ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

COMMITTEE ON COMMERCE
Report of Regular Meeting
Tuesday, January 16, 2024
House Hearing Room 3 -- 2:00 P.M. OR UPON RECESS OR ADJOURNMENT OF FLOOR

Convened 2:04 P.M.
Recessed 4:02 P.M.
Reconvened 4:15 P.M.
Adjourned 5:51 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
1/17/24

Members Present	Members Absent
Representative Aguilar	
Representative Austin	
Representative Biasiucci	
Representative Carter	
Representative Gress	
Representative Heap	
Representative Hendrix	
Representative Ortiz	
Representative Sun	
Representative Wilmeth, Chairman	

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Presentations	Organization	Attachments((Handouts)
Paul Sterin	COR AZ State Board of Technical Registration -Recommendation 8 years	4,5
	COR AZ Registrar of Contractors-Recommendation 8 years	6, 7
Gutani Testini	COR Industrial Commission of AZ-Recommendation 3 years	8, 9
	COR Occupational Safety & Health Advisory Comm-Recommendation 8 years	10
	COR Occupational Safety & Health Review Board-Recommendation 8 years	11
	COR Boiler Advisory -Recommendation 8 years	12
Monette Kiepke	COR Arizona Commerce Authority-Audit and Sunset Review	13
Sandra Watson	COR AZ Commerce Authority	14
Sandra Watson	COR AZ Commerce Authority - Recommendation 2 years, with every year checking in with the Committee on Commerce	15

Committee Action

Bill	Action	Vote	Attachments
HB2197	DPA	6-4-0-0	16, 17, 18, 19

Susan Nelson, Committee Secretary
January 17, 2024

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

REVISED - 1/16/24 REVISED - 1/16/24 REVISED - 1/16/24

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

CONVENE: 2:04 PM
RECESS: 4:02 PM
RECONVENED: 4:15 PM
ADJOURNED: 5:51 PM

REGULAR MEETING AGENDA

COMMITTEE ON COMMERCE

DATE Tuesday, January 16, 2024 ROOM HHR 3 TIME 2:00 P.M. or upon recess or adjournment of Floor

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2024011005

Members:

Representative Aguilar	Representative Gress	Representative Sun
Representative Austin	Representative Heap	~~Representative Carbone, Vice-Chairman~~
Representative Biasiucci	Representative Hendrix	Representative Wilmeth, Chairman
Representative Carter	Representative Ortiz	

1. Introduction of members and staff
2. Opening remarks
3. Acting as the Commerce Committee of Reference

1 a. Sunset Review of the Board of Technical Registration
   i. Presentation by the Board of Technical Registration
   ii. Public Testimony
   iii. Discussion and Recommendation

2 b. Sunset Review of the Arizona Registrar of Contractors
   i. Presentation by the Arizona Registrar of Contractors
   ii. Public Testimony
   iii. Discussion and Recommendation

3 c. Sunset Review of the Industrial Commission of Arizona
   i. Presentation by the Industrial Commission of Arizona
   ii. Public Testimony
   iii. Discussion and Recommendation

(4) d. Sunset Review of the Occupational Safety and Health Advisory Committee
   i. Presentation by the Occupational Safety and Health Advisory Committee
   ii. Public Testimony
   iii. Discussion and Recommendation

(5) e. Sunset Review of the Occupational Safety and Health Review Board
   i. Presentation ~~by the Occupational Safety and Health Review~~ Board
   ii. Public Testimony
   iii. Discussion and Recommendation

(c) f. Sunset Review of the Boiler Advisory Board
- i. Presentation by the Boiler Advisory Board
- ii. Public Testimony
- iii. Discussion and Recommendation

4 g. Sunset Review of the Arizona Commerce Authority
- i. Presentation by the Arizona Office of the Auditor General
- ii. Presentation by the Arizona Commerce Authority
- iii. Public Testimony
- iv. Discussion and Recommendation

Bills	Short Title	Strike Everything Title
HB2197	minimum wage; minor league baseball	
DPA	(Biasiucci: Bliss, Contreras L, et al)	
6.4.0.0	COM, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

RA
~~01/10/2024~~
01/16/2024

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Attachment 1

Information Registered on the Request to Speak System

House Commerce (1/16/2024)

HB2197, minimum wage; minor league baseball

Support:

Steven Gonzalez, representing self; Samuel Richard, representing self; Meghaen Dell'Artino, MLB

Oppose:

Francisco "Hugo" Polanco, LIVING UNITED FOR CHANGE IN ARIZONA; Gaelle Esposito, LIVING UNITED FOR CHANGE IN ARIZONA; Natalya Brown, LIVING UNITED FOR CHANGE IN ARIZONA

All Comments:

Samuel Richard, Self: On Behalf Of | Office of the Commissioner of Baseball (PPB: 106449)

4, Sunset Review of the Board of Technical Registration

Support:

Judith Stapley, representing self; Paul Staron, representing self; Janna Day, AZ AIA AMERICAN INSTITUTE OF ARCHITECTS; Justan Rice, American Council Of Engineering Companies Of Arizona, ARIZONA SOCIETY OF PROFESSIONAL ENGINEERS; Kurt Winter, representing self

All Comments:

Judith Stapley, Self: Agency Director; Kurt Winter, Self: Agency Deputy

5, Sunset Review of the Arizona Registrar of Contractors

Support:

Steve Trussell, AZ ROCK PRODUCTS ASSN; David M. Martin, ARIZONA CHAPTER Of The ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.; Mike Gardner, AZ BUILDERS' ALLIANCE; sandy Yavapai County Contractors Association , representing self; Juan Aldo Nunez, representing self

All Comments:

Steve Trussell, AZ ROCK PRODUCTS ASSN: ARPA supports the continuation of the Registrar of Contractors.; Mike Gardner, AZ BUILDERS' ALLIANCE: We support the continuation of the ROC; sandy Yavapai County Contractors Association , Self: The Core value of the ROC is critically important to not only the industry, but citizens as well. Sunsetting can be a normal, mission-focused part of an agency life cycle however the work of the ROC is on-going and sunsetting is not an option; Juan Aldo Nunez, Self: I strongly support the continuation of the Arizona Registrar of Contractors.

Attachment 2

6, Sunset Review of the Industrial Commission of Arizona

Support:

David M. Martin, ARIZONA CHAPTER Of The ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

7, Sunset Review of the Occupational Safety and Health Advisory Committee

Support:

David M. Martin, ARIZONA CHAPTER Of The ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

8, Sunset Review of the Occupational Safety and Health Review Board

Support:

David M. Martin, ARIZONA CHAPTER Of The ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

9, Sunset Review of the Boiler Advisory Board

Support:

David M. Martin, ARIZONA CHAPTER Of The ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

10, Sunset Review of the Arizona Commerce Authority

Support:

Joe Galli, Flagstaff Chamber of Commerce, Greater Flagstaff Chamber Of Commerce; Michael Vargas, Government Affairs Representative, APS, AZ PUBLIC SERVICE COMPANY (APS); Tony Bradley, President and CEO, Arizona Trucking Association; Dianne McCallister, Arizona Technology Council; Steve Trussell, Arizona Mining Association, AZ ROCK PRODUCTS ASSN; Chuck Bassett, Blue Cross Blue Shield Of AZ; David M. Martin, ARIZONA CHAPTER Of The ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.; Terri Kimble Chandler Chamber, CHANDLER CHAMBER OF COMMERCE; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Brittany Bingold, REPUBLIC SERVICE INC; Neil Giuliano, GREATER PHOENIX LEADERSHIP INC; Matthew Ligouri, SOUTHWEST GAS CORP; Alan Eder, Salt River Project; Grace Appelbe, AZ Manufacturers Council; Brittney Kaufmann, HEALTH SYSTEM ALLIANCE OF ARIZONA; Laura French, TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.; Brad Kiesling, representing self; Courtney Coolidge, AZ CHAMBER OF COMMERCE

Oppose:

Greg Blackie, AZ FREE ENTERPRISE CLUB; Randal Scott, representing self; Charles McCain, representing self; Stephen Harris, representing self; Linda Jorgensen, representing self; Dianna Gates, representing self; LouAnn Sedgwick, representing self; Sue Unverricht, representing self; Frank Jorgensen, representing self; Nancy Osgood, representing self; Vicki Roller-Chow, representing self; Michael Mote, representing self; Pam Throw, representing

self; Wayne Throw, representing self; Susan Gavigan, representing self; robert wolk, representing self; Lynda Patrick-Hayes, representing self; Kay Bateman, representing self; Barbara Scott, representing self

All Comments:

Joe Galli, Greater Flagstaff Chamber Of Commerce: We are for the continuation of the ACA, who has assisted expansion of economic opportunity throughout Arizona. We are particularly grateful for their work on creating opportunities for expanded rural broadband access, which has benefited Flagstaff.; Tony Bradley, Arizona Trucking Association: ACA has been a critical partner for the State by helping to bring jobs to Arizona.; Dianne McCallister, Arizona Technology Council: We support the continuation of the Az Commerce Authority. Over the last ten years Arizona has become one of the nation's technology hubs. A lot of that has been due to the work done by the Commerce Authority, including in manufacturing growth.; Steve Trussell, Arizona Mining Association, AZ ROCK PRODUCTS ASSN: ARPA and AMA support the continuation and work of the Arizona Commerce Authority.; Chuck Bassett, Blue Cross Blue Shield Of AZ: AZ Blue supports the continuation of the Arizona Commerce Authority.; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE: The Greater Phoenix Chamber supports the continuation of Arizona Commerce Authority.; Brittany Bingold, REPUBLIC SERVICE INC: We strongly support the continuation of the Arizona Commerce Authority.; Alan Eder, Salt River Project: Supportive of continued collaboration between the public and private sectors to further economic development in Arizona.; Brad Kiesling, Self: On behalf of Republic Services, we strongly support continuation of the Arizona Commerce Authority.; Randal Scott, Self: no thanks!; Linda Jorgensen, Self: End organizations that are no longer of benefit.; Dianna Gates, Self: Do not extend the Arizona Commerce Authority.; LouAnn Sedgwick, Self: I am a PC & State Committee member. It's time to repeal the ACA, it's nothing but a big slush fund!; Sue Unverricht, Self: The Auditor found that the AZ Commerce Authority is poorly managed with 91 employees which misspent $2.4 million from 2018 - 23. A fraud risking waste of taxpayer money. Shut it down!; Barbara Scott, Self: no thanks doesn't work for me!

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD

HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on House Commerce COR Bill Number ACA Sunset Review

Date Jan 16 2024 ☑ Support ☐ Oppose ☐ Neutral

Name Diane McCallister Need to Speak? ☑ Yes ☐ No

Representing Az Tech Council Are you a registered lobbyist? 4

Complete Address 7862 E Coronado Rd Scottsdale 85257

E-mail Address diane@p3gr.com Phone Number 602-300-2318

Comments: _____

_____

*****FIVE-MINUTE SPEAKING LIMIT*****

ARIZONA STATE LEGISLATURE

Fifty-sixth Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **COMMERCE**

CHAIRMAN: Justin Wilmeth VICE-CHAIRMAN: _____

	DATE	01/16/24	/24	/24	/24	/24
	CONVENED	2:04pm	m	m	m	m
	RECESSED	4:02 PM				
	RECONVENED	4:15pm				
	ADJOURNED	5:51pm				
MEMBERS						
Aguilar		✓				
Austin		✓				
Biasiucci		✓				
Carter		✓				
Gress		✓				
Heap		✓				
Hendrix		✓				
Ortiz		✓				
Sun		✓				
, Vice-Chairman						
Wilmeth, Chairman		✓				

√ Present --- Absent exc Excused

Attachment 3

Sunset Audit Review
Committee of Reference
2024

Arizona State Board of Technical Registration

Judith Stapley
Executive Director

Arizona State Board of Technical Registration-Est. 1921

"The purpose of this chapter is to provide for the safety, health and welfare of the public through the promulgation and enforcement of standards of qualification for those individuals who are registered or certified and seeking registration or certification pursuant to this chapter."

AZBTR

Attachment 4

The Board registers or certifies the following professions.

Registered professions (colloquially referred to within the agency as the "Big Five")

- Architects
- Engineers (the Board designates 17 branches of engineering)
- Geologists
- Land Surveyors
- Landscape Architects

Certified professions

- Alarm Agents
- Alarm Business Controlling Persons
- Home Inspectors

Additionally, the Board licenses firms/branches and alarm businesses.

90/10 Self Funded Agency

- The Board operates as a 90/10 self-sustaining Board. Pursuant to A.R.S. § 32-109, the Board deposits 10% percent of its revenue into the State general fund and deposits 90% of its revenue into the Board's "Technical Registration Fund."

- The regulation of the Board's multiple professions allows the Board to develop a revenue base sufficient to accomplish its mission.

Multiple Pathways of Licensure for the Board's Registered Professions

1. Traditional: Degree + Experience + Exams
2. Experience only: Experience + Exams
3. Universal Licensure: Licensed in good standing in another jurisdiction for at least one year + established residency in Arizona

Requirements for the Board's regulated professions

- An applicant must show 96 months of experience (72 for land surveyors) and proof of passing the applicable national examinations (land surveyors must also pass a state-specific exam).
- The Board does not require education, but education does count toward experience.
- National examinations may be waived if statutory requirements are met.

National Councils of Examination

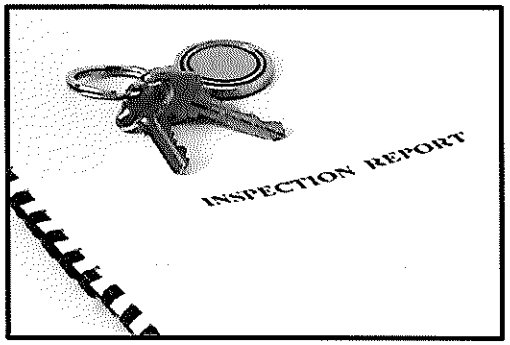
- National Council of **Architectural** Registration Boards (NCARB)
- National Council of Examiners for **Engineering and Surveying** (NCEES)
- The Council of **Landscape Architectural** Registration Boards (CLARB)
- Association of State Boards of **Geology** (ASBOG)

The National Examination Councils provide:

- Uniform and psychometrically sound computer-based examinations
- "Council Records"
- Mutual recognition agreements
- Disciplinary action databases

Certification of Home Inspectors

- National examination
- 84 hours of classroom training
- 30 parallel inspections





Certification of Alarm Agents

- Fingerprint Clearance Card.
- Temporary Certification

Efficient Licensing Process

- Delegated authority to the Executive Director
- Use of "Council Records"
- Pool of unpaid volunteer subject matter experts (Enforcement Advisory Committee (EAC)members)
- Home inspections assessor
- Full licensing staff
- Communication with registrants

Efficient Investigations

- Complaint intake
- Initial assessments
- Enforcement Advisory Committees (EAC) Volunteers
- Informal Settlements (Consent Agreement)
- Hearings at the Office of Administrative Hearings
- Inter-agency Service Agreement (ISA) with Attorney General's Office

Rulemaking

- 2017-Omnibus Rule Changes
- 2020 – Regarding Home Inspector Financial Assurance
- 2020 - Regarding Land Surveying Standards
- 2023- Regarding Home Inspector Standards
- 5-year Rule Review due March 2024

AZBTR

Bills

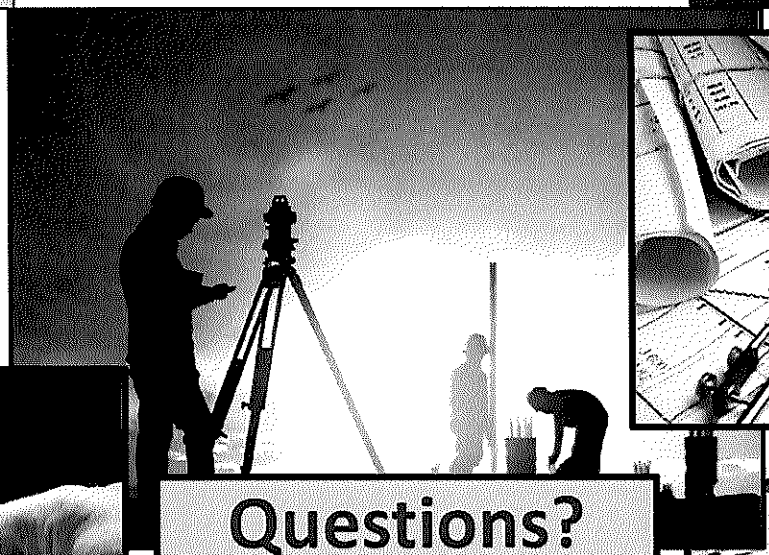
- 2019 - HB2037 licensure through endorsement
- The bill passed through the House and Senate with no opposition
- The governor subsequently vetoed the bill.

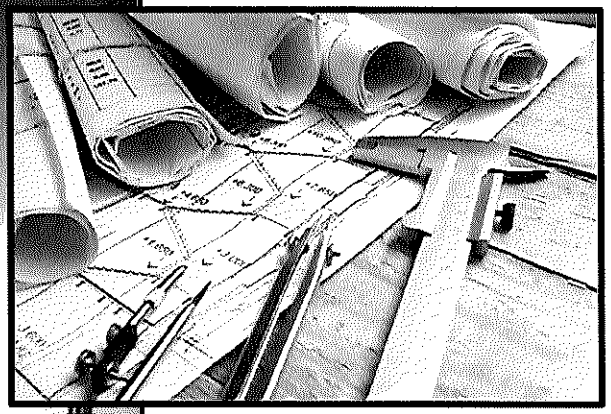
Possible Future Bills

- Licensure through endorsement.
- Educational program for land surveying
- Endowed Scholarship Fund
- Restructure of the Board Member Composition

AZBTR



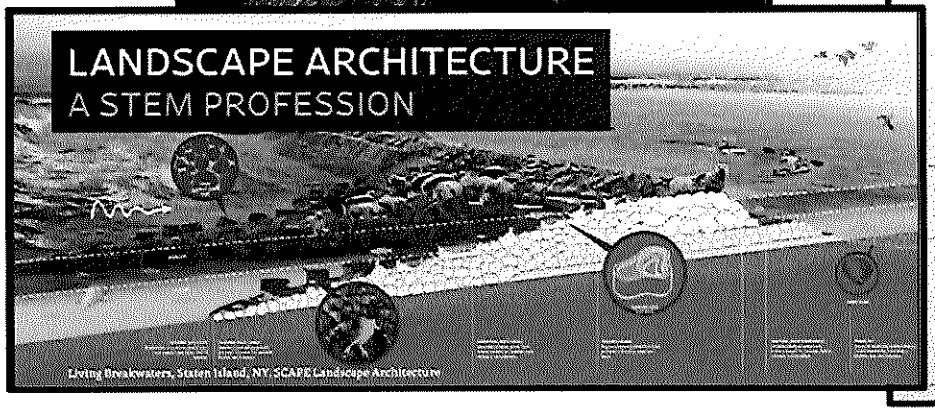






Questions?




LANDSCAPE ARCHITECTURE
A STEM PROFESSION
Living Breakwaters, Staten Island, NY. SCAPE Landscape Architecture



ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

Board of Technical Registration

COMMITTEE ON Commerce COR BTR ~~BILL NO.~~ _____

DATE January 16, 2024 Recommendation 8 years ~~MOTION:~~ _____

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Biasiucci		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix					✓
Ortiz		✓			
Sun		✓			
, Vice-Chairman					
Wilmeth, Chairman		✓			
		9	0	0	1

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
, Vice-Chairman

ATTACHMENT 5

Arizona Registrar of Contractors

House Commerce Committee of Reference

Attachment 6

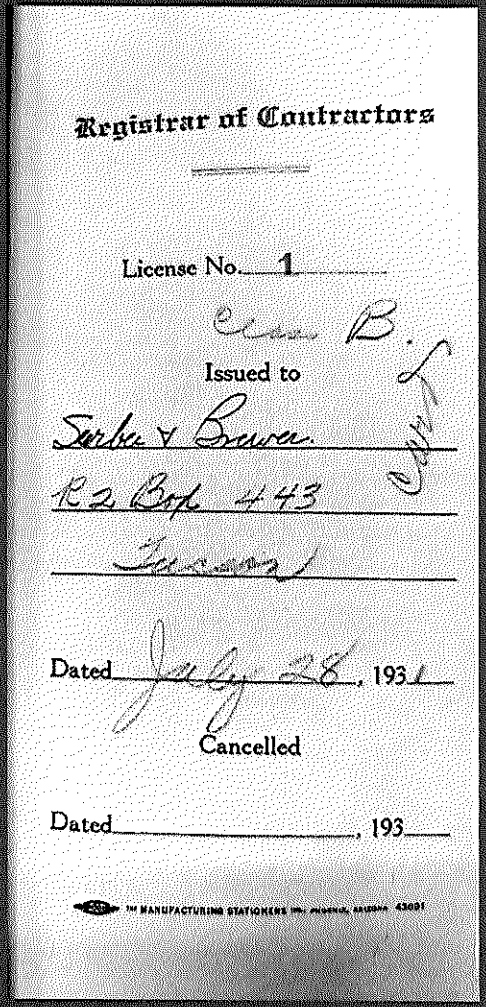
Arizona Registrar of Contractors

A.R.S. § 32-1101.01 - "The legislature determines that the licensing of construction contractors is a proper state function."

Mission: To protect the health, welfare and safety of the public through a regulatory system designed to promote quality construction by Arizona contractors.

The Registrar of Contractors has been promoting quality construction and protecting Arizona consumers since 1931 by:

- Licensing and regulation of commercial, residential, and engineering contractors
- Investigation of complaints against licensed and unlicensed contractors
- Referral of unlicensed contracting and related criminal offenses to prosecuting authorities
- Administration of the residential contractors' recovery fund
- Public outreach and education
  -


Registrar of Contractors

License No. 1

Issued to

Dated , 193

Cancelled

Dated , 193

ROC is a 90/10 Agency

- 90% of licensing fees fund agency operations through the ROC Operations Fund (agency budget).
- The remaining 10% of licensing fees are deposited in the State General Fund.
- The agency does not receive State General Fund money.
- In FY 2023 the agency contributed $1.4M to the State General Fund.
- Since FY 2013 the agency has deposited $15.6M into the State General Fund.
- The Residential Contractors' Recovery Fund is funded through a separate assessment.

Major Functions of the ROC

- Licensing – Receives and processes applications and license maintenance requests (for example, personnel changes).
- Compliance – Investigates alleged violations of licensed and unlicensed contracting laws.
- Legal and Recovery Fund – Support licensing and compliance departments, conduct informal settlement conferences, direct contested cases and appealable agency actions through OAH, administer Residential Contractors' Recovery Fund.
- Outreach and Education – Educate the public and contractors regarding statutes, rules, policies and operations of the agency and develop and support construction-related programs designed to benefit the public.

Licensing

- 14 Licensing Account Professionals
- The ROC regulates approx. 51,500 current contractor licenses.
- Process license applications and renewals
  - 6,361 new license applications submitted in 2023
  - 21,589 renewal applications submitted in 2023
- Process service/maintenance requests
  - Approximately 26,000 each year
- Fee waivers for U.S. military veterans and low income qualified applicants are accessible through the AZ ROC Customer Portal.
- Trade specific testing is administered by a third party vendor, PSI Exams.

Legal

Over the past 12 months our legal department has handled:

- 400 hearings at the Office of Administrative Hearings
- 114 informal settlement conferences conducted (71 complaints settled prior to hearing)
- Reviewed 109 petitions for criminal record review, and qualified 100 petitioners

In 2023, the Registrar's Residential Contractors' Recovery Fund compensated:

- 393 claimants
- $4,953,329
- In the last 5 years, decreased days to issue payment from 180 days to 100 days.

Individual awards limited to $30,000, with a $200,000 maximum liability per license. Where valid claims against a license exceed this amount, individual awards are paid on a prorated basis.

Represented by Attorney General's Office:

- AGO's Licensing and Enforcement Section represents ROC in appealable agency actions, JRA appeals of agency decisions, & civil recovery fund matters
- AGO's Bankruptcy Collection & Enforcement Division assists ROC in collecting debts, including Recovery Fund payments and civil penalties.

Compliance

- 38 Investigators across Arizona
- Investigate licensed complaints and ensure compliance with statutory requirements
  - 6,287 submitted in 2023
- Investigate unlicensed entity complaints
  - 1,249 submitted in 2023
- Develop and enforce minimum standards of Workmanship, guided by established usage and procedure in the Arizona construction industry.
- Current average timeframe to close a complaint is 33 days, compared to 120-140 days in 2015.

Outreach

- Contractor Outreach
  - **Applicant Education Seminars**
  - New Licensee Forums
  - Licensed Contractor Forums
  - Trade Association Forums
- Community Outreach / Consumer Protection
  - Homeowners Association Presentations
    - SCHOA (Sun City Homeowners Association), Barrio Anita Neighborhood Association (Tucson)
  - **Retirement Community Expos**
    - PORA (Property Owner & Residents Association - Sun City West), CantaMia at Estrella (Goodyear); Venture Out (Mesa), Palmas del Sol (Mesa)
  - On the Road with Let Joe Know
- Task Force Against Senior Abuse (TASA)
- Partnerships with County Attorneys and AGO
- Workforce Development
  - **AZ ROC Construction Science Technology Apprenticeship Fair at Chase Field**
  - Construction Career Days Events (Phoenix, Tucson & Yuma)
  - Veteran Events (Statewide Symposium and State of AZ Hiring Event)
  - High School Career Fairs (Districts: Buckeye, Mesa, Phoenix)
  - SkillsUSA State Conference
  - **BuilditAZ Apprenticeship Initiative**

Total # of people reached in 2023 = 29,847 / Total # of people reached since FY 2020 = 62,254

Over 71,000 searches of the ROC Contractor Search by more than 22,500 citizens in 2023.

Recent Accomplishments

- Industry Advisory Council (IAC)
  - Kicked off in October 2023
  - Formed in order to offer advice and counsel to support and advance AZ ROC's mission to protect the public by promoting quality construction in Arizona.
  - Comprised of professionals who represent various fields within the construction industry.

- Initiated an update to Workmanship Standards in collaboration with industry experts.

- Spanish Initiative
  - Increase the number of documents and materials available in spanish
  - Ensure that each ROC department has the capacity to assist customers in spanish

Information Technology/Modernization

- AZ ROC Customer Portal launched in September 2019
  - 93% of new applications submitted online
  - 75% of renewal applications submitted online
  - 84% of complaints submitted online
- Improved time from application to granted license
- Technological efficiencies enabled closure of satellite offices
- Agency documentation and procedures through each department to increase clarity and consistency, significant reduction in use of paper

Agency Operations/Human Resources

Operations

- Legislative Liaison
- Office management
- Agency communications - mailroom, phones & reception desk
- Accounting - Payroll, budget, fees, financial reporting
- Continuous Improvement

Human Resources

- 99 current employees - 465 years total ROC experience
- Employees are valued - Telework options, tuition reimbursement, support for career development

Current Challenges and Opportunities

- Income vs. Expenses
- Agency brick and mortar footprint right-sizing
- Aging Fleet
- Need for an updated full performance audit

ROC Fund Trend

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue	$8,006,745	$8,717,845	$8,532,337	$9,076,958	$9,691,085	$10,992,877
Expense	$8,669,300	$9,529,100	$10,526,400	$10,671,700	$10,574,200	$11,190,900
P/L	$662,555	$811,255	$1,994,063	$1,594,742	$883,115	$198,023
						$6,143,753*

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Cash Balance	$8,193,397	$7,389,800	$5,327,300	$3,990,000	$2,896,938	$2,699,071

*Reflects expenses related to the implementation of the Salesforce CRM software and AZ ROC Customer Portal = $2M

Current Efforts for Efficiency

- With the change in leadership and a realignment of our reporting structure, we have trimmed over $105,000 from our annual payroll budget.

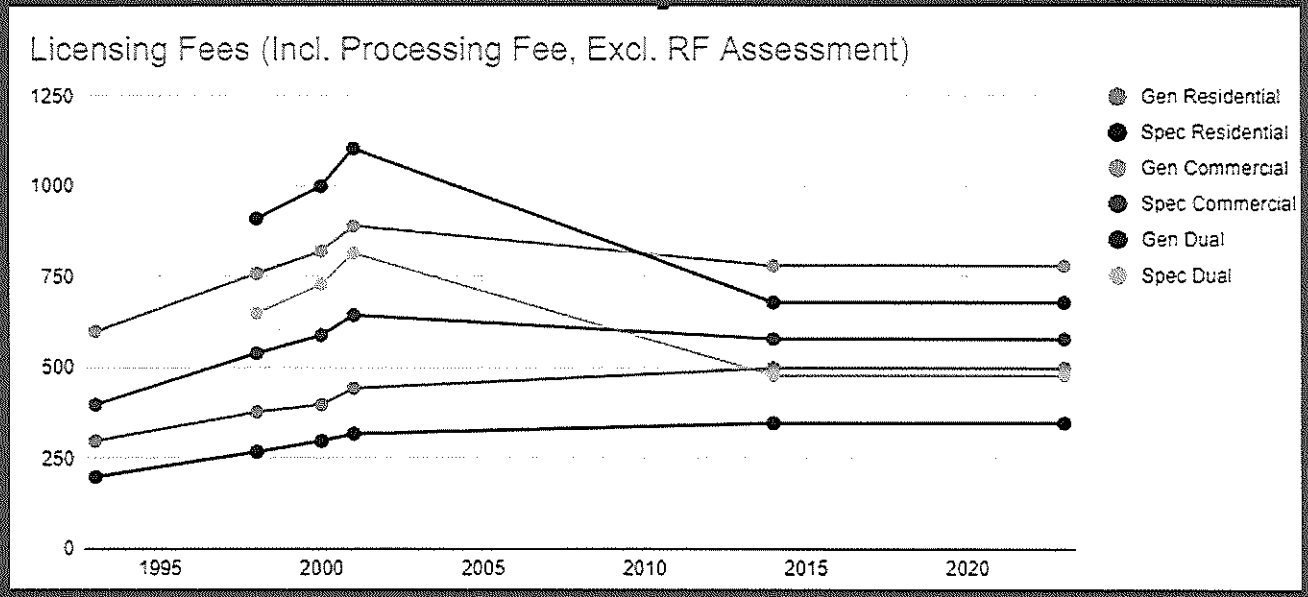
- Working with ADOA to reduce physical footprint to match current business practices
  - Current rent is $393,500 per year
  - Most recent info from ADOA, upwards of $200,000 savings is likely

- Renegotiation of software license - DocuSign

- Initiating a plan to reduce paper usage and postage expense dramatically by replacing full sized letter mailers with postcards, eliminating paper ID cards, and emailing statutorily required documents.

Licensing Fees

ROC Licensing Fees have generally decreased since 2001, although costs (salaries, etc.) have risen substantially. Most of the current licensing fees are considerably below the statutory maximum. ROC leadership is evaluating the concept of fee changes and associated rule changes.



Summary

The Registrar of Contractors is a dedicated team of state employees - professionals and experts - who are focused on facilitating qualified applicants to become licensed contractors, to hold existing licensed contractors accountable for the quality of their work, investigate unlicensed entities, bring thieves and fraudsters to justice, educate the public as to the advantages of hiring licensed contractors, and promote the development of a quality construction workforce in the State of Arizona.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce COR AZ Registrar of Contractors BILL NO. _____

DATE January 16, 2024 MOTION: Recommendation 8 years to JLAC

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Biasiucci		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
, Vice-Chairman					
Wilmeth, Chairman		✓			
		10	0	0	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
, Vice-Chairman

ATTACHMENT 7



Attachment 8

INDUSTRIAL COMMISSION OF ARIZONA

Our Mission

Established

Size

ICA DIVISIONS

CLAIMS DIVISION

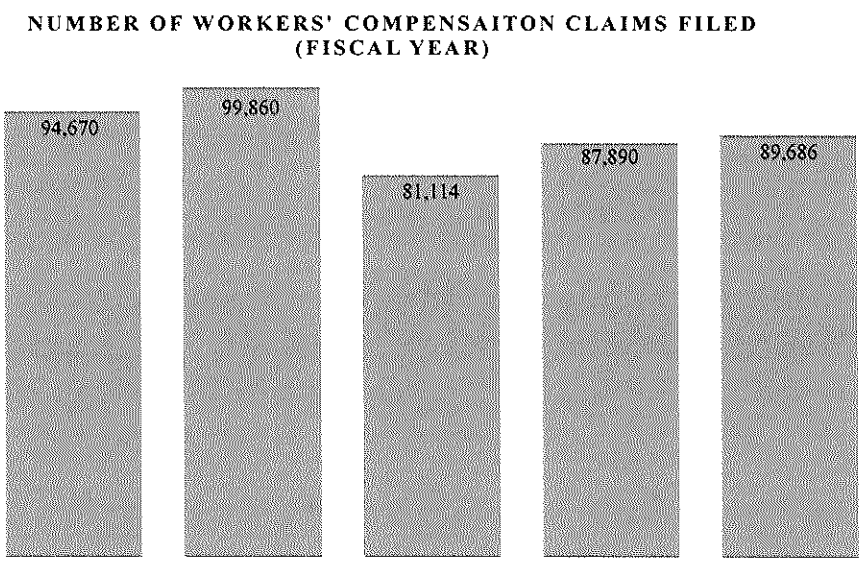
The Claims Division regulates the workers' compensation industry by ensuring that claims are processed in compliance with the law, maintains the official record for all Arizona workers' compensation claims, processes portions of the claims, and provides training and instruction to system participants.

In FY23, the Claims Division issued 1,770 LEC awards. The average days to an award was 35. Statutory requirement - 90 days.

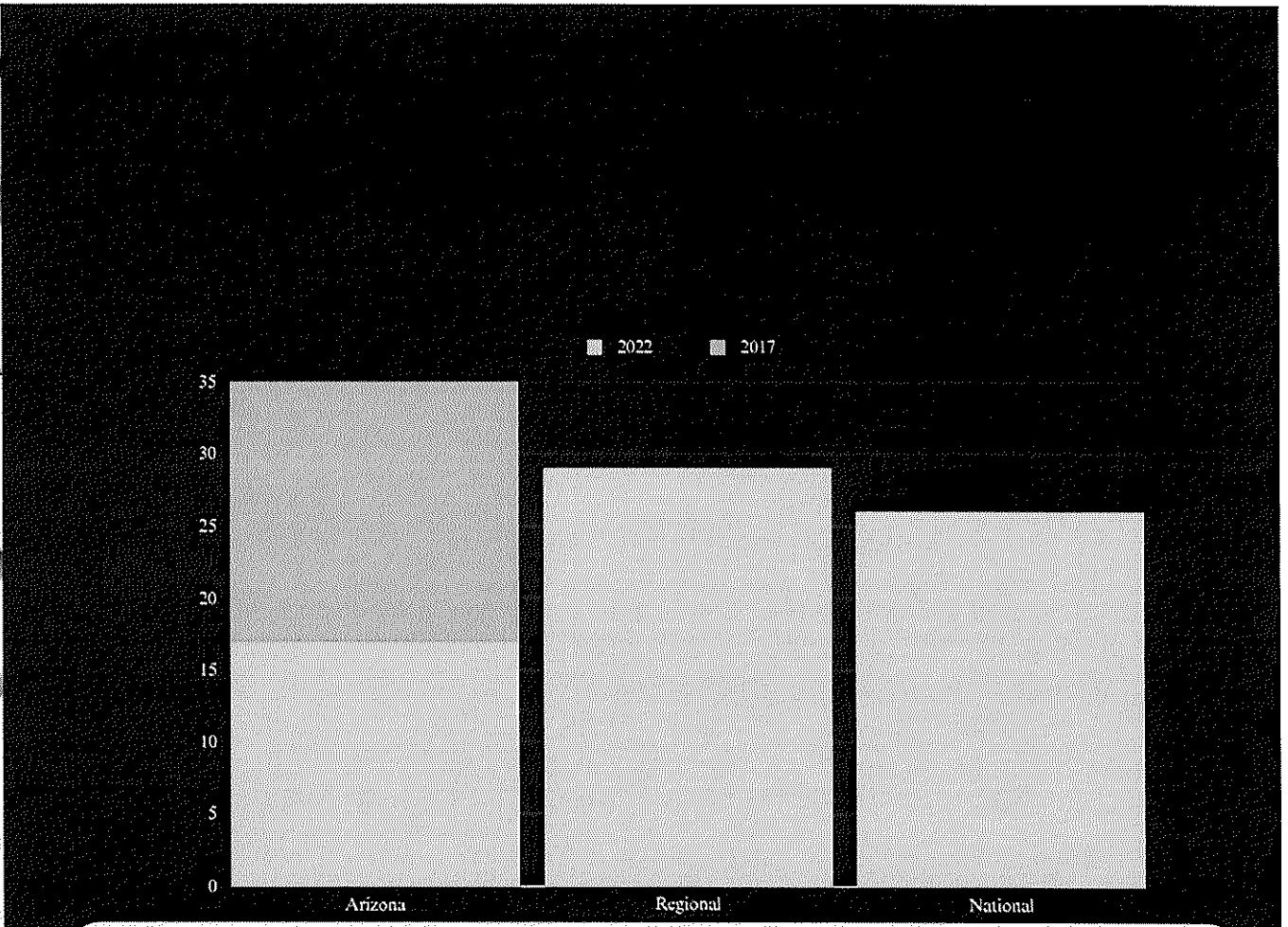
In FY14, the average processing time was 47 days.

Point of Improvement

To better serve injured workers who are navigating the workers' compensation system, the ICA has increased its Ombudsman team from one person to four.





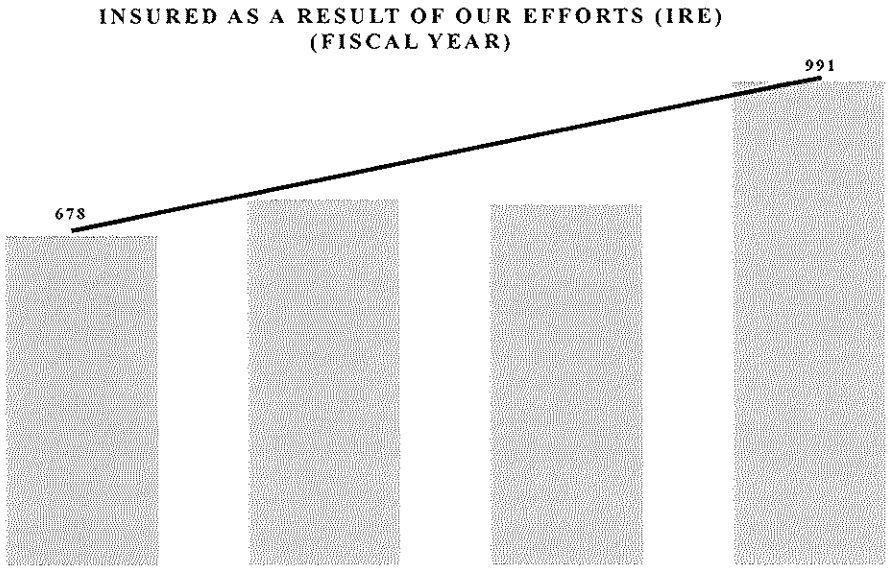


Point of Improvement

The Medical Resource Office publishes the Fee Schedule in October every year. This puts stakeholders a year behind on pharmaceutical costs. The MRO will be publishing the Fee Schedule earlier in the calendar year.

LEGAL DIVISION

Through its Legal Division, the Commission investigates employers, educates employers, and initiates civil penalties against uninsured employers. The Legal Division uses information from the National Council on Compensation Insurance coverage database to identify employers whose insurance coverage either is about to lapse, or has lapsed.



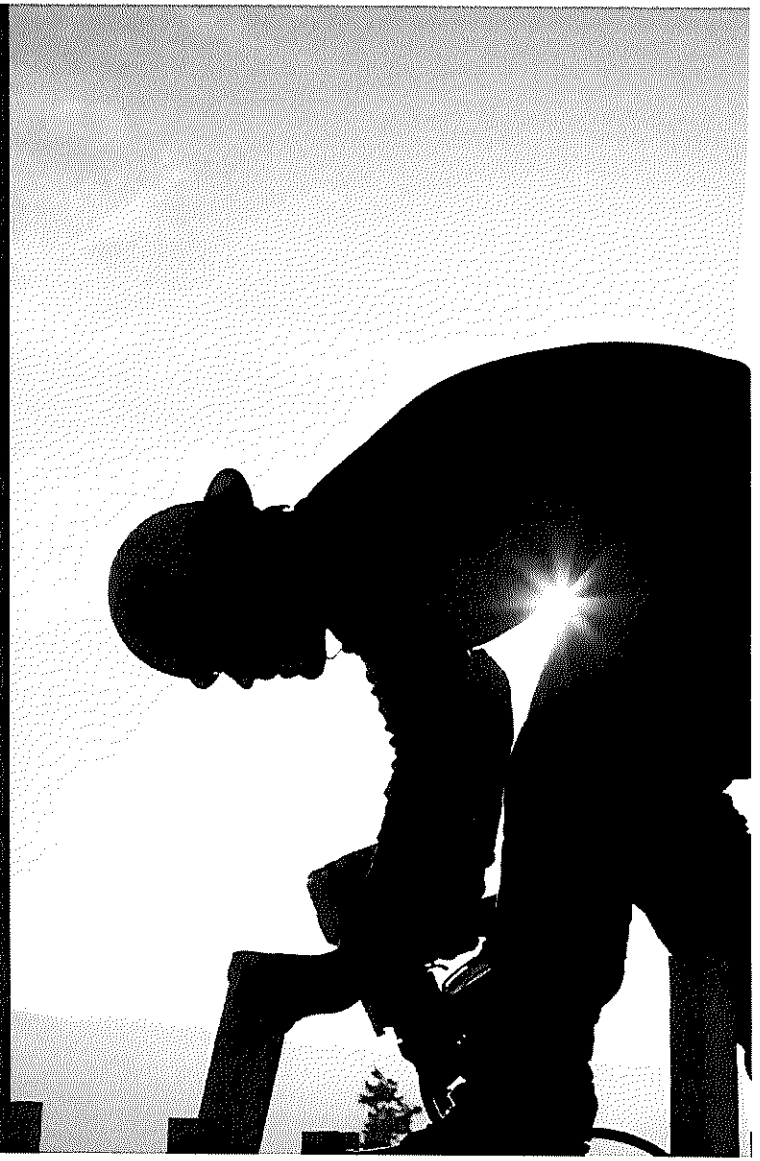
In FY14, 426 employers secured workers' compensation coverage for their employees as a direct result of the efforts of the compliance unit, by FY23, that number rose to 991.

Point of Improvement

- Legal has engaged in significant rulemaking updating and modernizing A.A.C. Title 20.
- The Legal Division has expanded the ICA attorney training program aimed at making all ICA attorneys certified workers' compensation specialist.

In FY23, the Special Fund reimbursed 570 apportionment requests and had an annual expenditure cost of amount of $2.86 million related to apportionment.

Point of Improvement
The annual expenditures for vocational rehabilitation in FY23 total $229,237. The Special Fund is looking to increase vocational rehabilitation by holding trainings at the Industrial Commission for injured workers.



ADOSH - COMPLIANCE

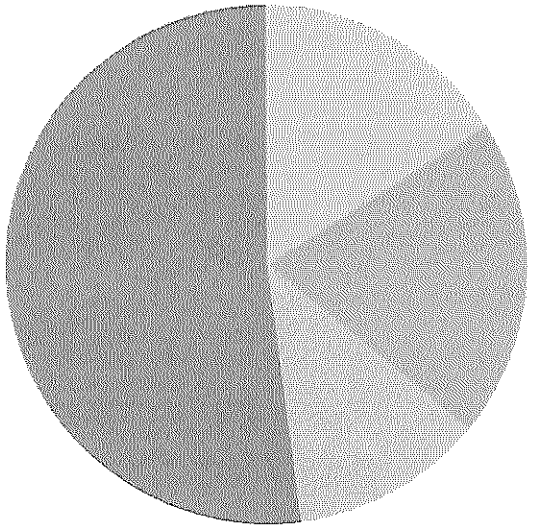
Under the authority found in A.R.S. § 23-401, ADOSH conducts unannounced inspections of workplaces throughout Arizona to determine whether employers are complying with the Occupational Safety and Health Act and standards. Inspections may be the result of imminent danger, a workplace fatality, a referral, a complaint, a planned inspection, or a follow-up to verify previously cited violations have been corrected.

In FY23, the ADOSH Compliance Division:

- Conducted 763 inspections.
- Issued 595 citations that were classified as serious, repeat, or willful.
- Issued 927 citations what were classified as non-serious.
- Assessed $499,603 in penalties.

Point of Improvement

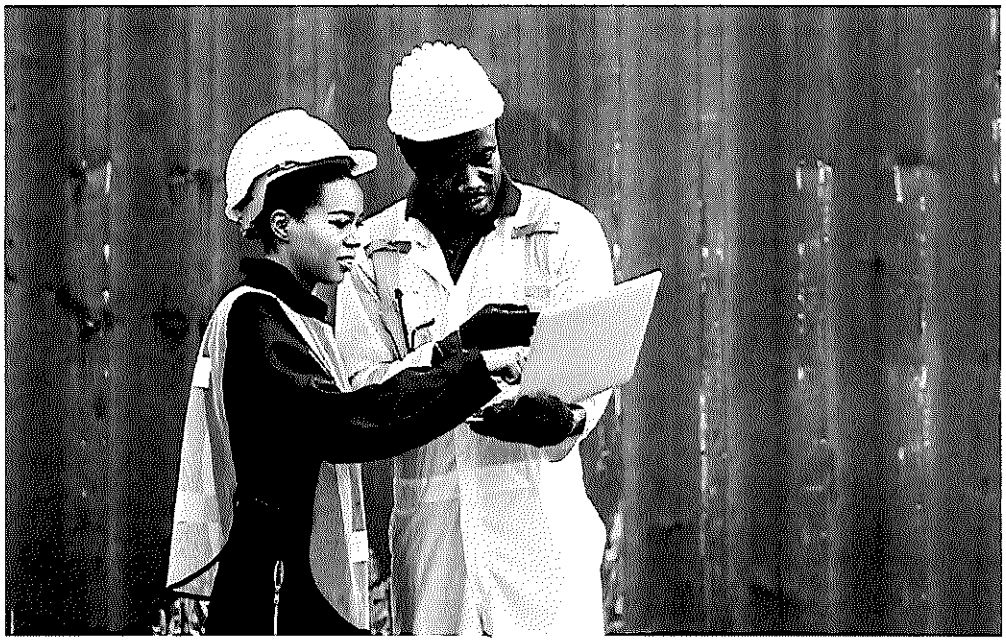
The Industrial Commission of Arizona will be reorganizing ADOSH to allow for greater customer service by creating an ADOSH Administrative Division to handle complaints and public records requests.



Agriculture
6%

ADOSH - CONSULTATION

ADOSH's Consultation program is responsible for all safety and health education and training services, including onsite consultation visits, seminars, and the preparation and distribution of video and written materials, and newsletters.



In FFY22, the ADOSH Consultation Division:

- Conducted 505 safety visits.
- Identified 1,233 serious and non-serious hazards.
- Removed 47,631 employees from a serious hazard.
- Helped employers save more than $3.2 million in potential citations and fines.

Point of Improvement

The Industrial Commission of Arizona will be looking to expand and strengthen its partnership programs.

ADOSH ADVISORY COMMITTEE

The Arizona Occupational Safety and Health Advisory Committee was established in 1972 under A.R.S. § 23-409(A) to provide recommendations and assistance to the Industrial Commission of Arizona in the drafting of standards and regulations.

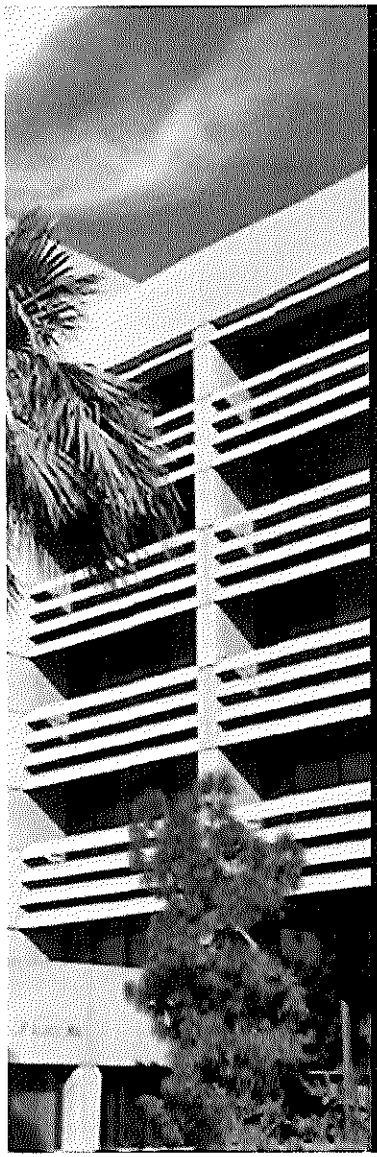
BOILER ADVISORY BOARD

The Arizona Boiler Advisory Board ("Board") was established in 1977 under A.R.S. § 23-474(2) to assist the Industrial Commission of Arizona ("Commission") in the drafting standards and regulations related to boilers, lined hot water heaters, and pressure vessels ("boilers").

The Board consists of 5 members appointed by the Commission.

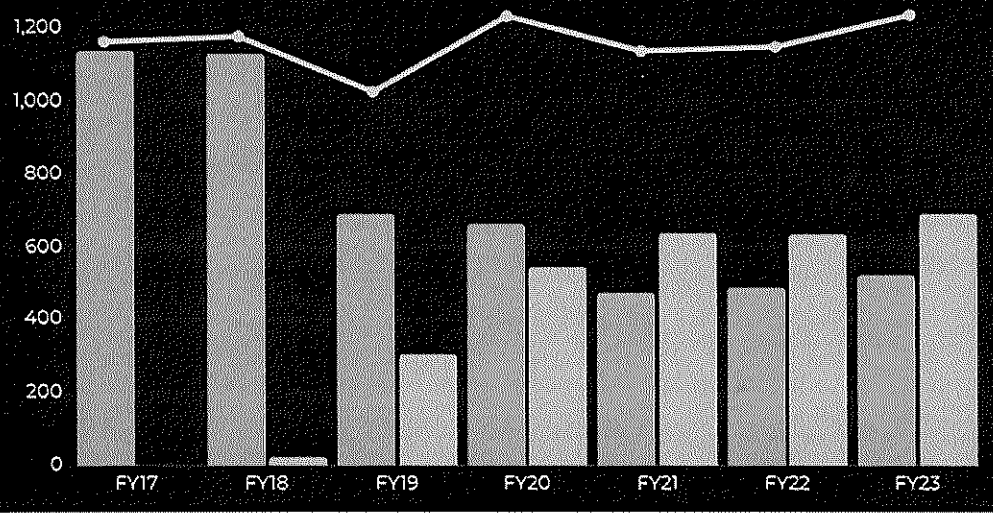
OSHA REVIEW BOARD

Employers who believe that the Arizona Division of Occupational Safety and Health (ADOSH) has made errors in its findings, or imposed too large of a fine for violations, after an administrative hearing at the Office of Administrative Hearings ("OAH"), pursuant to A.R.S. § 23-420 may appeal to the Review Board for relief, pursuant to A.R.S. § 23-423.



In FY23, the ALJ Division:

- Held 5,759 workers' compensation hearings.
- Issued 4,902 written decisions.



Point of Improvement

Mediation offered by the ALJ Division requires the voluntary agreement of all interested parties and can be requested at any time.

Mediation within the ALJ Division has tripled from 19 in FY21 to 60 in FY23.

LABOR DEPARTMENT

The Industrial Commission of Arizona Labor Department is responsible for the enforcement of Arizona's payment of wage, minimum wage, earned paid sick time, and youth labor laws.

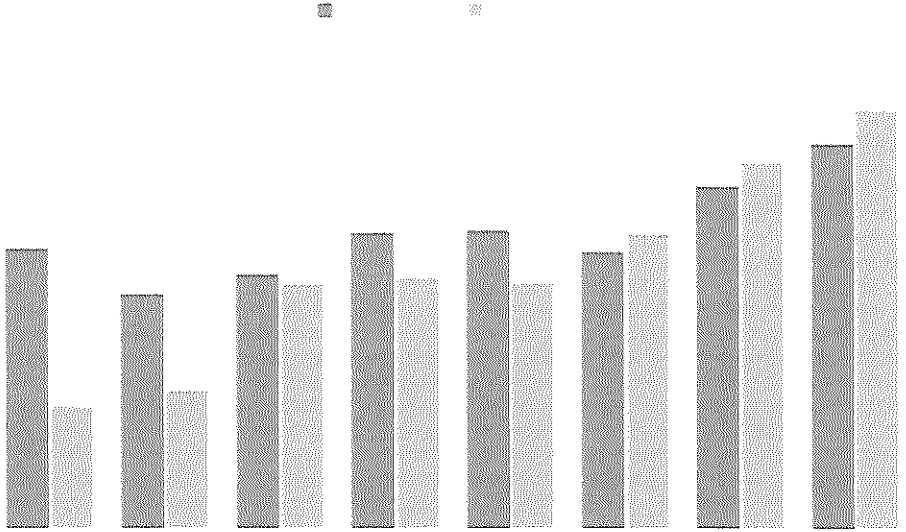
In FY23, the Labor Department:

- Received 3,989 wage claims.
- Closed 4,341 claims.
- Received 140 retaliation claims.
- Closed 131 retaliation claims.

Point of Improvement

For the past three years the Division has been able to resolve more cases than it opens.

WAGE CLAIMS OPENED AND RESOLVED (FISCAL YEAR)



THANK YOU

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce COR Industrial Commission of AZ BILL NO. ~~BILL NO.~~

DATE January 16, 2024 ~~MOTION:~~ Recommendation 3 years ICA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Biasiucci		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
, Vice-Chairman					
Wilmeth, Chairman		✓			
		10	0	0	0

APPROVED:

JUSTIN WILMETH, Chairman
, Vice-Chairman

Susan Nelson
COMMITTEE SECRETARY

ATTACHMENT 9

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

Sub-A

COMMITTEE ON Commerce BILL NO.

DATE January 16, 2024 MOTION: Occupational Safety & Health Advisory Comm 8 years Recommendation

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Biasiucci		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
, Vice-Chairman					
Wilmeth, Chairman		✓			
		10	0	0	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
, Vice-Chairman

ATTACHMENT 10

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO ~~BILL NO~~ Sub-B occupational Safety & Health Review Board 8 years Recommendation

DATE January 16, 2024 MOTION: ~~MOTION~~

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Biasiucci		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
, Vice-Chairman					
Wilmeth, Chairman		✓			
		10	0	0	0

APPROVED:

JUSTIN WILMETH, Chairman
, Vice-Chairman

Susan Nelson
COMMITTEE SECRETARY

ATTACHMENT 11

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce COR BILL NO. Sub-C Board Recommendation Boiler Advisory 8 years

DATE January 16, 2024 MOTION:

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Biasiucci		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz		✓			
Sun		✓			
, Vice-Chairman					
Wilmeth, Chairman		✓			
		10	0	0	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
, Vice-Chairman

ATTACHMENT 12

Arizona Commerce Authority
Performance Audit and Sunset Review

Presenter: Monette Kiepke

Date: January 16, 2024

ARIZONA Auditor General
Making a Positive Difference

Attachment 13

Presentation overview

- Background information
- Problems identified
- What led to the problems
- Why the problems matter
- Key recommendations
- Additional recommendations
- Information from questions and answers

ARIZONA Auditor General
Making a Positive Difference

Arizona Commerce Authority (ACA)

- Established in 2011
- Board consists of 19 voting members: Governor, ACA CEO, and 17 Governor/State-appointed private sector business leaders
- Sandra Watson serves as Chief Executive Officer
- We conducted ACA's previous sunset review in 2015

ARIZONA Auditor General
Making a Positive Difference

ACA's key responsibilities and activities for growing the State's economy

- Administers various tax incentives and grants
  - Reviews tax incentive applications, assesses whether applicants meet eligibility requirements, and approves applicants
  - Awards Competes Fund grant monies, administers grant agreements, and verifies eligibility and performance
- Manages the State's broadband office

ACA's key responsibilities and activities continued

- Contracts for foreign trade offices
- Assists entrepreneurs, businesses, and manufacturers
- Assists with workforce development
- Administers fund to bid on and host major events and program to promote film production in the State
- Hosts events for business executives

ACA met some statutory objectives

- Appropriately approved all 10 Qualified Facility tax credits we reviewed as applicants met capital investment and wage requirements

- Distributed Arizona Coronavirus Relief Fund donation monies we reviewed for approved purposes, including personal protective equipment and grant monies to nonprofits supporting vulnerable citizens

ACA serves State by providing economic development resources

- Developed community profile reports providing population and economic information for 15 counties and 92 urban and rural communities

- Offers small business bootcamp and rural economic development webinars to help businesses in urban and rural areas

ARIZONA Auditor General
Making a Positive Difference

Problem identified

ACA lacked evidence showing it verified businesses met some requirements when reviewing and approving nearly $11 million in financial incentives

ARIZONA Auditor General
Making a Positive Difference

ACA lacked evidence it verified incentive requirements were met

ACA lacked documentation it verified business-reported information for:

- Job creation for 21 Quality Jobs tax credits totaling $7.5 million
- Capital investment for a $306,000 tax credit
- Job creation for more than $3.4 million in grant monies paid to 4 businesses

ARIZONA Auditor General
Making a Positive Difference

2015 audit found similar issues

- ACA lacked evidence it verified some business-reported information and did not always document grant application, review, and award information

- Our 18-month followup published in 2017 found:

  - ACA developed policies and procedures for verifying information but failed to fully verify information for 1 grant we reviewed

  - ACA identified what information should be documented

ARIZONA Auditor General
Making a Positive Difference

Why this matters

Lack of verification documentation increases risk of fraud and waste of public monies

ARIZONA Auditor General
Making a Positive Difference

Key recommendations

Ensure tax credit and grant recipients meet all requirements prior to approving tax credits or distributing grant monies by developing procedures for:

- Verifying business-reported information
- Documenting verification

ARIZONA Auditor General
Making a Positive Difference

ACA responsible for managing broadband development grant monies

ACA coordinating the implementation of local, State, and federal broadband programs, including:

- $100 million in broadband development grant awards to 20 awardees it announced in July 2022

- $1 billion Broadband, Equity, Access, and Deployment (BEAD) Program grant

Problem identified

- ACA planned to distribute monies but had not established policies and procedures for administering grant programs or overseeing contractor
- This increases risk of misuse and inaccurately accounting for and reporting on use of grant monies
- ACA could be responsible for repaying monies to federal government

ACA contracts for trade offices to identify trade and investment opportunities

- As of April 2023, ACA contracts for 7 trade offices:
  - Guanajuato, Mexico
  - Chihuahua, Mexico
  - Mexico City, Mexico
  - Frankfurt, Germany
  - Tel Aviv, Israel
  - Seoul, South Korea
  - Taipei, Taiwan
- Contacts we reviewed were generally consistent with recommended practices and included performance measures

ARIZONA Auditor General
Making a Positive Difference

Problem identified

ACA did not:

- Provide documentation it verified trade offices' reported progress in achieving contractual performance measures
- Monitor trade office performance to ensure deliverables were received
- Address trade office nonperformance

ACA's Israel trade office failed to meet performance measures

	Number of Arizona businesses assisted		Related export sales		Number of foreign direct investment leads	
	2022	2023	2022	2023	2022	2023
Annual Goal	30	30	$2.5 million	$2.5 million	30	30
Actual	19	14	0	0	55	24
Percentage of goal met	63%	47%	0%	0%	183%	80%

ARIZONA Auditor General
Making a Positive Difference

Key recommendations

- Develop policies and procedures for verifying trade offices' reported progress in achieving contractual performance measures

- Monitor trade office performance to ensure deliverables are received and take actions to address trade office nonperformance

Questions and answers on ACA's CEO Forums

1. Benefits and activities for CEO Forum attendees and when they occur
2. Why CEO Forums are held
3. Who attended CEO Forums
4. How much CEO Forums cost
5. What the State received in return for the monies spent on CEO Forums
6. ACA's CEO Forums policies and State Accounting Manual compliance
7. ACA's assessment of compliance with Arizona Constitution gift clause

ARIZONA Auditor General
Making a Positive Difference

ACA hosted 5 private CEO Forums between 2018 and 2023

- ACA reported CEO Forums were marketing campaigns held around the Waste Management Phoenix Open golf tournament and the 2023 Super Bowl

- Attended by private sector executives, their spouses, and ACA staff

ARIZONA Auditor General
Making a Positive Difference

ACA spent more than $2.4 million on private CEO Forums from 2018 to 2023

Education events	$65,076
Transportation and lodging	193,226
Social and entertainment events	
Super Bowl sponsorship package	1,850,000
WMPO suite	288,600
Birds Nest VIP and other concert or theater tickets	41,958
Gifts, wine, desserts	7,643
Total	**$2,446,503**

ARIZONA Auditor General
Making a Positive Difference

136 CEOs/executives from 118 businesses represented at CEO Forums

Year	Number of CEOs/ executives hosted	Number of businesses represented
2018	16	13
2019	20	16
2020	18	15
2022	15	8
2023	67	66
Total	**136**	**118**

ARIZONA Auditor General
Making a Positive Difference

ACA reported some company attendees proposed business in State

ACA reported 23 of 118 companies whose executives attended CEO Forums proposed nonbinding investment and jobs commitments in Arizona

- Per ACA, CEO Forums were not the only reason companies proposed potential investments and jobs
- Encouraging companies to invest in Arizona takes multiple conversations/interactions, sometimes years of relationship building

ARIZONA Auditor General
Making a Positive Difference

ACA is dissimilar to other State agencies that market Arizona

- Exempt from State accounting manual, which prohibits purchasing alcohol, establishes acceptable lodging rates, and requires documentation of public purpose for providing food and beverage

- Exempt from State procurement, but must adopt its own policies, procedures, and procurement practices

ACA reported consulting with legal counsel about hosting CEO Forums

- Arizona Constitution's gift clause requires payment of public monies is for a public purpose and value received is not far exceeded by consideration paid

- ACA reported it consulted with in-house legal counsel and third-party attorney to ensure CEO Forums comply with State laws and regulations

- ACA cited that the jobs and investments from companies that have participated in CEO Forums outweigh Forum cost

ARIZONA Auditor General
Making a Positive Difference

Arizona Commerce Authority

Performance Audit and Sunset Review

Presenter: Monette Kiepke

Date: January 16, 2024

ARIZONA Auditor General

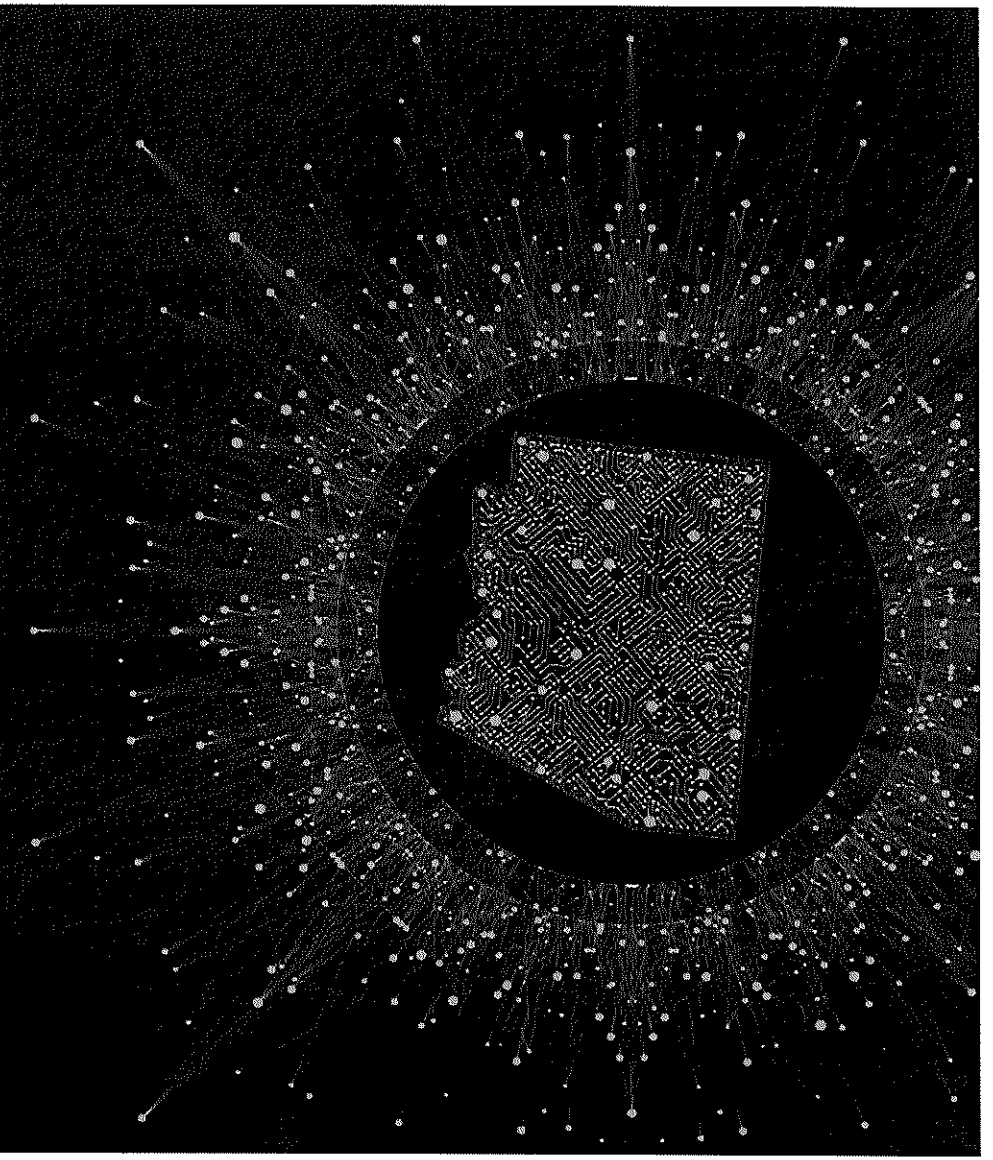
Making a Positive Difference

January 16, 2024

ARIZONA COMMERCE AUTHORITY

AN OVERVIEW

ARIZONA
COMMERCE AUTHORITY



Attachment 14

ACA APPROACH

VISION
Arizona is the premier global destination for business and innovation, with an economy that delivers opportunity for all Arizonans.

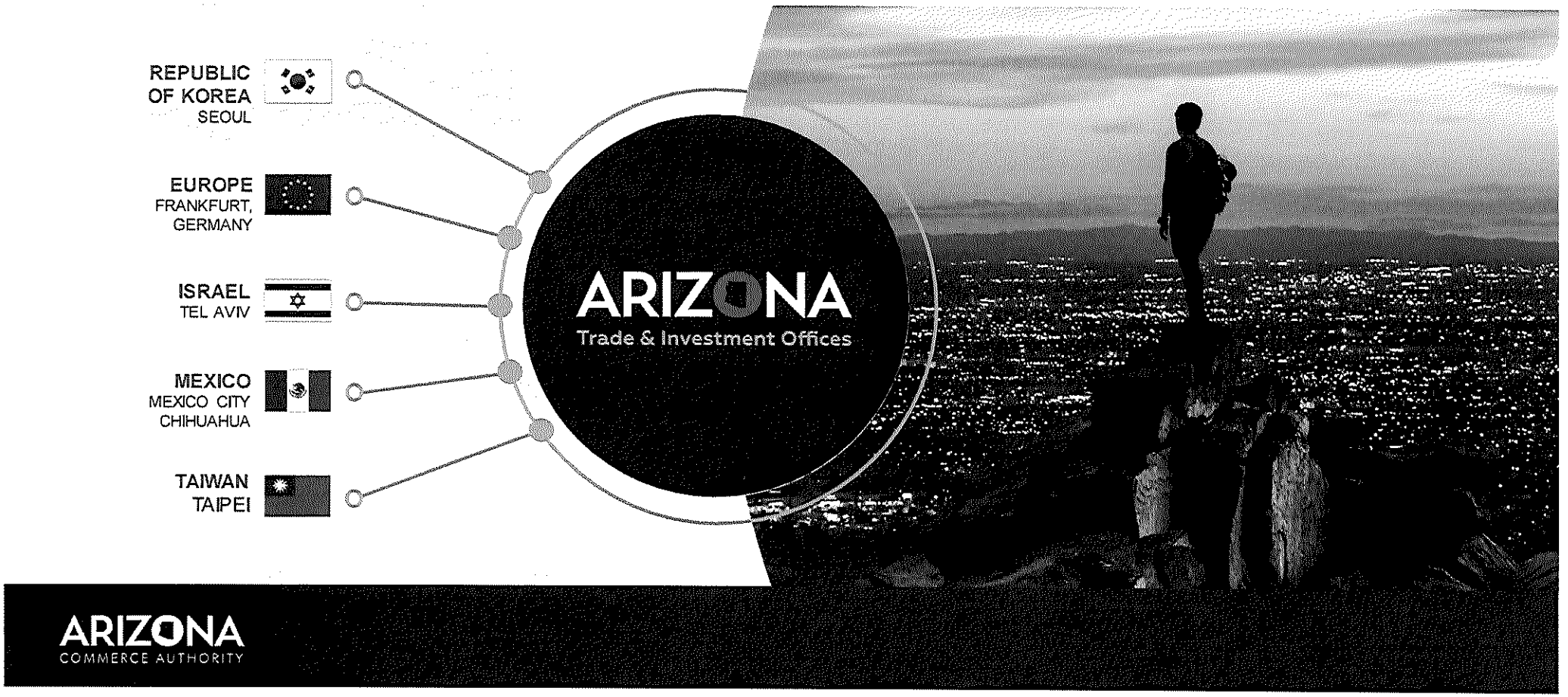
MISSION
To continually grow and strengthen Arizona's economy by helping businesses in targeted, high-growth industries create quality jobs statewide for Arizona citizens.



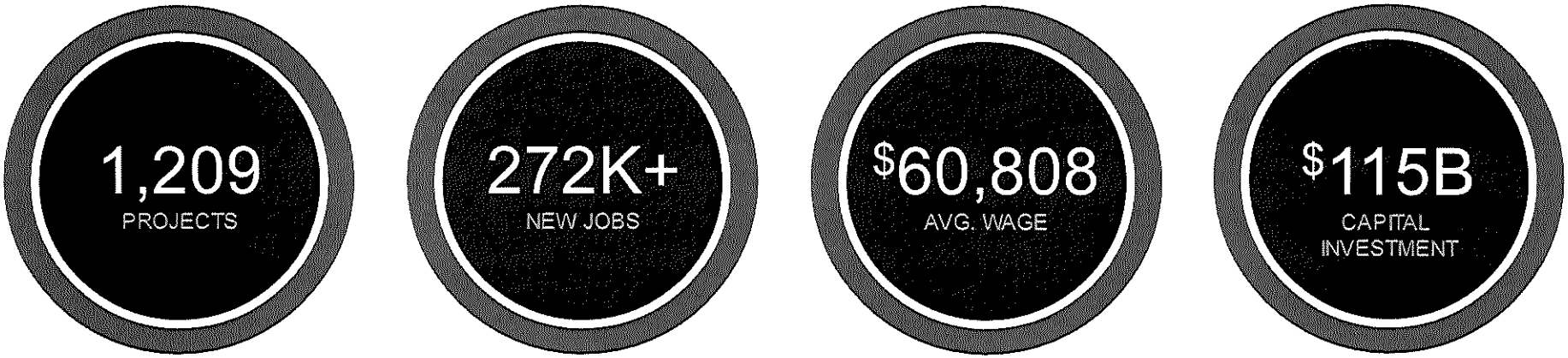
BUSINESS DEVELOPMENT SERVICES



INTERNATIONAL FOOTPRINT



WINS SINCE INCEPTION

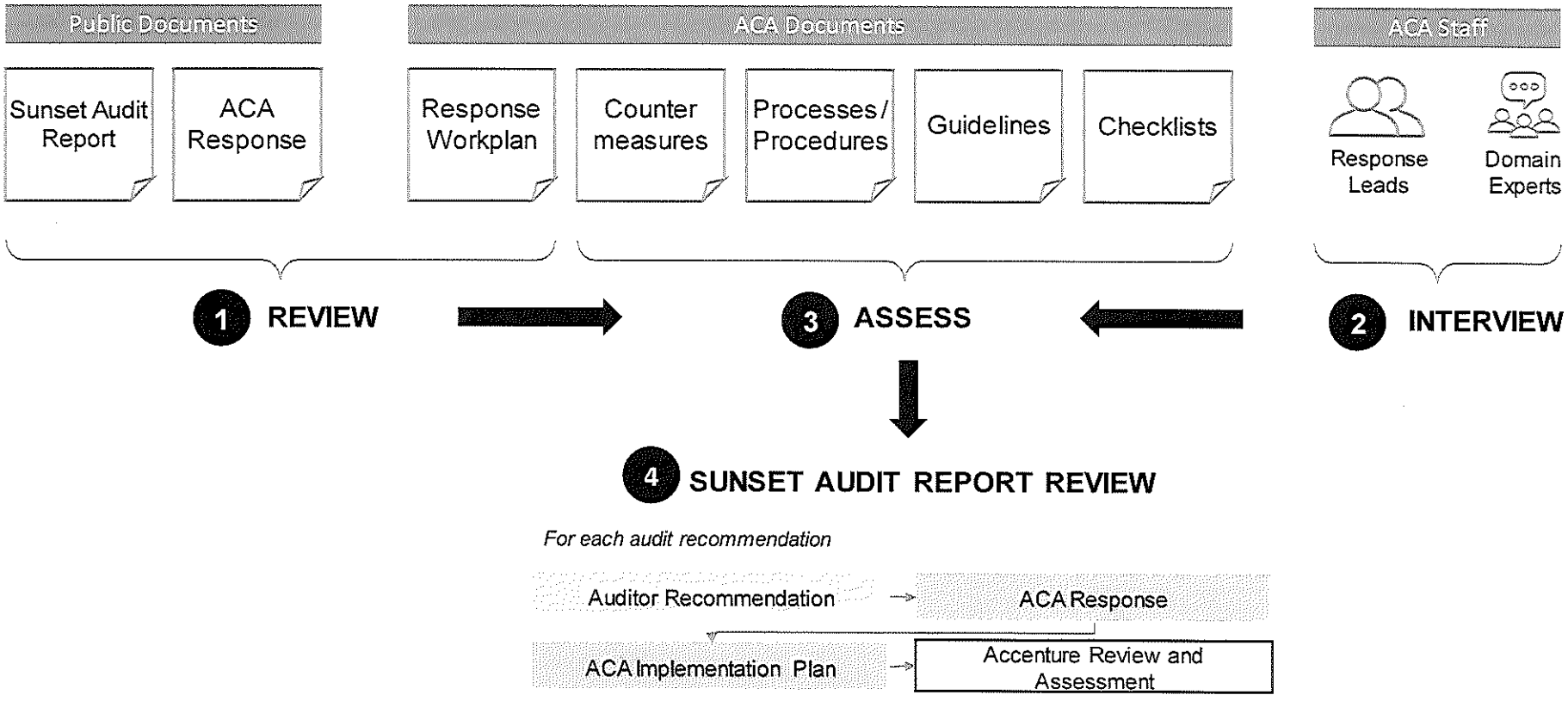


Overview – ACA Performance Audit

Summary:

- Audit conducted Jan. - Sept. 2023
- The Auditor General's performance audit included 17 recommendations.
- The ACA agreed to all findings and committed to implementing all recommendations.
- The ACA has taken action to implement all 17 recommendations.
- In addition, the ACA has contracted with Accenture to review the ACA's implementation plan to ensure all recommendations are met.

Accenture Report



Accenture Finding

"Accenture reviewed ACA's implementation plan for each of the recommendations, the resulting changes to policies, procedures, and processes, and actions taken to date to incorporate these in ACA's way of working. Based on this review, Accenture finds the ACA's response to the audit report is thorough and comprehensive. Upon full completion of the implementation plan, the State should be confident that all audit recommendations have been fully satisfied."

accenture

Recommendations 1-3

Quality Jobs and A1 Competes

Summary:
Ensure procedures for verifying recipient reported information is fully documented for Quality Jobs and A1 Competes programs, including verifying job information and documenting supervisory review process.

ACA Actions:
The ACA updated its written checklists for reviewing recipient information, including detailing its 2-party review process and clarifying policies related to job verification such as verification of offered health insurance coverage, wage information, and more.

Recommendations 4-5

A1 Competes

Summary:
Ensure procedures for verifying recipient reported information for A1 grantees is fully documented, including current procedures in place for verifying health insurance information, economic impact requirements, and wage information, while documenting how ACA conducts due diligence when making award decisions.

ACA Actions:
The ACA updated A1-related documentation for its procedures to verify recipient information, as outlined above. In addition, the ACA updated its CEO Statement related to A1 grantees to include an estimated median wage, when available, in addition to average wage, which is already included, and updated its written standard work to better document current practice of conducting rigorous due diligence for all A1 grantees.

BIGGER GOALS FOR THE NEXT 5 YEARS

2023 - 2027

100,000
NEW JOBS

150%
OF 2021 STATE MEDIAN WAGE

$20 BILLION
CAPITAL INVESTMENT

TOP 5 STATE
FOR ENTREPRENURIAL VITALITY

95% OF ARIZONA HOUSEHOLDS
WITH ACCESS TO HIGH-SPEED BROADBAND

ARIZONA BROADBAND DEVELOPMENT GRANT PROGRAM

INVESTED

$100 MILLION

14 RURAL & 6 URBAN AWARDEES

$112 MILLION

LOCAL MATCHING FUNDS

KTAR NEWS 92.3 FM

ACA allocates $100M in broadband grants to 20 awardees in rural and urban Arizona

THE WICKENBURG SUN

State, Cox bringing in broadband

AZEDNEWS

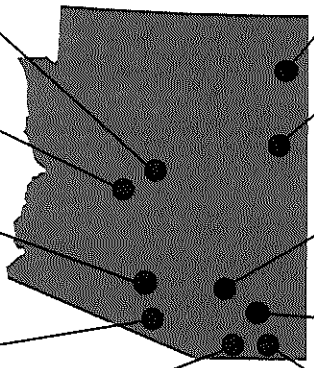
Grants bring broadband internet to families in Altar Valley School District and business & residents in Three Points, Robles Junction and Sycamore Springs thanks to Cox & Pima County Partnership

KGUN 9 ON YOUR SIDE

Cities in rural Pima County to receive high-speed fiber network

ARIZONA PUBLIC MEDIA

High-speed internet is on its way to Douglas



Independent

Apache County lands $10 million in grants to bolster Internet

AZMIRROR

Arizona broadband expansion projects are getting a $100 million infusion of cash

Arizona Daily Star
tucson.com

Broadband internet upgrades coming to rural areas of Tucson

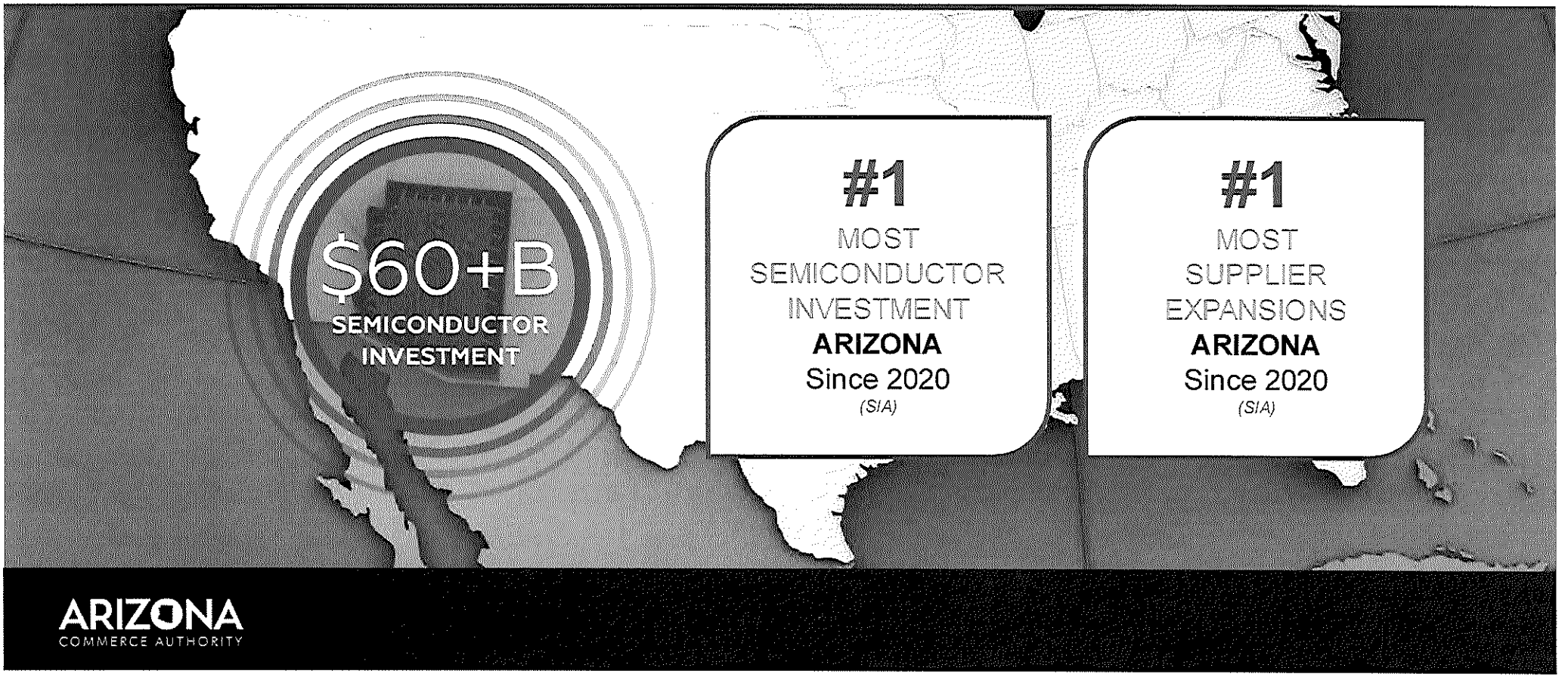
HERALD/REVIEW MEDIA

Willcox to receive fiber optic infrastructure investment

THE ARIZONA REPUBLIC

High-speed internet comes to Douglas, other rural Arizona communities through grant

SEMICONDUCTOR MEGA INVESTMENT





*"IF YOU ARE A SMALL BUSINESS IN ARIZONA PLEASE REACH TO THE [ACA'S] WEBSITE, CALL THE PROGRAM MANAGER AND GET ON BOARD. THE **INFORMATION IS INVALUABLE** AND TRULY WILL MAKE YOU **MORE PROFITABLE AND MORE EXCITED TO DO YOUR BUSINESS** THAN THE DAY BEFORE YOU MET THEM."*

DAWN WHITE
Arizona Small Business Owner

ARIZONA
COMMERCE AUTHORITY

TOTAL PIPELINE BY PROJECT TYPE

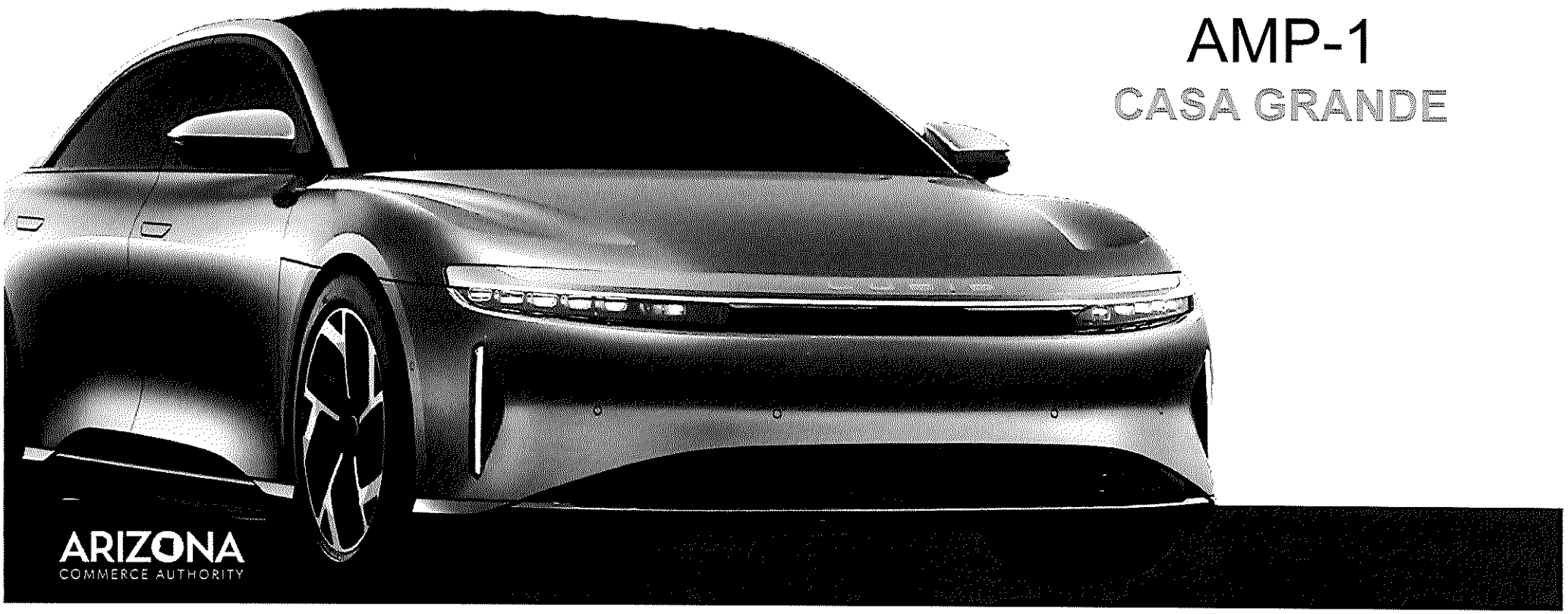
Business Attraction & Expansion

MANUFACTURING	HEADQUARTERS	OFFICE	LOGISTICS	DATA CENTER	RESEARCH & DEVELOPMENT	TRAINING FACILITY
282 PROJECTS	**43 PROJECTS**	**21 PROJECTS**	**24 PROJECTS**	**16 PROJECTS**	**7 PROJECTS**	**5 PROJECTS**
JOBS: 125,393 $270.5B CAPEX WAGES: $61,080	JOBS: 7,346 $27B CAPEX WAGES: $79,232	JOBS: 2,332 $304.5M CAPEX WAGES: $73,224	JOBS: 2,611 $1B CAPEX WAGES: $49,626	JOBS: 1,957 $36.9B CAPEX WAGES: $81,647	JOBS: 983 $2.2B CAPEX WAGES: $109,461	JOBS: 678 $110.5M CAPEX WAGES: 100,947

TOTAL **403** PROJECTS **141,831** JOBS
$338.4B CAPEX **$62,842** WAGES

**4 PROJECTS LISTED IN OTHER*

LUCID



AMP-1

CASA GRANDE

ARIZONA
COMMERCE AUTHORITY

LUCID





ARIZONA
COMMERCE AUTHORITY


ADVANCING ARIZONA
TRAINING THE TECH
6:37
91°
15
ARIZONA
SOLD.
TOP STORIES
AGES COMPANY FORMER CEO MISLED INVESTORS ON SAFETY OF 737 MAX AIRPLANE

THANK YOU



ARIZONA
COMMERCE AUTHORITY

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. _____

DATE January 16, 2024 MOTION: COR AZ Commerce Authority recommendation 2 years

With Every year check in w/ Committee on Commerce.

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar		✓			
Austin		✓			
Biasiucci		✓			
Carter			✓		
Gress		✓			
Heap			✓		
Hendrix				✓	
Ortiz		✓			
Sun				✓	
, Vice-Chairman					
Wilmeth, Chairman		✓			
		6	2	2	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
, Vice-Chairman

ATTACHMENT 15

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

HB 2197: minimum wage; minor league baseball
Sponsor: Representative Biasiucci, LD 30
Committee on Commerce

Overview

An emergency measure that allows certain employers to designate fixed paydays for minor league baseball players. Exempts minor league baseball players from statutory minimum wage and recordkeeping requirements.

History

Title 23, Chapter 2, A.R.S., governs employment practices and working conditions, including requirements for payment of wages, minimum wages and employee benefits.

Pursuant to A.R.S. § 23-351, Arizona employers must designate at least two fixed paydays a month for payment of wages to their employees. However, employers who have a principal place of business located out-of-state and whose payroll system is centralized outside of Arizona may designate one or more fixed paydays a month for payment of wages to:

1) professional, administrative or executive employees or employees employed in the capacity of an outside salesman; and
2) employees employed in a supervisory capacity.

The ability for employers to designate at least one fixed payday a month for specified employees does not apply to employees whose salaries are subject to provisions of collective bargaining agreements.

Employers are required to post notices in the workplace informing employees of their rights relating to minimum wage and employee benefits. Additionally, employers must maintain payroll records showing the hours worked for each day and the wages and earned paid sick time paid to all employees for a period of four years (A.R.S. § 23-364).

Provisions

1. Permits employers with a payroll system centralized outside of Arizona to designate at least one fixed payday a month to employees who have a contract to play minor league baseball and who are compensated under the terms of a collective bargaining agreement. (Sec. 1)
2. Exempts employees who have a contract to play minor league baseball and who are compensated under the terms of a collective bargaining agreement from statutory minimum wage requirements or recordkeeping requirements concerning hours worked relating to minimum wage, subject to the Proposition 105 requirements. (Sec. 2, 3)
3. Contains an emergency clause. (Sec. 4)

☒ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☒ Emergency (40 votes)	☐ Fiscal Note

Attachment 16

Fifty-sixth Legislature
Second Regular Session

Commerce
H.B. 2197

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2197

(Reference to printed bill)

Page 1, strike lines 2 through 43

Strike Page 2

Page 3, strike lines 1 through 24

Renumber to conform

Amend title to conform

JUSTIN WILMETH

2197WILMETH.docx
01/12/2024
11:01 AM
H: PB/ls

Adopted ✓ # of Verbals ____
Failed ____ Withdrawn ____
Not Offered ____ Analysts Initials ____

Attachment 17

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-sixth Legislature - Second Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. HB 2197

DATE January 16, 2024 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Aguilar			✓		
Austin			✓		
Biasiucci		✓			
Carter		✓			
Gress		✓			
Heap		✓			
Hendrix		✓			
Ortiz			✓		
Sun			✓		
, Vice-Chairman					
Wilmeth, Chairman		✓			
		6	4	0	0

Susan Nelson
COMMITTEE SECRETARY

APPROVED:

JUSTIN WILMETH, Chairman
, Vice-Chairman

ATTACHMENT 18

January 10, 2024

The Honorable Katie Hobbs
Governor, State of Arizona

The Honorable Warren Petersen
President, Arizona State Senate

The Honorable Mitzi Epstein
Minority Leader, Arizona State Senate

The Honorable Ben Toma
Speaker, Arizona State House of Representatives

The Honorable Lupe Contreras
Minority Leader, Arizona State House of Representatives

Dear Governor Hobbs, Senate President Petersen, Minority Leader Epstein, Speaker Toma, and Minority Leader Contreras:

On behalf of Major League Baseball and its thirty Clubs (collectively "MLB") and the Major League Baseball Players Association (the "Players Association"), the labor union representing all domestic Minor League Players employed by an MLB Club ("Players"), we write to clarify our joint position on the treatment of Minor League Players represented by the Players Association under various wage and hour laws.

We write to express our joint support for legislation that would provide a narrowly tailored exemption from wage and hour laws (including minimum wage, overtime and recordkeeping requirements) that otherwise could apply to Players, in deference to the compensation and benefit provisions of the new collective bargaining agreement negotiated by the Players Association, on behalf of Players, and MLB, ("Minor League CBA"), provided the exemption would only apply to Players during the period in which they are compensated pursuant to the terms of the CBA.

The new Minor League CBA treats Players as salaried employees in which they receive weekly salaries throughout the calendar year (with the exception of a brief period around the holidays when Players are off and not permitted to perform work for their Clubs). Other benefits Players will receive under the Minor League CBA include but are not limited to health benefits, retirement benefits, housing benefits, and salary continuation in the event of disability resulting from a work-related injury. For this reason, we agree that Players who are receiving the compensation and benefits negotiated by the parties as set forth in our Minor League CBA covering the 2023-2027 seasons should be treated as "exempt" salaried professionals and, as such, need no recourse to sue for minimum wage, overtime and recordkeeping violations for the duration of the Minor League CBA.

Daniel Halem
Deputy Commissioner
Major League Baseball

Tony Clark
Executive Director
Major League Baseball Players Association

Attachment 19