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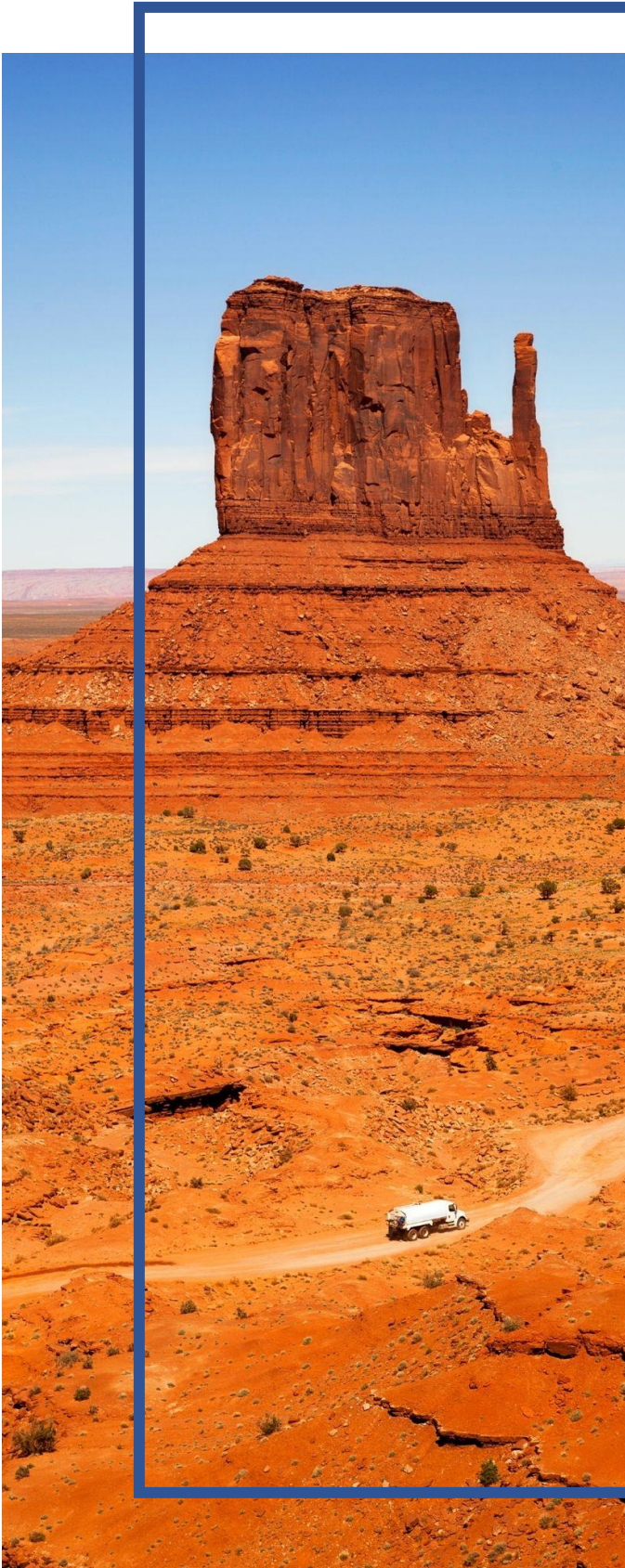
LEGISLATIVE HIGHLIGHTS

55TH LEGISLATURE | SECOND REGULAR SESSION



ARIZONA STATE SENATE
REPUBLICAN CAUCUS

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LD 21



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VINCE LEACH
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LD 11



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LD 15



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SINE KERR
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LIVINGSTON
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WARREN
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LD 23



INTRODUCTION

Despite the highest inflation in four decades, gas prices soaring to record highs, a national supply chain crisis, and the likelihood of a recession all caused by the reckless policies and overspending of our Democrat-controlled federal government, Arizona State Senate Republicans began the 55th Legislature, Second Regular Session in January with an incredibly strong economy that rebounded quickly from the COVID-19 pandemic. Thanks to the fiscally conservative philosophies and actions taken by our Republican Senators, Arizona was blessed with a \$5.3 billion budget surplus, affording our state the opportunity to make some historic, targeted investments in water, public safety, education, transportation, infrastructure, border security, healthcare, debt payoffs, a rainy day fund and other initiatives to support our state's incredible growth.

Furthermore, the societal changes of a "woke" culture that have led to an attack on many personal freedoms and unalienable, God-given rights prompted our Senators to work on legislation aimed at protecting the liberties of every law-abiding citizen that calls Arizona home. Arizona is recognized as one of the best places in the nation to live, work, play, raise a family and start a business. This session, our Senate Republicans committed to further strengthening that reputation through thoughtful collaboration with countless community members, local leaders, experts, business owners, non-profits and everyone in between.

During the final week of voting on bills, tensions grew in the Capitol Complex, as pro-abortion demonstrators gathered to make their voices heard in the wake of the United States Supreme Court overturning *Roe v. Wade*. To our dismay, on the night of sine die, these protestors became violent and attempted an insurrection of the Senate, but their efforts were stopped by law enforcement. Instead of caving in to the rioters and postponing our legislative duties, the Senate Republican Leadership Team called on all Senators and staff to relocate to a secure location within the building. The session wrapped up unconventionally, not in the Senate Chambers, but in a hearing room, where the last remaining bills were voted on. No legislative session has ever ended in this fashion, but our Senate Republicans were determined to finish the people's work.





FY 2023 BUDGET

Due to a stronger than expected rebound from the COVID-19 pandemic, Arizona benefitted greatly with a \$5.3 billion budget surplus. Senate Republicans developed a FY 2023 budget that makes historic investments in key areas of state government. Major investments include:

- \$1.3 billion to pay down state debt, reducing ongoing costs by \$119 million beginning in FY 2024.
- \$1 billion in water augmentation over the next three years, beginning with a \$334 million deposit in FY 2023.
- More than \$1 billion in additional maintenance and expansion of highways and roads.
- \$925 million added in new K-12 funding for K-12 schools, including \$649 million in new ongoing operating funding and \$276 million in onetime school repair funding.
- \$564 million for border related enforcement with \$335 million to construct a physical barrier along the border.
- \$425 million deposit into the Arizona's Rainy Day Fund to ensure the state has the resources to weather the anticipated Biden Administration recession.
- \$331 million for property tax relief to Arizonans through the elimination of the state equalization tax rate.
- \$477.5 million in health and welfare investments that address Arizona's nursing shortage, pay raises for providers that serve vulnerable Arizonans, homeless services and housing supply, as well as securing treatment facilities for those with serious mental illnesses.
- \$387 million in public safety for both the people that serve in those roles and the equipment they use.
- \$232 million for higher education including flexible operating/capital funding, an increase to the Arizona Promise Scholarship, targeted programs at all three public universities, and community college operating increases.





Border Security

The federal government has failed at securing Arizona's border. The Biden Administration has reversed policies implemented during the Trump Administration, and as a result, criminals and contraband are now allowed to slip across the border from Mexico into the United States. With Washington's failure and inaction, the state must step up to protect its citizens.

The FY 2023 budget includes \$564 million in border security related investments. The largest single investment is \$335 million to finish constructing a physical barrier between Arizona and Mexico. The remaining \$229 million is allocated across state agencies and county sheriffs to improve operational capabilities to address the rise in border related crime and provide for more security to Arizona citizens including:

- \$53 million to provide retention and attraction stipends to sheriffs' deputies to ensure counties have the manpower to deal with the surge in border related crimes.
- \$45 million to construct new facilities to enable a coordinated law enforcement response. Of that appropriation, \$30 million is allocated for a new emergency operations center and \$15 million for a new fusion center in Marana.
- \$35 million to hire additional state troopers in the border strike force and to provide funding for additional sheriff deputy positions.
- \$30 million to local prosecutors to reimburse them for border related crimes.
- \$20 million to help Cochise County construct a new jail.
- \$15 million to transport migrants out of state.
- \$10 million for national guard deployment.
- \$10 million for emergency care and health-related testing of migrants.
- \$10 million to both reduce human trafficking through the use of enhanced data analytics and to provide support to organizations that help those who have been trafficked.



Tax Reductions

During the 2021 session, Senate Republicans passed the largest income tax reform in Arizona's history. Valued at over \$2 billion, this tax reform will reduce individual income tax rates to 2.5% by 2024 resulting in Arizona having the lowest flat tax in the nation. This will save taxpayers hundreds of dollars per year and spur additional economic growth in the state.

This year, Senate Republicans turned their attention towards reducing another tax – the property tax. Homeowners and renters are facing strong upward pressure on the cost of housing. While ultimately an issue of supply and demand, government can, and should, reduce the tax burden where it can reduce the cost of housing. The FY 2023 budget provides some property tax relief to homeowners by eliminating the \$331 million state equalization tax rate. This tax currently funds K-12 education, and though the tax will be eliminated, the state General Fund will fully offset the reduction so that school districts are not negatively impacted.





Debt Reductions

With such a large surplus, Senate Republicans supported using a portion of it to do what any fiscally prudent taxpayer would do – pay down debt. The FY 2022 budget includes \$1.3 billion to pay down state debts and liabilities in the following ways:

- \$1.1 billion will be deposited into the state's public safety pension system to fully pay down the unfunded liability for all state agencies in the Public Safety Personnel Retirement System and for most agencies in the Correctional Officers Retirement Plan.
- \$94 million will pay off preexisting state building debt held by the Department of Health Services and Corrections.
- \$65 million will go to reducing the K-12 rollover from \$865 million to \$800 million, eliminating the rollover for any school district with less than 4,000 students.

Combined, the deposit into the state's pension plans and the debt issuance payoff will save the state \$119 million in annual expenses beginning in FY 2024.



Highways and Roads

Infrastructure is one of the key functions of government. Good roads facilitate commerce, population growth, and overall economic prosperity. Improving the state's and local governments' road infrastructure has long been a priority of Senate Republicans, and the FY 2023 budget includes \$1 billion for road improvement projects across the State of Arizona.

The largest single project funded out of this amount is \$400 million for expanding the I-10 from Chandler to Casa Grande. Currently, this 25-mile stretch of road only has two lanes each way, causing significant traffic and public safety issues. This \$400 million investment, in addition to a previous \$50 million investment from 2021, will draw down \$300 million in federal funds to complete the project.

Out of the remaining \$600 million, \$500 million funds various specified projects throughout Arizona in at least 12 counties, \$51 million is for general highway maintenance, and \$50 million is for the newly created State Match Advantage Rural Transportation Fund that will help local government compete for additional federal transportation funding.





Public Safety

Senate Republicans stand firm behind the men and women who take up the call to serve in public safety roles. The FY 2023 budget once again prioritizes investments in public safety with \$387 million in public safety related investments. This additional money will provide the following for public safety agencies:

- \$164 million for a 20% pay raise for correctional officers in the Department of Corrections and Juvenile Corrections, as well as a 15% pay raise for state troopers at the Department of Public Safety.
- \$85 million for the Department of Corrections to fund an increase to the inmate health care contract, expanded substance abuse treatment services, and new vehicles.
- \$66 million for the Department of Public Safety to create a new major incident division to investigate critical uses of force, hire an additional 57 state troopers and 12 support staff, replace equipment like vehicles and helicopters, and make improvements to public safety infrastructure.
- \$20 million in grants to county sheriffs for school safety interoperability equipment that will help law enforce provide rapid response to incidents at schools.
- \$16 million for the Department of Emergency and Military Affairs to upgrade emergency center facilities.
- \$15 million for the Arizona Criminal Justice Commission, including \$10 million to stand-up county diversion programs in all Arizona counties, \$2 million for deposit into the Victims' Compensation Fund, and \$2 million for county attorneys that have higher than average juvenile dependency cases.
- \$12 million in cybersecurity grants with \$10 million for local governments and \$2 million for state agencies.
- \$6 million in grants to fire districts and municipal fire departments to purchase fire incident management software to better protect firefighters.
- \$3.8 million in grants to public safety agencies for upgrading their crime victim notification software to better aid victims of crimes in understanding their rights and keeping track with cases.



Health and Welfare

The FY 2023 budget includes \$477.5 million in investments for the state's health and welfare agencies that will ultimately benefit many Arizonans. Of this amount, \$81 million is related to formula growth for the state's increased share of the Medicaid program, while \$396 million is related to new initiatives that address homelessness and housing, nursing shortages, treatment of the seriously mentally ill, provider rates and benefit changes for the individuals enrolled in AHCCCS, and foster care increases.

Homelessness and affordable housing are two top issues facing counties and cities throughout Arizona. The budget includes \$82.4 million to address issues of homelessness and housing in the state, allocated as follows:

- \$60 million will go into the Housing Trust Fund, which can be used to expand homeless shelters and finance construction of new multiunit developments.



- \$10 million will be set aside to match cities that engage in homeless intervention programs that provide an opportunity for homeless individuals to not only work for compensation, but also connect those individuals to housing, medical, and mental health services.
- \$10 million to develop foster youth transitional housing options.
- \$2.4 million will go to construction of additional homeless veterans housing in Prescott near Fort Whipple.

Arizona, like many states, has a shortage of trained nurses to assist in the medical field. To increase the number of qualified nurses, the state budget invests \$65.5 million for expanding the capacity of educational programs. This amount will fund the following initiatives:

- \$50 million will be set aside as grant funding for public and private universities, as well as community colleges, to apply to expand accelerated nursing programs.
- \$15 million will be given out directly to public universities and community colleges with current nursing programs to expand available spots.
- \$500,000 will fund additional nursing preceptorships programs at hospitals to train additional nurses.

These state monies, combined with \$32 million in federal monies that the Governor's Office will allocate towards more clinical rotations and behavioral health worker training, will greatly enhance Arizona's supply of nurses.



Arizona's criminal justice and civil mental health systems are both plagued by recidivism. On the criminal side, there are individuals with serious mental illnesses who are repeatedly arrested for low-level crimes, which may not have been committed if proper treatment was available to address their mental illness. Similarly, on the civil side, there are individuals who are chronically mentally ill and are seemingly stuck in a revolving door of short-term treatment options that are ineffective and inadequate. Services like secure housing and intensive case management that ensure compliance with an individual's treatment plan are paramount to breaking down the cycle of recidivism.

The FY 2023 Budget includes \$25 million to create five new Secure Behavioral Health Residential Facilities (SBHRFs) in Arizona, which would be administered and implemented by dedicated mental health professionals to provide targeted mental health treatment programming. These innovative treatment settings will begin operating in 2024 and will help ensure that the most severely mentally ill in our state can finally receive adequate and effective treatment while maintaining the safety of our communities.

Senate Republicans have long supported policies and funding that help vulnerable populations access the services they need to stay healthy. The FY 2023 budget includes numerous increases for various sectors of the health care workforce that will enable better access to Arizona citizens.

Since the passage of Proposition 206 in 2016, Arizona's minimum wage has increased from \$8.05 to \$12.80, a jump of 59%. This dramatic rise over the past six years has strained long-term care providers' ability to attract and retain direct care workers, despite funding increases to both the developmentally disabled as well as the elderly and physically disabled provider networks. The FY 2023 budget includes another investment of \$95 million in provider pay raises for those agencies serving members of the long-term care system to address issues of attracting and retaining direct care workers. Increasing compensation to providers will enable more members to better access the services they need.



Behavioral health service providers have also experienced workforce shortage issues that have hindered providers' ability to address the need for services. Reimbursement rates paid to behavioral health providers in Arizona have not been significantly increased since the 2008 recession, and as a result, current reimbursements often do not cover the cost of provided services. The FY 2023 budget includes \$7.5 million to increase behavioral health provider rates, allowing service providers to pay their employees competitive wages and ensuring sustained access to care for vulnerable populations.



Approximately 50% of births each year in Arizona are funded through the Arizona Health Care Cost Containment System (AHCCCS), the State's Medicaid program. The rate currently paid as for the birth package, which includes both pre-natal and postpartum visits, is drastically lower compared to market rates. In the FY 2023 budget, Senate Republicans supported an 88% increase in the birth package rate, increasing it from \$2,000 to \$3,760, and aligning it closer to market rates.

In addition to provider changes, Senate Republicans also supported small benefit changes to the AHCCCS program. The FY 2023 Budget included the following benefit changes for AHCCCS members:

- \$2.7 million to increase postpartum care for those who give birth on AHCCCS from the previous 60 days, to now a full year.
- \$2.6 million to provide chiropractic coverage to AHCCCS recipients as an alternative to other pain management treatment.
- \$700,000 to provide enhanced case management for those AHCCCS members who have diabetes.

Providing safe environments for children at home is one of the most important roles of the child safety system. Preventing abuse and neglect not only results in a better childhood experience, but it saves the state money in the long run. The FY 2023 budget includes \$10 million for double enrollment in the Healthy Families program, which provides new and expectant parents with professional training and support to prevent abuse from happening.

For those children who do enter the child safety system, Senate Republicans supported additional investments to defray the cost of placing children in foster care, particularly with kinship caregivers. The FY 2023 budget doubles the daily foster stipend from \$1.41 to \$2.82, helping foster parents pay for the incidental costs of caring for a child. The FY 2023 budget also increases the monthly stipend for kinship caregivers from \$75 to \$300, providing compensation for family members or close family friends who unexpectedly care for a child, while saving the state at least \$400 per month by not placing the child in institutional settings. The FY 2023 budget also increases the provider rates by 10% (\$7 million) for qualified residential treatment programs that provide higher levels of care to children placed in group homes. Lastly, the FY 2023 budget increases the independent living stipend for children who are aging out of foster care to help subsidize their monthly expenses as they become independent adults.



K-12 Funding

From funding a 20% increase in teacher salaries, to providing ample grant funding each year for school capital needs, Senate Republicans have supported \$3 billion in ongoing annual state funding increases to K-12 education from FY 2014 to FY 2022.



The FY 2023 budget builds off these previous increases by adding significant new ongoing K-12 funding. In total, the budget adds \$649 million in new ongoing funding for K-12 schools, above inflationary increases (\$786 million when including the required 2% formula adjustment for inflation). This ongoing amount increases to \$908 million by FY 2025. Most of these ongoing increases are tied directly to the child and will follow the student if the student is in a district school, charter school, or receives an empowerment scholarship account. This amount funds the following adjustments:

- \$389 million for a 6.8% adjustment to the base (8.8% when adding the additional \$137 million formula adjustment).
- \$100 million to increase the per pupil funding for special education.
- \$60 million in additional assistance increases for both districts and charters for flexible operating funding.
- \$50 million to create an opportunity weight.
- \$50 million in additional grants to districts and charters for school resource officers to increase safety and prevent acts of violence on campus.

In addition to these ongoing increases for schools, the FY 2023 budget also includes an additional \$183 million for school capital repairs. Combined with supplemental funding of \$93 million in FY 2022, this \$276 million will provide significant monies this year for school repairs.



Higher Education

The FY 2023 budget includes a strong commitment to workforce funding in higher education with \$232 million in new investments for universities and community colleges. These investments are intended to expand access to higher education, better prepare current and future students for jobs in a growing and changing economy and build partnerships the public universities have with the private sector.

Beginning in FY 2023, the Board of Regents will have an additional \$22.5 million in scholarship and tuition waiver funding. The FY 2023 budget adds \$12.5 million to the Arizona Promise Scholarship Program for an ongoing total of \$20 million per year. This merit-based scholarship available for low-income, in-state university students provides last dollar tuition assistance for prospective and current students. The other \$10 million will provide tuition waivers for spouses of in-state veterans.

\$46 million of the new additional funding is dedicated to the Universities' New Economy Initiative that seeks to enhance workforce development programs in high demand areas of engineering, the sciences, and health care. This investment will enable each university to grow its capacity to teach more students in these areas, ultimately leading to more job growth in those sectors in Arizona. The University of Arizona will also be receiving an additional \$8 million in ongoing funding to increase the number of resident students.

Each university is also receiving a share of \$116 million in capital funding to expand programs at each campus. The University of Arizona will receive \$30 million to make upgrades to buildings for use in their agricultural and cooperative extension programs, \$3 million to upgrade the wind tunnel used for testing and research on hypersonics, and \$2.5 million to make upgrades to the Veterinary Diagnostic Laboratory that plays a pivotal role



in animal disease surveillance. Arizona State University will receive \$54 million to expand their new film school, expand infrastructure for advanced manufacturing at the Polytechnic Campus, and to bolster initiatives supporting the healthcare industry. Lastly, Northern Arizona University will be receiving \$26 million to expand educational health initiatives in that part of our state.

Each university will also be receiving its proportional share of \$5 million to expand the Schools of Economic Thought and Liberty at each university. These schools provide an opportunity for students to explore the nature of freedom and economic liberty.

Community colleges will receive \$24 million in new funding from the FY 2023 budget dedicated towards workforce improvements programs. \$11 million of this amount will go towards funding the STEM programs at Maricopa, Pima, and Pinal community colleges, while \$7 million will go towards rural community colleges. The remaining \$6 million will fund a first responder training academy in Southern Arizona.



Natural Resources

Protecting natural resources will ensure that the state remains livable and economically competitive in the long-term. Senate Republicans supported funding this session that builds on investments made the prior year to address water supply and fire management. In total, the FY 2023 budget includes \$447 million in targeted investments to maintain natural resources in the state.

Water

The FY 2023 budget includes \$334 million for the first year of a \$1 billion deposit into the Long-term Water Augmentation Fund. This money will be set aside for use on projects that increase Arizona's supply of water, particularly from out of state. Additionally, \$160 million in monies appropriated the prior year for drought mitigation are being repurposed to the Water Supply Development Fund, which provides grant funding for rural water related projects.

In addition to these large investments, the FY 2023 budget includes smaller targeted investments for water-related projects including:

- \$10 million in grants to Eastern Arizona counties for water related projects.
- \$6.4 million into the Water Quality Fee Fund for water quality related projects.
- \$3.5 million annually for water needs assessments.
- \$1.5 million for the Arizona Department of Environmental Quality to write the rules that establish the reuse of treated wastewater.
- \$1 million for deposit into the water protection fund that provides grants to cities to improve streams and other riparian environments.
- \$400,000 to increase staffing at the Department of Water Resources to conduct ongoing reviews of water supplies for development projects.



Fire Management

Last session, Senate Republicans supported a \$100 million funding package for fire-fighting costs, improving forest health, and mitigating damage caused by fires. Of that amount, \$25 million was dedicated for ongoing staffing increases while \$75 million was dedicated to onetime costs. This session, Senate Republicans maintained their support and made another investment of \$65 million in onetime monies for fire suppression related activities to address this year's fire season and \$3.6 million for ongoing staffing and operating costs related to fire fighting.



Other Budget Highlights

Election Security

While there were many bills this session that proposed changes to election laws, the budget includes funding to pilot enhanced security measures for elections. The FY 2023 budget includes \$1 million to test secure ballot paper with county recorders and \$500,000 to procure secure and test secure drop boxes. The spending plan then includes \$5 million in FY 2024 and \$5 million in FY 2025 for county recorders to use secure paper following the testing conducted in FY 2023. The spending plan also includes \$6 million in FY 2024 for county recorders to hire staff to review voter rolls, specifically for duplicate voter registration.

State Salaries

Since FY 2014, the state employee system has shrunk by 1,081 employees, a decline of 3%, even as the Arizona population has grown. While turnover and vacancy has always been relatively high for certain positions like correctional officers, social workers, or state troopers, more positions in state government are going vacant as Arizona's economy has boomed.

Senate Republicans supported a minimum salary increase of 10% in the FY 2023 budget for state employees. This adjustment provides the first general salary increase to state employees since FY 2014, which added 5% after reducing salaries by (2.3)% in FY 2011. Increases are higher for select positions that historically have had higher turnover and are more difficult to fill. Examples include correctional officers who will see a 20% increase in their base salaries while state troopers will see a 15% increase.





K-12 EDUCATION

This legislative session was a tribute to parents. If the last two years have taught us anything, it is that parents want, and have a definitive right, to be part of their children's education. Parental choice and transparency are imperative. The 2010 Parents' Bill of Rights provides protections for parents and recognizes their right to direct the upbringing, education, and health care of their children. However, this has proven to be ineffective. The Parents' Bill of Rights has been touted as the "do nothing bill of rights," as schools continue to disregard current law. Parents all over our state continue to fight for their voice, and after numerous stories from parents who were shut out, our members heard parents loud and clear. It was time to pass meaningful legislation to further protect parents' rights. **SB 1211 (materials; activities; review; posting; schools)** affirms parental rights. The bill expands the requirement that a parent or guardian have access to classroom instruction materials for the current school year and must remain accessible for two years. It further requires each school to post a list of learning materials to its website and outlines a formal complaint process for parents. While the bill passed the Senate, the House failed to advance the measure. **HB 2161 (parental rights: schools: educational records)** provides additional safeguards for parents to direct the education and health care of their children and expands parent or guardian access to written and electronic records of their children. This came after parents were, once again, told they could not have access to their children's school medical records. Furthermore, schools and teachers continue to give students surveys that are personal in nature and have nothing to do with the curriculum. While questions about a student's home environment are commonplace in the classroom, they are unacceptable. The bill gives the power back to the parents, as it requires parental consent for any survey that solicits personal information from students. The bill also requires schools to provide parental access to all written and electronic records concerning their child.

To further build on parental choice, the Senate Majority enacted additional measures. **HB 2439 (school library books; parental review)** further expands transparency in education. The bill requires schools to adopt procedures that provide parents access to the library collection, as well as a list of materials their children borrow and mandates a public review period for new purchases. Although it might seem trivial to some, **HB 2025 (schools; parental classroom visitation policies)** symbolizes the ultimate victory for parents' rights. The bill directs schools to adopt policies for parental classroom visits, tours, and observations, and requires that these policies be easily accessible to the public. Parents have an irrefutable right to visit and observe their children's classroom.



SCHOOL

CHOICE

Arizona has long been a leader in school choice. Our members believe it is imperative that we give parents complete autonomy to choose their children's education service provider. Freedom in education is not about one system over the other, but instead it is about the ability to provide each child with the necessary educational services to help them succeed in the classroom. **HB 2853 (Arizona empowerment scholarship accounts; appropriation)** expands Empowerment Scholarship Account (ESA) eligibility to any Arizona resident who is eligible to enroll in an Arizona public school. This groundbreaking expansion is the first in the nation to provide students with a wide array of learning options that best suit their needs. While one child might succeed in their local district public school, another child might do better in an Arizona Online Instruction (AOI) environment. While one child might succeed in a homeschool environment, another child might do better in a public charter School. ESAs are about choice and the recognition that not every school can meet the needs of every child. This kind of educational freedom provides necessary pressure to schools and other education providers through competition and leads to better student outcomes. Republicans stand united ensuring educational choice and will make every effort to thwart legal challenges to this landmark legislation.

With the largest school choice expansion in the country, it is more important than ever that we have the necessary oversight and accountability of the Empowerment Scholarship Account (ESA) Program. The program is a key component in Arizona's education system that provides parents a choice in their children's education. However, there have been significant concerns about the administration and oversight of the program under the Arizona Department of Education (ADE). Parents of children with disabilities, and others, came out of the woodwork with numerous circumstances in which the needs of the child were not met in an appropriate manner, there was an absence of transparency, or there was regulatory red tape that stifled the success of their children. As a result, **HB 2686 (K-12 education; 2022-2023)** establishes the Arizona Empowerment Scholarship Accounts Parent Oversight Committee. The Committee is made up of six members, four of which must be parents of children with disabilities that utilize multiple education sources. The Committee will review the implementation of the program's policies and procedures and the various concerns of parents that have children in the program. The Committee provides an additional layer of oversight above and beyond what is already in place.



Critical Race Theory (CRT) has become more prevalent in classrooms across Arizona, as teachers employ dogma and political ideology to indoctrinate students. Inherently divisive, our students are being taught that racial inequality is instilled and propped up by the core functions of government, pitting one race or ethnic group against another. Under no circumstances is this acceptable in Arizona classrooms. **SB 1412 (race; ethnicity; sex; classroom instruction)** prohibits an employee who is acting in the course of the employee's official duties or an individual or organization that is invited to a public school to promote or advocate for principles and concepts about race and ethnicity. Furthermore, the bill outlines a parental complaint process and defines an investigative procedure in the case of a violation. A teacher that is found to be in violation is subject to disciplinary action, including the suspension or revocation of their certificate. In addition, a public school or school district would be subject to a fine of no more than \$5,000 per day. The bill is an outright ban on the use of racial prejudices in public schools. Under no circumstances should a student or individual be treated differently solely on the basis of their race or ethnicity. The bill passed the Senate but died in the House.

Although the development of academic curriculum is often left to the experts, there was one subject that our members thought was of particular importance. Civics education is fundamental to the education and



advancement of our children. **HB 2008 (schools; academic standards; civics instruction)** requires the State Board of Education (SBE) to incorporate a comparative discussion of political ideologies into the curriculum to further educate our children about the vastly different forms of government and ideologies throughout history and around the world. **HB 2632 (civics test; passing score)** increases the number of questions a student must answer correctly on a test, which is identical to the civics portion of the U.S. Citizenship & Immigration Naturalization Test, in order to fulfill the competency requirements for graduation. **HB 2325 (schools; instruction; 9/11 education day)** establishes September 11 as 9/11 Education Day and requires each public school to dedicate a portion of the school day to age-appropriate education of the terrorist attacks on September 11, 2001. Civics education has long been a priority, as we aim to better equip and educate our children about our country's government and history.



Arizona school districts and charter schools are a prime example of the nationwide school bus driver shortage, as they struggle to attract and retain drivers. Drivers with a commercial driver's license (CDL) are in high demand, and public schools continue to lose school bus drivers to large public employers. As a direct result of archaic state and federal laws, students experience delays in pick-up times, extracurricular activities are sparse or nonexistent, current school bus driver's work overtime to compensate for the shortage, and parents are told to drive exorbitant distances. Schools should be able to utilize every tool in the toolbox. However, current law only permits the use of small school buses for limited school activities. **SB 1630 (school buses; student transportation; vehicles)** allows a school district or charter school to use alternative vehicles that are designed to carry between 11 and 15 passengers to transport students on a regular basis. The bill requires that drivers of these vehicles possess all safety training requirements, but it does not require them to obtain a CDL, unless otherwise required by federal law. The Arizona Department of Public Safety (DPS) will further establish rules and regulations for the use of these alternative vehicles to ensure the safety of students during transportation to and from their destinations.

HB 2122 (adult workforce diploma program) is a comprehensive approach to improve the quality of adult education and workforce education in Arizona. The initiative recognizes the unique needs of students and provides various methods and resources to achieve educational success through multiple high school diploma programs and workforce credentials. With upwards of 700,000 Arizona adults without a high school diploma or General Educational Diploma (GED), our members aim to bolster high quality educational opportunities that prepare and empower adult learners in postsecondary education, workforce education and employment. The bill provides three distinct methods: (1) in-person instruction, (2) online instruction, and (3) a hybrid instruction model. This allows adult learners to take advantage of whichever program best fits their individual needs. Generational poverty presents challenges to employment and financial prosperity for oneself and their family. Education is often seen as a key component to reverse that trajectory, and that is exactly what our members want to achieve. Nearly 70% of jobs will soon require education beyond high school, and this bill works towards better equipping Arizonans for success in a flourishing job market.

Arizona, like many other states across the country, is challenged to develop and maintain a steady teacher workforce. In 2017, Arizona made a valiant effort to address the teacher shortage and pipeline through a teacher certification expansion that allows principals to hire industry professionals who possess subject matter expertise to teach in our schools. However, the teacher shortage remains a constant struggle, which was only further exacerbated by the pandemic. **SB 1159 (teacher certification; leadership preparation programs)** provides yet another tool for schools to attract and retain teachers, as the bill allows schools to apply to the State Board of



Education (SBE) to mentor and coach future teachers through a well-thought-out program. Essentially, the bill allows a school to identify and encourage an individual in the community or a school employee to participate in a teacher preparation program. This individual must meet various program requirements, one of which specifies that the participant must possess a bachelor's degree by the time of program completion. The bill further requires that subject-matter certificate holders take a professionalism and ethics course within two years of certification. While Arizona schools are eager to attract teachers to fill our classrooms, this measure will help schools cultivate teachers within their own unique communities and set them up for continued success in their profession.



Arizona continues to flourish as one of the top destinations to do business. However, due to the rapid economic growth and development, the state struggles to educate and retain enough of the labor force to fill the number of open positions. As a result of the pandemic, there has been a major disruption in the labor force. From healthcare to transportation, every industry has seen the effects of The Great Resignation, as employers try to fill open positions. Arizona continues to take sizeable steps to combat the labor shortage. Career and Technical Education Districts (CTEDs) currently educate students in grades nine through twelve but have the resources and capacity to broaden their scope and provide further education beyond high school. **HB 2034 (CTEDs; associate degrees)** allows CTEDs to offer associate degrees in an industry that has a high demand for the program, such as healthcare and various trade and technical skills. Not every student has a desire to transfer to a community college or university, and this bill allows those students to continue their education in a familiar and robust environment.

Community colleges are a lynchpin in Arizona's education system. However, community college districts must adhere to an archaic expenditure limitation. The mandate restricts the ability of community college districts to spend above and beyond the amount set in the state constitution. While our members acknowledge the need to update the barbaric formula, the necessary change requires voter approval. While members continue to search for the right policy approach, **HB 2017 (community colleges; expenditure limitation)** provides temporary relief in the current fiscal year. The bill outlines the amount to be withheld from state aid for any community college that exceeds its expenditure limitation.



The Individuals with Disabilities Act (IDEA) requires that public school students who receive special education services to have an Individualized Education Program (IEP). **HB 2031 (higher education; individuals with disabilities)** details the documentation a public university or community college must accept to establish that a student has a disability. This ensures that students continue to receive specialized education services in postsecondary education.

Communities all across our state, but especially in rural Arizona as well as our agriculture industry, are struggling to attract and retain veterinarians. **SB 1271 (Arizona veterinary loan assistance program)** creates a veterinary loan assistance program under the Arizona Board of Regents (ABOR) to entice those who obtain a Doctor of Veterinary Medicine to remain in Arizona for at least four years. The bill also requires that two of the four years must be spent in an agricultural area with a veterinarian labor shortage, nonprofit, county, or municipal shelter. **HB 2862 (general appropriations act; 2022-2023)** clarifies that Arizona residents receive priority over out-of-state residents to participate in the program. This will provide substantial relief to rural Arizona, as it includes an abundance of agriculture and farmland.

To pay tribute and honor spouses of our military veterans, **HB 2745 (tuition scholarships; spouses of veterans)** creates the Spouses of Military Veterans Tuition Scholarship Fund. The scholarship will assist spouses of military veterans that enroll in an in-state public university or community college. Our military spouses serve our country in their own humble and gracious manner, and the scholarship fund will help support them as they continue to support our fearless and heroic veterans.

HB 2745 (tuition scholarships; spouses of veterans) and **SB 1271 (Arizona veterinary loan assistance program)** did not pass as individual bills but were part of the budget in **HB 2864 (higher education; 2022-2023)**.



HEALTH & HUMAN SERVICES

While there were many restrictions imposed during the COVID-19 pandemic health emergency, one of the most concerning was the limitation placed on visitation in hospitals. Striking a balance between mitigating the spread of COVID-19, while providing compassionate care that includes patient visits with family and loved ones, became an increasingly difficult task for hospitals. Many patients, including those who were critically ill, undergoing significant medical procedures and vulnerable in age, were often denied adequate visitation opportunities during their time of need. **HB 2633 (hospitalizations; family visitation)** requires hospitals to develop a visitation policy that allows a patient to have daily in-person visitation by a designated person and allows, if a physician denies visitation, the patient or the patient's representative to request a meeting with the physician and one of outlined



hospital officials to receive a review and explanation within 24 hours of the decision to deny visitation. This measure ensures that, going forward, patients will not be unnecessarily separated from their families and left without empathetic contact from their support systems.

Mitigation measures and mandates instituted during the COVID-19 pandemic, such as experimental vaccines and mask use, profoundly impacted the daily lives of Arizonans, particularly children and youth attending our schools. Throughout the pandemic, legislators have sought to protect individual rights through a variety of measures with a significant emphasis on maintaining parental rights, bodily autonomy and medical freedom by addressing vaccine mandates in educational settings. Parents with children in schools should not be forced to subject their kids to an experimental vaccine as a condition of in-person instruction, as parents ultimately have the right to make medical decisions for their child. **HB 2086 (DHS; school immunizations; exclusions)** clearly and explicitly states that COVID-19 vaccinations cannot be a requirement for school attendance in Arizona. This ensures that parental rights are protected and that children in Arizona schools have an equal opportunity to receive the benefits of in-person instruction, regardless of their COVID-19 vaccination status.



A strong healthcare workforce is an important element of ensuring public health and safety in our state. This notion was exemplified during the COVID-19 pandemic, as health professionals became the frontline defense against the spread of the illness, as they provided critical care for the sick. During the Governor's declaration of emergency relating to COVID-19, our healthcare professional regulatory boards were granted the ability to offer temporary licensure. This allows recent graduates, former licensees and out of state licensees to join our healthcare workforce and provide care for our citizens. The approximately 2,200 health professionals who were granted these temporary licenses were integral in our ability to meet the demands being placed on our healthcare workforce, as well as attracting talented health professionals to our state. **SB1309 (temporary licenses; health professionals; extension)** extends the temporary licenses of the health professionals who were granted temporary licensure during the COVID-19 declaration of emergency until January 2, 2023. The bill also establishes a timely licensure renewal process so that we can ensure a robust healthcare workforce during this critical time, particularly as hospitals in our state are facing significant nursing shortages. This extension means more doctors, nurses and other health care professionals will retain their employment, and our health care facilities will retain their staff.



Arizona voters passed the Right to Try Act in 2014, forging a new pathway for eligible terminally ill patients to access experimental life-saving treatments. Subsequently, 40 other states passed similar laws, and in 2018, the federal government codified the Right to Try Act. As such, with the recommendation of their doctor, terminally ill patients across the country have been able to undergo medical treatments that have not yet received full FDA approval. Access to these treatments has resulted in improved quality of life and longevity for individuals with terminal illnesses. This session, **SB 1163 (individualized investigational treatment; availability; prohibitions)** extended the Right to Try Act by making individualized investigational treatments available to patients with a life-threatening disease or severely debilitating illness. New advances in medical science have created opportunities for terminally ill patients to access individualized treatments that are specifically tailored for them a based on their genetic sequence and the mutations that are at the root of their disease. These investigational treatments include individualized gene therapy and drugs, as well as biological products and devices that are manufactured specifically for certain patients. By



passing this bill, we are ensuring that patients who would benefit from these treatments have the right to access them. We're also removing barriers to life saving treatments and encouraging medical innovation that has the potential to save the lives of Arizonans.

In the spirit of encouraging medical innovation and adding to the efforts of Senate Republicans' work to dismantle barriers to health care and provide greater patient access to medical advancements, we passed **HB 2144 (health insurance coverage; biomarker testing)**. This piece of legislation requires both public and private insurers to cover comprehensive biomarker testing, when such testing is supported by medical and scientific evidence. Biomarker testing is an effective tool health care providers can use to match patients with the most effective precision medications and targeted therapies. HB 2144 will provide patients access to the most appropriate and effective drugs and treatments, lead to increased survivorship and improve cancer patients' quality of life.

Back in 2018, the Arizona State Legislature held a special session, as urgent action was needed to combat the opioid abuse crisis that was aggressively ravaging our country and state. During that special session, the Arizona State Legislature developed and passed the Arizona Opioid Epidemic Act. This comprehensive piece of legislation sought to decrease opioid overdose dependency, addiction and deaths by enhancing opioid prescribing oversight, shutting down "pill mills," and limiting certain health professionals from writing new outpatient prescriptions for opioid medications that exceeded a daily dose of 90 morphine milligram equivalents (MMEs). This session, Senate Republicans passed **SB 1162 (opioid prescriptions; intractable pain; exceptions)** to accommodate the chronic pain population in Arizona who were inadvertently affected by an unintended consequence from the Arizona Opioid Epidemic Act and struggled to obtain adequate treatment for their condition. SB 1162 exempts patients who have chronic intractable pain, an established health professional-patient relationship, and who have attempted to address their pain unsuccessfully with lower opioid doses from the 90 MME limitation. This small, but impactful adjustment supports ongoing opioid treatment for the limited population of Arizonans who are prescribed higher doses of medically necessary opioid medication for the care of their chronic, intractable pain; the kind of incurable, unrelenting pain that can only be managed under the constant care of a trustworthy pain management physician. SB 1162 creates a much-needed exception from the MME limitation for patients who have persistent, chronic, debilitating pain, while maintaining Arizona's commitment to eradicating the opioid abuse crisis in our state.



The pro-life movement in Arizona is gaining strength, as the Supreme Court of the United States has ruled in favor to protect unborn babies and their mothers. The Senate Republican Caucus remains dedicated to protecting life, from conception to natural death, to the fullest extent possible. Because of our work in years past, Arizona already requires our state laws to be interpreted in a manner that places value on human life, including life in the womb. Building on the pro-life portfolio of our caucus, and in anticipation of the recent Supreme Court decision in *Dobbs v. Jackson Women's Health Organization*, which affirms that abortion is not a Constitutional right, Senate Republicans passed **SB 1164 (abortion; gestational age; limit)**. This bill prohibits abortion after 15 weeks gestational age, except in cases of a medical emergency that would affect the life or health of the mother. It also protects Arizona families and the precious lives of Arizona's unborn. Additionally, Arizona has had a long-standing law on the books prescribing a penalty of two to five years imprisonment for any physician or healthcare provider who supplies or administers any medicine, drugs or substance, or uses any instrument or other means, with intent to cause a miscarriage of a



pregnant women, unless it is necessary to save her life. However, any mother who is in violation of this law would not face punishment.

Adolescence is a period of physical, mental, and emotional change and a time when children are most in need of guidance from adults, including protection from making life-altering and irreversible decisions. In recent years, the number of minors seeking gender transition procedures has increased, however, there is sparse research that exists concerning the impact of these procedures on a child's mental and physical health. This session, we took a common-sense approach to protect Arizona's youth by passing **SB 1138 (irreversible gender reassignment surgery; minors)**. This bill helps children who may be struggling to embrace their biological sex by protecting them from irreversible surgeries that can permanently alter their lives and may increase their risk of self-harm and suicide. The bill ensures that healthcare professionals protect their young patients by prohibiting the



performance of irreversible gender transition surgeries, which would dramatically change the future of their young patient's lives, including their ability to have biological children down the road. SB1138 only permits the performance of irreversible gender transition surgeries on adults who are able to fully comprehend and contemplate the implications of undergoing such a procedure. This bill aligns Arizona law with current international standards of care put forth by the World Professional Association for Transgender Health, which is followed by nations around the world.

Senate Republicans have a demonstrated history of championing legislation that strengthens Arizona families and creates more opportunities to find permanent and loving homes for Arizona's children in foster care. With more than 14,000 kids currently in our state's foster care system, we need to open doors for these children rather than close them. We also need to encourage Arizona families to open their hearts and homes to these vulnerable youngsters, so they can experience stable, supportive, and safe family settings where they can thrive and heal. By passing **SB 1399 (adoption; foster care; religious discrimination)**, we are protecting the interest of children and the religious freedom of faith-based adoption agencies by prohibiting discrimination with foster care and adoption placement. Specifically, SB 1399 prohibits discrimination against a potential foster or adoptive parent based on their religious beliefs. This allows for adoption and foster care agencies with religious affiliations to connect children to loving families, serve their communities, and honor their faith without having to endure religious persecution.

The Affordable Care Act allows youth, who turn 18 while in foster care, to access to the same benefits as other children, such as participation in Medicaid until their 26th birthday. To determine Medicaid eligibility, the Arizona Health Care Cost Containment System (AHCCCS) mails former foster youth a request for information. Unfortunately, due to the prevalence of housing instability among this population, these requests are often not received, or are received very late. Despite the fact that these youth are eligible for Medicaid coverage until age 26, there have been instances where former foster youth have discovered they have been dropped from AHCCCS coverage. **HB 2622 (eligibility; AHCCCS)** eliminates government inefficiency and cuts through red tape to ensure Arizona's former foster youth receive the continuous medical coverage and care they are entitled to. By requiring AHCCCS automatically annually renew the eligibility of foster youth who "aged out" while in foster care, this layer of protection will help ensure these youngsters won't be dropped from the system. Foster youth who turn 18, or "age out" while in foster care can experience a variety of health and economic challenges. Furthermore, foster youth who have lived in multiple placements can experience high turnover in health care providers, meaning they may be less likely to receive continuous care or preventive screenings. Maintaining



continuous Medicaid coverage can reduce the effects of homelessness and chronic illness for current and former foster youth and can help eliminate barriers to employment.



The Arizona State Hospital (ASH) is a 260-bed facility that provides long-term inpatient psychiatric care to individuals with mental illnesses, personality disorders and emotional conditions who are under a court order to receive treatment. The Civil Adult Rehabilitation Program at ASH includes treatment units that specialize in providing services to adults who are civilly committed, while the Forensic Adult Program at ASH includes patients who are court-ordered for treatment as a result of involvement with the criminal justice system due to a mental health issue. Stipulations in the *Arnold vs. Sarn* settlement agreement designated an arbitrary and limited bed capacity that restricts admission into the facility, even for the most seriously mentally ill.

A patient on court-ordered treatment who is not immediately admitted to ASH must undergo treatment for at least 25 days in a local mental health treatment agency prior to being admitted to ASH. However, this 25-day treatment requirement does not apply if the court finds that a patient will not benefit from such treatment and if ASH provides a program specific to the needs of the patient that is not available at a local mental health treatment agency. Eligible patients may be immediately hospitalized at ASH when the court determines that the 25-day treatment requirement is inapplicable. The 25-day requirement can create a delay in severely mentally ill patients receiving the most appropriate and effective treatment available by requiring that they cycle through inadequate treatment settings before being placed at ASH. **SB 1392 (state hospital; placement; court-ordered treatment)** creates a pipeline for eligible patients to gain more timely admittance to ASH by permitting the medical director of a mental health treatment agency to file a motion requesting that the court amend a treatment order to place a patient at ASH. A court can amend a treatment order upon request if the court finds that the patient meets certain criteria, if ASH is the least restrictive placement to meet the needs of the patient, and if there is a legally available funded bed.



The ASH Independent Oversight Committee (IOC) monitors patients who have been determined to have a serious mental illness and who are receiving behavioral health services at ASH. Additionally, the ASH-IOC is charged with reviewing, analyzing and making recommendations regarding issues related to inpatient psychiatric treatment. This includes psychiatric hospital capacity in Arizona, the bed capacity at ASH, and the role of private facilities in addressing psychiatric treatment needs in our state. **SB 1444 (state hospital; administration; oversight)** creates protections for patients at ASH by prohibiting administrators and staff from retaliating against a patient or their family because of their involvement in the ASH-IOC. Furthermore, the bill requires ASH personnel, including the Superintendent, participate in ASH-IOC meetings to facilitate and support the IOC in the fulfillment of their duties. The ASH-IOC is specifically tasked with promoting the rights of ASH patients, and as such, it is a necessity that the IOC gets the opportunity to hear from patients and their families in order to have open and honest discussions about patient care.

SB 1444 also requires ASH to submit an innovative clinical improvement and human resources development plan, which will be created in collaboration with the ASH-IOC and other pertinent stakeholders. The development of this plan is an important opportunity to address and identify improvements that can be made to ASH services, staffing and admission wait times, as well as addressing the need for the treatment of secondary diagnoses of ASH patients, including developmental disabilities and substance use disorder. Lastly, this bill continues the



important work of the Joint Legislative Psychiatric Hospital Review Council, which had very robust and eye-opening discussions over the interim about Arizona's mental health system and highlighted areas that could use further examination and improvement to better serve the seriously mentally ill population, as well as those needing mental and behavioral health services in our state.

The Constitution provides criminal defendants with the right to not be tried in court if they are unable to understand the proceedings or assist in their defense due to a mental illness, defect or disability. A defendant who is declared incompetent to stand trial may face trial if they are restored to competency within 21 months. Conversely, a defendant who cannot be restored to competency within that period must be released, unless they meet certain criteria and are willing to enter the civil commitment process, which generally would conclude at 180 days. This gap in the law meant that a person accused of a violent offense who could not be restored to competency, most likely due to mental illness, could go on to commit more violent offenses if released and returned to the community. This deficiency is another example of the great need for Secure Behavioral Health Residential Facilities (SBHRF) and was the nexus for passing **SB 1310 (dangerous; incompetent person; evaluation; commitment)**. This bill outlines a process for the court-ordered placement of this small, narrowly defined, yet dangerous population for treatment at an SBHRF.

Additionally, Senate Republicans secured \$25 million in funds committed to the creation of 5 new SBHRFs in Arizona. To learn more, please see the Budget section of this publication.



In continuation of Senate Republicans' efforts to protect and provide greater oversight of care for Arizona's vulnerable populations, we passed **SB 1542 (group homes; electronic monitoring)**. This measure allows for the installation of video cameras in common areas of group homes, nursing-supported group homes, as well as intermediate care facilities for persons with developmental disabilities (DD). Allowing for the installation and oversight of electronic monitoring devices provides better accountability and safety nets for families with loved ones in these settings.

Further enhancing independent oversight of and accountability for the care provided to our vulnerable populations, **SB 1732 (human services; 2022-2023)/ HB 2560 (group homes; monitoring; reporting; appropriation)** establishes an innovative Developmental Disabilities Group Home Monitoring Pilot Program. Under this program, an independently contracted entity is tasked with providing in-person monitoring for group homes where individuals with complex needs reside, as well as investigating quality-of-care complaints concerning any Department of Economic Security funded group home. The contracted independent oversight entity will annually publish a comprehensive report. This report will detail the program's outcomes and observations, in addition to providing much needed insight into the quality of care being delivered in our group home system and the quality of services being provided to our DD population. The work of this program will be instrumental in informing policymakers' future approaches to improve our system of care.





NATURAL RESOURCES, ENERGY & WATER

Water Rights, Infrastructure & Augmentation

The Water Infrastructure Finance Authority (WIFA) provides financial assistance to political subdivisions for a variety of construction, rehabilitation, and improvement projects related to drinking water, wastewater, reclamation, and water quality. Water shortages and the diminishing supply of Colorado River water in Arizona have prompted the need to find innovative public-private solutions to address water security for the future of Arizona's growth. House and Senate Republicans introduced several WIFA related bills this year to promote water infrastructure development in Arizona. Perhaps one of the largest changes to address water security and shortages within Arizona since the Groundwater Code of the 1980s is **SB 1740/ HB 2873 (water infrastructure financing; supply augmentation)**. This bill re-establishes WIFA as a separate state agency with a governing board and several committees to assist in reviewing applications for monies from three funds: (1) the Water Supply Development Revolving Fund for small and rural projects, (2) the Long-Term water Augmentation Fund to fund large scale augmentation projects in an effort to bring in new water into Arizona and (3) the Water Conservation Grant Fund to promote long-term, sustainable reductions in water use. The Legislature has dedicated a total of \$1 Billion over the next 3 years as a commitment to addressing critical water needs for all Arizonans.

SB 1067 (cities; water infrastructure finance authority) allows cities, towns, counties, and domestic water or wastewater improvement districts, regardless of population, for fiscal years 2023 through 2027, to enter financial assistance loan repayment agreements with WIFA through the Federal Infrastructure Investment and Jobs Act, without first submitting the question to the voters, provided that they are not repaid with secondary property tax revenues. The bill also restricts WIFA from providing funds to a municipality to condemn or acquire a public service corporation's asset through eminent domain unless the seller consents to the provisions. **SB 1197 (irrigation districts; service area; WIFA)** redefines service area for certain irrigation districts and allows these districts and water conservation districts to receive financial assistance from WIFA to design, rehabilitate or improve water or wastewater infrastructure.

HB 2037 (counties; powers; water supply projects) authorizes a county board of supervisors to enter into agreements with federal, state, and local governments to enable federal funding for specified projects that increase



water supply and availability for municipal water providers, irrigation districts for agricultural use within the county and county flood control districts for aquifer recharge within the county.

HB 2231 (universities; water rights adjudication) permits a state university to offer pro bono assistance to small landowner claimants without legal representation in general stream adjudication of water rights up until the claimant proceeds to an evidentiary hearing or other proceeding similar to a trial, or to the extent permitted by court rule.

The Central Arizona Water Conservation District (CAWCD) operates the Central Arizona Project (CAP), which delivers Colorado River water to entities in Maricopa, Pinal and Pima counties. To finance its operations and repay part of its obligation to the United States, CAWCD levies a schedule property tax pursuant to statute. To ensure CAWCD will meet their financial obligations, **HB 2409 (multi-county water districts; storage tax)** extends until January 1, 2030, the current rate of a \$0.04 per \$100 assessed valuation in the district which was previously set to go down to \$0.03 per \$100 assessed valuation by January 1, 2025.

Electric Energy



Senate Republicans have watched big problems arise for residents of Texas and California, as major issues with the reliability of their electrical grids over the past decade have been exposed. To ensure sustainability and dependability of Arizona's electrical grid, Senate Republicans voted for and enacted **HB 2101/SB 1631 (electric energy; reliability; public policy)**. This bill will direct public power entities to adopt consumer protection measures, allow anyone to challenge public power entity's rate decisions, authorize electric cooperative to collaborate with other entities in acquiring and disposing of electricity, and repeal parts of a defunct 1998 law that established a framework for electric generation service competition. **SM 1003 (electrical grids; security; strengthening)** also requests that the U.S. Congress enact comprehensive legislation to strengthen Arizona and U.S. electrical grids, which are vulnerable to attack and currently threaten the safety and security of all citizens.

HB 2232 (nonprofit generation and transmission cooperatives) exempts from annual Arizona Corporation Commission assessments, a Generation and Transmission Cooperative's gross intrastate revenues that were derived from selling electricity to another electric utility that is subject to the same annual assessment.

Game & Fish

In order to hunt big game in Arizona, a hunter must have a hunting license and apply and receive a big game permit. **SB 1170 (G&F; tags; permits; voter registration)** authorizes the refund of big game permits in certain situations for active-duty members of the armed forces, peace officers, and professional firefighters and the transfer of these permits for use by a minor child whose parent was killed in the line of duty, provided they satisfactorily complete an approved hunting education course.

The Mexican wolf is listed as an endangered species under the federal Endangered Species Act, which prohibits the taking or killing of a listed animal. However, the act recognizes exceptions for self-defense where an individual has a "good faith belief" that doing so is necessary to protect themselves or others from bodily harm.



HB 2181 (game and fish; taking wolves) prohibits the Arizona Game and Fish Commission from banning the individual taking of a wolf that is actively threatening or attacking a person, livestock or other domestic animal.

State Land Trust

SB 1238 (state lands; appraisals; leases; rights-of-way) updates state trust land statutes to provide quicker processing with less bureaucracy for short term commercial leases. The bill also provides clarity for how initial payments of recently purchased lands are to be applied to the principal and associated rights-of-way.

Environmental Quality



The Federal Clean Air Act (CAA) was enacted in 1990s, and it required the phased-out use of certain ozone depleting substances commonly used in air conditioners, refrigerators, chillers and freezers and to be replaced with alternative substances that reduce risks to human health and environment. However, some municipalities and counties are enacting provisions that also prohibit the use of these alternatives, causing the price to recharge these appliances to increase.

SB 1376 (codes; ordinances; use of refrigerants) prohibits municipalities and counties from banning acceptable alternative refrigerants listed in the CAA, where it is also installed in compliance with the CAA's requirements.

The Arizona Department of Environmental Quality (ADEQ) administers hazardous waste management programs that are intended to at least meet minimum federal standards. ADEQ charges fees for permits, as well as each ton of hazardous waste that is generated, transported, and disposed. In 2011, a law prohibited ADEQ from increasing these fees and **HB 2126 (hazardous waste program fees)** removes that prohibition. **HB 2411 (coal combustion residuals program)** establishes the Coal Combustion Residuals (CCR) Program and outlines CCR Program requirements to be administered by ADEQ. It will allow ADEQ to obtain approval from the Federal CCR program for the regulation of fly ash, bottom ash, boiler slag, and glue gas materials generated from burning coal for the purpose of generating electricity.

ADEQ administers the Water Quality Fee Fund to finance certain regulatory programs that ensure surface and groundwater comply with state and federal requirements. The fund receives revenue from a variety of inspection and permit fees from several water quality programs. **HB 2406 (water quality fee fund)** broadens the activities that are allowed to be financed by the Water Quality Fee Fund and allows ADEQ to set fees for expenses related to the Arizona Pollutant Discharge Elimination System Program and Aquifer Protection Permit Program.

Alternative Fuel & Energy

Arizona is a popular destination for new alternative fuel and tech innovation companies to set up shop. Numerous big-name automobile companies are seeking to expand their hydrogen fuel industries in Arizona and Senate Republicans are embracing the revolution in this field for the future. **SB 1396 (hydrogen study committee)** establishes a Hydrogen Study Committee for the purpose of generating and submitting a report of recommendations to include an economic impact analysis of the potential hydrogen value chain. The committee will also investigate existing state and federal laws related to the production, use, distribution, and storage of hydrogen, as well as study the production of hydrogen from any fuel source, the construction of a dedicated hydrogen pipeline or network of pipelines and permitting processes for hydrogen facilities.



Agriculture



The Livestock and Crop Conservation Grant Program, established in 2003, is developed, implemented, and managed by the Arizona Department of Agriculture (ADA). Program grants are available for individual landowners to implement conservation-based management alternatives using livestock or crop production practices. **HB 2182 (livestock assistance program; infrastructure projects)** enacts a new program called the Livestock Operator Fire and Flood Assistance Grant Program for ADA to administer and provide monies to landowners and livestock operators with an operation of more than 40 animals for infrastructure required as a result of a wildfire and wildfire-related flooding that is not ineligible for funding or partial funding from a federal or state program.

State Parks

The Arizona State Parks Board (ASPB) is tasked with preserving and maintaining areas of natural features, scenic beauty, historical significance and interest for the education, pleasure, recreation, and health of Arizonans. **HB 2398 (dude ranches; heritage trail program)** establishes the Arizona Dude Ranch Heritage Trail Program within the ASPB to identify and advertise qualifying dude ranches within Arizona.

Mining

The United States Senate introduced SB3571 on February 3, 2022, known as the Good Samaritan Remediation of Abandoned Hardrock Mines Act. The Act would allow the Environmental Protection Agency (EPA) to establish a pilot program to remediate qualified abandoned mine sites that are currently pose environmental hazards. **HCR 2008 (Good Samaritan mine act; support)** urges Congress to pass the act to allow Good Samaritans to clean up abandoned mines in this country.

Within the State of Arizona, it's estimated that there are approximately 200,000 abandoned mines that create life-threatening dangers to the public. \$1.1 million is being appropriated from the General Fund to the State Mine Inspector for six full-time equivalent positions and tools to inventory and coordinate the closure of these mines.

Forestry and Fire Management



The State Forester is authorized to prevent, manage, or suppress wildfires located on state and private lands located outside of incorporated municipalities and on other lands subjective to cooperative agreements. **HB 2580 (wildfire management; delegation of authority)** adds a requirement to the State Forester's duties to perform all management and administrative functions assigned or delegated to Arizona by the US that relate to wildfire prevention, mitigation, and suppression activities.

The federal Stafford Act of 1988 allows the President to provide a Fire Management Assistance Grant (FMAG) to any state, local, and triable government for mitigating, managing, and controlling any wildfire that threatens to cause enough damage that it would constitute a major disaster. FMAGs provide a 75% federal cost share and the state pays the remaining 25% for costs incurred from the wildfire. The current threshold required for states to receive FMAG is \$10 million, which many smaller fires do not reach. **HCM 2006 (FEMA; wildfires; flooding; cost threshold)** urges the Federal Emergency Management Agency (FEMA) to include costs resulting from flooding caused by wildfires in the cumulative cost so that it can meet the threshold and receive federal assistance.





TRANSPORTATION & TECHNOLOGY

Ridesharing applications have made the leap from being a technological novelty to becoming an essential part of daily life for many Arizonans. These platforms are creating job opportunities and providing greater access to transportation options for commuters in our state and around the country. In an effort to increase safety for passengers who utilize ridesharing services, taxis and other for-hire vehicles, Senate Republicans supported and passed **HB 2108 (taxi drivers; sex offenders prohibited)**. This bill prohibits sex offenders from engaging as employees or lessees of vehicle for-hire companies. This legislation provides passengers with peace of mind that when they use rideshare and other for-hire vehicle services, that they are driving with a properly vetted vehicle operator.

In recent years, there has been a noticeable and rampant rise in catalytic converters thefts across Arizona that demanded immediate attention this session. A catalytic converter is the part of a motor vehicle's exhaust system that controls a vehicle's exhaust emissions and contains a catalyst metal. The metals and minerals inside a catalytic converter are very valuable to likely thieves, which has caused this particular crime to become more prevalent within our communities. Law enforcement officers often find it difficult to charge and prosecute catalytic converter thieves because the parts typically do not display any identifying information that can help track the converter back to the original vehicle. **HB 2652 (sales; acquisitions; used catalytic converters)** was passed to mitigate the illegal sale and purchase of catalytic converters, as well as to provide law enforcement with the tools they need to identify and charge catalytic converter thieves. With this intent, the bill explicitly makes it unlawful for a person to solicit, advertise or possess a used catalytic converter or any nonferrous parts of a catalytic converter. The bill also provides law enforcement with enhanced oversight of catalytic converter transactions in the scrap metal industry and institutes recordkeeping and retention requirements for scrap metal dealers. Now, any person who purchases a used catalytic converter will be obligated to submit an electronic record of the sale to the Arizona Department of Public Safety. Furthermore, scrap metal dealers will have to include a catalytic converter's unique identifying numbers and markings in their records. Ultimately, **HB 2652** makes it easier to track catalytic converter sales and purchases and gives law enforcement greater ability to connect stolen catalytic converters to the vehicles from which they were stolen.

Arizona law outlines a process by which charitable organizations may seek legislation to establish a new special license plate with a unique design and make the special plate available for purchase by Arizona drivers. The



charitable organization seeking the special license plate is responsible for paying an implementation fee and a design fee, as well as submitting a plate design for approval by ADOT and law enforcement. Once the fee and design are submitted and approved, the special plate may be offered for sale, and the revenue from the plate sales may be allocated to the benefit of the charitable organization designated by the special plate. In 2021, with 86 different special plate designs to offer and an additional 22 on the horizon, legislators, law enforcement, transportation experts and citizens alike began highlighting the need for consistency in special plate designs, which were becoming difficult to read and discern as Arizona-specific plates. As such, legislation was passed in 2021 to create a License Plate Standardization Study Committee tasked with determining the need for special license plate standardization in Arizona and possible options for special license plate redesign.



During the 2021 interim, the License Plate Standardization Study Committee considered options that would provide uniformity and easy recognition for drivers and law enforcement when encountering one of the more than 100 special license plates currently available for Arizona vehicles. The study committee, equipped with information provided by ADOT and the expertise of law enforcement participants, had in-depth conversations about license plate design and considered factors such as readability, color contrast and font style. At its conclusion, the study committee made several common-sense recommendations and encouraged the introduction of legislation to implement the recommendations, which ultimately resulted in the development and passage of **SB 1206 (license plate design and color)**. Going forward, new special license plate designs will have to include a background color that contrasts significantly with the letters, numerals and the word ARIZONA on the plate. The ARIZONA text will have to appear in capital letters, using *sans serif* font and be three-quarters of an inch in height. These standardization specifications will ensure that future special license plates will still be able to display a unique design that reflects and represents the benefitting charitable organization, while also allowing for better recognition and identification by law enforcement and the public.

The work of the License Plate Standardization Study Committee and the timing of the passage of **SB 1206 (license plate design and color)** could not have been better, as the Legislature approved 8 new special license plates during the 2022 session. Special plate designs approved this year include:

- **SB 1061 (army scholarship special plates)** will use revenues from plate sales to create a scholarship fund for children and spouses of active and former U.S. Army members.
- **SB 1064 (Hualapai tribe special plates)** revenues from plate sales will go to the Hualapai Tribal Public Works Department for road maintenance services and traffic control devices.
- **HB 2208 (ovarian cancer awareness special plates)** revenues from plate sales will go to a national women's health organization seeking to prevent and cure ovarian cancer for the purpose of raising ovarian cancer awareness, educating the public about the importance of early ovarian cancer detection and providing resources, services and support to women with ovarian cancer.
- **HB 2271 (community impact special plates)** revenues from plate sales will go to an organization affiliated with a clothing brand that is inspired by Arizona and headquartered in Arizona whose mission is to drive local innovation and inspire community action through the support and empowerment of entrepreneurs. Revenues will be used to provide grant opportunities to entrepreneurs, mentorships and programming for entrepreneurs in Arizona.



- **HB 2437 (Arizona beekeepers' special plates)** revenues from plate sales will go to a charitable organization that has a mission to teach and encourage better methods among beekeepers in Arizona, promote cooperation and sharing, reach a common understanding regarding beekeeper problems and solutions and stimulate the interest of the general public in the advantages and benefits of beekeeping. Revenues will be used to promote apiculture studies and research, as well as facilitate outreach activities, including special events and visits to schools, to teach and inform the general public about honeybees and the beekeeping industry.
- **HB 2532 (tribally accredited educational institution; plates)** revenues from plate sales will go toward the Tribally Accredited Institution of Higher Education Fund and benefit the first tribal college in the United States.
- **HB 2615 (youth music and art special plates)** revenues from plate sales will go to the Youth Music and Art Fund for the purpose inspiring youth to grow through music, dance and art, as well as providing an inclusive, welcoming and safe place for teenagers to explore and discover their creativity and give them the hope they need to change their lives. Revenues will help fund education in the arts and entertainment for youth, including classes, lessons, mentorship and guidance from various accomplished members and celebrities in the arts field.
- **HB 2686 (remembrance special plates)** revenues from plate sales will go to an Arizona-based non-profit organization whose mission is provide a safe community and support system for children and families on their grief journey. Revenues will be used for no-cost services for children and families including grief informed training, peer-to-peer grief support groups, a grief resource center and other special events for children and families who need help learning healthy coping skills.



Due to our enviable weather, diverse landscapes and breathtaking sunsets, it is no wonder that Arizona is a top destination for outdoor enthusiasts seeking to revel and recreate. In the past few years, particularly during the COVID pandemic, there has been an influx of Arizonans and tourists getting outside to explore our beautiful state and enjoy all of the great outdoor recreation options that Arizona has to offer. The use of Off-Highway Vehicles (OHVs) has greatly increased and has become a particularly popular recreational activity in our state. OHVs allow recreators to travel through our parks and explore our trails at higher speeds, providing a thrilling user experience and a unique perspective of Arizona's impressive environment. This increase of OHV usage has allowed more people to enjoy and appreciate the outdoors, however, many communities across the state have cited safety, land use and environmental stewardship concerns that have arisen with increased OHV operation.

Setting up a framework for addressing OHV issues in a collaborative manner will ensure that policymakers take a holistic approach to guaranteeing the safety of OHV operators and the public, as well as preserving Arizona lands for the enjoyment of future generations. The OHV Study Committee, created by **SB 1596 (off-highway vehicle study committee)**, will consist of an eager and knowledgeable group of legislators, agency personnel and various stakeholders. They will be tasked with examining and considering issues pertaining to OHV usage and making subsequent recommendations for future governing improvements. Topics of interest include OHV operator safety, education and best practices, proper and permissible land use, law enforcement implications and coordination, environmental preservation, wildlife impacts, and parks and trails maintenance. The information gathered by this study committee will help inform policymakers' future approaches to address the safety,



enforcement and environmental issues currently being associated with OHV use, and to create more awareness in the public and the OHV industry regarding proper and appropriate OHV operation in our state.



Although it was ultimately vetoed, one of the keystones of the Senate Republicans' transportation portfolio this session was **SB 1356/ HB 2685 (transportation tax; election; Maricopa County)**. This piece of legislation was incredibly important to ensuring Arizona's ability to keep up with the pace of population growth, particularly with Maricopa County being one of the fastest growing counties in the nation. The bill would have provided voters in Maricopa County the opportunity to either extend a half-cent sales tax authorized by Prop 400, which was originally voter-approved in 2004 to fund transportation projects or allow the tax to terminate in 2025. The current Prop 400 tax will generate an estimated \$754 million annually until its expiration in 2025.

Providing Maricopa County with the ability to bring the question of the tax extension to voters at a forthcoming election became increasingly important for the purpose of demonstrating a commitment to transportation projects going forward, successfully coordinating and planning current and future projects, and ensuring that the necessary supplies, contractors and workforce would be available. The extension of the sales tax would not only provide funding opportunities for statewide projects and support our ability to maintain safe streets and highways, it could also serve to solidify our state's regional position at the forefront of economic growth. Without the ability to seek authorization from the voters of Maricopa County, the state may potentially lose \$1.5 billion in annual revenue. That money is currently dedicated to our state's streets, freeways and public transit. As a result, the expansion of our freeway system and key transportation corridors may not move forward. The Governor's veto of this bill may place the future of our transportation infrastructure and our ability to accommodate our state's rapid rate of growth in jeopardy. The passage of the Prop 400 sales tax in 2004 by the voters of Maricopa County has had a positive impact, not only for the county, but for the state as a whole with helping to accommodate the transportation needs of our growing population. The Maricopa County voters deserve to have the opportunity to provide input on the county's future and decide whether to extend or terminate the Prop 400 sales tax. As such, similar legislation will likely be up for consideration again next session.





Arizona has consistently demonstrated its resilience, and this year was no exception. With the pandemic in the rearview mirror, the Senate Republicans felt it was important to address a variety of issues that came to light at the height of the pandemic. Governor Ducey's decision to close private businesses was a particular point of controversy, as many small businesses did not survive the mandatory closure. **HB 2107 (emergency powers; business closure; repeal)** prohibits a mayor or a county board of supervisors from ordering the closure of private businesses during an emergency. At the height of the pandemic, small business owners across our state were distraught and powerless as their economic opportunities were limited, while others were open to do business. Economic freedom and the right to do business are fundamental pillars of a strong and productive economy. Business owners should have autonomy to decide when and where to conduct business without overreaching government.

The pandemic also brought with it an upsurge in unemployment. Arizona's Unemployment Insurance (UI) Program is for the benefit of those without employment through no fault of their own. When an employee is eligible for benefits, the UI Trust Fund pays the benefits from Arizona's unemployment tax paid by employers. **SB 1494 (COVID-19 vaccine; unemployment insurance)** protects any employee who loses their job solely for refusing to receive the COVID-19 vaccine or booster shot. This protection comes after numerous employers across the state began to set vaccination requirements for employees, and those that did not comply were terminated. By extending UI eligibility to these individuals, the Senate Republicans ensured that the state's employment safety net remains available for individuals terminated based on a personal medical decision.

Taxpayers can take comfort in knowing their hard-earned dollars will be used for public good and not for the political agendas of labor unions, thanks to **SB 1166 (public employers; union contracts)**. The bill prohibits a public employer from using public monies or employees for union activities. If a public employer is found in violation, the Attorney General and any Arizona resident have the power to file a lawsuit and the opportunity to recoup fees or costs associated with the case. Government employees should be paid for the job in which they are hired to perform and not to advocate for the election or defeat of any political candidates, ballot measures or legislation. Here in Arizona, taxpayer money will only be used for the good of the public. Law enforcement officers and paid firefighters are exempt from this new law.

In 2019, the Legislature allowed liquor licenses in regional shopping centers to apply for an extension of premise in a statewide pilot program. This ultimately allowed businesses to host special events outside of their brick-and-mortar establishments. The pilot program was rather popular during the pandemic, as businesses looked for ways



to accommodate social distancing by pushing some of their customer service accommodations to their parking lots and walkways. The pilot program gave businesses an additional tool in their toolbox to continue to serve the public in a safe and secure environment. **HB 2660 (liquor; licensing; processes; procedures)** codifies the pilot program into law and further broadens it to include a commercial office space and retail centers as well as an on-sale spiritous liquor license. The bill allows a business to apply for an extension of premise through the Arizona Department of Liquor Licenses and Control (DLLC) and authorizes the governor to issue an executive order to extend the sale of spiritous liquor during large sporting events for an additional hour, in collaboration with local law enforcement. As Arizona continues to be a popular destination for large sporting events, Senate Republicans will work to support local businesses that thrive from these visitors with targeted legislation.

As Arizona continues to grow, our neighborhoods evolve with the needs of each community. However, developers have also taken a keen interest in Arizona to acquire condominium associations and renovate these spaces for alternative uses. Under current law, the threshold for unit owners to terminate a condominium agreement is 80% of unit owners consent to the termination or sale of the association. Therefore, if a developer acquires 80% of a condominium association, then the developer can force the other 20% to sell to them. To improve property owners' rights, **HB 2275 (condominium termination; unit owners; percentage)** raises the threshold of unit owners to terminate a condominium from 80% to 95% for condominiums built after the general effective date. The bill also allows a condominium association to declare a percentage higher than 95% in the declaration. The higher threshold will significantly decrease the number of Arizona residents that are distraught and displaced due to a similar situation in the future.



Fireworks are often a symbol of celebration, as Arizona residents participate in the vibrant light display throughout the year. However, many enthusiastic residents of our state would sometimes shoot off fireworks at all hours of the night. Previous state law did not provide guidance on times of use and did not grant local governments permission to further govern the use of permissible fireworks. **SB 1275 (fireworks; use; overnight hours; prohibition)** stipulates times of use and further allows local governments to regulate permissible fireworks. The bill prohibits the use of fireworks between 11:00p.m. and 8:00a.m., except on July 4th and New Year's Eve. The exception extends the use of fireworks on July 4th and New Year's Eve by only prohibiting them between 1:00a.m. and 8:00a.m. the following day. Arizona residents should be able to partake in celebrations but should also be courteous and respectful of their neighbors.

Arizona has a rich history of filmmaking, but tax credits have become a big factor in a production company's search for a location to shoot in. Over the past 20 years, Arizona has continuously lost out to places like Texas and New Mexico. However, our state is ready to compete with other film industry destinations, thanks to **HB 2156 (tax credits; motion picture credits)**. Beginning in 2023, **SB 1708/HB 2156 (tax credits; motion picture credits)** establishes a tax credit that will be available to filmmakers that shoot their entire production in Arizona and will be equal to 15 to 20 percent of production expenses. While each individual production can receive up to \$25 million, the credit will have an annual cap, rising from \$75 million to \$125 million over the next three years. This economic driver will support local businesses across the state, as film crews will have to spend money within Arizona before receiving any sort of return on their investment.

In 2018, Arizona became the first state to create a financial services regulatory sandbox, otherwise known as the "Sandbox." The Sandbox enables participants to obtain access to Arizona's market to test innovative financial products or services without the requirement to first secure licensure or authorization. As a result of its success,



HB 2731 (regulatory sandbox; expansion) expands the scope of the Sandbox to include all products or services to continue to foster innovation and economic growth in Arizona. There are multiple states and other jurisdictions around the world that administer similar regulatory sandboxes. Others have found success in agriculture, legal services, digital currency, and autonomous vehicles. With such minimal restrictions, the sky is the limit.



Arizona levies a property tax on both *real property* and *business personal property*. The distinction between the two are important, as *real property* is land and buildings while *business personal property* is investments in machinery and equipment. In general, *real property* taxes encourage investment. However, current *business personal property* taxes reverse this logic, as the taxpayer is accountable to pay a variable tax amount on the asset after purchase. Under current law, a *business personal property* asset is valued at 22.5% of its full cash value in the first year, but that value increases in the following years. This means that the taxpayer ends up paying more even as the value of the asset depreciates. **HB 2822 (personal property; additional depreciation)** reduces the tax rate levied on *business personal property* to 2.5% for Arizona businesses. This will incentivize businesses to invest in new more efficient assets rather than keep old assets for their tax benefits. Additionally, this will reduce the tax burden on Arizona businesses and allow them to reinvest those dollars back into their business.

The Governor's Regulatory Review Council (GRRC) reviews agency practices, substantive policy statements, rules, and regulatory license requirements for consistency with state statute and conformity with current law. **HB 2599 (administrative hearings; GRRC)** provides further clarity that an agency cannot adopt a new rule without the explicit authorization by statute. This provides additional oversight of agencies by the Legislature to ensure that all agency practices, policy statements, rules, and license requirements are harmonious. The bill also requires that a request for a public review must include information about questions of law.

It is no secret that Arizona is a hotspot for tourism. With such a diverse tourism economy, the vacation rental industry took Arizona by storm. However, the rapid growth of the vacation rental industry began to disrupt many communities. From noise complaints to unruly house parties, many Arizona neighborhoods felt the repercussions of insufficient oversight and regulation of this new innovative industry. While the Legislature continues to foster innovation and economic growth within the business community, it also aims to provide safeguards for communities. **SB 1168 (vacation rentals; short-term rentals; enforcement)** provides sensible parameters for the vacation rental industry while protecting Arizona families and residents. The bill gives cities and towns additional tools to govern vacation rentals through licenses or permits, notifications and liability insurance, as well as the ability to fine owners or management companies when their property occupants violate community ordinances. The vacation rental industry is an essential part of our state's tourism economy, but it is also imperative that we create a safe and friendly environment for everyone to live, work and play in Arizona.



Workers' compensation is an asset to Arizona employees but often an arduous process, as there are specific procedures for employees to follow in order to file a claim and receive compensation. The lack of communication between an insurance carrier or self-insured employer, the Industrial Commission of Arizona (ICA) and the employee has led to delays in care for Arizona employees. **SB 1403 (workers' compensation; industrial commission; claim)** requires an insurance carrier or self-insured employer to forward a written notification of injury from an employee to the ICA and inform the employee of the requirement to file a claim with the ICA. Employees are often not aware of the complex process to file a workers' compensation claim. As a result, some employees have



even experienced further injury due to a delay in medical treatment because of the difficult claim process. The bill will help employees navigate the workers' compensation process and receive medical treatment in a timely manner.



JUDICIARY

Protecting Life, Youth, and Women

Now more than ever, young children and minors are falling victim to encouragement from healthcare bad actors and adults to undergo gender reassignment surgery. These surgeries and procedures are often experimental and fraught with life-long health consequences. Young individuals who undergo these dangerous and permanent procedures are at a higher risk for suicide. As a measure to protect our vulnerable youth, effective March 31, 2023, **SB 1138 (Irreversible Gender Reassignment Surgery; Minors)** prohibits physicians from providing irreversible gender reassignment surgery to any person who is under 18 years of age for the purpose of assisting an individual with a gender transition.

In anticipation of the Supreme Court of the United States overturning of *Roe v. Wade* in *Dobbs v. Jackson Women's Health Organization*, **SB 1164 (Abortion; Gestational Age; Limit)** came to fruition. This bill prohibits a physician from performing an abortion on an unborn baby whose probable gestational age is determined to be greater than 15 weeks, except in cases of a medical emergency (defined).

Reports of biological males being allowed to compete in biological female sports have come to light all across the country this year. This scenario creates a physically dangerous situation for girls and robs them of opportunities to advance in the respective pastimes and athletic opportunities at the collegiate level. In response, we enacted the "Save Women's Sports Act" or **SB 1165 (Interscholastic; Intramural Athletics; Biological Sex)**. This bill requires any athletic team that is sponsored by a public or private school (defined as K-12 or higher education) to be designated based on the biological sex of the student participants. It prohibits athletic teams or sports designated for females, women, or girls from being open to students of the male sex. However, all students (regardless of sex or gender identity) are eligible to participate in any interscholastic or intramural athletic team or sport if they are designated as being for males, men, boys, coed, or mixed. Students or schools that suffer any direct or indirect harm due to a violation may pursue injunctive relief, damages, and any other relief available under law.



Crime Crackdown & Criminal Justice Reform

A new scam is growing in popularity and has resulted in many Arizonans falling victim to deed title theft. Deed theft is the process of fraudulently putting a house deed in another person's name. The thief steals your identity, then uses it to forge a deed, making it look like they're the property owner. **HB 2645 (false filings; UCC; penalty)** bumps up the penalty for false recording files from a class 1 misdemeanor to a class 3 felony. This increase in punishment will provide prosecutors with more leverage to fight these crimes and provide a greater deterrent effect. The bill also provides enhanced protections for notary instruments through additional penalties (including a \$1000 fine) against any notary that fails to ensure their notary instrument is not compromised. These types of transactions cannot happen without the use of fake or bad notaries, so the goal of this legislation was to target the frontline gatekeepers to ensure no bad actors are securing opportunities to commit these crimes on unsuspecting victims.

In the past, criminal harassment in Arizona was largely difficult to prosecute due to the overly broad and unnecessarily burdensome elements of the offense. **SB 1633 (harassment; aggravated harassment; offense)** cleans up the statutory language and provides greater protections for domestic violence victims and victims of harassment. In addition to modifying the criminal definition of harassment, it provides numerous other examples of conduct that would enhance the crime under certain conditions to an aggravated harassment offense, which is punishable by a class 6 felony on the first offense, or a class 5 felony on a subsequent conviction.



Victims of sexual assault or sexual violence, especially as children, should never have to worry that the offender that committed those acts will be allowed to contact them in the future. However, once offenders served their time and were completely off probation there is no mechanism available to prevent an offender from contacting a victim down the road, until now. **SB 1653 (lifetime injunction; crime victim)**, also known as Kayleigh's Law, provides victims with a permanent lifetime injunction against contact. It is valid for the offender's natural life, with exceptions, and may be a condition for which a future act of harassment against their victim would become an aggravated circumstance.

Many of the worst offenders of sex crimes against women and children are publicly listed on the Department of Public Safety's internet sex registration database. However, many offenders don't have basic information about them posted online, such as their whereabouts, photograph, and other information related to their crimes. This has happened because the statute only arbitrarily applies to those offenders who committed these horrific crimes against a child under the age of 12, and it only applies to so-called "completed" offenses, and not to "attempted," "solicitation" or "facilitation" offenses (i.e., preparatory offenses), which are almost always simply plea mechanisms to resolve cases quickly. **SB 1378 (internet sex offender website; offenses)** would have entirely fixed these all of these loopholes and made Arizona safer by offering knowledge to the public about who is living in and around communities. The Senate passed the measure, but the House failed to consider this important reform.

Victims with the courage to come forward and report a recent sex crime are often required to undergo a medical or forensic examination to secure evidence against an offender. Previously, the victim costs for that examination were only covered by the county in cases related to dangerous crimes against children or a sexual assault offense. **SB 1593 (sexual offenses; forensic examination; expenses)** expands the types of sex crimes where these



expenses will be covered by the county and prohibits health care institutions from charging intake, consultation, facility, or other fees to such victims where the county is required to pay them by law.

In an effort to enhance victim protections in domestic violence situations, **HB 2604 (judge; superior court; emergency orders)** allows any judge or commissioner in counties with populations of fewer than 150,000 to issue emergency orders of protection by telephone during hours when the court is closed. It also bumps up the effective timeframe from one to two years on standard orders of protection, and from 72-hours to seven calendar days for emergency orders of protection.



HB 2355 (second degree murder; sentencing) makes the crime of second-degree murder of a child under 15 years of age to be punishable by a sentence to life imprisonment without the possibility of release or parole. In addition, **HB 2696 (mandatory sentences; children; trafficking; smuggling)** increases the mandatory sentencing ranges for a conviction of an initial or subsequent dangerous crime against children in the first degree.

When an individual in Arizona is convicted of a DUI, their driving privileges become suspended for a prescribed statutory minimum before driving may resume with the installation of an interlock device. **SB 1334 (DUI; license suspension; restrictions)** allows DUI offenders to apply for a special ignition interlock restricted driver license in lieu of having to serve the minimum suspension period. This change in law would allow most offenders to keep driving with an interlock system that has technological safeguards in place to ensure drivers are sober before starting the vehicle. The goal is to allow these offenders the opportunity to continue working and not suffer the enormous burdens that come with a loss of driving privileges.

Under Arizona law, an individual loses the right to possess weapons upon a felony conviction. However, upon absolute discharge from the Department of Corrections or completion of probation from their first felony, depending on the class and type of felony, most felons can usually petition the court to restore their right to possess weapons. **HB 2119 (civil rights restoration; requirements; process)** offers to bypass the court petition process and allow for an automatic restoration of civil rights, including gun rights, for certain felons on their first felony offense, provided all victim restitution is paid.

Courts & Litigation

In asbestos related civil tort actions, oftentimes, plaintiffs will bog-down litigation by naming everyone with even tangential proximity for the cause of damages as defendants in the lawsuit. To ensure plaintiffs are not overly naming defendants for strategic purposes and to protect litigants that should not be named in the lawsuit, **SB 1157 (asbestos claims; required information; liability)** requires a plaintiff, in any personal injury claim arising from exposure to asbestos, to file a sworn statement within 45 days after filing the action that includes specific facts that provide the basis for each claim against each defendant.



With regard to child visitation, any adult resident in Arizona, regardless of marital status, is eligible to adopt a child or a child may be adopted jointly by a married couple. However, if one party adopts a child, a future spouse or family of that spouse may seek to petition the superior court for visitation of the child. **SB 1323 (third party rights; adopted child)** makes it clear in law, that for the purposes of third-party rights, an adopted child may only be treated as if born in lawful wedlock



(and all the rights and privileges provided by that legal relationship status) if the child was adopted jointly by married parents.

In Arizona, either party to a marriage may initiate a proceeding for dissolution of marriage, annulment or legal separation. **SB 1383 (dissolution of marriage; annulment)** provides updates and measures to streamline the process for when both parties elect to proceed with a dissolution of marriage. Similarly, after a dissolution of marriage has been filed and a decree of legal separation has been ordered, the parties may wish to reconcile their differences and terminate the decree of legal separation. This bill provides mechanisms to end the divorce where both parties jointly consent.



Distributing intimate images of another person without their consent is a crime in Arizona. However, while there is a criminal offense remedy to this conduct, victims of these crimes have no civil recourse for damages. **SB 1624 (unauthorized disclosure; intimate images; remedies)** makes a person liable in a civil action for intentionally disclosing or threatening to disclose intimate images of another person, provided that the depicted individual suffers real harm from such conduct. Plaintiffs have four years to bring forth a civil action before it is precluded by the statute of limitations.

Prisoners in the Arizona Department of Corrections, Rehabilitation, and Reentry (ADCRR) may participate in work through the Arizona Correctional Industries partnership programs with private entities that contract to provide prisoner services or labor. ADCRR is mandated to provide medical and health services for prisoners, even for workplace injuries that happen during work for private entities. There has been a recent trend of prisoners attempting to sue private entities for workplace related injuries and seeking the cost of medical services that ADCRR paid in an attempt to “double dip” an award of medical damages. **HB 2328 (Arizona correctional industries; workplace injuries)** prohibits a prisoner in these lawsuits from introducing the cost of medical services paid by ADCRR or the State of Arizona to preclude this lucrative practice. The bill, however, retains a prisoner’s ability to introduce amounts the prisoner has paid for medical services out-of-pocket, if any.

Strategic Lawsuits Against Public Participation (SLAPP) are lawsuits that attempt to chill free speech and healthy debates by targeting those who communicate with their government or speak out on issues of public interest. They are used to silence, harass and intimidate individuals by forcing them to spend a lot of money to defend baseless suits that can take years to resolve. **HB 2722 (strategic actions; public participation)** permits an individual who believes they are subjected to a SLAPP action to file a motion to dismiss or quash, provided they can establish a *prima facie* case that the action was substantially motivated by a desire to deter, retaliate against, or prevent the lawful exercise of a constitutional right – even in criminal actions.



HB 2723 (civil case assignment; judges) now statutorily requires that all civil trial case assignments, to superior court judges, be done by automated means or a formula approved by the Supreme Court, which prohibits a judge from selecting or refusing to accept an assigned case. There is an exception for cases in specialty courts like tax, complex, commercial and water rights cases.

There are instances when an eviction action is initiated, either by mistake due to improper management of a property, or when there are no grounds under Arizona statute that permit the eviction of a tenant, where a tenant will prevail. Even though a judgement was entered in favor of the tenant, that court case will still go on their record as having an eviction action brought against them, regardless of outcome. To prevent unnecessarily tainting



a tenant's records, **HB 2485 (eviction dismissal; sealed records)** requires the court to seal all records related to the case, in instances where an eviction action was dismissed or entered a judgment in favor of a tenant. **HB 2484 (forcible entry; detainer; filing fee)** also prohibits a court from imposing a fee for filing an answer to a complaint for forcible entry or detainer.



Juvenile dependency proceedings are oftentimes filled with a lot of anxiety and procedures that may sometimes lead to bad decisions on placement of a child. **SB 1069 (juvenile dependency; child placement)** makes various modifications to the requirements and procedures relating to juvenile dependency, guardianship, and adoption hearings. The bill allows the court to establish permanent guardianship of a child by a private person, rather than by the Department of Child Services (DCS) exclusively, provided notice of a hearing was first served on all parties. It also allows minors the ability to speak hearsay and allow non-verbal conduct to be admissible during proceedings to establish the best interest of a child for placement.

Juveniles that get into trouble are all now afforded legal representation in their detention proceedings at no cost because of **SB 1073 (juveniles; adjudication; disposition; probation)**. The bill also modifies many other requirements related to juvenile intensive probation, such as emphasizing individual interventions and services rather than strictly surveillance, work, education, and home detention. It also authorizes juveniles that have committed a dangerous offense to be detained in juvenile detention facilities, rather than adult correctional facilities.

All attorneys licensed in the State of Arizona are mandated to have a good standing membership with the State Bar of Arizona. A bar complaint, even if ultimately dismissed, places a permanent stain on any attorney's reputation. To ensure that the State Bar of Arizona is only enforcing credible and objective claims of ethical violations, **SB 1566 (state bar; attorney charges; damages)** provides a prevailing attorney, who was subject to an attorney discipline matter, all attorney's fees and court costs, including all costs of all stages of the investigation and discipline process.

Back the Blue



Arizona Senate Republicans will always work to support the men and women in uniform who protect our communities. **HB 2254 (officer bill of rights; preemption)** clarifies that the Peace Officers Bill of Rights represent the minimum rights given to peace officers in Arizona, rather than suggest it is all the rights that are provided. Provisions of the Peace Officer Bill of Rights may only be supplemented or enhanced and cannot be supplanted, revised, or deviated from by an employer.

SB 1607 (state guard; volunteers) requires the Governor of Arizona to establish a chain of command and a process by which individuals may volunteer and report for duty on the Arizona State Guard. **HB 2223 (emergency; military affairs; national guard)** makes several qualifications for the Adjutant General and administrative requirements for the Arizona National Guard, and it allows a spouse or legal dependent of a national guard member or employee of the Department of Emergency and Military Affairs (DEMA) to apply for tuition and fee reimbursement at a public or private college.



Polygraph tests are often discredited as a type of pseudoscience, and the results of polygraph tests are generally prohibited and inadmissible in court cases as evidence. Due to the untrustworthiness of these tests, **HB 2159 (law enforcement officers; polygraph; examinations)** was enacted to similarly prohibit the use of polygraph examination results during administrative investigations of a law enforcement officer. In addition, **HB 2340 (disciplinary appeals; final disposition reporting)** also requires that upon final disposition of a disciplinary appeal action, the final report must be provided to the prosecuting agency and original law enforcement agency that initiated the discipline so that it may go into the agency's complete investigation record.

The use of laser pointers against law enforcement has become an increasingly common tool in recent years to temporarily disorient or blind officers while they're performing their duties, especially in high stakes riots. **HB 2251 (lasers; peace officers; aircraft; penalty)** now makes it a class 5 felony to aim a laser pointer intentionally or knowingly at any peace officer. Recklessly aiming a laser pointer at a peace officer, however, remains a class 1 misdemeanor.



With the availability and increased use of handheld cameras, some citizens are under the mistaken belief that they possess unlimited authority to approach ongoing dangerous police situations and interfere in crime scenes in an attempt to be social gatekeepers of police misconduct. **HB 2343 (crime scene investigation interference; offense)** makes it a class 2 misdemeanor to knowingly disobey a police officer's reasonable verbal order to remain off the premises of a possible crime scene, or to otherwise interfere with a peace officer's crime scene investigation. The bill, however, preserves an individual's right to peaceably observe public police proceedings, provided they do not interfere or obstruct a peace officer's work. In addition, **HB 2319 (law enforcement activity; recording prohibition)** makes it a crime punishable by a class 3 misdemeanor for a person to knowingly make a video recording of law enforcement activity (defined) within eight feet from the law enforcement activity, with some exceptions.





GOVERNMENT

Elections

2022 was a banner year for election integrity at the Arizona State Legislature. Senate Republicans prioritized accuracy, authenticity and transparency through numerous reforms tailored to secure our elections. With these enacted reforms and ballot measures, Arizonans should have confidence that our electoral process counts every lawful vote and strictly prohibits any attempt to illegally cast a ballot.

Voter Identification

An overwhelming majority of Republicans and Independents enjoy utilizing Arizona's early mail-in voting system, while also strongly supporting strict voter identification requirements. To preserve the security of this voting option, Senate Republicans championed a hallmark measure to verify a voter's authenticity through the mail. If approved by voters this November, **SCR 1012 (voter identification; affidavit; procedure)** will require mail-in voters to include their date of birth and an ID number from a list of verifiable options beginning in 2024. An additional layer of security beyond signature verification, this authenticity check prevents someone from casting another person's ballot and discourages a person from surrendering their voted ballot to an untrusted actor. **SCR 1012** also requires a person to display photo identification to vote at a polling place and waives the fee for a state-issued nonoperating ID, if needed to vote.

Since passage of Proposition 200 in 2004, proof of citizenship has been required to vote in Arizona elections. Beginning in 2014, however, Arizona voters who failed to prove citizenship have been provided a federal form to vote in federal-only races. **HB 2492 (voter registration; verification; citizenship)** closes this loophole, requiring proof of citizenship to be deemed a qualified elector for any voting purpose, including federal only ballots. The measure also ensures the Attorney General has the information needed to prosecute non-citizens attempting to vote. Working in conjunction with **HB 2492**, **SB 1013 (secretary of state; federal form)** requires the Secretary of State this year to submit a request to the U.S. Election Assistance Commission that Arizona's state-specific proof of citizenship be included on the federal voter registration form.



Voter Roll Maintenance

The foundation of integrity within election systems is an accurate, up-to-date voter registration list. Senate Republicans shepherded multiple reforms through the legislative process to ensure county recorders maintain accurate voter rolls. **SB 1460 (election law amendments)** enable recorders to use the Electronic Voter Registration Information Center to identify registrants whose addresses may have changed. This database is shared nationally among states and updated in near real-time. Upon learning of a flagged address change, county recorders under **SB 1460** will be able to send the registrant a notice of the change by forwardable mail for the registrant to verify or correct the registration information. To verify ongoing eligibility of voters, **SB 1477 (voter registration; felonies; clerk; database)** requires a clerk of the superior court to send a monthly record of felony convictions to the Secretary of State to notify the appropriate county recorder and cancel a convicted felon from the statewide voter registration database. To preserve the existing secure, verifiable channels for citizens to register, legislators also enacted **HB 2236 (voter registration; request required)** to prohibit from registering a person to vote without their affirmative request and **HB 2237 (same day voter registration; prohibition)** to prohibit same day voter registration.

Early Voting



Arizonan first adopted mail-in voting in 1991. In the most recent statewide election, 89% of citizens opted to exercise their right to vote through this method. This session, lawmakers enacted **SB 1260 (registrations; early voting; move notice)**, which is a necessary reform to ensure the ongoing security of our popular early voting option. Beginning this year, a person who receives an early ballot of a former resident of the address may write "not at this address" on the envelope and place the envelope into the mail. County recorders must verify the address of the former resident and cancel their registration upon confirmation that they have registered to vote in another county. Under this measure, knowingly providing a mechanism for another person who is registered to vote in another state is now classified as a class 5 felony. **SB 1411 (early ballots; tracking system)** improves voter confidence by allowing voters to track their ballot from the mailbox to the tabulation center to confirm their vote has been counted. Beginning January 1, 2024, all counties must provide an early ballot tracking system and provide voters with access to the system on the county's website. To improve accessibility of our early voting system, legislators passed **SB 1638 (early ballots; visually impaired voters)** to provide large print and braille voting options to blind or visually impaired registrants.

Tabulation

Well-organized election systems first and foremost prioritize accuracy, but also value speed. Voters expect results quickly, and lawmakers enacted two measures this year to deliver on this expectation. **SB 1362 (early ballot on-site tabulation)** allows every county recorder to provide a method for an elector to have their completed early ballot tabulated on site, while **SB 1329 (elections; counties; tabulation; posting)** requires county recorders to post as soon as possible the number of early ballots returned on election day at voting locations. Senate Republicans will never compromise accuracy for speed in policymaking, but we adopted these measures to ensure Arizonans will not be waiting weeks for results.



Transparency

Senate Republicans are further increasing voter confidence in election results through **SB 1008 (elections; recount margin)**. This measure increases our state's automatic recount threshold, from one-tenth of one percent to one-half of one percent. In 2020, several statewide and legislative races did not trigger the old recount threshold but would have resulted in a recount under this bill. Extending transparency to election mailings, **HB 2170 (election mailings; third-party disclosure)** requires any nongovernmental person or entity that provides an official election-related document by mail, email, or a digital link to include the words "not from a government agency" on the envelope or in the message.

Individual Liberties

With the conclusion of the pandemic, lawmakers this year turned a critical eye to government action during the state of emergency to ensure individuals rights are preserved, regardless of the circumstance. First issued in March 2020, the COVID-19 emergency declaration extended immense powers to the executive branch over its 24-month duration. Beginning in 2023, **SB 1009 (state of emergency; executive powers)** will prevent this unchecked authority and unilateral decision making from occurring again. Under this bill, Governor-issued public health emergency declarations are limited initially to 30 days and can only be extended up to 120 days. After 120 days, the Legislature must approve any extension of the emergency declaration. The Legislature can extend the emergency declaration in 30 day increments only, giving citizens a direct voice throughout a period of increased government public health action. To preserve freedom of religion during a state of emergency, lawmakers passed **HB 2507 (religious services; essential services)** to designate religious services as essential and immune from closure during an emergency declaration.



The Legislature also reigned in the mask and vaccine mandates that proliferated throughout the pandemic. In any building that receives or uses tax revenue, including state and all political subdivision buildings, **HB 2453 (governmental entities; mask requirement; prohibition)** prohibits mask mandates on the governmental entity's premises. Together, **HB 2616 (mask mandates; minors; parental consent)** and **HB 2371 (enforcement prohibition; vaccinations; requirements)** prohibit the state, school districts or any other government entity from requiring a person under 18 years of age to wear a mask or receive a COVID-19 vaccination without parental or guardian consent. More generally, **HB 2498 (COVID-19; vaccination requirements; prohibition)** prevents the state and all political subdivisions from requiring residents to receive a COVID-19 vaccination. Under **SB 1346 (state employees; vaccination inquiries prohibited)**, the state is prohibited from conducting door-to-door inquiries to collect vaccination statuses.

Property Rights

Continuing the theme of maximizing individual liberties, the Legislature this year enhanced property owners' rights in communities overseen by homeowners' associations (HOAs). Under **HB 2010 (flags; homeowners' associations)**, homeowners choosing to display the flag of any U.S. uniformed services division are immune from action by an overzealous HOA. With the rising popularity of quality artificial turf options, homeowners are opting to replace grass with this water conscious alternative. While HOAs across the state have been slow to amend their regulations, the Legislature acted this year to pass **HB 2131 (artificial grass ban prohibited; HOAs)** to ensure



homeowners can utilize this landscaping option. A win in furthering free speech protections guaranteed by the first amendment, **HB 2158 (homeowners' associations; political; community activity)** limits the ability of HOAs to prohibit certain types of political speech. The bill prohibits an HOA from restricting an owner's ability to display an association-specific political sign, peacefully assemble in common areas, invite a political candidate or a guest to speak to an assembly or post notices regarding assemblies in common areas.

Good Government



Senate Republicans value government that is responsive to constituents and a good steward of taxpayer resources. Often, simply identifying government requirements are the biggest barrier to compliance. **SB 1382 (municipal employee assistance; notice)** requires a city or town to print a notice of any statutory requirements on all applications for a permit, license or other authorization. The notice must also provide a point of contact authorized to provide additional information about the communication. Likewise, **HB 2587 (public records; point of contact)** requires any entity subject to a public records request to provide the contact information of the employee authorized to provide the requested information on the entity's website. The employee must reply within five business days acknowledging receipt of the request. Controlling administrative costs, **SB 1089 (liens; fees; exemption)** prohibits a county recorder from receiving any fee for filing or releasing a restitution or support order lien.

Wise Land Use

As our state continues to attract new residents and development, Senate Republicans acted this year to ensure proper notice and input occurs in all government efforts to put our land resources towards the most beneficial use. In forming new county improvement districts, **HB 2012 (county improvement districts; formation)** requires a petition to a county board of supervisors requesting the establishment of a county improvement district to be signed by both, rather than either, a majority of the persons owning real property and by the owners of at least 51 percent of the real property within the limits of the proposed district. Encouraging local governments to be proactive in change of land use, **SB 1594 (state lands; annexation; delegation; minerals)** allows a city, town or developer to enter into a pre-annexation agreement with a property owner. The property owner upon executing an agreement, may then be included in the calculation of required annexation petition signatures. Providing flexibility in the notice and hearing process, **HB 2482 (municipality; general plan; adoption; amendment)** requires all major amendments to the general plan of a municipality to be proposed for adoption by the governing body of the municipality at a public hearing within 12 months, rather than at a single public hearing during a calendar year. In rural counties, **HB 2067 (county improvement districts; recreation; governance)** allows a county board of supervisors to create an improvement district providing recreational improvements to the land for residents, visitors and tourists.

Capitol Complex

The Arizona State Capitol belongs to its people. It is a place for citizens to engage the legislative process, students to learn about our state's unique history, and organizations to host policy-related events. This year, lawmakers took over direct control of these revered grounds through passage of **SB 1407 (NOW: state capitol areas; jurisdiction; maintenance)**, transferring oversight of Wesley Bolin Memorial Plaza from the executive to the



legislative branch. Lawmakers also added to the rich history within the plaza, authorizing a memorial commemorating Frances Willard Munds (**HB 2603, Arizona women suffrage memorial; extension**), a plaque commemorating the Daughters of the American Revolution (**HB 2087, memorial; American Revolution; patriots' plaque**) and a monument recognizing the Mormon Migration (**HB 2058, Mormon migration monument; governmental mall**). Recognizing the integral threads of diversity in the Arizona fabric, legislators enacted **HB 2639 (Asian American; Pacific Islander month)** establishing May of each year as Asian American and Pacific Islander Month, a non-legal holiday. In a final ode to Arizona's rich history this year, **SB 1497 (Arizona America250 commission)** established the Arizona America250 Commission to plan, develop, encourage and coordinate the commemoration of the 250th anniversary of the founding of the United States.

Ballot Measures

In addition to the election referral SCR 1012, the Government Committee and Legislature sent two questions to the ballot for voters to dictate how Arizona's government operates. This November, **SCR 1024 (lieutenant governor; joint ticket)** provides voters the option to establish the Office of Lieutenant Governor as an immediate successor to the Governor and administrative official within the executive branch. In response to a rising assault on our economy through out-of-state, special interest backed ballot referrals in Arizona, legislators also sent **HCR 2015 (initiatives; supermajority vote requirement)** to voters, allowing citizens to raise the election threshold for passage of tax increases. If approved by voters, approval of an initiative or referendum approving a tax requires 60 percent of voters, rather than a simple majority, to levy a new charge on our citizens.





Conformity

Each year, the Legislature must actively decide on whether to conform to federal tax changes. This session, Senate Republicans acted early to conform Arizona passing **SB 1264 (internal revenue code; conformity)** before the tax filing deadline, providing predictability and certainty for taxpayers.

Taxes

Property Tax

Senate Republicans advanced many bills this session that provide property tax relief, correct inequities in the property tax system, and make changes to the administration of property taxes.

The FY 2023 budget provided the most direct relief to property owners by eliminating the state equalization tax rate at a cost of \$331 million annually. This tax was previously used to fund education but will now be offset with monies from the state General Fund.

Voters will also have a choice to provide targeted property tax relief to disabled veterans in the 2022 general election. The Arizona Constitution allows up to a \$4,188 property tax exemption to low-income widows, widowers, and those individuals who are totally and permanently disabled. Before 1989, the Arizona Constitution also allowed the same property tax exemption to veterans who lived in Arizona before they entered their military service. However, in 1989, an Arizona Appeals Court deemed that residency requirement as unconstitutional because it did not equally provide the exemption to all disabled veterans. **SCR 1011 (constitutional property tax exemptions)**, and the accompanying **SB 1095 (property tax exemptions; statutory conformity)**, will give voters the chance to fix this issue by removing the residency requirement, thereby allowing disabled veterans to receive this property tax exemption once again. Arizona's property tax system taxes property based on its use. For many years, properties used for business



purposes paid a disproportionate share of property taxes relative to homeowners and agricultural properties. In 2021, Senate Republicans supported reducing the commercial assessment ratio from 18% to 16% by 2026 to make the system more equitable (agricultural properties are taxed based on 15% of their taxable value while residential homes are at 10%). This year, Senate Republicans supported an additional reduction in **SB 1093 (equalization assistance; class one property)**, moving the assessment ratio down to 15% to match the agricultural classification and further reduce this inequity.

Both administering and navigating the property tax system is complex for elected officials and the public. Senate Republicans supported several bills this session that make it easier for taxpayers to navigate the system and easier for elected officials to administer. **SB 1266 (property tax; administration; county assessor)** allows those who qualify for organizational property tax exemptions to file for one electronically, instead of having to appear in person to file the proper forms. **SB 1267 (property; classification; primary residence)** makes it clear that a change in occupancy does not lead to a change in the classification of a residence from owner occupied to rental, avoiding a potentially large increase in property taxes for an owner who moves in and out of their home.

Other Tax Changes

Senate Republicans also advanced bills that reduce business costs that ultimately get passed on to consumers. **SB 1636 (use tax; service vehicles; inventory)** clarifies that vehicles used by dealers as loaner cars are not subject to use tax when they are temporarily removed from inventory. This negates a double tax on both the use of the vehicle and then later the sale of the vehicle to the end user. **SB 1372 (TPT; exemptions; motor vehicles; nonresidents)** exempts vehicles bought by out of state residents from sales tax if the vehicle has a gross weight of more than 10,000 pounds. This exemption, which effectively applies to commercial trucking, brings Arizona in line with most states, allowing Arizona to compete for more commercial trucks sales.

State Pension and Retirement



In addition to depositing \$1.1 billion into the State's public safety pension plans, Senate Republicans supported policies that clarify the administration of the pension systems. **SB 1083 (ASRS; modifications)**, **SB 1084 (public retirement systems; administration)**, and **SB 1085 (PSPRS; funded ratio; asset transfers)** all make administrative changes to the state's pension systems including aligning our laws to changes at the federal level and providing clarity to the governing bodies on how to treat contributions once a plan is 100% funded.

Unlike the public safety pension plans that have separate accounts for each employer, the Arizona State Retirement System (ASRS) is a pooled system in which employers pool their assets and share in the overall liabilities. Under current law, any excess contributions made by an employer do not directly reduce the costs of that same employer – all employers share in the benefit. **SB 1082 (ASRS; lease-purchase agreements; contributions; prepayment)** will fix that and provide a pathway for employers in the ASRS to prepay their pension contributions.

Law enforcement agencies throughout the state are having difficulties attracting new employees. To maintain the current levels of employment, **SB 1268 (PSPRS; deferred retirement option plan)** extends the Deferred



Retirement Option Plan (DROP) from five to seven years for current enrollees in the DROP plan. Without this change, officers enrolled in DROP are forced to retire after the five years in the plan.

While most pension related bills focus on public retirement plans, Senate Republicans also advanced ideas this session that would help bolster savings for workers with private employers. While no resolution was achieved this session on the best path forward, **SB 1375 (study committee; retirement savings programs)** sets up a study committee to further explore the issue ahead of next session.

Reducing and Streamlining Regulation

Creating a business-friendly environment with straightforward regulation is a continuous goal each session for Senate Republicans. This year was no different, with bills passed that reduce red tape and bring regularity and predictability to financial institutions and insurers regulated by the state.



SB 1204 (mortgage brokers; bankers; qualifications) removes a requirement that out of state mortgage brokers and bankers must have someone physically located in the state to do business in Arizona. **SB 1580 (money transmission; money transmitter licensure)** incorporates model legislation in Arizona for money transmission developed by the National Association of Insurance Commissioners, providing predictability in regulation to financial institutions providing these services. **SB 1394 (DIFI; business name; trade name)** stipulates that consumer lenders are not required to obtain a separate license when doing business under an assumed or trade name, allowing lenders to better market their products to targeted audiences.

Other Finance Bills

Prior to this session, if an individual got into an accident, received medical care, and received a favorable judgment or award, medical providers could file a statutory lien against the individual to compensate them for their billed medical charges, even if the individual had insurance and paid all the costs of care. **SB 1021 (health care liens; limitation)** adds protections for an individual in that situation by prescribing how such a lien can be filed and protecting at a minimum one-third of any judgment or award from being claimed by medical providers.

Each year the Arizona Department of Administration (ADOA) publishes an annual report on state debt obligations. This information is used to inform the Legislature and the public about how they can reduce these debt obligations. With the passage of **SB 1262 (credit support programs; lending; report)**, ADOA will now be required to also publish information on state lending programs so that legislators, and the public, can better understand the state's exposure in these programs and address issues.



Surrounded by hostile nations and belligerents that wish for the destruction of the state and people of Israel, Senate Republicans have long supported policies that demonstrate Arizona's commitment to this Middle Eastern democracy. One such policy is divestment from companies that boycott doing business with Israel, which is a form of modern anti-Semitism that attempts to destroy Israel economically. Under current law, public entities like the State Treasurer and the pension systems are required to divest from companies that boycott Israel. **SB 1250 (divestment; boycott; Israel; public entities)** expands the definition of public entities to now also include the three public universities and community colleges.





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ARIZONA SENATE REPUBLICAN LEGISLATIVE HIGHLIGHTS 2022

· 55TH LEGISLATURE | SECOND REGULAR SESSION
PREPARED BY SENATE MAJORITY STAFF

"We've worked tirelessly to secure Arizona's water future with a major investment that will help set us up for success as our state continues to grow. We served as a watchdog for voters and made calculated improvements to our election system, so that moving forward, no election should ever be in question. We crafted a historic, bi-partisan budget with monumental investments in education, roads, healthcare and homelessness. We also picked up the slack from the federal government with a spending plan that will secure our border and give public safety the resources they need to combat the fentanyl crisis that's spilling into neighborhoods across Arizona.

This was a historic year for the Republican caucus and our state!"

-Karen Fann, Arizona Senate President



**ARIZONA STATE SENATE
REPUBLICAN CAUCUS**