adopt a budget at the beginning of the year; in order to self finance, the school district will have to adopt a budget and then ignore it throughout the year.

Vice-Chairman Olson stated that because the school district budgets are based on estimates, such as student counts and tax bases, there are ways that a school can inadvertently or intentionally adopt a budget that allows for over spending. He advised the Committee that a school in Queen Creek which experienced large growth for many years, continued to use the same growth funding formula for their budget during the recent downturn in housing. Vice-Chairman Olson stated concern that this bill could create an enticement for school districts to overinflate their budgets without any consequences.

Mr. Kotterman agreed that many school district budgets are constructed on estimates but stated that SB1320 has a safeguard in place stipulating that in order for a school district to qualify for the repayment, the amount has to be at least 5 percent of the school district’s general budget limit.

Vice-Chairman Olson questioned if there is any interest applied on the expenditure. Mr. Kotterman answered in the negative.

Chairman Kavanagh asked if there are any school districts that have a pattern of overspending. Mr. Kotterman replied that if a school district regularly overspends then the district is brought before the SBE for investigation.

Vice-Chairman Olson stated that in current statute there are consequences in place to discourage over spending.

Discussion ensued on school district budgets, the reason for the 14 percent figure, taxpayer dollars and repayment options.

Senator Jackson returned to the podium and informed Members that he is willing to address the concerns of the Committee with a Floor amendment.

Vice-Chairman Olson announced the names of those who signed up in support of SB1320 but did not speak:

Charles Essigs, Director of Government Relations, Arizona Association of School Business Officials
Janice Palmer, Governmental Relations Analyst, Arizona School Boards Association
Jennifer Loredo, Arizona Education Association

Question was called on the motion that SB1320 do pass. The motion failed by a roll call vote of 4-7-0-0 (Attachment 15).
SB1432 – massage therapy board; executive director – DO PASS AMENDED S/E
S/E: behavioral health examiners board; continuation

Vice-Chairman Olson moved that SB1432 do pass.

Vice-Chairman Olson moved that the Kavanagh 18-line strike-everything amendment to SB1432 dated 3/21/13 (Attachment 16) be adopted.

Miranda Cain, Majority Research Intern, explained that the proposed strike-everything amendment to SB1432 (Attachment 16) continues the Behavioral Health Examiners Board (Board) until July 1, 2017 and contains a purpose section for the Board (Attachment 17).

Senator Nancy Barto, sponsor, informed Members that last fall, the Committee of Reference voted unanimously to continue the Board for another four years.

Vice-Chairman Olson assumed the Chair.

Emily Jenkins, President and CEO, Arizona Council of Human Service Providers, testified in support of the proposed strike-everything amendment to SB1432 and provided background on the Boards’ efforts to develop a series of reforms to the structure and the manner in which the Board conducts business. She said that the four-year continuation will provide the necessary time to implement the new rules which will add clarity for licensees.

Vice-Chairman Olson announced the names of those who signed up in support of the strike-everything amendment to SB1432 but did not speak:
Nohl Rosen, representing self
Rory Hays, Lobbyist, Arizona Council of Human Service Providers
Gordon Gray II, Governing Board Member, Arizona Counselors Association
Elizabeth Forsyth, Board Member, Arizona Counselors Association
Stuart Goodman, Lobbyist, Arizona Board of Behavioral Health Examiners
Jeremy Arp, Social Worker, National Association of Social Workers, Arizona Chapter
Steve Johnson, Clinical Director, Encompass Health Services, representing self

Chairman Kavanagh resumed the Chair.

Question was called on the motion that the Kavanagh 18-line strike-everything amendment to SB1432 dated 3/21/13 (Attachment 16) be adopted. The motion carried.

Vice-Chairman Olson moved that SB1432 as amended do pass. The motion carried by a roll call vote of 11-0-0-0 (Attachment 18).

SB1104 – charter school pupils; JTEDs – DO PASS AMENDED S/E
S/E: same subject

Vice-Chairman Olson moved that SB1104 do pass.
Vice-Chairman Olson moved that the Kavanagh eight-page strike-everything amendment to SB1104 dated 3/21/13 (Attachment 19) be adopted.

Miranda Cain, Majority Research Intern, explained that the proposed strike-everything amendment to SB1104 (Attachment 19) increases the average daily membership (ADM), from 1.25 to 1.75, for students enrolled at both a charter school and a Joint Technical Education District (JTED) in order for the ADM to be calculated in the same manner statutorily prescribed for students enrolled in both a member school district and a JTED (Attachment 20).

In response to Vice-Chairman Olson’s query, Ms. Cain advised that the fiscal note prepared for SB1104 states that the bill will increase the state General Fund (GF) costs for basic state aid by an estimated $200,000 in fiscal year (FY) 2014.

Jay Kaprosy, Senior Government Relations Advisor, Arizona Charter Schools Association, testified in support of the proposed strike-everything amendment, stating that the bill addresses an inequity affecting taxpayers and charter school students wishing to attend a JTED. SB1104 clarifies that a charter school student, living in the boundaries of a JTED will be treated the same as a district school student living in a JTED district.

Vice-Chairman Olson announced the names of those who signed up in support of the strike-everything amendment to SB1104 but did not speak:
Russell "Rusty" Bowers, External Affairs Director, East Valley Institute of Technology (EVIT)

Question was called on the motion that the Kavanagh eight-page strike-everything amendment to SB1104 dated 3/21/13 (Attachment 19) be adopted. The motion carried.

Vice-Chairman Olson moved that SB1104 as amended do pass. The motion carried by a roll call vote of 11-0-0-0 (Attachment 21).

SB1179 – ignition interlock devices; TPT exemption – DO PASS

Vice-Chairman Olson moved that SB1179 do pass.

Paul Benny, Majority Assistant Research Analyst, explained that SB1179 exempts the leasing or rental of certified ignition interlock devices (IID) from personal property rental transaction privilege tax (TPT) and municipal transaction privilege, use, sales, and affiliated taxes (Attachment 22).

Miryam Gutier-Elm, Public Affairs Consultant, Ignition Interlock Distributors Association, testified in favor of SB1179 and informed Members of the audit conducted by the Arizona Department of Revenue (DOR) a few years ago. The audit determined ignition interlock distributors pay the TPT tax under the personal property rental classification. She said that IID distributors already pay a use tax and that the IID’s are never the property of the person using the device; they are strictly used for reporting purposes.

Chairman Kavanagh questioned the relationship of the device to a person. Ms. Gutier-Elm deferred to Mike Roth.
Mike Roth, Owner, Safe Harbor, testified in support of SB1179 and explained why an IID is not rental property. He stated that the machine is used as an overall behavioral modification system to educate a person convicted of driving under the influence (DUI) to not drink and drive in the future. The device is a tool that allows the interlock companies to poll the behaviors of the drivers and then relay the information to the Arizona Department of Motor Vehicles (DMV).

In response to questions, Mr. Roth provided the Committee with a brief history on the DOR policy change requiring ignition interlock distributors to pay the TPT tax and related that the distributors also pay a use tax.

Vice-Chairman Olson announced the names of those who signed up in support of SB1179 but did not speak:
Gary Johns, Owner, Smart Start
Jay Lopez, Owner, Ignition Interlock of Arizona
James Busby, Attorney at Law, Arizona Mobile Access Technologies, LLC
Benjamin Gardner, Attorney, Ignition Interlock of Arizona

Vice-Chairman Olson announced the names of those who signed up as neutral on SB1179 but did not speak:
Sean Laux, Legislative Liaison, Arizona Department of Revenue

**Question was called on the motion that SB1179 do pass. The motion carried by a roll call vote of 11-0-0-0 (Attachment 23).**

**SB1316 – state board of appraisal – DO PASS AMENDED**

Vice-Chairman Olson moved that SB1316 do pass.

Vice-Chairman Olson moved that the Forese 11-line amendment to SB1316 dated 03/26/2013 (Attachment 24) be adopted.

Miranda Cain, Majority Research Intern, advised that SB1316 establishes the classifications of registered trainee appraisers and supervisory appraisers and makes other changes to statute regarding the Arizona Board of Appraisal (ABOA) (Attachment 25).

Ms. Cain explained that the amendment (Attachment 24) allows the Board to accept and spend federal monies, grants, gifts, contributions and planning from any public or private source for the purposes of the Board and prevents these monies from reverting to the State General Fund (GF) at the end of the fiscal year (FY). The amendment also makes technical and conforming changes.

Vice-Chairman Olson asked if the bill adds a new educational requirement for an applicant applying to the Board. Ms. Cain advised that the bill requires the applicant to maintain their license.

Debra Rudd, Executive Director, Arizona Board of Appraisal (ABOA), testified in favor of SB1316 and offered to answer any questions.
Chairman Kavanagh questioned the necessity of the bill. Ms. Rudd responded that this bill will put the state in compliance with the federal Dodd-Frank Act rules through the appraisal subcommittee which oversees the ABOA.

Vice-Chairman Olson asked what the consequences are for not being in compliance with the Dodd-Frank Act. Ms. Rudd replied that the state could be fined by the federal government.

Discussion ensued on the impact of the legislation and ABOA’s educational requirements.

The names of those who signed up in support of SB1316 but did not speak:
Christina Martinez, Hispanic Coalition for Reform and Educational Options (CREO)

Question was called on the motion that the Forese 11-line amendment to SB1316 dated 03/26/13 (Attachment 24) be adopted. The motion carried.

Vice-Chairman Olson moved that SB1316 as amended be adopted. The motion carried by a roll call vote of 10-0-0-1 (Attachment 26).

SB1080 – technical correction; budget estimates (now: highway construction projects; JCCR review) – DO PASS AMENDED S/E
S/E: underground storage tank program changes

Vice-Chairman Olson moved that SB1080 do pass.

Vice-Chairman Olson moved that the Kavanagh 16-page strike-everything amendment to SB1080 dated 03/25/13 (Attachment 27) be adopted.

Vice-Chairman Olson moved that the Kavanagh 16-line amendment dated 3/26/13 (Attachment 28) to the strike-everything amendment to SB1080 dated 03/25/13 (Attachment 27) be adopted.

Gina Kash, Majority Research Analyst, explained that the proposed strike-everything amendment to SB1080 (Attachment 27) delays the repeal of the Underground Storage Tank (UST) Tax and the Underground Storage Tank Assurance Account for two years and extends the time period to submit claims for corrective action coverage (Attachment 29). Ms. Kash cited the following provisions:

- Clarifies that monies in the Regulated Substance Fund (RSF) are continuously appropriated and exempt from the lapsing of appropriations.
- Removes language requiring the director to transfer monies remaining in the UST Assurance Account to the RSF after payment of all claims that were timely submitted.
- Repeals language specifying that after all claims are paid or extinguished, a maximum of $60 million shall be transferred from the UST Assurance Account into the RSF and remaining monies shall be deposited into the General Fund.
- Requires the director, beginning July 1, 2014 and on July 1 of each year thereafter, to transfer from the UST Assurance Account an amount equal to 20 percent of the monies deposited in the Assurance Account during the preceding fiscal year into the RSF.
• Extends the coverage for corrective action costs from the Underground Storage Tank Assurance Account if the release could not have been reported with reasonable diligence before July 1, 2006.
• Specifies that if the Underground Storage Tank Assurance Account does not have adequate monies to pay for all releases, releases reported on or after July 1, 2006 are eligible for coverage for corrective action costs from the Underground Storage Tank Assurance Account in priority after releases of a regulated substance that are reported before July 1, 2006.
• Provides a five-year extension to submit the following applications:
  o Application for reimbursement for or direct payment of eligible reasonable and necessary costs from the UST Assurance Account.
  o Application for preapproval.
  o Any application made or expense incurred after June 30, 2010.
• Specifies that if the UST Assurance Account does not have sufficient monies to pay all claims by the date of the termination of the account as otherwise provided by law, any claims unpaid on the date of termination of the account are extinguished without regard to whether those claims were eligible for coverage from the account.
• Delays the repeal of the UST Tax and the UST Assurance Account for two years.
• Creates a 10 member study committee to consider and make recommendations relating to the UST Program.

Ms. Kash advised that the Kavanagh 16-line amendment (Attachment 28) to the strike-everything amendment (Attachment 27) adds an additional five members on the study committee.

Chairman Kavanagh informed the Committee that this bill deals with leaking underground storage tanks. He provided background information on the program and advised that funding is derived from a gasoline tax.

Tom Dorn, Arizona Petroleum Marketers Association, testified in support of the proposed strike-everything amendment, stating that the two-year continuation of the program will allow for new claims if the funding is available.

Vice-Chairman Olson announced the names of those who signed up in support of the proposed strike-everything amendment to SB1080 but did not speak:
Mike Williams, Trejo Oil Company, Inc.
Eric Savage, Circle K Stores, Inc.; Arizona Petroleum Marketers Association
Jon Trejo, Trejo Oil Company, Inc.; Arizona Petroleum Marketers Association
Susie Stevens, Lobbyist, Western States Petroleum Association
Heather Bernacki Wilkey, Director, Government Affairs, Arizona Petroleum Marketers Association
John Kennedy, Arizona Petroleum Marketers Association
Amanda Grey, Arizona Petroleum Marketers Association
Bill Champlin, Arizona Petroleum Marketers Association
Amanda Rusing, Government Affairs Associate, Arizona Petroleum Marketers Association
Mitch Vuksanovich, MV Enterprises, Inc.
Question was called on the motion that the Kavanagh 16-line amendment dated 3/26/13 (Attachment 28) to the strike-everything amendment to SB1080 dated 03/25/13 (Attachment 27) be adopted. The motion carried.

Vice-Chairman Olson moved that the Kavanagh 16-page strike-everything amendment to SB1080 dated 03/25/13 (Attachment 27) as amended be adopted. The motion carried.

Vice-Chairman Olson moved that SB1080 as amended do pass. The motion carried by a roll call vote of 10-0-0-1 (Attachment 30).

SB1315 – property tax roll; corrections – DO PASS AMENDED S/E
S/E: license plate reissuance study committee

Vice-Chairman Olson moved that SB1315 do pass.

Vice-Chairman Olson moved that the Kavanagh two-page strike-everything amendment to SB1315 dated 03/25/2013 (Attachment 31) be adopted.

Mike Huckins, Majority Research Analyst, explained that the proposed strike-everything amendment to SB1315 (Attachment 31) creates an 11-member Study Committee on License Plate Reissuance (Committee) (Attachment 32). Mr. Huckins referenced the following provisions:

- Creates the 11-member Committee to study the following as they relate to a statewide standard license plate reissuance:
  - Whether or not there would be an increase in the safety of law enforcement.
  - Whether or not more crimes involving vehicles are reported when license plates are easier to read during the day and at night.
  - The impact on Vehicle License Tax revenues.
  - Potential tourism and image promotion.
  - The impact on persons using electronic government services if the new license plates contain the state’s website address.
  - Each state’s license plate reissuance policies for the last 20 years.

- Outlines Committee membership and co-chairs.
- Requires the Committee to report its findings to the Governor, the President of the Senate and Speaker of the House of Representatives no later than November 30, 2013.
- Repeals the Committee on October 1, 2014.

Tom Dorn, 3M Traffic Safety Systems, testified in support of the proposed strike-everything amendment. He explained the necessity of creating a standard for statewide license plate reissues that will provide benefits such as law enforcement safety and plate identification.

In response to Mr. Boyer’s question, Mr. Dorn outlined the involvement of the Arizona Department of Transportation.

Mr. Gray commented on the importance of the Study Committee.
Vice-Chairman Olson announced the names of those who signed up in support of SB1315 but did not speak:
Heather Bernacki Wilkey, Director, Government Affairs, 3M Traffic Safety Systems
Rene Guillen, Legislative Associate, League of Arizona Cities and Towns

Question was called on the motion that the Kavanagh two-page strike-everything amendment to SB1315 dated 03/25/2013 (Attachment 31) be adopted. The motion carried.

Vice-Chairman Olson moved that SB1315 as amended do pass. The motion carried by a roll call vote of 9-1-0-1 (Attachment 33).

SB1325 – concealed firearms; schools; authorization requirements – DO PASS AMENDED

Vice-Chairman Olson moved that SB1325 do pass.

Vice-Chairman Olson moved that the Kavanagh six-line amendment to SB1325 dated 3/27/13 (Attachment 34) be adopted.

Virginia Carico, Majority Assistant Research Analyst, explained that SB1325 allows a governing board of an educational institution to authorize a school employee to possess a concealed handgun, pistol or revolver on the educational institution’s property under the following conditions (Attachment 35):

- The school where the authorized person possesses the concealed firearm must meet the following conditions:
  - Has fewer than 600 students enrolled.
  - Is more than 30 minutes and 20 miles away from the closest law enforcement facility.
  - Does not have a school resource officer.
- The authorized person’s temperament, personality and, if applicable, previous reactions to a crisis have been considered.
- The authorized person:
  - Possesses a valid fingerprint clearance card.
  - Has a valid permit to carry a concealed weapon.
  - Annually attends firearm training that is approved by the Arizona Peace Officer Standards and Training Board (AZPOST) and that covers the following topics: legal issues relating to the use of deadly force, weapon care and maintenance, safe handling and storage of weapons, marksmanship, judgmental shooting, scenario-based training, force on force training, familiarity with police active shooter response and coordination with the local jurisdiction.
  - Uses ammunition that is frangible or designed to have a reduced ricochet hazard.
  - Is not a prohibited possessor and the firearm is not a prohibited weapon.
- The firearm remains concealed on the authorized person at all times or is stored in a gun locker.
- The educational institution maintains a secure firearm storage locker.
• Allows a governing board of an educational institution to authorize a retired peace officer who is an employee of the educational institution and who has a certificate of firearms proficiency to possess a concealed firearm on the educational institution’s property.
• Exempts the possession of a firearm by a person who is authorized by the governing board or body of a school to possess a concealed firearm on school grounds from committing misconduct involving weapons.

Ms. Carico advised the amendment (Attachment 34) requires that an authorized person must annually pass a handgun qualifying exam approved by AZPOST and conducted by an AZPOST recognized firearms instructor or a National Rifle Association certified firearms instructor.

Chairman Kavanagh explained that a retired police officer can obtain a nationwide gun carry permit as long as the person passes the annual shooting proficiency requirement. SB1325 contains the same requirements for an authorized school employee possessing a firearm.

Lyle Mann, Deputy Director, Arizona Peace Officer Standards and Training Board (AZPOST), testified in opposition to SB1325 and advised that a stakeholder meeting will be held Wednesday, April 3, 2013 to address funding and training concerns.

In response to Member’s questions, Mr. Mann reviewed the following areas:

• Training requirements
• Permissible firearms
• Storage requirements
• Active shooter response
• Mental health requirements
• Liability

Nohl Rosen, business owner, representing self, testified in support of SB1325 and expressed the importance of protecting school children. He said that if a teacher or administrator is properly trained and armed with a firearm then the school is better protected from a shooter. Mr. Rosen stated disappointment with the provision only allowing schools with 600 students or fewer to participate and suggested additional measures to include all schools in the program.

Mr. Campbell asked who claims liability for an accidental shooting at the school. Chairman Kavanagh affirmed that the school district is liable for a school bus driver involved in an accident and will be for a firearm issue as well.

Discussion ensued on school liability and safety issues.

Peri Jude Radecic, Director of Public Advocacy, Arizona Center for Disability Law, testified against SB1325, stating concern for the safety of a special education student when a school does not implement the student’s individual education plan (IEP). She related that an overzealous teacher could potentially harm a student with a learning or emotional disability and recommended additional training measures recognizing mental health issues.
Chairman Kavanagh said that at a rural school, police officers can be more than “just minutes away.” He advised Members of a rural school on an island in Sweden, where hundreds of students were hunted down by a lunatic with a gun and killed. He stated that he believes, in that situation, the students would have welcomed an armed teacher or administrator.

Ms. Radecic stated support for student safety but requested additional staff training concerning IEP students.

Discussion ensued on funding school resource officers, the importance of proper training and school safety.

Giovanni Conti, representing self, testified in opposition to SB1325 and referenced Washington State’s prerequisites to obtain a concealed weapons permit. He stated that 40 hours of training is insufficient.

Dr. Katerina Sinclair, representing self, testified in opposition to SB1325, stating concern with firearms in educational institutions.

The names of those who signed up in opposition to SB1325 but did not speak:
Jennifer Loredo, Arizona Education Association
David Carey, representing self
Rae Strozzo, representing self
Emily Verdugo, representing self

**Question was called on the motion that the Kavanagh six-line amendment to SB1325 dated 3/27/13 (Attachment 34) be adopted. The motion carried.**

**Vice-Chairman Olson moved that SB1325 as amended do pass. The motion carried by a roll call vote of 6-5-0-0 (Attachment 36).**

**SB1045 – professionals; claim of specialty status.(now: health professionals; specialty status claim) – DO PASS AMENDED S/E**

**S/E: privacy area regulation; state preemption**

**Vice-Chairman Olson moved that SB1045 do pass.**

**Vice-Chairman Olson moved that the Kavanagh two-page strike-everything amendment to SB1045 dated 03/25/2013 (Attachment 37) be adopted.**

Paul Benny, Majority Assistant Research Analyst, explained that the proposed strike-everything amendment (Attachment 37) to SB1045 is an emergency measure that prohibits a municipality from enacting or enforcing an ordinance that requires a business to regulate access to privacy areas (Attachment 38). Mr. Benny cited the following provisions:

- States the regulation of access to privacy areas in places of public accommodation based on gender identity or expression is of statewide concern and is not subject to further regulation by a county, city, town, or other political subdivision of this state.
• Prohibits a county, city, town, or other political subdivision of this state from enacting or enforcing an ordinance or policy requiring a person or business to regulate access to privacy areas based on gender identity or expression.

• Grants a person or business immunity from being civilly or criminally liable for denying access to privacy areas based on gender identity or expression.

• Authorizes a person or business to permit individuals access to privacy areas based on gender identity or expression.

• Specifies any ordinance or policy relating to access to privacy areas based on gender identity or expression that is inconsistent with these provisions is void.

• Defines gender identity or expression and privacy areas.

Chairman Kavanagh, sponsor, provided history on the recently adopted City of Phoenix Civil Rights Ordinance. He explained that the ordinance contains broad language in the area of public accommodations and extends certain protections to gender identity or expression individuals. SB1045 addresses the public areas section relating to public showers, locker rooms and restrooms. Chairman Kavanagh advised the Committee of the criminal and civil penalties for business owners in violation of the ordinance and said that this bill will reset the law to originality in relation to public showers, locker rooms and restrooms. The remaining areas of the ordinance will not be affected and business owners will have the ability to conduct business without the threat of criminal penalties or lawsuits.

Peri Jude Radecic, Director of Public Advocacy, Arizona Center for Disability Law, testified in opposition to the proposed strike-everything amendment to SB1045. She stated her concern with language contained within the legislation and said that this bill will create unintended consequences and difficulty for people with disabilities needing assistance to utilize a public restroom.

Chairman Kavanagh questioned the impact of the bill to the Americans with Disabilities Act. Ms. Radecic responded that due to the vagueness of language, SB1045 creates a problem that did not already exist by allowing business owners to permit or forbid a person from entering a gender specific restroom, etc. Chairman Kavanagh stated his intention and agreed to address the language issue if necessary.

Claire Swinford, representing self, testified in opposition to the proposed strike-everything amendment to SB1045, stating that this bill is an overreach of government that removes her right to be secure in her person.

Serah Blain, Secular Coalition for Arizona, testified in opposition to the proposed strike-everything amendment to SB1045. She stated that she believes the religious viewpoints of people in political power cannot be used as a basis in civil law or to deny basic human rights and that the definition of gender identity and expression is subjective.

Discussion ensued on the definition of gender identity and expression, personal beliefs and public discomfiture.

Aedan Boscia, representing self, testified against the proposed strike-everything amendment to SB1045, stating that using a public restroom is a basic human right.
Gordon Gray II, Governing Board Member, Arizona Counselors Association, testified in opposition to the proposed strike-everything amendment to SB1045, stating that this legislation is oppressive to the transgender population and is based on public fear.

Michael Woodward, representing self, testified against the proposed strike-everything amendment to SB1045. He advised that the average person utilizes the restroom between eight to ten times daily. This legislation is a threat to public health and addresses a nonexistent problem.

Elizabeth Forsyth, President, Arizona Association for Lesbian, Gay, Bisexual & Transgender Issues in Counseling (AzALGBTIC), testified in opposition to the proposed strike-everything amendment to SB1045. She cited crime rate statistics against the transgender population and stated that the bill is discriminative and dehumanizing.

Haryaksha Knauer, representing self, appeared in opposition to the proposed strike-everything amendment to SB1045.

Antonia D'orsay, Executive Director, This Is HOW, Arizona TransAlliance, testified in opposition to the proposed strike-everything amendment to SB1045, provided a handout on the transgender population (Attachment 39) and informed the Committee of her educational background. She offered to assist in improving the bill’s language and to answer any questions the Committee may have.

Erica Keppler, Co-Chair, Arizona TransAlliance, testified against the proposed strike-everything amendment to SB1045, stating that this bill promotes discrimination and encourages bullying.

Reverend Bradley Wishon, No Longer Silent: Clergy for Justice, testified in opposition to the proposed strike-everything amendment to SB1045. He gave a personal account of his experiences and said that all people are meant to live with dignity and hope. Reverend Wishon encouraged the Members to vote against this bill.

Rae Strozzo, Southern Arizona Gender Alliance, testified against the proposed strike-everything amendment to SB1045. He stated the necessity of protecting lesbian, gay, bisexual and transgender (LGBT) youth and cited statistics on bullying, abuse and being victimized at a young age.

Joy Young, representing self, testified in opposition to the proposed strike-everything amendment to SB1045. She stated that the bill will allow businesses to freely police privacy areas based on a user’s perceived gender identity and will infringe upon a person’s ability to safely access public spaces.

Ira Bohm-Sanchez, representing self, testified against the proposed strike-everything amendment to SB1045 and advised that his parents came to this county from Cuba for safety and freedom. He described to the Committee his personal experiences as a transgender person and urged Members to vote no on the bill.

Laurie Provost, representing self, testified in opposition to the proposed strike-everything amendment to SB1045, stating that this legislation is an unnecessary government regulation.
Existing laws currently protect people and businesses. If a business owner is facing a threat or danger, the owner can refuse service and if a crime is being committed or threatened, there are laws to manage those situations.

Rebecca Wininger, representing self, testified against the proposed strike-everything amendment to SB1045, stating that the bill is lawful discrimination and will ask people to judge others simply on their appearance.

David Horowitz, representing self, testified in opposition to the proposed strike-everything amendment to SB1045. He advised Members of the current statutes in law that already prohibit the issues this legislation addresses and stated that the bill is unnecessary.

Jaycee Wolf, representing self, testified against the proposed strike-everything amendment to SB1045 and informed the Committee that in her experience the transgender population does not like to get undressed in public due to self image issues.

Maureen Robinson, representing self, testified in opposition to the proposed strike-everything amendment to SB1045 and reiterated previous testimony on self image issues and violence against the transgender population.

Allison Reusch-Sinclair, Board Member of the Department of Veterans Affairs Office of Diversity and Inclusion LGBT ERG, representing self, testified in opposition to the proposed strike-everything amendment to SB1045 and cited statistics on sexual perpetrators.

Sheri Proctor, representing self, testified against the proposed strike-everything amendment to SB1045 and advised the Committee that she flew in from Denver, Colorado to testify against this bill. She gave a personal account of discrimination in Montana while using the restroom facilities and explained how this legislation will put the transgender community in jeopardy.

Juli Myers, representing self, appeared in opposition to the proposed strike-everything amendment to SB1045 and urged Members to vote against the bill.

Susan Hurley, representing self, testified in opposition to the proposed strike-everything amendment to SB1045, stating that the bill does not solve a real problem but merely promotes fear.

Dr. Katerina Sinclair, representing self, testified against the proposed strike-everything amendment to SB1045, stating her research experience on gender identity and sexual orientation in youth. Dr. Katerina said that this legislation will rescind the Phoenix ordinance which was approved to protect people from discrimination. In 1999, the same ordinance was passed in Tucson; not one business owner has ever been criminally prosecuted under the law.

Nohl Rosen, business owner, representing self, testified in support of the proposed strike-everything amendment to SB1045, stating that this legislation is a positive first step to protect business owners. He stated that he believes the Phoenix law is overreaching and puts small businesses in a “no win” situation. In response to questions, Mr. Rosen explained how a person with ill intentions could take advantage of the Phoenix ordinance.
Jennifer Jewell, representing self, testified in opposition to the proposed strike-everything amendment to SB1045. She provided the Committee with a personal account of her military service and informed Members that even the Department of Veterans Affairs adopted protocol in its hospitals and clinics to deal with transgender veterans.

Chuck Jones, representing self, testified against the proposed strike-everything amendment to SB1045. He gave an account of his personal experiences and said that the transgender community is one of the least aggressive populations.

Dallas Bryson, representing self, appeared in opposition to the proposed strike-everything amendment to SB1045, stating that this legislation does not make anyone safer in the restroom.

Kayleigh Ibach, representing self, testified against the proposed strike-everything amendment to SB1045, explaining that the bill is unenforceable and a waste of time.

Patty Medway, representing self, testified in opposition to the proposed strike-everything amendment to SB1045 and spoke of her personal experiences transitioning from male to female. Ms. Medway urged the Members to vote against this legislation.

Benjamin Griffith, representing self, testified against the proposed strike-everything amendment to SB1045 and encouraged Members to use actual facts, not opinions, when voting on this bill.

Gary Brewer, representing self, testified in opposition to the proposed strike-everything amendment to SB1045, reiterated discrimination concerns and urged Members to vote against the bill.

Vice-Chairman Olson announced the names of those who signed up in support of the proposed strike-everything amendment to SB1045 but did not speak:
Reverend Jarrett Maupin, Progressive Christian Coalition

The names of those who signed up in opposition to the proposed strike-everything amendment to SB1045 but did not speak:
Anjali Abraham, Public Policy Director, American Civil Liberties Union of Arizona
John Booker, representing self
Jimmye Winburn, representing self
Sandra Lyn Villa Zamorano, representing self
Cinder McDonald, representing self
Stephanie Donoghue, representing self
Tina Parmley, representing self
Tom Finnerty, representing self
Carolyn Fort, representing self
Chris Fike, representing self
Mike Waters, representing self
Sherri Shimansky, representing self
Sean-Michael Gettys, Arizona Transgender Alliance
Jeremy Arp, National Association of Social Workers, Arizona Chapter
Melissa Keller, representing self
Megan Zubko, representing self
Question was called on the motion that the Kavanagh two-page strike-everything amendment to SB1045 dated 03/25/2013 (Attachment 37) be adopted. The motion carried.

Vice-Chairman Olson moved that SB1045 as amended do pass. The motion carried by a roll call vote of 7-4-0-0 (Attachment 40).

Without objection, the meeting adjourned at 8:35 p.m.

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Abby Selvey, Committee Secretary
May 28, 2013

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