

LEGISLATIVE HIGHLIGHTS



ARIZONA SENATE REPUBLICANS



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SENATE REPUBLICANS



KAREN FANN
PRESIDENT
LD 1



RICK GRAY
MAJORITY
LEADER
LD 21



SONNY BORRELLI
MAJORITY WHIP
LD 5



VINCE LEACH
PRESIDENT PRO
TEMPORE
LD 11



NANCY BARTO
LD 15



PAUL BOYER
LD 20



DAVID GOWAN
LD 14



SINE KERR
LD 13



DAVID
LIVINGSTON
LD 22



J.D. MESNARD
LD 17



TYLER PACE
LD 25



WARREN
PETERSEN
LD 12



WENDY ROGERS
LD 6



T.J. SHOPE
LD 8



KELLY
TOWNSEND
LD 16



MICHELLE
UGENTI-RITA
LD 23



INTRODUCTION

The Arizona Legislature gathered on Opening Day 2021 facing challenges not seen in over 100 years. Arizona and the world were at the peak of a global pandemic and there was still much uncertainty.

Nonetheless, legislators gathered to address key issues that arose during the prior year, balancing both the health and safety of Arizonans while avoiding further shutdowns of the state's economy and the weakening of personal freedom.



Budget

During the 2020 session, Republican leadership responded to the uncertainty of COVID-19 by passing a budget that maintained current levels of funding for schools, provided emergency pandemic funding, and reduced unnecessary spending in government. This approach to uncertainty ensured that essential government services would be funded and that the budget did not make promises that could not be upheld.

Entering 2021, the positive results of this approach were evident. In January 2021, the non-partisan Joint Legislative Budget Committee (JLBC) projected a \$2 billion surplus for FY 2022. At the time, the Senate Republican Framework proposed allocating the \$2 billion surplus towards significant tax relief for Arizonans, paying down state debt, reinvesting in the state's infrastructure, shoring up the State's unemployment fund, and providing additional resources for the men and women who serve in public safety roles.

As Arizona's economy continued to heat up during the Spring of 2021, the surplus amount grew to \$3.9 billion. Additionally, the federal government provided a significant amount of additional resources to the states to be spent on reinvigorating state economies. Senate Republicans formulated a spending plan that expanded on the priorities in the Framework to provide significant investments in key areas of government.

The FY 2022 Budget

- Provides the following amounts in tax relief:
 - FY 2021 - \$625 million in tax relief by conforming Arizona to federal tax reductions designed to provide tax relief during the pandemic
 - FY 2022 - \$887 million in tax relief by capping maximum tax liability at 4.5% and providing targeted relief programs (like exempting military pensions from income tax)
 - FY 2023 - \$1.4 billion in ongoing tax relief to all Arizona taxpayers through across the board rate reductions and capping maximum tax liability at 4.5%
 - FY 2024 and FY 2025 – Future relief growing to \$1.8 billion by reducing the state income tax rate to 2.5%
- Pays down more than \$2 billion in state debt generating \$(273) million in annual savings by FY 2023
- Deposits \$827 million in the Unemployment Trust Fund to avoid future employer tax increases
- Invests \$613 million in capital funding, including \$303 million for highways and roads
- Provides \$238 million in new equipment and raises for the men and women in public safety
- Allocates \$343 million to address fire related natural disasters and future water shortages
- Invests \$188 million to expand university programs in engineering, mining, and allied health and provide additional workforce funding for community colleges
- Provides a net increase of \$143 million in K-12 operating and capital funding on top of inflation and enrollment changes



Tax Reductions

Wealth is not generated by the government, but by its citizens. Senate Republicans believe that tax reductions allow individuals to choose what they do with their money and create more overall wealth in the economy. In total, the budget includes significant tax relief for Arizonans in both the near and long term. Below is the summary of the total dollars associated with those

changes in the budget (for a more detailed discussion of the policy changes, please see the *Finance* section).

Immediately in FY 2021, the budget accounted for \$625 million in tax reductions by conforming to federal changes in tax law that occurred during the past year in response to the pandemic. These changes included exempting the first \$10,000 in unemployment benefits from income tax, allowing businesses to carry forward and backward business losses that occurred during the pandemic, and changing tax reductions for charitable giving.

For FY 2022, the budget begins \$887 million in tax changes that will benefit taxpayers in the short-term and the Arizona economy in the long-term including capping the top marginal rate at 4.5% instead of the current 8% and exempting military pension incomes from state income tax.

FY 2023 includes over \$1.4 billion in tax relief for Arizonans including across-the-board rate reductions. These rate reductions will reduce the income tax rates for all Arizona taxpayers by changing the pre-Proposition 208 income tax rates of 2.59%, 3.34%, 4.17%, and 4.50% to two rates of 2.55% and 2.98%. The commercial property tax assessment ratio is also scheduled to decline from 18% to 17.5%, ultimately going down to 16% (or half a percentage point per year) by FY 2026.

FY 2024 continues all the changes above, but the tax relief is expected to grow to \$1.8 billion provided the state meets certain revenue triggers due to a planned phase-in of income tax reductions.



Debt Reduction

With a substantial surplus of resources and significant tax reductions accounted for, Senate Republicans did next what any fiscally prudent taxpayer would do – pay down debt. The FY 2022 budget includes more than \$2 billion to pay down state debt, saving the state \$(273) million in annual expenses beginning in FY 2023. Of this amount, \$1 billion is paying off four debt issuances including the debt issued against state buildings. Thanks to a decade of disciplined budgeting by Republicans, the state is finally ridding itself of this recession era debt and paying off 70% of its General fund backed debt.

The other \$1 billion is being deposited into the state's public safety pension accounts with \$500 million going into the Department of Public Safety's PSPRS account and \$500 million going into the Department of Corrections' CORP account. While the Legislature, and voters, approved

long-term reforms in 2016 to the public safety pension systems that will reduce costs over time, the state is still obligated to fund prior pension promises. As of June 30th, 2020, these two accounts had \$1.9 billion in unfunded liabilities. These deposits will reduce those unfunded liabilities significantly and reduce the employer costs for these two pension systems.



Capital

Roads and Highways

Infrastructure is one of the key functions of government. Good roads facilitate commerce, population growth, and overall economy prosperity. Improving the state's and local governments' road infrastructure was a priority of Senate Republicans. The FY 2022 budget includes \$303 million in funding for highway and road improvements around the state. The largest of these projects include:

- \$90 million additional funding for statewide pavement preservation for state highways in 13 rural counties
- \$86 million to repave four state routes with poorly rated pavement (SR-95, SR-90, SR-77, and SR-69)
- \$50 million for widening I-10 to three lanes each way from Chandler to Casa Grande
- \$35 million to study and design the expansion of SR-247 near Riggs Road

Broadband

Access to high speed broadband is a necessary component to future economic growth and prosperity especially after many employers have shifted their workforce into remote work. Access to broadband will provide rural communities in Arizona the ability to compete for businesses and the 21st century workforce. The FY 2022 budget agreement includes \$140 million in federal funds to expand broadband access. Of this amount, \$100 million is for grants to local governments to partner with service providers to expand broadband access and \$40 million is for installing broadband conduit and fiber optic cable along the I-40 West Corridor.

Other Capital Investments

In addition to maintaining general highway and road infrastructure around the state, Senate Republican supported proposals to maintain, or expand, other state and local government assets.

In total, the FY 2022 budget includes \$169 million (\$111 million General Fund/\$58 million Other State funds) for capital spending on buildings or major projects that will benefit the operations of state government. Highlights of these capital projects include:

- \$48 million to upgrade the antiquated northern loop of the microwave backbone, which is used by public safety personnel to communicate
- \$49 million to improve state buildings for fire and life safety issues, including \$35 million for improvements at state correctional facilities
- \$25 million to construct a new veterans' home in northwest Arizona
- \$18 million for deposit into the State Aviation Fund, which provides a state match for federal funds for infrastructure improvements at municipal airports



Public Safety

Providing resources for the men and women who serve in public safety roles is necessary to ensure that they, and the public, remain safe. Senate Republicans supported legislation throughout the legislative session that showed support for these individuals. Senate Republicans also supported a budget that prioritizes investments in public safety to make sure that the state can attract well qualified individuals and can provide for their safety on the job.

In total, the budget plan includes a total of \$238 million (\$221 million General fund/\$17 million Other Fund) in additional resources for the Department of Public Safety, Corrections, and Emergency and Military Affairs between FY 2021 and FY 2022.

The federal government under the Biden administration is failing to provide for the safety and security of Arizonans who live along the border. Arizona's border towns and counties are having to contend with a wave of illegal immigration which brings with it human trafficking and drug smuggling. To address the immediate crisis on the border, the budget includes \$55 million to deposit into the newly created Border Security Fund for FY 2021. The Fund will be used to fund national guard deployment along the border to support county sheriffs, reimburse counties for the cost of jailing and prosecuting these unauthorized entrants, and enhance staff and equipment for sheriffs in Yuma and Cochise Counties.

In FY 2022, the budget includes \$183 million for public safety agencies (\$166 million General Fund/\$17 million Other funds) to improve the salaries of front-line officers and replace out of date equipment.

The Arizona Department of Corrections (ADOC) will see an additional \$122 million in FY 2022. This amount funds the following investments:

- \$31 million to provide a 5% increase for officers in the Correctional Officer Series with the goal of reducing vacancy and turnover rates
- \$28 million for increases to prison contractors who are vital partners in caring for and treating inmates
- \$19 million to begin closing the Florence prison and moving inmates to other prisons
- \$17 million to replace more than 8,000 radios used by correctional officers to communicate, addressing a pressing employee concern about malfunctioning radios
- \$15 million to augment medical staffing

The Department of Public Safety (DPS) will see a \$55 million investment in FY 2022 for Department staff and equipment used by officers. This amount will fund the following major initiatives:

- \$24 million to provide a 10% salary increase for troopers and civilians
- \$14 million to purchase cameras and add additional staff to make sure every DPS officer has a camera on during any interactions with potential offenders
- \$6.6 million to enhance available overtime funding
- \$3 million to purchase active shooter equipment (helmets, shields, vests) for DPS troopers to protect them during these emergency situations

While Senate Republicans supported body cameras to bring greater transparency in policing, they also desired to provide protections to the public on the use of recordings captured by DPS officers. **SB 1821 (criminal justice; budget reconciliation; 2021-2022)** requires all persons (other than the officer) in a video to consent to the release of the video unless the video redacts identifiable information or the persons appear incidentally; allows the Department to redact or withhold the video if necessary to protect a victim's constitutional rights; and allows the Department to determine if releasing the video is not in the best interest of the state. These protections ensure that the victim of a crime cannot be plastered all over newspaper and the internet without the consent of the family or next of kin, protecting their privacy and shielding them from the trauma of being reminded constantly of their loved one's tragedy.



Health and Welfare

Senate Republicans have long supported policies and funding in the state's long-term care systems for the developmentally disabled and the elderly and physically disabled. The budget includes \$44 million in new funding to increase provider rates in the developmentally disabled and the elderly and physically disabled long-term care system. These investments will enable better access of much needed care for those members, and families, enrolled in those programs.

The budget includes additional funding for more oversight of long-term care facilities. The Department of Health Services (DHS) will receive \$1.6 million to fund additional staff to investigate nursing home complaints in a timely manner. The Department of Economic Security (DES) will receive \$1 million to facilitate more visits by the long-term care ombudsman in state-run long-term care facilities.

Turnover for caseworkers at the Department of Child Safety (DCS) and at many client-facing positions at the DES is unsustainable. The budget includes a 5% increase for caseworkers at the DCS and a 5% increase for critical, client-facing works at the DES.

The Newborn Screening Program, which is currently operated by the DHS, screens newborns for 29 rare and serious disorders. The goal of the program is to identify those newborns who are at-risk for severe illness and to begin preventative treatment, potentially savings millions on health care costs. The FY 2022 permits DHS to expand the number of tests from 29 to the 61 tests recommended under the Recommended Uniform Screening Panel developed by the federal Health Resources and Services Administration. While this will present a cost to the General Fund of \$500,000, the potential savings to parents, and taxpayers, will likely far outweigh these added costs.

Recognizing the need for additional housing opportunities in Arizona, the FY 2022 budget dedicates \$27 million in federal funding for new housing opportunities. Of this amount, \$20 million will go to expand housing options for those individuals who are seriously mentally ill, \$5 million to develop a homeless center for seniors on the west side of Maricopa County, and \$2 million will go towards expanding programs for homeless youth and families.

Accompanying the budget were important policy changes that will restrict government's ability to limit Arizonans' ability to choose for themselves. **SB 1824 (health; budget reconciliation; 2021-2022)** prohibits state and local government from establishing a COVID-19 passport and

requiring any person to be vaccinated for COVID-19. The same bill requires employers to provide reasonable accommodations to employees whose religious beliefs prevent them from taking the COVID-19 vaccination.



K-12 Funding

In 2018, Senate Republicans passed a budget plan that provided a 20% salary increase for teachers and restored Additional Assistance funding. While the 20% salary increase was finalized last year, the budget this year finishes the last year of funding to restore Additional Assistance. The FY 2022 budget builds upon Senate Republicans prior commitments with additional targeted investments in operating and capital funding for districts and charter schools.

K-12 Operating Funding

The FY 2022 budget includes an additional \$84 million (\$71 million General Fund/\$13 million in other funds) in state monies above inflation and population growth. The state investment includes \$50 million to increase special education funding, \$5 million in additional funding to Career and Technical Education (CTED) districts, \$5 million to reimburse districts and charters for high-cost special education students, and \$3.8 million to reduce the cost of exams taken for college credit.

Senate Republicans also utilized additional federal monies to make targeted investments that are designed to improve long-term education outcomes. Knowing the importance of early literacy programs, Senate Republicans agreed to use \$6.9 million in new federal funds for literacy initiatives, including dyslexia screening and training, kindergarten-entry assessment and reading coaches.

The FY 2022 budget includes additional monies to innovate how education is delivered to further choice in how parents decide to educate their children. The budget includes \$20 million in FY 2022 (\$10 million General Fund/\$10 million Federal Funds) to provide K-12 transportation grants, allowing districts, local governments, and parents to explore how their children get to schools. Furthermore, the budget includes \$4 million in federal monies to pilot the expansion of personalized learning programs and micro-schools.

Lastly, in FY 2021 budget includes a one-time investment of \$350 million in federal funds to bring parity in federal funding for schools. The federal government, through various programs, has provided approximately \$5 billion in funding to schools. Much of this funding was distributed based on the number of Title 1 students each districted had. This had the effect of distributing an unequal amount of money to districts, even though districts had similar costs for providing education during COVID. To provide some parity in funding amounts, the \$350 million in federal funds provides a minimum per pupil amount to districts and charters that did not receive as much in federal funding.

K-12 Capital Funding

In addition to new K-12 operating funding investments, Senate Republicans supported new capital investments through the School Facilities Board. The FY 2022 budget includes an additional \$130 million in building renewal grant funding, with \$39 million funding projects already approved and \$91 million being set aside for projects in FY 2022. These funding amounts have ensured that no school that needs building renewal funding is turned away for lack of funding.

The FY 2022 budget also includes \$89 million to adjust the cost per square foot for new building construction to the market rates. The cost of goods and services in construction has far outpaced normal inflation over the past decade, and the Legislature did not adjust the cost per square foot during the recession. This policy change will ensure that funding is available for school districts to build new schools when they reach the required capacity.

Policy Changes that Empower Parents

In addition to providing significant resources for operating and capital funding in K-12, the FY 2022 budget provides policy changes that empower parents to make decisions that are in the best interest of their child.

With the passage of **HB 2898 K-12 (education; budget reconciliation 2021-2022)**, no school or local government can require children to wear a facemask or receive the experimental COVID-19 vaccine for in-person attendance. These policies do not preclude a parent from making that choice for their child, but they do give options to parents and make sure that certain kids are not excluded from the benefits of in-person education. The same bill also prohibits the teaching of any theory or concept that places any form of blame or judgment based on race, ethnicity, or sex. This prohibition ensures that individual students are not singled out and shamed for inherent characteristics.

The bill also enhances the existing Empowerment Scholarship Account (ESA) program, expanding access to a greater number of students. ESA eligibility will now include any student who is eligible for Free and Reduced-Price Lunch (FRPL) and is in a D or F rated school district. A student who is not in a D or F (or is not FRPL eligible) will now only need to attend a public school for 45 days in the current or prior year before becoming eligible for the ESA program (the previous requirement was 100 days).



Higher Education

The FY 2022 budget includes a strong commitment to higher education with \$139 million in new investments for Universities. Both investments are intended to achieve the same goal; producing a better workforce for Arizona's long-term growth and prosperity.

Of the new university funding (\$114 million) is dedicated to Universities' New Economy Initiative, an initiative that seeks to enhance workforce development programs in high demand areas of engineering, the hard sciences, and health care. This investment will enable each University to grow its capacity to teach more students in these areas and ultimately leading to more job growth in those sectors in Arizona. In particular, the University of Arizona is receiving \$4 million to open a new School of Mining and \$3.5 million to develop a new hypersonic wind tunnel that will allow researchers to test their products in a hypersonic environment.

The FY 2022 budget also adds nearly \$7.5 million for the Arizona Promise Scholarship, a merit-based program available for low-income, in-state university students. This newly created scholarship program will augment existing institutional aid and allow more Arizonans to receive education at the public universities.

Accompanying the University investments is \$49 million for community colleges in Arizona. Rural community colleges will receive \$28 million in flexible operating funding to improve workforce training opportunities in rural Arizona, while Maricopa and Pima Colleges will receive \$13 million in STEM funding. The FY 2022 budget also includes \$7.5 million to provide Return to Work grants for those individuals previously on unemployment who are seeking job training skills or certifications.



Natural Resources

Protecting natural resources will ensure that the state remains livable and economically competitive in the long-term. The FY 2022 budget makes a consequential down payment on protecting the natural resources of this state.

Fire

The 2021 wildfire season in Arizona is off to a bad start. Due to a long-standing drought, and the lack of good forest hygiene, government officials expect this year to be 'severe'. The FY 2022 budget includes \$100 million to immediately address the firefighting needs of the state, but also includes funding necessary to address the long-term health of the forests by creating more inmate fire crews to clear dead forest products. The long-term goal is to remove flammable materials and timber that fuel these large fires, thereby mitigating their impact.

Water

Planning for the long-term water needs of this state will ensure that Arizona remains an economically attractive destination for businesses and a place of opportunity for Arizonans. The FY 2022 budget includes a \$213 million investment in Arizona's water future. The largest share of this amount, \$160 million, will be set aside for the newly created Drought Mitigation Board. This Board is intended to provide drought mitigation efforts and water supply development across the state through low-cost long-term loans for planning and construction of water supply develop projects. The remaining \$53 million is divided into other water related projects at the Water Infrastructure Financing Authority to augment water systems and provide grant assistance for water projects around the state.

While providing funding for water projects is a necessary step toward securing Arizona's future water supply, so is investing in the staff at the Department of Water Resources who are responsible for monitoring the state's overall water supply. The FY 2022 budget includes \$2.8 million for selected technical positions at the Department (hydrologists, water attorneys, civil engineers, and IT staff) to ensure that the agency can attract and retain highly qualified individuals.



Other Budget Highlights

Election Integrity

Since the 2020 election, Senate Republicans have been leading the charge to restore confidence in the election process. The FY 2022 budget continues to further that goal by setting aside \$12 million for the newly created Election Integrity fund. This fund will allow the Treasurer to reimburse county recorders for election security measures including tabulation equipment, postelection hand tabulation, and cybersecurity improvements. The FY 2022 budget also includes \$165,000 to look back at non-governmental funding in the 2020 election to understand what influence that may have had, and \$500,000 for a newly established task-force to continue to monitor the hidden 'gifts' that online entities may be providing to candidates for office.

Defending Election Laws

The Legislature passes the laws while the Executive branch executes and defends the laws in the courts. When the Legislature's laws are not defended, or when an Executive branch official opposes the Legislature's laws, then the Legislature must act to ensure that its laws receive fair representation in the courts. **SB 1819 (budget procedures; budget reconciliation; 2021-2022)** does this for Arizona's election laws by giving the Attorney General the authority to represent the state in all state election-related litigation. This will ensure that the election laws passed by the Legislature will be dutifully represented.

Unemployment

Before the COVID-19 pandemic hit, the Unemployment Trust Fund had approximately \$1.1 billion in assets set-aside to pay-out benefits. After a year of economic closures and a government induced recession, the balance in the trust fund declined to under \$60 million. If the fund became insolvent, then the state would have to borrow from the federal government and tax employers twice to both restore the solvency in the UI Trust fund and pay-back any federal loans. Thanks to a collaboration between the Legislature and the Governor, the fund never did become insolvent, but given that the fund balance declined substantially, employers would be on the hook next year for higher employer taxes.

Thanks to the effort of Senate Republicans, this will not happen. The FY 2022 budget included agreement to deposit \$827 million (\$765 million Fed Funds/\$62 million General Fund) into the

Unemployment Trust Fund. Given the magnitude of this deposit, and better than expected revenues into the UI Trust Fund (a positive signal of economic recovery), the UI tax rate is now expected to be lower than even the pre-pandemic rate. This will provide much needed relief to businesses as they continue to make decisions about future investments.

Employers are not the only ones who stand to benefit from unemployment changes. **SB 1828 (omnibus; taxation)** will increase weekly unemployment benefits from \$240 to \$320 beginning July 1, 2022. Additionally, the number of weeks that one can be eligible for unemployment will be altered when the state has plenty of jobs available. When the state unemployment rate is below 5%, unemployment recipients will only be able to claim 24 weeks of benefits instead of 26 weeks, incentivizing a sooner return to work.

Reentry Planning Services

Planning for the reentry of county or prison inmates is key to a long-term goal of reducing recidivism. The FY 2022 budget includes \$11 million to establish coordinated reentry planning services for inmates in county jails. This program will provide screening and assessment to inmates in county jail and connect them with behavioral health and substance abuse treatment professionals.

"Big Tech" Antitrust Enforcement

Technology companies provide services that have allowed Arizonans access to information and products that connect us and make our lives easier. However, the large technology companies have consolidated themselves and now pose a threat to competitiveness in the marketplace. The FY 2022 includes \$1 million to the Attorney General's Office for antitrust enforcement against technology companies.



Finance

Conformity

Each year, the Legislature must decide on whether to conform to federal tax changes. During 2020, the federal government passed numerous pandemic tax relief provisions that provide tax relief to businesses and individuals. **SB 1752 conformity; internal revenue code** fully conformed Arizona's income tax code to federal changes, providing \$625 million in tax relief by allowing businesses to deduct more pandemic related losses and exempting the first \$10,000 in unemployment benefits from state income tax.

Income Tax Reform

In November 2020, voters passed Proposition 208, which created a 3.5% surcharge on all income above \$250,000 for single filers and \$500,000 for married filers. Intended to "tax the rich" to pay more for a public good from which all citizens benefit, the Proposition has the pernicious effect of adversely targeting small businesses. With the surcharge, Arizona's top tax rate increased from 4.5% to 8.0%. One economic analysis projects that the Proposition will reduce jobs by 124,000 over the next ten years, reducing opportunity for Arizonans and hurting the strong economic growth Arizona has seen over the last five years.

Understanding the damage that this Proposition will do to the state's economy, Senate Republicans advanced significant tax reform in three bills: **SB 1828 omnibus; taxation, SB 1827 revenue; budget reconciliation; 2021-2022, and SB 1783 small businesses; alternate income tax.** Combined, the policies in these bills will provide tax reductions for all taxpayers, and in the process, mitigate the impact of Proposition 208.

SB 1828 omnibus; taxation creates across the board rate reductions and collapses the pre-Proposition tax taxes from four to one over the next three years. In calendar year 2022, the four pre-Proposition 208 income tax rates of 2.59%, 3.34%, 4.17%, and 4.50% will be converted to two rates of 2.55% and 2.98%. In calendar year 2023, these two rates will fall to 2.53% and 2.75% if the state collects at least \$12.8 billion in revenues in FY 2022. Lastly, in calendar year 2024, the two rates will collapse into one rate of 2.50% if the state collects at least \$13 billion in fiscal year 2024. This strategic use of revenue triggers will ensure that the state can sustain these tax reductions while still providing resources for the maintenance and operation of government.

SB 1827 revenue; budget reconciliation includes a policy to cap the top marginal income tax rate at 4.5%. This policy is designed to mitigate the rate increase in Proposition 208, as it ensures that the top margin remains the same as it was before Proposition 208 passed. Importantly, this policy does not affect what is required to be collected under the Proposition. Affected taxpayers will still pay a 4.50% tax on income above \$250,000 (single)/\$500,000 (married), but the state will credit the first 3.50% to satisfy the requirements of Proposition 208 and deposit the remaining 1.0% into the state General Fund.

SB 1783 small businesses; alternate income tax will create a new "small business" tax filing structure for those businesses that previously elected to tax their income at the individual level (95% of businesses choose this option). Taxpayers affected by Proposition 208 will now be able to choose between filing under the income tax structure or the optional small business structure, which imposes a flat rate of 3.5% on taxable income. As it is optional, it is expected that taxpayers will make the choice that best suits their needs and values.

The table below summarizes the planned income tax reductions over the next few years. The table assumes that the revenue triggers will be met in each year, causing a reduction in rates.

Income Tax Reform - Summary of Rate Changes

Description	Single Filers	Married filers	Current	Income Tax Reform				
				FY 22	FY 23	FY 24	FY 25	FY 26
Existing Rates before Prop 208	\$0 - 27,272	\$0 - 54,544	2.59%	2.59%	2.55%	2.53%	2.50%	2.50%
	\$27,272 - 54,544	\$54,544 - 109,088	3.34%	3.34%	2.98%	2.75%		
	\$54,544 - 163,632	\$109,088 - 327,263	4.17%	4.17%				
	\$163,632 - 250,000	\$327,263 - 500,000	4.50%	4.50%				
Existing + 3.5% Surcharge (Prop 208)	\$250,000 and over	500,000 and over	8.00%	4.50%	4.50%	4.50%	4.50%	4.50%
1783 - Optional Small Business Tax	All Taxable Income		N/A	3.50%	3.00%	2.80%	2.80%	2.50%

Property Taxes

Senate Republicans also made changes to property taxes that will benefit both businesses and homeowners. In Arizona, the taxable value of property is determined by applying an assessment ratio to the limited property value of the property. Under current law, business property has an assessment ratio of 18% while homeowners have an assessment ratio of 10%. This means for each \$100 of property value, businesses have \$8 more in taxable value compared to homeowners. This subsidization is unfair to businesses and reduces Arizona's economic competitiveness.

To more equitably distribute property taxes, **SB 1828 omnibus; taxation** will gradually reduce the commercial assessment from 18% to 16%, or by 0.5 percentage points, over the next four calendar years. In a vacuum, homeowners would pay more in property tax, but Senate Republicans also supported permanently increasing the homeowners' rebate from 47.19% to 50% beginning next calendar. This will further reduce property taxes for homeowners' as the state will now rebate 50%, instead of 47.19%, of the primary property taxes levied against a home.

Other Tax Changes

SB 1828 omnibus; taxation contained other targeted tax changes that will impact Arizona taxpayers.

Starting this year, military pensions received by retired members of the armed forces will be exempt from state income tax. This makes Arizona the 23rd state to exempt this pay from state income taxes and demonstrates an ongoing commitment to supporting veterans who have served this country.

Student Tuition Organizations (STOs) will see changes that will expand eligibility for STO scholarships. The cap for corporate contributions to STOs that serve foster kids and disabled individuals will increase from \$5 million to \$6 million. Furthermore, eligibility for STOs will expand to include those who were homeschooled, moved from out of state, or previously held Empowerment Scholarship accounts.

Removing dead timber and detritus from forests promotes forest health and reduces the severity of forest fires. While the state budget invests funds directly into crews to remove dead timber, Senate Republicans also supported a new forest product processing tax credit that gives a non-

refundable credit to those companies that process a specified amount of tonnage in forest products each year. This offers an incentive to the private sector to help remove dead forest matter, improving overall forest health.

Senate Republicans also supported increasing the percentage that a person can deduct from their taxes for charitable giving. Under current law, an individual who takes the standard deduction and donates to a qualifying charitable organization can deduct up to 25% of that contribution from their income. Beginning next calendar year, this percentage will increase annually by inflation, providing an enhanced financial incentive to the roughly 87% of people who take the standard deduction.

Senate Republicans supported additional tax legislation that will bring clarity to tax administration, expand existing programs, and allow for private sector solutions for public policy problems.

SB 1076 low-income multifamily housing; valuation requires county assessors to consider that low-income rental units produce less income than other market rate units. This ensures that county assessors are fairly valuing these properties for how they are being used, not what they might be used for in the future.

SB 1113 unused tax credit; termination; time will require the repeal of unused tax credits after three years instead of four. This change, recommended by the Joint Income Tax Credit Review Committee in 2019, helps remove antiquated tax credits from law.

SB 1124 contributions in aid of construction will exempt certain income paid by developers to private water companies from income tax, continue the small business investment credit for another ten years, and create a new affordable housing tax credit program. The exemption for private water companies means the cost of hooking-up new water systems will be lower, thereby reducing the overall cost of new housing. The extension of the small business investment tax credit for another 10 years will foster investments that bring about the creation of innovative businesses in Arizona. The new affordable housing tax credit will offer four installments of \$4 million, which will incentivize companies to build additional affordable housing units in Arizona.

SB 1350 income tax; returns; filing extension extends the filing date for corporate organizations to file their state income taxes by one month. While seemingly minor, this one-

month extension gives those corporate entities that file taxes in multiple states time to organize their federal taxes and then submit their state taxes.

SB 1844 taxes; 529 contributions; ABLE contributions increase the amount a person can deduct for contributions to 529 plans. For 529 college savings plans, a taxpayer will be able to deduct \$2,000 (single filers)/\$4,000 (married filers) per beneficiary. Prior to this, a taxpayer could only deduct \$2,000/\$4,000 for all contributions to accounts. This bill also creates a new deduction (the same amounts as above) for contributions to Achieving a Better Life Experience Account. These accounts are set up to benefit individuals with disabilities, allowing anyone to contribute to pay for the expenses of these individuals.

Transparency in Government

Senate Republicans advanced numerous bills this session that provide for greater transparency in government.

SB 1649 PSPRS; investment reporting modifies the requirements for reporting on investments and related costs by the Public Safety Personnel Retirement System (PSPRS) and modifies policies for evaluating the pension systems. The PSPRS board will now be responsible for reporting on an annual pension funding policy, reporting on the cost of alternative investments and carried interest, performing stress test assessments on their assets, and issuing a request for proposal every five years for an external auditor.

SB 1659 fire district annual budget; summary requires fire districts to include specified expenditure and revenue data in their annual budgets that they adopt and to post these online. This change enables taxpayers, and other affected stakeholders, to more accurately assess the fiscal health of fire districts.

SB 1734 agricultural property; reclassification; notice will help ensure that agricultural property owners do not unknowingly get their property reclassified. Such reclassifications can dramatically increase the taxes owed on the property and are not always visible to the property owner. Under the bill, county assessors will now be required to notify the property owner by certified mail when a property is reclassified. (Certified mail requires a receipt.)

Pension Changes

Senate Republicans supported minor alterations to member benefits in the state's public safety pension systems this past session. **SB 1045 defined contribution; health subsidy; disability** will allow participants in the PSPRS and Correctional Officer Retirement Plan (CORP) defined contribution plans to receive a health coverage benefit upon retirement with the costs being split equally between the employee and employer. **SB 1396 CORP; survivor benefits** entitles a surviving spouse of a deceased CORP member to four-fifths of the deceased member's pension on the date of death or 40% of the average monthly salary of the member, whichever is greater.

Senate Republicans also supported a change to allow fire districts to pay-down unfunded pension liability through debt-financing. **SB 1298 fire districts; pension liability; financing** allows fire districts to borrow against existing property to take advantage of historically low interest rates to finance these debt obligations and save taxpayers money in the long-term.

Innovations in Regulation

For three years, stakeholders representing rental car companies and the emerging peer-to-peer car sharing industry have been working with the Legislature on how best to regulate, and tax, peer-to-peer car sharing. **SB 1720 peer-to-peer car sharing** is the culmination of that process, as the state will finally have a set of defined rules governing how insurance will work for users of the platform, how taxes will be collected, and how these companies will generally be regulated. This consensus bill ensures that disruptive technologies, like peer-to-peer car sharing, will not be stifled by government regulation, but also ensures that there is fairness and equity in the marketplace when it comes to taxes.

Senate Republicans also supported a bill that will promote choice in health care. **SB 1048 health care ministries; exemption; definition** allows new sharing ministries to operate in Arizona. These organizations, formed around religious or ethical principles, are an alternative to health care insurance, allowing individuals to participate in plans that can pay for high medical costs.



Education

As we began to emerge from the pandemic this legislative session, it was clear that we needed to review and update our educational delivery models along with providing flexibility to our schools, students, and parents to choose the best fit for their needs. We saw just how resilient our schools and students can be when faced with closures and schedule changes and Senate Republicans made it a priority to provide them with the proper support and flexibility. To that end, the Republican Caucus approved a pair of bills to offer schools a bit of relief after a year of uncertainties. **SB 1165 (schools; performance evaluations)** puts a one-year pause on teacher and principal performance evaluations. **HB 2402 (schools; test results; letter classification)** holds school letter grades harmless for one year by allowing schools to retain the most recently issued letter grade. If letter grades and evaluations would have been issued last school year, the results would likely underrepresent schools' and teachers' performance amid a chaotic school year. Both will resume in the 2021-2022 school year that begins in August of 2021.

Much-needed flexibility was granted to our schools in **HB 2862 (schools; instructional time models)**, also known this session as the seat time flexibility bill. Students are currently required to meet minimum instructional time/seat time requirements and be physically present in their classroom for both attendance and funding purposes. During the pandemic, state and federal laws loosened these requirements to allow schools to transform their educational delivery models as needed and these flexibilities improved teaching and learning in our schools. HB 2862 maintains the number of instructional hours but allows schools to restructure the learning time by offering remote learning, project-based learning, staggered start times, modified courses, or mastery-based learning.

Arizona's 14 incredible Career and Technical Education Districts (CTEDs) offer valuable learning opportunities outside of the traditional classroom. Many CTED programs meet on weekends or before and after typical school hours and it was brought to our attention that statutory language surrounding instructional time requirements was being interpreted by the Department of Education in a way that reduced funding to these critical programs. **HB 2124 (CTEDs; average daily membership)** ensures that CTEDs are able to offer flexible instructional schedules any day of the week and any time of year without losing the funding to which they are entitled.

SB 1400 (schools; course equivalents) would have allowed high school students to receive one elective credit per year for an approved out-of-school experience; this would have included work experience, participation in an organized sport, music lessons, internships, and community theater. Unfortunately, the bill never received a hearing in the House and our students are left without these options for another year.



Protecting our students has always been a Republican priority and this session was no different. Much effort was put into reviewing and revising sex education curriculum and instruction in our schools. One piece of legislation even made its way to the governor only to be met by a veto stamp and the issuance of an executive order that contained many provisions of the vetoed bill. Our Senators did not give up and ultimately got **HB 2035 (parental rights; sex education instruction)** signed by the governor. The bill prohibits sex education from being taught in our classrooms before 5th grade and reverses the parental permission process from allowing parents to opt their child out to requiring parents to opt their child in if they would like their child to receive the instruction. It also lays out a specific public hearing and approval process for the school district governing board or charter school governing body to follow before any sex education curriculum can be offered in any class.

HB 2023 (schools; employees; employment; discipline) was another important protection bill on which our members took immediate action and sent to the Governor the first few weeks of session. The bill addresses the rise in inappropriate conduct by noncertificated personnel in our schools by doing the following:

- Authorizes the Department of Education to investigate and take action against noncertificated teachers who engage in immoral and unprofessional conduct
- Prohibits schools from hiring any teacher with a suspended teaching certificate
- Strengthens information sharing between schools and state agencies

Equally important in protecting our students, **SB 1114 (schools; required posting; abuse hotline)** requires each district and charter school to post a sign in a public area of the school that contains the child abuse hotline phone number and directions for accessing the Department of Child Safety website for information on reporting child abuse.

The bill that held on to the bitter end, **SB 1572 (schools; early literacy)**, was a session-long effort. Dyslexia and early literacy interventions have become a top priority in the education community and in our Caucus. This bill saw many revisions along its journey and withstood a few rounds of hostile amendments proposed by Democrats, but ultimately crossed the finish line on Sine Die with the following provisions:

- Establishes a literacy endorsement for teacher certifications and requires K-5 teachers who provide literacy instruction to obtain the endorsement by a date certain after passing a literacy instruction assessment
- Requires teacher preparation programs in elementary and early childhood education to require the necessary courses to obtain a literacy endorsement
- Requires the State Board of Education to adopt a kindergarten entry evaluation tool to be administered to every kindergarten student
- Outlines stricter and more frequent parental notifications when a reading deficiency is identified



Higher Education

Arizona's community colleges play a critical role in the state's higher education system and now, more than ever, the Caucus believes in providing as many educational opportunities as possible as Arizona rebuilds its workforce post pandemic. Following a multi-year effort, community colleges are finally able to offer baccalaureate degrees thanks to **SB 1453 (community colleges; four-year degrees)**. This bill gives students a lower cost option to achieve a four-year degree and allows local community colleges to assess the needs of their communities and potentially create a new, in-demand degree program. **HB 2021 (college course credit; dual enrollment)** is another bill helpful to our community colleges and also our high schools. Dual enrollment courses provide high school students the opportunity to enroll in a more rigorous course at their local school and receive both high school and community college credit. Currently, only high school juniors or seniors and a small percentage of lower classmen are eligible for dual enrollment courses. This antiquated restriction served no good purpose and this year's bill opens dual enrollment courses up to all high school students.

Speaking of antiquated, a community college district's annual spending is restricted by a constitutional expenditure limitation based off of spending levels from fiscal year 1980 and adjusted for inflation and enrollment. If a district exceeds its limitation it is penalized by losing a portion of its state aid. Our members recognize the need to update this 40-year-old formula and

seek voter approval. However, more time is needed to find the right solution. In the meantime, **HB 2373 (expenditure limitation; community colleges)** provides some temporary relief in the current fiscal year for any community college that exceeds its expenditure limitation by reducing the amount of state aid to be withheld.

Finally, **SCR 1044 (tuition; postsecondary education)** will ask voters in the 2022 election to decide if university and community colleges students who graduated from an Arizona high school and have lived in the state for at least two years, regardless of immigration status, should receive in-state tuition.



Health and Human Services

The Senate Majority continues to build on its strong pro-life portfolio with the passage of **SB 1457 (abortion; unborn child; genetic abnormality)**. This measure establishes statutory protections for all human life by declaring that Arizona laws are to be interpreted and construed to acknowledge an unborn child at every stage of development, thereby assuring the same rights, privileges and immunities available to other residents of this state. Expanding on the prohibition of race or sex-selective abortions, this legislation imposes a class 6 felony on an individual who knowingly performs an abortion because of a genetic abnormality of a child, such as Down Syndrome. In addition, abortion-inducing drugs may not be delivered through a courier, delivery or mail service. Finally, taxpayer funds cannot be expended on research projects that involve fetal remains from an abortion.

In the spirit of recognizing human life at every stage of development, our own state laws contain references to an unborn child inconsistent with this belief. For example, state law

defines "birth" or "live birth" as the complete expulsion or extraction of a product of human conception without recognition that it is a child. Similarly, "fetal death" uses the terminology "product of human conception". **SB 1022 (unborn child; statutory language)** modifies all statutes with said references and replaces them with the term "unborn child".



Birth parents considering adoption or families wishing to provide a loving home for an infant or child may need resources to help them navigate through the adoption process. Legal and emotional supports are available but can be difficult to find. The Department of Health Services (DHS) is an ideal platform to share information, however, locating adoption information on the Department's website is no easy task. **SB 1254 (website; adoption information; task force)** requires DHS to make available on its website home page a list of public and private entities and services available to assist women through pregnancy and childbirth and to assist pregnant women seeking to confidentially explore the possibility of adoption. An Adoption Promotion Task Force is established to advise DHS on preparing its website and developing a public education initiative to promote adoption.

Information related to the Department of Child Safety (DCS) investigations and case management is protected and is confidential in nature. However, statute does allow for information to be legally shared among parties through confidentiality agreements. Recent practices and changes within the Department's information systems have created barriers that necessitated legislation to maintain transparency in agency procedures. The Legislative Ombudsman Citizen's Aide's Office has relied on the CHILDS database for case information in follow up to citizen complaints for years. Similarly, the Foster Care Review Board (FCRB) depends on information for status updates on dependency cases. DCS recently established a policy that would prohibit and limit both parties from use of the newly developed and costly Guardian program. **HB 2247 (DCS; records; data; access)** remedies the situation by directing DCS to provide FCRB with information necessary to perform their duties through a data sharing agreement. The Ombudsman's office will have direct remote access to the automated case management system.

Comparable to the barriers outlined in HB 2247, DCS modified its policies for confidential legislative briefings to prohibit the attendance of legislative staff after decades of allowing staff participation. Legislators unfamiliar with the child welfare system or dependency cases could be at a disadvantage if they attend a briefing without proper background and context. **SB 1225**

(DCS; legislator briefings; staff member) allows legislative staff to attend confidential briefings with a legislator if they sign a confidentiality agreement.

Current statute defines *missing child* as a child whose location cannot be determined and who is reported to a law enforcement agency as abducted, lost or a runaway. DCS reports do not make the distinction on whether a missing child is a runaway or was abducted, whether the child was located and returned to state custody, or how long a child was missing. **HB 2439 (DCS; missing children; required reporting)** requires DCS to categorize children by the nature of their missing status, how long they've been missing, and the percentage of care days associated with the absence. The age and location of placement of the missing children will also be included in the reports to provide better insight into the circumstances involving the missing children.



Families who adopt children out of foster care oftentimes deal with complex trauma and significant behavioral health needs of their adopted children. If a child poses a risk of harm to other siblings, parents are faced with a difficult decision to have their parental rights severed or have siblings removed as they may be potentially at risk of harm. There are few alternatives for parents under these circumstances. **SB 1018 (DCS; report requirement)** directs DCS and AHCCCS to report to the

Legislature on ways to improve treatments for these complex trauma cases, assess therapy outcomes and identify deficiencies. The agencies must also consider other alternatives to terminating parental rights when parents have corroborated with law enforcement that a child is a danger to the family and separation is necessary for safety purposes.

The architects of the Medical Marijuana Act and Smart and Safe Arizona utilized the voter protected initiatives to create a dispensary industry that fell short on accountability and built a regulatory structure advantageous to its commerce. With the most recent passage of legal recreational marijuana, inconsistencies in statutes between the two acts and consumer safety standards that required updates, brought about the opportunity to enact reforms that garnered bipartisan support. Testing of marijuana products for contaminants is widely supported by the public. Prior legislation-imposed testing requirements, but the timeline, elements to be screened and availability of laboratories needed adjustments. **HB 2605 (medical marijuana testing)** requires dispensaries to test marijuana products for unsafe levels of contaminants before they are placed on the market. As such, certain herbicides and dried plant flowers are

removed from the statutory list of elements to be tested. Heavy metal testing will be required on a quarterly basis after six months with no failures. DHS is to adopt rules for reasonable time frames for laboratories to issue results to the dispensaries. The bill prohibits dispensaries from having an ownership or financial interest in a testing facility. Penalties for violation of the testing requirements are increased as well. Finally, the Medical Marijuana Testing Program and Adult Use Testing Program will review the number of deficiencies in testing, remediation efforts and determine if there are analytes that should be added or removed from the testing panel.

The availability of certified labs created a bottleneck to the testing timelines, and criticism of lab proficiency highlighted the need to ensure that the laboratories conducting quality control should also be examined to ensure accuracy in testing protocols. **HB 2303/SB 1833 (marijuana; laboratories; proficiency testing)** requires DHS to conduct proficiency testing on third-party labs and marijuana testing facilities. The agency may remediate deficiencies among the testers and may suspend or revoke a license for violations of testing requirements. The department may contract with independent labs to "test the testers."

The Arizona Medical Marijuana Act prescribed inspection requirements that required DHS to provide reasonable notice and visits during regular business hours, giving little transparency to dispensary operations to ensure compliance with state law. **HB 2414/SB 1834 (marijuana; inspections; licensing; financial ownership)** eliminated the notice requirement and requires at least one unannounced visit annually at each dispensary.



Because many dispensaries will provide both recreational and medical marijuana products, this bill aligns license renewal dates on the same date. Like other legislation, HB 2414 prohibits a marijuana testing facility from having any direct or indirect familial interest or financial ownership with a marijuana establishment.

In addition to product safety, the marijuana industry lacked structure in tracking marijuana from cultivation of the marijuana plant to the sale of the product at the dispensary. Legal loopholes found individuals selling marijuana seeds across state lines, which violates federal law, but enforcement against individuals growing their own plants is questionable. Furthermore, with legal marijuana sales in bordering states, tracking movement of marijuana inventory is

necessary. **SB 1121/SB 1842 (marijuana; security)** requires dispensaries to have a marijuana tracking system that accounts for the production, processing and sale of marijuana. The system would have a contractional stamp to ensure accuracy and provide for a chain of custody that would expose tampering of the date, human error or misreporting of the product activity. Tracking would detect sale and purchase of products between licensees, between facilities of one dispensary and disposal of marijuana waste. All individuals logging into the tracking system will be monitored as well.

It has been a decade since voters narrowly approved the Arizona Medical Marijuana Act. The list of medical conditions that can be treated with medical marijuana is determined by DHS. Patient advocacy groups may petition the department to add diagnoses to the list, and DHS will make an evidence-based decision. There has been interest in studying the effects of medical marijuana on certain illnesses, including whether marijuana is helpful or harmful to one's health. **HB 2298 (medical marijuana; research; grants)** provides up to \$5 million from the Medical Marijuana Fund for clinical trials to evaluate the efficacy of marijuana in treating autism, epilepsy, post-traumatic stress disorder and pain. The bill also provides grants to research the impacts of marijuana interactions with prescription drugs, over the counter drugs and illicit drugs. Grants awarded must be competitive and be conducted by Arizona-based researchers from non-profit organizations or universities. **SB 1408/SB 1847 (medical marijuana; research; mental health)** contains many provisions of other marijuana related legislation, but specifically directs DHS to provide grants from the Medical Marijuana Fund to research the correlation between marijuana use and mental illness, including psychosis and violent behavior. In addition, the fund monies are also directed toward suicide prevention, mental health public education campaigns, primary care provider loan repayment programs targeting behavioral health, and to the counties to address public health issues and communities affected by drug addiction and incarceration.

Restrictions on the marketing and sale of marijuana products have been of concern since the enactment of the Medical Marijuana Act (MMA). With legalized recreational use, restrictions placed by the Legislature and within the MMA needed to be updated. This presented an opportunity to further limit the industry's targeting of children and underage populations.

HB 2809 (marijuana; advertising; labeling; signage; sale) requires dispensaries to conspicuously post signage and label products warning about the potential dangers to fetuses

caused by smoking or ingesting marijuana while pregnant and to infants while breastfeeding. From the marketing perspective, dispensaries are prohibited from providing samples for on-site use and bans the sale of marijuana to individuals that are obviously intoxicated. Advertising cannot target individuals under 21 years of age or use graphics that would entice youth such as marijuana leaves, buds or depicting consumption of marijuana. Use of billboards for advertising of marijuana products is restricted to be within 1,000 feet line-of-site to childcare centers, churches, parks, playgrounds and K-12 schools.

Ensuring the safety and wellbeing of vulnerable children and adults is a key priority for the Republican Majority. This session the Legislature approved several measures protecting at-risk populations. **SB 1512 (intermediate care facilities; licensure)** enhances accountability for operators of adult and child developmental homes by requiring the Department of Economic Security (DES) to annually inspect the facilities for sanitation, fire and other potential hazards. Service providers are to implement policies and procedures to notify a parent, guardian or responsible party of any serious incident that occurs within 24 hours of the incident. The bill appropriates \$1 million to the Area Agencies on Aging to provide services to residents. Subject to available appropriations, the measure also requires unannounced inspections at least twice a year.



The Arizona State Hospital (ASH) is a 260-bed facility that provides psychiatric care to individuals with mental illnesses who are under a court order to receive treatment. Patients reside in either the Civil Adult Rehabilitation unit or the Forensic Adult unit due to involvement with the criminal justice system. Stipulations in the *Arnold vs. Sarn* settlement agreement designated a bed capacity at ASH that restricts admission into

ASH, even for the most seriously mentally ill individuals in need. The limitations were arbitrarily derived and did not reflect the population growth in our state. **SB 1716/SB 1851 (Arizona state hospital; admissions; governance)** creates the Joint Legislative Psychiatric Hospital Review Council to look at psychiatric bed capacity at ASH and in other facilities and quantify the need for treatment beds and therapies for this vulnerable population. The Council will look specifically at legal and licensing barriers that deter admission into psychiatric care. In addition, SB 1716 modifies the ASH annual report to provide better demographic information on patients, number and classifications of assaults that occur on the ASH campus and safety responses associated with reported incidents. Findings from the Council and annual report will lay the foundation for further review of ASH operations and future reforms.

It is not uncommon for individuals with mental disorders to also have co-occurring conditions such as substance use disorder. The screening and evaluation process for involuntary treatment oftentimes has a window of time for detoxification to discern whether substance use is the primary cause of behavior or mental disorder. As a result, individuals are placed in a treatment plan that does not meet their needs or may prevent placement into treatment entirely. Inconsistencies among the screening agencies' interpretation of mental disorder, which does indeed include co-occurring conditions, required legislative clarification. **SB 1059 (mental disorders; considerations; involuntary treatment)** establishes that a person who presents with substance use related impairments can be eligible for involuntary treatment if after appropriate time and assessment substance use is ruled out as the underlying cause for alleged behavior.



Emergency response teams responding to 911 calls from assisted living facilities and nursing care institutions to render assistance to fallen residents, when capable personnel at these facilities could have provided proper first aid, drew frustration from the public safety community and created a call to action. **SB 1373 (health facilities; duty of care)** is a common-sense measure that requires licensed health care institutions to have an affirmative duty of care for their residents. As such, these facilities must initiate appropriate CPR and first aid to residents who are in distress and to non-injured residents who have fallen before the arrival of emergency medical services. All facilities must have staff certified in first aid and CPR on hand at all times. The bill prohibits licensed institutions from having policies that restrict rendering aid to avoid liability. Finally, SB 1373 grants immunity from civil liability to a person who in good faith renders first aid, unless the person acted with gross negligence.

Arizona has adopted numerous measures to combat the opioid crisis. Limitations on prescriptions, granting immunity to individuals assisting an overdose patient and oversight of pain medication clinics are a just a few examples. There are other strategies to bring those suffering from addiction to treatment and reduce the risk of infection through overdose treatment programs. Studies have shown that people who inject drugs are more likely to enter treatment for substance use disorder through prevention measures such as syringe services programs. A decrease in the number of transmissions of HIV, viral hepatitis, bacterial and

fungal infections can be attributed to programs that provide access to sterile injection equipment and that provide proper disposal of used needles. **SB 1250 (overdose; disease prevention; programs)** allows cities, towns, counties and nongovernmental organization to establish and operate overdose prevention programs. These programs must strive to reduce the spread of infection and must encourage individuals participating in the program to enroll in evidence-based treatment. Information on where to find additional help such as peer support and treatment for mental illness must also be offered. Employees or volunteers of prevention programs cannot be charged or prosecuted for possession of needle, hypodermic syringe or other injection items associated with the program.

An agent or principal who is legally authorized to make health care decisions for an adult who is determined to be incapable, oftentimes use a health care directive to limit interaction with family members or friends who have a significant relationship with that vulnerable adult. Although directives should be limited to the treatment and care of a principal, agents can manipulate their role and direct health providers to deny visitation. Family and friends wishing to spend time or check in on a loved one can be turned away. **SB 1417 (health care directives; contact orders)** requires agents to encourage and allow contact with other persons who have a significant relationship with a principal unless the agent reasonably believes the contact is not in the best interest of the principal. If access is denied the bill allows individuals to petition the court to require the agent to allow contact. The measure prescribes the legal process which follow the rules of probate procedure and allows the court to order alternative dispute resolution to mitigate cost.



The demand for health professionals has grown exponentially, as has the state's population. Traditional training opportunities for medical students through internships and residencies are limited and the need for innovative settings to provide soon-to-be practitioners with experience is critical. The Legislature enacted measures that will help facilitate medical professional development. **SB 1271 (medical graduate transitional training permits)** allows medical school graduates to apply for a license to practice or a transitional training permit which is valid for one year. A qualified medical graduate who applied for a residency program but was denied will now have an opportunity to obtain clinical training through a collaborative arrangement with a supervising physician who will evaluate and document performance. Continued education requirements must be satisfied, and the permit can be renewed for two additional one-

year periods. In addition, **SB 1278 (health professionals; preceptorships)** creates an alternative pipeline for training through preceptorship programs. Graduate level students seeking a degree and license in a health profession can be provided with a mentoring experience where a student will receive personalized instruction, training and supervision that will aid in obtaining a health profession degree. The Arizona Medical Board, Board of Nursing, and Regulatory Board of Physician Assistants are to establish a preceptor awareness campaign to recruit licensed Arizona practitioners to offer their expertise to prospective health professionals.

Studies have shown that individuals who receive emotional and physical support from a doula before, during and after labor can have positive labor and delivery outcomes. For instance, research found that continuous support during childbirth resulted in fewer epidurals, a reduction in the number of cesarean sections performed and also shortened the duration of delivery. More women are utilizing doula support as some hospitals provide doula support and insurers may cover the cost of doula services. Doulas will have the opportunity to obtain certification from the Department of Health Services (DHS) to demonstrate experience and background to expectant parents. **SB 1181 (doulas; voluntary certification)** establishes state certification of doulas who have at least 30 hours of instruction, who can document that core competencies prescribed by DHS are met and who have observed at least one birth after training is complete. A doula must also receive an acceptable evaluation from a mother and the medical provider who assisted in the delivery. This voluntary certification will provide quality assurance to individuals seeking doula services and enable reimbursement from health care providers that require certification.

The burgeoning industry of genetic testing such as 23AndMe and Ancestry.com has resulted in a significant increase in tests performed and the amount of genetic information that is generated and shared. As transforming as genetic testing may be in establishing personal DNA identifiers and scientific research, the internet and the broad sharing of information have created a need to set parameters on the use of the genetic data for privacy purposes. **HB 2069 (genetic testing; requirements; data; enforcement)** contains disclosure requirements for direct-to-consumer genetic testing companies to ensure that consumers understand how the company collects, uses and discloses their personal genetic data. The bill requires consumer consent for collection of the data that is transferred to another person or through a company's service providers, if the data will be used beyond the primary purpose for



which the genetic data was collected, if samples are to be retained by the testing service, or if the information will be used for marketing purposes. HB 2069 will ensure that personal information will be protected but allows for innovation at the express consent of the consumer.

One of the many restrictions imposed during the COVID-19 pandemic health emergency was limiting access of clergy during medical emergencies. It was truly disheartening for patients who were critically ill, undergoing significant procedures and for those vulnerable in age who were not granted visitation during a time of need. **HB 2575 (hospitals; visitation)** requires hospitals to facilitate clergy visits in-person for religious purposes, provided they adhere to health and safety precautions. If a hospital will not allow in-person visitation due to health and safety concerns they must facilitate virtual visitations. Hospitals must make their visitation policies known to all patients or their representatives.



Patients with chronic conditions that require medication on a regular basis should not have to jump through hoops in order to receive the drug that best suits their needs. Insurers and Pharmacy Benefit Managers (PBMs) often require individuals to use a drug first (usually a cheaper alternative) and demonstrate that it failed as a treatment before they are authorized to take the drug a physician originally prescribed. This "step therapy" can have harmful health effects while a patient is waiting to be approved for a drug that is most effective. **SB 1270 (insurance; prescription drugs; step therapy)** requires that step therapy protocols used by insurers and PBMs be based on clinical practice guidelines that are endorsed by a multidisciplinary panel of experts and submit these protocols to the Department of Insurance and Financial Institutions for greater transparency. More importantly, the bill allows a patient and physician to request an exception to the step therapy if coverage of a prescription drug is restricted by the insurer or the PBM expressly requires step therapy. The process to obtain an exception must be easily accessible to the patient and inform the patient of what information is needed to get an exception. An exception must be granted if there is sufficient justification that a prescription drug could cause serious adverse reaction to the patient or that the "first step drug" would be ineffective and not in the best interest of the patient. Finally, if a patient had already taken a drug with successful outcomes, they will be allowed to maintain that treatment option should there be a change in insurance coverage.

Arizona law currently prohibits taking disciplinary action against a health professional for making a patient aware or educating a patient about off-label use of a drug for which there is a reasonable basis for its use. The severity of COVID-19 left patients without many treatment options and health care providers raced to find effective medications. The pandemic has generated interest in the repurposing of drugs to treat the virus. While there are certain drugs such as hydroxychloroquine, chloroquine and ivermectin that have been recommended by some physicians, regulating agencies and health organizations have discouraged the off-label use of the drugs. **SB 1416 (health professionals; off-label use; medications)** modifies the definition of lawful health care service to include the off-label use of medication during a public health emergency to ensure that if there are off-label alternatives a doctor and patient can consider the benefits and make an informed decision.



It is an understatement to say that the COVID-19 pandemic has had a profound impact on how Arizona citizens conducted their daily lives for well over a year. Mitigation measures such as mask use and social distancing significantly changed the workplace model during the pandemic. Executive orders moderating the activity of Arizonans with stay-at-home orders and designating essential services placed restrictions on individuals that have not been seen before. Now with orders lifted and vaccination drives underway, there is concern that there will be residual effects of the public health emergency and mitigation measures could be imposed prospectively as new surges or variants of the Coronavirus emerge. Legislators sought to protect individual rights through a variety of measures. **HB 2190 (vaccines; prohibitions; governments; businesses)** prohibited a state, county, local government or public university from conditioning a benefit or service on whether a person has received a COVID-19 vaccine. The measure also prohibited businesses from denying a service, product or admission to an event or venue without proof of vaccination. A Class 3 misdemeanor would be imposed for a violation of these prohibitions. While this Senate strike-everything amendment did not pass, similar provisions were contained in the budget.

HB 2898 (K-12 education; budget reconciliation; 2021-2022) prohibits a county, city, town or school district and charter school governing boards from requiring students or staff to use face covering during school hours and on school property. In addition, K-12 institutions cannot force students and faculty to receive a COVID-19 vaccine or wear face coverings for in-person instruction. Similarly, **SB 1825 (higher education; budget reconciliation; 2021-2022)**

prohibits the Arizona Board of Regents (ABOR), public universities and community colleges from requiring proof of COVID-19 vaccination or placing any conditions on attendance and class participation, including imposing a face covering requirement. COVID-19 testing requirements may occur if there is a significant outbreak shared in student housing that poses a risk to students and staff. That testing would require DHS approval. Educational collaborations with health care institutions may allow health screenings and vaccine requirements.



Finally, **SB 1824 (health; budget reconciliation; 2021-2022)** reaffirms that a COVID-19 vaccine is not required for school attendance. The bill also limits cities, towns, and counties from establishing a vaccine passport or requiring businesses to obtain a patron's proof of vaccination. No law or ordinance creating a vaccine passport would be enforceable in Arizona. Employers cannot require a vaccine if an employee objects due to sincerely held religious beliefs, practices or observances (this provision excludes health care institutions). However, an individual has the right to request their own vaccine records be released.

Pharmacy Benefit Managers (PBMs) impose transaction fees on pharmacies whenever they submit a claim and impose additional fees for activities related to the same claim. A charge for a claim submittal, appealing a claim, checking on a patient's cost-share, using the PBMs help desk are just a few examples of how these practices can add up. Fees can range from 25 cents and as much as \$2 per claim, which could mean up to thousands of dollars a month that pharmacies must pay before they can be reimbursed by insurers. **SB 1356 (pharmacy benefit managers; prohibited fees)** will prevent pharmacy benefit managers from charging pharmacies a transaction fee for every time a pharmacist interfaces with a PBM claims database. The bill enables pharmacies to submit a complaint to the Department of Insurance and Financial Institutions for unnecessary transaction fees.

Arizona's current drug donation statutes provide the ability for medications to be donated, but the regulatory structure is considered overburdensome and lacked the structure to encourage participation. There is no operational program in place with participating pharmacies, charitable clinics, or licensed health facilities to collect and distribute donated drugs to patients who can't afford lifesaving medications. Thousands of unused drugs are simply thrown away. **SB 1219 (donated medicine requirements)** revises statutes to enable an authorized donor to

transfer unopened and untampered-with medication to an authorized recipient and provides liability protection to participants in the chain of distribution from manufacturing to pharmacy to patients under the supervision of the Arizona Board of Pharmacy. It is intended that a central location will properly store the drugs and these medications can be repurposed to those in need under the care of a physician.



Governor Ducey issued an executive order during the COVID-19 pandemic to provide greater access to healthcare for Arizona citizens who were restricted due to the stay-at-home order or quarantine. That order required health insurers to expand telemedicine coverage for all services that would normally require an in-person visit. Telemedicine provided a lifeline for people to obtain necessary medical care, meet behavioral health needs and maintain ongoing therapies and treatments. Lawmakers have long supported telemedicine and innovation to provide greater access to care. The successful use of telemedicine during the pandemic gave way to the opportunity to make the expansion permanent in state law. As such **HB 2454 (telehealth; health care providers; requirements)** prohibits insurers from limiting or denying telehealth and established parity in reimbursement for health care services given through telemedicine. The legislation allows for out-of-state providers to also provide services and allows for audio-only consultations. To keep Arizona at the forefront of telemedicine, a Telehealth Advisory Committee on Best Practices is established to look at national standards and make recommendations on ways to improve the delivery of care through telemedicine.

Women sometimes encounter barriers in accessing certain forms of birth control. Some may lack financial resources, may be either uninsured or underinsured, and some may live in communities that do not have health services readily available. Visiting a prescribing health professional on a quarterly basis is not always possible, thereby increasing the risk of unwanted pregnancy and the consequences that follow. **SB 1082 (pharmacists; dispensing authority; hormonal contraceptives)** allows a pharmacist to dispense hormonal contraceptives to a patient who is at least 18 years of age through a standing order issued by the Department of Health Services. This prescription is not "over-the-counter". Every woman is required to complete a self-screening risk assessment to identify any personal health history where birth control may pose a potential risk. In addition, the bill requires a consultation with a pharmacist where additional information relating to the hormonal contraception is disseminated.



Proponents of the legislation still recommend regular doctor appointments, but the legislation would enable availability and proper use of hormonal contraceptives in the meantime.



Commerce

The Arizona economy proved its resilience in 2020. In 2021, our businesses and entrepreneurs are on the path of resurgence. Applying free market principles deployed a decade ago during the last recession, the Legislature acted swiftly this year to ensure job creators were supported in doing what they do best – creating gainful employment for Arizonans seeking to live, work and raise a family in our great state.

During the public health state of emergency, paused operations and stressed supply chains slowed homebuilder efforts to keep pace with population growth. The Legislature, recognizing the pandemic's effect on compliance with government permitting timeframes, passed **SB 1258 (state of emergency; tolling; permits)** to extend expiration of two key authorizations needed for development: 1) building construction, land subdivision, land development and real property improvement permits; and 2) permits issued by municipalities and the Arizona Department of Environmental Quality (ADEQ).

As consumption trends shifted away from in-person dining to take out and delivery last year, the restaurant and bar industry creatively adapted to provide alternative meal and drink options

to consumers. As amended by the Senate, **HB 2773 (liquor; delivery; off-sale permits; leases)** preserves to-go cocktails as an important revenue stream for our local eateries and watering holes. As passed by the House, HB 2773 offered worthwhile policy objectives but needed additional refinement. Through a robust stakeholder process in the Senate, critical amendments by the Commerce Committee and Committee of the Whole protected license integrity and public safety concerns to complete the measure.



Continuing in the Legislature's commitment to work closely with industry to expand economic opportunities, three additional liquor-related measures provide flexibility in diversifying operations. **HB 2305 (spirituous liquor; alternating proprietorships)** allows producers, distillers and microbrewers to collaborate in lowering overhead costs under an alternate proprietorship plan at a single location while **HB 2844 (wineries; microbreweries; distilled spirits)** allows bars, breweries and restaurants to dispense growlers through a drive-through or walk-up service window. Further, **HB 2050 (liquor omnibus)** raises production caps for licensed crafter distillers and provides a mechanism for license holders with an inactivated or reverted license to reactivate their authorization.

In the last few years, no state has been more aggressive than Arizona at removing barriers to workforce entry through occupational licensure reform. Under **SB 1149 (occupational and professional licensure; notice)**, all new residents seeking occupational certification will see Arizona's first-in-the-nation universal licensure statute prominently displayed on license applications. As the Legislature evaluates existing occupational licensing going forward, **SB 1218 (nonhealth professions; occupations; regulations)** adds rigorous criteria for justification of new and existing government regulation, including proof of public benefit, credible evidence of harm from deregulation and exhaustion of less restrictive methods to protect the public in lieu of occupational licensure.

The Legislature this year identified two instances where occupational licensing did not meet these criteria. Under existing statute, the Board of Technical Registration requires licensure for any person using the title *engineer*. Of the various subsets of this profession, however, many engineers did not affect public health to a degree necessary to justify government regulation, including constituents targeted for punitive action by the Board. **SB 1062 (engineering definitions)** rectifies this anomaly, allowing individuals to use the title of engineer without

costly licensure. Going forward, the Board's jurisdiction will be limited to professionals engaging in public health-related activities, henceforth designated as *professional engineers*. In the real estate profession, statute prohibited unlicensed individuals from performing certain administrative duties. **SB 1095 (real estate; employees; rent collection)** allows unlicensed administrative staff to perform these functions in a real estate office, including rent collection and other clerical duties.



Individuals with criminal records often find it particularly difficult to jump occupational licensing hurdles. Not only do many former offenders lack the time and money needed to navigate the licensing process, but they are often needlessly prohibited from obtaining an occupational license based on their criminal history, making it even harder to find meaningful employment and stay on the right side of the law. **HB 2319 (license denial; prohibition; drug convictions)** provides second chances to these individuals, qualifying them for occupational licensure despite a past drug offense. **HB 2787 (occupational regulation; good character; definition)** similarly enables job seekers, charting a new path, by requiring agencies, before denying a license application, to consider the person's likelihood of re-offense, the passage of time since the person committed the crime, and any evidence of rehabilitation or treatment.

In the state regulated gaming industry, the Legislature passed **SB 1797/HB 2772 (fantasy sports betting; event wagering.)** to modernize gaming in Arizona and provide additional revenues for the state and tribal nations. The product of many years of negotiation, the approved gaming compact and accompanying legislation preserve gaming contributions to the state and authorizes event wagering, lottery keno, fantasy contests and mobile lottery off-reservation. The resulting tourism and job opportunities will have lasting benefits for our economy. The Legislature also extended additional revenue streams to bingo halls and racetracks; **HB 2019 (bingo; conduct; licenses)** increases bingo license gross receipt thresholds and **HB 2374 (additional wagering facilities; cap; removal)** replaces arbitrary population caps with geographic boundaries for additional wagering facilities.

Equipped with new scientific findings correlating firefighter carcinogen exposure with increased cancer risk, the Legislature expanded workers compensation coverage for our valued first responders. **SB 1451 (workers' compensation; rates; firefighters; cancer)** raises the burden of proof for denying a cancer claim and removes a requirement that the firefighter must

have been exposed to a known carcinogen reasonably related to the contracted cancer. Additionally, the measure adds ovarian and breast cancer to compensable claims and extends coverage to fire investigators.



Elections

The right to vote and the security of the ballot are sacrosanct. As such, voting equipment security inspires confidence in the integrity of the vote. **HB 2359 (election equipment; access; locks)** requires any port, plug, door or other method of physical or electronic access to a voting machine or electronic pollbook to be secured in such a manner that prevents unauthorized access to that equipment during an election. Certain minimum standards for persons who want to be involved in polling place activities are reasonable and inspire confidence in voters. **SB 1835 (party representative; resident; violation)** requires a political party challenger or representative at a polling place to be a resident and registered to vote in Arizona. The bill also imposes a criminal penalty for knowingly impersonating election officials, election board members, poll workers, political party challengers or party representatives.

The maintenance of an accurate, active early voting list is essential to the integrity of the Arizona election system. A person who requests to be on the active early voting list and who repeatedly fails to vote with ballots mailed out by the county recorder increases the likelihood of ballot fraud. **S.B. 1485 (early voting list; eligibility)** removes a voter from the active early voting list, subject to reasonable notice requirements, if the voter fails to vote by early ballot in any specified elections for two consecutive election cycles. **HB 2054 (voter registration**

database; death records) mandates that the Secretary of State annually compare death records with the voter registration database to ensure that the database is an accurate reflection of current registered voters.

SB 1530 (early ballots; instructions; undeliverable) provides clear, unambiguous instruction to a household that receives an early ballot with a voter's name that no longer resides at that address. The bill requires early ballots to be sent in an envelope with directions to mark the unopened envelope "return to sender" and deposit the envelope in the mail if the addressee does not reside at the address.



A person should have confidence that their vote is secret and that their party affiliation is not revealed irrespective if they vote at the polls or by mail. **SB 1002 (early voting envelopes; party affiliation)** prohibits vote by mail ballot envelopes from revealing political party affiliation. A reasonable opportunity to cure a missing signature on an early ballot envelope gives a voter a chance to make sure their vote is counted. **SB 1003 (early voting; signature required; notice)** is a clarifying measure that requires a county recorder to make reasonable efforts to contact an early voter and allow them to add their missing signature to a returned early ballot envelope no later than 7:00 p.m. on election day. Voters who choose to vote at a polling location need assurance that their vote is counted, especially when a ballot may be rejected because of an overvote or other irregularity. **HB 2307 (voting equipment; overvote notice)** mandates that a written notice be provided advising the voter that if they choose to override the overvote or any other ballot irregularity, the voter's vote for that office or measure will not be tallied.

Transparency in campaign finance disclosures is important so that people know who is contributing and how much they are contributing. This is especially important when contributions come from out of state. **SB 1104 (campaign finance; contributions; disclosures; itemization)** requires reports to include contributions from out-of-state individuals, including identification of the contributor's occupation and employer, as well as certain aggregate contribution amounts from in-state donors. **SB 1714 (campaign expenditures; out-of-state; disclosures)** requires a political action committee that makes an advertisement expenditure to disclose the aggregate percentage of out-of-state contributors for that advertisement. Additionally, large amounts of money donated by private individuals have no business being

used by counties in preparing, administering or conducting an election. **HB 2569 (elections; private funding; prohibition)** preserves integrity in elections, as well as voter confidence, and avoids the perception of outside influence by prohibiting receipt or expenditure of private monies for that purpose.

A political candidate running for a public office should not have their family in their private residence be subject to harassment or physical danger. **HB 2365 (political candidates; address confidentiality)** strikes a good balance between potentially holding public office and personal privacy by permitting political candidates to use a post office box or private mail box address located in the district instead of the candidate's actual residential address if their address is already protected from access by the general public.

The U.S. Constitution vests power in the states to manage, control and administer each state's own election laws. **HCR 2023 (elections; state authority; infringement; opposition)** declares that House Resolution 1 would interfere with Arizona's sovereign authority over election procedures by prohibiting various practices and mandating others, which goes far beyond the Elections Clause based constitutional arrangement between the federal government and the states. Ensuring that elections are conducted in a timely and efficient manner often requires statutory updates and modifications. **SB 1492 (election law amendments)** makes various changes to requirements for election ballots, dates, deadlines, election boards, nomination petitions, polling locations and recognition of new political parties on city, town or county ballots. **HB 2181 (write-ins; residency; filing deadline)** permits early ballot tallying to begin immediately after the envelope and completed affidavit are processed and delivered to the early election board, rather than 14 days before an election, which allows ballot tallying to proceed more efficiently and results in timely release of election data.



Election officers do not have the authority to unilaterally modify statutory election-related dates. That is the purview of the Legislature, and to a certain extent, the courts, based upon a civil action. **HB 2794 (election deadlines; modifications prohibited)** affirms that an officer or agent of the state, a political subdivision or other governmental agency, unless prescribed by a court of competent jurisdiction, cannot modify any deadline, filing date, submittal date or other

statutory election-related date. Compliance failure subjects a person to a criminal penalty. Furthermore, county recorders do not have the statutory authority to arbitrarily mail out early ballots to voters who have not affirmatively requested they do so. **HB 2905 (early ballots; request required)** prohibits a county recorder, city or town clerk, or other election officer from delivering or mailing an unrequested early ballot for that election, with certain exceptions. The bill also imposes potential criminal liability upon an election officer who knowingly provides an early ballot to a person who did not request one.

Voters need solid information in order to make informed choices. **SB 1497 (ballot measures; proposition 105; disclosure)** includes a Proposition 105 notice on the official ballot and the Secretary of State's publicity pamphlet so that voters realize that the Legislature cannot easily remedy, modify or change a ballot measure if it is enacted. **HB 2364 (election pamphlet submittals; identification required)** makes certain that the names of persons and their city and state of residence are included in the publicity pamphlet when they submit written arguments for or against an initiative or referendum. **SB 1105 (ballot measures; 200-word description)** ensures that voters have a more detailed description of often densely worded ballot measures. The bill increases, from 100 to 200 words, the length of an initiative or referendum description included on petitions.



HB 2308 (recall petitions and elections; revisions) modifies procedures for recall petitions, circulators and elections, most notably by making reasonable and statutorily consistent procedural revisions by requiring out-of-state petition circulators and paid circulators to register with the Secretary of State before circulation, subject to petition signature disqualification for failure to do so. The bill also includes needed security measures that prohibit a person from registering as a recall circulator based upon specified criminal convictions or civil liability.



Natural Resources, Energy and Water

In anticipation of another intense wildfire season, Senate Republicans spearheaded **SB 1442/HB 2440 (hazardous vegetation removal; state forester)** early in the legislative session to guard against expected wildfire risk in a drier Arizona. The initiative targets fire-fueling vegetation by building in-house capacity and expanding partnership opportunities to mitigate risk. Increasing grant availability to conduct wildfire risk reduction programs and broadening the use of Good Neighbor Authority, the measure allows those in the private and public sector to proactively target U.S. Forest Services land neighboring, and threatening, state and private lands. This legislation laid the groundwork for additional targeted resources when fears were realized later in the year.

A catastrophic wildfire season began to take shape just as the 2021 legislative session neared its end. While the Telegraph and Mescal fires burned in eastern Arizona, the Legislature decisively acted in special session to provide immediate relief and long-term fire mitigation. **SB 1001/HB 1001 (appropriations; fire suppression)** provides substantial resources to forest fire mitigation, including \$75 million for fire suppression and recovery efforts, including post-fire floods, economic assistance for displaced individuals and assistance to landowners for emergency repairs to infrastructure damaged by wildfire. The package also includes \$24.6 million for a partnership between the Department of Forest and Fire Management and the

Arizona Department of Corrections to reduce wildfire risk to Arizona communities by removing fire-prone vegetation.



Prioritizing information-driven water policy and long-term resource stewardship, while maintaining state water management over federal water management, lawmakers enacted several targeted water reforms in the 2021 legislative session. Encouraging water reuse and maximizing conservation efforts, **SB 1366 (remediated water; groundwater; use)** statutorily codifies the use of groundwater treated by approved remedial action projects as consistent with goals of the Active Management Areas (AMA). This measure requires remediated groundwater to be put to beneficial use within the service area of the municipal provider, where the groundwater was withdrawn to ensure prudent reserve replenishment. Further promoting conservation, **SB 1368 (water conservation notice; no forfeiture.)** allows a person with surface water rights to file a water conservation plan notice without abandoning the future use of conserved water. This measure encourages deployment of new water-saving methods to promote long-term availability.

Lawmakers also encouraged flexibility in water management, allowing existing available resources to be put to more beneficial use. **SB 1274 (assured water supply; subdivisions.)** allows developers to redesign residential communities to increase household water efficiency without compromising their existing designation of assured water supply. Employing locally driven solutions, this measure harnesses smart water management to drive economic development and housing availability in rural areas such as Pinal County. **HB 2441 (water; substitute acreage)** also promotes wise water use, allowing a person to retire irrigation acres damaged by floodwaters or another limiting condition through substitution for other acres on the same farm where the resources can be put to more efficient use. Following a multi-year study by the Department of Water Resources, **SB 1021 (groundwater; waterlogged area exemption; date)** extends AMA exemptions for groundwater withdrawal requirements in the Buckeye Waterlogged Area until 2035. Supported by a robust hydrological review, these exemptions honor unique water management goals in a defined, localized area.

Afforded by improvements to the federal Clean Water Act approved by the United States Environmental Protection Agency in 2020, lawmakers seized the opportunity to retain state

management of Arizona waters. **HB 2691 (ADEQ: water quality program; WOTUS)** implements the Arizona Surface Water Protection Program by creating a list of waterways used for drinking, recreation and fishing that will be protected from harmful discharge of pollutants. Under the program, nearly 800 Arizona streams, lakes and rivers are now guarded by important water quality safeguards and meaningful best management practices that provide clarity and consistency to regulated communities. When remedial action is necessary to preserve water quality, **SB 1307 (water; wastewater system; corrective actions)** requires, rather than allows, the Arizona Department of Environmental Quality to make a formal request for corrective action for a regulated wastewater treatment facility or public water system for water quality control noncompliance and directs the Arizona Corporation Commission (ACC) to commence corrective action.



Dedicating significant resources to drought mitigation, Senate Republicans also prioritized long-term water management and augmentation during the 2021 legislative session. The Drought Mitigation Revolving Fund, created by **SB 1822 (environment; budget reconciliation; 2021-2022)**, deploys \$160 million for development of long-term water supply and conservation projects to meet the supply needs of many regions across the state. Among allowable projects, fund monies can be used for avoiding Colorado river supply reductions, maximizing state land projects and financing water supply efforts that import resources into Arizona for statewide benefit. Consistent with the latter objective, lawmakers adopted two memorials to encourage proactive action by the federal government. **HCM 2003 (Colorado river; urging augmentation)** urges the Secretary of the U.S. Department of the Interior to take all necessary measures to fulfill its obligations to provide for Colorado River water augmentation and conservation. Similarly, **HCM 2004 (floodwater harvesting; study; urging Congress)** urges Congress to develop a diversion dam and pipeline to harvest floodwater from the Mississippi River to replenish the Colorado River.

As with water, lawmakers emphasized efficient use of state lands this legislative session. **SB 1065 (state lands; partial tracts; patents)** allows the Arizona State Land Department (ASLD) to maximize private sector partnerships benefitting the Land Trust Fund. Removing an unnecessary threshold for land sale, the measure allows for the purchase of state land tracts that are less than 10 acres. For state land leaseholders, **SB 1413 (state lands; leases; renewal**

applications.) streamlines administrative requirements by requiring ASLD to accept renewal applications electronically.

A pair of enacted legislative proposals deploy collaborative efforts to combat the harmful effects of invasive vegetation across Arizona. **SB 1223 (noxious weeds; government projects.)** allows the state or any political subdivision to remove noxious weeds for the purpose of routine maintenance and capital projects. **HB 2079 (conservation districts; water; invasive vegetation.)** similarly allows Natural Resource Conservation Districts to eradicate invasive vegetation under programming efforts. Collectively, the proposals represent an all-hands-on-deck approach to battling vegetation that has harmful water resource and forest fire management effects.



Promoting agriculture, a critical element of Arizona's diverse economy, arose as a major theme of the 2021 legislative session. Following off-session discussions leading to agency improvements, lawmakers approved **HB 2081 (Arizona department of agriculture; continuation.)** to extend the Department of Agriculture for ten additional years. **HB 2289 (citrus research council; fee increase)**, requested by industry stakeholders, modestly increases a per-carton citrus fee assessment by five cents. These additional funds are critical for the varietal development, citrus pest eradication, and field-to-market production efforts of the Arizona Citrus Research Council. Encouraging voluntary compliance and diminishing frivolous lawsuits, **SB1448 (agricultural operations; nuisance; costs; damages)** provides reasonable, consistent criteria for farm operations to avoid punitive nuisance actions. Through a robust stakeholder process with all affected parties, the adopted measure balances community needs with a farmer's right to earn a living, provided their operational practices are lawful, customary, reasonable, safe and necessary to the agriculture industry.



Transportation and Technology

The installation of rural broadband infrastructure is critical to Arizona's technological growth. **HB 2596 (ADOT; telecommunication facilities installation)** authorizes the installation of telecommunication facilities along state highways by the Arizona Department of Transportation (ADOT) or a broadband service provider so that all parts of Arizona are connected in a cost-effective manner through partnerships, closing the broadband gap.

Dating applications are a popular online platform. Unfortunately, as with any online platform, users may be subject to fraudulent activity. **HB 2396 (online dating fraud; member notice)** seeks to protect members of these online communities by requiring an internet dating service to notify members in Arizona if the member has interacted with another member who has been banned from the dating service for fraudulent activity.

Private design-build contractors incur costs in creating and submitting responses to requests for proposals generated by ADOT and local governments. **HB 2876 (government contracts; public-private partnerships)** reasonably offsets costs incurred by increasing the stipulated fee awarded to an unsuccessful offeror for a design-build construction services proposal.

Autonomous vehicles are at the forefront of driving technology and Arizona is a leader in the operation and testing of these vehicles. As with any vehicle on the state's roadways, basic safety measures are a requirement for operation. **HB 2813 (autonomous vehicles)** establishes a

statewide regulatory framework for autonomous vehicle operation that complies with all applicable federal motor safety standards, achieves minimal risk conditions in the event of an automated driving system failure, and complies with applicable state traffic and motor safety laws.



Continuing to support the trend of using technologically sound electronic vehicles to support commercial activity, **SB 1345 (neighborhood electric shuttles)** outlines requirements, safety standards and operational restrictions for neighborhood electric shuttles. The shuttles are low-speed, emissions-free vehicles for hire that can transport at least eight passengers, which are especially useful in dense, downtown areas. **SB 1291 (gross weight; vehicles and loads)** slightly increases the maximum weight a heavy-duty vehicle operated by an electric battery or hydrogen engine is allowed to exceed gross weight limitations so that alternatively fueled commercial vehicles may become a larger part of economic activity on the roadways.

Policymakers are taking a proactive approach to alleviate urban density traffic issues by studying advances in air mobility technology. **HB 2485 (urban air mobility study committee)** seeks to foster public acceptance and awareness by creating an outreach campaign to educate the public and lawmakers about urban air mobility technology and its benefits, and to collaborate with local governments to identify the best ways to integrate urban air mobility into transportation plans.

HB 2522 (graduated driver licenses; education program) creates a cost-effective education and class G driver license application mechanism that permits young drivers to complete a course offered by a traffic survival school or a certified defensive driving school in combination with a parent or guardian, certifying that the person has completed certain supervised driving practices.

A photograph is an essential identification mechanism and should be available to children in situations where parental consent to obtain a photo ID is not an option. **SB 1019 (dependent children; nonoperating identification; photograph)** requires a child welfare agency to obtain

either a nonoperating identification license for the child or a photograph of a child who does not qualify for a nonoperating identification license.



Emergency vehicles need room to operate and maneuver when performing certain tasks on roadways, and drivers operating vehicles need to move over to allow emergency vehicles safe operation. **HB 2294 (yielding to emergency vehicles; penalties)** includes a driver education component that mandates that ADOT, defensive driving schools and traffic survival schools provide information relating to Arizona's move-over law. The bill also subjects a driver who violates the law to a certain civil penalty.

Responsible driving entails more than safe operation of a vehicle on Arizona roadways. In the event of an accident, a vehicle driver is required to stop and remain at the scene and provide certain information and assistance. This requirement should apply irrespective of whether the accident occurs on public or private property. **HB 2027 (leaving accident scene; private property)** applies stopping at the scene requirements to accidents that occur on private property and increases penalties for failure to comply.

Purchasing a vehicle is often a research-intensive endeavor. Consumers should expect reasonably transparent information in the advertised vehicle price when considering a purchase, including additional fees. **HB 2721 (motor vehicle transactions; advertised vehicle price)** enhances transparency by requiring a motor vehicle dealer to clearly and conspicuously disclose in an advertisement for a motor vehicle that a document fee will be charged as part of the transaction.

SB 1551 (driver license suspensions; restrictions) remedies an unfortunate situation that occurs when a person cannot pay a civil penalty, surcharge or assessment for certain traffic and vehicle violations and who continues to drive on a suspended driver license, potentially incurring further charges for doing so. The bill removes the ability of a court to order the suspension or restriction of a person's driving privilege for failure to pay and allows civil penalties for certain traffic violations to be waived by a judge. Additionally, payment of court-ordered monetary obligations related to certain civil traffic or criminal offenses may be difficult because of financial hardship. **HB 2110 (civil penalties; mitigation; restitution)** holds a

person accountable and seeks an equitable solution by permitting a court to order community restitution in lieu of a monetary obligation at a rate equal to Arizona's minimum wage.

DUI offenses deserve enhanced penalties as a public safety matter. **HB 2187 (DUI; administrative suspension; license revocation)** adds an aggravated DUI offense to the list of offenses that are grounds for mandatory license revocation if a person is convicted of three or more DUI offenses in a seven-year period. License revocation is not always an appropriate measure, however, especially when sound public safety alternatives exist. **SB 1832 (restricted license; DUI; suspension)** requires ADOT to suspend, rather than revoke, a person's driving privileges for one year for reckless or aggressive driving or racing violations. The bill also permits the person to apply for a restricted driver license after certain suspension timeframes are met. **SB 1407 (DUI; incarceration credits; calculation)** requires a person who receives time-served credit toward a mandatory term of incarceration for a DUI to serve at least eight consecutive hours for each day of credit, which creates across the board equity for time-served credits.



Possession of a commercial drive license (CDL) creates and sustains economic opportunity. **HB 2134 (commercial driver licenses; third parties)** permits third-party providers to perform administrative and testing functions for the issuance and renewal of a CDL to give people more options in order to participate in commercial driving opportunities. **HB 2159 (school bus drivers; license requirements)** allows an applicant for a school bus driver certification to possess a CDL issued by another state if the person will be driving a school bus for an Arizona school district that is adjacent to that state. **HB 2173 (commercial driver licenses; renewal time)** extends the time period from every five years to every eight years for CDL renewal, which cuts down on renewal costs and administrative fees.

Street racing is a major public safety issue and it is especially problematic in the metropolitan areas of the state. **SB 1533 obstructing highways; racing; assessment; impoundment** seeks to deter this reckless behavior by giving law enforcement the ability to immobilize or impound vehicles involved in street racing. The bill also establishes the Drag Racing Prevention Enforcement Fund consisting of monies collected from an assessed \$1,000 fine for racing violations so that law enforcement agencies have the resources to combat street racing activities.



Government

Preserving conservative principles, the Legislature emphasized individual liberties, transparency and streamlined government in the 2021 legislative session. Various measures championed by Senate Republicans prioritize citizen autonomy over government overreach. **SB 1063 (administrative review of agency decisions)** levels the playing field for a person targeted by an occupational board for disciplinary action. Under existing law, a trial appealed to Superior Court adopts the factual determinations established by the Office of Administrative Hearings. SB 1063 grants a person a de novo (new) trial on request, preserving the practitioner's right to have their day in court without deference to any government agency. **SB 1601 (municipal ordinances; penalties; notice)** similarly puts the burden of proof on the government, prohibiting a city or town from imposing a nuisance fine, penalty or assessment until after proper notice has been delivered and the appeal timeline has lapsed.

Serving as the principle oversight authority over state agencies, the Governor's Regulatory Review Council (GRRC) has the power to overturn agency actions that curtail individual liberties or extend beyond the authority granted to the agency by the Legislature. **HB 2759 (rulemaking; petitions; GRRC)** provides direct citizen access to relief at GRRC, allowing any person to petition the body for review of any existing agency practice, substantive policy statement, final rule or regulatory licensing requirement. While existing law requires approval of four GRRC members for review, HB 2759 grants automatic review on behalf of the appellant. **HB 2265 (rulemaking; expedited process; rule expiration)** also encourages

regulatory reduction, allowing an agency to expedite expiration of a rule at the next GRRC meeting.



In the wake of the COVID-19 pandemic and resulting emergency declaration, lawmakers evaluated the delicate balance between the government's role to protect the public health with the individual liberty of citizens and businesses. In three instances, the Legislature acted to preserve individual rights both prospectively and retroactively. **HB 2570 (licenses; pandemics; revocation prohibition)** prohibits a state agency, city, town or county from revoking a business license for failure to comply with an emergency order, unless the governmental entity can demonstrate that the business caused the transmission of the disease that is the subject of the order due to the business's willful misconduct or gross negligence. Additionally, the measure extends both notice and due process to the business before license revocation. **HB 2770 (mask mandates; business exception)** also ensures business operation autonomy going forward, restricting enforcement of local and state mask mandates on businesses that allow its patrons to choose their masking preference. Retroactively, the Legislature capped civil penalties levied by the Department of Liquor License and Control during the COVID-19 emergency, requiring the department to return all fines levied above \$500 to bar and restaurant establishments. With regard to federal decrees, the Legislature enacted a mechanism for increased scrutiny of Presidential executive orders. On the request of a legislator, **HB 2310 (executive orders; review; attorney general)** provides for legal evaluation of a federal executive order by both Legislative Council and the State's Attorney General. To restore an effective balance of power and encourage thoughtful decision making in future declarations of emergency, lawmakers installed triggers for legislative inclusion in public health emergencies such as the COVID-19 pandemic. Two months after a state of emergency is declared, **SB 1819 (budget procedures; budget reconciliation; 2021-2022)** requires the Governor's Office to publicly brief the Legislature on the status of the emergency and any future plans for its continuance. After four months, the state of emergency automatically concludes unless continued by a concurrent resolution of the Legislature. Beginning in 2023, this mechanism still affords the Executive branch the means to quickly respond to emergency circumstances while bolstering Legislative authority to preserve the balance of power in prolonged health emergencies.

Greater transparency also surfaced as a primary theme of the 2021 legislative session. Two bills afford increased notice by local governments to constituents. Removing a geographic limitation

on the printing location of qualifying newspapers, **SB 1645 (publication of notice)** allows city and town notices to be published in a newspaper with the greatest circulation to the affected population. **HB 2400 (municipal ordinances; posting)** similarly extends increased notice flexibility to local governments, allowing municipalities to satisfy posting requirements through online notice along with an additional physical notice. For direct communications from government to citizens, **HB 2696 (government assistance; point of contact)** requires a city, town or state agency to provide contact information for an employee who is able to help remedy the issue, addressing the age-old challenge of connecting with a "live" person to get a resolution.



Beyond transparency, the Legislature enacted various measures to streamline processes at various levels of government. **SB 1299 (incorporation; urbanized areas)** modifies several requirements for incorporation of communities and urbanized areas, including map filing, modification request and petition circulation deadlines. The measure provides greater access to the incorporation process by affected communities and installs commonsense timelines for Board of Supervisors review and approval. In fire district governance, **SB 1351 (fire districts; amendments)** streamlines requirements for filling vacancies on a fire district board, the sale of fire district property, liability for the cost of services provided outside a fire district boundary and the consolidation of two or more fire districts. SB 1351 maximizes the value of taxpayer dollars used to provide this critical public safety service. In government procurements, **SB 1349 (procurement; final list; number)** expands competition by increasing the number of firms that must be interviewed or included on a final list in certain state procurement contracts. Lastly, in zoning matters, **HB 2711 (antenna use; private property)** limits local government delay of improvements on private property specifically relating to the installation, maintenance or use of an antenna.

The Legislature acted to preserve Arizona's rich history in the 2021 session. **HB 2058 (library; historic names; establishment)** reestablishes statutory authority for the Arizona State Library, Archives and Public Records, State Board on Geographic and Historic Names and the Board of Library Examiners. These state agencies are critical stewards of state records, landmark naming and registration of professionals. Honoring the more than 400 Navajo Code Talkers and their historic contributions to Allied victory in World War II, **SB 1802 (holiday; code talkers' day)** establishes August 14 of each year as National Navajo Code Talkers Day. From the same era, internment camp survivor Fred Korematsu was tirelessly committed to equal justice under the

law. **SB 1800 (Fred Korematsu day; observed.)** establishes January 30th as Fred Korematsu Day of Civil Liberties and the Constitution to recognize hardships faced by Japanese American citizens in internment camps.



Judiciary

The consequences of fertility fraud may be devastating to a woman treated for infertility. **SB 1237 (fertility fraud; civil; criminal action)** seeks civil redress by providing for a civil action for fertility fraud to be brought against a licensed health care provider who knowingly or intentionally treated a woman for infertility by using the provider's own sperm or ovum without the patient's informed written consent to treatment using that material.

Protecting businesses and health care providers who act in good faith from frivolous lawsuits became a legislative priority during the pandemic. **SB 1377 (civil liability; public health pandemic)** provides common sense protections for frontline workers in businesses, schools and healthcare by establishing heightened civil liability evidentiary standards for specified acts or omissions during a state of emergency for a public health pandemic.

Being deemed an emancipated minor by a court carries certain responsibilities, one of which is the requirement of financial responsibility. **SB 1332 (emancipated minors; orders; employment rights)** exempts emancipated minors from specified labor laws so that they may exercise their employment rights and take advantage of opportunities to participate in the economic arena.

Crime victims' rights are paramount in Arizona and victims should not be subject to harassment from dangerous perpetrators or sex offenders who successfully petition a court to have their probation terminated early. **SB 1412 (probation; prisoners; protective orders)** requires the court, before it terminates probation or intensive probation early, on the petition of a victim and after hearing from the victim, to determine whether to prohibit the defendant from contacting the victim and, if necessary, issue an injunction against harassment. **HB 2158 (protective orders; central repository; notification)** ensures that the existence and validity of injunctions against harassment and orders of protection can be easily verified. The bill requires the court from which an injunction or order was issued to enter the order and proof of service into the Supreme Court's central repository.

HB 2111 (2nd amendment; unenforceable federal laws) makes certain that the rights of gun owners are protected from potential overreach by the Biden administration or the federal government. The bill explicitly prohibits the state and political subdivisions from using any personnel or financial resources to enforce, administer or cooperate with any act, law, treaty, order, rule or regulation of the U.S. government that is inconsistent with any Arizona law regarding the regulation of firearms. **SB 1382 (essential businesses; civil actions; ammunition)** thwarts attempts to dismantle the firearms industry and radically restrict the Second Amendment rights of law-abiding Arizonans by federal executive and legislative actors. The bill prohibits a person from commencing a civil liability action, with certain exceptions, against a manufacturer or seller of firearms or a trade association that meets specified criteria. The measure also deems a store that sells firearms, ammunition or components an essential business and protects such a store from a qualified civil liability action so that businesses operating in Arizona are protected and law-abiding citizens have access to necessary products in order to exercise their Second Amendment rights.



The federal government needs to take immediate and decisive action to secure the southern border and address the security and humanitarian crises associated with a myriad of illegal activities related to the border. **SCR 1011 (border security; border crisis)** urges the federal executive and legislative branches to take immediate security measures and resume construction on the southern border wall in order to prevent, among other things, continued human smuggling and trafficking by cruel and abusive criminal syndicates.

Child sex trafficking is reprehensible and is often a repeated offense. **HB 2889 (sentencing; sexual offenses; children)** seeks criminal justice for defenseless victims by increasing sentencing guidelines for specified offenses related to commercial sexual exploitation of a minor and child sex trafficking. The bill also includes a sentence of natural life in prison for an offender who is convicted of a first-degree dangerous crime against children involving commercial sexual exploitation of a minor or child sex trafficking if the offender has previously been convicted of that same offense. Victims of trafficking, whether subject to forced labor or sex trafficking, should be able to sue offenders for damages. **HB 2116 (human trafficking; civil action; liability)** creates a civil cause of action for specified conduct related to human trafficking, which also subjects corporations, associations and partnerships to liability to hold human trafficking enterprises accountable. Protecting children from becoming victims of potential criminal activity by adult perpetrators is an essential function of public safety policy. **SB 1660 (crimes against children; dependencies; omnibus)** continues efforts to keep children safe by modifying laws related to crimes against children, including removing the statute of limitations for prosecuting child sex traffickers. The bill also expands the definition of persons considered to be in a position of trust to a minor and requires schools to provide training on mandatory reporting laws and to establish best practices for social media and cellphone use between students and certain school personnel.



Registered sex offenders must provide, and annually update, any required online identifier and the name of any website or internet communication service where the identifier is being used so that the Department of Public Safety can add that information to a database on the internet sex offender website. **HB 2413 (sex offender registration; online identifiers)** updates the requirements to include any identifier used for communicating on mobile phones and applications, including mobile device identification information, which increases awareness of registered sex offender online activity. Keeping track of sex offenders who are offline is equally important, especially when sex offenders are transient and mobile. **SB 1305 (sex offender registration; requirements)** expands sex offender registration requirements to include certain identifying motor vehicle information and modifies existing registration requirements when an offender changes residence. Registered sex offenders potentially have limited economic and employment opportunity. **SB 1836 (sex offender registration; termination)** allows certain registered sex offenders, after successfully

completing the terms of probation for specified crimes, to petition the court to terminate the duty to register, which eases their ability to participate in the economic arena.

While a rare occurrence, a prison escape can cause fear and wreak havoc in an affected community. **HB 2790 (prisoners; escape; classification)** serves as a deterrent by toughening penalties for inmates who escape from a correctional facility by increasing the crime to a class 4 felony from a class 5 felony. The bill further stiffens the penalty by requiring that a first-degree escape conviction run consecutively with the sentencing provision being served at the time of escape.

The judicial system has procedural mechanisms in place to ensure that a person who may have been wrongfully convicted of a crime has an opportunity to petition the court to rebut certain evidence. Technological advances that occur in forensic testing necessitate procedural updates. **SB 1469 (forensic evidence testing; postconviction relief)** allows a person who was convicted and sentenced for a felony offense to request that any evidence that is in the possession or control of the court or the state and that is related to the investigation or prosecution that resulted in the conviction, be forensically tested using a technique that was not widely accepted in the scientific community at the time of sentencing and that has become available through advances in technology.



Gainful employment is an indicator of success for persons with criminal convictions. **HB 2067 (criminal conviction; set aside; applicability)** allows the court to issue a certificate of second chance to persons who have had a judgment of guilt set aside, which makes it easier for them to join the workforce. Furthermore, **SB 1249 (conviction; set aside; traffic violations)** permits persons convicted of a criminal offense for driving on a suspended, revoked or cancelled license to apply to the court to have a judgment of guilt set aside. **HB 2162 (undesigned offenses; misdemeanor status; exceptions)** provides an incentive to complete the terms of probation and have a class 6 felony charge treated as a misdemeanor. The bill requires the court to designate an undesigned offense as a misdemeanor on the defendant's successful fulfillment of the condition of probation and discharge by the court.

Transition service programs prepare inmates for life outside prison and reduce recidivism. **SB 1067 (prisoners; discharge; transition program)** extends and expands program eligibility to provide skills and coping strategies that help smooth the transition from prison to private life so that those formerly incarcerated are less likely to return.

Diversion programs work because they not only provide drug treatment, but they also teach offenders coping mechanisms and strategies to modify behavior so there is less likelihood of re-offense. Advancements in research-based programming should be available to many levels of offenders and those with drug related issues. **HB 2186 (prosecution; deferred; diverted)** expands diversion opportunities by allowing county attorneys to divert or defer the prosecution of persons who have been previously convicted of serious offenses, sexual offenses, dangerous offenses or dangerous crimes against children or persons convicted multiple times of personal possession of a controlled substance or personal possession of drug paraphernalia.

Data and trends on criminal activity give policy makers information to make choices on adjustments to criminal sentencing and reform. **HB 2166 (criminal justice commission; data collection)** allows the Arizona Criminal Justice Commission (ACJC) to collect specified criminal justice data and requires the ACJC to create a State Criminal Justice Data Inventory Report so that policy makers have solid, reputable baseline data to assist with informed decision making.



Protecting vulnerable adults from harm, especially from criminal activity involving fraud, is a priority in Arizona. County attorneys traditionally handle vulnerable adult cases, often assisted by the state's Attorney General (AG). **SB 1221 (vulnerable adults; jurisdiction; grand juries)** simply affords the AG's office original jurisdiction for investigative purposes to ask state grand juries to return indictments for criminal offenses or violations of law if the victim is a vulnerable adult.

Eliminating bureaucratic hurdles to opportunities to put real property to its best use serves the state well, especially if that property is no longer necessary or useful. **SB 1447 (military installation fund; property conveyance)** allows the Department of Emergency and Military Affairs to sell or otherwise dispose of any acquired real estate, property rights and related

infrastructure to the highest and most responsible bidder at a public sale, and permits the monies received to be used for the preservation and enhancement of military missions and installments in Arizona. Conversely, property that is useful for veterans' services needs to overcome certain bureaucratic hurdles as well. **HJR 2001 (private property; sale; veterans administration)** does so by consenting to the sale of specified parcels of land in Pima County to the U.S. Department of Veterans Affairs to use for services.

Persons involved in family court proceedings related to divorce or other domestic relations, which often involve issues regarding property distribution, may need protection because of disability. **SB 1389 (incapacitated person; guardian ad litem)** allows the court to appoint a guardian ad litem to conduct an investigation concerning the need for a guardian, conservator or both if the court finds that there is reasonable cause to believe, based upon an independent evaluation by a licensed physician, that the party is or may be an incapacitated person in need of protection. Certain individuals absolutely need representation in court proceedings. As such, **SB 1390 (guardian ad litem; protective proceeding)** allows the court to appoint a guardian ad litem for parties who are minors, incapacitated, unborn, or unascertained at any time during a trust, estate or protective proceeding if the court determines that the individual's interest would otherwise be inadequately represented. Children involved in delinquency, dependency or termination of parental rights proceedings need client-advocate based legal representation. **SB 1391 (juvenile proceedings; appointment of attorney)** requires the court to appoint an attorney for a child before the first hearing in a proceeding and requires the appointed attorney to represent the child at all stages of the proceedings, including through permanency in a dependency hearing. The bill also requires, rather than allows, a guardian ad litem appointed in a juvenile court proceeding to be an attorney to ensure proper legal representation.



Court filings are public records. An allegation of incapacity may ultimately be unproven or filed frivolously or without merit. Unfortunately, the negative perceptions of possible mental health issues can taint a person as they seek to move forward in life and take advantage of possible economic opportunities. **SB 1415 (guardianship proceedings; sealing of records)** allows a court to order that public access to a petition for guardianship file, the records contained in the file or information about the file, be kept confidential in certain circumstances related to incapacity allegations.

Even though they are sentenced to confinement in the Arizona State Hospital, rather than in a state prison facility, persons adjudicated guilty except insane by an Arizona court pose a public safety risk because they caused or threatened to cause death or serious bodily injury to another person. Practically and jurisdictionally, county superior courts are the most appropriate venue to deal with this population of criminal offenders. As such, **SB 1839 (guilty except insane; court jurisdiction)** places the powers and duties of the Psychiatric Security Review Board (PSRB) under the jurisdiction of the Superior court as of July 1, 2023. In the meantime, the bill also makes various changes to the practices and the procedures of the PSRB, including court jurisdiction, hearings and motions.



Keeping law enforcement officers on the street rather than in court promotes public safety objectives. **HB 2066 (arrest procedures; magistrates)** meets this objective by stating that a person being arrested in a different county than where the offense was committed can be taken to a magistrate either in the county where the arrest occurs or the county where the offense was committed, which cuts down on law enforcement travel and court time. Furthermore, it does not make sense to pull law enforcement officers off the street to arrest people when a detention officer is available to do so pursuant to a valid arrest warrant. **HB 2460 (detention officers; arrest warrant; custody)** expands an assigned detention officer's ability to arrest a person at a hospital where the person is under supervision or custody, at a court facility, or in a jail facility as a visitor and the person has an outstanding warrant.

Giving court personnel flexibility in administrative matters increases efficiency. **HB 2075 (sentencing; judgment of guilt; fingerprints)** removes the requirement that the court must affix or record the defendant's fingerprints following a judgment of guilt at the time of sentencing and in open court. This provides the court flexibility in meeting this administrative requirement at a more reasonable and convenient time and place. Courts are responsible for the administration of justice, and they also play an important role in the administration of services and treatment options. **SB 1266 (competency evaluation; records; appointments)** decreases, from two to one, the minimum number of mental health experts required for a competency evaluation of a defendant charged with only a misdemeanor, which aids procedural efficiency. **SB 1265 (court rules; signatures; court documents)** allows the court to continue to modernize administrative processes by accepting documents that require a sworn written declaration, verification, certificate, statement, oath or affidavit to be signed with an electronic signature.

SB 1267 (record of proceedings; electronic recording) permits a court to use an electronic recording device in lieu of a court reporter or stenographer, with certain exceptions, so that proceedings are not delayed due to unavailability or shortage of stenographers. The bill also provides a remedy for a deficient electronic record so that parties are sure of accuracy. Eviction proceedings are short and wrap-up quickly, but certain parties often cannot participate because taking the time to personally appear in court can be an overwhelming burden. **SB 1322 (eviction proceedings; virtual appearances)** provides an alternative by requiring the court to allow any party, including an attorney or witness, to participate remotely by using a telephone or video conference connection in an eviction proceeding.

People involved in the court system, whether it is civil court or criminal court, should be able to protect themselves and their families from possible harm or harassment by keeping their private information confidential. **HB 2073 (records; confidentiality; eligible individuals)** permits a hearing officer, former prosecutor, municipal court commissioner and member of the Commission on Appellate Court Appointments to request that the court prohibit the public from accessing specified personal information. **SB 1256 (victims' privacy; criminal case information)** requires a victim's identifying and locating information to be redacted from criminal case records when disclosed to the defendant's attorney or attorney's staff, which not only gives crime victims peace of mind regarding their personal information, but it also keeps them safe from possible harm.



Political and cultural debate, and its inevitable disagreement, often play-out online in a virtual medium. Unfortunately, the practice of doxing, which has real world public safety implications, is a common cyber weapon that is used to threaten and intimidate individuals with opposing viewpoints. **HB 2502 (electronic communications; personal information; harassment)** addresses this phenomenon by prohibiting a person from using an electronic communication device to share another person's personal identifying information, including home, work and email addresses and phone number, with the intent to terrify, intimidate, threaten or harass the person or an immediate family member. **SB 1248 (electronic communications; social media post)** adds a social media post to the criminal offense definition of electronic communication so that prosecutors have the statutory tools necessary to deal with this online medium when it is used to terrify, intimidate, threaten or harass.



Adults who encourage minors to commit suicide should feel the full weight of the criminal justice system for this repugnant act, which has become all too common in the digital era. **HB 2459 (manslaughter; suicide assistance; violation)** creates a felony classification for a person who is at least 18 years old who intentionally provides advice or encouragement to a minor who dies by suicide. Veteran suicides are an ongoing concern and reduction strategies may evolve based on data. **HB 2542 (veteran suicides; annual report)** includes utilization and encounter data from a nonprofit veterans' services organization that provide suicide reduction services in the report on Veteran Suicides compiled by the Department of Health Services.

HB 2295 (law enforcement officers; database; rules) ensures that good law enforcement officers are not unfairly punished while providing law enforcement leadership the disciplinary tools necessary to hold officers who have had performance or legal issues accountable. The bill codifies standards for reporting and maintaining the Brady list and provides due process, fairness and transparency to an officer prior to being added to the list. The bill also provides that law enforcement agencies have access to disciplinary records to make informed hiring decisions. Irrespective of the profession, investigatory and disciplinary actions are generally conducted by individuals who are involved in, and are familiar with, the nuances and practices of that profession. As such, committees, boards or entities that investigate law enforcement officer misconduct or recommend disciplinary actions for misconduct should include several members who are certified as peace officers. **HB 2567 (peace officers; investigator membership requirements)** mandates that at least two-thirds of the membership of these specified entities be Arizona Peace Officer Standards and Training (AZPOST) Board-certified officers. Furthermore, appointed civilians who sit on civilian review boards that review the actions of peace officers should have a modicum of familiarity with day-to-day law enforcement officer activity. **HB 2462 (civilian review board members; training)** requires members of a peace officer civilian review board to complete specified AZPOST or community college policy academy training before becoming a board member.

Upholding the constitutionally guaranteed rights of law-abiding citizens is a pillar of democracy. **HB 2810 (civil asset forfeiture; conviction; procedures)** does so by requiring a

person to be convicted of a crime, before property that is seized and subject to forfeiture, may be permanently forfeited. The bill strikes a sound balance between constitutionally protected property and due process rights, while ensuring that law enforcement has the tools necessary to protect Arizonans from dangerous criminal activity and organized crime.

Convicted felons have a difficult time securing housing, getting jobs and accessing financial loans. **SB 1294 sentencing records; sealing arrest; liability** seeks a remedy for certain previously convicted criminal offenders by allowing them to file a court petition to seal all case records related to a criminal offense under specified circumstances. If the court grants the petition, the person may respond to questions related to employment, housing, financial aid or loan applications that they have never been arrested for, charged with or convicted of the crime that is the subject of the arrest or conviction, with certain exceptions, which helps people move forward and participate productively in society post-conviction.



Filing frivolous and false complaints against law enforcement officers interferes with the effective and efficient operation of a law enforcement agency to keep order and maintain public safety. **HB 2550 complaints against peace officers; notification** simply requires a law enforcement agency to provide the complainant notice that a criminal penalty may apply to knowingly making a false, fraudulent or unfounded report or statement or to knowingly misrepresent a fact for the purpose of interfering with the orderly operation of a law enforcement agency.



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JULY 2021



ARIZONA

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