



**ARIZONA STATE SENATE  
REPUBLICAN CAUCUS**

# 2018 HIGHLIGHTS

**SESSION HIGHLIGHTS**  
53<sup>RD</sup> LEGISLATURE  
SECOND REGULAR SESSION  
FIRST SPECIAL SESSION

PREPARED BY:  
SENATE MAJORITY STAFF

# ARIZONA SENATE REPUBLICANS

**Steve Yarbrough**  
SENATE PRESIDENT  
DISTRICT 21

**Kimberly Yee**  
MAJORITY LEADER  
DISTRICT 20

**Gail Griffin**  
MAJORITY WHIP  
DISTRICT 14

**John Kavanagh**  
PRESIDENT PRO TEMPORE  
DISTRICT 23

**Sylvia Allen**  
DISTRICT 14

**Nancy Barto**  
DISTRICT 15

**Sonny Borrelli**  
DISTRICT 5

**Kate Brophy McGee**  
DISTRICT 28

**Judy Burges**  
DISTRICT 22

**Karen Fann**  
DISTRICT 1

**David C. Farnsworth**  
DISTRICT 16

**Rick Gray**  
DISTRICT 21

**Sine Kerr**  
DISTRICT 13

**Warren Petersen**  
DISTRICT 12

**Frank Pratt**  
DISTRICT 8

**Steve Smith**  
DISTRICT 11

**Bob Worsley**  
DISTRICT 25

# TABLE OF CONTENTS

<b>4</b>	Budget
<b>11</b>	Education
<b>15</b>	Government
<b>18</b>	Judiciary
<b>21</b>	Commerce
<b>25</b>	Finance
<b>28</b>	Health & Human Services
<b>35</b>	Public Safety
<b>38</b>	Transportation & Technology
<b>40</b>	Natural Resources, Energy & Water

*(Unless otherwise noted, all bills were signed into law)*



## BUDGET

After several years of conservative budgeting and higher than expected revenue growth, Republican legislators were able to deliver on their commitment to keep K-12 public education their #1 priority. Hundreds of millions of new dollars will go to classrooms across Arizona, and teachers will be rewarded for their hard work with large increases in pay. Schools in need of repairs will get those repairs, new schools in growth areas will be built, support staff will likely see pay raises, and textbooks and technology will get upgrades. In addition, legislators extended the .06 cent sales tax for education, bringing stability to classroom funding.

### K-12 Education Funding

A robust K-12 education system is the foundation for a state's economic and social prosperity. Senate Republicans continued their longstanding commitment to our schools with substantial investments in a variety of critical K-12 priorities, led by an unprecedented teacher pay raise of 20% by 2020, aligning Arizona near the national average once fully implemented.

Looking at just new FY 2019 K-12 education investments above the JLBC baseline, the state budget provided an additional **\$388 million**.

<b>FY 2019 New K-12 Spending Above JLBC Baseline</b>	
Teacher Pay	\$176.2 M
Teacher Pay - 301 Bridge	\$64.1 M
Additional Assistance	\$100 M
SFB Building Renewal	\$34.4 M
ASDB/ADC/DJC Teacher Pay	\$1.6 M
ADE IT Funding	\$5.3 M
Computer Science Pilot Program	\$1 M
Large JTEDs	\$1.8 M
Geographic Literacy	\$100,000
Gifted Pupils	\$1 M
<b>TOTAL</b>	<b>\$388 M</b>

## Teacher Pay Raises

The 20% by 2020 pay raise consists of enough funding to raise the statewide average teacher salary amount of \$48,372, as reported by the Arizona Auditor General, to \$58,130 by increasing appropriations for teacher pay each of the next three fiscal years. Starting with the 1% raise included in last year's budget, schools will receive funding for an additional 9% raise this year, 5% in 2019, and another 5% on top of that in 2020.

Average Teacher Salaries with 20x2020 Plan				
Fiscal Year	FY 2018	FY 2019	FY 2020	FY 2021
School Year	2017	2018	2019	2020
Salary Increase	1%	9%	5%	5%
Average Salary	\$48,372	\$52,725	\$55,361	\$58,130

When factoring in all monies dedicated to teacher pay, the result is an additional **\$645 million** by FY 2021. To guarantee that this funding is permanent, ongoing and inflated, monies allocated for teacher pay raises were included via the statutory per-student "Base Level" amount, which is voter protected and inflated each year. Dollars allocated through the Base Level are delivered to school districts and charter schools based on their weighted student count. This assures schools with teachers on the lower end of the pay scale will receive a slightly higher share of the funding, since appropriating dollars solely based on percentages of actual salaries would produce larger dollar amounts for teachers with higher salaries.

To ensure schools do not waste this significant investment on frivolous spending, school districts and charter schools are required to post their year-over-year changes in teacher salary amounts prominently on their local school websites. This information will subsequently be compiled into an annual report for lawmakers.

20x2020 Teacher Pay Investment by Fiscal Year			
Fiscal Year	FY 2019	FY 2020	FY 2021
Total Investment	\$305 M	\$470 M	\$645 M

## Additional Assistance

The landmark 20x2020 teacher pay raise was not the only multi-year investment in K-12 education this year. Our public schools will also experience much needed relief thanks to full restoration of the recession-era suspension of District Additional Assistance and Charter Additional Assistance, phased in over five years.

Starting with an up-front \$100 million in FY 2019, Additional Assistance dollars provide schools with flexible funding for local priorities, including infrastructure, technology, school buses and updated textbooks.

<b>Additional Assistance Restoration (Adds \$67.8M per year)</b>				
FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
\$100M	\$167.8M	\$235.6M	\$303.3M	\$371M

While focusing on what is considered “new” FY 2019 K-12 funding is important, it is also vital to note the significant investments built into the budget as part of the JLBC baseline, including:

- **\$105 million** for inflation increases
- **\$84 million** for new student enrollment growth
- Roughly **\$39 million** for the second year of outcomes-based funding, with greater awards available for lower-income schools
- **\$88 million** for New School Construction, saving the state roughly \$40 million in interest that would have been owed under the Executive’s bonding plan

## Higher Education Funding

Senate Republicans also recognized the key role played by our world-class public universities through committing an additional **\$10.8 million** in FY 2019 for Arizona State University (ASU), Northern Arizona University (NAU) and the University of Arizona (UA).

- **\$8 million** allocated based on the resident-student funding model, which prioritizes state funding for our Arizona students, helping to keep quality postsecondary education affordable.
- **\$1 million** to ASU for the School of Civic and Economic Thought and Leadership.
  - **\$100,000** of this funding is dedicated to supporting research on the Arizona Constitution and development of a civics constitutionalism curriculum for K-12 and postsecondary institutions.
- **\$500,000** to NAU for the Economic Policy Institute in the College of Business for supporting the Institute's mission of rural economic development, financial literacy and entrepreneurialism.
- **\$1 million** to the UA for the Center for the Philosophy of Freedom.

New FY 2019 University Funding	
ASU	\$5.5 M
NAU	\$2.1 M
UA	\$3.2 M

## Secondary Property Tax Rate Reform

Arizona's K-12 funding system is based on a complex formula that can produce inequities between different school districts. Certain inequities are so egregious that families statewide are forced to pick up the tab for a handful of schools. Abusing statewide tax policy to fund a local matter has long been the practice used by select school districts that bypass paying for desegregation costs locally by maxing out their local primary tax rate.

School districts with a court order from the U.S. Office for Civil Rights are permitted to levy a primary property tax rate to fund costs associated with desegregation within the school district. However, the Arizona Constitution caps local primary property tax rates at no more than one percent of a home's full cash value to keep our state taxing system economically competitive. Nine of the state's school districts authorized to levy a primary property tax rate for desegregation costs have already reached their one percent primary rate cap, meaning the state General Fund must pay the difference.

For FY 2019, this would have been a hit to the General Fund to the tune of \$19 million. Fortunately, this year's budget contained a solution. This budget shifts levies for desegregation costs in school districts that have reached their one percent primary rate cap to each district's secondary property tax. This ensures each district pays for their own local services, no district loses any funding, and provides relief to taxpayers throughout the state who have annually carried the burden of providing funding to these nine school districts.

## County Funding

Higher revenue growth allowed the Legislature to begin to eliminate recession-era cost shifts to the counties including the Arizona Department of Juvenile Corrections (ADJC) offset, the Arizona State Hospital Sexually Violent Persons (SVP) program, the Maricopa Superior Court Judges' salaries, the Disproportionate Uncompensated Care (DUC) payments and maintaining thirteen counties' share of lottery revenues.

We extended county "flexibility language" for counties with a population of less than 250,000 persons to use as a tool to meet county fiscal obligations. Those counties may use any source of county revenue, up to \$1,250,000, to meet any county fiscal obligation in FY19.

Small rural schools (less than 1,100 students) will receive their full restoration of additional assistance funding up front in 2019, as opposed to the five-year phase-in prescribed for other Arizona schools.

During fiscal years 2014-2018, LaPaz county passed budgets that significantly exceeded the county's expenditure limit resulting in statutory penalties. In exchange for waiving the penalties the Legislature required enhanced audits and reporting requirements.

In addition, this budget provides a one-time \$1.7 million appropriation to the smaller counties to offset the counties' ability to meet their Elected Officials' Retirement Fund (EORP) liability. These counties include Apache, Cochise, Gila, Graham, Greenlee, LaPaz, Navajo, and Santa Cruz.

### FY 2019-21 County Funding Issues

	\$ in Millions		
	<u>FY '19</u>	<u>FY '20</u>	<u>FY '21</u>
<b>ON-GOING EXPENDITURES</b>			
Critical Access Hospitals	1.8	1.8	1.8
Eliminate DUC Pool Payments	2.6	2.6	2.6
End County SVP Payment	3.0	3.0	3.0
Lottery Distribution (Pinal, Yav., Mohave)	1.65	1.65	1.65
Local HURF	12.0	19.0	19.0
Yavapai County Sheriff Reentry Planning	0.5	0.5	0.5
Maricopa County Judges @ 50%	-	6.5	13.1
	<u>21.6</u>	<u>35.1</u>	<u>41.7</u>
<b>ONE-TIME EXPENDITURES</b>			
Dept. of Juvenile Corrections Offset	11.3		
Prescott PSPRS Deposit	1.0		
EORP Small County Offset <sup>/1</sup>	1.7		
Mayer School District	0.3		
Navajo Code Writing Program	0.5		
Breeders Award Fund	0.25		
	<u>15.1</u>		
<b>TOTAL On-Going and One-Time</b>	<u><u>36.6</u></u>	<u><u>35.1</u></u>	<u><u>41.7</u></u>

<sup>/1</sup> - Apache, Cochise, Gila, Graham, Greenlee, La Paz, Navajo, Santa Cruz

## Military Spending

The Arizona National Guard is the state's organized militia and has the responsibility to train and maintain readiness for state and federal missions. The Legislature provided **\$5 million** to meet the 25% military construction state-match requirement for a new Army National Guard Readiness Center in southern Arizona. The readiness center is expected to house approximately 170 soldiers who are part of the 222nd Transportation Company.

Arizona has provided an exemption from state income tax for the first \$2,500 from military retirement pay. We owe it to our service members to allow them to keep as much of their military pension pay as possible. To that end, we increased the amount of military retirement pay exemption to \$3,500 beginning in FY 2020.

In FY 2015, the Legislature appropriated **\$9.2 million** in non-lapsing General Fund monies for the state's share of construction costs of a Yuma Veterans' Home, which reflected 35% of the estimated cost. In FY 2017, the Legislature appropriated **\$10 million** for the Flagstaff Veterans' Home, which also provided a 35% match for federal dollars, subject to federal approval. Federal funding for both of these projects was announced in April. This is extremely important for Arizona veterans and to show our support the legislative budget appropriated another **\$4 million** to Yuma and **\$4 million** to Flagstaff to cover the costs of construction for additional beds.

## Developmental Disabilities

The Legislature supported measures to strengthen Arizona's families and protect our most vulnerable populations. This year we addressed the unfunded budgetary impact of Prop 206 (minimum wage initiative) with an additional **\$13 million** appropriation for our program providers for persons with developmental disabilities.

The Cost Effectiveness Study (CES) is a mandated requirement by the Centers for Medicare and Medicaid Services (CMS) to ensure that the Home and Community Based Services (HCBS) are more cost effective than an institutional placement. Each Arizona Long-Term Care System/Division of Developmental Disabilities (ALTCS/DDD) member is assigned one of the five levels based on the level of care needed. Upon annual rate review, HCBS costs increased while institutional care stayed the same. This places families who care for loved ones at home in the untenable position of adjusting care (less direct care assistance or fewer respite hours, e.g.) to reduce costs or face admission into a facility. The Legislature appropriated **\$1.1 million** from the Special Administration to avoid such a disruption. This assistance has been provided to families in prior years in the budget. An annual adjustment will be made by the Legislature to provide family caregivers the certainty and relief they deserve.



## Education

Passed by the voters in 2000, Proposition 301 provides over \$660 million in annual funding for our K-12 schools, public universities and community colleges through the levying of a six-tenths of one cent transaction privilege tax and use tax. This funding is critical for maintaining educational quality and was set to expire in 2021, leaving a fiscal cliff for Arizona public schools. **SB 1390 (TPT; additional rate; education)** provides financial stability by extending the six-tenths rate another 20 years beginning in 2021, and further prioritizes K-12 teachers by repurposing \$64 million for increased teacher pay from funding previously dedicated to School Facilities Board (SFB) debt service payments set to be paid off in the near future.

Arizona continues to lead the nation in school choice by providing a variety of educational options for families and students. **SB 1467 (STOs; corporations; caps; scholarship eligibility)** aimed to curb annual growth in corporate tax donations to School Tuition Organizations (STOs) while providing Arizona's most disadvantaged students with greater access to quality education through modest changes to STOs award amounts and eligibility. The bill, however, never received a vote on the House Floor.

A proper measurement of academic performance is critical to a state's education system, but a 'one assessment fits all' strategy is inadequate when applied to modern education models. Arizona's menu of assessments bucks this antiquated means of testing by allowing schools to select an assessment that best meets their individual needs. **SB 1449 (schools; statewide assessment contracts; review)** charts the path forward by calling for a state level procurement of all assessments that will be available to schools, creating savings through economies of scale and a more efficient administration of each test. Accountability measures were also included by requiring JLBC review of statewide assessment contracts. Since the menu of assessments is available for Arizona high schools during this transitional academic year, **HB 2534 (teachers; certification requirements)** provides high schools that choose an assessment off the menu proportional funding.

Accessing assessment data is critical for developing targeted lesson plans. **SB 1291 (schools; pupil assessment data)** frees schools from the Arizona Department of Education's (ADE) hindering bureaucracy by requiring ADE to provide local education agencies with assessment data files upon request.

Arizona's A-F letter grade system has also been hampered by incompetence at the ADE, calling for a much-needed makeover. **SB 1411 (schools; annual achievement profiles)** addresses issues with performance indicators and converts the A-F system into an educational dashboard, providing families with more meaningful information to help when selecting a school and holding local school officials accountable for academic performance.

To be successful in today's society, high school graduates need a core understanding of personal financial literacy. **SB 1442 (personal finance)** incentivizes students to sharpen these crucial skills by establishing a State Seal of Personal Finance and allows the State Board of Education (SBE) to establish a separate personal finance course for high school graduation.

Many schools have lost track of the importance of bestowing the values of our Founding Fathers upon students to ensure we maintain an engaged and enlightened citizenry. **HB 2561 (schools; civics literacy state seal)** establishes a State Seal of Civics Literacy and **SB 1444 (schools; American civics education)** requires the SBE's social studies standards to include American civics education. The bill also appropriates \$500,000 to establish a five-year American Civics Education Pilot Program for high schools.

Providing children with a rich learning environment at an early age exponentially increases the likelihood of college and career readiness. **SB 1082 (full-day kindergarten; instruction requirements)** ensures voluntary full-day kindergarten programs are not just public babysitting services by mandating they meet or exceed academic standards, and to ensure our younger students remain active, **SB 1083 (schools; recess periods)** requires K-5 schools to offer two recess periods each day by the 2019-2020 school year.

Schools will also now be able to properly calculate their Average Daily Membership (ADM), the foundation of our school funding system, thanks to **SB 1008 (common schools; average daily membership)**, which specifies that all hours in which a student is scheduled to attend school during a regular school day be included in K-8 ADM calculations. Previously, schools were shortchanged by being barred from including recess and lunch periods in their ADM calculations even though schools maintain responsibility for students during those periods.

With news stories and government reports of wasteful spending, lack of accountability and even criminal indictments littered throughout headlines this session, K-12 capital financing and oversight demanded serious attention. The Caucus responded swiftly with **SB 1066 (school facilities board; reforms)** which tightens SFB regulations on grant awards, standardizes project eligibility assessments, prioritizes critical projects and strengthens conflict of interest requirements. On the local side, **HB 2542 (SE: procurement; fraud prevention)** authorizes the Attorney General to gather information under oath regarding suspected cases of procurement fraud, helping to snuff out bad actors, and empowers those with valuable information regarding misconduct to come forward by providing whistleblowers with protection from retaliation. The bill also establishes a landmark reform sure to disrupt an industry wrought with corruption by banning the awarding and acceptance of gifts between vendors and school officials. Both bills were rolled into the K-12 budget reconciliation bill **SB 1521 (K-12 education; budget reconciliation; 2018-2019)**.

Furthermore, the public's investment in district school facilities will no longer sit wasted and vacant thanks to **HB 2460 (charter schools; vacant buildings; equipment)** which prohibits districts from accepting low ball offers on school facilities if a higher offer from a charter school or private school is on the table. Local governments should also not be interfering with the free market when it comes to private schools. With cities and counties often attempting to dissuade private schools from locating in smaller spaces through excessive land use regulations, **HB 2461 (zoning regulations; private schools)** prohibits this market

disruption by allowing our private schools to operate small efficient sites by prohibiting local land use regulations stating private schools can only operate on properties that are larger than one acre.

In addition to providing an unprecedented and well-deserved pay raise for teachers, Republican lawmakers also worked to eliminate government red tape from the teaching profession. **SB 1255 (teachers; alternative performance evaluations)** reduces redundant evaluations for our highest performing teachers by creating a new expedited alternative evaluation process for teachers classified in the highest performance classification for three consecutive years, while **HB 2036 (substitute teachers; experience; certification)** allows substitute teachers to count primary teaching time toward capstone experience for teaching certification.

Those highly trained teachers who are responsible for educating students through the Arizona State Schools for the Deaf and Blind (ASDB) were also benefited through legislation this year. **HB 2022 (appropriation; ASDB: education program)** appropriates \$2.07 million and 21 FTE positions for early childhood family education and **HB 2108 (ASDB; teacher salaries; personnel fingerprinting)** ensures all ASDB teachers are eligible for any salary increases awarded to other public-school teachers.

In addition to providing excellence in education, schools must also maintain appropriate health and wellness policies that keep students safe and out of harm's way. The best approach is often to keep government out of the way and let those best positioned to make decisions. Previously, state law required schools to maintain two doses of epinephrine auto-injectors (EpiPens) on their campuses. **HB 2085 (schools; emergency epinephrine administration)** returns decision-making authority back to schools, by authorizing each local education agency to determine policies on storing EpiPens and expanding who can give a standing order for EpiPens to nurse practitioners and physician assistants. **HB 2086 (schools; diabetes management policies; pharmacists)** expands the scope of practice for licensed pharmacists to include the medical management of diabetic children in schools and **HB 2323 (schools; inhalers; contracted nurses)** allows contracted school nurses to administer inhalers.

No one knows better than a child's parent when it comes to their kid's health and safety. To guarantee parents have the information they need to make the appropriate decisions regarding their child's welfare **HB 2088 (pupils; concussions; parental notification)** requires disclosure of concussions or harmful incidents to parents and establishes a pilot program allowing physical therapists to make return-to-play decisions and provide information regarding proper concussion management. **SB 1539/HB 2657 (interscholastic activities; health dangers; information)** provides both students and parents with valuable information on the dangers of heat-related illnesses, sudden cardiac death, and prescription opioid use.

The Caucus passed several measures affecting higher education this legislative session. Since 1953, Arizona has been a member of the Western Interstate Commission for Higher Education (WICHE), allowing tens of thousands of families to

save millions of dollars by attending other Western states' undergraduate, graduate and professional development programs. Arizona students and families have saved over \$140 million since 1998 through WICHE's Western Undergraduate Exchange program alone. **SB 1215 (WICHE: continuation)** continues Arizona's participation in this multistate compact for another eight years.

Providing students with financial assistance is critical for our state's economic development, especially for those students faced with disadvantages out of their control. Assisting foster care children has long been a priority of the Caucus. This foster care tuition waiver program provides children who were in foster care during certain ages with a waiver covering full tuition and mandatory fees at Arizona community colleges and public universities. Given its importance, the waivers were included in the FY 2019 budget package, in **SB 1527 (higher education; budget reconciliation; 2018-2019)**.

While providing financial aid is a foundation for ensuring student success, our higher education system is still in dire need of reform to address frivolous spending and skyrocketing tuition rates. With much of enrollment growth at our public universities coming via online students, online tuition rate changes should be subjected to strong public oversight and strict scrutiny. Furthermore, students and families should not be surprised when they open their tuition bill. **SB 1422 (universities; tuition and fees)** requires the Arizona Board of Regents (ABOR) to approve any changes to online tuition rates by a roll call vote, eliminating this negligent oversight, and requires ABOR and each university to publicly disclose any final action on changes in tuition or academic fees, providing for greater transparency and information for our students.

For years, Coconino Community College District has been underfunded and unable to even request additional funding from the local community for critical services and projects due to an outdated statute. **SB 1527 (higher education; budget reconciliation; 2018-2019)** remedies this disparity by allowing Coconino Community College District to resubmit a proposed new levy amount to district voters that, if approved, is phased in over three years.

The First Amendment to the U.S. Constitution provides free speech rights to all Americans, and should be cherished at our institutions of higher learning so students can engage in free speech without discrimination. Unfortunately, left-leaning universities nationwide continue to infringe upon student rights by establishing 'free speech zones' and 'safe spaces'. These outrageous policies will never take root in Arizona thanks to **HB 2563 (postsecondary institutions; free expression policies)**. The bill asserts that public postsecondary campuses are public forums and are open to any speaker invited by a student, group or faculty member and authorizes any person to bring court action against violations by a university, community college, faculty member or administrator. The legislation also directs ABOR and Arizona's community colleges to establish committees on free expression to analyze the barriers and protections of speech on our postsecondary campuses.



## Government

The Arizona Constitution prescribes specific penalties (\$100-\$5,000) for public service corporations that violate rules or orders of the Arizona Corporation Commission (ACC). While the ACC has exclusive jurisdiction over ratemaking, it does not have the authority to levy fines beyond what is already in place. The Constitution does grant the Legislature the authority to prescribe additional fines. **HB 2005 (public service corporations; penalties)**, as amended by the Senate Government Committee, extends the already-enacted fines to public service corporations that violate any constitutional provisions relating to electric generation resources. Thus, if a ballot initiative passes that mandates unattainable “clean” power requirements, this measure sets the exclusive penalty for regulated utilities that are not able to realistically meet those standards.

Working with the Attorney General’s Office, the Senate amended **HB 2065 (public meetings; definition; penalties)** to put some teeth into the open meetings laws without going too far on penalties and indemnification provisions. Many public entities, most notably school districts, are flouting the open meetings laws. Outside of training, the Attorney General’s Office had little to bring these entities into compliance. With this measure, individuals or entities now face fines of \$500 for a second violation and \$2,500 for subsequent violations.

In an effort to bring all telecommunications services into the 21st century, the Senate Government Committee adopted an amendment to **HB 2209 (internet protocol; corporation commission)** that clarifies that phone calls made over an Internet Protocol service are not telephone calls for purposes of regulation by the Arizona Corporation Commission. This clarification has been enacted in many states and makes sense because many forms of communication that utilize the Internet are not regulated by the state and voice communications should be no exception.

During the past year, some local media outlets reported that people were being forcibly removed from their condominiums because their building had been sold and the new buyer could use an obscure state law that allows ownership to be terminated if 80% of the residents voted to do so. While this was technically true, in the few instances this happened in Arizona, most of the terminations were investor-owned and not owner-occupied. However, to make sure that no one loses their home against their will without just compensation, **HB 2262 (condominiums; termination; appraisals)** requires multiple appraisals of property to determine the fair market value of a condominium, as well as provide an arbitration process and relocation expenses. While 80% of owners of a building may vote to terminate ownership, at least those unwilling to move will be adequately provided for.

Arizona’s congressional delegation has experienced one vacancy recently, and perhaps there are more to come. To bring fairness, certainty and clarity to potential candidates who seek to fill a vacancy, **HB 2538 (US House vacancy; special election)** provides for special primary election dates for US House vacancies to occur between 120 and 133 days after the occurrence of a vacancy, as opposed to 80-90 days. The special general election will now be held 70-80 days after the special primary, as opposed to 50-60 days. These changes will give candidates and their committees more time to get organized and allowing the voters to be better

informed. Similarly, for US Senate vacancies, if the vacancy occurs LESS than 150 days before the next regular primary election date, the Governor's appointee to fill the vacancy will serve until the second general election. This helps bring certainty to potential candidates because attempting to gather signatures in a highly compressed time frame will result in legal challenges and voter confusion.

The intent of the Americans with Disabilities Act (ADA) is to prohibit public and private entities from discriminating against persons with disabilities. The ADA also prohibits those entities from blocking the use of service animals on their premises. Unfortunately, some pet owners dress their pets in vests and other attire to pass them off as service animals so they can bring their pets into shops and stores. Many constituents have complained that these fake service animals are not properly trained and constitute a nuisance, due to their uncleanliness and inattentive owners. With **HB 2588 (misrepresentation; service animals)**, trying to fraudulently pass off a pet as a service animal is now subject to a civil fine of up to \$250.

Arizona will join 34 other states that have permitted the cultivation and harvesting of industrial hemp. Hemp fibers and stalks are widely used in clothing, construction materials, paper, biofuels and plastic composites. The federal Farm Bill in 2014 authorized universities and states' departments of agriculture to grow industrial hemp for the purposes of academic research, provided the state authorized the practice. **SB 1098 (industrial hemp; licensing)** gives the Arizona Department of Agriculture authority to begin issuing licenses to approved growers for the production of hemp. The licenses are good for one year and unlicensed growers will be subject to criminal prosecution.

At the behest of a talented middle school student, the Legislature took up the cause of establishing an official state dinosaur, with **SB 1517 (state dinosaur; Sonorasaurus)**. The *Sonorasaurus thompsoni* was discovered by University of Arizona student Richard Thompson in 1994 in Cochise County. Excavation recovered about 30% of the dinosaur's bones, which can now be found in the vertebrate paleontology collection at the Arizona-Sonora Desert Museum in Tucson.

Experience now shows Arizona's Independent Redistricting Commission can easily be gamed. In the last redistricting process, the independent chair of the Commission repeatedly sided with the two Democrats and redrew district lines that ended up hurting Republican candidates in swing districts. To correct this gamesmanship, the Senate President worked diligently all session to craft **SCR 1034 (membership; independent redistricting commission)**, a ballot referral that would allow Arizonans to see how their voices were being diluted by the current system and vote to change it. The more significant changes proposed included:

- Expanding the Commission to nine members from five
- Expanding the pool of candidates for consideration by the Appellate Commission to 30 people from 25

- Allowing the Senate and House leaders from both political parties to select the fifth and sixth members, and those six members would select the final three members of the Commission
- Requiring the largest district by population not to exceed the smallest district by more than two percent

These common-sense changes would have ensured a much fairer and non-partisan process, because the Commission members would be forced to work together to come to agreements. Unfortunately, the measure failed on a final vote in the Senate.

**HCR 2032 (public retirement systems)** is a ballot referral capping off a three-year project to overhaul some of the state's beleaguered pension systems. In 2016 the Legislature passed, and the voters approved, in a special election (with 70% of the vote) a change to the state constitution that allows a one-time diminishment in retirement benefits to the enrollees in the Public Safety Personnel Retirement System (PSPRS). The following year a similar measure was adopted that affected the Corrections Officers' Retirement Plan (CORP). Finally, this year the Legislature completed its overhaul and added the Elected Officials' Retirement Plan (EORP) to the ballot referral. This change will allow the PSPRS Board to pay a limited, inflation-sensitive cost of living adjustment to enrollees of the three retirement plans and stop them from losing money by being forced to make a permanent benefit increase whenever the plans' investment returns perform well. Over time these subtle changes will help the plans remain solvent. Voters will have the opportunity to approve the changes to CORP and EORP in the 2018 general election.



## Judiciary

Trusts and Estates is an area of law that adheres to tradition and is based upon several hundred years of jurisprudence that goes back to the common law. **SB 1538/ HB 2656 (electronic wills and trusts)** modernizes this practice area and makes the transference of family assets more secure. The bill allows people to conveniently create a will electronically using modern technology that is closely monitored by a qualified custodian to ensure that the authenticity of the documents is protected.

A person who uses a mask in the commission of a crime should be subject to a heightened sense of culpability because of the blatant attempt to hide their identity, especially during a political rally where the intent is to agitate. **HB 2007 (evasion; crime; personal disguises)** allows a court to consider that a defendant used a mask in committing a crime as an aggravating factor for sentencing purposes.

Public funds should not be used to silence sexual assault or sexual harassment victims and hide them behind the veil of nondisclosure agreements. **HB 2020 (sexual assault; harassment; confidentiality agreements)** prohibits public monies from being used as consideration in exchange for a nondisclosure agreement. **HB 2053 (sexual acts; theft by extortion)** establishes the crime of sexual extortion to prevent manipulating or coercing a person under the threat of harming that person's reputation by distributing photos or video of the person engaging in sexual activity.

Law enforcement and prosecutors need tools to capture sexual predators, whether they are trolling the internet looking for victims, have been arrested, or are not mentally competent to answer the charges against them. **HB 2244 (dangerous crimes; children; fictitious age)** clarifies that it is not a defense to an allegation of a dangerous crime against children that the victim is in fact a law enforcement officer posing as a minor. **HB 2245 (prohibited bail; sexual conduct; molestation)** prohibits bail for predators charged with sexual conduct with a minor or child molestation under specified circumstances. **HB 2248 (incompetency; screening; sexually violent persons)** ensures that even if a person is not competent to stand trial, they will still undergo a sexually-violent-person-screening based upon their prior conviction for sexual offenses.

The idea that a sex offender could take up residence near their victim shocks the conscience. **SB 1041 (residency restrictions; sex offenders; victims)** addresses this issue by prohibiting certain sex offenders from knowingly establishing residency within 1,000 feet of where the former victim lives.

A slate of bills was introduced to create a more efficient, equitable and effective criminal justice structure in Arizona. **HB 2311 (limited liability; employers; ex-offenders)** provides an incentive for business owners to hire people with criminal histories so that they can contribute to the economy. The bill provides qualified immunity for hiring an employee or contracting with an independent contractor who has previously been convicted of a criminal offense, with certain common-sense exceptions.

**HB 2312 (setting aside convictions; requirements)** lessens the burden for certain ex-offenders to set aside a judgment of guilt, which helps them compete in the

economic arena. The bill allows an ex-offender to apply to a court in general for a set-aside, rather than having to file with the original adjudicator who imposed the sentence.

An inability to pay assessed court fees and fines should not make an already tenuous economic situation worse. **HB 2313 (sentencing; monetary obligations; fine mitigation)** gives a court the discretion to mitigate fines and fees and alternatively allows the court to direct a person to community restitution options rather than criminal proceedings. **HB 2314 (misdemeanor sentence; authorized disposition)** permits a court to impose a sentence to perform community restitution or a term of education or treatment for misdemeanor convictions, rather than imposing fines or a jail term.

Federal law enforcement officers deal with multiple threat levels as part of the profession. **HB 2327 (federal officers; personal information; confidentiality)** grants these officers certain confidentiality protections to reduce the danger to the life or safety of the officer or the officer's family.

Inducing a person to give money to a charity with the promise that the donation is tax deductible, going to a nonprofit corporation or allowing the donor to receive a tax credit is fraudulent and unacceptable. **SB 1077 (fund solicitations; charities; unlawful acts)** criminalizes these gross misrepresentations of charitable donations.

A sense of fairness is arguably built into the criminal justice system, even for those who commit heinous crimes. If a person agrees to a plea agreement to serve a life sentence with the possibility of parole, that agreement should be honored. **SB 1211 (sentence; life imprisonment; parole eligibility)** stipulates that a person convicted of first degree murder who received a life sentence with the possibility of parole as agreed to in a plea agreement, is eligible for parole after serving the minimum number of sentenced years.

The Clean Elections Commission has seen its fair share of scandal and financial misfeasance since its inception. To rein in some of these abuses of public monies, **HCR 2007 (clean elections; unlawful contributions; rulemaking)** gives voters the opportunity to prohibit clean elections funds from being transferred from a candidate to a non-profit entity that can legally engage in partisan election activities, and subjects the Commission to the same rulemaking oversight as other state agencies.

The Legislature acted swiftly to fund and hold a special primary and general election to fill a vacancy in Congressional District 8. **SB 1058 (secretary of state; appropriation; elections)** allocated \$2.5 million to fill the CD 8 seat efficiently so that Arizona is adequately represented at the federal level.

A determination as to whether a campaign finance violation has occurred is best left to a Superior Court judge, not the county attorney who is investigating the violation, because this creates a separation of powers issue. **SB 1249 (campaign finance violations; appeals)** remedies this by allowing an alleged violator of campaign

finance laws to appeal the violation directly to the Superior Court rather than through an administrative hearing.

The Legislature addressed an issue last session that banned payment to statewide initiative or referendum petition circulators based upon the number of signatures collected. **SB 1530/HB 2648 (ballot measures; paid circulator definition)** simply expands the definition of paid circulator to include all circulators who receive compensation, irrespective of the number of signatures obtained, except for paid employees of political committees who obtain fewer than 200 signatures.

Anonymous political speech is still speech and its use goes back to the founding fathers. **HB 2153 (campaign finance; nonprofits; disclosure)** ensures that this traditional form of political speech continues so that citizens may exercise their First Amendment rights and participate in the political arena without suffering rabid viewpoint opposition that may threaten career and economic activity. The bill prohibits cities, towns, counties or political subdivisions from requiring certain non-profit, tax-exempt organizations to register as political action committees or to disclose specified individual based information related to contributions.

Arizona citizens deserve to vote in the most efficient manner using equipment that is technologically sound. **SB 1437 (elections; equipment; amendments)** updates election procedures related to methods of casting votes with modern equipment and eliminates references to outdated procedures and equipment.



## Commerce

The Legislature continued to reform the workers' compensation system to improve the claims process for employers and employees alike. Questions relating to who is required to provide wage and compensation coverage, particularly in small business settings, was clarified in **HB 2047 (workers' compensation; employee definition; LLCs)**. The bill requires members who own more than 50% of an LLC and shareholders who own more than 50% of a corporation to accept coverage in writing, for workers' compensation policies issued or renewed after July 1, 2019, in order to receive benefits.

A measure enacted in 2017 allowed employers and workers to settle and release all or part of a claim for benefits, allowing for injured workers to receive up front what is owed to them. It also reduces the administrative burden for businesses to make partial payments in perpetuity. However, the Industrial Commission of Arizona (ICA) found that determining what is "in the best interest" of an employee who chooses to receive a full and final settlement lacked guidelines which hindered their approval of such settlements. **SB 1100 (workers' compensation; claim settlement)** requires disclosure to employees of the amount of the settlement covering future medical, surgical and hospital benefits, the present value of the benefit, the discount rate used to calculate present value and the employee's life expectancy to fully assess whether the settlement is adequate to support the medical maintenance needs in the future.

First responders suffering from Post-Traumatic Stress Disorder (PTSD) resulting from witnessing devastating events on the job will have enhanced benefit coverage for necessary counseling and therapies needed to return to work. Originally a measure to fully cover PTSD as a presumptive condition, **HB 2502 (PTSD; workers' compensation; presumption)** increases the number of counseling visits for up to 36 sessions if a licensed mental health professional determines that further counseling is likely to improve the first responder's condition. Through the Traumatic Event Counseling Program created in 2016, public safety employees will not have to use accrued paid vacation or personal leave while seeking treatment and employers must ensure that employees have no lost wages or benefits for up to 30 calendar days during the time of treatment.

Governor Ducey launched an aggressive initiative to combat the opioid epidemic in the state. Limitations for initial prescriptions and refill of opioids for pain management were imposed. To conform with the special session limits, **SB 1111 (workers' compensation; opioids; dispensed medications)** limited for workers' compensation treatment of employees, initial opioid prescriptions to five days for non-surgical treatment and 14 days following a surgical procedure. In addition, physicians are required to justify a treatment plan using an opium based controlled substance and any other off-label uses. The Industrial Commission will establish reimbursement guidelines for opioids dispensed in physician offices, which are high cost drivers to the workers' compensation system. This measure will provide much needed focus on addiction resulting from treatment for work related injuries.

Individuals receiving Unemployment Insurance (UI) benefits are required to actively seek employment and demonstrate their efforts with the Department of Economic

Security (DES). Work search candidates may decline employment if they do not consider a prospective job to be suitable to the experience, training and wages from previous occupations. **SB 1398 (unemployment; return-to-work program; suitable work)** modifies the parameters of suitable work for a person receiving UI benefits for four weeks to be any offer that provides 120% of the weekly benefit. The bill also requires DES to establish a Training Program to provide paid or unpaid job opportunities and apprenticeships to unemployed individuals. The UI recipient will continue to receive benefit payments while they are in the Training Program and they may continue seeking suitable work. This measure will encourage unemployed workers to take advantage of positions in different trades and expand their employment opportunities.

The American workforce has transformed in recent years and the evolution of independent contractors has created a need to distinguish employment responsibilities for workers' compensation, unemployment and tax liabilities, as well as benefit policies. **SB 1500 (employment security; employee; employer status)** provided the necessary clarifications to provide predictability and certainty in the health care industry. Health care professionals and direct care workers that contract with medical practice groups, hospitals and do not have wage withholdings are excluded from the definition of employee. Because the federal government and state determination of employee status are inconsistent, the bill designates IRS treatment of income (which employers must already comply with) as the determining factor of employees.

Most working professionals do not have the time and resources to follow the deliberations of agencies that make determinations that affect their livelihood. **HB 2207 (public meetings; recordings, posting; definition)** provides greater transparency for licensed professionals to follow their respective board's meetings and rulings on disciplinary actions and licensing decisions. The legislation requires licensing entities to post recorded meetings on their website and retain proceedings online for three years. Posted information includes all final decisions, orders and actions taken by the authority. A delayed effective date of 2019 will allow the Arizona Department of Administration to evaluate the cost of providing audiovisual records and reports online.

The promotion of free enterprise principles is a priority among legislators. Governing bodies unduly apply regulations and impose licensure of an occupation, trade or profession under the guise of protecting the public health and welfare. **HB 2532 (occupational regulation; municipalities; counties; hearings)** requires local governments to demonstrate that a new occupational licensing requirement is necessary through a public hearing process. Existing occupational license will automatically sunset unless cities and towns hold a public hearing three months prior to the expiration date to demonstrate necessity. All local licensing entities must establish administrative rules and procedures for application and enforcement to ensure working professionals have due process and recourse for licensing actions.

Governing bodies and anti-competitive market participants can impose regulations on individuals and business without much recourse. **SB 1273 (administrative**

**proceedings; rules; contested cases)** creates a mechanism for independent review of unduly burdensome regulations through the Governor's Regulatory Review Council (GRRRC). A person or regulated party will be able to petition GRRRC to review occupational regulations that impact their professional livelihood. This legislation applies to individuals earning 200% or below the federal poverty guidelines. Should GRRRC determine that a regulation is unduly burdensome and does not meet a health or safety objective, it can modify, revise or set aside that occupational requirement.

Regulated entities have the cards stacked against them when challenging an agency's disciplinary or licensing action. Many sanctions imposed have significant fiscal and criminal ramifications. Review by the Office of Administrative Hearings (OAH) oftentimes rule in favor of government, as they rely heavily on information submitted by agencies who hide behind statute and rule to justify their case. **HB 2238 (administrative decisions; review; scope)** levels the legal playing field by requiring courts to decide questions of law without deference to an agency's determination when reviewing a final administrative decision brought by or against a regulated party. This reform will provide greater due process to individuals and businesses in administrative actions, affording them the opportunity to have their information given equal consideration in a court of law.

A continued effort to ease licensing burdens and move people into the workforce ensued this session. **SB 1399 (board of barbers; cosmetology; apprenticeships)** allowed for 250 apprenticeship hours to apply toward board licensure, in lieu of formal barber school course requirements. This program administered by the Department of Economic Security is intended to help individuals seeking employment in the profession from incurring costs of formal instruction. **HB 2655/SB 1537 (real estate licenses; online classes)** allows applicants for an initial real estate or broker's license to fulfill instruction hour requirements through completion of an online course offered by an Arizona Department of Real Estate-certified school, provided the applicant completes the course examination in person. **SB 1443 (certified public accountants)** streamlines the licensing process by allowing the Board's executive director to issue CPA certificates, terminate decisions and approve exams, firm registration re-issue, reactivate retired licensees without having to wait for a formal hearing of the full board. The Board is also prohibited from charging registration fees to sole proprietorships. **HB 2550 (contractor qualifications; work experience)** requires the Registrar of Contractors (ROC) to waive the work experience requirement for previously licensed contractors who may have suspended or retired a license within five-year time frame. The ROC must also waive the examination requirement for licensure.

The continuation of the Arizona Commerce Authority (ACA) presented an opportunity to improve the agency's outreach to existing and prospective businesses in greater Arizona. **HB 2167 (Arizona Commerce Authority; continuation; requirements)** extended the agency for eight years. This measure requires the ACA to dedicate full time staff to support small business, serve as a small business ombudsman and represent rural economic development. The agency must publish outcomes data on rural economic development and small business outreach on its website.

Since the Legislature provided exemptions from various homemade food products from regulation under the Department of Health Services (DHS), nearly 6,000 businesses have evolved and registered with DHS's online registry of food handlers. Stemming from the success of these home-based businesses, **SB 1022 (DHS; homemade food products)** adds nonhazardous cottage food products to the exemption to be prepared and sold for commercial purposes. Such food products include fruit jams and jellies, dry mixes, dry pasta, honey and roasted nuts. This bill will hopefully encourage more entrepreneurs in the food industry.

Litigation for construction defects has plagued the home building industry for years. Homeowners ultimately bear the cost of disputes over which party is liable for defects. Efforts to indemnify or assign liability to certain parties once performance on a job is complete have proven contentious and identifying ways to mitigate dwelling actions have fallen short. **SB 1271 (construction liability; apportionment; study committee)** established a legislative committee to take a comprehensive look at all factors leading to the increased litigation costs in the construction industry, including the use of indemnity provision in construction contracts, allocation of liability based on degree of fault and financial responsibility of negligent parties. The committee will report by December 15, 2018 its findings, with potential statutory recommendations to provide relief from dwelling actions.



## Finance

**SB 1382 (TPT; online lodging marketplace; registration)** requires online lodging marketplaces (i.e. Airbnb, VRBO, Homeaway, etc.) to register with the Arizona Department of Revenue (DOR) for state and local tax collection and remittance purposes. This will create uniformity among online lodging websites regarding TPT collections.

To retain the high-income jobs and continue generating the electrical power needed by the Central Arizona Project, it is important to keep the Navajo Generating Station open and running. Conditional on the transfer of ownership of the Navajo Generating Station by December 31, 2022, **HB 2003 (coal mining; TPT repeal)** exempts retail sale, mining, storage, use, or consumption of coal from state and municipal TPT and use taxes. It establishes for Navajo County a one-half percent county excise tax on gross proceeds and income derived from the commercial use of coal extracted from within the county.

To keep local municipalities from expanding and manipulating the use of the Government Property Lease Excise Tax (GPLET), **HB 2126 (government property, abatement, slum, blight)** modifies existing requirements pertaining to the tax abatement relating to the GPLET for property improvements located in a central business district. The bill restricts the size of a central business district to the greatest of: the existing land area as of January 1, 2018; 2.5% of the total land area of the city/town; or 960 acres. The bill specifies that geographic compact means an area formed after January 1, 2018 that has a length of not more than twice its width. HB 2126 also contains provisions relating to areas designated as slums or blighted.

To better protect Arizona's consumers, **SB 1264 (gift cards; dormancy fee; prohibition)** prohibits the purchase of a gift card from being subject to a fee and prohibits the underlying monies on a gift card from being subject to an expiration date or dormancy fees. The bill allows the card itself to expire but the underlying monies never expire. If a card expires, the consumer can contact the issuer for a replacement card.

Arizona is continually looking for ways to increase the efficiency of the Department of Revenue (DOR) and to reduce a taxpayer's burden in complying with Arizona tax laws. To accomplish this **SB 1293 (department of revenue; administrative efficiency)** contains several key provisions: DOR may begin using an electronic payment portal on January 1, 2019; notifications sent from the DOR via email are received on the date the email was sent; DOR may destroy any taxpayer submitted information that is not required, authorized, or requested to be submitted; and DOR may send certain notices by electronic means, rather than physical means.

Based on Superior Court rulings, **SB 1478 (employer contributions; EORP)** removes the previously enacted specific employer contribution rate of 23.5% of compensation. Beginning on July 1, 2018, the prior 23.5% contribution is replaced by requiring each Elected Officials' Retirement Plan (EORP) employer to make contributions based on actuarial valuations: Furthermore, these contributions must be actuarially sufficient to meet both the normal cost plus the amortized unfunded accrued liability over a 20-30-year period. In addition, the sum of \$5 million is

appropriated from the general fund to EORP to pay down the level of the unfunded accrued liability. The passage of SB 1478 is designed to assist EORP in transitioning from a defined benefit to a defined contribution plan.

In 2013, Arizona bifurcated the prime contracting tax classification into prime contracting and point of sales. As a result, there have been concerns on how to classify various construction activities. In order to further clarify Arizona's prime contracting classifications **SB 1409 (TPT; prime contracting; alteration; replacement)** removes the following exceptions under the definition of alteration: projects in which the scope of work applies to more than 40% of the existing square footage of the property or that the square footage is increased by more than 10% of the property.

The current TPT tax appeal process typically results in lengthy delays that inevitably ends with a hearing by a neutral entity (i.e. BOTA or Tax Court) and merely increases the overall cost to both the taxpayer and the DOR. Retroactive to January 1, 2017, **SB 1385 (tax appeals; administration hearings; confidentiality)** allows a taxpayer who files a state tax appeal regarding a deficiency assessment or refund denial from DOR, to bypass the Office of Administrative Hearings process and appeal directly to the State Board of Tax Appeals (BOTA) or to bring an action in tax court.

Arizona's consumers should not have to repeatedly pay fees to protect their identities and credit rating, to help accomplish this, **SB 1163 (credit security freezes; fees; prohibition)** prohibits consumer reporting agencies from charging a \$5 fee for credit security freezes and obtaining new customer passwords.

The Legislature enabled Arizona entrepreneurs and small businesses to access startup capital not otherwise available in the traditional lending market through participation in equity crowdfunding websites. Internet investment is a growing trend, as is the fast-paced market development of virtual currency for E-commerce transactions. Though critics claim government is out of touch with modern developments, Arizona continues to embrace innovative technology to improve the lives of consumers through the passage of **HB 2601 (securities; crowdfunding; virtual coin offerings)**. This legislation makes various changes to the Arizona interstate crowdfunding exemption statutes, most notably including virtual coin offerings to the crowdfunding securities exemption from Arizona Corporation Commission licensing.

**SB 1386 (high-tech tax fraud)** establishes a Class 5 felony for the sale, possession, and installation of products intended to defeat or evade the tax code. These programs are intended to diminish or falsify sales records in an attempt evade tax obligations, resulting in millions of dollars never reaching state and local coffers.

The state Legislature also took measures to ensure the best and brightest minds are leading Arizona state agencies. **HB 2123 (insurance department; director; residency)** removes the three-year minimum Arizona residency requirement for appointment as Director of the Department of Insurance.

With the passage of **HB 2098 (insurance; inducements)** the Arizona Legislature tried to reduce accidental insurance inducement violations. This legislation increases, from \$25 to \$100, the maximum aggregate value of permissible inducements offered by an insurer in connection with any insurance transaction. This modest increase allows for insurance agents to reward their clients while remaining low enough to maintain transparency of the decision process.

**HB 2484 (local food tax; equity)** requires a municipal food tax to be uniformly applied to all food items that are subject to sales tax, removing any ability for local municipalities to unfairly tax specific food products (i.e. large sodas, candy). This bill is just one more example of Republicans following through with the promise to protect Arizona's citizens from fragmented social engineering by Arizona's cities.

In an attempt to reduce burdensome regulations on business owners, **HB 2371 (mobile food vendors; state licensure)** establishes statewide licensure and tax classification for mobile food vendors. In addition, this bill delineates permissible municipal and county regulations regarding mobile food trucks.



## Health & Human Services

The 53rd Legislature began with a swift and hard initiative to combat the opioid epidemic that has swept the nation. Governor Ducey called a Special Session in January to impose limitations on prescribing opioid and Schedule II controlled substances for pain management. **SB 1001/HB 2002 (controlled substances; regulation; appropriation)** mandated that health care providers limit initial opioid prescriptions to five days for non-surgical treatment and 14 days following a surgical procedure. Patients with terminal illness, traumatic injuries and who are currently being treated for chronic pain are excluded from these restrictions. Health professionals are prohibited from prescribing more than 90 morphine milligram equivalents (MMEs) unless a patient was currently being treated at higher dosage levels. If a physician believes more than 90 MMEs is needed, they must consult with a board-certified pain specialist to review the patients file and make a recommendation. Should a consult not be readily available, a prescriber may issue a prescription up to 48 hours until a consult is done.

The omnibus legislation contained numerous provisions. Key highlights are as follow:

- \$10,000,000 is appropriated to the Substance Abuse Disorder Services Fund administered by AHCCCS to treat addiction.
- Insurers must respond to prior authorization prescription requests for prescriptions through a secure electronic transmission beginning January 1, 2020. This is necessary so that health providers who treat urgent medical conditions and seek alternative pain therapies get expedient approval.
- All pharmacists are required to register with the Controlled Substance Prescription Monitoring Program (CSPMP) and check the database to obtain a patient utilization report for the previous 12 months before dispensing a new prescription for a schedule II drug. The CSPMP has not been regularly utilized by licensed professionals to detect “doctor shopping” or habitual prescribing activity.
- The Department of Health Service will license and regulate pain management clinics to target “pill mills.” DHS will adopt rules for clinics to provide informed consent to patients on use of pain medication; they must maintain records on patients being treated along with medical history; and they must have a medical director on site and require physical examinations.
- The bill contains a Good Samaritan provision that prohibits a person from being criminally charged for possession when seeking medical assistance, in good faith, for an individual experiencing a drug-related overdose. This liability does not limit the admissibility of evidence related to an investigation or prosecution of any other crime or prevent the ability to seize contraband or make an arrest for another offense. Those witnessing or experiencing an overdose may be offered a drug diversion program.

- DHS, in conjunction with the Office of Youth, Faith and Family will develop an opioid abuse prevention campaign that uses various media platforms to reach youth and at-risk populations about the consequences of prescription drug use.

Arizona requires health facilities that perform abortions to report on the number of abortions performed, demographic information on women electing to have an abortion, any medical complications or reasons for an abortion and the gestational age of a child at the time of the procedure. This information is instructive in that it gives the state insight on long term trends on abortion and presents an opportunity to promote women's health and wellness. **SB 1394 (DHS; reporting; abortions)** enhances the reporting requirements to include a new informed consent report. Greater specificity is required by requiring a report provide at least one reason for a woman seeking an abortion, such as whether it is an elective decision or if there are health concerns for the mother, medical complications for the child or whether the patient is a victim of assault or sex trafficking. If medical complications arise because of the procedure, those conditions must also be reported to DHS.

Arizona's law does not contemplate the disposition of human embryos for divorce proceedings. A recent Superior Court judge's ruling ordered that an embryo in a custody battle be donated to a fertility bank and offered to another couple, instead of a willing biological parent. **SB 1393 (dissolution; human embryos' disposition)** instructs the courts in marriage dissolution or legal separation actions to award embryos to the spouse that intends to allow the embryos to develop to birth. A spouse that is not awarded the embryo does not have any parental responsibilities, rights or obligations with respect to a child resulting from disputed embryos unless the spouse provided gametes and consents in writing to be a parent of any resulting child. This parent's rights measure will ensure that individuals do not lose their right to a human embryo solely because their spouse no longer intends to parent.

In 2017, the Legislature required temporary custody orders be obtained through the Superior Court, rather than the Juvenile Court. Executing warrants prior to removal of a child or siblings will ensure that a judicial review of the facts will determine if a family truly needs to be separated, particularly in cases of neglect. Warrants are not required if exigent circumstances exist. **SB 1395 (temporary custody without court order)** requires the court to find probable cause instead of reasonable grounds for child removal. Exigent circumstances are defined as when a child is likely to suffer serious harm before a court order could be obtained and no less intrusive alternative is available to protect the child (such as physical and sexual abuse).

Permanent guardianship with a relative caregiver or close family friend can be a permanency option for a child in out-of-home care when efforts to reunite the child with his or her family have been unsuccessful and permanency through adoption is either not possible or not appropriate. **SB 1166 (permanent guardianship; subsidy)** allows permanent guardians who are appointed for a child to be eligible for the adoption subsidy. This financial assistance can make a difference in keeping a child in a safe home environment at a lower cost for their time in state custody.

The drug epidemic in the state has resulted in a rise of substance exposed newborns that enter foster care. While reunification is a laudable goal, oftentimes parents do not rehabilitate and a child languishes in care for years. Habitual substance abuse and failure to comply with court orders is an aggravating circumstance that the Department of Child Safety (DCS) can use to move a child to permanency sooner. However, there are very few cases where aggravating circumstances have been filed with the Courts. **SB 1473 (kinship care; aggravated circumstances; dependency)** requires DCS to maintain a goal to place infants in care into permanent placement within one year of filing a dependency petition. This “Rocket Docket” measure establishes that a child under three who that has lived with a foster parent or kinship caregiver for at least nine months is presumed to have a significant relationship with the foster parent and should be considered for permanent placement. Consideration should be given regarding birth parents and relatives and the bill requires an active search for family during the time of custody. This measure will bring about much needed resolution for foster families that care for and establish bonds with these children.

Older children in out-of-home (OOH) care must begin to prepare to transition toward independent living. Personal information such as medical, educational and personal identity records are vital for school admittance, employment and the ability to obtain a driver’s license. Oftentimes these documents cannot be located and foster families struggle to assist them in this effort. **SB 1380 (children; out-of-home placement)** requires a child welfare agency and providers to provide a birth certificate, nonoperating identification license and immunization records within 60 days of placement for children at least 16 years of age or older. ADHS and ADOT must give providers these necessary documents upon DCS verification of the child in OOH care at no cost. Additionally, DCS must provide foster or kinship foster parents with a social security number within 90 days of request and within 120 days for children at least 14 years of age. For children in care in general, DCS must request birth certificates within 30 days of placement, as they do not always have these documents on hand. Finally, children close to aging out of the system who participate in independent living programs are to receive assistance in meeting career, education and future development goals. It is imperative that these young adults be given the best opportunity possible to succeed.

A critical component of recovery for individuals treated for substance use disorder is having a safe home environment that reinforces treatment and sobriety. The sober living industry has burgeoned in recent years and has been an unregulated entity for the most part. Unfortunately, there are some providers and home operators in the recovery industry that do not provide the standard of care necessary to help addicts successfully transition to independent living. There is a perverse incentive to keep tenants in a home, and partnerships between sober living homes and treatment facilities create a conflict of interest for the treated patient. In addition, patient brokering has become prevalent where people receiving inducements for referrals target individuals with insurance. Brokers do not have the patient’s best interest at heart, sometimes feeding their own addiction with these cash payments.

To address the problem, the Legislature imposed standards to ensure the best of outcomes for people in recovery. **SB 1465 (sober living homes; certification)** tasked DHS to establish by rule, standards and requirements for licensure of sober living homes. Such standards include drug and alcohol testing, discharge planning, keeping a good neighbor policy, safely maintaining medical treatment while residing in the home and abiding by residential rules and policies. Within 90 days of the final rule, all sober living homes must be registered with the state. Beginning January 2019, only certified homes will be eligible for federal or state funding or receive referrals by the state and county for residential placement. Statewide regulation is necessary as cities and towns have adopted ordinances that created inconsistency and would face legal challenges for violating the Americans with Disabilities Act and Fair Housing Act for discrimination. In addition, **SB 1451 (patient referral inducements; prohibited compensation)** prohibits a person, health care provider or facility or a sober living home from offering, soliciting or receiving any form of payment for a referral to or from a sober living home or substance use disorder treatment facility. Penalties for those in violation range from a Class 6 to Class 3 felony and up to \$150,000 in fines based on the size of the inducement.

Similar to the sober living industry, there is concern among the senior-living community that significant payments are being made in order to direct patients to various facilities. While payments are being made, it is represented to the patient that the referral is “free”. **HB 2529 (assisted living; referrals; disclosure)** requires disclosure to the patient or patient’s representative about any financial arrangement that may exist between an assisted living facility and the broker. The bill is intended to provide consumer protection to allow the consumer to know the level of payment that is being made to refer that patient and whether a business relationship exists. The concern is that a senior may not be provided options that are in their best interest due to commission agreements. In contrast, federal law prevents kick-backs for referrals to skilled nursing homes entirely.

The rising cost of pharmaceuticals can leave consumers financially strained to meet copayments and deductibles when filling expensive prescriptions. Contracts imposed by pharmaceutical benefit managers (PBMs) expressly prohibit pharmacists from advising patients on alternative drugs at lower costs. For example, if a consumer pays \$125 through an insurance plan but could pay only \$100 if purchased with cash, that information cannot be disclosed. **HB 2017 (pharmacies; practices; pharmacy benefits managers)** prohibits PBMs from placing “gag clauses” on pharmacy contracts that bar informing consumers about the amount of their cost share for a prescription drug, its effectiveness and if there is an available alternative drug. Furthermore, PBMs can’t require a pharmacist to charge or collect a copayment from a patient that exceeds the total submitted charges by the network pharmacy. This consumer protection measure is titled “Prescription Drug Pricing Patient Protection Act.”

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) provides continued insurance coverage to employees who have terminated their employment, have reduced work hours that disqualify coverage, have become eligible under a Medicare plan where spouses or dependents do not qualify, and have loss of

coverage due to divorce and separation. COBRA is federally required for businesses with 20 or more employees. There is no option for employees of small businesses under 20 employees. While COBRA is known to be an expensive insurance policy, consumers in Arizona have found the coverage to be more desirable than shopping for insurance on the failed Obamacare exchange. **SB 1217 (insurance; small employers; continuation coverage)** requires small businesses to notify employees of their right to continued benefits for up to 18 months after a qualifying event. They are required to pay full cost of the coverage and any administrative costs associated with maintaining the policy. This “Mini Cobra” policy provides important gap coverage until an individual finds coverage through new employment or other circumstances.

The individual and employer mandates of Obamacare did anything but provide affordable health care. Health plans have dropped out of the state’s exchange and left certain regions of the state without health care. Some cities and towns nationwide and in Arizona have taken on wage and employment policies that are beyond their jurisdiction. **SB 1247 (health insurance; mandated provision prohibited)** prohibits a city or town from requiring employers provide health insurance. Should a repeal of Obamacare take effect, this bill will ensure that no new mandates at the local level will be imposed.

Modern technology has empowered consumers in many ways. In the healthcare arena, people will soon be able to find the best care at affordable rates at their fingertips. States have promoted greater transparency options through “Right to Shop” initiatives where insurers are required to use website platforms to enable enrollees to obtain information on the price insurers pay for services. Enrollees can and compare those costs with other network providers and choose their provider accordingly. Should the enrollee receive services at a lower rate, incentive payments can be made to reward the policyholder for cost savings. While a full “right to shop” measure was not enacted, **HB 2414 (state employee health plan; incentives)** makes the step in the right direction. The bill requires the Arizona Department of Administration (ADOA) to complete a cost-analysis of implementing an incentive-based insurance program for current enrollees and retirees and allows ADOA to implement any cost-effective program during the next open enrollment. Perhaps the state can serve as the model for consumer choice.

The Supplemental Nutrition Assistance Program (SNAP) provides food assistance for low income families and children. The accessibility of food with high nutrition value can be scarce in certain communities. **SB 1245 (appropriation; SNAP; benefit match; produce)** requires the Department of Economic Security (DES) to establish a Produce Incentive Program for SNAP enrollees to purchase Arizona grown fruits and vegetables at authorized sites, such as farmer’s markets. A family can receive up to \$20 from enhanced matched dollars to purchase fruits and vegetables. The Legislature funded the program with \$400,000 to draw down federal funds to help put healthy Arizona food products on the table for SNAP recipients.

Access to dental care among low-income families, children covered by Medicaid, the elderly, people with disabilities and in Native American communities has given

rise to creating a new midlevel provider that can serve these populations through collaborative practice agreements or under direct supervision of a licensed dentist. **HB 2235 (dental therapy; regulation; licensure)** establishes the licensure of dental therapists through the Board of Dental Examiners. Dental therapists must already be a licensed dental hygienist that has graduated from an accredited dental therapy program and has passed a national exam. Dental therapists practicing through a collaborative practice agreement must complete 1,000 hours of clinical practice prior to offering services independently. In addition, dental therapists are restricted to practicing only in underserved areas. Although it was like pulling teeth, this legislation is the result of an agreement among the stakeholders and is the proper balance between providing greater access to care and ensuring patient safety.

Health care systems utilize individuals to coordinate care and improve outcomes for patients with complex conditions. Case management can yield positive results, particularly cost savings to a system when emergency room visits and hospital admissions can be avoided. For health plans providing care to Medicaid patients, taxpayer dollars are better spent. As such, individuals who have adequate training to help complex patients navigate their medical and behavioral health care is vital for successful results. **HB 2324 (community health workers (CHW); voluntary certification)** tasked DHS to adopt minimum standards by rule that prescribe core competencies necessary for community health workers to expand health and wellness opportunities among diverse populations. While certification is voluntary, those who meet the education and training standards will be valued partners with insurers and providers alike. Maintaining the proper balance between protecting the public health and imposing certification standards was achieved in this bill. Penalties and coursework requirements were minimized and overall cost to the CHW was reduced as well.

Arizona's Sunrise Review process was created to provide a mechanism to request the regulation of health and non-health professions or an expansion in scope of practice for health professions. Applicants must file a report stating the public need to increase the level of practice, identify the training and education that will satisfy public safety concerns and cite the regulations that will govern their practice. The applications are then deliberated by a House and Senate Committee of Reference (COR). Over the years, the process has evolved into epic turf battles where a select committee can create a barrier to entry for some professions and deny them the opportunity to make their case to the full Legislature. **SB 1034 (committee of reference; standing committee)** prohibits regulation that restricts competition. Existing licensed health professional groups will submit a report by November 1st annually. The reports will be assigned to the standing committees of jurisdiction, rather than the COR, to enable greater legislative deliberation.

Individuals with Serious Mental Illness (SMI) benefit greatly from supportive housing for longer periods of time than what is traditionally offered in our behavioral health system. Families and friends of the SMI often report that their loved ones are discharged prematurely from supportive housing without adequate transition plans and then disrupt and cycle through the system repeatedly, adding higher costs overall to the state. **SB 1396 (group home beds; mentally ill)** requires the Arizona

Health Care Cost Containment System (AHCCCS) to report on the number of behavioral health residential facility beds and supportive housing beds available for SMI adults. This data will help identify what capacity needs there are and perhaps generate conversation about housing models outside the system.

Human Rights Committees (HRC) provide accountability and external review of services provided to our most vulnerable populations. Their chief goal is to ensure that these populations are treated with dignity and are receiving adequate and appropriate services to meet their needs. There are HRCs for the developmentally disabled, SMI adults, and children in care at various state agencies. Each committee is uniquely formed and is not uniform in its processes. **SB 1450 (independent oversight committees; appointment; duties)** transfers the HRCs within DES, DCS, AHCCCS to the Department of Administration (ADOA) and renames the committees as Independent Oversight Committee to better reflect the intent that members serve independent from an agency's influence. It is hoped that ADOA will provide impartial assistance with the appointment process, public notice of meetings and coordinate with the agencies to provide requested information.



## Public Safety

Mass school shootings have occurred with alarming frequency over the years. The Governor proposed a comprehensive school safety plan which was refined and spearheaded by the Senate. **SB 1519 (school safety; protective orders; appropriations)** sought to disrupt a specific, dangerous and potentially lethal pattern of behavior by providing law enforcement with the option of seeking a Severe Threat Order of Protection (STOP). A STOP order would ensure that a person undergo a behavioral health evaluation and subsequent treatment as needed, and would prevent a person who is a danger to self or others from accessing firearms for a reasonably brief period of time. Additionally, the bill invested in mental and behavioral health resources at schools, improved the criminal history database, established the Center for School Safety which created a centralized reporting tip line, and increased school resource officer funding and training. The House did not address the school safety issue, and the bill died in that chamber.

Reducing recidivism and giving prisoners options to succeed once they are no longer incarcerated makes good sense. **HB 2188 (prisoners; special services fund; use)** provides funding for implementing, operating and maintaining technologies and programs for educational inmate use, which prepares them for job opportunities once they fulfill their sentence. **SB 1436 (criminal history; occupational regulation)** also prohibits a state agency or board from denying an otherwise qualified individual from receiving an occupational license due to a criminal record, with certain exceptions.

County jails are often the point of contact for persons who engage in low-level criminal activity because of drug addiction or mental illness. As such, county jails are in the best position to direct persons to services to mitigate these types of issues. **SB 1476 (appropriation; county sheriff; reentry planning)** appropriates a total of \$1.5 million over the next three fiscal years to the Yavapai County Sheriff's Office to serve as a possible state model for release coordination reentry planning services.

Successfully integrating former prisoners back into society by reducing any additional hardships, especially potentially economic hardships, is sound public policy. **SB 1502 (ignition interlock device; incarceration credits)** reduces the amount of time an ignition interlock device is required to be installed in a vehicle based upon the time the person was incarcerated for driving under the influence. This allows the person to enter the economic arena quicker and to get their lives back on track. **SB 1496 (prisoners; drug sentences; out-of-custody treatment)** requires qualified inmates convicted of specified drug offenses to be placed in prisoner transition programs, with certain exceptions, so that they have the tools necessary to reintegrate into society. **SB 1400 (aggravated DUI; sentence; county jail)** permits county sheriffs in certain counties to establish aggravated driving under the influence (DUI) programs that permit aggravated DUI offenders to serve their terms of incarceration in the county jail rather than in prison. This policy saves money at the state prison level, and allows offenders to serve their time closer to home, which has been shown to be beneficial in the rehabilitation process. **SB 1199 (drug testing; eye movement analysis)** highlighted an innovative form of technology using eye movement analysis testing, which is a non-invasive test that examines an individual's rapid eye movement to determine if they are under the

influence of drugs or alcohol. The bill would have allowed an employer to conduct a cost-effective eye movement analysis test on employees or potential employees. This bill was held in the House.

The Arizona judicial and penal systems strive to ensure that crime victims are made as reasonably whole as possible by the perpetrator of the crime. If a criminal defendant who is on probation fails to make four consecutive restitution payments, **SB 1503 (delinquent restitution; procedure)** sets procedural criteria to bring the probationer before a court to answer the reason as to why the restitution payments were missed and to order restitution to continue.

Arizona's highway patrol officers work the freeways with diligence and pride in urban and rural areas of the state. **HB 2270 (appropriations; DPS remote housing)** creates an incentive for officers to serve and protect in remote areas by providing \$2 million for better DPS housing in rural Arizona.

**SB 1162 (silver alert notification; developmental disability)** expands the use of the Silver Alert System to include reports of missing persons who have developmental disabilities. Residents in the area are notified if a person with a severe, chronic disability is reported missing so that the community can help safely return them to their family.

People who are new to the United States shouldn't be preyed upon by unscrupulous practitioners offering bogus immigration services. **HB 2155 (notaries public; immigration law; prohibition)** prohibits a notary public who is not an attorney from providing services that amount to the unauthorized practice of immigration law.

Arizona appreciates its military veterans. **SB 1089 (purple heart day)** designates August 7 of each year as Purple Heart Day in recognition of any member of the United States Armed Forces who has been wounded or killed while serving. **SB 1090 (Beirut barracks bombing remembrance day)** designates October 23 of each year as Beirut Marine Barracks Bombing Remembrance Day in remembrance of the 241 members of the United States Armed Forces who were killed by a terrorist explosion while on a peacekeeping mission in Beirut, Lebanon on October 23, 1983. **HCM 2008 (ghost army; urging recognition)** requests that Congress recognize the Ghost Army for their service in WWII, which included utilizing devices like inflatable tanks, sound tracks, fake radio transmissions and pretense to conceal the true movements and operations of the Allied forces.

Exposure to the herbicide Agent Orange has had profound negative health consequences for Vietnam Veterans whether they served on land or sea. **HCM 2007 (blue water navy; Vietnam veterans)** urges Congress to enact the Blue Water Navy Vietnam Veterans Act to restore presumptive coverage for diseases associated with exposure to Agent Orange while serving in the bays, harbors and territorial seas of Vietnam, rather than those who just served on land.

National Guard members should not be treated poorly by employers who stagnate wages, rob them of vacation time or don't recognize seniority because a Guard

member needs a leave of absence to comply with active duty or training orders. **HB 2421 (national guard; employment rights)** ensures that these common-sense protections extend to members of the Guard from states other than Arizona.

In our continuing effort to support Arizona veterans, the Legislature passed several bills designed to facilitate their ongoing physical and economic recovery. **HB 2513 (hyperbaric oxygen therapy; veterans; fund)** creates the Hyperbaric Oxygen Therapy for Military Veterans Fund to assist our nation's heroic veterans in overcoming traumatic brain injuries. Hyperbaric oxygen therapy is an innovative and effective treatment that reduces the trauma associated with brain injuries. **SB 1431 (memorial; veterans; suicide)** establishes a Veterans Suicide Awareness Monument to raise awareness of the tragic veteran suicide epidemic related to post-traumatic stress disorder and traumatic brain injuries that plague many combat veterans. **HB 2191 (military families; assistance; sub-accounts)** extends the Military Family Relief Fund and separates the Fund into the Pre-9/11 Veterans Subaccount and the Post-9/11 Veterans Subaccount. The Fund provides donation-based financial assistance to deserving military families in Arizona. **HB 2192 (Military family relief fund; extension)** extends the period for allowable tax credits to the Fund.



## Transportation & Technology

In a rapidly changing automobile landscape, manufacturers sell their business to other manufacturers. It's only equitable that an automobile dealer be able to keep their franchise in the event a manufacturer sells. **HB 2305 (vehicle dealers; franchise regulations)** ensures that the successor motor vehicle manufacturer adhere to certain rights, duties, requirements and prohibitions so that an auto dealer may sell vehicles without suffering the consequences of a manufacturer sale. The bill also prohibits a new motor vehicle manufacturer from requiring the exclusive use of the manufacturer's parts and accessories for the sale of used motor vehicles.

Consumers should be made aware when their personal or financial information is compromised in a data security breach. **HB 2154 (personal information; data security breaches)** requires computerized data owners to notice affected persons in a timely fashion so that they may take steps to mitigate the breach and protect themselves.

Texting while driving is a threat to public safety on both a national and a state level. The Senate attempted to make Arizona's roadways safer and amended **HB 2159 (traffic violations; traffic survival school)** to include legislation that would prohibit texting while driving so drivers will be less distracted behind the wheel. The House did not move the issue forward.

County government is in the best position to determine their infrastructure needs. **SB 1147/HB 2162 (county transportation excise tax)** permitted certain counties to ask residents to vote to approve a transportation excise tax to move a county transportation infrastructure plan forward. This bill did not receive a final vote in the House of Representatives.

Civil penalties imposed for traffic violations can quickly add up, which, unfortunately, not all people can pay. These people end up driving with a suspended driver license, which further compounds the problem. **HB 2169 (driving violations; restricted licenses; penalties)** addresses this issue by allowing the court to mitigate fines and restrict a person's driving privileges to carry on education, medical, economic and parenting duties.

Drunk drivers barreling down the wrong side of an Arizona freeway are a major public safety concern. The crashes are horrific and the fatality rate is extraordinarily high. The Legislature addressed this concern in **HB 2243 (wrong-way driving; violation; DUI)** by adding a robust aggravated driving factor to the DUI statutes to ensure that wrong-way drivers are heavily punished for their actions.

**HB 2522 (traffic violations; penalties)** was the result of a tragic incident where a person driving on a suspended license killed a mother and seriously injured her two children while they were crossing the street using a crosswalk. The driver's liability under current law essentially resulted in a slap on the wrist. The bill closes this loophole by modifying the penalties for traffic violations that result in serious physical injury or death.

Emerging technologies do not need burdensome regulations that may impede

technological advances. **HB 2602 (running nodes; blockchain; regulation prohibition)** and **HB 2603 (corporations; blockchain technology)** seek to expand the applications of cryptocurrency transactions without overregulated interference from government.

Efficiently moving goods through an international point of entry is a monumental task. An outdated and inefficient roadway system to move those goods to a transportation facility is unacceptable in a modern, international system. **SB 1065 (commercial vehicles; ports of entry)** addressed this by allocating a portion of collected special permit fees to update and modernize transportation facilities in proximity to the port of entry.

Photo radar tickets are problematic in their application because the discretion of a peace officer on the scene is removed from the process. **SB 1110 (photo radar; review; penalty)** seeks to mitigate this issue by requiring a law enforcement agency to review recorded evidence to determine whether a traffic violation occurred before issuing a citation.



## Natural Resources, Energy & Water

Recently the US Food and Drug Administration (FDA) approved an extension to the shelf life for Grade A eggs, from 24 days to 45 days from their inspection date. Grade AA eggs will still have a 24-day shelf life. Besides saving grocery stores and consumers money, **HB 2464 (sale of eggs; expiration date)** enables food banks and other charities that serve meals to the underprivileged to accept more direct food donations without violating FDA rules.

The Senate Appropriations Committee adopted an amendment to **HCR 2017 (renewable energy standards; corporation commission)** to act as a counter-balance to an initiative threatening the state. The initiative, proposed and financed by California radical Tom Steyer, mandates that Arizona utilities generate at least 50% of their electricity from “renewable” energy sources by 2030. The initiative excludes natural gas, coal, and nuclear from eligibility and instead requires the use of biomass, solar and wind. This is not technically feasible and will certainly result in sky-high energy costs to our most vulnerable residents. A competing proposition would be necessary to give voters a choice. The referral adopted by the Legislature leaves the renewable energy goal of 50% by 2030 in place, but requires the Arizona Corporation Commission to assess the impact such a goal would have on costs, reliability and “well-being” of the state before implementing it. It was ultimately decided not to send the measure to the ballot.

**SB 1038 (state land sales; payment method)** is a common-sense bill allowing the State Land Commissioner to accept multiple forms of payment, rather than just a cashier’s check. It seems innocuous, but it will help facilitate the sales of state trust land and remove an archaic hindrance.

The Water Protection Fund provides resources for projects that protect, restore and ensure the quality of the state’s rivers, streams and riparian habitats. **SB 1039 (appropriation; Arizona water protection fund)** provides a \$400,000 appropriation, sending a clear message that Arizona’s water is always a priority.

**SB 1140 (certificates of authority; video service)** proposes to transform a half-century of policy with how video service providers interacted with local governments. In an attempt to strike a fair balance between the cities and the industry, the Legislature agreed to a new, statewide uniform video service license that must be adhered to by all the cities. Cities will no longer be able to deny a video service provider from obtaining a license, but may appeal any disputes to the Office of Administrative Hearings. Cities will also maintain the authority to require a construction or occupancy permit for work on city roads and rights-of-way.

With the Arizona fire season fast approaching, it helps to have as many qualified people as possible in efforts to mitigate forest fires. **SB 1432 (ranchers; landowners; fire training)** authorizes the Department of Forestry and Fire Management to develop a program to train ranchers and landowners to detect, prevent and suppress forest and range fires.

In his executive order 2015-01, the Governor ordered all agencies to identify regulations that can be simplified or eliminated to reduce regulatory burden while continuing to promote environmentally responsible economic growth. To that end, the Arizona Department of Environmental Quality (ADEQ) proposed that the Legislature consider the following changes, which the Republican caucus supported in **SB 1421 (environmental quality; amendments)**

- Give the ADEQ director discretion on whether to administer the Brownfields Cleanup Revolving Fund since the program is entirely funded by the EPA and funding levels vary considerably.
- Remove the requirement that ADEQ assist the Department of Health Services in recruiting and training personnel, since ADEQ no longer retains the expertise to support the requirement.
- Modify the requirement that ADEQ monitor water quality in conjunction with the Department of Water Resources and the State Land Department only on an “as needed” basis.
- Remove the requirement that ADEQ publish a list of sites that are required to obtain an Aquifer Protection Permit, since the statutory requirement expired in 2006.
- Allow Certificates of Inspection to be transferred between all types of dealerships to avoid multiple retests of vehicles that are sold between emissions testing areas.

Recently the State of Arizona entered into an agreement with the US Food and Drug Administration (FDA) to assume jurisdiction and enforcement responsibilities for the federal Produce Safety Rule (PSR). **SB 1063 (produce safety rule; state administration)** establishes the necessary statutory framework for the Arizona Department of Agriculture (AZDA) to assume primacy of the program. Besides addressing enforcement gaps, the legislation also allows the AZDA to work with other state and local government agencies to regulate produce that is subject to the PSR. The federal government has always recognized the AZDA as a leader in food safety, especially its compliance efforts through training, outreach and technical assistance as opposed to heavy-handed enforcement. Now Arizona farmers will be able to work with government experts in the state rather than relying on bureaucrats from Washington on produce safety. This is particularly important because information on food safety constantly changes with new scientific advancements and updated farm practices.

Because of recent changes to federal regulations and operational practices, the EPA is now encouraging states to seek primacy or program authorization for additional federal programs. This is a unique and undoubtedly limited-time opportunity for the Legislature to give ADEQ the statutory authorization to obtain primacy. Arizonans have wished for years for the opportunity to work with experts within the state rather than relying on bureaucrats in Washington. As a result, ADEQ has

come forward with **SB 1493 (environmental quality; dredge, fill permits)** & **SB 1494 (environment; underground injection control program)** to obtain primacy in two federal programs that will eliminate redundancy, reduce permitting times and improve customer service. More specifically, obtaining primacy will:

- Enable Arizona to issue “dredge and fill” permits that regulate the discharge of material into waters of the US. This is currently administered by the Army Corps of Engineers and is a very confusing and lengthy process. Allowing ADEQ to administer the program will result in faster permitting, local technical expertise, higher quality permits and better consistency.
- Allow ADEQ to issue Underground Injection Control permits to regulate the underground injection of hazardous liquid and gas. New mining and desalination technology are rapidly developing and primacy will allow ADEQ to eliminate some duplicative regulatory requirements that currently exist in statute that retard economic growth and technological innovations.

In June 2017, the Governor convened a large stakeholder meeting with numerous businesses and other entities to kick-off a lengthy process to reform the state’s water laws. The on-going drought that affects our Colorado River supply as well as the state’s groundwater and aquifer levels make water one of the most important topics every year. For decades, Arizona has approached water policy in a consistent manner that allows for an inclusive, comprehensive and robust discussion with all the key stakeholders and the state’s political leaders at the forefront. Since legislative leaders were excluded from most of the Governor’s discussions, the House and Senate water committees instead put together measures that many key stakeholders said were the most pressing issues that had the consensus to move forward. Those issues contained in **SB 1507 (water program amendments)** include:

- Requiring any person who wants to transfer water out-of-state to notify the Legislature and the Department of Water Resources.
- Addressing the calculation issues with extinguishment credits in the Pinal Active Management Area.
- Re-examining the county water adequacy provisions to allow for more local flexibility.
- Transferring the administration of Natural Resource Conservation Districts from the State Land Department to the State Forester.
- Requiring the Department of Water Resources to develop a desalination action plan.

Though this measure did not actually move forward this year, the Senate Republican Caucus eagerly welcomes the future opportunity to more fully engage in any process that tackles managing Arizona’s water supply.

Each year the Legislature sends “postcards” to Congress to urge them to rein in federal overreach, particularly in the environmental arena. Too many federal regulations have come at the behest of radical environmentalists who have used the federal agencies to block economic growth and progress. One of the most abused federal regulations is the Endangered Species Act (ESA), which can halt development for the flimsiest of reasons. To that end, **SCM 1008 (endangered species act; urging Congress)** urges Congress to enact House Resolution 2603, which amends the ESA to prohibit species from becoming listed that are nonnative to the US.



# **ARIZONA STATE SENATE REPUBLICAN CAUCUS**

Prepared by Senate Majority Staff  
Published May 2018