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

COMMITTEE ON COMMERCE

Report of Regular Meeting
Tuesday, March 10, 2020
House Hearing Room 3 -- 2:00 P.M.

Convened 2:41 P.M.
Recessed
Reconvened
Adjourned 3:18 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
3-12-20

Members Present
Mr. Biasiucci
Ms. Butler
Ms. Epstein
Mr. Kern
Mr. Meza
Mr. Roberts
Mr. Grantham, Vice-Chairman
Mr. Weninger, Chairman

Members Absent
Mr. Chávez

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Committee Action

Bill	Action	Vote	Attachments
SB1275	DP	6-0-0-3	4, 5
SB1024	DPA	8-0-0-1	6, 7, 8
SB1331	DP	8-0-0-1	9, 10
SB1096	DP	7-0-1-1	11, 12
SB1162	DP	6-1-0-2	13, 14
SB1229	DP	7-0-0-2	15, 16

Iris McMahon, Committee Secretary
March 12, 2020

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

Convened: 2:41 PM
Adjourned: 3:18 PM

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

REGULAR MEETING AGENDA

COMMITTEE ON COMMERCE

DATE Tuesday, March 10, 2020 ROOM HHR 3 TIME 2:00 P.M.

Members:

Mr. Biasiucci
Ms. Butler
Mr. Chávez
Ms. Epstein
Mr. Kern
Mr. Meza
Mr. Roberts
Mr. Grantham, Vice-Chairman
Mr. Weninger, Chairman

	Bills		Short Title	Strike Everything Title
2	SB1024	8-0-0-1	technical correction; public health(now: out-of-network claims; balance billing; disputes)	
		DPA	(Brophy McGee) COM, RULES	
4	SB1096	7-0-1-1	property management records; residential rentals (Pace)	
		DP	COM, RULES	
5	*SB1162	6-1-0-2	registrar of contractors (Gray)	
		DP	COM, RULES	
6	*SB1229	9-0-0-2	securities; exempt transactions. (Pace: Lieberman)	
		DP	COM, RULES	
1	*SB1275	6-0-0-3	department of gaming; continuation (Ugenti-Rita)	
		DP	COM, RULES	
3	*SB1331	8-0-0-1	self-insured employers; deviation continuation (Livingston)	
		DP	COM, RULES	

* On previous agenda

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

im
03/04/2020

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 (3/10/2020)

SB1024, technical correction; public health (NOW: out-of-network claims; balance billing; disputes)

Testified in support:

Marc Osborn, AMERICA'S HEALTH INSURANCE PLANS (AHIP), Blue Cross Blue Shield Of Arizona

Support:

Paul Senseman, Arizona Complete Health; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE

SB1275, department of gaming; continuation

Testified in support:

Aiden Fleming , AZ DEPT OF GAMING

Oppose:

Diane Leischow, representing self

All Comments:

Diane Leischow, Self: absurd. we need regulations for obvious effects that could happen without them

SB1096, property management records; residential rentals

Support:

Tom Farley, Arizona Association Of Realtors

SB1331, self-insured employers; deviation continuation

Support:

Emily Rice, AZ SELF-INSURERS ASSOC; Steven Eddy, UNS ENERGY CORPORATION; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Courtney Coolidge, AZ CHAMBER OF COMMERCE

SB1162, registrar of contractors

Testified in support:

Jim Knupp, AZ REGISTRAR OF CONTRACTORS

Attachment 2

Support:

Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ

SB1229, securities; exempt transactions.

Testified in support:

Paul Efron, representing self

ARIZONA STATE LEGISLATURE

Fifty-fourth Legislature - Second Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON COMMERCE

CHAIRMAN: Jeff Weninger VICE-CHAIRMAN: Travis W. Grantham

	DATE	02/11/20	2/18 /20	3/10/20	/20	/20
	CONVENED	2:52pm	3:46pm	2:41 pm	m	m
	RECESSED					
	RECONVENED					
	ADJOURNED	5:02pm	7:15PM	3:18pm		
MEMBERS						
Biasiucci		✓	✓	✓		
Butler		✓	✓	✓		
Chávez		✓	✓	---		
Epstein		✓	✓	✓		
Kern		✓	✓	✓		
Meza		✓	✓	✓		
Roberts		✓	✓	✓		
Grantham, Vice-Chairman		✓	✓	✓		
Weninger, Chairman		✓	✓	✓		

√ Present --- Absent exc Excused

Attachment 3

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: COM 5-0-3-0 | 3rd Read 30-0-0-0

SB 1275: department of gaming; continuation
Sponsor: Senator Ugenti-Rita, LD 23
Committee on Commerce

Overview
Continues the Arizona Department of Gaming (ADG) for six more years.

History
The Senate Commerce and House Commerce Committees of Reference (COR) held a public meeting on November 12, 2019, to review the performance audit prepared by the Office of the Auditor General, evaluate the ADG's responses to sunset review factors and receive public testimony. The COR recommended that the Legislature continue the ADG for four years, and that the Arizona Boxing & MMA Commission sunset date be moved from July 1, 2026, to July 1, 2024, for the purposes of aligning the sunset dates of the ADG, Arizona Racing Commission, and Arizona Boxing & MMA Commission (COR final report). The ADG terminates on July 1, 2020, unless continued by the Legislature. (A.R.S. § 41-3020.16)

Established in 1995, the Arizona Department of Gaming monitors Indian gaming operations as well the regulation of commercial horse and dog racing, pari-mutuel waging, boxing and mixed martial arts. The Department is responsible for the regulating tribal gaming activities in accordance with the Arizona tribal-state gaming compacts. The Department has established control to verify that tribes are contributing the appropriate amount of gaming monies to the State and local governments, as required by the Compact.

Provisions
1. Continues, retroactive to July 1, 2020, the ADG until July 1, 2026.
2. Repeals ADG's governing statutes January 1, 2027.
3. Contains a purpose statement.

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

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1275

DATE March 10, 2020 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci					✓
Butler		✓			
Chávez					✓
Epstein					✓
Kern		✓			
Meza		✓			
Roberts		✓			
Grantham, Vice-Chairman		✓			
Weninger, Chairman		✓			
		6	0	0	3

Iris McMahon
COMMITTEE SECRETARY

APPROVED:

Jeff Weninger
JEFF WENINGER, Chairman
TRAVIS W. GRANTHAM, Vice-Chairman

ATTACHMENT 5

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

SB 1024: out-of-network claims; balance billing; disputes
Sponsor: Senator Brophy McGee, LD 28
Committee on Commerce

Overview

Permits a self-funded or self-insured employee benefit plan to opt-in to the out-of-network claim dispute resolution process. Establishes a balance billing dispute resolution process for health care services organizations (HCSO).

History

Laws 2017, Chapter 190, established a process for an enrollee who has received a surprise out-of-network bill to seek a dispute resolution for the disputed amount. A surprise out-of-network bill is a bill for a health care service that was provided in a network facility by a health care provider that is not a contracted provider and that meets certain criteria to qualify as a surprise out-of-network bill. The dispute resolution process consists of an informal settlement teleconference and arbitration. The Department of Insurance (DOI) is required to develop a simple, fair, efficient, and cost-effective arbitration procedure for surprise out-of-network bill disputes, as well as specify time frames, standards and other details for the arbitration proceeding. The Department must submit an annual report on the resolution of disputed surprise out-of-network bills (A.R.S. § 3118).

DOI reported receiving 91 dispute resolution inquiries during 2019. Of these, 53 cases had been resolved by December 31, 2019; 21 of these cases qualified for dispute resolution, and 32 did not qualify.

Balance billing, or a surprise medical bill, indicates a difference between a provider's charge and the amount allowed by an individual's health care plan. This occurs when a patient goes to an in-network hospital and is treated by an out-of-network doctor. (DOI)

A *health care services organization* is defined as any person that undertakes to conduct one or more health care plans. Unless the context otherwise requires, HCSO includes a provider sponsored HCSO. (A.R.S. § 20-1051)

Provisions

1) Permits the Director of the DOI to use monies from the Health Care Appeals Fund to perform the administrative function of the out-of-network claim dispute resolution process. (Sec. 1)
2) Stipulates the out-of-network claim dispute resolution process applies to a self-funded or self-insured employee benefit plan that is otherwise preempted from state regulation by the Employee Retirement Income Security Act of 1974 (ERISA) if the entity that administers the plan enters into a written agreement with DOI to voluntarily comply with the dispute resolution requirements. (Sec. 4)
   a) Specifies the Director must agree to allow the plan's enrollees to participate in the dispute resolution and arbitration proceedings. (Sec. 8)

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

b) Authorizes the Director to charge a fee for entering into a written agreement in an amount determined by the Director. (Sec. 8)

3) Applies out-of-network claim dispute resolution laws to certain health plans and state health and accidental coverage for state employees. (Sec. 4)

4) Specifies the applicability of dispute resolution laws does not negate or limit an HSCO's obligation to its members to ensure that covered health care services are delivered in accordance with each member's health care plan. (Sec. 4)

5) Asserts an HCSO enrollee is not a party to any payment dispute between the HCSO and a health care provider.
   a) Requires the enrollee to be held harmless for certain disputed amounts. (Sec. 4)

6) Permits an HCSO that receives or a health care provider that seeks to collect a disputed balance bill to seek dispute resolution of the balance bill by filing a request for arbitration with DOI not later than one year after the date of service noted in the claim, if all of the following apply:
   a) The enrollee has resolved any health care appeal that they may have had against the HCSO following the HCSO's initial adjudication of the claim.
      i) Tolls the one-year period for requesting arbitration from the date that the enrollee files a health care appeal to the date of final resolution of the appeal;
   b) The enrollee has not instituted a civil lawsuit or other legal action against the HCSO or the health care provider related to the same claim or the health care services provided; and
   c) The amount of the balance bill for which the HCSO is responsible is at least $1,000. (Sec. 6, 7)

7) Requires the health care provider to participate in an inform settlement teleconference with an authorized HCSO representative if an HSCO requests dispute resolution of a balance bill.
   a) Stipulates the teleconference is terminated if either party fails to attend, and the HSCO, within 14 days after the scheduled teleconference, may request that DOI set the case for arbitration. (Sec. 6)

8) Applies the requirements for conducting an arbitration proceeding of a surprise out-of-network bill dispute to balance bill disputes of an HSCO. (Sec. 7)

9) Declares an enrollee is not a party to any balance bill dispute between an HCSO and a health care provider.
   a) Requires the HCSO and the health care provider to hold the enrollee harmless for the balance bill amount. (Sec. 7)

10) Requires the health care provider to refund any overpayment by an HCSO within 30 days after resolution of the claim. (Sec. 7)

11) Contains a legislative intent clause. (Sec. 9)

12) Defines *balance bill, health care services organization* and modifies the definition of *contracted provider, health plan* and *network facility* to include a health care services organization. (Sec. 3)

13) Makes technical changes. (Sec. 2, 5, 7)

Fifty-fourth Legislature
Second Regular Session

Commerce
S.B. 1024

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1024

(Reference to Senate engrossed bill)

Page 1, line 36, strike "OUT-OF-NETWORK"; after "SURPRISE" insert "OUT-OF-NETWORK"

Line 43, after "bill" insert "OR BALANCE BILL"

Page 2, lines 12 and 44, after "insurer's" insert "OR HEALTH CARE SERVICES ORGANIZATION'S"

Page 3, line 8, after "TO" insert "BOTH OF THE FOLLOWING:

1. FULLY INSURED HEALTH PLANS ISSUED BY HEALTH INSURERS AND HEALTH CARE SERVICES ORGANIZATIONS.

2. SUBJECT TO THE DETERMINATION PRESCRIBED IN SUBSECTION B OF THIS SECTION,"

Between lines 14 and 15, insert:

"B. IF A SELF-FUNDED OR SELF-INSURED EMPLOYEE BENEFIT PLAN IS SUBJECT TO THIS ARTICLE, THE DEPARTMENT SHALL DETERMINE WHETHER A SURPRISE OUT-OF-NETWORK BILL OR BALANCE BILL IS SUBJECT TO THE PROCESS PRESCRIBED IN SECTION 20-3114 OR 20-3114.01 BY EVALUATING WHETHER THE PLAN IS SUBSTANTIALLY SIMILAR TO A HEALTH PLAN ISSUED BY A HEALTH INSURER OR HEALTH CARE SERVICES ORGANIZATION."

Reletter to conform

Line 35, after "DISPUTE" insert "UNDER THIS ARTICLE"

Page 8, line 23, strike "foe" insert "for the health care services at issue in the county where the"

Amend title to conform

JEFF WENINGER

1024WENINGER
03/06/2020
5:22 PM
C: pp

Attachment 1

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

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1024

DATE March 10, 2020 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Butler		✓			
Chávez					✓
Epstein		✓			
Kern		✓			
Meza		✓			
Roberts		✓			
Grantham, Vice-Chairman		✓			
Weninger, Chairman		✓			
		8	0	0	1

Iris McMahon
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
TRAVIS W. GRANTHAM, Vice-Chairman

ATTACHMENT 8

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

SB 1331: self-insured employers; deviation continuation
Sponsor: Senator Livingston, LD 22
Committee on Commerce

Overview
Continues the deviation rate for calculating taxes or assessments paid by self-insured employers for two more years.

History
By law, employers are required to secure workers' compensation for their employees in one of two ways: 1) By insuring and keeping insured the payment of workers' compensation with an insurance carrier authorized by the Director of the Arizona Department of Insurance to write workers' compensation insurance in Arizona; or 2) furnishing to the Industrial Commission of Arizona (ICA) satisfactory proof of financial ability to pay the compensation directly or through a workers' compensation pool approved by the ICA.

Every self-insured employer, including workers' compensation pools, is required to pay an annual tax of not more than three percent of the premiums that would have been paid by the employer if the employer had been fully insured by an insurance carrier authorized to transact workers' compensation insurance during the preceding calendar year (A.R.S. § 23-961).

Laws 2011, Chapter 157 established a 10% deviation rate for calculating any tax or assessment to be paid by an authorized self-insured employer, including a workers' compensation pool for calendar years 2013, 2014 and 2015. Laws 2014, Chapter 35 continued the deviation rate from the tax through calendar year 2020.

Provisions
1. Extends the 10% deviation rate for calculating taxes or assessments paid by self-insured employers through calendar year 2022.

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

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1331

DATE March 10, 2020 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Butler		✓			
Chávez					✓
Epstein		✓			
Kern		✓			
Meza		✓			
Roberts		✓			
Grantham, Vice-Chairman		✓			
Weninger, Chairman		✓			
		8	0	0	1

Kris McMahon
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
TRAVIS W. GRANTHAM, Vice-Chairman

ATTACHMENT 10

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

SB 1096: property management records; residential rentals
Sponsor: Senator Pace, LD 25
Committee on Commerce

Overview
Outlines additional places in which a property management firms are permitted to keep records.

History
Property management firms must keep a residential rental agreement and related documents for one year from the expiration of the rental agreement or until the documents are given to the owner upon termination of any property management agreement. Firms must keep records of all finder fees for tenants for three years after the payment is made or until the records are given to the owner at the termination of the property management agreement. The records must be kept at the broker's main office or at an off-site storage location in Arizona if the broker provides prior written notice of the storage location to the Department of Real Estate (Department) (A.R.S. § 32-2175).

Provisions

Property Management Records (Sec. 1)

1. Includes any lease amendments and addenda to the list of documents that a property management firm must keep for one year after the expiration of the rental agreement or until the agreement and related documents are given to the owner at the termination of any property agreement.
   a. Specifies related documents may include rental applications with tenant-identifying information, move-in forms or default notices.
2. Mandates that all records must be kept at either: 1) the broker's main office or branch office, 2) electronically, or 3) at an off-site storage location in this state if the broker provides the Department prior written notification and a street address of the off-site storage location.
   a. *All records include residential rental agreements, finder fees, financial records pertaining to clients,* and *nonresidential real estate lease agreements.*
3. Specifies *off-site storage location* includes a multi-family leasing office.
4. Requires trust account records be kept in accordance with statute pertaining to trust money deposit requirements.

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

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1096

DATE March 10, 2020 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Butler		✓			
Chávez					✓
Epstein				✓	
Kern		✓			
Meza		✓			
Roberts		✓			
Grantham, Vice-Chairman		✓			
Weninger, Chairman		✓			
		7	0	1	1

Iris McMahon
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
TRAVIS W. GRANTHAM, Vice-Chairman

ATTACHMENT 12

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

SB 1162: registrar of contractors
Sponsor: Senator Gray, LD 21
Committee on Commerce

Overview
Makes various changes to the Registrar of Contractors (Registrar) statutes.

History
The Registrar was established to license and regulate residential and commercial contractors. The Registrar is appointed by, and serves at the pleasure of, the Governor. In order to obtain a license, an applicant must have a certain level of experience, pass a written examination, post a bond and pay a license fee. The applicant may be required to submit fingerprints for a criminal records check. The Registrar is required to maintain a complete indexed record of licensed contractors in the state as well as applications and licenses issued, renewed, terminated, cancelled, revoked or suspended. The Registrar also investigates complaints against contractors and is authorized to suspend or revoke a license, conduct hearings, issue citations and assess civil penalties (A.R.S., Title 32, Chapter 10).

The Registrar administers the Residential Contractors' Recovery Fund which pays claims to homeowners who have been financially harmed by a licensed contractor. The Fund is financed by contractor-paid assessments collected at the time licenses are issued or renewed.

A *qualifying party* is a person who is responsible for a licensee's actions and conduct performed under the license who either has an ownership interest in the license or is regularly employed by the licensee (A.R.S. § 32-1101).

Provisions

Qualifying Party (Sec. 1)

1. Specifies a qualifying party's work experience documentation and verification must be waived if the qualifying party is or has been a qualifying party for a licensee in this state or another state in the same or comparable classification and meets all other qualifications.
2. Clarifies a qualifying party must complete a *trade* examination.
   a. Revises the topics of the exam.
   b. Specifies the trade examination must be waived if the qualifying party is or has been a qualifying party for a licensee in the state or another state in the same or comparable classification within the preceding five years.
3. Requires a qualifying party to complete a written statue and rules examination on general knowledge of Registrar of Contractor statutes and rules.
   a. Specifies the statute and rules examination must be waived if the qualifying party is or has been a qualifying party for a licensee in this state within the preceding five years.

Disassociation of Qualifying Parties (Sec. 3)

4. Requires either the licensee or the qualifying party, rather than both, to notify the Registrar within 15 days after a disassociation.

5. Stipulates the Registrar, upon receiving notice from a qualifying party who disassociates with a licensee, must notify the licensee of the disassociation.
   a. Outlines the contents of the notice.
6. Requires a licensee to obtain a qualifying party exemption or requalify through another person within 60 days after the date of the Registrar disassociation notice, rather than within 60 days after the disassociation.
7. Specifies the license is automatically suspended if the Registrar notifies a licensee of the disassociation and the licensee fails to:
   a. Receive a qualifying party exemption; or
   b. Requalify through another person within 60 days after notification.

Residential Contractors' Recovery Fund (Fund)

8. Specifies monies in the Fund may no longer be used for attorney fees or costs in contested cases appealed to the superior court. (Sec. 5)
9. Specifies the Registrar satisfies, rather than requiring the Registrar to satisfy, any unpaid claims any unpaid claims when sufficient monies have been deposited into the Fund. (Sec. 8)

Unlicensed Contracting (Sec. 9)

10. Removes the 10-business-day timeframe in which the Registrar must remove a person who meets specified criteria from the list of persons found to be contracting without a license
11. Modifies the criteria for removing a person from the list of persons found to be contracting without a license.

Licensure

12. Allows for an annual license renewal without claiming the biennial requirements would cause a hardship. (Sec.2)
13. Suspends, rather than requiring the Registrar to suspend, a license on notice from the Department of Revenue that the licensee has incurred and neglected to pay a tax debt. (Sec. 10)
14. Prohibits a person named on a suspended license from being named on another license, unless the person shows that all loss due to the act or omission for which the license was suspended has been satisfied. (Sec. 13)
15. Prohibits a person named on a revoked license from being named on another license for one year after the revocation. (Sec. 13)

Miscellaneous

16. Removes the ability of the Registrar, on the Registrar's own motion, to investigate the acts of a contractor. (Sec. 10)
17. Removes the requirement on a licensee to answer in writing to a complaint after the Registrar issues a citation. (Sec. 11)
18. Clarifies the statute of limitations on filing a complaint with the Registrar. (Sec. 12)
19. Requires, rather than permissively require, a person to cease and desist from an action under a cease and desist order. (Sec. 14)
20. Makes technical changes. (Sec. 1, 4, 5, 6, 7, 11, 12, 15)

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

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1162

DATE March 10, 2020 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Butler		✓			
Chávez					✓
Epstein			✓		
Kern		✓			
Meza		✓			
Roberts		✓			
Grantham, Vice-Chairman		✓			
Weninger, Chairman					✓
		6	1	0	2

Iris McMahon
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
TRAVIS W. GRANTHAM, Vice-Chairman

ATTACHMENT 14

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

Senate: COM DP 8-0-0-0 | 3rd Read 18-12-0-0

SB 1229: securities; exempt transactions.
Sponsor: Senator Pace, LD 25
Committee on Commerce

Overview
Exempts certain security transactions from registration and filing requirements.

History
The registration, offering and sale of securities in the state of Arizona are regulated by the Arizona Corporation Commission under the Arizona Securities Act, which protects state residents from the fraudulent offering of securities in accordance with rules set forth by the United States Securities and Exchange Commission (SEC) and applicable state laws.

Offer to sell or *offer for sale* is defined as an attempt or offer to dispose of, or solicitation of an order or offer to buy, a security or interest in a security for value or any sale or offer for sale of a warrant or right to subscribe to another security of the same issuer or of another issuer. Any sale or offer for sale of a security that gives the holder thereof a present or future right or privilege to convert such security into another security of the same issuer or of another issuer shall be deemed an offer to sell the security to be acquired pursuant to such right or privilege, but the existence thereof shall not be construed as affecting the registration or exemption under this chapter of the security to which it attaches. (A.R.S. § 44-1801)

In accordance with Federal law, a public offer or sale of eligible securities are exempt from registration requirements by the SEC and the Securities Act of 1933 in which the sum of the aggregate offering price and aggregate sales does not exceed $50,000,000, including not more than $15.000,000 offered by all selling securityholders that are affiliates of the issuer. Additionally, certain restrictions apply to unaccredited investor are subject to a cap of 10% of the purchaser's annual income or net worth or 10% of the purchaser's revenue or net assets. (17 CFR §§ 230.251-20.263)

Provisions
1. Exempts security transactions made by an issuer and outlined entities of the issuer who offer or sell securities of the issuer pursuant to Federal law from certain registration and filing requirements.
   a. Limits the transaction to an aggregate offering price and sale of $50,000,000 including no more than $15,000,000 offered by all selling securityholders that are affiliated with the issuer. (Sec. 1)
2. Makes technical changes. (Sec. 1)

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

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

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1229

DATE March 10, 2020 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Biasiucci		✓			
Butler		✓			
Chávez					✓
Epstein		✓			
Kern		✓			
Meza		✓			
Roberts		✓			
Grantham, Vice-Chairman		✓			
Weninger, Chairman					✓
		7	0	0	2

Iris McMahon
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
TRAVIS W. GRANTHAM, Vice-Chairman

ATTACHMENT 16